

# Financial Forecast

## General Governmental Funds

February 16, 2017

City of Mesa

Presented by the Office of Management and Budget



# Financial Sustainability

- Forecasting revenues and expenditures allows for determining if there are sufficient on-going revenues to cover current and new on-going needs
- Separating out items that can vary from year to year like capital and debt service allow for a better analysis of operational pressures
- The closer annual operating expenditures are to annual operating revenues, the more sustainable they are over time
- Periodic usage of reserves allows for the normal ebb and flow of finances

# General Governmental Operating Revenues

	FY 15/16 Actuals	Change from FY 14/15	FY 16/17 Budget	FY 16/17 Projected	Change from FY 15/16	FY 17/18 Forecast	Change from FY 16/17 Projected
<b>Local Sales Tax</b>	<b>\$125.8</b>	3.5%	<b>\$129.5</b>	<b>\$132.5</b>	5.3%	<b>\$134.8</b>	1.8%
<b>State Shared Revenues</b>							
State Sales Tax	<b>\$41.6</b>	3.9%	<b>\$42.6</b>	<b>\$43.3</b>	4.1%	<b>\$45.6</b>	5.1%
Urban Revenue Sharing	<b>\$52.9</b>	-0.5%	<b>\$57.7</b>	<b>\$57.8</b>	9.3%	<b>\$59.3</b>	2.6%
Vehicle License Tax	<b>\$18.2</b>	8.5%	<b>\$18.6</b>	<b>\$19.0</b>	4.2%	<b>\$19.7</b>	3.9%
<b>Enterprise Transfer</b>	<b>\$99.7</b>	4.1%	<b>\$103.9</b>	<b>\$103.9</b>	4.2%	<b>\$106.5</b>	2.5%
<b>Other</b>	<b>\$41.2</b>	3.8%	<b>\$39.7</b>	<b>\$38.5</b>	-6.7%	<b>\$40.5</b>	5.3%
<b>Total</b>	<b>\$379.5</b>	3.4%	<b>\$392.1</b>	<b>\$395.0</b>	4.1%	<b>\$406.4</b>	2.9%
(as of Dec 2016 ) <span style="float: right;">Dollars in millions</span>							

FY 16/17 Budget excludes \$6.0M in carryover.

# General Governmental Expenditures

	FY 15/16 Actuals	Change from FY 14/15	FY 16/17 Budget	FY 16/17 Projected	Change from FY 15/16	FY 17/18 Forecast	Change from FY 16/17 Projected
<b>Operating Expenditures</b>							
Personal Services	<b>\$272.4</b>	0.1%	<b>\$290.1</b>	<b>\$293.3</b>	7.7%	<b>\$309.5</b>	5.5%
Other Services	<b>\$49.4</b>	-11.6%	<b>\$68.3</b>	<b>\$62.7</b>	26.9%	<b>\$64.4</b>	2.7%
Commodities	<b>\$10.2</b>	-14.3%	<b>\$15.9</b>	<b>\$14.7</b>	44.1%	<b>\$19.1</b>	29.9%
<b>Transfers</b>							
to capital fund	<b>\$3.0</b>	-53.1%	<b>\$8.6</b>	<b>\$10.8</b>	260.0%	<b>\$9.5</b>	-12.0%
to other funds*	<b>\$30.8</b>	481.1%	<b>\$23.1</b>	<b>\$23.1</b>	-25.0%	<b>\$24.2</b>	4.8%
<b>Total</b>	<b>\$365.8</b>	4.1%	<b>\$406.0</b>	<b>\$404.6</b>	10.6%	<b>\$426.7</b>	5.5%

\*Note: Includes transfers to the TransitFund, Arts and Culture Fund and other funds.

The large increase in transfers to other funds from FY 14/15 to FY 15/16 was due to a timing issue in the reconciliation to the Valley Metro Reimbursement of \$7.1M, the Art and Culture transfer of \$9.8M was new in FY15/16 while reducing general governmental operating expenditures, and due to \$6.0M in carryover.

(as of Jan 2017)

