

**RESOLUTION NO. 2011-19**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS, ARIZONA, SETTING FORTH THE TENTATIVE BUDGET AND ESTABLISHING THE MAXIMUM BUDGET AMOUNT FOR THE TOWN OF FOUNTAIN HILLS FOR FISCAL YEAR 2011-2012.**

**WHEREAS**, pursuant to the provisions of the laws of the State of Arizona, the Mayor and Council of the Town of Fountain Hills (the "Town Council") is required to adopt a budget; and

**WHEREAS**, in accordance with ARIZ. REV. STAT. § 42-17102, the Town Manager has prepared and filed with the Town Council the Town Manager's Budget estimates for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS** as follows:

**SECTION 1.** The recitals above are hereby incorporated as if fully set forth herein.

**SECTION 2.** The statements and schedules attached hereto as Exhibit A and incorporated herein by reference are hereby adopted as the Town's official tentative budget for the fiscal year beginning July 1, 2011 and ending June 30, 2012, including the establishment of the maximum budget amount for such fiscal year in the amount of \$38,476,044.00.

**SECTION 3.** Upon approval of the Town Council, the Town Manager or designee shall publish in the official Town newspaper once a week for two consecutive weeks (i) the official tentative budget and (ii) a notice of the public hearing of the Town Council to hear taxpayers and make tax levies at designated times and places. The notice shall include the physical address of the Town Library and the Fountain Hills Town Hall and the website where the tentative budget may be found.

**SECTION 4.** The Town Manager or designee shall make available at the Town Library and the Fountain Hills Town Hall a complete copy of the tentative budget, and shall post the tentative budget on the Town's website.

**SECTION 5.** The Mayor, the Town Manager, the Town Clerk and the Town Attorney are hereby authorized and directed to take all steps necessary to carry out the purpose and intent of this Resolution.

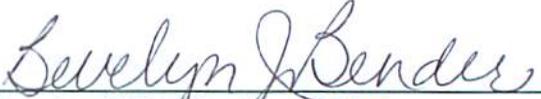
[SIGNATURES ON FOLLOWING PAGE]

**PASSED AND ADOPTED BY** the Mayor and Council of the Town of Fountain Hills,  
Arizona, May 25, 2011.

**FOR THE TOWN OF FOUNTAIN HILLS:**

**ATTESTED TO:**

  
\_\_\_\_\_  
Jay T. Schlum, Mayor

  
\_\_\_\_\_  
Bevelyn J. Bender, Town Clerk

**REVIEWED BY:**

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Richard L. Davis, Town Manager

  
\_\_\_\_\_  
Andrew J. McGuire, Town Attorney

**EXHIBIT A  
TO  
RESOLUTION NO. 2011-19**

**[Tentative Budget]**

**See following pages.**

**TOWN OF FOUNTAIN HILLS, ARIZONA**  
**Summary Schedule of Estimated Revenues and Expenditures/Expenses**  
**Fiscal Year 2011-12**

FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2010-11*	ACTUAL EXPENDITURES/ EXPENSES 2010-11**	FUND BALANCE/ NET ASSETS*** July 1, 2011**	DIRECT PROPERTY TAX REVENUES 2011-12	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2011-12	OTHER FINANCING 2011-12		INTERFUND TRANSFERS 2010-11		TOTAL FINANCIAL RESOURCES AVAILABLE 2011-12	BUDGETED EXPENDITURES/ EXPENSES 2011-12
						SOURCES	<USES>	IN	<OUT>		
1. General Fund	\$ 12,634,425	\$ 12,237,385	\$ 7,082,200	Primary: \$	\$ 12,645,463	\$	\$ 1,402,687	\$	\$ (337,354)	\$ 10,905,412	\$ 12,640,890
2. Special Revenue Funds	7,403,761	1,956,711	2,194,673	Secondary: 1,007,500	2,949,410	4,268,100	4,268,100	750	(20,494)	\$ 3,937,166	3,066,360
3. Debt Service Funds Available	2,868,801	2,868,801	920,356		2,268,699	2,432,697	2,932,697	193,500		2,882,555	5,456,285
Less: Designation for Future 4. Debt Retirement											
5. Total Debt Service Funds	2,868,801	2,868,801	920,356		2,268,699	2,432,697	2,932,697	193,500		2,882,555	5,456,285
6. Capital Projects Funds	6,446,116	1,200,000	11,475,359		14,164,779	8,995,911	10,025,911			24,610,138	17,210,139
7. Permanent Funds											
8. Enterprise Funds Available											
Less: Designation for Future 9. Debt Retirement											
10. Total Enterprise Funds											
11. Internal Service Funds	123,567	123,557	650,400					163,598		813,998	102,370
12. TOTAL ALL FUNDS	\$ 29,476,670	\$ 18,386,464	\$ 22,322,988	\$ 1,007,500	\$ 32,028,351	\$ 15,696,708	\$ 18,629,405	\$ 357,848	\$ (357,848)	\$ 43,149,269	\$ 38,476,044

