

FY 2016 4th Quarter Financial Report



City of Cottonwood

Compiled by:

Jesus R. Rodriguez, CGFM

Administrative Services General
Manager

Kirsten Lennon,

Accounting & Budget Manager



City of Cottonwood
Fiscal Year 2016 – 4th Quarter Report
For The Period Ending June 30, 2016

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 organization’s major revenues affecting the its funds. Those funds are the General Fund, Highway User Revenue Fund (HURF), two Enterprise Funds, a Debt Services Fund and Capital Improvement Fund. All funds will be reflected in the attached computer printout.

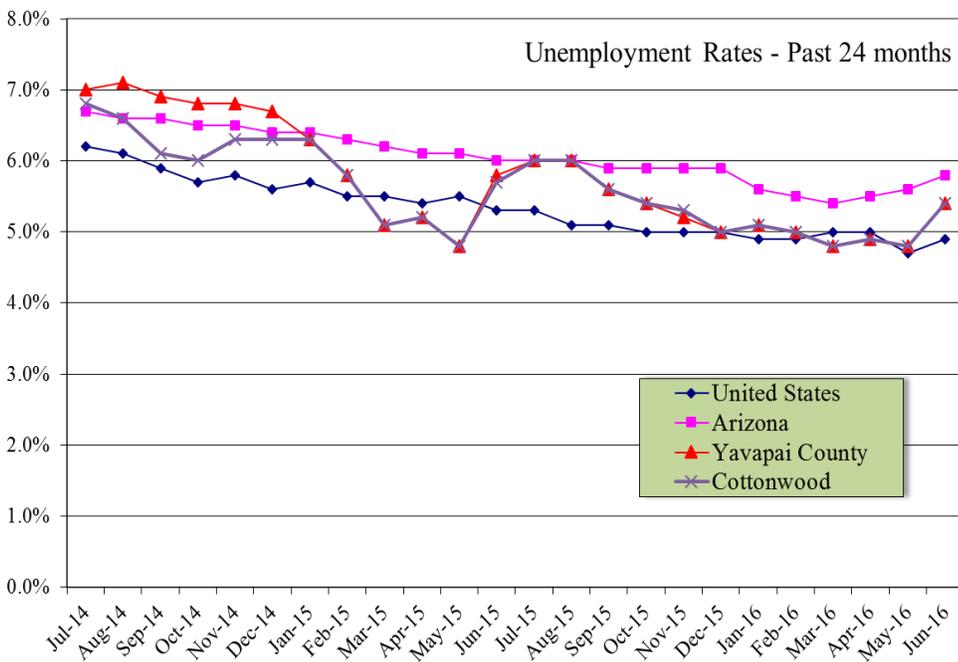
Unemployment & Construction Information:

The City of Cottonwood continues to have a slow but steady increase in its major revenue sources. There are some issues that we are looking at closely as they affect the overall health of our local economy. The two major issues being that of unemployment rates and new construction.

Unemployment has come down quite a bit at all levels of government. Since Cottonwood’s peak of 11.8% back in January 2010 unemployment has declined about 7%. It has been hovering around the 5% range. It appears to be leveling off at this range.

As for local building, our construction sales tax is down \$87,686 over last year’s \$212,383. We finished the year down by 41.3% to \$124,697. This marks the second consecutive year we have taken a loss in construction sales tax.

| Monthly | United States | Arizona | Yavapai County | Cottonwood |
|---------|---------------|---------|----------------|------------|
| Jul-14 | 6.2% | 6.7% | 7.0% | 6.8% |
| Aug-14 | 6.1% | 6.6% | 7.1% | 6.6% |
| Sep-14 | 5.9% | 6.6% | 6.9% | 6.1% |
| Oct-14 | 5.7% | 6.5% | 6.8% | 6.0% |
| Nov-14 | 5.8% | 6.5% | 6.8% | 6.3% |
| Dec-14 | 5.6% | 6.4% | 6.7% | 6.3% |
| Jan-15 | 5.7% | 6.4% | 6.3% | 6.3% |
| Feb-15 | 5.5% | 6.3% | 5.8% | 5.8% |
| Mar-15 | 5.5% | 6.2% | 5.1% | 5.1% |
| Apr-15 | 5.4% | 6.1% | 5.2% | 5.2% |
| May-15 | 5.5% | 6.1% | 4.8% | 4.8% |
| Jun-15 | 5.3% | 6.0% | 5.8% | 5.7% |
| Jul-15 | 5.3% | 6.0% | 6.0% | 6.0% |
| Aug-15 | 5.1% | 6.0% | 6.0% | 6.0% |
| Sep-15 | 5.1% | 5.9% | 5.6% | 5.6% |
| Oct-15 | 5.0% | 5.9% | 5.4% | 5.4% |
| Nov-15 | 5.0% | 5.9% | 5.2% | 5.3% |
| Dec-15 | 5.0% | 5.9% | 5.0% | 5.0% |
| Jan-16 | 4.9% | 5.6% | 5.1% | 5.1% |
| Feb-16 | 4.9% | 5.5% | 5.0% | 5.0% |
| Mar-16 | 5.0% | 5.4% | 4.8% | 4.8% |
| Apr-16 | 5.0% | 5.5% | 4.9% | 4.9% |
| May-16 | 4.7% | 5.6% | 4.8% | 4.8% |
| Jun-16 | 4.9% | 5.8% | 5.4% | 5.4% |



We believe that the past year’s building sales tax collection has declined due to the newest legislation that makes calculations even more difficult than before.

Our Sales Tax Auditor has talked to many local contractors as well as remodelers that are having a hard time dealing where to pay their sales tax, at point of sale or submit to the state monthly.

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 year with a 2.16% increase mainly due to a sudden spike at fiscal year-end. This allowed us to finish the year at \$12,893,681 or \$632,105 over last fiscal year at the same time period. The City has not raised the local sales tax since FY 2008. At that time the council approved an increase of 0.8% to make the current sales tax rate of 3.0%.

Local Sales Tax

| | 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% | 904,463 | -1.00% |
| Feb | 824,472 | -4.35% | 889,440 | 7.88% | 967,464 | 8.77% | 1,066,400 | 10.23% |
| Mar | 950,700 | 9.31% | 1,030,580 | 8.40% | 1,106,094 | 7.33% | 1,179,638 | 6.65% |
| Apr | 951,558 | 6.15% | 1,067,508 | 12.19% | 1,095,223 | 2.60% | 1,115,079 | 1.81% |
| May | 982,181 | 9.80% | 1,002,215 | 2.04% | 1,100,716 | 9.83% | 1,117,243 | 1.50% |
| Jun | 993,955 | 13.15% | 940,480 | -5.38% | 1,039,657 | 10.55% | 1,115,321 | 7.28% |
| | █ \$10,848,654 | 5.86% | █ \$11,528,057 | 6.26% | █ \$12,261,576 | 6.36% | █ \$12,893,681 | 5.16% |



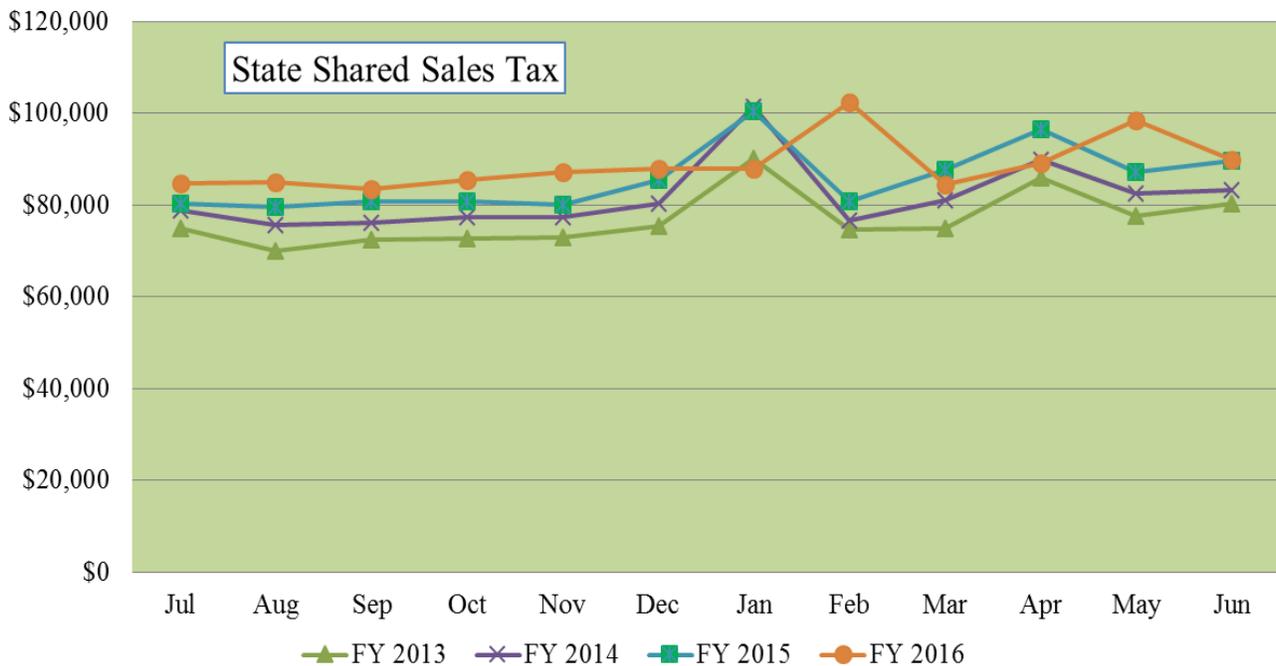
State Shared Sales Tax

This revenue is one of several state shared revenues. This year marks the fourth year that this revenue stream has shown some steady improvements. We finished the year with a 3.56% over last year. Unfortunately we missed the state’s estimate by \$10,151.

