

CITY OF COTTONWOOD

Fiscal Year 2014 Budget Series
Fiscal Update Workshop
April 9, 2013



Topics of Discussion

1. Revenue Update
2. Personnel Information
3. Critical Areas
4. Some Future Revenue
5. FY 2014 Budget Calendar
6. Questions



Revenue Update



Local Sales Tax - General Fund

- FY 2013
 - Budgeted \$8,056,960 (General Fund)
 - Revised to \$8,200,883
 - Up 1.8% over original budget
 - Sales tax from all funds is going to GF
- FY 2014
 - Projected at \$8,409,688
 - Up 2.5% over the current year
 - Restricted for Future Debt Service
 - \$372,400 - GADA Loans
 - \$158,300 - Library Loans

Local Sales Tax - 3 Year Comparison

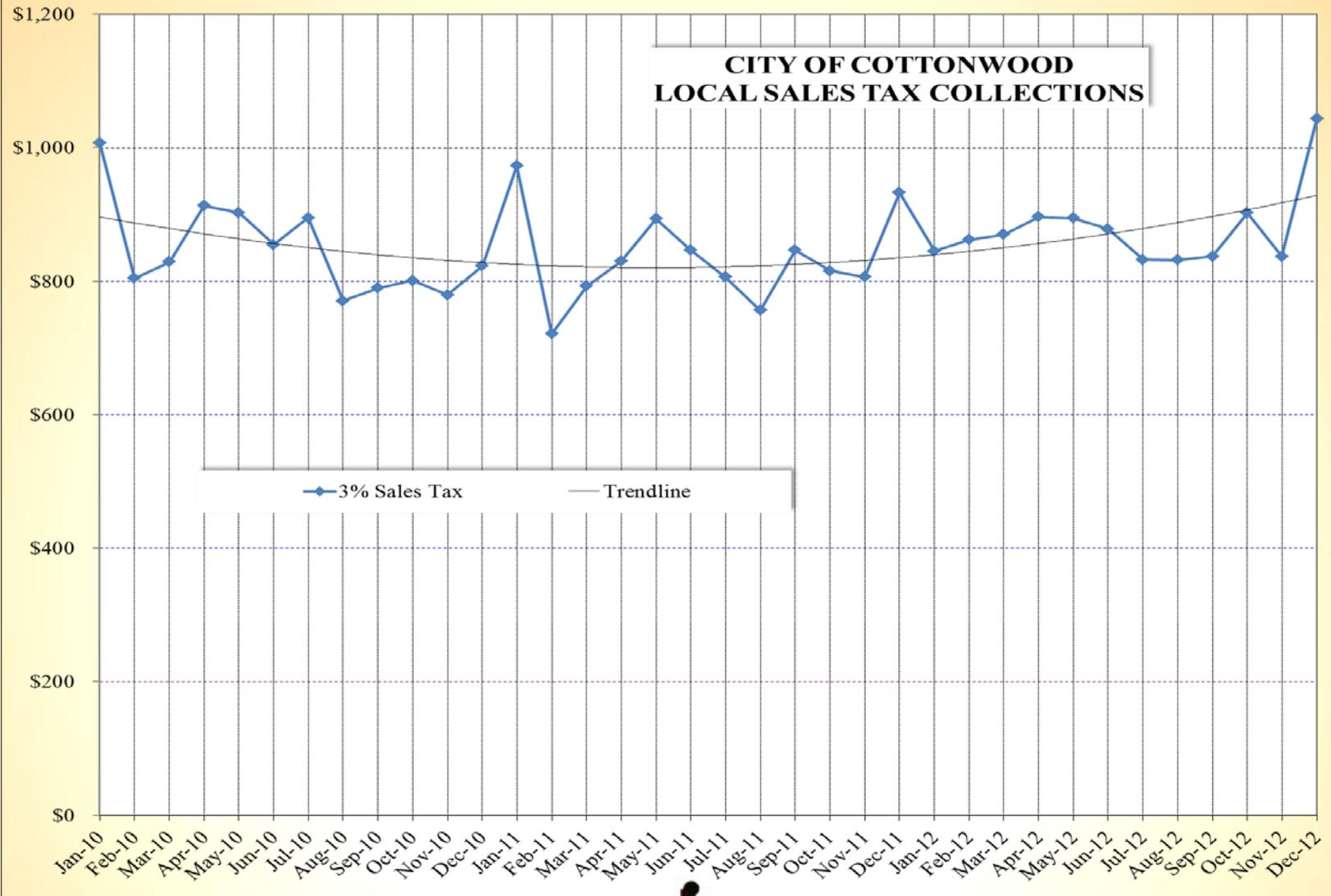
Monthly Period	Calendar Year			
	2010	2011	2012	'12 VS '11
January	\$1,007,624	\$973,002	\$844,943	-13.16%
February	804,261	720,962	861,948	19.56%
March	828,572	792,472	869,703	9.75%
April	912,812	829,766	896,389	8.03%
May	902,527	893,576	894,481	0.10%
June	854,738	846,645	878,408	3.75%
July	894,731	806,162	832,338	3.25%
August	770,462	756,158	831,993	10.03%
September	789,395	846,669	837,190	-1.12%
October	800,734	815,403	902,089	10.63%
November	779,475	806,133	837,340	3.87%
December	823,102	932,494	1,043,128	11.86%
Totals	\$10,168,435	\$10,019,442	\$10,529,950	5.10%

