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**INTEROFFICE MEMO**

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**DATE:** OCTOBER 22, 2012  
**TO:** MAYOR AND CITY COUNCIL  
TIM ERNSTER, CITY MANAGER  
**CC:** DEPARTMENT HEADS, CITY ASSISTANTS, & BUDGET OVERSIGHT COMMITTEE  
**FROM:** BARBARA ASHLEY  
**RE:** **MONTHLY REPORT - JULY 2012**

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Attached you will find the report for the month ending July 2012.

General Fund:

The General Fund is the City's operating fund and is categorized as an unassigned fund balance. These funds are for the operations of the City. This fund consist of City sales taxes (60%), bed taxes, state shared revenue, service charges, permits, licenses and fines. The designated amount is what has been appropriated to transfer to the Capital and Streets fund for accelerated projects.

Please note: As of July 1, 2012 the City has reduced the allocation of City Sales taxes to the Wastewater fund and increased the General fund by 6%.

- a) For July 2012:
- Total revenues received \$ 979,978
  - Total expenditures were \$ 802,880
    - Positive cash flow of \$ 177,098

Revenue collected for July 2012 increased in comparison to July 2011 by approximately 11.11%. Expenditures have increased for the same time frame by approximately 19.6%.  
(page 5 of the attachment)

- b) City sales taxes collected for July 2012 decreased over July 2011 by approximately 6.89%. (page 3 of the attachment)

Bed taxes collected for July 2012 increased over July 2011 by approximately 58.69%. Please remember, there have been several corrections to this tax category and the fluctuations will now be reflected in the year-over-year comparisons. We are attempting to include a report by tax period, rather than actual collections. This should clarify the fluctuations in reporting. (page 3 of the attachment)

Sales and bed tax collections combined for July 2012 over July 2011 are slightly down by approximately 1.27%. Currently we have approximately 64 taxpayer accounts that are

90 days or more delinquent. Of these past due accounts, we have taxpayers with multiple accounts that are managing cash flow predicaments which we expect them to have resolved in the next 30-60 days. Had this group of taxpayers, paid on-time; we project our sales taxes would have shown an increase over last year by approximately 5 to 6% instead of being down 1.27%. RDS, staff and the contracted sales tax auditor have and will continue to reach out to these taxpayers. (page 3 of the attachment)

- c) State shared revenue collected for the month July 2012 compared to July 2011 are as follows; State sales tax increased 5.02%, income tax increased by 21.02%, VLT (vehicle license tax) for Coconino County decreased 1.37% and Yavapai County increased 4.65%.

(page 4 of the attachment)

- d) Overall expenditures through July 2012, per department are cumulatively below the target approximately 2.4% and have increased from last fiscal year by approximately \$131,599. (page 5 of the attachment)

All Other Funds:

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 payments made for expenditures on Capital projects as the work is completed. This detail may be more useful as projects are started and possibly completed during the fiscal year. (page 7 of the attachment)

- e) The Special Revenue Fund consists of the City's state shared revenues of Highway User Revenue Funds (HURF) and Grant Funds. The HURF dollars are restricted to use of streets/right-of-way maintenance and improvements and the Grant dollars are restricted to the terms of each grant the City applies for and is granted. All dollars are categorized as restricted.

The HURF monies received for July 2012 have increased from July 2011 by approximately 4.07%. (page 4 and 6 of the attachment)

For July 2012:

• Total revenues received	\$ 65,754
• Total expenditures were	<u>\$ 65,872</u>
o Negative cash flow of	\$ - 118

- f) The Capital Fund is comprised of the following funds; Capital Projects, Development Impact Fees, Community Facility Districts, and the Arts Fund. Most of these dollars are restricted to the use of what they are collected for through the permit process. Any dollars that are un-assigned are City sales taxes that have been transferred to the Capital fund. Any restricted dollars would consist of development impact and community facilities fees and private funds that have been donated to the City for specific projects. The committed dollars would consist of unspent bond dollars that have been reallocated towards the debt service payments and taxes received from the Coconino County Flood Control District.

