City of Show Low
Final Budget

Fiscal Year Ending
June 30, 2009

June 17, 2008

CITY OF SHOW LOW
2008-09 FINAL BUDGET

MAYOR

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City Council

Rennie Crittenden, Vice Mayor
Virginia Evans
Gene Kelley
Jack Latham
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City Manager

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Administrative Services Director

Mary Terracina
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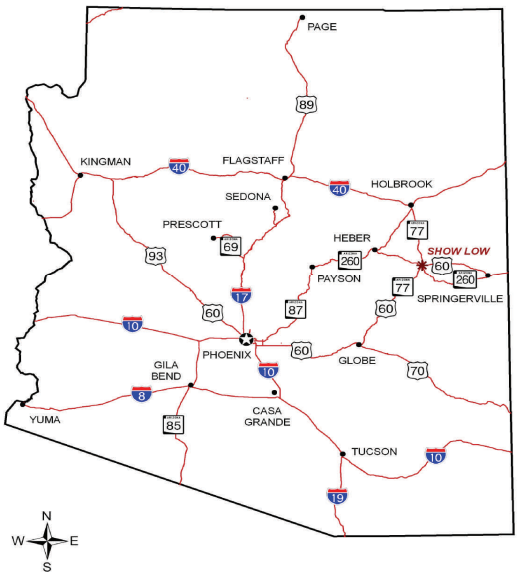
CITY OF SHOW LOW, ARIZONA 2008-09 BUDGET



Show Low, the commercial and tourism hub of the White Mountains, was established in 1870 and incorporated in 1953. Located in Southern Navajo County, at an elevation of 6,350 feet, our city is 175 miles northeast of Phoenix and 195 miles north of Tucson. Show Low's estimated population is 11,473 people with a land area estimated at 41 square miles.

City Of Show Low

2008-09 FINAL BUDGET

TABLE OF CONTENTS

Budget Message i

Budget Process, Council Review and Input 1

General Budget and Financial Policies 3

Organization Chart 5

Revenue and Expenditure Summary-All Funds 6

General Fund Summary 7

City of Show Low Personnel Listing 9

DEPARTMENTS

City Council 10

City Attorney 12

City Manager 14

City Clerk/Public Information 16

Community Promotion 18

Human Resources 22

Magistrate Court 24

Finance 26

Planning & Zoning 28

Community Services Administration 30
Information Services 32
Library 34
Recreation Programs 36
City 4 TV 38
Facilities Maintenance 40
Parks Maintenance 42
Public Works Administration 44
Engineering 46
Police 48
Communications 50
Animal Control 52
HIGHWAY USERS REVENUE FUND (Streets) 54
PUBLIC TRANSPORTATION 56
TRANSPORTATION ASSISTANCE FUND 58
STREET LIGHTING DISTRICT 60
WATER FUND 62
WASTEWATER FUND 64
AIRPORT 66
AQUATIC CENTER 68

WATER DEVELOPMENT FEES 70

WASTEWATER DEVELOPMENT FEES 72

RECREATION DEVELOPMENT FEE 74

OPEN SPACE DEVELOPMENT FEE 75

PARKS DEVELOPMENT FEE 76

LIBRARY DEVELOPMENT FEE 77

TRANSPORTATION DEVELOPMENT FEE 78

REFUSE COLLECTION 79

.

CAPITAL IMPROVEMENT FUNDS 81

DEBT SERVICE FUND 85

IMPROVEMENT DISTRICTS 87

MEDICAL INSURANCE POOL 91

City of Show Low Investment Policy 93

Glossary 98

Demographics 102

CITY OF SHOW LOW
2008-09 BUDGET MESSAGE

June 17, 2008

Honorable Mayor and City Council:

We are pleased to submit to you the final budget for 2008-09, a collaborative effort by all City departments to deliver a budget that meets your goals for the fiscal year. Where appropriate, departments submitted budget requests that concentrated on using existing staff for programs that provide services to the community. Based on your priorities, this budget focuses on infrastructure maintenance and upgrades.

A major change this year was the amount of time spent reviewing each department's budget with department heads and administrative services staff. The emphasis has been on taking a proactive approach to understanding each department's requests and developing a comprehensive budget that embraces your priorities without sacrificing our high levels of customer service.

This message is intended to provide a brief overview of the final budget for 2008-09. More detailed information about each City function is available in the various sections of the budget.

BUDGET FORMAT STAYS MUCH THE SAME FOR 2008-09

While the process was much refined, the budget format is much the same as last year with a few improvements. We have continued to provide historical line-item information for each department for comparative purposes. Additionally, we have provided selected service level (performance) indicators for the Council's review. These indicators provide a snapshot of departmental activities and are not intended to show all the services and programs that departments provide.

Staff and Council attended two town hall meetings to receive citizen input on the budget. Additionally, the Council held several public study sessions to review the budget prior to final budget adoption.

RESERVE FUND

We are adding $250,000 to our reserve, which was $1,354,339 at the end of fiscal year 2007-08. We will have $1,604,339 in 2008-09. We will continue to add $250,000 annually until the Council and staff believe the reserve will adequately sustain the City should an emergency occur.

GENERAL FUND
Few substantive changes were made to the General Fund for 2008-09. All programs and service levels are maintained with existing staff although as mentioned during our budget meetings, some assignments have changed.

Given the slowing economy, General Fund departments felt they were adequately staffed to perform their assigned functions. We do recommend replacing a few department vehicles to reduce maintenance costs related to older vehicles in the fleet. These are identified in the different departments' budget requests.

HIGHWAY USERS REVENUE FUND (HURF)
All regular HURF programs will be continued in 2008-09. In addition, the City will continue constructing improvements to Old Linden Road using bond money obtained two years ago. This project will take another three months to complete. We will also begin improvements on Whipple Road and other streets within the City as bond funding allows. These road improvement programs are examples of capital improvement projects designed to improve Show Low's infrastructure.

CAPITAL PROJECTS
The monetary value of all capital projects proposed for all funds in 2008-09 exceeds $15,000,000. These projects include General Fund carryovers and new projects as well as projects in the Street, Water, Wastewater, and Airport Funds. Projects include road improvements, overlays, water and sewer line replacements, as well as projects at the regional airport.

WATER FUND
The Water Fund continues to be in satisfactory financial condition. With this the case, few programs were changed for 2008-09.

Water employees will continue to replace water lines as needed and make other repairs to the system. Other water projects deal with new development in Show Low as well as ongoing operation and system maintenance. We are building a reserve for a water treatment facility to enable us to use water from Show Low Lake to support future needs.

WASTEWATER FUND
The Wastewater Fund does not include a General Fund subsidy in 2008-09. As is the case with the Water Fund, Wastewater staff will concentrate on maintenance.

Line replacement will take priority as well as other maintenance projects. As Show Low grows and development expands, consideration will have to be given to upgrading our treatment plant and seeking other methods to treat wastewater.

ADDITIONAL PROGRAMS

Show Low Regional Airport – The airport will continue improving its facilities in 2008-09 through a number of federal and state grants. Even though grant funding has slowed, we still expect that a number of projects relating to airfield improvements will be undertaken.

A temporary modular facility to house Forest Service personnel has been completed. It is anticipated this will eventually lead to a permanent firefighting base at the airport in the future.

Public Transit – The transit system in Show Low continues to show increased ridership as gasoline prices increase and more people move to the area. Another new large-capacity bus will be purchased in this budget to help improve this service.

ADOT (Arizona Department of Transportation) has indicated it will fund an expanded route to Holbrook if the cities in the area will fund their share of the service. Of course, much of the transit system cost is paid for by federal and state grants. City staff is working with participating municipalities to secure grant matching funds for this expansion.

Refuse Collection – This is the third year of a five-year contract with Waste Management for trash collection services. We do not anticipate significant changes to the waste collection program in 2008-09. However, the current contract does allow collection price adjustments based on Consumer Price Index changes and any change in fuel prices over a specified base rate. Waste Management will adjust its collection charges by 4% to the City and those adjustments could be passed on to Show Low households in 2008-09.

Aquatic Center – The aquatic center will see little change in the 2008-09 budget. We forecast that the aquatic center will still require a subsidy of approximately $275,412 from the General Fund in 2008-09. This compares to an actual subsidy of $316,000 from the General Fund in the 2007-08 fiscal year. The subsidy is decreasing due to an increase in admission fees for 2008-09.

Medical Insurance – Although the medical insurance fund continues to be fiscally sound, we are recommending minor adjustments in the employee health plan. It is our intention to add a third tier of options for employees in 2008-09.

Most City employees participate in this plan and they should be commended for their prudent use of plan benefits. However, skyrocketing health care costs have forced us to be more far-sighted in our medical insurance benefits.

Debt Service – The Debt Service Fund is used to pay the general debt obligations that the City currently owes as well as some lease/purchase obligations, such as funding police vehicles and a postage machine. Other debt service obligations are budgeted in the fund type that used the bond proceeds.

The Council will see continued debt service payments in several funds (Airport and HURF) as repayment of the GADA (Greater Arizona Development Authority bonds) begins. Additionally, debt service payments on the new library bonds will begin this year.

Improvement Districts – The two improvement districts located within the Torreon project boundaries (Nos. 5 and 6) continue to be used only to pay debt service on the assessments that have been in place for a number of years. No significant changes are anticipated for these budgets.

Improvement District No. 7 (located along White Mountain Road) was approved. Construction on the improvements should begin shortly and assessments have started. As is the case with the other improvement districts, no taxpayer funding is associated with this improvement district.

SUMMARY

Our City continues to be the economic center of Navajo County as well as the entire northeastern Arizona area. Developers of residential and commercial projects view Show Low as an area with excellent economic potential.

We thank all the staff members that assisted in developing this final budget. They spent many hours preparing, brainstorming, and reviewing the various department budgets to create a cohesive document.

As always, staff is available to answer questions that you or any citizen may have.

Respectfully submitted,

Ed Muder
City Manager

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

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

Modified Zero-Base Budgeting Process

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

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

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

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

2008-09 Budget Process

In January 2008, staff presented a mid-year report to the City Council. The Mayor and Council were advised that General Fund growth was barely positive and balancing the 2008-09 budget would be challenging. The main factor impacting next year's budget is the Council's desire to continue infrastructure expenditures at a high level.

Community Input

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

Tentative Budget Adoption – May 21st

On May 21, 2008 the tentative budget will be presented to the City Council for consideration. At this point, the City Council may change the budget, but only in certain circumstances may the budget be increased. Generally the ability to increase the budget applies to expenditures exempted from the state expenditure limitation. Transfers between department appropriations are still permissible before the final budget is adopted.

Final Budget Adoption – June 17th

A public hearing and final adoption are scheduled for June 17th.

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

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

January 15, 2008	Budget Study Session
January 24, 2008	Town Hall Budget Session
February 19, 2008 to March 10, 2008	City Manager Budget Reviews
April 1, 2008	Budget Review Meeting
April 10, 2008	Town Hall Budget Session
April 17, 2008	Council Budget Study Session
April 24, 2008	Council Budget Study Session
May 21, 2008	Council Consideration of Tentative Budget
June 17, 2008	Council Consideration of Final Budget

GENERAL BUDGET AND FINANCIAL POLICIES

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

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

A BALANCED BUDGET IS REQUIRED

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

AMENDMENTS TO THE BUDGET AFTER FINAL ADOPTION

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

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

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

ANNUAL EXPENDITURE LIMITATION

Show Low is subject to an annual expenditure limitation imposed by the Arizona Constitution. The constitution provides for four processes to exceed the expenditure limitation: (1) a local four-year home rule option, (2) a permanent adjustment to the 1979-80 base, (3) a one-time override for the following fiscal year, and (4) an accumulated for pay-as-you-go capital. All require voter approval. On March 11, 2008 Show Low voters approved the home rule option for another four years.

REVENUE MANAGEMENT

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

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

FUND STRUCTURE

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

General Funds

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

GENERAL BUDGET AND FINANCIAL POLICIES
(Continued)

