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**INTEROFFICE MEMO**

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DATE: JULY 10, 2014  
TO: MAYOR AND CITY COUNCIL  
TIM ERNSTER, CITY MANAGER  
KAREN DAINES, ASSISTANT CITY MANAGER  
CC: DEPARTMENT HEADS AND CITY ASSISTANTS  
FROM: TABATHA MILLER, FINANCE DIRECTOR  
RE: **MONTHLY REPORT – MAY 2014**

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I am pleased to present to you the monthly financial report for May 2014. This report will also summarize the financial position of the City of Sedona for the first eleven months of the current 2013-2014 fiscal year (July 1, 2013 through June 30, 2014) and provide estimated yearend figures. The report addresses the three major funds of the City: General Fund, Highway Users Revenue Fund (HURF) or Streets Fund, and Wastewater Fund. As always, if there is information that you would like to see added to the report, your feedback and suggestions are welcome. The following analysis will be covered in this report:

- Total revenues by Fund for the month of May 2014 compared to the month of May 2013;
- Total revenues by Fund cumulative from July through May 2014 (fiscal year to date) compared to cumulative totals from July through May 2013 (prior fiscal year to date);
- Total budgeted revenues and expenditures for the General Fund with percentage of revenues received and funds expended compared to actual revenues received or expended through May 2014 versus the prior fiscal year;
- Total City Sales Tax collections (including bed tax and before allocation to Wastewater Fund) comparing May 2014 to May 2013 and comparing fiscal year totals for July through May 2014 to July through May 2013;
- City Sales Tax collections (excluding bed taxes and before allocation to Wastewater Fund) comparing May 2014 to May 2013 and comparing fiscal year totals for July through May 2014 to July through May 2013;
- Total Bed Taxes collections comparing May 2014 to May 2013 and comparing fiscal year totals for July through May 2014 to July through May 2013;
- State Shared Revenue in General Fund (sales tax, income tax, vehicle license tax) comparing May 2014 to May 2013 and comparing fiscal year totals for July through May 2014 to July through May 2013;
- HURF revenues comparing May 2014 to May 2013 and comparing fiscal year totals for July through May 2014 to July through May 2013;

- Wastewater revenues comparing May 2014 to May 2013 and comparing fiscal year totals for July through May 2014 to July through May 2013;
- Fund balance for each of the funds as of May 30, 2014;
- Estimated Fund Balance for each of the funds as of June 30, 2014;
- Total budgeted revenues and expenditures by source and department for the General Fund through May 2014 compared to estimated year-end actuals; and
- Total expenditures by fund for July through May 2014, compared to budget, including estimated year-end expenditure totals.

## General Fund

### Revenues

The General Fund revenues include major revenue categories such as local sales tax, bed tax, and state shared revenues. State shared revenues include state income tax, sales tax, and auto lieu taxes distributed by the Counties of Coconino and Yavapai. Together, these sources make up approximately 85% of the total General Fund revenues. The total revenues collected and expenditures in the General Fund for the month of May 2014 were as follows:

Revenues collected in May	\$	1,848,784
Expenditures in May	\$	1,219,434
Positive cash flow for May, 2014	\$	629,350

The cumulative fiscal year General Fund revenues, July 2013 through May 2014 were as follows:

Total revenues received	\$	13,468,697
Total expenditures	\$	10,907,991
Cumulative FY positive cash flow	\$	2,560,706

Total cumulative fiscal year revenues collected through May 2014 increased in comparison to the same period through May 2013 by 13.57% (Table 1.)

**Table 1**

Fund	7/1/12 to 05/31/13 Revenues to Date	7/1/13 to 05/31/14 Revenues to Date	Difference	% of Change FY13 to FY14 through May
General Fund	\$ 11,859,271	\$ 13,468,697	\$ 1,609,426	13.57%

It is a positive sign when revenues increase from the same time period over the prior fiscal year, however, it is important to determine if it is in line with what the City budgeted for revenues in the current fiscal year. The following tables (Table 2 & 3) present the Budgeted Revenues for fiscal years 2013 and 2014, compared to the actual revenue collections to date of July through

May. If the revenues come in equally each month, by the end of May the City should have collected 92% (8.33% X 11 months) of the year's revenue. However, there can be timing issues due to fluctuations in sales tax and bed tax collections, so trends over a number of years need to be developed to make sure the City is on target with past collection activity. Based on the revenues collected from July through May 2014 compared to year to date collections in 2013, the collections in the current year are higher than the prior fiscal year by nearly 3.5%. (Table 2 & 3).

**Table 2**

<b>Fund</b>	<b>FY 2013 Budgeted Revenues</b>	<b>7/1/12 to 05/31/13 Revenues to Date</b>	<b>% of FY13 Budget Collected to Date</b>
General Fund	\$ 12,383,809	\$ 11,859,271	95.76%

**Table 3**

<b>Fund</b>	<b>FY 2014 Budgeted Revenues</b>	<b>7/1/13 to 05/31/14 Revenues to Date</b>	<b>% of FY14 Budget Collected to Date</b>
General Fund	\$ 13,571,822	\$ 13,468,697	99.24%

The total sales and bed taxes combined for the month of May 2014 over May 2013 increased by 24.3%. This result, despite the impact from the Slide Fire in Oak Creek Canyon during the normally busy Memorial Day Weekend. All reports from businesses in the area, were that visitor traffic was down significantly as a result of the smoke in the Sedona area and closure of Oak Creek Canyon over the holiday weekend. See Attachment A – Total Sales Tax Worksheet.

As pointed out in prior reports, monthly fluctuations are also a result of when the collections were posted in the month. This is a timing issue and not an indicator that sales and bed taxes are dramatically increasing or dramatically decreasing. This is partly the reason, that May sales tax collections were not impact more from the Slide Fire. Table 4 (below) illustrates that much of the monthly fluctuations is due to when the taxes are collected and posted.

**Table 4 (Total City Sales Tax & Bed Tax)**

<b>Month Reported</b>	<b>Total RDS Reported Collections</b>	<b>Collections for Month Reported</b>	<b>Collections for Prior Periods</b>	<b>% Collected for Prior Periods</b>	<b>% Change from FY 2013</b>
July, 2013	\$ 1,085,823	\$ 810,723	\$ 275,101	25%	-0.14%
August, 2013	939,470	686,800	252,670	27%	14.4%
September, 2013	1,327,888	946,676	382,211	29%	20.3%
October, 2013	903,592	739,127	164,465	18%	-28.0%
November, 2013	1,306,479	761,584	545,152	42%	0.2%
December, 2013	929,578	664,411	265,167	29%	-13.7%
January, 2014	938,266	617,044	321,222	34%	45.3%
February, 2014	929,703	637,841	291,862	31%	-13.3%
March, 2014	1,471,984	1,029,613	442,371	30%	1.7%
April, 2014	1,607,952	1,198,160	410,453	26%	39.8%
May, 2014	1,416,688	1,198,160	472,773	33%	24.3%

As presented in Attachment A, cumulative sales and bed taxes collected for the current fiscal year through May 2014 increased over fiscal year 2012-13 through May 2013 by 8.3%. Also impacting collections this year is the bed tax rate increase from 3.0% to 3.5%, effective January 1, 2014. Approximately \$34,947 is attributable to this change in rate for May and \$142,088 for the year to date. If you remove the increase due to the change in bed tax rate, the year to date increase over the prior year is 7.15%.

