

Monthly Financial Report

January 2017



CITY OF SEDONA

June 6, 2017

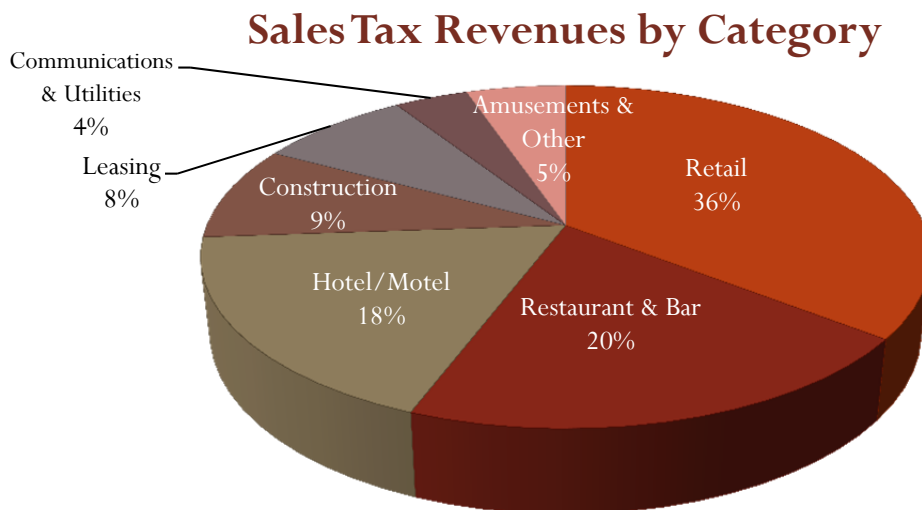
Monthly Financial Report

January 2017

Executive Summary

The City's sales and bed tax revenues continue to see significant increases. **City sales taxes are 10% higher** than the prior year and **bed taxes are 24% higher** than the prior year. A portion of the increase in bed taxes represents an increase in late payments (collection of taxes for prior taxing periods) and payments made on time in FY 2017 that were made late in FY 2016.

The largest increase was in the Amusements & Other category, which showed a decrease in the prior month. This was the first month that short-term residential rentals were allowable, which contributed to an increase in the Hotel/Motel category for the month. Without the taxes related to the short-term residential rentals, this category would have shown a decrease. The Retail, Restaurant & Bar, Construction, and Communications & Utilities categories had significant decreases for the month; however, for the year-to-date, the Restaurant & Bar and Construction categories still showed increases for the year.



Revenues

All revenue categories are **expected to be generally on target** by the end of the fiscal year, with the exception of fines and forfeitures and miscellaneous revenues.

The largest decrease in fines and forfeitures is related to court fines, which are 25% lower than the prior fiscal year. There are a number of variables that could explain the decrease. Examples include (1) lower cash collections on outstanding balances which would result in an increase in receivables and/or (2) a change in the types of case filings that result in lower fine amounts. Preliminary analysis also shows that there has been a decrease in the caseload.

Miscellaneous revenues are expected to be low due to agreements made regarding the outside participation in a storm drainage project that allows the participants to make their contributions over time.

These decreases are not expected to significantly impact the overall operations of the City.

Expenditures

Expenditures are **expected to be on or under target** by the end of the fiscal year. General Services expenditures are high for seven months but are on track due to the nature of semiannual payments for community contracts. Wastewater Capital Projects Management expenditures are high for seven months but are on track due to anticipated vacancy savings.

Expenditures for capital improvements and streets maintenance are not incurred consistently throughout the year and, as of January 2017, are overall under targets for the fiscal year.

Report Format

The format for the City of Sedona Monthly Financial Report has been modified to provide both summarized financial information and additional historical information. The City's fiscal year (FY) is July 1 through June 30. This report for January 2017 is the seventh month of the current fiscal year, FY2017, and **represents 58.33% of the fiscal year**.

The report consists of the following sections:

- **Executive Summary** – This summary includes a narrative discussion of the most significant information in this report.
- **Table of Contents** – The table of contents includes hyperlinks to the sections and tables in this report. It also includes the status for the City's expenditures and revenues, highlighted as follows:
 - **Green** represents a status favorable, including expenditures on or under target and revenues on or exceeding target. Comments have been included regarding any significant favorable status, better than the target by more than 10%.
 - **Yellow** represents a cautionary status indicating that the particular category should be observed but is expected to be on target by the end of the fiscal year. Comments have been included regarding the cautionary status.
 - **Red** represents an unfavorable status indicating that particular category is not expected to be on target by more than 10% by the end of the fiscal year. Comments have been included regarding the unfavorable status.
- **Expenditures and Revenues** – Expenditure and revenue Information has been provided both by fund (including the two Community Facilities Districts managed by the City) and by department for non capital improvement expenditures and by type for revenues. The information includes:
 - Year-to-date (YTD) expenditures and revenues for the current fiscal year and the three previous fiscal years
 - Total annual expenditures and revenues, excluding contingencies, for the three previous fiscal years and budget amounts for the current fiscal year
 - Comparison of YTD amounts to annual amounts, which is used to determine if current year YTD amounts are on target, and any applicable comments regarding the status compared to targets
 - Increases and decreases in YTD and annual amounts and color-coded explanations of significant increases and decreases
- **Sales & Bed Tax Revenues** – The revenues are the most significant funding sources for the City and historically have been susceptible to fluctuations in the economy. The information includes comparisons by taxing category and by month.

- **Fund Summaries** – The City’s two most significant funds, the General Fund and the Wastewater Enterprise Fund, are presented with detailed comparisons of YTD amounts to the budgets and prior fiscal year. A summary of all City funds, plus the two Community Facilities Districts, is also included. The schedules include encumbrances, which represents the balance of purchase orders not yet fulfilled.
- **Bonds Outstanding** – A table of the City’s outstanding bonds has been presented by fund with the remaining principal and interest payments for each. Bond payments are made on July 1 and January 1 in accordance with the bond debt repayment schedules.
- **Capital Projects Summary** – A table of the current fiscal year capital improvement projects has been presented with the total project amounts for projects spanning more than one fiscal year.

Additional Detail

This report provides broad summary information and analysis of the City’s financial data. Additional detailed information is offered on the City’s website at www.sedonaaz.gov/transparency. It is a searchable, user-friendly site that citizens and other interested parties can use to access real time financial data.

For questions or additional information, contact:

Cherie R. Wright, CPA, CGFM

Director of Financial Services

City of Sedona

102 Roadrunner Drive

Sedona, AZ 86336

(928) 204-7185

cwright@sedonaaz.gov

Table of Contents

(click on page number to navigate to that page)

| | Page | % YTD | Status | Comments |
|---|------|-------|----------------------------|---|
| Portion of Fiscal Year Complete = 58.33% | | | | |
| Total Expenditures by Fund | | | | |
| General Fund | 5 | 54% | Under Target for FY 2017 | |
| Special Revenue Funds: | | | | |
| Streets Fund | 6 | 43% | Under Target for FY 2017 | |
| Grants, Donations & Other Funds | 6 | 29% | Under Target for FY 2017 | Expenditures do not occur consistently throughout the fiscal year. |
| Capital Projects Funds: | | | | |
| Development Impact Fees Funds | 7 | 11% | Under Target for FY 2017 | Capital improvement expenditures do not occur consistently throughout the fiscal year. |
| Capital Improvements Fund | 7 | 16% | Under Target for FY 2017 | Capital improvement expenditures do not occur consistently throughout the fiscal year. |
| Art in Public Places Fund | 8 | N/A | On Target for FY 2017 | No projects planned for FY 2017. |
| Wastewater Enterprise Fund | 8 | 54% | Under Target for FY 2017 | Capital improvement expenditures do not occur consistently throughout the fiscal year. |
| Community Facilities Districts: | | | | |
| Sedona Summit II | 9 | 24% | Under Target for FY 2017 | Capital improvement expenditures do not occur consistently throughout the fiscal year. |
| Fairfield | 9 | 65% | On Target for FY 2017 | While expenditures are high, they are expected to be on track for the fiscal year. |
| Total Non-Capital Improvement Expenditures by Department | | | | |
| City Council | 10 | 45% | Under Target for FY 2017 | |
| City Manager's Office | 10 | 42% | Under Target for FY 2017 | |
| Human Resources | 11 | 55% | Under Target for FY 2017 | |
| Financial Services | 11 | 50% | Under Target for FY 2017 | |
| Information Technology | 12 | 56% | Under Target for FY 2017 | |
| City Attorney's Office | 13 | 47% | Under Target for FY 2017 | |
| City Clerk's Office | 13 | 49% | Under Target for FY 2017 | |
| Parks & Recreation | 14 | 54% | Under Target for FY 2017 | |
| General Services | 15 | 73% | On Target for FY 2017 | While expenditures are high, they are on track due to the significant semiannual payments for community service contracts. |
| Community Development | 16 | 40% | Under Target for FY 2017 | |
| Public Works | 17 | 45% | Under Target for FY 2017 | |
| Police | 18 | 50% | Under Target for FY 2017 | |
| Municipal Court | 19 | 48% | Under Target for FY 2017 | |
| Wastewater Administration | 19 | 59% | On Target for FY 2017 | |
| Wastewater Capital | 20 | 63% | On Target for FY 2017 | While expenditures are high, they are on track due to anticipated vacancy savings. |
| Wastewater Operations | 20 | 43% | Under Target for FY 2017 | |
| Total Revenues by Fund | | | | |
| General Fund | 21 | 55% | Under Target for FY 2017 | While revenues are low, franchise fees are received quarterly and in-lieu fees are typically received during the last quarter of the fiscal year. Revenues are expected to be on target by the end of the fiscal year. |
| Special Revenue Funds: | | | | |
| Streets Fund | 22 | 65% | Exceeds Target for FY 2017 | |
| Grants, Donations & Other Funds | 22 | 33% | Under Target for FY 2017 | Revenues do not occur consistently throughout the fiscal year but are expected to be on target by the end of the fiscal year. |
| Capital Projects Funds: | | | | |
| Development Impact Fees Funds | 23 | 253% | Exceeds Target for FY 2017 | Revenues are significantly high due to fees assessed with the permitting of the new Marriott facility and the new CVS. |
| Capital Improvements Fund | 23 | 26% | Under Target for FY 2017 | Agreements were made regarding the outside participation in a storm drainage project that allows the participants to make their contributions over time. Approximately \$188,000 will not be received during FY 2017. This revenue category will not significantly impact the overall operations of the City. |
| Art in Public Places Fund | 24 | ∞ | Exceeds Target for FY 2017 | |
| Wastewater Enterprise Fund | 24 | 70% | Exceeds Target for FY 2017 | Revenues are high due to fees assessed with the permitting of the new Marriott facility and the new CVS. |
| Community Facilities Districts: | | | | |
| Sedona Summit II | 25 | 6% | Under Target for FY 2017 | While revenues are low, in-lieu fees are received quarterly and are expected to be on target by the end of the fiscal year. |
| Fairfield | 25 | 26% | Under Target for FY 2017 | While revenues are low, in-lieu fees are received quarterly and are expected to be on target by the end of the fiscal year. |
| Total Revenues by Type | | | | |
| City Sales Taxes | 26 | 56% | On Target for FY 2017 | |
| Bed Taxes | 26 | 59% | Exceeds Target for FY 2017 | A portion of the increase represents an increase in late payments (collection of taxes for prior taxing periods) and payments made on time in FY 2017 that were made late in FY 2016. |
| In-Lieu | 27 | 10% | On Target for FY 2017 | While revenues are low, in-lieu fees are received quarterly and are expected to be on target by the end of the fiscal year. |
| Franchise Fees | 27 | 50% | On Target for FY 2017 | While revenues are low, franchise fees are received quarterly and are expected to be on target by the end of the fiscal year. |
| State Sales Taxes | 28 | 56% | Under Target for FY 2017 | There is some seasonality to the sales tax revenues collected state-wide and the revenues can fluctuate from month to month. YTD revenues are low but expected to be on target by the end of the fiscal year. |
| Urban Revenue Sharing | 28 | 58% | On Target for FY 2017 | |
| Vehicle License Taxes | 29 | 56% | Under Target for FY 2017 | There is some seasonality to the vehicle license taxes and the revenues can fluctuate from month to month. YTD revenues are low but expected to be on target by the end of the fiscal year. |
| Highway User | 29 | 65% | Exceeds Target for FY 2017 | |
| Other Intergovernmental | 30 | 33% | Under Target for FY 2017 | Revenues do not occur consistently throughout the fiscal year but are expected to be on target by the end of the fiscal year. |
| Licenses & Permits | 31 | 60% | On Target for FY 2017 | |
| Charges for Services | 31 | 59% | On Target for FY 2017 | |
| Fines & Forfeitures | 32 | 34% | Under Target for FY 2017 | If the placeholder for the paid parking program revenues is excluded, YTD revenues represent 47% of annual revenues, which is under target for the fiscal year-to-date. This is primarily a result of a decrease in court fines collected and a reduction in delinquent wastewater accounts resulting in lower late fees on wastewater billings. This revenue category will not significantly impact the overall operations of the City; however, we will continue to monitor these revenues to identify whether revenue estimates should be changed. |
| Development Impact Fees | 32 | 265% | Exceeds Target for FY 2017 | Revenues are significantly high due to fees assessed with the permitting of the new Marriott facility and the new CVS. |
| Capacity Fees | 33 | 348% | Exceeds Target for FY 2017 | Revenues are significantly high due to fees assessed with the permitting of the new Marriott facility and the new CVS. |
| Other Miscellaneous | 33 | 16% | Under Target for FY 2017 | Revenues do not occur consistently throughout the fiscal year. Agreements were made regarding the outside participation in a storm drainage project that allows the participants to make their contributions over time. Approximately \$188,000 will not be received during FY 2017. This revenue category will not significantly impact the overall operations of the City; however, we will continue to monitor these revenues to identify whether revenue estimates should be changed. |
| Sales Tax Revenues by Category | 34 | | | |
| Sales & Bed Tax Revenues by Month | 35 | | | |
| General Fund Summary | 36 | | | |
| Wastewater Enterprise Fund Summary | 37 | | | |
| All Funds Summary | 38 | | | |
| Bonds Outstanding | 39 | | | |
| Capital Projects Summary | 40 | | | |

Total Expenditures by Fund

Total General Fund Expenditures

Under Target for FY 2017

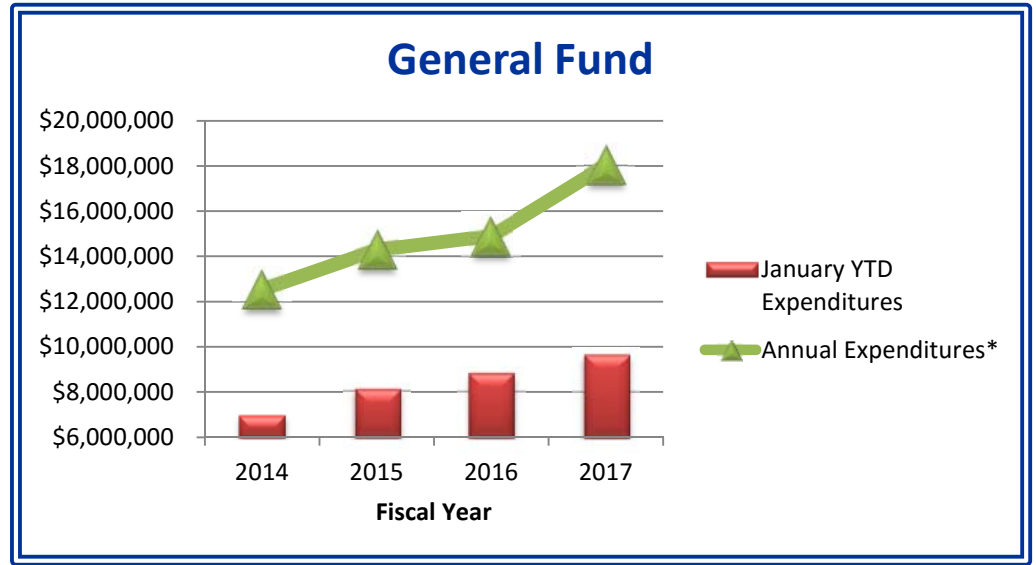
| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 6,993,854 | \$ 12,520,234 | 56% | | |
| 2015 | \$ 8,129,810 | \$ 14,282,455 | 57% | 16% | 14% |
| 2016 | \$ 8,840,003 | \$ 14,907,362 | 59% | 9% | 4% |
| 2017 | \$ 9,671,082 | \$ 18,013,460 | 54% | 9% | 21% |

Annual Increase from FY 2014 to FY 2015:

- (1) Information Technology hardware and software expenditures increased approximately \$277,000 due largely to the replacement of mobile data equipment and software upgrades for the Police Department.
- (2) The Council increased the commitment to destination marketing, resulting in an increase of approximately \$860,000.
- (3) Salary and benefits increased approximately \$575,000. The increase in salaries was primarily due to budgeted cost-of-living adjustments of 1.5% and average merit increases of 2.5%. The most significant increases in benefits were an increase of 27% to the required contributions to the Public Safety Personnel Retirement System (PSPRS) and a 9% increase to health insurance premiums.

Annual Increase from FY 2016 to FY 2017:

- (1) For FY 2017, Council approved the transfer of all streets related expenditures other than rehabilitation and pavement preservation to the General Fund. This increase to the General Fund was approximately \$818,000.
- (2) Three new full-time positions and two part-time positions were added at a cost of approximately \$327,000.
- (3) Other salary and benefit increases were approximately \$660,000. The increase in salaries was primarily due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increases in benefits were an increase of 3% to the required contributions to the Public Safety Personnel Retirement System (PSPRS) and a 2% increase to health insurance premiums.
- (4) Capital outlay expenditures increased approximately \$241,000 due primarily to budgeted vehicle replacements, computer and hardware upgrades, and the implementation of an assigned vehicle program for the Police Department.
- (5) A comprehensive update of the Land Development Code was budgeted as \$200,000 in FY 2017.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Expenditures by Fund

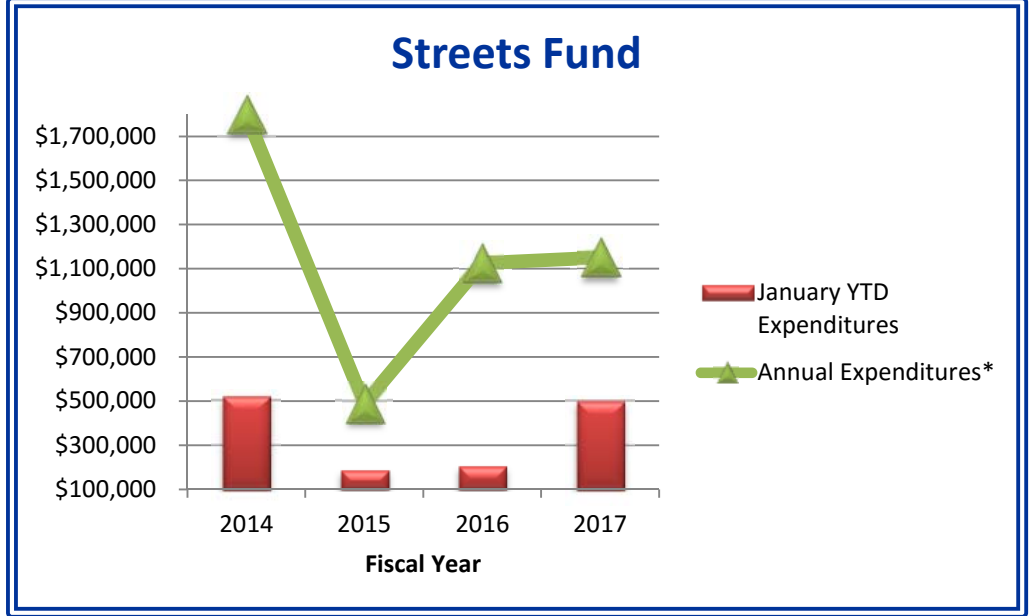
Total Streets Fund Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 521,253 | \$ 1,799,340 | 29% | | |
| 2015 | \$ 185,423 | \$ 488,072 | 38% | -64% | -73% |
| 2016 | \$ 204,203 | \$ 1,126,227 | 18% | 10% | 131% |
| 2017 | \$ 499,774 | \$ 1,150,000 | 43% | 145% | 2% |

Increases/Decreases: 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.

For FY 2017, the Council approved the transfer of all streets related expenditures other than rehabilitation and pavement preservation to the General Fund and increased the annual maintenance expectations to approximately 4.5 to 5.0 miles per year.

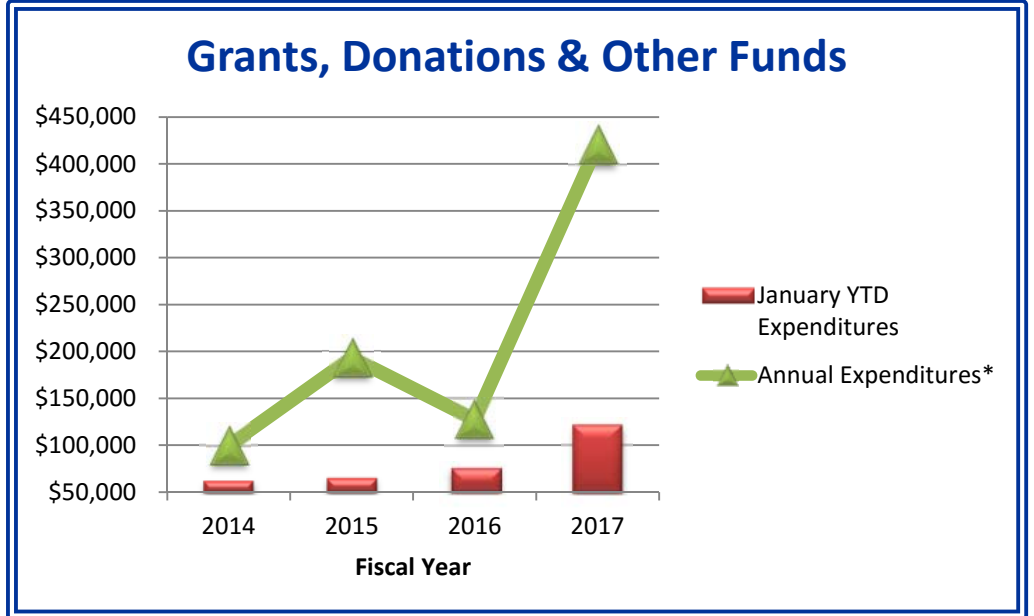


Total Grants, Donations & Other Exp.

