





Strategic & Financial Planning: Building Sustainable, Long-Term Government Budgets

Effective methods for managing government finances responsibly



Agenda and Session Overview



Strategy and Finance Alignment

Aligning strategic goals with financial capacity ensures sustainable government operations over decades.

Long Term Financial Tools

Forecasting revenues, expenditures, and fund balances supports informed decision-making over multiple years.

Capital Improvement Planning

Capital improvement planning connects long-term infrastructure needs with operating budget impacts.

Stakeholder Engagement and Communication

Engaging stakeholders through transparent communication builds trust and supports collaborative financial planning.



Foundations of Strategic Financial Alignment



Why Strategic and Financial Alignment Matters



Strategic planning defines the “what” and “why”

Financial planning defines the “how” and “how much”

A city’s strategic plan may include:

- **Goal:** Improve transportation infrastructure
- **Action:** 10-year capital improvement plan
- **Financial tie-in:** Multi-year debt strategy, credit rating objectives and funding sources
- **Metrics:** (Ex.) Road condition index, commute times



Governmental (Transportation) Example



Funding a Major Road Corridor Expansion

- Gas taxes (local option fuel taxes)
- Transportation impact fees
- General fund contributions (limited)
- Property tax (millage for debt support if needed)
- State & Federal Funding

Large transportation projects (\$300M+) take longer than a single budget year and often exceed a full year of General Fund spending

This is why long-term financial planning and diversified funding sources are essential



Utility Example



Scenario	Total Paid (5 years)
5% annual increases	\$5,570
25% one-time increase	\$6,000

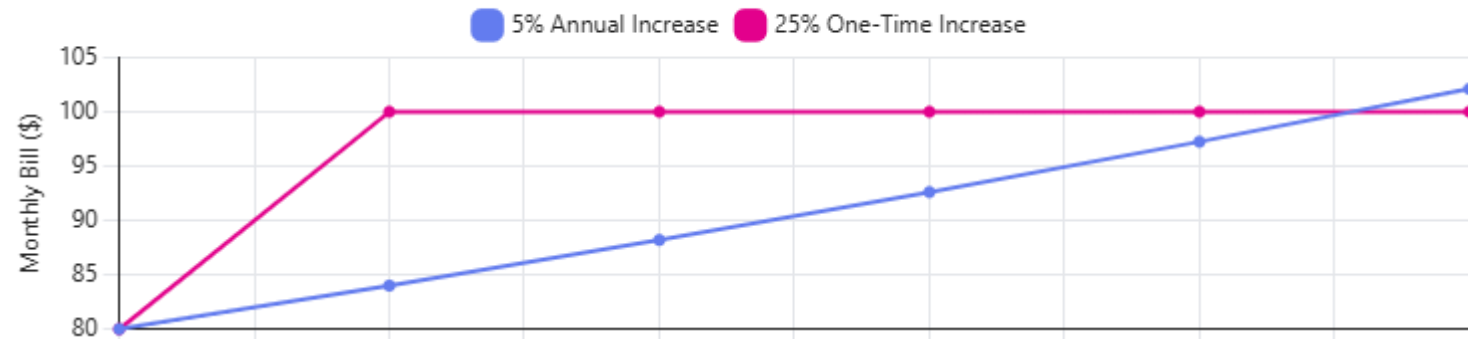
Funding a Major Water Project

- Requires multi-year rate plans
- Consideration to utilize debt financing (often Revenue Bonds)
- Growth based capacity fees: System development charge, Connection Fees, Impact fees, etc.
- State & Federal Funding

Key Considerations Utilities Evaluate

- Affordability & rate impact
- Regulatory requirements
- Credit rating and debt capacity projections

Monthly Water Bill: Gradual vs One-Time Increase (Starting at \$80)





Objectives of Integrating Financial Planning

Aligning Goals and Funding

Integrated planning ensures organizational goals match realistic funding within expected revenues for sustainability.

Enhancing Risk Management

It identifies future financial pressures early to prevent crises related to pensions, infrastructure, or economic changes.

Improving Accountability

Linking funding decisions to measurable outcomes increases transparency and performance tracking in financial planning.

Supporting Continuity Across Cycles

Provides a stable financial framework that persists beyond short-term political changes and election cycles.





