



TOWN OF PRESCOTT VALLEY STAFF REPORT

DATE: May 22, 2025

TO: Mayor & Town Council

THROUGH: Gilbert Davidson, Town Manager

FROM: Celina Morris, Finance Director

DEPARTMENT: Finance

AGENDA TYPE: New Business (for Review, Comment, And/or Possible Action)

SUBJECT: Tentative Town Budget FY2025-26 - Consideration & Possible Action (Approve) [Celina Morris, Finance Director]

VISION 2024 FOCUS AREA: How we conduct our business and ourselves through our culture, diversity, communication, delivery, outreach, processes, and values. What we do, how we do it, and who we do it for.

SUMMARY/BACKGROUND:

Management is pleased to present the Tentative Budget for Fiscal Year 2025–2026 (FY25-26) to the Town Council for consideration and adoption. Adoption of the Tentative Budget establishes the maximum allowable expenditure limit for the upcoming fiscal year.

On May 1, 2025, the Town Council held a Study Session to review the proposed budget developed by staff for FY25–26. The session included an overview of the budget process, key assumptions, and major priorities. The Town follows a **Fiscally Conservative and Community-Minded Budget Philosophy**, ensuring alignment with Council goals and community values. This approach promotes:

- Structural balance, where ongoing revenues fund ongoing expenditures
- Use of one-time revenues and savings (fund balance) for one-time or strategic purposes
- Long-term financial sustainability

Staff recommends that the Town Council adopt Resolution No. 2025-2418, approving the Tentative Budget and setting a public hearing for June 26, 2025, for the final

adoption of the FY25–26 Budget. The total **Tentative Budget for FY25–26 is \$221,501,855**. This is an increase of \$21,296,855 when compared to the current year (FY24-25) budget. The difference can be attributable to the following:

- Anticipated Other Financing Uses (Loan and & Grant Funded expenses related to Water Capital Improvement Projects), totaling \$15.5M.
- An increase in debt service of \$2.25M related to a potential revenue obligation bond and debt related to water capital improvement projects.
- An increase of \$200K due to either increases in costs or an increase in available grant funds.
- An increase of \$871K due to anticipated rollover requests from goods and services procured in the current fiscal year but not received or for services that have not been fully rendered.
- An increase of \$1M from the allocation of the Streets Capital Fund towards the pavement preservation program.
- An increase of \$578K in personnel and benefit costs related to the requests for new positions shown below:
 - NARTA Sergeant
 - Deputy Human Resources Director
 - Contract Coordinator (anticipated mid-year recruitment)
 - Utilities Engineer
- An increase of \$755K from the addition of polling software, professional services to perform design concept reports predominately to identify key projects for the Streets division, addition of a grant match, and the addition of chlorine safety equipment.
- Offset by a decrease of \$140K in other expenses or an increase in dedicated revenue

In addition to the Personnel Requests summarized above, the Tentative Budget also includes the following changes that were incorporated into the Preliminary Budget:

Reclassifications:

- Utilities Engineer to Sr. Engineer:
- Deputy Town Clerk to Exempt, Grade N:
- Town Clerk to Grade T
- Grants and Contracts Coordinator to Housing Specialist - Grade J
- Admin Tech 0.63 FTE (Finance) to Admin Specialist I 1.0 FTE
- Administrative Specialist II (Parks) 0.63 FTE to 1.0 FTE
- Tween Librarian to Library Assistant III – Grade G
- Economic Development Specialist to Economic Development Coordinator

Added Positions:

- Parks Maintenance Specialist
- Stormwater Technician
- Stormwater Specialist
- Utilities Operations Coordinator (Funded in FY26, but authorized in FY25)

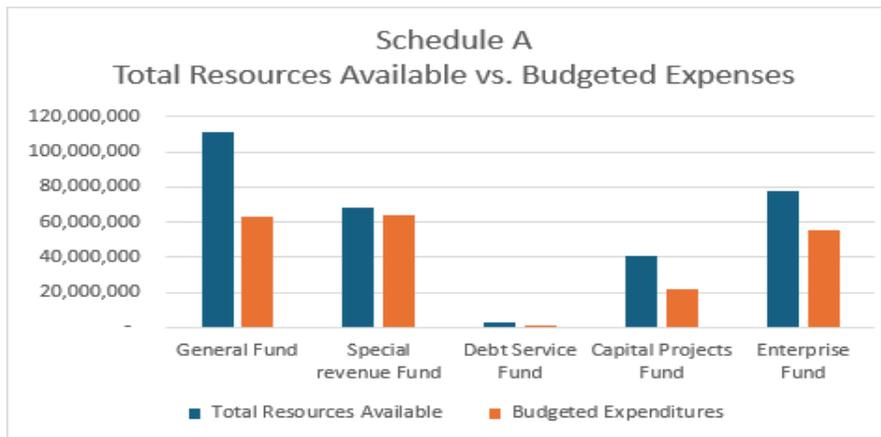
Unfunded Positions:

- Media Production Specialist (Remains authorized, but unfunded in FY26)
- Transit Coordinator (Position has been removed)

Pursuant to **Arizona Revised Statutes (A.R.S.) §§ 42-17101 and 42-17102**, cities and towns must prepare an annual budget on forms prescribed by the Arizona Auditor General. The following charts summarize the information provided in the official forms:

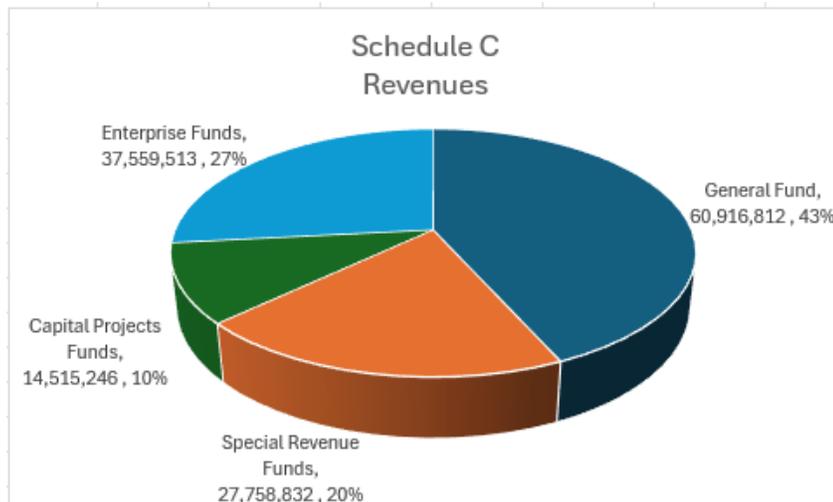
Schedule A provides a calculation of total resources available (revenues plus savings) versus planned expenses. Schedule A shows that available resources total an estimated \$301M, compared to budgeted expenses of \$206M.

Forecasted resources versus anticipated expenses are shown in the chart below, by fund.



Schedule B has been omitted, as the Town does not currently have a property tax.

Schedule C provides a breakdown of revenues for each fund by type. The detailed information has been summarized in the chart below by fund.

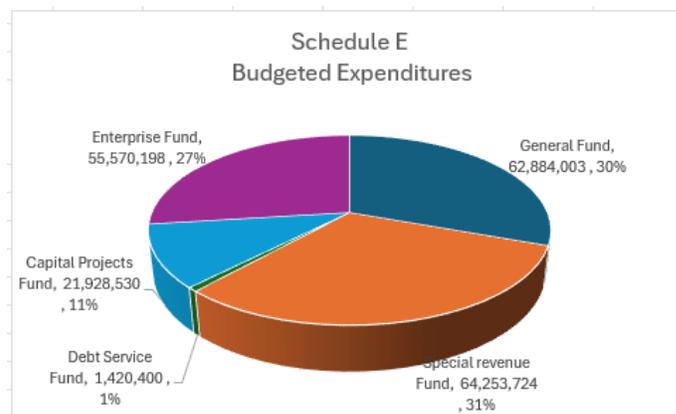


Schedule D provides a breakdown of the interfund transfers, which is provided in the matrix below.

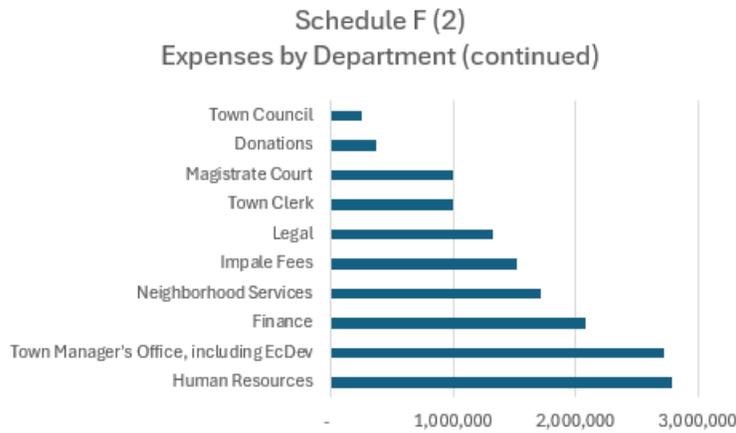
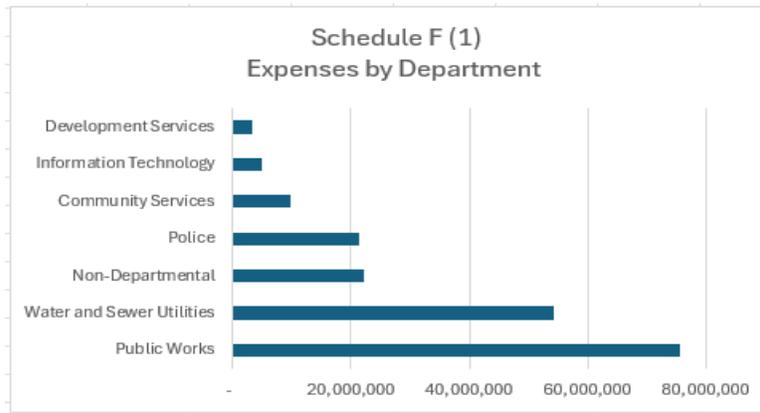
	Transfer IN	Transfer Out
General Fund		2,639,555
Special Revenue Funds	2,000,000	780,845
Capital Projects Funds		1,500,000
Debt Service Funds	2,920,400	
Enterprise Funds	5,466,708	5,466,708
	<u>10,387,108</u>	<u>10,387,108</u>

