

To the Citizens of Payson

Payson has been incorporated since 1973. During that time, each Council has made an impact in improving our community. This has been accomplished through citizen participation and requests for funding, federal or state mandates, or timely opportunities for grant funding of needed projects.

The budget for the 2006-2007 fiscal year is based on a principle of fiscal integrity. It is a product of public needs and staff projections. The Corporate Strategic Plan is the basis for integrating all of these future goals into one document. The budget is the comprehensive financial method for accomplishing those goals.

I am proud of the dedication and hard work the Town of Payson staff and your Town Council has invested in creating this document – especially the work of Glenn W. Smith, Chief Fiscal Officer; Donna Meinerts, Deputy Chief Fiscal Officer; and the Financial Services Department staff.

Best wishes,

Robert Edwards
Mayor
Town of Payson

Town of Payson, Arizona
Annual Budget for Fiscal Year
Beginning July 1, 2006 and Ending June 30, 2007

Acknowledgements

MAYOR

Robert Edwards

VICE - MAYOR

Tim Fruth

COUNCIL MEMBERS

Ed Blair

Su Connell

Andy Romance

Mike Vogel

John Wilson

TOWN MANAGER

Fred Carpenter

CHIEF FISCAL OFFICER

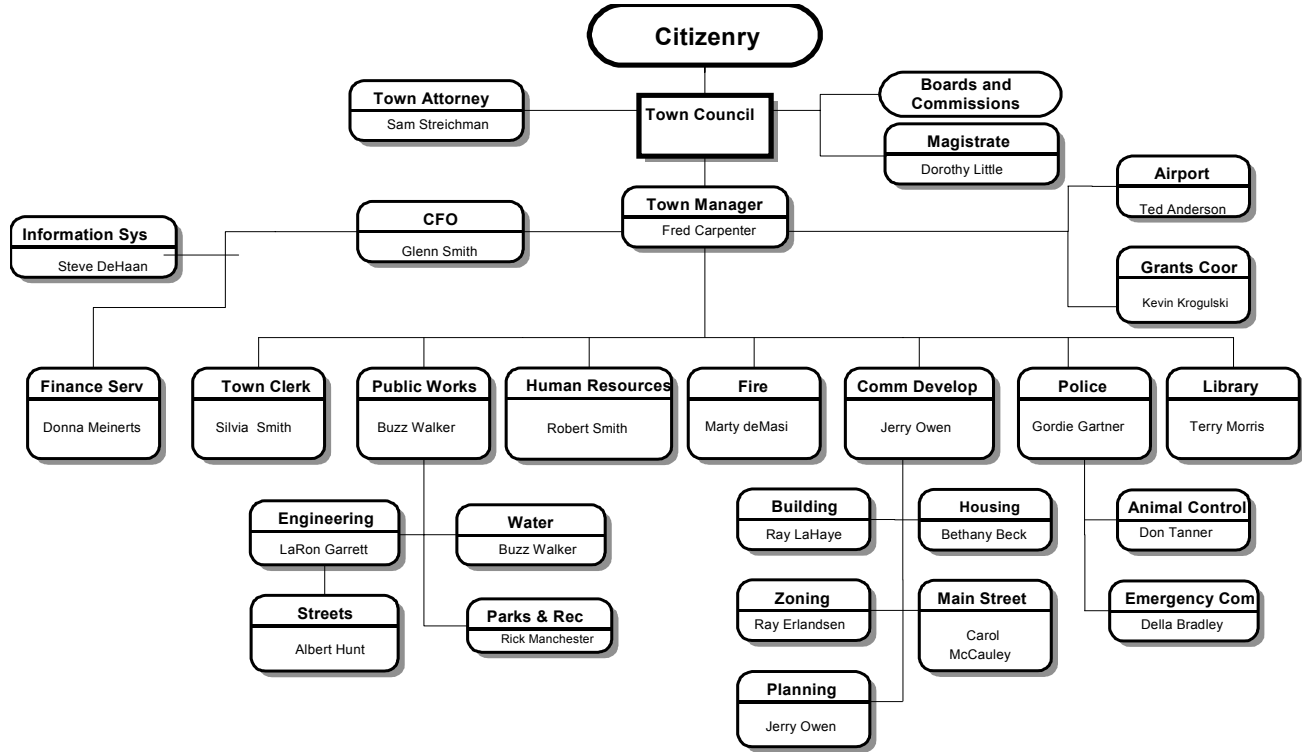
Glenn W. Smith

DEPUTY CHIEF FISCAL OFFICER

Donna Meinerts, CGFM

Town of Payson

Organizational Chart



**Total 2006/2007 Budget
\$39,395,309**

Operating Budgets

\$31,640,612

General Fund

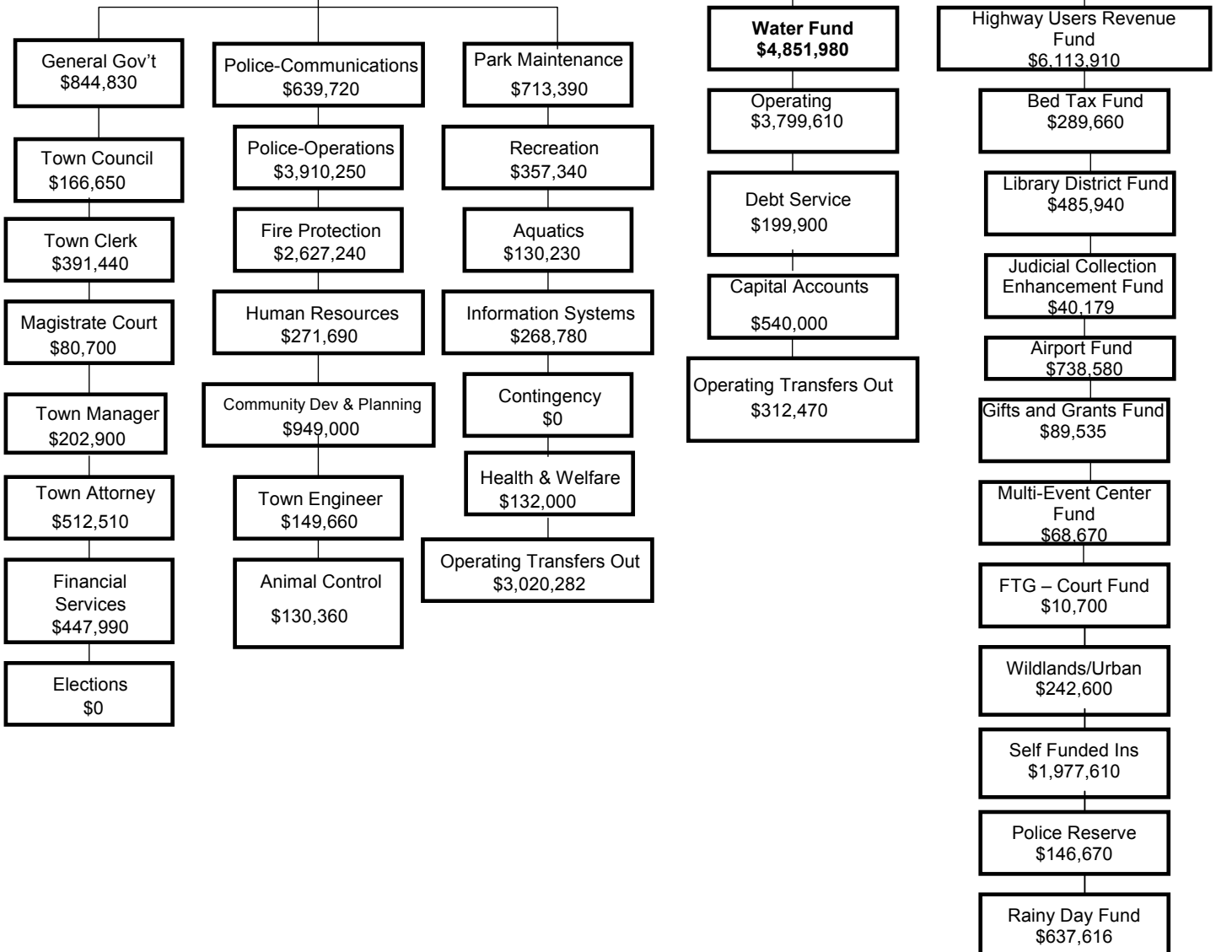
\$15,946,962

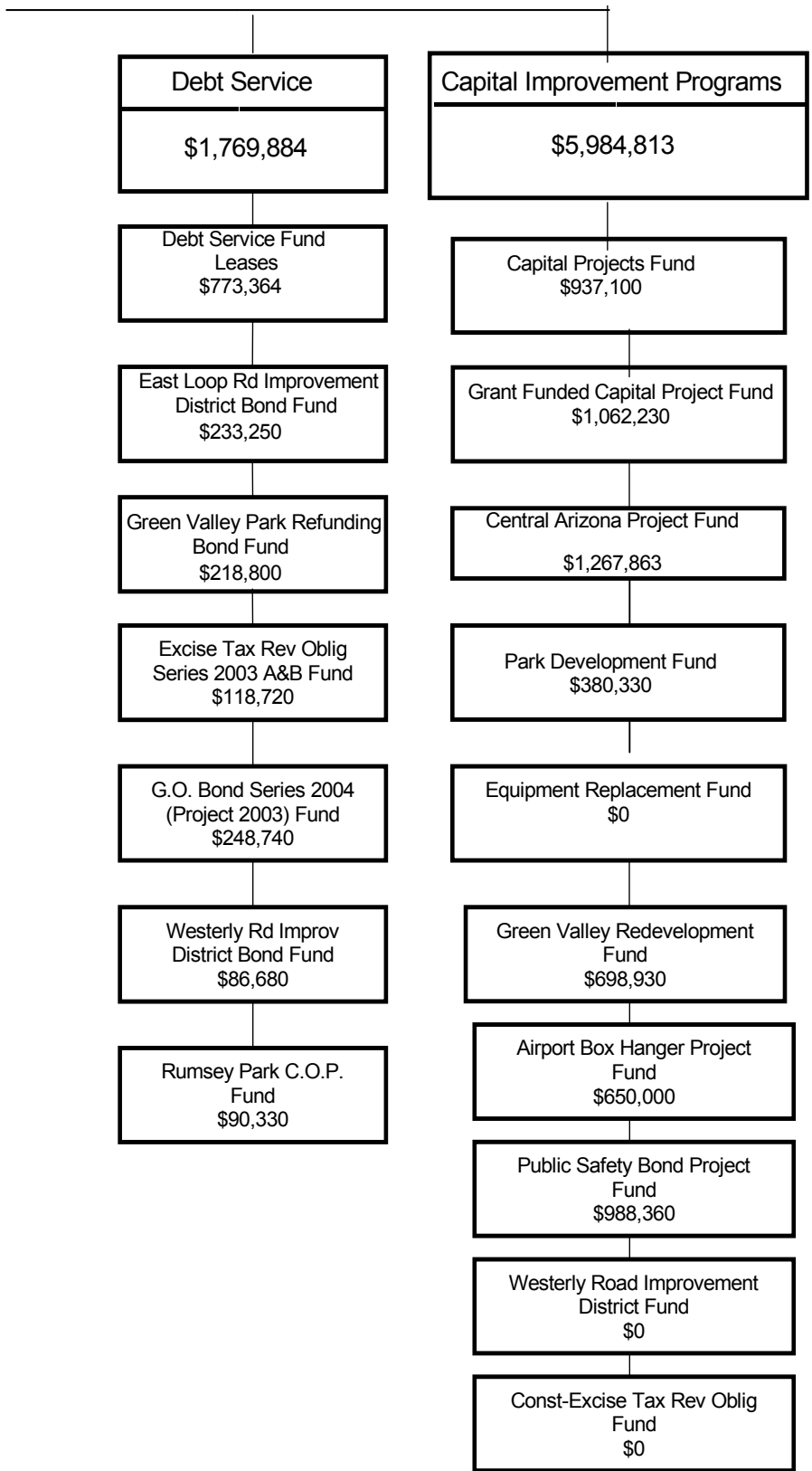
Enterprise Fund

\$4,851,980

Special Revenues Funds

\$10,841,670





The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Payson, Arizona for its annual budget for the fiscal year beginning July 1, 2005. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Quick Reference Guide

This book contains tools that will help you locate information. The first is the Quick Reference Guide. This guide will help you find answers to commonly asked questions. The Table of Contents lists in detail each section of the book.

If you have this question	Refer to	Page
How much is the 2006/2007 budget?	Financial Organization Chart	4
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What is the Town’s Corporate Strategic Plan?	2006/2007 Corporate Strategic Plan	84

How to Make the Best of This Document

The budget document serves two distinct purposes. One purpose is to present the Town Council and Citizens with a clear picture of the services that the Town provides and the policy alternatives that are available. The other is to provide town management with a financial and operating plan that conforms to the Town's accounting system.

Mission Statement – Presents the Council and staff's mission statement that is the foundation for the 2006/2007 Budget.

BUDGET SUMMARY:

Town Manager's Budget Message and Budget Summary – Provides an overview of the key policy issues and programs.

The Town's fund structure also corresponds to program categories, general services, special programming, utility, major capital programs, etc. Each fund is broken down into organizational groups/programs that are, in turn, divided into departments. The Town's fund structure is graphically shown in the Financial Organizational Chart on Pages 4 and 5.

Corporate Strategic Plan 2006/2007 – Each year, at the beginning of the budget process, the Town Council and staff review and update the Corporate Strategic Plan (the Plan). The Plan contains specific Key Results Area statements with defined objectives for each Key Result Area. Each Key Area is a specific long-term Council-planning Goal. The Plan then becomes a guide in preparing the operating and capital budgets.

OPERATING BUDGETS:

This section includes the departmental budget information on services and goals, budget trends, and staffing for each Town department.

CAPITAL IMPROVEMENT PROGRAMS:

This section details the 2006/2007 portion of the long range Capital Improvement Plan. The long range Capital Improvement Plan describes planned capital improvement projects for the next 4 years.

MISCELLANEOUS:

This section provides supporting schedules. Some of these schedules also serve to meet state reporting requirements. Schedule E, for example, lists budget amounts within the respective departments and funds. A copy of the Budget Adoption Resolution and Property Tax Adoption Ordinance are included.

A Glossary, located in this section, helps translate some of the budget jargon into plain English.

**Town of Payson, Arizona
2006/2007 Annual Budget**

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Mission Statement

The Town of Payson is dedicated to enhancing the quality of life for our citizens by working hard to provide a superior level of service in the most effective and efficient manner while exercising fiscal responsibility.

We...

Value open communication

Encourage citizen participation

Operate honestly and fairly

Conduct ourselves through unity and teamwork

Respect our differences

Treasure our natural resources and unique environment.

August 10, 2006

Mayor & Members of the Town Council

Re: Budget Transmittal Letter

Ladies and Gentlemen:

This is the recommended budget for the various funds of the Town of Payson for the fiscal year that begins July 1, 2006 and ends June 30, 2007.

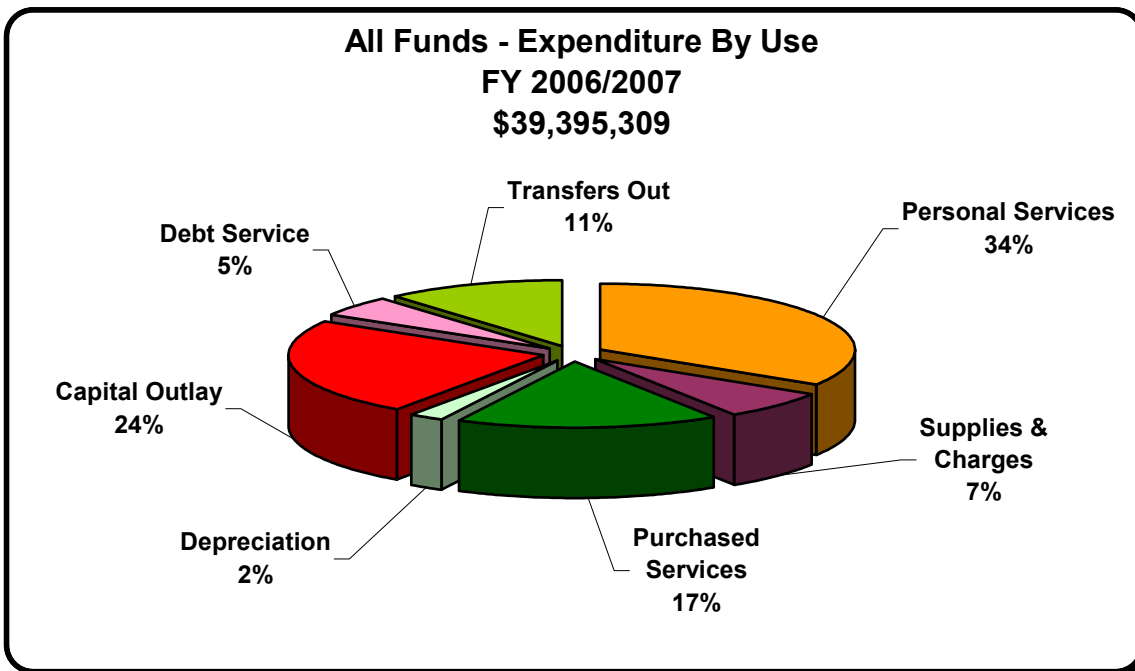
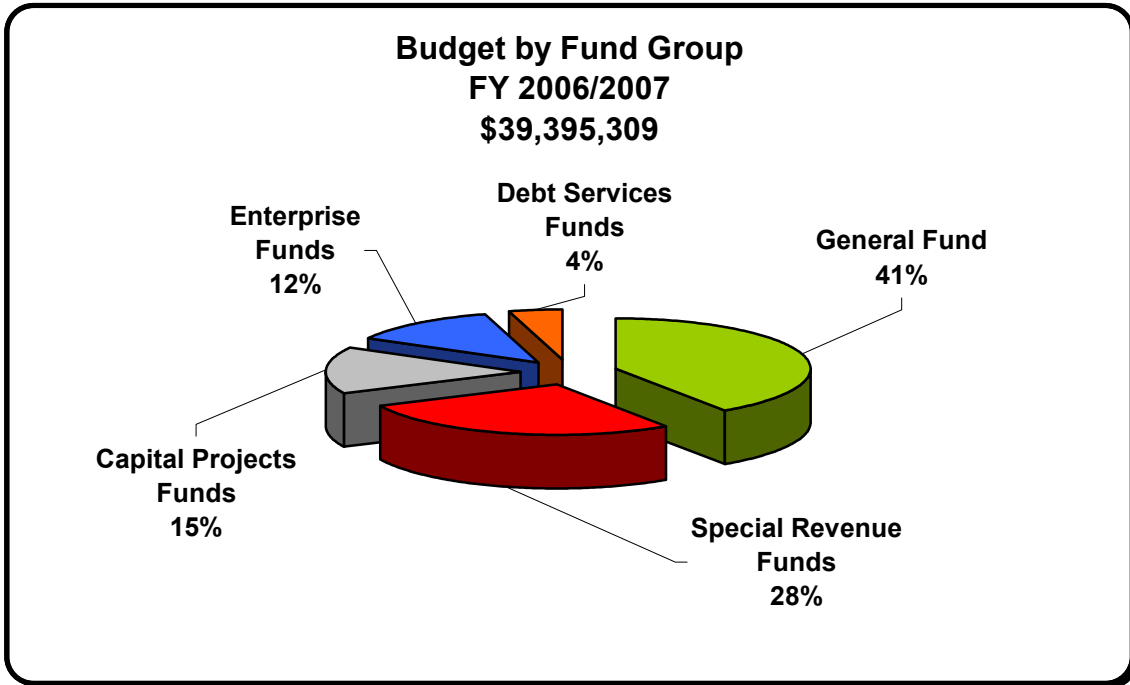
This transmittal letter summarizes the budget in a form that can be easily understood and communicates the policy assumptions and major program initiatives contained within the budget. The “budget book” presents much more detailed information for comparing figures to the past and current fiscal years, for guiding implementation of financial plans, and for monitoring results of operations during and at the conclusion of the fiscal year.

Executive Summary

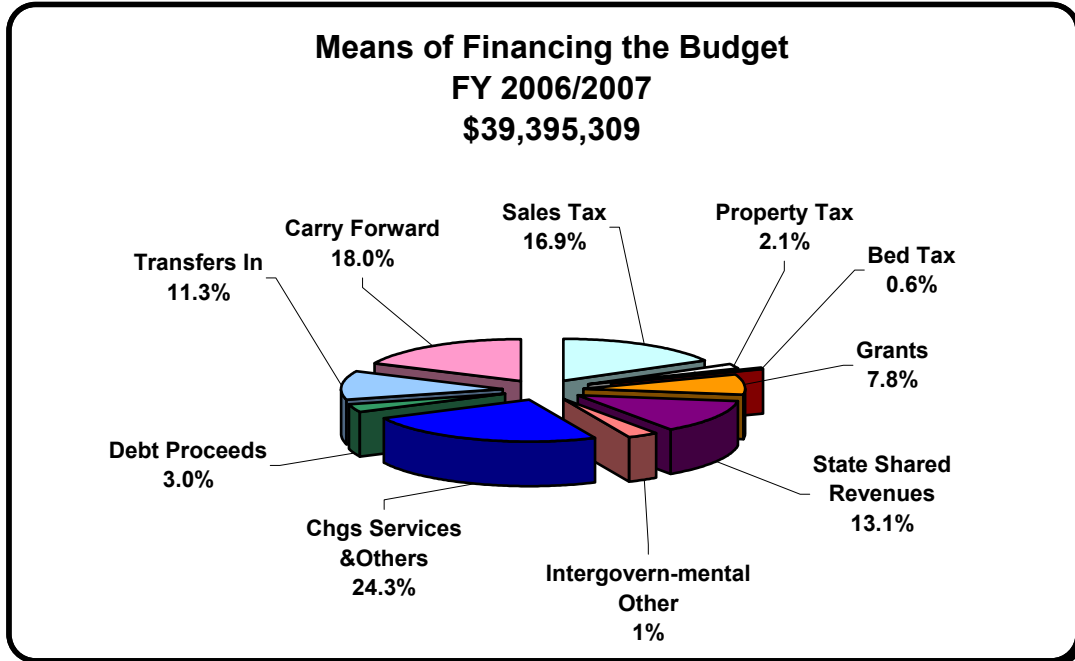
(See subsequent pages for graphic representations of the budget)

The budget for all funds of the Town totals \$39,395,309. This is \$430,122 (-1.08%) less than the budget for last fiscal year.

- \$23,476,495 is appropriated for operating expenditures or expenses (such as personnel services, supplies, utilities, insurance, repairs, maintenance, training, grants to other agencies, and depreciation). This is 9.9% more than last year’s budget.
- \$9,514,138 is for capital outlay; capital projects, and other one time grant related expenditures. This is 34.0% less than last year.
- \$6,404,675 is for inter-fund operating transfers, debt service, and other uses of funds. This is an increase of \$2,360,086 (58.4%) over last year, primarily due to an increase in transfers to surplus funds out of the General Fund to the Capital Projects Funds and the creation of a Rainy Day Fund (\$637,616). The Capital Project Funds finance projects that are greater than \$10,000, which may be dependent upon state or federal grants for a share of the cost, and may take several years to complete. There was also an increase in transfers to the Debt Service funds.



Current operating revenues, grants, and other financing sources will finance the budget of the Town. Additional financing sources are debt proceeds, inter-fund transfers, and reserve funds carried forward from the previous fiscal year.



The local sales tax is the major source of revenue for the Town. Sales tax revenues are projected to be about \$6,241,400 next year.

State shared revenues from the state sales tax, income taxes, lottery proceeds, gas taxes, and vehicle license taxes are the next most significant. These revenues are shared based upon population. So, as the Town's population grows, we receive a larger share of tax dollars from the State. They are projected to increase about 13.8% from last year.

Development impact fees have become another important source of revenue for the Town. These revenues are restricted for park and street capital improvements and water development.

In contrast, property taxes are a relatively immaterial revenue source for the Town. The primary property tax rate is projected to be \$0.2640 per \$100 of assessed value or \$0.0112 less than current year. The levy may increase about \$14,577 due to new construction. The secondary property tax rate for debt service on the Green Valley Park General Obligation Bonds is projected to decrease to \$0.06463 per \$100 of assessed valuation (currently \$0.0692 per \$100 of assessed value).

Fiscal Policy Assumptions

We began the process for formulating the budget earlier this year with the consideration of an update to the Corporate Strategic Plan of the Town. The 2006/2010 Strategic Plan was used as a guide in preparing the operating and capital budgets. Policy guides in the Strategic Plan that were used for preparation of this budget are shown in italic typestyle. Notes on how this budget conforms or deviates from past policies are shown beneath each policy statement.

1. *Maintain an annual non-appropriated General Fund Reserve equal to 8-9% of the estimated revenue for the next fiscal year.*

\$1,063,203 (an amount equivalent to 8% of projected General Fund operating revenue) was left "off the table" to be held in reserve for working cash to avoid cash flow interruptions, generate interest income, and eliminate the potential need for short term borrowing for operating expenses.

2. *\$637,616 shall be appropriated for unforeseen contingencies.*

The appropriation in the Town Council's Rainy Day Fund account was established at \$637,616 to impose a restraint upon new spending requests outside the context of the annual budgetary process.

3. *The rate of growth in General Fund operating expenditures will be less than the increase in operating revenues.*

General Fund operating revenues are projected to increase by \$451,300. Operating expenditures in the tentative budget will increase \$718,382 over the Revised FY2005/2006 Budget. The increase primarily was due to inflation, increased payroll related costs due to Salary Plan adjustments, increased insurance premiums, and increased operating costs, while maintaining current service levels.

4. *Excess cash in the General Fund, above the 8% non-appropriated reserve, will be transferred to the Capital Projects Fund to help fund future capital projects.*

The General Fund budget anticipates a \$1,677,316 transfer of cash to the Capital Project Funds. The Airport Fund expenditures are being supplemented with funding from the General Fund (\$13,960 for operations and \$33,250 for capital grants funding match). Council continues to concentrate on street improvement programming. \$1,153,820 will be transferred from the General Fund to Highway Users Revenue Fund for costs allocable to major street projects, chip seal and slurry projects, and other expenditures.

4. *Use lease/purchase financing for equipment acquisitions valued at more than \$100,000. Continue to allocate funds to the Equipment Replacement Fund for future equipment acquisitions.*

All equipment acquisitions valued less than \$100,000 will be financed with cash. Due to the emphasis in street improvements, there was no extra funding available to be transferred from operating budgets in various funds to continue funding the Equipment Replacement Fund.

6. Voters of Payson will be given the opportunity to ratify the issuance of any new debt that requires an increase in property tax or sales tax rates.

In September 2003 the voters authorized the issuance of \$3,555,000 in general obligation bonds for the purpose of 1) purchasing communications equipment including computer aided dispatch, records management system, and mobile dispatch terminals for the police and fire departments, 2) purchasing a computerized firearms training system, 3) remodeling the Main Street Fire Station, and 4) constructing Fire Station #13, a new station to be located on the east side of town. \$2,030,000 in bonds was sold in September 2004 with the debt service being paid by a 0.12% sales tax increase in January 2005. The remaining \$1,525,000 authorized funding is for a future third fire station. \$988,360 of the original bond issue is carried forward into fiscal year 2006/07 to complete the acquisition of Public Safety Communication Equipment.

Budget Assumptions & Priorities

Revenues. This budget assumes a slight decrease in property tax rates with no increase in sales tax rates for general operations or building permit fees. There was a .12% increase in sales tax rate in January 2005 for debt service of a General Obligation Bond issued in September 2004. This new revenue source is restricted for debt service.

Park Development Capital Improvement Fund. Park development impact fees must be used for capital improvements in the Town's park system. They can be used for new park projects on a cash basis, or to cover debt service for new park development. The Town issued \$530,000 in Certificates of Participation (C.O.P.'s) in late fiscal year 2005-06. The proceeds from this debt transaction were matched with \$200,000 from the Park Development Fund to fund the construction of a \$700,000 ball field complex in the Rumsey Park system. The project was started in fiscal year 2005-06 and was completed in this fiscal year. This new 2-field facility will be covered with artificial turf and will be lit for night games. The debt will be paid off using Park Development Fees over the next seven years. Any excess fees will be held in reserve for future park development.

Payroll Expense. This year, budgeted payroll expenditures in the General Fund are \$791,370 more than the prior year's revised budget. This increase is due to one new position and the implementation of the balance of the market adjustment program that was effective January 1, 2005. Council approved the following staffing addition: One new Secretary/Receptionist to support the Engineering and Streets departments. The Town contribution match to the Arizona State Retirement System also increased from 6.90% to 8.60% for all full-time employees, except Public Safety.

New Council Initiatives for FY 2006/2007 Since 1995, the Town of Payson has been planning for the future by preparing annual Corporate Strategic Plan (CSP). This year, the 12th edition of the CSP completes the three-year process of converting the plan to a performance measurement based document.

Every Key Result Area experienced some changes. Each Key Result Area (KRA) has Objectives defined to implement the KRA. Town Council, using a “decision matrix” concept, ranked the 17 top KRA – Objectives.

**Key Result Areas
Objectives Ranked**

Code	Description	Ranking
KRA 2 Objective 1	Secure new water sources of water supply	1
KRA 8 Objective 1	Upgrade Police and E-911 services	2
KRA 5 Objective 1	Improve streets	3
KRA 7 Objective 1	Upgrade fire and emergency medical services	4
KRA 10 Objective 1	Improve Town Airport	5
KRA 6 Objective 1	Enhance Parks & Recreation Facilities and Services	6
KRA 11 Objective 1	Develop a Library Expansion Program Plan	7
KRA 2 Objective 2	Promote water conservation	8
KRA 5 Objective 2	Improve storm drainage	9
KRA 10 Objective 2	Implement Airport Business Plan	10
KRA 1 Objective 1	Improve external communication	11
KRA 4 Objective 1	Enhance the economic performance of the Town	12
KRA 6 Objective 2	Develop 36-acre Event Center site	13
KRA 4 Objective 3	Reduce the number of unsightly properties	14
KRA 4 Objective 2	Enhance the economic performance of the Green Valley Redevelopment Area	15
KRA 3 Objective 1	Improve solid waste collection / recycling	16
KRA 9 Objective 1	Develop a Strategic Performance Measurement Program	17

Capital Expenditures in the FY 2006/2007 Budget

Fiscal policies first adopted in the Town's 1997 Strategic Plan set forth strategies intended to assure that operating and capital expenditures valued less than \$100,000 would be financed on a "pay-as-you-go" basis with cash. Excess cash in the General Fund is transferred to Capital Projects Funds to enable cash appropriations for priority capital expenditures. These fiscal policies, together with exemplary Department Director performance, may result in an increase to the General Fund's fund balance beyond the 8% Reserve requirement. This excess reserve is available for appropriation for capital expenditures as directed by the Town Council.

The Town is completing several major capital projects funded through 1) general obligation bond issues and 2) street special assessment improvement bonds.

On September 9, 2003, qualified electors of the Town authorized the issuance of \$3,555,000 in general obligation bonds of the Town. The debt service is being paid by a 0.12% sales tax increase that became effective in January 2005. The bonds for items 1-3 were issued in fiscal year 2004/2005. The project and debt service are accounted for in fiscal years 2005/06 and 2006/07.

On October 21, 2005 the Town issued \$875,000 of Special Improvement Assessment Bonds to construct Westerly Road in the Town's Green Valley Redevelopment Area. This was a joint public and private project, benefiting both the abutting property owners and the Town. The project will be completed in the first quarter of this fiscal year.

Long-Term Financial Planning

The Town of Payson is dedicated to enhancing the quality of life for its citizens to provide a superior level of service in the most effective and efficient manner, while exercising fiscal responsibility. Payson has been, and will continue to be, very proactive in encouraging quality community and organizational development. Each year, the Town Council and the management staff participate in a Strategic Planning Process to update and enhance Payson's Corporate Strategic Plan (CSP) to accommodate changes in constituents' needs (see page 84). The CSP operationalizes the Town's mission statement and its General Plan by specifying objectives and strategies for achieving them over a five-year planning window. Funding is allocated during the subsequent budgeting process.

Economic growth and development are very important to the Council and its Citizens. It is a very difficult balancing act between economic development and slowing growth due to the lack of a major resource: Water. Several years ago, Payson was selected by Arizona Public Service Company (APS) as the "model community" for a program called "A Focused Future." Based on Payson's success, APS implemented the program in over 35 communities, statewide. In 2003, APS initiated a more enhanced economic development strategic planning process called "Focus Future II." Due to the growth and development occurring in and around Payson, the community was selected to participate in this new program.

Elements of the Focus Future II process included an examination of successes and challenges, issues and trends analysis, and exploration of best practices. Included in the process is the design of a new model of non-traditional economic and quality of life measures developed to monitor successes, as defined by Payson residents. Unique to Focus Future II is the inclusion of the citizenry and stakeholders in the development of community indicators. The process was started in May 2003 and a final draft was presented to the Town Council in the fall of 2004. This document is one of the many policy guides used by Town Council in future budget-planning sessions.

Economic Factors Affecting Budget Decisions

The Town's officials considered many factors during the process of developing the budget for fiscal year 2006/2007. The Town projected to end fiscal year 2005/2006 in a very positive position. The major economic factors impacting the budget for 2006/2007 were a slow, but steady, recovery from the State and Local economic downturn, and an increase in State shared revenues. The Town's sales tax is projected to finish the prior year at 10.0% above the previous year (see chart on page 37) with a 1.5% increase for fiscal year 2006/2007 above the revised 2005/06. All of the State's shared revenues are also showing growth.

Even though the Town is experiencing a slow but positive economic recovery, the Council is still struggling with growth related issues. The State of Arizona, as well as the Town of Payson, is in the midst of a severe drought. Payson is a mountain town whose water is obtained from deep wells within its corporate boundaries. The Council and staff are actively seeking additional new water sources. Until new water is found, the Town has implemented policies designed to slow down the use of our current water resources and to slow down the growth of new demand on existing water resources. The Council and staff have had to make some difficult decisions when addressing this issue.

Acknowledgments

We wish to express our gratitude to the Department Directors of the Town for helping to assemble this budget. The Staff has come together as a team on numerous occasions over the last few months to discuss and resolve each budget challenge presented. I give special thanks to the Financial Services Department staff (Donna Meinerts, Hope Cribb, Cindi Estess, and Janice Hopely) for providing us with timely information, reports, and assistance.

Respectfully submitted,

Fred Carpenter
Town Manager

Glenn W. Smith
Chief Fiscal Officer

BUDGET PROCESS

KEY BUDGET PRINCIPLES

Balanced Budget – The preliminary and final budgets are presented to Council as “balanced budgets”; Revenues = Expenditures/Expenses.

Fiscal Year - The Budget fiscal year begins July 1st and ends June 30th of the following year.

Basis of Budgeting - The Town budgets on a “funds available” basis. In general, funds available are defined as current assets less current liabilities. Revenues and other sources are considered to be increases in funds available. Expenditures/expenses and other uses are considered to be uses of funds available.

Revenues - Any current or delinquent revenues collected during any fiscal year belong to that year. To protect the Town from any uncertainties, an 8-9% reserve is maintained in the General Fund and additional adequate reserves are maintained in the other major operating funds.

Appropriations - Expenditures are authorized for budgeted governmental uses only. Any remaining balance lapses revert to the fund of origin and are subject to re-appropriation in the following fiscal period.

Amendments - The Town Manager may authorize the transfer of funds within a fund. The Town Council has the authority to transfer monies between funds by legislative action.

Budgetary Control - The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established according to Arizona Revised Statutes and Constitution. The Town adopted the Local Home Rule (alternative expenditure) limitation as defined by Article IX, Section 20, sub-section 9, Arizona Revised Constitution.

Purchasing Requirements - Department Directors have authority to spend budgeted funds up to \$10,000. The Town Manager must approve all expenditures of \$10,000 or more. Town Council must approve all purchases of \$25,000 or more.

BUDGET PROCESS OVERVIEW

The budget process is a year-round process; however, there is a period during the year wherein the process intensifies. During the latter part of the calendar year, staff will prepare a status report on the current Corporate Strategic Plan, revise and/or add possible new projects for the new CSP, and prepare for a work study meeting with Council during the last quarter of the current calendar year. In January 2006, staff begins to prepare the department budget documents and starts the forecasting process. During the next several months, staff will update their budget requests by meeting with the Town Manager and Council. This review process will continue through the public hearing and final adoption of the budget in August of the new fiscal period. The Budget has been prepared to meet State

requirements and follows a Budget Calendar that takes into account the many State mandated deadlines.

Forecasting - Forecasting is an essential part of the budget and decision making process. This process starts by updating the Corporate Strategic Plan. The Corporate Strategic Plan is an agenda of priority projects for the Town of Payson. It establishes a Capital Improvement Plan that is a major component in forming a consensus based budget process. Forecasting is a necessary function when implementing the Corporate Strategic Plan of the Town.

Council - The Town Council's goals and policies set the direction for the development of the Budget. The Council's main policy issues serve as guidance to the creation of a budget. These policies are the basis upon which the Department's budgets are formulated.

Town Manager - In addition to the Council's policies and goals, each department identifies and discusses their budget or policy issues with the Town Manager.

Preliminary Budget - Departmental budget is the process where each department will have a chance to evaluate their goals and objectives, and to program the needs of their department. Departments are encouraged to thoroughly review all programs and services classifying all the values and priorities of the Citizens of Payson. It is with this process that the Preliminary Budget is prepared.

Review Process - The Town Manager reviews all department requests and may recommend changes to department priorities and/or projects. The amount of allocation is determined first by historical spending patterns and then adjusting to the current economic conditions. In addition, the Fiscal Policy, located in the Corporate Strategic Plan, defines certain budget constraints related to the Town's projected funding sources and reserves. In the Preliminary Budget, it is the Town Manager's discretion which expenditures will be included according to priorities and budget policies.

Adoption of Tentative Budget, Final Budget, and Property Tax Rates - The Town Manager submits to the Town Council a Proposed Budget document for the next fiscal year. The Proposed Budget is composed of Operating Budgets and major Capital Improvement Programs for the various funds. Council reviews the Proposed Budget with staff through a series of public work-study sessions. In early July, the Tentative Budget is adopted and a public hearing held on the Expenditure Limitation document. In early August, a public hearing is held on the Final Budget, which is then adopted by Council. Within seven days of the Final Budget adoption, a public hearing is held on the proposed Primary and Secondary tax rates where they are then adopted by ordinance. Upon adoption, they are certified to the County Treasurer.

Budget Controls - Each department is responsible to review their monthly financial reports and to limit their expenditures to the authorized budget. Finance staff prepares all monthly reports and completes a preliminary review. Any issues are discussed with the appropriate department. In addition, the major revenue sources of the Town are reviewed monthly and compared to projected amounts.

BUDGET ROLES AND RESPONSIBILITIES

It is the goal of the Town to involve everyone in the Town of Payson in the budget process, either in the formulation, preparation, implementation, administration, or evaluation:

Citizens of Payson - are responsible for participating in the formation of the Corporate Strategic Plan and all public hearings related to the budget process.

Town Manager - is responsible for formulating a Proposed Budget and presenting it to Council.

Town Council - is responsible for establishing the Town's Mission Statement, reviewing and adopting the Corporate Strategic Plan, setting the Town's major goals and objectives, and reviewing the Town Manager's Proposed Budget and approval of all related documents.

Department Directors - are responsible for formulating the priorities of their departments, for developing the Proposed Program Budgets under their control, and submitting it to the Town Manager. In addition, they are responsible for the daily cost management of their programs within the approved budget.

Financial Services Department – The Chief Fiscal Officer is responsible for preparing the preliminary budget documents, assimilating and totaling budget data, and preparing the final budget document for Council consideration.

2006/2007 BUDGET CALENDAR

1. Corporate Strategic Plan – Council/Staff retreat	10/23/05**
2. Corporate Strategic Plan – Council/Staff retreat	11/16/05*
3. Distribute budget worksheets to Departments	1/13/06
4. Corporate Strategic Plan – Council/Staff retreat	1/19/06
5. Draft budget documents due back to Finance. Calculate expenditure caps & preliminary revenue data for operating funds	2/10/06
6. Property Value data due from Assessor	2/14/06
7. Post Property Value data within three (3) days of receipt	2/17/06
8. Adopt Corporate Strategic Plan	2/23/06
9. Special Budget Meeting	3/21/06**
10. Revise revenue projections, surplus funds available, and grants	3/21/06
11. Submit Preliminary Budget document to Town Manager	3/23/06
12. Town Manager and CFO will review and make changes Review changes with each department	3/27/06 – 4/07/06
13. Special Budget Meeting	4/20/06
14. Deliver Proposed Budget document to Council	4/28/06
15. Council work-study sessions with staff to review budget:	
**a. First session / Special meeting	5/23/06 **
**b. Second session / Special meeting	6/01/06 **
c. Third session / Special meeting	6/15/06
Adopt Tentative Budget on or before third Monday in July (7/17/06)	7/13/06 *
17. Publish Budget Summary once a week for two consecutive weeks (Include time and place of Budget hearing and where the proposed Budget may be examined.)	7/18/06 7/25/06
18. Seven (7) days prior to adoption of tax levy: Make property values provided by the County Assessor available for public inspection; and	7/28/06
19. Hold Public Hearing on Final Budget. Adopt Final Budget	8/03/06 **
20. Adopt Property Tax Levy (Levy must be adopted not less than 7 days after Final Budget, but on or before the third Monday in August (8/21/06))	8/10/06 *
21. Forward certified copy of tax levy ordinance to County by the third Monday in August (8/21/06)	8/11/06

Comments:

* *Regular scheduled Town Council meeting*

** *Special Town Council Meeting.*

FINANCIAL STRUCTURE**Basis of Accounting**

Basis of accounting refers to the point at which revenues and expenditures are recognized. "Cash basis" means that revenues and expenditures are recorded when cash is actually received or paid out. "Full accrual basis" recognizes revenues when earned (rather than received) and expenditures when an obligation to pay is incurred (rather than when the payment is made). Governments typically use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when measurable and available to finance expenditures of the current fiscal year. The definition for available revenue is revenue that is collectable within the fiscal year, or soon thereafter, to be used to pay current period obligations. Other than principal and interest on long-term debt, expenditures are recognized in the accounting period in which the liability was incurred.

The Town of Payson uses the modified accrual basis of accounting and accounts for governmental funds on a current financial resources focus. Governmental funds include:

- General Fund
- Special Revenue Funds
- Debt Service Fund
- Capital Projects Funds

Proprietary funds are accounted for on an accrual basis of accounting. Proprietary funds include:

- Enterprise Funds

The Town's Water Fund, an enterprise fund, uses the flow of economic resource measurement focus under the full accrual basis of accounting.

Basis of Budgeting

Each year, the Financial Services Department projects revenues (income) for the ensuing four years. The first year of the four-year projection is used as the basis for the annual operating budget. The annual operating budget balances operating expenditures with operating revenues. It also provides for adequate maintenance of capital plant and equipment, including timely replacement.

The Town budgets for governmental funds, which include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, are prepared on the modified accrual basis of accounting. Under this method, revenues (income) are recognized in the period they become measurable and available to finance expenditures of the period and expenditures (expenses) are recorded when incurred.

The budget for proprietary funds, which include Enterprise Funds and Internal Service Funds, are prepared using the full accrual basis of accounting, with the exceptions listed

below. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

- Capital Outlay is budgeted as an expense in the year purchased
- Proceeds from the issuance of debt are considered to be revenues, not an increase in liabilities
- Principal payments are shown as expenses rather than reductions of the liability
- Development fees are shown as revenue, not capital contributions
- Proceeds from the sale of assets are recognized as revenue; however, the gain or loss is not
- Accrued compensated absences are not considered to be expenditures until paid

BUDGET DOCUMENT GUIDE

This budget document was prepared with two major objectives in mind. First, to present a document that is easy to read and understand by the average Citizen. Second, to prepare a fiscal plan to be utilized by the Town Council and Town Management to attain their goals and objectives in providing quality services at a reasonable cost to the Citizens of Payson.

The Town of Payson is moving toward compliance with many of the Government Finance Officers Association's (GFOA) guidelines for budget presentation and continues its efforts to improve communication and presentations to its citizenry. The guidelines set forth by GFOA will ultimately allow the Town to meet both of the objectives previously mentioned. Given the constraints of a small community, this budget document is continually being changed and is coming closer to meeting the requirements as a:

- Policy Document
- Operations Guide
- Financial Plan
- Communications Device

Policy Document

As a policy document, the Town Council has established specific strategies to achieve its goals through policy decisions as noted in the Town Manager's Budget Message. These sections are:

- General information section describing the cost center's operations, areas of responsibility, and objectives;
- Budget highlights section indicating any major changes within cost centers required to accomplish its program goals and objectives;
- Funding source section reflecting the resources to be used by the cost center;
- Summary by category section showing historical information and expenditure commitments to attain goals; and
- Authorized personnel sections, if applicable, showing number of authorized positions, pay grades, and historical data.

Operations Guide

As an operations guide, each cost center has listed 2004/2005 Audit expenditures, 2005/2006 Budget, 2005/2006 Revised Budget, and the 2006/2007 Approved Budget in summary, for comparative purposes, by five major categories:

- **Personnel Services** – all wages, fringe benefits, and employee related expenditures.
- **Supplies and Miscellaneous Charges**- general supplies, repair and maintenance supplies, and other minor items.
- **Purchased Services** - contractual repair and maintenance, professional services, dues and subscriptions, staff training and development, utility expenditures, insurance, jail costs, and similar items.
- **Capital Outlay** - acquisition of capital items whose value is \$5,000 to \$10,000 and whose life expectancy is greater than one year. Primarily will be relatively minor equipment and improvements. Land, vehicles, buildings, and equipment whose value is greater than \$10,000 have their own cost center in the Capital Projects Fund.
- **Operating Transfers Out / Debt Service** – Operating Transfers Out accounts for funds that are transferred between various funds to support the acquisition of capital items and general operations. Funds are transferred into the Debt Services funds to cover the payment of the principal on lease purchase debt, bonds, and related interest.

Financial Plan

As a financial plan, the major revenue sources are presented in numeric and graphic format as part of the General Fund Summary. The major revenue sources, as well as other revenue sources, are presented in the statistical section, which include historical data, 2004/2005 Actual, 2005/2006 Unaudited, and 2006/2007 Estimates.

The final section of the Budget document, Schedules and Statistics, includes the resolution adopting the Tentative Budget, the Expenditure Limitation, the Final Budget, required State Budget Forms, and a glossary of terms within the budget document.

Communications Device

The Budget Document contains narratives that are simple and understandable. It contains graphs and charts for emphasis. The Tentative and Final adopted Budgets are available for public review at various locations, including the Public Library, Town Clerk's Office, and the Financial Services Office.

EXPENDITURE ELEMENTS

General Fund

Arizona Statutes stipulate that no expenditures may be made for a purpose not authorized in the annual budget. This makes it extremely important for the budget to be closely monitored to ensure that expenditures do not exceed the amount budgeted. Budget item expenditures/expenses may not exceed the amount indicated in the Final Adopted Budget. However, if an emergency arises that necessitates the transfer of funds between budgeted items, the Statutes provide authorization for such transfers. A.R.S. Section 42-303 E allows an entity to exceed expenditures in budget items after final adoption of the budget. The transfer of funds between budget items may accomplish this. The budget merely sets forth the purposes that specific amounts of money may be expended, if and when the funds become available. Good budget administration ensures that no financial obligations are incurred until there is money available to pay the obligation, and that the budget has allocated the amount to be expended.

The Town accounts for expenditures in six categories: 1) Personnel Services, 2) Supplies and Miscellaneous Charges, 3) Purchased Services, 4) Capital Outlay, 5) Debt Services, and 6) Operating Transfers Out.

1) *Personnel Services* – this category is the largest cost item. The 2006/2007 Fiscal Year Budget percentage for personnel related expenditures is 63% of the total General Fund Budget, and 70% of the operating budget (excluding major capital outlay and grants). The reason for such a high percentage is that all personnel functions of the Town, except streets, utilities and library, are located within the General Fund. All costs related to Personnel Services are included in the figure. It includes full time salaries, part-time and temporary salaries, over-time, payroll taxes, insurance, and retirement expenditures.

2) *Supplies and Miscellaneous Charges* – these expenditures are for general supplies, repair and maintenance supplies, professional and contractual services, and similar services. This year's budget is 6% of the total General Fund budget, which is relatively the same as last year.

3) *Purchased Services* – these expenditures are for expenses purchased by the Town, such as dues and subscriptions, staff training and development, utility expenditures, insurance, jail costs, and similar items. This year's budget accounts for 12% of the total General Fund budget and is the same percentage as last year.

4) *Capital Outlay* – this portion of the General Fund accounts for capital outlay expenditures whose individual cost value is between \$5,000 and \$10,000. All capital outlay expenditures above \$10,000 are accounted for in the Capital Projects Fund (see Transfers Out). This year's budget for minor capital outlay represents 0% of the total General Fund budget.

5) & 6) *Debt Service and Operating Transfers Out* – The General Fund transfers funds to the Debt Service Fund sufficient to cover principal and interest on Capital Lease/Purchase agreements related to General Government operations. This amounts to 6.19% of the

Budget Summary

Operating Transfers Out amount and 1.19% of the total General Fund budget. In addition to Debt Service, the General Fund transfers funds for various major capital improvement projects - \$1,644,066 (53.55% of the Operating Transfers Out budget and 10.3% of the total General Fund budget). This budget item also includes a \$1,153,820 transfer to the HURF Fund for major capital projects related to the Town's infrastructure. The Operating Transfers Out account includes a \$47,210 transfer to the Airport Fund and \$245,150 to support Library operations. There is also a transfer of \$163,270 to the Green Valley Redevelopment Fund to support economic development. A new pilot program was funded to establish a Police Officer Reserve program with \$132,800.

