

City of Cottonwood

Fiscal Forecast



State's Problems - Our Problems

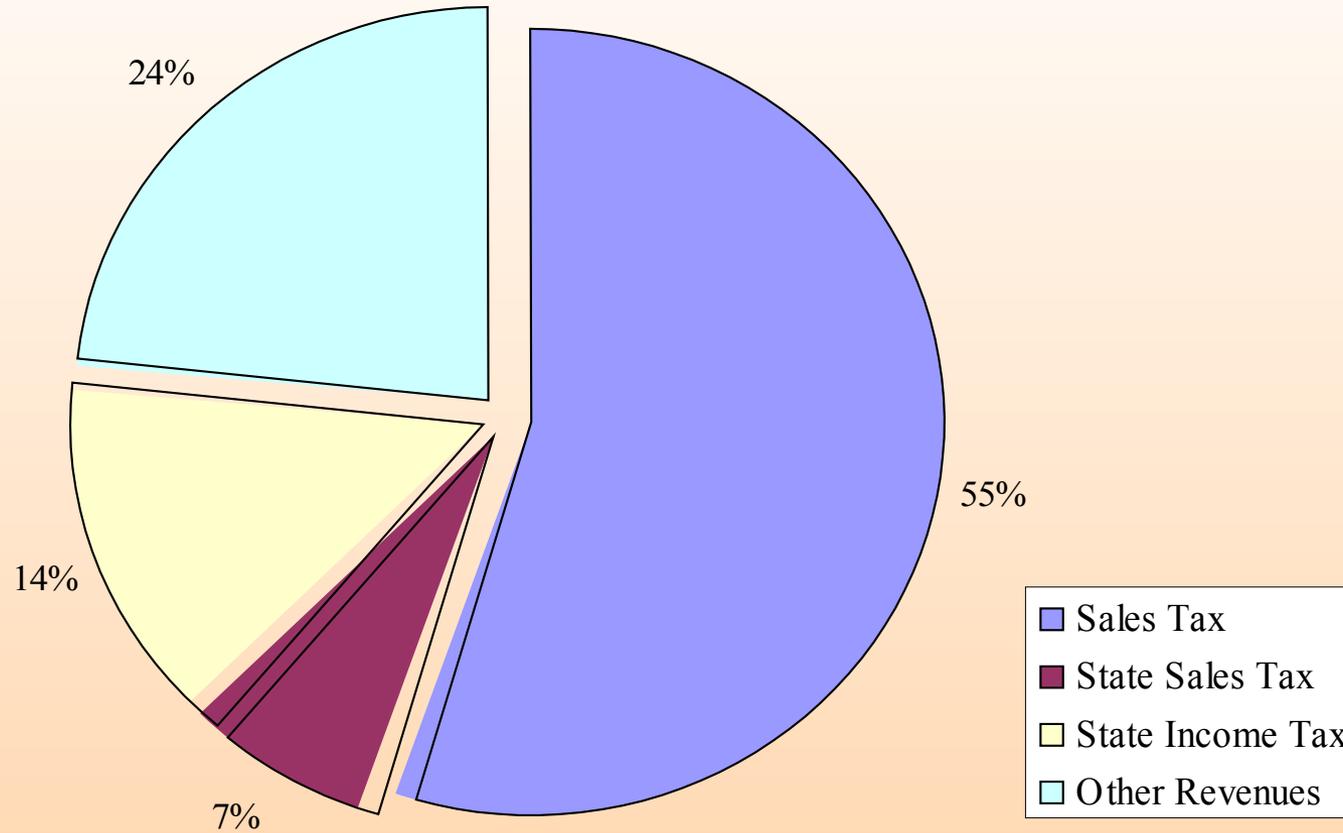
- State Shared Revenues
 - State Sales Tax
 - State Income Tax
 - Motor Vehicle Tax
 - Highway User Revenue Fund – Fuel Tax
- All state revenues are down and will take years to recover
- Cottonwood follows similar trends



