

ANNUAL BUDGET

City Council Meeting
Final Budget Adoption
August 11, 2020



CITY OF SEDONA, ARIZONA

FISCAL YEAR 2020/2021

FY 2020-21 Budget Calendar

	Participants	Date
Leadership Team Planning Meeting	Leadership Team	December 12, 2019
Operating Budget Kickoff Meeting & Training	Staff	December 16, 2019
Capital Improvement Program (CIP) Budget Kickoff Meeting & Training	Staff CIP Team	December 16, 2019
City Council Budget Retreat	Council, Staff	January 8, 2020
CIP Requests Due	Staff CIP Team	January 16, 2020
Citizens Budget Work Group (CBWG) Kickoff Meeting	CBWG, Staff	January 21, 2020
Review of CIP Project Submittals	Staff	January 23, 2020
Operating Budgets, CIP Budgets, and Decision Packages Due	Staff	February 6, 2020
Review of Revenue Projections	Chamber, Staff	February 11, 2020 Multiple revisions
CIP Funding/Budget Balancing	Finance	February 18, 2020 Multiple revisions
City Manager Review with Departments	CM/Staff	February 24-March 5, 2020
Community Budget Survey Released	CMO/Finance	March 2, 2020
CBWG Review of Decision Packages	Staff, CBWG	March 4, 2020
City Manager Final Approval of Proposed Budget Amounts	CM/Finance	March 12, 2020 Multiple revisions
Proposed Budget Distributed to City Council	Staff	April 9, 2020 May 21, 2020
City Council Work Sessions	Council, Staff	April 22-23, 2020 June 3-4, 2020
City Council Adoption of Tentative Budget	Council, Staff	May 26, 2020 July 14, 2020
Board Adoption of Tentative CFD Budget	Board, Staff	June 23, 2020 July 14, 2020
City Council Adoption of Budget	Council, Staff	June 23, 2020 August 11, 2020
Board Adoption of Final CFD Budget	Board, Staff	July 28, 2020 August 11, 2020



Citizens Budget Work Group

Special Thanks to Work Group Members

Velma
Keller

Tom
Lamkin

Robin
Low

Jeff
Mahan

Stephen
McGarry

Karla
Stamps

Lynn
Zonakis

*Thank
You!*

Fiscal Year 2020/2021 Annual Budget



Revenue Forecasts

Special Thanks for Input Provided

Cari Meyer

Molly
Spangler

Jennifer
Wesselhoff

**THANK
YOU**

Fiscal Year 2020/2021 Annual Budget



FY 2021 Budget is Balanced⁽¹⁾

All Funds	FY 2021 Budget
Estimated July 1, 2020 Fund Balances	\$50.0M
Estimated Revenues	40.5M
Less Estimated Policy Reserves as of June 30, 2021:	
Operating Reserves	(7.6M)
Capital Reserves	(11.6M)
Equipment Replacement Reserves	(2.2M)
Major Maintenance Reserve	(0.1M)
Streets Fund Reserve	(0.1M)
Total Resources Available	\$68.9M
Budgeted Expenditures	(51.2M)
Excess Resources Available	\$17.7M

⁽¹⁾ Based on Arizona definition of adequate available resources to cover budgeted expenditures.



