Town of Chino Valley

MEETING NOTICE
TOWN COUNCIL

STUDY SESSION	**Council Chambers**
Thursday, May 17, 2012	**202 N. State Route 89**
6:00 P.M.	**Chino Valley, Arizona**

AGENDA

1) **CALL TO ORDER; ROLL CALL**

2) Presentation and discussion regarding the fiscal year 2012/2013 Tentative Budget.

3) **ADJOURNMENT**

Dated this 15th day of May, 2012.

By: ***Jami C. Lewis, Town Clerk***

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 636-1787 (TDD) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting. Supporting documentation and staff reports furnished to the Council with this agenda are available for review on the Town website at http://www.chinoaz.net/clerk/townagenda.shtml, and in the Public Library and Town Clerk's Office.

CERTIFICATION OF POSTING

The undersigned hereby certifies that a copy of this notice was duly posted at Chino Valley Town Hall, Chino Valley Post Office, and Chino Valley Aquatic Center in accordance with the statement filed by the Town Council with the Town Clerk.

Date:____________________ Time:_________________ By:____________________________________
Jami C. Lewis

Pat Walker
Consulting LLC

Memo

To: Mayor and City Council

From: Pat Walker

CC: Robert Smith, Interim Town Manager

Date: 5/18/2012

Re: Information requested by Finance Committee

On May 8, 2012, a presentation of the General Fund six fiscal year forecast, 2012-2017, was made to the Finance Committee. At this meeting, it was requested that the General Fund forecast chart be revised so that the reader would be able to easily understand the various numbers presented. Attached is a copy of the revised General Fund forecast that I will be discussing in detail at tonight's Council meeting.

In addition to the revisions of the chart, the Committee asked for the total sales tax rates and primary property tax rates of surrounding communities. This chart has also been attached and will be discussed at the Council meeting.

TOWN OF CHINO VALLEY
GENERAL FUND ANALYSIS- May 17, 2012

	2011-12 Yr End	2012-13 Proposed	2013-14 Proposed	2014-15 Proposed	2015-16 Proposed	2016-17 Proposed
REVENUES						
On-going Revenues (1)	5,687,292	5,759,607	5,796,764	5,854,729	5,913,373	5,972,603
Transfers In:						
Capital Improvement Fund-05	516,978	418,652	418,652	321,927	87,296	104,275
Police Spec. Revenue Fund - 16	11,500	11,500	12,000	12,000	12,000	12,000
Proposed changes:						
One Time SBA Tower Lease Payment (2)		305,400				
TOTAL REVENUES	**$ 6,215,770**	**$ 6,495,159**	**$ 6,227,416**	**$ 6,188,656**	**$ 6,012,669**	**$ 6,088,878**
EXPENDITURES						
Departmental Expenditures	6,036,656	6,518,693	6,768,457	7,039,011	7,572,697	7,978,153
Contingencies/Reserves (3)		323,047	329,508	336,098	342,820	349,676
Changes:						
Personnel Cost Changes (4)		(129,324)				
Market Study (5)		169,968				
Reinstate 40 hr. pay week (50% FY14,50%FY15)			133,514	136,184		
Proposed Town Needs:				**250,000**	**250,000**	**250,000**
Road Maintenance						
Capital Asset Replacement						
Capital Projects Required						
Grant Matches						
Maintain exisitng service levels						
Total Expenditures	**$ 6,036,656**	**$ 6,882,384**	**$ 7,231,479**	**$ 7,761,293**	**$ 8,165,517**	**$ 8,577,829**
Revenues (under) over Expenditures	**$ 179,114**	**$ (387,225)**	**$ (1,004,063)**	**$ (1,572,638)**	**$ (2,152,848)**	**$ (2,488,952)**
Beginning Fund Balance	$ 1,508,043	$ 1,687,157	$ 1,299,932	$ 295,869	$ (1,276,768)	$ (3,429,617)
REMAINING FUND BALANCE	**1,687,157**	**$ 1,299,932**	**$ 295,869**	**$ (1,276,768)**	**$ (3,429,617)**	**$ (5,918,568)**

NOTES:

(1) FY13 NEW PROPOSED includes $6250 inc in fee category, $73,330 for 95% to 100% for state shared revenues, $30 interest increase, and SBA Tower ($330,000-$24,600 included in budget =$305,400)
(2) Beginning in 2014, $305,400 is not included in revenues as this was a one time payment in FY13.
(3) Recommend combining the contingency/reserve from two separate items to one at least 5% of expenditures. Incremental portion needed plus 2% increase.
(4) Vacant Commander position in police, reduction in library hours
(5) Used actual market study costs.
(6) Future year revenues were forecast at 1% increase per year, expenditures were forecast at 2% increase per year

Tax Rate Comparison with Neighboring Cities and Towns

	Sales Tax	County & State Rate	Total Retail Rate	Construction (if different than retail rate)	Reastaurant & Bar (additional)	Transient Lodging (additional)	Primary Property Tax per $100	Secondary Property Tax per $100	Total Property Tax Rate
Chino Valley	3.00%	7.35%	10.35%			3.00%			$0.0000
Camp Verde	2.00%	7.35%	9.35%	3.00%		3.00%			$0.0000
Clarkdale	3.00%	7.35%	10.35%	4.00%		2.00%	$1.0950		$1.0950
Cottonwood	3.00%	7.35%	10.35%	4.00%		3.00%			$0.0000
Dewey-Humboldt	2.00%	7.35%	9.35%			2.00%			$0.0000
Jerome	3.50%	7.35%	10.85%	3.00%			$0.6949		$0.6949
Prescott	2.00%	7.35%	9.35%			3.00%	$0.1978	$0.2455	$0.4433
Prescott Valley	2.33%	7.35%	9.68%			2.33%			$0.0000
Sedona	3.00%	7.35%	10.35%			3.00%			$0.0000
Wickenburg	2.20%	7.30%	9.50%		2.20%	2.00%	$0.0142		$0.0142