**EXPENDITURE LIMITATION COMPARISON**

1. Budgeted expenditures/expenses
2. Add/subtract: estimated net reconciling items
3. Budgeted expenditures/expenses adjusted for reconciling items
4. Less: estimated exclusions
5. Amount subject to the expenditure limitation
6. EEC or voter-approved alternative expenditure limitation

	2010-11	2010-11
1. Budgeted expenditures/expenses	\$ 36,411,805	\$ 38,476,044
2. Add/subtract: estimated net reconciling items		
3. Budgeted expenditures/expenses adjusted for reconciling items	36,411,805	38,476,044
4. Less: estimated exclusions	20,001,108	22,591,907
5. Amount subject to the expenditure limitation	\$ 16,410,697	\$ 15,884,137
6. EEC or voter-approved alternative expenditure limitation	\$ 28,591,378	\$ 24,781,571

\* Includes Expenditure/Expense Adjustments Approved in 2010-11 from Schedule E.

\*\* Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

\*\*\* Amounts in this column represent Fund Balance/Net Asset amounts except for amounts invested in capital assets, net of related debt, and reserved/restricted amounts established as offsets to assets presented for informational purposes (i.e., prepaids, inventory, etc.).

**TOWN OF FOUNTAIN HILLS, ARIZONA**  
**Summary of Tax Levy and Tax Rate Information**  
**Fiscal Year 2011-12**

	<u>2010-11</u> <u>FISCAL YEAR</u>	<u>2011-12</u> <u>FISCAL YEAR</u>
1. Maximum allowable primary property tax levy A.R.S. §42-17051(A).	\$ <u>0</u>	\$ <u>0</u>
2. Amount received from primary property taxation in the fiscal year 2010-11 in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18).	\$ 0	0
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>0</u>	\$ <u>0</u>
B. Secondary property taxes	<u>1,020,000</u>	<u>1,007,500</u>
C. Total property tax levy amounts	<u>\$ 1,020,000</u>	<u>\$ 1,007,500</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) 2010-11 levy	\$ 0	0
(2) Prior years' levy	0	0
(3) Total primary property taxes	\$ 0	0
B. Secondary property taxes		
(1) 2010-11 levy	\$ <u>1,020,000</u>	<u>1,007,500</u>
(2) Prior years' levy	<u>0</u>	<u>0</u>
(3) Total secondary property taxes	\$ <u>1,020,000</u>	<u>1,007,500</u>
C. Total property taxes collected	\$ <u>1,020,000</u>	<u>1,007,500</u>
5. Property tax rates		
A. Town tax rate		
(1) Primary property tax rate	<u>0.0000</u>	<u>0.0000</u>
(2) Secondary property tax rate (estimate)	<u>0.1836</u>	<u>0.2230</u>
(3) Total city/town tax rate	<u>0.1836</u>	<u>0.2230</u>
B. Special assessment district tax rates		

Secondary property tax rates - As of the date the proposed budget was prepared, the town was operating two (2) special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the town.

\*Includes actual property taxes collected as of the date the proposed budget was prepared plus estimated property tax collections for the remainder of the fiscal year.

**TOWN OF FOUNTAIN HILLS, ARIZONA**  
**Summary by Fund Type of Revenues Other Than Property Taxes**  
**Fiscal Year 2011-12**