Attachment A also shows the fiscal year 2014 “seasonally budgeted” total sales and bed taxes of \$12,799,099 compared to the year to date collections of \$12,882,251 which is an increase over budget of 10.8%. The year to date collections already exceed budget – a strong indication that the local economy is recovering. The “seasonally budgeted” total is based on what the actual collections were by month for the past 4 years. If you remove the increase associated with the change in bed tax rate, collections would be 9.9% above budgeted projections.

In Attachment B – City Sales Tax Worksheet Excluding Bed Taxes the City collections for May 2014 increased from May 2013 by 18.8%. Collections for the fiscal year to date 2014 compared to fiscal year to date 2013 are up 7.2%. In comparing the actual sales tax collections for this fiscal year to the seasonally adjusted monthly budget allocations, revenues are 7.5% above budget.

In Attachment C – City Bed Tax Worksheet, the City’s collections for bed taxes for May 2014 increased by 60% from May 2013 collections. However, the cumulative collections (which provides a more complete financial picture) for July through May 2014 were 15.3% higher compared to the July through May 2013 collections. Adjusting for the \$142,088 in collections associated with the change in bed tax rate from 3.0% to 3.5% on January 1, 2014, collections for July through May 2014 were 6.7% higher than the prior year.

The City Council, by policy has approved an allocation of the sales tax to be split as follows; 65% to the General Fund and 35% to the Wastewater Fund. When comparing sales tax collections from the prior year within the General Fund or the Wastewater Fund, remember that in the prior fiscal year (2013) the allocation was 60% to the General Fund and 40% to the Wastewater Fund. Attachment D – City Sales Tax Collection Summary, reflects the total city sales and bed tax numbers reflected in Attachments A through C, but presents the allocation between the two funds by month. This is provided for informational purposes only because the trends of collections have been discussed in the other Attachments.

State shared revenues are the state sales tax, income tax and the auto lieu tax (vehicle license tax) collected by Coconino and Yavapai County and distributed to the City. In Attachment E, collection for the month of May 2014 compared to May 2013 shows increases in State sales tax of 6.3%, State income tax of 9.2%, VLT (vehicle license tax) for Coconino County is down 1.3% and Yavapai County up 1.6%.

Collections for the fiscal year through May 2014 compared to fiscal year through May 2013 show increases in State sales taxes 6.6%, State income taxes 9.1%, VLT for Coconino County 2.9% and Yavapai County 5.5%.

## Expenditures

Total expenditures through May 2014 increased in comparison to the same period through May 2013 by 9.91% (Table 5).

**Table 5**

Fund	7/1/12 to 05/31/13 Expenditures to Date	7/1/13 to 05/31/14 Expenditures to Date	Difference	% of Change FY13 to FY14 To Date
General Fund	\$ 9,924,484	\$ 10,907,991	\$ 983,507	9.91%

As explained with the revenue collections, it is important to compare the budgeted expenditures to the actual expenditures to date. If the expenditures are equal each month, by the end of May the City should have expended 92% (8.33% X 11 months) of the budget. However, just as with revenues, there can be timing issues due to number of pay periods in a month, one-time large purchases, and annual contracts paid during a month, so trends over a number of years need to be developed to make sure the City is on target with past expenditure activity, and if not, further research as to the reasons why should be completed. This way if it appears that expenditures may exceed budget by fiscal year end, adjustments can be made before that happens. As reflected in Table 6, 83.46% of the FY14 General Fund Budget has been expended to date.

**Table 6**

Fund	2013-2014 Expenditure Budget	7/1/13 to 05/31/14 Expenditures to Date	Difference	% of Budget Expended to Date
General Fund	\$ 13,070,504	\$ 10,907,991	\$ 2,162,513	83.46%

Based on the percent of budgeted expenditures made from July through May 2013 compared to year-to-date expenditures in 2014 (80.81%), the expenditures are a little higher than the same time period last fiscal year, but still well below 92%. *Notably this year, the 2004 Series Bonds were refunded May 22, 2014. As a result the debt service payment for this bond, was made in May, instead of the end of June, as budgeted. This increased May's General Fund expenditures by \$378,205 over normal. We are still projecting that that year-end expenditure totals will be a little below budget (see Attachment H for estimated totals).*

The General Fund unrestricted fund balance is presented on Attachment F and is \$16,856,482 at the end of May 2014. We currently estimate fund balance at the end of the 2014 Fiscal Year (June 30, 2014) will be \$15,466,088 (Attachment G). Attachment H presents more detail for the 2014 General Fund fiscal year budgeted revenues by source and department expenditures year to date through May 2014.

## **HURF (Street Fund)**

The Streets Fund is primarily funded through the State shared revenues of Highway User Revenue Funds (HURF) otherwise known as the gas tax. These dollars are restricted to use of streets/right-of-way maintenance and improvements.

Revenues collected in May	\$	70,454
Expenditures in May	\$	163,544
Cash flow for May, 2014	\$	(93,090)

Fiscal Year totals through May 2014:

Total revenues received	\$	705,844
Total expenditures	\$	917,368
Cumulative FY negative cash flow	\$	(211,524)

Revenue

The HURF monies received for May 2014 increased from May 2013 by 2% (see Attachment E). Cumulative Streets Fund revenue received for the current fiscal year through May 2014 increased over fiscal year 2012-13 through May 2013 by 1.11% (Table 7).

**Table 7**

Fund	7/1/12 to 05/31/13 Revenues to Date	7/1/13 to 05/31/14 Revenues to Date	Difference	% of Change FY13 to FY14 through May
Streets Fund	\$ 698,115	\$ 705,844	\$ 7,729	1.11%

As pointed out in the General Fund analysis, it is also important to review what the City budgeted for revenue in the current year. The following tables (Table 8 & 9) present the Budgeted Revenues for fiscal years 2013 and 2014, compared to actual revenue collections to date for July through May. Again, if revenues come in equally each month, by the end of May the City should have collected 92% of the year's revenue. As you can see in both this fiscal year to date and last, collections are above 92% - at 100.48% and 97.35%, respectively.

**Table 8**

Fund	FY 2013 Budgeted Revenues	7/1/12 to 05/31/13 Revenues to Date	% of FY13 Budget Collected to Date
Streets Fund	\$ 694,758	\$ 698,115	100.48%

**Table 9**

Fund	FY 2014 Budgeted Revenues	7/1/13 to 05/31/14 Revenues to Date	% of FY14 Budget Collected to Date
Streets Fund	\$ 725,084	\$ 705,844	97.35%

## Expenditures

As set forth in Table 10 (below) total expenditures through May 2014 have decreased significantly in comparison to the same period through May 2013. Much of the activity in the Streets Fund is from paving and maintenance projects, so spending will not necessarily be consistent from month-to-month or year-to-year.

**Table 10**

<b>Fund</b>	<b>7/1/12 to 05/31/13 Expenditures to Date</b>	<b>7/1/13 to 05/31/14 Expenditures to Date</b>	<b>Difference</b>	<b>% of Change FY13 to FY14 To Date</b>
Streets Fund	\$ 1,550,231	\$ 917,368	\$ (632,863)	-40.82%

The Streets Fund restricted fund balance is presented on Attachment F and is (\$211,524) at the end of May 2014. This does not include a transfer in from the General Fund that was budgeted at \$1.5 million and will be transferred depending on the actual expenditure amounts at fiscal yearend. The transfer is currently projected to be \$1,100,000. Because this fund is heavily subsidized from the General Fund, it is projected to have a fund balance of \$0 at yearend. The total expenditure budget for the HURF fund is \$2,266,077.

## **Wastewater Fund**

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.

