

The background is a split-image of a signpost. The left side shows a signpost with a yellow oval sign that says 'Sheep's' and a vertical sign that says 'COTTONWOOD'. The right side shows a signpost with a yellow oval sign that says 'Old Town' and a vertical sign that says 'MEMORIAL'. There are also directional arrows on the signposts, including one pointing left that says 'LEDBETTER LAW'.

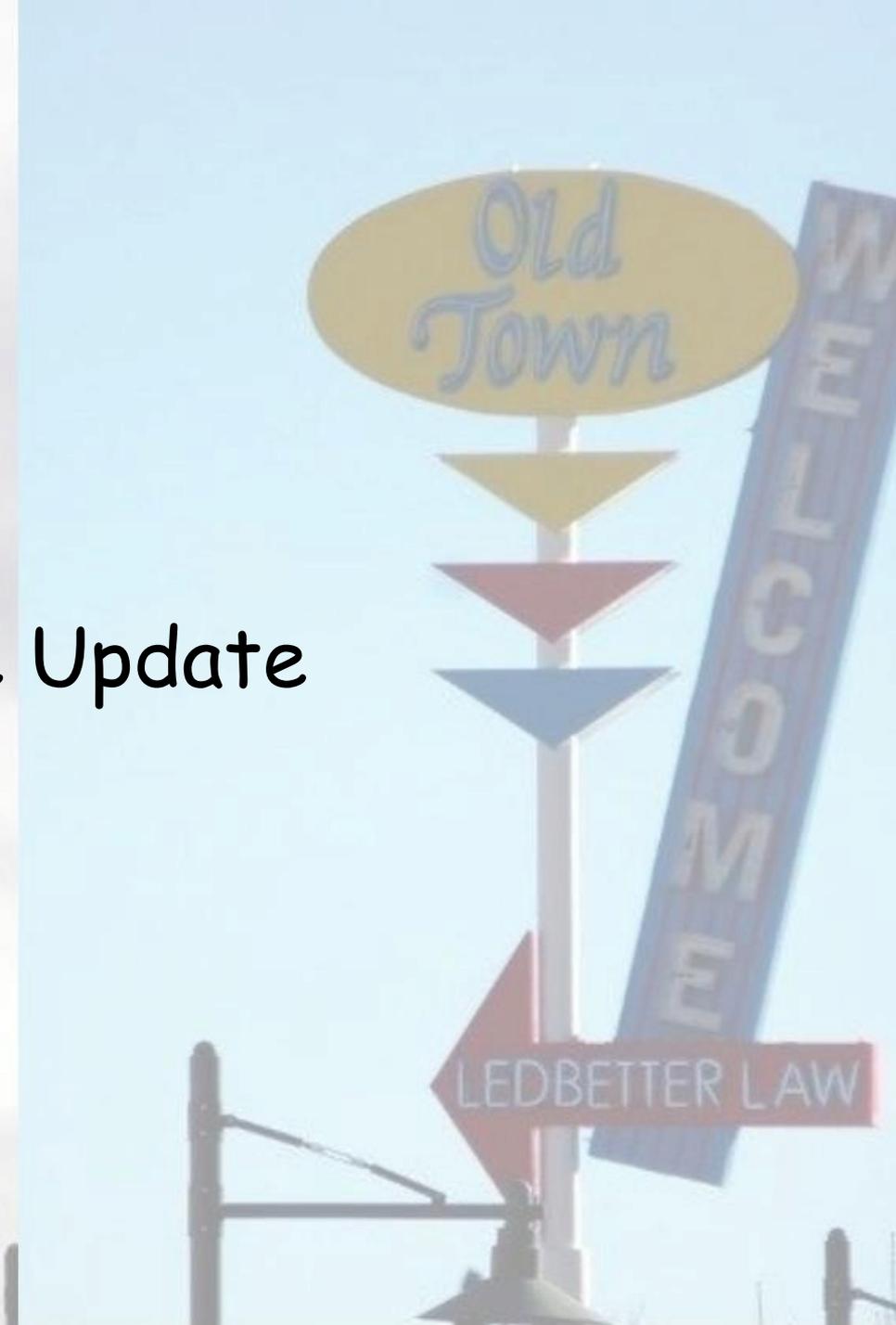
CITY OF COTTONWOOD

Fiscal Year 2016 Budget Series
Fiscal Update Work Session
February 10, 2015

Topics of Discussion

1. Revenue Update
2. Personnel Information
3. Critical Areas
4. Some Future Revenue
5. FY 2016 Budget Calendar
6. Questions





