Staff Summary Report

To: Mayor & City Council
Through: City Manager

Agenda Item Number 51
Meeting Date 5/31/01

SUBJECT: **Resolution No. 2001.28 Adoption of Tentative Estimates: Fiscal Year 2001-2002 Budget**

PREPARED BY: Rich Oesterle, Financial Services Manager (x8347)

BRIEF: Resolution approving the tentative budget; setting a public hearing for June 20th, 2001, to adopt the final budget; and, setting the property tax rate adoption for August 9th, 2001.

COMMENTS: **BUDGET FY 2001/02 (0205-17-01) RESOLUTION NO. 2001.28** Request adoption of a resolution approving the tentative budget; setting a public hearing for June 20th, 2001, to adopt the final budget; and setting the property tax rate adoption for August 9th, 2001.

Document Name: (20010531fsae01) Supporting Documents: Yes

SUMMARY: Although Tempe has adopted a biennial budget plan, state law mandates that cities and towns adopt a budget annually, using state-approved budget schedules provided by the Auditor General's Office. The recommended FY 2001-02 budget includes all items addressed in this year's Issue Review Sessions of March 29th, April 26th and May 3rd. The $319.6 million total financial plan (including both Operating and Capital budgets) for FY 2001-02 represents a 10.4% increase from the $289.6 million FY 2000-01 adopted budget.

Pursuant to Council's direction, the property tax rate for FY 2001-02 will be maintained at $1.35 per $100 of assessed valuation upon adoption of the Property Tax Ordinance in August.

As prescribed in A.R.S. §42-17105, the tentative budget adoption process establishes the upper limit for next year's budget along with the time and date of the required public hearing prior to final adoption.

RECOMMENDATION: Staff recommends approval of Resolution No. 2001.28.

RESOLUTION 2001.28

A RESOLUTION OF THE COUNCIL OF THE CITY OF TEMPE, MARICOPA COUNTY, ARIZONA, ADOPTING THE TENTATIVE ESTIMATES OF THE AMOUNTS REQUIRED FOR THE PUBLIC EXPENSE FOR THE CITY OF TEMPE FOR THE FISCAL YEAR 2001-2002; ADOPTING A TENTATIVE BUDGET; SETTING FORTH THE RECEIPTS AND EXPENDITURES; THE AMOUNTS ACTUALLY LEVIED AND THE AMOUNTS ESTIMATED AS COLLECTIBLE FOR THE PREVIOUS FISCAL YEAR; THE AMOUNT PROPOSED TO BE RAISED BY DIRECT PROPERTY TAXATION FOR THE VARIOUS PURPOSES; GIVING NOTICE OF THE TIMES FOR HEARING TAXPAYERS, FOR ADOPTION OF THE BUDGET AND FOR FIXING THE TAX RATE.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TEMPE, AS FOLLOWS:

SECTION 1. That the statements and schedules herein contained are hereby adopted for the purposes as hereinafter set forth as the tentative budget for the City of Tempe for the fiscal year 2001-2002.

SECTION 2. That the City Clerk be, and is hereby authorized and directed to publish in the manner prescribed by law, the estimates of expenditures, as hereinafter set forth, together with a notice that the Council will meet for the purpose of final hearing of taxpayers and for adoption of the fiscal year 2001-02 budget for the City of Tempe on the 20th of June, 2001, at the hour of 4:00 p.m. in the Council Chambers, 31 East Fifth Street.

SECTION 3. That the City Clerk be, and is hereby authorized and directed to publish in the manner prescribed by law (Arizona Revised Statutes §42-17103), a notice that the Council will, immediately following the regular Council meeting on June 20th, 2001, convene a special meeting for the purpose of finally determining and adopting the estimates of proposed expenditures for the various purposes set forth in the published proposal as the official budget of the City Council, and officially set the 2001-02 property tax rate on August 9th, 2001.

SECTION 4. Upon the recommendation by the City Manager and with approval of the Council, expenditures may be made from the appropriations for contingencies. The transfers of any sums within or without any specific appropriations shall conform to Section 5.08, Tempe City Charter.

SECTION 5. Money from any funds may be used for any of these appropriations, except money specifically restricted by State Law or by City Charter, Codes, Ordinances, or Resolutions.

SECTION 6. The statements and schedules of the tentative budget are attached hereto as Exhibit "A" and incorporated herein by reference. Copies of this information, along with supporting documentation, are available for public inspection at the office of the Financial Services Director, 20 East Sixth Street, Second Floor.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this _____ day of _____, 2001.

