

Budget 101



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Inspiring a Vibrant Community

State Requirements



- State Requirements are due to Property Tax – and truth in taxation laws.
 - The City of Cottonwood does not levy a property tax
- Adopt tentative budget. (A.R.S. 42-17101)
 - On or before the third Monday in July.
 - Sets Expenditure Limitation
 - Budget all anticipated expenditures and grants
- (A.R.S. 42-17105) – Post State Required Forms 7 days after adoption on website and keep it posted for at least 60 months.
- Publish a summary of the tentative budget once a week for two consecutive weeks in the newspaper. Also include time and place of budget hearing and a statement indicating that the proposed budget may be examined at city/town library and city/town hall. (A.R.S. 42-17103) – State Required Forms

Budget is a Policy Document and a Plan for the upcoming year.

Inspiring a Vibrant Community

State Requirements



CITY OF COTTONWOOD - TENTATIVE
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2022

| Fiscal Year | S c h | FUNDS | | | | | | | |
|---|-------|--------------|----------------------|-------------------|-----------------------|----------------|----------------------------|------------------------|-----------------|
| | | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Fiduciary Fund | Enterprise Funds Available | Internal Service Funds | Total All Funds |
| 2021 Adopted/Adjusted Budgeted Expenditures/Expenses* | E 1 | 43,418,765 | 14,317,870 | 2,011,060 | 1,201,340 | 288,125 | 18,220,910 | 0 | 79,488,860 |
| 2021 Actual Expenditures/Expenses** | E 2 | 42,688,210 | 12,833,475 | 2,008,470 | 1,180,600 | 285,105 | 18,833,316 | 0 | 76,847,075 |
| 2022 Fund Balance/Net Position at July 1*** | 3 | 11,780,840 | 4,655,085 | 380,180 | 1,180,125 | 278,305 | 28,178,916 | | 44,342,230 |
| 2022 Primary Property Tax Levy | B 4 | 0 | | | | | | | 0 |
| 2022 Secondary Property Tax Levy | B 5 | | | | | | | | 0 |
| 2022 Estimated Revenues Other than Property Taxes | C 6 | 47,811,820 | 12,832,860 | 1,846,725 | 821,075 | 13,000 | 13,528,180 | 0 | 78,260,830 |
| 2022 Other Financing Sources | D 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2022 Other Financing (Uses) | D 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2022 Interfund Transfers In | D 9 | 0 | 1,814,460 | 0 | 0 | 0 | 0 | 0 | 1,814,460 |
| 2022 Interfund Transfers (Out) | D 10 | 1,648,180 | 85,270 | 0 | 0 | 0 | 0 | 0 | 1,814,460 |
| 2022 Reduction for Amounts Not Available: | 11 | | | | | | | | |
| LESS: Amounts for Future Debt Retirement: | | | | | | | | | 0 |
| Future Capital Projects | | 1,834,825 | 238,830 | 380,280 | 681,200 | 280,605 | 22,135,186 | | 26,325,785 |
| Maintained Fund Balance for Financial Stability | | 448,300 | | | | | | | 448,300 |
| Amounts for Operating Reserve Policies | | 5,771,120 | | | | | | | 5,771,120 |
| | | | | | | | | | 0 |
| 2022 Total Financial Resources Available | 12 | 50,001,135 | 18,703,385 | 1,846,825 | 1,120,000 | 8,800 | 17,670,910 | 0 | 89,048,865 |
| 2022 Budgeted Expenditures/Expenses | E 13 | 58,402,680 | 17,388,035 | 2,005,885 | 1,801,200 | 288,305 | 38,708,075 | 0 | 120,683,080 |

EXPENDITURE LIMITATION COMPARISON

- 1 Budgeted expenditures/expenses
- 2 Add/subtract: estimated net reconciling items
- 3 Budgeted expenditures/expenses adjusted for reconciling items
- 4 Less: estimated exclusions
- 5 Amount subject to the expenditure limitation
- 6 EEC expenditure limitation

| 2021 | 2022 |
|---------------|----------------|
| \$ 79,488,860 | \$ 120,683,080 |
| 79,488,860 | 120,683,080 |
| \$ 79,488,860 | \$ 120,683,080 |
| \$ | \$ |

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.

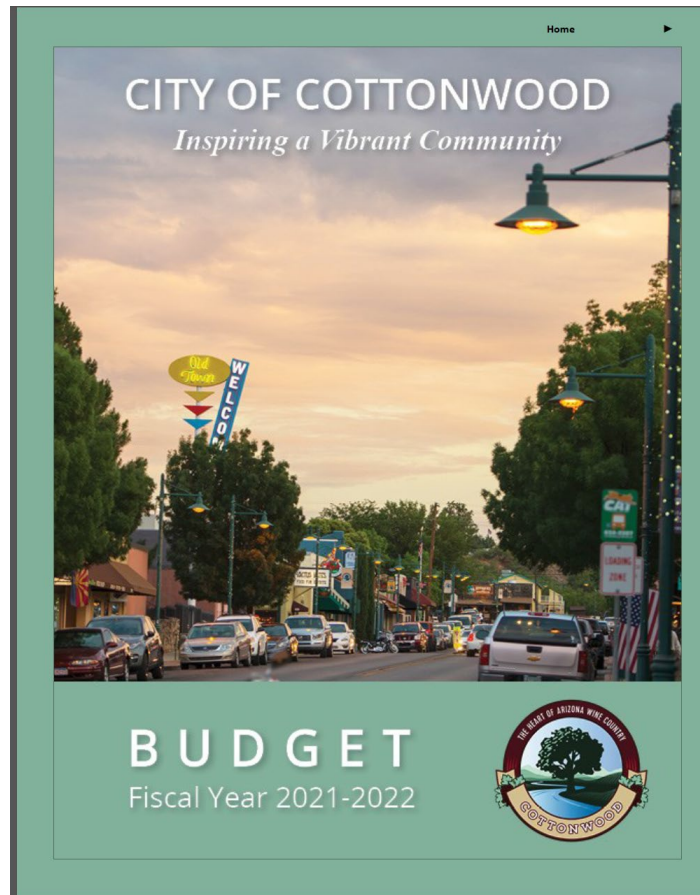
* Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.