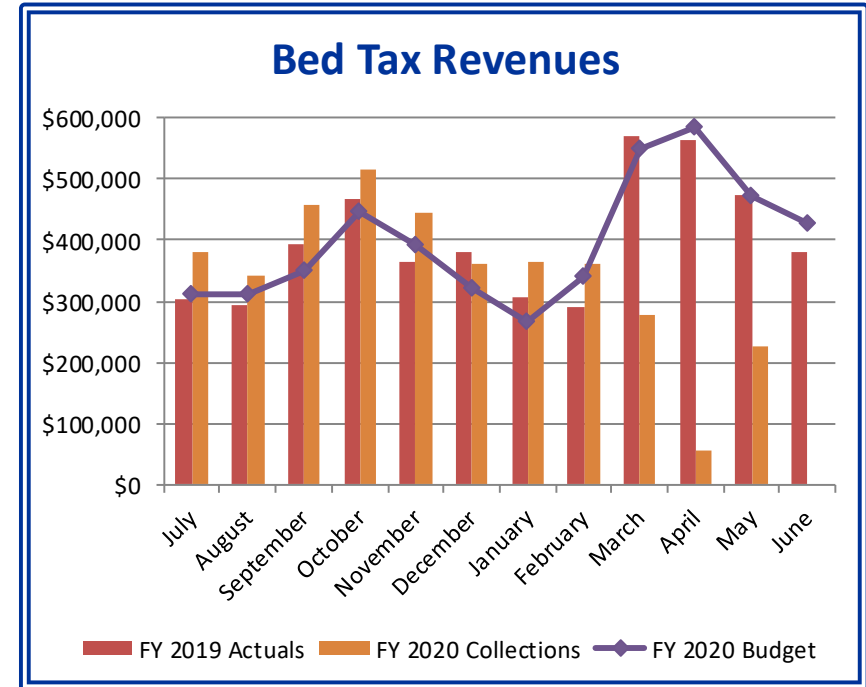
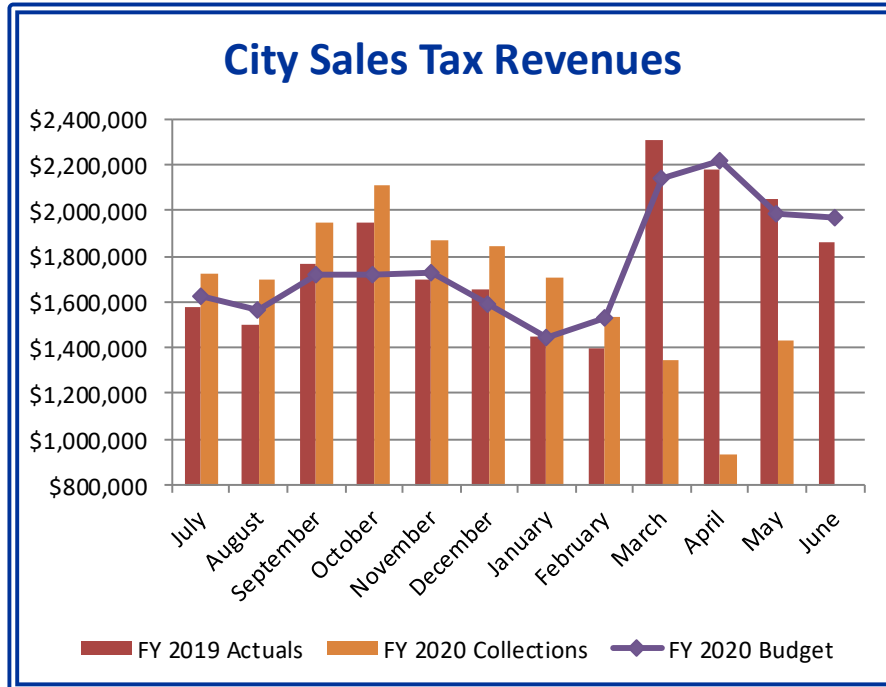
FY 2021 Changes in Fund Balances

	FY 2021 Budget
Estimated July 1, 2020 Fund Balances	\$50.0M
Estimated Revenues	40.5M
Budgeted Expenditures	(51.2M)
Estimated June 30, 2021 Fund Balances	\$39.3M
Estimated Policy Reserves as of June 30, 2021	(21.6M)
Excess Resources Available	\$17.7M
Estimated Balances Pledged to Purposes for which Monies Collected in Excess of Policy Reserves	(16.8M)
Remaining Available Fund Balances in Excess of Policy Reserves	\$0.9M

