
INTEROFFICE MEMO

DATE: SEPTEMBER 28, 2011
TO: MAYOR AND CITY COUNCIL
TIM ERNSTER, CITY MANAGER, & ALISON ZELMS, ASSIST. CITY MANAGER
CC: DEPARTMENT HEADS, CITY ASSISTANTS, & BUDGET OVERSIGHT
COMMITTEE
FROM: BARBARA ASHLEY
RE: **MONTHLY REPORT - JULY 2011**

Attached you will find the report for the month ending July 2011. There are several updates to the attachments. Attached are:

- Page 1. City sales tax worksheet – contains history and comparisons to prior years of collection. Also, a new chart of the breakdown of the current month's collections.
- Page 2. Charts comparing City sales and bed taxes collected, sales tax comparison to budget and current status of sales tax audits.
- Page 3. City sales tax collection by agency. The City is receiving tax dollars from RDS (Revenue Discovery Systems) and the AZ Department of Revenue. Also added are columns to show how much of the taxes collected are allocated to the General and Wastewater funds.
- Page 4. A breakdown of State shared revenues received by the City. These include State sales tax, income tax, vehicle license tax (by County) and Highway User Revenue Funds (HURF) that is allocated to the Streets fund.
- Page 5. General fund revenue and expenditure comparison to budget for the current and prior year.
- Page 6. All other funds revenue and expenditure comparison to budget for the current and prior year. This will be in summary format with the City's three other major funds separate from all other miscellaneous funds, with the bottom line including all funds except the General Fund (operations) that is specific to page 5.

Please feel free to comment on any of the pages and their content. These reports will also be placed on the City's website and sent out to various members of the public.

General Fund:

- a) For July 2011, revenues over expenditures are positive at \$212,002. Overall revenue collections through July decreased over July 2010 by approximately 6.75%, while expenditures decreased by approximately 25.8%. These numbers are cumulative. (page 5 of the attachment)
- b) City sales taxes collected for July increased over July 2010 approximately 1.73%. Bed taxes decreased approximately 37% over July 2010. Fiscal-Year 2011 closed with total sales taxes ahead of the prior year's collections by approximately 6.31%. *RDS and City staff continues to assist taxpayer's with categorizing of their remittance of sales and bed taxes. The bed tax category will continue to fluctuate as corrections are made. In addition, annual comparisons compare RDS collection methodology to ADOR collection methodology until February 2012 when the methodology will align.* (page 3 of the attachment)
- c) State shared revenues have decreased from July 2010. These deductions were anticipated as a result of the State's budgeting and legislative process and changes to Sedona's population distribution. For July 2011 State sales tax decreased 3.66%, income tax decreased 20.45%, VLT (vehicle license tax) for Coconino County decreased 13.21% and Yavapai County decreased 14.27%. (page 4 of the attachment)
- d) Overall expenditures per department are below the target approximately 2.7% and decreased from last fiscal year by approximately \$ 233,712. (page 5 of the attachment)

All Other Funds:

- e) Most of these funds require inter-fund transfers or planned use of reserves to balance their budgets. Sporadic changes to these funds occur because of the large expenditures for Capital projects which are budgeted. Typically, payment for these projects does not happen on a monthly basis, but rather as the work is completed. This spreadsheet may be more useful on a quarterly basis rather than monthly. (page 6 of the attachment)
- f) The Streets Fund is funded through the State shared revenues of Highway User Revenue Funds (HURF). These dollars are restricted to use of highway maintenance and improvements. The HURF monies received for July 2011 have decreased from July 2010 by approximately 24%. We did anticipate this decrease as a result of the State's budgeting and legislative process and changes to Sedona's population distribution. (page 4 of the attachment)
- g) The Capital Fund generally represents improvement projects that are relatively expensive, have a multi-year useful life, and result in fixed assets. Due to the nature and total cost, the City often builds up revenue over a period of time (reserves or savings) and then expends those funds in large chunks as the projects are completed. The major source of funding is existing capital reserve, from local sales taxes, and transfers of revenue as planned for in the Capital Improvement Plan. (page 6 of the attachment)
- h) The Wastewater Enterprise Fund consists of monthly user and capacity fees that are collected and used to pay the current operation, capital improvements and

wastewater debt for the Wastewater Treatment System. Wastewater Revenue also includes approximately 47% of the local sales tax collected annually, and use of existing fund balance (accumulated savings) created over time in order to fund planned current and future wastewater related projects. (page 6 of the attachment)

- i) The "All Other Funds" category consists of funds such as the I.T. Capital, Grants, Development Impact Fees, Community Facilities District(s), and Arts Fund. All of these funds are restricted by the various restricted funding sources (revenues and available savings) that are collected, and can only be expended within the regulations for each particular source of revenue. It should be noted that anticipated grant funds are budgeted here, and are only realized as revenue, or expended for a project if the grant is awarded to the City. (page 6 of the attachment)

Please feel free to contact my office with any questions.

