

AGENDA



4:00 P.M.

CITY COUNCIL SPECIAL MEETING

TUESDAY, AUGUST 9, 2022

NOTES:

- Meeting room is wheelchair accessible. American Disabilities Act (ADA) accommodations are available upon request. Please phone 928-282-3113 at least two (2) business days in advance.
- City Council Meeting Agenda Packets are available on the City's website at:

www.SedonaAZ.gov

THE MEETING CAN BE VIEWED LIVE ON THE CITY'S WEBSITE AT WWW.SEDONAAZ.GOV OR ON CABLE CHANNEL 4.

GUIDELINES FOR PUBLIC COMMENT

PURPOSE:

- To allow the public to provide input to the City Council on a particular subject scheduled on the agenda.
- This is not a question/answer session.
- The decision to receive Public Comment during Work Sessions/Special City Council meetings is at the discretion of the Mayor.

PROCEDURES:

- Fill out a "Comment Card" and deliver it to the City Clerk.
- When recognized, use the podium/microphone.
- State your:
 1. Name and
 2. City of Residence
- Limit comments to **3 MINUTES**.
- Submit written comments to the City Clerk.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

2. ROLL CALL

3. SPECIAL BUSINESS

LINK TO DOCUMENT =

- a. AB 2810 **Public Hearing/discussion/possible action** regarding the approval of a Resolution adopting the City of Sedona's Budget for Fiscal Year 2022-2023.

4. EXECUTIVE SESSION

If an Executive Session is necessary, it will be held in the Vultee Conference Room at 106 Roadrunner Drive. Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice regarding matters listed on this agenda per A.R.S. § 38-431.03(A)(3).
- b. Return to open session. Discussion/possible action regarding executive session items.

5. ADJOURNMENT

Posted: 08/04/2022

By: DJ

JoAnne Cook, CMC,
City Clerk

Note: Pursuant to A.R.S. § 38-431.02(B) notice is hereby given to the members of the City Council and to the general public that the Council will hold the above open meeting. Members of the City Council will attend either in person or by telephone, video, or internet communications. The Council may vote to go into executive session on any agenda item, pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion and consultation for legal advice with the City Attorney. Because various other commissions, committees and/or boards may speak at Council meetings, notice is also given that four or more members of these other City commissions, boards, or committees may be in attendance.

A copy of the packet with material relating to the agenda items is typically available for review by the public in the Clerk's office after 1:00 p.m. the Thursday prior to the Council meeting and on the City's website at www.SedonaAZ.gov. The Council Chambers is accessible to people with disabilities, in compliance with the Federal 504 and ADA laws. Those with needs for special typeface print, may request these at the Clerk's Office. All requests should be made **forty-eight hours** prior to the meeting.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.



**CITY COUNCIL
AGENDA BILL**

**AB 2810
August 9, 2022
Special Business**

Agenda Item: 3a

Proposed Action & Subject: Public hearing/discussion/possible action regarding approval of a Resolution adopting the City of Sedona’s Budget for Fiscal Year 2022-23.

Department	Financial Services
Time to Present	15 minutes
Total Time for Item	30 minutes
Other Council Meetings	Council Retreat January 4-6, 2022 Financial Update January 25, 2022 Budget Work Sessions May 18-19, 2022 Tentative Budget Adoption July 12, 2022
Exhibits	A. FY 2022-23 Budget Summary B. Resolution C. Official Budget Forms, Exhibit to Resolution D. PowerPoint Presentation

City Attorney Approval	Reviewed 08/02/22 KWC	Expenditure Required	
		\$	Based on past history, expenditures will be within budget amounts and likely be less
City Manager’s Recommendation	Approve a Resolution adopting the Budget for Fiscal Year 2022-23 including the budget attachments.	Amount Budgeted	
		\$	49,959,990 (operating budget)
		\$	55,785,050 (capital improvement budget)
		\$	105,745,040 (total budget)
		Account No. (Description)	All budget accounts included
Finance Approval	<input checked="" type="checkbox"/>		

SUMMARY STATEMENT

Background: The purpose of this item is to provide the public an opportunity to speak on the City’s adopted Fiscal Year (FY) 2022-23 Tentative Budget and to obtain Council approval of the Final Budget for FY 2022-23.

The FY 2023 final proposed budget is balanced with available surpluses exceeding reserve requirements, including a General Fund surplus of \$24.0 million¹ and a Wastewater Fund surplus of \$8.2 million.² The total budget, after changes made throughout the budget process, is \$105,745,040. This is comprised of an operating budget of \$49,959,990 and a capital improvements budget of \$55,785,050.

The operating budget represents a \$7.1 million or 17% increase from FY 2022. The most significant increases are increases in debt service for Sedona in Motion (SIM) projects and a placeholder for possible debt related to real estate/land acquisition of \$2.2 million, \$1.7 million for continued implementation of the transit system, and an additional one-time contribution toward the Public Safety Personnel Retirement System (PSPRS) unfunded liability of \$1.0 million. Other significant increases include \$0.9 million for personnel costs for pay adjustments, salary study adjustments, and change in insurance and pension rates; \$0.5 million for increase in indirect cost allocations (allocations result in double counting of expenditures, not an increase in payments to employees or vendors); \$0.3 million for possible grant awards and grant writing; \$0.3 million for expansion of the sustainability program; and \$0.3 million for evacuation planning and modeling.

The capital improvements budget represents a \$35.9 million or 181% increase from FY 2022. The most significant increases are \$13.0 million for traffic improvements, \$18.2 million for acquisition of land for the strategic protection of the City's future development, and \$4.3 million for wastewater system infrastructure needs.

FY 2022-23 Budget Process

The City Council retreat was held on January 4-6, 2022 and provided the Council an opportunity to review and begin establishing priorities for the new fiscal year. On January 25, 2022, the Financial Update was presented to the City Council with a review of the current financial status, long-range forecasts, and expected forecasts with Council. In January 2022, staff began work on their base budgets for continuing operations, and the development of the capital budget and ten-year capital plan. In March, the City Manager met with each department and conducted a thorough review of all budget requests. The City Council then held work sessions on the budget on May 18 and 19, 2022 to discuss the operating budget requests, capital improvements plan, and the City's financial condition. These sessions also provided an opportunity to receive input from members of the public. The City Council adopted a \$105,745,040 Tentative Budget or Expenditure Cap on July 12, 2022, following a public hearing.

Although the budget cap is adopted as a total amount, the budget is organized by fund and department which allows for the City to establish areas of importance and budget accordingly year-to-year to sustain or utilize fund balances as appropriate in each area. Fund segregation is also required by Arizona State Statutes. The official budget forms required for final budget adoption are included as Exhibit C.

¹ Includes estimated FY2022 surplus of \$10.0 million and estimated FY2023 surplus of \$14.0 million.

² During discussions regarding the wastewater rate study, the intention has been to use the Wastewater Fund surplus to delay the need for future rate increases. Ongoing increases in capital improvement and other operational costs will have an impact on the timing of future rate increases and will be further reviewed during FY2023.

A comprehensive annual budget book will be compiled after final budget adoption and will provide a policy guide, or plan, for operations and capital improvements throughout the year and will serve as a communications tool to the public. This book will also be submitted to the Government Finance Officers Association (GFOA) for review and consideration for the Distinguished Budget Presentation Award. The City has received this award for the past 9 annual budgets.

FY 2022-23 Budget Summary

Fund	FY 2022-23 Total Budget
General Fund	\$28,330,690
Streets Fund	2,301,090
Affordable Housing Fund	1,401,790
Grants & Donations Funds	2,383,630
Transportation Sales Tax Fund	525,680
Capital Improvements Fund	41,293,700
Development Impact Fees Funds	5,371,910
Art in Public Places Fund	360,650
Public Transit Fund	4,039,740
Wastewater Fund	17,635,990
Information Technology Fund	2,100,170
Total	\$105,745,040

The adopted FY 2022-23 Tentative Budget was posted to the City’s website (www.SedonaAz.gov) for review by interested members of the public. A summary of the Tentative Budget was posted as a public notice on July 22nd and 29th in the Sedona Red Rock News, along with notice of the public hearing.

The final proposed budget includes funding to respond to City Council priorities as well as other issues that were identified at the January 2022 Council Retreat and at subsequent public meetings.

The Community Facilities District (CFD) budgets associated with capital improvements benefiting those Districts are a separate process. A CFD Board meeting is scheduled for August 9, 2022 for final budget adoption.