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 62,581 | \$ 99,837 | 63% | | |
| 2015 | \$ 65,262 | \$ 193,488 | 34% | 4% | 94% |
| 2016 | \$ 75,569 | \$ 127,230 | 59% | 16% | -34% |
| 2017 | \$ 121,773 | \$ 420,500 | 29% | 61% | 231% |

Increases/Decreases: The activity of the Grants & Donations Funds is based on the funding awarded and received during the year so spending will not necessarily be consistent from month to month or year to year.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Expenditures by Fund

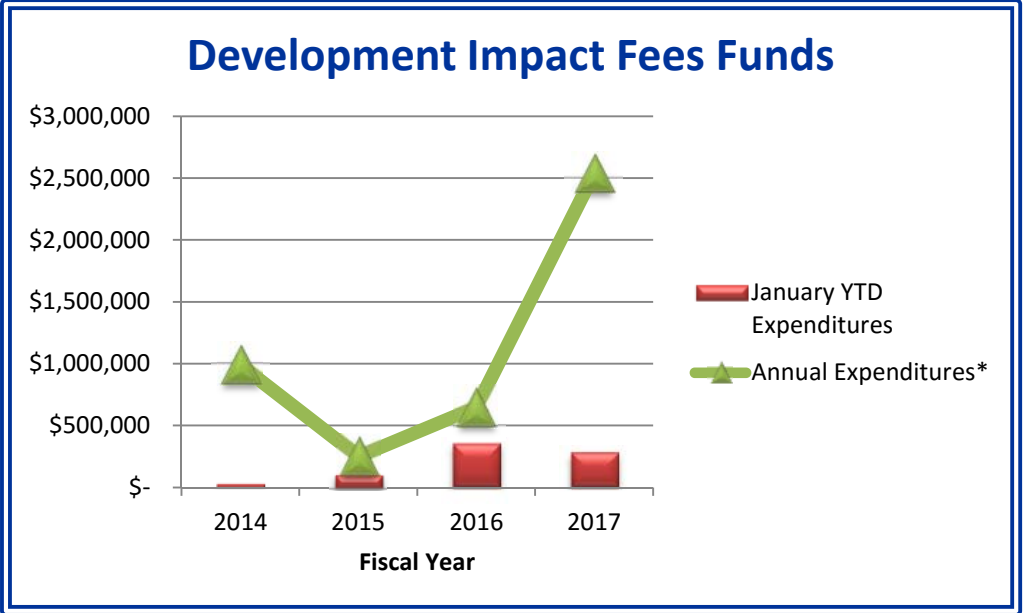
Total Develop. Impact Fees Exp.

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 28,889 | \$ 988,600 | 3% | | |
| 2015 | \$ 107,080 | \$ 247,614 | 43% | 271% | -75% |
| 2016 | \$ 354,025 | \$ 647,006 | 55% | 231% | 161% |
| 2017 | \$ 281,567 | \$ 2,538,318 | 11% | -20% | 292% |

Increases/Decreases: The activity of the Development Impact Fees Funds is based on the timing of budgeted capital improvement projects so spending will not necessarily be consistent from month to month or year to year.

For FY 2017, budgeted expenditures includes \$1.5 million specifically designated for the acquisition of park/open space land. If Council does not decide to purchase property in FY 2017, it will be re-appropriated in future fiscal years.

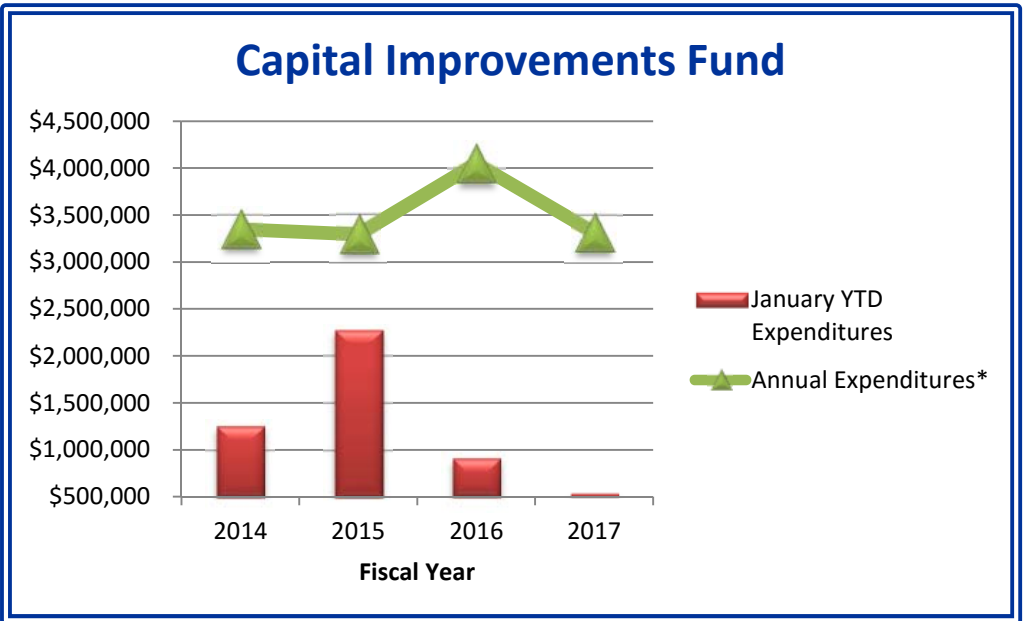


Total Capital Improvements Fund Exp.

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 1,254,624 | \$ 3,348,961 | 37% | | |
| 2015 | \$ 2,275,315 | \$ 3,293,016 | 69% | 81% | -2% |
| 2016 | \$ 904,566 | \$ 4,045,969 | 22% | -60% | 23% |
| 2017 | \$ 534,303 | \$ 3,312,786 | 16% | -41% | -18% |

Increases/Decreases: The activity of the Capital Improvements Fund is based on the timing of budgeted capital improvement projects so spending will not necessarily be consistent from month to month or year to year.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Expenditures by Fund

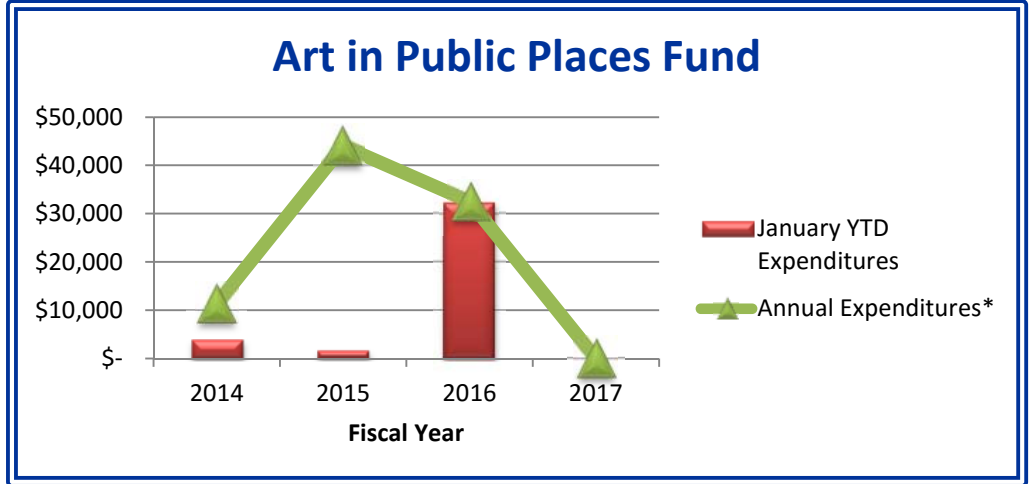
Total Art in Public Places Fund Exp.

On Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 3,930 | \$ 11,255 | 35% | | |
| 2015 | \$ 1,665 | \$ 43,975 | 4% | -58% | 291% |
| 2016 | \$ 32,500 | \$ 32,500 | 100% | 1851% | -26% |
| 2017 | \$ - | \$ - | N/A | -100% | -100% |

Increases/Decreases: The activity of the Art in Public Places Fund is based on the timing of budgeted arts projects so spending will not necessarily be consistent from month to month or year to year.

For FY 2017, no arts projects are planned to allow the balance in the Art in Public Places Fund to accumulate for additional projects in future fiscal years.



Total Wastewater Enterprise Fund Exp.

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 3,334,089 | \$ 9,927,837 | 34% | | |
| 2015 | \$ 4,854,701 | \$ 11,055,429 | 44% | 46% | 11% |
| 2016 | \$ 7,532,777 | \$ 14,367,467 | 52% | 55% | 30% |
| 2017 | \$ 6,506,041 | \$ 12,019,062 | 54% | -14% | -16% |

YTD Increase from FY 2014 to FY 2015:

Starting FY 2015, debt service costs are accrued monthly. Previously, debt service costs were recorded on a cash basis semiannually in December and June.

YTD Increase from FY 2015 to FY 2016:

The increase is primarily due to expenditures incurred for the plant upgrade and injection well drilling.

Annual Increase from FY 2014 to FY 2015:

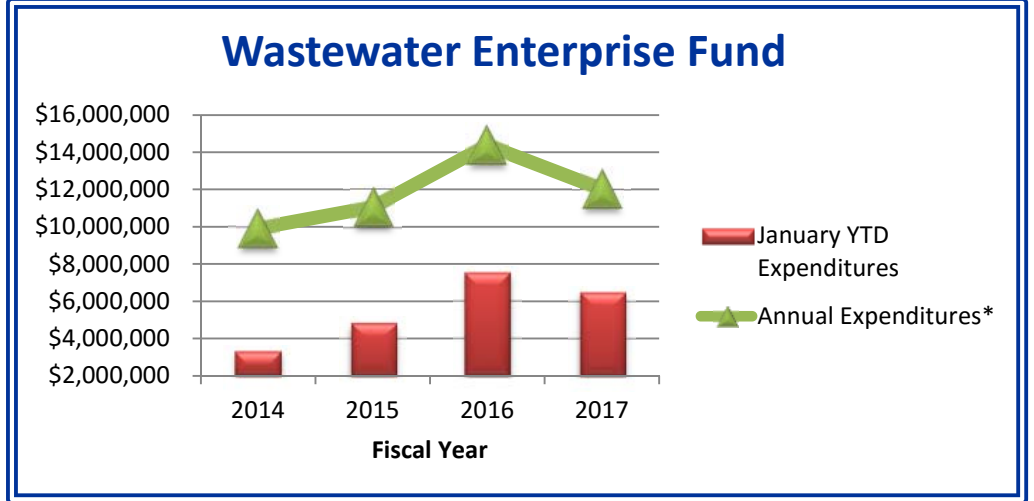
Capital improvement expenditures increased by approximately \$1.2 million due to the wastewater treatment plant capacity enhancement upgrades and drilling of injection wells performed in FY 2015.

Annual Increase from FY 2015 to FY 2016:

Capital improvement expenditures increased by approximately \$3.2 million due to the wastewater treatment plant capacity enhancement upgrades and drilling of injection wells performed in FY 2016.

Annual Decrease from FY 2016 to FY 2017:

Budgeted capital improvement expenditures decreased by approximately \$2.4 million due to the completion of the wastewater treatment plant capacity enhancement upgrades performed in FY 2016.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Expenditures by Fund

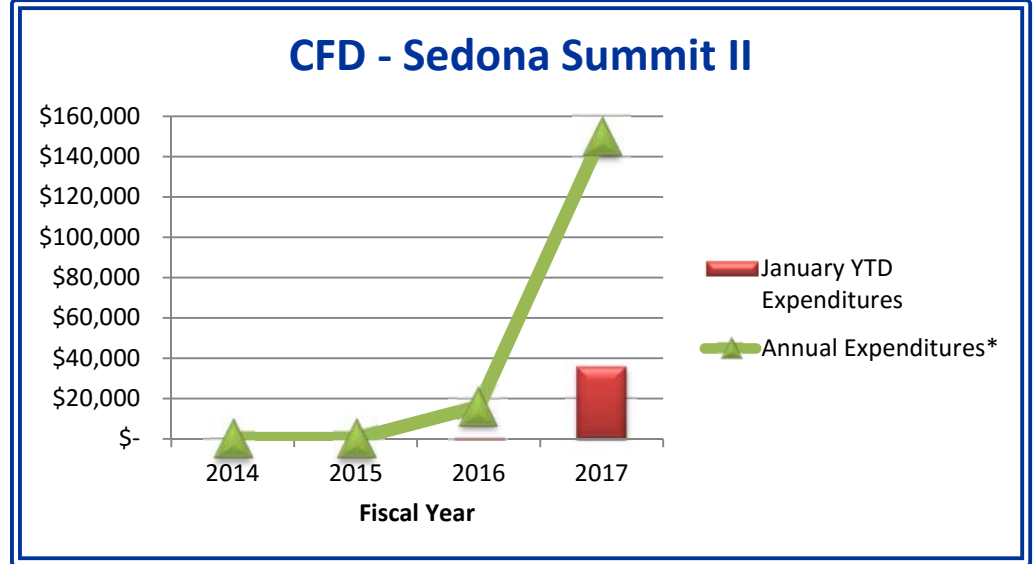
Total CFD - Sedona Summit II Exp.

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ - | \$ - | N/A | | |
| 2015 | \$ - | \$ - | N/A | N/A | N/A |
| 2016 | \$ 827 | \$ 16,064 | 5% | ∞ | ∞ |
| 2017 | \$ 35,688 | \$ 150,000 | 24% | 4215% | 834% |

Increases/Decreases: The activity of the Sedona Summit II Community Facilities District is based on the timing of budgeted capital improvement projects so spending will not necessarily be consistent from month to month or year to year.

For FY 2017, planned capital improvement projects include demolition and design for future development of the Brewer Road property and construction of an amphitheater at Barbara Antonsen Park.



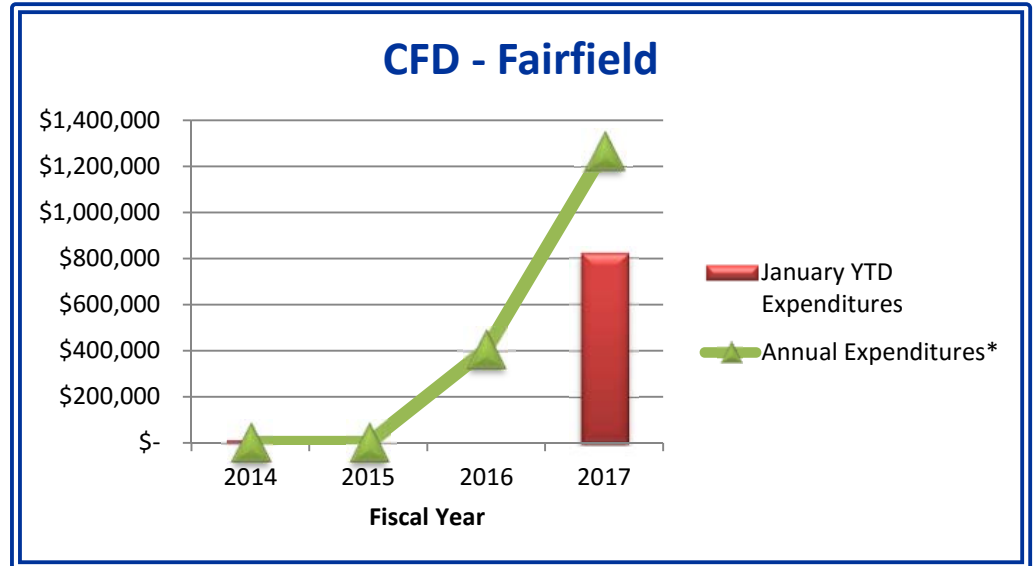
Total CFD - Fairfield Expenditures

On Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 12,355 | \$ - | ∞ | | |
| 2015 | \$ - | \$ - | N/A | -100% | N/A |
| 2016 | \$ - | \$ 404,998 | 0% | N/A | ∞ |
| 2017 | \$ 823,191 | \$ 1,264,749 | 65% | ∞ | 212% |

Increases/Decreases: The activity of the Fairfield Community Facilities District is based on the timing of budgeted capital improvement projects so spending will not necessarily be consistent from month to month or year to year.

For FY 2017, planned capital improvement projects include demolition and design for future development of the Brewer Road property and construction of an amphitheater at Barbara Antonsen Park.



On Target for FY 2017: While expenditures are high, capital improvement projects are not consistent throughout the year and are expected to be on track for FY 2017.

* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

City Council Expenditures

Under Target for FY 2017

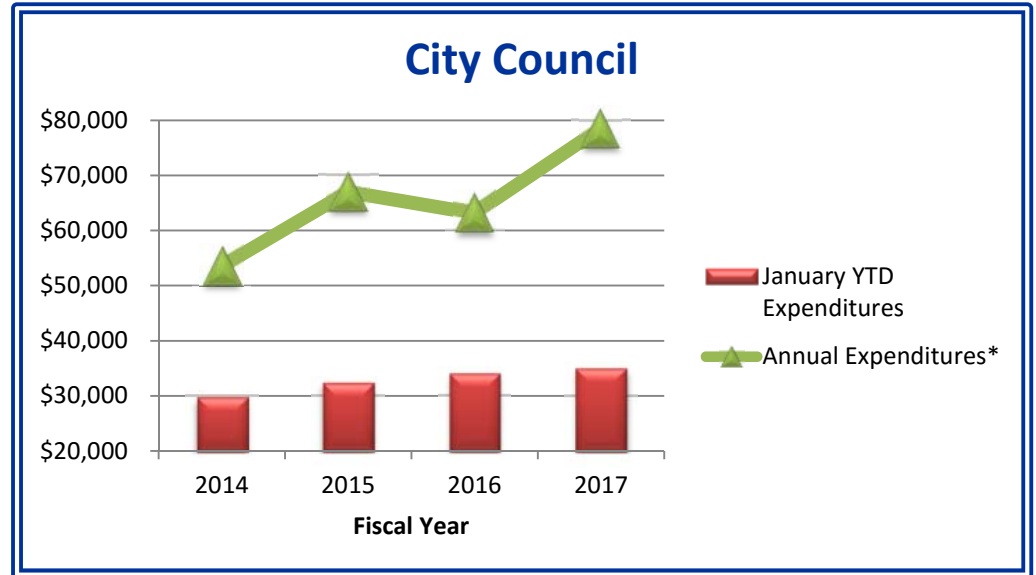
| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 29,867 | \$ 53,561 | 56% | | |
| 2015 | \$ 32,383 | \$ 66,995 | 48% | 8% | 25% |
| 2016 | \$ 34,052 | \$ 63,123 | 54% | 5% | -6% |
| 2017 | \$ 35,029 | \$ 78,585 | 45% | 3% | 24% |

Annual Increase from FY 2014 to FY 2015:

- (1) Moved Travel & Training costs to departments from General Services in FY 2015.
- (2) Increase in meals costs for City Manager interviews.
- (3) Replacement of office furniture.

Annual Increase from FY 2016 to FY 2017:

FY 2017 includes budget capacity available for Travel & Training and Special Programs.



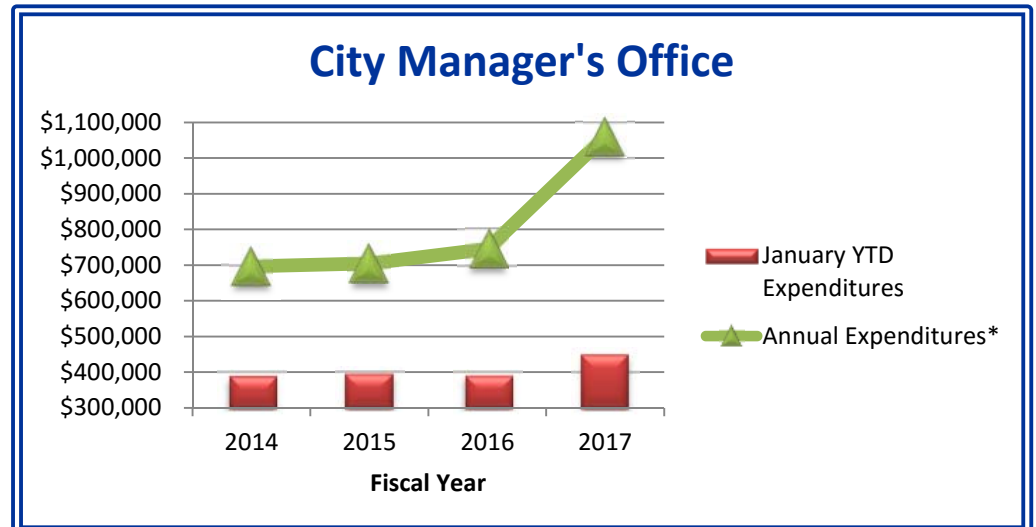
City Manager's Office Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 389,478 | \$ 696,483 | 56% | | |
| 2015 | \$ 395,548 | \$ 704,983 | 56% | 2% | 1% |
| 2016 | \$ 390,794 | \$ 745,235 | 52% | -1% | 6% |
| 2017 | \$ 450,061 | \$ 1,060,540 | 42% | 15% | 42% |

Annual Increase from FY 2016 to FY 2017:

- (1) The Economic Development program totaling approximately \$188,000 was transferred from the Community Development Department and the position upgraded to an Economic Development Director.
- (2) Prior to FY 2017, salary allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.
- (3) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

Human Resources Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 106,195 | \$ 178,106 | 60% | | |
| 2015 | \$ 101,436 | \$ 191,432 | 53% | -4% | 7% |
| 2016 | \$ 112,310 | \$ 217,866 | 52% | 11% | 14% |
| 2017 | \$ 142,037 | \$ 256,592 | 55% | 26% | 18% |

YTD Increase from FY 2016 to FY 2017:

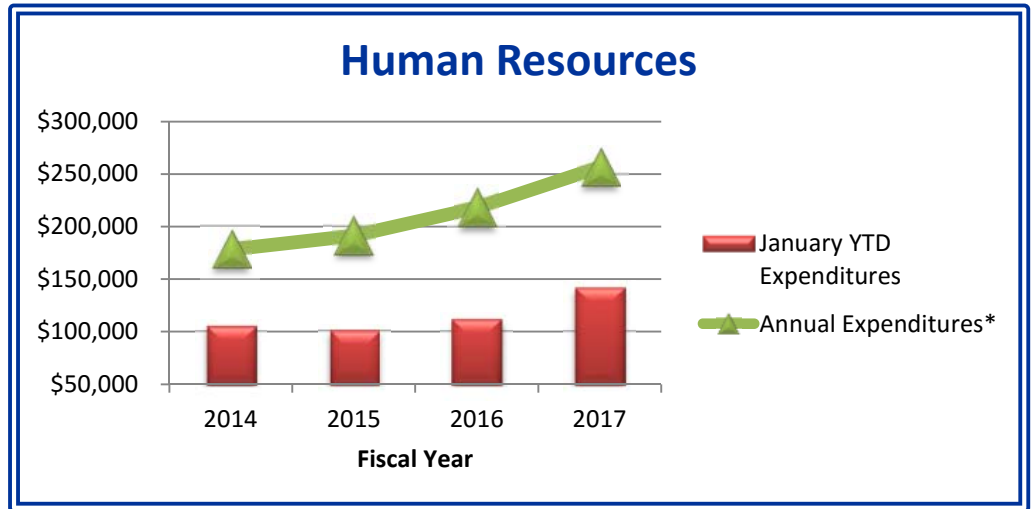
- (1) The increase is partly due to increases in recruitment and relocations costs.
- (2) Prior to FY 2017, salary allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.

Annual Increase from FY 2015 to FY 2016:

- (1) Increase in recruitment expenditures of \$6,500.
- (2) Salaries were increased due to budgeted cost-of-living adjustments of 1.3% and average merit increases of 2.5%. The most significant increase in benefits was a 7% increase to health insurance premiums.

Annual Increase from FY 2016 to FY 2017:

- (1) Prior to FY 2017, salary allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.
- (2) Budgeted Recruitment/Relocation costs were increased by approximately \$11,500 to account for the increases in recruitment costs and the transfers of costs from other departments.
- (3) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.



