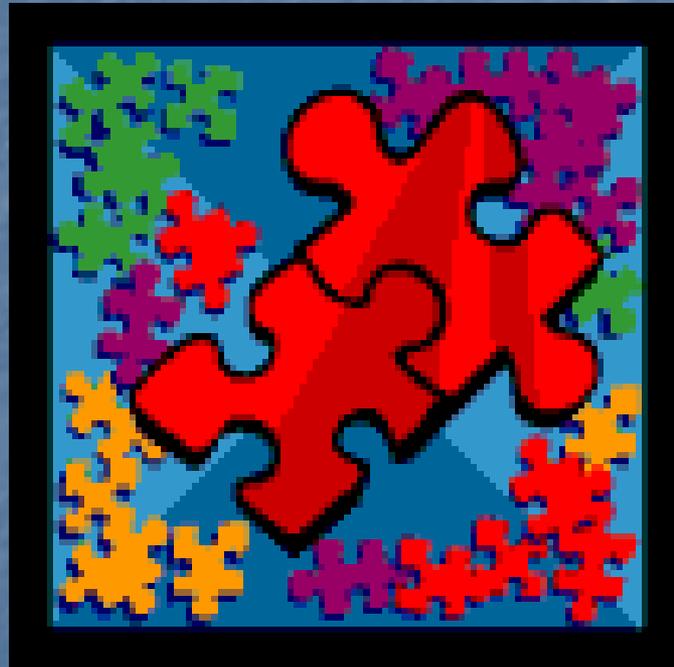


Peoria Leadership Institute

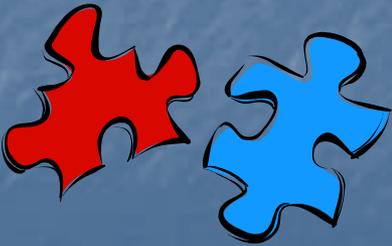
Finance & Budget Departments



How all the pieces fit together . . .



Finance & Accounting



Governmental Accounting

- "Accountability" - the cornerstone of financial reporting
- Keeping track of the resources - "Fund Accounting"
 - Over 100 different funds
- Each fund segregates revenues and expenditures based on their purpose
- The budget is law
- A tool for management





Types of Funds

Fund Type

General Fund

Special Revenue

Capital Projects

Debt Service

Enterprise Funds

Internal Service Funds

Use

Day to day City operations

Restricted revenue sources

Large construction projects

Interest & principal on debt

Running a business

Service to other departments

Planning and Reporting

- What are the guidelines? - Financial policies
- How did we do? - Comprehensive Annual Financial Report (CAFR)



Debt Management

- Issue and manage debt
- Funding Capital Improvement Projects
- Maintain relationships with the rating agencies



City of Peoria General Obligation Bond Ratings



Standard & Poors	AA+
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Moody's	Aa1
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Fitch	AA+
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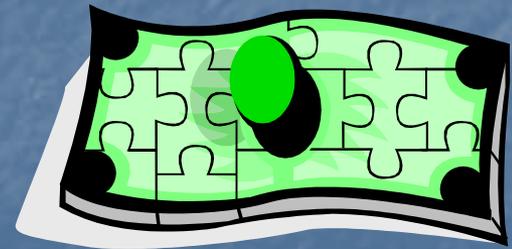
Sales Tax

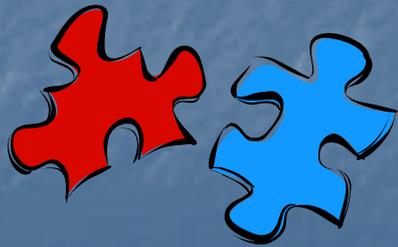
Business License

- Privilege License (sales tax)
- Occupational License (professional services)

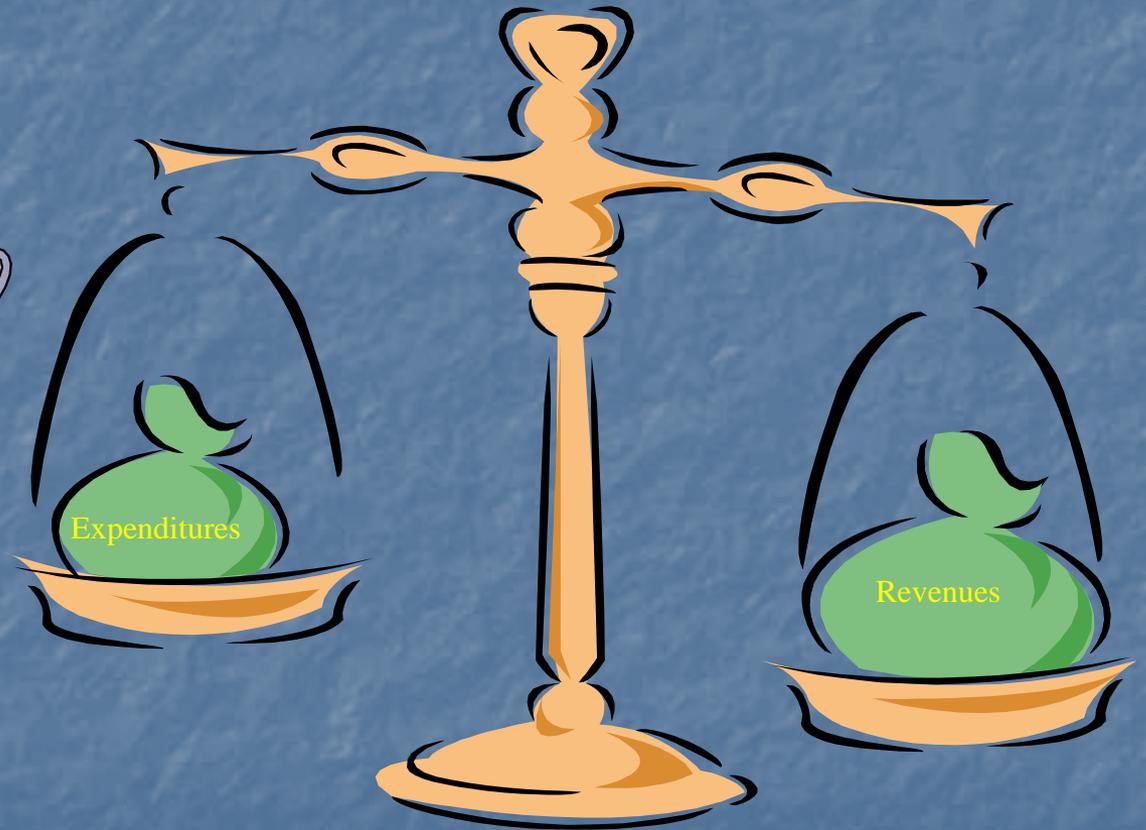
Sales Tax Auditing

- Delinquent Taxes
- Unlicensed Taxpayers





A Balanced Budget?



What is the Role of the Budget?

- Financial Planning Tool
- Legal Document
- Managerial-Operational Guide
- Communication Device-To Lots of People
- Public Policy-Statement of Values/Priorities

A Political Process

Budget Issues Impacting Arizona Communities

- Regional Economy
- State Financial Situation
- Public Safety
- Growth-Related Issues
- Street & Right-of-Way Maintenance
- Community-Oriented Objectives
- Revenue Reliance
 - Leakage
 - Cooperation/Competition Between Cities
- Unfunded Mandates (Homeland Security, Arsenic Levels, Airborne Pollutants, Stormwater Runoff...)
- Industry Retention (base closures, manufacturing industry)
- Economic Development (fee waivers, sales tax rebates)
- Water Supply/Allocations
- Transportation-related Issues
- Costs above regular inflation rate
- Managing Growth

Normal Roles in a Public Budgeting Process

- **Citizens** – Offer perspective on service priorities, tax burden, level of trust
- **Elected Officials** - Set Policy Guidelines, Review and Modify Budget Where Necessary
- **Department Staff** - Develop Program Objectives, Identify Service Levels, Prepare Budget Requests
- **Executive Management** - Prepare a Recommended, Balanced Budget, Incorporate Council Priorities, Assess Service Levels

Where Does the Money Come From?

Peoria Revenue Overview



So...Why So Many Different Taxes?