Numbers depicted are based on calendar year



Thousands

CITY OF COTTONWOOD LOCAL SALES TAX COLLECTIONS



State Shared Sales Tax

- FY 2013
 - Budgeted @ \$941,980
 - Revised to \$915,460
 - 2.8% decrease from estimate
- FY 2014
 - Preliminary estimated at \$973,381
 - Preliminary estimates up 6.1%
 - \$57,921 from FY 2013

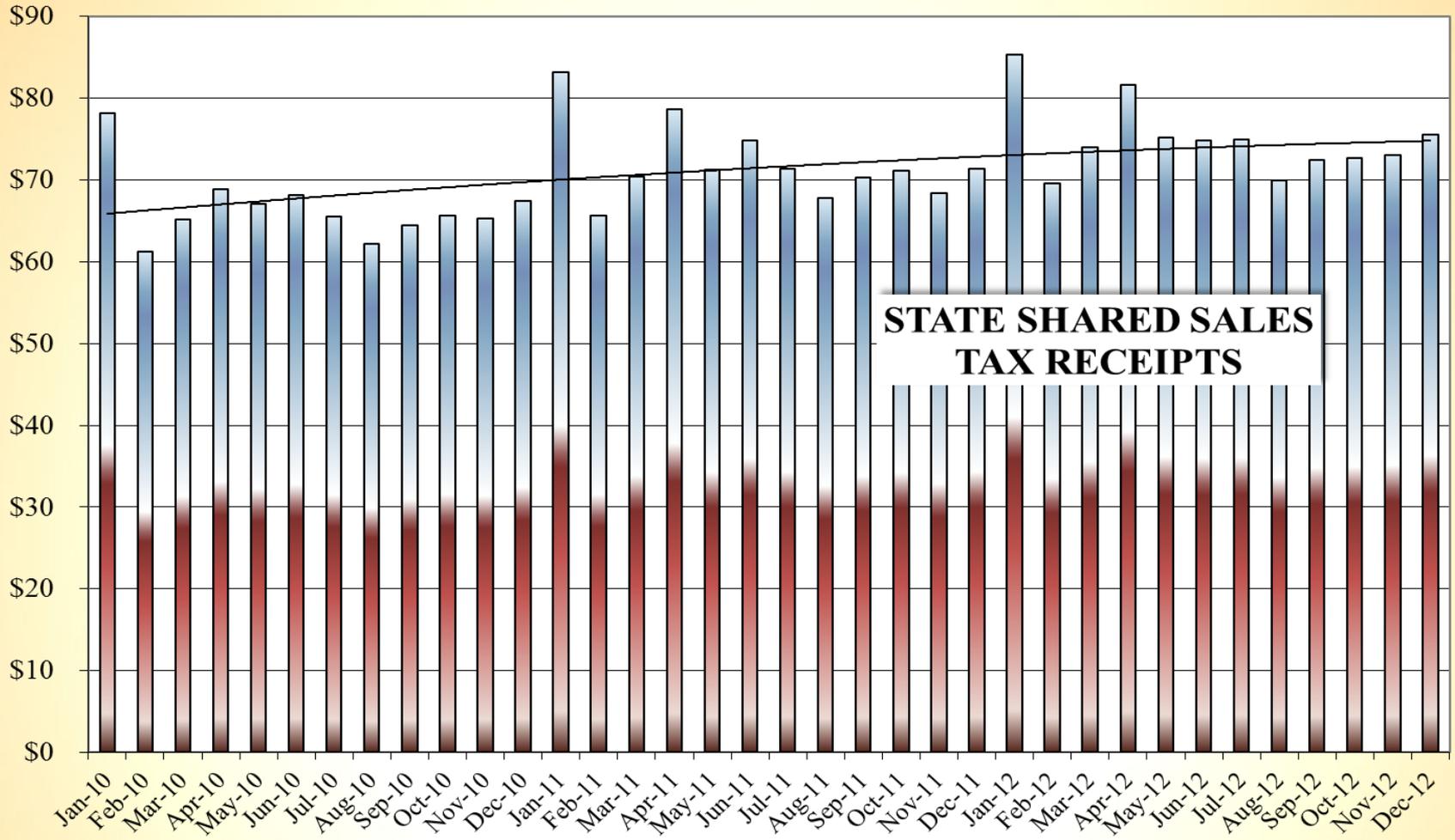


State Shared Sales Tax - 3 Year Comparison

Monthly Period.	Calendar Year			
	2010	2011	2012	'12 vs '11
January	\$78,126	\$83,146	\$85,272	2.56%
February	61,124	65,579	69,474	5.94%
March	65,076	70,304	73,892	5.10%
April	68,807	78,548	81,590	3.87%
May	67,000	71,179	75,166	5.60%
June	68,148	74,733	74,753	0.03%
July	65,490	71,347	74,927	5.02%
August	62,086	67,683	69,903	3.28%
September	64,365	70,271	72,403	3.03%
October	65,542	71,058	72,594	2.16%
November	65,272	68,373	73,042	6.83%
December	67,353	71,372	75,437	5.70%
Totals	\$798,390	\$863,594	\$898,453	4.04%

Numbers depicted are based on calendar year

Thousands



State Shared Income Tax

- FY 2013

- Budgeted @ \$1,150,590
- Original estimates prepared by the State
- On-target with budget
- Based on income taxes collected 2 years prior

- FY 2014

- Preliminary estimates at \$1,256,779
- Preliminary estimates up by 9.2%
- Up \$106,189 from FY 2013

1% Construction Sales Tax

- Effective 01/01/2006
- Change in anticipated revenues
 - FY 2006 revenues \$51,326
 - FY 2007 revenues \$189,394
 - FY 2008 revenues \$271,885
 - FY 2009 revenues \$265,410
 - FY 2010 revenues \$185,220
 - FY 2011 revenues \$132,270
 - FY 2012 revenues \$115,149
 - FY 2013 estimate \$111,060
 - FY 2014 budget \$125,000
- Dedicated to Street Improvements
- New construction drives this revenue
- Helps the HURF maintain its viability