Major Revenue Sources



Major Revenue Sources FY 2009



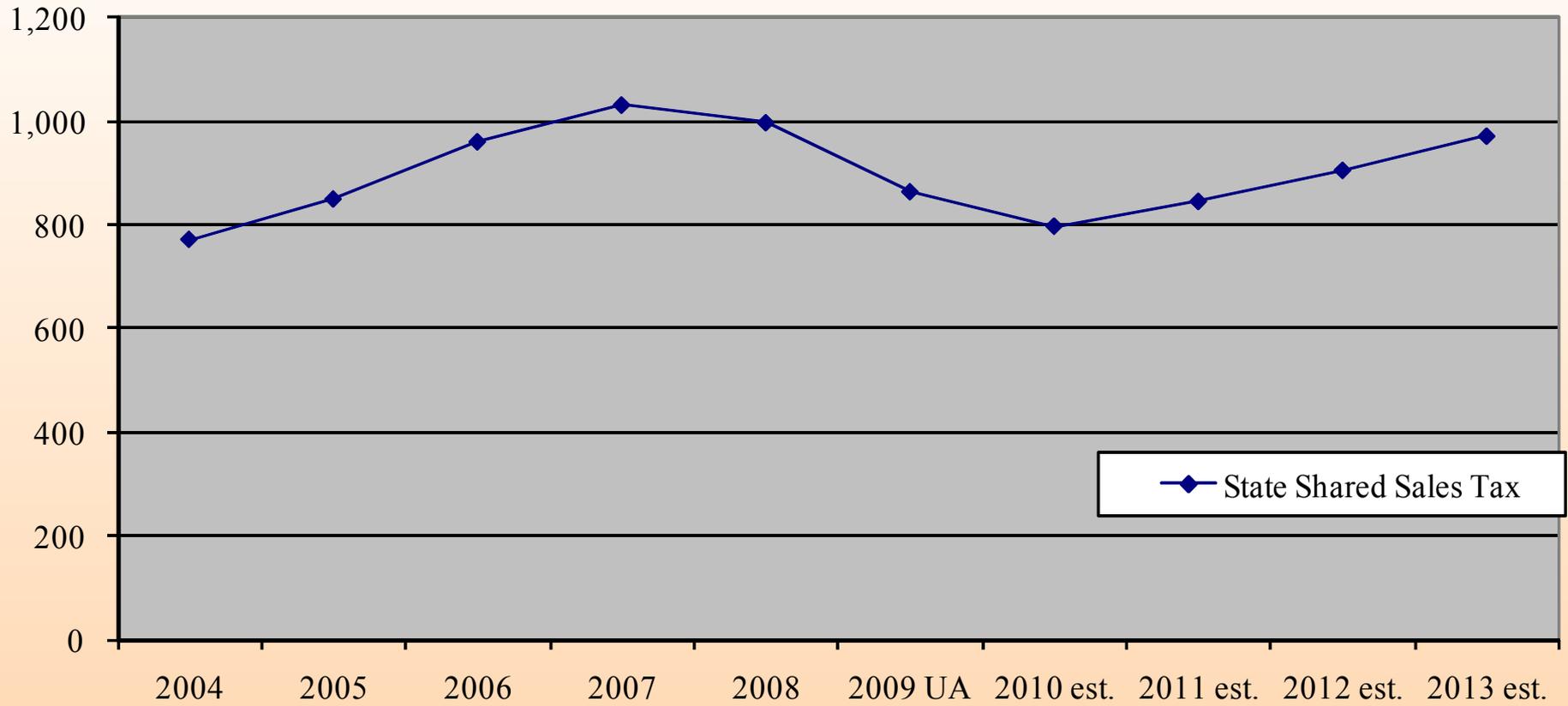
State Shared Sales Tax

Fiscal Year	Distribution	%
2004	772,232	7.57%
2005	850,346	10.12%
2006	961,036	13.02%
2007	1,032,214	7.41%
2008	998,077	-3.31%
2009 ua	864,390	-13.39%
2010 est.	797,831	-7.70%
2011 est.	845,701	6.00%
2012 est.	905,746	7.10%
2013 est.	971,865	7.30%



