

Financial Sustainability

A framework to address budgetary and operational challenges

Today's Presenters



Scott Patton (Senior Manager)
Plante Moran



Sean Hickey, CPA (Senior Manager)
Plante Moran

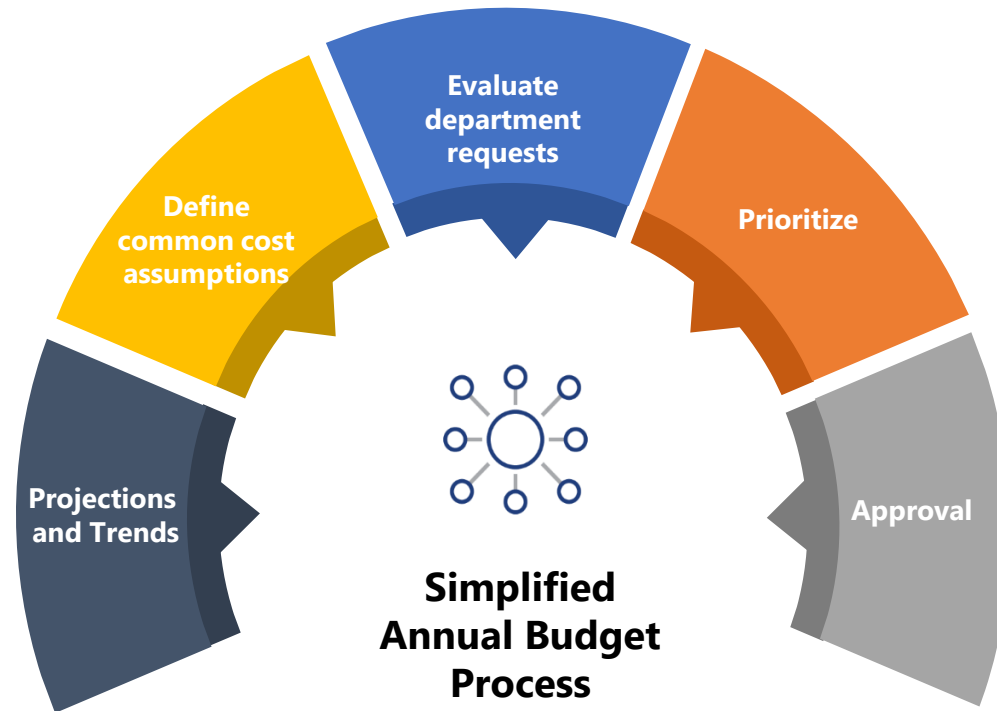
Learning Objectives

- Understand how to create a clear picture of your financial standing
- Summarize strategies to help balance your budget and ensure sustainable decision-making
- Operational effectiveness and delivery of services to balance the budgets

Financial Planning Roles

- Council/ Commission/ Board
 - Evaluation/ Policy
 - Authorization
 - Oversight, including audit
- Departments
 - Operational requests
 - Business analysis
 - Capital needs and planning
- Finance
 - Enacting and enforcing policy
 - Budget, financial models, asset valuation
 - Monitoring expenses
 - Monitoring performance

