



2023 General Fund Projections & Forecast Finance & Administration Committee

May 15, 2023



Topics

- **2023 General Fund Forecast Report**
- **Historical Review**
- **2023 Review and Forecast**
- **Five Year General Fund Forecast**



Forecast Report

Goal of Report – To demonstrate the financial trajectory of the General Fund based on current economic conditions, services, and service levels.

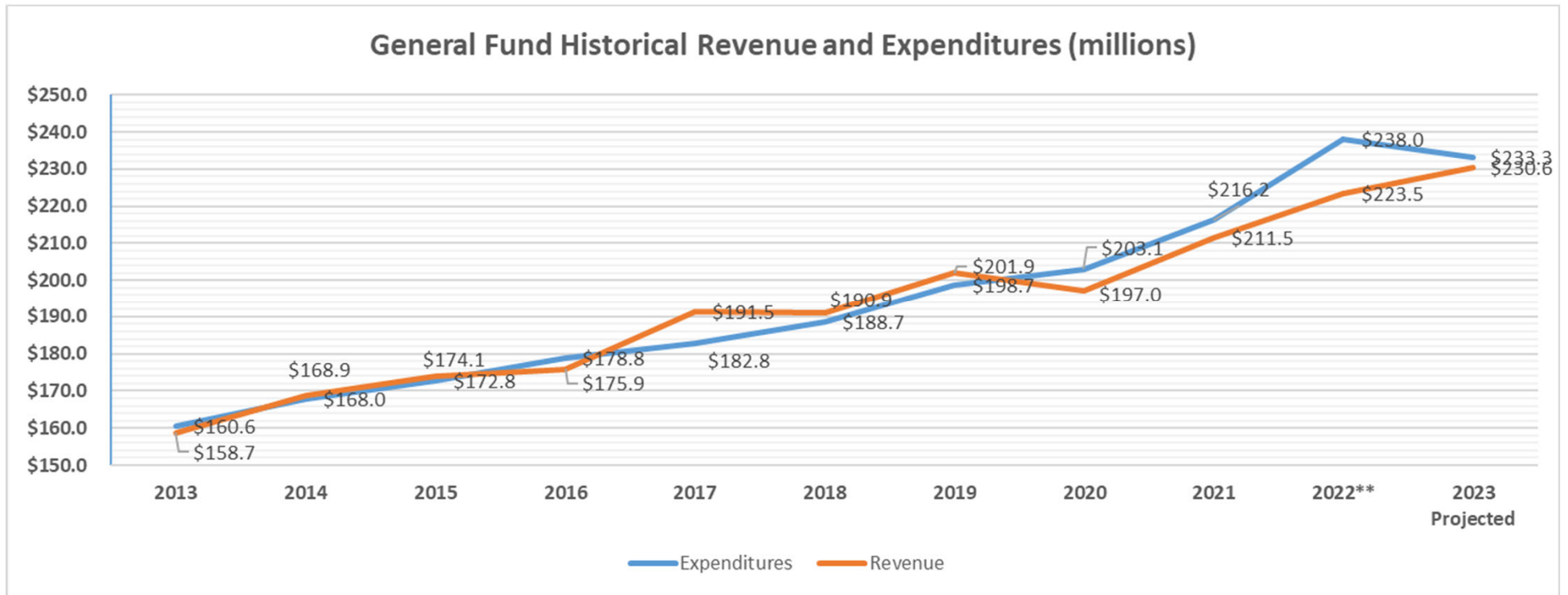
✓ It is not a budget, nor does it represent a proposed future budget.

Basis of Report - The projections presented in the report are done at a high fund-level perspective to demonstrate financial trends and are not prepared at a department or programmatic detailed level.

✓ In addition to economic and operational information, the 2023 Projections are based on two to four months of actual financial data.



General Fund Historical Review



2013-2015 – Steady growth period. Public Safety SIP Loans began, strong interest income.

2016-2019 – Strong sales tax revenue, continued interest income growth. Expenditures under-represented during 2017-2019 due to prolonged Guild negotiations.

