

Summary of Sources

RECOMMENDED BUDGET 2018/19

Page 57



April 12th, 2018

SUMMARY OF SOURCES

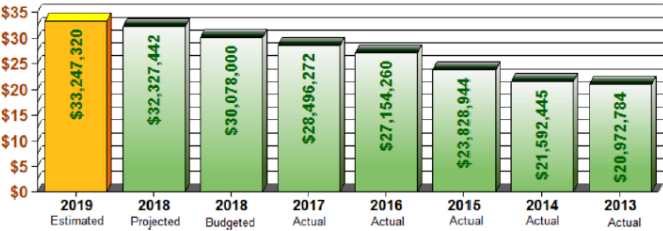
GOVERNMENTAL REVENUE

The *Summary of Sources* (the "SOS") section focuses on revenues that support the Town's governmental operations. Governmental revenue includes: the operating fund, grants, donations and other restrictive funds. Enterprise revenues are not included in this section. The Summary of Sources Section peels back layers into the revenue composition, trends and what forces drive them.

Total *estimated* governmental revenue for 2018/19 are \$33,247,320; which is \$919,878 (3%) more than **projected** for 2017/18 and \$3,169,320 (11%) more than **budgeted** for 2017/18.

The graph below illustrates total governmental revenue from 2012/13.

TOTAL GOVERNMENTAL REVENUE
All Sources (in millions)



SUMMARY OF SOURCES

TOTAL REVENUE

Major revenues are a combination of seven (7) individually reported revenue sources. Trends show that historically, these seven revenues have combined to generally meet the benchmark of 80% of total governmental revenues (78%-84% from 2013 to 2018). Estimating these seven sources with reasonable accuracy is vital to adequately managing and supporting the Town's financial strategies.

Non-major revenues are all the other 30 distinctive operating revenues that the Town receives.

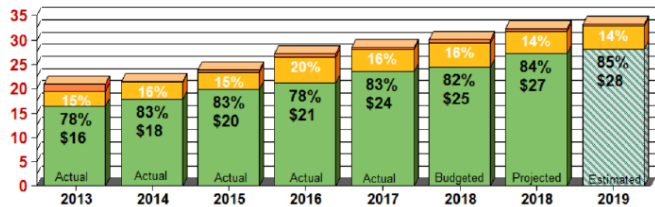
Restricted revenues are sources that have specific restrictions in their use. Certain grants and fees are in this category.

The chart and graph below illustrate major, non-major and restricted revenues that support the Town's governmental operations.

REV Table 1 - GOVERNMENTAL REVENUE						
Revenue by Type	Budget 2018/19*	Budget 2017/18	Change \$	Change %	Projected 2017/18	Actual 2016/17
Major operating revenue	\$28,196,952	\$24,516,000	\$ 3,680,952	15%	\$27,244,839	\$ 23,593,356
Non-major operating revenue	4,631,330	4,811,000	(179,670)	-4%	4,534,113	4,475,737
Restricted revenues	419,038	751,000	(331,962)	-44%	548,490	427,170
Total revenue	\$33,247,320	\$30,078,000	\$ 3,169,320	11%	\$32,327,442	\$ 28,496,272

* Recommended funding levels for the 2018/19 budget year

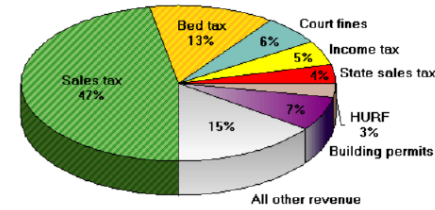
TOTAL GOVERNMENTAL REVENUE
By Category (in Millions)



SUMMARY OF SOURCES

MAJOR REVENUES

Major revenues are estimated at \$28,196,952 for 2018/19. This is an increase of \$2,008,688 (15%) compared to last year's budget and \$952,113 more than is being projected for last year's actual collections. The graph to the left shows the proportionate amount for each revenue, by major source. The chart and graph below illustrate each of the seven major revenues.



Of the seven major revenues, the local sales tax (TPT) is the most predominant; accounting for approximately 47% of total estimated governmental revenue.

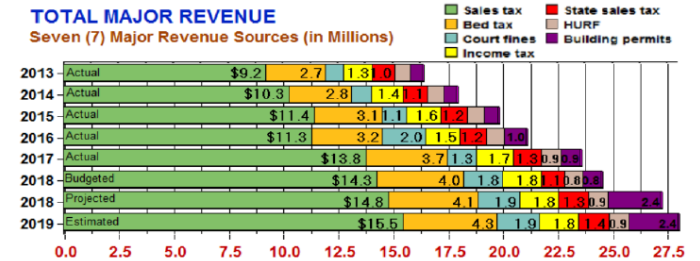
The occupancy (bed) tax is the next largest major revenue accounting for 13% of total revenue. Building permits have spiked in 2018 and they are 7% of total revenues.