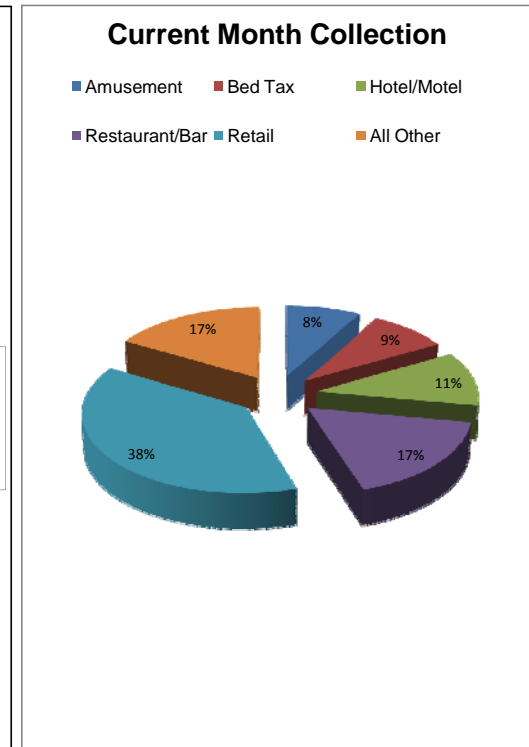
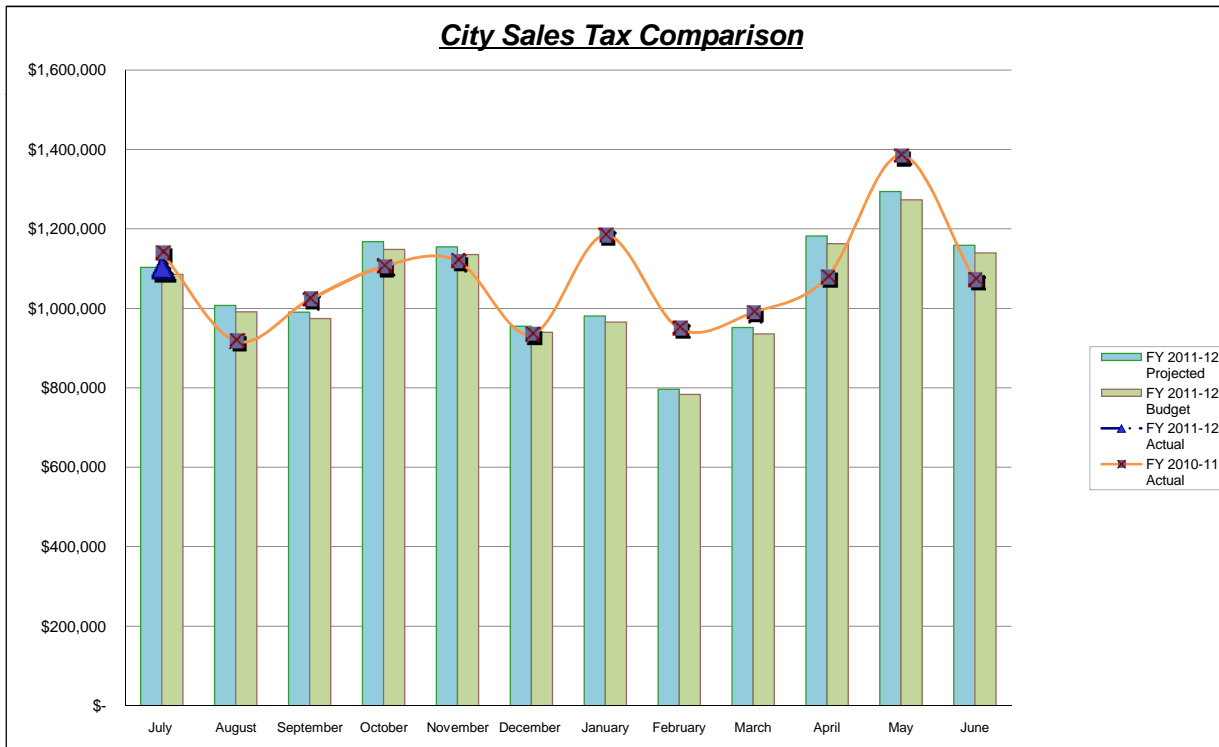
ATTACHMENTS