Long-Term Financial Tools

- Multi-Year Operating Budget Forecasting
- Capital Improvement Planning



Multi-Year Financial Forecasting

Long-Term Planning

Multi-year forecasting extends 3-10 years, projecting revenues, expenditures, and fund balances under varied assumptions.

Scenarios

Forecasts test alternative scenarios such as economic downturns and revenue volatility to anticipate future challenges.

Early Detection

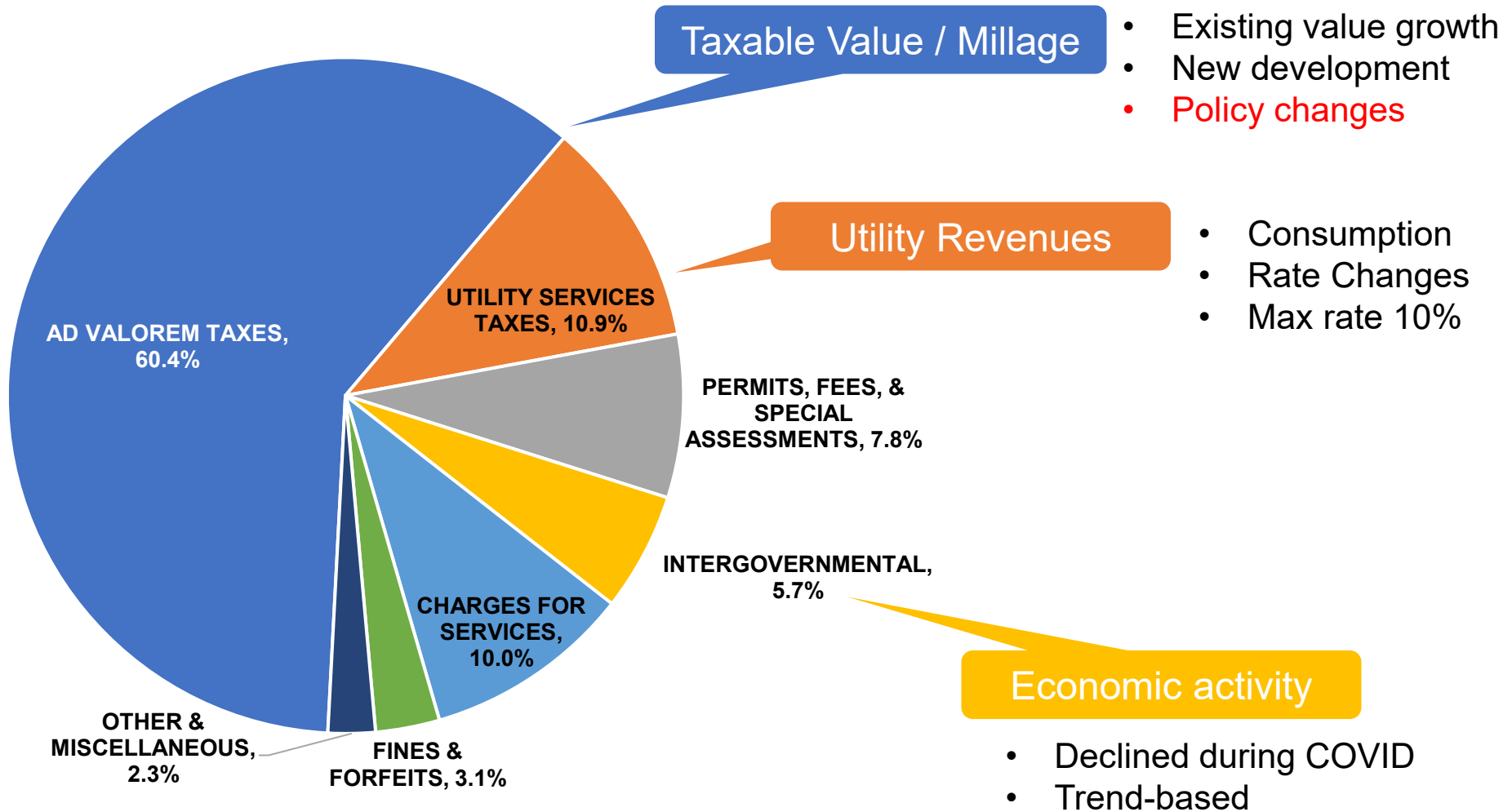
Identifying structural gaps early allows gradual corrective actions, improving financial resilience and reducing disruption.