REV Table 2 - Total Revenue: OPERATING REVENUE

Operating Revenue by Source	Budget 2018/19*	Budget 2017/18	Change \$	Change %	Projected 2017/18	Actual 2016/17
Major operating revenue						
Transaction privilege tax (Sales)	\$15,513,312	\$14,295,000	1,218,312	9%	\$14,848,025	\$ 13,818,317
Occupancy tax (Bed)	4,274,600	3,984,000	290,600	7%	4,071,053	3,701,739
Court fines - counter	1,921,120	1,762,000	159,120	9%	1,883,452	1,318,793
Income tax	1,762,232	1,758,000	4,232	0%	1,777,811	1,703,256
State shared TPT (Sales)	1,424,721	1,071,000	353,721	33%	1,346,296	1,277,675
Highway User Revenue (HURF)	901,867	811,000	90,867	11%	919,102	897,142
Building permits	2,399,100	835,000	1,564,100	187%	2,399,100	876,434
Total Major Revenue	\$28,196,952	\$24,516,000	\$ 2,008,688	15%	\$27,244,839	\$ 23,593,356
Non-major operating revenue	4,631,330	4,811,000	(179,670)	-4%	4,534,113	4,475,737
Total Operating Revenue	\$32,828,282	\$29,327,000	\$ 3,509,970	12%	\$31,778,952	\$ 28,069,093

* Recommended funding levels for the 2018/19 budget year

TOTAL MAJOR REVENUE
Seven (7) Major Revenue Sources (in Millions)



SUMMARY OF SOURCES

LOCAL SALES TAX (TPT)

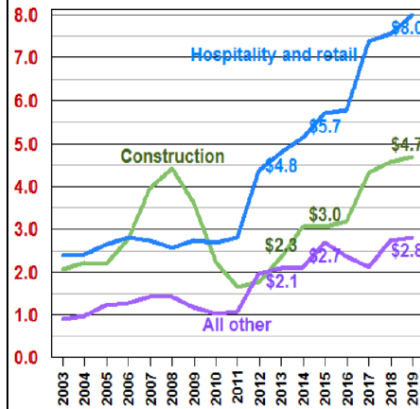
There are numerous components and taxable activities within the local sales tax (TPT), but can be simplified into three (3) main categories: Construction, Hospitality and Retail, and All Other.

Construction is general considered a one-time revenue, because once the construction is completed and the tax is collected the activity is done.

Per Town policy, all construction sales tax received in excess of \$500,000 is transferred to the Capital Improvement Program.

Hospitality and Retail is a significant category for the Town because of its potential to be recurring year-to-year and recent growth.

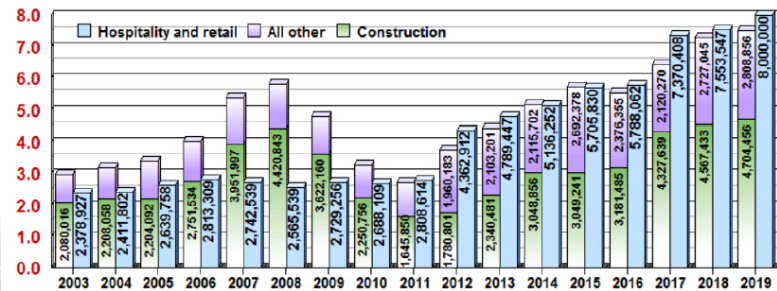
The line graph to the right shows the 3-main categories for local sales tax from 2003-2019 (in millions).



REV Table 3 - Major Revenue: TRANSACTION PRIVILEGE TAX (SALES)

Revenue	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
All Sources						
Hospitality and retail	\$ 8,000,000	\$ 7,553,547	\$ 7,370,408	\$ 5,788,062	\$ 5,705,830	\$ 5,136,252
Construction	4,704,456	4,567,433	4,327,639	3,181,485	3,049,241	3,048,856
All other	2,808,856	2,727,045	2,120,270	2,376,355	2,692,378	2,115,702
Total Sales tax	\$15,513,312	\$14,848,025	\$13,818,317	\$11,345,902	\$11,447,449	\$10,300,810

* Recommended funding levels for the 2018/19 budget year.