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.

State Shared Sales Tax - 01-0000-420000

| | 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% | 87,828 | -12.59% |
| Feb | 74,616 | 7.40% | 76,669 | 2.75% | 80,866 | 5.47% | 102,375 | 26.60% |
| Mar | 74,975 | 1.47% | 81,052 | 8.10% | 87,669 | 8.16% | 84,585 | -3.52% |
| Apr | 86,010 | 5.42% | 89,870 | 4.49% | 96,493 | 7.37% | 89,187 | -7.57% |
| May | 77,712 | 3.39% | 82,615 | 6.31% | 87,147 | 5.49% | 98,486 | 13.01% |
| Jun | 80,278 | 7.39% | 83,254 | 3.71% | 89,672 | 7.71% | 89,929 | 0.29% |
| | ✓ \$922,061 | 4.75% | ✓ \$980,536 | 6.34% | ✓ \$1,029,415 | 4.98% | ✓ \$1,066,029 | 3.56% |



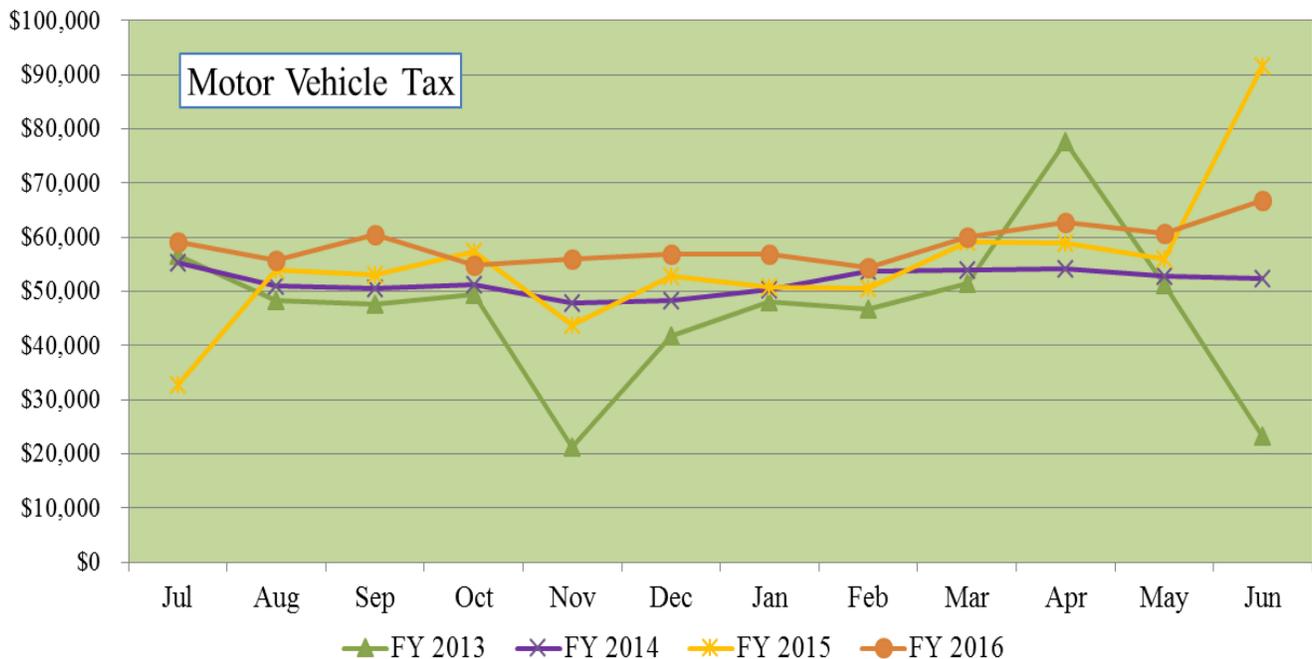
Motor Vehicle Tax

The Motor Vehicle Tax occasionally goes all over the place. Such was the case in FY 2013. State distribution was very inconsistent where one month we would get one disbursement and the following month we would get three, then two. Distribution has improved over the years, though FY 2016 has an anomaly with a larger than normal final distribution in June 2016. This revenue source has shown some slow improvements over the past years. Currently this revenue is 6.66% over last year at year end. Cottonwood did pick up an additional \$37,199 over our budgeted estimates.

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.

Motor Vehicle Tax - 01-0000-420040

| | 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% | 56,941 | 12.06% |
| Feb | 46,809 | -4.24% | 53,701 | 14.72% | 50,593 | -5.79% | 54,518 | 7.76% |
| Mar | 51,577 | 7.49% | 53,870 | 4.45% | 59,134 | 9.77% | 59,933 | 1.35% |
| Apr | 77,643 | 54.41% | 54,125 | -30.29% | 58,821 | 8.68% | 62,669 | 6.54% |
| May | 51,160 | -4.04% | 52,877 | 3.36% | 56,080 | 6.06% | 60,801 | 8.42% |
| Jun | 23,343 | -50.51% | 52,289 | 124.00% | 91,513 | 75.01% | 66,727 | -27.08% |
| | \$563,851 | -6.47% | \$621,497 | 10.22% | \$660,786 | 6.32% | \$704,779 | 6.66% |



General Fund – Revenues vs Expenditures

Our General Fund operating revenues are not keeping up with the increases in expenditures. This was an anticipated scenario during the budget process. We projected picking up approximately \$3.7M in General Fund reserves due to some projected financing of some projects, however the funds were to be expended the following year. As of June 30, 2016 we actually used only \$72,374.

The work on the refinancing package was completed in mid-June. Though our interest payment will go down that still does not take the issue of revenue generation off the table. Keeping up with expenditures has been discussed in the past and will continue to be an issue until major changes are made to both sides of the budget, revenues and expenditures.

Our overall fund balance continues to be fully funded in the General Fund with at least 60 day of expenditures coverage, while other funds are not keeping up with the established policy. This is something that will need to be corrected in the near future. We will be preparing for such discussion during the budget process and during the strategic planning process going into next fiscal year.

At the end of the year we are not in bad shape and were able to contain our costs and not dip into our reserves as much as budgeted. Though we did not increase our fund balance we kept our General Fund balance fairly stable. This is important as we enter into fiscal year 2017 with many demands on services and with many capital project being planned and started.

We anticipate that the coming year will have its own challenges. The state legislature has not been friendly to cities and towns for many years. They have made many changes to our way of doing business, restricting communities from registering and tracking selected local businesses as well as taking portions of our state shared revenues.

Our General Fund being the fund that supports all other funds is the most impacted by these legislators. Cities and towns in conjunction with the League will monitor the state legislature closely this coming year.

| | General Fund | |
|---|--------------|----------------|
| | Budget | 4th Qtr Actual |
| Revenues | \$23,333,620 | \$19,303,023 |
| Operating Expenditures | 17,723,185 | 17,543,537 |
| Capital Outlay | 653,350 | 674,817 |
| Debt Service | 0 | 0 |
| Revenues over (under) Expenditures | 4,957,085 | 1,084,669 |
| Other Funding Sources & Uses | (1,254,285) | (1,157,043) |
| Revenues & other funding sources & uses over (under) Expenditures | 3,702,800 | (72,374) |
| Beginning Fund Balance | 5,825,707 | 5,825,707 |
| Ending Fund Balance | \$9,528,507 | \$5,753,333 |

Breakdown by Category

| <u>REVENUES</u> | |
|-----------------------------|---------------------|
| Taxes | \$15,085,050 |
| Licenses & permits | 279,711 |
| Intergovernmental revenue | 2,417,823 |
| Charges for services | 1,125,376 |
| Fines & forfeitures | 191,549 |
| Uses of monies & properties | 157,108 |
| Miscellaneous revenues | 46,406 |
| Other Sources | 24,811 |
| Revenues & Other Sources | <u>\$19,327,834</u> |

| <u>EXPENDITURES</u> | |
|---------------------------|---------------------|
| General Government | \$6,950,791 |
| Public Safety | 1,686,187 |
| Cultural & Recreation | 8,906,559 |
| Capital Equipment | 674,817 |
| Other Uses | 1,181,854 |
| Expenditures & Other Uses | <u>\$19,400,208</u> |

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.

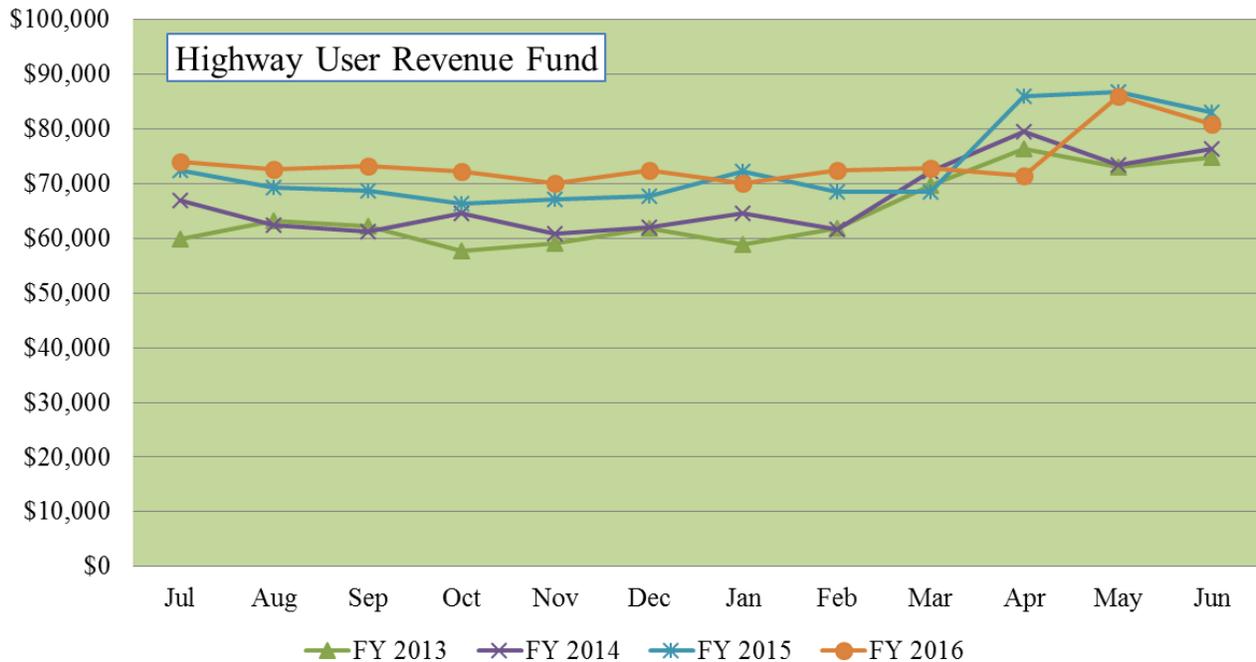
Highway User Revenue Funds - HURF

This is another state shared revenue, however, this one has not improved very much over the years. The State is using a portion of the HURF that is designated for cities to assist with cost to the Department of Public Safety. This fund ended the year at \$887,919 or 1.27% over last year's \$876,817.

