Notes on Financial Forecasting

Because I had a hard time wrapping my head around the forecasting tool, I tried to essentially recreate it using the budget file as a starting point. I changed the Revenue Projections Detail Tab to the CO Forecasting tab. Then I expanded the columns for revenue estimates and added the department info from the Working Budget tab. I then worked with both files to try to get comparable numbers using the different projection methods. This wasn’t always possible. For instance, the Forecasting file breaks out separate increases for wages and expenses.

The bottom line is two-fold; both show no major budget problems in the next five years, and the net variances between the two are not really significant in light of $25-$30 million budgets.

Changes to Forecasting file:

1. Removed Enterprise Fund and Colle revenues and expenditures from the summary tab. I found it confusing, as the imbedded projections resulted in enterprise fund deficits, and since they are self-balancing except for the tax share of CWF (which I added as a separate exp line), it didn’t meet my needs.
2. This file showed the overlay, cherry sheet offsets, and cherry sheet estimates as expenditures rather than as reductions to revenues as shown in the budget file. So I showed adjusted revenues and expenditures after netting these out so the final revenues and expenditures were more clearly comparable to the budget file.
3. I reviewed projection assumptions and made changes where I felt appropriate. Most of these are noted on the relevant tabs. But the FCTS assessment is highly unlikely to increase 10% each year, and I think that most of the original line item increases under employee benefits were too high based on historical data.
4. I chose to consolidate wage/cola changes within the department budget. This file originally had non-updated (and time consuming to update) wages by union that had a calculated COLA, and additional wage increases by department.

Projections in CO file:

1. As much as possible, I tried to keep these comparable to revised projections in the Forecasting file.
2. I did not break out increases in wages and expenses separately, but used a general 2% (remember this is a long range plan with general annual changes, not a “things will increase this much next year, level off for 2 years, then increase again” kind of projection) except where note. For instance, the police budget has increased more on average over time due to staff growth, and it seems likely that this could continue. And if it doesn’t, something else will.
3. The FY24 starting point contains the wage increases per new contracts and estimated electricity increase to account for the pro-rated increase shown for FY23.