

CITY OF PRESCOTT ARIZONA

**ANNUAL BUDGET
for the fiscal year
July 1, 2004 - June 30, 2005**

Mayor

Rowle P. Simmons

Council

Robert Bell

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Jim Lamerson

Robert Roecker

John Steward

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Assistant to the City Manager

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Mark Woodfill

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Ann Richey

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

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City of Prescott

Arizona

For the Fiscal Year Beginning

July 1, 2003

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Prescott, Arizona for its annual budget for the fiscal year beginning July 1, 2003.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

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

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PRESCOTT VISION 2020

Prescott is a beautiful, growing city that has a vibrant historic downtown, is the regional economic center for the Tri-Cities and is a 1st class tourist destination.

Prescott is a livable, dynamic community where there is a range of housing choices for all, where residents and guests enjoy an active lifestyle with great recreation and leisure amenities, where people have quality living, where the community acts as a responsible environmental steward and where there is pride in our hometown.

The Gem of Arizona.

CITY OF PRESCOTT MISSION STATEMENT

The mission of the city of Prescott is to provide superior city services, to create a financially sustainable city and serve as the leader of the region.

CITY OF PRESCOTT CORE BELIEFS

We believe in:

- Acting with integrity
- Having personal commitment and loyalty
- Working as a team
- Solving problems
- Taking pride in excellent results
- High level of productivity
- Being nice

CITY OF PRESCOTT ORGANIZATIONAL CHART - FY2005

Citizens Boards & Commissions

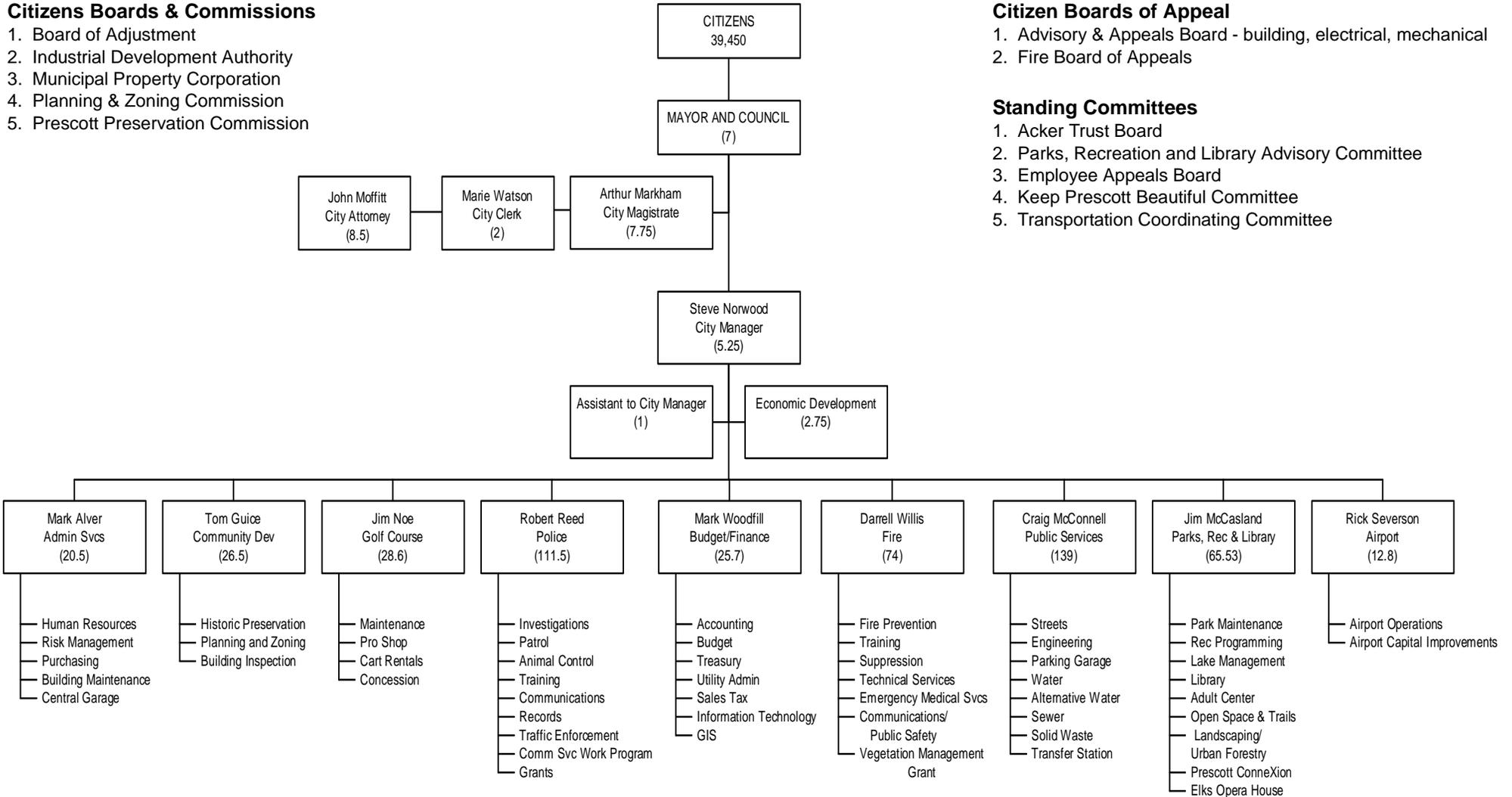
1. Board of Adjustment
2. Industrial Development Authority
3. Municipal Property Corporation
4. Planning & Zoning Commission
5. Prescott Preservation Commission

Citizen Boards of Appeal

1. Advisory & Appeals Board - building, electrical, mechanical
2. Fire Board of Appeals

Standing Committees

1. Acker Trust Board
2. Parks, Recreation and Library Advisory Committee
3. Employee Appeals Board
4. Keep Prescott Beautiful Committee
5. Transportation Coordinating Committee



READERS' GUIDE

The City of Prescott FY2004-05 Annual Budget contains a narrative description of revenue sources, our financial policies, and programs and services planned for the upcoming fiscal year. Multi-year comparisons for each City department and fund, staffing allocations, and planned expenditures by organizational sub-unit and type are also included. To further enhance and clarify the presentation, graphs appear throughout the document. Presenting the budget in distinct levels of detail allows the user to choose the degree of specificity best suited to his/her needs.

Copies of the budget document in book form or on CD are available in the Prescott Public Library, on the City of Prescott website - www.cityofprescott.net, or by contacting the City of Prescott Budget and Finance Department at (928) 777-1242.

City Manager's Budget Transmittal and Budget Summary

The City Manager's Budget Transmittal and Budget Summary provide an in-depth look at the City Manager's priorities and outlook for the upcoming fiscal year. These priorities reflect months of working with the Mayor and City Council, City Staff, and community groups, as well as referencing many other guiding documents including the Community Strategic Plan and the 1997 General Plan.

Community Profile and Trends

This section provides a look at Prescott's major service level trends over the past several years along with a brief demographic history.

FY2004-05 Budget Process, Amendments and Basis of Presentation

This segment elaborates on our budget process as well as major assumptions included in the preparation of the FY2004-2005 Annual Budget. A narrative describing each significant revenue source is presented. The planned budget accomplishments, financial policies, and a brief description of the basis of accounting are provided.

Department Program Summaries

Each City Department's/Division's missions, goals, strategies, performance measures, prior year highlights, funding, and staffing levels are contained in this section. Significant budget changes in Departments and Divisions are explained as well.

Capital Improvement Plan

In this area, projects to be completed throughout the next five years as well as outlay for new and replacement capital items are identified.

Schedules

The schedules provided in the Annual Budget consist of Resolutions, Legal Schedules required by the State of Arizona to be prepared and published, Salary and Pay Range Scheduled, a Schedule of Outstanding Debt Principal, and results of our first biennial Citizens' Survey.

Glossary

Definitions of the terms used throughout the budget document are presented in the Glossary. If you need further clarification of any of the terms used in this document, please contact the City of Prescott Budget and Finance Department.

2004-05 BUDGET TRANSMITTAL MESSAGE

TO THE HONORABLE MAYOR, CITY COUNCIL, AND RESIDENTS OF THE CITY OF PRESCOTT:

I am pleased to submit the FY2005 Operating Budget and Five-Year Capital Improvement Program for the City of Prescott. The combined budget totals \$164.9 million, with projected revenues of \$106,656,801 million. Of the total budget, \$61.6 million will be used to finance the operations of the city, while \$103.3 million will go toward Capital Projects such as a proposed alternative water source acquisition, street projects, downtown parking garage, library expansion and the Watson and Willow Lake recreational amenities. Our goal has been to prepare a comprehensive financial plan for all services, programs, and capital projects that will assist the Council in the achievement of its vision for Prescott.

As the City began budget preparations this year, we faced the continuation of the war in Iraq, its continued effect on the economy, and the growing concern over higher gas and utilities. Thus, the budget could not be prepared without first considering the condition of the regional, state and national economies. What happens at these levels affects both the money Prescott receives and the services we provide.

In addition to concerns from the revenue side of the budget picture, there are also concerns over the increased cost of doing business. The City is a service organization with over 47% of its operating costs in personnel. Thus, the price of insurance, health care, retirement and additional personnel in priority areas such as police and fire has a significant effect on the cost of City's services. Balancing the desire to provide top quality services and higher operating costs will be the City's challenge for years to come.

Despite a slow recovery in the nations' economy, Prescott's position is an enviable one. The demand for housing remains strong, we continue to expand our reputation as a tourist destination with many new restaurants and attractions added in the recent past, generating close to \$25.7 million in privilege tax revenue. In addition, commercial development has augmented the growth of the city's tax receipts. New home construction, retail and commercial construction provide \$3,400,000 of the City's operating funds. In addition, the healthy growth over the past few years has provided other revenue generating venues, which allow the City to provide quality services despite the slow recovery of the economy.

The FY2005 budget takes the "keeping up" approach. It maintains the high level of services Prescott's citizens have come to expect, but does not propose any significant new projects and programs other than what was outlined in the City Council's vision and goal planning retreat. The \$164.9 million FY2005 budget is an investment in the city's future and its employees, and it signals the city leadership's desire, which I share, to complete many of the major capital projects that have been mired in bureaucracy for too long. The city portion of the property tax levy is increasing only because of new construction. The city property tax rate is projected to decrease for the fifth consecutive year. Meanwhile, concerns about the condition of city buildings and fleet vehicles are addressed in FY2005 with a \$2.2 million appropriation for fleet vehicle replacements, including police patrol cars, sanitation trucks and heavy equipment. About \$200,000 is budgeted for building safety and aesthetic improvements and 2.5 full-time positions will be dedicated solely to improving the appearance of public property including the downtown and rights-of-way along city arterial streets. Among the major capital projects that finally will be getting off the ground this year are a downtown parking garage (scheduled for completion in June 2005), the Prescott Library expansion (expected to get under way by the end of the fiscal year) and development of the long-promised recreational amenities at Willow and Watson lakes.

Over the City's past 100 years, Prescott has continued to grow and prosper as a result of the vision and leadership of its City Councils. The Council's commitment to their vision and their willingness to provide the funding to achieve it has resulted in a highly desirable city in which to live and work. The 2004-05 Operating and Capital budgets continue to provide for a high quality of life for current citizens, as well as laying the groundwork so that future generations will also be able to enjoy the benefits of our community.

I would like to express my appreciation to the City Council for providing the direction and support that are crucial to the ability of the City to achieve its goals. I would also like to recognize the contributions of City staff for not only creating a successful operating plan and Five-Year Capital Improvement Program, but also for their commitment to providing top-quality services to all who live, work and visit Prescott. Their efforts are critical to the City's ultimate success. I offer them my thanks for a job well done.

Respectfully submitted,

/s/ Steven Norwood
City Manager

2004-05 BUDGET SUMMARY

Concepts presented in the Prescott Community Strategic Plan encourage the City to invest any available funds in projects that would return, and eventually exceed, its investment while still providing basic services during the investment period. Strategic investments, in turn, would insure the ability to provide basic services in the future. In order to fulfill that objective, we will continue to strengthen five-year planning efforts in all funds and target all available excess resources to economic investments including the downtown commercial area, economic development incentives in accordance with the Council adopted economic development policy while, at the same time, maintaining the flexibility to respond to unknown opportunities.

In formulating the FY2004-2005 budget, recommendations were keyed on feedback from Mayor and Council through its goals, policies, and guidelines, the adopted Community Strategic Plan recommendations, input from various advisory committees, 1997 General Plan, community input (from individuals, neighborhood groups or service clubs), downtown groups, as well as corridor and area plans.

On January 16-17, a Council retreat was held for the purpose of defining the FY2005 goals which are listed below:

Stronger Local Economy and Expanded Tax Base

- > More diverse economy, less retail dependence.
- > Development of our airport as an economic engine.
- > More effective capitalizing of our Universities/Colleges.
- > Make land available for developing business/commercial sites.
- > More tourists and return visitors.

Better Mobility - Improved Roads and Transportation System

- > Development of a viable public transit alternative within Prescott to be used by citizens and visitors.
- > Improved condition and quality of our streets.
- > All city streets paved.
- > All city alleys paved.
- > Regional solutions to traffic flow and capacity.

Managed Growth for a Balanced Community

- > More workforce housing
- > Well-planned annexed areas with mixed and balanced uses
- > Preservation of Prescott's historic charm and character
- > Increased maintenance of existing parks
- > Development consistent with Land Development Code

Polished City - Beautiful and Clean

- > Well-maintained, cleaner streets, alleys and right-of-way
- > Reduced number of blighted homes and buildings
- > Effective solid waste collection and management
- > Redevelopment of aging commercial centers
- > Residents, businesses and schools taking responsibility for property cleanliness
- > Improve appearance of city facilities

First Class Utility System

- > Secure water supply for the next 100 years
- > Sewers for all residences and businesses
- > Well-maintained water treatment and distribution system

- > Well-maintained wastewater collection and treatment facility
- > Effective Storm water management system

These goals provide the cornerstone of the budget presented here.

Achievements of FY2004:

As always, it was difficult to select from the hundreds of accomplishments identified by the executive management team on behalf of their department employees. Those accomplishments are only possible because of a true team effort. Our citizens set high standards for city service, but are cooperative, helpful and reasonable in expectations. The City Council provides leadership, guidance, overall goal setting and tremendous support. The City's management and executive team provides administrative leadership and team management. The real "heavy lifting" is done by our outstanding employees providing direct and support services in each city department.

Success 1: Annexation Initiated - Ranches

Value to our Citizens:

- > Protects Interest and Values of our Community
- > Builds City Tax Base
- > Controls Growth, Especially around Airport
- > Potential Residential and Business Development
- > Potential for Affordable Housing

Success 2: JWK Ranch - Options

Values to our Citizens:

- > City Looking to the Future
- > Water Supply for Today and Future
- > Environmental Protection
- > Potential for Recreational Opportunities

Success 3: Improved Intergovernmental Cooperation with Tri-City Entities

Value to Citizens:

- > Protects the City Interests
- > Provides Strength at the State Government Level
- > Regional Approach on Local Issues
- > Can Save Taxpayers Dollars

Success 4: General Plan Adoption

Value to Citizens:

- > Plan Provides an Outline for our Future
- > Citizens having an Opportunity to Plan the Future
- > Protect Property Values
- > Outlines Objectives and Guidelines for Affordable Housing
- > Provides for a Sustainable City

Success 5: Elk's Opera House and Theater

Value to Citizens:

- > Economic Value to Downtown
- > Provides New Entertainment in the Downtown
- > Upgraded Facilities for Community Activities
- > Can Team-up with a Private Sector Investor

Success 6: Ponderosa Plaza Redevelopment

Value to Citizens:

- > Improved Traffic Flow around the Mall area
- > Save City Dollars and will bring New Dollars
- > Redeveloping the Plaza will bring new Business to the area
- > Help Maintain Retail Balance in our Community

Success 7: Hosted the Governor's Rural Development Conference

Value to Citizens:

- > Brought over 400 State, Federal and Private Sector Employees to Prescott filling nearly every Hotel Room in the Downtown, which equates to increase sales tax dollars.
- > Showcased Prescott to hundreds of private investors and tourists who will likely visit Prescott again for business and pleasure.

Success 8: Brought Police and Fire Staffing and Service Levels up to Full Compliment

Value to Citizens:

- > With the sworn police officers at full staff, resurrected the police community service officer positions to proactively address community concerns in keeping with Community Based Policing philosophy.
- > Bike Patrol reinstated providing more personal police services for our citizens.
- > Trained two firemen to paramedic status putting 22 paramedics available to the community.
- > Trained six firefighters at aircraft rescue school, five as hazardous material technicians, and re-certified twenty paramedics to national registry standards providing exceptional protection to our citizens.
- > Added two new Type 1 Fire Engines each equipped with 1,500 gallons per minute pumps, 500-gallon water tanks, foam pumps and space for full paramedic-service and rescue equipment.
- > Added new ladder truck, complete with a 75 foot elevated stream equipped for paramedic needs and structural firefighting.

Success 9: Invested over \$8 Million Dollars in Road Projects

Value to Citizens:

- > Completed major connector streets such as Rosser Street and Willow Creek Road.
- > Provided reconstruction on ten area collector streets.
- > Chip sealed over two dozen residential streets.
- > Invested \$50,000 in sidewalk replacement on public walkways.

Financial Issues:

State shared revenue estimates indicate that we have hit the bottom of the economic downturn and are beginning a slow climb. The City's share of the state income tax is up slightly at 2% over FY04 revised estimates. This, along with a 9% increase projected in the City's share of the state sales tax, will go toward maintaining basic service levels in the general fund service areas. The City's economic development program, which resulted in the opening of the Wal-Mart Supercenter and other businesses, has helped to provide the City with local sales tax growth of 15.2%.

The outlook for Prescott continuing to be a retail center is strong with a new major retailer scheduled to open a 165,000 square foot store during FY2005. Our position as a retail center can also be seen by comparing Prescott's \$671 sales tax per capita with the average of \$304 in our surrounding communities which have comparable sales taxes.

Our property tax revenue is \$2,685,518 (Primary \$1,000,493, Secondary \$1,685,025). Prescott's net assessed values for 2004 of \$419,845,946 represent over 25% of the county's total net assessed values even though Prescott has only 20% of the county's population and under 2% of the privately owned land.

Even with the current financial challenges, the City was still able to maintain its preference for pay-as-you-go capital funding, with the exception of the potential water ranch acquisition and shade hangar construction at the Airport.

All fund balance reserves have been maintained at the levels required by the policy and there is no plan to reduce or utilize any of the reserves.

Employee Compensation and Related Issues:

The significant increases in the cost of benefits that had to be addressed this year were:

Health insurance for employees (paid by the City) and for dependents (paid by the employee) is up 10%

The City's share of Public Safety Personnel Retirement costs increased. Police went from 15.74% to 17.28% of gross pay in FY2005. Fire went from 8.3% to 12.74% of gross pay in FY2005. Employees' share did not increase.

The payroll budgets include a 2% salary adjustment. The City has been able to maintain funding for merit increases, market sensitive bench mark adjustments, and the 35% subsidy for employees' dependent coverage. The allocation designated in prior years for pay-for-performance awards for exemplary employees was reestablished with .5% of salaries placed in each department's budget. As in years past, funding has been allocated for an employee recognition breakfast, employee picnic, Christmas party planned by employees, as well as service awards dinner.

In addition, longevity and equity issues existing in the Police and Fire Departments needed to be considered. Both sworn officers and firefighters were placed on a step pay plan to address these issues.

The City continues to have a large number of major projects planned or underway which, directly and indirectly, places an increased workload on existing staff. Population growth as well has affected our ability to deliver the current level of services. Achievement of Council goals has, of course, been a factor in staffing decisions. Listed below are staffing changes approved for FY2005.

New regular staff positions for FY2005 total 31.5 (net 22.37) full time equivalents and consist of the following:

City Manager's Office - Assistant City Manager (not funded)

This position plays a critical management role working closely with the City Manager and each department head. The Assistant will be responsible in working with the management staff on the development and implementation of Council-directed projects and programs. In addition, the Assistant will function as Acting City Manager in the City Manager's absence and would be responsible for overseeing the City's day-to-day activities. Although the position was approved for FY05, it will not be filled until FY06 so funding was not provided in this budget.

City Manager's Office - Secretary

In FY04, the Economic Development Division was moved from Community Development to the City Manager's Department. The administrative secretary who provided support to the Economic Development team did not transfer. This position is needed to provide support to the Economic Development team as well as the Assistant to the City Manager.

City Court - Court Clerk

Because of the continued growth in the number of cases in Prescott City Court, another court clerk is needed. The last new full-time clerk authorized was in 1982. This clerk is

necessary to provide superior customer service with a high level of customer satisfaction and services to be provided in an efficient, economic manner.

Administrative Services - Purchasing Manager

This new position was created to gradually free up staff members throughout the city from spending significant time on purchasing and procurement functions. This will in turn free them up to focus on their core responsibilities of providing services directly to our citizens. It will also lead to greater efficiencies and improved financial practices related to the procurement of goods and services.

Landscape and Urban Forestry - Landscape Maintenance Crew - 2.5 full time equivalents

As a response to the Council Goal for a clean and polished City, the landscape maintenance crew was created to allow the Parks, Recreation and Library Department to improve maintenance on all landscaped areas including the planters in the Central Business District.

Library - Library Assistant - 1.5 new - 1 reduction in temps

These three part-time library assistants will provide basic library assistance in the operation of the Prescott ConneXion. The additional assistants will increase the ability to provide services that citizens need, such as Passport Application Acceptance, and allow the Prescott ConneXion to maintain evening and weekend hours while reducing patron wait times at checkout. Temporary salaries were decreased by the addition of these new positions.

Library - Custodian - .5

This position would be converting a temporary employee to a part-time regular employee. It is believed by making this a regular position, the employee will have a higher personal commitment and loyalty to the City of Prescott along with higher levels of productivity.

Recreation Programming - Recreation Leader - 2.25 new

These positions would be converting temporary employees to part-time regular employees. Under the direction of the Human Resources division, the Recreation Programming was advised to revise the classification of certain temporary employees.

Police Communications - Regional Communications Director

This position is needed to build out and run the newly created Prescott Regional Communications Center. The Regional Communications Director will oversee and direct the daily operations providing better communication regionally and put the City of Prescott in a leadership role. The position will be partially funded by the surrounding entities participating in the Regional Communication Center.

Patrol - K-9 Officer

The Police Department will be able to increase the level of their well trained workforce by implementing this K-9 officer position. The position will be a new and innovative approach to quelling drug activity. In addition, the K-9 position will be able to reduce the risk to other officers when searching high risk areas. Funding for the K-9 program will be supplemented by a police grant.

Traffic - Motor Officer

With the addition of this officer, the Police Department will be able to be more responsive to neighborhood problems involving traffic issues. They will have a better opportunity to develop creative and innovative approaches to increasing public awareness regarding traffic safety.

Investigations - Community Service Officer - .75

This position is currently a temporary position that is being converted to a three-quarter time regular position. The Community Services Officer is invaluable in investigating cases, attaining criminal complaints and subpoenas. The position maintains relationships with the Courts, the prosecuting attorneys and the public.

Animal Control - Animal Control Officer

This increase in the Animal Control staff will better provide pro-active animal control service to the Tri-City area. The City of Prescott currently provides animal control services for the Prescott Valley Police Department and the Yavapai County Sheriff's Office. The additional staffing would place Animal Control Officers available to respond to requests for services during the day and expand these services into the weekend and evening hours; thus, reducing the number of sworn officer responses for animal related calls.

Fire Prevention - Fire Inspector

There are over 3,000 existing business, commercial, and industrial facilities in the City of Prescott that require annual fire inspections. Of these, only an estimated 900 can be done by the engine companies due to increased emergency activities. This additional fire inspector would help to perform the balance of the inspections required.

Fire Vegetation Crew - Fuels Management Supervisor

With wildfire being the number one threat of disaster to this community, the City of Prescott is committed to provide a comprehensive wildland program that prevents the loss of life and property for all people of our community. This position will manage the day to day operations of the fuels management crew and will complete the site specific wildfire risk assessment and coordinates the fuel reduction efforts to reduce wildfire risks.

Fuel Tech/Wildland Firefighters - 8 Wildland Firefighters

The eight Wildland Firefighters will serve as skilled crew members of a wildland fire suppression and/or fuels management crew. Non emergency activities will include, but not be limited to: brush and fuel removal around private and public property, meet with homeowners to provide defensible space assessments, fell and remove dead trees, instruct and attend training relating to prevention, suppression and rehabilitation of wildland fires. The cost of the firefighters will be offset by a reduction in overtime and grant funding.

Public Works - Engineering Secretary

This position is to restore the secretary position that was eliminated during the reorganization combining the Environmental Services Department with the Public Works Department. The Engineering Secretary will provide a single contact point for Utilities, Streets, Engineering, Construction Services and Administration.

Public Works - Utilities Engineer (Civil) - 50% Water Fund/50% Sewer Fund

Under the supervision of a registered professional engineer, this position will perform professional level engineering work in the research, design, engineering and construction of Public Works utility projects.

Public Works - Utility Workers - 2 positions (1 Water/1 Sewer)

The two new utility workers were approved to help catch-up and maintain necessary service levels in the operation and maintenance of the ever increasing and aging utilities infrastructure. One utility worker will be funded from the water fund while the other will be paid for out of the sewer fund.

Public Works - Solid Waste - Two Equipment Operators

These two positions would provide manpower required to meet current and additional workloads, corresponding to a higher level of service. In previous years, the Sanitation Division has expanded services to our customers without expanding staffing. Funding the two new positions will allow two bulk item cleanups in the year without compromising the service and safety of the regular collection route staff.

The authorization of the above new positions reduces temporary/seasonal staff by 4.5 full time equivalents. One half-time Safety Officer in Risk Management, two Utility Workers in the Water Fund, and one Traffic Engineer in Streets were eliminated during the budget process.

The City's staffing level now stands at 509.375 regular employees and 29.375 season/temporary employees. This total includes the Assistant City Manager who is not funded during FY05. Also included in the total are the seven Mayor and Council positions.

For an easy reference to determine which departments had changes in funded positions, please see the following chart.

Regular Staff Positions

Regular FTEs	FY03	FY04	FY05
General Government	30.50	31.25	34.25
Administrative Services	6.35	6.35	4.85
Budget/Finance	23.70	23.20	22.20
Community Development	23.00	26.50	26.50
Parks, Rec & Library	64.65	65.90	65.78
Police Dept + Grants	102.75	107.50	111.50
Fire Dept + Grants	63.50	64.00	74.00
Total General Fund + Grants*	314.45	324.70	339.08
Central Garage	7.15	7.10	7.20
Self Ins & W/C Funds	2.60	2.60	1.90
Facilities Maintenance	-		6.68
Engineering Fund	24.65	23.45	24.50
Total Internal Service Funds	34.40	33.15	40.28
Water Department	36.20	34.89	33.67
Sewer Department	26.70	27.00	28.50
Sanitation/L-F/Recycling	12.95	15.04	16.23
Transfer Station	5.35	5.95	6.10
Airport Operations	12.50	12.75	12.80
Golf Course	28.40	28.40	28.60
Total Enterprise Funds	122.10	124.03	125.90
Streets (HURF)	30.15	34.50	33.50
Total Regular Staff Positions*	501.10	516.38	538.76

The City has continued its partnership with Yavapai College, Yavapai County, and the town of Chino Valley in the self-insured employee and dependent health insurance program known as the Yavapai Combined Trust. This partnership has enabled each of our organizations to keep employee benefit costs at a

more affordable level compared with purchasing insurance in the private market. Nevertheless, due to rising medical costs, it was necessary to include a 10% increase for premiums in the FY2004-2005 budget. Additionally, as part of its employee compensation and benefit package, the City will maintain the subsidy toward dependent insurance coverage with the Trust at 35% of the cost of the "Preferred Plan". The City will continue to provide a monthly subsidy of \$45 toward the cost of dependent health insurance purchased outside the Yavapai Combined Trust for those employees enrolled as of June 30, 2002. New enrollment for this benefit was discontinued as of July 1, 2002.

Capital Investments to Maintain Quality Basic Services:

With only a few modifications, the capital investments included in the FY2004-2005 budget are part of the Five-Year Capital Improvement Plan adopted during the FY2003-2004 budget process.

Water Fund

The major funding allocation in the Water Fund is \$31,300,000 for exploration and potential purchase of a Water Ranch as an alternate water resource for the City of Prescott.

Other notable projects in the Water Fund include

- large reservoir rehabilitation to secure and protect water quality from any outside contamination and/or deterioration and to maintain compliance with Arizona Department of Environmental Quality (\$3,000,000);
- Mullen Way Water Improvement District (\$650,000); and
- design and construction of an additional booster facility at the Chino Production Improvements (\$650,000).

Each year the City plans several ongoing capital projects such as replacement of undersized water service lines, the small reservoir maintenance program, meter replacement program, fire hydrant upgrades along with miscellaneous equipment replacements.

Sewer Fund

Within the Sewer Fund, the largest allocation is \$1,000,000 for the North Prescott Regional Force Main Replacement. Funding for sewer main replacements/improvements necessitated by street projects is \$750,000 while \$1,750,000 has been budgeted for potential improvement districts.

Like the Water Department, the Sewer Department each year plans several ongoing capital projects such as recharge cell cleaning at the Wastewater Treatment Plant, lift station rehabilitation, manhole rehabilitation, etc. Equipment replacement was minimal: a jet rodder (\$165,000) and a 1/2-Ton pickup.

Solid Waste Fund

The Sanitation Division's equipment budget was hit hard this fiscal year. The major expenditure is \$590,000 for three collection vehicles. All three vehicles are replacements.

Transfer Station

Capital Outlay of \$200,000 is for a master plan and design for the transfer station facility. It is expected the transfer station will be over capacity in FY06 creating a safety risk to our customers. The actual construction of the facilities as recommended in the master plan is scheduled for FY06.

Airport Fund

A diverse assortment of infrastructure projects totaling \$4.6 million is grant funded for FY2004-2005 with the City's share of these grants being \$478,460. Two notable projects in this fund are the Airport Terminal Design (\$392,500) and the New Shade Hangar construction (\$1,630,378).

Golf Course

With a vacancy in the Golf Course Manager position, no specific capital outlay and projects were provided for in the FY2004-2005 budget. \$200,000 is in the contingency line item for any capital purchases or projects the new Golf Course Manager deems necessary.

Streets

Street maintenance operations continue to be funded at a level in excess of \$3.0 million. Maintenance operations include snow removal, striping (in-house and contractual), signage, signal maintenance, installation of new street lights including maintenance through Arizona Public Service, drainage improvements, brush and weed removal, crack sealing, pothole patching, unpaved road grading, contributions to improvement districts for unpaved roads, and electricity for the street light system and traffic signals.

1% Tax - Streets and Open Space Fund

Included in the FY2004-05 budget is \$2.0 million for potential open space purchases. Also in this fund, is over \$18.0 million in street projects such as Phase IV of Willow Creek Road (\$2.6 million), right-of-way purchases and construction for the Iron Springs Road Widening project (\$4.4 million), Ponderosa Plaza Drive reconstruction in the amount of \$1.7 million, and \$1.1 million for the SR89 Widening.

General Fund

There are other departments/divisions providing basic services (administration, city court, legal department, parks programs and maintenance, library services, building inspection, planning and zoning, economic development, police, fire, etc.) All have been funded to provide quality service at the levels currently offered Prescott residents.

There is no notable capital outlay and projects in the General Fund in FY2004-2005.

FUTURE ISSUES

The City of Prescott faces a number of issues in the coming years. Some of these issues are high priority and need addressed soon; others can wait until funds are available.

Annexation of Ranches

In November 2003, the City entered into a preliminary development agreement with Granite Dells Ranch and Point of Rocks Ranch ("The Ranches") providing for annexation of 7,200 acres. The balances of those properties are anticipated to be annexed into the Towns of Chino Valley and Prescott Valley. Upon completion and submittal of land use and infrastructure master plans by The Ranches, a more detailed development agreement is to be negotiated for annexation purposes.

New Airport Terminal

Council has identified the Prescott Airport as a must in our long-term economic development plan. A new terminal has been discussed in the past and Council now supports moving forward with this project. This expansion would allow us to service additional carriers and commuter flights. \$392,500 has been included in the FY2004-05 budget for the design of the new airport terminal. A portion of the funding will come from federal and state grant.

Continued Development of Industrial Airpark

To remain competitive in the industrial market, Prescott must continue to attract and maintain top quality sites that will allow for future growth and stand as an entry way into our city.

Development of a Hotel/Convention Center

Currently there are no hotel conference centers within the city limits of Prescott. Prescott is also without a quality timeshare project. Both hotel and timeshare would be a valuable asset in our economic development efforts when new businesses come into town. A conference center would allow the city to compete in the meeting-conference market.

Long Term Plan and Design for Transfer Station

The Transfer Station was opened in 1991 with the design capacity of 250 tons per day. Due to increased growth within the region, the facility is reaching its design capacity. In the FY2004-2005 budget, \$200,000 is included for the Master Plan and Design for the Transfer Station. The master plan would include the expansion of the existing facility to increase capacity, as well as providing facilities for the additional programs run through the transfer station (County tire yard, inert debris pile, glass crusher, air burner). It is anticipated that construction on the expansion will begin in FY2006; thus, the inclusion of \$1.5 million in the Capital Improvement Program.

SR 69/SR 89 Highway Corridors and Interchange

Future ADOT highway capacity improvements in the SR 69 and SR 89 corridors, including a new interchange, continue to move ahead toward construction. Major fill placement along the north side of SR 69 westerly of Gateway Mall has facilitated both widening to 6 lanes, and the connector between the two corridors planned by the Yavapai-Prescott Tribe. In conjunction with the Interchange project now under design and schedule for construction beginning FY05, ADOT has moved up widening of SR 89 to 5-lanes from the Yavapai-Prescott Tribe boundary near Sundog Ranch Road, northerly past Willow Lake Road, in the same timeframe. The City is participating in the SR 89 project financially in the total amount of \$1.2 million in FY05; following completion, this segment will be transferred to the City for operation and maintenance.

Open Space Acquisitions

The City was approached by open space advocates to advance the schedule for purchasing open space properties and, therefore, responded to their concerns by budgeting \$2,002,000 in FY2004-2005. The Five-Year Capital Improvement Program reflects an additional allocation of \$12,545,000 from FY2006 through FY2010. Council authorized formation of a citizens' committee to study and recommend strategies for acquiring open space properties. To date, the City has expended \$2+ million for such properties. Although Council, following the 2000 referendum, approved \$40.7 for open space purchases, the City must continue the completion of the assured and supplemental street construction projects promised in both referendums for the additional 1% sales tax. Council will face the choice of allocating the 1% sales tax funds for open space purchases or for street projects next year.

Trails Expansion

The City's Trails and Open Space Division currently has grants totaling \$1,060,084 for rights-of-way and construction of trails. All are carry-overs from FY2003-2004. Negotiations with landowners for acquisition are ongoing and promising. Administrative procedures with Arizona Department of Transportation are being worked through. This must be accomplished before funds can be spent. These grants will add approximately ten miles to our existing 22+ mile system.

It is unknown when/if we will pursue Growing Smarter Land Conservation grants for open space. It depends on what recommendations the Mayor's new Open Space Acquisition Advisory Committee develops. The soonest we could pursue open space grants would be February, 2005.

SUMMARY

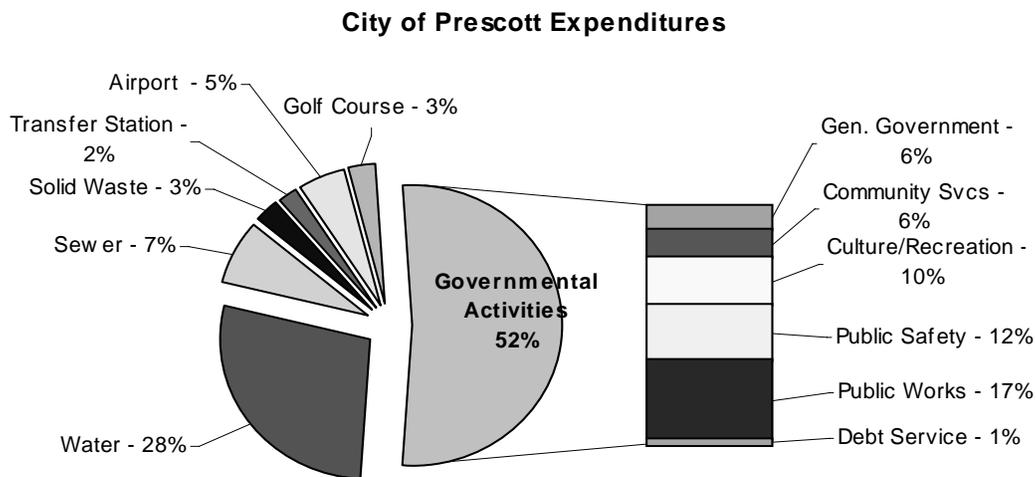
The FY2004-2005 budget consists of two different components - the operating budget and the capital budget. The operating budget is \$61,641,785 representing a 17% increase from FY2003-2004. The operating budget is comprised of the costs to continue operations from year to year without any capital expenditures. It encompasses all the basic services provided to Prescott's residents: police and fire protection; parks, recreation, and library services; water; sewer; solid waste collection including recycling; streets maintenance; planning and zoning; building inspection; economic development and administrative services. The operating budget has been prepared without an increase in taxes.

The second component, the capital budget, is set at \$103,292,642, a 452% increase over FY2003-2004. It includes projects and new programs that are included in the five-year plan and considered affordable

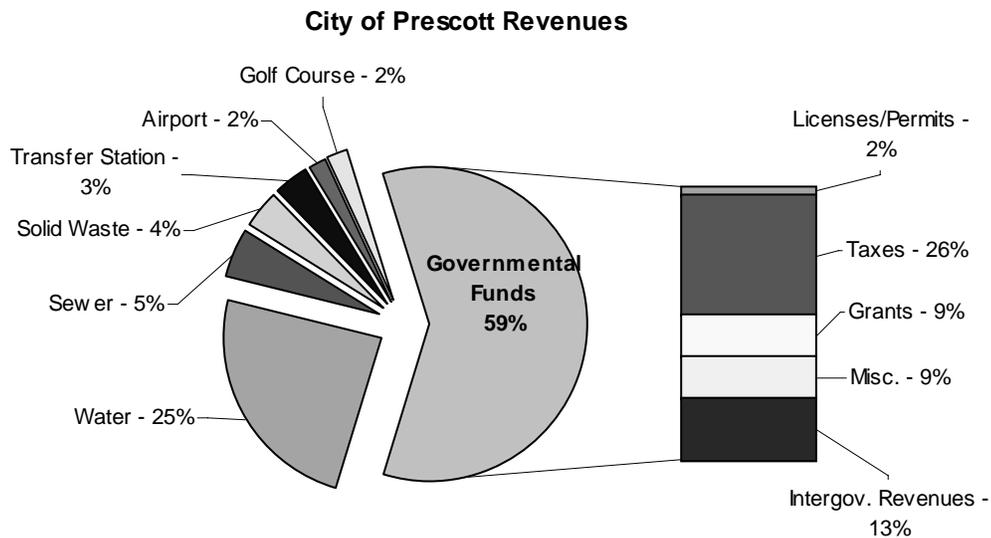
within current revenue sources or planned debt issuance. Capital budgets tend to rise and fall each year depending on the timing of projects - especially if a city, such as Prescott, is primarily on a “pay-as-you-go” program. The wide variation between the estimated ending in FY2003-2004 and the budgeted amount for FY2004-2005 is the result of two factors: first, some large projects budgeted in FY2003-2004 were not completed as planned and have been carried over to FY2004-2005; and, second, the \$31,300,000 allocation for the purchase of the Water Ranch as a water resource for the City. These two factors are responsible for the inordinately large increase in the capital budget.

The operational and capital components bring the total budget for FY2004-2005 to \$164,917,521.

The pie chart below shows how the FY2004-2005 expenditures of \$164,917,521 are spread percentage-wise among the various Enterprise Funds and Governmental Funds.



FY2004-2005 revenues of \$106,656,801 are shown below in the same format for your easy comparison.



The ensuing table summarizes beginning fund balances, revenues, expenditures, other financing sources, transfers in and out, and ending fund balances for the City’s major fund types. The fund balance levels are

sufficient to maintain adequate cash flow and a reserve to cover unanticipated expenditures and revenue shortfalls.

**Summary of Revenues and Expenditures
FY2004-2005**

	FY04 Estimate	FY05 Budget				Total
	Total	General Fund	Special Revenue Funds	Other Funds	Enterprise Funds	
Beginning Balance, 7/1	\$ 59,381,151	\$ 7,425,739	\$ 29,883,399	\$ 3,716,381	\$ 20,963,073	\$ 61,988,592
Revenues						
Taxes	27,052,037	15,160,226	11,900,900	2,186,645	-	29,247,771
Intergovernmental Revenues	15,561,070	9,527,633	9,943,367	-	18,154,149	28,097,516
Licenses and Permits	4,729,957	1,176,800	1,182,000	-	3,742,590	4,924,590
Charges for Services	21,409,519	525,450	198,996	5,829,792	21,783,730	27,812,518
Fines and Forfeitures	275,653	276,500	-	-	-	-
Rentals	1,557,355	-	14,400	-	1,807,798	1,822,198
Gifts and Donations	-	-	380,000	62,500	-	442,500
Interest Income	976,708	125,000	198,400	20,425	400,000	743,825
Miscellaneous	1,907,660	209,450	1,603,744	600	245,706	2,059,500
Total Revenues	73,469,959	27,001,059	25,421,807	8,099,962	46,133,973	106,656,801
Expenditures						
Current Operating						
General Government	3,134,565	3,259,260	-	-	-	3,259,260
Community Services	1,905,076	2,071,056	-	-	-	2,071,056
Culture and Recreation	4,342,822	4,704,294	829,678	-	-	5,533,972
Public Safety	11,995,929	13,723,360	-	-	-	13,723,360
Water	4,694,372	-	-	-	4,866,591	4,866,591
Sewer	2,874,595	-	-	-	3,332,889	3,332,889
Solid Waste	3,677,712	-	-	-	4,578,997	4,578,997
Transfer Station	3,227,456	-	-	-	3,369,957	3,369,957
Airport	970,369	-	-	-	1,018,268	1,018,268
Golf Course	1,726,240	-	-	-	1,729,151	1,729,151
Public Works	3,642,771	-	3,802,485	-	-	3,802,485
Internal Services	3,476,779	-	-	4,675,871	-	4,675,871
Debt Service	2,448,365	-	-	2,186,645	7,476,377	9,663,022
Capital Outlay	22,840,849	706,520	45,868,369	3,339,515	53,378,238	103,292,642
Total Expenditures	70,957,900	24,464,490	50,500,532	10,202,031	79,750,468	164,917,521
Other Financing Sources (Uses)						
Bond Issue	95,382	-	-	-	23,600,000	23,600,000
Lease/Purchase Proceeds	-	-	-	-	1,630,378	1,630,378
Transfers In	3,730,739	30,000	5,175,341	330,500	478,460	6,014,301
Transfers Out	(3,730,739)	(2,850,371)	(3,163,930)	-	-	(6,014,301)
Total Other Financing Sources (Uses)	95,382	(2,820,371)	2,011,411	330,500	25,708,838	25,230,378
Ending Balance, 6/30	\$ 61,988,592	\$ 7,141,937	\$ 6,816,085	\$ 1,944,812	\$ 13,055,416	\$ 28,958,250

COMMUNITY PROFILES AND TRENDS

Located in the mountains of north central Arizona approximately 90 miles northwest of Phoenix and 90 miles southwest of Flagstaff, the City borders the Prescott National Forest to the south and west. The average elevation is 5,400 feet. The local climate is mild, with average high temperatures ranging from fifty degrees to ninety degrees F and the average precipitation recorded at 19.8 inches, most of which is rain. Prescott and the nearby towns of Chino Valley and Prescott Valley form what is known locally as the Tri-City area.

Prescott was founded in 1863 and incorporated in 1883. During the late 1800s, Prescott twice served as the territorial capital, and the Governor’s Mansion is now preserved at the Sharlot Hall Museum. The City Charter under which Prescott is presently governed was adopted in 1958 and has been amended from time to time since then. The charter allows Prescott to determine its governmental structure, control its elections and establish its own taxing system.

The council-manager form of government was also adopted in 1958. The Mayor is elected on a nonpartisan ballot to represent the entire City for a two-year term. The six members of Council are elected at large for four year terms on a nonpartisan ballot. Three of the six positions and the Mayor’s position are up for reelection at the same time. Under the provisions of the City Charter, the Council appoints a City Manager who is responsible for carrying out its established policies and administering operations.

The early economy of the area centered on cattle ranching and mining.

Following a fire in 1900 which destroyed much of Prescott’s commerical district, most buildings in the downtown area were reconstructed of brick, providing today’s rich architectural heritage.

The City has experienced moderate growth since 1975 with the population increasing from 16,888 to 39,450 in 2004. As of July 1, 2004 the city encompasses 38.52 square miles.

Major employers in the City of Prescott are County of Yavapai, Yavapai Regional Medical Center, Veterans Administration, Prescott Unified School District, State of Arizona, City of Prescott, Embry Riddle Aeronautical University, Yavapai College, Sturm Ruger Manufacturing, West Yavapai Guidance Clinic, U. S. Forest Service, Prescott Newspapers, PriceCostco, Fortner & Gifford, and Wulfsburg Electronics.

Dubbed “Everybody’s Hometown”, Prescott is culturally diverse from its downtown Courthouse Plaza, famous Whiskey Row, preservation emphasis with 713 buildings on the National Register of Historic Places, World’s Oldest Rodeo, Prescott Fine Arts Association, Sharlot Hall Museum, Phippen Art Museum, Folk Arts Fair, Frontier Days, and Territorial Days to its official designation by the State of Arizona as “Arizona’s Christmas City”.

The following statistics are presented to provide a “snapshot” of Prescott residents, the city’s financial condition and infrastructure.

Demographic Profile	1980	1985	1990	1995	2000
Population	20,055	21,335	26,455	30,606	33,938
% of Population by Age					
Under 5	5.6	5.2	4.6	4.1	3.7
5 - 19	20.6	17.4	16.4	16.6	15.7
20 - 44	28.6	31.1	30.6	28.4	26.5

45 - 64	23.8	23.5	22.1	24.2	27.3
65+	21.5	22.9	26.4	26.7	26.8
Demographic Profile	1980	1985	1990	1995	2000
% of Population by Race					
Caucasian	95.2	98.2	95.2	95.6	92.9
Black	0.7	0.4	0.5	0.4	0.5
Indian	1.2	0.9	1.2	1.4	1.3
Asian/Pacific Islander	0.4	0.4	0.6	0.8	0.9
Hispanic	7.9	7.1	7.1	8.6	8.2
Other	2.5	0.1	2.5	1.7	3.3

Median Household Income - Note 1	\$17,637	Not Avail	\$29,473	Not Avail	\$34,041
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City Financial Profile	1980	1985	1990	1995	2000	2005-Est
Total Operating Budget (000s)	\$9,408	\$20,446	\$50,500	\$38,243	\$34,899	\$57,338
Total Regular Employees (See Note 2)	265.5	311.4	245.62	361.63	426.45	509.375
Total Employees Per 1000	12.9	14.6	13.1	11.8	11.9	12.9
Assessed Valuation (000s) (See Note 3)	45,096	77,574	127,538	171,735	258,730	419,256
Property Tax Rate	0.6383	0.9541	1.1476	1.1135	0.8236	0.6146
City Prop Tax Paid Per Capita	\$15.19	\$36.51	\$57.01	\$63.00	\$63.26	\$68.05
City Sales Tax Rate (See Note 4)	1.0%	1.0%	1.0%	1.0%	2.0%	2.0%
City Sales Tax Paid Per Capita (See Note 5)	\$86.19	\$122.50	\$138.23	\$170.00	\$217.29	\$317.64

Infrastructure Profile	1980	1985	1990	1995	2000	2005-Est
Area	23.72	24.19	31.14	33.84	37.24	38.52
Police						
Police Employees (Note 6)	49	65	82	81	97.25	111.5
Number of Citations	4,884	4,217	5,829	6,872	6,495	6,844
Fire						
Number of Stations	4	3	4	5	5	5
Fire Employees (Note 6)	52	46	57	52	57	74
Building Inspections						
Value of Permits Issued (000s)	\$16,092	\$36,537	\$36,261	\$65,878	\$110,874	\$166,699
Number of Permits (Note 7)	3,004	3,157	1,301	1,518	1,559	1,970

Streets and Alleys

Total Miles	132.33	143.67	164.22	180.65	192.33	237
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Infrastructure Profile	1980	1985	1990	1995	2000	2005-Est
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Solid Waste Collection

Residences Served	6,250	6,776	8,493	10,533	12,590	14,787
Refuse Collected (Tons)	18,798	22,500	93,730cy	39,408	29,000	33,876

Wastewater

Number of Connections	6,821	8,067	8,944	12,006	12,609	15,478
Miles of Lines	135.72	250.00	498.00	519.26	587.78	647.12

Parks & Playgrounds - Number Developed	18	15	19	24	24	21
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Golf Courses	1	1	1	2	2	2
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Libraries

Number of Libraries	1	1	1	1	1	1
Circulation of Materials	314,380	325,000	370,000	466,475	756,393	943,107

Note 1: Median Household Income based on Census Data for 1980, 1990 and 2000; Median Household was not collected during special Census Years of 1985 and 1995.

Note 2: Regular Employees does not include part-time temporary or seasonal employees.

Note 3: Property tax reform legislation approved by the voters on June 3, 1980 created primary and secondary valuation basis. Prior to that year there was only one assessed valuation for the City.

Note 4: From the period of November 1, 1985 through the period of October 31, 1990, the City had a 2.0% transaction privilege tax rate. The proceeds from the additional 1.0% tax were restricted for the construction of three major street projects. This additional tax is not included in the table above. In September, 1995 the voters approved an additional 1.0% sales tax, effective January 1, 1996 for a ten year period, for street repairs and improvements.

Note 5: Although the exact impact of part-time seasonal residents and tourists on the sales tax collections is not known, there is a correlation between spending by local residents and non-residents.

Note 6: Includes 1 Grant employee in Police and 8.3 Grant employees in Fire.

Note 7: In FY89, the Building Department changed from a multi-permit to a one-permit system which distorts the comparison of number of permits issued between 1985 and subsequent years.

BUDGET PROCESS, BUDGET AMENDMENTS AND BASIS OF PRESENTATION

FY2004-2005 BUDGET PROCESS

Each year, using a modified zero-based budgeting process, the City of Prescott's budget is developed by the Budget and Finance Department in conjunction with the individual departments, the City Manager, the Council Finance Subcommittee, the Mayor and Council, citizen advisory groups, and general citizen input.

FY2004-05 Budget Calendar	
January 16-17	Held Council Retreat on Goals and Objectives.
January	Provided Department/Divisions with Budget Preparation Manual for FY2004-05.
April 5-16	Review of base budgets, capital, new personnel, and issues by Manager, Budget Department, and each Department.
May 26-27	Budget presented to full Council and public at a workshop.
June 8	Council adopted tentative budget and set June 24 as date for public hearing on final budget, expenditure limitation, and tax levy.
June 14 and 20	Published tentative budget and public hearing notice.
June 22	Public hearing on final budget, Council adoption of final budget and five-year capital improvement program, and establishment of expenditure limitation.
July 13	Council adopted property tax levy ordinance.

The Budget and Finance Department produced a new Budget Preparation Manual in January to assist department/division heads, supervisors, and budget coordinators in developing and entering their FY2005 budgets. Along with the FY2005 budget preparation detail, forms, instructions, and information regarding the preparation of the Five-Year Capital Improvement Program (2006-2010) were provided to all department heads at this time.

Base budgets (the costs associated with providing current levels of service for the following year) were submitted by the departments electronically by March 12 to the Budget and Finance Department. The deadline for decision packages (requests for new positions, capital equipment or new programs not submitted in the Five-Year Capital Plan) was March 19. Payroll forecasts were entered by the Budget and Finance Department. Input was provided by the departments concerning temporary/seasonal employment needs as well as overtime requirements. Lists of capital outlay and projects budgeted for in FY2004 but not expected to be received or completed by June 30, 2004, were needed to determine estimated expenditures in FY2004 and the carry forward amounts for FY2005.

Meetings with each department, the City Manager, and the Budget and Finance Department for the purpose of internal review of bases, additional decision packages, and any issues that may effect the budget were held the first two weeks of April.

After these meetings were completed, a proposed balanced budget was prepared for submittal to the full Council and public at workshops held May 26 and 27, 2004.

Expenditure Limit Hearing: The City currently operates under the Home Rule Option which has been approved by the voters. As part of that process, a public hearing is mandatory. At the Council meeting of June 8, 2004, the hearing date was set for June 22, 2004.

Tentative Adoption: On June 8, 2004, Council adopted the tentative budget and set June 22, 2004, as the date for the public hearing on the final budget, expenditure limitation, and tax levy for fiscal year 2005. Upon tentative adoption, the budget becomes the City Council's program of services for the ensuing fiscal year. The Council may later reduce or adjust the budget; however, the total may not be increased.

Final Budget Adoption. Adoption of Five-Year Capital Improvement Plan, and establishment of Expenditure Limitation: On June 22, 2004, the final budget and the five-year capital improvement plan were adopted and the expenditure limitation was established (Resolution 3608). No public comments were received.

Property Tax Levy: Adoption of the property tax levy ordinance follows fourteen days later, or July 13, 2004, in accordance with State Law.

AMENDING THE BUDGET

Control of each legally adopted annual budget, according to City Charter, is at the department level. The City Manager may at any time transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditure (line items) within an office, department or agency. The City Manager generally gives authority to department heads to exceed one line item as long as other line items are reduced by a like amount. These arrangements are usually made directly between the requesting department and the Budget and Finance Department.

At the request of the City Manager, the Council may transfer any unencumbered appropriation balance or portion thereof between one office, department or agency to another.

Pursuant to Arizona Revised Statutes, "No expenditure shall be made for a purpose not included in such budget . . ." Thus a Council Contingency is included within the General Fund to accommodate most unplanned expenditures. The other option in amending the budget, according to state law, is for the Council to declare an emergency and then transfer the monies from one project to another. In essence, any approved Council transfers do amend the budget although the budget is never reprinted. All transfers are reflected on the following year's legal schedules as required by the Auditor General's Office.

BUDGET BASIS

The City of Prescott budget as adopted is substantially consistent with generally accepted accounting principles (GAAP) with major differences being (1) encumbrances are treated as expenditures at fiscal year end; (2) certain liabilities, such as vacation and sick pay, are not accrued at year end for budget purposes; (3) interest expense has been accrued for GAAP in some general fund departments, but not expenses in the budget comparisons; (4) depreciation is not budgeted as an expenditure in budgetary accounting; and (5) capital outlay is an expenditure in budgetary accounting and an asset in GAAP.

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City of Prescott uses the following funds in its budget process:

The **GENERAL FUND** is established for the revenue and expenditures necessary to carry out basic governmental activities of the City such as police protection, recreation, planning, legal services, administrative services, etc. General Fund expenditures are made primarily for current day-to-day operating expenses and operating equipment. Capital expenditures for large-scale public improvements, such as

parks or streets, are accounted for elsewhere in the Special Revenue Funds, Capital Project Funds, Enterprise Funds or Expendable Trust Funds.

SPECIAL REVENUE FUNDS are used to account for revenues derived from specific taxes or other earmarked revenue sources. These funds are usually required by statute, charter provision or ordinance to finance particular functions or activities. The Special Revenue Funds listed below are used by the City of Prescott.

Highway Users Fund - This fund is used to account for the operation of the Street Department. Financing is provided by the City's share of State gasoline taxes. State law requires these gasoline taxes to be used to maintain or construct streets.

Streets and Open Space - 1% Additional Tax - In September, 1995, the voters approved increasing the sales tax rate from 1.0% to 2.0% for the purpose of street repairs and improvements for a ten year period effective January 1, 1996. In May, 2000, the voters expanded the use of the funds to include open space acquisitions and extended the sunset to January 1, 2016. The accumulation and expenditure of these funds are accounted for in this area.

Transient Occupancy Tax Fund - In 1987 the voters established a two percent (2.0%) transient occupancy (hotel/bed) tax. By ballot provision, these revenues can only be used for tourism promotion and development of recreational facilities.

Grants Funds - This represents a group of funds which expend grant monies received for various projects. Grant funds must be used for the stated purpose of the grant and must meet grantor expenditure guidelines.

Impact Fee Fund - This fund represents a group of accounts which expend impact fees received to offset the cost of growth related projects.

Capital Improvement Fund - This fund, established by Council policy, receives revenues from the sale of unrestricted municipal property and transfers of General Fund unobligated reserves for the purpose of general capital improvements for infrastructure improvements, special capital projects as approved by Council or improvements to existing City facilities.

CAPITAL PROJECTS FUNDS are established to account for the purchase or construction of major capital facilities other than those financed by Proprietary Funds or Trust Funds.

DEBT SERVICE FUNDS are established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The City of Prescott's Debt Service Fund was established during FY1999 to pay for the principal and interest of general obligation debt for the police station construction and the Watson and Willow Lakes water rights and land purchase as well as improvement district bond payments.

ENTERPRISE FUNDS are established to account for operations that (1) are financed and operated in a manner similar to private business operations where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City of Prescott has seven enterprises as follows:

Water Fund - To account for the provision of water services to the residents of the City and some residents of the County. All activities necessary to provide for water services are accounted for in this fund.

Sewer Fund - Previously this fund was combined with the Water Fund. However, beginning in FY94 this fund accounts for the provision of sewer services to the residents of the City. All activities necessary to provide for sewer services are accounted for in this fund.

Golf Course Fund - To account for the provision of year-around golf to the residents of the City, County and visitors to the area. Beginning in FY94, the Golf Course was established as a separate department. Prior to FY94 the Golf Course was under the direction of Recreation Services.

Airport Fund - To account for the provision of airport services to the general aviation and commercial flying public. Services include fueling, hangar and tie down rentals, etc.

Solid Waste Fund - To account for sanitation, landfill, and recycling services provided to City and County residents. All activities necessary to provide these services are accounted for in this fund. Since April of 1994, only fill materials have been accepted at the City's landfill.

Transfer Station Fund - To account for the operations of the City's transfer station. This facility was opened in September, 1991 and all activities necessary to provide this service are accounted for in this fund.

Parking Garage Fund - To account for the operations of the City's parking garage. This facility is expected to be completed in FY2004.

EXPENDABLE TRUST FUNDS are used to account for assets held by a government unit in a trustee capacity for others. Expendable trust funds are those whose principal and income may be expended in the course of their designated operations. The City of Prescott maintains the Acker Trust Fund to account for assets willed to the City of Prescott by J.S. Acker. Revenue from investments and land sales are to be expended for cultural and recreational purposes only.

The City also maintains the Flexible Spending Account, Miscellaneous Gifts Trust Fund and Employee Relations Fund as expendable trust funds.

INTERNAL SERVICE FUNDS are used to account for services and commodities furnished by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's Central Garage, Engineering Services, General Liability Self Insurance, Workers' Compensation Insurance, and Facilities Maintenance Fund are operated as Internal Service Funds.

GENERAL BUDGET, DEBT & INVESTMENT POLICIES

BUDGET POLICY

Background

The focus of the City of Prescott's budget policy is the process by which a budget is formulated from departmental requests to the Mayor and Council adoption, including the adoption of the Five-Year Capital Improvement Plan and other issues presented to the Mayor and Council during the budget process.

A budget policy addresses the authorization levels for the approval of the annual budget and all budget adjustments for revenues and expenditures of all funds.

Standards

Generally accepted accounting principles (GAAP)

Government Finance Officers Association's (GFOA) Criteria for Distinguished Budget Award

Constitution of the State of Arizona

Arizona Revised Statutes (ARS)

Prescott City Code

City of Prescott Charter

Fund Reserves

Sound financial policy requires the establishment of appropriate fund balance levels to maintain adequate cash flow and a reserve to cover unanticipated expenditures and revenue shortfalls.

The following General Fund balances will be maintained through the budgeting process:

- Reserve of amounts for inventories, advances to other funds, or other amounts unavailable for appropriation.
- Designation of amounts re-appropriated from unencumbered balances for the completion of projects in subsequent periods.
- An unreserved and undesignated balance equal to 20% of the Fund's operating revenues: 10% to be used for the cash flow need due to timing differences between receipts and disbursements during the fiscal year and 10% that can only be used with approval of the City Council to cover unanticipated expenditure and revenue shortfalls.

All other fund equities will be maintained to meet the objectives of the fund.

Budget Objectives

The Mayor and Council of the City of Prescott annually set priorities for the City and the budget objectives will be consistent with such priorities.

The budget objectives will provide policy direction for the formulation of the City of Prescott's proposed budget and the budget schedule will identify important dates throughout the budget preparation and adoption period.