1% Sales Tax Distribution - \$3,642,700

- Recreational Center - \$2,325,814
 - Debt Service obligation - \$1,542,275
 - Operations & Maintenance - \$783,539
- General Fund - \$1,053,510
 - 80% of remaining 1% sales tax
 - Operations & Maintenance
 - Overall sustainability
- General Government Facilities - \$263,376
 - 20% of remaining 1% sales tax
 - Future facilities
- Slow to moderate growth policy
 - Follows regular sales tax growth
- We will be looking at putting some money back into the HURF



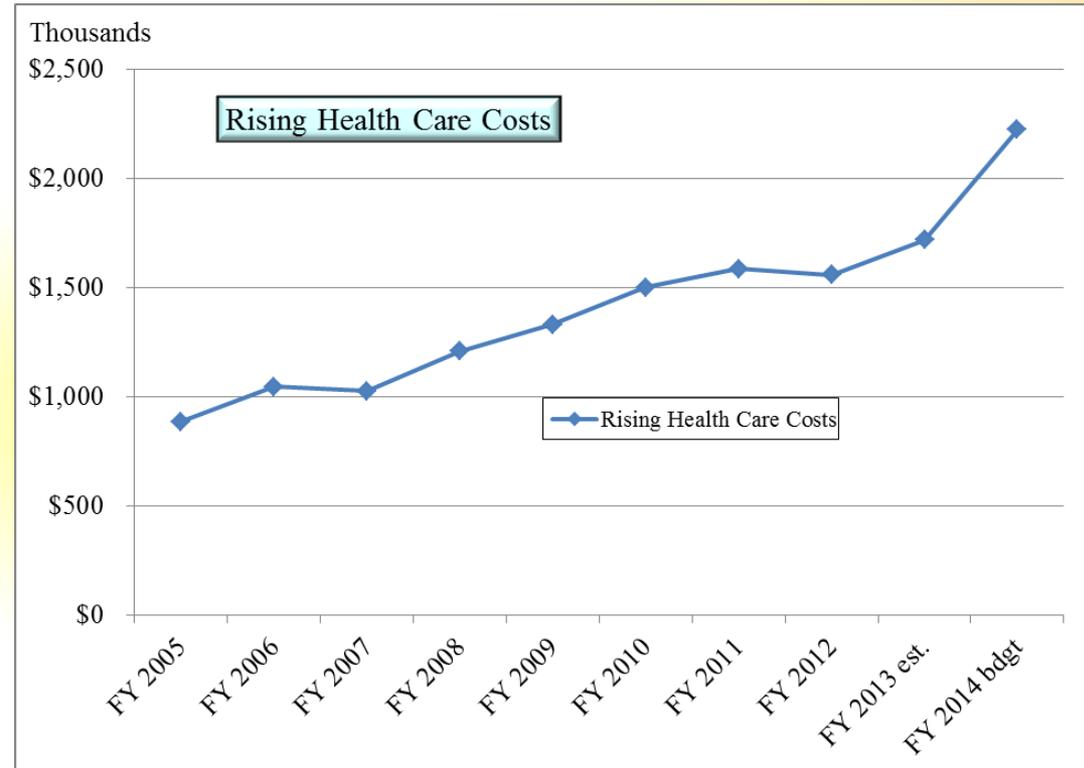
Personnel Information





Health Insurance Costs

- FY 2005 - \$ 886,217
- FY 2006 - \$1,045,021
- FY 2007 - \$1,026,330
- FY 2008 - \$1,208,437
- FY 2009 - \$1,330,027
- FY 2010 - \$1,499,796
- FY 2011 - \$1,585,791
- FY 2012 - \$1,559,341
- FY 2013 - \$1,717,618 est.
- FY 2014 - \$2,223,557 budget



- Includes a 6.5% increase for FY 2014

Workers Compensation Costs & E-Mod

• FY 2006 -	\$168,974	E-Mod - 1.16
• FY 2007 -	\$161,284	E-Mod - 0.98
• FY 2008 -	\$155,810	E-Mod - 0.94
• FY 2009 -	\$162,622	E-Mod - 0.95
• FY 2010 -	\$167,416	E-Mod - 0.94
• FY 2011 -	\$186,866	E-Mod - 0.98
• FY 2012 -	\$190,295	E-Mod - 1.01
• FY 2013 -	\$276,460	E-Mod - 1.29
• FY 2014 -	\$247,605 (Note 1)	E-Mod - 1.24

- Note 1 - This will increase with the implementation of the Compensation Study due to increased personnel costs.

