

### **Mid-Year Budget Presentation**

January 17, 2012



#### Mid-Year Budget Review: FY11-12

- First time for City of Maricopa, in this format
- Best practice in municipal government
- Identifies a structural deficit that's manageable
- Presents options to the City Council
- Kicks off the FY12-13 budget season
- Review the two main operating funds (General Fund and HURF fund)
- Discuss fund balance and CIP Reserve Fund

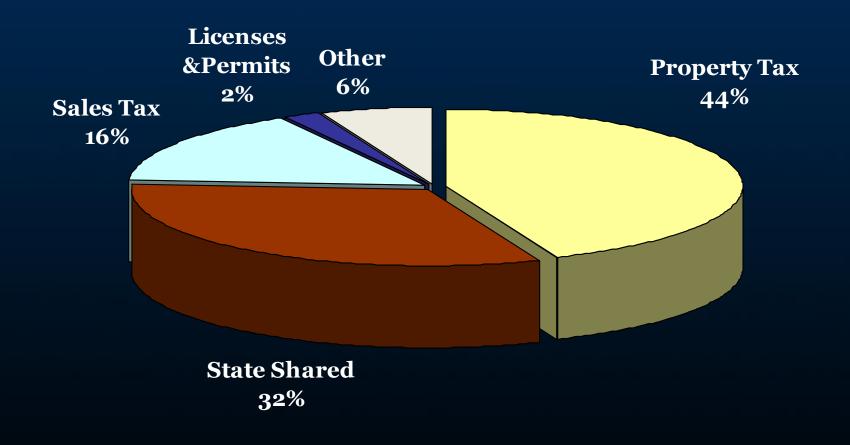


#### **General Fund**

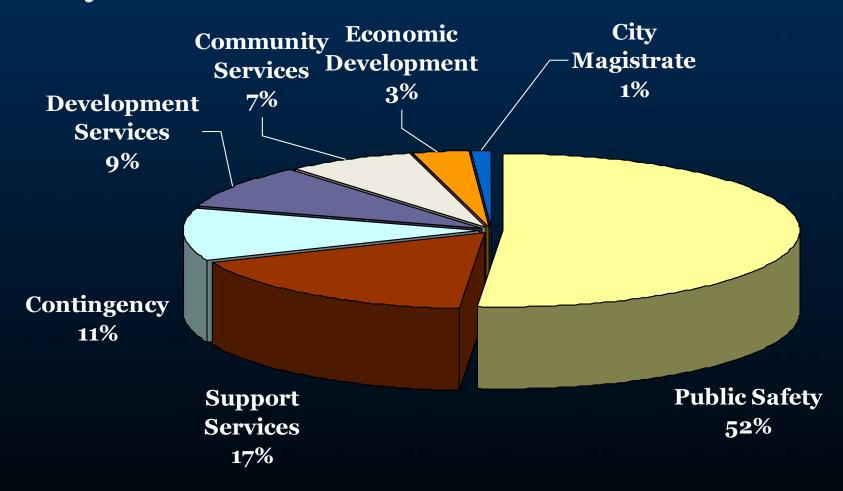
- Main operating fund, largest fund
- Facing manageable structural deficit
- FY11-12 General Fund budget is \$28 million, excluding CIP and debt service budgets



#### **General Fund Revenue Sources**



# **General Fund Expenditures By Function**



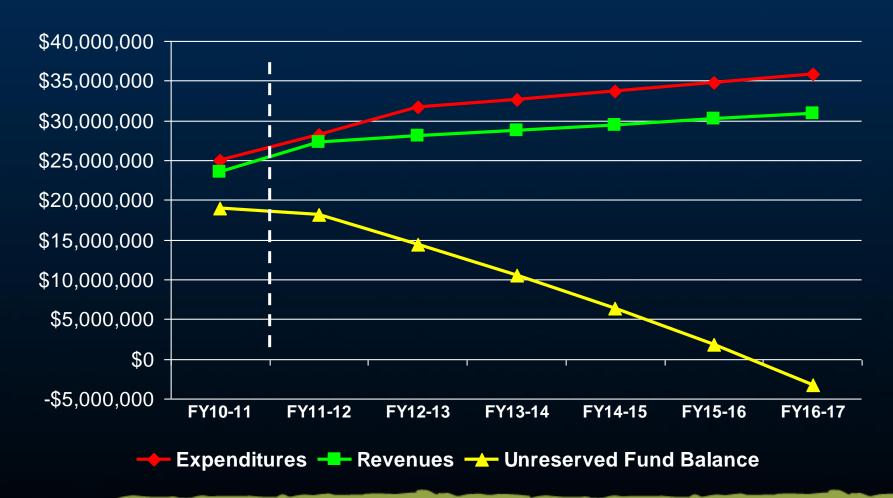


#### Structural Deficit

- Definition: Recurring expenditures are greater than recurring revenues
- Solutions (two-steps)
  - Short term: Unreserved fund balance for one-time alignment
  - Long term: Increase revenues or decrease expenditures
- Maricopa is experiencing a manageable structural deficit yet expenditure growth is outpacing revenue growth