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

_____
Financial Services Manager

Schedule A

Summary Schedule of Estimated Revenues and Expenditures/Expenses

Fund	Adopted Budgeted Expenditures/ Expenses 2000-01	Estimated Expenditures/ Expenses 2000-01*	Estimated Unreserved Fund Balance 7/1/01	Direct Property Tax Revenues 2001-02
General Fund	$118,476,065	$113,840,091	$39,207,573	$6,956,983
Special Revenue	43,787,642	42,667,876	35,336,271	
Debt Service	7,273,799	7,273,799	6,327,442	11,913,038
Capital Projects	67,408,152	61,163,320	4,061,978	
Enterprise	52,631,776	49,457,867	59,930,802	
TOTAL	**$289,577,434**	**$274,402,952**	**$144,864,066**	**$18,870,021**

Expenditure Limitation Comparison	2000-01	2001-02
1. Budgeted Expenditures/Expenses	$289,577,434	$319,556,800
2. Budgeted Expenditures/Expenses Adjusted for Reconciling Items		
3. Less: Estimated Exclusions	(127,985,292)	(153,111,757)
4. Total Estimated Expenditures/Expenses Subject to Expenditure Limitation*	161,592,142	166,445,043
5. Expenditure Limitation	**$161,592,142**	**$166,445,043**

* FY 2001-02 Estimate from the League of Arizona Cities and Towns.

Summary Schedule of Estimated Revenues and Expenditures/Expenses

Fund	Budgeted Revenues Other than Property Taxes 2001-02	Proceeds From Other Financing Sources 2001-02	Interfund Transfers 2001-02 In	Interfund Transfers 2001-02 (Out)	Total Financial Resources Available 2001-02	Budgeted Expenditures/ Expenses 2001-02
General Fund	$125,022,100		$6,375,000	($17,718,397)	$159,843,259	$125,427,279
Special Revenue	60,106,100		8,943,397	(13,161,597)	91,224,171	42,484,564
Debt Service	654,800		4,500,000	(3,300,000)	20,095,280	11,238,729
Capital Projects		66,182,814	17,610,085		87,854,877	85,541,430
Enterprise	55,775,800		3,300,000	(6,548,488)	112,458,114	54,864,798
TOTAL	**$241,558,800**	**$66,182,814**	**$40,728,482**	**($40,728,482)**	**$471,475,701**	**$319,556,800**

Schedule B

Summary of Tax Levy and Tax Rate Information

	2000-01 Fiscal Year	Estimated 2001-02 Fiscal Year
1. Maximum Allowable Primary Property Tax Levy (A.R.S. 42-17051(A))		**$7,584,435**
2. Amount Received from Primary Property Taxation in the 1999-00 Fiscal Year in Excess of the Sum of that Year's Maximum Allowable Primary Property Tax Levy (A.R.S. 42-17102(A)(18))	$0	
3. Property Tax Levy Amounts		
A. Primary Property Taxes	6,799,277	6,956,983
B. Secondary Property Taxes	10,979,413	11,913,038
C. Total Property Tax Levy Amounts	**$17,778,690**	**$18,870,021**
4. Property Taxes Collected		
A. Primary Property Taxes		
1. 2000-01 Levy	6,799,277	
2. Prior Years' Levies	0	
3. Total Primary Property Taxes	$6,799,277	
B. Secondary Property Taxes		
1. 2000-01 Levy	10,979,413	
2. Prior Years' Levies	0	
3. Total Secondary Property Taxes	$10,979,413	
C. Total Property Taxes Collected	$17,778,690	
5. Property Tax Rates		
A. City Tax Rate		
1. Primary Property Tax Rate	0.5409	0.5320
2. Secondary Property Tax Rate	0.8091	0.8180
3. Total City Tax Rate	**$1.3500**	**$1.3500**

B. Special District Tax Rates

Secondary Property Tax Rates - As of the date the proposed budget was prepared, the city was operating -0- special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city.