Arizona State Retirement System - ASRS

• FY 2005 - \$163742	Rate 5.70%
• FY 2006 - \$273225	Rate 7.40%
• FY 2007 - \$397612	Rate 9.10%
• FY 2008 - \$451,257	Rate 9.60%
• FY 2009 - \$451,810	Rate 9.45%
• FY 2010 - \$489,863	Rate 9.40%
• FY 2011 - \$517,614	Rate 9.85%
• FY 2012 - \$524,268	Rate 10.75%
• FY 2013 - \$627,424	Rate 11.15%
• FY 2014 - \$649,384 (Note 1)	Rate 11.54%

- Note 1 - This will increase with the implementation of the Compensation Study due to increased personnel costs.



Public Safety Personnel Retirement System PSPRS - Police

• FY 2005 -	\$150,206	Rate 15.94%
• FY 2006 -	\$226,266	Rate 17.96%
• FY 2007 -	\$213,801	Rate 17.96%
• FY 2008 -	\$257,079	Rate 17.23%
• FY 2009 -	\$349,703	Rate 22.07%
• FY 2010 -	\$344,448	Rate 20.07%
• FY 2011 -	\$380,202	Rate 21.94%
• FY 2012 -	\$396,011	Rate 23.20%
• FY 2013 -	\$422,940	Rate 24.79%
• FY 2014 -	\$582,984 (Note 1)	Rate 29.88%

- Note 1 - This will increase with the implementation of the Compensation Study due to increased personnel costs.



Public Safety Personnel Retirement System PSPRS - Fire

• FY 2005 -	\$ 31,922	Rate 5.68%
• FY 2006 -	\$ 46,087	Rate 6.50%
• FY 2007 -	\$ 72,664	Rate 6.50%
• FY 2008 -	\$ 88,238	Rate 10.32%
• FY 2009 -	\$136,525	Rate 14.83%
• FY 2010 -	\$186,645	Rate 13.37%
• FY 2011 -	\$211,810	Rate 14.55%
• FY 2012 -	\$195,030	Rate 12.35%
• FY 2013 -	\$230,135	Rate 14.63%
• FY 2014 -	\$283,686 (Note 1)	Rate 16.81%

- Note 1 - This will increase with the implementation of the Compensation Study due to increased personnel costs.

Critical Areas



Budget Planning

- Another tough but stable budget year
 - Economy seems to be improving
 - Playing catch-up on some items
- Balanced budget as required by State Statute
- Avoid new or additional taxes
- Maintain our fiscal integrity
- Comply with all bond covenants
- Maintain current level of services
- Restoring fund balance & reserves



Recreation Center Update

	2010	2011	2012	2013	2014
Fees	\$294,558	\$661,833	\$651,844	\$650,000	\$600,000
Building rental	15,288	22,339	26,640	22,000	22,000
Classes / Programs	8,295	47,329	49,770	49,000	51,000
Available Revenues	\$318,141	\$731,501	\$728,254	\$721,000	\$673,000
Expenditures	\$304,798	\$1,221,098	\$1,288,905	\$1,338,950	\$1,374,430
Cost recovery	104%	60%	57%	54%	49%
GF contribution	\$13,343	(\$489,597)	(\$560,651)	(\$617,950)	(\$701,430)



Protecting Our Most Important Resource

- Protecting City Staff in order to maintain current level of services is priority
 - Merit program is budgeted
 - Cost of Living Adjustment - 1.7%
 - Still working on Longevity
- Compensation Study implemented in FY 2013
 - \$600,000 is currently budgeted to cover the full cost of implementation
- Remaining Personnel Issues
 - Increasing costs in Health Care Costs
 - Increasing Retirement Costs