FY 2022-23 Budget Changes Over Prior Year

The following summarizes the budgeted changes in fund balances:

	FY 2022-23 Budget
Estimated Beginning Fund Balances	\$103,656,737
Estimated Revenues	70,592,140
Estimated Other Financing Sources	10,000,000
Budgeted Expenditures	(105,745,040)
Estimated Ending Fund Balances	\$78,503,837
Estimated Policy Reserves as of June 30, 2023	(40,315,438)
Excess Resources Available	\$38,188,399
Estimated Balances Pledged to Purposes for which Monies Collected in Excess of Policy Reserves as of June 30, 2022	(5,951,596)
Remaining Available Fund Balances in Excess of Policy Reserves	\$32,236,803

The estimated reduction³ in fund balances of \$25.2 million (\$103.7 million to \$78.5 million) includes:

- Utilization of fund balances in the General Fund of \$0.1 million for support to other funds.
- Utilization of fund balances in the Streets Fund of \$0.5 million for streets maintenance and preservation and to bring balance in line with policy reserves.
- Utilization of fund balances in the Affordable Housing Fund of \$0.1 million for housing projects.
- Utilization of fund balances in the Grants & Donations Fund of \$1.9 million for costs to be funded with American Rescue Plan Act (ARPA) monies.
- Utilization of fund balances in the Transportation Sales Tax Fund of \$6.2 million for capital projects.
- Utilization of fund balances in the Capital Improvement Fund of \$12.0 million for capital projects.
- Utilization of fund balances in the Development Impact Fees Funds of \$4.8 million for capital projects.
- Utilization of fund balances in the Art in Public Places Fund of \$0.3 million for capital projects.
- Utilization of fund balances in the Wastewater Fund of \$4.4 million for capital projects.

The final proposed budget does not include any new taxes.

The new budget requests and significant changes included in the FY 2022-23 Proposed Final Budget, as discussed and reviewed during the City Council work sessions, include:

³ The fund balances are a calculation that assumes revenues will be collected exactly as projected and the entire budget is spent. For the past 5 years, actual expenditures have averaged approximately 80% of budget.

- Salary and benefit changes
 - The tentative budget includes pay adjustments and salary study adjustments averaging 5.2%. Each year, we typically use the December Western Region CPI to adjust the pay scale. For December 2021, the CPI was 7.1%. The adjustment to the pay scale has been capped at 5%. There were very significant changes from the salary study with 44 positions moving one to two ranges, and a separate Police Department pay scale not tied to the overall City pay scale was created. In addition, all employees were shifted to a July 1 evaluation date, and a review was conducted of where everyone is within their range and how they compare to others within the same range. High performers were bumped up if it seemed they were too low in the range compared to others.
 - The estimated vacancy savings offset was increased from approximated \$240,000 to \$500,000.
 - Medical insurance rates increased approximately 6%.
 - The Arizona State Retirement System (ASRS) rates decreased from 12.41% of wages to 12.17%.
 - While the Public Safety Personnel Retirement System (PSPRS) minimum contribution rates changed from 37.07% of wages to 34.47%, the level-funding approach is continued in the FY 2023 Proposed Budget. The level-funding has been increased from \$1.0 million to \$1.1 million. In addition, the budget includes an additional one-time contribution of \$1.0 million, plus use of Prop 207 funding to supplement the payment toward the PSPRS unfunded liability.
- Staffing changes
 - Ten full-time positions were added.
 - A Webmaster position was added to the City Manager's Office to centralize the management of website maintenance and development.
 - A Short-Term Rental Specialist position was added to the City Manager's Office to coordinate all City processes related to monitoring the Short-Term Rental program.
 - A Housing Coordinator position was added to the City Manager's Office to support the Housing Manager and the initiatives of the Housing program.
 - A Budget & Financial Analyst position was added to the Financial Services Department to address staffing gaps in expanded City service levels and improve succession planning.
 - A Grants Analyst position was added and split between the Public Works and Public Transit Departments to better pursue potential grant opportunities and manage the significant grant compliance requirements.
 - A Custodial Maintenance Worker position was added to the Public Works Department to address staffing shortages for increased service needs.
 - A Communications Specialist position was added to the Police Department to address increased demands for dispatch needs.
 - A Wastewater Inspector position was added to the Wastewater Department to increase capacity to cover the needs of the grease trap inspection program, as well as other wastewater operational and capital project inspection needs.
 - A Preventative Maintenance Technician position was added to the Wastewater Department to assist and apprentice with the Mechanic/Electrician position.

- An IT Help Desk/Systems Engineer position was added to the Information Technology Department to address staffing shortages for increased service needs.
 - A temporary 6-month overlap of the retiring Building Inspector with the incoming Building Inspector was included on the Community Development Department to assist with the training and transition of the position.
 - Hours were increased for the part-time Traffic Control Assistant positions to address increased needs during times of higher tourism.
 - Four temporary positions were added.
 - A temporary position was added to the Financial Services Department to assist with the workload backlogs and training of the incoming Revenue Supervisor as a result of the retirement of the former Revenue Supervisor.
 - A temporary position was added to the City Clerk's Office to assist with the training of the incoming City Clerk as a result of the retirement of the former City Clerk.
 - A temporary position was added to the Community Development Department to assist with the mandatory update to the Community Plan.
 - A temporary position was added to the Municipal Court to assist with the workload backlogs.
- Other operating budget changes:
 - A decrease to the Sedona Chamber of Commerce & Tourism Bureau (SCC&TB) contract of \$430,000 was included.
 - An increase for continued implementation of the transit system of \$1.7 million was included. This reflects a full year of trailhead shuttle costs, implementation of the micro-transit service, and potential expansion of the trailhead shuttle program if funding from Coconino County is awarded.
 - An increase of \$2.2 million for bonds issued for SIM projects and a placeholder for possible debt related to real estate/land acquisition.
 - Evacuation modeling and planning costs were included at \$250,000.
 - The Sustainability program was expanded for an increase of approximately \$269,000.
 - A decrease in affordable housing expenditures and contingencies of \$1.3 million was included; however, the service levels are not planned to decrease since loan programs are balance sheet items, not expenditures.
 - Community service contracts were increased by the December Western Region CPI of 7.1%, and a contract was added for the Sedona Historical Society of \$100,000.
 - The contingency for possible grant awards was increased by \$200,000.
 - An increase in indirect cost allocations of approximately \$532,000 was included. Indirect cost allocations result in a double counting of expenditures, not an increase in payments to employees or vendors.
- Capital improvement budget changes:
 - An increase for traffic improvements of \$13.0 million was included. The most significant projects include the Uptown parking garage, the Forest Road extension, and the pedestrian crossing at Oak Creek.
 - An increase of \$18.2 million was included for acquisition of real estate and/or land for strategic protection of the City's future development.
 - An increase for wastewater capital infrastructure needs of \$4.3 million was included. The most significant project was the major lift station upgrades.

- Changes from Tentative Budget to Proposed Final Budget
 - There was a formula error in the calculation of total financial resources available in Schedule A of the Official Budget Forms provided by the Auditor General's Office. The correct total financial resources available is \$143,933,439, not \$151,244,822.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

The Proposed Final Budget includes a significant investment in the environmental sustainability program.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): The City Council may change the amount of the proposed final budget prior to final adoption, so long as it does not exceed the Tentative Budget cap of \$105,745,040.

MOTION

I move to: approve Resolution No. 2022-__ adopting the Budget for Fiscal Year 2022-23 including the budget attachments.

Exhibit A
City of Sedona
FY 2022-23 Tentative Budget - Consolidated Financial Schedule