** 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 Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

Budget Timeline

<http://cottonwoodaz.gov/DocumentCenter/View/4579/GFOA---City-of-Cottonwood---Budget-FY-2022>



| | | |
|---------------|------|---|
| November 2021 | 22 | Distribute Forms for FY 2023 Personnel and Reclassifications Requests Due: December 13, 2021 |
| | 29 | Distribute Forms for FY 2022 Accomplishments and FY 2022 Performance Indicators Due: January 3, 2022 |
| January 2022 | 7 | Distribute Forms for FY 2023 Goals and FY 2023 Performance Indicators Due: February 4, 2022 |
| | 7 | Distribute Forms for the Departmental Five-Year Capital Improvement Plans (CIP) Due: February 4, 2022 |
| | 21 | City Council & Staff - Strategic Planning Retreat |
| February 2022 | 1-4 | Meetings with Finance and Departmental Staff Regarding Departmental CIPs (Optional) |
| | 8 | Council Work Session - Presentation of FY 2022 Departmental Accomplishments and FY 2022 Performance Indicators by Finance Staff |
| | 14 | Distribute Departmental Budget Work Sheets Due: February 28, 2022 |
| March 2022 | 1-31 | Budget Meetings with Finance and Departmental Staff Due: March 31, 2022 |
| | | |
| April 2022 | 12 | Council Work Session - Presentation of FY 2023 Departmental Goals by Finance Staff |
| | 18 | Budget Discussion between Mayor and Administration/Finance Staff |
| | 26 | Council Work Session - Presentation of Revenue Projections and Changes |
| | 27 | Council Work Session - Overview of the FY 2023 Budget |
| May 2022 | TBD | Employee Staff Meeting |
| | TBD | Employee Staff Meeting |
| | 3 | Council Regular Meeting - Formal Presentation of Proposed FY 2023 Budget |
| | 3 | Council Regular Meeting - Final Day for Changes to Proposed FY 2023 Budget |
| | 3 | Council Regular Meeting - Adoption of Proposed FY 2023 Budget |
| | TBD | Budget Meetings with Staff and Individual Council Members (Optional) |
| | TBD | Town Hall Meeting - Presentation of Proposed FY 2023 Budget |
| | TBD | Informal Public Meeting - Presentation of Proposed FY 2023 Budget |
| June 2022 | TBD | Informal Public Meeting - Presentation of Proposed FY 2023 Budget |
| | 21 | Council Regular Meeting - Formal Presentation of Tentative FY 2023 Budget |
| | 21 | Council Regular Meeting - Public Hearing on Tentative FY 2023 Budget |
| | 21 | Council Regular Meeting - Final Day for Changes Tentative FY 2023 Budget |
| | 21 | Council Regular Meeting - Adoption of Tentative FY 2023 Budget |
| July 2022 | 21 | Council Regular Meeting - Setting Expenditure Limitation |
| | 5 | Council Regular Meeting - Formal Presentation of Final FY 2023 Budget |
| | 5 | Council Regular Meeting - Public Hearing on Final FY 2023 Budget |
| | 5 | Council Regular Meeting - Final Day for Changes Final FY 2023 Budget |
| October 2022 | 5 | Council Regular Meeting - Adoption of Final FY 2023 Budget |
| | 2 | Submission of Adopted FY 2023 Budget Document for the Distinguished Budget Presentation Award of the Government Finance Officers Association (GFOA) |

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Budget Cycle Overview



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Budget



- Finance Staff works with Department heads to prepare operations/base budget
- Develop Revenue Projections
 - Based on Council Approved Rates and Fees
- Discuss needed Capital, adding Employees and Salary Adjustments
 - Based on the Strategic Plan and need
- Discuss benefit Adjustments
- Finance/City Manager/Mayor discuss the development of the budget
- Finance presents a Balanced Budget to Council for Discussion
 - With all personnel additions, operations costs and budgeted capital

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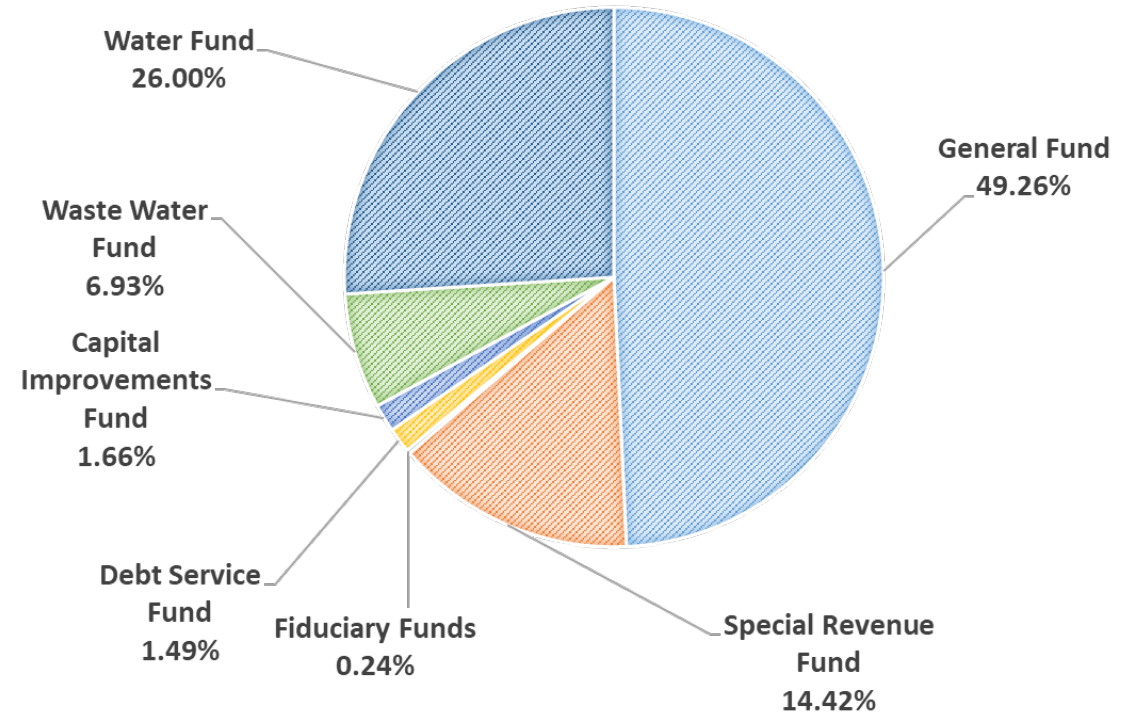
Fund Budgeting/Accounting



