



# Five-Year Financial Forecasts

City of Glendale Council Workshop

December 10, 2019





# Purpose of the Five-Year Forecasts

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- First step in the FY20-21 budget process
- Forecasts are high level overviews
- Shows longer-term impacts of current year budget decisions
- Highlights financial trends
  - General Fund
  - Enterprise Funds (Water Services, Solid Waste, Landfill)
  - Special Revenue Funds (PSST, HURF, Transportation)
- Details of FY20-21 will be discussed during the budget process



# Forecast Methodology

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- **Revenues**

- Moderate growth through FY20-21 beginning to slow in FY21-22
- Enterprise Funds show inflationary revenue increases

- **Expenditures**

- Maintain current service levels
- Growth in salary and benefits cost
- PSPRS increases due to their revised estimates
- Nominal growth in other operating costs
- MPC & Excise tax debt service for FY20-21 increases to \$35.2 million

- **Contingency**

- General Fund, \$3 million
- All other funds dependent upon financial condition of the fund

- **Overall**

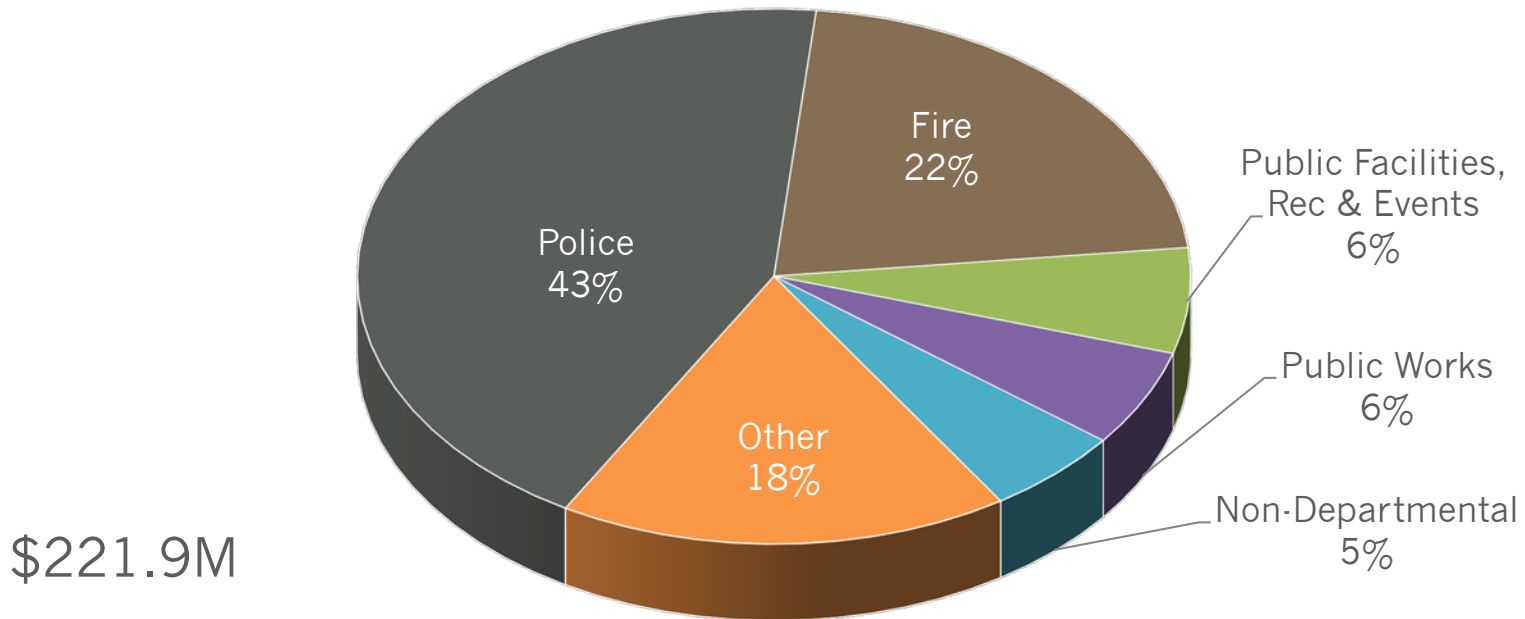
- General Fund and Special Revenue Funds show stable forecasts
- Enterprise Funds meet fund balance policy goals