Financial Services Expenditures

Under Target for FY 2017

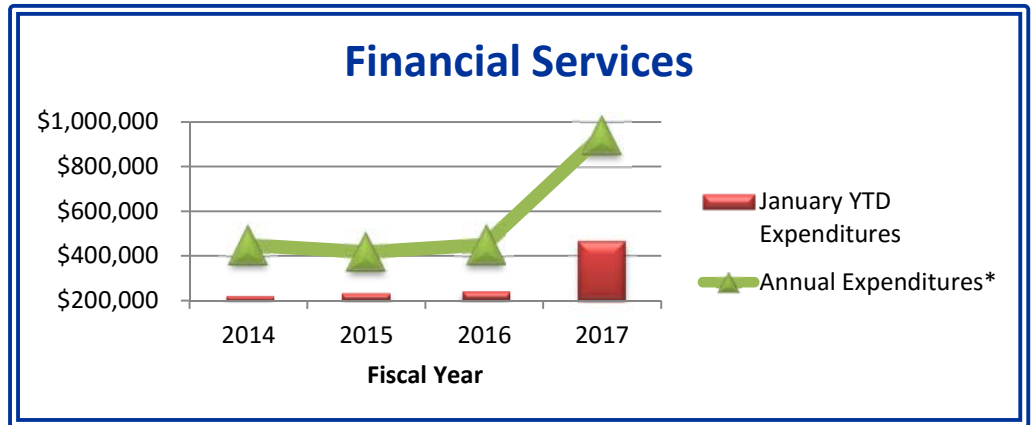
| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 222,082 | \$ 448,475 | 50% | | |
| 2015 | \$ 231,956 | \$ 416,550 | 56% | 4% | -7% |
| 2016 | \$ 240,863 | \$ 450,225 | 53% | 4% | 8% |
| 2017 | \$ 467,869 | \$ 941,285 | 50% | 94% | 109% |

YTD Increase from FY 2016 to FY 2017:

Prior to FY 2017, salary and other cost allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund. The Utility Billing function in Financial Services is a significant part of these allocations.

Annual Increase from FY 2016 to FY 2017:

- (1) Prior to FY 2017, salary allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund. The Utility Billing function in Financial Services is a significant part of these allocations.
- (2) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

Information Technology Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 490,199 | \$ 713,547 | 69% | | |
| 2015 | \$ 741,808 | \$ 1,058,766 | 70% | 51% | 48% |
| 2016 | \$ 549,613 | \$ 853,746 | 64% | -26% | -19% |
| 2017 | \$ 724,483 | \$ 1,284,655 | 56% | 32% | 50% |

YTD Increase from FY 2014 to FY 2015:

The increase is mostly due to hardware and software upgrades and increases in annual software maintenance contracts.

YTD Increase from FY 2015 to FY 2016:

The decrease is primarily due to the hardware and software upgrades performed in FY 2015.

YTD Increase from FY 2016 to FY 2017:

- (1) The increase is partly due to the replacement and upgrade of the storage area network and upgrade of a digital evidence logger recorder.
- (2) Prior to FY 2017, salary and other cost allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.
- (3) A part-time Support/Help Desk Technician position was added.
- (4) Communications costs previously recorded in the General Services Department were transferred to Information Technology.

Annual Increase from FY 2014 to FY 2015:

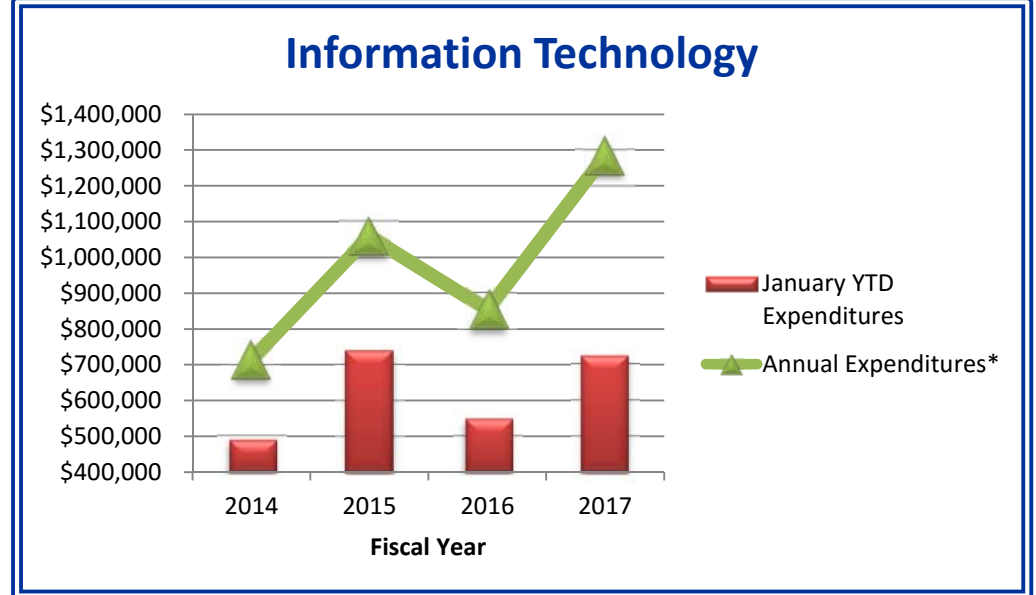
- (1) Hardware and software expenditures increased approximately \$277,000 due largely to the replacement of mobile data equipment and software upgrades for the Police Department.
- (2) Annual software maintenance contracts increased approximately \$19,000.
- (3) Salaries were increased due to budgeted cost-of-living adjustments of 1.5% and average merit increases of 2.5%. The most significant increase in benefits was a 9% increase to health insurance premiums.
- (4) Increase in internet service of approximately \$18,000 to improve connectivity.

Annual Decrease from FY 2015 to FY 2016:

The decrease is primarily due to the hardware and software upgrades performed in FY 2015.

Annual Increase from FY 2016 to FY 2017:

- (1) Prior to FY 2017, salary and other cost allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.
- (2) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.
- (3) A part-time Support/Help Desk Technician and supporting equipment was budgeted at a cost of approximately \$41,000.
- (4) Budgeted communications costs previously recorded in the General Services Department of approximately \$32,500 were transferred to Information Technology.
- (5) A budgeted city-wide upgrade to Microsoft Office 365 was included for \$40,000.
- (6) The following budgeted hardware and software upgrades were included: 9-1-1 phone system maintenance for \$15,000, e-citations upgrade for \$70,000, digital evidence logger recorder upgrade for \$38,000, storage area network upgrade/replacement for \$85,000.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

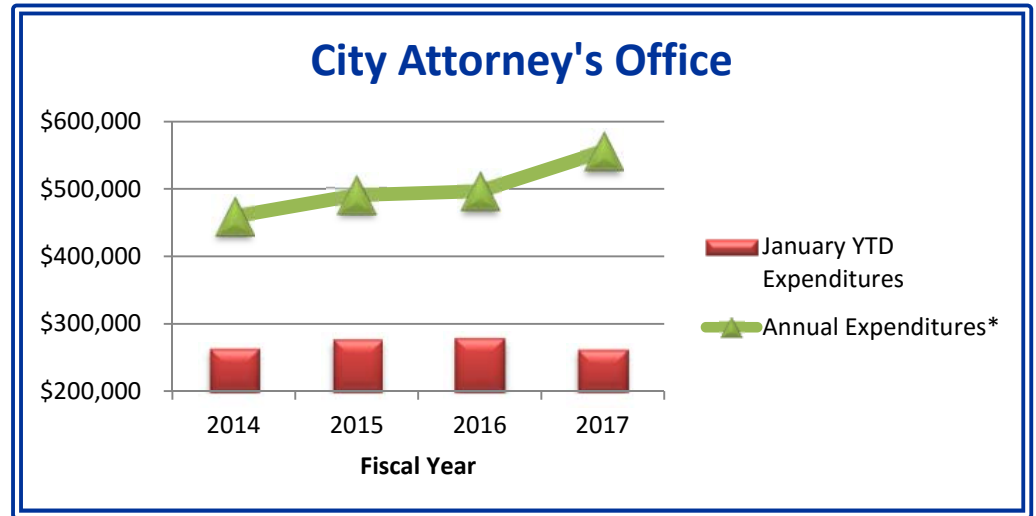
City Attorney's Office Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 263,710 | \$ 458,932 | 57% | | |
| 2015 | \$ 276,764 | \$ 490,736 | 56% | 5% | 7% |
| 2016 | \$ 278,933 | \$ 496,564 | 56% | 1% | 1% |
| 2017 | \$ 261,374 | \$ 555,545 | 47% | -6% | 12% |

Annual Increase from FY 2016 to FY 2017:

- (1) Prior to FY 2017, salary and other cost allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.
- (2) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.
- (3) Budgeted amounts for payment of legal claims of \$25,000 was transferred from the General Services Department.



City Clerk's Office Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 117,337 | \$ 226,818 | 52% | | |
| 2015 | \$ 149,467 | \$ 243,829 | 61% | 27% | 7% |
| 2016 | \$ 120,468 | \$ 219,942 | 55% | -19% | -10% |
| 2017 | \$ 150,572 | \$ 310,369 | 49% | 25% | 41% |

YTD Increase from FY 2014 to FY 2015:

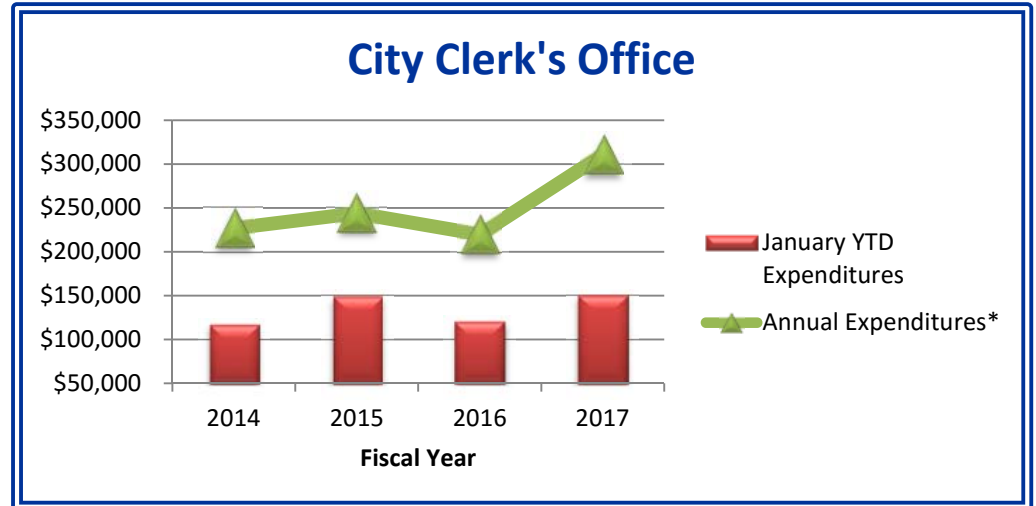
The increase is primarily due to elections costs incurred in FY 2015.

YTD Increase from FY 2016 to FY 2017:

- (1) The increase is partly due to elections costs incurred in FY 2017.
- (2) Prior to FY 2017, salary allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.

Annual Increase from FY 2016 to FY 2017:

- (1) FY 2017 is an election year. Budgeted costs of \$65,100 were included for biennial election costs and renewals of two franchise agreements.
- (2) Prior to FY 2017, salary allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.
- (3) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

Parks & Recreation Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 205,011 | \$ 378,165 | 54% | | |
| 2015 | \$ 268,840 | \$ 506,788 | 53% | 31% | 34% |
| 2016 | \$ 309,605 | \$ 493,305 | 63% | 15% | -3% |
| 2017 | \$ 337,133 | \$ 619,257 | 54% | 9% | 26% |

YTD Increase from FY 2014 to FY 2015:

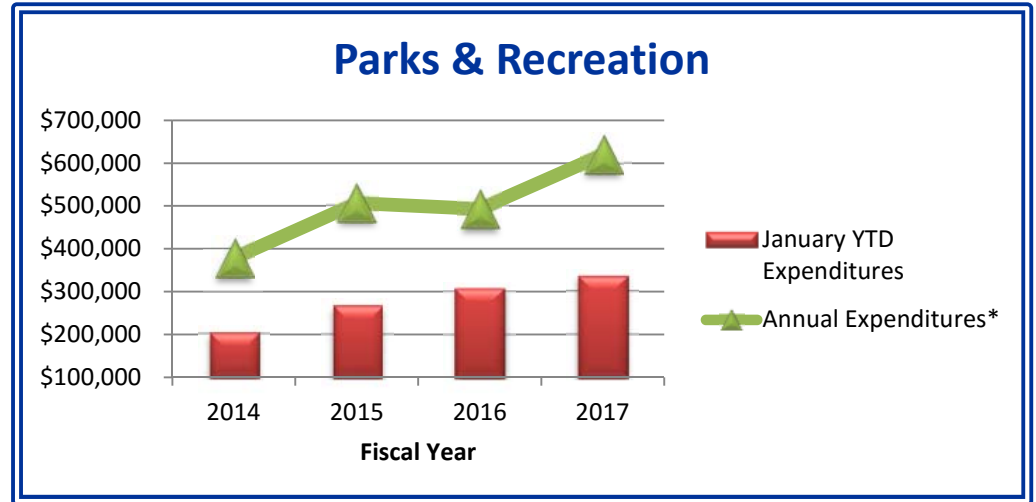
- (1) The increase is partly due to timing differences in special events payments.
- (2) A part-time Administrative Assistant position was increased to full-time..

Annual Increase from FY 2014 to FY 2015:

- (1) A part-time Administrative Assistant position was increased to full-time.
- (2) Salaries were increased due to budgeted cost-of-living adjustments of 1.5% and average merit increases of 2.5%. The most significant increase in benefits was a 9% increase to health insurance premiums.
- (3) An increase of \$62,500 was added to special events.

Annual Increase from FY 2016 to FY 2017:

- (1) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.
- (2) An increase of \$39,000 was budgeted for special events.
- (3) Grant funding of \$30,000 for Wetlands Viewing Piers was budgeted.
- (4) FY 2017 includes budget capacity for swimming pool operations.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

General Services Expenditures

On Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 1,687,153 | \$ 3,082,440 | 55% | | |
| 2015 | \$ 2,087,842 | \$ 3,889,467 | 54% | 24% | 26% |
| 2016 | \$ 2,833,184 | \$ 4,071,785 | 70% | 36% | 5% |
| 2017 | \$ 2,942,657 | \$ 4,020,593 | 73% | 4% | -1% |

YTD Increase from FY 2014 to FY 2015:

- (1) Starting FY 2015, debt service costs are accrued monthly. Previously, debt service costs were recorded on a cash basis semiannually in December and June.
- (2) The Council increased its commitment to destination marketing.
- (3) Other differences are result of timing of property and liability insurance premiums.

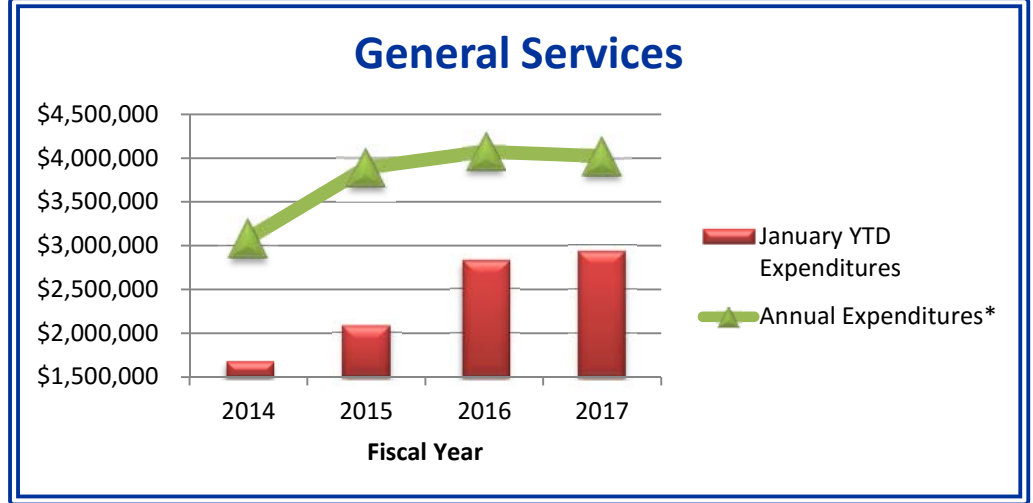
YTD Increase from FY 2015 to FY 2016:

The increase is mostly due to timing differences in community service contract payments.

Annual Increase from FY 2014 to FY 2015:

The Council increased the commitment to destination marketing, resulting in an increase of approximately \$860,000.

On Target for FY 2017: The percentage of annual expenditures is high for seven months of the fiscal year (73% actual compared to seven-month budget of 58%). Approximately 69% of the budget represents costs for the community service contracts and destination marketing program, and those costs are paid semiannually. One half of these contracts are generally paid in either July or August. Based on the timing and size of these payments, the General Services Department expenditures are on track for FY 2017.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

Community Development Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 543,311 | \$ 931,021 | 58% | | |
| 2015 | \$ 568,865 | \$ 1,054,199 | 54% | 5% | 13% |
| 2016 | \$ 667,202 | \$ 1,201,326 | 56% | 17% | 14% |
| 2017 | \$ 774,288 | \$ 1,931,608 | 40% | 16% | 61% |

Annual Increase from FY 2014 to FY 2015:

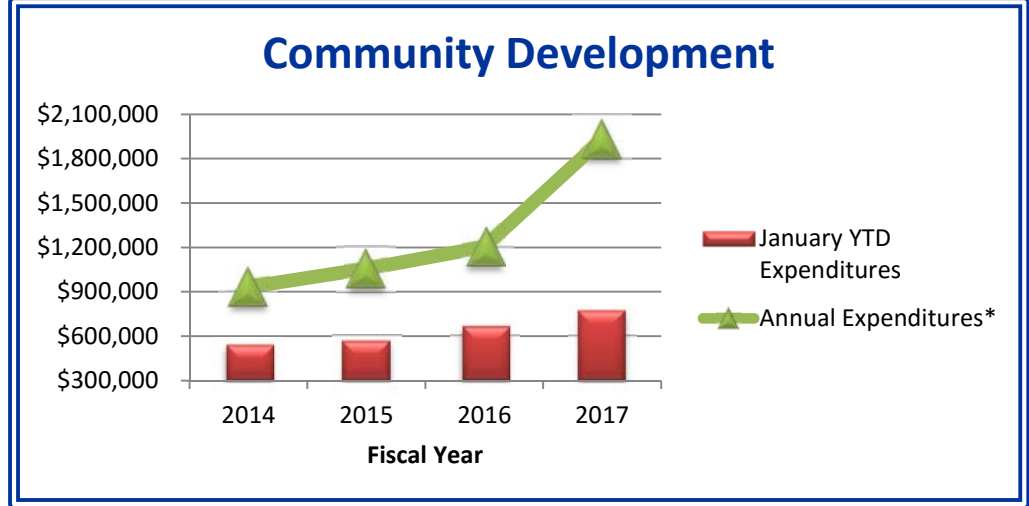
Salaries were increased due to budgeted cost-of-living adjustments of 1.5% and average merit increases of 2.5%. The most significant increase in benefits was a 9% increase to health insurance premiums.

Annual Increase from FY 2015 to FY 2016:

- (1) A part-time Administrative Assistant was transferred from the Public Works Department.
- (2) A Senior Planner position was added.
- (3) A replacement vehicle for Code Enforcement was purchased for approximately \$24,000.
- (4) CDBG administration costs of approximately \$22,000 were incurred in FY 2016.

Annual Increase from FY 2016 to FY 2017:

- (1) A Chief Building Official position eliminated during the recession was reinstated.
- (2) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.
- (3) A new file storage system was budgeted for approximately \$21,000.
- (4) A comprehensive update of the Land Development Code was budgeted as \$200,000 in FY 2017.
- (5) A wireless communications plan was budgeted as \$60,000 in FY 2017.
- (6) An allocation of \$20,000 was budgeted for Historic Preservation Grants.
- (7) Postage was increased by approximately \$15,000 for the mailing of major amendments to the Community Plan.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

Public Works Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 1,552,603 | \$ 3,642,185 | 43% | | |
| 2015 | \$ 1,145,579 | \$ 2,278,004 | 50% | -26% | -37% |
| 2016 | \$ 1,290,441 | \$ 3,214,005 | 40% | 13% | 41% |
| 2017 | \$ 2,118,300 | \$ 4,676,451 | 45% | 64% | 46% |

YTD Decrease from FY 2014 to FY 2015:

- (1) Due to the nature and timing of streets projects, expenditures are not always consistent from year to year. Expenditures for road rehabilitation, drainage maintenance, and pavement preservation were approximately \$284,000 less in FY 2015 than in FY 2014.
- (2) The decrease is partly due to timing difference in facilities and parts maintenance costs.
- (3) The decrease was also partially due to vacancy savings in FY 2015.

YTD Increase from FY 2016 to FY 2017:

- (1) The increase was partly due to increased expenditures for road rehabilitation and maintenance.
- (2) Prior to FY 2017, salary allocations for Capital Projects Management to the Wastewater Enterprise Fund were coded to the Wastewater Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.
- (3) Positions added in FY 2016 were filled mid-year so vacancy savings were experienced in the prior year.

Annual Decrease from FY 2014 to FY 2015:

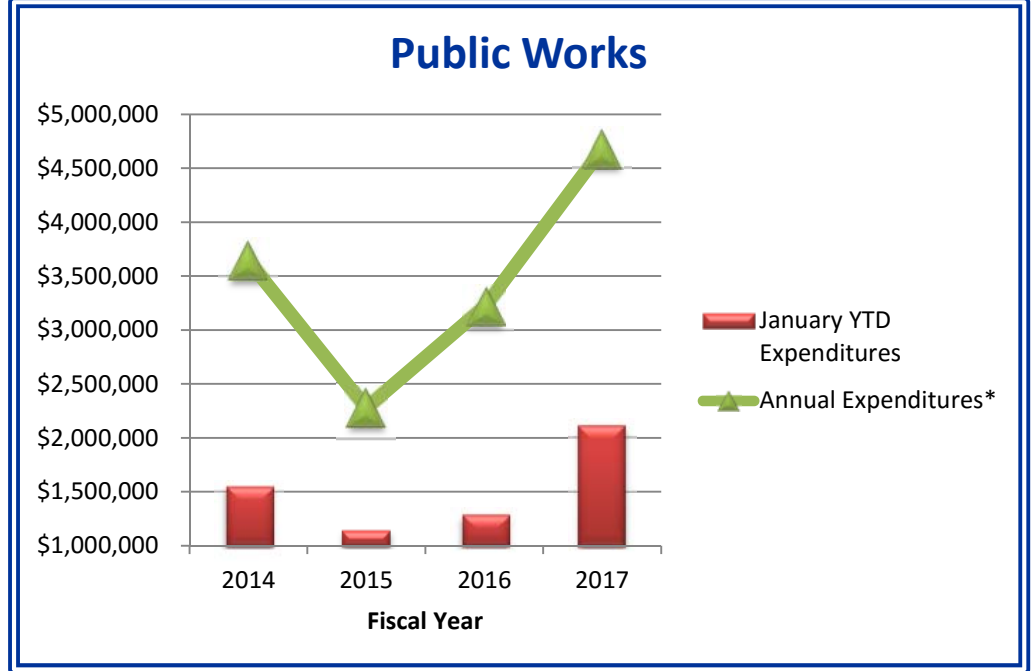
- (1) Due to the nature and timing of streets projects, expenditures are not always consistent from year to year. Expenditures for road rehabilitation, drainage maintenance, and pavement preservation were approximately \$1.2 million less in FY 2015 than in FY 2014.
- (2) Utility costs decreased by approximately \$50,000.