Dollars in millions

FY 15/16 Actuals and FY 16/17 Budget include \$6.0M in carryover each

# General Governmental Fund Balance

	FY 15/16 Actuals	FY 16/17 Budget	FY 16/17 Projected	FY 17/18 Forecast	FY 18/19 Forecast	FY 19/20 Forecast	FY 20/21 Forecast
<b>Beginning Reserve Balance</b>	<b>\$78.4</b>	<b>\$64.6</b>	<b>\$92.1</b>	<b>\$82.5</b>	<b>\$62.2</b>	<b>\$31.5</b>	<b>\$6.4</b>
<b>Total Sources</b>	<b>\$379.5</b>	<b>\$392.1</b>	<b>\$395.0</b>	<b>\$406.4</b>	<b>\$419.1</b>	<b>\$433.6</b>	<b>\$448.2</b>
<b>Total Uses</b>	<b>\$365.8</b>	<b>\$406.0</b>	<b>\$404.6</b>	<b>\$426.7</b>	<b>\$449.8</b>	<b>\$458.7</b>	<b>\$475.6</b>
<b>Net Sources and Uses</b>	<b>\$13.7</b>	<b>(\$13.9)</b>	<b>(\$9.6)</b>	<b>(\$20.3)</b>	<b>(\$30.7)</b>	<b>(\$25.1)</b>	<b>(\$27.4)</b>
<b>Ending Reserve Balance</b>	<b>\$92.1</b>	<b>\$50.7</b>	<b>\$82.5</b>	<b>\$62.2</b>	<b>\$31.5</b>	<b>\$6.4</b>	<b>(\$21.0)</b>
<b>Ending Reserve Balance Percent*</b>	<b>22.8%</b>	<b>11.9%</b>	<b>19.3%</b>	<b>13.8%</b>	<b>6.9%</b>	<b>1.3%</b>	<b>-4.4%</b>
*As a % of all Next Year's uses of funding							
Note: Sources do not include an economic correction							

