
INTEROFFICE MEMO

DATE: OCTOBER 9, 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 – AUGUST 2014**

I am pleased to present to you the monthly financial report for August 2014. This report will also summarize the financial position of the City of Sedona for the first two months of the current fiscal year (FY) 2015 (July 1, 2014 through June 30, 2015). The information provided for yearend estimates is limited to the budget data, which is still our best estimates this early in the fiscal year.

As mentioned last month, to provide a bit more information about the business community I have replaced Attachment D with a summary of gross sales by business class or industry. This information is derived from the sales tax reports and is provided to better reflect how businesses are faring within the City of Sedona and hopefully track some trends in the economics. I have also added Attachment H which provides information on which fund balance amounts are restricted or reserved by policy for emergency operating funds, and which are really available for future expenditures.

As always this report addresses the three major funds of the City: General Fund, Highway Users Revenue Fund (HURF) or Streets Fund, and Wastewater Fund. 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 August 2014 compared to the month of August 2013;
- Total revenues by Fund cumulative from July through August 2014 (fiscal year to date) compared to cumulative totals from the prior year;
- 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 August 2014 versus the prior fiscal year;
- Total City Sales Tax collections (including bed tax and before allocation to Wastewater Fund) comparing August 2014 to August 2013 and comparing fiscal year totals for July and August;

- City Sales Tax collections (excluding bed taxes and before allocation to Wastewater Fund) comparing August 2014 to August 2013 and comparing fiscal year totals for July and August;
- Total Bed Taxes collections comparing August 2014 to August 2013 and comparing fiscal year totals for July and August;
- State Shared Revenue in General Fund (sales tax, income tax, vehicle license tax) comparing August 2014 to August 2013 and comparing fiscal year totals for July and August;
- HURF revenues comparing August 2014 to August 2013 and comparing fiscal year totals for July and August;
- Wastewater revenues comparing August 2014 to August 2013 and comparing fiscal year totals for July and August;
- Fund Balance for each of the funds as of August 31, 2014;
- Total budgeted revenues and expenditures by source and department for the General Fund through August 2014;
- Total budgeted revenues and expenditures by source and department for the Wastewater Fund through August 2014; and
- Total expenditures by fund for August, 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 82% of the total General Fund revenues. The total revenues collected and expenditures in the General Fund for the month of August, 2014 were as follows:

Revenues collected in August	\$	1,172,484
Expenditures in August	\$	1,865,190
Cash flow for August, 2014	\$	(692,706)

The cumulative fiscal year General Fund revenues, for July through August 2014 were as follows:

Total Revenues received	\$	2,308,041
Total Expenditures	\$	3,086,742
Cumulative FY Cash Flow	\$	(778,701)

Total revenues collected through August 2014 (FY 2015) increased in comparison to the same period through August 2013 (FY 2014) by 18.48% (Table 1.)

Table 1

Fund	FY 2014 Revenues YTD	FY 2015 Revenues YTD	Difference	% of Change FY14 to FY15
General Fund	\$ 1,947,995	\$ 2,308,041	\$ 360,046	18.48%

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 2014 and 2015, compared to the actual revenue collections to date for July through August. If the revenues come in equally each month, by the end of August the City should have collected 16.66% (8.33% X 2 month) of the year’s revenue. However, there can be timing issues due to fluctuations in sales tax and bed tax collections and some revenues are received quarterly not monthly, 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 through August 2014 (FY 2015) compared to the prior FY 2014 year to date, collections in the current year are a bit higher than the prior fiscal year. (Table 2 & 3).

Table 2

Fund	FY 2015 Budgeted Revenues	FY 2015 Revenues YTD	% of FY15 Budget Collected to Date
General Fund	\$ 15,143,892	\$ 2,308,041	15.24%

Table 3

Fund	FY 2014 Budgeted Revenues	FY 2014 Revenues YTD	% of FY14 Budget Collected to Date
General Fund	\$ 13,571,822	\$ 1,947,995	14.35%

The total sales and bed taxes combined for the month of August 2014 over August 2013 increased by 24%. Notable this August, sales tax revenue, was higher than last month (July). This is significant because this is the first time in the last ten years that August revenue exceeded July. Over the last five years, on average July sales tax revenues, excluding bed tax, have been higher than August by 17%.

Table 4

Month	FY 2011	FY 2012	FY 2013	2014 FY	2015 Collections
July	990,290	1,007,417	937,988	937,622	956,280
August	811,116	772,215	731,765	825,310	984,303
Difference	(179,174)	(235,202)	(206,223)	(112,312)	28,023
Percent	-22%	-30%	-28%	-14%	3%

The increase this August, could be the result of the destination marketing campaign that started on July 15th and/or visitors who delayed or postponed trips in June and July because of the slide fire, the canyon closure and possible flash flooding. See Attachment A – Total Sales Tax Worksheet and Attachment B – Total City Sales Tax Excluding Bed Tax.

Attachment A also shows the fiscal year 2015 “seasonally budgeted” total sales and bed taxes of \$13,780,000, compared to the year to date collections of \$2,245,654. Comparing the budget for the first two months of the fiscal year collections, actual collections exceed budget by 8.8%. The “seasonally budgeted” total is based on the estimated actuals (at budget time) for FY 2014 plus 3% growth, allocated monthly based on prior years’ collection patterns.

As pointed out in prior reports, some of the monthly fluctuations are the result of when the collections were posted in the month. This is a timing issue. Table 5 (below) illustrates that many of the monthly fluctuations are due to when the taxes are collected and posted.

Table 5 (Total City Sales Tax & Bed Tax)

Month Reported	Total RDS Reported Collections	Collections for Month Reported	Collections for Prior Periods	% Collected for Prior Periods	% Change from Prior FY
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%
June, 2014	1,377,558	932,441	445,117	32%	2.8%
July, 2014	1,133,642	910,613	223,029	20%	4.3%
August, 2014	1,157,085	894,617	262,468	23%	24.0%

In Attachment B – City Sales Tax Worksheet Excluding Bed Taxes the City collections for August 2014 increased from August 2013 by 19.3%. In comparing the actual sales tax collections for this fiscal year to date 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 August 2014 increased by 58.4% from August 2013 collections. However, adjusting for \$25,645 attributable for August to the change in collections associated with the change in bed tax rate from 3.0% to 3.5% on January 1, 2014, collections for August 2014 were 35.5% higher than the same month the prior year and 16.8% for the year to date collections.

The City Council, by policy approved an allocation of the sales tax in the 2014-15 fiscal year (FY) to be split as follows; 70% to the General Fund and 30% 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 (2014) the allocation was 65% to the General Fund and 35% to the Wastewater Fund. In FY 2013 the allocation was 60% to the General Fund and 40% to the Wastewater Fund.

