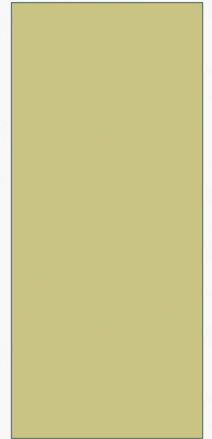


FISCAL YEAR 2014/15

BUDGET WORKSHOP
MARCH 19, 2014



FY 14/15 BUDGET PLANNING CALENDAR

- Board Meetings
 - March
 - Present Budget Books to the Board for review
 - Overview of estimated revenues and expenditures
 - April
 - Go over the budget books and answer questions on the budget books and any line items in the budget
 - Hope to have Meet and Confer issues worked out and embedded into budget
 - May
 - Approve the posting of the budget based on finalization of all of the numbers – revenues, expenses, and capital reserve
 - Post/list the budget, as required – locations (no longer need to post in newspaper)
 - June
 - Hold the required public hearing
 - Approve the budget

FY14/15 BUDGET BOOKS

- Budget books have been prepared and presented
- Preliminary budget numbers are included
 - Finalizing specific numbers
 - Health Insurance costs
 - Going to RFP for General Insurance and Liability
 - Potential COLA assessment
 - Any Meet and Confer items that have monetary implications

SFD PRIMARY OBJECTIVES

- Maintain Fiscal Responsibility
- Continue to Enhance Transparency
- Long Term Planning Success
- Develop a New Strategic Plan
- Sustainability is Critical
- Control Annual Budget Growth
- Maintain High Quality Fire and Emergency Services
- Attract and Retain the Best of the Best Employees
- Provide Competitive Wages and Benefit Packages

FY14/15 BUDGET FOCUS

- Focused on the capital purchases identified in the plan on which staff is working
- Must address some operational needs
 - Testing procedures for Battalion Chief and Firefighter
 - Some equipment for Technical Rescue for which there is a safety concern
- Need to address some Telecommunication issues
 - There are upgrades and repairs that have been ignored for many budget cycles and need attention
- Still need to begin to address some facility maintenance and repair issues not tackled in this budget

ASSESSED VALUE

	FY 13/14	FY 14/15	Change
Assessed Value			
Coconino	\$122,870,608	\$123,577,536	0.58%
Yavapai	\$338,790,793	\$357,252,269	<u>5.45%</u>
		SFD gain	4.15%
Neighboring Fire District A/V Percentage			Gain/Loss
Montezuma-Rimrock FD			(11%)
Verde-Valley FD			(2%)
Yarnell FD			(28%)
Clarkdale FD			4%
Camp Verde FD			(6%)

2014 FIRE DISTRICT LEVY LIMIT WORKSHEET

COCONINO & YAVAPAI COUNTIES - SEDONA FIRE DISTRICT

ADJUSTMENTS FOR ANNEXED PROPERTY	COCONINO 2013	YAVAPAI 2013	COMBINED 2013
A.1. Net Assessed Value of Property Annexed for TY 2014	\$0	\$0	\$0
A.2. A.1. divided by 100	\$0	\$0	\$0
A.3. Prior Year Actual Tax Rate (excluding debt service tax rate)	\$2.0200	\$2.0200	\$2.0200
A.4. Adjustment for Annexed Property (A.2. multiplied by A.3.)	\$0	\$0	\$0

FY13/14 MIL



MAXIMUM ALLOWABLE LEVY LIMIT	2014
B.1. Prior Year Maximum Allowable Levy Limit (B.4 from prior year)	\$19,275,661
B.2. Line B.1. multiplied by 1.08	\$20,817,714
B.3. Plus amount attributable to annexed property (Line A.4.)	\$0
B.4. MAXIMUM ALLOWABLE LEVY LIMIT (Line B.2. + B.3.)	\$20,817,714

Max Levy
Amount
Formula



CURRENT YEAR NET ASSESSED VALUES	2014	2014	2014
C.1. Centrally Assessed Property	\$3,958,128	\$8,769,377	\$12,727,505
C.2. Locally Assessed Real Property	\$118,340,615	\$343,539,241	\$461,879,856
C.3. Locally Assessed Personal Property	\$1,278,793	\$4,943,651	\$6,222,444
C.4. Total Net Assessed Values (C.1. through C.3.)	\$123,577,536	\$357,252,269	\$480,829,805
C.5. C.4. divided by 100	\$1,235,775	\$3,572,523	\$4,808,298

Assessed
Value
Formula



CURRENT YEAR TAX RATE / LEVY LIMIT CALCULATION	2014	2014	2014
D.1. Current Year Net Assessed Values / 100 (Line C.5.)			\$4,808,298
D.2. Maximum Allowable Levy Limit (Line B.4.)			\$20,817,714
D.3. Tax Rate (D.2. divided by D.1.; rounded to 4 decimals)			\$4.3295
D.4. Maximum Tax Rate (lesser of D.3. or \$3.25)			\$3.2500
D.5. Current Year Allowable Tax Rate ¹	\$3.2500	\$3.2500	\$3.2500
D.6. Current Year Allowable Levy Limit (D.5. multiplied by D.1.)	\$4,016,270	\$11,610,699	\$15,626,969
D.7. Prior Year Excess Collections			
D.8. Prior Year Excess Levy			
D.9. Current Year Allowable Levy Limit (D.6. - D.7. - D.8.)	\$4,016,270	\$11,610,699	\$15,626,969

