



# FY12-13 ADOPTED BUDGET IN BRIEF

Town of Fountain Hills, AZ

## Budget Challenge...

To frame the many decisions that have laid the foundation for projections contained in the FY12-13 budget, it is necessary to reflect briefly on the past fiscal year. For Fountain Hills, FY11-12 began with no expectation of an economic recovery, but rather a sustained decline in revenues. Although the year began with a pessimistic forecast of projected revenues, the local economy is showing signs of a moderate recovery over the last six months of the fiscal year. Our restaurants are experiencing a 14% increase in their receipts since FY08-09; retail sales grew 2% over the last two years.

However, FY12-13 and beyond brings new challenges as the 2010 census resulted in a decline in population from the 2005 census, therefore, translating into less revenue that is distributed to the Town from the State. The prolonged recession resulted in significant declines in operating revenue; in FY07-08 General Fund revenue was \$16.7M; projected General Fund revenue for FY12-13 is \$13.7M, for a five year decline of 18%.

In order to balance the budget, not only for the upcoming fiscal year but for the foreseeable future, the Budget Committee, Council, and staff are working together to develop a sustainable business plan that incorporates the citizens' strategic plan and the Council goals. The plan has consolidated departments to better position the Town as we move forward and continues to be responsive while controlling costs.

MISSION STATEMENT

**The Town of Fountain Hills' purpose is to serve the best interests of the community by:**

- providing for its safety and well-being;
- respecting its special, small-town character and quality of life;
- providing superior public services;
- sustaining the public trust through open and responsive government;
- and maintaining the stewardship and preservation of its financial and natural resources.

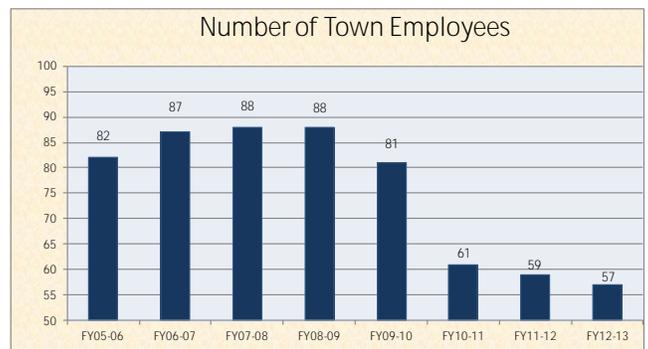
To serve and respect, and provide trust and stewardship.



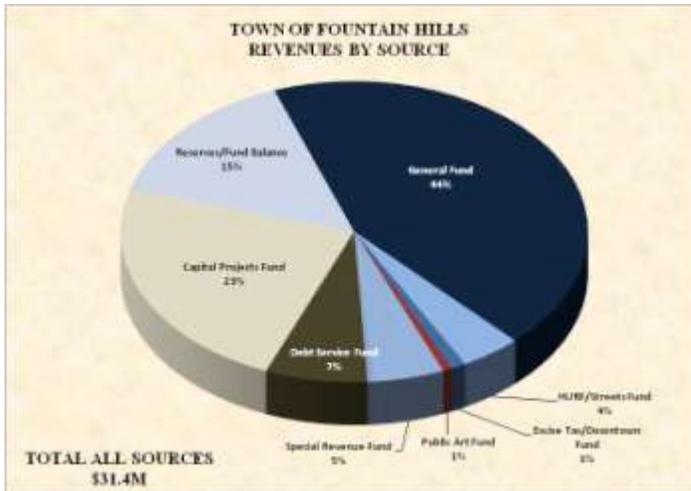
## In the right direction but far to go....



Delivery of service to the citizens of Fountain Hills is dependent upon the number of employees who can perform the service.