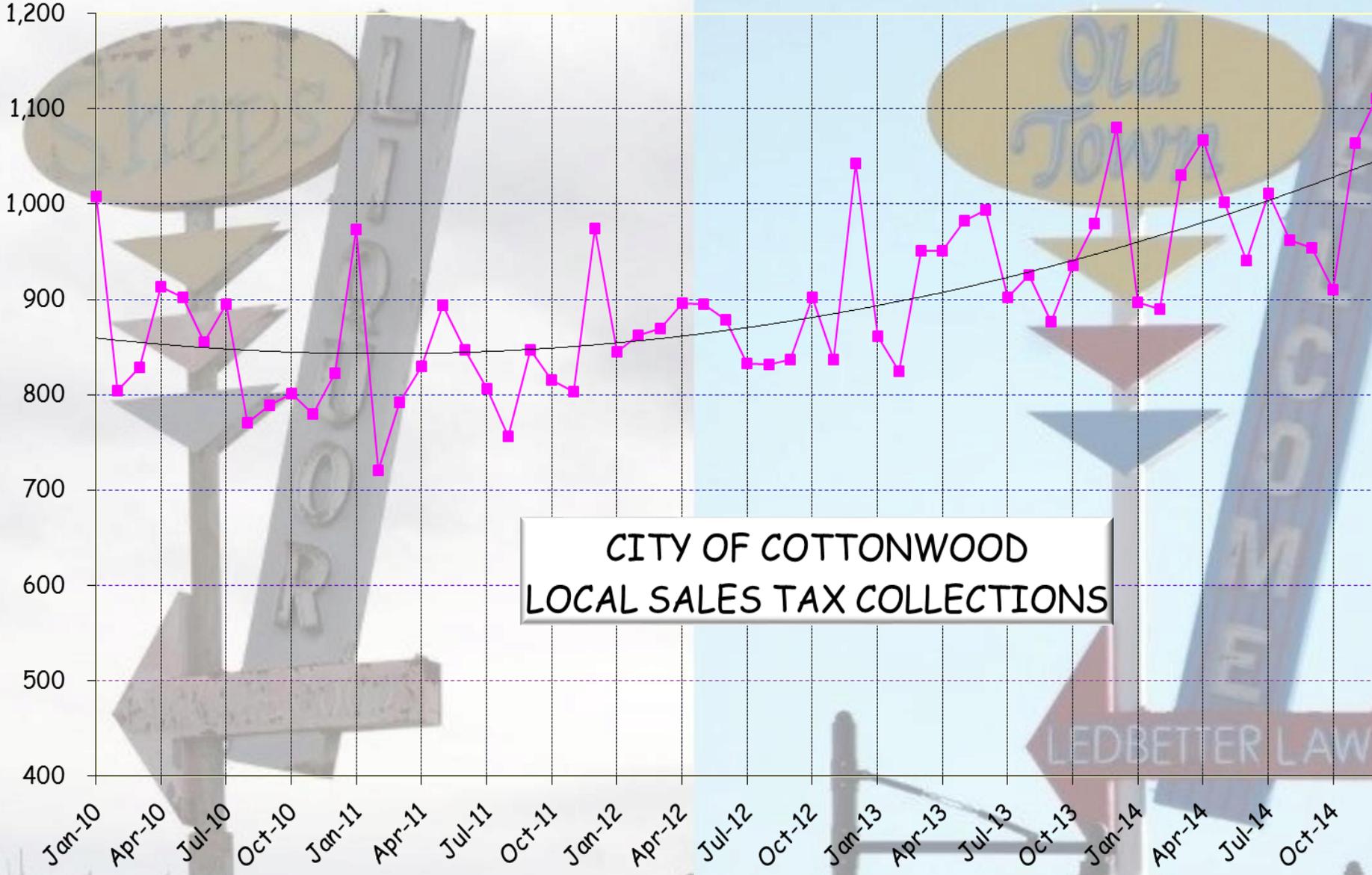
Revenue Update

Local Sales Tax - 5 Year Comparison

	2010	2011	2012	2013	2014	2014 vs 2013
January	1,007,624	973,002	844,943	861,709	897,108	4.1%
February	804,261	720,962	861,948	824,472	889,440	7.9%
March	828,572	792,472	869,703	950,700	1,030,580	8.4%
April	912,812	829,766	896,389	950,558	1,067,508	12.3%
May	902,527	893,576	894,481	982,181	1,002,215	2.0%
June	854,738	846,645	878,408	993,955	940,480	-5.4%
July	894,731	806,162	832,338	902,118	1,010,689	12.0%
August	770,462	756,158	831,993	925,936	962,616	4.0%
September	789,395	846,669	837,190	876,758	953,901	8.8%
October	800,734	815,403	902,089	935,859	909,990	-2.8%
November	779,475	802,773	837,340	979,277	1,064,350	8.7%
December ¹	823,102	974,928	1,043,128	1,080,777	1,110,498	2.7%
	10,170,443	10,060,527	10,531,962	11,266,313	11,841,389	5.1%