The following issues shall be considered in the development of budget objectives:

- Adoption of budget and five-year capital improvement program
- Anticipated property tax rate levels
- Provision of employee compensation including pay for performance bonuses for City employees and market sensitive salary benchmark adjustments that will ensure that the City continues to retain and attract outstanding employees. The dependent health insurance subsidy shall be equal to thirty-five percent (35%) of the cost of the dependent health insurance of the “Preferred Plan” if purchased within the Yavapai Combined Trust. The City will continue to provide a monthly subsidy of \$45.00 towards the cost of dependent health insurance purchased outside of the Yavapai Combined Trust for those employees enrolled as of June 30, 2002. Enrollment for this benefit will be discontinued as of July 1, 2002. This subsidy shall be funded as a part of the base budget.
- Compliance with financial policies and maintenance of bond ratings.

The following items will be considered in conjunction with the budget preparation and adoption process unless it has been determined that the issues must be considered in a more expeditious manner.

- Ordinance changes involving fee/rate changes
- New positions or changes involving fee/rate changes
- Requests for long-term financing

The operating budget will be balanced with current revenues along with beginning fund balances less required reserves as established by City Council, greater than or equal to current expenditures.

In order to present the full cost of providing goods and services, it is necessary that all indirect costs be allocated to the service levels. General fund internal support and administrative costs will be allocated to the Enterprise Funds, Internal Service Funds, and Special Revenue Funds that benefit from the services being provided. The City’s cost allocation plan will be maintained in accordance with generally accepted accounting principles for governmental organizations. The internal support and administrative systems below will be allocated based on the following factors:

- A method that allocates costs in proportion to the support or benefit received
- A method that is clearly understood and easy to explain
- A measure that is readily available and easy to apply

General Fund Function	Allocation Basis
City Council	Total City budget
City Clerk	Total City budget
City Manager	Total City budget
City Attorney	Hourly billings
Budget and Finance	Direct allocations, remainder - total City budget
Administrative Services	Full-time equivalent employees in each fund
Information Technology	Number of computers in each division

Five-Year Capital Improvement Program (CIP)

CIP is a program for capital expenditures and a means of funding facilities, projects, equipment and vehicles with a unit cost greater than \$5,000 during the next five fiscal years.

The operating impact of proposed capital projects, including personnel, operating expenditures, capital outlay and debt service, as applicable, will be identified in the CIP document and considered in preparing the Five-Year Capital Improvement Program.

Financing of capital expenditures from available funds, pay-as-you-go-funding, is the least costly and most desirable method to cover capital expenditure. Every effort will be made in the CIP to accumulate funds to allow this method of funding.

Necessary capital expenditures, which are unable to be funded from available resources, will follow financing options and methods outlined in the Debt Management Policy.

Utility projects will be primarily funded by user fees as resources are available.

The program will identify all major budget assumptions, including the anticipated collection of revenues, use of fund balance, expenditures, future operating costs of capital improvements and proposed changes in service levels and fees.

The program will clearly illustrate proposed service levels and the means to finance such service levels over the five-year period.

Compliance with debt and fund balance policies shall be maintained for each year of the program.

The funding of on-going programs with nonrecurring revenues will need to be supplanted with on-going revenues and/or corresponding decrease in another on-going expenditure as identified in the five-year capital improvement program in order for on-going programs to continue.

Budget Preparation

The Finance Department and City Manager will establish a budget schedule by December 1 that will include important dates throughout the budget preparation period.

All departments will submit their budget requests to the Finance Department in accordance with the budget preparation schedule. Budget requests will include, but not be limited to, detail as to personnel, operating and capital requests, including five-year capital improvement program requests and performance measures.

The Planning and Zoning Commission shall review the City Manager's Proposed Five-Year Capital Improvement Program (CIP).

Budget workshops to provide detailed information on important budgetary issues will be scheduled with the Finance Subcommittee that consists of three council members.

Public workshops on the budget, CIP, ordinance changes and property tax rates shall be held in accordance with the budget calendar.

A public hearing on Expenditure Limitation and tentative adoption of the budget will occur on or before the third Monday in July. Mayor and Council will convene to adopt tentative budget and Expenditure Limitation.

Tentative budget and public hearing notices along with a notice of final budget adoption meeting shall be advertised once a week for two consecutive weeks following the adoption of the tentative budget.

If the proposed primary tax levy, excluding amounts attributable to new construction, is greater than the amount levied by the City the previous year, notification of the public hearing will be published. The following requirements will be met:

- The notice has to be published twice in a newspaper of general circulation in the city. The first publication shall be at least fourteen but no more than twenty days before the date on which the proposed

levy will be discussed. The second publication must be at least seven but not more than ten days before the hearing.

- The notice has to be published in a location other than the classified or legal advertising section of the newspaper.
- The notice must be at least one-fourth page in size and shall be surrounded by a solid black border at least one-eighth inch in width.
- The headline of the notice must read "Truth in Taxation Hearing - Notification of Tax Increase" in at least 18-point type and the text must be in substantially the same form as the statute.
- In lieu of publishing the notice, the City has the option of mailing the notice to all registered voters in the city at least ten but not more than twenty days before the hearing on the proposed levy.

A public hearing on budget adoption and property tax levy will occur on or before the 7th day before the tax levy is adopted.

Adoption of property tax levy will occur on or before the third Monday in August.

Budget Adoption

Following the public hearing on final budget adoption, Mayor and Council will convene to adopt the Final Budget and Five-Year Capital Improvement Program.

The budget is legally enacted through adoption of an appropriations resolution for all governmental and proprietary fund types, which places legal restrictions on expenditures at the department level.

For all funds, the level of control is at the department level as established by the City of Prescott Charter.

Although legal limits on expenditures are established at the department level, effective administrative control over expenditures is maintained through the establishment of a more detailed line-item budget.

At all times, the City will maintain compliance with the Arizona Revised Statutes in appropriating, advertising public notices, ordinance changes, requests for bond financing and any other legal restrictions imposed upon localities.

All appropriations and encumbrances unexpended at year-end lapse and are not available in the following year. Included with the budget resolutions is approval for the reappropriation of all encumbered balances.

As part of the adopted budget, all ordinance changes and other budgetary issues requiring Mayor and Council approval will be presented to the Mayor and Council for consideration.

All new positions and reclassifications approved in the budget will be effective July 1 of the new fiscal year unless presented differently to the Mayor and Council.

The Adopted Budget Document will be forwarded to the Government Finance Officers Association (GFOA) and other interested parties within 90 days of budget adoption for the Distinguished Budget Award program.

Budget Amendments

The City Manager may transfer any unencumbered appropriation between divisions within a department. Council will be notified of this transaction. Only the Council may transfer any unencumbered appropriation balance or portion thereof from one department to another.

If fund deficits are anticipated within a fiscal year, recommended spending reductions will be proposed by the City Manager and presented to the Mayor and Council during the fiscal year, in a timely manner, in order to sufficiently offset the deficit.

Budgetary Accounting

Budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) with the major differences being:

- Accrued compensated absences are not recognized as expenditures for budgetary purposes.
- Capital outlays for Proprietary Funds are treated as expenditures.
- Debt service principal payments are treated as expenditures for Proprietary funds.
- Capital grants in Enterprise Funds are budgeted as revenue.
- Depreciation is not budgeted as an expenditure.

DEBT POLICY

Background

A debt policy addresses the level of indebtedness the City of Prescott can reasonably expect to incur without jeopardizing its existing financial position and to ensure the efficient and effective operation of the City.

The debt policy shall conform to Federal and State Regulations.

A debt policy also addresses the purposes for the types of debt that will be issued.

The debt policy is to be used in conjunction with the Adopted Budget, the Capital Improvements Program and other financial policies as directed by Mayor and Council.

Planning and Performance

The planning, issuance and review of outstanding and proposed debt issuances will ensure that compliance with the debt policy is maintained.

The City may issue debt for the purpose of acquiring or constructing capital projects including buildings, machinery, equipment, furniture and fixtures.

Debt issuances will be pooled together when feasible to minimize issuance costs.

The City will prepare and adopt annually a Five-Year Capital Improvement Program to identify and establish an orderly plan to meet the City's infrastructure needs with all debt-related projects and the debt service impact upon operations identified, appropriately adjusted by inflation to properly reflect costs incurred in the applicable future fiscal year.

All issuance subject to arbitrage constraints shall be monitored by the applicable personnel and have arbitrage liability calculations performed in a timely manner.

Investment of bond proceeds shall at all times be in compliance with the City's Investment Policy and meet all requirements of bond proceeds covenants.

Debt shall be within statutory and sound financial management limits.

Types of Debt

Interfund Borrowing. The borrowing by one fund from another is an acceptable means of meeting cash flow needs.

- Short-term interfund borrowing, defined as paid back in less than one year, will occur due to occasional cash shortages in a fund. All funds borrowing from the City's available cash pool on a short-term basis should be charged an interest rate equivalent to the State Treasurers Pool for the prior month.
- Long-term borrowing, defined as paid back in more than one year, must come from a specific fund and be established by Council action. This action would include the fund borrowing the cash, fund lending the cash, terms (length of repayment period and amount of payments) of loan, and interest rate to be paid.

Lease Purchase Financing. It is legal to use lease purchasing for any lawful or necessary short-term or long-term projects; however, it is the objective not to use lease purchase financing for future equipment replacements, additions or building acquisitions. It is recognized that future events such as new services

of unfunded legal mandates may require the City to provide unanticipated services or programs and that this financing technique may have to be utilized to fund start-up capital costs of such new services or programs. If this is the case, the City can first look to its own cash pool to ascertain if a fund would have sufficient moneys to lend, with interest, over the desired term of the needed financing.

General Obligation Bonds. General Obligation Bonds may be used for any lawful project approved by the voters. Pursuant to Arizona Constitution, principal outstanding may not exceed:

- 20% of net secondary assessed value for water, sewer, lighting, parks, open spaces and recreational purposes; or
- 6% of net secondary assessed value for all other purposes.
- This type of debt issuance is generally the lowest cost financing approach since the debt repayment is backed by property taxes. However, it is the policy of this Council that if general obligation debt is issued for a project with a revenue stream (i.e., water/sewer project), that revenues from the appropriate enterprise fund be used to pay for the debt repayment and not property taxes. Debt repayment for non-revenue supported projects such as park improvements would have to be repaid through property taxes.

Utility Revenue bonds. These voter-approved bonds may be used for acquiring, constructing or improving “utility undertakings” including water, sewer, gas, electric light or power, airport buildings and facilities, and garbage disposal systems. Utility revenue bonds are not a general or full faith and credit obligation of the City and are secured by revenues of the applicable utility undertaking. Debt repayment is from revenues from the appropriate enterprise. A limitation on these bonds is that the prior year’s net revenues must exceed maximum annual debt service by a specific factor. These bonds would be appropriate to use if the City wanted to preserve general obligation capacity for future needs.

Municipal Property Corporation Bonds. These non-voter approved bonds are for all city-approved projects. In essence, the City makes annual payments equal to debt service under a lease-purchase or loan agreement with the Municipal Property Corporation. City payments may be guaranteed by pledge of excise taxes, enterprise revenues or annual appropriations. After the debt is retired, the City receives ownership of the financed project. The Municipal Property Corporation bonds are appropriate to use for (1) mandated projects that the City has no choice, but to complete, (2) projects that are a matter of public safety and welfare which can be backed by a sufficient revenue stream to allow retirement of the debt, or (3) projects which meet a stated economic development goal of the City. Examples of mandates include a required upgrade of a wastewater treatment plant or a landfill closure. Current City of Prescott limitations on this financing technique is that the prior year’s excise tax revenues must exceed maximum annual debt service by two times. Examples of public safety and welfare projects include water storage tanks, water transmission and distribution lines, sewer plant expansions and sewer collection system.

Street and Highway Revenue Bonds (HURF Bonds). These voter-approved bonds can be used for improving, construction or maintaining City streets and highways as well as for acquisition of necessary rights of way for street projects. Debt repayment is through use of HURF revenues. The legal limit on the amount of bonds that can be issued is governed by the amount of HURF receipts in that the maximum annual debt service may not exceed two-thirds (three times coverage) of the most recent year’s receipts as long as the bonds are rated “A” or above. If the bonds are rated below “A”, the maximum annual debt service may not exceed 50% of the most recent year’s receipts (two times coverage). Recommendation for issuance of these bonds should be carefully considered since if the maximum allowable were issued (approximately \$15 million), there would not be sufficient yearly revenues available after debt repayment to operate the streets department.

Improvements District Bonds. These bonds are issued for numerous governmental purposes including financing streets, curbs, gutters, sidewalks, streetlights, sewer systems, etc. Although the bonds are not subject to voter authorization, they may be rejected by a majority of property owners within the boundaries of the designated district. The debt repayment is through assessments levied against property located within the district and the debt is backed by a contingent liability of the City’s general fund. One restriction

is that the improvements to be made cannot be of general benefit to the City as a whole. These bonds are recommended to be issued to bring unpaved streets to a paved status and installing sewer systems within neighborhoods.

INVESTMENT OF MUNICIPAL FUNDS

CITY OF PRESCOTT INVESTMENT POLICY

I. SCOPE OF POLICY

This investment policy shall govern the investment activities of all funds of the City of Prescott, excluding any specific funds cited hereafter. This policy serves to satisfy the state statute requirement to define and adopt a formal investment policy.

A. FUND INCLUDED:

All financial assets of all current funds of the City of Prescott, Arizona and any new funds created in the future, unless specifically exempted, will be administered in accordance with the objectives and restrictions set forth in this policy. These funds are accounted for in the City's Comprehensive Annual Financial Report.

B. POOLING OF FUNDS:

Except for cash in certain restricted and special funds, the City of Prescott will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

II. PRUDENCE

Investments shall be made with judgement 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 the capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio of funds, rather than a consideration as to the prudence of a single investment. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the City Manager and the City Council of the City of Prescott, and appropriate action is taken in accordance with the terms of this policy.

III. OBJECTIVES OF POLICY

The primary objectives in priority order of investment activities shall be preservation and safety of principal, liquidity, and yield:

A. SAFETY:

The foremost and primary objective of the City's investment program is the preservation and safety of capital in the overall portfolio. The objectives will be to mitigate credit risk and interest rate risk. To control credit risk, investments should be limited to the safest types of securities, financial institutions, broker/dealers intermediaries and advisers which the City will do business.

To control interest rate risk, the City will structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations and monitoring credit rating of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act.

B. LIQUIDITY:

The City's investment portfolio will remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity will be achieved by matching investment maturities with forecasted cash flow funding requirements, by investing in securities with active secondary markets and by diversification of maturities and call dates. Furthermore, since all possible cash demands cannot be anticipated, a small portion of the portfolio may also be placed in money market mutual funds or local government investment pools which offer same day liquidity for short term funds.

C. YIELD:

The City's investment portfolio will be designed with the objective of regularly exceeding the average rate of return on three month U.S. Treasury Bills. The investment program will seek to augment returns above this threshold consistent with risk constraints identified herein, cash flow characteristics of the portfolio and prudent investment principles. The care of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

1. A security swap that would improve the quality, yield or target duration in the portfolio.
2. Liquidity needs of the portfolio require that the security be sold.
3. If market conditions present an opportunity for the City to benefit from the sale.

D. RISK OF LOSS:

All participants in the investment process will seek to act responsibly as custodians of the public trust. Investment officials will avoid any transactions that might impair public confidence in the City's ability to govern effectively. The governing body recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

IV. INVESTMENT STRATEGY

The City of Prescott intends to pursue an active vs. passive portfolio management philosophy. Active management means that the financial markets will be monitored by investment officials and investments will be purchased and sold based on the City's parameters for liquidity and based on market conditions. All marketable securities purchased by the City shall have active secondary markets, unless a specific cash outflow is being matched with an investment that will be held to maturity to meet that obligation. Securities may be purchased as a new issue or in the secondary markets. Securities may be sold before they mature if market conditions present an opportunity for the city to benefit from the trade or if changes in the market warrant the sale of securities to avoid future losses. Securities may be purchased with the intent from the beginning, to sell them prior to maturity or with the expectation that the security would likely be called prior to maturity under the analyzed market scenario. Market and credit risk shall be minimized by diversification. Diversification by market sector and security types, as well as maturity will be used to protect the city from credit and market risk in order to meet liquidity requirements.

The portfolio will be structured to benefit from anticipated market conditions and to achieve a reasonable return. Relative value between asset groups shall be analyzed and pursued as part of the active investment program within the restrictions set forth by this policy.

V. RESPONSIBILITY AND CONTROL

A. DELEGATION:

Oversight management responsibility for the investment program has been delegated to the Chief Financial Officer, to establish written procedures and controls for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for the daily cash management operation, the execution of investment transactions, overall portfolio management and investment reporting.

B. SUBORDINATES:

All persons involved in investment activities shall be referred to as "investment officials". No person shall engage in an investment transaction except as provided under the terms of this policy, the procedures established by the Chief Financial Officer and the explicit authorization by the City Manager to withdraw, transfer, deposit and invest the City's funds. The City Council, by resolution, has authorized the City Manager to appoint these individuals. The Chief Financial Officer shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate investment officials.

C. CONFLICTS OF INTEREST:

Investment officials and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. THIS POLICY EXPRESSLY INCORPORATES THE PROVISIONS OF TITLE 38, CHAPTER 3, ARTICLE 8, ARIZONA REVISED STATUTES.

D. DISCLOSURE:

Investment officials and employees shall disclose to the City Manager any material financial interest in financial institutions that conduct business with the City of Prescott. Investment officials and employees shall further disclose any material, personal investment positions that could be related to the performance of the City's investment portfolio. Investment officials and employees shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales. An investment official who is related within the second degree by affinity or consanguinity to individuals seeking to sell an investment to the city shall file a statement disclosing that relationship.

E. INVESTMENT TRAINING:

Investment officials shall have a finance, accounting or related degree and knowledge of treasury functions. Investment training must take place not less than once in a two year period and receive no less than ten hours of instruction relating to investment responsibilities from an independent source such as Government Finance Officers Association, Municipal Treasurers Association, American Institute of Certified Public Accountants, Arizona Finance Officers Association, Arizona Society of Public Accounting or other professional organizations. The Chief Financial Officer and all investment officials of the City shall attend at least one training session relating to their cash management and investment responsibilities within 12 months after assuming these duties for the City. Training must include education in investment controls, security risks, strategy risks, market risks, and compliance with State investment statutes.

VI. AUTHORIZED INVESTMENTS

Funds of the City of Prescott, Arizona may be invested in the following investments. Investments not specifically listed below are not authorized:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of this state or its agencies;
3. Collateralized Mortgage Obligations and pass-through securities directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, the State of Arizona or the United States or its instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state, rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
6. Certificates of deposit that are issued by a state or national bank or savings and loan domiciled in the State of Arizona and that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for City deposits;
7. Fully Collateralized Repurchase or Reverse Repurchase Agreements that have a defined termination date and are fully secured by obligations described in the preceding paragraphs (1) through (5) of this section of the policy;
8. The pooled investment funds established by the state treasurer pursuant to ARS 35-326;
9. Money Market Mutual Funds investing exclusively in obligations authorized by the preceding paragraphs (1) through (5) of this section of the policy.

VII. INVESTMENT REPORTS

The Chief Financial Officer shall submit quarterly an investment report including a management summary that provides an analysis of the status of the current investment portfolio with comparison to the average three-month US Treasury Bill.

VIII. PORTFOLIO AND INVESTMENT ASSET PARAMETERS

A. BIDDING PROCESS FOR INVESTMENTS:

Investment officials for the City may accept bids for certificates of deposit and for all marketable securities either orally, in writing, electronically, or in any combination of these methods. The investment official will strive to receive two to three price quotes on marketable securities being sold, but may allow one broker/dealer to sell at a predetermined price under certain market conditions. Investments purchased shall be shopped competitively between approved financial institution and broker/dealers. Security swaps are allowed as long as maturity extensions, credit quality changes and profits or losses taken are within the other guidelines set forth in this policy.

B. MAXIMUM MATURITIES:

The City of Prescott will manage its investments to meet anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than seven years from the date of purchase. The City shall adopt weighted average maturity limitations consistent with the investment objectives.

C. MAXIMUM DOLLAR-WEIGHTED AVERAGE MATURITY:

Under most market conditions, the composite portfolio will be managed to achieve a two year dollar-weighted average maturity. However, under certain market conditions, investment officials may need to shorten or lengthen the average life or duration of the portfolio to protect the city. The maximum-dollar weighted average maturity based on the stated final maturity, authorized by this investment policy for the composite portfolio of the City shall be three years.

D. PRICING:

Market price for investments acquired for the City's Investment Portfolio shall be priced using independent pricing sources and market value monitor at least monthly.

IX. SELECTION OF DEPOSITORY, FINANCIAL INSTITUTIONS AND BROKER/DEALERS

A. BIDDING PROCESS:

Depositories shall be selected through the City's banking services procurement process, which shall include a formal request for proposal (RFP) issued at least every five years with a typical contract being for two (2) years with an option to extend the contract for three (3) additional one (1) year terms. In selecting depositories, the credit worthiness of institutions shall be considered, and the Chief Financial Officer shall conduct a comprehensive review of prospective depositories credit characteristics and financial history. No public deposit shall be made except in a qualified public depository as established by state depository laws. The depository bank bid will not include bids for investment rates on certificates of deposit. Certificate of deposit rates will be shopped competitively between qualified financial institutions in accordance with the manner in which all other types of investment assets are purchased.

B. INSURABILITY:

Banks and Savings and Loan Associations seeking to establish eligibility for the City's competitive certificate of deposit purchase program, shall submit financial statements, evidence of federal insurance and other information as required by the investment officials of the City of Prescott.

C. AUTHORIZED DEPOSITORY, FINANCIAL INSTITUTIONS AND BROKER/DEALERS:

The Chief Financial Officer will maintain a list of financial institutions authorized to provide investment services. All financial institutions and broker/dealers or bank/dealers who desire to become a qualified bidder for investment transactions must supply the Chief Financial Officer with the following:

1. Audited financial statements.
2. Proof of National Association of Security Dealers certification where applicable.
3. Proof of state registration where applicable.
4. Completed broker/dealer questionnaire.

5. Certification of having read the City of Prescott's investment policy.

A current audited financial statement is required to be on file for each financial institution and broker/dealer which the City of Prescott uses.

X. COLLATERALIZATION OF CITY'S DEPOSITS

A. INSURANCE OR COLLATERAL PLEDGED:

Collateralization shall be required on depository bank deposits, certificates of deposit, and repurchase (and reverse) agreements in accordance with the "Public Funds Collateral Act" and depository laws (see Appendix B). In order to anticipate market changes and provide a level of security for all funds, the collateralization level will not be less than 102% of market value of principal and accrued interest, less an amount of \$100,000, which represents insurance by the FDIC or FSLIC on certain types of bank deposits. Evidence of the pledged collateral shall be documented by a safekeeping agreement or a master repurchase agreement with the collateral pledged clearly listed in the agreement and safekeeping confirmations. The master repurchase agreement must be executed and in place prior to the investment of funds. Collateral shall be monitored daily to ensure that the market value of the securities pledged equals or exceeds the related deposit or investment balance.

B. COLLATERAL DEFINED:

The City of Prescott shall accept only the following insurance and securities as collateral for cash deposits, certificates of deposit, and repurchase agreements:

1. FDIC insurance coverage.
2. Obligations of the United States of America, its agencies and instrumentalities, including agency and instrumentality issued mortgage backed collateral.
3. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Arizona or the United States of America or its agencies and instrumentalities.
4. Obligations of states, agencies thereof, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of no less than A or its equivalent.

C. COLLATERAL SAFEKEEPING AGREEMENT:

The City shall not accept, as depository collateral, any security that is not specifically allowed to be held as a direct investment by the City's portfolio and that the maximum maturity of the collateral securities may not be greater than five years. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The safekeeping agreement must clearly define the responsibility of the safekeeping bank. The safekeeping institution shall be the Federal Reserve Bank or an institution not affiliated with the financial institution or broker/dealer that is pledging the collateral. The safekeeping agreement shall include the authorized signatures of the City and the firm pledging collateral.

D. AUDIT OF PLEDGED COLLATERAL:

All collateral shall be subject to verification and audit by the Chief Financial Officer or the City's independent auditors.

XI. SAFEKEEPING AND CUSTODY OF INVESTMENT ASSETS

All security transactions, including collateral for repurchase (reverse) agreements, entered into by the City shall be conducted using the delivery vs. payment (DVP) basis. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the safekeeping bank. The safekeeping or custody bank is responsible for matching up instructions from the City's investment officials on an investment settlement with what is wired from the broker/dealer, prior to releasing the City's designated funds for a given purchase. The security shall be held in the name of the City or held on behalf of the City in a bank nominee name. Securities will be held by a third party custodian designated by the Chief Financial Office and evidenced by safekeeping receipts. The safekeeping bank's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City. A safekeeping agreement must be in place which clearly defines the responsibilities of the safekeeping bank.

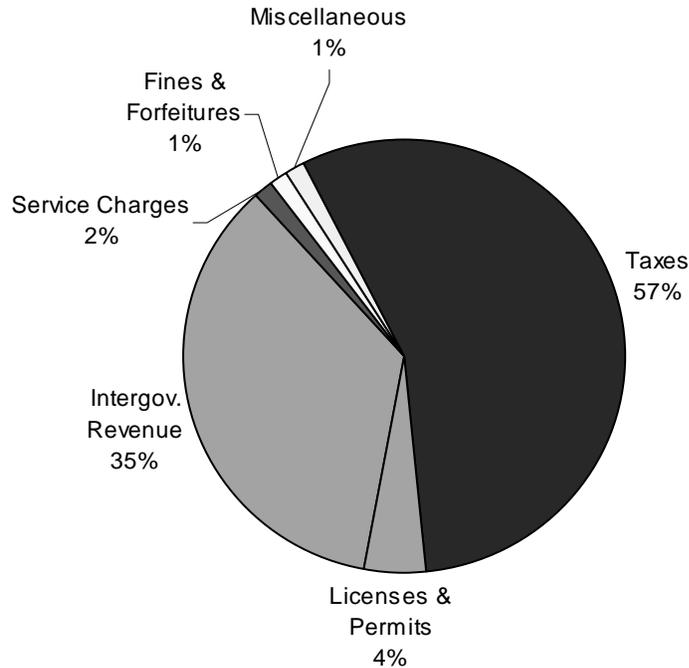
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GENERAL FUND

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GENERAL FUND

General Fund pays for basic governmental services including legal, manager, council, finance and administrative services, police, fire, library, parks and recreation, and community development. Revenues are from the local city sales tax, intergovernmental state shared revenues, primary property tax, franchise taxes, licenses and permits, service charges, and fines and forfeitures



The General Fund budget for FY2005 totals \$24,464,490. Current year projected revenues total \$27,001,060. Cash available as of July 1, 2004 is estimated at \$7,425,739. 20%, or approximately \$5.4 million, of the available cash will continue to be held as a reserve pursuant to adopted Council financial policies. Necessary transfers for FY05 include the General Fund's portion of certain grant matches totaling \$333,085, rebates per Economic Development agreements for \$1,368,500, and \$330,500 for the Vehicle Replacement Fund. Also, according to Council policy, all excess General Fund revenues over expenditures at the end of the fiscal year will be transferred to the Capital Improvement Fund. That amount is estimated at \$788,286. Total transfers for FY05 are \$2,820,371.

Total General Fund revenue and expenditure activity for the past two years and projections for FY2004 are as follows:

General Fund

	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Beginning Fund Balance, 7/1	\$ 6,251,990	\$ 8,470,295	\$ 7,425,739
Revenues	24,305,796	24,834,772	27,001,060
Expenditures	(20,619,664)	(22,519,791)	(24,464,490)
Transfers to other Funds	(1,467,827)	(3,359,537)	(2,820,371)
Ending Fund Balance	\$ 8,470,295	\$ 7,425,739	\$ 7,141,938
Undesignated Balance, 6/30	4,861,159	4,966,954	5,400,212
Restricted Fund Balance, 6/30	2,602,142	2,122,516	1,741,726
Designated Fund Balance, 6/30	1,006,994	336,269	-

General Fund revenues for FY2005 are projected to total \$27,001,060, which is an 8.7% increase over the revised estimates for FY2004 projected at \$24,834,772.

GENERAL FUND REVENUES

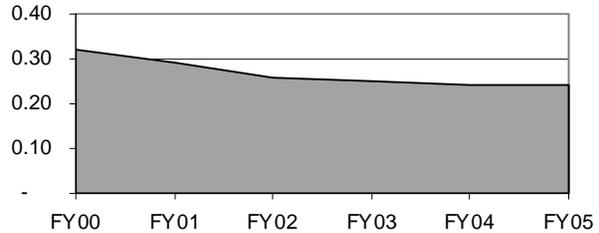
Revenue Source	FY03 Actual	FY04 Budget	FY04 Revised Est.	FY05 Projection	% Change from FY04 Rev. Est.
Taxes					
Prop. Tax - Primary	857,683	929,147	929,147	1,000,493	7.7%
Sales Tax	9,715,516	10,348,000	10,833,500	12,530,809	15.7%
Sales & Use Tax Audits	60,359	45,000	30,000	45,000	50.0%
Penalties, Interest, Etc.	123,930	73,500	89,121	88,500	-0.7%
Use Tax	350,155	320,000	350,000	350,000	0.0%
Franchise Taxes	1,020,608	1,068,629	1,087,791	1,120,424	3.0%
Total Taxes	12,128,251	12,784,276	13,319,559	15,135,226	13.6%
Licenses & Permits					
Sales & Use Tax	55,430	46,000	56,000	56,000	0.0%
Building Permits	904,141	750,000	750,015	750,000	0.0%
Plan Checks	303,604	260,000	270,000	260,000	-3.7%
Animal Licenses/Permits	30,413	25,000	25,000	25,000	0.0%
All Other Licenses	69,876	84,500	105,961	85,800	-19.0%
Total Licenses/Permits	1,363,464	1,165,500	1,206,976	1,176,800	-2.5%
Intergovernmental Revenue					
State Shared Sales Tax	2,654,216	2,684,963	2,684,963	2,930,562	9.1%
Library Network Sharing	106,688	107,000	126,175	126,175	0.0%
State Revenue Sharing	3,612,061	3,063,083	3,063,083	3,123,749	2.0%
Auto Lieu Tax	2,264,660	2,000,000	2,000,000	2,250,000	12.5%
Library District	309,128	309,128	309,128	309,128	0.0%
Fire Dept	277,248	281,697	262,465	272,964	4.0%
Animal Shelter	61,910	81,977	84,117	153,643	82.7%
Joint Dispatch	85,184	311,000	311,000	371,970	19.6%
Yav Cty/City Court	30,596	46,508	34,337	34,662	0.9%
Total Intergovernmental Revenue	9,401,691	8,885,356	8,875,268	9,572,853	7.9%
Fines & Forfeitures	329,876	317,605	321,974	322,350	0.1%
Service Charges	604,543	396,270	685,302	434,380	-36.6%
Miscellaneous Revenues					
Interest Earned	162,315	132,100	120,686	125,000	3.6%
In Lieu Property Tax	25,576	25,000	23,465	25,000	6.5%
Rents	196,920	110,300	175,300	170,300	-2.9%
Miscellaneous	93,162	92,800	106,242	39,151	-63.1%
Total Miscellaneous Revenues	477,973	360,200	425,693	359,451	-15.6%
Total General Fund	\$ 24,305,798	\$ 23,909,207	\$ 24,834,772	\$ 27,001,060	8.7%

Property Tax: The primary property tax levy for FY2004-05 is \$1,000,493. This increase is caused by new construction not increased property valuations. The primary property tax levy remaining fairly constant and the property values increasing has the effect of a reduction in the tax rate. The current financial policy of the City Council calls for a slight reduction of the primary property tax rate each year. The FY05 estimated primary rate is \$0.2383 per \$100 assessed valuation.

Annual Primary Property Tax Levies

Fiscal Year	Primary Levy	% Change from Prev. Year	Primary Tax Rate
1999-00	820,000	-10.9%	0.3169
2000-01	820,000	0.0%	0.2906
2001-02	820,000	0.0%	0.2627
2002-03	858,120	4.6%	0.2517
2003-04	929,147	8.3%	0.2415
2004-05	1,000,493	7.7%	0.2383

Primary Property Tax Rates

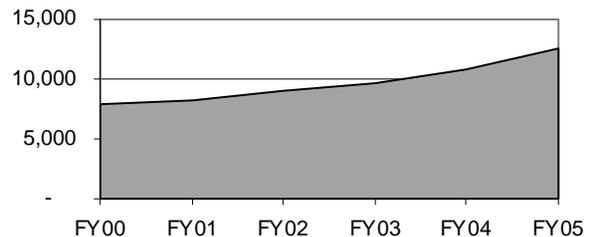


Transaction Privilege Tax (Sales Tax): All Arizona cities and towns have a transaction privilege tax which is commonly referred to as a sales tax. However, the transaction privilege tax is far more extensive than retail sales. It includes taxation of residential and commercial rentals; taxation of utilities and communications; taxation of retail sales; construction activities; and auto dealerships, to mention a few. Thus, even if retail sales do not increase due to a competing regional environment, this revenue category can still increase. Sales tax is projected at 15.7% over FY2004 revised estimates which should yield \$12,530,809. The growth rate is based on a continued population growth within the City of 3% as well as a continued strong transaction privilege tax economy throughout FY2005.

City Sales Tax (Without Use Tax or Audits)

Fiscal Year	Revenues	% Change from Prev. Yr.
1999-00	7,923,438	21.6%
2000-01	8,279,122	4.5%
2001-02	9,109,803	10.0%
2002-03	9,715,516	6.6%
2003-04 (est.)	10,833,500	11.5%
2004-05 (est.)	12,530,809	15.7%

City Sales Tax (in 000s)

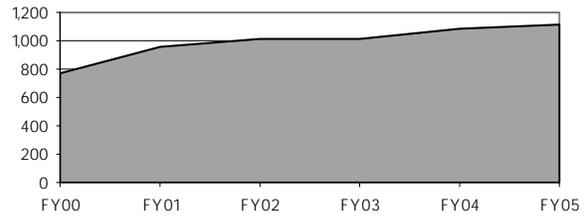


Franchise Taxes: Franchise taxes are from Cable One, Citizens Arizona Gas and Arizona Public Service. Franchise rates for Citizens Arizona Gas and Arizona Public Service are set (by the voters) at 2.0% of gross revenues while the negotiated rate for the cable company is 4.0% of gross revenues. From the table below it can be observed the projection for FY2005 is 3.0% over FY2004 revised estimates.

Franchise Taxes

Fiscal Year	Revenues	% Change from Prev. Yr.
1999-00	778,302	1%
2000-01	960,603	23%
2001-02	1,008,081	5%
2002-03	1,020,608	1%
2003-04 (est.)	1,087,791	7%
2004-05 (est.)	1,120,424	3%

Franchise Taxes (in 000s)



State Sales Tax (Transaction Privilege Tax): Through May 31st, 2001, citizens of Prescott, through collection by local businesses, pay the State 5.0% on retail purchases and varying rates on other transactions. State sales tax was increased to 5.6% on June 1, 2001. A portion of that sales tax is returned to the City based on Prescott's population compared to the incorporated population of the State. Cities and towns share in 25.0% of two percent of the State's 5.6 percent.

State Shared Sales Tax

Fiscal Year	Prescott's Share of Total Distributed to Cities	Prescott's \$ Share of Total Distributed to Cities	% Change from Prev. Yr.
1999-00	0.90%	2,730,537	9.9%
2000-01	0.90%	2,831,939	3.7%
2001-02	0.84%	2,615,277	-7.7%
2002-03	0.84%	2,654,216	1.5%
2003-04 (est.)	0.84%	2,684,963	1.2%
2004-05 (est.)	0.84%	2,930,562	9.1%

State Income Tax: The State of Arizona collects income taxes and shares that revenue with incorporated cities and towns based on population.

The City of Prescott's share of State income tax is estimated to be \$3,123,749 which is an increase of \$60,666 or 2%. The State has estimated state income tax 2% higher than last year's estimate. This estimate shows that we have hit the bottom of the state income tax downturn that the state felt over the last few years. This is the only one of the state shared revenues which can be accurately forecast since it is drawn from collections two years ago. From 1973 through FY92, cities in Arizona shared in 15% of the State personal and corporate income tax collected two years prior and distributed in proportion to the cities' share of State population. Beginning in FY93, the cities' share was lowered to 12.8%. This change was enacted by the State, along with revisions to the individual and corporate State income tax in 1990, and was designed to keep the cities' share revenue neutral. The portion of the State tax which will be distributed to cities and towns in FY2005 is estimated at \$373.1 million and represents individual and corporate income tax collections by the State in the 2002-03 fiscal year.

The following table shows the City of Prescott's % allocation, \$ share and % change since 1999-00.

State Income Tax

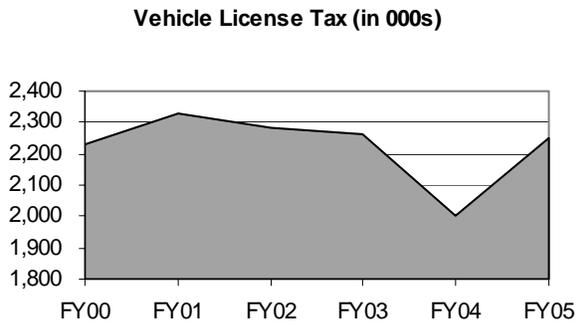
Fiscal Year	Prescott's % of State Collection	Prescott's \$ of State Collection	% Change from Previous Year
1999-00	0.90%	3,444,841	11.0%
2000-01	0.90%	3,615,495	5.0%
2001-02	0.84%	3,539,777	-2.1%
2002-03	0.84%	3,612,061	2.0%
2003-04 (est.)	0.84%	3,063,083	-15.2%
2004-05 (est.)	0.84%	3,123,749	2.0%

Vehicle License Tax (Auto Lieu Tax): Prescott's share of the vehicle tax for 2004-05 is estimated at a higher level than the FY2004 revised estimate. Twenty-five percent of the net revenues collected for the licensing of motor vehicles by a particular county is distributed back to incorporated cities and towns within that county. License fees are collected by the State and distributed to Counties, cities and towns. A city or town receives its share of the vehicle license tax collections based on its population in relation to the total incorporated population of the county. The only stipulation on the use of this revenue is that it must be expended for a public purpose.

A factor in the decrease of revenue in this category for FY2004 is the repayment to Yavapai County for previous years' Vehicle License Tax revenue received by the City of Prescott from Yavapai County. These revenue payments were made in error.

The following chart illustrates the City's actual collections and percentage change since FY2000.

Vehicle License Tax		
Fiscal Year	Revenues	% Change from Prev. Yr.
1999-00	2,229,011	15.9%
2000-01	2,331,436	4.6%
2001-02	2,282,337	-2.1%
2002-03	2,264,660	-0.8%
2003-04 (est.)	2,000,000	-11.7%
2004-05 (est.)	2,250,000	12.5%



GENERAL GOVERNMENT

MAYOR AND COUNCIL

Division Mission: The Mayor and Council serve as the legislative and policy-making body of the municipal government and have responsibility for enacting City ordinances, appropriating funds to conduct City business, and providing policy direction to the administrative staff.

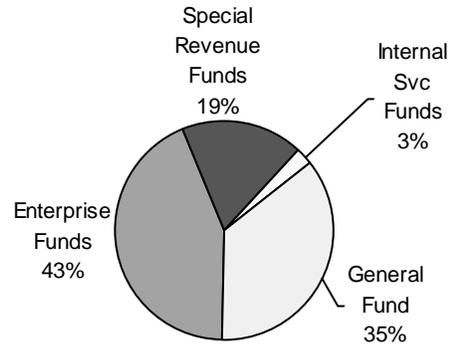
Mayor and Council Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 58,746	\$ 48,624	\$ 48,586
Supplies	1,508	2,000	1,500
Other Services & Charges	55,008	48,600	66,832
Contingency	5,381	8,907	10,000
Total	\$ 120,643	\$ 108,131	\$ 126,918
Cost Recovery	\$ (75,027)	\$ (74,984)	\$ (82,311)

Mayor and Council Staffing Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	7.00	7.00	7.00
Mayor	1.00	1.00	1.00
Councilmembers	6.00	6.00	6.00

Mayor and Council Funding Sources



Significant Expenditure Changes: Recognizing the need for greater involvement in legislation at both the state and federal levels, the Council has become members of the League of Cities organizations. These organizations represent the collective interest of cities and towns at the State and Federal Legislature, provide timely information on important municipal issues, creates skill-sharpening workshops and develop networking opportunities. With this affiliation comes the associated costs with training and conferences.

CITY MANAGER

Division Mission: The City Manager provides professional administration of the policies and objectives established by the City Council; develops alternative solutions to

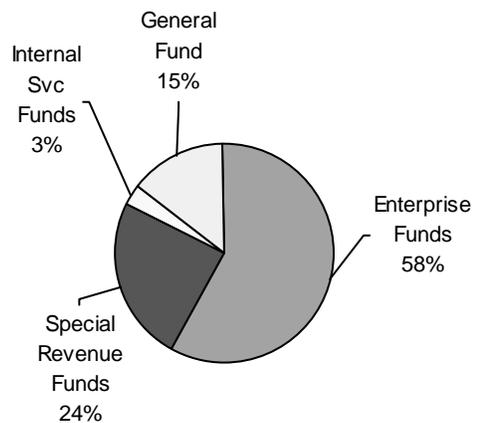
community problems for Council consideration; and plans programs that meet the future public needs of the City.

Prior Year Results and Outcomes: See Budget Transmittal Letter

City Manager Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 291,855	\$ 392,494	\$ 417,585
Supplies	4,941	7,236	10,750
Other Services & Charges	116,222	78,587	82,421
Capital Outlay/Projects	30,530	35,614	49,500
Total	\$ 443,548	\$ 513,931	\$ 560,256
Cost Recovery	\$ (136,705)	\$ (252,841)	\$ (478,723)
Capital Outlay/Projects			
Administrative Vehicle			\$ 22,000
Youth Count			27,500
Total Capital Outlay/Projects			\$ 49,500

City Manager Funding Sources



City Manager Staffing Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	4.75	5.00	6.25
City Manager	1.00	1.00	1.00
Asst. City Manager*	0.00	0.00	1.00
Asst. to City Manager	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00
Communications Director	1.00	1.00	1.00
Communications Asst.	0.75	1.00	1.00
Secretary	0.00	0.00	0.25

*Asst City Manager not funded in FY2005.

Significant Expenditure Changes:

In addition to the annual salary adjustment and increase in health insurance costs, the increase in Personnel services is a result of the .25 new secretary in this division.

The supplies category has increased 49% due to the budgeting for the purchase of new chairs for the down stairs conference room in the amount of \$2,500.

In Other Services & Charges, a slight increase can be observed because of increases in the Public Information and Subscriptions & Memberships category.

CITY CLERK

Division Mission: The mission of the City Clerk’s Office is to act in a professional and administrative capacity and serve the City Council by processing, maintaining and protecting the official records of the City of Prescott; provide courteous and timely customer service to Council, staff and public; and conduct and oversee all municipal elections in an efficient and effective manner.

Goal: To maintain, preserve and make available legislative documents in a timely manner.			
Strategy: Complete all documentation and actions from Council meetings within three days of meeting.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
# of Ordinances/% processed within 3 days	90/100%	91/100%	92/100%
# of Resolutions/% processed within 3 days	82/100%	85/100%	87/100%
# of Liquor Licenses including Special Events/% processed within 3 days	27/100%	25/100%	26/100%
# of Contracts, Leases and Agreements/% processed within 3 days	293/98%	290/98%	280/98%
# of Board, Committee, and Commission Appointments/% processed timely	18/100%	15/100%	17/100%

Goal: To provide legislative documents in a timely manner.			
Strategy: Prepare and post weekly agendas and prepare council meeting minutes to meet legal requirements.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of Special and Regular Council Meetings requiring Minutes	56	50	50
Number of meetings requiring agendas	81	75	76
Number of hours spent in Council meetings	160	150	150
Number of hours spent in preparing minutes	150	150	150
Number of hours to prepare agendas	760	750	750

Goal: Conduct Municipal Elections in efficient, effective and legal manner.			
Strategy: Prepare legal notices and necessary documents for any election that may be called.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast

Goal: Conduct Municipal Elections in efficient, effective and legal manner.			
Elections Or Issues	0	3	1
Number of Registered Voters	N/A	19,456 (1) 19,405 (2) 20,054 (3)	20,100
Number of total ballots Verified -	N/A	10,858 (1) 13,109 (2) 10,000 (3)	10,000
Cost for election	N/A	\$15,333 (1) \$23,474 (2) \$16,000 (3)	\$16,000
Cost per voter	\$1.41 (1) \$1.79 (2)	\$1.60	\$1.60

Prior Year Results and Outcomes:

The Primary Election was held on September 9, followed by the General Election on November 4, 2003. Both elections were mail ballot elections with 10,858 ballots cast in the Primary with Mayor Simmons and Councilman Blair being re-elected along with Councilwoman Suttles coming back after 8 years, for a total cost of \$15,333. The General Election had Proposition 200 and Proposition 201 being for a Smoke free workplace, which received the most votes, versus the Freedom of Choice to allow smoking, and 13,109 ballots were verified with Councilman Lamerson receiving the most votes, for a total cost of \$23,474.

During the year the following items have been processed:

Special General Plan Election was held on May 18, 2004 for the voters to ratify the recently adopted 2003 General Plan.

Super Walmart was finally completed with considerable amount of time, paperwork and planning to get it open.

Site Plans were approved for Ponderosa Mall/Village at the Boulders, Best Buy, Cost Plus, In-N-Out Burger, Canterbury Gardens PAD, and Downey Savings & Loan; 15 **Subdivisions or Replats** were recorded, 3 **Special Use Permits** and 2 **Comprehensive Sign Packages** were approved.

Boards - 16 appointments made to the various Boards, Commissions and Committees of the City which required interviews, appointment letters & thank you letters for serving, Council action and revision of 5 membership lists.

Contracts - 270 contracts, agreements or leases have been prepared which were entered in a Q & A system for tracking and record keeping purposes, and required documentation such as signing, recording, payment approval, bonds, insurance, or follow-up on expiration or completion dates or options or insurance renewal.

Council Actions - 75 Ordinances were adopted which required publication, distribution and file preparation; 60 Resolutions were adopted which required file preparation & copy, 13 Liquor Licenses processed requiring posting &

Council hearings, etc., with 11 Special Event liquor licenses approved and 3 Extension of Premises processed; 85 bids or request for proposals requiring publication, bid opening, Council action with approximately 40 contract files needed.

Codifiers - 19 Ordinances were submitted to be codified in the Prescott City Code which is now on line as well as in book format.

Council Policies - 5 Council Policies were adopted or amended by resolution and 9 books were updated as necessary.

Records - 74 cubic feet of storage has been destroyed in accordance with approved destruction schedules.

Minutes - Since July 1, 2003, 57 Regular and Special Council meetings have been held which required official minutes to be prepared for Council approval.

Meetings - Besides Regular, Special and Executive Sessions the Council held various Workshops since July of 2003, which included the Prescott City Centre Garage, Impact Fees, CV/CF Ranch acquisition, Community Development Block Grant process, Copper Basin Road Improvements and mid-year Budget review.

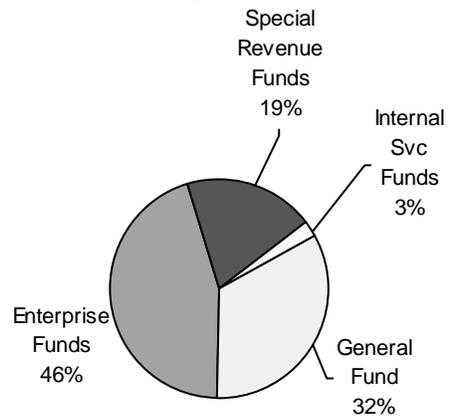
**City Clerk
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 126,739	\$ 134,411	\$ 135,932
Supplies	2,152	2,200	2,200
Other Services & Charges	33,520	39,173	44,152
Capital Outlay/Projects	-	53,797	25,300
Total	\$ 162,411	\$ 229,581	\$ 207,584
Cost Recovery	\$ (104,324)	\$ (133,411)	\$ (140,135)
Capital Outlay/Projects			
Election			25,300
Total Capital Outlay/Projects			\$ 25,300

**City Clerk
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	2.00	2.00	2.00
City Clerk	1.00	1.00	1.00
Deputy City Clerk	1.00	1.00	1.00

**City Clerk
Funding Sources**



**Significant
Expenditure Changes:**

The department actually experienced a decrease from FY04 estimated end-ings. This decrease is due to only one election being held in FY05 verses two in FY04. The slight increase in personnel services can be attributed to cost of living adjustment and the health care increase.

CITY COURT

Division Mission: The Municipal Court provides prompt and effective judicial services, adjudicating violations of the Arizona Revised Statutes and Prescott City Code occurring within the city limits.

Goal: Utilize aggressive, court-driven case management to decrease litigant time and costs.			
Strategy: Manage the processing of cases from inception to completion and monitor case progress to assume control of scheduling specific events from filing to disposition.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Case Closure Rates (cases both filed and paid in full during FY)	80%	69%	75%
Strategy: Utilize case management system to identify problems and monitor caseload status.			
Case Disposition Rate (Calendar year)	97.5%	97.6%	98%
Strategy: Conduct trial management conference on each jury trial to minimize last-minute delays.			
Trial rate (3-10% delays nationwide)	1%	1.4%	1.5%

Goal: Emphasize enforcement of court orders and collection efforts			
Strategy: Serve victims through court-ordered restitution.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of in-depth financial interviews conducted	266	300	325
Strategy: Serve victims through court-ordered restitution.			
Restitution \$ collected by the Court for crime victims	\$18,040	\$16,604	\$17,000
Strategy: Use a collection agency on previously uncollectable accounts.			
\$ Collected by collection agency for consolidated court on old and uncollectable accounts (calendar year)	\$164,193	\$210,000	\$220,000

Goal: Continue project to reconnect court to local community.			
Strategy: Expand restorative justice concept by aggressive assignment of community service in lieu of jail.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast

Goal: Continue project to reconnect court to local community.			
Community Work Program			
Hours Completed	13,066	16,352	16,500
Minimum Wage Value	\$67,290	\$84,213	\$84,975
Incarceration Savings @ \$60.00/day	\$112,020	\$140,160	\$141,420
Strategy: Expand Domestic Recovery Court, providing periodic judicial review of defendant's progress during counseling programs to include second-offense DUI and drug offenders.			
Domestic Violence related crimes	230	254	245
DUI related crimes	258	264	270

Prior Year Results and Outcomes: Continued aggressive court-driven case management resulting in decreased time and costs.

Continued project to reconnect the court to the local community by use of:

- Civility/Aggressive Behavior Offenders Class with Court follow-up to ensure participation
- Domestic Recovery/Drug/Alcohol Court providing periodic judicial review of defendants' progress during various counseling programs

Expanded restorative justice concept by aggressive assignment of community service in lieu of jail.

Continued emphasis of enforcement of court orders and collection efforts.

Continued very successful use of a collection agency on previously uncollectable accounts.

Started handling juvenile criminal traffic cases allowing juveniles and their parents to take care of cases at one court rather than having to go to both City Court and the Juvenile Probation Department

**City Court
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 264,541	\$ 285,395	\$ 320,273
Supplies	6,186	8,000	11,700
Other Services & Charges	127,631	112,974	114,899
Cost Recovery	(2,822)	(8,800)	(5,000)
Capital Outlay/Projects	594	-	-
Total	\$ 396,130	\$ 397,569	\$ 441,872

**City Court
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	6.75	6.75	7.75
Magistrate	1.00	1.00	1.00
Court Administrator	1.00	1.00	1.00
Senior Court Clerk	1.00	1.00	1.00
Court Clerk	3.75	3.75	4.75

**Significant
Expenditure Changes:**

The City Court saw a slight increase in personnel services, supplies and other services. The personnel services has the addition of a new court clerk that was added to help with the increased demand for court services. In supplies, the court was in need of a new courtroom recorder, copier, fax machine, typewriters; and Cache (software). The increases in other services include an IGA with county for portion of bailiff's salary and benefits, jury fees, visiting and pro-tem judges and weekend clerk fees.

LEGAL DEPARTMENT

Division Mission:

To provide quality legal services, representation and counsel to the Prescott Police Department and other City officials in criminal matters; to successfully prosecute criminal and traffic cases occurring within the City limits, keeping in mind societal concerns and the rights of (and harm caused to) victims.

To provide quality legal services, representation and counsel to the City of Prescott government, its elected and appointed officials and employees in civil matters.

To undertake active enforcement of the City Codes and regulations.

Goal: To provide quality legal services, representation and counsel to the City of Prescott government, its elected and appointed officials and employees in civil matters.			
Strategy: To maintain an adequate law library, research and resource materials, and maintain continuing legal education for the departmental staff. To attend and advise the City Council, employees, Boards and Commissions on legal matters; to prepare and/or review all ordinances, resolutions, contracts, and other legal documents prior to consideration by the Council or City staff.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Civil cases resolved vs. losses (settled)	50:1 (12)	50:1 (1)	50:0
Restitution obtained for the City	\$49,901.56	\$85,000	\$60,000

Goal: To provide quality legal services, representation and counsel to the City of Prescott government, its elected and appointed officials and employees in civil matters.			
Hearings/depositions conducted	85	60	60
Percentage of Council meetings, Board of Adjustment Meetings and P&Z Commission hearings attended by legal counsel	100%	100%	100%
Percentage of contracts, ordinances and resolutions reviewed prior to action by Council or Staff	99%	99%	99%

Goal: To successfully prosecute violations of misdemeanors, traffic violations and City Code violations; to provide ongoing training to the police department; to pursue restitution in criminal cases; to pursue community service in criminal cases; and to adequately represent the interests of victims in criminal proceedings.			
Strategy: To provide, either in person or via memo, advice to Police Department and other City personnel advising of new laws, tactics and procedures, or suggested changes to same; to maintain a current law library concerning criminal matters.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Restitution ordered	\$37,595.47	\$40,000+	\$42,000+
Community Service Ordered	1,247 days	1,350 days	1,450 days
Conviction Rate	99.4%	99.7%	99.0%+

Prior Year Results and Outcomes:

The 12-month period ending January 31, 2004 turned out to be a very busy, yet very productive year for the City's Legal Department.

We were able to resolve a total of 75 civil cases. Of the 75 cases, 52 were successfully resolved as "wins"; 9 cases were referred to collection agencies, 12 cases were settled, and 2 cases resulted in a "loss". During the year, attorneys in the Civil Division conducted 1,631 hearings and 6 formal depositions.

It is difficult to put a dollar value on the cases which were won (where we were the defendants); suffice it to say that those cases which were "won" resulted in the City not paying any money to the Plaintiff. And in those "proactive" cases where we sought money due and owing the City, we were able to obtain \$101,664.89 in restitution to the City.

In the Criminal Division, a total of 3,720 cases were processed. Of all of these cases, there were only 9 not guilty verdicts! 238 cases actually went to trial before a judge alone, and we conducted 4 jury trials (all of which resulted in a guilty verdict). The Criminal Division was able to obtain \$263,936 in fines, \$50,878 in restitution, \$835 in payments to the City for disclosure costs, 1,506 total days of community service, and 2,485 days of jail. Over the course of the year, the Criminal Division also conducted 2,061 hearings and 39 depositions! Notwithstanding this case load, our conviction rate during this period was an impressive 99.6%!

The above results are particularly impressive in light of our overall workload: As of January 31, 2004, there were 125 civil cases still outstanding, and a total of 515.75 hours of uncompensated overtime was worked by your attorneys - which is equivalent to having an extra full-time attorney for over 3 months!

There were a number of specific accomplishments by the Legal Department of which the City can be proud. To name but a few:

Maintaining the highest conviction rate of any prosecutor's office in the State.

Taking a major part in the redistricting litigation in federal court, which resulted in insuring that District One (Central Yavapai County) remained intact.

Maintaining a presence before the Redistricting Commission during its second round of hearings regarding the drawing new legislative maps, thereby insuring that central Yavapai County remained in one state legislative district.

Resolving the "Storm Ranch" eminent domain litigation.

Acquiring rights of way for rail-to-trail easements from local ranches.

Participation in the negotiation of a development agreement with the Points of Rocks Ranch and Granite Dells Ranch, which will result in the largest single annexation into the City in the City's history.

Only 73.81% of our Council-approved budget was spent in the fiscal year ending June 20, 2003.

**Legal Department
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 572,946	\$ 610,028	\$ 635,822
Supplies	5,037	5,060	4,950
Other Services & Charges	58,180	53,208	59,652
Cost Recovery	(177,579)	(102,000)	(160,000)
Capital Outlay/Projects	902	-	-
Total	\$ 459,486	\$ 566,296	\$ 540,424

**Legal Department
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	8.50	8.50	8.50
City Attorney	1.00	1.00	1.00
Chief Asst. City Attorney	1.00	1.00	1.00
Sr. Asst. City Attorney	1.00	1.00	1.00
Prosecutor	1.00	1.00	1.00
Investigator	1.00	1.00	1.00
Legal Asst.	1.00	1.00	1.00
Legal Secretary	2.00	2.00	2.50
Secretary	0.50	0.50	0.00

**Significant
Expenditure Changes:**

The annual salary adjustment and the increase in costs relating to health insurance coverage for employees and the subsidy for their dependents are reflected in the Personnel section of the budget. Also, pay-for-performance bonuses are budgeted in this area that were not included in the FY2004 budget.

ECONOMIC DEVELOPMENT

Division Mission:

Facilitate a balanced local economy, creation of quality jobs and enhancement of the local tax base through targeted business attraction, effective business expansion and retention, quality industrial and commercial development, redevelopment of certain targeted areas, tourism support and attraction, and quality downtown development/redevelopment.

Goal: Facilitate the development of additional retail opportunities within the city limits.			
Strategy: Assist in the continuing efforts to redevelop Ponderosa Plaza area, and discuss business opportunities throughout the city with potential clients.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Meetings with clients and property owners	25	30	30
New transaction privilege tax licenses issued	907	1,000	1,100
Retail square footage built	281,767	175,000	100,000

Goal: Continue to ensure the viability and vitality of downtown Prescott.			
Strategy: Work with the Prescott Downtown Partnership, private property owners, business owners and others to develop signature events downtown, encourage private investment downtown, and ensure the efficient operation of the Granite Street parking facility.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Taxable sales in downtown area	\$139.4M	\$146.0M	\$153.0M
Number of transaction privilege tax licenses issued in the downtown area	N/A	200	220
New downtown events	3	1	3

Goal: Assist in the development of the Embry Riddle Aeronautical University technology park and the Deep Well Ranch Airpark as viable economic development assets in northern Arizona.			
Strategy: Work with appropriate state and regional agencies, the property owners, prospective developers, and city staff to determine needs and facilitate the development of the initial phases of the more than 200 acres of industrially zoned land within the parks.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Meetings with state and regional officials	6	8	10
Meetings with property owners and developers	2	10	12
Apply for federal and state grants to assist development.	N/A	0	3
Meetings with prospective employers for relocation or expansion	N/A	2	5

Goal: Increase outreach efforts to local employers and regional economic development professionals to foster improved mutual understanding of issues or challenges facing the employer, the city, and the region.			
Strategy: Schedule face-to-face meetings with employers about twice a month at their place of business to listen to the business community and use the resulting information to better assist our clients. Schedule meetings with our regional economic development colleagues.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Meetings with local business owners	20	12	30
Meetings with regional economic development professionals	5	10	12

Goal: Aggressively market the Prescott region as “the” place to do business in central Arizona.			
Strategy: Advertise, send mailings to targeted industries, attend trade shows, maintain and keep current the ED web site and provide excellent service to prospective clients.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Formal information requests fulfilled	N/A	75	100
Trade shows attended	3	4	4
Unique web site visitors	5,638	7,300	8,000
New non-residential square footage built (non-retail)	252,140	240,000	250,000

Prior Year Results and Outcomes:

- Willow Crossroads (Fry’s shopping center) opens on Willow Creek Road.
- Wal-Mart Supercenter opens on Highway 69.
- Demolition and construction begins on Village at the Boulders 300,000 square-foot redevelopment project on Iron Springs Road.
- Economic development quarterly newsletter created and distributed to site selectors, local development community, and tri-city economic development groups.
- Staff begins semi-monthly meetings with economic development practitioners from Prescott Valley and Chino Valley to discuss mutual ED issues.
- Business visitation and business lunch program begun with city’s major employers.
- Completed and received the Regional Telecommunications Assessment.
- Preliminary work begun on possible ERAU business and research park with the submission of multi-million-dollar grant request by ERAU to the federal government.
- Assisted in hosting Governor’s Rural Development Conference in Prescott.
- Received designation from State for new Prescott/Yavapai County Enterprise Zone which encompasses all existing industrial-zoned land at the Airport and the Tribe’s Sundog Industrial Park.
- Staff appointed to first Arizona Rural Development Council organized through the Department of Commerce and USDA.
- Created 40 manufacturing jobs by recruiting Aero Tech to Prescott Airpark from Santa Fe Springs, CA.
- Arizona Tile opens new showroom/warehouse on Highway 69 and 8,000 SF of additional retail space.

