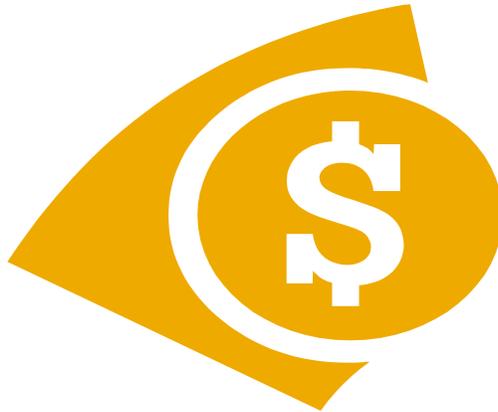


Town of Payson, Arizona



Financial Status Report



Month of August, 2017

Prepared by: Deborah Barber, CFO

Executive Summary

Fund Balance As of August 31, 2017 - Preliminary

17% of the Fiscal Year Has Elapsed

Fund	Year to Date Revenues	Year to Date Expenditures	Year to Date Balance	Carry Forward**	Adjusted Balance
General Fund	1,861,729	2,150,925	(289,196)	2,084,869	1,795,673
HURF Fund	215,920	451,768	(235,848)	474,710	238,862
P & R Facility Imprv. Fund	2,950	-	2,950	50,503	53,453
Gifts & Grants Fund	-	-	-	15,000	15,000
Bed Tax Fund	-	38,114	(38,114)	337,483	299,369
Department of Justice Fund	-	400	(400)	57,583	57,183
Police Impound Fee Fund	2,100	-	2,100	8,000	10,100
Library Fund*	2,401	42,013	(39,612)	-	(39,612)
Magistrate Court FTG/JCEF	369	-	369	75,200	75,569
Airport Fund*	19,389	35,139	(15,750)	-	(15,750)
Event Center Fund*	8,022	24,106	(16,084)	-	(16,084)
Contingency Fund	-	-	-	-	-
Insurance Fund	231,411	154,052	77,359	31,432	108,791
Grant Capital Projects Fund*	-	36,810	(36,810)	-	(36,810)
Public Safety Bonds	-	-	-	140,384	140,384
Timber Ridge Impr District Fund	-	-	-	-	-
American Gulch	-	-	-	-	-
CAP Trust Fund	-	8,628	(8,628)	133,211	124,583
Westerly Rd Debt Service Fund*	-	750	(750)	-	(750)
Airport Improvements DS Fund*	-	-	-	-	-
Public Safety Improve. DS Fund	-	305,000	(305,000)	442,449	137,449
Timber Ridge ID DS Fund	-	-	-	-	-
Water	3,998,483	2,455,666	1,542,817	9,090,360	10,633,177
Totals	6,342,774	5,703,371	639,403	12,941,184	13,580,587

*These funds are likely to have negative fund balances at various times through the year:

- * Library District revenue comes in November and May. A Gen Fund transfer at year end will restore zero balance.
- * Airport. Grant revenue randomly through the year. GF transfer at year end to restore zero balance.
- * Event Center. Transfer from Bed Tax fund at year end will restore this fund to a zero balance.
- * Grant Capital Projects. Grant revenues are often received as reimbursements after moneys are spent.
- * Debt Service funds will be restored to zero at year end through budgeted transfers in.

**Although preliminary audit work has been completed, Fund Balance Carry Forwards are still subject to change until the final audit work is finished. This should occur in November 2017.

HIGHLIGHTS

This report is for the months of July and August 2017, just two months into the new fiscal year. As you will see in the following pages, most of our revenue sources are trending slightly above the prior fiscal year. Of course, we hope to see this continue.

We should soon begin to see a significant increase in sales tax revenue over prior year due to the sales tax increase effective August 1. Businesses will begin reporting with the new tax rate in mid-September, with those revenues remitted to us in October. You will see this increase reflected in our year over year comparison for Local Sales Tax Revenue going forward.

Public Safety Retirement Refund checks were issued to public safety personnel in August as required by the Hall/Parker lawsuits. To date those payments were in excess of \$400,000. We are still waiting to hear the interest rate assigned to those refunds so we can remit the interest portion to the recipients. We expect the interest portion to be an additional \$50,000 or more.

During a monsoon storm at the end of July the airport received a lightning strike that caused extensive damage to equipment. Airport expenditures currently appear to be over budget. However, the expense will be offset by insurance recoveries.

A July 1 principal payment on the WIFA loans in the amount of \$1,175,143 makes it appear the Water Department is over their year-to-date operating budget. This will correct itself over the next few months.

You will notice little activity yet in most of the budgeted capital items and debt service categories. Again, you will see these change as the year progresses. The % to budget for these categories is for reference only, and is not truly useful information since the spending is not spread evenly through the year.

Speaking of useful information, you may notice slight changes in the format of this Financial Status Report. I hope to make this a document that provides valuable information to our Mayor and Council, Department Heads, employees, and citizens. If there is something more you would like to see, please let me know so I can address it.

The field work has been completed for our annual audit, with positive feedback from our new audit firm. We are now finishing final details, and then the auditors will be preparing our year-end financial statements for the Comprehensive Annual Financial Report.

The Budget Book is in its final stages of review in preparation for submission to the Government Finance Officers Association.

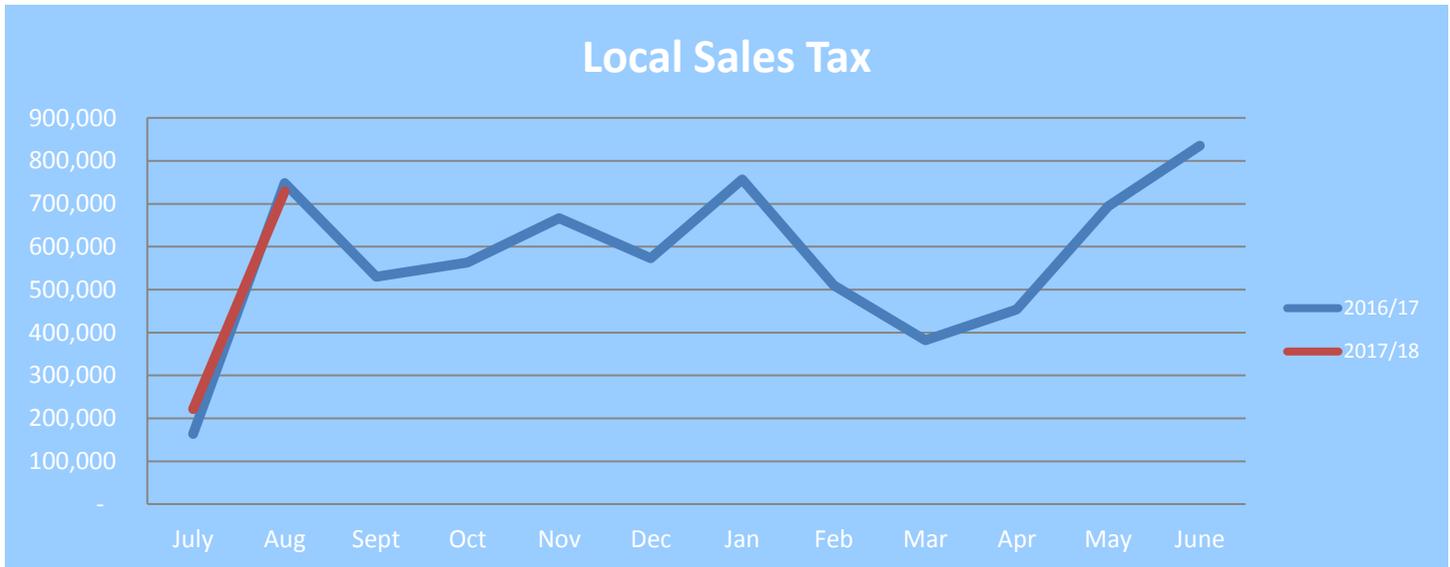
Respectfully submitted,
Deborah Barber, Chief Fiscal Officer

REVENUE

GENERAL FUND

LOCAL SALES TAX: As you can see from the graph below, July's sales tax revenue is typically the lowest month of the year. This results from all revenues attributed to June being booked back into the prior fiscal year. And then August jumps up, reflecting a busy retail season in July. The .88% sales tax increase took effect on August 1. We should see beginning numbers reflected in our September and October reports.

