
INTEROFFICE MEMO

DATE: NOVEMBER 12, 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 – SEPTEMBER 2014**

I am pleased to present to you the monthly financial report for September 2014. This report will also summarize the financial position of the City of Sedona for the first Quarter of the current fiscal year (FY) 2015 (July 1, 2014 through June 30, 2015). For the most part, 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 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 September 2014 compared to the month of September 2013;
- Total revenues by Fund cumulative from July through September 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 September 2014 versus the prior fiscal year;
- Total City Sales Tax collections (including bed tax and before allocation to Wastewater Fund) comparing September 2014 to September 2013 and comparing fiscal year totals for July and September;
- City Sales Tax collections (excluding bed taxes and before allocation to Wastewater Fund) comparing September 2014 to September 2013 and comparing fiscal year totals for July and September;
- Total Bed Taxes collections comparing September 2014 to September 2013 and comparing fiscal year totals for July and September;
- State Shared Revenue in General Fund (sales tax, income tax, vehicle license tax) comparing September 2014 to September 2013 and comparing fiscal year totals for July through September;

- HURF revenues comparing September 2014 to September 2013 and comparing fiscal year totals for July through September;
- Wastewater revenues comparing September 2014 to September 2013 and comparing fiscal year totals for July through September;
- Fund Balance for each of the funds as of September 31, 2014;
- Total budgeted revenues and expenditures by source and department for the General Fund through September 2014;
- Total budgeted revenues and expenditures by source and department for the Wastewater Fund through September 2014; and
- Total expenditures by fund for September, 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 September, 2014 were as follows:

Revenues collected in September	\$	1,464,805
Expenditures in September	\$	921,348
Cash flow for September, 2014	\$	543,457

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

Total Revenues received	\$	3,772,846
Total Expenditures	\$	4,008,090
Cumulative FY Cash Flow	\$	(235,244)

Total revenues collected through September 2014 (FY 2015) increased in comparison to the same period through September 2013 (FY 2014) by 10.48% (Table 1.)

Table 1

Fund	FY 2014 Revenues YTD	FY 2015 Revenues YTD	Difference	% of Change FY14 to FY15
General Fund	\$ 3,414,886	\$ 3,772,846	\$ 357,960	10.48%

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 September. If the revenues come in equally each month, by the end of September the City should have collected 25% (8.33% X 3 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 September 2014 (FY 2015) compared to the prior FY 2014 year to date, collections in the current year are a bit lower 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	\$ 3,772,846	24.91%

Table 3

Fund	FY 2014 Budgeted Revenues	FY 2014 Revenues YTD	% of FY14 Budget Collected to Date
General Fund	\$ 13,571,822	\$ 3,414,886	25.16%

The total sales and bed taxes combined for the month of September 2014 over September 2013 decreased by 1.2%. However, comparing first quarter FY 2015 to first Quarter FY 2014, total sales and bed taxes combined is up 7.6% year to date. See Attachment A – Total Sales Tax Worksheet.

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 \$3,608,187. Comparing the budget for the first three months of the fiscal year collections, actual collections exceed budget by 10.3%. 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 4 (below) illustrates that many of the monthly fluctuations are due to when the taxes are collected and posted.

Table 4 (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%
September, 2013	1,312,380	967,216	345,164	26%	-1.2%

In Attachment B – City Sales Tax Worksheet Excluding Bed Taxes the City revenue collections for September 2014 decreased from September 2013 by 1.5%. However, if you just look at this year versus last year you miss that, September 2014 collections are well above all other years, excepting September 2013 which was a ten-year record. Comparing actual revenues for the first quarter of FY 15 to the first quarter FY 14, revenues are steady with a 5.5% increase over the prior year to date. In comparing the actual sales tax collections for this fiscal year to date to the seasonally adjusted monthly budget allocations, revenues are 11.8% above budget.

In Attachment C – City Bed Tax Worksheet, the City’s collections for bed taxes for September 2014 increased by just .6% from September 2013 collections. However, adjusting for \$27,284 attributable 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 September 2014 were 13.8% lower than the same month the prior year. Adjusting for the change in rate, the year to date revenue is 3.9% higher than year to date 2014. One reason for the lower bed tax revenue levels in September but increased sales figures for the hotel/motel business class (see Attachment D) was processing of a significant tax refund for an over payment from a prior period.

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. Attachment A,B, and C reflect revenues received by the City. Attachment D reflects the actual sales subject to the monthly sales tax reported by

businesses. As mentioned in past reports, while reported sales and tax revenue trend together, there are differences caused by when the sales are reported and when the taxes are actually paid. To illustrate, a business is subject to a possible fine of 25% for failing to report and pay the sales tax by the 20th of the following month. However, if the business reports the sales but does not pay the tax, it is only subject to a 10% late payment penalty.