City of Sedona
Sales Tax Worksheet*
July 31, 2011

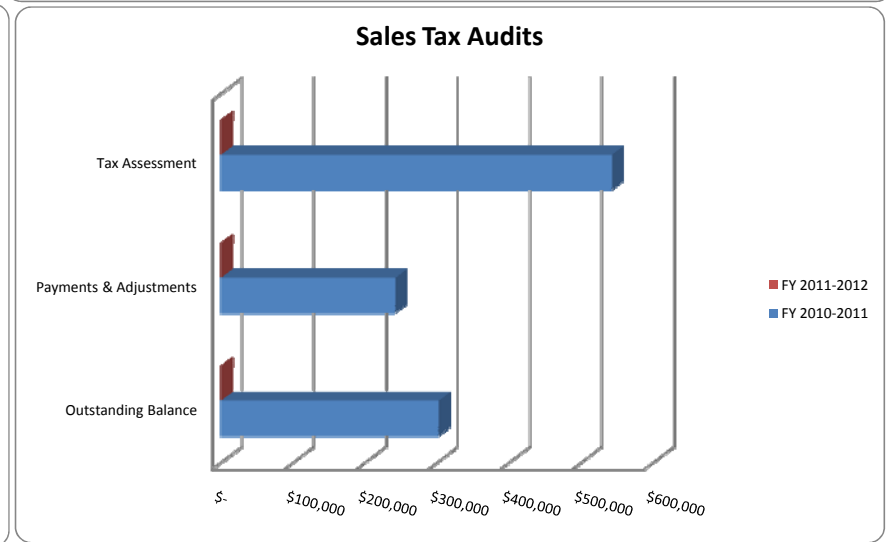
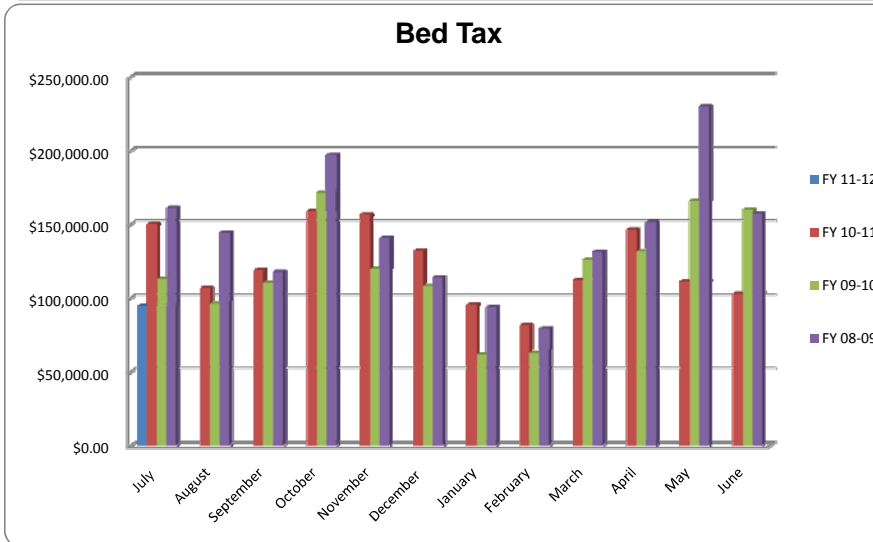
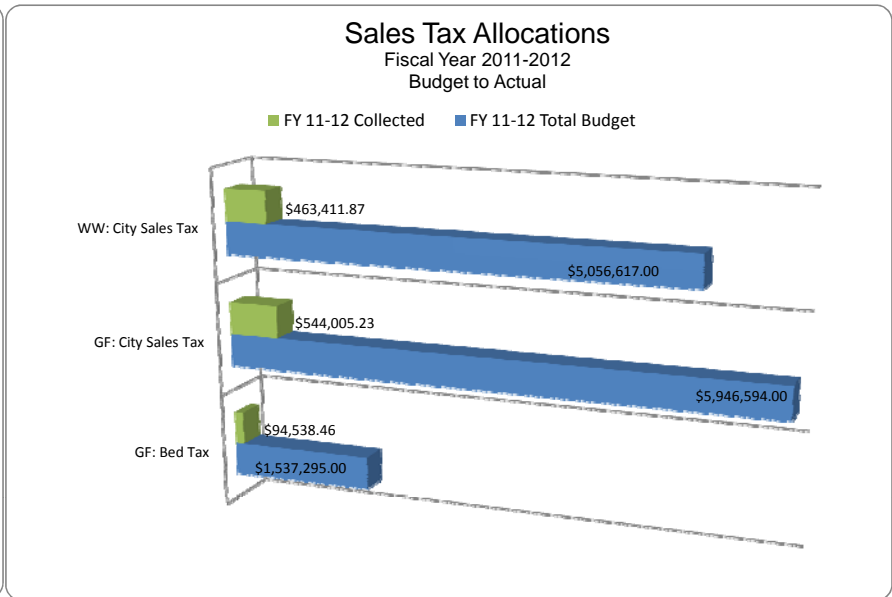
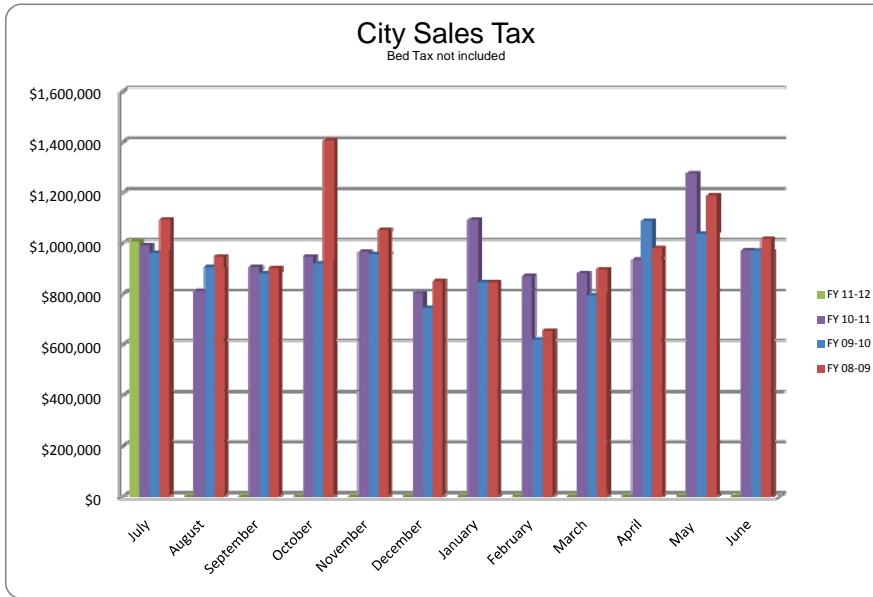
Month	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	2012 Budget	2012 Collections	Budget Variance	% Change from 2011	% Change from Budget
July	933,022	949,697	987,755	1,021,011	1,181,174	1,069,178	1,253,632	1,252,755	1,073,215	1,140,395	1,085,614	1,101,956	16,341	-3.37%	1.51%
August	883,457	812,892	938,115	1,043,646	1,095,421	1,058,491	1,230,340	1,090,523	1,001,376	917,875	991,443				
September	861,455	842,239	957,697	972,637	1,049,959	1,032,607	1,137,149	1,017,988	990,181	1,022,615	975,071				
October	852,214	948,253	937,372	1,090,521	1,139,917	1,178,952	1,155,616	1,601,792	1,089,433	1,105,755	1,149,111				
November	852,214	443,132	937,372	1,116,598	1,331,960	1,331,215	1,361,830	1,191,160	1,075,186	1,119,830	1,136,040				
