

FY 2020 1st Quarter Financial Report



"Inspiring a Vibrant Community"

City of Cottonwood



Compiled by:
Kirsten Lennon
Financial Services Director
Rudy Rodriguez
Deputy City Manager

City of Cottonwood
Fiscal Year 2020 – 1st Quarter
For The Period Ending June30, 2019

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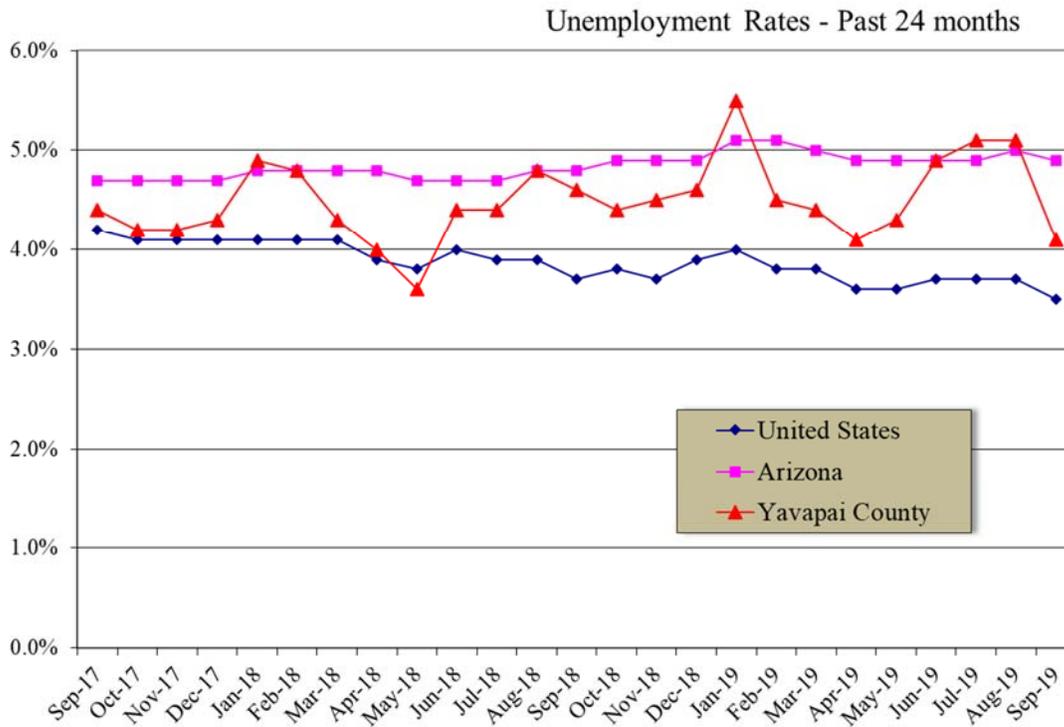
EXECUTIVE SUMMARY

This unaudited quarterly report highlights notable items and issues impacting the City’s overall financial picture. The report includes Cottonwood’s major funds. Those funds being the General Fund, Highway User Revenue Fund (HURF), the two Enterprise Funds, the Capital Improvement Fund, and the Debt Service Fund. All funds are reflected in the attached printout.

¹Unemployment Information:

Yavapai unemployment numbers were are currently trending the same as the state but weaker compared to the overall national numbers. Even though the current unemployment numbers are good, the lower the unemployment rate the more difficult it is to find reasonable employment or qualified help. These lower numbers also play a big factor in some of our overall cost for services. Unfortunately, most available jobs are still mostly minimum wage jobs. As a reminder, the minimum wage in AZ is \$11.00/hr. as of January 1, 2019 and will be going up to \$12.00/hr. in January 2020.

Monthly	United States	Arizona	Yavapai County
Sep-17	4.2%	4.7%	4.4%
Oct-17	4.1%	4.7%	4.2%
Nov-17	4.1%	4.7%	4.2%
Dec-17	4.1%	4.7%	4.3%
Jan-18	4.1%	4.8%	4.9%
Feb-18	4.1%	4.8%	4.8%
Mar-18	4.1%	4.8%	4.3%
Apr-18	3.9%	4.8%	4.0%
May-18	3.8%	4.7%	3.6%
Jun-18	4.0%	4.7%	4.4%
Jul-18	3.9%	4.7%	4.4%
Aug-18	3.9%	4.8%	4.8%
Sep-18	3.7%	4.8%	4.6%
Oct-18	3.8%	4.9%	4.4%
Nov-18	3.7%	4.9%	4.5%
Dec-18	3.9%	4.9%	4.6%
Jan-19	4.0%	5.1%	5.5%
Feb-19	3.8%	5.1%	4.5%
Mar-19	3.8%	5.0%	4.4%
Apr-19	3.6%	4.9%	4.1%
May-19	3.6%	4.9%	4.3%
Jun-19	3.7%	4.9%	4.9%
Jul-19	3.7%	4.9%	5.1%
Aug-19	3.7%	5.0%	5.1%
Sep-19	3.5%	4.9%	4.1%



¹ United States <http://data.bls.gov/timeseries/LNS14000000>
 Arizona <http://data.bls.gov/timeseries/LASST0400000000000003>
 Yavapai County <https://research.stlouisfed.org/fred2/series/AZYAVA0URN>

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.

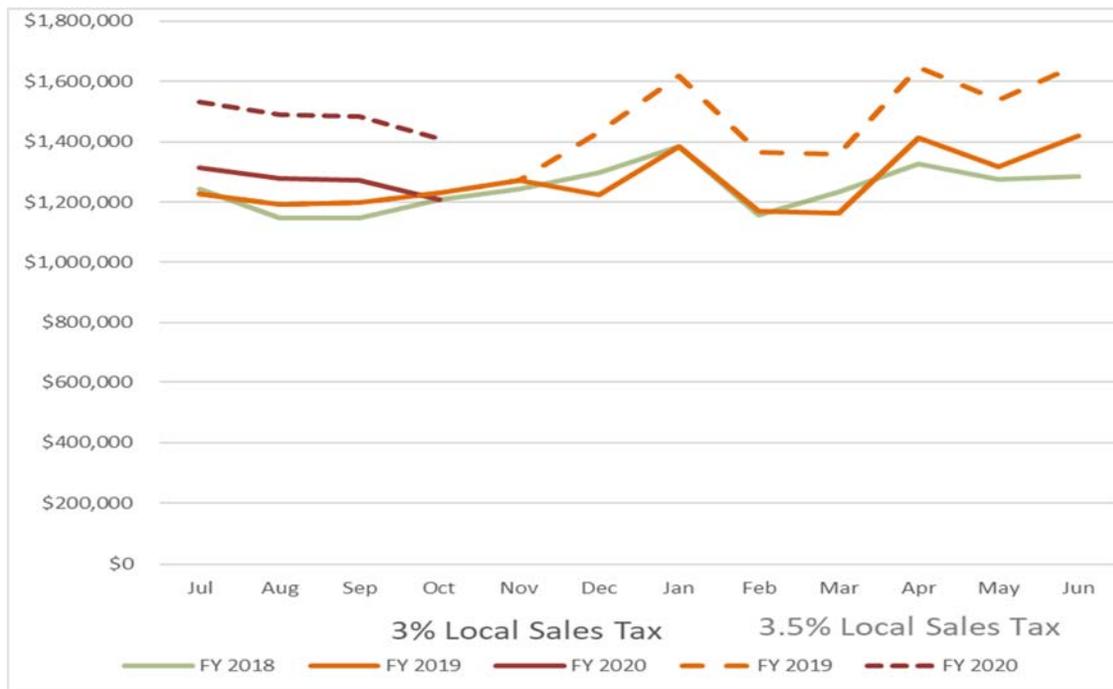
Local Transaction Privilege Tax (TPT - also known as Sales Tax)

Our local sales tax makes up over 50% of the overall General Fund revenues and is the backstop for all other funds. As of the end of the first quarter we are at 24.6% or \$890K over the same period last year. This growth is partially due to the sales tax increase of .5% that happened in November 2018.