As reported in Attachment A, September total sales and bed taxes were down 1.2% from the prior year, but reported taxable sales (Attachment D) were up 2.3% from September of 2013. Construction sales increased by 44.7% and retail sales were up 8.7%. Hotel/Motel was nearly flat with a .6% increase over September of the prior year. Leasing activity decreased by 33.6% and Amusements and other services was down by 11.5%. See Attachment D – Transaction Privilege Tax Sales by Business Classes.

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 September 2014 compared to September 2013 shows increases in State sales tax of 4.4%, State income tax of 8.5%, VLT (vehicle license tax) for both Coconino County and Yavapai County are up 6.7%.

Expenditures

Total expenditures for September 2014 (FY 2015) increased in comparison to September 2013 (FY 2014) by 24.3% (Table 5). Although not as significant as last month’s increase, these increases are consistent with budget and should be further explained.

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 \$190,902 to the year to date General Fund expenditures).* Second, as discussed in prior months, 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 \$121,000. 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 5

Fund	7/01/2013 to 9/30/2013 Expenditures	7/01/2014 to 9/30/2014 Expenditures	Difference	% of Change FY14 to FY15
General Fund	\$ 3,223,837	\$ 4,008,090	\$ 784,253	24.33%

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 September the City should have expended 25% (8.33% X 3 month) of the budget. As reflected in Table 6, 27% of the FY15 General Fund Budget has been expended this fiscal year. This number is a little higher than 25% 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, \$1,128,750 has been paid year to date (52%).

Table 6

Fund	FY 2015 Expenditure Budget	7/01/2014 to 9/30/2014 Expenditures	Difference	% of Budget Expended to Date
General Fund	\$ 14,829,308	\$ 4,008,090	\$ 10,821,218	27.03%

Attachment I provides a more detailed display of the general fund revenue and expenditures. As discussed above, the General Services Department budget, which includes the community service contracts, is already at 45% 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 33% for the first quarter.

The General Fund estimated unrestricted fund balance is presented on Attachment F and is \$16,472,092 at the end of September 2014. If you subtract the policy operating reserve of \$9,214,654 the estimated available fund balance is \$7,257,438. (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 September	\$	69,235
Expenditures in September	\$	39,818
Cash flow for September, 2014	\$	29,417

Fiscal Year totals through September, 2014:

Total revenues received	\$	212,778
Total expenditures	\$	113,140
Cumulative FY cash flow	\$	99,638

Revenue

The HURF funds received for September 2014 (FY 2015) increased from September 2013 (FY 2014) by 9.22% (see Attachment E and Table 7).

Table 7

Fund	FY 2014 Revenues YTD	FY 2015 Revenues YTD	Difference	% of Change FY14 to FY15
Streets Fund	\$ 194,824	\$ 212,778	\$ 17,954	9.22%

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 2014 and 2015, compared to actual revenue collections to date for September. Again, if revenues come in equally each month, by the end of September the City should have collected 25% of the year's revenue. As you can see in both this fiscal year to date and last, collections are above 25% - at 26.87% and 27.81%, respectively.

Table 8

Fund	FY 2014 Budgeted Revenues	FY 2014 Revenues YTD	% of FY14 Budget Collected to Date
Streets Fund	\$ 725,084	\$ 194,824	26.87%

Table 9

Fund	FY 2015 Budgeted Revenues	FY 2015 Revenues YTD	% of FY15 Budget Collected to Date
Streets Fund	\$ 765,140	\$ 212,778	27.81%

Expenditures

As set forth in Table 10 (below) total expenditures for September 2014 (FY 2015) are down 18.13% for the same period through September 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.

Table 10

Fund	7/01/2013 to 9/30/2013 Expenditures	7/01/2014 to 9/30/2014 Expenditures	Difference	% of Change FY14 to FY15
Streets Fund	\$ 138,194	\$ 113,140	\$ (25,054)	-18.13%

The Streets Fund restricted fund balance is presented on Attachment F and is \$99,638 at the end of September 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 because the state shared HURF funds are not nearly enough to fund the needed streets maintenance and improvement projects of the City. The transfer into the Streets Fund from the General Fund is budgeted at \$500,000 for FY 2015. 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 September	\$	855,137
Expenditures in September	\$	697,517
Cash flow for September, 2014	\$	157,620

Fiscal year totals through September 2014:

Total revenues received	\$	2,443,538
Total expenditures	\$	1,958,027
Cumulative FY cash flow	\$	485,511

Revenues

Revenues collected for 1st quarter FY 15 are 3.56% less than collections from 1st quarter of the prior fiscal year (see Table 11). 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% of collections beginning July 1, 2014.