# General Fund

- Accounts for all sources of revenue not designated for a specific purpose
- Largest operating fund of the city

FY19-20 General Fund Operating Budget





# General Fund Forecast Methodology - Revenue

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- Moderate city sales tax growth through FY20-21
  - Slowing in FY21-22
  - Averages 2.4% over five-year forecast
- Moderate State-Shared Revenue increases
  - Consistent with State JLBC Forecast
  - Assumes continued stable statewide economy



# General Fund Forecast

## Methodology - Expenditures

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- Inflationary increases to compensation
- Public Safety Personnel Retirement System (PSPRS)
  - Based on their actuarial report and rate of return
  - Compounding through FY21-22
- Modest Capital Improvement Program (CIP) funding
  - Increases to Parks and Facilities maintenance
- Moderate increases to health insurance costs
- Annual replacements of Police in-vehicle computers
- Motorola CAD/RMS system for Police



# General Fund Forecast

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	47,936,245	48,616,570	48,961,752	48,965,903	45,334,219
Operating Revenue	249,925,962	256,128,896	261,554,546	266,077,381	270,690,008
Operating Expenditures	(229,872,655)	(234,169,991)	(239,231,358)	(245,372,962)	(251,730,596)
Net Transfers	(16,372,982)	(18,613,723)	(19,319,038)	(21,336,103)	(19,994,478)
Contingency	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
<b>Total Surplus/(Deficit)</b>	<b>680,325</b>	<b>345,182</b>	<b>4,150</b>	<b>(3,631,684)</b>	<b>(4,035,067)</b>
Ending Fund Balance	48,616,570	48,961,752	48,965,903	45,334,219	41,299,153



# General Fund Summary

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- Continue to hold the line on costs
- Watch revenues/economy closely
- Adjust for known obligations including retirement rates and benefit increases
- Maintain the policy level fund balance of \$50 million
  - Minimal use of \$3 million contingency





# Enterprise Funds

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Water & Sewer

Solid Waste

Landfill

- Supported primarily from user fees or charges
- Funds operate much like a business
- Nominal enterprise fund revenue growth
  - Assumes both recently adopted rate adjustments and inflationary rate increases
- More capital-intensive operations



# Water & Sewer

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	21,394,593	24,181,841	24,985,839	24,062,452	22,875,996
Operating Revenue	99,358,574	105,625,762	110,575,337	113,936,315	117,354,083
Revenue- CIP Reimb	28,860,643	10,884,029	0	575,000	690,000
Bond Proceeds	30,000,000	28,000,000	5,000,000	10,000,000	10,000,000
Operating Expenditures	(57,515,131)	(58,661,863)	(60,006,675)	(61,347,517)	(62,881,433)
Debt Service	(24,423,733)	(26,400,767)	(29,764,049)	(30,146,305)	(30,899,214)
Capital Outlay	(71,493,105)	(56,643,163)	(24,728,000)	(32,203,950)	(35,652,645)
Contingency	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
<b>Total Surplus/(Deficit)</b>	<b>2,787,248</b>	<b>803,998</b>	<b>(923,387)</b>	<b>(1,186,456)</b>	<b>(3,389,209)</b>
Ending Fund Balance	24,181,841	24,985,839	24,062,452	22,875,996	19,486,787
<b>Fund Balance Policy 50% Op Expenses</b>	<b>28,757,566</b>	<b>29,330,932</b>	<b>30,003,338</b>	<b>30,673,759</b>	<b>31,440,716</b>