<u>Local Sales Tax Year to Date</u>	\$ 950,539
Compared to prior year:	\$ 912,117
Difference to Date	\$ 38,422



STATE SHARED INCOME TAX: Revenue numbers in this category are provided by the State, and are based on State income tax collections from two years ago. The Town's share will be approximately the same for each month of this fiscal year. These revenues should closely match the budgeted revenue.

<u>State Income Tax Yr to Date</u>	\$ 319,475
Compared to prior year:	\$ 313,092
Difference to Date	\$ 6,383



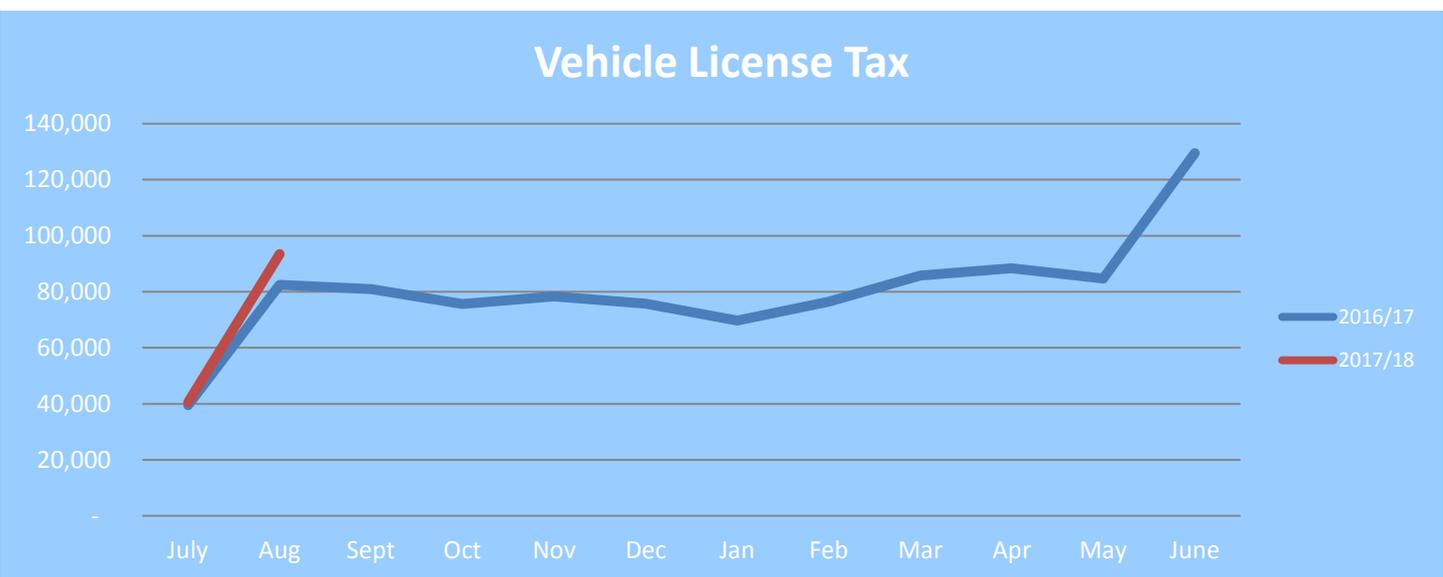
STATE SHARED SALES TAX: The Town receives a portion of State Sales Tax collections, which are deposited directly into our Local Government Investment Pool (LGIP) account. As with Town sales tax collections, the amount we receive can fluctuate depending on the economy and spending habits of the public.

<u>State Shared Sales Tax YTD</u>	\$ 120,252
Compared to prior year:	\$ 113,081
Difference to Date	\$ 7,171



VEHICLE LICENSE TAX: VLT is also a state shared revenue. This is another revenue source that follows the pattern of our local sales tax: higher than average in June, lower than average in July.

<u>Vehicle License Tax YTD</u>	\$ 134,039
Compared to prior year:	\$ 121,968
Difference to Date	\$ 12,071



Construction Related Revenue:

Like sales tax, construction related revenues are closely tied to our local economy. This category includes building permits, right-of-way permits, and inspections, as well as code, plan, zoning, and engineering review fees. Our two largest areas of construction related revenue, Building Permits and Plan Review Fees, both show a slight increase over prior year, continuing the upward trend we've seen in recent months.

<u>Building Permits Year to Date</u>	\$ 52,408
Compared to prior year:	\$ 48,692
Difference to Date	\$ 3,716



<u>Plan Review Fees YTD</u>	\$ 28,017
Compared to prior year:	\$ 26,203
Difference to Date	\$ 1,814

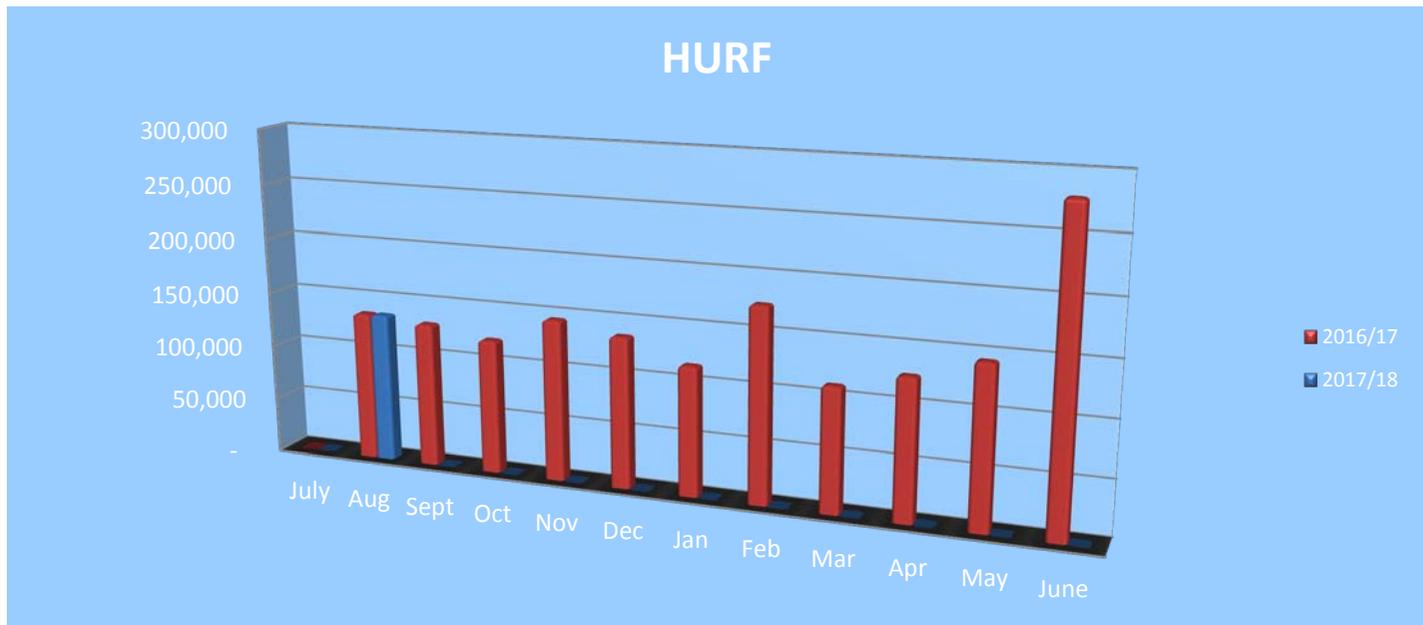


<u>Various Construction Related Rev</u>	Year to Date	Prior YTD	Difference	Budget	Received
Right-of-way permits	\$1,020	366	\$654	\$5,000	20%
Fire Code review	1,070	2,045	(975)	6,000	18%
Zoning review	1,950	5,449	(3,499)	25,000	8%
Inspections	590	770	(180)	7,500	8%
Engineering review	1,360	890	470	10,000	14%

HIGHWAY USERS REVENUE FUND

HIGHWAY USERS REVENUE: This is also a state shared revenue resulting from a tax on gasoline sales. The distribution is based on population, and funds are accounted for in a restricted use fund, to be used only for highway and street related projects.

