

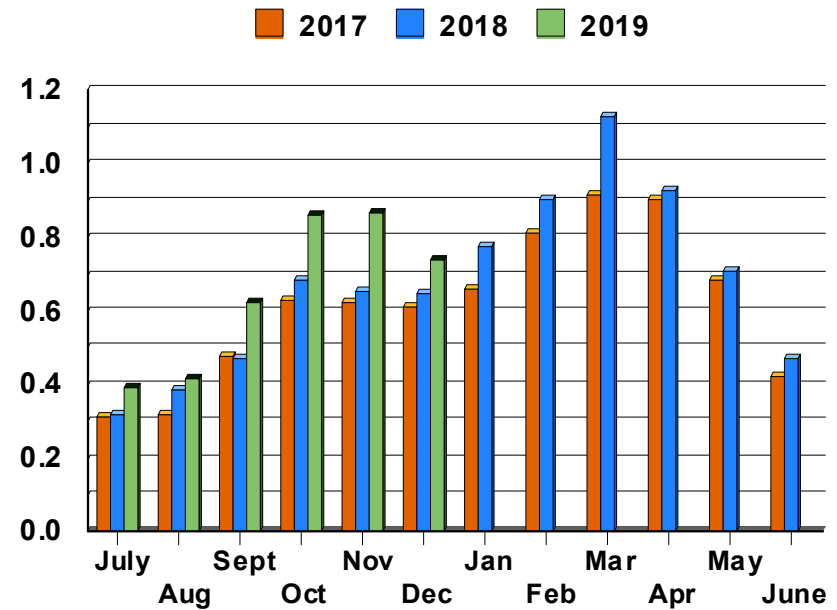
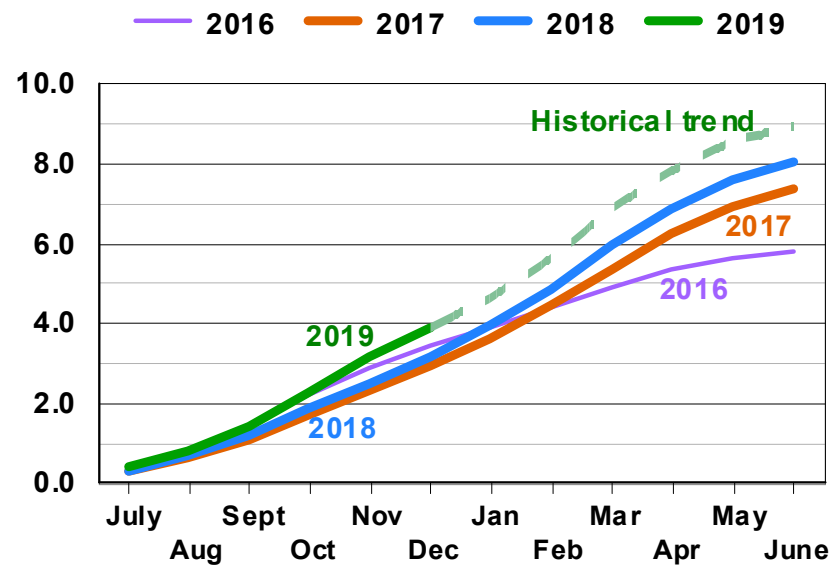
BUDGET 2020: INITIAL FINANCIAL FORECAST



