



Town of Payson
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Payson, Arizona 85541-4306

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COUNCIL DECISION REQUEST

DATE: September 3, 2024

SUBJECT:

Council Decision Request filed by Dana Ohanesian, Finance Director, accepting the FY23-24 budget final report and authorizing necessary transfers from the Council Contingency Fund and the General Fund Operational Contingency Fund to reconcile the balances in the Library, Airport, and Grant Capital Project Funds.

SUBMITTED BY: Dana Ohanesian, Finance Director

AMOUNT BUDGETED: \$1,400,000

EXPENDITURE REQUIRED: \$434,569.23

POSSIBLE MOTION:

I move to accept the FY23-24 budget final report and approve the transfer of \$102,303.21 from the General Fund Contingency Expense line item (101-5-1401-00-6904) to the Library Fund (Fund 224); and transfer \$38,243.35 from General Fund contingency line item to the Airport Fund (Fund 260); and transfer \$294,022.67 from Council Contingency Fund (Fund 280) to the Grant Capital Project Fund (Fund 403).

SUMMARY OF THE BASIS FOR POSSIBLE MOTION:

GENERAL FUND

	FY 23-24 Budget	FY 23-24 Actuals
Revenues	\$30,139,635	\$31,848,998

The FY 24-25 General Fund Revenue increase is primarily due to higher than projected Town Sales Tax revenue, and an additional 1% TPT that went into effect May 1, 2024.

Expenditures

Personnel	\$20,477,052	\$17,627,855
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Supplies	\$2,343,516	\$2,200,893
Services	\$6,150,905	\$5,858,476
Capital	<u>\$962,236</u>	<u>\$757,352</u>
Total Expenditures*	\$29,933,709	\$26,444,576

*Total does not include Transfers-out

HURF FUND

	FY 23-24 Budget	FY 23-24 Actuals
Revenues	\$10,917,643	\$9,091,866

Revenues included in the Highway User Revenue Fund (HURF) include HURF as well as Gila County Transportation Excise Tax, and transportation-related grants. The revenues in this fund were less than anticipated due to an ADOT grant not being received in the period anticipated.

Expenditures

Personnel	\$1,546,780	\$1,557,948
Supplies	\$516,950	\$392,003
Services	\$1,748,410	\$1,355,552
Capital	<u>\$12,055,943</u>	<u>\$872,114</u>
Total Expenditures	\$15,868,083	\$4,177,616

The difference between the Budgeted Expenditures and Actual expenditures is due to unanticipated delays related to certain capital projects.

WATER ENTERPRISE FUND

	FY 23-24 Budget	FY 23-24 Actuals
Revenues	\$9,598,200	\$11,035,785

Revenues were higher than budgeted primarily because the mid-year rate increase was not included in the revenue projections.

Expenditures

Personnel	\$2,313,314	\$2,327,151
Supplies	\$2,082,382	\$812,555
Services	\$2,609,542	\$2,112,503
Capital	<u>\$8,672,190</u>	<u>\$5,313,850</u>
Total Expenditures	\$15,677,428	\$10,566,086

Supplies and services for this fund typically fall below budget projects as the utility must include planned improvements as well as unanticipated repairs and maintenance.

FY 23-24 Final Budget \$77,269,001

FY 23-24 Expenditures for all funds	\$55,484,990
Less Transfers	<u>\$7,748,555</u>
Total FY 24-24 Actual Expenditures	\$47,736,435

FUND BALANCES AT YEAR-END	(6/30/24)
General Fund	\$16,550,610
HURF	\$12,190,278
Water Fund	\$25,278,111
All Other "non major" Funds	<u>\$6,332,258</u>
TOTAL Town Funds	\$60,351,257

FUND BALANCES TO BE RECONCILED

The Library Fund, Airport Fund, and the Grant Capital Project Fund are three of the funds included in All Other non-major Funds. At the close of FY 23-24 these three funds had negative fund balances.

Library Fund (Fund 224) - (\$102,303.21)

This Fund is negative because in Fiscal Year 2022-23, the Town budgeted to transfer \$285,600 to the Library Fund but only transferred \$150,000 thereby causing a negative balance.

Airport Fund (260) - (\$38,243.35)

This Fund is negative because a Part-Time Administrative position was approved for the Airport in FY 2023-24, however, the funds were never added to the Airport Budget.

Grant Capital Project Fund (Fund 403) - (\$294,022.67)

This fund has a negative balance primarily because the approved total expenditure for the Splash Pad was increased after the final budget was adopted from \$550,000 to \$799,000 (\$550,000 of Town funds plus \$249,000 of AZ State Parks grant funds). Due to the AZ State Parks grant being a reimbursement and the fact that only \$550,000 was included for Splash Pad expenditures from this account when the final budget was adopted a transfer is necessary to close out the fiscal year. The grant reimbursement request has been submitted, but the reimbursement has not yet been received.

Town Finance Policy 1-101 1.1.7 states "All other Funds must never incur a negative balance." The Town has continued to streamline operating budgets, removing "what if" funding from individual department budgets and maintains contingency accounts for reconciliations like this. Doing so has improved budget oversight and the ability to better control costs. Consequently, staff is recommending Council approve the following transfers to correct these negative balances; Transfer \$102,303.21 from the General Fund Contingency Expense line item (101-5-1401-00-6904) to the Library Fund (Fund 224); transfer \$38,243.35 from General Fund contingency line item to the Airport Fund (Fund 260); and

transfer \$294,022.67 from Council Contingency Fund (Fund 280) to the Grant Capital Project Fund (Fund 403).

PRO: Compliance with Town Financial Policy

CON: N/A

FUNDING: General Fund Contingency Expense line item - 101-5-1401-00-6904
Council Contingency Fund - 280-5-1411-01-6904

ATTACHMENTS:

[PowerPoint 23-24 Year-End Budget Presentation.pdf](#)