State Shared Sales Tax

Thousands



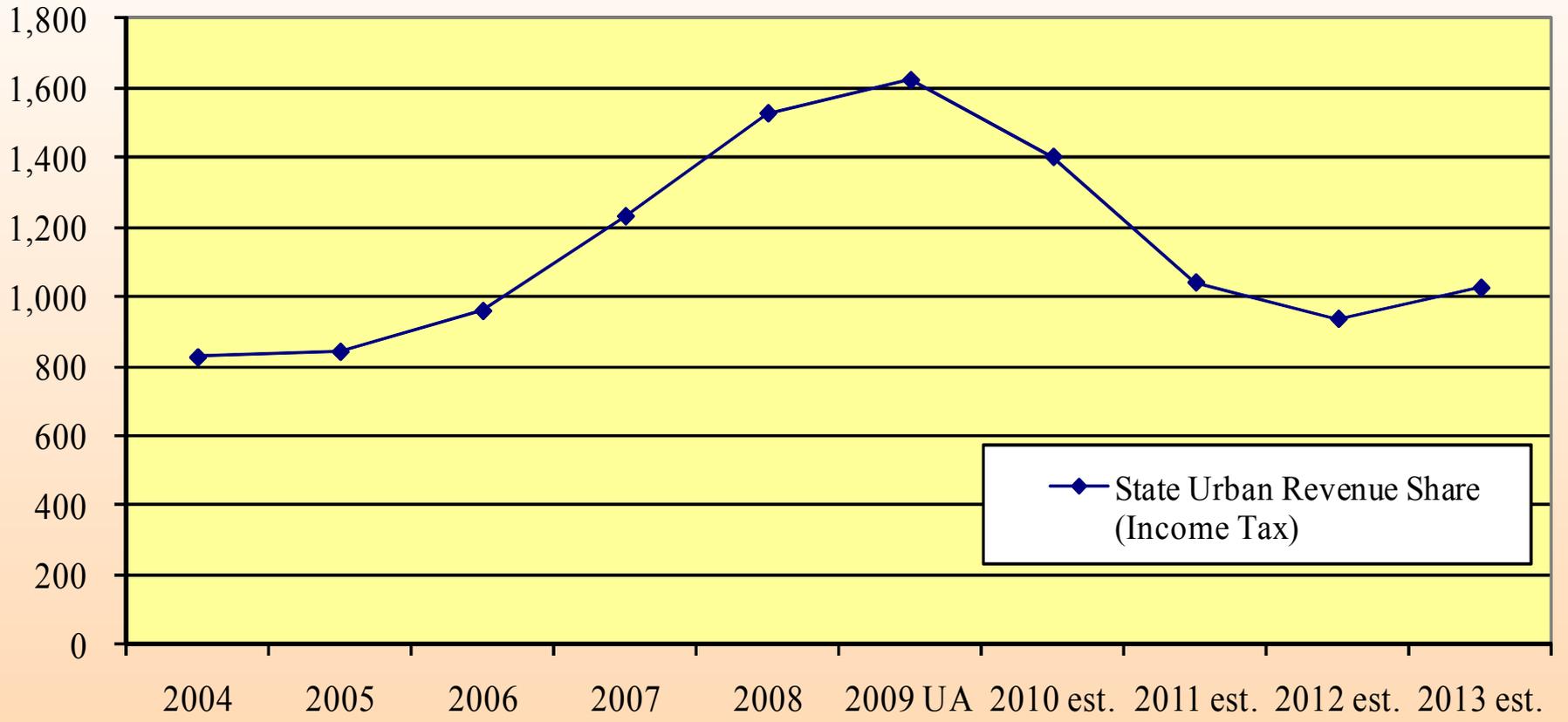
State Shared Income Tax

Fiscal Year	Distribution	%
2004	827,665	-15.28%
2005	843,803	1.95%
2006	961,036	13.89%
2007	1,232,997	28.30%
2008	1,528,328	23.95%
2009 ua	1,623,360	6.22%
2010 est.	1,403,395	-13.55%
2011 est.	1,042,722	-25.70%
2012 est.	938,450	-10.00%
2013 est.	1,027,134	9.45%



Thousands

State Urban Revenue Share (Income Tax)