2012-13
Tentative Budget

May 17, 2012

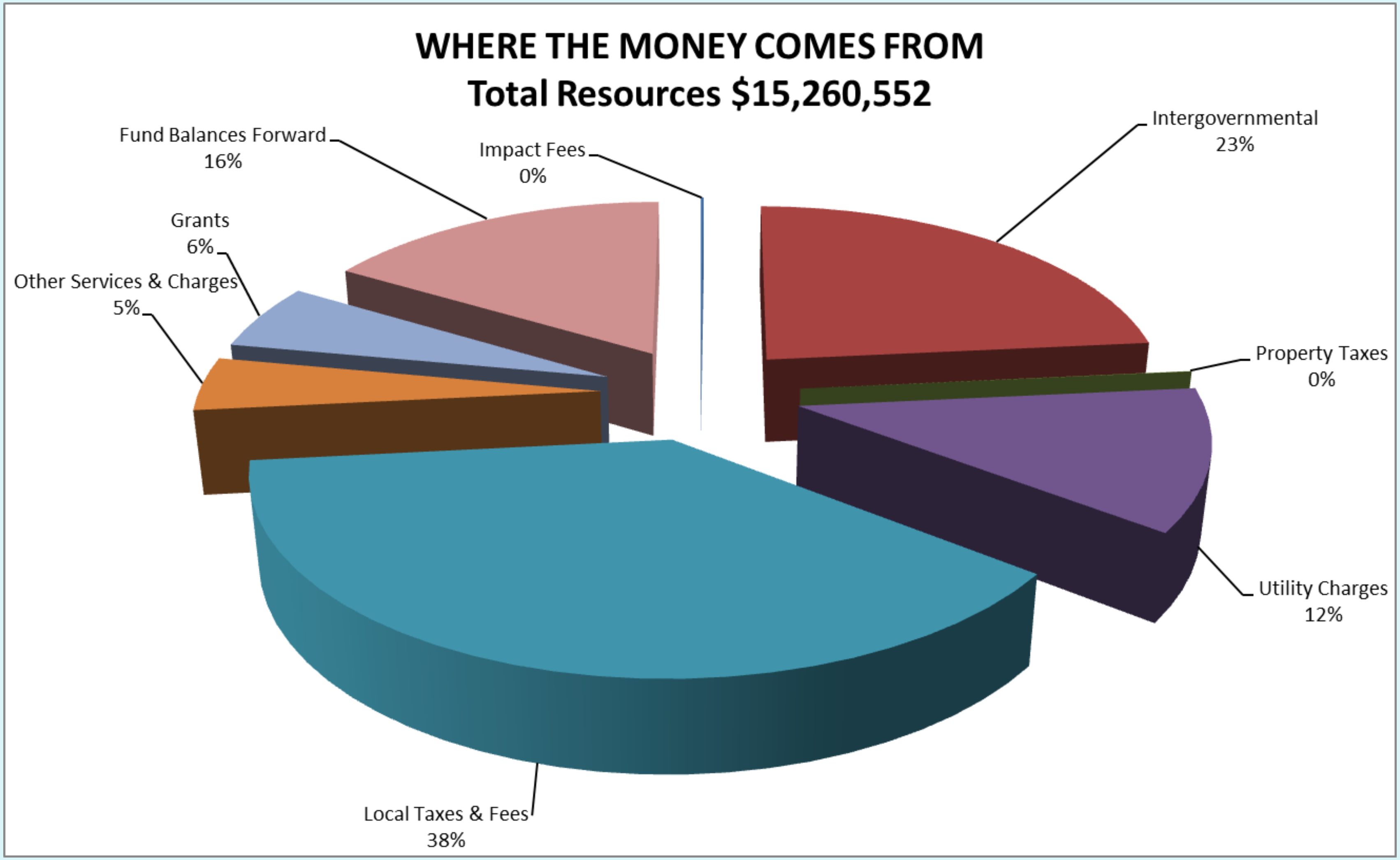
Pat Walker, Principal Owner
Pat Walker Consulting LLC
Gayle Whittle, CPA

