

City of Mesa

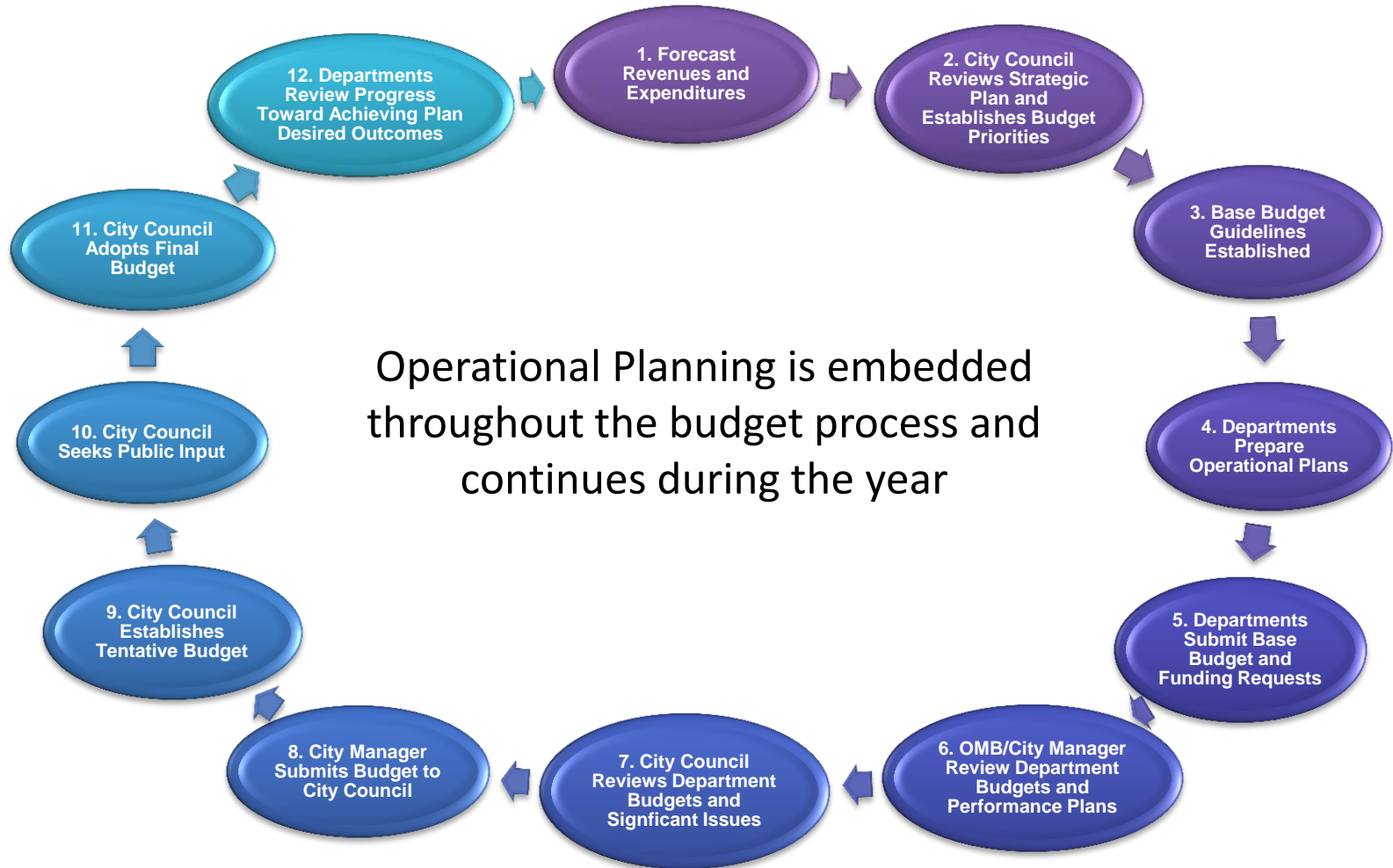
The Annual Budget Process

April 2, 2015

Presented by the Office of Management and Budget



The Budget Cycle



Financial Forecast

- Financial forecasting plays a major role in the budget cycle
- The City runs multi-year analysis of revenues and expenditures
- Historical trends, current events and analysis of future economic indicators are incorporated into the forecast
- The forecast is used as a framework for Mesa's elected officials and executive team in making important resource decisions
- Forecasting is a continuous process

Establishing Budget Priorities

- City Council holds a planning workshop each year where the City's strategic plan is reviewed as well as the latest financial forecast
- Base budgets for departments are established according to anticipated resources
- Departments prepare operational plans that include desired outcomes, necessary resources and methods of evaluating progress
- Operational plans and associated financial resources are submitted by the departments