Local Sales Tax

	FY 2018		FY 2019			FY 2020				
		3% Sales Tax	.5% Tax	3.5% Total TPT Tax	3%	0.50%	3.50%			
Jul	\$1,243,679	4.37%	\$1,227,250		\$1,227,250	-1.32%	\$1,313,030	\$219,988	\$1,533,018	6.99%
Aug	1,148,785	29.66%	1,192,257		1,192,257	3.78%	1,277,346	214,010	\$1,491,356	7.14%
Sep	1,145,988	15.40%	1,199,596		1,199,596	4.68%	1,272,025	213,118	\$1,485,142	6.04%
Oct	1,206,596	-4.62%	1,229,803		1,229,803	1.92%				
Nov	1,244,185	19.89%	1,273,289		1,273,289	2.34%				
Dec	1,296,857	-17.33%	1,225,661	205,350	1,431,011	10.34%				
Jan	1,384,508	36.32%	1,384,825	232,017	1,616,842	16.78%				
Feb	1,155,765	32.16%	1,169,491	195,939	1,365,431	18.14%				
Mar	1,233,081	30.43%	1,162,709	194,803	1,357,511	10.09%				
Apr	1,325,004	-16.12%	1,411,805	236,537	1,648,342	24.40%				
May	1,275,937	32.20%	1,316,551	220,578	1,537,129	20.47%				
Jun	1,286,431	4.97%	1,420,085	237,924	1,658,009	28.88%				
	\$14,946,817	10.33%	\$15,213,321	\$1,523,148	\$16,736,469	11.97%	\$3,862,401	\$647,116	\$4,509,516	24.60%

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



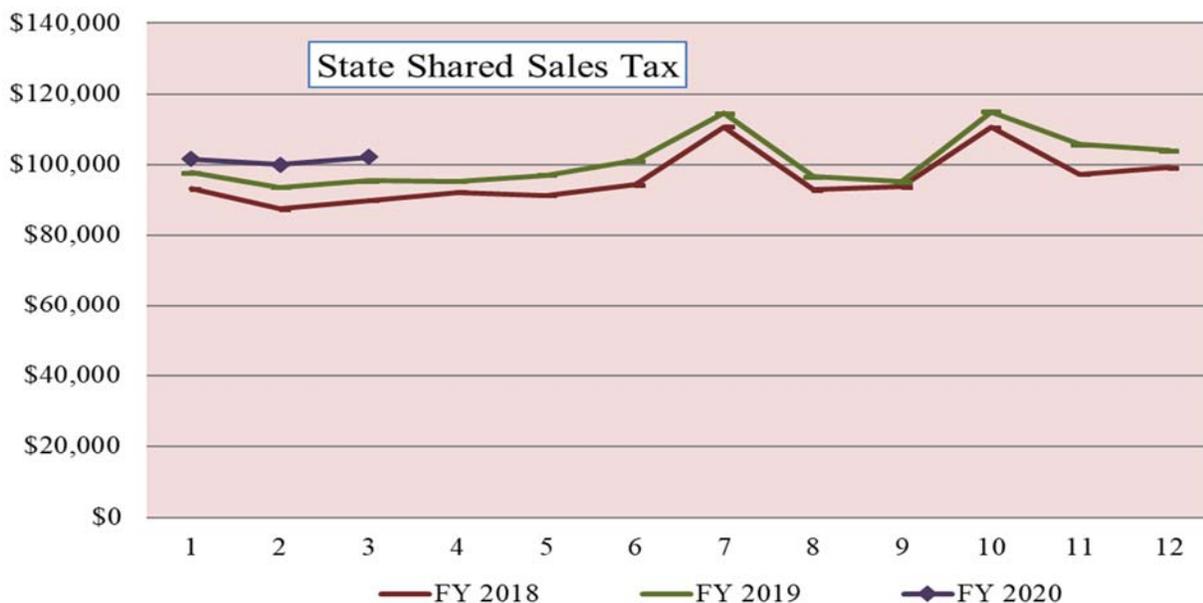
rate is three & one half percent (3.5%) after an increase of .5% this fiscal year to help fund the many needs through to the community.

State Shared Sales Tax

This revenue is one of several state shared revenues that the City receives from the state. FY 2018 and FY 2019 were relatively strong years for this state shared revenue. FY 2020 s anticipated to continue that trend.

	FY 2018		FY 2019		FY 2020	
Jul	\$93,165	6.98%	\$97,708	4.88%	\$101,524	3.91%
Aug	87,338	1.40%	93,595	7.16%	99,959	6.80%
Sep	89,857	5.73%	95,331	6.09%	102,170	7.17%
Oct	92,151	7.18%	95,196	3.30%		
Nov	91,265	6.53%	96,964	6.24%		
Dec	94,223	6.54%	101,166	7.37%		
Jan	110,597	4.83%	114,576	3.60%		
Feb	92,819	9.39%	96,599	4.07%		
Mar	93,622	7.71%	95,064	1.54%		
Apr	110,581	10.64%	114,954	3.95%		
May	97,208	4.16%	105,722	8.76%		
Jun	99,161	5.27%	103,955	4.83%		
	\$1,151,987	6.37%	\$1,210,830	5.11%	\$303,653	5.94%

As a reminder, it took over nine years to recover and surpass our 2007 State Shared Sales Tax numbers. Our FY 2007 was our high point of collections for state shared source before the “Great Recession.” This revenue is 5.94 % or \$17,019 over last year at this same time.



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.

