



FISCAL YEAR

2016/17

Town Council Budget Workshop
April 12, 2016

Budget FY 2016/17 (July 1 – June 30)

- o Purpose of 1st workshop:
 - o High level discussions, more detailed budget information as process evolves.
 1. What services does the Town provide?
 2. How are these services supported?
 3. What are some potential cost increases?
 4. What are some items for future consideration?
- o Format:
 - o Business meeting – conversation with Council - review/comment
 - o Public comment welcomed at end of workshop



Municipal Government = Services



- o Federal, State & County government provide minimal direct services which impact quality of life to Town citizens,
- o Local government is responsible in providing quality of life services that a local community desires.
- o In Carefree that implies:
 - o Minimal governmental services.
 - o Conservative financial management.
 - o Preference on optimizing sales tax over municipal property tax.

Town Services – What we do:

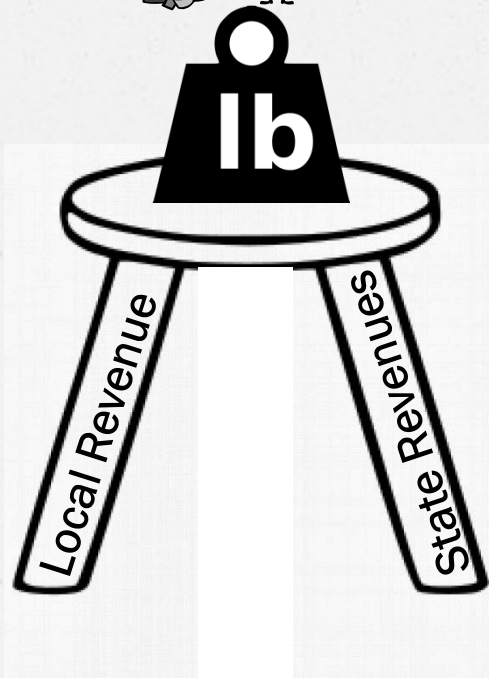
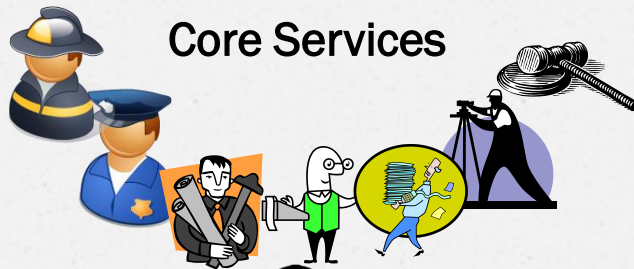
Core Services

16 FTE



- o **Community Development (4 FTE):**
 - o **Building Department** – 1,900 inspections; 275 permits; over 400 plan reviews; average 11 calls per day
 - o **P & Z** – over 800 inspections; over 400 plan review & permits; over 600 meetings; avg. 10 calls per day
 - o **Engineering** - drainage review; public works projects
 - o **Code Enforcement** – over 220 incidents investigated
- o **Public Works (4 FTE):**
 - o **Streets** - storm clean-up; street ROW maintenance
 - o **Public Facilities Management** – painting & repairs
 - o **Events set-up/clean-up**
- o **Municipal Court (3 FTE):**
- o **Administrative/Resource Management (5 FTE):**
 - o **Financial Management** – treasury, audits, budget, accounts payable
 - o **Risk Management** – legal, insurance claims
 - o **Organizational Management** – HR, work load balance; strategic initiatives
 - o **Public Records** – minutes, documentation, PIR's
 - o **Intergovernmental** – elections, contracts, grants
 - o **Marketing/Event Management** – public relations, event coordination, brand development
- o **Public Safety (contracts):**
 - o **Police**
 - o **Fire**

How are these services paid?



State Shared Revenues:

1. State Income Tax
2. State Sales Tax
3. Highway User Revenues
4. Vehicle License Tax

Local Revenue Sources:

1. Sales Tax
2. Local Fees
 - Business/Vendor
 - Utility Franchise
 - Court Services
 - Building Permits
 - Development Fees

Municipal Property Tax

How does this financial model benefit Carefree residents?