1 - 2014 number is an estimate

Thousands



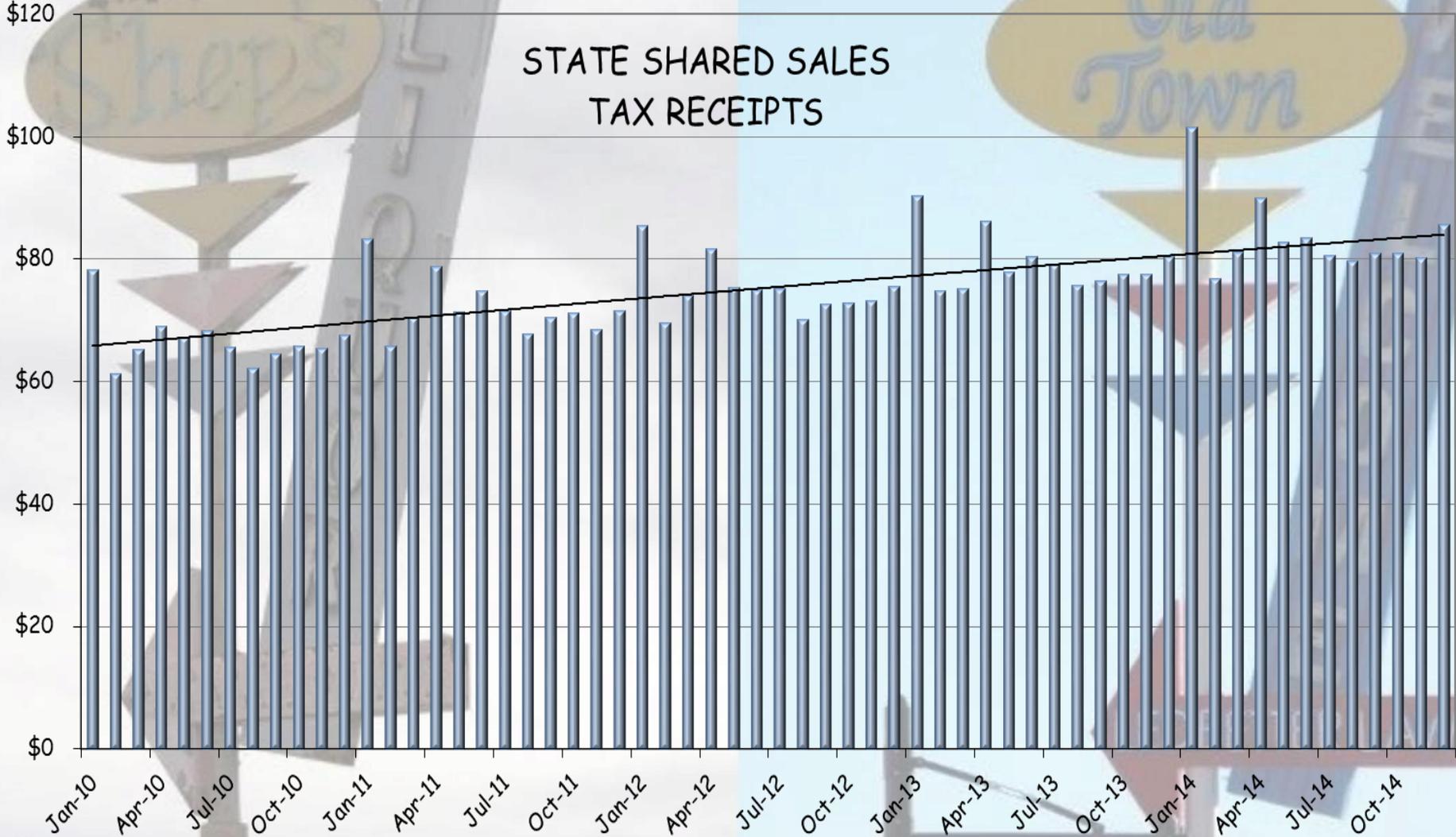
CITY OF COTTONWOOD
LOCAL SALES TAX COLLECTIONS

State Shared Sales Tax - 5 Year Comparison

	2010	2011	2012	2013	2014	2014 vs 2013
January	78,126	83,146	85,272	90,164	101,466	12.5%
February	61,124	65,579	69,474	74,616	76,669	2.8%
March	65,076	70,304	73,892	74,975	81,052	8.1%
April	68,807	78,548	81,590	86,010	89,870	4.5%
May	67,000	71,179	75,166	77,712	82,615	6.3%
June	68,148	74,733	74,753	80,278	83,254	3.7%
July	65,490	71,347	74,927	78,926	80,490	2.0%
August	62,086	67,683	69,903	75,616	79,552	5.2%
September	64,365	70,271	72,403	76,206	80,698	5.9%
October	65,542	71,058	72,594	77,314	80,728	4.4%
November	65,272	68,373	73,042	77,348	80,131	3.6%
December 1	67,353	71,372	75,437	80,201	85,569	6.7%
	800,399	865,604	900,465	951,379	1,004,108	5.5%