- Sales Tax
- Income Tax
- Property Taxes
- Special Assessments



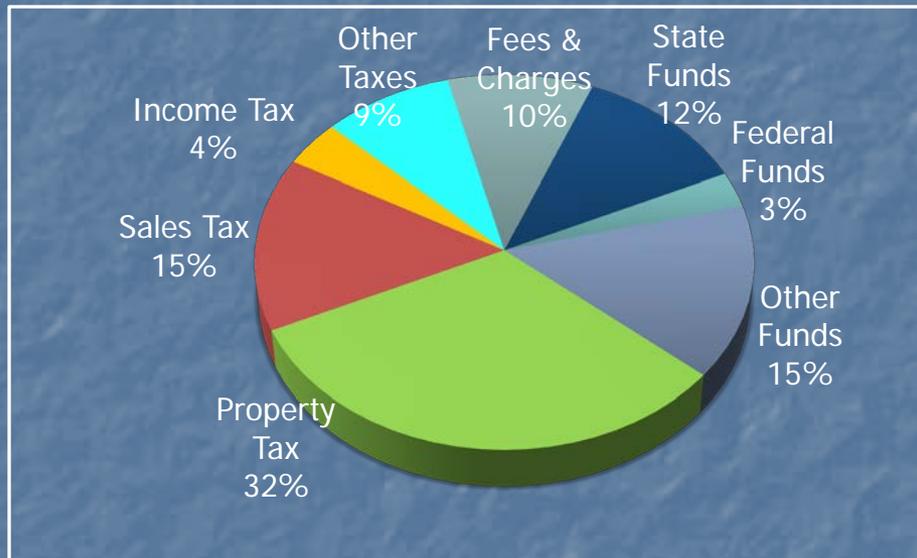
Who Should Pay For What Services?

- **General Taxes and Other Revenues**
 - Police, fire, library, parks, administration
- **User Fees**
 - Recreation classes, building permits
- **Enterprise Funds-Full Cost Recovery**
 - Water, Wastewater, Solid Waste



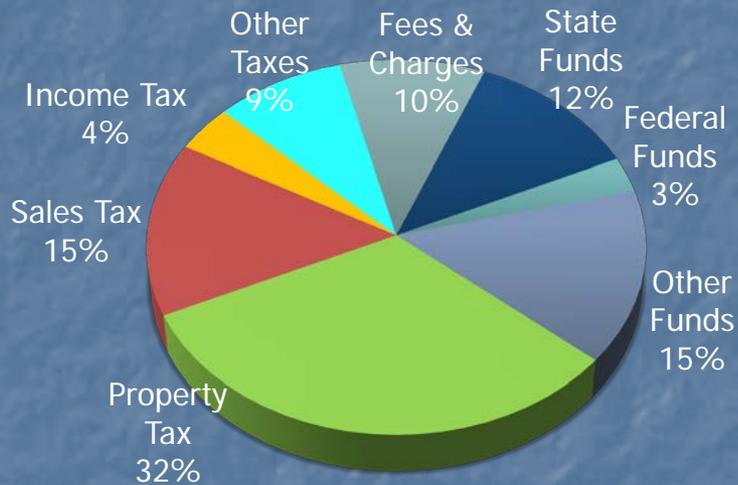
City of Peoria Revenue Composition – General Fund

National Composition

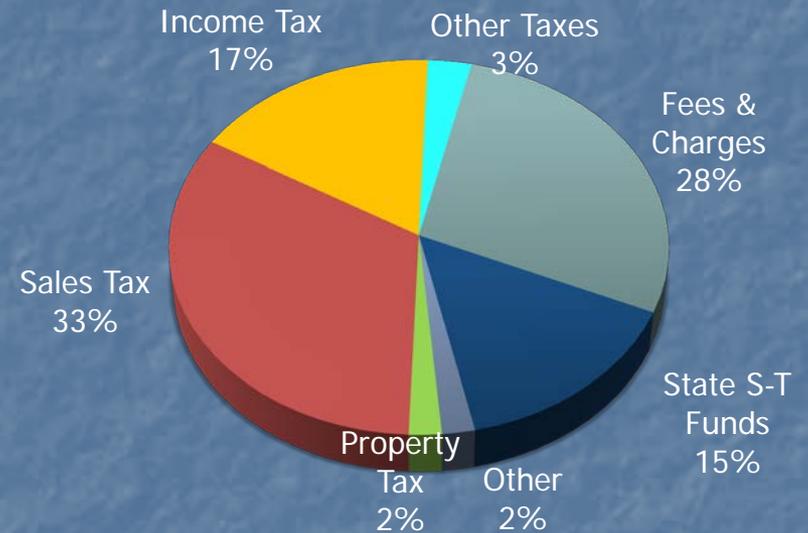


City of Peoria Revenue Composition – General Fund

National Composition

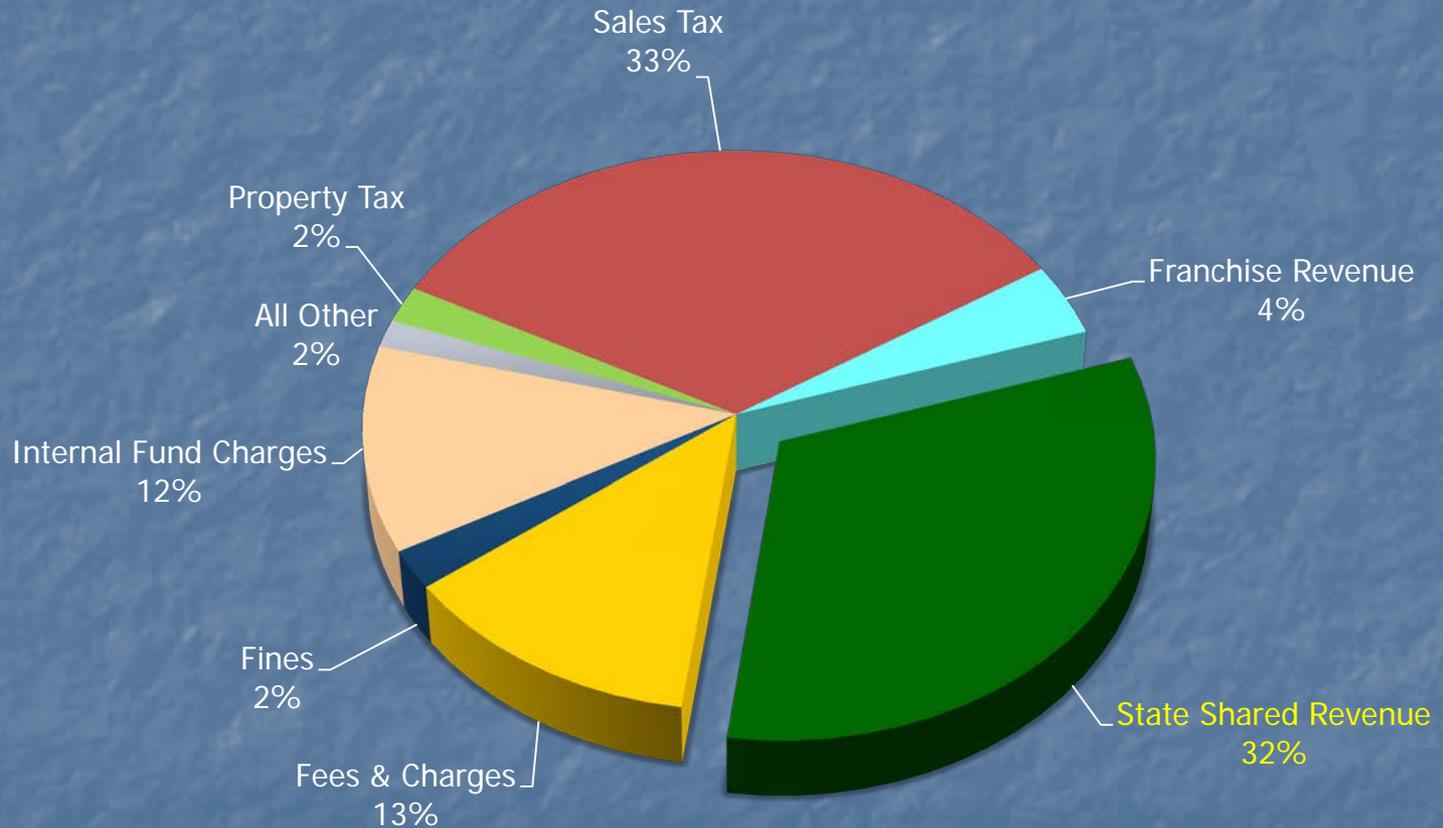


Peoria



City of Peoria Revenue Composition

General Fund



Average Peoria Homeowner

Property Tax Breakdown

School District-58%

County/Districts-27%

City-15%



Combined Property Tax Rate

City Comparison



*Tax rates shown are proposed or approved for FY2013

What's Happening Out There?