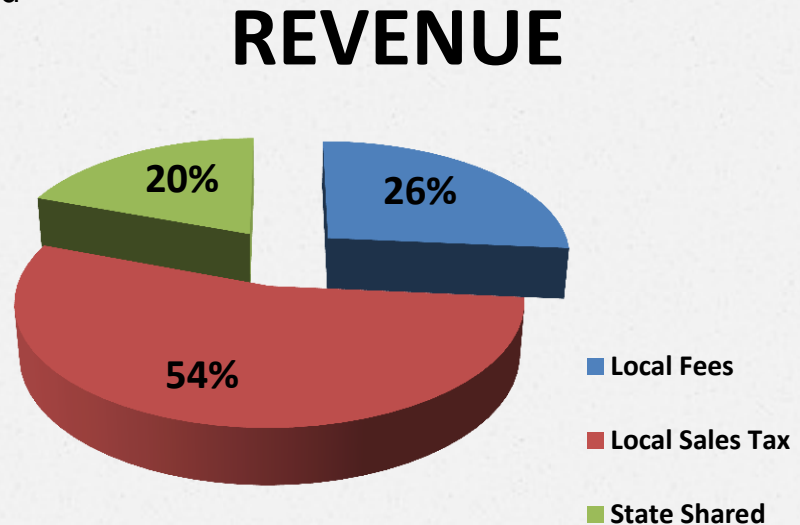
- Median Full Cash Value for a Carefree residence is \$535K:
- **Scottsdale:**
 - Primary Property Tax = \$2,400
 - Secondary Property Tax = \$775
 - Total municipal bill = **over \$3,100**
- **Phoenix:**
 - Primary Property Tax = \$2,335
 - Secondary Property Tax = \$590
 - Total Municipal Bill = **over \$2,900**



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- **Carefree:**
 - Zero, Nothing, Nada
 - In fact, placing \$\$ in residents pockets – Fire coverage \$1,000 per single family home, would need to spend \$33,500 on taxable retail product (3%) or \$50,000 in groceries (2%) to generate enough \$ to cover fire fee alone.

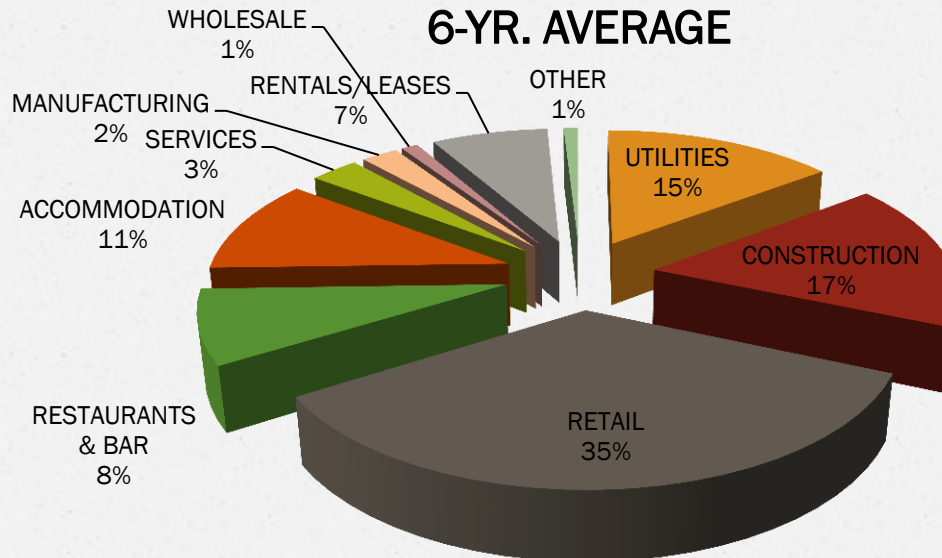
Carefree's Projected Revenue

- Approximately, \$5.7 million in projected revenue for FY16/17.
 - \$3.1 million (54%) - Local Sales Tax
 - \$1.1 million (20%) - State Shared
 - \$1.5 million (26%) - Local Fees
 - Permits
 - Business/Vender Fees
 - Signage Fees
 - Special Event Fees
 - Court Service Fees
 - Utility Franchise Fees
 - Water Co. Reimbursement
 - Lease payments
- NO municipal property tax & NO development fees.
- Next series of slides will outline revenue trends.