Attachment D presents the reported sales by business classes. This schedule was added in order to better reflect how the business community is faring and the impact of local business activity on the City's sales tax revenues. Please note that while sales certainly drive the city's sales tax revenue there are some deviations. For example, city sales tax revenue information is presented in the month reported and will include sales from prior months (see Table 5). Additionally, the month the sales are report may not be the same month that the revenues are actually received by the city. Finally, the sales figures are netted and will include refunds or amended sales reports.

In addition to comparing August, 2014 to August 2013, I have provided a comparison of August, 2014 to July, 2014, because August was a better month than July for the first time in ten years - indicating a change in visitation this summer. As you can see in Attachment D, the business classes associated with tourism, specifically day visitors (Amusements, Restaurants & Bars and Retail) bounced back in August, indicating a return of visitors this month. Also notable is that while Hotel/Motel sales were essentially flat from July to August, they were up August this year compared to August last year by 35%. This may indicate that more day trippers visited in August than July, but similar numbers of overnight visitors in both months.

The Sedona Chamber of Commerce & Tourism kicked off its destination marketing program July 15, with bill boards and TV spots in the Phoenix area. Although Oak Creek Canyon remained closed to camping or stopping on Forest Service lands, the smoke from the forest fires died off and the threat of flooding lessened in August. So it could be that the marketing campaign reminded Arizonians who had delayed visits earlier in the year how nice Sedona is to visit.

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 August 2014 compared to August 2013 shows increases in State sales tax of 5.2%, State income tax of 8.5%, VLT (vehicle license tax) for Coconino County is down 4.4% and Yavapai County down 1.5%.

Expenditures

Total expenditures for August 2014 (FY 2015) increased in comparison to August 2013 (FY 2014) by 29.3% (Table 5). Although not as significant as last month's increase, there are several reasons for the increase that are not indicative of spending for the remainder of the year.

First, in order to better present the City's financial picture, we have spread the annual debt service requirements equally over the twelve month period, instead of recognizing this expenditure at the end of the year when the large principal payments are made. (*The impact of this change is greater in the Wastewater fund but does add \$127,268 to the year to date General Fund expenditures*). Second, as discussed last month, the City's commitment to destination marketing started in July with a payment of \$462,500 or (50%) of the estimated funding for FY 2015, this is an increase of \$337,500 from the prior year's semi-annual payment. Funding to all other community groups increased by \$59,000 and wages and benefits increases

for the year to date compared to the prior year by \$88,000. The increase in wages and benefits is from increased benefit cost, the increase in wage cost from the 1.5% Cost of Living Adjustment, effective July 1st, and the routine annual merit increases in which a significant number are effective July 1st.

Table 6

Fund	7/01/2013 to 8/31/2013 Expenditures	7/01/2014 to 8/31/2014 Expenditures	Difference	% of Change FY14 to FY15
General Fund	\$ 2,387,217	\$ 3,086,742	\$ 699,525	29.30%

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 August the City should have expended 16.66% (8.33% X 2 month) of the budget. As reflected in Table 7, 20.8% of the FY15 General Fund Budget has been expended this fiscal year. This number is higher than the 16.66% but much of that increase is related to the semi-annual payments to the community service groups, including the destination marketing campaign. Essentially all of the groups have received the 50% payment and nearly 100% of the smaller community service contracts have been dispersed - of the \$2,174,500 budgeted for this community support, \$1,128,063 has been paid year to date (52%).

Table 7

Fund	FY 2015 Expenditure Budget	7/01/2014 to 8/31/2014 Expenditures	Difference	% of Budget Expended to Date
General Fund	\$ 14,829,308	\$ 3,086,742	\$ 11,742,566	20.82%

Attachment I provides a more detailed display of the general fund revenue and expenditures. As discussed above, the General Services Department budget is already at 44% of budget. The IT Department also pays many of the City's annual software maintenance contracts once a year at the beginning of the fiscal year and thus, the department budget is at 23% for the year – above the 16.66%.

The General Fund estimated unrestricted fund balance is presented on Attachment F and is \$15,928,635 at the end of August 2014. If you subtract the policy operating reserve of \$9,214,654 the estimated available fund balance is \$6,713,981. (see Attachment H). Attachment G estimates the General Fund fund balance as of the fiscal year end, based on the FY 2015 budget.

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 August	\$	70,662
Expenditures in August	\$	64,154
Cash flow for August, 2014	\$	6,508

Fiscal Year totals through August, 2014:

Total revenues received	\$	143,543
Total expenditures	\$	73,322
Cumulative FY cash flow	\$	70,221

Revenue

The HURF funds received for August 2014 (FY 2015) increased from August 2013 (FY 2014) by 9.86% (see Attachment E and Table 8).

Table 8

Fund	FY 2014 Revenues YTD	FY 2015 Revenues YTD	Difference	% of Change FY14 to FY15
Streets Fund	\$ 130,660	\$ 143,543	\$ 12,883	9.86%

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 9 & 10) present the Budgeted Revenues for fiscal years 2014 and 2015, compared to actual revenue collections to date for August. Again, if revenues come in equally each month, by the end of August the City should have collected 16.66% of the year's revenue. As you can see in both this fiscal year to date and last, collections are above 16.66% - at 18.02% and 18.76%, respectively.

Table 9

Fund	FY 2014 Budgeted Revenues	FY 2014 Revenues YTD	% of FY14 Budget Collected to Date
Streets Fund	\$ 725,084	\$ 130,660	18.02%

Table 10

Fund	FY 2015 Budgeted Revenues	FY 2015 Revenues YTD	% of FY15 Budget Collected to Date
Streets Fund	\$ 765,140	\$ 143,543	18.76%

Expenditures

As set forth in Table 11 (below) total expenditures for August 2014 (FY 2015) are just above the same period through August 2013 (FY 2014). As pointed out in the past, 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 11

Fund	7/01/2013 to 8/31/2013 Expenditures	7/01/2014 to 8/31/2014 Expenditures	Difference	% of Change FY14 to FY15
Streets Fund	\$ 73,270	\$ 73,322	\$ 52	0.07%

The Streets Fund restricted fund balance is presented on Attachment F and is \$70,221 at the end of August 2014. Please note that the estimated fund balance as of June 30, 2015 based on budget is \$0 on Attachment G. The reason for this is that the Streets Fund is subsidized by the General Fund through an annual transfer and the state shared HURF funds are not nearly enough to fund the needed streets maintenance and improvement projects of the City. The total expenditure budget for the HURF fund in FY 2015 is \$1,275,140.