Revenues collected in May	\$ 920,650
Expenditures in May	\$ 3,614,643
Cash flow for May, 2014	\$ (2,693,993)

Fiscal Year totals through May 2014:

Total revenues received	\$ 9,342,914
Total expenditures	\$ 7,754,700
Cumulative FY positive cash flow	\$ 1,588,214

## Revenues

Revenues collected from July through May for the current fiscal year are 3.01% less than collections from July through May of the prior fiscal year (see Table 11). This is primarily the result of reducing the portion of sales tax allocated to the Wastewater fund from 40% to 35% beginning July 1, 2013.

**Table 11**

<b>Fund</b>	<b>7/1/12 to 05/31/13 Revenues to Date</b>	<b>7/1/13 to 05/31/14 Revenues to Date</b>	<b>Difference</b>	<b>% of Change FY13 to FY14 through May</b>
Wastewater Fund	\$ 9,633,184	\$ 9,342,914	\$ (290,270)	-3.01%

Revenue collections for July through May, 2014 are 91.4% of total 2014 fiscal year budgeted revenues (Table 13). This is a little lower than 94.4% for the same period last fiscal year (Table 12). This is expected, because of the reduced sales tax allocation and the decision to keep monthly rates at the 2012-2013 levels for this fiscal year.

**Table 12**

<b>Fund</b>	<b>FY 2013 Budgeted Revenues</b>	<b>7/1/12 to 05/31/13 Revenues to Date</b>	<b>% of FY13 Budget Collected to Date</b>
Wastewater Fund	\$ 10,202,441	\$ 9,633,184	94.42%

**Table 13**

<b>Fund</b>	<b>FY 2014 Budgeted Revenues</b>	<b>7/1/13 to 05/31/14 Revenues to Date</b>	<b>% of FY14 Budget Collected to Date</b>
Wastewater Fund	\$ 10,221,580	\$ 9,342,914	91.40%

### Expenses

Unlike the General Fund expenditures, there is much less consistency in month-to-month comparisons of the Wastewater expenses. For example, the percent of budget expended in the Wastewater Fund for the first eleven months of 2014 is 63% (see Table 14, next page), compared to the 92%, if funds are expended equally each month (as already discussed). At first glance, it may appear that the Wastewater Fund will be well below budget for expenses. But, it is very important to consider that 50% of this fund's total expense budget is debt service and most of that (43% or \$5.3 million) is generally not paid until June, the last month of the fiscal year. As mentioned earlier in this report, this year the City refunded the 2004 Series Bonds, which means that the June payment was paid in May and thus, increased May's expenses by \$3,388,175. Additionally, a portion (22%) of the Wastewater Fund's budgeted expenses are related to capital projects, which are characterized by inconsistent spending on a month-to-month basis.



Table 14

Revenue	2014 Budget	Actual YTD 05/31/2014	Difference	% of Budget
<b>Service Fees</b>	\$ 5,922,035	\$ 4,970,287	\$ 951,748	84%
<b>Sales Tax</b>	\$ 4,010,818	\$ 3,937,572	\$ 73,246	98%
<b>Capacity Fees</b>	\$ 101,500	\$ 395,200	\$ (293,700)	389%
<b>Other Revenue</b>	\$ 187,227	\$ 39,855	\$ 147,372	21%
<b>Total Fund Revenue</b>	<b>\$ 10,221,580</b>	<b>\$ 9,342,914</b>	<b>\$ 878,666</b>	<b>91%</b>
<b>Expenses</b>				
<b>Administration</b>				
Debt Service (Interest and Principal)	\$ 6,092,237	\$ 4,185,490	\$ 1,906,747	69%
Wages and Benefits	\$ 632,828	\$ 615,838	\$ 16,990	97%
Purchased goods and services	\$ 275,990	\$ 205,982	\$ 70,008	75%
Total Administration	\$ 7,001,055	\$ 5,007,310	\$ 1,993,745	72%
<b>Wastewater Capital</b>				
Wages and Benefits	\$ 112,186	\$ 92,874	\$ 19,312	83%
Capital	\$ 2,580,633	\$ 948,380	\$ 1,632,253	37%
Total Capital	\$ 2,692,819	\$ 1,041,254	\$ 1,651,565	39%
<b>Wastewater Treatment Plant</b>				
Wages and Benefits	\$ 682,663	\$ 533,056	\$ 149,607	78%
Purchased goods and services	\$ 369,209	\$ 199,000	\$ 170,209	54%
Maintenance	\$ 917,565	\$ 487,866	\$ 429,699	53%
Utilities	\$ 555,549	\$ 486,214	\$ 69,335	88%
Total Operating	\$ 2,524,986	\$ 1,706,136	\$ 818,850	68%
<b>Total Wastewater Fund Expense Budget</b>	<b>\$ 12,218,860</b>	<b>\$ 7,754,700</b>	<b>\$ 4,464,160</b>	<b>63%</b>
<b>Net Change to Fund Balance</b>	<b>\$ (1,997,280)</b>	<b>\$ 1,588,214</b>	<b>\$ (3,585,494)</b>	<b>-80%</b>

The Wastewater Fund balance is presented on Attachment F and is \$18,935,784 at the end of May 2014. We currently estimate fund balance at the end of the 2014 Fiscal Year (June 30, 2014) will be \$16,763,913 (Attachment G). Please note that the remaining debt service paid at yearend will reduce the current Wastewater Fund balance.

### Summary

In summary, as of May 2014, there are no concerns regarding the collections of the revenue or expenditures to date compared to the budgeted amounts for the fiscal year. Overall, revenues are on track and in the General Fund revenues are expected to be a little over \$1 million above budgeted ( a positive). Likewise, expenditures in every fund are expected to be below budget at yearend. Specifically, expenditures in the General Fund are expected to be approximately \$550,00 less than budget (a positive). This results in almost \$1.5 million more at year end in Fund Balance for the General Fund. We will continue to monitor and report on a monthly basis.

Please feel free to contact me with any questions.

- Attachment A – Total Sales Tax Worksheet
- Attachment B – City Sales Tax Worksheet Excluding Bed Tax
- Attachment C – City Bed Tax Worksheet
- Attachment D – City Sales Tax Collection Summary
- Attachment E – State Shared Revenue
- Attachment F – Fund Balances Revenue vs. Expenses Summary: Year to Date
- Attachment G – Fund Balances Revenue vs. Expenses Summary: Est. 2014 Year End
- Attachment H – General Fund Revenue and Expense Budget Comparison
- Attachment I – Fund Expenditure Budget Comparison