Maximum
Allowed To
Levy at
\$3.25

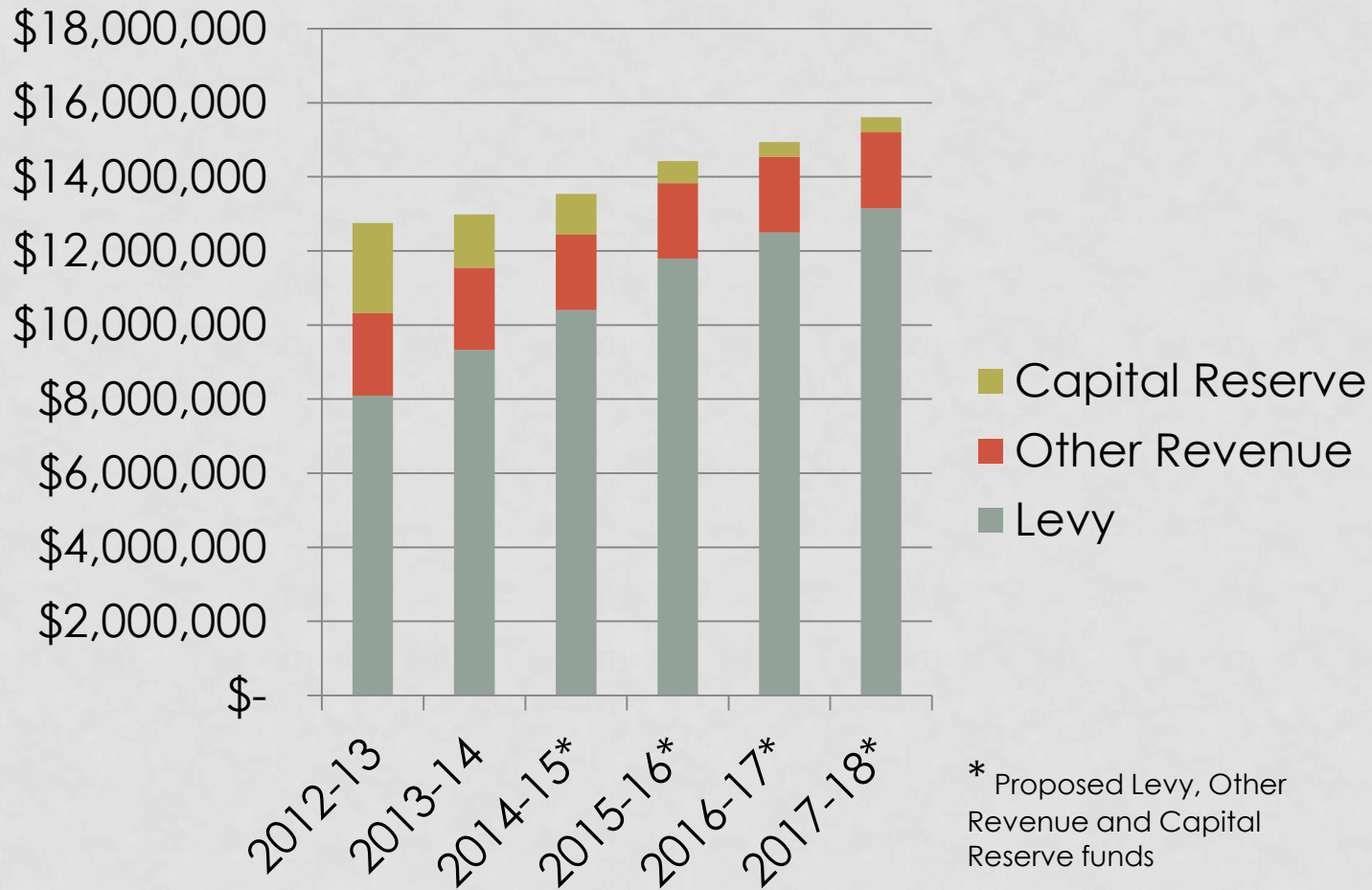


¹ Adjusted D.5. to avoid a levy that exceeds the maximum allowable levy limit (Line B.4.)

WHAT DOES FY 14/15 LOOK LIKE

- Responsible Fiscal Trajectory continues
 - Looking to balance out the use of the capital reserve funds, the amount of the Levy
 - Reducing the Board contingency from 15% to a flat dollar amount (always \$2M or more)
 - Pending Board approval tonight
 - Working to minimize the overall increase in the budget amount to as close to 4% as possible
 - Funding the necessary capital in this budget (Staff has overlaid into the next 5 year's budgets and capitals as a forecasting tool)
 - Includes FY 15/16 budget projections