Sales & Bed Tax Revenues

Month	FY 2019 Actuals	FY 2020 Collections	Actual Variance	FY 2020 Budget	Budget Variance
July	\$ 1,574,181	\$ 1,723,855	10%	\$ 1,627,120	6%
August	1,498,313	1,696,471	13%	1,566,580	8%
September	1,763,676	1,945,122	10%	1,716,410	13%
October	1,945,977	2,110,869	8%	1,721,600	23%
November	1,697,056	1,864,918	10%	1,729,920	8%
December	1,654,427	1,840,064	11%	1,593,830	15%
January	1,449,428	1,705,109	18%	1,448,090	18%
February	1,400,316	1,532,903	9%	1,533,550	0%
March	2,304,663	1,346,544	-42%	2,136,000	-37%
April	2,182,014	931,857	-57%	2,219,810	-58%
May	2,049,526	1,431,558	-30%	1,981,570	-28%
June	1,862,115	-	-	1,971,320	-
Totals	\$21,381,693	\$18,129,272	-7%	\$21,245,800	-6%

Month	FY 2019 Actuals	FY 2020 Collections	Actual Variance	FY 2020 Budget	Budget Variance
July	\$ 303,167	\$ 380,276	25%	\$ 309,810	23%
August	294,795	340,704	16%	312,080	9%
September	392,461	457,901	17%	349,640	31%
October	467,620	515,088	10%	445,380	16%
November	365,072	446,282	22%	393,260	13%
December	381,736	360,997	-5%	319,520	13%
January	306,838	363,165	18%	265,820	37%
February	290,354	360,160	24%	340,060	6%
March	569,565	277,687	-51%	550,840	-50%
April	563,908	54,848	-90%	585,610	-91%
May	472,623	227,638	-52%	471,170	-52%
June	380,099	-	-	426,110	-
Totals	\$4,788,239	\$3,784,746	-14%	\$4,769,300	-13%



Cash Flows Report

Month	Beginning Bank Balance	Cash Basis Receipts	Cash Basis Disbursements	Net Account Transfers	Ending Bank Balance	Outstanding Checks	Ending Cash Basis Balance
<i>Cash Basis Transactions by Month⁽²⁾</i>							
April 2020	\$ 2,062,507	\$ 3,248,560	\$ (3,557,075)	\$ -	\$ 1,753,991	\$ (97,078)	\$ 1,656,913
May 2020	1,753,991	2,176,168	(3,355,137)	1,000,000	1,575,021	(96,058)	1,478,963
June 2020	1,575,021	4,692,387	(4,909,467)	623,409	1,981,350	(33,117)	1,948,233
Total FY 2020		\$ 10,117,115	\$ (11,821,680)	\$ 1,623,409			
July 2020	\$ 1,981,350	\$ 3,242,145	\$ (4,568,755)	\$ 4,746,376	\$ 5,401,115	\$ (877,380)	\$ 4,523,736
Total Year-to-Date FY 2021		\$ 3,242,145	\$ (4,568,755)	\$ 4,746,376			

⁽¹⁾ This report reflects the activity of the City's cash accounts, excluding a separate account maintained by the Court.

⁽²⁾ Tracking of cash basis transactions in this manner began in April 2020.

April 2020 - July 2020 Cash Basis Receipts & Disbursements Summary

Total Net Cash Basis Receipts (Disbursements) \$(3,031,176)

Certain Cash Basis Receipts (Disbursements):

One-Time Receipts	1,975,882
Capital Improvement Costs	(5,434,609)
Road Rehabilitation	(725,115)
Transfers to Bond Payment Trustee	(2,582,815)
PSPRS Prepayment	(766,299)
Semiannual Contract Payments	(1,223,030)



Freezes Lifted Since Tentative Budget

Vacant Positions to be filled

- Accounting Technician
- Budget & Accounting Supervisor – restructuring
- City Maintenance Worker I

