

City of Show Low Tentative Budget



Card Players in Show Low

Fiscal Year Ending June 30, 2008

CITY OF SHOW LOW
2007-08 TENTATIVE BUDGET



MAYOR

Honorable
Rick Fernau

City Council

Gordon Kearl, Vice Mayor
Rennie Crittenden
Virginia Evans
Gene Kelley
Daryl Seymore
Gerry Whipple

Ed Muder
City Manager

Mike Urie
Administrative Services Director

Mary Terracina
Budget Analyst



CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET



Show Low, the commercial and tourism hub of the White Mountains, was established in 1870 and incorporated in 1953. Located in Southern Navajo County, at an elevation of 6,350 feet, our city is 175 miles northeast of Phoenix and 195 miles north of Tucson. Show Low's estimated population is 10,490 people with a land area estimated at 30 square miles.



CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

BUDGET PROCESS, COUNCIL REVIEW AND INPUT, PUBLIC HEARINGS AND BUDGET ADOPTION

Each year, the City of Show Low budget is developed in conjunction with the Mayor and City Council, residents, city employees, the City Manager's Office and all city departments.

Modified Zero-Base Budgeting Process

The City of Show Low uses a modified zero-base budgeting process. Departments submit an estimate of the costs associated with providing their current levels of service for the following year. Staff reviews these base budget estimates to ensure that only the funding needed to continue current service levels is included in the department's base budget for the following year. This review is called a technical review because of its non-programmatic, line item by line item review. A department's base budget funding may differ from its current year funding for a variety of reasons. For example, an increase or decrease in electricity or postage rates would be reflected in the base budget.

After these budget requests are reviewed, departments are asked to identify 10 percent of their budget for potential elimination. These proposals are called base reductions and represent the department's lowest-priority activities. Departments are also asked to provide any requests for new or expanded programs. These are called supplemental budget requests.

Base reductions and supplemental requests include all costs associated with a specific program or service. For example, costs for a swimming pool would include personnel costs, chemicals for the pool and building maintenance and utilities.

When base reductions and supplemental requests are proposed, they are ranked together according to the department's priorities. The department's indicates whether making a base reduction to add a new program would be possible, and also indicates which supplemental programs and base reductions are most critical to the department.

2007-08 Budget Process

In February 2007, staff presented a mid-year report to the City Council. The Mayor and Council were advised that estimated General Fund growth was positive but balancing the 2007-08 budget would be challenging. The main factor impacting next year's budget is the Council's desire to increase infrastructure expenditures to a higher level.

Community Input

Several community budget meetings were held during the months of January and April. Also, citizens were invited to attend Council budget hearings during April and May.

Tentative Budget Adoption – May 15th

On May 15, 2007 the tentative budget will be presented to the City Council for consideration. At this point, the City Council may change the budget, but only in certain circumstances may the budget be increased. Generally the ability to increase the budget applies to expenditures exempted from the state expenditure limitation. Transfers between department appropriations are still permissible before the final budget is adopted.

Final Budget Adoption – June

A public hearing and final adoption are scheduled for June .

The chart on the next page is an overview of the budget calendar:



CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

BUDGET PROCESS, COUNCIL REVIEW AND INPUT, PUBLIC HEARINGS AND BUDGET ADOPTION (Continued)

January 18, 2007	Budget Study Session
January 25, 2007	Town Hall Budget Session
February 26, 2007 to March 16, 2007	City Manager Budget Reviews
April 3, 2007	Budget Review Meeting
April 19, 2007	Town Hall Budget Session
April 26, 2007	Council Budget Study Session
May 3, 2007	Council Budget Study Session
May 15, 2007	Council Consideration of Tentative Budget
June 19, 2007	Council Consideration of Final Budget



CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

GENERAL BUDGET AND FINANCIAL POLICIES

City of Show Low budget and financial policies are governed by Arizona state law, the City Charter and generally accepted accounting standards. These laws and standards set budget calendar dates, provide for budget control, describe ways to amend the budget after adoption, and identify appropriate methods for budgeting, accounting and reporting. The Arizona Constitution establishes the property tax system and assessed valuation limits. The constitution also provides annual expenditure limits and sets total bonded debt limits. The City of Show Low currently does not have a property tax.

The city's budget policies are extensions of these basic laws and follow generally accepted governmental budgeting and accounting practices and standards.

A BALANCED BUDGET IS REQUIRED

Arizona law (Title 42 Arizona Revised Statutes) requires the City Council to annually adopt a balanced budget by purpose of public expense, State Law defines this balanced budget as "the primary property tax levy, when added together with all other available resources, must equal these expenditures."

AMENDMENTS TO THE BUDGET AFTER FINAL ADOPTION

Generally, by Arizona state statute, no expenditure may be made nor liability incurred for a purpose not included in the budget even if additional funds become available.

In certain instances, however, the budget may be amended downwards after adoption. All budget amendments require City Council approval. If funds are available, appropriations may be increased for certain funds specifically excluded from the limitations in the Arizona Constitution. These funds are bond proceeds, Arizona Highway User Revenue, debt service and grants. At the end of each fiscal year, the City Council adopts an amendment to the budget ordinance for any necessary increases in these funds. These increases are largely caused by federal grants that become available throughout the fiscal year and by timing changes in capital projects funded by bond proceeds.

Finally, transfers of amounts within any specific fund or within the General Fund programs can be made upon approval of the city manager.

ANNUAL EXPENDITURE LIMITATION

Show Low is subject to an annual expenditure limitation imposed by the Arizona Constitution. The constitution provides for four processes to exceed the expenditure limitation: (1) a local four-year home rule option, (2) a permanent adjustment to the 1979-80 base, (3) a one-time override for the following fiscal year, and (4) an accumulated for pay-as-you-go capital. All require voter approval. City of Show Low voters have traditionally approved the home rule option in past years.

REVENUE MANAGEMENT

All local governments struggle to generate the funds necessary to provide, maintain and enhance the service demands of their community. Arizona cities and towns largely rely on local sales taxes and state shared, income and vehicle license taxes. This reliance on sales tax collections results in a highly cyclical revenue base.

Given our reliance on sales taxes, developing personal income is an important step in managing our revenue base. In recent years, considerable effort has been devoted to attracting employers that will provide our residents with jobs and to developing a workforce that will support the needs of employers. We have also worked to develop an employment base that is diverse and not concentrated in one or two areas.

FUND STRUCTURE

The budget presented here is made up of four distinct fund groups: general, special revenue, debt service and enterprise funds. All planned uses of these fund types are included in the annual budget.

General Funds

These revenues come from four major sources: local sales (privilege license) taxes, state shared revenues, user fees and other revenues. State-shared taxes include state-shared sales, vehicle license and income taxes. There are also user fees as well as interest earnings and fines. General funds are used to provide the most basic of city services: police, parks, library, magistrate court and other like services.

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

GENERAL BUDGET AND FINANCIAL POLICIES

(Continued)

Special Revenue Funds

These funds are associated with highway maintenance, public transit, sidewalk repair and street lighting. Revenues are provided for a specific purpose and are restricted as to how they are spent.

Grant Funds

Grant funds include Community Block Grant funds and various other grant allocations. Grant funds can be applied only to grant-eligible expenditures.

Enterprise Funds

Enterprise funds include Water, Wastewater, Airport, Aquatic Center, Water and Wastewater Plant Investment and Refuse funds. Enterprise funds are “self contained” and can only be used to pay for the costs associated with enterprise fund-related services and programs. Generally, fees are set to recover all costs associated with providing these services. These costs include day-to-day operations and maintenance, pay-as-you-go capital improvements and debt service.

Fiduciary Funds

Fiduciary funds, including permanent and agency funds, represent funds held for others. Reserves and expenditures for these funds are not presented in the comprehensive annual financial report (CAFR). However, the year end balances held in fiduciary funds are provided in the CAFR.

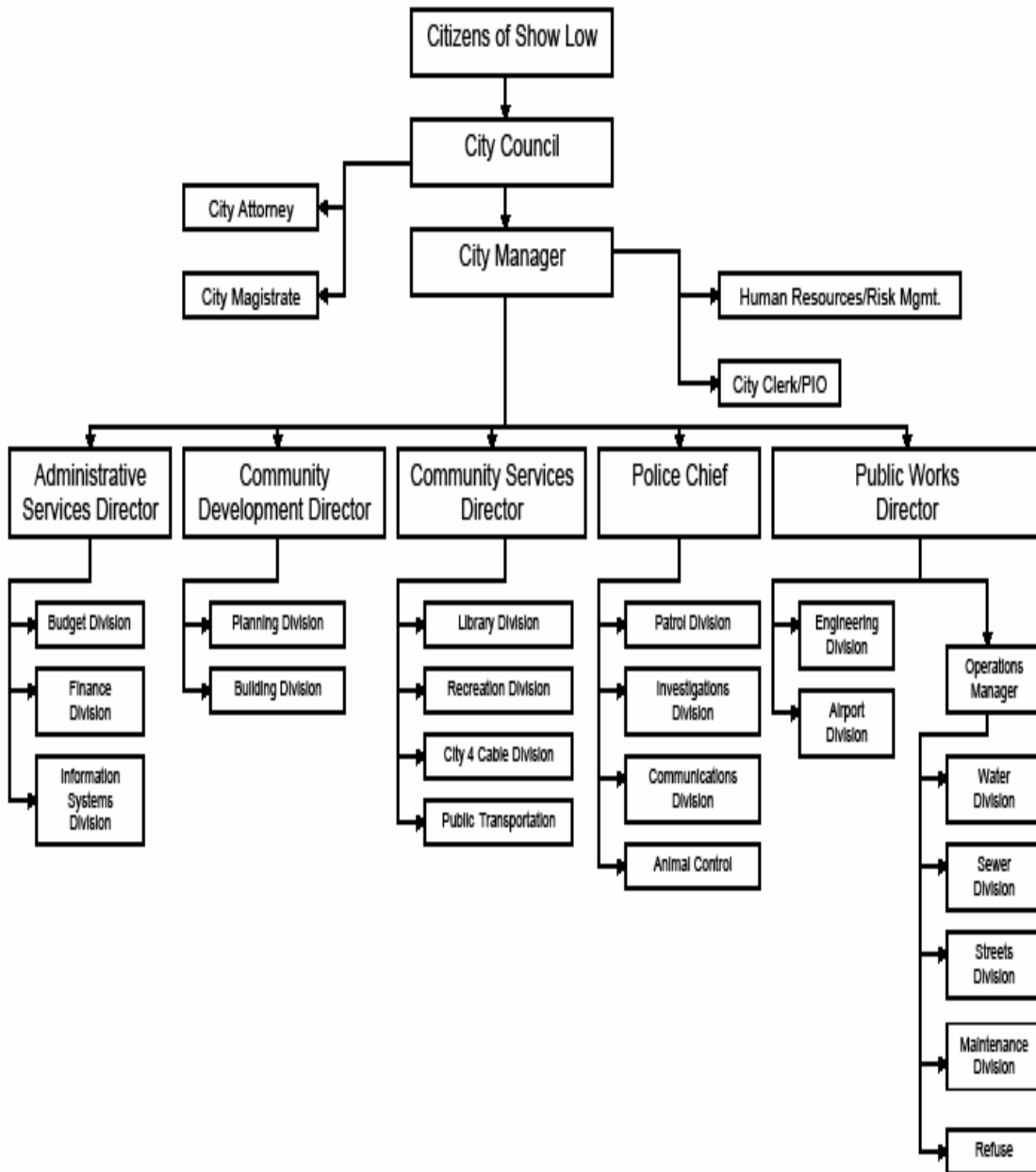
Debt Service Funds

Debt service expenditures include payments of principal, interest, costs of issuance and bond reserve requirements for bonds issued.



CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

City of Show Low Organizational Chart



CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

REVENUE AND EXPENDITURE SUMMARY

	ESTIMATED			ESTIMATED
	BEGINNING	2007-08	2007-08	YEAR END
<u>FUND</u>	<u>RESERVES</u>	<u>REVENUES</u>	<u>BUDGET</u>	<u>RESERVES</u>
GENERAL	\$ 12,111,523	\$ 27,419,893	\$ 32,880,706	\$ 6,650,709
HIGHWAY USER REVENUE	200,026	1,669,818	1,869,845	-
LOCAL TRANS. ASSISTANCE (LTAF)	44,794	71,331	116,125	-
PUBLIC TRANSPORTATION	-	544,379	544,339	40
STREET LIGHT DISTRICT	21,251	125,225	127,500	18,976
AIRPORT	845,515	7,844,468	8,689,983	-
AQUATIC CENTER	4,322	392,302	394,041	2,583
REFUSE	44,759	535,430	538,560	41,629
WATER	741,290	2,427,625	3,008,174	160,741
WASTEWATER	-	2,676,625	2,657,847	18,778
WATER PLANT INVESTMENT FUND	946,447	415,500	800,000	561,947
WASTE WATER PLANT INVESTMENT FUND	5,287,108	1,020,500	1,000,000	5,307,608
CAPITAL IMPROVEMENTS (CDBG)	-	308,149	308,149	-
CAPITAL IMPROVEMENTS	5,456,511	8,415,152	13,871,663	-
DEBT SERVICE	516,037	630,803	622,728	524,112
IMPROVEMENT DISTRICT #5	111,202	666,744	665,544	112,402
IMPROVEMENT DISTRICT #6	96,456	583,050	581,850	97,656
IMPROVEMENT DISTRICT #7	417,500	130,000	547,500	-
MEDICAL INSURANCE POOL	<u>805,126</u>	<u>- 1,622,500</u>	<u>- 1,585,000</u>	<u>- 842,626</u>
TOTALS	\$ 27,649,867	\$ 57,499,494 #	\$ 70,809,554	\$ 14,339,807

