

**DEFINITIONS**

**BED TAX** The City collects a 3 percent bed tax in addition to the City sales tax. The bed tax supports the General Fund. A portion of the bed tax is used to fund the Chamber Visitor Center.

**CAPITAL FUND** The fund that accounts for the City’s major capital and engineering studies. The Capital Fund revenue is provided by ½ percent sales tax and a transfer from the General Fund.

**COMMUNITY FACILITIES DISTRICT FUND** The fund accounts for payments in lieu of sales tax from Time Share development agreements.

**DEBT SERVICE** The cost of borrowing that the City has for bonds and Certificates of Participation. Debt Service is comprised of principle and interest payments.

**DEVELOPMENT IMPACT FEES** Fees assessed to offset costs incurred by the municipality in providing additional public services created by new development. A.R.S. 9-463-05

**DIRECT PAYROLL COST** Payroll taxes are accounted for in this line item.

**EMPLOYEE BENEFITS** The cost for employee benefits including health insurance and disability.

**EMPLOYEE INSURANCE TRUST FUND** This is an internal fund which the City uses to fund its self-insurance employee health benefits. The revenues come from the City’s General Fund, Enterprise Fund and contributions from employees. The expenditures are for the purpose of paying a third party administrator, the reinsurance policy and claims.

**FISCAL YEAR** The City’s Fiscal Year on budget period is July 1- June 30.

**FRANCHISE TAX REVENUE** The franchise tax is based on the gross sales of the utility companies. Those that currently pay the franchise tax are: Arizona Public Service (2%), Citizens Gas (2%), Cablevision of Sedona (2%) Arizona Water (3%), Oak Creek Water (3%).

<b>GENERAL FUND</b>	The fund that accounts for all of the City's major administrative and service operations.
<b>HIGHWAY USER REVENUE</b>	Arizona cities receive a share of state motor vehicle fuel taxes, and the formula is based on two separate calculations. First, it is based on a City's population in relation to the state's total population. Second, it is based on the county in which the revenues were generated. These funds are restricted to be utilized for the construction and maintenance of streets and highways.
<b>LINE ITEMS</b>	Account for specific expenditures and revenues in departments.
<b>LOCAL TRANSPORTATION ASSISTANT REVENUES</b>	Arizona cities receive a portion of the proceeds of the Arizona lottery. The allocation is based on individual cities' population in relation to the total state population.
<b>MOTOR VEHICLE IN-LIEU REVENUE</b>	Arizona cities receive a 25 percent share of the net revenues collected for the licensing of vehicles in the county. Each City's share within their county is determined based on the City's population in relation to the county as a whole.
<b>PERMIT FEES</b>	Revenues from this source would include the fees collected from building permits, zoning permits and a variety of other programs.
<b>PROTECTED RESERVES</b>	The amount budgeted to protect the City's cash reserves.
<b>SALARY/WAGES</b>	Staff salaries.
<b>SPENDABLE CONTINGENCY</b>	The funds that the City has earmarked for emergencies.
<b>STATE-SHARED INCOME TAX REVENUE</b>	Arizona cities share a portion of the total amount collected from the State Income Tax. A City's portion of the State Income Tax is based on the relationship of its population to the total population of all cities and towns within the state. This is referred to as the Urban Tax in the budget.

**STATE-SHARED SALES TAX**

Arizona cities share a portion of the total amount collected from the State Sales Tax, which is 5 percent. A City’s portion of the State Sales Tax is based on the relationship of its population to the total population of all cities and towns within the state.

**STREET FUND**

The fund that accounts for all major street improvements and right-of-way work. The major source of funding for the Street Fund is the Highway User Fund (HURF), which is the City’s share of the gas tax.

**TRANSACTION PRIVILEGE TAX**

The transaction privilege tax is commonly known as the sales tax. The City collects a 3 percent City sales tax. Out of that 3 percent, 1-1/12 percent supports the General Fund, 1-3/8 percent supports the Wastewater Debt and Wastewater Capital Improvements, and 1/2 percent supports non-sewer capital improvements.

**WASTEWATER CAPACITY FEES**

These fees are a one time charge when a resident or business connects to the wastewater system. The current fee is \$4,700 per Equivalent Residential Unit. The fee is used to pay for the debt service and capital improvements related to the wastewater plant and effluent disposal. These fees and the 1-3/8 percent sales tax is used to pay the current wastewater debt and wastewater capital improvements.

**WASTEWATER FUND**

The fund that accounts for the administrative, plant operations and capital cost associated with the sewer.

**WASTEWATER USER FEES**

User fees are charged to residential and commercial customers for the collection and treatment of wastewater. These fees are charged on a monthly basis.