


Monthly Financial Report

Fiscal Year to Date
as of March 31, 2018



Scottsdale Airport Operations Center

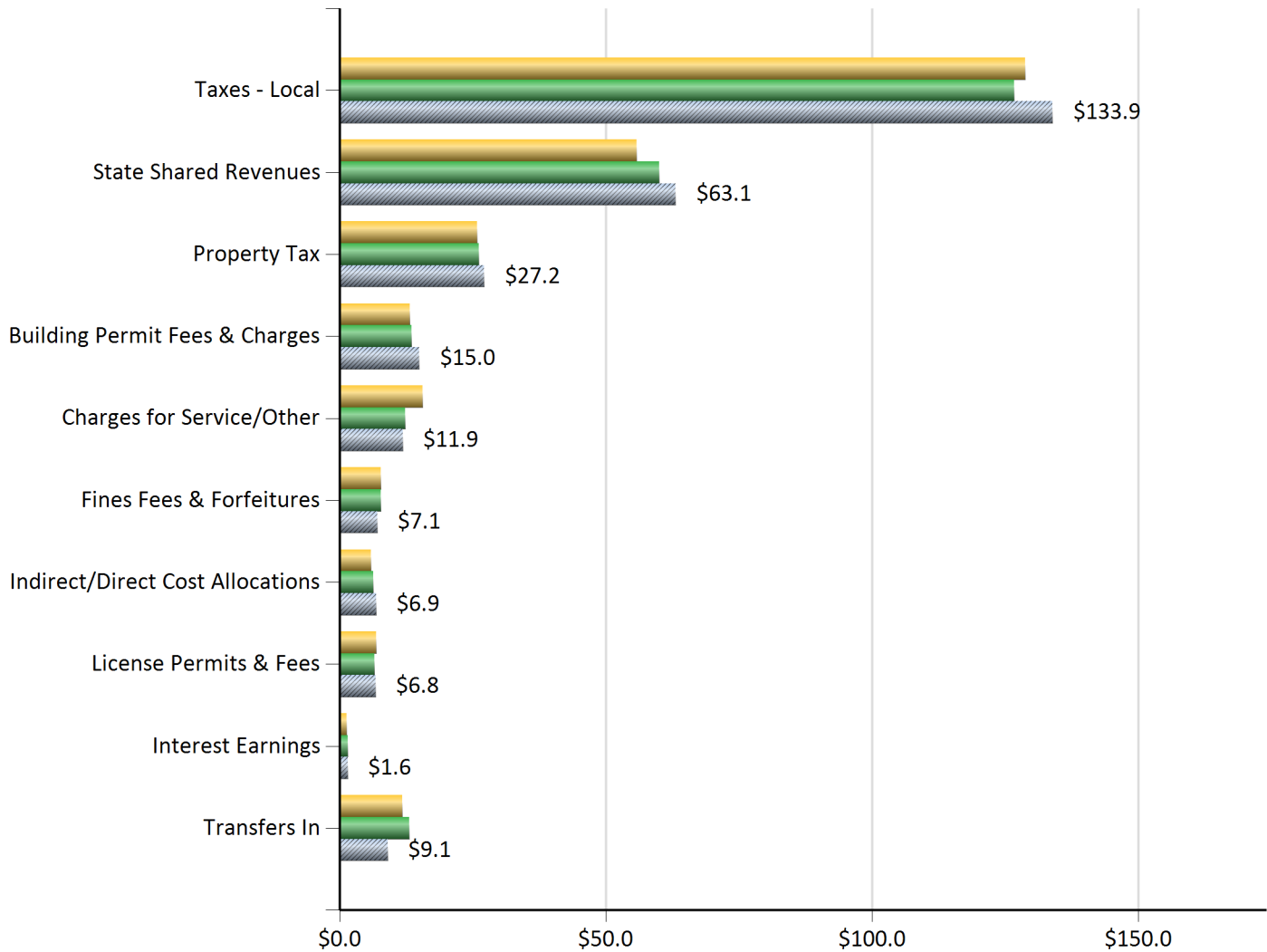
Report to the City Council
Prepared by the City Treasurer
June 12, 2018



Sources

General Fund

Twelve Months: Fiscal Year

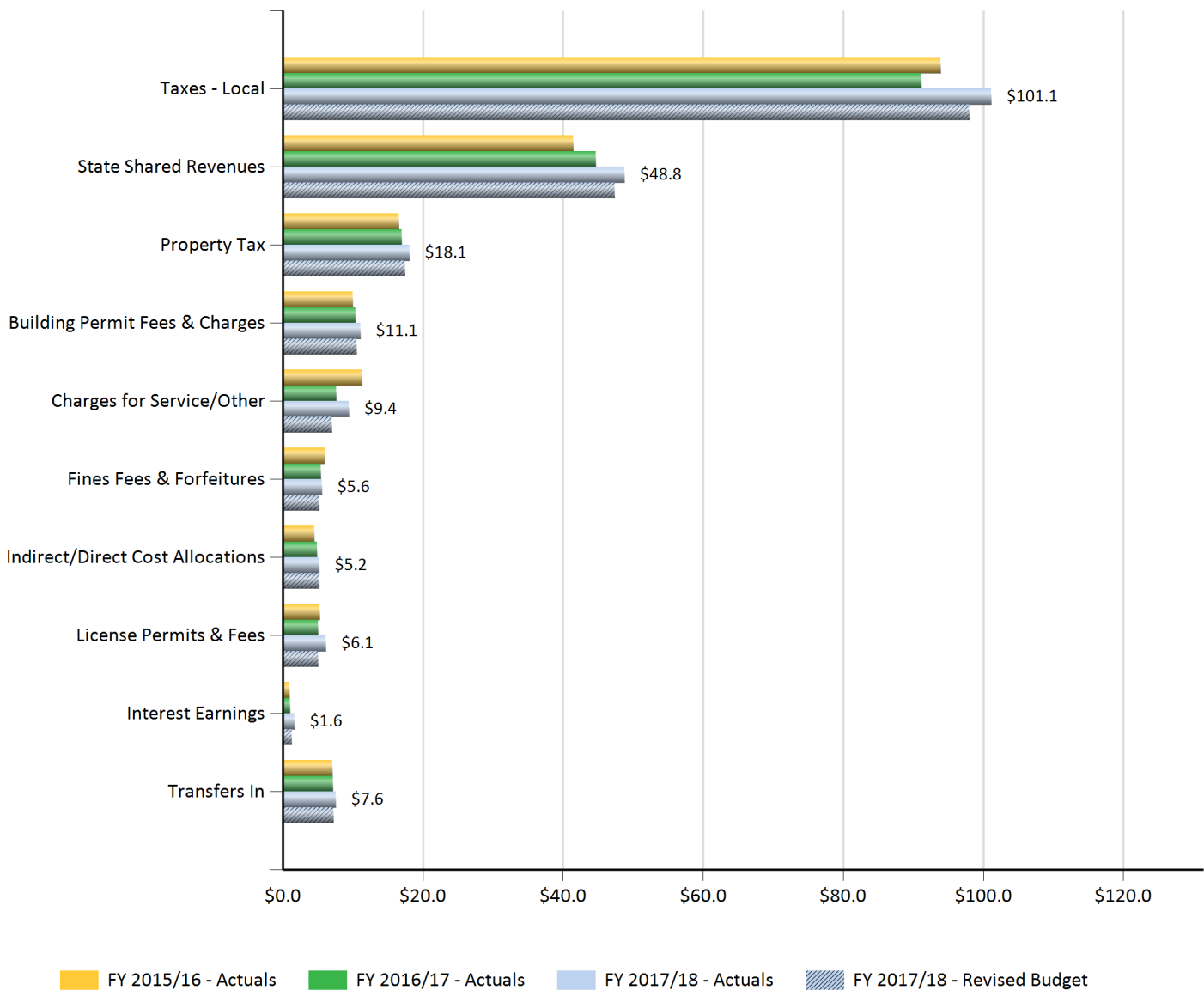


■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ▨ FY 2017/18 - Revised Budget

	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



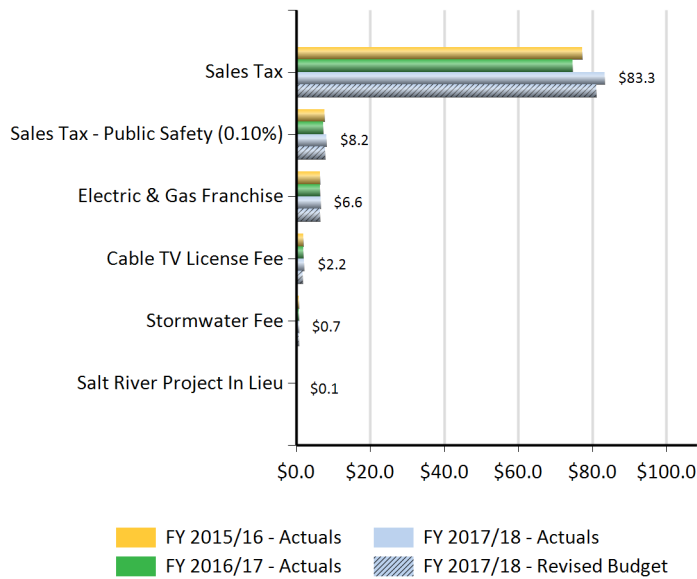
Sources (Fiscal Year to Date: March 2018)



	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	\$93.9	\$91.1	\$101.1	\$98.0	\$3.1	3%
State Shared Revenues	41.5	44.7	48.8	47.4	1.4	3%
Property Tax	16.6	17.0	18.1	17.4	0.6	4%
Building Permit Fees & Charges	10.0	10.4	11.1	10.5	0.5	5%
Charges for Service/Other	11.3	7.6	9.4	7.0	2.4	34%
Fines Fees & Forfeitures	5.9	5.4	5.6	5.2	0.4	7%
Indirect/Direct Cost Allocations	4.5	4.8	5.2	5.2	-	-
License Permits & Fees	5.3	5.1	6.1	5.0	1.1	22%
Interest Earnings	1.0	1.0	1.6	1.2	0.4	34%
Transfers In	7.1	7.1	7.6	7.2	0.3	5%
Total Sources	\$196.9	\$194.1	\$214.4	\$204.1	\$10.3	5%



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



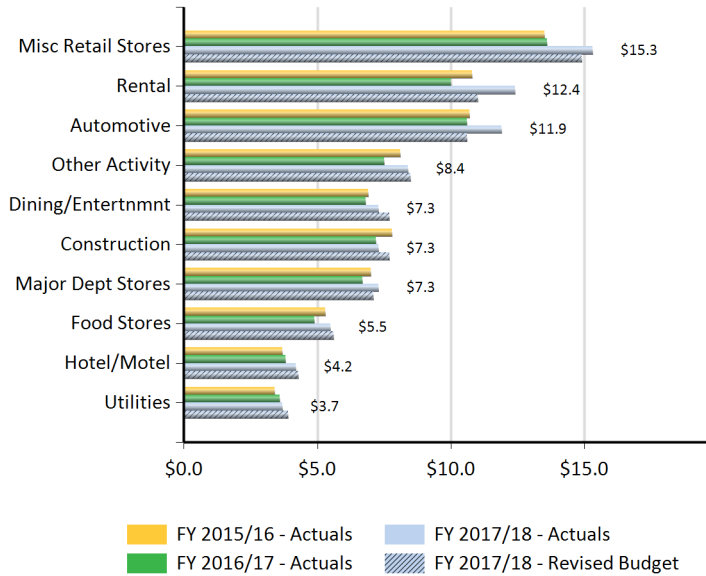
Actual to Revised Budget variance of \$3.1 million or 3%:

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 favorable variance in Cable TV License Fee is due to higher than anticipated revenues received from Cox Digital Cable's quarterly franchise fee payment as despite higher rates, more customers are keeping their cable service than expected.

	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	\$77.2	\$74.7	\$83.3	\$81.1	\$2.2	3%
Sales Tax - Public Safety (0.10%)	7.6	7.3	8.2	7.9	0.2	3%
Electric & Gas Franchise	6.5	6.4	6.6	6.4	0.2	4%
Cable TV License Fee	1.9	1.9	2.2	1.8	0.4	22%
Stormwater Fee	0.7	0.7	0.7	0.7	-	-
Salt River Project In Lieu	0.1	0.1	0.1	0.1	-	-
Taxes - Local Total	\$93.9	\$91.1	\$101.1	\$98.0	\$3.1	3%



Sales Tax (Fiscal Year to Date: March 2018)

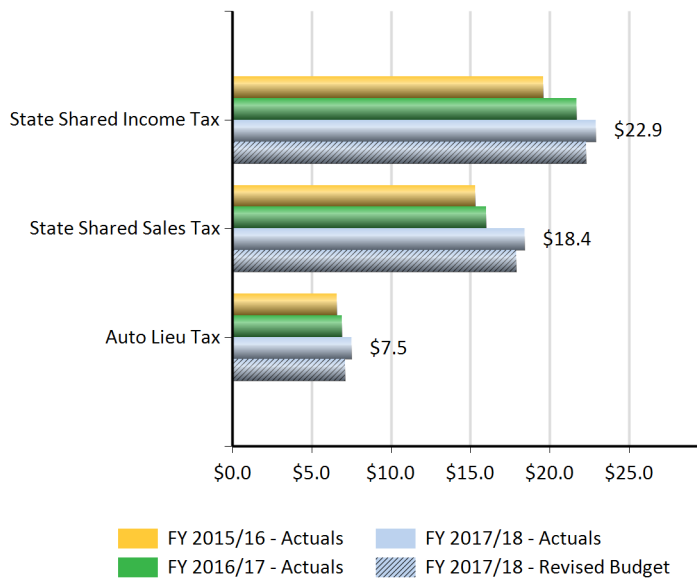


Actual to Revised Budget variance of \$2.2 million or 3%:
 The favorable variance is primarily due to the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal." Additionally, the favorable variance in Misc Retail Stores is due to higher than anticipated online shopping sales. Rental is favorable due to increases in residential real estate property rentals and personal property rentals. Automotive is favorable due to several car dealers remaining in the city longer than originally anticipated prior to their move to the Scottsdale Autoshop at Salt River. Dining/Entertainment is unfavorable due to normal business fluctuations. Construction is unfavorable due to delinquent reporting on construction projects. Major Department Stores is favorable due to better than expected holiday and after holiday sales. Finally, Utilities is unfavorable due to normal business fluctuations.