<u>HURF Revenue Year to Date</u>	\$ 135,465
Compared to prior year:	\$ 135,257
Difference to Date	\$ 208



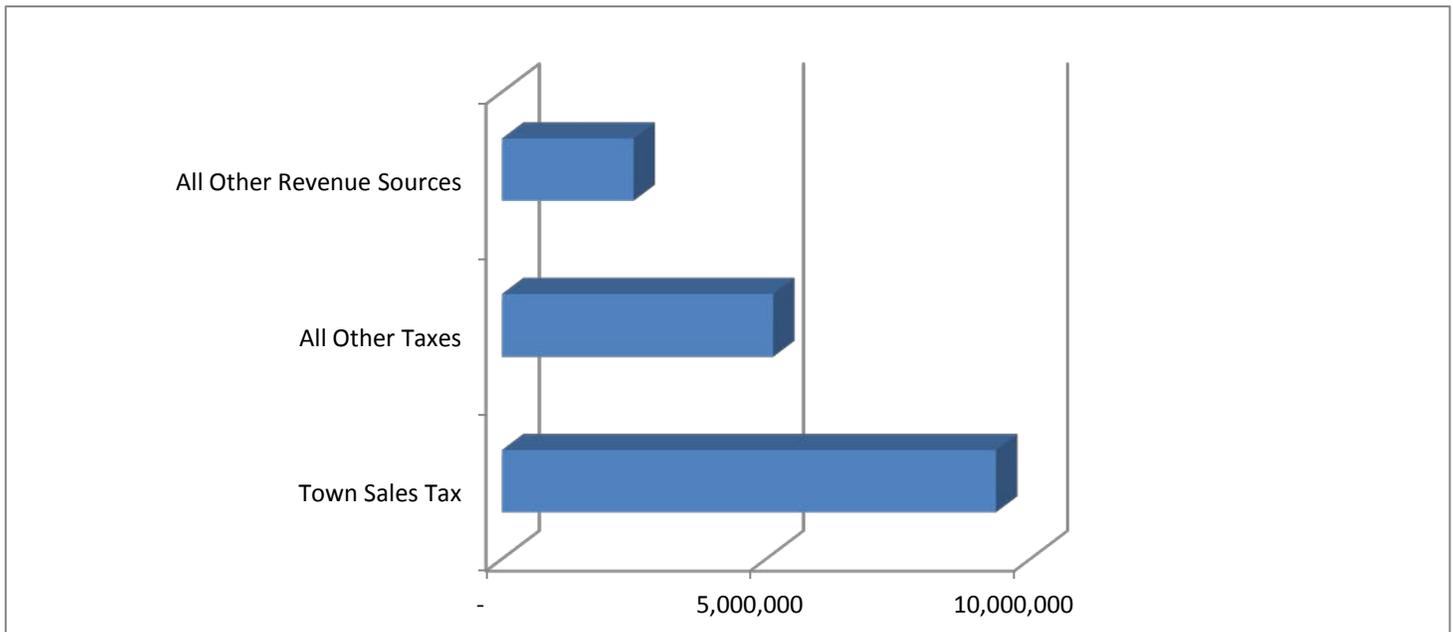
Town of Payson, Arizona
Revenue Analysis By Function - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
17% of the year has elapsed

Non-Restricted General Fund

<u>Category</u>	Fiscal Year 2017/2018					
	Adopted Budget	Year-to-Date Revenues	Current Collections Should be	Revenue Remaining to be Collected	YTD % Received	% to be Received
Taxes	14,481,000	1,525,142	2,413,500	12,955,858	10.53%	89.47%
Licenses & Permits	788,500	128,620	131,417	659,880	16.31%	83.69%
Intergovernmental	755,100	49,379	125,850	705,721	6.54%	93.46%
Charges for Services	822,600	118,233	137,100	704,367	14.37%	85.63%
Fines & Forfeitures	90,000	7,796	15,000	82,204	8.66%	91.34%
Miscellaneous	33,300	32,559	5,550	741	97.77%	2.23%
Transfers In	360,000	-	-	360,000	0.00%	100.00%
Total Non-Restricted General Fund	17,330,500	1,861,729	2,828,417	15,468,771	10.74%	89.26%

Note: Fire Service Agreement Fees have been moved from Intergovernmental to Charges for Services

Comparing General Fund Revenue Types*



*Not Including Transfers In

Town of Payson, Arizona
Revenue Analysis By Function - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
17% of the year has elapsed

Restricted Operating Revenues

	Fiscal Year 2017/2018					
	Adopted Budget	Year-to-Date Revenues	Current	Revenue	YTD % Received	% to be Received
			Collections Should be	Remaining to be Collected		
<u>Fund</u>						
202 HURF Fund*	2,549,000	215,920	424,833	2,333,080	8.47%	91.53%
206 P&R Improvement Fund	15,000	2,950	2,500	12,050	19.67%	80.33%
210 Gifts & Grants Fund	-	-	-	-	0.00%	0.00%
214 Bed Tax Fund	300,000	-	50,000	300,000	0.00%	100.00%
215 Department of Justice Fund	68,000	-	11,333	68,000	0.00%	100.00%
216 Police Impound Fund	7,000	2,100	1,167	4,900	100.00%	0.00%
224 Library Fund*	428,300	2,401	71,383	425,899	0.56%	99.44%
233 Magistrate Court-FTG	1,000	369	167	631	36.90%	63.10%
260 Airport Fund *	1,472,300	19,389	245,383	1,452,911	1.32%	98.68%
265 Event Center Fund*	222,200	8,022	37,033	214,178	3.61%	96.39%
280 Contingency Fund*	50,000	-	-	50,000	0.00%	100.00%
290 Insurance Fund*	1,953,700	231,411	325,617	1,722,289	11.84%	88.16%
Total Restricted Operating Revenues	7,066,500	482,562	1,169,417	6,583,938	6.83%	93.17%

*Includes Transfers In

Restricted Capital Revenues

	Fiscal Year 2017/2018					
	Adopted Budget	Year-to-Date Revenues	Current	Revenue	YTD % Received	% to be Received
			Collections Should be	Remaining to be Collected		
<u>Fund</u>						
403 Grant Capital Projects Fund*	1,105,000	-	-	1,105,000	0.00%	100.00%
429 American Gulch	150,000	-	-	150,000	0.00%	100.00%
434 Timber Ridge Imprv District	2,100,000	-	-	2,100,000	0.00%	100.00%
460 CAP Trust Fund	-	-	-	-	0.00%	0.00%
Total Restricted Capital Revenues	3,355,000	-	-	3,355,000	0.00%	100.00%

* Includes transfers in

Town of Payson, Arizona
Revenue Analysis By Function - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
17% of the year has elapsed

Debt Service Revenues

	Fiscal Year 2017/2018					
	Adopted Budget	Year-to-Date Revenues	Current Collections Should be	Revenue Remaining to be Collected	YTD % Received	% to be Received
<u>Fund</u>						
812 Westerly Rd ID Debt Service Fund*	78,900	-	13,150	78,900	0.00%	100.00%
822 Exc Tax Rev Ob Debt Service Fund*	128,000	-	21,333	128,000	0.00%	100.00%
823 Public Safety Improvements DS Fund	370,000	-	61,667	370,000	0.00%	100.00%
824 Timber Ridgert ID Debt Service Fund*	40,000	-	-	40,000	0.00%	100.00%
	616,900	-	96,150	616,900	0.00%	100.00%

Debt Service Revenues

* Transfers in are posted at the end of the fiscal year (June 2017).