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

**REVENUE AND EXPENDITURE SUMMARY
GENERAL FUND
2007-08 BUDGET**

	2006	2007	2007	2008
	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>REV. EST.</u>	<u>ORIGINAL BUDGET</u>
<u>Beginning Reserves</u>	\$5,632,162	\$7,196,546	\$8,816,448	\$12,111,523
 <u>REVENUES</u>				
State Sales Tax	830,092	925,000	971,250	975,250
City Sales Tax	9,924,958	10,428,185	11,215,203	11,775,963
Electric Franchise Tax	166,496	165,000	169,750	167,500
Gas Franchise Tax	95,321	70,100	97,750	105,250
TV Franchise Tax	39,950	58,000	40,000	40,000
Urban Revenue Sharing	831,806	945,866	998,167	1,018,130
Auto In Lieu Tax	498,646	445,238	510,250	512,750
Business Licenses	14,349	3,000	10,000	10,000
Charges for Services (Dev. Fees)	427,321	297,500	297,500	297,500
Other Funding Sources	158,882	40,000	75,000	40,000
Interest Earned on Investments	298,882	140,500	250,000	250,000
Fines and Forfeitures	122,956	144,850	125,500	127,800
Planning and Zoning Fees	1,036,099	815,250	975,000	815,250
Plan Check Fees	142,783	65,500	145,557	100,000
Library Fees	21,644	19,000	19,500	19,000
Engineering Services	56,393	38,000	55,000	45,000
Dispatching Services	114,615	145,000	115,000	115,000
IG Revenue	241,545	107,000	107,000	107,000
Animal Control	5,628	4,000	5,000	5,000
Parks Fees	91,045	66,000	66,000	66,000
Cable TV Fees	22,517	12,000	15,000	15,000
Unanticipated Revenues	-	16,500,000	10,500,000	10,500,000
Misc Income	104,685	73,000	73,000	73,000
Bond Proceeds	-	-	225,000	-
Homeland Security Grant	244,047	-	-	-
Forest Health Grant	<u>436,719</u>	<u>200,000</u>	<u>200,000</u>	<u>239,500</u>
TOTAL REVENUES	15,927,379	31,707,989	27,261,427	27,419,893

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

**REVENUE AND EXPENDITURE SUMMARY
GENERAL FUND (Continued)
2007-08 BUDGET**

EXPENDITURES

City Council	228,400	405,051	405,051	496,818
Economic Development/Promotion Programs	348,120	436,950	436,950	633,000
City Attorney	272,494	329,990	278,151	296,401
City Manager	181,003	685,408	223,648	651,621
City Magistrate	131,283	182,304	157,561	154,344
Human Resources	545,753	699,792	627,807	671,846
City Clerk/Public Information	192,346	277,581	284,950	295,377
Finance	599,755	656,195	632,909	740,836
Budget Admin.	59,996	61,164	63,085	0
Information Services	373,223	413,995	417,780	382,155
Community Development (P&Z)	759,683	1,086,899	1,056,612	1,084,922
Community Services Administration	296,829	336,881	343,626	433,417
Library	686,141	630,006	644,474	638,344
Recreation	351,502	345,359	346,527	374,047
TV-4	173,934	222,197	228,743	213,891
Police	2,920,842	2,956,068	3,061,509	3,321,510
Police Communications	680,853	845,356	860,501	926,925
Animal Control	173,821	143,987	149,060	146,311
Public Works Administration	267,889	306,522	313,748	284,673
Engineering	541,289	704,013	689,076	703,442
Facilities Maintenance	-	-	-	495,976
Parks Maintenance	708,848	860,624	870,608	522,319
Unanticipated Expenditures	-	16,500,000	10,500,000	10,500,000
Transfer to Reserve	-	-	-	250,000
Transfers Out	<u>2,249,089</u>	<u>1,373,975</u>	<u>1,373,975</u>	<u>8,662,532</u>
TOTAL EXPENDITURES	12,743,093	30,460,316	23,966,351	32,880,706
Total Reserves	\$8,816,448	\$8,444,219	\$12,111,523	\$6,650,709
Less Required Reserve	<u>1,056,784</u>	<u>1,056,784</u>	<u>1,104,339</u>	<u>1,354,339</u>
Ending Reserves	<u>\$ 7,759,664</u>	<u>\$ 7,387,435</u>	<u>\$ 11,007,184</u>	<u>\$ 5,296,370</u>

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

PERSONNEL LISTING
BY DEPARTMENT
2007-08 BUDGET

<u>DEPARTMENT</u>	<u>2007 BUDGETED FTE'S</u>	<u>2008 PROPOSED FTE'S</u>	<u>CHANGE FROM 2007</u>
City Attorney	2.0	2.0	0.0
City Manager	1.0	1.0	0.0
City Magistrate	3.7	2.7	-1.0
Human Resources	4.0	2.0	-2.0
City Clerk	3.0	4.0	1.0
Finance	7.0	10.0	3.0
Budget Administration	1.0	0.0	-1.0
Information Systems	3.0	3.0	0.0
Community Dev.	13.7	12.7	-1.0
Community Services Admin.	1.0	1.0	0.0
Library	9.7	9.7	0.0
Recreation	5.5	5.5	0.0
TV-4	3.0	3.0	0.0
Police	31.9	31.9	0.0
Police Communications	13.0	13.0	0.0
Animal Control	2.4	2.4	0.0
Public Works Admin.	3.0	3.0	0.0
Engineering	8.0	8.0	0.0
Maintenance	9.8	0.0	-9.8
Facilities Maintenance	0.0	4.6	4.6
Parks Maintenance	<u>0.0</u>	<u>5.7</u>	<u>5.7</u>
GF TOTAL	125.7	125.2	-0.5
Airport	5.2	5.2	0.0
Aquatic Center	10.1	9.6	-0.5
Roads	10.3	9.3	-1.0
Water	8.6	11.1	2.5
Wastewater	<u>11.6</u>	<u>12.1</u>	<u>0.5</u>
TOTAL OTHER FUNDS	45.8	47.3	1.5
GRAND TOTAL	<u>171.5</u>	<u>172.5</u>	<u>1.0</u>

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

City Council

Program Goal

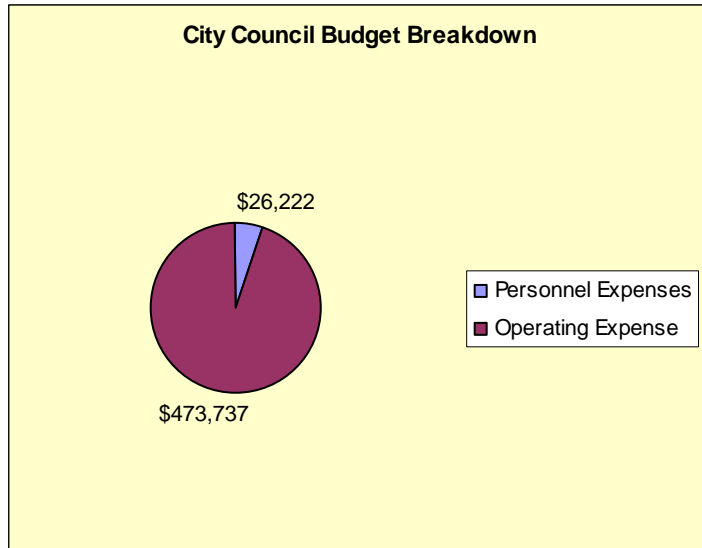
The City Council serves as the legislative and policy making body of the municipal government and has responsibilities for enacting city ordinances, appropriating funds to conduct city business and providing policy direction to the administrative staff. The City Council appoints a city manager who is responsible for carrying out its established policies and administering operations.

Budget Allowance Explanation

The City Council budget of \$499,659 is \$94,608 or 23.4 percent more than 2006-07 budgeted expenditures. The contingency account has been increased by \$100,000 to \$400,000. Contingency funds are used for unexpected expenses during the year.

There are no major changes to this budget for the 2007-08 fiscal year. Funds are provided for Council salaries and other Council programs. Training and travel monies are budgeted for Council travel to workshops, conferences and other educational functions.

Council will hold a minimum of 24 Council meetings and have study sessions as needed during the 2007-08 fiscal year.



Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$366,195	\$228,400	\$405,051	\$405,051	\$499,659
Positions (FTE)	---	---	---	---	---

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

City Attorney

Program Goal

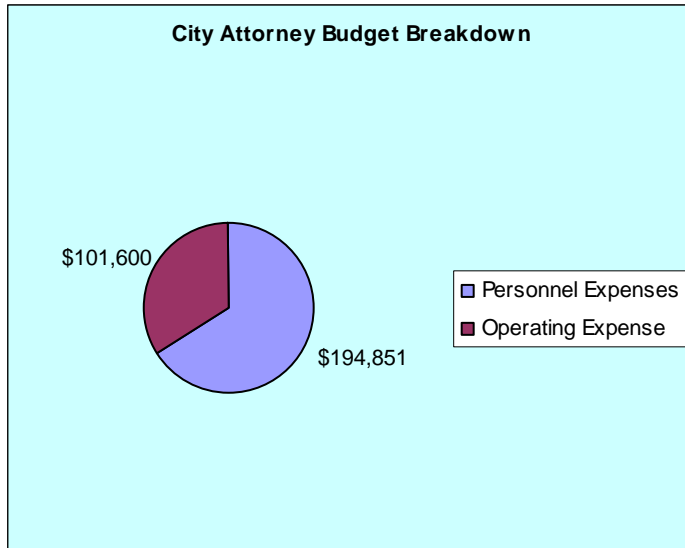
The City Attorney provides effective legal services to the Mayor and City Council, the city manager, departments and advisory boards. The City Attorney also interprets and enforces city, state, and federal laws as they pertain to the city.

Budget Allowance Explanation

The City Attorney 2007-08 budget of \$296,451 is \$33,539 or 10.2 percent less than the 2006-07 budget.

The decrease is due to reducing contractual services in the Attorney budget. The City Attorney feels these can be reduced to \$50,000 for 2007-08

No other changes are anticipated for the City Attorney's budget for the 2007-08 budget year. Funding is provided for normal activities of the department.



Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$222,133	\$272,494	\$329,990	\$278,151	\$296,451
Positions (FTE)	2.0	2.0	2.0	2.0	2.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

City Manager

Program Goal

The City Manager provides professional administration of the policies and objectives established by the Mayor and the City Council, develops alternative solutions to community problems for the Mayor and City Council consideration and plans programs that meet the future public needs of the City of Show Low.

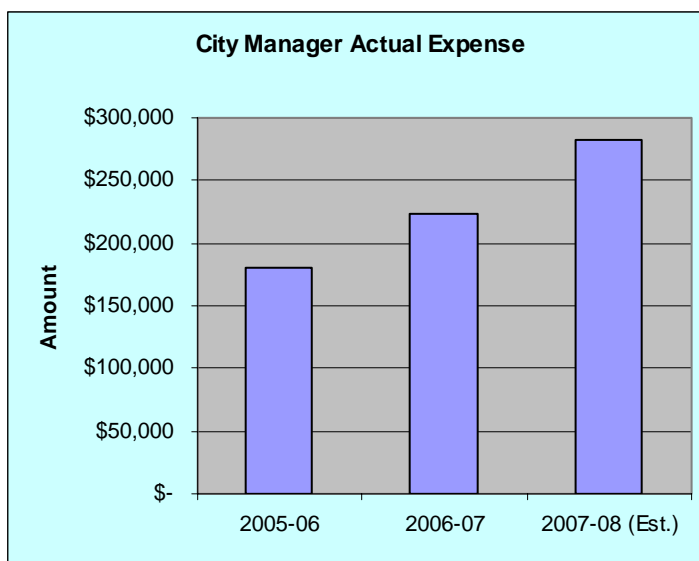
Budget Allowance Explanation

The City Manager budget of \$737,923 is \$52,515 or 7.7 percent more than budgeted expenditures for 2006-07.

There are no significant changes to the City Manager's budget. Funds are provided for city-wide salary adjustments during the 2007-08 fiscal year. Additionally, funding is again provided for economic development promotion in Show Low during 2007-08. This may be accomplished by hiring an additional position or by contract.

The 2007-08 budget also reflects salary and benefits for the new city manager as well as excellence pay for those employees that perform above standards.

Funds are also budgeted for raises for City employees if appropriate. Also, funds are budgeted for temporary salaries if needed.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Total City Manager Expenses.	\$181,003	\$223,648	\$282,923

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$277,841	\$181,003	\$685,408	\$223,648	\$737,923
Positions (FTE)	1.0	1.0	1.0	1.0	1.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

City Clerk/Public Information

Program Goal

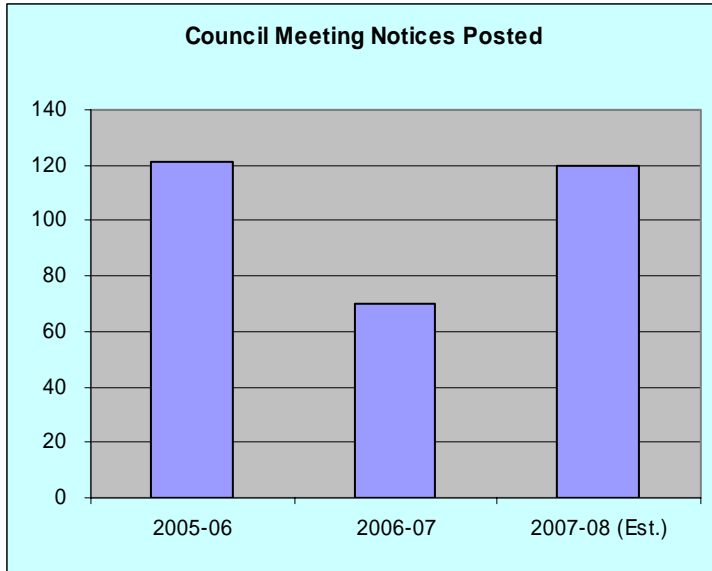
The City Clerk disseminates information on city governmental services to residents and the media and assists them in using and understanding the information. This office also prepares and distributes council agendas, maintains city records and coordinates elections.