Other Expenditures

- Replacement of one Police vehicle – lease purchase

Positions Still Frozen

Assistant City
Attorney

Public
Relations
Coordinator

WW Chief
Collections
Operator

Transit
Manager

Housing
Manager

Associate
Engineer

Assistant
Planner

Traffic Control
Assistant

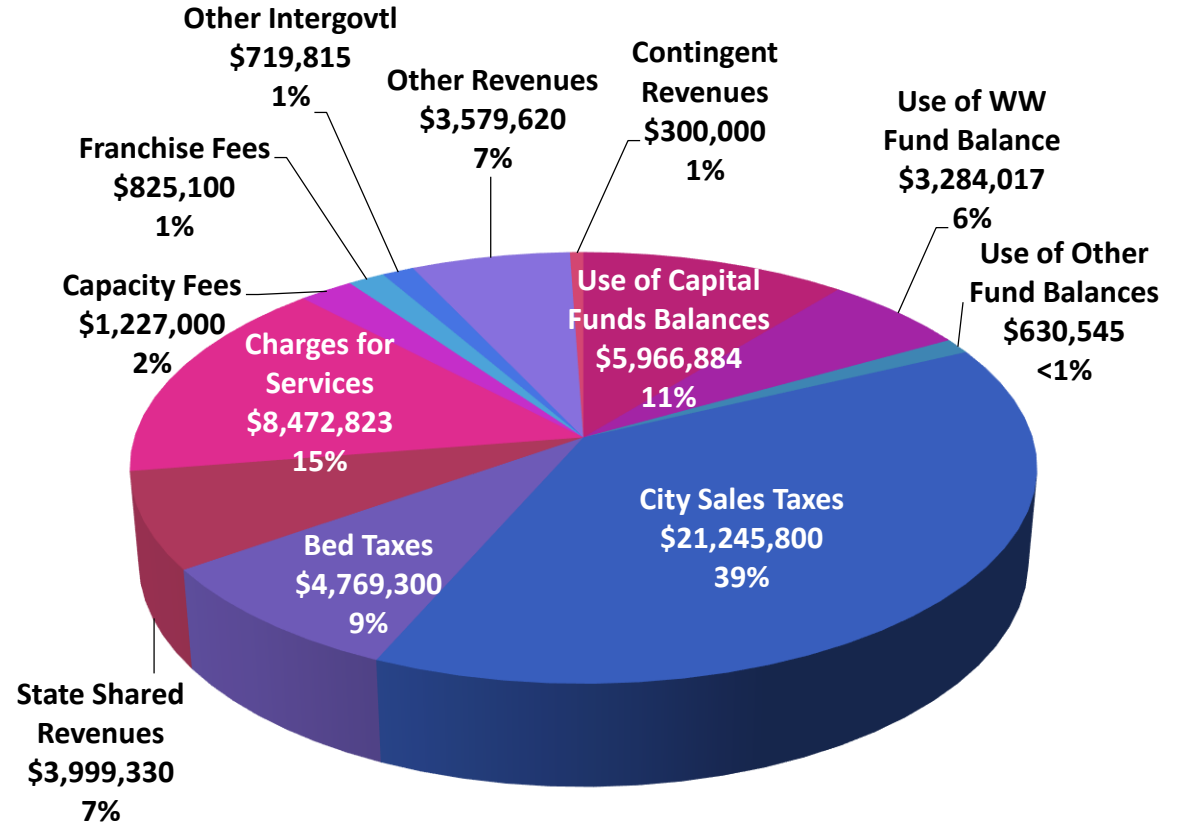
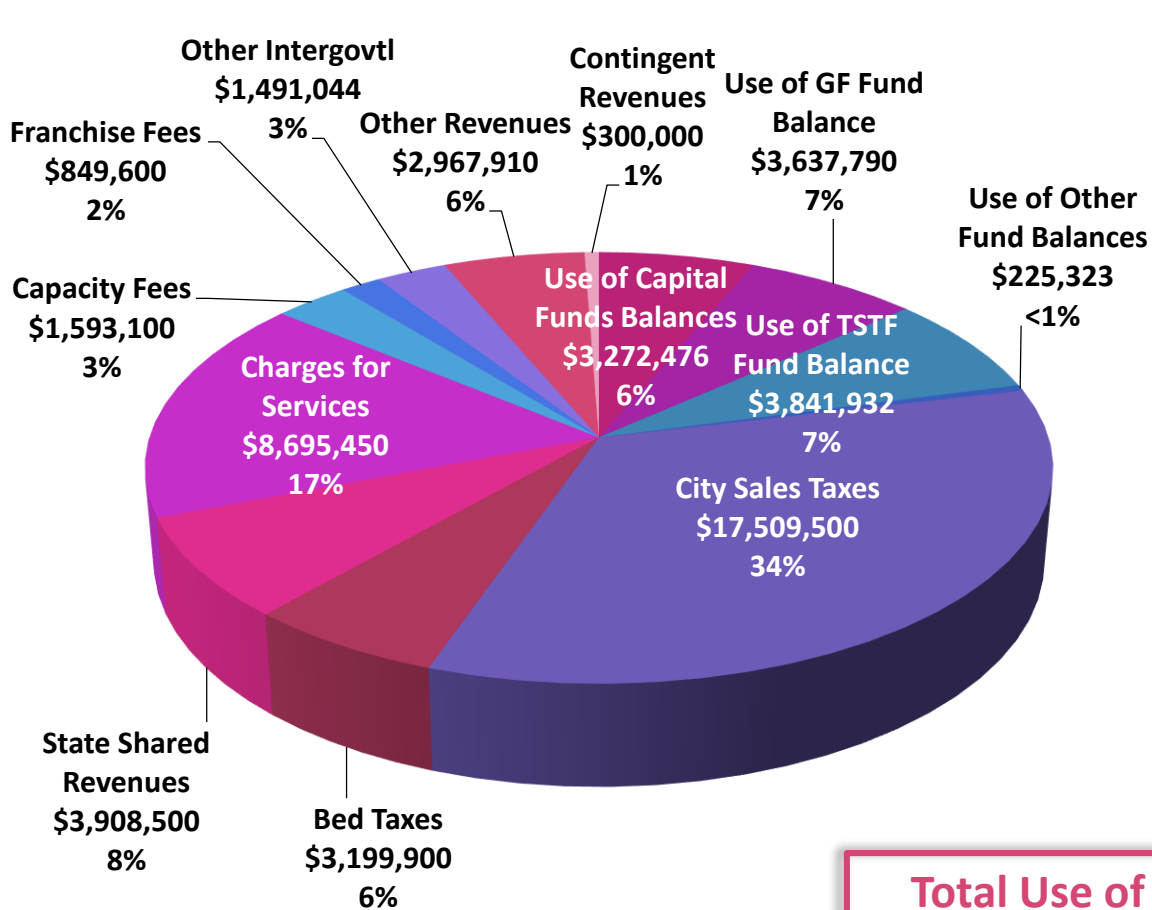
Court Clerk