Special Revenue Funds

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

Grant Funds

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

Enterprise Funds

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

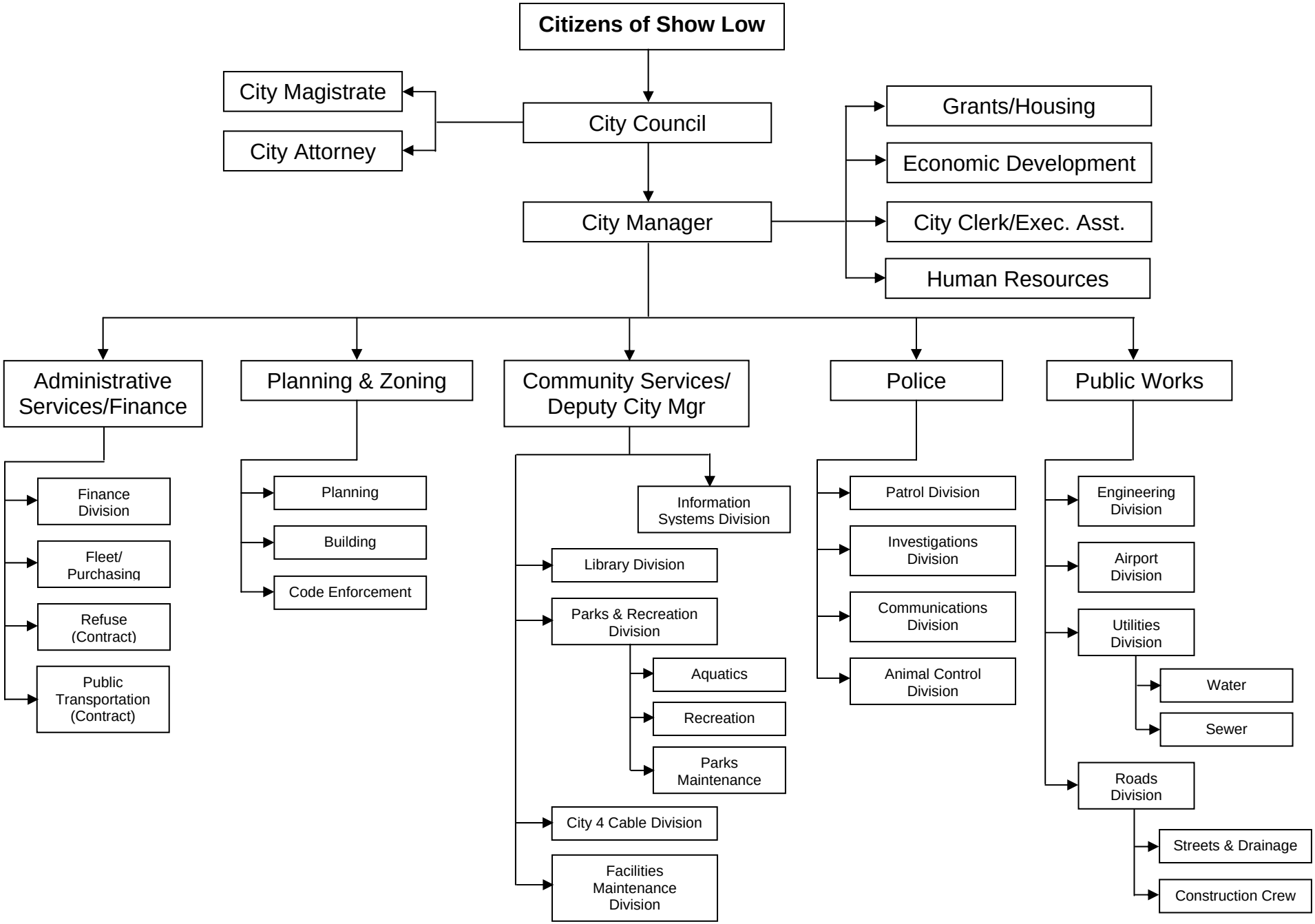
Fiduciary Funds

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

Debt Service Funds

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

City of Show Low Organizational Chart



Budget Summary
All Funds
2008-09

FUND	ESTIMATED BEGINNING RESERVES	2008-09 REVENUES	2008-09 BUDGET	ESTIMATED YEAR END RESERVES
GENERAL	$ 13,397,913	$ 25,998,068	$ 37,570,348	$ 1,825,633
HIGHWAY USER REVENUE	2,283,969	2,219,487	4,294,566	208,890
LOCAL TRANS. ASSISTANCE (LTAF)	5,424	53,569	50,000	8,993
PUBLIC TRANSPORTATION	(23,193)	959,172	935,979	-
STREET LIGHT DISTRICT	18,700	140,250	137,500	21,450
AIRPORT	656,007	4,198,922	4,721,278	133,651
AQUATIC CENTER	13,995	403,412	417,406	--
REFUSE	62,637	564,505	583,584	43,558
WATER	1,459,590	2,499,948	3,383,163	576,374
WASTEWATER	1,759,977	2,106,750	2,989,834	876,893
WATER PLANT DEVELOPMENT FEES	848,811	310,000	25,000	1,133,811
WASTE WATER PLANT DEVELOPMENT FEES	3,266,952	712,500	500,000	3,479,452
CAPITAL IMPROVEMENTS (CDBG)	-	325,000	325,000	-
CAPITAL IMPROVEMENTS	-	15,341,704	15,341,704	-
DEBT SERVICE	501,888	760,000	747,414	514,474
IMPROVEMENT DISTRICT #5	129,478	656,500	637,388	148,590
IMPROVEMENT DISTRICT #6	169,425	591,500	589,200	171,725
IMPROVEMENT DISTRICT #7	255,538	152,500	329,988	78,050
MEDICAL INSURANCE POOL	751,507	1,613,000	1,560,000	804,507
TOTALS	$ 25,558,617	$ 59,606,787	$ 75,139,354	$ 10,026,050

CITY OF SHOW LOW
GENERAL FUND SUMMARY
REVENUES AND EXPENDITURES
2009 BUDGET

	2007 ACTUAL	2008 ORIGINAL BUDGET	2008 REV. EST	2009 ORIGINAL BUDGET
Beginning Reserves	$8,822,782	$11,817,858	$11,369,186	$13,397,913
REVENUES				
State Sales Tax	939,542	975,250	894,074	894,074
City Sales Tax	10,964,955	11,572,501	11,050,000	10,750,000
Electric Franchise Tax	192,749	167,500	185,500	205,750
Gas Franchise Tax	108,624	105,250	105,250	108,250
TV Franchise Tax	48,453	40,000	40,000	45,000
Urban Revenue Sharing	1,029,042	1,018,130	1,125,750	1,457,194
Auto In Lieu Tax	590,144	512,750	575,250	590,500
Business Licenses	14,760	10,000	10,000	12,000
Charges for Services (Dev. Fees)	219,214	297,500	215,000	215,000
Other Funding Sources	106,824	40,000	40,000	40,000
Interest Earned on Investments	548,483	250,000	350,000	350,000
Fines and Forfeitures	113,322	127,800	115,000	115,000
Planning and Zoning Fees	769,816	815,250	464,589	475,850
Plan Check Fees	275,808	100,000	114,105	125,950
Library Fees	18,973	19,000	18,000	18,000
Engineering Services	104,090	45,000	70,500	72,500
Dispatching Services	95,008	115,000	95,000	95,000
IG Revenue	171,858	107,000	110,000	110,000
Animal Control	4,820	5,000	5,000	5,000
Parks and Recreation Fees	70,427	66,000	65,000	71,500
Cable TV Fees	14,293	15,000	15,000	15,000
Unanticipated Revenues	-	10,317,500	10,000,000	10,000,000
Cemetery Revenue	37,693	26,000	25,000	31,500
Misc Income	79,913	47,000	45,000	45,000
Sale of Assets	-	-	1,400,000	-
Bond Proceeds	210,000	-	3,350,000	-
Homeland Security Grant	-	-	-	-
Forest Health Grant	195,026	239,500	200,000	150,000
TOTAL REVENUES	16,923,837	27,033,931	30,683,018	25,998,068

CITY OF SHOW LOW
GENERAL FUND SUMMARY
REVENUES AND EXPENDITURES
2009 BUDGET

	2007 ACTUAL	2008 ORIGINAL BUDGET	2008 REV. EST	2009 ORIGINAL BUDGET
EXPENDITURES				
City Council	551,019	499,659	332,753	402,762
Economic Development/Promotion Programs	561,303	1,192,450	1,247,450	646,950
City Attorney	228,481	296,451	291,486	330,711
City Manager	304,025	737,923	305,934	835,130
City Magistrate	133,297	156,157	171,176	167,985
Human Resources	624,791	618,112	614,410	629,796
City Clerk/Public Information	234,696	373,281	354,205	375,705
Finance	591,850	891,586	793,821	732,635
Information Services	344,892	388,031	378,099	496,619
Planning and Zoning	963,331	1,009,492	909,244	815,029
Community Services Administration	298,191	447,372	447,079	449,629
Library	572,099	639,853	605,366	638,628
Recreation	330,526	384,367	346,863	340,806
TV-4	207,835	216,966	235,665	229,065
Police	3,242,861	3,373,800	3,236,432	3,402,322
Police Communications	792,775	925,782	896,533	927,045
Animal Control	143,046	150,840	160,724	161,627
Public Works Administration	274,997	287,859	292,914	290,514
Engineering	562,308	706,621	714,278	676,915
Facilities Maintenance	-	520,169	570,266	507,766
Parks Maintenance	848,862	518,429	448,430	413,857
Capital Outlay/Projects	165,215	-	-	-
City Facilities Projects	-	-	-	6,330,000
Unanticipated Expenditures	-	10,317,500	10,000,000	10,000,000
Transfer to Reserve	-	250,000	250,000	250,000
Transfers Out	2,401,033	9,635,556	3,696,823	7,518,850
TOTAL EXPENDITURES	14,377,433	34,538,256	27,299,952	37,570,348
Total Reserves	$11,369,186	$4,313,534	$14,752,252	$1,825,633
Less Required Reserve	1,104,339	1,354,339	1,354,339	1,604,339
Ending Reserves	$ 10,264,847	$ 2,959,195	$ 13,397,913	$ 221,294

CITY OF SHOW LOW
PERSONNEL LISTING
BY DEPARTMENT
2009 BUDGET

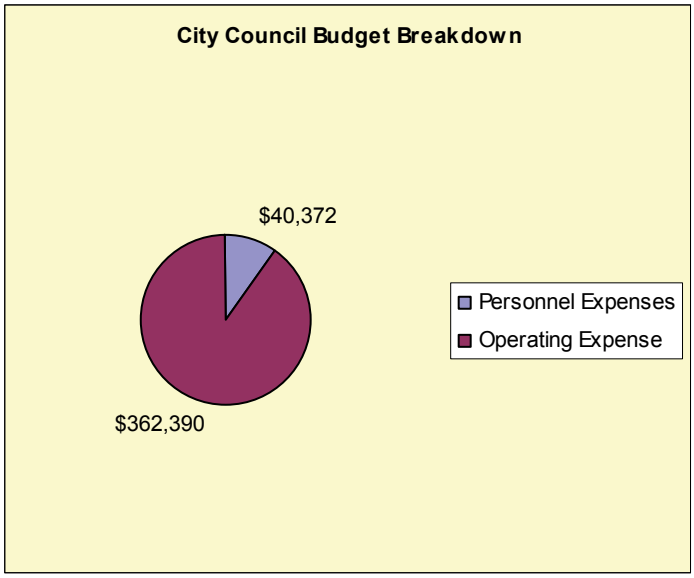
DEPARTMENT	2007-08 BUDGETED FTE'S	2008-09 BUDGETED FTE'S	CHANGES FROM 2007-08
City Attorney	2.0	2.0	0.0
City Manager	1.0	3.0	2.0
City Magistrate	2.5	2.5	0.0
Human Resources	2.0	2.0	0.0
City Clerk/Public Information	4.0	4.0	0.0
Finance	10.0	9.0	-1.0
Information Services	3.0	3.0	0.0
Planning & Zoning	12.7	11.7	-1.0
Community Services Administration	1.0	1.0	0.0
Library	9.7	10.2	0.5
Recreation	5.5	4.6	-0.9
Cable TV	3.0	3.0	0.0
Police	31.9	31.9	0.0
Police Communications	13.0	13.0	0.0
Animal Control	2.4	2.4	0.0
Public Works Administration	3.0	3.0	0.0
Engineering	8.0	8.0	0.0
Facilities Maintenance	4.6	4.6	0.0
Parks Maintenance	5.7	6.1	0.4
TOTAL GENERAL FUND	125.0	125.0	0.0
Airport	5.2	5.2	0.0
Aquatic Center	9.6	9.6	0.0
Highways (HURF)	9.3	9.3	0.0
Water	11.1	11.1	0.0
Wastewater	12.1	12.1	0.0
TOTAL OTHER FUNDS	47.3	47.3	0.0
GRAND TOTAL	172.3	172.3	0.0

FTE's have been revised based on overtime and part-time salary hours

City Council

Program Goal

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



Budget Allowance Explanation

The City Council budget of $402,762 is $96,897 or 19.4 percent less than 2007-08 budgeted expenditures. The contingency account has been decreased to $296,590 for 2008-09. Contingency funds are used for unexpected expenses during the year.

There are no major changes to this budget for the 2008-09 fiscal year. Funds are provided for Council salaries and other Council programs. Training and travel monies are budgeted for Council travel to workshops, conferences and other educational functions.

Council will hold a minimum of 24 Council meetings and have study sessions as needed during the 2008-09 fiscal year.

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$366,195	$228,400	$551,019	$499,659	$332,508	$402,762
Positions (FTE)	—-	—-	—-	—-	—-	—-

CITY OF SHOW LOW
GENERAL FUND
OPERATING BUDGET
2009 BUDGET

CITY COUNCIL

	2007 ACTUAL	2008 BUDGET	2008 REV. EST	2009 BUDGET
Personnel Services:				
REGULAR SALARIES & WAGES	$ 23,475	$ 24,000	$ 26,400	$ 36,900
FICA & MEDICARE EXPENSE	1,661	2,021	2,021	2,822
WORKER'S COMP	839	201	650	650
Total Personnel Services	25,975	26,222	29,071	40,372
Operating Expenses:				
PROFESSIONAL & CONSULTING SVCS	10,891	15,000	5,000	5,000
OTHER CONTRACTUAL SERVICE	2,169	637	882	1,000
REPRODUCTION & PRINTING	2,223	-	-	-
TRAVEL & TRAINING	15,102	30,000	20,000	30,000
DUES & MEMBERSHIPS	15,835	9,500	9,500	11,500
EXPENDABLE MATERIALS	11,704	12,700	12,700	12,700
POSTAGE	393	350	350	350
BOOKS & SUBSCRIPTIONS	-	3,250	3,250	3,250
TELEPHONE	1,677	2,000	2,000	2,000
CONTINGENCY RESERVE	465,050	400,000	250,000	296,590
Total Operating Expenses	525,044	473,437	303,682	362,390
Capital Outlay:				
EQUIPMENT PURCHASE	-	-	-	-
Total Capital Outlay		-	-	-
CITY COUNCIL TOTALS	$551,019	$499,659	$332,753	$402,762

City Attorney

Program Goal

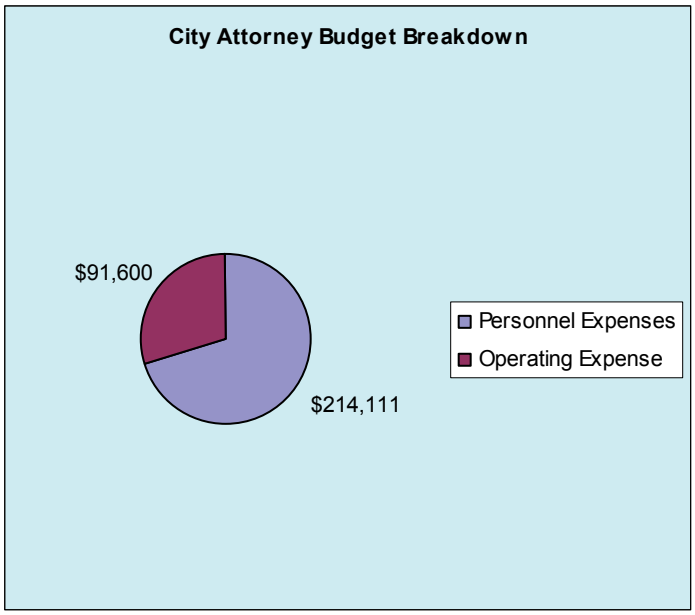
The City Attorney provides effective legal services to the Mayor and City Council, the city manager, departments and advisory boards. The City Attorney also interprets and enforces city, state, and federal laws as they pertain to the city.

Budget Allowance Explanation

The City Attorney 2008-09 budget of $330,711 is $34,260 or 11.6 percent more than the 2007-08 budget.

The increase is mainly due to salary adjustments within the City Attorney's budget and changes in contractual services.

No other changes are anticipated for the City Attorney's budget for the 2008-09 budget year. Funding is provided for normal activities of the department.



Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$222,133	$272,494	$228,481	$296,451	$291,486	$330,711
Positions (FTE)	2.0	2.0	2.0	2.0	2.0	2.0

CITY OF SHOW LOW
GENERAL FUND
OPERATING BUDGET
2009 BUDGET

CITY ATTORNEY

	2007 ACTUAL	2008 BUDGET	2008 REV. EST	2009 BUDGET
Personnel Services				
REGULAR SALARIES & WAGES	$ 137,579	$ 146,552	$ 151,880	$ 151,879
GROUP MEDICAL INSURANCE	25,857	22,547	22,547	30,328
FICA & MEDICARE EXPENSE	10,090	11,211	11,618	11,618
RETIREMENT	12,497	14,069	14,352	14,352
DEFERRED COMPENSATION	-	-	4,000	5,445
WORKER'S COMP	420	472	489	489
Total Personnel Services	186,443	194,851	204,886	214,111
Operating Expenses:				
CONTRACTUAL SERVICES	126	50,000	35,000	50,000
GENERAL OUTSIDE COUNSEL	10,956	10,000	10,000	10,000
PROSECUTION	-	2,500	2,500	16,000
WATER ADJUDICATION	16,487	20,000	20,000	22,500
PERSONNEL	1,508	2,500	2,500	2,500
TRAVEL & TRAINING/STAFF	7,482	7,000	7,000	7,000
DUES & MEMBERSHIPS	1,738	3,000	3,000	2,000
EXPENDABLE MATERIALS	971	2,000	2,000	2,000
POSTAGE	560	600	600	600
BOOKS & SUBSCRIPTIONS	1,676	3,000	3,000	3,000
TELEPHONE	534	1,000	1,000	1,000
SMALL EQUIPMENT	-	-	-	-
Total Operating Expenses	42,038	101,600	86,600	116,600
Capital Outlay:				
EQUIPMENT PURCHASE	-	-	-	-
Total Capital Outlay	-	-	-	-
CITY ATTORNEY TOTALS	$ 228,481	$ 296,451	$ 291,486	$ 330,711

City Manager

Program Goal

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

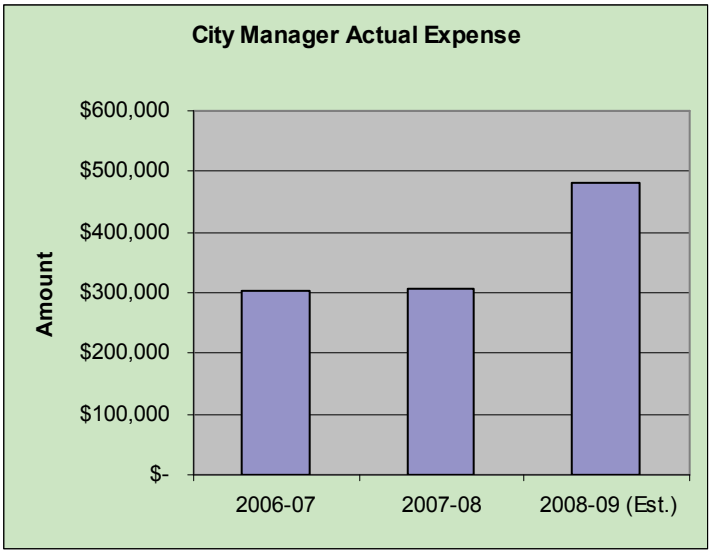
Budget Allowance Explanation

The City Manager budget of $835,130 is $97,207 or 13.2 percent more than budgeted expenditures for 2007-08.

The significant change to the City Manager's budget is the transfer of the Business Development Coordinator and the Grant Coordinator to this Department. One position was budgeted in Planning and Zoning last year and the other position was budgeted in Administrative Services. Funds are provided for city-wide salary adjustments during the 2008-09 fiscal year. Additionally, funding is again provided for economic development promotion in Show Low during 2008-09.

The 2008-09 budget also reflects salary and benefits for the City Manager, the Business Development Coordinator, and the Grant Coordinator as well as excellence pay for those employees that perform above standards.

Funds are also budgeted for raises for City employees if appropriate.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Total City Manager Expenses.	$304,025	$305,934	$480,130

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$277,841	$181,003	$304,025	$737,923	$305,934	$834,130
Positions (FTE)	1.0	1.0	1.0	1.0	1.0	3.0

CITY OF SHOW LOW
GENERAL FUND
OPERATING BUDGET
2009 BUDGET

CITY MANAGER

	2007 ACTUAL	2008 BUDGET	2008 REV. EST	2009 BUDGET
Personnel Services:				
REGULAR SALARIES & WAGES	$ 176,120	$106,003	$152,003	$232,003
TEMPORARY PERSONNEL	52,645	41,624	41,624	-
EXCELLENCE PAY	5,435	30,000	-	20,000
GROUP MEDICAL INSURANCE	5,670	15,164	15,164	45,492
FICA & MEDICARE EXPENSE	15,653	11,098	8,109	46,053
RETIREMENT	13,429	19,652	19,652	63,568
WORKER'S COMP	2,175	2,007	2,007	5,929
DEFERRED COMP ALLOWANCE	3,646	7,200	7,200	7,200
MARKET/RANGE ADJUSTMENT POOL	-	425,000	-	350,000
Total Personnel Services	274,773	657,748	245,759	770,245
PROFESSIONAL & CONSULTING SVCS	7,500	10,000	10,000	10,000
REPRODUCTION & PRINTING	22	-	-	100
TRAVEL & TRAINING/STAFF	3,916	6,000	6,000	14,200
DUES & MEMBERSHIPS	982	2,000	2,000	3,500
EXPENDABLE MATERIALS	1,492	3,000	3,000	2,500
POSTAGE	42	100	100	200
BOOKS & SUBSCRIPTIONS	137	500	500	560
ECONOMIC DEVELOPMENT	14,096	55,000	35,000	30,000
AUTO PARTS & LABOR	-	575	575	575
FUELS & LUBRICANTS	618	1,000	1,000	1,000
TELEPHONE	447	1,500	1,500	1,750
SMALL EQUIPMENT	-	500	500	500
Total Operating Expenses	29,252	80,175	60,175	64,885
Capital Outlay:				
EQUIPMENT PURCHASE	-	-	-	-
Total Capital Outlay	-	-	-	-
TOTAL CITY MANAGER	$ 304,025	$ 737,923	$ 305,934	$ 835,130

City Clerk/Public Information

Program Goal

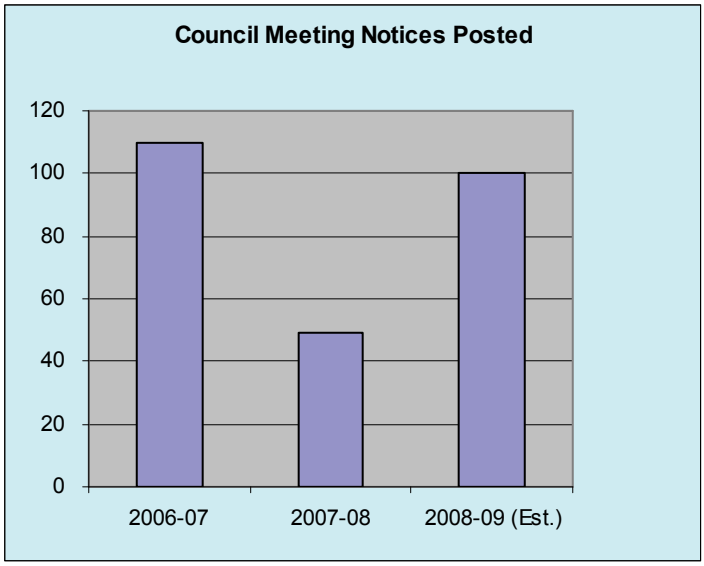
The City Clerk disseminates information on city governmental services to residents and the media and assists them in using and understanding the information. This office also prepares and distributes council agendas, maintains city records and coordinates elections.

Budget Allowance Explanation

The 2008-09 City Clerk budget of $375,705 is $2,424 or 0.6 percent more than 2007-08 budgeted amounts.

The increase can be attributed to minor salary changes in this budget for the next fiscal year.

There are no other significant changes to this budget.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Meetings for which agendas are prepared,	61	34	60
Ordinances prepared and processed,	25	8	30
Public records requests processed.	66	26	70

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$146,195	$192,346	$234,696	$373,281	$354,205	$375,705
Positions (FTE)	2.0	3.0	3.0	4.0	4.0	4.0

CITY OF SHOW LOW
GENERAL FUND
OPERATING BUDGET
2009 BUDGET

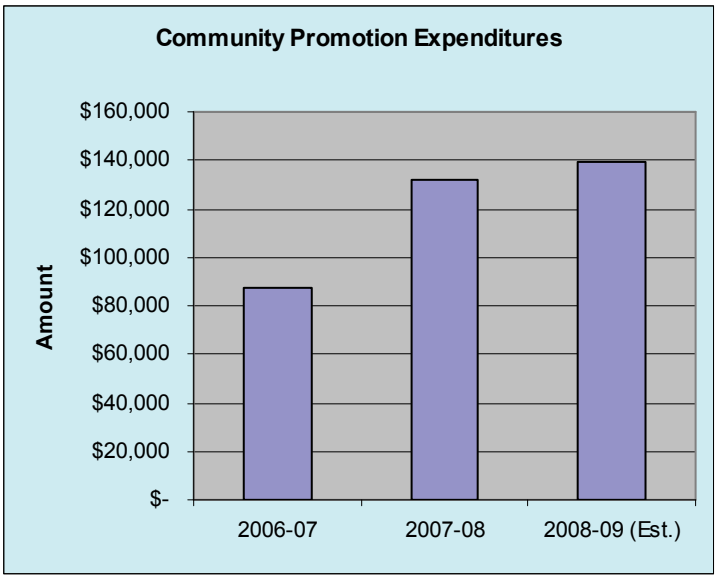
PUBLIC INFORMATION

	2007 ACTUAL	2008 BUDGET	2008 REV. EST	2009 BUDGET
Personnel Services:				
REGULAR SALARIES & WAGES	$ 119,129	$ 163,795	$ 173,571	$ 173,571
GROUP MEDICAL INSURANCE	38,769	60,656	60,656	60,656
FICA & MEDICARE EXPENSE	8,346	12,530	13,278	13,278
RETIREMENT	10,816	17,833	17,833	17,833
WORKER'S COMP	296	527	527	527
Total Personnel Services	177,356	255,341	265,865	265,865
Operating Expenses:				
PROFESSIONAL & CONSULTING SVCS	1,373	4,000	4,000	2,000
OTHER CONTRACTUAL SERVICE	714	3,500	3,500	6,500
LEGAL ADS AND NOTICES	6,538	13,000	8,000	7,000
ADVERTISING	-	5,000	5,000	5,000
REPRODUCTION & PRINTING	10,367	20,000	20,000	20,000
TRAVEL & TRAINING/STAFF	3,916	9,000	9,000	7,500
DUES & MEMBERSHIPS	300	350	350	350
EXPENDABLE MATERIALS	2,437	1,800	1,800	1,800
POSTAGE	607	3,600	2,000	2,000
BOOKS & SUBSCRIPTIONS	45	100	100	100
AUTO PARTS & LABOR	3,449	4,290	4,290	4,290
FUELS & LUBRICANTS	4,923	5,500	5,500	5,500
RENTAL & MAINTENANCE CONTRACTS	5,814	6,500	6,500	6,500
TELEPHONE	189	600	600	600
UTILITIES	1,645	1,700	1,700	1,700
ELECTION EXPENSES	75	16,000	16,000	16,000
Total Operating Expenses	42,392	94,940	88,340	86,840
Capital Outlay:				
EQUIPMENT PURCHASE	14,948	23,000	-	23,000
Total Capital Outlay:	14,948	23,000	-	23,000
PUBLIC INFORMATION TOTALS	$ 234,696	$ 373,281	$ 354,205	$ 375,705

Community Promotion

Program Goal

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



Budget Allowance Explanation

The 2008-09 Community Promotion budget of $646,950 is less than in prior years. Some projects that were originally in this budget have been moved to the CIP budget since they are capital projects.

Funding is provided for the Chamber of Commerce as well as several other agencies that work to bring new industry and business to the local area ($177,700). Community promotion programs and Christmas lights are also funded out of this budget ($139,250).

Last, funds are budgeted for development and development agreements as identified by staff and Council ($330,000).

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

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Community Promotion Programs	$87,365	$132,250	$139,250

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$379,191	$348,120	$561,303	$1,192,450	$1,247,450	$646,950
Positions (FTE)	—-	—-	—-	—-	—-	—-

CITY OF SHOW LOW
GENERAL FUND
OPERATING BUDGET
2009 BUDGET

COMMUNITY PROMOTION

	2007 ACTUAL	2008 BUDGET	2008 REV. EST	2009 BUDGET
Operating Expenses:				
ORGANIZATIONAL SUPPORT	$ 205,168	$ 180,200	$ 180,200	$ 177,700
COMMUNITY PROMOTION PROGRAMS	87,365	132,250	132,250	139,250
DEVELOPMENT OPPORTUNITIES	-	730,000	785,000	180,000
Total Operating Expenses	292,533	1,042,450	1,097,450	496,950
Capital Outlay:				
IMPROVEMENTS	149,039	150,000	150,000	150,000
OTHER CAPITAL EXPENSE	119,731	-	-	-
Total Capital Outlay	268,770	150,000	150,000	150,000
COMMUNITY PROMOTION TOTALS	$ 561,303	$ 1,192,450	$ 1,247,450	$ 646,950

CITY OF SHOW LOW
GENERAL FUND
OPERATING BUDGET
2006 BUDGET

COMMPROG

	2005-06	2006-07	2007-08	2008-09
	Amount	Amount	Amount	Amount
ORGANIZATIONAL SUPPORT				
Show Low Chamber of Commerce	$ 64,000	$ 64,000	$ 75,000	$ 75,000
White Mtn. Partnership	40,000	40,000	40,000	40,000
White Mtn. Regional Dev.	40,432	39,413	-	-
Show Low Main Street	44,000	44,000	54,000	54,000
NACOG	1,200	1,200	1,200	1,200
Misc.	5,000	5,000	10,000	7,500
Sub total	194,632	193,613	180,200	177,700
COMMUNITY PROMOTION PROGRAMS				
Community Forester	12,500	15,000	-	-
Community Surveys	1,200	1,200	1,200	1,200
Support for League Conference	2,000	2,000	-	-
Humane Society	3,500	3,500	3,500	3,500
Meals on Wheels	10,000	12,500	17,500	17,500
White Mtn. Safe House	3,500	3,500	5,500	5,500
Show Low Historical Museum	17,500	30,500	21,500	28,700
White Mountain Symphony	500	500	1,000	2,000
Symphonies/Phoenix, Flagstaff	1,000	1,000	1,000	-
Senior Center	12,000	12,000	13,500	13,500
Boy Scouts/Girl Scouts	-	1,000	1,200	1,200
Focus on Community Initiatives for Seniors	-	-	600	600
Rodeo	-	-	2,500	2,500
Big Brothers/Big Sisters	-	-	750	750
City Floats - 4th of July/Electric Light Parades	-	2,500	2,500	2,500
Christmas Decorations	-	-	50,000	50,000
TRACKS	-	-	-	1,000
White Mountain Roundup	-	-	-	1,300
Misc.	6,815	17,500	10,000	7,500
Sub total	70,515	102,700	132,250	139,250
Grand Total	$ 265,147	$ 296,313	$ 312,450	$ 316,950

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Human Resources

Program Goal

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

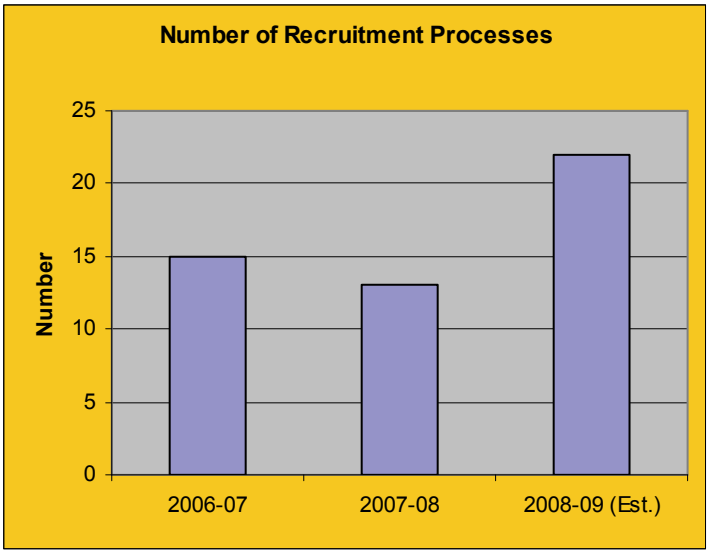
Budget Allowance Explanation

The Human Resources budget of $629,796 is $11,684 or 1.9 percent more than the 2007-08 budgeted amounts. The small increase is mainly due to minor adjustments in the department.