VITAL STATS

- ✓ Job Growth
- ✓ Consumer Confidence
- ✓ Housing Stats

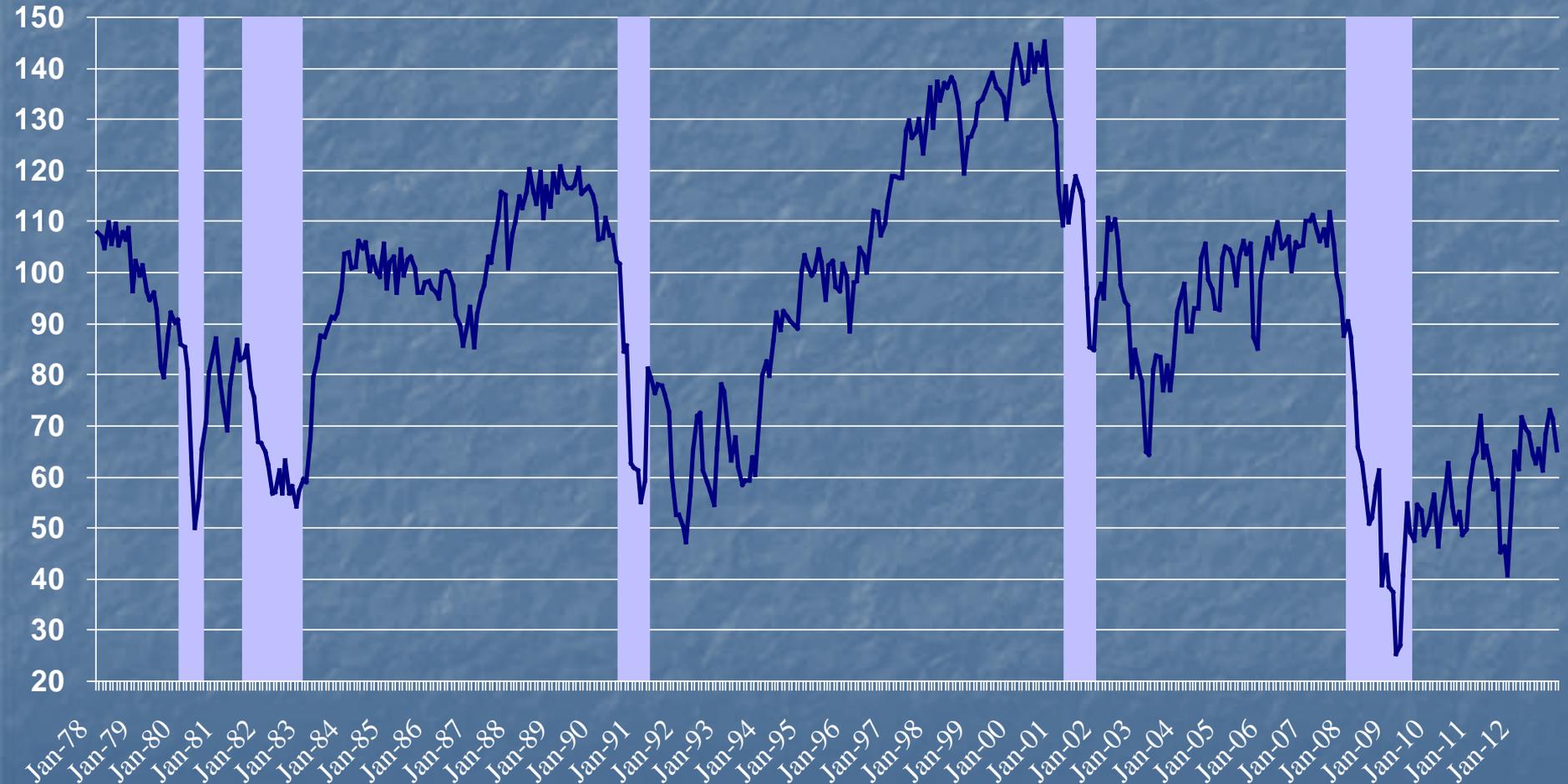


What are the Experts saying?....

"Patience and a Positive Attitude"

Consumer Confidence 1972 - 2012

Recession Periods



Arizona Jobs Growing Again...

- Lost almost 300,000 jobs in Arizona during the recession.
- Restored about a third so far
- Estimate 162k more jobs in 2013-2014,
- Caution surrounding the mandated federal spending cuts, potential job loss to Arizona... 45,000 to 50,000 jobs.

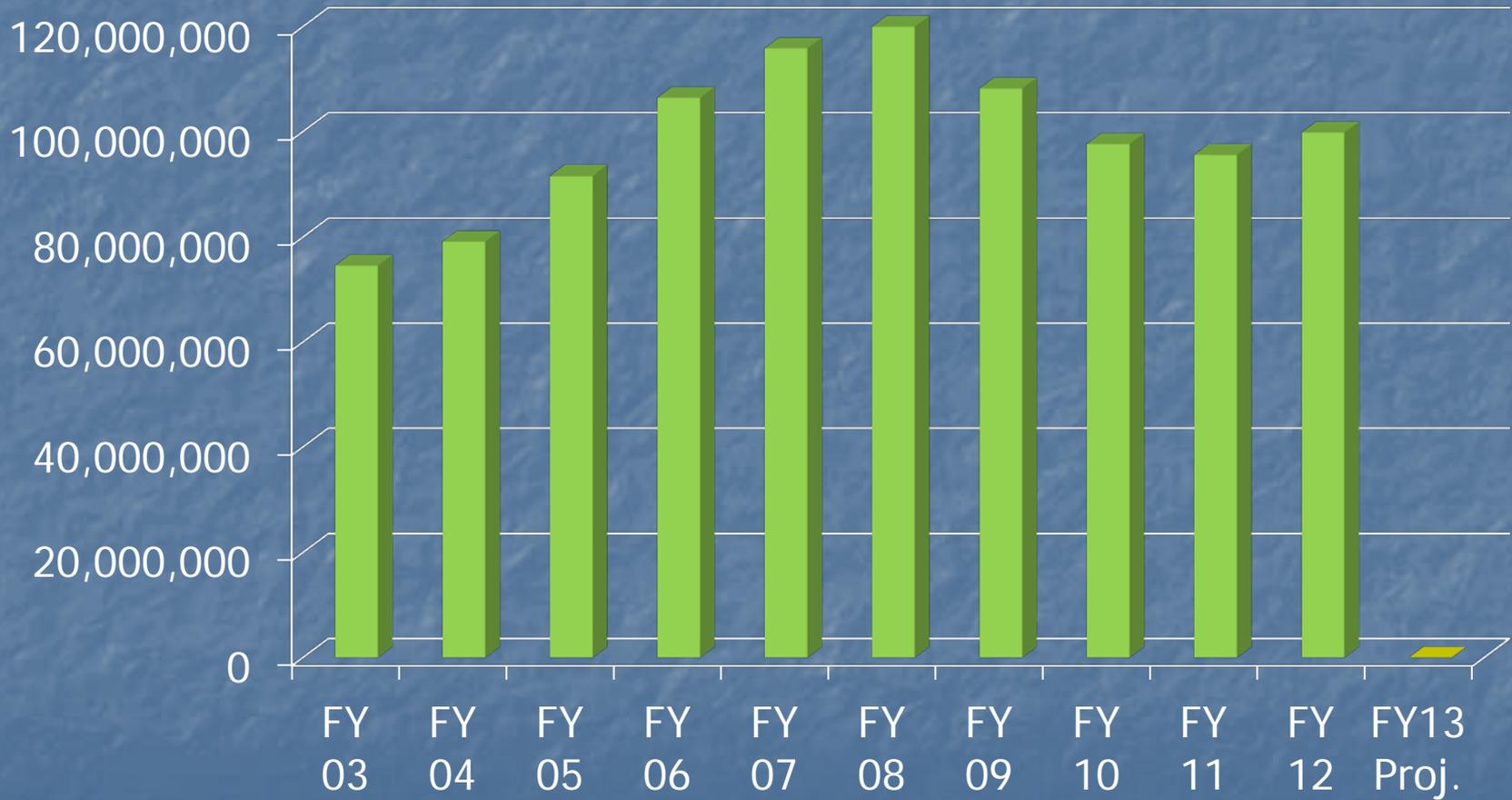
Will still continue to see job growth, but slowly.