Fund/Department	Beginning Fund Balances	Revenues						Other Financing Sources (Uses)				Ending Fund Balances	
		Taxes	Contingent Revenues	In-Lieu Fees	Intergovernmental	Charges for Services	Other Revenues	Total Revenues	Transfers In	Transfer Out	Debt Issuance		Expenditures
General Fund													
General Revenues		\$42,449,900		\$539,400	\$3,953,700		\$331,870	\$47,274,870		(\$21,074,200)			
General Government					\$115,000	\$324,030	\$655,780	\$1,094,810				\$3,976,120	
Public Safety					\$26,000	\$545,300	\$92,140	\$663,440				\$11,021,240	
Public Works & Streets							\$5,000	\$5,000				\$2,840,180	
Health & Welfare					\$9,950			\$9,950				\$1,834,290	
Public Transportation								\$0				\$65,220	
Culture & Recreation						\$115,530	\$93,050	\$208,580				\$3,327,420	
Economic Development								\$0				\$2,058,630	
Debt Service								\$0				\$2,657,590	
Contingencies								\$0				\$550,000	
Total General Fund	\$36,341,046	\$42,449,900	\$0	\$539,400	\$4,104,650	\$984,860	\$1,177,840	\$49,256,650	\$0	(\$21,074,200)	\$0	\$28,330,690	\$36,192,806
Special Revenue Funds													
Streets Fund	\$908,289				\$1,293,000		\$22,400	\$1,315,400	\$438,330			\$2,301,090	\$360,929
Affordable Housing Fund	\$4,667,041				\$60,000		\$26,500	\$86,500	\$1,250,000			\$1,401,790	\$4,601,751
Grants & Donations Funds	\$2,136,798		\$500,000		\$1,867,080	\$200	\$57,400	\$2,424,680		(\$1,914,000)		\$2,383,630	\$263,848
Transportation Sales Tax Fund	\$6,283,941	\$5,210,000					\$83,400	\$5,293,400		(\$11,000,170)		\$525,680	\$51,491
Total Special Revenue Funds	\$13,996,069	\$5,210,000	\$500,000	\$0	\$3,220,080	\$200	\$189,700	\$9,119,980	\$1,688,330	(\$12,914,170)	\$0	\$6,612,190	\$5,278,019
Capital Projects Funds													
Capital Improvements Fund	\$29,344,360				\$300,000		\$130,800	\$430,800	\$18,845,840	(\$16,750)	\$10,000,000	\$41,293,700	\$17,310,550
Development Impact Fees Funds	\$5,353,190							\$613,740				\$5,371,910	\$595,020
Art in Public Places Fund ⁽¹⁾	\$257,557						\$1,900	\$1,900	\$16,750			\$360,650	(\$84,443)
Total Capital Projects Funds	\$34,955,107	\$0	\$0	\$0	\$300,000	\$0	\$746,440	\$1,046,440	\$18,862,590	(\$16,750)	\$10,000,000	\$47,026,260	\$17,821,127
Enterprise Funds													
Public Transit Fund													
Administration					\$48,200			\$48,200	\$5,124,890			\$173,090	
Operations & Capital Projects Management					\$120,800	\$85,750		\$206,550	\$2,097,420			\$2,303,970	
Departmental Allocations								\$0	\$205,780			\$205,780	
Capital Projects					\$488,740			\$488,740	\$868,160			\$1,356,900	
Total Public Transit Fund	\$0	\$0	\$0	\$0	\$657,740	\$85,750	\$0	\$743,490	\$8,296,250	\$0	\$0	\$4,039,740	\$5,000,000
Wastewater Fund													
Administration						\$6,248,050	\$1,919,140	\$8,167,190	\$3,200,000			\$223,860	
Operations & Capital Projects Management								\$0				\$3,239,420	
Departmental Allocations								\$0				\$2,051,300	
Capital Projects								\$0	\$1,914,000			\$7,480,000	
Debt Service								\$0				\$4,541,410	
Contingencies								\$0				\$100,000	
Total Wastewater Fund	\$17,201,649	\$0	\$0	\$0	\$0	\$6,248,050	\$1,919,140	\$8,167,190	\$5,114,000	\$0	\$0	\$17,635,990	\$12,846,849
Total Enterprise Funds	\$17,201,649	\$0	\$0	\$0	\$657,740	\$6,333,800	\$1,919,140	\$8,910,680	\$13,410,250	\$0	\$0	\$21,675,730	\$17,846,849
Internal Service Fund													
Information Technology Fund	\$1,162,866						\$2,249,590	\$8,800	\$2,258,390	\$43,950		\$2,100,170	\$1,365,036
Total Internal Service Fund	\$1,162,866	\$0	\$0	\$0	\$0	\$2,249,590	\$8,800	\$2,258,390	\$43,950	\$0	\$0	\$2,100,170	\$1,365,036
Total All Funds	\$103,656,737	\$47,659,900	\$500,000	\$539,400	\$8,282,470	\$9,568,450	\$4,041,920	\$70,592,140	\$34,005,120	(\$34,005,120)	\$10,000,000	\$105,745,040	\$78,503,837

RESOLUTION NO. 2022-___

**A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA,
ARIZONA, ADOPTING THE BUDGET FOR FISCAL YEAR 2022-2023.**

WHEREAS, in accordance with the provisions of Title 42, Chapter 17, Articles 1-5, Arizona Revised Statutes (A.R.S.), the City Council did, on July 12, 2022, make an estimate of the different amounts required to meet the public expenditures/expenses for the ensuing year and also an estimate of revenues from sources other than property taxes; and

WHEREAS, in accordance with said sections of said statute, and following due public notice, the City Council met on July 12, 2022, and August 9, 2022, at which meetings any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures/expenses and other revenue sources; and

WHEREAS, publication has been duly made as required by law of said estimates, together with a notice that the City Council met on July 12, 2022, and August 9, 2022, at the City Council Chambers for the purpose of hearing taxpayers.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, that the said estimates of revenues and expenditures/expense shown on the accompanying Official Budget Forms attached hereto and incorporated herein, as now increased, reduced, or changed by the Council, are hereby adopted as the budget of the City of Sedona, Arizona for the Fiscal Year 2022-2023.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 9th day of August, 2022.

Sandra J. Moriarty, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

Official Budget Forms

City of Sedona

Fiscal year 2023

City Council adopted the Tentative Budget on July 12, 2022



Final budget adoption will occur on August 9, 2022 at 4:00 p.m.
in the City Council Chambers, 102 Roadrunner Drive, Sedona, Arizona 86336

The Budget may be reviewed at:
City's website www.sedonaaz.gov
City of Sedona in the Clerk's Office, 102 Roadrunner Drive, Sedona, Arizona
City of Sedona Public Library, 3250 White Bear Road, Sedona Arizona

City of Sedona

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Schedule F—Expenditures/expenses by department (as applicable)

Schedule G—Full-time employees and personnel compensation

City of Sedona
Summary Schedule of estimated revenues and expenditures/expenses
Fiscal year 2023

Fiscal year	S c h	Funds								
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total all funds	
2022	Adopted/adjusted budgeted expenditures/expenses*	E 1	23,360,593	7,083,800	0	15,193,775	0	15,195,200	1,859,475	62,692,843
2022	Actual expenditures/expenses**	E 2	22,122,260	2,563,700	0	14,143,220	0	11,977,390	1,710,960	52,517,530
2023	Beginning fund balance/(deficit) or net position/(deficit) at July 1***	3	36,341,046	13,996,069	0	34,955,107	0	17,201,649	1,162,866	103,656,737
2023	Primary property tax levy	B 4	0							0
2023	Secondary property tax levy	B 5								0
2023	Estimated revenues other than property taxes	C 6	49,256,650	9,119,980	0	1,046,440	0	8,910,680	2,258,390	70,592,140
2023	Other financing sources	D 7	0	0	0	10,000,000	0	0	0	10,000,000
2023	Other financing (uses)	D 8	0	0	0	0	0	0	0	0
2023	Interfund transfers in	D 9	0	1,688,330	0	18,862,590	0	13,410,250	43,950	34,005,120
2023	Interfund Transfers (out)	D 10	21,074,200	12,914,170	0	16,750	0	0	0	34,005,120
2023	Line 11: Reduction for fund balance reserved for future budget year expenditures									
	Maintained for future debt retirement									0
	Maintained for future capital projects			51,491		17,821,127		1,535,000		19,407,618
	Maintained for future financial stability	11	7,622,421	300,000				1,640,487		9,562,908
	Reserve for loans		2,711,383	4,600,000						7,311,383
	Equipment replacement reserve		1,541,389	60,920				1,004,348	958,696	3,565,353
	Major maintenance reserve							468,176		468,176
2023	Total financial resources available	12	52,648,303	6,877,798	0	47,026,260	0	34,874,568	2,506,510	143,933,439
2023	Budgeted expenditures/expenses	E 13	28,330,690	6,612,190	0	47,026,260	0	21,675,730	2,100,170	105,745,040

Expenditure limitation comparison		2022	2023
1	Budgeted expenditures/expenses	\$ 71,692,843	\$ 105,745,040
2	Add/subtract: estimated net reconciling items		
3	Budgeted expenditures/expenses adjusted for reconciling items	71,692,843	105,745,040
4	Less: estimated exclusions		
5	Amount subject to the expenditure limitation	\$ 71,692,843	\$ 105,745,040
6	EEC expenditure limitation	\$ 71,692,843	\$ 105,745,040

X The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

- * Includes expenditure/expense adjustments approved in the current year from Schedule E.
- ** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
- *** Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