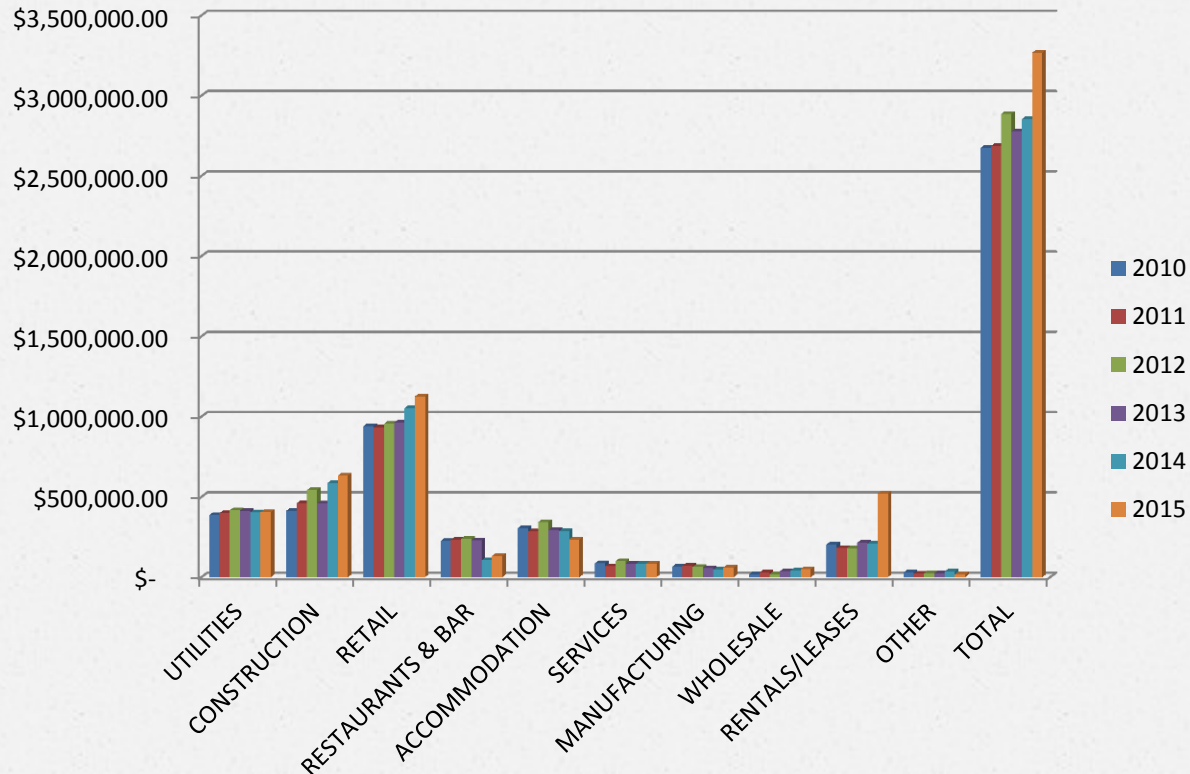
What are the trends in local sales tax?

- o North American Industry Classification System (NAICS) – catalogues businesses per tax grouping
- o According to the 6-year average:
 1. Retail
 2. Construction
 3. Utilities
 4. Accommodations
 5. Restaurants & Bar, Commercial leases
- o Focus on diversification:
 - o Reduce reliance on construction sales tax through possible enhancement/improvement in accommodations and restaurants.
 - o Consider opportunities to further strengthen retail base.
 - o Further develop/mature the comprehensive Town marketing program.



What are the trends in local sales tax?