Budget Allowance Explanation

The 2007-08 City Clerk budget of \$373,281 is \$95,700 or 34.5 percent more than 2006-07 budgeted amounts.

The increase is mainly due to the transfer of one position to this department and replacement of one motor pool car that has excessive mileage and requires too much expensive maintenance.

There are no other significant changes to this budget.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Meetings for which agendas are prepared,	71	37	65
Ordinances prepared and processed,	32	15	35
Public records requests processed.	44	40	60

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$146,195	\$192,346	\$277,581	\$284,950	\$373,281
Positions (FTE)	2.0	3.0	3.0	3.0	4.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Community Promotion

Program Goal

The Community Promotion program provides for the funding of programs that enhance the economy and vitality of Show Low.

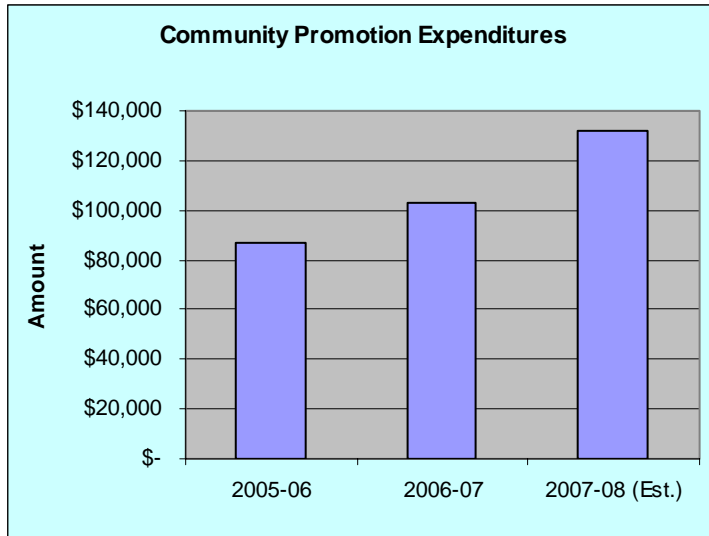
Budget Allowance Explanation

The 2007-08 Community Promotion budget of \$1,192,450. Some projects that were originally in this budget have been moved to the CIP budget since they are capital projects.

Funding is provided for the Chamber of Commerce as well as several other agencies that work to bring new industry and business to the local area (\$180,200). Programs for individual organizations are also funded out of this budget (\$132,250).

Last, funds are budgeted for development and development agreements as identified by staff and Council (\$300,000). Christmas lights (\$50,000) are also funded in this budget.

Funding requests under \$500 for community programs may be approved by the City Manager.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Organization Support Expenditures.	\$86,740	\$102,700	\$132,250

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$379,191	\$348,120	\$436,950	\$436,950	\$1,192,450
Positions (FTE)	—	—	—	—	—

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Human Resources

Program Goal

The Human Resources Department partners with departments and employees to hire, compensate, support and develop a diverse workforce that is dedicated to delivering high quality services to the community and employees.

Budget Allowance Explanation

The Human Resources budget of \$618,112 is \$81,679 or 20.0 percent less than the 2006-07 budgeted amounts. The decrease is due to the elimination of two vacant positions from this budget.

Staff has budgeted funds for temporary help at the city when needed (\$2,000).

Funding is provided for normal operating programs in the department. Additionally, monies are budgeted for insurance premiums for the City insurance programs.

Human Resources staff also administers the medical insurance plan for the City as well as oversees the City website.

The percent change shown above does not include the insurance premium amounts in this budget.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Employee Turn-over Rate.	11.5%	15%	9%
Number of Recruitment Processes.	18	15	13
Number of Industrial Claims Filed.	17	9	14

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$527,767	\$545,753	\$699,792	\$627.807	\$618,112
Positions (FTE)	4.0	4.0	4.0	4.0	2.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Magistrate Court

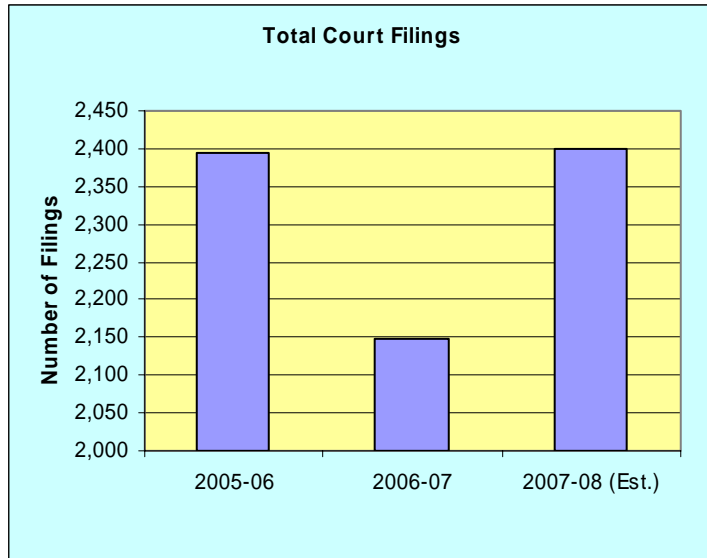
Program Goal

The Court provides with integrity, to all individuals who come before the court: equal access, professional and impartial treatment, and just resolution of all court matters.

Budget Allowance Explanation

The Court budget of \$156,157 is \$26,146 or 14.3 percent less than 2006-07 budgeted expenditures. The decrease is due to reducing temporary and part-time wages that were not needed for 2007-08.

There are no other significant changes to the Court budget for the 2007-08 budget year. Funds are budgeted for mandated training programs that occur through out the year (\$4,000).



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Total Filings	2,394	2,149	2,401
Trials/Hearings	76	47	79
Records Requests Hold Time	3 minutes	3 minutes	3 minutes

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$111,479	\$131,283	\$182,304	\$157,561	\$156,157
Positions (FTE)	3.7	3.7	3.7	3.7	2.5

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Finance

Program Goal

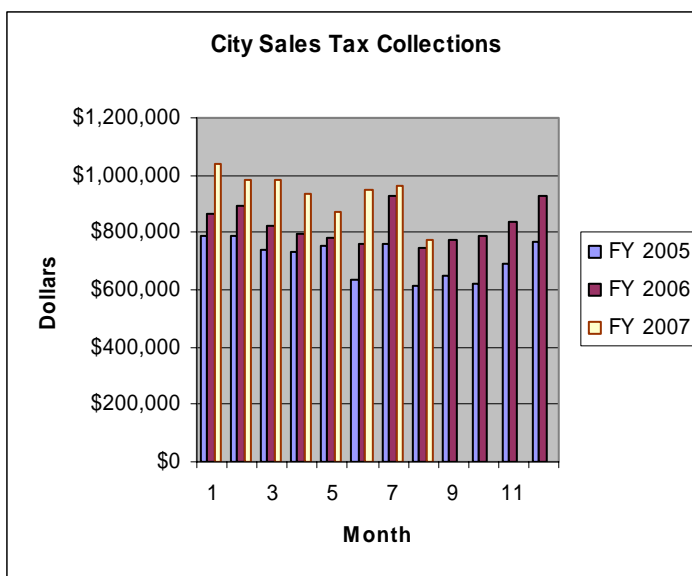
The Finance Department maintains a fiscally sound governmental organization that conforms to legal requirements and to generally accepted financial management principles; provides for effective treasury management; provides an effective debt management program; and provides budget and financial advisory services for all departments.

Budget Allowance Explanation

The 2007-08 budget of \$891,586 is \$235,391 or 35.9 percent more than the 2006-07 budget. The main reason for this increase is the fact that the Budget Analyst, the Grant Coordinator, and the Fleet Manager positions were transferred to the Finance Department for 2007-08.

Planned purchases include an automated timekeeping system to better track the hours employees work (\$45,000). With the upcoming upgrade to the accounting software and new standards for producing our own financials, staff was not be able to implement the timekeeping system until later in 2007 or early 2008.

Lastly, CFD reimbursable expenses are included in this budget so the City may be reimbursed by the CFD for time spent working on the CFD.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Sales Tax Collections.	\$9,924,958	\$10,917,454	\$11,572,501

Expenditure and Position Summary

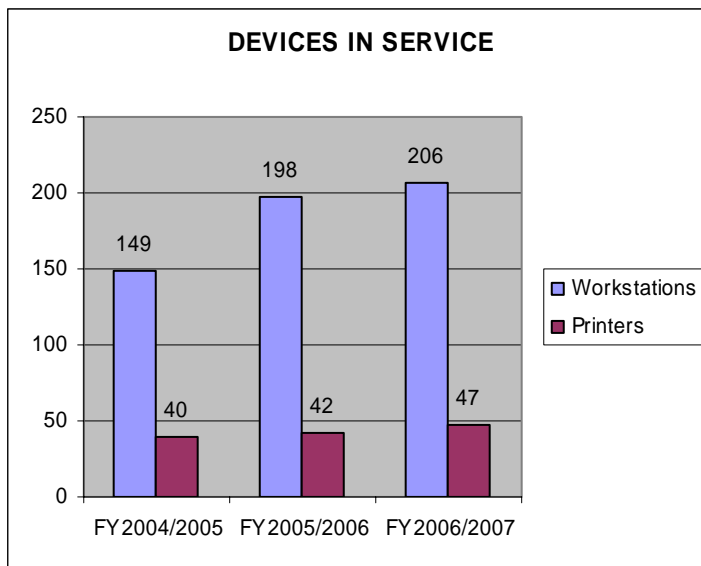
	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$433,273	\$599,755	\$656,195	\$632,909	\$891,586
Positions (FTE)	9.0	8.0	7.0	7.0	10.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Information Services

Program Goal

The Information Services Department coordinates the use of information technology across the various departments and agencies of city government to ensure that accurate and timely information is provided to residents, elected officials, city management and staff in the most cost effective manner possible. The department provides operating departments with information processing through the application and coordination of computer technology and procures, manages and maintains the city's telephone, alarm and computer network systems.



Budget Allowance Explanation

The Information Services budget allowance of \$388,031 is \$25,964 or 6.3 percent less than 2006-07 budgeted amounts.

The decrease is mainly due to less equipment being purchased in 2007-08.

Staff is continuing the four-year replacement cycle for all personal computers within the city. This type of program reduces maintenance costs and allows city staff to have more up to date and productive equipment as time passes. A replacement cycle such as this has become an industry standard.

Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u> <u>(Est.)</u>
Service Requests	985	1,142	1,399
Work stations in Service.	149	198	206
Printers in Use.	40	42	47

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$281,718	\$373,223	\$413,495	\$417,780	\$388,031
Positions (FTE)	3.0	3.0	3.0	3.0	3.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Community Development

Program Goal

The Community Development Department manages the development approval process to ensure the construction of safe buildings and compatible site improvements that enhance the local environment and promote economic development and vitality.

Budget Allowance Explanation

The Community Development operating budget allowance of \$1,009,492 is \$77,407 or 7.1 percent less than the 2006-07 budget.

The main reason for this decrease is the fact that the Grant Coordinator position was transferred to the Administrative Services Department.

Some funding (\$60,000) is being re-budgeted so the general plan update can be completed. This is the main reason for the decrease in the budget for 2007-08 fiscal year.

Funds are also budgeted to replace a vehicle in this department (\$25,000) There are no other major changes to the budget in this department.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Building Department Calls	13,620	18,042	18,500
No. of Inspections.	7,727	8,981	9,200
Permits Issued	908	861	875

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$695,317	\$759,684	\$1,086,889	\$1,056,612	\$1,009,492
Revenues	\$580,406	\$1,035,181	\$815,500	\$795,500	\$800,000
Positions (FTE)	11.2	11.7	13.7	13.7	12.7

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Community Services Administration

Program Goal

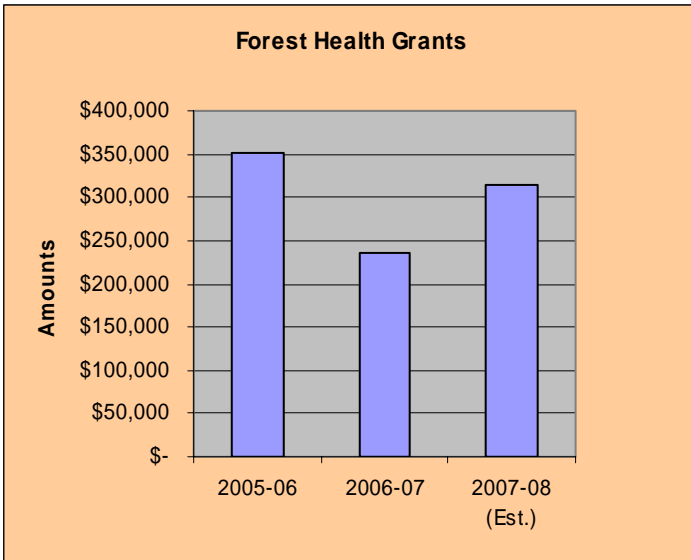
Community Services Administration coordinates the operations of the Library, Recreation, Aquatics, Cable Television and Public Transportation Divisions with the goal of providing high-level services in all of these areas to the public.

Budget Allowance Explanation

The Community Services Administration budget of \$447,372 is \$110,490 or 32.8 percent more than budgeted expenditures for 2006-07. This budget reflects the additional grant expenses for the healthy forest grant administered by this department (\$315,000).

Community Services Administration will, however, continue to seek new grants as the opportunities become available.

Facilities Maintenance, Parks Maintenance and Information Services were transferred to Community Services Administration for 2007-08.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Forest Health Grant Amounts.	\$351,143	\$235,785	\$315,000

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$440,178	\$296,828	\$336,881	\$343,626	\$447,372
Positions (FTE)	1.0	1.0	1.0	1.0	1.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Library

Program Goal

The Library provides information and resources that are relevant, accessible and responsive to the intellectual needs and interests of the community.