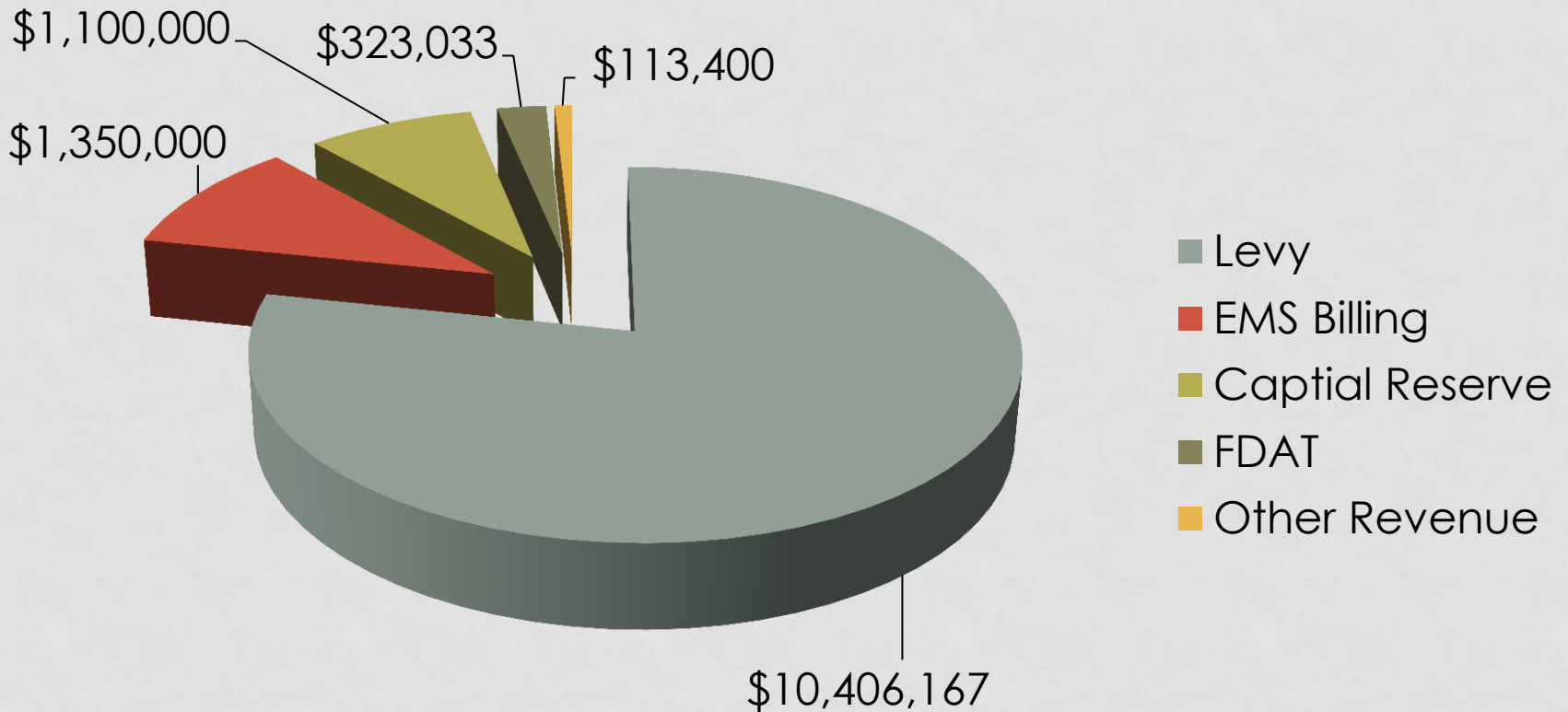
RESPONSIBLE FINANCIAL TRAJECTORY



FY 15/16 BUDGET

- You will notice the FY 15/16 projections on the budget worksheets
 - Designed as a planning tool for the Board (and the public) to have a glimpse into what the future looks like
 - This is the first year this information is required – staff has worked hard to make sure this is as accurate as possible
 - We will need to see how accurate we are and work to hone those forecasting skills going forward
 - Cannot predict all of the actual costs (unless things change where we get rates for multiple years) so adjustments certainly may need to be made as time goes on
 - It is impossible to forecast all needs accurately. Things break, things last longer, COLA, etc., so this is an estimated prediction on what we are guessing for FY16
 - This provides a great planning tool for everyone going forward

FY 2014/15 PROPOSED BUDGET REVENUE



PROPOSED LEVY

- The Assessed Value is the number used to multiply against the Mil Rate to determine the levy
- Currently we are using the proposed number of \$10,385,924
- That number is derived by using a Mil Rate of \$2.16. It is possible we may need to go to ~\$2.20 depending on how final numbers come in

EMS BILLING

- Typically, we bring in approximately \$1,500,000 in Ambulance (EMS) billing
- Changes in legislation may impact SFD revenue to decrease by \$150,000 (22.6% reduction in payments)
 - This could actually have an impact in this FY as the law is set to rescind the super rural bonus effective March 31, 2014
- SFD charges for EMS transports for all patients
 - Residents are NOT balance billed – whatever is paid through commercial insurance, Medicare/Medicaid is considered payment in full (part of the services we provide residents)
 - Non-Residents are balance billed and full payment is expected and collected appropriately

CAPITAL RESERVE

- Capital purchases are essentially funded from the capital reserve account
- Capital reserve is money that has been set aside for future capital purchases – either by saving over the years or by the carryover money that is not spent at the end of a fiscal year
- FY 2014/15 budget has appropriated approximately \$1,100,000 being placed in the budget

