

# FY 2016 2nd Quarter Financial Report



## City of Cottonwood

Compiled by:

Jesus R. Rodriguez, C.G.F.M.

Administrative Services General  
Manager

Kirsten Lennon,

Accounting & Budget Manager



City of Cottonwood  
Fiscal Year 2016 – 2<sup>nd</sup> Quarter Report  
For The Period Ending December 31, 2015

Table of Contents

Executive Summary	1
General Fund	2
Special Revenue Fund	6
Capital Projects Fund	8
Enterprise Funds	9
Debt Services Fund	9
Brief Overview	10
Departmental Worksheets	11

## EXECUTIVE SUMMARY

This report is a summary of significant items impacting the overall City as well as highlights of the City's major revenues affecting the City's larger funds. Those funds are the General Fund, Highway User Revenue Fund (HURF), the two Enterprise Funds, the Capital Improvement Fund, and the Debt Service Fund.

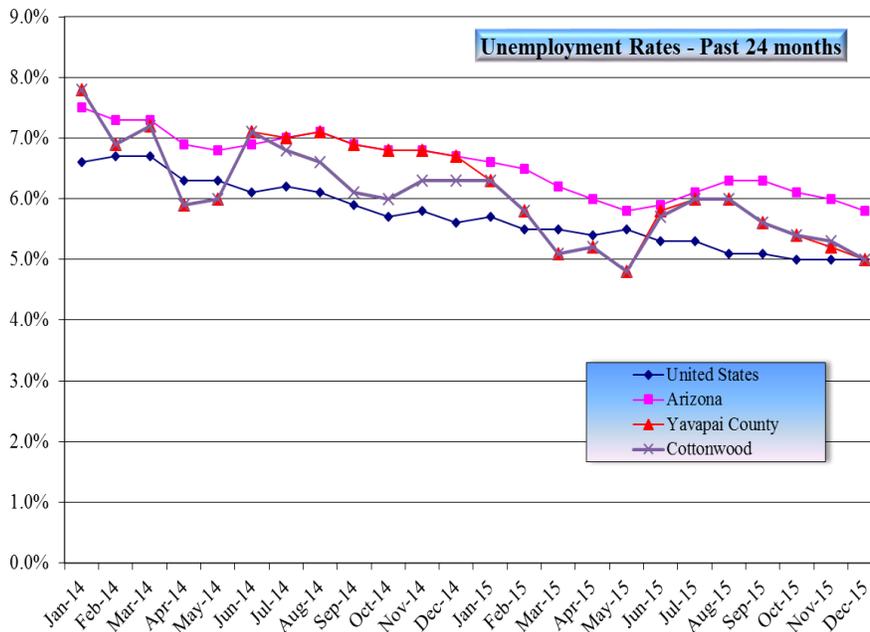
For more specific information, there are detail reports available at the end of this ten page summary. There are also many reports available on the City's website at [www.cottonwoodaz.gov](http://www.cottonwoodaz.gov). If some questions arise from the information on this report or on the website, citizens can email the Administrative Services Department at [rrodriguez@cottonwoodaz.gov](mailto:rrodriguez@cottonwoodaz.gov) or call at (928) 340-2710. Finally, if it is necessary to come in person or mail comments, citizens can visit at 816 North Main Street, Cottonwood, AZ 86326.

### Unemployment:

Overall the City of Cottonwood has a small but steady increase in its major revenue sources, except for the Highway User Revenue Fund – HURF. The one major issue that continues to plague Cottonwood

Monthly	United States	Arizona	Yavapai County	Cottonwood
Jan-14	6.6%	7.5%	7.8%	7.8%
Feb-14	6.7%	7.3%	6.9%	6.9%
Mar-14	6.7%	7.3%	7.2%	7.2%
Apr-14	6.3%	6.9%	5.9%	5.9%
May-14	6.3%	6.8%	6.0%	6.0%
Jun-14	6.1%	6.9%	7.1%	7.1%
Jul-14	6.2%	7.0%	7.0%	6.8%
Aug-14	6.1%	7.1%	7.1%	6.6%
Sep-14	5.9%	6.9%	6.9%	6.1%
Oct-14	5.7%	6.8%	6.8%	6.0%
Nov-14	5.8%	6.8%	6.8%	6.3%
Dec-14	5.6%	6.7%	6.7%	6.3%
Jan-15	5.7%	6.6%	6.3%	6.3%
Feb-15	5.5%	6.5%	5.8%	5.8%
Mar-15	5.5%	6.2%	5.1%	5.1%
Apr-15	5.4%	6.0%	5.2%	5.2%
May-15	5.5%	5.8%	4.8%	4.8%
Jun-15	5.3%	5.9%	5.8%	5.7%
Jul-15	5.3%	6.1%	6.0%	6.0%
Aug-15	5.1%	6.3%	6.0%	6.0%
Sep-15	5.1%	6.3%	5.6%	5.6%
Oct-15	5.0%	6.1%	5.4%	5.4%
Nov-15	5.0%	6.0%	5.2%	5.3%
Dec-15	5.0%	5.8%	5.0%	5.0%

is that of relatively high unemployment in the area.



Unemployment has come down dramatically over the years. Since its peak of 11.8% back in January 2010 we have declined nearly 7% since then. This is an excellent indicator as to the job availability in our community, however, there is still a long way to go.<sup>1</sup> We are cautiously optimistic in the economic improvement of Cottonwood but are still looking for ways to reduce costs since the economy is not coming back as strong as expected.

<sup>1</sup> Location on unemployment statistics

United States <http://data.bls.gov/timeseries/LNS14000000>

Arizona <http://www.ncsl.org/research/labor-and-employment/2014-state-unemployment-rates.aspx>

Yavapai County <https://research.stlouisfed.org/fred2/series/AZYAVA0URN>

Cottonwood <http://www.homefacts.com/unemployment/Arizona/Yavapai-County/Cottonwood.html>

**GENERAL FUND**

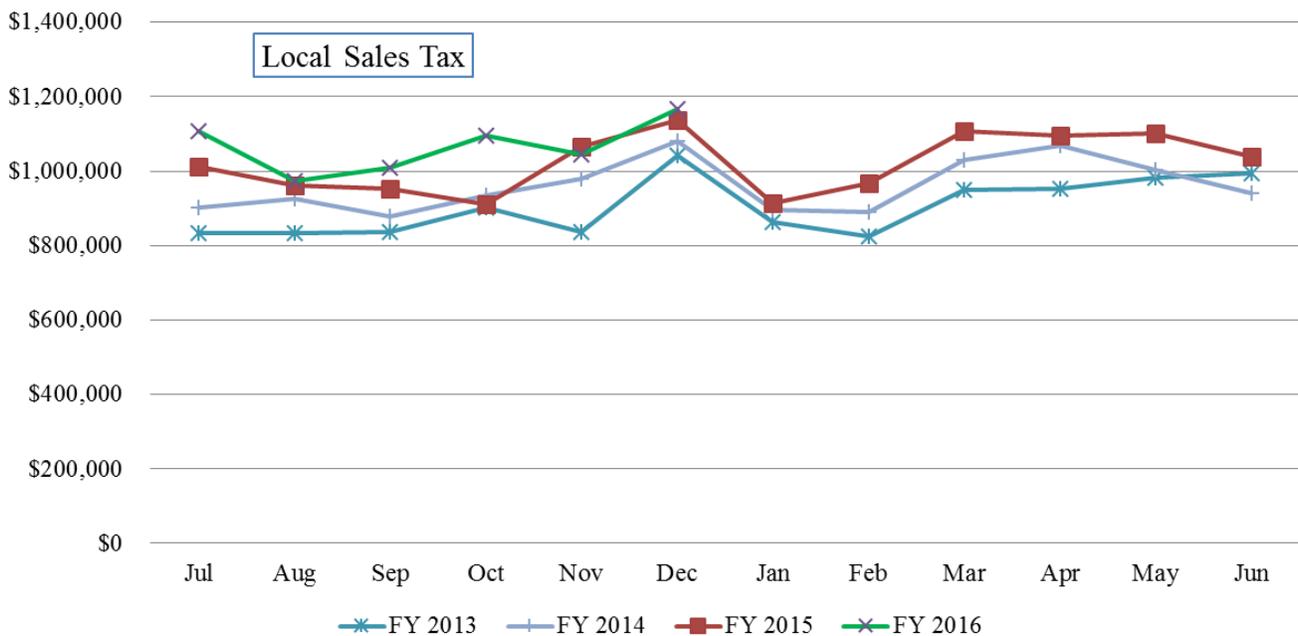
The following tables and graphs reflect the General Fund major revenue sources. All of the information compares monthly collections for similar periods from prior years. The major revenues consist of local sales tax as well as state shared resources.

Local Sales Tax

The local sales tax (3%) comprises over 50% of the overall General Fund revenues. We finished the first half of year at 5.91% over last year at this same period. We are being optimistic that this trend will improve, however, as you can see below our December 2015 numbers are the worse of the four year depicted below.