# Solid Waste

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	1,186,002	1,888,708	1,805,976	1,888,362	1,969,282
Operating Revenue	20,437,283	22,131,644	22,611,933	23,103,859	23,607,607
Operating Expenditures	(15,402,122)	(15,621,702)	(15,849,800)	(16,200,978)	(16,561,153)
Capital Outlay	(4,132,455)	(6,392,674)	(6,479,747)	(6,621,961)	(7,342,700)
Contingency	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
<b>Total Surplus/(Deficit)</b>	<b>702,706</b>	<b>(82,732)</b>	<b>82,386</b>	<b>80,920</b>	<b>(496,246)</b>
Ending Fund Balance	1,888,708	1,805,976	1,888,362	1,969,282	1,473,036
<b>Fund Balance Policy 10% Op Revenue</b>	<b>2,030,682</b>	<b>2,192,740</b>	<b>2,240,210</b>	<b>2,288,852</b>	<b>2,338,682</b>



# Landfill

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	475,526	705,733	870,937	927,875	1,482,747
Operating Revenue	11,821,770	12,530,864	13,127,699	13,590,458	14,063,933
Bond Proceeds	2,400,000	10,900,000	4,715,000	4,100,000	0
Operating Expenditures	(9,471,167)	(9,666,157)	(9,868,308)	(10,075,662)	(10,288,364)
Debt Service	0	(184,503)	(1,022,453)	(1,384,924)	(1,688,562)
Capital Outlay	(4,020,396)	(12,915,000)	(6,395,000)	(5,175,000)	(1,501,200)
Contingency	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<b>Total Surplus/(Deficit)</b>	<b>230,207</b>	<b>165,204</b>	<b>56,938</b>	<b>554,872</b>	<b>85,807</b>
Ending Fund Balance	705,733	870,937	927,875	1,482,747	1,568,554
<b>Fund Balance Policy 15% Op Revenue</b>	<b>1,670,527</b>	<b>1,718,786</b>	<b>1,803,915</b>	<b>1,868,985</b>	<b>1,935,716</b>



# Enterprise Fund Summary

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- Hold the line on costs
- Watch revenues/economy closely
- Manage Capital Outlay to minimize debt service costs
- Ensure responsible timing of rate adjustments
- Plan for future debt issuance, if necessary



# Special Revenue Funds

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Highway User Revenue Fund (HURF)

Transportation Sales Tax

PSST - Police

PSST – Fire

- Funds are legally restricted
- Transportation & HURF Funds are capital intensive
  - Capital plans will be updated during the budget process



# Highway User Revenue Fund (HURF)

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	4,833,937	2,617,838	2,165,039	1,576,503	1,077,633
Operating Revenue	17,344,458	17,775,039	18,128,499	18,489,009	18,765,303
Operating Expenditures	(11,920,162)	(12,402,838)	(12,892,035)	(13,162,879)	(13,440,606)
Capital Outlay	(2,140,395)	(325,000)	(325,000)	(325,000)	(325,000)
Pavement Management	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,000,000)
Contingency	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
<b>Total Surplus/(Deficit)</b>	<b>(2,216,099)</b>	<b>(452,799)</b>	<b>(588,536)</b>	<b>(498,870)</b>	<b>(303)</b>
Ending Fund Balance	2,617,838	2,165,039	1,576,503	1,077,633	1,077,330
<b>Fund Balance Policy 15% Operating Revenue</b>	<b>2,601,669</b>	<b>2,666,256</b>	<b>2,719,275</b>	<b>2,773,351</b>	<b>2,814,795</b>