Revenues by Fund

(in Thousands)

Fund	Ongoing Revenues			One-Time & Contingent Revenues			Total Revenues		
	FY2021 Final	FY2020 Budget	% Change	FY2021 Final	FY2020 Budget	% Change	FY2021 Final	FY2020 Budget	% Change
General	\$24,165	\$28,745	-16%	\$ 159	\$ 97	64%	\$24,324	\$28,842	-16%
Streets	933	1,015	-8%	-	-	0%	933	1,015	-8%
Affordable Housing	6	4	57%	199	625	-68%	205	629	-67%
Grants & Donations	57	54	6%	741	743	<1%	798	797	<1%
Transportation Sales Tax	2,605	3,057	-15%	-	-	0%	2,605	3,057	-15%
Capital Improvements	214	581	-63%	1,020	50	1,941%	1,234	631	96%
Development Impact Fees	209	275	-25%	424	396	7%	633	671	-6%
Art in Public Places	1	2	-19%	-	-	0%	1	2	-19%
Wastewater	7,042	7,118	-1%	978	695	41%	8,020	7,813	3%
Information Technology	1,754	1,539	14%	8	142	-95%	1,761	1,682	5%
Totals	\$36,987	\$42,390	-14%	\$3,528	\$2,748	28%	\$40,515	\$45,139	-10%
% of Grand Total	91%	94%		8%	6%				