| | Est. 06/30/21 | FY 2022 |
|-----------------------------------|----------------------|-----------------------|
| General Fund Revenues | 54,386,850 | 59,402,560 |
| Special Revenue Funds | 12,933,475 | 17,388,035 |
| Fiduciary Fund Revenues | 285,105 | 289,305 |
| Capital Improvement Fund Revenues | 1,190,500 | 1,801,200 |
| Debt Service Fund Revenues | 2,008,470 | 2,005,885 |
| Wastewater Fund | 7,632,215 | 8,353,670 |
| Water Fund | 9,001,100 | 31,352,405 |
| Total Revenues | \$ 87,437,715 | \$ 120,593,060 |

| | | |
|---------------------------|----------------------|--------------------|
| General Fund | 42,596,210 | 59,402,560 |
| Special Revenue Funds | 12,933,475 | 17,388,035 |
| Fiduciary Fund | 285,105 | 289,305 |
| Capital Improvement Fund | 1,190,500 | 1,801,200 |
| Debt Service Fund | 2,008,470 | 2,005,885 |
| Wastewater Fund | 7,632,215 | 8,353,670 |
| Water Fund | 9,001,100 | 31,352,405 |
| Total Expenditures | 75,647,075 | 120,593,060 |
| | \$ 11,790,640 | \$ - |

EXPENSES BY FUND



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Non-Major Governmental Funds –

Supported by the General Fund

- HURF – Highway User Revenue Fund (Streets)
- Transit
- Library
- Cemetery
- Airport
- Grants