Thousands

STATE SHARED SALES TAX RECEIPTS

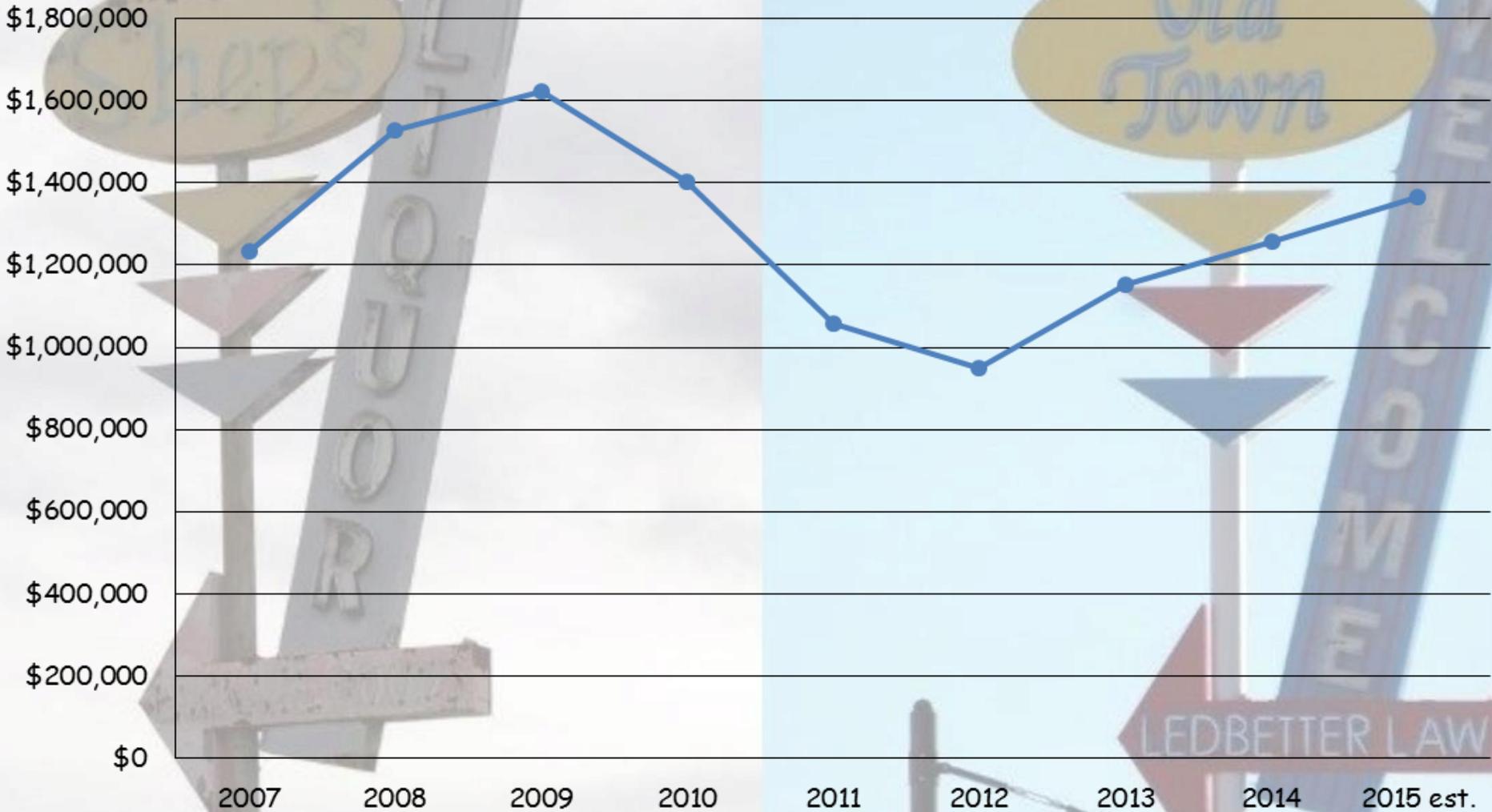


State Shared Income Tax

FY 2007 revenues	\$1,232,997
FY 2008 revenues	\$1,528,328
FY 2009 revenues	\$1,623,403
FY 2010 revenues	\$1,402,140
FY 2011 revenues	\$1,057,034
FY 2012 revenues	\$950,774
FY 2013 revenues	\$1,150,696
FY 2014 revenues	\$1,255,627
FY 2015 budget	\$1,363,620

- State provides the number
- Distributed from collections from 2 years prior

State Shared Income Tax



1% Construction Sales Tax

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 revenues	\$143,867
FY 2014 revenues	\$274,813
FY 2015 budget	\$221,910

- Dedicated to Street Improvements
- New construction drives this revenue
- Helps the HURF maintain its viability

Thousands





Personnel Information

Raising Health Care Costs

Fiscal Year	Amount
2007	\$1,026,330
2008	\$1,208,437
2009	\$1,330,027
2010	\$1,499,796
2011	\$1,585,791
2012	\$1,559,341
2013	\$1,728,907
2014	\$1,982,921
2015 est.	\$2,156,253
2016 proj	\$2,307,191

Millions

\$2.5

\$2.0

\$1.5

\$1.0

\$0.5

\$0.0

2007

2008

2009

2010

2011

2012

2013

2014

2015 est.

2016 proj



Rising Health Care Costs

Workers Compensation Costs & E-Mod

- FY 2007 - \$161,284
- FY 2008 - \$155,810
- FY 2009 - \$162,622
- FY 2010 - \$167,416
- FY 2011 - \$186,866
- FY 2012 - \$190,295
- FY 2013 - \$282,332
- FY 2014 - \$347,042
- FY 2015 - \$277,000
- FY 2016 - \$

E-Mod - 0.98

E-Mod - 0.94

E-Mod - 0.95

E-Mod - 0.94

E-Mod - 0.98

E-Mod - 1.01

E-Mod - 1.29

E-Mod - 1.24

E-Mod - 1.12

E-Mod - ?