Annual Increase from FY 2015 to FY 2016:

- (1) Due to the nature and timing of streets projects, expenditures are not always consistent from year to year. Expenditures for road rehabilitation, drainage maintenance, and pavement preservation were approximately \$616,000 more in FY 2016 than in FY 2015.
- (2) Salaries were increased due to budgeted cost-of-living adjustments of 1.3% and average merit increases of 2.5%. The most significant increase in benefits was a 7% increase to health insurance premiums.
- (3) An Assistant Engineer position and an Associate Engineer position were added in FY 2016.
- (4) Utility costs increased by approximately \$52,000.
- (5) Additional maintenance projects were completed, including the roof installations for the City Hall parking structure and improvements to the Teen Center.

Annual Increase from FY 2016 to FY 2017:

For FY 2017, Council approved an increase in the annual streets maintenance expectations to approximately 4.5 to 5.0 miles per year. The total increase to the Streets program was approximately \$932,000.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

Police Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 1,824,636 | \$ 3,338,557 | 55% | | |
| 2015 | \$ 2,231,077 | \$ 3,770,582 | 59% | 22% | 13% |
| 2016 | \$ 2,121,779 | \$ 3,826,416 | 55% | -5% | 1% |
| 2017 | \$ 2,177,867 | \$ 4,382,329 | 50% | 3% | 15% |

YTD Decrease from FY 2014 to FY 2015:

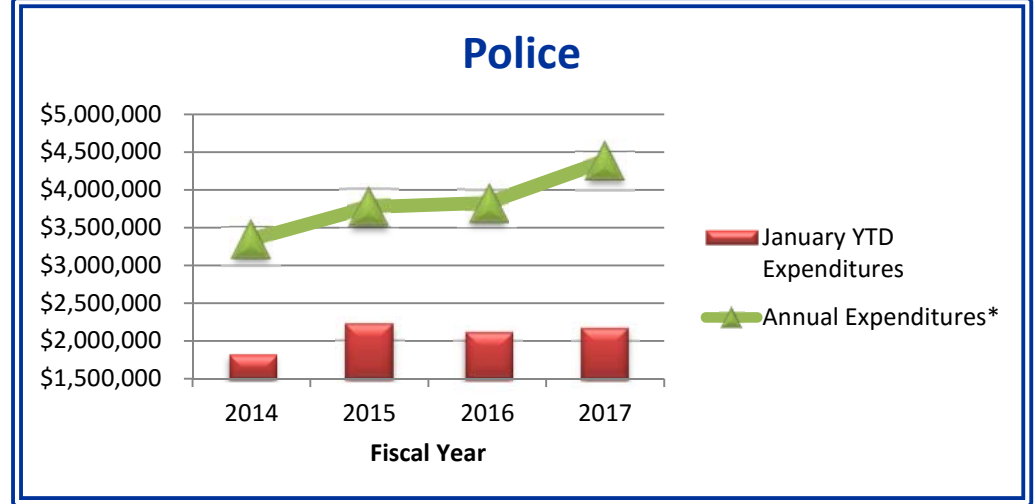
- (1) Salaries were increased due to budgeted cost-of-living adjustments of 1.5% and average merit increases of 2.5%. The most significant increases in benefits were an increase of 27% to the required contributions to the Public Safety Personnel Retirement System (PSPRS) and a 9% increase to health insurance premiums.
- (2) The Community Service Aides (CSAs) program was enhanced, and the hours for the part-time CSAs were increased.

Annual Increase from FY 2014 to FY 2015:

- (1) Salaries were increased due to budgeted cost-of-living adjustments of 1.3% and average merit increases of 2.5%. The most significant increases in benefits were an increase of 27% to the required contributions to the Public Safety Personnel Retirement System (PSPRS) and a 9% increase to health insurance premiums.
- (2) The Community Service Aides (CSAs) program was enhanced, and the hours for the part-time CSAs was increased.

Annual Increase from FY 2016 to FY 2017:

- (1) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increases in benefits were an increase of 3% to the required contributions to the Public Safety Personnel Retirement System (PSPRS) and a 2% increase to health insurance premiums.
- (2) A Police Sergeant position eliminated during the recession was reinstated.
- (3) An assigned patrol vehicle program was budgeted as \$120,000 in FY 2017.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

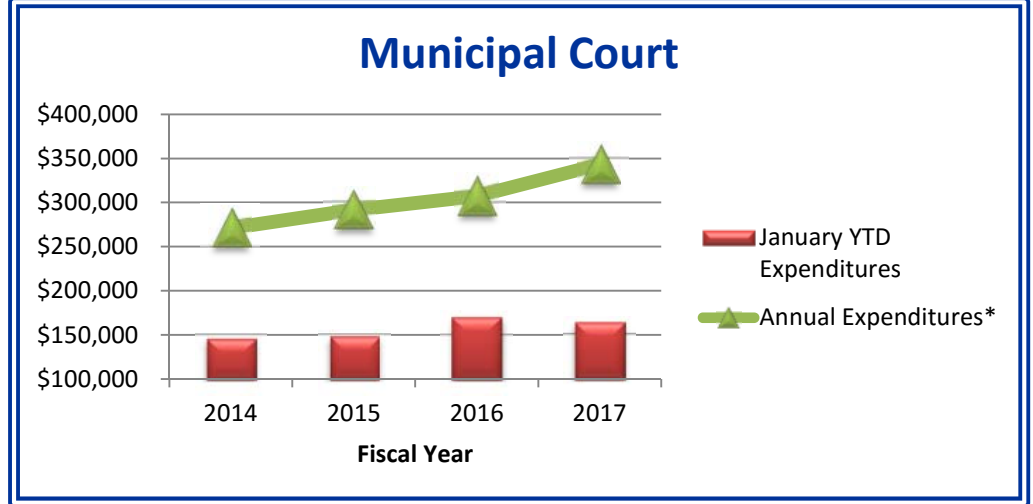
Municipal Court Expenditures

Under Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 146,107 | \$ 271,121 | 54% | | |
| 2015 | \$ 148,931 | \$ 291,684 | 51% | 2% | 8% |
| 2016 | \$ 170,532 | \$ 307,281 | 55% | 15% | 5% |
| 2017 | \$ 163,876 | \$ 342,950 | 48% | -4% | 12% |

Annual Increase from FY 2016 to FY 2017:

- (1) A Court Clerk position eliminated during the recession was partially reinstated as a part-time position.
- (2) Salaries were increased due to budgeted cost-of-living adjustments of 1.8% and average merit increases of 2.5%. The most significant increase in benefits was a 2% increase to health insurance premiums.
- (3) FY 2017 includes budget capacity available for court appointed attorney costs.



Wastewater Administration Expenditures

On Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 1,340,741 | \$ 6,723,060 | 20% | | |
| 2015 | \$ 3,642,440 | \$ 6,394,431 | 57% | 172% | -5% |
| 2016 | \$ 3,789,419 | \$ 6,503,494 | 58% | 4% | 2% |
| 2017 | \$ 3,182,256 | \$ 5,423,041 | 59% | -16% | -17% |

YTD Increase from FY 2014 to FY 2015:

Starting FY 2015, debt service costs are accrued monthly. Previously, debt service costs were recorded on a cash basis semiannually in December and June.

Annual Decrease from FY 2016 to FY 2017:

- (1) Prior to FY 2017, salary and other cost allocations to the Wastewater Enterprise Fund were coded to the Wastewater Administration Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.
- (2) Debt service costs are approximately \$261,000 lower and are based on the monthly accruals of scheduled bond principal and interest payments.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Non-Capital Improvement Expenditures by Department

Wastewater Capital Projects Mgmt Exp.

On Target for FY 2017

| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 62,616 | \$ 104,228 | 60% | | |
| 2015 | \$ 75,618 | \$ 131,783 | 57% | 21% | 26% |
| 2016 | \$ 67,290 | \$ 176,040 | 38% | -11% | 34% |
| 2017 | \$ 41,181 | \$ 65,200 | 63% | -39% | -63% |

YTD Increase from FY 2014 to FY 2015:

The increase was primarily due to salary and benefit increases.

YTD Decrease from FY 2016 to FY 2017:

Prior to FY 2017, salary allocations for Capital Projects Management to the Wastewater Enterprise Fund were coded to the Wastewater Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.

Annual Decrease from FY 2014 to FY 2015:

Salaries were increased due to budgeted cost-of-living adjustments of 1.5% and average merit increases of 2.5%. The most significant increase in benefits was a 9% increase to health insurance premiums.

Annual Increase from FY 2015 to FY 2016:

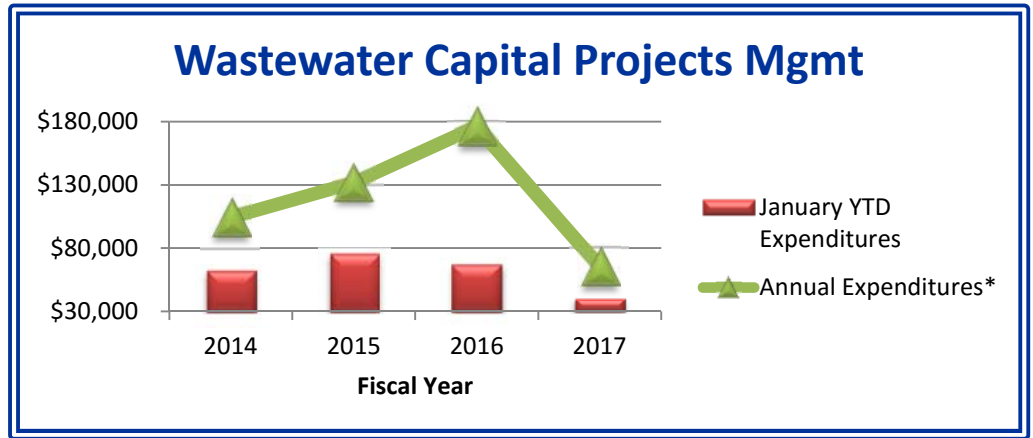
(1) Salaries were increased due to budgeted cost-of-living adjustments of 1.3% and average merit increases of 2.5%. The most significant increase in benefits was a 7% increase to health insurance premiums.

(2) A master plan was started during FY 2016 for the wastewater collection system.

Annual Decrease from FY 2016 to FY 2017:

Prior to FY 2017, salary and other cost allocations for Capital Projects Management to the Wastewater Enterprise Fund were coded to the Wastewater Department. Starting in FY 2017, these are coded to each individual department within the Wastewater Enterprise Fund.

On Target for FY 2017: The percentage of annual expenditures is high for seven months of the fiscal year (63% actual compared to seven-month budget of 58%); however, vacancy savings will be experienced in later months. Based on the anticipated vacancy savings, the Wastewater Capital Project Management Department expenditures are on track for FY 2017.



Wastewater Operations Expenditures

Under Target for FY 2017

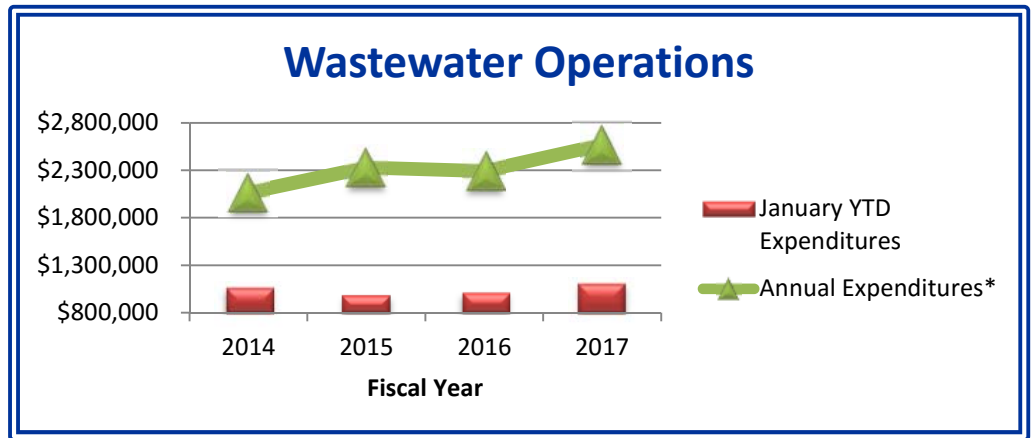
| FY | January YTD Expenditures | Annual Expenditures* | % of Annual Exp. | % Increase - January YTD | % Increase - Annual |
|------|--------------------------|----------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 1,065,808 | \$ 2,064,537 | 52% | | |
| 2015 | \$ 987,887 | \$ 2,328,173 | 42% | -7% | 13% |
| 2016 | \$ 1,012,184 | \$ 2,291,483 | 44% | 2% | -2% |
| 2017 | \$ 1,109,227 | \$ 2,568,472 | 43% | 10% | 12% |

Annual Increase from FY 2014 to FY 2015:

- (1) Bad debt expense was increased by approximately \$65,000.
- (2) Lift station upgrades and drawings were performed for approximately \$159,000.

Annual Increase from FY 2016 to FY 2017:

- (1) Replacement of two vehicles and the purchase of a water truck was budgeted as \$110,000 for FY 2017.
- (2) FY 2017 includes budget capacity available for equipment repairs and maintenance, septic maintenance reimbursements, equipment replacements, wetlands maintenance, and other operational systems maintenance.



* For the current year, Annual Expenditures represents total budgeted expenditures, excluding contingencies and capital improvements. For the prior years, the Annual Expenditures represent total actual expenditures.

Total Revenues by Fund

Total General Fund Revenues

Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 7,797,278 | \$ 15,535,678 | 50% | | |
| 2015 | \$ 9,145,094 | \$ 17,191,008 | 53% | 17% | 11% |
| 2016 | \$ 9,710,990 | \$ 18,612,738 | 52% | 6% | 8% |
| 2017 | \$ 13,093,938 | \$ 23,858,606 | 55% | 35% | 28% |

YTD Increase from FY 2016 to FY 2017:

- (1) An accounting change was made in the recording of City sales taxes in FY 2017. Previously, the portion of City sales tax designated for the Wastewater Fund subsidy was recorded as revenue in the Wastewater Fund. For FY 2017, the entire City sales tax collections are recorded in the General Fund, and the subsidy to the Wastewater Fund is recorded as a transfer. In addition, the subsidy was reduced from 30% to 25%.
- (2) Bed tax revenues increased 23%, and City sales tax revenues increased 12%.

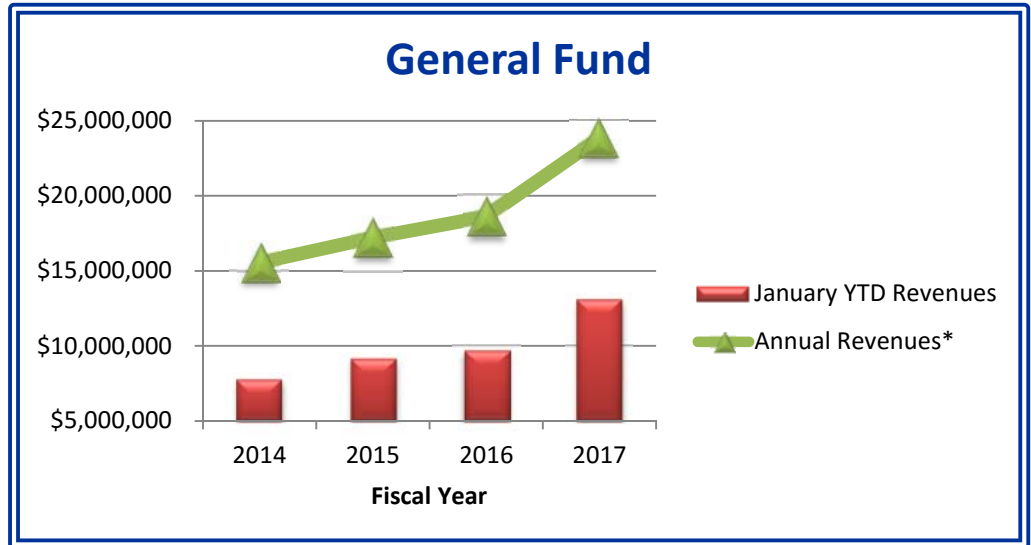
Annual Increase from FY 2014 to FY 2015:

- (1) City sales taxes increased 18%. Of this amount, approximately 8% is due to the reduction in the Wastewater Fund subsidy from 35% in FY 2014 to 30% in FY 2015. The remaining increase is largely due to the effects of the implementation of the destination marketing program.
- (2) Bed tax revenues increased 27%. A portion of the increase was the result of the increase in the tax rate from 3% to 3.5% effective January 1, 2014. Adjusting the increase in the tax rate, bed tax revenues were up 17% over FY 2014. The remaining increase is largely due to the effects of the implementation of the destination marketing program.

Annual Increase from FY 2016 to FY 2017:

- (1) An accounting change was made in the recording of City sales taxes in FY 2017. Previously, the portion of City sales tax designated for the Wastewater Fund subsidy was recorded as revenue in the Wastewater Fund. For FY 2017, the entire City sales tax collections are recorded in the General Fund, and the subsidy to the Wastewater Fund is recorded as a transfer. In addition, the subsidy was reduced from 30% to 25%. In addition, a factor was included to estimate an increase in sales tax revenues due to growth in economy and new businesses opening. The total effect of the changes represents an increase in revenues of approximately \$5.0 million.
- (2) Bed tax revenues are projected to increase approximately \$162,000, primarily due to growth in the economy, new facilities, and the continued impacts of the destination marketing program.
- (3) The revenue projections include \$100,000 as a placeholder for estimated revenues of the new paid parking program.

Under Target for FY 2017: Franchise fees are received and accrued quarterly/ In lieu fees are typically received during the last quarter of the fiscal year. Due to the effect of the timing of these revenues, year-to-date revenues are low but expected to be on target by the end of the fiscal year.



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Fund

Total Streets Fund Revenues

Exceeds Target for FY 2017

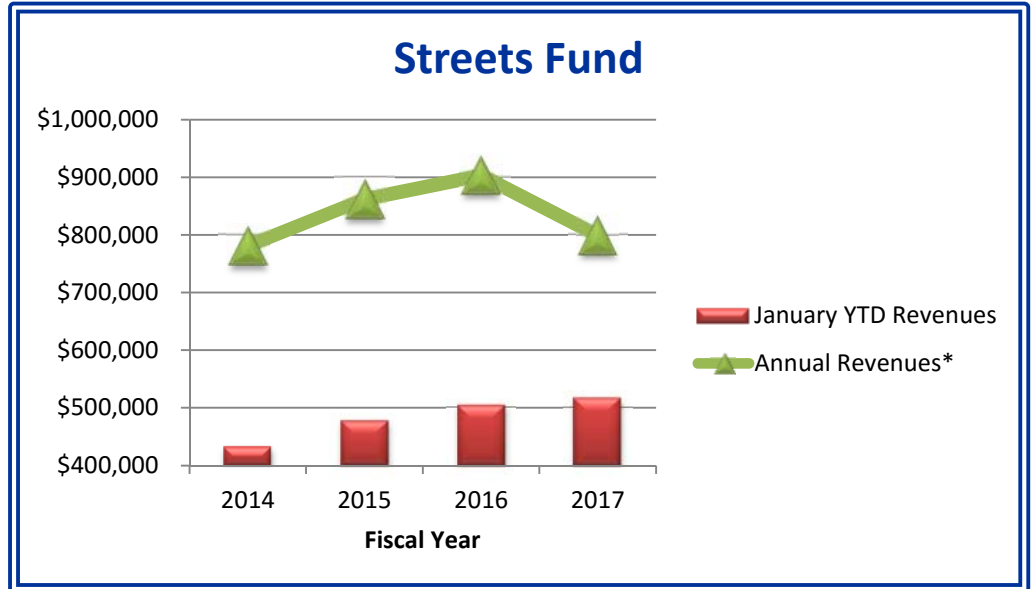
| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 433,488 | \$ 780,913 | 56% | | |
| 2015 | \$ 478,071 | \$ 862,099 | 55% | 10% | 10% |
| 2016 | \$ 505,419 | \$ 902,994 | 56% | 6% | 5% |
| 2017 | \$ 518,492 | \$ 799,000 | 65% | 3% | -12% |

Annual Increase from FY 2014 to FY 2015:

The revenues of the Streets Fund are primarily Highway User Revenue Fund (HURF) monies. HURF revenues are the gas tax monies distributed by the State based on population and the gallons of gas sold within Sedona. The HURF distributions received increase approximately \$76,000.

Annual Decrease from FY 2016 to FY 2017:

Based on the estimates provided by the State, HURF revenues are estimated to decrease approximately \$98,000. Population is one of the factors used in the State formula for distribution of HURF revenues. Since the City's population has been relatively flat while many other cities in Arizona are increasing, the City's share of the distributions are expected to decrease.



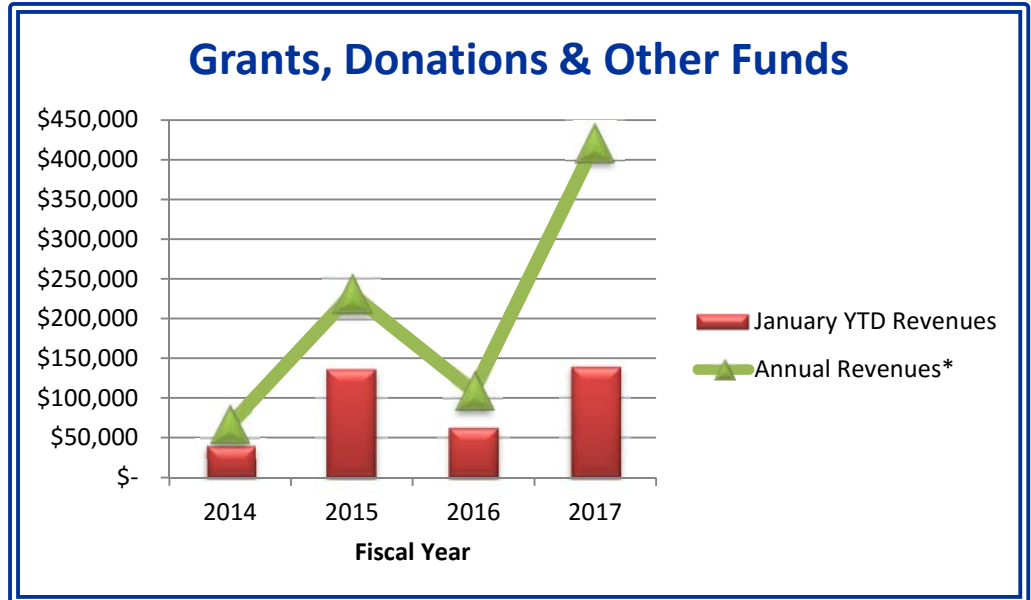
Total Grants, Donations & Other Rev.

Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 41,168 | \$ 66,852 | 62% | | |
| 2015 | \$ 136,008 | \$ 230,824 | 59% | 230% | 245% |
| 2016 | \$ 62,692 | \$ 108,649 | 58% | -54% | -53% |
| 2017 | \$ 138,894 | \$ 420,500 | 33% | 122% | 287% |

Increases/Decreases: The activity of the Grants & Donations Funds is based on the funding awarded and received during the year so revenues will not necessarily be consistent from month to month or year to year.