December	769,014	847,479	999,121	944,662	1,074,367	1,156,793	1,132,785	963,540	851,434	933,873	940,267				
January	799,021	882,138	830,649	918,105	1,052,208	1,092,120	1,026,332	938,932	906,327	1,184,462	965,593				
February	662,146	736,372	748,373	739,579	810,751	918,581	909,590	731,583	681,004	949,379	783,618				
March	799,602	771,127	859,229	880,416	1,102,828	1,076,654	985,533	1,027,075	917,669	989,770	936,503				
April	1,035,541	1,087,984	1,147,949	1,153,061	1,316,931	1,383,320	1,406,892	1,130,233	1,218,124	1,078,369	1,163,385				
May	1,094,861	1,084,585	1,167,307	1,214,920	1,371,983	1,452,116	1,345,307	1,414,982	1,201,785	1,385,563	1,273,854				
June	980,892	1,060,217	1,155,541	1,182,999	1,370,439	1,415,780	1,309,472	1,172,116	1,128,769	1,071,808	1,140,008				
Total	\$10,523,438	\$10,466,116	\$11,666,480	\$12,278,155	\$13,897,940	\$14,165,807	\$14,254,478	\$13,532,679	\$12,134,503	\$12,899,694	\$12,540,506	\$1,101,956	16,341	-3.37%	1.51%

