

City of Prescott

FY24 Mid-Year Summary Budget Report and FY25 Budget Preview

February 27, 2024



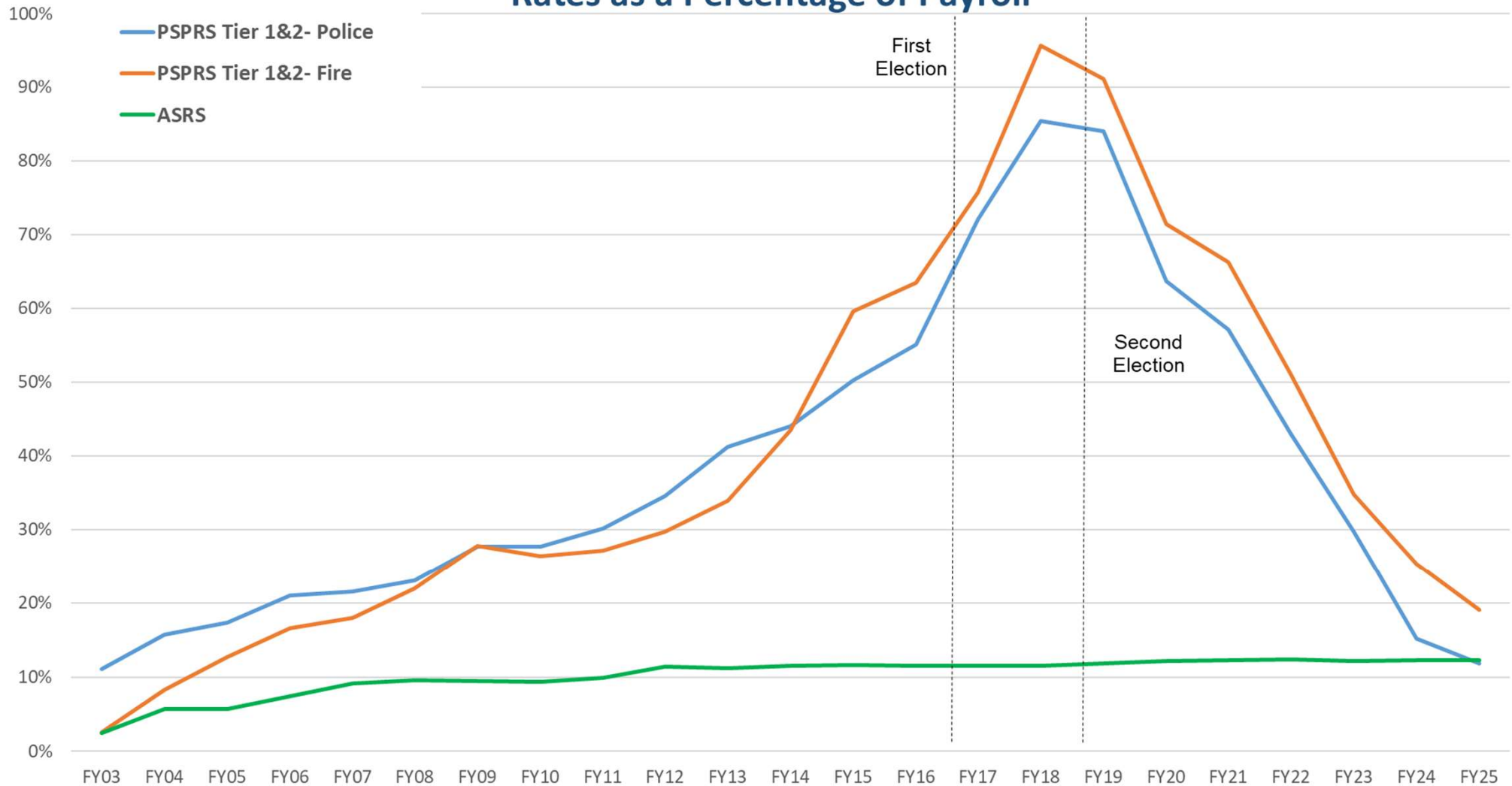
Fiscal Year 2025 Budget Considerations

- Legislative attacks on cities revenues
- Reduced State Shared revenues
- Continue funding employee market compensation plan
- Funding for Airport Capital
- Public Safety expansion needs
- Water and Wastewater capital
- Other capital?
 - Granite Dells Gateway Park
 - North Prescott Library