FY 2006/2007 BUDGET SUMMARY

Consolidated Annual Budget - Revenues/Expenditures/Other Sources and Uses

	AUDIT 2004/2005	BUDGET 2005/2006	REVISED 2005/2006	BUDGET 2006/2007
REVENUE SOURCES				
General Fund	\$12,118,566	\$12,814,010	\$13,498,560	\$14,091,980
Special Revenue Funds	6,022,597	9,335,444	7,849,979	8,870,600
Debt Service Funds	1,083,475	1,075,790	1,303,660	1,864,310
Capital Improvement Funds	3,337,172	4,755,946	2,763,179	3,456,163
Enterprise Funds	4,209,003	3,794,140	4,064,750	4,027,950
Total revenues sources	26,770,813	31,775,330	29,480,128	32,311,003
Add use of carry forward	(3,582,224)	8,050,101	1,566,723	7,084,306
Total Revenues & Other Financing Sources	\$23,188,589	\$39,825,431	\$31,046,851	\$39,395,309
EXPENDITURES/EXPENSES				
General Fund	\$11,609,190	\$14,030,864	\$13,231,584	\$15,946,962
Special Revenue Funds	4,608,023	10,417,770	7,607,726	10,841,670
Debt Service Funds	825,332	1,410,030	1,351,426	1,769,884
Capital Improvement Funds	2,175,046	8,637,377	3,937,485	5,984,813
Enterprise Funds	3,970,998	5,329,390	4,918,630	4,851,980
Total Expenditure/ Expenses & Other Uses	\$23,188,589	\$39,825,431	\$31,046,851	\$39,395,309

Budget Summary By Classification

Classification	Audit 2004/2005	Budget 2005/2006	Revised 2005/2006	Approved 2006/2007
Personnel Services	\$10,230,980	\$12,331,750	\$11,778,640	\$13,384,160
Supplies & Misc. Charges	2,475,670	3,025,790	2,507,941	2,727,369
Purchased Services	3,811,663	5,181,051	4,752,770	6,506,876
Capital Improvement Projects	2,752,176	14,374,000	7,035,850	9,514,138
Debt Service	968,498	1,409,350	1,360,366	1,969,284
Depreciation	835,E-911	868,250	858,090	858,090
Total Before Transfers Out	21,074,898	37,190,191	28,293,657	34,959,917
Transfers Out	2,113,691	2,635,240	2,753,194	4,435,392
Total	\$23,188,589	\$39,825,431	\$31,046,851	\$39,395,309

**Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2006-2007**

FUND/DEPARTMENT	Adopted Budgeted Expenditures/ Expenses 2005/2006	Actual Expenditures/ Expenses 2005/2006	Budgeted Expenditures/ Expenses 2006/2007
GENERAL FUND			
Administration- General	\$835,340	\$860,090	\$844,830
Council	155,150	147,610	166,650
Clerk	351,590	345,070	391,440
Court	135,980	69,400	80,700
Manager	195,200	194,760	202,900
Attorney	499,030	457,310	512,510
Financial Services	483,530	404,920	447,990
Elections	59,100	77,670	-
Boards & Commissions	1,800	290	-
Police-Communications	535,580	489,080	639,720
Police - Operations	3,467,010	3,410,480	3,910,250
Fire Protection	2,483,280	2,347,360	2,627,240
Human Resources/Risk Management	192,370	209,620	271,690
Community Development	886,020	808,520	949,000
Public Works Engineer	147,150	137,650	149,660
Animal Control	130,780	127,490	130,360
Parks	634,870	607,230	713,390
Recreation	375,170	317,760	357,340
Aquatics	114,210	110,890	130,230
Computer Information Services	226,510	200,350	268,780
Contingency	300,000	38,526	-
Health and Welfare	137,500	137,040	132,000
Total General Fund	\$12,347,170	\$11,499,116	\$12,926,680
SPECIAL REVENUE FUNDS			
Highway Users Tax Fund	\$5,732,327	\$4,299,070	\$5,345,350
Bed Tax Fund	120,000	120,100	167,800
Library District Tax Fund	459,590	438,840	485,940
Event Center Fund	45,270	45,570	49,670
Gifts and Grants Fund	63,800	33,080	89,535
Airport Fund	1,303,377	188,500	635,690
Self-Funded Insurance Fund	1,779,310	1,716,540	1,977,610
Wildland/Urban Program Fund	302,100	220,280	242,600
Police Reserve Academy Fund	60,600	40,630	146,670
Rainy Day Fund	-	-	637,616
FTG Fund	8,376	1,040	10,700
JCEF Fund	38,944	-	40,179
Total Special Revenue Funds	\$9,913,694	\$7,103,650	\$9,829,360

Budget Summary

**Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2006-2007 – Continued**

FUND/DEPARTMENT	Adopted Budgeted Expenditures/ Expenses 2005-2006	Actual Expenditures/ Expenses 2005-2006	Budgeted Expenditures/ Expenses 2006-2007
DEBT SERVICE FUNDS			
Debt Service Fund-Lease	\$339,920	\$339,920	\$773,364
East Loop Road Improvement Fund	362,400	232,396	233,250
Excise Tax Obligation Series 2003	120,980	121,080	118,720
General Obligation Bond Series-04	184,630	184,630	248,740
Green Valley Park Project	217,100	216,600	218,800
Rumsey Park C.O.P.	-	39,180	90,330
Westerly Rd Improvement Fund	-	32,620	86,680
Total Debt Service Funds	\$1,225,030	\$1,166,426	\$1,769,884
CAPITAL PROJECTS FUNDS			
Capital Projects Fund	\$ 321,200	\$279,500	\$937,100
Park Development Fund	997,312	607,460	290,000
Green Valley Redevelopment Fund	529,000	169,620	698,930
Grant Funded Capital Projects	2,049,890	550,660	1,062,230
Airport-Box Hangar Project	-	-	650,000
Public Safety Bond Project Fund	1,774,240	944,950	988,360
Westerly Road Improvement Proj.	1,225,000	922,005	-
Construction-Excise Tax Rev Obliga.	271,742	11,230	-
Central Arizona Project Trust Fund	1,468,993	382,880	1,267,863
Total Capital Projects Funds	\$8,637,377	\$3,868,305	\$5,894,483
ENTERPRISE FUND			
Water Fund – Administration	\$ 260,930	\$ 232,760	\$ 389,870
Water Fund – Accting & Collections	368,750	331,250	384,630
Water Fund – Operations & Maint.	1,433,180	1,290,560	1,354,130
Water Fund – Resources	355,520	377,090	383,650
Water Fund – Production Operation & Maintenance	425,090	421,650	466,790
Water Fund – Green Valley Pk Mtce.	64,520	24,250	26,520
Water Fund –Transmission & Distribution	952,540	855,210	835,130
Water Fund - WQARF Site Prod.	157,710	179,310	158,790
Water - Capital Projects	1,048,680	944,080	540,000
Total Enterprise Fund	\$5,066,920	\$4,656,160	\$4,539,510
TOTAL ALL FUNDS	\$37,190,191	\$28,293,657	\$34,959,917

BUDGET OVERVIEW

The total 2006/2007 Budget is \$39,395,309. The \$430,122 (1.08%) decrease over last fiscal year budget is primarily due to a completion of major street projects and implementation of the balance of the market adjustments in salaries.

Major Funds

- *General Fund:* The General Fund is the Town's general operating fund supported by taxes, user fees, and other revenues that may be used for any lawful purpose. This fund is used to account for all financial transactions of the Town, except those required by law, agreements, or general accounting standards requiring another fund.

The General Fund consists of the following cost centers:

Mayor and Council
Boards and Commissions
Town Manager
Town Attorney
Town Court
Human Resources/Risk Management
Aquatics
Community Development and Planning
Contingency
Financial Services
Fire Department
General Government Administration – Building & Plant
Health and Welfare Programs
Computer Information Systems
Police Department (General Operations, Communications, Animal Control)
Park Maintenance
Recreation Programs
Town Clerk and Elections
Town Engineer
Operating Transfers Out to Other Funds

- *Highway Users Revenue Fund (HURF)* – More commonly called the Street Fund, HURF is funded primarily by monies received from the State of Arizona. This year, we are anticipating receiving \$1,939,610 in State Shared Revenues, \$180,000 in Development Impact Fees, \$857,950 in various Grants, \$1,279,610 operating transfer from the General Fund, and \$102,210 of miscellaneous revenues. The use of these funds is restricted to the operation and maintenance of the Town's infrastructure (roads, curbs, and gutters).

- *Water Fund* - The Town operates one utility, a municipally owned water company. It is funded entirely by user fees. In 1994, the Town entered into an agreement wherein it assigned its share of the Central Arizona Project Water (CAP) to the City of Scottsdale, Arizona, in exchange for \$4,218,797, which was placed in trust. The Water Trust fund monies are used only for the purposes of defraying the expenses associated with investigating, planning, designing, constructing, acquiring, and/or developing an alternative water supply to replace the CAP water assigned to Scottsdale. The CAP cash balance is projected to be \$1,237,863 as of June 30, 2006. This fiscal year's budget provides the opportunity to use all of the remaining balance. Appropriating the total balance allows the Town to have the funds available, if the opportunity to acquire water or look for additional water sources presents itself.
- *Capital Improvement Funds*-The Town annually adopts a five-year Capital Improvement Program. The program consists of major projects in the Capital Improvement Fund, Grant Capital Improvement Fund, Street Fund (HURF), Park Development Fund, and the Water Fund. The total budget for fiscal year 2006/2007 is \$9,914,138. This is 34.02% less than last year, primarily due to completion of several major projects. The major projects for fiscal year 2006-07 are: \$1,062,230 in various Grant Capital projects (Grant supported); completion of the Rumsey Ball Fields Project @ \$190,000 (Certificate Of Participation. Bond funding); Historic Preservation Grant @ \$469,770; and completion of Public Safety Bond Project @ \$988,360 (Sales Tax Bond funded). Major street projects include Mud Springs Road – Frontier to Granite Dells Road @ \$800,000; annual Pavement Preservation Project @ \$550,000; traffic signal at Airport Road and State Highway 87 @ \$205,000 (Town's match); completion of McLane Road – Forest to Airport Road @ \$1,000,000 and St. Philips St. widening project @ \$696,000.

All Funds Revenue Analysis

The major sources of revenue that support the Town's operations are: Local Taxes – 19.0%, State Shared Revenues – 13.1%, Intergovernmental Revenues - 1.0%, Charges for Services – 25.6%, Grants – 7.8%, Operating Transfers In – 11.3%, Debt Proceeds – 3.0%, and Use of Fund Balance – 18.0%.

There are two components of Local Taxes: Sales taxes and Property taxes.

1. **Local Sales Tax** - This major source of revenue finances the General Fund and its related operations. Local Sales Tax revenue is estimated for this fiscal period at \$6,241,400 derived from a 2.0% tax. The sources of this tax are retail sales, hotel/rental/leasing properties, utilities, telecommunications sales, construction or contracting sales, restaurants, and bars.
2. **Property Tax** - The Arizona State Constitution and State statutes specify a property tax limitation system. This system consists of two levies: a strictly limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary property tax levy.

- A primary tax levy may be imposed for all purposes. The primary tax levy is limited to an increase of 2% over the previous year's maximum allowable primary levy plus an increased dollar amount due to a net gain in property not taxed the previous year (A.R.S. Section 42-301). The Budget was adopted with a decrease in the Primary Tax Levy rate from \$0.2752 per \$100 of assessed valuation to \$0.2640 per \$100 of assessed valuation. This resulted in about \$14,577 increase in revenue due to new construction, as defined in the Statutes.
- A secondary tax levy is limited to the retirement of the principal and interest or redemption charges on bonded indebtedness. This budget contains a Secondary Tax Levy of \$0.0646 per \$100 of assessed valuation, or \$160,000, to cover the General Obligation Bond Debt Service due on the Green Valley Park Bond Issue.

There are four major components of the State Shared Revenues: Shared Sales Tax, Income Tax, Highway Users Tax, and Local Transportation Assistance Fund (LTAF).

1. State Transaction Privilege Tax (Sales Tax) Revenue – Arizona cities and towns share a portion of the total amount collected from the 5.6% State sales tax. The Town's portion of the shared tax is based on the relationship of its population to the total population of all cities and towns in Arizona according to the 2000 census.
2. State Income Tax Revenue (Urban Revenue Sharing) – Arizona cities and towns share a portion (15%) of the total amount collected from the State income tax. The Town's portion of the shared tax is based on the relationship of its population to the total population of all cities and towns in Arizona according to the 2000 census.
3. Highway Users Tax Fund – Arizona cities and towns receive a share (27.5%) of State motor vehicle fuel taxes. The distribution formula is based on two separate calculations. The first half is based on an entity's population in relation to the State's total population according to the 2000 census. The remaining half is allocated on the basis of the "county of origin" and the relationship of a municipality's population to the population of all incorporated cities and towns in the county. There is a State constitutional restriction of the use of these funds; they must be used solely for street and highway purposes.
4. Local Transportation Assistance Fund (LTAF) – This source of State shared revenue is derived from the State lottery. Distribution is based on population, with all cities and towns receiving at least \$10,000. A minimum total distribution is guaranteed to cities and towns in the amount of \$20.5 million for each fiscal year. The maximum amount is \$23 million, if this amount is generated by the lottery. Eligible expenditures of these funds would include street and highway projects, as well as transit programs (i.e. purchase of buses).

A secondary LTAF was established derived from revenue received from the Powerball lottery. The monies in this secondary LTAF are distributed differently than the original LTAF. An award schedule was established based upon population and a ratio match (i.e. such as 1-1 or 1-4 match). All monies awarded from the secondary LTAF can only be used for public transit services, including operating and capital purposes.

There are three components of intergovernmental revenue: Vehicle License Tax, revenue received from the Bureau of Indian Affairs (BIA), and the Gila County Library District Assistance to Public Libraries.

1. *Vehicle License Tax* – All cities and towns in Arizona receive a 25% share of the net revenues collected for the licensing of vehicles in their County. Each city and town's share within its County is based on the entity's population in relation to the County as a whole. The County Treasurer distributes the revenues through the Arizona Department of Transportation – Motor Vehicle Division.
2. *BIA Intergovernmental Agreement Revenues* – The Town has an IGA with the BIA to provide public safety services to the Tonto Apache Indian Tribe, which is located within the Town.
3. *Gila County Library District Assistance to Public Libraries* – The Gila County Library District distributes 80% of its revenues to public libraries that participate in its program. The Town receives \$200,400 from the District. This amounts to 43.4% of the Town's library budget. The balance of funding comes from grants, library fines, and a \$245,150 transfer from the General Fund.

Charges for Services are made up of a variety of revenue sources. The major funding sources are: Water Fund - \$4,027,950, General Fund - \$862,900, Highway Users Tax Fund Impact Fees - \$180,000, Park Development Fees - \$140,000, Airport Fund user fees - \$118,300, Event Center user fees - \$13,000, and Wildlands/Urban Fire Fees - \$242,600.

Other Miscellaneous Revenues – The main revenue sources supporting this item are: Licenses and Permits - \$571,750, Fines and Donations - \$293,800, Gross Receipts Business Tax - \$345,340, and other items, such as assessments on Debt Service and miscellaneous revenues.

Operating Transfers In – The Town's funds are supported by the following transfers in: Highway Users Tax Fund (HURF) - \$1,175,820 (\$1,153,820 from the General Fund and \$19,000 from the Event Center). Library Fund receives \$245,150 from the General Fund. Capital Project Fund - \$485,246 from the General Fund. Grant Capital Projects Fund - \$5,000 and Green Valley Redevelopment Fund - \$163,270 from the General Fund. Airport Fund - \$121,240 (\$47,210 from the General Fund and \$74,030 from the HURF Fund). The General Fund will receive \$62,470 from the HURF Fund, \$53,000 from the Bed Tax Fund and \$312,470 from the Water Fund. In addition, the Multi-Event Center will receive \$68,860 from the Bed Tax Fund. Council established a Rainy Day Fund by transferring \$637,616 from the General Fund. The Council also approved \$132,800 to fund a new pilot program called Police Reserve Academy Fund.

Debt Service Fund – \$785,600 for leased debt: \$153,540 from the General Fund, \$632,060 from the HURF Fund. The General Fund will transfer \$36,630 to fund the Excise Tax Obligation Debt (debt on construction of the new Public Works Facility). The Airport Fund

will transfer \$102,890 to fund its portion of the Excise Tax Obligation Debt (revenue from lease rental of new hangars).

Use of Fund Balance – The major Use of Fund Balance is General Fund – \$1,236,466: \$637,616 to Rainy Day Fund and \$1,217,366 to Street Fund. \$1,754,530 – Street (Highway Users Revenue Fund) for major projects. Central Arizona Project Fund – \$1,237,863 for authorized projects. \$1,170,413 for major capital projects funded in prior periods.

Town Sales Tax Revenue

DESCRIPTION

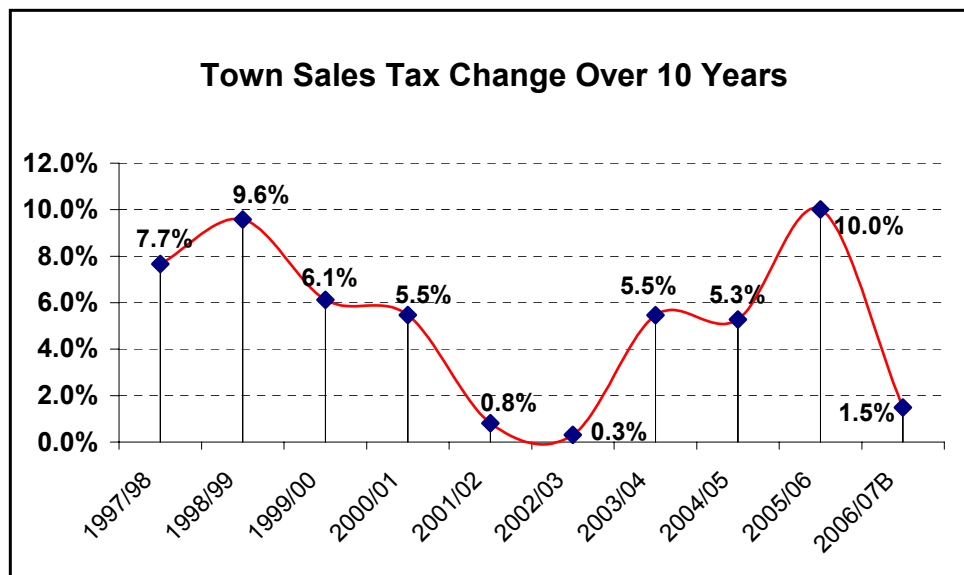
The Transaction Privilege Tax (Sales Tax) is collected on the gross receipts of business activities that occur within the Town of Payson. The Town's rate of 2%, combined with the State rate of 5.6% and the Gila County rate of 1% for a total Sales Tax of 8.6%. The Town adopted the Model City Tax Code and has an Intergovernmental Agreement (IGA) with the State Department of Revenue to administer and collect the Sales Tax of the Town. The collected funds are deposited directly into the Town's Depository on a timely basis and the Town is notified, by facsimile, as to the amount.

Analysis:

Fiscal Year Ending 6/30	Amount	% Change From Previous Year
1997/98	4,059,853	7.7%
1998/99	4,448,643	9.6%
1999/00	4,721,021	6.1%
2000/01	4,979,156	5.5%
2001/02	5,019,736	0.8%
2002/03	5,035,164	0.3%
2003/04	5,310,375	5.5%
2004/05	5,590,010	5.3%
2005/06R	6,150,000	10.0%
2006/07B	6,241,400	1.5%

The Town has experienced a continuous growth in sales taxes during the fiscal period 1997/98 – 2006/07. This revenue is mainly influenced by retail sales, Consumer Price Index, increase in tourism in the area and Arizona, and the increase in the population of Payson and its neighboring communities. There was a slowing down in the economy from FY 1999/00 to 2002/03. This slow down related to the downturn in the national economy, Arizona, and Payson. A slow recovery began in FY2003/04, due in part to a WalMart Superstore. The increase in 2005/06 Sales Tax revenue is associated with the new Home Depot.

In keeping with the fiscal policies of the Town, the FY 2006/2007 revenue estimation is very conservative.



Franchise Tax Revenues

DESCRIPTION

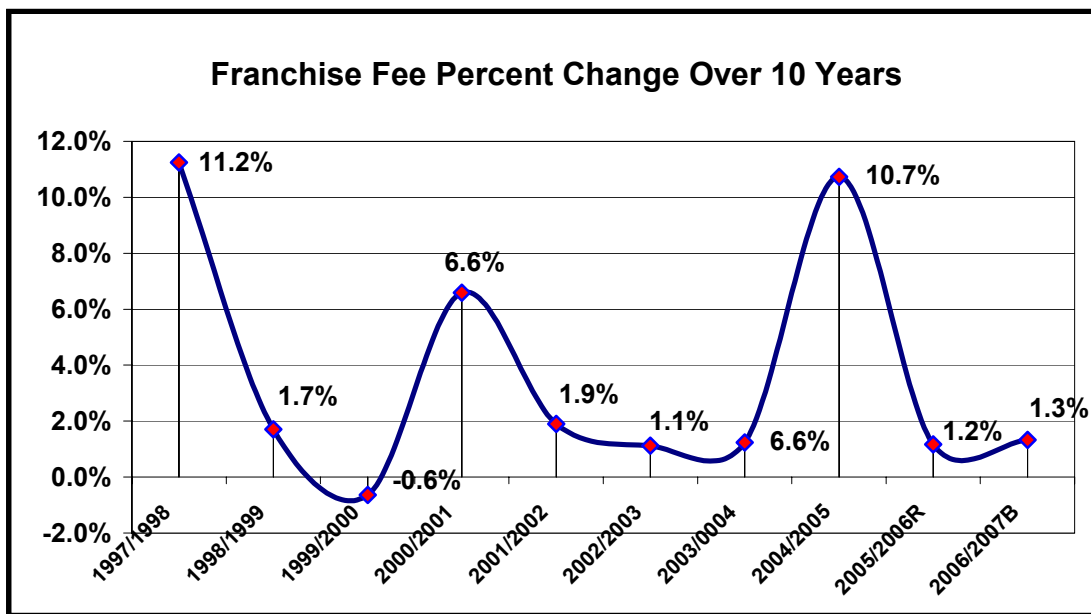
Franchise Tax is based on the gross sales of utility companies. Those that currently remit a tax are Arizona Public Service, Energy West Gas Company, and Cable Vision.

Fiscal Year Ending 6/30	Amount	% Change From Previous Year
1997/98	270,751	11.2 %
1998/99	275,362	1.7 %
1999/00	273,589	(0.6)%
2000/01	291,615	6.6%
2001/02	297,149	1.9%
2002/03	300,495	1.1%
2003/04	304,226	1.2%
2004/05	329,470	8.3%
2005/06R	340,830	3.4%
2006/07B	345,340	1.3%

Analysis:

The Franchise tax revenues have shown a modest increase in each year except for fiscal period ending 1999/00. FY2001/02 through FY 2003/2004 shows a flattening out of this revenue source. An increase in the cable TV fee resulted in increased revenue estimate for fiscal year 2004/05.

Fiscal year 2006/07 revenue estimation shows a slight, conservative gain.



Building Permit Revenue

DESCRIPTION:

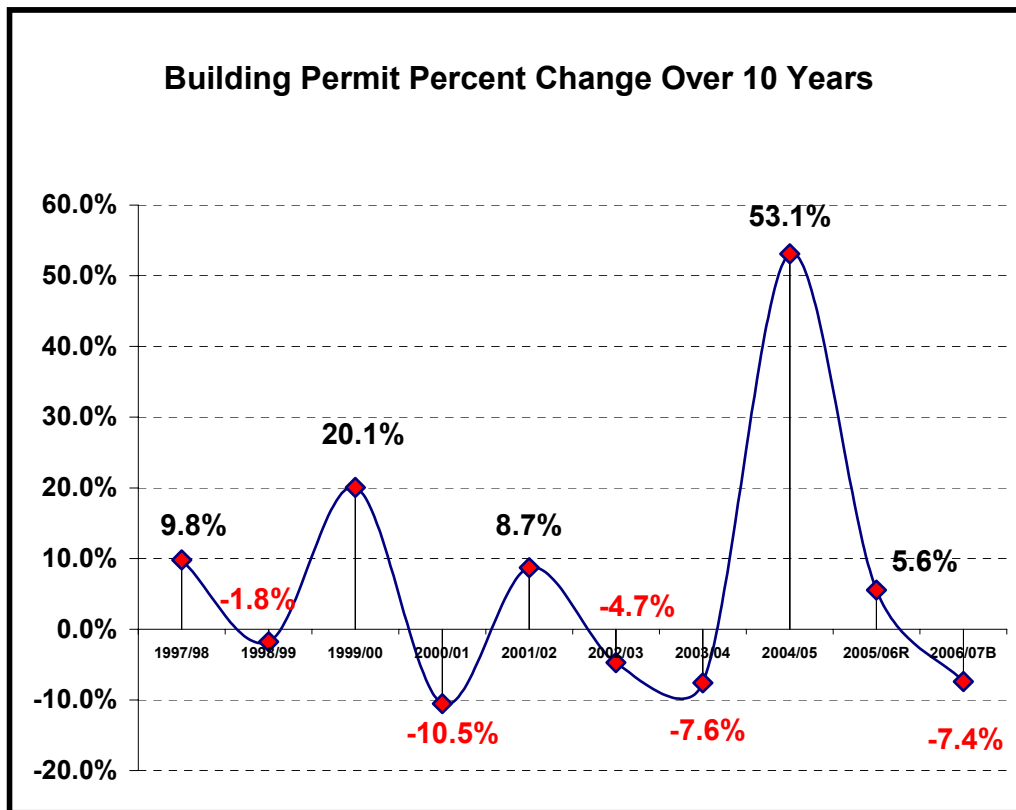
Building permits are assessed based on the administrative fee structure of the Town. Fees are charged for building, plumbing, mechanical, and electrical construction activities.

Fiscal Year Ended 6/30	Amount	% Change From Previous Year
1997/98	330,853	9.8 %
1998/99	325,000	(1.8)%
1999/00	390,226	20.1 %
2000/01	291,615	(10.5)%
2001/02	379,524	8.7 %
2002/03	361,593	(4.7)%
2003/04	334,158	(7.6)%
2004/05	485,260	45.2 %
2005/06R	540,000	11.3 %
2006/07B	500,000	(7.4)%

Analysis:

Building Permit revenue experienced an increase in 1999/2000 due to an increase in residential permits. The spike in 2004/05 is attributed to an increase in both residential and major commercial permits.

FY 2006/07 shows a decrease over FY 2005/06 to reflect a conservative growth rate.



State Shared Income Tax Revenue

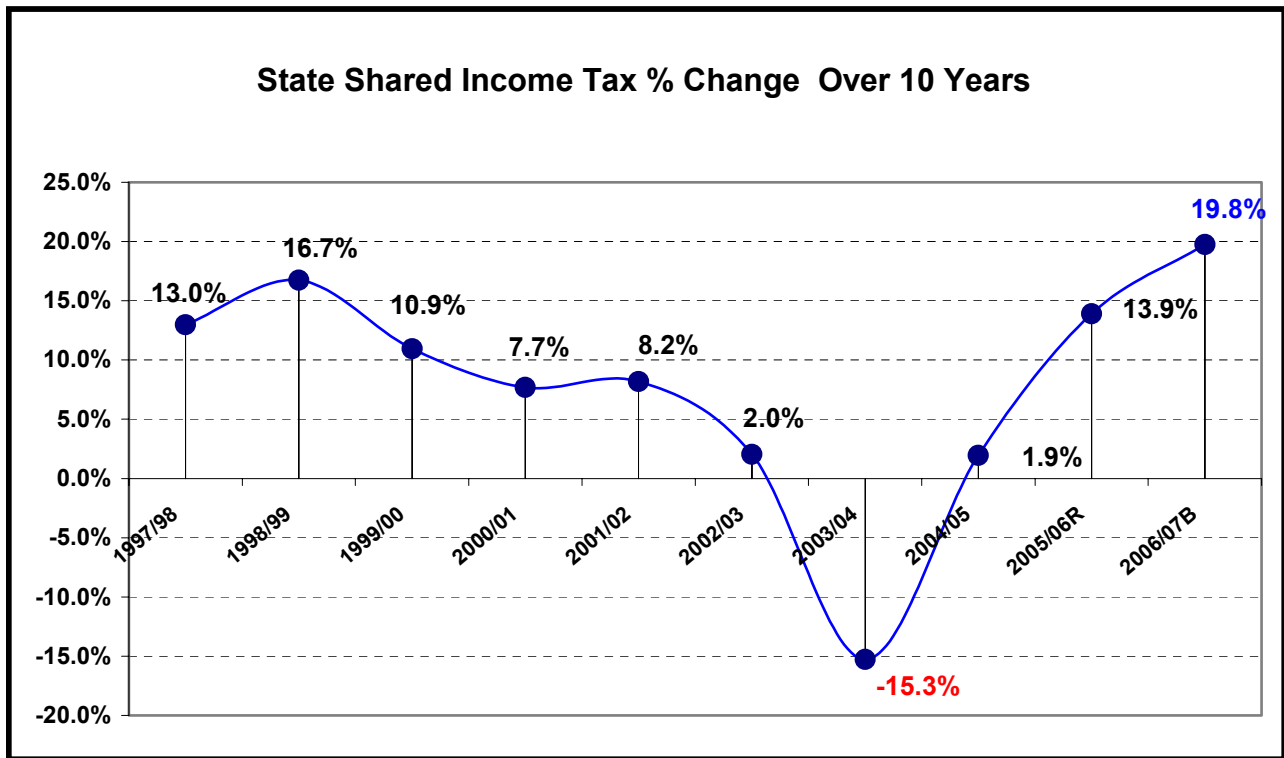
DESCRIPTION:

Arizona Cities and Towns share a portion of the total amount collected from the State's income tax. The Town's share of the State income tax is based on the relationship of its population to the total population of all cities and towns within the state.

Fiscal Year Ending 6/30	Amount	% Change From Previous Year
1997/98	941,333	13.0%
1998/99	1,098,925	16.7%
1999/00	1,219,219	10.9%
2000/01	1,313,094	7.7%
2001/02	1,420,583	8.2%
2002/03	1,449,592	2.0%
2003/04	1,228,107	(15.3)%
2004/05	1,252,053	1.9%
2005/06R	1,426,000	13.9%
2006/07B	1,707,790	19.8%

Analysis:

The State shared income tax revenues mirror the State's economy. There is a two-year lag in the shared revenue. FY2003/04 shows the effect of the two-year lag from the 9/11 disaster. Payson experienced a decline in State Shared Revenue from 1998/99 to 2003/04. A steady increase from FY2004/05 to FY2005/06 demonstrates the positive State and National economic impact on the State's revenue picture.



State Shared Sales Tax Revenue

DESCRIPTION:

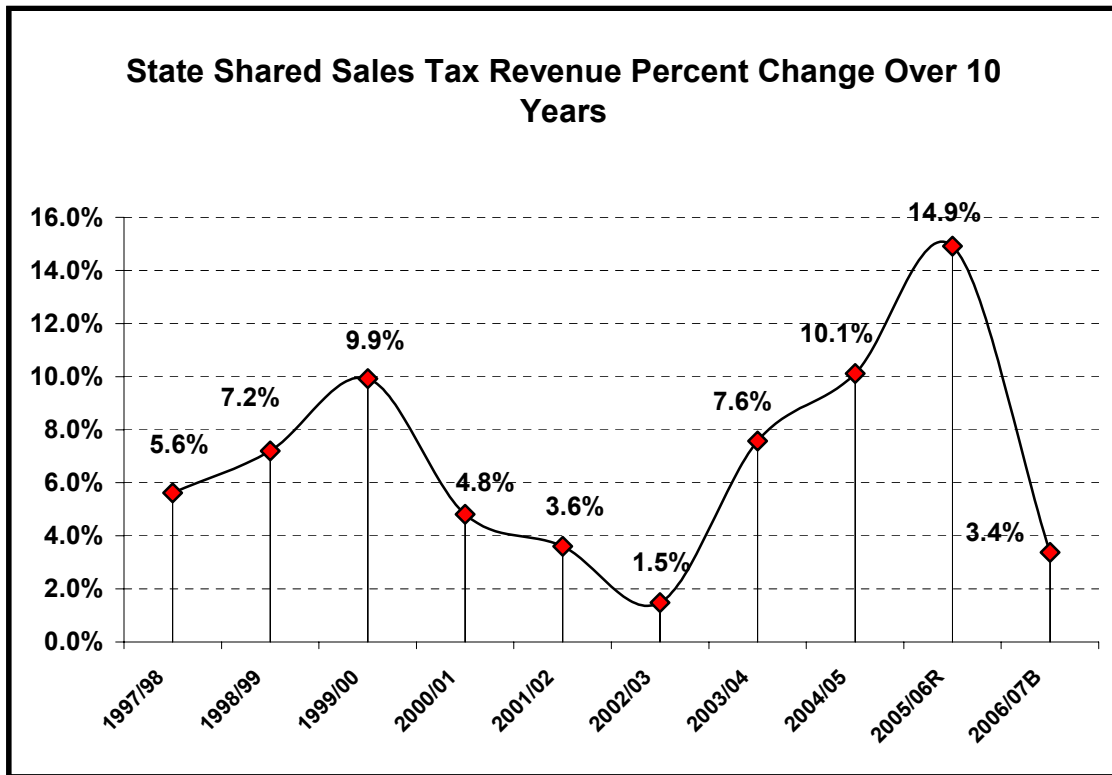
Arizona Cities and Towns share a portion of the total amount collected from the State sales tax. The Town's share of the State Sales Tax is based on the relationship of its population to the total population of all cities and towns within the state.

Fiscal Year Ending 6/30	Amount	% Change From Previous Year
1997/98	820,320	5.6%
1998/99	879,342	7.2%
1999/00	966,571	9.9%
2000/01	1,013,094	4.8%
2001/02	1,049,563	3.6%
2002/03	1,065,190	1.5%
2003/04	1,145,853	7.6%
2004/05	1,261,761	10.1%
2005/06R	1,450,000	14.9%
2006/07B	1,498,910	3.4%

Analysis:

The State's shared sales tax revenue reflects the recovery in Arizona's economy on a statewide basis. Payson has received a steady increase in the amount of State Shared Sales Tax Revenue received since FY1997/98.

FY 2006/2007 estimate was provided to the Town by the State of Arizona.



Auto-in-Lieu Revenue

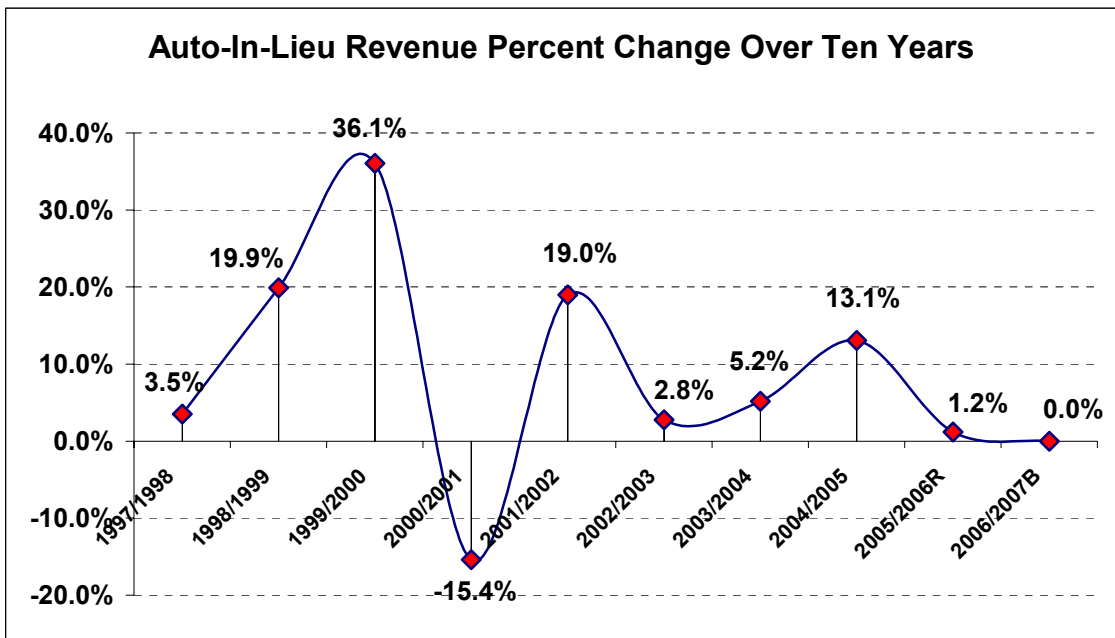
DESCRIPTION:

Arizona Cities and Towns receive a 25% share of the net revenues collected for the licensing of vehicles in their County. Each entity's share within their County is based on the entity's population in relation to the County as a whole. The County Treasurer distributes these revenues.

Fiscal Year Ending 6/30	Amount	% Change From Previous Year
1997/98	480,307	3.5%
1998/99	575,764	19.9%
1999/00	783,430	36.1%
2000/01	662,970	(15.4)%
2001/02	788,901	19.0%
2002/03	810,736	2.8%
2003/04	852,815	5.2%
2004/05	964,324	13.1%
2005/06R	975,840	1.2%
2006/07B	975,840	0.0%

Analysis:

Although the growth rate has been very sporadic, the revenue stream from auto-in-lieu has been increasing steadily since FY1997/98; the exception was FY2000/01, reflecting the economic impact of the 9/11 disaster.



Highway Users Tax Revenue

DESCRIPTION:

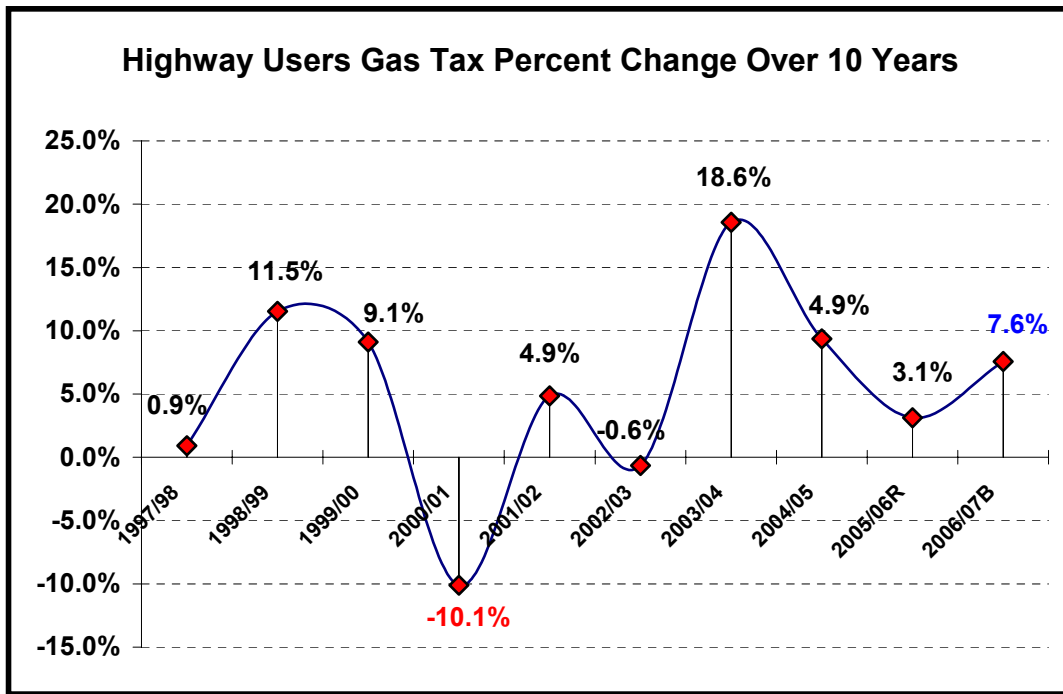
Arizona Cities and Towns receive a share of the State motor vehicle fuel tax. The distribution formula is based on two separate calculations: the first half is based on an entity's population in relation to the total State population; the second half is based on the County in which the revenues were generated. The Town must use these funds for the construction and maintenance of streets and highways.

Fiscal Year	Amount	% Change From Previous Year
1997/98	1,122,784	0.9 %
1998/99	1,252,394	11.5 %
1999/00	1,366,444	9.1 %
2000/01	1,228,322	(10.1)%
2001/02	1,287,910	4.9%
2002/03	1,279,669	(0.6)%
2003/04	1,517,334	18.6%
2004/05	1,659,435	9.4%
2005/06R	1,711,190	3.1%
2006/07B	1,840,620	7.6%

Analysis:

Highway Users Tax Revenue has been very sporadic since FY1997/98. The sharp decrease in FY2000/01 was a result of the 9/11 disaster. On the other hand, the peak between FY2002/03 and FY2003/04 was due to a reinstatement of the full distribution percentage by the State Legislature.

The growth for FY2006/07 reflects growth in the economy and population.



Budget Summary

Water Fund - Users Fees

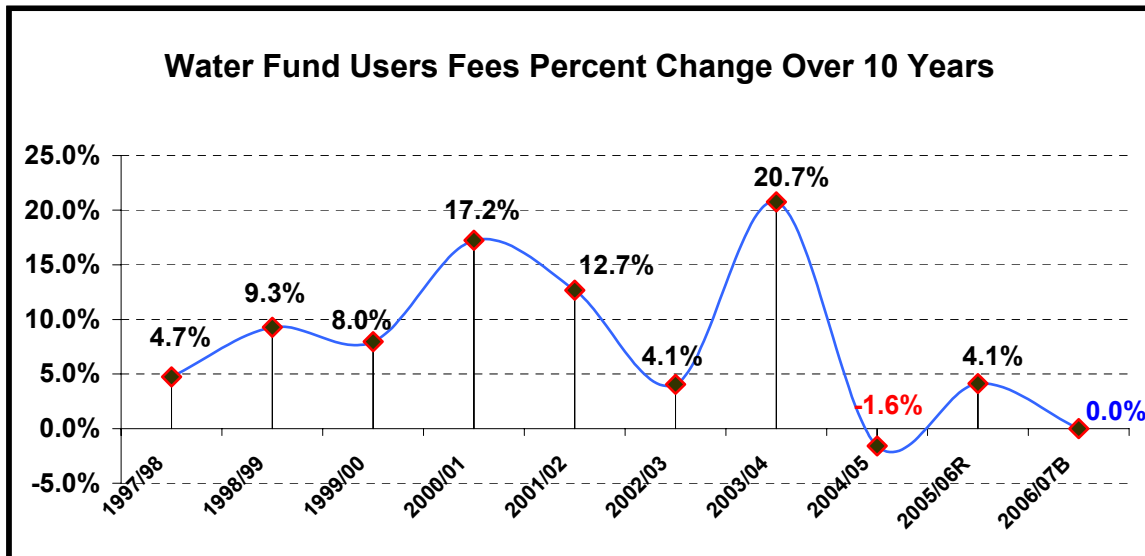
DESCRIPTION:

The Water Fund is financed and operated in a manner similar to a private business enterprise. The intent of the Town is that all or most of the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user fees. User fees are charged to residential, commercial, and industrial customers for the consumption of treated water within the Town. In addition, the Water Enterprise charges a Water Development Fee. The following data only reflects the user fees related to the consumption of treated water.

Fiscal Year Ending 6/30	Amount	% Change From Previous Year
1997/98	1,668,302	7.0 %
1998/99	1,823,112	9.3 %
1999/00	1,968,465	8.0 %
2000/01	2,307,846	17.2 %
2001/02	2,600,364	12.7 %
2002/03	2,705,823	4.1 %
2003/04	3,267,100	20.4 %
2004/05	3,215,739	(1.6)%
2005/06R	3,348,680	4.2%
2006/07B	3,348,780	0.0 %

Analysis:

The Town implemented a rate increase in FY1997/98 to discourage high water use. The base fee was increased FY2000/2001. In FY 2003/2004, the Town implemented a Water Conservation Policy and revised its water rates to encourage water conservation. The increased revenue reflects the increase in rates, even with a slight reduction in usage. The 2006/07 projection reflects a conservative approach, assuming that the conservation policy will also reduce revenues over time under the current rate structure.



Property Tax

The Town property tax levy consists of a primary and secondary tax levy. The primary tax levy is limited by law and used for maintenance and operation. The secondary tax levy is for the sole purpose of paying the general obligation debt of the Town; it is Town policy that the Town Citizens approve such debt. Despite the latter not being limited by law, the total amount of debt an entity may issue is limited by law.

For the Fiscal Year Ending June 30

	1998	1999	2000	2001	2002
Primary Valuation	\$67,713,251	\$79,906,469	\$93,555,195	\$106,365,288	\$119,004,875
Secondary Valuation	\$64,021,850	\$83,000,116	\$102,893,136	\$117,981,679	\$129,040,074
Primary Tax Levy	\$250,336	\$282,869	\$313,878	\$336,800	\$359,250
Secondary Tax Levy	124,500	124,500	124,500	100,000	120,000
Total Tax Levy	\$374,836	\$407,369	\$438,378	\$436,800	\$479,250
Primary Tax Rate	.3697	.3540	.3355	.31664	.30188
Secondary Tax Rate	.1790	.1500	.1210	.08476	.0900
Total Tax Rate	.5457	.5040	.4565	.40140	.39488
Maximum Allowable Tax Levy - Primary	\$313,106	\$360,983	\$409,678	\$448,436	\$450,475

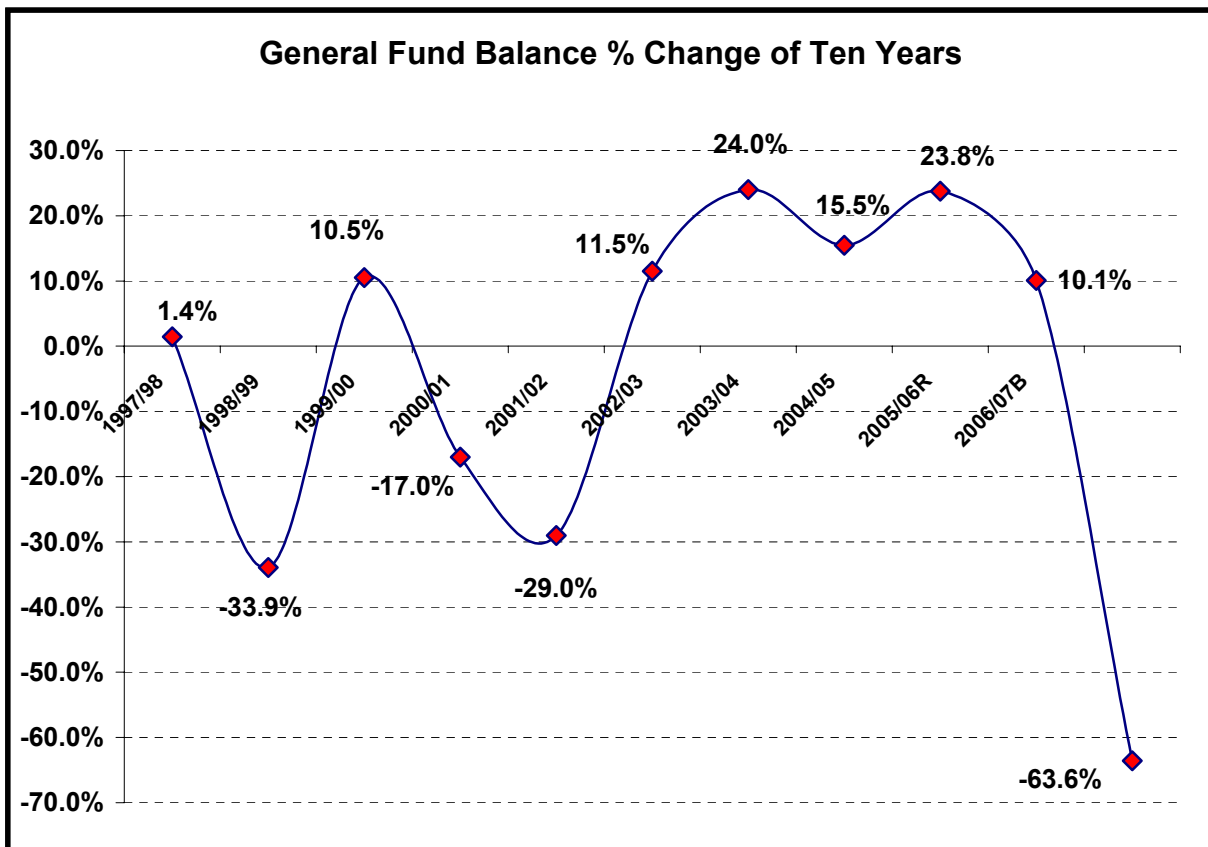
	2003	2004	2005	2006	2007
Primary Valuation	\$133,296,725	\$147,311,497	\$143,311,346	\$170,159,572	\$182,522,790
Secondary Valuation	\$144,692,127	\$153,133,821	\$162,899,216	\$173,562,259	\$185,691,636
Primary Tax Levy	\$380,280	\$396,424	\$422,309	\$468,279	\$481,740
Secondary Tax Levy	100,000	100,000	100,000	120,000	160,000
Total Tax Levy	\$480,280	\$496,424	\$522,309	\$588,279	\$641,740
Primary Tax Rate	.28529	.27540	.28668	.2752	.2640
Secondary Tax Rate	.06910	.06530	.06140	.0692	.0646
Total Tax Rate	.35439	.34070	.34808	.3444	.3286
Maximum Allowable Tax Levy - Primary	\$526,789	\$560,089	\$606,727	\$645,756	\$648,437

Unrestricted General Fund Balance History:

Fiscal Year Ending 6/30	Amount	% Change From Previous year
1997/98	2,059,863	(33.9)%
1998/99	2,276,600	10.5 %
1999/00	1,889,617	(17.0)%
2000/01	1,341,188	(29.0)%
2001/02	1,495,468	11.5 %
2002/03	1,854,581	24.0 %
2003/04	2,141,833	15.5 %
2004/05	2,651,204	23.8 %
2005/06R	2,918,185	10.1%
2006/07B	1,063,203	(63.6)%

Analysis:

Under the Town’s Corporate Strategic Financial Plan, the Town is to maintain a budgeted reserve of 8% of the estimated revenue for the next fiscal year. This reserve requirement will result in a projected 63.6% decrease in FY 2006/2007 over FY 2005/2006. The decrease was caused by projected transfers above the 8% reserve to the Rainy Day Fund and to other various funds for current and future capital projects.



General Fund – Budget Summary
Fiscal Years 2004/2005 Through 2006/2007

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
SOURCE OF FUNDS:				
Fund Balance Beginning	\$ 2,141,833	\$ 2,213,927	\$ 2,651,209	\$ 2,918,185
Operating Revenue	11,678,574	11,850,160	12,756,740	13,290,040
Grants / One time Revenues	130,412	453,910	231,880	374,000
Transfers In / Other	309,580	509,940	509,940	427,940
Available Funds	14,260,399	15,027,937	16,149,769	17,010,165
USE OF FUNDS:				
Operating expenditures	2,318,324	2,679,670	2,487,036	2,504,330
Personnel Services expenditures	7,709,006	9,207,090	8,773,700	10,048,350
Capital expenditures	5,602	6,500	6,500	-
Grants	130,412	453,910	231,880	374,000
Transfer to Capital Project. Fund	81,833	108,426	158,426	335,246
Transfer to Grants Capital Projects	23,000	-	50,000	5,000
Transfer to Airport Fund	88,179	91,083	64,070	43,500
Transfer to -HURF-Capital Projects	813,546	886,947	886,950	1,260,610
Transfer to Green Valley Redevelo	96,586	166,140	109,450	163,270
Transfer to Library Fund	204,732	255,038	255,038	243,570
Transfer to Rainy Day Fund	-	-	-	637,616
Transfers Out/Other/Debt Service	137,970	176,060	208,254	331,470
Total Use of Funds	11,609,190	14,030,864	13,231,584	15,946,962
Fund Balance Ending	\$ 2,651,209	\$ 997,073	\$ 2,918,185	\$ 1,063,203

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 7,709,006	\$ 9,207,090	\$ 8,773,700	\$ 10,048,350	63%
Supplies & Misc. Charges	858,002	1,199,470	880,066	955,750	6%
Purchased Services	1,590,734	1,934,110	1,839,130	1,922,580	12%
Capital Outlay	5,602	6,500	6,220	-	0%
Transfers Out	1,445,846	1,683,694	1,732,468	3,020,282	19%
Total	\$ 11,609,190	\$14,030,864	\$ 13,231,584	\$ 15,946,962	100%

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes (other than major capital projects). The funds are usually required by statute, ordinance, or federal grant regulation to finance specified activities of the Town. The Town maintains the following Special Revenue funds.

Budget Summary By Fund

Funds	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Revenues				
Highways Users Revenue Fund	\$3,416,211	\$5,219,757	\$4,851,070	\$4,359,380
Bed Tax Fund	176,887	141,050	218,000	233,476
Library District Tax Fund	378,626	460,938	461,938	461,550
Judicial Collection Enhancement	6,335	5,100	5,100	5,100
FTG Fund	1,966	1,670	2,660	2,068
Airport Fund	267,838	1,336,613	322,620	666,290
Wildlands/Urban Program	116,932	227,100	113,630	242,600
Event Center Fund	39,141	74,036	72,036	81,860
Self Funded Insurance Fund	1,585,720	1,771,980	1,716,240	1,979,610
Police Reserve Academy Fund	-	63,200	41,000	146,300
Rainy Day Fund	-	-	-	637,616
Gifts and Grants Fund	32,941	34,000	45,685	54,750
Total Revenues	\$6,022,597	\$9,335,444	\$7,849,979	\$8,870,600
Expenditures				
Highways Users Revenue Fund	\$ 2,401,897	\$ 6,108,827	\$ 4,675,570	\$ 6,113,910
Bed Tax Fund	128,051	141,536	141,636	289,660
Library District Tax Fund	376,098	459,590	438,840	485,940
Judicial Collection Enhancement	-	38,944	-	40,179
FTG Fund	-	8,376	1,040	10,700
Wildlands/Urban Program	52,971	302,100	220,280	242,600
Airport Fund	264,588	1,390,417	275,540	738,580
Event Center Fund	58,039	64,270	64,570	68,670
Self Funded Insurance Fund	1,292,782	1,779,310	1,716,540	1,977,610
Police Reserve Academy Fund	-	60,600	40,630	146,670
Rainy Day Fund	-	-	-	637,616
Gifts and Grants Fund	33,597	63,800	33,080	89,535
Total Expenditures	\$ 4,608,023	\$10,417,770	\$ 7,607,726	\$10,841,670

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% Of Total
Personnel Services	\$1,254,836	\$1,653,670	\$ 1,530,250	\$ 1,898,790	17.5%
Supplies & Misc. Charges	658,211	801,440	734,170	872,369	8.1%
Purchased Services	1,585,570	2,132,730	2,116,100	3,120,906	28.8%
Capital Outlay	696,351	5,325,854	2,723,130	3,937,295	36.3%
Transfers Out	413,055	504,076	504,076	1,012,310	9.3%
Total	\$4,608,023	\$10,417,770	\$ 7,607,726	\$10,841,670	100.0%

HIGHWAY USERS REVENUE FUND (HURF) - The HURF fund is commonly called the Street Fund. It is funded primarily with State Shared monies received from the State of Arizona. The use of these funds is restricted by Statute to the operation and maintenance of the Town's infrastructure (i.e. roads, bridges, curbs, gutters and sidewalks). Another source of revenue for this fund is referred to as Local Transportation Assistance Funding (LTAF). LTAF is funded by State Shared monies received from the State of Arizona; use of these funds is restricted by Statute to use for transportation purposes.