New applicant tracking software is included in this budget ($15,000).

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

There are no other significant changes to this budget.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Employee Turnover Rate.	15.0%	7%	10.5%
Number of Recruitment Processes.	15	13	22
Number of Industrial Claims Filed.	9	14	6

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$527,767	$545,753	$624,791	$618,112	$614,410	$629,796
Positions (FTE)	4.0	4.0	4.0	2.0	2.0	2.0

CITY OF SHOW LOW
GENERAL FUND
OPERATING BUDGET
2009 BUDGET

HUMAN RESOURCES

	2007 ACTUAL	2008 BUDGET	2008 REV. EST	2009 BUDGET
Personnel Services:				
REGULAR SALARIES & WAGES	$ 157,561	$ 113,376	$ 120,589	$ 120,589
PART-TIME WAGES	1,683	2,000	-	-
OVERTIME	-	1,486	1,486	-
GROUP MEDICAL INSURANCE	25,493	30,328	30,328	30,328
FICA & MEDICARE EXPENSE	11,371	8,940	9,491	9,491
RETIREMENT	13,859	19,260	20,294	20,294
UNEMPLOYMENT	7,515	10,000	10,000	10,000
WORKER'S COMP	33,272	376	376	399
EMPLOYEE BENEFITS	47,036	43,000	38,000	45,000
SAFETY EQUIPMENT	-	6,000	4,000	4,000
Total Personnel Services	297,790	234,766	234,564	240,101
Operating Expenses				
PROFESSIONAL & CONSULTING SVCS	8,270	5,695	4,195	4,195
ADVERTISING & PUBLICITY	16,248	20,000	20,000	15,000
REPRODUCTION & PRINTING	2,164	3,000	3,000	3,000
TRAVEL & TRAINING/STAFF	3,945	7,500	7,500	7,500
TRAVEL & TRAINING/NON-STAFF	5,035	3,299	3,299	3,500
DUES & MEMBERSHIPS	1,075	3,752	3,252	2,800
EXPENDABLE MATERIALS	5,388	8,500	7,500	7,500
POSTAGE	546	750	750	750
BOOKS & SUBSCRIPTIONS	1,047	1,500	1,000	1,100
RENTAL & MAINTENANCE CONTRACTS	1,163	1,250	1,250	1,250
TELEPHONE	272	350	350	350
INSURANCE PREMIUMS	281,848	283,750	283,750	283,750
CASUALTY LOSS	-	44,000	44,000	44,000
Total Operating Expenses	327,001	383,346	379,846	374,695
Capital Outlay:				
EQUIPMENT PURCHASE	-	-	-	15,000
Total Capital Outlay	-	-	-	15,000
HUMAN RESOURCES TOTALS	$ 624,791	$ 618,112	$ 614,410	$ 629,796

Magistrate Court

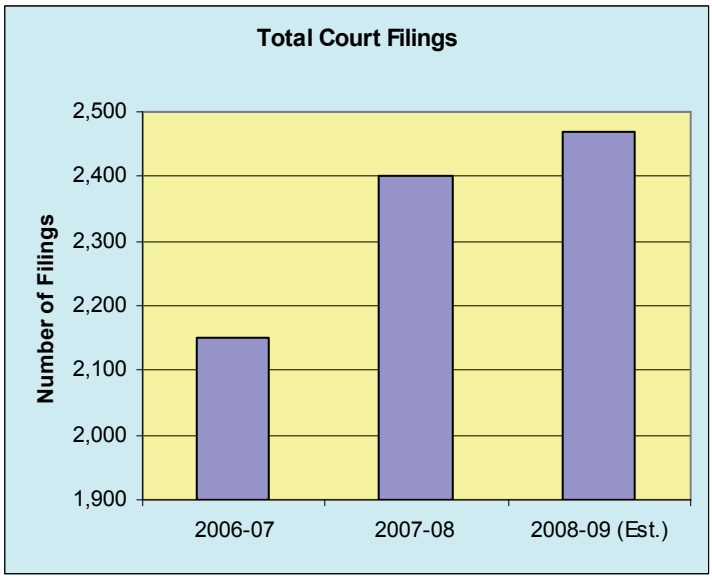
Program Goal

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

Budget Allowance Explanation

The Court budget of $167,985 is $11,828 or 7.6 percent more than 2007-08 budgeted expenditures. This increase is mainly due to salary and fringe benefit adjustments.

There are no other significant changes to the Court budget for the 2008-09 budget year. Funds are budgeted for mandated training programs that occur through out the year ($3,000).



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Total Filings	2,149	2,401	2,468
Trials/Hearings	47	79	72
Records Requests Hold Time	3 minutes	3 minutes	3 minutes

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$111,479	$131,283	$133,297	$156,157	$171,176	$167,985
Positions (FTE)	3.7	3.7	3.7	2.5	2.5	2.5

Finance

Program Goal

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

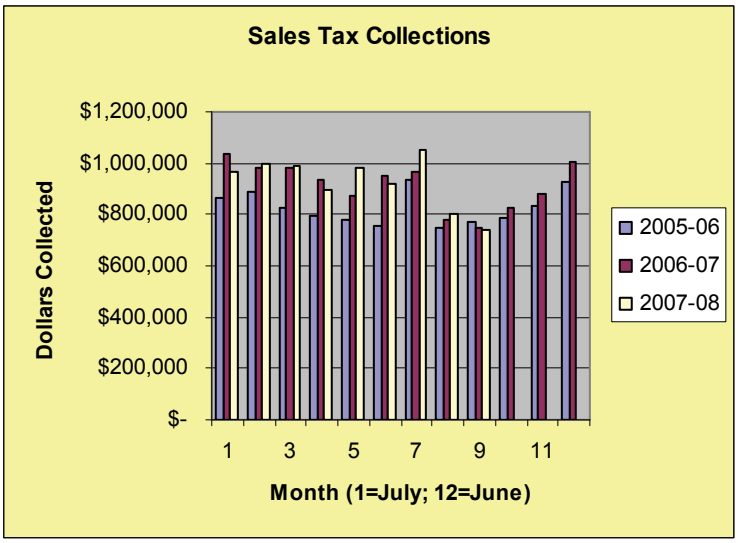
Budget Allowance Explanation

The 2008-09 budget of $732,635 is $158,951 or 17.8 percent less than the 2007-08 budget.

The decrease is due to salary adjustments and to the fact that certain capital outlay items are not budgeted to be purchased in 2008-09. Additionally the Grants Coordinator was transferred to the City Manager's office.

This department produces payroll, maintains the accounting system, coordinates the budget process, produces city financial statements for the audit, receipts all city revenues, invests all city monies and maintains and operates the city utility billing system for water, sewer and trash.

In addition, the department oversees the operation of the city transit system, manages all improvement districts, coordinates trash collection operations and administers the community facilities district that was recently formed.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Sales Tax Collections.	$10,964,955	$11,050,000	$10,750,000

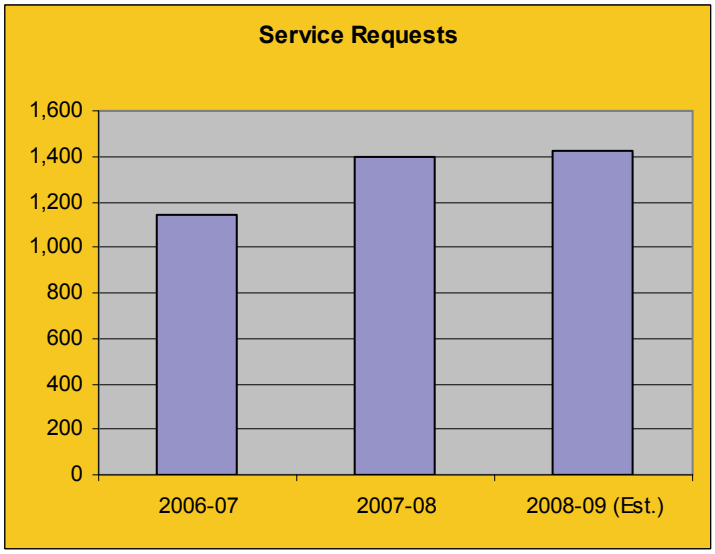
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$433,273	$599,755	$591,850	$891,586	$793,821	$732,635
Positions (FTE)	9.0	8.0	7.0	10.0	10.0	9.0

Information Services

Program Goal

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



Budget Allowance Explanation

The Information Services budget allowance of $496,619 is $108,588 or 28.0 percent more than 2007-08 budgeted amounts.

The increase is mainly due to moving responsibility for the telephone system to Information Services. This includes moving funds ($100,000) for paying the City telephone bills to Information Services.

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

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Service Requests	1,142	1,399	1,425
Work stations in Service.	198	206	212
Printers in Use.	42	47	49

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2007 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$281,718	$257,177	$344,892	$388,031	$378,099	$496,619
Positions (FTE)	3.0	3.0	3.0	3.0	3.0	3.0

Planning and Zoning

Program Goal

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

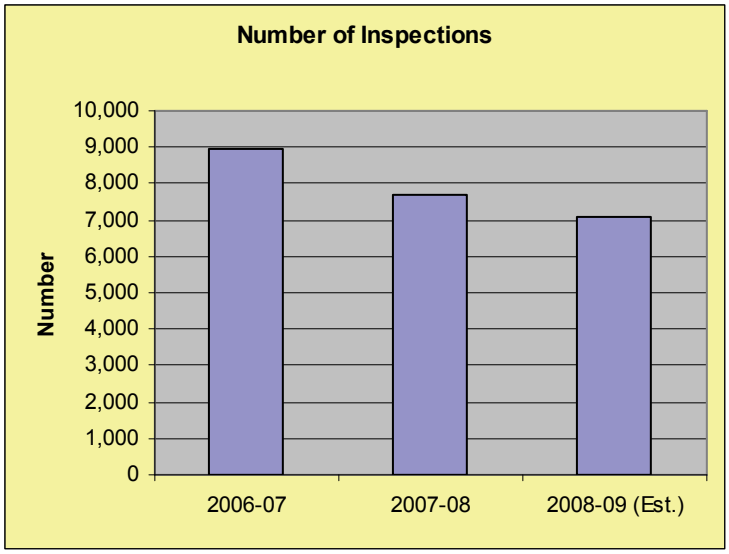
Budget Allowance Explanation

The Planning and Zoning Department operating budget allowance of $815,029 is $194,463 or 19.3 percent less than the 2007-08 budget.

The main reason for the decrease is the fact that funding for the General Plan is no longer needed and a vehicle was purchased in the 2007-08 fiscal year that does not need to be budgeted for 2008-09.

Also, the Business Development Coordinator position has been moved to the City Manager's office for 2008-09.

There are no other significant changes to this budget.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Building Department Calls	18,042	19,142	19,500
No. of Inspections.	8,981	7,675	7,100
Single Family Permits	262	200	190

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$695,317	$759,684	$963,331	$1,009,492	$909,244	$815,029
Revenues	$580,406	$1,035,181	$1,010,813	$800,000	$578,694	$601,800
Positions (FTE)	11.2	11.7	13.7	12.7	12.7	11.7

Community Services Administration

Program Goal

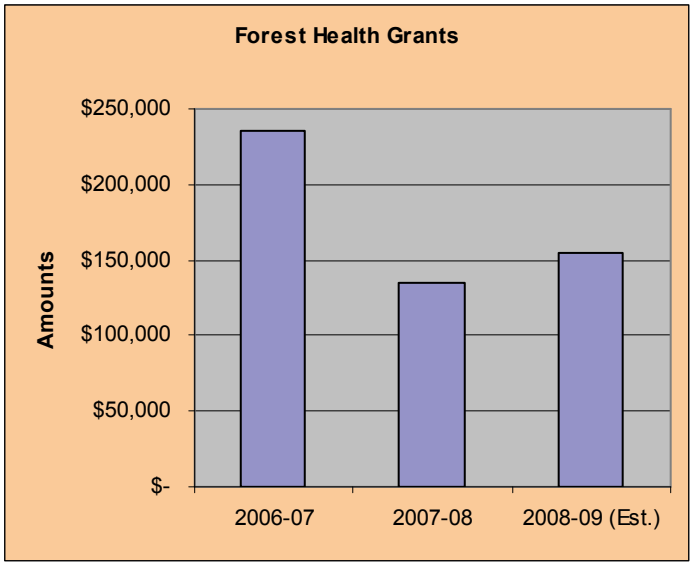
Community Services Administration coordinates the operations of the Library, Recreation, Parks Maintenance, Facilities Maintenance, Information Services, Aquatics and Cable Television Divisions with the goal of providing high-level services in all of these areas to the public and city staff.

Budget Allowance Explanation

The Community Services Administration budget of $449,629 is $2,257 or 0.5 percent more than budgeted expenditures for 2007-08. This budget continues to reflect the additional grant expenses for the healthy forest grant administered by this department ($315,000).