	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	\$13.5	\$13.6	\$15.3	\$14.9	\$0.4	3%
Rental	10.8	10.0	12.4	11.0	1.4	13%
Automotive	10.7	10.6	11.9	10.6	1.3	13%
Other Activity	8.1	7.5	8.4	8.5	(0.1)	(1%)
Dining/Entertainment	6.9	6.8	7.3	7.7	(0.3)	(4%)
Construction	7.8	7.2	7.3	7.7	(0.3)	(4%)
Major Dept Stores	7.0	6.7	7.3	7.1	0.2	3%
Food Stores	5.3	4.9	5.5	5.6	(0.1)	(2%)
Hotel/Motel	3.7	3.8	4.2	4.3	-	-
Utilities	3.4	3.6	3.7	3.9	(0.2)	(5%)
Sales Tax Total	\$77.2	\$74.7	\$83.3	\$81.1	\$2.2	3%



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

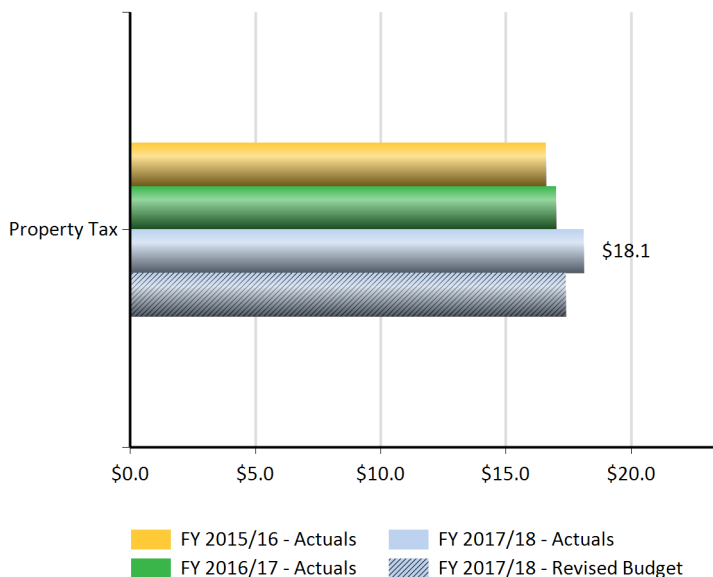


Actual to Revised Budget variance of \$1.4 million or 3%:

The favorable variance is primarily due to State Shared Income Tax and State Shared Sales Tax revenue coming in higher than the anticipated budget determined by the Arizona League of Cities and Towns. It is also due to there being higher than forecasted sales of new and used vehicles resulting in these purchases being licensed.

	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	\$19.6	\$21.7	\$22.9	\$22.3	\$0.6	3%
State Shared Sales Tax	15.3	16.0	18.4	17.9	0.5	3%
Auto Lieu Tax	6.6	6.9	7.5	7.1	0.3	5%
State Shared Revenues Total	\$41.5	\$44.7	\$48.8	\$47.4	\$1.4	3%

Property Tax (Fiscal Year to Date: March 2018)



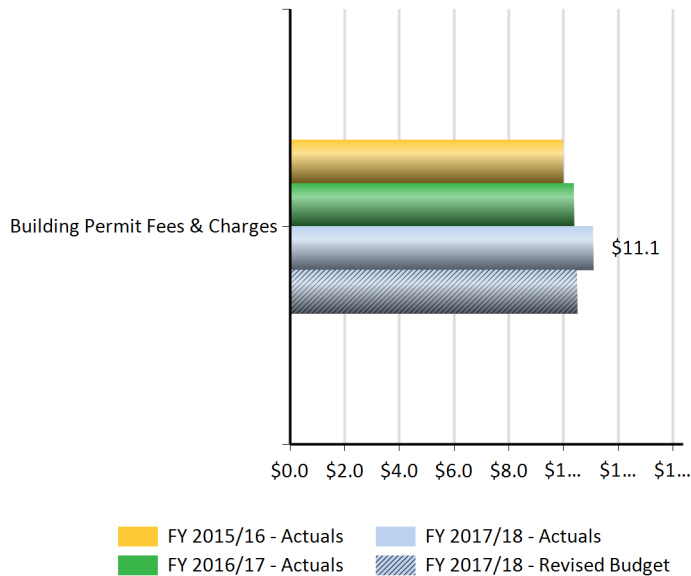
Actual to Revised Budget variance of \$0.6 million or 4%:

The 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	\$16.6	\$17.0	\$18.1	\$17.4	\$0.6	4%
Property Tax Total	\$16.6	\$17.0	\$18.1	\$17.4	\$0.6	4%



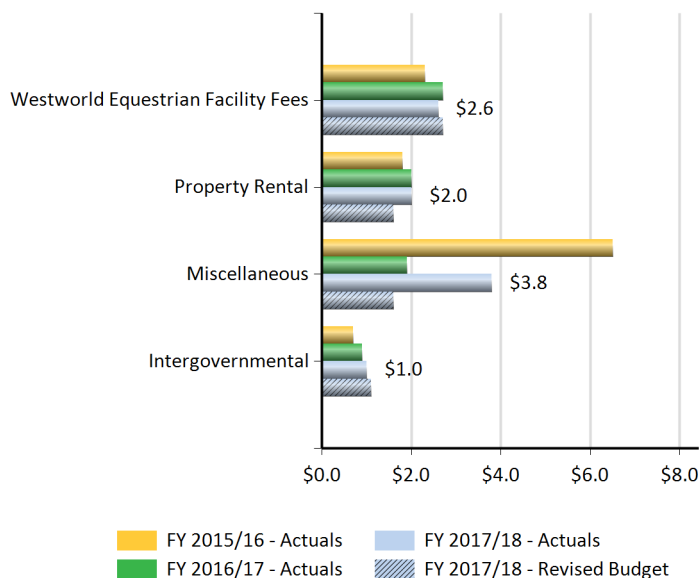
Building Permit Fees & Charges (Fiscal Year to Date: March 2018)



Actual to Revised Budget variance of \$0.5 million or 5%: Favorable variance is due to budget spread. Revenue is ultimately expected to come in under budget due to revised forecast assumptions.

	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	\$10.0	\$10.4	\$11.1	\$10.5	\$0.5	5%
Building Permit Fees & Charges Total	\$10.0	\$10.4	\$11.1	\$10.5	\$0.5	5%

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



Actual to Revised Budget variance of \$2.4 million or 34%:

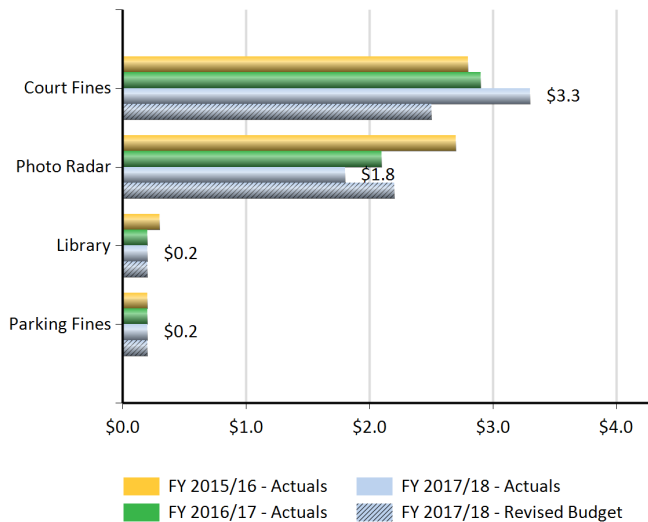
The favorable variance in Property Rental is due to Cell Tower Lease payments being received sooner than anticipated and the timing of the annual stadium usage fee by the Charros. The favorable variance in Miscellaneous is due to unbudgeted payments made by citizens to support a newly created Utility Improvement District set up to make underground utility improvements along Raintree Drive, 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 unfavorable due to the timing of payments by Phoenix related to Scottsdale's assistance in the maintenance of Phoenix's Public Safety Radio system. 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	\$2.3	\$2.7	\$2.6	\$2.7	(\$0.1)	(4%)
Property Rental	1.8	2.0	2.0	1.6	0.4	26%
Miscellaneous	6.5	1.9	3.8	1.6	2.2	nm
Intergovernmental	0.7	0.9	1.0	1.1	(0.1)	(6%)
Charges for Service/Other Total	\$11.3	\$7.6	\$9.4	\$7.0	\$2.4	34%

\$ in millions / rounding differences may occur



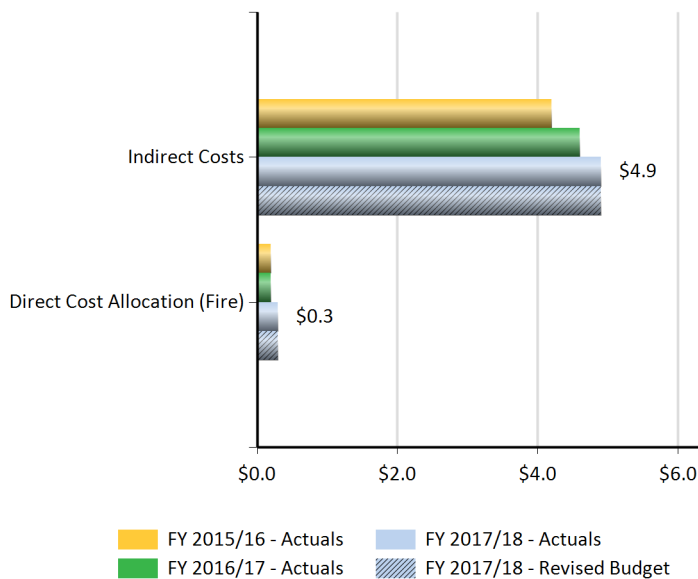
Fines Fees & Forfeitures (Fiscal Year to Date: March 2018)



Actual to Revised Budget variance of \$0.4 million or 7%: 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. Parking Fines is favorable due to an increase in parking violation filings associated with the filling of a vacant Parking Officer position by Public Safety - Police earlier this calendar year, having both Parking Officer vehicles back from being repaired, and due to an uptick in visitors to Scottsdale over the late winter and spring.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Court Fines	\$2.8	\$2.9	\$3.3	\$2.5	\$0.8	31%
Photo Radar	2.7	2.1	1.8	2.2	(0.5)	(20%)
Library	0.3	0.2	0.2	0.2	-	-
Parking Fines	0.2	0.2	0.2	0.2	0.1	36%
Fines Fees & Forfeitures Total	\$5.9	\$5.4	\$5.6	\$5.2	\$0.4	7%

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

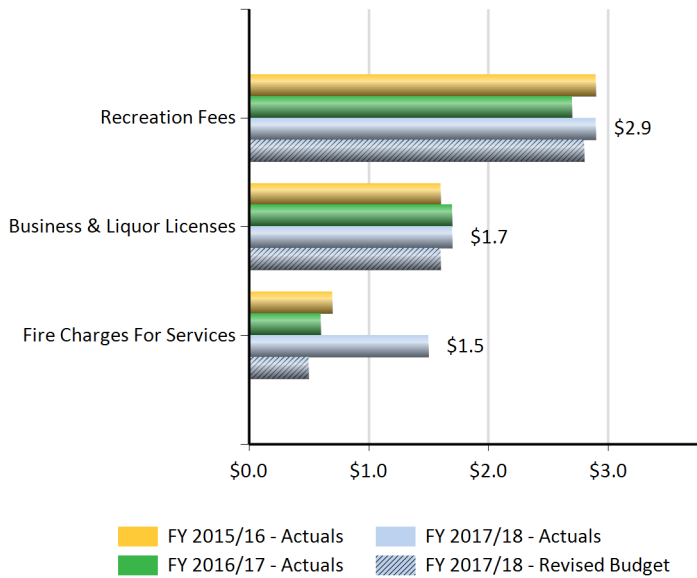


Actual to Revised Budget variance of \$0.0 million or 0%: No explanation necessary.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Indirect Costs	\$4.2	\$4.6	\$4.9	\$4.9	\$ -	-
Direct Cost Allocation (Fire)	0.2	0.2	0.3	0.3	-	-
Indirect/Direct Cost Allocations Total	\$4.5	\$4.8	\$5.2	\$5.2	\$ -	-



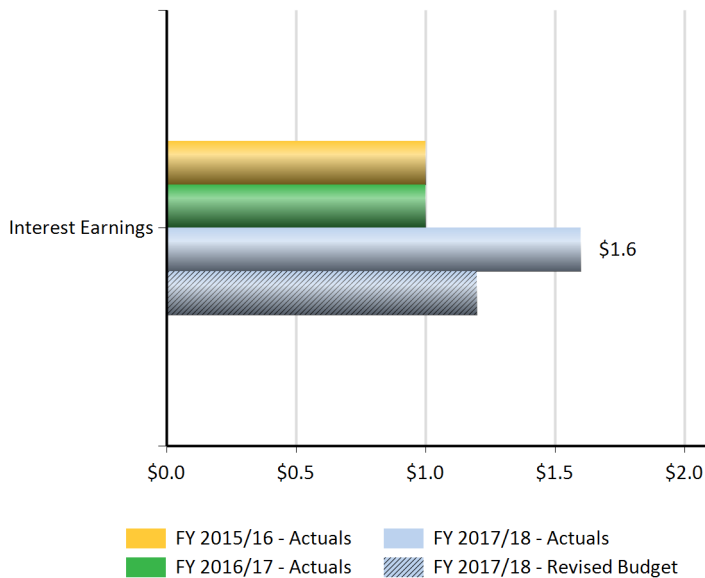
License Permits & Fees (Fiscal Year to Date: March 2018)



Actual to Revised Budget variance of \$1.1 million or 22%:
 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	\$2.9	\$2.7	\$2.9	\$2.8	\$0.1	3%
Business & Liquor Licenses	1.6	1.7	1.7	1.6	-	-
Fire Charges For Services	0.7	0.6	1.5	0.5	1.0	nm
License Permits & Fees Total	\$5.3	\$5.1	\$6.1	\$5.0	\$1.1	22%

Interest Earnings (Fiscal Year to Date: March 2018)

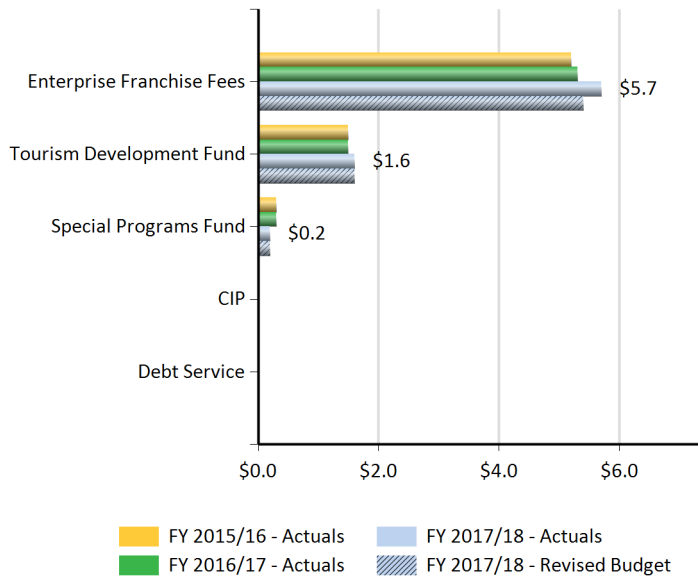


Actual to Revised Budget variance of \$0.4 million or 34%:
 Favorable variance is based on a higher return on investment than expected due to strong market conditions as well as shifting a larger portion of the city's investment funds to the city's Asset Management consultant.

	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	\$1.0	\$1.0	\$1.6	\$1.2	\$0.4	34%
Interest Earnings Total	\$1.0	\$1.0	\$1.6	\$1.2	\$0.4	34%



Transfers In (Fiscal Year to Date: March 2018)



Actual to Revised Budget variance of \$0.3 million or 5%: Favorable variance is the result of higher Enterprise Franchise Fees due to more revenue collected in the Water & Water Reclamation Fund than anticipated, which consequently affects the transfers into the General Fund. The increase is a result of greater water deliveries compared to the three year running average.