Prescott Police and Fire PSPRS Unfunded Actuarial Liability (UAL) Tiers 1 & 2

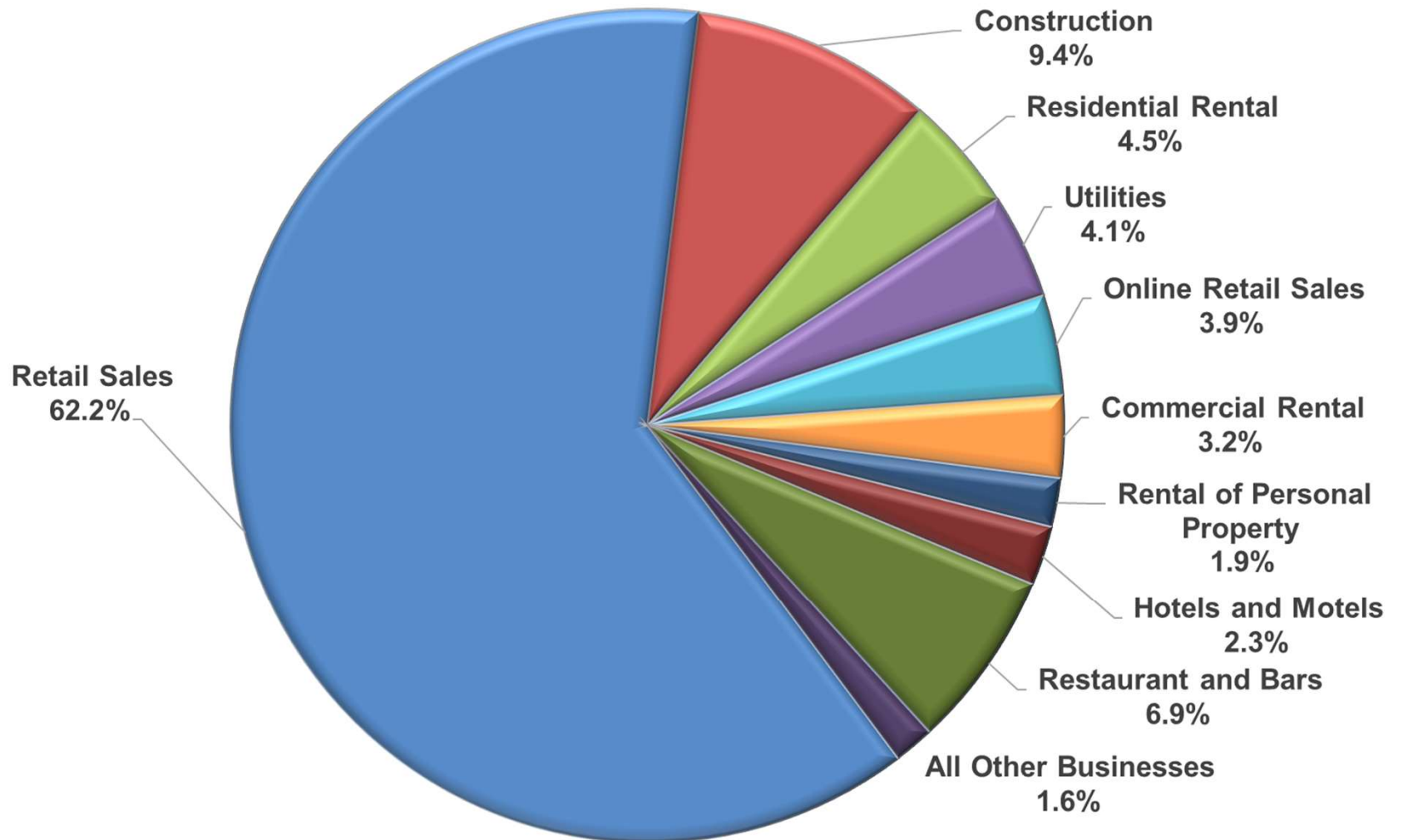
	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Prescott Fire (023)	\$45,111,795	\$36,490,742	\$29,237,657	\$22,863,294	\$11,540,733	\$6,286,897	\$ 3,212,968
Prescott Police (024)	41,320,813	32,554,886	26,833,023	20,287,847	10,806,309	2,388,153	672,998
Total UAL	\$86,432,608	\$69,045,628	\$56,070,680	\$43,151,141	\$22,347,042	\$8,675,050	\$ 3,885,966
Funding Ratio	30.1%	46.3%	58.5%	69.4%	84.4%	94.4%	97.6%