**Attachment A - City of Sedona**

**Total Sales Tax Worksheet\***

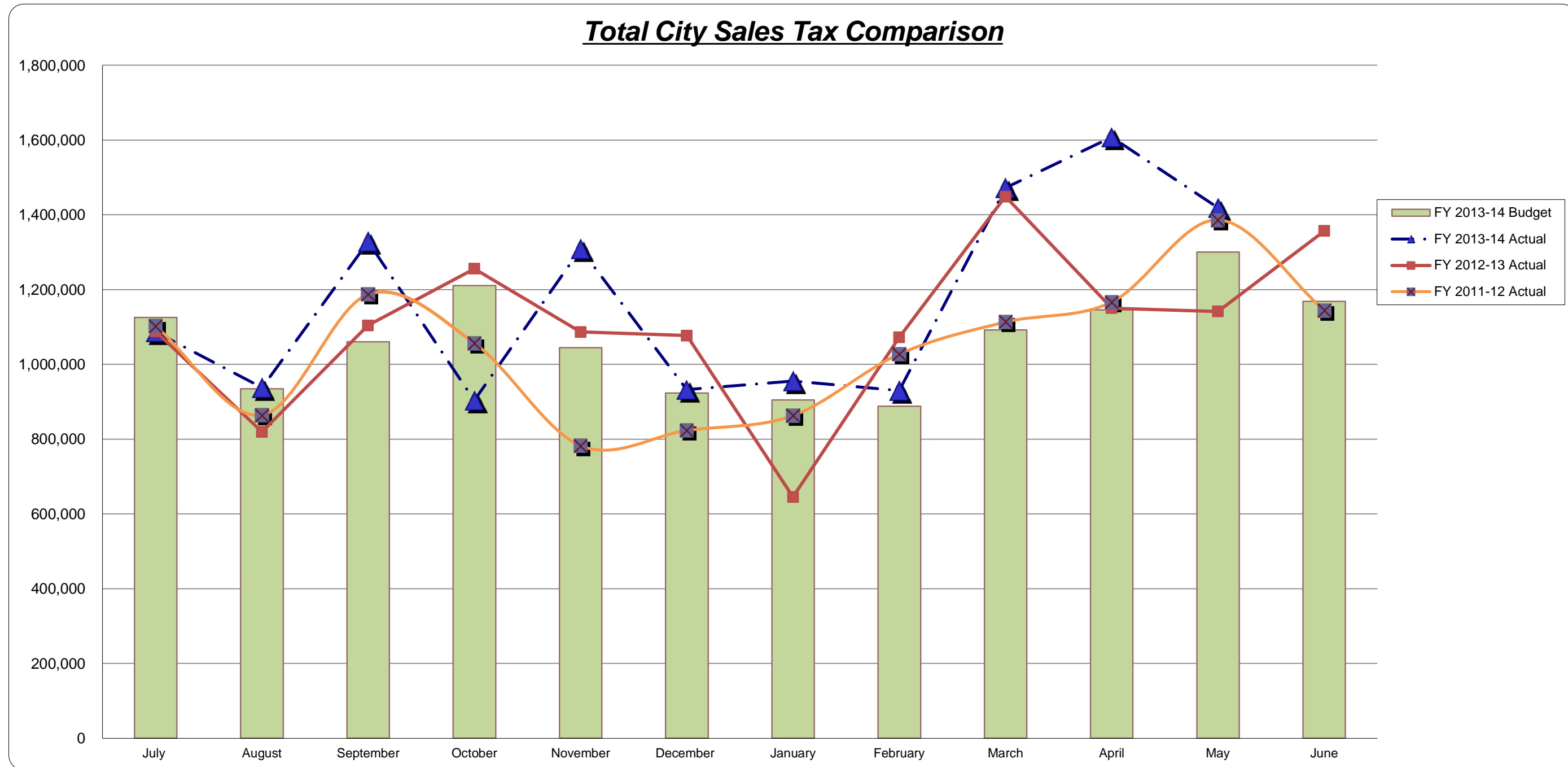
**May 31, 2014**

Month	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	2014 Budget	2014 Collections	Budget Variance	% Change from 2013	% Change from Budget
July	1,021,011	1,181,174	1,069,178	1,253,632	1,252,755	1,073,215	1,140,395	1,101,956	1,088,014	1,125,247	1,086,522	(38,725)	-0.14%	-3.44%
August	1,043,646	1,095,421	1,058,491	1,230,340	1,090,523	1,001,376	917,875	864,440	819,342	934,761	937,493	2,732	14.42%	0.29%
September	972,637	1,049,959	1,032,607	1,137,149	1,017,988	990,181	1,022,615	1,187,427	1,104,196	1,060,554	1,328,651	268,096	20.33%	25.28%
October	1,090,521	1,139,917	1,178,952	1,155,616	1,601,792	1,089,433	1,105,755	1,056,689	1,255,918	1,211,006	904,003	(307,003)	-28.02%	-25.35%
November	1,116,598	1,331,960	1,331,215	1,361,830	1,191,160	1,075,186	1,119,830	782,513	1,086,679	1,044,351	1,308,479	264,128	20.41%	25.29%
December	944,662	1,074,367	1,156,793	1,132,785	963,540	851,434	933,873	823,212	1,076,903	923,625	932,384	8,759	-13.42%	0.95%
January	918,105	1,052,208	1,092,120	1,026,332	938,932	906,327	1,184,462	863,249	645,615	905,124	955,059	49,936	47.93%	5.52%
February	739,579	810,751	918,581	909,590	731,583	681,004	949,379	1,027,743	1,072,545	887,854	930,028	42,174	-13.29%	4.75%
March	880,416	1,102,828	1,076,654	985,533	1,027,075	917,669	989,770	1,113,254	1,448,814	1,091,884	1,472,664	380,780	1.65%	34.87%
April	1,153,061	1,316,931	1,383,320	1,406,892	1,130,233	1,218,124	1,078,369	1,166,803	1,150,427	1,145,652	1,607,952	462,300	39.77%	40.35%
May	1,214,920	1,371,983	1,452,116	1,345,307	1,414,982	1,201,785	1,385,563	1,386,404	1,141,710	1,300,248	1,419,017	118,769	24.29%	9.13%
June	1,182,999	1,370,439	1,415,780	1,309,472	1,172,116	1,128,769	1,071,808	1,144,613	1,356,956	1,168,794	0			
<b>Total</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>\$13,247,119</b>	<b>\$12,799,099</b>	<b>\$12,882,251</b>	<b>\$1,251,946</b>	<b>8.34%</b>	<b>10.76%</b>

cumulative averages

\* Bed tax is included due to reporting inconsistencies by vendors.

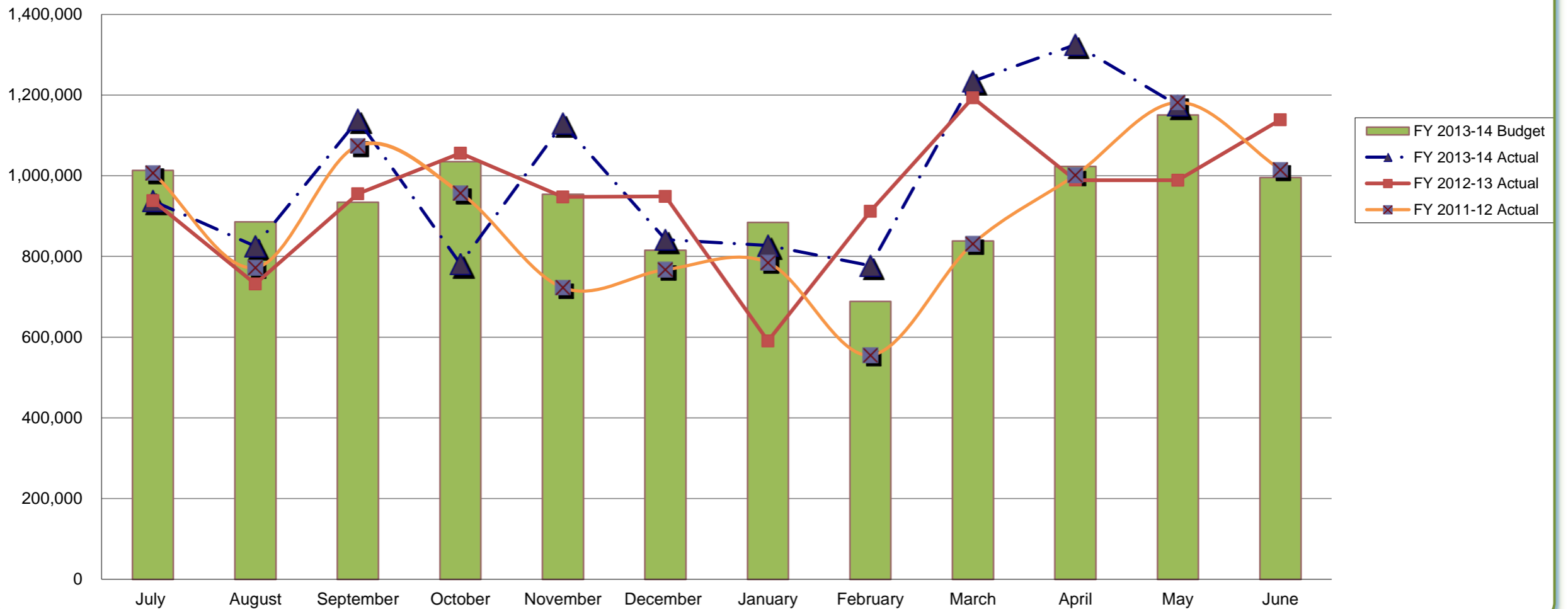
\*\* The fiscal year is July 1 through June 30.