Attended 4 trade shows, culminating with BIO 2004, an effort to reach biotechnology companies seeking expansion space in Arizona to get Prescott on the list of sites.

**Economic Development
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 97,802	\$ 116,311	\$ 174,680
Supplies	182	2,163	150
Other Services & Charges	94,315	160,805	124,954
Capital Outlay/Projects	49,910	50,000	50,000
Total	\$ 242,209	\$ 329,279	\$ 349,784
Capital Outlay/Projects			
Rodeo			50,000
Total Capital Outlay/Projects			\$ 50,000

**Economic Development
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	1.00	1.50	2.75
Economic Dev. Coord.	1.00	1.50	2.00
Secretary	0.00	0.00	0.75

**Significant
Expenditure Changes:**

Personnel costs reflect the addition of a secretary. This position was necessary as the secretary that had been with the division continued in Community Development after Economic Development was relocated to the City Manager's Division. In previous years, one of the Economic Development Coordinators had been assigned half time to grants administration, but was released from this task when a Grants Administrator was hired. Personnel costs also reflect the annual salary adjustment and the increase in costs relating to health insurance coverage for employees and the subsidy for their dependents.

The Other Services account shows a decrease from FY04, this is due to a one-time payment to the Prescott Area Coalition for Tourism.

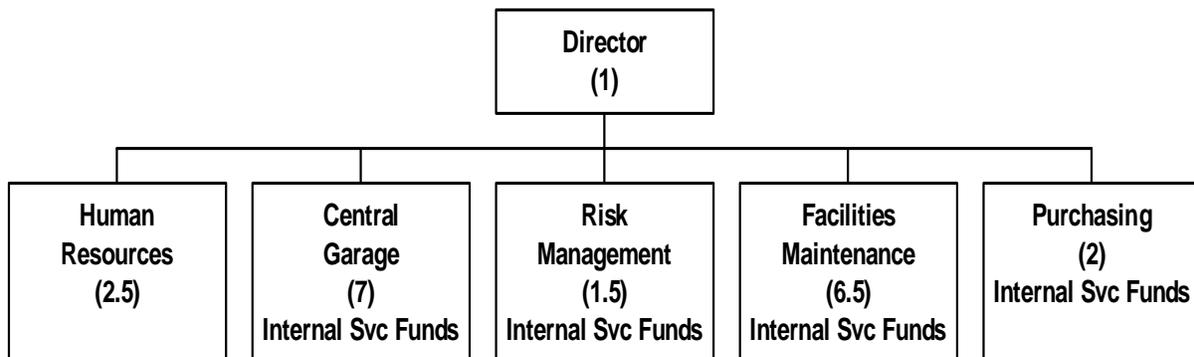
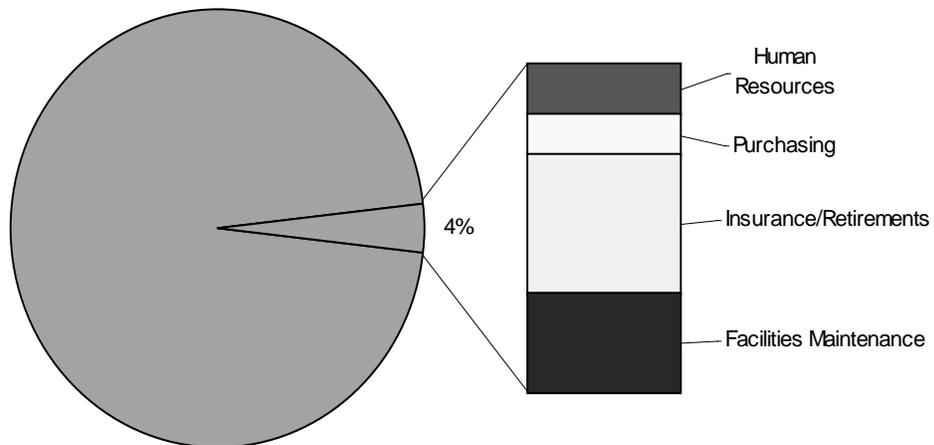
ADMINISTRATIVE SERVICES

As the result of a reorganization implemented in January 2004, the Administrative Service Department no longer includes Information Technology, which has been assigned to the Budget and Finance Department. The divisions of Fleet Maintenance, Building Maintenance, and a soon to be formed Central Purchasing function will be joined with Human Resources and Risk Management to make up the reorganized Administrative Services Department.

For additional information on the Risk Mitigation Division and Fleet Maintenance, see the Internal Services Funds section of this document.

Department Mission: The delivery of internal services to the organization in order to facilitate and enhance the City's overall mission of providing superior customer service to our citizens and visitors.

% of General Fund Operating Budget



**Consolidated Departmental Expenditure
and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 410,739	\$ 530,599	\$ 556,347
Supplies	26,978	19,778	12,025
Other Services & Charges	262,618	222,714	414,667
Internal Cost Recovery	(75,125)	(75,039)	(120,122)
Capital Outlay/Projects	471	-	-
Total	\$ 625,681	\$ 698,052	\$ 862,917
Authorized Staffing Level	17.45	17.45	4.85
Human Resources	2.80	2.80	2.85
Information Technology*	9.60	9.60	0.00
GIS*	1.50	1.50	0.00
Building Maintenance**	3.55	3.55	0.00
Purchasing	0.00	0.00	2.00

*IT and GIS transferred to Budget/Finance.

**Personnel for Building Maintenance were transferred to an Internal Service Fund beginning FY05.

HUMAN RESOURCES

Division Mission: To provide personnel services which are responsive to both the individual employee needs and the City's mission, vision and core values. Human Resources facilitates and helps foster a culture, which encourages the effective development of the City's most valuable asset, its employees.

Goal: To maintain sustainable employment levels to ensure consistent delivery of services for the citizens of Prescott.			
Strategy: Ensure a fair and equitable workplace that views employees as our most valuable asset.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
# of grievances	4	5	6
Turnover Rate (FT turnover/# of FT budgeted employees)	7.0%	8.8%	11%

Goal: For all employees and supervisors to have access to comprehensive information on the City policies and practices.
Strategy: Create comprehensive policy manual that is a one stop shop for information.

Goal: For all employees and supervisors to have access to comprehensive information on the City policies and practices.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
% completion of new manual	0	5%	50%

Goal: For all employees and supervisors to have accurate and factual descriptions of the required jobs or tasks related to their employment.			
Strategy: Update all City job descriptions to reflect actual job duties and the minimum requirements needed for those jobs. If needed, create job descriptions for positions that currently do not possess one.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
% of Job descriptions updated	0	0	50%

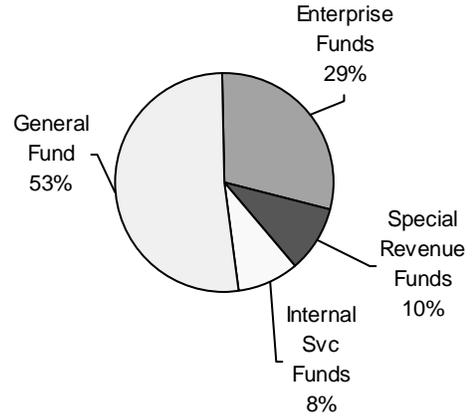
Prior Year Results and Outcomes

- Sponsored three blood drives with record numbers of blood donated.
- Hosted a volunteer picnic with food, entertainment and giveaways for all City volunteers as a “thank you” for their service.
- Rewarded long term employees with service awards ranging from \$25 - \$175.
- Conducted sexual harassment and diversity training for all Prescott Police Department employees.
- Conducted sexual harassment for all City Supervisors.
- Conducted performance management training for all Fire Department Supervisors.
- Spoke at Yavapai College Career Day special lecture series on “What employers are looking for”.
- Conducted “mock interviews” for a Yavapai College office administration class to help students gain real world interview experience.
- Offered 4 supervisory training courses (communication, discipline and transforming conflict into collaboration) at no charge through the City’s EAP (employee assistance program).
- Started a financial education series for employees at no charge through the City’s deferred compensation carrier, ICMA. Topics covered this budget year were “7 Secrets to Financial Success” and “Investing Basics”.
- Held first ever benefits fair in conjunction with Yavapai College, Yavapai County and the Town of Chino Valley.
- Continue to administer State subsidies for City retirees who purchase individual health policies.

**Human Resources
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 174,442	\$ 187,443	\$ 180,185
Supplies	8,470	5,278	6,025
Other Services & Charges	44,865	44,581	67,223
Total	\$ 227,777	\$ 237,302	\$ 253,433
Cost Recovery	\$ (75,125)	\$ (75,039)	\$ (120,122)

**Human Resources
Funding Sources**



**Human Resources
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	2.80	2.80	2.85
Admin Srv Director*	0.80	0.80	0.35
Human Resources Analyst	1.00	1.00	1.00
Human Resources Asst.	1.00	1.00	1.00
Benefits Specialist**	0.00	0.00	0.50

*20% of Admin Srv Director is charged to Risk Management, Workers' Comp, and Central Garage respectively, and 5% to Building Maintenance.

**25% of Benefits Specialist is charged to Risk Management and 25% is charged to Workers' Compensation Fund.

**Significant
Expenditure Changes:**

The Personnel category shows a minimal decrease. This reflects the realignment of the Administrative Services Director's salary among the various divisions.

A 51% increase can be observed in the Other Services & Charges section. This is a result of an increase in the travel and training budget. The new tuition assistance policy improvements are also reflected in this budget. With the policy changes come the need for a higher tuition assistance budget.

PURCHASING

Division Mission:

To assist City departments in the timely acquisition of goods and services of suitable quality at the most economical pricing available.

**Purchasing
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ -	\$ -	\$ 96,071
Supplies	-	-	6,000
Other Services & Charges	-	-	4,300
Total	\$ -	\$ -	\$ 106,371

**Purchasing
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	0.00	0.00	2.00
Purchasing Manager	0.00	0.00	1.00
Administrative Asst.	0.00	0.00	1.00

INSURANCE/RETIREMENTS

Division Mission: Provide an account to pay for costs of retirement bonuses, unemployment insurance reimbursements and liability insurance contributions for the General Fund over and above those billed to departments.

**Insurance/Retirements
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 125,450	\$ 225,682	\$ 280,091
Other Services & Charges	121,358	90,683	85,704
Total	\$ 246,808	\$ 316,365	\$ 365,795

Significant Expenditure Changes: Personnel has escalated for the following reason: increase in anticipated retirements with the associated costs.

BUILDING MAINTENANCE

Division Mission: To provide safe, clean and well-maintained buildings and facilities for use by employees and the general public.

**Building Maintenance
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 110,847	\$ 117,474	\$ -
Supplies	18,508	14,500	-
Other Services & Charges	96,275	87,450	257,440
Capital Outlay/Projects	312	-	-
Total	\$ 225,942	\$ 219,424	\$ 257,440

**Building Maintenance
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	3.55	3.55	0.00
Admin Serv. Director	0.00	0.00	0.00
Public Works Director	0.05	0.05	0.00
Lead Custodian	1.00	1.00	0.00
Custodian	2.50	2.50	0.00

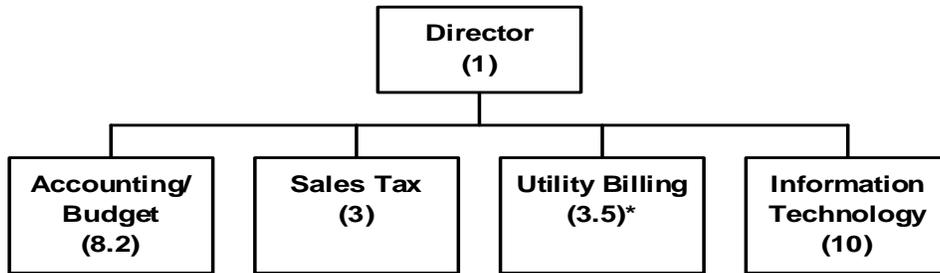
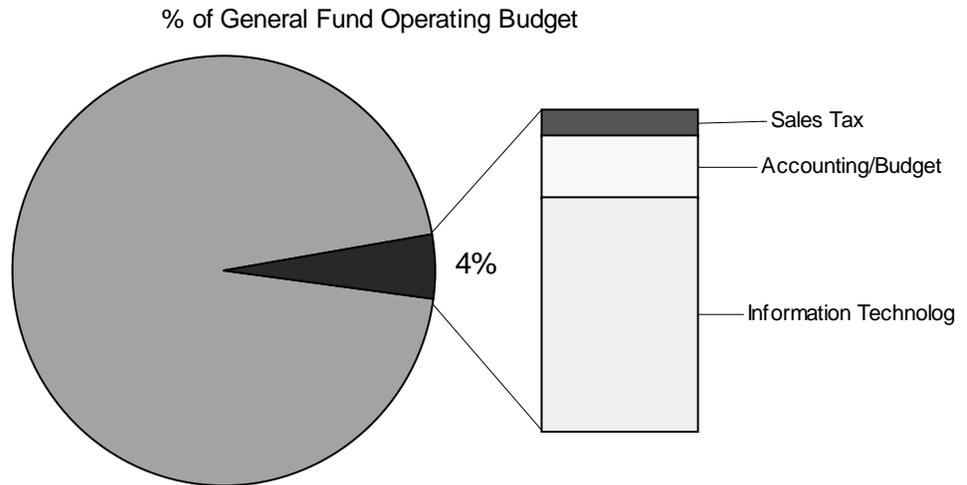
Note: All custodial employees were moved to an Internal Service fund effective FY05.

**Significant
Expenditure Changes:**

This account previously tracked custodial services. In the City's FY05 budget, an actual Building Maintenance Division was created. This account will be used as an account to recover costs associated with the General Fund.

FINANCE DEPARTMENT

Department Mission: The Finance Department will continue to lead in government accountability, providing creative solutions to problems while efficiently managing city resources.



*Charged in Water Fund, but reports to Finance Director.

**Consolidated Departmental Expenditure
and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 1,155,531	\$ 1,278,063	\$ 1,349,721
Supplies	54,887	35,266	239,000
Other Services & Charges	317,160	307,733	282,257
Internal Cost Recovery	(610,822)	(673,165)	(772,032)
Capital Outlay/Projects	141,559	132,000	20,000
Total	\$ 1,058,315	\$ 1,079,897	\$ 1,118,946
Authorized Staffing Level	23.70	23.20	22.20
Sales Tax	3.00	3.00	3.00
Accounting/Budget	9.60	9.60	9.10
Information Technology	11.10	10.60	10.10

TRANSACTION PRIVILEGE TAX AND LICENSING

Division Mission:

To enforce the tax code by educating the public, providing clear interpretation of the tax code, and performing compliance audits; to administer the collection of privilege tax; to issue transaction privilege tax licenses as well as nonprofit and transient merchant/peddler/solicitor licenses; to maintain the privilege tax and licensing records; to keep apprised of proposed legislation affecting the city's tax revenue; and to provide technical support to the director of Budget and Finance for special financial projects.

Goal: Efficiently provide taxpayer forms and information.			
Strategy: Mail forms within 3 working days of the close of the reporting period. Issue all new license handling requests for information within one working day. Issue privilege tax licenses within one week of receipt.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Compliance with promised response time to taxpayer inquiries	98%	98%	100%
Forms mailed within three days of reporting period closure	100%	100%	100%
Issuance of privilege tax licenses within 5 working days of receipt.	100%	100%	100%

Goal: Promote accurate privilege tax self-assessments through compliance audits and education.			
Strategy: Conduct education seminars for the various taxable activities and mail compliance literature to new taxpayers.			

Goal: Promote accurate privilege tax self-assessments through compliance audits and education.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Budget
Number of information handouts available for selected areas of taxation, business related matters	25	28	28
Number of education seminars for taxable activities.	1	4	4
Number of Privilege Tax & Desk Audits	76	40	75
Prescott initiated Audit Assessments which have gone to hearing.	0	1	0

Prior Year Results and Outcomes: Successfully completed 76 field and desk reviews for a total of \$206,043 which is approximately 198% of budget. Collections were 60% of assessed amounts and we are working on two major assessments for payment.

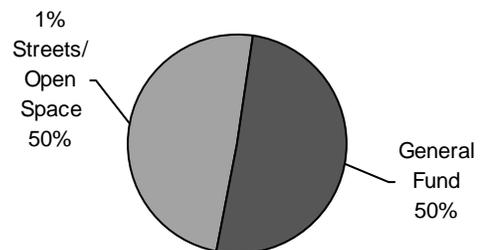
Maintained the service level of getting privilege tax forms out in 3 days or less from the close of the reporting period. 11 of the 12 months, forms were mailed within two working days.

New licenses issued: 907 licenses were issued of which 47 were commercial rental and 207 were residential rentals. The balance of 653 new licenses issued were compilation of the various taxable classifications such as retail sales and construction contracting.

Transaction Privilege Tax & Licensing Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 138,068	\$ 149,389	\$ 163,494
Supplies	1,304	1,690	1,800
Other Services & Charges	25,584	26,232	32,271
Total	\$ 164,956	\$ 177,311	\$ 197,565
Cost Recovery	\$ (85,863)	\$ (88,067)	\$ (98,757)

Transaction Privilege Tax & Licensing Funding Sources



Transaction Privilege Tax & Licensing Staffing Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	3.00	3.00	3.00
Privilege Tax Supervisor	1.00	1.00	1.00
Privilege Tax Auditor	1.00	1.00	1.00
Accounting Technician	1.00	1.00	1.00

Significant Expenditure Changes: The annual salary adjustment and the increase in costs relating to health insurance coverage for employees and the subsidy for their dependents are reflected in the Personnel section of the budget.

ACCOUNTING/BUDGET

Division Mission: To provide accurate and meaningful financial solutions and information that meet our customer's expectations.

Goal: Leverage technology to deliver efficient, economic and innovative financial solutions.			
Strategy: Provide effective and efficient accounting and financial support through the use of innovative and creative approaches.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Budget
Cost to deliver financial services as a percentage of the total City operating budget	1.31%	1.30%	1.29%
Payroll checks processed per FTE payroll staff	5,747	5,750	5,775
City credit card purchases Volume Dollars	1,509 \$233,096	1,500 \$180,000	1,750 \$271,000
Checks issued per FTE accounts payable staff	12,849	12,821	12,000

Goal: Produce a comprehensive, user-friendly budget document that meets the criteria prescribed by the Government Finance Officers Association			
Strategy: Follow the guidelines set forth by the GFOA			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Receive GFOA award	Yes	Yes	Yes

Goal: Encourage involvement and distinction in reporting.			
Strategy: Coordinate the annual financial audit and maintain reporting accuracy, consistency and integrity.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Annual financial audit and single audit opinions from external auditors are unqualified and concluded by November 30th.	Yes	Yes	Yes
Comprehensive Annual Financial Report in conformance with GAAP and GFOA financial reporting excellence benchmarks	Yes	Yes	Yes

Goal: Safeguard the City's cash and maximize yields.			
Strategy: Manage the City's investments in accordance with the investment policy and while obtaining high yields.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Budget
Average yield on investments (that exceeds the benchmarks below)	2.80%	2.60%	2.80%
Three month U.S. Treasury Bill average	1.42%	.96%	1.42%
Federal Funds average	1.31%	1.13%	1.25%

Prior Year Results and Outcomes:

Modified the annual budget report to meet the standards established by the Government Finance Officers Association's awards program. Received the Distinguished Budget Presentation Award (highest form of recognition) for the second year in a row.

Received the Certificate of Achievement for Excellence in Financial Reporting from Government Finance Officers Association (GFOA) of the United States and Canada for the City's Comprehensive annual Financial Report.

Our budget and financial reports are now available on the City's website and on business card CD's. This change has reduced printing and mailing costs and resulted in increased distribution.

By actively managing the City's idle cash, we were able to earn an average of 2.6%. This rate exceeded both the 3-month Treasury bill rate and the federal funds rate by 1.6%.

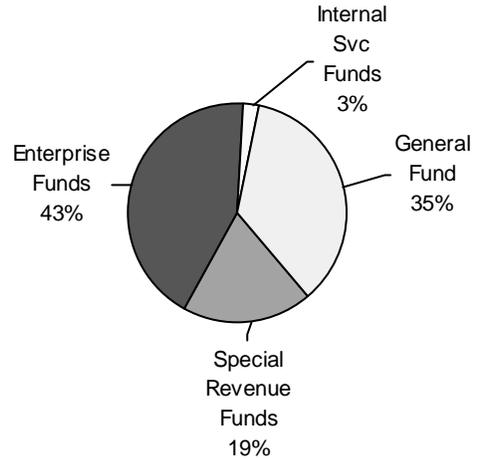
**Accounting/Budget
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 460,993	\$ 512,788	\$ 540,040
Supplies	10,292	5,000	6,000
Other Services & Charges	80,892	67,441	79,084
Mail & Copy Center	(13,816)	-	-
Capital Outlay/Projects	-	-	20,000
Total	\$ 538,361	\$ 585,229	\$ 645,124
Cost Recovery	\$ (255,343)	\$ (457,541)	\$ (418,023)
Capital Outlay/Projects			
Software Package Research			\$ 20,000

Staffing Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	8.70	9.60	9.10
Finance Director	1.00	1.00	0.90
Asst. Finance Director	0.00	0.00	1.00
Senior Accountant	1.00	1.00	0.00
Accountant	1.00	1.00	0.00
Customer Serv. Mgr.	0.00	0.00	1.00
Sr Budget Analyst (temp)	0.70	0.60	0.20
Budget Analyst	1.00	1.00	1.00
Payroll Specialist	0.00	0.00	1.00
Accounting Technician	2.00	2.00	1.00
Account Clerk	1.00	1.00	2.00
Office Support Specialist	1.00	1.00	0.00
Administrative Assistant	0.00	1.00	1.00

**Accounting/Budget
Funding Sources**



**Significant
Expenditure Changes:**

The Personnel category shows a 5% increase due to the annual salary adjustment and the increased costs relating to health insurance.

The Other Services category reflects a 17% increase. The FY04 estimated ending is not reflective of the true costs of Auditing and Accounting. The FY04 charges were reflected in the FY03 actuals.

INFORMATION TECHNOLOGY

Division Mission: To provide everyday solutions within a long-range plan enabling departments to meet their goals in a cost-effective manner through the appropriate use of technology.

Goal: Provide the City a stable, secure, and accessible network.			
Strategy: To maintain city network up time at 100% during the fiscal year.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
% of up time	100	100	100

Goal: Provide the City a stable, secure, and accessible network.			
Strategy: To have no security breaches during the fiscal year.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
# of security breaches	0	0	0

Goal: Provide user training and support to maximize user productivity.			
Strategy: To train 10% of the users during the fiscal year.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
% of users trained	3%	5%	10%

Goal: Assist the departments in cost effective automation solutions.			
Strategy: To implement 100% of the approved projects successfully.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
# of projects approved for implementation	N/A	N/A	
% of approved projects implemented successfully	N/A	N/A	100%

Goal: Provide up-to-date technology road map for the City.			
Strategy: To review and update technology plan annually.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Reviewed and updated technology plan	N/A	N/A	Yes

Prior Year Results and Outcomes:

Began development of the City's Information Technology Plan.

Installed new Help Desk software for tracking service requests. This system should help the division improve accountability of time and provide better customer service.

The annual desktop replacement program is continuing. Repairs have been reduced with aging/problems systems being promoted in the upgrade ranking.

Information Technology Expenditure Summary

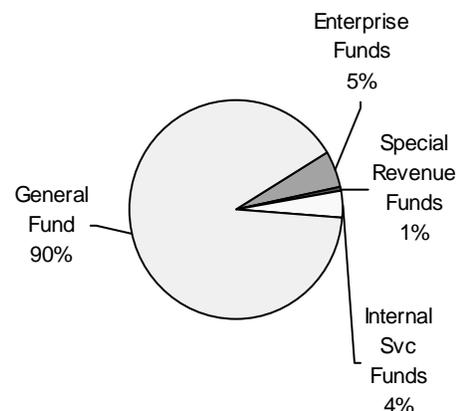
	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 556,470	\$ 615,886	\$ 646,187
Supplies	43,291	28,576	231,200
Other Services & Charges	210,684	214,060	175,902
Projects/Capital Outlay	155,375	132,000	-
Total	\$ 965,820	\$ 990,522	\$ 1,053,289
Cost Recovery	\$ (269,616)	\$ (127,557)	\$ (255,252)

Information Technology Staffing Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	11.10	10.60	10.10
Inform. Technology Mgr.	1.00	1.00	1.00
Network Engineer	1.00	1.00	0.00
Operations Manager	0.00	0.00	1.00
IT Programmer	1.00	1.00	0.00
IT Technician	5.00	3.00	0.00
Info Tech Specialist	0.00	2.00	6.00
Asst. City Mgr/Director*	0.10	0.10	0.00
Finance Director	0.00	0.00	0.10
Helper (temp.)	1.00	0.50	0.00
Administrative Asst.	1.00	1.00	1.00
GIS Coordinator	1.00	1.00	1.00

*10% of Asst. City Manager/Director is charged to Risk Management and 80% to Administrative Svcs./Personnel.

Information Technology Funding Sources



Significant Expenditure Changes:

The 6% increase in the Information Technology Division is a result of the annual payroll adjustment along with higher costs for health insurance. The staffing level also shows a decrease with the elimination of the temporary position in this division.

It should be noted there is a shifting of funds between general ledger accounts. In previous years, replacement items had been charged to the projects/capital outlay accounts. This has been corrected to more accurately reflect actual inventory and needs.

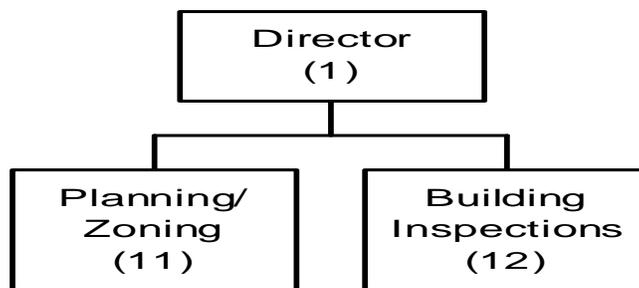
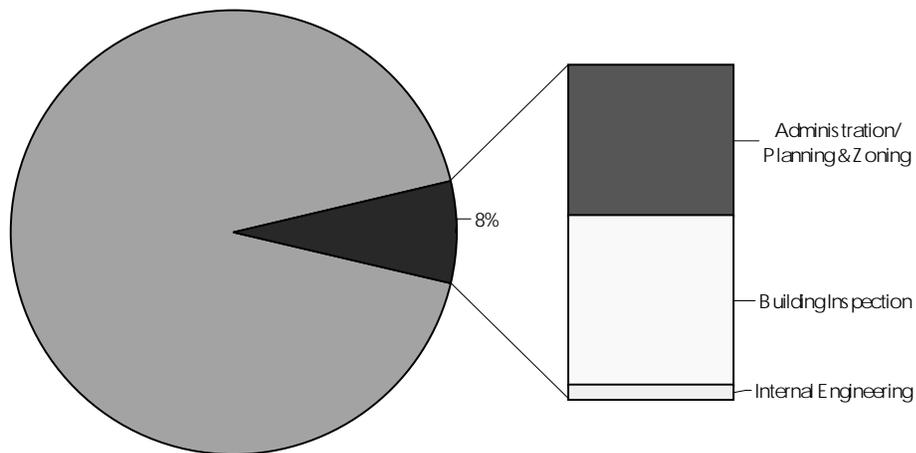
A large increase can be viewed in the Cost Recovery category. The cost of operating the Information Technology Division is partially recovered from funds and departments other than the General Fund. In FY2004, the basis of computation for the unit cost was on the number of PCs only and was based on the salaries of 5 technical and support staff members and maintenance expense line items. For the FY2005 computation, inclusion of the PC replacement program resulted in an increase in the unit cost. The FY05 unit cost (\$2,868) is a 206% increase over the FY04 unit cost (\$934).

COMMUNITY DEVELOPMENT

Department Mission:

The Community Development Department is charged with providing superior customer service through the use of innovative & collaborative problem solving in protecting and enhancing the community's historic, environmental, economic, cultural and physical resources. This is accomplished through establishing and maintaining effective working relationships with the development community in the promotion of orderly physical growth to achieve a balance of compatible land uses that are constructed to safe and acceptable standards in accordance with city code.

% of General Fund Operating Budget



**Consolidated Departmental Expenditure
and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 1,168,785	\$ 1,374,920	\$ 1,499,375
Supplies	23,134	27,854	30,000
Other Services & Charges	253,843	223,023	241,703
Capital Outlay/Projects	67,677	65,535	35,000
Total	\$ 1,513,439	\$ 1,691,332	\$ 1,806,078
Authorized Staffing Level	23.00	27.00	26.50
Administration/P&Z	10.80	12.80	12.30
Building Inspections	12.20	14.20	14.20

ADMINISTRATION/PLANNING & ZONING

Division Mission: To complete work program priorities as identified by the City Council, maintain the level of current planning support, support Neighborhood Services in the planning process, provide a 24 hour response level by staff and be responsive to citizen requests and concerns.

To accomplish this mission, the division acts as a facilitator and liaison with community organizations, business, industry, citizens and contractors. The Division provides technical assistance to the Planning and Zoning Commission, Board of Adjustment, Prescott Preservation Commission, and other ad hoc committees. Staff activities include processing of development applications; enforcing the Zoning Code and Subdivision Ordinance; updating and amending codes; coordinating variance and conditional use permit applications; responding to property maintenance complaints; and engaging in special projects such as General Plan implementation; long range planning; redevelopment districts; open space preservation, annexations and grant writing.

Goal: Continue to improve our public participation opportunities for city planning processes.			
Strategy: Provide timely and complete notification to interested parties through public notices, property owner mailings, property postings, agenda postings on the City's website, display ads and area meetings as warranted.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Public Notices	32	50	75
Neighborhood Mailings	110	120	150
Property Postings	45	50	75

Goal: Continue efforts to increase efficiency and ability to enforce the Property Maintenance Ordinance (PMO) and Zoning Codes.

Strategy: Use of Clean and Lien Fund to proactively enforce PMO and Building Codes to reduce the number of blighted homes and dilapidated buildings.

Frequently publish public information bulletins and newsletters to educate residences and businesses of code requirements.

Use of Civil citations to bring violations and repeat offenders into code compliance.

Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of cases opened	239	759	900
Closure rate	99%	70%	80%
Quarterly Newsletters	0	4	5
Number of Civil Citations Issued	0	5	10

Prior Year Results and Outcomes:

Completed the Land Development Code with Council adoption in July 2003. Implementation to be effective January 1, 2005. Continued on-going analysis of the zoning map update to insure consistency with the new Land Development Code.

Continued outreach efforts for public participation in General Plan rewrite process and land use decision making. The General Plan rewrite was completed in October 2003 with Council adoption. Voter ratification was held May 18, 2004.

Continued to work with consultant through completion of the Bicycle & pedestrian Master Plan. Council adoption in October, 2003.

Code enforcement and Trak-it permit software fully functional and used on a daily basis.

Continued efforts to increase efficiency and responsiveness in code enforcement by establishing a more proactive code enforcement process. Council's approval of an additional enforcement position has enabled staff to respond to more than twice the number of code complaints than the previous year. The department also created a Hearing Process with two Hearing Officers (volunteers) to consider Property Maintenance Ordinance citations.

Provided expedited public approvals processes, permitting and inspections for Hwy 69 Walmart, Lamb Chevrolet, Gateway Mall, Best Buy, Cost Plus, In and Out Burger, Willow Creek Frys, the Village at the Boulders and Walmart (West).

Participated in completing the development agreement with Point of Rocks and Granite Dells Ranches for the annexation of approximately 7,500 acres privately owned property east of the airport. Continued working with State Land Department for the annexation of approximately 2500 acres State Land in the same vicinity (State Land has also provided their approval to annex).

Successfully applied for \$1,119,753 in Community Development Block Grant program through NACOG. Council approved 8 projects, including a new Adult Center and Meals on Wheels facility and transitional housing for the Project Aware Men's Shelter.

**Administration/Planning & Zoning
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 558,534	\$ 660,778	\$ 722,040
Supplies	15,685	17,550	16,100
Other Services & Charges	65,154	55,779	68,900
Capital Outlay/Projects	29,172	46,665	35,000
Total	\$ 668,545	\$ 780,772	\$ 842,040
Capital Outlay/Projects			
Repair/Demolition Fund			\$ 35,000
Total Capital Outlay/Projects			\$ 35,000

**Administration/Planning & Zoning
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	10.80	11.80	12.30
Director*	0.80	0.80	0.80
Planning Manager	1.00	1.00	1.00
Planner	4.00	4.00	4.00
Administrative Secretary	2.00	2.00	2.00
Historic Preservation Spec.	0.50	0.50	0.50
Secretary	1.00	1.00	1.00
Econ. Dev. Coordinator*	0.50	0.50	0.00
Code Enforcement Officer	1.00	1.00	2.00
Grants Administrator	0.00	1.00	1.00

*20% of Community Development Director's position charged to Building Department. Economic Development is charged to City Manager's Dept. in FY2005.

**Significant
Expenditure Changes:**

Personnel costs were affected by the hiring of a Grants Administrator, which was approved in FY04, but not actually filled until the later part of the fiscal year. The increase in Other Services can be attributed to an increase in supplies associated with the adoption and implementation of the Land Development Code. These charges included; printing and binding, advertising, and mailing. Health care costs for both employee and dependents along with the reinstatement of the pay-for-performance program also contributes to the overall division increase.

BUILDING INSPECTION

Division Mission: Provide superior plan review and inspection services through application of nationally recognized construction codes in a cost effective manner by encouraging a working partnership with the construction community and our neighboring jurisdictions.

Goal: Use plans examiners' time more efficiently by reducing number of resubmittals.			
Strategy: Have Counter Techs review plans for completeness prior to acceptance. Educate designers as to plan deficiencies.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of resubmittals	80%	70%	60%

Goal: Reduce number of "status" permits. Status permits are those which have not had any inspection activity in 6 or more months.			
Strategy: Use the CRW permit program to assigning permits to an inspector, who will monitor each project's activity by running CRW activity reports.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of status permits to total active permits	35%	20%	15%

Goal: Use inspectors' time more efficiently by reducing the number of reinspections.			
Strategy: Improve quality of plans (see strategy associated with plan check resubmittals). Educate contractors relating to construction deficiencies.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of reinspections	25%	18%	15%

Prior Year Results and Outcomes: The department implemented a reorganization of building division staff resulting in 4 new positions and the hiring of two additional personnel (Supervisor for Plan Review and Supervisor for Inspections). The goal of this reorganization is to insure more responsive service for plan review and inspections.

The department took a lead role in the area wide adoption of the 2003 International Construction Codes. This is the first time each of the area jurisdictions is using the same construction codes.

FY04 was a very busy year for construction activity, however, single family permit activity was off approximately 8% from the previous record year with 543 single family permits being issued. Commercial permit activity continues to remain very strong, permits were issued for 55 commercial projects, including 4 schools, 12 office buildings, 5 retail developments and 3 churches.

**Building Inspection
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 610,251	\$ 714,142	\$ 777,335
Supplies	7,449	10,304	13,900
Other Services & Charges	63,690	52,244	97,169
Capital Outlay/Projects	38,505	18,870	-
Total	\$ 719,895	\$ 795,560	\$ 888,404

**Building Inspections
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	12.20	14.20	14.20
Comm. Devel. Director*	0.20	0.20	0.20
Building Inspection Mgr	1.00	1.00	1.00
Plans Examiner Supv.	0.00	1.00	1.00
Plans Examiner	2.00	2.00	2.00
Building Insp. Supv.	0.00	1.00	1.00
Building Inspector	4.00	4.00	4.00
Private Develop. Coord.	1.00	1.00	1.00
Secretary	3.00	2.00	2.00
Permit Specialist	1.00	1.00	1.00
Permit Tech	0.00	1.00	1.00

*80% of Community Development Director's position charged to Administration.

**Significant
Expenditure Changes:**

Building Inspection is experiencing an increase in their overall budget with the bulk being the purchase of replacement vehicles. The vehicle replacement fund is a new project/process in the FY05 budget. This division also saw an increase in their computer service and replacement update due to the City's more practical PC replacement program. As with all divisions, the annual salary adjustment and the increase in costs relating to health insurance coverage for employees and the subsidy for their dependents are reflected in the Personnel section of the budget.

INTERNAL ENGINEERING

Division Mission:

This division provides an account within the General Fund for the Engineering Services Division to bill its charges.

**Internal Engineering
Expenditure Summary**

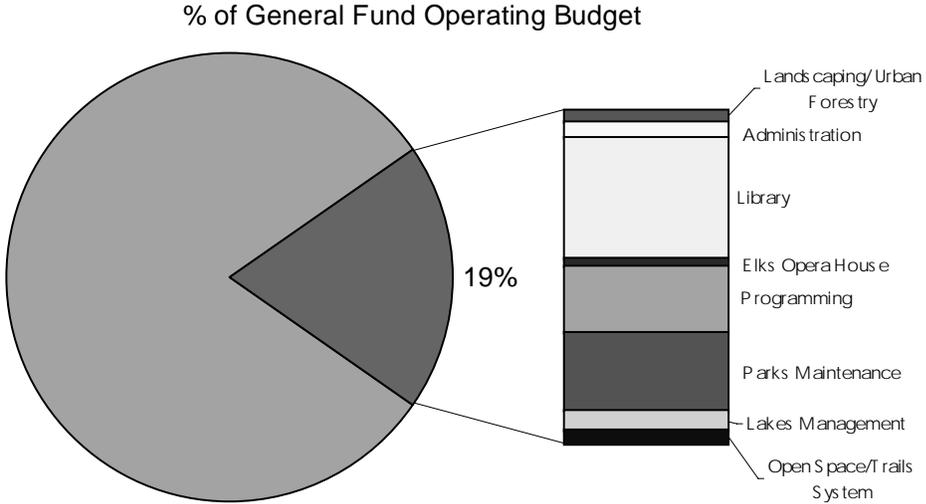
	FY03 Actual	FY04 Estimate	FY05 Budget
Other Services & Charges	\$ 124,999	\$ 115,000	\$ 75,634

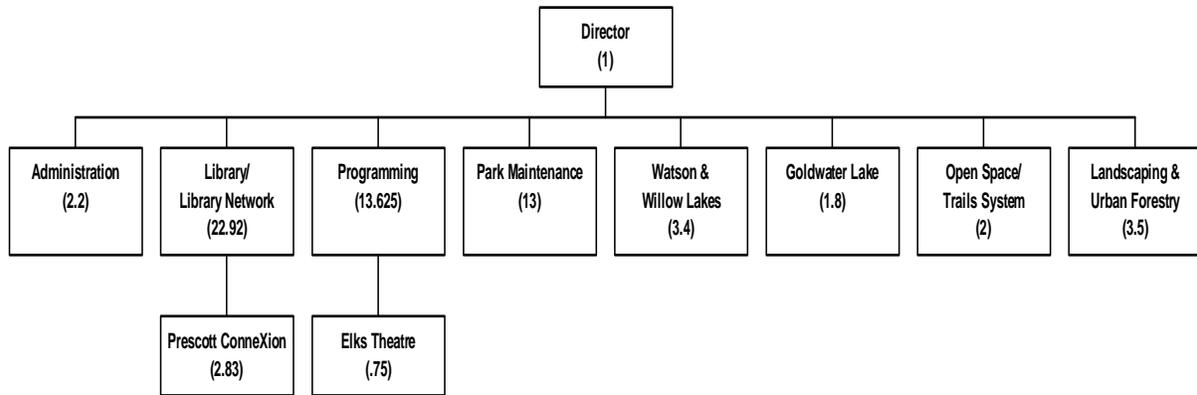
**Significant
Expenditure Changes:**

This amount includes \$48,613 for 30% of 80% of the Development Services Manager's and Engineering Tech's salaries. The remainder is budgeted for other Internal Engineering charges billed to the General Fund on an as used basis.

PARKS, RECREATION & LIBRARY

- Department Mission:**
- To preserve, protect and enhance the parklands, trails, lakes and public open spaces of the City of Prescott for the benefit of citizens and visitors, acting as conscientious stewards of the environment.
 - To provide a leisure services system that is responsive to and directed by the diverse and changing needs of our patrons.
 - To plan for the future growth and expansion of park facilities, lake properties, open spaces, trails, activity centers, and library services.
 - To operate well-maintained facilities including parks, recreation centers, library facilities and the Elks Opera House, supporting our image of a polished city - beautiful and clean.
 - To promote Prescott's reputation as a first class tourist destination by offering great recreation and leisure amenities.





Consolidated Departmental Expenditure and Staffing Level Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 2,466,840	\$ 2,690,409	\$ 2,793,258
Supplies	473,962	363,375	414,368
Other Services & Charges	1,109,233	966,691	1,352,566
Capital Outlay/Projects	397,816	153,746	442,722
Total	\$ 4,447,851	\$ 4,174,221	\$ 5,002,914
Authorized Staffing Level	64.650	65.900	67.025
Supervision	4.000	4.000	3.200
Library/Library Network	23.420	22.920	22.920
Prescott ConneXion	2.330	2.330	2.830
Elks Opera House	0.750	0.750	0.750
Programming	14.500	15.500	13.625
Park Maintenance	13.000	13.000	13.000
Open Space	2.000	2.000	2.000
Watson & Willow Lakes	2.250	3.000	3.400
Goldwater Lake	1.400	1.400	1.800
Landscaping/Urban Forestry	1.000	1.000	3.500

ADMINISTRATION

Division Mission: To facilitate improved maintenance of park facilities through improved communications between staff members.

To promote Prescott's reputation as a first class tourist destination.

To manage a well-trained, professional staff.

to provide a wide variety of recreational opportunities to our diverse group of park patrons.

Prior Year Results and Outcomes:

Groundbreaking ceremonies for the long-awaited construction project at Willow & Watson Lakes was held April 30, 2004. All studies, excavations, removal of artifacts and site remediation has been completed to the satisfaction of the National Park Service and Arizona State Parks, and we have been given the green light to proceed with implementation of the Master Plan. Project Contractor Gold Creek Inc. anticipates 300 days for completion of the improvements, to include new restrooms, new ramadas, new roads, increased parking and new boat launches.

Adult Center design services in progress - we have contracted with architectural firm Stroh Rogers for design of a new adult center facility to be located at the corner of Rosser Street and South Blooming Hills Drive, in the Cliff Rose area. Anticipated completion of plans for the facility in Fall 2004.

**Administration
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 233,151	\$ 253,900	\$ 191,609
Supplies	4,578	3,950	3,950
Other Services & Charges	19,469	16,487	30,011
Total	\$ 257,198	\$ 274,337	\$ 225,570

**Administration
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	4.00	4.00	3.20
Director	1.00	1.00	1.00
Lake Parks Supt.*	1.00	1.00	0.20
Park Security Ranger	1.00	1.00	1.00
Admin Asst.	0.00	0.00	1.00
Secretary	1.00	1.00	0.00

*Lake Parks Supt. now charged .4 in Goldwater Lake and Watson/Willow Lakes respectively.

Significant Expenditure Changes:

With the planned multi-million dollar vote approved improvements at Willow and Watson Lakes, the Lakes Superintendents personnel costs have been shifted to the Lakes budget. The administration budget reflects this change in both the personnel and authorized staffing level line items. This department's overall personnel budget is affected by the annual salary adjustment and the increase in costs relating to health insurance coverage for employees and the subsidy for their dependents. Also, pay-for-performance bonuses are budgeted in this area that were not included in the FY2004 budget.

LIBRARY AND LIBRARY NETWORK

Division Mission:

The Prescott Public Library mission is to be the learning center of our community and the place people turn to for the discovery of ideas, the joy of reading and the power of information. Community needs drive our services and we take a personal interest in ensuring that they are delivered in a welcoming, convenient and responsive manner. To be a destination of choice for area residents and visitors, a keystone of Prescott's Alive Downtown.

The Yavapai Library Network mission is to provide efficient, convenient, responsive and cost-effective library services to the region via centralized hardware, software, and system administration. To lead Yavapai County and Arizona libraries by demonstrating appropriate and innovative use of technology to meet community needs. To maintain Prescott Public Library's leadership of a nationally known consortium of school, academic, museum and public libraries. To increase access to information for all Yavapai County libraries, schools, offices and homes.

Goal: Be the learning center of our community and the place people turn to for the discovery of ideas, the joy of reading and the power of information.			
Strategy: To remain responsive to community needs as demonstrated by the number of items (books, videos, CD's, & magazines) checked out as well as by the number of active library cardholders.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Maintain high circulation per 1,000 population	20,334	20,741	15,556*
Maintain high number of registered borrowers as a percentage of Service Area Population.	86%	87%	87%
*due to inconveniences of construction year			

Goal: Enhance customer service through effective use of volunteers.			
Strategy: Increase opportunities for volunteer work at the library. Recruit, train and retain volunteers in new positions.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of volunteers	109	114	120
Number of volunteer hours	12,693	13,328	13,994

Goal: Be a destination of choice for area residents and visitors, a keystone of Prescott's Alive Downtown.			
Strategy: Expand and renovate library facilities to meet community needs for comfortable leisure space, meeting room space and evening activity.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast

Goal: Be a destination of choice for area residents and visitors, a keystone of Prescott's Alive Downtown.			
% of library expansion complete	5%	15%	100%
% of formal pledges or funds in hand	60%	75%	100%
Maintain number of patron visits	389,820	397,616	298,212*
Library-sponsored programs for all age groups	174	183	91*
Attendance at library-sponsored programs	6,090	6,395	3,197*
*due to inconveniences of construction year			

Goal: Provide efficient, convenient, responsive and cost-effective library services to the region via centralized hardware, software, and system administration.			
Strategy: Migration of the Yavapai Library Network's bibliographic database from outdated text-based software to a state-of-the-art graphical interface. New software and hardware and operating systems will be implemented in stages to minimize disruption to patrons and staff.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
% of Network members using iPAC	90%	100%	100%
% of Network members using CybraryN for print cost recovery and controlled internet access	0%	40%	100%
% of migration from Dynix to Horizon completed	0%	0%	75%
% of Network members with adequate telecommunications bandwidth and infrastructure	72%	81%	100%

Goal: Reduce lines and busy signals for Prescott Public Library borrowers via use of self-service technology.			
Strategy: Increase use of self-service technology			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of calls to the automated library clerk (TeleCirc)	9,708	10,679	12,281
Number of self-placed holds	25,512	28,063	32,273
Number of self-renewal of library materials	58,597	64,457	74,125
Number of self-checkouts	106,902	117,592	119,944

Goal: Accept new members, with a focus on schools and special collections, such as the Yavapai County Law Library. Growth of the Network enhances regional resource sharing while reducing the City of Prescott's share of Network operating and maintenance costs.			
Strategy: Increase Yavapai Library Network members and the number of special collections.			

Goal: Accept new members, with a focus on schools and special collections, such as the Yavapai County Law Library. Growth of the Network enhances regional resource sharing while reducing the City of Prescott's share of Network operating and maintenance costs.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Prescott's share of Network costs	19.62%	19%	18.5%
Number of Yavapai Library Network Members	31	33	35
Number of Special Collections	4	5	6
Number of Titles in iPAC with Accelerated Reader (AR) information for area schools	12,150	13,365	14,702

Goal: Promote use of resources and facilities of the Networks 33+ libraries, as well as of library services available 24/7.			
Strategy: Increase utilization of the Yavapai County Library Network.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Uses of Remote Patron Authentication	24,758	27,000	30,000
Number of Intra-Network Requests	158,781	165,132	171,737
Circulation of materials by Network member libraries	1,926,223	1,984,009	2,043,529

Prior Year Results and Outcomes:

The Prescott Public Library is open seven days a week at two locations with over 450,000 visits annually. We offer web-based services 24/7. The library's web page gets over 200,000 hits each year.

In 2003 Prescott Public Library ranked third in the nation for our size community (25,000 - 50,000) for high community readership and effective use of funding. In 2004 we reduced cost per circulation to \$1.37.

A big part of the library's low cost per circulation is our high rate of volunteerism. The Prescott Public Library has 125 volunteers who contribute 1,000 hours every month. That's the equivalent of more than six full-time employees, and saves the City almost \$200,000 in salary and benefits every year.

Although public use of the library has increased (up 20% from FY03), circulation of library materials is flat. Increasing numbers of library users come to use our public computers and to read our magazines and newspapers, not to check out library materials. Growth of the Yavapai Library Network, along with improved services at member libraries, has helped disperse library use. County residents who previously had no viable alternative to Prescott's downtown library can now tap into our resources from closer to home. A third contributing factor is increased availability of library resources via the library web page (www.prescottlib.lib.az.us). Whether at the library, at work, or at home in their pajamas, citizens have access to electronic resources, from full text of magazine and newspaper articles to E-books to census records to phone numbers.

Last year the Prescott Public Library received the IRS's highest service award for the Tax Aide program. In 2003 over \$1 million was refunded to local tax filers via this service, which the IRS points to as a role model for other organizations in Arizona and the Southwest.

New in FY04, Books for Babies gives parents of newborns at Yavapai Regional Medical Center a coupon that can be redeemed for a free book at the Prescott Public Library. Along with the coupon will be tips on sharing books with babies as they grow.

Family Place Library, a five-week program for kids 1-3 and their parents, features toys and books and art supplies for kids, as well as professionals from community agencies who can answer parents' questions about their children.

Afterschool Adventure provides kids aged 7 and up with activities using art, music, dance and more. This three-times-a-week program adds excitement and structure to those long hours after school, which many children of working parents spend at the Library.

In the mid-80s, Prescott Public Library created one of the first multi-type library networks in the United States, known nationally for its innovative approach to resource sharing. The initial consortium of two libraries (Prescott Public and Yavapai College) has grown to include 33 school, academic, museum and public libraries.

Users of all 33 libraries seamlessly borrow items from each others' collections, giving everyone from Ash Fork to Crown King the resources of a big city library. Intra-Network requests in FY04 totaled 180,000, up from 159,000 in FY03.

Two new members (Washington Traditional and Abia Judd Elementary Schools) joined the Yavapai Library Network in FY04. Network circulation topped two million for the first time.

**Library/Library Network
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 762,927	\$ 884,165	\$ 888,266
Supplies	215,849	158,065	175,238
Other Services & Charges	182,169	148,660	212,102
Capital Outlay/Projects	93,451	111,395	110,352
Library Network	196,685	196,945	228,198
Total	\$ 1,451,081	\$ 1,499,230	\$ 1,614,156
Capital Outlay/Projects			
County Automation Project			110,352
Total Capital Outlay/Projects			110,352

**Library/Library Network
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	23.42	22.92	22.92
Director	1.00	1.00	1.00
Assistant Director	1.00	1.00	1.00
Librarian	6.50	6.50	6.50
Administrative Assistant	1.00	1.00	1.00
Library Specialist	2.00	2.00	2.00
Library Assistant	5.00	5.00	5.00
Library Clerk	1.00	1.00	1.00
Maintenance Technician	1.00	1.00	1.00
Clerks (Temporary)	1.50	1.00	1.00
Sunday Opening Team (temp)	1.75	1.75	1.75
Systems Coord. - Network	1.00	1.00	1.00
Library Resource Analyst*	0.67	0.67	0.67

*.33 of Library Resource Analyst charged to Prescott
ConneXion.

**Significant
Expenditure Changes:**

The Library Division saw an increase in their supplies and other services categories. This increase is due largely in part to the new library book reinstatement, which was cut in FY04 due to budget constraints.

The Library also shows an increase related to costs associated with the Library Network database migration. Reimbursement will be received on this project from the Yavapai County Library District.

PRESCOTT CONNEXION

Division Mission:

To provide a dynamic popular reading, video and recorded books collection, and a convenient pickup and drop-off point for materials from other Network libraries.

To provide convenient Passport Application Acceptance services to the region.

To provide public Internet access to citizens and visitors.

To provide meeting, event, display and brochure spaces that can be used by citizens and city officials for various purposes.

Goal: Provide convenient Passport Application Acceptance services to the region.			
Strategy: Promote availability of passport services, and increase ability to process passport applications by increasing part-time permanent staff (per the State Department only permanent staff can accept passport applications)			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of passport applications accepted	0	192*	260
Number of permanent staff members			
Full-time	1	1	1
Part-time	0	0	3
*Service initiated August 2003			

Goal: Provide a dynamic popular reading, video and recorded books collection, and a convenient pickup and drop-off point for materials from other Network libraries.			
Strategy: Acquire, process and display materials citizens will appreciate.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Circulation of materials	43,118	47,429	54,544
Number of library cards issued	819	901	1,036
Holds filled	6,885	7,576	8,710

Goal: Provide public Internet access to citizens and visitors			
Strategy: Maintain Internet access while physically adapting space for better usage of public terminals.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of visitors	36,000	43,200	51,840

Goal: Provide meeting, event, display and brochure spaces that can be used by citizens and city officials for various purposes.			
Strategy: Promote and sponsor events that will utilize the community spaces at the Prescott Connection			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
City-sponsored and community events	12	15	18

Prior Year Results and Outcomes: In FY04 circulation at the ConneXion increased more than 25%. Visitation increased by almost 70%!

In an unusual partnership with the U.S. State Department, the Prescott ConneXion accepts passport applications. In a few short months, the ConneXion has helped hundreds of people get their passports. Each passport accepted puts \$30 in the City's General Fund.

**Prescott ConneXion
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 66,069	\$ 74,947	\$ 95,246
Supplies	15,964	3,875	3,875
Other Services & Charges	23,474	17,458	16,457
Capital Outlay/Projects	(90)	-	-
Total	\$ 105,417	\$ 96,280	\$ 115,578

**Prescott ConneXion
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	2.33	2.33	2.83
Library Specialist	1.00	1.00	1.00
Library Resource Analyst*	0.33	0.33	0.33
Library Assistant	0.00	0.00	1.50
Clerks (Temporary)	1.00	1.00	0.00

*.67 of Library Resource Analyst charged to Library/Library Network.

Significant Expenditure Changes: Despite the enormous increase in visitors at the Prescott ConneXion, the budget has remained static. The increase in personnel costs reflects the increase in health care costs and the conversion of part-time temporary positions to part-time permanent. Four new part-time permanent positions were added to the Prescott ConneXion. This increase was necessary due to the overwhelming response we have had to this satellite city office and the need for the ConneXion to be open the same hours as the Gateway Mall.

RECREATION PROGRAMMING

Division Mission: To offer a variety of recreational opportunities, in an affordable and cost effective manner. Through excellent customer service and high performance, vari-

ous programs, classes, leagues, and special events will be planned, implemented, and evaluated, to satisfy the recreational, social, and cultural needs of the community.

Goal: Increase public rental and utilization of the Grace Sparkes Activity Center by improving the overall image of the facility, encouraging the general public to rent portions of the facility for functions and offering a variety of youth activities throughout the year.			
Strategy: Adhere to general maintenance plan 100% of the time.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
% of time adhered to general maintenance plan	N/A	N/A	100%
Strategy: Increase the number of meetings held in the facility during the fiscal year.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of meetings held in the facility.	143	160	180
Strategy: Increase the attendance at programs held during the fiscal year.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Overall Programming Attendance	49,000	52,845	58,000
Teen Zone annual attendance	7,790	8,000	10,000
Number of Co-Sponsored Organizations utilizing the gymnasium	4	4	5

Goal: To offer certain additional recreational activities that will promote tourism, improve the public image of the City, satisfy the needs of the citizens, and preserve our “leader” status of the Region.			
Strategy: Increase the number of programs offered during the fiscal year.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of attendees during the Tiny Tot Olympics	N/A	N/A	500
Number of daily attendees for Pai Pride Basketball Tournament	N/A	1,000	1,500
% of Pai Pride Basketball Tournament attendees that are non-residents	N/A	80%	80%
Number of attendees for Halloween Softball Tournament	N/A	N/A	650
Number of attendees for AZ Cardinals Youth Flag Football State Championship	N/A	220	1,000
% of attendees that are non-residents	N/A	N/A	75%

Goal: To offer certain additional recreational activities that will promote tourism, improve the public image of the City, satisfy the needs of the citizens, and preserve our “leader” status of the Region.			
Number of attendees for Outdoor Recreation Classes and Events	194	304	535
% of attendees that are non-residents	N/A	N/A	60%

Prior Year Results and Outcomes:

Offered a wider range of Youth Instructional Programming. conducted successful programs such as Summer Adventure Camps, Halloween Carnival, and Tot Christmas Party.

Initiated a Youth Tennis Program through contract with a local teaching professional. Culminated the season with a “Martin Luther King Day” tourney, attracting 35 participants.

Increased participation in the annual Prescott Senior Olympics, with 920 registering (FY04) compared to 687 (FY03). Increased revenues from (\$13,287 FY03) to a forecasted (\$23,000 FY04), nearly an 80% increase. Organized a significant Community Service Project, where through volunteer assistance, the Yavapai College gym floor was removed and donated to the City.

Hosted two separate ASA National Softball Tournaments, the Men's 50 and Over was the largest National field ever assembled for that particular age division.

Continued to improve overall relations with Prescott YMCA, partnering and sharing facilities favorably.

Assisted the local Girl's Fast-Pitch Softball organization in improving overall officiating for league play.

Conducted an extremely successful 4th of July Celebration out at Pioneer Park. Attendance far exceeded expectations. The BBQ, concert, and “Inflatable Games” were totally self-supportive. The Fireworks Display was deemed popular.

Bid on and received an ASA National Softball Championship for 2005.

Renovated the Grace Sparkes Activity Center main meeting room, restoring the “flagstone” flooring and improving the overall visual image of said room.

Through the continued efforts of volunteer assistance, significantly improved the monthly Rec TV Show.

Initiated a Partnership with the Arizona Cardinals, offering Youth Flag Football locally. 400 youth participated in a camp, and 220 attended “Flag Football Day”.

**Recreation Programming
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 575,998	\$ 595,757	\$ 573,626
Supplies	51,907	54,300	58,000
Other Services & Charges	114,585	98,300	254,245
Capital Outlay/Projects	63,281	36,851	105,750
Total	\$ 805,771	\$ 785,208	\$ 991,621
Capital Outlay/Projects			
Grace Sparkes Gym Floor Replacement			\$ 72,000
ASA Tournaments			2,750
Summer Cultural Programming			6,000
Senior Olympics			25,000
Total Capital Outlay/Projects			\$ 105,750

**Recreation Programming
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	14.500	15.500	14.875
Superintendent	1.000	1.000	1.000
Adult Center Coordinator	1.000	1.000	1.000
Recreation Supervisor*	0.500	0.500	0.500
Recreation Specialist	3.000	0.000	0.000
Recreation Coordinator	0.000	3.000	3.000
Recreation Leader	0.000	0.000	2.250
Admin. Secretary	1.000	1.000	1.000
Secretary	0.000	0.000	1.000
Maintenance Tech.	1.000	1.000	1.000
Custodian**	1.625	1.625	0.000
Summer Inst. (Seasona/Temp)	5.375	6.375	4.125

*50% of Recreation Supervisor charged to Elks Opera House.

**Transferred to Facilities Maintenance during FY05.

**Significant
Expenditure Changes:**

The Personnel category in this division actually decreased in FY05. This is a result of shifting the custodians into the newly created Facilities Maintenance Department.

The Other Services section increased dramatically from FY04 (\$98,300) to FY05 (\$254,245). This is caused by the addition of new programs being offered by the City of Prescott - Summer Program Open Gym and various special events. The new programs along with a \$50,000 contingency for possible contracting of sports officials helped bring about a significant increase in this category.

PARKS MAINTENANCE

Division Mission: To provide daily upkeep of existing park facilities, athletic fields, parks, lakes, trails, streetscapes and planters.

To construct and maintain park facilities in a safe, aesthetically pleasing and efficient manner.

To encourage pride and sense of personal ownership by staff in the appearance and function of our park facilities.

Goal: To provide a parks system for our diverse group of park patrons that is safe, aesthetically pleasing and functional.			
Strategy: Provide daily upkeep of existing facilities and develop new facilities in an economically responsible manner.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Acreage of developed parkland	601	601	605
FTE Park Maintenance staff	13.00	13.00	13.00

Prior Year Results and Outcomes: Kuebler Field, a new softball/soccer field, was developed during FY04. It has been seeded and will be ready for play during the 2004 season. This property increases the acres of developed parkland from 601 to 605 acres.

The Parks Maintenance division worked closely with Recreation Programming in the hosting of two softball tournaments during the fiscal year. The tournaments were a men's 50 and over fastpitch tournament with 28 teams and a women's class "C" fastpitch tournament with 10 teams. The men's tournament was the largest national field ever assembled for this particular age division.