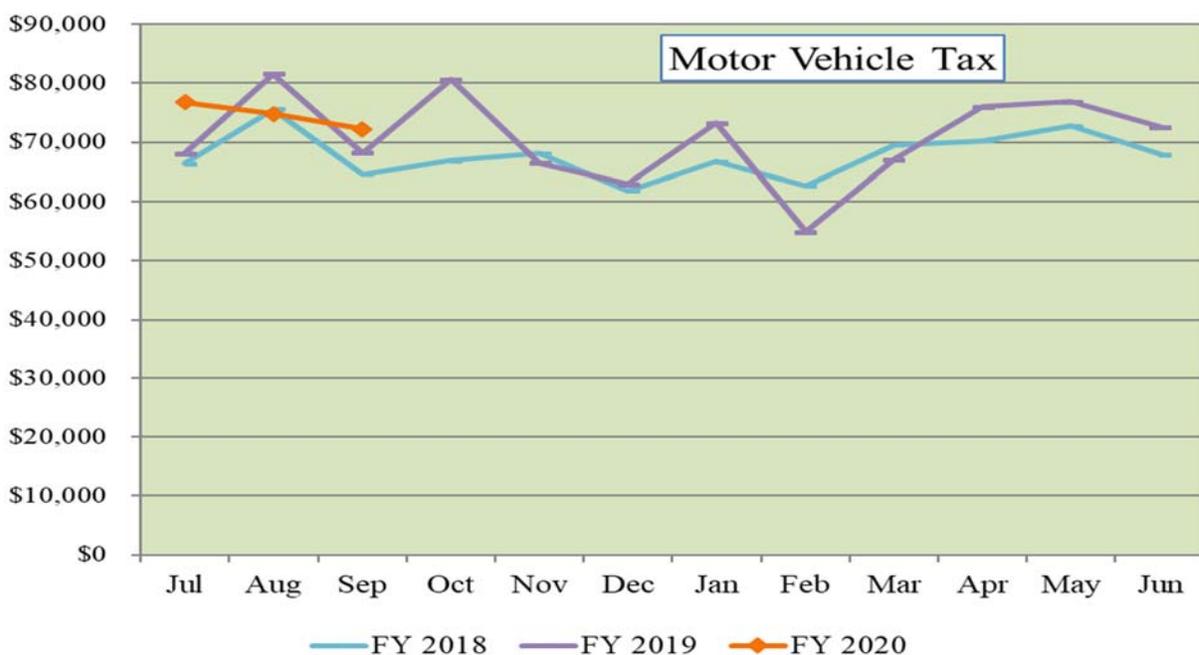
Motor Vehicle Tax

The Motor Vehicle Tax seems to have settled down from FY 2015 where every month was a wild guess where that number would end up. This revenue source has seen some improvements over the past three years with a steady 6%+ growth from year to year.

At the end of the first quarter of FY 2020 we are 2.67% or \$5,816 over last fiscal year at the same time. Our local dealerships have strongly supported our local economy, particularly during the long and deep economic downturn.

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.

	FY 2018		FY 2019		FY 2020	
Jul	\$66,387	4.38%	\$68,098	2.58%	\$76,743	12.69%
Aug	75,539	15.71%	81,549	7.96%	74,763	-8.32%
Sep	64,625	6.13%	68,232	5.58%	72,190	5.80%
Oct	66,875	7.05%	80,647	20.59%		
Nov	68,117	12.25%	66,448	-2.45%		
Dec	61,815	11.80%	62,936	1.81%		
Jan	66,733	7.70%	73,273	9.80%		
Feb	62,666	0.13%	54,901	-12.39%		
Mar	69,586	2.89%	67,093	-3.58%		
Apr	70,281	9.50%	76,000	8.14%		
May	72,776	5.43%	76,872	5.63%		
Jun	67,963	5.12%	72,529	6.72%		
	\$813,363	7.27%	\$848,578	4.33%	\$223,696	2.67%



General Fund – Revenues vs Expenditures

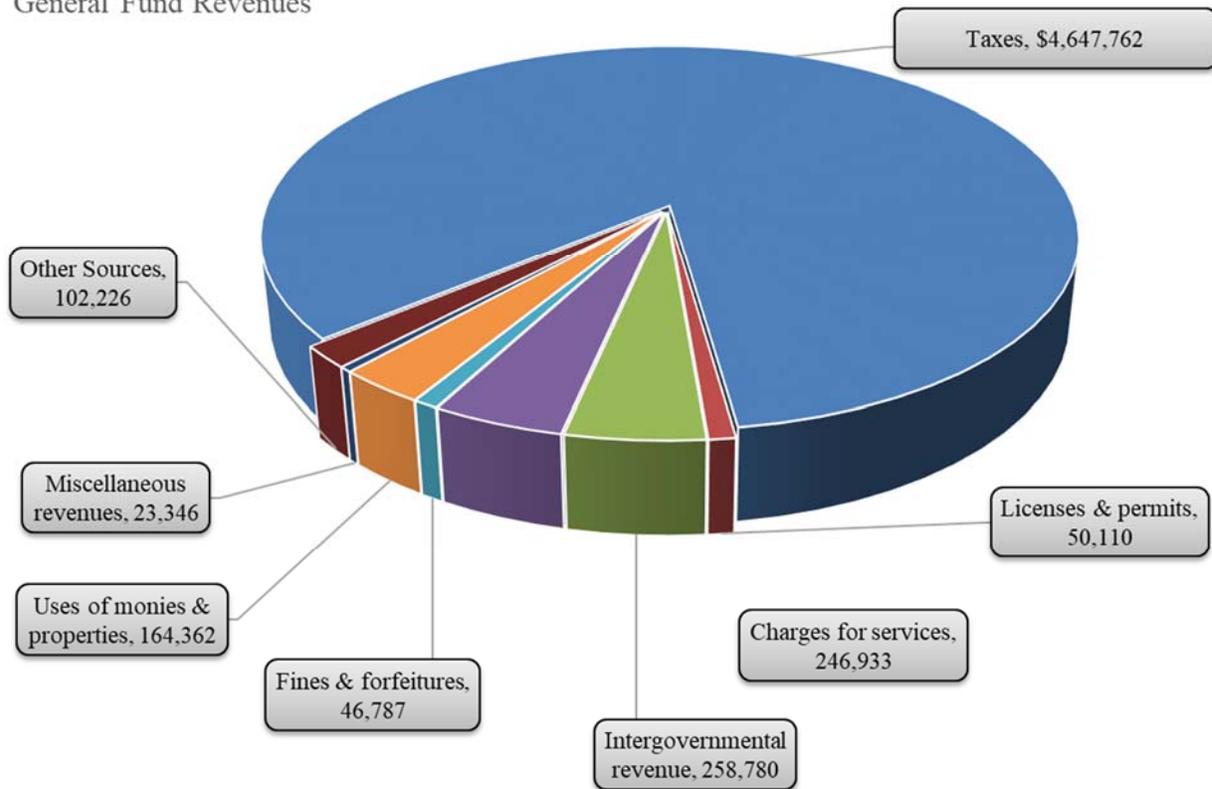
We are pleased that our General Fund operating revenues are currently trending better than our expenditures. At the end of this quarter, we had an increase in our fund balance of \$1,166,579. A factor that contributes to this is a not starting capital projects later in the year. .

Another factor is that staff is committed to help reduce costs wherever possible.

Regardless of finishing FY 2019 and the current quarter in good shape, we continue to look for savings wherever possible to help our fund balance. The 0.5% increase in Transaction Privilege Tax (TPT also called “Sales Tax”) initiated in November 2018 has helped.