**Highway Users Fund – Budget Summary
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Fund Balance Beginning	\$ 564,721	\$1,573,267	\$1,579,036	\$1,754,536
Operating Revenue	1,826,E-911	1,752,810	1,800,070	1,939,610
Grant Revenue	479,735	2,255,000	1,832,700	857,950
Debt Financing	-	100,000	87,450	-
Transfers In / Other	1,109,564	1,111,947	1,130,850	1,561,820
Available Funds	3,980,931	6,793,024	6,430,106	6,113,916
Use of Funds:				
Operating Expenditures	1,459,734	1,623,780	1,666,570	1,878,350
Capital Projects	660,563	4,108,547	2,632,500	3,467,000
Debt Service	161,470	240,000	240,000	632,060
Transfers Out	120,130	136,500	136,500	136,500
Total Use of Funds	2,401,897	6,108,827	4,675,570	6,113,910
Fund Balance Ending	\$1,579,036	\$ 684,198	\$1,754,536	\$ 6

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% Of Total Review
Personnel Services	\$ 837,515	\$ 948,180	\$ 924,040	\$1,059,940	17.3%
Supplies & Misc. Charges	448,771	489,950	523,980	541,150	8.9%
Purchased Services	173,448	185,650	218,550	277,260	4.5%
Capital Outlay	660,563	4,108,547	2,632,500	3,467,000	56.7%
Transfers Out	281,600	376,500	376,500	768,560	12.6%
Total	\$2,401,897	\$6,108,827	\$4,675,570	\$6,113,910	100.0%

LIBRARY DISTRICT TAX FUND - The Town of Payson's Library is funded through a General Fund transfer and a special property tax assessed by Gila County specifically for libraries within the County. The tax is distributed by a population-based formula and must be used for library related expenditures.

**Library District Tax Fund – Budget Summary
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ (1,230)	\$ (1,348)	\$ 1,299	\$24,397
Revenue	157,850	190,900	190,900	200,400
Other/grants	16,044	15,000	16,000	17,580
Operating Transfers In	204,732	255,038	255,038	243,570
Available Funds	377,396	459,590	463,237	485,947
Use of Funds:				
Operating Expenses	376,098	459,590	438,840	485,940
Total expenses	376,098	459,590	438,840	485,940
Total Use of Funds	376,098	459,590	438,840	485,940
Ending Fund Balance	\$ 1,299	\$ -	\$ 24,397	\$ 7

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 279,738	\$357,540	\$ 326,530	\$ 377,420	77.7%
Supplies & Misc. Charges	36,390	38,700	40,340	41,040	8.4%
Purchased Services	59,970	63,350	71,970	67,480	13.9%
Capital Outlay	-	-	-	-	0.0%
Total	\$ 376,098	\$459,590	\$ 438,840	\$ 485,940	100.0%

BED TAX FUND – In 1985, Ordinance No. 184 established the Bed Tax Fund. The operator initially charged a transient rental tax in the amount of \$1 to any person who exercised occupancy or was entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of less than thirty consecutive days. Effective October 1999, the Transient Tax fee was changed from the \$1 fee to a 3% fee on each transaction. The purpose of the transient rental tax is for promotion, development, and enhancement of the tourism industry, with all functions incidental and related thereto.

Bed Tax Fund – Budget Summary
Fiscal Years 2004/2005 Through 2006/2007

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ 435	\$ 486	\$ 48,370	\$124,734
Revenue	176,591	141,000	218,000	218,475
Other/grants	296	50	-	15,000
Available Funds	177,322	141,536	266,370	358,210
Use of Funds:				
Operating Expenses	96,931	120,000	120,100	167,800
Total Expense Before Capital	96,931	120,000	120,100	167,800
Transfers Out	31,120	21,536	21,536	121,860
Total Use of Funds	128,051	141,536	141,636	289,660
Ending Fund Balance	\$ 49,271	\$ -	\$124,734	\$ 68,550

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-%
Supplies & Misc. Charges	96,931	76,800	76,800	76,800	26.5%
Purchased Services	-	43,200	43,300	91,000	31.4%
Capital Outlay	-	-	-	-	-%
Transfers Out	31,120	21,536	21,536	121,860	42.1%
Total	\$128,051	\$141,536	\$141,636	\$289,660	100.0%

GIFTS AND GRANTS FUND - This fund is used to account for revenues that must be used for a specific purpose, such as Grants, DARE Program Accounts, and other similar accounts.

**Gifts and Grants Fund – Budget Summary
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$60,600	\$49,470	\$59,945	\$72,550
Revenue	28,945	29,000	19,510	19,510
Other/grants	3,996	5,000	26,175	25,240
Operating Transfers In				10,000
Available Funds	93,541	83,470	105,630	127,300
Use of Funds:				
Operating Expenses	33,596	63,800	33,080	89,535
Total Use of Funds	33,596	63,800	33,080	89,535
Ending Fund Balance	\$59,945	\$19,670	\$72,550	\$37,765

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ 8,830	\$ 2,040	\$ 6,480	7.2%
Supplies & Misc. Charges	33,596	54,970	31,040	72,760	81.3%
Purchased Services	-	-	-	-	-%
Capital Outlay	-	-	-	10,295	11.5%
Total	\$33,596	\$63,800	\$33,080	\$89,535	100.0%

Budget Summary

PAYSON MUNICIPAL AIRPORT – The Airport Fund was established to centralize all expenditures related to the operation of the Town’s Municipal Airport. It is funded by user fees, grants, and an operating transfer from the General Fund.

Payson Municipal Airport Fund – Budget Summary Fiscal Years 2004/2005 Through 2006/2007

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ 21,962	\$ 55,216	\$ 25,210	\$ 72,290
Revenue – Operating	105,277	96,800	103,520	122,010
Grants	8,986	1,069,700	81,000	426,750
Revenue – Other	56	5,000	-	-
Operating Transfers In	153,519	165,113	138,100	117,530
Available Funds	\$289,800	1,391,829	\$347,830	\$738,580
Use of Funds:				
Operating Expenses	147,467	161,070	175,900	175,690
Capital Projects/Outlay	35,788	1,142,307	12,600	460,000
Operating Transfers Out	81,335	87,040	87,040	102,890
Total Use of Funds	264,590	1,390,417	275,540	738,580
Ending Fund Balance	\$ 25,210	\$ 1,412	\$ 72,290	\$ -

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% Of Total Approved
Personnel Services	\$ 78,841	\$ 98,350	\$102,990	\$112,030	15.2%
Supplies & Misc. Charges	28,656	24,500	35,970	23,120	3.1%
Purchased Services	39,968	38,220	36,940	40,540	5.5%
Capital Outlay	35,788	1,142,307	12,600	460,000	62.3%
Operating Transfers Out	81,335	87,040	87,040	102,890	13.9%
Total	\$264,590	\$1,390,417	\$275,540	\$738,580	100.0%

Budget Summary

WILDLANDS/URBAN FIRE PROGRAM – The Wildlands/Urban Fire Program is an interagency program for fighting forest fires in Arizona and neighboring states. If another agency is in need of trained personnel and equipment to fight a major forest fire, the call goes out to other agencies, such as Payson, for help. Payson responds with one or more trained personnel and support equipment for fighting forest fires. The Town is reimbursed for all costs related to the incident. This fund accounts for those costs separate from the Town’s normal fire suppression expenditures. In past years, the expenditures were accounted for in the General Fund.

Wildlands/Urban Fire Program Fiscal Years 2004/2005 Through 2006/2007

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ 59,666	\$ 90,786	\$123,628	\$ 16,978
Revenue	116,932	227,100	113,630	242,600
Other	-	-	-	-
Operating Transfers In	-	-	-	-
Available Funds	176,598	317,886	237,258	259,578
Use of Funds:				
Operating Expenses	52,970	227,100	142,250	242,600
Capital Outlay	-	75,000	78,030	-
Debt Service	-	-	-	-
Total expenses	52,970	302,100	220,280	242,600
Transfers Out	-	-	-	-
Total Use of Funds	52,970	302,100	220,280	242,600
Ending Fund Balance	\$123,628	\$ 15,786	\$ 16,978	\$ 16,978

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% Of Total Approved
Personnel Services	\$50,107	\$176,600	\$132,250	\$199,600	82.3%
Supplies & Misc. Charges	1,750	45,500	2,000	38,000	15.7%
Purchased Services	1,113	5,000	8,000	5,000	2.0%
Capital Outlay	-	75,000	78,030	-	-%
Operating Transfers Out	-	-	-	-	-%
Total	\$52,970	\$302,100	\$220,280	\$242,600	100.0%

PAYSON MULTI-EVENT CENTER: This fund accounts for costs and revenues related to the operation of the Town's 36 acres recreation area. The Town's Multi-Event Center Arena is located on this property and is used for rodeo events and other outdoor activities.

**Payson Multi-Event Center
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ 947	\$ (9,733)	\$(17,950)	\$(10,484)
Revenue	8,022	15,000	13,000	13,000
Operating Transfers In	31,120	59,036	59,036	68,860
Available Funds	40,089	64,303	54,086	71,376
Use of Funds:				
Operating Expenses	39,039	45,270	45,570	49,670
Total expenses	39,039	45,270	45,570	49,670
Transfers Out	19,000	19,000	19,000	19,000
Total Use of Funds	58,039	64,270	64,570	68,670
Ending Fund Balance	\$(17,950)	\$ 33	\$(10,484)	\$ 2,706

Budget Summary By Classification

Classification	FY 2004/2005 Audit	FY 2005/2006 Budget	FY 2005/2006 Revised	FY 2006/2007 Approved	% of Total Approved
Personnel Services	\$ 8,635	\$ 9,770	\$ 8,770	\$ 9,770	14.2%
Supplies & Misc. Charges	12,115	18,500	16,500	18,500	26.9%
Purchased Services	18,289	17,000	20,300	21,400	31.2%
Capital Outlay	-	-	-	-	-%
Debt Service	-	-	-	-	-%
Transfers Out	19,000	19,000	19,000	19,000	27.7%
Total	\$58,039	\$64,270	\$64,570	\$68,670	100.0%

JUDICIAL COLLECTION ENHANCEMENT FUND - The State of Arizona established a \$12 penalty fee to be imposed by the local courts, in addition to other fines. The distribution of the fee is split two ways: \$9.00 is remitted to the State Superior Court and \$3.00 is retained by the Local Court. The use of the \$3.00 fee is for the enhancement of the collection process.

**JCEF Court Fines Fund Summary
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds				
Funds Available Beginning	\$28,744	\$33,844	\$35,079	\$40,179
Revenue	6,131	5,000	5,000	5,000
Other/grants	204	100	100	100
Available Funds	\$35,079	38,944	40,179	45,279
Use of Funds:				
Operating Expenses	-	38,944	-	40,179
Total Use of Funds	-	38,944	-	40,179
Ending Fund Balance	\$35,079	\$ -	\$40,179	\$ 5,100

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-
Supplies & Misc. Charges	-	38,944	-	40,179	100.0%
Purchased Services	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total	\$ -	\$38,944	\$ -	\$40,179	100.0%

FTG COURT FINES FUND – The State of Arizona established a 7% increase in surcharges on September 1, 1999 with Senate Bill 1013. A portion of the increase is distributed to Municipal Courts on a quarterly basis. The program is titled “Municipal Court Fill The Gap” or FTG. The monies collected by this program may be used for the same purposes for which local JCEF monies may be used.

**FTG Court Fines Fund Summary
Fiscal Years 2004/05 Through 2006/07**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$5,046	\$6,706	\$7,012	\$ 8,632
Revenue	1,871	1,600	2,590	2,000
Other/grants	95	70	70	68
Available Funds	7,012	8,376	9,672	10,700
Use of Funds:				
Operating Expenses	-	8,376	1,040	10,700
Total Use of Funds	-	8,376	1,040	10,700
Ending Fund Balance	\$7,012	\$ -	\$8,632	\$ -

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-
Supplies & Misc. Charges	-	8,376	1,040	10,700	100.0%
Purchased Services	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total	\$ -	\$8,376	\$ 1,040	\$10,700	100.0%

POLICE RESERVE ACADEMY FUND – This fund was created to account for all revenues and expenditures related to the operation of the Town’s Police Reserve Academy. The Town established its own Police Reserve Academy to develop a source for Reserve candidates needed to fill future vacancies due to impending retirements in the Police Department. The Town will experience an increase in retirements over the next several years and is already experiencing problems locating and hiring trained and AZ-POST Certified Officers.

**Police Reserve Academy Fund Summary
Fiscal Years 2004/05 Through 2006/07**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ -	\$ -	\$ -	\$ 370
Revenue	-	63,200	-	15,000
Transfers In	-	-	41,000	131,300
Available Funds	-	63,200	41,000	146,670
Use of Funds:				
Operating Expenses	-	60,600	40,630	146,670
Total Use of Funds	-	60,600	40,630	146,670
Ending Fund Balance	\$ -	\$ 2,600	\$ 370	\$ -

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$54,400	\$33,630	\$133,550	91.1%
Supplies & Misc. Charges	-	5,200	6,500	10,120	6.9%
Purchased Services	-	1,000	500	3,000	2.0%
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total	\$ -	\$60,600	\$40,630	\$146,670	100.0%

SELF FUNDED INSURANCE FUND: This fund was established for the purpose of accounting for funds in the Town of Payson’s Self Funded Insurance Account. The Town partially “self-funds” itself for major medical and similar employee insurance benefits. Employees also contribute to this fund.

**Self Funded Insurance Fund Summary
Fiscal Years 2004/05 Through 2006/07**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ 11,718	\$ 325,518	\$ 304,655	\$ 304,655
Revenue	1,585,720	1,771,980	1,716,240	1,979,610
Transfers In (General Fund)	-	-	-	-
Available Funds	1,597,438	2,097,498	2,020,895	2,284,265
Use of Funds:				
Operating Expenses	1,292,783	1,779,310	1,716,540	1,977,610
Total Use of Funds	1,292,783	1,779,310	1,716,540	1,977,610
Ending Fund Balance	\$ 304,655	\$ 318,188	\$ 304,655	\$ 306,655

Budget Summary By Classification

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-
Supplies & Misc. Charges	-	-	-	-	-
Purchased Services	1,292,782	1,779,310	1,716,540	1,977,610	100.0%
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total	\$1,292,782	\$1,779,310	\$1,716,540	\$1,977,610	100.0%

DEBT MANAGEMENT

The Town of Payson, like other communities, must provide new and expanded capital improvements to enable the Town to maintain and expand services to accommodate growth. Most of these improvements are streets, parks, and public facilities that serve the Town for many years, but have high costs.

There are two basic approaches to pay for these improvements. The first is known as pay-as-you-go financing, whereby the Town uses current revenues (cash) as the primary source of funds for capital improvement projects.

The second approach to fund capital improvements is known as pay-as-you-use and involves the use of debt financing. Debt financing is an especially suitable means to pay for projects that are needed to support additional infrastructure needs generated by growth. Financing projects over a longer period helps overcome the time lag between the time improvements are needed and the time future revenues will be available from corresponding growth. It also shifts the liability for the payment of the improvements to the user group that will be benefiting from the enhancement. The main disadvantage of debt financing is the added costs of interest.

There are a number of limitations and restrictions contained in the various bond indentures; the Town is in compliance with all limitations and restrictions. The General Obligation Bonds are backed by the full faith and credit of the Town. Statutory and debt limitations for general obligation bonds are as follows:

	6% Limitation	20% Limitation
Secondary property tax valuation \$173,562,259	\$ 10,413,735	\$ 34,712,452
Legal factor	6 %	20 %
General obligation bonds outstanding	(1,930,000)	\$ (1,085,000)
Excess available	\$ 8,483,736	\$ 33,627,452

TYPES OF DEBT

The Town can incur the following types of debt:

General Obligation Bonds: Issued for improvements such as infrastructure projects including streets, parks, and public buildings. The bonds are backed by the full faith and credit of the Town.

Revenue Bonds: Issued to finance projects that generate revenue to pay the principal and interest on the bonds. They are mainly limited to Water Enterprises Funds and similar programs.

Refunding Bonds: Issued to pay outstanding bonds of the Town. They are normally issued when interest rates are at levels that are lower than the rate of bonds currently issued and outstanding.

Special or Local Improvement District Bonds: Issued to enable construction of improvements within a designated district(s) of the Town. The improvements benefit, not only the Town but also the surrounding real property within the district(s). Assessing a prorated charge to the affected property owners provides repayment of the Improvement District Bond.

DEBT SERVICES FUNDS

Debt service funds are used to account for all interest, principal, and fees incurred due to general obligation and special assessment debt of the Town, except those accounted for in the Water Fund. They also are used to maintain debt service reserves as required by bond covenants. The bond covenants require that an amount sufficient to pay the interest and principal on the installments of each indebtedness next maturing shall be set aside in a separate fund.

**Debt Service Funds (Combined)
Fiscal Years 2004/2005 Through 2006/2007**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ 675,476	\$ 699,617	\$933,719	\$1,070,953
Revenue	702,800	660,190	848,862	848,860
Transfers In	380,775	415,600	454,780	1,015,450
Available Funds	1,759,051	1,775,407	2,237,361	2,935,263
Use of Funds:				
Debt Service	825,331	1,224,530	1,166,408	1,769,884
Operating Transfers Out	-	500	-	-
Total Use of Funds	825,331	1,225,030	1,166,408	1,769,884
Ending Fund Balance	\$933,720	\$ 550,377	\$1,070,953	\$1,165,379

EAST LOOP ROAD IMPROVEMENT DISTRICT BOND FUND - This fund is used to account for the retirement of bonded debt related to the construction of the East Loop Road Construction Project. The property owners within the Improvement District are assessed an amount sufficient to pay the annual debt service on these bonds.

**East Loop Road Improvement District Bond Fund
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$486,511	\$443,294	\$601,783	\$600,437
Revenue	345,822	140,530	231,050	138,000
Transfers In	-	-	-	-
Available Funds	832,333	583,824	832,833	738,437
Use of Funds:				
Debt Service	230,550	362,400	232,396	233,250
Total Use of Funds	230,550	362,400	232,396	233,250
Ending Fund Balance	\$601,783	\$221,424	\$600,437	\$505,187

GREEN VALLEY PARK REFUNDING BOND FUND – This fund is used to account for the retirement of General Obligation Refunding Bonded Debt related to the development of Green Valley Park.

**Green Valley Park Refunding Bond Fund
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ 92,077	\$ 38,167	\$ 38,375	\$ 1,775
Revenue	160,206	180,000	180,000	220,000
Available Funds	252,283	218,167	218,375	221,775
Use of Funds:				
Debt Service	213,908	216,600	216,600	218,800
Other Fees	-	500	-	-
Total Use of Funds	213,908	217,100	216,600	218,800
Ending Fund Balance	\$ 38,375	\$ 1,067	\$ 1,775	\$ 2,975

EXCISE TAX REVENUE OBLIGATIONS, SERIES 2003 A&B FUND - This fund was established to account for the retirement of two excise tax obligations: Series 2003A and Series 2003B. Excise Tax Revenue Obligations, Series 2003A, dated May 1, 2003, was issued for \$860,000 to construct a new Public Works maintenance facility on Town owned property. Taxable Excise Tax Revenue Obligations – Series 2003B, dated May 1, 2003, was issued for \$440,000 to construct several airport hangars at the Town’s Municipal Airport. Standard & Poor’s assigned a rating of ‘A’ to both obligations. Both issues are secured by a first line pledge of excise taxes, which include revenues from the Town’s sales taxes, state shared income taxes, state shared sales taxes, franchise taxes, and fines and forfeitures. In addition, the revenue from the lease of the airport hangars will be used to pay off the debt for Series 2003B.

**Excise Tax Revenue Obligation, Series 2003A&B Fund
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ (2,688)	\$ (2,688)	\$ (2,612)	\$ 158
Revenue	175	-	180	180
Operating Transfers In	117,965	123,670	123,670	118,620
Available Funds	115,452	120,982	121,238	118,958
Use of Funds:				
Debt Service	118,064	120,980	121,080	118,720
Total Use of Funds	118,064	120,980	121,080	118,720
Ending Fund Balance	\$ (2,612)	\$ 2	\$ 158	\$ 238

DEBT SERVICE FUND: This fund is used to account for the retirement of debt related to Capital Lease Debt Obligations for all funds except the Water Fund. Funds are transferred annually into this Fund to cover the annual debt obligation for each Capital Lease Agreement.

**Debt Service Fund
Fiscal Years 2004/2005 Through 2006/2007
Leases**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ 99,576	\$ 48,344	\$121,863	\$ 74,903
Revenue	22,287	-	1,030	-
Transfers In	262,810	291,930	291,930	806,500
Available Funds	384,673	340,274	414,823	881,403
Use of Funds:				
Debt Service	262,810	339,920	339,920	773,364
Total Use of Funds	262,810	339,920	339,920	773,364
Ending Fund Balance	\$121,863	\$ 354	\$ 74,903	\$108,039

Note: Excludes Water Fund Lease Debt.

GENERAL OBLIGATION BONDS (PROJECT 2003) SERIES 2004 FUND: On September 9, 2003, the qualified electors of the Town of Payson authorized the issuance of bonds in the amount of \$3,555,000. The bonds were issued as General Obligation Bonds under the 2003 Authorization. The proceeds were to be used for making various Public Safety improvements and to pay costs related to the issuance of the bonds. The proceeds are accounted for in the Public Safety Bond Project Fund. The annual debt service is accounted for in this fund. Only \$2,030,000 was issued at this time. The remaining authorized, but unissued principal amount of \$1,525,000 is for a future fire station on the east side of Payson.

**General Obligation Bonds (Project 2003) Series 2004
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ -	\$172,500	\$174,310	\$393,680
Sales Tax Revenue	170,318	339,660	400,000	400,000
Other	3,992	-	4,000	4,000
Available Funds	174,310	512,160	578,310	797,680
Use of Funds:				
Debt Service	-	184,630	184,630	248,740
Other Fees	-	-	-	-
Total Use of Funds	-	184,630	184,630	248,740
Ending Fund Balance	\$174,310	\$327,530	\$393,680	\$548,940

WESTERLY ROAD IMPROVEMNET DISTRICT BONDS: The Town issued \$875,000 of special assessment bonds October 27, 2005. The bond proceeds were used to construct the Westerly Road Improvement Project. The Special Assessment District was established to authorize the issuance of the bonds and the payment of debt. The Town will participate along with the abutting property owners. The debt will be paid off January 1, 2022.

**Westerly Road Improvement District Fund
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ -	\$ -	\$ -	\$ -
Revenue	-	-	32,602	86,680
Other	-	-	-	-
Available Funds	-	-	32,602	86,680
Use of Funds:				
Debt Service	-	-	32,602	86,680
Other Fees	-	-	-	-
Total Use of Funds	-	-	32,602	86,680
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

RUMSEY PARK CERIFICATE OF PARTICIPATION (C.O.P.) FUND: The Town of Payson issued \$545,000 in Certificates of Participation on November 30, 2005 to construct two new ball fields at Rumsey Park. The source of funds to make the annual debt service payments will first come from Park Development Impact Fees and then from the full faith and credit of the Town.

**Rumsey Park C.O.P. Fund
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$ -	\$ -	\$ -	\$ -
Revenue	-	-	-	-
Operating transfers in	-	-	39,180	90,330
Available Funds	-	-	39,180	90,330
Use of Funds:				
Debt Service	-	-	39,180	90,330
Other Fees	-	-	-	-
Total Use of Funds	-	-	39,180	90,330
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

GENERAL LONG-TERM DEBT

General long-term debt obligations outstanding as of June 30, 2006 are as follows:

	Maturity	Rates	06/30/06
East Loop Rd Improvement District-1996 Issue	1/1/96-1/1/12	5.900%	\$1,150,000
Westerly Road Improvement District-2005 Issue	1/1/07-1/1/22	5.500%	875,000
General Obligation Refunding-Green Valley Park 2006	7/1/07-7/1/12	4.125%	1,085,000
Excise Tax Obligations-Series 2003A	10/1/03-10/1/17	4.4952%	860,000
Taxable Excise Tax Obligations-Series 2003B	10/1/03-10/1/17	4.9302%	305,000
General Obligation Bonds (Project 2003) Series 2004	7/1/05-7/1/14	3.2829%	1,930,000
Certificates of Participation-Rumsey Park Series 2005	5/1/06-11/1/22	4.500%	515,000
Subtotal			6,720,000
Capital Lease Obligations	Various	Various	321,361
Total			\$7,041,361

Long -Term maturities are as follows:

<u>Fiscal Year</u>	General Obligation	Taxable Excise Tax Obligation Series 2003A	Excise Tax Obligation Series 2003B	Special Assessments	Certificate of Participation	Total
2007	190,000	-	70,000	195,000	70,000	525,000
2008	360,000	-	75,000	215,000	70,000	720,000
2009	410,000	-	80,000	225,000	80,000	795,000
2010	375,000	90,000	80,000	235,000	80,000	860,000
2011-14	1,440,000	410,000	-	620,000	215,000	2,685,000
2015-18	240,000	360,000	-	535,000	-	1,135,000
Total	\$3,015,000	\$860,000	\$305,000	\$2,025,000	\$515,000	\$6,720,000

Capital Lease Obligations

As of June 30, 2006, the Town had capital lease obligations as follows:

Item Leased	Rate	Original Amount	Paid to Date	Balance 06/30/06
General Fund:				
Fire Truck - Pumper	4.540 %	\$226,200	\$ 88,067	\$138,133
3-Police Vehicles	4.600 %	90,000	14,160	75,840
Total		316,200	102,227	213,973
Highway Users Fund:				
Asphalt Patch Truck	4.400 %	115,202	81,968	33,234
Backhoe	4.600 %	88,000	13,846	74,154
Total		203,202	95,814	107,388
Grand Total		\$519,402	\$198,041	\$321,361

**GENERAL LONG-TERM DEBT
(Continued)**

Future payments on capital leases are as follows:

Fiscal Year	Amount
2007	140,563
2008	123,424
2009	75,533
Total Minimum lease payments	339,520
Less amount representing Interest	(18,159)
Present value of net minimum lease payments \$ 321,361	

The Water Fund long-term debt outstanding as of June 30, 2006 is as follows:

	Maturity	Rates	Balance 06/30/06
General Obligation Water Bond - 1980 Series	7/1/81-7/1/10	5.00 %	\$ 95,000
Revenue Water Bonds - 1980 Series A	7/1/81-7/1/10	5.00 %	430,000
Total			\$525,000

The Bonds mature serially as follows:

Fiscal Year	General Obligation	Revenue	Total
2007	20,000	100,000	120,000
2008	25,000	105,000	130,000
2009	25,000	110,000	135,000
2010	25,000	115,000	140,000
Total		\$95,000	\$430,000
			\$525,000

Pursuant to the indenture ordinances of the 1980 Series Revenue Bond, the Town must establish, maintain, and collect rates, fees, and charges for all services supplied by its water utility sufficient to pay reasonable maintenance costs, bond principal, and interest. The Town is required to establish a Reserve Fund and a Water Revenue Bond Replacement and Extension Fund. The Reserve Fund currently exceeds the highest amount of principal and interest payable in any future year. The Water Revenue Bond Replacement and Extension Fund requires annual deposits of 2% of the amount of total tangible assets of the system as reflected in the records of the Town.

**Water Fund Summary
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$1,446,620	\$ -	\$2,250,529	\$2,524,749
Revenue	3,344,605	3,292,760	3,454,680	3,454,780
Other/Grants	864,398	501,380	610,070	573,170
Available Funds	5,655,623	3,794,140	6,315,279	6,552,699
Use of Funds:				
Operating Expenses	2,593,915	3,833,020	3,517,640	3,799,610
Loan Payable	-	37,720	46,940	55,770
Debt Service	143,269	147,500	147,500	144,130
Total expense before Capital	2,737,184	4,018,240	3,712,080	3,999,510
Capital	979,021	1,048,680	944,080	540,000
Transfers Out	254,790	262,470	262,470	312,470
Total Use of Funds	3,970,995	5,329,390	4,918,630	4,851,980
Add: Depreciation (Non-Cash)	835,E-911	868,250	858,090	858,090
Net Use of Funds	\$2,520,539	(\$667,000)	\$2,254,739	\$2,558,809

Budget Summary

	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$1,095,180	\$1,270,130	\$1,279,000	\$1,240,780	25.6%
Supplies & Misc. Charges	835,005	986,800	824,200	873,580	18.0%
Purchased Services	460,624	707,840	556,350	827,160	17.0%
Capital Outlay/Projects	346,216	1,048,680	944,080	540,000	11.1%
Transfers Out	254,790	262,470	262,470	312,470	6.5%
Debt Service	143,269	185,220	194,440	199,900	4.1%
Depreciation	835,E-911	868,250	858,090	858,090	17.7%
Total	\$3,970,995	\$5,329,390	\$4,918,630	\$4,851,980	100.0%

Budget Summary

Capital project funds are used to account for the resources expended in the acquisition of major capital projects, except those financed by the Water Fund and HURF Fund. Capital project funds also include projects funded by Special Improvement Districts and Bonds.

Capital Projects Funds Summary Analysis (All Funds Except Water Fund and Special Revenue Funds) Fiscal Year 2004/2005 Through 2006/2007

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Fund Balance Beginning	\$3,034,200	\$4,032,038	\$4,210,945	\$3,036,639
Other Sources of Funds	3,150,404	4,431,380	2,373,829	2,952,647
Operating Transfers In	201,419	324,568	389,350	503,516
Available Funds	6,386,023	8,787,986	6,974,124	6,492,802
Use of Funds:				
Expenditures	2,175,047	8,607,377	3,907,485	5,984,813
Transfers Out	-	30,000	30,000	0
Total Use of Funds	2,175,047	8,637,377	3,937,485	5,984,813
Fund Balance Ending	\$4,210,976	\$ 150,609	\$3,036,639	\$ 507,989
Sources of Funds- Detail:				
Transfers In	\$201,419	\$ 324,568	\$ 389,350	\$ 503,516
Other revenues	379,150	180,300	372,359	240,447
Grants/Restricted Sources	496,331	2,344,330	450,330	1,512,200
Debt Issuance Proceeds	2,274,923	1,906,750	1,551,140	1,200,000
Total	\$3,351,823	\$4,755,948	\$2,763,179	\$3,456,163

Budget Summary

	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% Of Total Approved
Personnel Services	\$ 171,958	\$ 200,860	\$ 195,690	\$ 196,240	3.3%
Supplies & Misc. Charges	124,349	37,180	69,005	25,170	0.4%
Purchased Services	174,733	406,371	241,190	636,230	10.6%
Capital Outlay/Projects	1,704,007	7,962,966	3,362,420	5,036,843	84.2%
Transfers Out	-	30,000	69,180	90,330	1.5%
Total	\$2,175,047	\$8,637,377	\$3,937,485	\$5,984,813	100.0%

CAPITAL PROJECTS FUND - This fund consolidates the major projects funded by operating transfers from the General Fund and general bond financing. It includes all major projects except for the Water Fund, Grant related projects, HURF Fund and other special project funds.

**Capital Projects Fund
Fiscal Years 2004/2005 Through Fiscal 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Fund Balance Beginning	\$279,411	\$105,574	\$112,928	\$ 51,854
Other Sources	263,845	120,000	90,000	550,000
Operating Transfers In	81,833	108,426	158,426	335,246
Available Funds	625,089	334,000	361,354	937,100
Use of Funds:				
Expenditures	512,161	291,200	279,500	937,100
Transfers Out	-	30,000	30,000	-
Total Use of Funds	512,161	321,200	309,500	937,100
Ending Fund Balance	\$112,928	\$ 12,800	\$ 51,854	\$ -
Sources:				
Other	\$ 32,645	\$ 30,000	\$ -	\$ -
Debt Financing	226,200	90,000	90,000	550,000
Private Donations	5,000	-	-	-
Total Restricted Funds	263,845	120,000	90,000	550,000
Operating Transfers In	81,833	108,426	158,426	335,246
Total Sources	\$345,678	\$228,426	\$248,426	\$885,246
Uses:				
Improvements	\$ 63,604	\$127,000	\$ 95,000	\$134,000
Council Discretionary	-	-	-	-
Equipment	448,557	194,200	184,500	803,100
Total Uses	\$512,161	\$321,200	\$279,500	\$937,100

GRANT CAPITAL PROJECTS FUND - This fund centralizes the accounting for all major grant financed projects.

**Grants Capital Projects Fund
Fiscal Years 2004/2005 Through FY 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds				
Fund Balance Beginning	\$ 29,134	\$ 71,131	\$ 4,571	\$ 4,800
Revenue	491,331	2,047,200	450,330	1,002,430
Donations/Other Revenues	6,030	-	50,559	50,000
Operating Transfers In	23,000	-	50,000	5,000
Available Funds	549,495	2,118,331	555,460	1,062,230
Use of Funds:				
Expenditures	544,894	2,049,890	550,660	1,062,230
Total Use of Funds	544,894	2,049,890	550,660	1,062,230
Ending Fund Balance Ending	\$ 4,601	\$ 68,441	\$ 4,800	\$ -

Sources:

CDBG Grants	\$223,683	\$396,650	\$238,420	\$ 482,430
Wildland Urban Interface Grants	-	-	118,000	-
Fire – FEMA Grant	203,331	37,050	12,600	95,000
Fire – Miscellaneous Grants	20,000	40,000	20,000	50,000
Fire – CERTS Grant	-	15,000	7,500	15,000
Fire – USDA Rural Develop Grant	-	78,500	-	-
Fire – Tonto Apache Tribe	-	300,000	-	-
Police – Traffic Service Grant	-	-	10,110	-
Green Valley Park Restrooms	7,715	-	-	-
Homeland Security Grant	36,602	830,000	43,700	-
Arizona HOME Grant	-	350,000	-	350,000
Growing Smarter Grant	-	-	-	10,000
Total Sources	\$491,331	\$2,047,200	\$450,330	\$1,002,430

Uses:

CDBG Improvement Projects	\$241,213	\$ 396,650	\$233,040	\$ 482,430
Fire – CERTS Grant	-	15,000	7,500	15,000
Fire – USDA Rural Develop	-	78,500	-	-
Wildland Urban Interface Grants	-	-	218,500	-
FEMA Fire Grants	230,527	39,740	15,300	100,000
Fire – Miscellaneous Grants	21,332	40,000	21,590	104,800
Fire – Dead/Hazard Tree Removal Grant	12,297	-	830	-
Police – Traffic Services Grant	-	-	10,110	-
Main Street History Park Grant	2,923	-	90	-
Green Valley Park Restroom Proj	-	-	-	-
Station #11 Remodel – Tribe Grt	-	300,000	-	-
Arizona HOME Rehabilitation	-	350,000	-	350,000
Homeland security Grant	36,602	830,000	43,700	-
Growing Smarter Grant	-	-	-	10,000
Total Uses	\$544,894	\$2,049,890	\$550,660	\$1,062,230

PARK DEVELOPMENT FUND - This fund was established to account for Park Development Impact Fees. The use of these fees is restricted by Ordinance.

**Park Development Fund Summary
Fiscal Years 2004/2005 Through 2006/2007**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source Of Funds:				
Fund Balance Beginning	\$290,920	\$374,310	\$ 430,200	\$464,360
Revenue	208,864	121,800	145,200	140,000
Debt Proceeds	-	499,200	530,000	-
Grants	-	-	-	-
Other	58,419	2,000	5,600	5,000
Available Funds	558,203	997,310	1,111,000	609,360
Use Of Funds:				
Capital Projects	128,003	997,312	646,640	380,330
Total Use of Funds	128,003	997,312	646,640	380,330
Fund Balance Ending	\$430,200	\$ (2)	\$ 464,360	\$229,030

GREEN VALLEY REDEVELOPMENT FUND: The Town Council, by Resolution 1394, approved and adopted the Green Valley Redevelopment Area Plan (Plan). The purpose of the Plan is to identify and direct specific actions, which will assist in the return of the Main Street area as a functional contributor to the Payson economy and the social well-being of our residents. This fund was established to account for the revenues and expenditures related to this program.

**Green Valley Redevelopment Fund
Fiscal Years 2004/2005 Through 2006/2007**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source Of Funds:				
Fund Balance Beginning	\$144,288	\$ 58,234	\$ 71,060	\$ 18,390
Grants	-	297,130	-	509,770
Other revenue	6,635	7,500	7,500	7,500
Transfers In	96,586	166,140	109,450	163,270
Available Funds	247,509	529,004	188,010	698,930
Use of Funds:				
Capital Projects	176,449	529,000	169,620	698,930
Transfers Out	-	-	-	-
Total Use of Funds	176,449	529,000	169,620	698,930
Ending Fund Balance	\$ 71,060	\$ 4	\$ 18,390	\$ -
Sources				
Grant Funding:				
Historic Preservation Grant	\$ -	\$ 25,000	\$ -	\$ 25,000
ADOT Grant	-	257,130	-	469,770
State Grant – Arizona Main Street	-	15,000	-	15,000
Total Grants	-	297,130	-	509,770
Other Sources				
Other	6,635	7,500	7,500	7,500
Total Other Sources	6,635	7,500	7,500	7,500
Transfers In				
Operating Transfers In—General Fund	96,586	166,140	109,450	163,270
Total All Sources	\$103,221	\$470,770	\$116,950	\$680,540
Uses				
Administration	\$126,523	\$143,180	\$139,620	\$143,930
Main Street Improvements	-	315,820	30,000	530,000
American Gulch Feasibility Study	48,790	-	-	-
Historical District Inventory	-	25,000	-	25,000
Business Incentive Program	-	30,000	-	-
Miscellaneous Small Projects	1,136	15,000	-	-
Total Uses	\$176,449	\$529,000	\$169,620	\$698,930

CENTRAL ARIZONA PROJECT TRUST FUND - In 1994, the Town entered into an agreement to assign the Town's Central Arizona Project Water (CAP) allocation in exchange for \$4,218,797 that was placed in a trust fund. The Water Trust Fund monies are to be used only for the purposes of defraying the expenditures associated with investigating, planning, designing, constructing, acquiring, and/or developing an alternative water supply to replace the CAP water assigned.

Any Water Trust monies not committed or expended by the Town at the end of 25 years after the initial deposit of monies from escrow, following notice to the Town and passage of a 30-day response period, shall be submitted to the Central Arizona Water Conservation District (CAWCD) to be applied toward its repayment obligation under the CAP Master Repayment Contract.

**Central Arizona Project Fund Summary
Fiscal Years 2004/2005 Through 2006/2007**

	Audit FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$1,904,972	\$1,449,993	\$1,567,743	\$1,237,863
Investment earnings	34,867	19,000	53,000	30,000
Available Funds	1,939,839	1,468,993	1,620,743	1,267,863
Use of Funds:				
Other Expenses	134,304	151,480	151,480	166,480
Capital Projects	237,792	1,317,513	231,400	1,101,383
Total Use of Funds	372,096	1,468,993	382,880	1,267,863
Net Working Capital	\$1,567,743	\$ -	\$1,237,863	\$ -

EQUIPMENT REPLACEMENT FUND – This fund was established in 1997 to phase out the use of lease/purchase financing as a primary means of funding the acquisition of capital equipment. When existing lease/purchase debt is retired, funds are transferred to this fund in an amount equivalent to the debt service payment for a period equal to the useful life of each piece of equipment.

**Equipment Fund Summary
Fiscal Year 2004/2005 Through 2006/2007**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Funds Available Beginning	\$60,362	\$19,362	\$16,978	\$16,978
Revenue	991	-	-	-
Transfers In	-	50,000	-	-
Available Funds	61,353	69,362	16,978	16,978
Use Of Funds:				
Capital Outlay	44,375	-	-	-
Operating Transfers Out	-	-	-	-
Total Use of Funds	44,375	-	-	-
Ending Fund Balance	\$16,978	\$69,362	\$16,978	\$16,978
Uses:				
HURF Fund:				
Replace Side Broom Truck	\$44,375	\$ -	\$ -	\$ -
Total Uses	\$44,375	\$ -	\$ -	\$ -
Accumulative Fund Balance				
General Fund (net)	\$ 2,109	\$52,109	\$ 2,109	\$ 2,109
HURF Fund Net	2,272	5,647	2,272	2,272
Interest	12,597	11,606	12,597	12,597
Ending Fund Balance	\$16,978	\$69,362	\$16,978	\$16,978

CONSTRUCTION - EXCISE TAX REVENUE OBLIGATIONS FUND – This fund was established to account for bond proceeds of the Excise Tax Revenue Obligations, Series 2003A and Taxable Excise Tax Revenue Obligations, Series 2003B and their related expenditures. The Excise Tax Revenue Obligations, Series 2003A was issued for \$860,000 to construct a Public Works Facility. The Taxable Excise Tax Revenue Obligations, Series 2003B was issued for \$440,000 to construct Airport Hangars. The total issue of \$1,300,000 was closed on May 20, 2003.

**Construction Excise Tax Revenue Obligation Fund
Fiscal Years 2004/2005 Through 2006/2007**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Fund Balance Beginning	\$378,202	\$271,742	\$266,211	\$261,981
Debt proceeds	-	-	-	-
Other revenue	4,928	-	7,000	-
Transfers In	-	-	-	-
Available Funds	383,130	271,742	273,211	261,981
Use of Funds:				
Capital Projects	116,919	271,742	11,230	-
Total Use of Funds	116,919	271,742	11,230	-
Ending Fund Balance	\$266,211	\$ -	\$261,981	\$261,981

PUBLIC SAFETY BOND PROJECT FUND – This fund was established to account for bond proceeds of the Public Safety Bonds that were issued in September 2004. The bonds were authorized by the qualified electors of the Town, voting at a Special Bond Election, held on September 9, 2003. The proceeds will be used for making various Public Safety improvements and to pay costs related to the issuance of the bonds.

**Public Safety Bond Project Fund
Fiscal Years 2004/2005 Through 2006/2007**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Fund Balance Beginning	\$ (2,542)	\$1,774,240	\$1,833,889	\$980,413
Debt proceeds	2,048,723	-	-	-
Other revenue	25,771	-	20,000	7,947
Transfers In	-	-	71,474	-
Available Funds	2,071,952	1,774,240	1,925,363	988,360
Use of Funds:				
Capital Projects	238,063	1,774,240	944,950	988,360
Total Use of Funds	238,063	1,774,240	944,950	988,360
Ending Fund Balance	\$1,833,889	\$ -	\$ 980,413	\$ -

WESTERLY ROAD IMPROVEMENT PROJECT – This fund was established to account for bond proceeds of the Westerly Road Improvement Project. A Special Assessment Improvement District is being established to authorize the selling of the bonds and payment of debt service. The Town will be a participant in the project, along with the abutting property owners.

**Westerly Road Improvement Project
Fiscal Years 2004/2005 Through 2006/2007**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Fund Balance Beginning	\$ (50,547)	\$ (92,550)	\$ (92,635)	\$ -
Debt proceeds	-	1,317,550	931,140	-
Other revenue	-	-	83,500	-
Transfers In	-	-	-	-
Available Funds	(50,547)	1,225,000	922,005	-
Use of Funds:				
Capital Projects	42,088	1,225,000	922,005	-
Total Use of Funds	42,088	1,225,000	922,005	-
Ending Fund Balance	\$ (92,635)	\$ -	\$ -	\$ -

AIRPORT BOX HANGAR PROJECT – This fund was established to account for the funding and acquisition of the second set of Airport Box Hangars that will be financed by debt. Repayment of the debt will be from rental proceeds on the Box Hangars.

**Airport Box Hangar Project
Fiscal Years 2004/2005 Through 2006/2007**

	Actual FY 2004/2005	Budget FY 2005/2006	Revised FY 2005/2006	Approved FY 2006/2007
Source of Funds:				
Fund Balance Beginning	\$ -	\$ -	\$ -	\$ -
Debt proceeds	-	-	-	650,000
Other revenue	-	-	-	-
Transfers In	-	-	-	-
Available Funds	-	-	-	650,000
Use of Funds:				
Capital Projects	-	-	-	650,000
Total Use of Funds	-	-	-	650,000
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

Introduction

All organizations must plan in order to successfully prepare for future challenges and opportunities. The Town of Payson has been producing an annual Corporate Strategic Plan (CSP) to highlight the Town’s overall direction and priorities since 1995.

This year, the 12th edition of the CSP incorporates a number of changes from past efforts. In addition to last year’s additions of timelines, outcomes, and assigning responsibilities for completion, each objective has been assigned performance measures and standards. We have also developed a summary brochure that is published separately as an insert in *The Payson Roundup*. The Library and Airport now have separate Key Result Areas. Lastly, but very significantly, Council has ranked each of the plan’s major objectives to determine priority for completion.

Purpose

The purpose of the CSP is to identify goals, objectives, and strategies for providing services and programs for the next five years. The CSP commits to writing a vision of the future for Payson and establishing milestones for monitoring our success in achieving that vision.

Key Result Areas - Objectives Ranked

The following chart shows how the Town Council ranked the various objectives within this year’s Corporate Strategic Plan.

Code	Description	Council Rank
KRA 2 Objective 1	Secure New Sources of Water Supply	1
KRA 8 Objective 1	Upgrade Police and E-911 Services	2
KRA 5 Objective 1	Improve Streets	3
KRA 7 Objective 1	Upgrade Fire and Emergency Medical Services	4
KRA 10 Objective 1	Improve Town Airport	5
KRA 6 Objective 1	Enhance Parks & Recreation Facilities and Services	6
KRA 11 Objective 1	Develop a Library Expansion Program Plan	7
KRA 2 Objective 2	Promote Water Conservation	8
KRA 5 Objective 2	Improve Storm Drainage	9
KRA 10 Objective 2	Implement Airport Business Plan	10
KRA 1 Objective 1	Improve External Communication	11
KRA 4 Objective 1	Enhance the Economic Performance of the Town	12
KRA 6 Objective 2	Develop 36 - Acre Event Center Site	13
KRA 4 Objective 3	Reduce the Number of Unsightly Properties	14
KRA 4 Objective 2	Enhance the Economic Performance of the Green Valley Redevelopment Area	15

KRA 3 Objective 1	Improve Solid Waste Collection/Recycling	16
KRA 9 Objective 1	Develop a Strategic Performance Measurement Program	17

Two new objectives were added to the plan after Council conducted the ranking exercise and are not included above. These are KRA 4 Objective 4: Increase Availability of Workforce Housing and KRA 7 Objective 2: Wildland Fire Preparations and Response.

Key Result Areas Summary

KRA 1: Communication

Objective 1: Improve External Communications

Narrative Description: Improve the quality and quantity of external communications to provide current, accurate information on a weekly basis to our citizens

Performance Measurement: Annual Town Survey questionnaire relating to communications

Performance Standard: 95% effective citizen satisfaction level

Completion date: July 2009

Action Steps:

1. Develop and implement an inter-governmental relations action plan (December 2006)
2. Implement a plan for expansion of programming on TV 4 (November 2006)
3. Develop and implement e-governmental systems (July 2007)

KRA 2: Water Resource Management

Objective 1: Secure New Sources of Water Supply

Narrative Description: Develop and maintain sufficient renewable water supply to support population of 32,000

Performance Measure: Acre-feet of renewable water supply

Performance Standard: 4,500 acre-feet per year

Completion date: July 2011

Action Steps:

1. Inventory groundwater resources along the Diamond Rim Fault (July 2011)
2. Develop new groundwater supplies on private land (July 2011)
3. Pursue C.C. Crispin (Blue Ridge) Reservoir surface water option (July 2011)

Objective 2: Promote Water Conservation

Narrative Description: Reduce the equivalent per capita use

Performance Measure: Equivalent per capita use

Performance Standard: 89 GPCD

Completion Date: July 2011

Action Steps:

1. Review progress of water conservation in reducing consumption (April annually)
2. Develop financial incentives to reduce consumption (April annually)
3. Maintain water usage levels as measured in gallons per day in the range of 80-90 (April annually)
4. Educate elementary school students in water conservation (Ongoing program)
5. Encourage installation of water saving devices (Ongoing)
6. Use safe yield to monitor/maintain water supply (April annually)
7. Review and revise growth management policies as needed (March annually)

KRA 3: Environmental Protection

Objective 1: Improve Solid Waste Collection/Recycling

Narrative Description: The Town will be proactive in its efforts to mandate refuse collection and enhance recycling programs

Performance Measure: Increased participation

Performance Standard: 90% participation

Completion Date: July 2009

Action Steps:

1. Support State legislation allowing Town to mandate refuse collection (July 2008)
2. Consider mandatory trash pickup and recycling (June 2008)

KRA 4: Community Development

Objective 1: Enhance the Economic Performance of the Town

Narrative Description: The Town will be proactive in establishing policies and programs that will improve the overall economic performance of our community

Performance Measure: Economic indicators will show average annual increase

Performance Standard: New Jobs = 2% increase; New businesses = 2% increase

Completion Date: Through June 2011

Action Steps:

1. Develop and implement a Town of Payson Economic Development Plan (October 2006)
2. Define Payson image (June 2007)

Objective 2: Enhance the Economic Development Performance of the Green Valley Redevelopment Area (GVRA)

Narrative Description: Incorporate GVRA in the Town of Payson Economic Development Plan

Performance Measure: Index of performance established by the Arizona Department of Commerce Main Street Annual Report

Performance Standard: 10% increase in index from the 2005 baseline annually

Completion Date: Annually in September through 2011

Action Steps:

1. Increase the participation of GVRA local business operators in the Main Street Program (annually in June)

2. Increase the number of people frequenting Main Street (June 2007)
3. Improve parking within GVRA/Main Street area and enhance pedestrian amenities (June 2010)

Objective 3: Reduce the Number of Unsightly Properties

Narrative Description: Improve the overall appearance of the Town of Payson by decreasing unsightly properties

Performance Measure: Decrease the number of complaints regarding unsightly properties

Performance Standard: Reduce number of complaints by 10% annually

Completion Date: Annually

Action Steps:

1. Reduce the number of unsightly conditions that are Unified Development Code (UDC) violations (Annually)
2. Amend the UDC code to reduce timeline for issuance of a civil citation (October 2006)

Objective 4: Increase availability of workforce housing

Narrative Description: Ensure that essential workers such a police, firefighters, teachers, and service workers have housing available in the community (Ongoing through 2011)

Performance Measure: Percentage increase in number of residences for essential workers

Performance Standard: 20% increase in number of housing units classified as workforce affordable

Completion Date: Ongoing through 2011 planning horizon

Action Steps:

1. Develop and implement a plan to increase workforce housing stock (Ongoing)

KRA 5: Transportation and Drainage

Objective 1: Improve Streets

Narrative Description: Improve all Town arterial and collector streets as identified in the street CIP to minimum Town standards

Performance Measure: Streets brought up to Town Standards

Performance Standard: 90% of the target streets will meet minimum Town standards

Completion Date: June 2011

Action Steps:

- 1: Provide funding for target streets in the Capital Improvement Program (Annually)

Objective 2: Improve Storm Drainage

Narrative Description: Resolve major drainage problems in the community

Performance Measure: Eliminate major drainage issues

Performance Standard: Eliminate at least one major drainage issue under the Drainage Master Plan (DMP)

Completion Date: December 2010

Action Steps:

1. Develop a plan for funding major drainage problems in Payson (October 2006)
2. Implement Drainage Master Plan (December 2009)

KRA 6: Parks and Recreation

Objective 1: Enhance Parks & Recreation Facilities and Services

Narrative Description: Increase the quantity and quality of park and recreational facilities and services to the citizens of Payson.

Performance Measure: Survey of Payson residents to determine their satisfaction with the quantity and quality of facilities and services provided

Performance Standard: 80% of residents are either satisfied or very satisfied

Completion Date: December 2008

Action Steps:

1. Update Parks and Recreation Master Plan (June 2007)
2. Explore partnership with YMCA for joint use recreational facility (December 2010)
3. Increase acreage available for park facilities in Payson (June 2010)

Objective 2: Develop 36-Acre Event Center Site

Narrative Description: Convert the Town's event center site to a multi-purpose all-weather facility for hosting various community events, including hotel and conference capabilities

Performance Measure: Create and approve a development agreement(s) to build an upgraded Event Center Complex

Performance Standards: Timely delivery of agreement(s)

Completion Date: June 2007

Action Steps:

1. Explore opportunities to lease facility (December 2006)
2. Seek funding for improvements (December 2006)
3. Enter development agreement (June 2007)

KRA 7: Fire Protection and Emergency Medical Services

Objective 1: Upgrade Fire and Emergency Medical Services

Narrative Description: Provide for adequate fire and emergency medical services (EMS) to the Town of Payson

Performance Measure: National standards for response times on EMS and fires

Performance Standard: Meet established National and State standard 4 minutes for 90% of emergency calls

Completion Date: June 2007

Action Steps:

1. Update 1997 Public Safety Master Plan (June 2008)
2. Improve ISO rating from Class 5 to Class 3 (June 2008)
3. Enhance automatic aid agreement with the Diamond Star Fire District (DSFD) for the third engine company operations (June 2007)
4. Complete Fire Station #11 remodeling project (June 2007)

Objective 2: Improve Wildland/Urban Interface fire conditions affecting the Town of Payson

Narrative Description: Undertake activities to assess and support, making properties within the Town of Payson more defensible to wildland fires

Performance Measure: Loss of property and life to wildland fire events

Performance Standard: No loss of life or property to wildland events

Completion Date: June 2008

Action Steps:

1. Amplify wildland fire public information efforts (June 2008)
2. Enhance Code enforcement (June 2007)
3. Support fire suppression capabilities (June 2007)
4. Comply with standards and codes for all Town-owned properties (June 2007)
5. Integrate proposed actions with existing and future plans (June 2008)

KRA 8: Police and E-911 Services

Objective 1: Upgrade Police and E-911 Services

Narrative Description: Ensure that the Town can provide for the safety of the community

Performance Measure: Uniform Crime Report (UCR)

Performance Standard: UCR under 50 per thousand

Completion Date: April 2007

Action Steps:

1. Update 1997 Public Safety Master Plan (June 2008)
2. Develop and implement a plan to address pending vacancies in the Police Department (March 2007)
3. Develop a plan to become and remain competitive in Police personnel compensation (April 2007)

KRA 9: Organizational Development

Objective 1: Develop a Strategic Performance Measurement Program

Narrative Description: Ensure that the Town operates at the highest possible levels of effectiveness and efficiency

Performance Measure: Define, track and monitor at least three major department (Police, Fire, and Street departments)

Performance Standard: Implement specific performance measurements for the Police, Fire, and Street departments.

