

# **ADOPT RESOLUTION ADOPT OF THE TENTATIVE BUDGET FY2020/21**



**May 28<sup>th</sup>, 2020**

APRIL 23 - OPERATING FUND		
DAY 1	Work session	Time
FY2021 Outlook *		0:15
Introduction		
Budget document overview		0:05
Revenue scenerios *		0:10
Reserve balances *		0:05
Funding strategies *		0:05
Operating Fund summary *		0:10
FTEs, PSPRS, Contingencies *		0:10
Central services		
Finance office		0:05
Information technology		0:10
Development		
Planning & Building		0:20
Engineering		0:15
Public works		0:15
Public safety		
Municipal court		0:20
Police department		0:30
Leadership		
Town attorney		0:10
Town manager		0:10
Mayor and Council		0:15
Direction from Council		TBD
ESTIMATED TIME		3:30

Modified April 21, May 8, 2020		
CONSIDERATIONS & ACTIONS		
MAY 28		
DAY 4	Regular Session	
Tentative budget discussion		
Resolution:		
Adopt tentative budget FY2021		
JUNE 11		
DAY 5a	Special Session	
Public hearing & discussion		
Resolution:		
Final budget adoption 2021		
JUNE 11		
DAY 5b	Regular Session	
Tentative Resolutions FY2021:		
Adoption of PSPRS policy		
Adoption of Financial policies		
Adoption of Strategic revenue plan		
Resolutions FY2020:		
Budget amendments 2020		
* information available by April 21st		
** information available by May 12th		

MAY 14 - ALL FUNDS		
DAY 2	Work session	Time
Follow up from Day 1		0:05
Revenue update **		0:10
Executive summary **		0:10
Enterprises		
Alarm		0:05
Fire		0:03
Wastewater		0:03
Other programs		
Public transit & Tourism		0:04
Grants and donations		0:02
Contingencies		0:03
CIP Financing & Debt service		0:10
Capital Improvement Plan**		0:50
Direction from Council		TBD
ESTIMATED TIME		1:45
MAY 28		
DAY 3	Work session	Time
Follow up from Day 1 & 2		0:15
Funding strategies update		0:05
State forms		0:05
Changes to recommended		0:20
Direction from Council		TBD
ESTIMATED TIME		0:45

3 Revenue levels and expenditure priorities are not directly correlated. Revenue levels measure the current economic condition and climate to better monitor and expenditure priorities are based on services levels.

REVENUE REBOUND LEVELS

The Town experienced sharp revenue drops that were abrupt and extremely deep. With the duration for rebound still uncertain, revenues yield caution.

**LEVEL I:** Based on a worse case scenario based on actual or historical data, like an economic shutdown.

**LEVEL II:** Current crisis has not materially impacted. Revenues remain steady or a slight reduction. Such as a contract or franchise.

**LEVEL III:** Presumes the economic activity driving the revenue has not been impacted or the revenue is resuming to FY2019 trends.

The FY2020/21 Strategic Revenue Plan will be less on stress testing revenues and focused on setting tools for monitoring and tracking revenue recovery on a month-to-month basis.

EXPENDITURE PRIORITIES

The FY2021 Recommended department budgets have a built-in mechanism to fluidly transition back to their 2019 service levels as the Town’s revenues rebound.

**PRIORITY ONE:** Is the base budget, vital, mandated, or primary service(s) that has a direct impact on residents. But not to keep pace with an increase in demands. July1

**PRIORITY TWO:** Has an impact on Town operations and delivery of service, keeps pace with demands. Oct

**PRIORITY THREE:** Represents where a department was heading in February ‘20. Poised to resume, but not likely to materialize for all requests in FY2021. Jan-Mar

Going beyond the Town’s stress test, preparations are being made to mitigate if the Town’s overall revenue recovery is an elongated “L-shape” curve leading to necessitating further budget and service reductions.



# Tentative Budget FY2020/21

## Table of Contents

### STRATEGY UPDATE & STATE FORMS

Revenue, Expenditures, Fund Balance, Net Worth

Strategic Revenue Plan: Structural Deficit ..... 07

Total Sources and Uses ..... 09

Fund Balance and Net Worth ..... 14

Changes from TM Recommended Budget to the Council’s Tentative Budget

List of Changes ..... 18

Tentative Budget Summaries ..... 19

Total Sources and Uses ..... 21

Appendix: Updated Operating Fund..... 31

Budget Related Policies

Personnel Policy ..... 40

Financial Management Policy ..... 41

PSPRS Funding Policy (State Mandate) ..... 43

State Budget Forms

Tentative Budget FY2020/21 ..... 46

### STATE FORMS (TENTATIVE BUDGET)

- ▶ The State forms were prepared to represent the recommended budget as modified and includes Council’s feedback and directives through the budget process.
- ▶ The final Tentative Budget sets the maximum spending for the fiscal year.
- ▶ It is posted for public inspection and a public hearing is held for public comment.
- ▶ Council can modify these forms before the “Tentative Budget” adoption.
- ▶ Council can categorically modify the approved “Tentative Budget” before the “Final Budget” is adopted; but not increase the total budget.
- ▶ Council can amend budgets throughout the fiscal year; which is highly anticipated, with transitional mechanisms ready for FY2021.

# **FOLLOW UP AND STRATEGIES UPDATE FY2020/21**



May 28<sup>th</sup>, 2020

# REVENUE, EXPENDITURES, FUND BALANCE, NET WORTH FY2020/21



May 28<sup>th</sup>, 2020



# Strategic Revenue Plan

Pages 233 Budget '20; 13 SRP

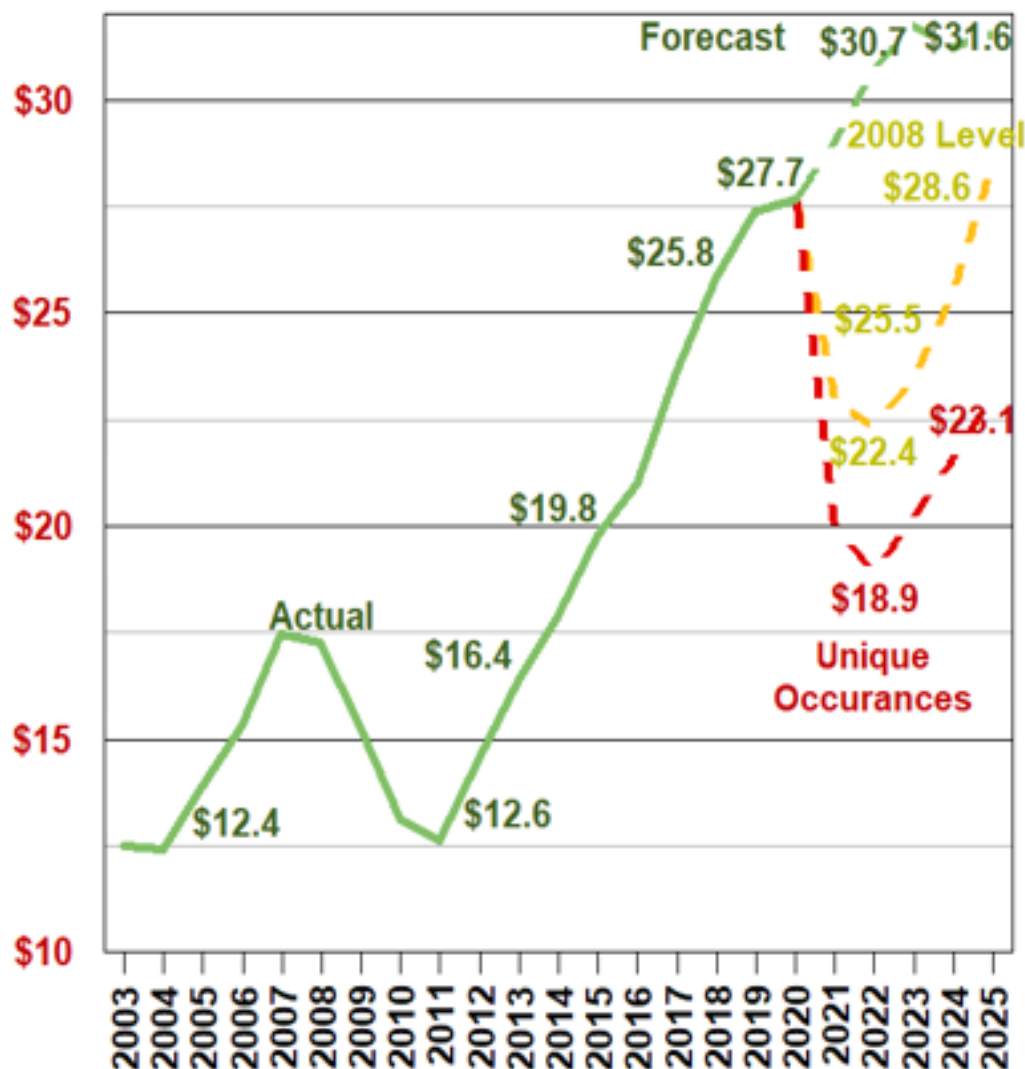
**Stressing the forecast:** Based on the previous pages, a goal is to maintain the revenue line above the expenditure line and focusing on major revenues is a logical step one.

**Green line:** shows the current revenue forecast that is then stressed in two scenarios.

**Yellow line:** runs a trend that mirrors the economic downturn late 2008 through 2011 for each major revenue.

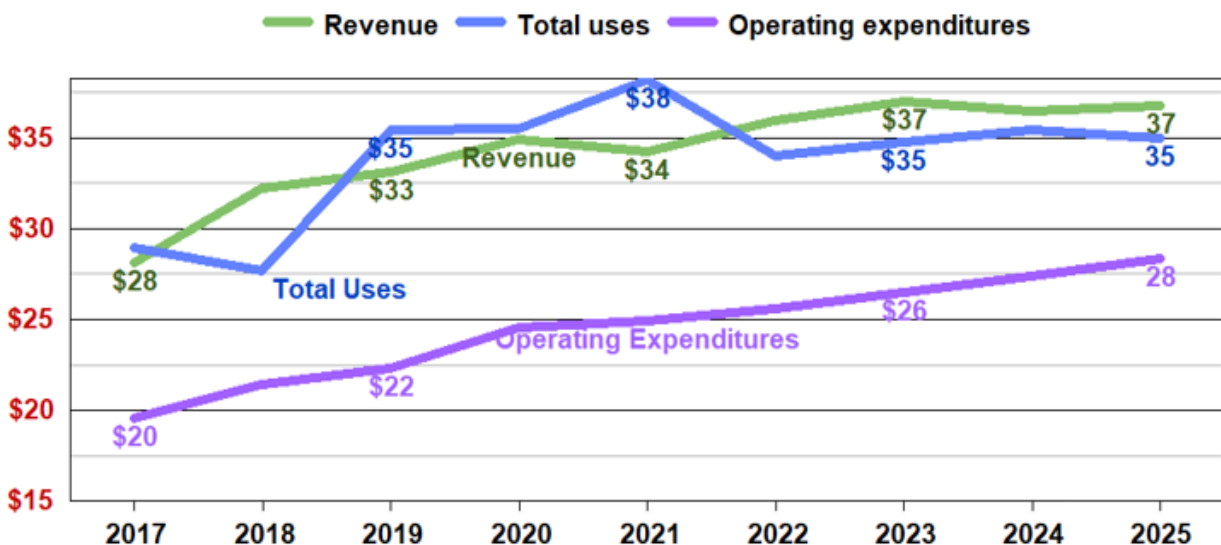
**Red line:** represents a unique situation, either legislative action or a change in the revenue base for each major revenue.

Step two is to test how these two scenarios support the Towns forecasted expenditures for operations, debt payments, capital improvements, planned repairs and replacement of vehicles and equipment.

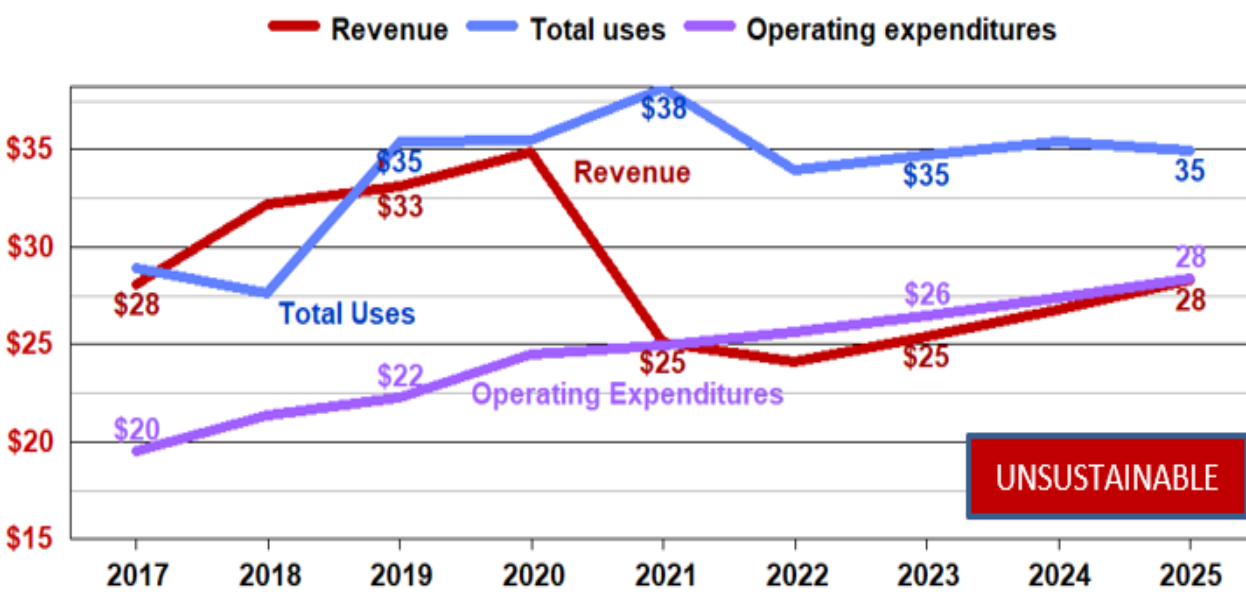
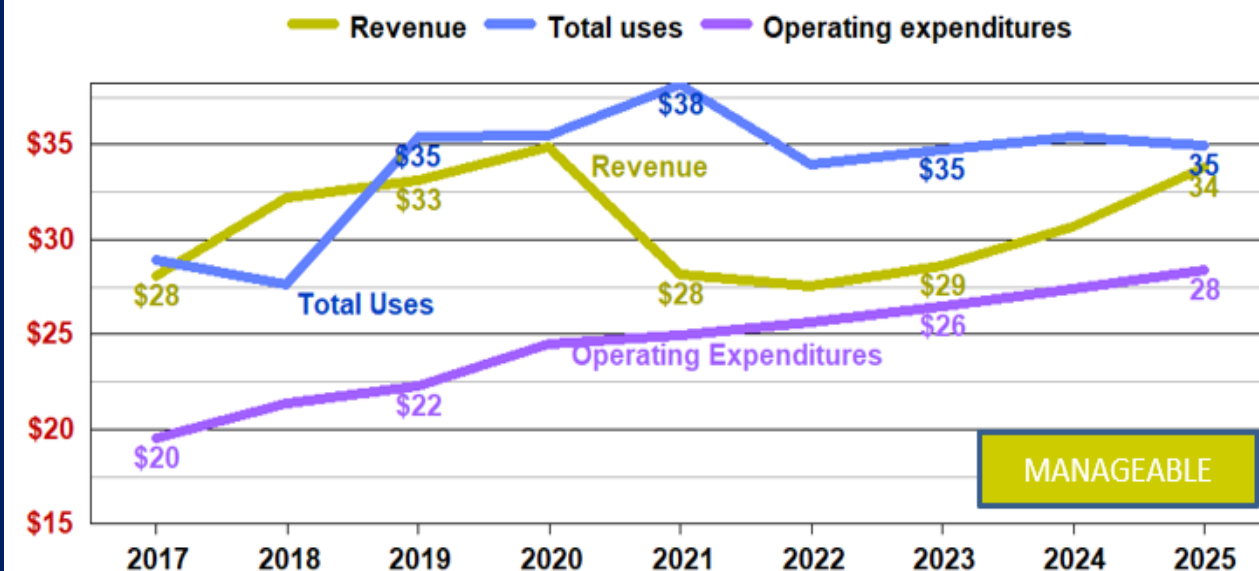


The graph below illustrates the financial forecast for 2020.