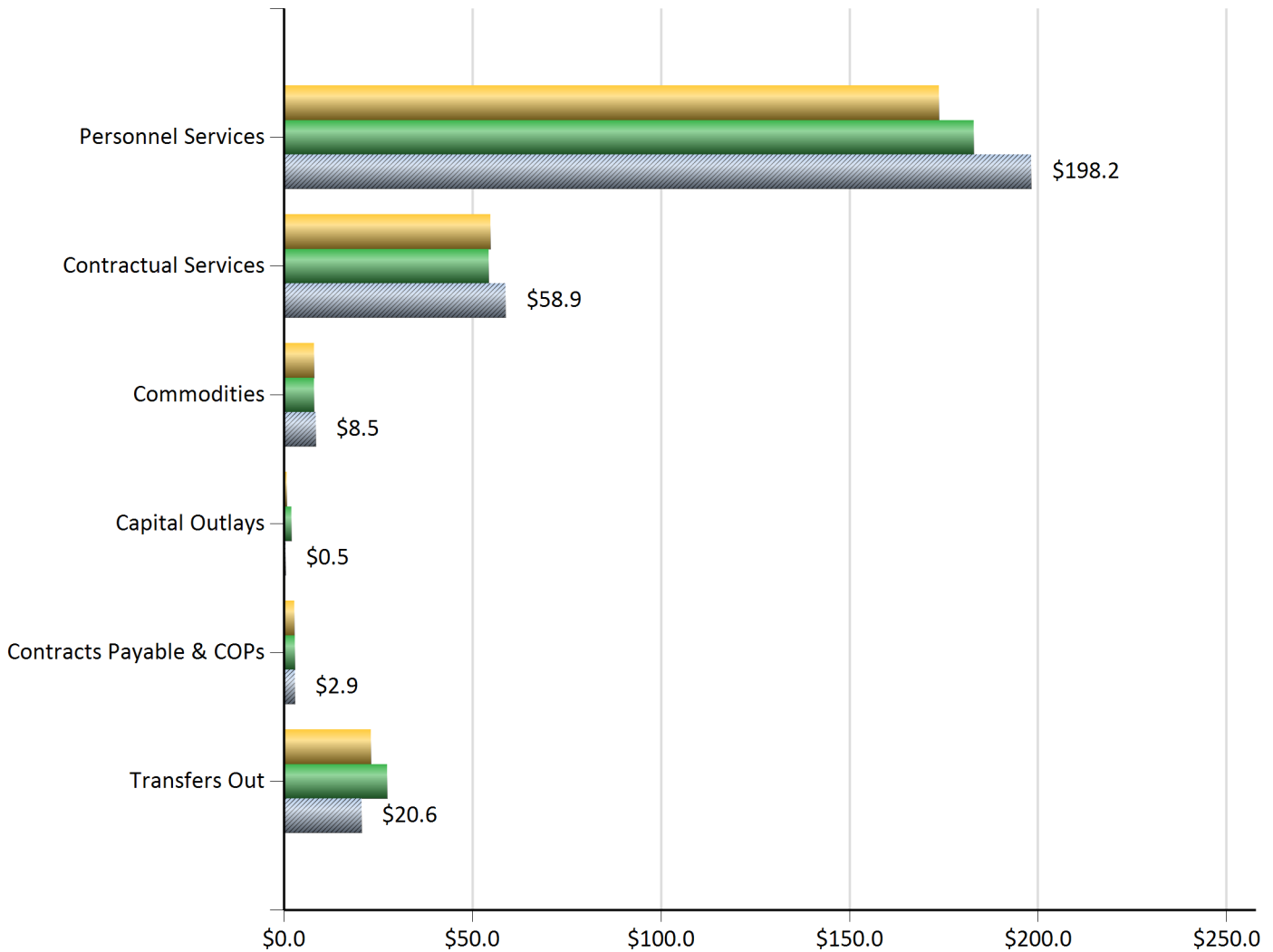
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Enterprise Franchise Fees	\$5.2	\$5.3	\$5.7	\$5.4	\$0.3	6%
Tourism Development Fund	1.5	1.5	1.6	1.6	-	-
Special Programs Fund	0.3	0.3	0.2	0.2	-	-
CIP	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Transfers In Total	\$7.1	\$7.1	\$7.6	\$7.2	\$0.3	5%



Uses

General Fund

Twelve Months: Fiscal Year



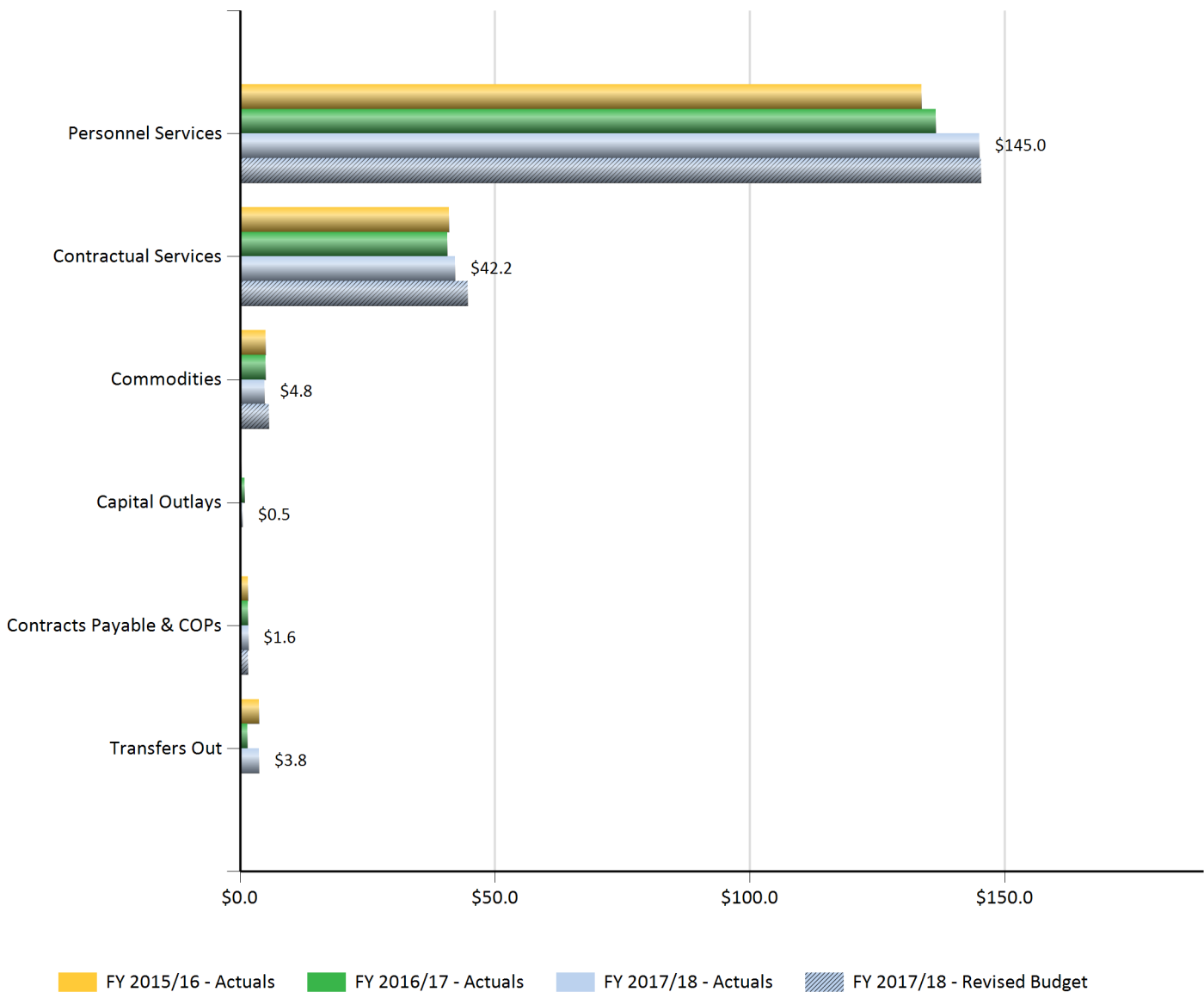
■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ▨ *FY 2017/18 - Revised Budget

	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.



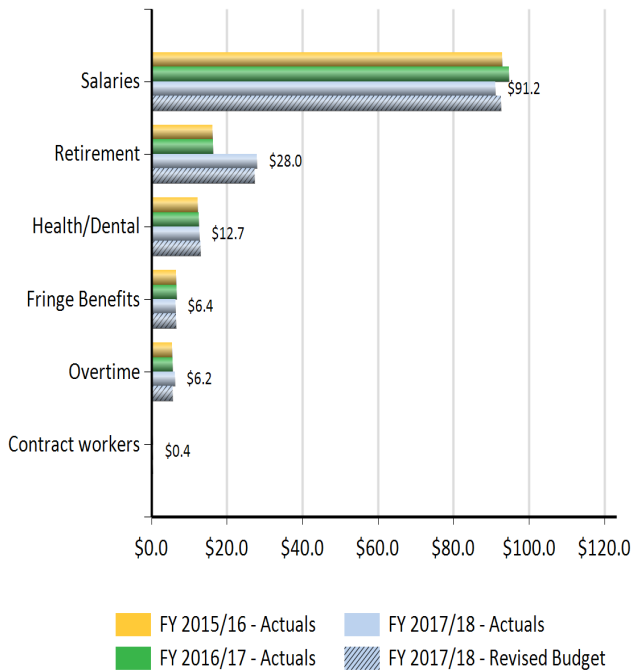
Uses (Fiscal Year to Date: March 2018)



	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable)</u>	<u>Percent</u>
Personnel Services	\$133.7	\$136.5	\$145.0	\$145.4	\$0.4	0%
Contractual Services	41.0	40.7	42.2	44.6	2.4	5%
Commodities	5.0	5.1	4.8	5.7	0.9	15%
Capital Outlays	0.2	0.9	0.5	0.1	(0.4)	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	\$185.2	\$186.2	\$197.9	\$197.4	(\$0.5)	0%



Personnel Services (Fiscal Year to Date: March 2018)



Actual to Revised Budget variance of \$0.4 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 March in FY 2015/16 and FY 2016/17. The unfavorable variance in retirement is mostly due to an unbudgeted interest payment of \$1 million associated with the Parker case coming due in December. Overall, \$8.7 million of the difference in Retirement between FY 2016/17 and FY 2017/18, is due to the Parker case settlement and associated interest, which resulted in refunding prior year retirement contributions for public safety sworn staff hired before January 1, 2012 and elected officials. This variance is partially offset by PSPRS Police Tier payments coming in lower than expected. 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 Public Safety - Fire constant staffing where a total of eleven firefighters are on leave, including seven firefighters on worker's compensation for injuries, three on off-duty injuries and one on FMLA. Finally, Public Safety – Police is contributing to the unfavorable variance due to major cases requiring extensive overtime during March. Contract Workers is unfavorable due to the unbudgeted use of an outside contractor to serve as Interim Library Director until a permanent replacement can be found.

	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	\$93.0	\$94.8	\$91.2	\$92.6	\$1.4	2%
Retirement	16.2	16.3	28.0	27.4	(0.6)	(2%)
Health/Dental	12.3	12.6	12.7	13.0	0.2	2%
Fringe Benefits	6.6	6.7	6.4	6.5	-	-
Overtime	5.5	5.7	6.2	5.6	(0.6)	(11%)
Contract workers	0.2	0.4	0.4	0.3	(0.1)	(29%)
Personnel Services Total	\$133.7	\$136.5	\$145.0	\$145.4	\$0.4	0%

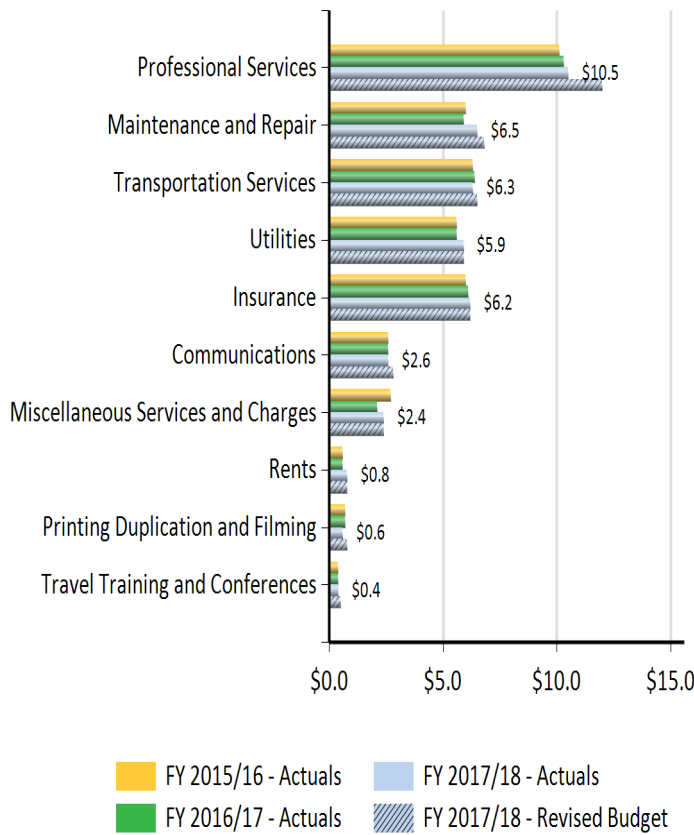
Macro Personnel Adjustments

	2015/16 Actual	2016/17 Actual	2017/18 Adopted Budget	2017/18 Year-To-Date	
				Saved/(Used)	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)	3.8	(0.2)
Medical Leave Payouts	1.0	1.0	1.4	(0.5)	0.9
Vacation Leave Payouts	0.9	0.6	0.8	(0.4)	0.3
Parker Case Ruling	-	-	7.8	(8.7)	(0.9)
Total Vacancy Savings/Payouts	\$0.9	\$0.6	\$11.0	(\$10.4)	\$0.7

Total Saved/(Used) YTD of (\$10.4) million: The city has achieved \$4.0 million in vacancy savings year-to-date offset by (\$0.9) 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 \$8.7 million in retirement funds and interest to sworn employees and elected officials.