Local Sales Tax



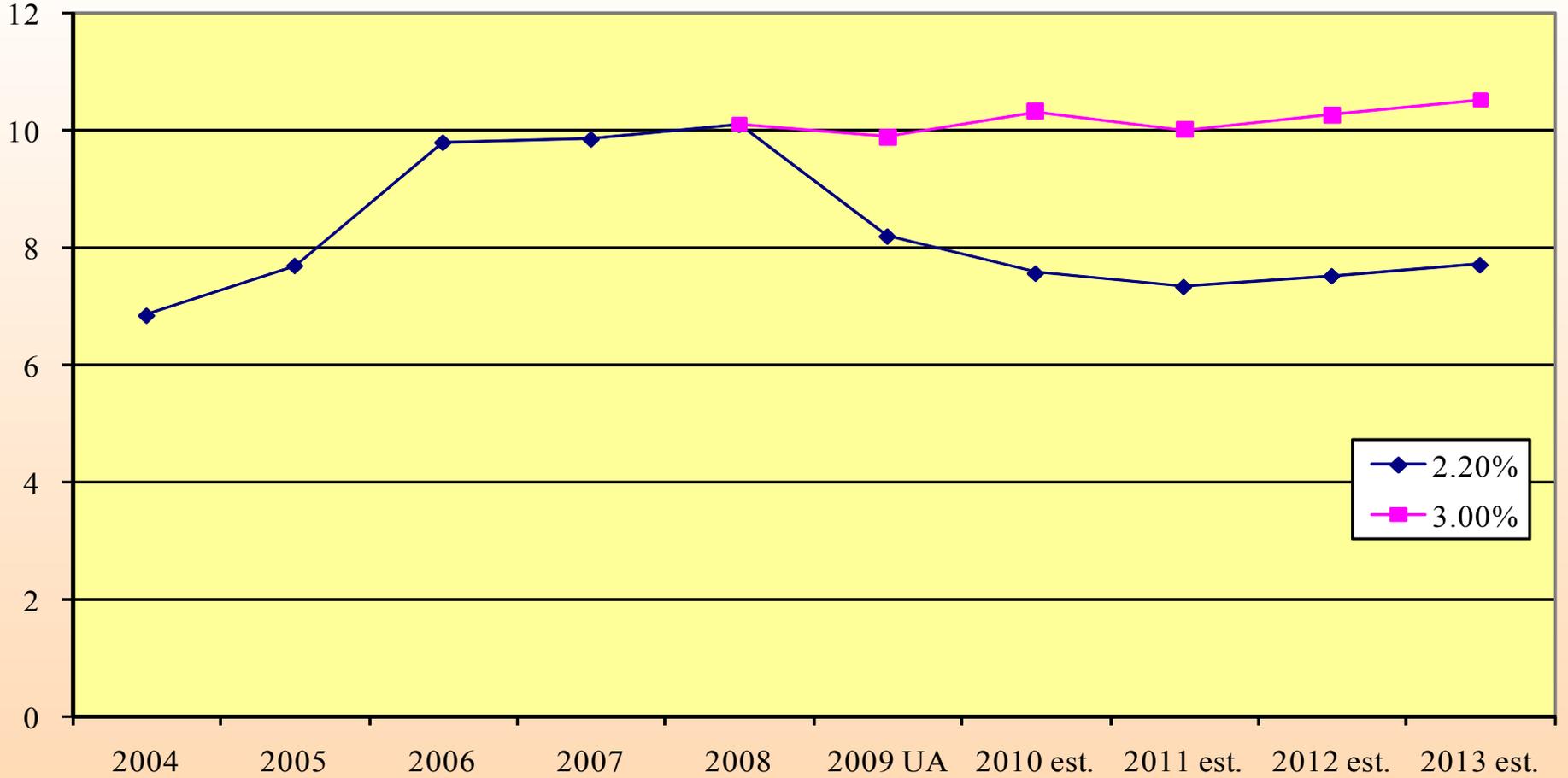
Local Sales Tax

Fiscal Year	2.20%	%	3.00%
2004	6,856,170	11.01%	
2005	7,703,224	12.35%	
2006	9,798,510	27.20%	
2007	9,853,864	0.56%	
2008	10,102,433	2.52%	10,102,433
2009 UA	8,202,275	-18.81%	9,891,557
2010 est.	7,570,699	-7.70%	10,323,632
2011 est.	7,343,578	-3.00%	10,013,923
2012 est.	7,527,162	2.50%	10,264,264
2013 est.	7,715,347	2.50%	10,520,879