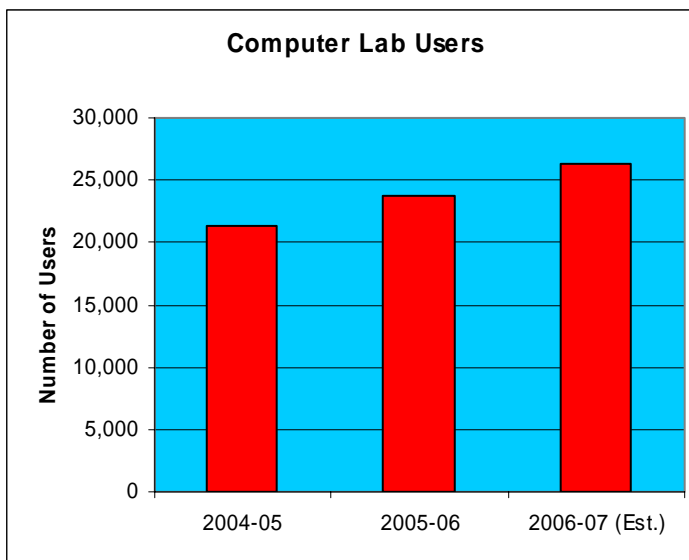
Budget Allowance Explanation

The Library budget of \$639,853 is \$9,847 or about 1.6 percent more than 2005-06 budgeted expenditures.

There are no major changes to the library budget. Staffing is provided for normal library operations in 2007-08.

The library is anticipating purchasing a self check-out station for patrons who wish to speed up their own check-out process (\$20,000). This station will be purchased from Library Development fees.

Additional part-time hours were budgeted for the current year due to Administrative Services move to the Library Building.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Visitors Served	79,851	120,657	125,625
Items Circulated	92,004	112,325	119,827
Registered Users	9,160	10,935	11,961

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$1,260,669	\$686,141	\$630,006	\$644,474	\$639,853
Revenues	\$45,241	\$21,644	\$19,000	\$19,000	\$19,000
Positions (FTE)	8.0	8.9	9.7	9.7	9.7

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Recreation

Program Goal

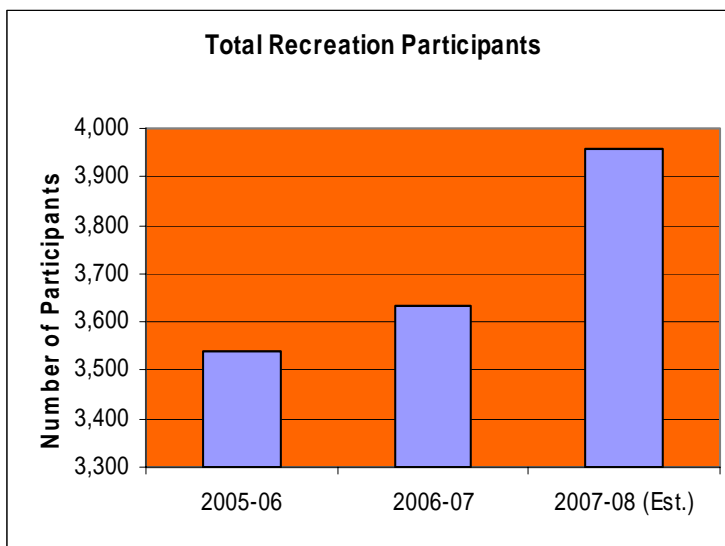
The Recreation Division provides a diverse parks and recreation system available and accessible to all, which contributes to the physical, mental, social and cultural needs of the community and permits outlets that cultivate a wholesome sense of civic pride and social responsibility.

Budget Allowance Explanation

The 2007-08 Recreation budget allowance of \$384,367 is \$39,009 or 11.3 percent more than 2006-07 budgeted expenditures.

There are no significant changes to this budget for 2007-08. Funds are budgeted to match donations from the private sector for a performance stage to host community events (\$30,000).

Additional funds have also been allocated to adult sports functions as these events make significant profits that subsidize youth activities in the community.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Revenues	\$78,507	81,500	\$84,500
Adult Participants	1,785	1,850	2,010
Youth Participants	1,756	1,785	1,950

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$340,249	\$351,501	\$345,359	\$346,527	\$384,367
Revenues	\$63,716	\$78,507	\$81,500	\$81,500	84,500
Positions (FTE)	5.5	5.5	5.5	5.5	5.5

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

City 4 TV

Program Goal

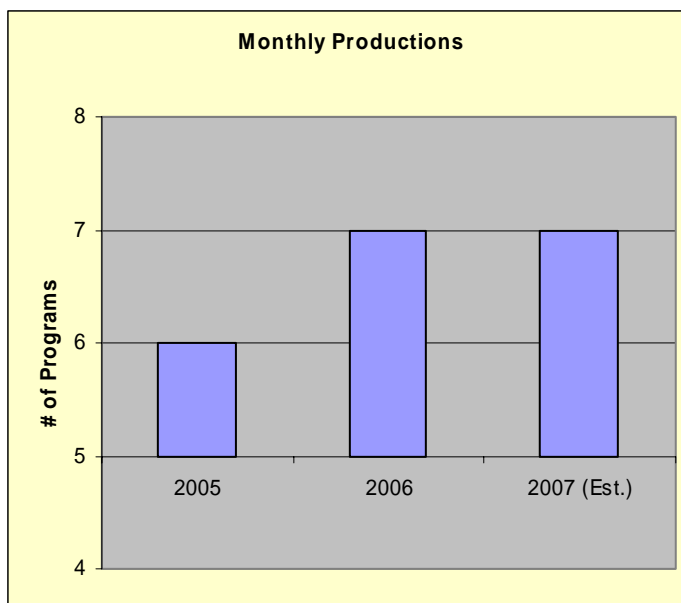
The City 4 TV program facilitates open and effective communication between the City, its employees and the community and provides special interest programming to the community.

Budget Allowance Explanation

The 2007-08 City 4 TV budget of \$216,966 is \$5,231 or 3.4 percent less than the 2006-07 budget.

The main reason for the decrease is the fact that less new equipment is needed for this function in 2007-08. Several major pieces of recording equipment were purchased in the 2006-07 fiscal year and are now in operation.

Staffing will remain constant in 2007-08. Service levels will be maintained in the next fiscal year.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Regular Programs	118	130	130
Unscheduled Programs.	5	8	6
Non-Broadcast Special Projects.	4	4	6

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$145,923	\$173,934	\$222,197	\$228,743	\$216,966
Revenues	\$2,583	\$22,517	\$12,000	\$12,000	\$12,000
Positions (FTE)	2.8	2.8	3.0	3.0	3.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Public Works Administration

Program Goal

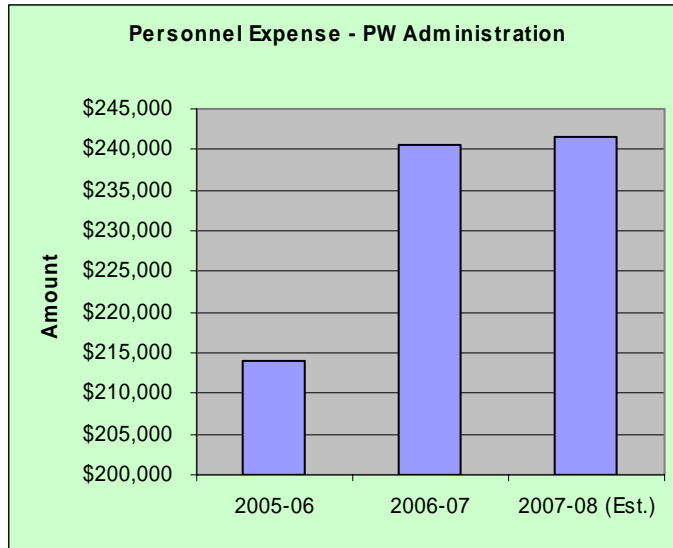
The Public Works Administration budget of \$306,522 is \$39,057 or 14.6 percent more than the 2005-06 budgeted expenditures. The increase is mainly due to the replacement of a vehicle.

Budget Allowance Explanation

The Public Works Administration budget of \$287,859 is \$18,662 or 6.1 percent less than the 2006-07 budgeted expenditures.

The main reason for the decline is the fact that a new vehicle was budgeted and purchased during the 2006-07 fiscal year.

Public Works Administration is responsible for supervising the following functions: Engineering, Water, Wastewater, capital projects, Streets and the Airport.



Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$322,774	\$267,889	\$306,522	\$313,748	\$287,859
Positions (FTE)	4.0	3.0	3.0	3.0	3.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Engineering

Program Goal

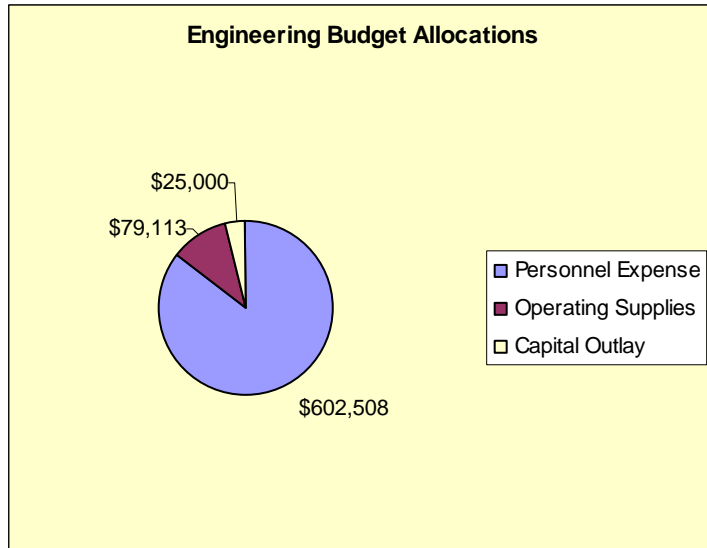
The Engineering Division provides for the economical, safe and aesthetic design and construction of facilities on city property and serves as the central depository for all official records relating to capital projects

Budget Allowance Explanation

The Engineering budget allowance of \$706,621 is \$2,608 or .4 percent less than 2006-07 budgeted expenditures.

The main reason for the decline is the fact that several pieces of equipment were purchased during 2006-07 and the money for this equipment does not need to be included in the 2007-08 budget.

A replacement vehicle is included in the 2007-08 budget. There are no other significant changes to this budget for the next fiscal year.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
There are no measures available.			

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$451,855	\$541,288	\$704,013	\$689,076	\$706,621
Revenues	\$29,249	\$56,393	\$37,500	\$37,500	\$37,500
Positions (FTE)	6.0	6.0	8.0	8.0	8.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Facilities Maintenance

Program Goal

The Facilities Maintenance Division provides on-going maintenance services for all city buildings.

Budget Allowance Explanation

The Facilities Maintenance budget is \$520,169 for 2007-08.

This division was added to the 2007-08 budget to better track activities relating to maintenance at city facilities. Positions were transferred to this budget from other divisions. This budget does not include any new positions to the city as a whole.

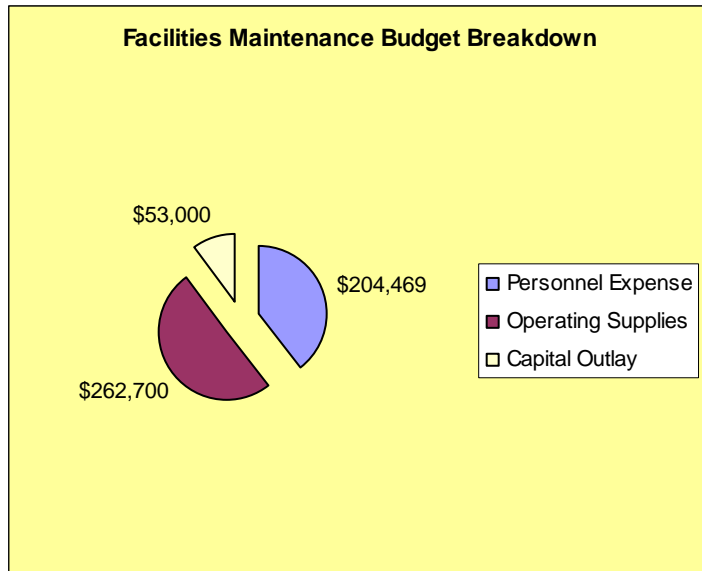
Projects anticipated to be completed in 2007-08 include replacing the light fixtures at the Library and installing new carpet at the Aquatic Center.

Other items that are now budgeted in this division are utilities, telephone expense and normal repairs and maintenance.

Funds are also budgeted for a new truck for this division (\$33,000) and for a scissor lift for maintenance functions (\$20,000)

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$—	\$—	\$—	\$—	\$520,169
Positions (FTE)	—	—	—	—	4.6



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
No measures available at this time.			
New division.			

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Parks Maintenance

Program Goal

The Parks Maintenance Division provides on-going maintenance services for city property and city parks.

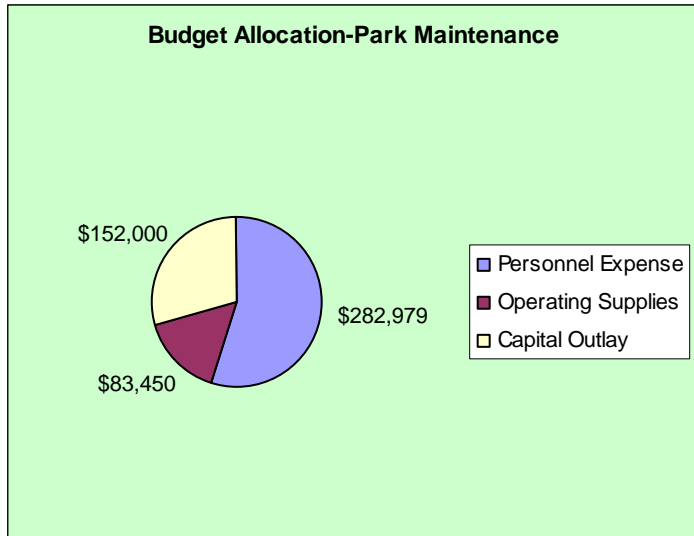
Budget Allowance Explanation

The Parks Maintenance budget of \$518,429 is \$342,195 or 39.8 percent less than 2006-07 budgeted expenditures.