Table 11

Fund	FY 2014 Revenues YTD	FY 2015 Revenues YTD	Difference	% of Change FY14 to FY15
Wastewater Fund	\$ 2,533,801	\$ 2,443,538	\$ (90,263)	-3.56%

Revenue collections for September 2014 (FY 2015) are 24.29% of total FY 2015 fiscal year budgeted revenues (Table 12). This is just a little lower than 24.84% for the same period last fiscal year (Table 13). As mentioned, if revenues come in equally each month the City should have collected 25% (8.33% X 3 months) of the year's revenue.

Table 12

Fund	FY 2015 Budgeted Revenues	FY 2015 Revenues YTD	% of FY15 Budget Collected to Date
Wastewater Fund	\$ 10,061,916	\$ 2,443,538	24.29%

Table 13

Fund	FY 2014 Budgeted Revenues	FY 2014 Revenues YTD	% of FY14 Budget Collected to Date
Wastewater Fund	\$ 10,202,441	\$ 2,533,801	24.84%

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 14.5% 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 expenses 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 \$18,749,061 for September, 2014. The available fund balance on Attachment H, for Wastewater is \$12,196,145, this accounts for the set aside of the operating reserve of \$6,552,916.

Summary

In summary, September, 2014 presents a stable financial picture for the City. 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: September 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*

September 30, 2014

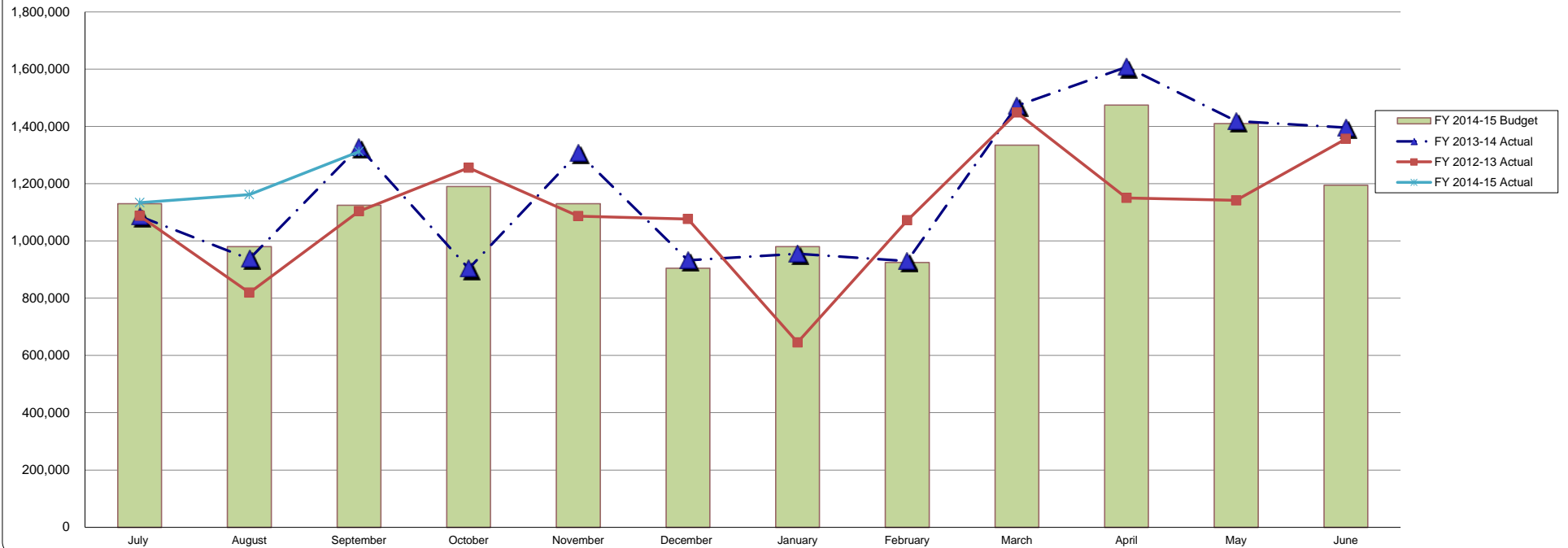
Month	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	2015 Budget	2015 Collections	Budget Variance	% Change from 2014	% Change from Budget
July	1,181,174	1,069,178	1,253,632	1,252,755	1,073,215	1,140,395	1,101,956	1,088,014	1,086,522	1,130,000	1,133,642	3,642	4.34%	0.32%
August	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	1,125,000	1,312,533	187,533	-1.21%	16.67%
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	1,190,000				
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	1,130,000				
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	925,000				
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	1,335,000				
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	1,475,000				
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	1,410,000				
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	1,195,000				
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	\$3,608,187	\$373,187	7.62%	10.34%