Local Sales Tax

Millions



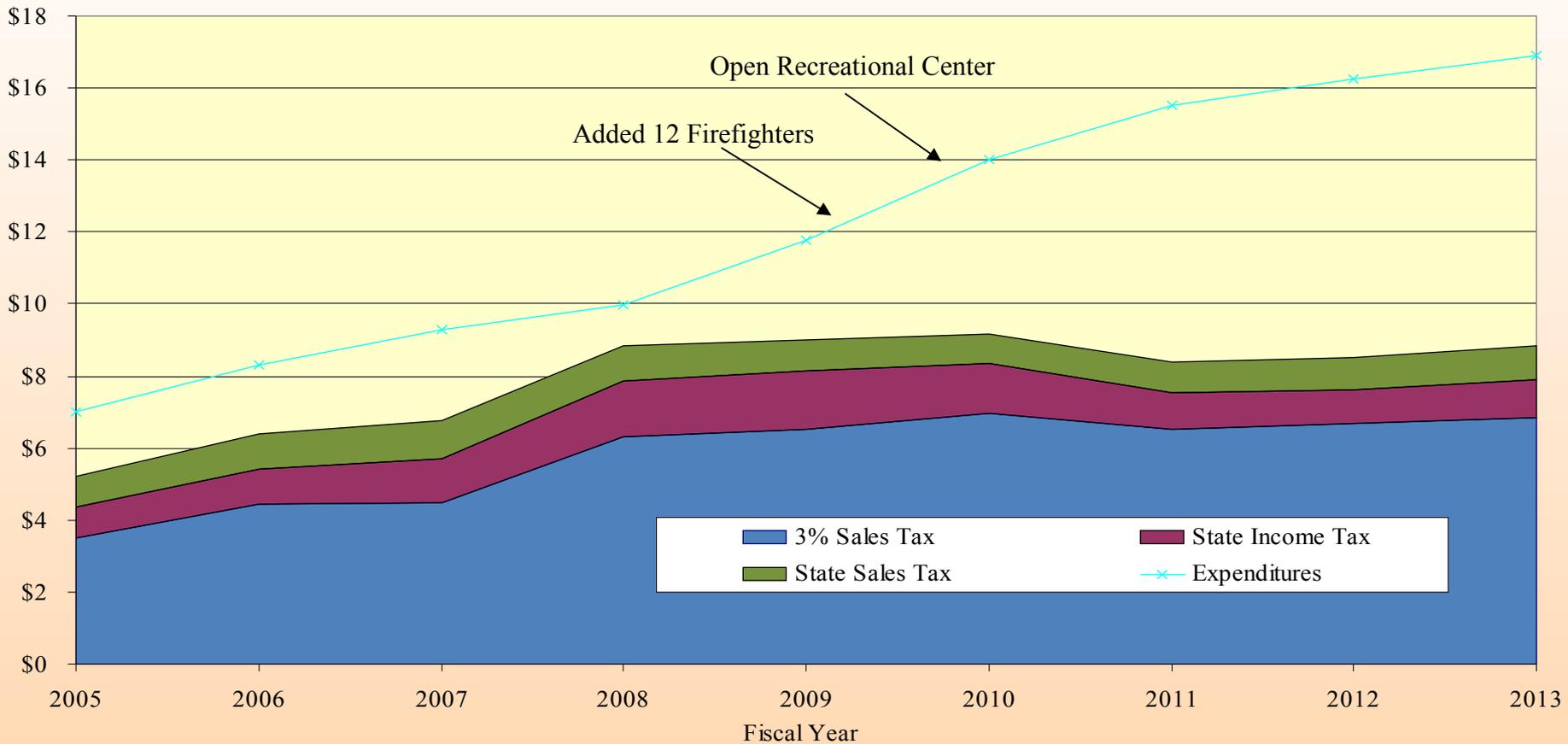
Local Sales Tax Breakdown

- General Fund Reserves
 - Capital Reserves – Public Safety
 - Capital Reserves – General Capital
 - Debt Service – Recreation Center
 - Operations & Maintenance Reserves for Recreation Center
- Street Improvements - HURF
- Debt Service – Library Debt Service
- General Fund Operations & Maintenance



Millions

Widening Variance Top 3 Major Revenues vs. Expenditures



Local Sales Tax Breakdown

Fiscal Years	General Government Facilities	General Government M&O	DS Library & Sewer	.2% PS Capital Reserves	Street Improvements	Rec Center Debt Service	Rec Center M&O
2004-05	0	3,504,967	3,671,833	526,424	0	0	0
2005-06	0	4,458,322	4,610,407	729,781	0	0	0
2006-07	0	4,483,508	4,642,443	727,913	0	0	0
2007-08	693,805	6,331,004	152,995	756,454	1,040,707	1,127,468	0
2008-09	438,443	6,517,283	157,000	581,491	657,665	1,539,675	0
2009-10	303,317	6,955,762	155,400	526,227	454,976	1,542,075	385,875
2010-11	197,517	6,505,339	158,500	502,678	296,276	1,543,275	810,338
2011-12	207,120	6,679,633	156,050	521,658	310,680	1,538,275	850,855
2012-13	214,935	6,853,216	158,300	536,351	322,403	1,542,275	893,398