Stakeholder Communication

Forecasts provide a forward-looking context that enhances communication with elected officials and stakeholders.



Revenues





Revenue Forecasting \$\$

Account Description	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
Current Ad Valorem	16,378,681	17,033,828	17,715,181	18,423,788
Utility Tax - Electric	1,639,091	1,688,264	1,738,912	1,791,079
Utility Tax - Water	613,001	631,391	650,333	669,843
Utility Tax - Gas	67,749	69,781	71,874	74,030
Communications Service Tax	601,000	619,030	637,601	656,729
State Revenue Sharing	507,962	518,121	528,483	539,053
1/2 Cent Local Sales Tax	955,087	974,189	993,673	1,013,546
Indirect Cost Reimbursements	1,761,402	1,849,472	1,941,946	2,039,043

Taxable Value / Millage

- Existing value growth
- New development
- **Policy changes**

Utility Revenues

- Consumption
- Rate Changes
- Max rate 10%

Economic activity

- Declined during COVID
- Trend-based

Average Cost Growth



Revenue Growth by Category

Account Description	FY 2028	FY 2029	FY 2030	FY 2031
Current Ad Valorem	5.00%	4.00%	4.00%	4.00%
Utility Tax - Electric	3.00%	3.00%	3.00%	3.00%
Utility Tax - Water	3.00%	3.00%	3.00%	3.00%
Utility Tax - Gas	3.00%	3.00%	3.00%	3.00%
Communications Service Tax	3.00%	3.00%	3.00%	3.00%
State Revenue Sharing	2.00%	2.00%	2.00%	2.00%
1/2 Cent Local Sales Tax	2.00%	2.00%	2.00%	2.00%
Indirect Cost Reimbursements	5.00%	5.00%	5.00%	5.00%