2020 – COVID pandemic, revenue decrease of 2.4%, or \$5 million

2021-2022 – Revenue rebounded, labor agreement settlements



2023 General Fund Revenue

2023 General Fund Projection						
General Fund Reserves & Revenues	2022 Actuals	2023 Adopted	2023 Amended	2023 Projected	Amended to Projection Difference	% Change Amended to Projection
Planned Use of General Fund Reserves & Balances						
1 Encumbrance Carryover	4,626,034		3,286,971	3,286,971		
2 SBO - PDA Retropayment	868,107					
3 SBO - Temp Warming Shelter	270,000					
4 SBO - Mayor's Office personnel	43,900					
5 SBO - Police Vehicles 2023	3,128,000					
6 SBO - Election Services	250,000					
7 SBO - Labor Agreement Retropay	10,390,462			-		
8 Total Planned Use of Fund Balance	19,576,503	-	3,286,971	3,286,971		
General Fund Revenues						
9 General Property Taxes	48,416,350	49,000,000	49,000,000	49,000,000	0	0.0%
10 Retail and Use Tax	61,823,949	63,800,000	63,800,000	64,600,000	800,000	1.3%
11 Businesses Taxes (outside utilities)	24,872,812	24,411,000	24,411,000	26,100,000	1,689,000	6.9%
12 Interfund Taxes (city utilities)	44,759,944	47,555,000	47,555,000	46,800,000	(755,000)	-1.6%
13 Miscellaneous Taxes	2,004,094	2,045,000	2,045,000	2,041,000	(4,000)	-0.2%
14 Total Taxes	181,877,149	186,811,000	186,811,000	188,541,000	1,730,000	0.9%
15 Licenses And Permits	6,989,937	7,098,000	7,098,000	7,095,000	(3,000)	0.0%
16 Intergovernmental Revenue	4,743,024	4,364,975	4,364,975	4,420,000	55,025	1.3%
17 Charges For Services	20,971,585	19,692,258	19,692,258	19,600,000	(92,258)	-0.5%
18 Fines And Forfeits	1,490,978	1,919,000	1,919,000	1,919,000	0	0.0%
19 Miscellaneous Revenue	4,769,386	6,213,988	6,213,988	6,213,988	0	0.0%
20 Transfers to General Fund	2,687,932	2,783,065	2,783,065	2,783,065	0	0.0%
21 Total Revenue	223,529,991	228,882,286	228,882,286	230,572,053	1,689,767	0.7%
Percent Change over Last Year				3.2%		
22 Total Fund Balance & Revenue	243,106,494	228,882,286	232,169,257	233,859,024	1,689,767	0.7%



2023 General Fund Expenditures

2023 General Fund Projection						
	2022 Actuals	2023 Adopted	2023 Amended	2023 Projected	Amended to Projection Difference	% Change Amended to Projection
General Fund Expenses						
Personnel Costs						
23 Salaries and Wages	78,568,503	80,155,016	79,897,878	80,423,461	525,583	0.7%
24 Employee Benefits	21,304,749	20,239,136	20,240,451	20,728,100	487,649	2.4%
25 Total Personnel Cost	99,873,252	100,394,152	100,138,329	101,151,561	1,013,232	1.0%
26 Supplies	1,891,620	1,628,903	1,984,912	1,945,000	(39,912)	-2.5%
27 Services & IntGov Prof	32,075,753	30,324,581	32,773,677	33,630,000	856,323	2.8%
28 Capital Outlay	613,243	85,225	139,041	115,000	(24,041)	-28.2%
29 Transfer to Other Funds & Debt	103,544,579	95,893,363	96,418,363	96,418,363	0	0.0%
30 Reserve for budget adjustment		362,949	521,822	-	(521,822)	-143.8%
31 Total Expenses	237,998,447	228,689,173	231,976,144	233,259,924	1,283,780	0.6%
Percent Change over Last Year				-2.0%		
32 Operational Surplus/(Deficit)	5,108,047	193,113	193,113	599,100	405,987	

- Assumes both higher vacancy rates and increased overtime costs.
- Assumes increased reliance on contract and internal services.
- Watch Item - Police Guild contract settlement.



General Fund 5-Year Forecast

Baseline Revenue & Expense Forecast

City of Spokane													
5-Year Financial Forecast													
	2022 Actuals	2023 Projected	2024	% Change	2025	% Change	2026	% Change	2027	% Change	2028	Annual Avg. \$ Change	CAGR ¹
General Fund Revenues													
Total Fund Balance and Reserves	19,576,503	3,286,971	-		-		-		-		-	N/A	N/A
General Fund Revenues													
Total Revenue	223,529,991	230,572,053	234,451,557	1.7%	242,149,462	3.3%	250,342,508	3.4%	258,892,115	3.4%	267,779,917	7,441,573	3.0%
Total Fund Balance & Revenue	243,106,494	233,859,024	234,451,557	0.3%	242,149,462	3.3%	250,342,508	3.4%	258,892,115	3.4%	267,779,917	7,441,573	3.0%
General Fund Expenses													
Total Personnel Cost	99,873,252	101,151,561	105,496,100	4.3%	110,028,889	4.3%	114,758,144	4.3%	119,692,445	4.3%	124,840,745	4,737,837	4.2%
Total Expenses	237,998,447	233,259,924	243,158,585	4.2%	252,327,632	3.8%	261,840,038	3.8%	271,709,078	3.8%	282,137,964	9,775,608	3.8%
Operational Surplus/(Deficit)	5,108,047	599,100	(8,707,029)		(10,178,169)		(11,497,530)		(12,816,963)		(14,358,047)		
Percent of Total Expenditures			-3.6%		-4.0%		-4.4%		-4.7%		-5.1%		

1 CAGR = Compound Annual Growth Rate
 Note: Forecast amounts are based on 2013 and forward trends. Assumptions applied correlatively to anticipated variances.
 Annual Budget amounts may vary from forecast amounts due to other factors

- No use of carryover amounts.
- Conservative annual average growth rate of 3.0% relative to historical actual growth rate of 3.8%.
- Stronger personnel growth rates due to current labor market conditions for an overall 3.8% annual growth rate compared to the historical actual growth rate of 3.6%.



National Economic Horizon

- Fed Funds rate is 5.25% - the current terminal rate. Next FOMC meeting will be June 13-14.
- The Federal Reserve is in a holding pattern through 2023. Interest rate cuts may be considered in 2024.
- GDP currently at 4.6%. Officials expecting inflation to return to 2.0% level in 2025. Inflation forecast for 2023 year-end is 3.6%
- April unemployment rate is 3.4%. As interest rates increase so does unemployment. Thus, officials expect unemployment to increase to 4.5% by end of 2023.