**Attachment B - City of Sedona**  
**City Sales Tax Worksheet Excluding Bed Tax**  
**May 31, 2014**

Month	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	2014 Budget	2014 Collections	Budget Variance	% Change from 2013	% Change from Budget
July	910,058	996,957	974,527	1,090,471	1,091,663	960,327	990,290	1,007,417	937,988	1,013,429	937,622	(75,807)	-0.04%	-7.48%
August	929,412	959,309	936,208	1,078,206	946,048	905,211	811,116	772,215	731,765	885,764	825,310	(60,454)	12.78%	-6.83%
September	864,026	935,943	913,440	995,314	900,249	879,793	903,806	1,074,275	955,485	934,429	1,138,765	204,336	19.18%	21.87%
October	926,902	993,857	1,028,001	1,003,308	1,404,914	917,945	946,879	957,297	1,056,130	1,035,190	781,123	(254,067)	-26.04%	-24.54%
November	966,713	1,132,828	1,150,409	1,153,786	1,050,768	955,527	963,330	722,572	947,436	954,161	1,129,307	175,146	19.20%	18.36%
December	829,911	945,040	1,030,312	996,414	849,411	743,467	802,029	767,186	948,476	815,328	841,884	26,556	-11.24%	3.26%
January	837,052	932,005	984,569	922,971	845,338	844,478	1,089,035	784,573	590,805	884,131	826,930	(57,200)	39.97%	-6.47%
February	674,747	721,147	829,764	820,913	652,309	618,218	867,842	555,349	911,795	688,442	777,367	88,925	-14.74%	12.92%
March	791,033	946,908	952,748	865,714	895,830	791,810	877,814	831,578	1,193,049	838,346	1,234,256	395,910	3.45%	47.23%
April	993,347	1,136,679	1,189,178	1,205,553	978,642	1,086,706	931,961	1,001,545	989,177	1,022,993	1,324,875	301,882	33.94%	29.51%
May	1,083,436	1,168,552	1,236,550	1,134,980	1,185,283	1,035,951	1,274,314	1,181,525	988,778	1,150,359	1,174,385	24,026	18.77%	2.09%
June	1,034,180	1,284,106	1,236,953	1,087,411	1,015,169	968,830	969,086	1,015,347	1,138,780	995,594	0			
<b>Total</b>	<b>\$10,840,817</b>	<b>\$12,153,331</b>	<b>\$12,462,660</b>	<b>\$12,355,039</b>	<b>\$11,815,623</b>	<b>\$10,708,262</b>	<b>\$11,427,502</b>	<b>\$10,670,880</b>	<b>\$11,389,664</b>	<b>\$11,218,166</b>	<b>\$10,991,824</b>	<b>769,252</b>	<b>7.23%</b>	<b>7.53%</b>

