



FY 2011-12 PROPOSED 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 FY2011-12 budget, it is necessary to reflect briefly on the past fiscal year. For Fountain Hills, 2010 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 has shown signs of a mild recovery during the last six months of the fiscal year. However, FY11-12 and beyond brings new challenges as the 2010 census resulted in a decline in population from the 2005 census translating into less revenue.

The prolonged recession resulted in significant declines in operating revenue; in FY07-08 General Fund revenue was \$16.7M; projected General Fund revenue for FY11-12 is \$12.6M, for a three year total decline of 28%.

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.

MISSION STATEMENT

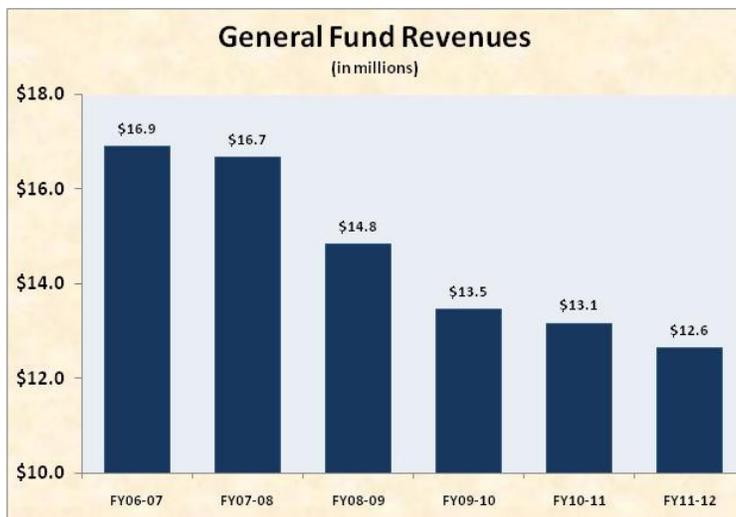
The Town of Fountain Hills' purpose is to serve the best interests of the community by:

- 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.

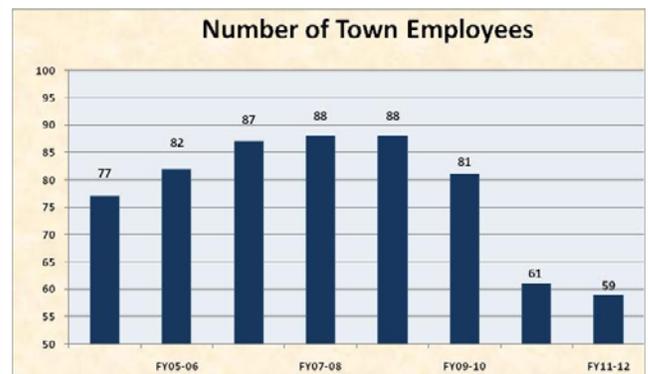
To serve and respect, and provide trust and stewardship.



Less revenues means less expenditures....



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

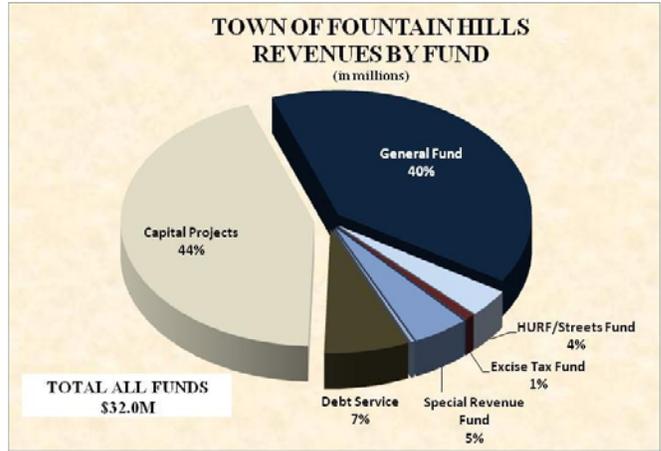


Where does the money come from?

ALL FUNDS: **\$32.0M**

General Fund: **\$12.6M**

Local Sales Taxes	\$6.6M
State Shared Revenue	\$4.5M
Permits Fees & Charges	\$1.5M



General Fund revenues can be used for any general government purpose; restricted funds can only be used for the purpose they were intended.

Restricted (special purpose) Funds:

- Highway User (HURF) Fund—Shared Revenue
- Excise Tax (Economic Development Fund) - local sales tax
- Debt Service Funds—sales and property taxes
- Special Revenue Funds—grants
- Capital Projects Fund—construction sales tax
- Public Art Fund—developer contribution

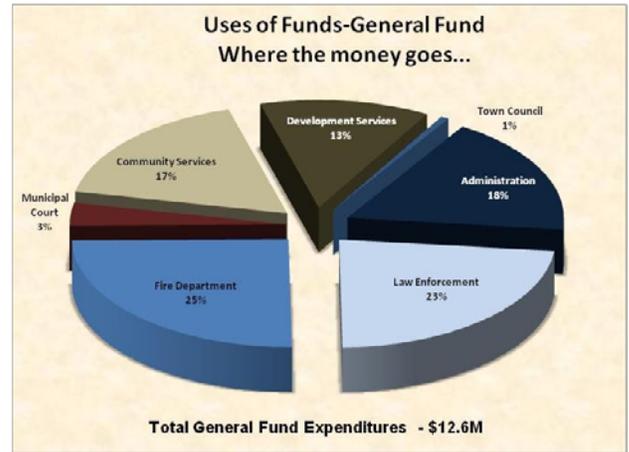
\$19.4M
\$1.2M
\$0.3M
\$2.3M
\$1.5M
\$14.1M
\$0



Where does the money go?

