

Budget 101



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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.

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State Requirements

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

Fiscal Year	S C H	FUNDS							Total All Funds
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Fiduciary Fund	Enterprise Funds Available	Internal Service Funds	
2021 Adopted/Adjusted Budgeted Expenditures/Expenses*	E 1	43,419,755	14,317,870	2,011,060	1,201,340	288,126	18,220,810	0	78,488,860
2021 Actual Expenditures/Expenses**	E 2	42,588,210	12,833,476	2,008,470	1,190,500	286,106	18,833,316	0	75,847,076
2022 Fund Balance/Net Position at July 1***	E 3	11,790,840	4,655,086	380,180	1,180,126	278,306	28,178,816		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	1,846,726	821,076	13,000	13,628,180	0	78,260,830
2022 Other Financing Sources	D 7	0	0	0	0	0	0	0	0
2022 Other Financing (Used)	D 8	0	0	0	0	0	0	0	0
2022 Intergovernmental Transfers In	D 9	0	1,814,450	0	0	0	0	0	1,814,450
2022 Intergovernmental Transfers (Out)	D 10	1,548,180	86,270	0	0	0	0	0	1,814,450
2022 Reduction for Amounts Not Available:	E 11								0
LE88: Amounts for Future Debt Retirement:									0
Future Capital Projects		1,834,826	238,830	380,280	881,200	280,606	22,135,186		26,326,786
Maintained Fund Balance for Financial Stability		448,300							448,300
Amounts for Operating Reserve Policies		5,771,120							5,771,120
2022 Total Financial Resources Available	E 12	60,001,136	18,709,386	1,846,826	1,120,000	8,800	17,570,810	0	88,048,866
2022 Budgeted Expenditures/Expenses	E 13	58,402,680	17,388,036	2,005,886	1,801,200	288,306	38,708,076	0	120,683,080

EXPENDITURE LIMITATION COMPARISON

	2021	2022
1 Budgeted expenditures/expenses	\$ 78,488,860	\$ 120,683,080
2 Add/subtract: estimated net reconciling items		
3 Budgeted expenditures/expenses adjusted for reconciling items	78,488,860	120,683,080
4 Less: estimated exclusions		
5 Amount subject to the expenditure limitation	\$ 78,488,860	\$ 120,683,080
6 EEC expenditure limitation	\$	

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.

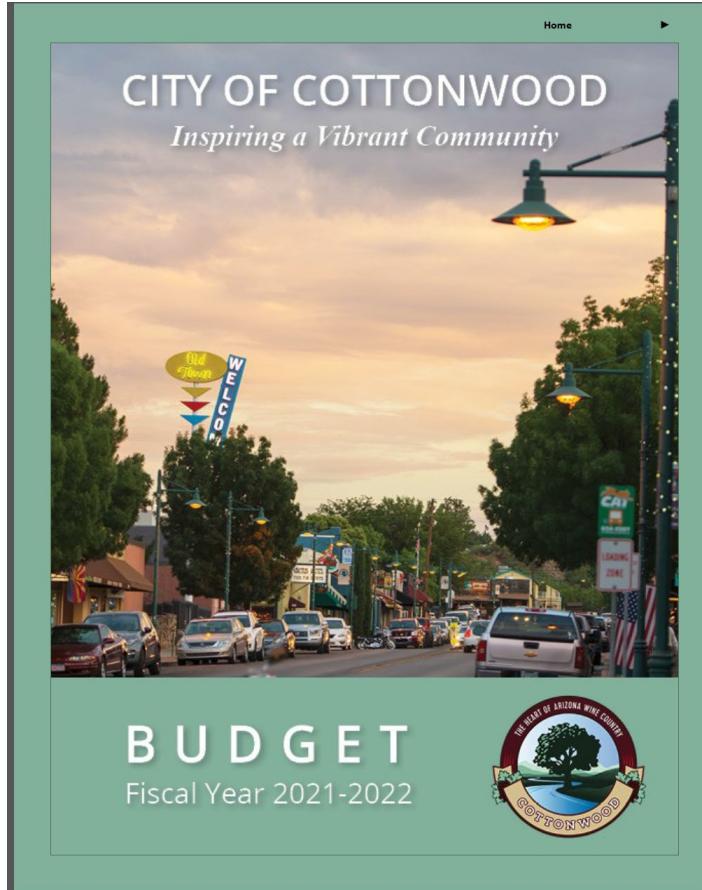
* Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.