City of Sedona
Revenues other than property taxes
Fiscal Year 2023

Source of revenues	Estimated revenues 2022	Actual revenues* 2022	Estimated revenues 2023
General Fund			
Local taxes			
City Sales Taxes	\$ 23,985,700	\$ 29,003,000	\$ 31,360,000
Bed Taxes	7,029,300	9,302,000	10,232,000
Franchise Fees	851,800	850,600	857,900
Licenses and permits			
Building Permit Fees	235,000	363,700	350,000
Business Licenses	54,000	54,190	54,000
Misc Community Development/Public Works	42,900	49,150	41,100
City Clerk	2,375	4,830	3,180
Intergovernmental			
State Shared Sales Taxes	1,163,600	1,387,000	1,439,000
State Urban Revenue Sharing	1,349,000	1,289,000	1,762,000
Federal Grants & Aid	6,300	7,000	100,000
State Grants, Aid, & Reimbursements	25,860	26,300	26,000
County-Vehicle License Taxes	775,900	775,300	752,700
County-IGA/Other	9,950	8,900	9,950
Other Govt	15,000	16,000	15,000
Charges for services			
Recreation Programs	33,000	39,000	60,000
Daily Swim Fees/Swimming Lessons/Water			
Aerobics/Aquatics Special Programs	18,040	20,530	23,080
Plan Review Fees	145,000	253,400	250,000
Misc. Community Development Fees	41,550	54,510	62,520
Misc. Parks and Recreation Fees	16,500	19,500	28,950
Paid Parking Fees	576,000	523,200	537,000
Misc. Police Fees	4,800	8,200	8,300
Other Misc. Charges for Services	11,720	16,010	15,010
Fines and forfeits			
Court Fines	179,900	203,000	207,000
STEP Administration Fees	3,600	5,150	5,100
Parking Fines	10,500	84,000	85,000
Misc. Fines	14,300	4,690	6,590
Interest on investments			
Interest Earnings	218,390	87,210	174,420
Tax Audits - Interest/Penalty	1,220	1,250	1,250
Miscellaneous			
In-lieu Fees	525,200	544,700	539,400
Parks & Recreation Rentals	39,300	90,700	93,000
AMRRP Dividends	165,100	165,100	155,700
Auction Revenues	21,300	69,700	
Other Misc. Revenues	1,050	56,120	1,500
Total General Fund	\$ 37,573,155	\$ 45,382,940	\$ 49,256,650

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

City of Sedona
Revenues other than property taxes
Fiscal Year 2023

Source of revenues	Estimated revenues 2022	Actual revenues* 2022	Estimated revenues 2023
Special revenue funds			
Streets Fund:			
HURF Revenues	\$ 1,024,000	\$ 1,293,000	\$ 1,293,000
Interest Earnings	7,890	11,200	22,400
	<u>\$ 1,031,890</u>	<u>\$ 1,304,200</u>	<u>\$ 1,315,400</u>
Affordable Housing Fund:			
Intergovernmental - Other IGA	\$ 69,550	\$ 45,200	\$ 60,000
Interest Earnings	23,630	13,250	26,500
	<u>\$ 93,180</u>	<u>\$ 58,450</u>	<u>\$ 86,500</u>
Grants, Donations, & Restricted Funds:			
Federal Grants & Aid	\$ 1,865,360	\$ 1,865,350	\$ 1,726,500
State Grants & Aid	30,400	174,730	140,580
Charges for Services	1,000	200	200
Fines & Forfeitures	23,800	31,350	31,350
Donations	16,800	35,750	21,450
Interest Earnings	1,270	2,300	4,600
Other Misc. Revenues		22,050	
Contingent Grants & Donations	300,000		500,000
	<u>\$ 2,238,630</u>	<u>\$ 2,131,730</u>	<u>\$ 2,424,680</u>
Transportation Sales Tax Fund:			
Transportation Sales Tax	\$ 3,985,700	\$ 4,817,000	\$ 5,210,000
Interest Earnings	23,880	41,700	83,400
	<u>\$ 4,009,580</u>	<u>\$ 4,858,700</u>	<u>\$ 5,293,400</u>
Total special revenue funds	<u>\$ 7,373,280</u>	<u>\$ 8,353,080</u>	<u>\$ 9,119,980</u>
Capital projects funds			
Capital Improvements Fund:			
Federal Grants & Aid	\$ 1,400,000	\$ 1,400,000	\$
State Grants & Aid	300,000	500,000	
County Flood Control	300,000	245,000	300,000
Contributions and Donations	100,000	95,700	
Interest Earnings	138,180	65,400	130,800
	<u>\$ 2,238,180</u>	<u>\$ 2,306,100</u>	<u>\$ 430,800</u>
Art in Public Places Fund:			
Contributions and Donations	\$	\$ 65,000	\$
Interest Earnings	690	950	1,900
	<u>\$ 690</u>	<u>\$ 65,950</u>	<u>\$ 1,900</u>
Development Impact Fees Funds:			
Development Impact Fees	\$ 506,760	\$ 465,390	\$ 578,260
Interest Earnings	37,260	17,740	35,480
	<u>\$ 544,020</u>	<u>\$ 483,130</u>	<u>\$ 613,740</u>
Total capital projects funds	<u>\$ 2,782,890</u>	<u>\$ 2,855,180</u>	<u>\$ 1,046,440</u>

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

City of Sedona
Revenues other than property taxes
Fiscal Year 2023

Source of revenues	Estimated revenues 2022	Actual revenues* 2022	Estimated revenues 2023
Enterprise funds			
Public Transit Fund:			
<u>Federal Grants</u>	\$ 1,051,810	\$ 48,200	\$ 657,740
<u>Charges for Services</u>	50,550	500	85,750
	<u>\$ 1,102,360</u>	<u>\$ 48,700</u>	<u>\$ 743,490</u>
Wastewater Fund:			
<u>Charges for Services</u>	\$ 6,046,990	\$ 6,208,990	\$ 6,248,050
<u>Capacity Fees</u>	931,756	704,500	1,645,100
<u>Interest Earnings</u>	201,390	102,570	205,140
<u>Misc. Revenues</u>	58,750	52,650	68,900
	<u>\$ 7,238,886</u>	<u>\$ 7,068,710</u>	<u>\$ 8,167,190</u>
Internal service funds			
Information Technology Fund:			
<u>Internal Cost Charges</u>	\$ 1,717,020	\$ 1,908,250	\$ 2,249,090
<u>Other Charges for Services</u>	400	660	500
<u>Interest Earnings</u>	7,460	4,400	8,800
	<u>\$ 1,724,880</u>	<u>\$ 1,913,310</u>	<u>\$ 2,258,390</u>
Total internal service funds	<u>\$ 1,724,880</u>	<u>\$ 1,913,310</u>	<u>\$ 2,258,390</u>
Total all funds	<u>\$ 57,795,451</u>	<u>\$ 65,621,920</u>	<u>\$ 70,592,140</u>

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

City of Sedona
Other financing sources/(uses) and interfund transfers
Fiscal year 2023

Fund	Other financing 2023		Interfund transfers 2023	
	Sources	(Uses)	In	(Out)
General Fund				
Transfer to Streets Fund	\$	\$	\$	\$ 438,330
Transfer to Afford. Housing Fund				1,250,000
Transfer to Cap. Impr. Fund				10,897,170
Transfer to Public Transit Fund				5,244,750
Transfer to Wastewater Fund				3,200,000
Transfer to Info. Tech. Fund				43,950
Total General Fund	\$	\$	\$	\$ 21,074,200
Special revenue funds				
Streets - from General Fund	\$	\$	\$ 438,330	\$
Afford. Housing - from General Fund			1,250,000	
Grants, Don. & Restr. - to Wastewater				1,914,000
Transp. Sales Tax - to Cap. Impr. Fund				7,948,670
Transp. Sales Tax - to Public Transit				3,051,500
Total special revenue funds	\$	\$	\$ 1,688,330	\$ 12,914,170
Capital projects funds				
Cap. Impr. - Bond Issuance	\$ 10,000,000	\$	\$	\$
Cap. Impr. - from General Fund			10,897,170	
Cap. Impr. - from Transp. Sales Tax			7,948,670	
Cap. Impr. - to Art in Public Places				16,750
Art in Public Places - from Cap. Impr.			16,750	
Total capital projects funds	\$ 10,000,000	\$	\$ 18,862,590	\$ 16,750
Enterprise funds				
Public Transit - from General Fund	\$	\$	\$ 5,244,750	\$
Public Transit - from Transp. Sales Tax			3,051,500	
Wastewater - From General Fund			3,200,000	
Wastewater - From Grants, Don. & Restr.			1,914,000	
Total enterprise funds	\$	\$	\$ 13,410,250	\$
Internal service funds				
Info. Tech - from General Fund	\$	\$	\$ 43,950	\$
Total Internal Service Funds	\$	\$	\$ 43,950	\$
Total all funds	\$ 10,000,000	\$	\$ 34,005,120	\$ 34,005,120