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

Facilities Maintenance, Parks Maintenance and Information Services were transferred to Community Services Administration in the 2007-08 fiscal year.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Forest Health Grant Amounts.	$235,785	$135,425	$155,000

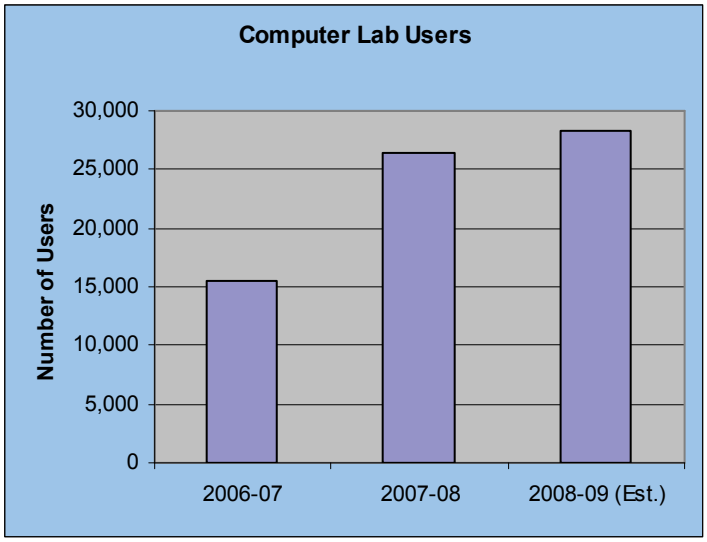
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$440,178	$296,828	$298,191	$447,372	$447,079	$449,629
Positions (FTE)	1.0	1.0	1.0	1.0	1.0	1.0

Library

Program Goal

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



Budget Allowance Explanation

The Library budget of $638,628 is $1,225 or about 0.2 percent less than 2007-08 budgeted expenditures.

The main reason for the decrease is the fact that a full-time position was converted to part-time hours when the incumbent person retired from the city.

The 2008-09 budget does include part-time hours for a computer lab aide ($10,000) to assist in the operation of the computer lab and a half-time teen coordinator ($18,205) to assist with library programs for teenagers and to assist with the operation of the teen center. This position is shared with the Recreation Division.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Visitors Served	120,657	161,694	181,134
Items Circulated	112,325	129,573	134,298
Registered Users	10,935	12,987	13,058

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$1,260,669	$686,141	$572,099	$639,853	$605,366	$638,628
Revenues	$45,241	$21,644	$22,673	$19,000	$18,000	$18,000
Positions (FTE)	8.0	8.9	9.7	9.7	9.7	10.2

Recreation

Program Goal

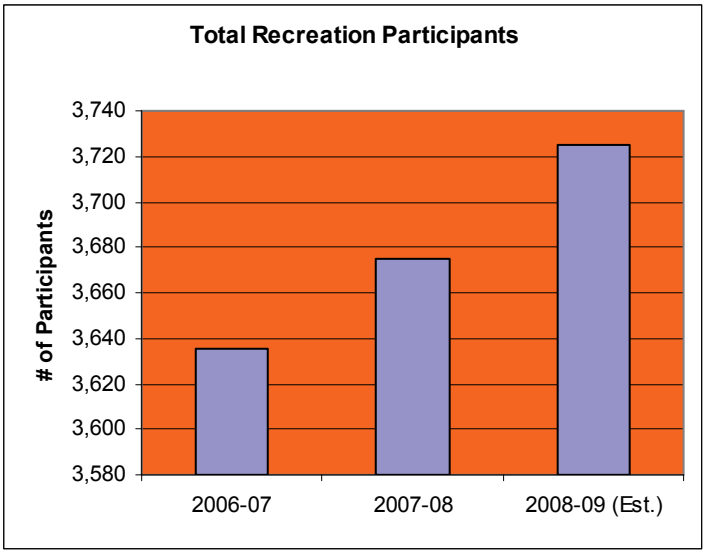
The Recreation Division provides a diverse parks and recreation system available and accessible to all, which contributes to the physical, mental, social and cultural needs of the community and permits outlets that cultivate a wholesome sense of civic pride and social responsibility.

Budget Allowance Explanation

The 2008-09 Recreation budget allowance of $340,806 is $43,561 or 11.3 percent less than 2007-08 budgeted expenditures.

The main reason for this decrease is the fact that no significant capital outlay items are budgeted for 2008-09. Also, the Recreation Division eliminated a full time position and is now sharing a position with the Library.

Funds continue to be allocated to adult sports functions as these events make significant profits that subsidize youth activities in the community.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Revenues	$70,427	$65,000	$65,000
Adult Participants	1,850	1,875	1,875
Youth Participants	1,785	1,800	1,850

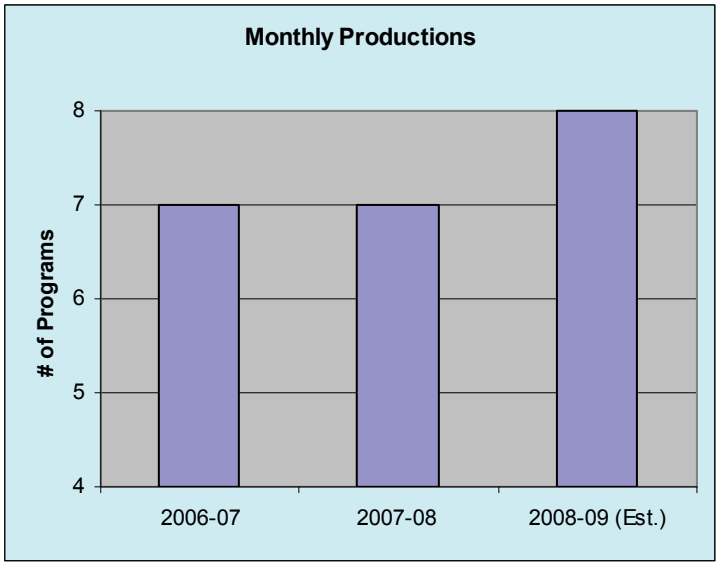
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget.	2008 Rev. Est.	2009 Budget
Expenditures	$340,249	$351,501	$330,526	$384,367	$346,863	$340,806
Revenues	$63,716	$78,507	$70,427	$66,000	$65,000	$65,000
Positions (FTE)	5.5	5.5	5.5	5.5	5.5	4.6

City 4 TV

Program Goal

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



Budget Allowance Explanation

The 2008-09 City 4 TV budget of $229,065 is $12,099 or 5.6 percent more than the 2007-08 budget.

The main reason for the increase are salary increases and the planned purchase of various pieces of production equipment.

Staffing will remain constant in 2008-09. Service levels will be maintained in the next fiscal year.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Regular Programs	130	130	131
Unscheduled Programs.	8	6	6
Non-Broadcast Special Projects.	2	6	4

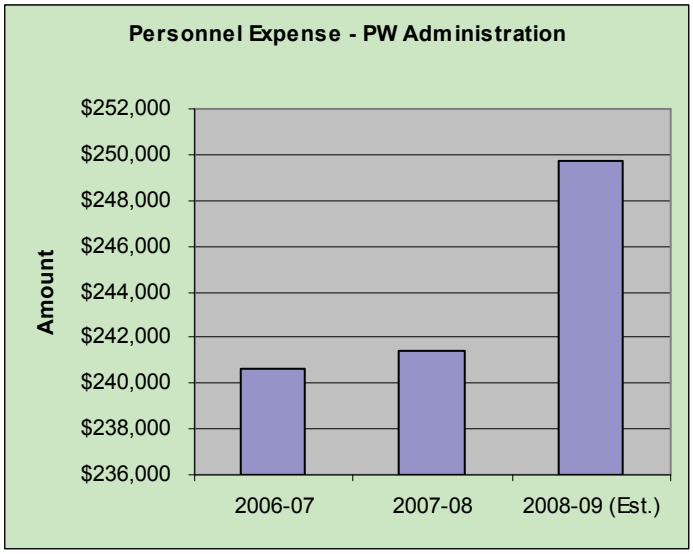
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget.	2008 Rev. Est.	2009 Budget
Expenditures	$145,923	$173,934	$207,835	$216,966	$235,665	$229,065
Revenues	$2,583	$22,517	$14,293	$12,000	$15,000	$15,000
Positions (FTE)	2.8	2.8	3.0	3.0	3.0	3.0

Public Works Administration

Program Goal

Public Works Administration coordinates all capital improvements and public works functions in the City of Show Low with the goal of improving the overall infrastructure in Show Low.



Budget Allowance Explanation

The Public Works Administration budget of $290,514 is $2,655 or 0.9 percent more than the 2007-08 budgeted expenditures.

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

Real estate and right-of-way acquisition is also a function that takes place in Public Works Administration.

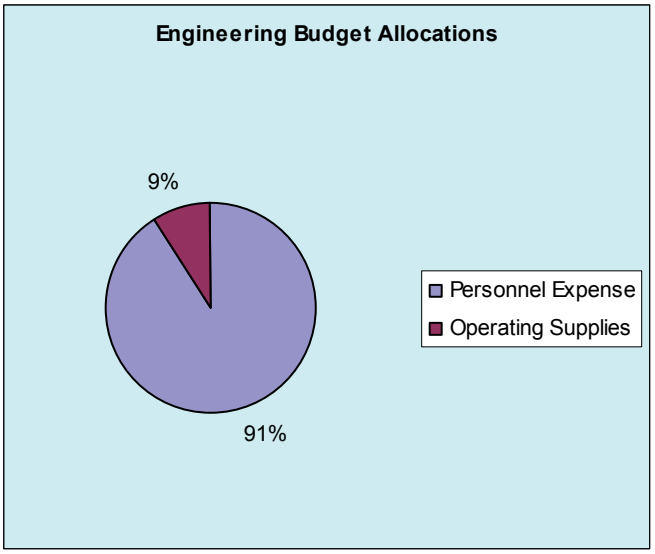
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$322,774	$267,889	$274,997	$287,859	$292,914	$290,514
Positions (FTE)	4.0	3.0	3.0	3.0	3.0	3.0

Engineering

Program Goal

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



Budget Allowance Explanation

The Engineering budget allowance of $676,915 is $29,706 or 4.2 percent less than 2007-08 budgeted expenditures.

The main reason for the decline is the fact that several pieces of equipment were purchased during 2007-08 and the money for this equipment does not need to be included in the 2008-09 budget.

There are no significant changes to this budget for 2008-09.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Personnel Expenditures	$468,406	$602,508	$615,315
Operating Supplies	67,809	79,113	61,600

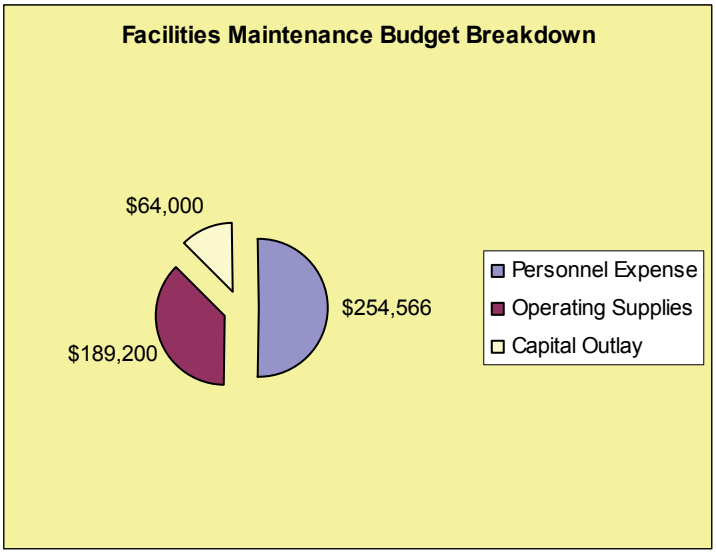
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$451,855	$541,288	$562,308	$706,621	$714,278	$676,915
Revenues	$29,249	$56,393	$104,090	$37,500	$50,000	$50,000
Positions (FTE)	6.0	6.0	8.0	8.0	8.0	8.0

Facilities Maintenance

Program Goal

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



Budget Allowance Explanation

The Facilities Maintenance budget of $507,766 is $12,403 or 2.4 percent less than the budget for 2007-08.

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

Projects anticipated to be completed in 2008-09 include roof repairs to the Aquatic Center and the Police Department and refurbishing the acid room at the Aquatic Center ($36,000).

Other items that are now budgeted in this division are utilities, and normal repairs and maintenance. Telephone expenses are now budgeted in Information Services.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09
Personnel Expenditures	—	$204,469	$254,566
Operating Supplies	—	262,700	189,200
Capital Outlay	—	53,000	64,000

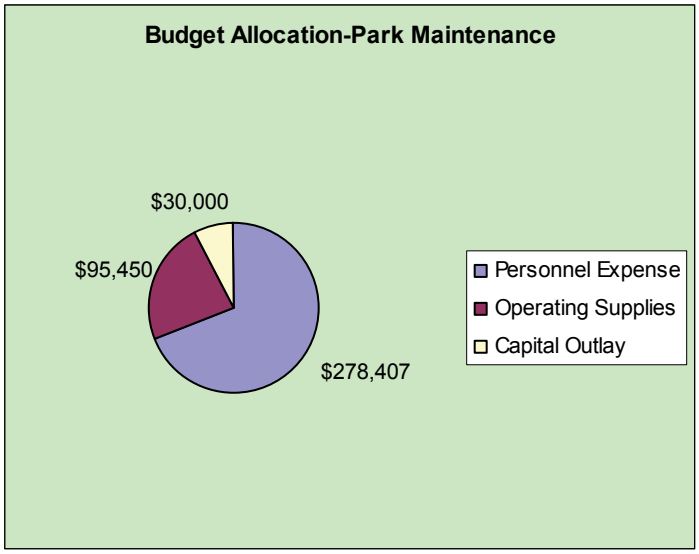
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$—-	$—-	$—-	$520,169	$570,266	$507,766
Positions (FTE)	—-	—-	—-	4.6	4.6	4.6

Parks Maintenance

Program Goal

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



Budget Allowance Explanation

The Parks Maintenance budget of $413,857 is $104,571 or 20.2 percent less than 2007-08 budgeted expenditures.

The main reason for the significant decrease is the fact that the department had the desire to have less full-time positions in exchange for an increase in part-time salaries. Also, this department is not replacing any equipment during 2008-09.

All normal outside maintenance functions will continue to take place in 2008-09.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Personnel Expenses	$407,896	$282,079	$288,407
Operating Supplies	360,247	83,450	95,450
Capital Outlay	80,719	152,000	30,000

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$637,365	$708,848	$848,862	$518,429	$448,430	$413,857
Positions (FTE)	8.8	8.8	9.8	5.7	5.7	6.1

Police

Program Goal

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

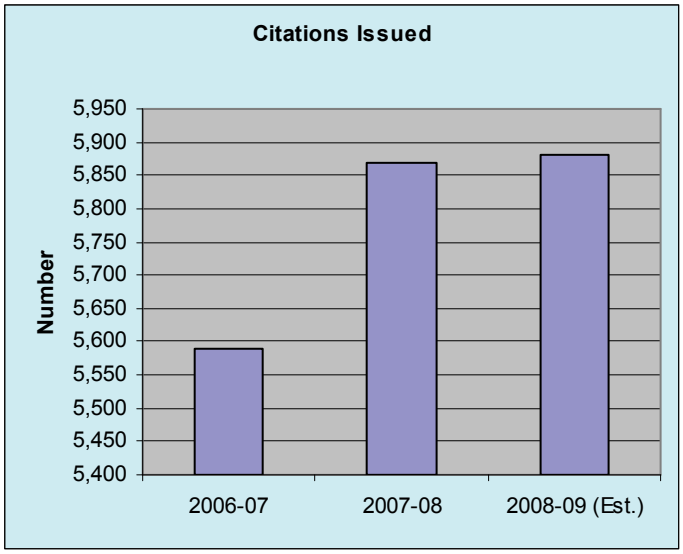
Budget Allowance Explanation

The Police budget of $3,402,322 is $28,522 or 0.8 percent more than 2007-08 budgeted expenditures.