** 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>

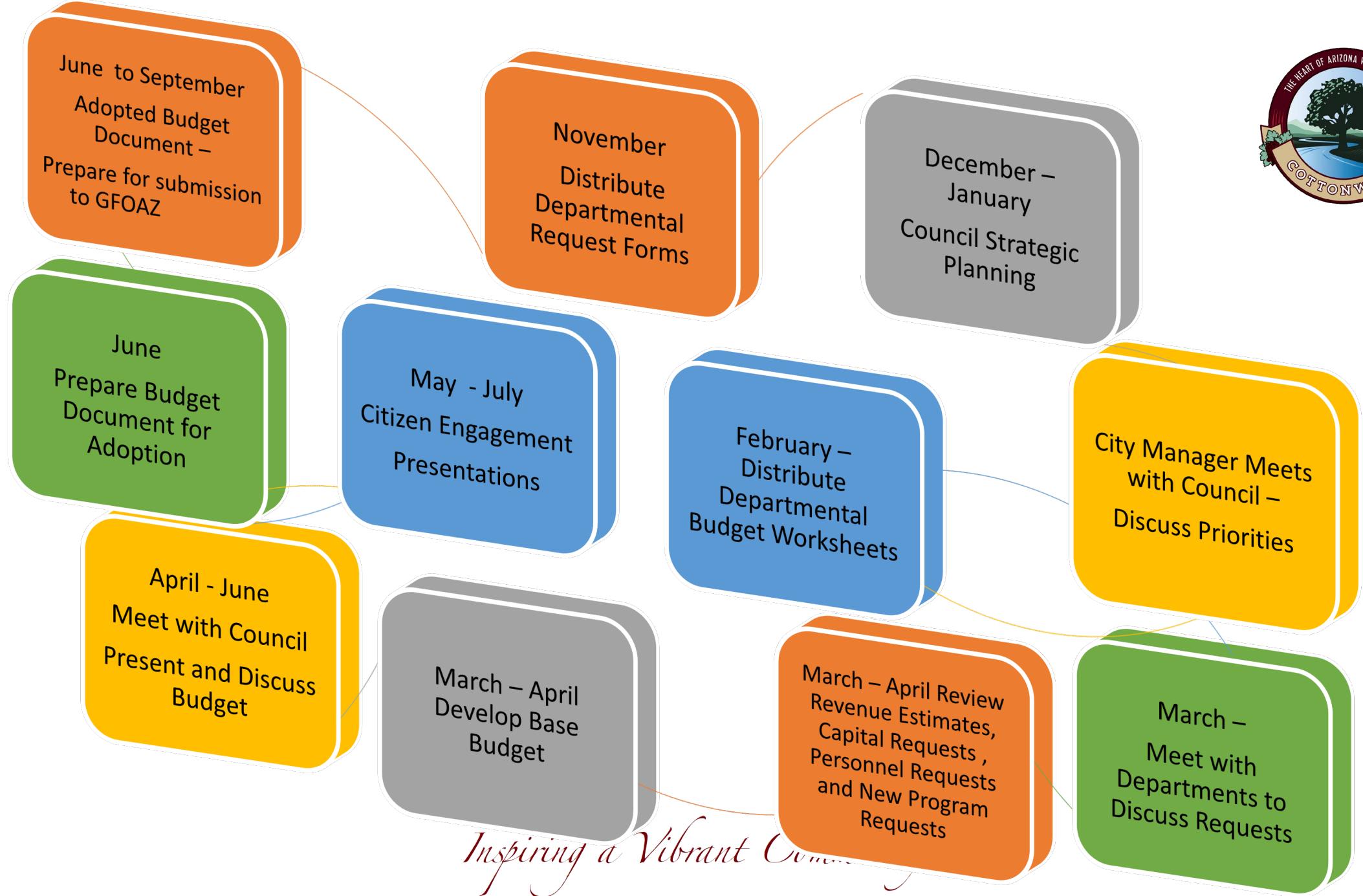


November 2021	22 Distribute Forms for FY 2023 Personnel and Reclassifications Requests Due: December 13, 2021 29 Distribute Forms for FY 2022 Accomplishments and FY 2022 Performance Indicators Due: January 3, 2022
January 2022	7 Distribute Forms for FY 2023 Goals and FY 2023 Performance Indicators Due: 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 TBD Informal Public Meeting - Presentation of Proposed FY 2023 Budget
June 2022	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 21 Council Regular Meeting - Setting Expenditure Limitation
July 2022	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 5 Council Regular Meeting - Adoption of Final FY 2023 Budget
October 2022	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



