


Draft Council Memo:

Subject: Town of Eagar Tentative Budget Adoption

Date: June 6, 2023

The Finance department has worked over the last few months to prepare the budget for the Town Council’s review and approval. The proposed tentative budget is \$16,585,706. Overall, the budget is decreasing by 7% from the budget adopted for FY22-23. The main area for the decrease is in Capital or One-time uses in the HURF and Utilities funds.

The Town has budgeted for a 4% COLA for all employees and full participation in the 457 plan. The Town also plans to update the ranges for all positions.


							
Town of Eagar All Fund Summary FY 2024 Tentative Budget Revenues and Expenditures, excludes transfers							
ALL FUNDS	FY2021 Actual	FY 2022 Budget	FY 2023 Budget	FY 2023 Actual	FY 2024 Budget	\$ Change, Budget	% Change, Budget
REVENUES							
General Fund	3,874,940	3,734,884	4,481,432	4,537,643	4,383,219	(98,213)	-2%
HURF Fund	1,188,919	1,693,686	1,462,580	1,462,580	1,789,988	327,408	22%
Grant Fund	334,051	137,115	2,720,355	2,695,355	5,245,599	2,525,244	93%
Utility Fund	1,649,714	1,914,101	1,836,078	1,370,006	1,713,000	(123,078)	-7%
Total Revenues	7,047,624	7,479,786	10,500,445	10,065,584	13,131,806	2,631,361	25%
EXPENDITURES							
General Fund	2,039,804	2,420,666	4,778,117	3,461,233	4,842,148	64,031	1%
HURF Fund	1,271,971	1,654,721	5,116,758	3,107,588	3,540,313	(1,576,445)	-31%
Grant Fund	595,643	192,517	3,695,355	2,695,355	5,245,599	1,550,244	42%
Utility Fund	1,183,260	1,111,489	4,231,705	2,713,627	2,957,646	(1,274,059)	-30%
Total Expenditures	5,090,677	5,379,393	17,821,935	11,977,803	16,585,706	(1,236,230)	-7%
Ending Balance							
Net Change in Fund Balance	1,956,947	2,100,393	(7,321,490)	(1,912,220)	(3,453,900)	(Budgeted Carryforward)	
Fund Balance at the Start of the Year	8,784,823	10,741,770	12,842,163	12,842,163	10,929,943		
Fund Balance - Ending	10,741,770	12,842,163	5,520,673	10,929,943	7,476,044		

For the General Fund, operational revenue is decreasing by \$98,213, or around 2%, mainly due to ARPA/CARES monies budgeted in previous. We are estimating a \$143,713 (17%) increase in Urban Revenue over the amount budgeted in fiscal year 2022-23. The increase is due to how the State calculates the amount and will result in a temporary increase over the next two years but is then expected to return to previous levels.

General Fund operations are budgeted for a decrease of \$93,056 (3%). This is mainly caused by a decrease in projects with the parks.


Code Enforcement/Animal Control has been adjusted to reflect a shared services agreement with the Town of Springerville. Community Development has a large increase in their budget compared to previous years due to the staff funding updates.

The General Fund Capital and One-time purchases is seeing a decrease of \$3,215,122 (55%) mainly due to the Butler project that is scheduled to be mostly completed in FY22-23, with around \$1,300,000 to be paid in FY23-24. The Town is budgeting for a new Fire House (\$1,000,000) to be built in FY23-24