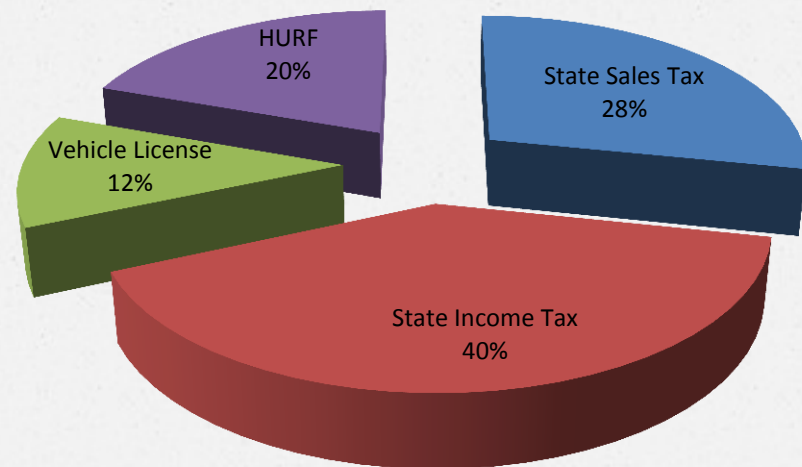
- o Based upon past 6 years of collections:
 - o Continue to see improvements in retail and construction
 - o There has been a coding change in payments for rental and leasing which consolidates accommodations. Combine this new category does illustrate improvements in accommodations sector as rentals are historically consistent.



State shared revenues:

- Approximately 20% of the Town's revenue is from State shared revenue.
 - State income tax (40%) typically makes up majority of shared revenue.
 - There is a 2-year lag from when funds are collected to when funds are paid out.
 - Pursuant to state shared revenue agreement, 15% income tax is allocated to municipalities.
- State Sales Tax, HURF & VLT revenue (60%) are distributed based upon population based formulas.

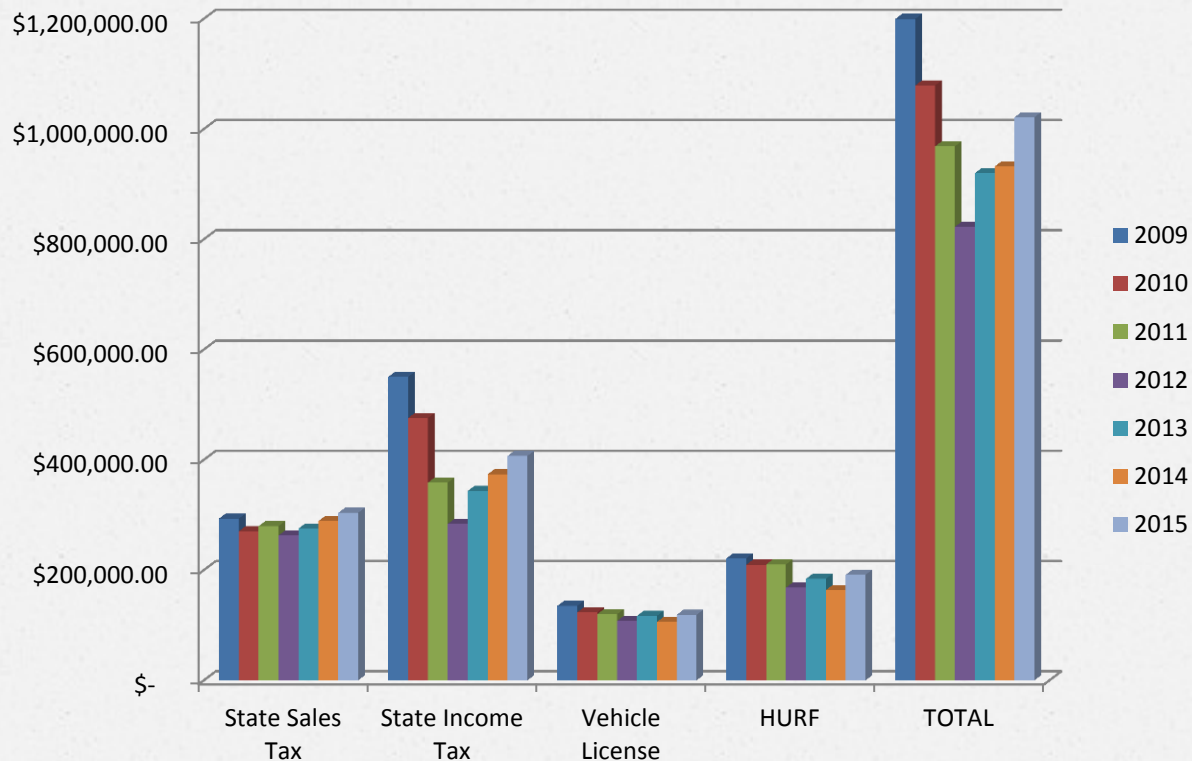
6-YR. AVRG.