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

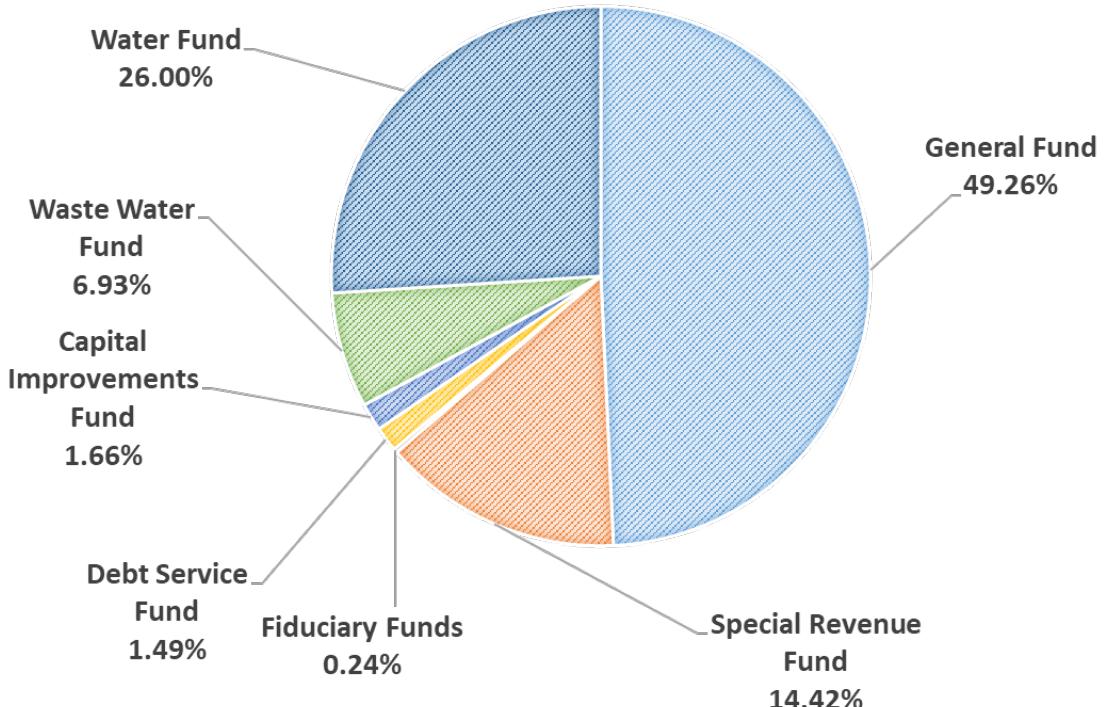
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Fund Budgeting/Accounting