SUMMARY OF SOURCES

BED (OCCUPANCY) TAX

Tourism and the hospitality industry are critical elements and contribute greatly to the Town's character. This industry generates a good portion of the Town's operating revenue. As a result, the Town dedicates significant resources to invest in tourism promotion.

- ▶ The Town invests 40.9% of its audited bed tax from two years prior into the current budget year.
- ▶ For example in audit year 2017, the Town received \$3,701,739 in bed tax revenue; and then 40.9% is investment in budget 2019 (\$1,514,011).
- ▷ To limit the risk of over allocating current resources, this budget recommends beginning to set aside and assign the difference of the 40.9% of the current revenue to what is paid to Tourism. That balance will be segregated on the balance sheet and paid when due.
- ▷ For example: The Estimated Bed Tax revenue for 2019 is \$4,274,600. The investment of 40.9% of \$4,274,600 is \$1,748,311. However, the Town's investment to Tourism based on 2017 is \$1,514,011; which is \$234,300 less than the 40.9%, but will be due in two years. Ergo, the recommendation is to set aside \$234,300 designated to the 2021 tourism investment.

Since 2010, annual occupancy tax (bed tax) revenue has doubled. The graph below displays the bed tax revenue collections since 2005 and the portion set-aside for Tourism and used for the Town's operations.

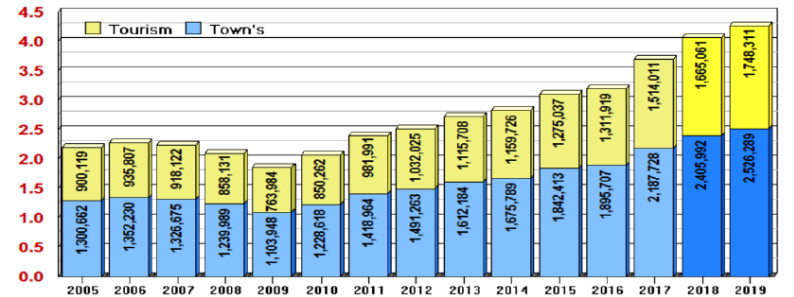
REV Table 4 - Major Revenue: OCCUPANCY (BED) TAX

Revenue	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
All Sources						
Town's portion	\$ 2,526,289	\$ 2,405,992	\$ 2,187,728	\$ 1,895,707	\$ 1,842,413	\$ 1,675,789
Tourism (Current year)**	1,514,011	1,311,919	1,275,037	1,159,726	1,115,708	1,057,025
Tourism (Subsequent year)***	234,300	353,142	238,974	152,993	159,329	102,701
Total occupancy (bed) tax	\$ 4,274,600	\$ 4,071,053	\$ 3,701,739	\$ 3,207,626	\$ 3,117,450	\$ 2,835,515

* Recommended funding levels for the 2018/19 budget year.

** Current year is 40.9% of total revenue two years ago.

*** Subsequent is 40.9% of today's revenue.



SUMMARY OF SOURCES

STATE SHARED REVENUES

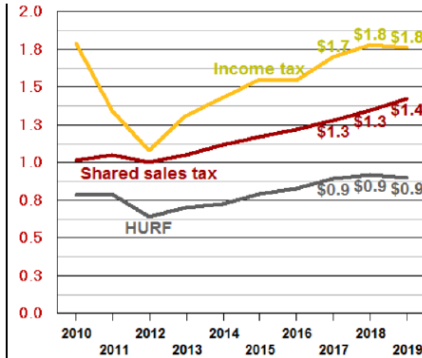
Three (3) revenue sources are part of the "State Shared" revenues: Income tax, Sales tax and HURF. These have been steady and consist since 2012.

The line graph to the right shows each source's trend over 10-years (in millions).

Income tax and shared sales tax are considered general revenues for the town's governmental operations.

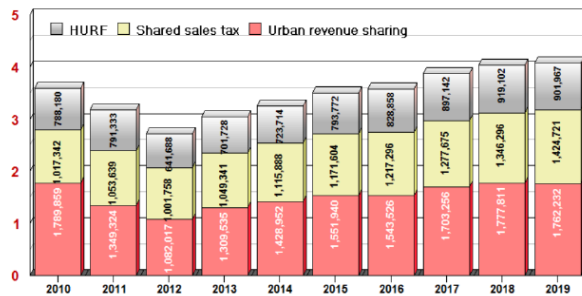
HURF is specific restrictions on its use. The town meets those restrictions by using 100% of HURF in the streets department.