cumulative averages

* Bed tax is included due to reporting inconsistencies by vendors.
 ** The fiscal year is July 1 through June 30.



City of Sedona
Sales Tax Worksheet*
July 31, 2011



**CITY SALES TAX COLLECTION SUMMARY
FY 2011-2012**

	<u>BED TAX</u>		<u>CITY SALES TAX</u>	<u>ALLOCATED TO GENERAL FUND</u>		<u>CITY SALES TAX</u>	<u>ALLOCATED TO WASTEWATER FUND</u>		<u>TOTAL SALES TAX COLLECTED</u>	<u>COLLECTION MONTH</u>	
July	-37.02%	\$94,538.46	1.73%	\$544,005.23	\$638,543.69	1.73%	\$463,411.87	\$463,411.87	-3.37%	\$1,101,955.56	June
August		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	July
September		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	August
October		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	September
November		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	October
December		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	November
January		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	December
February		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	January
March		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	February
April		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	March
May		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	April
June		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	May
TOTAL 2011-2012		\$94,538.46		\$544,005.23	\$638,543.69		\$463,411.87	\$463,411.87		\$1,101,955.56	
TOTAL FY 2010-2011		\$150,105.76		\$534,756.42			\$455,533.25			\$1,140,395.43	
DIFFERENCE		(\$55,567.30)		\$9,248.81			\$7,878.62			(\$38,439.87)	
% INCR/DECR		-37.02%	b	1.73%			1.73%			-3.37%	

COLLECTION BY AGENCY:

<u>REVENUE DISCOVERY SYSTEMS - RDS:</u>										
July	\$93,975.47	\$537,245.14	\$631,220.61	\$457,653.27	\$457,653.27	\$1,088,873.88	June			
August	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	July			
September	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	August			
October	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	September			
November	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	October			
December	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	November			
January	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	December			
February	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	January			
March	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	February			
April	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	March			
May	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	April			
June	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	May			
TOTAL 2011-2012	\$93,975.47	\$537,245.14	\$631,220.61	\$457,653.27	\$457,653.27	\$1,088,873.88				

<u>ARIZONA DEPARTMENT OF REVENUE - AzDOR:</u>										
July	\$562.99	\$6,760.09	\$7,323.08	\$5,758.60	\$5,758.60	\$13,081.68	June			
August	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	July			
September	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	August			
October	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	September			
November	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	October			
December	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	November			
January	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	December			
February	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	January			
March	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	February			
April	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	March			
May	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	April			
June	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	May			
TOTAL 2011-2012	\$562.99	\$6,760.09	\$7,323.08	\$5,758.60	\$5,758.60	\$13,081.68				

