

20 YEAR FINANCIAL OVERVIEW



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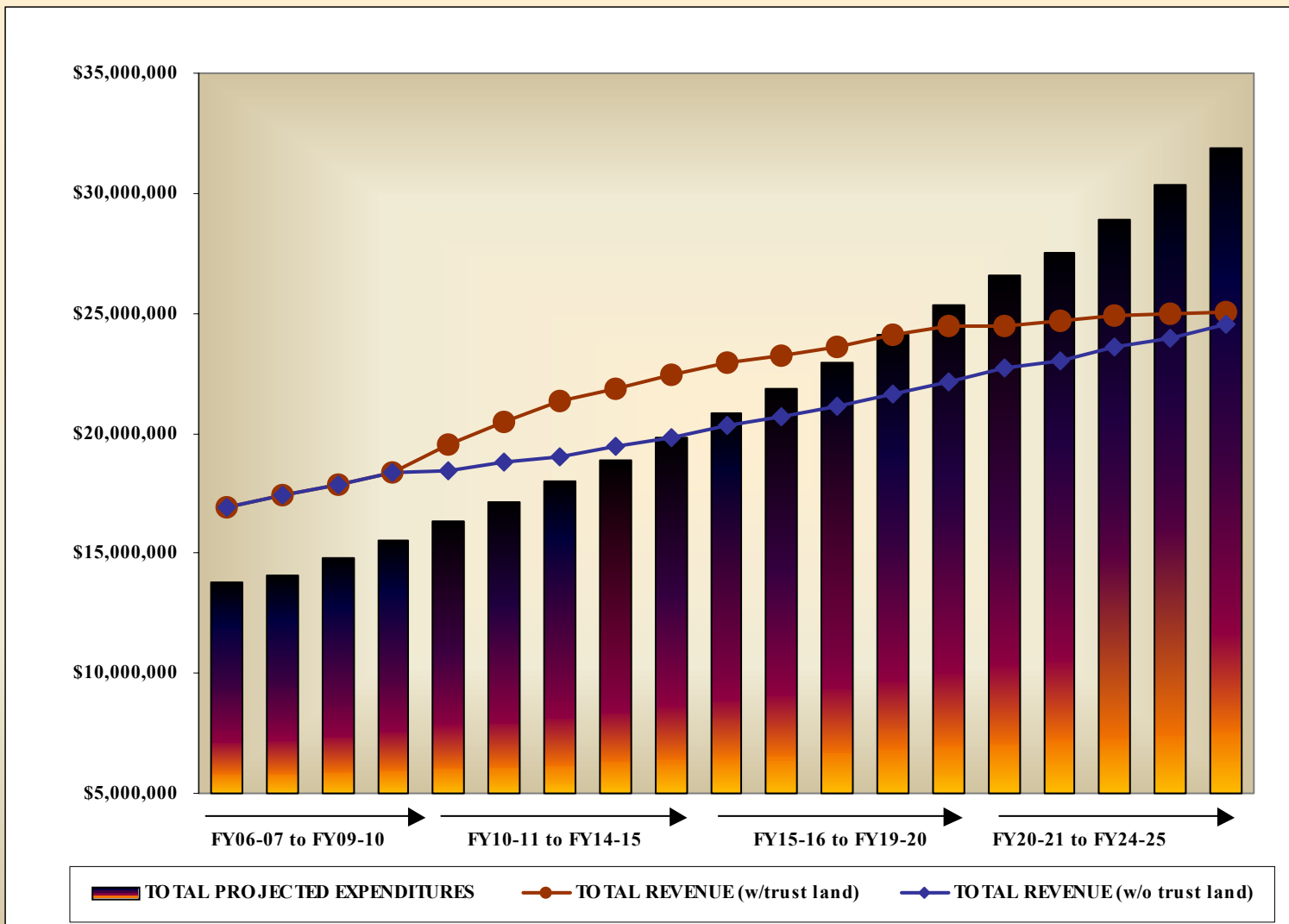
SUMMARY