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.

Highway User Revenue Fund - 10-3100-420020

| | 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% | 70,008 | -3.05% |
| Feb | 61,836 | 5.31% | 61,689 | -0.24% | 68,542 | 11.11% | 72,337 | 5.54% |
| Mar | 69,754 | 6.16% | 72,168 | 3.46% | 68,542 | -5.02% | 72,864 | 6.31% |
| Apr | 76,304 | 7.84% | 79,481 | 4.16% | 85,957 | 8.15% | 71,495 | -16.82% |
| May | 73,104 | 18.71% | 73,414 | 0.42% | 86,824 | 18.27% | 86,054 | -0.89% |
| Jun | 74,681 | 2.10% | 76,375 | 2.27% | 83,032 | 8.72% | 80,919 | -2.54% |
| | ✓ \$778,265 | 9.12% | ✓ \$805,540 | 3.50% | ✓ \$876,817 | 8.85% | ✓ \$887,919 | 1.27% |



Special Revenues Funds

The following depicts 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.

HURF will be getting some transfers in from the Capital Improvements Funds for the major street projects that are currently in progress. These transfers are already considered in the FY 2016 budget.

| | Special Revenue Funds | | | | | |
|---|-----------------------|----------------|-------------|----------------|-----------|----------------|
| | HURF | | CAT | | Library | |
| | Budget | 4th Qtr Actual | Budget | 4th Qtr Actual | Budget | 4th Qtr Actual |
| Revenues | 1,946,770 | 1,329,530 | \$1,250,565 | \$1,046,061 | \$171,165 | \$175,236 |
| Operating Expenditures | 1,426,815 | 862,295 | 1,584,830 | 1,365,285 | 972,450 | 959,152 |
| Capital Outlay | 6,810,370 | 969,003 | 240,000 | 116,912 | 0 | 0 |
| Debt Service | 0 | 99,188 | 0 | 0 | 0 | 0 |
| Revenues over (under) Expenditures | (6,290,415) | (600,957) | (574,265) | (436,137) | (801,285) | (783,915) |
| Other Funding Sources & Uses | 2,682,830 | 0 | 0 | 0 | 801,285 | 734,511 |
| Revenues & other funding sources & uses over (under) Expenditures | (3,607,585) | (600,957) | (574,265) | (436,137) | 0 | (49,404) |
| Beginning Fund Balance | (444,700) | (444,700) | 0 | 0 | 73,324 | 73,324 |
| Ending Fund Balance | (\$4,052,285) | (\$1,045,657) | (\$574,265) | (\$436,137) | \$73,324 | \$23,920 |

| | Special Revenue Funds | | | | | |
|---|-----------------------|----------------|-----------|----------------|-------------|----------------|
| | Cemetery | | Airport | | Grants | |
| | Budget | 4th Qtr Actual | Budget | 4th Qtr Actual | Budget | 4th Qtr Actual |
| Revenues | \$1,100 | \$655 | \$309,000 | \$357,151 | \$2,199,155 | \$103,569 |
| Operating Expenditures | 26,625 | 62,341 | 248,195 | 357,477 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 2,409,155 | 116,006 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenues over (under) Expenditures | (25,525) | (61,686) | 60,805 | (326) | (210,000) | (12,438) |
| Other Funding Sources & Uses | 25,525 | 23,398 | 0 | 0 | 107,930 | 116,006 |
| Revenues & other funding sources & uses over (under) Expenditures | 0 | (38,288) | 60,805 | (326) | (102,070) | 103,569 |
| Beginning Fund Balance | 0 | 0 | 0 | 0 | (25,228) | (25,228) |
| Ending Fund Balance | \$0 | (\$38,288) | \$60,805 | (\$326) | (\$127,298) | \$78,341 |

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 next fiscal year (2017), this fund will almost if not entirely be used up as expected by the reclamation facility. This is entirely 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 Improvments | |
|--|--|---------------------|----------------|
| | | Budget | 4th Qtr Actual |
| Revenues | | \$0 | \$290,495 |
| Operating Expenditures | | 0 | 0 |
| Capital Outlay | | 819,000 | 372,056 |
| Debt Service | | 0 | |
| Revenues over (under) | | | |
| Expenditures | | (819,000) | (81,561) |
| Other Funding Sources & Uses | | (8,817,170) | (700,000) |
| Revenues & other funding sources & uses over (under) | | | |
| Expenditures | | (9,636,170) | (781,561) |
| Beginning Fund Balance | | 10,528,437 | 10,528,437 |
| Ending Fund Balance | | \$892,267 | \$9,746,876 |

Capital Projects - 30

| | Adopted Budget | | |
|-----------------------|----------------|---------|---------|
| | Y-T-D | % Used | |
| Capital outlay: | | | |
| Investment Expenses | 9,000 | 9,608 | 106.75% |
| Railroad Wash | 0 | 187,627 | 0.00% |
| Bond Issuance Costs | 0 | 33,185 | 0.00% |
| 2015 Excise Bond | 0 | 1,217 | 0.00% |
| Kids Park | 250,000 | 10,213 | 4.09% |
| Garrison Park | 250,000 | 9,313 | 3.73% |
| Civic Center HVAC | 160,000 | 22,949 | 14.34% |
| Riverfront Park | 150,000 | 9,313 | 6.21% |
| Communications Center | 0 | 20,934 | 0.00% |
| | | | 0.00% |
| Total Expenditures | 819,000 | 372,056 | 45.43% |

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. The council approved an increase, the rate increase took place as of the 1st of March. This increase will continue to strengthen our utilities' financial position and maintain our current bond ratings.

The table below does not consider any potential rate increase on the budget side since council had not yet seen the proposal on rate increases. The recent increase in rates will not be reflected in the actual column until the next quarterly report. This means that FY revenues will reflect only three months or less of additional revenue collections.

| | Enterprise Funds | | | |
|---|------------------|----------------|----------------|----------------|
| | Wastewater | | Water | |
| | Budget | 4th Qtr Actual | Budget | 4th Qtr Actual |
| Revenues | 3,001,540 | 2,506,902 | \$8,021,465 | \$7,963,522 |
| Operating Expenditures | 1,964,205 | 1,790,428 | 7,161,355 | 3,068,239 |
| Capital Outlay | 12,775,700 | 2,718,655 | 2,927,350 | 797,573 |
| Debt Service | 0 | 0 | 31,733,955 | 2,291,604 |
| Revenues over (under) Expenditures | (11,738,365) | (2,002,181) | (33,801,195) | 1,806,106 |
| Other Funding Sources & Uses | 12,000,000 | 700,000 | 10,000,000 | 0 |
| Revenues & other funding sources & uses over (under) Expenditures | \$261,635 | (\$1,302,181) | (\$23,801,195) | \$1,806,106 |

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.

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.

We completed the refinancing the 2006 MPC Water Revenue Bonds using a WIFA Loan as we did last year. Included was \$1.9M waterline that WIFA granted along with \$800K in forgivable principle. The interest rate went from 5% to 1.7% and removed about \$5M in liability from the City of Cottonwood books and allocated it to the Town of Clarkdale where it belonged. We are appreciative of our financial advisor for the assistance in getting these refinancings accomplished.

DEBT SERVICES FUNDS

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. This will change to a bond as the refinancing of these loans are now complete, saving the City some interest payment monies in the future.

As a note, in FY 2017 we will include the 2015 Excise Tax Bond debt service as well as the GADA refinancing into this fund. Both paid for using 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 | 4th Qtr Actual |
| Revenues | \$2,078,635 | \$1,542,018 |
| Operating Expenditures | | 0 |
| Capital Outlay | | |
| Debt Service | 1,541,635 | 1,541,635 |
| Revenues over (under) Expenditures | 537,000 | 383 |
| Other Funding Sources & Uses | 0 | 0 |
| Revenues & other funding sources & uses over (under) Expenditures | 537,000 | 383 |
| Beginning Fund Balance | 1,210,126 | 1,210,126 |
| Ending Fund Balance | \$1,747,126 | \$1,210,509 |

BRIEF OVERVIEW

As we wrap up our fiscal year 2016, we are pleased to see the economy slowly improving. Unfortunately it has not been developing as we had hoped. Despite our past and current success, we continue to express concern over our revenue generation issues. 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 construction are dismal at best. This budget season as with past recent ones was a struggle trying to balance the budget due to the request for services and lackluster revenue streams. We will meet with the council for direction on some possible revenues opportunities in the future.