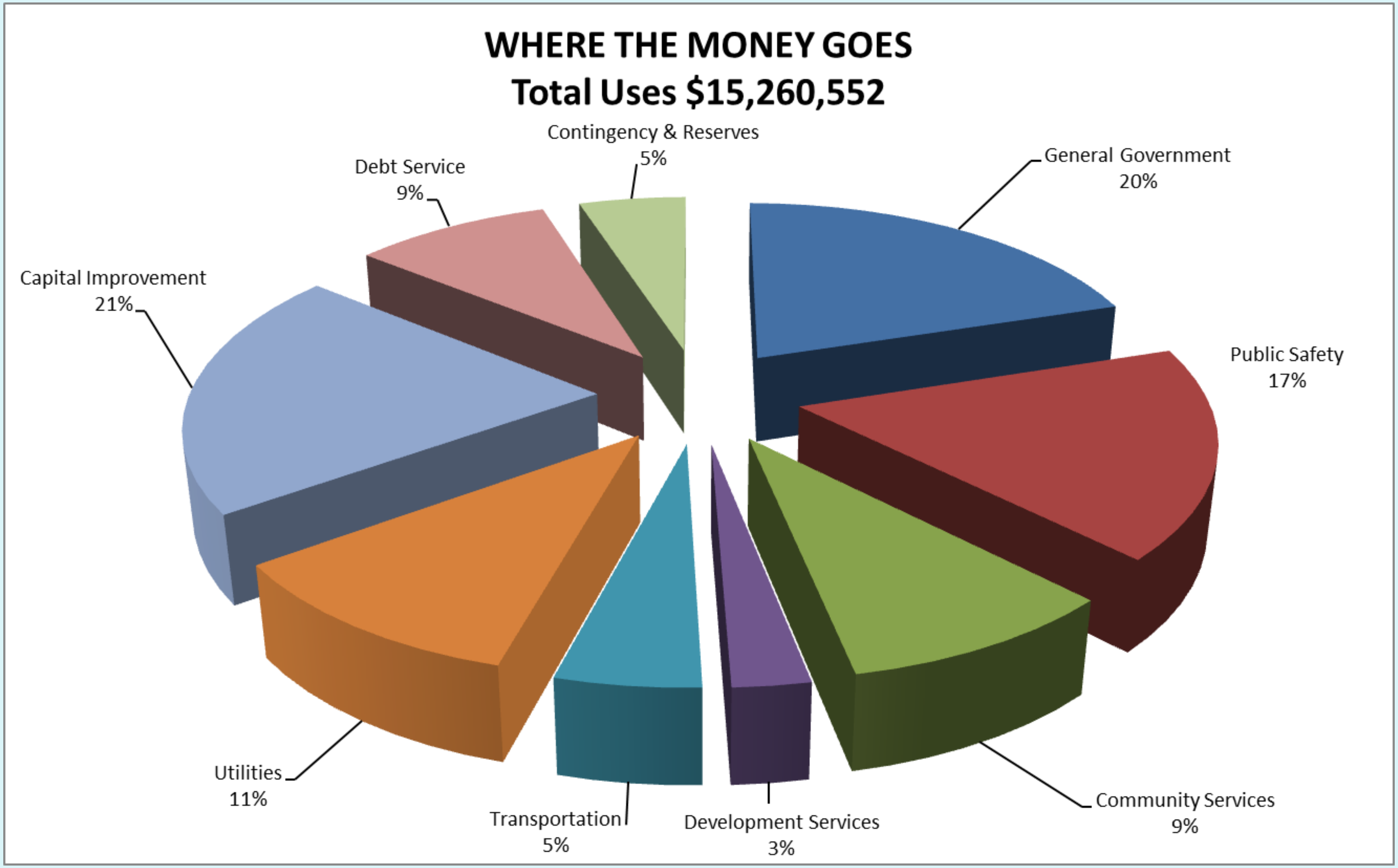
Agenda

- Background
- 2012-13 Proposed Budget
- General Fund
- Special Revenue Funds
- Enterprise Funds
- Next Steps
- Questions

RESOURCES				
	2011-12 Adopted Budget	2011-12 Estimated Revenues	2012-13 Adopted Budget	% Change Adopted to Adopted
Revenues	$11,282,548	$9,495,135	$11,889,993	5.38%
Fund Balances	3,139,667	1,130,541	2,510,924	-20.03%
Grants	751,935	229,572	859,635	14.32%
Total Resources	**$15,174,150**	**$10,855,248**	**$15,260,552**	0.57%

APPROPRIATIONS				
	2011-12 Adopted Budget	2011-12 Estimated Revenues	2012-13 Adopted Budget	% Change Adopted to Adopted
General Government	$ 2,924,754	$ 2,356,066	$ 3,067,137	4.87%
Public Safety	2,577,482	2,516,641	2,660,181	3.21%
Community Services	1,213,168	1,064,181	1,424,815	17.45%
Development Services	440,389	335,149	392,098	-10.97%
Transportation	684,289	512,955	729,000	6.53%
Utilities	2,504,228	1,864,612	1,658,300	-33.78%
Capital Improvement	2,947,502	421,730	3,162,476	7.29%
Debt Service	1,186,156	1,187,732	1,404,051	18.37%
Contingency & Reserves	696,182	596,182	762,494	9.53%
Total Uses	**$ 15,174,150**	**$ 10,855,248**	**$ 15,260,552**	0.57%


WHERE THE MONEY COMES FROM
Total Resources $15,260,552
Fund Balances Forward
16%
Impact Fees
0%
Intergovernmental
23%
Grants
6%
Other Services & Charges
5%
Property Taxes
0%
Utility Charges
12%
Local Taxes & Fees
38%



WHERE THE MONEY GOES
Total Uses $15,260,552
Contingency & Reserves
5%
General Government
20%
Debt Service
9%
Capital Improvement
21%
Public Safety
17%
Utilities
11%
Transportation
5%
Development Services
3%
Community Services
9%