Funds are budgeted for normal Police operations including the purchase of two replacement cars for the Police fleet ($63,000).

The increase to the Police budget is mainly related to increased salaries and related benefits for police officers ($92,922).

There is also a carry-over of $200,000 to fund the design of an expanded Police facility.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Citations Issued	5,589	5,868	5,880
Accidents	479	550	588
Felony Charges	783	900	875

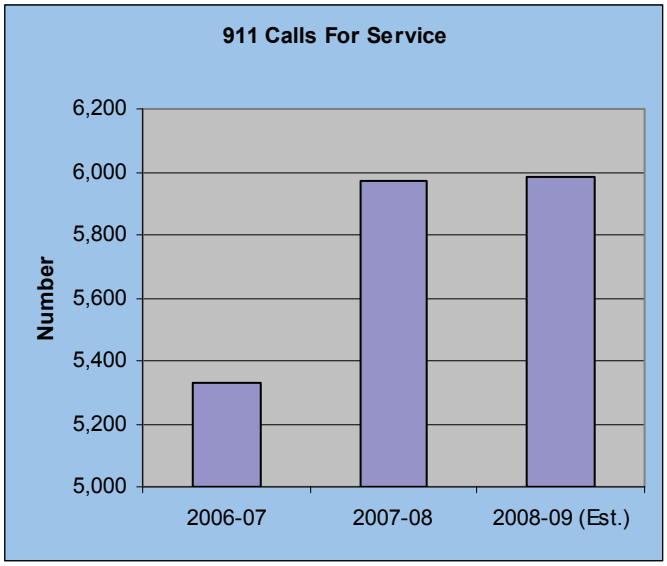
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$2,369,327	$2,920,842	$3,242,861	$3,373,800	$3,236,432	$3,402,322
Revenues	$221,179	$509,439	$503,899	$345,000	$340,000	$220,000
Positions (FTE)	28.0	29.0	31.9	31.9	31.9	31.9

Police Communications

Program Goal

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



Budget Allowance Explanation

The 2008-09 budget of $927,045 is $1,263 or 0.1 percent more than 2007-08 budgeted expenditures. The increase is mainly due to salary and benefit adjustments.

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

Funding is received from other jurisdictions to compensate the city for the salaries of two dispatcher positions. The communications division now dispatches for the Heber Fire Department as well as the Ambulance and the Show Low Fire Department.

There are no other significant changes to this budget for 2008-09.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
911 Calls for Service.	5,330	5,969	5,987
Total Number of Incidents.	31,593	34,502	35,565

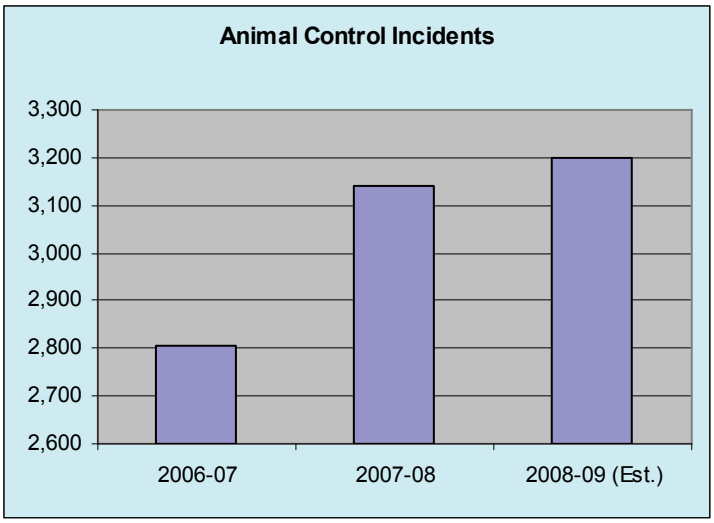
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$506,722	$680,853	$792,775	$925,782	$896,533	$927,045
Revenues	$49,038	$114,615	$95,008	$135,000	$95,000	$95,000
Positions (FTE)	13.0	13.0	13.0	13.0	13.0	13.0

Animal Control

Program Goal

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



Budget Allowance Explanation

The 2008-09 budget of $161,627 is $10,787 or 7.2 percent more than 2007-08 budgeted expenditures.

Funds amounting to $9,000 are allocated for the part-time position that was approved to maintain the dog kennel.

There are no other significant changes to this budget for 2008-09.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Animal Contacts	683	785	800
Animal Incidents	2,805	3,141	3,200
Animal Citations	360	432	450

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$97,796	$173,821	$143,046	$150,840	$160,724	$161,627
Revenues	$4,024	$5,628	$4,892	$4,500	$4,500	$4,500
Positions (FTE)	2.0	2.2	2.4	2.4	2.4	2.4

HURF (Streets)

Program Goal

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

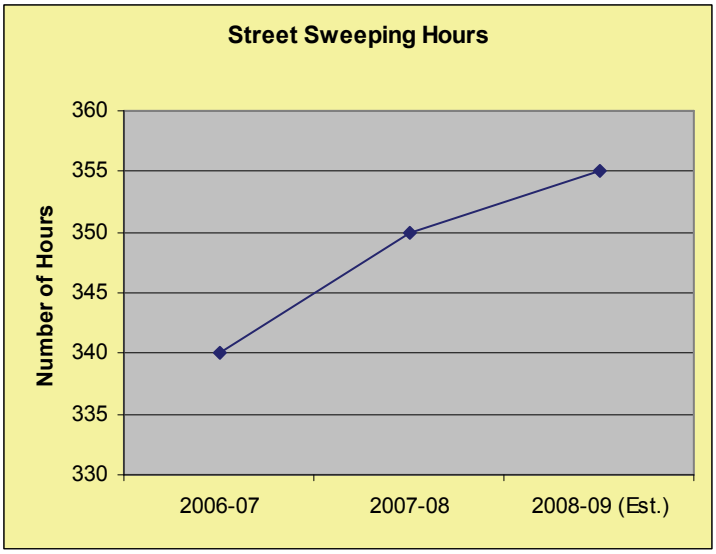
Budget Allowance Explanation

The Street 2008-09 budget allowance of $4,294,566 is $2,512,022 or 31 percent more than 2007-08 budgeted expenditures.

The increase is primarily due to the road projects that are currently taking place in Show Low. Additionally, debt service payments for the GADA road-bonds are budgeted in this fund.

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

This budget also includes the purchase of a porta-patching machine for street repair ($85,000) and one-half the purchase price of a replacement hydraulic cleaning unit to be shared with the Wastewater Fund ($75,000).



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Street Sweeping Hours.	340	350	355
Mowing and Weed Control Hours.	776	680	640
Sign Maintenance Hours.	900	150	350

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$1,441,817	$1,785,493	$3,121,638	$1,782,544	$5,414,601	$4,294,566
Positions (FTE)	10.3	10.3	10.3	9.3	9.3	9.3

Public Transit

Program Goal

Public Transit strives to provide public transit services and increased ridership in the Show Low area through the operation of a coordinated fixed route system. The City has a contract with MV Transportation to operate the bus system.

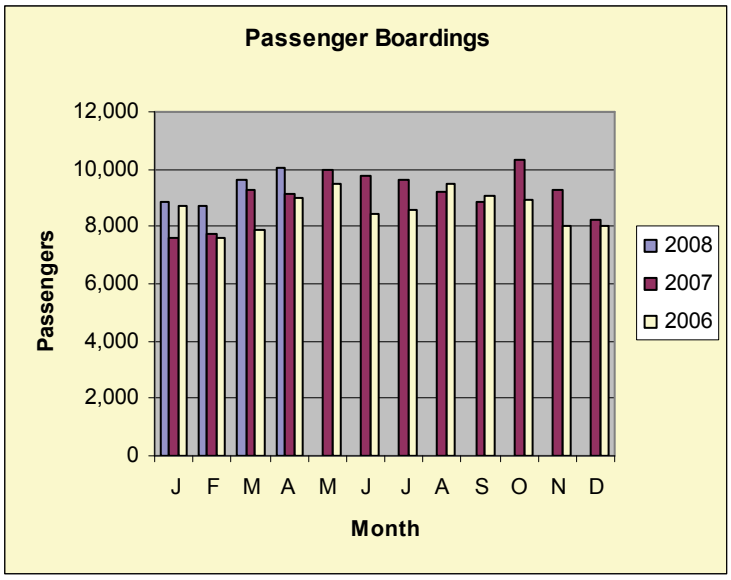
Budget Allowance Explanation

The Transit operating budget of $935,979 is $111,640 or 13.5 percent more than 2007-08 budgeted expenditures. The main reason for this increase is the fact that three new buses will be purchased during the 2008-09 fiscal year.

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

The budget presented assumes that sometime in early 2009 the bus system will expand to serve the cities of Taylor, Snowflake and Holbrook in the northern part of Navajo County.

The Arizona Department of Transportation funds 80% of the operational portion of this program and 93% of most capital purchases.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Annual Ridership	106,451	109,093	142,200
Cost per Mile	$2.09	$2.14	$2.38
Disabled Ridership	10,599	11,120	16,000

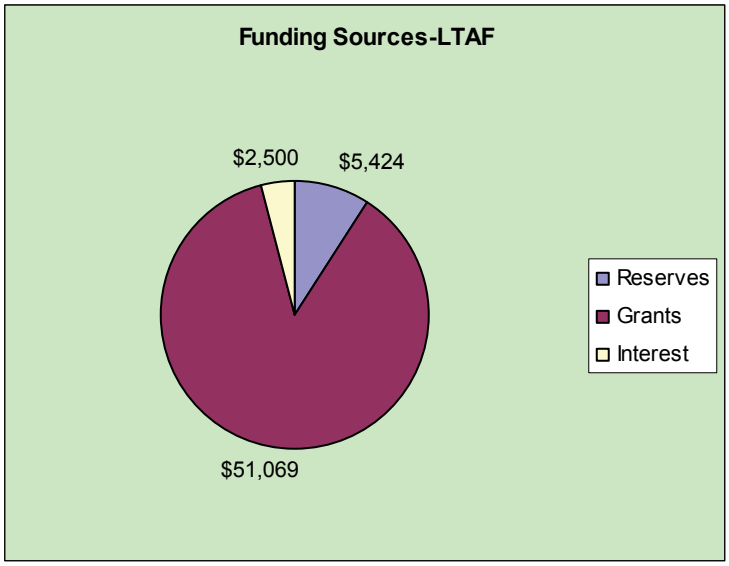
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$412,104	$713,695	$411,436	$824,339	$800,979	$935,979
Revenues	$363,765	$616,944	$395,172	$824,379	$824,869	$959,172
Positions (FTE)	—-	—-	—-	—-	—-	—--

Transportation Assistance Fund

Program Goal

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



Budget Allowance Explanation

The sidewalk replacement program for 2007-08 totals $50,000. Revenues for these improvements come State Lottery proceeds. The City Council has dedicated lottery revenues to sidewalk development in Show Low.

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

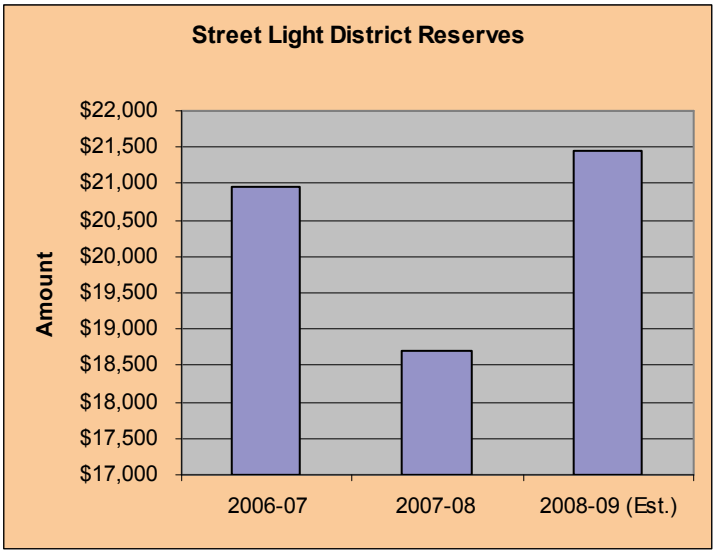
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$107,914	$8,806	$173,932	$116,125	$116,125	$50,000
Positions (FTE)	—-	—-	—-	—-	—-	—-

Street Lighting District

Program Goal

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



Budget Allowance Explanation

The Street Light District budget of $137,500 is $10,000 or 7.8 percent more than the 2007-08 budget.

The increase is due to increasing utility costs to operate the street lights in Show Low.

There are no program changes to this budget from last year. Expenses consist of utility payments for the street lights in Show Low.

This district does not fund the installation of new streetlights. New streetlights are installed by developers or from the City capital improvement fund.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Street Light District Reserves.	$20,950	$18,700	$21,450

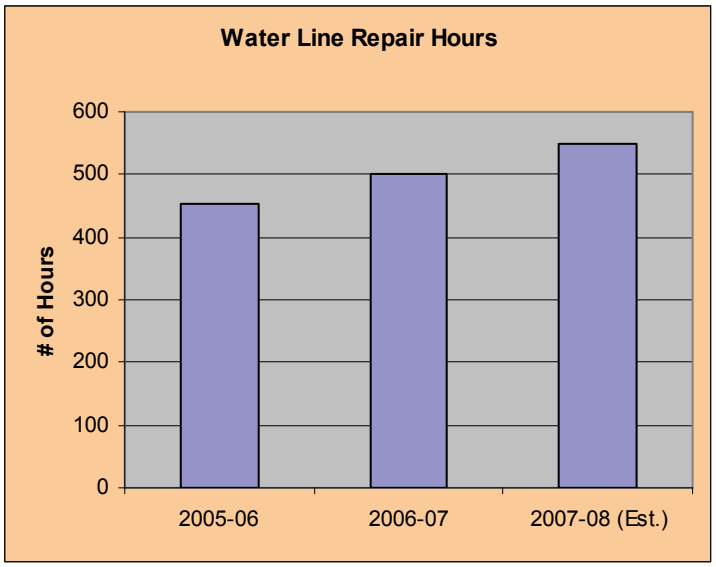
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$102,119	$104,709	$116,290	$127,500	$127,500	$137,500
Positions (FTE)	—-	—-	—-	—-	—-	—--

Water Services

Program Goal

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



Budget Allowance Explanation

The Water budget for 2008-09 of $3,383,163 is $380,382 or 13.0 percent more than 2007-08 budgeted expenditures. The proposed budget provides funding for all water programs in Show Low.

Significant expenditures for 2008-09 include increased utility expenses due to the operation of several new pumps ($16,000) and funding to paint the inside of several water tanks ($100,000).

Also budgeted is a new ten-wheel dump truck for the Water Department ($156,000).