The chart and graph below show history of these revenue sources.



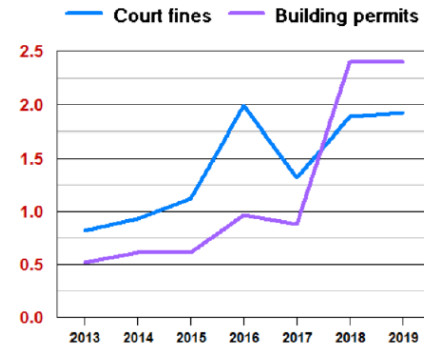
Revenue	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
All Sources						
Income tax	\$ 1,762,232	\$ 1,777,811	\$ 1,703,256	\$ 1,543,526	\$ 1,551,940	\$ 1,428,952
Sales tax	1,424,721	1,346,296	1,277,675	1,217,296	1,171,604	1,115,888
HURF **	901,867	919,102	897,142	828,858	793,772	723,714
Total state shared revenue	\$ 4,088,820	\$ 4,043,209	\$ 3,878,073	\$ 3,589,680	\$ 3,517,316	\$ 3,268,554

* Recommended funding levels for the 2018/19 budget year
** 2017/18 HURF included one-time funding



SUMMARY OF SOURCES

BUILDING PERMITS & COURT FINES



Building permits and court fines are the two most volatile of the major revenues.

Building permits have dramatically spiked in 2018. But this level of revenue is not expected to be sustained in the long run. It is expected to continue approximately 2-4 years and then taper back the levels of 2013-2015.

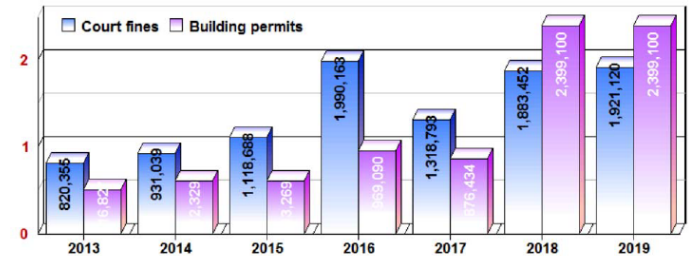
Court fines spiked in 2016 and then leveled back to the trend in 2017 and 2018.

The line graph to the left illustrates each revenues trend since 2013 (in millions).

The graph and chart below show history of these two sources.

Revenue	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
All Sources						
Court fines - counter	\$ 1,921,120	\$ 1,883,452	\$ 1,318,793	\$ 1,990,163	\$ 1,118,688	\$ 931,039
Building permits	2,399,100	2,399,100	876,434	969,090	613,269	612,329
Total Other major revenues	\$ 4,320,220	\$ 4,282,552	\$ 2,195,227	\$ 2,959,253	\$ 1,731,957	\$ 1,543,368

* Recommended funding levels for the 2018/19 budget year

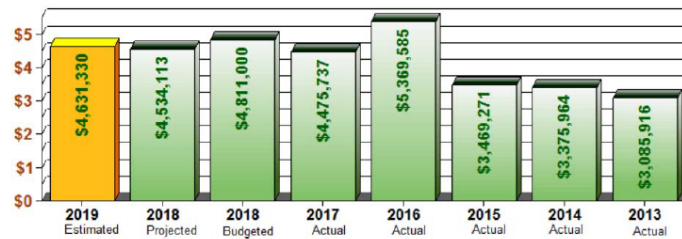


SUMMARY OF SOURCES

NON MAJOR REVENUES

Though non-major revenues are not individually as large as the seven major revenues, they shouldn't be overlooked. The graph and chart below show that total non-major revenue are estimated to decrease by \$179,670 (-4%) compared to the 2018 budget; but an increase of \$97,217 (2%) compared to current estimates for 2018.

NON-MAJOR REVENUES
(in millions)



Operating Revenue by Source	Budget 2018/19*	Budget 2017/18	Change \$	Change %	Projected 2017/18	Actual 2016/17
Taxes	\$ 1,029,380	\$ 1,044,000	\$ (14,620)	-1%	\$ 1,028,021	\$ 1,056,547
Intergovernmental	647,950	577,000	70,950	0	618,289	639,339
Fines and forfeitures	804,000	816,000	(12,000)	-1%	799,061	740,849
License and permits	1,340,000	1,064,000	276,000	26%	1,341,928	1,408,964
Rentals and royalties	310,000	610,000	(300,000)	-49%	309,472	307,779
Contributions and donations	400,000	680,000	(280,000)	-41%	281,090	139,576
Interest income	100,000	20,000	80,000	400%	156,252	182,683
Total non-major revenue	\$ 4,631,330	\$ 4,811,000	\$ (179,670)	-4%	\$ 4,534,113	\$ 4,475,737

* Recommended funding levels for the 2018/19 budget year.