The Latest...

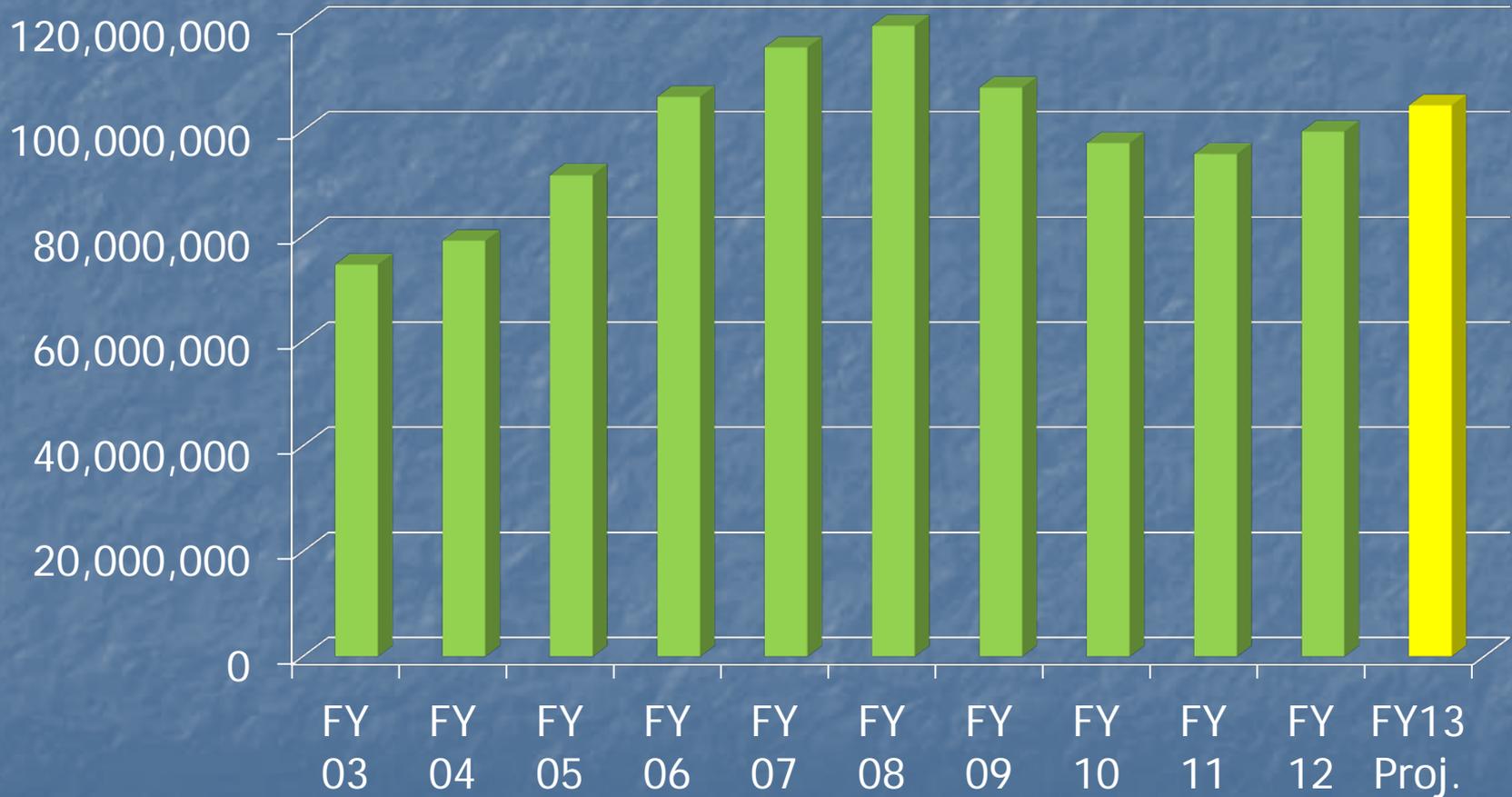
Foreclosed Properties in Phoenix Metro Area...