This budget continues the Council directive of transferring $100,000 annually to a reserve for a future water treatment plant. At the end of 2008-09 the reserve will contain $400,000.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Meter Turn-on/ Turn-off Hours.	400	455	480
Line Repair Hours.	500	550	570
Line Flushing Hours.	100	110	115

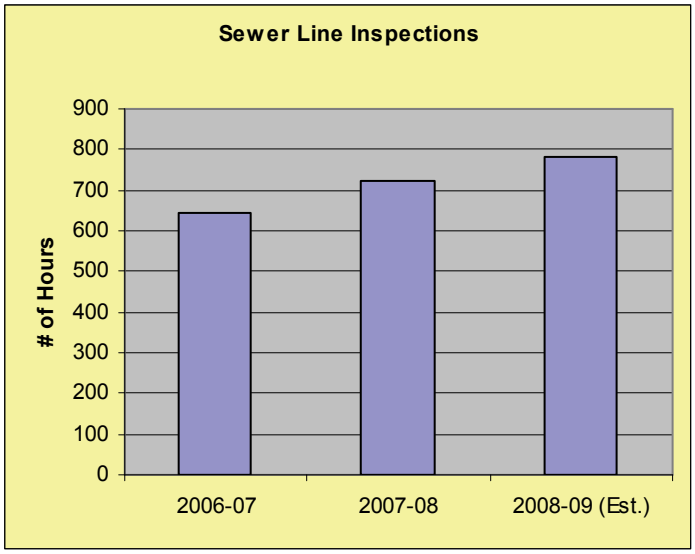
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$1,628,392	$1,777,206	$1,324,589	$3,002,781	$3,150,663	$3,383,163
Revenues	$1,997,603	$2,163,174	$2,239,533	$2,427,625	$2,355,625	$2,499,948
Positions (FTE)	6.6	6.6	8.6	11.1	11.1	11.1

Wastewater Services

Program Goal

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



Budget Allowance Explanation

The 2009-09 Wastewater budget of $2,989,834 is $319,581 or 11.9 percent more than the budgeted expenditure for 2006-07. Additional capital projects are the main reason for the increase.

There are no other significant changes to this budget.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Line Cleaning Hours.	1,270	980	1,000
Emergency Repair Hours.	840	750	800
Line Flushing Hours.	210	576	550

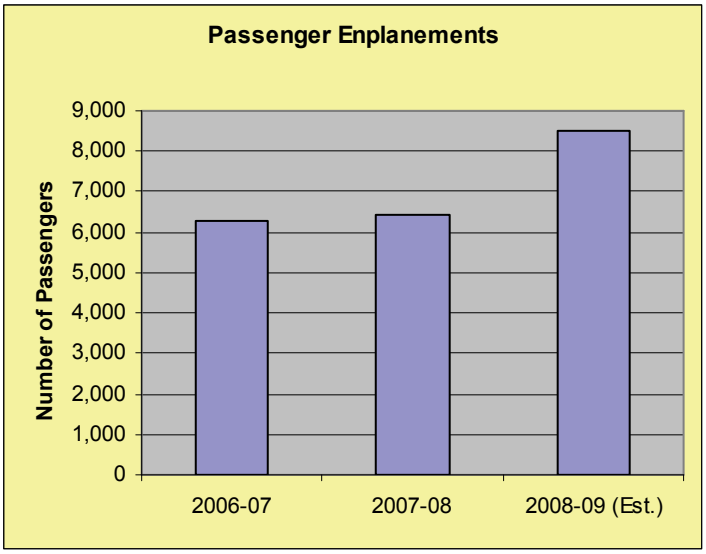
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$1,614,355	$1,371,075	$1,953,812	$2,669,853	$2,716,365	$2,989,834
Revenues	$1,110,062	$1,569,279	$1,943,963	$1,726,300	$1,736,100	$1,796,312
Positions (FTE)	11.6	11.6	11.6	12.1	12.1	12.1

Airport

Program Goal

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



Budget Allowance Explanation

The airport budget of $4,721,278 is less than budgeted expenditures for 2007-08. The primary reason for this decrease is that the airport expects not to get as many new grants in 2008-09 The City match to obtain the expected grants would be about $275,000.

There are no other significant changes to the airport budget for 2008-09. Airport staff will continue to try and obtain federal grants to improve the airport when possible. Also, the airport relies on profits from fuel sales and other income to help support its operating programs.

Possible projects in 2008-09 include a variety of runway and taxiway improvements.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Gallons of Fuel Sold.	270,231	280,000	290,000
Aircraft Operations	33,422	33,500	34,500
No. of Private Aircraft Hangers.	58	66	70

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$3,767,294	$2,200,437	$1,878,128	$8,691,304	$8,553,435	$4,721,278
Revenues	$942,790	$1,047,498	$1,168,014	$1,035,500	$1,391,821	$1,283,000
Positions (FTE)	5.2	5.2	5.2	5.2	5.2	5.2

Aquatic Center

Program Goal

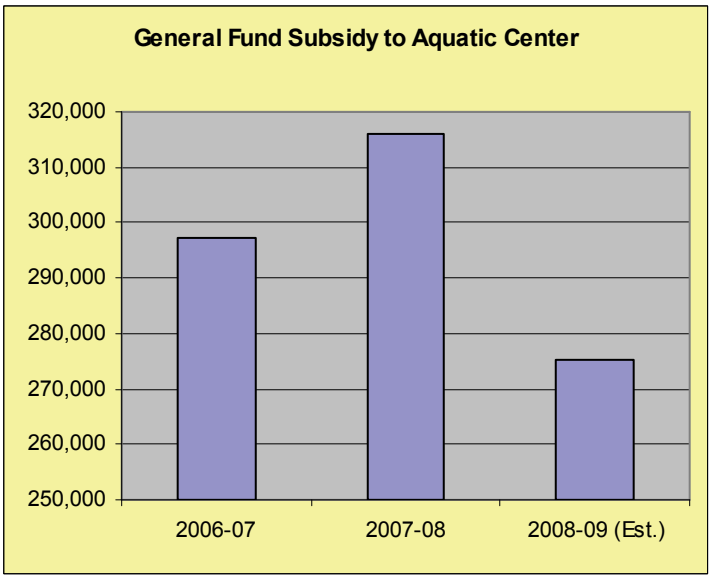
The Aquatic Center provides and maintains a year-round swimming facility available and accessible to all, which contributes to the needs of the community and permits an alternative exercise experience for everyone in a controlled environment.

Budget Allowance Explanation

The Aquatic Center budget of $417,406 is $21,700 or 5.4 percent more than the 2007-08 budget.

Increases are due mainly to increased repair costs. Some of the walls in the aquatic center that have become damaged due to age and the humidity that is present in the building. Staff expects to have to replace some of the drywall in the pool area.

There are no other significant changes to this budget for next year.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Youth Attendance	29,500	29,890	30,500
Adult Attendance	9,300	9,515	9,700
Special Event Attendance.	600	637	700

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$403,782	$375,633	$367,700	$395,706	$396,711	$417,406
Revenues	$108,587	$98,166	$100,438	$90,750	$90,750	$128,000
Positions (FTE)	10.1	10.1	10.1	9.6	9.6	9.6

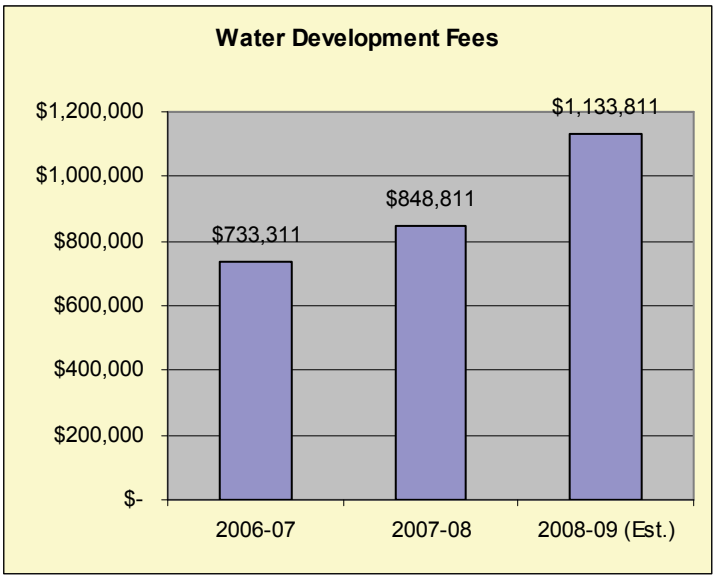
Water Development Fees

Program Goal

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

Budget Allowance Explanation

The 2008-09 budget anticipates additional improvements to the water system as identified by staff and the City Council. Revenues for these capital improvements come from development fees.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Water Development Fee Reserves.	$733,311	$848,811	$1,133,811

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$458,673	$552,901	$66,305	$800,000	$200,000	$25,000
Positions (FTE)	—-	—-	—-	—-	—-	—-

Wastewater Development Fees

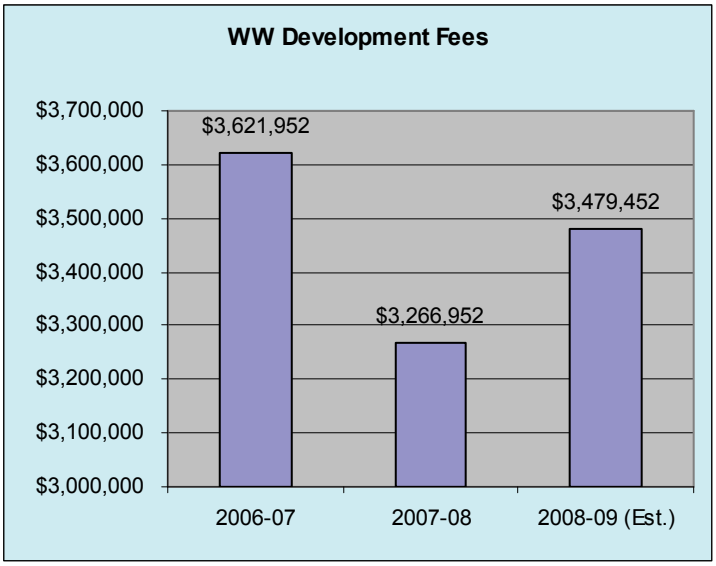
Program Goal

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

Budget Allowance Explanation

The 2008-09 budget anticipates additional improvements to the wastewater system as identified by staff and the City Council. Revenues for waste water improvements come from development fees.

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



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
.Wastewater Development Fee Reserves.	$3,621,952	$3,266,952	$3,479,452

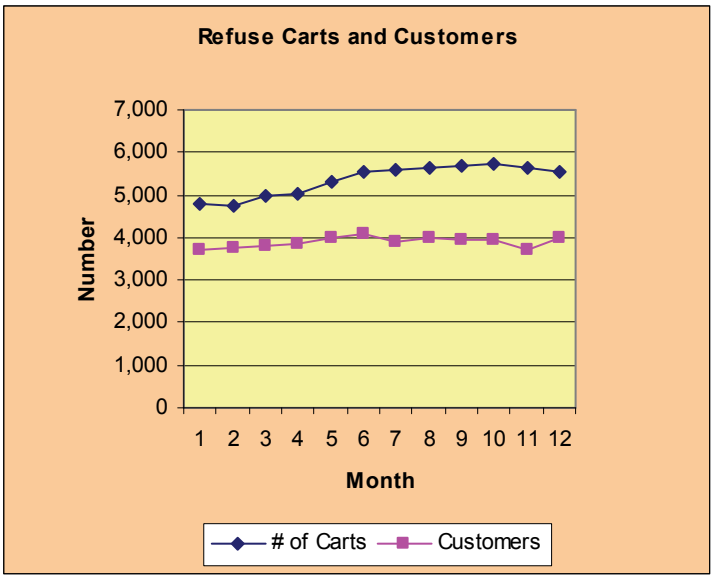
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$1,072,801	$31,318	$511,274	$1,000,000	$975,000	$500,000
Positions (FTE)	—-	—-	—-	—-	—-	—-

Refuse

Program Goal

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



Budget Allowance Explanation

The 2008-09 Refuse operating budget of $583,584 is $45,024 or 8.36 percent more than 2007-08 budgeted expenditures. Staff does not expect a significant change in this program for next year.

Waste collection is accomplished with a contract with a private company. As Council knows, the City will be in the third year of the contract for the 2008-09 fiscal year.

There is no change in actual garbage collection programs for 2008-09. Only the amount charged by Waste Management and passed on to Show Low customers may change as the third year of the five-year contract comes into effect.

A transfer of $30,000 to the General Fund is budgeted to pay for the cost of administering the collection program.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Average No. of Carts Per Month.	5,220	5,280	5,351
Average No. of Customers Per Month.	3,750	3,790	3,891
Number of Tons Disposed.	3,888.6	4,083.3	4,100.0

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$565,154	$645,161	$506,854	$538,560	$538,560	$583,584
Revenues	$562,876	$654,078	$524,062	$535,430	$535,430	$564,505
Positions (FTE)	—-	—-	—-	—-	—-	—-

Capital Improvement Program

Program Goal

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

Budget Allowance Explanation

The Capital Improvement Program for 2008-09 totals $15,341,704.

Transfers from the General Fund total approximately $12,278,438.

The City also makes use of CDBG funds for certain improvements ($325,000) and will receive a contribution from the County for Show Low Creek Bridge ($500,000).

Road project funding is contained in the Street Fund for 2008-09. These projects are expected to cost $6,420,000.

This budget also includes funding for city facilities.

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$1,878,679	$689,405	$7,045,054	$14,817,763	$3,625,507	$15,341,704
Positions (FTE)	—-	—-	—-	—-	—-	—-

Debt Service Fund

Program Goal

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

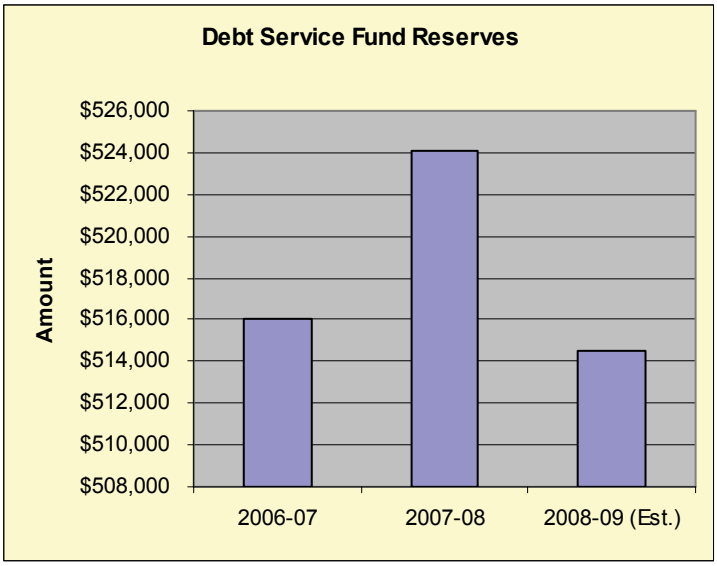
Budget Allowance Explanation

Expenditures for this budget are budgeted in accordance with the appropriate debt service schedules for the 2008-09 fiscal year.