cumulative averages

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

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

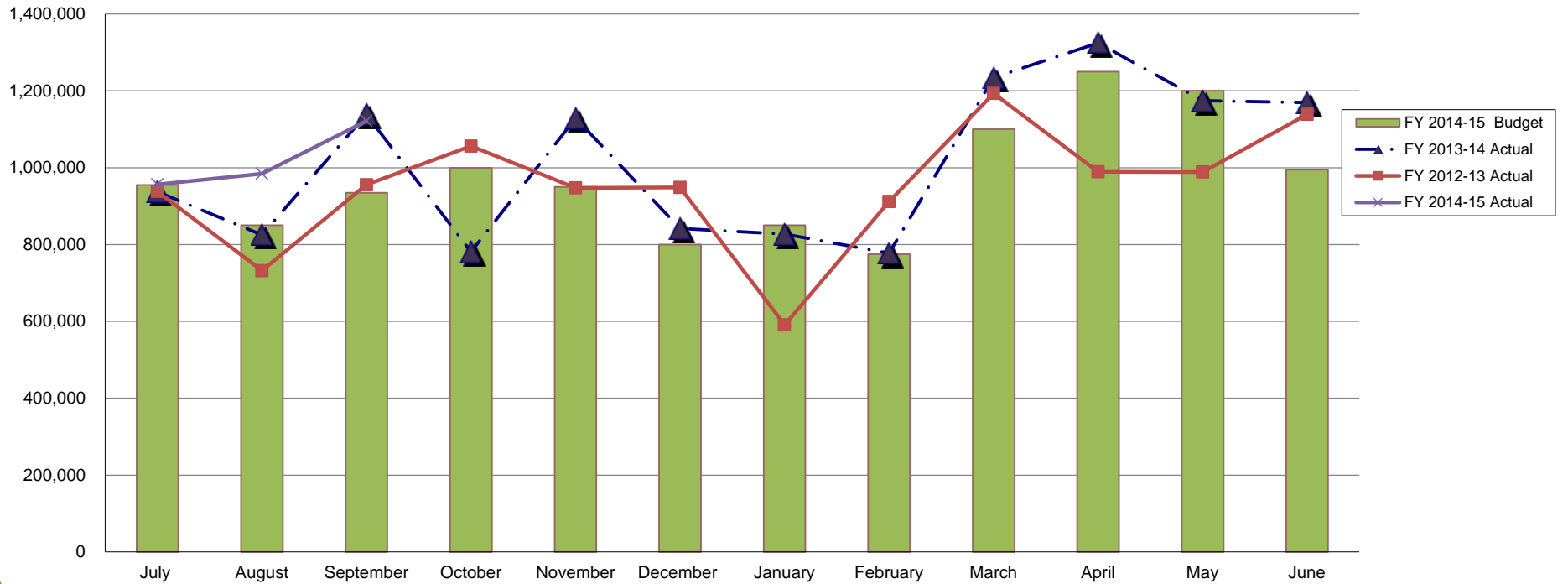
Total City Sales Tax Comparison



Attachment B - City of Sedona
City Sales Tax Worksheet Excluding Bed Tax
September 30, 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	1,121,548	935,000	186,548	-1.5%	20.0%
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		1,100,000			
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		1,250,000			
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		1,200,000			
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		995,000			
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	\$3,062,131	\$11,660,000	322,131	5.5%	11.8%