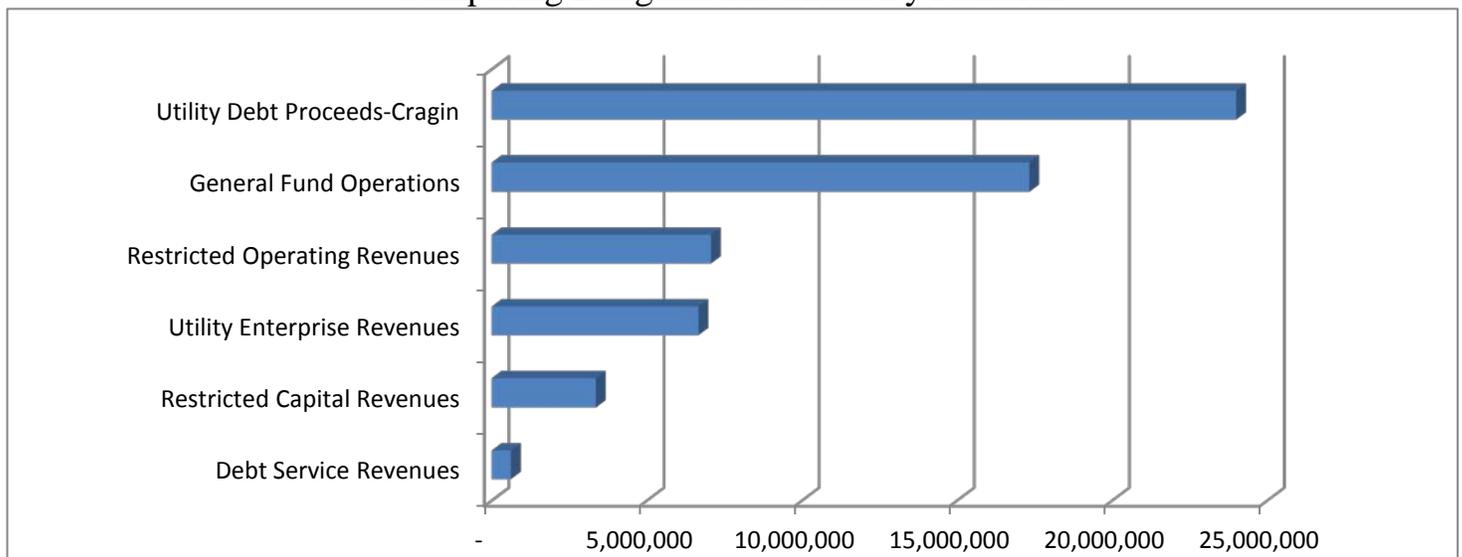
Utility Enterprise Revenues

	Fiscal Year 2017/2018					
	Adopted Budget	Year-to-Date Revenues	Current Collections Should be	Revenue Remaining to be Collected	YTD % Received	% to be Received
<u>Fund</u>						
Water--All Other*	6,663,500	1,298,019	1,110,583	5,365,481	19.48%	80.52%
Debt Proceeds	24,000,000	2,700,464	4,000,000	21,299,536	11.25%	88.75%
	30,663,500	3,998,483	5,110,583	26,665,017	13.04%	86.96%

Utility Enterprise Revenues

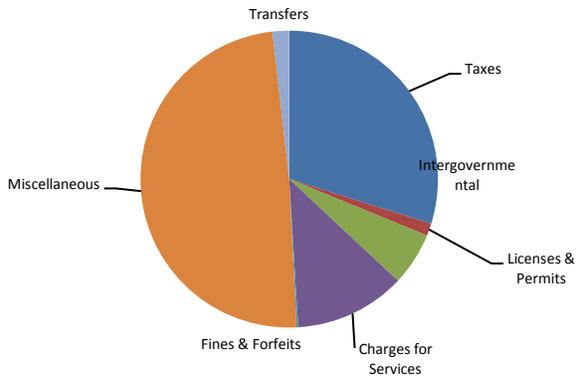
* Includes transfers in

Comparing Budgeted Revenues By Function

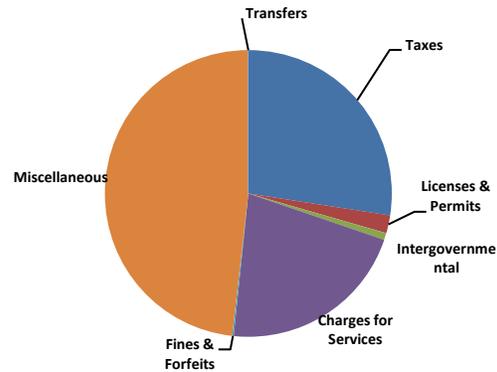


Revenue Analysis By Source - All Funds - Adopted Budget As of August 31, 2017--Preliminary/Unaudited 17% of the year has elapsed