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 August	\$	798,574
Expenditures in August	\$	754,363
Cash flow for August, 2014	\$	44,211

Fiscal year totals through August 2014:

Total revenues received	\$	1,588,401
Total expenditures	\$	1,260,510
Cumulative FY cash flow	\$	327,891

Revenues

Revenues collected for August are just .78% less than collections from July and August of the prior fiscal year (see Table 12). While wastewater rates were increased by an overall 4% beginning July 1, 2014, *(after the revenue neutral cost of service adjustments)* the sales tax allocated to the Wastewater fund was reduced from 35% to 30% beginning July 1, 2014. The result is almost revenue neutrality.

Table 12

Fund	FY 2014 Revenues YTD	FY 2015 Revenues YTD	Difference	% of Change FY14 to FY15
Wastewater Fund	\$ 1,600,910	\$ 1,588,401	\$ (12,509)	-0.78%

Revenue collections for July and August 2014 (FY 2015) are 15.79% of total FY 2015 fiscal year budgeted revenues (Table 13). This is just a little higher than 15.69% for the same period last fiscal year (Table 14). As mentioned, if revenues come in equally each month the City should have collected 16.66% (8.33 X 2 months) of the year's revenue.

Table 13

Fund	FY 2015 Budgeted Revenues	FY 2015 Revenues YTD	% of FY15 Budget Collected to Date
Wastewater Fund	\$ 10,061,916	\$ 1,588,401	15.79%

Table 14

Fund	FY 2014 Budgeted Revenues	FY 2014 Revenues YTD	% of FY14 Budget Collected to Date
Wastewater Fund	\$ 10,202,441	\$ 1,600,910	15.69%

Expenses

A more detailed breakdown of both expenses and revenues for the Wastewater Fund is presented as Attachment J. Overall, the expenses for the fund are at 9.4% of budget. As mentioned earlier in this report, in this new fiscal year debt service expenses will be recognized on a monthly basis to better represent the financial picture of the funds. Because debt service is such a significant portion (38% of FY 2015 Budget) of the Wastewater expenses, this amounts to \$435,028 per month for this fund. Capital expenses are the second largest portion of the budget at 32% of the annual FY 2015 budget. Please note that capital project expenditures are typically not consistent from month-to-month or year-to-year and will create big increases and decreases in such comparisons.

The Wastewater estimated fund balance is presented on Attachment F and is \$18,591,441 for August, 2014. The available fund balance on Attachment H, for Wastewater is \$12,038,525, this accounts for the set aside of the operating reserve of \$6,552,916.

Summary

In summary, August, 2014 presents a stable financial picture for the City. From a sales tax revenue perspective, August was a good month for the City and unique in that revenues and sales exceeded July figures for the first time in ten years. Whether this is a timing issue, related to the impact of the slide fire or a response to the Sedona Chamber's destination marketing plan

is not yet clear. It is too early in the year to make any significant predictions but the figures are consistent with the FY 2015 budgeted revenues and expenditures.

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 Sales by Customer Classification
- Attachment E – State Shared Revenue
- Attachment F – Fund Balances Revenue vs. Expenses Summary: August 2014
- Attachment G – Estimated Fund Balances Revenues vs. Expenses: FY 2015
- Attachment H – Fund Balance Policy reserves FY 2015
- Attachment I – General Fund Revenue and Expense Budget Comparison
- Attachment J – Wastewater Fund Revenue and Expense Budget Comparison
- Attachment K – Fund Expenditure Budget Comparison

Attachment A - City of Sedona

Total Sales Tax Worksheet*

August 31, 2014

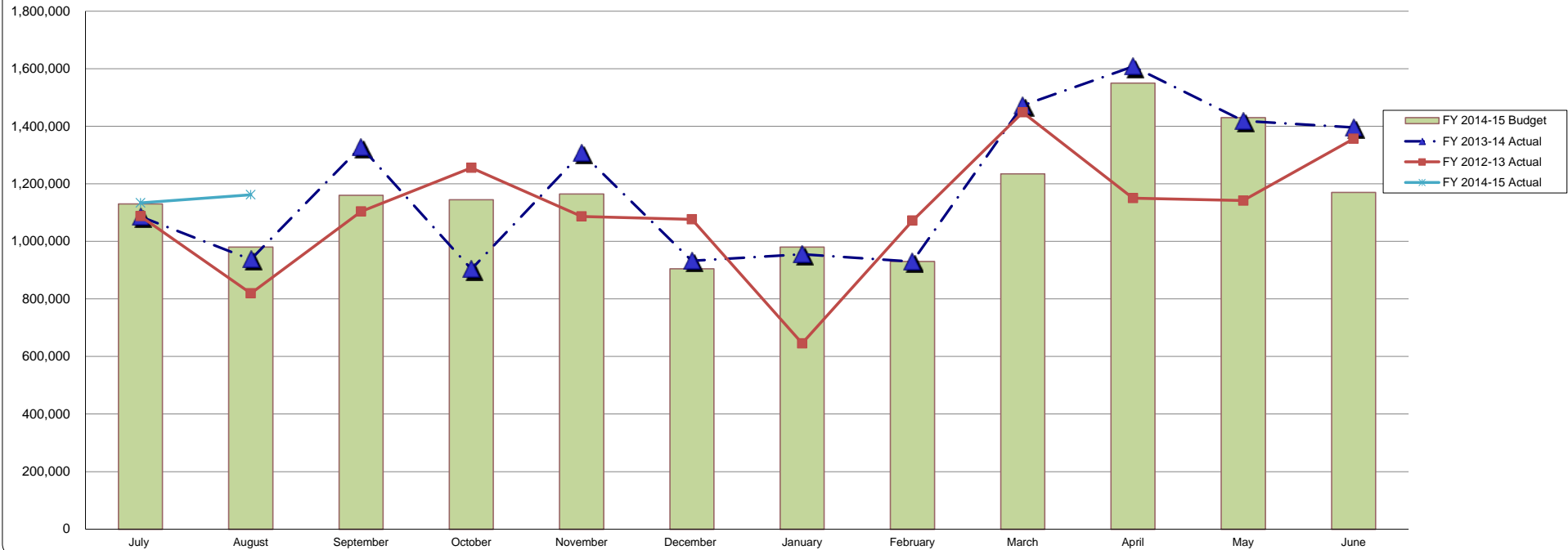
Month	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	2015 Budget	2015 Collections	Budget Variance	% Change from 2014	% Change from Budget
July	1,181,174	1,069,178	1,253,632	1,252,755	1,073,215	1,140,395	1,101,956	1,088,014	1,086,522	1,130,000	1,133,642	3,642	4.34%	0.32%
August	1,095,421	1,058,491	1,230,340	1,090,523	1,001,376	917,875	864,440	819,342	937,493	980,000	1,162,012	182,012	23.95%	18.57%
September	1,049,959	1,032,607	1,137,149	1,017,988	990,181	1,022,615	1,187,427	1,104,196	1,328,651	1,160,000				
October	1,139,917	1,178,952	1,155,616	1,601,792	1,089,433	1,105,755	1,056,689	1,255,918	904,003	1,145,000				
November	1,331,960	1,331,215	1,361,830	1,191,160	1,075,186	1,119,830	782,513	1,086,679	1,308,479	1,165,000				
December	1,074,367	1,156,793	1,132,785	963,540	851,434	933,873	823,212	1,076,903	932,384	905,000				
January	1,052,208	1,092,120	1,026,332	938,932	906,327	1,184,462	863,249	645,615	955,059	980,000				
February	810,751	918,581	909,590	731,583	681,004	949,379	1,027,743	1,072,545	930,028	930,000				
March	1,102,828	1,076,654	985,533	1,027,075	917,669	989,770	1,113,254	1,448,814	1,472,664	1,235,000				
April	1,316,931	1,383,320	1,406,892	1,130,233	1,218,124	1,078,369	1,166,803	1,150,427	1,607,952	1,550,000				
May	1,371,983	1,452,116	1,345,307	1,414,982	1,201,785	1,385,563	1,386,404	1,141,710	1,419,017	1,430,000				
June	1,370,439	1,415,780	1,309,472	1,172,116	1,128,769	1,071,808	1,144,613	1,356,956	1,395,955	1,170,000				
Total	\$13,897,940	\$14,165,807	\$14,254,478	\$13,532,679	\$12,134,503	\$12,899,694	\$12,518,303	\$13,247,119	\$14,278,206	\$13,780,000	\$2,295,654	\$185,654	13.42%	8.80%