The main reason for the significant decrease is the fact that a Facilities Maintenance division was created and a portion of this budget was transferred to the Facilities Maintenance Division.

All normal outside maintenance functions will continue to take place in 2007-08.

Equipment purchases include a one-ton dump truck (\$56,000) and an agricultural tractor (\$36,000).



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
There are no measures available.			

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$637,365	\$708,848	\$860,624	\$870,608	\$518,429
Positions (FTE)	8.8	8.8	9.8	9.8	5.7

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Police

Program Goal

The Police Department provides the community with a law enforcement system that integrates and uses all departmental, civic and community resources for police services and protection of the lives and property of our residents.

Budget Allowance Explanation

The Police budget of \$3,373,800 is \$417,732 or 14.1 percent more than 2006-07 budgeted expenditures.

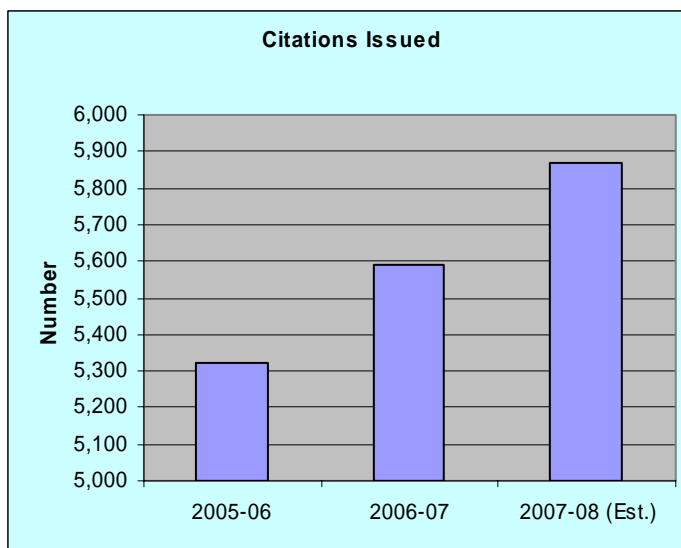
Funds are budgeted for normal Police operations including the purchase of one additional car (\$25,000) for the senior patrol. Also, the cost of a new prisoner transport van is being shared with Pinetop-Lakeside Police department (\$12,000). The current van has over 200,000 miles on the odometer and is now requiring excessive maintenance. Lastly, three Police vehicles are scheduled to be replaced next year (\$82,000)

The fuel budget has also been increased to the next fiscal year. Lastly, additional funds have been budgeted for additional police vest replacements.

There is also an allocation of \$200,000 to fund the design of an expanded Police facility.

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$2,369,327	\$2,920,842	\$2,956,068	\$3,061,509	\$3,373,800
Revenues	\$221,179	\$509,439	\$345,000	\$345,000	\$345,000
Positions (FTE)	28.0	29.0	31.9	31.9	31.9



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Citations Issued	5,323	5,589	5,868
Accidents	403	479	550
Felony Charges	622	783	900

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Police Communications

Program Goal

The Communications Program provides effective dispatch services to police and fire personnel in the Show Low area to insure appropriate response times to all calls.

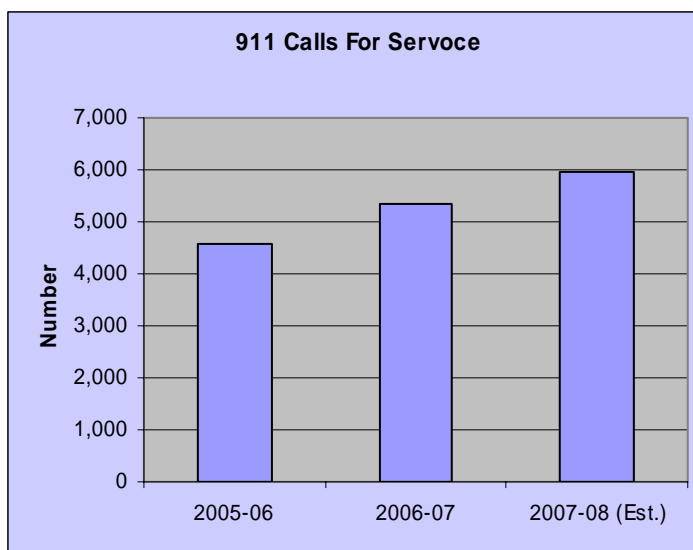
Budget Allowance Explanation

The 2007-08 budget of \$925,782 is \$80,426 or 9.5 percent more than 2006-07 budgeted expenditures. The increase is mainly due to salary and related increases in the communications division.

Additionally, staff has budgeted a reserve amount (\$20,000) in the communications section so funds can accumulate for the replacement of dispatch equipment in the future when it is needed.

Funding is received from other jurisdictions to compensate the city for the salaries of two dispatcher positions. The communications division expects to start dispatching for the Heber Fire Department and will continue to dispatch for the Ambulance and for the Show Low Fire Department.

There are no other significant changes to this budget for 2007-08.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
911 Calls for Service.	4,595	5,330	5,969
Total Number of Incidents.	31,593	34,496	36,565

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$506,722	\$680,853	\$845,356	\$860,501	\$925,782
Revenues	\$49,038	\$114,615	\$145,000	\$135,000	\$135,000
Positions (FTE)	13.0	13.0	13.0	13.0	13.0

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Animal Control

Program Goal

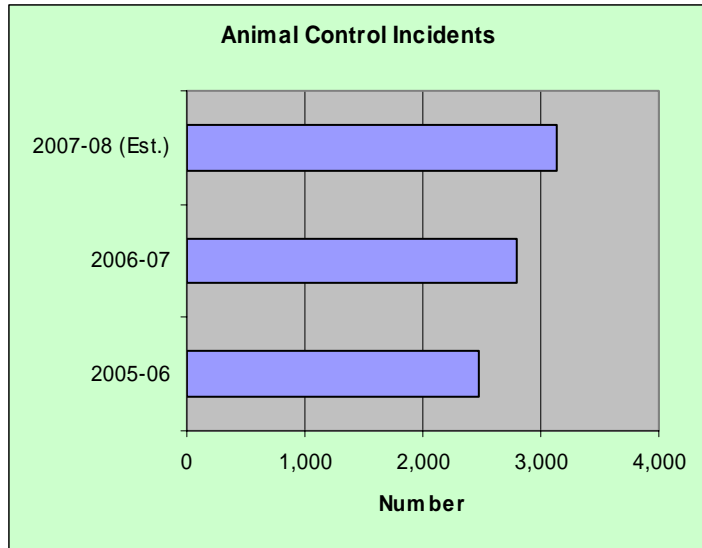
The Animal Control program provides effective dog, cat and wildlife regulation programs for the protection of the animals and the community.

Budget Allowance Explanation

The 2007-08 budget of \$150,840 is \$6,852 or 4.8 percent more than 2006-07 budgeted expenditures.

\$9,000 is allocated for the part-time position that was approved last year to maintain the dog kennel.

There were no significant changes to this budget for 2007-08.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Animal Contacts	471	683	785
Animal Incidents	2,482	2,805	3,141
Animal Citations	184	360	432

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$97,796	\$173,821	\$143,987	\$149,060	\$150,840
Revenues	\$4,024	\$5,628	\$4,000	\$4,500	\$4,500
Positions (FTE)	2.0	2.2	2.4	2.4	2.4

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Street Transportation (HURF)

Program Goal

The Streets Division plans for the safe and convenient movement of people and vehicles on city streets, effectively maintains the city's streets, inspects streets to assure they meet specifications and minimizes street damage through the control of irrigation and storm water.

Budget Allowance Explanation

The Street 2007-08 budget allowance of \$1,782,544 is \$419,174 or 31 percent more than 2006-07 budgeted expenditures.

The increase is primarily due to the debt service requirement on the GADA bonds that were sold last year (\$427,400) and the replacement of a ten-wheel dump truck (\$170,000)

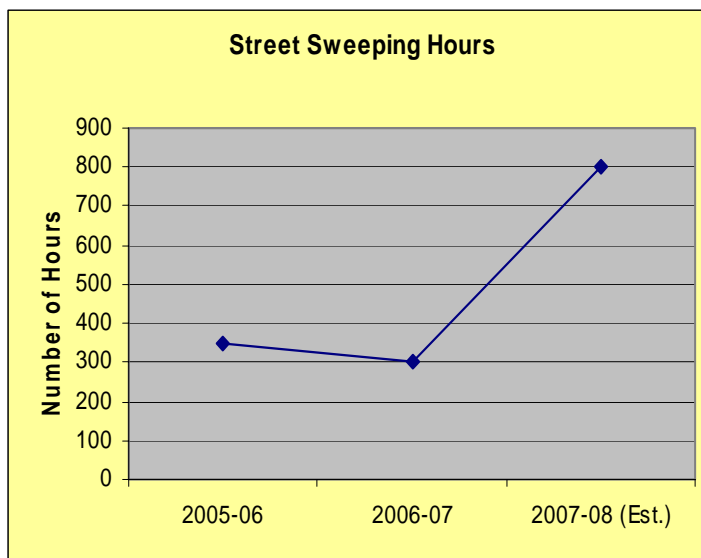
Funding for the street maintenance program comes from gas tax and license plate revenues as well as transfers from the city general fund if necessary.

Staff has also budgeted one-half of the cost of a metal building to house snow removal equipment during the winter (\$116,000). The other one-half of the cost will be budgeted next fiscal year and the building completed at that time.

The Fleet Manager was transferred to Administrative Services.

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$1,441,817	\$1,785,493	\$1,363,370	\$1,383,922	\$1,782,544
Positions (FTE)	10.3	10.3	10.3	10.3	9.3



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Street Sweeping Hours.	350	300	800
Mowing and Weed Control Hours.	776	680	640
Sign Maintenance Hours.	900	150	1,250

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Public Transit

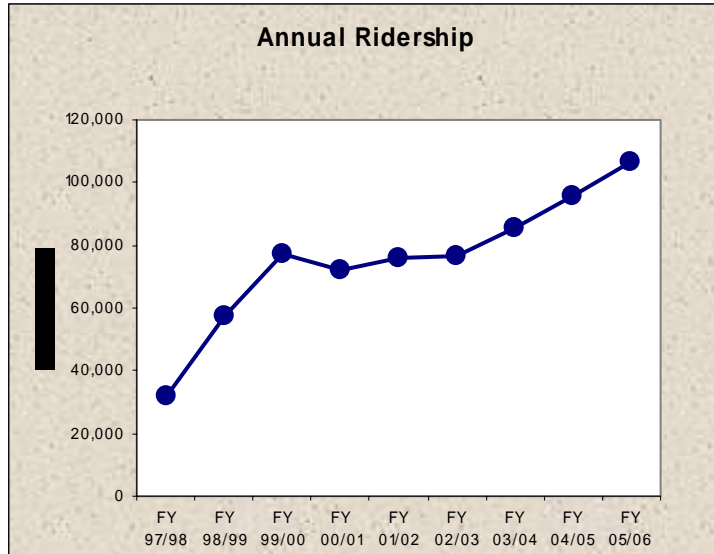
Program Goal

Public Transit strives to provide public transit services and increased ridership in the Show Low area through the operation of a coordinated fixed route system.

Budget Allowance Explanation

The Transit operating budget of \$824,339 is \$55,091 or 7.2 percent more than 2006-07 budgeted expenditures. The main reason for this increase is the fact that three new busses will be purchased during the 2007-08 fiscal year. These buses were not purchased in 2006-07 as was originally intended.

The city contracts with a private vendor for this service. Revenue comes from grants, ridership fees and matching contributions from area cities



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Annual Ridership	107,107	106,451	109,093
Cost per Mile	\$1.64	\$2.09	\$2.14
Disabled Ridership	9,922	10,599	11,120

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$412,104	\$713,695	\$769,248	\$489,248	\$824,339
Revenues	\$363,765	\$616,944	\$713,777	\$489,248	\$824,379
Positions (FTE)	—	—	—	—	—

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Transportation Assistance Fund

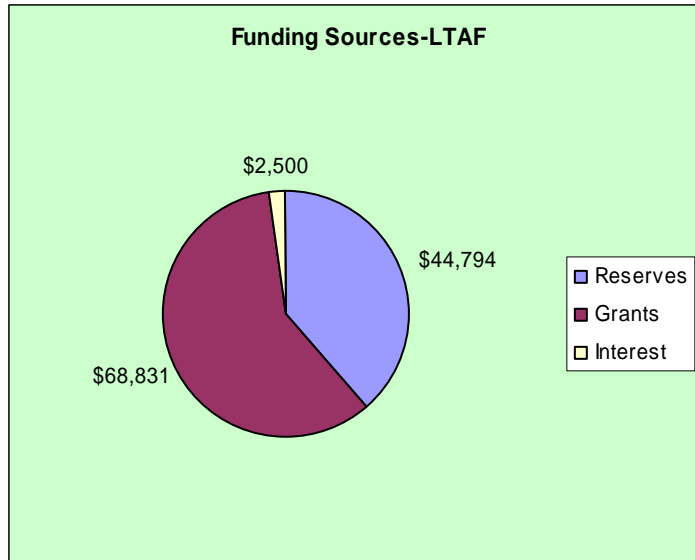
Program Goal

The Transportation Assistance Fund provides for current and future sidewalk development in Show Low.