							
Town of Eagar General Fund Summary FY 2024 Tentative Budget							
GENERAL FUND	FY2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 YE Actual	FY 2024 Budget	\$ Change, Budget	% Change, Budget
OPERATING REVENUES							
Local Taxes	1,420,477	1,776,329	1,438,268	1,361,629	1,429,711	(8,557)	-1%
Intergovernmental	1,728,895	1,634,161	1,939,814	1,845,889	2,104,558	164,744	8%
Rents/Royalties	167,216	126,256	113,300	151,456	113,300	-	0%
Charge for service	24,575	53,364	33,800	18,685	33,800	-	0%
Recreation/events	5,114	1,945	300	1,560	1,000	700	233%
Fees & Permits	103,799	99,482	88,100	96,131	92,200	4,100	5%
Fines & Forfeitures	10,893	9,741	9,600	11,174	10,500	900	9%
Donations	22,508	7,227	15,000	34,885	15,000	-	0%
Misc Revenue	391,465	26,379	843,250	1,016,234	583,150	(260,100)	-31%
Total Revenues	3,874,940	3,734,884	4,481,432	4,537,643	4,383,219	(98,213)	-2%
OPERATING EXPENDITURES							
Town Council	21,717	24,740	26,109	25,437	27,021	912	3%
General Government	167,345	450,679	222,200	196,892	237,000	14,800	7%
Magistrate	37,712	38,331	42,797	50,533	55,020	12,223	29%
Town Manager	57,659	65,608	68,366	68,121	71,142	2,776	4%
Town Clerk	37,628	41,160	46,039	41,261	51,664	5,625	12%
Community Development	106,403	83,922	84,949	105,085	210,599	125,650	148%
Finance	94,220	115,502	121,493	115,900	135,049	13,556	11%
Police	831,701	899,130	1,074,677	680,036	1,140,646	65,969	6%
Fire	239,698	187,774	407,578	301,025	248,850	(158,729)	-39%
Animal Control	65,685	69,074	83,302	59,126	45,437	(37,865)	-45%
Parks	54,223	10,321	22,000	19,786	27,500	5,500	25%
Facilities	184,304	305,926	549,385	303,616	350,497	(198,888)	-36%
Fleet	87,029	93,952	141,022	133,609	196,437	55,415	39%
Total Expenditures	1,985,324	2,386,119	2,889,917	2,100,427	2,796,862	(93,056)	-3%
Net General Fund Operations	1,889,616	1,348,765	1,591,515	2,437,216	1,586,358	(5,158)	
One-time sources (uses)							
CARES/ARPA Funds	1,203,271	-	825,100	825,098	-	(825,100)	-100%
Contingency	-	-	(500,000)	-	(500,000)	-	0%
Purchase Capital Items	(54,480)	(34,547)	(1,138,200)	(1,110,806)	(1,322,000)	(183,800)	16%
PSPRS Additional Contribution	-	-	(250,000)	(250,000)	(805,786)	(555,786)	222%
Transfers out - HURF and Utilities	-	-	(4,779,808)	(4,779,808)	-	4,779,808	-100%
Total One-time sources (uses)	1,148,790	(34,547)	(5,842,908)	(5,315,516)	(2,627,786)	3,215,122	-55%
Ending Balance							
Net Change in Fund Balance	3,038,406	1,314,218	(4,251,393)	(2,878,301)	(1,041,429)	3,209,965	(Budgeted Carryforward)
Fund Balance at the Start of the Year	2,417,365	5,455,771	5,455,771	6,769,989	3,891,688		
Fund Balance - Ending	5,455,771	6,769,989	1,204,378	3,891,688	2,850,260		


To address the unfunded liability of the PSPRS fund, the Town is budgeting an additional \$500,000 to be paid in FY23-24. This will be on top of the required payment of \$305,786. We are working with PSPRS on the best method to pay down our unfunded liability. The Town's Pension Funding Policy has additional details regarding this liability.

The Highway User Revenue (HURF) is projected to decrease by \$15,592 (1%). HURF fund operations show a \$45,555 (4%) increase mainly due to an increase in personnel costs. HURF capital improvement projects for FY23-24 include \$1,300,000 to finish Butler Road. Funds were transferred in FY22-23 to cover this project; no additional transfers will be needed.

							
Town of Eagar HURF Fund Summary FY 2024 Tentative Budget							
HURF FUND	FY2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 YE Actual	FY 2024 Budget	\$ Change, Budget	% Change, Budget
REVENUES							
Highway User Revenue (HURF)	1,188,919	1,363,088	1,302,580	1,302,580	1,286,988	(15,592)	-1%
HURF Exchange	-	326,625	157,000	157,000	500,000	343,000	218%
HURF Reimbursement	-	-	-	-	-	-	0%
Other	2,133	3,973	2,802,808	3,000	3,000	(2,799,808)	-100%
Transfer in from the General Fund				2,799,808	-	-	0%
Total Revenues	1,191,052	1,693,686	4,262,388	4,262,388	1,789,988	(2,472,400)	-58%
EXPENDITURES							
Operating	1,231,665	1,601,531	1,184,758	975,588	1,230,313	45,555	4%
Capital Expenditures	40,209	52,327	3,275,000	1,975,000	1,310,000	(1,965,000)	-60%
HURF Exchange	97	863	157,000	157,000	500,000	343,000	218%
Contingency	-	-	500,000	-	500,000	-	0%
Total Expenditures	1,271,971	1,654,721	5,116,758	3,107,588	3,540,313	(1,576,445)	-31%
Ending Balance							
Net Change in Fund Balance	(80,919)	38,965	(854,370)	1,154,800	(1,750,325)		(Budgeted Carryforward)
Fund Balance at the Start of the Year	1,008,881	927,962	927,962	966,927	2,121,727		
Fund Balance - Ending	927,962	966,927	73,592	2,121,727	371,402		


The Grant Fund total budget is increasing \$2,525,244 (93%) due to more grant projects anticipated in FY23-24 than in previous years. The projects and budget include \$1,500,000 for Fiber, \$1,000,000 for a new Water Tank, \$1,000,000 for new Street Lighting on Main, and \$524,744 for HAWK project.

\$1,000,000 has been budgeted for unanticipated grants.

