

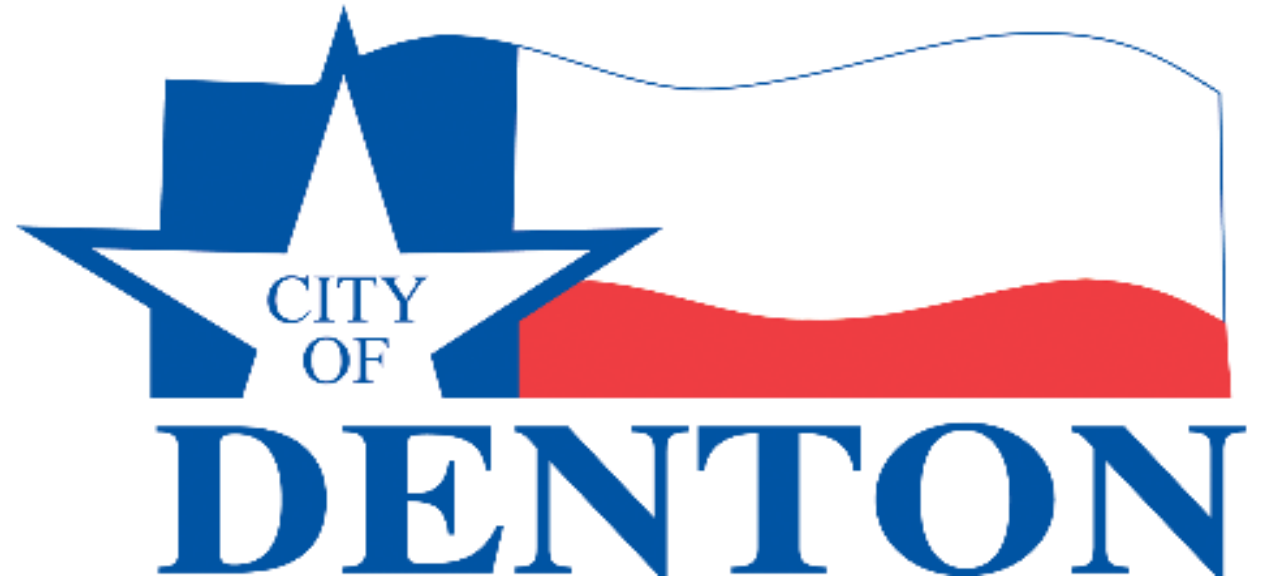
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# Preliminary Financial Forecast – General Fund

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**Tony Puente**  
Chief Financial Officer

**April 1, 2019**



# Objectives

- Property Tax Rate History
- Sales Tax History
- Financial Assumptions
- Preliminary Financial Forecast
- Budget Calendar
- Questions

# Property Tax Rate History

Tax Year	Operations Rate	Debt Rate	Total Rate
2008	\$0.44765	\$0.21887	\$0.66652
2009	\$0.44765	\$0.21887	\$0.66652
2010	\$0.47088	\$0.21887	\$0.68975
2011	\$0.47088	\$0.21887	\$0.68975
2012	\$0.47088	\$0.21887	\$0.68975
2013	\$0.47480	\$0.21495	\$0.68975
2014	\$0.48119	\$0.20856	\$0.68975
2015	\$0.47456	\$0.21519	\$0.68975
2016	\$0.46674	\$0.21660	\$0.68334
2017	\$0.43031	\$0.20755	\$0.63786
<b>2018</b>	<b>\$0.40543</b>	<b>\$0.21505</b>	<b>\$0.62048</b>

- \$0.03 increase from 2014 Bond Program not needed.
- \$0.07 decrease in last 3 years.

