

City Talk Column for May 11, 2022  
Financial Services Department  
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On August 2, 2022, the citizens of Sedona will vote on whether they approve the continued use of the “Home Rule” option for the City’s expenditure limitation requirement. In 1980, the Arizona Constitution was amended to set limitations on how much counties, cities and towns, and community college districts can spend.

The Arizona Constitution offers the option for an Alternative Expenditure Limitation, or “Home Rule,” subject to a vote of the citizens, that is not tied to the state-imposed expenditure limitation and authorizes local control of spending. If approved, Home Rule is effective for four years, and the city’s total annual adopted budget becomes the city’s expenditure limit. The total annual adopted budget includes all expenditures regardless of whether paid with fees, sales and bed taxes, or federal and state funding.

Sedona has been operating under Home Rule since 1996 and joins 79 (of the 91 cities and towns in Arizona) in utilizing options other than the state-imposed expenditure limitation. In the last three elections, more than two-thirds of the voters supported the Home Rule option. The current Home Rule option, approved in August 2018, is in effect through fiscal year (FY) 2022-23 (July 1, 2022 to June 30, 2023). On March 22, 2022, the City Council, following two public hearings, approved placing Home Rule on the August ballot once again.

Without the Home Rule option, the city would be subject to the state-imposed expenditure limitation. The state-imposed limit controls expenditures of locally-generated revenues and does not control expenditures of revenues such as federal and state grants, state-shared gasoline tax dollars or proceeds from issuance of debt. Those expenditures not controlled are referred to as exclusions.

Since the city’s Home Rule option is in effect for FY 2021-22, the adopted budget amount of \$62.7 million is the city’s current expenditure limit. In comparison, the city’s state-imposed limit for FY 2021-22 is \$13.7 million. Estimated excludable expenditures for FY 2021-22 are \$15.8 million. Added together, that creates estimated total allowable expenditures for FY 2021-22 of \$29.5 million. However, Home Rule granted the City authority to spend \$33.2 million greater than the state formula.

With the Home Rule option authorized by the voters, the city was provided the opportunity to advance community priorities such as traffic improvements, implementation of the trailhead shuttle program, sustainability initiatives and workforce housing initiatives. Without the Home Rule option, advancement of these community priorities would not be possible, infrastructure improvements would not move forward and much of the city’s basic services would be greatly reduced. In addition, the \$65.7 million of resources available as of July 1, 2021, plus the estimated \$65.8 million of revenues generated in FY 2021-22, would be largely unspent and left to accumulate in the city coffers.

For more information on the Home Rule option that will be on the ballot on August 2, feel free to attend one of the community meetings offered on the topic. A list of the meetings is available at [www.sedonaaz.gov/homerule](http://www.sedonaaz.gov/homerule). If you have additional questions, please contact me at (928) 203-5196.