

Monthly Financial Report

Fiscal Year to Date as
of January 31, 2018



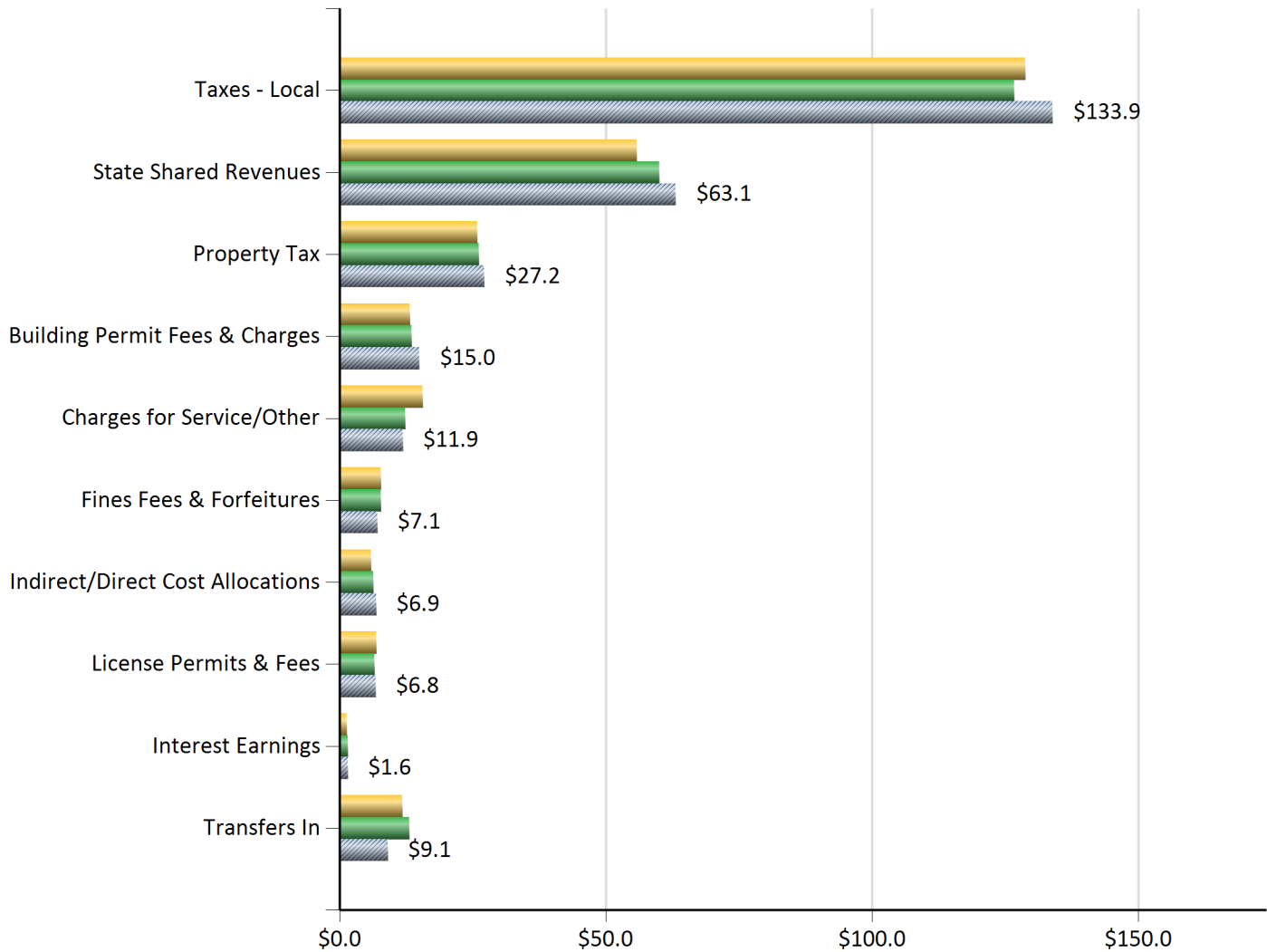
Report to the City Council
Prepared by the City Treasurer
March 20, 2018



Sources

General Fund

Twelve Months: Fiscal Year

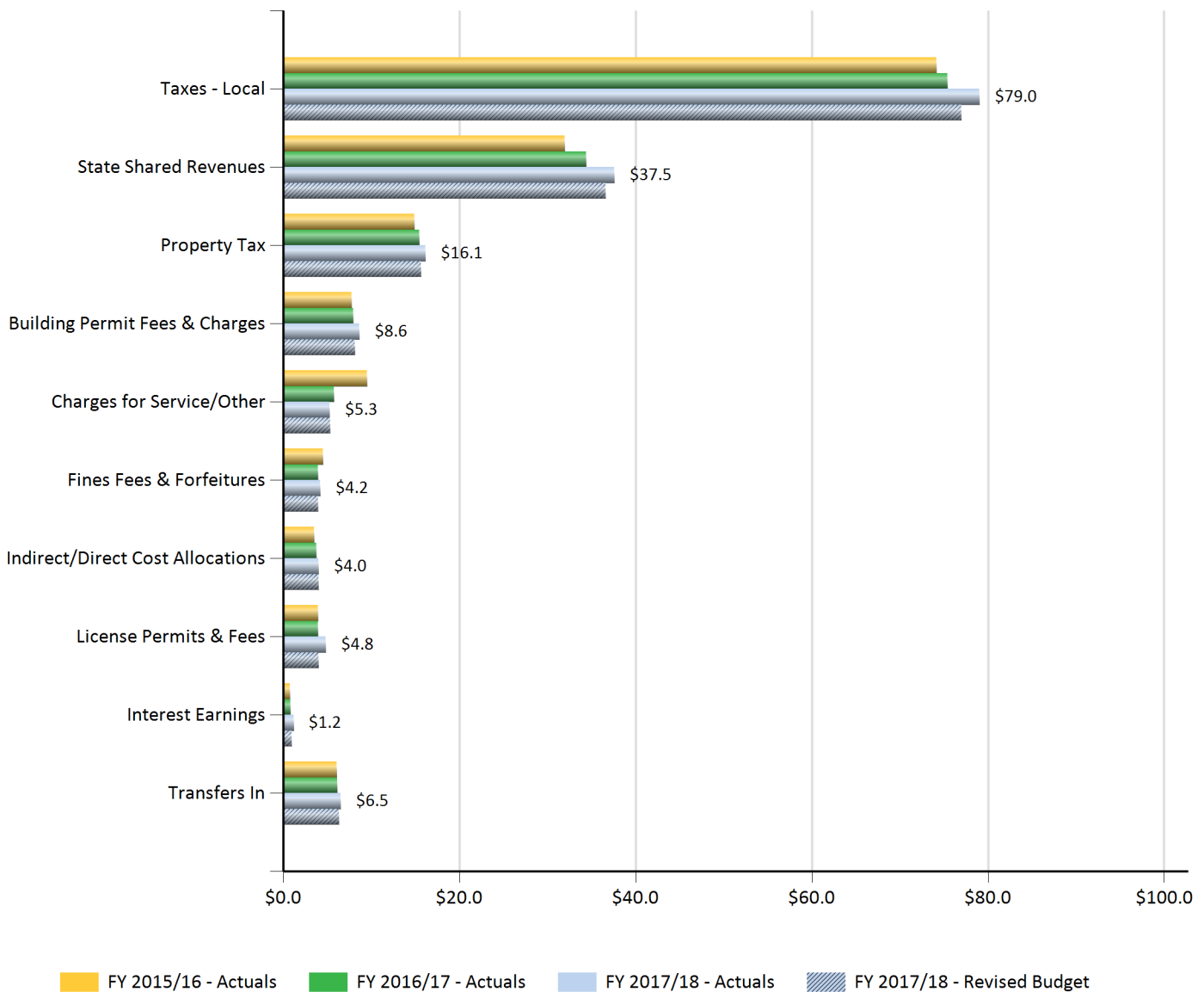


■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ▨ FY 2017/18 - Revised Budget

| | FY 2015/16 <u>Actuals</u> | FY 2016/17 <u>Actuals</u> | FY 2017/18 <u>Revised Budget</u> |
|----------------------------------|------------------------------|------------------------------|---|
| Taxes - Local | \$128.8 | \$126.7 | \$133.9 |
| State Shared Revenues | 55.8 | 60.1 | 63.1 |
| Property Tax | 25.9 | 26.2 | 27.2 |
| Building Permit Fees & Charges | 13.2 | 13.5 | 15.0 |
| Charges for Service/Other | 15.6 | 12.3 | 11.9 |
| Fines Fees & Forfeitures | 7.8 | 7.7 | 7.1 |
| Indirect/Direct Cost Allocations | 6.0 | 6.4 | 6.9 |
| License Permits & Fees | 6.9 | 6.6 | 6.8 |
| Interest Earnings | 1.4 | 1.6 | 1.6 |
| Transfers In | 11.8 | 13.1 | 9.1 |
| Total Sources | \$273.1 | \$274.3 | \$282.6 |