# Sales Tax History

Fiscal Year	Sales Tax Collections	% Change
FY 2007-08	\$21,984,936	3.9%
FY 2008-09	\$20,950,796	(4.7%)
FY 2009-10	\$21,015,173	0.3%
FY 2010-11	\$22,871,281	8.8%
FY 2011-12	\$25,886,940	13.2%
FY 2012-13	\$26,522,473	2.5%
FY 2013-14	\$27,764,114	4.7%
FY 2014-15	\$30,601,965	10.2%
FY 2015-16	\$32,624,297	6.6%
FY 2016-17	\$36,841,138	12.9%
<b>FY 2017-18 Estimated</b>	<b>\$39,452,935</b>	<b>7.0%</b>
<b>FY 2017-18 Actual</b>	<b>\$38,270,027</b>	<b>4.0%</b>
<b>FY 2018-19 Proposed</b>	<b>\$41,425,582</b>	<b>5.0%</b>
<b>FY 2018-19 Adopted</b>	<b>\$41,425,582</b>	<b>8.0%</b>
<i>FY 2018-19 Estimated</i>	<i>\$37,953,567</i>	<i>(1.0%)</i>
<i>FY 2019-20 Projected</i>	<i>\$39,851,245</i>	<i>5.0%</i>

- 10 Year Avg. = 5.80%
- 5 Year Avg. = 7.38%
- 3 Year Avg. = 9.90%



# Financial Assumptions

- Assessed Value
  - Overall Assessed Value Growth at 4% for All Years
    - New Value is projected to grow at 4% per year (represents 2.5% of AV).
    - Frozen Value is projected to grow at 2% per year (represents 10% of AV).
- Property Tax Rate
  - M&O tax rate projected at Effective Tax Rate for All Years (subject to final truth-in-taxation calculation).
    - Supplemental Funding Requests will likely require an increase above M&O Effective Tax Rate.
  - Overall tax rate maintained at \$0.620477 for All Years with up to possible 4 cent increase to support proposed 2019 Bond Program (to be discussed separately).
- Sales Tax
  - FY 2018/19 Estimate – 1% decrease from FY 2017-18 receipts.
    - Represents a decrease of \$3.5 million from previous projections (\$37.9M vs \$41.4M).
  - FY 2019/20 & Beyond – 5% above revised estimate for FY 2018/19 and 5% thereafter.
- Forecasted Expenditures
  - 3 FTEs added in FY 2019-20 & 3 FTEs added in FY 2020-21 to operate Fire Station 8. Staff reviewing grant opportunity and will adjust accordingly if it materializes.

# Financial Assumptions (continued...)

- Balancing Strategies - \$9.5M over 6 Years (\$5.3M in FY 2018-19)
  - One-Time:
    - Managed Vacancy Program – Additional \$800,000 in salary savings.
    - Re-capture \$2.1 million in previously cash funded small transportation projects by utilizing Roadway Impact Fee reserves and COs.
    - Eliminate \$678,000 in cash funding of renovations to 651 Mayhill facility by utilizing excess COs in Solid Waste Fund.
    - Economic Development Incentives – \$500,000 in projected savings from original estimates.
  - Recurring:
    - Eliminate \$600,000 in cash funding of vehicle replacements. Corresponding reprioritization of vehicle replacements without impacting public safety and purchase Fire Air & Light Truck in FY 2018-19. Fleet right sizing effort on-going.
    - Continue transfer of growth in Franchise Fees to Streets but eliminate the additional \$622,000 in base revenue transfers (FY 2019 thru FY 2021). Street Improvement Fund has \$1.6M in reserves.