Any designated dollars are for what has been appropriated for capital projects within these funds. (page 6 of the attachment)

For July 2012:

- Total revenues received \$ 39,683
- Total expenditures were \$ 13,203
- Positive cash flow of \$ 26,480

- g) The Wastewater Enterprise Fund is funded through service charges for City sewer services, permit fees, City sales taxes and miscellaneous charges pertaining to the Wastewater treatment plant. These dollars are restricted to the maintenance and improvements of the Wastewater system, plant and debt service. The designated amount is what has been appropriated for capital projects within the Wastewater Treatment Plant.

Please note: As of July 1, 2012 the City has reduced the allocation of City Sales taxes to the Wastewater fund by 6%.

For July 2012:

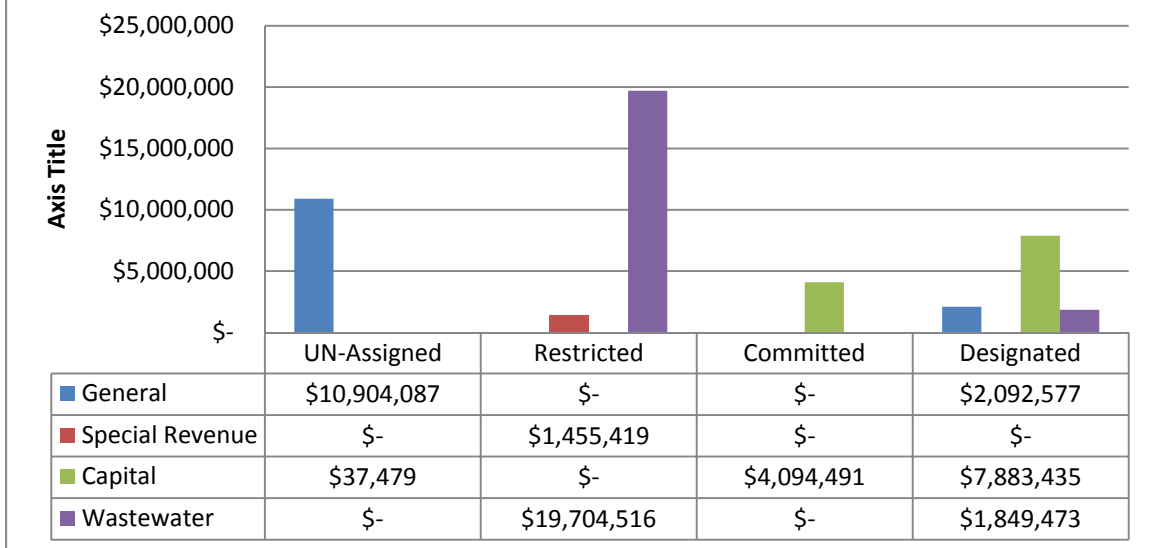
- Total revenues received \$ 904,441
- Total expenditures were \$ 198,913
- Positive cash flow of \$ 705,528

- h) Expenditures for the current fiscal year through July 2012 compared to July 2011 have decreased \$43,671. Capital cost will appear as projects are completed. Debt service payments are made in January and June of each year. (page 6 of the attachment)

Fund Balances:

Please see the following page for the chart reflecting the City's fund balances by fund and category of use.

### UN-Audited Fund Balance July 31, 2012



Fund/Category	Un-Assigned	Restricted	Committed	Designated
<b>General Fund</b>	City sales taxes (60%), bed taxes, state shared revenue, service charges, permits, licenses and fines,			appropriations for capital projects
<b>Special Revenue Funds</b>		state shared revenues of Highway User Revenue Funds (HURF) and Grant Funds		
<b>Capital Funds</b>	City sales taxes	development impact fees, community facilities fees and private funds	Series 2007 bond and Coconino County Flood Control District taxes	City sales taxes, development impact fees, community facilities fees and private funds
<b>Wastewater Fund</b>		sewer service fees, permit fees, City sales taxes and miscellaneous sewer charges		appropriations for capital projects

I hope that you find this report helpful. Please feel free to contact my office with any questions.