SOURCES OF REVENUES	ESTIMATED REVENUES 2010-11	ACTUAL REVENUES 2010-11*	ESTIMATED REVENUES 2011-12
<b>GENERAL FUND</b>			
<b>Local Taxes</b>			
Local Sales Tax	\$ 6,020,520	\$ 6,641,884	\$ 6,611,688
Franchise Tax	\$ 300,000	\$ 300,000	\$ 303,000
<b>Permits</b>			
Animal License Fees	\$ 45,088	45,088	46,892
Business License Fees	\$ 109,180	109,180	113,547
Building Permit Fees	\$ 155,140	55,000	199,550
Landscape Permit Fees	\$ 0	1,000	1,040
Planning & Zoning Fees	\$ 15,000	44,400	22,000
Improvement Plan Review Fee	\$ 8,506	55,000	21,000
<b>Intergovernmental</b>			
State Sales Tax	\$ 1,765,065	1,765,065	1,701,437
Fire Insurance Premium Tax	\$ 119,452	119,452	124,230
Shared Income Tax	\$ 2,384,218	2,384,218	1,898,167
Vehicle License Tax	\$ 850,000	850,000	758,394
<b>User Fees</b>			
Parks & Rec User Fees	\$ 245,941	180,000	218,091
Encroachment Fees	\$ 17,000	24,000	28,000
Variances	\$ 10,000	600	5,000
<b>Fines and forfeitures</b>			
Court Fines	\$ 255,078	200,000	260,180
<b>Interest on investments</b>			
Interest on Investments	\$ 10,800	10,800	60,000
<b>Rentals</b>			
Community Center Rental Fees	\$ 102,328	118,800	87,564
Leases & Rents	\$ 100,464	141,284	145,484
<b>Miscellaneous</b>			
Miscellaneous	\$ 128,487	31,166	40,220
<b>Total General Fund</b>	<b>\$ 12,642,267</b>	<b>\$ 13,074,717</b>	<b>\$ 12,645,463</b>
<b>SPECIAL REVENUE FUNDS</b>			
<b>Highway User Revenue Fund</b>			
Highway Users	\$ 1,315,800	\$ 1,315,800	\$ 1,132,332
<b>Total Highway User Revenue Fund</b>	<b>\$ 1,315,800</b>	<b>\$ 1,315,800</b>	<b>\$ 1,132,332</b>
<b>Local Transportation Assistance Fund</b>			
Local Transportation (LTAF)	\$ 0	\$ 0	\$ 0
<b>Total Local Transportation Assistance Fund</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
In Lieu Payments	\$ 15,068	\$ 15,068	\$ 25,200
Interest	\$ 120	\$ 120	\$ 120
Miscellaneous	\$ 7,602	\$ 7,602	\$ 4,800
	\$ 1,338,590	\$ 1,338,590	\$ 1,162,452
* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.			
<b>Excise Taxes</b>			
Local Sales Tax Transfer	\$ 270,629	\$ 301,900	\$ 272,138
	\$ 270,629	\$ 301,900	\$ 272,138
<b>Court Enhancement Fund</b>			

**TOWN OF FOUNTAIN HILLS, ARIZONA**  
**Summary by Fund Type of Other Financing Sources/<Uses> and Interfund Transfers**  
**Fiscal Year 2011-12**

FUND	OTHER FINANCING 2011-12		INTERFUND TRANSFERS 2011-12	
	SOURCES	<USES>	IN	<OUT>
<b>GENERAL FUND</b>				
Annual Debt Payment for Community Center	\$	\$	\$	\$ 193,500
Transfer to Public Art for Maintenance				750
Interfund charge for Vehicle Replacement				143,104
General Fund Reserves		1,402,697		0
<b>Total General Fund</b>	\$ 0	\$ 1,402,697	\$ 0	\$ 337,354
<b>HIGHWAY USERS</b>				
Interfund charge for Vehicle Replacement				20,494
<b>Total Highway Users Funds</b>	\$ 0	\$ 0	\$ 0	\$ 20,494
<b>DEBT SERVICE FUNDS</b>				
Annual Debt Payment for Community Center	\$	\$	\$ 193,500	\$
General Fund Reserves	1,402,697			
General Government Dev Fees	\$ 530,000	\$	\$	\$
Capital Projects Fund	500,000			
Series 2004 MPC Bonds Payoff		2,932,697		
<b>Total Debt Service Funds</b>	\$ 2,432,697	\$ 2,932,697	\$ 193,500	\$ 0
<b>CAPITAL PROJECTS FUNDS</b>				
Bond Proceeds	8,995,911		0	
Road Projects		8,995,911	0	
CIP Reserves		500,000	0	
<b>Total Capital Projects Funds</b>	\$ 8,995,911	\$ 9,495,911	\$ 0	\$ 0
<b>SPECIAL REVENUE FUNDS</b>				
MAG Grant	4,253,100			
Shea Boulevard		4,253,100		0
City of Scottsdale - Shea/Eagle Mountain	15,000	15,000		0
Public Art Fund			750	
<b>Total Special Revenue Funds</b>	\$ 4,268,100	\$ 4,268,100	\$ 750	\$ 0
<b>DEVELOPMENT FEES</b>				
General Government Dev Fees	\$	\$ 530,000	\$	\$
<b>Total Development Fee Funds</b>	\$ 0	\$ 530,000	\$ 0	\$ 0
<b>INTERNAL SERVICE FUNDS</b>				
	\$	\$	\$	\$
Interfund charge for Vehicle Replacement			0	
Interfund charge for Vehicle Replacement			163,598	
<b>Total Internal Service Funds</b>	\$ 0	\$ 0	\$ 163,598	\$ 0
<b>TOTAL ALL FUNDS</b>	\$ 15,696,708	\$ 18,629,405	\$ 367,848	\$ 357,848