Taxable Value / Millage

- Existing value growth
- New development
- **Policy changes**

Utility Revenues

- Consumption
- Rate Changes
- Max rate 10%

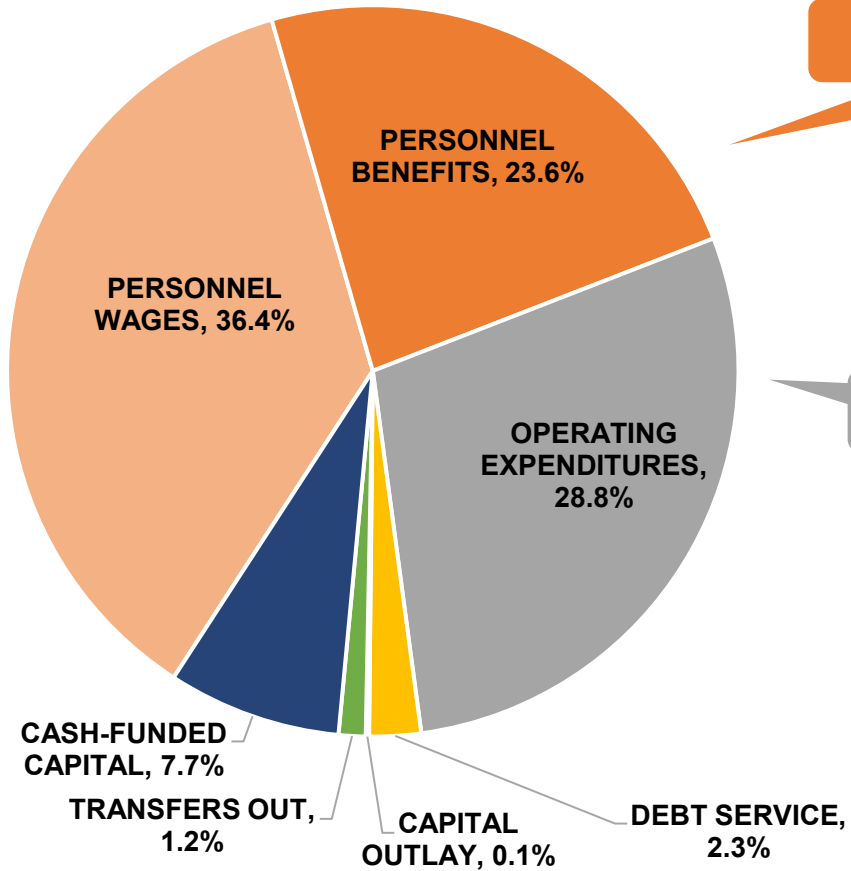
Economic activity

- Declined during COVID
- Trend-based

Average Cost Growth



Expenses



Wages/Benefits

- Union contracts
- New personnel
- 4% - 9%

Operating/Maintenance

- Inflation



Expenses Forecasting

Type	Description	FY 2028	FY 2029	FY 2030	FY 2031
PERSONNEL WAGES	Salaries - Full Time	804,737	853,021	904,202	958,455
PERSONNEL WAGES	Overtime	32,189	34,120	36,167	38,337
PERSONNEL BENEFITS	FICA	61,561	65,255	69,170	73,320
PERSONNEL BENEFITS	Pension - FRS	141,482	152,801	165,025	178,227
PERSONNEL BENEFITS	Life & Health Insurance	211,209	228,106	246,355	266,063
OPERATING EXPENDITURES	Contractual Services	71,094	74,648	78,381	82,300
OPERATING EXPENDITURES	Utilities - Electricity	10,786	11,110	11,443	11,786
OPERATING EXPENDITURES	Vehicle Maint-Repair	10,865	11,191	11,526	11,872
OPERATING EXPENDITURES	Vehicle Operation-Fuel	19,610	20,198	20,804	21,428
OPERATING EXPENDITURES	Grounds Maintenance	123,156	126,850	130,656	134,575
DEBT SERVICE	Principal Payments	224,000	224,000	224,000	224,000
DEBT SERVICE	Interest Payments	8,485	8,485	8,485	8,485

Wages/Benefits

- Union contracts
- New personnel
- 4% - 9%

Operating/Maintenance

- Inflation, 3% - 4%

Debt Service

- Defined schedules



Capital Improvement Planning

Linking Infrastructure to Finance

CIP connects long-term infrastructure needs with financial capacity and strategic priorities for sustainable development.

Comprehensive Cost Evaluation

CIP estimates lifecycle costs including construction, maintenance, and replacement to provide realistic budgeting.

Integration with Operating Forecast

Combining CIP with operating forecasts helps governments **manage debt, affordability, and avoid deferred maintenance.**