Here is some things to consider. Our State Share Income Tax is flat with a slight decrease of \$7,310 from last fiscal year’s \$1,363,620. Our Local Government Investment Pool (LGIP) interest rates are still at some of the lowest in the past 10 years. 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. As a reminder, more recently we lost \$15K in revenue, due to the State Legislature 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 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 June 30, 2016

| General Fund - 01 | Adopted | | |
|--|----------------|--------------|---------------|
| | Budget | Y-T-D | % Used |
| Revenues: | | | |
| Taxes | 14,205,825 | 15,085,050 | 106.19% |
| Licenses & permits | 310,000 | 279,711 | 90.23% |
| Intergovernmental revenue | 2,446,200 | 2,417,823 | 98.84% |
| Charges for services | 1,001,800 | 1,125,376 | 112.34% |
| Fines & forfeitures | 232,300 | 191,549 | 82.46% |
| Uses of monies & properties | 72,000 | 157,108 | 218.20% |
| Miscellaneous revenues | 5,065,495 | 46,406 | 0.92% |
| Total revenues | 23,333,620 | 19,303,023 | 82.73% |
| Expenditures: | | | |
| Operating: | | | |
| Council | 158,555 | 205,176 | 129.40% |
| City Clerk | 231,460 | 226,052 | 97.66% |
| Administration | 734,220 | 719,145 | 97.95% |
| Finance | 424,675 | 419,306 | 98.74% |
| Personnel | 294,855 | 248,565 | 84.30% |
| IT Services | 447,380 | 463,778 | 103.67% |
| Purchasing | 72,650 | 73,019 | 100.51% |
| Legal | 412,195 | 421,291 | 102.21% |
| Court | 569,445 | 500,566 | 87.90% |
| Planning & zoning | 506,260 | 511,242 | 100.98% |
| Engineering | 421,125 | 354,261 | 84.12% |
| Public Works | 348,565 | 275,631 | 79.08% |
| Transfer Station | 164,080 | 279,956 | 170.62% |
| Building maintenance | 415,870 | 420,591 | 101.14% |
| Custodial | 225,510 | 168,023 | 74.51% |
| Natural resources | 155,350 | 160,853 | 103.54% |
| Non-departmental | 447,500 | 483,682 | 108.09% |
| Police | 4,693,910 | 4,582,706 | 97.63% |
| Communications | 1,668,390 | 1,617,435 | 96.95% |
| Fire | 2,862,290 | 2,706,418 | 94.55% |
| Ordinance Enforcement | 210,150 | 200,524 | 95.42% |
| Parks & recreation | 682,625 | 822,421 | 120.48% |
| Rec Center Operations | 1,212,870 | 1,281,269 | 105.64% |
| Pool | 126,750 | 124,463 | 98.20% |
| Economic Development | 236,505 | 277,165 | 117.19% |
| Subtotal maintenance and operations | 17,723,185 | 17,543,537 | 98.99% |
| Capital outlay: | 653,350 | 674,817 | 103.29% |
| Total Expenditures | 18,376,535 | 18,218,354 | 99.14% |
| Excess (deficiency) of revenues over (under) expenditures | 4,957,085 | 1,084,669 | |
| Other financing sources (uses): | | | |
| Operating transfers in | 0 | 0 | 0.00% |
| Sales of City Equipment | 6,000 | 24,811 | 413.51% |
| Capital leases | (433,475) | (423,944) | 97.80% |
| Transfers out | (826,810) | (757,909) | 91.67% |
| Total other financing sources (uses) | (1,254,285) | (1,157,043) | 92.25% |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | | | |
| | 5,790,542 | (72,374) | |
| Fund balance, July 1, 2015 (audited) | | 5,825,707 | |
| Estimated fund balance @ June 30, 2016 | | \$5,753,333 | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

HURF - 10

| | Adopted Budget | Y-T-D | % Used |
|-------------------------------------|-------------------|-----------|-----------|
| | | | |
| Revenues: | | | |
| Intergovernmental revenue | \$1,946,670 | 1,237,803 | 63.59% |
| Uses of monies & properties | 100 | 28,855 | 28854.79% |
| Miscellaneous revenues | 0 | 62,872 | 0.00% |
| Total revenues | 1,946,770 | 1,329,530 | 68.29% |
| Expenditures: | | | |
| Operating: | | | |
| Salaries | 175,080 | 177,189 | 101.20% |
| Temp employees | 0 | | 0.00% |
| Overtime | 2,500 | 5,704 | 228.17% |
| Social security | 11,010 | 10,735 | 97.50% |
| Medicare tax | 2,570 | 2,510 | 97.68% |
| AZ state retirement | 20,370 | 20,891 | 102.56% |
| Health & life insurance | 52,175 | 56,310 | 107.92% |
| Worker's compensation | 18,140 | 12,484 | 68.82% |
| Clothing allowance | 1,200 | 740 | 61.66% |
| Operational supplies | 1,200 | 3,254 | 271.18% |
| Tools | 2,000 | 2,032 | 101.58% |
| Gas & oil | 20,000 | 13,140 | 65.70% |
| Materials | 16,000 | 11,185 | 69.90% |
| Street signs | 4,000 | 3,874 | 96.86% |
| Street marking | 42,500 | 1,972 | 4.64% |
| Office supplies | 100 | 38 | 38.27% |
| Vehicle maintenance | 8,400 | 7,836 | 93.29% |
| Equipment maintenance | 20,000 | 22,927 | 114.64% |
| Building maintenance & repair | 0 | 0 | 0.00% |
| Pavement Preservation | 4,000 | 0 | 0.00% |
| Contractual services | 415,000 | 5,142 | 1.24% |
| Bank charges | 25 | | 0.00% |
| Employee physicals | 1,000 | 751 | 75.10% |
| Computer support | 225 | 204 | 90.84% |
| General counsel | 0 | | 0.00% |
| Engineering Services | 0 | | 0.00% |
| Legal advertising | 0 | 129 | 0.00% |
| Utilities | 9,300 | 9,222 | 99.16% |
| Street lights | 68,590 | 57,943 | 84.48% |
| Telephone | 2,500 | 1,253 | 50.13% |
| Culverts | 1,000 | 483 | 48.29% |
| Travel & training | 500 | 1,598 | 319.61% |
| Continuing education | 0 | | 0.00% |
| Equipment rental | 1,000 | | 0.00% |
| Subscriptions & dues | 0 | | 0.00% |
| Postage & freight | 0 | | 0.00% |
| Liability insurance | 37,930 | 23,725 | 62.55% |
| Liability claims deductible | 0 | | 0.00% |
| Indirect costs to general fund | 475,000 | 402,346 | 84.70% |
| Street light contingency | 3,500 | | 0.00% |
| Equipment purchase | 10,000 | 1,453 | 14.53% |
| Street Improvements | 0 | 5,224 | 0.00% |
| Subtotal maintenance and operations | 1,426,815 | 862,295 | 60.43% |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

HURF - 10 (page 2)

| | Adopted Budget | Y-T-D | % Used |
|---|---------------------------|-----------------------------|---------------|
| Debt Service: | | | |
| Principal | 0 | 0 | 0.00% |
| Interest | 0 | 99,188 | 0.00% |
| Capital Outlay: | | | |
| Street Light Contingency | 0 | 0 | 0.00% |
| Pavement Preservation | 0 | 135 | 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 | 118,102 | 1.86% |
| 10 th Street | 0 | 0 | 0.00% |
| Main St. Road Diet Grant | 0 | 18,303 | 0.00% |
| HSIP Street Sign Replacement | 0 | | 0.00% |
| Total Expenditures | <u>8,237,185</u> | <u>1,930,486</u> | <u>23.44%</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(6,290,415)</u> | <u>(600,957)</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>(600,957)</u> | |
| Fund balance, July 1, 2015 (audited) | | <u>(444,700)</u> | |
| Estimated fund balance @ June 30, 2016 | | <u><u>(\$1,045,657)</u></u> | |

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget to Actual

Quarterly Report Ending June 30, 2016

CATS - 10

| | Adopted | | |
|---|------------------|------------------|---------------|
| | Budget | Y-T-D | % Used |
| Revenues: | | | |
| Intergovernmental revenue | \$1,061,565 | 852,278 | 80.29% |
| Charges for services | 189,000 | 193,782 | 102.53% |
| Total revenues | 1,250,565 | 1,046,061 | 83.65% |
| Expenditures: | | | |
| Salaries | 513,065 | 499,555 | 97.37% |
| Temporary employee | 185,000 | 165,938 | 89.70% |
| Overtime | 30,000 | 23,469 | 78.23% |
| Holiday pay | 9,500 | 8,074 | 84.99% |
| Social security | 43,810 | 41,547 | 94.83% |
| Medicare | 10,255 | 9,717 | 94.75% |
| AZ retirement | 64,955 | 66,302 | 102.07% |
| Health/life insurance | 135,570 | 146,955 | 108.40% |
| State compensation insurance | 18,860 | 17,785 | 94.30% |
| Clothing allowance | 4,000 | 1,136 | 28.39% |
| Contractual Services | 177,500 | 3,499 | 1.97% |
| Gas & oil | 177,500 | 110,456 | 62.23% |
| Office supplies | 5,000 | 4,447 | 88.93% |
| Copier supplies | 200 | 0 | 0.00% |
| Vehicle maintenance | 95,000 | 120,802 | 127.16% |
| Equipment Maintenance & Repair | 0 | 921 | |
| Building Maintenance | 7,100 | 6,157 | 86.71% |
| Radio maintenance | 5,250 | 2,837 | 54.04% |
| Postage & freight | 16,500 | 8,969 | 54.36% |
| Audit expense | 3,000 | 0 | 0.00% |
| Employee physicals / drug tests | 1,790 | 2,162 | 120.78% |
| Computer Support | 3,950 | 15,324 | 387.95% |
| Custodial Contract | 0 | 10,988 | 0.00% |
| Advertising | 12,000 | 24,482 | 204.02% |
| Printing & forms | 9,875 | 5,587 | 56.57% |
| Utilities | 10,000 | 15,993 | 159.93% |
| Telephone | 7,400 | 9,115 | 123.18% |
| Travel/training | 3,750 | 7,621 | 203.23% |
| Continuing education | 0 | 75 | 0.00% |
| Subscriptions/dues | 2,500 | 1,879 | 75.17% |
| Tools & Equipment | 2,500 | 283 | 11.31% |
| Liability insurance | 29,000 | 33,213 | 114.53% |
| Indirect costs to GF | 0 | 0 | 0.00% |
| Subtotal maintenance and operations | 1,584,830 | 1,365,285 | 86.15% |
| Capital Outlay: | 240,000 | 116,912 | 0.00% |
| Fund b: Total Expenditures | 1,824,830 | 1,482,197 | 81.22% |
| Excess (deficiency) of revenues over (under) expenditures | | | |
| | (574,265) | (436,137) | |
| 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 | (574,265) | (436,137) | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Library - 03