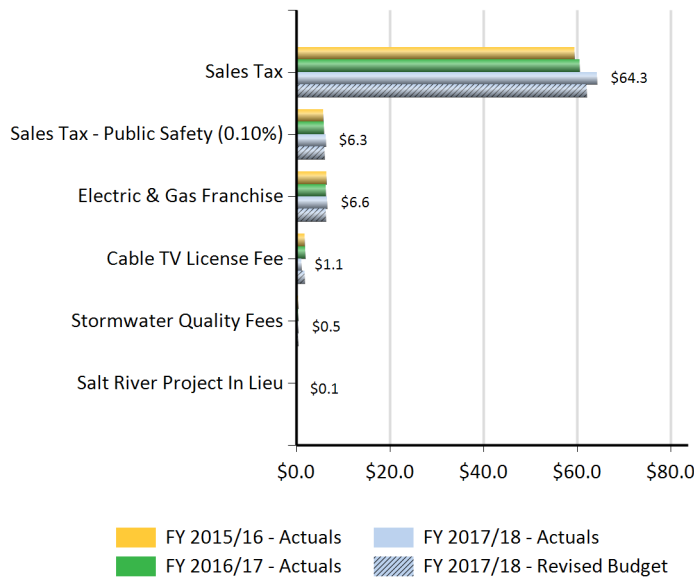
Sources (Fiscal Year to Date: January 2018)



| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|----------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| Taxes - Local | \$74.1 | \$75.4 | \$79.0 | \$77.0 | \$2.1 | 3% |
| State Shared Revenues | 32.0 | 34.4 | 37.5 | 36.6 | 1.0 | 3% |
| Property Tax | 14.9 | 15.4 | 16.1 | 15.6 | 0.5 | 3% |
| Building Permit Fees & Charges | 7.8 | 8.0 | 8.6 | 8.1 | 0.5 | 7% |
| Charges for Service/Other | 9.5 | 5.7 | 5.3 | 5.3 | (0.1) | (1%) |
| Fines Fees & Forfeitures | 4.5 | 3.9 | 4.2 | 3.9 | 0.2 | 6% |
| Indirect/Direct Cost Allocations | 3.5 | 3.8 | 4.0 | 4.0 | - | - |
| License Permits & Fees | 3.9 | 3.9 | 4.8 | 4.0 | 0.8 | 20% |
| Interest Earnings | 0.7 | 0.8 | 1.2 | 0.9 | 0.2 | 22% |
| Transfers In | 6.0 | 6.1 | 6.5 | 6.3 | 0.2 | 3% |
| Total Sources | \$156.9 | \$157.5 | \$167.2 | \$161.8 | \$5.4 | 3% |



Taxes - Local (Fiscal Year to Date: January 2018)



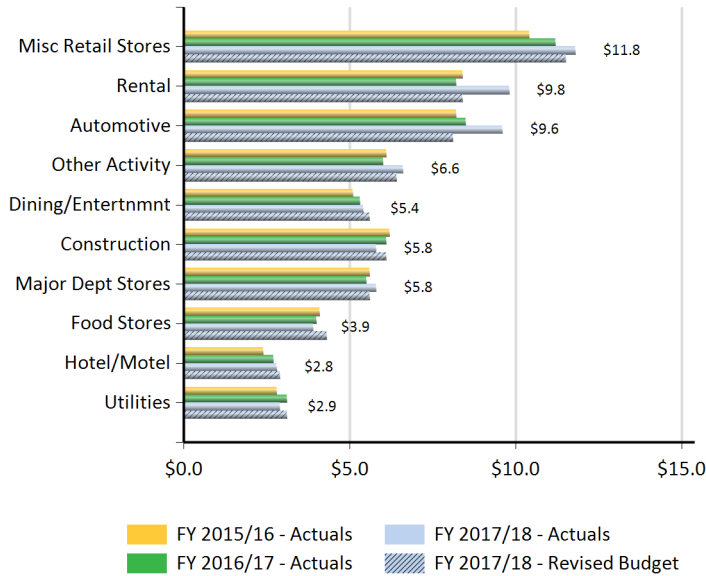
Actual to Revised Budget variance of \$2.1 million or 3%:

The favorable variance is primarily due to Sales Tax and the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal." More detailed Sales Tax information can be found on page 5. Electric & Gas Franchise is favorable due to APS' quarterly franchise payment being higher than expected. The unfavorable variance in Cable TV License Fee is due to Cox Digital Cable's quarterly franchise fee payment being budgeted in January but received in February.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| | | | | | Amount | Percent |
| Sales Tax | \$59.4 | \$60.5 | \$64.3 | \$62.0 | \$2.3 | 4% |
| Sales Tax - Public Safety (0.10%) | 5.8 | 5.9 | 6.3 | 6.1 | 0.2 | 4% |
| Electric & Gas Franchise | 6.5 | 6.4 | 6.6 | 6.4 | 0.2 | 4% |
| Cable TV License Fee | 1.8 | 1.9 | 1.1 | 1.8 | (0.7) | (39%) |
| Stormwater Quality Fees | 0.5 | 0.5 | 0.5 | 0.5 | - | - |
| Salt River Project In Lieu | 0.1 | 0.1 | 0.1 | 0.1 | - | - |
| Taxes - Local Total | \$74.1 | \$75.4 | \$79.0 | \$77.0 | \$2.1 | 3% |



Sales Tax (Fiscal Year to Date: January 2018)



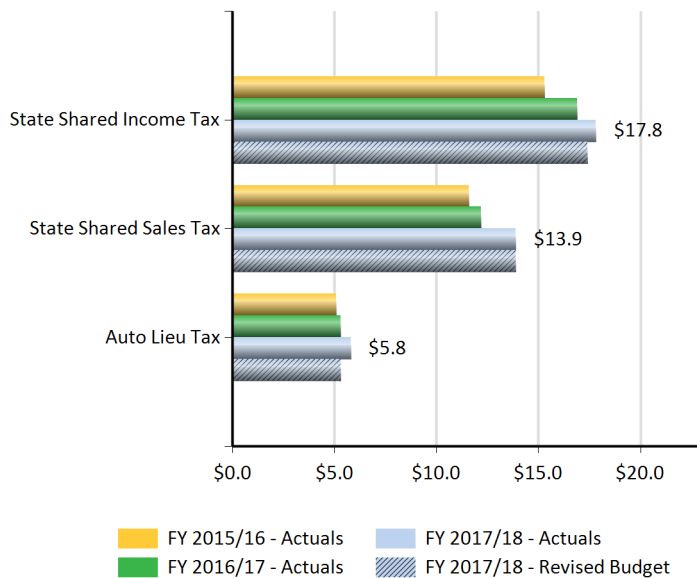
Actual to Revised Budget variance of \$2.3 million or 4%:

The favorable variance is primarily due to the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal." Additionally, the favorable variance in Rental is also due to increases in the residential real estate property rentals and personal property rentals. The additional favorable variance in Automotive is due to several car dealers remaining in the city longer than originally anticipated prior to their move to the Scottsdale Autoshow at Salt River. These variances are partly offset by the unfavorable variance in Food Stores caused by some taxpayers not reporting food for home consumption on their tax returns. This will also be corrected in a future period.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| Misc Retail Stores | \$10.4 | \$11.2 | \$11.8 | \$11.5 | \$0.4 | 3% |
| Rental | 8.4 | 8.2 | 9.8 | 8.4 | 1.4 | 16% |
| Automotive | 8.2 | 8.5 | 9.6 | 8.1 | 1.4 | 18% |
| Other Activity | 6.1 | 6.0 | 6.6 | 6.4 | 0.2 | 2% |
| Dining/Entertainment | 5.1 | 5.3 | 5.4 | 5.6 | (0.2) | (3%) |
| Construction | 6.2 | 6.1 | 5.8 | 6.1 | (0.3) | (6%) |
| Major Dept Stores | 5.6 | 5.5 | 5.8 | 5.6 | 0.2 | 3% |
| Food Stores | 4.1 | 4.0 | 3.9 | 4.3 | (0.4) | (10%) |
| Hotel/Motel | 2.4 | 2.7 | 2.8 | 2.9 | - | - |
| Utilities | 2.8 | 3.1 | 2.9 | 3.1 | (0.2) | (5%) |
| Sales Tax Total | \$59.4 | \$60.5 | \$64.3 | \$62.0 | \$2.3 | 4% |