cumulative averages

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

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

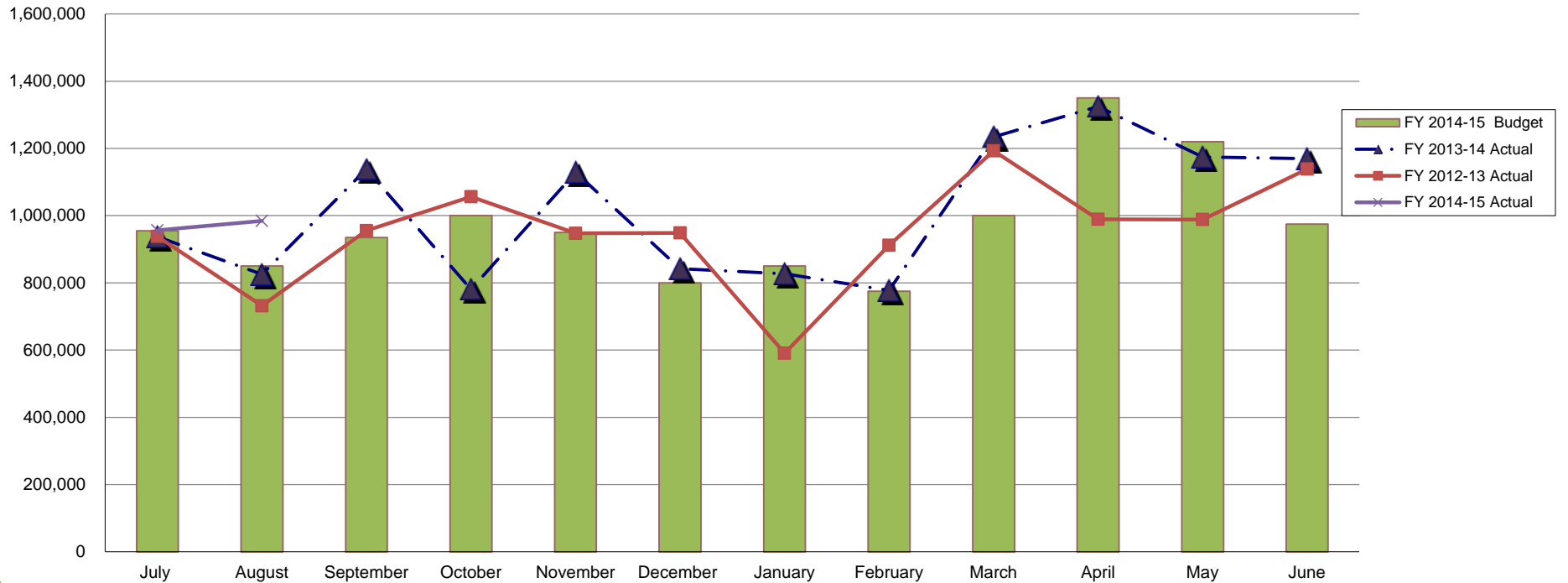
Total City Sales Tax Comparison



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

Month	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	2014 FY	2015 Collections	2015 Budget	Budget Variance	% Change from 2014	% Change from Budget
July	996,957	974,527	1,090,471	1,091,663	960,327	990,290	1,007,417	937,988	937,622	956,280	955,000	1,280	2.0%	0.1%
August	959,309	936,208	1,078,206	946,048	905,211	811,116	772,215	731,765	825,310	984,303	850,000	134,303	19.3%	15.8%
September	935,943	913,440	995,314	900,249	879,793	903,806	1,074,275	955,485	1,138,765		935,000			
October	993,857	1,028,001	1,003,308	1,404,914	917,945	946,879	957,297	1,056,130	781,123		1,000,000			
November	1,132,828	1,150,409	1,153,786	1,050,768	955,527	963,330	722,572	947,436	1,129,307		950,000			
December	945,040	1,030,312	996,414	849,411	743,467	802,029	767,186	948,476	841,884		800,000			
January	932,005	984,569	922,971	845,338	844,478	1,089,035	784,573	590,805	826,930		850,000			
February	721,147	829,764	820,913	652,309	618,218	867,842	555,349	911,795	777,367		775,000			
March	946,908	952,748	865,714	895,830	791,810	877,814	831,578	1,193,049	1,234,256		1,000,000			
April	1,136,679	1,189,178	1,205,553	978,642	1,086,706	931,961	1,001,545	989,177	1,324,875		1,350,000			
May	1,168,552	1,236,550	1,134,980	1,185,283	1,035,951	1,274,314	1,181,525	988,778	1,174,385		1,220,000			
June	1,284,106	1,236,953	1,087,411	1,015,169	968,830	969,086	1,015,347	1,138,780	1,169,572		975,000			
Total	\$12,153,331	\$12,462,660	\$12,355,039	\$11,815,623	\$10,708,262	\$11,427,502	\$10,670,880	\$11,389,664	\$12,161,396	\$1,940,583	\$11,660,000	135,583	10.1%	7.5%