Revenue Sources - Budget



Revenue Sources - Actual

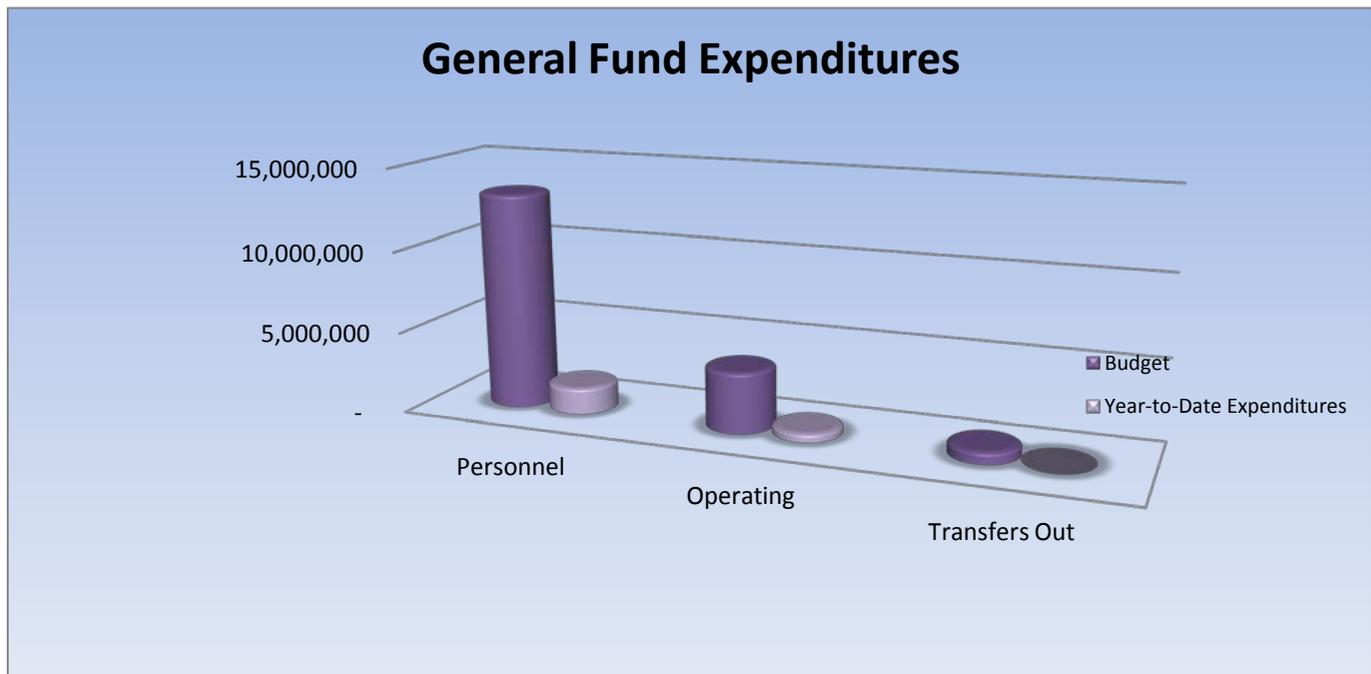


Revenue Source	Budget	Year-to-Date	Remaining
Taxes	\$ 17,622,400	\$ 1,741,062	\$ 15,881,338
Sales Tax	11,179,000	1,070,791	10,108,209
Income Tax	1,926,000	319,475	1,606,525
Property Tax	675,000	837	674,163
Vehicle License Tax	1,071,000	134,039	936,961
Highway Users Gas Tax	1,646,400	135,465	1,510,935
Gila County Tax	825,000	80,455	744,545
Bed Tax	300,000	-	300,000
Licenses & Permits	788,500	128,620	\$ 659,880
Franchise Fees	380,000	62,807	317,193
Business Licenses	72,000	12,260	59,740
Construction Related	335,000	53,428	281,572
Various	1,500	125	1,375
Intergovernmental	3,408,300	49,379	\$ 3,358,921
Grants	2,622,400	1,000	2,621,400
Other Agencies	785,900	48,379	737,521
Charges for Services	7,127,800	1,355,762	\$ 5,772,038
Water	6,286,000	1,269,136	5,016,864
Airport	104,200	19,229	84,971
Construction Related	222,500	31,917	190,583
Fire Fees	412,000	21,320	390,680
Law Enforcement	58,100	10,072	48,028
Various	45,000	4,088	40,912
Fines & Forfeitures	107,000	10,197	\$ 96,803
Miscellaneous	28,909,100	3,057,754	\$ 25,851,346
Recreation	257,000	63,908	193,092
Interest Earnings	47,500	20,067	27,433
Development Fees	-	-	-
Construction Contributions	-	-	-
Private Contributions	156,800	1,050	155,750
Employee Insurance	1,953,700	231,411	1,722,289
Lease/Purchase, Debt Proceeds	26,100,000	2,700,464	23,399,536
Special Assessments	57,600	-	57,600
Various	336,500	40,854	295,646
Transfers In	1,069,300	-	\$ 1,069,300
TOTAL	\$ 59,032,400	\$ 6,342,774	\$ 52,689,626

Town of Payson, Arizona
Expenditure Analysis - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
17% of the year has elapsed

Non-Restricted General Fund

Category	Fiscal Year 2017/2018				
	Adopted Budget	Year-to-Date Expenditures	Expenditures Remaining to be Spent	YTD % Spent	% to be Spent
Personnel	13,238,800	1,627,784	11,611,016	12%	88%
Operating	3,692,300	523,141	3,169,159	14%	86%
Transfers Out	710,000	-	710,000	0%	100%
Total Non-Restricted General Fund	17,641,100	2,150,925	15,490,175	12%	88%

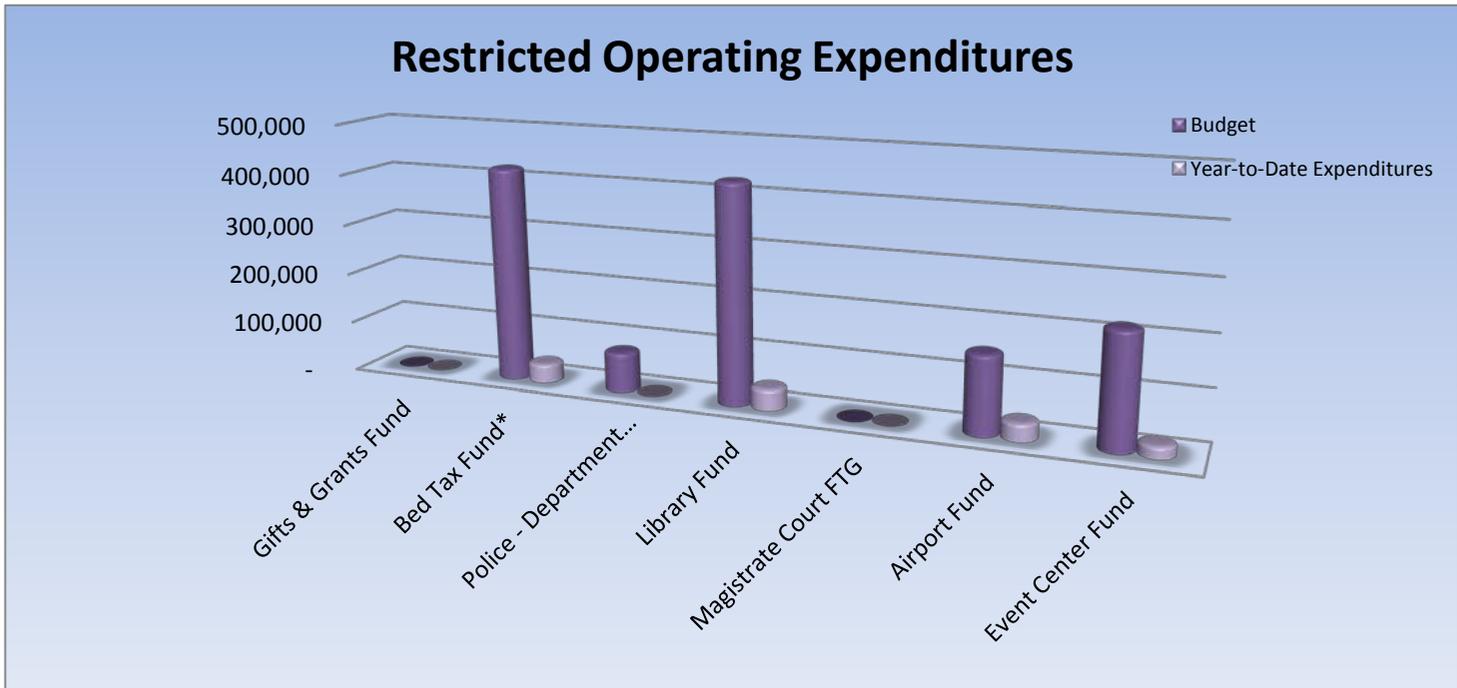


Town of Payson, Arizona
Expenditure Analysis - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
17% of the year has elapsed