	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



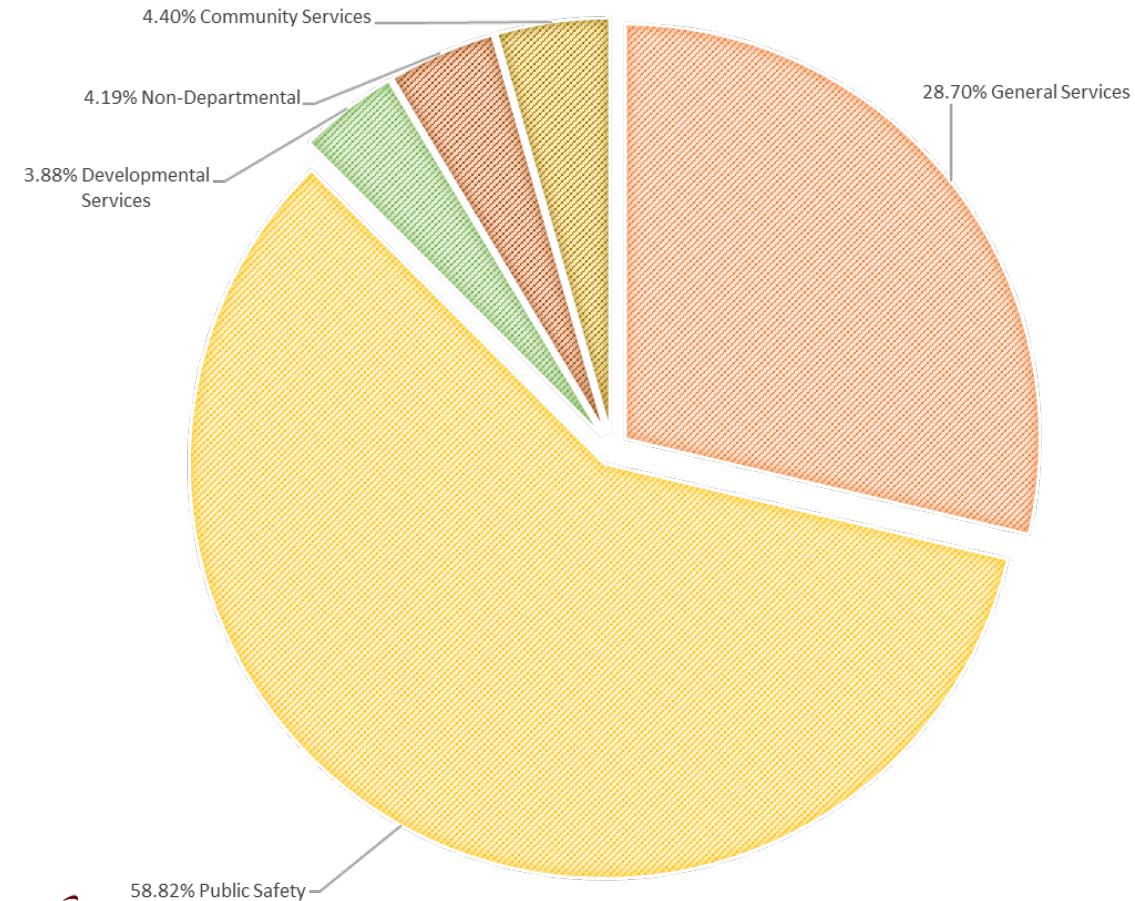
Enterprise Funds – Business Type Funds

- Water
- Wastewater

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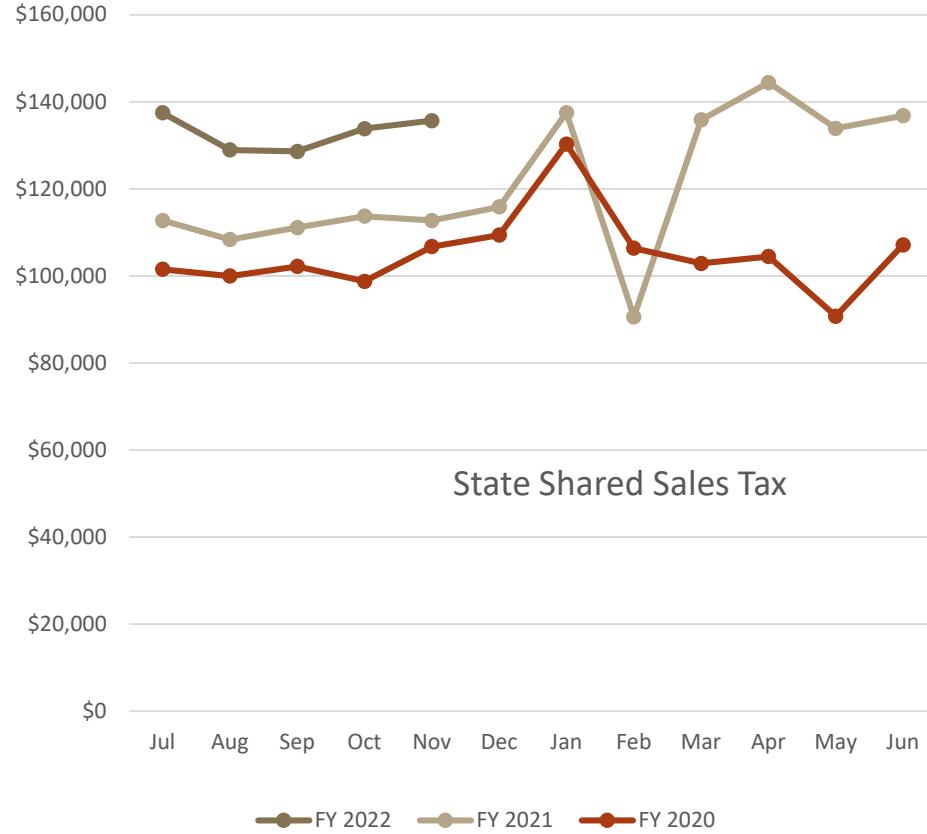
ADMINISTRATION	584,540
CITY COUNCIL	13,855,300
CITY CLERK	269,300
FINANCE DEPARTMENT	487,260
HUMAN RESOURCES	311,225
IT SERVICES	1,423,400
PURCHASING	116,460
NATURAL RESOURCES	0
General Services	17,047,485
LEGAL	426,805
MUNICIPAL COURT	584,520
POLICE DEPARTMENT	21,711,390
COMMUNICATIONS	1,857,200
FIRE 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