**City Sales Tax Comparison**

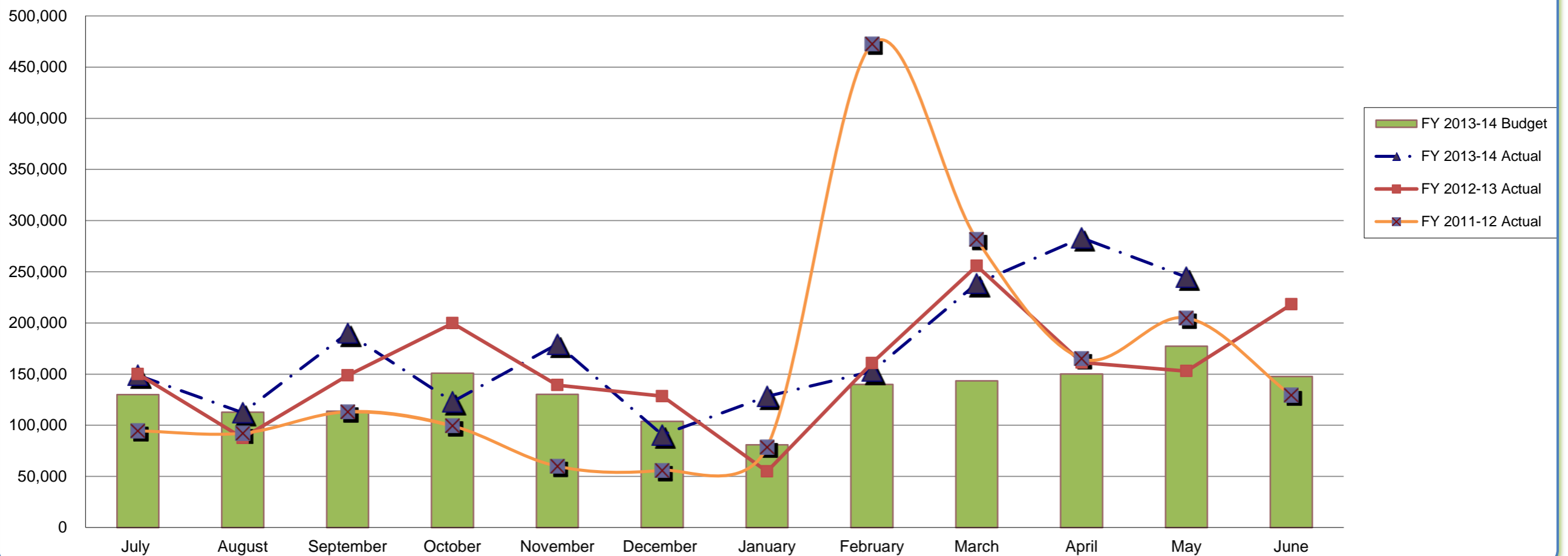


**Attachment C - City of Sedona**  
**City *BED* Tax Worksheet\***  
**May 31, 2014**

Month	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	2014 Budget	2014 Collections*	Budget Variance	% Change from 2013	% Change from Budget
July	110,953	184,217	94,651	163,161	161,092	112,888	150,106	94,538	150,026	129,929	148,900	18,970	-0.75%	14.60%
August	114,234	136,112	122,283	152,135	144,475	96,165	106,760	92,226	87,577	112,811	112,183	(628)	28.10%	-0.56%
September	108,611	114,016	119,167	141,835	117,740	110,387	118,808	113,153	148,710	113,666	189,886	76,220	27.69%	67.06%
October	163,619	146,060	150,951	152,308	196,878	171,488	158,876	99,392	199,788	150,777	122,880	(27,897)	-38.49%	-18.50%
November	149,885	199,132	180,805	208,044	140,392	119,659	156,500	59,941	139,243	130,264	179,171	48,907	28.68%	37.54%
December	114,751	129,327	126,481	136,372	114,129	107,967	131,845	56,026	128,427	103,847	90,500	(13,347)	-29.53%	-12.85%
January	81,053	120,203	107,551	103,361	93,595	61,849	95,428	78,675	54,811	80,966	128,129	47,163	133.76%	58.25%
February	64,832	89,605	88,817	88,677	79,274	62,786	81,537	472,393	160,750	139,899	152,660	12,761	-5.03%	9.12%
March	89,383	155,920	123,907	119,819	131,246	125,860	111,956	281,677	255,765	143,444	238,408	94,965	-6.79%	66.20%
April	159,715	180,252	194,142	201,339	151,591	131,418	146,407	165,257	161,250	150,238	283,077	132,839	75.55%	88.42%
May	131,484	203,431	215,566	210,327	229,699	165,834	111,249	204,880	152,932	177,328	244,632	67,304	59.96%	37.95%
June	148,818	86,333	178,827	222,061	156,948	159,939	102,722	129,266	218,176	147,763	0			
<b>Total</b>	<b>\$1,437,338</b>	<b>\$1,744,609</b>	<b>\$1,703,147</b>	<b>\$1,899,439</b>	<b>\$1,717,057</b>	<b>\$1,426,241</b>	<b>\$1,472,193</b>	<b>\$1,847,423</b>	<b>\$1,857,455</b>	<b>\$1,580,933</b>	<b>\$1,890,426</b>	<b>\$457,256</b>	<b>15.32%</b>	<b>31.91%</b>

\* Effective January 1, 2014 the bed tax rate was increased from 3.0% to 3.5%. For the months of January through May, 2014, \$142,088 can be attributed to the change in bed tax rate.

**City *BED* Tax Comparison**



**Attachment D  
CITY SALES TAX COLLECTION SUMMARY  
FY 2013-2014**

		<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>
<b>July</b>	-0.8%	\$148,900	8.3%	\$609,455	\$758,354	-12.5%	\$328,168	\$328,168	-0.1%	\$1,086,522	June
<b>August</b>	28.1%	\$112,183	22.2%	\$536,452	\$648,635	-1.3%	\$288,859	\$288,859	14.4%	\$937,493	July
<b>September</b>	27.7%	\$189,886	29.1%	\$740,197	\$930,083	4.3%	\$398,568	\$398,568	20.3%	\$1,328,651	August
<b>October</b>	-38.5%	\$122,880	-19.9%	\$507,730	\$630,610	-35.3%	\$273,393	\$273,393	-28.0%	\$904,003	September
<b>November</b>	28.7%	\$179,171	29.1%	\$734,050	\$913,221	4.3%	\$395,258	\$395,258	20.4%	\$1,308,479	October
<b>December</b>	-29.5%	\$90,500	-3.8%	\$547,224	\$637,724	-22.3%	\$294,659	\$294,659	-13.4%	\$932,384	November
<b>January</b>	133.8%	\$128,129	51.6%	\$537,505	\$665,634	22.5%	\$289,426	\$289,426	47.9%	\$955,059	December
<b>February</b>	-5.0%	\$152,660	-7.6%	\$505,289	\$657,949	-25.4%	\$272,079	\$272,079	-13.3%	\$930,028	January
<b>March</b>	-6.8%	\$238,408	12.1%	\$802,266	\$1,040,675	-9.5%	\$431,990	\$431,990	1.6%	\$1,472,664	February
<b>April</b>	75.6%	\$283,077	45.1%	\$861,169	\$1,144,246	17.2%	\$463,706	\$463,706	39.8%	\$1,607,952	March
<b>May</b>	60.0%	\$244,632	28.7%	\$763,562	\$1,008,194	3.9%	\$410,823	\$410,823	24.3%	\$1,419,017	April
<b>June</b>		\$0		\$0	\$0		\$0	\$0		\$0	May
<b>TOTAL 2013-2014</b>		<b>\$1,890,427</b>		<b>\$7,144,897</b>	<b>\$9,035,324</b>		<b>\$3,846,927</b>	<b>\$3,846,927</b>		<b>\$12,882,251</b>	
TOTAL FY 2012-2013		\$1,639,279		\$6,150,530			\$4,100,354			\$11,890,163	
<b>DIFFERENCE</b>		<b>\$251,148</b>		<b>\$994,367</b>			<b>(\$253,426)</b>			<b>\$992,089</b>	
<b>% INCR/DECR</b>		<b>15.32%</b>		<b>16.17%</b>			<b>-6.18%</b>			<b>8.34%</b>	
*The allocation of sales tax was modified from 60% to 65% to the General Fund and from 40% to 35% to the Wastewater Fund as of 7-1-2013											
Total City Sales Tax comparison					<b>7.23%</b>						