- 20 year projection is the first step in planning our financial future, does not mean projects will be completed
- provides a framework to make decisions during the strategic plan process – plan will not be implemented until the strategic plan is complete and priorities are established
- the projection tells us when revenues will begin to decline (within nine years)
- plan is in infancy and will change once residents decide a strategic plan for the Town; however, our current appetite is larger than our wallet
- The plan validates the Town policy to transfer general fund surplus into capital projects
- Annexation of state trust land will delay the operating deficit, but only for four years
- To complete all of the capital projects included in the CIP new revenue enhancements will be needed

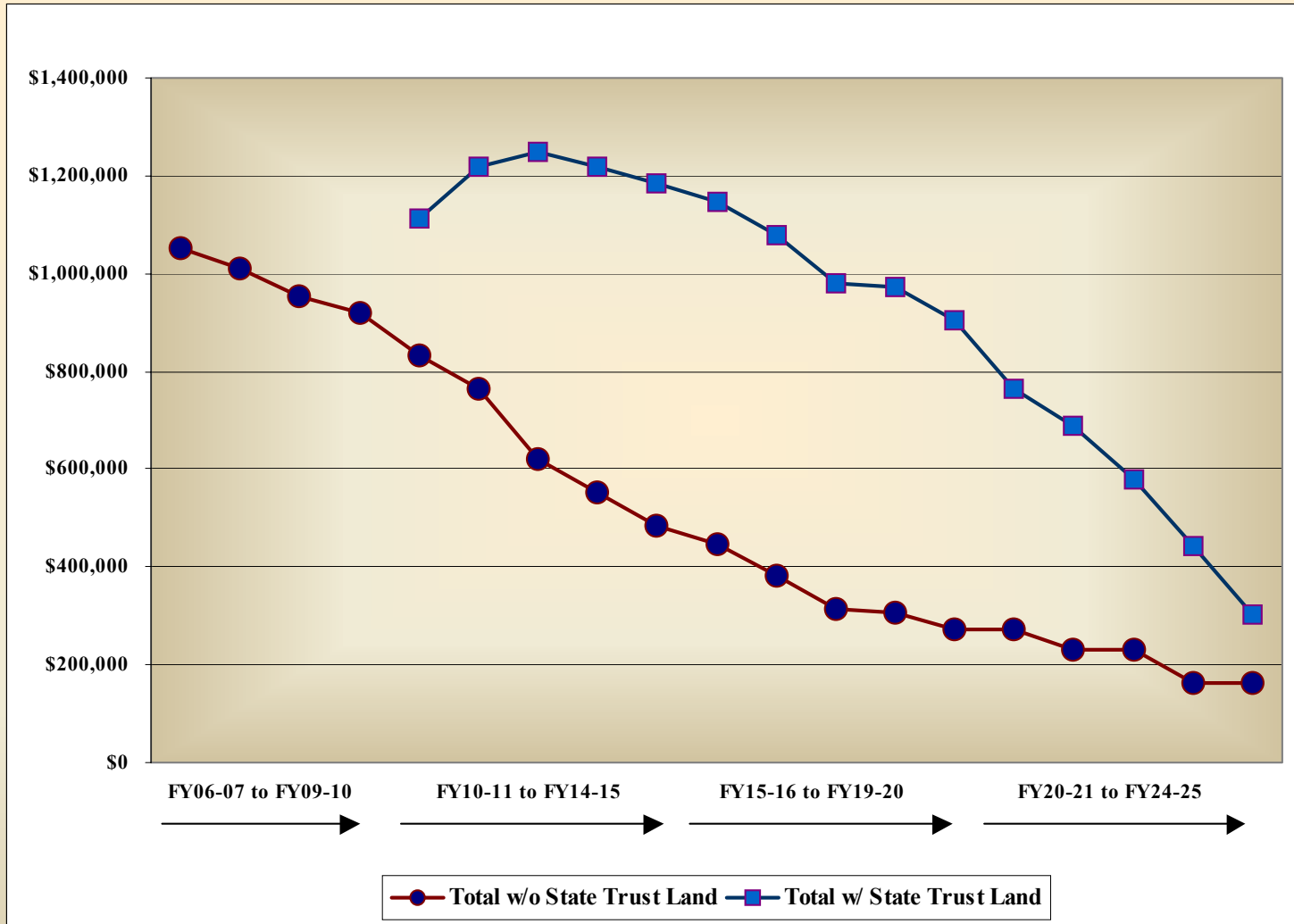
PROJECTION RESULTS

- General Fund will have sufficient revenues for operating costs for about 9 years - a new revenue source will be needed thereafter to offset decline in construction revenues
- If capital projects are included a deficit of approximately \$4M will exist by FY09-10
- Reducing the sales tax rate would create further deficit
- Deficits exist in streets and park capital improvements

20 YEAR PROJECTION OF GENERAL FUND REVENUES AND OPERATING EXPENDITURES (without any capital improvements)



20 YEAR PROJECTION FOR DEVELOPMENT FEES



CIP FUNDING SUMMARY

(All Funds Combined)

SUMMARY OF CAPITAL PROJECT FINANCING

	FY06-10	FY11-15	FY16-20	FY21-25
	(in millions)			
Fund Balance Financing Potential	\$5.6	\$6.5	(\$4.7)	(\$33.7)
Surplus Revenues & Expenditures	\$12.3	\$5.3	(\$9.3)	(\$27.5)