Under Target for FY 2017: Due to the effect of the timing of these revenues, year-to-date revenues are low but expected to be on target by the end of the fiscal year.



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Fund

Total Develop. Impact Fees Revenues

Exceeds Target for FY 2017

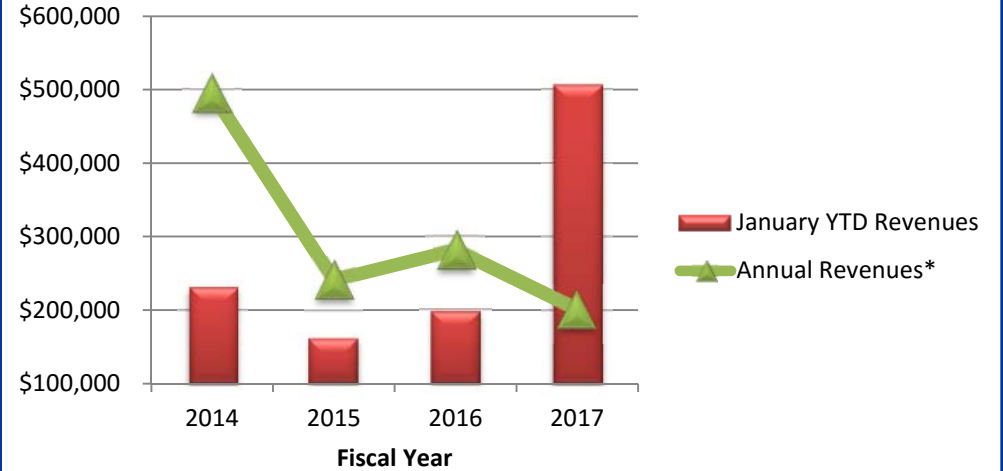
| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 232,038 | \$ 495,662 | 47% | | |
| 2015 | \$ 161,806 | \$ 240,561 | 67% | -30% | -51% |
| 2016 | \$ 198,337 | \$ 281,497 | 70% | 23% | 17% |
| 2017 | \$ 507,890 | \$ 201,000 | 253% | 156% | -29% |

YTD Increase from FY 2016 to FY 2017:

The increase was primarily due to fees assessed with the permitting of the new Marriott facility and the new CVS.

Other Increases/Decreases: The activity of the Development Impact Fees Funds is based on development and permitting so revenues will not necessarily be consistent from month to month or year to year. As the City approaches build-out, these revenues are expected to decrease.

Development Impact Fees Funds



Total Capital Improvements Fund Rev.

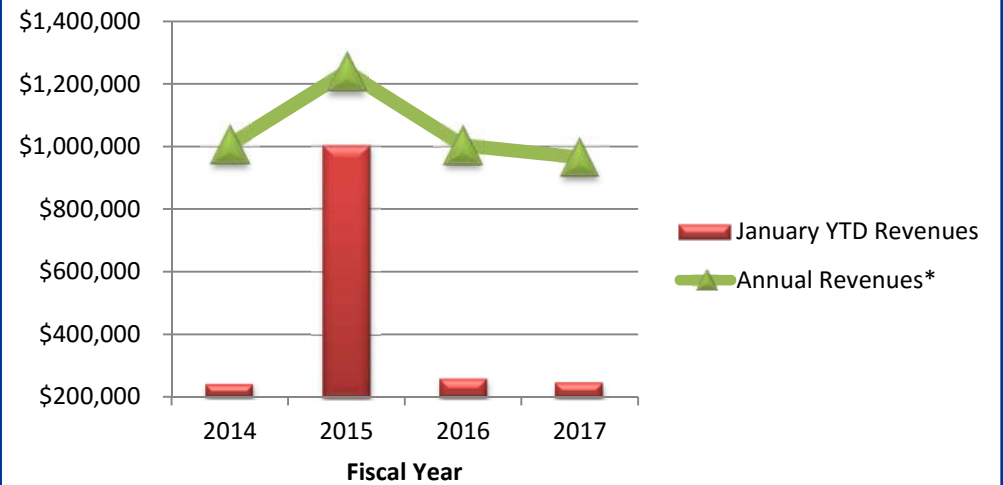
Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 240,784 | \$ 1,006,174 | 24% | | |
| 2015 | \$ 1,004,224 | \$ 1,238,120 | 81% | 317% | 23% |
| 2016 | \$ 259,439 | \$ 1,003,733 | 26% | -74% | -19% |
| 2017 | \$ 247,902 | \$ 965,976 | 26% | -4% | -4% |

Increases/Decreases: The activity of the Capital Improvements Fund is based on the timing of budgeted capital improvement projects and the receipt of funding designated for those projects so revenues will not necessarily be consistent from month to month or year to year.

Under Target for FY 2017: Agreements were made regarding the outside participation in a storm drainage project that allows the participants to make their contributions over time. Approximately \$188,000 will not be received during FY 2017. This revenue category will not significantly impact the overall operations of the City.

Capital Improvements Fund



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Fund

Total Art in Public Places Fund Rev.

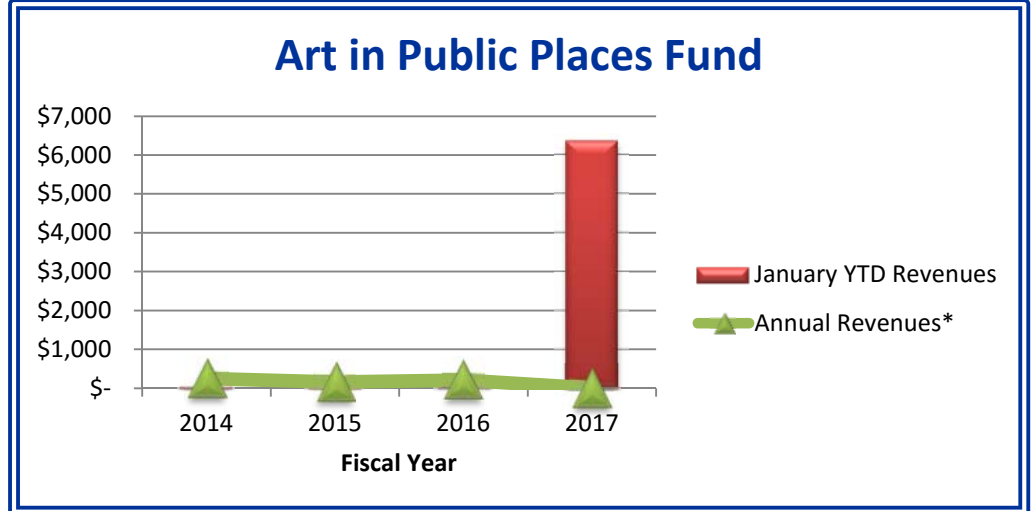
Exceeds Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 48 | \$ 249 | 19% | | |
| 2015 | \$ 22 | \$ 161 | 14% | -54% | -35% |
| 2016 | \$ 66 | \$ 204 | 33% | 201% | 27% |
| 2017 | \$ 6,387 | \$ - | ∞ | 9525% | -100% |

YTD Increase from FY 2016 to FY 2017:

The increase was primarily due to contributions in lieu of the City's public art requirement.

Other Increases/Decreases: The Art in Public Places Fund relies primarily on transfers from other funds. Minimal revenues are received, and for several years have only consisted of interest earnings.



Total Wastewater Enterprise Fund Rev.

Exceeds Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 5,804,249 | \$ 10,512,709 | 55% | | |
| 2015 | \$ 5,711,960 | \$ 10,190,631 | 56% | -2% | -3% |
| 2016 | \$ 6,193,937 | \$ 11,026,791 | 56% | 8% | 8% |
| 2017 | \$ 4,476,017 | \$ 6,403,864 | 70% | -28% | -42% |

YTD Decrease from FY 2016 to FY 2017:

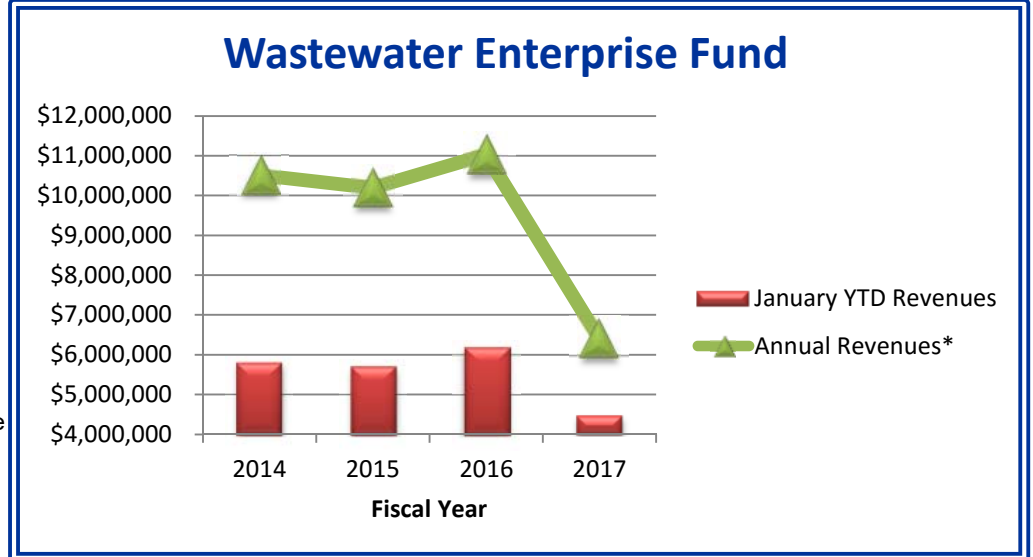
An accounting change was made in the recording of City sales taxes in FY 2017. Previously, the portion of City sales tax designated for the Wastewater Fund subsidy was recorded as revenue. For FY 2017, the entire City sales tax collections are recorded in the General Fund, and the subsidy to the Wastewater Fund is recorded as a transfer. In addition, the subsidy was reduced from 30% to 25%.

Annual Decrease from FY 2016 to FY 2017:

(1) An accounting change was made in the recording of City sales taxes in FY 2017.

Previously, the portion of City sales tax designated for the Wastewater Fund subsidy was recorded as revenue. For FY 2017, the entire City sales tax collections are recorded in the General Fund, and the subsidy to the Wastewater Fund is recorded as a transfer. In addition, the subsidy was reduced from 30% to 25%.

(2) In FY 2016, the City received approximately \$112,000 from APS as incentive payments for implementation of energy savings measures on projects.



Exceeds Target for FY 2017: The revenues exceed estimated targets primarily due to fees assessed with the permitting of the new Marriott facility and the new CVS.

* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Fund

Total CFD - Sedona Summit II Revenues Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 17 | \$ 160,904 | <1% | | |
| 2015 | \$ 1,603 | \$ 54,429 | 3% | 9387% | -66% |
| 2016 | \$ 2,917 | \$ 52,969 | 6% | 82% | -3% |
| 2017 | \$ 2,142 | \$ 37,000 | 6% | -27% | -30% |

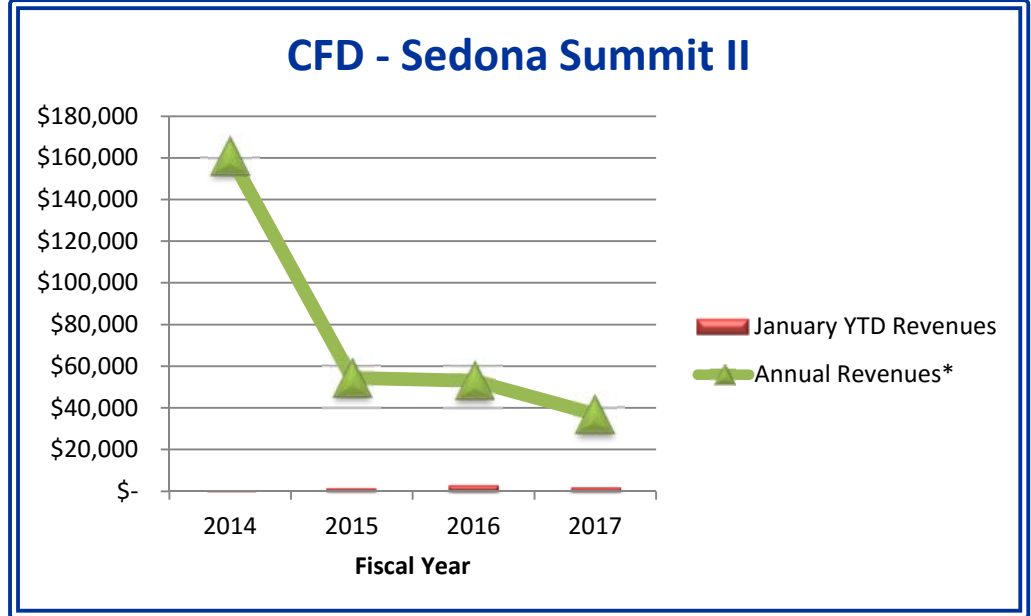
Annual Decrease from FY 2014 to FY 2015:

The FY 2014 revenues include amounts resulting from an audit.

Annual Decrease from FY 2016 to FY 2017:

The FY 2017 revenue projections were based on conservative estimates.

Under Target for FY 2017: The CFD in lieu fees are received quarterly, with the largest payments typically in the second and third quarters of the fiscal year. Due to the effect of the timing of these revenues, year-to-date revenues are low but on target for this point in the fiscal year.



Total CFD - Fairfield Revenues Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 136 | \$ 95,839 | <1% | | |
| 2015 | \$ 185 | \$ 121,137 | <1% | 36% | 26% |
| 2016 | \$ 60,137 | \$ 123,983 | 49% | 32324% | 2% |
| 2017 | \$ 31,185 | \$ 122,000 | 26% | -48% | -2% |

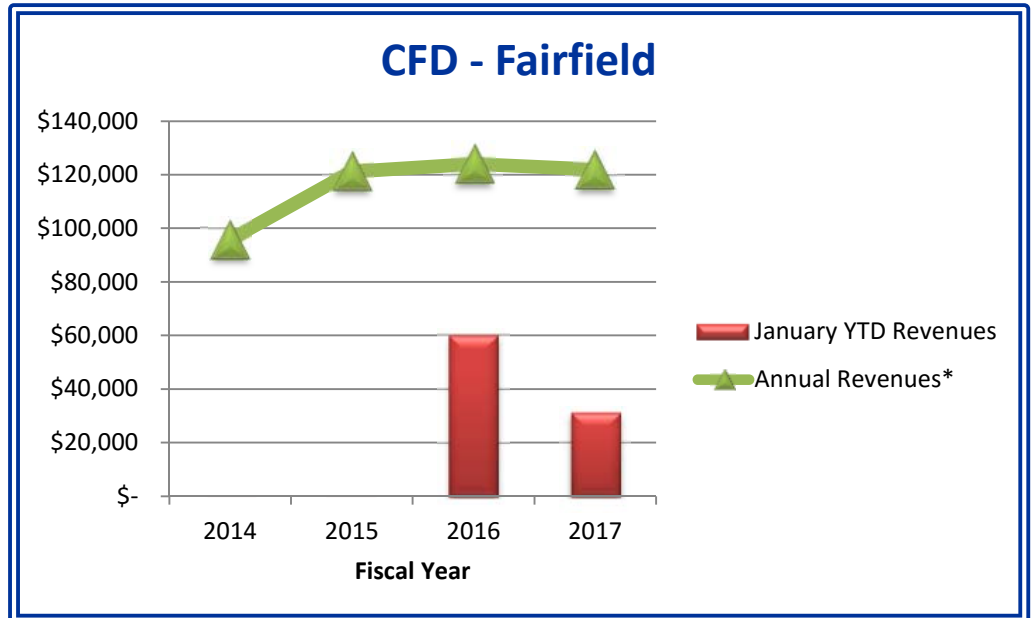
YTD Increase from FY 2015 to FY 2015:

The increase is due to the timing of in lieu fee payments.

Annual Increase from FY 2014 to FY 2015:

The CFD in lieu fees increased approximately \$26,000, and calculations are based on the amounts paid by the timeshareowners.

Under Target for FY 2017: The CFD in lieu fees are received quarterly. Due to the effect of the timing of these revenues, year-to-date revenues are low but on target for this point in the fiscal year.



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Type

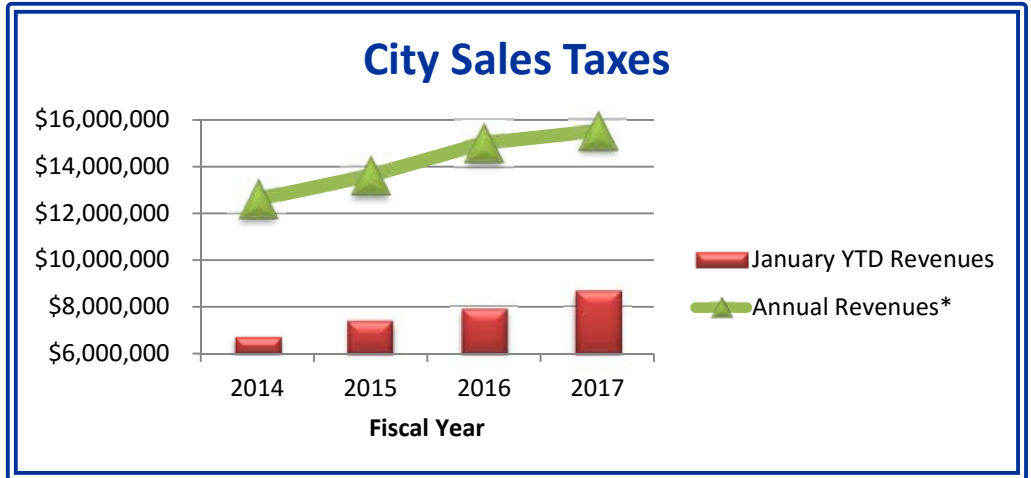
City Sales Tax Revenues

On Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 6,713,368 | \$ 12,593,025 | 53% | | |
| 2015 | \$ 7,419,939 | \$ 13,613,056 | 55% | 11% | 8% |
| 2016 | \$ 7,919,221 | \$ 14,999,612 | 53% | 7% | 10% |
| 2017 | \$ 8,689,825 | \$ 15,526,670 | 56% | 10% | 4% |

Annual Increase from FY 2015 to FY 2016:

The increase was mostly attributable to increases in the Restaurant & Bar, Hotel/Motel, and Retail categories. These are largely impacted by the level of tourism activity.



See [City Sales Tax Revenues by Category](#) and [City Sales Taxes by Month](#) for more information.

Bed Tax Revenues

Exceeds Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 971,649 | \$ 2,097,290 | 46% | | |
| 2015 | \$ 1,260,186 | \$ 2,659,290 | 47% | 30% | 27% |
| 2016 | \$ 1,512,835 | \$ 3,010,334 | 50% | 20% | 13% |
| 2017 | \$ 1,875,043 | \$ 3,172,200 | 59% | 24% | 5% |

YTD Increase from FY 2014 to FY 2015:

The increase was mostly due to the increase in the tax rate from 3% to 3.5% effective January 1, 2014.

YTD Increase from FY 2015 to FY 2016:

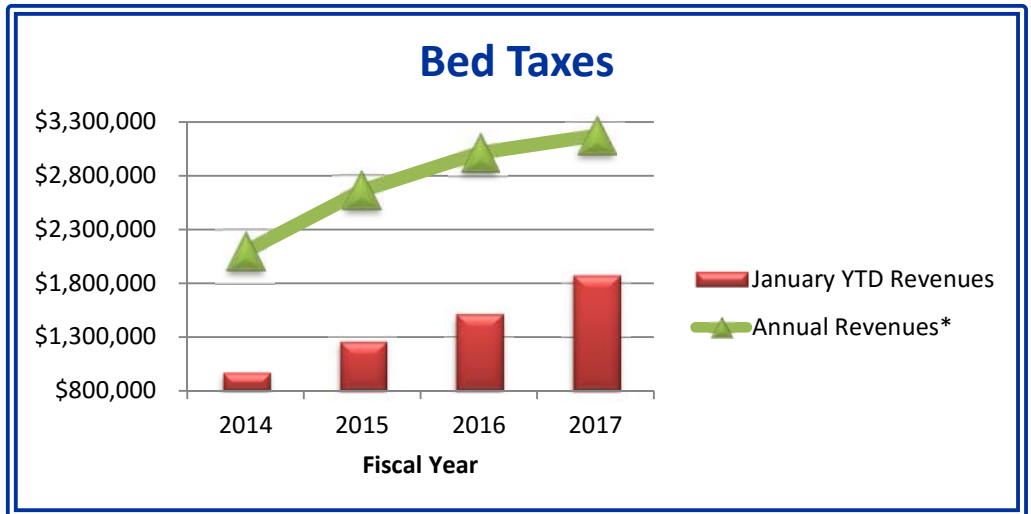
The continued increase in the bed tax revenues is largely due to the effects of the implementation of the destination marketing program.

YTD Increase from FY 2016 to FY 2017:

A portion of the increase represents an increase in late payments (collection of taxes for prior taxing periods) and payments made on time in FY 2017 that were made late in FY 2016.

Annual Increase from FY 2014 to FY 2015:

A portion of the increase was the result of the increase in the tax rate from 3% to 3.5% effective January 1, 2014. Adjusting the increase in the tax rate, bed tax revenues were up 17% over FY 2014. The remaining increase is largely due to the effects of the implementation of the destination marketing program.



See [Bed Taxes by Month](#) for more information.

* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Type

In Lieu Revenues

On Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 38,881 | \$ 1,160,221 | 3% | | |
| 2015 | \$ 1,580 | \$ 613,430 | <1% | -96% | -47% |
| 2016 | \$ 61,001 | \$ 621,391 | 10% | 3762% | 1% |
| 2017 | \$ 57,220 | \$ 562,500 | 10% | -6% | -9% |

YTD Decrease from FY 2014 to FY 2015:

The increase is due to the timing of in lieu fees for the General Fund portion of timeshare assessments.

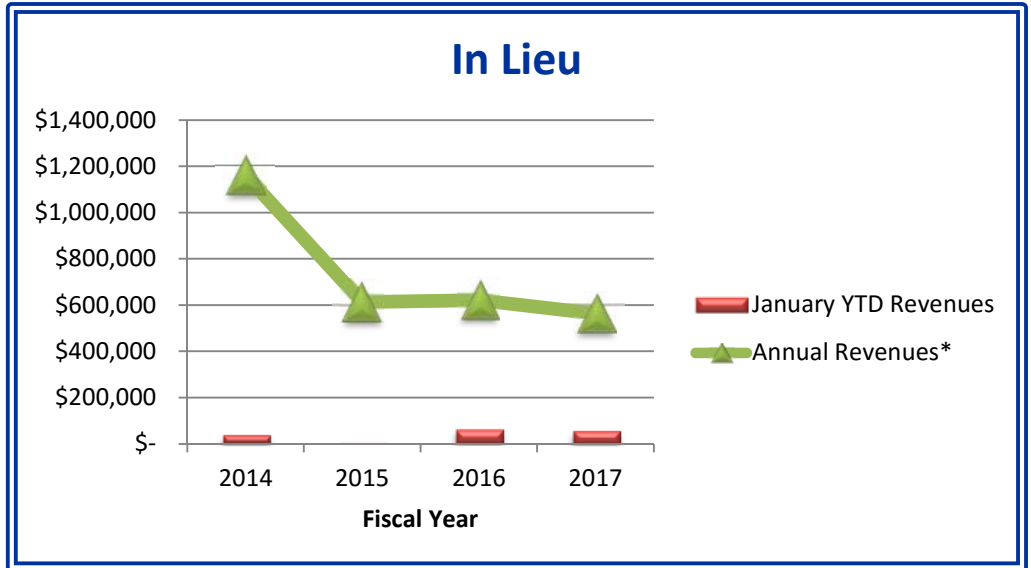
YTD Increase from FY 2015 to FY 2016:

The increase is due to the timing of in lieu fees for the Community Facilities Districts.