Completion Date: Begin with fiscal year 2006-07 budget

Action Steps:

1. Develop a strategic performance measurement (SPM) program (July 2008)

KRA 10: Airport

Objective 1: Improve Town Airport

Narrative Description: Upgrade Payson Municipal Airport for the benefit of airport users and local economic development

Performance Measure: A new business plan

Performance Standard: Adopt and Implement business plan

Completion Date: March 2007

Action Steps:

1. Update 1997 Airport Master Plan (June 2007)

Objective 2: Implement Airport Business Plan

Narrative Description: Implement the Plan with milestones and/or programs to make the airport more self-sustaining

Performance Measure: Semi-annual completion of Business Plan Milestones

Performance Standard: Timely completion of Airport Business Plan milestones

Completion Date: Semi-annually through June 2011

Action Steps:

1. Develop and implement a quarterly milestone-monitoring program to ensure timely implementation of the Airport Business Plan

KRA 11: Library Services

Objective 1: Develop a library expansion program

Narrative Description: Expand library in accordance with master plan

Performance Measure: Complete and deliver written report on benefits of expanding Library services and facilities to the Town Council

Performance Standard: Acceptance of report by Community and Council

Completion Date: June 2008

Action Steps:

1. Develop a Library Expansion Plan (June 2008)



Department Budgets

GENERAL INFORMATION

The Mayor and Town Council comprise the elected legislative and policy-making body of the Town. Town Council consists of the Mayor and six Council members. The Mayor is elected at-large every two years. Council members are elected to staggered four-year terms. The Mayor and Council are committed to ensuring active public participation in their decision-making process through appointments of citizens to the Town's various on-going boards and commissions and through special assignment of citizens to issue-oriented task forces, such as the Green Valley Redevelopment Area Committee.

MISSION STATEMENT

The Council is responsible for setting public policy that establishes the direction necessary to meet community needs. The Mayor and Council interact with local citizens on a regular basis, which requires their attendance to numerous community functions.

2005/2006 ACCOMPLISHMENTS

- Continued to provide a safe, pleasant community for all citizens
- Served Payson through a variety of Town services designed to promote quality of life
- Ensured the safety of the community through aggressive public safety efforts and programs
- Responded to the needs of the community by promoting communications and accessibility
- Valued the tax dollar and maintained a fiscal policy that keeps taxes low
- Incorporated safeguards to assure fairness and equitable treatment of all citizens
- Continued to evaluate our services to ensure quality
- Endeavored to hire the best people we can find and help them to develop their abilities

2006/2007 GOALS AND OBJECTIVES

- To provide a safe, pleasant community for all citizens
- Serve Payson through a variety of Town services designed to promote quality of life
- Ensure the safety of the community through aggressive public safety efforts and programs
- Respond to the needs of the community by promoting communications and accessibility
- Value the tax dollar and maintain a fiscal policy that keeps taxes low
- Incorporate safeguards to assure fairness and equitable treatment of all citizens
- Continue to evaluate our services to ensure quality
- Endeavor to hire the best people we can find and help them to develop their abilities for the betterment of the community

BUDGET HIGHLIGHTS

Expenditures are for normal operational costs.

\$75,650 of this budget is payroll-related expense of the Town Council. The Mayor receives a salary of \$900 per month. Council members receive \$500 per month.

\$28,470 of this amount is budgeted for health, disability, and term life insurance.

\$25,000 of this budget is for public relations and promotion of special events.

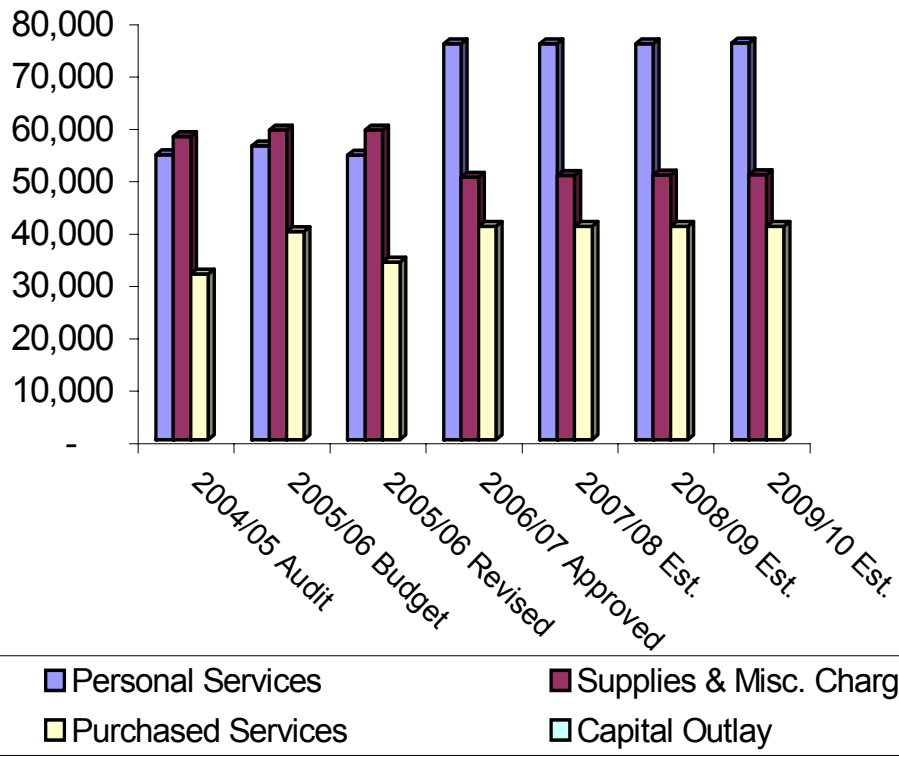
\$36,900 of this budget is for expenditures of Council Members to attend conferences, business meetings and training. \$3,900 is dues and memberships in organizations such as the Arizona League of Cities and Towns.

Budget Summary by Department

Town Council

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 54,516	\$ 56,150	\$ 54,410	\$ 75,650	45.4%
Supplies and Misc. Charges	57,941	59,200	59,200	50,200	30.1%
Purchased Services	31,655	39,800	34,000	40,800	24.5%
Capital Outlay	-	-	-	-	-%
Total	\$144,112	\$155,150	\$147,610	\$166,650	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 75,750	\$ 75,750	\$ 75,800
Supplies & Misc. Charges	50,500	50,600	50,700
Purchased Services	40,800	40,800	40,800
Capital Outlay	-	-	-
Total	\$167,050	\$167,150	\$167,300



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Town Council	7	7	7	7	0%

GENERAL INFORMATION

Periodically during the course of the year, the Town may encounter unforeseen emergency expenditures. Because of such unexpected events, a specific contingency amount is budgeted each year and can only be used with the approval of the Mayor and Council Members.

2006/2007 GOALS AND OBJECTIVES

Not applicable to this department

BUDGET HIGHLIGHTS

This Contingency Account was moved to a new Rainy Day Fund.

MISSION STATEMENT

To provide funding in the event of an unforeseen emergency.

2005/2006 ACCOMPLISHMENTS

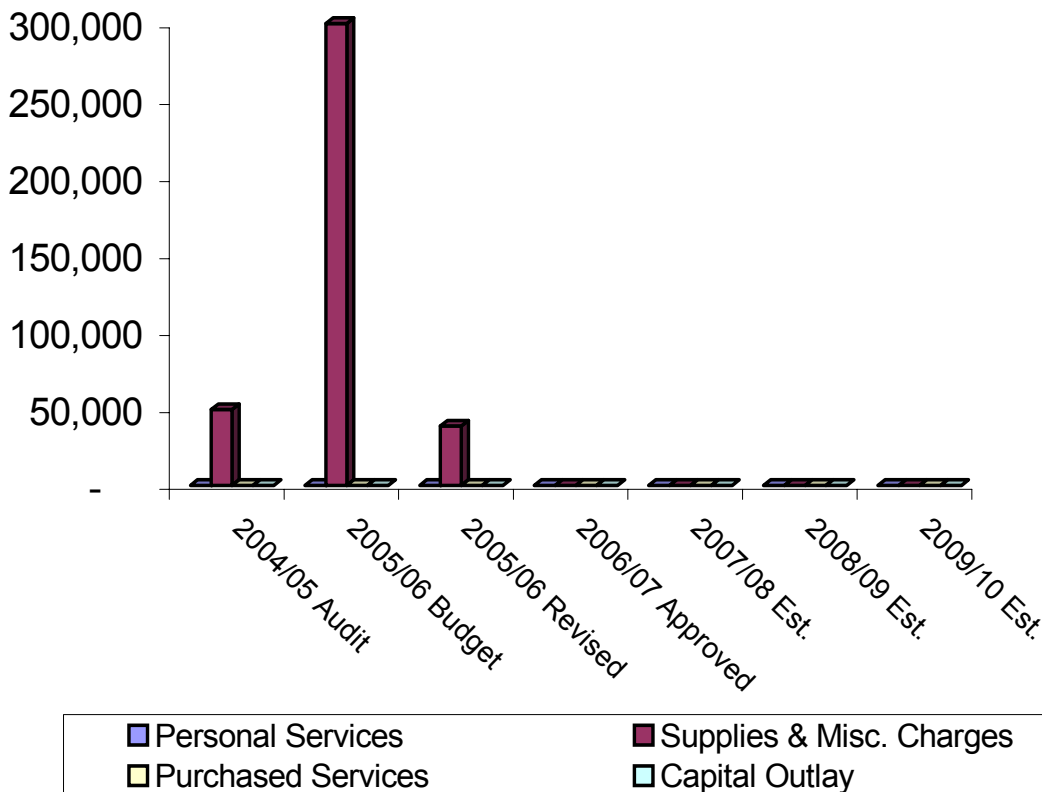
Not applicable to this department

Budget Summary by Department

Council Contingency

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	0.0%
Supplies & Misc. Charges	49,210	300,000	38,526	-	100.0%
Purchased Services	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	0.0%
Total	\$49,210	\$300,000	\$38,526	\$ -	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	-	-	-
Purchased Services	-	-	-
Capital Outlay	-	-	-
Total	\$ -	\$ -	\$ -



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Council Contingency	0	0	0	0	0%

GENERAL INFORMATION

The operating expenditures for the various boards and commissions are accounted for in this budget. Council appoints citizens to 12 various committees. They serve without compensation and are a vital part in the policy development for the Town.

MISSION STATEMENT

The various Boards and Commissions are established to provide a support and advisory role to the Town Council and staff.

2005/2006 ACCOMPLISHMENTS

Not applicable to this department

2006/2007 GOALS AND OBJECTIVES

Not applicable to this department

BUDGET HIGHLIGHTS

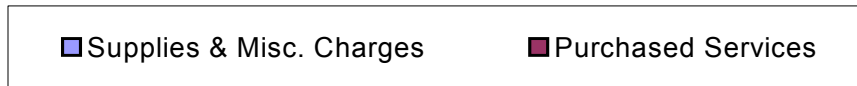
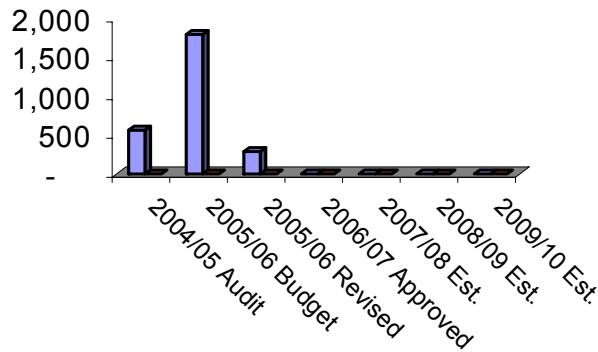
Expenses related to the various Town Boards and Commissions are now budgeted within the departments that support them.

Budget Summary by Department

Boards and Commissions

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-%
Supplies & Misc. Charges	565	1,800	290	-	100.0%
Purchased Services	-	-	-	-	-%
Capital Outlay	-	-	-	-	-%
Total	\$ 565	\$1,800	\$ 290	\$ -	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	-	-	-
Purchased Services	-	-	-
Capital Outlay	-	-	-
Total	\$ -	\$ -	\$ -



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Boards & Commissions	0	0	0	0	0%

GENERAL INFORMATION

The Town Attorney's Office has the duty of representing and advising the Town of Payson on all legal matters. This includes providing advice to the Mayor and Town Council and consulting with Department Directors, drafting ordinances and resolutions, and reviewing contracts. The Department furnishes oral and written legal opinions. It represents the Town of Payson in litigation brought by and against the Town. It prosecutes all criminal misdemeanor cases arising within the Town limits and filed in Town Magistrate Court.

MISSION STATEMENT

The mission of the Legal Department is to anticipate future needs and issues, providing potential solutions to present and future problems. The Legal Department is committed to protecting the Town of Payson from liability and to seeking the fair, just application of the law in criminal matters.

2005/2006 ACCOMPLISHMENTS

- Authored 135 ordinances and resolutions
- Prosecuted a total of 831 criminal cases
- Obtained \$370,645 in fines from criminal prosecution
- Recovered \$29,564 in costs of criminal prosecution
- Assisted in recovery of books and/or fines in 113 overdue library matters
- Reviewed and coordinated bond documents for sale of Town of Payson General Obligation Bonds, Series 2003
- After subdivision approval, prepared agreements to construct subdivision improvements and development agreements
- Prepared requests-for-proposals for most departments
- Reviewed personnel decisions related to discipline
- Provided legal advice to the payroll clerk regarding garnishments and other liens
- Completed the sale of the remaining Town-owned Sky Park lots
- Provided legal advice to the Human Resource Director regarding transition from 401(k) Plan to Arizona State Retirement System

**2005/2006 ACCOMPLISHMENTS
(Continued)**

- Negotiated an agreement with the Tonto Apache Tribe for municipal water services
- Negotiated an agreement with Verizon for a new cell tower
- Reviewed numerous requests for public records and all documents provided in response thereto
- Acted as collection agent for collection of debts owed to the Town
- Reviewed subpoenas for documents and coordinated responses thereto
- Correct various problems arising in other departments before they became financial liabilities for the Town
- Advised various Town boards, commissions, and committees
- Provided legal advice to members of the Town Council, Town Manager, and department heads
- Participated in the successful defense of various claims and lawsuits against the Town, including claims totaling \$134,165,361 and referendum actions
- Prevented any major losses from being incurred by the Town

2006/2007 GOALS AND OBJECTIVES

Long term planning is necessarily secondary to the daily inundations of new crises and issues developed external to this Department. As a result, the goal must be to address all the problems brought to or identified by this Department without allowing liability or statutory violations to occur. In addition, specific goals are:

- To assist in the procurement of new sources of water for the Town of Payson
- To assist all Town programs through the rendering of legal advice and expertise
- To prevent the Town from incurring liability to the greatest extent possible
- To negotiate and draft agreements for Town projects such as the Payson Event Center, development, and assurance agreements which are favorable to the Town

BUDGET HIGHLIGHTS

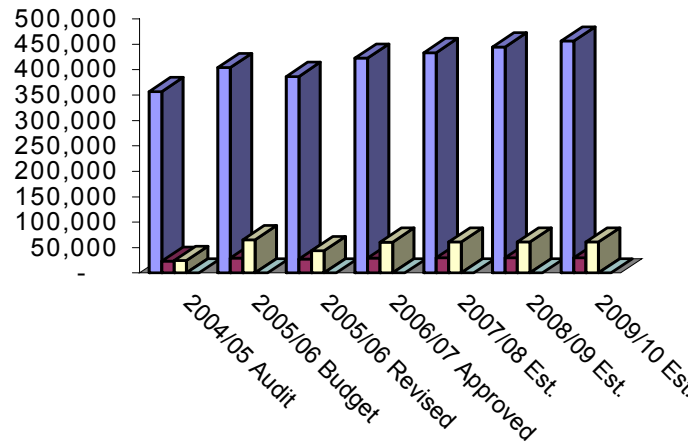
No major changes

Budget Summary by Department

Town Attorney

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$356,795	\$404,090	\$386,500	\$422,470	82.4%
Supplies & Misc. Charges	23,294	29,700	27,130	29,250	5.7%
Purchased Services	24,793	65,240	43,680	60,790	11.9%
Capital Outlay		-			-%
Total	\$404,882	\$499,030	\$457,310	\$512,510	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$433,454	\$444,723	\$456,285
Supplies & Misc. Charges	29,750	29,760	29,800
Purchased Services	60,900	60,900	60,900
Capital Outlay	-	-	-
Total	\$524,104	\$535,383	\$546,985



■ Personnel Services	■ Supplies & Misc. Charges
■ Purchased Services	■ Capital Outlay

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Town Attorney	1	1	1	1	0%
Deputy Town Attorney I, II	1	1	1	1	0%
Office Manager – Legal	1	1	1	1	0%
Paralegal I, II	1	1	1	1	0%
Total	4	4	4	4	0%

GENERAL INFORMATION

The Town Municipal Court is responsible for adjudication of misdemeanor level crimes in the jurisdiction of the Town of Payson. The Town has an Intergovernmental Agreement (IGA) with the Gila County Justice Court to act as the Town's Municipal Court. Under this Agreement, the Town funds the Judge and Judge Pro-tem. In addition, the Town funds certain costs related to the Municipal Court.

MISSION STATEMENT

The Town Court is responsible for the adjudication of misdemeanor crimes, as well as traffic, Town Code violations, and UDC violations.

2005/2006 ACCOMPLISHMENTS

- Handled more misdemeanors than many other municipal courts in the state
- Payson Magistrate revenues were well in excess of many other courts of the same size

2006/2007 GOALS AND OBJECTIVES

- To improve efficiency and productivity
- To continue to administer the Court in a fair and equitable manner
- To account for and process Court records according to Arizona Rules of Procedure and Arizona Revised Statutes

BUDGET HIGHLIGHTS

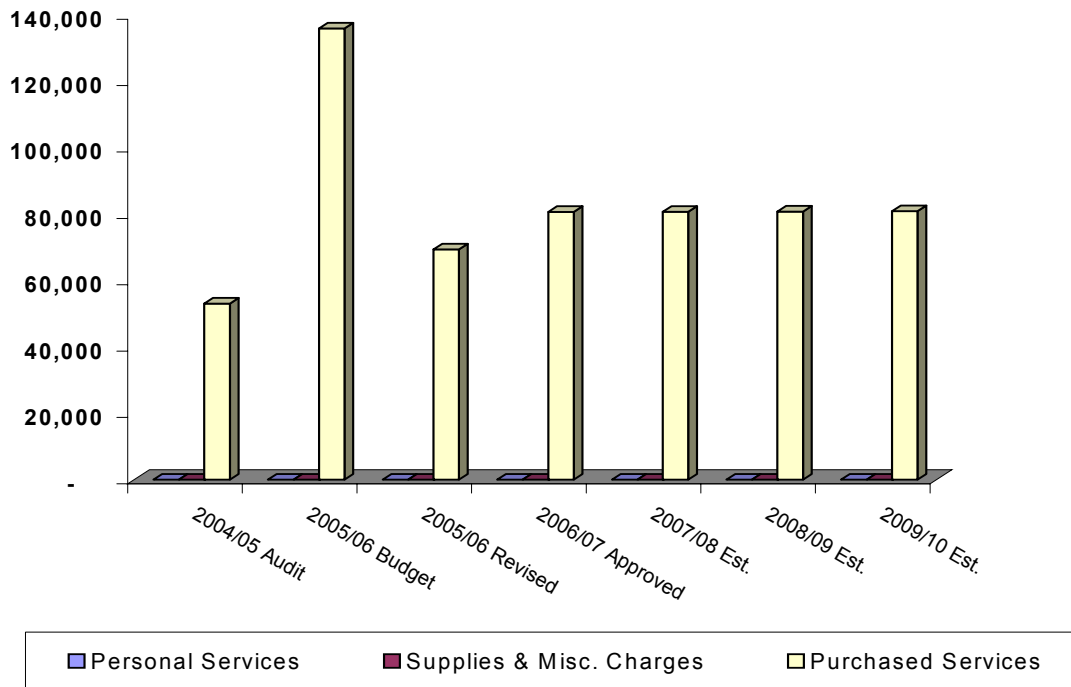
No major changes

Budget Summary by Department

Magistrate Court

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-%
Supplies & Misc. Charges	-	20	-	20	0.0%
Purchased Services	53,071	135,960	69,400	80,680	100.0%
Capital Outlay	-	-	-	-	-%
Total	\$53,071	\$135,980	\$69,400	\$80,700	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	20	20	20
Purchased Services	80,700	80,800	80,900
Capital Outlay	-	-	-
Total	\$80,720	\$80,820	\$80,920



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Magistrate Court	n/a	n/a	n/a	n/a	0%
Total	n/a	n/a	n/a	n/a	0%

GENERAL INFORMATION / MISSION

The Town Council appoints a Town Manager who serves at the pleasure of the Council under contract. The Town Manager has four primary roles:

1. Chief Administrative Officer, supervising the activities of Town departments
2. Staff Assistant to the Town Council, providing elected officials with technical information, policy recommendations, and reports on activities of Town departments
3. Public Reporting Official, providing media and the public with information about the accomplishments, planned activities, and policies of Town government
4. Intergovernmental Liaison, representing the Town in its relations with administrative arms of Federal, State, County, and other municipal governmental units, as well as associations devoted to local government management

2005/2006 ACCOMPLISHMENTS

- Continued twice-monthly information television program: TOP Talk
- Completed second annual Payson Citizens Leadership Academy
- Produced quarterly Town newsletter, *Payson Insight*
- Developed and implemented ranking system for Corporate Strategic Plan objectives
- Continued monthly Town Manager newspaper information column in *The Payson Roundup*
- Provided substantial assistance to 35 non-profit groups preparing grant applications
- Received and administered 15 grants totaling \$568,000
- Signed memorandum of understanding for development of Event Center property
- Completed an annual report of the Town's activities and accomplishments
- Assumed operation of government access Channel 4

**2005/2006 ACCOMPLISHMENTS
(Continued)**

- Completed reorganization of the Corporate Strategic Plan so that it consists entirely of specific objectives with measurable outcomes
- Secured voter approval for bonding for police and fire communications system improvements and fire arms training program
- Developed departmental customer satisfaction survey forms and collection process

2006/2007 GOALS AND OBJECTIVES

- Enhance programming on Channel 4
- Provide leadership in the search for new sources of water, including surface water from Blue Ridge Reservoir
- Develop Event Center property into a destination for conferences and activities
- Continue to enhance the Town's working relationship with neighboring governmental jurisdictions
- Prepare an annual report of the Town's activities and accomplishments
- Continue to refine the Corporate Strategic Planning process
- Enhance public information dissemination process

BUDGET HIGHLIGHTS

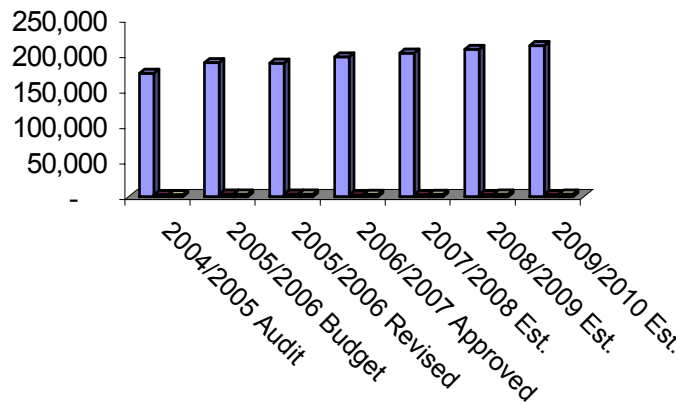
No major changes

Budget Summary by Department

Town Manager

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$173,614	\$188,800	\$187,770	\$197,000	97.1%
Supplies & Misc. Charges	2,918	2,750	3,460	2,600	1.3%
Purchased Services	2,868	3,650	3,530	3,300	1.6%
Capital Outlay		-			-
Total	\$179,400	\$195,200	\$194,760	\$202,900	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$202,100	\$207,300	\$212,800
Supplies & Misc. Charges	2,700	2,800	2,900
Purchased Services	3,400	3,450	3,500
Capital Outlay	-	-	-
Total	\$208,200	\$213,550	\$219,200



■ Personal Services
 ■ Supplies & Misc. Charges
 ■ Purchased Services

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Town Manager	1	1	1	1	0%
Grants Coordinator	1	1	1	1	0%
Total	2	2	2	2	0%

GENERAL INFORMATION

The Human Resources Department is responsible for personnel policy development and administration, benefit administration, retirement program administration, compensation and pay plan management, recruitment, training & development, safety training, OSHA compliance, and risk management.

MISSION STATEMENT

It is the mission of the Human Resources Department to provide quality administration in Human Resources and Risk Management to the Town of Payson, the Town Council, and Town employees through:

- Facilitating the productivity and effectiveness of the Town of Payson
- Development of employees in ways that are satisfying to the individual and beneficial to the Town
- Anticipating, providing, and administering Human Resource services consistent with the changing needs of the Town
- Promoting safety in the work place in order to provide the employee a safer environment

2005/2006 ACCOMPLISHMENTS

- Updated all employee job descriptions
- Reviewed and revised employee classifications, as necessary
- Prepared RFP and conducted Wage and Market Study
- Establish a supervisor training program
- Transferred payroll functions to the Human Resources Department
- Revised/updated departmental position testing materials
- Revised background investigation process s

**2005/2006 ACCOMPLISHMENTS
(Continued)**

- Inventoried Town insurance policies
- Began the process of revising all employee performance appraisals

2006/2007 GOALS AND OBJECTIVES

- Continue the process of revising the employee performance review forms
- Complete the revision to the Personnel Policies & Procedures Manual
- Establish a vehicle usage policy
- Revise the Family & Medical Leave Act policy
- Conduct a Risk Assessment of the Airport
- Inventory & conduct a claims analysis of property & liability claims and work compensation claims
- Purchase & install new HR & Payroll information system
- Establish an employee wellness program
- Establish and employee news letter
- Restart safety committee
- Create a Safety Policies & Procedures manual

BUDGET HIGHLIGHTS

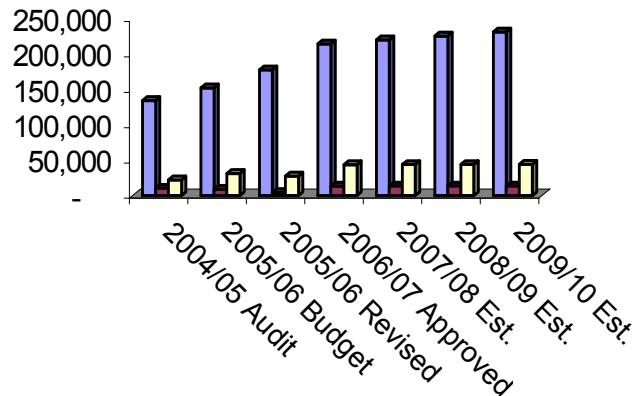
No major changes

Budget Summary by Department

Human Resources

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$134,541	\$152,270	\$177,720	\$214,390	78.9%
Supplies & Misc. Charges	10,363	8,900	4,350	13,450	5.0%
Purchased Services	22,268	31,200	27,550	43,850	16.1%
Capital Outlay	-	-	-	-	-%
Total	\$167,172	\$192,370	\$209,620	\$271,690	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$220,000	\$225,700	\$231,500
Supplies & Misc. Charges	13,500	13,530	13,550
Purchased Services	43,900	43,950	44,000
Capital Outlay	-	-	-
Total	\$277,400	\$283,180	\$289,050



■ Personal Services
 ■ Supplies & Misc. Charges
 ■ Purchased Services

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Administrative Services Director	1	1	0	0	0%
Human Resource Director	0	0	1	1	0%
Human Resource Analyst I, II	1	1	0	0	0%
Human Resource Technician	0	0	1	1	0%
Payroll Specialist	0	0	0	1	100%
Total	2	2	2	3	66%
Part-Time HR Clerk	1	1	1	1	0%

GENERAL INFORMATION

The Information Systems Department is responsible for keeping the Town's computer technology productive as it pertains to the employee's particular business needs.

MISSION STATEMENT

- To provide the Town's employees with the highest quality of service using the resources and technologies available to maximize productivity, and
- Enhancing communication for the overall purpose of providing the best possible service to the Town's citizens.

2005/2006 ACCOMPLISHMENTS

- Planned and implemented a new SUS server
- Built server for Parks and Recreation to store user files
- Planned and installed ceiling projector and training computer at Fire Station 11
- Continued research and development of TV4
- Built the SAN storage for user storage and backup
- Planned and implemented moving the email database to a larger hard drive (5-6 year growth)
- Began work on Public Safety communication system
- Installed 3 new TV's: 2 in Council Chambers and 1 in lobby just outside of Council Chambers
- Planned and coordinated for SEG to install rack for microphone system and TV equipment for the Council Chambers
- Built a new BDC sever for the Town's domain to provide redundancy in case the PDC server went down
- Organized replacement of new communication cable runs to the Police and Community Development departments due to a lighting strike

**2005/2006 ACCOMPLISHMENTS
(Continued)**

- Configured and delivered laptops to each Council member to allow them direct access to the Town's website and paperless agendas
- Developed a new Town Computer and Internet Usage Policy for Council adoption
- Managed TV4 productions

2006/2007 GOALS AND OBJECTIVES

- Implement Storage Area Network (SAN)
- Upgrade all remaining NT4 servers to WIN2000 and 2003 servers
- Continue to maintain 99.9% availability to network resources
- Upgrade and convert Finance, Community Development, and Human Resources to new Windows 2000 server
- Continue to replace old desktops with new Systemax Systems
- Implement offsite filming capability for TV4
- Complete Public Safety project
- Move Fire Dept to new 2000 server (Public Safety Project)
- Improve connections to both fire stations with a T1 circuit installed exclusively for data

BUDGET HIGHLIGHTS

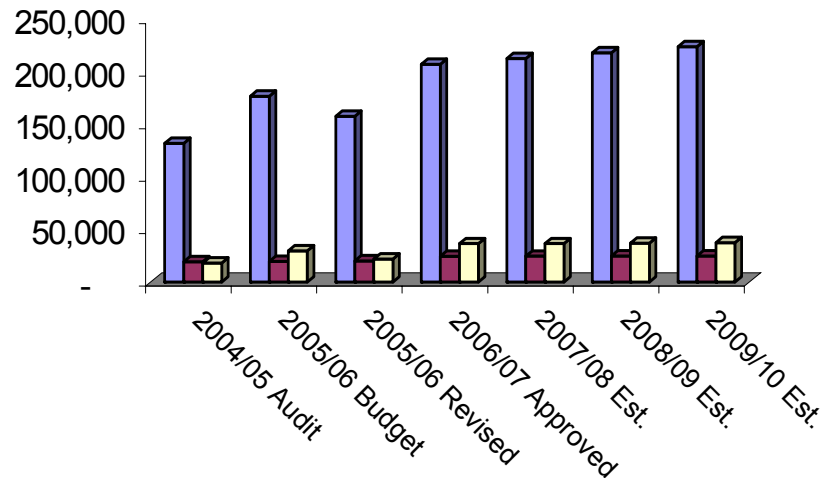
No major changes

Budget Summary by Department

Information Systems

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$132,216	\$177,110	\$158,060	\$207,580	77.2%
Supplies & Misc. Charges	19,405	19,650	20,260	24,650	9.2%
Purchased Services	18,160	29,750	22,030	36,550	13.6%
Capital Outlay	-	-	-	-	-%
Total	\$169,781	\$226,510	\$200,350	\$268,780	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$213,000	\$218,500	\$224,200
Supplies & Misc. Charges	24,700	24,750	24,800
Purchased Services	36,600	37,000	37,500
Capital Outlay	-	-	-
Total	\$274,300	\$280,250	\$286,500



■ Personal Services
 ■ Supplies & Misc. Charges
 ■ Purchased Services

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Information Systems Manager	1	1	1	1	0%
Systems Engineer I	0	0	0	1	100%
Information Systems Technician	1	1	1	1	0%
Total	2	2	2	3	50%

GENERAL INFORMATION

The Community Development Department is composed of four divisions: Planning & Zoning, Building, Housing/CDBG, and Main Street/Redevelopment.

MISSION STATEMENT

Provide staff assistance and technical expertise to promote Building Safety, Zoning Enforcement, and planning for the future development of the Town of Payson. Staff strives to ensure a safe environment and orderly development for our residents.

2005/2006 ACCOMPLISHMENTS

- Completed six residential rehab projects using CDBG funds
- Issued permits for and inspected: 234 new single residences, 30 new manufactured homes, 4 new multi-family units, and 15 new commercial projects
- Processed 82 projects through the Development Services meetings
- Fielded 269 zoning complaints
- Processed 12 rezoning cases, 14 conditional use permit requests, 17 minor land division applications, 12 subdivisions, and 10 temporary use permits through the Planning and Zoning Commission

2006/2007 GOALS AND OBJECTIVES

The primary goal of the Community Development Department is to provide the highest level of assistance as possible to our customers. We will strive to provide our customers with reliable information and timely service. We will be sensitive to the needs of our customers and the community as a whole. We intend to accomplish the following:

- Increase emphasis on affordable/workforce housing efforts
- Seek State Housing Fund monies for Housing Rehabilitation efforts
- Provide technical assistance to Payson Area Habitat for Humanity for its State Housing Fund application for the Longhorn Condo project
- Maintain building permit turnaround time
- Complete building expansion project
- Bring new events to Main Street
- Help coordinate Economic Development efforts of the Town and partners
- Amend the Unified Development Code to streamline and modernize procedures

BUDGET HIGHLIGHTS

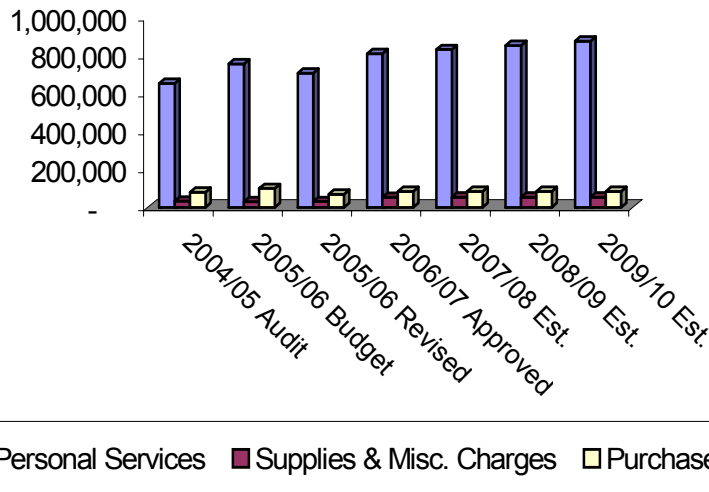
No major changes

Budget Summary by Department

Community Development & Planning

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$654,452	\$756,690	\$708,930	\$811,810	85.6%
Supplies & Misc. Charges	32,284	30,000	30,240	53,380	5.6%
Purchased Services	80,422	99,330	69,350	83,810	8.8%
Capital Outlay	-	-	-	-	-%
Total	\$767,158	\$886,020	\$808,520	\$949,000	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$832,900	\$854,600	\$876,800
Supplies & Misc. Charges	53,500	53,600	53,700
Purchased Services	83,850	83,900	84,000
Capital Outlay	-	-	-
Total	\$970,250	\$992,100	\$1,014,500



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
CD Director	1	1	1	1	0
Chief Building Official	1	1	1	1	0
Zoning Administrator	1	1	1	1	0
Redevelopment/Housing Coordinator	1	1	1	1	0
Plans Review Specialist II	1	1	1	1	0
Planning Specialist	1	1	1	1	0
Building Inspector I , II	3	3	3	3	0
Administrative Secretary	1	1	1	1	0
Permit Technician I	1	1	1	1	0
Total	11	11	11	11	0%

GENERAL INFORMATION

The Parks Maintenance Division is part of the Parks and Recreation Department under the guidance of the Parks and Recreation Department Director. They are in charge of providing quality development and upkeep of the Town’s park system. Some of the basic functions of this division include: fertilization, irrigation, construction, beautification, mowing, trimming, and plant care.

MISSION STATEMENT

- The Payson Parks System is dedicated toward the delivery of clean, safe and modern park facilities, while
- Responding to very diverse park usage demands, and
- Progressively addressing park development needs created by growth

2005/2006 ACCOMPLISHMENTS

- 10 Year Anniversary Celebration
- Renovated Rumsey Park North soccer fields
- Initiated Rumsey III baseball field redevelopment
- Initiated Rumsey West development

2006/2007 GOALS AND OBJECTIVES

- Initial development of Rumsey playground
- Implement Shoreline Erosion Control Measures at Green Valley Park
- Complete Rumsey ball field project
- Construct portable stage (replacement)
- Complete partition replacements at Green Valley Park
- Resurface Tennis Courts at Rumsey Park
- Establish preliminary planning and budget needs for kiddy pool repair or replacement at the Taylor Pool aquatics facility
- Establish preliminary planning and budget needs for G.V.P. shoreline erosion control measures
- Establish preliminary planning and budget needs for the *Rumsey Park* and the *Parks and Recreation* master plan updates

BUDGET HIGHLIGHTS

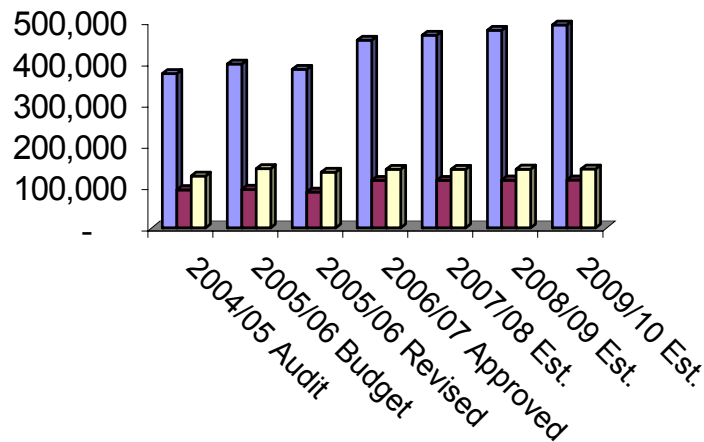
No major changes

Budget Summary by Department

P&R – Parks Maintenance

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$374,319	\$397,670	\$384,990	\$455,340	63.8%
Supplies & Misc. Charges	92,565	93,400	86,840	115,650	16.2%
Purchased Services	125,592	143,800	135,400	142,400	20.0%
Capital Outlay	-	-	-	-	-%
Total	\$592,476	\$634,870	\$607,230	\$713,390	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$467,200	\$479,300	\$491,800
Supplies & Misc. Charges	115,700	115,800	116,000
Purchased Services	142,300	142,500	142,700
Capital Outlay	-	-	-
Total	\$725,200	\$737,600	\$750,500



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
P & R Director	1	1	1	1	0%
Parks Supervisor	1	1	1	1	0%
General Maintenance Crew Leader	1	1	1	1	0%
General Maintenance I, II, III	3	3	3	3	0%
Total Full Time	6	6	6	6	0%
Part-time Maintenance	2	2	2	2	0%

GENERAL INFORMATION

All of the Town’s recreation programs are developed and funded through this program, which is part of the Parks and Recreation Department under the guidance of the Parks and Recreation Department Director.

MISSION STATEMENT

To enhance the quality of life in Payson with exciting recreational opportunities for the entire population base within the community.

To continue to deliver an extremely high level of diverse cultural and leisure recreational activities.

2005/2006 ACCOMPLISHMENTS

- Feasibility Study completed for YMCA-funded by Friends of Parks & Recreation estimated cost is \$7 million
- Resolution 10K Run
- Event Center plan completed, negotiations started with developer(s)
- Two new artificial turf softball fields installed
- Hosted an ASA Softball tournament
- Sprint triathlon completed

2006/2007 GOALS AND OBJECTIVES

- Increase cultural programming for children
- Expand senior citizen activities and programs
- Continue to investigate and explore potential partnerships and funding options for a Community Center
- Focus more programming on health and wellness
- Offer inaugural dodge ball tournament and analyze interest in starting a league
- Increase number of softball tournaments using new fields

BUDGET HIGHLIGHTS

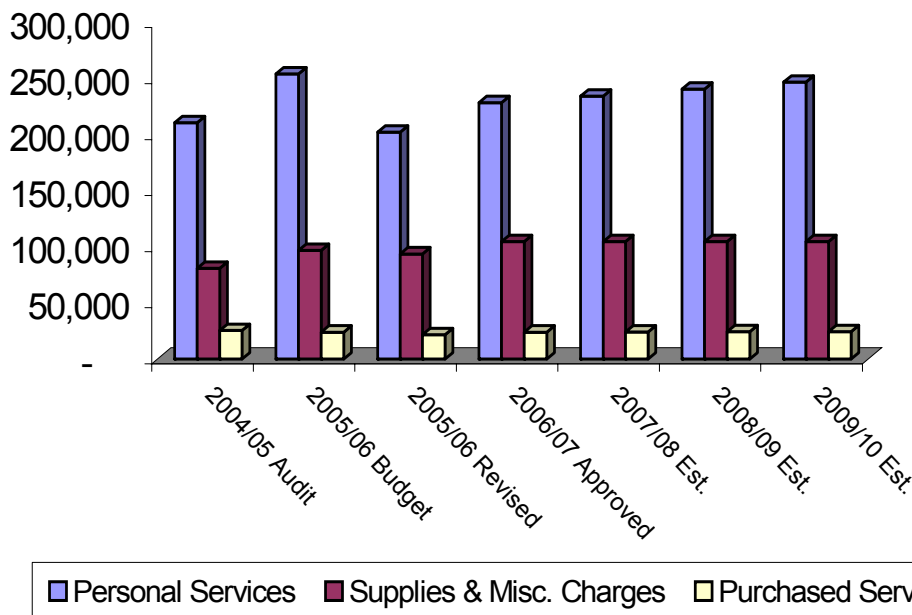
No major changes

Budget Summary by Department

P&R – Recreation

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$210,705	\$254,280	\$202,330	\$228,700	64.0%
Supplies & Misc. Charges	80,822	96,940	93,730	104,690	29.3%
Purchased Services	25,382	23,950	21,700	23,950	6.7%
Capital Outlay	-	-	-	-	-%
Total	\$316,909	\$375,170	\$317,760	\$357,340	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$234,600	\$240,700	\$247,000
Supplies & Misc. Charges	104,720	104,750	104,800
Purchased Services	24,110	24,250	24,260
Capital Outlay	-	-	-
Total	\$363,430	\$369,700	\$376,060



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Recreation Coordinator	2	2	2	2	0
Secretary	1	1	1	1	0
Total Full Time	3	3	3	3	0

GENERAL INFORMATION

The Town’s seasonal swimming pool program provides participants of all age’s diversified aquatic programs. Temporary salaries are used in this budget, since it is a seasonal program. The maintenance of Taylor Pool is designed to adhere to strict water quality standards. Certified management and lifeguards, in addition to licensed pool maintenance staff, operate Taylor Pool. The pool is part of the Parks and Recreation Department under the guidance of the Parks and Recreation Department Director.

MISSION STATEMENT

The Town’s seasonal aquatic program provides diversified aquatic or swimming programs, including:

- American Red Cross certification program
- Water aerobics exercise program
- Open swim hours and lap swimming
- A recreational swim team
- Master Swimming programs

2005/2006 ACCOMPLISHMENTS

- Converted to Ellis Certified Aquatic Facility
- Acquired an AED
- Hosted 1st Annual Youth Triathlon

2006/2007 GOALS AND OBJECTIVES

- Update all aquatics staff to New American Red Cross certifications in LGT, CPR, AED, and WSI
- Offer more special events and teen activities
- Start a junior lifeguard program
- Require more in-service training for lifeguards
- Institute a formal evaluation process for both staff and programming

BUDGET HIGHLIGHTS

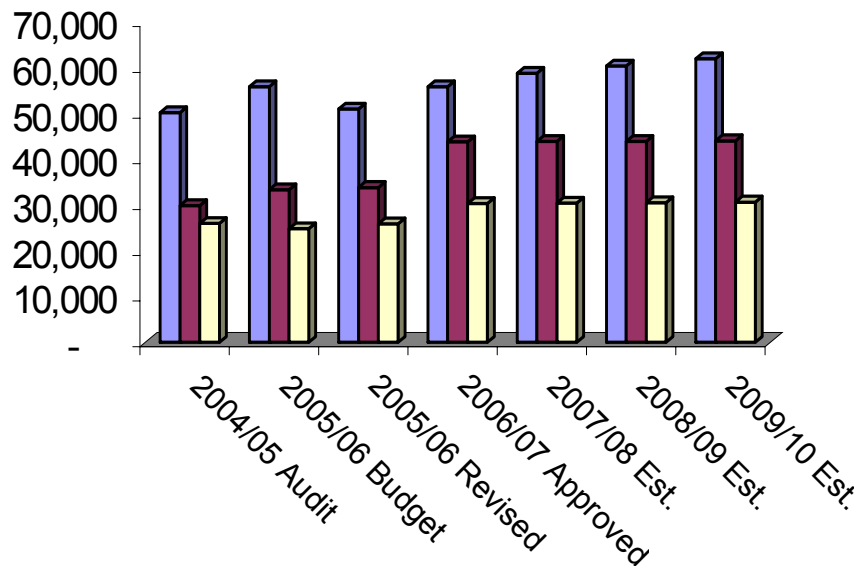
No major changes

Budget Summary by Department

P&R – Aquatics

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 50,256	\$ 55,930	\$ 51,070	\$ 55,930	42.9%
Supplies & Misc. Charges	29,944	33,400	33,890	43,900	33.7%
Purchased Services	26,010	24,880	25,930	30,400	23.4%
Capital Outlay	-	-	-	-	-%
Total	\$106,210	\$114,210	\$110,890	\$130,230	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 58,870	\$ 60,460	\$ 62,090
Supplies & Misc. Charges	43,950	44,000	44,100
Purchased Services	30,500	30,600	30,700
Capital Outlay	-	-	-
Total	\$133,320	\$135,060	\$136,890



■ Personnel Services
 ■ Supplies & Misc. Charges
 ■ Purchased Services

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Seasonal Pool Staff	28	28	28	28	0

GENERAL INFORMATION

The Financial Services Department provides support for various cost centers. In addition to accounting for the Town's revenues and expenditures, the following functions are managed by Finance staff: cash management, payroll, accounts payable, capital assets, special accounts receivable, grant monitoring, banking relations, monthly reporting, and debt service. The department is also responsible for the Town's annual audit and budget process.

MISSION STATEMENT

We endeavor to provide the best possible assistance to the people and employees of the Town of Payson by ensuring proper and timely accounting for both the financial and accounting activities of the Town and maintaining the financial integrity of the Town of Payson through effective fiscal oversight. This is accomplished by providing effective accounting policies, procedures, systems and controls; by providing accurate and useful financial information to management, outside agencies and citizens; and by producing financial audits of the Town Departments, agencies and funds.

2005/2006 ACCOMPLISHMENTS

- Completed the 2004/05 Audit.
- Awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2004/2005 (eighth consecutive year)
- Awarded the GFOA Distinguished Budget Presentation Award for the 2005/2006 Fiscal Year Budget (eighth consecutive year)
- Participated in updating the Town's Corporate Strategic Plan
- Updated the Strategic Financial Plan
- Revised and updated the Town's budget process
- Provided annual budget and revenue analysis; budget reviews, forecasting and financial studies
- Provided timely, accurate, relevant, and accessible financial data, services, analysis, and guidance for the departments, administration, and public
- Provided a positive work environment that encourages teamwork, initiative, productivity, and individual development
- Provided friendly and courteous customer service
- Reviewed Town fees and charges
- Raised our Standard and Poor's rating from "A+" to "AA-"
- Developed Financial Trend Monitoring System database

**2005/2006 ACCOMPLISHMENTS
(Continued)**

- Maintained Procurement Card System compliance for Town employees to purchase goods and services
- Developed a Performance Measurement System and began implementation
- Developed Evaluation Procedures for funding local not-for-profit agencies

2006/2007 GOALS AND OBJECTIVES

- Apply for the GFOA Certificate of Achievement for Excellence in Financial Reporting for the fiscal year 2005/2006
- Apply for the GFOA Distinguished Budget Presentation Award Program for the 2006/2007 Fiscal Year Budget
- Research, implement, and begin use of a new computer software package that includes: general ledger, accounts payable, purchase orders, cash receipts, accounts receivable, GASB, capital assets, payroll, human resources, timesheets, and business licenses
- Replace the CFO position due to retirement of current personnel
- Continue to develop and implement Performance Measurement System
- Develop a Comprehensive Procurement System
- Update Financial Trend Monitoring System
- Develop Fiscal Policies
- Develop the Town's first Popular Annual Financial Report (PAFR)
- Apply for the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting
- Provide summarized budget information to the citizenry that is easily understood
- Provide timely, accurate, relevant, and accessible financial data, services, analysis, and guidance for the departments, administration, and public
- Provide annual budget and revenue analysis, budget reviews, forecasts, and financial studies
- Provide a positive work environment that encourages teamwork, initiative, productivity, and individual development
- Provide friendly and courteous customer service.

BUDGET HIGHLIGHTS

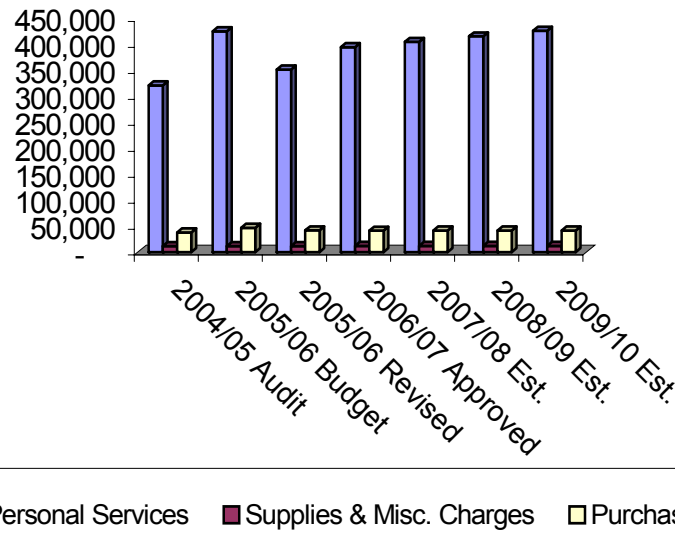
There are no major changes

Budget Summary by Department

Financial Services

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$321,089	\$425,330	\$351,550	\$394,910	88.2%
Supplies & Misc. Charges	11,497	11,600	11,600	11,800	2.6%
Purchased Services	37,863	46,600	41,770	41,280	9.2%
Capital Outlay	-	-	-	-	0.0%
Total	\$370,449	\$483,530	\$404,920	\$447,990	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$405,200	\$415,700	\$426,500
Supplies & Misc. Charges	11,820	11,900	12,000
Purchased Services	41,350	41,460	41,570
Capital Outlay	-	-	-
Total	\$458,370	\$469,060	\$480,070



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Chief Fiscal Officer	1	1	1	1	0
Comptroller	1	1	1	1	0
Accountant I	-	-	-	1	100
Accountant II	1	1	1	1	0
Payroll Specialist	1	1	1	0	-100%
Senior Finance Clerk	1	1	1	1	0
Total	5	5	5	5	0%

GENERAL INFORMATION

This cost center accounts for expenditures related to the general operations of the General Fund. Expenditures that do not relate to a specific cost center, such as general insurance, utilities, copier equipment lease, etc., are accounted for in this department. The Chief Fiscal Officer is responsible for monitoring this account.

MISSION STATEMENT

To centralize the accounting for the various services that encompasses all department operations.

2005/2006 ACCOMPLISHMENTS

- Negotiated a Housekeeping Services contract for various Town facilities.