General Fund Revenue History



General Fund Revenue History



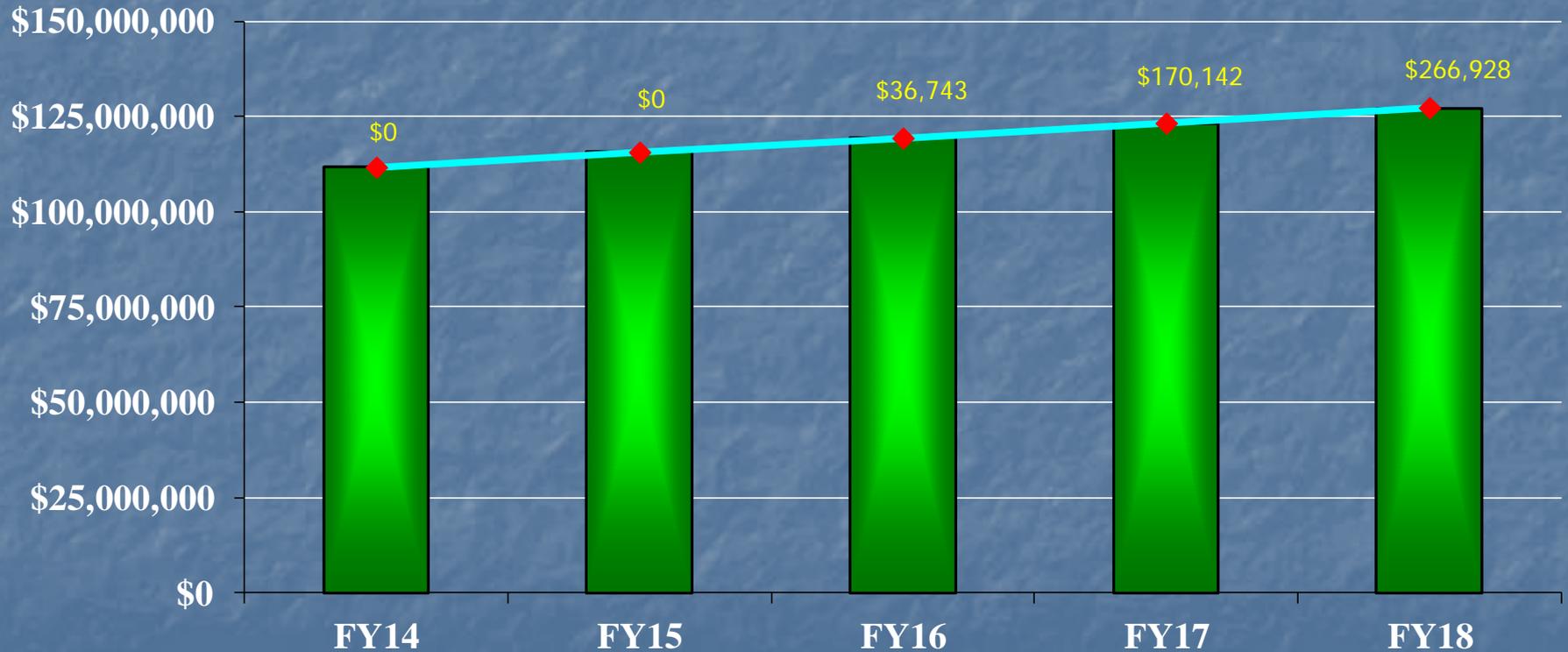
General Fund Forecast FY2014 – FY2018



■ Uses ◆ Sources



General Fund Forecast FY2014 – FY2018



■ Uses ◆ Sources



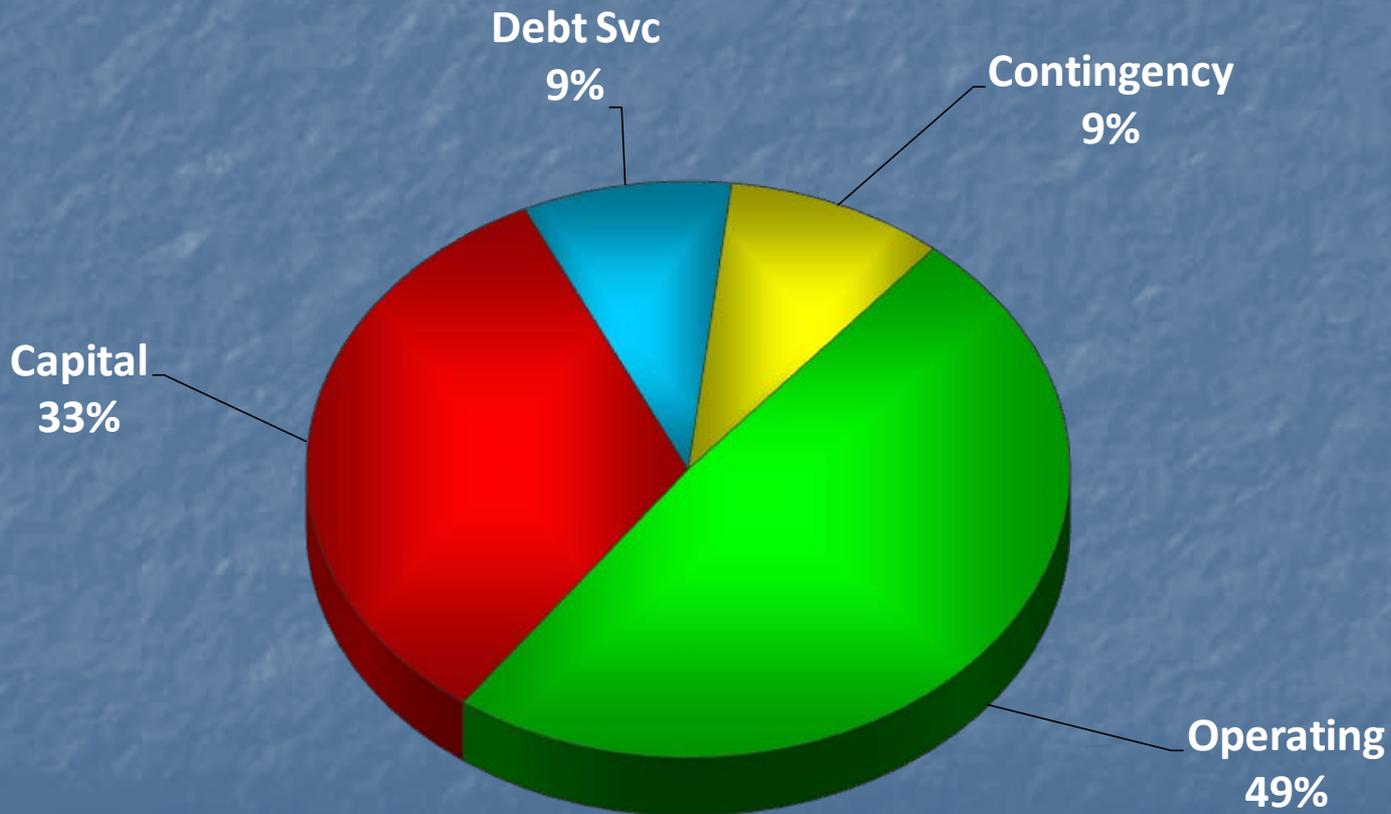
Where Does the Money Go?