							
Town of Eagar Grant Fund Summary FY 2024 Tentative Budget							
GRANT FUND	FY2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Actual	FY 2024 Budget	\$ Change, Budget	% Change, Budget
REVENUES							
Grant Revenue	334,051	137,115	1,720,355	2,695,355	4,245,599	2,525,244	147%
	-	-	1,000,000	-	1,000,000	-	0%
Total Revenues	334,051	137,115	2,720,355	2,695,355	5,245,599	2,525,244	93%
EXPENDITURES							
Grant Expenditures	595,643	192,517	2,695,355	2,695,355	4,245,599	1,550,244	58%
Contingency	-	-	1,000,000	-	1,000,000	-	0%
Total Expenditures	595,643	192,517	3,695,355	2,695,355	5,245,599	1,550,244	42%
Ending Balance							
Net Change in Fund Balance	(261,592)	(55,402)	(975,000)	-	-		(Budgeted Carryforward)
Fund Balance at the Start of the Year	263,016	1,424	(53,978)	(53,978)	(53,978)		
Fund Balance - Ending	1,424	(53,978)	(1,028,978)	(53,978)	(53,978)		

The Utilities Fund is seeing a decrease of \$1,274,059 (30%) of expenditures. Several large projects were planned in prior years (water well, fire hydrants, fiber) that are either completed or have been pushed into later years. The Town is budgeting for additional automated water meters for \$830,000. The Utilities fund received a transfer from the General Fund in FY22-23 to fund projects. No transfer is anticipated for FY23-24.

Water operations are increasing by \$88,781 (12%) mainly due to an increase in personnel costs. Sewer operations are decreasing \$14,762 (3%) relating to personnel costs.

							
Town of Eagar Utilities Fund Summary FY 2024 Tentative Budget							
UTILITIES FUND	FY2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 YE Actual	FY 2024 Budget	\$ Change, Budget	% Change, Budget
REVENUES							
Water Sales	944,057	916,332	750,000	704,638	850,000	100,000	13%
Water Connections	50,850	31,650	25,000	19,670	25,000	-	0%
Water Service Charges	13,810	13,290	14,000	9,387	14,000	-	0%
Sewer Service Charges	569,626	586,416	525,000	592,645	590,000	65,000	12%
Sewer Connections	46,800	24,000	25,000	28,800	25,000	-	0%
Fiber User Revenue	-	-	158,078	-	-	(158,078)	-100%
Penalties	10,015	10,195	9,000	8,000	9,000	-	0%
Other	14,556	332,218	330,000	6,866	200,000	(130,000)	-39%
Transfers In from the General Fund	-	-	1,980,000	1,980,000	-	(1,980,000)	-100%
Total Revenues	1,649,714	1,914,101	3,816,078	3,350,006	1,713,000	(2,103,078)	-55%
EXPENDITURES							
Water Operations	708,752	621,145	740,764	740,764	829,545	88,781	12%
Sewer Operations	366,607	450,402	502,863	502,863	488,101	(14,762)	-3%
Fiber Operations	-	-	158,078	-	-	(158,078)	-100%
Water Capital	71,752	19,971	775,000	775,000	930,000	155,000	20%
Sewer Capital	36,148	19,971	695,000	695,000	210,000	(485,000)	-70%
Fiber Capital	-	-	860,000	-	-	(860,000)	-100%
Contingency	-	-	500,000	-	500,000	-	0%
Total Expenditures	1,183,260	1,111,489	4,231,705	2,713,627	2,957,646	(1,274,059)	-30%
Ending Balance							
Net Change in Fund Balance	466,455	802,612	(415,627)	636,379	(1,244,646)		(Budgeted Carryforward)
Fund Balance at the Start of the Year	3,890,158	4,356,613	4,356,613	5,159,225	5,795,604		
Fund Balance - Ending	4,356,613	5,159,225	3,940,986	5,795,604	4,550,958		

The budget process for Town Council's adoption of the fiscal year 2023-24 budget is as follows:

- June 6, 2023 – Tentative budget adoption
- July 18, 2023 – Final budget adoption - With possible changes incorporated, the Town Council and public will be presented with a final budget. A public hearing and special meeting for adoption will take place.

The tentative budget adoption is a required step in the process according to State law. The legal deadline for adopting a Tentative budget is the third Monday in July, which is July 17th. Once the tentative budget has been adopted, the total expenditures may not be increased upon final adoption; however, they may be decreased. With the adoption of the tentative budget, the council has set its maximum 'limit' for expenditure, but these limits may be reduced upon final adoption. Staff will take any feedback during the meeting to be incorporated into the final budget.

Once the tentative budget has been adopted, it is required that the Town publish a summary of the budget in a local newspaper once a week for two consecutive weeks. Notices of the final budget adoption meeting and public hearing are also published. The final public hearing and final adoption of the budget will be held July 18, 2023, in conjunction with the regularly scheduled Council meeting, in a special meeting as required by State law.

Attachments:

1. Town of Eagar FY2022-23 Tentative Budget – Detailed Line Item Budget
2. Tentative Budget on the Auditor General's Official Budget Forms