Annual Decrease from FY 2014 to FY 2015:

The FY 2014 revenues include amounts resulting from an audit.

On Target for FY 2017: Most of the in lieu fees are received quarterly, with the largest payments typically in the second and third quarters of the fiscal year. Due to the effect

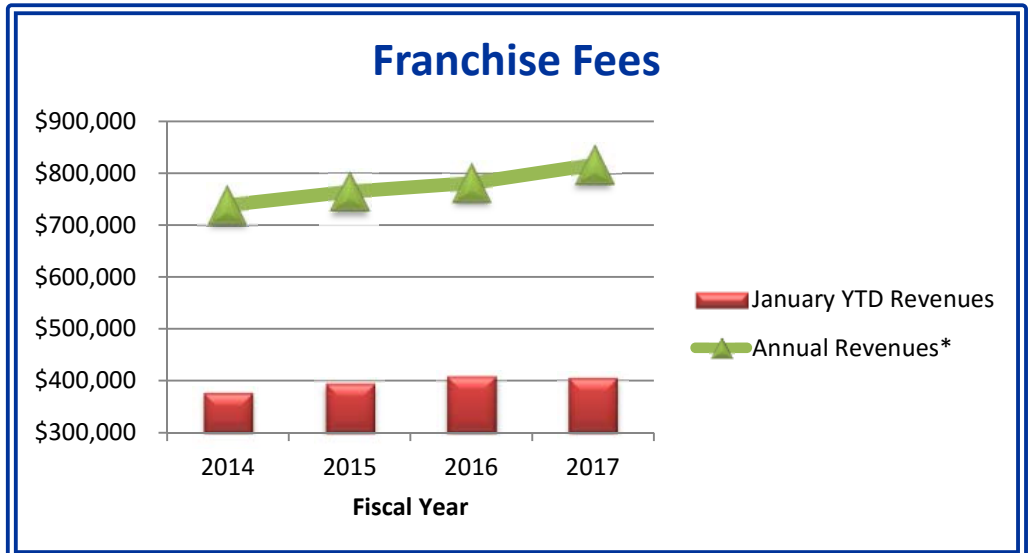


Franchise Fee Revenues

On Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 376,463 | \$ 738,631 | 51% | | |
| 2015 | \$ 395,746 | \$ 764,473 | 52% | 5% | 3% |
| 2016 | \$ 409,094 | \$ 781,223 | 52% | 3% | 2% |
| 2017 | \$ 405,396 | \$ 816,060 | 50% | -1% | 4% |

On Target for FY 2017: The franchise fees are received quarterly. Due to the effect of the timing of these revenues, year-to-date revenues are low but on target for this point in the fiscal year.



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

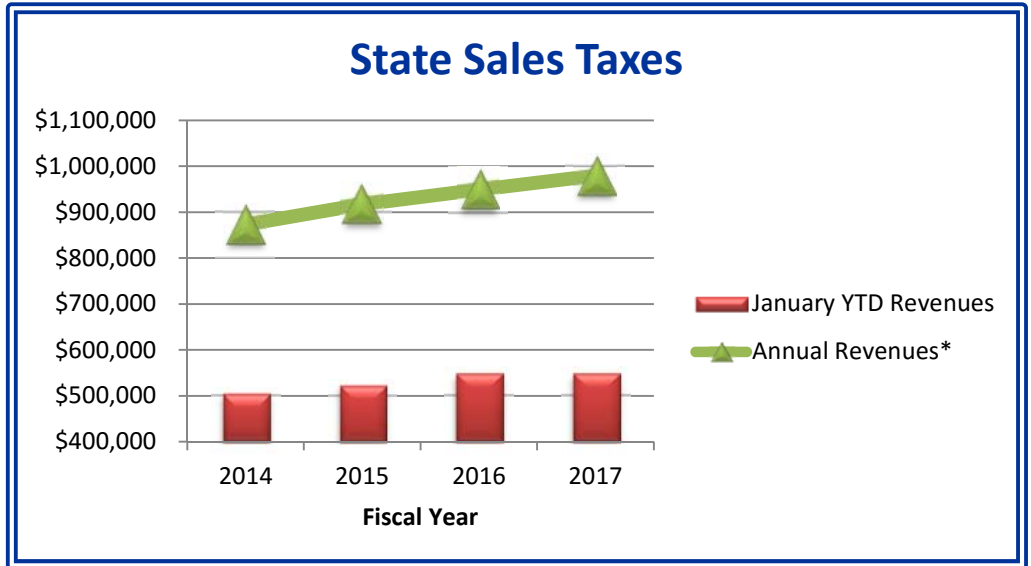
Total Revenues by Type

State Sales Tax Revenues

Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 504,957 | \$ 873,126 | 58% | | |
| 2015 | \$ 523,275 | \$ 916,721 | 57% | 4% | 5% |
| 2016 | \$ 548,536 | \$ 948,696 | 58% | 5% | 3% |
| 2017 | \$ 548,321 | \$ 979,400 | 56% | <-1% | 3% |

Under Target for FY 2017: State sales taxes are based on state-wide sales tax collections allocated to each of the cities and towns primarily based on population. There is some seasonality to the sales tax revenues collected state-wide and the revenues can fluctuate from month to month. Due to the effect of the timing of these revenues, year-to-date revenues are low but expected to be on target by the end of the fiscal year.

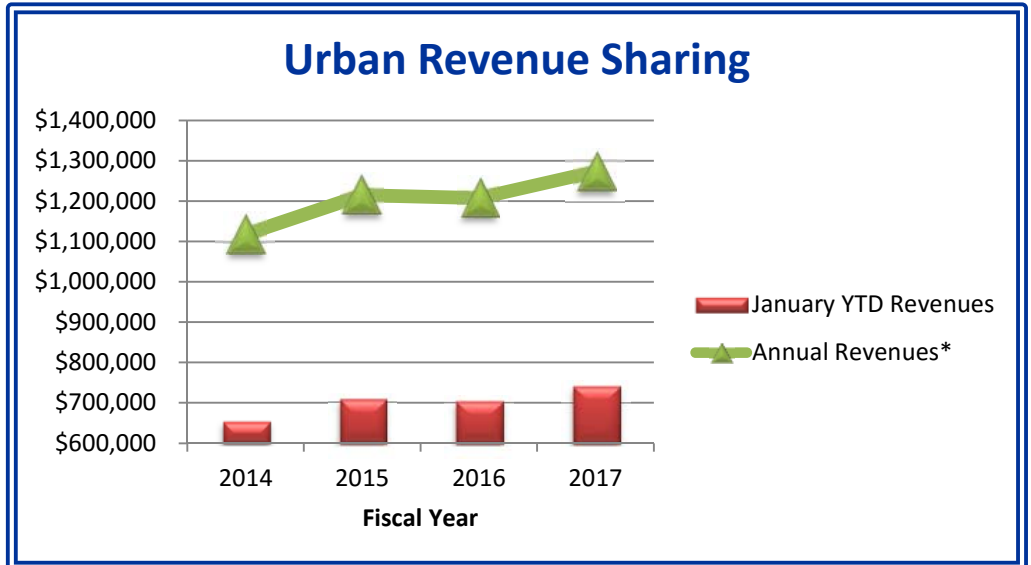


Urban Revenue Sharing Revenues

On Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 652,814 | \$ 1,118,082 | 58% | | |
| 2015 | \$ 708,350 | \$ 1,214,315 | 58% | 9% | 9% |
| 2016 | \$ 704,510 | \$ 1,207,731 | 58% | -1% | -1% |
| 2017 | \$ 741,830 | \$ 1,273,001 | 58% | 5% | 5% |

On Target for FY 2017: Urban Revenue Sharing is state-shared income taxes. The State provides a preliminary estimate of each city's and town's allocation, which is primarily based on population. The final allocation for the year will be \$1,271,709 or \$1,292 less than originally estimated. Since the difference is less than 1%, we have considered this revenue source to be on target for FY 2017.



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Type

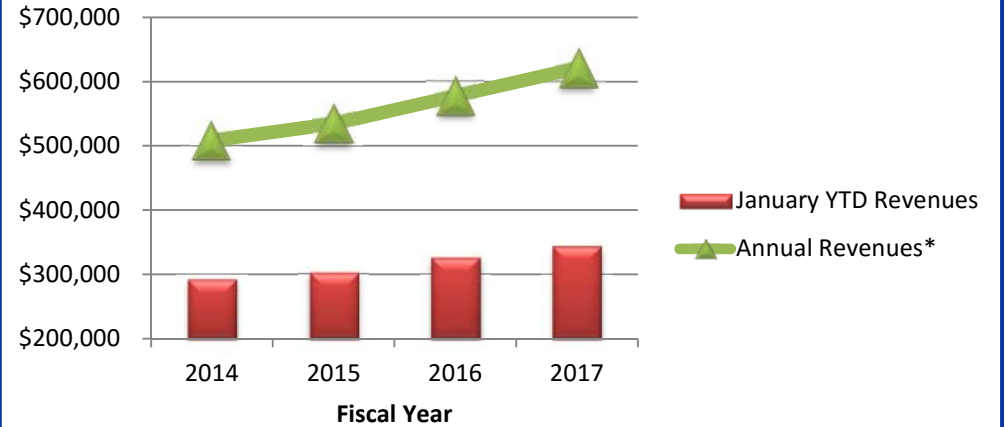
Vehicle License Tax Revenues

Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 292,887 | \$ 508,519 | 58% | | |
| 2015 | \$ 303,133 | \$ 534,404 | 57% | 3% | 5% |
| 2016 | \$ 326,059 | \$ 577,681 | 56% | 8% | 8% |
| 2017 | \$ 344,935 | \$ 620,300 | 56% | 6% | 7% |

Under Target for FY 2017: Vehicle license taxes are based on collections within each county and allocated to each of the cities and towns within the county primarily based on population. Year-to-date revenues are slightly low but expected to be on target by the end of the fiscal year.

Vehicle License Taxes



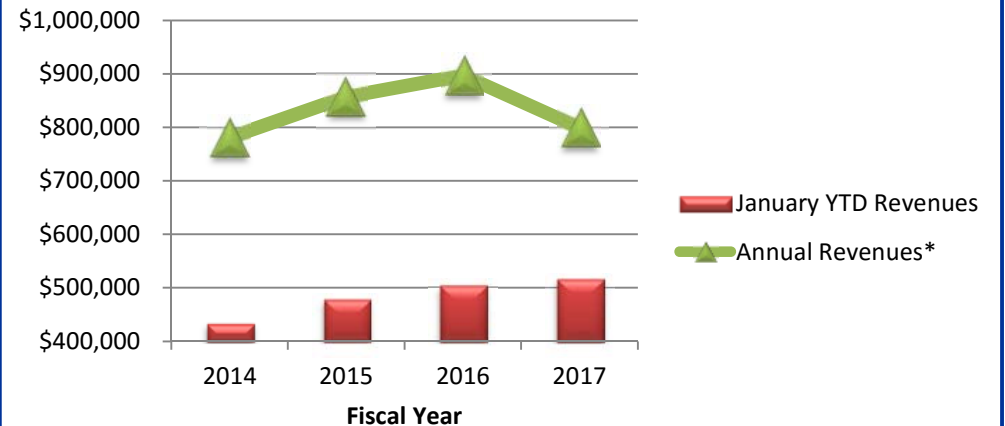
Highway User Revenues

Exceeds Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 433,488 | \$ 780,913 | 56% | | |
| 2015 | \$ 478,071 | \$ 857,363 | 56% | 10% | 10% |
| 2016 | \$ 504,207 | \$ 897,406 | 56% | 5% | 5% |
| 2017 | \$ 516,763 | \$ 799,000 | 65% | 2% | -11% |

Increases/Decreases: The activity of the Highway User revenues is based on gasoline sales within each county and across the state and allocated primarily based on population. The amount can fluctuate based on the portion that the legislature appropriates to the state Highway User Revenue Fund.

Highway User



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Type

Other Intergovernmental Revenues

Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 297,283 | \$ 951,316 | 31% | | |
| 2015 | \$ 1,147,031 | \$ 1,347,854 | 85% | 286% | 42% |
| 2016 | \$ 303,713 | \$ 874,083 | 35% | -74% | -35% |
| 2017 | \$ 346,570 | \$ 1,065,976 | 33% | 14% | 22% |

YTD Increase from FY 2014 to FY 2015:

The increase is primarily due to grant activity and outside participation in capital projects, which are based on the grant funding awarded and received and timing of capital projects so revenues will not necessarily be consistent from month to month or year to year.

YTD Decrease from FY 2015 to FY 2016:

The decrease is primarily due to grant activity and outside participation in capital projects, which are based on the grant funding awarded and received and timing of capital projects so revenues will not necessarily be consistent from month to month or year to year.

Annual Increase from FY 2014 to FY 2015:

The decrease is primarily due to grant activity and outside participation in capital projects, which are based on the grant funding awarded and received and timing of capital projects so revenues will not necessarily be consistent from month to month or year to year.

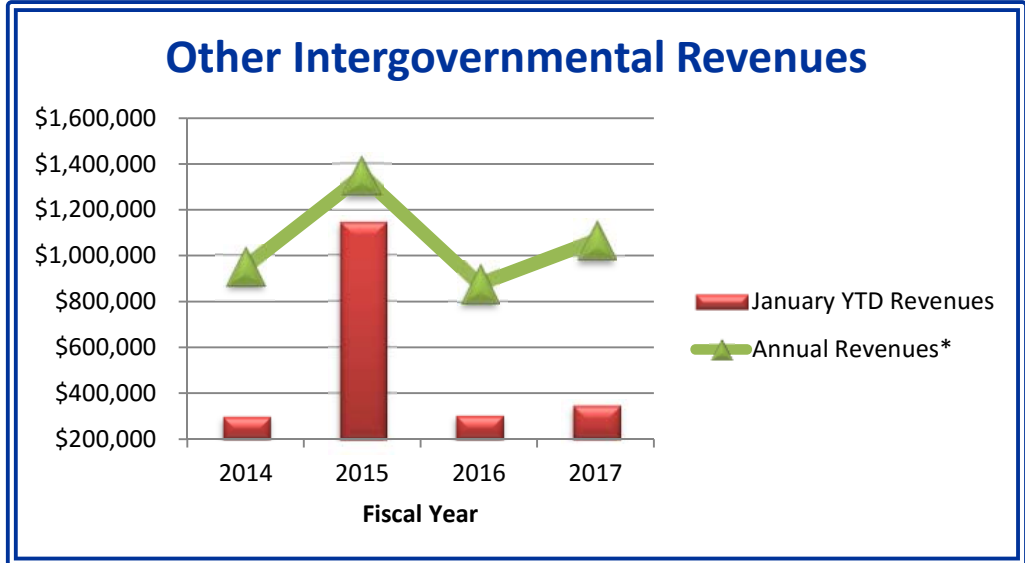
Annual Decrease from FY 2015 to FY 2016:

The decrease was primarily due to an intergovernmental agreement with Yavapai County for reconstruction of Airport Road in the prior fiscal year.

Annual Increase from FY 2016 to FY 2017:

The increase is primarily due to a budgeted contingency for additional grant revenues.

Under Target for FY 2017: Grants and intergovernmental agreements tied to various projects are received as awarded or based on the timing of the project. Due to the effect of the timing of these revenues, year-to-date revenues are low but expected to be on target by the end of the fiscal year.



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Type

License & Permit Revenues

On Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 245,979 | \$ 434,251 | 57% | | |
| 2015 | \$ 253,516 | \$ 473,367 | 54% | 3% | 9% |
| 2016 | \$ 335,254 | \$ 496,777 | 67% | 32% | 5% |
| 2017 | \$ 267,746 | \$ 448,425 | 60% | -20% | -10% |

YTD Increase from FY 2015 to FY 2016:

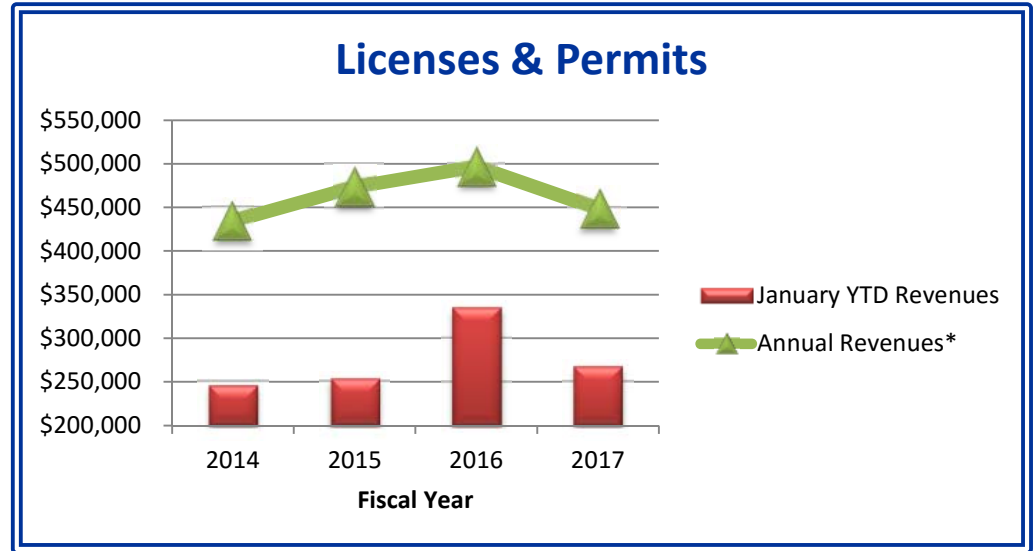
The increase was primarily a result of increases in building permits.

YTD Decrease from FY 2016 to FY 2017:

The decrease was primarily a result of decreases in building permits.

Annual Decrease from FY 2016 to FY 2017:

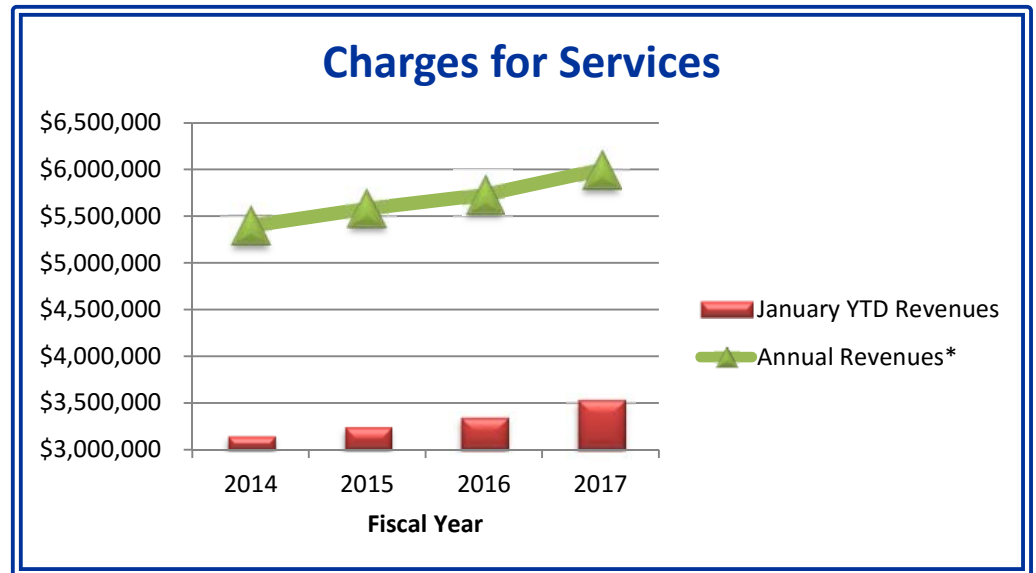
The activity of the building permits will not necessarily be consistent from year to year. As the City approaches build-out, these revenues are expected to decrease, and the FY 2017 revenue projections were based on conservative estimates.



Charges for Services Revenues

On Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 3,143,985 | \$ 5,396,208 | 58% | | |
| 2015 | \$ 3,238,379 | \$ 5,580,031 | 58% | 3% | 3% |
| 2016 | \$ 3,345,751 | \$ 5,729,286 | 58% | 3% | 3% |
| 2017 | \$ 3,533,801 | \$ 5,995,294 | 59% | 6% | 5% |



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Type

Fines & Forfeitures Revenues

Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 142,382 | \$ 254,533 | 56% | | |
| 2015 | \$ 152,205 | \$ 277,682 | 55% | 7% | 9% |
| 2016 | \$ 159,296 | \$ 241,071 | 66% | 5% | -13% |
| 2017 | \$ 117,929 | \$ 350,720 | 34% | -26% | 45% |

YTD Decrease from FY 2016 to FY 2017:

The decrease was primarily due to an decrease in court fines and court enhancement fees collected and a reduction in delinquent wastewater accounts resulting in lower late fees on wastewater billings.

Annual Decrease from FY 2015 to FY 2016:

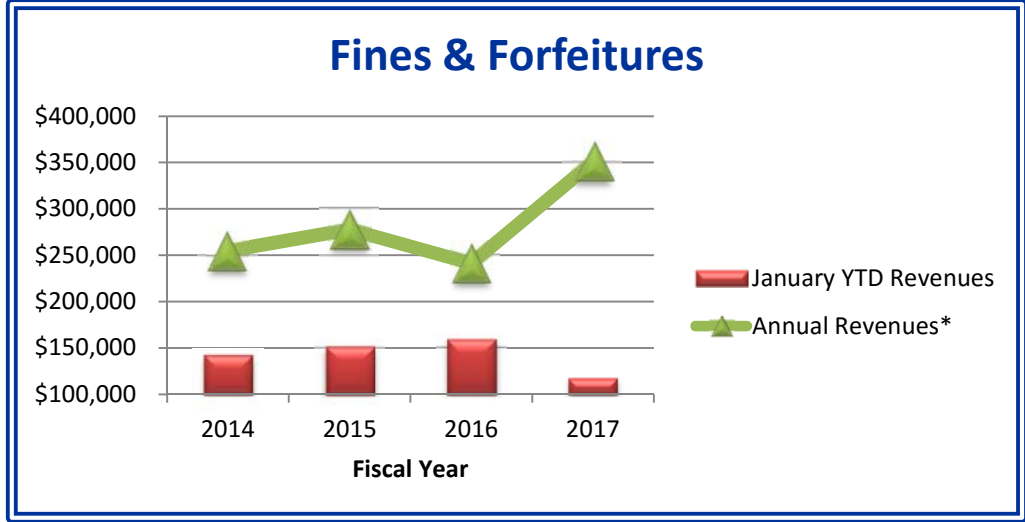
The decrease was primarily due to an decrease in court fines collected.

Annual Increase from FY 2016 to FY 2017:

The increase is primarily a due to a placeholder included in fines and forfeitures for estimated revenue from the paid parking program to be implemented during the fiscal year.

