

The Memphis City Administration develops a Five-Year Financial Plan for the General Fund. The Five Year Financial Plan is an indication of management's best assessment of future revenues, expenditures and operating results over the five-year forecast period.

The compilation and review of the Plan provides an opportunity to put current funding decisions in context with longer-term economic conditions while affording City management a realistic projection of the ongoing financial impact of policy decisions. The Plan also provides an opportunity to demonstrate to policy makers the likely impact of the short-term capital investment and financing decisions on the City's longer-term financial capacity.

Major goals of the Five-Year Financial Plan include the following:

1. To put the City's annual budget making process into a five-year planning horizon to facilitate prudent financial management.
2. To provide an environment for setting revenue and expenditure targets and for evaluating budget priorities in light of projected fiscal conditions.
3. To present a picture of the longer-term strategic financial issues facing the City, while highlighting funding priorities for budget planning.
4. To identify potential structural budget imbalances, surpluses or shortfalls.
5. To provide a useful framework for reviewing and refining the City's financial forecasts, as well as its financial management goals and priorities.

In preparing the Plan, the Budget Office takes into account historical experience, as well as the economic uncertainties underlying the revenue outlook and growth in expenditures during the five-year period. The City's key assumptions for revenues and expenditures are provided in the following paragraphs.

The revenue projections assume no growth in the two main revenue categories of sales and property taxes for the next two years with growth of 1-2% beginning in the third year. Given the economic dependency of these two revenue categories, the current financial climate, which reflects rising unemployment, and housing instability, effectively negate historical growth and collection trends for property and tax sale revenue. Consequently revenue projections presented are very conservative.

Expenditure projections represent a 2% expenditure growth for most expenditure categories, in each year. Expenditure projections also reflect the impact of known and proposed spending for personnel, or operating expenditures resulting from capital projects in the City's Five-Year Capital Improvement Plan. Personnel Expenditures, in general, are held at no growth as many employees are subject to bargaining unit agreements which will be negotiated at a future time.

Financial data in this section *does not* represent an approved financial plan, and it *does not* represent the final form of a financial plan that could be presented to the City Council for a future consideration. This section is intended to provide a high level look at projected revenues and expenditures for long range planning purposes. There are a number of financial decisions that could not be projected during the development of this data, including changes in the tax rate, the impact of grant awards, the use of technology and the impact of new service delivery strategies.

REVENUE AND EXPENDITURE SUMMARY

FIVE YEAR PROJECTION

Category	FY 2010 Adopted	FY 2011 Projected	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected
<u>Revenues</u>					
Local Taxes	412,614,167	416,241,244	420,280,251	427,117,788	434,083,166
State Taxes	61,653,667	61,654,851	61,656,618	62,379,301	63,126,751
Licenses and Permits	11,250,873	11,193,779	11,193,779	11,193,779	11,193,779
Fines and Forfeitures	8,873,855	9,775,644	10,363,341	10,522,414	10,684,288
Charges for Services	912,877	917,400	917,400	917,400	917,400
Use of Money and Property	3,515,669	3,015,679	2,956,879	2,899,255	2,842,783
Federal Grants	0	0	0	0	0
Other Revenues	4,156,471	3,631,788	3,631,788	3,631,788	3,631,788
Transfers In	74,322,433	74,322,433	74,322,433	74,322,433	74,322,433
Total Revenues	<u>577,300,012</u>	<u>580,752,818</u>	<u>585,322,489</u>	<u>592,984,158</u>	<u>600,802,388</u>
<u>Expenditures</u>					
CITY ATTORNEY	14,948,233	16,385,138	16,385,138	16,385,138	16,385,138
CITY COUNCIL	1,647,563	1,779,280	1,779,280	1,779,280	1,779,280
CITY COURT CLERK	1,991,234	1,715,979	1,715,979	1,715,979	1,715,979
CITY COURT JUDGES	611,596	648,455	648,455	648,455	648,455
CITY ENGINEERING	7,750,538	7,849,473	7,852,696	7,852,696	7,852,696
COMMUNITY ENHANCEMENT	6,949,543	7,283,775	7,301,658	7,301,658	7,301,658
EXECUTIVE	24,637,608	27,231,537	27,256,537	27,256,537	27,256,537
FINANCE	5,089,509	5,343,740	5,343,740	5,343,740	5,343,740
FIRE SERVICES	140,779,254	143,730,819	143,901,152	143,921,769	150,833,369
GENERAL SERVICES	8,920,948	9,136,671	9,136,671	9,136,671	9,136,671
GRANTS & AGENCIES	59,687,808	59,688,407	59,688,407	59,763,407	59,763,407
HCD	4,691,213	4,693,932	4,716,432	4,716,432	4,716,432
HUMAN RESOURCES	8,328,394	8,852,824	8,852,824	8,852,824	8,852,824
PARK SERVICES	21,758,292	23,324,664	23,139,864	23,214,864	23,214,864
POLICE SERVICES	217,026,269	229,492,778	237,838,778	246,054,585	246,054,585
PUBLIC SERVICES & NEIGHBORHOODS	18,766,778	19,147,896	19,247,896	19,607,896	19,607,896
PUBLIC WORKS	17,834,984	18,674,203	18,734,203	18,889,203	18,939,203
Total Expenditures	<u>561,419,764</u>	<u>584,979,571</u>	<u>593,539,710</u>	<u>602,411,134</u>	<u>609,402,734</u>