**TOWN OF FOUNTAIN HILLS, ARIZONA**  
**Summary by Department of Expenditures/Expenses Within Each Fund Type**  
**Fiscal Year 2011-12**

<b>FUND/DEPARTMENT</b>	<b>ADJUSTED BUDGETED EXPENDITURES/ EXPENSES 2010-11</b>	<b>EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2010-11</b>	<b>EST ACTUAL EXPENDITURES/ EXPENSES 2010-11*</b>	<b>BUDGETED EXPENDITURES/ EXPENSES 2011-12</b>
<b>GENERAL FUND</b>				
Mayor and Town Council	\$ 72,427	\$	\$ 65,000	\$ 75,907
Municipal Court	\$ 421,291	\$	\$ 375,000	\$ 432,855
Administration	\$ 2,467,142	\$ (23,200)	\$ 2,100,000	\$ 2,265,495
Development Services	\$ 1,557,237	\$ 320	\$ 1,557,557	\$ 1,618,167
Community Services	\$ 2,322,230	\$ 3,500	\$ 2,325,730	\$ 2,192,415
Law Enforcement	\$ 2,751,687	\$	\$ 2,751,687	\$ 2,899,839
Fire Department	\$ 3,042,411	\$ 20,000	\$ 3,062,411	\$ 3,156,212
Transfers	0	\$	0	0
<b>Total General Fund</b>	<b>\$ 12,634,425</b>	<b>\$ 620</b>	<b>\$ 12,237,385</b>	<b>\$ 12,640,890</b>
<b>SPECIAL REVENUE FUNDS</b>				
Highway Users (HURF)	\$ 1,284,211	\$	\$ 1,284,211	\$ 1,297,972
Public ART	\$ 20,350	\$	\$ 10,000	\$ 758
Court Enhancement Fund	\$ 40,350	\$	\$ 12,500	\$ 33,250
Miscellaneous Grants	\$ 0	\$	\$ 0	\$ 1,500,000
Excise Tax Special Revenue	\$ 572,976	\$	\$ 150,000	\$ 234,380
Capital Project Grants	5,485,874	\$	500,000	0
<b>Total Special Revenue Funds</b>	<b>\$ 7,403,761</b>	<b>\$ 0</b>	<b>\$ 1,956,711</b>	<b>\$ 3,066,360</b>
<b>DEBT SERVICE FUNDS</b>				
General Obligation Bonds	\$ 1,019,413	\$	\$ 1,019,413	\$ 1,019,413
Revenue Bonds	0	\$	\$ 0	\$ 0
Municipal Property Corp (MPC)	1,424,463	\$	1,424,463	4,011,947
Cottonwood Improv Dist	3,315	\$	3,315	3,315
Eagle Mountain CFD	421,610	\$	421,610	421,610
<b>Total Debt Service Funds</b>	<b>\$ 2,868,801</b>	<b>\$ 0</b>	<b>\$ 2,868,801</b>	<b>\$ 5,456,285</b>
<b>DEVELOPMENT FEES</b>				
Law Enforcement Development Fees	0	\$	\$ 0	\$ 5,000
Street Department Development Fees	0	\$	\$ 0	\$ 20,000
Parks & Recreation Development Fees	0	\$	\$ 0	\$ 15,000
Open Space Development Fees	0	\$	\$ 0	\$ 15,000
General Government Development Fees	0	\$	\$ 0	\$ 5,000
Fire Development Fees	0	\$	\$ 0	\$ 5,000
Library Development Fees	0	\$	\$ 0	\$ 5,000
<b>Total Development Fees</b>	<b>0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 70,000</b>
Capital Projects	6,446,116	\$	1,200,000	17,140,139
Contingency	0	\$	0	0
<b>Total Capital Projects Funds</b>	<b>\$ 6,446,116</b>	<b>\$ 0</b>	<b>\$ 1,200,000</b>	<b>\$ 17,140,139</b>
<b>INTERNAL SERVICE FUNDS</b>				
Vehicle & Equipment Replacement	\$	\$	\$ 0	\$
Vehicle & Equipment Replacement	\$ 123,567	\$	\$ 123,567	\$ 102,370
<b>Total Internal Service Funds</b>	<b>123,567</b>	<b>\$</b>	<b>123,567</b>	<b>102,370</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 29,476,670</b>	<b>\$ 620</b>	<b>\$ 18,386,464</b>	<b>\$ 38,476,044</b>

\* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.