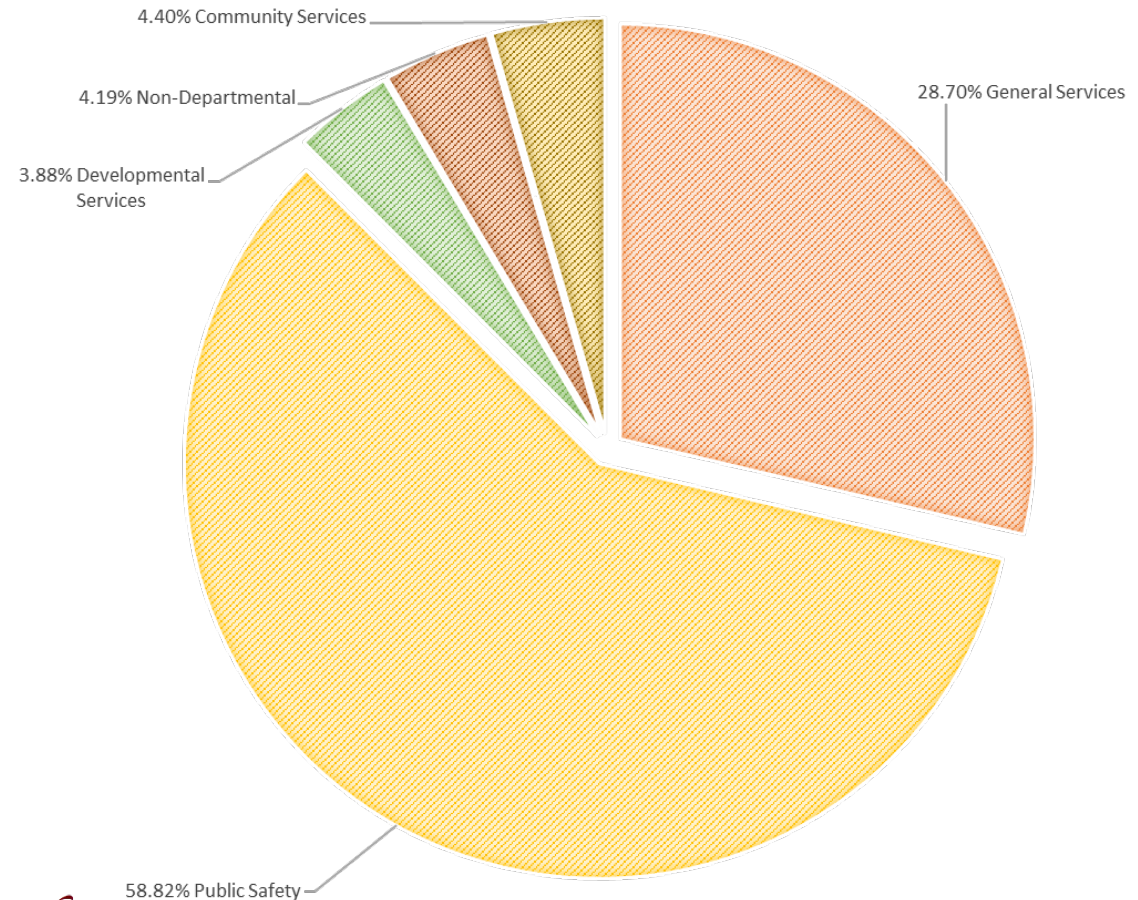
Enterprise Funds – Business Type Funds

- Water
- Wastewater

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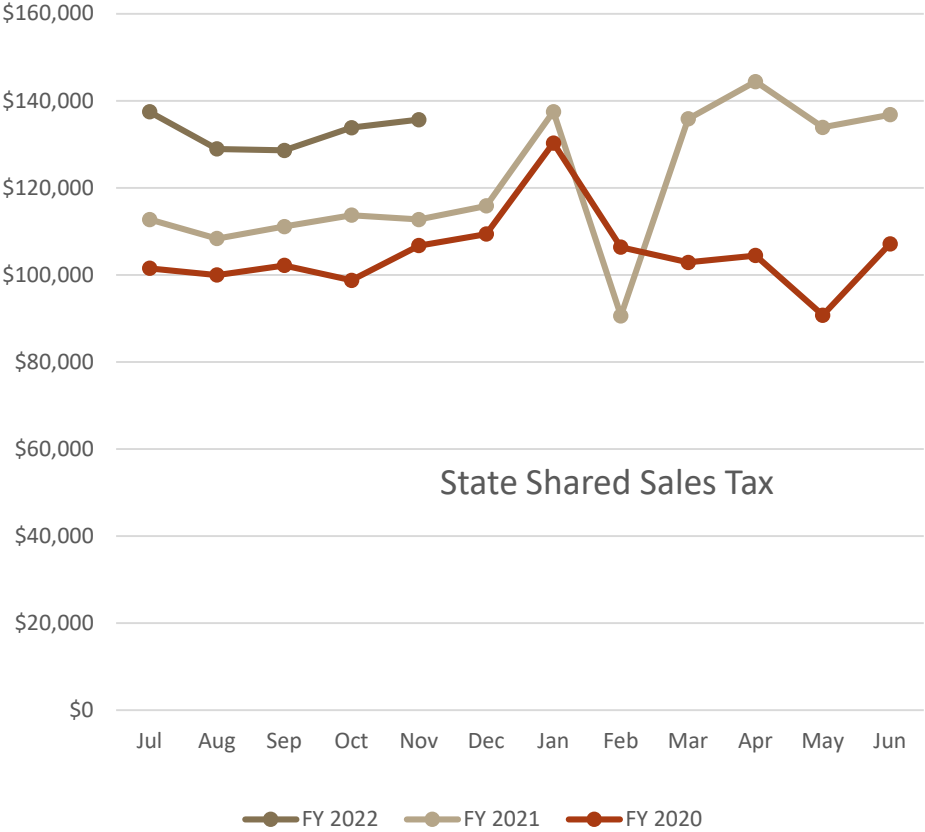
| | |
|-------------------------------|-------------------|
| ADMINISTRATION | 584,540 |
| CITY COUNCIL | 13,855,300 |
| CITY CLERK | 269,300 |
| FINANCE DEPARTMENT | 487,260 |
| HUMAN RESOURCES | 311,225 |
| IT SERVICES | 1,423,400 |
| PURCHASING | 116,460 |
| NATURAL RESOURCES | 0 |
| General Services | 17,047,485 |
| LEGAL | 426,805 |
| MUNICIPAL COURT | 584,520 |
| POLICE DEPARTMENT | 21,711,390 |
| COMMUNICATIONS | 1,857,200 |
| FIRE DEPARTMENT | 10,132,820 |
| ORDINANCE ENFORCEMENT | 228,595 |
| Public Safety | 34,941,330 |
| COMMUNITY DEVELOPMENT | 774,355 |
| ENGINEERING SERVICES | 429,800 |
| PUBLIC WORKS | 215,020 |
| TRANSFER STATION | 1,500 |
| MAINTENANCE | 886,580 |
| CUSTODIAL SERVICE | 0 |
| Developmental Services | 2,307,255 |
| NON-DEPARTMENTAL | 940,900 |
| OPERATING TRANSFERS | 1,549,180 |
| Non-Departmental | 2,490,080 |
| PARKS AND RECREATION | 744,855 |
| RECREATION CENTER OPERATIONS | 1,161,280 |
| CITY POOL | 170,150 |
| YOUTH CENTER | 146,385 |
| ECONOMIC DEVELOPMENT | 393,740 |
| Community Services | 2,616,410 |
| Total General Fund | 59,402,560 |

General Fund



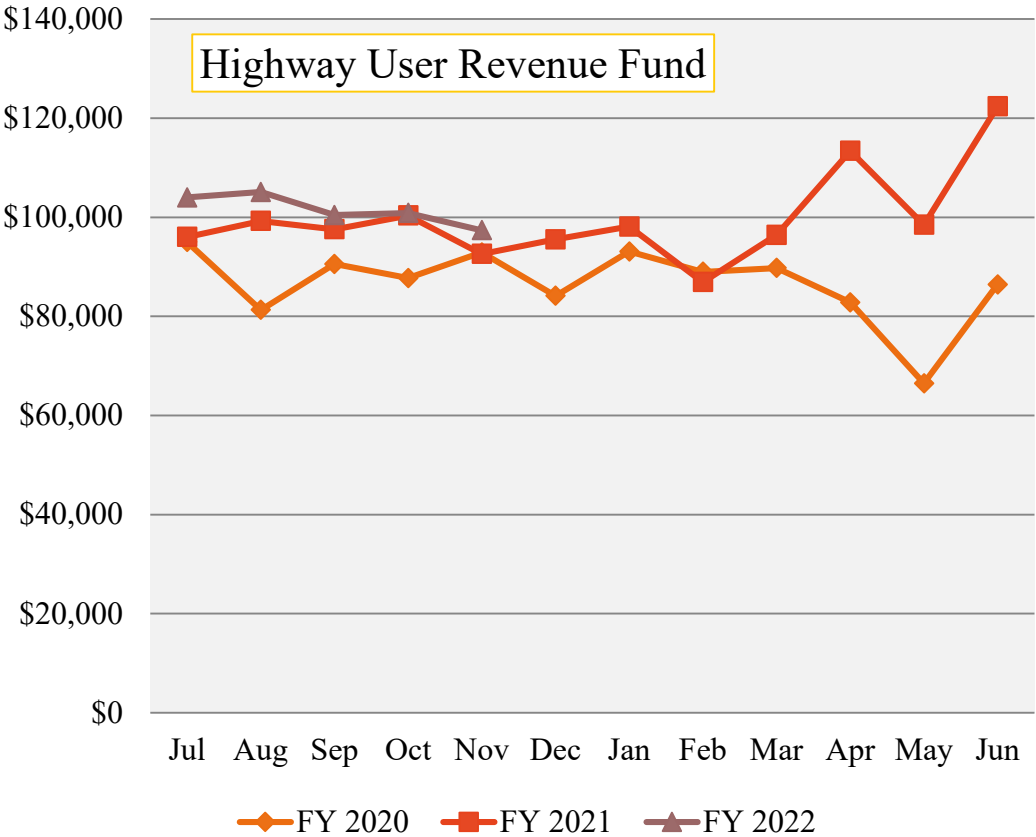
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Major Revenues