Sales Tax Underwriting O&M



Highway User Revenue Fund – HURF Streets Maintenance & Improvements



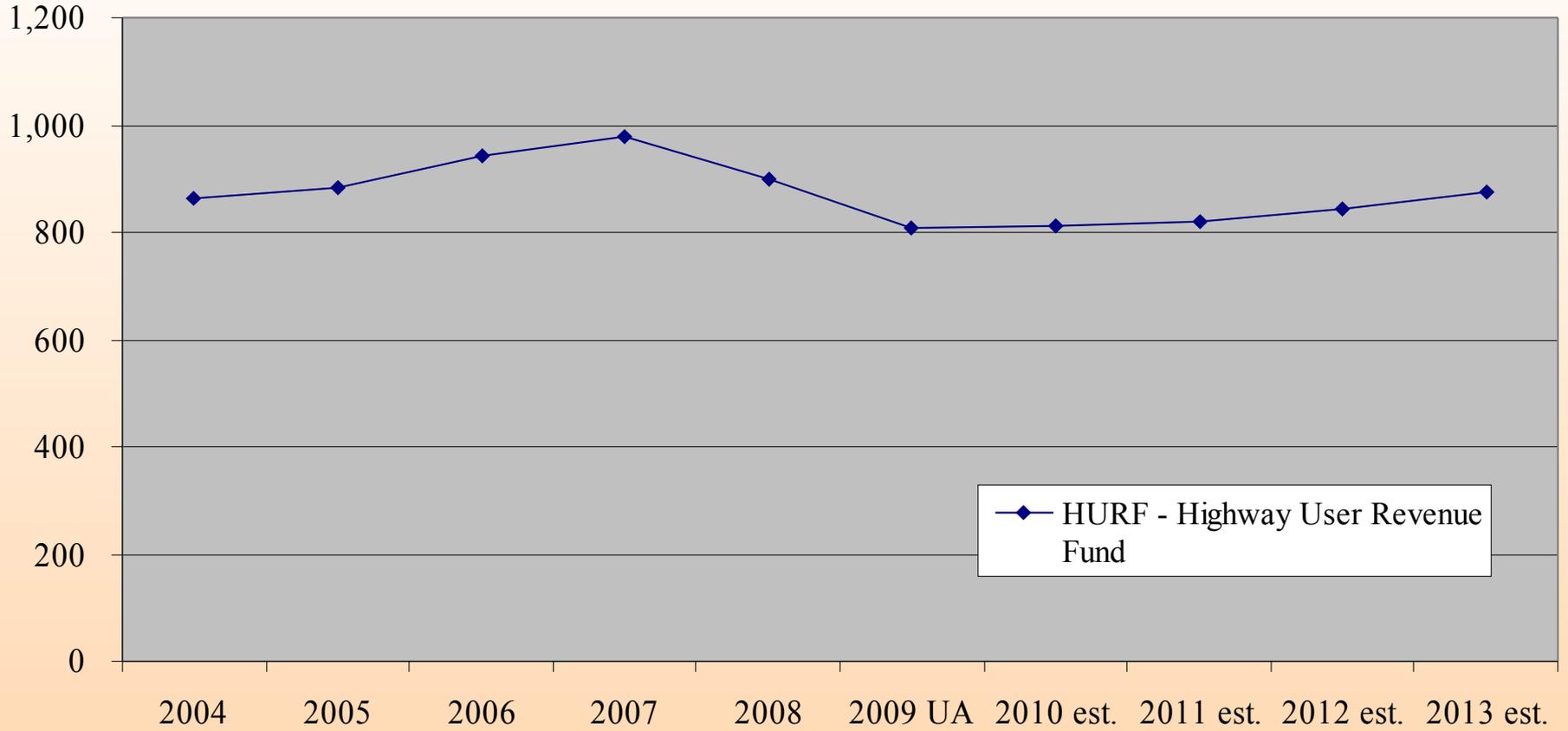
HURF

Fiscal Year	Distribution	%
2004	862,813	11.22%
2005	882,656	2.30%
2006	943,333	6.87%
2007	979,659	3.85%
2008	899,089	-8.22%
2009 ua	809,809	-9.93%
2010 est.	810,619	0.10%
2011 est.	821,157	1.30%
2012 est.	842,507	2.60%
2013 est.	873,680	3.70%



Thousands

HURF - Highway User Revenue Fund

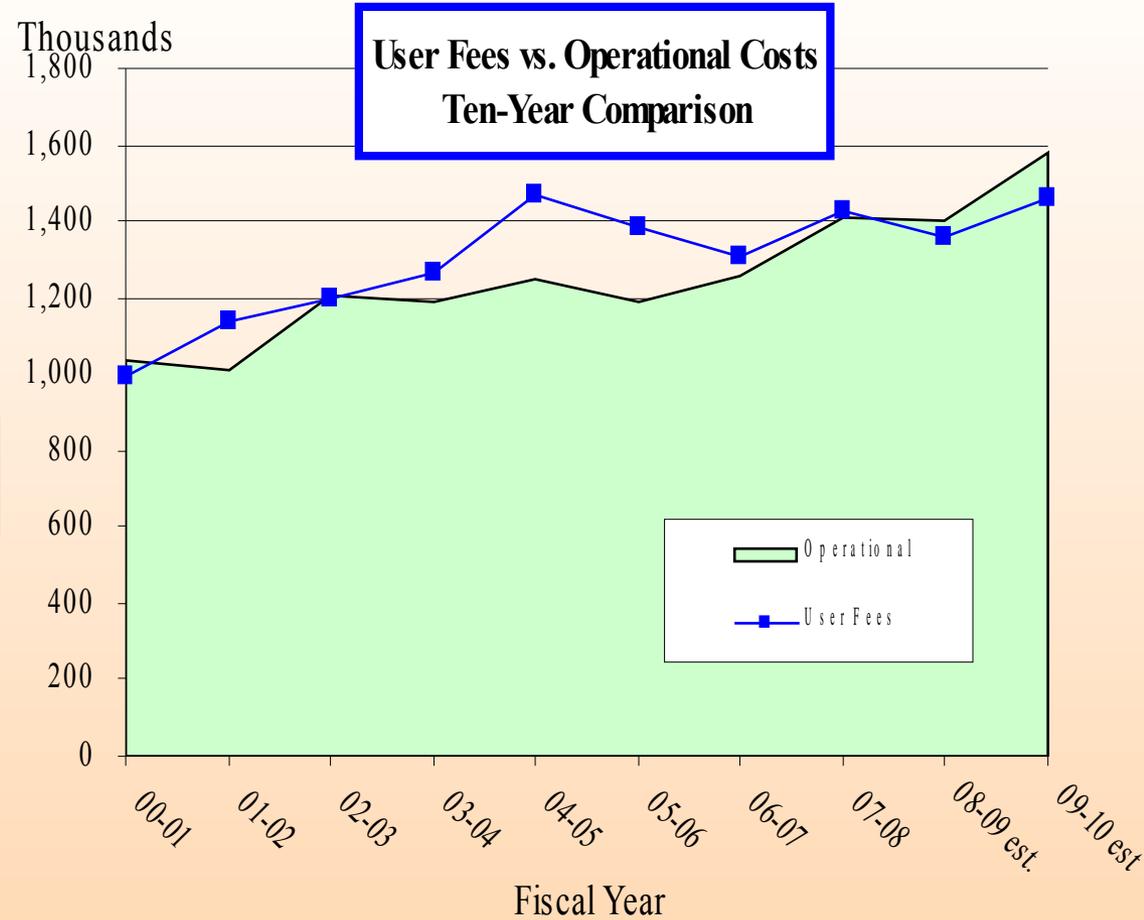


Enterprise Funds



Wastewater

	User Fees	Operational Costs
00-01	990,662	1,037,343
01-02	1,141,610	1,009,508
02-03	1,201,131	1,204,227
03-04	1,265,088	1,187,349
04-05	1,466,036	1,247,680
05-06	1,380,700	1,185,770
06-07	1,310,073	1,253,748
07-08	1,427,683	1,413,466
08-09 est.	1,362,000	1,399,440
09-10 est.	1,461,200	1,579,600