City of Sedona
Expenditures/expenses by fund
Fiscal year 2023

Fund/Department	Adopted budgeted expenditures/ expenses 2022	Expenditure/ expense adjustments approved 2022	Actual expenditures/ expenses* 2022	Budgeted expenditures/ expenses 2023
General Fund				
City Council	\$ 70,310	\$	\$ 69,990	\$ 76,170
City Manager	3,894,190	75,000	3,641,210	2,515,310
Human Resources	346,660		319,150	324,060
Financial Services	1,370,025	(26,800)	1,226,430	1,551,550
City Attorney	674,140	(220)	580,890	684,870
City Clerk	295,385		300,780	348,260
Parks & Recreation	870,975		775,910	890,350
General Services	1,574,735		1,896,370	3,847,370
Community Development	1,778,190		1,648,510	1,976,910
Public Works	3,580,380	(16,500)	3,577,350	4,173,250
Economic Development	332,870		268,150	311,520
Police	5,879,839	(2,006)	5,504,300	7,535,670
Municipal Court	639,540		521,740	670,680
Other Public Safety		26,800	26,780	30,000
Indirect Cost Allocations	487,230		726,950	187,130
Debt Service	1,034,850		1,037,750	2,657,590
Contingency	550,000	(75,000)		550,000
Total General Fund	\$ 23,379,319	\$ (18,726)	\$ 22,122,260	\$ 28,330,690
Special revenue funds				
Streets Fund	\$ 2,076,860	\$ 15,711	\$ 1,978,730	\$ 2,301,090
Affordable Housing Fund	2,657,030		97,300	1,401,790
Grants, Don. & Restr. Funds	2,217,610	789	374,660	2,383,630
Transportation Sales Tax Fund	115,800		113,010	525,680
Total special revenue funds	\$ 7,067,300	\$ 16,500	\$ 2,563,700	\$ 6,612,190
Capital projects funds				
Capital Improvements Fund	\$ 11,274,261	\$ 594,616	\$ 11,274,240	\$ 41,293,700
Art in Public Places Fund	136,000		3,680	360,650
Develop. Impact Fees Funds	3,132,134	56,764	2,865,300	5,371,910
Total capital projects funds	\$ 14,542,395	\$ 651,380	\$ 14,143,220	\$ 47,026,260
Enterprise funds				
Public Transit Fund	\$ 3,060,290	\$ (654,450)	\$ 1,247,470	\$ 4,039,740
Wastewater Fund	12,789,360		10,729,920	17,635,990
Total enterprise funds	\$ 15,849,650	\$ (654,450)	\$ 11,977,390	\$ 21,675,730
Internal service funds				
Information Technology Fund	\$ 1,854,179	\$ 5,296	\$ 1,710,960	\$ 2,100,170
Total internal service funds	\$ 1,854,179	\$ 5,296	\$ 1,710,960	\$ 2,100,170
Total all funds	\$ 62,692,843	\$	\$ 52,517,530	\$ 105,745,040

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Sedona
Expenditures/expenses by department
Fiscal year 2023

Department/Fund	Adopted budgeted expenditures/expenses	Expenditure/expense adjustments approved	Actual expenditures/expenses*	Budgeted expenditures/expenses
	2022	2022	2022	2023
City Council:				
General Fund	\$ 70,310	\$	\$ 69,990	\$ 76,170
Department total	\$ 70,310	\$	\$ 69,990	\$ 76,170
City Manager:				
General Fund	\$ 3,894,190	\$ 75,000	\$ 3,641,210	\$ 2,515,310
Affordable Housing Fund	557,030		96,180	537,290
Information Technology Fund	5,140		3,560	46,420
Department total	\$ 4,456,360	\$ 75,000	\$ 3,740,950	\$ 3,099,020
Human Resources:				
General Fund	\$ 346,660	\$	\$ 319,150	\$ 324,060
Information Technology Fund				6,000
Department total	\$ 346,660	\$	\$ 319,150	\$ 330,060
Financial Services:				
General Fund	\$ 1,370,025	\$ (26,800)	\$ 1,226,430	\$ 1,551,550
Public Transit Fund			500	750
Wastewater Fund	125,500		122,670	133,540
Department total	\$ 1,495,525	\$ (26,800)	\$ 1,349,600	\$ 1,685,840
City Attorney:				
General Fund	\$ 674,140	\$ (220)	\$ 580,890	\$ 684,870
Wastewater Fund	100,000			100,000
Department total	\$ 774,140	\$ (220)	\$ 580,890	\$ 784,870
City Clerk:				
General Fund	\$ 295,385	\$	\$ 300,780	\$ 348,260
Department total	\$ 295,385	\$	\$ 300,780	\$ 348,260
Parks & Recreation:				
General Fund	\$ 870,975	\$	\$ 775,910	\$ 890,350
Grants, Don. & Restr. Funds	12,950		3,650	12,950
Information Technology Fund	7,000		6,000	6,000
Department total	\$ 890,925	\$	\$ 785,560	\$ 909,300
General Services:				
General Fund	\$ 1,574,735	\$	\$ 1,896,370	\$ 3,847,370
Grants, Don. & Restr. Funds	800			800
Develop. Impact Fee Funds				45,000
Department total	\$ 1,575,535	\$	\$ 1,896,370	\$ 3,893,170
Community Development:				
General Fund	\$ 1,778,190	\$	\$ 1,648,510	\$ 1,976,910
Affordable Housing Fund				
Grants, Don. & Restr. Funds	138,850		160,900	
Information Technology Fund	42,800		42,800	2,800
Department total	\$ 1,959,840	\$	\$ 1,852,210	\$ 1,979,710
Public Works:				
General Fund	\$ 3,580,380	\$ (16,500)	\$ 3,577,350	\$ 4,173,250
Streets Fund	1,995,420	15,711	1,902,720	2,057,670
Grants, Don. & Restr. Funds		789	3,900	2,500
Transportation Sales Tax Fund	115,800		113,010	148,410
Public Transit Fund		13,540	250	500
Wastewater Fund	301,245		272,480	256,850
Information Technology Fund	17,130		15,940	18,240
Department total	\$ 6,009,975	\$ 13,540	\$ 5,885,650	\$ 6,657,420

City of Sedona
Expenditures/expenses by department
Fiscal year 2023

Department/Fund	Adopted budgeted expenditures/expenses 2022	Expenditure/expense adjustments approved 2022	Actual expenditures/expenses* 2022	Budgeted expenditures/expenses 2023
Economic Development				
General Fund	\$ 332,870	\$	\$ 268,150	\$ 311,520
Information Technology Fund			410	410
Department total	\$ 332,870	\$	\$ 268,560	\$ 311,930
Police:				
General Fund	\$ 5,879,839	\$ (2,006)	\$ 5,504,300	\$ 7,535,670
Grants, Don. & Restr. Funds	38,500	61,000	129,210	127,600
Information Technology Fund	65,269		68,520	67,860
Department total	\$ 5,983,608	\$ 58,994	\$ 5,702,030	\$ 7,731,130
Municipal Court:				
General Fund	\$ 639,540	\$	\$ 521,740	\$ 670,680
Information Technology Fund	11,200		7,700	11,200
Department total	\$ 650,740	\$	\$ 529,440	\$ 681,880
Other Public Safety:				
General Fund	\$	\$ 26,800	\$ 26,780	\$ 30,000
Department total	\$	\$ 26,800	\$ 26,780	\$ 30,000
Indirect Cost Allocations:				
General Fund	\$ 487,230	\$	\$ 726,950	\$ 187,130
Streets Fund	81,440		76,010	243,420
Affordable Housing Fund			1,120	54,500
Public Transit Fund	52,800		50,230	127,130
Wastewater Fund	950,720		920,870	1,494,190
Information Technology Fund	144,830		133,070	142,720
Department total	\$ 1,717,020	\$	\$ 1,908,250	\$ 2,249,090
Debt Service:				
General Fund	\$ 1,034,850	\$	\$ 1,037,750	\$ 2,657,590
Transportation Sales Tax Fund				377,270
Capital Improvements Fund			134,610	
Develop. Impact Fee Funds				233,890
Public Transit Fund			3,000	3,000
Wastewater Fund	4,794,875		4,658,570	4,541,410
Department total	\$ 5,829,725	\$	\$ 5,833,930	\$ 7,813,160
Contingency:				
General Fund	\$ 550,000	\$ (75,000)	\$	\$ 550,000
Affordable Housing Fund	2,100,000			810,000
Grants, Don. & Restr. Funds	2,026,510	(61,000)		2,039,000
Wastewater Fund	100,000			100,000
Department total	\$ 4,776,510	\$ (136,000)	\$	\$ 3,499,000
Capital Improvement Projects:				
Grants, Don. & Restr. Funds	\$	\$	\$ 77,000	\$ 200,780
Capital Improvements Fund	11,274,261	594,616	11,139,630	41,293,700
Art in Public Places Fund	136,000		3,680	360,650
Develop. Impact Fee Funds	3,132,134	56,764	2,865,300	5,093,020
Public Transit Fund	2,170,000	(720,851)	288,400	1,356,900
Wastewater Fund	3,163,000	37,830	1,873,130	7,480,000
Department total	\$ 19,875,395	\$ (31,641)	\$ 16,247,140	\$ 55,785,050
Public Transit:				
Public Transit Fund	\$ 837,490	\$ 52,861	\$ 824,710	\$ 2,474,060
Department total	\$ 837,490	\$ 52,861	\$ 824,710	\$ 2,474,060