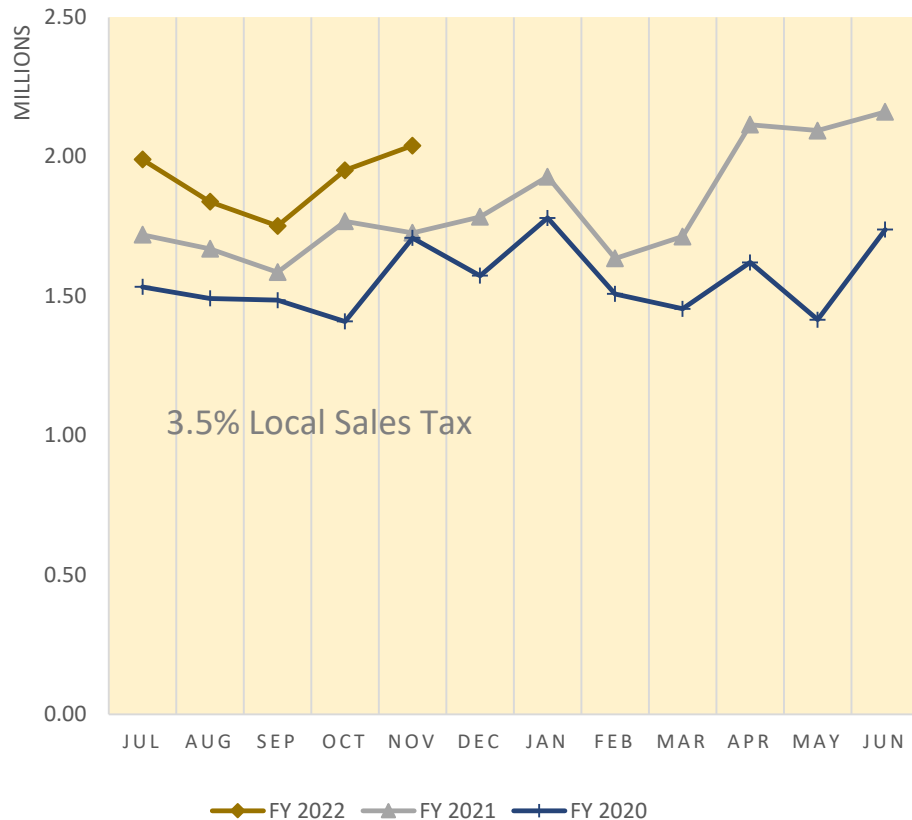
| | FY 2020 | | FY 2021 | | FY 2022 | |
|-----|-------------|---------|-------------|---------|-----------|--------|
| Jul | \$101,524 | 3.91% | \$112,734 | 11.04% | \$137,445 | 21.92% |
| Aug | 99,959 | 6.80% | 108,364 | 8.41% | 128,942 | 18.99% |
| Sep | 102,170 | 7.17% | 111,119 | 8.76% | 128,613 | 15.74% |
| Oct | 98,768 | 3.75% | 113,729 | 15.15% | 133,805 | 17.65% |
| Nov | 106,748 | 10.09% | 112,734 | 5.61% | 135,657 | 20.33% |
| Dec | 109,397 | 8.14% | 115,857 | 5.91% | | |
| Jan | 130,308 | 13.73% | 137,500 | 5.52% | | |
| Feb | 106,364 | 10.11% | 90,611 | -14.81% | | |
| Mar | 102,873 | 8.22% | 135,848 | 32.05% | | |
| Apr | 104,465 | -9.12% | 144,398 | 38.23% | | |
| May | 90,763 | -14.15% | 133,902 | 47.53% | | |
| Jun | 107,159 | 3.08% | 136,814 | 27.67% | | |
| | \$1,260,498 | 4.10% | \$1,453,611 | 15.32% | \$664,462 | 18.93% |

| | FY 2020 | | FY 2021 | | FY 2022 | |
|-----|-------------|---------|-------------|--------|-----------|-------|
| Jul | \$95,026 | 11.49% | \$96,000 | 1.02% | \$103,983 | 8.32% |
| Aug | 81,284 | -3.92% | 99,229 | 22.08% | 105,095 | 5.91% |
| Sep | 90,568 | 1.68% | 97,559 | 7.72% | 100,440 | 2.95% |
| Oct | 87,704 | -3.68% | 100,333 | 14.40% | 100,847 | 0.51% |
| Nov | 92,868 | 9.30% | 92,605 | -0.28% | 97,375 | 5.15% |
| Dec | 84,143 | -4.21% | 95,520 | 13.52% | | |
| Jan | 93,062 | 5.60% | 98,103 | 5.42% | | |
| Feb | 88,982 | 4.85% | 86,913 | -2.33% | | |
| Mar | 89,760 | 11.93% | 96,444 | 7.45% | | |
| Apr | 82,798 | -14.47% | 113,377 | 36.93% | | |
| May | 66,473 | -21.73% | 98,463 | 48.12% | | |
| Jun | 86,412 | -10.74% | 122,360 | 41.60% | | |
| | \$1,039,079 | -1.46% | \$1,196,906 | 15.19% | \$507,741 | 4.53% |