Excise Tax Revenue	\$8.9	\$12.1	\$13.5	\$15.1
Development Fee Revenue	\$3.8	\$3.1	\$1.6	\$0.9
HURF Revenue	\$4.0	\$5.0	\$5.0	\$5.0
Less CIP Expenditures	(\$38.2)	(\$40.1)	(\$33.8)	(\$13.0)
Operating Cost increases from Capital Projects	(\$0.3)	(\$2.3)	(\$5.6)	(\$6.1)
CIP Funding Deficit including State Land	(\$3.9)	(\$10.3)	(\$33.3)	(\$59.3)
Remove State Land Revenue/Project	\$0.0	(\$10.1)	\$8.6	(\$6.3)
CIP Funding Deficit without State Land	(\$3.9)	(\$20.4)	(\$24.7)	(\$65.7)

AVAILABLE CAPITAL FUNDING BY FUND

(excluding operating costs)

	FY06-10	FY11-15	FY16-20	FY21-25
<u>General Fund</u>				
Gen Govt Capital Financing Potential from Fund Balance	\$2.8	\$0.0	\$4.1	(\$8.8)
Remaining Capital Projects Balance	\$0.0	\$4.1	(\$8.8)	(\$36.7)
Add State Trust Land Revenue	\$0.0	\$10.1	\$12.4	\$6.3
New Capital Projects Balance	\$0.0	\$14.2	\$3.6	(\$30.4)
<u>Excise Tax Fund</u>				
Mountain Bonds Fin Potential	\$0.1	\$1.0	\$2.2	\$7.5
Remaining Balance	\$1.0	\$2.2	\$7.5	\$13.7
Civic Center Bonds Fin Potential	\$0.2	\$0.3	\$0.7	\$1.6
Remaining Balance	\$0.3	\$0.7	\$1.6	\$4.7
Downtown Development Fin Potential	\$0.5	\$0.5	\$2.9	\$5.6
Remaining Capital Projects Balance	\$0.5	\$2.9	\$5.6	\$8.7
<u>Development Fees</u>				
Parks & Rec Financing Potential	\$0.5	\$0.0	(\$19.4)	(\$37.9)
Remaining Capital Projects Balance	\$0.0	(\$19.4)	(\$37.9)	(\$37.6)
Open Space Financing Potential	\$1.5	\$0.3	\$0.5	\$1.1
Remaining Capital Projects Balance	\$0.3	\$0.5	\$1.1	\$1.4
<u>Streets and Highways (HURF)</u>				
Street Capital Financing Potential	\$0.0	(\$5.8)	(\$8.1)	(\$9.1)
Remaining Capital Projects Balance	(\$5.8)	(\$8.1)	(\$9.1)	(\$13.8)
TOTAL	(\$3.6)	(\$7.0)	(\$27.7)	(\$53.2)