	FY 2013		FY 2014		FY 2015		FY 2016	
Jul	\$832,338	3.25%	\$902,118	8.38%	\$1,010,689	12.04%	\$1,106,111	9.44%
Aug	831,993	10.03%	925,936	11.29%	962,616	3.96%	972,558	1.03%
Sep	837,190	-1.12%	876,758	4.73%	953,901	8.80%	1,009,710	5.85%
Oct	902,089	10.63%	935,859	3.74%	909,990	-2.76%	1,095,712	20.41%
Nov	837,340	4.31%	979,277	16.95%	1,064,350	8.69%	1,044,333	-1.88%
Dec	1,043,128	7.00%	1,080,777	3.61%	1,137,286	5.23%	1,167,113	2.62%
Jan	861,709	1.98%	897,108	4.11%	913,590	1.84%		-100.00%
Feb	824,472	-4.35%	889,440	7.88%	967,464	8.77%		-100.00%
Mar	950,700	9.31%	1,030,580	8.40%	1,106,094	7.33%		-100.00%
Apr	951,558	6.15%	1,067,508	12.19%	1,095,223	2.60%		-100.00%
May	982,181	9.80%	1,002,215	2.04%	1,100,716	9.83%		-100.00%
Jun	993,955	13.15%	940,480	-5.38%	1,039,657	10.55%		-100.00%
	\$10,848,654	5.86%	\$11,528,057	6.26%	\$12,261,576	6.36%	\$6,395,537	-47.84%

The Transaction Privilege Tax (sales tax) is collected on the gross receipts of business activities. Until 1987, the tax rate was one percent. In 1987, the voters approved an increase of one percent to fund the construction of the wastewater collection/treatment system. Again, in 1992, the voters approved an additional two tenths percent increase to construct a new city library. The current tax rate is three percent (3%) after an increase of .8% in FY 2009.



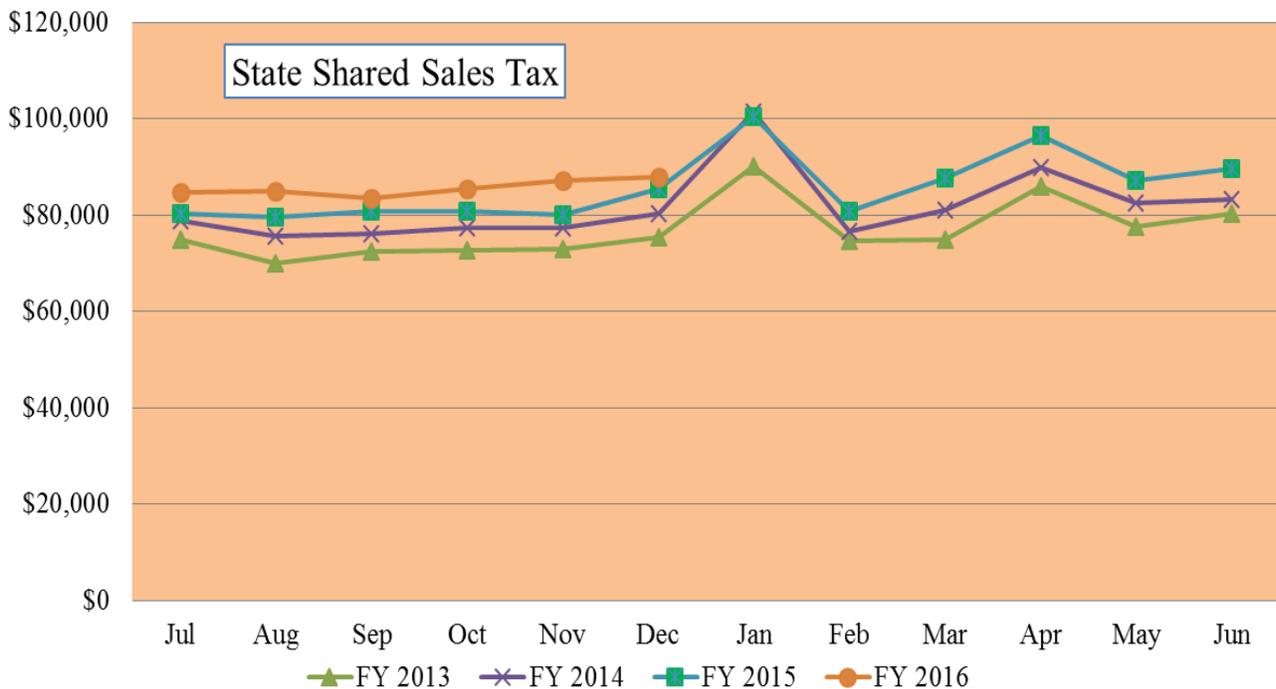
State Shared Sales Tax

This revenue is one of several state shared revenues. For the past three years this revenue stream has shown some steady improvements. Increases have ranged from 4.75 – 6.3%. Currently this revenue is trending more to the 5.5% range or about \$26,500 above last year at this time.

	FY 2013		FY 2014		FY 2015		FY 2016	
Jul	\$74,927	5.02%	\$78,926	5.34%	\$80,409	1.88%	\$84,828	5.50%
Aug	69,903	3.28%	75,616	8.17%	79,552	5.20%	84,941	6.77%
Sep	72,403	3.03%	76,206	5.25%	80,698	5.89%	83,476	3.44%
Oct	72,594	2.16%	77,314	6.50%	80,728	4.42%	85,388	5.77%
Nov	73,042	6.83%	77,348	5.90%	80,131	3.60%	87,178	8.79%
Dec	75,437	5.69%	80,201	6.32%	85,569	6.69%	87,828	2.64%
Jan	90,164	5.74%	101,466	12.54%	100,481	-0.97%		-100.00%
Feb	74,616	7.40%	76,669	2.75%	80,866	5.47%		-100.00%
Mar	74,975	1.47%	81,052	8.10%	87,669	8.16%		-100.00%
Apr	86,010	5.42%	89,870	4.49%	96,493	7.37%		-100.00%
May	77,712	3.39%	82,615	6.31%	87,147	5.49%		-100.00%
Jun	80,278	7.39%	83,254	3.71%	89,672	7.71%		-100.00%
	\$922,061	4.75%	\$980,536	6.34%	\$1,029,415	4.98%	\$513,639	-50.10%

Description - Arizona cities and towns share a portion of the total amount collected from the State Sales Tax. A city's portion of the State Sales Tax is based on the relationship of its population to the total population of all cities and towns within the state. The State has a separate tax code that differs from the City. For example, the State does not tax food whereas the City does. There is no direct correlation between City sales tax and State Shared Sales Tax.

We are estimating to be at our 2007 levels by the end of this fiscal year. FY 2007 was our high point of collections for state shared sales tax before the great recession.



Motor Vehicle Tax

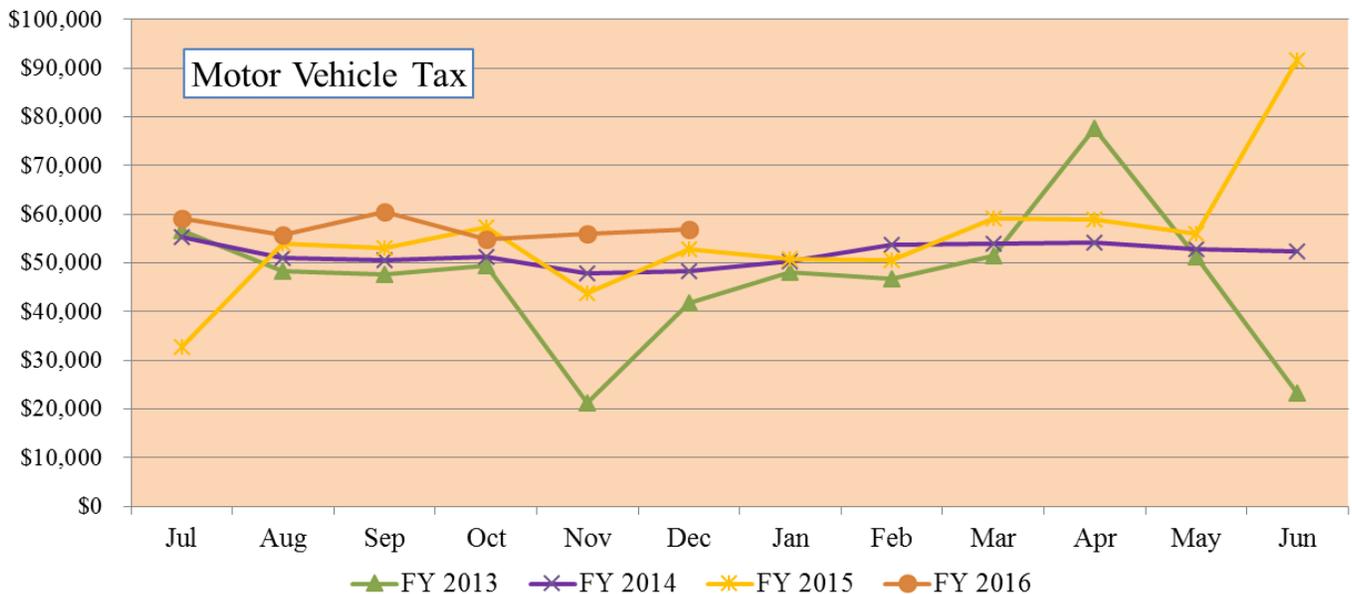
The Motor Vehicle Tax has been all over the place for the past years. The State distribution has been very inconsistent where one month we will get one disbursement and the following month we get three, then two. This revenue source has not seen any substantial improvements over the past years.

This revenue is currently trending 16.8% above last year at this same time. Though it would be nice to stay at that level, it is unlikely that it can be maintained throughout the entire year. It fluctuates so wildly, we can expect it to trend down to a 5 - 6% level by year end.

We are still well behind pre-recession levels and not sure when we will be back at those levels. At a 5% increase, we would still not be at our highest revenue point for Motor Vehicle Tax. That was in FY 2006 when we reached \$695,836.