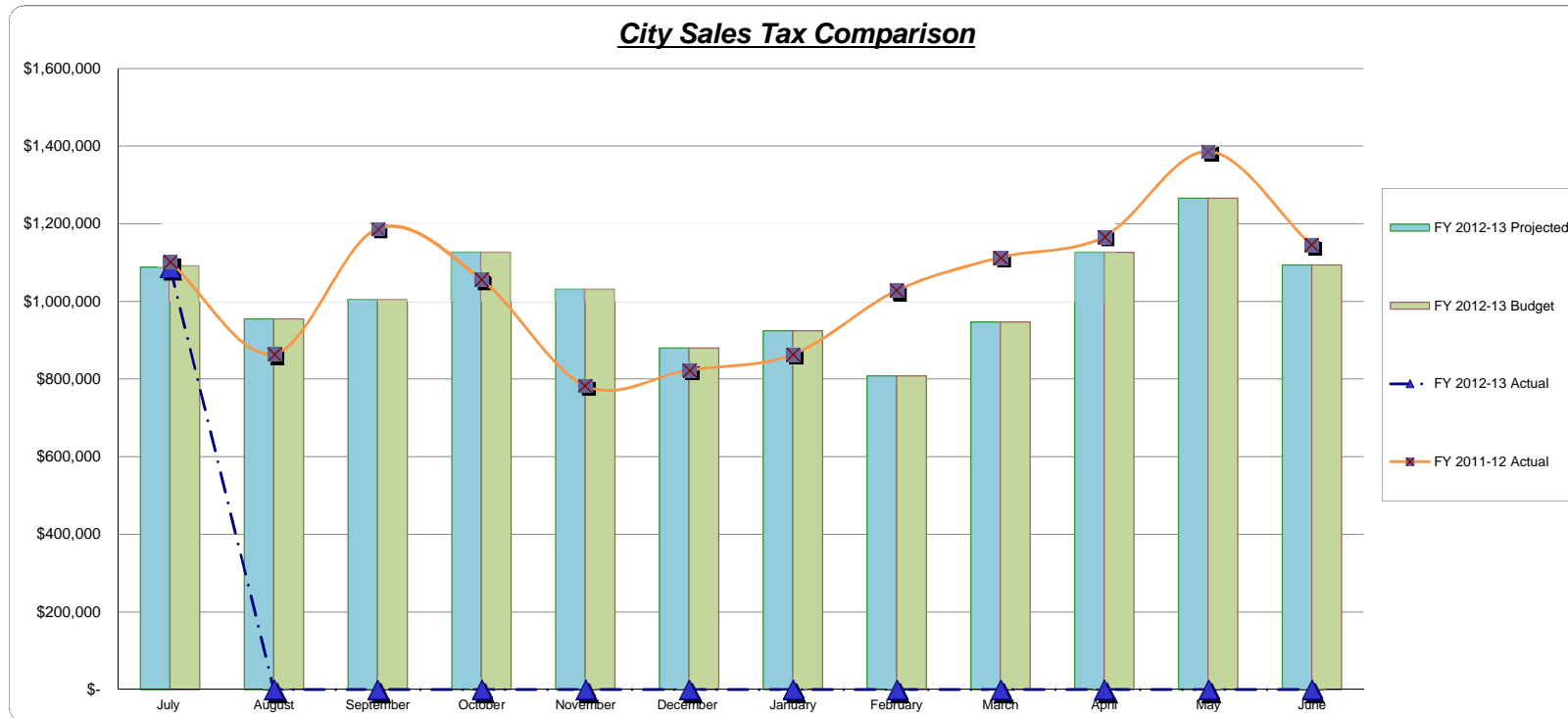
Attachments

**City of Sedona**  
**Sales Tax Worksheet\***  
**July 31, 2012**

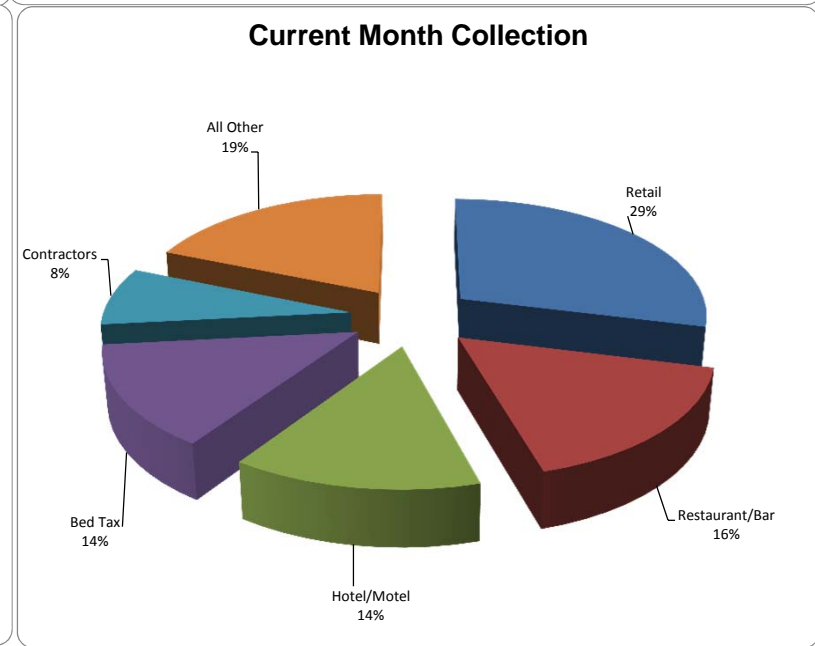
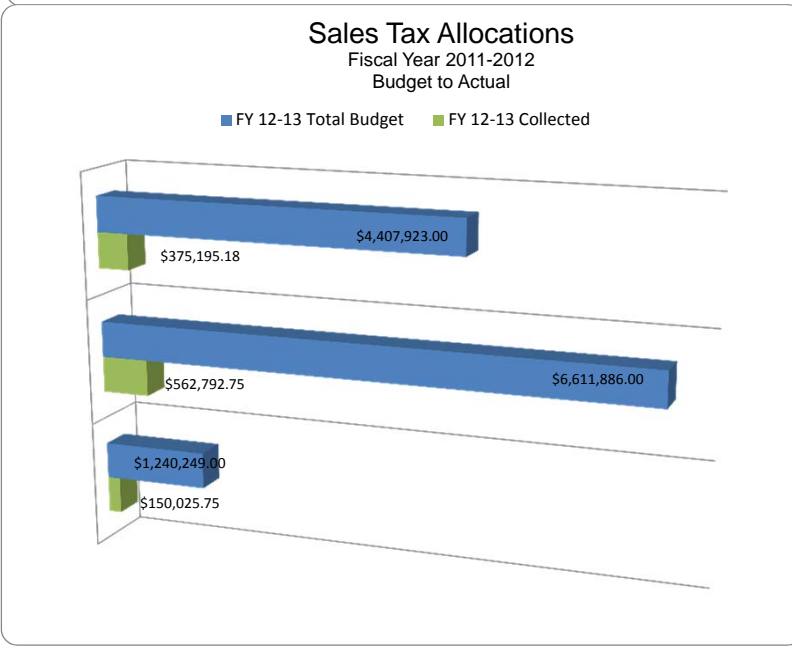
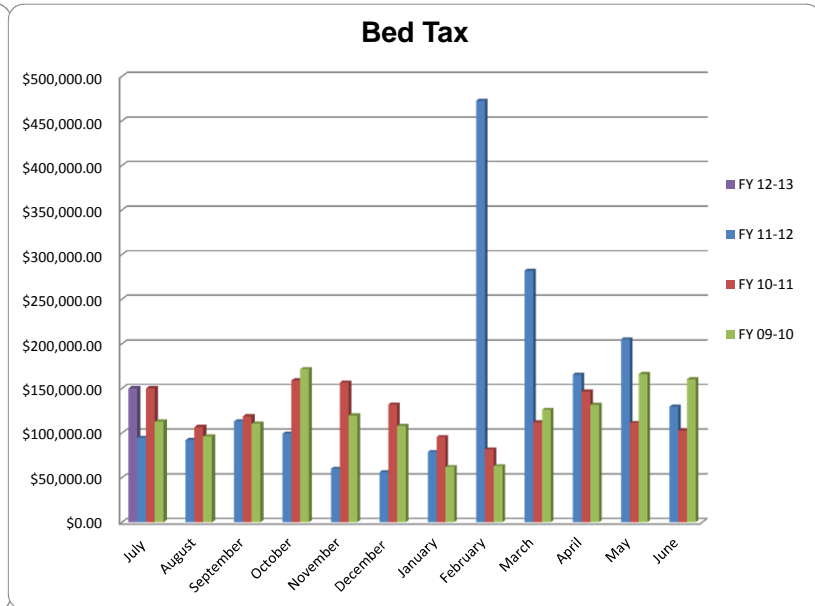
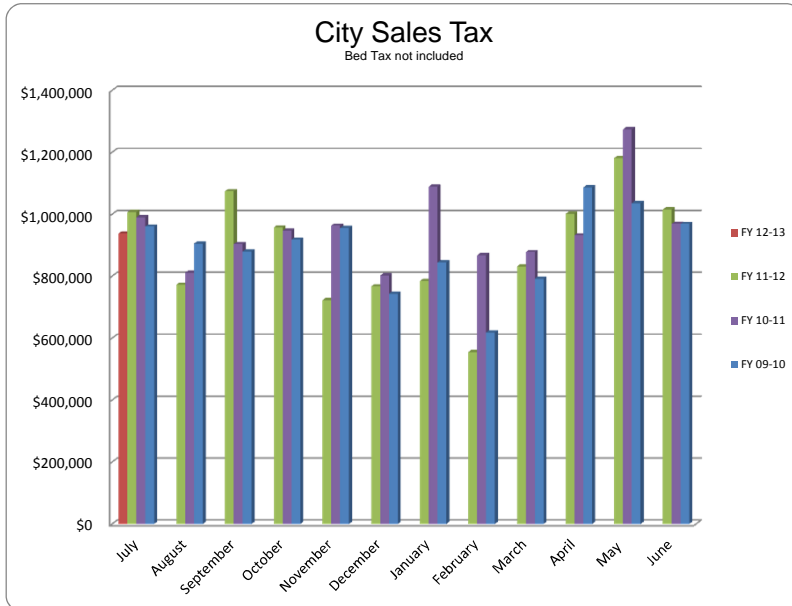
Month	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	2013 Budget	2013 Collections	Budget Variance	% Change from 2012	% Change from Budget
July	987,755	1,021,011	1,181,174	1,069,178	1,253,632	1,252,755	1,073,215	1,140,395	1,101,956	1,092,113	1,088,014	(4,099)	-1.27%	-0.38%
August	938,115	1,043,646	1,095,421	1,058,491	1,230,340	1,090,523	1,001,376	917,875	864,440	955,375	0			