**Attachment E  
ARIZONA DEPARTMENT OF REVENUE  
2013-2014  
STATE SHARED REVENUE**

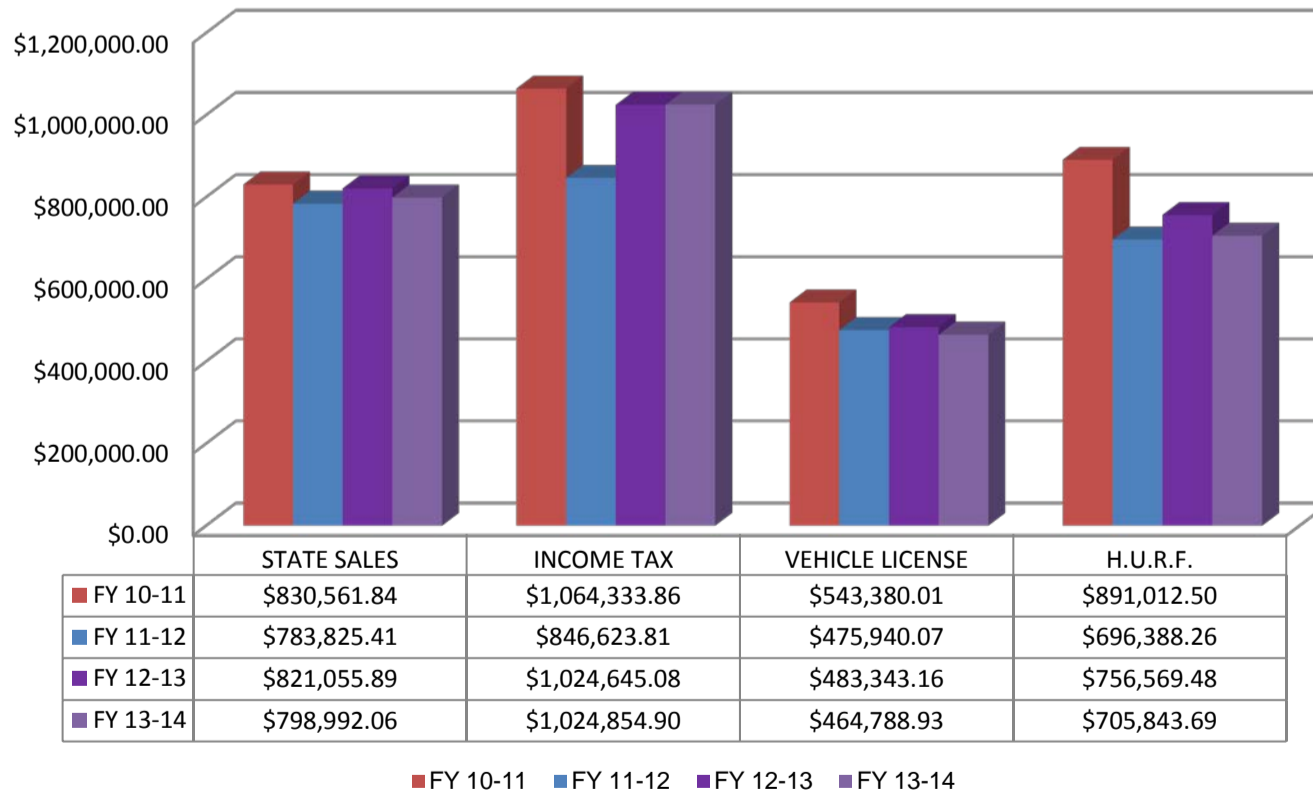
**GENERAL FUND:**

**STREETS FUND:**

	STATE SALES TAX		STATE INCOME TAX		VEHICLE LICENSE TAX		H.U.R.F.			
					COCONINO COUNTY	YAVAPAI COUNTY				
July	5.34%	\$70,280	9.22%	\$93,259	4.09%	\$9,742	4.00%	\$34,372	10.84%	\$67,196
August	8.17%	\$67,333	9.22%	\$93,259	-2.28%	\$10,311	-0.86%	\$34,905	-2.33%	\$63,464
September	6.78%	\$68,844	9.22%	\$93,259	7.99%	\$9,193	13.52%	\$31,802	2.32%	\$64,163
October	4.98%	\$67,859	9.22%	\$93,259	0.39%	\$9,679	2.87%	\$34,519	4.67%	\$59,962
November	5.90%	\$68,875	9.22%	\$93,259	-2.50%	\$8,164	3.48%	\$28,846	1.57%	\$58,340
December	6.31%	\$71,415	9.22%	\$93,259	9.02%	\$8,972	12.83%	\$30,124	-0.33%	\$58,718
January	12.54%	\$90,351	9.22%	\$93,259	6.75%	\$9,145	7.71%	\$33,114	10.17%	\$61,645
February	2.75%	\$68,271	8.17%	\$92,360	-5.41%	\$8,038	-1.04%	\$29,557	-0.12%	\$58,124
March	8.11%	\$72,174	9.18%	\$93,227	8.36%	\$10,109	11.04%	\$36,545	3.16%	\$67,670
April	4.49%	\$80,025	9.18%	\$93,227	7.42%	\$9,920	7.86%	\$34,090	4.62%	\$76,107
May	6.31%	\$73,565	9.18%	\$93,227	-1.27%	\$9,170	1.63%	\$34,473	1.97%	\$70,454
June										
<b>TOTAL 2013-2014</b>		<b>\$798,992</b>		<b>\$1,024,855</b>		<b>\$102,442</b>		<b>\$362,347</b>		<b>\$705,844</b>
TOTAL 2012-2013		\$749,571		\$939,258		\$99,585		\$343,453		\$683,543
<b>DIFFERENCE</b>		<b>\$49,421</b>		<b>\$85,597</b>		<b>\$2,857</b>		<b>\$18,894</b>		<b>\$22,301</b>
<b>% INCR/DECR</b>		<b>6.59%</b>		<b>9.11%</b>		<b>2.87%</b>		<b>5.50%</b>		<b>3.26%</b>

**\$2,994,480**

**State Shared Revenues**



# Attachment F - Fund Balances

## Revenue vs Expenses Summary

Fiscal Year: 2013-2014  
 Fiscal Period: May



### City of Sedona

102 Roadrunner Drive  
 Sedona, AZ 86336

Fund	Description	Fund Balance 7/1/2013*	Revenues May-14	Expenses May-14	Revenue over Expenditure YTD	Fund Balance 5/31/2014
10	General Fund	14,295,776	13,468,697	10,907,991	2,560,706	16,856,482
		<u>14,295,776</u>	<u>13,468,697</u>	<u>10,907,991</u>	<u>2,560,706</u>	<u>16,856,482</u>
11	Streets Fund	0	705,844	917,368	-211,524	-211,524
16	Grants Fund	159,832	589,463	185,883	403,580	563,412
18	P.A.N.T. Fund	0	0	0	0	0
		<u>159,832</u>	<u>1,295,307</u>	<u>1,103,251</u>	<u>192,056</u>	<u>351,888</u>
20	Development Impact Fees Fund	3,548,809	388,150	896,524	-508,374	3,040,435
22	Capital Fund	5,903,143	470,459	2,420,222	-1,949,763	3,953,380
24	CFD Summit Fund	61,141	38,966	0	38,966	100,107
25	CFD Fairfield Fund	845,817	116	0	116	845,933
26	Art In Public Places Fund	47,060	44	3,930	-3,886	43,174
		<u>10,405,970</u>	<u>897,735</u>	<u>3,320,676</u>	<u>-2,422,941</u>	<u>7,983,029</u>
59	Wastewater Enterprise Fund	17,347,570	9,342,914	7,754,700	1,588,214	18,935,784
		<u>17,347,570</u>	<u>9,342,914</u>	<u>7,754,700</u>	<u>1,588,214</u>	<u>18,935,784</u>
	Report Totals:	<u><b>42,209,148</b></u>	<u><b>25,004,653</b></u>	<u><b>23,086,618</b></u>	<u><b>1,918,035</b></u>	<u><b>44,127,183</b></u>

\*Reports prior to September 2013 were unaudited, these are now audited fund balances for FY13.

General Fund
Special Revenue Fund
Capital Fund
Wastewater Fund

# Attachment G - Estimated Year-End Fund Balances

## Revenue vs Expenses Summary

Fiscal Year: 2013-2014  
 Fiscal Period: Estimated Ending Balances 2014



**City of Sedona**

102 Roadrunner Drive  
 Sedona, AZ 86336

Fund	Description	Fund Balance	Revenues & Transfers In	Expenses & Transfers Out	Revenue over Expenditure YTD	Fund Balance*
		7/1/2013	Jun-14	Jun-14		6/30/2014
10	General Fund	14,295,776	14,784,541	13,614,229	1,170,312	15,466,088
		<u>14,295,776</u>	<u>14,784,541</u>	<u>13,614,229</u>	<u>1,170,312</u>	<u>15,466,088</u>
11	Streets Fund	0	1,850,000	1,850,000	0	0
16	Grants Fund	159,832	600,000	600,000	0	159,832
18	P.A.N.T. Fund	0	0	0	0	0
		<u>159,832</u>	<u>2,450,000</u>	<u>2,450,000</u>	<u>0</u>	<u>159,832</u>
20	Development Impact Fees Fund	3,548,809	400,000	1,200,000	-800,000	2,748,809
22	Capital Fund	5,903,143	700,000	3,507,856	-2,807,856	3,095,287
24	CFD Summit Fund	61,141	40,000	0	40,000	101,141
25	CFD Fairfield Fund	845,817	136,432	0	136,432	982,249
26	Art In Public Places Fund	47,060	22,500	11,000	11,500	58,560
		<u>10,405,970</u>	<u>1,298,932</u>	<u>4,718,856</u>	<u>-3,419,924</u>	<u>6,986,046</u>
59	Wastewater Enterprise Fund	17,347,570	10,225,000	10,808,657	-583,657	16,763,913
		<u>17,347,570</u>	<u>10,225,000</u>	<u>10,808,657</u>	<u>-583,657</u>	<u>16,763,913</u>
Report Totals:		<u><b>42,209,148</b></u>	<u><b>28,758,473</b></u>	<u><b>31,591,742</b></u>	<u><b>-2,833,269</b></u>	<u><b>39,375,879</b></u>

\*Ending Fund Balance based on estimated revenues, expenses and fund transfers for the fiscal year 2014.