Drainage improvements were made to the Dog Park to reduce the impoundment of water during heavy rainfall.

The band shell was scheduled and used for 26 events.

Increased maintenance levels for the turfgrass. Additional aerifications have been done to improve the density and quality of the turf even though the amount of usage has increased. The aerification offsets the damage done to the soil with increased play by reducing the soil compaction, which helps to provide a higher quality-playing surface. The addition of a 5-gang mower allowed the turf to be mowed in less time and allowed us to increase our efficiency and improve the aesthetic appeal as well.

**Parks Maintenance
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 473,835	\$ 492,698	\$ 514,552
Supplies	99,580	81,200	86,800
Other Services & Charges	443,184	378,563	454,942
Capital Outlay/Projects	63,082	5,500	192,120
Total	\$ 1,079,681	\$ 957,961	\$ 1,248,414
Capital Outlay/Projects			
Ken Lindley Wall Replacement (carryover)			\$ 161,000
3 Gang Mower			21,500
Flag Pole Lighting			7,120
Dog Park Improvements (carryover)			2,500
Total Capital Outlay/Projects			\$ 192,120

**Parks Maintenance
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	13.00	13.00	13.00
Parks Maintenance Supt.	1.00	1.00	1.00
Maintenance Specialist	3.00	3.00	3.00
Maintenance Worker	3.00	3.00	3.00
Equipment Operator	1.00	1.00	1.00
Seasonal Maintenance	5.00	5.00	5.00

**Significant
Expenditure Changes:**

As in the other divisions, the Personnel category increased due to the annual payroll adjustment and the increased costs of health insurance.

The Other Services area increased 20% over the FY04 estimated endings. This is primarily due to the budgeted purchase of replacement vehicles. This division anticipates it will replace three park maintenance vehicles during FY05.

ELKS OPERA HOUSE

Division Mission:

To restore the Elks Opera House to the degree funding allows.

**Prior Year Results and
Outcomes:**

Significant and successful renovations were administered to the Elks Opera House Theatre. The Theatre reopened in February, and the facility was utilized 119 days throughout the year. Overall revenues (rental fees) exceeded projections.

**Elks Opera House
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 30,868	\$ 35,933	\$ 40,925
Supplies	7,357	5,485	6,550
Other Services & Charges	50,988	34,768	37,479
Capital Outlay/Projects	82,262	-	10,000
Total	\$171,475	\$ 76,186	\$ 94,954
Capital Outlay/Projects			
Centennial Celebration			10,000
Total Capital Outlay/Projects			\$ 10,000

**Elks Opera House
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	0.00	0.75	0.75
Recreation Supervisor*	0.00	0.50	0.50
Maintenance Worker (temp)	0.00	0.25	0.25

*50% of Recreation Supervisor charged to Recreation.

Significant Expenditure Changes: There are no significant expenditures changes in this division.

WATSON AND WILLOW LAKES

Division Mission: Provide a pleasant, safe environment, adjusting policies and plans to balance the needs of the public and the requirements of safety.

Prior Year Results and Outcomes: Commenced construction at the lakes. Operations are being adjusted at both lakes to allow access when possible, while protecting the safety of park visitors. Staff works closely with the contractor to update scheduled events vs. scheduled construction for the benefit of all. This construction project is expected to be completed in Spring 2005.

Canoes and kayaks were made available for rent at Watson Lake throughout the summer. Guided instruction in rock climbing, on a reservation basis, is now offered to further enhance the outdoor experience.

**Watson and Willow Lakes
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 65,574	\$ 68,205	\$ 95,816
Supplies	17,377	15,400	20,300
Other Services & Charges	35,930	35,947	42,421
Total	\$ 118,881	\$ 119,552	\$ 158,537

**Watson and Willow Lakes
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	2.25	3.00	3.40
Lake Parks Supt.*	0.00	0.00	0.40
Maintenance Tech	1.00	0.00	0.00
Maintenance Worker - temp	0.25	1.00	1.00
Maintenance Worker	1.00	2.00	2.00

*Supt also charged .2 to Admin and .4 to Goldwater Lake.

**Significant
Expenditure Changes:**

The reallocation of the Lake Parks Superintendent along with the annual pay plan adjustment and rising cost of health insurance has resulted in a 40% increase in the Personnel category.

The anticipated opening of the expanded facilities at the lakes during FY05 has led to larger expenditures in Supplies and Other Services. This is reflected in the FY05 budget.

GOLDWATER LAKE

Division Mission:

To preserve and maintain Goldwater Lake Park in peak condition for the benefit of Prescott citizens and visitors, offering hiking, picnicking, ramada rental, dock fishing, boating, special events and children's play areas.

To provide a safe, pleasant environment making improvements and enhancements as needed to better serve the diverse and changing needs of our patrons.

**Prior Year Results and
Outcomes:**

The new entrance and expanded parking lot have been paved. We have doubled the number of paved parking spaces available, and created a hand-capped parking area near the lake. We have developed a service road around the lake, expanding the area of shoreline accessible to the public. We now have benches and trash receptacles surrounding the shoreline, not just on the north side of the lake.

Security lighting has been installed, for increased safety and security of the developed picnic area of the park. Wires and lights have been removed from the trees to protect and preserve forest health, and the visual improvement is remarkable.

We are on the waiting list for replacement of our waterless composting toilet system; however, in the drought-stricken West, waterless systems are in great demand. We anticipate completion of the system replacement in FY05. The company we are working with has replaced systems in Grand Canyon National Park, Slid Rock, Hawaii Volcanoes National Park, Wild Horse Island, Montana State Park, and Yosemite National Park this past year; we patiently await our turn.

Likewise, we await our turn with replacement of the floating dock system. The construction business for recreational improvements in the Sunbelt is booming and dock installation companies are few. We anticipate completion in FY05.

**Goldwater Lake
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 41,521	\$ 43,357	\$ 71,559
Supplies	15,727	8,100	7,450
Other Services & Charges	14,741	13,922	13,885
Capital Outlay/Projects	77,311	-	-
Total	\$ 149,300	\$ 65,379	\$ 92,894

**Goldwater Lake
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	1.40	1.40	1.80
Lake Parks Supt*	0.00	0.00	0.40
Maintenance Technician	1.00	1.00	1.00
Maint. Worker - Temp.	0.40	0.40	0.40

*Lake Parks Supt now also charged .2 to Admin and .4 to Watson/Willow Lakes

**Significant
Expenditure Changes:**

The reallocation of the Lake Parks Superintendent along with the annual pay plan adjustment and rising cost of health insurance has resulted in a 65% increase in the Personnel category.

There are no significant expenditure changes in the Supplies and Other Services categories.

OPEN SPACE/TRAILS SYSTEM

Division Mission: To ensure continuation of the great outdoor experience for Prescott citizens and visitors.

Goal: To preserve, protect and enhance the open spaces and trails of the City of Prescott for the benefit of its citizens and the ecological health of the region.			
Strategy: To plan for the future growth and expansion of public open spaces and trails.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Trail miles per resident	0.5	0.8	1.5
Staff	2	2	2
Open space acreage per resident	.023	.023	.023

Prior Year Results and Outcomes:

- Completed three miles of Willow Lake Trail.
- Completed one mile of Lower Granite Creek Discovery Trail.
- Completed enhancements to entire Mile-High Trail System (now totaling over 26 miles)
- Completed bridge enhancements to Greenways trail system.
- Completed additional enhancements to Prescott Peavine National Recreation Trail.
- Extensively used four different labor sources totaling over 3500 hours of trail work (e.g., City Trail Volunteers, Yavapai County Juvenile Probation, Prescott Police community Service, college groups, etc.)
- 10-acre Boyle/DeBusk Open Space Preserve
 - Successfully completed the removal of 305 dead ponderosa pine trees
 - Enhanced the hiking trails within Preserve
 - Completed some enhancements to the meeting cottage
- White Spar Creekside Parcels
 - Began vegetation maintenance
 - Began planning for future visitor amenities
- Downtown Greenways (a.k.a., West Granite Creek Park)
 - Continued enhancements
- Mayor’s Open Space Acquisition Advisory Committee
 - Served as staff liaison and provided tours and extensive information to committee who met 18 times and completed final report for Prescott City Council.

**Open Space/Trails System
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 101,953	\$ 112,321	\$ 116,034
Supplies	16,068	15,975	20,225
Other Services & Charges	18,462	18,574	54,817
Capital Outlay	-	-	5,000
Total	\$ 136,483	\$ 146,870	\$ 196,076
Capital Outlay/Projects			
Boyle DeBusk Cottage Upgrades			5,000
Total Capital Outlay/Projects			\$ 5,000

**Open Space/Trails System
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	2.00	2.00	2.00
Open Space Coordinator	1.00	1.00	1.00
Maintenance Specialist	1.00	1.00	1.00

**Significant
Expenditure Changes:**

This division will take the lead in the stewardship of the open space the City has acquired through the voter approved one-cent sales tax. The stewardship will include the thinning of dead and dying trees and making the open space fire wise safe.

LANDSCAPING AND URBAN FORESTRY

Division Mission:

The mission of Landscaping and Urban Forestry is to plant, promote and protect the trees, shrubs and flowers within the City of Prescott. Our aging trees must be protected and cared for to maintain the character of our urban forest. Emphasis is placed on planting the proper specie for its individual location and usage. Xeriscape is the guiding principle to insure that the overall urban landscape will survive and thrive without using undue amounts of water.

Goal: Improve right-of-way safety issues that are related to trees.			
Strategy: Remove hazardous trees in rights-of-way, especially Ponderosa Pines killed by beetles. Use tree inventory to monitor hazardous trees in the rights-of-way.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Track tree removals and pruning.	75	200	200

Goal: Improve public knowledge and awareness of Urban Forestry issues.			
Strategy: Speak with individual property owners and homeowners associations about tree problems and solutions.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of public contacts	19	45	75

Goal: Contribute to the interagency cooperation related to tree problems.			
Strategy: Meet with task force groups to help identify and resolve tree related problems.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of meetings attended	2	8	12

Prior Year Results and Outcomes Removed or trimmed approximately 200 trees that died due to the drought, beetles and pinyon needle scale.

Efforts were made to educate the public about means to save their trees with proper watering, chemical use and cultural practices.

**Landscaping and Urban Forestry
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 47,675	\$ 54,618	\$ 127,235
Supplies	23,571	14,625	29,580
Other Services & Charges	12,103	12,040	14,879
Capital Outlay/Projects	-	-	19,500
Total	\$ 83,349	\$ 81,283	\$ 191,194
Capital Outlay/Projects			
1/2 Ton 2-Wheel Drive Pickup			19,500
Total Capital Outlay/Projects			\$ 19,500

**Landscaping and Urban Forestry
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	1.00	1.00	3.50
Urban Forester	1.00	1.00	1.00
Landscape Maint Worker	0.00	0.00	1.00
Landscape Maint Tech	0.00	0.00	1.00
Maint Worker (Seasonal)	0.00	0.00	0.50

Significant Expenditure Changes: This division's full time employee count has been adjusted to include new landscape maintenance crew, eliminating the need to contract this service externally.

PRESCOTT COMMUNITY ACCESS CHANNEL

Division Mission: Through the Prescott Community Access Channel, all City Council study sessions and regular meetings are televised on a weekly basis. Special programs concerning city issues are televised as well. Funding is provided primarily by an agreement to pay the Access Channel one percent of cable franchise fees received by the City.

**Prescott Community Access Channel
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Contractual Services	\$ 70,696	\$ 71,935	\$ 73,920

Significant Expenditure Changes: The City receives 4% of the cable company's gross revenues and 25% of this amount is allocated to the Prescott Community Access Channel. This expenditure remains fairly level from year to year.

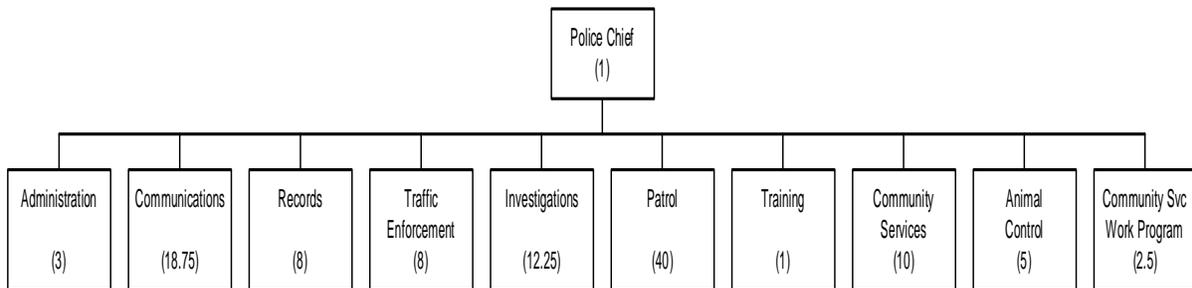
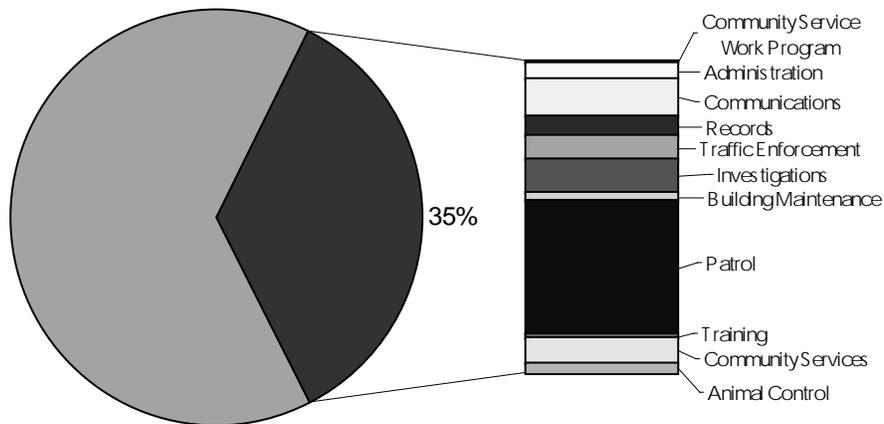
POLICE DEPARTMENT

Department Mission:

Employees of the Prescott Police Department are dedicated to providing our community with the best professional services available within our resources. We are committed to establishing close working relationships with our citizens and visitors to resolve problems and issues.

The department is committed to an aggressive response to criminal activity throughout the City of Prescott in a manner consistent with safeguarding the rights of all citizens. In order to provide an effective visible presence, a criminal identification, apprehension and prosecution process and the expeditious movement of vehicular and pedestrian traffic within the department's jurisdiction, the Prescott Police Department embraces Directed Patrol Activities, Problem Oriented Policing Strategies and the Community Policing Concept.

% of General Fund Operating Budget



**Consolidated Departmental Expenditure
and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 5,542,895	\$ 6,087,327	\$ 6,955,229
Supplies	209,709	204,481	248,085
Other Services & Charges	453,591	464,605	536,379
Capital Outlay/Projects	368,880	319,062	26,500
Total	\$ 6,575,075	\$ 7,075,475	\$ 7,766,193
Authorized Staffing Level	102.25	106.00	109.50
Administration	4.00	4.00	4.00
Communications/Records	24.50	0.00	0.00
Communications*	0.00	19.25	18.75
Records*	0.00	8.00	8.00
Community Services	9.00	10.00	10.00
Traffic Enforcement	7.00	7.00	8.00
Investigations	12.25	12.25	12.25
Patrol	38.00	38.00	40.00
Training	1.00	1.00	1.00
Animal Control	4.00	4.00	5.00
Com. Svcs. Work Program	2.50	2.50	2.50

*In FY04 Communications and Records were made separate Divisions.

In addition, there is 1 police officer charged to the Grants Fund.

ADMINISTRATION

Division Mission:

Within the scope of the Police Department Mission, serve all people within our jurisdiction with respect, fairness and sensitivity. To provide quality police service in partnership with other members of the community through innovative police practices and pro-active problem solving. To commit to the prevention of crime, preservation of peace, order and safety, the enforcement of laws and ordinances, and the safeguarding of constitutional guarantees. To strive to attain the highest degree of ethical behavior and professional conduct at all times and provide leadership and direction for the department.

Prior Year Results and Outcomes:

The Prescott Police Department continues to participate in the Northern Arizona Regional Academy (NARTA) and serves on the Board of Directors. Our Department personnel continues to contribute a significant number of hours to provide quality class instruction, as well as a full time class advisor to each of the classes held during the year. During the year, our Department has hired two new officers who received their training at NARTA.

Continued to serve as the administering agency for the federal grant that funds the operation of the Prescott Area of the Prescott Area Narcotics Task Force (PANT) and as a member of the Board or Directors. Continued operational support of PANT through our assignment of personnel to assist in this special investigative and enforcement unit.

Continued participation with the Tri-City Gang Task Force through the liaison assignment of a Community Policing Sergeant.

Continued our efforts in the participation in the Yavapai Silent Witness as the house agency for this countywide program.

Adapted our involvement in the National Night Out crime prevention neighborhood event to coordinate various crime prevention events with other agencies.

Continued expansion efforts in the Neighborhood Watch, Multi-housing, Business Block Watch, Crime Watch and Bicycle Safety crime prevention events with other agencies.

Continued expansion efforts in the Neighborhood Watch, Multi-housing, Business Block Watch, Crime Watch and Bicycle Safety crime prevention events with other agencies.

Continued our Community Service Work Program, in which court assigned violators perform a wide range of community service work projects for numerous community organizations and groups.

Continued to enhance our presence on the World Wide Web through our Police Department by providing resources and crime statistical information for our citizens and site visitors.

Maintained an extremely active volunteer program that consists of our Citizens on Patrol (COP), who assist patrol officers with support activities; Volunteers in Policing (VIP), who assist Department personnel in Records, Investigations and Audio/Video operations.

Participated in the Tri-City management committee involved in the drafting of intergovernmental agreements for the eventual creation of a regional public safety communications and dispatch center. Also participated on the technical committee, whose task it was to examine current equipment and technical capabilities and to anticipate future needs for regionalized operations. Continued to participate in the Prescott and Prescott Valley Police Department combined communications operation. This fully operational joint dispatch is located within the Prescott Police Department headquarters building.

Continued to discuss logistics in developing a public safety step plan with the City Manager, Finance and Human Resources.

Continue plans to renovate and technologically upgrade the regional public safety dispatch and communications center, which will be located at 216 South Cortez.

Continue to work with the consultant/contractor to assist with the improvements and expansion of our radio infrastructure.

Continued to advance the “Community Oriented Policing” and problem solving partnership philosophy within the Department and the Prescott community.

Completion of our map interface with our computer aided dispatch system has now given us the ability to view “real time” computer maps as to the location of a 911 call. This allows dispatch to provide directions to the location to our officers, increasing response time.

Successfully pursued grants that have allowed us to continue participating in DUI saturation patrols, partnering with Prescott Valley Police Department for education and enforcement of auto theft, seatbelt and child restraint safety, purchase and issue body armor to our officers. Continue to seek additional grant funding opportunities in support of police services to our community.

Applied for, received and administered the Community Oriented Policing Services (COPS) Small Community Methamphetamine Grant to purchase specialized equipment to combat the production and distribution of Methamphetamine for Partners Against Narcotics Trafficking (PANT). The grant funds were also identified for the purchase of technology for improving investigation, enforcement and prosecution of Methamphetamine cases.

**Administration
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 320,414	\$ 341,008	\$ 383,485
Supplies	1,710	2,400	3,075
Other Services & Charges	37,949	40,357	36,336
Capital Outlay/Projects	16,593	14,545	15,000
Total	\$ 376,666	\$ 398,310	\$ 437,896
Capital Outlay/Projects			
Family Advocacy Center			10,000
Trauma Intervention Program			5,000
Total Capital Outlay/Projects			\$ 15,000

**Administration
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	4.00	4.00	4.00
Police Chief	1.00	1.00	1.00
Assistant Chief	1.00	1.00	1.00
Police Research Analyst	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00

Significant Expenditure Changes: The annual salary adjustment and the increase in costs relating to health insurance coverage for employees and the subsidy for their dependents are reflected in the Personnel section of the budget. Also, Pay-for-Performance bonuses for the Police Department are budgeted in this area that were not included in the FY2004 budget.

RECORDS
(formerly Communications and Records)

Division Mission: The Records Division is dedicated to providing quality service to the citizens of Prescott and the surrounding communities through individual initiative and teamwork. We will communicate and problem-solve with the operational units of the Prescott and Prescott Valley Police Departments and other criminal justice agencies. We will provide a working environment that enhances our commitment to customer service above all else through excellence in reputation, honesty and integrity.

Goal: To support and promote openness in government by releasing information in a timely and responsible manner to protect the lives and property of the residents without jeopardizing the rights of the people. Provide the highest level of support to sworn personnel for Prescott and Prescott Valley Police Departments, other Criminal Justice agencies and partnerships we have established throughout the tri-city area. Enhance the quality of customer service to both internal and external customers by maintaining a highly skilled and trained professional staff.			
Strategy: The Records Division will be responsible for the collection, dissemination and retention of police-related information. Records personnel will maintain a Terminal Operator Certification to enable them to access local, state and national computerized databases to ensure the highest level of professional support to the sworn personnel.			
Increase the number of VIPs (Volunteers who assist personnel in Records) to enhance the level of customer service provided.			
Develop and update procedures that ensure quality customer service.			
Offer customer service classes to employees on a regular basis.			
Maintain highly skilled and trained staff by creating an environment that promotes longevity employment.			
Promptly meet request for records by the public.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of part one crimes processed	2,618	2,880	2,970
Number of part two crimes processed	3,847	3,800	3,900
Number of accidents processed	1,813	1,820	1,850
Number of citations and warnings processed	29,569	29,500	29,600
Number of warrants validated	913	962	990

Prior Year Results and Outcomes: The Records Section maintained the additional duty of handling Silent Witness calls that were not in progress.

Maintained Terminal Operator Certifications for all Records Personnel.

The Records Division accommodated the needs of the legal department in supplying criminal history information they needed to comply with new rules established by the Supreme Court of Arizona. Records also assumed the duty of running criminal histories for applicants and sex offender notifications.

Updated the Arizona Criminal Justice Information System computer to a high speed Internet type of interface to both dispatch and records.

Prepared statistical information for Uniform Crime Reporting, Monthly Consolidated Reports for the Department and grants.

Upheld the new public record laws by providing records promptly to the public and media.

Updated the Record's Training Manual and the Record's Operation Manual.

Worked with Vodavi engineers to resolve many problems with the phone system and assisted in the design to allow for direct inward dialing.

Downloaded the historical files from a vacated system into an access database.

Completed scanning the 1997 felony reports and purged 1999 misdemeanor reports.

Trained the Detectives and Patrol Officers to enable them to correct dictated reports in the computerized records management system.

Purchased computer software to track inbound and out bound call volumes.

Separated the Communications and Records budgets.

The Department of Public Safety Access Integrity Unit conducted an audit on our department use of government databases, which showed this agency to be in compliance in all areas reviewed.

**Records
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 970,044	\$ 411,399	\$ 435,664
Supplies	19,512	12,112	9,000
Other Services & Charges	104,553	37,391	42,533
Capital Outlay/Projects	31,417	-	-
Total	<u>\$ 1,125,526</u>	<u>\$ 460,902</u>	<u>\$ 487,197</u>

**Records (formerly Communications/Records)
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	24.50	8.00	8.00
Lieutenant	1.00	1.00	1.00
Records Supervisor	1.00	1.00	1.00
Records Clerk	6.00	6.00	6.00
Dispatch Supervisor	1.00	0.00	0.00
Dispatch Shift Supervisor	2.00	0.00	0.00
Police Dispatcher	9.00	0.00	0.00
Police Dispatcher - temp	1.00	0.00	0.00
Police Dispatcher - Joint	3.50	0.00	0.00

**Significant
Expenditure Changes:**

Records division shows a small increase in FY2005 for a total of \$26,295 over the FY2004 estimated expenditures.

The annual payroll adjustment as well as the higher costs for health insurance have pushed Personnel up 6%. Supplies reflects a decrease of 21% due to the FY04 budget including the purchase of two replacement computers. Other Services depicts an increase of 14%.

COMMUNICATIONS

Division Mission:

The Communications Division will provide efficient and effective service to the citizens of Prescott, Prescott Valley, Yavapai College and the surrounding communities. The Communications Division will cooperate, communicate and problem solve with the Records Divisions of Prescott and Prescott Valley Police Departments. The Communications Division will cooperate, communicate and problem solve with the patrol units of Prescott, Prescott Valley, Yavapai College Police Departments, Fire Departments and other public safety agencies.

Goal: To show professional commitment in providing the communities of Prescott, Prescott Valley and Yavapai College a timely, efficient and appropriate response to calls requesting service. To provide the highest degree of customer service to public safety agencies and surrounding area. Maintain efficiency in a received to dispatched call time in order to ensure timeliness.			
Strategy: Maintain minimal staffing levels to respond efficient to calls for service. Maintain and report computerized response times. Hold regular meeting to update and modify the operations manual. Train personnel in newly developed procedures and dispatching techniques.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Calls for service.			
Prescott	35,085	37,712	38,843
Prescott Valley	23,244	24,814	25,558

Goal: To show professional commitment in providing the communities of Prescott, Prescott Valley and Yavapai College a timely, efficient and appropriate response to calls requesting service. To provide the highest degree of customer service to public safety agencies and surrounding area. Maintain efficiency in a received to dispatched call time in order to ensure timeliness.			
911 Calls - Prescott	27,370	32,000	33,500
Warrants Entered			
Prescott	913	962	1,000
Prescott Valley	636	700	750
All other phone calls	288,956	324,000	330,000
Avg. time from receipt of call to time of dispatch priority calls	178 seconds	179 seconds	179 seconds

Prior Year Results and Outcomes:

Graphical User Interface computer aided dispatch system was installed in the Communication Center.

Completed the map interface for the computer aided dispatch system.

Maintained Terminal Operator Certifications for all Communications Personnel.

Updated policies and procedures for the Dispatch Operation Manual.

Completed the budget for the State of Arizona Department of Administration for 911 services to the City of Prescott.

Updated geographical files for Prescott and Prescott Valley, including the responsible party file.

Provided 24/7 international news service to the Communication Center.

Created a new supervisor workstation in the dispatch center.

Dispatch updated all of their ACJIS computers to a new flat screen, Internet high-speed type computer.

Added an additional PC into the dispatch center.

All communications personnel, including personnel from Prescott Valley, became City of Prescott employees.

Took on the additional task of housing and confirming all ACJIS entries from Prescott Valley with the exception of warrants, 24 hours a day, 7 days a week.

The Communications Supervisor took a medical retirement and a Patrol Sergeant was assigned to this position.

Two dispatchers serve as volunteers for the TIP Program. TIP has assisted the Prescott Police Department on 56 calls from 7/1/03 to 3/10/04.

Three dispatchers were awarded a Bronze Pace award for saving a life.

**Communications
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 15,591	\$ 784,917	\$ 958,530
Supplies	-	5,200	5,300
Other Services & Charges	-	57,989	75,296
Total	\$ 15,591	\$ 848,106	\$ 1,039,126

**Communications
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	0.00	19.25	19.75
Regional Comm. Dir	0.00	0.00	1.00
Dispatch Supervisor	0.00	1.00	1.00
Dispatch Shift Supervisor	0.00	2.00	2.00
Police Dispatcher	0.00	15.25	15.25
Police Dispatcher - temp	0.00	1.00	0.50

**Significant
Expenditure Changes:**

A Regional Communications Director position was authorized in this division for FY2005. This new position, along with the annual salary adjustment and increase in costs relating to health insurance for employees and the subsidy for their dependents have brought about a 22% increase in the Personnel category.

Increases can be observed in the Other Services category as a result of anticipated higher maintenance costs on the dispatch radio consoles. Also, the training and subscription budgets were increased due to the new Regional Communications Director.

TRAFFIC ENFORCEMENT

Division Mission:

To promptly respond to motor vehicle accidents occurring within our jurisdiction. To conduct accurate and thorough accident investigations. To fairly enforce traffic laws, reduce accidents and promote voluntary compliance within the driving public. To provide parking control enforcement for the downtown area.

Goal: To provide efficient motor vehicle accident investigation with well trained and professional Traffic officers.

Strategy: Respond and investigate motor vehicle accidents. These accidents are investigated on city streets, state highways and on private property.

Goal: To provide efficient motor vehicle accident investigation with well trained and professional Traffic officers.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Accident Investigation	1,111	1,175	1,200

Goal: To enhance safety on our roadways with enforcement of state and city traffic laws.			
Strategy: Enforcement of state and city traffic codes.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Citations/Warnings	13,106	13,100	13,200

Goal: To gain compliance of traffic laws and traffic safety with public education.			
Strategy: Public education that is designed to gain voluntary compliance without the need for a constant enforcement effort. Education is provided through speaking engagements and informational items that are given to schools, neighborhood groups, public interest groups and the media.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Public Education Engagements	110	120	130

Goal: To provide access to parking spaces in the downtown area for merchants and customers alike with enforcement of the parking codes.			
Strategy: A full time parking officer will enforce the city codes regarding parking regulations in the downtown area.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Parking citations	5,974	6,100	6,200

Goal: To build effective working relationships with our neighborhoods and business community. To be responsive to their needs and concerns.			
Strategy: The Traffic Division creates a working relationship with our community by providing traffic control at many special events throughout the year.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Special Events/Calls for Special Enforcement and education	1,100	1,200	1,250

Prior Year Results and Outcomes:

Continued to provide accident investigation in addition to maintaining State and City code traffic enforcement. The Traffic Enforcement Division investigated 1,200 accidents and wrote 12,750 citations/warnings/repair orders this

year. The Parking Officer issued 6,010 parking citations during the same time period.

The Traffic Division worked 9 different DUI Enforcement Operations in conjunction with the Northern Arizona DUI Task Force. These operations included DUI Sobriety Checkpoints and Saturation Patrols. These operations resulted in 50 DUI arrests and 282 miscellaneous citations were issued.

Provided educational assistance to area schools on diverse topics, such as seatbelt safety, student crossing guard safety patrols, vehicle child restraints, safe driving in inclement weather and various other safety-related topics. This year the Traffic Enforcement Division made 25 appearances in educational settings, public meetings and special interest groups.

The Traffic Enforcement Division provided traffic control at special events to include 13 different parades, races and other special events.

Continued requests were fulfilled for requests for special enforcement and needs in both business and residential neighborhoods. The Traffic Enforcement Division responded to approximately 1,100 requests from citizens for special enforcement. This number includes 529 complaints received by the Community Service Motor alone.

The Traffic Division supplied officers for 26 days to the Northern Arizona Regional Academy for a total of 208 hours this year.

Traffic Enforcement officers inspected Child Safety Seats at 12 different locations and 219 Child Safety Seat inspections.

The Radar Display trailer was utilized 65 times in complaint areas as requested by local residents.

A bid was submitted for the purchase of a new motorcycle.

A new Chevy Impala was purchased and placed into service as a Traffic unit to replace an aging Taurus.

Two new motorcycles were purchased and placed into service to replace 2 aging motorcycles.

Officer Corey Kasun replaced Officer Don Davis who retired after 20 years of service.

Two Traffic officers were sent to Phlebotomy School. These officers in conjunction with 2 Patrol officers are now able to draw blood for DUI and other criminal investigations.

One officer was sent to General Instructor School.

One officer was sent to Accident Reconstruction School.

Two officers were sent to Child Safety Seat School. The Police Department now has a total of eight officers with the capability to check child safety seats for our concerned citizens.

**Traffic Enforcement
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 420,893	\$ 471,925	\$ 549,904
Supplies	18,590	17,600	24,050
Other Services & Charges	32,954	31,273	46,425
Capital Outlay/Projects	52,032	-	11,500
Total	\$ 524,469	\$ 520,798	\$ 631,879
Capital Outlay/Projects			
Motorcycle for new officer			11,500
Total Capital Outlay/Projects			\$ 11,500

**Traffic Enforcement
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	7.00	7.00	8.00
Sergeant	1.00	1.00	1.00
Police Officer	5.00	5.00	6.00
Parking Control Officer	1.00	1.00	1.00

**Significant
Expenditure Changes:**

The Traffic Enforcement Division's estimated FY04 budget went from \$520,798 to \$631,879 in FY05. One source of this increase is the approval of one new officer position. The Supplies and Other Services categories were also impacted by the addition of this officer.

In addition to new personnel, the Personnel section reflects the annual salary adjustment, increased costs relating to health insurance and the implementation of a new pay plan.

\$11,500 is included in Other Services for the replacement of a police motorcycle. Beginning FY05, replacement vehicles will be purchased by the Fleet Maintenance Fund with corresponding charges made to the requesting division.

BUILDING MAINTENANCE

Division Mission:

To maintain the Police Department facility in the most efficient manner possible within available financial means, through scheduled inspections, servicing and repairs; to provide a clean, safe working environment for all employees.

Prior Year Results and Outcomes: Provided a clean and safe working environment for all employees by scheduling regular maintenance service, safety and operational inspections and repairs when needed.

**Building Maintenance
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Supplies	\$ 3,646	\$ 4,119	\$ -
Other Services & Charges	82,176	83,117	176,945
Capital Outlay/Projects	13,704	264	-
Total	\$ 99,526	\$ 87,500	\$ 176,945

Significant Expenditure Changes: Starting in FY2005, there is a Facilities Maintenance Fund that will be responsible for the maintenance of all city facilities. This budget area represents the cost of maintaining the police department building. The large increase in this budget can be contributed to two projects planned for FY2005 - computer room remodel and carpet replacement.

INVESTIGATIONS

Division Mission: The Investigation Division of the Prescott Police Department is committed to timely and quality follow up on cases assigned. To involve the public in helping solve and prevent crimes. To assist other law enforcement agencies as requested. To assist prosecutors in providing a factual basis for criminal prosecutions. To assist the public with timely information as to on-going cases and closures to major crimes.

Goal: Provide investigative services to the Prescott community in a cooperative effort to solve and reduce crime. The major focus is to investigate serious crimes involving threats to personal safety and financial loss. To assist other agencies with investigations involving our jurisdiction at their request.			
Strategy: Arrange scheduling to give time for out of office public contact.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Increased investigative time away from the station.	24%	28%	30%
Strategy: Emphasis on the investigation of Part I crimes. Investigation of Part II crimes and misdemeanor cases as they related to Part I crimes.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Cases assigned	1,823	2,050	2,150
Ratio of cases cleared to cases assigned	47%	47%	50%

Goal: Provide investigative services to the Prescott community in a cooperative effort to solve and reduce crime. The major focus is to investigate serious crimes involving threats to personal safety and financial loss. To assist other agencies with investigations involving our jurisdiction at their request.			
Part I Cleared	38%	40%	45%
Strategy: Utilize the CVSA (Computer Voice Stress Analyzer), truth verification equipment, as an investigative tool to verify suspects' and victims' stories in criminal cases. Additionally, the CVSA is used in the hiring process (civilians and volunteers) and internal investigations.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Total number of CVSA tests including criminal investigations and pre-employment	66	66	70
Strategy: Utilize the VIP program extensively for the Pawn Shop detail. The pawn slips are maintained in a file for future investigative purposes and are entered into a database. Maintain a computer program that will have the ability to compare pawned property to reported stolen property for the purpose of identifying suspects.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Pawn items reviewed, entered and evaluated	9,617	10,370	11,000
Strategy: Conduct surveillance, special details, and utilize equipment and resources from other agencies, i.e. RMIN, FBI, DPS, PANT.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Surveillance/Special details	25	27	25

Goal: Provide training to Police Department personnel, City employees, community members, businesses and organizations.			
Strategy: Conduct training sessions for department personnel to increase job knowledge and investigative techniques. Provide training to schools, businesses and organizations to improve awareness and provide techniques to prevent or detect criminal activity.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of training hours provided to department personnel	24	30	30

Prior Year Results and Outcomes:

Two new investigators were gained through assignment rotations.

The Investigations Sergeant was promoted to Lieutenant and assigned to the Patrol Division; a Patrol Sergeant was reassigned to the Investigations Section as a result of this promotion.

All investigators were trained to either dictate reports or directly input information in our in-house database (ADSi), thereby providing improved case management and increased case closures.

One Investigator was assigned to the Prescott Area Narcotics Task Force.

One officer has been assigned as the Critical Incident Investigation Team (CIIT) Investigator.

Three new vehicles were added to the Investigations fleet, including one 4-wheel drive vehicle.

City and County Attorney disposition forms have proven to be an essential tool, allowing officers to efficiently complete necessary paperwork for cases, ensuring more timely disposition of property for better management of needed storage space in the Property and Evidence Section.

Maintained the community-oriented policing program in which investigators provide training to businesses, organizations and community members. This program enlists the aid of the community in crime prevention and helps to decrease criminal activity.

The on-going use of the Computerized Voice Stress Analyzer (CVSA) technology has assisted investigators in truth verification of suspects' and victims' statements, as well as assisting in background investigations of prospective employees and volunteers. This technology has been useful in reducing investigative time spent on cases and has helped solve several criminal cases. During this year, a fourth examiner from the Investigations Section has been certified to administer CVSAs.

The Investigations Division continues to participate in and support the activities of the Yavapai Family Advocacy Center, Tri-City Gang Task Force, Elder Abuse Advocacy Center, Domestic Violence Task Force, Community Integrated Services System Committee and the Citizens' Advisory Board for the Juvenile Court Center.

Through the pawnshop detail, the Investigations Section volunteers have reviewed, examined and entered approximately 8,871 pawned items this year. In addition, volunteers have made significant contributions to runaway juvenile cases to which they have been assigned. Of the 73 cases assigned, 69 juveniles have been recovered. The VIP Program implemented a new pawned property tracking system through the in-house database (ADSi).

The acquisition of ACCURINT database service continues to provide an additional investigative tool for locating suspects, contacting potential witnesses and uncovering selective information related to criminal offenses.

With the installation of the ACJIS terminal in Investigations, 227 criminal histories have been run, and 1,632 MVD photos have assisted the investigators in locating and/or verifying potential suspects.

Conducted three fraud detection/prevention classes to local businesses, including Wal-Mart, K Mart and Sears.

Continued to train Patrol to strengthen the healthy working relationship between Patrol and Investigations, thereby creating teamwork to exchange information on active cases.

**Investigations
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 674,683	\$ 733,948	\$ 783,612
Supplies	19,001	23,050	23,400
Other Services & Charges	31,717	30,392	90,943
Capital Outlay/Projects	9,951	52,000	-
Total	\$ 735,352	\$ 839,390	\$ 897,955

**Investigations
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	11.25	12.25	12.25
Sergeant	1.00	1.00	1.00
Police Officer	6.00	6.00	6.00
Secretary	1.00	1.00	1.00
Property/Evidence Tech	2.00	2.00	2.00
Prop./Evidence Aide (temp)*	0.50	0.50	0.00
Community Services Officer	0.75	0.75	1.50
Temp Admin Staff	0.00	1.00	0.75

One more detective is provided for in the Prescott Area Narcotics Task Force Grant.

**Significant
Expenditure Changes:**

Personnel in Investigations shows an increase of 7%. This is attributable to the annual salary adjustment, implementation of the new police pay plan, the increased costs of health insurance and public safety retirements, and the conversion of a temporary employee to regular 3/4-time employee.

The most significant dollar amount of increase is in Other Services. \$50,000 was included for the replacement of two investigation vehicles.

PATROL

Division Mission:

Maintain our proactive law enforcement (traffic and crime)/problem solving involvement within the community by continuing the philosophy of community policing. To make Prescott as safe a community as possible by identifying hazardous situations, and correcting them, and reacting to the crimes

reported to the Police Department and identify violators for prosecution and recovering stolen property in a timely manner.

Goal: Enhance our “Citizens on Patrol” program by increasing their involvement in community based policing and patrol functions.			
Strategy: Utilize Citizen Patrol volunteers to assist with traffic control, crime scene security, special events and neighborhood patrols and property watches.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Citizen on Patrol volunteer hours	5,005	6,016	6,250
Traffic control	N/A	N/A	20
Crime scene security	N/A	N/A	10
Special events	N/A	N/A	20
Property watches	N/A	N/A	200

Goal: Increase the Community Based Policing concept in an effort to promote public awareness and community involvement in crime prevention and detection.			
Strategy: Develop partnerships and networks with the business community and citizens to be proactive in community problem solving through interaction with clubs, organizations, and citizenry groups.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Neighborhood contacts	3,420	3,450	3,500
Business contacts	4,445	4,600	4,750
Problem solving	6	8	10
Meetings attended	17	25	35

Goal: To use our resources in traffic enforcement and crime prevention in an effort to reduce vehicle collisions, traffic violations and criminal traffic violations creating a safer driving environment. Enforce Arizona and City of Prescott criminal codes to identify and arrest criminal offenders.			
Strategy: Use crime analysis and mapping to target selected areas for crime and traffic enforcement. Investigate crimes reported or “on-view” and arrest offenders based on probable cause.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Accidents investigated	722	725	750
Citations/warnings	8,953	9,000	9,100
Arrests	2,546	2,600	2,650
Reported Crimes	6,365	6,435	6,500

Goal: Continue to direct and provide timely responses to calls for service.			
Strategy: Attempt to safely respond to emergency calls within an average of six minutes or less and maintain reasonable responses to other calls for service.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Average six minutes or less to priority calls	5.47	5.5	5.5

Goal: Support the Patrol Division by providing a specialized resource that has the ability to enhance law enforcement tactics and community relations.			
Strategy: Utilize the K-9 to assist School Resource Officers, Special Tactical Unit, Prescott Area Narcotics Task Force, and other agencies with calls dealing with drug enforcement and high-risk patrol situations.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Narcotics calls for service	N/A	N/A	15
High-risk calls for service	N/A	N/A	15
Building searches	N/A	N/A	10
Strategy: Make the K-9 available for community contacts and special engagements.			
Performance Measure	FY03 Actual	FY04 Estimate	FY05 Forecast
Community contacts/special engagements	N/A	N/A	20

Prior Year Results and Outcomes:

Strengthened the Community Oriented Policing philosophy through continued officer attendance at School Lunch programs. This philosophy was further reinforced through officer attendance at Block Watch meetings and, in partnership with residents and other City departments, assisting in problem-solving neighborhood issues.

Continued to develop and expand the Citizens on Patrol volunteer program. This year Citizens on Patrol contributed 6,360 volunteer hours. A Citizen on Patrol academy was held this fiscal year adding five new Citizens on Patrol to the Prescott Police Department.

Participated in an expanded role in classroom and practical training of new recruit officers at the Northern Arizona Regional Training Academy (NARTA), for a total 339 hours.

Provided security and enforcement at various downtown special events, including ceremonial and holiday parades, school functions, organized athletic events and dignitary visits.

Conducted enhanced low-light firearms qualification training for officers at the Gunsite Academy. Officers also participated in training pertinent to tactical building searches.

Ordered and received six (6) AR-15A3 .223 caliber Carbines through council approval for use by the Police Department Special Tactical Unit. Six (6) M4 .223 caliber Carbines have been ordered, also through council approval, for use by the Police Department Special Tactical Unit.

The Patrol Lieutenant retired and with this retirement, the Investigations Sergeant was promoted to fill the position of Patrol Lieutenant.

Two new officers were trained and assigned to Patrol.

Two new officers were assigned to Investigations from Patrol.

Two officers were promoted to Patrol Sergeant.

The Prescott Police Department Sergeant, formerly a supervisor at the Prescott Area Narcotics Task Force, returned to Patrol as the Administrative Sergeant.

One Patrol Sergeant was assigned as supervisor in the Communications Division.

During this fiscal year, only one officer left the department, reducing the attrition rate significantly.

Two Patrol officers were chosen for and assigned to the Community Services Division.

The Administrative Sergeant, also assigned to Dispatch, was assigned full time to Dispatch. The Administrative Sergeant position was replaced with a Patrol Sergeant.

Officers attended 6 hours of simmunition training, 4 hours of search and seizure training and were certified on the new intoxilizer with 6 hours of training.

Four officers attended Phlebotomy training in Phoenix, Arizona and are now qualified to draw blood for DUIs and other criminal investigations.

Patrol Expenditure Summary ross Prescott.
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	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 2,428,279	\$ 2,768,208	\$ 2,974,507
Supplies	84,566	85,450	89,200
Other Services & Charges	118,484	132,715	462,987
Capital Outlay/Projects	215,595	-	54,400
Total	\$ 2,846,924	\$ 2,986,373	\$ 3,581,094
Capital Outlay/Projects			
Vehicle Video Camera Replacements			\$ 21,000
Vehicle Radars			5,400
K-9 Officer Vehicle			28,000
Total Capital Outlay/Projects			\$ 54,400

**Patrol
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	38.00	38.00	40.00
Lieutenant	1.00	1.00	1.00
Sergeant	5.00	5.00	5.00
Administrative Sergeant	1.00	1.00	1.00
Officer	30.00	30.00	32.00
Secretary	1.00	1.00	1.00

Significant Expenditure Changes: The Patrol Division experienced a 20% increase in the FY05 budget (\$3,581,094) over the FY04 revised estimate (\$2,986.373).

Staffing increased by two police officers - one transferred from a grant and one new K-9 officer. In addition to the additional officers, the Personnel category was heavily impacted by the annual salary adjustment, the increase in costs relating to health insurance and public safety retirement, and a new step plan for police personnel.

Other Services increased substantially due to the purchase of replacement patrol cars (\$299,000) and replacement of the supervisor's SUV (\$40,000) that will be purchased by Fleet Maintenance and charged back to this division.

RESERVES

Division Mission: To supplement the patrol division personnel and to maintain a high quality of public service at a substantially reduced cost.

**Reserves
Expenditure Summary**

	FY02 Actual	FY03 Estimate	FY04 Budget
Personnel	\$ -	\$ -	\$ -
Supplies	-	-	-
Other Services & Charges	-	12	-
Total	\$ -	\$ 12	\$ -

Significant Expenditure Changes: It is not anticipated that this account will be used during FY2005.

TRAINING

Division Mission: The Training Division will support and enhance efficient and effective service to the employees of the Prescott Police Department and the Tri-City community. The Training Division will cooperate, communicate and problem solve with Arizona Peace Officer Standards and Training Board, other departments with City government and the operations units of the law enforcement agencies in the region.

Goal: To provide training opportunities that enhance professionalism, customer service and leadership. To identify and recruit suitable candidates to become productive members of the Police Department.			
Strategy: Provide essential training that conforms to Arizona Police Officer Standards and Training (AzPOST). Provide and maintain effective, safe and fiscally responsible training and equipment. Attract candidates from all segments of our community and elsewhere. Select the best qualified available candidates through valid, consistent and fair selection processes.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
AzPOST approved in-service training provided (officers trained <i>multiplied by</i> hours trained)	720	1200*	720
AzPOST & OSHA mandated training (# of officers <i>multiplied by</i> hours trained)	720	720	720
NARTA training provided (man-hours)	250	300	300
Officer candidates tested	36**	100	120
Background Investigations	16	20	24
New employees hired	10	12	14
*Unanticipated increase in training hours due to (1) anti-terrorism training and (2) state mandated training for operators of new intoxilyzer equipment. **No selection process conducted in Spring of 2003			

Prior Year Results and Outcomes: Managed the selection process involving 37 police officer applicants, resulting in the hiring of two new officers.

Completed background investigations of 12 candidates for police officer, Records clerks, dispatchers, Animal Control officers, etc.

Presented Arizona Peace Officers Standards and Training Board (AzPOST) training courses to certified employees on various topics to meet the AzPOST standards to maintain certification.

Provided instruction to all employees to meet O.S.H.A. requirements for annual training. Participated in organizational conferences and provided direct instruction to police officer cadets in support of the Basic Training objectives of the Northern Arizona Regional Training Academy (NARTA).

Participated in direct instruction in support of the training objectives of the National Association of Field Training Officers (NAFTO).

Hosted Arizona Regional Community Policing Institute classes for law enforcement personnel of the northern Arizona region. Hosted AzPOST classes and telecourses for law enforcement personnel of the northern Arizona region.

Coordinated the department Field Training Program.

Coordinated the distribution of uniforms, service items, and standard department-issued safety equipment. Coordinated the acquisition and distribution of department-issued ammunition.

**Training
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 46,646	\$ 52,588	\$ 53,523
Supplies	22,595	19,700	25,700
Other Services & Charges	11,226	10,508	16,858
Capital Outlay/Projects	11,375	-	-
Total	\$ 91,842	\$ 82,796	\$ 96,081

**Training
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	1.00	1.00	1.00
Training Coordinator	1.00	1.00	1.00

**Significant
Expenditure Changes:**

The Police Training FY2005 budget is up 16% over FY2004 estimated ending. This is largely in part to the increase costs of ammunition and other equipment charged to Supplies category and the costs of medical examinations required by AZPOST charged to the Other Services category.

COMMUNITY SERVICES

Division Mission:

To provide the community with an efficient, responsive, and accountable resource for addressing concerns and problems. To be a resource for the Police Department in the areas of special enforcement, training, patrol, and community based policing projects. To maintain the DARE program in order to instruct as many youth as possible in the areas of drug, alcohol, and violence resistance. To expand the public's participation in crime prevention programs and apprehension of criminal violators. To provide School Resource Officers to the public middle schools and High School in order to provide an available and approachable officer to the students and faculty who will provide mentoring, education, and enforcement services.

Goal: To build positive relationships and interaction between youth and police.			
Strategy: To maintain the School Resource Officer program in the public school system. Conduct law related education and character-building classes to our youth, as well as provide an approachable and available officer to students and faculty for the purposes of mentoring and enforcement.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Schools covered	3	3	3
Character and Law related education classes taught	134	160	180
Number of students in Character and Law Related Education classes	3,350	4,000	4,500

Goal: To increase the Block Watch programs within the City of Prescott and to continue promoting the Silent Witness Program.			
Strategy: Enhance existing crime prevention programs and update crime prevention literature. Continue to coordinate Block Watches and participate in National Night Out events.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Current Block Watch Programs	129	131	140
Silent Witness calls	609	656	660
Felony arrests resulting from Silent Witness calls	46	54	55

Goal: To maintain the DARE program to reach more students and citizens in the City of Prescott.			
Strategy: Maintain the expanded DARE program which currently contacts children from Kindergarten through the Eighth grade. Conduct parent programs.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Schools in which DARE curriculum is taught	7	7	7
Number of DARE classes taught	508	510	512
Number of students in DARE classes	12,279	12,750	12,800

Goal: To increase our response to neighborhood concerns and expand the Community Policing Concept and services to internal and external customers within the City of Prescott.			
Strategy: Form partnerships within the community to develop innovative solutions to community concerns. This will include utilizing a community based policing model and community concern forms, and will increase officer presence through special assignments. Educate the community on the Community Policing Concept, and continue a flow of information to partners involved in solving community concerns.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of Community Concern forms addressed	14	20	25
Number of Speaker (educational) requests completed	102	110	115

Prior Year Results and Outcomes:

DRE certification maintained and education provided on the Medical Foundations of Visual System Testing for DREs and Prosecutors, acquiring qualification as an expert witness during the course of testifying in DRE cases.

The Community Service Division purchased a new "Fatal Vision" training system, which includes new Fatal Vision goggles, videos, give away materials, and various other items to be used in the instruction of impairment and DUI type classes.

A new DARE vehicle replaces a 1987 retired DPS patrol vehicle that has been used as a DARE vehicle for about the last 15 years.

The Community Services Division helped coordinate and participated in a Countywide Crime Prevention Fair, which kicked off National Night Out. The division also made visits at Block Watch Parties on National Night Out.

The Community Services Division helped coordinate and participated in the 6th annual Shop with a Cop event, which afforded 59 children the opportunity to shop for Christmas with an officer.

Through the efforts of the Crime Prevention Coordinator, the Community Services Division coordinated the 19th annual Silent Witness Open Golf Tournament fundraiser for Silent Witness.

Continued our efforts in the Catch 22 program, in which 22 felons are highlighted in 22 days with a \$500.00 reward for information leading to an arrest.

The Community Services Division was responsible for handling approximately 70 speaker requests which does not include the classes taught by the DARE officers or School Resource officers in their respective schools.

The D.A.R.E. Program continues to provide program curriculum to students from Kindergarten through 8th grade.

The School Resource Officer program remains fully staffed; one officer is assigned full time to Prescott High School and the other officer splits his full time assignment between each of the two City middle schools.

**Community Services
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 452,641	\$ 510,494	\$ 641,271
Supplies	17,910	11,700	13,600
Other Services & Charges	10,927	12,322	11,102
Capital Outlay/Projects	-	25,000	-
Total	\$ 481,478	\$ 559,516	\$ 665,973

**Community Services
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	9.00	10.00	10.00
Sergeant	1.00	1.00	1.00
Police Officer	6.00	7.00	7.00
Crime Prevention Officer	1.00	1.00	1.00
Secretary	1.00	1.00	1.00

**Significant
Expenditure Changes:**

Along with the annual payroll adjustment, the increase in costs of health insurance and public safety retirement, and the new pay plan, the 26% increase in the Personnel category pertains to the expiration of two grant positions that were absorbed by the Community Services division.

ANIMAL CONTROL

Division Mission:

It is the mission of the Animal Control Division to provide the community and area residents with professional animal control services. To increase the public's knowledge/awareness of Animal Control's functions. To expand educational programs through our elementary schools and the community. To work with the Yavapai Humane Society and numerous animal support groups in

and outside of Yavapai County. To promote safety for citizens, animals and to help in controlling animal population. To maintain contractual services with Prescott Valley and Yavapai County in a continuing community effort promoting animal safety.

Goal: To educate the public concerning laws governing animals. To enforce City of Prescott codes to include State statutes, rabies vaccinations and licensing issues. To routinely/proactively patrol the community, respond to calls for service and enforce City Codes and State Statutes for animal related violations. To continually update our officers and the public on changes in animal control procedures and laws/codes.			
Strategy: Enforce City Codes and State Statutes related to Animal Control. Enforce dog license requirements including rabies vaccinations. Conduct annual low-cost rabies/licensing clinics.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Dogs licensed for the City of Prescott	4,717	4,750	4,800
Total animal related citations and warnings given	923	600*	1,000
*Low statistics due to attrition in the Division			
Strategy: Maintain a clean, healthy and humane atmosphere for impounded animals, employees and the public. Return as many animals as possible to their owners. To deal effectively and humanely with pet overpopulation through impoundment, adoptions (including animal rescue groups), licensing and spay/neutering. To minimize, as best as possible, euthanizing animals by actively returning animals to their owner.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Animals Impounded (Includes Yavapai County & Prescott Valley)	2,831	2,900	3,000
Animals Returned to Owners (Includes Yavapai County & Prescott Valley)	1,489	1,500	1,540
Animals Euthanized (Includes Yavapai County & Prescott Valley)	924	950	940
Animals Adopted (Includes Yavapai County & Prescott Valley)	274	325	350
Strategy: Educate public through block watch programs, classes given at public and private schools, citywide career day presentations or other sponsored activities. To educate City employees, City volunteers and as many Tri-City law enforcement officers as possible relating to animal concerns.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Classes given "Bite prevention" and "Animal Safety"	2	5	20

Prior Year Results and Outcomes: Animal Control has provided all levels of service to the Community from enforcement of the laws regarding the containment of animals and noise problems to assisting with injury cases, to the operation of the Animal Shelter and licensing of dogs.

Two new Animal Control Officers were hired to replace two open positions. Existing Animal Control personnel maintained an acceptable level of service during the hiring and training of the new Anima Control Officers.

Participated in National Adoption Day, in conjunction with the Yavapai Humane Society and Petsmart, reducing adoption fees and enhancing relations with Yavapai Humane Society. This relationship leads to the retrieval of animals from the Animal Control Center for adoption through their programs.

Dogs licensed in the City of Prescott increased to 4,717 dogs for 2003, up from approximately 4,600 in 2002.

The annual rabies clinic resulted in the vaccination of 92 dogs.

The Animal Control Center enrolled in the Petfind.com program a nationwide program for which each member is issued its own website.

**Animal Control
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 134,227	\$ 142,982	\$ 197,048
Supplies	16,118	16,400	19,100
Other Services & Charges	20,904	24,728	27,706
Capital Outlay/Projects	14,685	-	100,000
Total	\$ 185,934	\$ 184,110	\$ 343,854
Capital Outlay/Projects			
Animal Control Building Expansion			\$ 100,000

**Animal Control
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	4.00	4.00	5.00
Supervisor	1.00	1.00	1.00
Animal Control Officer	3.00	3.00	4.00

**Significant
Expenditure Changes:**

The primary factor in the increase in the Animal Control FY2005 budget over the FY2004 estimated ending is the addition of an Animal Control Officer. The new position along with the annual salary adjustment and the increase in costs relating to health insurance coverage comprise an increase of 32% in the operating budget for this division.

COMMUNITY SERVICE WORK PROGRAM

Division Mission: To provide the city of Prescott with monitored labor services performed by court assigned Community Service workers. To provide an alternative to the incarceration of City Court misdemeanor violators within the Yavapai County Jail, which will result in a monetary savings. To offer life skills training to court ordered Community Service workers.

Goal: Continue to offer life skills training.			
Strategy: Enlist the services of professional volunteers to conduct life skills training.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Life Skills classes	1	2	2

Goal: Continue to supply court assigned Community Service workers to the public. Continue seeking appropriate work projects within the City for Community Service work crews. Continue working partnership with Prescott Consolidated Courts, which supply defendants through sentencing and work release programs.			
Strategy: Schedule defendants assigned to community service through the courts to assigned work program crews and off-crew details. Monitor Community Service workers and insure compliance seven days per week. Build partnerships with internal and external customers to develop one time and continuous work projects.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Defendants assigned	1,421	1,572	1,600
Hours completed	13,066	16,352	16,500
Strategy: Work court assigned defendants providing savings to the City of Prescott at a rate of \$5.15 per hour.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Vehicles washed	1,517	1,282	1,500
Vehicle wash savings @ \$7.50 each	\$11,377.50	\$9,615	\$11,250
Labor wage savings @ \$5.15/hour.	\$67,290	\$84,213	\$84,975

Prior Year Results and Outcomes: Two Life Skills classes were taught to 18 defendants.

A total of 1,282 city vehicles were washed at a savings to the City of \$9,615.00 (\$7.50 each).

Work crews assisted with the following events: Cinco de Mayo, Frontier Days Rodeo and Parade, COP Volunteer Picnic, City Employee Picnic, and Empty Bowls on the Courthouse Plaza. Additional programs added to the program include: Prescott Valley Police Department Vehicle Wash (first Sunday every

other month), Prescott Valley Police Department Range, and work crews now regularly assist the Prescott Fire Department with brush removal.

A total of 16,352 manpower hours were expended on 56 City and community organizations' project requests.

Approximately 49,428 pounds of debris/trash were disposed of at the Transfer Station.

1,572 defendants performed community service.

Defendants served 2,336 days of community service.

**Community Service Work Program
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 83,005	\$ 87,375	\$ 96,036
Supplies	6,061	6,750	7,275
Other Services & Charges	2,632	3,801	4,344
Total	\$ 91,698	\$ 97,926	\$ 107,655

**Community Service Work Program
Staffing Summary**

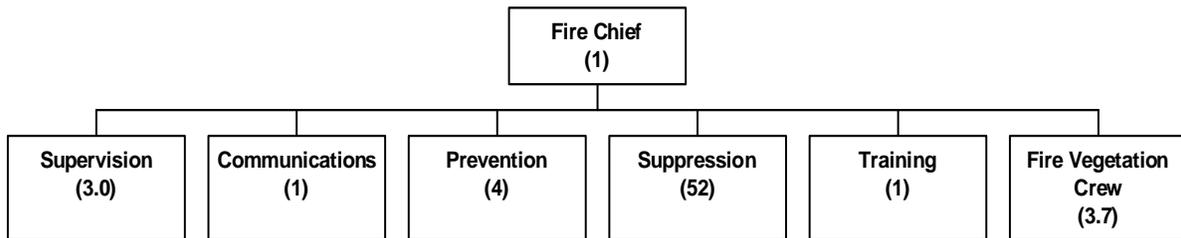
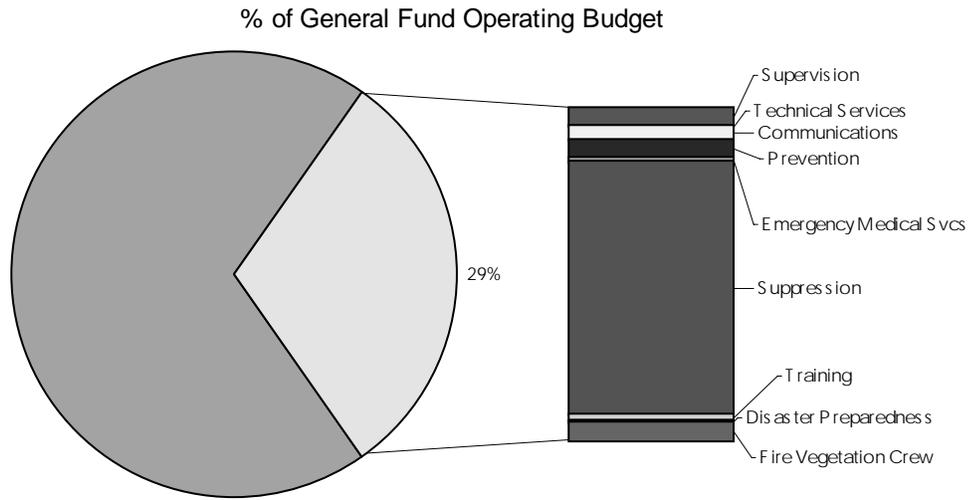
	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	2.50	2.50	2.50
Com. Serv. Worker Coord.	1.00	1.00	1.00
Com. Serv. Worker Monitor	1.00	1.00	1.00
Secretary	0.50	0.50	0.50

**Significant
Expenditure Changes:**

The annual salary adjustment and the raise in costs relating to health insurance coverage account for the increase in the Community Service Work Program's FY2005 budget.