September	957,697	972,637	1,049,959	1,032,607	1,137,149	1,017,988	990,181	1,022,615	1,187,427	1,007,113	0			
October	937,372	1,090,521	1,139,917	1,178,952	1,155,616	1,601,792	1,089,433	1,105,755	1,056,689	1,126,321	0			
November	937,372	1,116,598	1,331,960	1,331,215	1,361,830	1,191,160	1,075,186	1,119,830	782,513	1,033,483	0			
December	999,121	944,662	1,074,367	1,156,793	1,132,785	963,540	851,434	933,873	823,212	880,252	0			
January	830,649	918,105	1,052,208	1,092,120	1,026,332	938,932	906,327	1,184,462	863,249	924,048	0			
February	748,373	739,579	810,751	918,581	909,590	731,583	681,004	949,379	1,027,743	808,401	0			
March	859,229	880,416	1,102,828	1,076,654	985,533	1,027,075	917,669	989,770	1,113,254	947,255	0			
April	1,147,949	1,153,061	1,316,931	1,383,320	1,406,892	1,130,233	1,218,124	1,078,369	1,166,803	1,126,470	0			
May	1,167,307	1,214,920	1,371,983	1,452,116	1,345,307	1,414,982	1,201,785	1,385,563	1,386,404	1,265,575	0			
June	1,155,541	1,182,999	1,370,439	1,415,780	1,309,472	1,172,116	1,128,769	1,071,808	1,144,613	1,093,651	0			
<b>Total</b>	<b>\$11,666,480</b>	<b>\$12,278,155</b>	<b>\$13,897,940</b>	<b>\$14,165,807</b>	<b>\$14,254,478</b>	<b>\$13,532,679</b>	<b>\$12,134,503</b>	<b>\$12,899,694</b>	<b>\$12,518,303</b>	<b>\$12,260,058</b>	<b>\$1,088,014</b>	<b>(4,099)</b>	<b>-1.27%</b>	<b>-0.38%</b>