State shared revenues:

○ Trends:

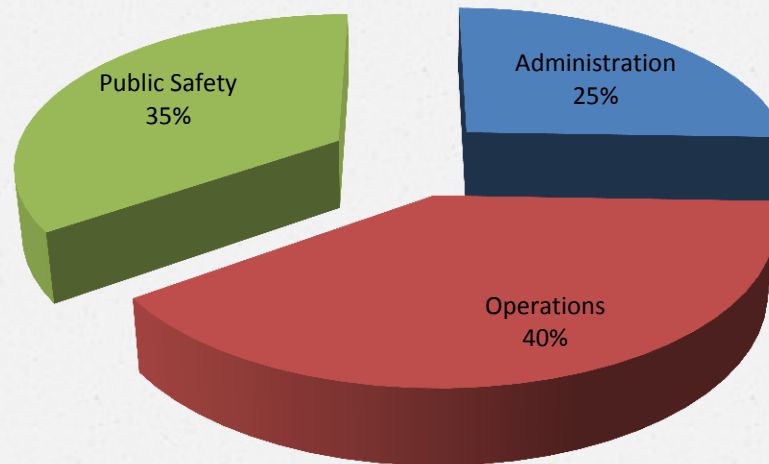
- State sales tax increasing to pre-recession levels
- Income tax increasing as economy improves.
- VLT & HURF consistent levels



How are the Town Funds used?

- o **Public Safety** = Approximately, \$1.9 million (35%)
 - o MCSO – 5% increase
 - o Rural Metro – 2.5% increase
- o **Administration** (16 FTE) = \$1.4 million (25%)
 - o Estimated 15% increase in Healthcare
 - o 2.5% COLA
- o **Operations** = Approximately \$2.2 million (40%)

General Expenses



Annual Operations (40%)

Mayor & Council – 20K

- o Educational forums, reimbursables
- o Relocate audio visual equipment

Town Clerk – 80K

- o Audits, sales tax auditor
- o Elections
- o Office supplies, postage,
- o Continual education

Town Administration – 150K

- o Mortgage, utilities, office maintenance
- o Town dues – MAG, League, GPEC, ULI, Dust, Emerg. Mgmt.
- o Continual education

Public Works – 685K

- o Median contract (60K)/ landscape (125)
- o Culvert/drainage repairs (150K)
- o Gardens contract
- o Utilities
- o Supplies, equipment

Court – 115K

- o Office supplies, postage, equipment maintenance
- o Continual education
- o Magistrate services, public defender, interpreter, jail