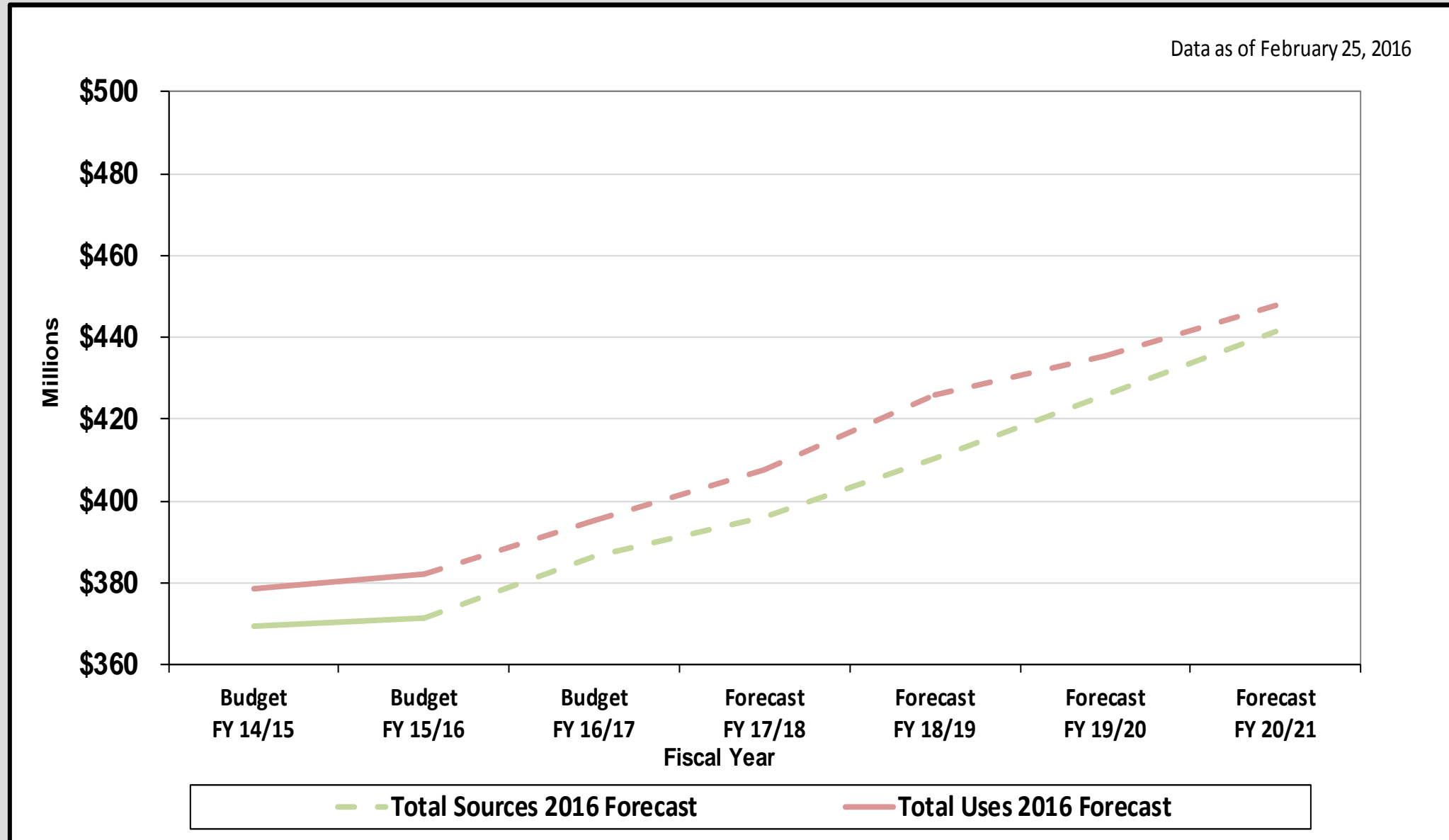


# Major Expense Changes Included in Forecast

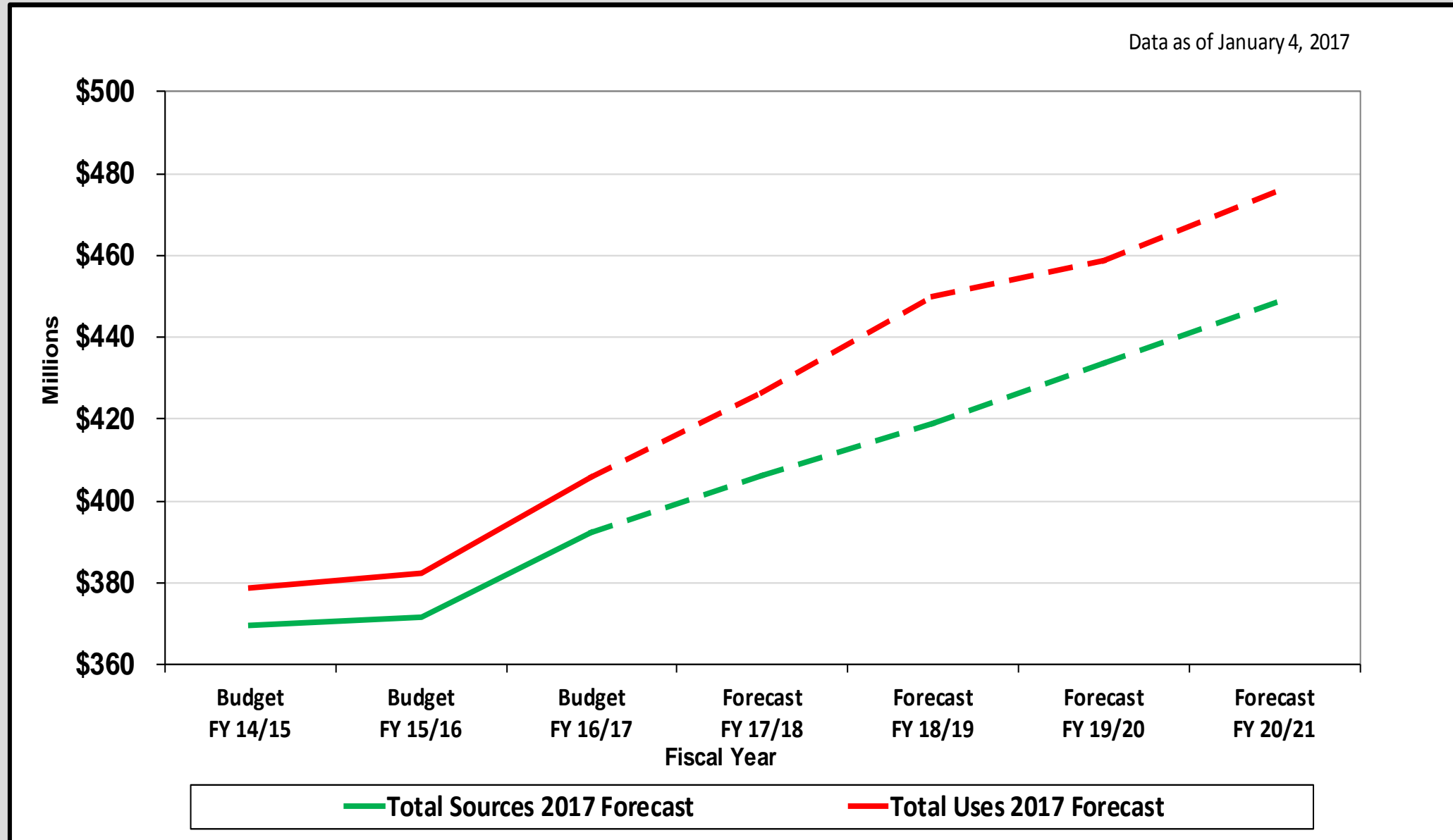
- PSPRS increase of \$12M in FY 17/18 and an additional \$6M in FY 18/19
- Gilbert LRT Expansion:
  - \$4.0M annual increase in FY 19/20
    - \$1.8M anticipated increase in revenues