## TOWNWIDE REVENUE SOURCES



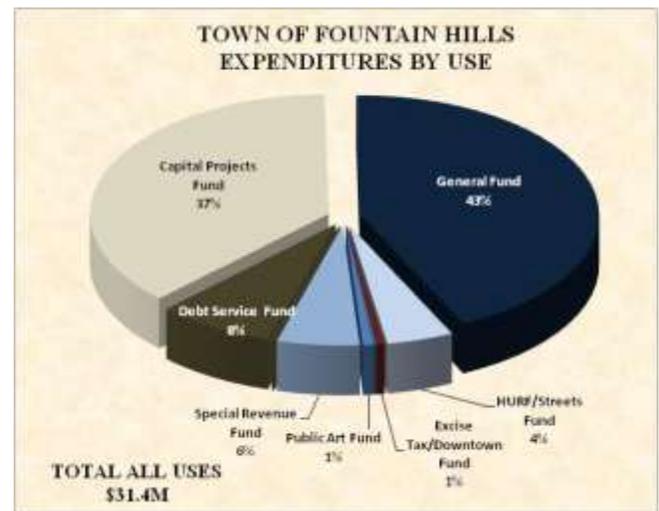
\$31,409,035

Total revenues for all funds are estimated at \$31,409,035 which includes the use of \$4,669,919 in capital reserves. The General Fund portion represents approximately 44% of the total. Special revenue funds represent another 6% of the budget. The HURF/Street fund represents 4% while the excise tax fund represents 1% of the total. Debt service represents 7% and capital projects and reserves represent the remaining 38% of the total revenues.

"Learn from yesterday, live for today, hope for tomorrow."

Albert Einstein

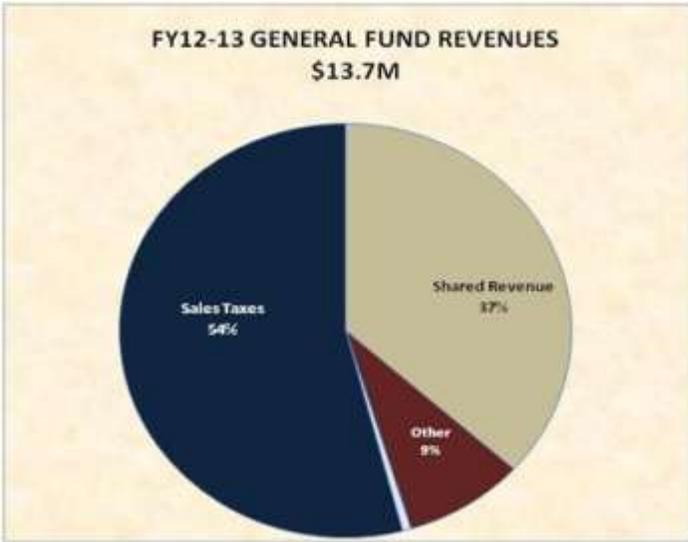
## TOWNWIDE EXPENDITURE USES



\$31,409,035

In 2010 the Strategic Planning Advisory Commission completed the update of the Town's strategic plan. After meeting with residents, organizations and stakeholders, the commission used the feedback received to develop the 2010 Strategic Plan. Based on this information, the Council established initiatives for the coming year. Some of the major initiatives include:

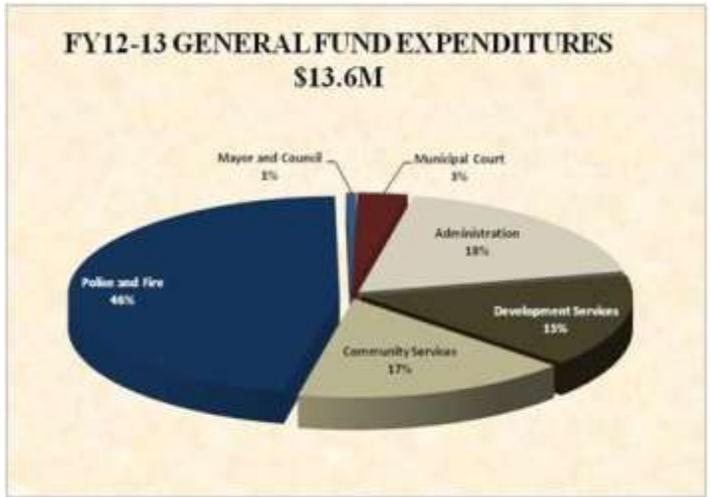
- A focus on public and stakeholder feedback as part of the decision making process
- Creating a comprehensive economic development strategy for forward economic growth and awareness
- Developing a balanced, equitable, sustainable, local financing structure to support the Town's core government services at desired service levels
- Promote retention, expansion and relocation of quality businesses
- Communicate the role of local government and clearly define the trade-offs between service levels and amenities and the associated costs so residents can make informed choices
- Discover, recognize and utilize the talents of our citizens and use these assets to address community needs
- Provide an interconnected, multi-use trail and bicycle system that promotes active living, physical activity, education and appreciation of our parks and natural resources
- Maintain a current condition assessment of all roadways and sidewalks and prioritize and implement maintenance efforts to minimize costly reconstruction
- Support community events and activities that create opportunities to build community and friendship
- Foster an environment of accessible, responsive governance
- Evaluate customer satisfaction with Town services on a regular basis and implement appropriate service improvements
- Lower reliance on State-Shared revenues by developing a locally controlled, reliable funding source for infrastructure maintenance



\$13,654,389

The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. Revenues from the local sales taxes and Shared revenues provide the major resources to fund programs and services delivered by the Town—91%. The remainder is derived from permits, licenses, fees and charges for services at 9%.

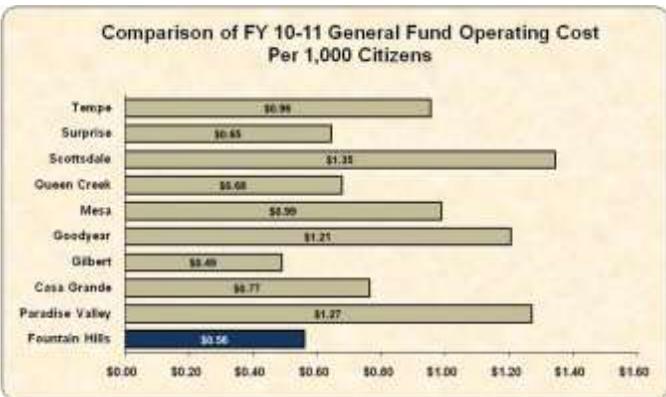
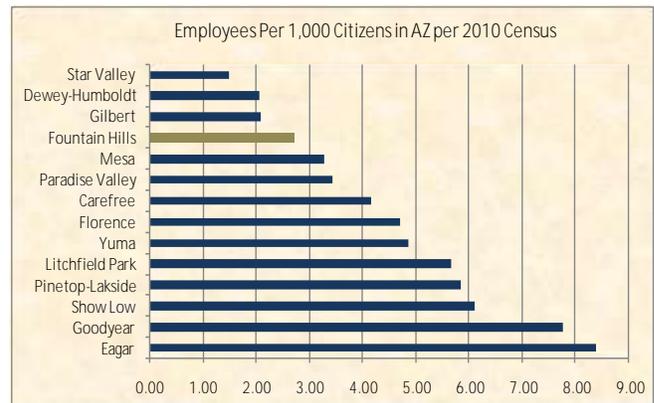
In FY08-09, the Town received \$14,828,010 in General Fund revenues. By FY11-12 budgeted General Fund revenues had decreased by 15% to \$12,645,479. FY12-13 revenues are anticipated to increase 8% to \$13,654,389 reflecting an overall increase in the economy.