Contractual Services (Fiscal Year to Date: March 2018)

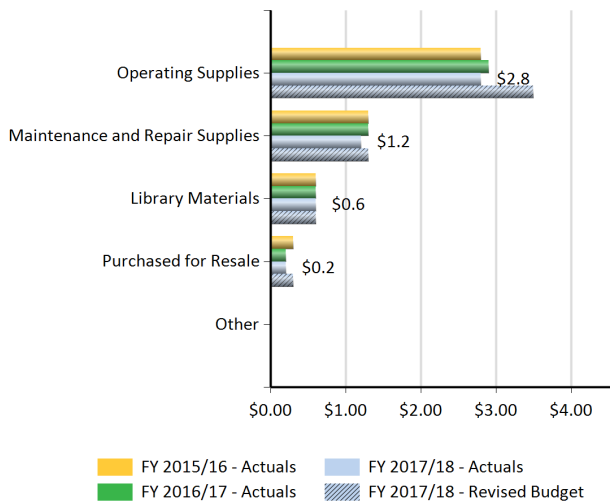


Actual to Revised Budget variance of \$2.4 million or 5%: Professional Services is favorable mainly due to the timing of invoices. In addition, invoices from the Photo Enforcement Contract have been coming in less than budgeted due to a number of photo enforcement cameras being turned off while a new 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 higher than expected custodial costs. Maintenance and Repair is favorable mainly due to the timing of invoices and because of lower than expected project costs. Some maintenance projects are coming in under budget, while others are falling behind schedule. In addition, Software Maintenance and Licensing costs are lower than expected due to the delay in roll out of the MUNIS system. This is partially offset by 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 Community Services and WestWorld than anticipated. Communications is favorable mainly due to lower than expected Specialty Line costs in Public Safety - Police 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	\$10.1	\$10.3	\$10.5	\$12.0	\$1.5	12%
Maintenance and Repair	6.0	5.9	6.5	6.8	0.2	4%
Transportation Services	6.3	6.4	6.3	6.5	0.2	3%
Utilities	5.6	5.6	5.9	5.9	-	-
Insurance	6.0	6.1	6.2	6.2	-	-
Communications	2.6	2.6	2.6	2.8	0.2	9%
Miscellaneous Services and Charges	2.7	2.1	2.4	2.4	-	-
Rents	0.6	0.6	0.8	0.8	-	-
Printing Duplication and Filming	0.7	0.7	0.6	0.8	0.1	16%
Travel Training and Conferences	0.4	0.4	0.4	0.5	0.1	22%
Contractual Services Total	\$41.0	\$40.7	\$42.2	\$44.6	\$2.4	5%



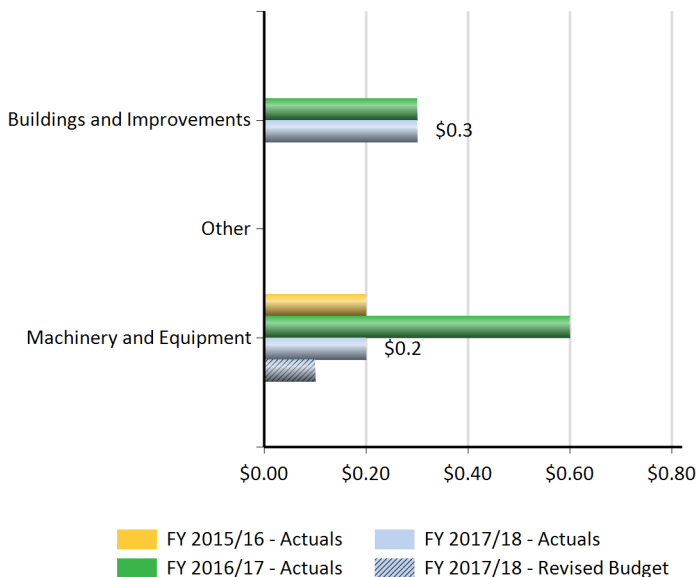
Commodities (Fiscal Year to Date: March 2018)



Actual to Revised Budget variance of \$0.9 million or 15%: Operating Supplies is favorable mainly due to a delay in purchasing recreation amenities in Community Services, a lower than anticipated need for personal protective equipment in Public Safety - Fire and Public Safety - Police and furniture, operating supplies and other equipment costs coming in lower than expected 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. Purchased for Resale is favorable due to WestWorld purchasing less hay and bedding material for resale due to fewer events held than expected.

	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	\$2.8	\$2.9	\$2.8	\$3.5	\$0.7	20%
Maintenance and Repair Supplies	1.3	1.3	1.2	1.3	0.1	8%
Library Materials	0.6	0.6	0.6	0.6	-	-
Purchased for Resale	0.3	0.2	0.2	0.3	0.1	23%
Other	-	-	-	-	-	-
Commodities Total	\$5.0	\$5.1	\$4.8	\$5.7	\$0.9	15%

Capital Outlays (Fiscal Year to Date: March 2018)



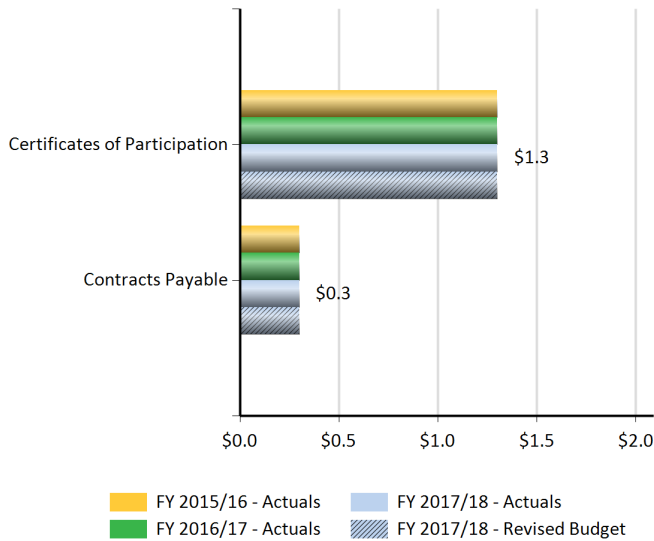
Actual to Revised Budget variance of (\$0.4) million or nm: The unfavorable variance in Buildings and Improvements is primarily due to the purchase of Fire Alarm & Panel replacements for One Civic Center and Civic Center Library and unexpected costs related to Chaparral Dog Park. The unfavorable variance in Machinery and Equipment is mostly due to the unplanned purchases of playground equipment in Community Services, computer equipment in Community & Economic 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	\$ -	\$0.3	\$0.3	\$ -	(\$0.3)	n/a
Other	-	-	-	-	-	-
Machinery and Equipment	0.2	0.6	0.2	0.1	(0.2)	nm
Capital Outlays Total	\$0.2	\$0.9	\$0.5	\$0.1	(\$0.4)	nm



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

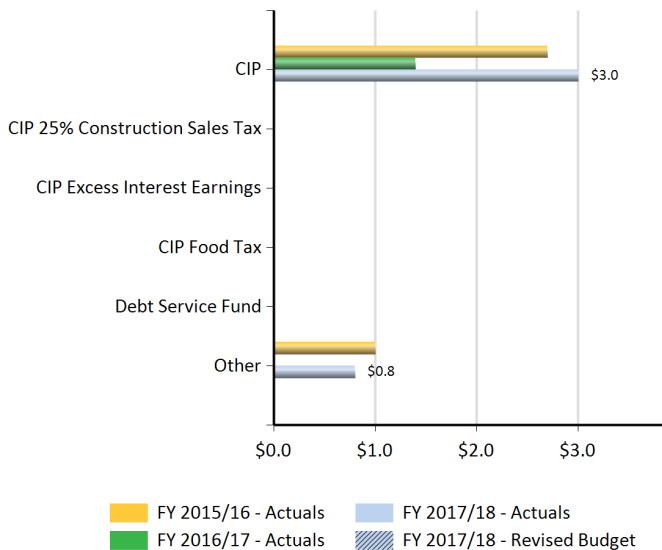
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	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: March 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.

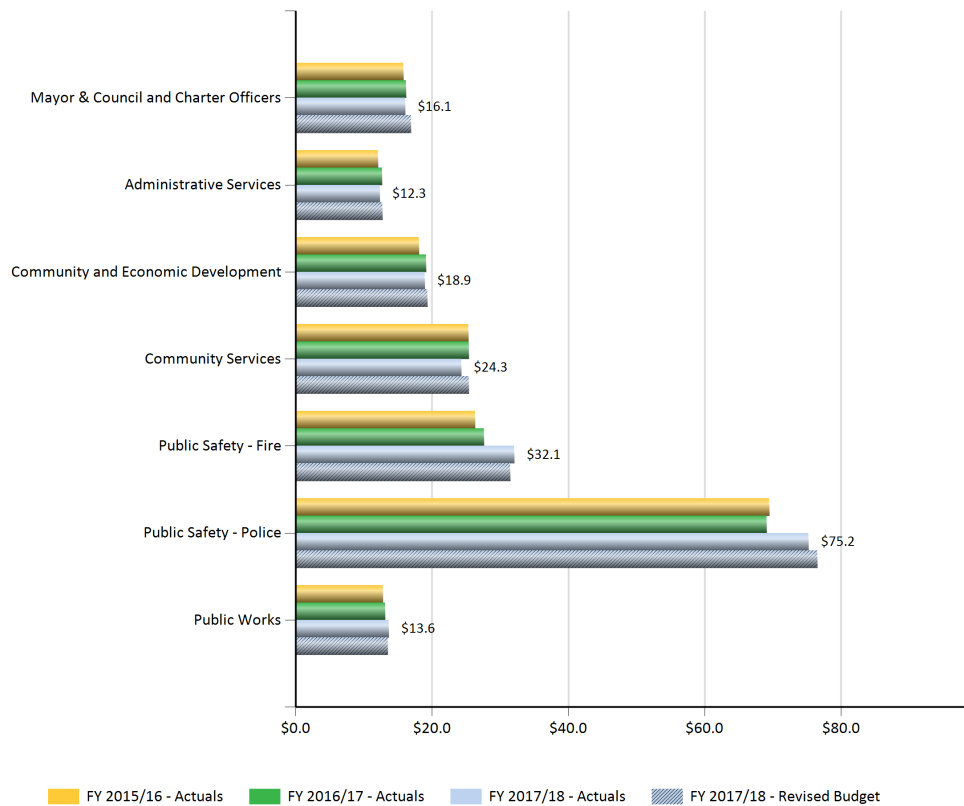


	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
CIP	\$2.7	\$1.4	\$3.0	\$ -	(\$3.0)	n/a
CIP 25% Construction Sales Tax	-	-	-	-	-	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
Debt Service 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

\$ in millions / rounding differences may occur



Division Expenditures (Fiscal Year to Date: March 2018)

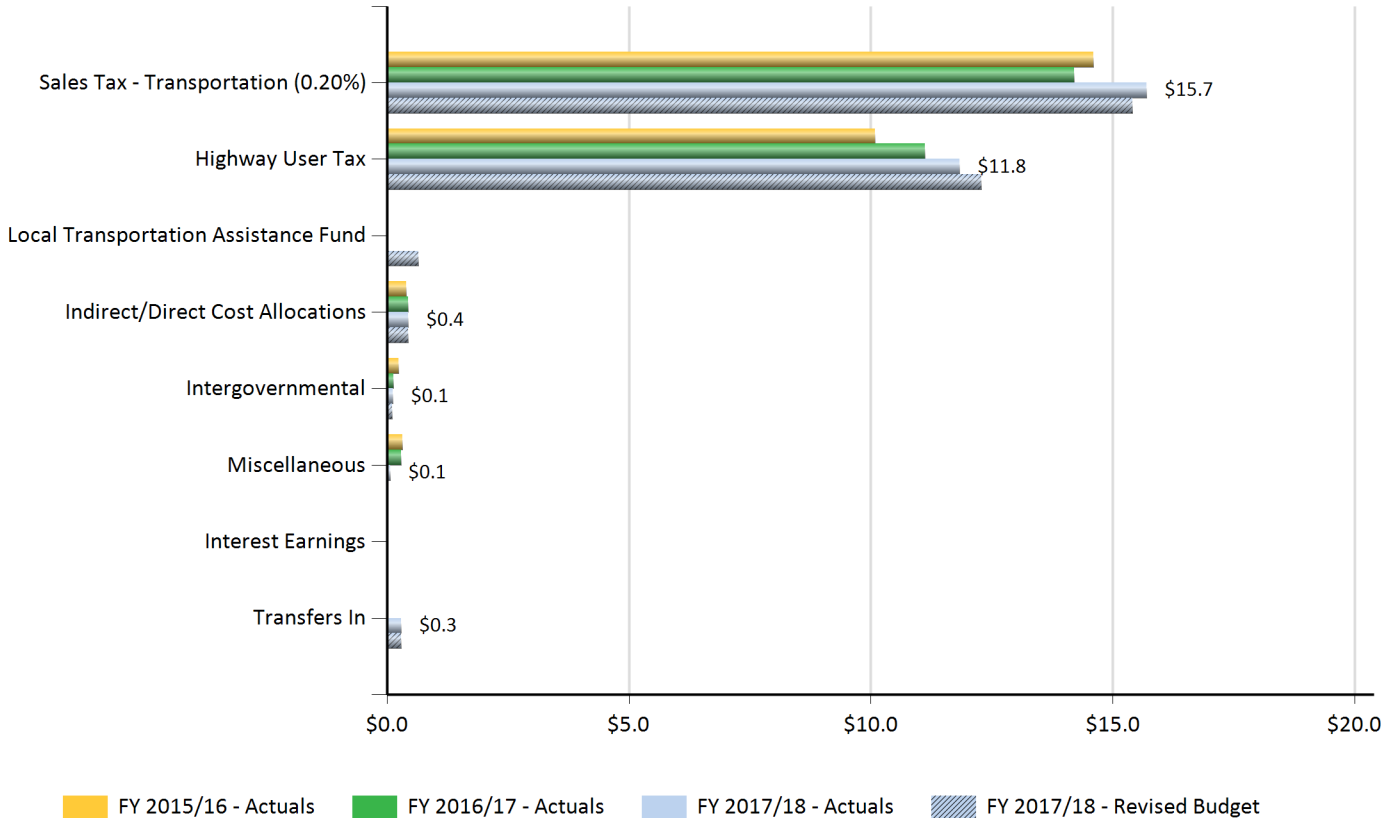


	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18	Actual vs. Budget	
				Revised Budget	Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$15.8	\$16.2	\$16.1	\$16.9	\$0.8	5%
Administrative Services	12.1	12.7	12.3	12.7	0.4	3%
Community and Economic Development	18.1	19.1	18.9	19.3	0.4	2%
Community Services	25.3	25.4	24.3	25.4	1.1	4%
Public Safety - Fire	26.3	27.6	32.1	31.4	(0.6)	(2%)
Public Safety - Police	69.5	69.1	75.2	76.5	1.3	2%
Public Works	12.8	13.1	13.6	13.5	(0.1)	(1%)
Total	\$179.8	\$183.2	\$192.5	\$195.8	\$3.3	2%

Actual to Revised Budget variance of \$3.3 million or 2%: 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, lower than expected litigation expenses, and the timing of invoices in City Manager. Administrative Services is favorable due to lower paid hires replacing experienced employees being promoted or retiring, 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 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, the use of an unbudgeted contractor to serve as Interim Library Director, lower than expected participation in sports and leisure classes, maintenance projects falling behind schedule, invoice timing, and the delay in purchasing recreational amenities. Public Safety - Fire is unfavorable due to higher overtime costs related to a shortfall in constant staffing due to eleven firefighters on leave, the costs associated with payment of the Parker case interest, the unbudgeted purchase of a thermal camera, and unexpected building repair costs. The unfavorable variance is partially offset due to the 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, lower paid hires replacing experienced employees being promoted or retiring, and savings in PSPRS Police Tier payments. It is also related to the timing of invoices, process server and specialty line costs being less than expected, 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 software maintenance costs being paid for the entire year instead of quarterly and from costs associated with payment of the Parker case interest. The unfavorable variance in Public Works is due to higher than expected custodial fees and unexpected remodel and replacement costs. This is partially offset by the timing of invoices and projects coming in under budget.