Deficits are being covered by reserves accumulated in previous years

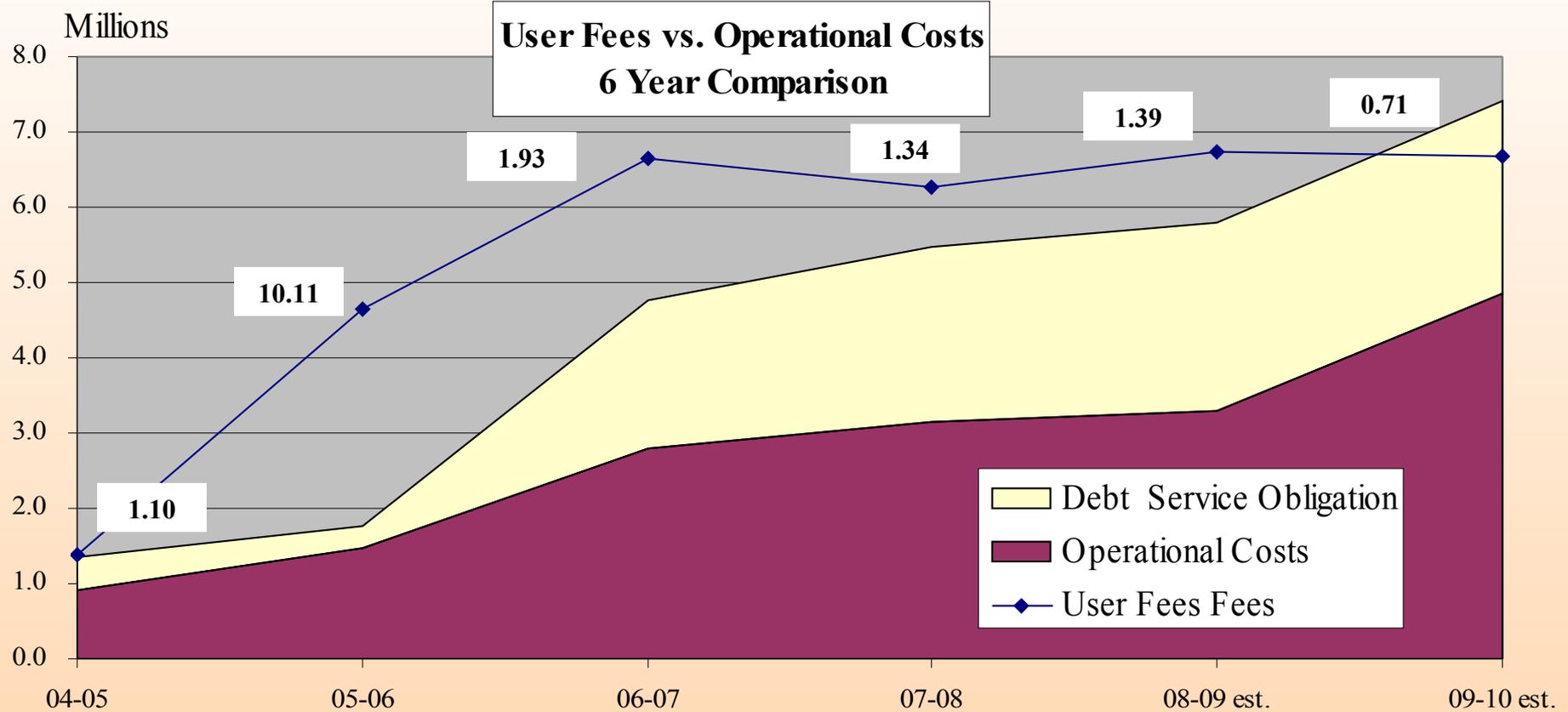


Water Utility

	User Fees Fees	Operational Costs	Debt Service Obligation
04-05	1,385,599	916,353	425,105
05-06	4,641,070	1,464,254	314,264
06-07	6,633,214	2,782,507	1,993,803
07-08	6,250,028	3,158,315	2,306,044
08-09 est.	6,742,560	3,300,995	2,481,950
09-10 est.	6,672,450	4,865,025	2,536,810