City Sales Tax Comparison

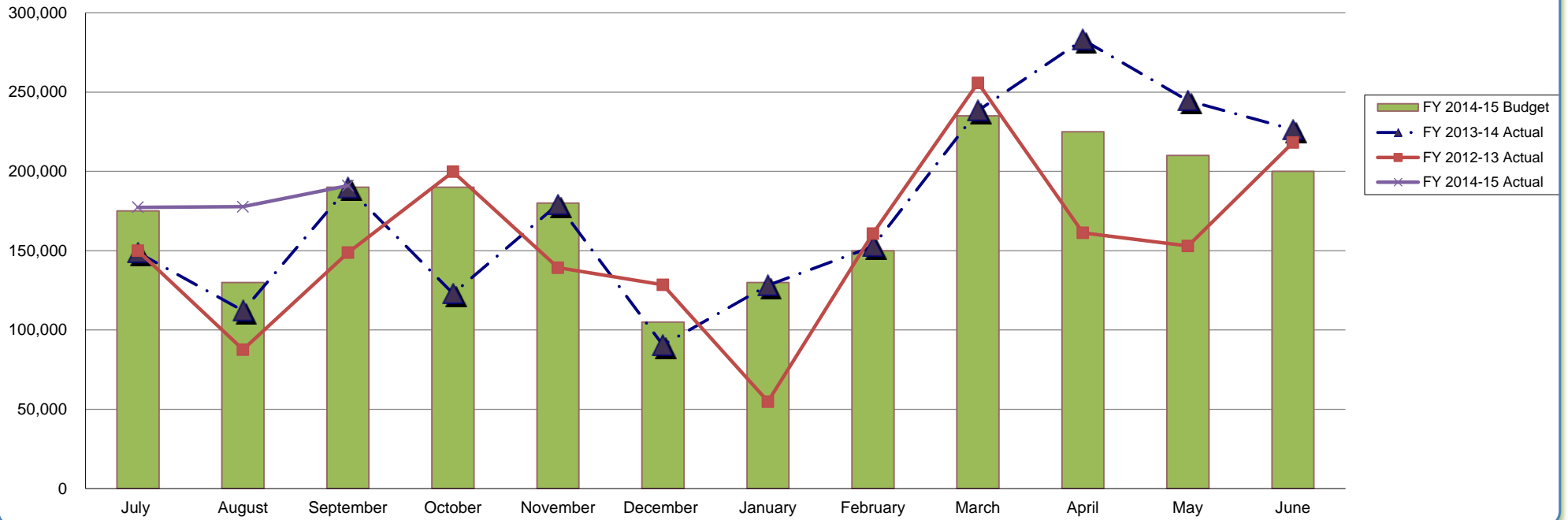


Attachment C - City of Sedona
City *BED* Tax Worksheet*
September 30, 2014

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	190,985	190,000	985	0.6%	0.5%
October	146,060	150,951	152,308	196,878	171,488	158,876	99,392	199,788	122,880		190,000			
November	199,132	180,805	208,044	140,392	119,659	156,500	59,941	139,243	179,171		180,000			
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		150,000			
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		225,000			
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		200,000			
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	\$546,056	\$2,120,000	\$51,056	21.1%	10.3%

* 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 September 30, 2014 \$77,291.

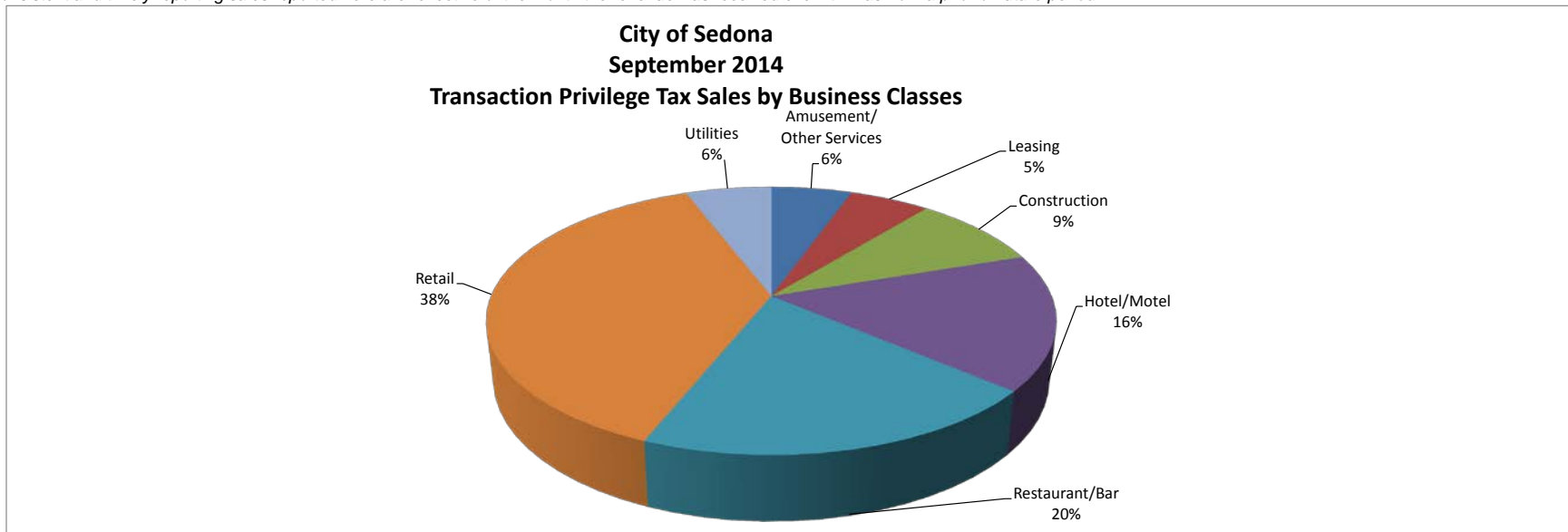
City *BED* Tax Comparison



**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
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
September 2014	2,160,380	2,140,785	3,513,113	6,466,360	7,839,946	14,999,874	2,294,144	\$ 39,414,602
September 2014 vs. September 2013	-11.5%	-33.6%	44.7%	0.6%	-1.4%	8.7%	2.2%	2.3%

*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.