Schedule C

Summary by Fund of Revenues Other Than Property Taxes

Source of Revenues	Budgeted Revenues 2000-01	Revised Revenues 2000-01	Budgeted Revenues 2001-02
GENERAL FUND			
Local taxes			
City Sales Tax	$ 64,051,400	$ 63,566,000	$ 66,744,000
Hotel Bed Tax	1,713,000	1,713,000	1,782,000
Franchise Taxes	1,133,067	1,664,500	1,695,600
Licenses and permits			
Business Licenses	458,800	457,800	480,700
Sales Tax Applications/Renewal	510,000	900,500	669,900
Intergovernmental revenues			
State-Shared	29,805,180	32,350,500	29,219,000
County	4,798,900	5,900,000	5,959,000
Charges for services			
Total Charges for Service	6,959,176	6,709,200	6,573,600
Fines and forfeitures			
Total Fines and Forfeitures	4,683,022	4,179,200	4,321,400
Interest on investments			
Total Interest	4,500,000	6,272,000	5,307,000
Voluntary contributions			
SRP In-lieu Tax	425,200	435,400	416,700
Miscellaneous revenues			
All Miscellaneous	1,615,575	1,769,200	1,853,200
Total General Fund	120,655,215	125,917,300	125,022,100
SPECIAL REVENUE FUNDS			
Highway Users Revenue Fund			
Intergovernmental	10,383,600	11,240,100	10,162,600
Maintenance of Effort/Other	1,850,000	-	-
Total Highway Users Revenue Fund	12,233,600	11,240,100	10,162,600
Local Trans. Assistance Fund (LTAF)			
Intergovernmental	925,500	925,500	932,300
Lottery Transfer to Transit	(305,400)	(305,400)	(307,700)
Total LTAF	620,100	620,100	624,600

Schedule C, continued

Summary by Fund of Revenues Other Than Property Taxes

Source of Revenues	Budgeted Revenues 2000-01	Revised Revenues 2000-01	Budgeted Revenues 2001-02
Transit Fund			
Transit Tax	27,235,300	27,609,500	29,193,000
Lottery Transfer In	305,400	305,400	307,700
ASU-Flash Transit	279,000	308,400	345,000
Interest Earned - Trust Invest.	180,000	2,518,000	2,242,000
Miscellaneous Revenue	289,882	2,234,000	2,943,100
Total Transit Fund	28,289,582	32,975,300	35,030,800
Rio Salado Fund			
City Sales Tax	649,900	580,000	611,600
Miscellaneous Revenue	135,700	571,500	438,700
Total Rio Salado Fund	785,600	1,151,500	1,050,300
Performing Arts			
Performing Arts Tax/Interest Income	-	1,928,000	5,604,000
Total Performing Arts Fund	-	1,928,000	5,604,000
Community Devel. Block Grant (CDBG)	2,421,085	2,967,700	2,637,600
Section 8 Housing	5,138,912	4,935,700	4,996,200
Total CDBG/Section 8	7,559,997	7,903,400	7,633,800
Total Special Revenue Funds	49,488,879	55,818,400	60,106,100
DEBT SERVICE FUNDS			
SRP In-Lieu Tax	684,800	684,800	654,800
Interest Earned - Trust Invest.	11,000	-	-
Total Debt Service Fund	695,800	684,800	654,800
CAPITAL PROJECTS FUNDS			
Total Capital Projects Funds	-	-	-
ENTERPRISE FUNDS			
Golf Fund	2,297,000	2,108,500	2,187,800
Water/Wastewater Fund	41,628,567	43,517,600	43,127,700
Sanitation Fund	9,422,500	10,349,700	10,460,300
Total Enterprise Funds	53,348,067	55,975,800	55,775,800
CARRYOVER FUNDING	11,286,602	-	-
TOTAL ALL FUNDS	**235,474,563**	**238,396,300**	**241,558,800**

Schedule D

Summary by Fund of Other Financing Sources and Interfund Transfers

Fund	Proceeds From Other Financing Sources 2001-02	Interfund Transfers 2001-02 In	Interfund Transfers 2001-02 (Out)
GENERAL FUND		$ 6,375,000	($17,718,397)
SPECIAL REVENUE FUNDS			
HURF/LTAF		1,850,000	(4,800,000)
Transit		0	(1,268,200)
Rio Salado		7,093,397	(7,093,397)
Total Special Revenue Funds	0	8,943,397	(13,161,597)
DEBT SERVICE FUNDS			
Total Debt Service Fund		4,500,000	(3,300,000)
CAPITAL PROJECTS FUNDS		17,610,085	
Stadium Revenue Pool	$ 13,700,239		
Bond/Note Proceeds	25,900,000		
CIP - Other Funding	26,582,575		
Total Capital Projects Funds	66,182,814	17,610,085	0
ENTERPRISE FUNDS			
Water/Wastewater Fund		3,300,000	(5,998,488)
Sanitation Fund			
Golf Fund			(550,000)
Total Enterprise Funds	0	3,300,000	(6,548,488)
TOTAL ALL FUNDS	**$66,182,814**	**$40,728,482**	**($40,728,482)**