Funding Sources



Total Use of Fund Balances:
 FY 2021 Budget = 23%
 FY 2020 Budget = 18%

Revenues by Type

(in Thousands)

	FY2021 Final	FY2020 Budget	Increase/ (Decrease)	% Change
City Sales Taxes	\$17,510	\$21,246	\$ (3,736)	-18%
Bed Taxes	3,200	4,769	(1,569)	-33%
State Shared Revenues	3,909	3,999	(91)	-2%
Wastewater Charges for Services	6,177	6,166	10	<1%
Other Miscellaneous	9,421	8,658	762	9%
Contingent Revenues	300	300	-	0%
Totals	\$40,515	\$45,139	\$ (4,624)	-10%



Revenue Changes

(In Thousands)

FY 2020 Budget	\$45,139
City sales tax decrease	(3,736)
Bed tax decrease	(1,569)
State shared revenues decrease	(91)
Paid parking increase	168
Capacity fees increase	366
Yavapai County Flood Control sweep	(350)
Grant funding for CIP projects	953
One-time Affordable Housing in-lieu fees	(426)
Other adjustments	61
FY 2021 Budget	\$40,515

Expenditures by Fund

(in Thousands)

	Ongoing Expenditures			One-Time & Contingent Expenditures			Total Expenditures		
Fund	FY2021 Final	FY2020 Budget	% Change	FY2021 Final	FY2020 Budget	% Change	FY2021 Final	FY2020 Budget	% Change
General	\$19,348	\$19,702	-2%	\$2,576	\$2,137	21%	\$21,924	\$21,838	<1%
Streets	1,206	1,206	-<1%	-	-	0%	1,206	1,206	-<1%
Affordable Housing	200	-	∞%	821	2,000	-59%	1,021	2,000	-49%
Grants & Donations	33	27	24%	994	1,019	-2%	1,027	1,045	-2%
Transportation Sales Tax	267	94	185%	-	-	0%	267	94	185%
Capital Improvements	-	-	0%	12,042	7,350	64%	12,042	7,350	64%
Development Impact Fees	-	-	0%	1,404	2,287	-39%	1,404	2,287	-39%
Art in Public Places	-	-	0%	-	130	-100%	-	130	-100%
Wastewater	4,219	4,077	3%	6,496	9,833	-34%	10,715	13,911	-23%
Information Technology	1,453	1,349	8%	156	207	-25%	1,608	1,556	3%
Totals	\$26,726	\$26,455	1%	\$24,489	\$24,963	-2%	\$51,214	\$51,417	-<1%
% of Grand Total	52%	51%		48%	49%				

Expenditures by Type

(in Thousands)

	FY2021 Final	FY2020 Budget	Increase/ (Decrease)	% Change
Personnel	\$13,939	\$13,869	\$ 71	<1%
Operations	14,149	14,860	(712)	-5%
Subtotal Operational Costs	\$28,088	\$28,729	\$ (641)	-2%
Capital Improvement Projects ⁽¹⁾	15,106	14,086	1,020	7%
Debt Service	5,976	6,006	(30)	-<1%
Contingencies	2,044	2,595	(551)	-21%
Totals	\$51,214	\$51,417	\$ (202)	-<1%

⁽¹⁾ Does not include projects funded by the Community Facilities Districts. Those projects will be included in the budget proposals for those separate entities.