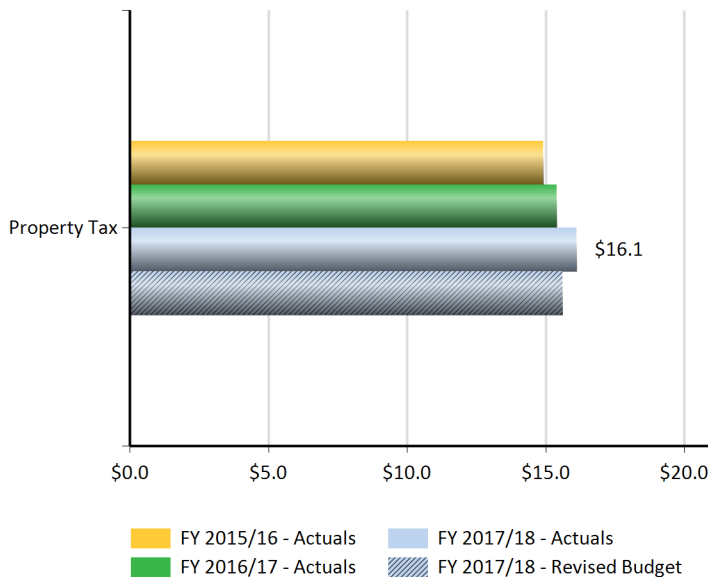
State Shared Revenues (Fiscal Year to Date: January 2018)



Actual to Revised Budget variance of \$1.0 million or 3%: Favorable variance primarily due to State Shared Income Tax revenue coming in higher than the anticipated budget determined by the Arizona League of Cities and Towns. The favorable variance in Auto Lieu Tax is due to higher than forecasted sales of new and used vehicles, which resulted in additional licensing fees being collected.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|------------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| State Shared Income Tax | \$15.3 | \$16.9 | \$17.8 | \$17.4 | \$0.5 | 3% |
| State Shared Sales Tax | 11.6 | 12.2 | 13.9 | 13.9 | 0.1 | 1% |
| Auto Lieu Tax | 5.1 | 5.3 | 5.8 | 5.3 | 0.4 | 8% |
| State Shared Revenues Total | \$32.0 | \$34.4 | \$37.5 | \$36.6 | \$1.0 | 3% |

Property Tax (Fiscal Year to Date: January 2018)

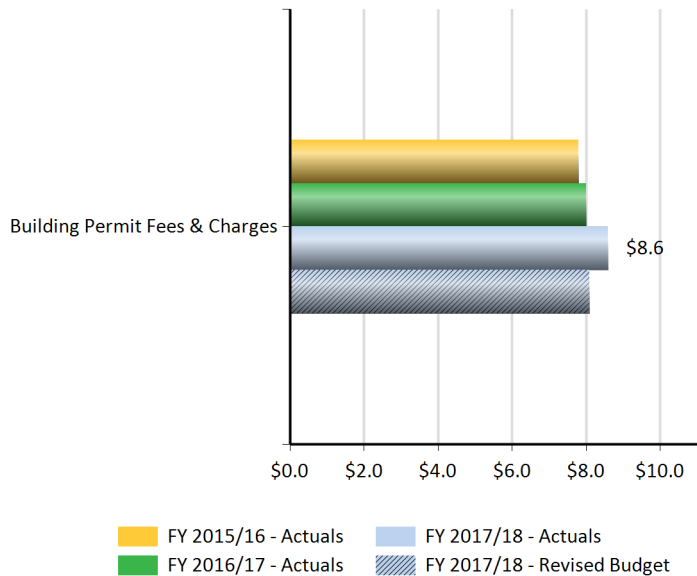


Actual to Revised Budget variance of \$0.5 million or 3%: Favorable variance is due to the budget spread, which is based on the way people paid last year and may vary year over year. Property owners have the option to pay in one or two installments (October or October & April/May).

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|---------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| Property Tax | \$14.9 | \$15.4 | \$16.1 | \$15.6 | \$0.5 | 3% |
| Property Tax Total | \$14.9 | \$15.4 | \$16.1 | \$15.6 | \$0.5 | 3% |



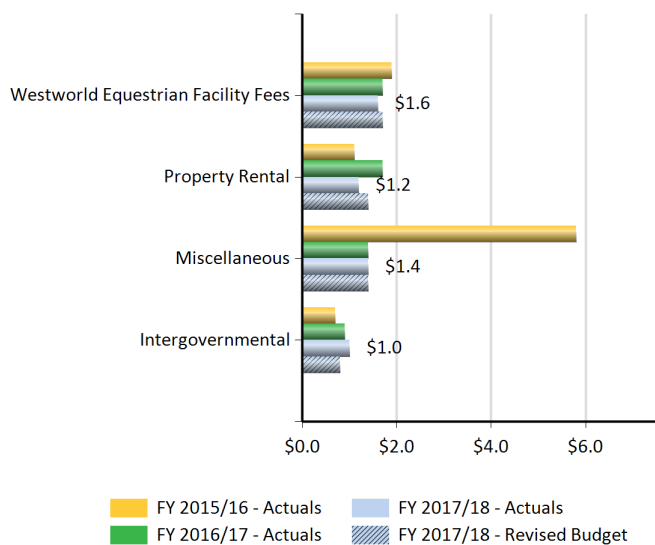
Building Permit Fees & Charges (Fiscal Year to Date: January 2018)



Actual to Revised Budget variance of \$0.5 million or 7%:
Favorable variance is due to single family residential Building Permits for new construction being higher than than anticipated. The demand is continuing to outpace the new and resale inventory.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|---|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| Building Permit Fees & Charges | \$7.8 | \$8.0 | \$8.6 | \$8.1 | \$0.5 | 7% |
| Building Permit Fees & Charges Total | \$7.8 | \$8.0 | \$8.6 | \$8.1 | \$0.5 | 7% |

Charges for Service/Other (Fiscal Year to Date: January 2018)

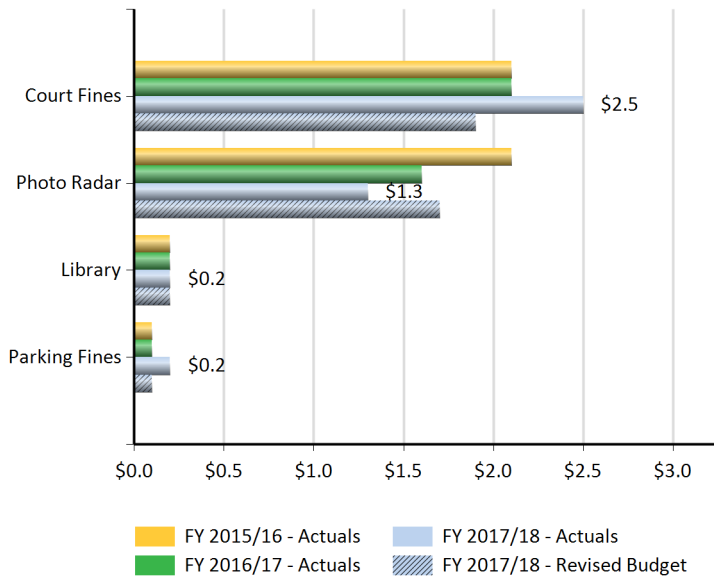


Actual to Revised Budget variance of (\$0.1) million or (1%):
The unfavorable variance in Westworld Equestrian Facility Fees is due to the timing of receipts related to Westworld events. The unfavorable variance in Property Rental is due to the timing of a Tournament Players Club rental payment. The favorable variance in Miscellaneous is due to reimbursements received for assisting with fires around the state and revenue from the Mobile Integrated Health Program which was unbudgeted in FY 2017/18. Intergovernmental is favorable due to the timing of a payment for the School Resource Officer Program. The FY 2015/16 actuals include one-time Miscellaneous revenue from the sale of the HR and graphics buildings.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|--|-----------------------|-----------------------|-----------------------|---------------------------------|--|-------------|
| Westworld Equestrian Facility Fees | \$1.9 | \$1.7 | \$1.6 | \$1.7 | (\$0.2) | (10%) |
| Property Rental | 1.1 | 1.7 | 1.2 | 1.4 | (0.2) | (14%) |
| Miscellaneous | 5.8 | 1.4 | 1.4 | 1.4 | 0.1 | 5% |
| Intergovernmental | 0.7 | 0.9 | 1.0 | 0.8 | 0.2 | 29% |
| Charges for Service/Other Total | \$9.5 | \$5.7 | \$5.3 | \$5.3 | (\$0.1) | (1%) |