| | Adopted | | |
|-------------------------------------|----------------|--------------|---------------|
| | Budget | Y-T-D | % Used |
| Revenues: | | | |
| Other income | \$15,500 | \$19,634 | 126.67% |
| Interest income | 25 | 13 | 52.40% |
| City Sales Tax | 0 | | 0.00% |
| Yavapai county | 155,640 | 155,590 | 99.97% |
| AZ LSCA/Yavapai county grant | 0 | | 0.00% |
| Gates grant | 0 | 0 | 0.00% |
| Total revenues | 171,165 | 175,236 | 102.38% |
| Expenditures: | | | |
| Operating: | | | |
| Salaries | 381,380 | 369,990 | 97.01% |
| Temp employees | 45,000 | 40,098 | 89.11% |
| Overtime | 0 | 119 | 0.00% |
| Holiday pay | | 0 | 0.00% |
| Social security | 26,440 | 24,868 | 94.06% |
| Medicare tax | 6,180 | 5,816 | 94.11% |
| AZ state retirement | 43,740 | 41,636 | 95.19% |
| Health & life insurance | 87,260 | 93,417 | 107.06% |
| Worker's compensation | 5,000 | 3,024 | 60.48% |
| Gas & oil | 0 | 0 | 0.00% |
| Book purchases | 41,000 | 37,751 | 92.08% |
| Office supplies | 4,000 | 3,595 | 89.87% |
| Copier supplies | 2,500 | 1,707 | 68.28% |
| Vehicle maintenance | 0 | 0 | 0.00% |
| Equipment maintenance | 6,000 | 3,974 | 66.24% |
| Bldg M&R - Library | 30,000 | 31,227 | 104.09% |
| Collection expenses | 2,000 | 2,067 | 103.37% |
| Bank Charges | 0 | 21 | 0.00% |
| Recruitment Cost | 500 | 280 | 56.00% |
| Computer support | 2,000 | 2,642 | 132.11% |
| Legal advertising | 0 | 0 | 0.00% |
| Utilities | 55,000 | 52,451 | 95.36% |
| Telephone | 2,700 | 2,529 | 93.67% |
| Network & technology expenses | 35,000 | 37,497 | 107.13% |
| Youth programs | 450 | 716 | 159.19% |
| Annual volunteer appreciation | 800 | 676 | 84.50% |
| Travel & training | 800 | 876 | 109.52% |
| Subscriptions & dues | 0 | 0 | 0.00% |
| Postage & freight | 5,200 | 4,359 | 83.82% |
| Liability Insurance | 14,000 | 14,234 | 101.67% |
| Indirect costs to general fund | 175,500 | 183,581 | 104.60% |
| District - Materials | 0 | 0 | 0.00% |
| Subtotal maintenance and operations | 972,450 | 959,152 | 98.63% |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Library - 03 (page 2)

| | Adopted | | |
|---|----------------|--------------|---------------|
| | Budget | Y-T-D | % Used |
| Capital outlay: | 0 | 0 | 0.00% |
| Total expenditures | 972,450 | 959,152 | 98.63% |
| Excess (deficiency) of revenues over (under) expenditures | (801,285) | (783,915) | |
| Other financing sources (uses): | | | |
| Operating transfers in | 801,285 | 734,511 | 91.67% |
| 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 | 734,511 | 91.67% |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (49,404) | |
| Fund balance, July 1, 2015 (audited) | | 73,324 | |
| Estimated fund balance @ June 30, 2016 | | \$23,920 | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Cemetery 04

| | Adopted Budget | Y-T-D | % Used |
|---|---------------------------|--------------------------|----------------|
| Revenues: | | | |
| Interest Income | \$0 | \$0 | 0.00% |
| Charges for services | 1,100 | 655 | 59.55% |
| Total revenues | <u>1,100</u> | <u>655</u> | <u>59.55%</u> |
| Expenditures: | | | |
| Utilities | 22,000 | 34,648 | 157.49% |
| Telephone | 0 | 0 | 0.00% |
| Grave Liners | 3,000 | 0 | 0.00% |
| Miscellaneous Expense | 500 | 63 | 12.63% |
| Indirect Costs | 1,125 | 27,629 | 2455.92% |
| Subtotal maintenance and operations | <u>26,625</u> | <u>62,341</u> | <u>234.14%</u> |
| Capital improvements | 0 | 0 | 0.00% |
| Total expenditures | <u>26,625</u> | <u>62,341</u> | <u>234.14%</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(25,525)</u> | <u>(61,686)</u> | |
| Other financing sources (uses): | | | |
| Operating transfers in | 25,525 | 23,398 | 91.67% |
| 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) | <u>25,525</u> | <u>23,398</u> | <u>91.67%</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | <u>0</u> | <u>(38,288)</u> | |
| Fund balance, July 1, 2015 (audited) | | <u>0</u> | |
| Estimated fund balance @ June 30, 2016 | | <u><u>(\$38,288)</u></u> | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending March 31, 2016

Airport - 05

| | Adopted Budget | Y-T-D | % Used |
|---|-------------------|---------|---------|
| | Revenues: | | |
| Other Income | \$0 | \$0 | 0.00% |
| Late Fees | 500 | 763 | 152.52% |
| Tie down rent | 17,000 | 19,921 | 117.18% |
| Airpark Rents | 0 | 0 | 0.00% |
| FBO building rental income | 0 | 0 | 0.00% |
| Fuel sales income | 225,000 | 261,504 | 116.22% |
| Oil Sales | 50 | 12 | 23.00% |
| Land lease fees | 32,900 | 40,630 | 123.49% |
| City hangar lease fees | 33,550 | 34,322 | 102.30% |
| Total revenues | 309,000 | 357,151 | 115.58% |
| Expenditures: | | | |
| Operational Supplies | 700 | 2,490 | 355.66% |
| Fuel Expense | 150,000 | 237,439 | 158.29% |
| Oil Expense | 0 | 0 | 0.00% |
| Office Supplies | 150 | 182 | 121.08% |
| Vehicle Maintenance | 150 | 131 | 87.44% |
| Equipment maintenance | 3,500 | 1,516 | 43.31% |
| Building maintenance | 500 | 1,190 | 238.02% |
| Contractual Services | 10,000 | 30,925 | 309.25% |
| Bank Charges | 12,000 | 11,407 | 95.06% |
| Computer Support | 100 | 189 | 188.83% |
| General Counsel | 0 | 0 | 0.00% |
| Utilities | 12,410 | 14,241 | 114.76% |
| Telephone | 1,185 | 1,135 | 95.78% |
| Airport Annual Event | 0 | 0 | 0.00% |
| Liability Insurance | 8,200 | 8,200 | 100.00% |
| Indirect costs | 50,000 | 48,432 | 96.86% |
| Equipment Purchase | 0 | 0 | 0.00% |
| Airport Improvements | 0 | 0 | 0.00% |
| Subtotal maintenance and operations | 248,195 | 357,477 | 144.03% |
| Capital improvements - hangars | 0 | 0 | 0.00% |
| Total expenditures | 248,195 | 357,477 | 144.03% |
| Excess (deficiency) of revenues over (under) expenditures | 60,805 | (326) | |
| Other financing sources (uses): | | | |
| 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 | (326) | |
| Fund balance, July 1, 2015 (audited) | | 0 | |
| Estimated fund balance @ June 30, 2016 | | (\$326) | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Sewer Consolidated - 51