Legal – 150K

- o Town Attorney
- o Prosecutor

Risk Management – 125K

Planning and Zoning – 25K

- o Forms, supplies
- o Continual education

Building Safety – 66K

Code Enforcement – 4K

Engineering Services – 77K

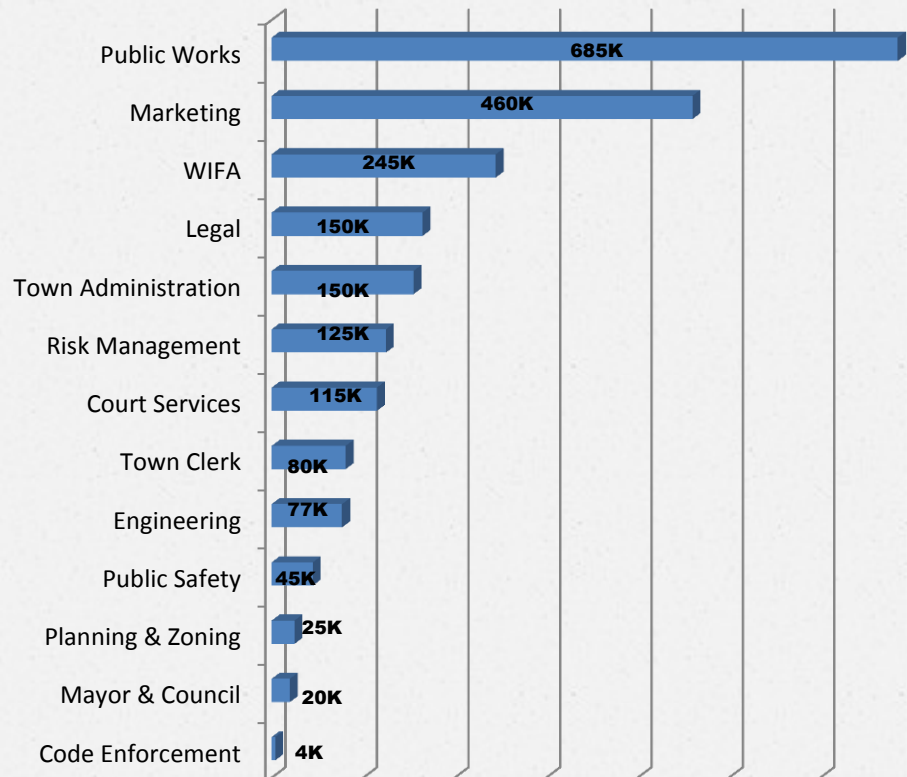
- o MS4 mandate

Town Marketing - 460K

Public Safety - 45K

- o Fire maintenance (30K)
- o Posse (15K)

Approx. \$2.2 million



What is the state of Town reserves?

- o Positive position:

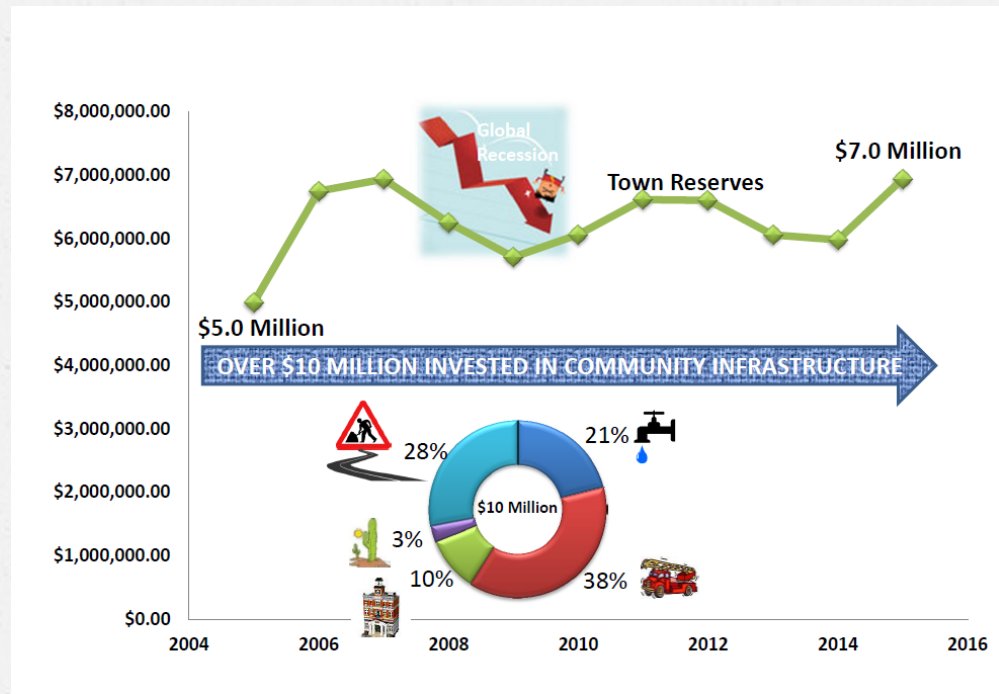
 - \$2.5 million - Rainy Day Fund

 - \$2.5 - 5 million - Capital Impr. Fund

 - Total reserves in excess of \$5 million past 12 years.

- o Have historically used these funds to strategically invest in community infrastructure:

 - o Water
 - o Fire Protection
 - o Admin. Offices
 - o Open Space
 - o Street Maintenance
 - o Town Center Improvements





Budget FY 16/17:

- o Recalibrate, fine tune numbers & prepare line item budget (4/19 & 26)
- o Adopt Prelim. Budget – 5/3
- o Auditor General Forms prepared/advertised
- o Adopt Final Budget – 6/7
- o New fiscal year – 7/1

- o Questions??