<u>Revenues & Other Sources</u>	
Taxes	\$4,647,762
Licenses & permits	50,110
Intergovernmental revenue	258,780
Charges for services	246,933
Fines & forfeitures	46,787
Uses of monies & properties	164,362
Miscellaneous revenues	23,346
Other Sources	102,226
Revenues & Other Sources	\$5,540,306

General Fund Revenues



The General Fund is still in a good financial position. Our current unaudited General Fund balance increased during fiscal year 2019 and we started FY 2020 with \$4.7M, which is an increase of \$1.5M during the year.

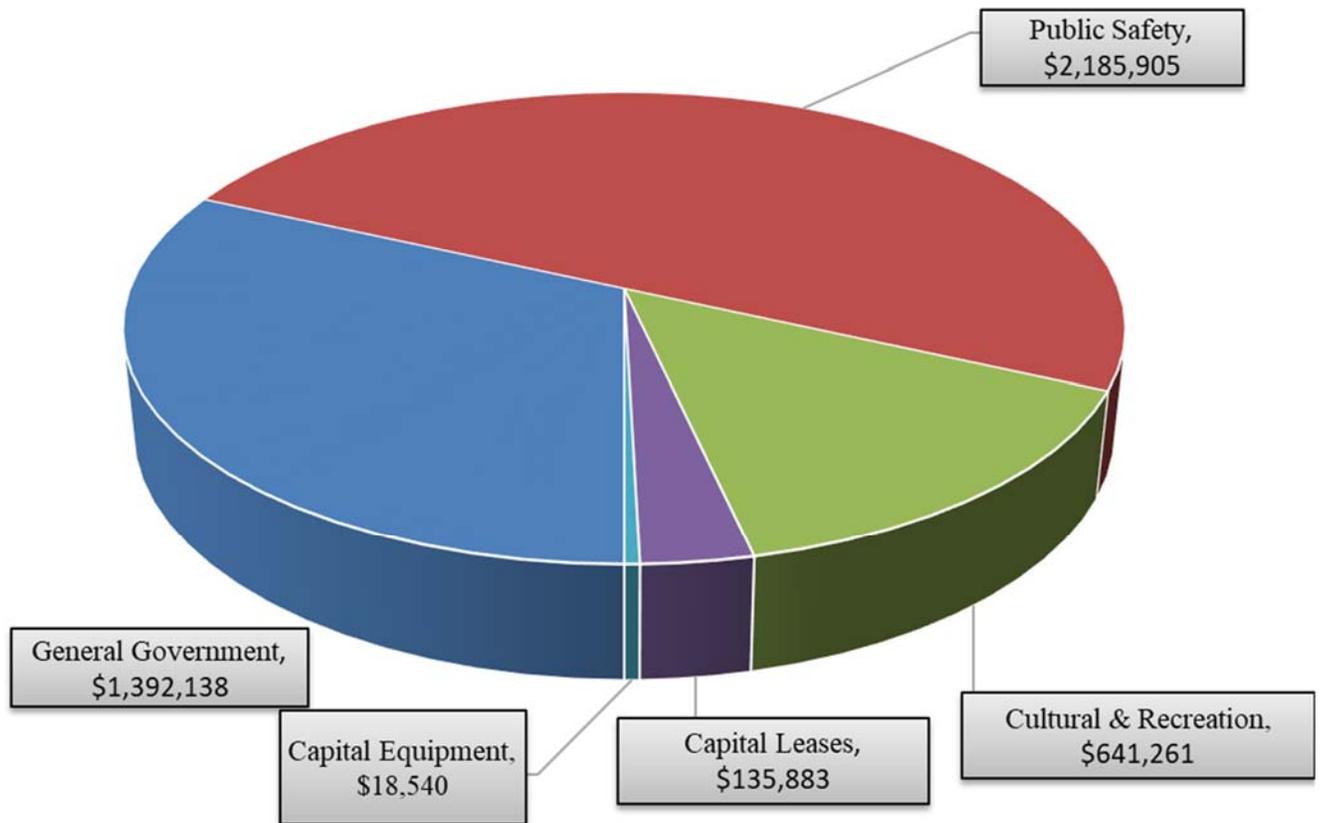
Moving forward, we need to keep in mind the concerns caused by Governmental Accounting Standards Board (GASB) Statement #68 – Accounting and Financial Reporting for Pension Plans. This ruling, now several years old impacts all municipal entities using Arizona State Retirement System (ASRS) and / or Public Safety Personnel Retirement System (PSPRS). All entities are now

reflecting any pension plan underfunded liability on their respective financials. Current Comprehensive Annual Financial Reports (CAFRs) show a significant decline in net position. The concern as to how our city will deal with it in future years. Currently we are on track to fully eliminate our unfunded pension liabilities in the next 17 years.

Unfortunately, the City of Cottonwood does not have control over the two retirement systems. Their actuaries perform the actuarial calculations and provide the City with the percentage of contribution that needs to be submitted to provide the pension with sufficient revenues to stay solvent. During the “Great Recession” the markets did not provide sufficient returns to keep them fully funded causing much of the liability we are seeing today. Our overall fund balance continues to be fully funded in the General Fund. Other funds do not meet the established Fund Balance Policy due to weak revenue generation. This weakness is something that will continue and we will continue to discuss revenue generation options

<u>Expenditures & Other Uses</u>	
General Government	\$1,392,138
Public Safety	2,185,905
Cultural & Recreation	641,261
Capital Leases	135,883
Capital Equipment	18,540
Transfers Out	0
Expenditures & Other Uses	\$4,373,727

General Fund Expenditures



SPECIAL REVENUE FUNDS

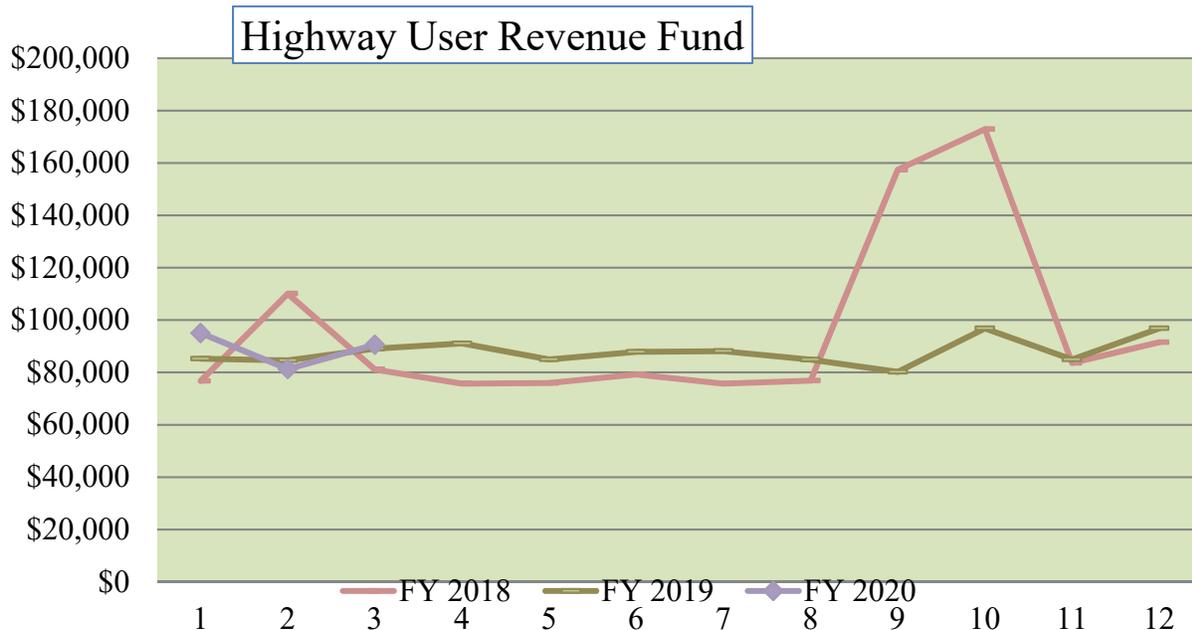
Special Revenue Funds consist of the Highway User Revenue Fund (HURF) and several other smaller funds, including CAT/LYNX, Library, Cemetery, Airport, and Grants.