Annual Budget Cycle



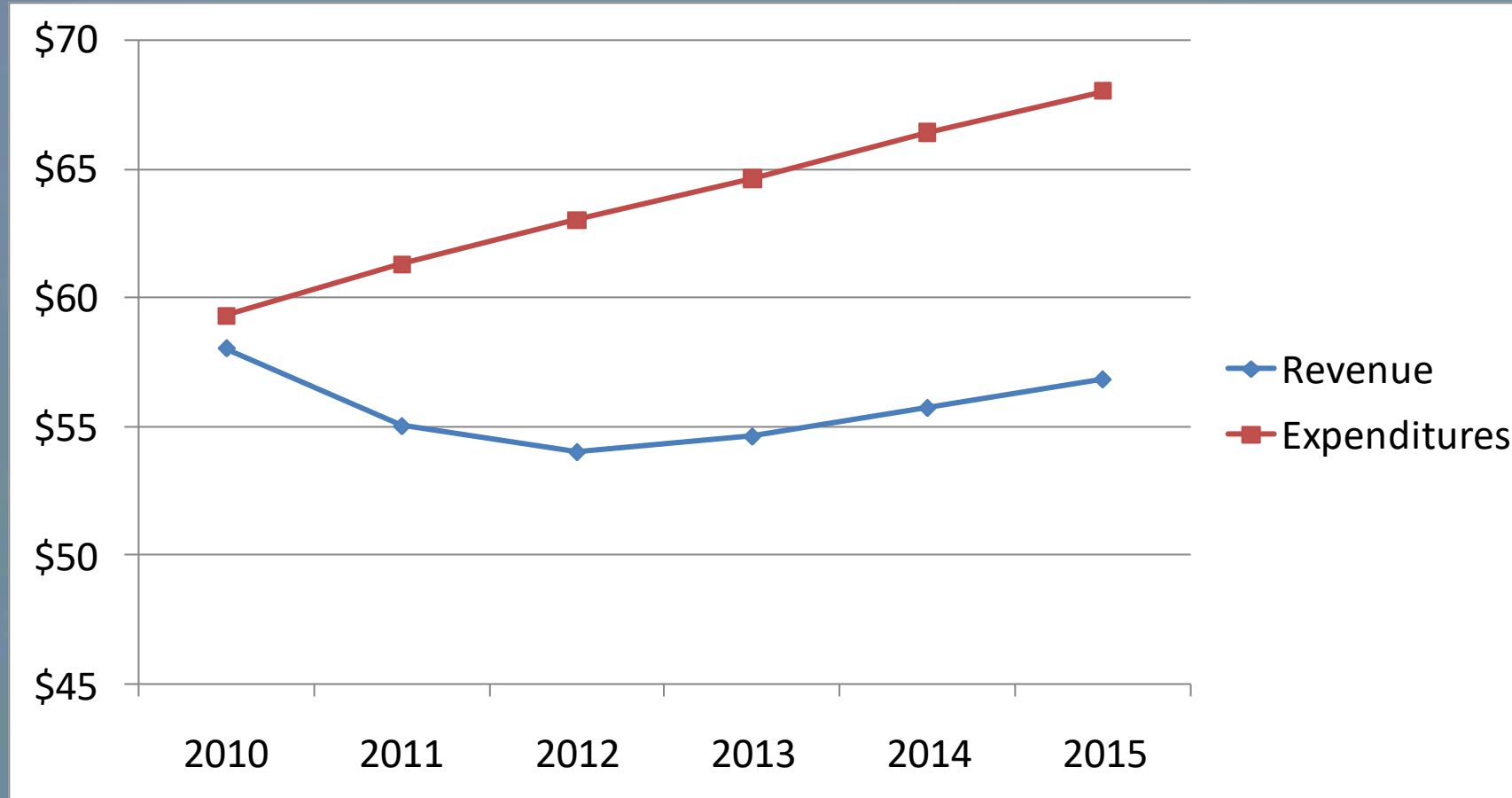
Tips for budget projections

- Be upfront with assumptions
- Create “best case”, “worst case”, and “most likely” scenarios
- Present in a digestible manner
- Highlight significant conclusions
- Highlight anomalies/ single year items that can skewer trend analysis