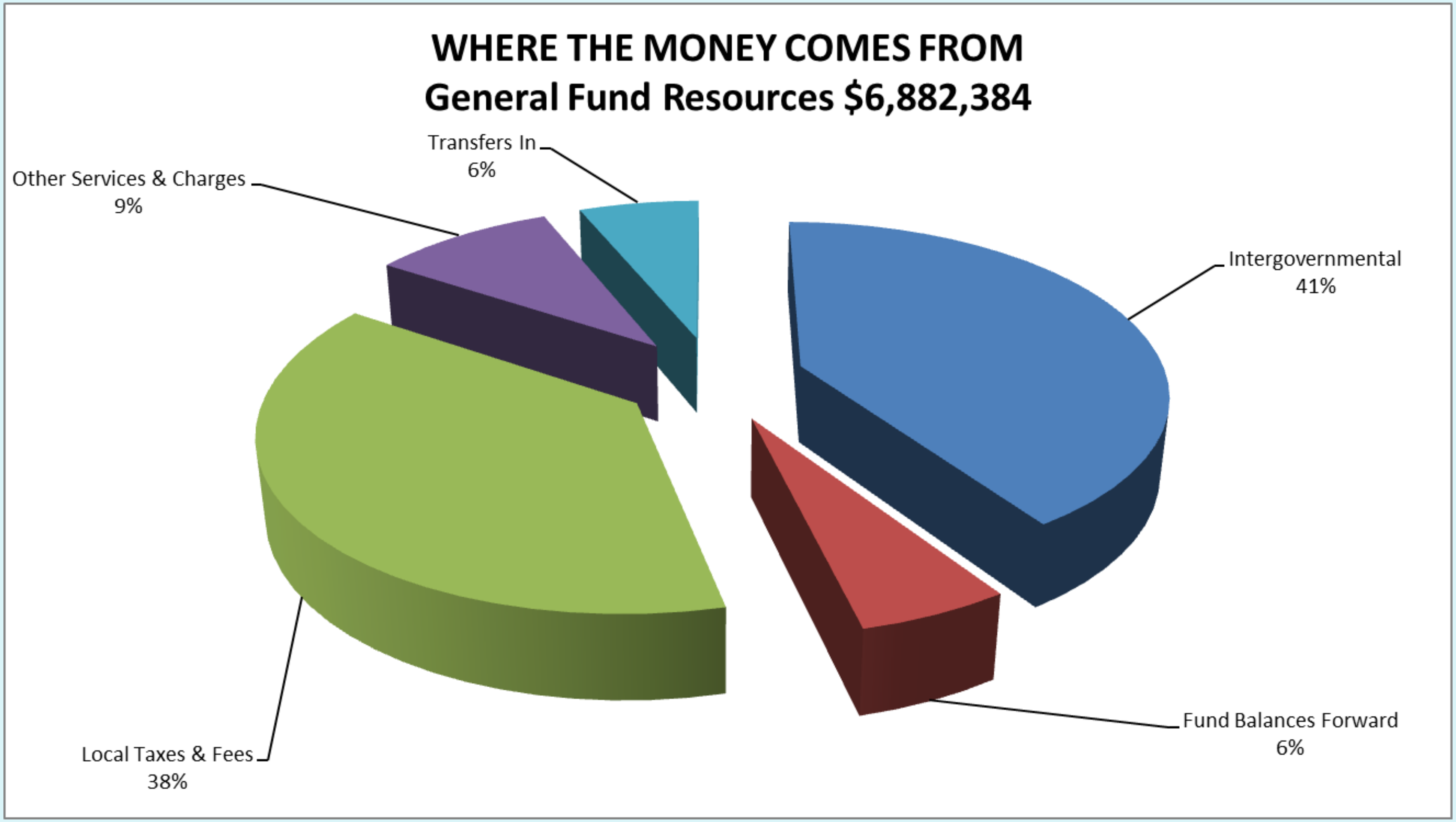
General Fund

RESOURCES

	2011-12 Adopted Budget	2011-12 Estimated Revenues	2012-13 Adopted Budget	% Change Adopted to Adopted
Revenues	$ 5,345,312	$ 5,687,292	$ 6,065,007	13.46%
Transfers In	572,878	528,478	430,152	-24.91%
Fund Balances	1,069,903	279,447	387,225	-63.81%
Total Resources	**$6,988,093**	**$6,495,217**	**$6,882,384**	-1.51%

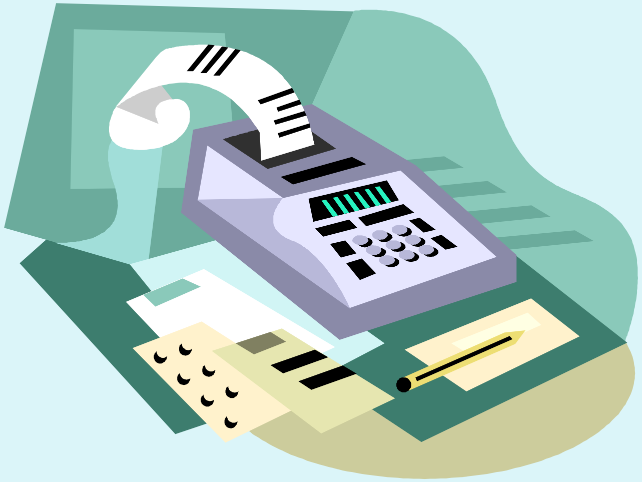
APPROPRIATIONS

	2011-12 Adopted Budget	2011-12 Estimated Revenues	2012-13 Adopted Budget	% Change Adopted to Adopted
General Government	$ 2,416,100	$ 2,247,207	$ 2,650,492	9.70%
Transfers Out	66,194	69,917	57,666	-12.88%
Development Services	390,389	335,149	342,098	-12.37%
Contingency & Reserves	247,536	76,951	323,047	30.51%
Public Safety	2,341,982	2,281,141	2,362,278	0.87%
Community Services	1,019,208	1,026,291	1,146,803	12.52%
Total Uses	**$ 6,481,409**	**$ 6,036,656**	**$ 6,882,384**	6.19%