Highway User Revenue Funds - HURF

This state shared revenue source is commonly called the Fuel Tax. It has had some improvement over the years. The State passed a new fee in 2019 and elected to give Cities & Towns more of the HURF funds for needed projects with HB 2748. At the end of the 3rd quarter, we are up by 3.08% or \$7,978 over last year at this time. The City also received an additional payment in the amount of \$197,800 due to HB 2748.

	FY 2018		FY 2019		FY 2020	
Jul	\$76,735	-3.95%	\$85,233	11.07%	\$95,026	11.49%
Aug	110,067	53.36%	84,599	-23.14%	81,284	-3.92%
Sep	81,121	8.72%	89,068	9.80%	90,568	1.68%
Oct	75,723	0.45%	91,057	20.25%		
Nov	75,933	4.77%	84,968	11.90%		
Dec	79,242	4.57%	87,841	10.85%		
Jan	75,691	-32.47%	88,124	16.43%		
Feb	76,849	6.61%	84,865	10.43%		
Mar	157,367	91.57%	80,196	-49.04%		
Apr	172,899	90.46%	96,806	-44.01%		
May	83,589	1.49%	84,926	1.60%		
Jun	91,480	2.37%	96,804	5.82%		
	\$1,156,696	18.18%	\$1,054,487	-8.84%	\$266,878	3.08%

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.



Special Revenues Funds - continued

The following tables depict the other funds that make up the Special Revenue Funds group in the City of Cottonwood budget. All of these funds have the General Fund as a backstop which covers any shortages in their bottom line. Most of the negative numbers are grants, transfers, or receivables that are currently outstanding and are anticipated to be received within the next 60 – 90 days. HURF will be using General Fund transfers in FY 2020 as it continues work on the Mingus Avenue project, as well as monies from the City of Cottonwood 2015 bond issue.

	HURF		CAT		Library	
	Budget	1st Qtr Actual	Budget	1st Qtr Actual	Budget	1st Qtr Actual
Revenues	2,514,630	699,160	\$2,413,225	\$472,892	\$214,640	\$3,204
Operating Expenditures	1,078,410	113,718	2,170,645	459,982	1,038,105	178,104
Capital Outlay	3,009,180	71,508	250,000	589	60,000	0
Debt Service	433,160	118,748	0	0	0	0
Revenues over (under) Expenditures	(2,006,120)	395,187	(7,420)	12,322	(883,465)	(174,899)
Other Funding Sources & Uses	259,180	0	0	0	883,465	0
Revenues & other funding sources & uses over (under) Expenditures	(1,746,940)	395,187	(7,420)	12,322	0	(174,899)
Beginning Fund Balance	1,965,848	1,965,848	0	0	0	0
Ending Fund Balance	\$218,908	\$2,361,035	(\$7,420)	\$12,322	\$0	(\$174,899)

	Cemetery		Airport		Grants	
	Budget	1st Qtr Actual	Budget	1st Qtr Actual	Budget	1st Qtr Actual
Revenues	\$500	\$0	\$100,600	\$35,117	\$2,437,685	\$4,500
Operating Expenditures	122,730	13,485	70,975	31,407	0	0
Capital Outlay	0	0	0	0	2,877,310	5,500
Debt Service	0	0	0	0	0	0
Revenues over (under) Expenditures	(122,230)	(13,485)	29,625	3,710	(439,625)	(1,000)
Other Funding Sources & Uses	122,230	0	(19,670)	0	438,580	5,500
Revenues & other funding sources & uses over (under) Expenditures	0	(13,485)	9,955	3,710	(1,045)	4,500
Beginning Fund Balance	0	0	72,150	72,150	9,483	9,483
Ending Fund Balance	\$0	(\$13,485)	\$82,105	\$75,860	\$8,438	\$13,983

CAPITAL IMPROVEMENTS FUND

	Capital Improvements	
	Budget	4th Qtr Actual
Revenues	\$144,500	\$26,015
Operating Expenditures	0	0
Capital Outlay	152,000	5,991
Debt Service	0	
Revenues over (under) Expenditures	(7,500)	20,024
Other Funding Sources & Uses	(1,878,510)	0
Revenues & other funding sources & uses over (under) Expenditures	(1,886,010)	20,024
Beginning Fund Balance	537,964	537,964
Ending Fund Balance	(\$1,348,046)	\$557,988

This fund is traditionally in good fiscal shape. With the Riverfront Water Reclamation facility completed and awaiting final permitting, this funds budget shows no current action while the City works on building up Capital Reserves to do future projects. There is, however, monies available from an excise tax bond for street construction.

The Riverfront Water Reclamation Facility is expected to treat approximately 300k gallons of wastewater daily. It will provide reclaimed water to the area's sport complex green areas and to replenish our aquifers using injection wells. The initial injection wells were not successful at Riverfront Park. We will continue

to use the Mingus Injection well sites until a more suitable location is found.

Some of the fund balance from the issue of the excise tax bond is to take care of much needed street improvements. Another project funded by the bond was the Regional Communications Center that has been fully operational and is providing services to area fire services and our police department.

Below are capital outlay items funded through Yavapai Flood Control District Tax. These projects are on-going and have been partially funded by Yavapai County.

	Adopted Budget	Y-T-D	% Used
Revenues:			
Taxes	\$0	\$0	0.00%
Use of monies & properties	1,000	5,030	503.00%
Other Income	0	0	0.00%
Intergovernmental revenue	143,000	0	0.00%
Total revenues	144,000	5,030	0.00%
Expenditures:			
Capital outlay:			
Investment Expenses	7,000	419	5.99%
Railroad Wash Improvements	143,000	39,208	27.42%
Total Expenditures	150,000	39,627	26.42%

Over the past couple of years slightly over \$11,500,000 has been transfer from this fund to the Wastewater Enterprise Fund to pay for the construction of the Riverfront Water Reclamation Facility. That amount is not shown on the schedule below since it is a capital expense reflected in an Enterprise Fund. As a clarification, the Riverfront Water Reclamation Facility has not used any water revenue to fund its construction.