\* 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, 2012**



## CITY SALES TAX COLLECTION SUMMARY FY 2012-2013

7/31/2012

	<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	58.69%	\$150,025.75	3.45%	\$562,792.75	\$712,818.50	-19.04%	\$375,195.18	\$375,195.18	-1.27%	\$1,088,013.68	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
<b>TOTAL 2012-2013</b>		<b>\$150,025.75</b>		<b>\$562,792.75</b>	<b>\$712,818.50</b>		<b>\$375,195.18</b>	<b>\$375,195.18</b>		<b>\$1,088,013.68</b>	
TOTAL FY 2011-2012		\$94,538.46		\$544,005.23			\$463,411.87			\$1,101,955.56	
<b>DIFFERENCE</b>		<b>\$55,487.29</b>		<b>\$18,787.52</b>			<b>(\$88,216.69)</b>			<b>(\$13,941.88)</b>	
<b>% INCR/DECR</b>		<b>58.69%</b>	<b>b</b>	<b>3.45%</b>			<b>-19.04%</b>			<b>-1.27%</b>	
Total City Sales Tax comparison -6.89%											
<b>COLLECTION BY AGENCY:</b>											
<b>REVENUE DISCOVERY SYSTEMS - RDS:</b>											
July		\$150,025.75		\$558,462.17	\$708,487.92		\$372,308.12	\$372,308.12		\$1,080,796.04	June
August					\$0.00			\$0.00		\$0.00	July
September					\$0.00			\$0.00		\$0.00	August
October					\$0.00			\$0.00		\$0.00	September
November					\$0.00			\$0.00		\$0.00	October
December					\$0.00			\$0.00		\$0.00	November
January					\$0.00			\$0.00		\$0.00	December
February					\$0.00			\$0.00		\$0.00	January
March					\$0.00			\$0.00		\$0.00	February
April					\$0.00			\$0.00		\$0.00	March
May					\$0.00			\$0.00		\$0.00	April
June					\$0.00			\$0.00		\$0.00	May
<b>TOTAL 2011-2012</b>		<b>\$150,025.75</b>		<b>\$558,462.17</b>	<b>\$708,487.92</b>		<b>\$372,308.12</b>	<b>\$372,308.12</b>		<b>\$1,080,796.04</b>	
<b>ARIZONA DEPARTMENT OF REVENUE - AzDOR:</b>											
July		\$0.00		\$4,330.58	\$4,330.58		\$2,887.06	\$2,887.06		\$7,217.64	June
August					\$0.00			\$0.00		\$0.00	July
September					\$0.00			\$0.00		\$0.00	August
October					\$0.00			\$0.00		\$0.00	September
November					\$0.00			\$0.00		\$0.00	October
December					\$0.00			\$0.00		\$0.00	November
January					\$0.00			\$0.00		\$0.00	December
February					\$0.00			\$0.00		\$0.00	January
March					\$0.00			\$0.00		\$0.00	February
April					\$0.00			\$0.00		\$0.00	March
May					\$0.00			\$0.00		\$0.00	April
June					\$0.00			\$0.00		\$0.00	May
<b>TOTAL 2011-2012</b>		<b>\$0.00</b>		<b>\$4,330.58</b>	<b>\$4,330.58</b>		<b>\$2,887.06</b>	<b>\$2,887.06</b>		<b>\$7,217.64</b>	