WHERE THE MONEY COMES FROM
General Fund Resources $6,882,384
Transfers In
6%
Other Services & Charges
9%
Intergovernmental
41%
Fund Balances Forward
6%
Local Taxes & Fees
38%

2012-13 Proposed Budget

- Major Revenue Categories:
  - Local Sales Tax
  - State Shared Revenues
  - SBA Tower
  - Transfer from 1% Sales Tax
  - Fund Balance

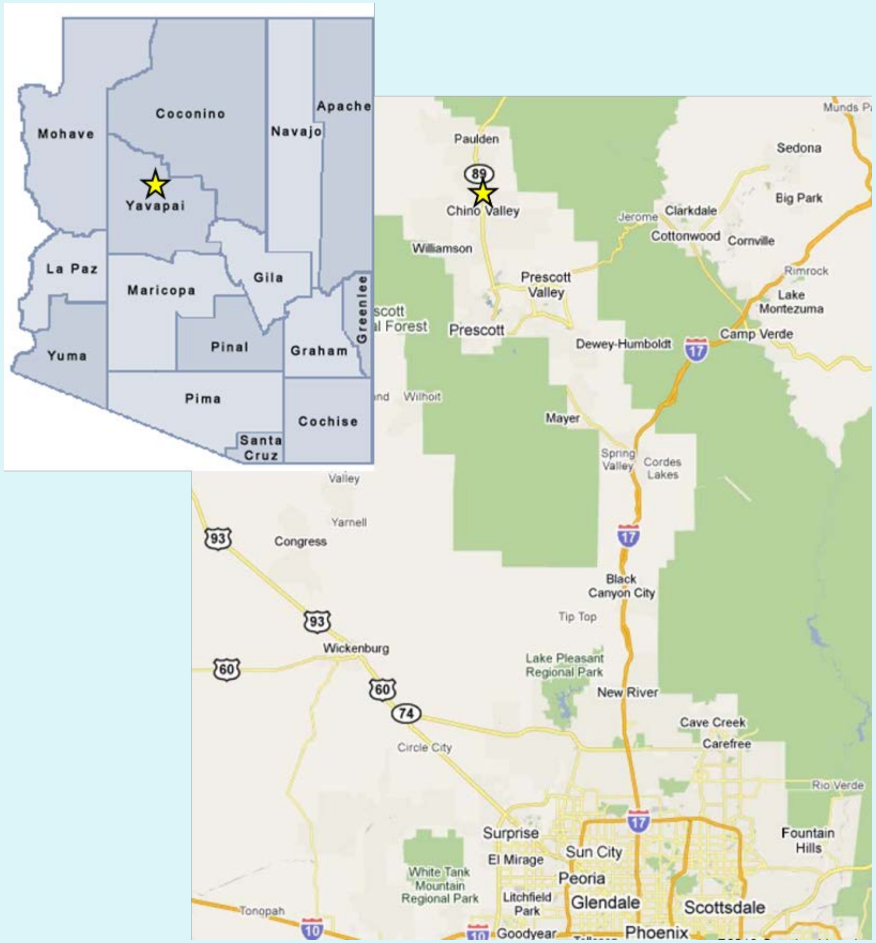


Local Sales Taxes

- $2.3 million projected
- Slight increase from prior year
- Major Tax Categories:
  - Retail
  - Restaurant/Bar
  - Hotel/Motel
  - Utility