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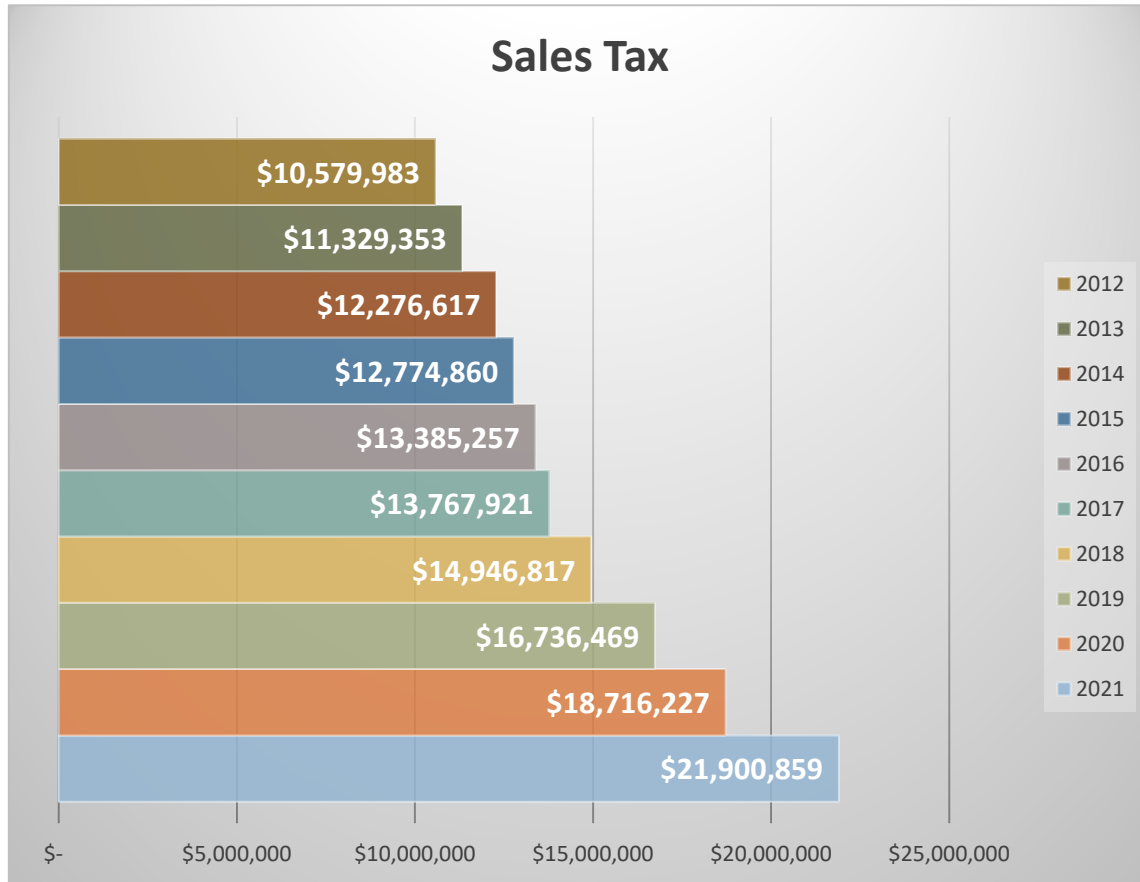
Major Revenues



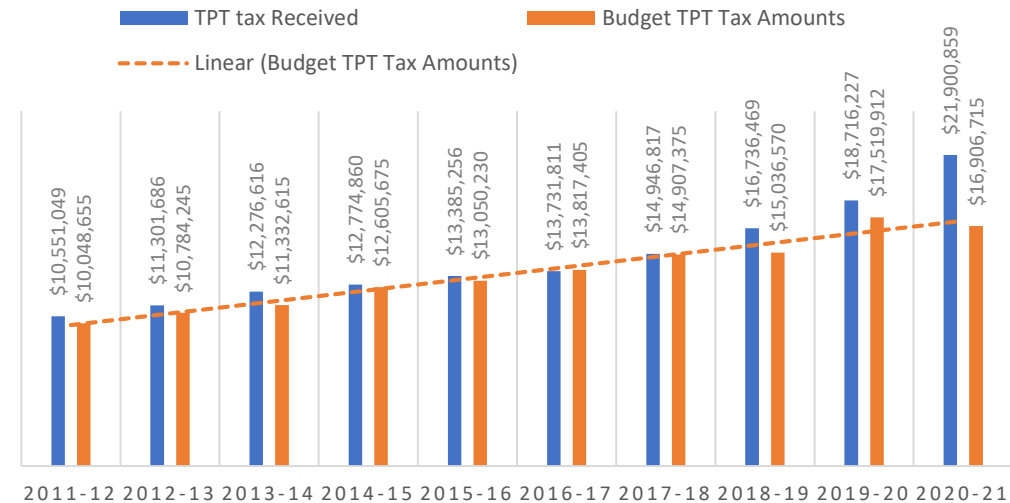
| | FY 2020 | | FY 2021 | | FY 2022 | |
|-----|--------------|--------|--------------|---------|-------------|--------|
| | 3.50% | | 3.50% | | 3.50% | |
| Jul | \$1,533,018 | 6.99% | \$1,720,265 | 12.21% | \$1,989,884 | 15.67% |
| Aug | 1,491,356 | 7.14% | 1,669,277 | 11.93% | 1,838,038 | 10.11% |
| Sep | 1,485,142 | 6.04% | 1,585,916 | 6.79% | 1,751,708 | 10.45% |
| Oct | 1,408,879 | -1.88% | 1,768,094 | 7.49% | 1,951,023 | 10.35% |
| Nov | 1,708,517 | 14.93% | 1,727,042 | -13.42% | 2,039,768 | 18.11% |
| Dec | 1,572,859 | 9.91% | 1,784,208 | 13.44% | | |
| Jan | 1,780,378 | 10.11% | 1,928,354 | 8.31% | | |
| Feb | 1,507,625 | 10.41% | 1,635,048 | 8.45% | | |
| Mar | 1,454,432 | 7.14% | 1,713,928 | 17.84% | | |
| Apr | 1,620,456 | -1.69% | 2,114,753 | 30.50% | | |
| May | 1,415,001 | -7.95% | 2,093,447 | 47.95% | | |
| Jun | 1,738,564 | 4.86% | 2,160,528 | 24.27% | | |
| | \$18,716,226 | 11.83% | \$21,900,859 | 17.02% | \$9,570,421 | 12.98% |