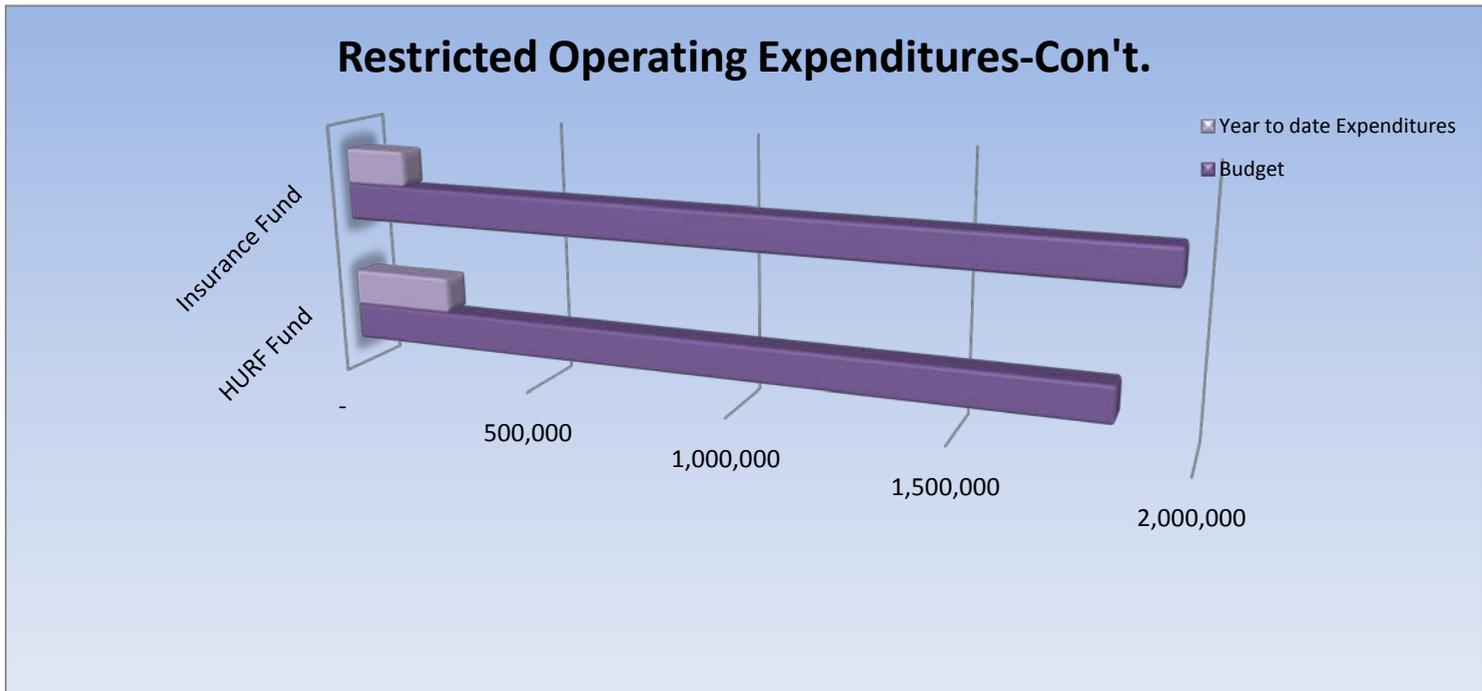
Restricted Operating Expenditures

Fund	Fiscal Year 2017/2018				
	Original Budget	Year-to-Date Expenditures	Expenditures Remaining to be Spent	YTD % Spent	% to be Spent
202 HURF Fund	1,838,600	255,206	1,583,394	14%	86%
206 P&R Facilities Imprv. Fund	22,000	-	22,000	0%	100%
210 Gifts & Grants Fund	-	-	-	0%	0%
214 Bed Tax Fund*	423,600	38,114	385,486	9%	91%
215 Police - Department of Justice	79,000	400	78,600	1%	99%
224 Library Fund	428,300	42,013	386,287	10%	90%
233 Magistrate Court FTG	-	-	-	0%	0%
260 Airport Fund	152,700	35,139	117,561	23%	77%
265 Event Center Fund	222,200	24,106	198,094	11%	89%
290 Insurance Fund	1,953,700	154,052	1,799,648	8%	92%
Total Restricted Operating Expenditures	5,120,100	549,030	4,571,070	11%	89%

* Includes transfers out



Town of Payson, Arizona
Expenditure Analysis - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
17% of the year has elapsed

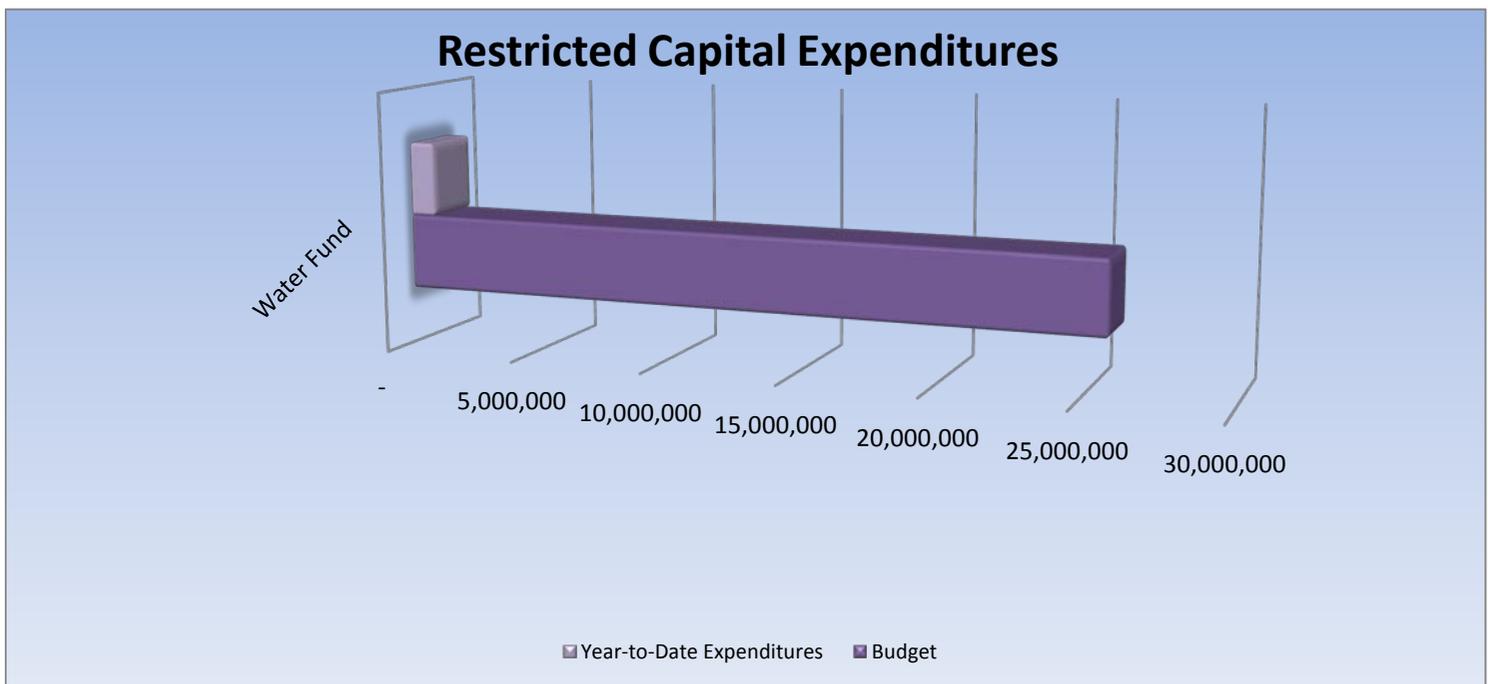
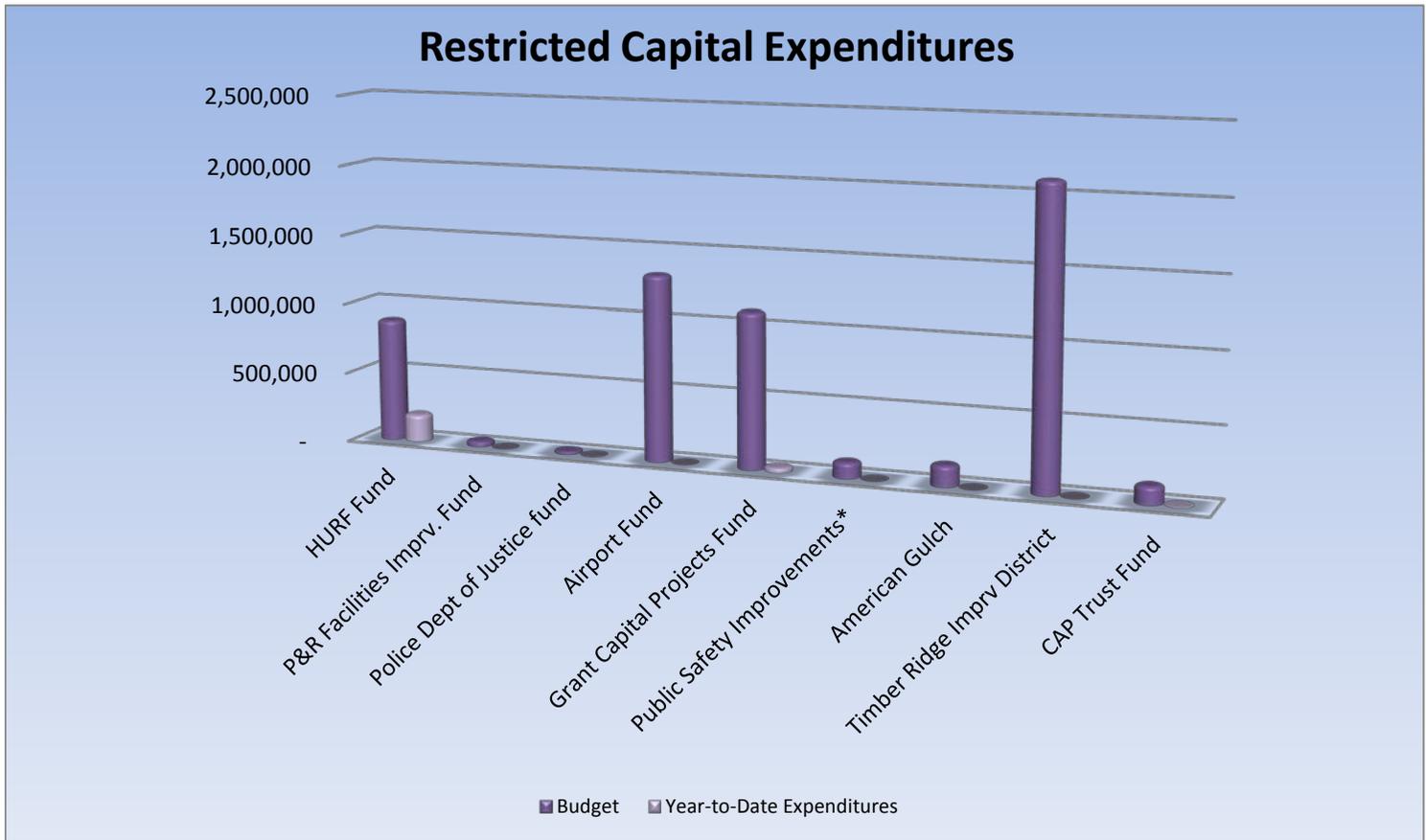


