

Town of Vienna

Long Range Forecast
Fiscal Years 2023-2024



May 10, 2021

2022 Long Range Forecast
Draft for Fiscal Years 2023 and 2024
Narrative Description

General Fund Revenue

- The revenue long-range forecast is based on prior growth as adjusted for expected recovery from the pandemic.
- Real estate taxes based on 4% increase in 2023 and 3% increase in 2024.
- Sales tax forecasted at 5% increase a year, business license taxes forecasted at 15% increase in 2023 and 5% increase in 2024.
- Permits, fees and licenses forecasted to decrease 10% in 2023 as building boom slows and stay flat in 2024.
- Court fines expected to recover from pandemic effects, up 10% in 2023 and 5% in 2024.
- While interest revenue is forecasted to remain low based on the Federal Reserve System's estimates, concessions revenue, also part of Use of Money is expected to increase 10% a year.
- Parks and Recreation revenues are budgeted to increase closer to pre-pandemic levels in 2022, an increase of over 61% from the 2021 budget. In 2023 they are forecasted to increase by 3% and in 2024 by 6%.
- Other revenue categories are forecasted at similar levels to the 2022 budget.

General Fund Expenditures

- Wages and benefits related to wages are forecasted to increase 2.5% in 2023 and 2.7% in 2024 based on the Federal Government's Employment Cost Index (ECI).
- Health insurance is forecasted to increase 4% a year.
- Purchased services, mainly maintenance contracts, are forecasted to increase 3% a year based on contractual agreements.
- Other charges, mainly utilities, insurance and travel and training are forecasted to increase 2% a year, to reflect energy savings offset by increased costs of producing energy.
- Materials and supplies are forecasted to increase 2% with the exception of fuel, which is forecast to increase by 5% a year.
- Programs and services are mainly expenses directly related to Parks and Recreation and are forecasted to increase 1% a year.
- Capital outlay is mainly the cost of the forecasted vehicles to be replaced in the fiscal year based on the current Vehicle Replacement Plan.

General Fund Summary

- The net result of the assumptions above result in forecasted increases in revenues of 3.2% in 2023 and 3.1% in 2024, offset by increases in expenditures of 2.6% in 2023 and 2.8% in 2024.
- These assumptions result in a net surplus in the general fund, and a planned addition to the unreserved fund balance.

GENERAL FUND
Long-Rang Forecast
(\$ in 000's)

	2020 Actual	2021 Forecast	2021 Adopted Budget	2022 Proposed Budget	2023 Forecast	2024 Forecast
General property taxes	\$ 11,883.5	\$ 12,454.2	\$ 12,333.9	\$ 12,699.8	\$ 13,208.0	\$ 13,604.0
Other local taxes	6,634.5	6,384.8	5,921.5	6,128.0	6,471.0	6,662.0
Permits, fees and licenses	313.0	356.3	227.0	296.0	266.0	266.0
Fines and forfeitures	301.2	148.6	232.0	288.0	317.0	333.0
Revenue from use of money	351.0	134.2	271.7	185.6	214.0	234.0
Charges for Services	534.6	447.0	662.5	1,071.0	1,107.0	1,174.0
Miscellaneous	223.4	163.3	149.3	144.8	120.9	144.8
Intergovernmental - State	3,236.2	3,205.9	2,753.0	3,153.1	3,073.9	3,090.9
Intergovernmental - Federal	1,144.0	1,921.1	59.0	155.0	158.1	161.3
Other sources of funds	1,268.9	1,173.7	2,232.4	2,481.7	2,505.3	2,616.3
LESS Federal CARES Funds	(1,062.9)	(1,820.7)	-	-	-	-
Total Revenue	\$ 24,827.3	\$ 24,568.4	\$ 24,842.3	\$ 26,603.0	\$ 27,441.2	\$ 28,286.3
<i>Percent Increase / (Decrease)</i>		-1.0%	1.1%	7.1%	3.2%	3.1%
Personnel services	\$ 14,544.3	\$ 13,923.8	\$ 13,971.7	\$ 14,658.8	\$ 15,025.3	\$ 15,431.0
Employee benefits	5,242.4	5,281.0	5,432.9	5,252.4	5,402.6	5,557.3
Purchased services	2,299.9	2,422.7	2,342.4	2,612.8	2,691.2	2,771.9
Other charges	1,082.0	2,153.8	975.3	1,107.2	1,129.4	1,152.0
Materials and supplies	677.1	884.3	987.5	1,094.5	1,123.0	1,084.4
Programs and services	992.6	538.2	632.5	1,082.1	1,092.9	1,090.6
Capital outlay	1,041.0	926.7	770.0	892.2	1,074.8	1,167.8
Interfund transfers	(9.7)	(35.4)	(270.0)	(97.0)	(235.0)	(192.8)
LESS Federal CARES Funds	(1,062.9)	(1,820.7)	-	-	-	-
Total Expenditures	\$ 24,806.7	\$ 24,274.4	\$ 24,842.3	\$ 26,603.0	\$ 27,304.2	\$ 28,062.2
<i>Percent Increase / (Decrease)</i>		-2.1%	2.3%	7.1%	2.6%	2.8%
Annual Increase / (Decrease) In Funds	\$ 20.7	\$ 294.0	\$ -	\$ -	\$ 137.0	\$ 224.1
Beginning Fund Balance	\$ 8,420.9	\$ 8,441.6	\$ 8,735.5	\$ 8,735.5	\$ 8,735.5	\$ 8,872.5
Ending Fund Balance	\$ 8,441.6	\$ 8,735.5	\$ 8,735.5	\$ 8,735.5	\$ 8,872.5	\$ 9,096.6