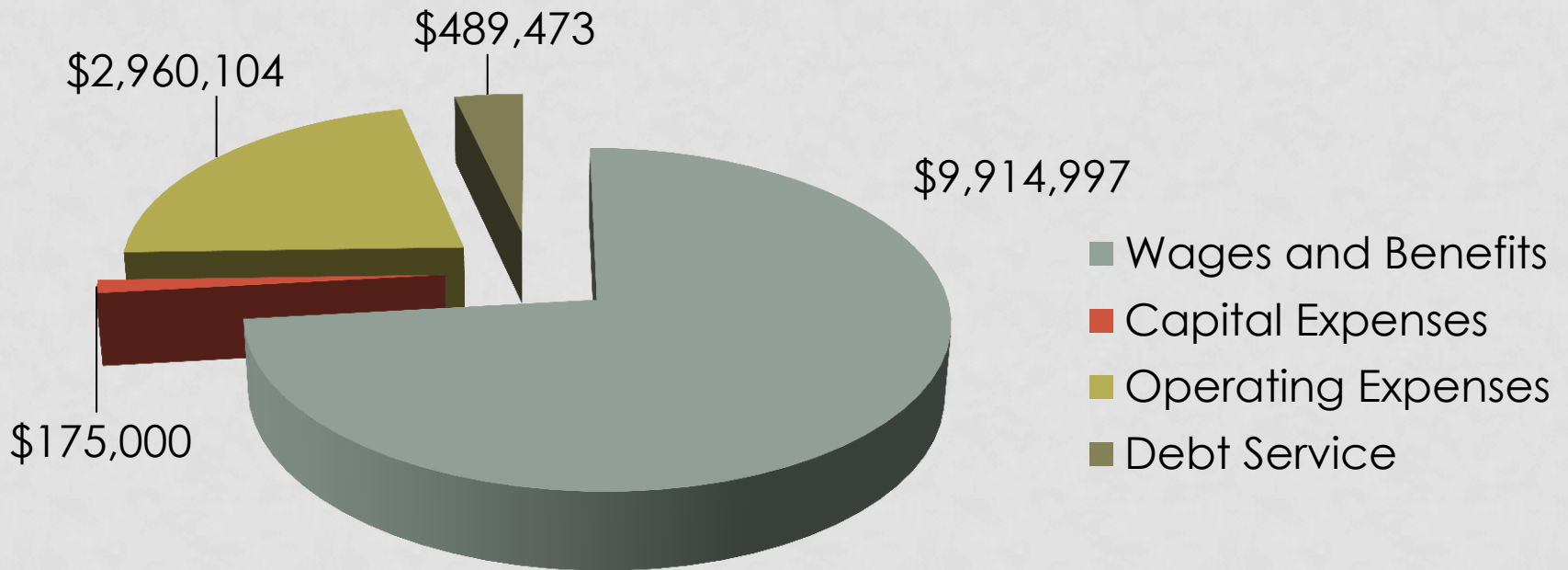
FIRE DISTRICT ASSISTANCE TAX (FDAT)

- ARS 48-807 Authorizes the county to pay an assistance tax to the Fire Districts through a complex mathematical formula
 - We have typically gotten the max annually until FY 2013/14
 - We have estimated the revenue at the same amount we received last year
 - We have a call into the Counties to get a better explanation as to why the amount was lowered last year and what we might be planning for this FY
 - They are unable to give that to us at this point
 - AV is a factor so our AV going up seems to be a benefit to SFD

OTHER REVENUE

- Funds collected from things like:
 - Dispatching
 - Telecommunication Services
 - CPR Revenues
 - Inspection and Permit Fees (CRM)
 - Interest
 - Facility Rent
 - Communication Rent

FY 2014/15 PROPOSED BUDGET EXPENSES



WAGES AND BENEFITS

- Includes the following
 - Wages (including overtime)
 - Retirement
 - Pension or 401A
 - Retirement Health Savings Account
 - Healthcare Expenses
 - Medical, Dental
 - HSA/HRA contributions
 - Workers Compensation
 - Disability Insurance
 - Medicare
 - Uniforms

CAPITAL EXPENSES

- SRCC Upgrades
 - \$50,000 towards console repairs and maintenance (if needed)
- 2014 Election Expenses
 - Tentative \$46,000 for the cost of the election to be held
- Apparatus/Vehicles
 - Pool vehicle
 - Shop/IT/Wildland vehicle

OPERATING EXPENSES

- Utilities
- Fuel
- EMS Supplies
- Fire equipment
 - Fire hoses, appliances, fire gear, TRT equipment, etc.
- Office supplies
- Station supplies
- Routine maintenance and care of facilities
- Vehicle repair costs
- Etc.