	FY 2013		FY 2014		FY 2015		FY 2016	
Jul	\$56,662	14.13%	\$55,274	-2.45%	\$32,681	-40.87%	\$59,097	80.83%
Aug	48,232	-9.70%	50,992	5.72%	53,909	5.72%	55,848	3.60%
Sep	47,737	2.04%	50,638	6.08%	53,159	4.98%	60,435	13.69%
Oct	49,369	7.83%	51,303	3.92%	57,376	11.84%	54,904	-4.31%
Nov	21,295	-52.97%	47,840	124.65%	43,919	-8.20%	55,965	27.43%
Dec	41,840	-36.63%	48,271	15.37%	52,788	9.36%	56,941	7.87%
Jan	48,182	-0.19%	50,317	4.43%	50,813	0.99%		-100.00%
Feb	46,809	-4.24%	53,701	14.72%	50,593	-5.79%		-100.00%
Mar	51,577	7.49%	53,870	4.45%	59,134	9.77%		-100.00%
Apr	77,643	54.41%	54,125	-30.29%	58,821	8.68%		-100.00%
May	51,160	-4.04%	52,877	3.36%	56,080	6.06%		-100.00%
Jun	23,343	-50.51%	52,289	124.00%	91,513	75.01%		-100.00%
	\$563,851	-6.47%	\$621,497	10.22%	\$660,786	6.32%	\$343,190	-48.06%

Description - Arizona cities receive a 25% share of the net revenues collected for the licensing of vehicles in their related county. Each city's share within their county is determined based on the city's population in relation to the county as a whole. These revenues are distributed by the State Treasurer.



General Fund – Revenues vs Expenditures

Our General Fund operating revenues are still struggling to keep up with our expenditures. This was an anticipated scenario to some degree during the budget process. As of December 31, 2015 we have tapped into our fund balance reserves by \$626,265. We are carrying some capital project expenditures that will be reimbursed for our 2015 bonding. Unfortunately, we have to pay those upfront and wait for reimbursement. You may recall that the FY 2016 budget was a very difficult one as we saw the economic recovery still improving, however, at a very slow pace.

The issue of revenues keeping up with expenditures has been discussed several times in past years and will continue to be an issue in the future. This FY 2016

budget season was more challenging other others in the past due to the revenue constraints and increased demand for services. Our costs continue to rise and our revenues, simply put, have not kept up with the pace of rising costs. Our current General Fund balance is \$5.2M.

	General Fund	
	Budget	2nd Qtr Actual
Revenues	\$23,331,020	\$8,963,602
Operating Expenditures	17,214,835	8,679,371
Capital Outlay	653,350	299,459
Debt Service	0	0
Revenues over (under) Expenditures	5,462,835	(15,228)
Other Funding Sources & Uses	(1,254,285)	(611,038)
Revenues & other funding sources & uses over (under) Expenditures	4,208,550	(626,265)
Beginning Fund Balance	5,825,707	5,825,707
Ending Fund Balance	\$10,034,257	\$5,199,442

As we move forward into this fiscal year we need to be aware that Governmental Accounting Standards Board (GASB) Statement #68 – Accounting

REVENUES

Taxes	\$7,103,655
Licenses & permits	175,980
Intergovernmental revenue	923,882
Charges for services	497,054
Fines & forfeitures	80,536
Uses of monies & properties	79,807
Miscellaneous revenues	102,688
Other Sources	14,340
<b>Revenues &amp; Other Sources</b>	<b><u>\$8,977,942</u></b>

EXPENDITURES

General Government	\$3,437,059
Public Safety	819,393
Cultural & Recreation	4,422,919
Capital Equipment	299,459
Other Uses	625,377
<b>Expenditures &amp; Other Uses</b>	<b><u>\$9,604,207</u></b>

and Financial Reporting for Pension Plans has affected all entities using ASRS or PSPRS. All entities are now required to reflect any pension plan underfunding liability on their respective financials. When our CAFR is completed there will be a significant decline in our net position even as to go into a negative number. Though nothing to be concerned about at this time. That number will improve as the City pays down its pension liability in future years.

Our overall fund balance continues to be fully funded in the General Fund,. Other funds are not meeting the established Fund Balance Policy due to weak revenue generation. This is something that will need to be corrected in the near future.

We will be preparing for continued revenue and expenditure discussions later this year. At that time similar options as in the past, as well as some new option will be presented to the Council for their consideration. Without a property tax supporting municipal functions as other cities in our area have, we need to become creative to continue providing excellent services in the future.

## SPECIAL REVENUE FUNDS

Special Revenue Funds consist of the Highway User Revenue Fund (HURF) and several other smaller funds, including CAT/LYNX, Library, Cemetery, Airport, and Grants.

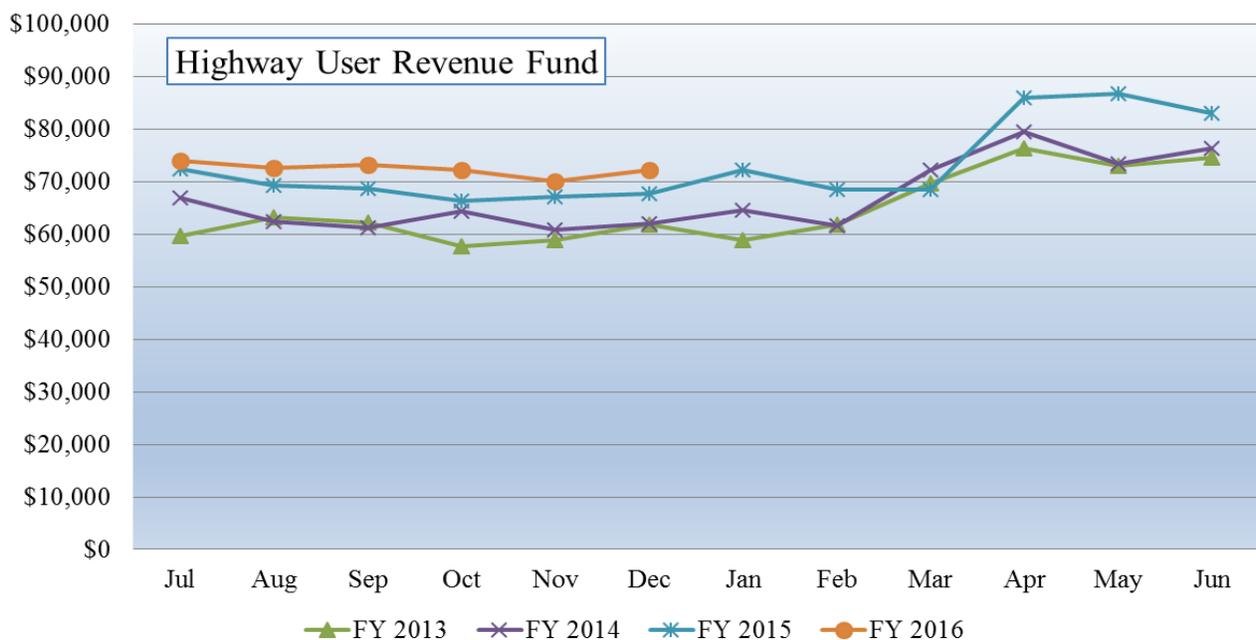
### Highway User Revenue Funds - HURF

This is another state shared revenue source. It has not improved very much over the years, though it appears to be doing well at this time. The State is still using a portion of the HURF that is designated for cities and towns to assist with cost to the Department of Public Safety. At this time the HURF is 5.5% above last year at this same time period.

	FY 2013		FY 2014		FY 2015		FY 2016	
Jul	\$59,762	5.05%	\$66,861	11.88%	\$72,487	8.41%	\$73,939	2.00%
Aug	63,241	15.32%	62,470	-1.22%	69,249	10.85%	72,631	4.88%
Sep	62,182	12.96%	61,165	-1.64%	68,695	12.31%	73,174	6.52%
Oct	57,683	2.21%	64,485	11.79%	66,391	2.96%	72,153	8.68%
Nov	58,982	14.65%	60,776	3.04%	67,106	10.41%	70,008	4.32%
Dec	61,771	10.79%	62,013	0.39%	67,781	9.30%	72,337	6.72%
Jan	58,964	11.44%	64,643	9.63%	72,211	11.71%		-100.00%
Feb	61,836	5.31%	61,689	-0.24%	68,542	11.11%		-100.00%
Mar	69,754	6.16%	72,168	3.46%	68,542	-5.02%		-100.00%
Apr	76,304	7.84%	79,481	4.16%	85,957	8.15%		-100.00%
May	73,104	18.71%	73,414	0.42%	86,824	18.27%		-100.00%
Jun	74,681	2.10%	76,375	2.27%	83,032	8.72%		-100.00%
	✓ \$778,265	9.12%	✓ \$805,540	3.50%	✓ \$876,817	8.85%	✓ \$434,242	-50.48%

Description - Arizona cities receive a share of State Motor Vehicle Fuel Taxes (Highway User Revenue Funds). The formula is based on two separate calculations; the first half is based on a city's population in relation to the State's total population, the second is based on the county in which the revenues were generated. These funds must be utilized for the construction and maintenance of streets and highways.

The state's forecast was for \$846,670, however if our current trend continues we can expect approximately \$860,012.



**Special Revenues Funds - continued**

The following tables depict the various sub-funds that make up the Special Revenue Funds in the City of Cottonwood budget. All of these funds have the continued support of the General Fund which cover any shortages in their bottom line. Most of the negative numbers are grants, transfers or receivables that are outstanding and are expected to be received within the next couple months. HURF will be getting some transfers in from the Capital Improvements Funds as well as outside bond funding for the major street projects that are currently in progress.