If the **total uses line** is over the **revenue line**, then the Town is using fund balance, like in FY2019-2021. If the **revenue line** is over the **total uses line**, then the town is accruing fund balance that is carried for future years, like FY2022-2025. If the **operating expenditure line** were over the **revenue line**, then the Town would be facing a structural deficit.



Though not as compelling as in the forecast in the FY2020 budget, **the revenue line** does remain above **operating expenditures**. By looking at each revenue source, there are possible actions that can be taken on the expenditure side to lower **the blue line** in this graph. Simply using fund balance to cover all revenue shortfalls would leave the Town vulnerable in future years. However, fund balance can be the bridge to navigate over this type of revenue stress.



# Strategic Revenue Plan

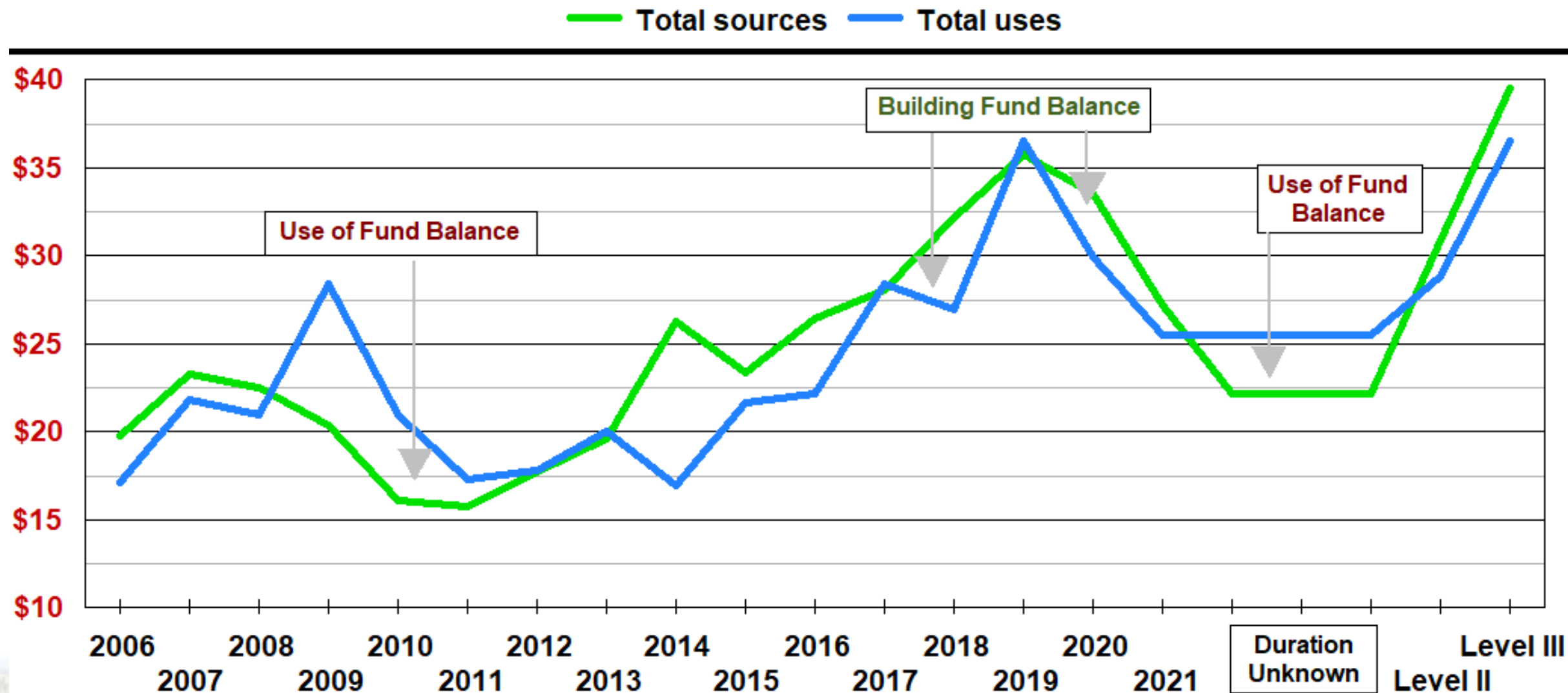
Pages 12-16

Pages 232-234 in Budget '20



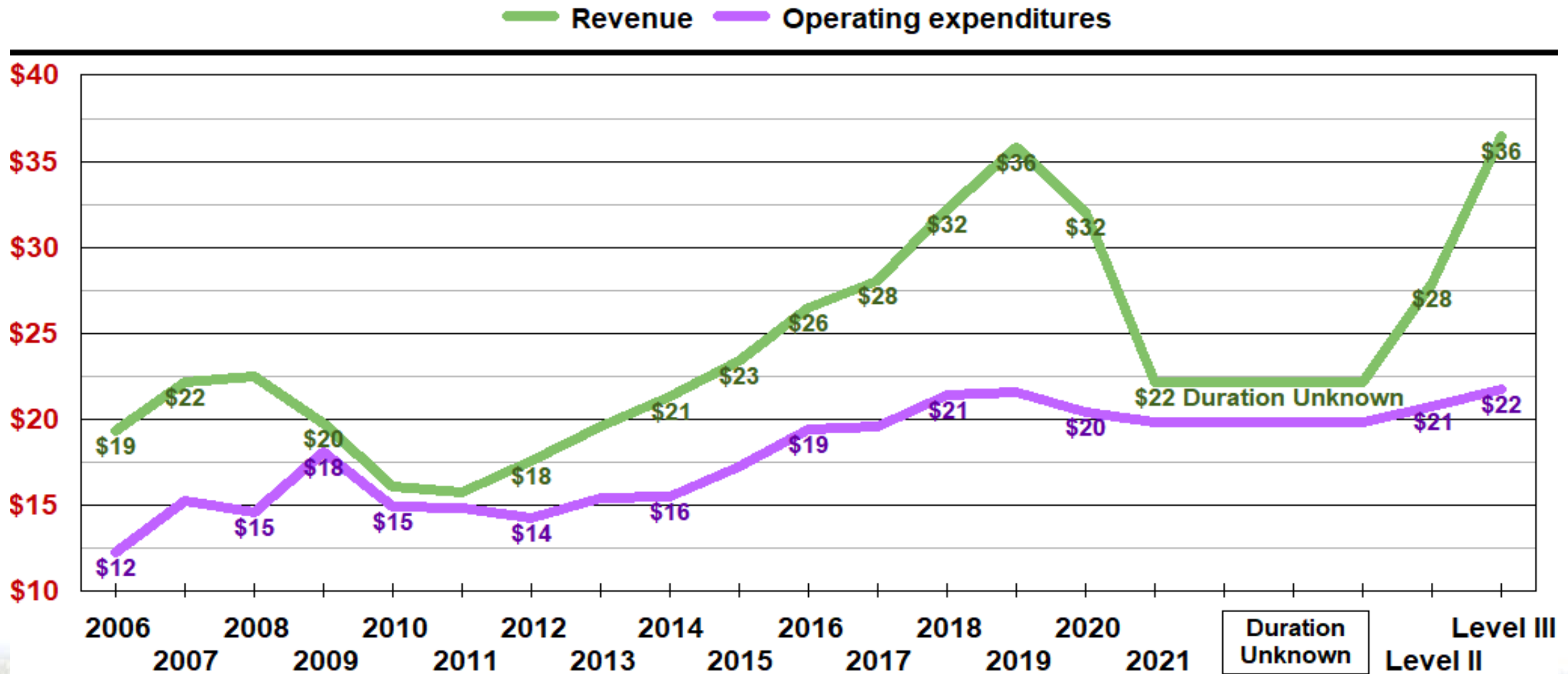


## 2006-2021 Historical Data



# Total Sources and Uses

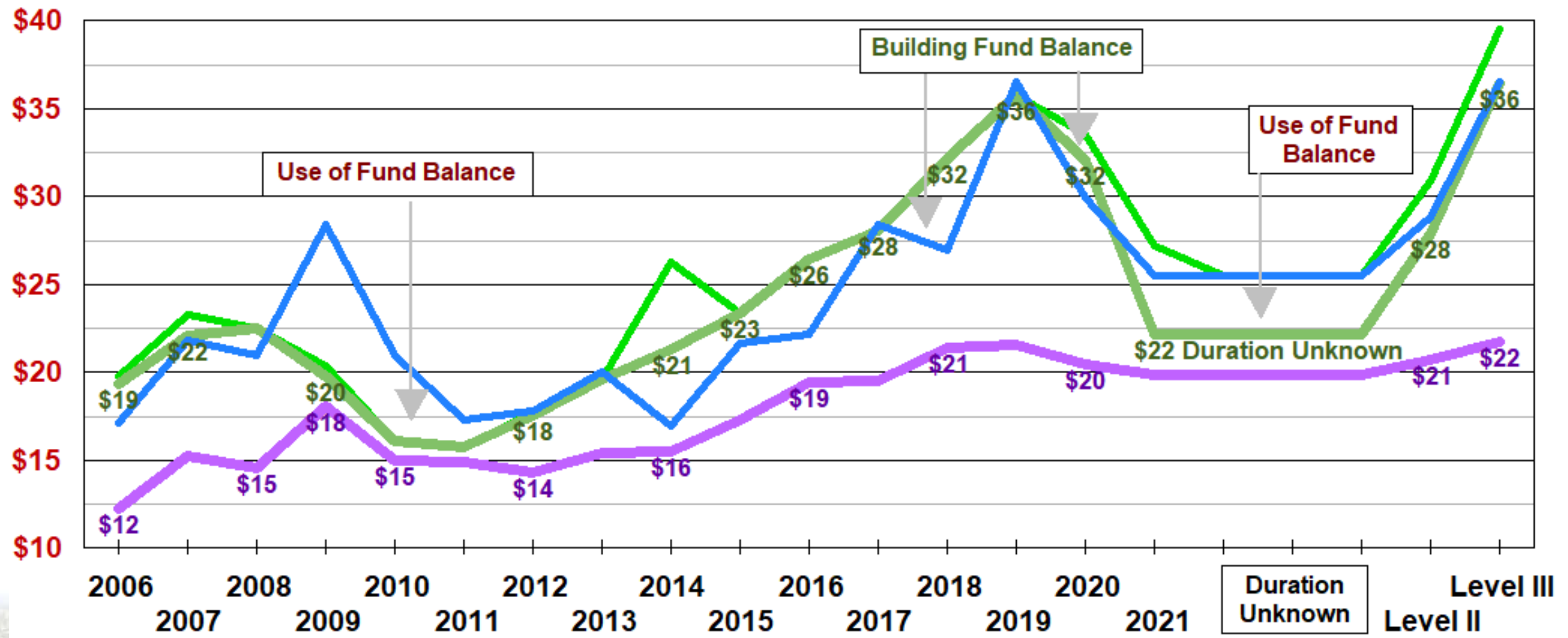
## 2006-2021 Historical Data



# Total Sources and Uses

2006-2021 Historical Data

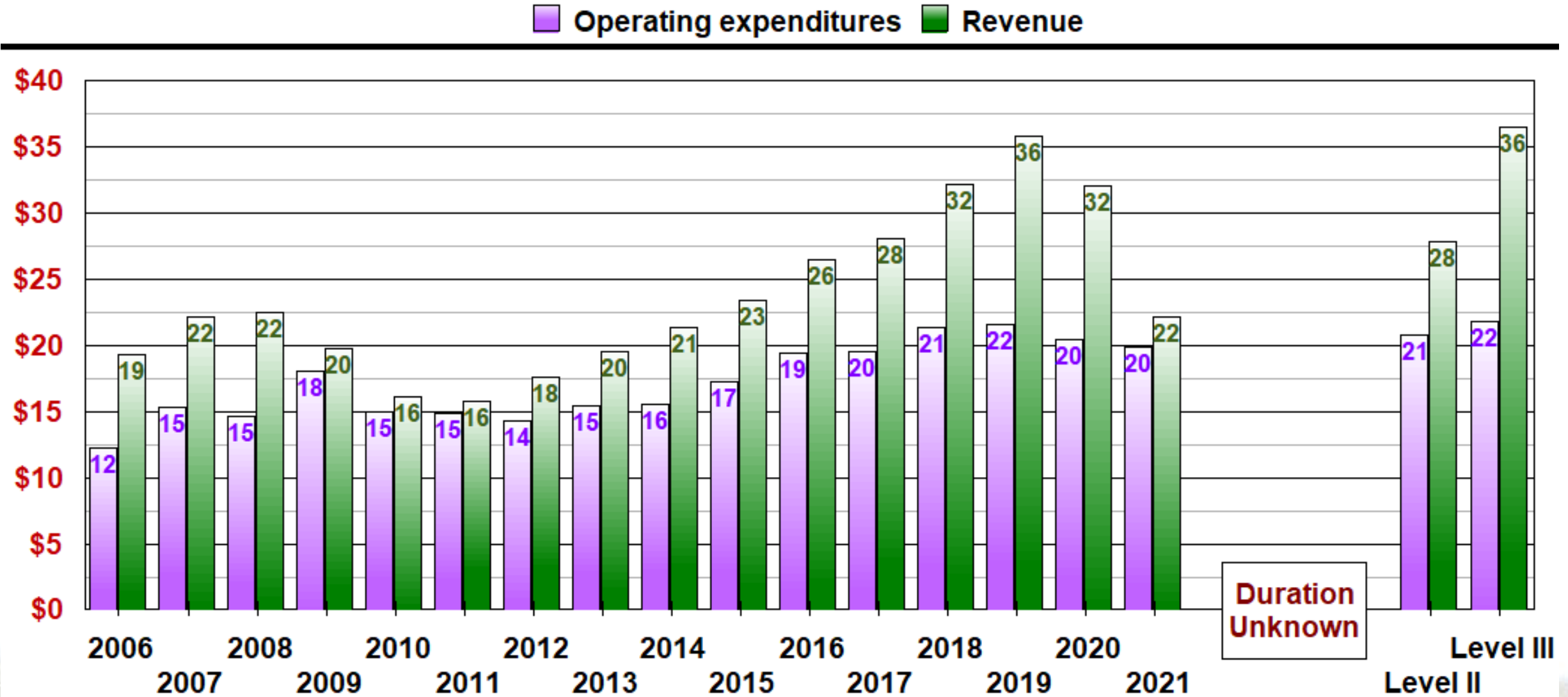
— Total sources 
 — Revenue 
 — Total uses 
 — Operating expenditures