2006/2007 GOALS AND OBJECTIVES

- Continue to provide a cost center for recording and tracking expenditures that provides support to the general operations of the Town
- Investigate ways to maintain a high level of support while maintaining or reducing the overall cost of such support
- Replace the Town’s main copiers used for Council agenda packets and other large volume copying
- Investigate the feasibility of upgrading the Town’s main telephone system with a T-1 line to mitigate the demanding growth on our main lines; potentially resulting in a cost savings to the Town

BUDGET HIGHLIGHTS

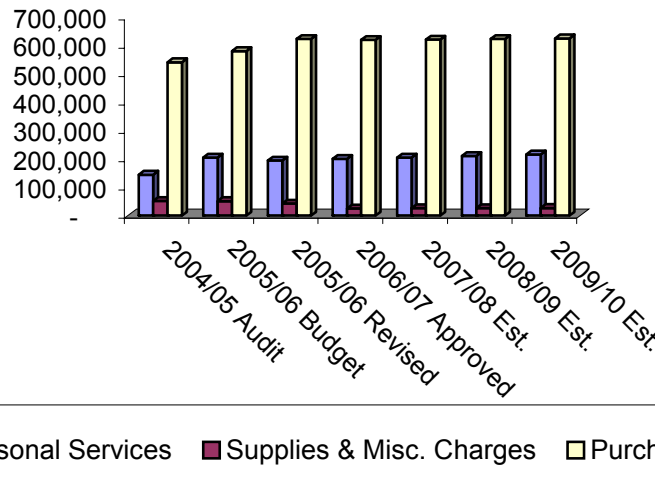
No major changes

Budget Summary by Department

General Government Admin. – Bldg. & Plant

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$144,312	\$204,240	\$194,100	\$199,640	23.6%
Supplies & Misc. Charges	51,490	50,900	42,600	25,290	3.0%
Purchased Services	540,756	580,200	623,390	619,900	73.4%
Capital Outlay	-	-	-	-	-%
Total	\$736,558	\$835,340	\$860,090	\$844,830	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$204,830	\$210,200	\$215,600
Supplies & Misc. Charges	26,300	26,450	26,600
Purchased Services	621,000	623,200	625,000
Capital Outlay	-	-	-
Total	\$852,130	\$859,850	\$867,200



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Total	0	0	0	0	0

GENERAL INFORMATION

This program accounts for specific contributions to other not-for-profit agencies.

MISSION STATEMENT

To provide support funding to local not-for-profit agencies who provide special services for the citizens of Payson.

2005/2006 ACCOMPLISHMENTS

Provided support funding to nine not-for-profit agencies

2006/2007 GOALS AND OBJECTIVES

Continue to provide support funding on an as-needed- basis to local not-for-profit agencies

BUDGET HIGHLIGHTS

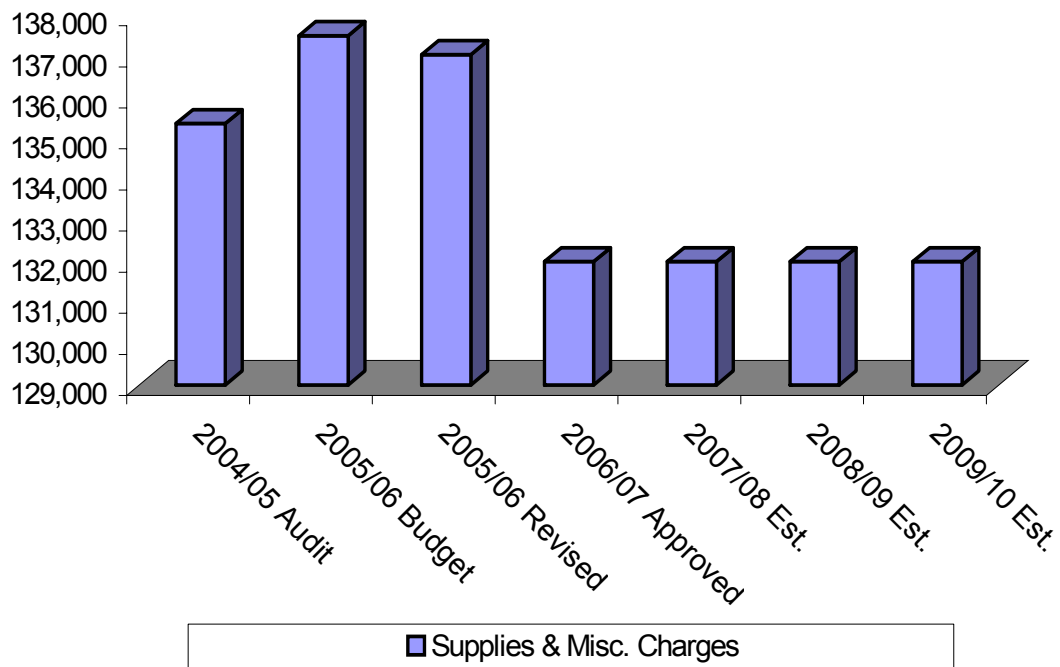
- Payson Regional Economic Development Corporation - \$53,000
- Habitat for Humanity - \$10,080
- Senior Center - \$31,200
- Time Out, Inc. - \$5,600
- Payson-Helping-Payson - \$4,000
- Rim Country Literacy Program - \$5,600
- St. Vincent de Paul Food Bank - \$4,000
- Big Brothers-Big Sisters of Gila County - \$3,200
- Northern Gila County Historical Society - \$6,400
- Non-allocated - \$8,920

Budget Summary by Department

Health and Welfare Programs

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	0.0%
Supplies & Misc. Charges	135,362	137,500	137,040	132,000	100.0%
Purchased Services	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	0.0%
Total	\$135,362	\$137,500	\$137,040	\$132,000	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	132,000	132,000	132,000
Purchased Services	-	-	-
Capital Outlay	-	-	-
Total	\$132,000	\$132,000	\$132,000



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Total	0	0	0	0	0

GENERAL INFORMATION

This program accounts for inter-fund operating transfers from the General Fund to other Town funds.

MISSION STATEMENT

To account for and centralize the cost of General Fund's support to other Town funds.

2005/2006 ACCOMPLISHMENTS

Does not apply to this program

2006/2007 GOALS AND OBJECTIVES

Does not apply to this program

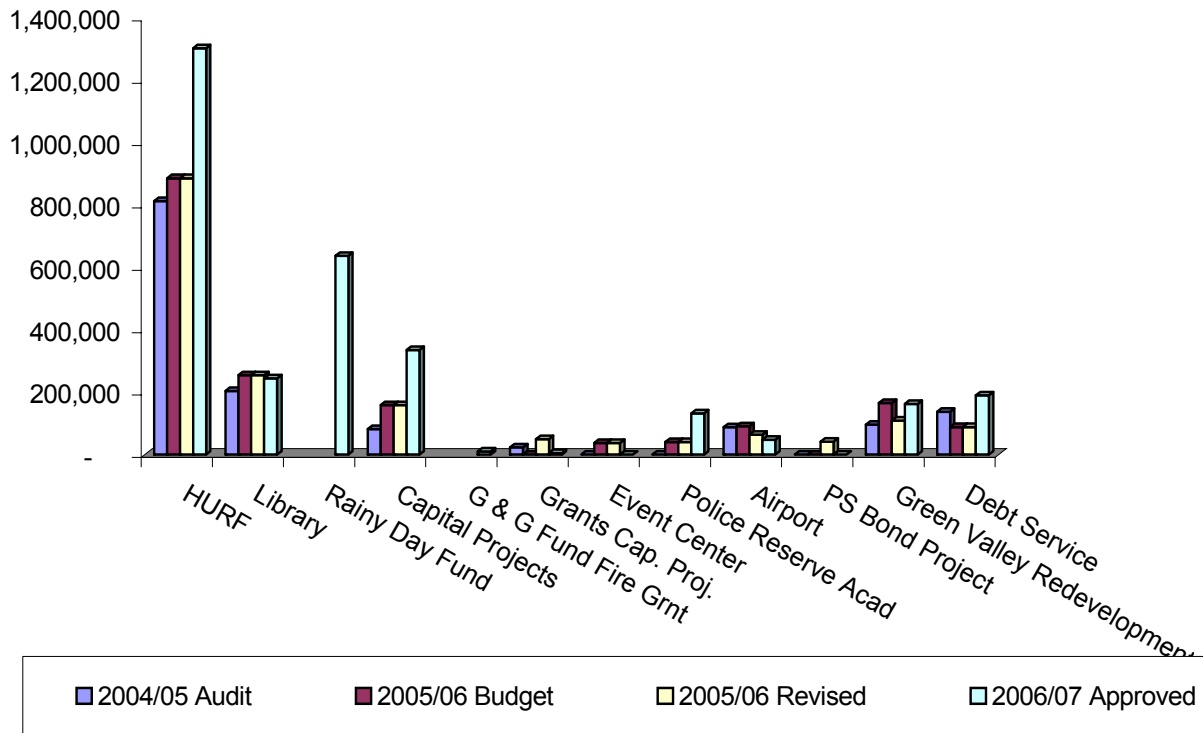
BUDGET HIGHLIGHTS

- The Town's financial budget policy, according to the adopted Corporate Strategic Plan – Strategic Financial Plan, requires that any excess fund balance in the General Fund, above 8% of the operating revenues, be transferred to the CIP Funds and/or the HURF Fund for current and future capital projects.
- The General Fund's Debt Service for equipment leases is transferred to the Debt Service Fund.

Budget Summary by Department

Operating Transfers-Out to Other Funds

Account	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Capital Transfer To HURF	\$ 813,546	\$886,947	\$ 886,950	\$1,260,610
Operating Transfers To Library	204,732	255,038	255,038	243,570
Transfer to Rainy Day Fund	-	-	-	637,616
Transfer To Capital Projects Fund	81,833	158,426	158,426	335,246
Transfer To Grants Capital Projects Fund	23,000	-	50,000	5,000
Transfer to Gift & Grants-Fire Grant	-	-	-	10,000
Operating Transfer to Airport Fund	88,179	91,083	64,070	43,500
Transfer to Event Center	-	37,500	37,500	-
Transfer to Police Academy Fund	-	41,000	41,000	131,300
Transfer to PS Bond Project Fund	-	-	41,474	-
Operating Transfer to Green Valley Redevelopment Fund	96,586	166,140	109,450	163,270
Lease Payments To D.S. Fund	137,970	88,560	88,560	190,170
Total Operating Transfers Out	\$1,445,846	\$1,724,694	\$1,732,468	\$3,020,282



GENERAL INFORMATION

The Town of Payson Fire Department provides a complete range of public safety and fire protection services to the Town's residents, businesses, and visitors. The function of the Department is to provide emergency services, which includes: responses for fire suppression: structural, wildland, vehicle; medical emergencies requiring basic and advanced life support; technical rescues including vehicle extrications; and first responder-operations level response to hazardous materials incidents.

The Department also provides a wide range of non-emergency services to the public. These include: public education courses such as fire and life safety, CPR, injury prevention, and child car seat safety inspections; nonprofit charitable event standbys (fire and/or medical); guardian angel installations; fire-wise landscape inspections; and fire code administration. Fire code administration includes fire prevention inspections, plan review for development, and fire loss management planning. The department is supported by twenty-four (24) full time staff, ten (10) Paid-On-Call firefighters, two (2) fire stations, and fourteen (14) pieces of fire apparatus.

MISSION STATEMENT

The mission of the Payson Fire Department is to minimize the loss of life and property resulting from fire, medical emergencies, and other disasters through prevention, education, fire suppression, emergency medical service, and emergency preparedness. This will be accomplished in the most cost-effective manner with maximum utilization of available resources, never sacrificing the safety of our members.

2005/2006 ACCOMPLISHMENTS

- Responded to 2,106 incidents in 2005, a 3.5% increase from 2004, with an average response time of 5.09 minutes
- Initiated work on the Payson Fuel Break Project
- Completed work on the Multi-Hazard Disaster Mitigation Plan for the Town of Payson
- Equipped all firefighters with portable radios
- Presented a report on the feasibility of a regional fire department consolidation
- Hired a relief firefighter to enhance staffing
- Supported local brush disposal pits

**2005/2006 ACCOMPLISHMENTS
(Continued)**

- Continued television and newspaper programs that feature fire and safety messages and department information
- Updated the Town's Emergency Operations Plan in conjunction with the Police Dept.
- Distributed over 6,000 wildland fire risk reduction flyers to Payson residents
- Replaced one staff car and a wildland fire engine
- Rehabilitated Fire Station 11 with proceeds from the Public Safety Bond Election
- Initiated implementation of the Public Safety CAD/RMS project

2006/2007 GOALS AND OBJECTIVES

- Continue to pursue Wildland/Urban Interface Grants to improve the region's defenses against a wildland fire
- Order a new fire engine to replace obsolete apparatus
- Completely implement the Public Safety CAD/RMS project
- Complete the Payson Fuel Break Project
- Enhance the health, safety, and work conditions of firefighters by continuing to rehabilitate Fire Station #11
- Continue to build the Paid-On-Call Firefighter program

BUDGET HIGHLIGHTS

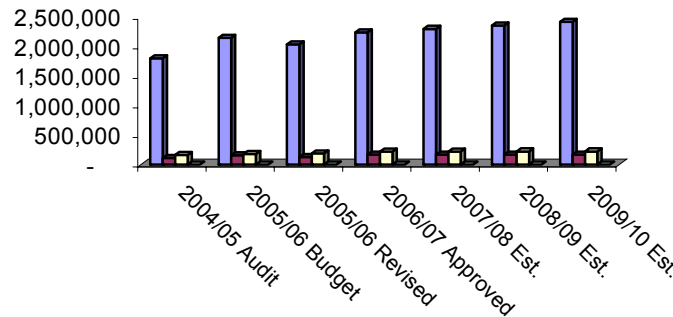
With the expected and unexpected challenges the department faced, we were able to stay within budget and maintain a high level of service. Grant funds were a key component to achieving our goals of improving personnel protective equipment for our firefighters. The completion of the fuel break along the west, south and eastern boundaries was a major accomplishment. The Town partnered with the Forest Service, Gila County, Tonto Apache Tribe, Central AZ Board of Realtors, Chaparral Pines and Rim Club HOAs to make this possible.

Budget Summary by Department

Fire Protection

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$1,800,371	\$2,150,480	\$2,035,610	\$2,241,840	85.3%
Supplies & Misc. Charges	112,009	156,400	125,850	166,300	6.3%
Purchased Services	161,915	176,400	185,900	219,100	8.4%
Capital Outlay	-	-	-	-	0.0%
Total	\$2,074,295	\$2,483,280	\$2,347,360	\$2,627,240	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$2,300,130	\$2,359,930	\$2,421,290
Supplies & Misc. Charges	166,500	166,700	167,000
Purchased Services	219,500	220,000	220,500
Capital Outlay	-	-	-
Total	\$2,686,130	\$2,746,630	\$2,808,790

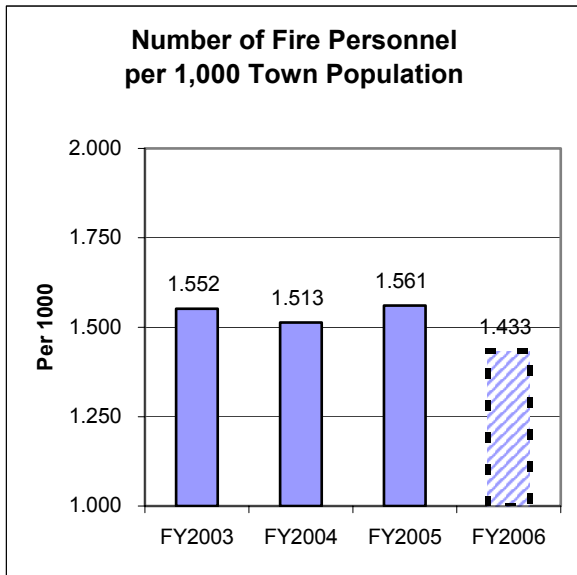


■ Personal Services
 ■ Supplies & Misc. Charges
 ■ Purchased Services
 ■ Capital Outlay

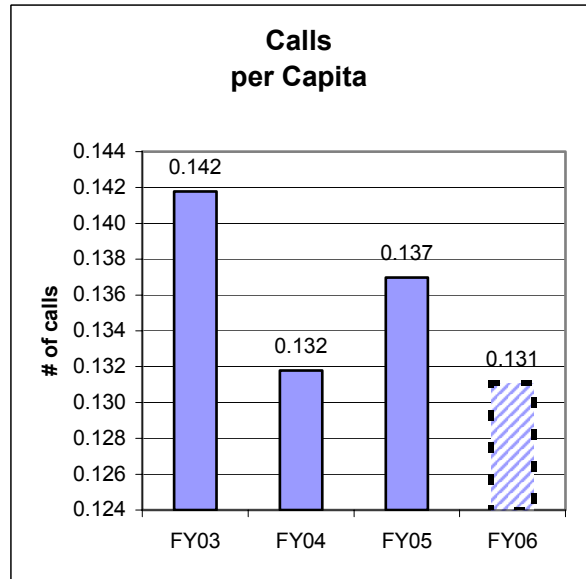
Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorize	Percent Over Last Year
Fire Chief	1	1	1	1	0
Administrative Secretary	1	1	1	1	0
Fire Marshall	1	1	1	1	0
Battalion Chief	3	3	3	3	0
Captain	6	6	6	6	0
Engineer	6	6	6	6	0
Firefighter	6	6	7	75	.25
Total Full Time	24	24	25	25.5	.06
Paid-On-Call Fire Fighters	15	15	15	15	0

Performance Information

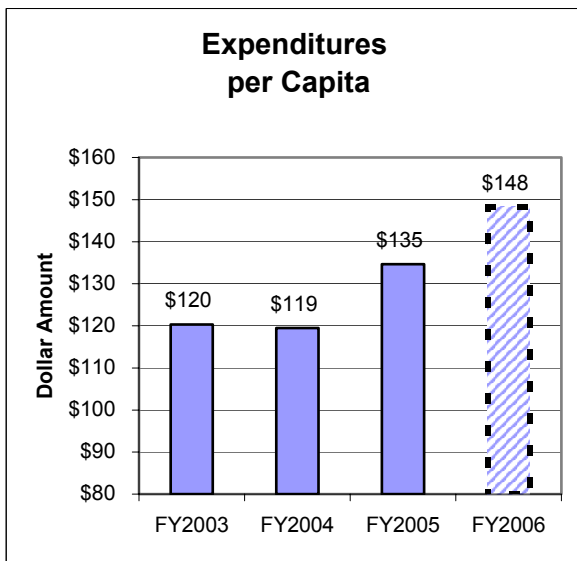
Efficiency



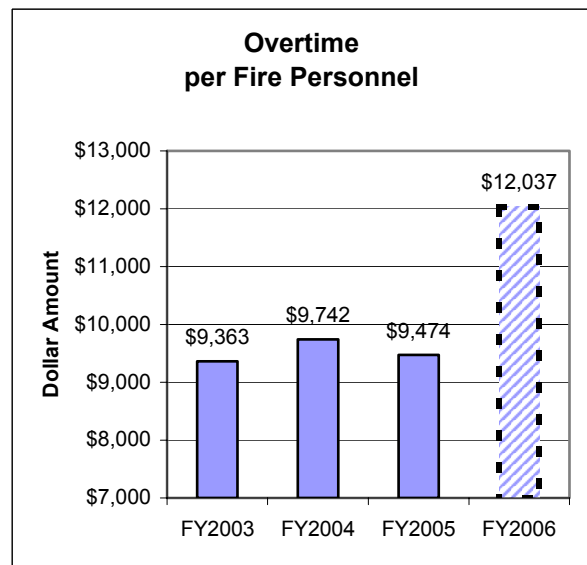
Efficiency



Efficiency



Efficiency



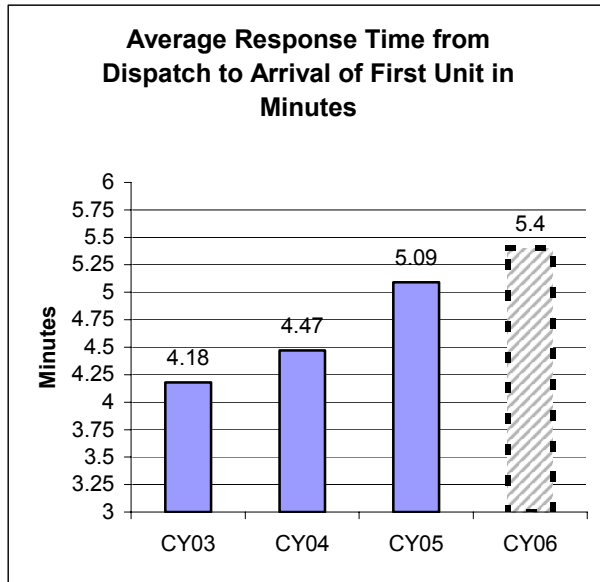
Footnote:

1) Population used for fiscal years ending: 2003 = 14,819; 2004 = 15,200; 2005 = 15,375; 2006 estimate = 16,745

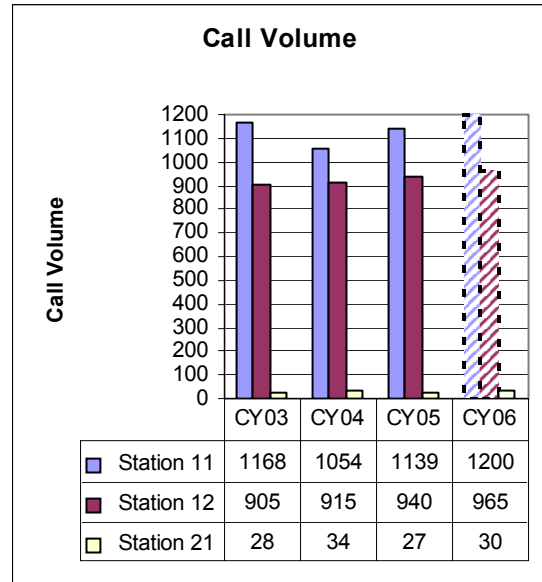
2) FY = Fiscal Year

Performance Information

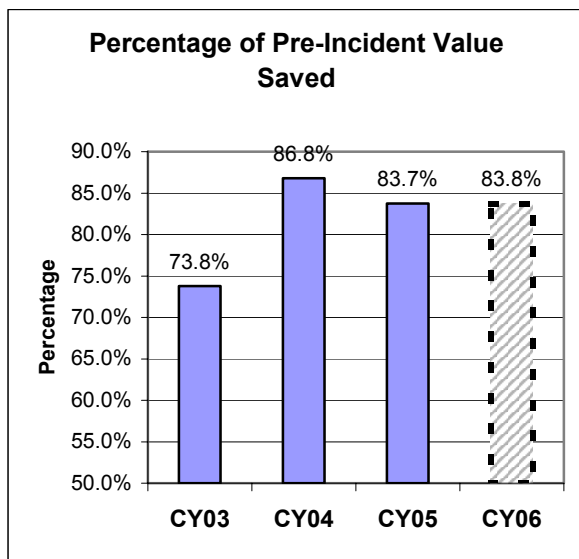
Effectiveness



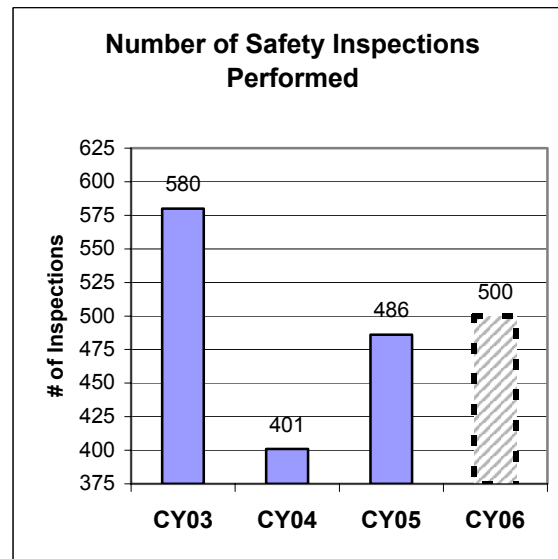
Efficiency



Effectiveness



Effectiveness



Footnote:

1) Population used for fiscal years ending: 2003 = 14,819; 2004 = 15,200; 2005 = 15,375; 2006 estimate = 16,745

2) CY = Calendar Year

3) Station 21 represents calls responded to by Diamond Star Fire Department under our Automatic Aide Agreement.

GENERAL INFORMATION

The Police Department provides for the protection of life and property from criminal related activities in the community. Other responsibilities include the safe and expeditious movement of traffic, crime prevention, narcotics-gang interdiction and intelligence, school-liaison, DARE, and other Community Service Programs. The Department maintains close relations with Gila County, State, and Federal law enforcement agencies.

MISSION STATEMENT

It is the mission of the Payson Police Department to provide the highest quality of Police Services to our community. It is our responsibility to insure that the people we serve can feel safe in their homes, at their place of business, in our schools, and wherever they may travel within the incorporated limits of the Town of Payson.

2005/2006 ACCOMPLISHMENTS

- Implemented the Computer Aided Dispatch and Record Management System
- The Payson Police Department secured three new patrol vehicles
- The Citizen Volunteer Program remained very successful. Over 50 citizens have volunteered more than 12,000 hours to help the Department in a variety of programs and services
- Participated in several grant-funded programs including:
 - Governors Office of Highway Safety (Grant for traffic details)
 - Arizona Auto Theft Authority (funding for vehicle theft prevention)
 - Bureau of Indian Affairs (funding for services provided to that organization)
 - Town of Star Valley (funding for services provided to that jurisdiction)

2006/2007 GOALS AND OBJECTIVES

- Develop a Reorganization Plan for the department, which will be dependent upon the retirement of several key department employees
- Provide the same level of service that is currently being provided
- Add one new police officer position in 2007
- Develop a report on the financial aspects of the Police Cadet Academy
- Develop an annual training program for the Department

BUDGET HIGHLIGHTS

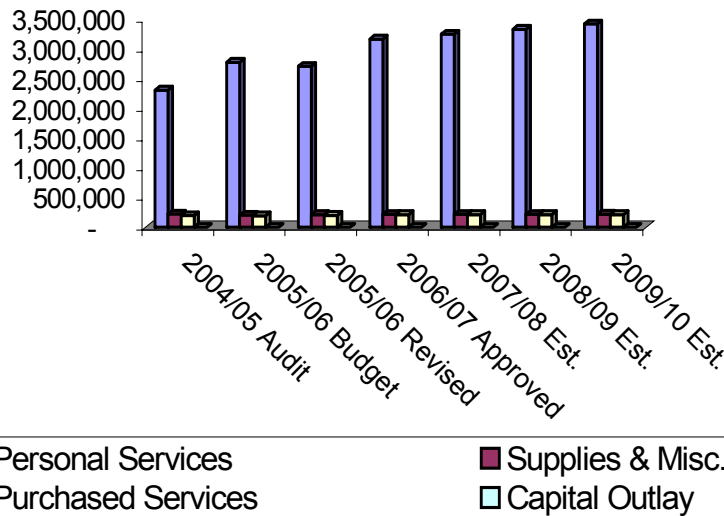
Purchase two additional patrol vehicles

Budget Summary by Department

Police Operations & Administration

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$2,312,284	\$2,783,620	\$2,714,660	\$3,172,680	88.0%
Supplies & Misc. Charges	223,797	203,800	213,960	217,400	6.1%
Purchased Services	195,628	194,400	200,810	213,840	5.9%
Capital Outlay	-	-	-	-	-%
Total	\$2,731,709	\$3,181,820	\$3,129,430	\$3,603,920	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$3,255,200	\$3,339,800	\$3,426,670
Supplies & Misc. Charges	217,400	218,400	219,500
Purchased Services	213,950	214,350	214,600
Capital Outlay	-	-	-
Total	\$3,686,550	\$3,772,550	\$3,860,770



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Police Chief	1	1	1	1	0
Commander	0	0	1	1	0
Lieutenant	1	1	0	0	0
Support Services Manager	1	1	1	1	0
Sergeant	3	3	6	6	0
Detective/Investigator I & II	4	4	2	2	0
Police Officer	16	17	13	13	0
Police Officer II	0	0	4	4	0
Special Enforcemet Officer	0	1	1	1	0
Executive Assistant	1	1	1	1	0
Property & Equip Manager	1	1	1	1	0
Senior Records Clerk	1	1	2	2	0
Total Program	29	31	33	33	0%

GENERAL INFORMATION

The Town of Payson provides Communications for both Police and Fire Dispatch and E-911 services for Payson and telephone prefix numbers 474, 468, and 472. The E-911 Emergency System is designed to assist the Citizens of Payson with ease in accessibility to the Police, Fire, and Emergency Medical Services.

MISSION STATEMENT

To provide Emergency Communications Services for the Public Safety Agencies and Community we serve.

2005/2006 ACCOMPLISHMENTS

- Provided considerable amount of training in operation of the new Computer Aided Dispatch/Records Management System
- Hired four Dispatchers to fill all vacant positions. This is the first time this division has been up to full staff in six years
- Continued to provide positive Customer Service

2006/2007 GOALS AND OBJECTIVES

- Continue working with the Payson Fire Department to update the Town's Emergency Operations Plan and make the document user-friendly
- Continue to provide the same level of services that are currently being provided
- Provide additional outside training for the Dispatchers

BUDGET HIGHLIGHTS

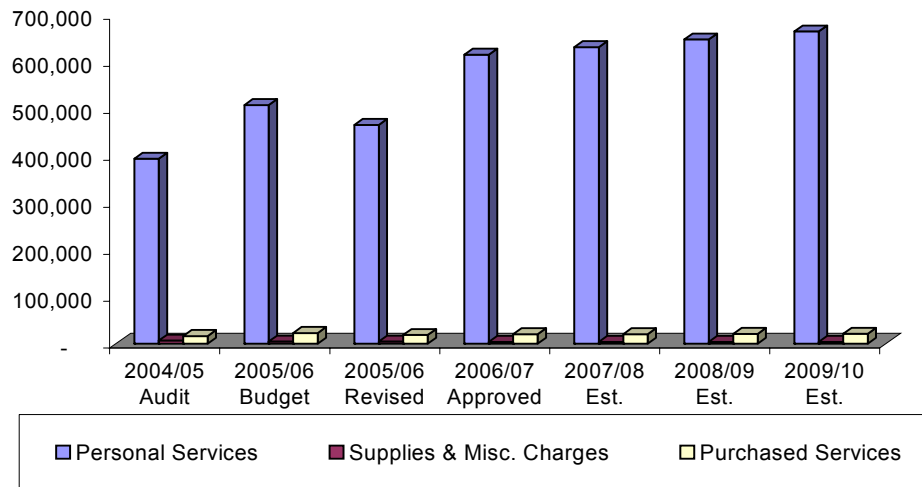
No major changes

Budget Summary by Department

Police – Communications

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$393,752	\$508,140	\$466,010	\$615,580	96.2%
Supplies & Misc. Charges	6,554	4,540	4,540	3,740	0.6%
Purchased Services	16,331	22,900	18,530	20,400	3.2%
Capital Outlay	-	-	-	-	-%
Total	\$416,637	\$535,580	\$489,080	\$639,720	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$631,600	\$648,000	\$664,870
Supplies & Misc. Charges	3,750	3,800	3,850
Purchased Services	20,400	20,800	21,000
Capital Outlay	-	-	-
Total	\$655,750	\$672,600	\$689,720



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Communication Supervisor	1	1	1	1	0
Shift Leader	0	0	1	1	0
Dispatchers	6	6	7	8	14.5%
Total	7	7	9	10	11.1%
Dispatchers-Part Time	2	2	2	2	0

GENERAL INFORMATION

The Animal Control program is a Division of the Police Department and is responsible for the enforcement of all animal control laws and to maintain accurate records of dog licenses.

MISSION STATEMENT

To protect the Citizens from zootoxic diseases, primarily rabies, and provide security to Citizens from annoyance, intimidation, irritation, and injury from animals.

To protect animals from abuse, neglect, and in-humane treatment.

To protect animals from health hazards, primarily rabies, which are regulated through issuance of licenses.

To encourage responsible pet ownership.

2005/2006 ACCOMPLISHMENTS

- Hosted several community education and rabies clinics.

2006/2007 GOALS AND OBJECTIVES

- Enhance working relationships with community and assisting agencies
- Work with the community toward adequate rabies vaccination compliance

BUDGET HIGHLIGHTS

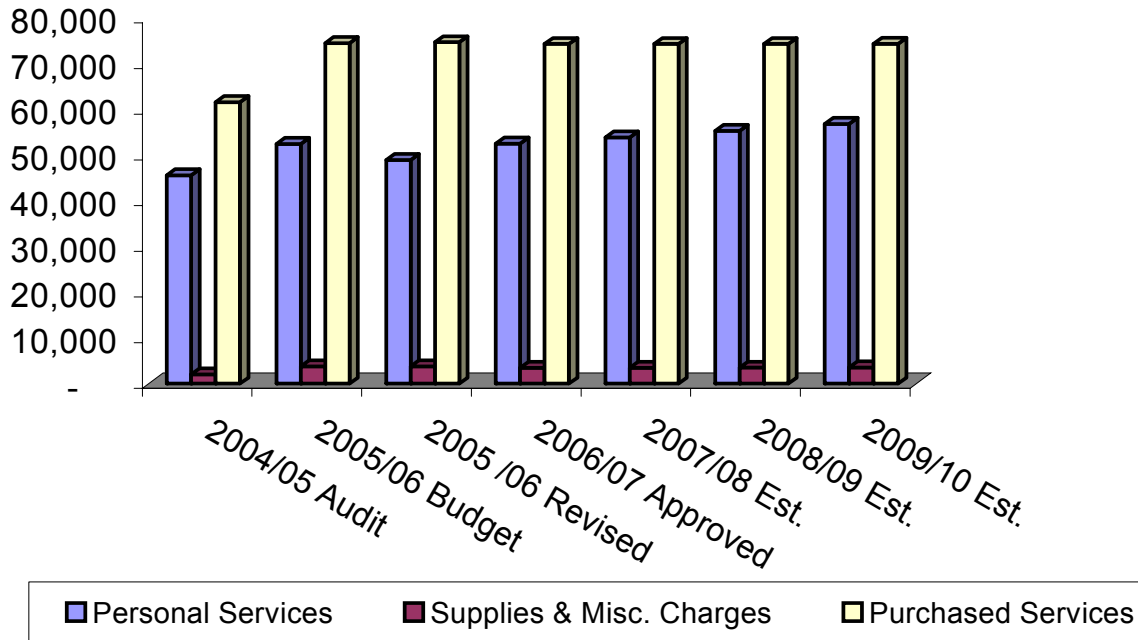
No major changes

Budget Summary by Department

Police – Animal Control

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 45,618	\$52,480	\$ 48,990	\$ 52,540	40.3%
Supplies & Misc. Charges	2,023	3,750	3,750	3,470	2.7%
Purchased Services	61,646	74,550	74,750	74,350	57.0%
Capital Outlay	-	-	-	-	-%
Total	\$109,287	\$130,780	\$127,490	\$130,360	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 53,900	\$ 55,350	\$ 56,850
Supplies & Misc. Charges	3,480	3,500	3,550
Purchased Services	74,350	74,350	74,400
Capital Outlay	-	-	-
Total	\$131,730	\$133,200	\$134,800



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Animal Control Officer II	1	1	1	1	0
Total	1	1	1	1	0

GENERAL INFORMATION

Awareness of the methamphetamine abuse problem surfaced during the FY2002/2003 Corporate Strategic Planning process as a high priority item for Town Council. Council directed staff to develop an Enhanced Enforcement Program to address the concerns of the community regarding this critical issue. Council initially funded the program in early 2002 through use of the Council Contingency Fund in the amount of \$51,000.

MISSION STATEMENT

It is the mission of the Payson Police Department to keep the pressure on drug violators and continue to provide them with negative consequences with the hope of either encouraging them to alter their behavior or incarcerate them. It is necessary that the Town of Payson do all that we can reasonably do to maintain our quality of life, by taking responsibility for the drug problem that is in our Town.

2005/2006 ACCOMPLISHMENTS

- Provided quality training and equipment to staff to develop excellence in our employees
- Implemented a community training program, with a PowerPoint presentation, to provide information to local community groups and business leaders
- Enhanced the drug recognition training program for Field Officers.

2006/2007 GOALS AND OBJECTIVES

- Continue to utilize the “Repeat Offender Program”
- Enhance the drug recognition training program for Field Officers.
- Continue the community education program through the D.A.R.E. program and workforce education seminars
- Continue with our efforts on street level methamphetamine dealers within our community and immediate vicinity

BUDGET HIGHLIGHTS

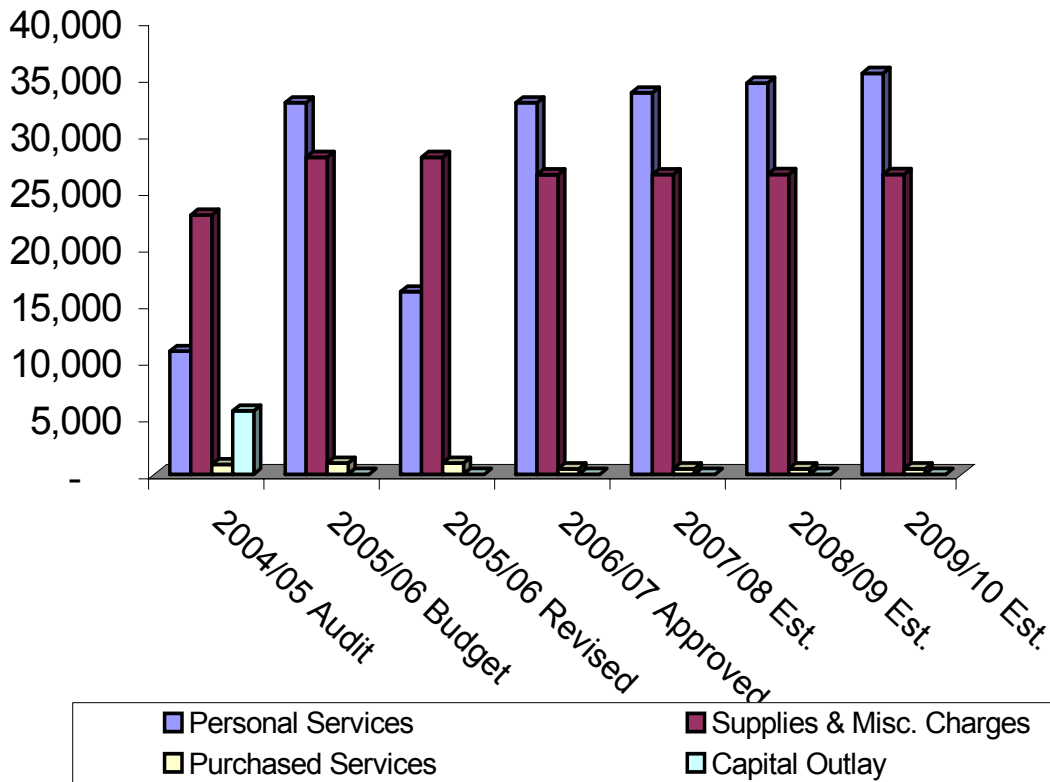
No major changes

Budget Summary by Department

Police – Methamphetamine Enforcement

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$10,867	\$32,820	\$16,130	\$32,820	54.9%
Supplies & Misc. Charges	22,913	28,000	28,000	26,470	44.3%
Purchased Services	873	1,000	1,000	500	.8%
Capital Outlay	5,602	-	-	-	-%
Total	\$40,255	\$61,820	\$45,130	\$59,790	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$33,700	\$34,580	\$35,430
Supplies & Misc. Charges	26,480	26,500	26,500
Purchased Services	500	500	500
Capital Outlay	-	-	-
Total	\$60,680	\$61,580	\$62,430



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Drug Enforcement staff	0	0	0	0	0
Total	0	0	0	0	0

The staffing for this program is found in the Police – General Operating.

GENERAL INFORMATION

The Police Department utilizes various grants and Intergovernmental Agreements (IGA) each fiscal year. Grants, or similar funding sources, fund six (6) different programs.

MISSION STATEMENT

It is the mission of the Payson Police Department to provide the highest quality of police services to our community.

It is our responsibility to ensure that the people we serve can feel safe

- In their homes,
- At their place of business,
- In our schools, and
- Wherever they may travel within the incorporated limits of the Town of Payson.

2005/2006 ACCOMPLISHMENTS

Not applicable to this department

2006/2007 GOALS AND OBJECTIVES

- Continue with Youth Programming
- Purchase Traffic Enforcement Equipment
- Develop a process to track funds being expended with Criminal Justice Enhancement Funds

BUDGET HIGHLIGHTS

Grants programs:

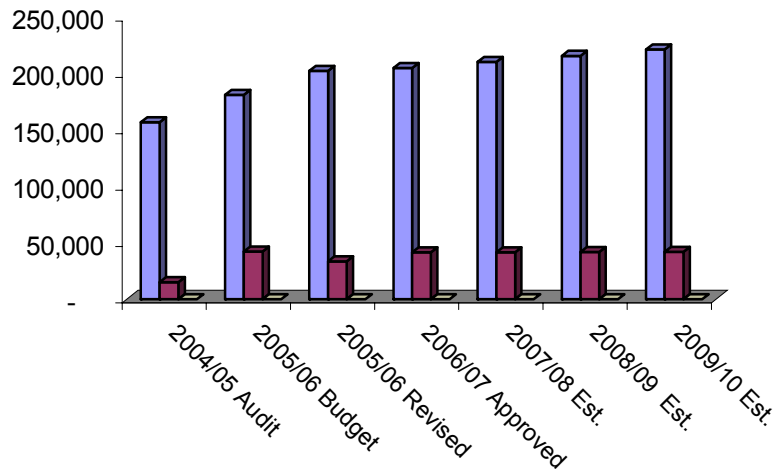
- D.A.R.E. Program - \$7,200
- School Resources Program - \$186,850
- USFS Capital Equipment Grant - \$20,000
- Justice Assistance Grant (JAG) - \$10,000
- GOHS-DUI Enforcement State Grant - \$8,000
- ACJC – LLEBG State Grant - \$4,490
- Miscellaneous - \$26,840

Budget Summary by Department

Police – Grants Summary

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$156,909	\$181,100	\$202,390	\$205,050	83.2%
Supplies & Misc. Charges	15,067	42,270	33,530	41,490	16.8%
Purchased Services	-	-	-	-	-%
Capital Outlay	-	-	-	-	-%
Total	\$171,976	\$223,370	\$235,920	\$246,540	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$210,300	\$215,770	\$221,380
Supplies & Misc. Charges	41,490	41,800	42,000
Purchased Services	-	-	-
Capital Outlay	-	-	-
Total	\$251,790	\$257,570	\$263,380



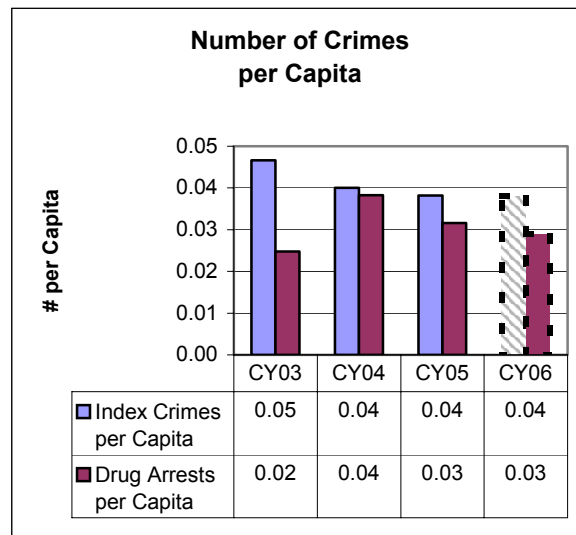
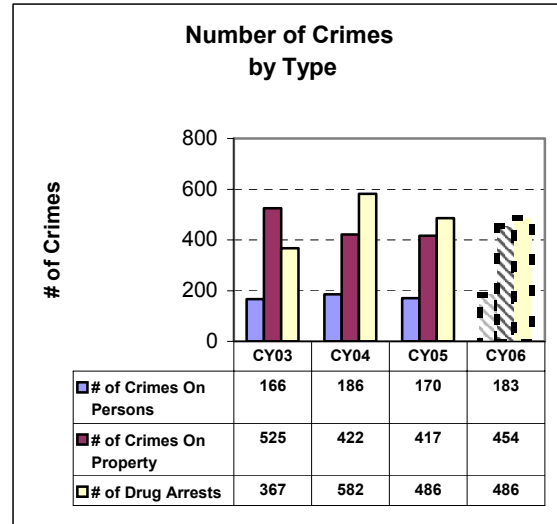
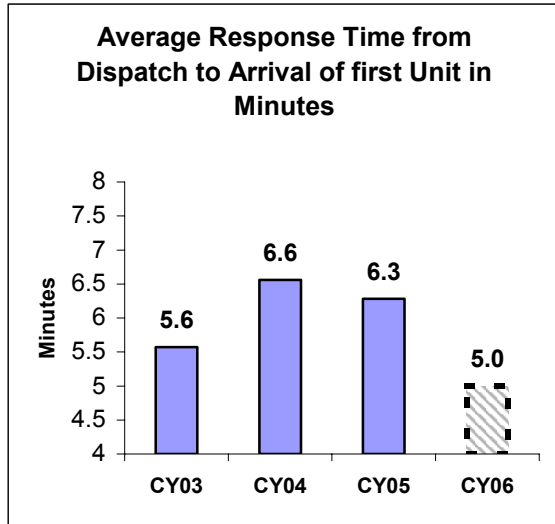
■ Personnel Services
 ■ Supplies & Misc. Charges
 ■ Purchased Services

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Task Force Officers	-	-	-	-	0
Total	-	-	-	-	0

Fiscal note: Personnel Services consists of overtime and related benefits. The staffing positions are accounted for in the Police Operating Program.

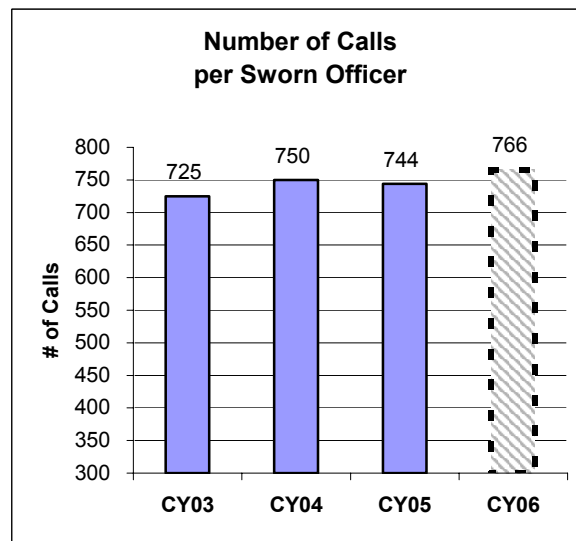
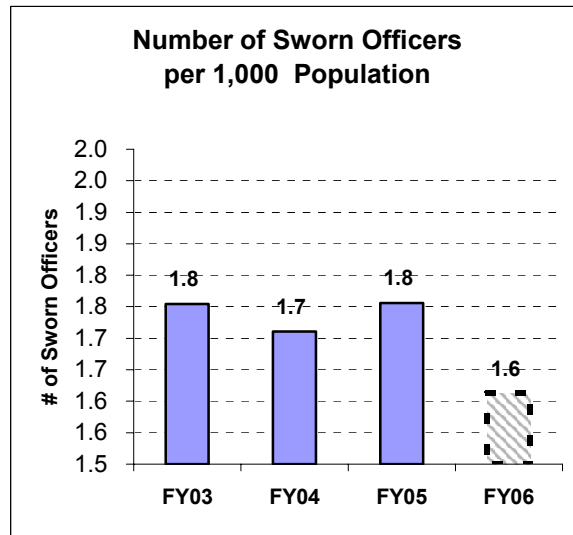
Performance Information

Effectiveness



Performance Information

Efficiency



GENERAL INFORMATION

The Engineering Department provides services to support the various Town departments. Major services include review of plats, development plans, and Public Works maintenance contracts. The Town Engineer provides oversight supervision of new construction within the Town's right-of-way.

MISSION STATEMENT

- To provide safe and efficient infra-structure systems, and
- To provide upgrades and additions to the Town's infrastructure system.

2005/2006 ACCOMPLISHMENTS

- Provided Construction Management and oversaw construction for McLane Road Phase 3 and the Westerly Drive Improvement District
- Updated the Town Base Map on CADD
- Oversaw the reconstruction of Bradley Drive
- Provided contract management for 15 miles of Slurry Seal
- Completed the transfer of the State Highway Right of Way between the back of curb and the private property line from the Arizona Department of Transportation and the Town of Payson
- Coordinated the lighting of the "Welcome to Payson" sign at the south end of Town
- Assisted all Town Departments in resolving engineering issues
- Reviewed and approved numerous residential and commercial grading and drainage projects

2006/2007 GOALS AND OBJECTIVES

- Design and oversee the construction of St. Philips Street between Frontier Street and Bonita Street and Bonita Street from St. Philips Street and Bently Street
- Design and oversee construction of Mud Springs Road from Frontier Elementary School to Granite Dells Road, including a round-a-bout at the intersection of Mud Springs Road and Granite Dells Road
- Oversee reconstructing the north leg of the Airport Road and McLane Road intersection to improve the alignment and safety
- Oversee Pavement Preservation of approximately 15 miles of roadway
- Provide plan review and construction observation for numerous privately constructed developments

BUDGET HIGHLIGHTS

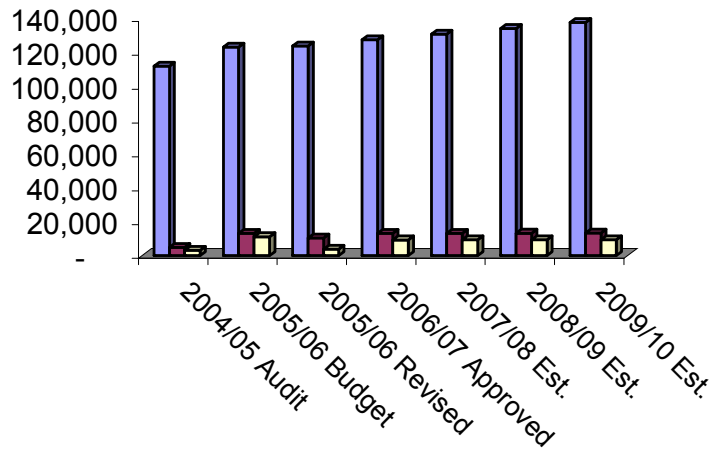
No major changes

Budget Summary by Department

Town Engineer

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$111,817	\$123,050	\$123,610	\$127,340	85.1%
Supplies & Misc. Charges	4,774	13,050	10,370	13,100	8.7%
Purchased Services	3,101	11,050	3,670	9,220	6.2%
Total	\$119,692	\$147,150	\$137,650	\$149,660	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$130,650	\$ 134,050	\$137,530
Supplies & Misc. Charges	13,100	13,150	13,200
Purchased Services	9,270	9,300	9,350
Total	\$153,020	\$156,500	\$160,080



■ Personal Services ■ Supplies & Misc. Charges ■ Purchased Services

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Town Engineer	1	1	1	1	0
Total	1	1	1	1	0

GENERAL INFORMATION

The Town Clerk's Department serves the Town Council, staff, and citizens of the Town of Payson. Its responsibilities include preparation of Council agendas and minutes, elections, record management, business license administration, and public reception.

MISSION STATEMENT

- To be the foundation of credible, accurate, and current information on Town Council legislation and actions.
- To maintain accurate records of actions taken by the Town Council.

2005/2006 ACCOMPLISHMENTS

- Town Clerk: Selected Arizona Municipal Clerk of the Year, 6/06 (Smith)
- Deputy Clerk: Attended AMCA Annual Conference/Business Meeting, 7/05
- Town Clerk, Chief Deputy Clerk, and Deputy Clerk: Attended LaserFiche Users Group Meeting, 8/05 (Smith, Huffman, Stidham)
- Town Clerk and Chief Deputy Clerk: Attended League of Arizona Cities and Towns Conference, assisted in the booth during the Festival, 9/05 (Smith, Huffman)
- Deputy Clerk: Attended Stress Management for Women, 9/05 (Bailey)
- Town Clerk's Staff attended the National Incident Management Systems (NIMS-FEMA) either at the college or online, 11/05 (Smith, Huffman, Stidham, Flores, Bailey)
- Chief Deputy Clerk and Deputy Clerk: Attended Arizona Municipal Clerk's Academy, 2/06 (Huffman, Bailey)
- Town Clerk and Chief Deputy Clerk: Attended the AMCA 11th Annual Conference, 6/06 (Smith, Huffman)
- Paperless agendas and packets for Staff
- Laptops and printers for Councilors' use at home for town business
- Conducted Primary (March 06) and General Elections (May 06) entirely by mail
 - A. Increased voter turnout
 - B. Updated and purged election poll lists

2006/2007 GOALS AND OBJECTIVES

- Continue to work with the Town Attorney in the administrative cleanup of the Town Code
- Purchase and implement the Granicus Mobile Encoder video recorder
- Update and adopt the Town of Payson retention schedule for all departments for the State Library, Archives, and Public Records

BUDGET HIGHLIGHTS

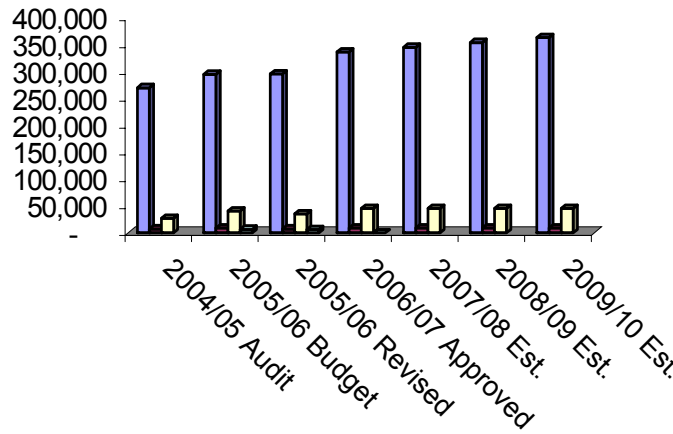
No major changes

Budget Summary by Department

Town Clerk

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$270,548	\$295,340	\$296,350	\$337,080	86.1%
Supplies & Misc. Charges	7,298	8,800	7,200	8,900	2.3%
Purchased Services	26,888	40,950	35,300	45,460	11.6%
Capital Outlay	-	6,500	6,220	-	-%
Total	\$304,734	\$351,590	\$345,070	\$391,440	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$345,840	\$354,840	\$364,060
Supplies & Misc. Charges	8,950	9,000	9,050
Purchased Services	45,500	45,550	45,600
Total	\$400,290	\$409,390	\$418,710



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Town Clerk-Mstr Cert	1	1	1	1	0
Chief Deputy Clerk	1	1	1	1	0
Deputy Town Clerk	1	1	3	3	0
Secretary	1	1	0	0	0
Clerk	1	1	0	0	0
Total	5	5	5	5	0

GENERAL INFORMATION

Cost center to account for expenditures related to Town elections.