City of Prescott Employer Retirement Contribution Rates as a Percentage of Payroll



Taxable Activity by Catagory

Average FY21 through FY23



CITY OF PRESCOTT, ARIZONA

Table XVII

Statistical Section - Revenue Capacity

Privilege Tax - Taxable Sales by Category

Last ten fiscal years (in thousands of dollars)

Fiscal year	<u>Construction</u>	<u>Restaurant/Bar</u>	<u>Tangible Per. Prop Rental</u>	<u>Commercial Rental</u>	<u>Hotel/Motel</u>	<u>Residential Rental</u>	<u>Retail Sales</u>	<u>Utilities</u>	<u>Use Tax</u>	<u>Telecommunication (1)</u>	<u>All Other</u>	<u>Total</u>	<u>Tax Rate</u>	<u>Top 10 as % of Total</u>
2014	119,285	95,809	21,608	53,453	21,608	63,998	833,256	74,829	31,170	21,785	20,853	1,357,654	2%	34%
2015	115,849	102,891	25,127	53,702	24,729	68,352	853,946	76,907	25,519	21,123	23,411	1,391,557	2%	31%
2016	113,863	109,257	26,097	53,736	27,352	73,062	906,798	79,062	27,861	23,693	23,507	1,464,288	2%	37%
2017	154,329	115,038	26,928	55,929	30,076	71,168	935,603	78,471	34,724	21,632	22,204	1,546,102	2%	36%
2018	152,583	118,459	28,954	57,561	34,312	65,154	987,548	82,217	44,893	18,090	21,100	1,610,871	2.75%	32%
2019	182,470	123,374	31,943	57,750	35,885	69,224	1,031,233	81,899	51,972	16,882	21,717	1,704,350	2.75%	40%
2020	196,717	119,017	33,538	63,170	32,187	72,893	1,129,067	80,005	59,283	-	35,605	1,821,484	2.75%	29%
2021	212,735	125,789	36,578	63,587	42,435	87,917	1,368,688	86,077	64,890	-	32,659	2,121,356	2.75%	29%
2022	168,965	151,628	42,290	67,786	56,812	95,637	1,479,040	89,850	78,861	-	35,305	2,266,174	2.75%	35%
2023	203,444	166,184	45,377	75,793	55,950	106,899	1,541,762	96,874	74,029	-	30,720	2,397,032	2%	33%