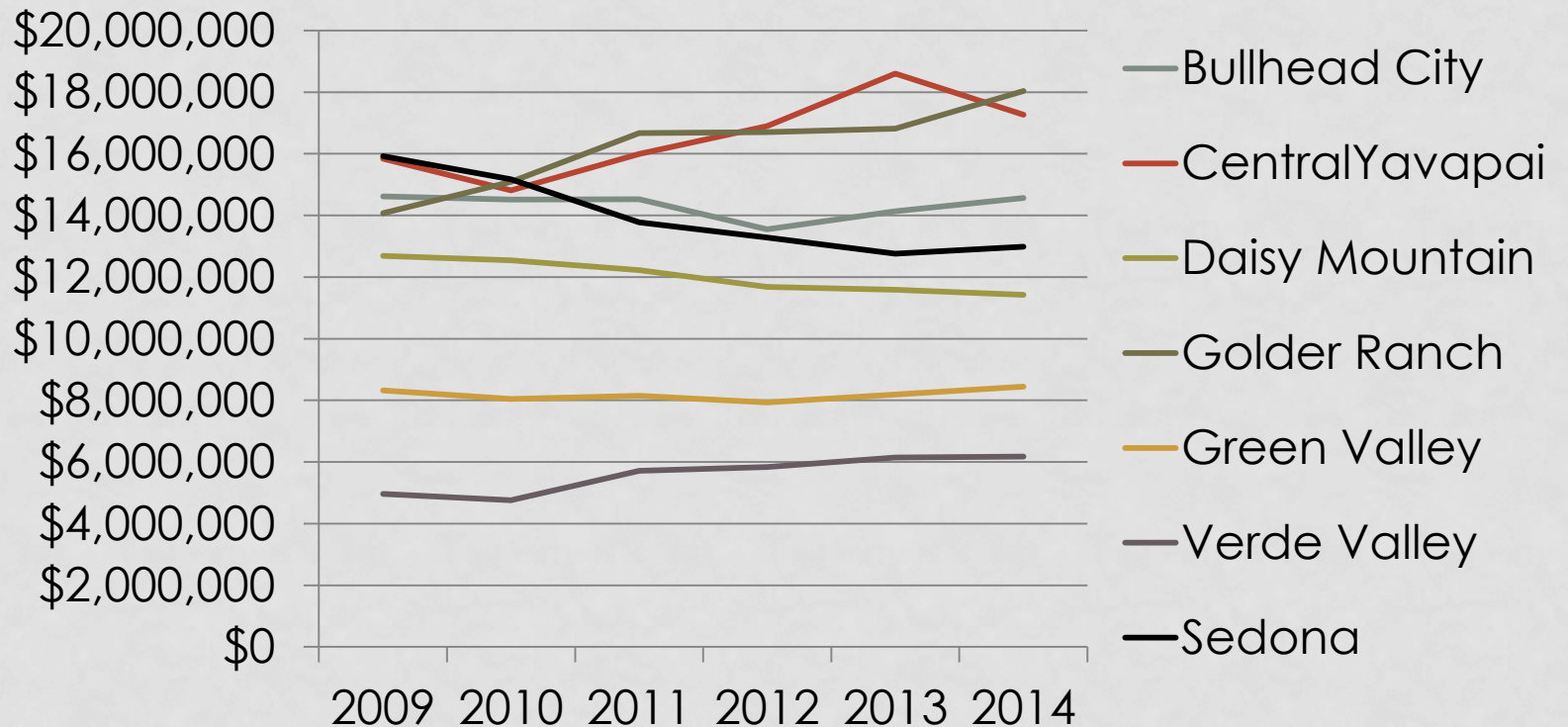
DEBT SERVICE

- Lease Purchase Payments
 - Station 6 payments
 - New Engine payment (pay off in full)
 - Cardiac Monitors (past expense)