Sources (Fiscal Year to Date: March 2018)



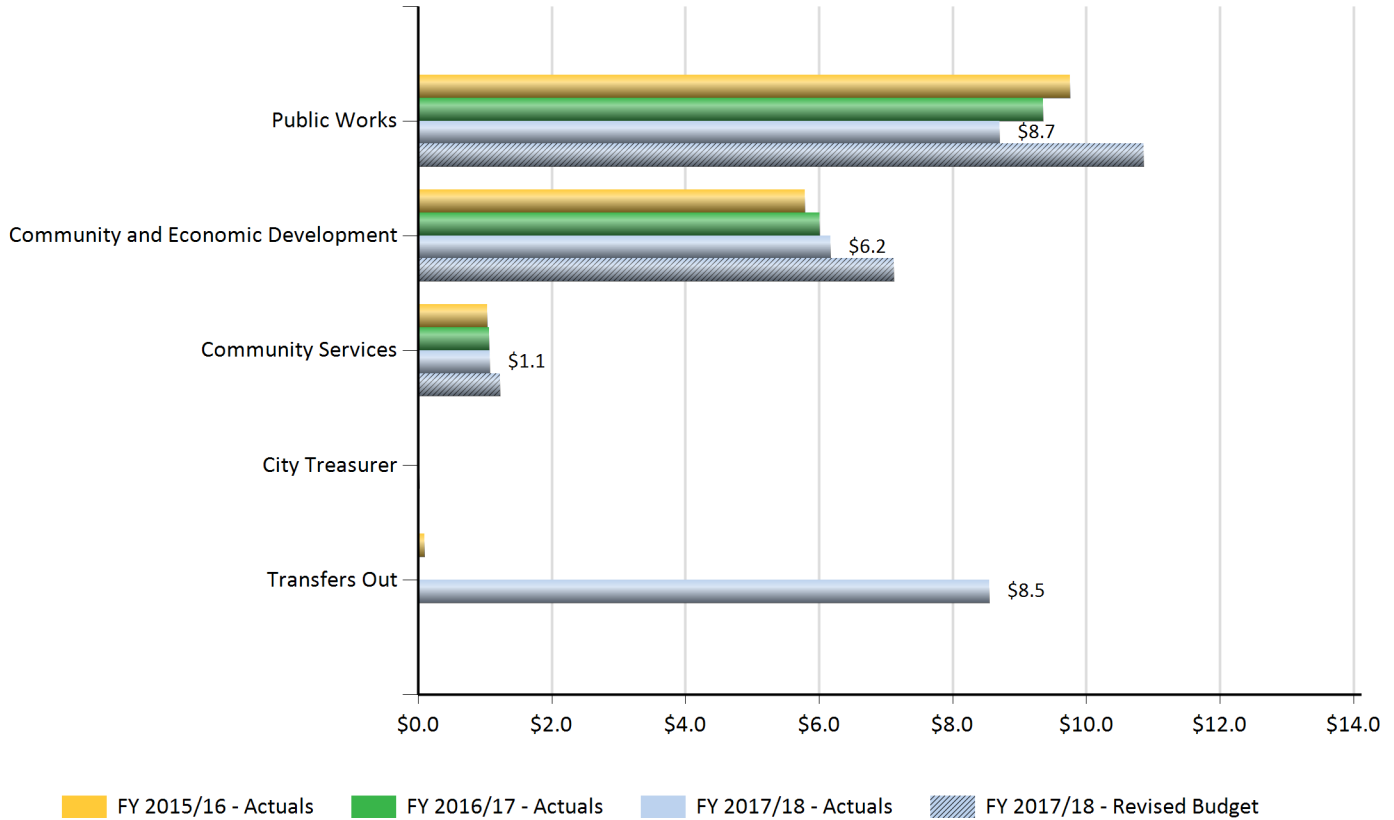
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Sales Tax - Transportation (0.20%)	\$14.6	\$14.2	\$15.7	\$15.4	\$0.3	2%
Highway User Tax	10.1	11.1	11.8	12.3	(0.5)	(4%)
Local Transportation Assistance Fund	-	-	-	0.7	(0.7)	(100%)
Indirect/Direct Cost Allocations	0.4	0.4	0.4	0.4	-	-
Intergovernmental	0.2	0.1	0.1	0.1	-	-
Miscellaneous	0.3	0.3	0.1	-	0.1	nm
Interest Earnings	-	-	-	-	-	-
Transfers In	-	-	0.3	0.3	-	-
Total Sources	\$25.7	\$26.2	\$28.5	\$29.2	(\$0.8)	(3%)

Actual to Revised Budget variance of (\$0.8) million or (3%):

The favorable variance in Sales Tax – Transportation (0.20%) 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." The unfavorable variance in Highway User Tax is due to timing. The unfavorable variance in the Local Transportation Assistance Fund is due to timing of the lottery proceeds payment. The favorable variance in Miscellaneous is due to a Valley Metro Regional Public Transit Transportation Authority refund.



Uses (Fiscal Year to Date: March 2018)



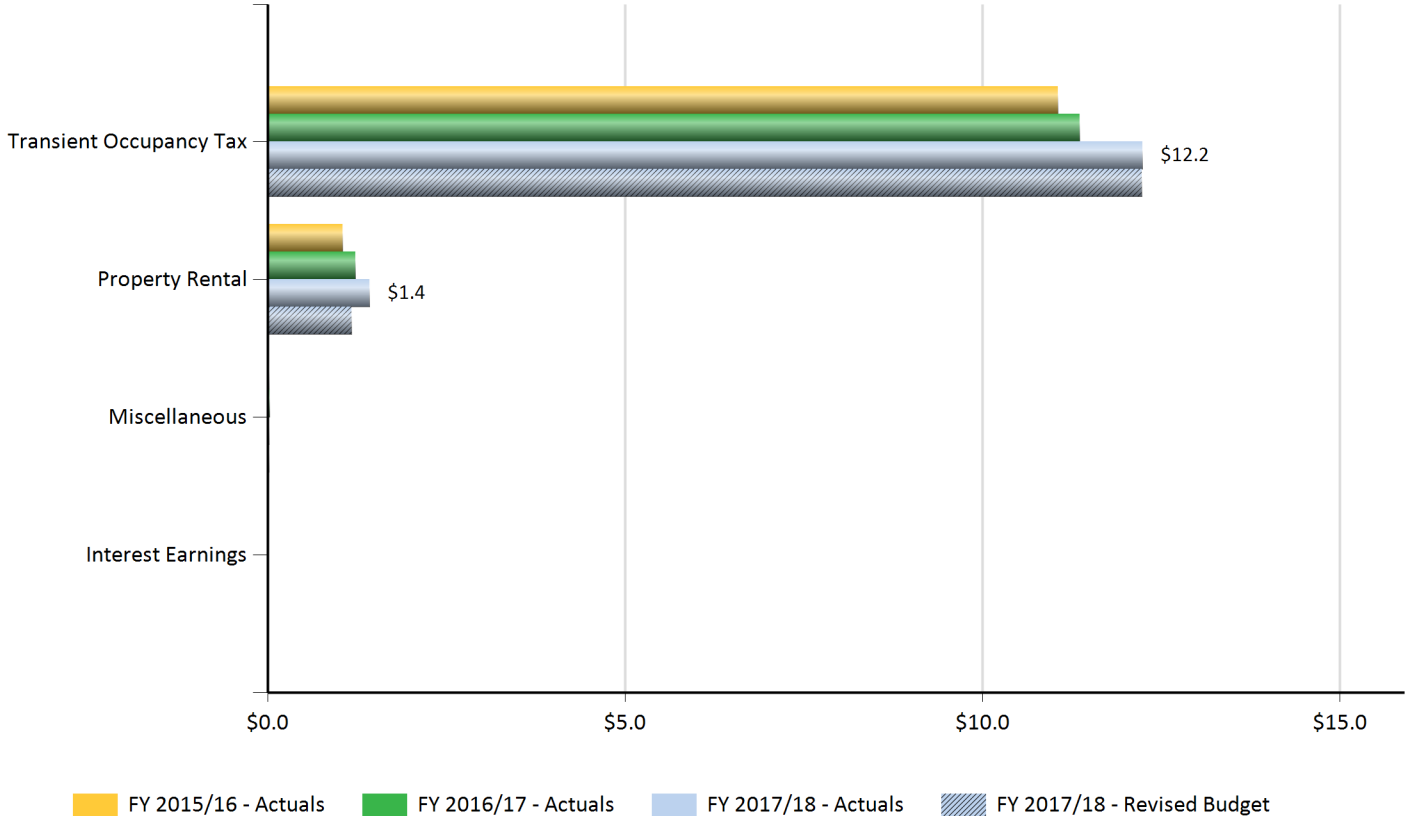
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$9.8	\$9.4	\$8.7	\$10.9	\$2.2	20%
Community and Economic Development	5.8	6.0	6.2	7.1	0.9	13%
Community Services	1.0	1.1	1.1	1.2	0.2	13%
City Treasurer	-	-	-	-	-	n/a
Transfers Out	0.1	-	8.5	-	(8.5)	n/a
Total Uses	\$16.7	\$16.4	\$24.5	\$19.2	(\$5.3)	(28%)

Actual to Revised Budget variance of (\$5.3) million or (28%):

The favorable variance in Public Works is due to delays in Street Overlay for fiberseal projects associated with ADA concrete requirements and delays in the dust palliative cycle. The favorable variance in Community and Economic Development is due to the timing of Fleet Maintenance & Repair related to the transition of the trolley fleet maintenance from the transit company to the City of Scottsdale Fleet department. The favorable variance in Community Services is due to Right-of-Way Median Maintenance coming in lower than anticipated. The unfavorable variance in Transfers Out is due to Council approved transfers from the Transportation Fund undesignated, unreserved fund balance to the CIP for the widening of Happy Valley and Pima Roads, Drinkwater Bridge emergency structural repairs; and the 68th Street Bridge Replacement project.



Sources (Fiscal Year to Date: March 2018)



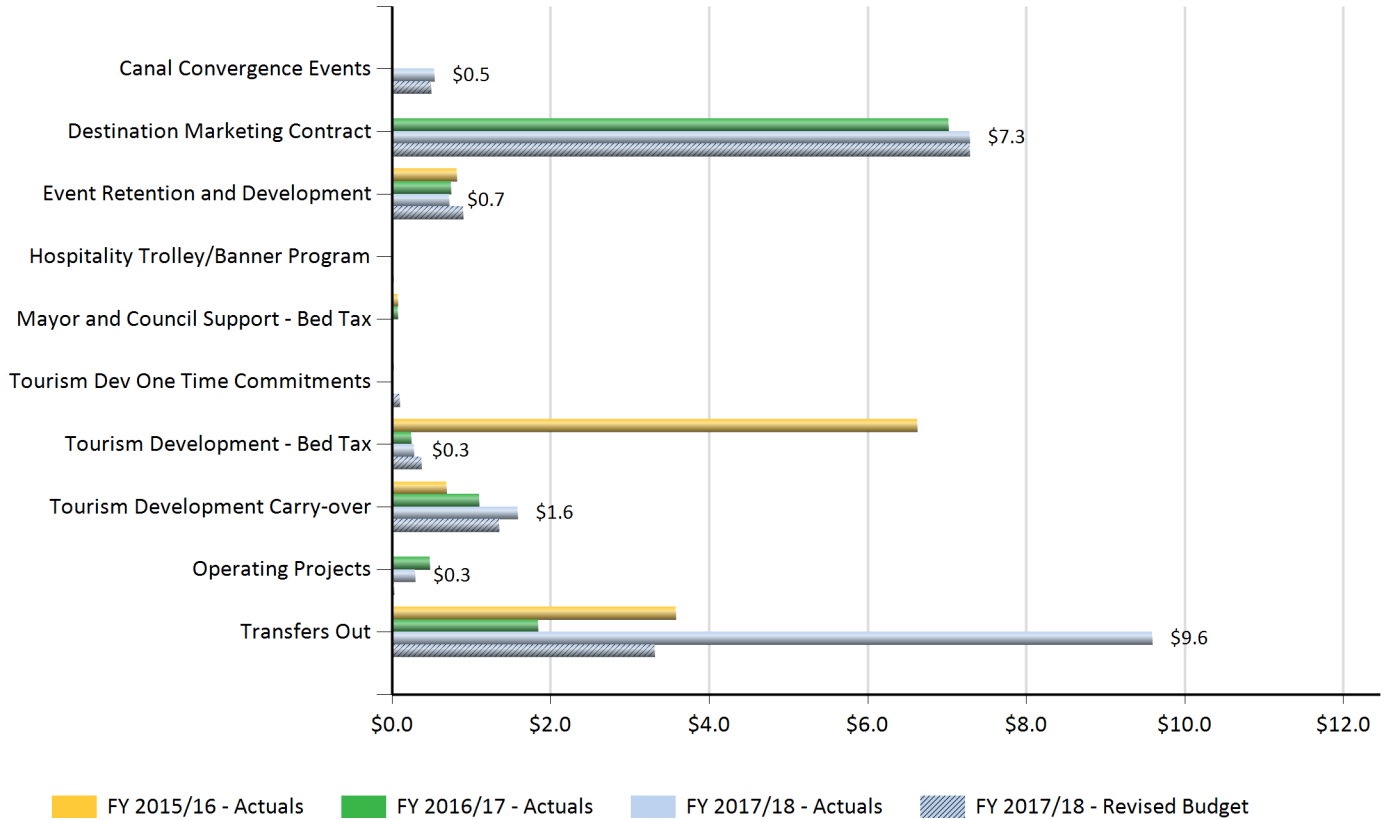
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Transient Occupancy Tax	\$11.1	\$11.4	\$12.2	\$12.2	\$ -	-
Property Rental	1.0	1.2	1.4	1.2	0.3	22%
Miscellaneous	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Total Sources	\$12.1	\$12.6	\$13.7	\$13.4	\$0.2	2%

Actual to Revised Budget variance of \$0.2 million or 2%:

The favorable variance in Property Rental is due to the true up of lease payments by the Scottsdale Princess Hotel, which by agreement should pay the city 1.5% of revenues in excess of \$100 million. Starting November 2017, the overage is paid as it is incurred, not at year end as it was paid in previous years.



Uses (Fiscal Year to Date: March 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
Canal Convergence Events	\$ -	\$ -	\$0.5	\$0.5	\$ -	-
Destination Marketing Contract	-	7.0	7.3	7.3	-	-
Event Retention and Development	0.8	0.7	0.7	0.9	0.2	20%
Hospitality Trolley/Banner Program	-	-	-	-	-	-
Mayor and Council Support - Bed Tax	0.1	0.1	-	-	-	-
Tourism Dev One Time Commitments	-	-	-	0.1	0.1	100%
Tourism Development - Bed Tax	6.6	0.2	0.3	0.4	0.1	26%
Tourism Development Carry-over	0.7	1.1	1.6	1.4	(0.2)	(17%)
Operating Projects	-	0.5	0.3	-	(0.3)	nm
Transfers Out	3.6	1.8	9.6	3.3	(6.3)	nm
Total Uses	\$11.8	\$11.5	\$20.3	\$13.9	(\$6.4)	(46%)

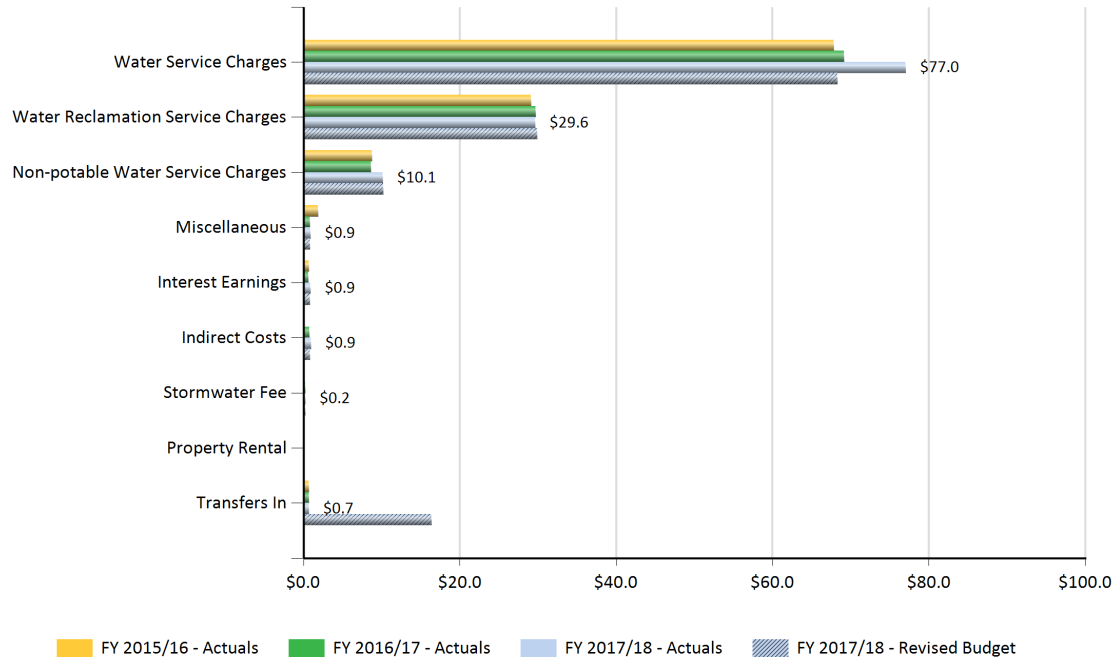
Actual to Revised Budget variance of (\$6.4) million or (46%):

The favorable variance in Event Retention and Development is due to the timing in submission of reimbursements for events supported by the program. The favorable variance in Tourism Dev One Time Commitments is due to no planned one time purchases. The favorable variance in Tourism Development - Bed Tax is due to budget spread. The unfavorable variance in Tourism Development Carry-over is due to advertising expenses related to the launch of the Old Town brand, which were budgeted in a later period. The unfavorable variance in Operating Projects is due to timing of expenses related to the Strategic Plan Year 4 project. The unfavorable variance in Transfers Out is due to Council approved transfers from the Tourism Development Fund to CIP for the Airport Terminal project, two WestWorld projects, and the Stadium renovation project.