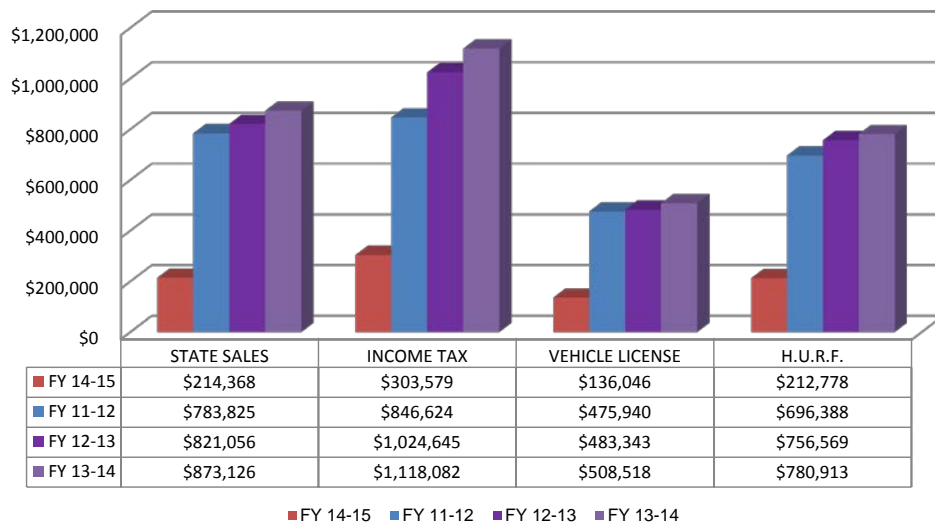
**Attachment E
ARIZONA DEPARTMENT OF REVENUE
2014-2015
STATE SHARED REVENUE**

GENERAL FUND:

STREETS FUND:

	STATE SALES TAX		STATE INCOME TAX		VEHICLE LICENSE TAX				H.U.R.F.	
					COCONINO COUNTY		YAVAPAI COUNTY			
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	4.38%	\$71,857	8.5%	\$101,193	6.72%	\$9,810	6.66%	\$33,920	7.91%	\$69,236
October										
November										
December										
January										
February										
March										
April										
May										
June										
TOTAL 2014-2015		\$214,368		\$303,579		\$30,579		\$105,467		\$212,778
TOTAL 2013-2014		\$206,458		\$279,778		\$29,246		\$101,078		\$194,824
<i>DIFFERENCE</i>		<i>\$7,910</i>		<i>\$23,801</i>		<i>\$1,333</i>		<i>\$4,389</i>		<i>\$17,954</i>
<i>% INCR/DECR</i>		<i>3.83%</i>		<i>8.51%</i>		<i>4.56%</i>		<i>4.34%</i>		<i>9.22%</i>

State Shared Revenues



Attachment F - Fund Balances

Revenue vs Expenses Summary

Fiscal Year: 2014-2015
 Fiscal Period: September



City of Sedona

102 Roadrunner Drive
 Sedona, AZ 86336

Fund	Description	Fund Balance 7/1/2014*	Revenues Sep-14	Expenses Sep-14	Revenue over Expenditure YTD	Fund Balance 9/30/2014
10	General Fund	16,707,336	3,772,846	4,008,090	-235,244	16,472,092
		<u>16,707,336</u>	<u>3,772,846</u>	<u>4,008,090</u>	<u>-235,244</u>	<u>16,472,092</u>
11	Streets Fund	0	212,778	113,140	99,638	99,638
16	Grants Fund	126,847	60,543	12,273	48,270	175,117
		<u>126,847</u>	<u>273,321</u>	<u>125,413</u>	<u>147,908</u>	<u>274,755</u>
20	Development Impact Fees Fund	3,055,871	84,539	12,080	72,459	3,128,330
22	Capital Fund	3,441,932	25,209	609,415	-584,206	2,857,726
26	Art In Public Places Fund	66,607	8	0	8	66,615
		<u>6,564,410</u>	<u>109,756</u>	<u>621,495</u>	<u>-511,739</u>	<u>6,052,671</u>
59	Wastewater Enterprise Fund	18,263,550	2,443,538	1,958,027	485,511	18,749,061
		<u>18,263,550</u>	<u>2,443,538</u>	<u>1,958,027</u>	<u>485,511</u>	<u>18,749,061</u>
	Report Totals:	<u>41,662,143</u>	<u>6,599,461</u>	<u>6,713,025</u>	<u>-113,564</u>	<u>41,548,579</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: September