General Fund
Special Revenue Fund
Capital Fund
Wastewater Fund



Attachment H- General Ledger  
 General Fund Budget Comparison  
 May, 2014

Department	Description	Budget	YTD Actual	Difference	% of Budget	Estimated Year End Actuals	% of Budget
10	<b>GENERAL FUND</b>						
	<b>REVENUES BY SOURCE</b>						
	CITY SALES TAX	\$ 7,291,808	\$ 7,211,241	\$ 80,567	99%	\$ 7,725,000	106%
	BED TAX***	\$ 1,580,933	\$ 1,890,427	\$ (309,494)	120%	\$ 2,025,000	128%
	FRANCHISE FEES*	\$ 742,073	\$ 557,227	\$ 184,846	75%	\$ 742,000	100%
	VEHICLE LICENSE TAXES	\$ 521,935	\$ 464,789	\$ 57,146	89%	\$ 522,000	100%
	STATE SALES TAX	\$ 866,754	\$ 798,992	\$ 67,762	92%	\$ 875,000	101%
	STATE INCOME TAX	\$ 1,119,108	\$ 1,024,855	\$ 94,253	92%	\$ 1,119,000	100%
	IN-LIEU FEES**	\$ 304,500	\$ 570,830	\$ (266,330)	187%	\$ 570,830	187%
	FINES & FORFEITURES	\$ 282,414	\$ 137,461	\$ 144,953	49%	\$ 155,000	55%
	LICENSES & PERMITS	\$ 272,583	\$ 400,891	\$ (128,308)	147%	\$ 425,000	156%
	CHARGES FOR SERVICES	\$ 119,580	\$ 64,756	\$ 54,824	54%	\$ 70,000	59%
	INTEREST	\$ 249,109	\$ 91,333	\$ 157,776	37%	\$ 125,000	50%
	MISCELLANEOUS	\$ 221,025	\$ 255,895	\$ (34,870)	116%	\$ 260,000	118%
	<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 13,571,822</b>	<b>\$ 13,468,697</b>	<b>\$ 103,125</b>	<b>99%</b>	<b>\$ 14,613,830</b>	<b>108%</b>
	<b>EXPENDITURES BY DEPARTMENT</b>						
5210	CITY COUNCIL	\$ 53,840	\$ 46,254	\$ 7,586	86%	\$ 52,500	98%
5220	CITY MANAGER	\$ 698,982	\$ 613,732	\$ 85,250	88%	\$ 692,000	99%
5221	HUMAN RESOURCES	\$ 181,238	\$ 170,412	\$ 10,826	94%	\$ 183,543	101%
5222	FINANCIAL SERVICES	\$ 473,470	\$ 359,486	\$ 113,984	76%	\$ 415,000	88%
5224	INFORMATION TECHNOLOGY	\$ 747,277	\$ 652,043	\$ 95,234	87%	\$ 745,000	100%
5230	LEGAL	\$ 460,686	\$ 414,286	\$ 46,400	90%	\$ 460,686	100%
5240	CITY CLERK	\$ 239,306	\$ 205,488	\$ 33,818	86%	\$ 234,500	98%
5242	PARKS & RECREATION	\$ 350,249	\$ 274,416	\$ 75,833	78%	\$ 350,000	100%
5245	GENERAL SERVICES	\$ 3,043,110	\$ 2,792,465	\$ 250,645	92%	\$ 3,100,000	102%
5310	COMMUNITY DEVELOPMENT	\$ 1,146,286	\$ 818,704	\$ 327,582	71%	\$ 965,000	84%
5320	PUBLIC WORKS	\$ 1,845,964	\$ 1,579,160	\$ 266,804	86%	\$ 1,810,000	98%
5510	POLICE	\$ 3,517,752	\$ 2,745,270	\$ 772,482	78%	\$ 3,225,000	92%
5520	MUNICIPAL COURT	\$ 312,344	\$ 236,274	\$ 76,070	76%	\$ 281,000	90%
	<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 13,070,504</b>	<b>\$ 10,907,990</b>	<b>\$ 2,162,514</b>	<b>83%</b>	<b>\$ 12,514,229</b>	<b>96%</b>
	<b>NET CHANGE TO FUND BALANCE BEFORE TRANSFERS</b>	<b>\$ 501,318</b>	<b>\$ 2,560,707</b>	<b>\$ (2,059,389)</b>	<b>511%</b>	<b>\$ 2,099,601</b>	<b>419%</b>

\*Franchise Fees are paid quarterly.

\*\*Paid annually and typically in arrears.

\*\*\*City Bed tax rate increased from 3.0% to 3.5%, effective 01-01-2014, \$142,088 is attributable to the change in bed tax rate for January through May.

Attachment I - General Ledger  
Fund Expenditure Comparison  
May, 2014

Department	Description	Budget	YTD Actual	Difference	% of Budget	Estimated Year End Expenditures	% of Budget
10	<u>GENERAL FUND</u>	\$ 13,070,504	\$ 10,907,990	\$ 5,992,962	83%	\$ 12,514,229	96%
11	<u>STREETS FUND EXPENDITURES</u>	\$ 2,266,077	\$ 917,368	\$ 1,348,709	40%	\$ 1,850,000	82%
16	<u>GRANTS FUND</u>	\$ 1,058,500	\$ 185,883	\$ 872,617	18%	\$ 375,000	35%
18	<u>P.A.N.T. FUND</u>	\$ 84,056	\$ -	\$ 84,056	0%	\$ -	0%
20	<u>DEVELOPMENT IMPACT FEES FUND</u>	\$ 1,943,000	\$ 896,524	\$ 1,046,476	46%	\$ 1,100,000	57%
22	<u>CAPITAL FUND</u>	\$ 4,669,302	\$ 2,420,222	\$ 2,249,080	52%	\$ 3,400,000	73%
25	<u>CFD FAIRFIELD FUND</u>	\$ 770,000	\$ -	\$ 770,000	0%	\$ -	0%
26	<u>ARTS IN PUBLIC PLACES FUND</u>	\$ 65,000	\$ 3,930	\$ 61,070	6%	\$ 11,000	17%
59	<u>WASTEWATER ENTERPRISE FUND</u>						
5250	WASTEWATER ADMINISTRATION	\$ 7,001,055	\$ 5,007,310	\$ 1,993,745	72%	\$ 6,623,301	95%
5252	WASTEWATER CAPITAL	\$ 2,692,819	\$ 1,041,254	\$ 1,651,565	39%	\$ 2,000,000	74%
5253	WASTEWATER TREATMENT PLANT	\$ 2,524,986	\$ 1,706,136	\$ 818,850	68%	\$ 2,100,000	83%
	TOTAL WASTEWATER FUND EXPENSES	\$ 12,218,860	\$ 7,754,700	\$ 4,464,160	63%	\$ 10,723,301	88%
	TOTAL EXPENDITURES/EXPENSES ALL FUNDS	\$ 36,145,299	\$ 23,086,617	\$ 16,889,130	64%	\$ 29,973,530	82.9%