Under Target for FY 2017:

If the placeholder for the paid parking program revenues is excluded, January 2017 revenues represent 47% of annual revenues, which is under target for the fiscal year-to-date. This is primarily a result of a decrease in court fines collected and a reduction in delinquent wastewater accounts resulting in lower late fees on wastewater billings. This revenue category will not significantly impact the overall operations of the City; however, we will continue to monitor these revenues to identify whether revenue estimates should be changed.



Development Impact Fee Revenues

Exceeds Target for FY 2017

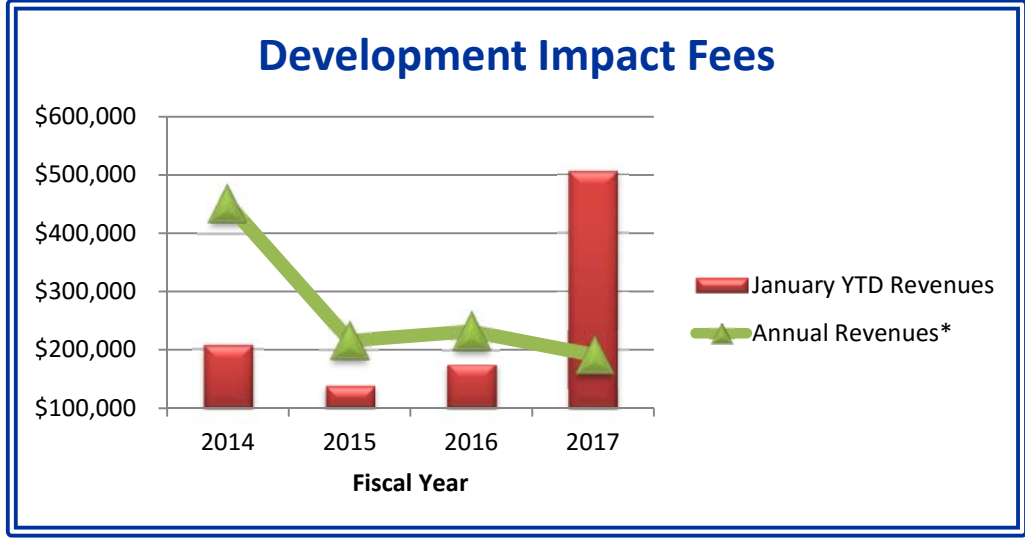
| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 208,196 | \$ 450,798 | 46% | | |
| 2015 | \$ 138,163 | \$ 216,039 | 64% | -34% | -52% |
| 2016 | \$ 176,985 | \$ 231,772 | 76% | 28% | 7% |
| 2017 | \$ 507,030 | \$ 191,000 | 265% | 186% | -18% |

YTD Increase from FY 2016 to FY 2017:

The increase was primarily due to fees assessed with the permitting of the new Marriott facility and the new CVS.

Other Increases/Decreases:

The activity of the development impact fees is based on development and permitting so revenues will not necessarily be consistent from month to month or year to year. As the City approaches build-out, these revenues are expected to decrease.



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Total Revenues by Type

Capacity Fee Revenues

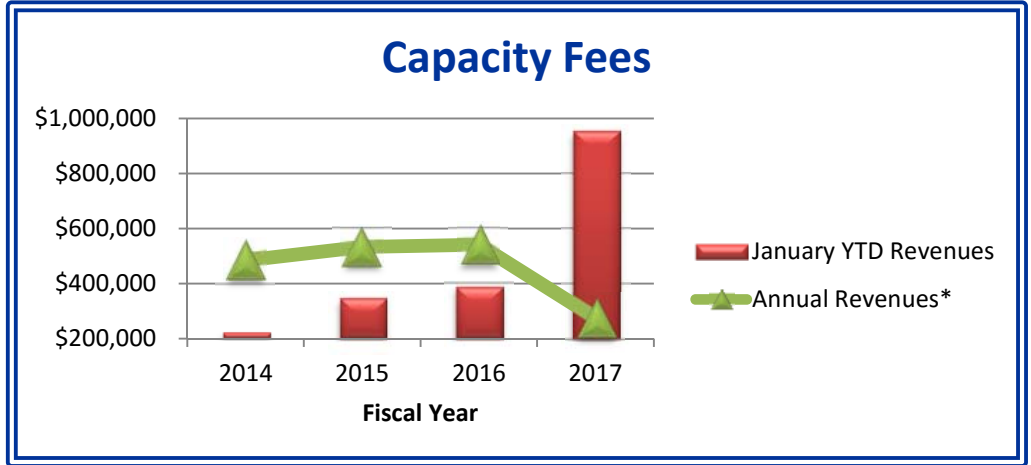
Exceeds Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 222,625 | \$ 484,100 | 46% | | |
| 2015 | \$ 347,574 | \$ 533,054 | 65% | 56% | 10% |
| 2016 | \$ 388,353 | \$ 541,045 | 72% | 12% | 1% |
| 2017 | \$ 955,974 | \$ 275,000 | 348% | 146% | -49% |

YTD Increase from FY 2016 to FY 2017:

The increase was primarily due to fees assessed with the permitting of the new Marriott facility and the new CVS.

Other Increases/Decreases: The activity of the capacity fees is based on development and permitting so revenues will not necessarily be consistent from month to month or year to year. As the City approaches build-out, these revenues are expected to decrease.



Other Miscellaneous Revenues

Under Target for FY 2017

| FY | January YTD Revenues | Annual Revenues* | % of Annual Rev. | % Increase - January YTD | % Increase - Annual |
|------|----------------------|------------------|------------------|--------------------------|---------------------|
| 2014 | \$ 304,250 | \$ 813,968 | 37% | | |
| 2015 | \$ 271,827 | \$ 527,894 | 51% | -11% | -35% |
| 2016 | \$ 299,120 | \$ 955,449 | 31% | 10% | 81% |
| 2017 | \$ 114,460 | \$ 732,400 | 16% | -62% | -23% |

YTD Decrease from FY 2016 to FY 2017:

- (1) The decrease was mostly due to losses and a decrease in the interest earnings in LGIP accounts.
- (2) Insurance proceeds were received in the FY 2016 that are not anticipated for FY 2017.
- (3) Outside participation in capital projects are not always consistent from year to year.
- (4) The decrease is also a result of timing differences in donations and contributions.

Annual Decrease from FY 2014 to FY 2015:

The decrease was primarily due to losses incurred in the LGIP accounts and lower interest earnings received on sales tax audits.

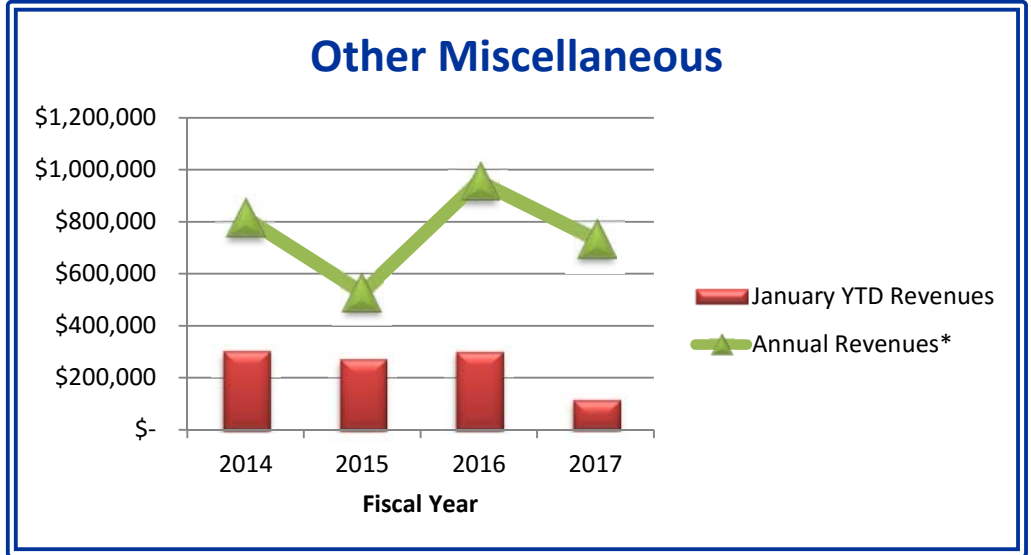
Annual Increase from FY 2015 to FY 2016:

The increase was primarily due to increases in interest earnings in LGIP accounts, outside participation in capital projects and incentive payments received from APS.

Annual Decrease from FY 2016 to FY 2017:

The decrease is primarily due to one-time incentive payments received from APS during FY 2016 and conservative revenue projections.

Under Target for FY 2017: Most of the revenues in this category are not consistent from month to month. Agreements were made regarding the outside participation in a storm drainage project that allows the participants to make their contributions over time. Approximately \$188,000 will not be received during FY 2017. This revenue category will not significantly impact the overall operations of the City; however, we will continue to monitor these revenues to identify whether revenue estimates should be changed.



* For the current year, Annual Revenues represents total budgeted revenues, excluding contingencies. For the prior years, the Annual Revenues represent total actual revenues.

Sales Tax Revenues by Category

| Month | Retail | Restaurant & Bar | Hotel/Motel | Construction | Leasing | Communi-cations & Utilities | Amusements & Other | Totals |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|----------------------|
| City Sales Tax Revenues by Category and by Month | | | | | | | | |
| July 2015 | \$ 371,114 | \$ 156,708 | \$ 159,972 | \$ 86,736 | \$ 80,562 | \$ 55,914 | \$ 72,219 | \$ 983,225 |
| August 2015 | 477,727 | 228,483 | 207,430 | 106,371 | 93,421 | 54,643 | 69,564 | 1,237,639 |
| September 2015 | 430,651 | 159,186 | 173,676 | 87,724 | 81,077 | 53,225 | 50,520 | 1,036,059 |
| October 2015 | 409,331 | 190,820 | 174,625 | 113,767 | 73,685 | 49,842 | 87,621 | 1,099,691 |
| November 2015 | 536,612 | 245,825 | 281,686 | 145,471 | 93,529 | 44,714 | 70,032 | 1,417,869 |
| December 2015 | 435,059 | 165,029 | 143,307 | 111,103 | 59,446 | 50,296 | 69,384 | 1,033,624 |
| January 2016 | 467,839 | 243,136 | 153,427 | 97,329 | 67,278 | 64,730 | 17,375 | 1,111,114 |
| February 2016 | 451,252 | 222,964 | 182,877 | 132,497 | 81,356 | 44,206 | 71,735 | 1,186,887 |
| March 2016 | 558,680 | 307,702 | 302,861 | 162,479 | 96,333 | 42,583 | 129,307 | 1,599,945 |
| April 2016 | 472,233 | 325,869 | 310,421 | 133,722 | 82,697 | 43,412 | 84,205 | 1,452,559 |
| May 2016 | 489,736 | 337,278 | 234,931 | 113,474 | 113,009 | 44,187 | 75,233 | 1,407,848 |
| June 2016 | 452,098 | 246,512 | 284,019 | 174,585 | 136,297 | 49,136 | 90,505 | 1,433,152 |
| Total FY 2016 | \$ 5,552,332 | \$ 2,829,512 | \$ 2,609,232 | \$ 1,465,258 | \$ 1,058,690 | \$ 596,888 | \$ 887,700 | \$ 14,999,612 |

| | | | | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| July 2016 | \$ 406,688 | \$ 270,380 | \$ 217,869 | \$ 93,020 | \$ 80,638 | \$ 55,936 | \$ 94,789 | \$ 1,219,320 |
| August 2016 | 432,737 | 234,249 | 200,850 | 164,494 | 92,197 | 50,755 | 64,665 | 1,239,947 |
| September 2016 | 457,254 | 243,153 | 226,263 | 87,694 | 142,268 | 47,924 | 67,359 | 1,271,915 |
| October 2016 | 479,900 | 323,127 | 308,201 | 128,414 | 112,971 | 46,170 | 77,100 | 1,475,883 |
| November 2016 | 428,400 | 255,333 | 249,422 | 107,013 | 109,048 | 41,089 | 74,536 | 1,264,841 |
| December 2016 | 478,340 | 248,702 | 200,287 | 125,752 | 83,646 | 48,498 | 50,212 | 1,235,437 |
| January 2017 | 399,063 | 192,950 | 167,166 | 69,391 | 76,745 | 47,868 | 29,299 | 982,482 |
| February 2017 | - | - | - | - | - | - | - | - |
| March 2017 | - | - | - | - | - | - | - | - |
| April 2017 | - | - | - | - | - | - | - | - |
| May 2017 | - | - | - | - | - | - | - | - |
| June 2017 | - | - | - | - | - | - | - | - |
| Total Year-to-Date FY 2017 | \$ 3,082,382 | \$ 1,767,894 | \$ 1,570,058 | \$ 775,778 | \$ 697,513 | \$ 338,240 | \$ 457,960 | \$ 8,689,825 |

Current Month Comparison to Same Month Last Year

| | | | | | | | | |
|---------------------------------------|--------------------|--------------------|------------------|--------------------|-----------------|--------------------|------------------|---------------------|
| January 2016 vs. January 2017 | \$ (68,776) | \$ (50,186) | \$ 13,739 | \$ (27,938) | \$ 9,467 | \$ (16,862) | \$ 11,924 | \$ (128,632) |
| Change from January to January | -15% | -21% | 9% | -29% | 14% | -26% | 69% | -12% |

Year-to-Date Comparison to Year-to-Date Last Year

| | | | | | | | | |
|--------------------------------|--------------------|-------------------|-------------------|------------------|-------------------|--------------------|------------------|-------------------|
| Difference in YTD | \$ (45,951) | \$ 378,707 | \$ 275,935 | \$ 27,277 | \$ 148,515 | \$ (35,124) | \$ 21,245 | \$ 770,604 |
| % Change from Prior YTD | -1% | 27% | 21% | 4% | 27% | -9% | 5% | 10% |

Sales & Bed Tax Revenues by Month

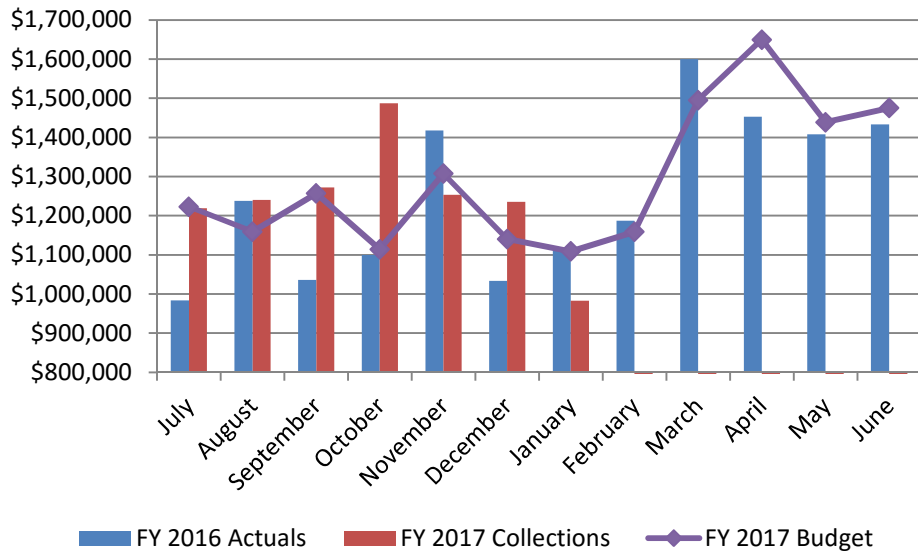
City Sales Tax Revenues

| Month | FY 2016 Actuals | FY 2017 Collections | Actual Variance | FY 2017 Budget | Budget Variance |
|---------------|----------------------|---------------------|-----------------|----------------------|-----------------|
| July | \$ 983,225 | \$ 1,219,320 | 24% | \$ 1,223,020 | 0% |
| August | 1,237,638 | 1,239,948 | 0% | 1,159,160 | 7% |
| September | 1,036,059 | 1,271,915 | 23% | 1,256,660 | 1% |
| October | 1,099,691 | 1,487,329 | 35% | 1,114,070 | 34% |
| November | 1,417,869 | 1,253,394 | -12% | 1,307,650 | -4% |
| December | 1,033,624 | 1,235,437 | 20% | 1,140,150 | 8% |
| January | 1,111,114 | 982,482 | -12% | 1,108,890 | -11% |
| February | 1,186,887 | - | - | 1,158,720 | - |
| March | 1,599,944 | - | - | 1,495,190 | - |
| April | 1,452,560 | - | - | 1,649,480 | - |
| May | 1,407,848 | - | - | 1,438,650 | - |
| June | 1,433,152 | - | - | 1,475,030 | - |
| Totals | \$ 14,999,612 | \$ 8,689,825 | 10% | \$ 15,526,670 | 5% |

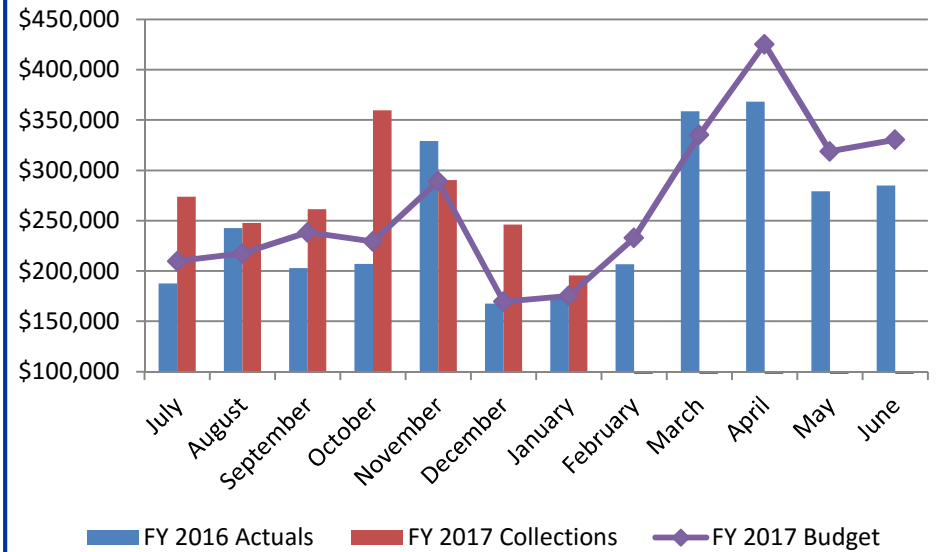
Bed Tax Revenues

| Month | FY 2016 Actuals | FY 2017 Collections | Actual Variance | FY 2017 Budget | Budget Variance |
|---------------|---------------------|---------------------|-----------------|---------------------|-----------------|
| July | \$ 187,568 | \$ 273,893 | 46% | \$ 209,860 | 31% |
| August | 242,636 | 247,780 | 2% | 217,500 | 14% |
| September | 203,054 | 261,443 | 29% | 238,490 | 10% |
| October | 207,133 | 359,754 | 74% | 229,420 | 57% |
| November | 329,119 | 290,342 | -12% | 289,250 | 0% |
| December | 167,743 | 246,245 | 47% | 169,640 | 45% |
| January | 175,583 | 195,588 | 11% | 175,270 | 12% |
| February | 206,576 | - | - | 232,940 | - |
| March | 358,560 | - | - | 335,200 | - |
| April | 368,272 | - | - | 425,270 | - |
| May | 279,152 | - | - | 318,920 | - |
| June | 284,938 | - | - | 330,440 | - |
| Totals | \$ 3,010,334 | \$ 1,875,043 | 24% | \$ 3,172,200 | 23% |

City Sales Tax Revenues



Bed Tax Revenues



General Fund Summary

| | FY 2017 Budget | FY 2017 YTD Actuals | Encum- brances | FY 2017 YTD Including Encumbrances | % of Budget | FY 2016 YTD Actuals | Actual Variance |
|--|------------------------|------------------------|-------------------|--|----------------|------------------------|--------------------|
| Revenues | | | | | | | |
| Taxes: | | | | | | | |
| City Sales Taxes | \$ 15,526,670 | \$ 8,689,825 | | \$ 8,689,825 | 56% | \$ 5,543,065 | 57% |
| Bed Taxes | 3,172,200 | 1,875,043 | | 1,875,043 | 59% | 1,512,835 | 24% |
| Contingent Bed Taxes | 550,000 | - | | - | 0% | - | N/A |
| Franchise Fees | 816,060 | 405,396 | | 405,396 | 50% | 409,094 | -1% |
| State Shared Revenues: | | | | | | | |
| State Shared Sales Taxes | 979,400 | 548,321 | | 548,321 | 56% | 548,536 | <-1% |
| Urban Revenue Sharing | 1,273,001 | 741,830 | | 741,830 | 58% | 704,510 | 5% |
| Vehicle License Taxes | 620,300 | 344,935 | | 344,935 | 56% | 326,059 | 6% |
| Other Intergovernmental: | | | | | | | |
| Grants | 20,000 | 659 | | 659 | 3% | 17,848 | -96% |
| Other | - | 8,184 | | 8,184 | ∞ | 23,292 | -65% |
| In Lieu Fees | 406,000 | - | | - | 0% | - | N/A |
| Licenses & Permits | 448,425 | 267,746 | | 267,746 | 60% | 335,254 | -20% |
| Charges for Services | 108,950 | 76,130 | | 76,130 | 70% | 46,729 | 63% |
| Fines & Forfeitures | 262,300 | 68,210 | | 68,210 | 26% | 94,433 | -28% |
| Other Revenues: | | | | | | | |
| Interest Earnings | 122,500 | 13,618 | | 13,618 | 11% | 82,149 | -83% |
| Donations & Contributions | 400 | 1,304 | | 1,304 | 326% | 200 | 552% |
| Rental Income | 27,400 | 24,779 | | 24,779 | 90% | 17,000 | 46% |
| Miscellaneous | 75,000 | 27,957 | | 27,957 | 37% | 49,985 | -44% |
| Total Revenues | \$ 24,408,606 | \$ 13,093,938 | | \$ 13,093,938 | 54% | \$ 9,710,990 | 35% |
| Expenditures | | | | | | | |
| General Government: | | | | | | | |
| City Council | \$ 78,585 | \$ 35,029 | \$ - | \$ 35,029 | 45% | \$ 34,052 | 3% |
| City Manager's Office | 740,819 | 306,951 | - | 306,951 | 41% | 390,794 | -21% |
| Human Resources | 237,045 | 131,150 | - | 131,150 | 55% | 112,310 | 17% |
| Financial Services | 534,765 | 268,455 | 44,250 | 312,705 | 58% | 240,863 | 11% |
| Information Technology | 1,197,077 | 675,684 | 7,637 | 683,321 | 57% | 549,613 | 23% |
| City Attorney's Office | 534,455 | 249,623 | - | 249,623 | 47% | 278,933 | -11% |
| City Clerk's Office | 297,719 | 143,597 | - | 143,597 | 48% | 120,468 | 19% |
| General Services | 661,806 | 401,222 | - | 401,222 | 61% | 571,452 | -30% |
| Community Development | 961,717 | 406,146 | - | 406,146 | 42% | 501,207 | -19% |
| Public Works | 568,494 | 269,605 | 42,000 | 311,605 | 55% | 304,827 | -12% |
| Municipal Court | 342,950 | 162,271 | - | 162,271 | 47% | 170,532 | -5% |
| Public Safety: | | | | | | | |
| General Services | 54,178 | 28,652 | 24,339 | 52,991 | 98% | 28,372 | 1% |
| Community Development | 631,361 | 274,839 | - | 274,839 | 44% | 165,995 | 66% |
| Police | 4,304,779 | 2,153,464 | 47,992 | 2,201,456 | 51% | 2,067,789 | 4% |
| Public Works & Streets: | | | | | | | |
| Public Works | 2,116,798 | 916,941 | 480,064 | 1,397,005 | 66% | 419,518 | 119% |
| Culture & Recreation: | | | | | | | |
| City Manager's Office | 92,940 | 38,378 | - | 38,378 | 41% | - | ∞ |
| Parks & Recreation | 548,757 | 311,119 | 11,482 | 322,601 | 59% | 288,027 | 8% |
| General Services | 486,075 | 259,638 | 196,966 | 456,604 | 94% | 245,437 | 6% |
| Community Development | 66,080 | 23,549 | - | 23,549 | 36% | - | ∞ |
| Public Works | 560,426 | 283,626 | - | 283,626 | 51% | 361,894 | -22% |
| Economic Development: | | | | | | | |
| City Manager's Office | 178,100 | 77,997 | - | 77,997 | 44% | - | ∞ |
| General Services | 1,734,919 | 1,720,000 | - | 1,720,000 | 99% | 1,419,000 | 21% |
| Health & Welfare: | | | | | | | |
| General Services | 236,997 | 118,499 | 118,499 | 236,997 | 100% | 188,672 | -37% |
| Public Transportation: | | | | | | | |
| General Services | 160,450 | 13,533 | 12,725 | 26,258 | 16% | - | ∞ |
| Debt Service | 686,168 | 401,115 | - | 401,115 | 58% | 380,252 | 5% |
| Contingencies | 810,000 | - | - | - | 0% | - | N/A |
| Total Expenditures | \$ 18,823,460 | \$ 9,671,082 | \$ 985,952 | \$ 10,657,034 | 57% | \$ 8,840,003 | 9% |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers to Capital Improvements Fund | \$ (8,569,787) | \$ - | | \$ - | 0% | \$ - | N/A |
| Transfers to Wastewater Fund | (3,881,668) | (2,178,666) | | (2,178,666) | 56% | - | ∞ |
| Transfers to Streets Fund | (351,000) | (204,750) | | (204,750) | 58% | (295,458) | 31% |
| Refunding Bonds Issued | - | - | | - | N/A | 8,030,000 | -100% |
| Payment to Refunded Bond Escrow Agent | - | - | | - | N/A | (7,934,739) | 100% |
| Total Other Financing Sources (Uses) | \$ (12,802,455) | \$ (2,383,416) | | \$ (2,383,416) | 19% | \$ (200,197) | <-1% |
| Fund Balances | | | | | | | |
| Beginning Fund Balance, July 1, as restated | \$ 17,650,256 | \$ 9,283,138 | | \$ 9,283,138 | 53% | \$ 12,883,223 | -28% |
| Ending Fund Balance, January 31: | | | | | | | |
| Operating Reserve | \$ 8,610,855 | \$ 8,610,855 | | \$ 8,610,855 | 100% | \$ 7,646,839 | 13% |
| Debt Service Reserve | 1,300,000 | 1,300,000 | | 1,300,000 | 100% | 1,300,000 | <1% |
| Unrestricted Fund Balance | 522,092 | 411,723 | | 411,723 | 79% | 4,607,174 | -91% |
| Total Ending Fund Balance, January 31 | \$ 10,432,947 | \$ 10,322,578 | | \$ 9,336,625 | 89% | \$ 13,554,013 | -24% |