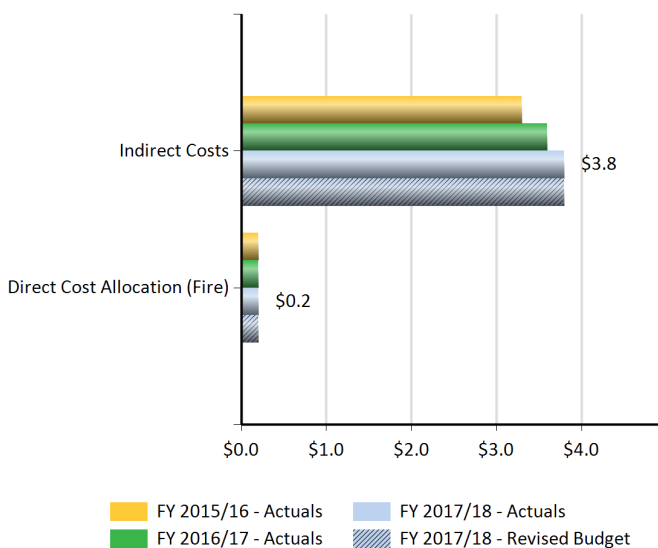
Fines Fees & Forfeitures (Fiscal Year to Date: January 2018)



Actual to Revised Budget variance of \$0.2 million or 6%: Favorable variance in Court Fines is primarily due to a higher than anticipated number of civil and criminal case filings. Additionally, the court is receiving more payments to satisfy defaults as a result of the Compliance Assistance Program. Photo Radar is unfavorable due to photo radar cameras being turned off while a new contract was negotiated, which resulted in a decline in revenue.

| | FY 2015/16 | FY 2016/17 | FY 2017/18 | FY 2017/18 | Actual vs. Budget | |
|---|--------------|--------------|--------------|----------------|----------------------------------|-----------------------|
| | Actuals | Actuals | Actuals | Revised Budget | Favorable / (Unfavorable) Amount | (Unfavorable) Percent |
| Court Fines | \$2.1 | \$2.1 | \$2.5 | \$1.9 | \$0.6 | 31% |
| Photo Radar | 2.1 | 1.6 | 1.3 | 1.7 | (0.4) | (24%) |
| Library | 0.2 | 0.2 | 0.2 | 0.2 | - | - |
| Parking Fines | 0.1 | 0.1 | 0.2 | 0.1 | - | - |
| Fines Fees & Forfeitures Total | \$4.5 | \$3.9 | \$4.2 | \$3.9 | \$0.2 | 6% |

Indirect/Direct Cost Allocations (Fiscal Year to Date: January 2018)

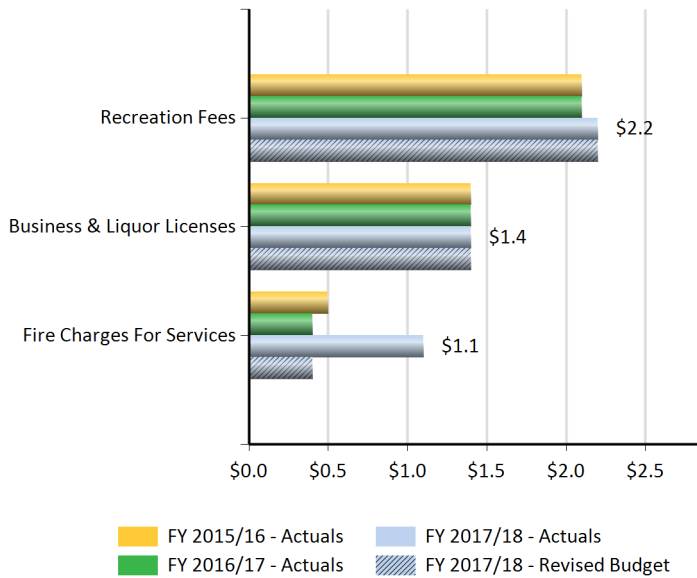


Actual to Revised Budget variance of \$0.0 million or 0%: No explanation necessary.

| | FY 2015/16 | FY 2016/17 | FY 2017/18 | FY 2017/18 | Actual vs. Budget | |
|---|--------------|--------------|--------------|----------------|----------------------------------|-----------------------|
| | Actuals | Actuals | Actuals | Revised Budget | Favorable / (Unfavorable) Amount | (Unfavorable) Percent |
| Indirect Costs | \$3.3 | \$3.6 | \$3.8 | \$3.8 | \$ - | - |
| Direct Cost Allocation (Fire) | 0.2 | 0.2 | 0.2 | 0.2 | - | - |
| Indirect/Direct Cost Allocations Total | \$3.5 | \$3.8 | \$4.0 | \$4.0 | \$ - | - |



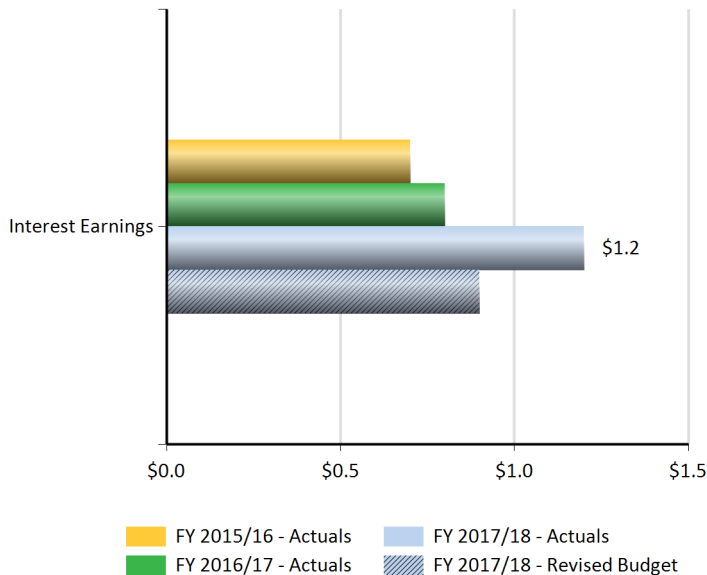
License Permits & Fees (Fiscal Year to Date: January 2018)



Actual to Revised Budget variance of \$0.8 million or 20%:
 Fire Charges For Services is favorable due to Public Safety - Fire's Paramedic in Training (PMT) contract extension with Advanced Life Support (ALS), which resulted in 100% recovery of revenue for ALS calls. It is unclear if this favorable variance will carry until year-end as charges are currently under dispute.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|---|-----------------------|-----------------------|-----------------------|---------------------------------|--|------------|
| Recreation Fees | \$2.1 | \$2.1 | \$2.2 | \$2.2 | \$ - | - |
| Business & Liquor Licenses | 1.4 | 1.4 | 1.4 | 1.4 | - | - |
| Fire Charges For Services | 0.5 | 0.4 | 1.1 | 0.4 | 0.7 | nm |
| License Permits & Fees Total | \$3.9 | \$3.9 | \$4.8 | \$4.0 | \$0.8 | 20% |

Interest Earnings (Fiscal Year to Date: January 2018)

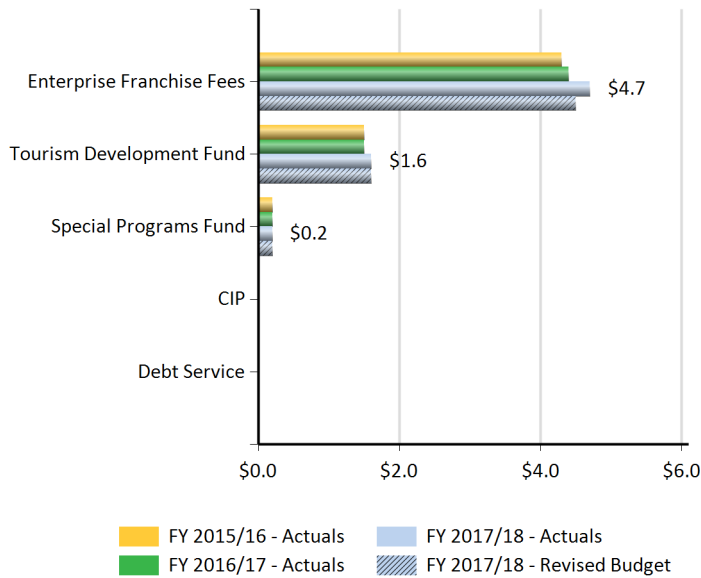


Actual to Revised Budget variance of \$0.2 million or 22%:
 Favorable variance is based on higher return on investment than expected due to strong market conditions.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|--------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|------------|
| Interest Earnings | \$0.7 | \$0.8 | \$1.2 | \$0.9 | \$0.2 | 22% |
| Interest Earnings Total | \$0.7 | \$0.8 | \$1.2 | \$0.9 | \$0.2 | 22% |



Transfers In (Fiscal Year to Date: January 2018)



Actual to Revised Budget variance of \$0.2 million or 3%: Enterprise Franchise Fees is favorable due to Franchise Fee transfers being higher than anticipated. This is related to higher than forecasted Sewer water deliveries in the most recent winter period.