| | Adopted | | |
|-------------------------------------|----------------|--------------|---------------|
| | Budget | Y-T-D | % Used |
| Revenues: | | | |
| Taxes | \$0 | \$0 | 0.00% |
| Charges for services | 2,501,440 | 2,502,327 | 100.04% |
| Uses of monies & properties | 100 | 4,575 | 4574.83% |
| Miscellaneous revenues | 500,000 | 0 | 0.00% |
| Total revenues | 3,001,540 | 2,506,902 | 83.52% |
| Expenditures: | | | |
| Operating: | | | |
| Salaries | 491,250 | 439,965 | 89.56% |
| Temporary Employees | 0 | 0 | 0.00% |
| Overtime | 54,000 | 51,254 | 94.92% |
| Holiday pay | 2,000 | 1,765 | 88.25% |
| Social security | 33,930 | 30,311 | 89.33% |
| Medicare tax | 7,930 | 7,089 | 89.39% |
| AZ state retirement | 62,770 | 55,406 | 88.27% |
| Health & life insurance | 92,790 | 95,531 | 102.95% |
| Worker's compensation | 19,100 | 7,827 | 40.98% |
| Clothing allowance | 2,000 | 1,625 | 81.27% |
| Operational supplies | 17,000 | 24,543 | 144.37% |
| Tools | 1,400 | 1,755 | 125.36% |
| Gas & oil | 14,000 | 5,831 | 41.65% |
| Chlorine | 2,700 | 4,772 | 176.73% |
| Polymer | 16,700 | 23,446 | 140.39% |
| Odor control supplies | 0 | 0 | 0.00% |
| Office supplies | 3,100 | 2,257 | 72.81% |
| Copier Supplies | 0 | 0 | 0.00% |
| Vehicle maintenance | 5,500 | 7,189 | 130.71% |
| Equipment maintenance | 200,000 | 189,158 | 94.58% |
| Building maintenance | 5,500 | 6,261 | 113.83% |
| Contractual services | 60,000 | 65,611 | 109.35% |
| Bank Charges | 12,500 | 8,518 | 68.14% |
| Employee physicals | 450 | 110 | 24.44% |
| Computer support | 4,600 | 2,910 | 63.26% |
| General Counsel | 0 | 0 | 0.00% |
| Lab / testing | 45,000 | 46,654 | 103.68% |
| Sludge disposal | 92,000 | 80,468 | 87.47% |
| Legal Advertising | 0 | 15 | 0.00% |
| Printing & forms | 250 | 0 | 0.00% |
| Utilities | 395,500 | 379,530 | 95.96% |
| Telephone | 5,050 | 4,215 | 83.46% |
| ADEQ annual fee | 16,500 | 24,265 | 147.06% |
| Travel & training | 2,400 | 1,593 | 66.39% |
| Continuing education | 500 | 0 | 0.00% |
| Equipment rental | 500 | 414 | 82.75% |
| Subscriptions & dues | 700 | 830 | 118.57% |
| Postage & freight | 10,500 | 19,570 | 186.38% |
| Liability insurance | 36,055 | 33,215 | 92.12% |
| Indirect costs to general fund | 250,030 | 166,524 | 66.60% |
| Bad debt expense | 0 | 0 | 0.00% |
| Reserve replacement fund | 0 | 0 | 0.00% |
| Subtotal maintenance and operations | 1,964,205 | 1,790,428 | 91.15% |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Sewer Consolidated - 51 (page 2)

| | Adopted | | |
|--|----------------|---------------|---------------|
| | Budget | Y-T-D | % Used |
| Capital Outlay: | 12,775,700 | 2,718,655 | 21.28% |
| Total Expenditures | 14,739,905 | 4,509,083 | 30.59% |
| Excess (deficiency) of revenues over (under) expenditures | (11,738,365) | (2,002,181) | |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | 11,500,000 | 700,000 | 6.09% |
| 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 | 700,000 | 0.00% |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses - Net Income | \$261,635 | (\$1,302,181) | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

**Sewer Construction
& Administration - 51**

| | Adopted | | |
|-------------------------------------|-----------|-----------|----------|
| | Budget | Y-T-D | % Used |
| Revenues: | | | |
| City sales tax | \$0 | \$0 | 0.00% |
| Impact fees | 0 | 0 | 0.00% |
| Connection fees | 0 | 600 | 0.00% |
| User fees - admin residential | 425,840 | 382,141 | 89.74% |
| User fees - admin commercial | 40,700 | 42,057 | 103.34% |
| User fees - admin multi-residential | 9,600 | 69,405 | 722.96% |
| User fees - M&O residential | 1,135,000 | 984,421 | 86.73% |
| User fees - M&O multi-residential | 414,000 | 509,402 | 123.04% |
| User fees - M&O commercial | 28,800 | 187,894 | 652.41% |
| Effluent Revenue | 10,000 | 13,311 | 133.11% |
| Reserves - | 437,500 | 283,050 | 64.70% |
| Debt Service Rate Revenue | 0 | 30,046 | 0.00% |
| Late fees - interest charges | 0 | 0 | 0.00% |
| Recovery of bad debts | 0 | 0 | 0.00% |
| Interest income | 100 | 4,575 | 4574.83% |
| Interest - equipment reserve | 0 | 0 | 0.00% |
| Interest - expansion fund | 0 | 0 | 0.00% |
| Interest - bond reserve fund | 0 | 0 | 0.00% |
| Building Rental | 0 | 0 | 0.00% |
| Other income | 0 | 0 | 0.00% |
| Sale of City Property | 0 | 0 | 0.00% |
| Bond Proceeds | 500,000 | 0 | 0.00% |
| Total revenues | 3,001,540 | 2,506,902 | 83.52% |
| Expenditures: | | | |
| Administration | | | |
| Salaries | 128,310 | 112,622 | 87.77% |
| Temp Employees | 0 | 0 | 0.00% |
| Overtime and Holiday Pay | 1,000 | 521 | 52.12% |
| Social security | 8,020 | 6,937 | 86.49% |
| Medicare tax | 1,870 | 1,622 | 86.76% |
| AZ state retirement | 14,830 | 12,978 | 87.51% |
| Health & life insurance | 23,380 | 23,800 | 101.80% |
| Worker's compensation | 1,130 | 104 | 9.20% |
| Office supplies | 1,200 | 130 | 10.87% |
| Copier Supplies | 0 | | 0.00% |
| Equipment maintenance | 0 | | 0.00% |
| Contractual Services | 15,000 | 11,415 | 76.10% |
| Bank charges | 12,500 | 8,518 | 68.14% |
| Computer support | 3,500 | 2,108 | 60.24% |
| General Counsel | 0 | | 0.00% |
| Legal advertising | 0 | 15 | 0.00% |
| Printing & forms | 250 | 0 | 0.00% |
| Utilities | 6,025 | 3,068 | 50.93% |
| Telephone | 1,750 | 1,687 | 96.37% |
| Travel & training | 400 | 0 | 0.00% |
| Continuing education | 0 | | 0.00% |
| Subscriptions & dues | 0 | | 0.00% |
| Postage & freight | 6,000 | 15,022 | 250.37% |
| Liability insurance | 12,350 | 9,490 | 76.84% |
| Indirect costs to general fund | 250,030 | 166,524 | 66.60% |
| Bad debt expense | 0 | 0 | 0.00% |
| Subtotal maintenance and operations | 487,545 | 376,563 | 77.24% |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

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

| | Adopted | | |
|---|----------------|--------------|---------------|
| | Budget | Y-T-D | % Used |
| Capital outlay | 221,850 | 21,305 | 0.00% |
| Debt Service: | | | |
| Principal | 0 | | 0.00% |
| Interest | 0 | | 0.00% |
| Trustee Fees | 0 | | 0.00% |
| Construction: | | | |
| Bond Issuance Costs | 0 | 24,205 | 0.00% |
| Water/Waste Water Master Plan | 0 | 4,946 | |
| Legal fees | 0 | | 0.00% |
| Legal Advertising | 0 | | 0.00% |
| Investment Expense | 0 | 1,445 | 0.00% |
| Impact Fee Study | 0 | | 0.00% |
| 260 Design | 0 | | 0.00% |
| Riverfront WWTP Deisng/Feasib | 11,500,000 | 2,135,901 | 18.57% |
| Effluent Disposal System | 0 | | 0.00% |
| Lift Station | 300,000 | | 0.00% |
| Recl H2O Pump System Upgrade | 0 | 159,190 | 0.00% |
| Construction - General | 500,000 | 250,786 | 50.16% |
| WWTP Upgrades | 191,000 | 38,433 | 20.12% |
| 12th Street Fir 89A Reclimation | 0 | | 0.00% |
| Subtotal construction expenses | 12,491,000 | 2,614,907 | 20.93% |
| Total Expenditures | 13,200,395 | 3,012,775 | 22.82% |
| Excess (deficiency) of revenues over (under) expenditures | (10,198,855) | (505,873) | |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | 0 | 700,000 | 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 | 700,000 | 0.00% |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (10,198,855) | 194,127 | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Sewer Maintenance & Operations- 51

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

Expenditures:

Operating:

| | | | |
|-------------------------------------|-----------|-----------|---------|
| Salaries | 362,940 | 327,343 | 90.19% |
| Temporary Employees | 0 | 0 | 0.00% |
| Overtime | 53,000 | 50,733 | 95.72% |
| Holiday pay | 2,000 | 1,765 | 88.25% |
| Social security | 25,910 | 23,375 | 90.21% |
| Medicare tax | 6,060 | 5,467 | 90.21% |
| AZ state retirement | 47,940 | 42,429 | 88.50% |
| Health & life insurance | 69,410 | 71,731 | 103.34% |
| Worker's compensation | 17,970 | 7,723 | 42.98% |
| Clothing allowance | 2,000 | 1,625 | 81.27% |
| Operational supplies | 17,000 | 24,543 | 144.37% |
| Tools | 1,400 | 1,755 | 125.36% |
| Gas & oil | 14,000 | 5,831 | 41.65% |
| Chlorine | 2,700 | 4,772 | 176.73% |
| Polymer | 16,700 | 23,446 | 140.39% |
| Odor control supplies | 0 | 0 | 0.00% |
| Office supplies | 1,900 | 2,127 | 111.93% |
| Copier supplies | 0 | 0 | 0.00% |
| Vehicle maintenance | 5,500 | 7,189 | 130.71% |
| Equipment maintenance | 200,000 | 189,158 | 94.58% |
| Building maintenance | 5,500 | 6,261 | 113.83% |
| Contractual services | 45,000 | 54,196 | 120.44% |
| Employee physicals | 450 | 110 | 24.44% |
| Computer support | 1,100 | 801 | 72.85% |
| Lab / testing | 45,000 | 46,654 | 103.68% |
| Sludge disposal | 92,000 | 80,468 | 87.47% |
| Legal advertising | 0 | 0 | 0.00% |
| Utilities | 389,475 | 376,462 | 96.66% |
| Telephone | 3,300 | 2,528 | 76.62% |
| ADEQ annual fee | 16,500 | 24,265 | 147.06% |
| Travel & training | 2,000 | 1,593 | 79.66% |
| Continuing education | 500 | 0 | 0.00% |
| Equipment rental | 500 | 414 | 82.75% |
| Subscriptions & dues | 700 | 830 | 118.57% |
| Postage & freight | 4,500 | 4,548 | 101.07% |
| Liability insurance | 23,705 | 23,725 | 100.08% |
| Subtotal maintenance and operations | 1,476,660 | 1,413,865 | 95.75% |