Wastewater Enterprise Fund Summary

| | FY 2017 Budget | FY 2017 YTD Actuals | Encum- brances | FY 2017 YTD Including Encumbrances | % of Budget | FY 2016 YTD Actuals | Actual Variance |
|--|----------------------|------------------------|-------------------|--|----------------|------------------------|--------------------|
| Revenues | | | | | | | |
| <u>Taxes:</u> | | | | | | | |
| City Sales Taxes | \$ - | \$ - | | \$ - | N/A | \$ 2,376,155 | -100% |
| Charges for Services | 5,880,844 | 3,456,711 | | 3,456,711 | 59% | 3,298,087 | 5% |
| Capacity Fees | 275,000 | 955,974 | | 955,974 | 348% | 388,353 | 146% |
| Fines & Forfeitures | 88,420 | 41,733 | | 41,733 | 47% | 51,421 | -19% |
| <u>Other Revenues:</u> | | | | | | | |
| Interest Earnings | 155,100 | 18,958 | | 18,958 | 12% | 72,197 | -74% |
| Miscellaneous | 4,500 | 2,641 | | 2,641 | 59% | 7,724 | -66% |
| Total Revenues | \$ 6,403,864 | \$ 4,476,017 | | \$ 4,476,017 | 70% | \$ 6,193,937 | -28% |
| Expenditures | | | | | | | |
| <u>Wastewater Administration:</u> | | | | | | | |
| Salaries & Benefits | \$ 55,260 | \$ 72,457 | \$ - | \$ 72,457 | 131% | \$ 316,692 | -77% |
| Other Expenditures | 216,456 | 108,770 | - | 108,770 | 50% | 163,098 | -33% |
| <u>Wastewater Operations:</u> | | | | | | | |
| Salaries & Benefits | 707,480 | 407,637 | - | 407,637 | 58% | 380,350 | 7% |
| Utilities | 592,200 | 305,105 | - | 305,105 | 52% | 312,536 | -2% |
| Maintenance | 731,679 | 146,877 | 22,418 | 169,295 | 23% | 214,870 | -32% |
| Other Expenditures | 537,113 | 249,608 | 39,831 | 289,439 | 54% | 104,428 | 139% |
| <u>Wastewater Capital Projects:</u> | | | | | | | |
| Salaries & Benefits | 149,410 | 89,422 | - | 89,422 | 60% | 67,290 | 33% |
| Other Expenditures | - | - | 37,109 | 37,109 | ∞ | - | N/A |
| Capital Improvement Projects | 3,085,550 | 1,720,462 | 326,769 | 2,047,232 | 66% | 2,663,883 | -35% |
| <u>Departmental Allocations:</u> | | | | | | | |
| City Manager's Office | 48,681 | 26,735 | - | 26,735 | 55% | - | ∞ |
| Human Resources | 19,547 | 10,887 | - | 10,887 | 56% | - | ∞ |
| Financial Services | 406,520 | 199,415 | 14,500 | 213,915 | 53% | - | ∞ |
| Information Technology | 87,578 | 48,799 | 111 | 48,910 | 56% | - | ∞ |
| City Attorney's Office | 21,090 | 11,751 | - | 11,751 | 56% | - | ∞ |
| City Clerk's Office | 12,650 | 6,974 | - | 6,974 | 55% | - | ∞ |
| Public Works & Engineering | 196,523 | 100,113 | - | 100,113 | 51% | - | ∞ |
| Departmental Allocations | - | - | - | - | N/A | 148,433 | -100% |
| Debt Service | 5,151,325 | 3,001,028 | - | 3,001,028 | 58% | 3,161,195 | -5% |
| Contingencies | 100,000 | - | - | - | 0% | - | N/A |
| Total Expenditures | \$ 12,119,062 | \$ 6,506,041 | \$ 440,739 | \$ 6,946,780 | 57% | \$ 7,532,777 | -14% |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers from General Fund | \$ 3,881,668 | \$ 2,178,666 | | \$ 2,178,666 | 56% | \$ - | ∞ |
| Total Other Financing Sources (Uses) | \$ 3,881,668 | \$ 2,178,666 | | \$ 2,178,666 | 56% | \$ - | ∞ |
| Fund Balances | | | | | | | |
| Beginning Fund Balance, July 1, as restated | \$ 14,792,117 | \$ 13,597,903 | | \$ 13,597,903 | 92% | \$ 17,098,425 | -20% |
| <u>Ending Fund Balance, January 31:</u> | | | | | | | |
| Operating Reserve | \$ 2,317,773 | \$ 2,317,773 | | \$ 2,317,773 | 100% | \$ 4,015,316 | -42% |
| Debt Service Reserve | 4,870,195 | 4,870,195 | | 4,870,195 | 100% | 4,637,253 | 5% |
| Unrestricted Fund Balance | 5,770,619 | 6,558,577 | | 6,558,577 | 114% | 7,107,017 | -8% |
| Total Ending Fund Balance, January 31 | \$ 12,958,587 | \$ 13,746,545 | | \$ 13,305,805 | 103% | \$ 15,759,586 | -13% |

All Funds Summary

| | Beginning Fund Balance, July 1, 2016 | Revenues | Budgeted Expenditures | Actual Expenditures | Encumbrances | Expenditures Including Encumbrances | % of Budget | Net Interfund Transfers | Ending Fund Balance, January 31, 2017 |
|---------------------------------------|--|----------------------|--------------------------|------------------------|---------------------|---|----------------|----------------------------|---|
| General Fund | \$ 9,283,138 | \$ 13,093,938 | \$ 18,823,460 | \$ 9,671,082 | \$ 985,952 | \$ 10,657,034 | 57% | \$ (2,383,416) | \$ 10,322,578 |
| Special Revenue Funds | | | | | | | | | |
| Streets Fund | \$ 659,946 | \$ 518,492 | \$ 1,150,000 | \$ 499,774 | \$ 650,226 | \$ 1,150,000 | 100% | \$ 204,750 | \$ 883,414 |
| Grants, Donations & Other Funds | \$ 625,402 | \$ 138,894 | \$ 420,500 | \$ 121,773 | \$ - | \$ 121,773 | 29% | \$ - | \$ 642,523 |
| Capital Projects Funds | | | | | | | | | |
| Development Impact Fees Funds | \$ 2,724,011 | \$ 507,890 | \$ 2,538,318 | \$ 281,567 | \$ 470,451 | \$ 752,018 | 30% | \$ - | \$ 2,950,334 |
| Capital Improvements Fund | \$ 11,827,244 | \$ 247,902 | \$ 2,538,318 | \$ 534,303 | \$ 1,004,223 | \$ 1,538,527 | 61% | \$ (4,485) | \$ 11,536,357 |
| Art in Public Places Fund | \$ 53,667 | \$ 6,387 | \$ - | \$ - | \$ - | \$ - | N/A | \$ 4,485 | \$ 64,539 |
| Wastewater Enterprise Fund | \$ 13,597,903 | \$ 4,476,017 | \$ 12,119,062 | \$ 6,506,041 | \$ 440,739 | \$ 6,946,780 | 57% | \$ 2,178,666 | \$ 13,746,545 |
| Total All City Funds | \$ 38,771,310 | \$ 18,989,519 | \$ 37,589,658 | \$ 17,614,540 | \$ 3,551,592 | \$ 21,166,132 | 56% | \$ - | \$ 40,146,289 |
| Community Facilities Districts | | | | | | | | | |
| Sedona Summitt II | \$ 313,379 | \$ 2,142 | \$ 150,000 | \$ 35,688 | \$ 46,215 | \$ 81,903 | 55% | \$ - | \$ 279,833 |
| Fairfield* | \$ 781,780 | \$ 31,185 | \$ 1,264,749 | \$ 823,191 | \$ 76,973 | \$ 900,164 | 71% | \$ - | \$ (10,227) |

* The revenues of the Fairfield Community Facilities District are mostly received in the latter part of the fiscal year. This fund is expected to be in balance before the end of the fiscal year.

Bonds Outstanding*

| Bond Issue | Maturity Dates | Interest Rates | General Fund | | | Development Impact Fee Funds | | | Wastewater Fund | | | Grand Totals | | |
|--|----------------|----------------|------------------------------|-----------------------------|----------------------|------------------------------|-----------------------------|------------------|------------------------------|-----------------------------|----------------------|------------------------------|-----------------------------|----------------------|
| | | | Remaining Principal Payments | Remaining Interest Payments | Total | Remaining Principal Payments | Remaining Interest Payments | Total | Remaining Principal Payments | Remaining Interest Payments | Total | Remaining Principal Payments | Remaining Interest Payments | Total |
| City Excise Tax Revenue Bonds | | | | | | | | | | | | | | |
| Series 2007 | 7/1/2017-2019 | 4.0-5.0% | \$ 1,460,000 | \$ 119,728 | \$ 1,579,728 | \$ - | \$ - | \$ - | \$ 1,070,000 | \$ 26,750 | \$ 1,096,750 | \$ 2,530,000 | \$ 146,478 | \$ 2,676,478 |
| Series 2012 | 7/1/2025-2026 | 4.5% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,395,000 | \$ 3,404,138 | \$ 11,799,138 | \$ 8,395,000 | \$ 3,404,138 | \$ 11,799,138 |
| Series 2014 | 7/1/2017-2019 | 0.66% | \$ 1,125,456 | \$ 11,175 | \$ 1,136,631 | \$ 64,244 | \$ 638 | \$ 64,882 | \$ 1,195,300 | \$ 3,944 | \$ 1,199,244 | \$ 2,385,000 | \$ 15,758 | \$ 2,400,758 |
| Series 2015 | 7/1/2017-2019 | 1.3% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,220,000 | \$ 221,390 | \$ 10,441,390 | \$ 10,220,000 | \$ 221,390 | \$ 10,441,390 |
| Second Series 2015 | 7/1/2017-2027 | 1.94% | \$ 7,860,000 | \$ 1,048,473 | \$ 8,908,473 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,860,000 | \$ 1,048,473 | \$ 8,908,473 |
| Sedona Wastewater Municipal Property Corporation Excise Tax Revenue Bonds | | | | | | | | | | | | | | |
| Series 1998** | 7/1/2020-2024 | 5.20-5.24% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,305,000 | \$ 15,245,000 | \$ 21,550,000 | \$ 6,305,000 | \$ 15,245,000 | \$ 21,550,000 |
| Grand Totals | | | \$ 10,445,456 | \$ 1,179,376 | \$ 11,624,832 | \$ 64,244 | \$ 638 | \$ 64,882 | \$ 27,185,300 | \$ 18,901,222 | \$ 46,086,522 | \$ 37,695,000 | \$ 20,081,236 | \$ 57,776,236 |

* This schedule is net of the interest payments made on January 1, 2017 as follows:

| | |
|------------------------------|-------------------|
| General Fund | \$ 109,622 |
| Development Impact Fee Funds | 212 |
| Wastewater Fund | 286,012 |
| Total | \$ 395,846 |

* The Series 1998 bonds are comprised of capital appreciation bonds (CABs). CABs offer an investment return on an initial principal amount and are reinvested at a stated compounded rate until maturity. At maturity, the investor receives a single payment (the "maturity value") representing both the initial principal amount and the total investment return. The next maturity date is not until July 1, 2020.

Capital Projects Summary

| Project | Funding Source | Total Project | | | FY 2017 to Date | | |
|--|-------------------------------|----------------------|----------------------|-------------|----------------------|---------------------|-------------|
| | | Budget | Actuals | % of Budget | Budget | Actuals | % of Budget |
| Community Development | | | | | | | |
| Brewer Road Property - Future Development | CFD - Sedona Summit II | \$ 127,500 | \$ 17,127 | 13% | \$ 100,000 | \$ 14,800 | 15% |
| | CFD - Fairfield | \$ 127,500 | \$ - | 0% | \$ 100,000 | \$ - | 0% |
| Project Total | | \$ 255,000 | \$ 17,127 | 7% | \$ 200,000 | \$ 14,800 | 7% |
| Parks & Recreation | | | | | | | |
| Barbara Antonsen Park | CFD - Sedona Summit II | \$ 104,624 | \$ 54,624 | 52% | \$ 50,000 | \$ 20,888 | 42% |
| | CFD - Fairfield | \$ 2,412,938 | \$ 1,248,189 | 52% | \$ 1,164,749 | \$ 823,191 | 71% |
| | Development Impact Fees | \$ 2,210 | \$ 2,210 | 100% | \$ - | \$ - | N/A |
| | Capital Reserves | \$ 231,962 | \$ 231,962 | 100% | \$ - | \$ - | N/A |
| Project Total | | \$ 2,751,735 | \$ 1,536,986 | 56% | \$ 1,214,749 | \$ 844,079 | 69% |
| Park Land Acquisition | Development Impact Fees | \$ 1,500,000 | \$ - | 0% | \$ 1,500,000 | \$ - | 0% |
| Fitness Trail | Development Impact Fees | \$ 860 | \$ - | 0% | \$ 860 | \$ - | 0% |
| | Grant | \$ 75,376 | \$ 34,961 | 46% | \$ 75,376 | \$ 34,961 | 46% |
| Project Total | | \$ 76,236 | \$ 34,961 | 46% | \$ 76,236 | \$ 34,961 | 46% |
| Dog Park Upgrade | Development Impact Fees | \$ 207,375 | \$ 16,417 | 8% | \$ 201,000 | \$ 43 | <1% |
| Bike Skills Park | Development Impact Fees | \$ 104,000 | \$ 2,194 | 2% | \$ 104,000 | \$ 2,194 | 2% |
| | Outside Participation | \$ 37,096 | \$ 40,096 | 108% | \$ - | \$ - | N/A |
| | Grant | \$ 20,600 | \$ - | 0% | \$ 15,600 | \$ - | 0% |
| | Capital Reserves | \$ 110,000 | \$ 120,901 | 110% | \$ - | \$ - | N/A |
| Project Total | | \$ 271,696 | \$ 163,192 | 60% | \$ 119,600 | \$ 2,194 | 2% |
| Police | | | | | | | |
| Uptown Parking Meters on Main Street | Capital Reserves | \$ 301,000 | \$ 25,918 | 9% | \$ 275,000 | \$ - | 0% |
| | General Fund | \$ 50,000 | \$ 42,489 | 85% | \$ - | \$ - | N/A |
| Project Total | | \$ 351,000 | \$ 68,407 | 19% | \$ 275,000 | \$ - | 0% |
| Shooting Range Improvements | RICO Monies | \$ 155,000 | \$ 5,043 | 3% | \$ 50,000 | \$ - | 0% |
| | Development Impact Fees | \$ 95,000 | \$ 95,000 | 100% | \$ - | \$ - | N/A |
| | Capital Reserves | \$ 470,000 | \$ 332,874 | 71% | \$ 220,000 | \$ 11,120 | 5% |
| Project Total | | \$ 720,000 | \$ 432,917 | 60% | \$ 270,000 | \$ 11,120 | 4% |
| Police Facility Renovations | Capital Reserves | \$ 300,000 | \$ 16,864 | 6% | \$ 150,000 | \$ 5,479 | 4% |
| | RICO Monies | \$ 8,000 | \$ 6,199 | 77% | \$ - | \$ - | N/A |
| Project Total | | \$ 308,000 | \$ 23,063 | 7% | \$ 150,000 | \$ 5,479 | 4% |
| Radio Communications Enhancement | Capital Reserves | \$ 161,000 | \$ 93,173 | 58% | \$ 40,000 | \$ - | 0% |
| Public Works | | | | | | | |
| Uptown Pedestrian Access Improvements | Development Impact Fees | \$ 600,000 | \$ 247,419 | 41% | \$ 550,000 | \$ 209,542 | 38% |
| | Capital Reserves | \$ 624,000 | \$ 644,755 | 103% | \$ 304,000 | \$ 248,961 | 82% |
| Project Total | | \$ 1,224,000 | \$ 892,173 | 73% | \$ 854,000 | \$ 458,503 | 54% |
| Jordan Road Sidewalk Extension | Development Impact Fees | \$ 134,500 | \$ 123,215 | 92% | \$ 55,500 | \$ - | 0% |
| | Outside Participation | \$ 2,500 | \$ - | 0% | \$ 2,500 | \$ - | 0% |
| Project Total | | \$ 137,000 | \$ 123,215 | 90% | \$ 58,000 | \$ - | 0% |
| Dry Creek Road Overlay | Capital Reserves | \$ 605,399 | \$ 71,580 | 12% | \$ 50,000 | \$ - | 0% |
| Sanborn Drive/Thunder Mountain Road Overlay | Capital Reserves | \$ 738,820 | \$ 35,707 | 5% | \$ 151,000 | \$ 35,707 | 24% |
| Transportation Study | Capital Reserves | \$ 200,000 | \$ 86,011 | 43% | \$ 180,000 | \$ 65,766 | 37% |
| | Outside Participation | \$ 50,000 | \$ 50,000 | 100% | \$ 20,000 | \$ 20,000 | 100% |
| Project Total | | \$ 250,000 | \$ 136,011 | 54% | \$ 200,000 | \$ 85,766 | 43% |
| Transportation Study - Project Implementation | Capital Reserves | \$ 100,000 | \$ - | 0% | \$ 100,000 | \$ - | 0% |
| Cathedral Rock Trailhead | Capital Reserves | \$ 200,000 | \$ 174,981 | 87% | \$ 100,000 | \$ - | 0% |
| Drainage | | | | | | | |
| Coffee Pot Drainage Basin - Coffee Pot Road Crossing | Development Impact Fees | \$ 50,000 | \$ 50,000 | 100% | \$ 50,000 | \$ 50,000 | 100% |
| | Yavapai County Flood Control | \$ 325,000 | \$ 56,751 | 17% | \$ 325,000 | \$ 56,751 | 17% |
| | Capital Reserves | \$ 65,000 | \$ - | 0% | \$ 65,000 | \$ - | 0% |
| Project Total | | \$ 440,000 | \$ 106,751 | 24% | \$ 440,000 | \$ 106,751 | 24% |
| Coffee Pot Drainage Basin - Grasshopper Area | Capital Reserves | \$ 1,325,000 | \$ - | 0% | \$ 30,000 | \$ - | 0% |
| Brewer Road/Tlaquepaque Drainage Improvements | Coconino County Flood Control | \$ 2,196,667 | \$ 1,176,172 | 54% | \$ 936,810 | \$ 55,558 | 6% |
| | Outside Participation | \$ 713,333 | \$ 165,103 | 23% | \$ 125,000 | \$ - | 0% |
| Project Total | | \$ 2,910,000 | \$ 1,341,275 | 46% | \$ 1,061,810 | \$ 55,558 | 5% |
| Brewer Road Crossing Improvements | Coconino County Flood Control | \$ 850,000 | \$ - | 0% | \$ 150,000 | \$ - | 0% |
| Storm Drainage Easement Acquisition | Development Impact Fees | \$ 50,000 | \$ 7,423 | 15% | \$ 50,000 | \$ 7,423 | 15% |
| Wastewater | | | | | | | |
| WW Master Plan | Wastewater Fees | \$ 200,000 | \$ 129,997 | 65% | \$ 150,000 | \$ 92,411 | 62% |
| Wastewater Treatment Plant Upgrade | Wastewater Fees | \$ 6,984,522 | \$ 5,358,783 | 77% | \$ - | \$ 2,000 | ∞ |
| Wastewater Effluent Management | Wastewater Fees | \$ 12,181,000 | \$ 4,871,020 | 40% | \$ 2,080,550 | \$ 1,581,111 | 76% |
| WWRP Bar Screen and Filter System Upgrades | Wastewater Fees | \$ 500,000 | \$ 67,597 | 14% | \$ 350,000 | \$ 44,940 | 13% |
| WWRP Odor Control | Wastewater Fees | \$ 25,000 | \$ - | 0% | \$ 25,000 | \$ - | 0% |
| WWRP Headworks Replacement | Wastewater Fees | \$ 480,000 | \$ - | 0% | \$ 480,000 | \$ - | 0% |
| Grand Totals | | \$ 35,802,783 | \$ 15,702,758 | 44% | \$ 10,376,945 | \$ 3,382,847 | 33% |