Emerald City Five Year Projection

	Final Actual 6/30/2020	Amended Budget 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026
Revenue							
Propety taxes	28,180,189	30,668,892	31,504,669	32,085,562	32,889,418	33,425,394	34,266,563
Intergovernmental:							
Federal sources	282,496	3,535,900	969,665	475,632	175,212	175,964	176,724
State sources	10,274,510	10,278,317	11,103,948	11,263,018	11,425,248	11,590,701	11,759,442
Charges for services	8,450,066	8,569,996	9,030,483	9,164,185	9,300,140	9,438,390	9,578,975
Court fines and fees	4,891,785	4,750,000	5,555,000	5,610,550	5,666,656	5,723,322	5,780,555
Licenses and permits	1,171,140	1,785,927	1,418,417	1,585,147	1,597,910	1,449,279	1,621,865
Other revenue:	9,478,899	8,031,503	8,904,986	8,968,055	9,033,902	9,102,639	9,224,379
Total revenue	62,729,085	67,620,535	68,487,167	69,152,149	70,088,485	70,905,688	72,408,503
Expenditures							
Current:							
General government	14,707,878	13,705,236	13,194,614	13,386,028	13,581,926	13,698,179	13,903,923
Public safety	37,592,010	38,831,652	39,640,512	39,750,123	40,597,004	41,472,602	42,377,809
Sanitation	3,907,258	5,047,078	4,914,225	5,009,181	5,149,082	5,293,063	5,441,245
Community and economic development	4,418,606	3,810,532	4,209,238	4,333,374	4,361,513	4,288,921	4,418,965
Recreation and culture	2,072,365	2,239,103	2,300,896	2,334,847	2,370,067	2,406,562	2,444,343
Debt service	128,786	3,523,067	3,522,583	3,523,440	3,522,583	3,523,067	3,523,067
Total expenditures	62,826,903	67,156,669	67,782,068	68,336,993	69,582,175	70,682,394	72,109,352
Excess of Revenue Over Expenditures	(97,818)	463,866	705,099	815,156	506,310	223,294	299,151
Other Financing Sources (Uses)	99,154	(264,485)	(637,251)	(636,319)	(232,503)	1,847	2,827
Net Change in Fund Balance	1,336	199,381	67,848	178,836	273,807	225,141	301,978
Fund Balance - Beginning of year	9,087,092	9,088,428	9,287,809	9,355,657	9,534,493	9,808,300	10,033,441
Fund Balance - End of year	9,088,428	9,287,809	9,355,657	9,534,493	9,808,300	10,033,441	10,335,419
Unrestricted Fund Balances - End of year	6,086,529	6,285,910	6,353,758	6,532,594	6,806,401	7,031,542	7,333,520
Unrestricted Fund Balances as a % of total expenditures	9.7%	9.4%	9.4%	9.6%	9.8%	9.9%	10.2%