The following five (5) tables display each of the non-major revenues within their revenue category.

Revenue All Sources	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
APS franchise fee	\$ 630,000	\$ 629,615	\$ 592,752	\$ 629,739	\$ 655,689	\$ 672,323
Cox Com franchise fee	260,000	259,800	241,488	245,137	246,353	244,743
Southwest gas franchise fee	139,000	138,380	221,801	271,024	148,874	142,552
Other taxes	380	226	506	742	(13,659)	-
Total Non-major Taxes	\$ 1,029,380	\$ 1,028,021	\$ 1,056,547	\$ 1,146,142	\$ 1,037,257	\$ 1,059,618

* Recommended funding levels for the 2018/19 budget year.



SUMMARY OF SOURCES

Revenue All Sources	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
Auto lieu tax	\$ 622,950	\$ 593,289	\$ 548,523	\$ 530,413	\$ 490,206	\$ 457,878
\$4 Citing agency - SB1398	25,000	25,000	32,064	50,783	26,572	18,259
Other intergovernmental	-	-	58,752	-	-	-
Total Non-major Intergov.	\$ 647,950	\$ 618,289	\$ 639,339	\$ 581,196	\$ 516,778	\$ 476,137

* Recommended funding levels for the 2018/19 budget year.

Revenue All Sources	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
Court PD technology fee	\$ 635,000	\$ 632,277	\$ 598,132	\$ 874,787	\$ 405,027	\$ -
Public safety fee	105,000	103,582	90,711	184,781	114,246	85,204
Jail fee reimbursements	10,000	8,706	10,984	10,068	9,257	-
Indigent legal fee reimbursements	-	-	220	1,353	2,382	-
Process service fee - courts	35,000	32,776	7,642	45,764	42,077	22,517
Police impound vehicle	19,000	21,570	32,700	12,000	-	-
Other fines and fees	-	150	460	(5,885)	8,002	-
Total Non-major fines & fees	\$ 804,000	\$ 799,061	\$ 740,849	\$ 1,122,868	\$ 580,991	\$ 107,721

* Recommended funding levels for the 2018/19 budget year. ** 2017/18 HURF included one-time funding.

Revenue All Sources	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
In-house plan review	\$ 695,000	\$ 688,372	\$ 627,194	\$ 596,726	\$ 496,208	\$ 437,432
Grading permits	55,000	59,680	253,188	80,440	39,395	24,650
Development in lieu	108,000	108,000	108,000	108,000	108,000	108,000
Haul / evacuation permit	75,000	75,038	93,183	103,460	68,186	64,775
Fire marshal	40,000	43,483	71,787	77,434	34,353	36,099
Hillside application fee	150,000	150,772	55,125	42,920	33,700	35,060
Right of way permit	90,000	90,660	50,869	71,991	25,477	13,930
Sub division permit	28,000	27,193	40,923	44,494	29,125	18,085
Special use permit	24,000	24,219	36,480	11,710	30,520	15,871
Other	75,000	74,511	72,215	73,581	56,651	63,822
Non-major License & permits	\$ 1,340,000	\$ 1,341,928	\$ 1,408,964	\$ 1,210,756	\$ 921,615	\$ 817,724

* Recommended funding levels for the 2018/19 budget year.

Revenue All Sources	Budget 2018/19*	Projected 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
New Path	\$ 150,000	\$ 150,000	\$ 147,569	\$ 146,343	\$ 146,097	\$ 143,246
Post office rent	87,000	87,000	87,000	87,000	87,000	87,050
Wireless facility	73,000	72,472	73,210	72,360	71,410	67,170
Miscellaneous	400,000	281,090	139,576	737,089	118,092	523,562
LGI earnings	35,000	56,500	39,342	30,719	19,209	(16,845)
Investments	65,000	99,752	143,341	235,112	70,822	110,581
Non-major License & permits	\$ 810,000	\$ 746,814	\$ 630,038	\$ 1,308,623	\$ 512,630	\$ 914,764

* Recommended funding levels for the 2018/19 budget year.

SUMMARY OF SOURCES

{This page is intentionally left blank}



DEPARTMENTS, DIVISIONS & ENTERPRISES