Water and Water Reclamation Funds

Sources (Fiscal Year to Date: March 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
Water Service Charges	\$67.9	\$69.2	\$77.0	\$68.3	\$8.7	13%
Water Reclamation Service Charges	29.1	29.7	29.6	29.9	(0.3)	(1%)
Non-potable Water Service Charges	8.8	8.6	10.1	10.2	(0.1)	(1%)
Miscellaneous	1.9	0.8	0.9	0.8	0.1	8%
Interest Earnings	0.7	0.6	0.9	0.8	0.1	10%
Indirect Costs	-	0.8	0.9	0.8	0.1	16%
Stormwater Fee	0.1	0.2	0.2	0.2	-	-
Property Rental	-	-	-	-	-	n/a
Transfers In	0.7	0.7	0.7	16.4	(15.7)	(96%)
Total Sources	\$109.1	\$110.6	\$120.4	\$127.5	(\$7.1)	(6%)

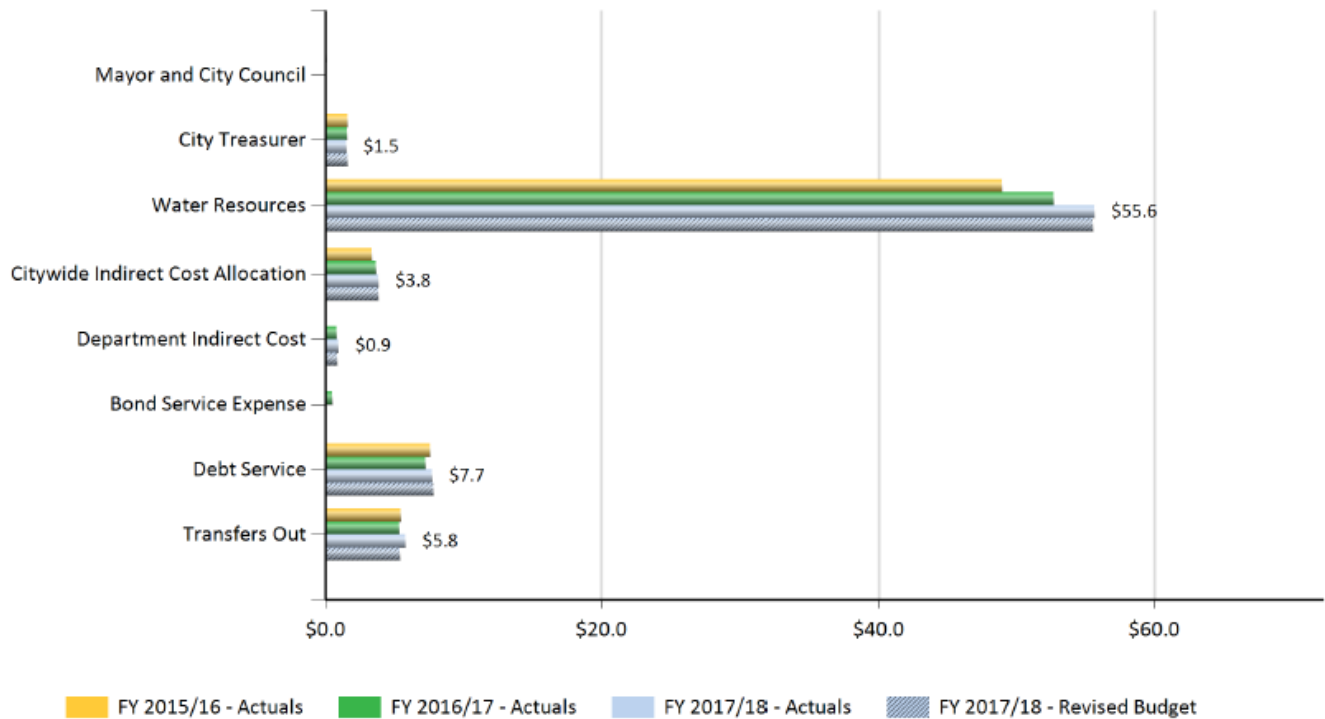
Actual to Revised Budget variance of (\$7.1) million or (6%):

The favorable variance in Water Service Charges is driven by water deliveries which are coming in higher than the three-year running average due to less than expected rainfall. The unfavorable variance in Water Reclamation Service Charges is related to lower water deliveries than budgeted. The budget was based on the previous winter period's deliveries. Non-potable Water Service Charges is unfavorable due to budget spread and a lower obligation bill for Gainey Ranch due to that facility taking in more groundwater than expected. It is almost completely offset by a favorable variance due to higher levels of recharge water sold than planned in the Irrigation Water Distribution System (IWDS) in order to meet Arizona water sufficiency and availability requirements and higher than anticipated sales of non-potable water to golf courses due to dryer conditions than originally expected. The favorable variance in Miscellaneous is related to an unbudgeted award for the SRP Groundwater Savings Program. The favorable variance in Interest Earnings is due to a higher return on investment than expected due to strong market conditions as well as shifting a larger portion of the city's investment funds to the city's Asset Management consultant. Transfers In is unfavorable because the transfer of Debt Service funding from debt funds to water funds to better reflect where debt is being issued was budgeted in January but has yet to occur. This will be completed before the end of the fiscal year.



Water and Water Reclamation Funds

Uses (Fiscal Year to Date: March 2018)



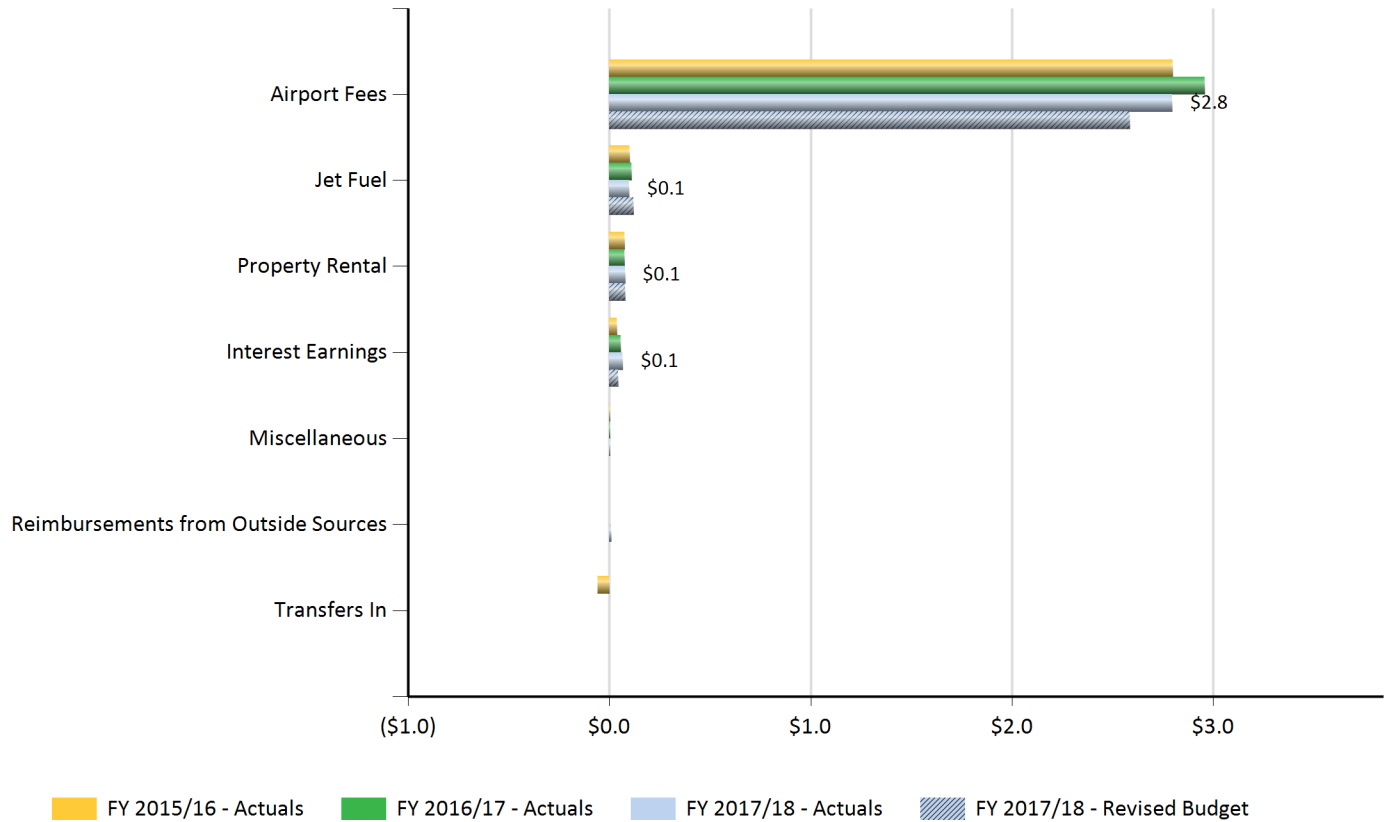
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor and City Council	\$0.1	\$ -	\$ -	\$ -	\$ -	-
City Treasurer	1.6	1.5	1.5	1.5	0.1	5%
Water Resources	48.9	52.7	55.6	55.5	(0.1)	0%
Citywide Indirect Cost Allocation	3.3	3.6	3.8	3.8	-	-
Department Indirect Cost	-	0.8	0.9	0.8	(0.1)	(16%)
Bond Service Expense	-	0.5	-	-	-	n/a
Debt Service	7.6	7.2	7.7	7.8	0.1	2%
Transfers Out	5.4	5.3	5.8	5.4	(0.4)	(8%)
Total Uses	\$66.9	\$71.7	\$75.3	\$74.9	(\$0.4)	(1%)

Actual to Revised Budget variance of (\$0.4) million or (1%):

City Treasurer is favorable due to the timing of invoices for utility billing software and lower than expected postage and mailing costs. Water Resources is unfavorable due to the timing of invoices and a higher need for maintenance and repair services and materials than planned. The variance is partially offset by higher than expected purchased water due to drier conditions, less of a need to purchase chemicals than expected, lower maintenance costs than budgeted and the delay in vehicle purchases. Transfers Out is unfavorable because there is a higher transfer of Enterprise Franchise Fees due to Water Charges Revenue being higher than anticipated and because a transfer for CIP - Technology occurred in December but was budgeted in June.



Sources (Fiscal Year to Date: March 2018)



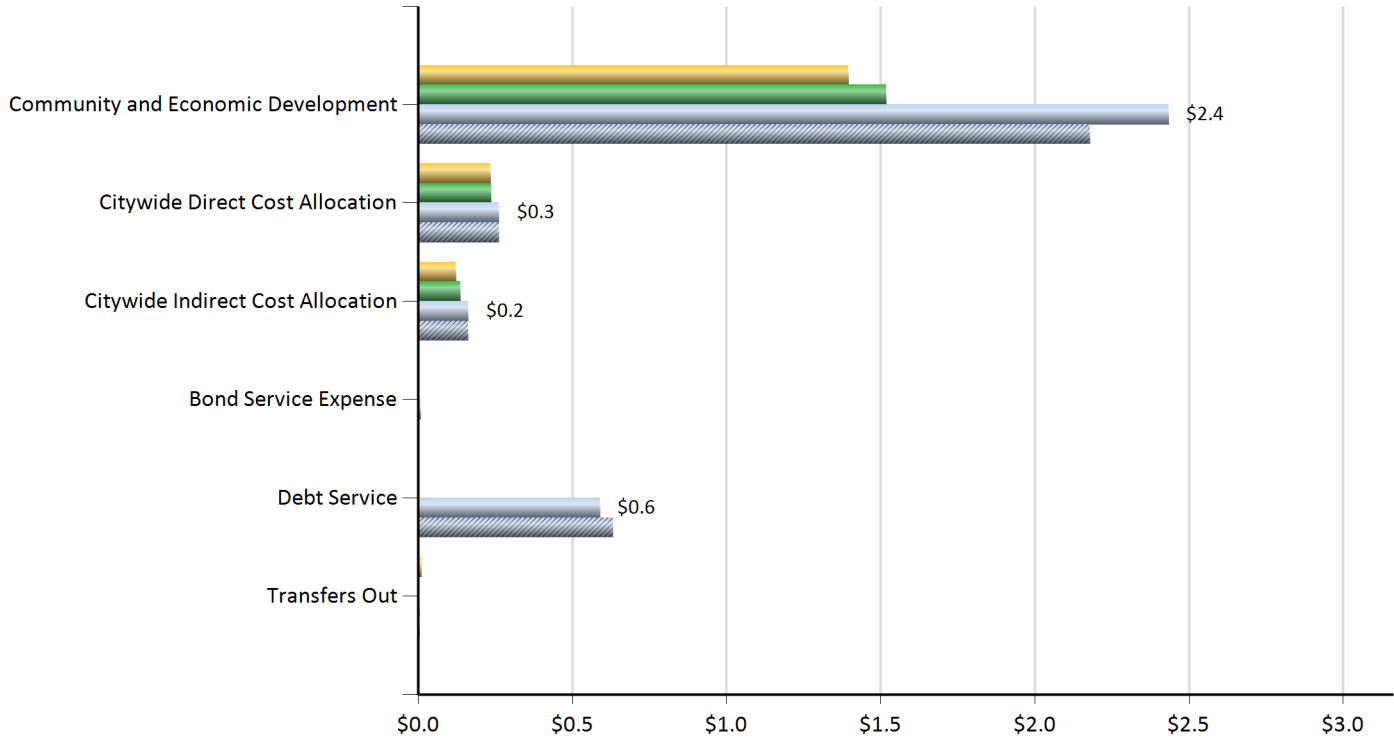
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Airport Fees	\$2.8	\$3.0	\$2.8	\$2.6	\$0.2	8%
Jet Fuel	0.1	0.1	0.1	0.1	-	-
Property Rental	0.1	0.1	0.1	0.1	-	-
Interest Earnings	-	0.1	0.1	-	-	-
Miscellaneous	-	-	-	-	-	n/a
Reimbursements from Outside Sources	-	-	-	-	-	n/a
Transfers In	(0.1)	-	-	-	-	-
Total Sources	\$3.0	\$3.2	\$3.0	\$2.8	\$0.2	8%

Actual to Revised Budget variance of \$0.2 million or 8%:

The favorable variance in Airport Fees is mostly due to more tourists coming into Scottsdale due to the very cold winter in much of the country. The increase is partially offset by lower than anticipated car rentals. After the airport ended the leases to on-site car rental companies last May before the terminal building demolition, it would bring cars from off site for customers to rent if requested. Not as many travelers took advantage of this service as was expected. The unfavorable variance in Transfers In for FY 2015/16 is due to an incorrect accounting entry related to the completion of a CIP project. This will be corrected going forward to ensure the Aviation operating and capital fund balances are correct.