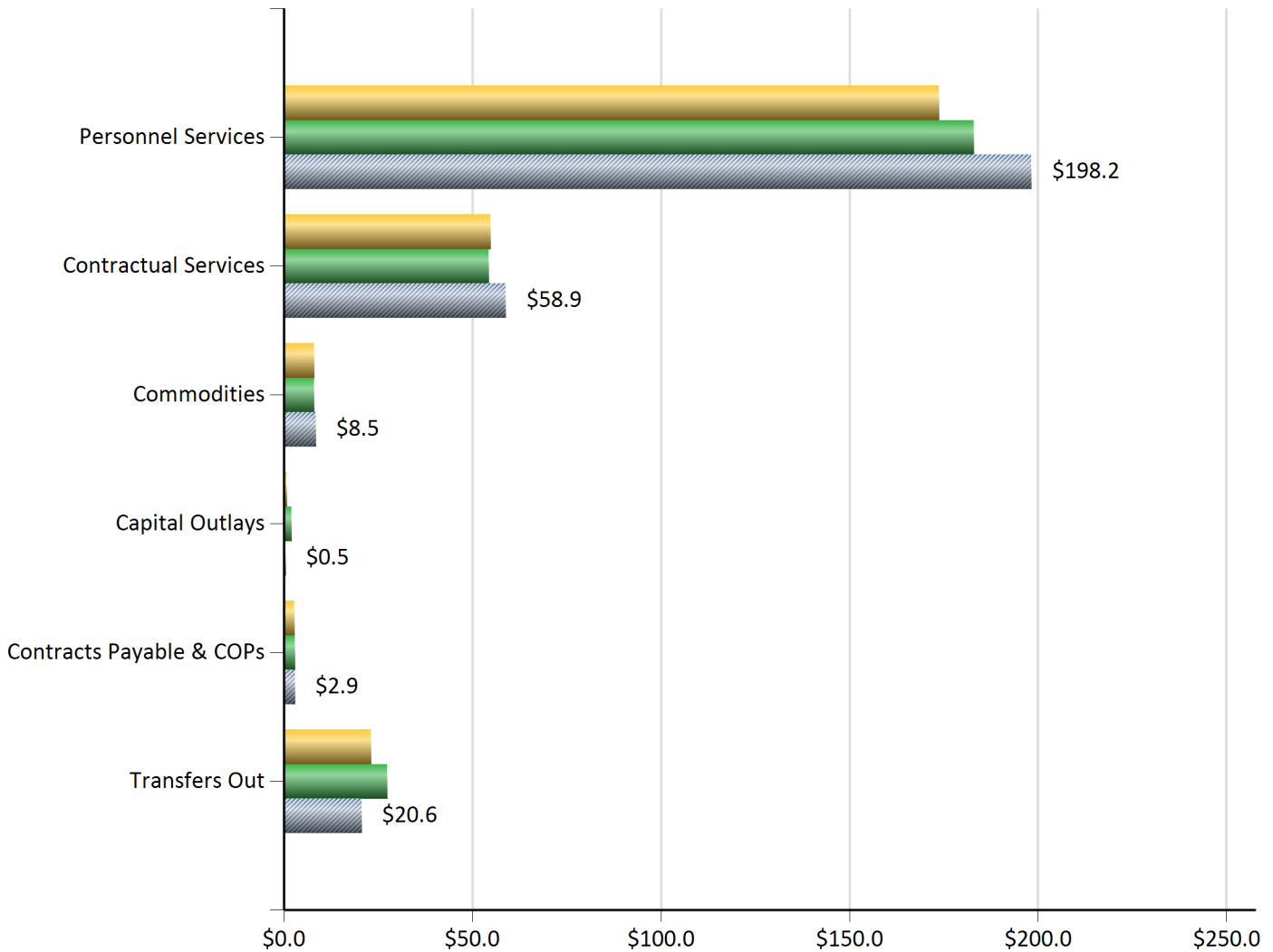
| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) | |
|---------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| | | | | | Amount | Percent |
| Enterprise Franchise Fees | \$4.3 | \$4.4 | \$4.7 | \$4.5 | \$0.2 | 3% |
| Tourism Development Fund | 1.5 | 1.5 | 1.6 | 1.6 | - | - |
| Special Programs Fund | 0.2 | 0.2 | 0.2 | 0.2 | - | - |
| CIP | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Transfers In Total | \$6.0 | \$6.1 | \$6.5 | \$6.3 | \$0.2 | 3% |



Uses

General Fund

Twelve Months: Fiscal Year



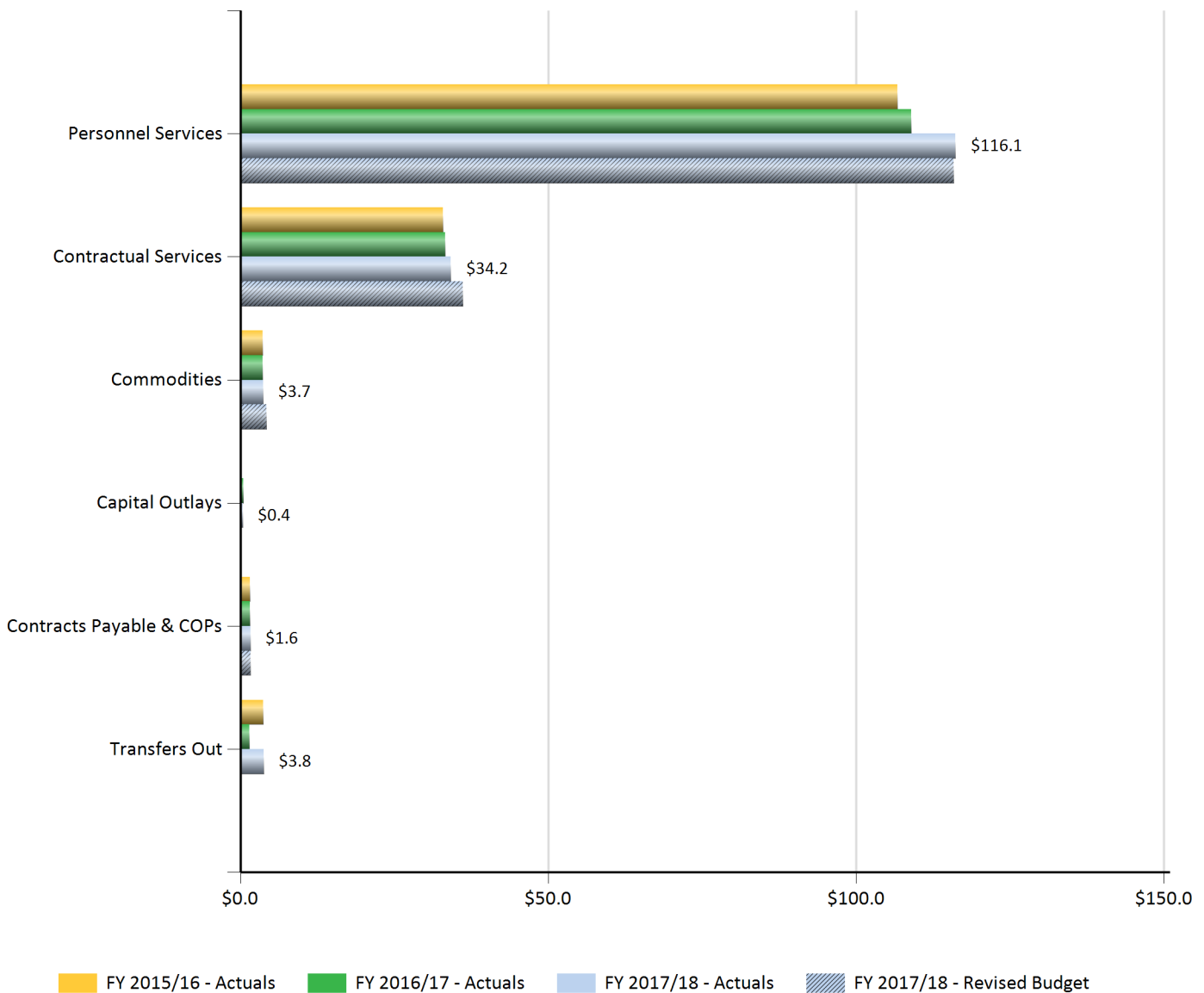
■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ▨ *FY 2017/18 - Revised Budget

| | FY 2015/16 <u>Actuals</u> | FY 2016/17 <u>Actuals</u> | FY 2017/18 <u>Revised Budget</u> |
|--------------------------|------------------------------|------------------------------|---|
| Personnel Services | \$173.7 | \$183.1 | \$198.2 |
| Contractual Services | 54.7 | 54.4 | 58.9 |
| Commodities | 8.0 | 8.1 | 8.5 |
| Capital Outlays | 0.8 | 2.1 | 0.5 |
| Contracts Payable & COPs | 2.8 | 2.9 | 2.9 |
| Transfers Out | 23.1 | 27.4 | 20.6 |
| Total Uses | \$263.1 | \$277.8 | \$289.5 |

*Includes budgeted vacancy savings net of leave accrual payouts, up to 3% pay for performance, up to 5% pay for performance for those in the Step Program, compensation adjustments and utilities.