Arizona State Retirement System - ASRS

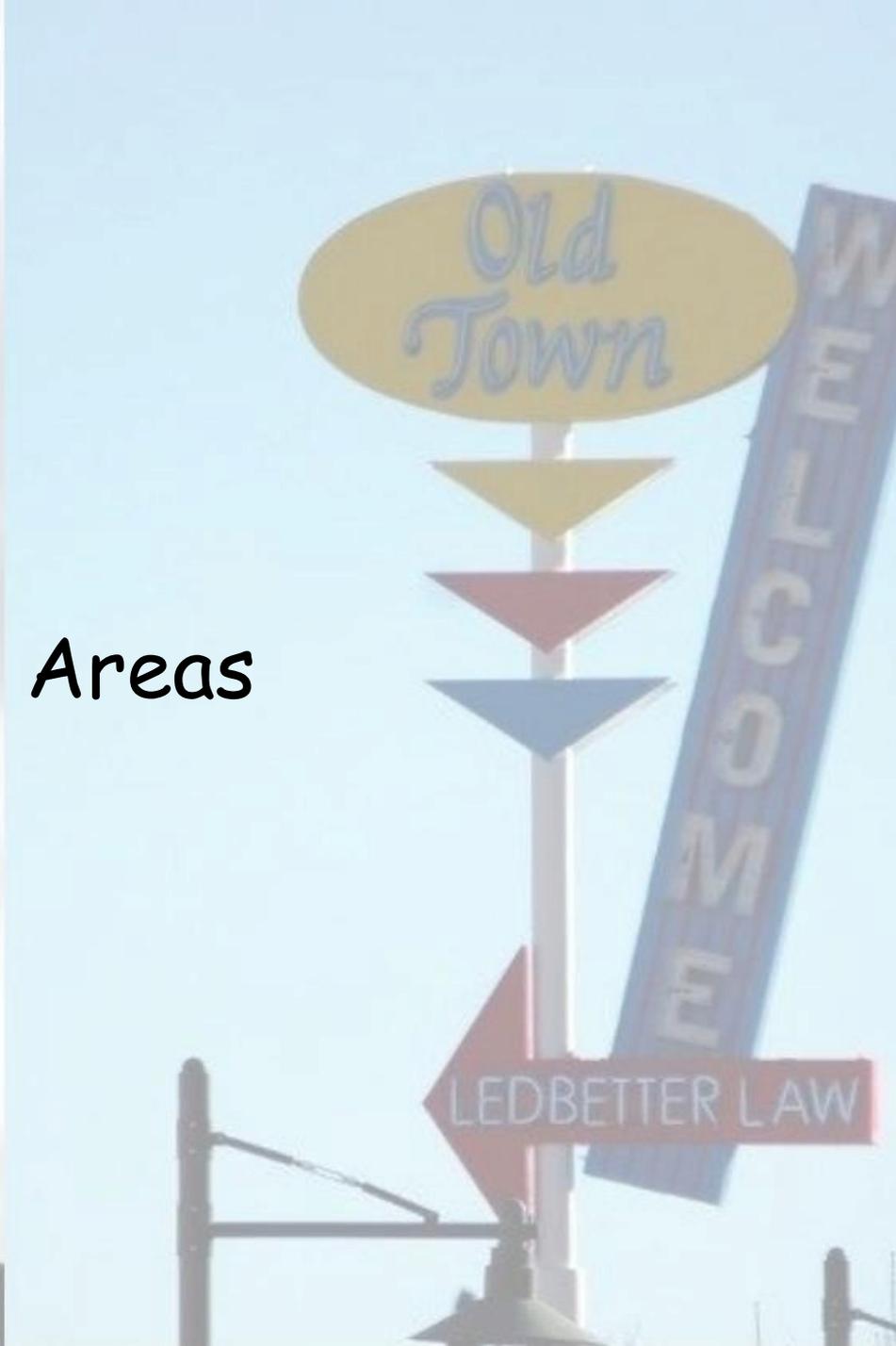
• FY 2007	\$397,612	Rate 9.10%
• FY 2008	\$451,257	Rate 9.60%
• FY 2009	\$451,810	Rate 9.45%
• FY 2010	\$489,863	Rate 9.40%
• FY 2011	\$517,614	Rate 9.85%
• FY 2012	\$524,268	Rate 10.75%
• FY 2013	\$627,424	Rate 11.15%
• FY 2014	\$732,115	Rate 11.54%
• FY 2015 budget	\$849,179	Rate 11.60%
• FY 2016 projected	\$830,000	Rate 11.47%