**ARIZONA DEPARTMENT OF REVENUE  
2012-2013  
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	5.02%	\$66,719.51	21.02%	\$85,387.09	-1.37%	\$9,359.91	4.65%	\$33,051.27	4.07%	\$60,622.72
August										
September										
October										
November										
December										
January										
February										
March										
April										
May										
June										
<b>TOTAL 2012-2013</b>		<b>\$66,719.51</b>		<b>\$85,387.09</b>		<b>\$9,359.91</b>		<b>\$33,051.27</b>		<b>\$60,622.72</b>
TOTAL 2011-2012		\$63,531.43		\$70,554.90		\$9,489.71		\$31,582.94		\$58,254.63
<b>DIFFERENCE</b>		<b>\$3,188.08</b>		<b>\$14,832.19</b>		<b>(\$129.80)</b>		<b>\$1,468.33</b>		<b>\$2,368.09</b>
<b>% INCR/DECR</b>		<b>5.02%</b>		<b>21.02%</b>		<b>-1.37%</b>		<b>4.65%</b>		<b>4.07%</b>

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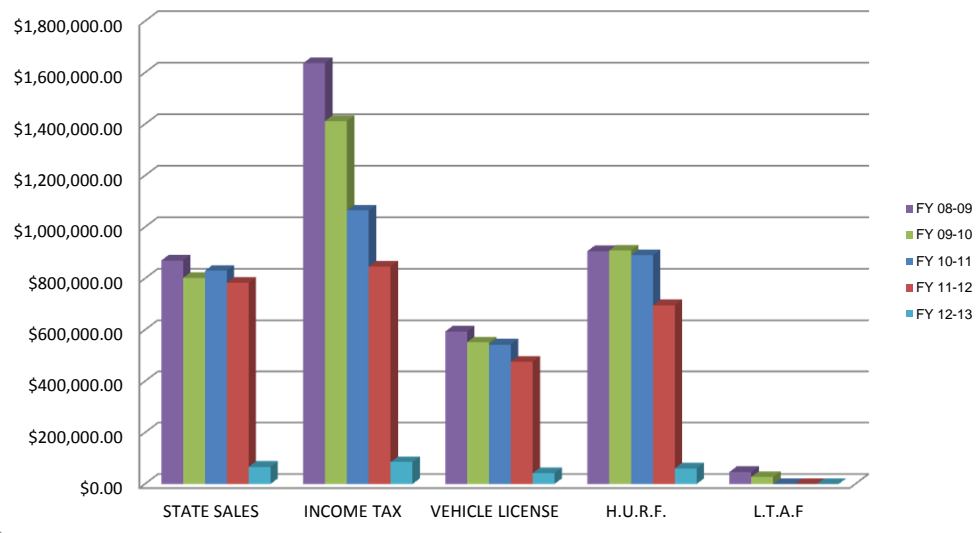
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**\$255,140.50**

**State Shared Revenues**





**City of Sedona  
FY 2012/13 General Fund Budget Comparison**

July-12

<u>General Fund</u> <u>Revenues</u>	<u>Budget</u>	<u>FYTD</u> <u>Actual</u>	<u>Balance</u>	<u>8% Target</u>	<u>Prior</u> <u>FYTD</u>	<u>PY to CY</u> <u>Comparison</u>
Bed Tax	1,240,249 **	150,026	(1,090,223)	12.1%	94,538	58.69%
City Sales Tax	6,701,886 **	563,736	(6,138,150)	8.4%	539,373	4.52%
Franchise Fees	684,084 **	-	(684,084)	0.0%	-	0.00%
Vehicle License Tax	521,246 **	42,411	(478,835)	8.1%	41,073	3.26%
State Sales Tax	838,795 **	66,720	(772,075)	8.0%	63,531	5.02%
State Income Tax	1,024,552 **	85,387	(939,165)	8.3%	70,555	21.02%
Fines	273,740 **	16,803	(256,937)	6.1%	15,355	9.43%
Licenses & Permits	215,358 **	14,753	(200,605)	6.9%	10,764	37.06%
Charges for Services	199,243 **	17,671	(181,572)	8.9%	14,003	26.19%
Contributions & Donations	- **	-	0	0.0%	-	0.00%
Interest	249,108 **	20,292	(228,816)	8.1%	23,829	-14.84%
Miscellaneous	434,800 **	2,179	(432,621)	0.5%	8,936	-75.62%
	<b>12,383,060 **</b>	<b>979,978</b>	<b>(11,403,082)</b>	<b>7.9% d</b>	<b>881,957</b>	<b>11.11%</b>