MISSION STATEMENT

To coordinate and manage various Town elections in a fair and equitable manner according to the laws of the State of Arizona.

2005/2006 ACCOMPLISHMENTS

- Election presentation to 8th grade class by two Deputy Clerks, 1/06 (Bailey, Stidham)
- Chief Deputy Clerk and Deputy Clerk: Attended Election Officials Workshop, 4/06 (Huffman, Stidham)
- Town Clerk, Chief Deputy Clerk, and Deputy Clerk: Attended 2005 Election Workshop, 7/05 (Smith, Huffman, Bailey)
- Chief Deputy Clerk assisted by Deputy Clerk were presenters at the AMCA Election Workshop regarding All-Mail Ballot Elections, 7/05 (Huffman, Bailey)

2006/2007 GOALS AND OBJECTIVES

- Begin preparation for 2007/2008 Primary and General Election
- Increase voter turnout
- Update and purge election poll lists

BUDGET HIGHLIGHTS

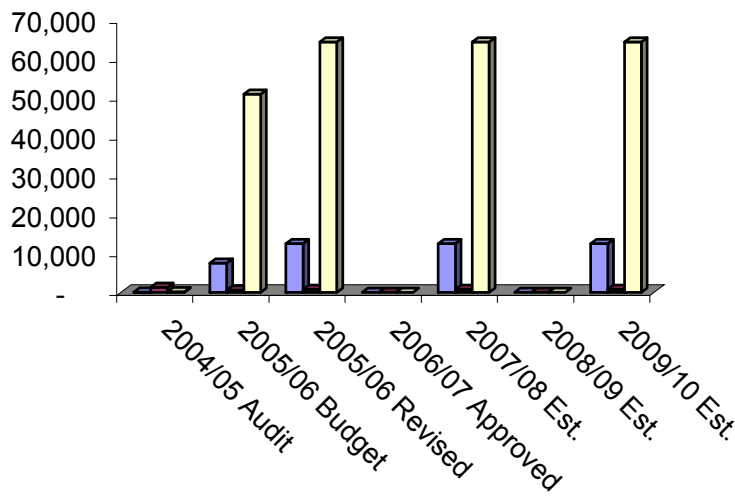
No major changes

Budget Summary by Department

Town Clerk – Elections

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services – Temp	\$ 25	\$ 7,500	\$12,520	-	-%
Supplies & Misc. Charges	1,269	600	750	-	-%
Purchased Services	150	51,000	64,400	-	-%
Total	\$1,444	\$59,100	\$77,670	-	-%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services – Temporaries	\$12,520	\$ -	\$12,520
Supplies & Misc. Charges	750		750
Purchased Services	64,400		64,400
Total	\$77,670	\$ -	\$77,670



GENERAL INFORMATION

Highway Users Tax revenues passed down from the State of Arizona funds the Town of Payson Street Department. The Town’s General Fund provides additional funding to supplement the major capital projects related to streets.

MISSION STATEMENT

The Public Works Department, Streets Division, is dedicated to providing the citizens of Payson with the maximum levels of service by constructing and maintaining a safe and efficient roadway system, while exercising fiscal responsibility.

2005/2006 ACCOMPLISHMENTS

- Upgraded roadside drainage in numerous locations
- Provided crack seal and preparation for 15 miles of Slurry Seal
- Completed the construction of Airport Road Phase 3 - Grant Funded
- Began construction of McLane Road between Forest Drive and Airport Road
- Coordinated the replacement of broken sidewalk and curb along State Highways prior to transfer of the right of way to the Town of Payson
- Installed lighting for the “Welcome to Payson” sign at the south end of town
- Reconstructed Bradley Street
- Provided maintenance activities such as cutting roadside weeds, snow removal, drainage facilities, pothole repair, street sweeping, striping, and other tasks

2006/2007 GOALS AND OBJECTIVES

- Construct St. Philips Street between Frontier Street and Bonita Street and Bonita Street from St. Philips Street and Bently Street
- Construction of Mud Springs Road between Frontier Elementary School and Granite Dells Road
- Installation of traffic control measures at the intersection of Highway 87 and Airport Road
- Reconstruction of the north leg of the Airport Road and McLane Road intersection to improve the alignment and safety
- Place preservative seal on approximately 15 miles of roadway.
- Provide plan review and construction observation for numerous privately constructed developments
- Continue maintenance activities such as cutting roadside weeds, snow removal, drainage facilities, pothole repair, street sweeping, striping, and other tasks

BUDGET HIGHLIGHTS

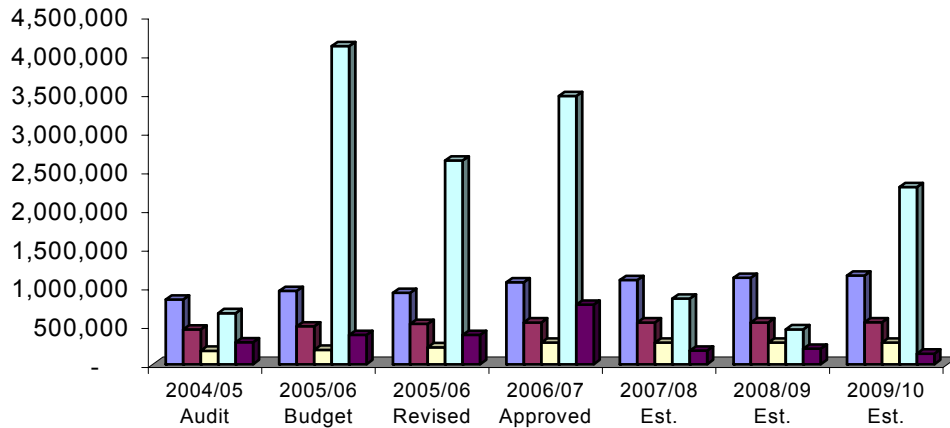
The budget includes additional funds for pavement preservation and street projects

Budget Summary by Department

Public Works – Streets (HURF)

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Review
Personnel Services	\$ 837,515	\$ 948,180	\$ 924,040	\$1,059,940	17.3%
Supplies & Misc. Charges	448,771	489,950	523,980	541,150	8.9%
Purchased Services	173,448	185,650	218,550	277,260	4.5%
Capital Outlay	660,563	4,108,547	2,632,500	3,467,000	56.7%
Debt Service/Transfers Out	281,600	376,500	376,500	768,560	12.6%
Total	\$2,401,897	\$6,108,827	\$4,675,570	\$6,113,910	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 1,087,500	\$1,115,780	\$ 1,144,800
Supplies & Misc. Charges	541,200	541,200	541,400
Purchased Services	277,350	277,500	277,600
Capital Outlay	850,000	450,000	2,290,000
Debt Service/Transfers Out	176,810	199,980	136,500
Total	\$2,932,860	\$2,584,460	\$4,390,300



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Assistant Town Engineer	1	1	1	1	0
Street Operations Manager	1	1	1	1	0
St. Maintenance Crew Leader	1	1	1	1	0
Street Main. Worker I	10	10	5	5	0
Senior Mechanic	1	1	1	1	0
Street Main. Worker II	0	0	5	5	0
Engineering Technician	1	1	1	1	0
Street Maintenance Worker	-	-	.5	.5	0
Total	15	15	15.5	15.5	0%

GENERAL INFORMATION

Payson Municipal Airport is one of 46 general aviation airports in Arizona. There is no other public use airport within 40 nautical miles of Payson. Approximately 85 aircraft (55 on airport property and 30 off site) are presently based at the airport. More than 100 aircraft are forecast to be based at the airport by the year 2020. The airport is designed to accommodate piston engine aircraft, turboprop aircraft, and small business jet aircraft. The asphalt-paved runway is 5,500 feet long and 75 feet wide. The airport has an automated weather observation system and continuous power medium intensity runway lights that are operated by pilot controlled aircraft radios.

MISSION STATEMENT

Payson Airport strives to be responsive to the ever-changing needs of the air transportation industry. Emphasis is placed on providing airfield improvements, aircraft services, and storage facilities that can better support airport users. This will improve the economic benefit of the airport.

2005/2006 ACCOMPLISHMENTS

- Completed construction phase of Airport Road realignment
- Completed Phase 1 of apron construction project
- Purchased Lot 44 for Runway Object Free Area (OFA) protection
- Completed Fuel Operations Business Plan
- Acquired ADOT funding for Master Plan update
- Updated FAA and ADOT Five-Year Airport Capital Improvement Program (ACIP)

2006/2007 GOALS AND OBJECTIVES

- Begin Airport Master Plan update
- Replace wastewater grinder pump system
- Repaint Runway and Taxiway markings
- Complete RFP for additional land leases of airside and landside areas

BUDGET HIGHLIGHTS

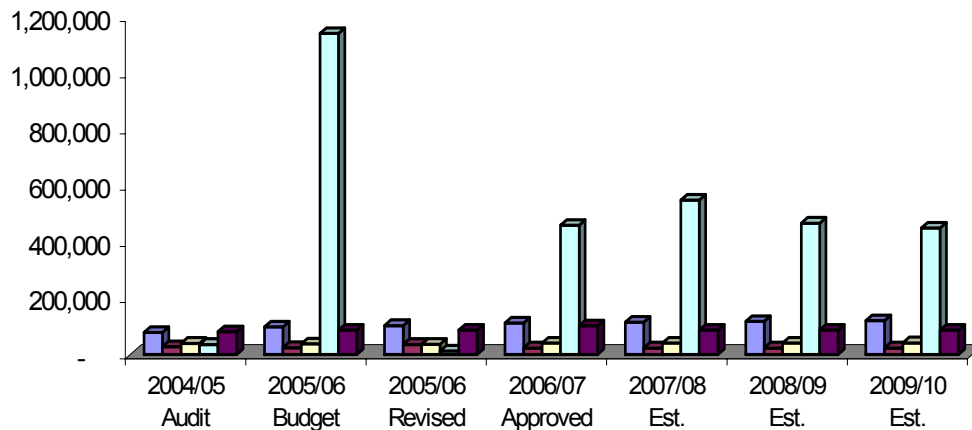
- \$460,000 of this budget is for capital projects, most of which are being financed by state and federal grants
- Up to \$43,500 may be transferred from the General Fund to finance this budget: \$23,250 to match grants, \$10,000 for operating capital outlay, and \$10,250 to subsidize airport operations

Airport Operation – Summary

\$738,580

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 78,841	\$ 98,350	\$102,990	\$112,030	15.2%
Supplies & Misc. Charges	28,656	24,500	35,970	23,120	3.1%
Purchased Services	39,968	38,220	36,940	40,540	5.5%
Capital Outlay/Projects	35,788	1,142,307	12,600	460,000	62.3%
Operating Transfers Out	81,335	87,040	87,040	102,890	13.9%
Total	\$264,588	\$1,390,417	\$275,540	\$738,580	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 114,950	\$ 117,930	\$ 121,000
Supplies & Misc. Charges	23,400	23,450	23,480
Purchased Services	40,670	40,800	41,350
Capital Outlay/Projects	550,000	467,500	450,000
Operating Transfers Out	87,040	87,040	87,040
Total	\$816,060	\$736,720	\$722,870



■ Personal Services	■ Supplies & Misc. Charges	■ Purchased Services
■ Capital Outlay/Projects	■ Operating Transfers Out	

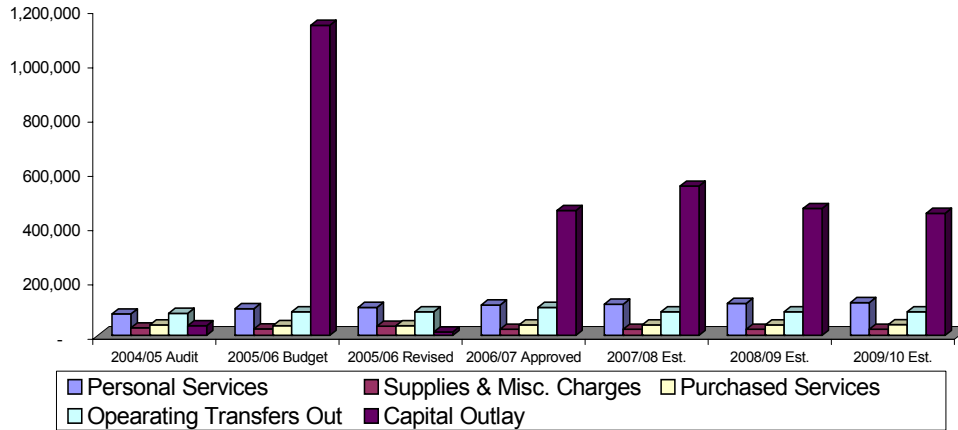
Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Airport Manager	1	1	1	1	0%

Airport Operations

\$736,100

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 78,841	\$ 98,350	\$102,990	\$ 112,030	15.2%
Supplies & Misc. Charges	27,595	23,950	33,970	22,570	3.1%
Purchased Services	38,589	36,200	35,630	38,610	5.2%
Operating Transfers Out	81,335	87,040	87,040	102,890	14.0%
Capital Outlay	35,788	1,142,307	12,600	460,000	62.5%
Total	\$262,148	\$1,387,847	\$272,230	\$736,100	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$114,950	\$117,930	\$121,000
Supplies & Misc. Charges	22,800	22,800	22,780
Purchased Services	38,650	38,780	39,330
Operating Transfers Out	87,040	87,040	87,040
Capital Outlay	550,000	467,500	450,000
Total	\$813,440	\$734,050	\$720,150



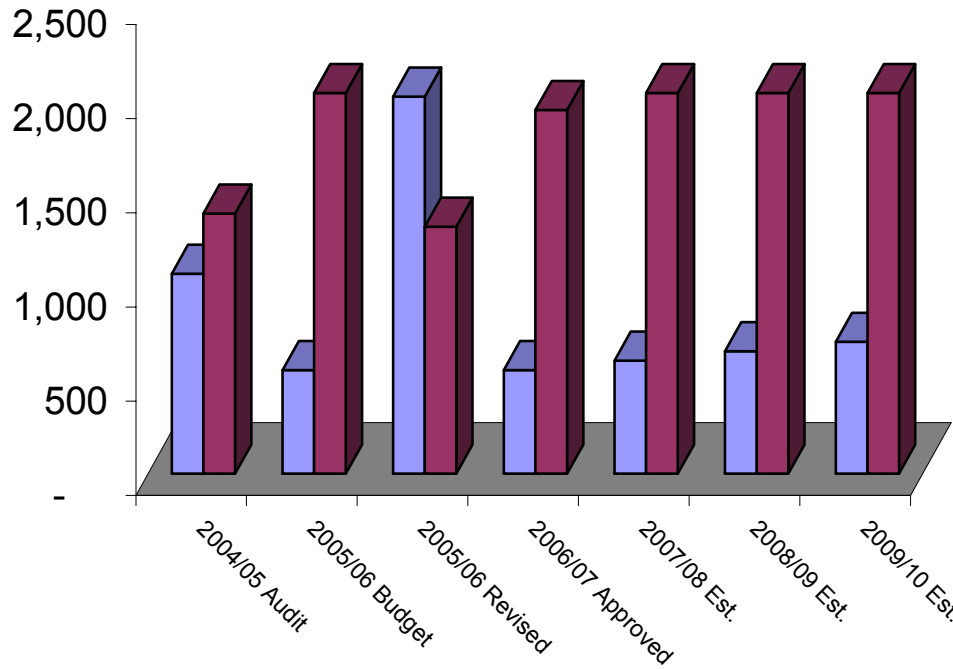
Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Airport Manager	1	1	1	1	0%

Airport – Campground Operations

\$2,480

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	0.0%
Supplies & Misc. Charges	1,061	550	2,000	550	22.2%
Purchased Services	1,380	2,020	1,310	1,930	77.8%
Total	\$2,441	\$2,570	\$3,310	\$2,480	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	600	650	700
Purchased Services	2,020	2,020	2,020
Total	\$2,620	\$2,670	\$2,720



GENERAL INFORMATION

The citizens of Payson have access to a very modern and efficiently operated library. Funding is provided through the Town of Payson and the Gila County Library District. The library offers a variety of programs for its young and senior patrons. It serves not only the citizens of Payson, but also the surrounding communities around Payson.

There are 14,842 library cardholders registered at the Payson Public Library –12,181 Adult; 1,123 Young Adult; 1,435 Juvenile; 81 Staff/Board (includes our volunteers); & 22 Homebound (service provided to those unable to come into the library).

MISSION STATEMENT

The Payson Library's mission is to provide excellent customer service and information in a variety of formats. Its collection affords the opportunity to educate, inform, enrich, entertain, and inspire. Libraries are an investment in a more literate, productive, and globally competitive nation.

2005/2006 ACCOMPLISHMENTS

- Received an \$8,000 grant from the Arizona State Library to provide services to the Spanish Speaking Community. A bilingual brochure was developed listing all the organizations that provide services. In addition, approximately 300 items in the Spanish Language were added to the Library collection.
- Translated Library policy manual & Internet policy into Spanish
- The Chef Extravaganza was the kick-off for raising money for the library expansion
- Payson Library was chosen to hold the Arizona Library Regional Forum. Librarians from around Arizona will participate in a workshop concerning expanding services on a limited budget.
- Bill Gates Foundation provided money to upgrade the computers that provide Internet service
- The Library "Book Wish Tree" was featured in Public Libraries magazine. Books featured on the tree could be purchased for the library, at cost, to add to our collection.

**2005/2006 ACCOMPLISHMENTS
(Continued)**

- Developed a fundraising brochure to the Library expansion. It lists pertinent information pertaining to the expansion, i.e. square footage, costs, amenities, etc.
- The Library was chosen by ASU for a Bio Mass Heating Study. This is an alternative method of heating the building.
- Library statistics for fiscal year 2005-2006 include: Total Circulation 192,716; 19,751 Internet users; and 1,594 new cards. In addition, the Meeting Room had 7,281 people attending 143 one-time meetings and 55 regular meetings.
- During the fiscal year 2005-2006, the library utilized 8,834 1/2 volunteer hours with an estimated savings of \$96,750. We had 101 regular volunteers and 32 special project volunteers. Total number of hours is the equivalent of four fulltime staff and one person working approximately 10 hours per week.

2006/2007 GOALS AND OBJECTIVES

- Continue to provide excellence in customer service & communication – Assume an assertive ombudsman role on behalf of the citizens; give priority to friendly & courteous customer service; determine customer satisfaction levels through on-going citizen surveys.
- Develop a brochure enhancing a broader variety of programs for children of all ages
- Actively pursue fundraising for the library expansion program. These will be community events co-sponsored by the Library Friends of Payson.
- Apply for a grant from LSTA to upgrade our Young Adult career section. This includes life skills, college information, etc.
- Develop new programming to benefit the community, such as story time for the handicapped
- Host a workshop for services to the Spanish speaking community

BUDGET HIGHLIGHTS

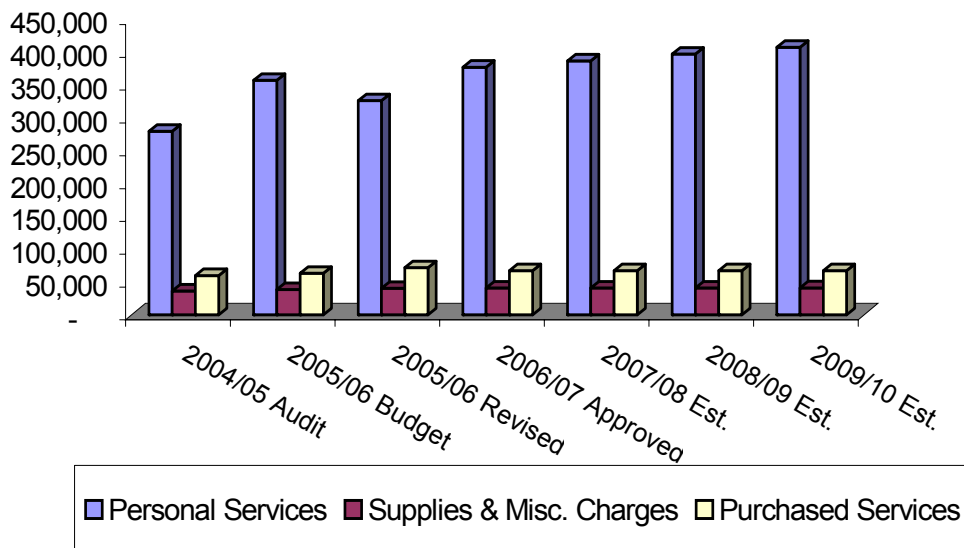
No major changes

Budget Summary by Department

Library

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$279,738	\$357,540	\$326,530	\$377,420	77.7%
Supplies & Misc. Charges	36,390	38,700	40,340	41,040	8.4%
Purchased Services	59,970	63,350	71,970	67,480	13.9%
Capital Outlay	-	-	-	-	-
Total	\$376,098	\$459,590	\$438,840	\$485,940	100.0%

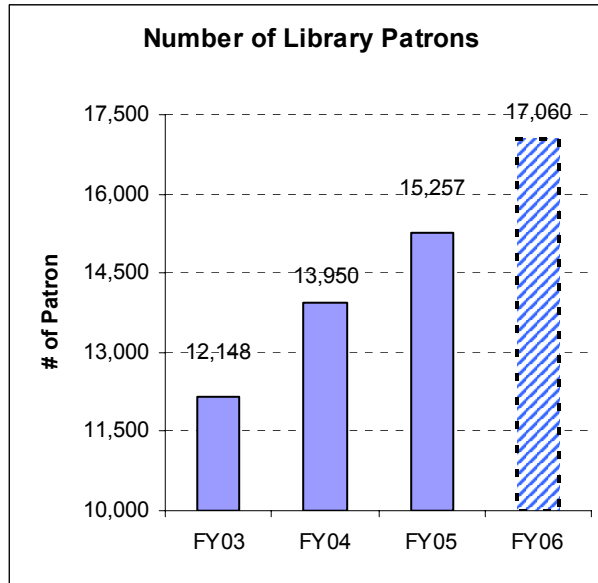
Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$387,230	\$397,300	\$407,630
Supplies & Misc. Charges	41,080	41,100	41,150
Purchased Services	67,430	67,460	67,500
Capital Outlay	-	-	-
Total	\$495,740	\$505,860	\$516,280



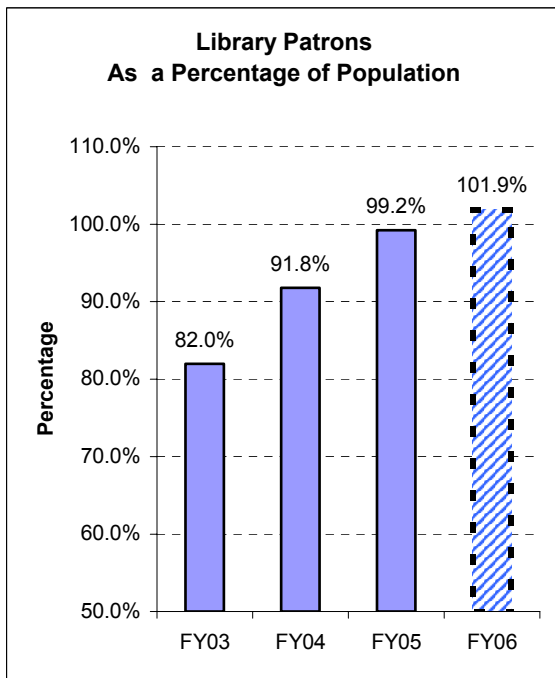
Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Library Director	1	1	1	1	0%
Assistant Library Manager	1	1	1	1	0%
Library Clerk I & II	4	4	4	5	25%
Total	6	6	6	7	16.7%

Performance Information

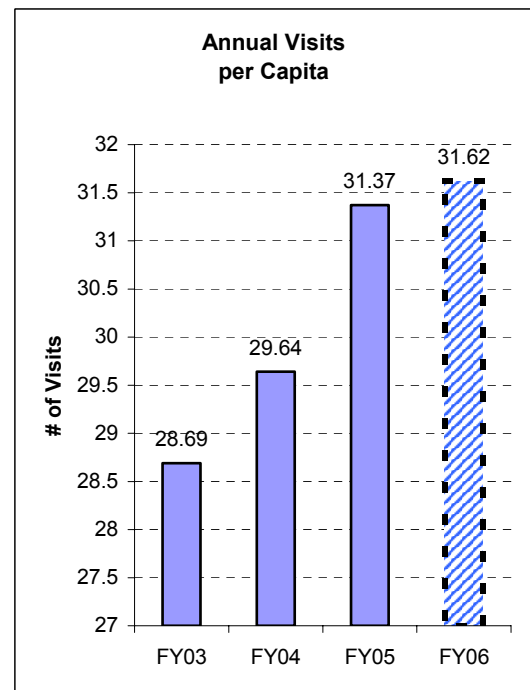
Effectiveness



Effectiveness



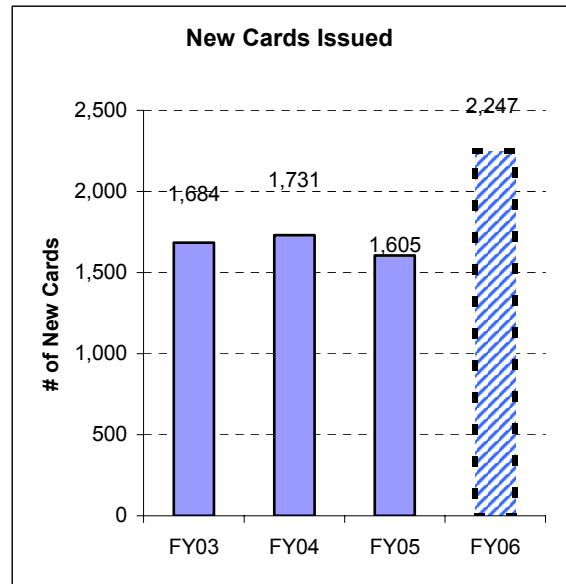
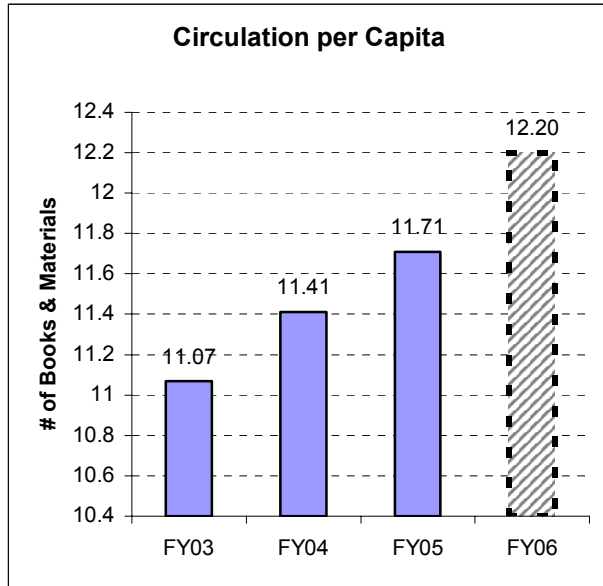
Efficiency



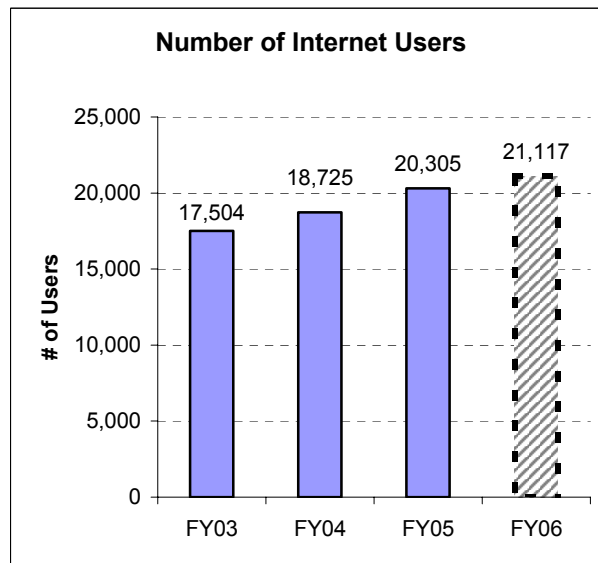
Performance Information

Effectiveness

Efficiency

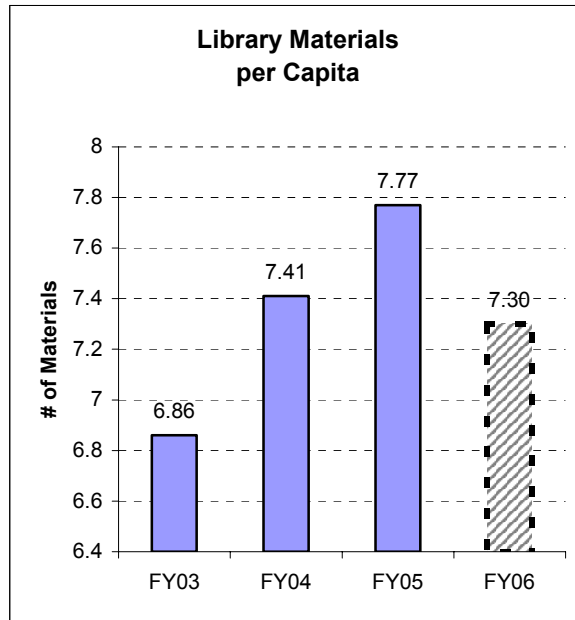


Effectiveness

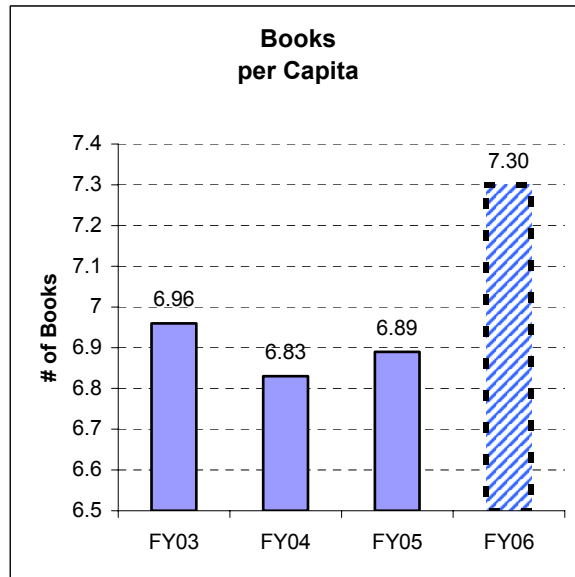


Performance Information

Efficiency

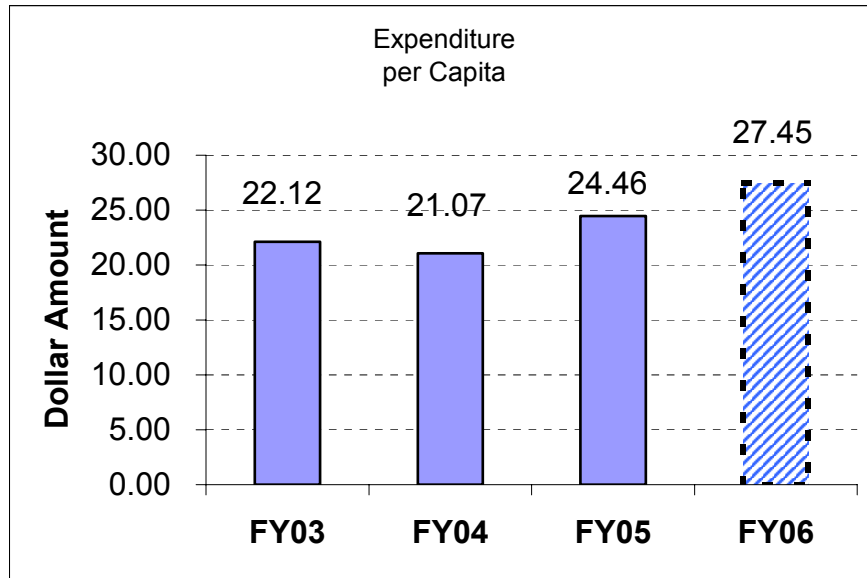


Efficiency

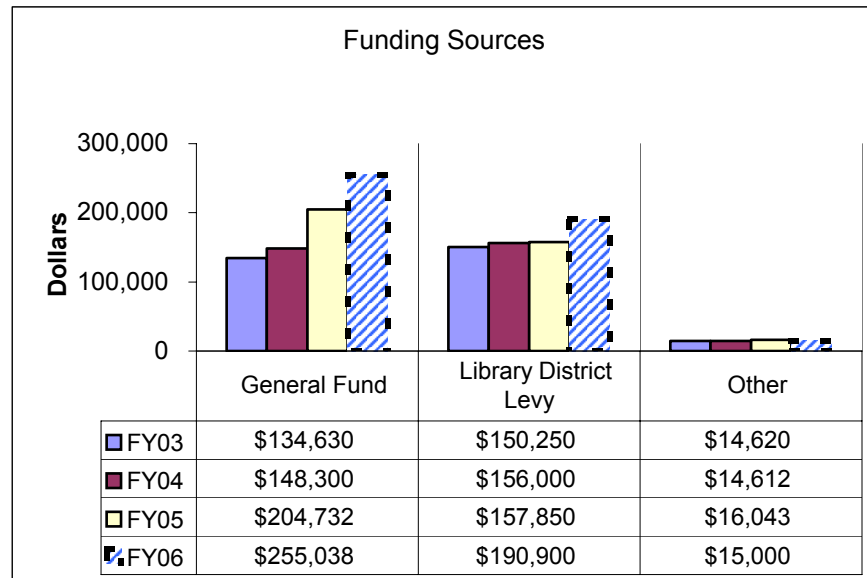


Performance Information

Financial



Financial



GENERAL INFORMATION

Ordinance No. 184 in 1985 established the Bed Tax Fund. The purpose of the transient lodging tax is for promotion, development, and enhancement of the tourism industry, with all functions incidental and related thereto. An additional Bed Tax is charged for transient lodging in an amount that is equal to 3% of the gross income from the business activity of a hotel/motel operating within the Town of Payson. A "transient" means any person who, for any period not more than 30 consecutive days, is charged for lodging or the use of any lodging space, at any hotel/motel.

MISSION STATEMENT

To promote the development and enhancement of the tourism industry. Such activity is designed to strengthen the Town's economic base.

2005/2006 ACCOMPLISHMENTS

Not applicable to this department

2006/2007 GOALS AND OBJECTIVES

Not applicable to this department

BUDGET HIGHLIGHTS

This budget allows for tracking multiple programs as follows:

- \$76,800 Agreement with the Rim Country Regional Chamber of Commerce
- \$23,200 Town's Concert in the Park Series and the annual Forth of July Celebration
- \$21,536 Transferred to the Event Center Fund to help cover operating expenditures not supported by operating revenues
- \$20,000 Support the re-establishment of the Northern Gila County Fair that will be held at the Town's Event Center

Budget Summary by Department

Bed Tax Fund

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	0%
Supplies & Misc. Charges	96,931	76,800	76,800	76,800	26.5%
Purchased Services	-	43,200	43,300	91,000	31.4%
Capital Outlay	-	-	-	-	0%
Transfers Out	31,120	21,536	21,536	121,860	42.1%
Total	\$128,051	\$141,536	\$141,636	\$289,660	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	76,800	76,800	76,800
Purchased Services	91,000	91,000	91,000
Capital Outlay	-	-	-
Transfers Out	121,860	121,860	121,860
Total	\$289,660	\$289,660	\$289,660

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0

GENERAL INFORMATION

This fund was established to account for expenditures related to the Town's 36-acre Multi-Event Recreation Center, located on the south edge of Town. The Event Center was established for hosting large-scale special events. Bleacher seating is available for over 3,500 people. The annual rodeo was moved to this site in the Fall of 2000. The Event Center also provides local residents the opportunity for, and enjoyment of, drop-in equestrian usage, complete with two training arenas and a trailhead leading to the Tonto National Forest. As this facility continues to grow in popularity and usage, the Town of Payson looks forward to the seemingly endless possibilities of scheduled events that this facility may generate.

User fees related to the various activities held during the year help fund the operation of the complex. Due to the impact this Complex has on the Town's tourism related tax base, the Town Council has approved transferring part of the Town's Bed Tax revenue.

MISSION STATEMENT

The Payson Event Center strives to be a quality public event venue that operates on a cost recovery philosophy.

2005/2006 ACCOMPLISHMENTS

- Added new events such as: Queen Creek Junior Rodeo, Morgan Family Roping Series, Steve Sikora Horsemanship Clinic, Law Enforcement Rodeo, National Barrel Horse Association Races, Beauty & Beast Bulls & Barrels Competition, Northern Gila County Fair
- Created conceptual master plan for the Event Center

2006/2007 GOALS AND OBJECTIVES

- Create a safer environment for pedestrian traffic during the rodeos through the installation of a new gate
- Add a storage facility for the Fair, Rodeos, and Parks & Recreation equipment
- Install a new vendor fence and gate on the north side of the arena
- Improve the signage on the exterior of the arena to improve parking and insure that emergency vehicles have a clear area to navigate
- Search for funding source to paint the arena panels, gates, and corral fencing
- Install a shallow water tank
- Work closer with the Tonto Apache Tribe and Mazatzal Casino regarding over-flow parking during big events
- Continue with the completion of the proposed Master Plan of the arena if the RFP is successful

BUDGET HIGHLIGHTS

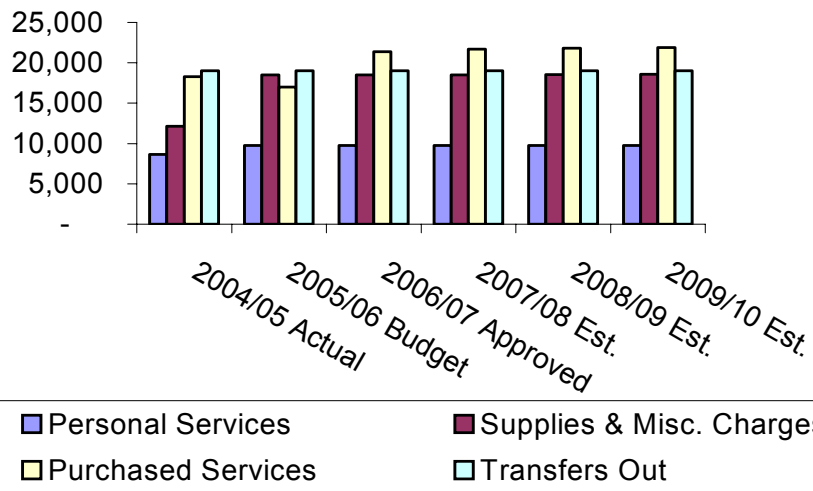
No major changes

Budget Summary by Department

Payson Multi-Event Center

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% Of Total Approved
Personnel Services	\$ 8,635	\$ 9,770	\$ 8,770	\$ 9,770	14.2%
Supplies & Misc. Charges	12,115	18,500	16,500	18,500	26.9%
Purchased Services	18,289	17,000	20,300	21,400	31.2%
Capital Outlay	-	-	-	-	0.0%
Transfers Out	19,000	19,000	19,000	19,000	27.7%
Total	\$58,039	\$64,270	\$64,570	\$68,670	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 9,770	\$ 9,770	\$ 9,770
Supplies & Misc. Charges	18,500	18,550	18,600
Purchased Services	21,700	21,800	21,900
Capital Outlay	-	-	-
Transfers Out	19,000	19,000	19,000
Total	\$68,970	\$69,120	\$69,270



GENERAL INFORMATION

This fund is used to track special revenues obtained from Grants and Donations that have been earmarked for a specific purpose. It includes such programs as the Fire and Police Department Donations, ADA Contributions, DARE Program - Court Account, and small Grants

MISSION STATEMENT

To prudently track and account for funds entrusted to the Town of Payson for specific purposes.

2005/2006 ACCOMPLISHMENTS

Not applicable to this department

2006/2007 GOALS AND OBJECTIVES

Not applicable to this department

BUDGET HIGHLIGHTS

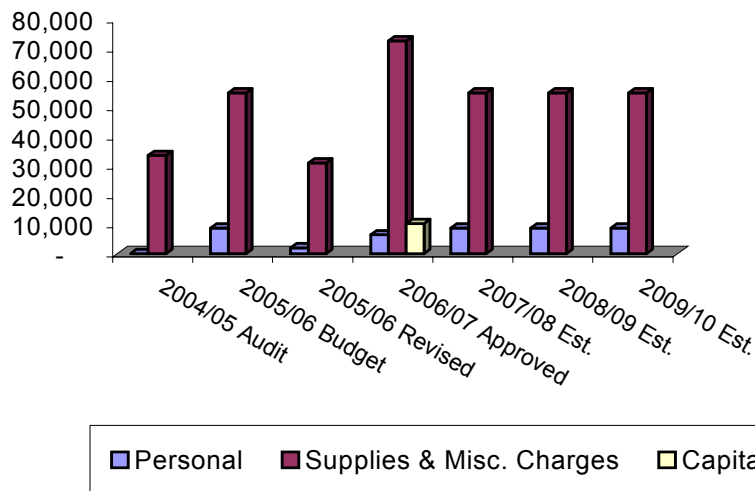
- Fire Grants/Donations: \$60,240
- Police Grants/Donations: \$16,595
- **Drug Abuse Resistance Education – Court: \$6,480**
- Miscellaneous Gifts/Donations: \$6,220

Budget Summary by Department

Gifts and Grants Fund

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ 8,830	\$ 2,040	\$ 6,480	7.2%
Supplies & Misc. Charges	33,597	54,970	31,040	72,760	81.3%
Purchased Services	-	-	-	-	0.0%
Capital Outlay	-	-	-	10,295	11.5%
Total	\$33,597	\$63,800	\$33,080	\$89,535	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 8,830	\$ 8,830	\$ 8,830
Supplies & Misc. Charges	54,970	54,970	54,970
Purchased Services	-	-	-
Capital Outlay	-	-	-
Total	\$63,800	\$63,800	\$63,800



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

GENERAL INFORMATION

The State of Arizona established a \$12 penalty fee to be imposed by the local courts in addition to other fines. The distribution of the fee was split two ways: \$9.00 is remitted to the State Superior Court and the local court retains \$3.00. The use of the \$3.00 fee is for the enhancement of the collection process.

2006/2007 GOALS AND OBJECTIVES

Not applicable to this department

BUDGET HIGHLIGHTS

Not applicable to this department

MISSION STATEMENT

Not applicable to this department

2005/2006 ACCOMPLISHMENTS

Not applicable to this department

Budget Summary by Department

JCEF Court Fines Program

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-
Supplies & Misc. Charges	-	38,944	-	40,179	100.0%
Purchased Services	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total	\$ -	\$38,944	\$ -	\$40,179	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	5,000	5,000	5,000
Purchased Services	-	-	-
Capital Outlay	-	-	-
Transfers Out	-	-	-
Total	\$5,000	\$5,000	\$5,000

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

GENERAL INFORMATION

The State of Arizona established a 7% increase in surcharges in September 1999 to be imposed by the local courts in addition to other fines. The funds became available to the Local Courts in April 2000. The funds may be used in the same manner as the JCEF Funds.

MISSION STATEMENT

Not applicable to this department

2005/2006 ACCOMPLISHMENTS

Not applicable to this department

2006/2007 GOALS AND OBJECTIVES

Not applicable to this department

BUDGET HIGHLIGHTS

Not applicable to this department

Budget Summary by Department

FTG Court Fines Program

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-
Supplies & Misc. Charges	-	8,376	1,040	10,700	100.0%
Purchased Services	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total	\$ -	\$8,376	\$1,040	\$10,700	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	1,600	1,600	1,600
Purchased Services	-	-	-
Capital Outlay	-	-	-
Transfers Out	-	-	-
Total	\$1,600	\$1,600	\$1,600

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

GENERAL INFORMATION

The Town of Payson Fire Department (PFD) participates with the Arizona State Land Department (ASLD) in a cooperative wildland fire response program. This program allows departments from all over the State to enter into agreements to facilitate the movement of firefighting resources to wherever they may be needed for wildland fires.

The PFD provides personnel and equipment as part of the agreement. PFD personnel have responded to fires from around Arizona as well as California, Washington, Nevada, Utah, New Mexico, Idaho, Montana, and Oregon. Participation is voluntary for departments and the rates and charges for this service are negotiated each year. This program not only allows us to assist our neighbors, but also gives our firefighters the opportunity to gain valuable experience and training in the art of wildland firefighting. This experience and training has proven to be invaluable to situations that develop in the Payson area. This program has the added value of providing funds for wildland fire equipment, such as the Type 6 engine that was placed in service in 2006.

This mutual aid agreement works both ways; it is not just the PFD responding to help other communities, we can receive help in time of need. For example, during the Willow Fire in June 2004, over 900 firefighters and their associated equipment were sent in to combat the blaze that threatened Payson. Two strike teams (10 engine companies) were committed specifically to protect the Town of Payson. This was done at no cost to the Town of Payson.

MISSION STATEMENT

The mission of the Payson Fire Department's Wildland Fire Response Program is to responsibly provide requested resources to a wildland fire incident within the constraints of staffing and equipment availability.

2005/2006 ACCOMPLISHMENTS

- Partnered with the ASLD and the United States Forest Service to provide severity patrols to the Northern Gila County area during extreme fire danger
- Responded to ten (10) major wildland fires in FY2005/2006 as part of the cooperative agreement with the ASLD
- Facilitated several wildland fire training courses to fire department personnel in the region
- Provided instructors to the USFS to assist them in meeting specific training needs
- Acted as the regional dispatch center for coordinating resources requested by the ASLD

2006/2007 GOALS AND OBJECTIVES

- Maintain, in a ready condition, resources to respond to any request from the ASLD
- Increase the wildland fire qualification levels of all personnel through training and experience
- Integrate those wildland fire training events that are appropriate with the requirements of Gila County Community College so that firefighters may receive college credit
- Build budget capacity to improve and replace wildland firefighting equipment through funds received from fire responses

BUDGET HIGHLIGHTS

A total of over \$120,000 was invoiced for fire responses this past year

Purchased two apparatus with funding from this program:

- Replacement for the Fire Chief's vehicle
- Type 6 engine

Budget Summary by Department

Wildlands/Urban Program Fund

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$50,107	\$176,600	\$132,250	\$199,600	82.3%
Supplies & Misc. Charges	1,751	45,500	2,000	38,000	15.7%
Purchased Services	1,113	5,000	8,000	5,000	2.0%
Capital Outlay	-	75,000	78,030	-	-
Transfers Out	-	-	-	-	-
Total	\$52,971	\$302,100	\$220,280	\$242,600	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$199,000	\$199,000	\$199,000
Supplies & Misc. Charges	38,000	38,000	38,000
Purchased Services	5,000	5,000	5,000
Capital Outlay	-	-	-
Transfers Out	-	-	-
Total	\$242,000	\$242,000	\$242,000

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

GENERAL INFORMATION

This is a new program for funding the operation of the Police Reserve Academy to train and certify Reserve Police Officers.

MISSION STATEMENT

Train and certify selected Citizens of the Payson area as State Certified Peace Officers and create a Reserve Officer Program that will augment the current full-time Police Officer staff and create a hiring resource for the Payson Police Department.

2005/2006 ACCOMPLISHMENTS

Not applicable to this department

2006/2007 GOALS AND OBJECTIVES

- Advertise for and recruit qualified personnel for the Police Reserve Academy
- Conduct a thorough testing and background check process to select the most qualified candidates
- Begin and operate the Reserve Academy on projected schedule
- Complete AZ POST Limited Certification for cadets by end of calendar year 2006

BUDGET HIGHLIGHTS

This is a new program.

Budget Summary by Department

Police Reserve Academy Fund

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$54,400	\$ 33,630	\$133,550	91.1%
Supplies & Misc. Charges	-	5,200	6,500	10,120	6.9%
Purchased Services	-	1,000	500	3,000	2.0%
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total	\$ -	\$60,600	\$ 40,630	\$146,670	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$137,020	\$140,590	\$144,240
Supplies & Misc. Charges	10,250	10,500	10,600
Purchased Services	3,000	3,300	3,500
Capital Outlay	-	-	-
Transfers Out	-	-	-
Total	\$150,270	\$154,390	\$158,340

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

Fiscal note: One position to manage this program is located in the Police General Operations staffing.

GENERAL INFORMATION

The Town of Payson decided to partially self-fund major medical and similar employee insured benefits. A special revenue fund was established to account for these funds.

A feasibility study was conducted in early fiscal year 2003/2004. A cost proposal was included with proposals received from the Town's current provider. It was determined that it would be cost effective for the Town to implement a partial self-funded insurance program for employees.

MISSION STATEMENT

To provide fiscally sound funding that accounts for employees' medical and related benefits.

2005/2006 ACCOMPLISHMENTS

Not applicable to this department

2006/2007 GOALS AND OBJECTIVES

Not applicable to this department

BUDGET HIGHLIGHTS

The employees and the Town jointly share the funding for this program.

Budget Summary by Department

Self Funded Insurance Fund

Classification	2004/2005 Audit	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ -	\$ -	\$ -	\$ -	-%
Supplies & Misc. Charges	-	-	-	-	-%
Purchased Services	1,292,782	1,779,310	1,716,540	1,977,610	100.0%
Capital Outlay	-	-	-	-	-%
Transfers Out	-	-	-	-	-%
Total	\$1,292,782	\$1,779,310	\$1,716,540	\$1,977,610	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ -	\$ -	\$ -
Supplies & Misc. Charges	-	-	-
Purchased Services	1,977,610	1,977,610	1,977,610
Capital Outlay	-	-	-
Transfers Out	-	-	-
Total	\$1,977,610	\$1,977,610	\$1,977,610

Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

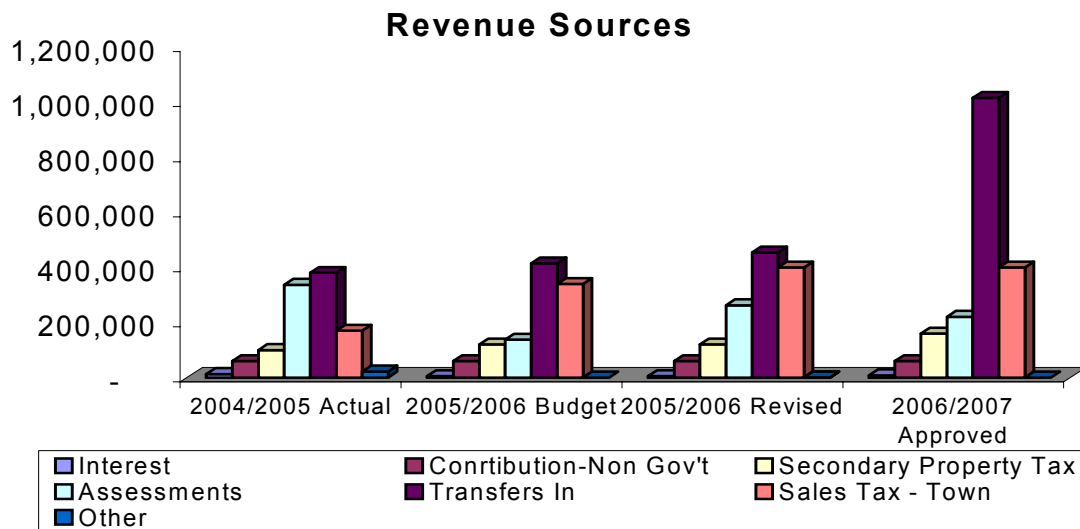
Budget Summary

Debt Services Funds

Debt service funds are used to account for all interest, principal, and fees incurred due to General Obligation and Special Assessment debt of the Town, except those accounted for in the Water Fund. They also are used to maintain Debt Service reserves, as required by bond covenants. The bond covenants require that an amount sufficient to pay the interest and principal on the installments of each indebtedness next maturing shall be set aside in a separate fund.