FIRE DEPARTMENT

Department Mission: The Prescott Fire Department is dedicated to providing the highest level of service in the prevention and mitigation of emergency incidents in a growing community and treating our citizens and employees in a fair and considerate manner while remaining financially responsible.



**Consolidated Departmental Expenditure
and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 3,774,649	\$ 4,121,608	\$ 4,985,063
Supplies	166,561	144,295	173,955
Other Services & Charges	511,208	521,151	742,777
Cost Recovery	(880)	-	(360,000)
Debt Service	54,893	54,893	-
Capital Outlay/Projects	384,501	1,282,708	105,000
Total	\$ 4,890,932	\$ 6,124,655	\$ 5,646,795
Authorized Staffing Level	63.50	63.00	64.70
Supervision	4.50	4.00	4.00
Communications	1.00	1.00	1.00
Prevention	3.00	3.00	3.00
Suppression	54.00	54.00	52.00
Training	1.00	1.00	1.00
Fire Vegetation Crew*	0.00	0.00	3.70
*3.7 represents 2 months. Remainder of Fire Vegetation Crew is the Grant (10 months).			

SUPERVISION

Division Mission: To administer a complete, all-risk public safety and disaster preparedness program that provides excellent customer services in fire prevention, fire suppression, emergency medical services, hazardous materials, public education and community services through partnerships in our community.

Goal: To provide leadership, guidance and administrative services that support a highly motivated all-risk emergency management department.			
Strategy: Fire administration will ensure the prompt delivery of emergency services as well as the mitigation of emergencies, while maintaining financial responsibility.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
To minimize fire loss to structures within the City of Prescott	\$1,000,000	\$1,500,000	\$1,500,000
To minimize the number of industrial injuries and lost time. # Injuries/# hours of lost time.	8/0	10/600	8/200
To minimize the number of unscheduled vehicle breakdowns.	5	5	5

Prior Year Results and Outcomes:

Maintained joint partnerships with USFS and CYFD.

Continued participation and development of Statewide Mutual Aid Program. Program was implemented in November 2003.

Conducted IGA review with CYFD.

Participated in the Governor's Forest Health Over Sight Council with 31 recommendations made in February 2004.

Implemented a complete area of responsibility reorganization within the administrative staff.

**Supervision
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 293,720	\$ 278,344	\$ 300,849
Supplies	8,130	7,945	7,700
Other Services & Charges	16,535	17,371	14,257
Total	\$ 318,385	\$ 303,660	\$ 322,806

**Supervision
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	4.50	4.00	4.00
Fire Chief	1.00	1.00	1.00
Deputy Chief	1.00	1.00	1.00
U/W/I Fire Protection Chief	0.50	0.00	0.00
Administrative Asst.	1.00	1.00	1.00
Secretary	1.00	1.00	1.00

Significant Expenditure Changes:

Supervision experienced no change in staffing levels. The rise in personnel costs reflect the annual salary adjustment and the increase in costs relating to health insurance coverage for employees and the subsidy for their dependents. In addition, pay-for-performance bonuses are budgeted in this area that were not included in the FY2004 budget and the Public Safety Retirement System experienced an increase in employer contribution.

COMMUNICATIONS

Division Mission: To process all requests for emergency fire/medical responses and other life threatening situations in the most expeditious and complete manner possible, and to support the communications infrastructure of six cooperating fire departments.

Goal: To provide communications support by processing telephone, radio and data communications in the most expeditious and complete manner possible through the intergovernmental cooperation of five fire departments.			
Strategy: The communications division will supervise all incoming and outgoing emergency communications, provide quality control and regular review and procedure update to ensure effective communications are maintained.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
To process all emergency requests for service in 50 seconds or less, 90% of the time.	98%	99%	99%
# of incidents dispatched for six fire agencies.	14,000	15,090	16,000
# of telephone calls received in dispatch.	53,500	55,000	58,000

Prior Year Results and Outcomes: Dispatched 15,090 calls for service for six fire agencies within the central Yavapai County area.

Added one additional fire department to the regional dispatch center.

Processed 55,000 telephone calls.

Processed 15,090 calls for service in less than 50 seconds, 99% of the time.

Participated in a Regional Dispatch Center study, and began implementation phase.

Maintained complete CAD geofile base.

Communications Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 50,311	\$ 56,077	\$ 59,940
Supplies	6,700	2,650	2,700
Other Services & Charges	166,581	174,511	165,481
Capital Outlay/Projects	8,636	5,300	5,000
Total	\$ 232,228	\$ 238,538	\$ 233,121
Capital Outlay/Projects			
Public Safety Radios			\$ 5,000

**Communications
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	1.00	1.00	1.00
Info. Technology Tech	1.00	1.00	1.00

Significant Expenditure Changes: Personnel costs reflect the annual salary adjustment and the increase in costs relating to health insurance coverage for employees and the subsidy for their dependents.

PREVENTION

Division Mission: To provide the highest level of life safety, property conservation, public education, code enforcement, plan review and fire investigation services to the citizens of Prescott.

Goal: To provide risk mitigation services in the areas of public education, code enforcement, fire investigation, plan review and complaint investigation.

Strategy: Using the most current codes and work policies, conduct a full service risk mitigation program that is customer friendly and reduces the threat of fire and other emergencies.

Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
# of complaints received and cleared	36	40	50
# of residential wildland risk assessments conducted	169	170	175
# of new construction and subdivision plan reviews conducted	622	1,133	1,200
# of students trained in life safety	2,350	900	1,000
# of self inspection forms mailed	1,936	1,728	1,900

Prior Year Results and Outcomes:

- Reviewed 1,133 plans for new subdivisions and buildings.
- Trained 900 students in fire/life safety via new and improved school program.
- Completed 598 wildland plan reviews for new construction.
- Received and cleared 36 life safety complaints.
- Adopted the 2003 International Fire Code and Wildland/Urban/Interface Code.
- Conducted 1,728 fire inspections.

**Prevention
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 187,675	\$ 204,044	\$ 265,845
Supplies	6,458	6,940	9,150
Other Services & Charges	18,526	18,054	16,971
Capital Outlay/Projects	39,775	22,902	-
Total	\$ 252,434	\$ 251,940	\$ 291,966

**Prevention
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	3.00	3.00	4.00
Fire Marshal	1.00	1.00	1.00
Fire Inspector	1.00	1.00	2.00
Fire Prevention Aide	1.00	1.00	1.00

**Significant
Expenditure Changes:**

A new fire inspector was added in the FY05 budget producing an increase in personnel services. This division was not impacted by the increase in public safety retirement, as most employees are not certified firefighters, but did experience the organization wide increase in health care costs.

SUPPRESSION

Division Mission:

To provide the highest level of fire protection, emergency medical services, hazardous materials and technical rescue response in the community via a well organized, highly trained and professional workforce.

Goal: To provide a highly motivated, rapid response force to all-risk emergency incidents, limiting damage and injuries in the most effective ways possible.			
Strategy: To be strategically located and respond to emergencies efficiently, as well as providing for community services and excellent customer service.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
To respond to all emergencies within 50 seconds of notification, 90% of the time.	85%	90%	90%
Travel time to incidents will not exceed 5 minutes, 90% of the time for the first due unit.	85%	90%	90%

Prior Year Results and Outcomes: Responded to 6,001 emergency calls for service, meeting the objective of responding within 50 seconds 90% of the time.

Placed in service two new pumpers and one new ladder truck.

Replaced 28 Self-Contained Breathing Apparatus.

Personnel and equipment were dispatched to South Dakota, New Mexico, California and Montana as part of our agreement with the USFS for wildland fires.

**Suppression
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 3,179,971	\$ 3,509,869	\$ 3,859,109
Supplies	114,560	99,325	102,670
Other Services & Charges	256,693	255,109	244,661
Capital Outlay/Projects	324,670	1,230,814	-
Debt Service	54,893	54,893	-
Total	\$ 3,930,787	\$ 5,150,010	\$ 4,206,440

**Suppression
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	54.00	54.00	52.00
Battalion Chief	3.00	3.00	2.00
Captain	15.00	15.00	15.00
Engineer	15.00	15.00	14.00
Firefighter	21.00	21.00	21.00

Significant Expenditure Changes: This division experienced an increase in personnel services for many reasons. The increase in public safety retirement affects regular salaries as well as the amount budgeted for overtime. Public Safety (certified firefighters) has adopted a new step pay plan that coupled with the increase in health care costs make for a substantial increase.

TRAINING

Division Mission: To promote and implement improved safety and professional training programs for the Prescott, Chino Valley and Central Yavapai Fire District and to facilitate maximum efficiency of all emergency responders.

Goal: To provide a comprehensive all-risk training program that improves service and provides for maximum safety of both the Prescott and Central Yavapai Fire Department personnel.			
Strategy: To provide for regularly scheduled in-service training that meets NFPA, OSHA, and State emergency service training requirements.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
# of man hours of training	18,145	25,584	25,000
% of proficiency drills completed and passed	100%	100%	100%
# of wildland fire training classes provided	37	40	40

Prior Year Results and Outcomes: Conducted 25,584 man-hours of in-service training.
 Certified 6 personnel in Aircraft Firefighting and Rescue techniques.
 Conducted proficiency testing of all personnel with 100% passing.

Training Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 62,972	\$ 73,274	\$ 103,531
Supplies	5,432	8,160	7,160
Other Services & Charges	7,042	7,384	6,447
Cost Recovery	(880)	-	-
Total	\$ 74,566	\$ 88,818	\$ 117,138

Training Staffing Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	1.00	1.00	1.00
Training Officer	1.00	1.00	1.00

Significant Expenditure Changes: The City's Fire Department adopted for FY05 a new step pay plan, this plan along with an increase in Public Safety Retirement contributions account for much of the increased personnel costs. The remainder of the increase is dedicated to overtime salaries for fire captains to provide mandatory training for all certified fire personnel. In addition to the four State mandated training sessions, the Fire Department also provides specialized training designed to

meet the needs of current demands such as vehicle extrication, mass casualty and wildland fire suppression.

EMERGENCY MEDICAL SERVICES

Division Mission: To provide excellent coordination, training, and support services to facilitate aggressive appropriate pre-hospital care to those in need of medical services.

Goal: To provide Basic and Advanced Life Support to those in need of medical care.			
Strategy: To provide rapid ALS service and community based training programs in First Aid and CPR.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
# of citizens trained in CPR and First Aid	800	1,390	1,200
# Advanced Life Support	1,944	1,968	2,140
# Basic Life Support calls responded to	1,373	1,665	1,800

Prior Year Results and Outcomes: Trained 1,300 citizens in CPR and First Aid.

Responded to 1,968 Advanced Life Support calls.

Responded to 1,665 Basic Life Support calls.

Trained one additional paramedic.

Emergency Medical Services Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ -	\$ -	\$ 28,470
Supplies	20,081	14,000	15,600
Other Services & Charges	10,075	19,013	27,026
Capital Outlay/Projects	12,380	23,692	100,000
Total	\$ 42,536	\$ 56,705	\$ 171,096
Capital Outlay/Projects			
Heart Monitors			\$ 100,000

Significant Expenditure Changes: The increases seen in this division are caused by a transfer of funds between accounts. The personnel costs seen in this division had previously been charged in the Suppression account. As noted in the expenditure summary, this division will be purchasing new heart monitors. Fees charged for the provision of Emergency Medical Services and CPR/First Aid Programs are anticipated to offset the costs of these programs.

TECHNICAL SERVICES

Division Mission: To provide the highest level of training and specialized equipment for a regional hazardous materials, swiftwater, lake rescue and high angle rescue teams.

Goal: To respond and mitigate emergency situations that deal with specialized technical operations. These situations that are over and above the training and equipment capabilities of the basic fire department engine company.			
Strategy: To provide specialized training in technical rescue and to provide a framework of interagency cooperation and support of specialized rescue operations.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Conduct monthly technical rescue training exercises	12	12	12
Meet OSHA requirements for training and equipment standards	80%	80%	85%
Maintain membership and attend quarterly Local Emergency Planning Meetings.	4	4	4

Prior Year Results and Outcomes: Conducted 12 monthly technical rescue/hazardous materials classes.
 Revamped the hazardous materials response protocols to include Weapons of Mass Destruction.
 Trained all personnel in Rope Rescue 1.

Technical Services Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Supplies	\$ 4,751	\$ 5,275	\$ 6,100
Other Services & Charges	20,196	14,712	14,295
Capital Outlay/Projects	(960)	-	-
Total	\$ 23,987	\$ 19,987	\$ 20,395

Significant Expenditure Changes: Increase in supplies for this division is related to the Hazardous Materials Team. This team must maintain a Hazardous Materials Chemical Analysis Kit which is used to test or identify spilled products during hazardous material incidents. These chemicals need to be replaced due to usage, contaminations or expirations of the test chemicals.

FIRE VEGETATION CREW

Division Mission: To provide superior customer services and to maintain regional leadership in wildland fire mitigation and protection through a well-trained, professional workforce which acts as a responsible environmental steward.

Goal: To provide wildland fire mitigation services to the community.			
Strategy: To reduce the threat from wildland fire through education, risk assessments, fuel reduction, and response to wildland fire.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Conduct interagency training simulations	2	2	2
Conduct residential risk assessments. Number of assessments conducted.	533	550	550
Conduct defensible space treatments on private property. Number of homes treated.	513	525	550
Tons of flammable vegetation removed.	2,125	2,125	2,150

Prior Year Results and Outcomes: Entered into a joint hazardous tree removal program with Yavapai County, successfully removing 11,000 hazard trees.

Assessed 533 homes for wildland fire risk.

Conducted fuels treatment on 513 homes reducing the wildland fire threat.

Submitted and was awarded for the third year a National Fire Plan grant.

**Fire Vegetation Crew
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ -	\$ -	\$ 384,185
Supplies	-	-	28,475
Other Services & Charges	-	-	251,625
Cost Recovery	-	-	(360,000)
Total	\$ -	\$ -	\$ 304,285

**Fire Vegetation Crew
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	0.00	0.00	3.70
U/W/I Coordinator*	0.00	0.00	0.17
Fuels Management Super*	0.00	0.00	0.17
Fuels Tech/Wildland FF*	0.00	0.00	1.36
Fire Engineer	0.00	0.00	1.00
Battalion Chief	0.00	0.00	1.00

*Two months of the year charged here; 10 months charged in Fire Crew Grant.

**Significant
Expenditure Changes:**

This is a new division that is made possible because of the off-site fire recovery fund. These firefighters are often called to respond to wildland fires across the United States. The compensation received is returned to the fund. This new division will be home to one fuels management supervisor, eight fuels tech/wildland firefighters and their associated overtime. The other services category encompasses the replacement of fire vegetation brush removal vehicles and the costs associated with the removal of dead and dying beetle infected pine trees.

DISASTER PREPAREDNESS

Division Mission:

To provide disaster preparedness services to the community that will mitigate any potential emergency as well as providing for emergency management services during any disaster.

Goal: To participate with Yavapai Division of Emergency Management as a unified emergency management partner to mitigate and train for potential disasters.			
Strategy: To prepare for and conduct annual disaster management training sessions and to maintain an updated disaster management operations manual.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Conduct at least two disaster preparedness exercises	2	3	3
Update disaster operations manual	1	1	1
Conduct annual disaster preparedness training programs	4	4	4

**Prior Year Results and
Outcomes:**

Conducted 4 disaster preparedness exercises.
Updated citywide disaster protocols.

Updated Wildland disaster protocol for local agencies.

**Disaster Preparedness
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Other Services & Charges	\$ 16,009	\$ 14,997	\$ 15,064

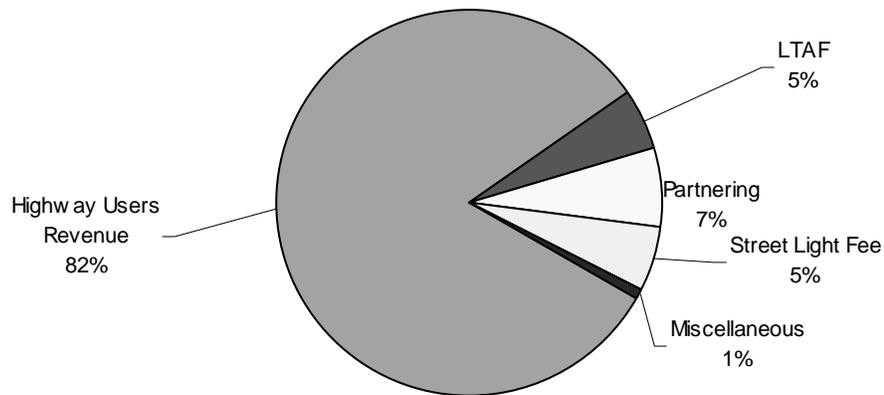
Significant Expenditure Changes: This charge, which is based on population, is in accordance with an agreement with Yavapai County.

SPECIAL REVENUE FUNDS

STREETS (HURF)	107
STREETS AND OPEN SPACE - ADDITIONAL 1% TAX	112
TRANSIENT OCCUPANCY TAX	116
IMPACT FEE FUND	118
CAPITAL IMPROVEMENT FUND	122
GRANTS	124

HIGHWAY USERS REVENUE FUND

Revenues from this fund are from Highway Users, Local Transportation Assistance (lottery) funds, street light fee established during FY95, County partnering money, and State partnering money. State statutes limit the uses of Highway Users funds and Local Transportation Assistance funds to street and transportation purposes. The County partnering money is specific to the uses of the required intergovernmental agreements with the County as is the State partnering money to the uses of the required intergovernmental agreements with the State. The street light fee revenues are used to offset the cost of paying for the electricity and maintenance of the street light system as well as paying for installation of new street lights.



The following table illustrates the activity of this fund for FY03, Revised Estimates for FY04 and FY05 Budget Projections.

	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Beginning Unrestricted Cash Balance, 7/1	\$ 2,104,082	\$ 1,106,535	\$ 439,256
Revenues	3,493,064	4,473,087	3,845,272
Expenditures	(4,790,611)	(5,297,777)	(4,407,280)
Transfers In/Out (Net)	300,000	157,411	170,000
Ending Unrestricted Cash Balance, 6/30	\$ 1,106,535	\$ 439,256	\$ 47,248

Revenue Source	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Highway Users Revenue	\$ 2,865,724	\$ 3,105,491	\$ 3,150,561
Local Trans. Assistance (LTA)	195,540	192,984	196,420
Developer Reimbursements/Partnering	97,879	112,400	100,000
Street Light Fee	190,227	193,200	198,996
Intergovernmental Partnering	-	684,894	156,295
Imp. District Bonds/Prop. Owner Payments	29,775	-	-
Interest Earnings	23,246	17,000	15,000
Miscellaneous	90,673	167,118	28,000
Total	\$ 3,493,064	\$ 4,473,087	\$ 3,845,272

Arizona Highways Users Revenue: The 2004-05 revenue estimate of \$3,150,561 is provided by the State and is higher than the FY04 revised estimate by \$45,070. The distribution formula provides for 50.0% of the Highway Users Revenues to go to the Arizona Department of Transportation, 20.0% to the counties and 30.0% to the cities and towns. Revenue allocated from the 30.0% share to incorporated cities is distributed on the basis of (a) one-half based on the city's population relative to statewide population of incorporated cities and towns and (b) one-half, first, on the basis of county origin of sales of motor vehicle fuel, and secondly, on the basis of the City's population relative to county-wide population of incorporated cities.

Local Transportation Assistance Funds: The State anticipates the City will receive \$196,420 from lottery funds during FY05. This is a \$3,436 increase from FY04 estimates. LTA Funds are disbursed based on estimates developed by the Department of Economic Security population figures. The LTA Funds are distributed to incorporated cities and towns in proportion to the population of each city to the total population of all cities and towns with the minimum distribution being \$10,000. The funds may be used for any transportation purpose. The law also provides that up to 10.0% of the City's lottery funds can be used for cultural, educational, historical, recreational or scientific projects and out-patient disability program. For LTA Funds to be used for these non-transit purposes, they must be matched with non-public funds and the total LTA fund must reach the \$23 million minimum. Council adopted Resolution No. 2867 stating that for the next two years LTA, including the 10% portion, will be used for transportation-related purposes and projects.

Street Light Fee: This fee, which was implemented during FY95, is projected to bring in \$198,996. The fee is based on \$.75 per residence or commercial unit and \$.75 per unit for multi-family structures.

STREETS DEPARTMENT

Department Mission: To preserve and maintain the City streets and related infrastructure effectively and efficiently with a community customer service orientation; to prepare for and respond to events and emergencies, applying resources as necessary to expedite return to normal operating conditions.

Goal: Deliver maintenance of City streets and related infrastructure effectively and efficiently, at budgeted levels of service.			
Strategy: Install and apply automated maintenance management system (MMS) linked to geographic information system (GIS), pavement management system (PMS), and City's cost accounting/financial management system.			
Phase I - Assessment of Maintenance Practices/Procedures Phase II - MMS Specifications, Procurement, and Installation Phase III - MMS Operational (including linkage to cost accounting system) Phase IV - PMS and GIS Linkages Operational			
Workload Indicators	FY03 Actual	FY04 Estimate	FY05 Forecast
Lane-miles of paved street maintained	255	512	530
Lane-miles of unpaved streets and alleys graded	194	250	250
Lineal feet of piped drainageways	50,100	52,000	53,900
# of drainage structures	859,000	885,000	900,000
# of work requests from public	523	539	560
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Ratio of [scheduled: total work] accomplished Target: 75%	30%	30%	35%
Pavement condition index (PCI) of major thoroughfare system Target: 8.0	8.1	8.0	7.9
Average response time to minor work requests from public Target: 5 working days	14	14	13

Prior Year Results and Outcomes:

- Responded to 2,662 citizens' requests for services.
- Responded with 3,903 hours of weather related activities.
- Provided 1,512 hours of work related to special events.
- Maintained roadway markings by painting 1,025,367 feet of striping.
- Maintained 25 bridges.

Completed construction of improvements to sections of Nicholet Trail.

Completed improvements to the intersection of Rush Street/Sheldon Street.

Completed annual Chip Seal Project.

**Streets Department
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personal Services	\$ 1,235,476	\$ 1,549,947	\$ 1,592,432
Supplies	449,878	422,371	449,975
Other Services & Charges	1,001,224	1,027,876	1,352,637
Capital Outlay/Projects	2,104,033	2,297,583	1,012,236
Total	\$ 4,790,611	\$ 5,297,777	\$ 4,407,280
Projects			
Private Development			\$ 407,441
NPDES Phase II Implementation/Compliance			175,000
Engineering & Safety Projects			50,000
Drainage Master Plan			150,000
CYMPO Projects and Match			114,795
Traffic Signal Design - Various			50,000
ADA Sidewalk Ramps			15,000
Rush/Sheldon Intersection			50,000
Total Capital Outlay/Projects			\$ 1,012,236

**Streets Department
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	30.15	34.50	33.50
Public Works Director*	0.15	0.20	0.20
Street Maint. Superintendent	1.00	1.00	1.00
Street Maint. Supervisor	1.00	1.00	1.00
Drainage/Maint. Supervisor	1.00	1.00	1.00
Maintenance Specialist	1.00	1.00	1.00
Traffic Control Technician	1.00	1.00	1.00
Senior Equipment Operator	4.00	4.00	4.00
Traffic Control Worker	2.00	2.00	2.00
Equipment Operator	10.00	11.00	11.00
Maintenance Worker	7.00	9.00	9.00
Secretary	1.00	1.00	1.00
Traffic Engineering Tech	1.00	1.00	1.00
Traffic Engineer	0.00	1.00	0.00
Accounting Technician**	0.00	0.30	0.30

*Also charged 40% Eng.; 20% Water Utilities; 20% Sewer Utilities

**Also charged 30% Water Utilities; 30% Sewer Utilities; 5% Engineering
5% Construction Services

**Significant
Expenditure Changes:**

Personnel service costs were static this year with just one change in the staffing level. A traffic engineer position had been approved and funded in FY03; however, after conducting a needs analysis, it was determined that the need for an engineer was greater in the utilities division than the traffic division. The budget appears unchanged due to the increase in health insurance coverage and the reinstatement of the pay-for-performance program.

STREETS PROJECTS AND OPEN SPACE - 1% SALES TAX

Department Mission: On September 26, 1995 the voters of Prescott approved increasing the sales tax rate from 1.0% to 2.0% for the purpose of street repairs and improvements for a ten year period effective January 1, 1996.

Total revenue from the 1% sales tax increase was initially projected at \$54.5 million for the ten-year authorization, assuming no growth in collections, or about \$5.5 million per year. Collections have outpaced the initial forecast -- by FY04, the annual revenue had increased to \$10.9 million.

Revenue collected through FY04 totaled approximately \$68.1 million, funding expenditures for right-of-way acquisition, engineering road construction and rehabilitation, inspection and testing, and program administration of about \$61.3 million. Projected revenue/expenditures for the ten-year program are now anticipated to total \$100 million.

In May 2000 voters approved extension of the 1% sales tax through December 2015, with the use of proceeds expanded to include acquisition of open space. A schedule for acquisition of specific properties, and associated financing plan, have not yet been adopted.

Prior Year Results and Completed the paving of 4 alleys.

Outcomes:

Completed construction of improvements to sections of Sandretto Drive, Willis Street, Commerce Drive, Linwood Drive, Rush Street, Delano Avenue, Division Street, Pine Lakes Drive and Granite Street, as well as improvements to Lakeview Drive/Montana Drive.

Completed construction of the Rosser Street Extension Project.

	FY96	FY97	FY98	FY99	FY00
Beg. Cash	\$ 97,722	\$ 1,840,907	\$ 3,038,167	\$ 5,164,573	\$ 8,309,986
Revenues					
1% Tax	2,004,290	5,868,261	6,551,926	7,195,537	7,999,852
Miscellaneous	25,752	243,691	851,502	299,185	519,834
Total Revenue	\$ 2,030,042	\$ 6,111,952	\$ 7,403,428	\$ 7,494,722	\$ 8,519,686
Expenditures					
Streets					
Willow Creek Road	64,839	2,035,784	3,420,437	2,813,568	3,344,404
69/89 Imp./Connector Rd	-	172,384	209,749	422,653	1,064,944
Reconstructs/Misc. Projects	222,018	2,706,524	1,646,836	1,113,088	1,245,014
Total Expenditures	\$ 286,857	\$ 4,914,692	\$ 5,277,022	\$ 4,349,309	\$ 5,654,362
Ending Cash	\$ 1,840,907	\$ 3,038,167	\$ 5,164,573	\$ 8,309,986	\$ 11,175,310

	FY01	FY02	FY03	FY04	Totals through FY04
Beg. Cash	\$ 11,175,310	\$ 1,156,427	\$ 1,149,412	\$ 7,951,955	
Revenues					
1% Tax	8,445,405	9,270,390	9,872,177	10,920,800	68,128,638
Miscellaneous	1,926,332	2,416,146	114,088	278,322	6,674,852
Total Revenue	\$ 10,371,737	\$ 11,686,536	\$ 9,986,265	\$ 11,199,122	\$ 74,803,490
Expenditures					
Open Space	2,027,186	13,047	31,997	1,512,623	3,584,853
Streets					-
Willow Creek Road	7,330,225	4,828,365	527,202	844,615	25,209,439
69/89 Imp./Connector Rd	10,772,239	5,483,159	605,705	54,638	18,785,471
Reconstructs/Misc. Projects	260,970	1,368,980	2,018,818	6,706,692	17,288,940
Total Expenditures	\$ 20,390,620	\$ 11,693,551	\$ 3,183,722	\$ 9,118,568	\$ 64,868,703
Ending Cash	\$ 1,156,427	\$ 1,149,412	\$ 7,951,955	\$ 10,032,509	

Summary of Fund

	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash, 7/1	\$ 1,149,412	\$ 7,951,955	\$ 10,032,509
Revenues			
1% Tax	9,872,177	10,920,800	11,580,900
Partnering	-	-	1,457,606
Int. Earning	54,931	155,000	100,000
Miscellaneous	45,550	10,226	125,000
Total Revenues	\$ 9,972,658	\$ 11,086,026	\$ 13,263,506
Adjustments/Other Revenue Sources			
Transfers In/Out (Net)	13,607	113,096	(18,500)
Total Adjustments/Other Sources	\$ 13,607	\$ 113,096	\$ (18,500)
Expenditures	\$ (3,183,722)	\$ (9,118,568)	\$ (20,385,356)
Ending Cash, 6/30	\$ 7,951,955	\$ 10,032,509	\$ 2,892,159

**Streets Projects and Open Space - 1% Sales Tax
Expenditure and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Supplies	\$ -	\$ -	\$ 95,000
Other Services	184,325	271,280	529,678
Capital Outlay/Projects	2,999,397	8,847,288	19,760,678
Total	\$ 3,183,722	\$ 9,118,568	\$ 20,385,356

**Streets Projects and Open Space 1% Tax
Capital Outlay/Projects**

Open Space	\$ 2,000,000
Public Communications	20,000
Side Discharge Conveyors	20,000
1-Ton Service Body Truck	30,000
Rosser St Traffic Calming - Design/Construction	295,000
Traffic Calming - Various Streets	150,000
Gail Gardner Way Extension	401,118
E Gurley St (Arizona to Aven)	485,000
Alley Paving	400,000
Unpaved Streets	400,000
Signal Equipment Replacement	94,500
Sidewalks - Arterial	50,000
Sidewalks - 50/50	50,000
Yavapai College Landscaping	30,000
Lee Blvd Detention Basin Modification	79,000

Continued on next page

**Streets Projects and Open Space 1% Tax
Capital Outlay/Projects**

Ruth St & Demerse St (Whipple to Rosser)	205,000
Park Ave (Gurley to Copper Basin)	192,000
Mt Vernon Ave (Gurley to Senator)	60,000
Granite - Gurley to Goodwin	270,000
Whiskey Row Alley	500,000
6th Street - Moller to Navajo	700,000
Bradshaw Drive - Goodwin to Double D	90,000
College Heights - Willow Creek to Georgetown	15,000
ROW Iron Springs	1,861,682
Willow Crk Phase IV Design	10,000
Black Drive	112,963
Ponderosa	1,734,415
Willis Street	475,000
FY05 Chip Seal	150,000
Pavement Maintenance Program	64,000
Willow Lake Villas - Drainage	116,000
Sandretto/Willow Creek Intersection	65,000
Iron Springs Road Widening	2,625,000
Marina-E Side Union-Goodwin	64,000
Copper Basin Rd	800,000
Willow Crk Road Phase IV	2,650,000
SR89 Widening ROW	1,180,000
Loop Road	150,000
Prescott Lakes Median	399,000
Gail Gardner/Fair Street Repairs	600,000
2025 Transportation Study	70,000
South Side Traffic Circ Analysis	75,000
Reconstruct Gurley Frontage Road	22,000
Total Capital Outlay/Projects	\$ 19,760,678

**Significant
Expenditure Changes:**

Supplies and other services experienced an increase brought primarily by the newly established fleet replacement fund. In addition to this cost, the City's Budget and Finance Department adjusted the administrative costs recovered by Council, Manager and Clerk. This along with increases in charges passed on for internal engineering services caused this account to rise.

Capital Outlay/Projects - This allocation includes, but is not limited to, \$2,000,000 for Open Space Purchases, the completion of Willow Creek Road, Gail Gardner extension, Ruth and Demerse reconstruction, the 2025 Regional Transportation Study, paving of unpaved streets and alleys and limited traffic calming mitigation.

TRANSIENT OCCUPANCY TAX

The Transient Occupancy Tax (Bed Tax) Fund is limited by ballot language to tourism promotion and recreational development.

Traditionally the portion of revenues allocated towards recreation development has been used to improve or expand parks, which serve tourists.

Bed tax revenue for FY05 is estimated to produce \$320,000. Interest earnings, audits and penalties are projected to yield \$3,500 during FY05. Miscellaneous income consists of \$180,000 to be received as donations for the Skate Park.

	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 306,883	\$ 187,329	\$ 322,182
Revenues			
Transient Occupancy Tax	301,900	310,000	320,000
Audits, Penalties and Interest	4,161	5,435	3,500
Miscellaneous	-	-	180,000
Total	\$ 306,061	\$ 315,435	\$ 503,500
Expenditures/Transfers:			
Tourism	\$ (193,944)	\$ (136,085)	\$ (205,000)
Recreation Development	\$ (231,671)	\$ (44,497)	\$ (460,574)
Ending Cash Balance, 6/30	\$ 187,329	\$ 322,182	\$ 160,108

Expenditures:

The City is again entering into contractual arrangements for tourism promotion and \$160,000 has been allocated from Transient Occupancy Tax revenues for this purpose.

Also, the following item has been budgeted in tourism related expenditures:

Performing Arts Groups	\$ 30,000
Fourth of July Fireworks/Celebration	15,000

Budgeted in FY2005 for recreational development are the following projects totaling \$460,574

:

<u>Skate Park</u>	\$ 280,000
<u>Goldwater Lake Park Improvements</u>	74,000
Restrooms, pavement chip seal, dock replacement, security lighting, - carryover from FY04	
<u>Greenways Trail Improvements</u>	5,574
Granite Creek carry over FY2004	
<u>Partnering Programs</u>	22,000
VA Horseshoe Complex Project \$10,000 Carryover of \$12,000 from FY2004 as contingency for potential opportunities	
<u>Exterior Concrete Renovation</u>	5,000
Grace Sparks Activity Center	
<u>Goldwater Lake Contact Station</u>	8,000
Station for entrance of Goldwater Lake to be manned by City staff during peak hours of operation.	
<u>Tennis Facility Upgrade</u>	55,000
Replacement of "Omni Court" surface on the north two courts near the Grace Sparks Activity Center.	
<u>Elks Rigging</u>	16,000
Inspection and replacement of rigging and grid at Elks Opera House.	

IMPACT FEE FUND ACCOUNTS

The City currently has nine impact fee accounts; however, Water and Sewer buy-in fees are included within the Water and Sewer Funds. The remaining seven impact fees cover the areas of Park Development, Recreational Development, Library, Police, Fire, Streets, and Public Buildings.

During FY05 impact fee revenues are based on 500 building permits for residential units. A basis of 550 building permits was used for the FY04 revised estimates. The current policy is that if the residential growth does not produce the required revenues to fund the planned projects, the projects will have to be delayed.

Park Development Impact Fee. This fund was originally the Neighborhood Parks Fund and was changed to Park Development Fund at the time the overall impact fee system was developed. Primarily, it has been used to expand the use of existing facilities for growth related purposes.

Park Development Impact Fee			
	FY03	FY04	FY05
	Actual	Estimate	Budget
Beginning Cash Balance, 7/1	\$ 1,109,226	\$ 1,414,630	\$ 1,785,258
Revenues	615,482	424,250	388,500
Expenditures/Transfers	(310,078)	(53,622)	(456,717)
Ending Cash Balance, 6/30	\$ 1,414,630	\$ 1,785,258	\$ 1,717,041

Effective March 1, 2002 the fee charged on every residential unit building permit was increased from \$500 to \$715. Projected FY05 revenues are based on 500 residential building permits at \$715 each. Combining that revenue with the beginning cash balance of \$1,785,258 and estimated interest earnings of \$31,000 provides a total available for FY05 of \$2,173,758.

FY05 commitments total \$456,717 which includes grant matches of \$105,099 for ISTE A II Grant, Greenways Multi-Use Trail System and Phase II of Rails to Trails. The remaining allocations are as follows:

\$250,000 has been allocated for Willow and Watson Lake projects.

\$52,500 has been budgeted per an agreement with the developers of Prescott Lakes subdivision (M3). This account comprises the entire Prescott Lakes Parks System including the petroglyph areas.

Included in the Park Development impact fee budget is \$45,000 for the purchase of property at the entrance to Granite Creek Park.

Also provided from Park Development impact fees are carryovers of \$720 and \$3,398 for improvements to Stricklin Park and Watson Woods respectively.

Future year revenues are dedicated towards park property acquisition and implementation of the Prescott Lakes Park.

Recreational Development Impact Fee. Effective March 1, 2002 the fee charged on every residential unit building permit was increased from \$400 to \$401. All fees collected (except those prior to July 1, 1996, and interest earnings) were dedicated toward the commitment to the YMCA for the new community

center partnership arrangement. During FY01, the City fulfilled its obligation towards the \$1,000,000 commitment.

Recreational Development Impact Fee			
	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 156,675	\$ 515,188	\$ 675,738
Revenues	358,513	240,550	410,500
Interfund Loan from CIF	-	-	733,762
Expenditures/Transfers	-	(80,000)	(1,820,000)
Ending Cash Balance, 6/30	\$ 515,188	\$ 675,738	\$ -

Revenues for FY2005 include impact fees (\$200,500) plus donations and contributions toward the new Adult Center Building in the amount of \$200,000. Also included is an Interfund Loan from the Capital Improvement Fund in the amount \$733,762.

It is anticipated that in FY2005 construction of a new Adult Center Building will commence. \$1,820,000 is budgeted in the Recreational Development Impact Fee Fund with another \$250,000 to be budgeted in the Grants Fund for a CDBG Grant during FY05 for completion of the project.

Fire Impact Fee. Effective March 1, 2002 the fee increased from \$128 to \$167. Revenues in this area consist of fire impact fees (\$83,500), rent from Life Line ambulance (\$14,400), and interest earned (\$2,300).

Fire Impact Fee			
	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 84,414	\$ 242,033	\$ 356,283
Revenues	157,619	114,250	105,900
Expenditures/Transfers	-	-	(150,000)
Ending Cash Balance, 6/30	\$ 242,033	\$ 356,283	\$ 312,183

\$150,000 is budgeted for the Regional Communication Center. Additional amounts are budgeted in Police Impact Fees and the Capital Improvement Fund.

Library Impact Fee. Effective March 1, 2002 the Library Impact fee increased from \$208 to \$253. FY05 expected revenues include impact fees in the amount of \$126,500 along with interest earned in the amount of \$5,000.

Library Impact Fee			
	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 380,441	\$ 428,778	\$ 496,928
Revenues	222,742	148,150	131,500
Expenditures/Transfers	(174,405)	(80,000)	(628,355)
Ending Cash Balance, 6/30	\$ 428,778	\$ 496,928	\$ 73

Planned expenditures for FY2005 include the continuation of architectural design for the expansion of the Main Library - Phase II in the amount of \$10,000 and \$70,246 for the new south entrance to the Prescott Public Library. \$50,000 is budgeted as a grant match for the State Library Grants in Aid. Also, included in this budget is a transfer of impact fees to the Capital Improvement Fund in the amount of \$498,109 for the Library Expansion.

Police Impact Fee. Effective March 1, 2002 the fee charged on every residential unit building permit was increased from \$48 to \$84. To date, the only expenditure from the Police Impact Fee fund has been for an evidence storage freezer. At the end of FY04, it is estimated that \$309,037 will be available for growth related expenditures. Anticipated revenues for FY05 encompass impact fees totalling \$42,000 and interest earnings of \$7,400.

Police Impact Fee			
	FY03	FY04	FY05
	Actual	Estimate	Budget
Beginning Cash Balance, 7/1	\$ 183,560	\$ 255,437	\$ 309,037
Revenues	71,877	53,600	49,400
Expenditures/Transfers	-	-	(300,000)
Ending Cash Balance, 6/30	\$ 255,437	\$ 309,037	\$ 58,437

The lone expenditure planned for FY05 is a contribution for the Regional Communication Center.

Street Impact Fee. This impact fee increased from \$456 to \$469 per residential unit effective March 1, 2002. Forecasted revenues for FY05 are made up of street impact fees (\$234,500) and interest earnings (\$10,000).

Street Impact Fee			
	FY03	FY04	FY05
	Actual	Estimate	Budget
Beginning Cash Balance, 7/1	\$ 260,259	\$ 383,091	\$ 103,779
Revenues	422,832	270,688	244,500
Expenditures/Transfers	(300,000)	(550,000)	(300,000)
Ending Cash Balance, 6/30	\$ 383,091	\$ 103,779	\$ 48,279

\$300,000 is to be transferred out in FY2005 to reimburse the 1% Tax -Streets and Open Space Fund for the Willow Creek Road project.

Public Buildings Impact Fee. This impact fee was the latest to be adopted by the City Council and has been set at the rate of \$275 per residential unit. The Public Buildings Impact Fee was implemented to provide funding for adequate public buildings to support the expanding population. Revenues projected for FY05 include public building impact fees in the amount of \$137,500 and interest earnings in the amount of \$8,500.

Public Buildings Impact Fee

	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 55,282	\$ 260,289	\$ 420,039
Revenues	205,007	159,750	146,000
Expenditures/Transfers	-	-	(75,000)
Ending Cash Balance, 6/30	\$ 260,289	\$ 420,039	\$ 491,039

During FY2005, \$75,000 is budgeted for the remodel of the Council Chambers at City Hall.

CAPITAL IMPROVEMENT FUND

The Capital Improvement Fund was originally created by Council Resolution 2620 during FY94. This Resolution was rescinded and a new policy was adopted to define the purpose of this fund. Proceeds from the sale of unneeded real estate are deposited into this fund unless the sale of property is Acker Trust or enterprise fund related. The primary source of funding has been the transfer of excess revenues over expenditures from the General Fund. The funding in this account is considered "non-renewable" so it is understood by Council that once all the money has been spent, it will take time to rebuild the balance in this account.

CAPITAL IMPROVEMENT FUND			
	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Beginning Fund Balance, 7/1	\$ 14,267,714	\$ 13,660,296	\$ 14,514,071
Sources of Income			
Contribution from 1% Streets and Open Space Fund	\$ -	\$ -	\$ 500,000
Partnering (County contribution for Parking Garage)	-	-	250,000
Miscellaneous	2,492	2,044	5,000
Interest Earned	219,814	218,916	150,000
Transfer In	744,668	3,296,288	3,453,395
Total Sources of Income	\$ 966,973	\$ 3,517,248	\$ 4,358,395
Expenditures/Transfers Out			
Economic Development and Projects	\$ 858,555	\$ 1,380,000	\$ 2,137,000
Downtown Parking Garage	128,043	1,000,000	5,559,714
Library Expansion	-	-	4,481,331
Whiskey Row Alley Rehabilitation	-	-	350,000
Misc Economic Incentives	-	-	325,000
Neighborhood Svcs Projects	9,988	5,538	-
Elks Theatre Remodel	337,935	-	-
Radio Frequency Infrastructure	8,037	9,950	2,100,000
Dispatch Center Bldg Improvements	230	-	1,300,000
Downtown Fire Station	-	-	546,000
Area Drainage Master Plan	-	167,000	-
City Hall/Brown Bldg Purchase & Remodel	177,247	290	-
Interfund Loan to Recreational Development Fee	-	-	733,762
Transfer to Airport for Grants	54,356	100,695	478,460
Total Expenditures/Transfers Out	\$ 1,574,391	\$ 2,663,473	\$ 18,011,267
Ending Fund Balance, 6/30	\$ 13,660,296	\$ 14,514,071	\$ 861,199

Sources of Income:

The beginning cash balance of slightly below \$14.5 million has been the result of previous years transfers from the General Fund of excess revenues over expenditures. These transfers were made in accordance with Council policy.

Current year sources of income include estimated interest income of \$150,000. Also included are transfers in from the General Fund and 1% Streets and Open Space totaling \$1,887,000 for rebate payments to Westcor and Ehert Car Dealership and various economic incentive agreements as defined in council approved agreements. \$250,000 has been budgeted for a contribution from Yavapai County for the Downtown Parking Garage. In addition, \$500,000 is budgeted for reimbursement from the 1% Streets and Open Space Fund to go toward the Downtown Fire Station Improvements. The move to the Downtown Fire Offices is necessary because of the Iron Springs Road Widening project.

Expenditures:

The list of FY05 expenditures appears on the preceding page.

The \$2,137,000 allocation for Economic Development and Projects is comprised of economic development incentives and reimbursements as well as potential opportunities that may arise.

\$5,559,714 has been funded for construction of the downtown parking garage. This project was scheduled for FY2002; however, archeological discoveries have delayed construction until FY2005.

Whiskey Row Alley Rehabilitation Project has an allocation of \$350,000 for cosmetic improvements to the alley behind Whiskey Row.

A carry over allocation of \$2,100,000 for radio frequency infrastructure is for placement of buildings and utilities on five to seven sites on City-owned property. These locations will be identified as capable of supporting Public Safety radio transmission needs. The purpose of the project is to eliminate voice "dead spots" from which police and fire currently cannot communicate and provide for the use of data transmissions that Public Safety is not currently capable of. The data transmissions may be for uses such as car computers and automatic vehicle locators.

Another carry over is \$1,300,000 for improvements to the Dispatch Center Building. This building, formerly the Social Security Building, was given to the City by the Federal Government for use as a dispatch center.

The Area Drainage Master Plan will consist of the development of storm water alternatives, formulation of a drainage master plan to reduce flooding hazards, and implementation and financing strategies for the master plan. This project was scheduled for FY2004, but not completed. Therefore, \$167,000 has been carried over.

GRANTS

The total Grants Fund, excluding Airport grants, is funded at \$5,916,413 of which total matches are anticipated at a level of \$488,184. The General Fund transfer is estimated at \$333,085 with the Park Development Impact Fee providing the remaining \$155,099.

GRANT AND PURPOSE	TOTAL PROJECT	CITY'S SHARE
Department of Justice Universal Hiring Grants - Provides funding for one officer to support the community policing concept. The remaining ten months will be funded by the patrol division.	\$10,550	\$6,805
Judicial Collection Enhancement Fund - Provides funding for court collection efforts.	20,000	-0-
Governor's Office of Highway Safety - Traffic Enforcement - Provides funding for overtime involving traffic safety and related equipment.	40,800	-0-
Seatbelt Enforcement Grant - Provides funding to offset officers' overtime costs associated with special seatbelt enforcement assignments	16,000	-0-
DUI Enforcement Tri City Grant - Provides funding for officers' overtime costs and equipment associated with special DUI traffic enforcement assignments and underage youth liquor enforcement.	26,500	-0-
Arizona Department of Administration - Local Network Management - Provides funding for emergency telecommunications.	5,087	
Yavapai County Community Foundation Canine Grant - Provides funding for canine support services and related car.	16,875	
Prescott Area Narcotics Task Force - Provides funding for a unified narcotics enforcement team in Yavapai County to investigate, apprehend, and prosecute drug violators and to solve violent and gang related crimes that occur within the communities. This grant represents one Prescott officer.	70,255	-0-
Department of Justice Rural, Small Communities Methamphetamine Program - Provides the funding for specialized equipment to combat the production and distribution of methamphetamine.	59,555	-0-
STU/Rico Reimbursement - Provides funding to support the Prescott Area Narcotics Task Force in its operations making high risk entries by special tactical units.	3,000	-0-
Mobile Data Computer/AVL - Provides the funding for mobile computers to locate vehicles.	261,090	82,840

<p>Bureau of Justice Assistance Equipment Grant - Provides funding for a police car, bullet proof vests, and other operational equipment.</p> <p>2004 Grant 2005 Grant Bullet Proof Vests</p>	<p>3,000 20,000 13,544</p>	<p>-0- 2,000 6,676</p>
<p>Miscellaneous Police Department Grants - Budget to enable the Police Department to take advantage of grant opportunities that may arise during the fiscal year.</p>	<p>75,000</p>	<p>-0-</p>
<p>Federal Emergency Management Grants - Homeland Security grant provides funding for a wide range of activities aimed to increase security and prepare for emergencies. The Fire Department has not determined how these funds will be spent. These fund help defray the increased cost of security required by the federal government.</p> <p>FY05 Equipment Grant - Fire Fiber Optic Grant - Communications</p>	<p>250,000 80,000 20,000</p>	<p>-0- 16,000 -0-</p>
<p>Fire Department Vegetation Management Crew - Provides staffing for a ten-month, 13-member community wide vegetation management plan to prevent and suppress wildfires. Also includes equipment, supplies and services.</p>	<p>500,000</p>	<p>200,000</p>
<p>Community Development Block Grant (CDBG) - Provides funding for the following:</p> <p>SCORE Business Lending Program Adult Center/Meals on Wheels Prescott Public Library Project Aware Transitional Housing Pioneer's Home Bus Habitat for Humanity NAZCARE The Center for Adult Day Care West Yavapai Guidance Clinic Administration Entitlement Program</p>	<p>25,000 250,000 160,700 250,000 60,000 100,000 35,000 40,000 84,000 140,053 350,000</p>	<p>-0- -0- -0- -0- -0- -0- -0- -0- -0- -0- -0-</p>
<p>State Library Grants in Aid - Provides partial funding for Library ADA project and multipurpose room. Wireless hotzone</p>	<p>100,000 32,691</p>	<p>50,000 -0-</p>
<p>Kresge Foundation Challenge Grant - Expansion of library triggered with \$300,000 of community contributions.</p>	<p>150,000</p>	<p>-0-</p>
<p>State Lake Improvement Fund (SLIF) Watson/Willow Lake - Provide funds to develop Watson and Willow Lakes.</p>	<p>798,310</p>	<p>-0-</p>
<p>Land and Water Conservation Fund Watson/Willow Lakes - Provide funds to develop Watson and Willow Lakes.</p>	<p>560,000</p>	<p>-0-</p>
<p>ISTEA II Grant - Provides funding to purchase seven miles of abandoned Atchison, Topeka and Sante Fe Railroad right-of-way north of Prescott for conversion into a multi-use trail. City share is from Park Development Fees.</p>	<p>318,392</p>	<p>63,678</p>

Greenways Multi-Use Trail System - Provides funding to continue development of the trail system and to provide enhancements to existing trails. City share is from Park Development Fees.	509,270	29,028
Rails to Trails Phase II - Grant will fund physical improvements to the rail-trail system. City share is from Park Development Fees.	217,422	12,393
Prescott East Trails ROW - Provides funding for land acquisition. Construction will be performed in-house and with volunteers.	15,000	-0-
Public Transit - Money will be used as pass through funds to qualified non-profit agencies to subsidize capital costs to provide public transit services such as the voucher program.	59,819	11,964
State Historic Office of Preservation - Funding will provide historic signage.	4,500	1,800
CableOne Grant - City Hall Council Chambers renovation	5,000	-0-
Rural Economic Development Grant - Provides funding for rural economic development projects.	10,000	5,000
Economic Strengths Projects - Arizona Department of Commerce reimbursement grant. This will provide funds for improvements on: ERAU - Business Park	150,000	-0-
TOTAL	\$5,916,413	\$488,184

OTHER FUNDS

CAPITAL PROJECTS FUNDS	127
EXPENDABLE TRUST FUNDS	128
INTERNAL SERVICE FUNDS	131
DEBT SERVICE FUND	144

CAPITAL PROJECTS FUNDS

Capital Projects Funds are established to account for the purchase or construction of major capital facilities other than those financed by Enterprise Funds or Trust Funds. The City of Prescott will use Willow/Watson Lakes Development Fund during FY05.

WILLOW/WATSON LAKES DEVELOPMENT

Division Mission: Continue commitments of Intergovernmental Agreement with Chino Valley Irrigation District.

Continue implementation of the master plan for development of recreational facilities at Willow and Watson Lakes.

Summary of Fund

	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 1,698,278	\$ 1,312,315	\$ 1,243,900
Revenues			
Interest Income	23,403	14,415	10,000
Total Revenues	\$ 23,403	\$ 14,415	\$ 10,000
Expenditures	\$ (409,366)	\$ (82,830)	\$ (1,242,000)
Ending Cash Balance, 6/30	\$ 1,312,315	\$ 1,243,900	\$ 11,900

Significant Expenditure Changes: The FY2005 budgeted amount of \$1,242,000 is a carryover for developing the two lakes. Improvements are expected to be completed in the spring of FY2005. These improvements include, but are not limited to, picnic ramadas, restrooms, boat launch areas, and improved parking.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds are used to account for assets held by the City of Prescott in a trustee capacity for others. The City will use three trust funds during FY05: Acker Trust Fund, Miscellaneous Gift Trust Fund, and Employee Relations Trust.

ACKER TRUST FUND

Division Mission: Account for assets willed to the City of Prescott by J.S. Acker. Revenue from investments and land sales are to be expended for cultural and recreation purposes only.

Prior Year Results and Outcomes: Continued scholarship program for music at Prescott High School.
Continued support for the Artists in Residence program with Yavapai College. Visited local schools and conducted work shops with music students.
Provided Prescott Fine Arts scholarships for attendance at music camps and continuing music education.

Summary of Fund

	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 555,625	\$ 543,558	\$ 533,872
Revenues			
Sale of Property	\$ -	\$ 3,014	\$ -
Interest Income	10,383	9,100	10,000
Total Revenues	\$ 10,383	\$ 12,114	\$ 10,000
Expenditures	\$ (22,450)	\$ (21,800)	\$ (15,000)
Ending Cash Balance, 6/30	\$ 543,558	\$ 533,872	\$ 528,872

Significant Expenditure Changes: The Acker Trust goal is to always maintain a balance and to spend only the interest earnings off the principal. For FY05, an expenditure allowance in the amount of \$15,000 will be made to cover annual scholarships and bequests. Interest income for FY2005 is projected to be less than prior years and is, therefore, reflected in the reduction in expenditures.

MISCELLANEOUS GIFTS & DONATIONS

Division Mission: Provide an account to track any contributions for miscellaneous gifts which the City may receive as well as the expenditures made.

Prior Year Results and Outcomes: Shop-with-a-Cop (Police Gift Fund)

- Coordinated and participated in the sixth annual Shop-with-a-Cop program which provides an opportunity for disadvantaged children to shop for Christmas gifts. This year's project resulted in financial aid in the amount of \$10,150 for needy children.

Summary of Fund			
	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 157,998	\$ 159,313	\$ 177,923
Revenues			
Gifts and Donations	39,032	42,851	62,500
Total Revenues	\$ 39,032	\$ 42,851	\$ 62,500
Expenditures	\$ (37,717)	\$ (24,241)	\$ (60,000)
Ending Cash Balance, 6/30	\$ 159,313	\$ 177,923	\$ 180,423

Significant Expenditure Changes: Throughout the year, the City receives gifts and donations. Some of them are for a specific purpose such as the DARE program and library bequests, and some are unspecified.

The City is budgeting \$60,000 this year to provide spending authority for any donations/bequests that may be received.

EMPLOYEE RELATIONS TRUST

Division Mission: More emphasis is being placed on employee recognition through recommendations of the Employee Council and Employee Relations Committee. Remaining in the City/Employee Health Insurance Trust (before the time the city joined the Yavapai Combined Trust) was \$56,875. This amount represented the balance of the reserve after all final claims were paid. It was decided beginning in FY95 to use the money as an Employee Relations Trust to fund various employee recognition programs and celebrations. It is anticipated that during FY2005, this funding will be completely used.

Prior Year Results and Outcomes: Held seventh annual Employee Appreciation Breakfast in March with city council members and management staff serving breakfast to employees. More employees were fed this year than the previous six years, and employees are eagerly anticipating next year's celebration.

Funding was again provided for the annual employee picnic held at Granite Creek Park last September which was attended by several hundred employees and family members.

Summary of Fund

	FY03	FY04	FY05
	Actual	Estimate	Budget
Beginning Cash Balance, 7/1	\$ 24,112	\$ 15,778	\$ 9,044
Revenues			
Interest Income/Misc.	\$ 791	\$ 460	\$ 425
Employee Contributions	1,961	2,806	600
Total Revenues	\$ 2,752	\$ 3,266	\$ 1,025
Expenditures	\$ (11,086)	\$ (10,000)	\$ (10,069)
Ending Cash Balance, 6/30	\$ 15,778	\$ 9,044	\$ 0

Significant Expenditure Changes:

No significant expenditure changes.

This fund covers the following programs/celebrations: Christmas party, employee picnic, employee recognition and service awards program with dinner, and employee recognition breakfast.

INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for services and commodities furnished by one department to other departments of the City on a cost reimbursement basis. The City has the following Internal Service Funds: General Self Insurance Fund, Workers' Compensation Self Insurance Fund, Central Garage, and Engineering Services.

GENERAL SELF INSURANCE

- Division Mission:** The Risk Management program is designed to reduce, eliminate or transfer liability and property loss exposures associated with City operations, through the following activities:
- Assess/purchase appropriate insurance coverage and determine adequate self insured retention levels, based upon the City's prior loss history and projected losses;
 - Claims administration;
 - Loss analysis; and
 - Development of appropriate risk financing techniques to appropriately fund the legal and internal service funds.

From August 17, 1986, through June 20, 1992, the City of Prescott was totally self insured. For the period of July 1, 1992, through September 30, 1993, the City was insured with the Arizona Municipal Risk Retention Pool. Effective October 1, 1993, the City again became totally self insured except for property insurance and airport liability insurance.

During FY95 the City settled an extraordinary claim in the amount of \$3.5 million. In order to pay for the claim, the City used \$1.0 million of cash available from the Self Insurance Fund and borrowed \$2.5 internally from the Alternative Water Sources Fund. The self insurance fund will pay back the Alternative Water Sources Fund the \$2.5 million over 20 years at no interest. As a result of this settlement, the City decided to re-enter the insurance market, purchase excess insurance above an approximate level of \$.5 million and keep the cash balance of the self insurance fund at approximately \$1 million.

Goal: Develop and implement new or revised loss control programs designed to reduce the frequency and severity of liability and property claims.			
Strategy: Develop training calendar, to include all in-house and contractor provided loss control training sessions, which will include training provided by City staff for Commercial Drivers License, continuation of the SafeStart training, contractor training in Hazwoper certification and OSHA regulations.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of safety training classes scheduled during fiscal year	57	60	70
Number of employees trained during fiscal year	427	450	475

Goal: Develop and implement new or revised loss control programs designed to reduce the frequency and severity of liability and property claims.			
Strategy: Conduct annual inspection of all City facilities to identify liability and property loss exposures. Complete annual department assessment for one City department with loss control consultant.			
Number of inspections performed by consultant/loss control specialists	5	0	3

Prior Year Results and Outcomes:

Evaluated programs and options relating to Self Insured Retentions (SIR) and excess insurance to determine most appropriate levels of coverage based upon premiums and risk factors.

Continued to improve claims administration activities to include implementation of a new Risk Management Information System to provide more detailed reports to all departments and recognize trends.

Provided safety/loss control training to City staff including the HAZWOPER 24-hour certification and 8-hour recertification, and general other safety training such as Dangerous Goods Awareness, Hazard Communications, and Defensive Driving, continuation of SafeStart program as well as four department-specific OSHA regulations training by OSHA representative.

Updated underwriting data, including property contents valuation schedule, overall vehicle schedule, and Airport liability.

**General Self Insurance Fund
Expenditure and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 898,505	\$ 1,251,502	\$ 1,201,181
Revenues			
Interest Income & Misc.	25,103	36,872	30,000
Total Revenues	\$ 25,103	\$ 36,872	\$ 30,000
Expenditures			
Personnel	\$ 61,934	\$ 67,978	\$ 67,901
Supplies	5,053	2,950	2,745
Other Services & Charges	260,278	677,325	684,546
Cost Recovery	(862,466)	(821,463)	(840,537)
Loan Payments	125,000	125,000	125,000
Legal	72,308	35,403	85,345
Capital Outlay/Projects	9,999	-	-
Total Expenditures	\$ (327,894)	\$ 87,193	\$ 125,000
Ending Cash Balance, 6/30	\$ 1,251,502	\$ 1,201,181	\$ 1,106,181

Note 1: Loan payments are automatically transferred each year and are not reflected in the budget totals. However, to present the correct cash picture, the loan payments have been deducted.

Authorized Staffing Level	1.35	1.35	0.95
Admin Serv Dir*	0.10	0.10	0.20
Risk Manager*	0.50	0.50	0.50
Benefits Specialist**	0.00	0.00	0.25
Risk Management Spec.*	0.50	0.50	0.00
Safety Officer*	0.25	0.25	0.00

*35% of the Admin Serv Dir. position appears in Human Resources, 20% each in Workers' Comp and Central Garage, and 5% in Building Maintenance. 50% of Risk Manager is charged to Workers' Comp.