	Special Revenue Funds					
	HURF		CAT		Library	
	Budget	2nd Qtr Actual	Budget	2nd Qtr Actual	Budget	2nd Qtr Actual
Revenues	1,946,770	574,280	\$1,250,565	\$282,325	\$171,165	\$8,664
Operating Expenditures	1,426,815	375,308	1,584,830	673,379	972,450	459,539
Capital Outlay	6,810,370	896,851	240,000	122,540	0	0
Debt Service	0	0	0	0	0	0
Revenues over (under) Expenditures	(6,290,415)	(697,880)	(574,265)	(513,594)	(801,285)	(450,875)
Other Funding Sources & Uses	2,682,830	0	0	0	801,285	400,643
Revenues & other funding sources & uses over (under) Expenditures	(3,607,585)	(697,880)	(574,265)	(513,594)	0	(50,232)
Beginning Fund Balance	(444,700)	(444,700)	0	0	73,324	73,324
Ending Fund Balance	(\$4,052,285)	(\$1,142,580)	(\$574,265)	(\$513,594)	\$73,324	\$23,091

	Special Revenue Funds					
	Cemetery		Airport		Grants	
	Budget	2nd Qtr Actual	Budget	2nd Qtr Actual	Budget	2nd Qtr Actual
Revenues	\$1,100	\$450	\$309,000	\$84,422	\$2,199,155	\$1,102
Operating Expenditures	26,625	23,262	248,195	113,031	0	0
Capital Outlay	0	0	0	0	2,409,155	9,607
Debt Service	0	0	0	0	0	0
Revenues over (under) Expenditures	(25,525)	(22,812)	60,805	(28,609)	(210,000)	(8,505)
Other Funding Sources & Uses	25,525	12,762	0	0	107,930	9,607
Revenues & other funding sources & uses over (under) Expenditures	0	(10,049)	60,805	(28,609)	(102,070)	1,102
Beginning Fund Balance	0	0	0	0	(25,228)	(25,228)
Ending Fund Balance	\$0	(\$10,049)	\$60,805	(\$28,609)	(\$127,298)	(\$24,126)

**CAPITAL IMPROVEMENTS FUND**

This fund continues to be in relatively good fiscal shape. The fund balance has declined over the past eight years. This decline is due to the City’s decision to move forward with large street projects throughout the community. This fund also facilitated the acquisition of several needed buildings that were needed due to space limitation. It also contributed some much needed relief to the local construction industry by remodeling the newly acquired buildings. This was done during the so called “Great Recession.”

One of the largest project expected to be funded by this fund will be the Riverfront Water Reclamation Facility. This will be accomplished by a transfer out of this fund to the Wastewater Fund to pay for the construction. There are reserves in this fund remaining from the 2015 Excise Tax Bond issue for the projects presented below. The Kid’s Park will be getting a much needed new restroom facility. The Garrison Park and the Riverfront Park will have their restroom facilities renovated with more durable toilet and washing furnishings.

It is expected that by year-end, this fund will almost if not entirely be used up as expected by the reclamation facility. This was by design; to use these reserves for a wastewater project. If there is any available reserves, they will be used for other capital projects.

Below are the major projects funded by the 2015 Excise Tax bond for this fiscal year. Some of these costs are remaining from previous year’s projects, others are projects that are on the drawing board and are planned to begin construction later this fiscal year.

Capital outlay:

Investment Expenses	9,000	2,282	25.36%
Railroad Wash	0	2,627	0.00%
Bond Issuance Costs	0	33,185	0.00%
2015 Excise Bond	0	1,217	0.00%
Kids Park	250,000	0	0.00%
Garrison Park	250,000	0	0.00%
Civic Center HVAC	160,000	0	0.00%
Riverfront Park	150,000	0	0.00%
Communications Center	0	20,934	0.00%
<b>Total Expenditures</b>	<b>819,000</b>	<b>60,246</b>	<b>7.36%</b>

	Capital Improvments	
	Budget	2nd Qtr Actual
Revenues	\$0	\$7,322
Operating Expenditures	0	0
Capital Outlay	819,000	60,246
Debt Service	0	
Revenues over (under)		
Expenditures	(819,000)	(52,924)
Other Funding Sources & Uses	(8,817,170)	0
Revenues & other funding sources & uses over (under)		
Expenditures	(9,636,170)	(52,924)
Beginning Fund Balance	10,528,437	10,528,437
Ending Fund Balance	\$892,267	\$10,475,513

**ENTERPRISE FUNDS**

Wastewater and Water

Both the Enterprise Funds have been operating in the black since the City Council has approved annual rate increases. FY 2013 was a turning point for both the Water and Wastewater Enterprise Funds. We are currently looking to increase rates in 1<sup>st</sup> quarter of 2016 which will continue to strengthen our financial position.

The Water Utility had their Municipal Property Corporation (MPC) Water Revenue Bonds, Series 2004 refinanced at the end of last fiscal year. There were substantial savings to utility customers over the life of the new Water Infrastructure Finance Authority (WIFA) loan. Approximately \$1,745,600 will be saved in interest expense, and there was \$550,000 in forgivable principle included in the refinance package, totaling over \$2,295,600 in cost savings. The WIFA loan required less debt service reserves, allowing a \$111,000 transferred from debt service reserves to the water utility’s unrestricted fund reserves.

The table below does not take into consideration any proposed rate increase on the budget side since council has not yet seen the proposal on rate increases. It is anticipated that if any increases are approved they may take place in first quarter of calendar year 2016. This means that FY revenues will reflect only five months or less of additional revenue collections. Any proposed increase will allow us to put some revenue into reserves for these Enterprise Funds.

	Enterprise Funds			
	Wastewater		Water	
	Budget	2nd Qtr Actual	Budget	2nd Qtr Actual
Revenues	2,501,540	1,262,873	\$8,021,465	\$4,010,303
Operating Expenditures	1,964,205	860,082	7,161,355	1,681,445
Capital Outlay	12,775,700	306,866	2,927,350	277,199
Debt Service	0	0	31,733,955	1,212,521
Revenues over (under) Expenditures	(12,238,365)	95,924	(33,801,195)	839,137
Other Funding Sources & Uses	12,000,000	0	10,000,000	0
Revenues & other funding sources & uses over (under) Expenditures	(\$238,365)	\$95,924	(\$23,801,195)	\$839,137

The water budget looks much skewed since the MPC Water Revenue Bonds, Series 2004 payout was budgeted for July 1, 2015. It did, however, take place just prior to the beginning of the fiscal year. That allowed the number to be left in the budget since we adopted the budget in June.

We are currently working on refinancing the 2006 MPC Water Revenue Bonds using a WIFA Loan as we did last year. We are looking at a reduced interest rate and the addition of a redundant water line. Our hope is to get a great rate as well as possibly get some forgivable principle, saving the City of Cottonwood even more money. We are currently work with our financial advisor to get this refinance accomplished.

**DEBT SERVICES FUND**

This fund starts off the year in good shape; with sales taxes and interest income providing all of the revenues for this fund. Expenditures consist of principal and interest on loans and bond issues. Also included are any trustee fees assessed for managing the debt service accounts.

Currently only the Recreation Center Greater Arizona Development Authority (GADA) Bonds are accounted for in this fund. The debt service for the Recreation Center is solely funded by sales tax revenues.

As a note, in FY 2017 we will include the 2015 Excise Tax Bond debt service into this fund. It too will be paid for by the sales tax and fees.

All water debt service is funded through user fees and other operational revenues, and therefore the debt service for the water utility is reflected in the enterprise fund.

		Debt Service	
		Budget	2nd Qtr Actual
Revenues		\$2,078,635	\$770,817
Operating Expenditures			770,998
Capital Outlay			
Debt Service		1,541,635	770,998
Revenues over (under)			
Expenditures		537,000	(771,178)
Other Funding Sources & Uses		0	0
Revenues & other funding sources & uses over (under)			
Expenditures		537,000	(181)
Beginning Fund Balance		1,210,126	1,210,126
Ending Fund Balance		\$1,747,126	\$1,209,945

**BRIEF OVERVIEW**

As we finish our first half of fiscal year 2016, we are pleased to see the economy slowly improving. We are also pleased with being able to continue providing the excellent services that our community is accustomed to getting from the city. Many projects that rolled over into this fiscal year continue to be worked on with the goal of completing them by fiscal year end. Events such as the Fall Carnival, Walkin’ on Main, and the 60<sup>th</sup> Annual Cottonwood Christmas Parade all brought many visitors to our community.

Despite our past and current success, we continue to express concern over our revenue generation not keeping up with our expenditures. Our local sales tax is steadily coming along but not to levels that can compensate for other lagging revenue sources. Other revenues, mostly those related to the construction are still struggling. During this last budget season we struggled balancing the budget due to the needs for services. We will continue to look at council for direction on some possible revenues opportunities in the near future.

Here is some things to ponder. Our State Share Income Tax is nearly \$200,000 behind our highest point of \$1,528,328. Our Local Government Investment Pool (LGIP) interest rates are at 0.2800% versus 5.2505% in August 2007. Building Permit revenues are a \$164K shy of the FY 2007 levels of nearly \$410K. The State of Arizona continues to annually take from Cottonwood about \$40,000 from HURF and about \$84,000 from what was Local Transportation Assistance Fund. More recently, we lost \$15K in revenue, courtesy of the State passing a law not allowing us to register rental property. And we don’t have a property tax supporting any of our operations.

Despite all this, the City is still a keeping a fiscally conservative position in doing their everyday business while looking for ways to reduce costs, reorganize itself, provide quality essential services, and protect its staff. It continues to maintain reasonable reserves in its General Fund for unforeseeable emergencies as is prudent. We are still looking for ways to begin putting away funds and improving our fund balance position in other funds besides the General Fund.