Budget Allowance Explanation

The sidewalk replacement program for 2006-07 totals \$116,125. Revenues for these improvements come State Lottery proceeds. The City Council has dedicated lottery revenues to sidewalk development in Show Low.

Sidewalk programs are identified by city staff and are approved by the City Council on a project-by-project basis.



Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$107,914	\$8,806	\$199,050	\$199,050	\$116,125
Positions (FTE)	—	—	—	—	—

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Street Lighting District

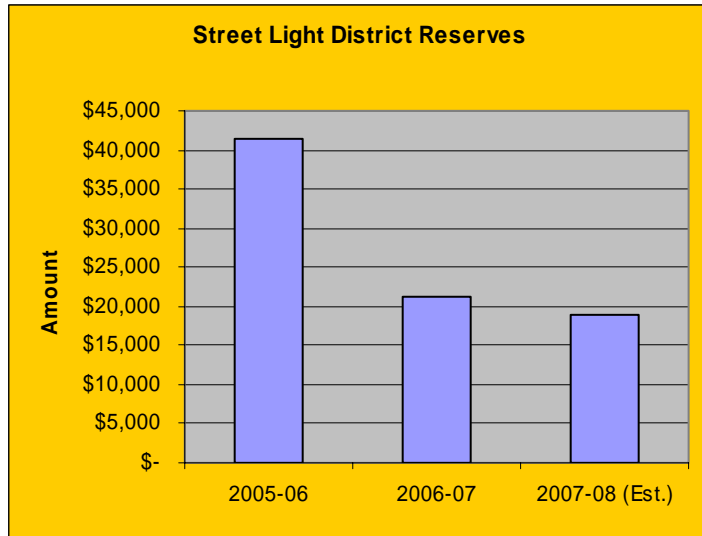
Program Goal

The Street Lighting District lights the streets in the City of Show Low for street safety purposes.

Budget Allowance Explanation

The Street Light District budget of \$127,500 is the same as 2006-07 budgeted expenditures. However, revenues will have to go up slightly to maintain a reserve of about \$19,000 for the 2007-08 fiscal year.

There are no program changes to this budget from last year. Expenses consist of utility payments for the streetlights in Show Low. This district does not fund the installation of new streetlights.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Street Light District Reserves.	\$41,435	\$21,151	\$18,976

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$102,119	\$104,709	\$127,500	\$127,500	\$127,500
Positions (FTE)	---	---	---	---	---

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Water Services

Program Goal

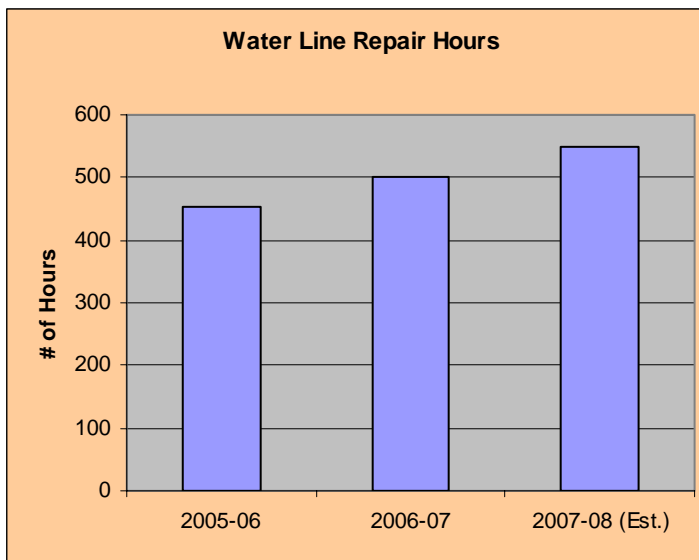
Water Services is responsible for providing a safe and adequate domestic water supply to all residents of the Show Low water service area.

Budget Allowance Explanation

The Water budget for 2007-08 of \$3,002,781 is \$723,616 or 31.7 percent more than 2006-07 budgeted expenditures. The proposed budget provides funding for all water programs in Show Low.

Significant changes for 2007-08 include transfers to support the Wastewater Fund (\$550,346) and increased utility expenses due to the operation of several new pumps (\$25,000).

Also, the Public Works staff plans a large water line replacement program from fund reserves in 2007-08 (\$1,000,000). With this the case, two new employees will be added to the Water Department and one-half of a position will be transferred from the Wastewater Department



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Meter Turn-on/ Turn-off Hours.	312	400	455
Line Repair Hours.	452	500	550
Line Flushing Hours.	96	100	110

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$1,628,392	\$1,777,206	\$2,279,165	\$1,966,572	\$3,002,781
Revenues	\$1,997,603	\$2,163,174	\$2,182,661	\$2,477,600	\$2,503,750
Positions (FTE)	6.6	6.6	8.6	8.6	11.1

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

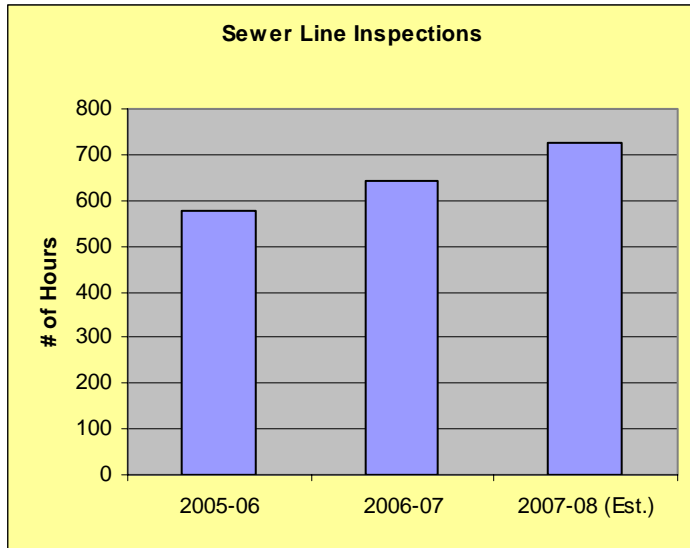
Wastewater Services

Program Goal

The Wastewater Program provides a clean, healthy environment through the effective management of all water-borne wastes within the Show Low drainage area.

Budget Allowance Explanation

The 2007-08 Wastewater budget of \$2,669,853 is \$548,700 or 25.8 percent more than the budgeted expenditure for 2006-07. The primary reason for the increase is the fact that additional capital projects are budgeted for 2007-08.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Line Cleaning Hours.	1,152	1,270	980
Emergency Repair Hours.	768	840	750
Line Flushing Hours.	192	210	576

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$1,614,355	\$1,371,075	\$2,121,154	\$1,793,373	\$2,669,853
Revenues	\$1,110,062	\$1,569,279	\$2,122,438	\$1,933,438	\$2,676,625
Positions (FTE)	11.6	11.6	11.6	11.6	12.1

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Airport

Program Goal

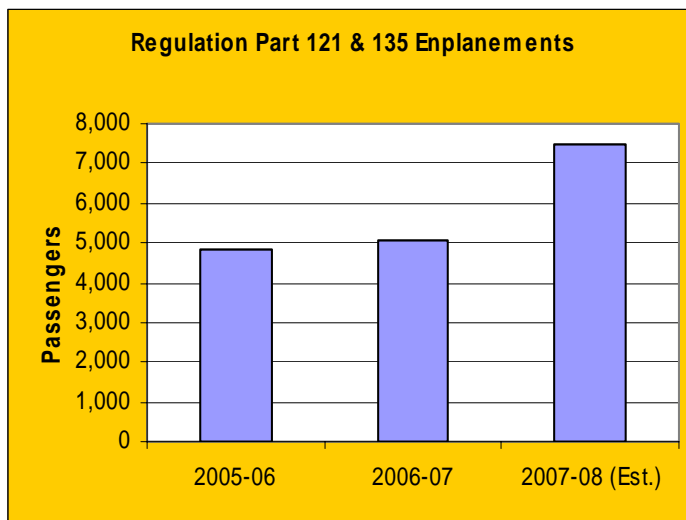
The Airport provides the Show Low area with an airport that accommodates commercial and general aviation in a safe, efficient and convenient manner.

Budget Allowance Explanation

The airport budget of \$8,691,304 is \$5,158,919 more than budgeted expenditures for 2006-07. The primary reason for this increase is that the airport expects to obtain several new grants in the amount of \$6,452,411 during 2007-08. The City match to obtain these grants would be about \$170,167.

There are no other significant changes to the airport budget for 2007-08. Airport staff will continue to try and obtain federal grants to improve the airport when possible. Also, the airport relies on profits from fuel sales and other income to help support its operating programs.

Possible projects in 2007-08 include a variety of runway and taxiway improvements and completion of a city owned hanger.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Gallons of Fuel Sold.	264,321	278,808	300,000
Aircraft Operations	37,724	36,000	37,500
No. of Private Aircraft Hangers.	59	66	72

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$3,767,294	\$2,200,437	\$3,532,385	\$4,364,273	\$8,691,304
Revenues	\$942,790	\$1,047,498	\$881,622	\$976,622	\$1,035,500
Positions (FTE)	5.2	5.2	5.2	5.2	5.2

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Aquatic Center

Program Goal

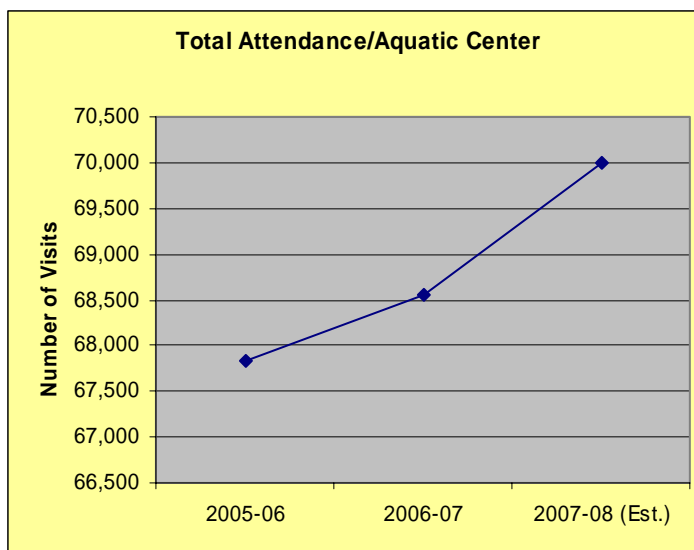
The Aquatic Center provides and maintains a year-round swimming facility available and accessible to all, which contributes to the needs of the community and permits an alternative exercise experience for everyone in a controlled environment.

Budget Allowance Explanation

The Aquatic Center budget of \$395,706 is \$3,404 or .8 percent more than the 2006-07 budget.

One-half of a position was transferred to facilities maintenance. However, this position will continue to provide maintenance services at the aquatic center.

Funds are included in this budget to allow the installation of handicapped accessible doors at the entrance to the facility (\$8,000).



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Youth Attendance	28,686	29,000	29,500
Adult Attendance	9,125	9,300	9,500
Special Event Attendance.	565	600	650

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$403,782	\$375,633	\$392,302	\$395,790	\$395,706
Revenues	\$108,587	\$98,166	\$90,750	\$98,560	\$90,750
Positions (FTE)	10.1	10.1	10.1	10.1	9.6

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

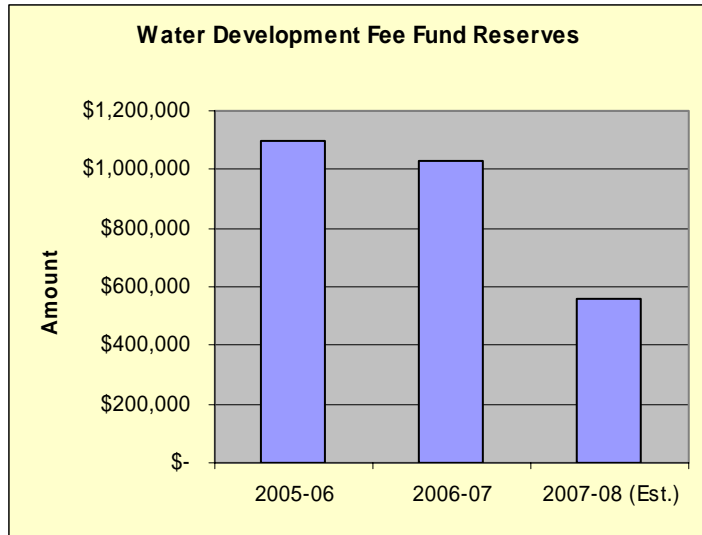
Water Development Fee Fund

Program Goal

The Water Development Fee Fund provides funding for long term water system and related improvements associated with new housing and commercial growth in the City.

Budget Allowance Explanation

The 2007-08 budget anticipates additional improvements to the water system as identified by staff and the City Council. Revenues for these capital improvements come from development fees.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Water Development Fee Fund Reserves.	\$1,094,688	\$1,030,947	\$561,947

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$458,673	\$552,901	\$900,000	\$500,000	\$800,000
Positions (FTE)	—	—	—	—	—

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Wastewater Development Fee Fund

Program Goal

The Wastewater Development Fee Fund provides funding for long term wastewater system improvements associated with housing and commercial growth in the City.

Budget Allowance Explanation

The 2007-08 budget anticipates additional improvements to the wastewater system as identified by staff and the City Council. Revenues for waste water improvements come from development fees.