Salary & Benefit Changes

(in Thousands)

FY 2020 Budget	\$13,869
Wage adjustments	-
Health insurance 10% rate increase	186
ASRS 8% rate increase	9
PSPRS minimum payment 25% rate increase	60
Suspend PSPRS level-funding approach	(303)
Workers comp increase	33
Decision Packages	156
Other adjustments	(71)
FY 2021 Budget	\$13,939

Operations Changes

(in Thousands)

FY 2020 Budget	\$14,860
Service contracts reduction	(15)
Streets program maintenance	134
Travel time data collection license moved from CIP to operating	30
Facilities maintenance	40
Drainage maintenance	39
Decrease in one-time costs	(895)
Increase in indirect cost allocations	79
Decision Packages	235
Verde Lynx covered by Cares Act funding	(378)
Chamber base contract adjustment	(46)
Other adjustments	66
FY 2021 Budget	\$14,149

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CIP Changes

(in Thousands)

FY 2020 Budget	\$14,086
Arts & Culture decrease	(130)
Information Technology increase	100
Municipal Court increase	359
Parks & Recreation increase	90
Police increase	475
Public Works decrease	(19)
Sedona in Motion increase	3,195
Offset for assumed carryover increase ⁽¹⁾	(3,825)
Storm Drainage increase	1,060
Streets & Transportation increase	2,409
Wastewater decrease	(2,694)
FY 2021 Budget	\$15,106

⁽¹⁾ The carryovers were assumed to be SIM projects as was done in prior years' budgets. The actual carryovers may vary depending on the projects delayed.



Debt Service Changes

(in Thousands)

FY 2020 Budget	\$6,006
Bonds decrease	(4)
Capital leases increase	(70)
Installment purchases increase	44
FY 2021 Budget	\$5,976



Contingency Changes

(in Thousands)

FY 2020 Budget	\$2,595
Reduction of Affordable Housing contingency	(895)
Decision Package ⁽¹⁾	(200)
Frozen portion of Chamber contract	544
FY 2021 Budget	\$2,044

⁽¹⁾ The Affordable Housing Decision Package reallocates \$200,000 of the contingency to identified expenditure accounts.



FY 2021 Contingencies Totals

(in Thousands)

	General Fund	Affordable Housing Fund	Grants & Donations	Wastewater Enterprise Fund
General operating contingency	\$200	\$ -	\$ -	\$100
Affordable Housing plan to be developed	-	800	-	-
Unknown grants and donations	-	-	300	-
Judgments	100	-	-	-
Frozen portion of Chamber contract	544	-	-	-
FY 2020 Budget	\$844	\$800	\$300	\$100

FY 2021 Transfers

	Transfers In					
	Streets Fund	Affordable Housing Fund	Capital Improvements Fund	Art in Public Places Fund	Wastewater Enterprise Fund	Totals
Transfers Out						
General Fund (Subsidies)	\$272,840	\$200,000	\$2,000,000	\$ -	\$3,400,000	\$ 5,872,840
General Fund (Paid Parking Revenues)			165,000			165,000
Transportation Sales Tax Fund			6,128,997			6,128,997
Capital Improvements Fund				39,837		39,837
Totals	\$272,840	\$200,000	\$8,293,997	\$39,837	\$3,400,000	\$12,206,674

Capital Improvements by Funding Source

Funding Source	FY 2021
Unrestricted:	
Capital Reserves	\$ 4,641,373
Restricted:	
Transportation Sales Tax	6,179,632
Development Impact Fees Funds	1,527,853
Wastewater Revenues	1,380,000
Grants	953,454
Court Restricted Revenues	254,673
Community Facilities Districts	176,000
Paid Parking Revenues	165,000
RICO Monies	25,000
Outside Participation	17,000
Total	\$15,319,985

Capital Improvements by Project Type

(including 1% Arts Transfers)

Project Type	Carryover	New Appropriation	FY 2021 Totals
Sedona in Motion	\$ 8,727,253	\$2,480,444	\$11,207,697
Offset for Assumed Carryover	(3,824,911)	-	(3,824,911)
Streets & Transportation	781,090	1,831,202	2,612,292
Wastewater	508,352	871,648	1,380,000
Storm Drainage	1,130,550	219,600	1,350,150
Police	870,402	185,300	1,055,702
Municipal Court	260,091	363,446	623,537
Parks and Recreation	203,853	346,665	550,518
Information Technology	200,000	-	200,000
Public Works	165,000	-	165,000
Total	\$ 9,021,680	\$ 6,298,305	\$15,319,985