# Total Sources and Uses

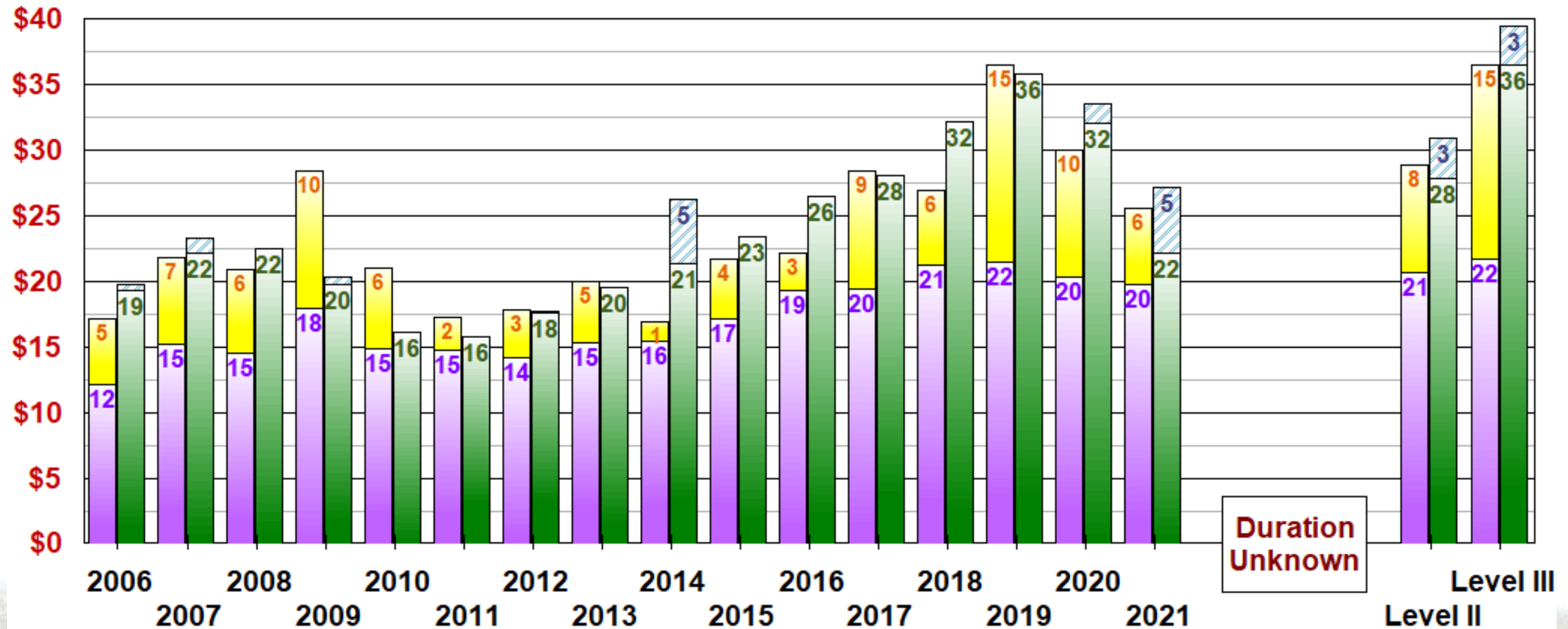
## 2006-2021 Historical Data



# Total Sources and Uses

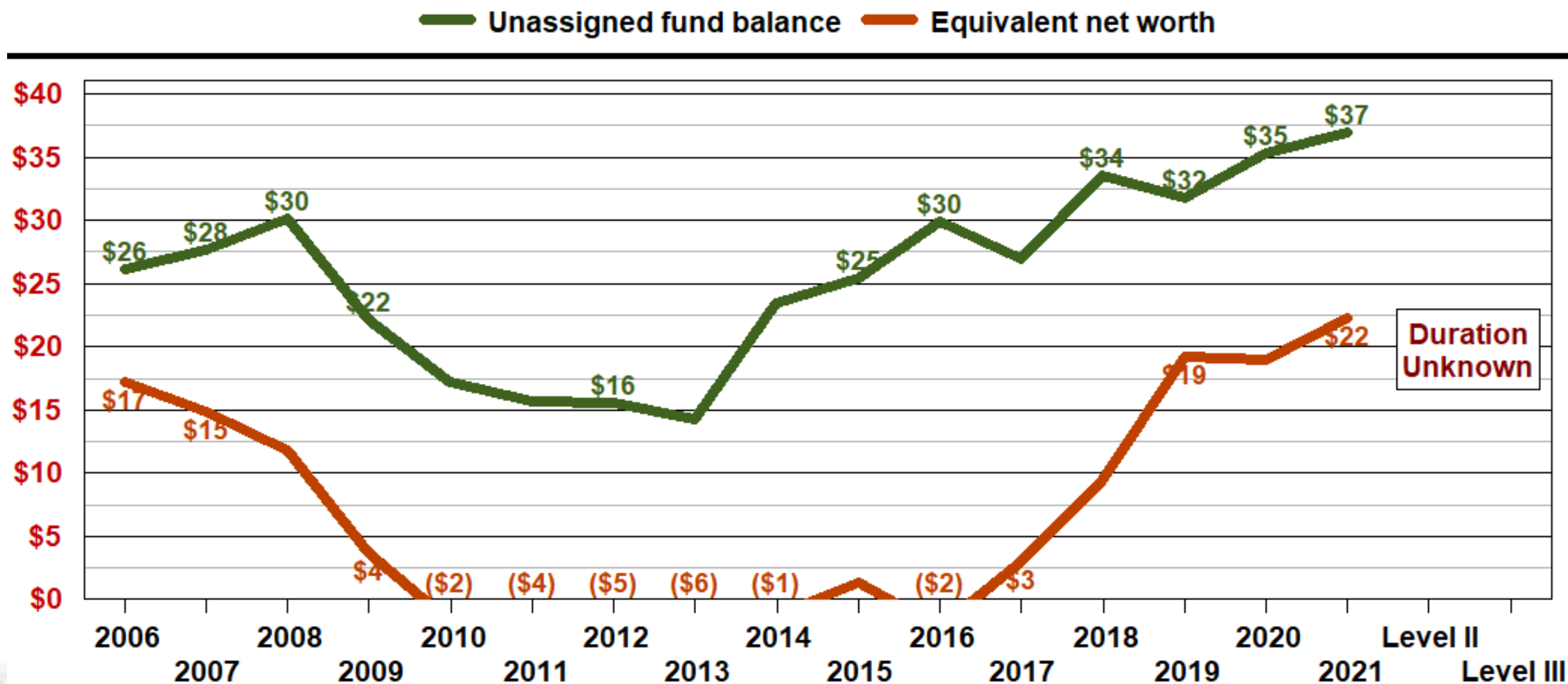
## 2006-2021 Historical Data

■ Other uses 
 ■ Operating expenditures 
 ▨ Other sources 
 ■ Revenue



# Fund Balance and Net Worth

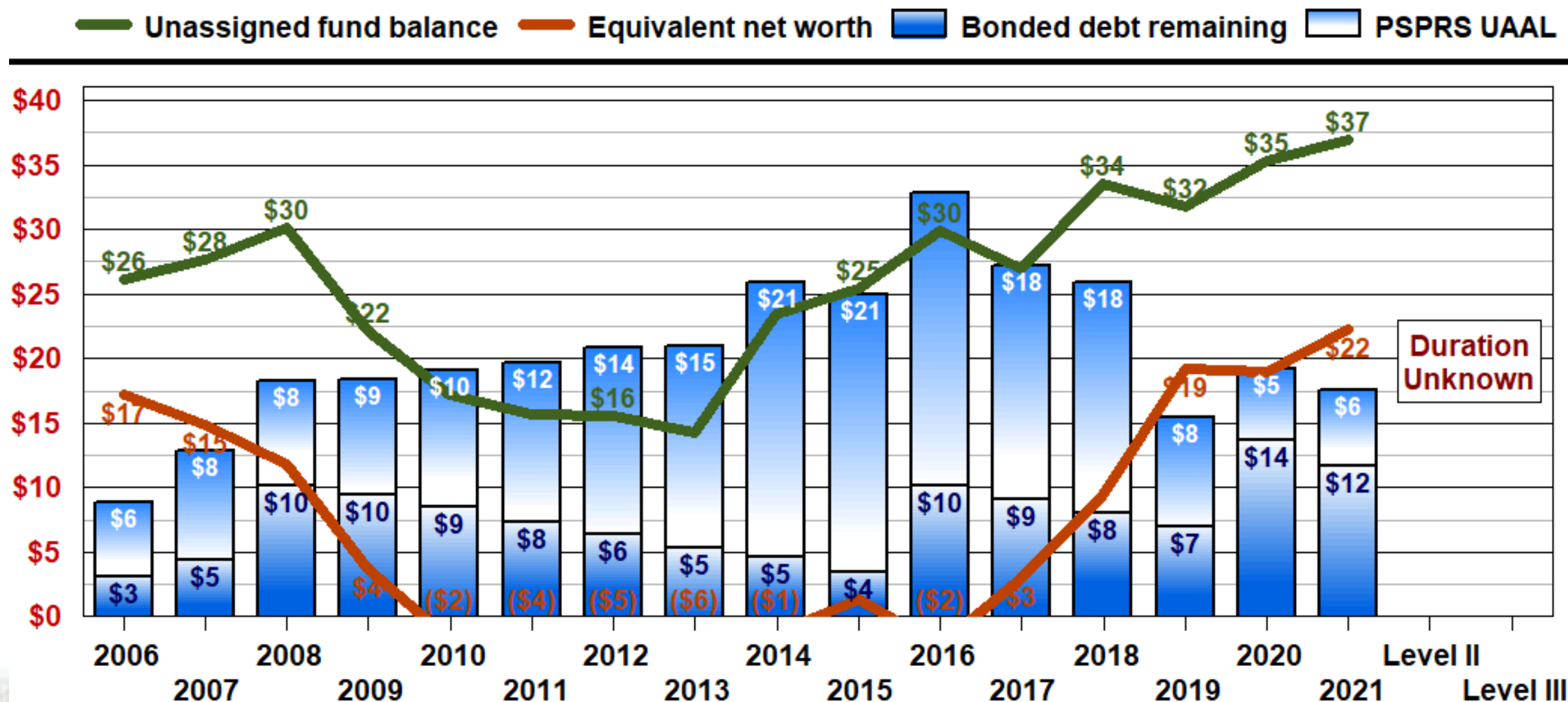
## 2006-2021 Historical Data





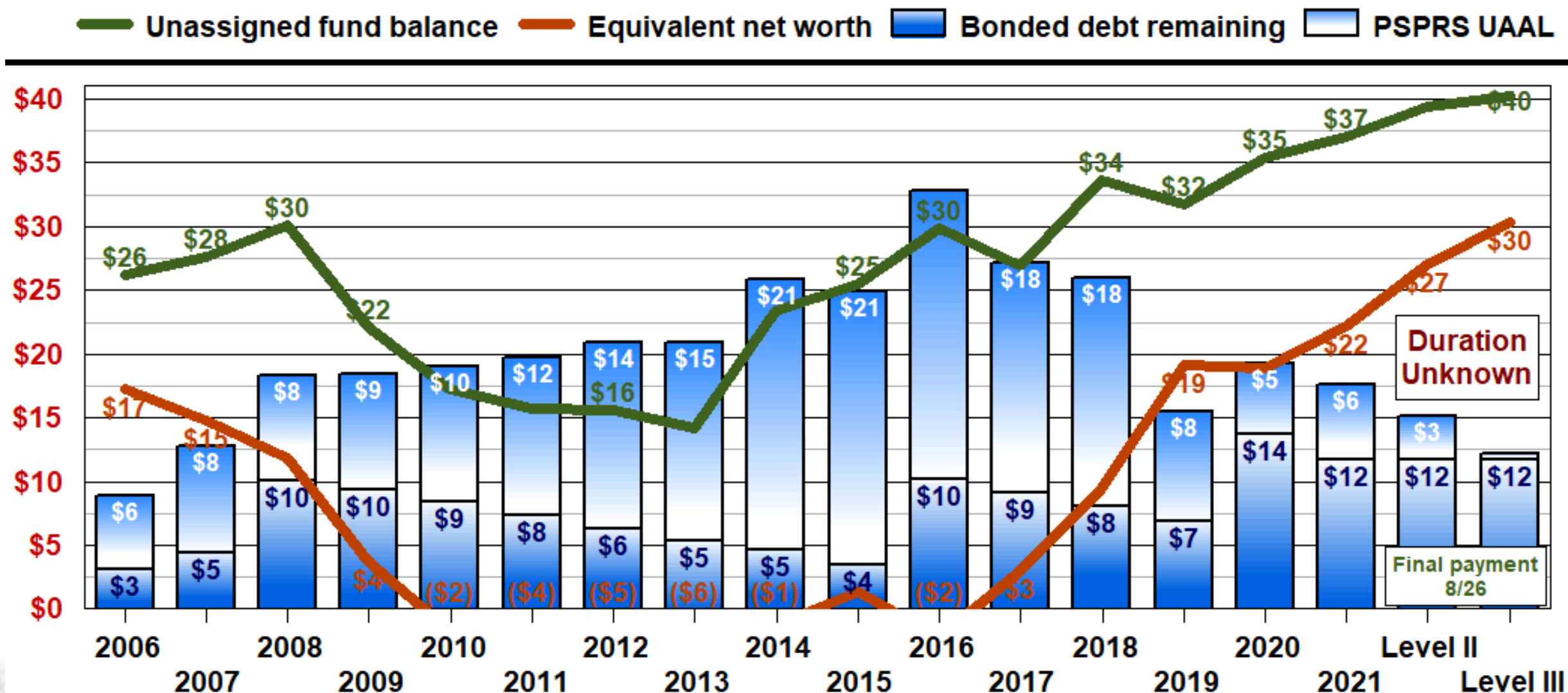
# Fund Balance and Net Worth

## 2006-2021 Historical Data



# Fund Balance and Net Worth

## 2006-2021 Historical Data



# FROM TM RECOMMENDED TO COUNCIL TENTATIVE BUDGET FY2020/21



May 28<sup>th</sup>, 2020



# List of Changes from the Rec. to Tent. Budget

CHANGES FROM THE RECOMMENDED TO TENTATIVE BUDGET	
Description / Year / Department	Amount
1) Aligned formula to budget amount	
2021 GF: Tourism	\$ (1,082,741) Decrease
2021 GF: Contingency priorities 2/3	1,082,741 Increase
2) Revenue projections adjusted based on March '20 (1/2)	
2020 GF: Local taxes	\$ 309,522 Increase
2020 GF: Building and development fees	(82,010) Decrease
2021 GF: Increase in opening fund balance	227,512 Increase
3) Estimated cost reduction for PSPRS legal fees	
2021 GF: Mayor, Council, Boards, Commissions and Volunteers	\$ (5,000) Increase
2021 GF: Contingency priorities 2/3	5,000 Decrease
3) Include capital contribution for project 2020-14	Increases total budget
2021 CIP: Lincoln median: Tatum to Mockingbird	\$ 75,000 Increase
2021 CIP: Mountain shadows contribution	75,000 Increase
4) Strategically push project 2019-03 out one year	
2021 CIP: Highlands Drive Cul De Sac	\$ (140,000) Decrease
2021 CIP: "Accounting" contingency, pending revenue	140,000 Increase
5) Reclassify miscellaneous expenditures	
2021 GF: Community development - miscellaneous	\$ (6,500) Increase
2021 GF: Community development - equipment	6,500 Decrease
Net increase to the total budget is \$75,000	