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10 Year Sales Tax History



TPT TAX ORIGINAL BUDGET VS ACTUALS



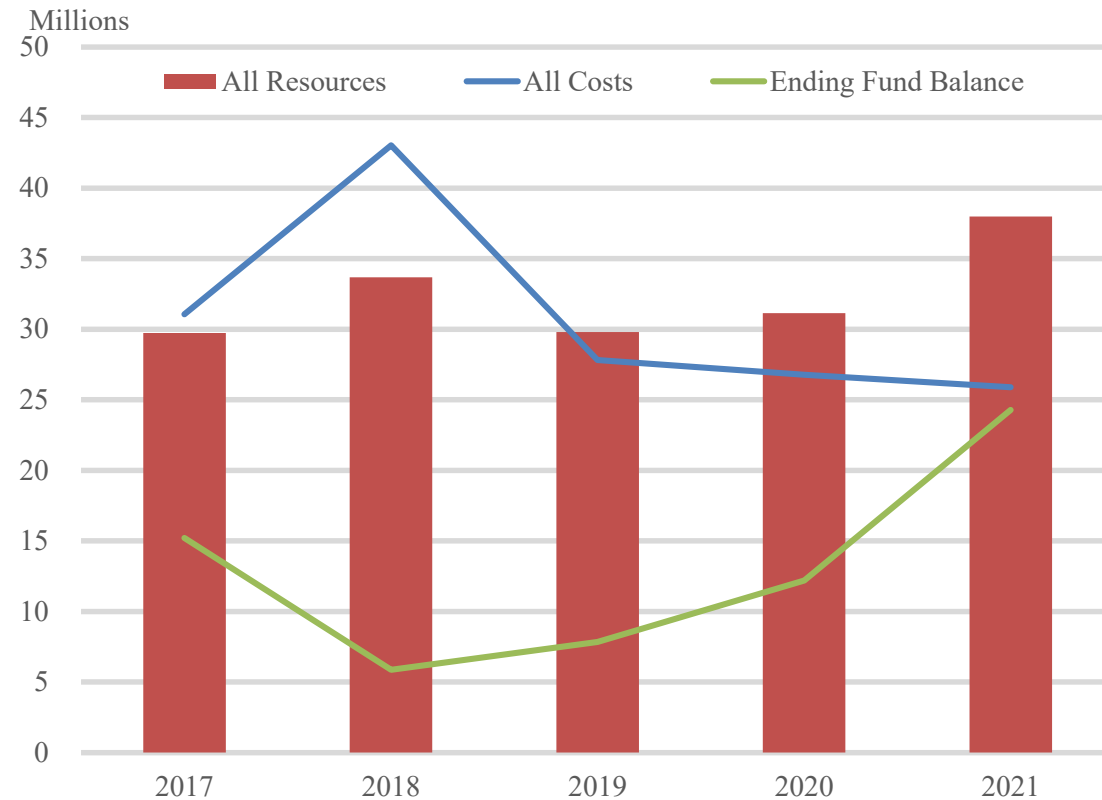
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Resources vs. Uses

General Fund & Non-Major Funds



| | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| | 2017 (11) | 2018 (11) | 2019 (11) | 2020 (11) | 2021 (11) |
| Revenues | | | | | |
| General Fund | \$20,690,816 | \$21,366,898 | \$23,038,776 | \$23,700,005 | \$27,423,324 |
| HURF | 3,826,932 | 3,361,042 | 1,820,100 | 2,653,766 | 3,377,251 |
| Transit | | | 1,792,511 | 2,159,892 | 2,724,127 |
| DS Fund | 1,702,095 | 1,668,204 | 1,644,898 | 1,642,812 | 1,646,811 |
| Capital Projects Fund | 112,538 | 8,431 | 26,016 | 386,163 | 337,131 |
| Nonmajor Gov't'l Fund | 1,055,444 | 2,115,378 | 165,761 | 255,977 | 1,757,327 |
| Total Revenues | 27,387,825 | 28,519,953 | 28,488,062 | 30,798,615 | 37,265,971 |
| Current Expenditures | | | | | |
| General Government | 5,705,124 | 6,103,437 | 6,139,003 | 6,317,896 | 6,561,810 |
| Public Safety | 10,657,958 | 10,801,786 | 11,071,615 | 10,277,695 | 7,453,695 |
| Streets | 2,429,760 | 2,657,355 | 908,747 | 1,085,263 | 1,395,849 |
| Transit | | | 1,789,161 | 2,036,416 | 2,066,818 |
| Culture & Recreation | 3,222,539 | 3,401,603 | 3,303,096 | 3,609,900 | 3,402,156 |
| Redevelopment | 0 | 0 | 0 | 0 | 0 |
| Subtotal | 22,015,381 | 22,964,181 | 23,211,622 | 23,327,170 | 20,880,328 |
| Debt Service | | | | | |
| Subtotal | 2,776,472 | 2,536,081 | 2,373,556 | 2,629,572 | 2,635,836 |
| Capital Outlay | 5,157,047 | 3,672,088 | 2,200,382 | 592,442 | 2,242,878 |
| Total Expenditures | 29,948,900 | 29,172,350 | 27,785,560 | 26,549,184 | 25,759,042 |
| Revenues over /(under) Expenditures | (2,561,075) | (652,397) | 702,502 | 4,249,431 | 11,506,929 |
| Other Sources (Uses) | | | | | |
| Total Sources / (Uses) | 1,229,163 | (8,703,243) | 1,285,928 | 105,649 | 576,525 |
| Net Change in Fund Balance | (1,331,912) | (9,355,640) | 1,988,430 | 4,355,080 | 12,083,454 |
| Beginning Fund Balance | 16,544,137 | 15,212,225 | 5,856,585 | 7,845,015 | 12,200,095 |
| Ending Fund Balance | 15,212,225 | 5,856,585 | 7,845,015 | 12,200,095 | 24,283,549 |
| All Resources | 29,729,796 | 33,679,380 | 29,799,502 | 31,134,625 | 37,980,014 |
| All Costs | 31,061,708 | 43,035,020 | 27,811,072 | 26,779,545 | 25,896,560 |