City of Prescott Taxable Activity Report

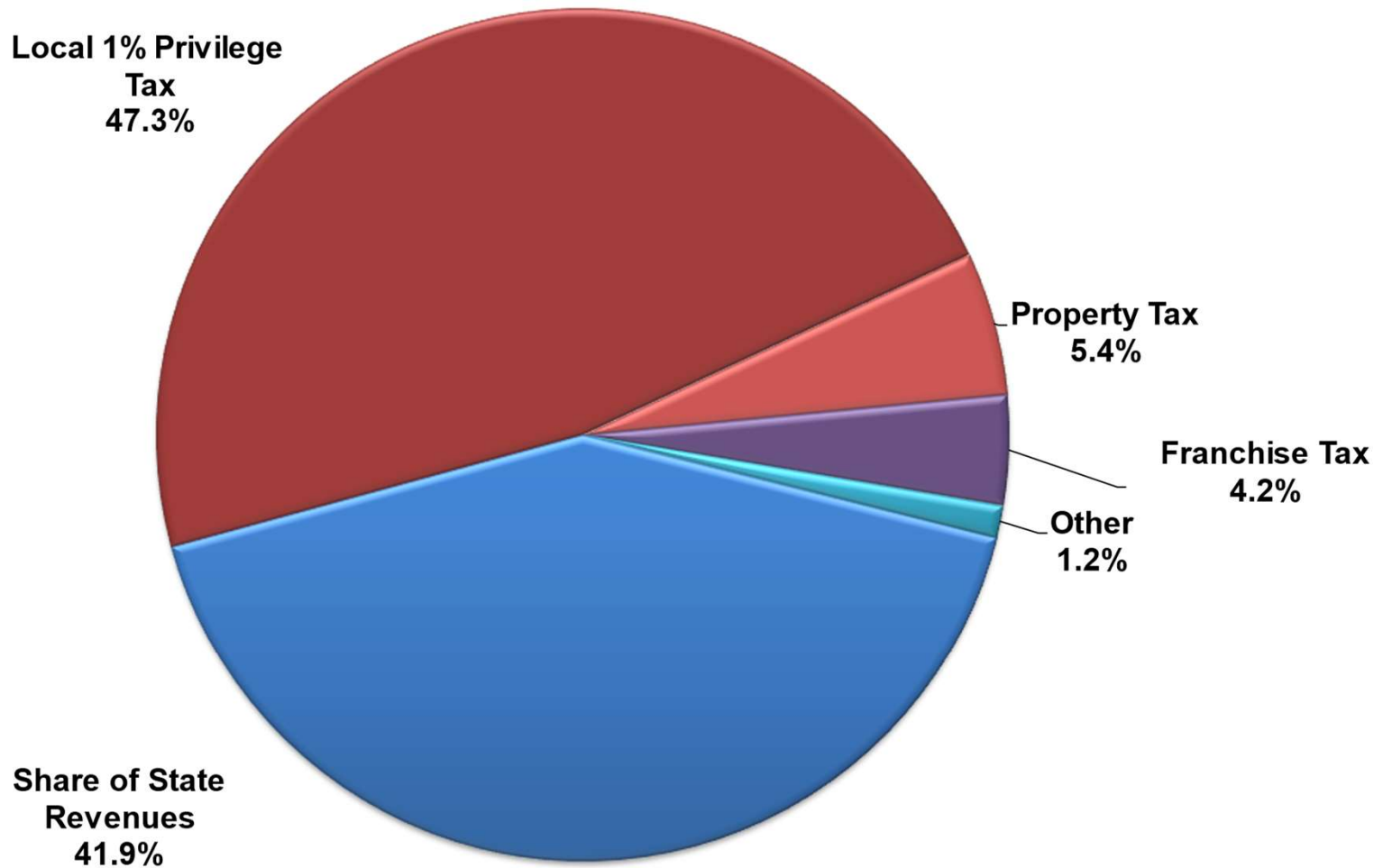
Fiscal Year to Date as of December

	<u>FY 2024</u>	% Change	<u>FY 2023</u>	% Change	<u>FY 2022</u>	% Change	<u>FY 2021</u>
Retail Sales	761,330,992	1.21%	752,220,297	5.65%	711,987,540	8.62%	655,508,040
Construction	96,402,313	-35.14%	148,635,278	85.92%	79,945,160	-33.14%	119,564,350
Utilities	50,435,553	8.40%	46,528,437	6.43%	43,716,490	0.60%	43,454,303
Residential Rental	59,656,110	-0.06%	59,694,745	13.25%	52,710,086	10.51%	47,697,831
Commercial Rental	40,145,580	9.23%	36,751,619	5.34%	34,889,921	6.52%	32,755,352
Rental of Personal Property	23,053,302	0.05%	23,041,229	1.40%	22,722,710	24.04%	18,318,358
Restaurant and Bars	90,830,034	2.01%	89,044,456	11.73%	79,697,595	25.51%	63,501,049
Online Retail Sales	55,928,175	15.98%	48,223,799	4.72%	46,052,319	32.12%	34,856,482
Hotels and Motels	28,368,780	-1.53%	28,809,493	1.05%	28,509,975	50.15%	18,987,974
Use Tax	46,573,018	6.51%	43,727,549	-4.09%	45,594,247	75.81%	25,933,410
All Other Businesses	18,195,199	3.13%	17,643,580	-0.54%	17,739,522	3.08%	17,210,216
	<u>1,270,919,056</u>	-1.81%	<u>1,294,320,482</u>	11.24%	<u>1,163,565,565</u>	7.96%	<u>1,077,787,365</u>