# Forecasted Budget – General Governmental

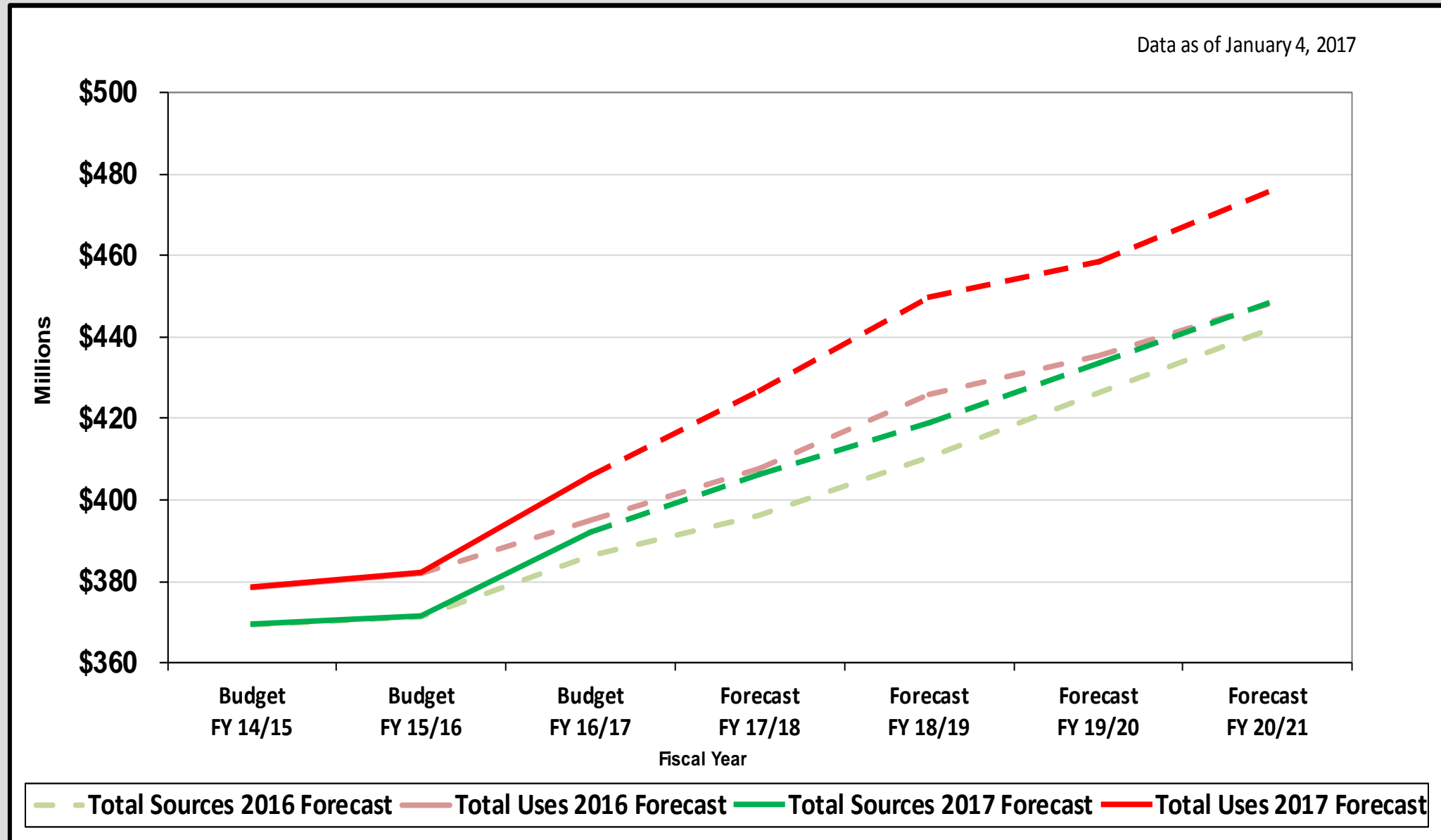


# Forecasted Budget – General Governmental





# Forecasted Budget – General Governmental





# FY 17/18 Budget Focus

- Departments have been asked to identify on-going efficiency savings/reductions of 5%
- Personal service allocations have been increased to cover the increased cost of positions, including the increase in pension costs
- Non-position base budgets have been held at FY 16/17 levels
- All requests for new funding require evidence of impact on outcomes of department mission

# Next Steps – Anticipated Calendar

April 6	Review Proposed FY 17/18 Budget Review Non-Utility Capital Improvement Program (CIP)
April 13	Review Enterprise Fund, Utility CIP and Utility Rates
April	Hear from various departments
May 22	Adoption of the CIP and Utility Rates Tentative Adoption of the FY 17/18 Budget
June 5	Final Adoption of the FY 17/18 Budget
June 19	Adoption of the Secondary Property Tax Levy



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