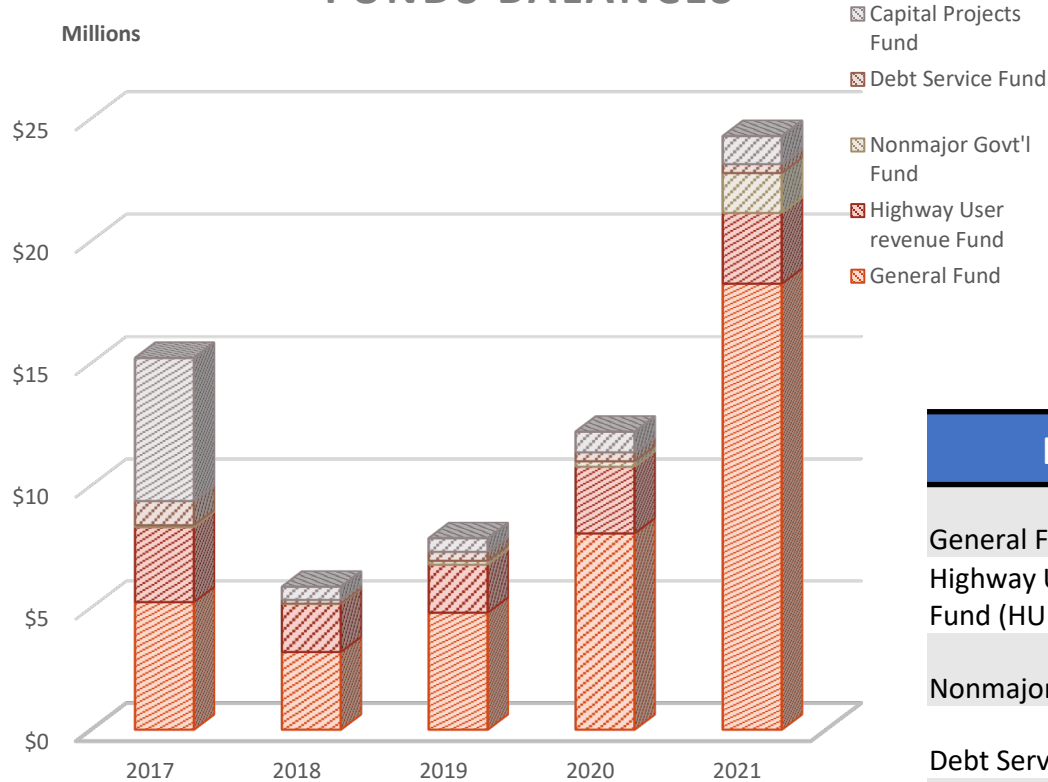
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Fund Balance

General Fund & Non-Major Funds



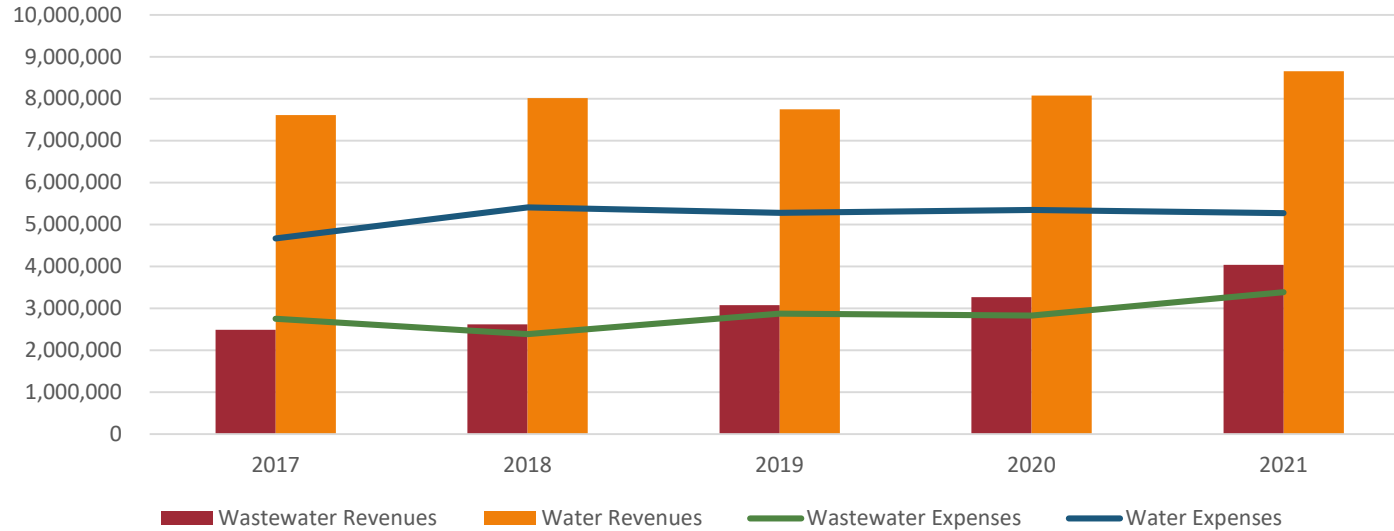
FUNDS BALANCES



| FUNDS | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|--------------|-------------|-------------|--------------|--------------|
| General Fund | \$5,228,183 | \$3,183,980 | \$4,794,462 | \$8,042,502 | \$18,251,424 |
| Highway User Revenue Fund (HURF – Streets) | \$3,067,432 | \$1,965,848 | \$1,965,848 | \$2,726,585 | \$2,891,310 |
| Nonmajor Govt'l Fund | \$82,589 | \$9,483 | \$160,480 | \$224,480 | \$1,631,205 |
| Debt Service Fund | \$989,384 | \$159,310 | \$366,237 | \$364,212 | \$362,187 |
| Capital Projects Fund | \$5,844,637 | \$537,964 | \$557,988 | \$842,316 | \$1,147,423 |
| Fund balances @ year end | \$15,212,225 | \$5,856,585 | \$7,845,015 | \$12,200,095 | \$24,283,549 |

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Enterprise Funds



Revenues

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Water Revenues | \$ 7,608,838 | \$ 8,011,771 | \$ 7,744,901 | \$ 8,073,195 | \$ 8,649,599 |
| Wastewater Revenues | 2,486,514 | 2,620,736 | 3,076,218 | 3,266,899 | 4,035,452 |
| Total Enterprise Revenues | \$ 10,095,352 | \$ 10,632,507 | \$ 10,821,119 | \$ 11,340,094 | \$ 12,685,051 |

Current Expenditures

| | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Water Expenses | \$ 4,667,663 | \$ 5,409,263 | \$ 5,273,405 | \$ 5,348,996 | \$ 5,265,348 |
| Wastewater Expenses | 2,750,544 | 2,386,840 | 2,876,534 | 2,830,268 | 3,384,098 |
| Total Enterprise Expenses | 7,418,207 | 7,796,103 | 8,149,939 | 8,179,264 | 8,649,446 |
| Change in Net Position | \$ 2,677,145 | \$ 2,836,404 | \$ 2,671,180 | \$ 3,160,830 | \$ 4,035,605 |

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