FUTURE CAPITAL PROJECTS

Pavement Management Program	\$19.0M	FY06-25
Avenue of the Fountains Upgrades	\$ 4.5M	FY06-10
Adero Canyon Trailhead	\$ 2.6M	FY06-10
Trail Connectivity	\$ 1.0M	FY11-15
Park Improvements	\$ 6.0M	FY06-10
Park Acquisitions	\$36.0M	FY11-20
Shea Blvd 3rd Lane	\$ 1.9M	FY06-10
Widen Fountain Hills Blvd	\$ 4.4M	FY06-15
Shea Blvd Flyover	\$ 3.4M	FY20-25
Wash Crossing Improvements	\$ 7.0M	FY11-25
Performing Arts Building	\$ 5.0M	FY16-20
Senior Center	\$ 1.5M	FY11-15
Public Aquatic/Fitness Facility	\$ 2.5M	FY11-15
Law Enforcement Building	\$ 3.0M	FY20-25
Vehicles/Heavy Equipment	\$ 4.4M	FY06-25

PROJECT SUMMARY

(does not include on going operating costs)

Project Name	FY06-10	FY11-15	FY16-20	FY20-25	20 Year Total
Avenue of the Fountains Improvements	\$4.7	\$0.0	\$0.0	\$0.0	\$4.7
Open Space Projects	\$2.6	\$1.0	\$0.0	\$0.0	\$3.6
Shea Boulevard Improvements	\$2.3	\$0.0	\$0.0	\$0.0	\$2.3
Sidewalk programs	\$0.4	\$0.3	\$0.3	\$0.3	\$1.3
Pavement management program	\$10.8	\$2.9	\$2.2	\$3.1	\$19.1
Palisades Boulevard Improvements	\$0.5	\$0.7	\$0.0	\$0.0	\$1.2
Fountain Hills Boulevard Improvements	\$3.0	\$1.4	\$0.3	\$0.0	\$4.6
Saguaro Boulevard Improvements	\$0.6	\$0.8	\$0.5	\$0.0	\$1.9
Shea Boulevard Access Flyover	\$0.0	\$0.0	\$0.0	\$3.4	\$3.4
Drainage Improvements	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
Wash Crossing Improvements	\$0.0	\$1.9	\$2.6	\$2.5	\$7.0
Municipal Facilities	\$1.0	\$6.6	\$5.3	\$3.0	\$15.8
Park Improvements	\$6.0	\$0.0	\$1.0	\$0.0	\$7.0
Acquisition of New Parks	\$0.0	\$18.0	\$18.0	\$0.0	\$36.0
Traffic Signals	\$0.8	\$0.0	\$0.0	\$0.0	\$0.8
Vehicles/Heavy Equipment	\$1.1	\$1.0	\$1.6	\$0.8	\$4.4
Total Estimated Capital Project Costs	\$34.1	\$34.6	\$31.8	\$13.0	\$113.5

*assumes annexation of State Trust Land

ASSUMPTIONS

- Tax rate remains at 2.6%
- No legislative reduction in state shared revenues
- Decline in proportionate share of revenues in FY07 with new census
- State trust land is included in projections
- Expenditures exceed revenues beginning FY2015 without state trust land, FY2019 with state trust land
- Development fee revenue projected at current rate
- Reserved fund balance remains at \$6.4M

ASSUMPTIONS

- Projections begin FY06-07 through FY24-25
- Inflation factor of 5% assumed for next 20 years
- Existing level of service used in calculating surplus revenues
- Capital projects are in current dollars
- One time costs from FY05-06 are eliminated before applying inflation factor
- Forecast does not incorporate unanticipated policy changes or adjustments to spending priorities (example, Senior Services)
- Almost all capital projects proposed have been included in the strategic plan discussions