ENTERPRISE FUNDS

Water & Wastewater

The Water Enterprise Fund has been operating in the black since the City Council approved the last rate increases. FY 2013 was a turning point for the Water Enterprise Fund. During FY 2019 a rate increase was approved for the Waste Water fund to begin in September 2019. Though the old rates cover the operational and administrative portion of the department, many capital improvements need to be made. The Council elected to approve a plan that includes rate increases for the next five years to help with the completion of some needed repair and maintenance at the Mingus Water Reclamation Facility.

	Wastewater		Water	
	Budget	1st Qtr Actual	Budget	1st Qtr Actual
Revenues	2,725,645	824,576	\$8,175,145	\$2,409,656
Operating Expenditures	2,217,830	357,242	8,660,330	708,061
Capital Outlay	2,800,725	127,162	3,633,970	99,583
Debt Service	0	0	1,835,200	460,297
Revenues over (under) Expenditures	(2,292,910)	340,172	(5,954,355)	1,141,716
Other Funding Sources & Uses	0	0	0	0
Revenues & other funding sources & uses over (under) Expenditures	(\$2,292,910)	\$340,172	(\$5,954,355)	\$1,141,716

The Water Utility refinanced their Municipal Property Corporation (MPC) Water Revenue Bonds, Series 2004 and 2006 a few years ago. There were substantial savings to utility customers over the life of the new Water Infrastructure Finance Authority (WIFA) loans.

The 2015 WIFA refinancing of the 2004 MPC Water Revenue Bonds will save approximately \$1.7M in interest expense, and there was \$550k in forgivable principle included in that refinance package, totaling over \$2.2M in savings. The WIFA loan required less debt service reserves, allowing an additional \$111,000 transferred from debt service reserves to the water utility's unrestricted fund reserves.

The completed refinancing of the 2006 MPC Water Revenue Bonds using a WIFA Loan included a \$1.9M waterline that WIFA granted along with \$800K in forgivable principle. The interest rate went from 5.0% 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. This refinance package will save our utility customers approximately \$3,619,000 in future interest payments and allowed \$1,461,000 in debt service reserves to be put back into unrestricted fund reserves.

The Wastewater Utility has a different set of issues. Financial resources are needed to accomplish the estimated \$7M worth of repairs needed at both the Mingus treatment facility and the five lift stations.

DEBT SERVICES FUND

This fund starts the year in good shape with sales taxes and interest income providing the revenue. Fund balance provides the remainder of necessary resources. Expenditures consist of principal and interest on general government loans and bond issues. Also included are any trustee fees assessed for managing the debt service accounts.

The Recreation Center - Greater Arizona Development Authority (GADA) Bonds were refinanced over two years ago and will provide a savings of over \$1M in future interest payments. The debt service for the Recreation Center is solely funded by sales tax revenues, as part of the excise tax pledge on this debt issue. The refinance changed the loan to a bond issue. The sizeable debt service payment in the budget is the payoff of the GADA loan using the excise tax bond proceeds received in FY 2017. As a note, utility debt service is funded through user fees and other operational revenues, and therefore the debt service of the Enterprise Funds.

	Debt Service	
	Budget	1st Qtr Actual
Revenues	\$1,640,765	\$273,538
Operating Expenditures		411,228
Capital Outlay		
Debt Service	1,644,115	411,228
Revenues over (under)		
Expenditures	(3,350)	(548,918)
Other Funding Sources & Uses	0	0
Revenues & other funding sources & uses over (under)		
Expenditures	(3,350)	(137,690)
Beginning Fund Balance	159,310	159,310
Ending Fund Balance	\$155,960	\$21,620

BRIEF OVERVIEW

As we complete the 1st Quarter of the fiscal year, we are pleased to be in such a good position financially. Our economy is still growing at a slower but steady pace and we continue providing outstanding services to our community. Many projects are anticipated to be completed in Fiscal year 2020 and be align with the Council's strategic plan.

We do, however, have some uneasiness over our current revenue generation and the ability to sustain the growth of our expenditures. Our lack of reserves is of some concern but the reserve balances are improving with the additional .5% sales tax that was approved in fiscal year 2019. Our local sales tax growth did not meet the 3% increase that were part of our budget projections for FY 2019 but still looked positive at 2% and we anticipate that FY 2020 will grow by 2% above FY 2019. In rate increase for the Planning & Zoning, Building Department and Engineering to more closely match the cost of plan reviews and permitting should help with cost recovery in Y 2020. As we move forward in the new budget year, we are seeing that the increase to our TPT rate will be beneficial with helping our reserves and funding future projects. As always we will continue to look for strategic reductions to services and operations to help maintain a positive outlook for future years.

The City continues to be fiscally conservative in its everyday business. Staff is always looking for ways to reduce costs, while still providing quality essential services. It continues to maintain reasonable reserves in its General Fund for unforeseeable emergencies as is prudent.

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget to Actual
 Quarterly Report Ending June 30, 2019

Water Consolidated - 50 (page 2)

	Adopted		
	Budget	Y-T-D	% Used
Debt Service	1,835,200	460,297	25.08%
Capital Outlay:	3,633,970	99,583	2.74%
Total Expenditures	14,129,500	1,267,940	8.97%
 Excess (deficiency) of revenues over (under) expenditures	(5,954,355)	1,141,716	-19.17%
 Other Financing Sources (Uses):			
Operating transfers in	0	0	0.00%
Proceeds from bonds / loans	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 - Net Income	(\$5,954,355)	\$1,141,716	

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2019

**Water Construction
& Administration - 50**

Adopted Budget	Y-T-D	% Used
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Revenues:

Impact Fees	0	0	0.00%
Capacity Fees	19,200	4,152	21.63%
User fees	7,125,000	2,112,001	29.64%
Meter Installation	39,900	4,000	10.03%
Service Turn Ons	70,000	21,181	30.26%
Drought Water Shortage PP	0	0	0.00%
Res-Resource Development Fees	474,000	120,655	25.45%
Res-Water Advisory Committee	38,275	9,775	25.54%
Res-Adjudication	47,650	12,290	25.79%
Res-Water Conservation	29,400	7,541	25.65%
Recapture Agreements	0	0	0.00%
Reimbursement Clarkdale	0		0.00%
Collection fees/late fees	150,000	37,810	25.21%
Interest income	149,480	72,913	48.78%
Building Rental	9,440	1,573	16.66%
Other income	42,000	5,765	13.73%
Sale of City Property	0	0	0.00%
City sales tax	0	0	0.00%
Total revenues	8,194,345	2,409,656	29.41%

Expenditures:

Administration

Salaries	185,770	60,361	32.49%
Overtime and Holiday Pay	200	53	26.47%
Social security	11,530	3,699	32.08%
Medicare tax	2,700	865	32.04%
AZ state retirement	22,520	7,316	32.49%
Health & life insurance	45,310	12,911	28.49%
Worker's compensation	575	76	13.22%
Office supplies	3,500	1,658	47.38%
Copier Supplies	0	0	0.00%
Equipment maintenance	0	0	0.00%
Contractual Services	200,000	27,847	13.92%
Bank charges	22,000	15,302	69.56%
Public Relations	0	0	0.00%
Computer support	4,000	230	5.74%
General Counsel	0	0	0.00%
Custodial	4,000	950	0.00%
Legal advertising	400	0	0.00%
Printing & forms	0	0	0.00%
Utilities	6,000	985	16.42%
Telephone	2,000	593	29.67%
Payment Assistance Program	15,000	0	0.00%
Travel & training	3,250	0	0.00%
Continuing education	0	0	0.00%
Subscriptions & dues	0	0	0.00%
Postage & freight	35,000	6,233	17.81%
Liability insurance	19,500	300	1.54%
Indirect costs to general fund	411,150	0	0.00%
Bad debt expense	0		0.00%
Trust Land Annexation	0		0.00%
Reserve Resource Development	4,621,940	0	0.00%
Reserve Water Advisory	361,615	4,324	1.20%
Reserve Adjudication	79,385	12,195	15.36%
Reserve Water Conservation	148,065	9,646	6.52%
Growth Premium	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	6,205,410	165,545	2.67%

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget to Actual
 Quarterly Report Ending June 30, 2019

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

	Adopted		
	Budget	Y-T-D	% Used
Capital outlay	0	0	0.00%
Construction:			
Valve Repair	60,000	0	0.00%
Legal Advertising	0	0	0.00%
Investment Expense	6,500	1,787	27.49%
Water/Waste Water Master Plan	0	0	0.00%
Aresinic Mitigation	375,000	31,056	8.28%
Impact Fee Study	0	0	0.00%
Line Replacement	250,000	0	0.00%
Aid in Lieu of Construction	0	0	0.00%
Fire Hydrant Improvements	340,000	0	0.00%
HWY 260 H2O System Upgrades	1,798,470	0	0.00%
Well Booster Station	115,000	0	0.00%
Well Improvements	162,000	61,534	37.98%
12th St 89A to Fir	0	0	0.00%
W Mingus Reconstruction/Sys Upgrades	40,000	0	0.00%
Water System Upgrades	357,000	3,323	0.93%
Line Extensions	65,000	1,882	0.00%
Impact Fee Study	0	0	0.00%
Subtotal construction expenses	3,568,970	99,583	2.79%
Total Expenditures	9,774,380	265,127	2.71%

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget to Actual
 Quarterly Report Ending June 30, 2019

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	1,424,545	356,135	25.00%
Interest	408,655	102,161	25.00%
Trustee Fees	2,000	2,000	100.00%
Capital Outlay:	65,000	0	0.00%
Total Expenditures	4,362,620	1,002,813	22.99%
Excess (deficiency) of revenues over (under) expenditures	4,362,620	1,406,844	
Other Financing Sources (Uses):			
Operating transfers in	0	0	0.00%
Proceeds from bonds		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	(5,942,655)	1,141,716	

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2019

Water Maintenance & Operations- 50

	Adopted Budget		
		Y-T-D	% Used
Expenditures:			
Operating:			
Salaries	772,060	158,673	20.55%
Overtime	130,000	27,432	21.10%
Holiday pay	5,500	786	14.29%
Social security	56,270	11,339	20.15%
Medicare tax	13,160	2,652	20.15%
AZ state retirement	109,910	22,924	20.86%
Health & life insurance	212,085	53,484	25.22%
Worker's compensation	61,985	8,701	14.04%
Clothing allowance	5,000	664	13.27%
Operational supplies	26,000	60,306	231.95%
Tools	5,000	2,011	40.23%
Gas & oil	36,000	7,885	21.90%
Chemicals	43,000	11,050	25.70%
Office supplies	4,000	453	11.31%
Vehicle maintenance	17,500	6,080	34.74%
Equipment maintenance	175,000	31,238	17.85%
Building maintenance	4,000	739	18.47%
Arsenic System Maintenance	100,000	12,233	12.23%
Contractual services	58,000	6,681	11.52%
Employee physicals	0	798	0.00%
Computer support	1,400	761	54.38%
Contractual SVCS-M&O	0	0	0.00%
Lab / testing	19,000	12,248	64.46%
Legal advertising	0	0	0.00%
Auction Fees	500	0	0.00%
Utilities	480,000	96,224	20.05%
Telephone	12,000	2,406	20.05%
ADEQ annual fee	25,300	0	0.00%
Aid in Lieu of Construction	30,000	0	0.00%
Verde River Days	0	1,000	0.00%
Travel & training	5,000	1,900	38.01%
Continuing education	0	0	0.00%
Equipment rental	1,000	0	0.00%
Subscriptions & dues	2,000	200	10.00%
Postage & freight	1,250	849	67.90%
Liability insurance	43,000	799	1.86%
Other Financing Principal	0	0	0.00%
Liability Insurance Deductible	7,500	0	0.00%
Lease Purchase Interest	0	0	0.00%
Lease Purchase Principal	0	0	0.00%
Subtotal maintenance and operations	2,462,420	542,516	22.03%

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2019

Sewer Consolidated - 51

	Adopted		
	Budget	Y-T-D	% Used
Revenues:			
Taxes	\$0	\$0	0.00%
Charges for services	2,717,645	814,047	29.95%
Uses of monies & properties	8,000	10,472	130.91%
Miscellaneous revenues	0	56	0.00%
Total revenues	2,725,645	824,576	30.25%
Expenditures:			
Operating:			
Salaries	478,020	94,484	19.77%
Temporary Employees	0	0	0.00%
Overtime	53,750	11,822	21.99%
Holiday pay	2,000	462	23.12%
Social security	33,090	6,509	19.67%
Medicare tax	7,740	1,522	19.67%
AZ state retirement	64,640	12,920	19.99%
Health & life insurance	121,740	27,566	22.64%
Worker's compensation	28,200	2,764	9.80%
ASRS Pension Expense	0	0	0.00%
Clothing allowance	1,750	208	11.91%
Operational supplies	25,000	2,647	10.59%
Tools	3,000	1,749	58.31%
Gas & oil	10,000	1,108	11.08%
Chlorine	5,700	0	0.00%
Polymer	22,500	11,318	0.00%
Odor control supplies	0	0	0.00%
Office supplies	3,150	721	22.90%
Copier Supplies	0	0	0.00%
Vehicle maintenance	4,000	1,215	30.38%
Equipment maintenance	255,000	27,402	10.75%
Building maintenance	1,000	1,726	172.58%
Contractual services	132,000	10,500	7.95%
Bank Charges	450	1,079	239.72%
Employee physicals	0	160	0.00%
Computer support	3,500	475	13.58%
General Counsel	0	0	0.00%
Custodial Contract	4,400	1,951	44.33%
Lab / testing	45,000	11,280	25.07%
Sludge disposal	100,000	26,210	26.21%
Legal Advertising	0	0	0.00%
Printing & forms	0	0	0.00%
Utilities	482,050	84,882	17.61%
Telephone	6,150	1,336	21.72%
ADEQ annual fee	25,000	6,000	24.00%
Travel & training	7,500	1,133	15.11%
Continuing education	0	0	0.00%
Equipment rental	0	0	0.00%
Subscriptions & dues	0	51	0.00%
Postage & freight	27,000	5,341	19.78%
Liability insurance	44,500	700	1.57%
Indirect costs to general fund	220,000	0	0.00%
Bad debt expense	0	0	0.00%
Reserve replacement fund	0	0	0.00%
Subtotal maintenance and operations	2,217,830	357,242	16.11%