State Shared Revenues

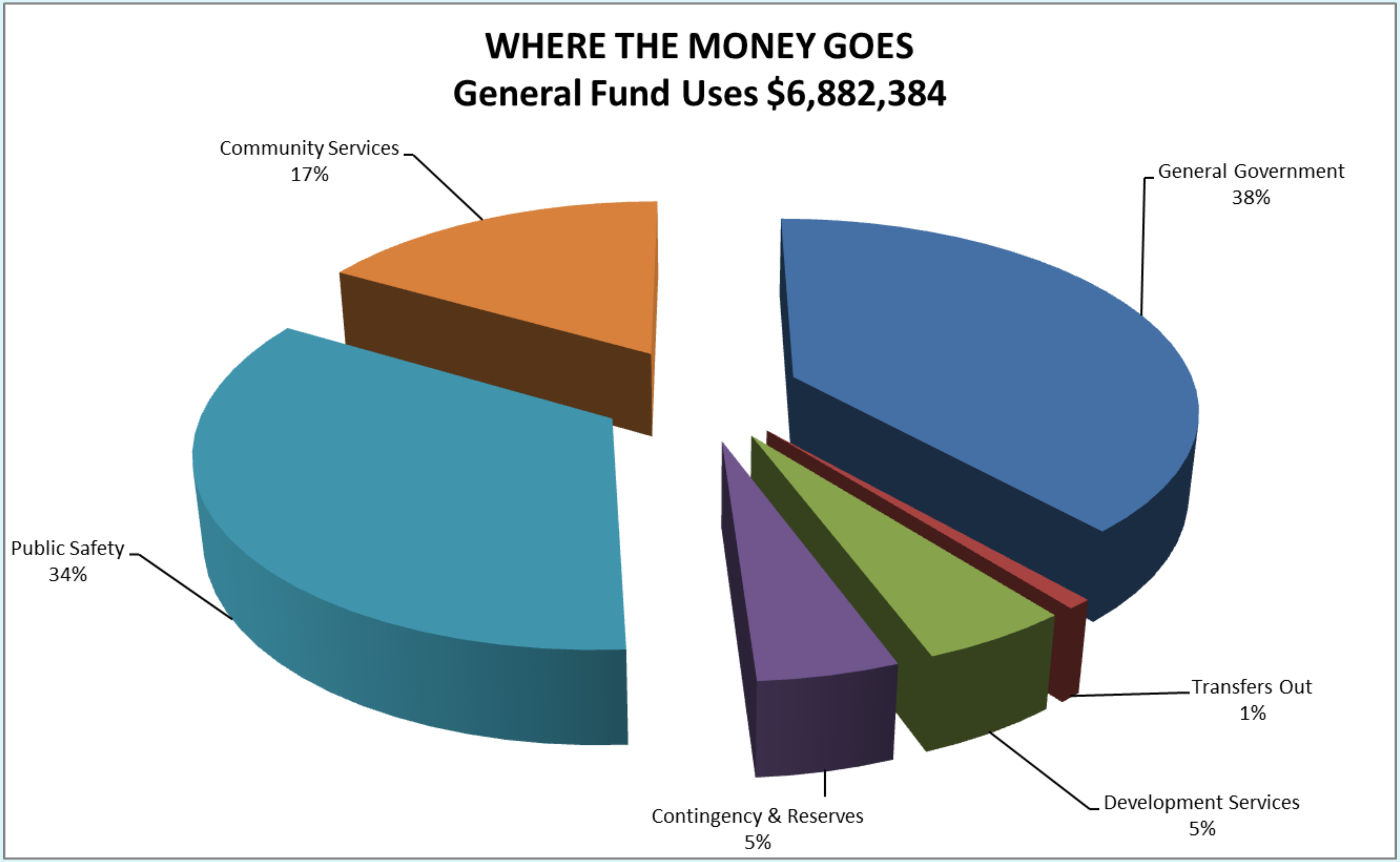
- $2.6 million Revenues
- Major Revenue Categories:
  - Auto Lieu Tax
  - State Sales Tax
  - State Income Tax



PAT Walker Consulting

Interfund Transfers

- $418K Capital Improvement Fund
- $11.5K Police Impound Fund


WHERE THE MONEY GOES
General Fund Uses $6,882,384
Community Services
17%
General Government
38%
Public Safety
34%
Transfers Out
1%
Development Services
5%
Contingency & Reserves
5%

Expenditures

- Total Expenditures $6,882,384
  - $169,968 Market Study
  - $129, 324 Personnel cost savings
- Transfers out $57,666 Lease payment and grant match
- Contingency Reserve $323,047

Special Revenue Funds

Special Revenue Funds

- Highway User Fund $762,561
- Grants $860,000 (CDBG & Misc.)
- Court Fund $17K
- Fund Balances

Special Revenue Funds

- Expenditures:
  - Less than $100K street improvement funds
  - CDBG Grants $313K
  - Misc. Grants $545K

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Capital Project Funds

Capital Project Funds

- Impact Fee Funds
- Capital Improvement Fund
  - $2 Million Misc.
  - $1.4 million 1% Sales Tax

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Capital Project Funds

- Expenditures
  - $200K 3PD positions
  - $219 Aquatic Center expenses
  - $363 Transfer to Water Operating Fund
  - $577 Debt Service

Capital Project Funds

- Issues
  - Starting in FY15 transfer to Aquatic Fund in GF goes down by $100K, $0 for FY16 on
  - Starting in FY16 transfer to Police in GF goes down by $113K, FY17 goes slightly up
  - $363 Transfer to Water Operating Fund stays the same
  - $577 Debt Service up to $731 by FY16

Enterprise Funds

Enterprise Funds

- Water Fund
  - Operating Revenues FY13 $419K
  - Operating Expenses & Debt Service $659K
  - With contingency reserves $189,842K
  - Transfer in from Capital Improvement Fund and Fund Balance forward funding deficit
  - No payback of $1.2 loan from General Fund

Enterprise Funds

- Water Fund
  - Starting FY15, even with transfer in deficit by $7k and over $233 by FY17
  - Will need to have revenue increase to support expenses
- Sewer Fund
  - Debt Service increase of $421K (Principal payment)
  - In deficit by FY14

Next Steps

- We have balanced budget for FY 2013!
- Recommendation by Finance Committee to hold retreat this summer on projections
- Tentative budget Adoption 5/22/2012
- June 26, 2012 Public Hearing /Adoption of Budget
- July 2012 Approve Street Lighting District Levy