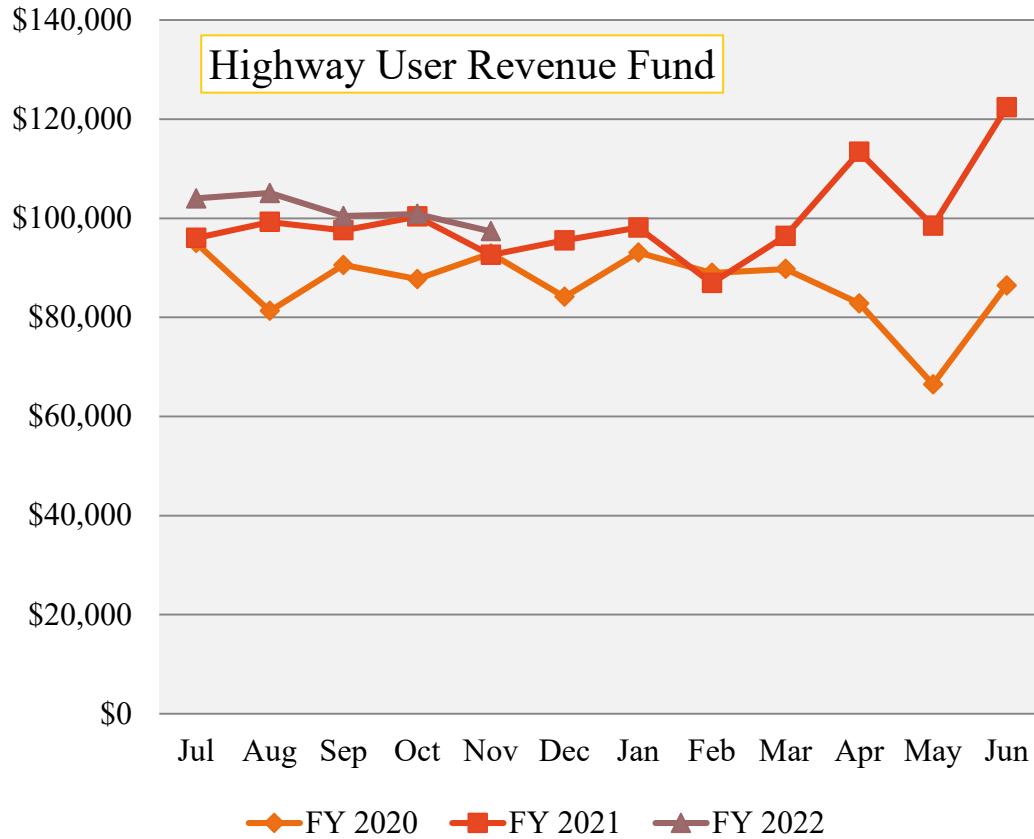
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Major Revenues