General Fund pays for:

Public Safety Police and Fire	\$6.1M
Parks, Recreation, Community Center, Seniors	\$2.2M
Public Works, Planning, Building Safety	\$1.6M
Administration, Town Council, Court, Economic Development	\$2.7M



Restricted (special purpose) Funds:

Streets	\$1.3M
Excise Tax (downtown)	\$0.2M
Debt Service	\$5.5M
Grants	\$1.5M
Capital Projects	\$17.1M



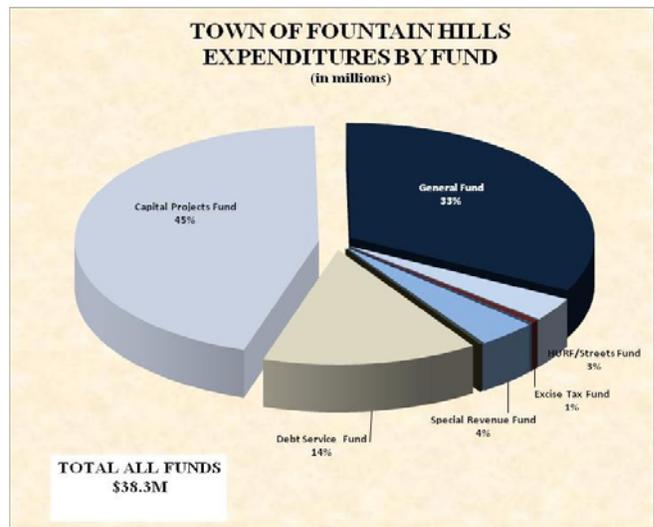
Council Goals for FY11-12

- Civility – community events and public participation
- Environmental Sustainability – minimize pollution and reduce energy consumption
- Civic Responsibility – foster public service and volunteerism
- Education, Learning and Culture – support arts and learning amenities
- Economic Vitality – equitable and sustainable economy, local business community
- Recreational Opportunities and Amenities – provide inter-connected pedestrian and bicycle system

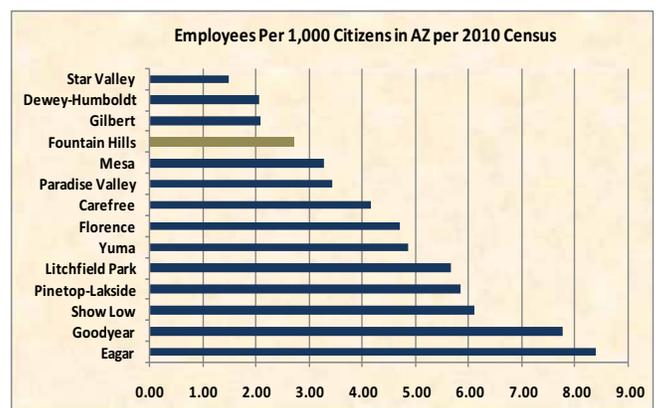
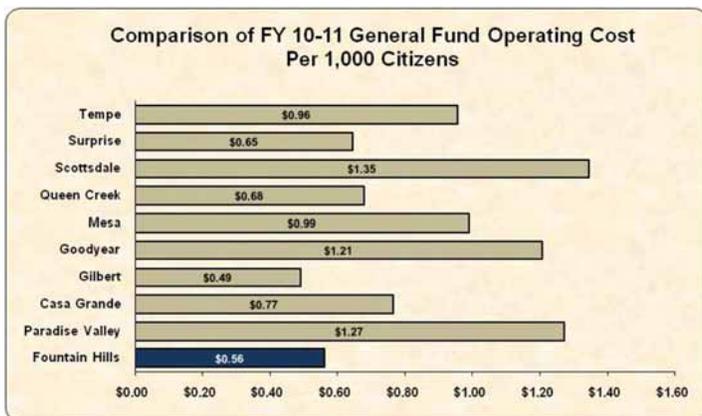


Fiscal Priorities for FY11-12

- Issue of financial sustainability for the Town’s long-term future
- State budget (legislative impact)
- Restoring and maintaining community infrastructure (roads)
- Supporting and attracting local business
- Attracting public private partnerships
- Promoting Fountain Hills as a destination



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



A Look into the Future...

Next year through FY16 shows a deficit; the development of the former State Trust land 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. Without a new revenue source or further cuts in service the anticipated deficit by FY24-25 will be \$3.0M.



Capital Projects proposed for FY11-12...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 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 will be asked in November to approve \$29.6M in road bonds. If approved the funds will be used to bring the Town’s road back into a pavement management cycle of maintained roads. The first phase will include reconstruction of Saguardo Boulevard, as well as the worst areas in the northwest section of Fountain Hills. For a presentation on the pavement management plan and associated maps please visit the Town website at [fh.az.gov/development services/road projects](http://fh.az.gov/development%20services/road%20projects).

Project	FY11-12 Cost	Source of Funds
Saguardo Blvd Mill & Overlay	\$7.5M	Bond Proceeds (if approved by voters)
Shea Blvd	\$4.4M	Grant & CIP Fund
Pavement Management	\$2.6M	Bond Proceeds (if approved) & CIP Fund
Downtown Vision Plan	\$355K	Excise Tax Fund
Saguardo/Ave of Fountains	\$450K	Excise Tax Fund & CIP Fund

Saguardo Boulevard pavement condition



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