2022 Long Range Forecast
Draft for Fiscal Years 2023 and 2024
Narrative Description

Water and Sewer Fund Revenue

- Water and sewer revenue increases are driven by the projected cost increases in wages, water purchase, sewer treatment, other costs of operations and planned additions to infrastructure.
- Water consumption rates and service charges are projected to increase 3% a year.
- Sewer charges are projected to increase 10% a year.
- Reimbursements from Fairfax County are projected to increase 2% a year, and developer revenues are projected flat from the 2022 budget.

Water and Sewer Fund Expenditures

- The same assumptions as the general fund were used for all water and sewer expenditures except water purchases and sewer treatment.
- Water purchases are forecasted to increase due to rate increases charged by Fairfax Water by 4% a year.
- Sewer treatment is forecasted to increase by 5% for DC WASA and 6% for Fairfax County, as they increase charges to meet environmental requirements.

Water and Sewer Fund Summary

- Water and sewer revenues and expenditures are forecasted to increase at roughly the same amount per year, with a very small surplus available to add to the fund's net position.

WATER AND SEWER FUND
Long-Rang Financial Plan
(\$ in 000's)

	2020 Actual		2021 Forecast		2021 Adopted Budget		2022 Proposed Budget		2023 Forecast	2024 Forecast
Use of Money and Property	\$	11.4	\$	1.4	\$	10.0	\$	2.0	\$	2.0
Water charges		3,798.9		4,119.6		4,290.1		4,445.9		4,579.3
Sewer charges		3,461.3		3,646.7		3,900.2		4,341.0		4,775.1
Account service charges		1,225.3		1,450.3		1,433.7		1,515.7		1,561.2
Cycle 6 billing reimbursement		79.9		80.0		80.0		80.0		81.6
Reconnection fees		1.9		0.2		5.0		2.0		6.0
Developer Fees		599.7		842.0		280.0		310.0		350.0
Miscellaneous Revenues		198.8		98.1		195.0		120.0		159.0
Total Revenue	\$	9,377.2	\$	10,238.2	\$	10,194.1	\$	10,816.6	\$	11,514.2
<i>Percent Increase / (Decrease)</i>				9.2%		-0.4%		6.1%		6.4%
Personnel services	\$	1,503.3	\$	1,410.5	\$	1,586.0	\$	1,576.6	\$	1,631.0
Employee benefits		607.3		527.6		618.6		596.7		605.8
Purchased services		3,838.7		4,677.7		4,463.0		5,009.3		5,239.5
Other charges		68.4		45.7		46.2		59.1		60.3
Materials and supplies		369.3		281.2		303.1		308.8		321.2
Programs and services		128.2		100.8		105.0		105.0		105.0
Capital outlay		81.1		33.4		41.1		41.1		41.1
Interfund transfers		1,910.4		2,725.3		2,730.3		3,095.3		3,295.3
Contingency		-		-		301.1		24.8		204.9
Total Expenditures	\$	8,506.6	\$	9,802.2	\$	10,194.1	\$	10,816.6	\$	11,504.1
<i>Percent Increase / (Decrease)</i>				15.2%		4.0%		6.1%		6.4%
Annual Increase / (Decrease) In Funds	\$	870.5	\$	436.0	\$	-	\$	-	\$	10.1
Beginning Net Position	\$	16,909.8	\$	17,780.3	\$	18,216.3	\$	18,216.3	\$	18,216.3
Ending Net Position	\$	17,780.3	\$	18,216.3	\$	18,216.3	\$	18,216.3	\$	18,226.4

