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TOWN OF JEROME, ARIZONA

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May 3, 2023

TO: Jerome Town Council
Mayor Christina "Alex" Barber

FROM: Brett Klein, Town Manager / Clerk

REFERENCE: First Draft of FY 2024 Budget

Attached is the initial draft of the Town Budget for your review. For ease of viewing and processing below are some notes and highlights, and where applicable there will be a corresponding page number. This is evolving and as I write this memo there are already five changes / additions that need to be made. The goal is to have a near final draft to you for our next budget meeting later this month. Please also note the attached fund balance review analysis and budget calendar timeline.

Also, this format is due to the Town's new financial software management system which significantly reduces staff time and redundant actions for staff, but will take some getting used to. For ease of reading, I have left the budget numbers in handwritten blue ink. The final draft will look like all the other columns.

PAGE 1:

Building permits and fees are difficult to forecast especially in a town like Jerome. However, we can use the last complete year as a guide along with year-to-date amounts to help forecast especially keeping in mind that late spring time is a busy time for applying for building permits.

Urban Revenue share: This is the first year of the funding formula increasing the municipal share portion from 15% to 18%. We are likely to receive even more than the \$335,208, but this is a best guess of the amount it would be if the flat tax that will be in effect in FY 2026 were in effect today.

Yavapai County for Library: The County Librarian unilaterally decreased the amount of contribution to the municipal libraries in the County. There is some question as to whether or not he has the authority to do so, but nonetheless the 30% decrease is the number we've been provided thus far. Larger libraries are greatly impacted by this decision.

PAGE 2:

Fire Dept Revenues: Chief Blair indicated that May and June are typically the largest revenue generating months in terms of wildland fires, and also that we had to turn down opportunities due to not having a full crew. The addition of the fuel abatement employees will help with this.

Fund Reserves: The amount of general fund reserves to balance the budget, while still accomplishing all the goals and objectives of the Council and requests of the Department Heads is considerably less than was needed last year. Moreover, it is less than the projected FY '23 surplus, which is a goal of the finance department for each subsequent budget preparation.

PAGE 3:

Page 3 and subsequent pages with salaries, wages, insurance and retirement already include the proposed increases discussed at the last budget meeting: 2% retirement; increasing the dependent health care Town contribution from 50-65%; 5% cost-of-living adjustment and the longevity retention program.

PAGE 5:

Includes the necessary transfers indicated under the budget notes.

Magistrate Court Expenses – Health / Life Insurance: includes insurance for the court clerk, which was proposed last year but not needed at that time.

PAGE 7:

10-43-6220 is for the repair to the crashed police squad, but also had corresponding offsetting revenue from insurance. **10-43-6280** is high this year due to a one-time expense of badges.

Fire Department Salaries and Wages includes the aforementioned two (2) new Firewise employees.

PAGE 10:

Planning and Zoning 10-46-6310 is the new historic preservation expense line item that will be expanded in the years to come.

PAGE 13:

Water Utility Revenue is down even from the actual revenue received in FY'22. The rate study will be completed before the end of this fiscal year and be in place, which will adjust the user fees accordingly based on the objectives of the Council.

Water Utility Expense includes a number of operational infrastructure expenses totaling \$220,000, while the larger expenses will be moved to the Capital / Grant Fund.

PAGE 14:

Sewer Utility Revenue is also down even from the actual revenue received in FY'22. The rate study will be completed before the end of this fiscal year and be in place, which will adjust the user fees accordingly based on the objectives of the Council and the financial model for the new WWTP.

Capital Projects: Please note all projects discussed and identified by staff and Council the past six months have been included in this budget. Within the Contingency Fund budget, the capital expenditures that are deemed the highest priority are sure to be funded all things being equal and market conditions not changing drastically.