



Takoma Park City Council Meeting – March 22, 2023 Agenda Item 2

Presentation

Briefing presentation of a Ten-Year Financial Forecast, including a review of the project background and progress to date.

Recommended Council Action

Receive the presentation.

Context with Key Issues

The purpose of the financial forecast is to evaluate current and future fiscal conditions to guide policy and program decisions. A financial forecast is a fiscal management tool that presents estimated information based on past, current, and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, or community services. Long-term financial forecasts are not absolute predictions of the future, but projections of possible future states based on known assumptions. The forecasting horizons can reveal structural imbalances, giving the City time to take action in a proactive way, thus optimizing the use of public funds over the long term.

GFOA recommends that governments at all levels forecast major revenues and expenditures. The forecast should extend several years into the future. In October 2022, the City signed a contract with Raftelis, a Financial Consulting Firm. The firm worked with the City's Finance Director, began developing a task plan for General fund Financial Planning Model. The key steps in a sound forecasting process include the following:

- Define Assumptions
- Gather Information
- Preliminary Analysis
- Select and Implement Methods
- Use Forecasts

This presentation will provide the results of the study, including background on the project, a summary of the analysis, and the use of forecast in the budget process. The purpose of this presentation is to make the Councilmembers aware of the current and future financial condition of the City.

Raftelis team, Mike Burton and Will Kerr will give the presentation and they will be available for questions.

Council Priority

Fiscally Sustainable Government

Engaged, Responsive & Service-oriented Government
Environmentally Sustainable Community
Community Development for an Improved & Equitable Quality of Life

Environmental Considerations

None.

Fiscal Considerations

Financial Forecast does not have an immediate fiscal impact on the City but it is an integral part of the annual budget process. An effective forecast allows for improved decision-making in maintaining fiscal discipline and delivering essential community services.

Racial Equity Considerations

None.

Attachments and Links

- Presentation Agenda
- General Fund Financial Sustainability Analysis Presentation - March 22, 2023