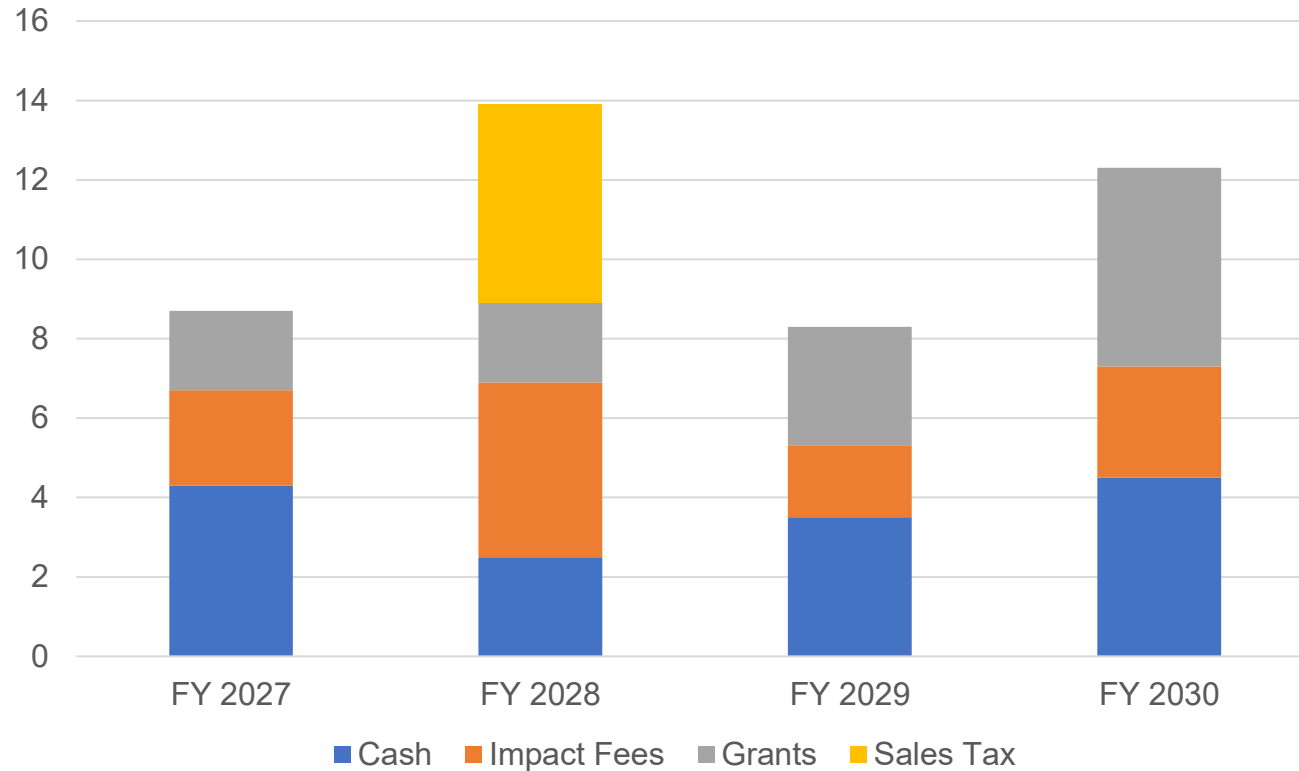
Transparency and Accountability

Capital planning promotes clear communication of priorities and funding, reinforcing public trust and accountability.





CIP Funding Sources



Schedules: Vehicle Replacements, Road Resurfacing, Roof Replacements, HVAC, etc.





Capital Funding into Forecast

Description	FY 2026		FY 2027		FY 2028		FY 2029	
TOTAL ADJUSTED REVENUES	\$	25,286,874	\$	25,803,413	\$	26,750,000	\$	27,551,843
<i>% Change by year</i>				2.04%		3.67%		3.00%
PERSONNEL BENEFITS	\$	6,484,071	\$	6,940,727	\$	7,430,691	\$	7,956,455
OPERATING EXPENDITURES	\$	7,920,785	\$	8,214,414	\$	8,519,652	\$	8,836,987
DEBT SERVICE	\$	628,634	\$	628,634	\$	628,634	\$	628,634
CAPITAL OUTLAY	\$	40,000	\$	41,200	\$	42,436	\$	43,709
TRANSFERS OUT	\$	327,573	\$	337,400	\$	347,522	\$	357,948
CASH-FUNDED CAPITAL	\$	2,110,926	\$	1,542,812	\$	1,484,509	\$	1,836,303
TOTAL ADJUSTED EXPENSES	\$	27,522,511	\$	28,311,960	\$	29,692,109	\$	31,568,374
<i>Total Expense % Change by year</i>				2.87%		4.87%		6.32%
NET INCOME	\$	(2,235,637)	\$	(2,508,546)	\$	(2,942,109)	\$	(4,016,531)

Use of Fund Balance



Evaluating Financial Impact and Performance



Performance Metrics and Measurement

Linking Plans to Outcomes

Performance metrics translate strategic and financial plans into measurable and actionable outcomes.

Financial Performance Indicators

Fund balance ratios, liquidity measures, and debt indicators provide insight into fiscal health.

Program-Level Assessment

Program metrics evaluate whether initiatives deliver intended benefits and service quality.

