

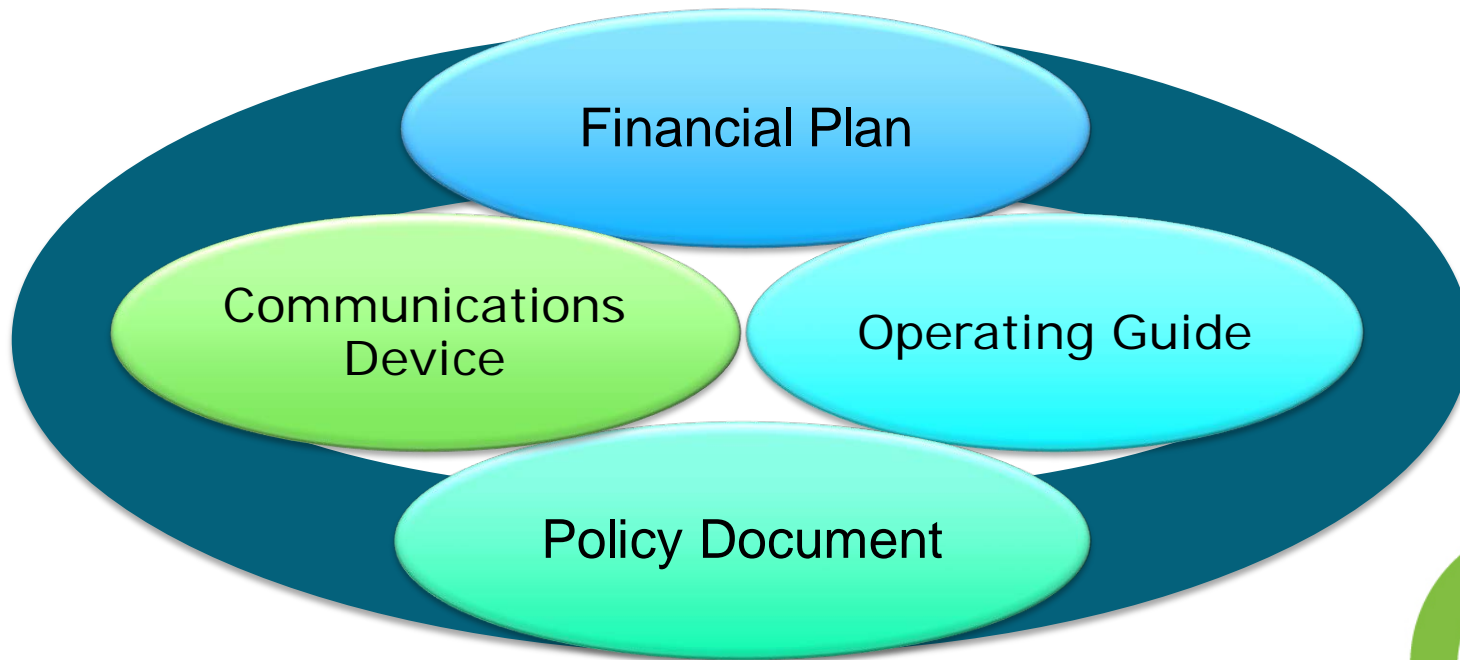


FY2020 Budget Process Overview

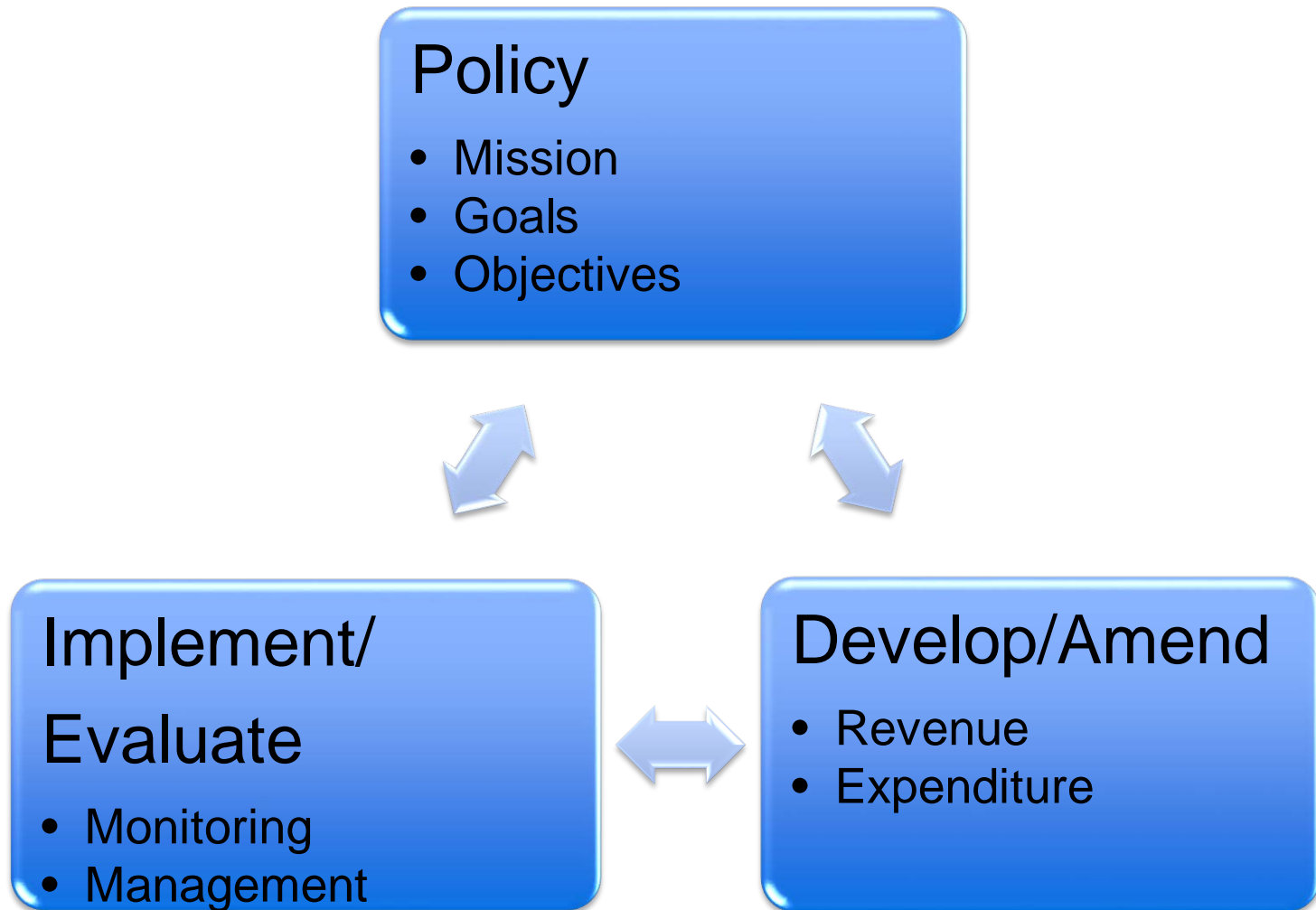
City Council Work Session
February 4, 2019

The city budget is...

- A process to allocate scarce resources to programs, services, and infrastructure.



The Process



The Timeline

Month	Activity
December	Retreat
December-January	Departments enter requests
February-April	Council work sessions
February-April	Recommend budget prepared
April	Recommended budget issued
May	Tentative budget adoption
June	Final budget adoption Property tax levy
July 1, 2019	FY2020 begins

Framework

- State Expenditure Limitation
(AZ Const. Article IX, Section 20; A.R.S. 41-563)
 - FY2019 \$54,300,679
- Home Rule: August 30, 2016
 - FY2019 \$243,782,010



Financial Policies

Guide financial planning efforts

Published in the budget book annually

- Revenues
- Expenditures/budget control
- Capital planning
- Fund balance
- Debt management



Policies - Revenue

- **Balanced budget definition**
 - Ongoing vs one-time
- **Enterprise funds self-sustaining**
- **Property taxes \$2.00**
- **Rates and fees evaluated annually**



Policies - Expenditures

- Indirect cost charges
- Minimizing mid-year additions
- Expenditure of unforeseen revenue
- Budget amendment authority



Policies - Capital

- 10-year planning horizon
- Annual CIP citizen's committee review
- Maintain favorable investment rating
- Operating impact consideration
- General goals
- Authority for changes