Restricted Capital Expenditures

Fund	Fiscal Year 2017/2018				
	Original Budget	Year-to-Date Expenditures	Expenditures Remaining to be Spent	YTD % Spent	% to be Spent
202 HURF Fund	877,000	196,562	680,438	22%	78%
206 P&R Facilities Imprv. Fund	40,000	-	40,000	0%	100%
215 Police Dept of Justice fund	23,300	-	23,300	0%	100%
260 Airport Fund	1,319,600	-	1,319,600	0%	100%
403 Grant Capital Projects Fund	1,105,000	36,810	1,068,190	3%	97%
425 Public Safety Improvements*	114,500	-	114,500	0%	100%
429 American Gulch	150,000	-	150,000	0%	100%
434 Timber Ridge Imprv District	2,100,000	-	2,100,000	0%	100%
460 CAP Trust Fund	128,271	8,628	119,643	7%	93%
661 Water Fund	25,883,000	930,261	24,952,739	4%	96%
Total Restricted Capital Expenditures	31,740,671	1,172,261	30,568,410	3.69%	96.31%

* Includes transfers out

Town of Payson, Arizona
Expenditure Analysis - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
 17% of the year has elapsed

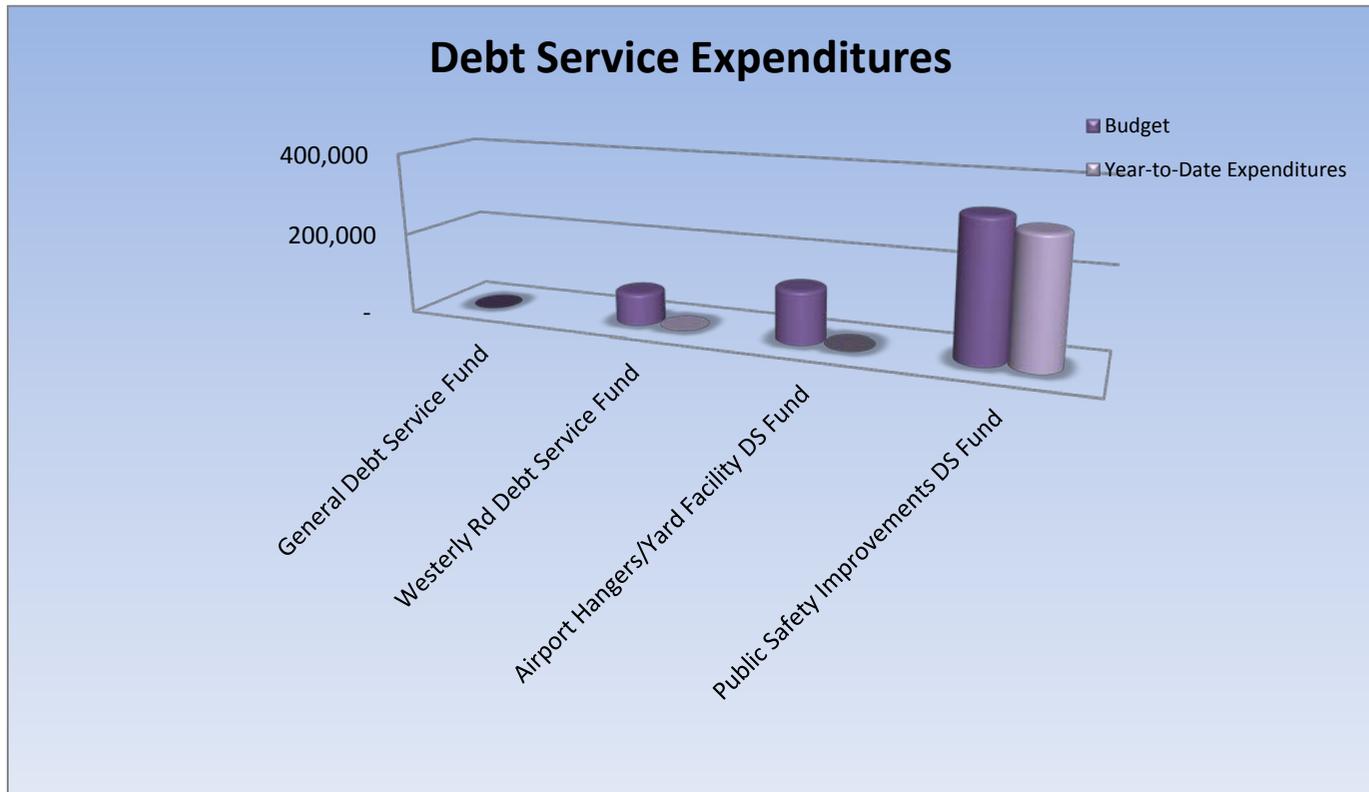


Town of Payson, Arizona
Expenditure Analysis - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
17% of the year has elapsed

Debt Service Expenditures

Fund	Fiscal Year 2017/2018				
	Original Budget	Year-to-Date Expenditures	Expenditures Remaining to be Spent	YTD % Spent	% to be Spent
801 General Debt Service Fund	-		-		
812 Westerly Rd Debt Service Fund	78,900	750	78,150	1%	99%
822 Airport Hangers/Yard Facility DS Fund	128,000	-	128,000	0%	100%
823 Public Safety Improvements DS Fund	331,600	305,000	26,600	92%	8%
824 Timber Ridge ID Debt Service Fund	40,000	-	40,000	0%	100%
Debt Service Expenditures	578,500	305,750	272,750	52.85%	47.15%

* Includes transfers out; many of the debt service funds require final payment in December