Also, on Schedule D the potential Streets bond of \$30M and potential grants and loan for water capital improvement projects is noted.

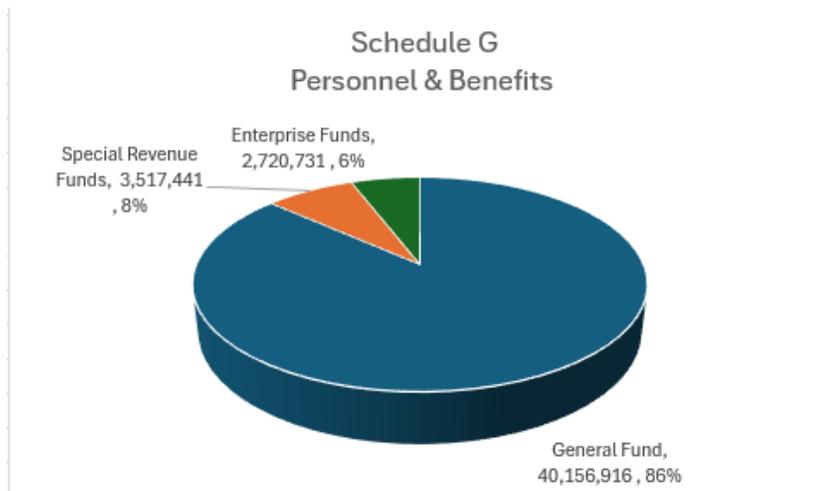
Schedule E provides a breakdown of expenditures for each fund by type. The detailed information has been summarized in the chart below by fund.



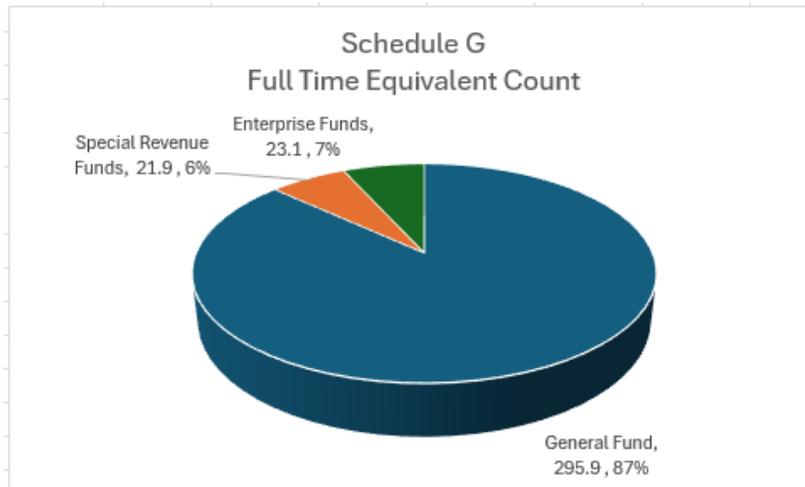
Schedule F provides anticipated expenditures by department, across all funding sources. The following charts provides a breakdown by department.



Schedule G illustrates personnel & benefit costs by fund as illustrated in the chart below.



Schedule G also provides the FTE count by fund type, as shown in the table below.



RECOMMENDED MOTION:

Motion to authorize the Mayor (or, in his absence, the Vice Mayor) to sign Resolution No. 2025-2148, **AND** giving notice of a public hearing June 26, 2025, **OR** Motion not to approve Resolution No. 2025-2148. **VOTE.**

STAFF RECOMMENDATION:

Staff recommends authorizing signature of Resolution 2025-2148 approving the Tentative Budget for the Town of Prescott Valley in FY25-26.

FISCAL ANALYSIS:

The annual budget process is a critical component of the Town's fiscal health. Once the process is completed and the final budget is adopted, the Town will have the legal ability to utilize budgeted resources in FY25-26. The Proposed Tentative Budget for Fiscal Year 2025-2026 is \$221,501,855.

Council Action at the Meeting:

ATTACHMENTS: Yes