Policies – Fund Balance

- Authority
- General fund
 - Stabilization: 35% of expenditures + transfers
- Water/sewer funds
 - Operating: 9 months of expenditures
 - Repair/replacement: 5% of assets
- Enterprise funds
 - Operating: 4 months of expenditures
 - Annual debt service amount



Policies - Debt

- Long-term not for operations
- Short-term and leases
- G.O. not issued if primary and secondary tax > \$2.00
- Water and sewer as revenue bonds
- Water and sewer operating revenue 1.25x > debt service
- Excise tax bonds through MDC



Fund Accounting

- Enterprise funds
 - Run like a business
 - Water, sewer, sanitation utilities
 - Will reimburse other funds for services provided

- Internal service funds
 - Account for financing goods or services provided to other departments/funds
 - Fleet, printers, risk management, workers compensation

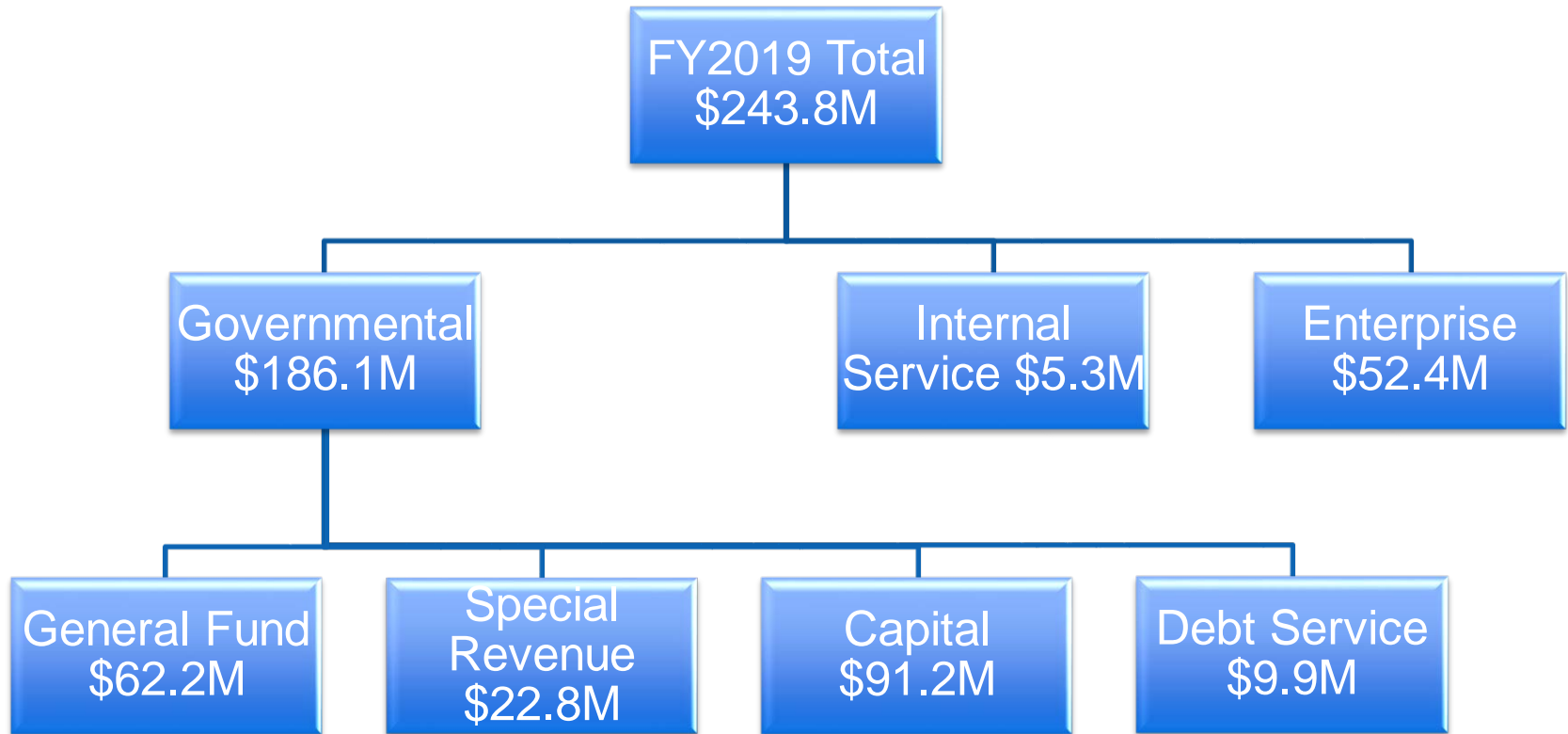


Fund Accounting

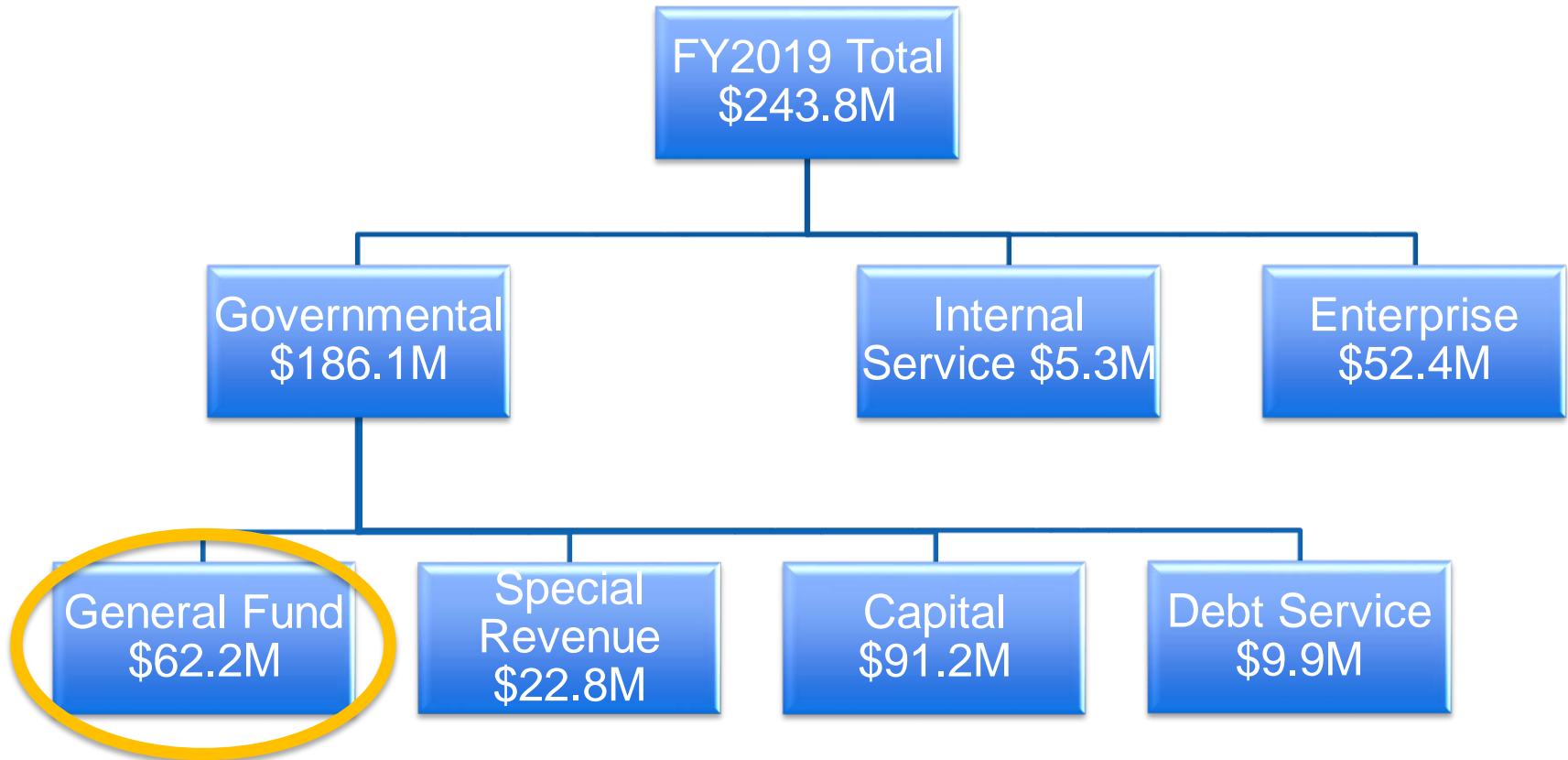
- Special revenue funds
 - Can only be used for specific purposes
 - Highway User Revenue—streets only
- Capital project funds
 - Acquisition or construction
 - Capital projects, asset and vehicle replacement, pavement preservation
- Debt service funds
 - Payment of long-term debt principal and interest
- General fund
 - Can be used for any purpose