Staff expects that most of these funds will be accumulated for the eventual construction of a wastewater treatment plant in the future.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Wastewater Development Fee Fund Reserves.	\$4,336,608	\$5,287,108	\$6,057,608

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$1,072,801	\$31,318	\$1,100,000	\$100,000	\$1,000,000
Positions (FTE)	—	—	—	—	—

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Refuse

Program Goal

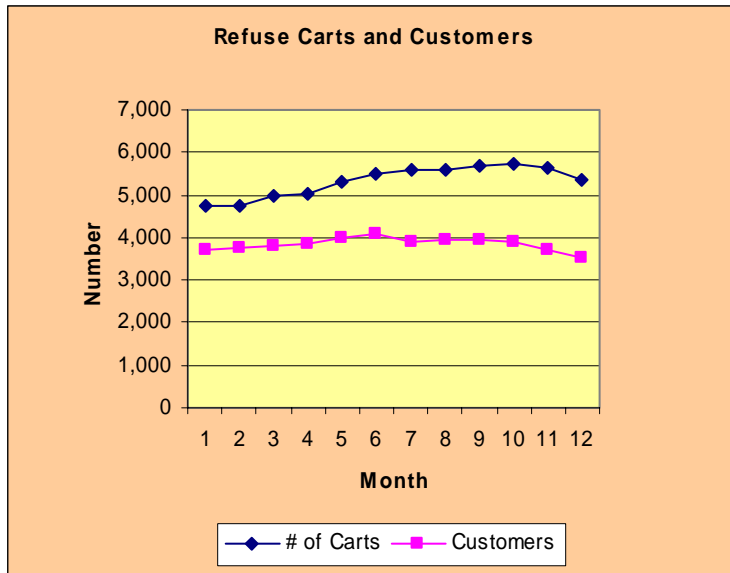
The refuse program assists in providing a safe and aesthetically acceptable environment through effective, integrated management of the solid waste stream, including collection and disposal.

Budget Allowance Explanation

The 2007-08 Refuse operating budget of \$538,560 is the same as 2006-07 budgeted expenditures. Staff does not expect a significant change in this program for next year.

Waste collection is accomplished with a contract with a private company. As Council knows, the City will be in the second year of a new contract for the 2007-08 fiscal year.

There is no change in actual garbage collection programs for 2007-08. Only the amount charged by Waste Management and passed on to Show Low customers may change as the second year of the five-year contract comes into effect.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Average No. of Carts Per Month.	4,239	5,322	5,446
Average No. of Customers Per Month.	3,687	3,841	3,921
Number of Tons Disposed.	3,662.8	3,888.6	4,083.3

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$565,154	\$645,161	\$538,560	\$538,560	\$538,560
Revenues	\$562,876	\$654,078	\$535,430	\$535,430	\$535,430
Positions (FTE)	—	—	—	—	—

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Capital Improvement Program

Program Goal

The Capital Improvement Program is a multiyear plan for capital expenditures needed to replace, expand, and improve infrastructure and major systems.



Budget Allowance Explanation

The Capital Improvement Program for 2007-08 totals \$14,817,763. Revenues for these improvements come from several sources.

Transfers from the General Fund total approximately \$7,872,051. Other funding comes from the sale of bonds (\$6,583,000), and grants (\$900,000).

The City also makes use of CDBG funds for certain improvements (\$308,149) and will receive a contribution from the County for Show Low Creek Bridge (\$500,000).

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$1,878,679	\$689,405	\$7,045,054	\$1,126,489	\$14,817,763
Positions (FTE)	—	—	—	—	—

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Debt Service

Program Goal

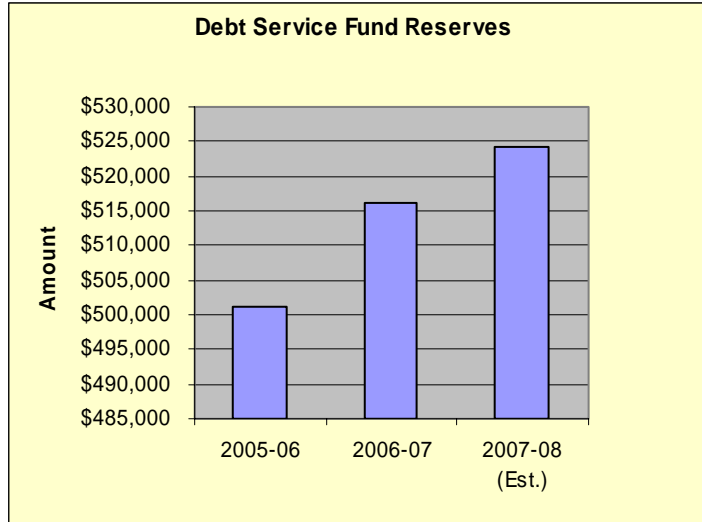
Debt service expenditures include payments of principal and interest for certificates of participation issued by the city. In general, the city has used certificates of participation to finance certain programs of the city.

Budget Allowance Explanation

Expenditures for this budget are budgeted in accordance with the appropriate debt service schedules for the 2007-08 fiscal year.

The 1997 Certificates of Participation were issued to fund certain water, sewer and transportation improvements. Principal and interest installments are payable through June of 2010

The 2000 Certificates of Participation were issued to pay for land purchases in anticipation of a land exchange for airport property with the federal government and several other projects. Principal and interest installments are also payable through 2010.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Debt Service Fund Reserves.	\$501,037	\$516,037	\$524,112

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$767,330	\$604,093	\$615,803	\$615,803	\$622,728
Positions (FTE)	---	---	---	---	---

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Improvement Districts

Program Goal

The Improvement District program provides an alternative method of financing capital improvements in designated areas of the city. These improvements may be streets, streetlights, sidewalks or other capital improvements of this nature.

Budget Allowance Explanation

The 2007-08 budget of \$1,794,894 is \$48,634 or 2.7 percent more than 2006-07 budgeted expenditures. Funds are budgeted based on the anticipated assessments that will be paid by property owners in the three improvement districts.

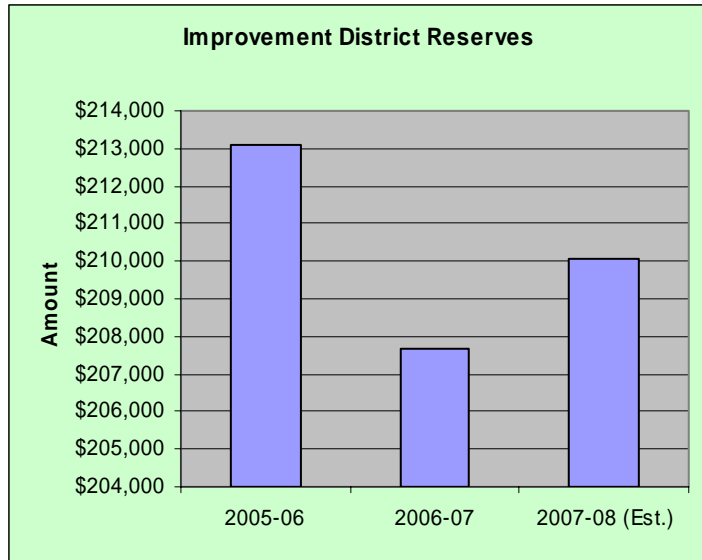
The 2007-08 budget for the three improvement districts is more than in the previous year because of the formation of the new improvement district during 2006 (SID #7). Assessments and other expenditures for that district will begin during the 2006-07 fiscal year.

Improvement District No. 5 bonds are scheduled to be completely paid in 2015. Bonds for Improvement District No. 6 are scheduled to be completely paid in 2018.

These assessment bonds could be retired early if enough property owners prepay their assessments.

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$1,145,410	\$1,108,836	\$1,746,260	\$1,321,260	\$1,794,894
Positions (FTE)	—	—	—	—	—



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Improvement Districts Reserves.	\$213,112	\$207,658	\$210,058

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Medical Insurance Fund

Program Goal

The Medical Insurance pool provides medical, dental and vision insurance in a cost effective manner for all eligible city employees.

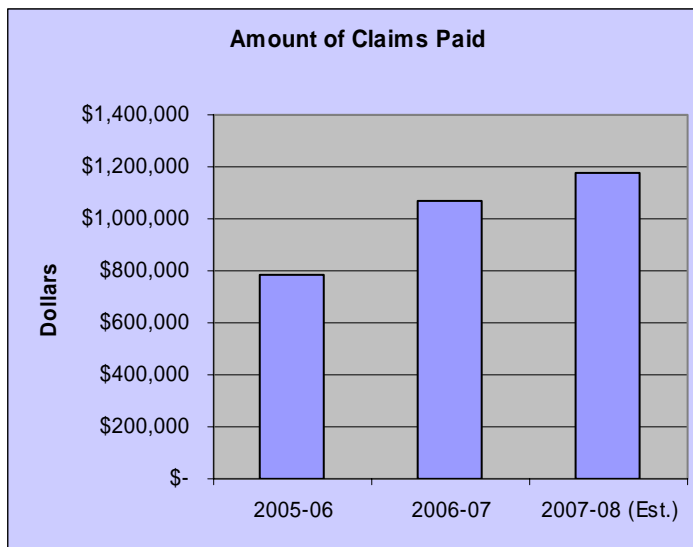
Budget Allowance Explanation

The 2007-08 budget of \$1,585,000 is \$1,525,000 less than the 2006-07 budget.

Staff estimates that claims will remain somewhat consistent over during the next fiscal year.

This program is self-funded from medical insurance premiums paid by participating employees. The plan hires an administrator to operate the program and pay the associated claims.

The City's insurance consultant has recommended a 10% increase in employee premiums for 2007-08. Staff will evaluate this recommendation before the adoption of the tentative budget in June of 2007.



Performance Measures and Other Trends

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08 (Est.)</u>
Claims Paid	\$782,923	\$1,067,500	\$1,174,250
Ending Reserves	\$804,890	\$805,126	\$842,626

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Budget	2007 Rev. Est.	2008 Budget
Expenditures	\$1,693,692	\$1,350,960	\$3,110,890	\$1,583,500	\$1,585,000
Positions (FTE)	—	—	—	—	—



INVESTMENT POLICY



CITY OF SHOW LOW INVESTMENT POLICY

I. SCOPE:

This investment policy applies to activities of the City of Show Low (the City) with regard to investing the financial assets of the General Fund and all other Funds established by the City.

OBJECTIVES:

The City's investment portfolio shall be managed in a manner to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio. Investments shall be based on statutory constraints. The primary investment criteria in priority sequence are safety, liquidity, and avoidance of speculation.

DELEGATION OF AUTHORITY:

The City Manager of the City, or a designee, shall be the "Investment Officer" responsible for investment decisions and activities. The Investment Officer shall operate the investment management program consistent with this policy. In order to optimize total return through vigilant portfolio management, resources shall be allocated to the investment management program.

IV. PRUDENCE:

- A. The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.
- B. While the potential returns of an investment are of central importance in assessing its quality, appropriateness, or suitability, returns must be weighed against risk. Risk is the uncertainty that a particular investment will not achieve the expected return and each investment opportunity (types of securities) has different risk qualities. Because no investment is risk-free, the Investment Officer shall make a reasonable investigation of the financial products that may be suitable and prudently consider the desired performance relative to the risk undertaken to achieve that performance.

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

- C. The Investment Officer, acting in accordance with this policy and exercising due diligence, shall not be personally responsible for a specific security's risk or market price changes.

V. MONITORING AND ADJUSTING THE PORTFOLIO:

The Investment Officer will routinely monitor the contents of the portfolio, the available markets, and the relative safety of competing instruments. The portfolio shall be priced at least monthly.

INTERNAL CONTROLS:

The Investment Officer shall organize, control, and make decisions relating to cash flow needs and investment opportunities. When it is determined that funds are available for investments and other portions of this policy have been followed, the Investment Officer shall wire transfer the same amount to the appropriate financial institution. The Custodian shall receive copies of the confirmations and all securities to be held in safekeeping except those held by the Federal Reserve. Wire transfers made for investments may be made only to qualified institutions. Other controls may be adopted to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions.

SHORT-TERM VERSUS LONG-TERM PORTFOLIO:

Limitations on investments, diversification, and maturity scheduling shall depend upon whether the funds being invested are considered short-term (five years or less) or long-term funds (over five years). All funds shall be normally considered short-term except those reserved for building construction projects (e.g., bond sale proceeds) and any unreserved funds used to provide investment flexibility for a future fiscal year.

VIII. SHORT-TERM PORTFOLIO DIVERSIFICATION:

- A. The City may diversify its short-term investments by using the following instruments as authorized:
 - 1. U.S. Treasury Obligations (bills, notes, and bonds)
 - 2. U.S. Government Agency Securities
 - 3. SEC Registered Money Market Mutual Funds
 - 4. Commercial Paper (A1/P1)
 - 5. Repurchase Agreements
 - 6. Certificates of Deposit in FDIC-Insured Arizona Commercial
 - 7. Banks and Savings and Loan Associations with 102% collateral
 - 8. Local Government Investment Pools
- B. The City shall diversify its short-term investments by using multiple financial institutions so that, whenever possible, no more than 65 percent of the total port-

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

folio is with any one financial institution when the total portfolio exceeds \$2,000,000. When the total portfolio is less than \$2,000,000, diversification may not be necessary or possible.

- C. Short-term investment maturities for all funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizeable blocks of anticipated revenue.

LONG-TERM PORTFOLIO DIVERSIFICATION:

Instruments and diversification for the long-term portfolio shall be the same as for the short-term portfolio. Maturity scheduling shall be timed according to anticipated need. For example, investment of building construction funds shall be timed to meet contractor payments. No long-term investment shall exceed five years unless the City Council specifically authorizes such investment by ordinance.

X. QUALIFIED DEPOSITORIES AND FINANCIAL INSTITUTIONS:

- A. The City shall maintain a list of banking institutions approved as depositories for its public funds that are federally insured and collateralize deposits over \$100,000. The City shall maintain cash balances with these approved depositories that are adequate to cover anticipated checks as well as any required compensating balances under bank service agreements, and such other deposits as the Investment Officer deems prudent.
- B. Separate from the banking institutions approved as depositories, the City shall maintain a listing of financial institutions, which are approved by the Investment Officer for investment purposes. The Investment Officer shall conduct a due diligence review of the condition and the regulatory history of each financial institution, including state pools, prior to its approval. This review shall be accomplished by requiring financial institutions to submit a Statement of Qualification covering all officers and control persons, which includes full disclosure of all information that would be required on an NASD Form U4 for Broker Dealers or an SEC Form ADV Parts 1 and 2 for Investment Advisors.