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget to Actual
 Quarterly Report Ending June 30, 2019

Sewer Consolidated - 51 (page 2)

	Adopted		
	Budget	Y-T-D	% Used
Capital Outlay:	2,800,725	127,162	4.54%
Total Expenditures	5,018,555	484,404	9.65%
Excess (deficiency) of revenues over (under) expenditures	(2,292,910)	340,172	
Other Financing Sources (Uses):			
Operating transfers in	0	0	0.00%
Proceeds from bonds / loans	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 - Net Income	(\$2,292,910)	\$340,172	

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget to Actual

Quarterly Report Ending June 30, 2019

**Sewer Construction
& Administration - 51**

Revenues:

	Adopted		
	Budget	Y-T-D	% Used
City sales tax	\$0	\$0	0.00%
Impact fees	0	0	0.00%
Capacity Fees	174,000	46,280	0.00%
Connection fees	500	0	0.00%
User fees - admin residential	350,000	100,968	28.85%
User fees - admin commercial	46,800	13,913	29.73%
User fees - admin multi-residential	127,085	36,237	28.51%
User fees - M&O residential	929,600	237,507	25.55%
User fees - M&O multi-residential	498,000	175,746	35.29%
User fees - M&O commercial	337,440	85,662	25.39%
Effluent Revenue	15,000	8,249	54.99%
Reserves -	311,040	70,507	22.67%
Debt Services Rate Revenue	102,180	38,978	38.15%
Late fees - interest charges	0		0.00%
Recovery of bad debts	0	0	0.00%
Interest income	8,000	10,072	125.91%
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	400	0.00%
Other income	0	56	0.00%
Sale of City Property	0	0	0.00%
Tap fees	0	0	0.00%
Total revenues	2,899,645	824,576	28.44%

Expenditures:

Administration

Salaries	124,280	26,367	21.22%
Overtime and Holiday Pay	250	51	20.49%
Social security	7,720	1,595	20.66%
Medicare tax	1,810	373	20.61%
AZ state retirement	15,080	3,199	21.22%
Health & life insurance	29,910	7,485	25.02%
Worker's compensation	14,000	2,531	18.08%
ASRS Pension Expense	0	0	0.00%
Office supplies	750	80	10.68%
Copier Supplies	0	0	0.00%
Equipment maintenance	0	0	0.00%
Contractual Services	30,000	9,224	30.75%
Bank charges	450	1,079	0.00%
Computer support	2,150	98	4.58%
General Counsel	0	0	0.00%
Custodial Contract	4,400	1,951	44.33%
Legal advertising	0	0	0.00%
Printing & forms	0	0	0.00%
Utilities	7,050	1,173	16.64%
Telephone	1,900	433	22.78%
Travel & training	5,000	68	0.00%
Continuing education	0	0	0.00%
Subscriptions & dues	0	0	0.00%
Postage & freight	14,000	2,565	18.32%
Liability insurance	6,500	200	3.08%
Indirect costs to general fund	220,000	0	0.00%
Bad debt expense	0	0	0.00%
Subtotal maintenance and operations	485,250	58,473	12.05%

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2019

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

	Adopted		
	Budget	Y-T-D	% Used
Capital outlay	200,000	55,396	0.00%
Construction:			
Bond Issuance Costs	0	0	0.00%
Water/Waste Water Master Plan	0	0	0.00%
Legal fees	0	0	0.00%
Legal Advertising	0	0	0.00%
Investment Expense	2,800	250	8.94%
Impact Fee Study	0	0	0.00%
260 Design	0	0	0.00%
Riverfront WWTP Deisng/Feasib	805,000	0	0.00%
Effluent Disposal System		0	0.00%
Lift Station	390,000	22,955	5.89%
Recl H2O Pump System Upgrade	165,000	1,580	0.96%
Construction - General	500,000	0	0.00%
WWTP Upgrades	550,000	0	0.00%
12th Street Fir 89A Reclamation	0	0	0.00%
Subtotal construction expenses	2,412,800	24,786	1.03%
Total Expenditures	3,098,050	138,655	4.48%
Excess (deficiency) of revenues over (under) expenditures	(198,405)	685,921	
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	(198,405)	685,921	

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Quarterly Report Ending June 30, 2019

Sewer Maintenance & Operations- 51

Adopted Budget	Y-T-D	% Used
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Expenditures:

Operating:

Salaries	353,740	68,117	19.26%
Temporary Employees	0	0	0.00%
Overtime	53,500	11,771	22.00%
Holiday pay	2,000	462	23.12%
Social security	25,370	4,914	19.37%
Medicare tax	5,930	1,149	19.38%
AZ state retirement	49,560	9,720	19.61%
Health & life insurance	91,830	20,081	21.87%
Worker's compensation	14,200	233	1.64%
Clothing allowance	1,750	208	11.91%
Operational supplies	25,000	2,647	10.59%
Tools	3,000	1,749	58.31%
Gas & oil	10,000	1,108	11.08%
Chlorine	5,700	0	0.00%
Polymer	22,500	11,318	50.30%
Odor control supplies	0	0	0.00%
Office supplies	2,400	641	26.72%
Copier supplies	0	0	0.00%
Vehicle maintenance	4,000	1,215	30.38%
Equipment maintenance	255,000	27,402	10.75%
Building maintenance	1,000	1,726	172.58%
Contractual services	102,000	1,276	1.25%
Employee physicals	0	160	0.00%
Computer support	1,350	377	27.91%
Lab / testing	45,000	11,280	25.07%
Sludge disposal	100,000	26,210	26.21%
Legal advertising	0	0	0.00%
Utilities	475,000	83,709	17.62%
Telephone	4,250	903	21.25%
ADEQ annual fee	25,000	6,000	24.00%
Travel & training	2,500	1,065	42.60%
Continuing education	0	0	0.00%
Equipment rental	0	0	0.00%
Subscriptions & dues	0	51	0.00%
Postage & freight	13,000	2,776	21.35%
Liability insurance	38,000	500	1.32%
Subtotal maintenance and operations	1,732,580	298,769	17.24%

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget to Actual
 Quarterly Report Ending June 30, 2019

Sewer Maintenance & Operations- 51
(page 2)

	Adopted		
	Budget	Y-T-D	% Used
Capital Outlay:	0	0	0.00%
Debt Service:			
Principal	98,895	24,723	25.00%
Interest	89,030	22,257	25.00%
Trustee Fees	0	0	0.00%
Total Expenditures	187,925	46,980	25.00%
Excess (deficiency) of revenues over (under) expenditures	(187,925)	(46,980)	
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	(187,925)	(46,980)	