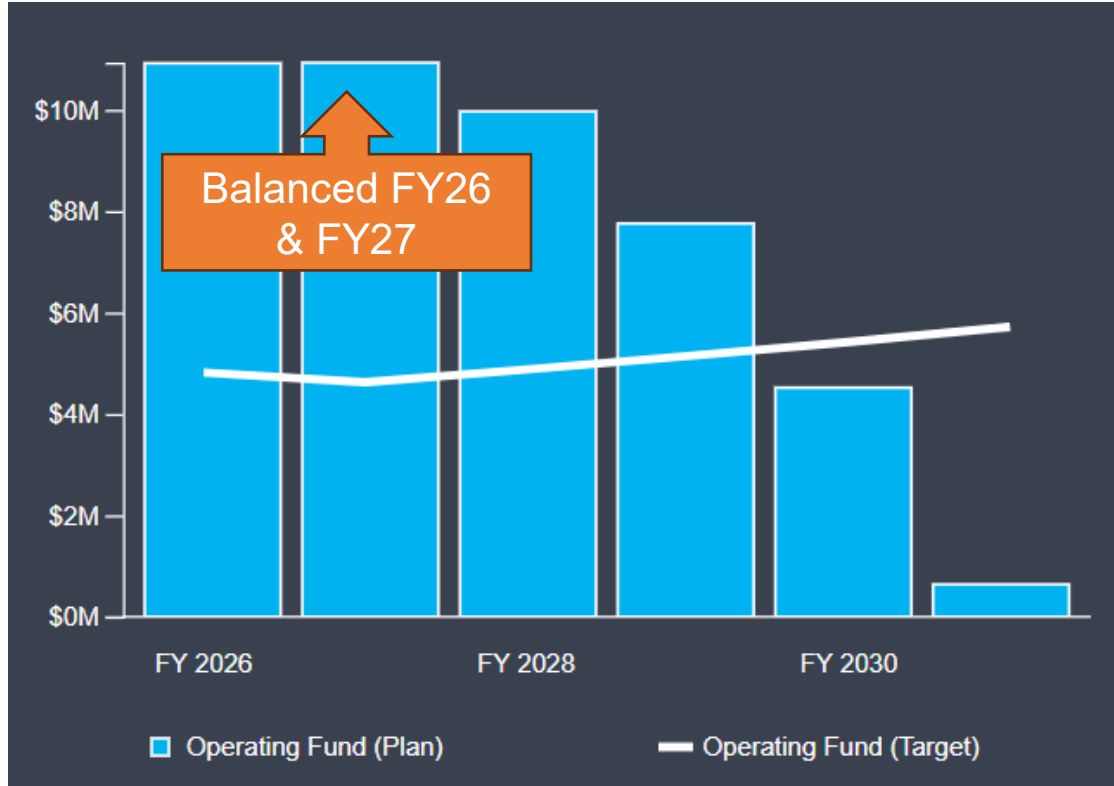
Continuous Improvement & Accountability

Clear indicators support accountability, evidence-based decisions, and ongoing performance improvement.

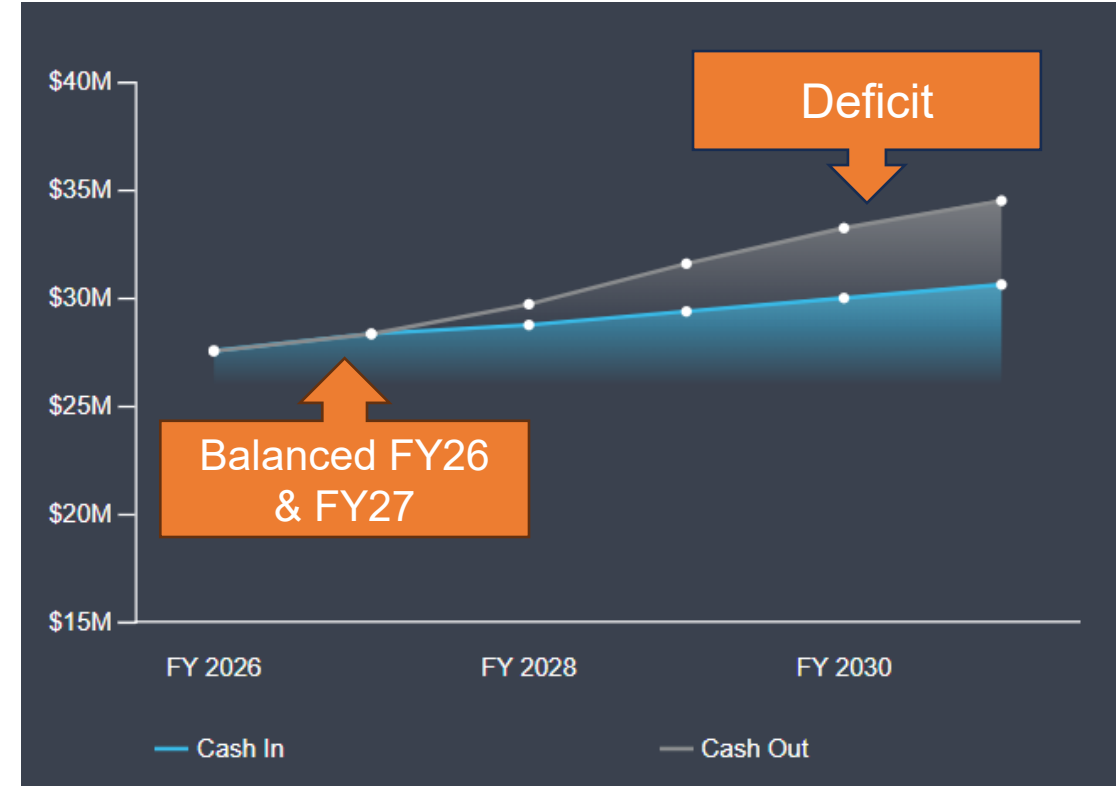


Forecasting Models

Projected Fund Balance



Projected “Cash In” vs “Cash Out”