**50% of Benefits Specialist is charged to Human Resources and 25% in Workers' Comp.

**Significant
Expenditure Changes:**

The Legal section is exhibiting a notable increase. The budget request combines both in-house and outside legal counsel estimates. It is anticipated that, based upon pending litigation claims, there will be an increase in external counsel fees as well as required professional services.

WORKERS' COMPENSATION SELF INSURANCE

Division Mission: This account was established in July 1, 1996, to pay workers' compensation claims against the city. After a self-insurance feasibility study was performed by an independent actuarial, it was decided to leave State Compensation Fund. The goal of this division is twofold: to provide an increasingly safe work environment and to provide adequate self-insurance and purchase insurance to cover work related injuries to city employees. The workers' compensation funds are appropriated from the employee related workers' compensation expense.

Goal: Develop and implement new or revised loss control programs designed to reduce the frequency and severity of workers' compensation claims.			
Strategy: Develop training calendar, to include all in-house and contractor provided loss control training sessions, which will include training provided by City staff for commercial drivers license training, continuation of the SafeStart training, and contractor training in HAZWOPER certifications and OSHA regulations.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
# of safety training classes scheduled during fiscal year	57	60	70
# of employees trained during fiscal year	427	450	475

Goal: Administration of workers' compensation claims through management of the services of a third party administrator or independent adjuster.			
Strategy: Auditing the services of the City's third party administrator responsible for workers' compensation claims to ensure that claims are handled in compliance with statutory requirements and City claims administration standards. Development and implementation of new and/or revised workers' compensation claims reporting procedures.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
# of total workers' compensation claims	85	74	
\$ amount of total incurred cost for workers' compensation claims for the fiscal year	\$254,776	\$128,538	

Prior Year Results and Outcomes: Evaluated programs and options relating to Self Insured Retentions (SIR) and excess workers' compensation insurance to determine most appropriate levels of coverage based upon premiums and risk factors.

Implemented SafetyOffice Information System to facilitate more comprehensive reporting to departments and the Industrial Commission of Arizona.

**Workers' Compensation Fund
Expenditure and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 852,053	\$ 844,105	\$ 1,045,157
Revenues			
Interest Income & Misc.	\$ 17,079	\$ 22,454	\$ 23,000
Total Revenues	\$ 17,079	\$ 22,454	\$ 23,000
Expenditures			
Personnel	\$ 51,667	\$ 47,581	\$ 67,899
Supplies	1,163	200	200
Other Services & Charges	493,015	314,613	504,795
Cost Recovery	(548,337)	(553,492)	(675,379)
Legal	27,519	12,500	98,000
Total Expenditures	\$ 25,027	\$ (178,598)	\$ (4,485)
Ending Cash Balance, 6/30	\$ 844,105	\$ 1,045,157	\$ 1,072,642
Authorized Staffing Level	1.25	1.25	0.95
Administrative Svcs Director*	0.00	0.00	0.20
Risk Manager*	0.50	0.50	0.50
Benefits Specialist**	0.00	0.00	0.25
Risk Management Spec.	0.50	0.50	0.00
Safety Officer	0.25	0.25	0.00
*35% of the Admin Serv Dir. position appears in Human Resources, 20% each in General Self Insurance and Central Garage, and 5% in Building Maintenance. 50% of Risk Manager is charged to Workers' Comp.			
**50% of Benefits Specialist is charged to Human Resources and 25% in Workers' Comp.			

**Significant
Expenditure Changes:**

The annual salary adjustment and increased health insurance costs have adversely affected the Personnel category. While the actual number of employees charged to this area has decreased, it is more than offset by the inclusion of a portion of the Administrative Services Director salary.

The Legal section also shows a dramatic increase in anticipation of increased litigation. This section combines both in house and outside legal counsel estimates for FY2005, and the City Attorney has budgeted to go out to contract for Workers' Compensation attorneys.

CENTRAL GARAGE

Division Mission: To provide effective and efficient fleet maintenance/repair and acquisition services to maximize equipment availability and serviceability for internal customer departments.

Goal: Maximize equipment availability and serviceability.			
Strategy: Install and implement fleet management software integrated with Streets Division maintenance management system (MMS) and City's cost accounting/financial management system.			
Balance in-house mechanic and parts activities with vendor sublet services to achieve competitive, cost effective operation.			
Monitor equipment utilization, cumulative operating and repair costs, and market value of units to be disposed of.			
Workload Indicators	FY03 Actual	FY04 Estimate	FY05 Forecast
# of pieces of rolling stock	357	393	400
# light vehicle preventive maintenance services	575	426	450
# heavy duty preventive maintenance services	128	132	140
# off-road equipment preventive maintenance services	53	44	50
# emergency road service calls	100	106	90
Performance Measures			
Average equipment availability (%) Target: 95% minimum	97	97	97
Ratio of [sublet/vendor services costs: total expenditures] Target: 6%	5.3%	8.3%	7.0%

Prior Year Results and Outcomes: The Central Garage responsively provided maintenance services to the City fleet vehicles and equipment in accordance with O.E.M. recommendations. The fleet size has continued to grow as city departments add additional vehicles to the fleet each year to keep pace with the continued population growth and the services that they provide to the citizens of Prescott. Our customers are all internal customers, but we strive to provide our customers with a prompt, courteous response to each service request made to the Central Garage and to provide quality, cost-effective maintenance and repairs to each customer that we serve. We have been able to maintain a high degree of vehicle/equipment availability (97%) without increasing the size of the facility that was opened at this location in 1978.

Continued to provide customer support for all city departments through researching thier service, vehicle, equipment needs, writing vehicle/equipment specifications, preparing vehicle procurement documents, and deliver-

ing vehicles and equipment specific to their needs for all city departments. We track and obtain warranty repairs when needed on all new vehicles and equipment in effort to use tax dollars in a responsible manner.

Implemented the use of a new fleet maintenance software program in July of 2003 and are building a good vehicle repair history on each fleet vehicle that is maintained by the Central Garage. The use of the new software will allow us to make more informed decisions regarding vehicle replacement cycles, vehicle costs per mile or hour of operation, and costs of all maintenance provided by the Central Garage. The new fleet software also provides accurate financial statements each month for billing each city department for the services that have been provided to them by the Central Garage.

**Central Garage
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 340,349	\$ 350,948	\$ 384,646
Supplies	309,258	338,400	356,500
Other Services & Charges	78,674	61,151	95,809
Cost Recovery	(702,234)	(787,700)	(2,600,955)
Debt Service	106	307	-
Capital Outlay/Projects	47,152	15,000	1,764,000
Total Expenditures	\$ 73,305	\$ (21,894)	\$ -
Capital Outlay/Projects			
Central Garage Expansion - design			\$ 65,000
Replace In-Ground Lift			25,000
Copy Machine			6,500
Vehicle Replacements			
#750 - Building Inspection			22,000
#742 - Building Inspection			22,000
#756 - Parks & Rec			25,000
3/4-Ton Truck (2) - Parks & Rec			60,000
Motorcycle - Police			11,500
Supervisors SUV - Police			40,000
Investigations (2) - Police			50,000
Patrol (7) - Police			299,000
#992 - Fire			60,000
#731 - Fire			80,000
1-Ton Service Body (648) - Streets			30,000
Dump Body #691 - Streets			35,000
Dump Body #712 - Streets			35,000
Crewcab Dump Body - Streets			45,000
1-Ton Service Body (#787) - Streets			30,000
#777 - Water			24,000
#783 - Water			23,000
Jet Rodder - Sewer			165,000
#779 - Sewer			21,000
Side Loader (#945) - Solid Waste			190,000
Side Loader (#946) - Solid Waste			190,000
Front Loader - Solid Waste			210,000
Total Capital Outlay/Projects			1,764,000

**Central Garage
Staffing Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	7.15	7.10	7.20
Admin Svcs Director*	0.00	0.00	0.20
Public Works Director	0.15	0.05	0.00
Equipment Maint. Supv.	1.00	1.00	1.00
Equipment Mechanic	5.00	5.00	5.00
Parts Specialist	1.00	1.00	1.00
Accounting Technician	0.00	0.05	0.00

*20% of Admin Svcs Director is charged to Risk Management, Workers' Comp, and Central Garage respectively, and 5% to Building Maintenance.

**Significant
Expenditure Changes:**

Increases in personnel services are linked to an increase in health care costs and the reinstatement of the pay-for-performance program. No additional staffing was added.

In the Other Services category, travel expenses increased to allow for the Fleet Manager to attend RMFMA fleet maintenance conference and chapter meetings, vendor training classes for anticipated training for shop personnel on new vehicles, trucks and equipment, and annual refresher courses required to maintain certifications as needed. Building maintenance increased substantially due to repair needs to the shop structure, overhead doors, vehicle hoists, vehicle pressure washing equipment, roof repairs, heating system repairs and maintenance, and overhead lubrication equipment. This year's budget also includes the painting of the interior shop walls & sealing of the concrete floor area in service bays.

The large increase in cost recovery can be attributed to the new process for replacement of vehicles in the city fleet. Effective FY05, this department will be responsible for the purchase of all replacement vehicles (as shown on the capital outlay/project list in the expenditure summary box). The cost of each vehicle will be charged back to the appropriate department/division.

ENGINEERING SERVICES

Division Mission:

To provide and/or procure professional engineering and other associated services necessary for City streets and/or stormwater management projects, to

include surveying, design, contracting and quality assurance; and to implement provision of the City Development Code pertaining to engineering and quality assurance.

Goal: Provide quality design and construction phase technical support services for capital improvement and private development projects (e.g., roadway, sidewalk, curb & gutter, drainage, traffic control improvements, etc.)			
Strategy: Prepare complete sets of design bid documents in-house for capital improvement projects to utilize design staff to fullest.			
Manage preparation of design bid documents for capital improvement projects by outside engineering firms.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Ratio of actual number of in-house designs completed vs. total number planned. Target: 80%	12/12 = 100%	7/7 = 100%	4/4 = 100%
Ratio of actual number of designs completed by outside services vs. total number planned. Target: 66%	1/9 = 11%	8/11 = 73%	3/5 = 60%
Strategy: Deploy competent empowered inspection and management forces to oversee public project construction and actively participate in the resolution of construction issues; encourage continuing education in construction technologies and interpersonal communication skills to promote capable performance in the development of effective working relationships with City departments, engineers, contractors and the public.			
Workload Indicators	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of Capital Projects Managed and Inspected	12	13	19
Number of Private Projects Inspected	38	40	41
Number of Right-of-Way Permits Issued and Inspected	420	430	455

Prior Year Results and Outcomes: Awarded a construction contract for the Willow Creek Road Phase IV Widening Project.

Awarded a construction contract for the Gail Gardner Way/Black Drive Project.

Awarded design contract for the Park Avenue Project.

Awarded design contract for the Ruth Street/Demorse Street Project.

Awarded design contract for the Mount Vernon Project.

Completed in-house designs for sections of Willis Street, College Heights Drive, East Gurley Street and Beach Street as well as several sidewalk projects and landscaping of the Prescott Lakes Boulevard median.

**Engineering
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 1,222,854	\$ 1,321,318	\$ 1,480,790
Supplies	32,598	45,400	48,700
Other Services & Charges	186,554	162,898	190,614
Cost Recovery	(1,658,518)	(1,569,417)	(1,740,104)
Debt Service	194	-	-
Capital Outlay/Projects	18,925	49,245	20,000
Total Expenditures	\$ (197,393)	\$ 9,444	\$ -
Capital Outlay/Projects			
2-Wheel Drive Pickup			20,000
Total Capital Outlay/Projects			\$ 20,000

**Engineering
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	24.65	23.45	24.50
Public Works Director*	0.65	0.40	0.40
Engineering Services Manager	0.00	1.00	1.00
Sr. Civil Engineer	1.00	0.00	0.00
Civil Engineer	1.00	0.00	0.00
Construction Project Mgr	2.00	1.00	1.00
CAD Technician	1.00	1.00	1.00
Supervisory Inspector	1.00	1.00	1.00
Construction Inspector	8.00	8.00	8.00
Traffic Signal Supervisor	0.00	1.00	1.00
Public Works Maint. Supv.	1.00	0.00	0.00
Maintenance Specialist	2.00	0.00	0.00
Traffic Signal Specialist	0.00	2.00	2.00
Registered Land Surveyor	1.00	1.00	1.00
Engineering Tech	1.00	1.00	1.00
Engineering Aide	1.00	0.00	0.00
Administrative Assistant	0.00	0.00	1.00
Secretary	1.00	1.00	1.00
Maintenance Tech	1.00	1.00	1.00
Construction Contracts Spec.	1.00	1.00	1.00
Engineering Services Coordinator	1.00	0.00	0.00
Accounting Technician**	0.00	0.05	0.10
Development Services Mgr.	0.00	1.00	1.00
Construction Services Mgr.	0.00	1.00	1.00
Permit Technician	0.00	1.00	1.00

*Also charged 20% Streets, 20% Water Utilities, and 20% Sewer Utilities.

**Also charged 30% Water Utilities, 30% Sewer Utilities, and 30% Streets

Significant Expenditure Changes: In addition to the increase in health insurance costs and the reinstatement of the pay-for-performance program, the Personnel section has risen because of the addition of an Administrative Assistant. Also, the percentage of the Accounting Technician charged to this Department has increased from .05 in FY04 to .10 in FY05.

In Other Services category, the budget went up \$27,716 with the most notable increase being in the computer service charges made by Information Technology to this division.

BUILDING MAINTENANCE

Division Mission: To provide maintenance and custodial services to all city owned facilities.

**Building Maintenance
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ -	\$ -	\$ 217,351
Supplies	-	-	229,825
Other Services & Charges	-	-	343,550
Cost Recovery	-	-	(835,726)
Capital Outlay/Projects	-	-	45,000
Total Expenditures	\$ -	\$ -	\$ -
Capital Outlay/Projects			
Police Department carpet replacement			\$ 30,000
Computer Room Remodel			10,000
Step repairs for Legal Department			5,000
Total Capital Outlay/Projects			\$ 45,000

**Building Maintenance
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	0.00	0.00	6.55
Administrative Services Director*	0.00	0.00	0.05
Maintenance Tech	0.00	0.00	1.00
Lead Custodian	0.00	0.00	1.00
Custodian	0.00	0.00	4.50

*Also charged 35% Human Resources, 20% Central Garage, and 20% Self-Insurance Fund and 20% Workers' Compensation Fund.

**Significant
Expenditure Changes:**

Under the City Manager's direction, this department was created to consolidate all maintenance and custodial costs for all City owned facilities. Previously all costs were paid out of the departments/division budgets. Beginning FY2005, all custodians along with a maintenance technician were transferred from their divisions to one centralized location. Under the supervision of the Administrative Services Director, all maintenance and custodial work will be charged here with a corresponding charge made to the appropriate department/division.

DEBT SERVICE FUND

The Debt Service Fund was created during FY99 primarily as the result of the voter-approved general obligation issue for the purchase of Watson and Willow Lakes in September, 1998. Added to the debt service payments for the aforementioned project are the debt service for the Police Station Building approved by the voters in 1989 and also special assessment payments for Improvement Districts previously issued and to be issued in the future.

As part of the issuance of the bonds for the purchase of Watson and Willow Lakes, the remainder of the debt for the police station was also refunded without extending the life of the debt service (final payment still to be made in FY2009). There was a savings by the reissuance due to a lower interest rate being available than when the bonds were originally issued in FY1989.

Total principal and interest payments for FY05 will be \$2,184,495 to be offset by property tax revenues for the two general obligation issues and assessments paid by property owners for Improvement Districts. Fiscal agents' fees amount to \$2,150.

Debt Service Expenditure Summary			
	FY03 Actual	FY04 Estimate	FY05 Budget
Principal	\$ 1,405,107	\$ 1,725,107	\$ 1,525,007
Interest	785,090	721,345	659,488
Fiscal Agents Fee	5,726	1,913	2,150
Total	<u>\$ 2,195,923</u>	<u>\$ 2,448,365</u>	<u>\$ 2,186,645</u>

Legal Debt Margins:

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, lighting, parks, open space and recreational purposes may not exceed 20% of a city's net secondary assessed valuation. Outstanding general obligation bonded debt for other general municipal purposes may not exceed 6% of a city's net secondary assessed valuation. As of June 30, 2004, the City is well within its debt limits, having \$72.3 million in borrowing capacity in the 20% category, and \$23.1 million in borrowing capacity in the 6% category.

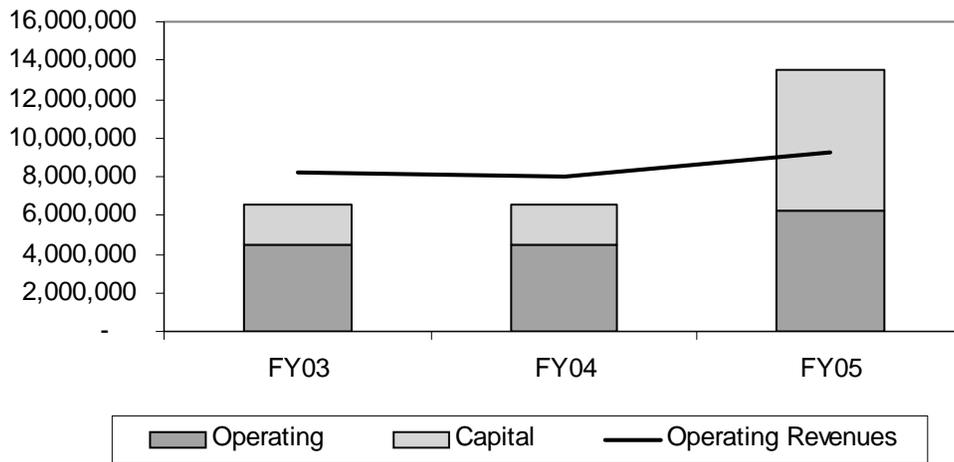
ENTERPRISE FUNDS

WATER AND ALTERNATIVE WATER FUNDS	145
SEWER FUND	167
SOLID WASTE FUND	182
TRANSFER STATION FUND	191
AIRPORT FUND	195
GOLF COURSE FUND	201

WATER FUND

The purpose of the Water Fund is to insure a safe and reliable supply of water to our customer base through the protection of existing supplies, the acquisition of new supplies, and the continued maintenance and upgrade of the existing water delivery infrastructure. All activities necessary to provide this service are accounted for in this fund. Emphasis will continue to be placed on upgrading the City's water system during FY05 through replacement of various undersized water lines as part of our regular maintenance program plus an expanded program to keep up with replacing water lines prior to streets being repaired and/or replaced, routine maintenance projects such as small reservoir maintenance, pressure reducing valve upgrades and fire hydrant upgrades.

Water Fund - Revenues vs Expenditures
Excluding Alternative Water Sources



The water fund budget for FY05 totals \$45,796,885 including \$32,267,306 in Alternative Water Sources. Current year revenues are estimated at \$42,648,396 (Alternative Water Sources - \$33,350,699).

Combined Water and Alternative Water Sources Historical Activity

	FY03 Actual	FY04 Estimate	FY05 Budget
Unrestricted Beginning Cash, 7/1	\$ 4,693,563	\$ 6,292,745	\$ 7,723,187
Restricted Beginning Cash, 7/1	\$ 3,619,449	\$ 3,173,029	\$ 2,666,423
Water Utilities Revenues	\$ 8,192,716	\$ 7,952,868	\$ 9,297,697
Water Utilities Expenditures	\$ (6,593,534)	\$ (6,522,426)	\$ (13,529,579)
Alternate Water Revenues	\$ 415,174	\$ 399,230	\$ 33,350,699
Alternate Water Expenditures	\$ (861,594)	\$ (905,836)	\$ (32,267,306)
Unrestricted Ending Cash, 6/30	\$ 6,292,745	\$ 7,723,187	\$ 3,491,305
Restricted Ending Cash, 6/30	\$ 3,173,029	\$ 2,666,423	\$ 3,749,816
Interfund Loan Receivable	\$ 1,525,000	\$ 1,400,000	\$ 1,275,000

Note: Ending Restricted cash is to explore Alternative Water Sources; Interfund Loan Receivable is due to the Alternative Water Source Account from the General Self Insurance Fund as a result of a loan made by the Alternative Water Source Account to the General Self Insurance Fund in the amount of \$2.5 million during fiscal years 1995 and 1996.

Combined Water and Alternative Water Sources Fund Revenues

Revenue Source	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Water Utilities			
Water Sales	\$ 6,219,200	\$ 6,185,885	\$ 6,371,462
Meters, Taps & Services	290,756	275,000	275,000
Water Buy-In Fees	1,399,843	1,178,254	1,200,000
Improvement District Bond Proceeds	-	95,382	1,295,000
New Turn On Fees	130,840	125,000	125,000
Interest Earned	108,003	185,000	150,000
Miscellaneous Revenues	134,626	54,342	27,235
Plan Reviews and Checks	59,448	4,005	4,000
Rechargeable Effluent Fee	(150,000)	(150,000)	(150,000)
Total Water Utilites	8,192,716	7,952,868	9,297,697
Alternative Water Sources			
MPC Bond Issue	-	-	17,325,000
Intergovernmental Contributions	-	-	14,000,000
Alternative Water Impact Fee	-	-	1,471,334
Alternative Water Source Fee	351,058	338,130	494,365
Interest Earned	64,116	61,100	60,000
Total Alternative Water Sources	415,174	399,230	33,350,699
Total Revenues	\$ 8,607,890	\$ 8,352,098	\$ 42,648,396

Explanation of Water Fund Revenues:

Water Sales. Water rates were last changed effective September 1, 1995. The City, recognizing that the revenue structure and debt picture of the Water Fund were changing, took a proactive stance and hired the firm of Raftelis Environment Consulting Group to conduct an outside water rate study to determine recommended differentials between outside consumers and inside consumers. At the time the study was undertaken, the City charged Chino Valley customers 30.0% difference (maximum allowable pursuant to State Statute) and double inside rates for those customers living outside Chino Valley or incorporated Prescott city limit boundaries. The outside water rate report completed by Raftelis indicated a maximum differential in water rates of 39.0% for outside water users versus inside water users compared to the previous double rate. The actual cost to the water fund to reduce the outside rates and keep Chino rates the same was \$301,134.

The goal became, to the extent possible, to keep inside customer total water bills (combination of water and alternative water source fee) the same, keep a 30.0% differential for Chino Valley customer bills and 39.0% differential for other outside city customers while still keeping the total water revenues in the water fund at approximately the same level in order to protect the viability and integrity of the ten year water plan.

In order to accomplish this goal, and after three different options were presented, it was decided to raise the three different rates by 6.8% and then reduce the alternative water source fee for 1000 gallons from \$.30 to a sliding scale ranging from \$.10/1000 gallons to \$.16/1000 gallons for inside users. Chino rates would still be 30.0% higher and outside rates 39.0% higher. With the reduction in the alternative water source rates, the inside residents were held harmless from an increase in rates due to reducing outside customers' billings.

Water sales are projected at \$6,371,462 for FY05 compared to \$6,185,885 for FY04 representing a 2.4% change. This revenue is very weather sensitive.

Water Sales		
Fiscal Year	Revenues	Previous Year
1993-94	4,345,366	6.1%
1994-95	4,348,551	0.1%
1995-96	4,931,188	13.4%
1996-97	4,847,505	-1.7%
1997-98	4,867,355	0.4%
1998-99	5,042,781	3.6%
1999-2000	5,277,371	4.7%
2000-01	5,540,084	5.0%
2001-02	5,982,575	8.0%
2002-03	6,219,200	4.0%
2003-04 (est)	6,185,885	-0.5%
2004-05 (est)	6,371,462	2.4%
*Note: Since water sales are extremely weather sensitive, the lower than normal rainfall in spring of 1996 caused an increase in water sales.		

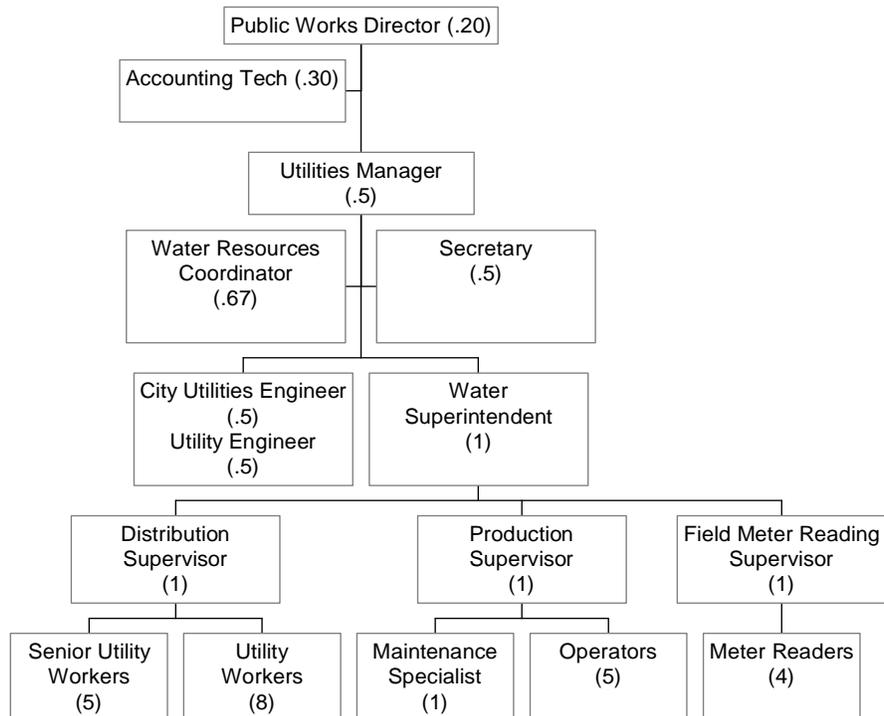
Buy-in Fees. Buy-in fees were adjusted during FY95 from \$47 to \$63 per fixture unit. This adjustment was predicated upon growth related projects needed in future years. Buy-in fees are projected at \$1,200,000 for FY05.

Rechargeable Effluent Fee. This is the fee charged by the Sewer Fund to the Water Fund for treating the effluent which is eventually discharged into the recharge ponds providing the Water Fund with recharge credits. The charge was increased to \$150,000 in FY98 because the City is entering into an effluent delivery business and will be selling a portion of previously recharged effluent.

Alternative Water Sources. This is a surcharge fee based on water consumption. During FY04, a study was conducted by Rick Giardina and Associates on City of Prescott's fees to cover the research and implementation costs of alternative water sources. As a result of this study the Alternative Water Sources Fee was increased. This increase from a sliding scale ranging from \$.10/1000 gallons to \$.16/1000 gallons to a scale of \$.21/1000 gallons to \$.33/1000 gallons will be phased in over the next four fiscal years with the final phase occurring FY08. The budget (\$494,365) reflects the incremental increase for FY05.

Alternative Water Impact Fee. Effective July 12, 2004, the City of Prescott instituted the Alternative Water Impact Fee to help cover new development impact on the City's water system. The fee will go toward the recovery of costs related to the research and implementation of alternative water sources. This impact fee is based on the customer class and service line size. It is anticipated that the City will receive \$1,471,334 in revenues during FY05.

MPC Bond Issue. \$17.3 million has been placed in the FY2005 budget for a potential MPC Bond Issue to fund the purchase of the Water Ranch. Debt service in future years will be covered by monies received for the Alternative Water Source surcharge and the Alternative Water Impact Fee.



**Consolidated Departmental Expenditure
and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 1,546,526	\$ 1,681,111	\$ 1,693,062
Supplies	141,213	146,450	169,570
Other Services & Charges	2,682,032	3,010,100	3,166,933
Cost Recovery	(132,883)	(139,459)	(186,595)
Alt. Water Sources Legal	36,747	-	-
Capital Outlay/Projects	2,447,474	2,163,476	39,254,001
Debt Service	734,019	566,584	1,699,914
Total	\$ 7,455,128	\$ 7,428,262	\$ 45,796,885
Authorized Staffing Level	36.20	34.89	33.67
Utility Billing*	3.55	3.55	3.50
Meter Reading	5.00	5.00	5.00
Env. Services	2.65	0.00	0.00
Water Utilities Admin.	0.00	1.50	2.00
Water Production	8.00	7.50	7.50
Water Distribution	16.00	16.00	15.00
Alternative Water	1.00	1.34	0.67

*Utility Billing personnel report to the Budget/Finance Director.

WATER DEPARTMENT - LEGAL DIVISION

Division Mission: This division provides an account for the Legal Department to charge its time for Water Fund related matters.

**Legal - Water Fund
Expenditures Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 37	\$ 245	\$ -
Other Services	16,591	9,089	6,940
Capital Outlay/Projects	41,676	379	-
Total	\$ 58,304	\$ 9,713	\$ 6,940

Significant Expenditure Changes: In the FY05 budget, \$6,940 is allocated for services that may be rendered by the City's Legal Department on behalf of the Water Department.

UTILITY BILLING

Division Mission: To accurately and efficiently process all monies received by the City including revenues generated by other departments such as the golf course, recreational services and airport as well as receive all payments for utility billing, sales tax and license fees, building permits and impact fees. To generate all billing for water, sewer and sanitation services in a timely manner. To provide good customer service in response to customer requests for new service, transfer of service and explanation of charges and complaints.

Goal: Continue to provide good customer service to the rapidly growing number of customers.			
Strategy: Utilize modern technology by providing services on-line such as applications, rate schedules and sure-pay forms. Offer electronic check by phone to customers and explore the availability of electronic payment via the internet.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of utility accounts per month per employee	5,100	5,300	5,500
Number of phone calls received per month per employee	3,200	3,400	3,800
Number of walk-in customer contacts per employee per month	5,700	6,000	5,700

Goal: Continue to increase customer usage of surepay automatic payment system by 10 sign-ups per week.			
Strategy: Offer sign-up form to customers semi-annually through the City Page inserted in monthly utility bills and via the internet. Offer new customer surepay at time of initial sign-up.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of surepay customers	3,634	3,954	4,350

Goal: Maintain consistent monthly billing cycles for utility customers.			
Strategy: Initiate program for meter readers that will enable them to know by what date meter should be read.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Utility bills sent	210,415	225,451	243,487

Prior Year Results and Outcomes: Continued to provide same level of good customer service even though the number of our customers continues to increase.

Processed a total of 225,451 utility bills in routine monthly billing cycles.

Increased the number of surepay customers by almost 9%.

**Utility Billing
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 122,530	\$ 138,170	\$ 145,078
Supplies	6,793	4,100	9,000
Other Services & Charges	169,178	249,778	141,002
Internal Cost Recovery	(132,883)	(139,459)	(186,595)
Total	\$ 165,618	\$ 252,589	\$ 108,485

**Utility Billing
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	3.25	3.55	3.50
Utility Billing Supervisor	1.00	1.00	1.00
Accounting Clerk	2.00	2.50	2.50
Clerk (Temp)	0.25	0.05	0.00

**Significant
Expenditure Changes:**

Personnel Services reflect the citywide increase in health care costs and the reinstatement of the pay-for-performance program. This year's Supplies category includes the construction of a built-in workstation for the utility drive-through cashier. The change in other services and charges is due to \$34,000 to Datamatx for the stuffing and mailing of utility bills and the decrease of approximately \$135,000 for auditing/accounting services provided by Budget/Finance Department, which was previously posted here, and is now in 2-809 Water Utilities Administration.

METER READING

Division Mission:

Our mission is to provide the highest level of customer service possible while efficiently and effectively performing the responsibilities of the monthly reading of water meters, installing new water meters, servicing on and off requests, customer relations and leak detection.

Goal: Read all City water meters accurately on a monthly basis.			
Strategy: Provide an average of 99.9% accurate reads on a monthly basis.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of meters read	3,869	3,999	4,100
Percentage of accurate reads	99.9%	99.9%	99.9%

Goal: Provide exceptional customer service.			
Strategy: Respond to customer requests as quickly and as safely.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Average response times for emergency offs	15 min.	15 min.	15 min.
Respond to customer service requests within one day	95%	95%	95%

Goal: Safely read all large meters in vaults and meters located in remote or difficult to access areas. Assure that all meters are accurate meeting AWWA Standards.			
Strategy: Implement the conversion to remote-read the existing large meters in vaults and in locations that are hazardous in nature. Change-out meters based upon age and use analysis.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Replace 500 meters per year	638	500+	500+
Percentage replaced	100%	100%	100%

Prior Year Results and Outcomes: 795 new meters were added to the system in FY2003-2004.

Estimated meter reads less than 5%.

Continued cross training with Water Production forces.

Completed the meter change-out program in Chino Valley service area (483 meters), along with implementing a radio-read system.

**Meter Readers
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 181,639	\$ 198,020	\$ 202,345
Supplies	10,565	13,331	12,650
Other Services & Charges	47,160	29,964	54,460
Capital Outlay/Projects	70,000	200,000	-
Total	\$ 309,364	\$ 441,315	\$ 269,455

**Meter Readers
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Levels	5.00	5.00	5.00
Customer Service Rep.	1.00	1.00	1.00
Meter Reader	4.00	4.00	4.00

Significant Expenditure Changes:

The Meter Reading Division's operating budget remains unchanged. Personnel services reflect an increase in health care costs. The additional monies in other services and charges are monthly payments to the newly created vehicle replacement program. Funds for replacement water meters will be absorbed into this division's operating budget.

WATER UTILITIES ADMINISTRATION

Division Mission:

The Water Utilities mission is to provide high quality Water services to meet current and future needs in the most efficient and cost effective manner.

Goals: To reduce annual water loss percentage.			
Strategy: Maintain annual water loss percentage below 8% by continuing to closely monitor water produced, water sold, water used, effluent produced, effluent sold and effluent recharged.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Loss percentage (Calendar Year)	7.13%	8.77%	8.00%
Streamline the water service agreement process, track agreements after award	Agreements entered into database for tracking	Continue to track new developments as they are built	Continue to track new developments as they are built

Goal: To attain quality design and construction of public utilities infrastructure, in full compliance with all applicable state and federal standards relative to design, implementation, and operations.			
Strategy: Manage preparation of design plans and bid documents by in-house and external engineering firms for capital improvement, reahabilitation/repair and other projects.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Number of Capital Projects Managed/Designed	N/A	10	25
Percentage of Capital Projects on time and within budget		90%	95%
Strategy: Respond to customer requests in a timely manner while providing accurate answers to the requests.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget

Goal: To attain quality design and construction of public utilities infrastructure, in full compliance with all applicable state and federal standards relative to design, implementation, and operations.			
Number of Meetings	N/A	780	1,300
Number of Calls		1,800	2,600
Response to inquiries within 48 hours		95%	100%
Strategy: Review private development in a timely manner while providing accurate information and comments relative to the proposed development.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Number of Private Developments Reviewed within 2 weeks	N/A	40	60
Percentage of Private Developments Reviewed within 2 weeks		90%	95%
Number of Commercial Developments Reviewed within 2 weeks	N/A	156	260
Percentage of Commercial Developments Reviewed within 2 weeks		90%	95%

Prior Year Results and Outcomes:

Responded to over 2,000 phone calls from customers and developers requesting information on water and sewer infrastructure in the area and what is required to obtain services.

Processed 42 new project submittals, issued 41 Approvals to Construct and 45 Approvals to Operate.

Conducted 42 plan reviews. This total does not include re-submittal for the same project. Plan reviews are averaging 3 reviews per project.

**Water Utilities Administration
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 109,592	\$ 124,377	\$ 171,260
Supplies	7,524	3,300	5,620
Other Services & Charges	191,008	195,857	562,996
Capital Outlay/Projects	33,452	120,000	850,000
Total	\$ 341,576	\$ 443,534	\$ 1,589,876
Capital Outlay/Projects			
Potable Water System Model			\$ 450,000
Rate Analysis			100,000
Arsenic Analysis and Pilot Test			250,000
Maintenance Management			50,000
Total Capital Outlay/Projects			\$ 850,000

**Water Utilities Administration
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	2.65	1.50	2.00
Public Works Dir*	0.00	0.20	0.20
Environ. Svcs. Dir.	0.50	0.00	0.00
Utilities Manager**	0.00	0.50	0.50
City Utilities Engineer**	0.00	0.50	0.50
Administrative Asst.	0.65	0.00	0.00
Administrative Secretary**	0.50	0.00	0.00
Engineering Tech	1.00	0.00	0.00
Accounting Technician***	0.00	0.30	0.30
Utilities Engineer (Civil)**	0.00	0.00	0.50

*Director is also charged 20% to Streets, 20% to Sewer, and 40% to Engineering.

**Charged 50% here & 50% to Sewer Administration.

***Also charged 30% to Sewer Administration, 30% to Streets, 5% to Engineering, and 5% to Construction Services.

**Significant
Expenditure Changes:**

Personnel services saw an increase, which includes 50% of the new Utilities Engineer (Civil); the other 50% is charged in the Sewer Utilities Administration Division. Increases in other services and charges can be attributed to the internal administrative costs for the City Manager and City Council, the share of computer service charges levied by Information Technology based on 6 units @ \$2,868 per unit and the accounting/auditing charges. Capital Outlay (as noted in the table) includes the potable water system model and an arsenic analysis and pilot test which dramatically increased this division's total.

WATER FUND IMPROVEMENTS

Division Mission: This division is used to track the expenses for water projects not necessarily related to a specific division.

Prior Year Results and Outcomes: Completed design for replacement of water mains located within various street rehabilitation projects; construction was completed with the street projects.

Completed design for installation of new water mains in the final widening phase of Willow Creek Road (IV); construction is scheduled to be completed in FY05.

Completed design and construction of a water main to supply water to the VA tank and installation of master meters at Yavapai College.

Completed design for installation of new water mains in the Rosser Street Connector; construction was also completed in FY04.

Water Fund Improvements Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Capital Outlay/Projects	391,883	650,045	2,392,475
Total	\$ 391,883	\$ 650,045	\$2,392,475
Capital Outlay/Projects			
Carryovers			
Airport Zone Alternate Feed			\$ 20,000
Water Line Replacement - 1% Streets			450,000
Bradshaw Dr - Const			20,000
Mt Vernon St - Const			75,000
Alley Paving Project			150,000
69/89 Water Improvements			377,475
Unpaved Streets			100,000
Ruth/Demerse - Const			50,000
E Gurley (Arizona to Bradshaw)			50,000
Gail Gardner Way - Const			350,000
Copper Basin Rd - Const			50,000
Mullen Way Improvement District			650,000
Granite Crk & Willow Crk Dam			50,000
Total Capital Outlay/Projects			\$2,392,475

Significant Expenditure Changes: Please see the foregoing box for the list of projects comprising this \$2,392,475 allocation.

WATER PRODUCTION

Division Mission:

To provide the highest quality drinking water available in the most efficient and effective manner possible, and to make sure that all current and future water demands are adequately met. The Water Production Division is responsible for operating and maintaining the groundwater production facilities in Chino Valley including all of the wells, reservoir and booster facilities. Also included are the operation and maintenance of the City's surface water supplies, water shed area including the Upper and Lower Goldwater Lakes, Dams and treatment facilities. The Water Production Division also operates and maintains all of the water booster stations, reservoirs, storage tanks and pressure reducing stations throughout the City's service area providing an adequate and safe supply to satisfy peak daily demands and fire protection. Water quality and system operation compliance requirements of the Arizona Department of Environmental Quality are also the responsibility of this division.

Goal: Exceed drinking water quality standards.			
Strategy: Monitor water quality by sampling as required by the Arizona Department of Environmental Quality and taking any action required to meet standards.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Number of water quality samples collected (calendar year)	880	880+	880+
Percentage of samples meeting requirements	100%	100%	100%

Goal: Maintain an adequate water supply to meet peak demands with reserve capacity.			
Strategy: Monitor reservoir and storage tank levels throughout the City and maintain adequate storage capacities.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Total acre feet pumped	8,120	8,500	8,800
Peak day gallons	12,500,000	12,900,000	13,500,000
Meet Peak Demand	100%	100%	100%
Maximum levels maintained % of time.	90%	95%	95%

Goal: Produce the water efficiently and effectively.			
Strategy: Monitor the existing pump performance and explore new technologies to maximize pumping effectiveness and efficiency.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Pump stations improved	4	4	4

Goal: Produce the water efficiently and effectively.			
Pressure Reducing Stations improved Goal: 6 per year	6	6	6

Goal: Comply with all Arizona Department of Environmental Quality regulations.			
Strategy: Maintain the operation, maintenance and water quality requirements necessary to meet the compliance requirements of the Arizona Department of Environmental Quality.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Compliance with Arizona Department of Environmental Quality	100%	100%	100%

Goal: Meet new Environmental Protection Agency arsenic compliance requirements by 1/1/06.			
Strategy: Track and trend Arsenic values at all wellheads and point-of-entries (POEs).			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Take monthly Arsenic samples for tracking and trending	25%	100%	100% (plus consulting & pilot testing)

Prior Year Results and Outcomes:

Produced 8,120.5 acre-feet in 2003, a 1.1% decrease from last year.

Maintained full compliance with ADEQ water quality requirements.

Established Standard Operating Procedures (SOPs) required by ADEQ for water quality sampling.

Met goal of maintaining water loss below 10%, as required by ADWR (8.7% actual).

Rehabilitated the Market Place Well in Chino Valley including connection to the distribution system as Production Well #6, increasing well field production capacity and reserve of water sources.

Resumed the City-wide Cross Connection/Backflow Protection Program established by City Resolution No. 2471, and EPA/ADEQ requirements.

Rehabilitated the interiors of the two Indian Hills Tanks, and the exteriors of the two Mingus Tanks.

Comprehensively inspected 28 steel storage tanks.

Continued monitoring arsenic levels from all wells relative to the upcoming (January 2006) EPA Standard.

Contracted for Emergency Well Maintenance/Repair on an as needed, backup basis.

Completed design and installation of an 18" water main for the Country Dells property located on Highway 89A at Granite Creek.

**Water Production
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 392,055	\$ 403,106	\$ 443,908
Supplies	12,527	31,104	36,800
Other Services & Charges	1,371,736	1,567,384	1,727,902
Capital Outlay/Projects	767,991	660,440	3,951,000
Total	\$2,544,309	\$2,662,034	\$6,159,610

Capital Outlay/Projects

Ongoing programs

Well Rehab Program			\$ 50,000
Booster Station Upgrade			120,000
Large Reservoir Rehab			3,000,000
Cathodic Protection for 36"			100,000
Chino Production Facility Improvements			650,000
1Ton 4x4 Utility Service Truck			31,000
Total Capital Outlay/Projects			\$3,951,000

**Water Production
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	7.50	8.00	7.50
Water Superintendent	1.00	0.50	0.50
Water Prod. Supervisor	1.00	1.00	1.00
Water Operator	5.00	6.00	6.00
Secretary	0.50	0.50	0.00

Superintendent also charged 50% to Water Distribution.

**Significant
Expenditure Changes:**

Personnel services 10% increase is due to the increase in health care costs. Other Services and Charges saw an increase of 10.24% due to internal charges for computer services and building maintenance charges.

Refer to the Water Production Expenditure Summary for a listing of the \$3,951,000 in Capital Outlay and Projects.

WATER DISTRIBUTION

Division Mission:

This division's mission is to maintain and upgrade the City's transmission and distribution system with the least disruption to customer service. We respond, and will continue to respond, to service requests and leak repairs on a 24-hour basis. We inspect the system to determine repair and replacement needs of water mains, valves, service lines, and fire hydrants, install new service lines and meters, and locate water lines for other utility companies and contractors for excavation purposes.

Goal: Achieve emergency response for broken water lines to reduce water loss, property damage, and service interruptions.			
Strategy: Respond to emergencies within 15 minutes during working hours and 30 minutes after hours.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Respond to emergencies within 15 minutes during working hours and 30 minutes after hours.	90%	90%	90%

Goal: Provide exceptional customer service possible for requests and emergencies.			
Strategy: Same day service on customer service requests.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
One day customer service	95%	95%	95%

Goal: Install new fire hydrants and replace obsolete or broken units to enable adequate fire protection.			
Strategy: Replace or install a total of 30 new fire hydrants per year.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of fire hydrants replaced	50%	100%	100%

Goal: Replace old service lines and broken main line valves in the system to improve operations, reduce water loss and reduce property damage.			
Strategy: Replace a minimum of 100 services and 10 broken main line valves per year.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Services repaired or replaced	80%	100%	100%
Main line valves repaired or replaced	75%	100%	100%

Goal: Continue with the water system infrastructure survey, input information into the Maintenance Management System and GIS.			
Strategy: Assist GIS personnel with mapping of distribution components.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Survey all water system facilities and implement information into the Maintenance Management System for accurate location and replacement needs.	0	10%	50%
Main line valves repaired or replaced	75%	100%	100%

Goal: Establish Valve Exercising/Maintenance Program to reduce vulnerabilities and to ensure positive shutoff of section that needs to be isolated, thus allowing for faster restoration of service to customer base.			
Strategy: Dedicate 1-2 person crew to exercise 15-20 main valves/day.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Exercise 15-20 valves/day	0	40%	90%

Prior Year Results and Outcomes: Responded to over 375 customer service calls.

Replaced over 20 obsolete fire hydrants and installed 6 new hydrants to provide reliable fire protection to customers in the Ho-kay-gon area.

Repaired over 30 fire hydrants to maintain fire service to customers.

Repaired over 530 water leaks to minimize water loss, downtime and customer inconvenience.
Repaired over 36 line breaks due to construction projects.

Established Leak Detection Program to help reduce water losses being realized in the distribution system.

Installed over 60 new water meter boxes for new construction on undeveloped lots.

Re-plumbed 152 obsolete meters.

Completed design for replacement of approximately 7,000 lineal feet of small water mains (3" and smaller).

Completed design and construction for replacement of a substandard water main (1" in diameter) in Allen Drive.

**Water Distribution
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 676,412	\$ 720,222	\$ 687,139
Supplies	97,066	85,875	102,700
Other Services & Charges	327,299	350,194	431,559
Capital Outlay/Projects	825,806	437,013	87,000
Total	\$ 1,926,583	\$ 1,593,304	\$ 1,308,398
Capital Outlay/Projects			
New Water Service Lines			\$ 40,000
Fire Hydrants			40,000
Concrete Trailer (replacement)			7,000
Total Capital Outlay/Projects			\$ 87,000

**Water Distribution
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	16.00	16.00	15.00
Water Superintendent	0.00	0.50	0.50
Utilities Superintendent	0.50	0.00	0.00
Water Distribution Supv.	1.00	1.00	1.00
Senior Utility Worker	5.00	5.00	5.00
Utility Worker	7.00	7.00	8.00
Utility Locator	2.00	2.00	0.00
Secretary	0.50	0.50	0.50

Note: Superintendent also charged to Water Production; Secretary to Sewer Collection.

**Significant
Expenditure Changes:**

Personnel services costs decreased as this division added one Utility Worker and eliminated two Utility Locators.

Supplies 19.59% increase includes items ranging from uniform shirts, boot allowance, gloves, and raingear for the 11 existing water distribution personnel and the two new Utility Workers. Other supplies accounted for in this category are asphalt, slurry, chip sealing, UPM, concrete, and ABC materials that are purchased for the repairs of streets after excavation and repair of underground water distribution facilities are made. The increase is also due to valve maintenance program and leak detection program for FY05.

Other Services and Charges can attribute their increase to internal computer charges, vehicle replacement fund and facilities maintenance.

PRIVATE DEVELOPMENT

Division Mission: This Division has been restructured and, beginning in FY04, provides an account in which to charge plan reviews of water infrastructure installations for new private developments. These plan reviews are performed by the Development Services Manager and Engineering Aide; a proportionate share of their salaries is charged here in the Internal Engineering Services line item.

**Private Development
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 770	\$ -	\$ -
Supplies	4,157	2,825	-
Other Services & Charges	315,861	34,411	40,672
Total	\$ 320,788	\$ 37,236	\$ 40,672

Significant Expenditure Changes: This division was restructured in FY04 and provides for an account in which to charge plan reviews of water infrastructure installations for new private development. Plans are reviewed by the Development Services Manager and Engineering Aide whose time is charged at 80% of 25% of their salaries.

INSURANCE/RETIREMENTS

Division Mission: Provide an account to pay for costs of retirement bonuses for Water Department retirees.

**Insurance/Retirements - Water Fund
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Other Services & Charges	\$ 22,307	\$ -	\$ -

Significant Expenditure Changes: There are no anticipated retirements in the Water Fund during FY05.

DEBT SERVICE

Division Mission: This division provides an account in which to charge the water fund debt service.

**Debt Service - Water Fund
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Other Services & Charges	\$ 5,087	\$ 4,209	\$ 3,725
Debt Service	507,715	428,447	1,649,943
Total	\$ 512,802	\$ 432,656	\$ 1,653,668

Significant Expenditure Changes: The increase in the FY05 budget is to show the anticipated refinancing of the MPC 1993-E and 1998-F bonds. The existing bonds totaling \$1,344,925 will be paid off as part of the bonding process for the Water Ranch.

ALTERNATIVE WATER SOURCES

Division Mission: The Alternative Water Sources account was established in 1982 through the implementation of a surcharge on water sales. The purpose of the surcharge is to accumulate funds to help pay for costs associated with obtaining alternative water sources in order to comply with the State of Arizona groundwater laws. This account also received proceeds from the sale of the City's Central Arizona Project water rights and paid for the Chino Valley Irrigation District's shareholder water rights.

Goal: To promote resource conservation through improved public education and accountability.			
Strategy: Continue to expand water conservation program in the water service area. Expand water conservation public education through classroom and group presentations.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Continue water buy-in incentive program	\$31,831	\$45,000	\$45,000
Number of public education presentations	2	4	5
Expand water conservation and information presence on internet site	Internet web-site developed/active		Provide online lake level information and applications for programs

Prior Year Results and Outcomes: Pumped 8,120 acre-feet and recharged 1,112 acre-feet from Watson Lake, for a net of 7,009 acre-feet of groundwater withdrawn, a decrease of 14.7% from 2002.

Delivered 1,276 acre-feet of effluent for direct use, a decrease of 18% from 2002.

CVID purchased and used 1,500 acre-feet of recovery credits from Prescott.

Recovered 31.9 acre-feet of effluent credits.

Delivered 2,370 acre-feet of effluent to the recharge facility, an increase of 35% over last year.

Water loss was at 8.69%, below the ADWR maximum of 10%, effluent loss was 3.65%.

Allocated 53.96 ac-ft from alternate water budget, for a total of 597.8 ac-ft allocated since 1999.

Maintained the Demonstration Garden.

Completed 108 inspections for the Water Conservation Incentive Program (total of \$20,800 in incentive payments).

Continued to expand public education through water conservation presentations.

**Alternate Water Sources
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 41,184	\$ 96,971	\$ 43,332
Supplies	2,581	5,915	2,800
Other Services & Charges	238,112	569,214	197,677
Debt Service	226,304	138,137	678,497
Legal	36,747	-	-
Capital Outlay/Projects	316,666	95,599	31,345,000
Total	\$ 861,594	\$ 905,836	\$ 32,267,306
Capital Outlay/Projects			
Water Ranch Acquisition			\$ 31,300,000
Water Buy-In Rebate Program			45,000
Total Capital Outlay/Projects			\$ 31,345,000

**Alternate Water Sources
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	1.00	1.34	0.67
Water Resources Coord.	1.00	0.67	0.67
Administrative Asst.	0.00	0.67	0.00

Note: Remainder of time is charged to the Solid Waste Fund.

**Significant
Expenditure Changes:**

Personnel services experienced a shift, which appears as a decrease in salaries. This decrease is a result of an internal reorganization of the Environmental Services and Public Works Departments.

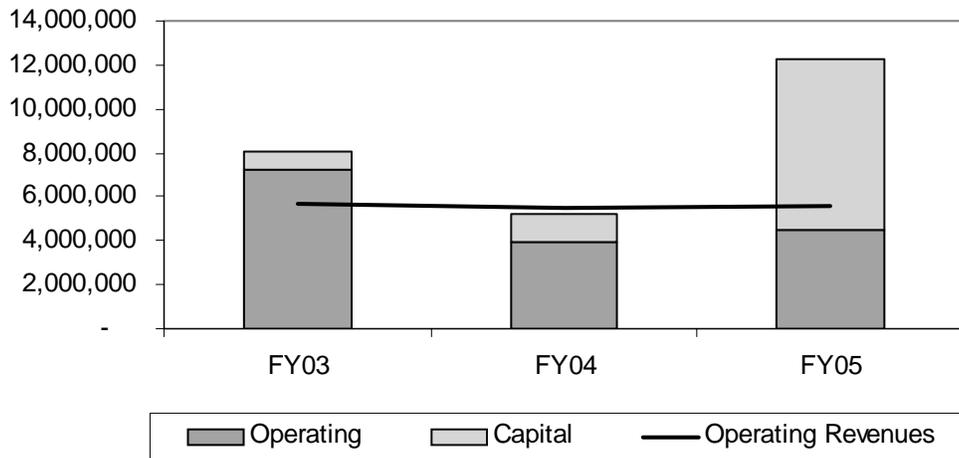
Other Services saw a 65% decrease which is attributed mainly to transferring of funding sources to the City's Water Ranch account. This budget was also affected by the decreased need in outside professional services that in years past had been used for consulting services, reports, testing and other professional services needed in the research of alternate water sources.

SEWER FUND

Department Mission:

The purpose of the Sewer Fund is to account for the provision of sewer services to the residents of the City and some residents of the County. All activities necessary to provide this service are accounted for in this fund. The Sewer Fund operates and maintains two wastewater treatment plants: Sun-dog - 6.5 million gallons and Airport - 2.2 million gallons. All plants are operated in accordance with Environmental Protection Agency and State Health Department standards.

Sewer Fund - Revenues vs Expenditures



Current year revenues are estimated at \$8,179,761 while current year expenditures are estimated at \$12,256,182.

Sewer Fund Historical Activity

	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Beginning Cash Balance, 7/1	\$ 5,416,018	\$ 5,683,376	\$ 5,943,821
Revenues	\$ 8,302,756	\$ 5,462,583	\$ 8,179,761
Expenditures	\$ (8,035,398)	\$ (5,202,138)	\$ (12,256,182)
Ending Cash Balance, 6/30	\$ 5,683,376	\$ 5,943,821	\$ 1,867,400

Sewer Fund Revenues

Revenue Source	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Plan Reviews & Checks	\$ 4,320	\$ 3,235	\$ 3,225
Sewer User Charges	3,656,594	3,650,628	3,760,147
Septage Disposal Fees	105,391	92,858	92,858
Effluent Sales	188,538	219,949	222,500
Effluent Sales to Other Funds	145,000	165,000	185,000
Rechargeable Effluent Fee	150,000	150,000	150,000
Sewer Connections	10,610	10,000	10,000
Bond Proceeds	2,602,413	-	2,560,000
Interest Earned	227,676	137,372	140,000
Sewer Buy-In Fees	1,208,698	1,024,787	1,055,531
Miscellaneous	3,516	8,754	500
Total Revenue	\$ 8,302,756	\$ 5,462,583	\$ 8,179,761

Explanation of Sewer Fund Revenue Sources:

Effluent Sales to Other Funds: This is the charge to the Golf Course for effluent used for watering the two golf courses. This charge to the Golf Course is adjusted annually to become more compatible with charges to private consumers purchasing the City's effluent product. It was increased from \$145,000 to \$165,000 for FY04 and to \$185,000 in FY05.

Sewer User Charges: Sewer fees are projected to increase 3.0% over FY04 revised estimates. No rate increase is anticipated in this fund for FY05.

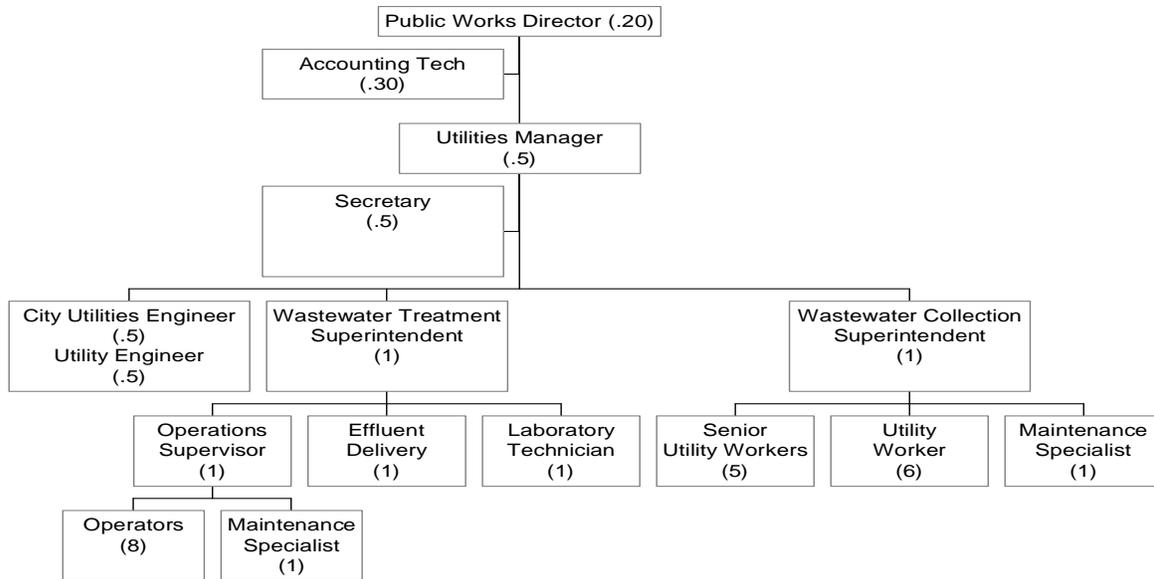
Revenues from Sewer User Charges

Fiscal Year	Revenues	% Change
1994-95	2,829,570	4.42%
1995-96	2,895,869	2.34%
1996-97	3,092,315	6.78%
1997-98	3,092,296	0.00%
1998-99	3,195,239	3.33%
1999-2000	3,430,830	7.37%
2000-01	3,553,223	3.57%
2001-02	3,553,662	0.01%
2002-03	3,656,594	2.90%
2003-04 (est.)	3,650,628	-0.16%
2004-05 (est.)	3,760,147	3.00%

Effluent Disposal Fees: These are the fees collected at the wastewater treatment plant from septic pumpers and private recreational vehicles.

Rechargeable Effluent Fee: This is the tenth year of this revenue source to the sewer fund. This is the charge to the Water Fund for treating effluent which is being discharged into the water table for recharge credits.

Buy-In Fees: Buy-in fees were increased from \$37.00 to \$56.00 per fixture unit during FY95. As part of an overall analysis of the sewer fund, it was decided to place more emphasis on new connections to the sewer system paying for growth related capital projects rather than to increase the rates placing the burden on existing sewer customers. The FY05 Sewer Buy-in fees projected revenues are a 3.0% increase over FY04 budgeted revenues. The City serves a smaller area with its sewer system than its water system and, therefore, does not have as many connections each year.



Consolidated Departmental Expenditure and Staffing Level Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 1,177,216	\$ 1,412,150	\$ 1,567,895
Supplies	159,476	148,367	247,600
Other Services & Charges	1,235,993	1,314,078	1,557,921
Capital Outlay/Projects	792,991	1,243,474	7,729,000
Debt Service	4,669,722	1,084,069	1,153,766
Total	\$ 8,035,398	\$ 5,202,138	\$ 12,256,182
Authorized Staffing Level	26.70	27.00	28.50
Sewer Utilities Admin.	0.50	1.50	2.00
WWTP	12.40	12.00	12.00
Sewer Collection	12.80	12.50	13.50
Effluent Delivery	1.00	1.00	1.00

SEWER UTILITIES ADMINISTRATION

Division Mission: To insure maximum efficiency and effectiveness of all operations, services and programs of the Sewer Department through supervision, coordination and monitoring of all divisions.

Goal: To complete sewer department projects in a timely manner within budget.			
Strategy: Monitor budget and project performance for all sewer divisions.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of Sewer Fund projects completed within authorized budget	100%	100%	100%

Prior Year Results and Outcomes: Responded to over 2,000 phone calls from customers and developers requesting information on water and sewer infrastructure in the area and what is required to obtain services.

Processed 42 new project submittals, issued 41 Approvals to Construct and 45 Approvals to Operate.

Conducted 42 plan reviews. This total does not include re-submittal for the same project. Plan reviews are averaging 3 reviews per project.

Sewer Utilities Administration Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 18,479	\$ 122,139	\$ 170,860
Supplies	-	-	5,370
Other Services & Charges	155,987	201,782	237,440
Capital Outlay/Projects	-	-	450,000
Total	\$ 174,466	\$ 323,921	\$ 863,670
Capital Outlay/Projects			
Sewer Model			\$ 300,000
Rate Analysis			100,000
Maintenance Management			50,000
Total Capital Outlay/Projects			\$ 450,000

**Sewer Utilities Administration
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	0.50	1.50	2.00
Public Works Director**	0.00	0.20	0.20
Administrative Secretary*	0.50	0.00	0.00
Accounting Technician***	0.00	0.30	0.30
City Utilities Engineer*	0.00	0.50	0.50
Utilities Manager*	0.00	0.50	0.50
Utilities Engineer (Civil)*	0.00	0.00	0.50

*Also charged 50% in Water Fund.