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

<b>General Fund - 01</b>	<b>Adopted</b>		
	<b>Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
<b>Revenues:</b>			
Taxes	14,205,825	7,103,655	50.01%
Licenses & permits	310,000	175,980	56.77%
Intergovernmental revenue	2,446,200	923,882	37.77%
Charges for services	999,200	497,054	49.75%
Fines & forfeitures	232,300	80,536	34.67%
Uses of monies & properties	72,000	79,807	110.84%
Miscellaneous revenues	5,065,495	102,688	2.03%
Total revenues	23,331,020	8,963,602	38.42%
<b>Expenditures:</b>			
<b>Operating:</b>			
Council	158,555	83,924	52.93%
City Clerk	231,460	113,459	49.02%
Administration	734,220	364,125	49.59%
Finance	424,675	204,808	48.23%
Personnel	294,855	123,377	41.84%
IT Services	377,380	213,938	56.69%
Purchasing	72,650	35,518	48.89%
Legal	412,195	218,868	53.10%
Court	569,445	236,951	41.61%
Planning & zoning	501,510	244,121	48.68%
Engineering	421,125	189,989	45.11%
Public Works	348,565	126,339	36.25%
Transfer Station	164,080	101,327	61.75%
Building maintenance	65,870	200,952	305.07%
Custodial	225,510	76,869	34.09%
Natural resources	155,350	77,100	49.63%
Non-departmental	447,500	274,556	61.35%
Police	4,680,510	2,268,220	48.46%
Communications	1,668,390	815,676	48.89%
Fire	2,798,790	1,339,023	47.84%
Ordinance Enforcement	210,150	98,471	46.86%
Parks & recreation	675,925	484,141	71.63%
Rec Center Operations	1,212,870	626,129	51.62%
Pool	126,750	57,993	45.75%
Economic Development	236,505	103,498	43.76%
Subtotal maintenance and operations	17,214,835	8,679,371	50.42%
Capital outlay:	653,350	299,459	45.83%
Total Expenditures	17,868,185	8,978,830	50.25%
Excess (deficiency) of revenues over (under) expenditures	5,462,835	(15,228)	
<b>Other financing sources (uses):</b>			
Operating transfers in	0	0	0.00%
Sales of City Equipment	6,000	14,340	238.99%
Capital leases	(433,475)	(211,972)	48.90%
Transfers out	(826,810)	(413,405)	50.00%
Total other financing sources (uses)	(1,254,285)	(611,038)	48.72%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	5,790,542	(626,265)	
Fund balance, July 1, 2015 (audited)		5,825,707	
Estimated fund balance @ June 30, 2016		\$5,199,442	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**HURF - 10**

	Adopted Budget	Y-T-D	% Used
Revenues:			
Intergovernmental revenue	\$1,946,670	544,881	27.99%
Uses of monies & properties	100	2,809	2808.63%
Miscellaneous revenues	0	26,590	0.00%
Total revenues	1,946,770	574,280	29.50%
Expenditures:			
Operating:			
Salaries	175,080	86,747	49.55%
Temp employees	0	0	0.00%
Overtime	2,500	2,341	93.65%
Social security	11,010	5,231	47.51%
Medicare tax	2,570	1,223	47.60%
AZ state retirement	20,370	10,219	50.16%
Health & life insurance	52,175	27,817	53.31%
Worker's compensation	18,140	6,238	34.39%
Clothing allowance	1,200	460	38.37%
Operational supplies	1,200	1,237	103.10%
Tools	2,000	537	26.83%
Gas & oil	20,000	150	0.75%
Materials	16,000	5,601	35.00%
Street signs	4,000	876	21.90%
Street marking	42,500	1,972	4.64%
Office supplies	100	38	38.27%
Vehicle maintenance	8,400	4,623	55.03%
Equipment maintenance	20,000	13,947	69.74%
Building maintenance & repair	0	0	0.00%
Pavement Preservation	4,000	0	0.00%
Contractual services	415,000	11,218	2.70%
Bank charges	25	0	0.00%
Employee physicals	1,000	264	26.40%
Computer support	225	76	33.75%
General counsel	0	0	0.00%
Engineering Services	0	0	0.00%
Legal advertising	0	0	0.00%
Utilities	9,300	4,032	43.36%
Street lights	68,590	23,384	34.09%
Telephone	2,500	795	31.80%
Culverts	1,000	0	0.00%
Travel & training	500	1,212	242.39%
Continuing education	0	0	0.00%
Equipment rental	1,000	0	0.00%
Subscriptions & dues	0	0	0.00%
Postage & freight	0	0	0.00%
Liability insurance	37,930	17,793	46.91%
Liability claims deductible	0	0	0.00%
Indirect costs to general fund	475,000	146,178	30.77%
Street light contingency	3,500	0	0.00%
Equipment purchase	10,000	0	0.00%
Street Improvements	0	1,100	0.00%
Subtotal maintenance and operations	1,426,815	375,308	26.30%

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**HURF - 10 (page 2)**

	<b>Adopted Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
Debt Service:			
Principal	0	0	0.00%
Interest	0	0	0.00%
Capital Outlay:			
Street Light Contingency	0	0	0.00%
Pavement Preservation	0	0	0.00%
2015 Excise Bond - Trustee Fees	0	1,783	0.00%
Bond Issuance Costs	0	48,621	0.00%
Mingus/Main Signal	0	0	0.00%
10th St to Main Project	0	0	0.00%
12th ST NACOG 89-A to Fir	337,220	628,974	186.52%
Sidewalk Additions	123,150	153,084	124.31%
Mingus Willard to Main	6,350,000	64,388	1.01%
10 th Street	0	0	0.00%
Main St. Road Diet Grant	0	0	0.00%
HSIP Street Sign Replacement	0	0	0.00%
Total Expenditures	<u>8,237,185</u>	<u>1,272,159</u>	<u>15.44%</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,290,415)</u>	<u>(697,880)</u>	
Other Financing Sources (Uses):			
Operating Transfers In	2,682,830	0	0.00%
Proceeds from Bonds	0	0	0.00%
Capital Leases	0	0	0.00%
Transfers Out	0	0	0.00%
Total other financing sources (uses)	<u>2,682,830</u>	<u>0</u>	<u>0.00%</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,607,585)</u>	<u>(697,880)</u>	
Fund balance, July 1, 2015 (audited)		<u>(444,700)</u>	
Estimated fund balance @ June 30, 2016		<u><u>(\$1,142,580)</u></u>	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual

Quarterly Report Ending December 31, 2015

**CATS - 10**

	<b>Adopted Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
<b>Revenues:</b>			
Intergovernmental revenue	\$1,061,565	192,602	18.14%
Charges for services	189,000	89,722	47.47%
Total revenues	1,250,565	282,325	22.58%
<b>Expenditures:</b>			
Salaries	513,065	243,144	47.39%
Temporary employee	185,000	73,256	39.60%
Overtime	30,000	10,522	35.07%
Holiday pay	9,500	4,989	52.52%
Social security	43,810	19,771	45.13%
Medicare	10,255	4,624	45.09%
AZ retirement	64,955	31,925	49.15%
Health/life insurance	135,570	75,495	55.69%
State compensation insurance	18,860	8,694	46.10%
Clothing allowance	4,000	536	13.40%
Contractual Services	177,500	2,099	1.18%
Gas & oil	177,500	68,347	38.51%
Office supplies	5,000	2,513	50.27%
Copier supplies	200	0	0.00%
Vehicle maintenance	95,000	56,729	59.72%
Building Maintenance	7,100	1,255	17.67%
Radio maintenance	5,250	1,421	27.07%
Postage & freight	16,500	4,696	28.46%
Audit expense	3,000	0	0.00%
Employee physicals / drug tests	1,790	1,252	69.94%
Computer Support	3,950	(5,486)	-138.88%
Custodial Contract	0	6,523	0.00%
Advertising	12,000	18,465	153.88%
Printing & forms	9,875	4,104	41.56%
Utilities	10,000	6,409	64.09%
Telephone	7,400	3,519	47.55%
Travel/training	3,750	3,216	85.77%
Continuing education	0	3,558	0.00%
Subscriptions/dues	2,500	320	12.80%
Tools & Equipment	2,500	131	5.26%
Liability insurance	29,000	21,351	73.62%
Indirect costs to GF	0	0	0.00%
Subtotal maintenance and operations	1,584,830	673,379	42.49%
Capital Outlay:	240,000	122,540	0.00%
Fund b: Total Expenditures	1,824,830	795,919	43.62%
Excess (deficiency) of revenues over (under) expenditures	(574,265)	(513,594)	
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	0	0	0.00%
Proceeds from Bonds	0	0	0.00%
Capital Leases	0	0	0.00%
Transfers Out	0	0	0.00%
Total other financing sources (uses)	0	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(574,265)	(513,594)	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Library - 03**

	Adopted		
	Budget	Y-T-D	% Used
<b>Revenues:</b>			
Other income	\$15,500	\$8,660	55.87%
Interest income	25	4	14.52%
City Sales Tax	0	0	0.00%
Yavapai county	155,640	0	0.00%
AZ LSCA/Yavapai county grant	0	0	0.00%
Gates grant	0	0	0.00%
Total revenues	171,165	8,664	5.06%
<b>Expenditures:</b>			
<b>Operating:</b>			
Salaries	381,380	181,100	47.49%
Temp employees	45,000	19,107	42.46%
Overtime	0	62	0.00%
Holiday pay		0	0.00%
Social security	26,440	12,129	45.87%
Medicare tax	6,180	2,837	45.90%
AZ state retirement	43,740	20,379	46.59%
Health & life insurance	87,260	47,302	54.21%
Worker's compensation	5,000	1,491	29.82%
Gas & oil	0	0	0.00%
Book purchases	41,000	24,094	58.77%
Office supplies	4,000	2,770	69.26%
Copier supplies	2,500	686	27.43%
Vehicle maintenance	0	0	0.00%
Equipment maintenance	6,000	2,834	47.23%
Bldg M&R - Library	30,000	14,016	46.72%
Collection expenses	2,000	922	46.09%
Bank Charges	0	21	0.00%
Recruitment Cost	500	60	12.00%
Computer support	2,000	984	49.21%
Legal advertising	0	0	0.00%
Utilities	55,000	23,822	43.31%
Telephone	2,700	1,120	41.49%
Network & technology expenses	35,000	29,404	84.01%
Youth programs	450	460	102.16%
Annual volunteer appreciation	800	43	5.38%
Travel & training	800	513	64.10%
Subscriptions & dues	0	0	0.00%
Postage & freight	5,200	1,892	36.38%
Liability Insurance	14,000	10,675	76.25%
Indirect costs to general fund	175,500	60,816	34.65%
District - Materials	0	0	0.00%
Subtotal maintenance and operations	972,450	459,539	47.26%