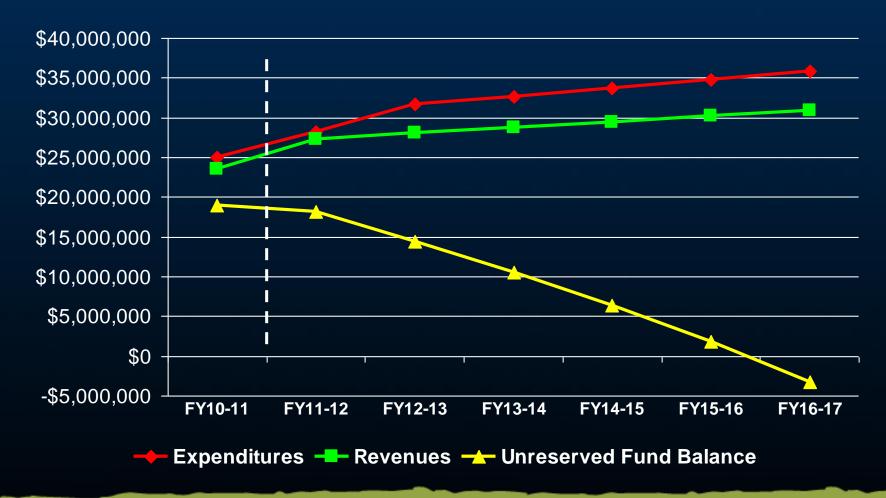


# General Fund Structural Deficit Status Quo Five-Year Projection



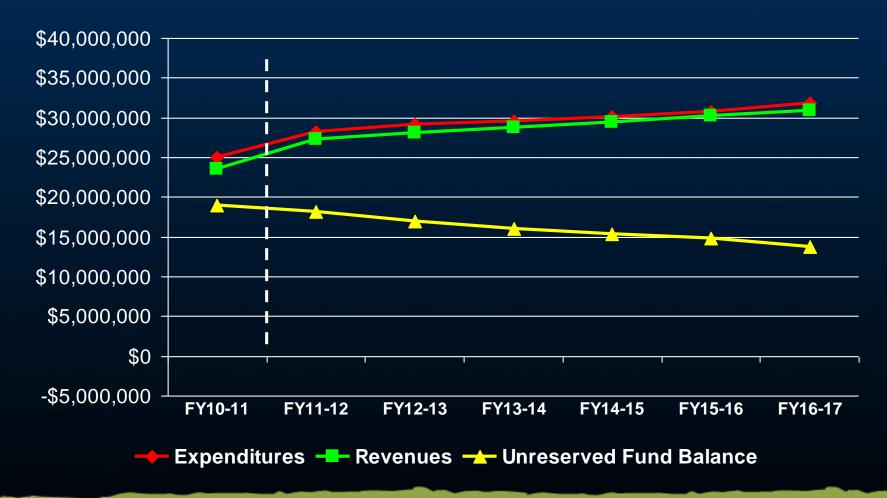


# General Fund Structural Deficit Option 1: No adjustments



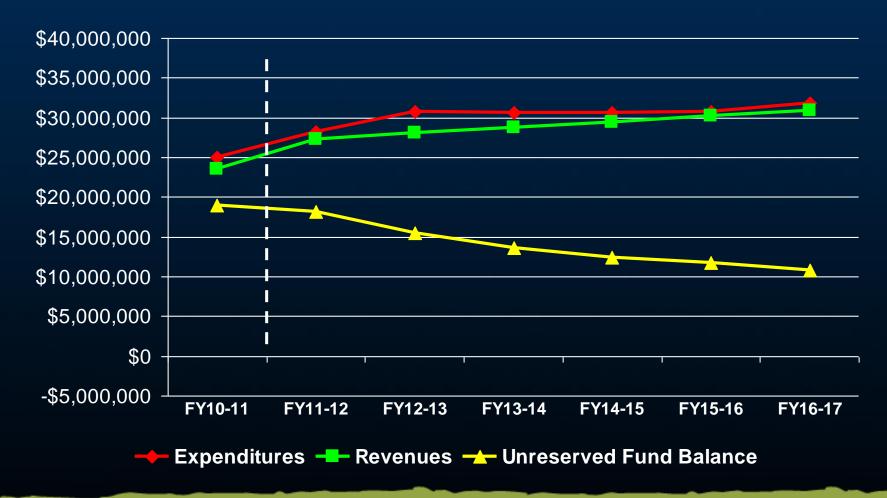


# General Fund Structural Deficit Option 2: Address it early



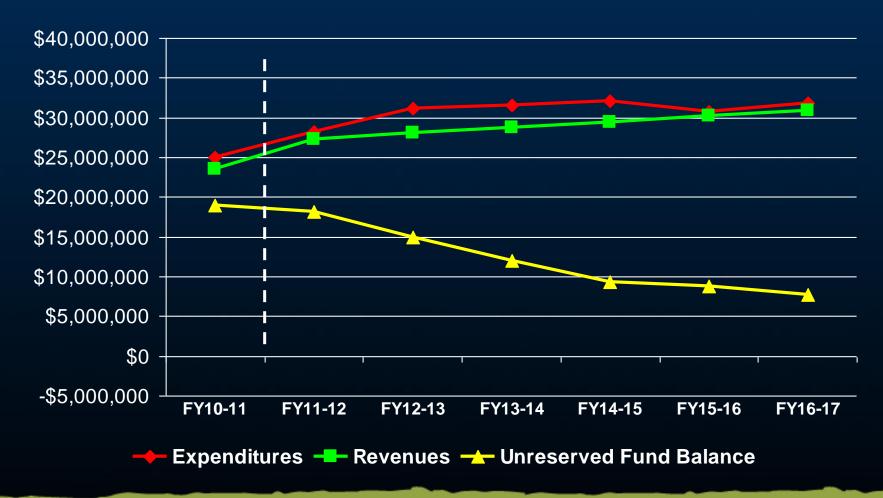


# General Fund Structural Deficit Option 3: Address it evenly



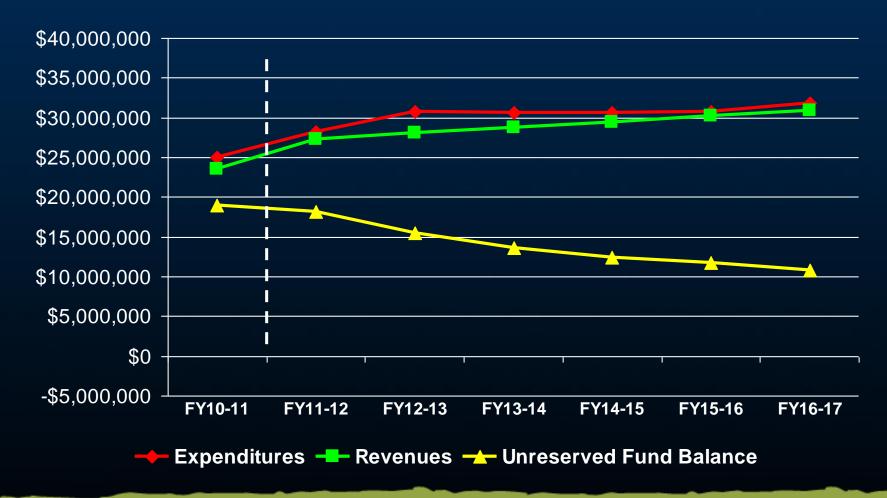


## General Fund Structural Deficit Option 4: Address it in later years





# General Fund Structural Deficit Option 3: Address it evenly





#### Pause for discussion on General Fund

• Staff seeks Council's feedback on the preferred option for addressing the structural deficit

• Then, we'll continue the presentation and discuss the HURF fund and CIP



#### **HURF Fund**

- Revenue comes from state-imposed "gasoline taxes" and other transportation fees
- Expenditures restricted to street and highway purposes (repair, maintenance, and construction)
- Expenditures include personnel and related equipment costs for street repair and maintenance in the City



# **HURF Fund Five Year Projection**





## Capital Improvement Program General Fund CIP Reserves

- Currently comingled with General Fund
- Staff recommends creating a separate CIP fund
  - Common practice in municipal financing
  - Improves tracking of operating vs. CIP activity
  - Prevents mixing CIP and non-CIP activity, therefore reducing opportunity for error
- Bringing to Council in the next couple months





### **Questions? Comments?**