Water Utility



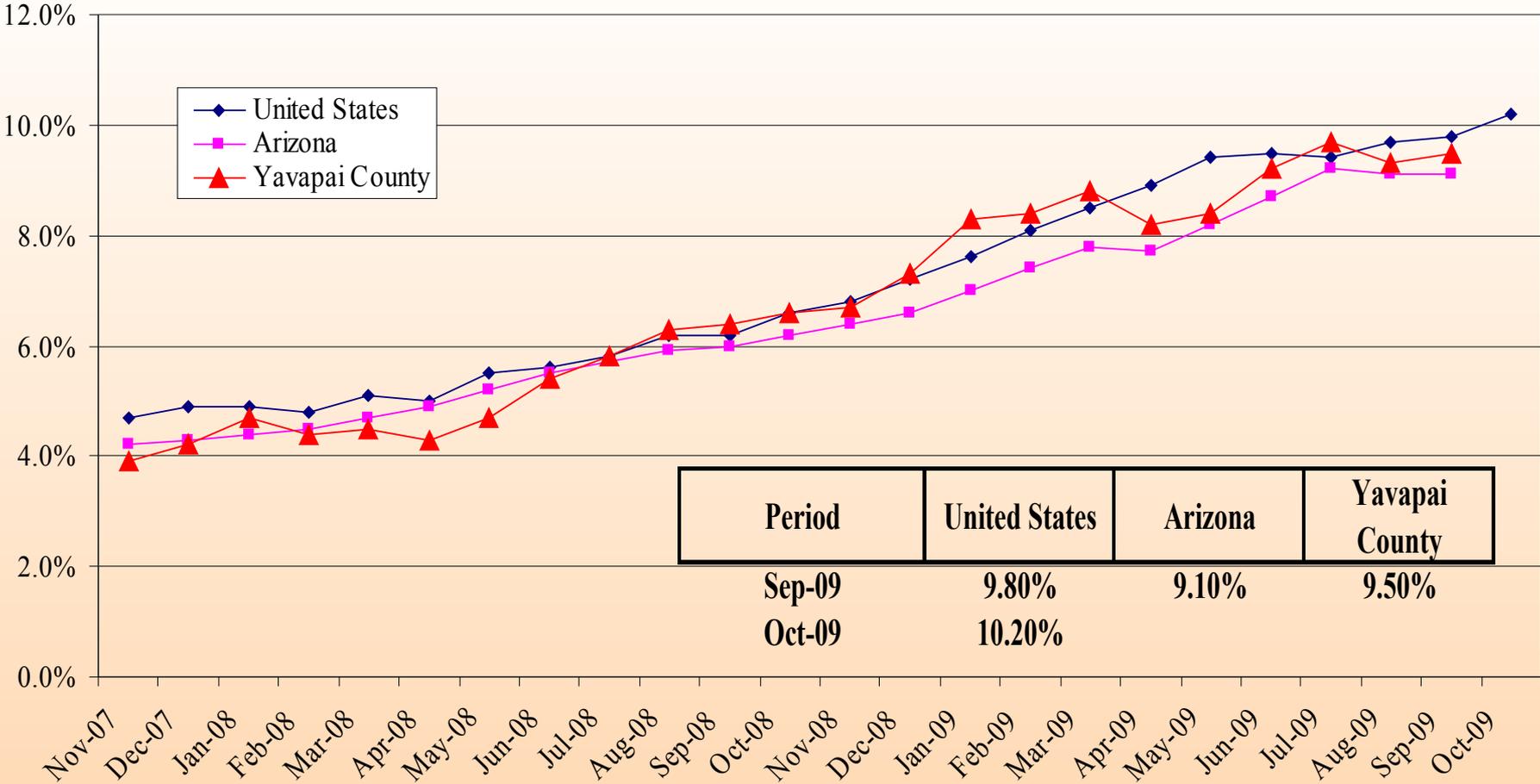
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Unemployment Statistics



Unemployment Rates - US vs AZ



Reducing Expenditures

Everything is on the table



Some Ways to Reduce Costs

- Hiring chill —————> freeze
- Rearranged capital outlay purchases to later in the year
- Overall budget reduction
- Overtime reductions
- Reduce Council & Manager's contingencies
- Eliminate or reduce continuing education for employees
- 4/10 work week – for some utility savings
- Reduce outside agency funding



Some Ways to Reduce Costs

- Postpone the opening of the Recreational Center
- Partner with other cities
- Outsourcing services
 - Buildings & Parks Maintenance
 - Utility Billing
- Increase in dependent portion of health insurance costs
- Suspension of Merit Program until times get better
- Tap into reserves for essential expenditures
- Reduction in Workforce



Raising Revenue



Review Revenue Structure

- Increase rental fees
- Increase inspections fees
- Charge higher fees at recreational events
- Increase fees for plan & fire reviews
- *Review all our fees structure*



Reserves



Available & Unavailable Reserves

- Available

– Capital Accumulation Fund	\$1,000,000
– 1% sales tax allocation for capital	\$697,800
– Rec Center O&M reserves	\$604,905
– Fund Balance (60 days expenditures)	\$2,186,060

- Unavailable

– .2% Excess Sales Tax	\$201,850
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Employee Involvement

- We are all affected by this economy
- Take it to the employees
- Bring up cost saving ideas to your supervisor
- Bring up revenue generating ideas to your supervisor
- Use the Suggestion Box on the website