Public Safety Personnel Retirement System PSPRS - Police

• 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	\$548,717	Rate 29.88%
• FY 2015 budget	\$633,892	Rate 29.83%
• FY 2016 projected	\$684,500	Rate 37.37%

Public Safety Personnel Retirement System PSPRS - Fire

• 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	\$262,171	Rate 16.81%
• FY 2015 budget	\$288,192	Rate 16.20%
• FY 2016 projected	\$294,676	Rate 18.38%



Critical Areas

Budget Planning

- Another tough but stable budget year
 - Economy seems to be improving but has not fully recovered
 - Playing catch-up on some items (both revenues & expenses)
- Balanced budget as required by State Statute
- Maintain our fiscal integrity
- Comply with all bond covenants
- Maintain current level of services
- Begin restoring fund balances & reserves according to policy
- Looking at:
 - Property Tax Potential
 - Use Tax
 - Recreation Center Fee
 - Utility Rate Adjustments
 - Other potential opportunities

General Fund Reserves - FY 2015

- Fund Balance Reserve - \$2,539,900
 - Reserves to 60 day coverage
 - 16.67% of previous year's operating expenditures
- 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
 - Currently being used to pay off PS Lease Purchase debt
- Council Undesignated Reserves - \$100,000



Future Revenue Availability

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
- Currently reserved for future DS payments

Sales Tax Reimbursement Commitment

- Terms
 - Reimburse \$2.75 M for infrastructure
 - 10 year term - ending November 2015
 - Whichever comes first
- Current information
 - Paid to date \$2.05M
 - Annual reimbursement had fluctuated between \$100 & \$200K
 - In FY 2014 we reimbursed over \$306 due to the improving economy
- This is unrestricted so all that money will be available to the GF after 11/2015



FY 2016 Budget Calendar

Tentative Budget Calendar FY 2016

- Revenue Review—Finance February 3
- Fiscal Update - City Council [work session] February 10
- Distribute Budget Worksheets & Instructions February 13
- Distribute Personnel Request & Reclassification Forms February 13
- Distribute Goals & Accomplishments Forms & Instructions February 13
- Distribute Capital Schedules, Forms, & Instructions February 20
- Budget Worksheets, Personnel & Re-classes due back February 27
- Potential Budget Issues & Goal Setting Mtg. - City Manager March 2 - 4
- 1st Round Dept. Budget Meetings March 2 - 5
- 1st Round Dept. Budget Meetings (Con't.) March 9 - 12

Tentative Budget Calendar FY 2016

- Capital Improvement Forms due back to Finance
- Goals & Performance Measures due to Finance
- Capital Improvements Meeting (Finance & City Manager)
- Review of 1st. Budget Draft
- 2nd Round Departmental CIP/Budget Meetings
- Final day for changes to the Proposed Budget
- Present Proposed FY 2016 Budget to City Council
- Budget Work Sessions with City Council @ Council Chambers
 - Introduction to the Budget
 - Departmental Presentations
 - Departmental Presentations / Budgetary Wrap-up
 - Budget Wrap-up

March 6

March 6

March 16-17

March 25

April 6-April 9

April 10

April 21

April 28

April 30

May 7

May 12

Tentative Budget Calendar FY 2016

- Final day for changes to the Tentative Budget May 12
- Tentative FY 2016 Budget to City Council June 2
- Public Hearings on Tentative Budget June 2
- Adopt Tentative FY 2016 Budget, set Expenditure Limitation June 2
- Final day for changes to the Final Budget June 2
- Present Final FY 2016 Budget to City Council June 16
- Public Hearing on Final Budget June 16
- Adopt Final FY 2016 Budget June 16
- Budget Due to GFOA for Award Review September 14

Questions