# Preliminary Financial Forecast

	Adopted Budget 2018-19	Current Estimate 2018-19	Proposed Budget 2019-20	Year 2 Projected 2020-21	Year 3 Projected 2021-22	Year 4 Projected 2022-23	Year 5 Projected 2023-24
<b>Beginning Fund Balance</b>	\$ 31,091,073	\$ 30,317,385	\$ 30,331,715	\$ 29,065,580	\$ 28,260,760	\$ 27,415,766	\$ 26,946,492
Property Tax	\$ 46,259,982	\$ 46,259,982	\$ 47,731,657	\$ 49,205,753	\$ 50,682,332	\$ 52,161,453	\$ 53,643,174
Sales Tax	41,425,582	37,953,567	39,851,245	41,843,807	43,935,997	46,132,797	48,439,437
Franchise Fees	4,362,849	4,984,849	4,984,849	4,984,849	4,362,849	3,740,849	3,118,849
Service Fees	8,114,051	8,064,051	8,152,311	8,064,771	8,179,464	8,296,441	8,415,759
Fines and Fees	3,723,000	3,723,000	3,793,670	3,866,812	3,942,518	4,020,881	4,101,998
Licenses and Permits	3,863,524	3,863,524	3,944,961	4,028,230	4,113,370	4,200,432	4,289,461
Transfers	17,160,355	19,260,355	17,532,847	17,987,142	18,555,358	18,926,078	19,113,623
Other Revenues	2,791,962	2,688,634	2,718,306	2,723,778	2,680,073	2,712,215	2,745,229
<b>Total Revenues</b>	<b>\$ 127,701,305</b>	<b>\$ 126,797,962</b>	<b>\$ 128,709,846</b>	<b>\$ 132,705,142</b>	<b>\$ 136,451,961</b>	<b>\$ 140,191,146</b>	<b>\$ 143,867,530</b>
Personnel Services	\$ 89,227,862	\$ 89,867,826	\$ 92,180,036	\$ 96,103,910	\$ 99,217,503	\$ 102,207,709	\$ 105,288,170
Salary Savings	(2,000,000)	(2,800,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Materials & Supplies	2,927,143	2,927,143	2,884,172	2,841,201	2,841,201	2,841,201	2,841,201
Maintenance & Repair	3,381,956	2,975,623	2,945,840	2,916,057	2,916,057	2,916,057	2,916,057
Insurance	1,435,582	1,435,582	1,435,582	1,435,582	1,435,582	1,435,582	1,435,582
Miscellaneous	1,160,066	1,160,066	1,160,066	1,160,066	1,160,066	1,160,066	1,160,066
Operations	17,863,504	17,296,504	17,005,759	16,342,136	16,614,433	16,806,042	16,864,109
Transfers	14,598,770	13,331,335	13,774,974	14,121,457	14,522,560	14,704,210	14,733,005
Fixed Assets	589,553	589,553	589,553	589,553	589,553	589,553	589,553
New Recurring Expenses	-	-	-	-	-	-	-
New One-Time Expenses	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 129,184,436</b>	<b>\$ 126,783,632</b>	<b>\$ 129,975,981</b>	<b>\$ 133,509,962</b>	<b>\$ 137,296,955</b>	<b>\$ 140,660,420</b>	<b>\$ 143,827,743</b>
<b>Ending Fund Balance</b>	<b>\$ 29,607,942</b>	<b>\$ 30,331,715</b>	<b>\$ 29,065,580</b>	<b>\$ 28,260,760</b>	<b>\$ 27,415,766</b>	<b>\$ 26,946,492</b>	<b>\$ 26,986,279</b>
Change in Fund Balance	\$ (1,483,131)	\$ 14,330	\$ (1,266,135)	\$ (804,820)	\$ (844,994)	\$ (469,274)	\$ 39,787
Fund Balance as % of Expend.	22.9%	23.9%	22.4%	21.2%	20.0%	19.2%	18.8%



# Budget Calendar

- **April 23, 2019** Preliminary Financial Forecast Presentation
- **June 4, 2019** Utility Budget Presentations
- **June 11, 2019** Preliminary Financial Forecast Presentation, Departmental Presentations
- **June 18, 2019** Departmental Presentations
- **June 25, 2019** Departmental Presentations
- **July 16, 2019** Preliminary Financial Forecast Presentation
- **July 23, 2019** Departmental Presentations
- **August 1, 2019** 1<sup>st</sup> Budget Workshop (City-wide Proposed Budget)
- **August 6, 2019** 2<sup>nd</sup> Budget Workshop
- **August 20, 2019** 1<sup>st</sup> Public Hearing on Tax Rate
- **September 10, 2019** 2<sup>nd</sup> Public Hearing on Tax Rate
- **September 17, 2019** Council Adopts Budget



**Questions?**

