

**Five-Year Budget Projections
All City Funds
FY 2014 through FY 2018**

The purpose of developing a five-year budget is to enable the City Council and the City Administration to look at longer term financial stability. The Five-Year Budget includes the FY 2014 budget and the projections through Fiscal Year ending April 30, 2018.

It should be noted that developing long-term financial projections for municipal governments can be risky. **Projections should only be used as a guide rather than a definitive statement of revenues and expenditures at any given time.** City budgets and especially longer term projections can be impacted by any number of outside forces that cannot be anticipated or forecast. Many of these forces lie outside our realm of control: state and federal revenues or mandates, changes in the national, regional or local economy, fluctuations in the prices of products or services purchased by the City, and unanticipated emergencies or changes in service level priorities, as well as capital projects, are all examples of variables that cannot be predicted.

The revenues and operating expenses for fiscal years ending April 30, 2014 through April 30, 2018 are projected using the FY 2014 budget as the base for the calculations. Every detail revenue account is projected and included for each fund. The projections for the major revenue sources are explained in the Budget Summaries Section of this Annual Budget document. The possible increase in the Working Fund Balances in certain operating funds indicate that more Community Investments Program Projects (CIP), which are currently listed as "unfunded," may be activated beginning in FY 2014.

The debt service expenditures are based upon the existing outstanding debt and the anticipated debt service, principal and interest for vehicle and equipment loans for capital outlays through FY 2018. The five-year capital outlay projections, submitted by the Department Directors, are based on the City Manager's approval during the FY 2014 budget process. The Community Investments Program five-year expenditures are the projects that are included in the CIP Program Budget for FY 2014 through FY 2018.

The expenditure projections for the Personal Services, Direct Operating Charges and Services, and Service and Charges Transferred In account group categories are based upon annual percent increases plus or minus large one-time expenditures. The expenditures projections for the Personal Services category includes the employee salaries and wages, overtime, retirement, health insurance, uniform and clothing allowances, worker compensation insurance and unemployment compensation. Personal services in total are projected to increase at a rate of 4.5% annually. The projections do not include any additional employees and are based upon the proposed budgeted number of employees for FY 2014.

The Direct Operating Charges and Services account group category includes the operating expenditures such as communications, utilities, repairs and maintenance, rental charges, supplies, motor fuels, and liability and property insurance premiums. In general this category has been projected for increases of 1.5% for the operating funds.

The account group category for the Services and Operating Charges Transferred In includes the line item expenditure accounts for services charged back to the operating divisions for the direct services received by other City divisions, such as for vehicle maintenance, data processing, engineering services, etc. The projections for this category are estimated to increase in the same proportion as the Personal Services category each year through FY 2016. A policy change was implemented in FY 2005 which changes the transfers for services between divisions within the same fund. A division within the General Fund, for example, does not charge another division within the General Fund for services since the results are in the same fund and results in no change to fund balance.