City Sales Tax Comparison

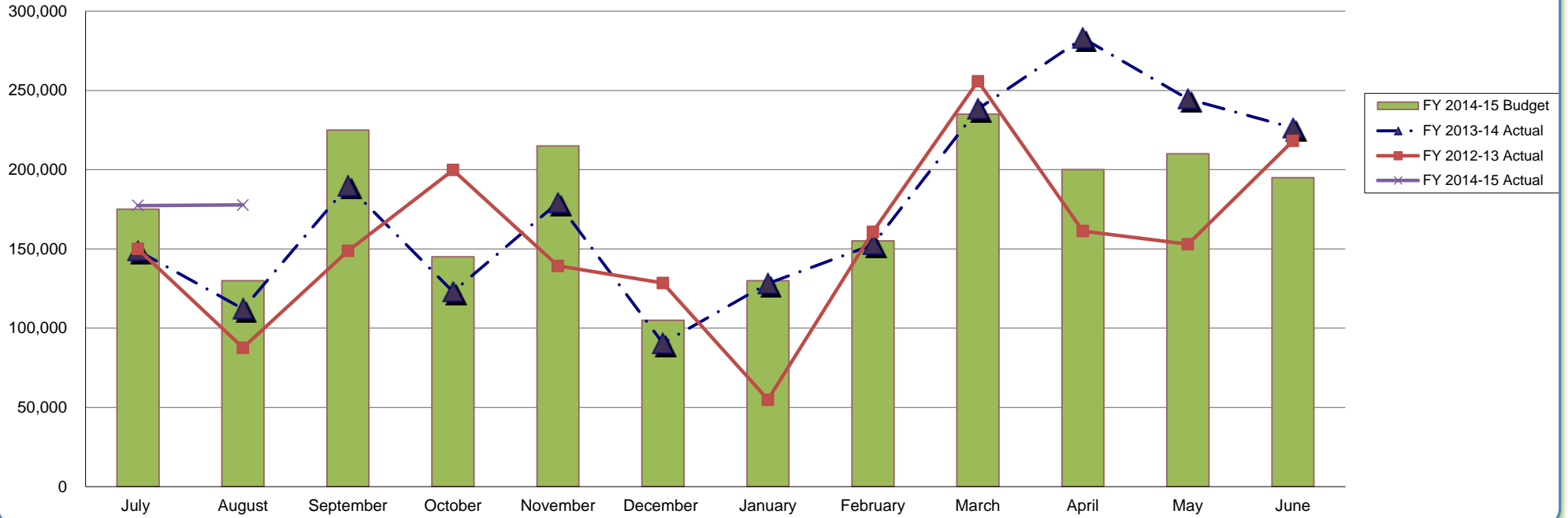


**Attachment C - City of Sedona
City *BED* Tax Worksheet*
August 31, 2014**

Month	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	2015 Collections	2015 Budget	Budget Variance	% Change from 2014	% Change from Budget
July	184,217	94,651	163,161	161,092	112,888	150,106	94,538	150,026	148,900	177,362	175,000	2,362	19.1%	1.3%
August	136,112	122,283	152,135	144,475	96,165	106,760	92,226	87,577	112,183	177,709	130,000	47,709	58.4%	36.7%
September	114,016	119,167	141,835	117,740	110,387	118,808	113,153	148,710	189,886		225,000			
October	146,060	150,951	152,308	196,878	171,488	158,876	99,392	199,788	122,880		145,000			
November	199,132	180,805	208,044	140,392	119,659	156,500	59,941	139,243	179,171		215,000			
December	129,327	126,481	136,372	114,129	107,967	131,845	56,026	128,427	90,500		105,000			
January	120,203	107,551	103,361	93,595	61,849	95,428	78,675	54,811	128,129		130,000			
February	89,605	88,817	88,677	79,274	62,786	81,537	472,393	160,750	152,660		155,000			
March	155,920	123,907	119,819	131,246	125,860	111,956	281,677	255,765	238,408		235,000			
April	180,252	194,142	201,339	151,591	131,418	146,407	165,257	161,250	283,077		200,000			
May	203,431	215,566	210,327	229,699	165,834	111,249	204,880	152,932	244,632		210,000			
June	86,333	178,827	222,061	156,948	159,939	102,722	129,266	218,176	226,383		195,000			
Total	\$1,744,609	\$1,703,147	\$1,899,439	\$1,717,057	\$1,426,241	\$1,472,193	\$1,847,423	\$1,857,455	\$2,116,809	\$355,071	\$2,120,000	\$50,071	36.0%	16.4%

* Effective January 1, 2014 the bed tax rate was increased from 3.0% to 3.5%. For the months of January through June, 2014, \$172,806 can be attributed to the change in bed tax rate through August 31, 2014 \$50,007.

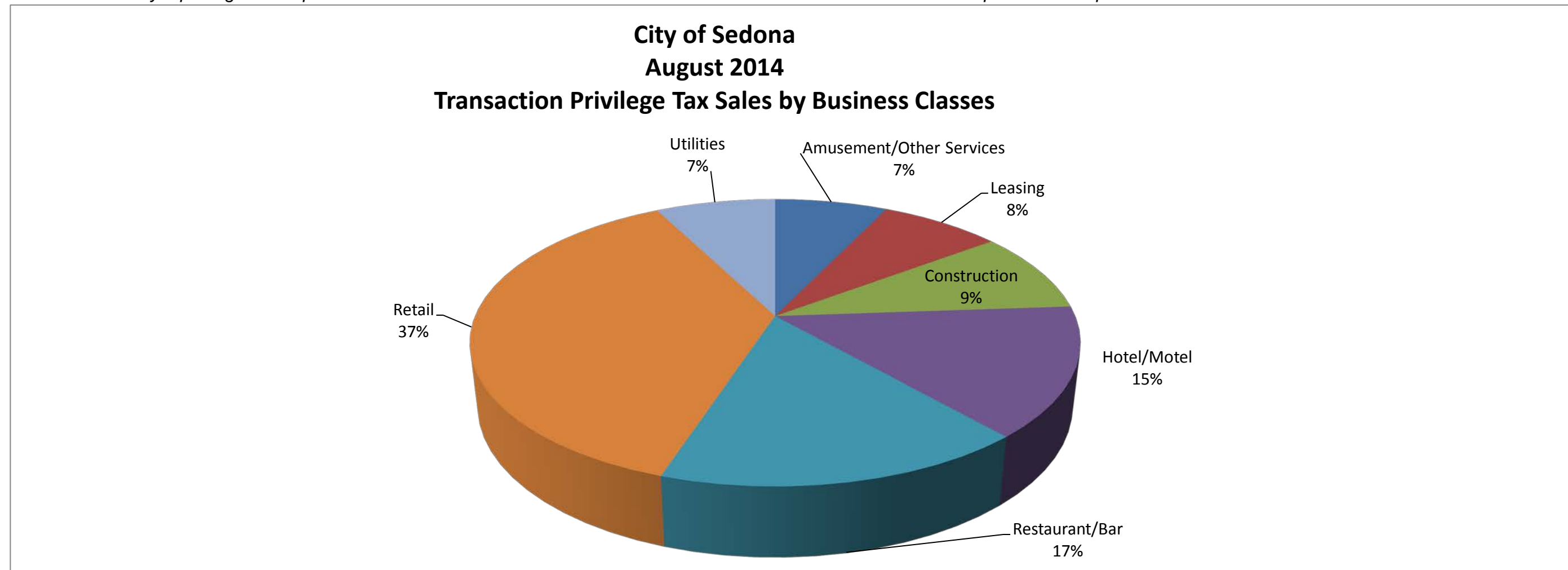
City *BED* Tax Comparison



Attachment D
City of Sedona
Transaction Privilege Tax Sales by Business Classes
For Sales Reported in that Month*