**Also charged 20% Streets, 40% Engineering, and 20% Water.

***Also charged 30% Water Utilities, 30% Streets, 5% Engineering, and 5% Construction Services

**Significant
Expenditure Changes:**

In addition to the citywide increase in health care costs, personnel services saw an increase due to 50% of the new Utilities Engineer (Civil) being charged to this division. The other 50% is in Water Utilities Administration Division.

Supplies increased in order to adequately supply the new engineer with office furnishing and office equipment. Other Services and charges consist of computer service, personnel division charges, city administration charges and outside consulting services. These all contribute to the 17% increase in Other Services.

SEWER DEPARTMENT - LEGAL

Division Mission:

Provide an account for the Legal Department to charge time spent on Sewer Fund activities.

**Legal - Sewer Fund
Expenditures Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	9,117	3,195	-
Total	\$ 9,117	\$ 3,195	\$ -

**Significant
Expenditure Changes:**

There are no anticipated legal costs associated with the Sewer Division in FY05.

SEWER IMPROVEMENTS

Division Mission: To monitor the expenses associated with sewer projects not necessarily related to a specific division.

Goal: To complete sewer department projects in a timely manner within budget.			
Strategy: Monitor budget and project performance for those projects not necessarily related to a division.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of sewer projects completed within authorized budget.	100%	100%	100%

Prior Year Results and Outcomes: Completed the design for rehabilitation of 7,200 feet of sanitary sewer and several manholes in the Yavapai Hills Development. Phase II of the Yavapai Hills Rehabilitation Project; construction is to be completed by FY05.

Completed design for installation of new sewer mains in the Rosser Street Connector including removal of a sewer lift station and replacement with a gravity sewer system; construction was completed in FY04.

Completed design for the Wastewater Collections Building located on Sundog Ranch Road near the Wastewater Treatment Plant; construction scheduled for FY05.

Completed design for replacement of sewer mains located within street replacement projects; construction was completed with the street projects.

Completed design for installation of new sewer mains in the final widening phase of Willow Creek Road (IV). This design included both gravity sewer and a lift station with a force main. Construction began in FY04 and is expected to be complete in FY05.

**Sewer Fund Improvements
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Capital Outlay/Projects	425,215	271,908	4,084,000
Total	\$ 425,215	\$ 271,908	\$ 4,084,000
Capital Outlay/Projects			
Whiskey Row Alley Sewer			\$ 175,000
Mt Vernon Street Sewer			130,000
Alley Paving Projects - Sewer			200,000
69/89 Sewer Extension			110,000
1% Streets - Sewer			750,000
Unpaved Streets - Sewer			100,000
Iron Springs Road - Sewer			390,000
Capital Contingencies			150,000
Ruth/Demerse - Sewer			380,000
E Gurley (Arizona to Bradshaw)			119,000
Gail Gardner Way Sewer			480,000
6th Street Sewer			50,000
North Prescott Regional Force Main			1,000,000
Copper Basin Road Sewer			50,000
Total Capital Outlay/Projects			\$ 4,084,000

**Significant
Expenditure Changes:**

As noted in the Sewer Fund Improvements Expenditure Summary, there are 14 large-scale projects. The most costly are the replacement of the North Prescott regional force main (\$1,000,000), the Gail Gardner sewer replacement project (\$480,000) and the sewer work associated with the Iron Springs Road project (\$390,000).

WASTEWATER TREATMENT PLANTS

Division Mission:

The City of Prescott Wastewater Division mission is to provide the community with the highest quality of treated wastewater effluent in the most efficient and safest way possible.

Goal: To treat all wastewater to ADEQ standards, achieving full compliance for the Sundog and Airport wastewater treatment plants.

Strategy: To utilize the expertise of the staff and the available technology to treat approximately 4,000 acre feet of effluent to the highest standards. Utilize the Wastewater Division's manpower and financial resources in the most efficient manner. Treat and dispose of 6,500 Tons of sludge for land application from both treatment plants. Complete all projects that are budgeted in a timely fashion and keep all plant equipment in operation.

Goal: To treat all wastewater to ADEQ standards, achieving full compliance for the Sundog and Airport wastewater treatment plants.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Effluent for reuse/recharge meets Class B+ standards (percentage of time)	100%	100%	100%
Sludge treated and disposed meets all local, State and Federal standards (percentage of time)	100%	100%	100%

Prior Year Results and Outcomes:

Received Plant of the Year from the Arizona Water Pollution Control Association for the Airport Wastewater plant.

Operated accident-free for the entire year.

Received a Safety Award from the Arizona Water Pollution Control Association.

The Arizona Department of Environmental Quality terminated the requirement for an air quality permit at the City's request because emissions from generators and sludge heater is below "trigger-point" emission standards.

Treated an average of 1.2 million gallons per day (mdg) (3,751.81 ac-ft) of wastewater at the Sundog and Airport wastewater treatment plants.

Accomplished a complete rebuild of #2 Primary Clarifier.
Refurbished the #1 Filter with new sand and anthracite.

Completed a gas line project at the Sundog Wastewater Treatment Plant to provide 5 new service lines.

**Wastewater Treatment Plant
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 572,113	\$ 603,235	\$ 657,615
Supplies	115,912	98,450	101,980
Other Services & Charges	780,990	799,842	795,053
Capital Outlay/Projects	46,970	203,292	765,000
Total	\$ 1,515,985	\$ 1,704,819	\$ 2,319,648
Capital Outlay/Projects			
Pretreatment Analysis			\$ 45,000
Airport WWTP Centrifuge and Building			500,000
WWTP SCADA System			100,000
Sundog WWTP Primary Clarifier #1 Rehab			30,000
Recharge Cell Cleaning			90,000
Total Capital Outlay/Projects			\$ 765,000

**Wastewater Treatment Plant
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	12.40	12.00	12.00
Env. Services Dir.	0.20	0.00	0.00
Administrative Asst.	0.20	0.00	0.00
WWTP Superintendent	1.00	1.00	1.00
WWTP Supervisor	1.00	1.00	1.00
WWTP Operator	8.00	8.00	8.00
Wastewater Lab Tech	1.00	1.00	1.00
WWTP Maint. Spec.	1.00	1.00	1.00

Significant Expenditure Changes: Increases in Personnel costs are directly associated with the increase in employee and dependent health care costs and the annual salary adjustment.

Capital projects include the recharge cell cleaning, airport WWTP centrifuge and building rehabilitation and the 18" effluent line meter replacement and the WWTP SCADA System.

SEWER COLLECTION

Division Mission: This division will maintain and operate all municipal sewers; respond to calls involving clogged, plugged or broken sewer mains on a 24 hr-basis; replace lines washed out by flooding; maintain and repair sewer lift stations; clean

mainlines for preventive maintenance purposes; and provide 24-hour response time to blue-stake locating services for other utilities.

Goal: Maintain sewer mains free of system back-ups and overflows.			
Strategy: Clean a minimum of 300 miles of sewer mains per year.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of sewer mains cleaned per year.	71%	76%	100%

Goal: Operate and maintain lift stations to prevent mechanical failures.			
Strategy: Clean sewer lift stations on a quarterly basis.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of sewer lift stations cleaned on a quarterly basis.	100%	100%	100%

Goal: Provide emergency response for sewer back-ups to minimize overflows and property damage.			
Strategy: Respond to emergencies within 30 minutes during working hours and 45 minutes after hours.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of emergencies responded to in 30 minutes during working hours and 45 minutes after hours.	100%	95%	100%

Goal: Provide superior customer service for all requests and daily operations.			
Strategy: Customer service requests receive next day service.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of customer service requests receiving next day service.	50%	70%	90%

Goal: Realize a sewer model and a maintenance management system as the basis for system enhancements and operational improvements.			
Strategy: Contract with a professional service to complete a sewer model and implement a maintenance management system.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Percentage of support to the consultant for information requests and field verifications.	N/A	N/A	100%

Prior Year Results and Outcomes:

Responded to approximately 520 customer service calls.

Inspected and cleaned over 710,000 lineal feet of sewer main lines to identify problem areas requiring repairs and maintenance.

Conducted approximately 4,100 Blue Stake locates since taking over the sewer responsibility of this program.

Installed over 57 taps for new construction services.

Conducted 27 dye tests to determine sewer service connections for customers.

Completed rehabilitation of the regional lift station, which serves The Ranch and Yavapai Hills.

Replaced the camera van, enhancing repair and maintenance productivity.

Sewer Collection Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 541,611	\$ 624,458	\$ 687,920
Supplies	42,407	47,092	136,800
Other Services & Charges	247,168	264,423	431,648
Capital Outlay/Projects	223,085	768,274	2,350,000
Total	\$ 1,054,271	\$ 1,704,247	\$ 3,606,368
Capital Outlay/Projects			
Lift Station Rehab Program			\$ 100,000
Wastewater Collection Building			500,000
Mullen Way Improvement District			560,000
Prescott North Improvement District			475,000
Antelope Hills Improvement District			715,000
Total Capital Outlay/Projects			\$ 2,350,000

Sewer Collection Staffing Level Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	12.80	12.50	13.50
Env. Services Dir.	0.15	0.00	0.00
Administrative Asst.	0.15	0.00	0.00
Wastewater Coll. Supt.	1.00	1.00	1.00
Senior Utility Worker	5.00	5.00	5.00
Utility Worker	5.00	5.00	6.00
Secretary*	0.50	0.50	0.50
Electrician	1.00	1.00	1.00

*Also charged 50% to Water Distribution.

Significant Expenditure Changes:

Personnel services increased by 10% due to the addition of one utility worker position, the annual salary adjustment and the citywide increase in employee health insurance costs. Staffing level reflects this new position, taking the total authorized personnel from 12.5 to 13.5.

The supplies category saw a large increase due to items such as ice, padlocks, keys, medical supplies, gloves, hard hats and other safety items. This category also includes \$12,000 for traffic control and confined space situations; and \$6,000 for modification of 2 roll-off boxes.

The 63% increase in Other Services and Charges can be mainly attributed to the newly created line item for vehicle replacement. The vehicle replacement line item is not considered capital as it is not intended for the addition of new fleet vehicles or equipment. A significant increase can be observed in the other services line item. This account covers the monthly costs for the Arizona Blue Stake Center requirements and the monthly operation costs for the telemetry system. The difference between estimated ending and requested amounts is because of a change in supporting companies and the laps of coverage after Motorola released operation of the system along with a \$36,000 estimated addition to the line item for utility mapping information upgrades. Currently there is about 6 years of private development construction mapping that has not been updated on the utility maps. This estimate would cover contractual projects to capture the field information and enter it into the City's GIS system for map production.

EFFLUENT DELIVERY

Division Mission:

Our mission is to distribute and account for the amount of effluent produced along with the surface water from Watson and Willow Lakes that is delivered and recharged, thus reducing the amount of potable groundwater withdrawn. This division is responsible for the operation and maintenance of the Watson and Willow Dams, effluent and surface water diversions, the regulating and monitoring of flows to downstream users.

Goal: Provide effluent for re-use whenever possible and provide effluent for recharge whenever re-use is not possible.			
Strategy: Monitor the production of effluent and distribute by priority.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Reuse the amount of effluent necessary to meet all demands.	1,795 ac ft	1,267 ac ft	1,800 ac ft
Recharge the highest amount of effluent possible, depending upon circumstances.	1,755 ac ft	2,370 ac ft	2,100 ac ft

Goal: Provide surface water for recharge whenever possible.			
Strategy: Recharge surface water to meet the agreement limit of 1500 acre-feet - weather dependent.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Amount of surface water recharged - weather dependent	0 ac ft	1,112 ac ft	0 ac ft

Goal: Divert surface water to downstream users as needed.			
Strategy: Monitor lake levels and communicate with downstream users to provide and adjust flows to meet their requirements and maintain limits.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Deliver the required downstream surface water diversion rights as needed in a timely manner.	100%	100%	100%

Goal: To promote use of treated effluent in irrigation and construction.			
Strategy: Closely monitor effluent recharge and reuse to ensure most efficient use.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Effluent use monitored (acre-feet - calendar year)	Recharge 1,755	Recharge 2,370	Recharge 2,000
	Reuse 1,792	Reuse 1,267	Reuse 1,800

Prior Year Results and Outcomes: Recharged 1,111.64 acre-feet from Watson Lake to the City's recharge basins.

Diverted 368.97 acre-feet of surface water from Watson Lake to the Granite Dells Ranch.

Diverted 2,370 acre-feet of effluent to recharge cells.

Delivered 706.3 acre-feet of effluent to Antelope Hills Golf Course.

Delivered 457.2 acre-feet of effluent to Prescott Lakes Golf Course.

Delivered 103.2 acre-feet of effluent to Yavapai/Hanson Materials.

Delivered 0.09 acre-feet of effluent for construction purposes.

**Effluent Delivery
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 44,800	\$ 53,375	\$ 51,500
Supplies	944	2,825	3,450
Other Services & Charges	42,736	45,081	53,253
Capital Outlay/Projects	-	-	80,000
Total	\$ 88,480	\$ 101,281	\$ 188,203
Capital Outlay/Projects			
18" Effluent Line Meter Relocation			\$ 55,000
Diversion Ditch Upgrade			25,000
Total Capital Outlay/Projects			\$ 80,000

**Effluent Delivery
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	1.00	1.00	1.00
Water Operator	1.00	1.00	1.00

**Significant
Expenditure Changes:**

The Supplies category increased just slightly to allow for purchase of a boat with trolling motor to perform work on dams, staff gauges, and recharge cells. Currently the Effluent Delivery worker borrows a boat, and availability sometimes delays work. Purchase of the boat will allow the effluent delivery worker to perform tasks that require being on the water without having to borrow from other divisions, or experience delays. The increase in Other Services is a result of a \$7,500 contingency for unplanned, emergency repair or replacement of equipment.

MAJOR EQUIPMENT REPLACEMENT

Division Mission: Provide an account for the replacement of major equipment.

**Major Equipment Replacement - Sewer Fund
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Capital Outlay/Projects	\$ 97,721	\$ -	\$ -

**Significant
Expenditure Changes:**

This account has been phased out to show the expenses of each division more specifically.

INSURANCE/RETIREMENTS

Division Mission: Provide an account to pay for costs of retirement bonuses paid retirees.

**Insurance/Retirements
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	208	8,698	-
Total	\$ 208	\$ 8,698	\$ -

Significant Expenditure Changes: No retirements are anticipated in FY05.

SEWER FUND DEBT SERVICE

Division Mission: This division provides an account in which to charge the sewer fund debt service expense.

**Sewer Fund Debt Service
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Debt Service	\$ 4,669,722	\$1,084,069	\$1,153,766

Significant Expenditure Changes: The increase in debt service is due to the budgeting in FY05 for a potential refunding of the MPC bonds.

ENVIRONMENTAL SERVICES SOLID WASTE FUND

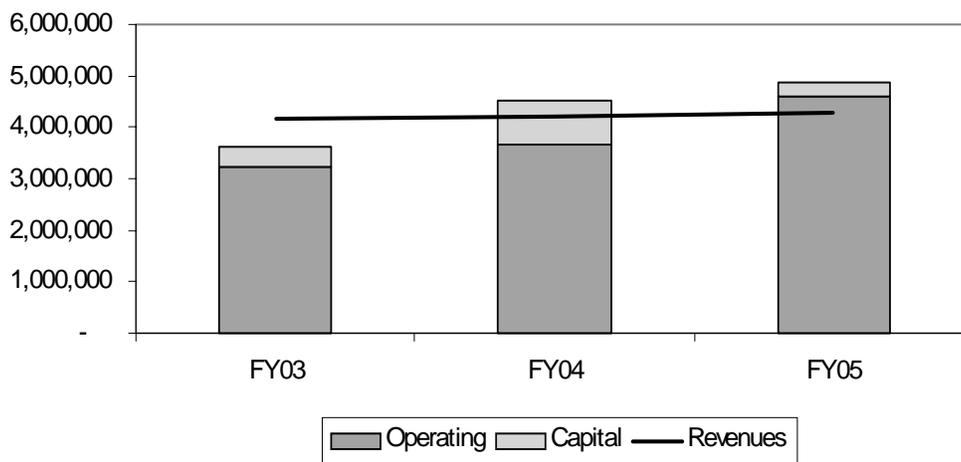
The purpose of the Solid Waste Fund is to account for the financial activities of providing refuse collection and disposal, recycling and related services to the citizens of Prescott.

The City is responsible for providing sanitation collection services to its residents according to Arizona State law. Pickup is provided weekly for residential customers and pickup for commercial customers ranges from once per week to six times per week depending on the individual commercial customer's needs.

During FY92 the Landfill was closed to residential and commercial customers with the exception of continuing to accept construction debris from city accounts and private contractors. In actuality, very few private construction firms are using the landfill because the construction debris has to be separated. The partial closing was necessary because the landfill had almost reached capacity. The collected sanitation is now taken to the City's Transfer Station and then hauled by a contracted firm to a private disposal site. Sludge is hauled to private disposal sites.

Voluntary curbside recycling began in 1992, following a very successful pilot program. Recyclables are collected on a weekly basis with the City providing the containers to the customers. In June 1996, the City added plastics to items collected for recycling purposes. During FY99, the City mailed a survey along with the utility bills asking the public their opinions on expanding the residential recycling program. As a result of the favorable responses, Council approved expanding and automating the program to enable collection and transportation of commingled recyclable materials. The new program commenced in spring of FY2000.

Solid Waste Fund - Revenues vs Expenditures



Current revenues are estimated at \$4,293,514 including \$138,329 from the landfill closure surcharge. This amount is reserved for future year landfill closure costs. Total costs are anticipated to reach \$4,886,497. At the end of FY05 the Solid Waste Fund is expected to have a positive cash balance of \$624,718.

Solid Waste Fund activity for the past two years and current year is as follows:

Solid Waste Fund Historical Activity

	FY03 Actual	FY04 Estimate	FY05 Budget
Unrestricted Beginning Cash, 7/1	\$ 1,153,213	\$ 1,557,533	\$ 1,094,976
Restricted Beginning Cash, 7/1	\$ (142,042)	\$ (11,575)	\$ 122,725
Revenues	\$ 4,167,970	\$ 4,197,955	\$ 4,293,514
Expenditures	\$ (3,633,183)	\$ (4,526,212)	\$ (4,886,497)
Unrestricted Ending Cash, 6/30	\$ 1,557,533	\$ 1,094,976	\$ 463,664
Restricted Ending Cash, 6/30	\$ (11,575)	\$ 122,725	\$ 161,054

Note 1: Ending restricted balances are for future landfill closure costs.

Solid Waste Fund

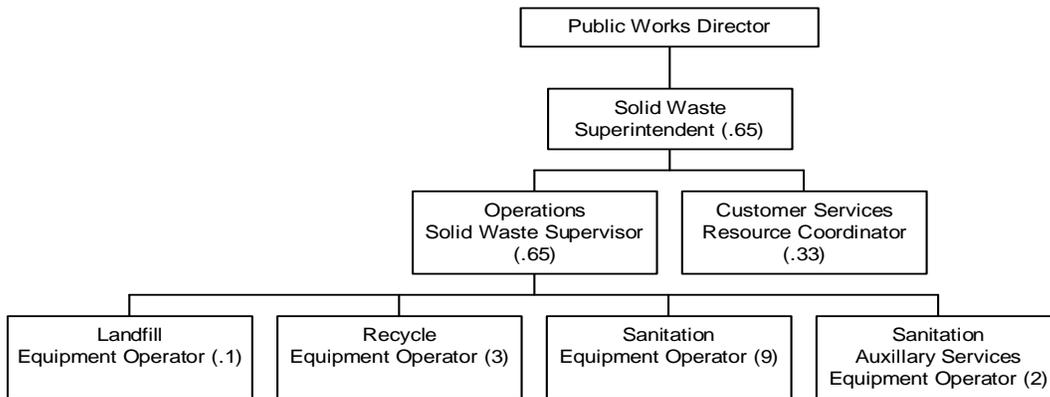
Revenue Source	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Refuse Collection Charges	\$ 3,931,569	\$ 3,917,655	\$ 4,035,185
Landfill Closure Surcharge	130,467	134,300	138,329
Interest Earned	25,391	56,000	50,000
Recycling Revenue	53,139	40,000	20,000
Tipping Fees	27,404	50,000	50,000
Total Revenue	\$ 4,167,970	\$ 4,197,955	\$ 4,293,514

Explanation of Revenue Sources:

Refuse Collection Charges: FY05 collection charges are expected to yield \$4,035,185 which represents a 3% growth over FY04 revised estimates. Residential rates are \$12.50 per month structured as follows: \$9.00 to pay for the collection and disposal of solid waste; \$3.00 for the voluntary recycling program; and \$.50 for a landfill closure surcharge.

The **landfill closure surcharge** became effective September 1, 1993 and is designed to help defray the long term costs of closing the City's existing landfill. The landfill closure plan has been approved by the State. The State granted the City a small landfill exemption which avoids full closure requirements. After the landfill has been closed, this fee will be reevaluated.

Tipping fees: When City departments use the landfill to dispose of inert debris, these departments are billed for their usage. With the closure of the MSW (municipal solid waste) landfill in FY99, the City opened a new site for inert debris disposal.



Consolidated Departmental Expenditure and Staffing Level Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 612,159	\$ 737,433	\$ 806,583
Supplies	2,021,593	2,289,253	2,511,035
Other Services & Charges	588,027	651,026	1,261,379
Capital Outlay/Projects	411,404	848,500	307,500
Total	\$ 3,633,183	\$ 4,526,212	\$ 4,886,497
Authorized Staffing Level	12.95	14.71	16.23
Sanitation	9.10	10.86	12.53
Landfill	0.25	0.25	0.10
Recycling	3.60	3.60	3.60

The equivalent of 10% of an equipment operator is transferred to the Landfill from the Transfer Station

SANITATION

Division Mission: To operate a productive, cost-efficient residential and commercial refuse collection operation.

Goal: Provide weekly collection of all residential accounts within the City of Prescott, Monday through Friday.
Strategy: Deploy trained workers providing superior service to each account.

Goal: Provide weekly collection of all residential accounts within the City of Prescott, Monday through Friday.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Collect an average of 125 carts per man hour	138	142	131
Reduce number of missed collections	510	446	415

Goal: Provide for effective and efficient collection of all commercial front-load accounts within the City of Prescott from one to six times per week, Monday through Saturday.			
Strategy: Deploy trained workers responsive to our commercial customers' needs.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of commercial cubic yards collected weekly	11,600	11,640	11,700
Strategy: Utilize Auxillary Service crew to provide Sunday pickup for downtown alley customers.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of Sunday pickups	10	20	30

Goal: Provide semi-annual cleanups and Christmas Tree collection for the City residents.			
Strategy: Conduct Fall and Spring Cleanup programs and Christmas Tree pickups using Auxillary Service crew.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Tons of material collected from the cleanup programs	504	600	800

Goal: Provide effective and efficient delivery and maintenance of all residential and commercial sanitation containers serviced by the City of Prescott.			
Strategy: Utilize Auxillary Service crews to provide a timely response to all service requests.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of service requests responded to annually.	2,976	3,278	3,442
Man hours required to respond to requests	992	1,093	1,147

Prior Year Results and Outcomes: Increased the number of residential collections by 5%, and commercial collections by 3%, without changing rates or service levels.

Successfully completed both the Spring Cleanup and Neighborhood Cleanup Programs in-house, collecting and disposing of approximately 592 tons of material from residential units.

Successfully completed the Christmas Tree Collection Program, collected approximately 700 trees.

**Sanitation
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 448,365	\$ 558,808	\$ 615,790
Supplies	1,982,659	2,247,143	2,466,435
Other Services & Charges	428,078	451,134	670,122
Capital Outlay/Projects	390,154	721,500	176,000
Total	\$ 3,249,256	\$ 3,978,585	\$ 3,928,347
Capital Outlay/Projects			
Dumpsters			\$ 42,000
Automated Sanitation Carts			42,000
300 Gallon Containers			10,000
Rolloff Containers (carryover)			25,000
Vertical Compactors (carryover)			57,000
Total Capital Outlay/Projects			\$ 176,000

**Sanitation
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	9.10	10.86	12.53
Env. Services Dir.*	0.15	0.00	0.00
Solid Waste Super.**	0.35	0.35	0.35
Solid Waste Supv.	0.35	0.35	0.35
Sanitation Equip. Oper.	8.00	9.00	11.00
Secretary***	0.25	0.50	0.50
Water Resource Coord.*	0.00	0.33	0.33
Administrative Asst.*	0.00	0.33	0.00

*Also charged 67% to Alternative Water Sources

**Also charged 30% Recycling, 35% Transfer Station

***Also charged 50% Transfer Station.

**Significant
Expenditure Changes:**

Staffing levels in this division increased by 9% due to the addition of two sanitation equipment operators and 33% of the Customer Service Coordinator being charged to this division.

In Other Services a 48% increase is noted. This is misleading as 31% of this is due to the new payment plan for vehicle replacement. Actual increases include accounting and auditing services provided by Budget/Finance and billing and collection services provided by Utility Billing.

Capital Outlay experienced a 75% decrease. In FY04, this division purchased several new pieces of heavy equipment, which accounts for the large decrease in capital outlay in FY05.

LANDFILL

Division Mission: To operate an affordable and accessible alternative to existing disposal methods for inert debris materials in conformance with ADEQ and EPA regulations.

Goal: Provide for an accessible site for Prescott businesses and residential customers for the disposal of inert debris materials to reduce the volume of materials sent to Greywolf Landfill.			
Strategy: Analyze each load of debris into the Transfer Station and divert the maximum amount of inert material.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Budget
Number of tons diverted	2,732	3,973	4,500

Prior Year Results and Outcomes: Continued operation of an inert debris site, disposing of approximately 3,973 tons of material.

Landfill Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ (14)	\$ 1,672	\$ 4,813
Supplies	2,955	3,720	4,000
Other Services & Charges	5,695	10,487	33,326
Capital Outlay/Projects	-	97,000	100,000
Total	\$ 8,636	\$ 112,879	\$ 142,139
Capital Outlay/Projects			
Post Closure Care (\$50,000 carryover from FY04)			100,000
Total Capital Outlay/Projects			\$ 100,000

Landfill Staffing Level Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	0.25	0.25	0.10
Equipment Operator transferred from Transfer Station as needed	0.25	0.25	0.10

Significant Expenditure Changes:

Personnel services in FY05 are deceptive in that costs increase while personnel decreases. This is due to charging of an equipment operator to the landfill and .75 to the transfer station. This split in time varies depending on the volume of inert materials delivered to the landfill site.

Other Services and Charges experienced an increase mainly attributed to the budgeting of contingency funds should any of the landfill's heavy equipment-need repair work.

Capital Outlay/Projects - see Landfill expenditure summary for details.

RECYCLING

Division Mission:

To operate an efficient, customer friendly curbside and drop-off residential recycling program that maximizes waste diversion from landfill operations.

Goal: Provide effective and efficient weekly curbside collection of recyclables from all participating customers within the City of Prescott to reduce the volume of material going to the landfill.			
Strategy: Encourage participation in recycling by active accounts servicing.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Collect an average of 110 carts per man hour	110	116	122
Reduce number of missed collections.	314	274	255
Tonnage directed from landfill	2,103	2,234	2,368

Goal: Operate and maintain six drop-off sites for glass containers in convenient commercial locations frequented by residential customers to further reduce volume to the landfill.			
Strategy: Utilize Auxillary Service crew to service dumpsters and process glass through glass pulverizer. Provide crushed glass free to residents.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Tons of glass collected	342	358	376
Tons of crushed glass distributed	N/A	10	150

Goal: Operate a drop-off program for the recycling of white goods at the Sundog Regional Transfer Facility.			
Strategy: A drop-off site shall be provided for the disposition of white goods for recycling Monday through Saturday.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast

Goal: Operate a drop-off program for the recycling of white goods at the Sundog Regional Transfer Facility.			
Number of units of white goods collected	1,820	2,042	2,144

Goal: Provide effective and efficient delivery, maintenance, and removal of carts utilized in the automated collection of recyclables.			
Strategy: Utilize Auxillary Service crew to provide a timely response to all service requests.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of service requests responded to	2,619	2,635	2,767
Man hours required to respond to requests	873	878	922

Prior Year Results and Outcomes:

Continued service of automated, co-mingled curbside recycling program.

Operated and maintained sites for the collection of over 1,900 white goods and 5,500 gallons of used oil annually.

Collected and diverted over 2,100 tons of materials from landfill disposal, saving more than \$115,000 in related fees.

Utilized the glass pulverizer to crush 342 tons from the glass collection program

Recycling Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 163,808	\$ 176,953	\$ 185,980
Supplies	35,979	38,390	40,600
Other Services & Charges	154,254	189,405	557,931
Capital Outlay/Projects	21,250	30,000	31,500
Total	\$ 375,291	\$ 434,748	\$ 816,011
Capital Outlay/Projects			
Automated Recycle Carts			31,500
Total Capital Outlay/Projects			\$ 31,500

**Recycling
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	3.60	3.60	3.60
Solid Waste Supt.*	0.30	0.30	0.30
Solid Waste Supv.*	0.30	0.30	0.30
Sanitation Equip. Oper.	3.00	3.00	3.00

*Also charged 35% Sanitation, 35% Transfer Station.

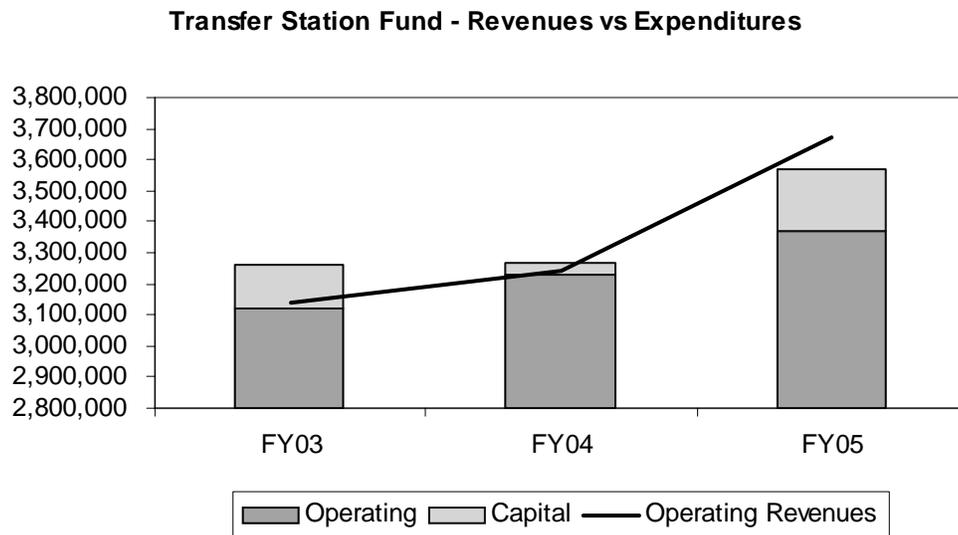
**Significant
Expenditure Changes:**

The slight increase in personnel services is due to the citywide increase in health care premiums. Vehicle replacement charges make up the vast majority of the increase seen in the Other Services category and tipping fees rose only slightly.

TRANSFER STATION AND REGIONAL LANDFILL

During FY92 a transfer station was constructed in partnership with Yavapai County. All vehicles, including the City's sanitation trucks, are weighed at the station and are charged accordingly. This fund accounts for the payments of tipping fees and hauling costs to private companies for the transporting and disposal of solid waste and collects tipping fees from individuals, contractors and private collection companies opting to use the transfer station.

The City and County are partners in the transfer station operations. The City is ultimately responsible for 65.0% of any losses or gains with the County responsible for the remaining 35.0%.



FY05 revenues are projected at \$3,669,020 with current year expenditures projected at \$3,569,957. This fund is expected to carry a positive balance at the end of FY05 in the approximate amount of \$96,200.

Transfer Station and Regional Landfill activity for the past two years and FY2005 is as follows:

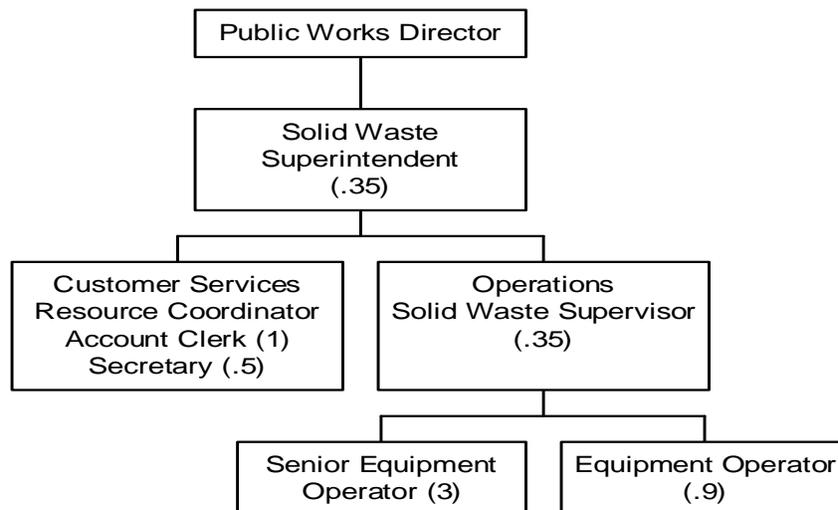
Transfer Station and Regional Landfill Fund Historical Activity					
	FY03		FY04		FY05
	Actual		Estimate		Budget
Beginning Cash Balance, 7/1	\$ 147,964	\$	24,225	\$	(2,863)
Revenues	\$ 3,136,731	\$	3,241,101	\$	3,669,020
Expenditures	\$ (3,260,470)	\$	(3,268,189)	\$	(3,569,957)
Ending Cash Balance, 6/30	\$ 24,225	\$	(2,863)	\$	96,200

Explanation of Revenue Sources:

Tipping Fees: Effective 12/01/2001 the tipping fee rate went to \$55.00 per ton from \$52.00 per ton. The City is in the process of reviewing Transfer Station Rates and expects to approach Yavapai County during FY05 for approval of an increase.

Transfer Station/Regional Landfill Revenues

Revenue Source	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Charge Account Permits	\$ 2,250	\$ 2,500	\$ 2,500
County Tire Contribution	2,520	2,520	2,520
Transfer Station Fees	3,126,831	3,231,957	3,660,000
Miscellaneous	5,130	4,124	4,000
Total Revenue	\$ 3,136,731	\$ 3,241,101	\$ 3,669,020



TRANSFER STATION/REGIONAL LANDFILL

Division Mission: To operate a customer friendly, well maintained commercial and residential waste collection program and transfer site effectively and efficiently.

Goal: Maintain a per ton tipping fee acceptable to residential and commercial customers adequate to recover operational expenses.			
Strategy: Maintain an operations cost that is less than \$8.69 per ton (\$55.00 per ton for Transfer Station tipping fee less \$36.35 per ton Greywolf tipping fee less \$9.96 per ton hauling fee).			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Operations cost per ton	\$8.51	\$8.50	\$8.50

Goal: Provide a convenient permanent household hazardous product disposal site at the Transfer Station for area residents to reduce pollution of area landfills, streams and waterways.			
Strategy: Pursue ADEQ grant funding for building the collections site. Maintain adequately trained staff and operating hours to encourage public participation.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Build facility at Transfer Station following grant approval in FY05	N/A	N/A	Facility built and operational
Train equipment operator to process household hazardous waste	N/A	N/A	40 hour training completed
Contract with vendors for household hazardous waste	N/A	N/A	Piggy-back off state contracts with vendors
Number of customers per week	N/A	N/A	150

Goal: Operate and maintain a facility capable of accepting all solid waste materials generated within service area.			
Strategy: The transfer station facility's design capacity of 200 tons per day (tpd) is currently being exceeded. The current capital improvement plan includes an FY05 budget item for the expansion of the Transfer Station.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Number of tons per day/annual.	217/67,133	228/70,600	239/74,000

Prior Year Results and Outcomes: Successfully managed an increase in annual customer visits from 69,000 to nearly 74,000, with an increase in annual tonnage to more than 67,000 tons.

Initiated use of air burner to handle the increased amount of brush coming into the Transfer Station. Since implementation, more than 500 tons of brush and wood waste has been diverted to the burner.

**Transfer Station
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 264,403	\$ 320,515	\$ 327,602
Supplies	16,437	18,320	32,800
Other Services & Charges	2,797,846	2,888,621	3,009,555
Capital Outlay/Projects	141,405	40,733	200,000
Debt Service	40,379	-	-
Total	\$ 3,260,470	\$ 3,268,189	\$ 3,569,957
Capital Outlay/Projects Master Plan & Design			\$ 200,000

**Transfer Station
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	5.70	5.95	6.10
Solid Waste Supervisor	0.35	0.35	0.35
Solid Waste Superint.	0.35	0.35	0.35
Senior Equipment Oper.	3.00	3.00	3.00
Sanitation Equip. Oper.	1.00	1.00	1.00
Operator transferred to Landfill as needed	-0.25	-0.25	-0.10
Accounting Clerk	1.00	1.00	1.00
Secretary	0.25	0.50	0.50

Note: Remainder of Superintendent's position is charged to the Sanitation and Recycling Division.
10% of a Senior Equipment Operator's time is transferred to the Landfill.
Secretary is also charged to Sanitation.

**Significant
Expenditure Changes:**

Personnel costs are projected to increase only 2.2% over FY04 estimated ending. These costs are associated with the rising cost of employee and dependent health care coverage and the revival of the pay-for-performance program. Also affecting this category is the reduction in transfer time for the Equipment Operator to the Landfill Division for .25 in FY04 to .10 in FY05.

Supplies experienced a significant increase due to the budgeting of four tires for the tool carrier. These are specialized tires and only have to be purchased every five years. In Other Services, the Transfer Station experienced an increase in internal computer services and city administrative fees.

There was only one request in capital outlay/projects for FY05 of \$200,000, which is for the design phase of the new transfer station. The current facility is handling more customers, waste and recycle than it was designed to accommodate. The design phase is step one in the long-term master plan for the Transfer Station.

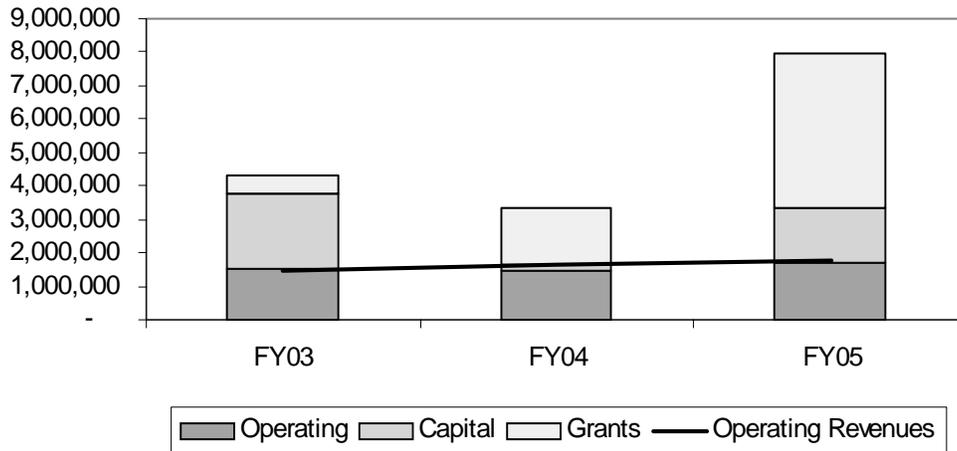
AIRPORT FUND

The Airport fund accounts for the financial activities at Ernest A. Love Field, Prescott's municipal airport. In addition to the sale of 100 octane gas and jet fuel, the terminal houses a waiting area, a restaurant, rent-a-car agencies and Mesa airlines.

T-hangar and tie down rentals are available to accommodate approximately 260 planes based at Love Field. Other facilities at the airport include charter flight schools, aircraft maintenance operations, and a U.S. Forest Service firefighting operations base.

Embry-Riddle Aeronautical University, the world's only accredited 100% aviation-oriented university, has established flight operations at Love Field.

Airport Fund - Revenues vs Expenditures



The total Airport budget, including grant and airport operations capital projects, is \$7,979,576. Revenues are estimated to be sufficient to cover operational expenditures.

Airport Fund revenues and expenditures for FY03, FY04 and projected for FY05 are as follows:

Airport Fund Historical Activity				
	FY03 Actual	FY04 Estimate	FY05 Budget	
Beginning Cash Balance, 7/1	\$ 2,133,480	\$ 56,580	\$	47,811
Revenues	\$ 2,263,403	\$ 3,353,597	\$	8,002,629
Expenditures	\$ (4,340,303)	\$ (3,362,366)	\$	(7,979,576)
Ending Cash Balance, 6/30	\$ 56,580	\$ 47,811	\$	70,864

Airport Fund Revenues

Revenue Source	FY03 Actual	FY04 Rev. Est.	FY05 Budget
100 Octane Gas	\$ 1,607,677	\$ 1,658,146	\$ 1,658,146
Jet Fuel	628,089	699,839	699,839
Less: Cost of fuel sales	(1,553,069)	(1,635,743)	(1,635,743)
Oil Sales	10,711	13,000	10,000
Tie Down Fees	40,991	36,500	36,000
Hangar Rentals	471,656	548,000	689,429
Rentals/Concessions	238,235	265,050	272,000
Airport Security	11,035	15,369	-
Landing Fees	7,890	10,100	10,000
Interest Earnings	(1,809)	65	-
Miscellaneous	2,336	7,651	3,971
Total Operating Revenues	\$ 1,463,742	\$ 1,617,977	\$ 1,743,642
Add: Other Sources			
Lease/Purchase Proceeds	240,000	-	1,630,378
FAA & ADOT Grants	505,305	1,634,925	4,154,149
Transfer In/Grants Received	54,356	100,695	474,460
Total Other Sources	\$ 799,661	\$ 1,735,620	\$ 6,258,987
Total Combined Sources	\$ 2,263,403	\$ 3,353,597	\$ 8,002,629

Explanation of Revenue Sources:

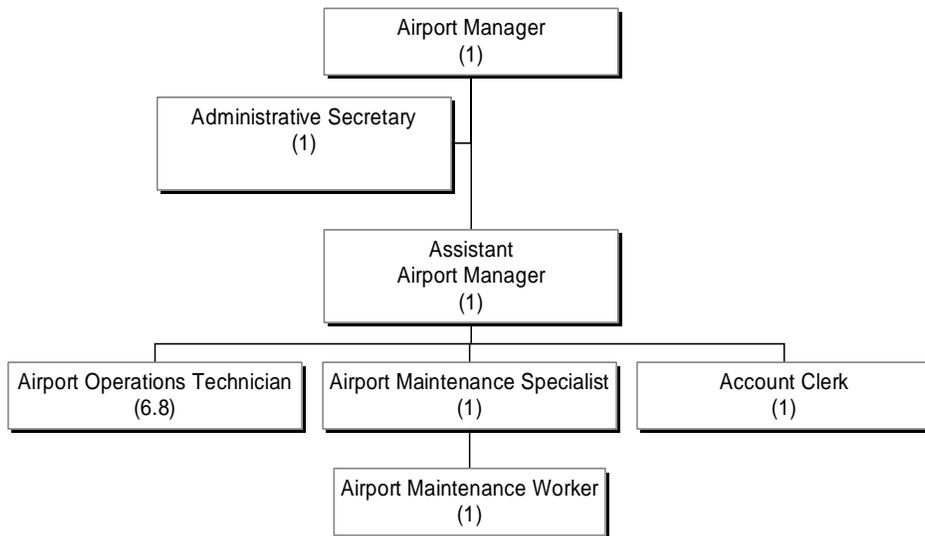
100 Octane and Jet Fuel Sales: Total net fuel revenues are expected to yield \$722,242. Jet Fuel sales can be very cyclical due to the major customer being the U.S. Forest Service and Forest Service sales depend upon the number of forest fires during the summer season. Thus, beginning in FY00 the City decided to reduce revenue projections to exclude summer fuel sales to the Forest Service, which may result in understated revenue projections while still providing a more reliable revenue source to base operating expenditures.

Tie Downs: Tie downs are projected to yield \$36,000 during FY05. There are tie downs available for rent.

Hangar Rentals, Shades and Storage Unit Fees: Based upon fair market appraisals for vacant property as well as facilities at the airport, rates were adjusted for hangars, shades and storage units during FY97. Additionally, the rates were changed to be exclusive of tax rather than inclusive of tax.

Hangar Rental revenue is expected to increase in FY05 as a result of new hangar construction planned during FY05.

Airport Rentals: This revenue source is anticipated to produce \$272,000. The majority of the leases for the property under this category are tied to an annual adjustment based on the consumer price index.



AIRPORT - OPERATIONS AND CAPITAL

Division Mission: To meet the air transportation needs of the public through the continued maintenance and development of airport facilities and to provide developable land where an aviation related business community can flourish in an aviation environment.

Goal: Train staff to meet the new requirements of Federal Aviation Regulation Part 139. compliance with the requirements of Part 139 is mandatory.			
Strategy: Update, and develop, as needed, the required airport training programs. Increase staff training budget to provide adequate resources to conduct the training programs or send staff to training programs that are outside the scope or capability of the airport to conduct in-house.			
Performance Measures	FY03 Actual	FY04 Estimate	FY05 Forecast
Inspection discrepancy	4	0	0
Training Hours	275	300	450

Prior Year Results and Outcomes: The Airport Department completed several construction projects that improved the safety and capacity of our facilities. The \$650,000 runway-resurfacing project was completed in September. The project resulted in a new surface and new paint marking on our 7,600-foot main runway. Also, in the fall a new transient aircraft parking apron was completed at a cost of \$925,000. The transient parking apron provides additional space for both executive size aircraft and small aircraft near the air terminal facilities. These projects were funded by a state grant with 10% local matching share.

In the spring the airport completed construction of additional airfield improvements including an extension of Taxiway "F" from the Embry Riddle Aeronau-

tical University flight line to the end of runway 30 and improved lighting and signage on taxiways and runways. The majority of the estimated \$950,000 project cost is funded by a Federal FAA grant and state funds with a 5% local matching share.

Mesa Airlines added an additional flight and decreased fares, which has resulted in a major increase in passengers using the airport. The third daily flight to Phoenix has reduced the connection times for passengers arriving and departing through Phoenix. The Airport Department responded by constructing additional passenger waiting space in the terminal building. Replacement of the 55 year-old passenger terminal was identified as a high priority by the City Council in response to an anticipated increase in demand for airline service.

Compliance with FAA regulations and maintaining a safe environment for the traveling public is a major goal for the Airport Department. In 2004 the department received a perfect inspection rating from the FAA Western-Pacific Region for compliance with FAA regulations and safety standards relating to the operation and maintenance of a commercial service airport.

An environmental study was initiated in March that begins a project to extend the main runway to meet future needs. The runway extension project was identified in the 1997 airport master plan. Subject to the availability of grant funding, this project will require two-years to complete after completion of the environmental review process.

**Airport
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 528,289	\$ 565,213	\$ 580,420
Supplies	47,493	48,764	50,120
Other Services & Charges	360,860	354,592	385,728
Capital Outlay/Projects	2,279,286	146,945	1,660,378
Grant Projects	559,662	1,735,620	4,638,979
Debt Service	560,502	509,432	661,951
Legal	4,211	1,800	2,000
Total	\$ 4,340,303	\$ 3,362,366	\$ 7,979,576
Capital Outlay/Projects			
Radio Repeater			\$ 5,000
Telephone Upgrade			5,000
Club House Demolition			20,000
Shade Hangars			1,630,378
Total Capital Outlay/Projects			\$ 1,660,378
Airport Grants			
RIAT/21R Grant			\$ 1,612,528
RIAT AIP20 (Carryover)			129,039
Envir, Taxi, Lights and Sec. (Carryover)			122,996
AIP Lighting and Security			2,381,916
Airport Terminal Design			392,500
Total Airport Grants			\$ 4,638,979

**Airport
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	12.50	12.75	12.80
Airport Manager	1.00	1.00	1.00
Asst. Airport Manager	1.00	1.00	1.00
Airport Operations Tech.	4.00	4.00	4.00
Airport Oper. Tech. (temp)	2.50	2.75	2.80
Maintenance Specialist	1.00	1.00	1.00
Admin. Secretary	1.00	1.00	1.00
Accounting Clerk	1.00	1.00	1.00
Maintenance Worker	1.00	1.00	1.00

Significant Expenditure Changes: The total Airport budget - operations, capital outlay/projects, and grant projects is \$7,979,575, which is over four million greater than FY04. The vast majority of this increase is due to grant projects.

Personnel services experienced the same citywide increase as all other departments due to the rising costs associated with employee and dependent health care and the restoration of the pay-for-performance program.

Other Services experienced an 8.8% increase that is tied to an increase in computer services, city administrative costs and small engineering projects. These projects include contractor pickup of used motor oil, funds to be used for construction and site preparation and logistical support at the National Business Aircraft Association annual trade show which is the largest business aviation trade show in the United States. This account also includes a painting contract to restripe taxiway centerlines and holdbars.

Debt service increased this year due to the inclusion of new debt that will potentially be issued for the construction of new shade hangars.

Please refer to the foregoing summary box for a complete listing of capital outlay/projects and grant projects.

GOLF COURSE FUND

The purpose of the Golf Course Fund is to account for the financial activities of Antelope Hills North and South Golf Courses.

Antelope Hills North Golf Course is a championship 18-hole course located on Highway 89 at the intersection of Highway 89 and Willow Creek Road. The PGA-sanctioned course, which surrounds the City of Prescott's municipal airport, is open to the public year-round. Antelope Hills South Golf Course was completed during FY92. This 18 hole, par 72 course was opened for play July 1, 1992. The scenic landscaped course has views of Mingus Mountain, Granite Dells, Granite Mountain and a 100 mile view of the San Francisco peaks, the highest point in Arizona. The South course is state of the art and includes a computerized irrigation system, multi-tees, bent grass greens and three lakes.

Seventy-seven home sites were developed surrounding the course and all sites have been sold.

The clubhouse on Perkins Drive was built in 1993 and contains a restaurant, bar and full-line golf shop. The restaurant is operated by a concessionaire and is open daily to serve the public. Golfers are able to start on either course from the clubhouse.

Sewer effluent from the City's wastewater treatment plant is used to irrigate the golf course turf on both courses. A well organized golf maintenance and development program is carried out including daily upkeep of golf course greens, fairways, tees and rough.

Many changes have been made over the last several years in the golf course operations. The objective to achieve financial self-sufficiency is being met. Other objectives include no further borrowing by the Golf Course Fund from the General Fund or other city funds (except for incidental cash flow purposes). In FY98, the Golf Course completed payment to the General Fund of the approximately \$2 million previously borrowed. Golf Course objectives are being accomplished by using conservative estimates of increases in play while still insuring Prescott and Yavapai County residents receive preferred golf rates.

In September 1997, Council approved a change to the rate structure which established the same rates for City and County residents while keeping a differential for outside Yavapai County residents.

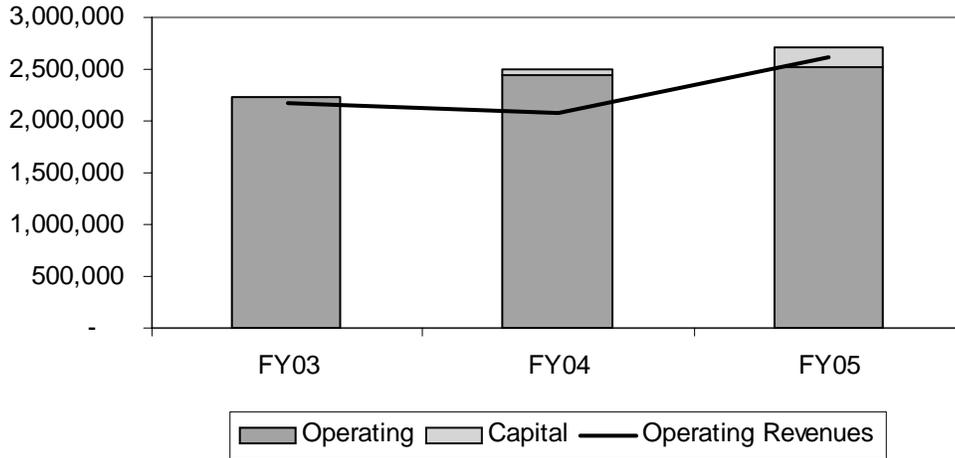
The overall cash strategy of the golf course fund is to pay its operations, capital needs and debt obligations in the following order:

First, payment of operations of the golf course;

Second, payment of bonded debt principal and interest; and

Third, use of revenues exceeding expenses for capital improvement to the course.

Golf Course Fund - Revenues vs Expenditures



Golf Course revenues and expenditure activity for the past two years and current year is as follows:

Golf Course Fund Historical Activity			
	FY03 Actual	FY04 Estimate	FY05 Budget
Beginning Cash Balance, 7/1	\$ 14,926	\$ (47,063)	\$ (467,622)
Revenues	\$ 2,177,899	\$ 2,078,188	\$ 2,619,321
Expenditures	\$ (2,239,888)	\$ (2,498,747)	\$ (2,710,429)
Ending Cash Balance, 6/30	\$ (47,063)	\$ (467,622)	\$ (558,730)

Adopted Council financial policies require that any time an enterprise fund is in a deficit position, interest will be charged to that fund. Accordingly, interest will be charged to the Golf Course Fund as long as it is not operating in a full self-sufficient manner. Golf Course revenues are extremely reliant on weather.

At the end of each fiscal year, large debt service payments are made for the construction of the second course and the recently installed replacement irrigation system on the North course. The payments result in a negative cash balance for approximately two to three months into the next fiscal year at which time the golf course operates in a positive cash balance position until the following June.

Golf Course Fund Revenues

Revenue Source	FY03 Actual	FY04 Rev. Est.	FY05 Budget
Greens Fees	\$ 1,252,394	\$ 1,156,962	\$ 1,399,622
Cart Rentals	580,733	543,659	632,402
Inventory Sales	196,218	209,330	209,330
Range/Rentals	117,339	120,000	122,967
Concession/Restaurant	47,283	44,146	55,000
Lease/Purchase Proceeds	-	-	3,065,000
Miscellaneous	8,980	2,847	200,000
Interest Earnings	(25,048)	1,244	-
Total Revenues	\$ 2,177,899	\$ 2,078,188	\$ 5,684,321

Explanation of Revenue Sources:

Greens Fees: The Golf Course Manager is projecting 93,000 rounds played during FY05.

Cart Rentals: Cart rentals are projected to yield an average round rate of \$6.80 which, based on the projected rounds for FY05 of 93,000, should produce \$632,402 in revenue.

Merchandise: Merchandise sales are projected to yield \$2.25 per round played.

Department Mission: To provide a positive golf experience for our customers while assuring revenues are sufficient to cover operating expenses, capital investments and debt payments.

**Consolidated Departmental Expenditure
and Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 800,325	\$ 913,975	\$ 933,694
Supplies	263,007	287,190	305,200
Other Services & Charges	447,778	525,075	490,257
Capital Outlay/Projects	14,150	55,011	200,000
Debt Service	714,628	717,496	3,332,220
Total	\$ 2,239,888	\$ 2,498,747	\$ 5,261,371
Authorized Staffing Level	28.40	28.40	28.60
Maintenance	19.80	19.80	20.00
Pro Shop	8.60	8.60	8.60

Note: The staff of the Maintenance Division consists of 13 regular full time employees. The remainder are seasonal and are the equivalent of 7 full time employees.

The Pro Shop has 4 regular full time employees with a seasonal staff of 4.6 full time equivalent employees.

GOLF COURSE MAINTENANCE

Division Mission: To provide a quality golf facility.

**Golf Course Maintenance
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 481,153	\$ 497,752	\$ 581,394
Supplies	89,836	114,907	114,500
Other Services & Charges	334,829	371,967	366,417
Capital Outlay/Projects	14,150	3,425	200,000
Debt Service	641,708	640,498	2,979,565
Total	\$ 1,561,676	\$ 1,628,549	\$ 4,241,876
Capital Outlay/Projects			
Contingency			200,000
Total Capital Outlay/Projects			\$ 200,000

**Golf Course Maintenance
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	19.80	19.80	20.00
Greens Superintendent	1.00	1.00	1.00
Asst Greens Super.	1.00	1.00	1.00
Golf Course Maint. Tech.	1.00	1.00	1.00
Greenskeeper	7.80	7.80	8.00
Golf Course Mech. Tech.	2.00	2.00	2.00
Seasonal Maint. Empl.	7.00	7.00	7.00

**Significant
Expenditure Changes:**

Personnel services increased slightly due to the transition of several part-time temporary employees to part-time permanent employee status.

Debt service in this division shows a substantial increase. Refunding of the MPC 1993-E Bonds is budgeted in this area in FY05 to provide the city the spending authority should the opportunity arise.

Capital Outlay/Projects consists of \$200,000 set up as a contingency fund to allow for the new golf course manager to evaluate and purchase and/or plan for projects as needed.

PRO SHOP

Division Mission:

To establish fees that are perceived as a value to the customer while covering necessary cash outflows.

**Pro Shop
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	\$ 319,172	\$ 343,579	\$ 352,300
Supplies	157,658	156,055	173,000
Other Services & Charges	71,796	109,102	111,720
Total	\$ 548,626	\$ 608,736	\$ 637,020

**Pro Shop
Staffing Level Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Authorized Staffing Level	8.60	8.60	8.60
General Manager	1.00	1.00	1.00
Golf Professional	2.00	2.00	2.00
Assistant Pro	1.00	1.00	1.00
Seasonal Pro Shop Emp.	4.60	4.60	4.60

Significant Expenditure Changes: The Supplies category in this division increased over the FY04 estimated ending. The Pro-shop experienced an overstock in FY03. FY04 was decreased to compensate for the overstock, therefore FY05 is not a true increase but an accurate estimate of actual stock needed to run the shop.

CONCESSIONS

Division Mission: To maintain the physical aspects of the clubhouse in a quality manner. To assure that the concessionaire is operating the food and beverage business in accordance with the "Concession Agreement".

**Concessions
Expenditure Summary**

	FY03 Actual	FY04 Estimate	FY05 Budget
Supplies	\$ 45	\$ 1,616	\$ -
Other Services & Charges	34,944	31,188	1,718
Debt Service	-	4,078	8,156
Capital Outlay/Projects	-	51,586	-
Total	\$ 34,989	\$ 88,468	\$ 9,874

Significant Expenditure Changes: Due to a new vendor at the restaurant and a new concession contract, this budget has seen a tremendous change.

GOLF CARTS

Division Mission: To provide quality riding carts for the customer at a reasonable price.

Golf Carts Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Supplies	\$ 15,468	\$ 14,612	\$ 17,700
Other Services & Charges	6,209	12,818	10,402
Debt Service	72,920	72,920	344,499
Total	\$ 94,597	\$ 100,350	\$ 372,601

Significant Expenditure Changes: Debt service in this division is comprised of the lease purchase of golf carts paid monthly, which matures in FY2005 in the amount of \$333,253.89. This amount is partially offset by a guaranteed buy-back in the amount of \$255,000 from Club Car.

INSURANCE/RETIREMENTS

Division Mission: Provide an account to pay for costs of retirement bonuses for Golf Course employees who retire.

Insurance/Retirements Expenditure Summary

	FY03 Actual	FY04 Estimate	FY05 Budget
Personnel	-	72,644	-
Total	\$ -	\$ 72,644	\$ -

Significant Expenditure Changes: No retirements are anticipated in FY2005.

CAPITAL IMPROVEMENT PROGRAM

CAPITAL IMPROVEMENT PROGRAM

The five-year capital improvement plan identifies projects to be completed throughout the next five years. The plan outlines project costs, funding sources, and future operating costs associated with each capital improvement. Because these projects typically span more than one fiscal year, the plan is updated annually to track existing projects and to identify new projects.

The five-year capital improvement plan is an important component of the City's budgeting process. It helps focus the budget process on a longer-term than just the next fiscal year. Here are some of the benefits from this longer-term approach:

- ❖ Facilitates long-range financial planning, allowing us to look at not only what the community wants, but also what they can afford.
- ❖ Enhances coordination of capital improvements among City departments and other governmental agencies.
- ❖ Clearly identifies the Council's goals and their capital priorities to achieve those goals.

Long-range planning requires estimating and projecting of revenues as well as expenditures. Therefore, this is a dynamic process and will be reviewed and changed every year as the first step in the budgeting process. Organizational changes, funding uncertainties, unforeseen emergencies, project delays, or plans by other governmental units can throw off even the most carefully orchestrated capital plan.

To provide a complete capital picture, the City's plan includes all capital requests over \$5,000, including replacements. Management established the funding levels through review of available resources after projecting operational costs. Revenues and operating expenditures were projected using historic trends and anticipated changes.