City of Sedona
Expenditures/expenses by department
Fiscal year 2023

Department/Fund	Adopted budgeted expenditures/expenses	Expenditure/expense adjustments approved	Actual expenditures/expenses*	Budgeted expenditures/expenses
	2022	2022	2022	2023
<u>Wastewater:</u>				
Wastewater Fund	\$ 3,193,265	\$ (37,830)	\$ 2,838,430	\$ 3,463,280
Department total	<u>\$ 3,193,265</u>	<u>\$ (37,830)</u>	<u>\$ 2,838,430</u>	<u>\$ 3,463,280</u>
<u>Information Technology:</u>				
Public Transit Fund	\$	\$	\$ 80,380	\$ 77,400
Wastewater Fund	60,755		43,770	66,720
Information Technology Fund	1,560,810	5,296	1,432,960	1,798,520
Department total	<u>\$ 1,621,565</u>	<u>\$ 5,296</u>	<u>\$ 1,557,110</u>	<u>\$ 1,942,640</u>

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Sedona
Full-time employees and personnel compensation
Fiscal year 2023

Fund	Full-time equivalent (FTE)	Employee salaries and hourly costs	Retirement costs	Healthcare costs	Other benefit costs	Total estimated personnel compensation
	2023	2023	2023	2023	2023	2023
General Fund	146	\$ 9,544,280	\$ 3,028,510	\$ 1,895,250	\$ 864,020	\$ 15,332,060
Special revenue funds						
Streets Fund	4	\$ 274,230	\$ 33,010	\$ 64,240	\$ 28,680	\$ 400,160
Affordable Housing Fund	2	152,340	18,410	32,130	12,410	215,290
Grants, Don. & Restr. Funds		1,760	51,950		90	53,800
Transportation Sales Tax Fund	1	83,870	10,090	16,340	8,110	118,410
Total special revenue funds	7	\$ 510,440	\$ 61,510	\$ 112,710	\$ 49,200	\$ 733,860
Enterprise funds						
Public Transit Fund	2	\$ 148,220	\$ 17,890	\$ 21,420	\$ 12,030	\$ 199,560
Wastewater Fund	17	1,248,470	150,370	282,360	134,670	1,815,870
Total enterprise funds	19	\$ 1,396,690	\$ 168,260	\$ 303,780	\$ 146,700	\$ 2,015,430
Internal service funds						
Information Technology Fund	6	\$ 597,550	\$ 72,020	\$ 99,650	\$ 48,430	\$ 817,650
Total internal service fund	6	\$ 597,550	\$ 72,020	\$ 99,650	\$ 48,430	\$ 817,650
Total all funds	178	\$ 12,048,960	\$ 3,330,300	\$ 2,411,390	\$ 1,108,350	\$ 18,899,000



ANNUAL BUDGET

FY 2022-2023



**City Council Meeting
Final Budget Adoption
August 9, 2022**

FY 2022-23 Budget Calendar

	Participants	Date
Operating & Capital Improvement Program (CIP) Budget Trainings CIP Budget Kickoff Meeting	Staff	December 15, 2021
Operating Budget Kickoff Meeting	Staff	December 16, 2021
City Council Retreat	Council, Staff	January 4-6, 2022
CIP Requests Due	Staff CIP Team	January 13, 2022
Community Budget Survey Open	CMO, Finance	January 18 – February 1, 2022
Review of CIP Project Submittals	Staff CIP Team	January 20, 2022
Presentation of Long-Range Forecast	Council, Staff	January 25, 2022
Operating Budgets, Decision Packages, Final CIP Requests Due	Staff	February 3, 2022
Review of Revenue Projections	Chamber, Staff	February 24, 2022
City Manager Review with Departments	CM, Staff	March 3-10, 2022
1st Public Hearing for Home Rule Election	Council, CMO, Finance	March 8, 2022
2 nd Public Hearing & Council Vote on Home Rule Election	Council, CMO, Finance	March 22, 2022
Proposed Budget Distributed to City Council	Finance	May 12, 2022
City Council Work Sessions	Council, Staff	May 18-19, 2022
City Council Adoption of Tentative Budget	Council, Staff	June 28, 2022 July 12, 2022
City Council Adoption of Annual Update to Pension Funding Policy	Council, Staff	June 28, 2022
Board Adoption of Tentative CFD Budget	Board, Staff	June 28, 2022 July 12, 2022
Election Day		August 2, 2022
City Council Adoption of Budget	Council, Staff	August 9, 2022
Board Adoption of Final CFD Budget	Board, Staff	August 9, 2022



Revenue Forecasts

Special Thanks for Input Provided

Cari
Meyer

Molly
Spangler

Candace
Strauss



FY 22-23
ANNUAL BUDGET





Community Survey

Special Thanks for Input Provided



**FY 22-23
ANNUAL BUDGET**





FY 2023 Budget is Balanced⁽¹⁾

All Funds	FY 2023 Budget (in millions)
Estimated July 1, 2022 Fund Balances	\$103.7
Estimated Revenues	70.6
Estimated Other Financing Sources	10.0
Less Estimated Policy Reserves as of June 30, 2023:	
Operating Reserves ⁽²⁾	(9.3)
Capital Reserves	(19.4)
Equipment Replacement Reserves	(3.6)
Major Maintenance Reserve	(0.5)
Streets Fund Reserve	(0.3)
Reserve for Loans	(7.3)
Total Resources Available	\$143.9
Budgeted Expenditures	(105.7)
Excess Resources Available	\$38.2

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

⁽²⁾ Reserves fully funded in accordance with policy.

**FY 22-23
ANNUAL BUDGET**



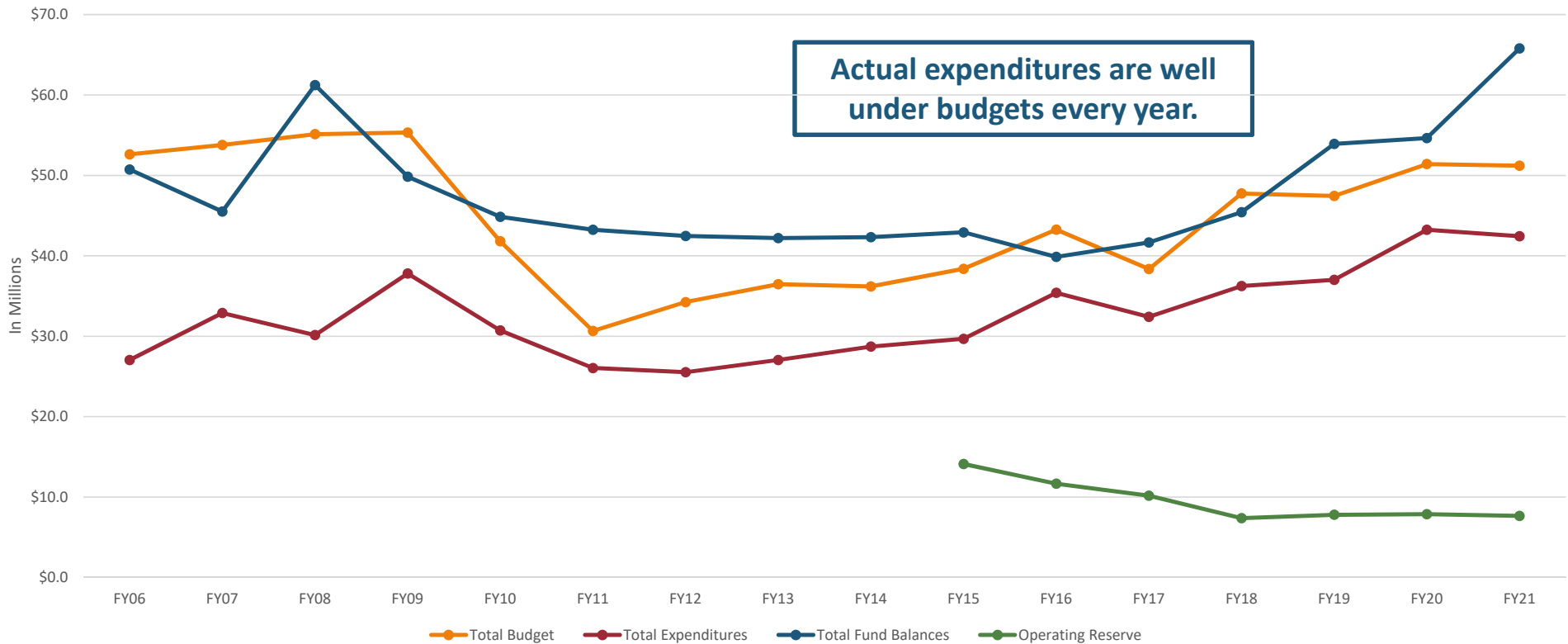
Comparison to Prior Years

(In Millions)

All Funds	FY 2019 Budget	FY 2020 Budget	FY 2021 Budget ⁽¹⁾	FY 2022 Budget	FY 2023 Budget
Estimated July 1 Fund Balances	\$41.6	\$50.3	\$50.0	\$65.2	\$103.7
Estimated Revenues	43.9	45.1	40.5	55.9	70.6
Estimated Other Financing Sources	-	-	-	9.0	10.0
Less Estimated Policy Reserves as of June 30:					
Operating Reserves	(7.7)	(8.1)	(7.6)	(8.2)	(9.3)
Debt Service Reserves	(4.4)	-	-	-	-
Capital Reserves	(12.2)	(13.1)	(11.6)	(10.6)	(19.4)
Equipment Replacement Reserves	(1.2)	(2.3)	(2.2)	(3.4)	(3.6)
Major Maintenance Reserve	(0.1)	(0.2)	(0.1)	(0.1)	(0.5)
Streets Fund Reserve	(0.1)	(0.1)	(0.1)	(0.3)	(0.3)
Reserve for Loans	-	-	-	-	(7.3)
Total Resources Available	\$60.0	\$71.7	\$68.9	\$107.5	\$143.9
Budgeted Expenditures	(47.5)	(51.4)	(51.2)	(58.0)	(105.7)
Budgeted Other Financing Uses	-	-	-	(9.0)	-
Excess Resources Available	\$12.5	\$20.2	\$17.7	\$40.6	\$38.2
Total Estimated June 30 Fund Balances	\$38.0	\$44.0	\$39.3	\$63.2	\$78.5

⁽¹⁾ Included assumptions for revenue losses and expenditure cuts in response to anticipated impacts of COVID-19.