Month	Amusement & Other Services	Leasing	Construction	Hotel/Motel	Restaurant & Bar	Retail	Utilities	Total
August 2013	1,210,111	3,322,154	2,333,099	3,736,842	4,762,535	11,084,005	2,414,829	\$ 28,863,575
September 2013	2,442,066	3,223,396	2,427,297	6,428,123	7,953,619	13,803,545	2,244,875	\$ 38,522,921
October 2013	1,922,321	2,199,771	1,696,366	5,038,731	4,653,838	11,372,870	1,782,048	\$ 28,665,945
November 2013	3,593,258	2,410,839	2,925,545	5,628,040	5,916,858	14,459,350	1,734,015	\$ 36,667,905
December 2013	1,521,828	2,193,503	2,929,164	3,573,118	5,141,517	13,017,824	1,833,111	\$ 30,210,065
January 2014	1,547,555	2,126,455	2,512,578	3,944,884	4,582,902	11,440,850	1,942,314	\$ 28,097,538
February 2014	1,749,301	1,876,200	2,932,662	3,928,853	4,362,197	9,000,791	651,072	\$ 24,501,076
March 2014	2,999,660	3,098,707	3,001,259	6,569,873	6,982,597	16,400,342	2,964,588	\$ 42,017,026
April 2014	3,781,846	2,535,383	7,242,969	8,034,009	7,754,006	14,858,577	1,756,416	\$ 45,963,206
May 2014	2,458,751	2,348,609	3,287,836	6,968,333	8,369,419	15,054,922	1,898,065	\$ 40,385,935
June 2014	2,498,207	2,706,821	3,532,733	6,448,341	6,673,869	15,605,185	2,344,699	\$ 39,809,855
July 2014	2,210,021	1,950,827	3,944,905	5,019,463	5,034,379	10,864,018	2,642,321	\$ 31,665,934
August 2014	2,470,422	2,648,983	3,151,827	5,052,307	5,749,897	12,932,908	2,626,168	\$ 34,632,512
August 2014 vs. July 2014	12%	36%	-20%	1%	14%	19%	-1%	9%
August 2014 vs. August 2013	104.1%	-20.3%	35.1%	35.2%	20.7%	16.7%	8.8%	20.0%

*Revenues are recognized in the month received, although historically somewhere from 20% to 40% of revenues may be attributable to prior or future periods.
For consistent and timely reporting sales reported here are reflective of the month the revenue was received even if it was from a prior or future period.



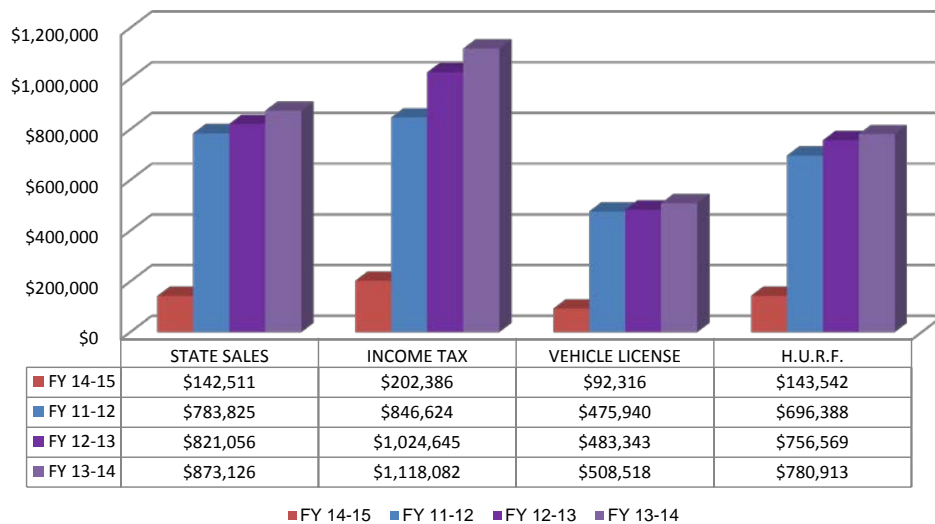
**Attachment E
ARIZONA DEPARTMENT OF REVENUE
2014-2015
STATE SHARED REVENUE**

GENERAL FUND:

STREETS FUND:

	STATE SALES TAX		STATE INCOME TAX			VEHICLE LICENSE TAX COCONINO COUNTY		YAVAPAI COUNTY		H.U.R.F.	
	Rate	Amount	Rate	Amount	Change	Amount	Rate	Amount	Rate	Amount	
July	1.98%	\$71,673	8.5%	\$101,193	12.01%	\$10,912	8.08%	\$37,148	8.46%	\$72,881	
August	5.21%	\$70,838	8.5%	\$101,193	-4.40%	\$9,857	-1.45%	\$34,399	11.34%	\$70,661	
September											
October											
November											
December											
January											
February											
March											
April											
May											
June											
TOTAL 2014-2015		\$142,511		\$202,386		\$20,769		\$71,547		\$143,542	
TOTAL 2013-2014		\$137,613		\$186,518		\$20,053		\$69,277		\$130,660	
DIFFERENCE		\$4,898		\$15,868		\$716		\$2,270		\$12,882	
% INCR/DECR		3.56%		8.51%		3.57%		3.28%		9.86%	