City of Prescott Transient Lodging (Bed) Tax Collection

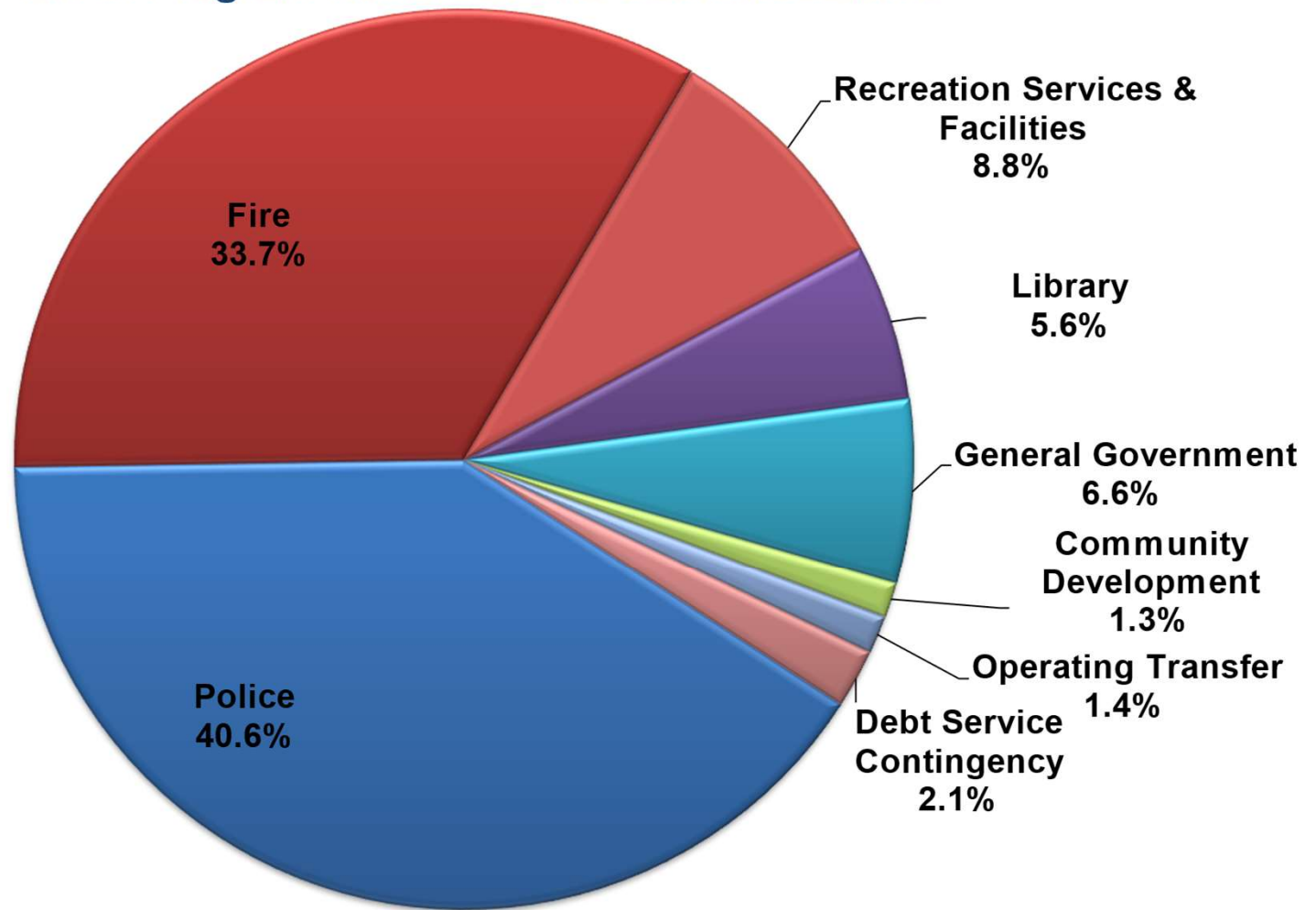
	<u>FY 2024</u>	<u>% Chg</u>	<u>FY 2023</u>	<u>% Chg</u>	<u>FY 2022</u>	<u>% Chg</u>	<u>FY 2021</u>
July	\$ 166,261	-2.27%	\$ 170,126	8.36%	\$ 156,996	70.75%	\$ 91,946
August	140,072	4.65%	133,850	-0.19%	134,107	37.77%	97,338
September	144,190	0.29%	143,773	3.67%	138,684	37.16%	101,108
October	142,004	-5.40%	150,114	-2.20%	153,484	33.85%	114,669
November	107,816	-4.97%	113,458	-2.89%	116,831	57.88%	74,001
December	123,247	3.17%	119,465	-1.81%	121,663	70.39%	71,403
Subtotal	\$ 823,591	-0.87%	\$ 830,787	1.10%	\$ 821,765	49.29%	\$ 550,466
January			104,819	-1.80%	106,745	40.26%	76,104
February			103,337	-4.97%	108,737	48.93%	73,013
March			147,763	2.73%	143,842	25.22%	114,868
April			136,761	-13.98%	158,986	18.16%	134,557
May			148,313	-4.42%	155,178	9.27%	142,008
June			151,781	3.61%	146,492	5.73%	138,555
Total			<u>\$ 1,623,562</u>	-1.11%	<u>\$ 1,641,743</u>	33.52%	<u>\$ 1,229,570</u>