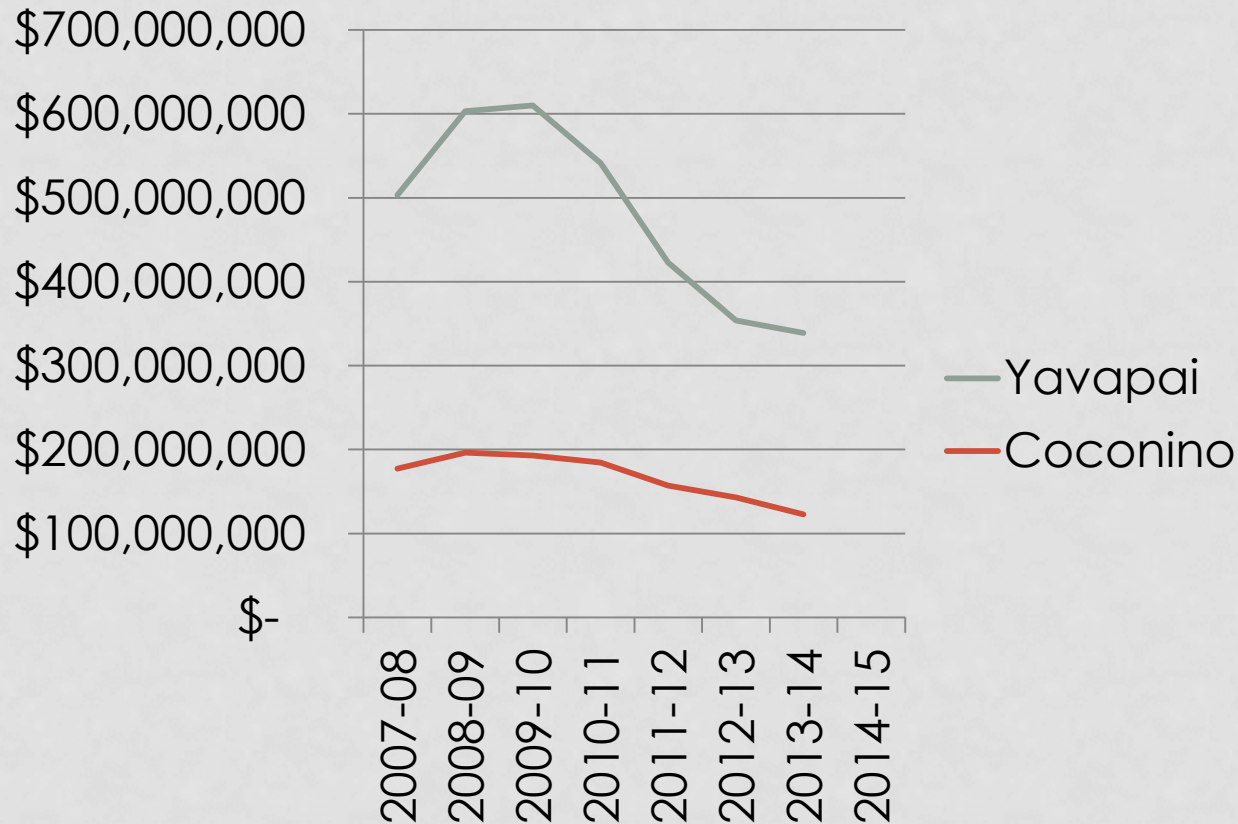
A HISTORICAL PERSPECTIVE

A COMPARATIVE LOOK

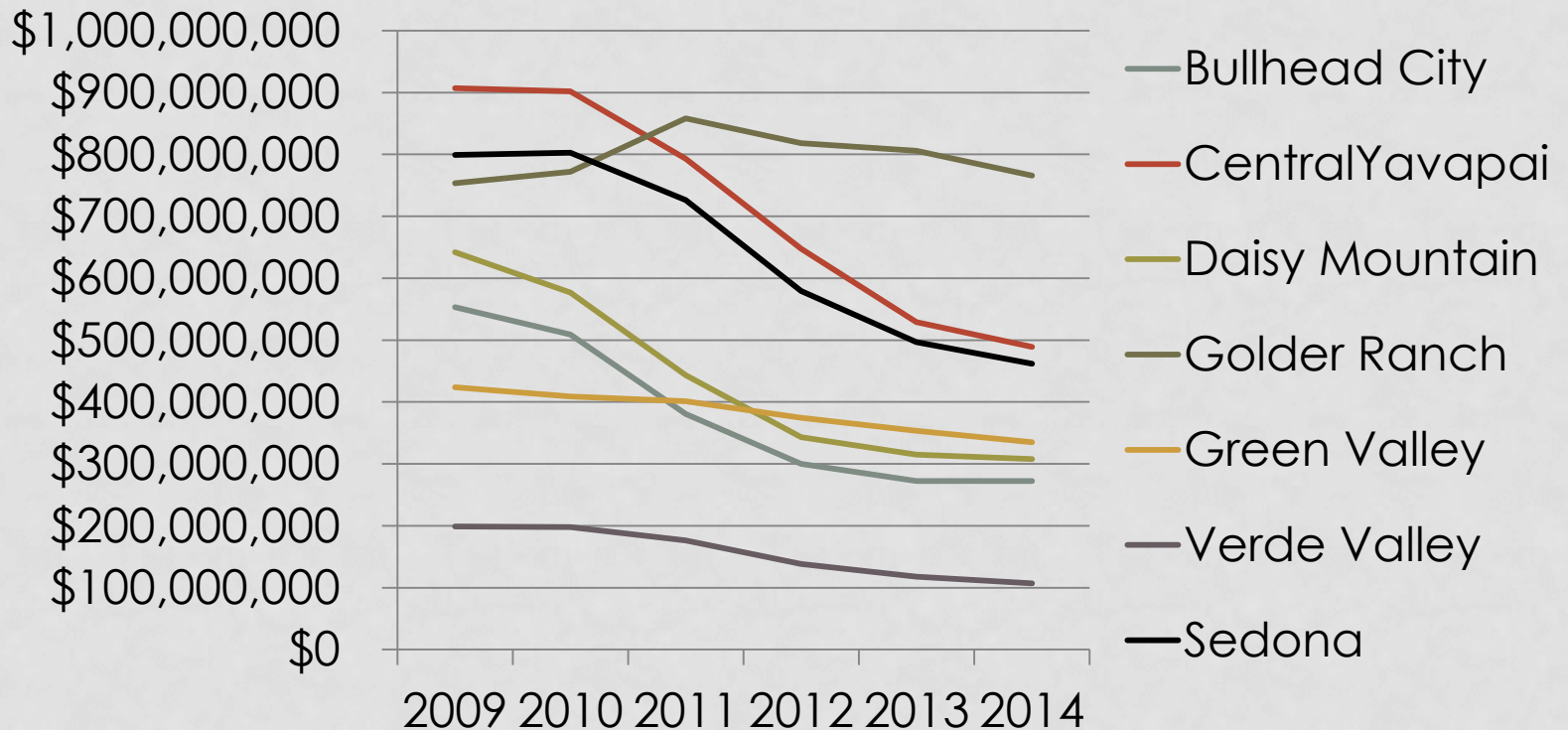
ANNUAL BUDGET COMPARISONS



HOW YAVAPAI AND COCONINO HAVE ASSESSED PROPERTY DIFFERENTLY

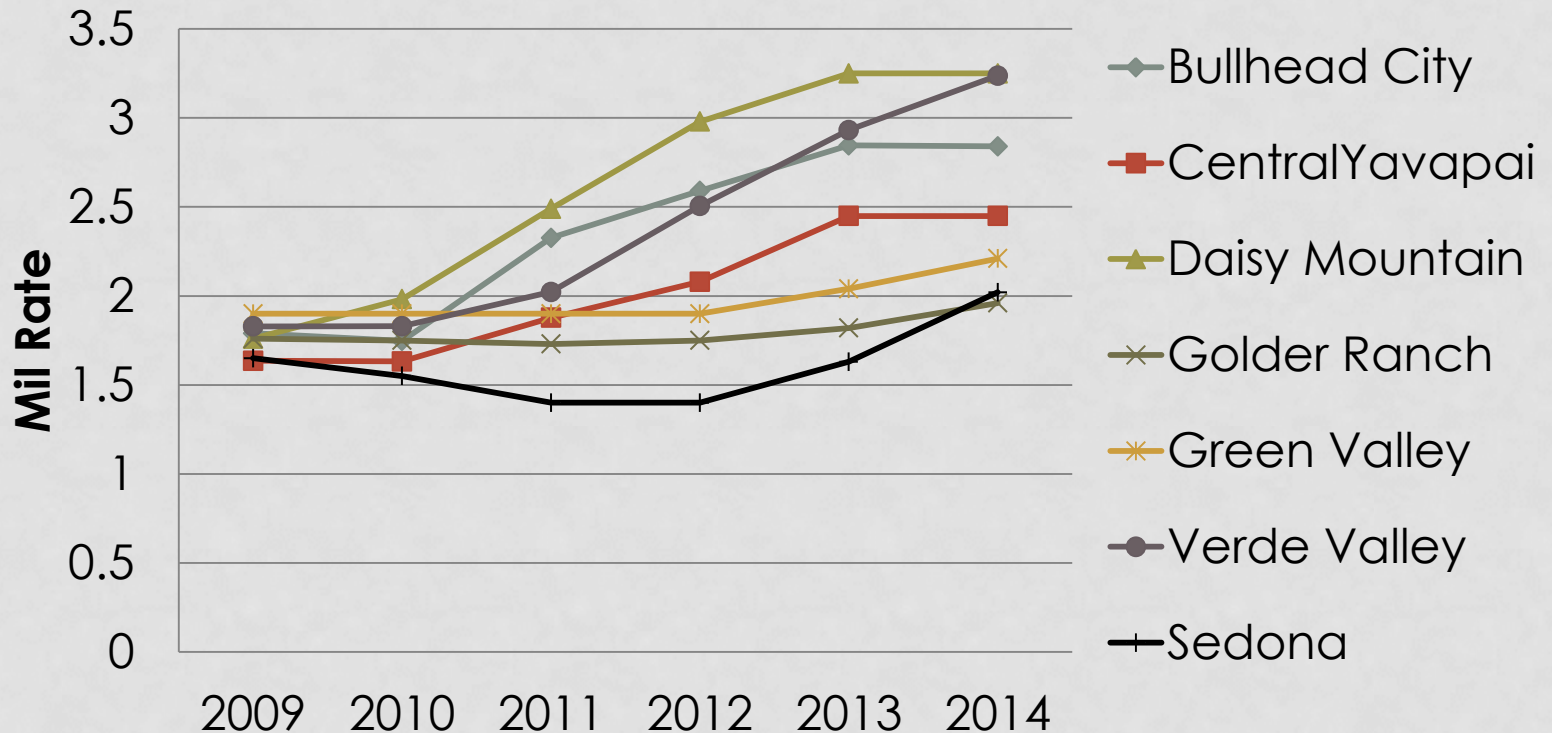


ASSESSED VALUES COMPARISONS



Disclaimer: This information was compiled from individual county websites, district websites, and AFDA and may not be 100% accurate.

MIL RATE COMPARISONS



Disclaimer: This information was compiled from individual county websites, district websites, and AFDA and may not be 100% accurate.

SFD FINANCIAL PHILOSOPHY

- Staff and all members of SFD are working daily to be fiscally responsible
 - Best pricing
 - Requesting only what is needed
 - Working to forecast needs in advance of actual need
 - Finding solutions that fit our needs and our budget
- Long term solutions are critical
 - Many things were ignored in the recent past and now we are having to work double time to catch up which has financial impacts
 - Ignoring them further will actually cost us more than to fix many things down the road – Telecom, facilities, etc.