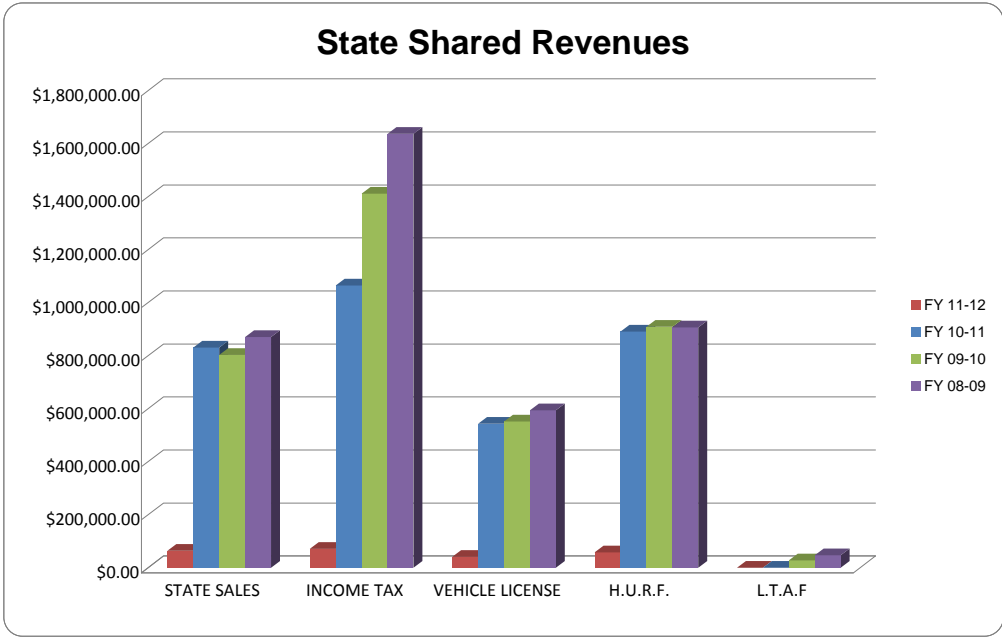
ARIZONA DEPARTMENT OF REVENUE
2011-2012
STATE SHARED REVENUE

GENERAL FUND:

STREETS FUND:

	STATE SALES TAX		STATE INCOME TAX		VEHICLE LICENSE TAX		H.U.R.F.			
					COCONINO COUNTY	YAVAPAI COUNTY				
July	-3.66%	\$63,531.43	-20.45%	\$70,554.90	-13.21%	\$9,489.71	-14.27%	\$31,582.94	-24.35%	\$58,254.63
August		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
September		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
October		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
November		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
December		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
January		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
February		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
March		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
April		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
May		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
June		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
TOTAL 2011-2012		\$63,531.43		\$70,554.90		\$9,489.71		\$31,582.94		\$58,254.63
TOTAL 2010-2011		\$65,942.52		\$88,694.69		\$10,934.52		\$36,840.91		\$77,002.92
DIFFERENCE		(\$2,411.09)		(\$18,139.79)		(\$1,444.81)		(\$5,257.97)		(\$18,748.29)
% INCR/DECR		-3.66%		-20.45%		-13.21%		-14.27%		-24.35%
		c		c		c		c		f

\$233,413.61



July-11

General Fund

<u>Revenues</u>	<u>Budget</u>	<u>FYTD Actual</u>	<u>Balance</u>	<u>8% Target</u>	<u>Prior FYTD</u>	<u>PY to CY Comparison</u>
Bed Tax	1,537,295 **	94,538	(1,442,757)	6.1%	150,106	-37.02%
City Sales Tax	6,196,594 **	539,373	(5,657,221)	8.7%	534,756	0.86%
Franchise Fees	715,026 **	-	(715,026)	0.0%	-	0.00%
Vehicle License Tax	535,325 **	41,078	(494,247)	7.7%	47,775	-14.02%
State Sales Tax	758,909 **	63,531	(695,378)	8.4%	65,943	-3.66%
State Income Tax	846,649 **	70,555	(776,094)	8.3%	88,695	-20.45%
Fines	234,968 **	15,355	(219,613)	6.5%	19,836	-22.59%
Licenses & Permits	134,573 **	10,764	(123,809)	8.0%	14,902	-27.77%
Charges for Services	109,846 **	14,123	(95,723)	12.9%	9,455	49.38%
Contributions & Donations	- **	-	0	0.0%	-	0.00%
Interest	351,315 **	25,073	(326,242)	7.1%	14,805	69.35%
Miscellaneous	483,240 **	8,815	(474,425)	1.8%	824	969.31%
	<u>11,903,740</u> **	<u>883,206</u>	<u>(11,020,534)</u>	<u>7.4%</u> d	<u>947,097</u>	<u>-6.75%</u> a