Uses (Fiscal Year to Date: March 2018)



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

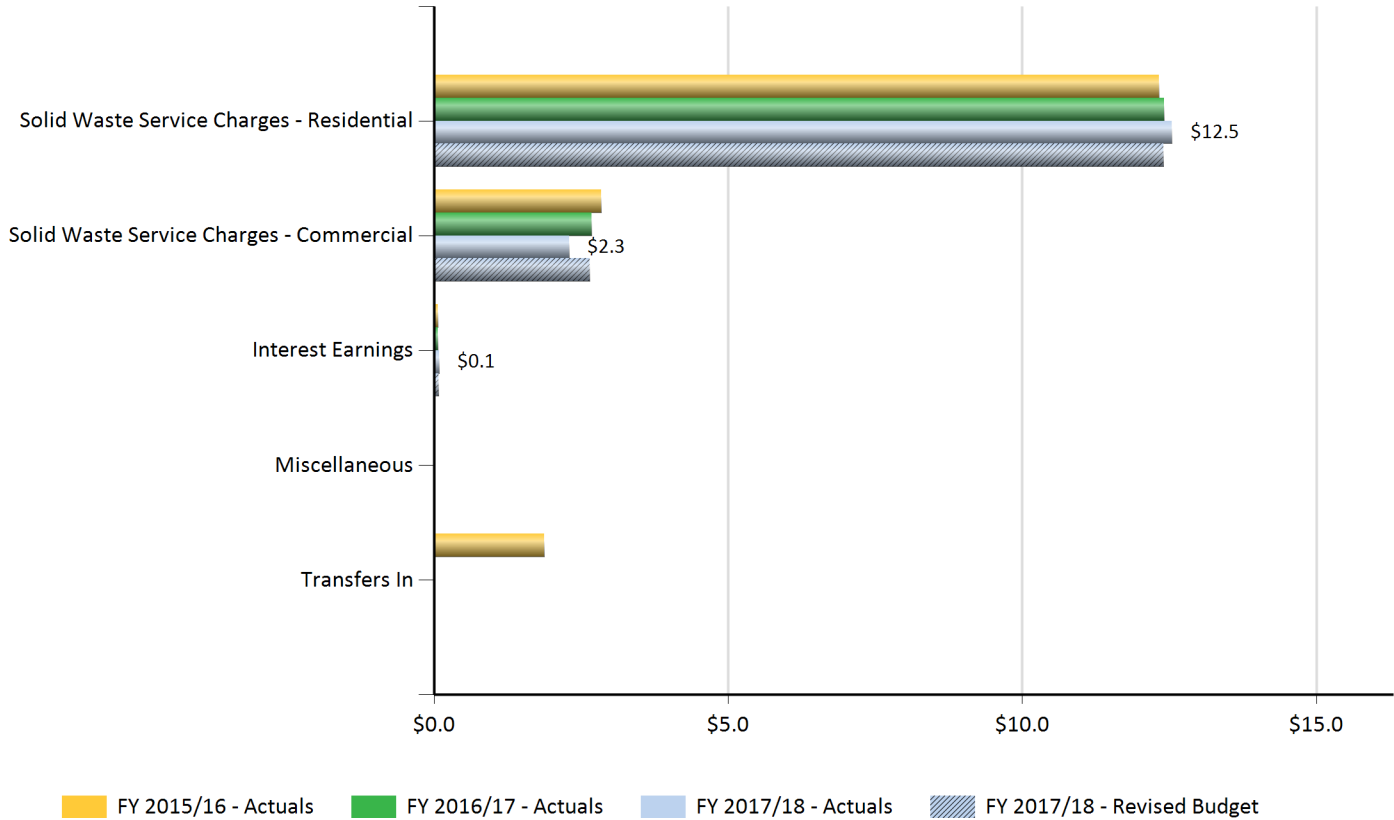
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Community and Economic Development	\$1.4	\$1.5	\$2.4	\$2.2	(\$0.3)	(12%)
Citywide Direct Cost Allocation	0.2	0.2	0.3	0.3	-	-
Citywide Indirect Cost Allocation	0.1	0.1	0.2	0.2	-	-
Bond Service Expense	-	-	-	-	-	n/a
Debt Service	-	-	0.6	0.6	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$1.8	\$1.9	\$3.5	\$3.2	(\$0.2)	(7%)

Actual to Revised Budget variance of (\$0.2) million or (7%):

The unfavorable variance in Community and Economic Development is mostly due to a one time payment to U.S. Customs for custom services that had not been invoiced to the city in prior years.



Sources (Fiscal Year to Date: March 2018)



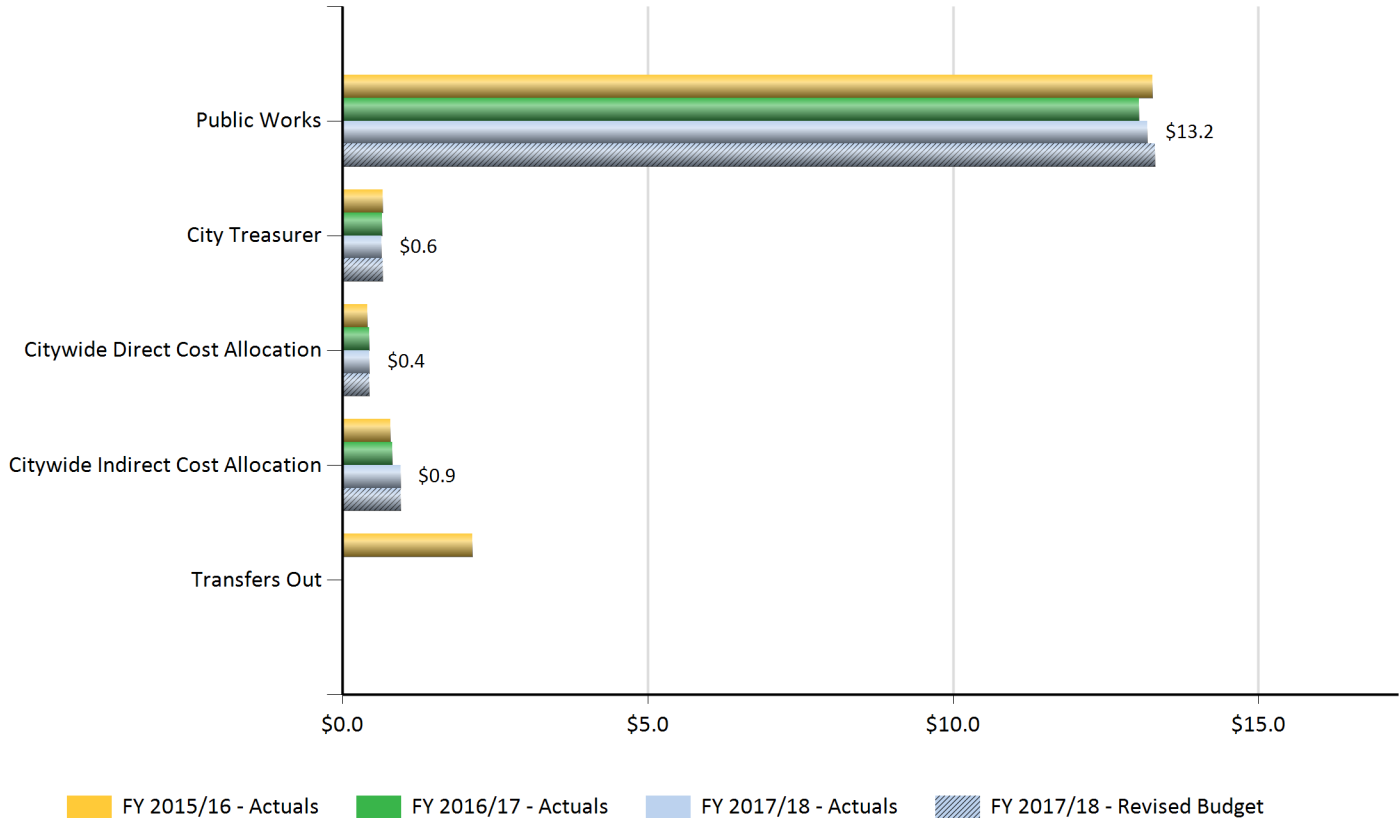
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Solid Waste Service Charges - Residential	\$12.3	\$12.4	\$12.5	\$12.4	\$0.1	1%
Solid Waste Service Charges - Commercial	2.8	2.7	2.3	2.6	(0.3)	(13%)
Interest Earnings	0.1	0.1	0.1	0.1	-	-
Miscellaneous	-	-	-	-	-	n/a
Transfers In	1.9	-	-	-	-	-
Total Sources	\$17.1	\$15.2	\$14.9	\$15.1	(\$0.2)	(1%)

Actual to Revised Budget variance of (\$0.2) million or (1%):

The unfavorable variance in Solid Waste Service Charges - Commercial is related to the loss of commercial customers as a result of rate increases in front load refuse charges.



Uses (Fiscal Year to Date: March 2018)

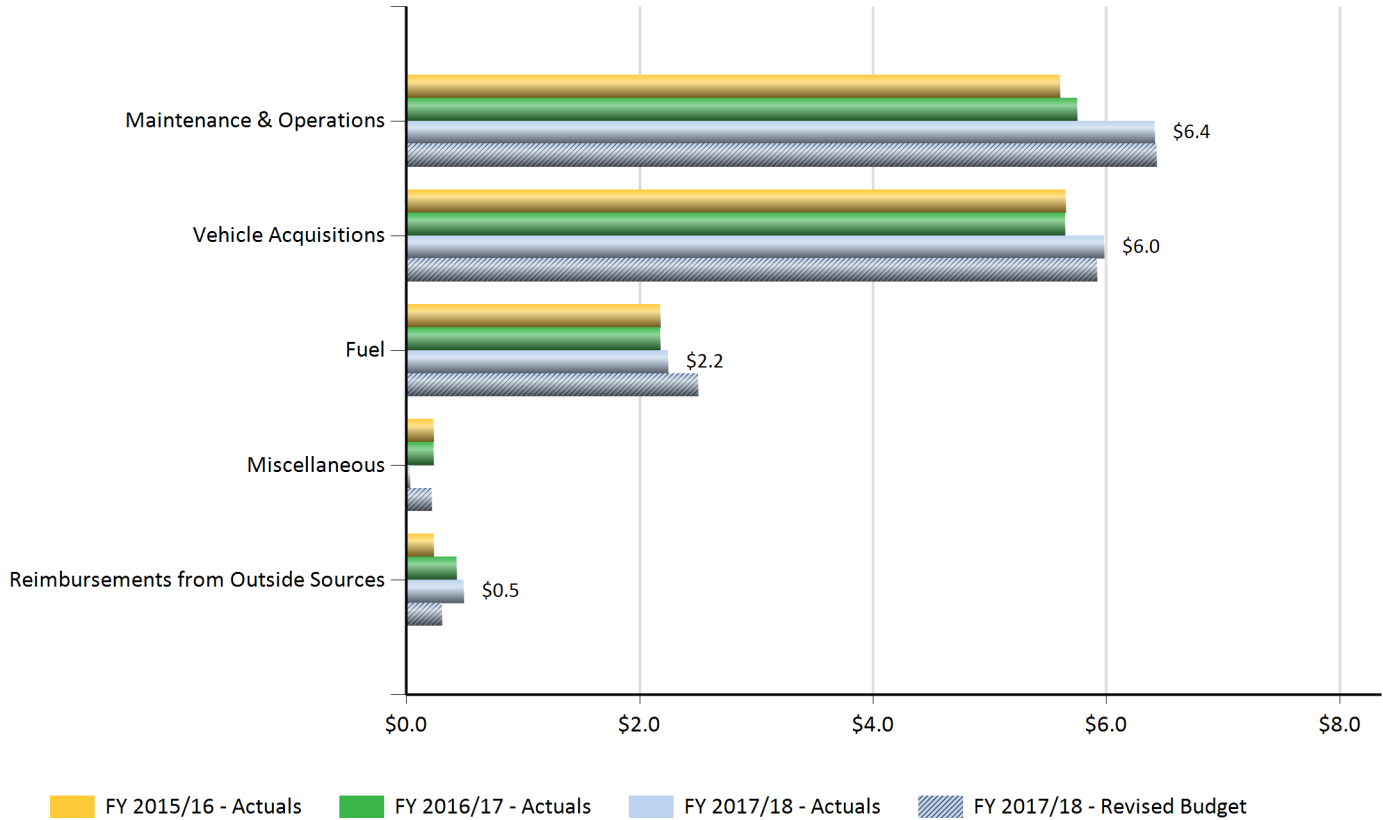


	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$13.3	\$13.0	\$13.2	\$13.3	\$0.1	1%
City Treasurer	0.7	0.6	0.6	0.7	-	-
Citywide Direct Cost Allocation	0.4	0.4	0.4	0.4	-	-
Citywide Indirect Cost Allocation	0.8	0.8	0.9	0.9	-	-
Transfers Out	2.1	-	-	-	-	n/a
Total Uses	\$17.2	\$14.9	\$15.2	\$15.4	\$0.1	1%

Actual to Revised Budget variance of \$0.1 million or 1%:
No explanation necessary.