Schedule E

Summary by Department of Expenditures/Expenses Within Each Fund

Fund/ Department	Adopted Budgeted Expenditures/ Expenses 2000-01	Expenditure/ Expense Adjustments Approved 2000-01	Revised Expenditures Expenses 2000-01	Budgeted Expenditures Expenses 2001-02
GENERAL FUND				
Mayor and Council	$424,974	$0	$424,851	$523,001
City Manager	1,822,369	50,420	1,872,789	1,863,093
City Clerk	447,597	0	443,121	717,900
City Court	2,984,990	57,530	3,012,095	3,167,436
Human Resources	1,945,016	447,969	2,392,985	3,055,512
City Attorney	2,094,735	486,000	2,580,735	2,521,196
Financial Services	4,542,104	47,500	4,543,708	5,227,487
Development Services	6,641,912	349,383	6,921,382	8,271,641
Police	40,122,449	0	40,122,449	43,851,476
Fire	13,291,480	58,501	13,349,981	14,854,413
Community Services	16,563,095	830,156	17,219,318	19,151,270
Public Works - General	12,393,951	200,130	12,468,140	12,901,126
Tempe Learning Center	227,306	283,000	510,306	674,709
City Communications	1,288,584	82,000	1,370,584	1,436,347
Econ Development	496,768	25,000	516,550	560,087
Strategic Planning	0	165,000	165,000	221,941
Management Support	0	116,000	116,000	135,795
Non-Departmental	5,194,491	615,605	5,810,096	3,597,440
Contingencies	2,544,566	(2,444,799)	0	2,695,409
Carryover Funding	5,449,678	(1,539,475)	0	0
Total General Fund	118,476,065	(170,080)	113,840,091	125,427,279
SPECIAL REVENUE FUNDS				
Highway Users Revenue Fund				
Streets	13,147,909	254,080	13,267,969	8,135,751
Carryover Funding	401,739	(180,000)	0	0
Total HURF	13,549,648	74,080	13,267,969	8,135,751
Local Transportation Asst. Fund LTAF	0	0	0	0
Total LTAF	0	0	0	0

Summary by Department of Expenditures/Expenses Within Each Fund

Fund/ Department	Adopted Budgeted Expenditures Expenses 2000-01	Expenditure/ Expense Adjustments Approved 2000-01	Revised Expenditures Expenses 2000-01	Budgeted Expenditures Expenses 2001-02
Transit	19,052,568	1,000,000	19,852,042	25,044,850
CDBG	2,421,084	0	2,421,084	2,637,608
Section 8 Housing	5,138,912	0	5,138,912	4,996,216
Rio Salado	1,283,948	596,000	1,861,149	1,353,091
Performing Arts Center		128,000	126,720	317,048
Carryover Funding	2,341,482	(1,500,000)	0	0
Total Special Revenue Funds	43,787,642	298,080	42,667,876	42,484,564
DEBT SERVICE FUNDS				
Debt Service	7,273,799	0	7,273,799	11,238,729
Total Debt Service Funds	7,273,799	0	7,273,799	11,238,729
CAPITAL PROJECTS FUNDS				
All Capital Projects	67,408,152	0	61,163,320	85,541,430
Total Capital Projects Funds	67,408,152	0	61,163,320	85,541,430
ENTERPRISE FUNDS				
Water/Wastewater	37,317,093	73,000	37,016,192	42,021,240
Golf	2,137,226	50,000	2,165,354	2,327,698
Sanitation	10,380,122	0	10,276,321	10,515,860
Carryover Funding	2,797,335	(123,000)	0	0
Total Enterprise Funds	52,631,776	0	49,457,867	54,864,798
EXPENDABLE TRUST FUNDS				
Total Expendable Trust Funds	0	0	0	0
NONEXPENDABLE TRUST				
Total Nonexpendable Trust	0	0	0	0
TOTAL ALL FUNDS	**$289,577,434**	**$128,000**	**$274,402,952**	**$319,556,800**