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Debt Service Fund Revenue

- Meals taxes are the main source of revenue in the Debt Service Fund and have been impacted by the 2020 / 2021 effects of the Coronavirus pandemic.
- However, meals taxes showed considerable resilience in fiscal year 2021, and are budgeted in 2022 to increase 9% over the 2021 forecast.
- Meals taxes are forecasted to increase by 15% in 2023 and 10% in 2024.

Debt Service Fund Expenditures

- Debt service fund expenditures are known, as they represent the commitment for future debt payments.
- The 2023 and 2024 expenditure forecasts reflect known debt payments plus an estimate for the 2022 bond issue payments, which begin in 2023.
- This is partially offset by decreasing payments in later years for current bond issues. Interest expense goes down as principal is repaid.

Debt Service Fund Summary

- The long-range forecast is conservative in forecasting meals tax growth and reflects the planned use of prior surplus to meet future debt payments.

DEBT SERVICE FUND
Long-Rang Financial Plan
(\$ in 000's)

	2020 Actual	2021 Forecast	2021 Adopted Budget	2022 Proposed Budget	2023 Forecast	2024 Forecast		
Meals and lodging tax	\$ 2,476.5	\$ 2,389.2	\$ 1,445.0	\$ 2,600.0	\$ 3,000.0	\$ 3,300.0		
Use of money	170.0	21.7	90.0	30.0	40.0	60.0		
Federal revenue	47.0	33.0	33.0	33.0	33.0	33.0		
Interfund transfers	1,463.3	2,017.0	2,016.6	1,981.6	1,847.5	1,695.9		
Use of Prior Year Surplus	-	1,321.8	1,948.5	729.3	641.8	576.9		
Total Revenue	\$ 4,156.8	\$ 5,782.7	\$ 5,533.1	\$ 5,373.9	\$ 5,562.3	\$ 5,665.8		
<i>Percent Increase / (Decrease)</i>		39.1%	-4.3%	-2.9%	3.5%	1.9%		
Bond principal	2,467.0	3,332.0	3,132.0	3,002.0	3,468.4	3,468.4		
Bond interest	809.3	1,774.4	1,724.8	1,720.3	1,790.0	1,662.5		
Capital lease principal	596.8	638.6	638.6	627.2	299.5	521.3		
Capital lease interest	66.9	37.7	37.7	24.4	4.4	13.6		
Contingency	216.8							
Total Expenditures	\$ 4,156.8	\$ 5,782.7	\$ 5,533.1	\$ 5,373.9	\$ 5,562.3	\$ 5,665.8		
<i>Percent Increase / (Decrease)</i>		39.1%	-4.3%	-2.9%	3.5%	1.9%		
Use of Prior Year Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 641.8	\$ 576.9		
Beginning Fund Balance	\$ 8,059.2	\$ 8,059.2	\$ 6,737.4	\$ 4,788.9	\$ 4,059.6	\$ 3,417.8		
Ending Fund Balance	\$ 8,059.2	\$ 6,737.4	\$ 4,788.9	\$ 4,059.6	\$ 3,417.8	\$ 2,840.9		

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Stormwater Fund Revenue and Expenditures

- Revenues come mainly from a pass-through of Fairfax County stormwater taxes.
- Expenditures are increased using the same assumptions as the general and water and sewer funds.