City of Sedona

102 Roadrunner Drive
 Sedona, AZ 86336

Fund	Description	Fund Balance* 09/30/2014	Operating Reserves**	Restricted Fund Balance	Available Fund Balance
10	General Fund	16,472,092	9,214,654	-	7,257,438
		<u>16,472,092</u>	<u>9,214,654</u>	<u>-</u>	<u>7,257,438</u>
11	Streets Fund	99,638	-	99,638	-
16	Grants Fund	175,117	-	175,117	-
		<u>274,755</u>	<u>-</u>	<u>274,755</u>	<u>-</u>
20	Development Impact Fees Fund	3,128,330	-	3,128,330	-
22	Capital Fund	2,857,726	-	2,431,503	426,223
26	Art In Public Places Fund	66,615	-	66,615	-
		<u>6,052,671</u>	<u>-</u>	<u>5,626,448</u>	<u>426,223</u>
59	Wastewater Enterprise Fund	18,749,061	6,552,916	-	12,196,145
		<u>18,749,061</u>	<u>6,552,916</u>	<u>-</u>	<u>12,196,145</u>
Report Totals:		<u>\$ 41,548,579</u>	<u>\$ 15,767,570</u>	<u>\$ 5,901,203</u>	<u>\$ 19,879,806</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 September 30, 2014

General Fund	Budget	YTD Actual	Difference	% of Budget	Estimated Year End Actuals	% of Budget
Revenues by Source						
City Sales Tax	\$ 8,255,000	\$ 2,145,408	\$ 6,109,592	26%	\$ 8,255,000	100%
Bed Tax	\$ 2,120,000	\$ 546,056	\$ 1,573,944	26%	\$ 2,120,000	100%
Franchise Fees	\$ 757,000	\$ 213,271	\$ 543,729	28%	\$ 757,000	100%
Vehicle License Fees	\$ 553,660	\$ 136,046	\$ 417,614	25%	\$ 553,660	100%
State Sales Tax	\$ 906,000	\$ 214,368	\$ 691,632	24%	\$ 906,000	100%
State Income tax	\$ 1,214,232	\$ 303,579	\$ 910,653	25%	\$ 1,214,232	100%
In-Lieu	\$ 410,000	\$ -	\$ 410,000	0%	\$ 410,000	100%
Fines & Forfeitures	\$ 164,500	\$ 54,734	\$ 109,766	33%	\$ 164,500	100%
License & Permits	\$ 301,300	\$ 76,809	\$ 224,491	25%	\$ 301,300	100%
Charges for Service	\$ 71,440	\$ 28,657	\$ 42,783	40%	\$ 78,500	110%
Interest	\$ 168,810	\$ 19,097	\$ 149,713	11%	\$ 168,810	100%
Miscellaneous	\$ 221,950	\$ 34,821	\$ 187,129	16%	\$ 221,950	100%
Total General Fund Revenue	\$ 15,143,892	\$ 3,772,846	\$ 11,371,046	25%	\$ 15,150,952	100%
Expenditures by Department						
City Council	\$ 71,276	\$ 11,675	\$ 59,601	16%	\$ 71,276	100%
City Manager	\$ 790,854	\$ 159,258	\$ 631,596	20%	\$ 790,854	100%
Human Resources	\$ 193,966	\$ 41,748	\$ 152,218	22%	\$ 193,966	100%
Financial Services	\$ 460,678	\$ 76,081	\$ 384,597	17%	\$ 460,678	100%
Information Technology	\$ 1,146,051	\$ 380,220	\$ 765,831	33%	\$ 1,146,051	100%
Legal	\$ 481,027	\$ 99,428	\$ 381,599	21%	\$ 481,027	100%
City Clerk	\$ 280,498	\$ 62,629	\$ 217,869	22%	\$ 280,498	100%
Parks & Recreation	\$ 466,510	\$ 102,797	\$ 363,713	22%	\$ 466,510	100%
General Services	\$ 2,947,790	\$ 1,332,325	\$ 1,615,465	45%	\$ 2,947,790	100%
Community Development	\$ 1,183,336	\$ 227,814	\$ 955,522	19%	\$ 1,183,336	100%
Public Works	\$ 1,918,181	\$ 396,910	\$ 1,521,271	21%	\$ 1,918,181	100%
Police	\$ 3,756,494	\$ 858,551	\$ 2,897,943	23%	\$ 3,756,494	100%
Municipal Court	\$ 302,881	\$ 67,752	\$ 235,129	22%	\$ 302,881	100%
Debt Service	\$ 829,766	\$ 190,902	\$ 638,864	23%	\$ 829,766	100%
Total General Fund Expenditures	\$ 14,829,308	\$ 4,008,090	\$ 10,821,218	27%	\$ 14,829,308	100%
Balance Before Interfund Transfers	\$ 314,584	\$ (235,244)	\$ 549,828	-75%	\$ 321,644	102%