****NOTE:** Budget amounts do not include "beginning cash" or "transfers" from other funds.

<u>Expenditures</u>	<u>Budget</u>	<u>FYTD Actual</u>	<u>Balance</u>	<u>8% Target</u>	<u>Prior FYTD</u>	<u>PY to CY Comparison</u>
City Council	77,979	9,343 *	68,637	12.0%	12,680	-26.32%
City Manager	579,017	19,878 *	559,139	3.4%	23,044	-13.74%
Human Resources	1,789,337	272,983 *	1,516,354	15.3%	111,847	144.07%
Financial Services	357,759	10,071 *	347,688	2.8%	19,131	-47.36%
Information Systems	535,860	98,953 *	436,907	18.5%	120,840	-18.11%
Legal	364,530	12,895 *	351,635	3.5%	23,432	-44.97%
City Clerk (moved to City Mgr's budget)	-	- *	0	0.0%	7,690	-100.00%
Community Services	1,954,191	16,622 *	1,937,569	0.9%	29,326	-43.32%
General Services	2,412,808	38,708 *	2,374,100	1.6%	280,530	-86.20%
Contingencies	300,000	-	300,000	0.0%	-	0.00%
Community Development	848,407	29,952 *	818,455	3.5%	57,696	-48.09%
Public Works	987,458	39,319 *	948,139	4.0%	37,606	4.55%
Arts & Culture (moved to City Mgr's budget)	-	- *	0	0.0%	6,318	-100.00%
Police	2,184,491	110,753 *	2,073,738	5.1%	159,074	-30.38%
Municipal Court	332,463	11,727 *	320,736	3.5%	15,701	-25.31%
	<u>12,724,300</u>	<u>671,204</u> d	<u>12,053,096</u>	<u>5.3%</u> d	<u>904,916</u> d	<u>-25.83%</u> a

***NOTE:** Amounts do not include "encumbrances".

<u>Revenue / Expense</u>	<u>Actual Revenues</u>	<u>Actual Expenditures</u>	<u>Transfers and/or Reserve</u>	<u>YTD Rev over Exp</u>	<u>PYTD Rev over Exp</u>
General Fund	<u>883,206</u>	<u>671,204</u> *	<u>0</u>	<u>212,002</u> a	<u>42,182</u>
					402.59%

**City of Sedona
FY 2011/12 All Other Funds Budget Comparison**

July-11

	<u>Budget</u>	<u>FYTD Actual</u>	<u>Balance</u>	<u>8% Target</u>	<u>Prior FYTD</u>	<u>PY to CY Comparison</u>
f <u>Streets Fund</u>						
Revenue	664,520 **	61,211	(603,309)	9.2%	80,507	-23.97%
Expenditures	1,643,479	29,102 *	(1,614,377)	1.8%	27,562	5.59%
Revenue over Expenditures	<u>(978,959)</u>	<u>32,109</u>			<u>52,945</u>	
g <u>Capital Projects Fund</u>						
Revenue	1,863,874 **	7,907	(1,855,967)	0.4%	8,591	-7.96%
Expenditures	3,578,692	- *	(3,578,692)	0.0%	(44,332)	-100.00%
Revenue over Expenditures	<u>(1,714,818)</u>	<u>7,907</u>			<u>52,923</u>	
h <u>Wastewater Enterprise Fund</u>						
Revenue	10,175,025 **	908,187	(9,266,838)	8.9%	791,755	14.71%
WW Administration	559,345	23,503 *	(535,842)	4.2%	37,156	-36.75%
WW Construction	4,242,597	11,770 *	(4,230,827)	0.3%	70,492	-83.30%
WW Treatment Plant	2,127,215	86,831 *	(2,040,384)	4.1%	85,250	1.86%
WW Debt Service	5,784,147	38,292 *	(5,745,855)	0.7%	38,300	-0.02%
Revenue over Expenditures	<u>(2,538,279)</u>	<u>747,790</u>			<u>560,557</u>	
i <u>All Other Funds</u>						
Revenue	3,302,853 **	54,677	(3,248,176)	1.7%	24,895	119.63%
Expenditures	4,783,618	14,177 *	(4,769,441)	0.3%	29,696	-52.26%
Revenue over Expenditures	<u>(1,480,765)</u>	<u>40,499</u>			<u>(4,801)</u>	

<u>Revenue / Expense</u>	<u>Actual Revenues</u>	-	<u>Actual Expenditures</u>	+/-	<u>Transfers and/or Reserve</u>	=	<u>YTD Rev over Exp</u>	<u>PYTD Rev over Exp</u>	
Total	<u>1,031,981</u>		<u>203,676</u> *		<u>0</u>		<u>828,305</u>	<u>661,624</u>	<u>25.19%</u>

**NOTE: Budget amounts do not include "beginning cash" or "transfers" from other funds.

*NOTE: Amounts do not include "encumbrances".