Revenue Sources

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Revenue				
Interest	\$ 12,923	\$ 3,000	\$ 5,300	\$ 8,180
Contribution-Non Gov't Source	60,000	60,000	60,000	60,000
Secondary Property Taxes	100,136	120,000	120,000	160,000
Assessments	337,136	137,530	262,550	220,680
Sales Tax - Town	170,318	339,660	400,000	400,000
Other	22,287	-	1,030	-
Total Other	702,800	660,190	848,880	848,860
Operating Transfers				
Operating Transfers In	380,775	415,600	454,780	1,015,450
Total Revenue	\$1,083,575	\$1,075,790	\$1,303,660	\$1,864,310



Expenditures

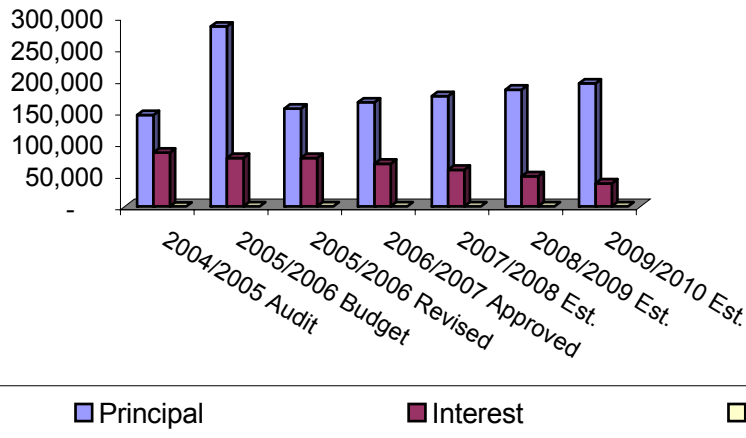
Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Debt Service	\$825,332	\$1,225,030	\$1,166,408	\$1,769,884

This fund is used to account for the retirement of bonded debt related to the construction of the East Loop Road Construction Project. The property owners within the Improvement District are assessed an amount sufficient to pay the annual debt service on these bonds.

Expenditures

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Debt Service - Principal	\$145,000	\$285,000	\$155,000	\$165,000
Debt Service – Interest	85,550	77,000	76,996	67,850
Total Debt Service	230,550	362,000	231,996	232,850
Escrow Fees	0	400	400	400
Total Other Expenditures	0	400	400	400
Total Debt Service	\$230,550	\$362,400	\$232,396	\$233,250

Account	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Debt Service - Principal	\$175,000	\$185,000	\$195,000
Debt Service – Interest	58,115	47,790	36,875
Total Debt Service	233,115	232,790	231,875
Escrow Fees	405	400	400
Total Other Expenditures	405	400	400
Total Debt Service	\$233,520	\$233,190	\$232,275



Revenue Sources

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
<i>Revenue</i>				
Interest	\$ 8,686	\$ 3,000	\$ 1,120	\$ 4,000
Assessments	337,136	137,530	229,930	134,000
Total Revenue	\$345,822	\$140,530	\$231,050	\$138,000

Green Valley Park Refunding Bond Fund

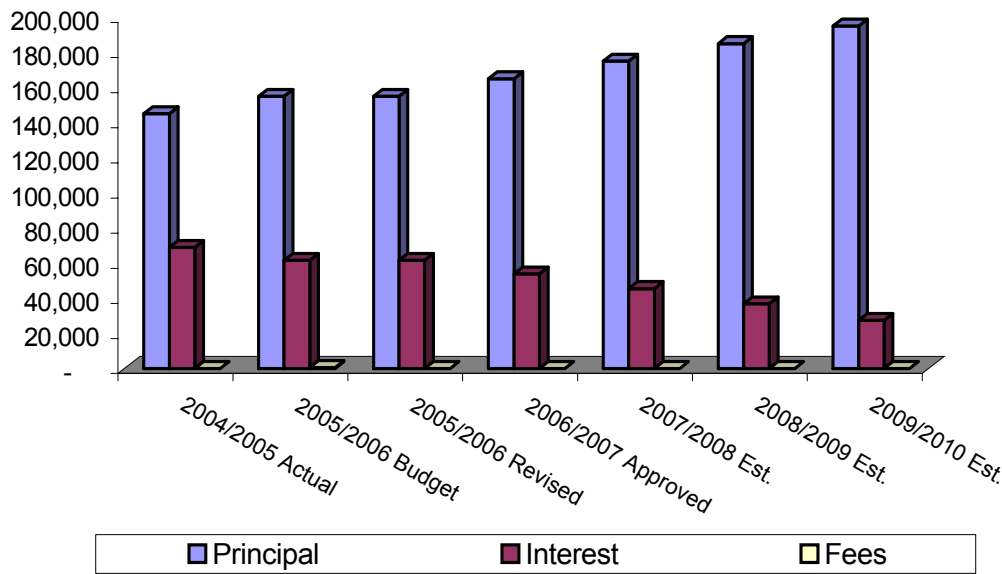
\$218,800

This fund is used to account for the retirement of General Obligation Refunding Bonded Debt related to the development of Green Valley Park.

Expenditures

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Principal	\$145,000	\$155,000	\$155,000	\$165,000
Interest	68,908	61,600	61,600	53,800
Total Debt Service	213,908	216,600	216,600	218,800
Other Fees	0	500	0	0
Total Other Expenditures	0	500	0	0
Total Debt Service	\$213,908	\$217,100	\$216,600	\$218,800

Account	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Principal	\$175,000	\$185,000	\$195,000
Interest	45,510	36,740	27,470
Total Debt Service	220,510	221,740	222,470
Other Fees	0	0	0
Total Other Expenditures	0	0	0
Total Debt Service	\$220,510	\$221,740	\$222,470



Revenue Sources

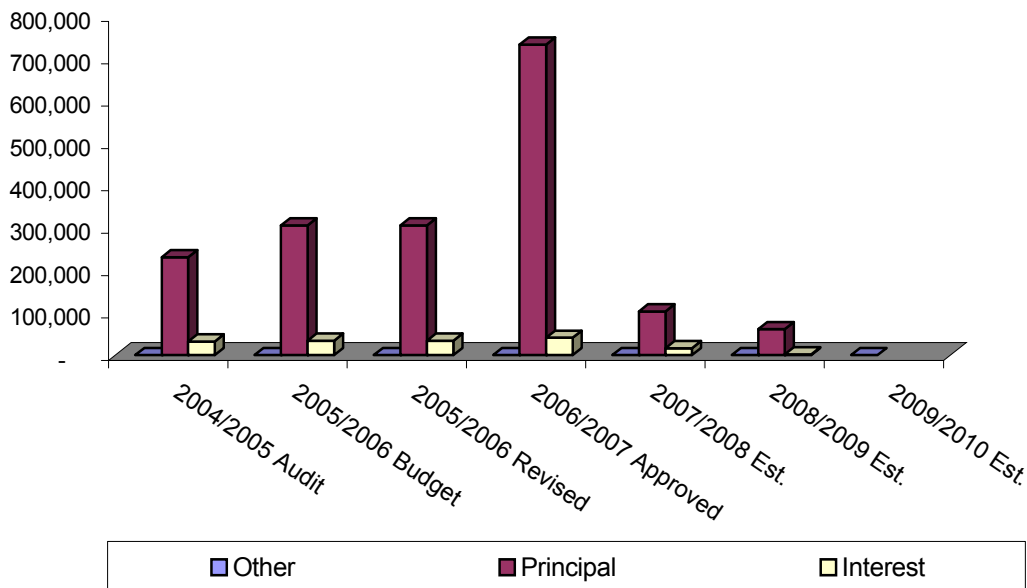
Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
<i>Other</i>				
Interest Earnings	\$ 70	\$ -	\$ -	\$ -
Contrib. Non-Gov't. Sources	60,000	60,000	60,000	60,000
Secondary Property Taxes	100,136	120,000	120,000	160,000
Total Revenue	\$160,206	\$180,000	\$180,000	\$220,000

This fund is used to account for the retirement of debt related to Capital Lease Debt Obligations for all funds except the Water Fund. Funds are transferred annually into this Fund to cover the annual debt obligation for each Capital Lease Agreement.

Expenditures

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Other	\$ -	\$ -	\$ -	\$ -
Principal	230,803	305,890	305,890	732,304
Interest	32,007	34,030	34,030	41,060
Total Debt Service	\$262,810	\$339,920	\$339,920	\$773,364

Account	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Other	\$ -	\$ -	\$ -
Principal	102,903	61,261	-
Interest	16,310	1,402	-
Total Debt Service	\$119,213	\$62,663	\$ -



Revenue Sources

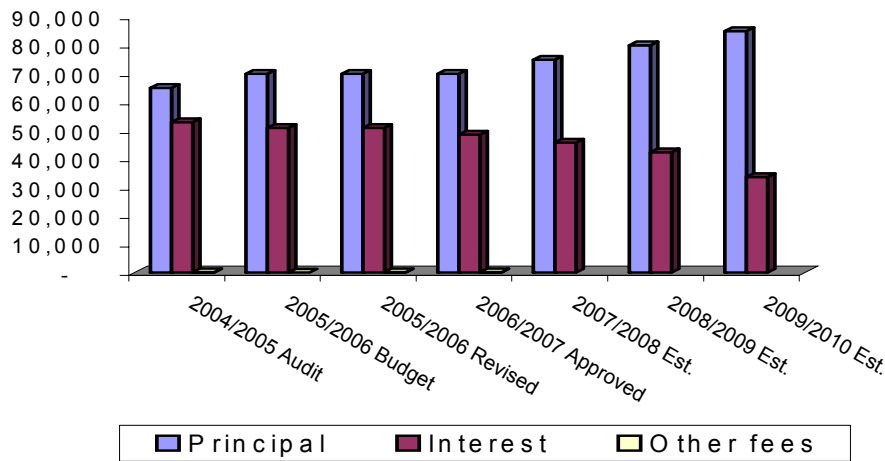
Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Transfers In				
General Fund	\$101,340	\$ 51,940	\$ 51,940	\$174,440
HURF	161,470	239,990	239,990	632,060
Other	22,287	-	1,030	-
Total Revenue	\$285,097	\$291,930	\$292,960	\$806,500

On May 1, 2003, the Town of Payson issued the following debt obligations: \$860,000 Excise Tax Revenue Obligation Series 2003A and \$440,000 Taxable Excise Tax Revenue Obligation Series 2003B. The proceeds are to be used as follows: **Series A** Construction of a new Public Works facility designed with a foot print of 5,242 square feet and a second floor of 2,400 square feet. The building will accommodate three (3) vehicle maintenance bays, a lubricant storage room, machine shop room, compressor room, parts and supplies storage, and administrative office space with staff restrooms. **Series B** The taxable proceeds will be used to acquire or construct hangar storage facilities consisting of 4-box hangars, 5 T-hangars and 5 portable hangars. Hangars will be leased to private individuals with the proceeds of such lease agreements used to offset debt service requirements on the Obligations.

Expenditures

Account	2004/2005	2005/2006	2005/2006	2006/2007
	Actual	Budget	Revised	Approved
Principal	\$65,000	\$ 70,000	\$70,000	\$70,000
Interest	52,961	50,980	50,980	48,620
Other fees	103	-	100	100
Total Debt Service	\$118,064	\$120,980	\$121,080	\$118,720

Account	2007/2008	2008/2009	2009/2010
	Estimate	Estimate	Estimate
Principal	\$ 75,000	\$ 80,000	\$ 85,000
Interest	45,800	42,410	33,600
Total Debt Service	\$120,800	\$122,410	\$118,600



Revenue Sources

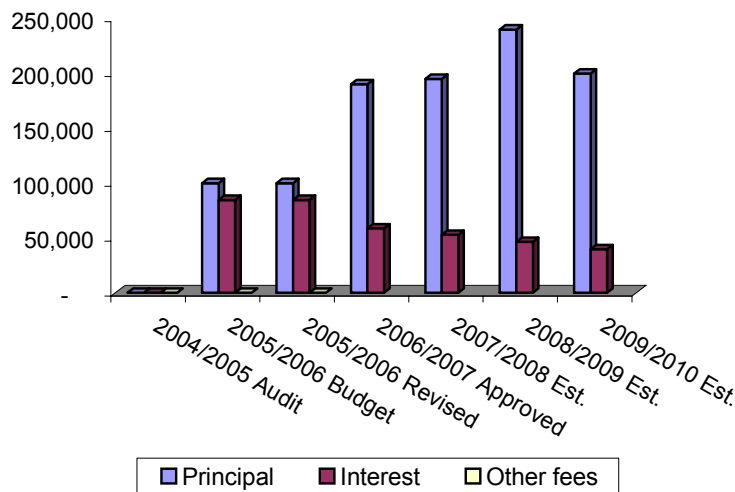
Account	2004/2005	2005/2006	2005/2006	2006/2007
	Actual	Budget	Revised	Approved
Transfers In				
General Fund	\$ 36,630	\$ 36,630	\$36,630	\$36,630
Airport Fund	81,335	87,840	87,840	81,990
Interest Earnings	175	-	180	180
Total Revenue	\$118,140	\$124,470	\$124,650	\$118,800

On September 9, 2003, the qualified electors of the Town of Payson authorized the issuance of bonds in the amount of \$3,555,000. The bonds were issued as General Obligation Bonds under the 2003 Authorization. The proceeds were to be used for making various Public Safety improvements and to pay costs related to the issuance of the bonds. The proceeds are accounted for in the Public Safety Bond Project Fund. The annual debt service is accounted for in this fund. Only \$2,030,000 was issued at this time. The remaining authorized, but unissued principal amount of \$1,525,000 is for a future fire station on the east side of Payson.

Expenditures

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Principal	\$ -	\$ 100,000	\$100,000	\$190,000
Interest	-	84,630	84,630	58,740
Other fees	-	-	-	-
Total Debt Service	\$ -	\$184,630	\$184,630	\$248,740

Account	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Principal	\$ 195,000	\$ 240,000	\$200,000
Interest	52,970	46,440	39,840
Total Debt Service	\$247,970	\$286,440	\$239,840



Revenue Sources

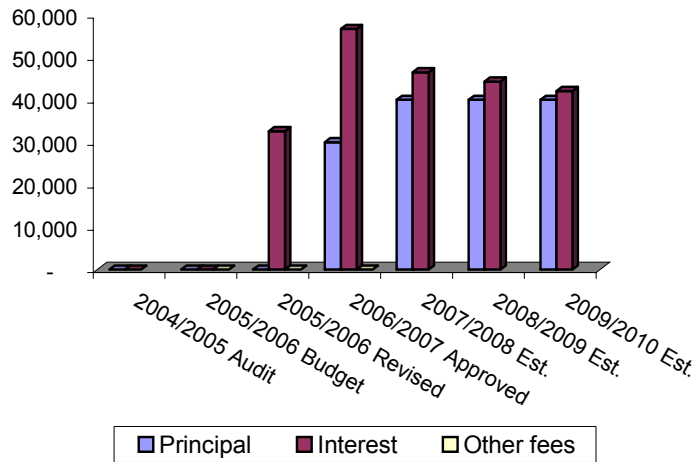
Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Sales Tax (0.012%)	\$170,318	\$339,660	\$400,000	\$400,000
Interest	3,992	-	4,000	4,000
Total Revenue	\$174,310	\$339,660	\$404,000	\$404,000

The Town issued \$875,000 of special assessment bonds October 27, 2005. The bond proceeds were used to construct the Westerly Road Improvement Project. The Special Assessment District was established to authorize the issuance of the bonds and the payment of debt. The Town will participate along with the abutting property owners. The debt will be paid off January 1, 2022.

Expenditures

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Principal	\$ -	\$ -	\$ -	\$30,000
Interest	-	-	32,602	56,680
Other Fees	-	-	-	-
Total Debt Service	\$ -	\$ -	\$32,602	\$86,680

Account	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Principal	\$40,000	\$40,000	\$40,000
Interest	46,475	44,275	42,075
Total Debt Service	\$86,475	\$84,275	\$82,075



Revenue Sources

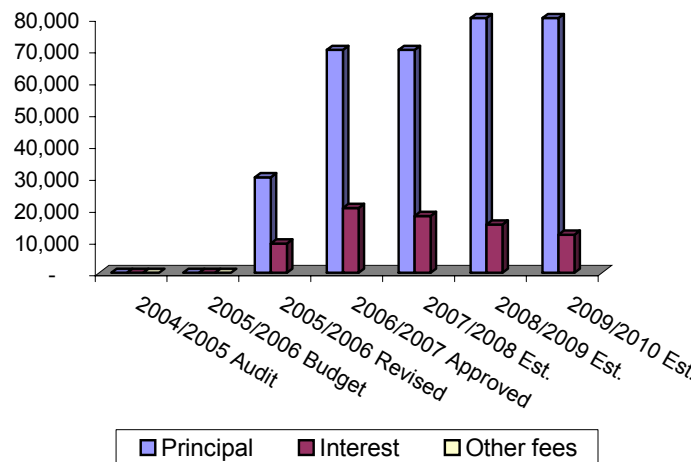
Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Assessment Principal	\$ -	\$ -	\$30,000	\$30,000
Assessment Interest	-	-	2,602	56,680
Total Revenue	\$ -	\$ -	\$32,602	\$86,680

The Town of Payson issued \$545,000 in Certificates of Participation on November 30, 2005 to construct two new ball fields at Rumsey Park. The source of funds to make the annual debt service payments will first come from Park Development Impact Fees and then from the full faith and credit of the Town.

Expenditures

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Principal	\$ -	\$ -	\$30,000	\$70,000
Interest	-	-	9,180	20,330
Other Fees	-	-	-	-
Total Debt Service	\$ -	\$ -	\$39,180	\$90,330

Account	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Principal	\$70,000	\$80,000	\$80,000
Interest	17,880	15,160	11,980
Total Debt Service	\$87,880	\$95,160	\$91,980



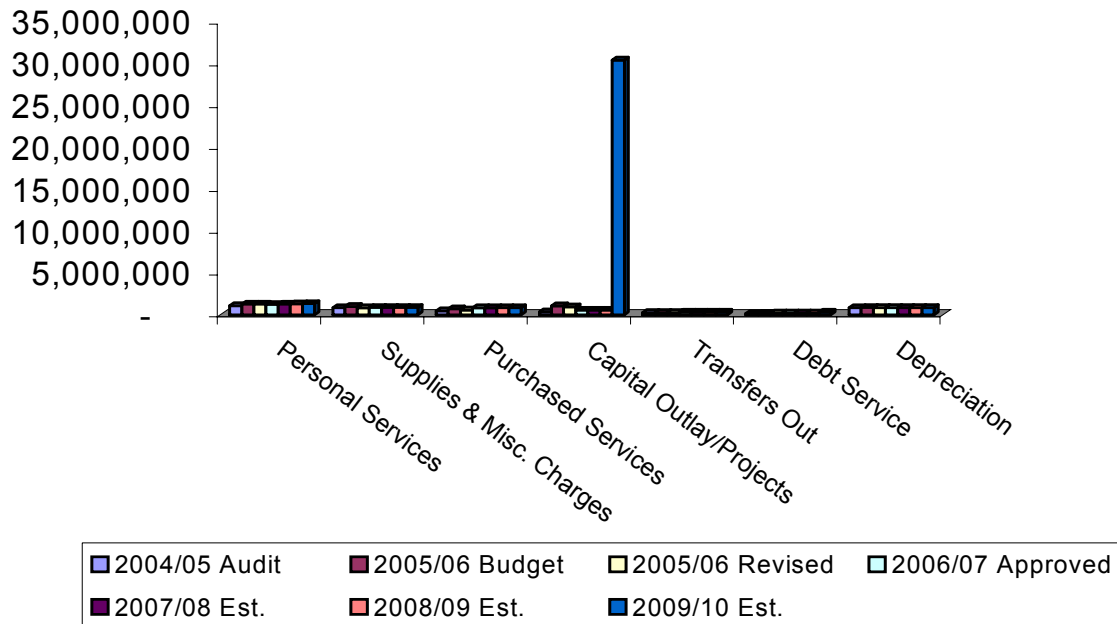
Revenue Sources

Account	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved
Operating Transfers In – Parks Development Fund	\$ -	\$ -	\$39,180	\$90,330
Total Revenue	\$ -	\$ -	\$39,180	\$90,330

Water Fund Summary

	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$1,095,180	\$1,270,130	\$1,279,000	\$1,240,780	25.6%
Supplies & Misc. Charges	835,005	986,800	824,200	873,580	18.0%
Purchased Services	460,624	707,840	556,350	827,160	17.0%
Capital Outlay/Projects	346,216	1,048,680	944,080	540,000	11.1%
Transfers Out	254,790	262,470	262,470	312,470	6.5%
Debt Service	143,269	185,220	194,440	199,900	4.1%
Depreciation	835,E-911	868,250	858,090	858,090	17.7%
Total	\$3,970,995	\$5,329,390	\$4,918,630	\$4,851,980	100.0%

	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$1,272,900	\$1,305,800	\$1,339,530
Supplies & Misc. Charges	874,740	876,150	877,910
Purchased Services	829,890	831,660	834,310
Capital Outlay/Projects	540,000	545,000	30,435,000
Transfers Out	312,470	312,470	317,200
Debt Service	199,900	199,900	316,150
Depreciation	858,090	858,090	858,090
Total	\$4,887,990	\$4,929,070	\$34,978,190



GENERAL INFORMATION

This program accounts for costs associated with the administrative functions of the Water Department: planning, budgeting, liaison to legislature, outside legal counsel, State regulatory agencies, professional organizations; oversight of day-to-day department operations, consultant contracts, capital program development, and personnel management.

MISSION STATEMENT

To provide for the orderly and proper development of the Public Water System.

2005/2006 ACCOMPLISHMENTS

- Completed and implemented comprehensive water fee structure
- Completed Blue Ridge Reservoir cost estimates and debt financing studies
- Began discussions with SRP for delivery of Blue Ridge Water supply

2006/2007 GOALS AND OBJECTIVES

- Complete Blue Ridge water recharge and water compatibility study
- Begin studies for Blue Ridge Pipeline and water treatment plant

BUDGET HIGHLIGHTS

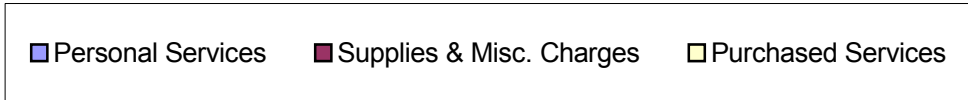
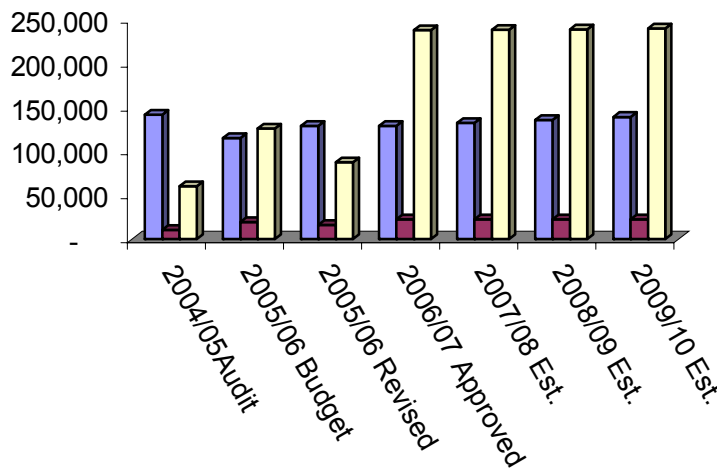
No major changes

Budget Summary by Department

Water Administration

Classification	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$141,902	\$115,210	\$128,960	129,080	33.1%
Supplies & Misc. Charges	10,570	19,480	16,200	22,580	5.8%
Purchased Services	60,335	126,240	87,600	238,210	61.1%
Total	\$212,807	\$260,930	\$232,760	\$389,870	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$132,440	\$135,880	\$139,410
Supplies & Misc. Charges	22,600	22,650	22,700
Purchased Services	238,500	239,100	240,150
Total	\$393,540	\$397,630	\$402,260



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Public Works Director	1	1	1	1	0
Water Field Supervisor	1	1	1	1	0
Total	2	2	2	2	0

GENERAL INFORMATION

This program is responsible for accounting and customer service functions of the Water Department including in-house meter reading, billing, accounts receivable, accounts payable, job-costing, water service turn-on's and turn-off's, customer complaint resolution, clerical and executive support services to the Water Department Administration, and assisting other departments with special projects.

MISSION STATEMENT

To provide a superior level of customer service to our customers and maintain an excellent working relationship with the Town Financial Services Department.

2005/2006 ACCOMPLISHMENTS

- Maintained exceptional level of customer service
- 1,000 customers utilizing auto bill pay option
- Implemented additional auto-pay customer conversions

2006/2007 GOALS AND OBJECTIVES

- Maintain exceptional level of customer service
- Implement auto bill payment scan database system
- 1,600 customers utilizing auto bill pay option

BUDGET HIGHLIGHTS

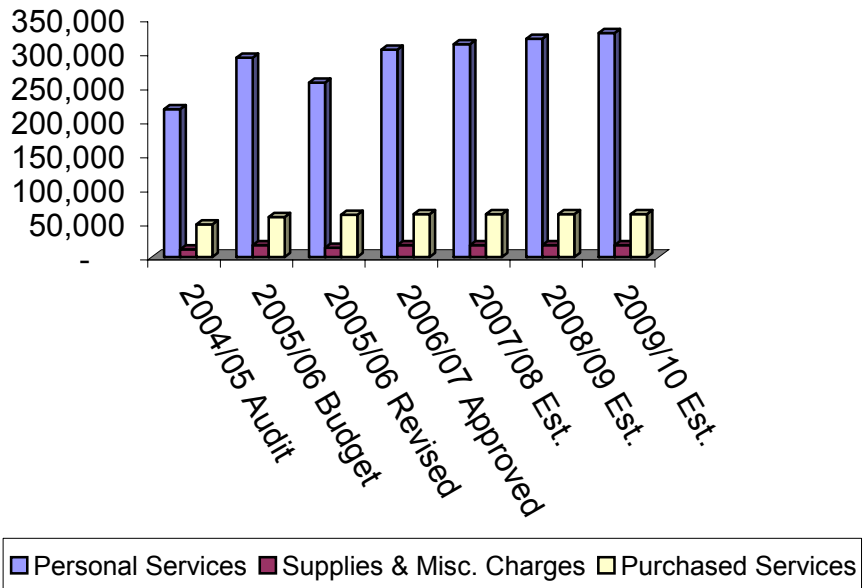
No major changes

Budget Summary by Department

Water Accounting & Collection

Classification	2004/2005 Actual	2005/2006 Approved	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$217,253	\$293,000	\$255,900	\$304,630	79.2%
Supplies & Misc. Charges	10,938	17,300	13,600	17,100	4.4%
Purchased Services	47,993	58,450	61,750	62,900	16.4%
Total	\$276,184	\$368,750	\$331,250	\$384,630	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$312,550	\$320,680	\$329,010
Supplies & Misc. Charges	17,350	17,400	17,410
Purchased Services	62,940	62,960	63,000
Total	\$392,840	\$401,040	\$409,420



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Customer Service Supervisor	1	1	1	1	0
Water System Operator Advanced	0	0	0	0	0
Water System Operator III	1	1	1	1	0
Utility Services Rep I & ii	1	1	1	1	0
Total	3	3	3	3	0

GENERAL INFORMATION

This program accounts for expenses related to the remediation of groundwater source contamination by industrial chemicals.

MISSION STATEMENT

To utilize state of the art water treatment techniques to create additional public water supply from the West Aero Drive area.

2005/2006 ACCOMPLISHMENTS

- Achieved superior water quality results and contaminant reduction
- Improved run time of plant through new process software automation

2006/2007 GOALS AND OBJECTIVES

- Achieve superior water quality results and contaminant reduction
- Rehabilitate extraction wells for increased water production

BUDGET HIGHLIGHTS

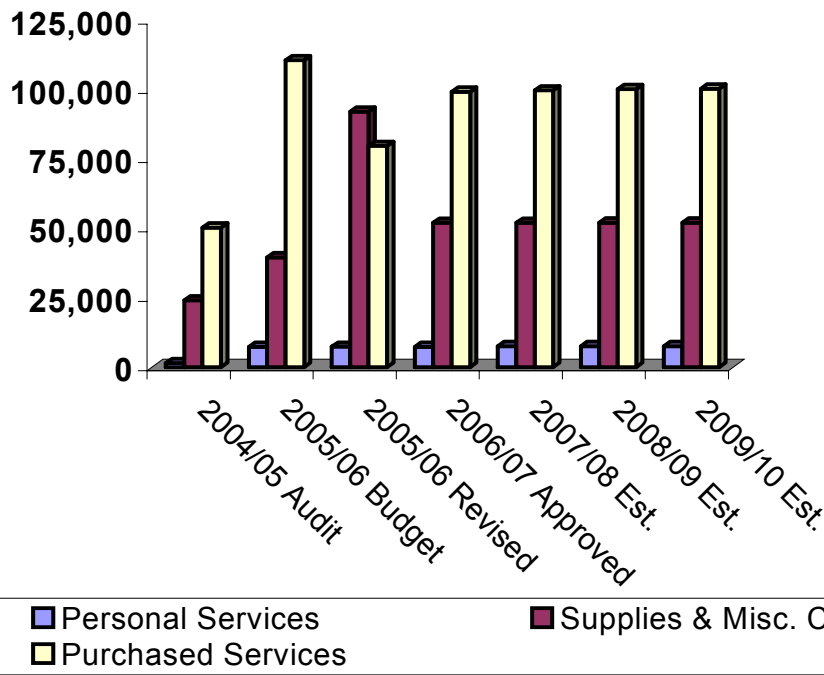
No major changes

Budget Summary by Department

WQARF Site Water Production

Classification	2004/2005 Actual	2005/2006 Approved	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 1,489	\$ 7,390	\$ 7,410	\$ 7,390	4.7%
Supplies & Misc. Charges	24,099	39,620	92,100	52,100	32.8%
Purchased Services	50,317	110,700	79,800	99,300	62.5%
Total	\$75,905	\$157,710	\$179,310	\$158,790	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 7,580	\$ 7,580	\$ 7,580
Supplies & Misc. Charges	52,100	52,150	52,200
Purchased Services	99,800	100,300	100,450
Total	\$159,480	\$160,030	\$160,230



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

GENERAL INFORMATION

This program is used to track expenses incurred in the production of potable water from below land surface to the elevated storage tanks.

MISSION STATEMENT

N/A

2005/2006 ACCOMPLISHMENTS

- Achieved excellent water quality and operation as per ADEQ standards

2006/2007 GOALS AND OBJECTIVES

- Maintain excellent water system operations per ADEQ standards
- Maintain excellent water quality per ADEQ standards

BUDGET HIGHLIGHTS

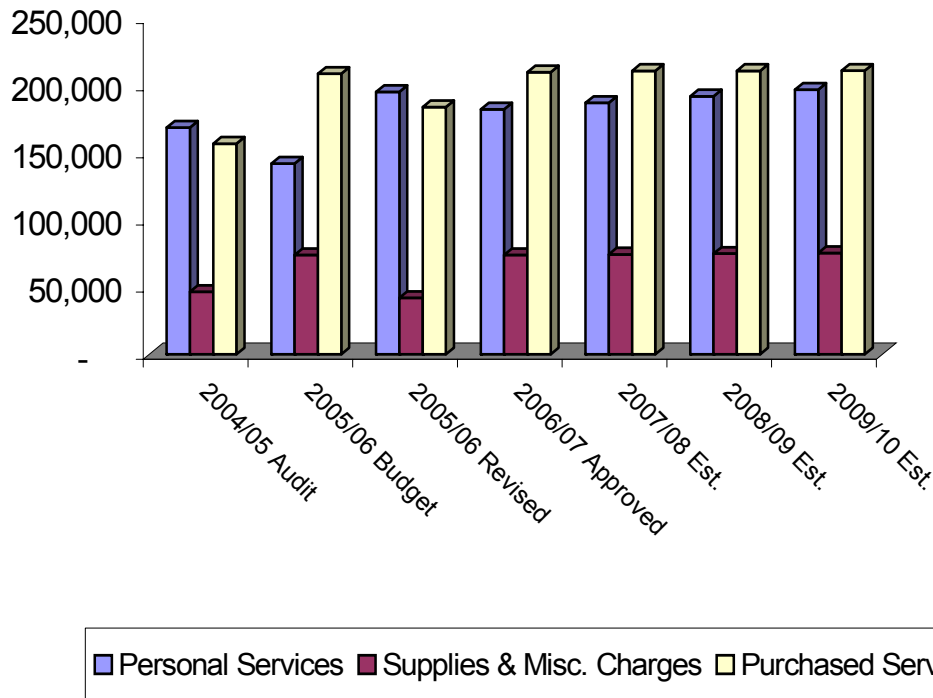
No major changes

Budget Summary by Department

Production – Operations & Maintenance

Classification	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$168,892	\$142,090	\$195,550	\$182,590	39.1%
Supplies & Misc. Charges	46,587	74,000	42,000	74,000	15.9%
Purchased Services	157,002	209,000	184,100	210,200	45.0%
Total	\$372,481	\$425,090	\$421,650	\$466,790	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$187,340	\$192,210	\$197,210
Supplies & Misc. Charges	74,500	75,000	75,500
Purchased Services	211,100	211,200	211,300
Total	\$472,940	\$478,410	\$484,010



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0

GENERAL INFORMATION

Green Valley Park consists of three lakes of 1, 2, and 10 acres surrounded by 23 acres of landscaped turf area. Water quality in the lakes is the responsibility of the Payson Water Department and the Northern Gila County Sanitary District. Aeration equipment is installed in all lakes. The Payson Water Department performs regular algae control efforts.

MISSION STATEMENT

To maintain lake water quality consistent with good fisheries practice and to enhance the aesthetic experience of visitors to the park.

2005/2006 ACCOMPLISHMENTS

- Achieved excellent fishery standard water quality
- Invented and implemented pond/weed removal equipment

2006/2007 GOALS AND OBJECTIVES

- Maintain excellent fishery standard water quality

BUDGET HIGHLIGHTS

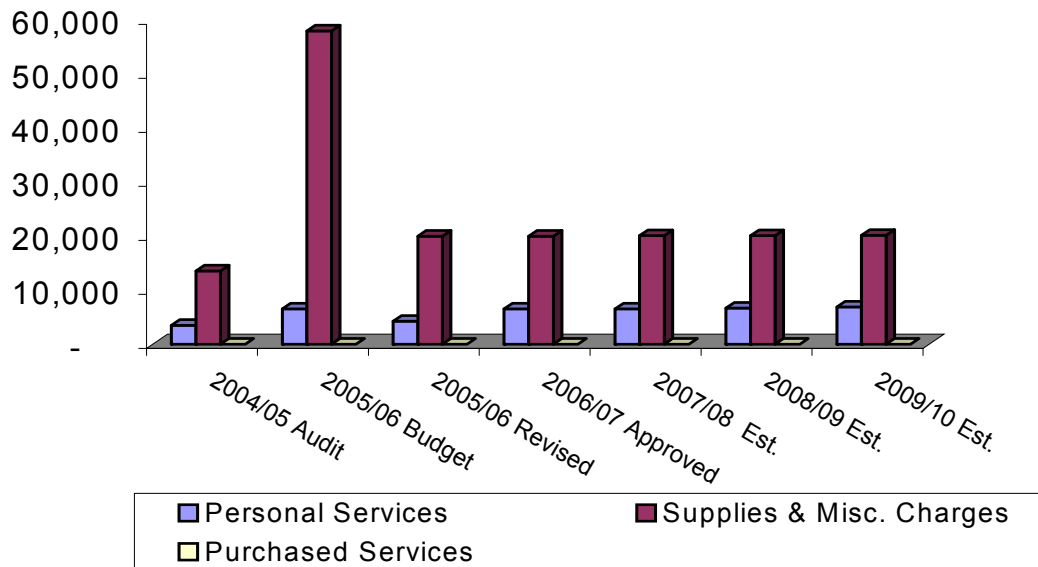
No major changes

Budget Summary by Department

Water – Green Valley Park Maintenance

Classification	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 3,507	\$ 6,520	\$ 4,250	\$ 6,520	24.6%
Supplies & Misc. Charges	13,592	58,000	20,000	20,000	75.4%
Purchased Services	-	-	-	-	0.0%
Total	\$17,099	\$64,520	\$24,250	\$26,520	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 6,550	\$ 6,710	\$ 6,880
Supplies & Misc. Charges	20,080	20,100	20,150
Purchased Services	-	-	-
Total	\$26,630	\$26,810	\$27,030



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

GENERAL INFORMATION

This program is used to track costs incurred in the transmission and distribution of potable water throughout the public water system. It includes utility costs, maintenance of water mains, storage tanks, water meters, and water services.

MISSION STATEMENT

N/A

2005/2006 ACCOMPLISHMENTS

- Completed Phase 3 of water storage tank maintenance program
- Maintained excellent distribution system water quality
- Completed annual water storage tank renovation program

2006/2007 GOALS AND OBJECTIVES

- Continue studies necessary for acquisition of water treatment plant site in Payson

BUDGET HIGHLIGHTS

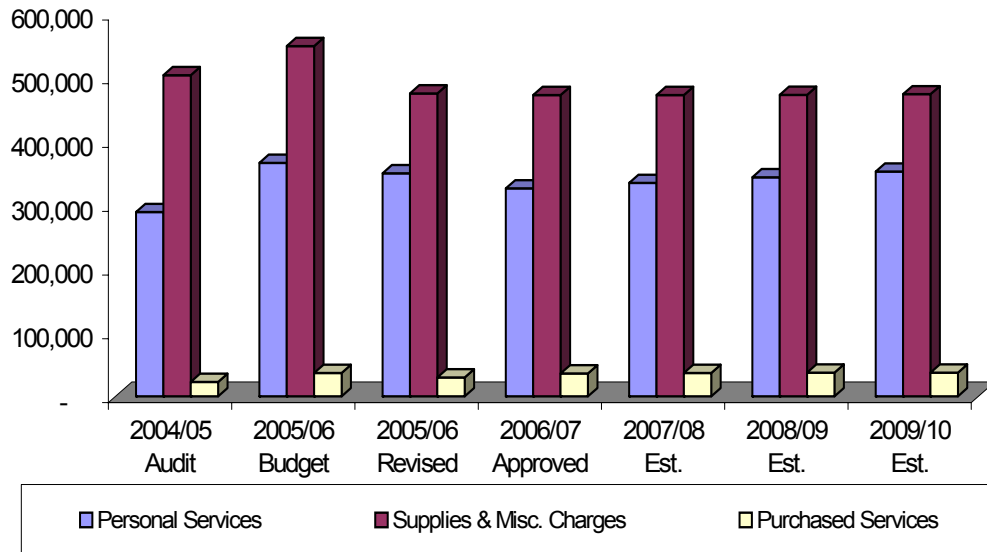
No major changes

Budget Summary by Department

Water – Transmission & Distribution

Classification	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$289,076	\$366,140	\$350,010	\$326,330	39.1%
Supplies & Misc. Charges	559,773	549,500	475,200	472,500	56.6%
Purchased Services	22,718	36,900	30,000	36,300	4.3%
Total	\$871,567	\$952,540	\$855,210	\$835,130	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$334,810	\$343,520	\$352,450
Supplies & Misc. Charges	472,660	473,000	473,800
Purchased Services	37,000	37,100	37,200
Total	\$844,470	\$853,620	\$863,450



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
None	0	0	0	0	0%

Fiscal note: The staffing positions for this cost center are shown in the Water Operations and Maintenance cost center. Staff allocates actual labor to various cost centers based upon the work performed. The budgeted personal costs are allocated on historical trends between the various cost centers.

GENERAL INFORMATION

This program is responsible for the operation, maintenance, and expansion of the public water system. It includes repair of all water system components: water mains, services, tanks, pumps, wells, buildings; maintenance of vehicles and construction machinery; construction of pump stations, water mains, structures, and special projects; inspection of contract construction, water system expansion, water tank, and well construction.

MISSION STATEMENT

To provide an adequate public water supply which meets all applicable State and Federal requirements. To maintain the public water system for reliable service and to expand and improve the water system at all opportunities necessary to meet demands placed on the system.

2005/2006 ACCOMPLISHMENTS

- Implemented new ultrasonic water leak detection program
- Completed annual water storage tank maintenance program
- Completed annual SCADA water system automation program

2006/2007 GOALS AND OBJECTIVES

- Complete annual SCADA automation program
- Complete annual water storage tank maintenance program

BUDGET HIGHLIGHTS

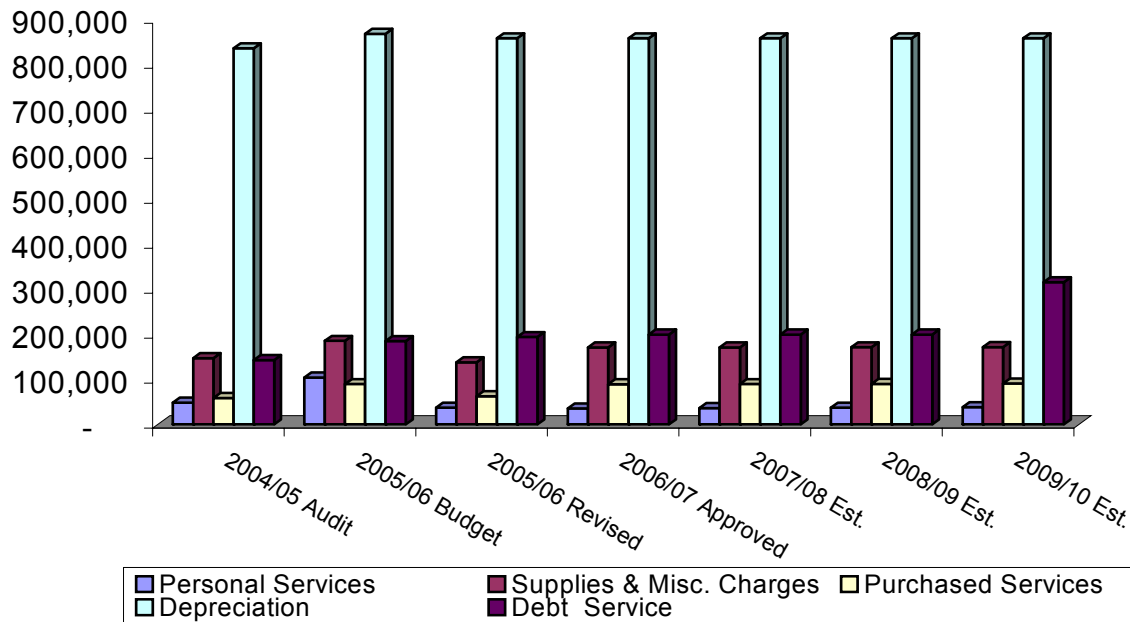
No major changes.

Budget Summary by Department

Water Operation & Maintenance

Classification	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$ 48,409	\$ 104,310	\$ 37,330	\$ 35,440	2.6%
Supplies & Misc. Charges	147,190	185,700	138,000	171,200	12.6%
Purchased Services	58,562	89,700	62,700	89,500	6.6%
Depreciation	835,E-911	868,250	858,090	858,090	63.4%
Debt Service	143,269	185,220	194,440	199,900	14.8%
Total	\$1,233,341	\$1,433,180	\$1,290,560	\$1,354,130	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$ 36,360	\$ 37,310	\$ 38,280
Supplies & Misc. Charges	171,200	171,500	171,750
Purchased Services	89,800	90,000	91,060
Depreciation	858,090	858,090	858,090
Debt Service	199,900	199,900	316,150
Total	\$1,355,350	\$1,356,800	\$1,475,330



Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
System Crew Leader	2	2	2	2	0%
System Operator Certified IV	4	4	4	4	0%
System Operator Certified III	1	1	1	1	0%
System Operator Certified II	1	1	1	1	0%
Total	8	8	8	8	0%

GENERAL INFORMATION

This program is responsible for the Department's compliance with State and Federal drinking water standards. It administers the backflow prevention program and is the liaison with and participates in development of cleanup strategies for Aero Drive WQARF site. It also develops and administers water conservation programs, participates in the Water Resources Management Plan, identifies potential water supply resources, and assists in development of water supply resources. In addition, it is responsible for the Water Department's actions on maintaining water quality at Green Valley Lakes, performs customer service contracts relative to water quality and quantity issues, and acts as liaison with ADEQ for compliance status.

MISSION STATEMENT

To assure the public of a safe and adequate drinking water supply and to provide prompt and courteous customer service and information.

2005/2006 ACCOMPLISHMENTS

- Complied with all water quality regulations
- Completed studies for Diamond Rim groundwater exploration

2006/2007 GOALS AND OBJECTIVES

- Complete Mogollon Rim Water Resources Management Study draft report

BUDGET HIGHLIGHTS

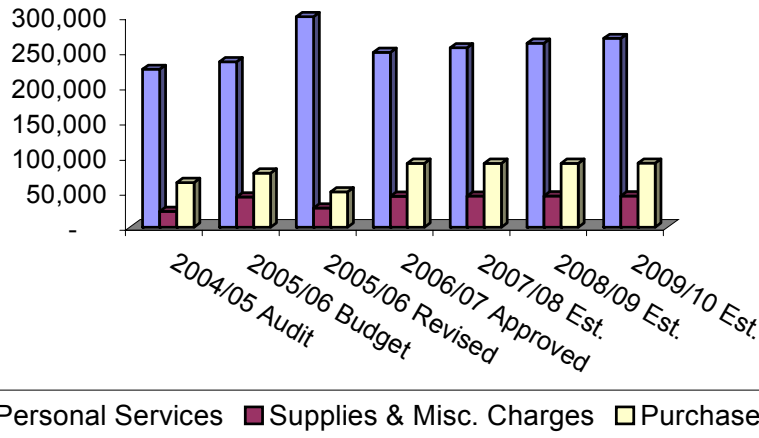
No major changes

Budget Summary by Department

Water – Resources

Classification	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Personnel Services	\$224,655	\$235,470	\$299,590	\$248,800	64.8%
Supplies & Misc. Charges	22,256	43,200	27,100	44,100	11.5%
Purchased Services	63,700	76,850	50,400	90,750	23.7%
Capital Outlay					0.0%
Total	\$310,611	\$355,520	\$377,090	\$383,650	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Personnel Services	\$255,270	\$261,910	\$268,710
Supplies & Misc. Charges	44,250	44,350	44,400
Purchased Services	90,750	91,000	91,150
Capital Outlay	-	-	-
Total	\$390,270	\$397,260	\$404,260

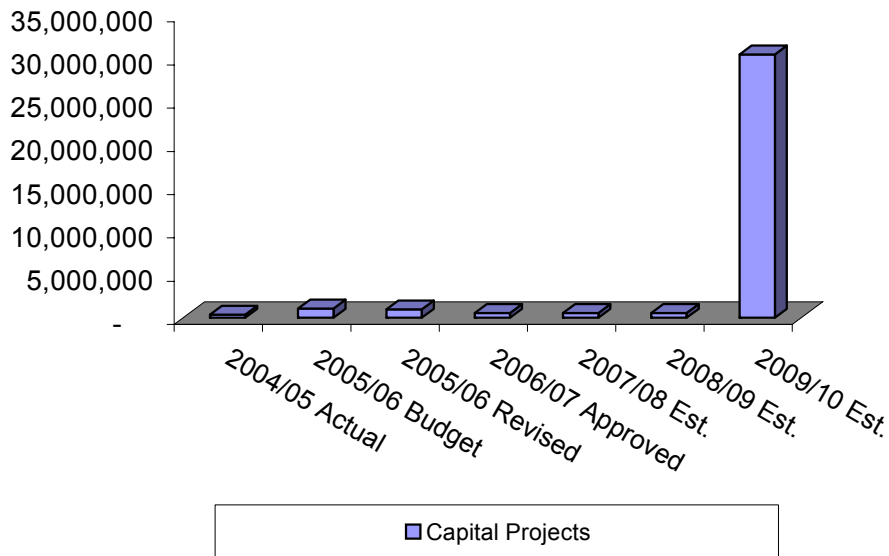


Staffing By Program	2003/2004 Actual	2004/2005 Actual	2005/2006 Actual	2006/2007 Authorized	Percent Over Last Year
Water Quality Specialist	1	1	1	1	0
Water Resource Specialist	1	1	1	1	0
Water Resource Tech	0	1	1	1	0
Hydrologist	1	1	1	1	0
Total	3	4	4	4	0%

Budget Summary

Classification	2004/2005 Actual	2005/2006 Budget	2005/2006 Revised	2006/2007 Approved	% of Total Approved
Capital Outlay	\$346,216	\$1,048,680	\$944,080	\$540,000	100.0%
Total	\$346,216	\$1,048,680	\$944,080	\$540,000	100.0%

Classification	2007/2008 Estimate	2008/2009 Estimate	2009/2010 Estimate
Capital Outlay	\$540,000	\$545,000	\$30,435,000
Total	\$540,000	\$545,000	\$30,435,000





Capital Improvement Programs Summary

Fund	2004/2005	2005/2006		2006/2007
	Audit	Budget	Revised	Approved
Capital Projects Funds				
Capital Improvement	\$ 512,160	\$ 321,200	\$ 309,500	\$ 937,100
Grants Capital Projects	544,894	2,049,890	550,660	865,000
Park Development	128,003	997,312	646,640	290,000
Green Valley Redevelopment	176,449	529,000	169,620	555,000
Equipment Replacement	44,375	-	-	-
Central Arizona Project	372,096	1,468,993	382,880	751,383
Construction - Excise Tax Rev. Obligation	116,919	271,742	11,230	-
Public Safety Bond Project	238,063	1,774,240	944,950	988,360
Westerly Road Improvement	42,088	1,225,000	922,005	-
Airport Hangar Project	-	-	-	650,000
Total Capital Project Funds	<u>2,175,047</u>	<u>8,637,377</u>	<u>3,937,485</u>	<u>5,036,843</u>
Special Revenue Fund Projects				
Highway Users Revenue	660,563	4,108,547	2,932,500	3,467,000
Gifts and Grants	-	-	-	10,295
Payson Municipal Airport	35,788	1,142,307	12,600	460,000
Total Special Revenue Fund Projects	<u>696,351</u>	<u>5,250,854</u>	<u>2,945,100</u>	<u>3,937,295</u>
Enterprise Fund				
Water Capital Projects	346,216	1,048,680	944,080	540,000
Total Water Fund Projects	<u>346,216</u>	<u>1,048,680</u>	<u>944,080</u>	<u>540,000</u>
Total Capital Projects Programming	<u>\$3,217,614</u>	<u>\$14,936,E-911</u>	<u>\$7,826,665</u>	<u>\$9,514,138</u>

Capital projects operating cost impact comments:

- Some of the capital items are replacing equipment to reduce operating maintenance while others will improve and enhance staff operating efforts and efficiency
- Street projects are replacing existing streets and, as a result, will not result in additional maintenance costs in the immediate future

Capital Improvement Programs – Capital Projects**\$5,036,843****Capital Improvements**

Town Hall Remodel Project	\$ 30,000
Finance Financial System	100,000
Town Network Infrastructure	19,600
Town Wide Workstation Upgrades	18,000
Recycling Program	35,000
CTV/Council Meeting Enhancements	20,500
Fire Station #11 Crew Quarters	50,000
Community Development Addition	34,000
Major Station Maintenance	30,000
Replace Truck #111	450,000
SCBA Cascade Cylinders & Rack	10,000
Fire – Exactor Washing Machine	10,000
Update Affordable Housing Study	10,000
Development Impact Fee Study	20,000
Police Patrol Vehicles	100,000
Total Capital Improvements Fund	\$ 937,100

Grants Capital Projects

Arizona HOME Rehabilitation	\$ 350,000
CERT Grant	15,000
FEMA Assistant Firefighter Grant #15658	100,000
Special Projects SSP Grant 2006/07	300,000
State Fire Assistance Grant	100,000
Total Grants Capital Projects Fund	\$ 865,000

Park Development

Rumsey Ball Field Development	\$ 190,000
Rumsey Park Playground Project	100,000
Total Park Development Fund	\$ 290,000

Green Valley Redevelopment

Main Street Improvements	\$ 500,000
Historical District Planning Grant	25,000
Main Street Project Design	30,000
Total Green Valley Redevelopment Fund	\$ 555,000

Public Safety Bond Project

CAD Police/Fire Communications Equipment	\$ 988,360
Total Public Safety Bond Project Fund	\$ 988,360

Airport 2-Box Hangar Project

Construct 2-Box Hangars	\$ 650,000
Total Airport 2-Box Hangar Project Fund	\$ 650,000

Capital Improvement Programs – Capital Projects **\$5,036,843**

**Capital Improvements
(Continued)**

Central Arizona Project

Environmental Project	\$ 325,000
Forest Service Exploration	250,000
Water Supply Development	176,383
Total Central Arizona Project Fund	\$ 751,383

Total Capital Project Funds - Capital Improvement Projects **\$ 5,036,843**

Capital Improvement Programs – Special Revenue Funds **\$3,937,295**

Streets/Highway Users (HURF)

Vehicles	\$ 80,000
Project – Capital Outlay Under \$10K	10,000
Airport – Falcon Crest Drive to Vista Road	10,000
Mud Springs Road – Frontier to Granite Dells	800,000
Pavement Preservation Program	550,000
Airport Road & State Highway 87 Traffic Signs	205,000
McLane Road – Forest to Airport Road	1,000,000
State Highway 87 & State Highway 260 Concrete Repair	51,000
Green Valley Parkway Extension	40,000
St. Phillips Street Widening Project	696,000
Relocate Sign Construction Shop	25,000
Total Streets/Highway Users Projects	\$ 3,467,000

Gifts and Grants

Police State Grant #ACCR 13-4-111C	\$ 10,295
Total Gifts and Grants Projects	\$ 10,295

Payson Municipal Airport

Echo Ramp Expansion & Taxiway	\$ 290,000
Airport Master Plan Update	160,000
Replace Sewer Grinder Pump	10,000
Total Airport Projects	\$ 460,000

Total Special Revenue Funds – Capital Improvement Projects **\$ 3,937,295**

Capital Improvement Programs – Water**\$540,000**

Fire Hydrant Program	\$ 2,500
Water Disinfection	20,000
Computer Equipment	5,000
Water Mains	100,000
Replace Service Trucks	60,000
SCADA Equipment-Wells/Tanks	75,000
Radon Removal Engineering Study	20,000
Payson West Well Development/Improvement	50,000
Membrane Pilot Study	5,000
Conservation Projects	10,000
Green Valley Ramada – Donation	15,000
Fish Fence Project	50,000
Water Parts Warehouse	35,000
McKamey to St Phillips Waterline	2,500
Green Valley Lakes – Shoreline	50,000
Well Monitoring Equipment	15,000
Pumps for Wells	25,000
Total Water Enterprise Fund - Capital Improvement Projects	\$ 540,000



Miscellaneous

Miscellaneous Information Contents

Community Profile

- Assessed and Estimated Actual Value of Taxable Property – Last Ten Years
- Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Years
- Demographic Statistics – Last Ten Years
- Graphs – Population and Employees per Capita
- Property Values, Construction Data – Last Ten Years
- Ten Principal Taxpayers – June 30, 2006
- Major Employers – June 30, 2006

Authorized Position by Fiscal Year

Budget Adoption Resolution

State Required Schedules

- Schedule A- Summary Schedule of Estimated Revenues and Expenditures/Expenses
- Schedule B - Summary of Tax Levy and Tax Rate Information
- Schedule C - Summary By Fund Type of Revenues Other Than Property Taxes
- Schedule D - Summary By Fund Type of Other Financing Sources / (Uses) and Interfund Transfers
- Schedule E - Summary by Department of Expenditures/Expenses within Each Fund Type.