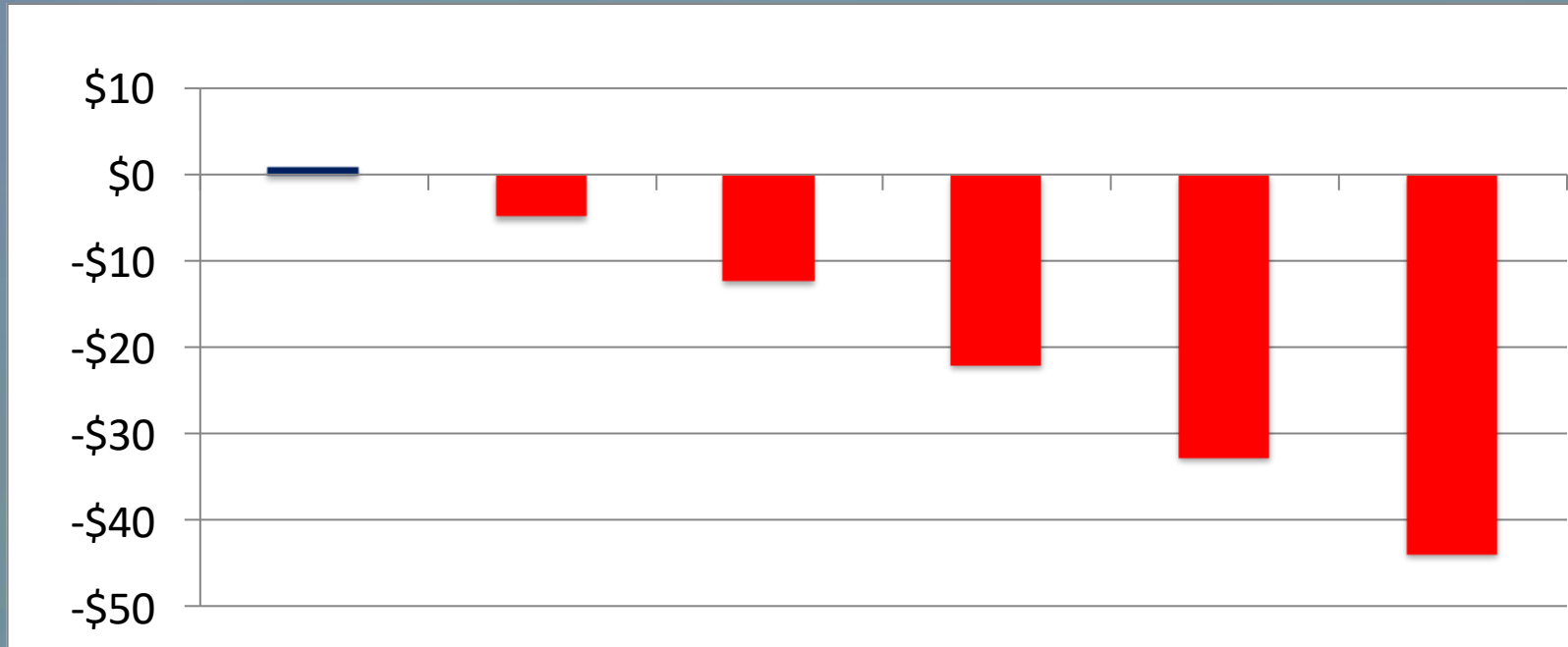
Emerald City *2010 Projection* - General Fund Revenues and Expenditures (prepared in 2010)



Emerald City *2010 Projection* - General Fund

Unreserved Fund Balance /(Deficit) (prepared in 2010)

For the years ending June 30 (in millions)



2010

.200

2011

(4.927)

2012

(12.294)

2013

(21.999)

2014

(32.665)

2015

(43.912)



How are things different now?

1. COVID expenses (temporary . . . we hope!)
2. Use of fund balance to cover COVID expenses (temporary)
3. CARES Act revenues (temporary)
4. American Rescue Plan Act revenues (temporary)
5. Infrastructure bill (maybe???)
6. Adjusting budgets on the fly?

Financial Stability: Short term tactics

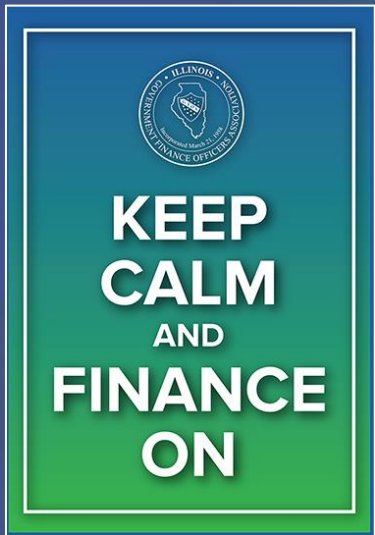
- Delay or reprioritize projects
- Leverage loan programs and borrow money
- Reduce discretionary spending
- Fund balance use
- Hiring freeze/ furlough program

Financial Stability: Federal Grant Strategy

- Know how the federal grant money can be used
- Communicate to stakeholders the use requirements of federal grant money
- Prioritize the use of the funds
- Anticipate delays in receiving funds

Financial Stability: Operational effectiveness strategies

- Set department targets
- Restructure debt
- Early retirements
- Rightsize your workforce
- Reduce position expenses
- Update cost allocation models
- Eliminate programs or services
- Improve process efficiencies
- Enhance revenues



Questions?

Thank You!