Historical Budget vs. Actual Expenditures, Fund Balances, Operating Reserves All Funds



Difference between budget to actual (in millions)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ⁽¹⁾	2019	2020	2021
\$25.6	\$20.9	\$25.0	\$17.5	\$11.1	\$4.6	\$8.7	\$9.4	\$7.5	\$8.7	\$7.9	\$6.0	\$11.5	\$10.4	\$8.2	\$8.8
49%	39%	45%	32%	27%	15%	25%	26%	21%	23%	18%	16%	24%	22%	16%	17%

⁽¹⁾ Budgeting for SIM projects began in FY2018; however, many projects did not start incurring significant construction costs until FY2020.

Revenues by Fund (in Thousands)

Fund	Ongoing Revenues			One-Time & Contingent Revenues			Total Revenues		
	FY2023 Tentative	FY2022 Budget	% Change	FY2023 Tentative	FY2022 Budget	% Change	FY2023 Tentative	FY2022 Budget	% Change
General	\$49,001	\$37,380	31%	\$ 256	\$ 193	33%	\$49,257	\$37,573	31%
Streets	1,315	1,032	27%	-	-	0%	1,315	1,032	27%
Affordable Housing	87	93	-7%	-	-	0%	87	93	-7%
Grants, Donations & Restricted	116	46	153%	2,309	2,193	5%	2,425	2,239	8%
Transportation Sales Tax	5,293	4,010	32%	-	-	0%	5,293	4,010	32%
Capital Improvement	431	438	-2%	-	1,800	-100%	431	2,238	-81%
Development Impact Fees	466	384	21%	148	160	-8%	614	544	13%
Art in Public Places	2	1	175%	-	-	0%	2	1	175%
Public Transit	255	117	118%	489	985	-50%	743	1,102	-33%
Wastewater	7,861	6,931	13%	306	306	0%	8,167	7,239	13%
Information Technology	2,149	1,652	30%	110	73	50%	2,258	1,725	31%
Totals	\$66,975	\$52,085	29%	\$3,617	\$5,710	-37%	\$70,592	\$57,795	22%
% of Grand Total	95%	90%		5%	10%				



Revenues by Type

(in Thousands)

	FY2023 Tentative	FY2022 Budget	Increase/ (Decrease)	% Change
City Sales Taxes	\$36,570	\$27,971	\$8,599	31%
Bed Taxes	10,232	7,029	3,203	46%
State Shared Revenues	5,301	4,313	988	23%
Other Intergovernmental	2,985	5,135	(2,150)	-42%
Wastewater Charges for Services	6,248	6,047	201	3%
Other Miscellaneous	8,789	7,061	1,728	24%
Contingent Revenues	500	239	261	109%
Totals	\$70,595	\$57,795	\$12,800	22%

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Revenues Changes

(in Thousands)

FY 2022 Budget	\$57,795
City sales tax increase	8,599
Bed tax increase	3,203
State shared revenues increase	988
Congressionally Directed Funding decrease	(1,400)
Transit grants decrease	(394)
Capacity fees increase	452
Information Technology internal charges increase	532
Contingent revenues increase	261
Miscellaneous increases	559
FY 2023 Budget	\$70,595

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Expenditures by Fund

(in Thousands)

Fund	Ongoing Expenditures			One-Time & Contingent Expenditures			Total Expenditures		
	FY2023 Tentative	FY2022 Budget	% Change	FY2023 Tentative	FY2022 Budget	% Change	FY2023 Tentative	FY2022 Budget	% Change
General	\$22,205	\$20,685	7%	\$6,216	\$2,694	127%	\$ 28,331	\$23,379	21%
Streets	2,166	1,911	13%	135	166	-19%	2,301	2,077	11%
Affordable Housing	352	557	-37%	1,050	2,100	-50%	1,402	2,657	-47%
Grants, Donations & Restricted	85	25	243%	2,299	2,193	5%	2,384	2,218	7%
Transportation Sales Tax	148	116	28%	377	-	∞	526	116	354%
Capital Improvement	-	-	0%	41,294	11,274	266%	41,294	11,274	266%
Development Impact Fees	45	-	∞	5,327	3,132	70%	5,372	3,132	72%
Art in Public Places	-	-	0%	361	136	165%	361	136	165%
Public Transit	2,342	872	169%	1,697	2,188	-22%	4,040	3,060	32%
Wastewater	5,144	4,350	18%	12,492	8,439	48%	17,636	12,789	38%
Information Technology	1,982	1,731	14%	119	123	-4%	2,100	1,854	13%
Totals	\$34,469	\$30,246	14%	\$71,276	\$32,446	120%	\$105,745	\$62,693	69%
% of Grand Total	33%	48%		67%	52%				

Expenditures by Type

(in Thousands)

	FY2022 Budget	FY2023 Base	Increase/ (Decrease)	% Change	Decision Packages & Other Adj.	Total FY2023 Tentative
Ongoing:						
Personnel	\$15,890	\$17,180	\$ 1,290	8%	\$ 574	\$ 17,755
Operations	14,356	15,948	1,592	11%	767	16,714
Subtotal Operational Costs - Ongoing	30,246	33,128	2,882	10%	1,341	34,469
One-Time:						
Personnel	38	121	83	218%	1,077	1,198
Operations	1,927	2,698	771	40%	282	2,981
Subtotal Operational Costs – One-Time	1,965	2,819	854	43%	1,359	4,179
Subtotal All Operational Costs	32,211	35,947	3,736	12%	2,701	38,648
Capital Improvement Projects ⁽¹⁾	19,875	62,115	42,239	213%	(6,330)	55,785
Debt Service	5,830	7,813	1,983	34%	-	7,813
Contingencies	4,777	2,795	(1,982)	(41%)	704	3,499
Totals	\$62,693	\$108,670	\$45,977	73%	(\$2,925)	\$105,745

⁽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 2022 Budget	\$15,928
Decision Packages	975
Increase for one-time temp positions	158
Wage adjustments	800
Health insurance 6% rate increase	50
ASRS 2% rate decrease	42
Increase to PSPRS level-funding approach ⁽¹⁾	100
Increase for Prop 207 contribution toward PSPRS unfunded liability	51
Additional one-time contribution to PSPRS	1,000
Increase to vacancy savings offset	(209)
Increase to other benefits	58
FY 2023 Budget	\$18,953

⁽¹⁾Using the pension funding model developed by the actuaries assumptions about turnover/retirements, pay adjustments, and investment portfolio performance, a \$1.1M level-payment has been estimated to achieve 100% funded by 2037.