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Library - 03 (page 2)**

	<b>Adopted</b>		
	<b>Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
Capital outlay:	0	0	0.00%
Total expenditures	972,450	459,539	47.26%
Excess (deficiency) of revenues over (under) expenditures	(801,285)	(450,875)	
Other financing sources (uses):			
Operating transfers in	801,285	400,643	50.00%
Proceeds from bonds	0	0	0.00%
Capital leases	0	0	0.00%
Transfers out	0	0	0.00%
Total other financing sources (uses)	801,285	400,643	50.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	(50,232)	
Fund balance, July 1, 2015 (audited)		73,324	
Estimated fund balance @ June 30, 2016		<u>\$23,091</u>	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Cemetery 04**

	Adopted		
	Budget	Y-T-D	% Used
Revenues:			
Interest Income	\$0	\$0	0.00%
Charges for services	1,100	450	40.91%
Total revenues	1,100	450	40.91%
Expenditures:			
Utilities	22,000	18,717	85.08%
Telephone	0	0	0.00%
Grave Liners	3,000	0	0.00%
Miscellaneous Expense	500	63	12.63%
Indirect Costs	1,125	4,481	398.33%
Subtotal maintenance and operations	26,625	23,262	87.37%
Capital improvements	0	0	0.00%
Total expenditures	26,625	23,262	87.37%
Excess (deficiency) of revenues over (under) expenditures	(25,525)	(22,812)	
Other financing sources (uses):			
Operating transfers in	25,525	12,762	50.00%
Proceeds from lease purchase	0	0	0.00%
Capital leases	0	0	0.00%
Transfers out	0	0	0.00%
Total other financing sources (uses)	25,525	12,762	50.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	(10,049)	
Fund balance, July 1, 2015 (audited)		0	
Estimated fund balance @ June 30, 2016		(\$10,049)	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Airport - 05**

	Adopted Budget	Y-T-D	% Used
	<b>Revenues:</b>		
Other Income	\$0	\$0	0.00%
Late Fees	500	403	80.50%
Tie down rent	17,000	10,116	59.51%
Airpark Rents	0		0.00%
FBO building rental income	0	0	0.00%
Fuel sales income	225,000	38,972	17.32%
Oil Sales	50	0	0.00%
Land lease fees	32,900	9,350	28.42%
City hangar lease fees	33,550	25,582	76.25%
Total revenues	309,000	84,422	27.32%
<b>Expenditures:</b>			
Operational Supplies	700	976	139.43%
Fuel Expense	150,000	73,198	48.80%
Oil Expense	0	0	0.00%
Office Supplies	150	4	2.99%
Vehicle Maintenance	150	131	87.44%
Equipment maintenance	3,500	2,096	59.88%
Building maintenance	500	333	66.64%
Contractual Services	10,000	20	0.20%
Bank Charges	12,000	5,846	48.72%
Computer Support	100	40	40.00%
General Counsel	0	0	0.00%
Utilities	12,410	6,740	54.31%
Telephone	1,185	458	38.61%
Airport Annual Event	0	0	0.00%
Liability Insurance	8,200	8,200	100.00%
Indirect costs	50,000	14,988	29.98%
Equipment Purchase	0	0	0.00%
Airport Improvements	0	0	0.00%
Subtotal maintenance and operations	248,195	113,031	45.54%
Capital improvements - hangars	0	0	0.00%
Total expenditures	248,195	113,031	45.54%
Excess (deficiency) of revenues over (under) expenditures	60,805	(28,609)	
<b>Other financing sources (uses):</b>			
Operating transfers in	0	0	0.00%
Proceeds from lease purchase	0	0	0.00%
Capital leases	0	0	0.00%
Transfers out	0	0	0.00%
Total other financing sources (uses)	0	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	60,805	(28,609)	
Fund balance, July 1, 2015 (audited)		0	
Estimated fund balance @ June 30, 2016		(\$28,609)	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Sewer Consolidated - 51**

	Adopted		
	Budget	Y-T-D	% Used
Revenues:			
Taxes	\$0	\$0	0.00%
Charges for services	2,063,940	1,120,743	54.30%
Uses of monies & properties	437,600	236	0.05%
Miscellaneous revenues	0	141,894	0.00%
Total revenues	2,501,540	1,262,873	50.48%
Expenditures:			
Operating:			
Salaries	491,250	221,573	45.10%
Temporary Employees	0	0	0.00%
Overtime	54,000	24,190	44.80%
Holiday pay	2,000	986	49.28%
Social security	33,930	15,176	44.73%
Medicare tax	7,930	3,549	44.76%
AZ state retirement	62,770	27,201	43.33%
Health & life insurance	92,790	46,737	50.37%
Worker's compensation	19,100	3,876	20.29%
Clothing allowance	2,000	957	47.84%
Operational supplies	17,000	10,290	60.53%
Tools	1,400	801	57.22%
Gas & oil	14,000	2,974	21.24%
Chlorine	2,700	2,383	88.24%
Polymer	16,700	7,071	42.34%
Odor control supplies	0	0	0.00%
Office supplies	3,100	961	31.00%
Copier Supplies	0	0	0.00%
Vehicle maintenance	5,500	5,601	101.83%
Equipment maintenance	200,000	99,330	49.67%
Building maintenance	5,500	5,256	95.56%
Contractual services	60,000	41,746	69.58%
Bank Charges	12,500	0	0.00%
Employee physicals	450	110	24.44%
Computer support	4,600	523	11.37%
General Counsel	0	0	0.00%
Lab / testing	45,000	25,628	56.95%
Sludge disposal	92,000	33,771	36.71%
Legal Advertising	0	15	0.00%
Printing & forms	250	0	0.00%
Utilities	395,500	166,740	42.16%
Telephone	5,050	2,134	42.26%
ADEQ annual fee	16,500	18,205	110.33%
Travel & training	2,400	1,506	62.76%
Continuing education	500	0	0.00%
Equipment rental	500	0	0.00%
Subscriptions & dues	700	0	0.00%
Postage & freight	10,500	13,493	128.51%
Liability insurance	36,055	24,910	69.09%
Indirect costs to general fund	250,030	52,390	20.95%
Bad debt expense	0	0	0.00%
Reserve replacement fund	0	0	0.00%
Subtotal maintenance and operations	1,964,205	860,082	43.79%

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Sewer Consolidated - 51 (page 2)**

	<b>Adopted</b>		
	<b>Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
Capital Outlay:	12,775,700	306,866	2.40%
Total Expenditures	14,739,905	1,166,948	7.92%
Excess (deficiency) of revenues over (under) expenditures	(12,238,365)	95,924	
Other Financing Sources (Uses):			
Operating transfers in	11,500,000	0	0.00%
Proceeds from bonds / loans	500,000	0	0.00%
Capital leases	0	0	0.00%
Transfers out	0	0	0.00%
Total other financing sources (uses)	12,000,000	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses - Net Income	(\$238,365)	\$95,924	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Sewer Construction  
& Administration - 51**

	Adopted		
	Budget	Y-T-D	% Used
Revenues:			
City sales tax	\$0	\$0	0.00%
User fees - admin residential	425,840	223,156	52.40%
User fees - admin commercial	40,700	20,553	50.50%
User fees - admin multi-residential	9,600	10,356	107.88%
Recovery of bad debts	0	0	0.00%
Sale of City Property	0	0	0.00%
Other income	0	0	0.00%
Interest income	100	36	36.21%
Interest - equipment reserve	0	0	0.00%
Interest - expansion fund	0	0	0.00%
Interest - bond reserve fund	0	0	0.00%
Total revenues	476,240	254,102	53.36%

Expenditures:

Administration

Salaries	128,310	52,963	41.28%
Temp Employees	0	0	0.00%
Overtime and Holiday Pay	1,000	431	43.08%
Social security	8,020	3,274	40.83%
Medicare tax	1,870	766	40.95%
AZ state retirement	14,830	6,124	41.30%
Health & life insurance	23,380	10,898	46.61%
Worker's compensation	1,130	51	4.51%
Office supplies	1,200	130	10.87%
Copier Supplies	0	0	0.00%
Equipment maintenance	0	0	0.00%
Contractual Services	15,000	5,411	36.08%
Bank charges	12,500	0	0.00%
Computer support	3,500	279	7.97%
General Counsel	0	0	0.00%
Legal advertising	0	15	0.00%
Printing & forms	250	0	0.00%
Utilities	6,025	1,211	20.09%
Telephone	1,750	748	42.75%
Travel & training	400	0	0.00%
Continuing education	0	0	0.00%
Subscriptions & dues	0	0	0.00%
Postage & freight	6,000	11,317	188.62%
Liability insurance	12,350	7,117	57.63%
Indirect costs to general fund	250,030	52,390	20.95%
Bad debt expense	0	0	0.00%
Subtotal maintenance and operations	487,545	153,127	31.41%

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Sewer Construction  
& Administration - 51 (page 2)**

	<b>Adopted</b>		
	<b>Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
Capital outlay	221,850	34,129	0.00%
Construction:			
Bond Issuance Costs	0	24,205	0.00%
Legal fees	0	0	0.00%
Legal Advertising	0	0	0.00%
Investment Expense	0	198	0.00%
Impact Fee Study	0	0	0.00%
260 Design	0	0	0.00%
Riverfront WWTP Deisng/Feasib	11,500,000	212,010	1.84%
Effluent Disposal System	0	0	0.00%
Lift Station	300,000	0	0.00%
Recl H2O Pump System Upgrade	0	0	0.00%
Construction - General	500,000	22,772	4.55%
WWTP Upgrades	191,000	13,551	7.09%
12th Street Fir 89A Reclamation	0	0	0.00%
Subtotal construction expenses	12,491,000	272,737	2.18%
Total Expenditures	13,200,395	459,993	3.48%
Excess (deficiency) of revenues over (under) expenditures	(12,724,155)	(205,892)	
Other Financing Sources (Uses):			
Operating transfers in	0	0	0.00%
Proceeds from other sources	0	0	0.00%
Capital leases	0	0	0.00%
Transfers Out	0	0	0.00%
Total other financing sources (uses)	0	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(12,724,155)	(205,892)	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Sewer Maintenance & Operations- 51**