Questions

TOWN OF CHINO VALLEY
GENERAL FUND ANALYSIS- May 17, 2012

SCENARIO A - PRIMARY PROPERTY TAX

	2011-12 Yr End	2012-13 Proposed	2013-14 Proposed	2014-15 Proposed	2015-16 Proposed	2016-17 Proposed
REVENUES						
On-going Revenues (1)	5,687,292	5,759,607	5,796,764	5,854,729	5,913,373	5,972,603
Property Taxes of $1.86 per $100/AV			1,380,085	1,393,886	1,407,825	1,421,903
Transfers In:						
Capital Improvement Fund-05	516,978	418,652	418,652	321,927	87,296	104,275
Police Spec. Revenue Fund - 16	11,500	11,500	12,000	12,000	12,000	12,000
Proposed changes:						
One Time SBA Tower Lease Payment (2)		305,400				
TOTAL REVENUES	**$ 6,215,770**	**$ 6,495,159**	**$ 7,607,501**	**$ 7,582,542**	**$ 7,420,494**	**$ 7,510,781**
EXPENDITURES						
Departmental Expenditures	6,036,656	6,518,693	6,768,457	7,039,011	7,572,697	7,978,153
Contingencies/Reserves (4)		323,047	329,508	336,098	342,820	349,676
Changes:						
Personnel Cost Changes (5)		(129,324)				
Market Study (6)		169,968				
Reinstate 40 hr. pay week (50% FY14,50%FY15)			133,514	136,184		
Proposed Town Needs:				**250,000**	**250,000**	**250,000**
Road Maintenance						
Capital Asset Replacement						
Capital Projects Required						
Grant Matches						
Maintain exisitng service levels						
Total Expenditures	**$ 6,036,656**	**$ 6,882,384**	**$ 7,231,479**	**$ 7,761,293**	**$ 8,165,517**	**$ 8,577,829**
Revenues (under) over Expenditures	**$ 179,114**	**$ (387,225)**	**$ 376,022**	**$ (178,752)**	**$ (745,023)**	**$ (1,067,049)**
Beginning Fund Balance	$ 1,508,043	$ 1,687,157	$ 1,299,932	$ 1,675,954	$ 1,497,202	$ 752,179
REMAINING FUND BALANCE	**1,687,157**	**$ 1,299,932**	**$ 1,675,954**	**$ 1,497,202**	**$ 752,179**	**$ (314,870)**

NOTES:

(1) FY13 NEW PROPOSED includes $6250 inc in fee category, $73,330 for 95% to 100% for state shared revenues, $30 interest increase, and SBA Tower ($330,000-$24,600 included in budget =$305,400)
(2) Beginning in 2014, $305,400 is not included in revenues as this was a one time payment in FY13.
(3) Recommend combining the contingency/reserve from two separate items to one at least 5% of expenditures. Incremental portion needed plus 2% increase.
(4) Vacant Commander position in police, reduction in library hours
(5) Used actual market study costs.
(6) Future year revenues were forecast at 1% increase per year, expenditures were forecast at 2% increase per year

TOWN OF CHINO VALLEY
GENERAL FUND ANALYSIS- May 17, 2012

SCENARIO B - 1.25% TAX INCREASE

	2011-12 Yr End	2012-13 Proposed	2013-14 Proposed	2014-15 Proposed	2015-16 Proposed	2016-17 Proposed
REVENUES						
On-going Revenues (1)	5,687,292	5,759,607	5,796,764	5,854,729	5,913,373	5,972,603
Sales Tax Increase of 1.25%			**1,432,500**	**1,446,825**	**1,461,293**	**1,475,906**
Transfers In:						
Capital Improvement Fund-05	516,978	418,652	418,652	321,927	87,296	104,275
Police Spec. Revenue Fund - 16	11,500	11,500	12,000	12,000	12,000	12,000
Proposed changes:						
One Time SBA Tower Lease Payment (2)		305,400				
TOTAL REVENUES	**$ 6,215,770**	**$ 6,495,159**	**$ 7,659,916**	**$ 7,635,481**	**$ 7,473,962**	**$ 7,564,784**
EXPENDITURES						
Departmental Expenditures	6,036,656	6,518,693	6,768,457	7,039,011	7,572,697	7,978,153
Contingencies/Reserves (4)		323,047	329,508	336,098	342,820	349,676
Changes:						
Personnel Cost Changes (5)		(129,324)				
Market Study (6)		169,968				
Reinstate 40 hr. pay week (50% FY14,50%FY15)			133,514	136,184		
Proposed Town Needs:				**250,000**	**250,000**	**250,000**
Road Maintenance						
Capital Asset Replacement						
Capital Projects Required						
Grant Matches						
Maintain exisitng service levels						
Total Expenditures	**$ 6,036,656**	**$ 6,882,384**	**$ 7,231,479**	**$ 7,761,293**	**$ 8,165,517**	**$ 8,577,829**
Revenues (under) over Expenditures	**$ 179,114**	**$ (387,225)**	**$ 428,437**	**$ (125,813)**	**$ (691,555)**	**$ (1,013,046)**
Beginning Fund Balance	$ 1,508,043	$ 1,687,157	$ 1,299,932	$ 1,728,369	$ 1,602,557	$ 911,002
REMAINING FUND BALANCE	**1,687,157**	**$ 1,299,932**	**$ 1,728,369**	**$ 1,602,557**	**$ 911,002**	**$ (102,044)**

NOTES:

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(3) Recommend combining the contingency/reserve from two separate items to one at least 5% of expenditures. Incremental portion needed plus 2% increase.
(4) Vacant Commander position in police, reduction in library hours
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TOWN OF CHINO VALLEY
GENERAL FUND ANALYSIS- May 17, 2012