# Transportation Sales Tax

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	48,895,159	40,636,915	27,417,577	18,332,985	11,399,262
Operating Revenue	31,653,756	32,438,000	33,081,080	33,737,022	34,406,082
Operating Expenditures	(14,572,444)	(15,283,084)	(16,051,337)	(16,876,847)	(17,764,452)
Debt Service	(6,699,576)	(6,699,183)	(6,694,040)	(6,698,897)	(6,702,754)
Capital Outlay	(7,539,979)	(12,575,071)	(8,320,295)	(5,995,000)	(5,753,000)
Pavement Management	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(7,000,000)
Contingency	(3,100,000)	(3,100,000)	(3,100,000)	(3,100,000)	(3,100,000)
<b>Total Surplus/(Deficit)</b>	<b>(8,258,243)</b>	<b>(13,219,338)</b>	<b>(9,084,592)</b>	<b>(6,933,722)</b>	<b>(5,914,124)</b>
Ending Fund Balance	40,636,914	27,417,577	18,332,985	11,399,262	5,485,138
<b>Fund Balance Policy 15% Operating Revenue</b>	<b>4,748,063</b>	<b>4,865,700</b>	<b>4,962,162</b>	<b>5,060,553</b>	<b>5,160,912</b>





# Public Safety Sales Tax - Police

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	3,253,885	1,753,885	1,053,885	1,053,885	1,053,885
Operating Revenue	18,727,973	19,196,172	19,580,095	19,971,697	20,371,131
Operating Expenditures (Transfer Out)	(20,227,973)	(19,896,172)	(19,580,095)	(19,971,697)	(20,371,131)
<b>Total Surplus/(Deficit)</b>	<b>(1,500,000)</b>	<b>(700,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Ending Fund Balance	1,753,885	1,053,885	1,053,885	1,053,885	1,053,885
<b>Fund Balance Policy 5% Operating Revenue</b>	<b>936,399</b>	<b>959,809</b>	<b>979,005</b>	<b>998,585</b>	<b>1,018,557</b>



# Public Safety Sales Tax - Fire

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	771,128	678,016	578,016	478,016	478,016
Operating Revenue	9,430,397	9,666,157	9,859,480	10,056,670	10,257,803
Operating Expenditures (Transfer Out)	(9,530,397)	(9,766,157)	(9,959,480)	(10,106,670)	(10,257,803)
<b>Total Surplus/(Deficit)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(50,000)</b>	<b>0</b>
Ending Fund Balance	671,128	578,016	478,016	478,016	478,016
<b>Fund Balance Policy 5% Operating Revenue</b>	<b>471,520</b>	<b>483,308</b>	<b>492,974</b>	<b>502,834</b>	<b>512,890</b>



# Special Revenue Fund Summary

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- Hold the line on costs
- Watch revenues/economy closely
- Manage Capital Outlay to stay within fund balance policies



# Overall

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- Hold the line on costs
- Watch revenues/economy closely
- Manage Capital Outlay
- General Fund
  - Minimal use of contingency



# Budget Calendar

Item	Date
<i>Financial Forecast</i>	<i>December 10, 2019</i>
Council Workshop – Policy Overview/Policy Discussions/Revenues/Rates	February 4, 2020
Council Workshop – G. O. Bond Project Prioritization	February 18, 2020
Council Workshop – G. O. Bond Follow Up/CIP Prioritization	March 3, 2020
Council Workshop – Budget Discussion/Follow-up Items	March 17, 2020
Council Workshop – Budget Discussion/Follow-up Items	March 31, 2020
Council Workshop (All Day) – Departmental Presentations	April 7, 2020
Council Workshop (All Day) – Departmental Presentations	April 9, 2020
Council Workshop – Budget Discussion/Follow-up Items	April 21, 2020
Voting Meeting – Tentative CIP Budget Adoption	May 12, 2020
Voting Meeting – Final Budget Adoption/Property Tax Levy	June 9, 2020
Voting Meeting – Property Tax Adoption	June 23, 2020



# Next Steps

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- Staff will continue development of operating and capital budgets
- Staff will prepare and bring back proposed budgets for FY20-21 for Council's consideration and input
- Council Budget Workshops