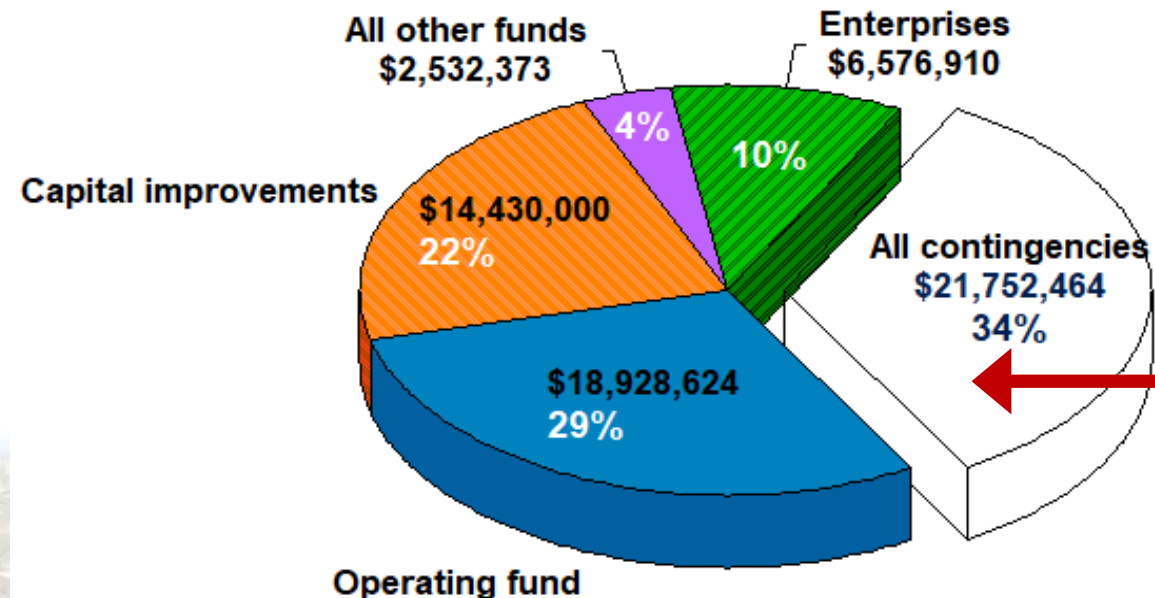
- ▶ Tentative Budget sets the maximum spending for the fiscal year
- ▶ Posted for public inspection
- ▶ Public hearing held for public comment
- ▶ Adopted Budget cannot exceed total Tentative; but it can be reduced and amendments made between lines



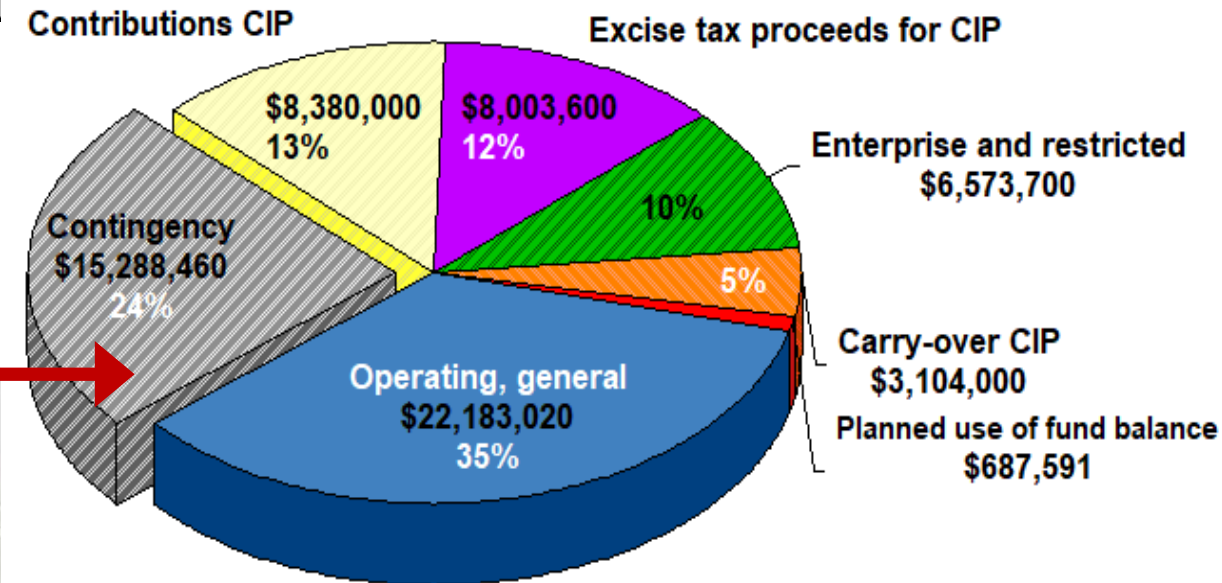
# Tentative Budget Summary

## I. Sources and Uses

HIGHLIGHTS OF THE TENTATIVE BUDGET 2021		EXPENDITURES
EXPENDITURES / EXPENSES	Amount	% of Total
Operating fund, Department's priority one	\$ 18,928,624	29.5%
Capital Improvement Projects	14,430,000	22.5%
CIP Excise tax obligation payments	2,208,028	3.4%
Enterprise funds	6,576,910	10.2%
Court, Police and other grants and donations	324,345	0.5%
Contingencies for fluid operational transition	21,752,464	33.9%
<b>Total tentative budget 2021</b>	<b>\$ 64,220,371</b>	<b>70.5%</b>



HIGHLIGHTS OF THE TENTATIVE BUDGET 2021		SOURCES
SOURCES	Amount	% of Total
Operating, general revenues	\$ 22,183,020	34.5%
Carry-over Town funding for CIP	3,104,000	4.8%
Capital contributions for CIP (Contractual)	8,380,000	13.0%
Enterprise fees and restricted revenues	6,573,700	10.2%
Planned use of fund balance	687,591	1.1%
Excise tax proceeds available for CIP	8,003,600	12.5%
Contingencies for fluid operational transition	15,288,460	23.8%
<b>Total tentative budget 2021</b>	<b>\$ 64,220,371</b>	<b>100.0%</b>



# Tentative Budget Summary

## II. Expanded Sources and Uses

HIGHLIGHTS OF THE TENTATIVE BUDGET 2021		EXPANDED LIST
EXPENDITURES / EXPENSES	Amount	% of Total
Operating fund, Department's priority one		
Police department	\$ 8,746,781	13.6%
Community development	2,330,961	3.6%
Public works and streets	2,346,819	3.7%
Tourism (current formula)	900,000	1.4%
Town manager's office and Post office	1,430,506	2.2%
All other departments	3,173,557	4.9%
Capital Improvement Projects		
Town funded capital projects	6,050,000	9.4%
Non-Town funded capital projects	8,380,000	13.0%
CIP Excise tax obligation payments	2,208,028	3.4%
Enterprise funds		
Alarm services	165,134	0.3%
Fire services	3,378,982	5.3%
Wastewater services	3,032,794	4.7%
Court, Police and other grants and donations	324,345	0.5%
Contingencies for fluid operational transition		
CIP Contingency for CIP Activities	554,000	0.9%
CIP Excise tax proceeds for projects	8,003,600	12.5%
Federal, state and court grants	1,120,115	1.7%
Enterprise funds	138,000	0.2%
Department's priority two and three	3,816,948	5.9%
General purpose	804,058	1.3%
Specific purpose	1,915,741	3.0%
PSRPS Unfunded liability	5,400,002	8.4%
<b>Total tentative budget 2021</b>	<b>\$ 64,220,371</b>	<b>100.0%</b>

HIGHLIGHTS OF THE TENTATIVE BUDGET 2021		EXPANDED LIST
SOURCES	Amount	% of Total
Operating, general revenues		
Local taxes	\$ 10,740,000	16.7%
Building and development fees	2,226,500	3.5%
State shared revenues	4,481,870	7.0%
Franchise and agreements	1,695,000	2.6%
Other licenses, permits and misc.	3,039,650	4.7%
Carry-over Town funding for CIP	3,104,000	4.8%
Capital contributions for CIP (Contractual)	8,380,000	13.0%
Enterprise fees and restricted revenues		
Alarm services fees	155,000	0.2%
Fire services fees	3,142,000	4.9%
Waterwater service and impact fees	2,820,000	4.4%
Municipal court grants	241,700	0.4%
Other grants and donations	215,000	0.3%
Planned use of fund balance - general & grants	19,681	0.0%
Planned use of fund balance - enterprises	667,910	1.0%
Excise tax proceeds available for CIP	8,003,600	12.5%
Contingencies for fluid operational transition		
Local taxes	11,560,000	18.0%
Building and development fees	283,500	0.4%
State shared revenues	979,410	1.5%
Franchise and agreements	564,000	0.9%
Other lic., permits and misc	918,050	1.4%
Restricted earnings with trustee	(16,500)	0.0%
AEL excluded	1,000,000	1.6%
<b>Total tentative budget 2021</b>	<b>\$ 64,220,371</b>	<b>100.0%</b>



# Total Sources and Uses

## I. Sources

SOURCES AVAILABLE	General & HURF	Court Grants	Capital Projects	Debt Service	Grants & Donations	Alarm Services	Fire Services	Wastewater Funds	Wastewater Impact fees	2020/21 Total
Operating, general revenue	\$ 22,183,020	-	-	-	-	-	-	-	-	\$ 22,183,020
Restricted revenue	-	\$ 241,700	\$ 16,000	\$ 500	\$ 198,500	-	\$ -	\$ -	-	456,700
Enterprise fee	-	-	-	-	-	\$ 155,000	3,142,000	2,670,000	\$ 150,000	6,117,000
Capital contributions	-	-	8,380,000	-	-	-	-	-	-	8,380,000
<b>TOTAL REVENUE</b>	<b>\$ 22,183,020</b>	<b>\$ 241,700</b>	<b>\$ 8,396,000</b>	<b>\$ 500</b>	<b>\$ 198,500</b>	<b>\$ 155,000</b>	<b>\$ 3,142,000</b>	<b>\$ 2,670,000</b>	<b>\$ 150,000</b>	<b>\$ 37,136,720</b>
Revenue contingency	14,304,960	-	(16,000)	(500)	1,000,000	-	-	-	-	15,288,460
Carry forward - Town projects	-	-	3,104,000	-	-	-	-	-	-	3,104,000
Carry forward-Excise tax proceeds	-	-	8,003,600	-	-	-	-	-	-	8,003,600
Planned use (gain) of fund balance	(4,984,579)	(69,200)	5,000,000	-	73,460	30,134	326,982	310,794	-	687,591
<b>CONTINGENCY AND FUND BAL.</b>	<b>\$ 9,320,381</b>	<b>\$ (69,200)</b>	<b>\$ 16,091,600</b>	<b>\$ (500)</b>	<b>\$ 1,073,460</b>	<b>\$ 30,134</b>	<b>\$ 326,982</b>	<b>\$ 310,794</b>	<b>\$ -</b>	<b>\$ 27,083,651</b>
Transfers in	5,070,000	-	3,500,000	2,208,028	-	-	-	150,000	-	10,928,028
Transfers out	(5,708,028)	-	(5,000,000)	-	-	-	-	(70,000)	(150,000)	(10,928,028)
<b>TOTAL NET TRANSFERS</b>	<b>\$ (638,028)</b>	<b>\$ -</b>	<b>\$ (1,500,000)</b>	<b>\$ 2,208,028</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ (150,000)</b>	<b>\$ -</b>
<b>TOTAL SOURCES</b>	<b>\$ 30,865,373</b>	<b>\$ 172,500</b>	<b>\$ 22,987,600</b>	<b>\$ 2,208,028</b>	<b>\$ 1,271,960</b>	<b>\$ 185,134</b>	<b>\$ 3,468,982</b>	<b>\$ 3,060,794</b>	<b>\$ -</b>	<b>\$ 64,220,371</b>



# Total Sources and Uses

## II. Uses

EXPENDITURES	General & HURF	Court Grants	Capital Projects	Debt Service	Grants & Donations	Alarm Services	Fire Services	Wastewater Funds	Wastewater Impact fees	2020/21 Total
Community development	\$ 2,330,961	-	-	-	-	-	\$ 94,970	\$ 64,845	-	\$ 2,490,776
Finance department	667,981	-	-	-	-	\$ 6,316	60,827	37,552	-	772,676
Information technology	888,953	-	-	-	-	11,235	-	-	-	900,188
Mayor, Council, Boards, Comm. & Vol.	152,120	-	-	-	-	-	-	-	-	152,120
Public works fleet and facilities	896,914	-	-	-	-	-	20,698	-	-	917,612
Streets & pavement plan	1,449,905	-	-	-	-	-	-	-	-	1,449,905
Tourism	900,000	-	-	-	-	-	-	-	-	900,000
Town attorney's office	705,222	-	-	-	-	-	21,804	17,340	-	744,366
Town manager's office	1,430,506	-	-	-	-	-	-	-	-	1,430,506
Municipal court	759,281	\$ 152,500	-	-	-	-	-	-	-	911,781
Police department	8,746,781	-	-	-	\$ 50,000	101,253	30,418	-	-	8,928,452
Enterprise and non-departmental	-	-	-	-	121,845	46,330	3,150,265	1,908,057	-	5,226,497
Debt service: principal	-	-	-	\$2,040,000	-	-	-	-	-	2,040,000
Debt service: interest and fees	-	-	-	168,028	-	-	-	-	-	168,028
CIP (New funding in 2021)	-	-	\$ 2,980,000	-	-	-	-	-	-	2,980,000
CIP (Prior year's carried forward)	-	-	3,070,000	-	-	-	-	-	-	3,070,000
CIP (Private party reimbursed)	-	-	8,380,000	-	-	-	-	1,005,000	-	9,385,000
CIP use of proceeds	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>18,928,624</b>	<b>152,500</b>	<b>14,430,000</b>	<b>2,208,028</b>	<b>171,845</b>	<b>165,134</b>	<b>3,378,982</b>	<b>3,032,794</b>	<b>-</b>	<b>42,467,907</b>
Contingencies (Priority one)	905,000	20,000	554,000	-	100,115	20,000	90,000	28,000	-	1,717,115
Contingencies (Other priorities)	11,031,749	-	8,003,600	-	1,000,000	-	-	-	-	20,035,349
<b>TOTAL BUDGET 2020/21*</b>	<b>\$ 30,865,373</b>	<b>\$ 172,500</b>	<b>\$ 22,987,600</b>	<b>\$2,208,028</b>	<b>\$1,271,960</b>	<b>\$ 185,134</b>	<b>\$ 3,468,982</b>	<b>\$ 3,060,794</b>	<b>\$ -</b>	<b>\$ 64,220,371</b>

