

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and City Council of the
City of Sedona, Arizona

We have examined the City of Sedona, Arizona's (City) compliance as to whether highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes title 28, chapter 18, article 2 and any other dedicated state transportation revenues received by the City are being used solely for the authorized transportation purposes during the fiscal year ended June 30, 2008. Management is responsible for the City of Sedona, Arizona's compliance with those requirements. Our responsibility is to express an opinion on the City of Sedona, Arizona's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Sedona, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Sedona, Arizona's compliance with specified requirements.

In our opinion, the City of Sedona, Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2008.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the City Council and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Cronstrom, Osuch + Company, P.C.
Cronstrom, Osuch & Company, P.C.

October 19, 2008