State Shared Revenues



Attachment F - Fund Balances

Revenue vs Expenses Summary

Fiscal Year: 2014-2015
 Fiscal Period: August



City of Sedona

102 Roadrunner Drive
 Sedona, AZ 86336

Fund	Description	Fund Balance 7/1/2014*	Revenues Aug-14	Expenses Aug-14	Revenue over Expenditure YTD	Fund Balance 8/31/2014
10	General Fund	16,707,336	2,308,041	3,086,742	-778,701	15,928,635
		<u>16,707,336</u>	<u>2,308,041</u>	<u>3,086,742</u>	<u>-778,701</u>	<u>15,928,635</u>
11	Streets Fund	0	143,543	73,322	70,221	70,221
16	Grants Fund	126,847	27,836	7,339	20,497	147,344
		<u>126,847</u>	<u>171,379</u>	<u>80,661</u>	<u>90,718</u>	<u>217,565</u>
20	Development Impact Fees Fund	3,055,871	39,809	4,700	35,109	3,090,980
22	Capital Fund	3,441,932	24,389	393,334	-368,945	3,072,987
26	Art In Public Places Fund	66,607	5	0	5	66,612
		<u>6,564,410</u>	<u>64,203</u>	<u>398,034</u>	<u>-333,831</u>	<u>6,230,579</u>
59	Wastewater Enterprise Fund	18,263,550	1,588,401	1,260,510	327,891	18,591,441
		<u>18,263,550</u>	<u>1,588,401</u>	<u>1,260,510</u>	<u>327,891</u>	<u>18,591,441</u>
Report Totals:		<u>41,662,143</u>	<u>4,132,024</u>	<u>4,825,947</u>	<u>-693,923</u>	<u>40,968,220</u>

*Unaudited Fund Balance Amounts

General Fund
Special Revenue Fund
Capital Fund
Wastewater Fund

Attachment G - Estimated Year-End Fund Balances

Budgeted Revenue vs Expenses Summary

Fiscal Year: 2014-2015
 Fiscal Period: Budget Summary



City of Sedona

102 Roadrunner Drive
 Sedona, AZ 86336

Fund	Description	Fund Balance*	Revenues & Transfers In	Expenses & Transfers Out	Revenue over Expenditure YTD	Projected Fund Balance
		7/1/2014	2015	2015		6/30/2015
10	General Fund	16,707,336	15,314,054	21,270,672	-5,956,618	10,750,718
		<u>16,707,336</u>	<u>15,314,054</u>	<u>21,270,672</u>	<u>-5,956,618</u>	<u>10,750,718</u>
11	Streets Fund	0	1,265,140	1,275,140	-10,000	-10,000
16	Grants Fund	126,847	550,000	579,705	-29,705	97,142
		<u>126,847</u>	<u>1,815,140</u>	<u>1,854,845</u>	<u>-39,705</u>	<u>87,142</u>
20	Development Impact Fees Fund	3,055,871	214,845	2,474,092	-2,259,247	796,624
22	Capital Fund	3,441,932	6,995,751	5,829,673	1,166,078	4,608,010
26	Art In Public Places Fund	66,607	52,573	76,000	-23,427	43,180
		<u>6,564,410</u>	<u>7,263,169</u>	<u>8,379,765</u>	<u>-1,116,596</u>	<u>5,447,814</u>
59	Wastewater Enterprise Fund	18,263,550	10,061,916	13,543,721	-3,481,805	14,781,745
		<u>18,263,550</u>	<u>10,061,916</u>	<u>13,543,721</u>	<u>-3,481,805</u>	<u>14,781,745</u>
Report Totals:		<u>41,662,143</u>	<u>34,454,279</u>	<u>45,049,003</u>	<u>-10,594,724</u>	<u>31,067,419</u>

*Unaudited Fund Balance Amounts

General Fund
Special Revenue Fund
Capital Fund
Wastewater Fund

Attachment H - Restricted Fund Balances

Available Fund Balance

Fiscal Year: 2014-2015
 Fiscal Period: August



City of Sedona

102 Roadrunner Drive
 Sedona, AZ 86336

Fund	Description	Fund Balance* 08/31/2014	Operating Reserves**	Restricted Fund Balance	Available Fund Balance
10	General Fund	15,928,635	9,214,654	-	6,713,981
		<u>15,928,635</u>	<u>9,214,654</u>	<u>-</u>	<u>6,713,981</u>
11	Streets Fund	70,221	-	70,221	-
16	Grants Fund	147,344	-	147,344	-
		<u>217,565</u>	<u>-</u>	<u>217,565</u>	<u>-</u>
20	Development Impact Fees Fund	3,090,980	-	3,090,980	-
22	Capital Fund	3,072,987	-	2,431,503	641,484
26	Art In Public Places Fund	66,612	-	66,612	-
		<u>6,230,579</u>	<u>-</u>	<u>5,589,095</u>	<u>641,484</u>
59	Wastewater Enterprise Fund	18,591,441	6,552,916	-	12,038,525
		<u>18,591,441</u>	<u>6,552,916</u>	<u>-</u>	<u>12,038,525</u>
Report Totals:		<u>\$ 40,968,220</u>	<u>\$ 15,767,570</u>	<u>\$ 5,806,660</u>	<u>\$ 19,393,990</u>

*Unaudited Fund Balance Amounts

General Fund - No restricted Fund Balance

Special Revenue Fund - HURF Revenues are restricted Funds, Grant funds and donations are restricted to specific use per contract terms.

Capital Fund - DIF Funds restricted to impact collected to offset and Capital Coconino Flood Control funds restricted to qualified projects.

Wastewater Fund - No restricted Fund Balance.

**General Fund Reserve is 50% operating expenditures budget plus \$1.8 Million reserved for 2018 and 2019 Debt Service payments.

**Wastewater Fund Balance policy is to reserve 10% of operating budget, 20% of capital budget and one year's average debt service.

Attachment I - General Ledger
 General Fund Budget Comparison
 Through August 31, 2014