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Decision Packages Included – Salary & Benefits

Department	Description	Increased FTEs	One-Time Costs	Ongoing Costs	Totals
City Manager's Office	Webmaster	1.00	\$ -	\$111,580	\$111,580
City Manager's Office	Short-Term Rental Specialist	1.00	-	87,710	87,710
Financial Services	Budget & Financial Analyst	1.00	-	105,570	105,570
Public Works	Custodial Maintenance Worker	1.00	-	63,650	63,650
Public Works	Grants Analyst	0.50	-	51,530	51,530
Police	Communications Specialist	1.00	-	96,550	96,550
Total General Fund		5.50	\$ -	\$516,590	\$516,590
City Manager's Office	Housing Coordinator	1.00	\$ -	\$ 83,980	\$ 83,980
Total Affordable Housing Fund		1.00	\$ -	\$ 83,980	\$ 83,980
Police	DUI Enforcement	OT only	\$ 2,500	\$ -	\$ 2,500
Total Grants, Donations & Restricted Funds		0.00	\$ 2,500	\$ -	\$ 2,500
Public Transit	Grants Analyst	0.50	\$ -	\$ 51,510	\$ 51,510
Total Public Transit Fund		0.50	\$ -	\$ 51,510	\$ 51,510
Wastewater	Wastewater Inspector	1.00	\$ -	\$ 98,690	\$ 98,690
Wastewater	Preventative Maintenance Technician	1.00	-	77,920	77,920
Total Wastewater Fund		2.00	\$ -	\$176,610	\$176,610
Information Technology	IT Help Desk/Systems Engineer	1.00	\$ -	\$144,300	\$144,300
Total Information Technology Fund		1.00	\$ -	\$144,300	\$144,300
Total All Funds		10.00	\$ 2,500	\$972,990	\$975,490



Operations Changes

(in Thousands)

FY 2022 Budget	\$16,283
Decision Packages	760
Reduction in SCC&TB contract	(430)
Increase for Transit implementation	1,629
Increase to fuel costs (not including Transit)	127
Increase to indirect cost allocations for Information Technology	532
Add legislative advocate	75
Increase for service contracts including Historical Society	47
Add evacuation planning and modeling	250
Sustainability program increases	269
Increase liability and property insurance premiums	110
Increase for election costs	45
Miscellaneous decreases	(2)
FY 2023 Budget	\$19,695

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Decision Packages Included – Operations

Department	Description	One-Time Costs	Ongoing Costs	Totals
City Manager's Office	Webmaster	\$ 2,000	\$ 1,700	\$ 3,700
City Manager's Office	Public Relations Professional Services	-	75,000	75,000
City Manager's Office	Home Hazardous Waste Expansion to Partner Cities	-	12,000	12,000
City Manager's Office	Energy Efficiency Upgrades & Monitoring Technology	85,000	-	85,000
City Manager's Office	Environmental Impact Assessment - OHVs	75,000	-	75,000
City Manager's Office	Green Procurement Audit & Surveying	10,000	-	10,000
City Manager's Office	Short-Term Rental Specialist	8,900	2,850	11,750
Financial Services	Budget & Financial Analyst	2,500	1,500	4,000
General Services	Grant Writing Professional Services	-	75,000	75,000
General Services	Sedona Historical Society Provider Agreement	-	75,000	75,000
General Services	Community Engagement	-	10,000	10,000
General Services	Translation/Interpretation Services	-	5,000	5,000
Police	Communications Specialist	500	1,500	2,000
Total General Fund		\$183,900	\$259,550	\$443,450
City Manager's Office	Housing Programs – STR>LTR Rental Incentives	\$240,000	\$ -	\$240,000
Total Affordable Housing Fund		\$240,000	\$ -	\$240,000
Police	VMS Speed & Message Trailer	\$ 24,000	\$ -	\$ 24,000
Total Grants, Donations & Restricted Funds		\$ 24,000	\$ -	\$ 24,000
Public Transit	Grants Analyst	\$ 3,900	\$ 4,550	\$ 8,450
Total Public Transit Fund		\$ 3,900	\$ 4,550	\$ 8,450
Wastewater	Wastewater Inspector	\$ 12,600	\$ 1,000	\$ 13,600
Wastewater	Preventative Maintenance Technician	3,600	1,600	5,200
Total Wastewater Fund		\$ 16,200	\$ 2,600	\$ 18,800
Information Technology	IT Help Desk/Systems Engineer	\$ 5,600	\$ 400	\$ 6,000
Multiple Departments	Computer Hardware/Software for New Positions	4,400	14,400	18,800
Total Information Technology Fund		\$ 10,000	\$ 14,800	\$ 24,800
Total All Funds		\$478,000	\$281,500	\$759,500



CIP Changes (in Thousands)

FY 2022 Budget	\$19,875
Arts & Culture increase	225
Information Technology decrease	(200)
Municipal Court increase	339
Parks & Recreation increase	186
Police decrease	(39)
Public Transit decrease	(813)
Public Works increase	18,310
Sedona in Motion increase	12,997
Storm Drainage increase	1,040
Streets & Transportation decrease	(573)
Sustainability increase	120
Wastewater increase	4,317
FY 2023 Budget	\$55,785

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Debt Service Changes

(in Thousands)

FY 2022 Budget	\$5,830
Decrease for refunding of Series 2012 bonds (new issue Series 2021 bonds)	(151)
Eliminate one-time issuance cost for Series 2021 bonds	(102)
Add Series 2022 bonds	1,232
Add placeholder for potential bonds for property acquisition	1,000
Change in Second Series 2015 bond payment	(3)
Increase in trustee administration fees	7
FY 2023 Budget	\$7,813

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Contingency Changes

(in Thousands)

FY 2022 Budget	\$4,777
Reduce affordable housing contingency to available balance	(1,290)
Reduce ARPA contingency based on available balance	(188)
Increase unknown grants contingency	200
FY 2023 Budget	\$3,499

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FY 2023 Contingencies Totals

(in Thousands)

	General Fund	Affordable Housing Fund	Grants, Donations, & Restricted Funds	Wastewater Enterprise Fund
General operating contingency	\$200	\$ -	\$ -	\$100
Affordable housing initiatives in development	-	810	-	-
ARPA funding	-	-	1,539	-
Unknown grants and donations	-	-	500	-
Judgments	100	-	-	-
Tourism management contract	250	-	-	-
Total Budgeted	\$550	\$810	\$2,039	\$100



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FY 2023 Inter-Fund Transfers

Transfers In								
Transfers Out	Streets Fund	Affordable Housing Fund	Capital Improvements Fund	Art in Public Places Fund	Public Transit Enterprise Fund	Wastewater Enterprise Fund	Info. Tech. Internal Service Fund	Totals
General Fund	\$438,330	\$1,250,000	\$10,897,170	\$ -	\$5,244,750	\$3,200,000	\$43,950	\$21,074,200
Grants, Donations & Restricted Funds	-	-	-	-	-	1,914,000	-	1,914,000
Transportation Sales Tax Fund	-	-	7,948,670	-	3,051,500	-	-	11,000,170
Capital Improvements Fund	-	-	-	16,750	-	-	-	16,750
Totals	\$438,330	\$1,250,000	\$18,845,840	\$16,750	\$8,296,250	\$5,114,000	\$43,950	\$34,005,120

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Capital Improvements by Category

(including 1% Arts Transfers and CFD Funding)
(In Thousands)

Category	Carryover	New Appropriation	FY 2023 Tentative
Sedona in Motion	\$14,791	\$ 7,862	\$22,652
Public Works	-	20,161	20,161
Wastewater	1,692	5,788	7,480
Police	132	997	1,129
Storm Drainage	648	397	1,045
Public Transit	954	403	1,357
Parks & Recreation	361	645	1,006
Streets & Transportation	-	455	455
Arts & Culture	302	58	361
Sustainability	-	120	120
Municipal Court	127	213	339
Total	\$19,007	\$37,098	\$56,105

Capital Improvements by Funding Source

Funding Source	FY 2023 Tentative
Unrestricted:	
Capital Reserves	\$10,371
Restricted:	
Debt Financing ⁽¹⁾	24,988
Transportation Sales Tax	8,817
Wastewater Revenues/Equipment Replacement Reserve	5,566
Development Impact Fees Funds	2,796
Grants	2,439
1% for Arts	361
Community Facilities Districts	303
Yavapai County Flood Control	300
Court Restricted Revenues	165
Total	\$56,105

⁽¹⁾ Assumed the \$25M bond proceeds will be fully spent by 6/30/24.

Council Priorities Included

Priority Item	Budget Location	FY2023 Budget Amount ⁽¹⁾
Complete various traffic improvements	CIP	\$22,652,250
Transit	CIP	\$1,356,900
	<u>Operations</u>	<u>\$2,682,840</u>
	Total	\$4,039,740
Affordable/workforce housing	Affordable Housing Fund	\$810,000 contingency \$591,790 in operations \$4,600,000 in balance sheet loans
Environmental stewardship/sustainability	CIP	\$10,394,630
	CMO	\$ 1,063,680
	P&R	\$ 1,030
	PW	\$ 108,550
	<u>General Services</u>	<u>\$ 307,410</u>
	Total	\$11,875,300
SCC&TB contract review	Council	Council time only
Trailhead congestion/impact to neighborhoods	Transit	See above
	PW/PD	Staff time only
Improve citizen communications/relations	CMO	\$536,330
	<u>General Services</u>	<u>\$ 15,000</u>
	Total	\$551,330
Manage impact from short-term rentals	CMO	\$201,990
Economic diversification	Economic Development	\$389,040
Emergency preparedness	General Services	\$250,000
Community Plan update	Community Development	\$269,570
Other property acquisitions	CIP	\$20,020,000
Accelerate Brewer Road Park build-out	CIP	\$738,080
Homelessness	CMO	Staff time only
Environmental impact study on OHVs/USFS trail access based on capacity analysis	CMO	Included in Sustainability

⁽¹⁾ Only includes costs for program staff time. Other city staff time not included.

Long-Range Forecast – General Fund

REVENUES, EXPENDITURES, TRANSFERS & FUND BALANCE





Questions or Comments?

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