Peoria Expenditure Overview



City of Peoria

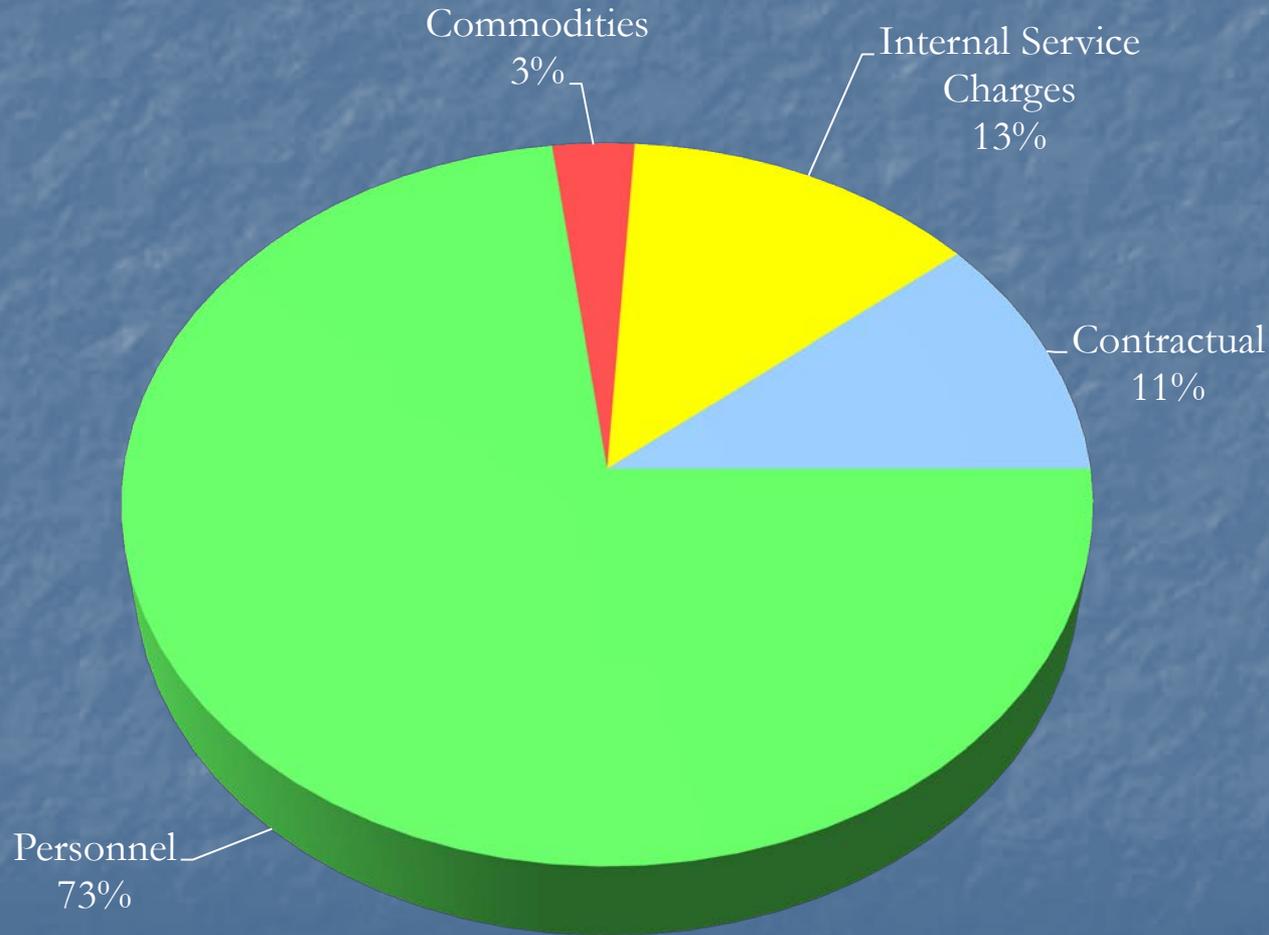
Total Budget by Category



Total \$468 Million – Proposed FY2014 Budget

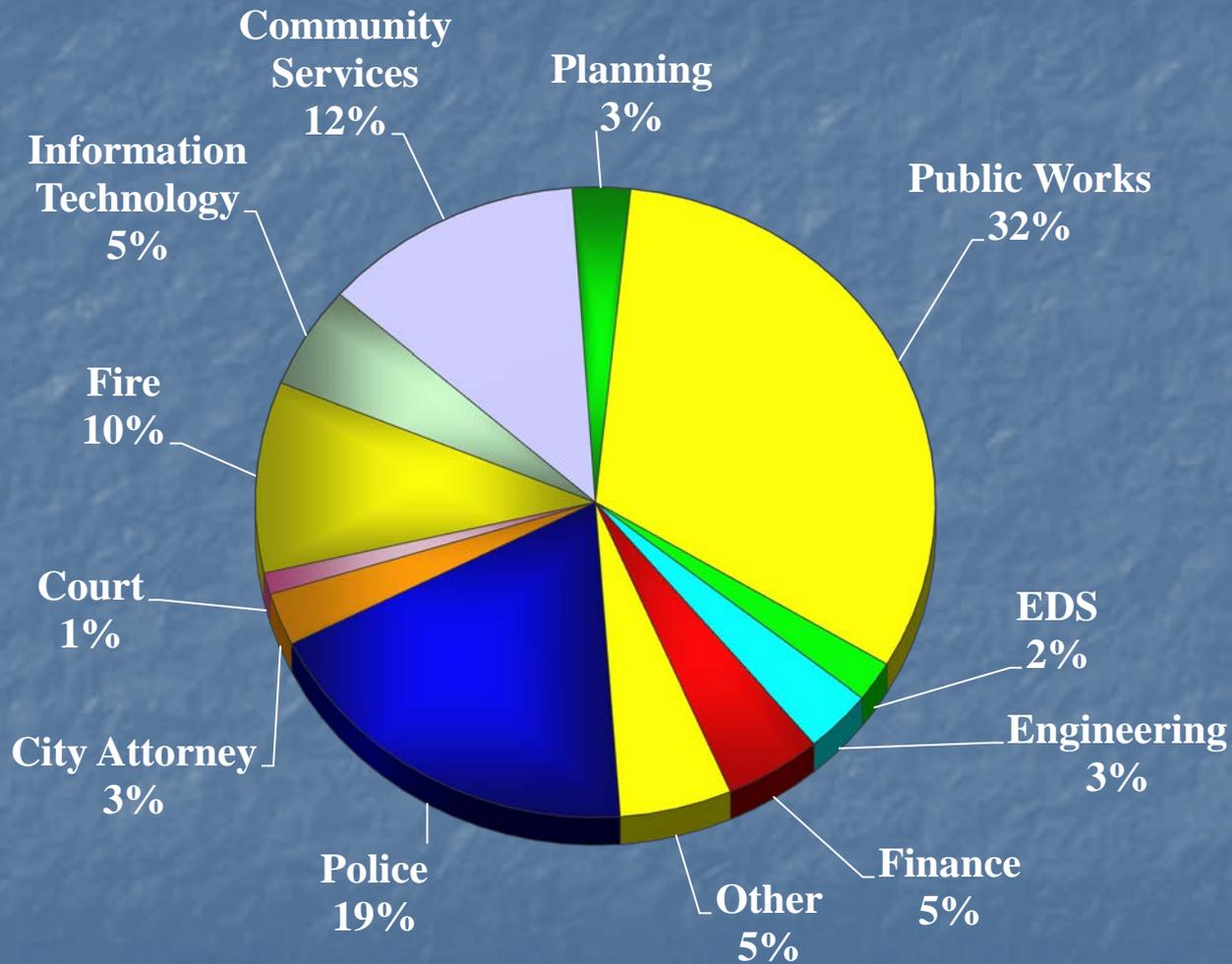
Operating Cost Categories

General Fund

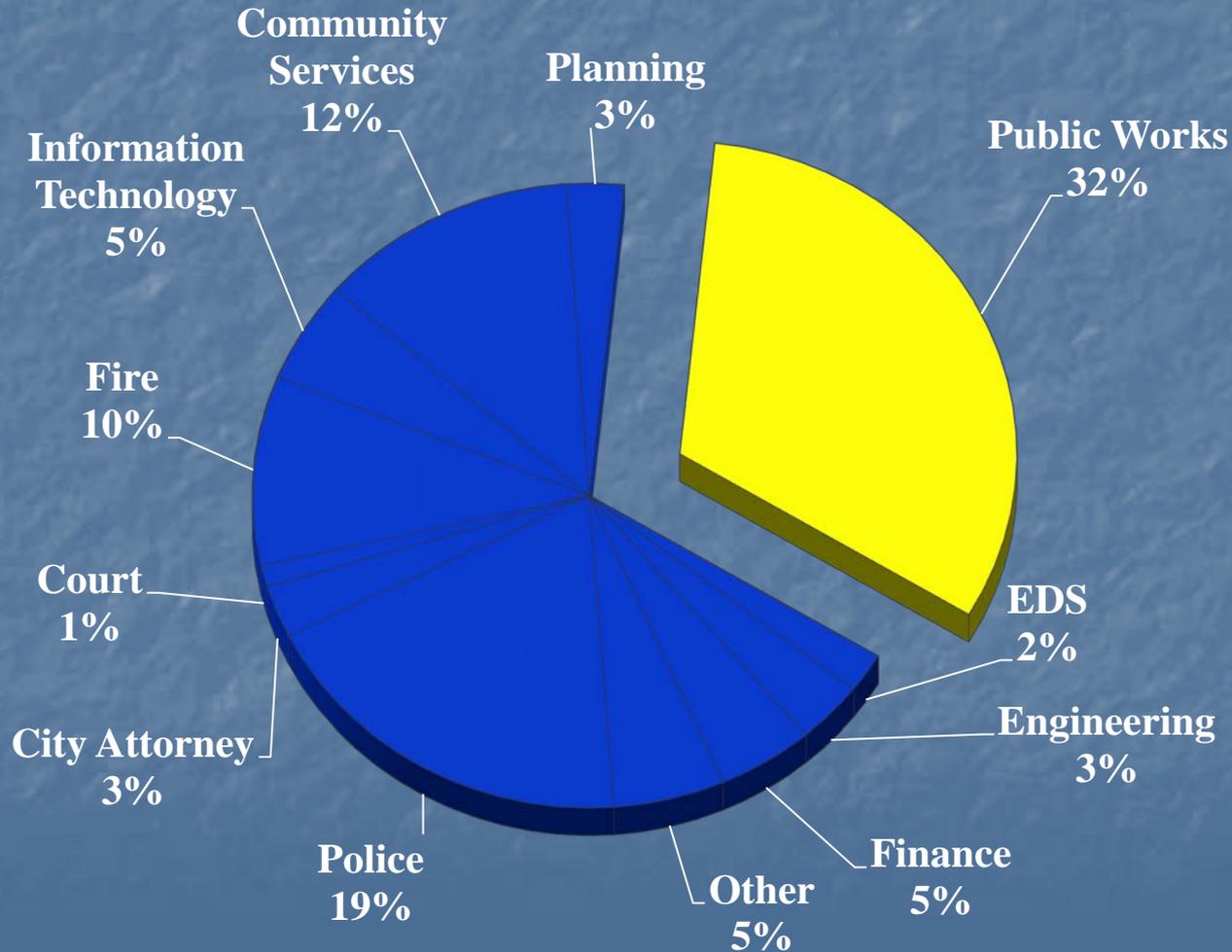