#####

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget to Actual
 Quarterly Report Ending June 30, 2016

Sewer Maintenance & Operations- 51
 (page 2)

| | Adopted | | |
|---|-------------|-------------|--------|
| | Budget | Y-T-D | % Used |
| Bond Interest | 0 | 47,632 | 0.00% |
| Bond Principle | 0 | 0 | 0.00% |
| Capital Outlay: | 62,850 | 34,812 | 0.00% |
| Total Expenditures | 1,539,510 | 1,496,308 | 97.19% |
| Excess (deficiency) of revenues over (under) expenditures | (1,539,510) | (1,496,308) | |
| 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 | (1,539,510) | (1,496,308) | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Grants - 11 & 12

| | Adopted | | |
|---|----------------|--------------|---------------|
| | Budget | Y-T-D | % Used |
| Revenues: | | | |
| Intergovernmental revenue | \$2,199,150 | \$103,565 | 4.71% |
| Other Income | 5 | 4 | 0.00% |
| Total revenues | 2,199,155 | 103,569 | 4.71% |
| Expenditures: | | | |
| Capital Outlay: | 2,409,155 | 116,006 | 4.82% |
| Total Expenditures | 2,409,155 | 116,006 | 4.82% |
| Excess (deficiency) of revenues over (under) expenditures | (210,000) | (12,438) | |
| Other Financing Sources (Uses): | | | |
| 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) | (12,438) | |
| Fund balance, July 1, 2015 (audited) | | (25,228) | |
| Estimated fund balance @ June 30, 2016 | | (\$37,666) | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Alt. Firefighter's Pension - 70

| | Adopted | | |
|---|---------|--------------|---------|
| | Budget | Y-T-D | % Used |
| Revenues: | | | |
| Contributions | \$0 | \$0 | 0.00% |
| Uses of monies & properties | 15,000 | 10,362 | 0.00% |
| Total revenues | 15,000 | 10,362 | 69.08% |
| Expenditures: | | | |
| Benefits | 3,600 | 3,600 | 100.00% |
| Administration | 2,000 | 8,664 | 433.22% |
| Total Expenditures | 5,600 | 12,264 | 219.01% |
| Excess (deficiency) of revenues over (under) expenditures | 9,400 | 0 (1,903) | |
| 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 | (1,903) | |
| Fund balance, July 1, 2015 (audited) | | 169,420 | |
| Estimated fund balance @ June 30, 2016 | | \$167,517 | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

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 | 879 | 140.59% |
| Total revenues | 625 | 879 | 0.00% |
| Expenditures: | | | |
| Premiums | 0 | 0 | 0.00% |
| Benefits | 0 | 0 | 0.00% |
| Miscellaneous | 2,000 | 1,583 | 79.13% |
| Total Expenditures | 2,000 | 1,583 | 79.13% |
| Excess (deficiency) of revenues over (under) expenditures | (1,375) | (704) | |
| 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) | (704) | |
| Fund balance, July 1, 2015 (audited) | | 66,226 | |
| Estimated fund balance @ June 30, 2016 | | \$65,522 | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Capital Projects - 30

| | Adopted | | |
|---|--------------|-------------|---------|
| | Budget | Y-T-D | % Used |
| Revenues: | | | |
| Taxes | \$0 | \$0 | 0.00% |
| Use of monies & properties | 0 | 110,495 | 0.00% |
| Intergovernmental revenue | 0 | 180,000 | 0.00% |
| Total revenues | 0 | 290,495 | 0.00% |
| Debt Service: | | | |
| Principal | 0 | 0 | 0.00% |
| Interest | 0 | 67,698 | 0.00% |
| Expenditures: | | | |
| Capital outlay: | | | |
| Investment Expenses | 9,000 | 9,608 | 106.75% |
| Railroad Wash | 0 | 187,627 | 0.00% |
| Bond Issuance Costs | 0 | 33,185 | 0.00% |
| 2015 Excise Bond | 0 | 1,217 | 0.00% |
| Kids Park | 250,000 | 10,213 | 4.09% |
| Garrison Park | 250,000 | 9,313 | 3.73% |
| Civic Center HVAC | 160,000 | 22,949 | 14.34% |
| Riverfront Park | 150,000 | 9,313 | 6.21% |
| Communications Center | 0 | 20,934 | 0.00% |
| Total Expenditures | 819,000 | 372,056 | 45.43% |
| Excess (deficiency) of revenues over (under) expenditures | (819,000) | (81,561) | |
| 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) | (700,000) | 0.00% |
| Total other financing sources (uses) | (8,817,170) | (700,000) | 0.00% |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (9,636,170) | (781,561) | |
| Fund balance, July 1, 2015 (audited) | | 10,528,437 | |
| Estimated fund balance @ June 30, 2016 | | \$9,746,876 | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Debt Service - 20

| | Adopted Budget | Y-T-D | % Used |
|---|---------------------------|--------------|---------------|
| Revenues: | | | |
| Taxes | \$2,078,485 | \$1,541,275 | 74.15% |
| Uses of monies & properties | 150 | 743 | 495.29% |
| Total revenues | 2,078,635 | 1,542,018 | 74.18% |
| Expenditures: | | | |
| Trustee fees | 360 | 360 | 100.00% |
| Rodeo Drive Reimbursement | 0 | 0 | 0.00% |
| Debt service: | | 0 | 0.00% |
| Interest | 631,275 | 666,275 | 105.54% |
| Principal | 910,000 | 875,000 | 96.15% |
| Total Expenditures | 1,541,635 | 1,541,635 | 100.00% |
| Excess (deficiency) of revenues over (under) expenditures | 537,000 | 383 | |
| 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 | 537,000 | 383 | |
| Fund balance, July 1, 2015 (audited) | | 1,210,126 | |
| Estimated fund balance @ June 30, 2016 | | \$1,210,509 | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Water Consolidated - 50

| | Adopted | | |
|-------------------------------------|-----------|-----------|---------|
| | Budget | Y-T-D | % Used |
| Revenues: Note 1 | | | |
| Taxes | \$0 | \$0 | 0.00% |
| Charges for services | 7,998,250 | 7,898,239 | 98.75% |
| Uses of monies & properties | 11,215 | 40,306 | 359.39% |
| Miscellaneous revenues | 12,000 | 24,977 | 208.14% |
| Total revenues | 8,021,465 | 7,963,522 | 99.28% |
| Expenditures: | | | |
| Operating: | | | |
| Salaries | 826,880 | 777,840 | 94.07% |
| Temporary Employees | 0 | 0 | 0.00% |
| Overtime | 114,160 | 111,823 | 97.95% |
| Holiday pay | 2,000 | 2,739 | 136.97% |
| Social security | 59,880 | 54,284 | 90.65% |
| Medicare tax | 14,000 | 12,695 | 90.68% |
| AZ state retirement | 110,780 | 101,644 | 91.75% |
| Health & life insurance | 186,900 | 173,883 | 93.04% |
| Worker's compensation | 32,080 | 20,864 | 65.04% |
| Clothing allowance | 5,500 | 6,066 | 110.30% |
| Operational supplies | 24,000 | 17,660 | 73.58% |
| Tools | 3,500 | 2,878 | 82.23% |
| Gas & oil | 45,000 | 26,020 | 57.82% |
| Chlorine | 63,000 | 30,248 | 48.01% |
| Office supplies | 8,500 | 6,889 | 81.05% |
| Copier Supplies | 0 | 0 | 0.00% |
| Vehicle maintenance | 15,000 | 23,477 | 156.51% |
| Equipment maintenance | 176,000 | 141,371 | 80.32% |
| Building maintenance | 4,000 | 6,793 | 169.82% |
| Arsenic System Maintenance | 460,000 | 52,546 | 11.42% |
| Contractual services | 132,000 | 111,967 | 84.82% |
| Bank Charges | 0 | 15,819 | 0.00% |
| Employee physicals | 1,000 | 114 | 11.40% |
| Computer support | 10,400 | 10,101 | 97.13% |
| General Counsel | 0 | 0 | 0.00% |
| Contractual SVCS-M&O | 33,000 | 23,664 | 71.71% |
| Lab / testing | 28,000 | 7,642 | 27.29% |
| Public Relations | 0 | 134 | 0.00% |
| Legal Advertising | 2,000 | 320 | 16.01% |
| Printing & forms | 6,500 | 5,218 | 80.28% |
| Auction Fees | 0 | 0 | 0.00% |
| Utilities | 350,700 | 414,356 | 118.15% |
| Telephone | 13,400 | 16,077 | 119.98% |
| ADEQ annual fee | 26,000 | (338) | -1.30% |
| Payment Assistance Program | 12,000 | 10,750 | 89.58% |
| Aid In Lieu of Construction | 100,000 | 34,184 | 34.18% |
| Verde River Days | 1,000 | 1,635 | 163.46% |
| Travel & training | 4,500 | 5,262 | 116.92% |
| Continuing education | 200 | 0 | 0.00% |
| Equipment rental | 1,000 | 70 | 6.98% |
| Subscriptions & dues | 2,500 | 508 | 20.32% |
| Postage & freight | 41,200 | 38,224 | 92.78% |
| Liability insurance | 72,085 | 61,685 | 85.57% |
| Liability Insurance Deductible | 0 | 0 | 0.00% |
| Indirect costs to general fund | 450,000 | 514,499 | 114.33% |
| Bad debt expense | 0 | 0 | 0.00% |
| Lease Purchase Principal & Interest | 422,690 | 33,522 | 7.93% |
| Trust Land Annexation | 0 | 70 | 0.00% |
| Reserve Resource Development | 3,000,000 | 161,703 | 5.39% |
| Reserve Water Advisory | 100,000 | 0 | 0.00% |
| Reserve Adjudication | 100,000 | 10,635 | 10.64% |
| Reserve Water Conservation | 100,000 | 20,698 | 20.70% |
| Subtotal maintenance and operations | 7,161,355 | 3,068,239 | 42.84% |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Water Consolidated - 50 (page 2)