FY24 General Fund Operating Revenues Less Program Revenues



FY24 General Fund Operating Expenditures

Net of Program Revenues and Cost Allocations



Public Safety of Total 74.3%

Preliminary Public Safety Capital Needs

Fire Department Capital Needs

	FY25	FY26	FY27	FY28	FY29	FY30	Total
Station 76 New	\$ 1,749,000	\$ 9,800,000					\$ 11,549,000
Station 73 Relocation	2,809,000	9,800,000					12,609,000
Station 72 Remodel	1,310,000	7,000,000					8,310,000
Fire Training Center			20,790,000				20,790,000
Station 71 Remodel				2,025,000			2,025,000
Station 75 Remodel					2,125,000		2,125,000
Station 74 Remodel						2,225,000	2,225,000
Total	5,868,000	26,600,000	20,790,000	2,025,000	2,125,000	2,225,000	59,633,000

Police Department Capital Needs

	FY25	FY26	FY27	FY28	FY29	FY30	Total
New Building	\$ -	\$ 250,000	\$ 12,000,000	\$ 13,000,000	\$ -	\$ -	\$ 25,250,000
Facility Enhancements	-	-	-	-	1,000,000	-	1,000,000
PRCC Relocation	-	-	250,000	10,000,000	-	-	10,250,000
Firing Range Improvements	-	50,000	50,000	75,000	300,000	-	475,000
Radio Tower Improvements	100,000	500,000	200,000	100,000	100,000	100,000	1,100,000
Additional Vehicles	300,000	300,000	300,000	300,000	300,000	-	1,500,000
Total	400,000	1,100,000	12,800,000	23,475,000	1,700,000	100,000	39,575,000

Total Public Safety Needs	\$ 6,268,000	\$ 27,700,000	\$ 33,590,000	\$ 25,500,000	\$ 3,825,000	\$ 2,325,000	\$ 99,208,000
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Year-to-Date Expenditures (All Funds) through December 31, 2023

(Note: 50% of year complete)

	FY24 Budget	Expended as of 12/2023	% Spent YTD
Operating			
General Operations	\$ 127,194,570	\$ 59,281,793	46.6%
PSPRS 0.75% Tax	-	450,486	
Contingent Debt Service	885,000	-	
Non-Operating			
Debt Issue Contingency	11,000,000	856,401	7.8%
Grant Contingency	3,000,000	-	0.0%
Capital	116,055,989	25,268,901	21.8%
Total Budget	<u>\$ 258,135,559</u>	<u>\$ 85,857,581</u>	33.3%

Year-to-Date Revenues (All Funds) through December 31, 2023

(Note: 50% of year complete)

	FY24	Received as	%
Operating Revenues	Budget	of 12/2023	Budget
Sales (Privilege) Tax 2%	\$ 45,492,750	26,175,483	57.5%
PSPRS Dedicated 0.75% Tax	-	57,919	
Transient Lodging (Bed) Tax 3%	1,500,000	858,103	57.2%
Property Tax	2,227,185	1,462,321	65.7%
Franchise Tax	1,715,000	933,878	54.5%
Intergovernmental	28,995,676	14,479,517	49.9%
Licenses & Permits	1,137,100	558,273	49.1%
Governmental Service Charges	5,509,524	2,728,573	49.5%
Fines & Forfeitures	300,600	141,780	47.2%
Utility Services	39,427,000	21,138,052	53.6%
Solid Waste Services	13,386,800	6,137,222	45.8%
Airport Services	2,660,840	1,322,332	49.7%
Golf Course Services	4,087,155	2,464,129	60.3%
Internal Service	7,572,885	3,719,626	49.1%
Other	1,260,669	3,630,593	288.0%
Subtotal Operating Revenues	155,273,184	85,807,800	55.3%
Non-operating Revenues			
Grants	28,583,685	2,477,977	8.7%
Debt Proceeds	18,250,160	7,761,113	42.5%
Potential Debt Issue - Contingency	11,000,000	-	0.0%
Total	\$ 213,107,029	\$ 96,046,891	45.1%