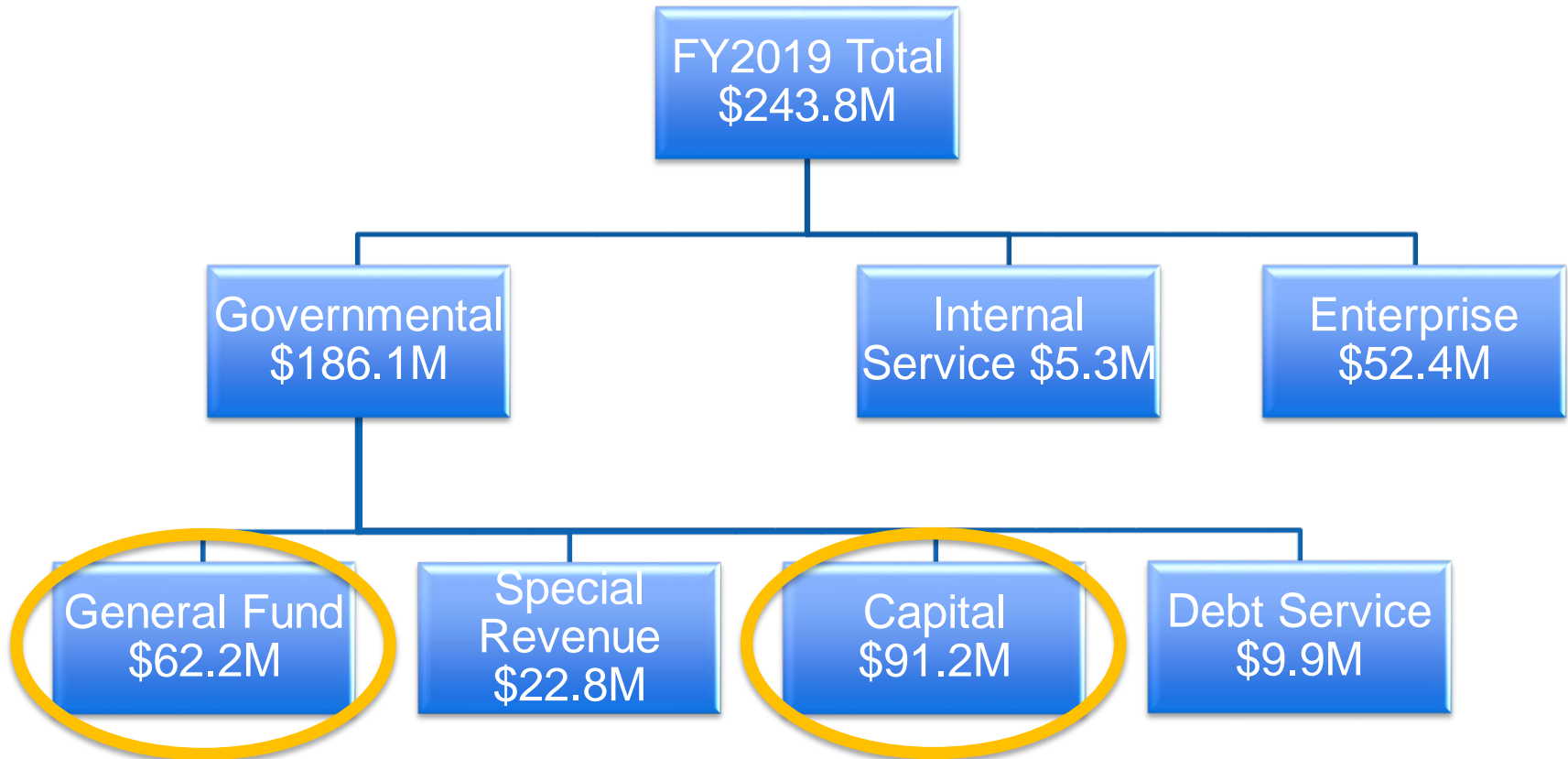
Fund Structure



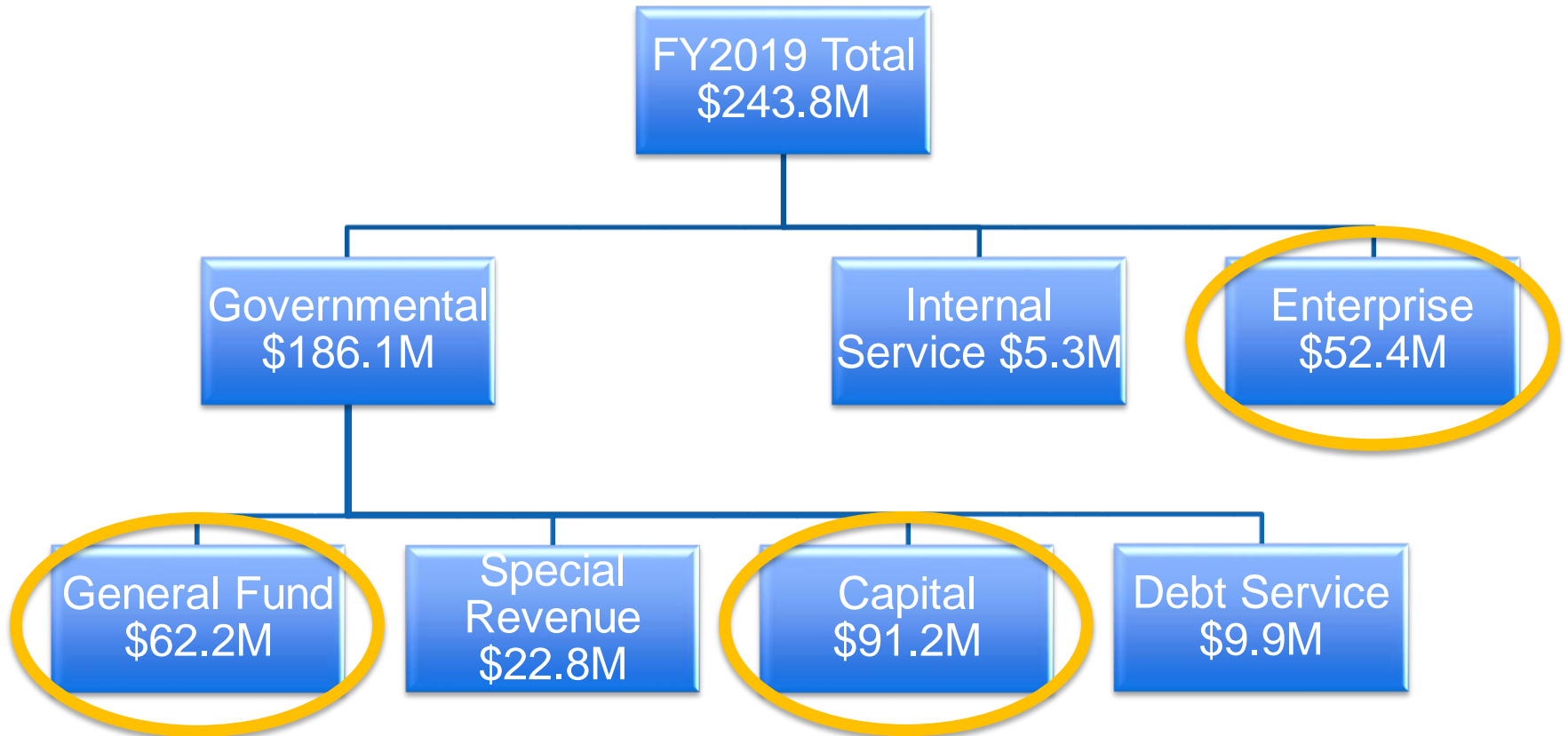
Fund Structure



Fund Structure



Fund Structure



Council Work Sessions

Date	Topic
February 4	Process overview
February 19	Operating funds
March 4	Enterprise funds
March 18	Capital funds





Budget Process

Questions/Comments?