*Franchise Fees are paid quarterly.

Attachment J - General Ledger
Wastewater Fund Budget Comparison
Through September 30, 2014

Revenue	Actual YTD				Estimated Year End	
	2015 Budget	09/30/2014	Difference	% of Budget	Actuals	% of Budget
Service Fees	\$ 5,998,000	\$ 1,415,385	\$ 4,582,615	23.6%	\$ 5,998,000	100%
Sales Tax	\$ 3,615,000	\$ 921,105	\$ 2,693,895	25.5%	\$ 3,615,000	100%
Capacity Fees	\$ 256,000	\$ 103,109	\$ 152,891	40.3%	\$ 256,000	100%
Other Revenue	\$ 192,916	\$ 3,939	\$ 188,977	2.0%	\$ 192,916	100%
Total Fund Revenue	\$ 10,061,916	\$ 2,443,538	\$ 7,618,378	24.3%	\$ 10,061,916	100%
Expenses						
Administration						
Debt Service (Interest and Principal)	\$ 5,171,583	\$ 1,305,499	\$ 3,866,084	25.2%	\$ 5,171,583	100%
Wages and Benefits	\$ 687,026	\$ 168,303	\$ 518,723	24.5%	\$ 687,026	100%
Purchased goods and services	\$ 405,149	\$ 68,811	\$ 336,338	17.0%	\$ 405,149	100%
Total Administration	\$ 6,263,758	\$ 1,542,613	\$ 4,721,145	24.6%	\$ 6,263,758	100%
Wastewater Capital						
Wages and Benefits	\$ 126,141	\$ 29,948	\$ 96,193	23.7%	\$ 126,141	100%
Capital	\$ 4,351,725	\$ 30,334	\$ 4,321,391	0.7%	\$ 4,351,725	100%
Total Capital	\$ 4,477,866	\$ 60,282	\$ 4,417,584	1.3%	\$ 4,477,866	100%
Wastewater Treatment Plant						
Wages and Benefits	\$ 656,853	\$ 157,036	\$ 499,817	23.9%	\$ 656,853	100%
Purchased goods and services	\$ 510,629	\$ 45,900	\$ 464,729	9.0%	\$ 510,629	100%
Maintenance	\$ 1,018,425	\$ 65,169	\$ 953,256	6.4%	\$ 1,018,425	100%
Utilities	\$ 531,109	\$ 87,027	\$ 444,082	16.4%	\$ 531,109	100%
Total Operating	\$ 2,717,016	\$ 355,132	\$ 2,361,884	13.1%	\$ 2,717,016	100%
Total Wastewater Fund Expense Budget	\$ 13,458,640	\$ 1,958,027	\$ 11,500,613	14.5%	\$ 13,458,640	100%
Net Change to Fund Balance	\$ (3,396,724)	\$ 485,511	\$ (3,882,235)	-14.3%	\$ (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	\$ 4,008,090	\$ 10,821,218	27%
11	<u>Streets Fund</u>	\$ 1,275,140	\$ 113,140	\$ 1,162,000	9%
16	<u>Grants Fund</u>	\$ 579,705	\$ 12,273	\$ 567,432	2%
20	<u>Development Impact Fees Fund</u>	\$ 2,474,092	\$ 12,080	\$ 2,462,012	0%
22	<u>Capital Fund</u>	\$ 5,692,269	\$ 609,415	\$ 5,082,854	11%
26	<u>Art in Public Places Fund</u>	\$ 76,000	\$ -	\$ 76,000	0%
	<u>Wastewater Enterprise Fund</u>	\$ 13,458,640	\$ 1,958,027	\$ 11,500,613	15%
	Total Expenditures - All Funds	\$ 38,385,154	\$ 6,713,025	\$ 31,672,129	17%

Transfers between funds excluded from this report.