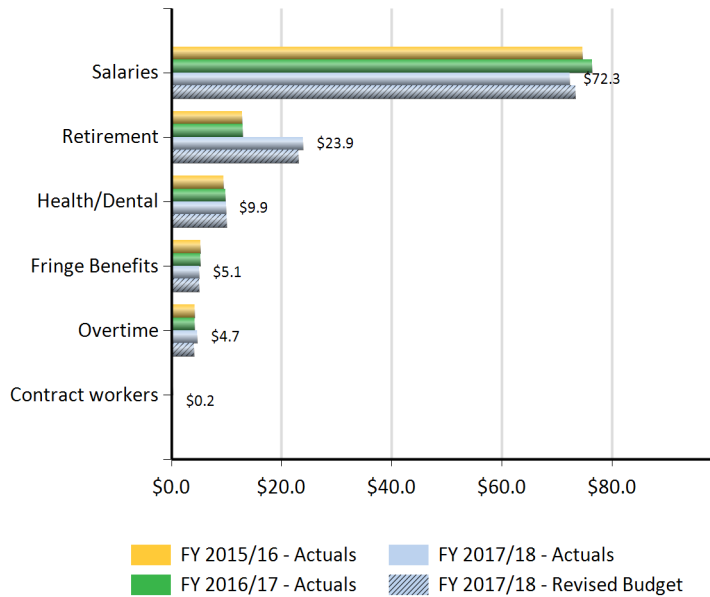
Uses (Fiscal Year to Date: January 2018)



| | FY 2015/16 | FY 2016/17 | FY 2017/18 | FY 2017/18 | Actual vs. Budget | |
|--------------------------|----------------|----------------|----------------|----------------|----------------------------------|-------------|
| | Actuals | Actuals | Actuals | Revised Budget | Favorable / (Unfavorable) Amount | Percent |
| Personnel Services | \$106.7 | \$109.0 | \$116.1 | \$115.9 | (\$0.3) | 0% |
| Contractual Services | 32.9 | 33.3 | 34.2 | 36.2 | 2.0 | 5% |
| Commodities | 3.6 | 3.6 | 3.7 | 4.2 | 0.6 | 14% |
| Capital Outlays | 0.1 | 0.5 | 0.4 | - | (0.3) | nm |
| Contracts Payable & COPs | 1.6 | 1.6 | 1.6 | 1.6 | - | - |
| Transfers Out | 3.7 | 1.4 | 3.8 | - | (3.8) | n/a |
| Total Uses | \$148.7 | \$149.4 | \$159.7 | \$158.0 | (\$1.8) | (1%) |



Personnel Services (Fiscal Year to Date: January 2018)



Actual to Revised Budget variance of (\$0.3) million or 0%: Salaries has a favorable variance mostly due to Part-Time Wages for vacant positions, a change in shift pay policies, and to employees being promoted/retiring with new employees coming in at a lower salary. Additionally, when comparing to prior fiscal years' actuals, salaries are lower because there was an extra pay period through January in FY 2015/16 and FY 2016/17. Retirement is \$8.7 million more in FY 2017/18 than FY 2016/17 due to the Parker Case Ruling which resulted in a refunding of prior year retirement contributions plus interest for public safety sworn staff hired before July 1, 2012 and elected officials. The refund was budgeted at a macro-level initially in FY 2017/18 but was moved to the respective divisions in July. Health/Dental is favorable due to differences between how plans were budgeted and how they were actually chosen by employees through the fiscal year. Overtime has an unfavorable variance primarily due to a shortfall in Fire Department constant staffing where a total of 19 firefighters are on leave, including 13 firefighters on worker's compensation for injuries, four on off-duty injuries, two on FMLA and four recruits filling vacancies.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|---------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| Salaries | \$74.6 | \$76.3 | \$72.3 | \$73.3 | \$1.0 | 1% |
| Retirement | 12.9 | 13.0 | 23.9 | 23.1 | (0.8) | (4%) |
| Health/Dental | 9.5 | 9.8 | 9.9 | 10.1 | 0.2 | 2% |
| Fringe Benefits | 5.3 | 5.3 | 5.1 | 5.1 | - | - |
| Overtime | 4.2 | 4.2 | 4.7 | 4.1 | (0.6) | (15%) |
| Contract workers | 0.1 | 0.3 | 0.2 | 0.2 | - | - |
| Personnel Services Total | \$106.7 | \$109.0 | \$116.1 | \$115.9 | (\$0.3) | 0% |

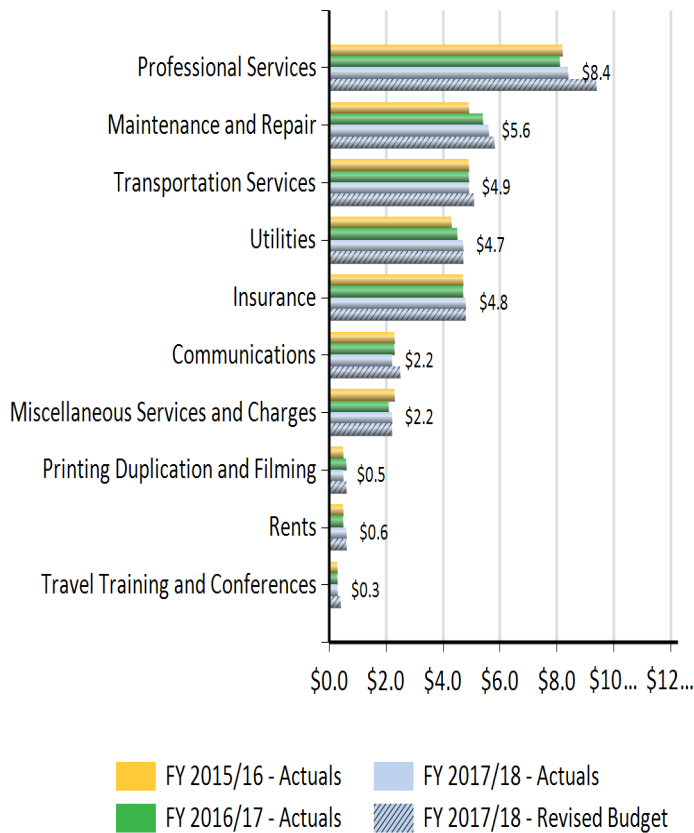
Macro Personnel Adjustments

| | 2015/16 Actual | 2016/17 Actual | 2017/18 Adopted Budget | 2017/18 Year-To-Date Saved/(Used) | 2017/18 Year-To-Date Remaining |
|--------------------------------------|-------------------|-------------------|------------------------------|---|--------------------------------------|
| 3% Pay for Performance | \$3.0 | \$2.6 | \$2.2 | (\$2.1) | \$0.1 |
| 5% Step - Fire | - | 0.9 | 0.8 | (0.8) | - |
| 5% Step - Police Officer | 1.6 | 1.3 | 1.3 | (1.3) | - |
| 5% Step - Police Sergeant | - | - | 0.4 | (0.4) | - |
| Retirement Savings | (0.8) | (0.5) | - | - | - |
| Compensation Adjustments | - | - | 0.4 | - | 0.4 |
| Vacancy Savings | (4.8) | (5.3) | (4.0) | 2.9 | (1.1) |
| Medical Leave Payouts | 1.0 | 1.0 | 1.4 | (0.3) | 1.1 |
| Vacation Leave Payouts | 0.9 | 0.6 | 0.8 | (0.3) | 0.5 |
| Parker Case Ruling | - | - | 7.8 | (7.7) | - |
| Total Vacancy Savings/Payouts | \$0.9 | \$0.6 | \$11.0 | (\$10.1) | \$0.9 |

Total Saved/(Used) YTD of (\$10.1) million: The city has achieved \$2.9 million in vacancy savings year-to-date offset by (\$0.6) million in vacation and medical leave payouts. In July, the Citywide Pay for Performance Program was funded and implemented initiating the use of ongoing dollars for compensation increases. These increases include a 5 percent step program for Firefighters, Fire Engineers and Fire Captains; a 5 percent step program for Police Sergeants; a 5 percent step program for Police Officers and a 3 percent pay program based on performance for all other city employees. Additionally, the Parker Case has settled for a payout of \$7.7 million in retirement funds to sworn employees and elected officials.