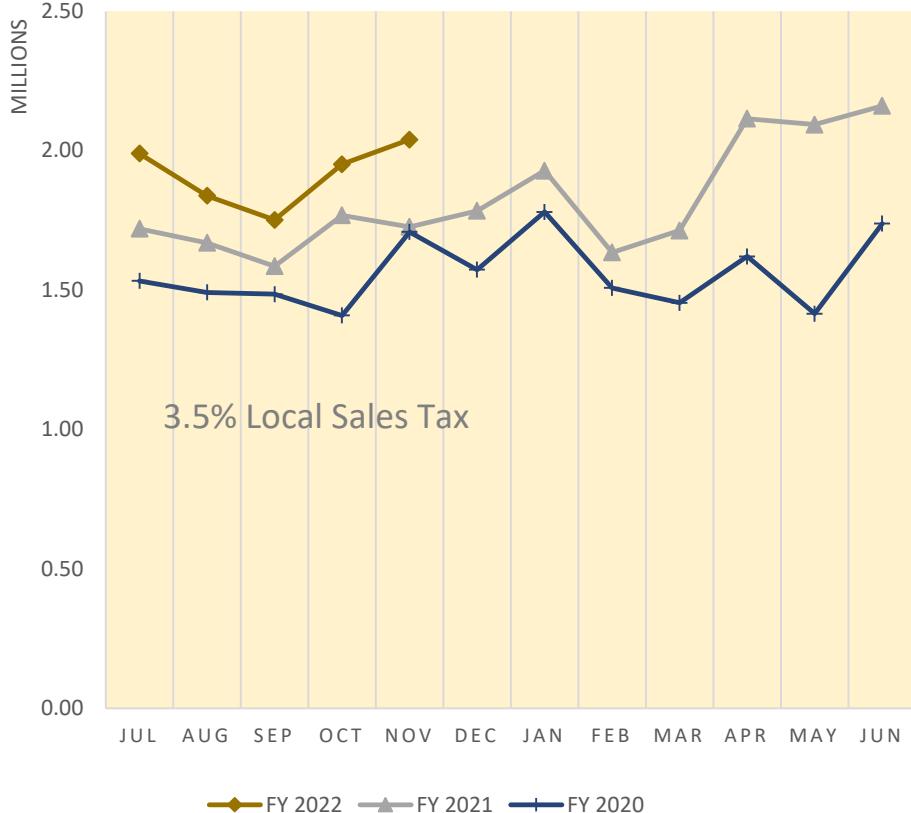
	FY 2020	FY 2021	FY 2022	
Jul	\$101,524	3.91%	\$112,734	11.04%
Aug	99,959	6.80%	108,364	8.41%
Sep	102,170	7.17%	111,119	8.76%
Oct	98,768	3.75%	113,729	15.15%
Nov	106,748	10.09%	112,734	5.61%
Dec	109,397	8.14%	115,857	5.91%
Jan	130,308	13.73%	137,500	5.52%
Feb	106,364	10.11%	90,611	-14.81%
Mar	102,873	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%
Aug	81,284	-3.92%	99,229	22.08%
Sep	90,568	1.68%	97,559	7.72%
Oct	87,704	-3.68%	100,333	14.40%
Nov	92,868	9.30%	92,605	-0.28%
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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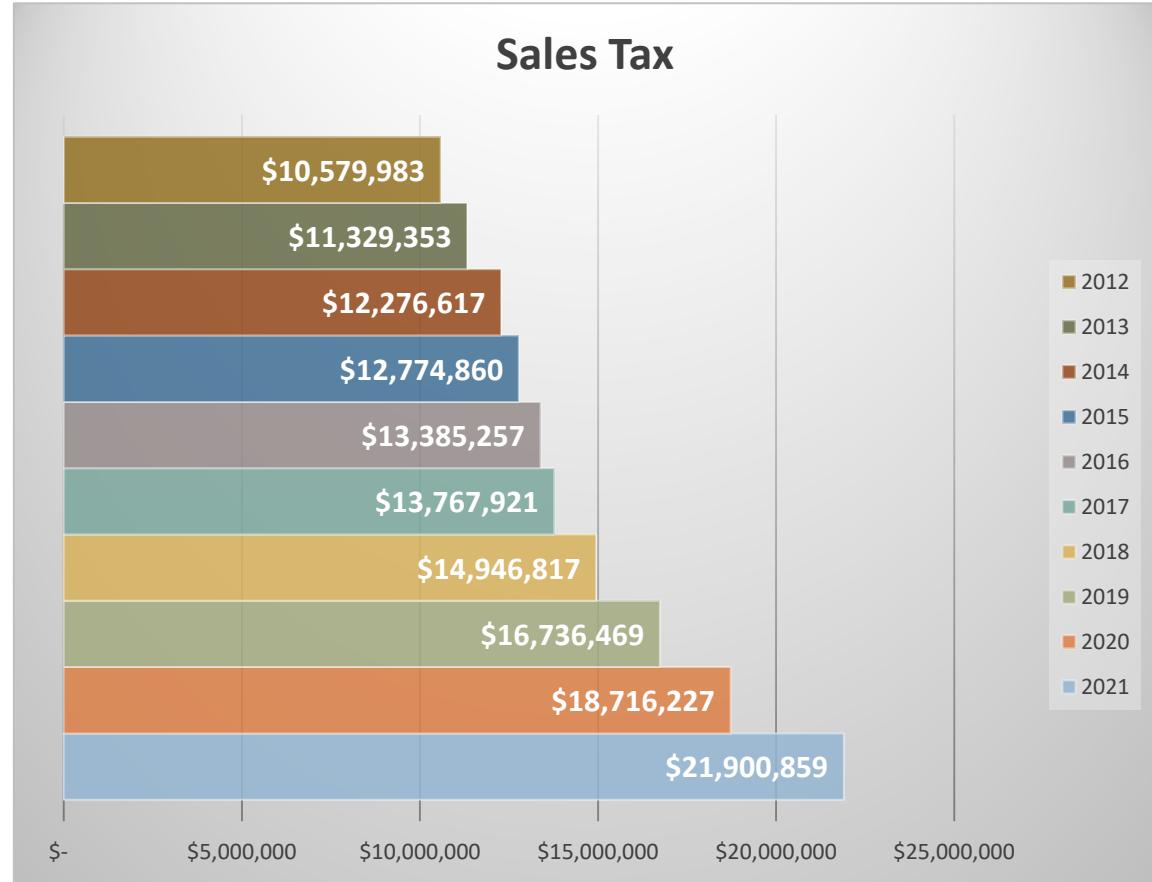
Major Revenues



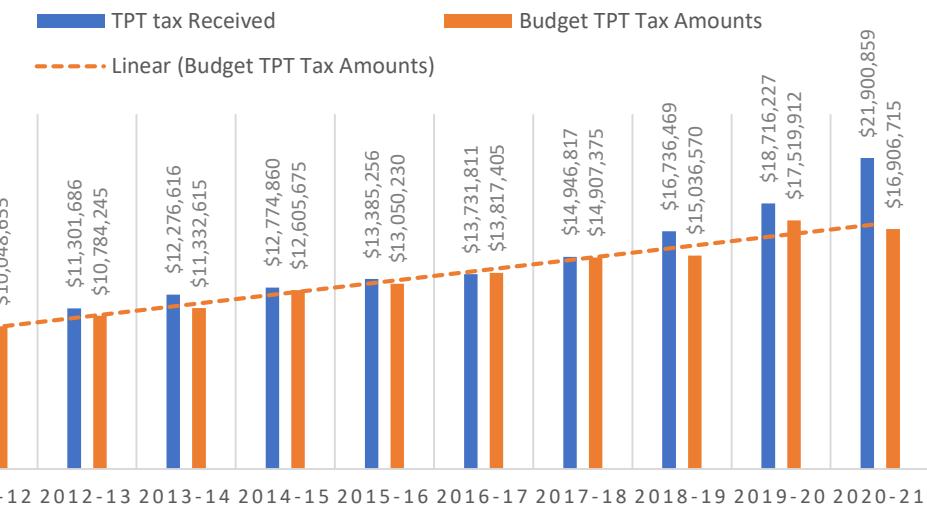
	FY 2020		FY 2021		FY 2022	
	3.50%		3.50%		3.50%	
Jul	\$1,533,018	6.99%	\$1,720,265	12.21%	\$1,989,884	15.67%
Aug	1,491,356	7.14%	1,669,277	11.93%	1,838,038	10.11%
Sep	1,485,142	6.04%	1,585,916	6.79%	1,751,708	10.45%
Oct	1,408,879	-1.88%	1,768,094	7.49%	1,951,023	10.35%
Nov	1,708,517	14.93%	1,727,042	-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