\$13,581,196

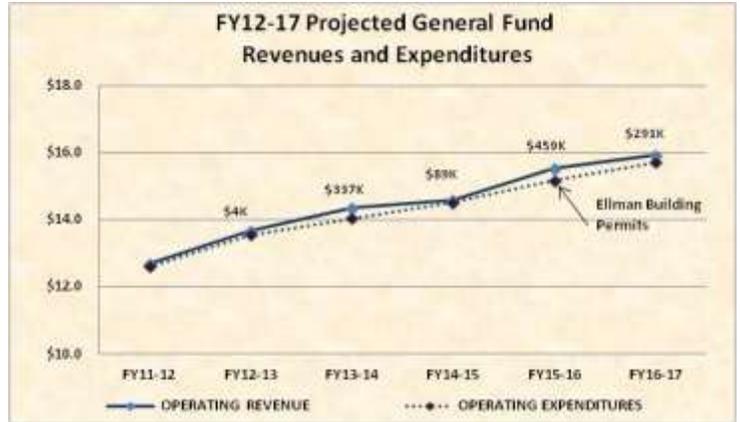
General Fund pays for:

Public Safety Police and Fire	\$6.3M
Parks, Recreation, Community Center, Seniors	\$2.2M
Public Works, Planning, Building Safety	\$2.1M
Administration, Town Council, Economic Development	\$2.6M
Municipal Court	\$0.4M



## A Look into the Future...

Taking a look into the future the development of the former State Trust land is currently anticipated to begin in FY15-16 and will provide a temporary boost to General Fund and Capital Projects fund revenues. These are one time revenues that only last as long as there is building activity; once all the homes are built the revenue will go away. If there is no new development over the next few years the expenditures will outpace the revenues and the citizens will be making some tough choices about levels of service in Fountain Hills. The General Fund does not address the long term problem of lack of funding for road maintenance.



### Capital Projects proposed for FY12-13...and how they will be paid for...

Capital projects are funded with bond proceeds (if approved by voters) or use of fund reserves. The Town has \$9.8M in reserves in the Capital Improvement Projects (CIP) Fund that accumulated when the economy was booming from construction sales tax and General Fund surpluses. It is not anticipated that there will be future surpluses or construction sales tax to replenish this fund until the former State Trust land is developed.

Voters were asked in November, 2011 to approve \$29.6M in road bonds; that measure failed. If the bonds had been approved the funds would have been used to bring the Town's road back into a sustainable pavement management cycle. The first phase would have included reconstruction of Saguardo Boulevard, as well as the worst areas in the northwest section of Fountain Hills. The Town Council has established road maintenance as the number one priority in the upcoming fiscal year and will focus on alternatives to establish a program of sustainable pavement maintenance.

Project Category	FY 2012-13 Budget	Capital Project Fund	Excise Tax Fund	General Fund	Non Town Funds
Downtown Improvements	\$2,130,000	\$790,000	\$1,240,000	\$0	\$100,000
Street/Sidewalk Improvements	\$5,074,000	\$1,673,000	\$0	\$0	\$3,401,000
Traffic Signals	\$453,000	\$453,000	\$0	\$0	\$0
Park Improvements	\$350,000	\$350,000	\$0	\$0	\$0
General Government Projects	\$96,000	\$0	\$0	\$25,000	\$71,000
Fire & EMS Projects	\$2,960,000	\$507,000	\$0	\$16,000	\$2,437,000
Drainage	\$65,000	\$65,000	\$0	\$0	\$0
Library/Event Circle	\$48,000	\$48,000	\$0	\$0	\$0
Contingency	\$111,280	\$111,280	\$0	\$0	\$0
Vehicle Replacement	\$400,000	\$400,000	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$11,687,280</b>	<b>\$4,397,280</b>	<b>\$1,240,000</b>	<b>\$41,000</b>	<b>\$6,009,000</b>



Saguardo Boulevard pavement condition

Contact Information:

Phone

Website

Julie Ghatti, Deputy Town Manager/Finance Director

(480) 816-5100

[www.fh.az.gov](http://www.fh.az.gov)