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

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

The 2008-09 debt service budget includes an interest payment on the GADA bonds that were sold to fund the new library and purchase related real estate.



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Debt Service Fund Reserves.	$564,116	$524,112	$514,474

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$767,330	$604,093	$630,701	$622,728	$622,728	$747,414
Positions (FTE)	—-	—-	—-	—-	—-	—-

Improvement Districts

Program Goal

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

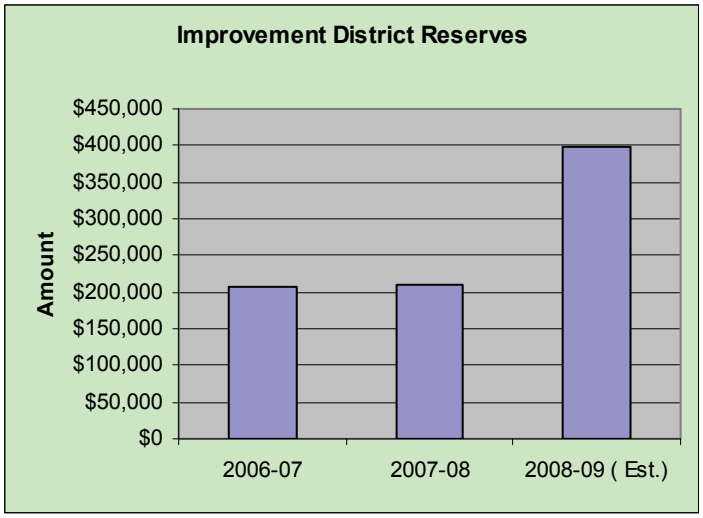
Budget Allowance Explanation

The 2008-09 budget of $1,556,576 is $119,037 or 7.2 percent less than 2006-07 budgeted expenditures. Funds are budgeted based on the anticipated assessments that will be paid by property owners in the three improvement districts.

Improvement District No. 7 construction should be complete by the end of 2008.

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

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



Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Improvement District Reserves.	$207,658	$210,058	$398,365

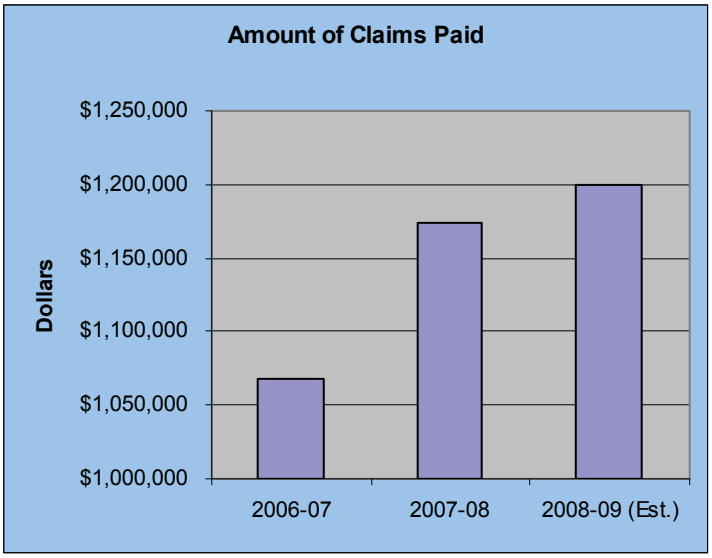
Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$1,145,410	$1,108,836	$1,110,060	$1,794,894	$1,925,613	$1,306,576
Positions (FTE)	—-	—-	—-	—-	—-	—-

Medical Insurance Fund

Program Goal

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



Budget Allowance Explanation

The 2008-09 budget of $1,560,000 is $25,000 less than the 2006-07 budget.

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

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

City staff has determined that only minor changes will need to be made to this program for 2008-09. With this the case, no significant changes are shown.

Any additional costs will be paid from salary reserves in the City Manager's budget for 2008-09.

Performance Measures and Other Trends

	2006-07	2007-08	2008-09 (Est.)
Claims Paid	$1,067,500	$1,174,250	$1,200,000
Ending Reserves	$805,126	$842,626	$804,507

Expenditure and Position Summary

	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2008 Rev. Est.	2009 Budget
Expenditures	$1,693,692	$1,350,960	$1,938,233	$1,585,000	$1,585,000	$1,560,000
Positions (FTE)	—-	—-	—-	—-	—-	—-

INVESTMENT POLICY

CITY OF SHOW LOW
INVESTMENT POLICY

I. SCOPE:

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

OBJECTIVES:

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

DELEGATION OF AUTHORITY:

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

IV. PRUDENCE:

A. The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

B. While the potential returns of an investment are of central importance in assessing its quality, appropriateness, or suitability, returns must be weighed against risk. Risk is the uncertainty that a particular investment will not achieve the expected return and each investment opportunity (types of securities) has different risk qualities. Because no investment is risk-free, the Investment Officer shall make a reasonable investigation of the financial products that may be suitable and prudently consider the desired performance relative to the risk undertaken to achieve that performance.

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

V. MONITORING AND ADJUSTING THE PORTFOLIO:

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

INTERNAL CONTROLS:

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

SHORT-TERM VERSUS LONG-TERM PORTFOLIO:

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

VIII. SHORT-TERM PORTFOLIO DIVERSIFICATION:

A. The City may diversify its short-term investments by using the following instruments as authorized:

1. U.S. Treasury Obligations (bills, notes, and bonds)
2. U.S. Government Agency Securities
3. SEC Registered Money Market Mutual Funds
4. Commercial Paper (A1/P1)
5. Repurchase Agreements
6. Certificates of Deposit in FDIC-Insured Arizona Commercial
7. Banks and Savings and Loan Associations with 102% collateral
8. Local Government Investment Pools

B. The City shall diversify its short-term investments by using multiple financial institutions so that, whenever possible, no more than 65 percent of the total port-

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

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

LONG-TERM PORTFOLIO DIVERSIFICATION:

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

X. QUALIFIED DEPOSITORIES AND FINANCIAL INSTITUTIONS:

A. The City shall maintain a list of banking institutions approved as depositories for its public funds that are federally insured and collateralize deposits over $100,000. The City shall maintain cash balances with these approved depositories that are adequate to cover anticipated checks as well as any required compensating balances under bank service agreements, and such other deposits as the Investment Officer deems prudent.

B. Separate from the banking institutions approved as depositories, the City shall maintain a listing of financial institutions, which are approved by the Investment Officer for investment purposes. The Investment Officer shall conduct a due diligence review of the condition and the regulatory history of each financial institution, including state pools, prior to its approval. This review shall be accomplished by requiring financial institutions to submit a Statement of Qualification covering all officers and control persons, which includes full disclosure of all information that would be required on an NASD Form U4 for Broker Dealers or an SEC Form ADV Parts 1 and 2 for Investment Advisors.

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

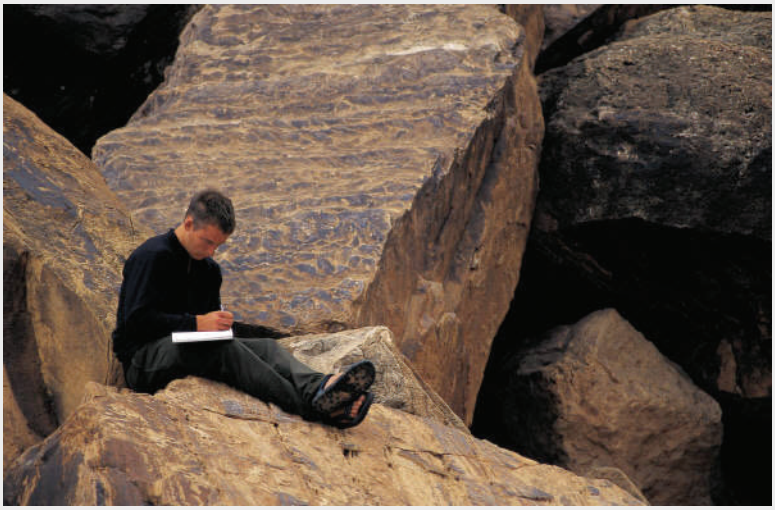
XI. SAFEKEEPING AND COLLATERALIZATION:

A. All fixed-term investment securities purchased under this policy shall be held in third-party safekeeping by a custodial institution. The custodian shall issue a safekeeping receipt listing the specific instrument, rate, maturity, and other pertinent information.

B. Other investments requiring collateral including repurchase agreements will be secured by the actual security held in safekeeping by a third-party custodian. At a minimum all collateral shall meet the Level 2 category as defined by the Governmental Accounting Standards Board (GASB).

XII. OVERSIGHT:

A. As a minimum, the City's investment portfolio composition and performance will be included in the City's annual budget development and approval process. More frequent reviews of the portfolio may be conducted at the request of the City Council.



GLOSSARY

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

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

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

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

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

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

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

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

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

Capital Outlay – Items that cost more than $5,000 and have a useful life of more than two years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Expenditures – Refers to current cash operating expenses and encumbrances.

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

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

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

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

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

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

GFOA – Government Finance Officers Association.

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

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

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

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

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

Improvement Districts – Special assessment districts formed by property owners who desire and are willing to pay for mutually enjoyed improvements such as streets, sidewalks, sewers and lighting.

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

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

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

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

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

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

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

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

Personal Services – All costs related to compensating city employees including employee benefits costs such as contributions for retirement, social security and health insurance. It also includes fees paid to elected officials and jurors.

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

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

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

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

Recoveries – Cancelled prior year encumbrances.

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

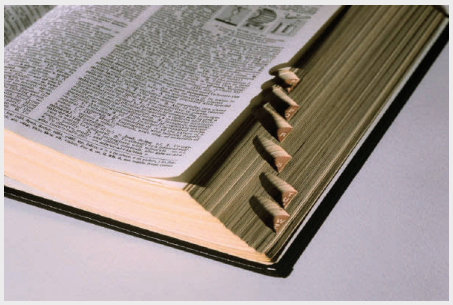
Revenue Bond – Bonds that are backed by revenues from a specific system (i.e., Water and Sewer Revenue Bonds are payable from water and sewer revenues).

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

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

action.

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



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

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

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

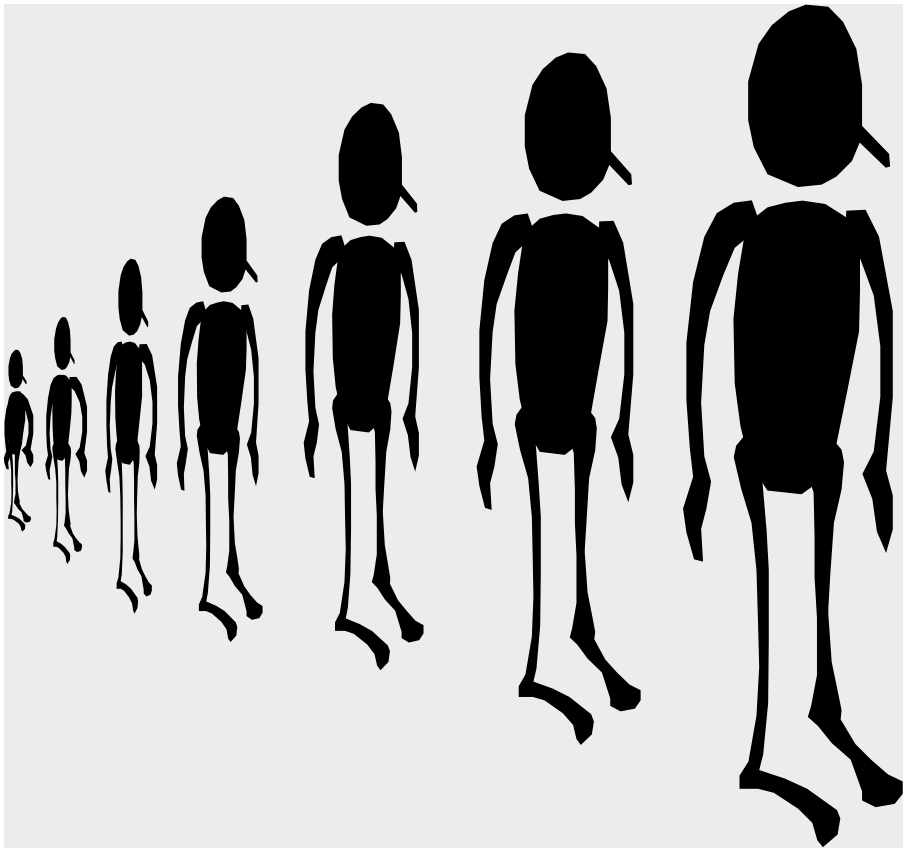
Technical Review – A detailed line-item review of each city department's budget by the Administrative Services Department.

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

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

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

DEMOGRAPHICS

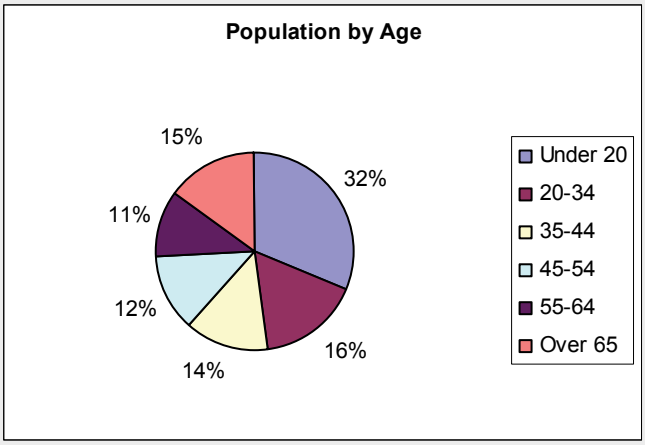


Selected Demographics, City of Show Low, Arizona

YEAR-ROUND MARKETING BASE (Estimated)

Show Low	11,473
Pinetop-Lakeside	4,515
Snowflake	5,150
Taylor	4,250
Holbrook	5,430
Eager	4,535
Springerville	2,130
St. Johns	3,925
Unincorporated Area	86,640
White Mtn. Apache Tribe	12,500
TOTAL	140,548

SHOW LOW POPULATION BY AGE



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

ECONOMIC STATISTICS

Major Industries	Retailing, Tourism, Recreation, Manufacturing, Commerce
Summer Trade Area	167,555
Average Household Income	$41,850
Median Home Price	$193,500
Median Home Age	16.7 Years
Number of Households	5,537
Unemployment Rate	4.1 %
Taxable Sales	$552,500,000

GROWTH INDICATORS
CONSTRUCTION STARTS

YEAR	2004	2005	2006	2007
Single Family Residential	364	478	347	256
Multi Family Residential	32	202	96	92
New Commercial	16	27	33	41
Commercial Additions	37	46	38	27
TOTAL	449	753	514	416