General Fund Fiscal Policy

- Fund Balance Reserve - \$2,268,830
 - Reserves to 60 day coverage
 - 16.67% of operating expenditure
- Capital Accumulation Reserve - CAR - \$1,000,000
 - 2.67% of previous year's operating revenue
 - Excess over \$1M is currently being used for General Fund O&M
 - Recommend that the City keep \$1,000,000 in the CAF
 - CAF should be revisited in the future
- Public Safety Capital Reserve - \$0
 - Funded by excess 0.2% sales tax
 - Funds Lease Purchases, major equipment needs for public safety
 - Lease Purchase Holiday



Some Future Revenue



Debt Service Payoffs - 07/01/2013

- FmHA - Library Loan - \$1,800,000
 - 1st Loan \$84,800 annually
 - 2nd Loan \$73,500 annually
- GADA - Railroad Wash Improvements - \$895,000
 - \$100,700 annually
- GADA - Public Safety Building - \$2,500,000
 - \$271,700 annually
- Total available for FY 2014 - \$530,700
- \$6M Leverage
- Reserve it for Future DS payments



Sales Tax Reimbursement Commitment

- Terms
 - Reimburse \$2.75 M for infrastructure
 - 10 year term - ending November 2015
 - Which ever comes first
- Currently information
 - Paid to date \$1.5M
 - Annual reimbursement has fluctuated between \$100 & \$200K
- This is unrestricted so all that money will be available to the GF after 11/2015



FY 2014 Budget Calendar



Tentative Budget Calendar FY 2013

- Distribute Budget Worksheets & Instructions February 14, 2013
- Distribute Personnel Request & Reclassification Forms February 14, 2013
- Distribute Goals & Accomplishments Forms & Instructions February 14, 2013
- Outstanding Forms due back to Finance March 1st, 2013
- Distribute CIP Schedules, Forms, & Instructions March 1st, 2013
- Revenue Review—Finance February 25-29, 2013
- Potential Budget Issues & Goal Setting Meeting - City Mgr March 04-06 2013
- Capital Improvement Forms due back to Finance March 15, 2013
- Goals & Performance Measures due to Finance March 15, 2013
- 1st. Round Departmental Budget Meetings March 18-21, 2013



Budget Calendar FY 2013

- Capital Improvements Meeting (Finance & City Manager) March 20-21, 2013
- 2nd Round Departmental CIP/Budget Meetings March 25-26, 2013
- Review of 1st. Budget Draft with Finance & Administration April 01 2013
- ***Final day for changes to the Proposed Budget*** April 06, 2013
- Revenue Update - City Council April 9, 2013
- Review of Proposed (Pre Council) - Finance & Administration May 06-07, 2013
- Present Proposed FY 2014 Budget to City Council Mid May, 2013
- Budget Work Sessions with City Council @ Council Chambers May 2013
 - Introduction to the Budget/Personnel Matters Capital Requests May 28, 2013
 - Departmental Presentations May 29, 2013
 - Departmental Presentations / Budgetary Wrap-up May 30, 2013
 - Reserved for additional Budget Meeting June 03, 2013



Budget Calendar FY 2013

- ***Final day for changes to the Tentative Budget*** June 04, 2013
- Present Tentative FY 2014 Budget to City Council Mid June 2013
- Public Hearings on Tentative Budget June 18, 2013
- Adopt Tentative FY 2014 Budgets, set Expenditure Limitation June 18, 2013
- ***Final day for changes to the Final Budget*** June 26, 2013
- Present Final FY 2014 Budget to City Council Mid July, 2013
- Public Hearing on Final Budget July 16, 2013
- Adopt Final FY 2014 Budget July 16, 2013
- Budget Due to GFOA for Award Review October 16, 2013



Questions