### PRIOR YEAR'S BUDGETS:

Adopted Budget 2019/20	\$ 43,010,173	\$ 475,713	\$ 15,525,067	\$2,764,614	\$ 253,153	\$ 185,000	\$ 3,335,239	\$ 2,757,237	\$ 25,000	\$68,331,196
Adopted Budget 2018/19	30,791,116	263,038	17,189,563	1,257,673	180,184	339,968	3,156,000	2,191,958	25,000	55,394,500
Adopted Budget 2017/18	28,868,400	161,700	15,946,400	1,101,400	103,000	631,400	3,226,800	2,311,200	50,000	52,400,300
Adopted Budget 2016/17	21,957,851	204,438	8,862,069	1,115,997	290,000	413,500	2,900,154	2,416,709	50,000	38,210,718

# Total Sources and Uses

## III. Contingencies (Expenditures)

RECOMMENDED CONTINGENCIES					ALL FUNDS (EXPENDITURE / EXPENSE)					
Purpose	Total Budget 2020/21	Operating Fund (General + HURF)			Court Grants	Capital Projects	Grants and Donations	Enterprises		
		Priority One	Priority Two	Priority Three				Alarm	Fire	Waste- water
Operating contingency	\$ 1,616,173	\$ 600,000	\$ 68,000	\$ 136,058	\$ 20,000	\$ 554,000	\$ 100,115	\$ 20,000	\$ 90,000	\$ 28,000
PSPRS unfunded liability	5,400,002	-	2,400,000	3,000,002	-	-	-	-	-	-
Employee sick payout (policy)	55,000	55,000	-	-	-	-	-	-	-	-
Merit/appreciation (base/lump)	460,000	-	230,000	230,000	-	-	-	-	-	-
Attorney	250,000	250,000	-	-	-	-	-	-	-	-
Department priorities 2 & 3	3,816,948	-	595,906	3,221,042	-	-	-	-	-	-
Tourism				1,087,741						
Carried from 2020:										
Town-wide fee study	28,000	-	28,000	-	-	-	-	-	-	-
HR studies	35,000	-	-	35,000	-	-	-	-	-	-
CIP contingency	-	-	-	-	-	-	-	-	-	-
AEL excluded	9,003,600	-	-	-	-	8,003,600	1,000,000	-	-	-
<b>Total Expenditures</b>	<b>\$ 20,664,723</b>	<b>\$ 905,000</b>	<b>\$ 3,321,906</b>	<b>\$ 7,709,843</b>	<b>\$ 20,000</b>	<b>\$ 8,557,600</b>	<b>\$ 1,100,115</b>	<b>\$ 20,000</b>	<b>\$ 90,000</b>	<b>\$ 28,000</b>
Blue figures are excluded from the Annual Expenditure Limitation (AEL)										



# Total Sources and Uses

## III. Contingencies (Revenues)

RECOMMENDED CONTINGENCIES		ALL TOWN FUNDS (REVENUES)			
Purpose	Total Budget 2020/21	General Fund		Grants and Donations	Capital Projects & Debt Service
		Level II	Level III		
Local taxes	\$ 11,560,000	\$ 5,250,000	\$ 6,310,000	-	-
Building and development fees	283,500	-	283,500	-	-
State shared revenues	979,410	224,320	755,090	-	-
Franchise and agreements	564,000	174,700	389,300	-	-
Other lic., permits and misc	918,050	102,100	815,950	-	-
Net adjusted CIP transfers out	-	-	-	-	-
Restricted earnings with trustee	(16,500)	-	-	-	(16,500)
AEL excluded	1,000,000	-	-	1,000,000	-
<b>Total Expenditures</b>	<b>\$ 15,288,460</b>	<b>\$ 5,751,120</b>	<b>\$ 8,553,840</b>	<b>\$ 1,000,000</b>	<b>\$ (16,500)</b>





# Total Sources and Uses

## IV. Transfers and Allocations

### SCHEDULE OF TRANSFERS

Transfer in	Transfers out			Total
	General Fund	Wastewater & Impact Fees	Capital Projects	
Highway User Revenue (HURF)	\$ 823,475	-	-	\$ 823,475
Capital projects fund	3,500,000	-	-	3,500,000
Debt service fund	2,208,028	-	-	2,208,028
General fund	-	\$ 70,000	\$ 5,000,000	5,070,000
Wastewater utility	-	150,000	-	150,000
<b>Total</b>	<b>\$ 6,531,503</b>	<b>\$ 220,000</b>	<b>\$ 5,000,000</b>	<b>\$ 11,751,503</b>

### SCHEDULE OF ADMINISTRATIVE COSTS

Servicing unit	Enterprise			Total
	Alarm	Fire	Wastewater	
Town attorney	-	\$ 21,804	\$ 17,340	\$ 39,144
Police	\$ 101,253	30,418	-	131,671
Facilities	-	20,698	-	20,698
Engineering	-	-	64,845	64,845
Town manager	-	-	-	-
Community development	-	94,970	-	94,970
Information technology	11,235	-	-	11,235
Finance	6,316	60,827	37,552	104,695
<b>Total</b>	<b>\$ 118,804</b>	<b>\$ 228,717</b>	<b>\$ 119,737</b>	<b>\$ 467,258</b>

# Total Sources and Uses

## V. Staffing

ALL TOWN PERSONNEL: FULL TIME EQUIVALENTS								
DEPARTMENT	Priority One 2020/21	Projected 2019/20	Change in		Actual 2018/19	Actual 2017/18	Actual 2016/17	Actual 2015/16
			#	%				
Town manager's office								
Administration	4.0	4.0	-	0.0%	5.0	5.0	4.0	4.0
Post Office	2.0	2.0	-	0.0%	2.0	2.0	2.0	2.0
Town attorney's office	4.0	4.0	-	0.0%	4.0	3.0	3.0	3.0
Municipal court	7.0	7.0	-	0.0%	7.0	6.0	5.0	5.0
Police department								
Sworn	34.0	34.0	-	0.0%	34.0	34.0	34.0	33.0
Civilian	15.0	15.0	-	0.0%	15.0	10.0	8.0	8.0
Public works								
Facilities and fleet	3.0	3.0	-	0.0%	3.0	3.0	3.0	3.0
Streets & pavement plan	10.0	10.0	-	0.0%	10.0	10.0	10.0	10.0
Community development:								
Planning & building	11.0	11.0	-	0.0%	9.0	9.0	8.0	8.0
Engineering	6.0	6.0	-	0.0%	5.0	4.0	4.0	4.0
Information technology	5.0	5.0	-	0.0%	5.0	4.0	3.0	3.0
Finance	4.5	4.5	-	0.0%	4.0	4.0	4.0	4.0
Contingencies	-	-	-	n/a	-	-	-	-
<b>Full Time Equivalents (FTE)</b>	<b>105.5</b>	<b>105.5</b>	<b>-</b>	<b>0.0%</b>	<b>103.0</b>	<b>94.0</b>	<b>88.0</b>	<b>87.0</b>

# Total Sources and Uses

- ▶ For the capital improvement projects, the intent of the Tentative Budget is to provide single year FY2020/21 funding and budget authority for the program as a whole; not individual projects or contracts.
- ▶ The “accounting summary” is the bridge from the 5-year CIP to the 1-year State forms.
- ▶ Town and private organization funded projects are reported in the Town’s “Capital Projects fund”; Wastewater projects are reporting in that Enterprise fund.



## VI. Capital Improvement Projects

TOWN FUNDED PROJECTS (General fund & Wastewater)		Total Sources	FUNDING	
			New 2020	Carry forward
Roadway & Utility Improvements: Lincoln Dr, Mockingbird Ln, Indian Bend Rd	2016-14	\$ 2,225,000	\$ 1,005,000	\$ 1,220,000
Lincoln Dr Median Improvements: 32nd St to Tatum Blvd	2020-13	695,000	145,000	550,000
Lincoln Dr Median Improvements: Tatum Blvd to Mockingbird Ln	2020-14	1,420,000	870,000	550,000
Intersection Realignment: Lincoln Dr & Invergordon Dr	2019-01	100,000	-	100,000
SRP Denton Ln Underground Conversion	2020-02	170,000	-	170,000
Drainage Improvements (various locations)	2020-10	50,000	-	50,000
Highlands Dr. Cul De Sac	2019-03	-	-	-
License Plate Readers Update	2020-12	350,000	-	350,000
Mockingbird Ln: 56th St. to Invergordon Dr.	2021-03	400,000	355,000	45,000
Public Works Remodel	2018-01	-	-	-
CIP Scope & Cost Estimating (various projects)	2099-98	50,000	15,000	35,000
CIP Contingencies	2099-99	590,000	590,000	-
<b>Town of Paradise Valley Operating Funds</b>		<b>6,050,000</b>	<b>2,980,000</b>	<b>3,070,000</b>
Sewer system assessment	2017-06	605,000	605,000	-
Sewer system improvements	2019-05	400,000	400,000	-
<b>Total Wastewater Enterprise Funds</b>		<b>1,005,000</b>	<b>1,005,000</b>	<b>-</b>
<b>TOTAL TOWN FUNDED PROJECTS</b>		<b>\$ 7,055,000</b>	<b>\$ 3,985,000</b>	<b>\$ 3,070,000</b>
PRIVATE ORGANIZATIONS FUNDED PROJECTS (Residents, 5-Star and SRP)		Total Sources	FUNDING	
			New 2020	Carry forward
Roadway & Utility Improvements: Lincoln Dr, Mockingbird Ln, Indian Bend Rd	2016-14	\$ 8,035,000	\$ -	\$ 8,035,000
SRP Denton Ln Underground - Aesthetics	2020-02	200,000	-	200,000
SRP Denton Ln Underground - Residents	2020-02	70,000	-	70,000
Lincoln Dr Median Improvements: Tatum Blvd to Mockingbird Ln	2020-14	75,000	75,000	-
<b>TOTAL PRIVATE ORGANIZATION PROJECTS</b>		<b>\$ 8,380,000</b>	<b>\$ 75,000</b>	<b>\$ 8,305,000</b>

# Total Sources and Uses

## VII. Annual Expenditure Limitation

AEL Table 1: Annual Expenditure Limitation for EXPENDITURES (PRIORITY ONE)	
	Total 2020/21
1 Total priority one expenditures	\$ 42,467,907
2 Quasi-external transactions (Town paying sewer)	(10,220)
3 Grants & donations	(171,845)
4 Repayment of excise tax proceeds	(2,208,028)
5 HURF FY2021 in excess of FY1980 revenue	(454,886)
6 Third party pass-through reimbursement	(115,000)
7 Third party reimbursed capital projects (CIP)	(8,380,000)
8 <b>Priority one expenditures subject to AEL (Line 11)</b>	<b>31,127,928</b>
9 <b>EEC limit for Paradise Valley</b>	<b>43,359,061</b>
10 <b>Amount (over) under before contingencies</b>	<b>12,231,133</b>

AEL Table 2: Annual Expenditure Limitation for TOTAL BUDGET (STATE FORMS)	
	Total 2020/21
11 Priority one expenditures subject to AEL (Line 8)	31,127,928
12 Total contingencies	21,752,464
13 Grants and donations contingency	(1,100,115)
14 Use of excise tax proceeds contingency	(8,003,600)
15 HURF revenue if "U or V" curve contingency	(417,616)
16 <b>Total Budget subject to AEL</b>	<b>43,359,061</b>
17 EEC limit for Paradise Valley	43,359,061
18 <b>Sub total (over) under</b>	<b>-</b>
19 Use of Carry forward exemptions	-
20 <b>Amount under exp. limit</b>	<b>-</b>

- ▶ Figures in **BLUE** figures are presented on “*Total Sources and Uses: II. Uses*” slide.
  - ▶ Figures in *ITALICS* are embedded in other line items; separate calculations
- 
- ▶ “Annual Expenditure Limitation” is the State legislative spending cap.
  - ▶ “State Forms” use for Council to set the maximum spending for the year. Even if additional resources become available, the adopted amount can not be exceeded.