Dept	Description	Budget	YTD Actual	Difference	% of Budget	Estimated Year End Actuals	% of Budget
10	GENERAL FUND						
	REVENUES BY SOURCE						
	CITY SALES TAX	\$ 8,255,000	\$ 1,362,261	\$ 6,892,739	17%	\$ 8,255,000	100%
	BED TAX***	\$ 2,120,000	\$ 355,071	\$ 1,764,929	17%	\$ 2,120,000	100%
	FRANCHISE FEES*	\$ 757,000	\$ -	\$ 757,000	0%	\$ 757,000	100%
	VEHICLE LICENSE TAXES	\$ 553,660	\$ 92,316	\$ 461,344	17%	\$ 553,660	100%
	STATE SALES TAX	\$ 906,000	\$ 142,511	\$ 763,489	16%	\$ 906,000	100%
	STATE INCOME TAX	\$ 1,214,232	\$ 202,386	\$ 1,011,846	17%	\$ 1,214,232	100%
	IN-LIEU FEES**	\$ 410,000	\$ -	\$ 410,000	0%	\$ 410,000	100%
	FINES & FORFEITURES	\$ 164,500	\$ 36,918	\$ 127,582	22%	\$ 164,500	100%
	LICENSES & PERMITS	\$ 301,300	\$ 51,067	\$ 250,233	17%	\$ 301,300	100%
	CHARGES FOR SERVICES	\$ 71,440	\$ 22,838	\$ 48,602	32%	\$ 71,440	100%
	INTEREST	\$ 168,810	\$ 20,344	\$ 148,466	12%	\$ 168,810	100%
	MISCELLANEOUS	\$ 221,950	\$ 22,330	\$ 199,620	10%	\$ 221,950	100%
	TOTAL GENERAL FUND REVENUES	\$ 15,143,892	\$ 2,308,042	\$ 12,835,850	15%	\$ 15,143,892	100%
	EXPENDITURES BY DEPARTMENT						
5210	CITY COUNCIL	\$ 71,276	\$ 5,514	\$ 65,762	8%	\$ 71,276	100%
5220	CITY MANAGER	\$ 790,854	\$ 102,868	\$ 687,986	13%	\$ 790,854	100%
5221	HUMAN RESOURCES	\$ 193,966	\$ 26,943	\$ 167,023	14%	\$ 193,966	100%
5222	FINANCIAL SERVICES	\$ 460,678	\$ 48,123	\$ 412,555	10%	\$ 460,678	100%
5224	INFORMATION TECHNOLOGY	\$ 1,146,051	\$ 258,705	\$ 887,346	23%	\$ 1,146,051	100%
5230	LEGAL	\$ 481,027	\$ 62,934	\$ 418,093	13%	\$ 481,027	100%
5240	CITY CLERK	\$ 280,498	\$ 35,109	\$ 245,389	13%	\$ 280,498	100%
5242	PARKS & RECREATION	\$ 466,510	\$ 68,463	\$ 398,047	15%	\$ 466,510	100%
5245	GENERAL SERVICES	\$ 2,947,790	\$ 1,299,159	\$ 1,648,631	44%	\$ 2,947,790	100%
5310	COMMUNITY DEVELOPMENT	\$ 1,183,336	\$ 154,142	\$ 1,029,194	13%	\$ 1,183,336	100%
5320	PUBLIC WORKS	\$ 1,918,181	\$ 274,998	\$ 1,643,183	14%	\$ 1,918,181	100%
5510	POLICE	\$ 3,756,494	\$ 577,904	\$ 3,178,590	15%	\$ 3,756,494	100%
5520	MUNICIPAL COURT	\$ 302,881	\$ 44,613	\$ 258,268	15%	\$ 302,881	100%
	DEBT SERVICE	\$ 829,766	\$ 127,268	\$ 702,498	15%	\$ 829,766	100%
	TOTAL GENERAL FUND EXPENDITURES	\$ 14,829,308	\$ 3,086,743	\$ 11,742,565	21%	\$ 14,829,308	100%
	TO FUND BALANCE BEFORE TRANSFERS	\$ 314,584	\$ (778,701)	\$ 1,093,285	-248%	\$ 314,584	100%

*Franchise Fees are paid quarterly.

Attachment J - General Ledger
Wastewater Fund Budget Comparison
Through August 31, 2014

Revenue	Actual YTD				Estimated Year End	
	2015 Budget	08/31/2014	Difference	% of Budget	Actuals	% of Budget
Service Fees	\$ 5,998,000	\$ 945,330	\$ 5,052,670	15.8%	\$ 5,998,000	100%
Sales Tax	\$ 3,615,000	\$ 583,873	\$ 3,031,127	16.2%	\$ 3,615,000	100%
Capacity Fees	\$ 256,000	\$ 50,415	\$ 205,585	19.7%	\$ 256,000	100%
Other Revenue	\$ 192,916	\$ 8,783	\$ 184,133	4.6%	\$ 192,916	100%
Total Fund Revenue	\$ 10,061,916	\$ 1,588,401	\$ 8,473,515	15.8%	\$ 10,061,916	100%
Expenses						
Administration						
Debt Service (Interest and Principal)	\$ 5,171,583	\$ 870,259	\$ 4,301,324	16.8%	\$ 5,171,583	100%
Wages and Benefits	\$ 687,026	\$ 110,534	\$ 576,492	16.1%	\$ 687,026	100%
Purchased goods and services	\$ 405,149	\$ 39,417	\$ 365,732	9.7%	\$ 405,149	100%
Total Administration	\$ 6,263,758	\$ 1,020,210	\$ 5,243,548	16.3%	\$ 6,263,758	100%
Wastewater Capital						
Wages and Benefits	\$ 126,141	\$ 20,143	\$ 105,998	16.0%	\$ 126,141	100%
Capital	\$ 4,351,725	\$ -	\$ 4,351,725	0.0%	\$ 4,351,725	100%
Total Capital	\$ 4,477,866	\$ 20,143	\$ 4,457,723	0.4%	\$ 4,477,866	100%
Wastewater Treatment Plant						
Wages and Benefits	\$ 656,853	\$ 105,761	\$ 551,092	16.1%	\$ 656,853	100%
Purchased goods and services	\$ 510,629	\$ 29,395	\$ 481,234	5.8%	\$ 510,629	100%
Maintenance	\$ 1,018,425	\$ 47,787	\$ 970,638	4.7%	\$ 1,018,425	100%
Utilities	\$ 531,109	\$ 37,215	\$ 493,894	7.0%	\$ 531,109	100%
Total Operating	\$ 2,717,016	\$ 220,158	\$ 2,496,858	8.1%	\$ 2,717,016	100%
Total Wastewater Fund Expense Budget	\$ 13,458,640	\$ 1,260,511	\$ 12,198,129	9.4%	\$ 13,458,640	100%
Net Change to Fund Balance	\$ (3,396,724)	\$ 327,890	\$ (3,724,614)	-9.7%	\$ (3,396,724)	100%

Transfers between funds excluded from this report.

Attachment K - General Ledger
Fund Expenditure Comparison
Through August 31, 2014

Department	Description	Budget	YTD Actual	Difference	% of Budget
10	<u>GENERAL FUND</u>	\$ 14,829,308	\$ 3,086,743	\$ 11,742,565	21%
11	<u>STREETS FUND EXPENDITURES</u>	\$ 1,275,140	\$ 73,322	\$ 1,201,818	6%
16	<u>GRANTS FUND</u>	\$ 579,705	\$ 7,339	\$ 572,366	1%
20	<u>DEVELOPMENT IMPACT FEES FUND</u>	\$ 2,474,092	\$ 4,700	\$ 2,469,392	0%
22	<u>CAPITAL FUND</u>	\$ 5,692,269	\$ 393,334	\$ 5,298,935	7%
26	<u>ARTS IN PUBLIC PLACES FUND</u>	\$ 76,000	\$ -	\$ 76,000	0%
	<u>WASTEWATER ENTERPRISE FUND</u>	\$ 13,458,640	\$ 1,260,511	\$ 12,198,129	9%
	TOTAL EXPENDITURES/EXPENSES ALL FUNDS	\$ 38,385,154	\$ 4,825,949	\$ 33,559,205	13%

Transfers between funds excluded from this report.