Contractual Services (Fiscal Year to Date: January 2018)

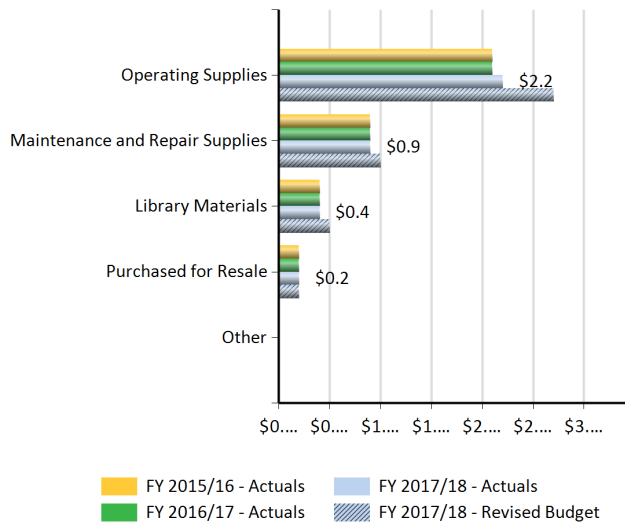


Actual to Revised Budget variance of \$2.0 million or 5%: Professional Services is favorable mainly due to the timing of invoices. In addition, invoices from the Photo Enforcement Contract have been coming in less than budgeted due to a number of photo enforcement cameras being turned off while a new contract was negotiated, resulting in fewer citations issued. Banking Services, contract and process server costs are also coming in lower than forecasted. Finally, Professional Services is favorable due to lower participation in Adult Sports and Leisure Ed programs and classes. As a result, fewer instructors were needed than expected. The favorable variance is partially offset by the inadvertent reduction of the advertising budget in Westworld and the underbudgeting of custodial services for special events. Maintenance and Repair is favorable mainly due Software Maintenance and Licensing cost being lower than expected due to the delay in roll out of the MUNIS system. It is also favorable due to maintenance projects in Downtown Scottsdale falling behind schedule. This is partially offset by the timing of several major Facilities maintenance projects and Public Safety - Police paying Software costs for the entire year instead of quarterly. Transportation Services is favorable mainly due to lower fleet maintenance costs in Public Safety - Fire and Westworld than anticipated. Communications is favorable mainly due to the receipt of a refund in Public Safety - Police of specialty lines costs from the Regional Wireless Cooperative and the delay in the implementation of Century Link lines for the data resiliency program. Printing Duplication and Filming is favorable because of small favorable variances across many divisions. Finally, Travel Training and Conferences is favorable mainly due to fewer conferences and trainings being attended than expected up to this point in the fiscal year.

| | FY 2015/16 | FY 2016/17 | FY 2017/18 | FY 2017/18 | Actual vs. Budget | |
|------------------------------------|---------------|---------------|---------------|----------------|----------------------------------|-----------|
| | Actuals | Actuals | Actuals | Revised Budget | Favorable / (Unfavorable) Amount | Percent |
| Professional Services | \$8.2 | \$8.1 | \$8.4 | \$9.4 | \$1.0 | 11% |
| Maintenance and Repair | 4.9 | 5.4 | 5.6 | 5.8 | 0.2 | 4% |
| Transportation Services | 4.9 | 4.9 | 4.9 | 5.1 | 0.2 | 4% |
| Utilities | 4.3 | 4.5 | 4.7 | 4.7 | - | - |
| Insurance | 4.7 | 4.7 | 4.8 | 4.8 | - | - |
| Communications | 2.3 | 2.3 | 2.2 | 2.5 | 0.3 | 11% |
| Miscellaneous Services and Charges | 2.3 | 2.1 | 2.2 | 2.2 | 0.1 | 2% |
| Printing Duplication and Filming | 0.5 | 0.6 | 0.5 | 0.6 | 0.1 | 17% |
| Rents | 0.5 | 0.5 | 0.6 | 0.6 | - | - |
| Travel Training and Conferences | 0.3 | 0.3 | 0.3 | 0.4 | 0.1 | 28% |
| Contractual Services Total | \$32.9 | \$33.3 | \$34.2 | \$36.2 | \$2.0 | 5% |



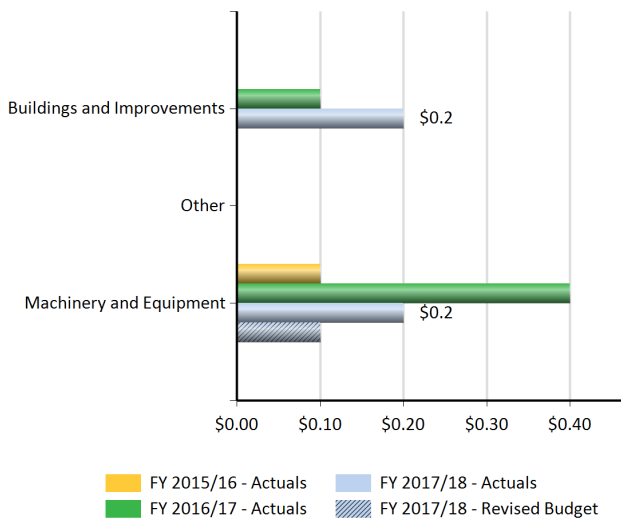
Commodities (Fiscal Year to Date: January 2018)



Actual to Revised Budget variance of \$0.6 million or 14%: Operating Supplies is favorable mainly due to a delay in purchasing recreation amenities and light poles in Community Services, lower than anticipated need for personal protective equipment in Public Safety - Fire and the lower than expected need for furniture, operating supplies and other equipment in several divisions. Maintenance and Repair Supplies is favorable due to a lower need to purchase building and repair supplies than expected in Public Safety - Fire and Community Services. This is partially offset by the unexpected need in Public Works for materials related to plumbing and lighting repairs and a hot water tank replacement at Granite Reef Senior Center.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|---------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|------------|
| Operating Supplies | \$2.1 | \$2.1 | \$2.2 | \$2.7 | \$0.5 | 19% |
| Maintenance and Repair Supplies | 0.9 | 0.9 | 0.9 | 1.0 | 0.1 | 6% |
| Library Materials | 0.4 | 0.4 | 0.4 | 0.5 | - | - |
| Purchased for Resale | 0.2 | 0.2 | 0.2 | 0.2 | - | - |
| Other | - | - | - | - | - | - |
| Commodities Total | \$3.6 | \$3.6 | \$3.7 | \$4.2 | \$0.6 | 14% |

Capital Outlays (Fiscal Year to Date: January 2018)



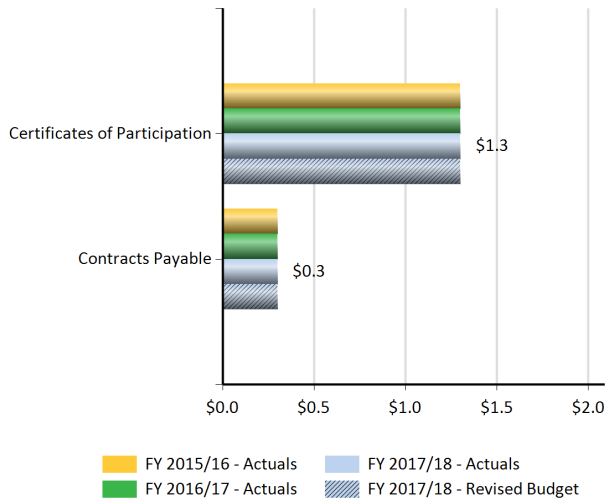
Actual to Revised Budget variance of (\$0.3) million or nm: Unfavorable variance in Buildings and Improvements is primarily due to the remodel and remediation cost associated with the purchase of a compressor that was budgeted in Commodities but was charged to Capital Outlays. Additionally, the purchase of Fire Alarm & Panel replacements for One Civic Center and Civic Center Library and unexpected costs related to Chaparral Dog Park also contributed to the unfavorable variance. The unfavorable variance in Machinery and Equipment is mostly due to the unplanned purchases of playground equipment in Community Services, computer equipment in Planning & Development and a thermal camera in Public Safety - Fire.

| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------|
| Buildings and Improvements | \$ - | \$0.1 | \$0.2 | \$ - | (\$0.2) | n/a |
| Other | - | - | - | - | - | - |
| Machinery and Equipment | 0.1 | 0.4 | 0.2 | 0.1 | (0.1) | nm |
| Capital Outlays Total | \$0.1 | \$0.5 | \$0.4 | \$0.0 | (\$0.3) | nm |



Contracts Payable & COPs (Fiscal Year to Date: January 2018)

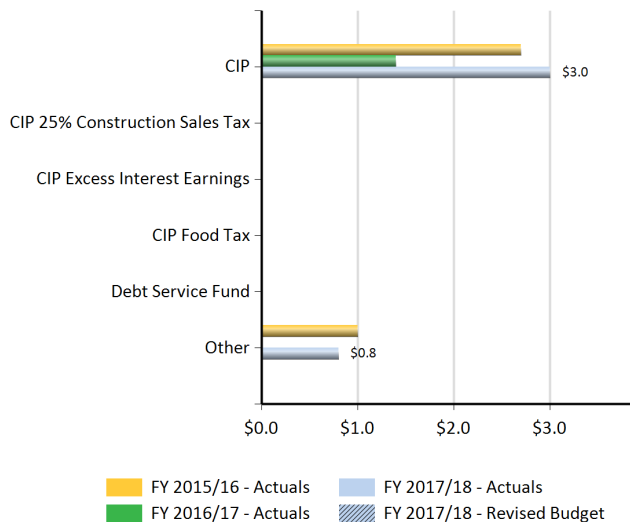
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|---|-----------------------|-----------------------|-----------------------|---------------------------------|--|----------|
| Certificates of Participation | \$1.3 | \$1.3 | \$1.3 | \$1.3 | \$ - | - |
| Contracts Payable | 0.3 | 0.3 | 0.3 | 0.3 | - | - |
| Contracts Payable & COPs Total | \$1.6 | \$1.6 | \$1.6 | \$1.6 | \$ - | - |

Transfers Out (Fiscal Year to Date: January 2018)

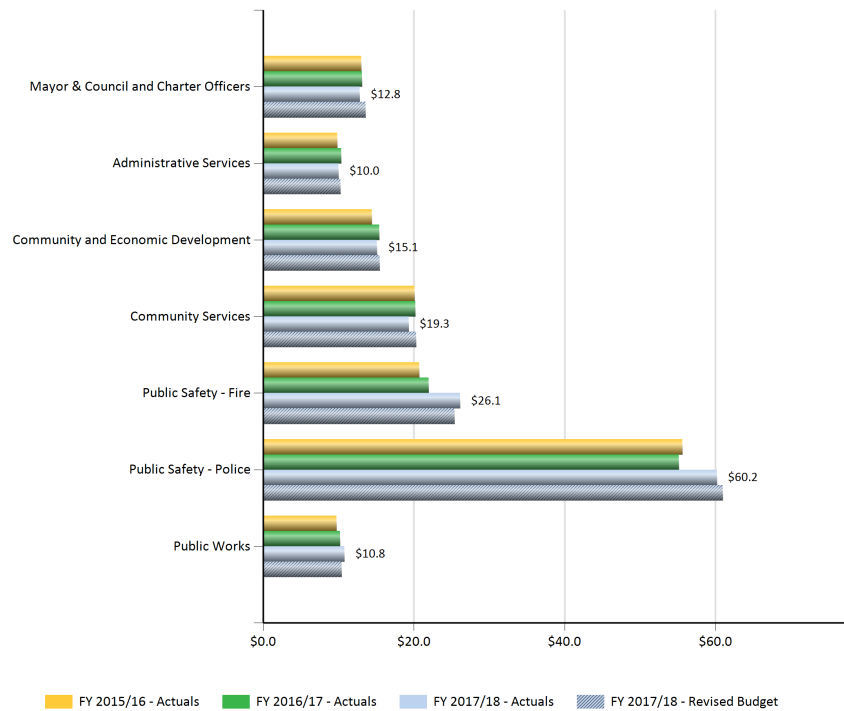
Actual to Revised Budget variance of (\$3.8) million or n/a:
Unfavorable variance is due to transfers from the General Fund undesignated, unreserved fund balance, per Council approval, to fund the newly created Rawhide Wash Flood Control COS Contribution and Reata Wash Flood Control capital projects and to the Downtown Cultural Trust for public art contributions associated with a large development project.



| | FY 2015/16 Actuals | FY 2016/17 Actuals | FY 2017/18 Actuals | FY 2017/18 Revised Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | Percent |
|--------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|------------|
| CIP | \$2.7 | \$1.4 | \$3.0 | \$ - | (\$3.0) | n/a |
| CIP 25% Construction Sales Tax | - | - | - | - | - | - |
| CIP Excess Interest Earnings | - | - | - | - | - | - |
| CIP Food Tax | - | - | - | - | - | - |
| Debt Service Fund | - | - | - | - | - | - |
| Other | 1.0 | - | 0.8 | - | (0.8) | n/a |
| Transfers Out Total | \$3.7 | \$1.4 | \$3.8 | \$0.0 | (\$3.8) | n/a |



Division Expenditures (Fiscal Year to Date: January 2018)



| | FY 2015/16 | FY 2016/17 | FY 2017/18 | FY 2017/18 | Actual vs. Budget | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------------------------|-----------|
| | Actuals | Actuals | Actuals | Revised Budget | Favorable / (Unfavorable) Amount | Percent |
| Mayor & Council and Charter Officers | \$13.0 | \$13.1 | \$12.8 | \$13.6 | \$0.8 | 6% |
| Administrative Services | 9.8 | 10.4 | 10.0 | 10.2 | 0.2 | 2% |
| Community and Economic Development | 14.4 | 15.4 | 15.1 | 15.5 | 0.3 | 2% |
| Community Services | 20.1 | 20.2 | 19.3 | 20.3 | 1.0 | 5% |
| Public Safety - Fire | 20.7 | 22.0 | 26.1 | 25.4 | (0.8) | (3%) |
| Public Safety - Police | 55.6 | 55.2 | 60.2 | 61.0 | 0.8 | 1% |
| Public Works | 9.7 | 10.2 | 10.8 | 10.4 | (0.3) | (3%) |
| Total | \$143.3 | \$146.4 | \$154.4 | \$156.3 | \$2.0 | 1% |

Actual to Revised Budget variance of \$2.0 million or 1%: Mayor & Council and Charter Officers is favorable mainly due to City Treasurer banking services and software maintenance and licensing costs being less than anticipated, City Attorney vacant positions savings and lower than expected litigation expenses and the timing of invoices in City Manager. Administrative Services is favorable due to the timing of invoices, lower than expected postage & shipping and equipment maintenance costs and savings in the data center resiliency project. Community and Economic Development is favorable due to the timing of invoices and lower seasonal lighting expenses. The favorable variance is partially offset by an inadvertent reduction of the advertising budget in Westworld. Community Services is favorable mainly due to part-time salary savings, lower than expected participation in sports and leisure classes, maintenance projects falling behind schedule, invoice timing, the delay in purchasing recreational amenities and light pole meters and unexpected playground and dog park equipment costs. Public Safety - Fire is unfavorable due higher overtime costs related to a shortfall in constant staffing due to 19 firefighters on leave, the costs associated with payment of the Parker case interest, the unbudgeted purchase of a thermal camera and building repair costs. The unfavorable variance is partially being offset by lower than expected fleet maintenance and repair costs, and a delay in the purchase of personal protective and other equipment. Public Safety - Police is favorable due to part-time salary savings, a change in shift pay policies and lower paid hires replacing experienced employees being promoted or retiring. It is also related to the timing of invoices, contract and process server costs being less than expected, a refund in specialty lines costs, lower than expected furniture and other equipment purchase needs and the Photo Enforcement Contract coming in less than budgeted due to a number of photo enforcement cameras being turned off while a new contract was negotiated resulting in fewer citations issued. The favorable variance is partially offset by overtime in January being budgeted for only one holiday, when it was supposed to be budgeted for two and from costs associated with payment of the Parker case interest. Public Works is unfavorable due to higher than expected maintenance and repair costs and supply needs, repair projects being completed ahead of schedule, higher than expected custodial fees and unexpected remodel and replacement costs.