Review/Approval of Budget

- Departments review operational/performance plans and budget requests with the Office of Management and Budget (OMB) and the City Manager's Office
- Preliminary/proposed budget information is presented to the City Council through various reports and presentations
- City Council feedback is incorporated into the plans and a balanced budget is presented to the City Council
- City Council holds a public meeting and then takes action on the annual budget and five-year CIP

Management of Resources

- Budget to actual financial review
 - Departments have real-time access to their financial data. Monthly summary reporting is available through multiple avenues
- Target to actual performance review
 - Departments enter performance actuals once a month. Month to month comparison data is available to review and analyze trends
- MesaStat meetings
 - City Manager meets with departments on a regular basis to review performance targets and receive financial status updates

Budget Amendments/Modifications

- All requested modifications are reviewed for funding availability, alignment with City Council strategic initiatives and the needs of the City
- The adopted budget sets the annual maximum expenditure amount that can be spent by the City
- In order to achieve the desired outcomes, department directors may realign resources within their department
- Some requests must be reviewed by OMB and approved by the City Manager's Office: budget adjustments between departments or between funds, additional positions or vehicles, increase in needed resources

Budget Requirements and Limitations

City of Mesa is bound by:

The Arizona Constitution

State of Arizona statutes

The City Charter

Generally Accepted Accounting Principles

City Financial Policies

Summary of City of Mesa Financial Policy Areas

- 1) **The Annual Budget:** the adopted budget needs to be balanced, monitored and include performance measures. The City Manager may institute changes to the operating budget during the fiscal year as budget trends dictate.
- 2) **Fund Balances and Contingency Fund Targets:** the adopted budget will maintain an unrestricted funds balance of 8-10% per fiscal year in key funds.
- 3) **Fees and Charges:** the policies to provide a consistent, stable, fair and appropriate means to fund public services.
- 4) **Debt Issuance and Management:** the policies and guidelines to appropriately issue debt according to state and federal guidelines.

Summary of City of Mesa Financial Policy Areas

- 5) **Capital Improvement Program (CIP) and Asset Replacement:** the provision for a rolling five-year projection of the city's capital projects to identify future financial requirements as part of the overall financial forecast.
- 6) **Investments and Cash Equivalents:** the policies for the investment of City resources to balance risk and return while preserving sufficient liquidity.
- 7) **Financial Reporting:** the policies to report the City's finances in a way to satisfy both management and the transparency needs of government.

Summary of City of Mesa Financial Policy Areas

- 8) **Long Range Planning and Forecasting:** the policies to accurately assess future finances to allow resource allocation adjustments as necessary.
- 9) **Risk Management:** the policies designed to protect against losses that would affect the ability to provide on-going services and reduce risk overall.
- 10) **Amending and Updating Financial Policies:** these policies are subject to regular review and will be revised as needed.

Legal Deadlines in FY 14/15 Budget Process

Action Required	City Charter Deadlines	Arizona State Statute Deadlines	Date Completed
Operational Budget Process			
City Council adopts tentative budget	None	On or before the third Monday in July	May 5, 2014
Publish summary of tentatively adopted budget and notice of public hearing which must precede final adoption.	None	Once a week for two consecutive weeks following tentative adoption and before final adoption.	May 10, 2014 May 17, 2014
City Council holds public hearing and adopts final budget	None	On or before the 14th day before a tax levy is adopted	May 19, 2014
City Council adopts secondary property tax levy.	None	On or before the 3rd Monday in August.	June 2, 2014
Capital Improvement Program Process			
Publish summary of the Five Year Capital Improvement Program and notice of public hearing which must precede final adoption	One publication at least two weeks prior to public hearing.	None	May 3, 2014
City Council holds public hearing and adopts the Five Year Capital Improvement Program	Not less than 2 weeks after the publication	None	May 19, 2014
Utility Rate Process			
City Council adopts a Notice of Intention to adjust utility rates and sets a public hearing	None	At a regular Council Meeting at least 30 days prior to public hearing	April 7, 2014
Utility Rate Adjustment written report submitted to the City Clerk's office	None	30 days prior to the public hearing	April 17, 2014
Publish Notice of Intention and notice of public hearing for utility rate adjustments	None	One publication at least 20 days before the public hearing	April 12, 2014
City Council introduces utility rate adjustment ordinances	Ordinance is required for all utility rate adjustments and must be introduced at a regular Council Meeting	Only water and wastewater are included in state statute and may use either an ordinance or resolution	May 5, 2014
City Council holds public hearing on utility rate adjustments	At least 6 days after the publication	Not less than 30 days after the adoption of the notice of intent	May 19, 2014
City Council adopts utility rate adjustment ordinances and resolutions	After the public hearing	After the public hearing	May 19, 2014
Utility rate adjustments become effective	30 days after adoption of ordinance or any later date specified in the ordinance	30 days after adoption of ordinance	July 1, 2014