| | Adopted | | |
|--|------------------------------|---------------------------|---------------|
| | Budget | Y-T-D | % Used |
| Debt Service | 31,733,955 | 2,291,604 | 7.22% |
| Capital Outlay: | 2,927,350 | 797,573 | 27.25% |
| Total Expenditures | <u>41,822,660</u> | <u>6,157,415</u> | <u>14.72%</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(33,801,195)</u> | <u>1,806,106</u> | <u>-5.34%</u> |
| 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 | <u>0</u> | <u>0</u> | <u>0.00%</u> |
| Total other financing sources (uses) | <u>10,000,000</u> | <u>0</u> | <u>0.00%</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses - Net Income | <u><u>(\$23,801,195)</u></u> | <u><u>\$1,806,106</u></u> | |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

**Water Construction
& Administration - 50**

| | Adopted Budget | Y-T-D | % Used |
|-------------------------------|---------------------------|--------------|---------------|
| Revenues: | | | |
| Impact Fees | 0 | 0 | 0.00% |
| User fees | 6,886,240 | 6,736,495 | 97.83% |
| Meter Installation | 18,500 | 32,325 | 174.73% |
| Service Turn Ons | 80,430 | 94,603 | 117.62% |
| Drought Water Shortage PP | 0 | 0 | 0.00% |
| Res-Resource Development Fees | 463,000 | 471,297 | 101.79% |
| Res-Water Advisory Committee | 37,600 | 38,187 | 101.56% |
| Res-Adjudication | 47,200 | 48,003 | 101.70% |
| Res-Water Conservation | 28,930 | 29,455 | 101.81% |
| Recapture Agreements | 0 | 0 | 0.00% |
| Reimbursement Clarkdale | 291,350 | 291,353 | 100.00% |
| Collection fees/late fees | 145,000 | 156,521 | 107.95% |
| Interest income | 2,635 | 31,726 | 1204.00% |
| Building Rental | 8,580 | 8,580 | 100.00% |
| Other income | 12,000 | 24,977 | 208.14% |
| Sale of City Property | 0 | 0 | 0.00% |
| City sales tax | \$0 | \$0 | 0.00% |
| Total revenues | 8,021,465 | 7,963,522 | 99.28% |

Expenditures:

| | | | |
|-------------------------------------|-----------|-----------|---------|
| Administration | | | |
| Salaries | 182,090 | 149,674 | 82.20% |
| Overtime and Holiday Pay | 5,000 | 1,280 | 25.60% |
| Social security | 11,600 | 9,283 | 80.02% |
| Temp Employees | 0 | 0 | 0.00% |
| Medicare tax | 2,710 | 2,171 | 80.11% |
| AZ state retirement | 21,460 | 17,315 | 80.68% |
| Health & life insurance | 40,610 | 33,932 | 83.56% |
| Worker's compensation | 1,310 | 195 | 14.89% |
| Office supplies | 3,500 | 2,428 | 69.38% |
| Copier Supplies | 0 | 0 | 0.00% |
| Equipment maintenance | 0 | 5,700 | 0.00% |
| Contractual Services | 85,000 | 78,013 | 91.78% |
| Bank charges | 12,700 | 15,819 | 124.56% |
| Public Relations | 0 | 134 | 0.00% |
| Computer support | 6,600 | 6,667 | 101.02% |
| General Counsel | 0 | 0 | 0.00% |
| Legal advertising | 1,000 | 177 | 17.69% |
| Printing & forms | 6,500 | 5,218 | 80.28% |
| Utilities | 19,140 | 39,282 | 205.23% |
| Telephone | 4,000 | 4,345 | 108.63% |
| 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 | 38,035 | 95.09% |
| Liability insurance | 28,315 | 22,538 | 79.60% |
| Indirect costs to general fund | 450,000 | 514,499 | 114.33% |
| Bad debt expense | 0 | 0 | 0.00% |
| Trust Land Annexation | 0 | 70 | 0.00% |
| Reserve Resource Development | 3,000,000 | 161,703 | 5.39% |
| Reserve Water Advisory | 100,000 | 0 | 0.00% |
| Reserve Adjudication | 100,000 | 10,635 | 10.64% |
| Reserve Water Conservation | 100,000 | 20,698 | 20.70% |
| 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 | 1,150,561 | 27.18% |

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget to Actual
 Quarterly Report Ending June 30, 2016

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

| | Adopted | | |
|--------------------------------------|----------------|--------------|---------------|
| | Budget | Y-T-D | % Used |
| Capital outlay | 26,000 | 0 | 0.00% |
| Construction: | | | |
| Legal Advertising | 0 | 0 | 0.00% |
| Water/Waste Water Master Plan | 0 | 11,228 | 0.00% |
| Investment Expense | 2,000 | 2,818 | 140.89% |
| Building Purchase | 0 | 0 | 0.00% |
| Aresinic Mitigation | 725,000 | 283,434 | 39.09% |
| 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 | 68,276 | 19.51% |
| HWY 260 H2O System Upgrades | 0 | 0 | 0.00% |
| Well Booster Station | 150,000 | 60,594 | 40.40% |
| Well Improvements | 100,000 | 32,350 | 32.35% |
| 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 | 17,995 | 11.25% |
| Line Extensions | 250,000 | 225,117 | 90.05% |
| Line Replacements | 0 | 11,931 | #DIV/0! |
| Impact Fee Study | 0 | 0 | 0.00% |
| Subtotal construction expenses | 2,792,900 | 723,442 | 25.90% |
| Total Expenditures | 7,052,435 | 1,874,003 | 26.57% |

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

Water Maintenance & Operations- 50

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

Expenditures:

Operating:

| | | | |
|-------------------------------------|-----------|-----------|---------|
| Salaries | 644,790 | 628,166 | 97.42% |
| Overtime | 109,160 | 110,543 | 101.27% |
| Holiday pay | 2,000 | 2,739 | 136.97% |
| Social security | 48,280 | 45,002 | 93.21% |
| Medicare tax | 11,290 | 10,524 | 93.22% |
| AZ state retirement | 89,320 | 84,330 | 94.41% |
| Health & life insurance | 146,290 | 139,951 | 95.67% |
| Worker's compensation | 30,770 | 20,669 | 67.17% |
| Clothing allowance | 5,500 | 6,066 | 110.30% |
| Operational supplies | 24,000 | 17,660 | 73.58% |
| Tools | 3,500 | 2,878 | 82.23% |
| Gas & oil | 45,000 | 26,020 | 57.82% |
| Chemicals | 63,000 | 30,248 | 48.01% |
| Office supplies | 5,000 | 4,461 | 89.22% |
| Vehicle maintenance | 15,000 | 23,477 | 156.51% |
| Equipment maintenance | 176,000 | 135,671 | 77.09% |
| Building maintenance | 4,000 | 6,793 | 169.82% |
| Arsenic System Maintenance | 460,000 | 52,546 | 11.42% |
| Contractual services | 47,000 | 33,953 | 72.24% |
| Employee physicals | 1,000 | 114 | 11.40% |
| Computer support | 3,800 | 3,434 | 90.37% |
| Contractual SVCS-M&O | 33,000 | 23,664 | 71.71% |
| Lab / testing | 28,000 | 7,642 | 27.29% |
| Legal advertising | 1,000 | 143 | 14.33% |
| Auction Fees | 0 | 0 | 0.00% |
| Utilities | 331,560 | 375,074 | 113.12% |
| Telephone | 9,400 | 11,732 | 124.81% |
| ADEQ annual fee | 26,000 | (338) | -1.30% |
| Aid in Lieu of Construction | 100,000 | 34,184 | 34.18% |
| Verde River Days | 1,000 | 1,635 | 163.46% |
| Travel & training | 4,500 | 5,262 | 116.92% |
| Continuing education | 200 | 0 | 0.00% |
| Equipment rental | 1,000 | 70 | 6.98% |
| Subscriptions & dues | 2,500 | 508 | 20.32% |
| Postage & freight | 1,200 | 188 | 15.70% |
| Liability insurance | 43,770 | 39,147 | 89.44% |
| Liability Insurance Deductible | 0 | 0 | 0.00% |
| Lease Purchase Interest | 398,160 | 24,365 | 6.12% |
| Lease Purchase Principal | 24,530 | 9,157 | 37.33% |
| Subtotal maintenance and operations | 2,940,520 | 1,917,678 | 65.22% |

1,991,808.7

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2016

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 | 689,681 | 2.17% |
| Interest | 0 | 1,340,687 | 0.00% |
| Trustee Fees | 1,500 | 261,235 | 17415.68% |
| Capital Outlay: | 108,450 | 74,131 | 68.36% |
| Total Expenditures | 34,782,925 | 2,365,735 | 6.80% |
| Excess (deficiency) of revenues over (under) expenditures | 34,782,925 | 5,597,787 | |
| 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) | 3,723,784 | |