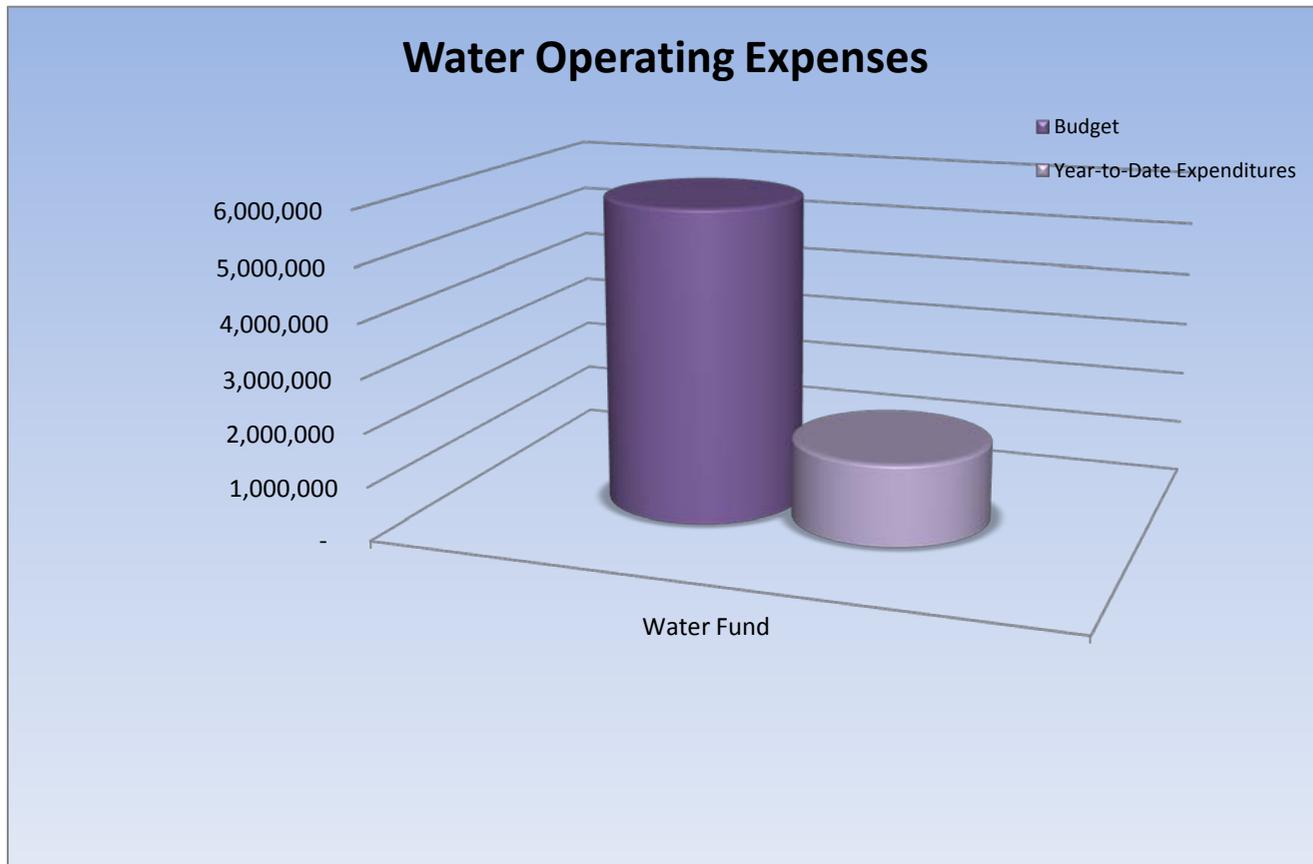


Town of Payson, Arizona
Expenditure Analysis - Adopted Budget
As of August 31, 2017--Preliminary/Unaudited
17% of the year has elapsed

Utility Enterprise Operating Expenses

	Fiscal Year 2017/2018				
	Original Budget	Year-to-Date Expenditures	Expenditures Remaining to be Spent	YTD % Spent	% to be Spent
<u>Fund</u>					
661 Water Fund	5,861,200	1,525,405	4,335,795	26%	74%
Utility Enterprise Expenses	5,861,200	1,525,405	4,335,795	26.03%	73.97%

* Includes transfers out



Town of Payson, Arizona
Summary of Revenues by Category and Operating Expenditures by Department - Budget to Actual
For the General Fund Only

For the month ended August 31, 2017 -- *Preliminary/Unaudited* -- 17.0% of Year Elapsed

Revenues by Category	Budget	**Current Month**		**Year to Date**		Unrealized Balance	Remaining % to be collected/spent
		Estimate	Actual	Estimate	Actual		
Taxes	\$ 14,481,000	\$ 1,206,750	\$ 1,103,045	\$ 2,413,500	\$ 1,525,142	\$ 12,955,858	89.47%
Licenses and Permits	\$ 788,500	\$ 65,708	\$ 39,658	\$ 131,417	\$ 128,620	\$ 659,880	83.69%
Intergovernmental Revenue	\$ 755,100	\$ 62,925	\$ 24,189	\$ 125,850	\$ 49,379	\$ 705,721	93.46%
Charges for Services	\$ 822,600	\$ 68,550	\$ 42,514	\$ 137,100	\$ 118,233	\$ 704,367	85.63%
Fines and Forfeitures	\$ 90,000	\$ 7,500	\$ 7,796	\$ 15,000	\$ 7,796	\$ 82,204	91.34%
Miscellaneous Revenue	\$ 33,300	\$ 2,775	\$ 21,388	\$ 5,550	\$ 32,559	\$ 741	2.23%
Transfers In	\$ 360,000		\$ -	\$ -	\$ -	\$ 360,000	100.00%
Total Revenues	\$ 17,330,500	\$ 1,414,208	\$ 1,238,590	\$ 2,828,417	\$ 1,861,729	\$ 15,468,771	89.26%
Expenditures by Department							
Council	\$ 102,500	\$ 8,542	\$ 6,491	\$ 17,083	\$ 13,194	\$ 89,306	87.13%
Manager	\$ 220,400	\$ 18,367	\$ 14,185	\$ 36,733	\$ 35,307	\$ 185,093	83.98%
Clerk	\$ 221,700	\$ 18,475	\$ 14,197	\$ 36,950	\$ 25,074	\$ 196,626	88.69%
Elections	\$ 16,000	\$ 1,333	\$ -	\$ 2,667	\$ -	\$ 16,000	100.00%
Informations Technology	\$ 803,500	\$ 66,958	\$ 38,859	\$ 133,917	\$ 220,237	\$ 583,263	72.59%
Financial Services	\$ 531,600	\$ 44,300	\$ 36,357	\$ 88,600	\$ 54,287	\$ 477,313	89.79%
Health & Welfare	\$ 223,500	\$ 18,625	\$ 17,186	\$ 37,250	\$ 26,482		
Human Resources	\$ 238,100	\$ 19,842	\$ 19,222	\$ 39,683	\$ 28,978	\$ 209,122	87.83%
Attorney	\$ 448,700	\$ 37,392	\$ 32,787	\$ 74,783	\$ 49,750	\$ 398,950	88.91%
Tourism	\$ 129,400	\$ 10,783	\$ 8,803	\$ 21,567	\$ 14,613	\$ 114,787	88.71%
Magistrate Court	\$ 213,100	\$ 17,758	\$ 8,187	\$ 35,517	\$ 35,119	\$ 177,981	83.52%
Central Services	\$ 1,253,200	\$ 104,433	\$ 97,494	\$ 208,867	\$ 105,456	\$ 1,147,744	91.59%
Police	\$ 6,389,500	\$ 532,458	\$ 467,851	\$ 1,064,917	\$ 666,584	\$ 5,722,916	89.57%
Fire	\$ 3,804,100	\$ 317,008	\$ 435,490	\$ 634,017	\$ 584,220	\$ 3,219,880	84.64%
Community Development	\$ 989,900	\$ 82,492	\$ 61,372	\$ 164,983	\$ 102,074	\$ 887,826	89.69%
Parks & Recreation	\$ 1,345,900	\$ 112,158	\$ 100,713	\$ 224,317	\$ 189,550	\$ 1,156,350	85.92%
Transfers Out	\$ 710,000			\$ -	\$ -	\$ 710,000	100.00%
Total Expenditures	\$ 17,641,100	\$ 1,410,925	\$ 1,359,194	\$ 2,821,850	\$ 2,150,925	\$ 15,293,157	86.69%
Total Revenues over (under)							
Total Expenditures	\$ (310,600)		\$ (120,604)		\$ (289,196)		
Beginning fund balance	\$ 1,620,344		Beg fund balance		\$ 1,620,344		
Ending balance over(under)	\$ 1,309,744		Ending balance		\$ 1,331,148		