**\*\*NOTE:** Budget amounts do not include "beginning cash" or "transfers" from other funds.  
(85,386.52)

<u>Expenditures</u>	<u>Budget</u>	<u>FYTD</u> <u>Actual</u>	<u>Balance</u>	<u>8% Target</u>	<u>Prior</u> <u>FYTD</u>	<u>PY to CY</u> <u>Comparison</u>
City Council	66,911	9,133 *	57,778	13.6%	9,343	-2.24%
City Manager	604,271	44,783 *	559,488	7.4%	19,963	124.33%
Human Resources	1,900,807	15,957 *	1,884,850	0.8%	272,794	-94.15%
Financial Services	373,636	20,314 *	353,322	5.4%	10,071	101.70%
Information Systems	570,605	136,096 *	434,509	23.9%	98,953	37.54%
Legal	369,093	25,913 *	343,180	7.0%	12,895	100.95%
Parks & Recreations (Comm Serv)	1,933,074	96,586 *	1,836,488	5.0%	16,622	481.06%
General Services	3,589,078	57,813 *	3,531,265	1.6%	31,690	82.43%
Contingencies	300,000	-	300,000	0.0%	-	0.00%
Community Development	885,311	76,672 *	808,639	8.7%	29,952	155.98%
Public Works	1,134,771	76,339 *	1,058,432	6.7%	46,647	63.65%
Police	2,350,243	221,906 *	2,128,337	9.4%	110,625	100.59%
Municipal Court	295,859	21,369 *	274,490	7.2%	11,727	82.22%
	<b>14,373,659</b>	<b>802,880 d</b>	<b>13,570,779</b>	<b>5.6% d</b>	<b>671,281 d</b>	<b>19.60%</b>

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

<u>Revenue / Expense</u>	<u>Actual</u> <u>Revenues</u>	-	<u>Actual</u> <u>Expenditures</u>	+/-	<u>Transfers</u> <u>and/or Reserve</u>	=	<u>YTD</u> <u>Rev over Exp</u>	<u>PYTD</u> <u>Rev over Exp</u>	
<b>General Fund</b>	<b>979,978</b>		<b>802,880 *</b>		<b>0</b>		<b>177,098 a</b>	<b>210,676</b>	<b>-15.94%</b>

**City of Sedona  
FY 2012/13  
All Other Funds Budget Comparison**

July-12

	<u>Budget</u>	<u>FYTD Actual</u>	<u>Balance</u>	<u>8% Target</u>	<u>Prior FYTD</u>	<u>PY to CY Comparison</u>
<b><u>Special Revenue Funds</u></b>						
Revenue	\$2,215,403 **	\$65,754	(2,149,649)	3.0%	\$105,130	-37.45%
Expenditures	\$4,096,842	\$65,872 *	(4,030,970)	1.6%	\$38,256	72.19%
Revenue over Expenditures	<u>(1,881,439)</u>	<u>(118)</u>			<u>66,874</u>	
<b><u>Capital Projects Funds</u></b>						
Revenue	\$478,699 **	\$39,683	(439,016)	8.3%	\$24,297	63.32%
Expenditures	\$8,324,264	\$13,203 *	(8,311,061)	0.2%	\$5,341	147.20%
Revenue over Expenditures	<u>(7,845,565)</u>	<u>26,480</u>			<u>18,956</u>	
<b><u>Wastewater Enterprise Fund</u></b>						
Revenue	10,202,441 **	904,441	(9,298,000)	8.9%	909,595	-0.57%
WW Administration	653,279	40,943 *	(612,336)	6.3%	23,503	74.21%
WW Construction	2,864,684	13,492 *	(2,851,192)	0.5%	11,770	14.63%
WW Treatment Plant	2,351,826	142,727 *	(2,209,099)	6.1%	86,831	64.37%
WW Debt Service	6,093,726	1,750 *	(6,091,976)	0.0%	38,292	-95.43%
Revenue over Expenditures	<u>(1,761,074)</u>	<u>705,528</u>			<u>749,199</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>	
<b>Total</b>	<u>\$1,009,878</u>		<u>\$277,988</u> *		<u>0</u>		<u>731,890</u>	<u>835,029</u>	<u>-12.35%</u>

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

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