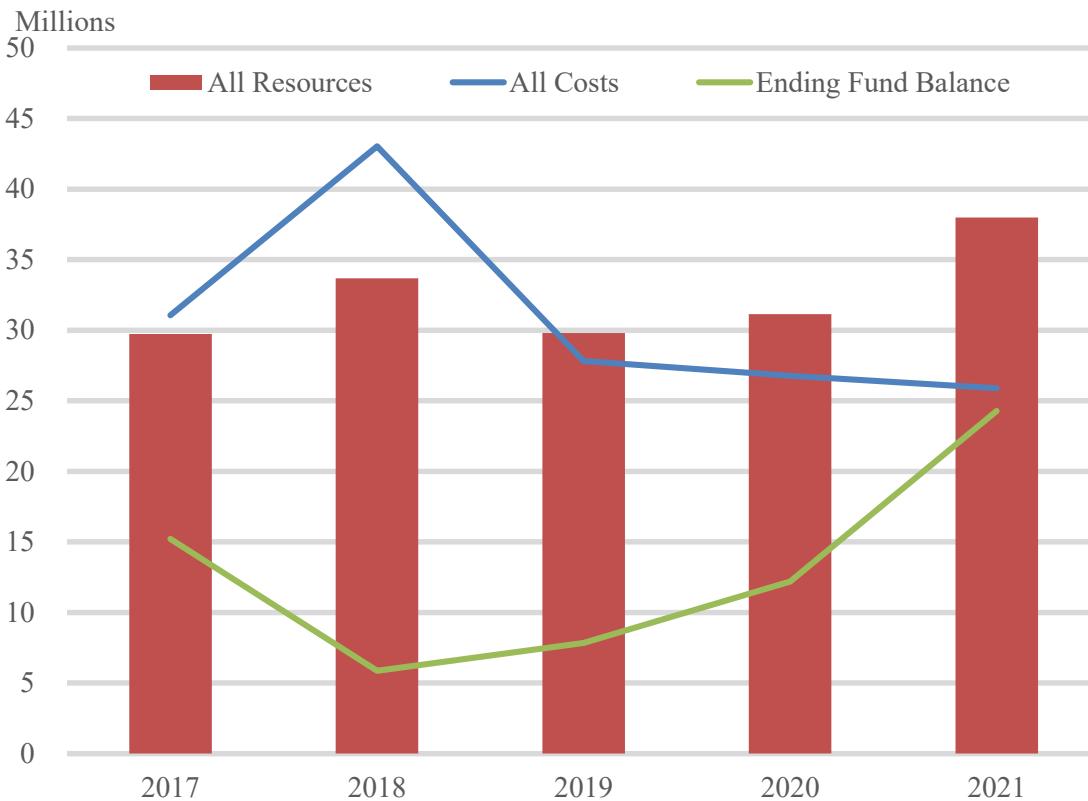


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Resources vs. Uses

General Fund & Non-Major Funds

	2017	2018	2019	2020	2021
Revenues	2017 (11)	2018 (11)	2019 (11)	2020 (11)	2021 (11)
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 Govt'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