# Total Sources and Uses

## VIII. Changes in Fund Balance

TOTAL SOURCES, USES and FUND BALANCE	Opening Balance FY2019/20	Fiscal Year 2019/20		Opening Balance FY2020/21	Fiscal Year 2020/21		Closing Balance FY2020/21	Level and Priority Contingencies II and III		Balance After Contingencies
		Total Sources	Total Uses		Total Sources	Priority One Uses		Revenue	Expenditure	
1 Operating fund (GF+HURF)										
2 Unassigned	\$31,797,615	\$33,554,335	(\$30,061,404)	\$35,290,546	\$27,253,020	(\$24,636,652)	\$37,906,914	\$14,304,960	(\$11,936,749)	\$40,275,125
3 Assigned to:										
4 Facilities	1,516,000	-	-	1,516,000	-	-	1,516,000	-	-	1,516,000
5 Fleet	847,500	-	-	847,500	-	-	847,500	-	-	847,500
6 Other	-	-	-	-	-	-	-	-	-	-
7 Capital improvement program										
8 General fund										
9 Capital projects	11,017,283	6,276,112	(4,861,000)	12,432,395	11,880,000	(19,430,000)	4,882,395	-	(554,000)	4,328,395
10 Debt service	-	-	-	-	-	-	-	-	-	-
11 Held by trustee										
12 Construction	-	8,007,600	-	8,007,600	16,000	-	8,023,600	(16,000)	(8,003,600)	4,000
13 Debt service	1,383,064	1,466,442	(1,477,864)	1,371,642	2,208,528	(2,208,028)	1,372,142	(500)	-	1,371,642
14 Grants and donations										
15 Courts	1,062,402	272,421	(415,539)	919,284	241,700	(152,500)	1,008,484	-	(20,000)	988,484
16 All other	58,032	49,590	(34,162)	73,460	198,500	(171,845)	100,115	1,000,000	(1,100,115)	-
17 Enterprises										
18 Alarm services	528,340	150,165	(129,175)	549,330	155,000	(165,134)	539,196	-	(20,000)	519,196
19 Fire services	2,479,716	3,147,447	(3,191,181)	2,435,982	3,142,000	(3,378,982)	2,199,000	-	(90,000)	2,109,000
20 Wastewater	(989,874)	3,158,534	(2,556,988)	(388,328)	2,820,000	(3,102,794)	(671,122)	-	(28,000)	(699,122)
21 TOTAL	\$49,700,078	\$56,082,646	(\$42,727,313)	\$63,055,411	\$47,914,748	(\$53,245,935)	\$57,724,224	\$15,288,460	(\$21,752,464)	\$51,260,220

# Total Sources and Uses

## IX. Actions Taken

### FY2019/20

- ▶ Froze non-essential vacancies and other non-essential spending
- ▶ Held PSPRS UAAL payments
- ▶ Deferred road maintenance, road is in good condition
- ▶ Private placement (low rate)
- ▶ Increased fund balance by \$3.3M
- ▶ State work share program
- ▶ AZDEMA program
- ▶ FEMA reimbursement effort
- ▶ Aligning staffing duties with demands
- ▶ Project teams: Reopening, Recovery, Best Practices, Continuity Planning

### FY2020/21

- ▶ Departments prioritized and continue to reduce expenditures on a tiered approach
- ▶ Updating revenue projections and analysis as data is available
- ▶ Assessed policies, reserves and set-asides for recommendations
- ▶ Plan dynamic resumption to full activities, ready to cut-back if necessary
- ▶ Recalibrated costs and use of non-general fund sources
- ▶ Updated a spending formula based on prior year revenue collections

# APPENDIX UPDATED OPERATING FUND FY2020/21



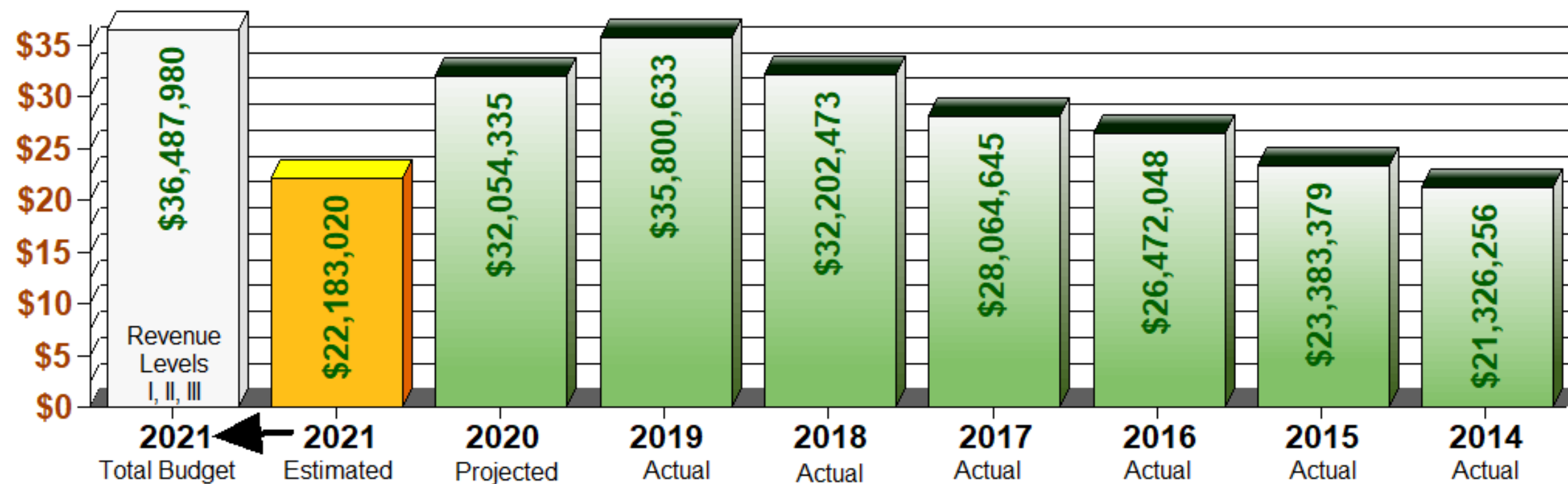
May 28<sup>th</sup>, 2020

# Operating Fund

## I. Revenue

### TOTAL REVENUE

(in millions)

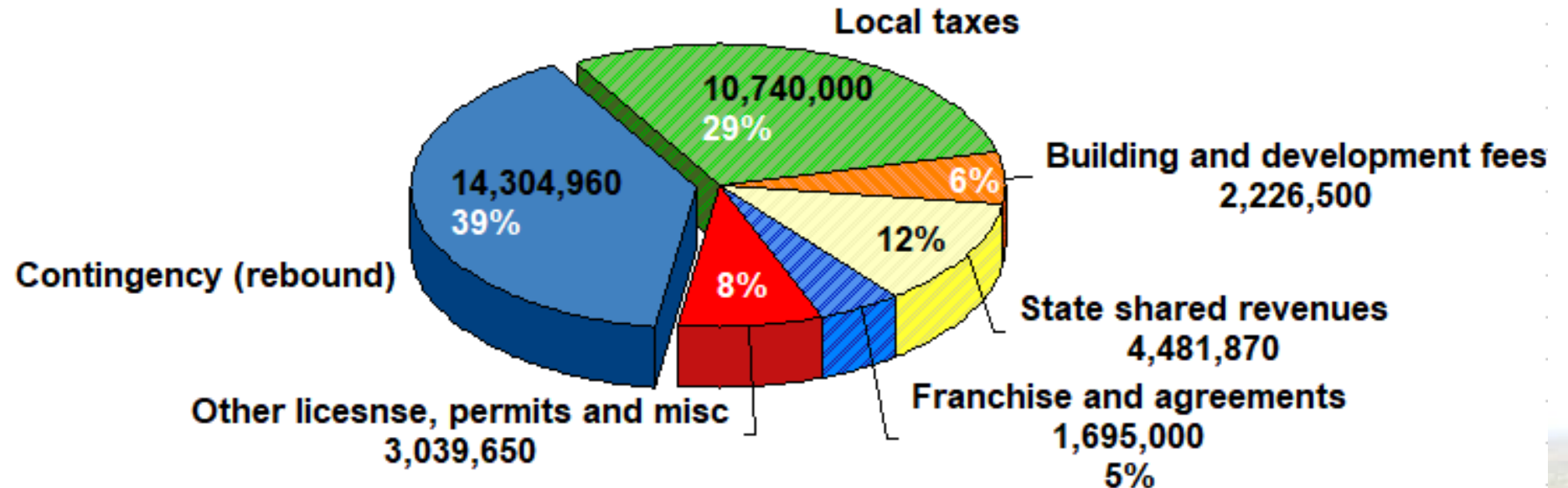




# Operating Fund

## II. Revenue Rebound (*Confidence*) Levels

OPERATING REVENUE LEVELS					RECOMMENDED FY2020/21				FISCAL YEARS			
	LEVEL I	LEVEL II	LEVEL III	Budget 2020/21	Projected 2019/20	Actual 2018/19	Actual 2017/18	Actual 2016/17				
Local taxes	\$ 7,725,000	\$15,990,000	\$22,300,000	\$10,740,000	\$19,558,695	\$21,812,160	\$19,276,803	\$17,520,057				
Building and development fees	1,423,900	2,184,500	2,510,000	2,226,500	2,545,903	2,409,936	2,460,717	2,126,559				
State shared revenues	3,962,980	4,706,190	5,461,280	4,481,870	4,946,965	4,763,509	4,685,203	4,426,596				
Franchise and agreements	1,489,860	1,869,700	2,259,000	1,695,000	1,727,967	1,695,910	2,539,083	1,385,327				
Other licenses, permits and misc.	2,336,600	3,141,750	3,957,700	3,039,650	3,274,805	5,119,118	3,240,667	2,606,107				
<b>TOTAL OPERATING REVENUE</b>	<b>\$16,938,340</b>	<b>\$27,892,140</b>	<b>\$36,487,980</b>	<b>\$22,183,020</b>	<b>\$32,054,335</b>	<b>\$35,800,633</b>	<b>\$32,202,473</b>	<b>\$28,064,646</b>				
Percentage of Level III	46%	76%	100%	61%								

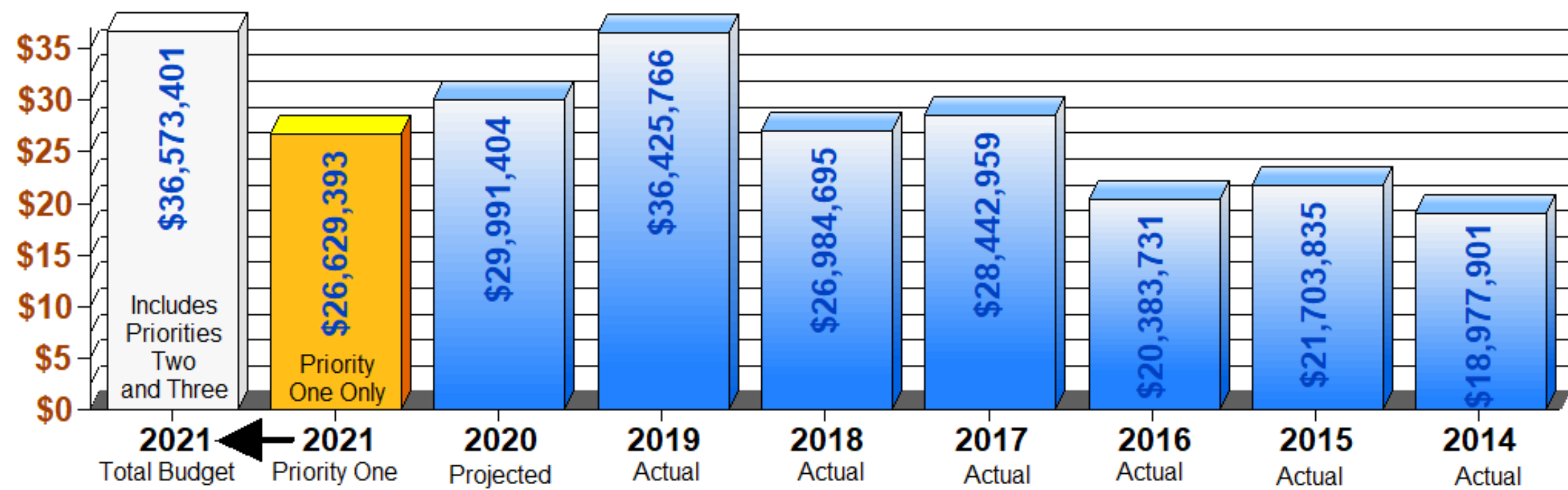


# Operating Fund

## III. Expenditures & Transfers Out

### OPERATING USES

(in millions)

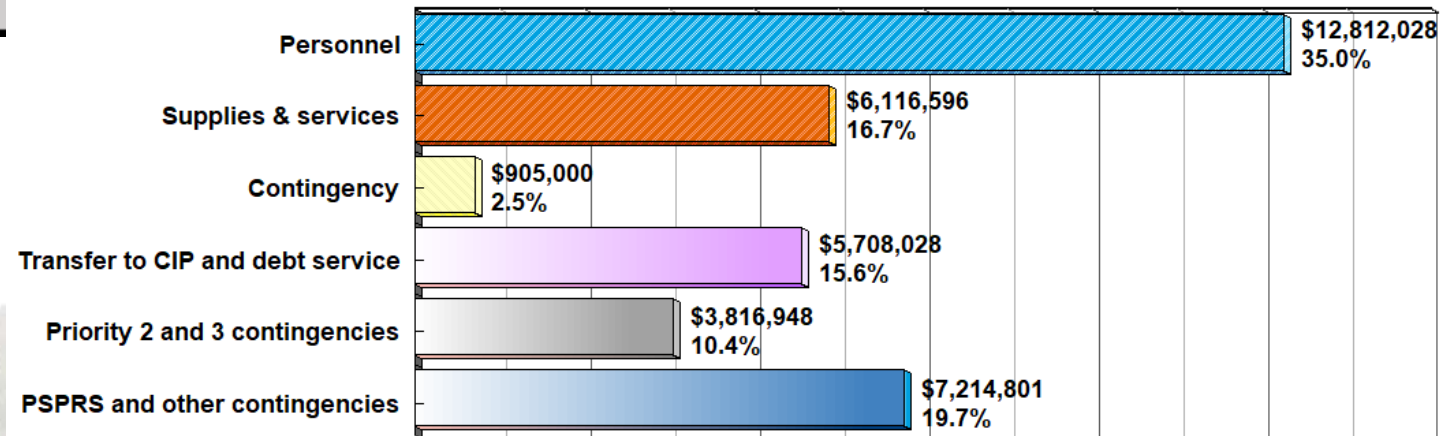
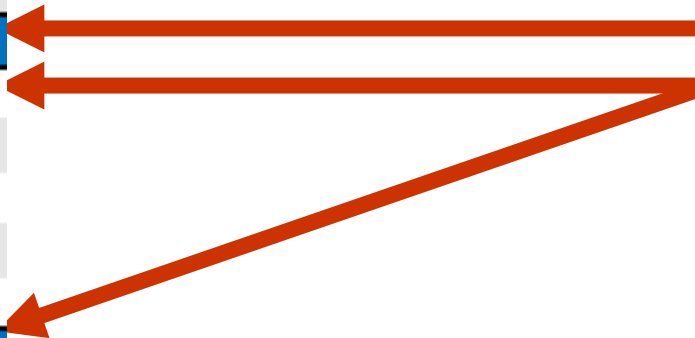


# Operating Fund

## III. Expenditures & Transfers Out

OPERATING FUND	PRIORITY ONE & STATE FORMS
	<b>Budget 2020/21</b>
Personnel	\$ 12,812,028
Supplies and services	6,116,596
Contingency	905,000
Transfers to CIP and debt service	5,708,028
<b>Total Priority One</b>	<b>\$ 25,541,652</b>
Contingencies:	
Priority Two	595,906
Priority Three	3,221,042
General and specific purpose	1,814,799
PSPRS UAAL	5,400,002
<b>Total operating fund (state forms)</b>	<b>\$ 36,573,401</b>

- ▶ Priority One
- ▶ Contingencies
- ▶ Total Budget



# Operating Fund

## IV. Sources and Uses

OPERATING FUND SOURCES AND USES		BEFORE NON-OPERATING TRANSFERS IN		
Operating fund Total Sources & Uses	Budget 2020/21	Budget 2019/20	Change \$	Change %
<b>Sources:</b>				
Local taxes	\$ 10,740,000	\$ 20,483,500	\$ (9,743,500)	-47.6%
Building and development fees	2,226,500	2,178,440	48,060	2.2%
State shared revenues	4,481,870	5,015,340	(533,470)	-10.6%
Franchise and agreements	1,695,000	1,500,980	194,020	12.9%
Other licenses, permits and misc.	3,039,650	4,288,120	(1,248,470)	-29.1%
Planned use of fund balance *	3,358,632	3,399,037	(40,405)	-1.2%
<b>Total sources</b>	<b>\$ 25,541,652</b>	<b>\$ 36,865,417</b>	<b>\$ (11,323,765)</b>	<b>-30.7%</b>
<b>Uses:</b>				
Personnel	\$ 12,812,028	\$ 13,635,840	\$ (823,812)	-6.0%
Supplies and services	6,116,596	9,444,873	(3,328,277)	-35.2%
Capital outlay	-	324,000	(324,000)	-100.0%
Transfer to CIP and debt service	5,708,028	5,755,244	(47,216)	-0.8%
Contingencies	905,000	7,705,460	(6,800,460)	-88.3%
<b>Total uses</b>	<b>\$ 25,541,652</b>	<b>\$ 36,865,417</b>	<b>\$ (11,323,765)</b>	<b>-30.7%</b>
* Transfers in from CIP reconciliation are not shown in this table				

- ▶ Operating Fund: Sources, Uses and Planned Use of Fund Balance
- ▶ Does not include transfer in, since that is a residual form of fund balance.