Year-to-Date Expenditures (All Funds) through December 31, 2023

(Note: 50% of year complete)

	FY24	% of	Expended as	% Spent
	Budget	Operations	of 12/2023	YTD
Operating Expenditures				
General Government	\$ 5,180,265	4.0%	\$ 2,644,524	51.0%
Airport	2,752,277	2.1%	1,326,429	48.2%
Community Development	2,547,760	2.0%	1,240,494	48.7%
Fire	13,633,048	10.6%	6,353,895	46.6%
Fire Grants	1,954,901	1.5%	88,872	4.5%
Library	2,990,159	2.3%	1,416,398	47.4%
Police	17,590,671	13.7%	8,060,164	45.8%
Public Works	61,222,552	47.8%	29,554,434	48.3%
Recreation Services	14,468,236	11.3%	7,605,488	52.6%
Regional Communications	2,299,508	1.8%	971,130	42.2%
Non-departmental	3,440,193	2.7%	470,452	13.7%
Subtotal Operations	128,079,570	100.0%	59,732,279	46.6%
Non-Operating Expenditures				
Airport Capital	12,115,201		1,658,184	13.7%
Public Works Capital	75,593,487		17,446,257	23.1%
Public Safety Capital	9,003,706		1,149,079	12.8%
Recreation Services	12,428,000		3,198,654	25.7%
Other Capital	6,915,595		1,816,727	26.3%
Debt Issue Contingency	11,000,000		856,401	7.8%
Grant Contingency	3,000,000		-	0.0%
Subtotal Non-Operating	130,055,989		26,125,302	20.1%
Total Expenditures	\$ 258,135,559		\$ 85,857,581	33.3%

Budgeted Fund Balances

	General Fund	Streets Fund	Transient Lodging (Bed) Tax Fund	Water, Wastewater, & Solid Waste	Grants, Trust, Gov Impact Fees, and Internal Service
Beginning Projected Fund Balance	\$ 22,998,554	\$ 21,145,667	\$ 453,356	\$ 40,542,540	\$ 12,326,450
FY24 Budget					
Net Operating Results	987,690	16,396,307	131,331	7,480,360	3,968,624
Contingency for Debt Service	(885,000)	-	-	-	-
Nonrecurring Revenues	8,785,000				
Capital Expenditures and Transfers	(16,216,732)	(22,247,013)	(50,000)	(56,495,220)	(2,013,026)
Debt Issues - Enterprise		-	-	19,504,334	-
Contingency	(11,000,000)	-	-	-	(3,000,000)
Contingency - Debt Issue	11,000,000	-	-	-	-
Ending Estimated Funding Balance	\$ 15,669,512	\$ 15,294,961	\$ 534,687	\$ 11,032,014	\$ 11,282,048
Ending Estimated Fund Balance Detail					
Reserved for:					
Operating (Policy)	\$ 11,529,650	\$ 2,802,442	\$ 150,000	\$ 4,935,675	\$ 647,789
Long-term Obligations	3,500,000	-	-	6,562,599	-
Specific Programs	-	12,492,519	384,687	(466,260)	10,634,259
Total Unassigned	\$ 639,862	\$ -	\$ -	\$ -	\$ -

FY2025 Budget Process

(items in red are public meetings)

- Department missions, objectives, performance measures (January 26)
- Operating budgets were due (February 9 extended to February 16)
- New Personnel and Reclassification requests due (February 16)
- Mid-Year FY24 budget report to Council (February 27)
- Capital/Grant requests due (March 1)
- City-wide fee schedule update due (March 8)
- Personnel and Capital Request Review Meetings (April 1-12)
- Revised Capital estimated endings and carryovers due (April 19)
- Council budget workshops (May 9, 16 & May 23, if necessary)
- Adoption of tentative budget (June)
- Publish budget and notice of hearing (June)
- Final hearing and adoption of final budget (June)
- Set property tax rates (July)