	<b>Adopted</b>		
	<b>Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
<b>Revenues:</b>			
City sales tax	\$0		0.00%
User fees - M&O residential	1,135,000	556,071	48.99%
User fees - M&O multi-residential	414,000	274,680	66.35%
User fees - M&O commercial	28,800	28,848	100.17%
Tap fees	0	0	0.00%
Reserves -	437,500	141,894	32.43%
Impact fees	0	0	0.00%
Effluent Revenue	10,000	7,079	70.79%
Building Rental	0	0	0.00%
Late fees - interest charges	0	0	0.00%
Connection fees	0	200	0.00%
Total revenues	2,025,300	1,008,771	49.81%
<b>Expenditures:</b>			
<b>Operating:</b>			
Salaries	362,940	168,610	46.46%
Temporary Employees	0	0	0.00%
Overtime	53,000	23,759	44.83%
Holiday pay	2,000	986	49.28%
Social security	25,910	11,902	45.94%
Medicare tax	6,060	2,783	45.93%
AZ state retirement	47,940	21,077	43.97%
Health & life insurance	69,410	35,838	51.63%
Worker's compensation	17,970	3,825	21.29%
Clothing allowance	2,000	957	47.84%
Operational supplies	17,000	10,290	60.53%
Tools	1,400	801	57.22%
Gas & oil	14,000	2,974	21.24%
Chlorine	2,700	2,383	88.24%
Polymer	16,700	7,071	42.34%
Odor control supplies	0	0	0.00%
Office supplies	1,900	831	43.71%
Copier supplies	0	0	0.00%
Vehicle maintenance	5,500	5,601	101.83%
Equipment maintenance	200,000	99,330	49.67%
Building maintenance	5,500	5,256	95.56%
Contractual services	45,000	36,334	80.74%
Employee physicals	450	110	24.44%
Computer support	1,100	244	22.18%
Lab / testing	45,000	25,628	56.95%
Sludge disposal	92,000	33,771	36.71%
Legal advertising	0	0	0.00%
Utilities	389,475	165,530	42.50%
Telephone	3,300	1,386	42.00%
ADEQ annual fee	16,500	18,205	110.33%
Travel & training	2,000	1,506	75.31%
Continuing education	500	0	0.00%
Equipment rental	500	0	0.00%
Subscriptions & dues	700	0	0.00%
Postage & freight	4,500	2,176	48.36%
Liability insurance	23,705	17,793	75.06%
Subtotal maintenance and operations	1,476,660	706,955	47.88%

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget to Actual  
 Quarterly Report Ending December 31, 2015

**Sewer Maintenance & Operations- 51**  
 (page 2)

	Adopted Budget	Y-T-D	% Used
Capital Outlay:	62,850	0	0.00%
Total Expenditures	<u>1,539,510</u>	<u>706,955</u>	<u>45.92%</u>
Excess (deficiency) of revenues over (under) expenditures	<u>485,790</u>	<u>301,816</u>	
Other Financing Sources (Uses):			
Operating transfers in	0	0	0.00%
Proceeds from bonds	0	0	0.00%
Capital leases	0	0	0.00%
Transfers out	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0.00%</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>485,790</u>	<u>301,816</u>	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Grants - 11 & 12**

	<b>Adopted</b>		
	<b>Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
<b>Revenues:</b>			
Intergovernmental revenue	\$2,199,150	\$1,099	0.05%
Other Income	5	3	0.00%
Total revenues	2,199,155	1,102	0.05%
<b>Expenditures:</b>			
Capital Outlay:	2,409,155	9,607	0.40%
Total Expenditures	2,409,155	9,607	0.40%
Excess (deficiency) of revenues over (under) expenditures	(210,000)	(8,505)	
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	107,930	0	0.00%
Proceeds from Bonds	0	0	0.00%
Capital Leases	0	0	0.00%
Transfers Out		0	0.00%
Total other financing sources (uses)	107,930	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(102,070)	(8,505)	
Fund balance, July 1, 2015 (audited)		(25,228)	
Estimated fund balance @ June 30, 2016		(\$33,733)	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Alt. Firefighter's Pension - 70**

	Adopted		
	Budget	Y-T-D	% Used
Revenues:			
Contributions	\$0	\$0	0.00%
Uses of monies & properties	15,000	0	0.00%
Total revenues	15,000	0	0.00%
Expenditures:			
Benefits	3,600	0	0.00%
Administration	2,000	1,808	90.38%
Total Expenditures	5,600	1,808	32.28%
Excess (deficiency) of revenues over (under) expenditures	9,400	(1,808)	
Other Financing Sources (Uses):			
Operating Transfers In	0	0	0.00%
Proceeds from Bonds	0	0	0.00%
Capital Leases	0	0	0.00%
Transfers Out	0	0	0.00%
Total other financing sources (uses)	0	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	9,400	(1,808)	
Fund balance, July 1, 2015 (audited)		169,420	
Estimated fund balance @ June 30, 2016		\$167,613	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Employee Benefit Trust - 60**

	Adopted		
	Budget	Y-T-D	% Used
Revenues:			
Contributions	\$0	\$0	0.00%
Reinsurance reimbursements	0	0	0.00%
Miscellaneous revenues	625	330	52.82%
Total revenues	625	330	0.00%
Expenditures:			
Premiums	0	0	0.00%
Benefits	0	0	0.00%
Miscellaneous	2,000	48	2.39%
Total Expenditures	2,000	48	2.39%
Excess (deficiency) of revenues over (under) expenditures	(1,375)	282	
Other Financing Sources (Uses):			
Operating Transfers In	0	0	0.00%
Proceeds from Bonds	0	0	0.00%
Capital Leases	0	0	0.00%
Transfers Out	0	0	0.00%
Total other financing sources (uses)	0	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,375)	282	
Fund balance, July 1, 2015 (audited)		66,226	
Estimated fund balance @ June 30, 2016		\$66,508	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Capital Projects - 30**

	Adopted		
	Budget	Y-T-D	% Used
Revenues:			
Taxes	\$0	\$0	0.00%
Use of monies & properties	0	7,322	0.00%
Intergovernmental revenue	0	0	0.00%
Total revenues	0	7,322	0.00%
Expenditures:			
Capital outlay:			
Investment Expenses	9,000	2,282	25.36%
Railroad Wash	0	2,627	0.00%
Bond Issuance Costs	0	33,185	0.00%
2015 Excise Bond	0	1,217	0.00%
Kids Park	250,000	0	0.00%
Garrison Park	250,000	0	0.00%
Civic Center HVAC	160,000	0	0.00%
Riverfront Park	150,000	0	0.00%
Communications Center	0	20,934	0.00%
Total Expenditures	819,000	60,246	7.36%
Excess (deficiency) of revenues over (under) expenditures	(819,000)	(52,924)	
Other Financing Sources (Uses):			
Operating Transfers In	2,682,830	0	0.00%
Proceeds from Bonds / Leases	0	0	0.00%
Transfers Out	(11,500,000)	0	0.00%
Total other financing sources (uses)	(8,817,170)	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(9,636,170)	(52,924)	
Fund balance, July 1, 2015 (audited)		10,528,437	
Estimated fund balance @ June 30, 2016		\$10,475,513	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Debt Service - 20**

	<b>Adopted Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
<b>Revenues:</b>			
Taxes	\$2,078,485	\$770,637	37.08%
Uses of monies & properties	150	179	119.57%
Total revenues	<u>2,078,635</u>	<u>770,817</u>	<u>37.08%</u>
<b>Expenditures:</b>			
Trustee fees	360	360	100.00%
Rodeo Drive Reimbursement	0	0	0.00%
Debt service:		0	0.00%
Interest	631,275	333,138	52.77%
Principal	910,000	437,500	48.08%
Total Expenditures	<u>1,541,635</u>	<u>770,998</u>	<u>50.01%</u>
Excess (deficiency) of revenues over (under) expenditures	<u>537,000</u>	<u>(181)</u>	
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	0	0	0.00%
Proceeds from Bonds	0	0	0.00%
Capital Leases	0	0	0.00%
Transfers Out	0	0	0.00%
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0.00%</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>537,000</u>	<u>(181)</u>	
Fund balance, July 1, 2015 (audited)		1,210,126	
Estimated fund balance @ June 30, 2016		<u><u>\$1,209,945</u></u>	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Water Consolidated - 50**