# Operating Fund

## V. Sources, Uses and Fund Balance

OPERATING FUND SOURCES AND USES		AT VARIOUS REVENUE LEVELS (BEFORE TRANSFERS IN)			
Operating fund		REVENUE LEVELS			
Total Sources & Uses		Level I	Recommended	Level II	Level III
<b>Sources:</b>					
Local taxes	\$ 7,725,000	\$ 10,740,000	\$ 15,990,000	22,300,000	
Building and development fees	1,423,900	2,226,500	2,184,500	2,510,000	
State shared revenues	3,962,980	4,481,870	4,706,190	5,461,280	
Franchise and agreements	1,489,860	1,695,000	1,869,700	2,259,000	
Other licenses, permits and misc.	2,336,600	3,039,650	3,141,750	3,957,700	
Planned use of fund balance *	5,895,312	3,358,632	971,418	(50,637)	
<b>Total sources</b>	<b>\$ 22,833,652</b>	<b>\$ 25,541,652</b>	<b>\$ 28,863,558</b>	<b>\$ 36,437,343</b>	
<b>Uses:</b>					
Department Priority 1	\$ 18,928,624	\$ 18,928,624	\$ 18,928,624	\$ 18,928,624	
Department Priority 2	-	-	595,906	595,906	
Department Priority 3	-	-	-	3,221,042	
Transfer out to debt service	2,208,028	2,208,028	2,208,028	2,208,028	
Transfer out to capital projects	792,000	3,500,000	3,500,000	3,500,000	
General contingency	600,000	600,000	668,000	1,755,741	
Specific use contingency	305,000	305,000	563,000	828,000	
PSPRS UAAL	-	-	2,400,000	5,400,002	
<b>Total uses</b>	<b>\$ 22,833,652</b>	<b>\$ 25,541,652</b>	<b>\$ 28,863,558</b>	<b>\$ 36,437,343</b>	
Transfers in from CIP reconciliation are not shown in this table					

- ▶ Operating Fund: Sources, Uses and Planned Use of Fund Balance
- ▶ By Revenue Level and easing into expenditure priorities

	REVENUE LEVELS			
	Level I	Recommended	Level II	Level III
Planned use of fund balance	(5,895,312)	(3,358,632)	(971,418)	50,637
Fund balance before transfers				
Beginning	35,290,546	35,290,546	35,290,546	35,290,546
Ending	\$ 29,395,234	31,931,914	34,319,128	35,341,183
% of next year's base operations	148%	157%	164%	166%
Remaining reserve over 90%	11,544,972	13,635,396	15,487,102	20,416,381

# BUDGET RELATED POLICIES FY2020/21



May 28<sup>th</sup>, 2020

# PERSONNEL AND FINANCIAL MANAGEMENT POLICIES FY2020/21



May 28<sup>th</sup>, 2020



# Policy Amendments

## I. Personnel – for Health and Safety

### POLICY SECTION 904

Allows for employees that have an accumulation of over 480 hours of Sick Leave in a year has the option to convert two hours of sick leave to one hour of vacation or be paid out 50% of the cash value.

### CONTINGENCY

Since it is not known which specific departments will incur these expenditures, \$55,000 is in the general fund contingency, pending outcome of this policy.

### RECOMMENDATION

As one cost cutting measure and, most importantly, to encourage sick employees to stay home, is for Town Council to consider a resolution to temporarily suspend the policy.

Being a calendar year policy, if approved, any sick leave hours accumulated over 480 hours as of the last full pay period ending in June 2020, may be converted to 1 hour of vacation for every 2 hours of sick or paid out at 50% of the cash value (per current policy)

Thereafter, Sick Leave will continue to be earned but not paid out until the suspension is lifted and/or a new policy is put into place.





# Policy Amendments

## II. Financial Management – for Flexibility

### CONTINGENCY AND RESERVES #2

A reserve equal to at least 90%, but not more than 110%, of the annual operating budget (General and HURF funds) operating expenditures will be maintained. The amount will be calculated using the budgeted expenses for the following year. The reserve is to be used for unforeseen emergencies, such as a significant loss of revenues or catastrophic impacts on the Town. At the time the Town Council approves the use of the reserve below 90%, it will also identify the time period over which the reserve will be replenished.

(Work session 04/28/2016)

### RECOMMENDATION

A reserve ~~no less than equal to at least 90%, but not more than 110%,~~ of the annual operating budget...

A reserve no less than 90% of the annual operating budget...

### REASONING

There isn't an "assigned" balance designated, like facilities and fleet, for the emergency reserve. It is part of the total unassigned General Fund balance.

Also, why cap it at 110% if Council believes periodically carrying a higher amount is prudent.

# Policy Amendments

## II. Financial Management – for Clarity

### OPERATING #13; AND CAPITAL #7

Construction sales tax in excess of \$0.5 million will be transferred from the operating budget to the CIP fund to provide a dedicated CIP funding. (Work session 04/28/2016)

### BACKGROUND CAPITAL #1, #5

#1: A five-year capital improvement plan shall be prepared and updated each year. (Adopted 02/26/2009; Amended 04/26/2016)

#5: A separate capital project fund shall be created. All funds accumulated in this fund shall be used exclusively for capital projects, but only after specific authorization by the Town Council. (Adopted 02/26/2009)

Process was to transfer more than Construction TPT and not directly tied to specific projects or reconciled to actual project spending. Funds accumulated in the “Project” fund. The “Project” fund became synonymous with “CIP” fund and pooled projects funded with Excise Tax Proceeds.

### RECOMMENDATION

“Construction sales tax in excess of \$0.5 million will be ~~transferred from the operating budget to the CIP fund to provide a dedicated CIP funding.~~ assigned to fund the CIP including projects and capital improvement debt obligations.

### RATIONALE / CLARITY

CAP#1 refers to “Capital Improvement Plan”. CIP commonly includes financing to maintain necessary cash flows for the “Projects”, and repaying related debt. The “Construction sales tax” is pledged revenue in the Town’s CIP Excise Tax Obligations. There is adequate construction TPT for the CIP (including pay-as-you-go projects and debt payments).

Because the Town’s CIP required more general revenues than the “Construction TPT”, the need for clarity was mute. In CAP#5, it is believed that Council has authority to move money out of the “Project” fund.

# PSPRS FUNDING POLICY (STATE MANDATE) FY2020/21



May 28<sup>th</sup>, 2020

- ▶ State law requires the adoption of a PSPRS funding policy for the next fiscal year. The Arizona League of Cities and Towns has provided a template.
- ▶ Town Council as also provided guidance under Council Resolution number 2016-19 Declaring the expedient resolution of the PSPRS unfunded liability a priority.
- ▶ Highlighted in yellow are the recommended entries in the provided data fields.
- ▶ This policy is schedule for Council consideration of approval June 11, 2020. This is the 2<sup>nd</sup> year of this annual process.
- ▶ The recommendation is to set this policy to amortize the liability at the maximum time allowed to give the Town flexibility. But continue with the goal to pay the PSPRS unfunded liability as quickly as reasonably possible with cash payments.



# PSPRS POLICY

## State Mandated Annual Policy

### Town of Paradise Valley Public Safety Personnel Retirement System Pension Funding Policy

The intent of this policy is to clearly communicate the Council's pension funding objectives and its commitment to our employees and the sound financial management of the Town and to comply with new statutory requirements of [Laws 2018, Chapter 112](#).

Several terms are used throughout this policy:

**Unfunded Actuarial Accrued Liability (UAAL)** – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

**Annual Required Contribution (ARC)** – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

**Funded Ratio** – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

**Intergenerational equity** – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The Town's police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

### Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to commingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under its administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agency's assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets, each fund has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The Town of Paradise Valley has one trust fund for police employees.

Council formally accepts the assets, liabilities, and current funding ratio of the Town's PSPRS trust funds from the [June 30, 2019](#) actuarial valuation, which are detailed below.

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Paradise Valley Police	\$29,762,486	\$38,164,331	\$8,401,845	78.0%

### PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

**The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036. Council established this goal for the following reasons:**

- The PSPRS trust funds represent only the Town of Paradise Valley's liability
- The fluctuating cost of an UAAL causes strain on the Town's budget, affecting our ability to provide services
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity

Council has taken the following actions to achieve this goal:

- Maintain ARC payment from operating revenues – Council is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds annually without diminishing Town services.
- Additional payments above the ARC:
  - Council Resolution 2016-19 declared the expedient resolution of the PSPRS unfunded liability a priority
  - **The intent of Council is to pay off the liability as quickly as reasonably possible**

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2019 Actuarial Valuation.

# STATE FORMS FY2020/21



Note: For budget purposes, the Town has the “Operating Fund that is a combination of the “General Fund and HURF”. These legally separate funds are reported as two separate funds in the State forms:

- ▶ General Fund; and
- ▶ Special Revenue Fund (HURF)

May 28<sup>th</sup>, 2020



### RESOLUTION NUMBER 2020-16

#### **A RESOLUTION OF THE TOWN OF PARADISE VALLEY, ARIZONA ADOPTING THE TENTATIVE BUDGET FOR THE FISCAL YEAR 2021**

**WHEREAS**, the provisions of Title 42, Chapter 17, Articles 1-5, Arizona Revised Statutes (A.R.S.), require cities and towns to make an estimate of the different amounts to meet the public expenditures/expenses for the ensuing year, also an estimate of revenues from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property of the Town of Paradise Valley; and,

**WHEREAS**, in accordance with said chapter of said title, and following due public notice, the Council shall consider said estimates at a public meeting at which any taxpayer is privileged to appear and be heard in favor of or against any of the proposed expenditures/expenses or tax levies; and,

**WHEREAS**, publication must be duly made as required by law, of said estimates, together with a notice that the Town Council will meet on June 11, 2020 at the Office of the Town Council for the purpose of hearing taxpayers and adopting the Final Budget for Fiscal Year 2021.

**NOW THEREFORE, BE IT RESOLVED**, that the said estimates of revenues, and expenditures shown on the accompanying Exhibits A, C, D, E, F and G are hereby adopted as the tentative budget of the Town of Paradise Valley, establishing the maximum appropriation for the fiscal year 2021 at \$64,220,371.

## II. Schedule A: Summary Schedule

TOWN OF PARADISE VALLEY Summary Schedule of Estimated Revenues and Expenditures/Expenses Fiscal Year 2021									
Fiscal Year	s c h	FUNDS							
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds	Internal Service Funds	Total All Funds
Adopted/Adjusted Budgeted Expenditures/Expenses*	E	\$ 39,376,399	\$ 3,877,707	\$ 2,764,614	\$ 16,010,000	\$ -	\$ 6,302,476	\$ -	\$ 68,331,196
2020 Actual Expenditures/Expenses**	E	21,695,956	2,203,793	1,477,864	3,361,000	-	5,877,344	-	34,615,957
2021 Fund Balance/Net Position at July 1***		37,654,046	992,744	1,371,642	20,439,995	-	2,596,984	-	63,055,411
2021 Primary Property Tax Levy	B	-	-	-	-		-		-
2021 Secondary Property Tax Levy	B	-	-	-	-		-		-
2021 Estimated Revenues Other than Property Taxes	C	35,443,930	2,484,250	-	8,380,000	-	6,117,000	-	52,425,180
2021 Other Financing Sources	D	-	-	-	-	-	-	-	-
2021 Other Financing (Uses)	D	-	-	-	-	-	-	-	-
2021 Interfund Transfers In	D	5,070,000	823,475	2,208,028	3,500,000	-	150,000	-	11,751,503
2,021 Interfund Transfers (Out)	D	(6,531,503)	-	-	(5,000,000)	-	(220,000)	-	(11,751,503)
2021 Reduction for Amounts Not Available:									
LESS: Amounts for Future Debt Retirement		-	-	1,371,642	-	-	-	-	1,371,642
Amounts assigned for fleet and facilities		2,363,500	-	-	-	-	-	-	2,363,500
Emergency reserve and future designations		39,857,505	1,406,104	-	4,332,395	-	1,929,074	-	47,525,078
2020 Total Financial Resources Available		29,415,468	2,894,365	2,208,028	22,987,600	-	6,714,910	-	64,220,371
2020 Budgeted Expenditures/Expenses	E	\$ 29,415,468	\$ 2,894,365	\$ 2,208,028	\$ 22,987,600	\$ -	\$ 6,714,910	\$ -	\$ 64,220,371
EXPENDITURE LIMITATION COMPARISON									
1. Budgeted expenditures/expenses						2020	2021		
2. Add/subtract: estimated net reconciling items						\$ 68,331,196	\$ 64,220,371		
3. Budgeted expenditures/expenses adjusted for reconciling items						(10,220)	(10,220)		
4. Less: estimated exclusions						68,320,976	64,210,151		
5. Amount subject to the expenditure limitation						(26,124,394)	(20,851,090)		
6. EEC expenditure limitation						\$ 42,196,582	\$ 43,359,061		
						\$ 42,196,582	\$ 43,359,061		



## III. Schedule B: Tax Levy and Tax Rate Information

Schedule B is for local property taxes

This schedule is not required for  
Paradise Valley, Arizona



## IV. Schedule C: Revenue other than Property Taxes

TOWN OF PARADISE VALLEY Revenues Other Than Property Taxes Fiscal Year 2021			
SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
<b>GENERAL FUND</b>			
Local taxes			
Transaction privilege (sales) tax	\$ 15,860,000	\$ 15,901,971	\$ 9,660,000
Occupancy (bed) tax	4,623,500	3,656,724	1,080,000
Franchise (fee) tax	1,275,380	1,248,279	1,169,000
Licenses and permits			
Building permits	919,440	910,656	800,625
In house plan review	700,000	674,243	650,460
Hillside application	150,000	86,133	85,500
All other licenses and permits	605,600	1,350,782	1,175,615
Intergovernmental			
State shared income tax	1,891,800	1,875,319	1,958,860
State shared sales tax	1,502,000	1,442,918	1,388,730
Auto lieu tax	652,640	591,546	507,850
All other intergovernmental	113,000	108,411	137,000
Fines and forfeits			
Court collected fines	1,921,120	1,031,800	1,300,000
PD technology fee	745,000	409,220	600,000
Public safety fee	107,000	61,953	90,000
All other fines and forfeits	81,000	141,686	143,000
Interest on investments			
Interest income	760,000	883,416	372,300
Miscellaneous			
Rents and royalties	70,000	77,494	78,000
Post office charges for services	420,000	310,605	341,250
Other miscellaneous	50,000	253,997	18,400
Total before contingencies	\$ 32,447,480	\$ 31,017,153	\$ 21,556,590
Contingencies for revenue rebound			
Local taxes contingency			11,704,000
Licenses and permits contingency			771,800
Intergovernmental contingency			569,790
Fines and forfeits			354,000
Interest income contingency			368,700
Miscellaneous contingency			119,050
Total General Fund	\$ 32,447,480	\$ 31,017,153	\$ 35,443,930

SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
<b>SPECIAL REVENUE FUNDS</b>			
Highway user revenue fund (HURF)	\$ 968,900	\$ 1,037,182	\$ 626,430
HURF contingency			417,620
Total HURF	\$ 968,900	\$ 1,037,182	\$ 1,044,050
Court enhancement	\$ 425,000	\$ 229,690	\$ 230,000
Court JCEF and Fill the Gap	11,500	22,609	11,700
Total Court	\$ 436,500	\$ 252,299	\$ 241,700
Police grants and donations	\$ 150,000	\$	\$ 150,000
Transportation grants	38,000	38,000	38,000
Other grants and donations	11,590	20,000	10,500
Federal and state grant contingency			1,000,000
Total Police and other grants	\$ 199,590	\$ 58,000	\$ 1,198,500
Total Special Revenue Funds	\$ 1,604,990	\$ 1,347,481	\$ 2,484,250
<b>CAPITAL PROJECTS FUNDS</b>			
Development agreements	\$ 3,800,000	\$ 1,120,000	\$ 8,110,000
SRP Aesthetics	200,000		200,000
Residents of Paradise Valley			70,000
	\$ 4,000,000	\$ 1,120,000	\$ 8,380,000
Total Capital Projects Funds	\$ 4,000,000	\$ 1,120,000	\$ 8,380,000
<b>ENTERPRISE FUNDS</b>			
Fees for services	\$ 185,000	\$ 150,165	\$ 155,000
Total Alarm Services Fund	\$ 185,000	\$ 150,165	\$ 155,000
Fees for services	\$ 2,850,000	\$ 2,847,359	\$ 2,850,000
IGA fee	245,000	244,288	245,000
Rents and reimbursements	47,000	55,800	47,000
Total Fire Services Fund	\$ 3,142,000	\$ 3,147,447	\$ 3,142,000
Fees for services	\$ 2,400,000	\$ 2,637,381	\$ 2,650,000
Buy back and miscellaneous	10,000	19,153	20,000
Total Wastewater Utility Fund	\$ 2,410,000	\$ 2,656,534	\$ 2,670,000
Impact fee	\$ 100,000	\$ 251,000	\$ 150,000
	\$ 100,000	\$ 251,000	\$ 150,000
Total Wastewater Impact Fee Fund	\$ 5,837,000	\$ 6,205,146	\$ 6,117,000
TOTAL ALL FUNDS	\$ 43,889,470	\$ 39,689,780	\$ 52,425,180

V. Schedule C: Other Financing and Transfers

TOWN OF PARADISE VALLEY				
Other Financing Sources/<Uses> and Interfund Transfers				
Fiscal Year 2021				
FUND	OTHER FINANCING		INTERFUND TRANSFERS	
	2020		2020	
	SOURCES	<USES>	IN	<OUT>
GENERAL FUND				
Highway Revenue User Fund (HURF)	\$	\$	\$	\$ (823,475)
CIP Capital Projects Fund			5,000,000	(3,500,000)
CIP Series 2016 Excise Tax				(1,479,585)
CIP Series 2020 Excise Tax				(728,443)
Wastewater Fund			70,000	
Total General Fund	\$	\$	\$ 5,070,000	\$ (6,531,503)
SPECIAL REVENUE FUNDS				
Highway Revenue User Fund (HURF)	\$	\$	\$ 823,475	\$
Total Special Revenue Funds	\$	\$	\$ 823,475	\$
DEBT SERVICE FUNDS				
CIP Series 2016 Excise Tax	\$	\$	\$ 2,208,028	\$
CIP Series 2020 Excise Tax				
Total Debt Service Funds	\$	\$	\$ 2,208,028	\$
CAPITAL PROJECTS FUNDS				
CIP Capital Projects Fund	\$	\$	\$ 3,500,000	\$ (5,000,000)
Total Capital Projects Funds	\$	\$	\$ 3,500,000	\$ (5,000,000)
ENTERPRISE FUNDS				
Wastewater	\$	\$	\$ 150,000	\$ (70,000)
Impact fees				(150,000)
Total Enterprise Funds	\$	\$	\$ 150,000	\$ (220,000)
TOTAL ALL FUNDS	\$	\$	\$ 11,751,503	\$ (11,751,503)

## VI. Schedule E: Expenditures/Expenses by Fund

TOWN OF PARADISE VALLEY Expenditures/Expenses by Fund Fiscal Year 2021				
FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2020	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2020	ACTUAL EXPENDITURES/ EXPENSES* 2020	BUDGETED EXPENDITURES/ EXPENSES 2021
<b>GENERAL FUND</b>				
Community development	\$ 2,190,441	\$ 142,257	\$ 2,294,109	\$ 2,330,961
Engineering				
Finance	653,905	17,948	626,367	667,981
Information technology	1,779,508	(430,761)	1,134,148	888,953
Mayor, Council, Boards,	197,720		170,070	152,120
Public works	862,235	13,211	814,626	896,914
Tourism promotion	1,817,302		1,514,011	900,000
Town Attorney's office	683,792	10,992	680,465	705,222
Town Manager's office	1,630,499	36,258	1,555,547	1,430,506
Municipal court	860,980	25,448	884,989	759,281
Police department	9,047,032	717,892	9,019,604	8,746,781
PSPRS unfunded liability	5,000,000	(2,000,000)	3,000,000	
Contingencies:				
Available July 1	15,232,746	886,994		905,000
Pending revenue rebound				11,031,749
<b>Total General Fund</b>	<b>\$ 39,956,160</b>	<b>\$ (579,761)</b>	<b>\$ 21,695,956</b>	<b>\$ 29,415,468</b>
<b>SPECIAL REVENUE FUNDS</b>				
Court grants	\$ 475,713	\$ (39,213)	\$ 415,539	\$ 152,500
Police grants and donations	200,000			50,000
Other grants	53,153	40,000	34,162	121,845
Grants contingency				1,120,115
Highway user revenue (streets)	3,054,013	94,041	1,754,092	1,449,905
<b>Total Special Revenue Funds</b>	<b>\$ 3,782,879</b>	<b>\$ 94,828</b>	<b>\$ 2,203,793</b>	<b>\$ 2,894,365</b>
<b>DEBT SERVICE FUNDS</b>				
CIP Series 2016	\$ 1,477,864		\$ 1,477,864	\$ 1,479,585
CIP Series 2020	1,286,750			728,443
<b>Total Debt Service Funds</b>	<b>\$ 2,764,614</b>	<b>\$</b>	<b>\$ 1,477,864</b>	<b>\$ 2,208,028</b>
<b>CAPITAL PROJECTS FUNDS</b>				
Capital improvement program	\$ 15,525,067	\$ 484,933	\$ 3,361,000	\$ 14,430,000
Contingency and available proceeds				8,557,600
<b>Total Capital Projects Funds</b>	<b>\$ 15,525,067</b>	<b>\$ 484,933</b>	<b>\$ 3,361,000</b>	<b>\$ 22,987,600</b>
<b>ENTERPRISE FUNDS</b>				
Alarm fund	\$ 156,787		\$ 129,175	\$ 165,134
Fire services fund	3,234,955		3,191,181	3,378,982
Wastewater fund	2,674,333		2,556,988	3,032,794
Wastewater impact fee fund	25,000			
Enterprise contingencies	211,401			138,000
<b>Total Enterprise Funds</b>	<b>\$ 6,302,476</b>	<b>\$</b>	<b>\$ 5,877,344</b>	<b>\$ 6,714,910</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 68,331,196</b>	<b>\$</b>	<b>\$ 34,615,957</b>	<b>\$ 64,220,371</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.				



# State Forms VII. Schedule F: Expenditures/Expenses by Department

DEPARTMENT/FUND	BUDGETED EXPENDITURES/ EXPENSES 2020	EXPENSE ADJUSTMENTS APPROVED 2020	ACTUAL EXPENDITURES/ EXPENSES* 2020	BUDGETED EXPENDITURES/ EXPENSES 2021
Community development:				
General fund	\$ 2,190,441	\$ 142,257	\$ 2,294,109	\$ 2,330,961
Enterprises	162,099		162,099	159,815
Department Total	\$ 2,352,540	\$ 142,257	\$ 2,456,208	\$ 2,490,776
Debt service				
CIP Series 2016	\$ 1,477,864		\$ 1,477,864	\$ 1,479,585
CIP Series 2020	1,286,750			728,443
Department Total	\$ 2,764,614		\$ 1,477,864	\$ 2,208,028
Finance:				
General fund	\$ 653,905	\$ 17,948	\$ 628,387	\$ 667,981
Enterprise funds	107,380		107,380	104,695
Department Total	\$ 761,285	\$ 17,948	\$ 735,767	\$ 772,676
Information technology:				
General fund	\$ 1,779,508	\$ (430,761)	\$ 1,134,148	\$ 888,953
Enterprise funds	10,631		10,631	11,235
Department Total	\$ 1,790,139	\$ (430,761)	\$ 1,144,779	\$ 900,188
Mayor, Council, Boards, Commissions and Volunteers				
General fund	\$ 197,720		\$ 170,070	\$ 152,120
Department Total	\$ 197,720		\$ 170,070	\$ 152,120
Public Works				
General fund	\$ 862,235	\$ 13,211	\$ 814,626	\$ 896,914
Highway user revenue fund	3,054,013	94,041	1,754,092	1,449,905
Enterprise funds	21,028		21,028	20,698
Department Total	\$ 3,937,276	\$ 107,252	\$ 2,589,746	\$ 2,367,517
Tourism and Grants				
General fund	\$ 1,817,302		\$ 1,514,011	\$ 900,000
Grants fund	53,153	40,000	34,162	121,845
Department Total	\$ 1,870,455	\$ 40,000	\$ 1,548,173	\$ 1,021,845
Town Attorney's office:				
General fund	\$ 683,792	\$ 10,992	\$ 680,465	\$ 705,222
Enterprise funds	38,105		38,105	39,144
Department Total	\$ 721,897	\$ 10,992	\$ 718,570	\$ 744,366
Town Manager's office				
General fund	\$ 1,119,801	\$ 32,230	\$ 1,051,217	\$ 874,369
Post office	510,698	4,028	504,330	556,137
Enterprise funds	21,244		21,244	
Department Total	\$ 1,651,743	\$ 36,258	\$ 1,576,791	\$ 1,430,506

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2020	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2020	ACTUAL EXPENDITURES/ EXPENSES* 2020	BUDGETED EXPENDITURES/ EXPENSES 2021
Wastewater services				
Enterprise funds	\$ 2,553,187		2,435,842	2,913,057
Impact fees	25,000			
Department Total	\$ 2,578,187		\$ 2,435,842	\$ 2,913,057
Contingencies:				
General fund				
General purpose	\$ 1,753,536	\$ (1,113,006)		\$ 1,891,799
Specific purpose				828,000
PSPRS liability	7,000,000	2,000,000		5,400,002
Department priorities 2 & 3				3,816,948
Assigned for future years	6,479,210			
Capital projects - general				554,000
Capital projects - proceeds				8,003,600
Grants and donations				1,120,115
Enterprise funds	211,401			138,000
Department Total	\$ 15,444,147	\$ 886,994		\$ 21,752,454
Capital Improvement Program:				
Capital projects fund	\$ 15,525,067	\$ 484,933	\$ 3,361,000	\$ 14,430,000
Department Total	\$ 15,525,067	\$ 484,933	\$ 3,361,000	\$ 14,430,000
Alarm services:				
Enterprise funds	\$ 46,330		\$ 18,717	\$ 46,330
Department Total	\$ 46,330		\$ 18,717	\$ 46,330
Fire services:				
Enterprise funds	\$ 2,987,029		\$ 2,943,255	\$ 3,150,265
Department Total	\$ 2,987,029		\$ 2,943,255	\$ 3,150,265
Municipal court:				
General fund	\$ 860,980	\$ 25,448	\$ 884,989	\$ 759,281
Court grants	475,713	(39,213)	415,539	152,500
Department Total	\$ 1,336,693	\$ (13,765)	\$ 1,300,528	\$ 911,781
Police department:				
General fund - Operations	\$ 9,047,032	\$ 717,892	\$ 9,019,604	\$ 8,746,781
General fund - PSPRS liability	5,000,000	(2,000,000)	3,000,000	
Grants and donations	200,000			50,000
Enterprise funds	119,042		119,042	131,671
Department Total	\$ 14,366,074	\$ (1,282,108)	\$ 12,138,646	\$ 8,928,452

\* 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.

VIII. Schedule G: FTE and Personnel Costs

TOWN OF PARADISE VALLEY Full-Time Employees and Personnel Compensation Fiscal Year 2021						
FUND	Full-Time Equivalent (FTE) 2020	Employee Salaries and Hourly Costs 2020	Retirement Costs 2020	Healthcare Costs 2020	Other Benefit Costs 2020	Total Estimated Personnel Compensation 2020
GENERAL FUND	105.5	\$ 9,042,773	\$ 2,671,756	\$ 1,173,019	\$ 391,738	\$ 13,279,286
SPECIAL REVENUE FUNDS						
		\$	\$	\$	\$	\$
Total Special Revenue Funds		\$	\$	\$	\$	\$
DEBT SERVICE FUNDS						
		\$	\$	\$	\$	\$
Total Debt Service Funds		\$	\$	\$	\$	\$
CAPITAL PROJECTS FUNDS						
		\$	\$	\$	\$	\$
Total Capital Projects Funds		\$	\$	\$	\$	\$
ENTERPRISE FUNDS						
		\$	\$	\$	\$	\$
Total Enterprise Funds		\$	\$	\$	\$	\$
TOTAL ALL FUNDS	105.5	\$ 9,042,773	\$ 2,671,756	\$ 1,173,019	\$ 391,738	\$ 13,279,286

- ▶ These State Forms are submitted for Council's consideration.
- ▶ They represent the recommended budget as modified and include Council's feedback and directives through the budget process.
- ▶ Council can modify these forms before the "Tentative Budget" adoption tonight.
- ▶ Council can categorically modify the approved "Tentative Budget" before the "Final Budget" is adopted June 11<sup>th</sup>; but not increase the total budget.
- ▶ Council can amend budgets throughout the fiscal year; which is highly anticipated this year.





# Recommendation:

**Adopt Resolution 2020-16  
Adopting the Tentative Budget for  
FY2020/21 in the amount of \$64,220,371**



May 20<sup>th</sup>, 2020