SCENARIO C PROPERTY TAX & .75% SALES TAX INCREASE

	2011-12 Yr End	2012-13 Proposed	2013-14 Proposed	2014-15 Proposed	2015-16 Proposed	2016-17 Proposed
REVENUES						
On-going Revenues (1)	5,687,292	5,759,607	5,796,764	5,854,729	5,913,373	5,972,603
Sales Tax Increase of .75%			**859,500**	**868,095**	**876,776**	**885,544**
Property Tax increase of $0.93			**690,043**	**696,943**	**703,913**	**710,952**
Transfers In:						
Capital Improvement Fund-05	516,978	418,652	418,652	321,927	87,296	104,275
Police Spec. Revenue Fund - 16	11,500	11,500	12,000	12,000	12,000	12,000
Proposed changes:						
One Time SBA Tower Lease Payment (2)		305,400				
TOTAL REVENUES	**$ 6,215,770**	**$ 6,495,159**	**$ 7,776,959**	**$ 7,753,694**	**$ 7,593,358**	**$ 7,685,373**
EXPENDITURES						
Departmental Expenditures	6,036,656	6,518,693	6,768,457	7,039,011	7,572,697	7,978,153
Contingencies/Reserves (4)		323,047	329,508	336,098	342,820	349,676
Changes:						
Personnel Cost Changes (5)		(129,324)				
Market Study (6)		169,968				
Reinstate 40 hr. pay week (50% FY14,50%FY15)			133,514	136,184		
Proposed Town Needs:				**250,000**	**250,000**	**250,000**
Road Maintenance						
Capital Asset Replacement						
Capital Projects Required						
Grant Matches						
Maintain exisitng service levels						
Total Expenditures	**$ 6,036,656**	**$ 6,882,384**	**$ 7,231,479**	**$ 7,761,293**	**$ 8,165,517**	**$ 8,577,829**
Revenues (under) over Expenditures	**$ 179,114**	**$ (387,225)**	**$ 545,480**	**$ (7,599)**	**$ (572,159)**	**$ (892,456)**
Beginning Fund Balance	$ 1,508,043	$ 1,687,157	$ 1,299,932	$ 1,845,412	$ 1,837,813	$ 1,265,654
REMAINING FUND BALANCE	**1,687,157**	**$ 1,299,932**	**$ 1,845,412**	**$ 1,837,813**	**$ 1,265,654**	**$ 373,198**

NOTES:

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SBA Tower ($330,000-$24,600 included in budget =$305,400)
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TOWN OF CHINO VALLEY
GENERAL FUND ANALYSIS- May 17, 2012

SCENARIO D - .50% SALES TAX INCREASE

	2011-12 Yr End	2012-13 Proposed	2013-14 Proposed	2014-15 Proposed	2015-16 Proposed	2016-17 Proposed
REVENUES						
On-going Revenues (1)	5,687,292	5,759,607	5,796,764	5,854,729	5,913,373	5,972,603
Sales Tax Increase of .50%			**573,000**	**578,730**	**584,517**	**590,362**
Transfers In:						
Capital Improvement Fund-05	516,978	418,652	418,652	321,927	87,296	104,275
Police Spec. Revenue Fund - 16	11,500	11,500	12,000	12,000	12,000	12,000
Proposed changes:						
One Time SBA Tower Lease Payment (2)		305,400				
TOTAL REVENUES	**$ 6,215,770**	**$ 6,495,159**	**$ 6,800,416**	**$ 6,767,386**	**$ 6,597,186**	**$ 6,679,240**
EXPENDITURES						
Departmental Expenditures	6,036,656	6,518,693	6,768,457	7,039,011	7,572,697	7,978,153
Contingencies/Reserves (4)		323,047	329,508	336,098	342,820	349,676
Changes:						
Personnel Cost Changes (5)		(129,324)				
Market Study (6)		169,968				
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Proposed Town Needs:				**250,000**	**250,000**	**250,000**
Road Maintenance						
Capital Asset Replacement						
Capital Projects Required						
Grant Matches						
Maintain exisitng service levels						
Total Expenditures	**$ 6,036,656**	**$ 6,882,384**	**$ 7,231,479**	**$ 7,761,293**	**$ 8,165,517**	**$ 8,577,829**
Revenues (under) over Expenditures	**$ 179,114**	**$ (387,225)**	**$ (431,063)**	**$ (993,908)**	**$ (1,568,331)**	**$ (1,898,589)**
Beginning Fund Balance	$ 1,508,043	$ 1,687,157	$ 1,299,932	$ 868,869	$ (125,038)	$ (1,693,369)
REMAINING FUND BALANCE	**1,687,157**	**$ 1,299,932**	**$ 868,869**	**$ (125,038)**	**$ (1,693,369)**	**$ (3,591,958)**

NOTES:

(1) FY13 NEW PROPOSED includes $6250 inc in fee category, $73,330 for 95% to 100% for state shared revenues, $30 interest increase, and SBA Tower ($330,000-$24,600 included in budget =$305,400)
(2) Beginning in 2014, $305,400 is not included in revenues as this was a one time payment in FY13.
(3) Recommend combining the contingency/reserve from two separate items to one at least 5% of expenditures. Incremental portion needed plus 2% increase.
(4) Vacant Commander position in police, reduction in library hours
(5) Used actual market study costs.
(6) Future year revenues were forecast at 1% increase per year, expenditures were forecast at 2% increase per year