Higher Density, Non-Homestead Growth



Greenfield, 0.15 Acre+, Owner-Occupied, Single Family Residential

Economic Impact and Development Analysis

Balancing Economic Benefits and Costs

Development expands the tax base but also raises demand for public services and infrastructure.

Comprehensive Fiscal Analysis

Comparing projected revenues with full service delivery costs ensures sustainable budgeting.

Strategic Development Planning

Economic impact analysis supports better land-use decisions and aligns growth with strategic goals.

Impact Fees Important!!!



CS/HJR 1F (2026F) - Save our Homes from Excessive Property Taxes

Homestead exemption rises to:

- \$150K in 2027
- \$250K in 2028
- Only applies to non-school property taxes
- Cuts cap on non-homestead properties from 10% → 5%
- Lets local governments potentially expand exemptions further
- Restricts how cities/counties can use property tax revenue





HJR 1F - Impact by the Numbers (Sample City)

\$11.2B Taxable Value

- \$8.6B (77%) Residential

41,102 Residential Properties

- 27,410 Homesteaded (67%)



\$42 Million Total Property Tax Revenue

-\$9.4M (22%) Homestead Exempt \$150k

-\$15.6M (37%) Homestead Exempt \$250k

\$26.5 Million Net Property Tax Revenue

\$-1.4B Current Homestead



-\$3.9B Homestead to \$150k



-\$5.6B Homestead to \$250k



HJR 1F - Impact by the Numbers (Sample City)

Expenses

Total Budget \$98M

Gen. Govt - \$27M	(28%)
Public Safety - \$57M	(58%)
Culture & Rec - \$8M	(8%)
Other - \$6M	(6%)

Personnel Services - \$74M	(75%)
Operating/Other - \$24M	(25%)

\$15M Budget Shortfall (15%)

= 37% of non-public safety budget (\$41M)

100 employees at \$150k per (all-in)

Revenues

+2.0 mil increase

50% Property Tax Increase

Recovers \$15M Budget Shortfall from Remaining TV



HJR 1F - Impact by the Numbers (Sample City)

Homesteaded



\$400k Assessed Value

\$350k Tax Value

4.0 millage

\$1,400 Tax Bill

\$400k Assessed Value

\$150k Tax Value

6.0 millage

\$900 Tax Bill

\$(500) Reduction 36%



HJR 1F - Impact by the Numbers (Sample City)

Homesteaded



\$400k Assessed Value

\$400k Tax Value

4.0 millage

\$1,600 Tax Bill

\$400k Assessed Value

\$400k Tax Value

6.0 millage

\$2,400 Tax Bill

+\$800 Increase 50%



Stakeholder Engagement and Transparency

Inclusive Stakeholder Roles

Elected officials, leaders, employees, and the public shape priorities and support trade-offs in planning.

Transparent Communication

Open sharing of financial conditions and assumptions builds trust and shared understanding.

Ongoing Dialogue and Accessibility

Engagement includes continuous dialogue and accessible information beyond formal hearings.

Supporting Sustainable Policies

Understanding long-term implications encourages stakeholder support for sustainable decisions.



Key Takeaways for Fiscal Sustainability

Multi-Year Forecasting

Using multi-year forecasting helps governments plan budgets aligned with long-term strategies and financial realities.