Total General Fund Operating - \$119 million

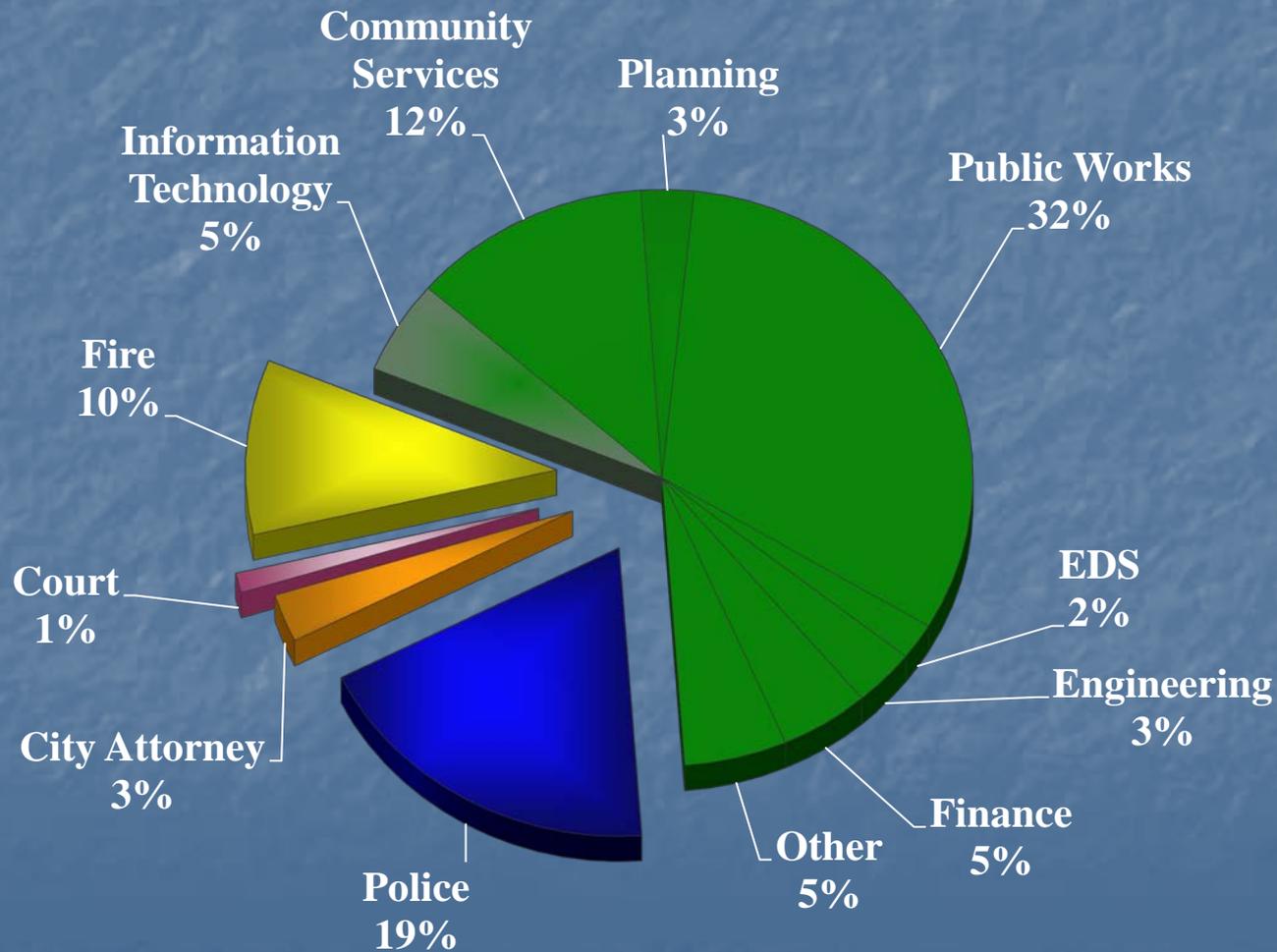
Operating Expenditures by Department



Operating Expenditures by Department



Operating Expenditures by Department





Managing Through the Financial Downturn...