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STORMWATER FUND
Long-Rang Forecast
(\$ in 000's)

	2020 Actual	2021 Forecast	2021 Adopted Budget	2022 Proposed Budget	2023 Forecast	2024 Forecast
Stormwater Revenue	\$ 400.4	\$ 410.0	\$ 410.0	\$ 410.0	\$ 430.0	\$ 440.0
Use of money	6.8	2.0			4.0	5.0
Use of Prior Year Surplus		31.1	27.8	26.7		
Total Revenue	\$ 407.20	\$ 443.10	\$ 437.80	\$ 436.70	\$ 434.00	\$ 445.00
<i>Percent Increase / (Decrease)</i>		8.8%	-1.2%	-0.3%	-0.6%	2.5%
Personnel services	137.8	180.0	186.0	154.0	159.0	164.0
Employee benefits	45.0	54.9	63.6	23.9	25.0	26.0
Purchased services	78.5	75.4	75.4	75.4	78.0	80.4
Other charges	0.9	3.5	3.5	3.5	4.0	4.0
Materials and supplies	1.3	3.0	3.0	3.6	4.0	4.0
Programs and services	95.8	81.3	131.3	131.3	80.0	85.0
Capital outlay	-	30.0	30.0	30.0	20.0	10.0
Interfund transfers	6.6	15.0	(55.0)	15.0	15.4	15.0
Contingency						
Total Expenditures	\$ 365.90	\$ 443.10	\$ 437.80	\$ 436.70	\$ 385.40	\$ 388.40
<i>Percent Increase / (Decrease)</i>		21.1%	-1.2%	-0.3%	-11.7%	0.8%
Annual Increase / (Decrease) In Funds	\$ 41.3	\$ -	\$ -	\$ -	\$ 48.6	\$ 56.6
Beginning Fund Balance	\$ 682.6	\$ 723.9	\$ 692.8	\$ 665.0	\$ 686.9	\$ 735.5
Ending Fund Balance	\$ 723.9	\$ 692.8	\$ 665.0	\$ 638.3	\$ 735.5	\$ 792.1

CAPITAL PROJECT FUND
Long-Rang Financial Plan
(\$ in 000's)

	2020 Actual	2022 Proposed Budget	2024 Proposed Budget
Bond Funding			
Meals Taxes	\$ 26,600.0	\$ 5,657.0	\$ 4,915.5
Water and Sewer Fees	7,900.0	8,959.0	9,230.9
Bond Premium	2,312.0	600.0	400.0
Total Bond Funding	36,812.0	15,216.0	14,546.4
Outside Funding			
Virginia Department of Transportation (VDOT)	272.0	850.0	4,885.0
Northern Virginia Transportation Authority (NVTA)	2,300.0	3,120.0	3,365.0
Stormwater Fund	240.0		
Fairfax / VA Stormwater	1,000.0	630.0	2,040.0
Other		310.0	350.0
Total Outside Funding	3,812.0	4,910.0	10,640.0
Total Proposed Funding	\$ 42,936.0	\$ 20,126.0	\$ 25,186.4
Planned Projects			
Water and sewer capital projects	\$ 7,900.0	\$ 8,959.0	\$ 9,230.9
Roadway improvements	1,115.0	3,430.0	6,695.0
Sidewalk/trail improvements	272.0	1,381.0	4,162.0
Transportation improvements		120.0	400.0
Stormwater projects	1,240.0	1,130.0	2,390.0
Facility improvements	5,520.0	400.0	
Park improvements	2,050.0	1,235.0	1,816.0
Municipal parking	5,300.0	2,300.0	
Economic development improvements		535.0	200.0
Public safety projects	14,900.0	310.0	
Issuance and contingency	4,639.0	326.0	292.5
	\$ 42,936.0	\$ 20,126.0	\$ 25,186.4

The Capital Project Fund Long Range Forecast reflects the 2021 Capital Improvement Plan (CIP) adopted by Council in October, 2020.