Property Tax Adoption Ordinance

Glossary of Terms

Community Profile

The Town of Payson, Arizona (Town) incorporated in 1973, is located at the intersection of State Routes 87 and 260, 90 miles north of Phoenix, Arizona. The Town's boundaries enclose 19.5 square miles in northern Gila County and serve a population of 15,430. Surrounded by the Tonto National Forest and the world's largest stand of virgin Ponderosa Pines, Payson is nestled just below Arizona's Mogollon Rim at an elevation of 4,982 feet and enjoys a moderate four-season climate. State statutes empower the Town to levy a primary real property tax on property within its boundaries and to levy secondary taxes for debt retirement and local improvement districts. Payson has the power by state statute to extend its corporate limits by annexation when deemed appropriate by a majority of the property owners and the Town Council.

The Town of Payson operates under the council-manager form of government. The Town Council, which has policy-making and legislative authority, consists of a mayor and a six-member council. The Town Council is responsible for, among other things, passing ordinances, resolutions, and adopting the Town's annual budget. They also appoint committees and hire the Town Manager and Town Attorney. The Town Manager is responsible for carrying out the policies, ordinances, and resolutions of the Town Council, and for overseeing the day-to-day operations of the Town. The Council is elected on a nonpartisan "at large" basis. Council members are elected to four-year staggered terms with three council members elected every two years. The qualified electors of the Town directly elect the Mayor for a two-year term.

The Town of Payson provides a full range of services, including police, fire, and emergency medical services; planning, zoning, and building code enforcement; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events; an airport, and a library. In addition, the Town of Payson operates a municipal water utility that presently serves 7,609 customers.

The Council is required to adopt a tentative budget on or before the third Monday in July. Public hearings are held on the proposed budget, with adoption of the final budget on or before the seventh day before the tax levy is adopted, which is on or before the third Monday in August. This annual budget serves as the foundation for the Town of Payson's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within a department with approval from the Town Manager. Transfers between funds, however, need approval from the governing council.

Local economy. In its early years, Payson's economy was based upon logging, ranching, and tourism. Recently, the economy has been shifting to provide housing and services for a growing retirement population relocating to the area for clean air, good climate, and a rural, small-town quality of life. Tourism and home building industries presently dominate the local economy. The Town's elected leadership desires to encourage economic development that will create good jobs, but not harm the environment.

Payson currently enjoys a favorable economic environment. The Town's population increased 193.7% since 1980. Over the last ten years, the population has increased an average of 3.3% per year. The Arizona Department of Economic Security estimates Payson's current population at 15,430. The Town supports a market area trade population of some 31,060 persons. The Town's unemployment rate, as of June 2006, was 3.2 percent. This compares favorably with the state's rate of 4.4 percent and the county's rate of 6.3 percent. The region (which includes Payson and the surrounding non-incorporated area within the County) has an employed labor force of approximately 6,485 that has increased significantly over the last fifteen years.

The transaction tax (sales tax) rates in Payson are composed of 5.6% State, County rate of 1% and the Town's rate of 2.12% for a total of 8.72%.

The following Educational Facilities provide excellent educational opportunities for the Citizens of Payson and the surrounding community:

- | | | |
|---|----------------------------|---|
| ✓ | Public Elementary Schools | 3 |
| ✓ | Public Middle School | 1 |
| ✓ | Public High School | 1 |
| ✓ | Two Year Community College | 1 |

Payson has excellent medical facilities and care providers. We have one hospital called *Payson Regional Medical Center* with an excellent staff and modern equipment. We also have three nursing facilities.

Climatologic Information	<u>Avg. Max. Temperature</u>	<u>Avg. Min. Temperature</u>	<u>Average Rainfall (in)</u>
Hottest Month, July	92.5	58.5	3.10
Coldest Month, January	53.7	24.7	2.11
Annual Average	72.5	38.6	20.77

Transportation

Highways	State #87 and #260
Bus Lines	Beeline Bus Agency, Payson Express
Trucking Service	Various
Air Service	Payson Municipal Airport

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY *
LAST TEN FISCAL YEARS**

Assessment Year	Assessed Value	Estimated Actual Value	Percent of Assessed Value to Estimated Actual Value
1997	59,560,905	456,573,916	13.05%
1998	67,713,251	484,212,161	13.98%
1999	79,906,469	559,938,280	14.27%
2000	93,555,195	740,321,287	12.64%
2001	106,365,288	847,000,464	12.56%
2002	119,004,875	945,809,543	12.58%
2003	143,944,717	1,144,148,351	12.58%
2004	156,453,684	1,251,385,801	12.50%
2005	170,159,572	1,383,662,572	12.30%
2006	182,522,790	1,500,887,154	12.16%

* Source: Gila County Assessor's Office

**Ratio of Net General Bonded Debt
To Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

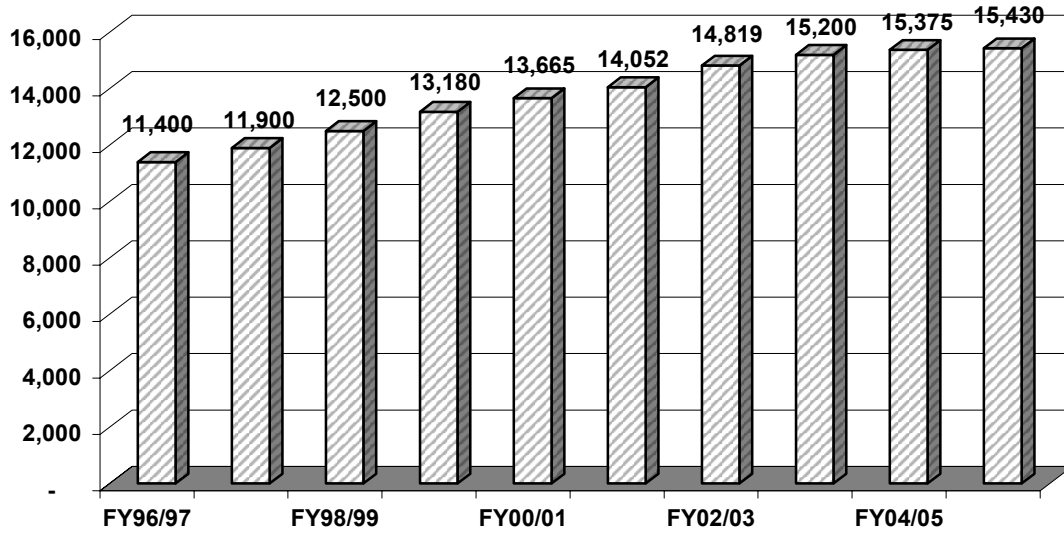
Year	Population	Taxable Assessed Value	General Obligation Bonds	Percentage of Estimated Actual Value Of Property	Net Bonded Per Capita
1997	11,400	456,573,916	2,490,000	0.55%	218
1998	11,900	484,212,161	2,390,000	0.49%	201
1999	12,500	559,938,280	1,991,000	0.36%	159
2000	13,180	740,321,287	1,875,600	0.25%	142
2001	13,665	847,000,464	1,876,000	0.22%	137
2002	14,052	949,809,543	1,751,000	0.18%	125
2003	14,819	1,144,148,351	1,621,000	0.14%	109
2004	15,200	1,251,385,801	1,486,000	0.12%	98
2005	15,375	1,383,662,572	3,371,000	0.24%	219
2006	15,430	1,500,887,154	3,015,000	0.20%	195

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

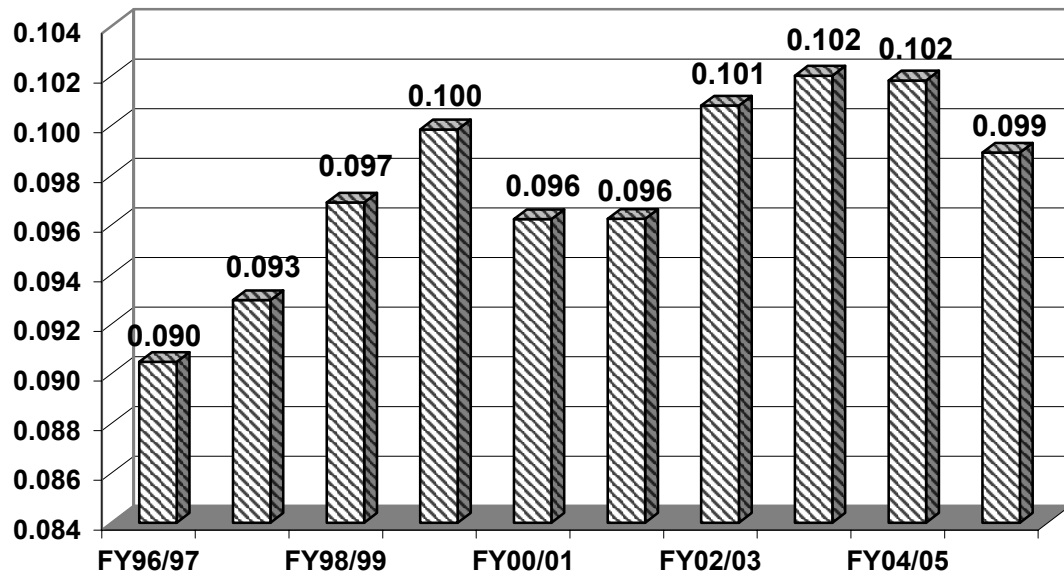
Year	Population	Per Capita Personal Income	Median Age	Town of Payson Unemployment Rate
1997	11,400	23,031	50	3.8%
1998	11,900	23,952	50	3.45%
1999	12,500	24,910	50	3.2%
2000	13,180	26,464	48.9	2.6%
2001	13,665	29,625	49.7	2.5%
2002	14,052	31,500	48.9	3.9%
2003	14,819	38,713	48.9	3.8%
2004	15,200	38,713	48.9	3.4%
2005	15,375	39,500	48.9	3.2%
2006	15,430	39,973	48.9	3.2%

Population and Employees per Capita

Payson's Population as of July 1



Town Employees/1000 Population



**PROPERTY VALUES, CONSTRUCTION
LAST TEN FISCAL YEARS**

Year	Commercial Value		Residential Construction		Property Values	
	Number of Permits	Value	Number of Permits	Value	Assessed	Estimated Actual
1997	26	5,443,925	361	31,254,133	59,560,905	456,573,916
1998	25	12,460,498	304	31,784,938	67,713,251	484,212,161
1999	15	12,122,299	255	28,063,268	79,906,469	559,938,280
2000	10	4,274,178	269	29,071,385	93,555,195	740,321,287
2001	16	7,429,688	197	21,736,402	106,365,288	847,000,464
2002	16	5,812,883	233	24,405,650	119,004,875	945,809,543
2003	15	12,734,617	192	24,903,380	143,944,717	1,144,148,351
2004	10	4,899,247	192	24,279,680	156,453,684	1,251,385,801
2005	17	12,155,190	242	34,554,364	170,159,572	1,383,662,572
2006	15	4,947,380	264	57,209,192	182,522,790	1,500,887,154

* Source: Town of Payson Building Department provided Commercial and Residential construction data. Property values provided by Gila County Assessor's Office

**Ten Principal Taxpayers
June 30, 2006**

Taxpayer	Assessed Valuation of Property	Percentage of Valuation
Arizona Public Service Co.	\$ 5,090,372	2.79%
PLP Payson LLC	2,189,187	1.20%
Rim Golf Investors LLC	1,901,518	1.04%
Qwest Corporation	1,962,298	1.08%
Payson Hospital Inc NKA	1,814,258	0.99%
Retail Trust III – Wal-Mart	1,803,722	0.99%
Home Depot USA Inc.	1,231,284	0.67%
Safeway Inc.	806,781	0.44%
Cablevision of Payson	792,540	0.43%
Sawmill Crossing LLC	740,108	0.41%
Total	\$ 18,332,068	10.04%

* Source: Gila County Assessor. Arizona Department of Revenue

MAJOR EMPLOYERS
June 30, 2006

Public Institutions	Approximate Number of Employees *	Major Corporations	Approximate Number of Employees *	Type of Company
Payson Unified School District No. 10	324	Wal-Mart	330	Retail Sales
Gila County	250	Payson Regional Medical Center	320	Health Care
U.S. Forest Service	167	Mazatzal Casino	300	Entertainment
Town of Payson	156	Chaparral Pines / Rim Club	156	Property Management
		Safeway	142	Retail Grocery
		Payson Care Center	130	Nursing Home
		Rim Country Health	116	Nursing Home
		Home Depot	115	Retail Sales
		Bashas	90	Retail Grocery
		Chapman Auto	45	Auto Dealership
* Total full and part-time employees				

AUTHORIZED POSITION BY FISCAL YEAR

Position	2002/03	2003/04	2004/05	2005/06	2006/07	Grade
Mayor & Town Council	7	7	7	7	7	n/a
Town Attorney	1	1	1	1	1	67
Deputy Town Attorney I, II	1	1	1	1	1	61
Office Manager – Legal Department	1	1	1	1	1	37
Paralegal I, II	1	1	1	1	1	29
Magistrate Court	n/a	n/a	n/a	n/a	n/a	n/a
Town Manager	1	1	1	1	1	N/a
Grants Administrator	1	1	1	1	1	39
Human Resources Manager	-	1	1	-	-	--
Human Resources Director	1	-	-	1	1	57
Human Resource Technician	1	1	1	1	1	31
Payroll Specialist	1	1	1	1	1	30
Community Development Director	1	1	1	1	1	62
Chief Building Official	1	1	1	1	1	50
Zoning Administrator	1	1	1	1	1	50
Main Street Manager	1	1	1	1	1	44
Redevelopmnt/Housing Coordinator	1	1	1	1	1	44
Plans Review Specialist II	1	1	1	1	1	40
Planning Specialist	1	1	1	1	1	34
Building Inspector II	1	1	1	1	1	34
Building Inspector I	2	2	2	2	2	32
Administrative Secretary	1	1	1	1	1	25
Secretary (Main Street)	-	-	1	1	1	23
Permit Technician I	1	1	1	1	1	25
Parks & Recreation Director	1	1	1	1	1	61
Parks Supervisor	1	1	1	1	1	44
General Maintenance Crew Leader	1	1	1	1	1	30
Recreation Coordinator	2	2	2	2	2	30
General Maintenance I, II, III	3	3	3	3	3	20
Secretary	1	1	1	1	1	23
Chief Fiscal Officer	1	1	1	1	1	62
Comptroller	1	1	1	1	1	55
Accountant II	1	1	1	1	1	37
Accountant I	-	-	-	1	1	35
Senior Finance Clerk	1	1	1	1	1	26
Information System Manager	1	1	1	1	1	54
Systems Engineer I	-	-	-	1	1	31
Information System Technician	1	1	1	1	1	29
Fire Chief	1	1	1	1	1	66
Fire Marshall	1	1	1	1	1	52
Battalion Chief/IEMT	3	3	3	3	3	52
Captain	6	6	6	6	6	44
Engineer	6	6	6	6	6	37
Firefighter	6	6	6	7	7	33
Administrative Secretary	1	1	1	1	1	25
Police Chief	1	1	1	1	1	66
Commander	-	-	-	1	1	59
Lieutenant	1	1	1	-	-	52
Support Services Manager	1	1	1	1	1	49
Sergeant	3	3	3	6	6	46
Detective/Investigator I&II	4	4	4	2	2	39&41

Miscellaneous

AUTHORIZED POSITION BY FISCAL YEAR						
Position	2002/03	2003/04	2004/05	2005/06	2006/07	Grade
Police Officer II	-	-	-	4	4	38
Police Officer	16	16	17	12	13	36
Animal Control Officer II	1	1	1	1	1	26
Special Enforcement Officer	-	-	1	1	1	39
Court Collection Officer	1	1	-	-	-	-
Executive Assistant	1	1	1	1	1	31
Property & Equipment Manager	1	1	1	1	1	27
Communication Supervisor	1	1	1	1	1	37
E-911 Dispatcher/Shift Leader	-	-	-	1	1	29
E-911 Dispatchers	6	6	6	7	8	27
Senior Records Clerk	1	1	1	1	2	25
Airport Manager	1	1	1	1	1	49
Town Clerk – Mstr Municipal Cert	1	1	1	1	1	51
Chief Deputy Clerk	1	1	1	1	1	35
Deputy Town Clerk	1	1	3	3	3	27
Clerk	1	1	-	-	-	-
Secretary	1	1	-	-	-	-
Town Engineer	1	1	1	1	1	59
Assistant Town Engineer	1	1	1	1	1	53
Street Operations Manager	1	1	1	1	1	50
Street Maintenance Crew Leader	1	1	1	1	1	31
Senior Mechanic	1	1	1	1	1	28
Street Maintenance Worker I	10	10	5	5	5	20
Street Maintenance Worker II	-	-	5	5	5	22
Engineering Technician	1	1	1	1	1	27
Library Director	1	1	1	1	1	49
Assistant Library Manager	1	1	1	1	1	31
Library Clerk I	3	3	2	2	2	17
Library Clerk II	1	1	2	2	3	21
Public Works Director	1	1	1	1	1	64
Water Resource Specialist	1	1	1	1	1	38
Water Field Supervisor	1	1	1	1	1	50
Water Customer Service Supervisor	1	1	1	1	1	44
Hydrologist	1	1	1	1	1	53
Water Quality Specialist	1	1	1	1	1	38
Water Sys Operator Crew Leader	2	2	2	2	2	36
Water System Operator IV	4	4	4	4	4	35
Water System Operator Certified III	2	2	2	2	2	30
Water System Operator Certified II	1	1	1	1	1	28
Water Resource Tech	1	1	1	1	1	36
Water Utility Service Rep. II	-	-	-	1	1	28
Water Utility Service Rep I	1	1	1	-	-	26
Total Full Time Positions	150	150	152	157	161	
Part-time Positions						
Part-time Maintenance (Parks)	2	2	2	2	2	n/a
Seasonal pool staff (Aquatics)	28	28	28	28	28	n/a
Secretary (Main Street Program)	1	1	-	-	-	n/a
POC Firefighters (Fire)	15	15	15	15	16	n/a
E-911 Dispatcher	2	2	2	2	2	n/a
Clerk (Human Resources)	1	1	1	1	1	n/a
Total Part-time Positions	48	48	47	47	47	

Schedule A

Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2006/2007

FUND	Adopted Budgeted Expenditures/ Expenses 2005/2006*	Actual Expenditures/ Expenses 2005/2006**	Unreserved Fund Balance/ Retained Earnings at 7/1/2006***	Direct Property Tax Revenues 2006/2007	Estimated Revenues Other than Property Taxes 2006/2007	Other financing		Interfund transfers		Total financial Resources Available 2006/2007	Budgeted Expenditures/ Expenses 2006/2007
						2006/2007 Sources	<Uses>	2006/2007 In	<Out>		
General Fund	\$12,347,170	\$11,499,116	\$ 2,918,185	\$481,740	\$13,182,300	\$ 0	\$ 0	\$ 427,940	\$3,020,282	\$ 13,989,883	\$ 12,926,680
Special Revenue Funds	9,913,694	7,103,650	2,407,937		6,332,114	0	0	2,493,486	1,012,310	10,221,227	9,829,360
Debt Service Funds	1,225,030	1,166,426	1,072,063	160,000	688,860	0	0	1,015,450	0	2,936,373	1,769,884
Capital Projects Funds	8,637,377	3,868,305	1,798,776		2,952,647	0	0	498,516	90,330	5,159,609	5,894,483
Enterprise Funds Available	5,066,920	4,656,160	2,507,198		4,027,950	0	0	0	312,470	6,222,678	4,539,510
Total All Funds	\$37,190,191	\$28,293,657	\$10,704,159	\$641,740	\$27,183,871	\$ 0	\$ 0	\$4,435,392	\$4,435,392	\$38,529,770	\$34,959,917

Expenditure Limitation Comparison

	<u>2005/2006</u>	<u>2006/2007</u>
1. Budgeted expenditures/expenses	\$37,190,191	\$34,959,917
2. Add/subtract: estimated net reconciling items	-	-
3. Budgeted expenditures/expenses adjusted for reconciling items	37,190,191	34,959,917
4. Less estimated exclusions	-	-
5. Amount subject to the expenditure limitation	<u>\$37,190,191</u>	<u>\$34,959,917</u>
6. EEC or voter-approved alternative expenditure limitation	<u>\$37,190,191</u>	<u>\$34,959,917</u>

* Includes Expenditure/Expense Adjustments Approved in 2005/2006 From Schedule E

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts in this column represent Fund Balance/Net Asset amounts except for amounts invested in capital assets, net of related debt, and reserved/restricted amounts established as offsets to assets presented for informational purposes (i.e. prepaids, inventory, etc.).

Schedule B
Summary of Tax Levy and Tax Rate Information
Fiscal Year 2006/2007

	<u>2005/2006</u> <u>FISCAL YEAR</u>	<u>2006/2007</u> <u>FISCAL YEAR</u>
1. Maximum allowable primary property tax levy [A.R.S. §42-17051(A)]	\$ 618,416	\$ 648,437
2. Amount received from primary property taxation in the 2005/06 fiscal year in excess of the sum of that year's Maximum allowable primary property tax levy [A.R.S. §42-17102(A)(18)]	\$ 0	
3. Property tax levy amounts		
A. Primary property taxes	\$ 467,170	\$ 481,740
B. Secondary property taxes	120,000	160,000
C. Total property tax levy amounts	\$ 587,170	\$ 641,740
4. Property taxes collected*		
A. Primary property taxes		
(1) 2005/2006 levy	\$ 467,170	
(2) Prior years' levies	8,000	
(3) Total primary property taxes	\$ 475,170	
B. Secondary property taxes		
(1) 2005/2006 levy	\$ 120,000	
(2) Prior years' levies	0	
(3) Total secondary property taxes	\$ 120,000	
C. Total property taxes collected	\$ 595,170	
5. Property tax rates		
A. Town tax rate		
(1) Primary property tax rate	0.2752	0.2640
(2) Secondary property tax rate	0.0692	0.0646
(3) Total city/town tax rate	0.3444	0.3286
B. Special assessment district rates	0.0000	0.0000

Secondary property tax rates - As of the date the proposed budget was prepared the Town was operating no special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the Town.

* Includes actual property taxes collected as of the date the proposed budget was prepared plus estimated property tax collections for the remainder of the fiscal year.

Schedule C
Summary By Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2006/2007

Source Of Revenues	Estimated Revenues 2005/2006	Actual Revenues 2005/2006*	Estimated Revenues 2006/2007
GENERAL FUND			
Local taxes			
Town Sales Tax	\$ 5,801,000	\$ 6,150,000	\$ 6,241,400
Licenses and permits			
Utility Franchise Fees	335,230	340,830	345,340
Business Licenses	43,900	54,350	53,000
Building Permits	400,000	540,000	500,000
Animal Control Licenses	11,500	11,000	11,250
Right-of-Way / Improv Permits	6,500	7,250	7,500
Intergovernmental			
State Shared Revenues	2,759,610	2,876,000	3,206,700
Vehicle License Fee - Auto Lieu	890,000	975,840	975,840
IGA Revenue - BIA	75,000	75,000	75,000
Grants	268,910	231,880	374,000
Charges for services			
Building Charges for Services	4,600	4,600	5,000
Building Plan Review Fees	175,000	237,000	235,000
Engineering Review Fees	8,000	8,000	8,000
Fire Code Review Fees	10,500	7,500	10,500
Insurance Premium Revenue	46,000	57,160	54,000
Zoning and Subdivision Fees	15,000	25,900	25,000
Service Agreement Fees	260,000	263,500	380,000
Recreational Fees	144,700	125,100	127,500
Public Safety Fees	10,650	5,100	9,300
Fines and forfeits			
Court Fines and Fees	200,000	240,000	240,000
Law Enforcement Vehicle Impound Fee	0	23,750	23,800
Cost of Prosecution Fees	27,000	28,000	30,000
Interest on investments			
Interest Earnings	12,000	30,000	34,000
Contributions			
Voluntary Contributions	0	0	0
Miscellaneous			
Insurance Recoveries	7,000	7,000	7,100
Southwest Risk	62,000	0	70,320
Other	260,400	193,490	129,750
Police Reports-Copies	2,400	3,200	3,000
Total General Fund	\$ 11,836,900	\$ 12,521,450	\$ 13,182,300

Miscellaneous

Schedule C (Continued)			
Source of Revenues	Estimated Revenues 2005/2006	Actual Revenues 2005/2006*	Estimated Revenues 2006/2007
SPECIAL REVENUE FUNDS			
Highway User Revenue Fund			
Grants	\$ 2,255,000	\$ 1,832,700	\$ 857,950
Highway Users Gas Tax	1,677,670	1,711,190	1,840,620
LTAFF Revenue	75,140	88,880	98,990
Development Impact Fees	125,000	141,700	180,000
Special Inspection Fees	10,000	42,000	20,000
Other	65,000	35,200	35,000
Lease/Purchase Proceeds	100,000	87,450	0
Interest Earnings	6,000	6,000	4,000
Total Highway User Revenue Fund	\$ 4,313,810	\$ 3,945,120	\$ 3,036,560
Library District Tax Fund			
Gila County Library District Tax	\$ 190,900	\$ 190,900	\$ 200,400
Interest Earnings	0	0	0
Fines and Donations	15,000	16,000	16,000
Total Library District Tax Fund	\$ 205,900	\$ 206,900	\$ 216,400
Bed Tax Fund			
Bed Tax Revenues	\$ 141,000	\$ 218,000	\$ 218,476
Donations	0	0	15,000
Interest Earnings	50	0	0
Total Bed Tax Fund	\$ 141,050	\$ 218,000	\$ 233,476
Wildlands/Urban Program Fund			
Charges for Services	\$ 227,100	\$ 113,630	\$ 242,600
Total Wildlands/Urban Fund	\$ 227,100	\$ 113,630	\$ 242,600
JCEF Court Fines Fund			
Court Fines	\$ 5,000	\$ 5,000	\$ 5,000
Interest Earnings	100	100	100
Total JCEF Court Fines Fund	\$ 5,100	\$ 5,100	\$ 5,100
FTG Court Fines			
Court Fines	\$ 1,600	\$ 2,590	\$ 2,000
Interest Earnings	70	70	68
Total FTG Court Fines	\$ 1,670	\$ 2,660	\$ 2,068
Gifts and Grants Funds			
Grants	\$ 5,000	\$ 26,175	\$ 25,240
D.A.R.E. – Court Fines	2,000	2,510	2,510
Donations	27,000	17,000	17,000
Total Gifts and Grant Funds	\$ 34,000	\$ 45,685	\$ 44,750
Event Center Funds			
Event Revenues	\$ 15,000	\$ 13,000	\$ 13,000
Total Event Center Fund	\$ 15,000	\$ 13,000	\$ 13,000
Self-Funded Insurance Fund			
Revenue – Other	\$ 1,771,980	\$ 1,716,240	\$ 1,979,610
Total Self-Funded Ins Fund	\$ 1,771,980	\$ 1,716,240	\$ 1,979,610
Airport Fund			
Grants	\$ 1,069,700	\$ 81,000	\$ 426,750
User Fees	101,800	103,520	118,300
Total Airport Fund	\$ 1,171,500	\$ 184,520	\$ 545,050

Miscellaneous

Schedule C (Continued)			
Source of Revenues	Estimated Revenues 2005/2006	Actual Revenues 2005/2006*	Estimated Revenues 2006/2007
SPECIAL REVENUE FUNDS (Con't)			
Police Reserve Academy Fund			
Bed Tax Revenues	\$ 63,200	\$ 0	\$ 0
Fees	0	0	13,500
Total Police Reserve Academy	\$ 63,200	\$ 0	\$ 13,500
Total Special Revenue Funds	\$ 7,950,310	\$ 6,450,855	\$ 6,332,114
DEBT SERVICE FUNDS			
Green Valley Park Bond Fund			
Other Revenues	\$ 60,000	\$ 60,000	\$ 60,000
Total Green Valley Park Fund			
Bond Issue Fund	\$ 60,000	\$ 60,000	\$ 60,000
General Debt Service Fund			
Other Revenues	\$ 0	\$ 1,030	\$ 0
Total General Debt Service Fund	\$ 0	\$ 1,030	\$ 0
General Obligation Bond Fund			
Other Revenue	\$ 0	\$ 4,000	\$ 4,000
Sales Tax Revenue	339,660	400,000	400,000
Total General Oblig Bond Fund	\$ 339,660	\$ 404,000	\$ 404,000
Westerly Rd ID Debt Service Fund			
Assessments	\$ 0	\$ 32,620	\$ 86,680
Other Revenue	0	0	0
Total Westerly Rd ID Debt Serv	\$ 0	\$ 32,620	\$ 86,680
Excise Tax Revenue Oblig Bond			
Other Revenues	\$ 0	\$ 180	\$ 180
Total Excise Tax Rev Oblig Bnd	\$ 0	\$ 180	\$ 180
East Loop Improve Dist Bond Fund			
Assessments	\$ 137,530	\$ 229,930	\$ 134,000
Other Revenues	3,000	1,120	4,000
Total East Loop ImprovDist Bnd	\$ 140,530	\$ 231,050	\$ 138,000
Total Debt Service Funds	\$ 540,190	\$ 728,880	\$ 688,860
CAPITAL PROJECTS FUNDS			
Capital Projects Fund			
Lease/Purchase Proceeds	\$ 90,000	\$ 90,000	\$ 550,000
Other Revenues	30,000	0	0
Total Capital Projects Funds	\$ 120,000	\$ 90,000	\$ 550,000
Park Development Fund			
Other Revenues	\$ 2,000	\$ 5,600	\$ 5,000
Debt Proceeds	499,200	530,000	0
Impact Fees	121,800	145,200	140,000
Total Park Development Fund	\$ 623,000	\$ 680,800	\$ 145,000
Green Valley Redevelop Prog Fnd			
Grants	\$ 297,130	\$ 0	\$ 509,770
Other Revenues	7,500	7,500	7,500
Total Green Valley Redevelop	\$ 304,630	\$ 7,500	\$ 517,270
Const-Excise Tax Rev Oblig Fund			
Interest Earnings	\$ 0	\$ 7,000	\$ 0
Total Const-Excise Tax Rev Oblig	\$ 0	\$ 7,000	\$ 0

Miscellaneous

Schedule C (Continued)			
Source of Revenues	Estimated Revenues 2005/2006	Actual Revenues 2005/2006*	Estimated Revenues 2006/2007
CAPITAL PROJECTS FUNDS (Con't)			
Const-Westerly Rd Improv Fund			
Other Revenues	\$ 0	\$ 83,500	\$ 0
Debt Proceeds	1,317,550	931,140	0
Total Const-Westerly Rd Improv	\$ 1,317,550	\$ 1,014,640	\$ 0
Public Safety Bond Project Fund			
Interest Earnings	\$ 0	\$ 20,000	\$ 7,947
Total Public Safety Bond Project	\$ 0	\$ 20,000	\$ 7,947
Airport 2-Box Hangar Project Fund			
Debt Proceeds	\$ 0	\$ 0	\$ 650,000
Total Airport 2-Box Hangar Proj	\$ 0	\$ 0	\$ 650,000
Central Arizona Project Trust Fund			
Interest Earnings	\$ 19,000	\$ 53,000	\$ 30,000
Total Central AZ Project Trust Fnd	\$ 19,000	\$ 53,000	\$ 30,000
Grant Funded Capital Projects Fnd			
Federal Grants	\$ 115,550	\$ 62,600	\$ 95,000
CDBG Grants	396,650	238,420	482,430
Fire-Miscellaneous Grants	20,000	50,000	0
DOC-Growing	0	0	10,000
HSG 2005-GE-T5-0030 Fire	41,000	43,700	0
Homeland Security Grants	789,000	0	0
CERT Grant-Gila County	15,000	7,500	15,000
Arizona HOME Grant	350,000	0	350,000
Governor Office Hwy Safety Grant	20,000	30,110	0
State Fire Assistance Grant	0	0	50,000
Proposition 202 Gaming Funds	300,000	18,000	0
Donations/Other Revenues	0	50,559	50,000
Total Grant Fund Cap Proj Fund	\$ 2,047,200	\$ 500,889	\$ 1,052,430
Total Capital Projects Funds	\$ 4,431,380	\$ 2,373,829	\$ 2,952,647
ENTERPRISE FUNDS			
Water Fund			
Charges for Services	\$ 3,213,510	\$ 3,348,680	\$ 3,348,780
Grants	0	0	0
Miscellaneous	105,630	161,070	124,170
New Service Install Fees	74,000	100,000	100,000
Water Development Impact Fees	350,000	400,000	400,000
Interest Earnings	46,000	50,000	50,000
Facilities Recapture Fees	5,000	5,000	5,000
Other Financing Sources	0	0	0
Total Water Fund	\$ 3,794,140	\$ 4,064,750	\$ 4,027,950
Total Enterprise Funds	\$ 3,794,140	\$ 4,064,750	\$ 4,027,950
Total All Funds	\$ 28,552,920	\$ 26,139,764	\$ 27,183,871

*Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared plus estimated revenues for the remainder of the fiscal year.

Schedule D
Summary by Fund Type of Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2006/2007

FUND	Other Financing		Interfund Transfers	
	SOURCES	(USES)	IN	(OUT)
GENERAL FUND				
HURF Fund (Streets)	\$ 0	\$ 0	\$ 62,470	\$ 1,260,610
Library District Tax Fund	0	0	0	243,570
Police Reserve Academy Fund	0	0	0	131,300
Capital Projects Fund	0	0	0	335,246
Green Valley Redevelopment Fd	0	0	0	163,270
Grants Capital Projects Fund	0	0	0	5,000
Airport Fund	0	0	0	43,500
Gifts and Grants Fund	0	0	0	10,000
Bed Tax	0	0	53,000	0
Rainy Day Fund	0	0	0	637,616
Water Fund	0	0	312,470	0
Debt Service Funds	0	0	0	190,170
Total General Fund	\$ 0	\$ 0	\$ 427,940	\$ 3,020,282
SPECIAL REVENUE FUNDS				
HURF Fund (Streets)	\$ 0	\$ 0	\$ 1,279,610	\$ 768,560
Library District Tax Fund	0	0	243,570	0
Airport Fund	0	0	117,530	102,890
Grant Capital Project Fund	0	0	5,000	0
Police Reserve Academy	0	0	131,300	0
Gifts and Grants Fund	0	0	10,000	0
Rainy Day Fund	0	0	637,616	0
Event Center	0	0	68,860	19,000
Bed Tax Fund	0	0	0	121,860
Total Special Revenue Funds	\$ 0	\$ 0	\$ 2,493,486	\$ 1,012,310
DEBT SERVICE FUNDS				
Debt Service – Leases	0	0	785,600	0
Debt Service – Bonds	0	0	229,850	0
Total Debt Service Funds	\$ 0	\$ 0	\$ 1,015,450	\$ 0
CAPITAL PROJECTS FUNDS				
Capital Projects Fund	\$ 0	\$ 0	\$ 335,246	\$ 0
Park Development Fund	0	0	0	90,330
Green Valley Redevelopment Fd	0	0	163,270	0
Total Capital Projects Funds	\$ 0	\$ 0	\$ 498,516	\$ 90,330
ENTERPRISE FUNDS				
Water Fund	\$ 0	\$ 0	\$ 0	\$ 312,470
Total Enterprise Funds	\$ 0	\$ 0	\$ 0	\$ 312,470
TOTAL ALL FUNDS	\$ 0	\$ 0	\$ 4,435,392	\$ 4,435,392

Miscellaneous

Schedule E			
Summary by Department of Expenditures/Expenses Within Each Fund Type			
Fiscal Year 2006/2007			
FUND/DEPARTMENT	Adopted Budgeted Expenditures/ Expenses 2005/2006	Actual Expenditures/ Expenses 2005/2006*	Budgeted Expenditures/ Expenses 2006/2007
GENERAL FUND			
Administration- General	\$ 835,340	\$ 860,090	\$ 844,830
Council	155,150	147,610	166,650
Clerk	351,590	345,070	391,440
Court	135,980	69,400	80,700
Manager	195,200	194,760	202,900
Attorney	499,030	457,310	512,510
Financial Services	483,530	404,920	447,990
Elections	59,100	77,670	0
Boards & Commissions	1,800	290	0
Police-Communications	535,580	489,080	639,720
Police - Operations	3,467,010	3,410,480	3,910,250
Fire Protection	2,483,280	2,347,360	2,627,240
Human Resources	192,370	209,620	271,690
Community Development	886,020	808,520	949,00
Public Works Engineer	147,150	137,650	149,660
Rabies and Animal Control	130,780	127,490	130,360
Parks	634,870	607,230	713,390
Recreation	375,170	317,760	357,340
Aquatics	114,210	110,890	130,230
Computer Information Services	226,510	200,350	268,780
Contingency	300,000	38,526	0
Health and Welfare	137,500	137,040	132,000
Total General Fund	\$12,347,170	\$11,499,116	\$12,926,680
SPECIAL REVENUE FUNDS			
Highway Users Tax Fund	\$5,732,327	\$4,299,070	\$5,345,350
Bed Tax Fund	120,000	120,100	167,800
Library District Tax Fund	459,590	438,840	485,940
Event Center Fund	45,270	45,570	49,670
Gifts and Grants Fund	63,800	33,080	89,535
Airport Fund	1,303,377	188,500	635,690
Self-Funded Insurance Fund	1,779,310	1,716,540	1,977,610
Wildland/Urban Program Fund	302,100	220,280	242,600
Police Reserve Academy Fund	60,600	40,630	146,670
Rainy Day Fund	0	0	637,616
FTG Fund	8,376	1,040	10,700
JCEF Fund	38,944	0	40,179
Total Special Revenue Funds	\$9,913,694	\$7,103,650	\$9,829,360
DEBT SERVICE FUNDS			
Debt Service Fund-Leases	\$339,920	\$339,920	\$773,364
East Loop Road Improvement Fund	362,400	232,396	233,250
Excise Tax Obligation Series 2003	120,980	121,080	118,720

Schedule E (Continued)
Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2006/2007

FUND/DEPARTMENT	Adopted Budgeted Expenditures/ Expenses 2005/2006	Actual Expenditures/ Expenses 2005/2006*	Budgeted Expenditures/ Expenses 2006/2007
DEBT SERVICE FUNDS			
Rumsey Park C.O.P Fund	\$ 0	\$ 39,180	\$ 90,330
Green Valley Park Project	217,100	216,600	218,800
Total Debt Service Funds	\$1,225,030	\$1,166,426	\$1,769,884
CAPITAL PROJECTS FUNDS			
Capital Projects Fund	\$ 321,200	\$ 279,500	\$ 937,100
Park Development Fund	997,312	607,460	290,000
Green Valley Redevelopment Fund	529,000	169,620	698,930
Grant Funded Capital Projects	2,049,890	550,660	1,062,230
Airport Box Hangar	0	0	650,000
Public Safety Bond Project Fund	1,774,240	944,950	988,360
Westerly Road Improvement Project	1,225,000	922,005	0
Construction-Excise Tax Rev Obligation	271,742	11,230	0
Central Arizona Project Trust Fund	1,468,993	382,880	1,267,863
Total Capital Projects Funds	\$8,637,377	\$3,868,305	\$5,894,483
ENTERPRISE FUNDS			
Water Fund – Administration	\$ 260,930	\$ 232,760	\$ 389,870
Water Fund – Accounting & Collections	368,750	331,250	384,630
Water Fund – Operations & Maintenance	1,726,500	1,290,560	1,782,670
Water Fund – Resources	355,520	377,090	383,650
Water Fund – Production Operation & Maintenance	425,090	421,650	285,800
Water Fund – Green Valley Park Maintenance	64,520	24,250	26,520
Water Fund –Transmission & Distribution	659,220	855,210	587,580
Water Fund – WQARF Site Production	157,710	179,310	158,790
Water - Capital Projects	1,048,680	944,080	540,000
Total Enterprise Funds	\$5,066,920	\$4,656,160	\$4,539,510
TOTAL ALL FUNDS	\$37,190,191	\$28,293,657	\$34,959,917

*Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared plus estimated expenditures / expenses for the remainder of the fiscal year.

Glossary of Terms

The Town of Payson designed the Annual Budget to offer Citizens and Staff an understandable and meaningful budget document. This glossary provides assistance to those unfamiliar with budgeting terms and specific terms related to the Payson Financial Planning Process.

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.

Adopted – As used in fund, summaries, department and programs summaries within the budget, represents the budgets as approved by Council.

Adoption – A formal action taken by the Town Council that sets the spending limits for the fiscal year.

Appropriation – A legal authorization granted by Town Council to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and duration as to when it may be expended.

Appropriated Budget – The expenditure authority created by the appropriation resolution/ordinance, which is signed into law. The appropriated budget would include all estimated revenues, reserves, transfers, allocations, supplemental appropriations and other legally authorized and executive changes.

Assessed Valuation – A value that is established by the County Assessor for real and personal property to use as a basis for levying property taxes.

Asset – Resources owned or held by a government that have monetary value.

Available (Undesignated) Fund Balance – Refers to the funds remaining from the prior year that are available for appropriation and expenditure in the current year.

Bonds – A written instrument to pay a sum of money at a specified interest rate on a specific date or dates in the future, called maturity dates. The interest payments and the repayment of the principal are detailed in a bond resolution or ordinance. Two common types of bonds are General Obligation and Revenue Bonds that are most commonly used for construction of large capital projects such as buildings, streets, and water systems. The difference between a note and a bond is that a bond is used for a longer period of time and requires more formality.

**Glossary of Terms
(Continued)**

Budget –A plan of financial operation representing an estimate of proposed expenditures and the proposed means of financing them for a given period. This official public document reflects decisions, measures service needs, and establishes the allocation of resources.

Budget Calendar – The schedule of key dates or events that the Town follows in the preparation, adoption, and administration of the budget.

Budgetary Control – The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

Budgetary Guidelines – Recommendations on budgeting issued by the National Advisory Council on State and Local Budgeting (NACSLB). The NACSLB's budgetary guidelines are chiefly of interest to accountants because of the emphasis they place on performance measurement in the context of the budgetary process.

Budget Message – A written general dialogue of the budget, presented by the budget making authority. It provides the Town Council and the Public with a general summary of the most important budget issues, changes from recent fiscal years, and recommendations regarding the financial policy for the coming fiscal year.

Capital Asset – Tangible assets having a useful life of at least one year and a value of \$5,000 or more. Examples of capital assets include buildings, equipment, improvements other than buildings, vehicles, machinery, and land.

Capital Improvement Program – The Capital Improvement Program (CIP) is a comprehensive plan of capital investment projects which identifies priorities as to need, method of financing, cost, and revenue that will result during a five year period. The program is a guide for identifying current and future fiscal year requirements and becomes the basis for determining the annual capital budget.

Capital Outlay – Expenditures resulting in the acquisition or addition to the Government's general capital assets. These assets have a useful life of more than one year.

Contractual Services – Professional, technical, or maintenance expertise typically purchased from external sources.

**Glossary of Terms
(Continued)**

Cost Center – An organizational budget/operating unit within each Town department or division (i.e., Engineering is a cost center within the Public Works Department).

COLA – Cost Of Living Adjustment.

Debt – An obligation resulting from borrowing money or from the purchase of goods and services. Examples of types of governmental debt include bonds, loans, certificates of participation, and notes.

Debt Service – The long-term payment of principal and interest on borrowed funds.

Debt Service Fund – A governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Department – A major administrative division of the Town, which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation – Consumption of the service life of capital assets, due to normal wear, deterioration, environmental elements, passage of time, and obsolescence. The portion of the cost of a capital asset charged as an expense during a specified period based on service life of the asset and ultimately expending the entire cost of the asset.

Developer Fees – Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (i.e. parks, sidewalks).

Distinguished Budget Presentation Awards Program – A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

Division – A group of homogeneous cost centers within a department (i.e. Water Administration, Operations, and Distribution cost centers make up the Water Division within the Public Works Department).

Enterprise Fund – Proprietary fund type used to report activities for which a fee is charged to external users for goods or services. The Town of Payson has

**Glossary of Terms
(Continued)**

established an Enterprise Fund for water service since it is considered to be self-sufficient.

Estimated Revenue – The amount of projected revenue to be collected during the fiscal year.

Expenditures – Decreases in net financial resources in accordance with budgeted appropriations. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service, and capital outlays.

Expenditure Limitation – An amendment to the Arizona State Constitution that limits annual expenditures for all municipalities. The Economic Estimates Commission sets this limit based upon population growth and inflation. All municipalities have the option of Home Rule that requires voters to approve a four-year expenditure limit based on revenues received. Payson voters have approved the Home Rule Option since the inception of expenditure limitation.

Fiscal Year – A time period designated by the Town signifying the beginning and ending period for recording financial transactions. The Town of Payson's fiscal period begins July 1 and ends June 30.

Franchise Fee – A fee paid by public service businesses for the special privilege to use Town streets, alleys, and property in providing their services to the citizens of the community. Services requiring franchise fees include electricity, natural or propane gas, and cable television.

Function – Activity, which is performed by one or more organizational units, for the purpose of accomplishing a goal. The Town is divided into several major functions such as: 1) General Government, 2) Public Safety, 3) Public Works, 4) Culture and Recreation, 5) Water, and 6) Health and Welfare.

Fund – An accounting entity having a set of self-balancing accounts and records all financial transactions for specific activities or government functions in attaining certain objectives governed by special regulations, restrictions, or limitations.

Fund Balance – The difference between assets and liabilities reported in a governmental fund.

**Glossary of Terms
(Continued)**

General Fund – The general fund is one of five governmental fund types and serves as the chief operating fund for a government. The general fund is used to account for all financial resources, except those required to be accounted for in another fund.

General Obligation Bonds – Bonds that finance a variety of public projects and require voter approval. The full faith and credit of the Town back these bonds. Limitations for bonding capacity are set by State Statute.

Governmental Funds – Funds generally used to account for tax-supported activities. Examples of governmental funds include: the general fund, special revenue funds, debt services funds, capital projects funds, and enterprise funds.

Grant – Contributions or gifts of cash or other assets from another government to be used for a specific purpose, activity, or facility.

Impact Fees – Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (e.g., parks, streets, water).

Improvement Districts – Improvement districts are formed consisting of property owners desiring improvements, primarily street reconstruction, to their property. Bonds are issued to finance these improvements that are repaid by assessments on affected property owners.

Interfund Transfers – Flows of assets (such as cash or goods) between funds without the equivalent flows of assets in return and without requirement for repayment.

Intergovernmental Revenue – Revenues from other governments in the form of grants, entitlements, shared revenues, or payments in-lieu of taxes.

Internal Service Funds – Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies on a cost-reimbursement basis.

JCEF – Judicial Court Enhancement Fund

Levy – To impose taxes for the support of government activities.

**Glossary of Terms
(Continued)**

Long Term Debt – Debt with a maturity of more than one year after the date of issuance.

Mill – One one-thousandth of a dollar of assessed value

Millage – Rate used in calculating taxes based upon the value of property, expressed in mills per dollar of property value.

Net Bonded Debt – Gross bonded debt less any cash or other assets available and earmarked for its retirement and less all self-supporting debt (e.g., revenue bonds).

Nominal Interest rate – The contractual interest rate shown on the face and in the body of a bond and used to compute the amount of interest to be paid.

Objective – A specific measurable and observable result of an organization's activity that advances the organization toward its goal.

Operating Budget – Plan of current expenditures and the prepared means to finance them. This Budget, associated with providing on-going services to citizens, includes general expenditures such as Personnel Services, contractual services, operating supplies and operating capital items. The budget is the primary measure of controlling financing, acquisition, spending and delivering of services of the entity.

Operating Supplies – Costs of goods consumed by the Town in the course of its daily operations.

Operating Transfers In/Out – Legally authorized transfers from a fund receiving revenue (Out) to the fund through which the resources are to be expended (In).

Other Services and Charges – Services rendered to the Town in the form of contractual, professional, maintenance and vehicle maintenance services. This also includes expenses for rentals, dues and memberships that may be charged by employees.

Performance Indicators – Measurable means of evaluating the effectiveness of a cost center in accomplishing its defined objectives.

Personnel Services – Costs related to compensating employees, including wages, insurance, payroll taxes, retirement contributions, and allowances for clothing and automobiles.

**Glossary of Terms
(Continued)**

Primary Property Tax – A limited tax levy used for general government operations. The total levy for Primary taxes is restricted to a 2% annual increase, plus allowances for annexations, new construction, and population increases.

Principal – The face value or par value of a bond or issue of bonds payable on stated dates of maturity.

Property Tax Levy – The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

Property Tax Rate – The amount of tax stated in terms of a unit of the tax base expressed as dollars per \$100 of equalized assessed valuation.

Proprietary Funds – Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two types of proprietary funds: enterprise funds and internal service funds.

Reserve/Contingency – A budgetary reserve set-aside for emergencies or unforeseen expenditures not otherwise budgeted.

Residual Equity Transfers – Nonrecurring or non-routine transfers of equity between funds. May be used to close out the equity of one fund into another.

Resolution – A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

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

Revenue Bonds – Legal debt instruments that finance public projects for such services as water or sewer. They can also be issued for major public facilities supported by taxes. Revenue from these public projects is pledged to pay principal and interest of the bonds.

Risk Management – An organized attempt to protect a government's assets against accidental loss in the most economical method.

Secondary Property Taxes – An unlimited tax levy restricted to general bonded debt obligations and for voter approved budget overrides.

**Glossary of Terms
(Continued)**

Retained Earnings – An equity account reflecting the accumulative earnings of an enterprise or internal service fund.

Revenue – Money the government receives. Examples include: receipts from taxes, intergovernmental sources, and user fees; resources from voter-authorized bonds, system development fees, and grants.

Sources of Revenue – Revenues are classified according to their source or point of origin.

Special Assessment – A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Special Assessment Bonds – Bond debt that is payable from the collection of special assessments are known as Special Assessment Bonds. If, in addition to the assessments, the full faith and credit of the government are pledged, they are known as General Obligation Special Assessment Bonds.

Special Revenue Fund – A governmental fund type used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specific purposes.

State Shared Revenue – Includes the Town's portion of the State sales tax revenues, State income tax receipts, and Auto-in-Lieu taxes.

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Trust and Agency Funds – Trust and Agency funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

Undesignated Unreserved Fund Balance – Available expendable financial resources in a governmental fund that are not the object of management plans.

User Charges – The payment of a fee for direct receipt of a public service by the party who benefits from the service.