In developing this financial plan, current Council policies were used. The annual review and update of a long-term plan is an excellent opportunity to reexamine Council goals and policies.

**FY05 CAPITAL OUTLAY/PROJECTS
OPERATING IMPACT**

Project Name	Cost	Page #	FY06 Forecast	FY07 Forecast	FY08 Forecast	Total
Administrative Vehicle	\$ 22,000	8	480	504	529	1,513
Youth Court	27,500	8	-	-	-	-
Rodeo	50,000	20	-	-	-	-
Software Package Research	20,000	32	-	-	-	-
Repair/Demolition Fund	35,000	39	-	-	-	-
County Automation Project	110,352	49	-	-	-	-
Grace Sparkes Gym Floor Replacement	72,000	55	-	-	-	-
Ken Lindley Wall Replacement	161,000	57	-	-	-	-
3 Gang Mower	21,500	57	1,200	1,260	1,323	3,783
Flag Pole Lighting	7,120	57	1,500	1,530	1,561	4,591
Dog Park Improvements	2,500	57	-	-	-	-
Centennial Celebration	10,000	58	-	-	-	-
Boyle DeBusk Cottage Upgrades	5,000	62	-	-	-	-
1/2 Ton 2-Wheel Drive Pickup	19,500	63	600	630	662	1,892
Family Advocacy Center	10,000	68	-	-	-	-
Trauma Intervention Program	5,000	68	-	-	-	-
Motorcycle	11,500	76	360	378	397	1,135
Vehicle Video Replacements	21,000	84	-	-	-	-
Vehicle Radars	5,400	84	-	-	-	-
K-9 Officer Vehicle	28,000	84	720	756	794	2,270
Animal Control Building Expansion	100,000	91	5,000	5,250	5,513	15,763
Public Safety Radios	5,000	97	-	-	-	-
Heart Monitors	100,000	102	-	-	-	-
NPDES Phase II Implementation/Compliance	175,000	110	-	-	-	-
Engineering & Safety Projects	50,000	110	-	-	-	-
Drainage Master Plan	150,000	110	-	-	-	-
CYMPO Projects and Match	114,795	110	-	-	-	-
Traffic Signal Design - Various	50,000	110	-	-	-	-
ADA Sidewalk Ramps	15,000	110	-	-	-	-
Rush/Sheldon Intersection	50,000	110	-	-	-	-
Open Space	2,000,000	114	10,000	10,000	10,000	30,000
Public Communications	20,000	114	-	-	-	-
Side Discharge Conveyors	20,000	114	-	-	-	-
1-Ton Service Body Truck	30,000	114	900	945	992	2,837
Rosser St Traffic Calming - Design/Construction	295,000	114	-	-	-	-
Traffic Calming - Various Streets	150,000	114	-	-	-	-
Gail Gardner Way Extension	401,118	114	-	-	-	-
E Gurley St (Arizona to Aven)	485,000	114	-	-	-	-
Alley Paving	400,000	114	-	-	-	-
Unpaved Streets	400,000	114	-	-	-	-
Signal Equipment Replacement	94,500	114	-	-	-	-
Sidewalks - Arterial	50,000	114	-	-	-	-
Sidewalks - 50/50	50,000	114	-	-	-	-
Yavapai College Landscaping	30,000	114	-	-	-	-
Lee Blvd Detention Basin Modification	79,000	114	-	-	-	-
Ruth St & Demerse St (Whipple to Rosser)	205,000	115	-	-	-	-
Park Ave (Gurley to Copper Basin)	192,000	115	-	-	-	-
Mt Vernon Ave (Gurley to Senator)	60,000	115	-	-	-	-
Granite - Gurley to Goodwin	270,000	115	-	-	-	-
Whiskey Row Alley	500,000	115	-	-	-	-
6th Street - Moller to Navajo	700,000	115	-	-	-	-

**FY05 CAPITAL OUTLAY/PROJECTS
OPERATING IMPACT**

Project Name	Cost	Page #	FY06 Forecast	FY07 Forecast	FY08 Forecast	Total
Bradshaw Drive - Goodwin to Double D	90,000	115	-	-	-	-
College Heights - Willow Creek to Georgetown	15,000	115	-	-	-	-
ROW Iron Springs	1,861,682	115	-	-	-	-
Willow Crk Phase IV Design	10,000	115	-	-	-	-
Black Drive	112,963	115	-	-	-	-
Ponderosa	1,734,415	115	-	-	-	-
Willis Street	475,000	115	-	-	-	-
FY05 Chip Seal	150,000	115	-	-	-	-
Pavement Maintenance Program	64,000	115	-	-	-	-
Willow Lake Villas - Drainage	116,000	115	-	-	-	-
Sandretto/Willow Creek Intersection	65,000	115	-	-	-	-
Iron Springs Road Widening	2,625,000	115	5,000	5,250	5,513	15,763
Marina-E Side Union-Goodwin	64,000	115	-	-	-	-
Copper Basin Rd	800,000	115	-	-	-	-
Willow Crk Road Phase IV	2,650,000	115	5,000	5,250	5,513	15,763
SR89 Widening ROW	1,180,000	115	-	-	-	-
Loop Road	150,000	115	-	-	-	-
Prescott Lakes Median	399,000	115	-	-	-	-
Gail Gardner/Fair Street Repairs	600,000	115	-	-	-	-
2025 Transportation Study	70,000	115	-	-	-	-
South Side Traffic Circ Analysis	75,000	115	-	-	-	-
Reconstruct Gurley Frontage Road	22,000	115	-	-	-	-
Performing Arts Groups	30,000	116	-	-	-	-
Fourth of July Fireworks/Celebration	15,000	116	-	-	-	-
Skate Park	280,000	117	-	-	-	-
Goldwater Lake Park Improvements	74,000	117	-	-	-	-
Greenways Trail Improvements	5,574	117	-	-	-	-
Partnering Programs	22,000	117	-	-	-	-
Exterior Concrete Renovation	5,000	117	-	-	-	-
Goldwater Lake Contact Station	8,000	117	500	525	551	1,576
Tennis Facility Upgrade	55,000	117	-	-	-	-
Elks Rigging	16,000	117	-	-	-	-
Watson/Willow Lakes Project	1,492,000	118, 127	26,000	27,300	28,665	81,965
Property Purchase - Granite Creek Park Entrance	45,000	118	2,000	2,100	2,205	6,305
Stricklin Park Improvements	720	118	-	-	-	-
Watson Woods	3,398	118	-	-	-	-
Prescott Lakes Park System	52,500	118	-	-	-	-
Adult Center Construction	1,820,000	119	-	-	-	-
New South Entrance - Library	70,246	120	-	-	-	-
Architectural Design for Expansion	10,000	120	-	-	-	-
Remodel Council Chambers	80,000	120	-	-	-	-
Economic Development and Projects	2,137,000	122	-	-	-	-
Downtown Parking Garage	5,559,714	122	-	100,000	105,000	205,000
Library Expansion	4,481,331	122	60,000	63,000	66,150	189,150
Whiskey Row Alley Rehabilitation	350,000	122	-	-	-	-
Misc Economic Incentives	325,000	122	-	-	-	-
Radio Frequency Infrastructure	2,100,000	122	-	100,000	100,000	200,000
Dispatch Center Bldg Improvements	1,300,000	122	50,000	52,500	55,125	157,625
Downtown Fire Station	546,000	122	-	10,000	10,500	20,500
Grant Projects	5,916,413	124-126	-	-	-	-
Acker Trust Scholarships & Endowments	15,000	128	-	-	-	-
Miscellaneous Gifts	62,500	129	-	-	-	-
Employee Relations	10,069	130	-	-	-	-
Central Garage Expansion - design	65,000	138	-	-	-	-

**FY05 CAPITAL OUTLAY/PROJECTS
OPERATING IMPACT**

Project Name	Cost	Page #	FY06 Forecast	FY07 Forecast	FY08 Forecast	Total
Replace In-Ground Lift	25,000	138	-	-	-	-
Copy Machine	6,500	138	500	525	551	1,576
Vehicle Replacements						-
#750 - Building Inspection	22,000	138	-	-	-	-
#742 - Building Inspection	22,000	138	-	-	-	-
#756 - Parks & Rec	25,000	138	-	-	-	-
3/4-Ton Truck (2) - Parks & Rec	60,000	138	-	-	-	-
Motorcycle - Police	11,500	138	-	-	-	-
Supervisors SUV - Police	40,000	138	-	-	-	-
Investigations (2) - Police	50,000	138	-	-	-	-
Patrol (7) - Police	299,000	138	-	-	-	-
#992 - Fire	60,000	138	-	-	-	-
#731 - Fire	80,000	138	-	-	-	-
1-Ton Service Body (648) - Streets	30,000	138	-	-	-	-
Dump Body #691 - Streets	35,000	138	-	-	-	-
Dump Body #712 - Streets	35,000	138	-	-	-	-
Crewcab Dump Body - Streets	45,000	138	-	-	-	-
1-Ton Service Body (#787) - Streets	30,000	138	-	-	-	-
#777 - Water	24,000	138	-	-	-	-
#783 - Water	23,000	138	-	-	-	-
Jet Rodder - Sewer	165,000	138	-	-	-	-
#779 - Sewer	21,000	138	-	-	-	-
Side Loader (#945) - Solid Waste	190,000	138	-	-	-	-
Side Loader (#946) - Solid Waste	190,000	138	-	-	-	-
Front Loader - Solid Waste	210,000	138	-	-	-	-
2-Wheel Drive Pickup	20,000	141	2,080	2,184	2,293	6,557
Police Department carpet replacement	30,000	142	-	-	-	-
Computer Room Remodel	10,000	142	-	-	-	-
Step repairs for Legal Department	5,000	142	-	-	-	-
Potable Water System Model	450,000	155	-	-	-	-
Rate Analysis	100,000	155	-	-	-	-
Arsenic Analysis and Pilot Test	250,000	155	-	-	-	-
Maintenance Management	50,000	155	-	-	-	-
Airport Zone Alternate Feed	20,000	156	-	-	-	-
Water Line Replacement - 1% Streets	450,000	156	-	-	-	-
Bradshaw Dr - Const	20,000	156	-	-	-	-
Mt Vernon St - Const	75,000	156	-	-	-	-
Alley Paving Project	150,000	156	-	-	-	-
69/89 Water Improvements	377,475	156	-	-	-	-
Unpaved Streets	100,000	156	-	-	-	-
Ruth/Demerse - Const	50,000	156	-	-	-	-
E Gurley (Arizona to Bradshaw)	50,000	156	-	-	-	-
Gail Gardner Way - Const	350,000	156	-	-	-	-
Copper Basin Rd - Const	50,000	156	-	-	-	-
Mullen Way Improvement District	650,000	156	30,000	31,500	33,075	94,575
Granite Crk & Willow Crk Dam	50,000	156	-	-	-	-
Well Rehab Program	50,000	159	-	-	-	-
Booster Station Upgrade	120,000	159	-	-	-	-
Large Reservoir Rehab	3,000,000	159	-	-	-	-
Cathodic Protection for 36"	100,000	159	-	-	-	-
Chino Production Facility Improvements	650,000	159	-	-	-	-
1Ton 4x4 Utility Service Truck	31,000	159	2,080	2,184	2,293	6,557
New Water Service Lines	40,000	162	-	-	-	-
Fire Hydrants	40,000	162	-	-	-	-

**FY05 CAPITAL OUTLAY/PROJECTS
OPERATING IMPACT**

Project Name	Cost	Page #	FY06 Forecast	FY07 Forecast	FY08 Forecast	Total
Concrete Trailer (replacement)	7,000	162	-	-	-	-
Water Ranch Acquisition	31,300,000	165	350,000	367,500	385,875	1,103,375
Water Buy-In Rebate Program	45,000	165	-	-	-	-
Sewer Model	300,000	170	-	-	-	-
Rate Analysis	100,000	170	-	-	-	-
Maintenance Management	50,000	170	-	-	-	-
Whiskey Row Alley Sewer	175,000	173	-	-	-	-
Mt Vernon Street Sewer	130,000	173	-	-	-	-
Alley Paving Projects - Sewer	200,000	173	-	-	-	-
69/89 Sewer Extension	110,000	173	10,000	10,500	11,025	31,525
1% Streets - Sewer	750,000	173	-	-	-	-
Unpaved Streets - Sewer	100,000	173	-	-	-	-
Iron Springs Road - Sewer	390,000	173	-	-	-	-
Capital Contingencies	150,000	173	-	-	-	-
Ruth/Demerse - Sewer	380,000	173	-	-	-	-
E Gurley (Arizona to Bradshaw)	119,000	173	-	-	-	-
Gail Gardner Way Sewer	480,000	173	-	-	-	-
6th Street Sewer	50,000	173	-	-	-	-
North Prescott Regional Force Main	1,000,000	173	-	-	-	-
Copper Basin Road Sewer	50,000	173	-	-	-	-
Pretreatment Analysis	45,000	175	-	-	-	-
Airport WWTP Centrifuge and Building	500,000	175	-	-	-	-
WWTP SCADA System	100,000	175	-	-	-	-
Sundog WWTP Primary Clarifier #1 Rehab	30,000	175	-	-	-	-
Recharge Cell Cleaning	90,000	175	-	-	-	-
Lift Station Rehab Program	100,000	177	-	-	-	-
Wastewater Collection Building	500,000	177	15,000	15,750	16,538	47,288
Mullen Way Improvement District	560,000	177	30,000	31,500	33,075	94,575
Prescott North Improvement District	475,000	177	30,000	31,500	33,075	94,575
Antelope Hills Improvement District	715,000	177	30,000	31,500	33,075	94,575
18" Effluent Line Meter Relocation	55,000	180	-	-	-	-
Diversion Ditch Upgrade	25,000	180	-	-	-	-
Dumpsters	42,000	186	-	-	-	-
Automated Sanitation Carts	42,000	186	-	-	-	-
300 Gallon Containers	10,000	186	-	-	-	-
Rolloff Containers (carryover)	25,000	186	-	-	-	-
Vertical Compactors (carryover)	57,000	186	-	-	-	-
Post Closure Care - Landfill	100,000	187	50,000	50,000	50,000	150,000
Automated Recycle Carts	31,500	189	-	-	-	-
Master Plan & Design - Transfer Station	200,000	194	-	-	-	-
Radio Repeater	5,000	199	-	-	-	-
Telephone Upgrade	5,000	199	-	-	-	-
Club House Demolition	20,000	199	-	-	-	-
Shade Hangars	1,630,378	199	20,000	21,000	22,050	63,050
RIAT/21R Grant	1,612,528	199	-	-	-	-
RIAT AIP20 (Carryover)	129,039	199	-	-	-	-
Envir, Taxi, Lights and Sec. (Carryover)	122,996	199	-	-	-	-
AIP Lighting and Security	2,381,916	199	-	-	-	-
Airport Terminal Design	392,500	199	-	-	-	-
Golf Course Contingency	200,000	204	-	-	-	-
	<u>103,292,642</u>		<u>738,920</u>	<u>982,821</u>	<u>1,023,916</u>	<u>2,745,657</u>

**CITY OF PRESCOTT
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FY2006-2010**

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
General Fund					
<u>Fire Department</u>					
Station 77 Watson Lake		1,400,000			
Station 78 Dells Rch.					1,400,000
Total Fire Department	-	1,400,000	-	-	1,400,000
Total General Fund	-	1,400,000	-	-	1,400,000
Central Garage Fund					
Central Garage Expansion	650,000				
Total Central Garage Fund	650,000	-	-	-	-
1% Streets and Open Space Fund					
Open Space	1,020,000	2,525,000	3,000,000	3,000,000	3,000,000
Ruth St & Demerse	965,000	740,000			
Park Avenue - Gurley to Copper Basin			1,420,000		
Copper Basin Phase I - White Spar - Linden	2,800,000				
Copper Basin Phase II Linden-Sheriff's PTrl		2,600,000			
Williamson Valley Rd - Design/ROW/Utilities	1,500,000				
Williamson Valley Rd		5,000,000			
Iron Springs Road Widening	2,625,000				
Total 1% Streets and Open Space Fund	8,910,000	10,865,000	4,420,000	3,000,000	3,000,000
Water Fund					
Copper Basin Road - Construction	1,600,000				
Meter Change Out Program	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Large Reservoir Rehabilitation/Replacement	4,250,000				
Chino Valley Reservoir		5,250,000			
Airport Zone Water Main	1,800,000				
Arsenic Analysis and Pilot Test	1,000,000	150,000	150,000	150,000	150,000
CV/CF Ranch	15,000,000				
Paulden to Chino Pipeline	10,000,000				
Total Water Fund	34,650,000	6,400,000	1,150,000	1,150,000	1,150,000
Sewer Fund					
Copper Basin Road Sewer	900,000				
North Prescott Regional Force Main Replacement	1,000,000				
Sewer Mainline Replacement Force Main Replacement	650,000	1,000,000	100,000	1,000,000	100,000
East Prescott Regional Force Main Replacement	500,000	500,000			
WWTP Sludge Dryer		750,000			
Prescott North Sewer Improvement District	1,000,000				
Total Sewer Fund	4,050,000	2,250,000	100,000	1,000,000	100,000

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
Transfer Station Fund					
Transfer Station Construction	2,000,000				
Total Transfer Station Fund	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Airport Fund					
Air Terminal	3,945,652				
Runway Extension and Strengthening	865,000	4,903,140			
Purchase Additional ARFF Truck					450,000
Distance To Go Signs		400,000			
Extend Taxiway Foxtrot		15,000	135,000		
High Speed Exits Runway 21L			30,000	245,000	
Update Airport Master Plan	150,000			55,000	700,000
Acquire 40 Acres of Land for Runway Extension		1,375,000			
Airport Fire Station		100,000	560,000		
Total Airport Fund	<u>4,960,652</u>	<u>6,793,140</u>	<u>725,000</u>	<u>300,000</u>	<u>1,150,000</u>
TOTAL CAPITAL IMPROVEMENT PROGRAM	<u>55,220,652</u>	<u>27,708,140</u>	<u>6,395,000</u>	<u>5,450,000</u>	<u>6,800,000</u>

APPENDIX

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RESOLUTION NO. 3608

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES FOR THE FISCAL YEAR 2005, AND DECLARING THAT THE SAME SHALL CONSTITUTE THE BUDGET FOR THE CITY OF PRESCOTT FOR SAID FISCAL YEAR AND ESTABLISHING THE EXPENDITURE LIMITATION AND ADOPTING THE CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2006 THROUGH 2010.

WHEREAS, in accordance with the Provisions of Title 42, Sections 301, 302, 303 and 304, Arizona Revised Statutes, the City Council did, on the 8th day of June, 2004, make an estimate of the different amounts required to meet the public expenses for the ensuing year, also an estimate of revenues from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Prescott; and

WHEREAS, in accordance with said sections of said title, and following due public notice, the Council met on June 22, 2004, at which meeting any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures, establishing the expenditure limitation, or tax levies; and

WHEREAS, during the budgeting process for fiscal year 2005 the Council established a Capital Improvement Program for fiscal year 2006 through fiscal year 2010; and

WHEREAS, it appears that publication has been duly made as required by law, of said estimates together with a notice that the City Council would meet on July 13, 2004, in Prescott City Council Chambers at 201 South Cortez Street, Prescott, Arizona for the purpose of making tax levies as set forth in said estimates; and

WHEREAS, it appears that the sums to be raised by primary taxation, as specified therein, do not in the aggregate amount exceed that amount as computed in Arizona Revised Statutes, Title 42, Section 301.A.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT, the said estimates of revenue and expenditures shown on the accompanying schedules as now increased, reduced or changed by and the same are hereby adopted as the budget of the City of Prescott for the fiscal year 2005.

SECTION 2. THAT, the expenditure limitation for the City of Prescott for fiscal year 2005 be established at \$164,917,521.

SECTION 3. THAT, the Capital Improvement Program shown in the accompanying schedules be adopted by the City of Prescott for the fiscal years 2006 through 2010.

PASSED, APPROVED and ADOPTED by the Mayor and Council of the City of Prescott, Arizona, on this 22nd day of June, 2004.

/s/ ROWLE SIMMONS, Mayor

ATTEST: /s/ MARIE L. WATSON, City Clerk
APPROVED AS TO FORM: /s/ JOHN R. MOFFITT, City Attorney

RESOLUTION NO. 3603

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, ADOPTING A TENTATIVE BUDGET, ADOPTING THE ESTIMATED AMOUNTS REQUIRED TO MEET THE PUBLIC EXPENSES FOR THE CITY OF PRESCOTT FOR THE FISCAL YEAR 2004-05, AUTHORIZING AND DIRECTING PUBLICATION OF STATEMENTS AND SCHEDULES OF THE TENTATIVE BUDGET, TOGETHER WITH NOTICE OF HEARING ON SAID BUDGET AND NOTICE OF DATE OF FINAL ADOPTION OF SAID BUDGET, AND NOTICE OF DATE OF ESTABLISHMENT OF THE EXPENDITURE LIMITATION, AND NOTICE OF THE DATE FOR FIXING A TAX LEVY.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT, the statements and schedules attached are hereby adopted as the estimated amounts required to meet the public expenses for the City of Prescott and as the tentative budget for the fiscal year 2004-05. Copies of said statements and schedules have been distributed to the Council and are on file in the office of the City Manager. Said copies are attached hereto for the purpose of publication only, except that they are hereby ordered to be entered into the minutes of the City Council of the City of Prescott.

SECTION 2. THAT, the Clerk is hereby authorized and directed to publish in the manner prescribed by law, the attached statements and schedules as said tentative budget, together with a copy of this Resolution as notice of the meetings of the City Council, to wit:

A. That the City Council will meet on the 22nd day of June, 2004, at 3:00 P.M., in the Council Chambers of the Municipal Offices Building, 201 South Cortez Street, Prescott, Arizona, at a Regular Meeting to hold a public hearing when and where any citizen may appear and be heard or submit written comments in favor of or against any proposed use within the budget, expenditure limitation, or the tax levy; at said time and place or after said hearing for the purpose of finally adopting the budget and establishment of the expenditure limitation for the fiscal year 2004-05 for the City of Prescott. The proposed budget may be examined on weekdays at 201 South Cortez Street, Prescott, Arizona, between 8:00 A.M. and 5:00 P.M. or on the Internet at www.cityofprescott.net.

B. That the City Council will further meet at a Regular Meeting on the 13th day of July, 2004, at 3:00 P.M. in the Council Chambers of the Municipal Building, 201 South Cortez Street, Prescott, Arizona, for the purpose of adopting the property tax levy for fiscal year 2004-05 for the City of Prescott.

SECTION 3. THAT, upon the recommendation by the City Manager and with the approval of the Council, expenditures may be made from the appropriation for contingencies. The transfers of any sums within or without any specific appropriations shall conform to Article VI, Section 11, Prescott City Charter.

SECTION 4. THAT, money from any fund may be used for any of these appropriations except money specifically restricted by State Law, City Charter, codes, ordinance, or resolution.

PASSED, APPROVED and ADOPTED by the Mayor and Council of the City of Prescott, Arizona, on this 8th day of June, 2004.

/s/ ROWLE SIMMONS, Mayor

ATTEST: /s/ MARIE L. WATSON, City Clerk
APPROVED AS TO FORM: /s/ JOHN R. MOFFITT, City Attorney

Schedule A
CITY OF PRESCOTT, ARIZONA
Summary of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2004-05

FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2003-04*	ACTUAL EXPENDITURES/ EXPENSES 2003-04**	FUND BALANCE/ NET ASSETS (1) July 1, 2004**	DIRECT PROPERTY TAX REVENUES 2004-05	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2004-05	OTHER FINANCING 2004-05		INTERFUND TRANSFERS 2004-05		TOTAL FINANCIAL RESOURCES AVAILABLE 2004- 05	BUDGETED EXPENDITURES/ EXPENSES 2004-05
						SOURCES	<USES>	IN	<OUT>		
1. General Fund	\$ 22,936,934	\$ 22,519,791	\$ 7,425,739	Primary: \$ 1,000,493	\$ 26,000,566			\$ 30,000	\$ (2,850,371)	\$ 37,307,169	\$ 24,464,490
2. Special Revenue Funds	46,407,928	19,292,229	29,883,399	Secondary:	25,421,807			5,175,341	(3,163,930)	63,644,477	50,500,532
3. Debt Service Funds Available	2,191,911	2,448,365		1,685,025	501,620					2,186,645	2,186,645
4. Less: Designation for Future Debt Retirement											
5. Total Debt Service Funds	2,191,911	2,448,365		1,685,025	501,620					2,186,645	2,186,645
6. Capital Projects Funds	1,342,000	355,160	1,312,315		10,000					1,322,315	1,242,000
7. Permanent Funds	91,970	56,041	570,143		73,525					643,668	85,170
8. Enterprise Funds Available	65,243,515	26,286,314	20,963,073		46,133,973	25,230,378		478,460		92,805,884	79,750,468
9. Less: Designation for Future Debt Retirement											
10. Total Enterprise Funds	65,243,515	26,286,314	20,963,073		46,133,973	25,230,378		478,460		92,805,884	79,750,468
11. Internal Service Funds			1,833,923		5,829,792			330,500		7,994,215	6,688,216
TOTAL ALL FUNDS	\$ 138,214,258	\$ 70,957,900	\$ 61,988,592	\$ 2,685,518	\$ 103,971,283	\$ 25,230,378	\$ -	\$ 6,014,301	\$ (6,014,301)	\$ 205,904,373	\$ 164,917,521

EXPENDITURE LIMITATION COMPARISON

	2003-04	2004-05
1. Budgeted expenditures /expenses	\$ 138,214,258	\$ 164,917,521
2. Add/subtract: estimated net reconciling items		
3. Budgeted expenditures /expenses adjusted for reconciling items	138,214,258	164,917,521
4. Less: estimated exclusions		
5. Amounts subject to the expenditure limitation	\$ 138,214,258	\$ 164,917,521
6. EEC or voter-approved alternative expenditure limitation	\$ 138,214,258	\$ 164,917,521

*Includes Expenditure/Expense Adjustments Approved in 2003-04 from Schedule E.

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

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

Schedule B

CITY OF PRESCOTT, ARIZONA
Summary of Tax Levy and Tax Rate Information
Fiscal Year 2004-05

	2003-04 FISCAL YEAR	2004-05 FISCAL YEAR
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A).	\$ <u>1,952,171</u>	\$ <u>2,143,733</u>
2. Amount received from primary property taxation in the 2003-04 fiscal year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18).	\$ <u> </u>	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>929,147</u>	\$ <u>1,000,493</u>
B. Secondary property taxes	<u>1,674,875</u>	<u>1,685,025</u>
C. Total property tax levy amounts	\$ <u>2,604,022</u>	\$ <u>2,685,518</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) 2003-04 levy	\$ <u>906,519</u>	
(2) Prior years' levy	<u>22,628</u>	
(3) Total primary property taxes	\$ <u>929,147</u>	
B. Secondary property taxes		
(1) 2003-04 levy	\$ <u>1,628,811</u>	
(2) Prior years' levy	<u>46,064</u>	
(3) Total secondary property taxes	\$ <u>1,674,875</u>	
C. Total property taxes collected	\$ <u>2,604,022</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u>0.2415</u>	<u>0.2383</u>
(2) Secondary property tax rate	<u>0.4072</u>	<u>0.3763</u>
(3) Total city/town tax rate	<u>0.6487</u>	<u>0.6146</u>
B. Special assessment district tax rates		

Secondary property tax rates - As of the date the proposed budget was prepared, the City of Prescott did not operate any special assessment districts for which secondary property taxes are levied.

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

Schedule C
CITY OF PRESCOTT, ARIZONA
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2004-05

SOURCE OF REVENUES	ESTIMATED REVENUES 2003-04	ACTUAL REVENUES 2003-04*	ESTIMATED REVENUES 2004-05
GENERAL FUND			
Local taxes			
Privilege and Use Tax	\$ 10,786,500	\$ 11,302,621	\$ 13,014,309
Franchise Taxes	1,068,629	1,087,791	1,120,424
Licenses and permits	1,165,500	1,206,976	1,176,800
Intergovernmental			
State	5,748,046	5,748,046	6,054,311
County	2,462,636	2,469,640	2,719,965
Local Jurisdictions	674,674	657,582	753,357
Charges for services	433,770	731,623	525,450
Fines and forfeits	280,105	275,653	276,500
Interest on investments	132,100	120,686	125,000
In-lieu property taxes	25,000	23,465	25,000
Miscellaneous	203,100	281,542	209,450
Total General Fund	\$ 22,980,060	\$ 23,905,625	\$ 26,000,566
SPECIAL REVENUE FUNDS			
Highway User Revenue Fund			
Intergovernmental - State	\$ 3,298,474	\$ 3,298,475	\$ 3,346,981
Partnering	631,571	684,894	256,295
Miscellaneous Revenues	244,275	489,718	241,996
Total Highway User Revenue Fund	\$ 4,174,320	\$ 4,473,087	\$ 3,845,272
Streets and Open Space Fund			
Streets and Open Space Tax	\$ 10,507,000	\$ 10,920,800	\$ 11,580,900
Interest Earned	61,000	155,000	100,000
Partnering			695,744
Intergovernmental - County		47,660	761,862
Miscellaneous		10,226	125,000
Total Streets and Open Space Fund	\$ 10,568,000	\$ 11,133,686	\$ 13,263,506
Transient Occupancy Fund			
Transient Occupancy Tax	\$ 301,716	\$ 311,875	\$ 320,000
Miscellaneous	184,000	3,575	183,500
	\$ 485,716	\$ 315,450	\$ 503,500
Capital Improvement Fund			
Sale of Property	\$	\$	\$ 500,000
Intergovernmental - County	250,000	82,318	250,000
Miscellaneous	155,000	220,960	155,000
	\$ 405,000	\$ 303,278	\$ 905,000

SOURCE OF REVENUES	ESTIMATED REVENUES 2003-04	ACTUAL REVENUES 2003-04*	ESTIMATED REVENUES 2004-05
Impact Fee Fund			
Impact Fees	\$ 1,182,000	\$ 1,300,200	\$ 1,182,000
Miscellaneous	259,700	111,038	294,300
	\$ 1,441,700	\$ 1,411,238	\$ 1,476,300
Grant Funds			
Miscellaneous Grants	\$ 5,131,499	\$ 1,622,424	\$ 5,428,229
Total Special Revenue Funds	\$ 22,206,235	\$ 19,259,163	\$ 25,421,807
DEBT SERVICE FUNDS			
Special Assessments	\$ 325,107	\$ 331,651	\$ 331,407
Interest Earned	186,470	186,470	170,213
Total Debt Service Funds	\$ 511,577	\$ 518,121	\$ 501,620
CAPITAL PROJECTS FUNDS			
Willow/Watson Lake Development	\$ 10,000	\$ 14,415	\$ 10,000
Total Capital Projects Funds	\$ 10,000	\$ 14,415	\$ 10,000
PERMANENT FUNDS			
Employee Relations Trust	\$ 1,450	\$ 3,266	\$ 1,025
Acker Trust	12,000	13,509	10,000
Miscellaneous Gift Fund	62,500	42,581	62,500
Total Permanent Funds	\$ 75,950	\$ 59,356	\$ 73,525
ENTERPRISE FUNDS			
Water Fund	\$ 8,450,072	\$ 8,406,716	\$ 24,028,396
Sewer Fund	5,686,455	5,463,383	5,620,561
Golf Course Fund	2,868,124	2,078,188	2,619,321
Airport Fund	1,643,362	3,252,902	5,903,161
Solid Waste Fund	4,104,421	4,197,955	4,293,514
Transfer Station Fund	3,243,311	3,241,101	3,669,020
Total Enterprise Funds	\$ 25,995,745	\$ 26,640,245	\$ 46,133,973
INTERNAL SERVICE FUNDS			
Central Garage	\$	\$	\$ 2,474,555
Self-Insurance Fund			870,537
Facilities Maintenance Fund			830,726
Workers' Compensation Fund			698,379
Engineering Fund			955,595
Total Internal Service Funds	\$	\$	\$ 5,829,792
TOTAL ALL FUNDS	\$ 71,779,567	\$ 70,396,925	\$ 103,971,283

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

Schedule D

CITY OF PRESCOTT, ARIZONA

Summary by Fund Type of Other Financing Sources/<Uses> and Interfund Transfers

Fiscal Year 2004-05

FUND	OTHER FINANCING		INTERFUND	
	2004-05		2004-05	
	SOURCES	<USES>	IN	<OUT>
GENERAL FUND				
Capital Improvement Fund	\$	\$	\$	\$ (2,186,786)
Grants Fund				(333,085)
Vehicle Replacement Fund				(330,500)
HURF			30,000	
Total General Fund	\$	\$	\$ 30,000	\$ (2,850,371)
SPECIAL REVENUE FUNDS				
Capital Improvement Fund	\$	\$	\$ 3,453,395	\$ (1,212,222)
Park Development Impact Fee				(105,099)
Library Impact Fee				(548,109)
Street Impact Fee				(300,000)
Police Impact Fee				(300,000)
Fire Impact Fee				(150,000)
Grants			488,184	
Recreation Development Impact Fee			733,762	
HURF			200,000	(30,000)
1% Streets and Open Space Fund			300,000	(518,500)
Total Special Revenue Funds	\$	\$	\$ 5,175,341	\$ (3,163,930)
ENTERPRISE FUNDS				
Water Fund	\$ 17,975,000	\$	\$	\$
Sewer Fund	2,560,000			
Golf Course Fund	3,065,000			
Airport Fund	1,630,378		478,460	
Total Enterprise Funds	\$ 25,230,378	\$	\$ 478,460	\$
INTERNAL SERVICE FUNDS				
Vehicle Replacement Fund	\$	\$	\$ 330,500	\$
Total Internal Service Funds	\$	\$	\$ 330,500	\$
TOTAL ALL FUNDS	\$ 25,230,378	\$	\$ 6,014,301	\$ (6,014,301)

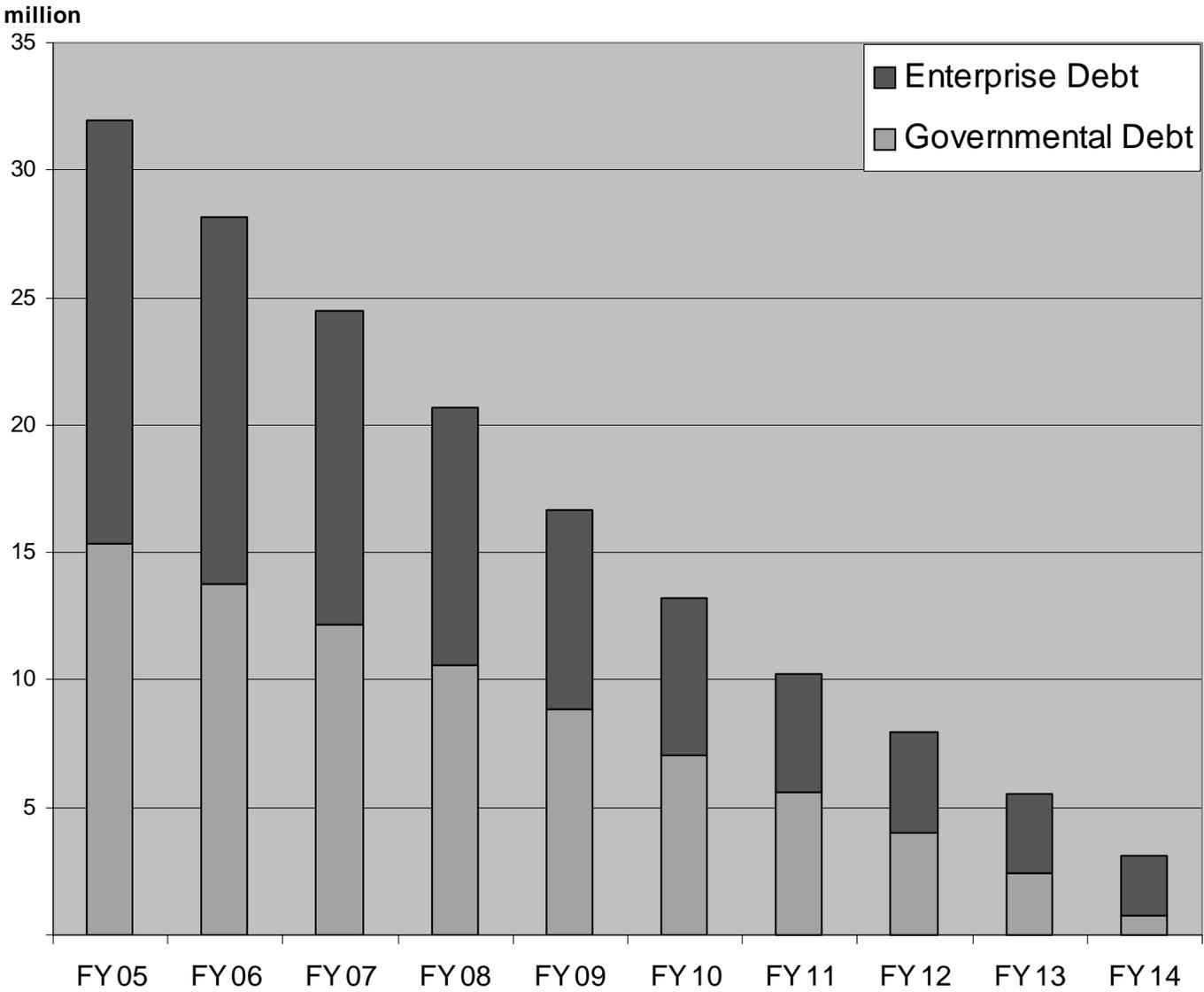
Schedule E

CITY OF PRESCOTT, ARIZONA
Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2004-05

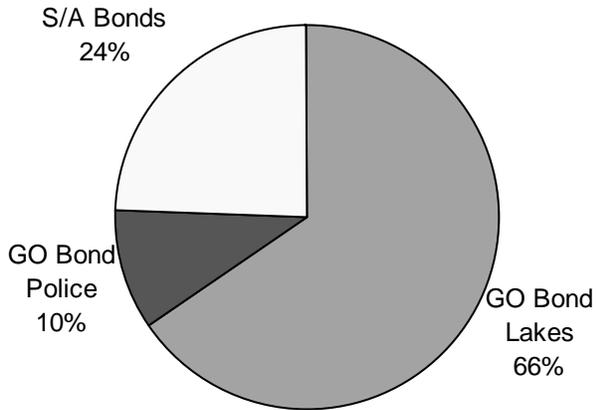
FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2003-04	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2003-04	ACTUAL EXPENDITURES/ EXPENSES 2003-04*	BUDGETED EXPENDITURES/ EXPENSES 2004-05
GENERAL FUND				
City Council	\$ 34,861	\$	\$ 33,147	\$ 44,607
City Clerk	139,255		96,170	67,449
City Court	398,428		397,569	441,872
City Manager	237,455	31,000	263,434	431,317
Legal Department	518,576	55,000	566,296	540,424
Budget & Finance	242,627		216,932	1,118,946
Administrative Services	1,595,051		1,561,017	862,917
Community Development	2,125,611		2,020,611	1,806,078
Parks, Recreation & Library	4,300,146	(86,000)	4,174,221	5,002,914
Police Department	7,153,946		7,065,739	8,465,655
Fire Department	6,190,978		6,124,655	5,682,311
Total General Fund	\$ 22,936,934	\$	\$ 22,519,791	\$ 24,464,490
SPECIAL REVENUE FUNDS				
Highway User Fund	\$ 5,606,427	\$	\$ 5,297,777	\$ 4,407,280
Streets & Open Space-1% Sales Tax	22,154,909		9,118,568	20,385,356
Transient Occupancy Tax	596,182		180,582	665,574
Capital Improvement Fund	9,600,500		2,562,778	16,799,045
Impact Fee Fund	2,789,364		182,500	2,326,864
Grant Fund	5,660,546		1,950,024	5,916,413
Total Special Revenue Funds	\$ 46,407,928	\$	\$ 19,292,229	\$ 50,500,532
DEBT SERVICE FUNDS	\$ 2,191,911	\$	\$ 2,448,365	\$ 2,186,645
CAPITAL PROJECTS FUNDS				
Willow/Watson Lake Development	\$ 1,342,000	\$	\$ 355,160	\$ 1,242,000
Total Capital Projects Funds	\$ 1,342,000	\$	\$ 355,160	\$ 1,242,000
PERMANENT FUNDS				
Trust Funds	\$ 91,970	\$	\$ 56,041	\$ 85,170
Total Permanent Funds	\$ 91,970	\$	\$ 56,041	\$ 85,170
ENTERPRISE FUNDS				
Water Fund	\$ 41,819,514	\$	\$ 7,428,262	\$ 45,796,885
Sewer Fund	7,857,693		5,202,138	12,256,182
Solid Waste	4,919,292		4,526,212	4,886,497
Transfer Station	3,298,608		3,268,189	3,569,957
Golf Course	3,016,072		2,498,747	5,261,371
Airport	4,331,936		3,362,366	7,979,576
Parking Garage Operations	400		400	
Total Enterprise Funds	\$ 65,243,515	\$	\$ 26,286,314	\$ 79,750,468
INTERNAL SERVICE FUNDS				
Facilities Maintenance Fund	\$	\$	\$	\$ 835,726
Engineering Services				1,740,104
Central Garage/Vehicle Replace.Fund				2,600,955
Self Insurance Fund				840,537
Workers' Compensation Fund				670,894
Total Internal Service Funds	\$	\$	\$	\$ 6,688,216
TOTAL ALL FUNDS	\$ 138,214,258	\$	\$ 70,957,900	\$ 164,917,521

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

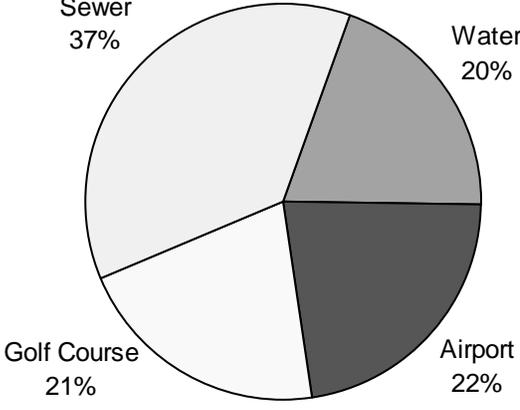
City of Prescott Outstanding Debt Principal



Governmental Debt



Enterprise Debt



**SALARY RANGE SCHEDULE
FY2005**

GRADE/JOB TITLE	Annual Salary		GRADE/JOB TITLE	Annual Salary	
	Minimum	Maximum		Minimum	Maximum
TWENTY-FIVE	\$ 15,738	\$ 22,034	FORTY-FOUR	\$ 25,160	\$ 35,224
TWENTY-SIX Greenskeeper	\$ 16,132	\$ 22,584	Animal Control Officer		
TWENTY-SEVEN Library Clerk	\$ 16,535	\$ 23,149	Community Service Worker Monitor		
TWENTY-EIGHT	\$ 16,948	\$ 23,728	Equipment Operator		
TWENTY-NINE	\$ 17,372	\$ 24,321	Golf Course Mechanical Technician		
THIRTY Assistant Golf Professional	\$ 17,806	\$ 24,929	Parts Specialist		
THIRTY-ONE Custodian	\$ 18,252	\$ 25,552	Sanitation Equipment Operator		
THIRTY-TWO Maintenance Worker	\$ 18,708	\$ 26,191	Utility Worker		
THIRTY-THREE	\$ 19,176	\$ 26,846	FORTY-FIVE	\$ 25,789	\$ 36,105
THIRTY-FOUR	\$ 19,655	\$ 27,517	Customer Service Representative		
THIRTY-FIVE	\$ 20,146	\$ 28,205	Permit Technician		
THIRTY-SIX	\$ 20,650	\$ 28,910	Police Records Clerk		
THIRTY-SEVEN	\$ 21,166	\$ 29,633	Senior Court Clerk		
THIRTY-EIGHT	\$ 21,695	\$ 30,374	Traffic Control Worker		
THIRTY-NINE Lead Custodian	\$ 22,238	\$ 31,133	Wildland Firefighter		
FORTY Accounting Clerk Golf Course Maintenance Technician	\$ 22,794	\$ 31,911	FORTY-SIX	\$ 26,434	\$ 37,007
FORTY-ONE Court Clerk Library Assistant Meter Reader Recreation Leader Secretary	\$ 23,364	\$ 32,709	Golf Professional		
FORTY-TWO Parking Control Officer	\$ 23,948	\$ 33,527	FORTY-SEVEN	\$ 27,095	\$ 37,932
FORTY-THREE Administrative Secretary Airport Operations Technician Fire Prevention Aide Maintenance Technician	\$ 24,546	\$ 34,365	Administrative Assistant		
			Code Enforcement Officer		
			Communications Assistant		
			Dispatcher		
			Human Resources Assistant		
			Legal Secretary		
			Library Specialist		
			FORTY-EIGHT	\$ 27,772	\$ 38,881
			Accounting Technician		
			Senior Equipment Operator		
			Senior Utility Worker		
			FORTY-NINE	\$ 28,466	\$ 39,853
			Community Service Worker Coordinator		
			Community Service Officer		
			Executive Assistant		
			Maintenance Specialist		
			Traffic Control Technician		
			Traffic Signal Specialist		
			FIFTY	\$ 29,178	\$ 40,849
			Assistant Greens Superintendent		
			Equipment Mechanic		
			Water Operator		
			FIFTY-ONE	\$ 29,907	\$ 41,870
			Deputy City Clerk		
			Parks Security Ranger		
			Permit Specialist		
			Property and Evidence Technician		
			FIFTY-TWO	\$ 30,655	\$ 42,917

GRADE/JOB TITLE	Annual Salary		GRADE/JOB TITLE	Annual Salary	
	Minimum	Maximum		Minimum	Maximum
FIFTY-THREE	\$ 31,421	\$ 43,990	SIXTY-TWO	\$ 39,241	\$ 54,937
Building Inspector			Building Inspection Supervisor		
Construction Inspector			Communications Director		
Dispatch Shift Supervisor			Court Administrator		
Engineering Technician			Drainage Maintenance Supervisor		
Fire Inspector			Information Technology Technician		
Legal Assistant			Plans Examiner Supervisor		
			Recreation Supervisor		
FIFTY-FOUR	\$ 32,207	\$ 45,090	Senior Fire Inspector		
Animal Control Supervisor			Solid Waste Supervisor		
Library Resource Analyst			Street Maintenance Supervisor		
Senior Utility Billing Clerk			Supervisory Inspector		
FIFTY-FIVE	\$ 33,012	\$ 46,217	SIXTY-THREE	\$ 40,222	\$ 56,311
Acting Risk Manager			Privilege Tax Auditor		
Benefits Specialist					
Wastewater Laboratory Technician			SIXTY-FOUR	\$ 41,228	\$ 57,719
Wastewater Treatment Plan Operator			Construction Project Manager		
			Traffic Signal Supervisor		
FIFTY-SIX	\$ 33,837	\$ 47,372	Trails/Open Space Coordinator		
			Water Distribution Supervisor		
FIFTY-SEVEN	\$ 34,683	\$ 48,557	Water Production Supervisor		
Accountant			Water Resources Coordinator		
Budget Analyst					
CAD Technician			SIXTY-FIVE	\$ 42,258	\$ 59,162
Crime Prevention Officer			Building Division Manager		
Librarian			GIS Specialist		
Payroll Specialist					
Registered Land Surveyor			SIXTY-SIX	\$ 43,315	\$ 60,641
Traffic Engineering Tech			Assistant to the City Manager		
			Development Services Manager		
FIFTY-EIGHT	\$ 35,550	\$ 49,771	Economic Development Coordinator		
Adult Center Coordinator					
Recreation Coordinator			SIXTY-SEVEN	\$ 44,398	\$ 62,157
Urban Forester			Privilege Tax Supervisor		
FIFTY-NINE	\$ 36,439	\$ 51,015	SIXTY-EIGHT	\$ 45,508	\$ 63,711
Dispatch Supervisor			Assistant Airport Manager		
Grants Administrator			Greens Superintendent		
Plans Examiner			Lake Parks Superintendent		
Police Records Supervisor			Parks Maintenance Superintendent		
Police Research Analyst			Recreation Superintendent		
Police Training Coordinator					
			SIXTY-NINE	\$ 46,645	\$ 65,303
SIXTY	\$ 37,350	\$ 52,290	Customer Service Manager		
Equipment Maintenance Supervisor			Street Maintenance Superintendent		
Historic Preservation Specialist					
Planner			SEVENTY	\$ 47,811	\$ 66,936
Wastewater Treatment Plan Supervisor			Assistant Library Director		
			City Clerk		
SIXTY-ONE	\$ 38,284	\$ 53,597	Construction Services Manager		
Construction Contract Specialist			Planning Manager		
Human Resources Analyst					
Private Development Coordinator					

GRADE/JOB TITLE	Annual Salary		GRADE/JOB TITLE	Annual Salary	
	Minimum	Maximum		Minimum	Maximum
SEVENTY-ONE Operations Manager	\$ 49,007	\$ 68,609	EIGHTY-SEVEN Finance Director Fire Chief Police Chief Public Works Director	\$ 72,751	\$ 101,851
SEVENTY-TWO Solid Waste Superintendent Wastewater Collection Superintendent Wastewater Treatment Superintendent Water Superintendent	\$ 50,232	\$ 70,325	EIGHTY-EIGHT	\$ 74,569	\$ 104,397
SEVENTY-THREE Fire Marshal U/W/I Coordinator	\$ 51,488	\$ 72,083	EIGHTY-NINE	\$ 76,434	\$ 107,007
SEVENTY-FOUR	\$ 52,775	\$ 73,885	NINETY	\$ 78,344	\$ 109,682
SEVENTY-FIVE	\$ 54,094	\$ 75,732	NINETY-ONE	\$ 80,303	\$ 112,424
SEVENTY-SIX Assistant City Attorney Traffic Engineer	\$ 55,446	\$ 77,625	NINETY-TWO City Attorney	\$ 82,311	\$ 115,235
SEVENTY-SEVEN Assitant Finance Director	\$ 56,833	\$ 79,566	NINETY-THREE	\$ 84,368	\$ 118,116
SEVENTY-EIGHT Airport Manager Golf Course General Manager Library Director	\$ 58,253	\$ 81,555	NINETY-FOUR	\$ 86,478	\$ 121,069
SEVENTY-NINE	\$ 59,710	\$ 83,594	NINETY-FIVE	\$ 88,640	\$ 124,095
EIGHTY Assistant Police Chief Chief Assistant City Attorney City Utilities Engineer Deputy Fire Chief Engineering Services Manager Senior Assistant City Attorney	\$ 61,203	\$ 85,684	NINETY-SIX	\$ 90,856	\$ 127,198
EIGHTY-ONE	\$ 62,733	\$ 87,826	NINETY-SEVEN	\$ 93,127	\$ 130,378
EIGHTY-TWO	\$ 64,301	\$ 90,021	NINETY-EIGHT	\$ 95,455	\$ 133,637
EIGHTY-THREE	\$ 65,908	\$ 92,272	NINETY-NINE	\$ 97,841	\$ 136,978
EIGHTY-FOUR City Prosecutor Recreation Services Director Utilities Manager	\$ 67,556	\$ 94,579	ONE HUNDRED	\$ 100,288	\$ 140,403
EIGHTY-FIVE	\$ 69,245	\$ 96,943	ONE HUNDRED ONE	\$ 102,795	\$ 143,913
EIGHTY-SIX Administrative Services Director Community Development Director	\$ 70,976	\$ 99,367	ONE HUNDRED TWO	\$ 105,365	\$ 147,510
			ONE HUNDRED THREE	\$ 107,999	\$ 151,198
			ONE HUNDRED FOUR	\$ 110,699	\$ 154,978
			ONE HUNDRED FIVE	\$ 113,466	\$ 158,853
			ONE HUNDRED SIX	\$ 116,303	\$ 162,824
			ONE HUNDRED SEVEN	\$ 119,210	\$ 166,894
			ONE HUNDRED EIGHT	\$ 122,191	\$ 171,067
			ONE HUNDRED NINE	\$ 125,245	\$ 175,343
			ONE HUNDRED TEN City Manager	\$ 128,376	\$ 179,727
			Information Technology Specialist	No Range	

Police and Fire Pay Plan

JOB TITLE	Hourly Salary		JOB TITLE	Hourly Salary	
	Minimum	Maximum		Minimum	Maximum
Firefighter - Shift	\$ 11.4276	\$ 16.2649	Police Officer	\$ 16.6746	\$ 24.5646
Firefighter - Non Shift	\$ 16.4271	\$ 23.3808	Police Sergeant	\$ 25.4356	\$ 30.9464
Fire Engineer - Shift	\$ 15.1253	\$ 18.4021	Police Lieutenant	\$ 32.1843	\$ 39.1570
Fire Engineer - Non Shift	\$ 21.7426	\$ 26.4531			
Fire Captain - Shift	\$ 18.4021	\$ 22.3890			
Fire Captain - Non Shift	\$ 26.4531	\$ 32.1842			
Battalion Chief - Shift	\$ 22.9887	\$ 27.9693			
Battalion Chief - Non Shift	\$ 32.1841	\$ 39.1570			

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.

Adopted Budget - Formal action made by City Council which 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 in the Appropriation Ordinance.

Assessed Valuation - A value placed upon real estate or other property by the County Assessor and the State as a basis for levying ad valorem property taxes.

Asset - Resources owned or held by a government which have monetary value.

Authorized Positions - Employee positions, which are authorized in the adopted budget, to be filled during the year.

Base Budget Allowances - Ongoing expense for personnel, commodities, and contractual services.

Beginning Balance - The beginning balance is the residual funds brought forward from the previous fiscal year (ending balance).

Bond Refinancing - The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Bonds - Bonds are debt instruments which require repayment of a specified principal amount on a certain date (maturity data), together with interest at a stated rate, or according to a formula for determining the interest rate.

Budget - A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them.

Budget Basis - This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

Budget Calendar - The schedule of key dates which a government follows in the preparation and adoption of the budget.

Budgetary Control - The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

C.Y.M.P.O. - Central Yavapai Metropolitan Planning Organization

Capital Assets - Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Capital Improvements - Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Improvement Program (CIP) - A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capital Project - Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called capital improvements.

Capital Outlay - Items costing more than \$5,000 and having a useful life of more than one year are defined as capital outlay.

Carryover - Any equipment, contractual, commodity, or capital project that has been previously approved by the Mayor and Council but for various reasons has not been implemented on schedule. Under the State laws and generally accepted accounting principals only those costs relating to work actually done on or before the last day of the fiscal year can be reflected on the financial statements of that fiscal year. To avoid having to charge the project costs estimated to be incurred in a subsequent fiscal year as an unbudgeted item for that year and, therefore, a violation of State budget law, such project and the associated projected costs are included in the subsequent year's budget.

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

Commodities - Expendable items used by operating or construction activities. Examples include office supplies, repair and replacement parts for equipment, fuels and lubricants, etc.

Community Development Block Grant (CDBG) - Grant funds allocated by the Federal Government to the City of Prescott to use for the prevention and removal of slum and blight, and to benefit low and moderate income persons. The City of Prescott disburses these funds via an application process open to all non-profit organizations and City of Prescott departments.

Compression - A problem that occurs when, due to market conditions, the bottom of the pay range moves up more rapidly than salaries of the incumbents.

Consumer Price Index (CPI) - A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency - An appropriation of funds to cover unforeseen events that occur during the fiscal year, such as flood emergencies, Federal mandates, shortfalls in revenue and similar eventualities.

Contractual Services - Contractual Services are services provided to the City by firms, individuals, or other City departments.

Cost-of-living Adjustment (COLA) - An increase in salaries to offset the adverse effect of inflation on compensation.

D.A.R.E. - Drug Abuse Resistance Education

Debt Service - Payment of interest and principal on an obligation resulting from the issuance of bonds and/or lease purchase contracts.

Deficit - The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department - A major administrative division of the City which indicates overall management responsibility for an operation or group of related operations within a functional area.

Development-related Fees - Those fees and charges generated by building, development and growth in a community. Included are building and street permits, development review fees, and zoning, platting and subdivision fees.

Disbursement - The expenditure of monies from an account.

Distinguished Budget Presentation Awards Program - A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

Employee Benefits - Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

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

Enterprise Funds - Funds which are accounted for in a manner similar to a private business enterprise. Usually the governmental entity intends for enterprise funds to fully recover their costs (including depreciation) through user fees. The City of Prescott has six such self-supporting funds: Airport, Water, Wastewater, Golf, Solid Waste, and Transfer Station.

Estimate - As used throughout the budget document, represents the most recent estimate for current year revenue and expenditures. The estimates used are prepared using several months of actual expenditure and revenue experience and are prepared to consider the impact of unanticipated price or other economic changes.

Expenditures - Refers to current cash operating expenses and encumbrances.

Expense - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

Expenditure Limitation - The Arizona State Legislature imposed constitutional amendment which limits the annual expenditures of all municipalities. This limit is set by the Economic Estimates Commission based on population growth and inflation.

Fiscal Year - The time period designated by the City satisfying the beginning and ending period for recording financial transactions. The City of Prescott has specified July 1 to June 30 as its fiscal year.

Fixed Assets - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

Full-Time Equivalent Position - A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be equivalent to .5 of a full-time position.

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

Fund Balance - The excess of the assets of a fund over its liabilities, reserves, and carryover.

GAAP - Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

General Fund - A fund used to account for all general-purpose transactions of the City which do not require a special type of fund.

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. The bonds are backed by the "full faith and credit" of the issuing government.

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 grant is 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, i.e., library materials, drug enforcement, but it is sometimes for general purposes.

Highway User Revenue Fund (HURF) - Highway user revenues are a gasoline tax collected by the state and distributed to counties and cities based on the county of origin and population. These revenues are to be used for highways and streets maintenance and construction.

Impact Fees - Fees charged to developers or individuals to cover, in whole or in part, the anticipated costs of improvements that will be necessary as a result of the development.

Indirect Cost - A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

Infrastructure - The physical assets of a government (e.g., streets, water, sewer, public buildings and parks).

Interfund Transfers - Transfer of resources between funds that are not recorded as revenues to the fund receiving or expenditures to the fund providing.

Intergovernmental Revenue - Funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Internal Service Charges - The charges to user departments for internal services provided by another government agency, such as data processing, or insurance funded from a central pool.

Levy - To impose taxes for the support of government activities.

Long-term Debt - Debt with a maturity of more than one year after the date of issuance.

Mandate - Legislation passed by the State or Federal government requiring action or provision of services and/or programs. Examples include the Americans With Disabilities Act which requires actions such as physical facility improvements and provision of specialized transportation services.

Municipal Property Corporation (MPC) - The Municipal Property Corporation is a non-profit corporation established to issue bonds to fund City capital improvement projects.

Net Budget - The legally adopted budget less all interfund transfers and interdepartmental charges.

Objective - Desired output oriented accomplishments which can be measured and achieved within a given time frame. Achievement of the objective advances the activity organization toward a corresponding goal.

Obligations - Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Budget - A budget for general expenditures such as salaries, utilities, and supplies.

Operating Expenses - The cost for personnel, materials and equipment required for a department to function.

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

Pay-As-You-Go Capital Projects - Pay-as-you-go capital projects are capital projects whose funding source is derived from City revenue sources other than through the use of debt.

Performance Indicators - Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Performance Measure - Data collected to determine how effective or efficient a program is in achieving its objectives.

Personal Services - All employer's costs related to compensating employees of the City of Prescott, including employee fringe benefit costs such as City portion of retirement, social security, and health and industrial insurance.

Primary Property Tax - A limited tax levy used to support general government operations. The total levy for primary property taxes is restricted to a 2% annual increase, plus allowances for previously unassessed property (primarily new construction).

Program - A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the City is responsible.

Property Tax - A levy upon each \$100 of assessed valuation of property within the City of Prescott. Arizona has two types of property taxes. Primary property taxes support the City of Prescott's general fund, and secondary property taxes pay general obligation debt.

Reserve - An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

Resolution - A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

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

Revenue - Sources of income financing the operations of government.

Secondary Property Tax - An unlimited tax levy restricted to general bonded debt obligations.

Service Level - Services or products which comprise actual or expected output of a given program. Focus is on results, not measures of workload.

Source of Revenue - Revenues are classified according to their source or point of origin.

State-Shared Revenues - Revenues levied and collected by the State but shared on a predetermined basis with local governments.

Tax Levy - The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

Tax Rate - The amount of tax levied for each \$100 of assessed valuation.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Transfers - Transfers are the authorized exchanges of cash or other resources between funds.

Transfers In/Out - Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

U/W/I - Urban Wildland Interface

Unrestricted Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Charges - The payment of a fee for direct receipt of a public service by the party benefiting from the service.

Workload Indicator - A unit of work to be done (e.g., number of permit applications received, the number of household receiving refuse collection service, or the number of burglaries to be investigated).