Decision Packages Included

Department	Description	One-Time Costs	Ongoing Costs	Totals
City Manager's Office	Renewable Energy Purchase (Frozen)	\$ -	\$ 12,500	\$ 12,500
City Manager's Office	Marketing Environmental Behavior Initiatives (Frozen)	-	10,000	10,000
City Manager's Office	Renewable Site Analysis & Contract Review (Frozen)	10,000	-	10,000
City Manager's Office	AmeriCorps VISTA Assistant (Frozen)	-	12,400	12,400
City Manager's Office	Electric Vehicle Charging Infrastructure (Frozen)	38,000	-	38,000
Economic Development	Entrepreneurial Assistance (Frozen)	-	15,000	15,000
Economic Development	AmeriCorps VISTA (Frozen)	-	12,400	12,400
Economic Development	Marketing (Frozen)	-	20,000	20,000
Police	Bio Hazard Services	-	7,000	7,000
Municipal Court	Court Security Officer	-	17,430	17,430
Total General Fund		\$48,000	\$106,730	\$154,730

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Decision Packages Included

Department	Description	One-Time Costs	Ongoing Costs	Totals
Police	Speed and Traffic Enforcement	\$10,000	\$ -	\$10,000
Police	Portable Breath Tests (PBTs)	10,000	-	10,000
Police	AEDs	15,000	-	15,000
Police	DUI Enforcement	1,200	-	1,200
Total Grants & Donations Funds⁽¹⁾		\$36,200	\$ -	\$36,200
Community Development	Affordable Housing Options (Frozen)	\$ -	\$ -	\$ -
Affordable Housing Fund Total ⁽²⁾		\$ -	\$ -	\$ -

⁽¹⁾ The expenditures will be offset by grant revenues.

⁽²⁾ The Decision Package moves \$200,000 of the \$1,000,000 contingency into the applicable line items requested, so the net effect to total expenditures is zero.

Council Priorities Included

Priority Item	Budget Location	FY2021 Budget Amount ⁽¹⁾
Complete various traffic improvements (High)	CIP	\$7,332,151
Environmental stewardship/sustainability (High)	CMO	\$208,400 ⁽²⁾
	P&R	\$ 1,000
	<u>General Services</u>	<u>\$175,000</u>
	<u>Total</u>	<u>\$384,400</u>
Housing (High)	Affordable	\$220,555 ⁽³⁾
	Housing Fund	\$800,000 contingency
Storm water projects (High)	CIP	\$1,653,510
Sustainable tourism (High)	CMO	\$2,990,500 ⁽⁴⁾
Improve citizen communications/relations (High)	CMO	Staff time only

⁽¹⁾Does not include costs for staff time

⁽²⁾Includes frozen Decision Packages of \$82,900

⁽³⁾Includes frozen Decision Package of \$200,000

⁽⁴⁾Includes frozen contingency amount of \$544,440

Council Priorities Included

Priority Item	Budget Location	FY2021 Budget Amount ⁽¹⁾
Evaluate options for Sedona Recycles, Inc. (High)	General Services	Staff time only
CFA development (Medium)	CommDev	\$13,900
Monitor short-term rentals (Medium)	CommDev	\$40,000
Economic diversification (Medium)	EconDev	\$133,200 ⁽²⁾
Emergency preparedness (Medium)	Police (lead)	Staff time only
Parks land acquisition (Low)	None	\$0
Complete Dells land use planning (Low)	None	\$0
Sense of place (Low)	None	\$0

⁽¹⁾Does not include costs for staff time

⁽²⁾Includes frozen Decision Packages of \$47,400



Questions or Comments?

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