	Adopted		
	Budget	Y-T-D	% Used
Revenues: Note 1			
Taxes	\$0	\$0	0.00%
Charges for services	7,998,250	3,987,673	49.86%
Uses of monies & properties	11,215	11,909	106.19%
Miscellaneous revenues	12,000	10,721	89.34%
Total revenues	8,021,465	4,010,303	49.99%
Expenditures:			
Operating:			
Salaries	826,880	375,261	45.38%
Temporary Employees	0	0	0.00%
Overtime	114,160	51,625	45.22%
Holiday pay	2,000	1,541	77.04%
Social security	59,880	26,044	43.49%
Medicare tax	14,000	6,091	43.51%
AZ state retirement	110,780	48,517	43.80%
Health & life insurance	186,900	84,994	45.48%
Worker's compensation	32,080	10,246	31.94%
Clothing allowance	5,500	4,520	82.18%
Operational supplies	24,000	4,494	18.72%
Tools	3,500	1,927	55.06%
Gas & oil	45,000	14,603	32.45%
Chlorine	63,000	19,395	30.79%
Office supplies	8,500	2,928	34.45%
Copier Supplies	0	0	0.00%
Vehicle maintenance	15,000	13,721	91.47%
Equipment maintenance	176,000	80,450	45.71%
Building maintenance	4,000	3,523	88.07%
Arsenic System Maintenance	460,000	25,525	5.55%
Contractual services	132,000	46,635	35.33%
Bank Charges	0	0	0.00%
Employee physicals	1,000	0	0.00%
Computer support	10,400	2,768	26.61%
General Counsel	0	0	0.00%
Contractual SVCS-M&O	33,000	10,263	31.10%
Lab / testing	28,000	6,945	24.80%
Public Relations	0	0	0.00%
Legal Advertising	2,000	177	8.85%
Printing & forms	6,500	2,765	42.54%
Auction Fees	0	0	0.00%
Utilities	350,700	183,634	52.36%
Telephone	13,400	6,679	49.84%
ADEQ annual fee	26,000	25,257	97.14%
Payment Assistance Program	12,000	10,750	89.58%
Aid In Lieu of Construction	100,000	6,779	6.78%
Verde River Days	1,000	1,635	163.46%
Travel & training	4,500	2,167	48.16%
Continuing education	200	0	0.00%
Equipment rental	1,000	39	3.94%
Subscriptions & dues	2,500	325	13.00%
Postage & freight	41,200	25,951	62.99%
Liability insurance	72,085	46,263	64.18%
Liability Insurance Deductible	0	0	0.00%
Indirect costs to general fund	450,000	176,665	39.26%
Bad debt expense	0	0	0.00%
Lease Purchase Principal & Interest	422,690	213,839	50.59%
Trust Land Annexation	0	70	0.00%
Reserve Resource Development	3,000,000	122,330	4.08%
Reserve Water Advisory	100,000	0	0.00%
Reserve Adjudication	100,000	5,215	5.22%
Reserve Water Conservation	100,000	8,889	8.89%
Subtotal maintenance and operations	7,161,355	1,681,445	23.48%

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget to Actual  
 Quarterly Report Ending December 31, 2015

**Water Consolidated - 50 (page 2)**

	<b>Adopted</b>		
	<b>Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
Debt Service	31,733,955	1,212,521	3.82%
Capital Outlay:	2,927,350	277,199	9.47%
Total Expenditures	41,822,660	3,171,166	7.58%
Excess (deficiency) of revenues over (under) expenditures	(33,801,195)	839,137	-2.48%
Other Financing Sources (Uses):			
Operating transfers in	0	0	0.00%
Proceeds from bonds / loans	10,000,000	0	0.00%
Capital leases	0	0	0.00%
Transfers out	0	0	0.00%
Total other financing sources (uses)	10,000,000	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses - Net Income	(\$23,801,195)	\$839,137	

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Water Construction  
& Administration - 50**

	<b>Adopted Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
Revenues:			
Impact Fees	0	0	0.00%
User fees	6,886,240	3,407,176	49.48%
Meter Installation	18,500	15,125	81.76%
Service Turn Ons	80,430	50,184	62.39%
Drought Water Shortage PP	0	0	0.00%
Res-Resource Development Fees	463,000	232,108	50.13%
Res-Water Advisory Committee	37,600	18,807	50.02%
Res-Adjudication	47,200	23,642	50.09%
Res-Water Conservation	28,930	14,507	50.14%
Recapture Agreements	0	0	0.00%
Reimbursement Clarkdale	291,350	145,676	50.00%
Collection fees/late fees	145,000	80,447	55.48%
Interest income	2,635	8,334	316.30%
Building Rental	8,580	3,575	41.67%
Other income	12,000	10,721	89.34%
Sale of City Property	0	0	0.00%
City sales tax	\$0	\$0	0.00%
Total revenues	8,021,465	4,010,303	49.99%

Expenditures:

Administration			
Salaries	182,090	73,590	40.41%
Overtime and Holiday Pay	5,000	1,021	20.43%
Social security	11,600	4,589	39.56%
Temp Employees	0	0	0.00%
Medicare tax	2,710	1,073	39.61%
AZ state retirement	21,460	8,558	39.88%
Health & life insurance	40,610	16,742	41.23%
Worker's compensation	1,310	96	7.33%
Office supplies	3,500	710	20.28%
Copier Supplies	0	0	0.00%
Equipment maintenance	0	5,700	0.00%
Contractual Services	85,000	37,320	43.91%
Bank charges	12,700	0	0.00%
Public Relations	0	0	0.00%
Computer support	6,600	1,414	21.43%
General Counsel	0	0	0.00%
Legal advertising	1,000	177	17.69%
Printing & forms	6,500	2,765	42.54%
Utilities	19,140	11,240	58.73%
Telephone	4,000	1,821	45.53%
Payment Assistance Program	12,000	10,750	89.58%
Travel & training	0	0	0.00%
Continuing education	0	0	0.00%
Subscriptions & dues	0	0	0.00%
Postage & freight	40,000	25,851	64.63%
Liability insurance	28,315	18,979	67.03%
Indirect costs to general fund	450,000	176,665	39.26%
Bad debt expense	0	0	0.00%
Trust Land Annexation	0	70	0.00%
Reserve Resource Development	3,000,000	122,330	4.08%
Reserve Water Advisory	100,000	0	0.00%
Reserve Adjudication	100,000	5,215	5.22%
Reserve Water Conservation	100,000	8,889	8.89%
Growth Premium	0	0	0.00%
Water System Evaluation	0	0	0.00%
Verde River Basin Partnership	0	0	0.00%
Unrestricted Reserve	0	0	0.00%
Subtotal maintenance and operations	4,233,535	535,565	12.65%

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget to Actual  
 Quarterly Report Ending December 31, 2015

**Water Construction  
 & Administration - 50(page 2)**

	<b>Adopted</b>		
	<b>Budget</b>	<b>Y-T-D</b>	<b>% Used</b>
Capital outlay	26,000	0	0.00%
Construction:			
Legal Advertising	0	0	0.00%
Investment Expense	2,000	1,019	50.97%
Building Purchase	0	0	0.00%
Aresinic Mitigation	725,000	152,366	21.02%
Bonding Expense	0	9,699	0.00%
Valve Replacement	0	0	0.00%
Aid in Lieu of Construction	0	0	0.00%
Fire Hydrant Improvements	350,000	35,807	10.23%
HWY 260 H2O System Upgrades	0	0	0.00%
Well Booster Station	150,000	0	0.00%
Well Improvements	100,000	0	0.00%
12th St 89A to Fir	0	0	0.00%
W Mingus Reconstruction/Sys Upgrades	1,055,900	0	0.00%
Water System Upgrades	160,000	13,199	8.25%
Line Extensions	250,000	0	0.00%
Impact Fee Study	0	0	0.00%
Subtotal construction expenses	2,792,900	212,090	7.59%
Total Expenditures	7,052,435	747,655	10.60%

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Water Maintenance & Operations- 50**

Adopted Budget	Y-T-D	% Used
-------------------	-------	--------

Expenditures:

Operating:

Salaries	644,790	301,671	46.79%
Overtime	109,160	50,604	46.36%
Holiday pay	2,000	1,541	77.04%
Social security	48,280	21,455	44.44%
Medicare tax	11,290	5,018	44.44%
AZ state retirement	89,320	39,959	44.74%
Health & life insurance	146,290	68,252	46.66%
Worker's compensation	30,770	10,150	32.99%
Clothing allowance	5,500	4,520	82.18%
Operational supplies	24,000	4,494	18.72%
Tools	3,500	1,927	55.06%
Gas & oil	45,000	14,603	32.45%
Chemicals	63,000	19,395	30.79%
Office supplies	5,000	2,218	44.37%
Vehicle maintenance	15,000	13,721	91.47%
Equipment maintenance	176,000	74,750	42.47%
Building maintenance	4,000	3,523	88.07%
Arsenic System Maintenance	460,000	25,525	5.55%
Contractual services	47,000	9,315	19.82%
Employee physicals	1,000	0	0.00%
Computer support	3,800	1,353	35.61%
Contractual SVCS-M&O	33,000	10,263	31.10%
Lab / testing	28,000	6,945	24.80%
Legal advertising	1,000	0	0.00%
Auction Fees	0	0	0.00%
Utilities	331,560	172,394	51.99%
Telephone	9,400	4,858	51.68%
ADEQ annual fee	26,000	25,257	97.14%
Aid in Lieu of Construction	100,000	6,779	6.78%
Verde River Days	1,000	1,635	163.46%
Travel & training	4,500	2,167	48.16%
Continuing education	200	0	0.00%
Equipment rental	1,000	39	3.94%
Subscriptions & dues	2,500	325	13.00%
Postage & freight	1,200	100	8.37%
Liability insurance	43,770	27,284	62.33%
Liability Insurance Deductible	0	0	0.00%
Lease Purchase Interest	398,160	200,859	50.45%
Lease Purchase Principal	24,530	12,980	52.91%
Subtotal maintenance and operations	2,940,520	1,145,880	38.97%

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Quarterly Report Ending December 31, 2015

**Water Debt Service - 50**

	Adopted		
	Budget	Y-T-D	% Used
Revenues:			
Use of monies & properties	0	0	0.00%
Other Income	0	0	0.00%
Intergovernmental revenue	0	0	0.00%
Total Revenues	0	0	0.00%
Debt Service:			
Principal	31,732,455	518,227	1.63%
Interest	0	606,739	0.00%
Trustee Fees	1,500	87,555	5837.00%
Capital Outlay:	108,450	65,109	60.04%
Total Expenditures	34,782,925	1,277,630	3.67%
Excess (deficiency) of revenues over (under) expenditures	34,782,925	2,732,673	
Other Financing Sources (Uses):			
Operating transfers in	0	0	0.00%
Proceeds from bonds	10,000,000	0	0.00%
Capital leases	0	0	0.00%
Transfers out	0	0	0.00%
Total other financing sources (uses)	10,000,000	0	0.00%
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(23,813,895)	1,985,018	