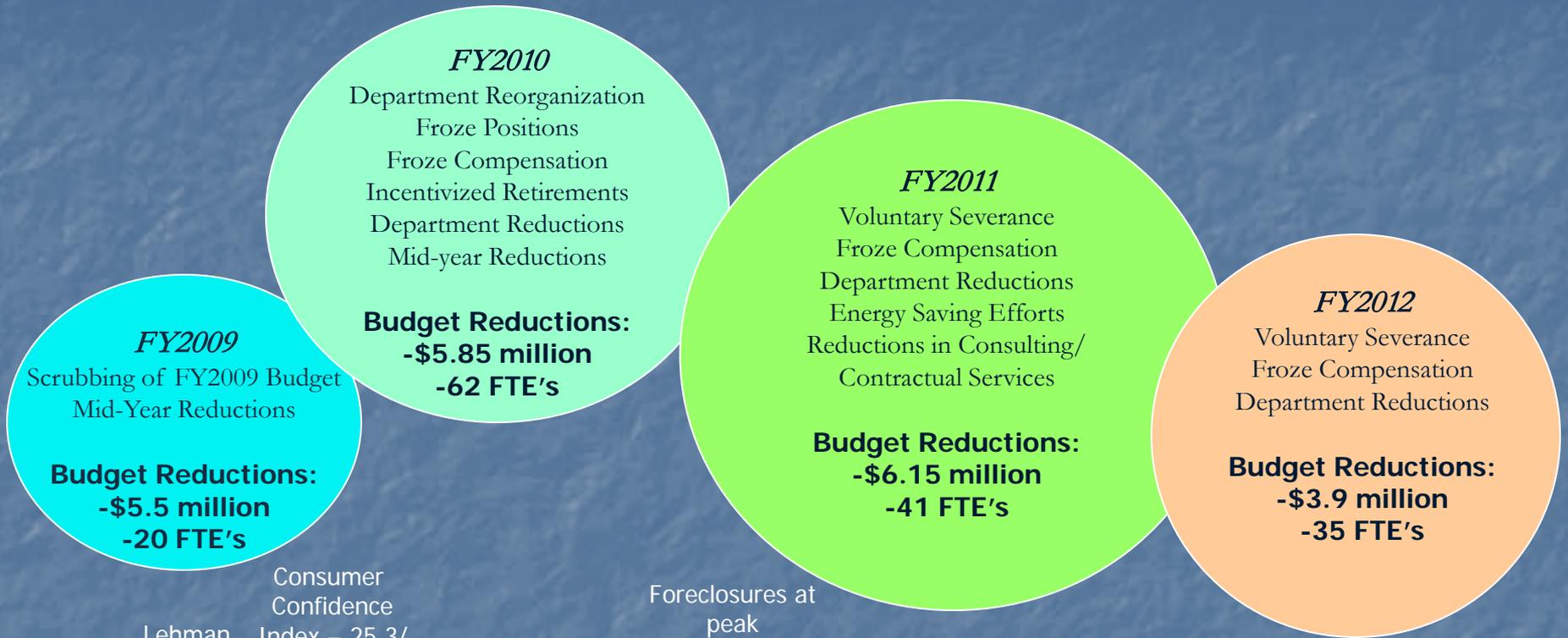
Managing the Gap

Key Principles

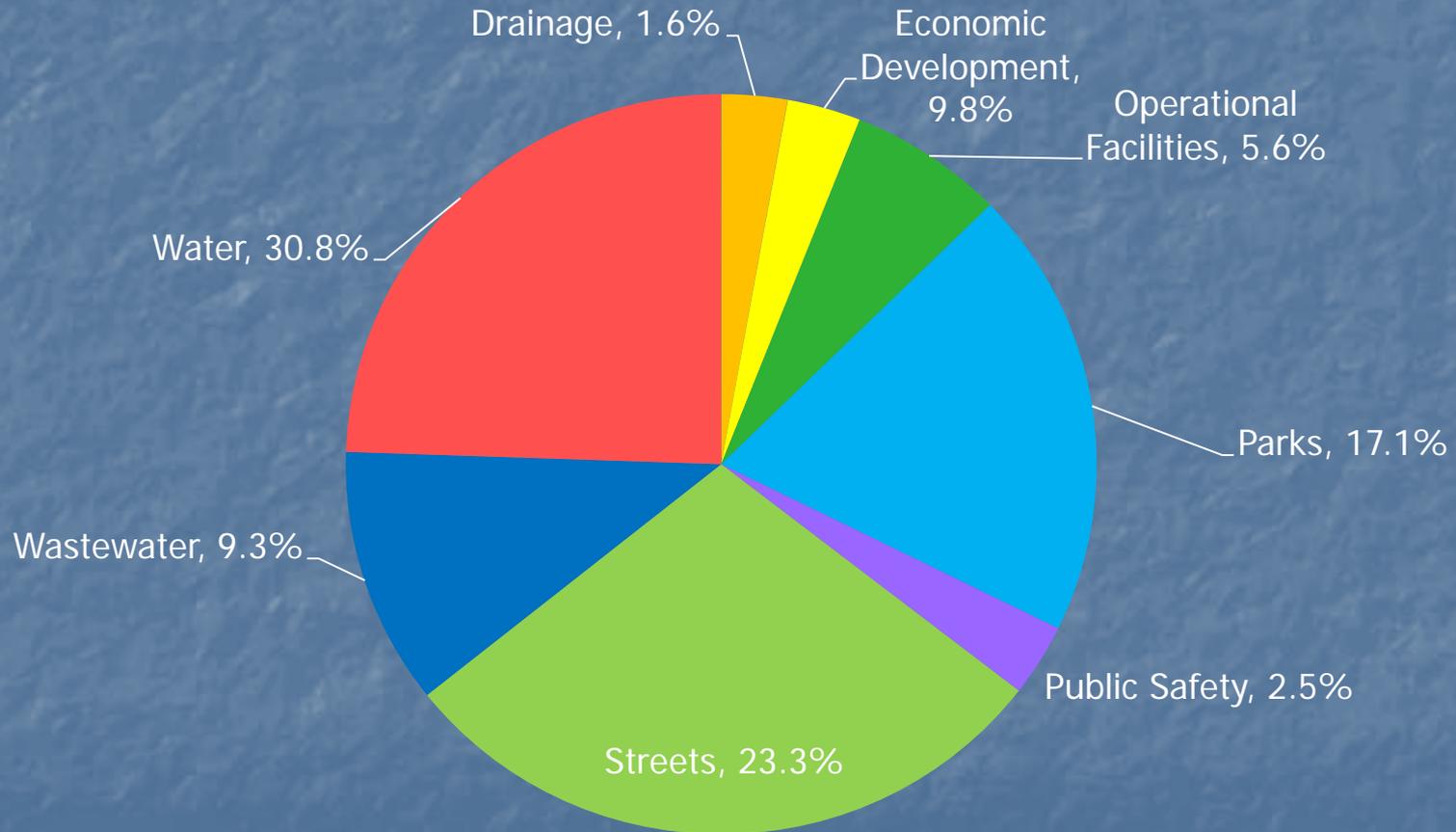
- **Steady & Measured Approach**
- **Not all Services are Created Equal**
- **Respond to Changing Community Needs**
- **Engage the Whole Organization**
- **Look Strategically**



A Look Back in Time



Capital Program FY 2014 - FY2023



Total Budget : \$524.5 million

Utility Rate Pressures...

Pressures

- Inflationary Costs
- Changing Consumer Patterns
- Financial Policies/Guidelines

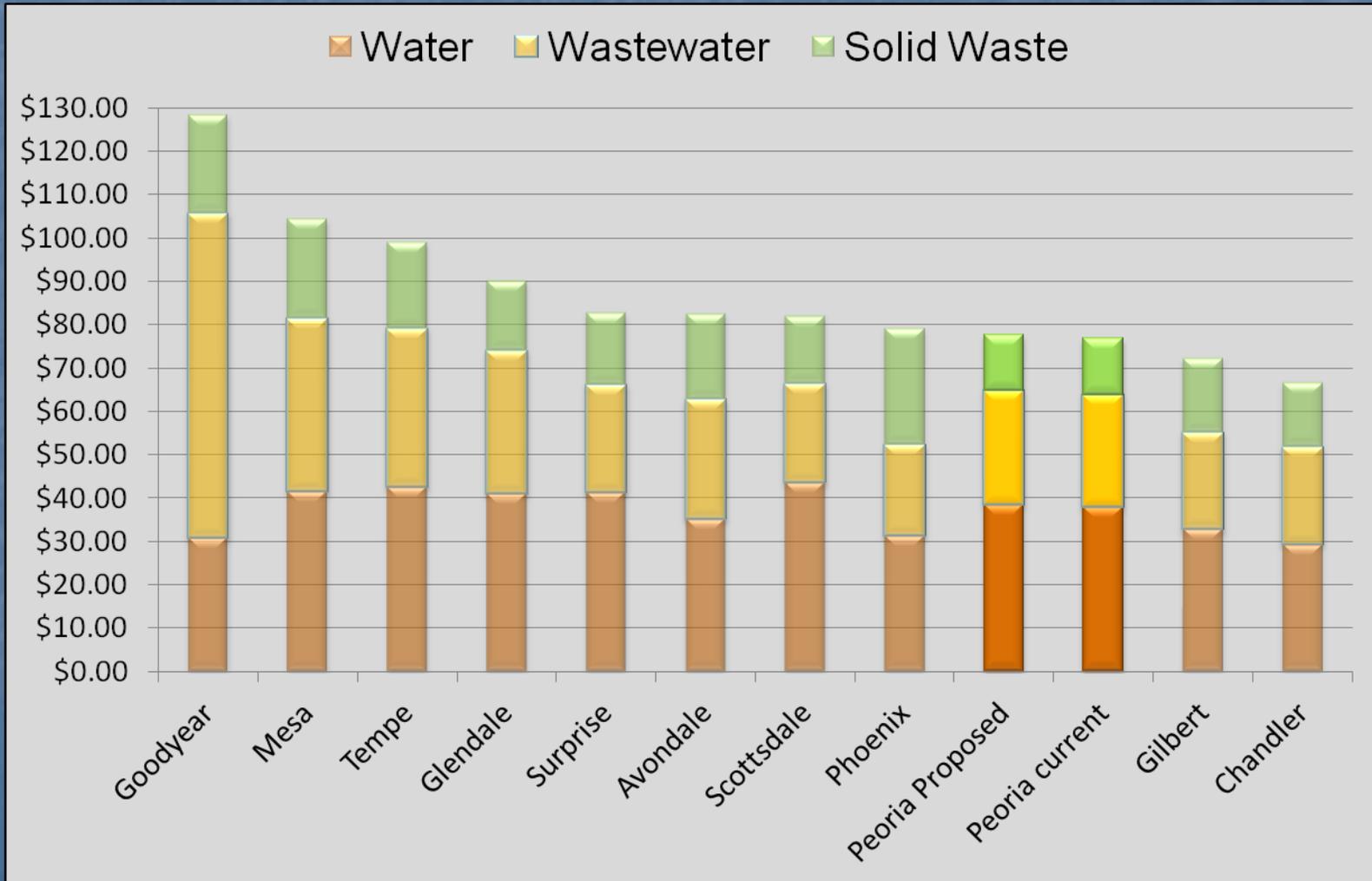
Key Objectives

- Recover Costs
- Ensure Financial Stability
- Equity Among Users
- Minimize Impact to Customers
- Promote Water Conservation



City Comparison Combined Utility Bill

(Medium Volume Water User)



Prudent Financial Management

Our FY 2014 Budget Approach

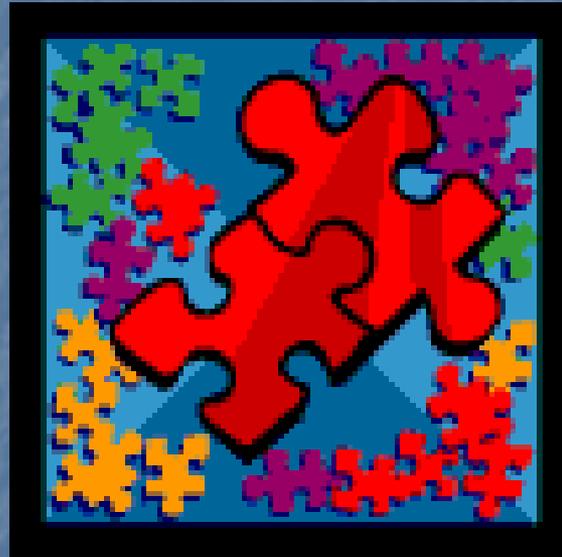
- ✓ Strategic Budget Process
- ✓ Address Council Goals
- ✓ Performance Management
- ✓ Core Services/Service Levels



Citizen-Based Budgeting Education and Involvement

- **Education-How to become informed**
 - Council/Board Work Sessions
 - Published Documents
 - Website Information
 - Cable TV Productions
- **Involvement-How to provide feedback**
 - Public Hearings
 - Ad-Hoc/Standing Committees
 - Surveys
 - Board Involvement

Peoria Leadership Institute
Finance & Budget



Making sure all the pieces fit . . .