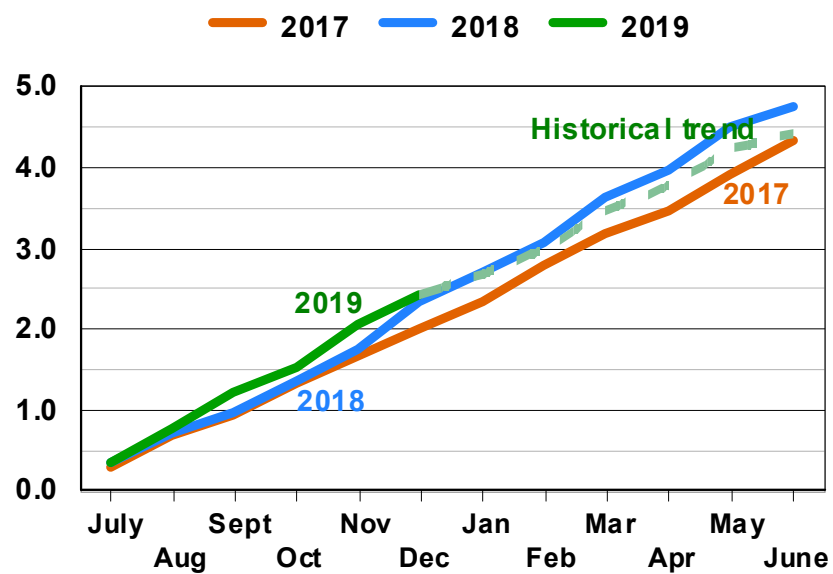
March 14th, 2019

Quarterly Report Q2.1

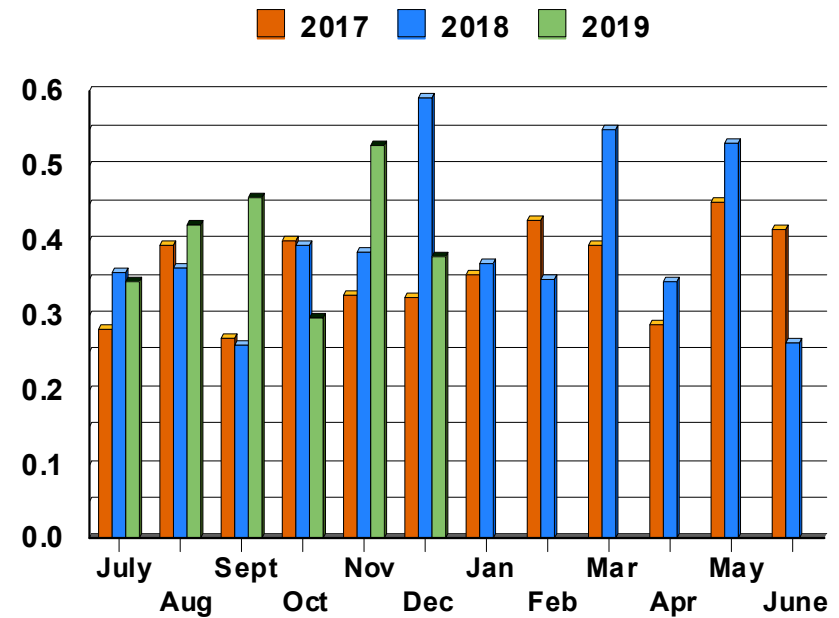
Retail & Hospitality Sales tax



Quarterly Report Q2.1



Construction Sales tax



FORECAST 2020

Sources (Revenue)

SOURCES	Actual 2017	Actual 2018	Projected 2019	Budget 2019	Estimated 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Major revenue	\$ 23,593,356	\$ 25,788,185	\$ 27,613,711	\$ 28,212,853	\$ 28,079,782	\$ 30,184,008	\$ 31,788,488	\$ 32,974,258	\$ 33,633,743	\$ 34,306,418
Non-major revenue	4,732,858	6,428,974	5,234,719	4,631,330	4,967,822	5,017,500	5,067,675	5,118,352	5,169,536	5,221,231
TOTAL SOURCES	\$ 28,326,214	\$ 32,217,159	\$ 32,848,430	\$ 32,844,183	\$ 33,047,604	\$ 35,201,508	\$ 36,856,163	\$ 38,092,610	\$ 38,803,279	\$ 39,527,649

Fund balance as percentage of Operating expenditures for:

Current fiscal year	155%	153%	141%	102%	107%	97%	108%	121%	135%	153%
Next fiscal year	138%	153%	133%	90%	108%	95%	105%	118%	131%	149%

Remaining liability for:

PSPRS unfunded liability	\$ 17,398,284	\$ 17,322,469	\$ 11,322,469	\$ 11,233,108	\$ 5,233,108	-	-	-	-	-
2016 Bond principal	7,880,000	7,725,000	7,065,000	7,065,000	5,700,000	\$ 4,310,000	\$ 2,895,000	\$ 1,460,000	-	-
Equivalent net worth	\$ 5,025,239	\$ 8,569,793	\$ 12,599,702	\$ 5,615,579	\$ 15,441,098	\$ 19,425,953	\$ 24,116,185	\$ 29,551,298	\$ 35,345,010	\$ 41,217,610

Strategic Revenue Plan Considerations:

Forecast 2020 does not reflect major reductions at this time

Potential reductions will be evaluated with the recommended budget

Revenue source dictates actions



5. What is the penalty for exceeding the expenditure limitation?

In accordance with [A.R.S. §41-1279.07\(H\)](#), a city or town that exceeds its expenditure limitation without authorization will have the following amount of state income tax (urban revenue sharing monies) withheld based on the percentage of the excess expenditures:

- If the excess expenditures are less than 5 percent of the limitation, the amount withheld is equal to the excess expenditures.
- If the excess expenditures are between 5 percent and 10 percent of the limitation or are less than 5 percent of the limitation but it is at least the second consecutive instance of excess expenditures, the amount withheld is equal to three times the excess expenditures.
- If the excess expenditures are equal to 10 percent or more of the limitation, the amount withheld is equal to five times the excess expenditures or one-third of its allocation of state income tax, whichever is less.

Before state monies are withheld, the Auditor General must hold a hearing to determine if the city or town has exceeded the expenditure limitation without authorization. To ensure due process, the city or town representatives are invited to attend and participate in this hearing. The State Treasurer withholds the penalty in the fiscal year following the Auditor General's hearing.



FORECAST 2020

Expenditure Limitation

STATUS QUO	Projected 2019	Estimated 2020
Expenditure limitation:	\$ 40,907,550	\$42,196,582
Operating expenditures	21,992,030	24,587,106
Enterprise expenditures	5,383,794	5,667,152
Other expenditures (exclusions)	(645,813)	(693,192)
Total Operations	27,375,824	29,561,066
Limitation after operations	\$ 13,531,726	\$12,635,516
Town funded CIP	6,000,000	5,000,000
PSPRS unfunded liability paydown	6,000,000	6,000,000
Sub total	12,000,000	11,000,000
Available limitation	\$ 1,531,726	\$ 1,635,516

Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
\$43,251,497	\$44,332,784	\$45,441,104	\$46,577,132
24,461,405	25,081,348	25,668,153	26,270,851
5,780,495	5,896,105	6,014,027	6,134,308
(671,682)	(674,399)	(676,943)	(679,302)
30,241,900	30,977,453	31,682,180	32,405,159
\$13,009,597	\$13,355,331	\$13,758,924	\$14,171,973
6,000,000	6,000,000	6,000,000	6,000,000
5,233,108	-	-	-
11,233,108	6,000,000	6,000,000	6,000,000
\$ 1,776,489	\$ 7,355,331	\$ 7,758,924	\$ 8,171,973

$$\frac{2018 \text{ Population}}{1978 \text{ Population}} \times \frac{\text{GDP Implicit Price Deflator 2018}}{\text{GDP Implicit Price Deflator 1978}} \times \text{FY 1979/80 Base Limit} = \text{Preliminary FY 2019/20 Expenditure Limit}$$



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