Integrated Capital Planning

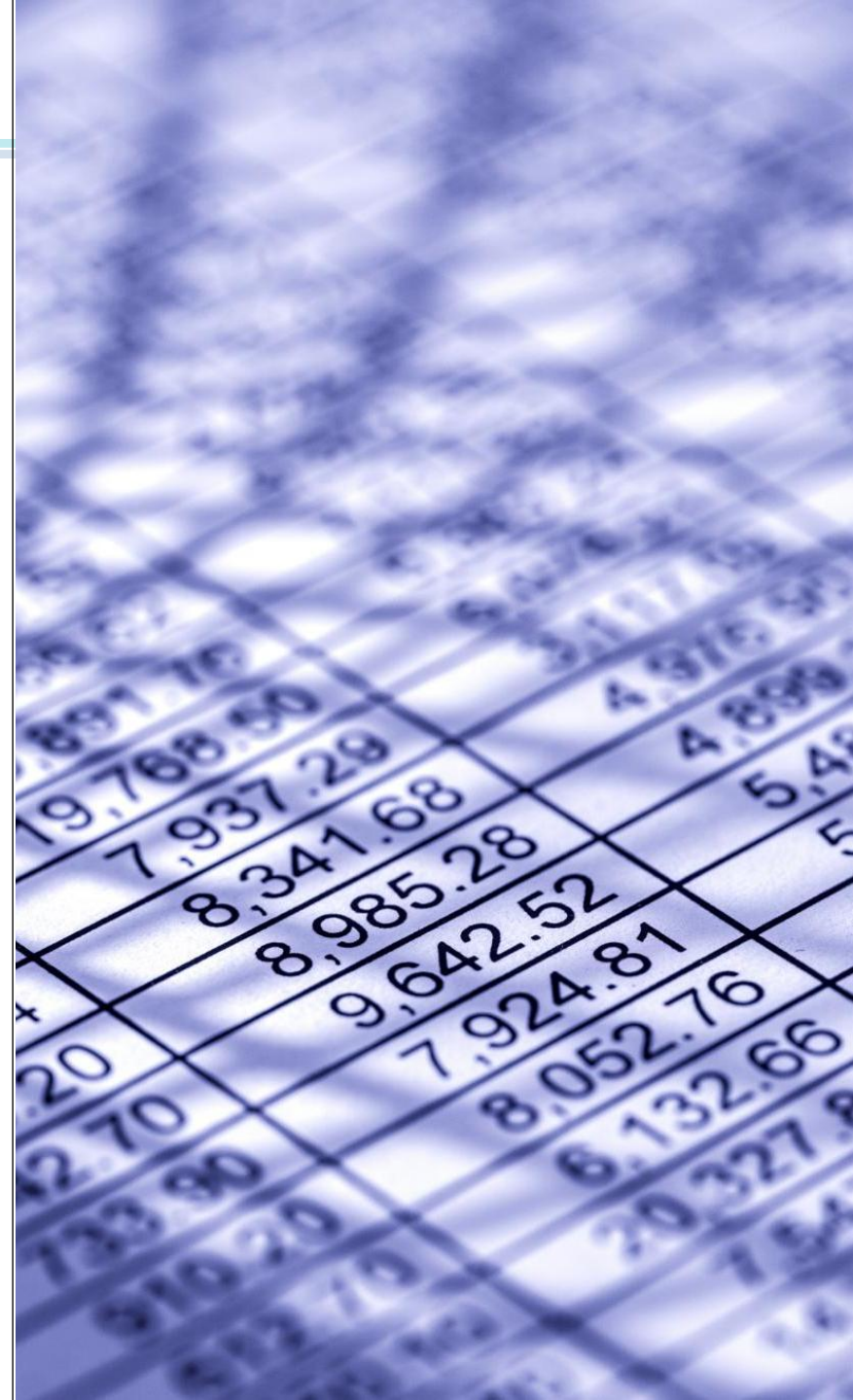
Capital planning linked with fiscal strategy ensures sustainable investment in infrastructure and public services.

Performance Measurement

Measuring performance is essential for evaluating economic and fiscal impacts to enhance accountability.

Stakeholder Engagement

Engaging stakeholders fosters transparency and builds public trust critical for fiscal resilience.





Next Steps and Implementation



Assess Current Practices

Governments need to evaluate existing planning methods to identify gaps and prioritize sustainability improvements.

Develop Multi-Year Forecast

Creating or refining long-term forecasts aligns capital improvement plans with strategic goals for fiscal stability.

Establish Performance Indicators

Clear performance indicators and leadership commitment enable continuous refinement and effective communication.

Encourage Engagement

Questions and discussions help tailor tools to specific organizational contexts, enhancing implementation success.



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