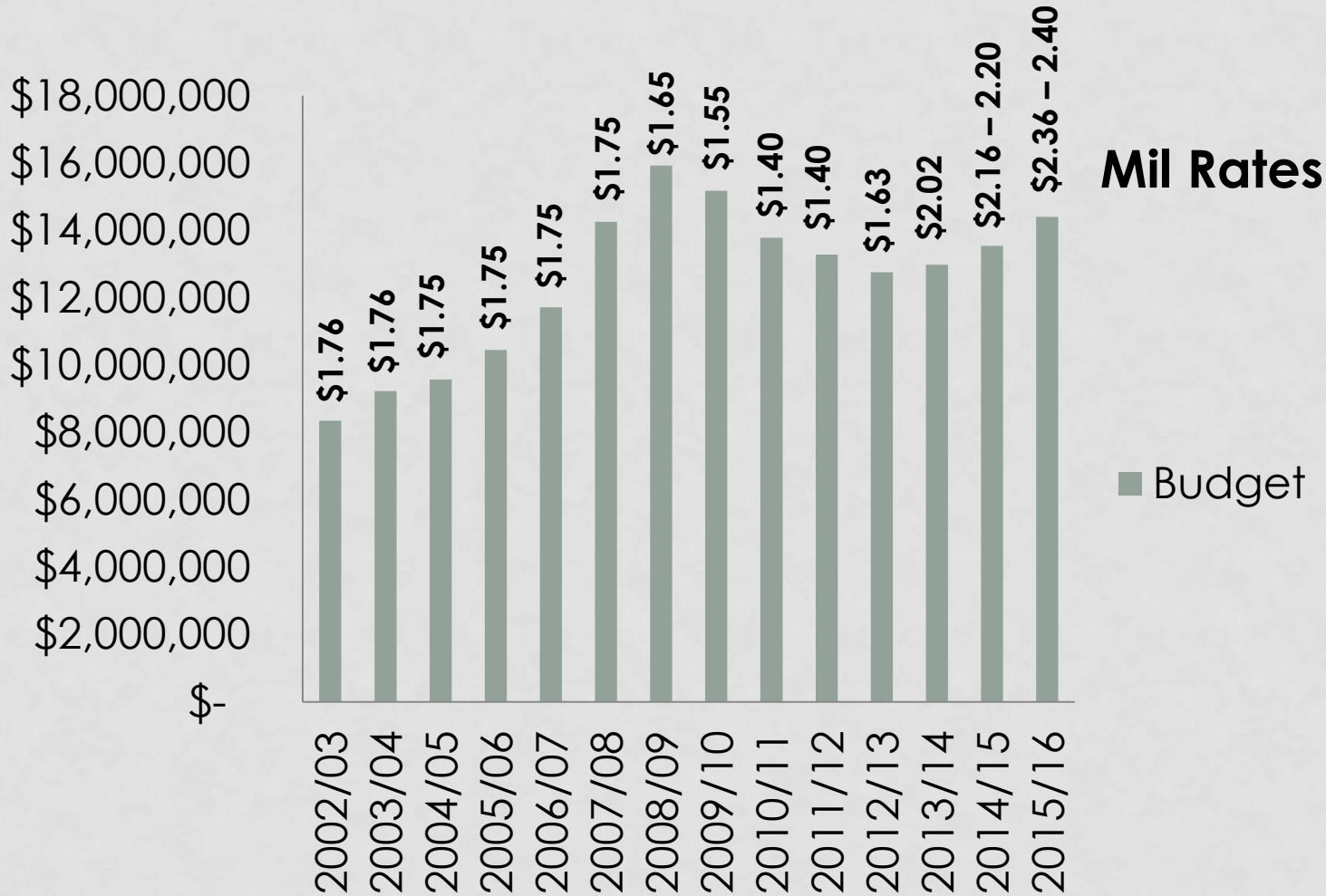
BUDGET PLANNING

- Staff has promised to try and limit the growth of the budget
 - A 3.85% target has been discussed
 - As presented, this budget represents a 4.11% increase and the FY 15/16 budget has slightly over a 6% increase
- Staff is working diligently to keep a tight reign on the budget growth while budgeting what is needed to be successful in our mission
 - Increases in capital create a need to modify this % as needed based on necessities
- Staff and personnel have been working to minimize costs wherever possible

MIL RATE

- Lots of discussion can occur about the Mil Rate and where it is
 - With assessed values peaking at an almost 50% decline in AV it only makes sense that the number has to go up
 - The fact we cut the Mil Rate in years we were seeing unprecedented AV drops and utilizing capital reserve funds to balance the budget finds us in what is an inevitable position
 - The focus is truly on the budget amount we are requesting to operate a fire district of this size

SFD HISTORICAL BUDGET OVERVIEW



UNPLANNED IMPACTS TO THE BUDGET

- Super Rural Bonus being potentially reduced
 - Removed \$150,000 from the budget
 - Could get reinstated and will help the bottom line
- Cost of November Election
 - Had to add a projected \$50,000 to cover the cost of the election if there is a contested election
 - Could be more if Coconino raises their costs like Yavapai
- State Mandated increase in pension
 - Added approximately \$100,000 to the budget
 - Recent Supreme Court decision could have additional impacts in FY15/16 that is as yet unknown

AZ AND FEDERAL LAWS HAVING FINANCIAL IMPLICATIONS

Impacts on Fire District Budgets

- Proposition 117 (2013 Law)
 - Limiting the amount of increase to Assessed Value to no more than 5% annually
- Tax Levy Limits
 - Laws were put into place to limit the amount of Levy (8% max annually) citizens can be taxed (2009 Law)
 - SFD's Current Levy limit is \$ 19,275,661
 - SFD Actual Levy Limit amount is \$15,003,996
- Current cap on Mil Rate at \$3.25 (2005 Law)

ESTIMATED FY 14/15 BUDGET REVENUE

Levy.....	\$ 10,406,167
Other Revenues	
• FDAT.....	\$ 323,033
• EMS/Ambulance Billing.....	\$ 1,350,000
• Tower Rents and Services.....	\$ 246,974
• Other Revenue.....	\$ 113,400
Capital Reserve.....	<u>\$ 1,100,000</u>
PROPOSED TOTAL BUDGET.....	\$ 13,539,574*

*** Final amount could change pending final numbers still yet to be determined**

QUESTIONS

PLEASE SHARE YOUR THOUGHTS AND IDEAS