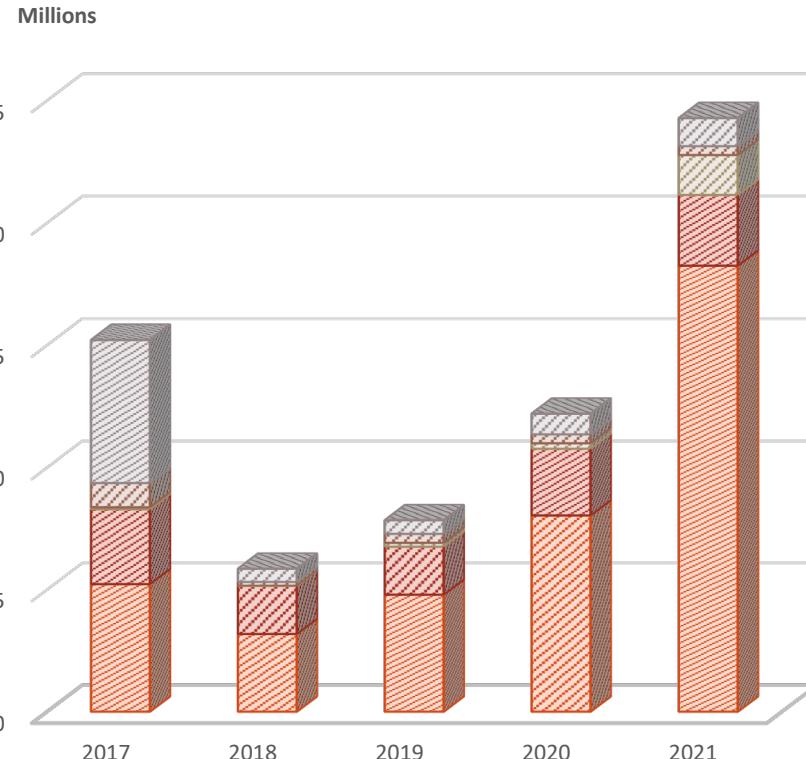
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Fund Balance

General Fund & Non-Major Funds



FUNDS BALANCES



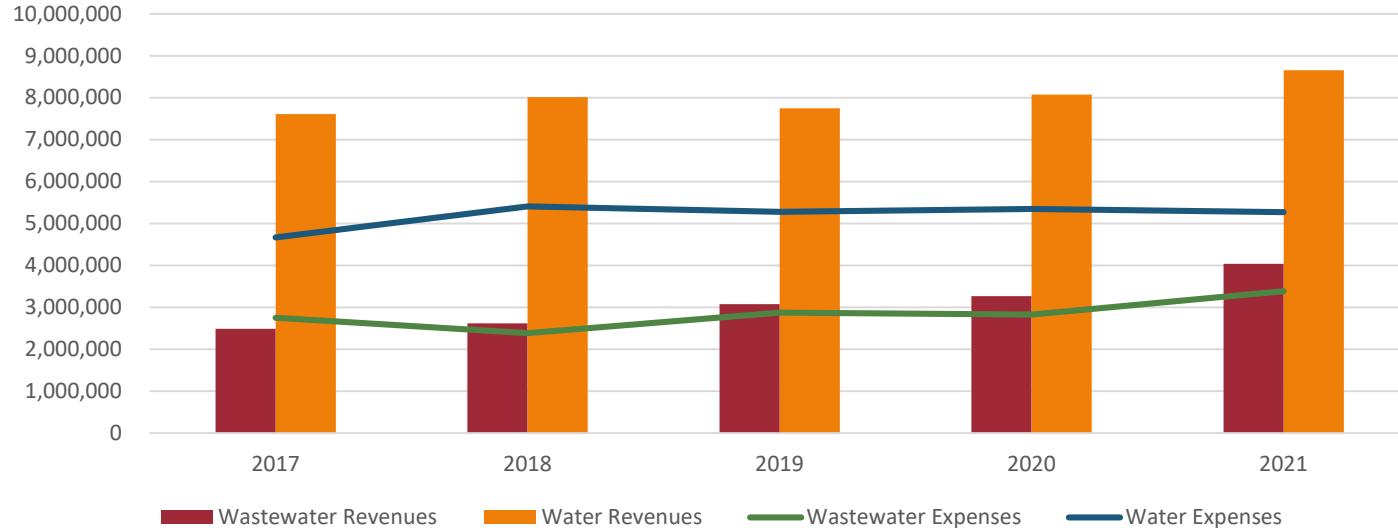
Capital Projects Fund
Debt Service Fund

Nonmajor Govt'l Fund
Highway User revenue Fund
General Fund

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
<u>Fund balances @ year end</u>	<u>\$15,212,225</u>	<u>\$5,856,585</u>	<u>\$7,845,015</u>	<u>\$12,200,095</u>	<u>\$24,283,549</u>

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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	<u>\$ 10,095,352</u>	<u>\$ 10,632,507</u>	<u>\$ 10,821,119</u>	<u>\$ 11,340,094</u>	<u>\$ 12,685,051</u>

Current Expenditures	2017	2018	2019	2020	2021
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	<u>\$ 7,418,207</u>	<u>\$ 7,796,103</u>	<u>\$ 8,149,939</u>	<u>\$ 8,179,264</u>	<u>\$ 8,649,446</u>
Change in Net Position	<u>\$ 2,677,145</u>	<u>\$ 2,836,404</u>	<u>\$ 2,671,180</u>	<u>\$ 3,160,830</u>	<u>\$ 4,035,605</u>

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