Prior to the approval of any financial institution, other than institutions approved as depositories, the Investment Officer shall require that its authorized representative assigned to the City certify to having read and understood these investment policies and that the financial institution, through its representative, agrees to comply with them.

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

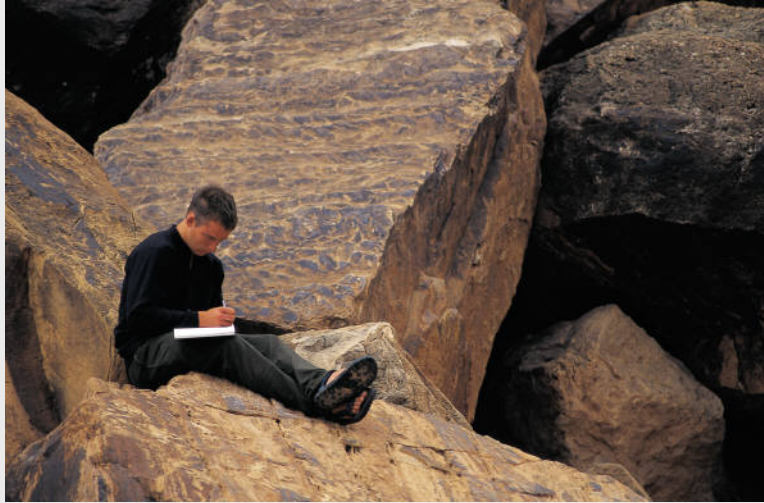
XI. SAFEKEEPING AND COLLATERALIZATION:

- A. All fixed-term investment securities purchased under this policy shall be held in third-party safekeeping by a custodial institution. The custodian shall issue a safekeeping receipt listing the specific instrument, rate, maturity, and other pertinent information.
- B. Other investments requiring collateral including repurchase agreements will be secured by the actual security held in safekeeping by a third-party custodian. At a minimum all collateral shall meet the Level 2 category as defined by the Governmental Accounting Standards Board (GASB).

XII. OVERSIGHT:

- A. The Investment Officer will establish a group of knowledgeable citizens to act as an advisory committee for a two-year period following the adoption of this policy. This group shall have no power to modify these investment policies or make any decision delegated to the Investment Officer under these policies, but shall be advisory to the Investment Officer only. At the end of the two-year period, the City Council will decide to disband or continue the advisory committee.
- B. As a minimum, the City's investment portfolio composition and performance will be included in the City's annual budget development and approval process. More frequent reviews of the portfolio may be conducted at the request of the City Council.





GLOSSARY

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Accrual Basis – A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

Adoption – Formal action by the City Council that sets the spending limits for the fiscal year.

Appropriation – An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified.

Arizona Highway User Revenue (AHUR) – Various gas tax and vehicle licensing fees imposed and collected by the state and shared with cities and towns. This revenue must be used for street or highway purposes.

Base Budget Allowance – Funding for ongoing expenditures for personnel, commodities, contractual services and replacement equipment. The base budget allowance provides funding to continue preciously authorized programs.

Bonds – Debt instruments that require repayment of a specified principal amount on a certain date, along with interest at a stated rate.

Bond Rating – An evaluation of a bond issuer's credit quality and perceived ability to pay principal and interest on time and in full.

Budget – A plan of financial operation for a specific time period (Show Low's adopted budget is for a fiscal year July 1 – June 30).

Capital Funds – Resources derived from issuance of bonds for specific purposes, related federal grants and participation from other agencies.

Capital Outlay – Items that cost more than \$5,000 and have a useful

life of more than two years.

Capital Project – New facility, technology system, land acquisition or equipment acquisition. These become fixed assets after completion.

Carryover – Expenditure originally planned for in the fiscal year, but because of delays, is postponed to the following fiscal year.

Cash Basis – A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Commodities – Consumable goods such as office supplies, repair parts, small tools and fuel, which are not of a capital nature.

Community Development

Block Grant (CDBG) – Grant funds allocated to the City to use for the prevention and removal of slum and blight, and to benefit low and moderate-income persons.

Contingency – An appropriation of funds to cover unforeseen events that occur during the fiscal year.

Contractual Services – Expenditures for services performed by firms, individuals or other city departments.

Council-Manager Form of Government – An organizational structure in which the mayor and City Council appoint an independent city manager to be the chief operating officer of a local government.

CFD – Community Facility District. A special assessment district established by Council to levy taxes to pay for new infrastructure improvements associated with growth.

Cycle Time – The amount of time, from the customer's perspective, it takes to complete a defined task,

process or service.

Debt Service – Payment of principal and interest on an obligation resulting from the issuance of bonds.

Encumbrance – A reservation of funds to cover purchase orders, contracts or other funding commitments that are yet to be fulfilled. The budget basis of accounting considers an encumbrance to be the equivalent of expenditure.

Enterprise Funds – Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees).

Estimate – The most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

Expenditures – Refers to current cash operating expenses and encumbrances.

Full-Time Equivalent Position (FTE) – A position converted to the decimal equivalent of a full time position based on 2,080 hours per year.

Fund – An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance.

Fund Balance – As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

General Obligation Bonds (G.O. Bonds) – Bonds that require voter approval and finance a variety of public capital projects such as streets, buildings, parks and improvements.

General Funds – Resources derived from taxes and fees that have unrestricted use, meaning they are not earmarked for specific purposes.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards of financial accounting and reporting that govern the form and content of basic financial statements.

GFOA – Government Finance Officers Association.

Goal – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

Grant – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function.

HUD – U.S. Department of Housing and Urban Development.

Infrastructure – Facilities that support the daily life and growth of the city, for example, roads, water lines, sewers, public buildings and parks.

Impact Development Fees – Fees requiring new development to pay its proportional share of the costs associated with providing necessary public infrastructure.

Improvement Districts – Special assessment districts formed by property owners who desire and are willing to pay for mutually enjoyed im-

provements such as streets, sidewalks, sewers and lighting.

Mandate – Legislation passed by the state or federal government requiring action or provision of programs. An example would be the Americans with Disabilities Act.

MBE/WBE – Minority and Women-Owned Business Enterprise.

Net Direct Debt Ratio – The ratio between property tax-supported debt service and secondary assessed valuation. The Net Direct Debt Ratio is one way to gauge the ability of a local property tax base to support general obligation debt service.

Objective – A desired output-oriented accomplishment that can be measured and achieved within a given time frame, and advances the activity and organization toward a corresponding goal.

Operating Funds – Resources derived from continuing revenue sources used to finance ongoing operating expenditures and “pay-as-you-go” capital projects.

Ordinance – A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the city.

Outstanding Bonds – Bonds not yet retired through principal and interest payments.

Pay-As-You-Go Capital Projects – Capital projects whose funding comes from day-to-day operating revenue sources.

Personal Services – All costs related to compensating city employees including employee benefits

costs such as contributions for retirement, social security and health insurance. It also includes fees paid to elected officials and jurors.

Preliminary Budget – A balanced budget presented to the City Council by the City Manager based upon City Council and community feedback.

Program – A group of related activities performed by one or more organizational units.

Property Tax – A levy upon each \$100 of assessed valuation in a City or County. Property taxes usually support a city’s general fund.

Re-appropriated Funds – Funds for contracts entered in a previous fiscal year but which are still in progress.

Recoveries – Cancelled prior year encumbrances.

Resources – Total amounts available for appropriation including estimated revenues, fund transfers and beginning fund balances.

Revenue Bond – Bonds that are backed by revenues from a specific system (i.e., Water and Sewer Revenue Bonds are payable from water and sewer revenues).

Special Revenue Fund – A fund used to account for receipts from revenue sources that have been reserved for specific activities and related expenditures. An example would be the Arizona Highway User Revenue Funds, which must be used for street and highway purposes.

State Expenditure Limit – A limitation on annual expenditures imposed by the Arizona Constitution as approved by the voters in 1980. Certain expenditures may be exempt by the state constitution or by voter

CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

action.

State-Shared Revenues – Revenues levied and collected by the state but shared with local governments as determined by state government each year. In Arizona, a portion of the state's sales, income, and vehicle license tax revenues are distributed on the basis of a city's relative population percentage.

Street Light Improvement District – Special taxing district established to pay the costs of electricity associated with street lights.

Supplemental – Resources to provide new or enhanced programs or services over the base budget allocation.

Tax Levy – The total amount to be raised by general property taxes.

Technical Review – A detailed line-item review of each city department's budget by the Administrative Services Department.

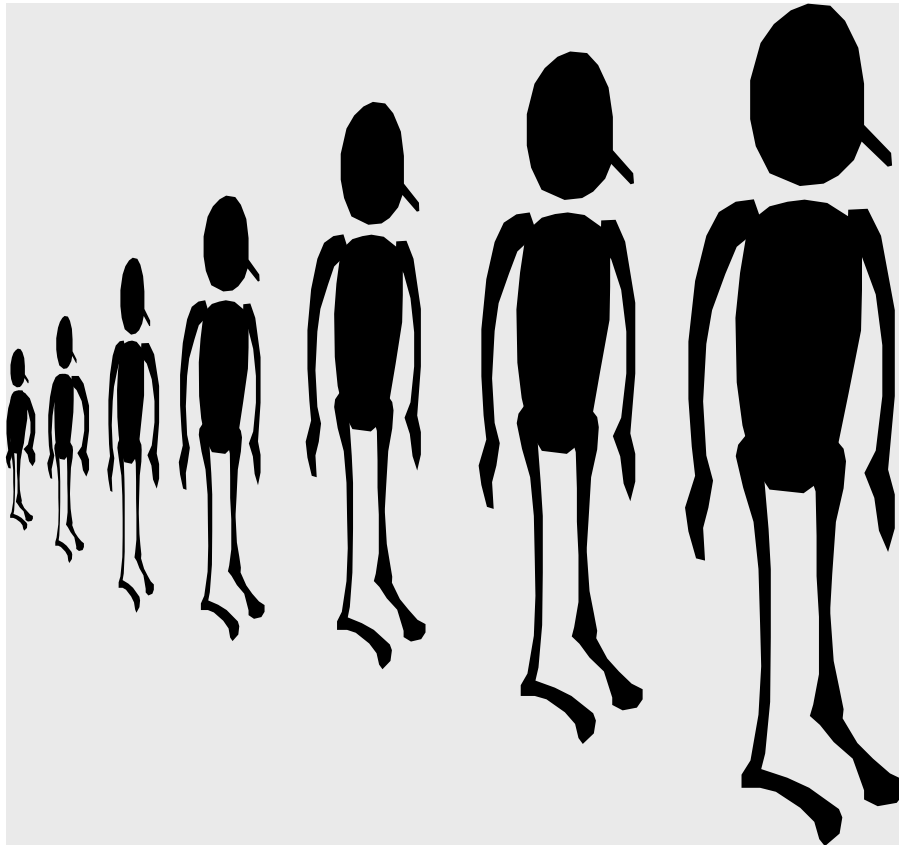
User Fees or User Charges – A fee paid for a public service or use of a public facility by the individual or organization benefiting from the service.

Trust Fund – Used to account for resources held by the City as a trustee for a private party, such as volunteer firemen's pension boards.

Zero Base Budgeting – A process for allocating financial resources that provides for the comparison and prioritization of existing and proposed programs and services. The process includes organizing individual expenditures in decision packages and priority ranking all decision packages.



DEMOGRAPHICS



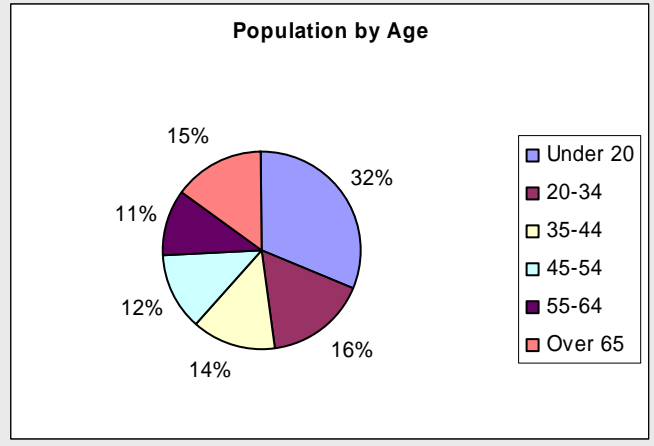
CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Selected Demographics, City of Show Low, Arizona

YEAR-ROUND MARKETING BASE

Show Low	10,490
Pinetop-Lakeside	4,515
Snowflake	5,150
Taylor	4,245
Holbrook	5,425
Eager	4,535
Springerville	2,130
St. Johns	3,925
Unincorporated Area	86,640
White Mtn. Apache Tribe	<u>12,500</u>
TOTAL	139,555

SHOW LOW POPULATION BY AGE



CITY OF SHOW LOW, ARIZONA 2007-08 BUDGET

Selected Demographics, City of Show Low, Arizona (con't)

ECONOMIC STATISTICS

Major Industries	Retailing, Tourism, Recreation, Manufacturing, Commerce
Summer Trade Area	167,555
Average Household Income	\$41,850
Median Home Price	\$193,500
Median Home Age	16.7 Years
Number of Households	5,537
Unemployment Rate	4.1 %
Taxable Sales	\$496,247,922

**GROWTH INDICATORS
CONSTRUCTION STARTS**

<u>YEAR</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Single Family Residential	341	364	478	443
Multi Family Residential	72	32	202	96
New Commercial	23	16	27	33
Commercial Additions	48	37	46	38
TOTAL	484	449	753	610