Sources (Fiscal Year to Date: March 2018)



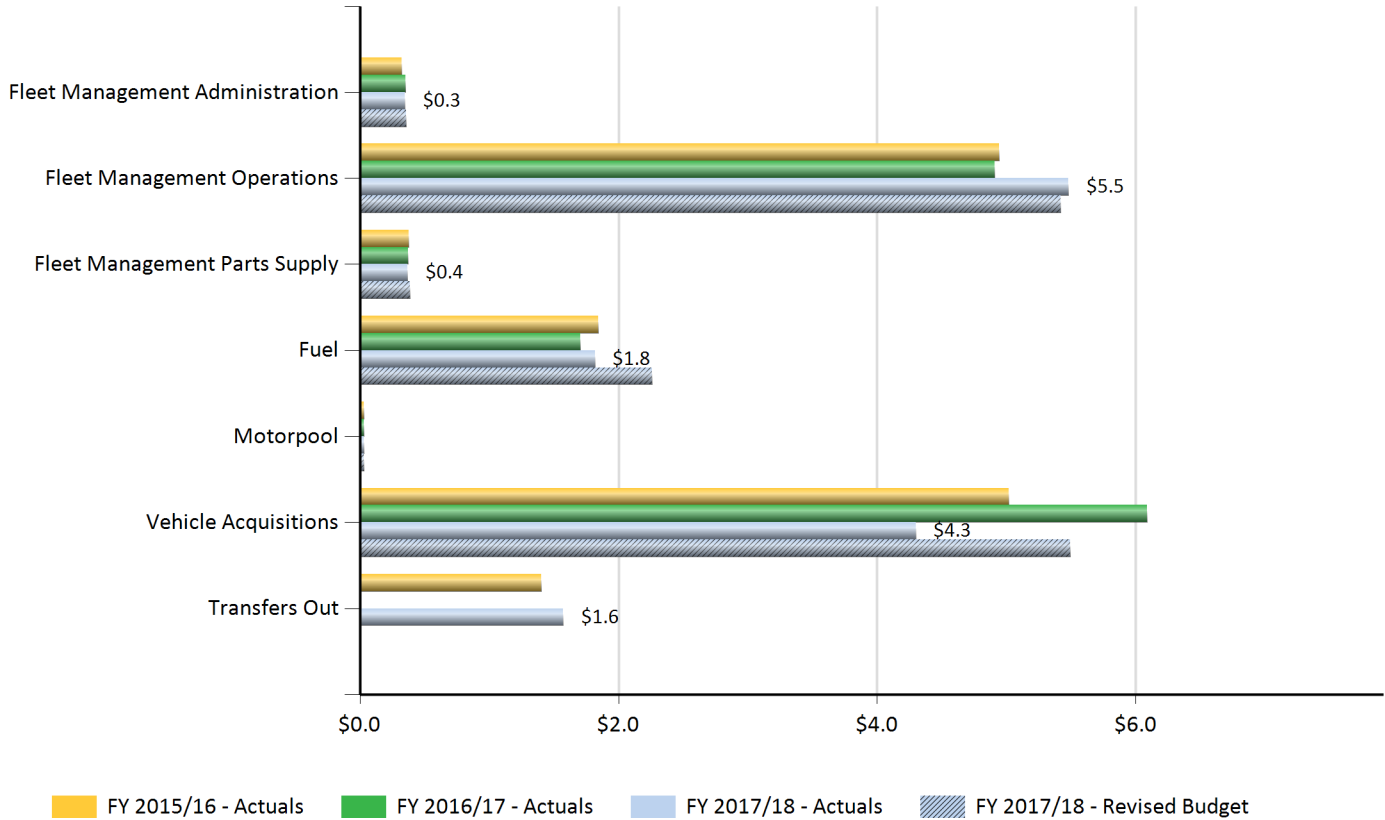
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Maintenance & Operations	\$5.6	\$5.7	\$6.4	\$6.4	\$ -	-
Vehicle Acquisitions	5.6	5.6	6.0	5.9	0.1	1%
Fuel	2.2	2.2	2.2	2.5	(0.3)	(10%)
Miscellaneous	0.2	0.2	-	0.2	(0.2)	(85%)
Reimbursements from Outside Sources	0.2	0.4	0.5	0.3	0.2	60%
Total Sources	\$13.9	\$14.2	\$15.1	\$15.4	(\$0.2)	(1%)

Actual to Revised Budget variance of (\$0.2) million or (1%):

The unfavorable variance in Fuel is due to charging divisions less for fuel as a result of lower than budgeted fuel prices. The unfavorable variance in Miscellaneous is due to there being a loss in reimbursement on the value of the vehicle for a totaled garbage truck. The favorable variance in Reimbursements from Outside Sources is due to the unexpected insurance reimbursement from the Risk Management Fund for costs incurred related to a totaled garbage truck.



Uses (Fiscal Year to Date: March 2018)



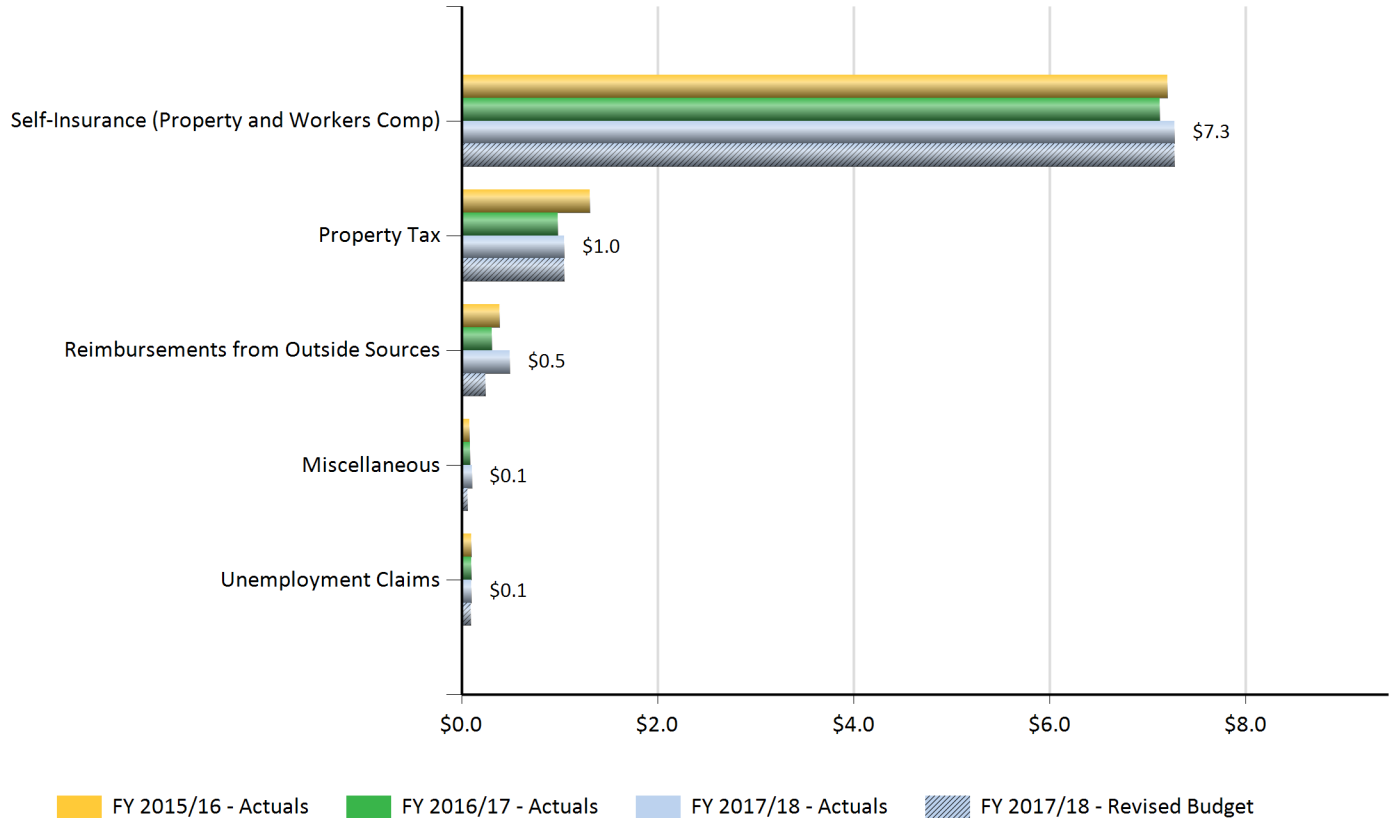
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Fleet Management Administration	\$0.3	\$0.4	\$0.3	\$0.4	\$ -	-
Fleet Management Operations	4.9	4.9	5.5	5.4	(0.1)	(1%)
Fleet Management Parts Supply	0.4	0.4	0.4	0.4	-	-
Fuel	1.8	1.7	1.8	2.3	0.4	20%
Motorpool	-	-	-	-	-	-
Vehicle Acquisitions	5.0	6.1	4.3	5.5	1.2	22%
Transfers Out	1.4	-	1.6	-	(1.6)	n/a
Total Uses	\$13.9	\$13.5	\$13.9	\$14.0	\$ -	-

Actual to Revised Budget variance of \$0.0 million or 0%:

The favorable variance in Fuel is due to a lower fuel cost per gallon than anticipated. Vehicle Acquisitions has a favorable variance due to the delay in purchasing planned vehicles from state contracts. The unfavorable variance in Transfers Out is due to the timing of a transfer to the CIP for fleet fuel site upgrades which is budgeted in June but occurred in December.



Sources (Fiscal Year to Date: March 2018)

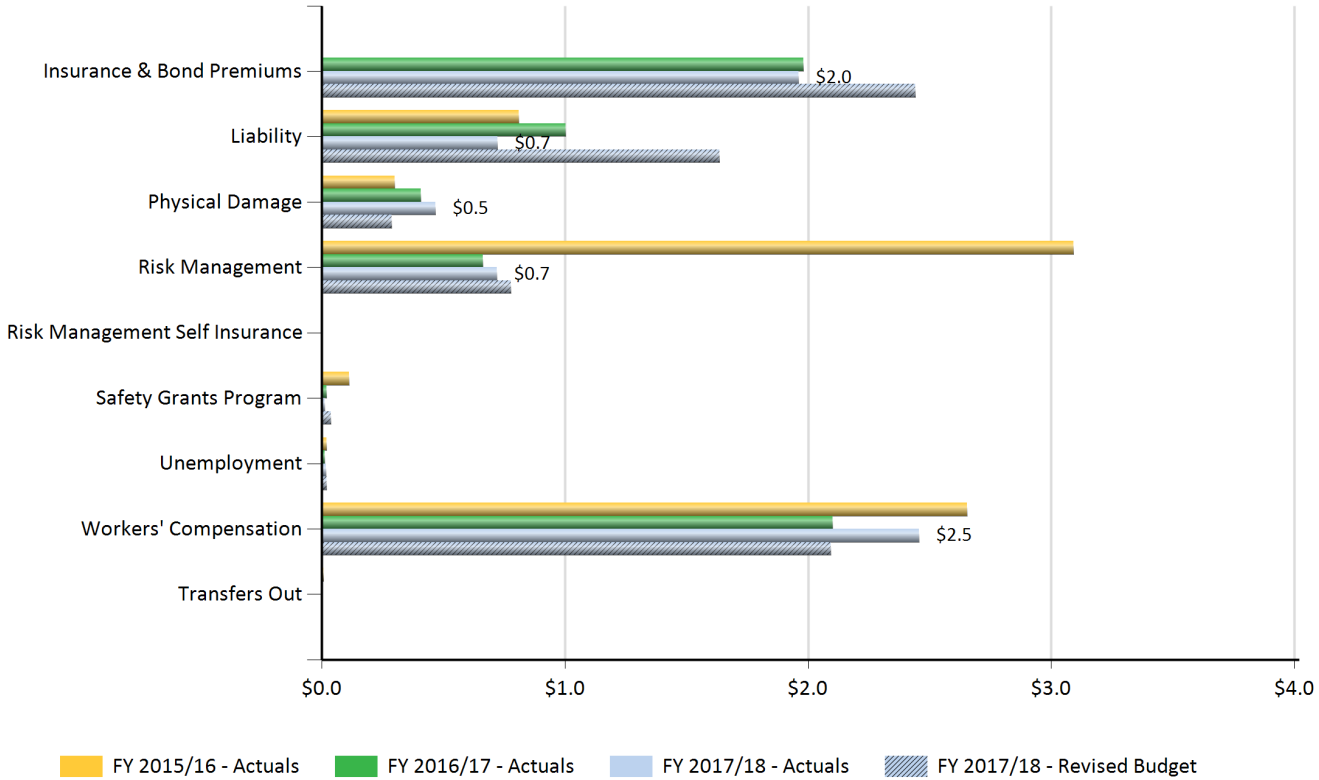


	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Self-Insurance (Property and Workers Comp)	\$7.2	\$7.1	\$7.3	\$7.3	\$ -	-
Property Tax	1.3	1.0	1.0	1.0	-	-
Reimbursements from Outside Sources	0.4	0.3	0.5	0.2	0.3	nm
Miscellaneous	0.1	0.1	0.1	0.1	-	-
Unemployment Claims	0.1	0.1	0.1	0.1	-	-
Total Sources	\$9.1	\$8.6	\$9.0	\$8.7	\$0.3	3%

Actual to Revised Budget variance of \$0.3 million or 3%: The favorable variance in Reimbursements from Outside Sources is due to an insurance reimbursement received for a totaled garbage truck.



Uses (Fiscal Year to Date: March 2018)



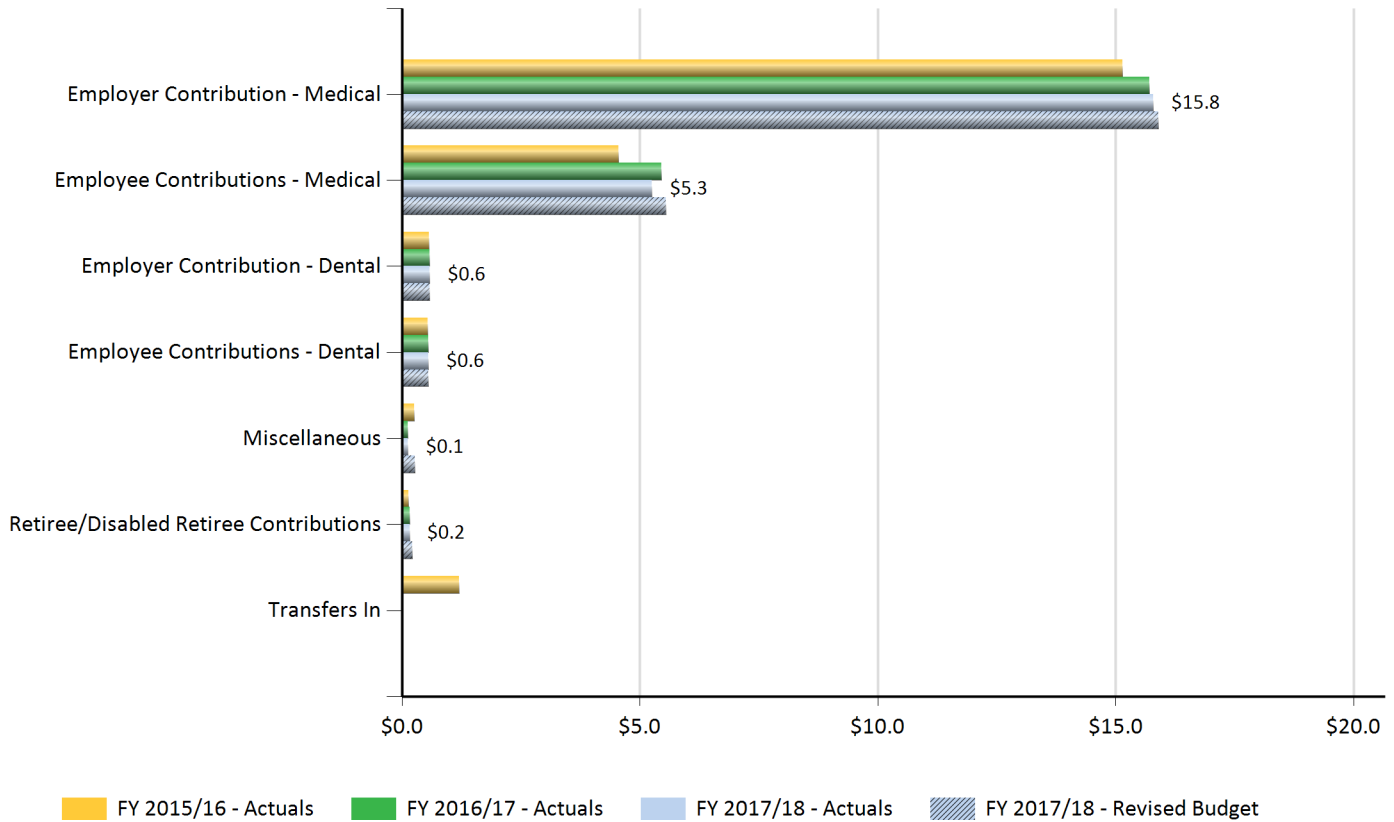
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Insurance & Bond Premiums	\$ -	\$2.0	\$2.0	\$2.4	\$0.5	20%
Liability	0.8	1.0	0.7	1.6	0.9	56%
Physical Damage	0.3	0.4	0.5	0.3	(0.2)	(62%)
Risk Management	3.1	0.7	0.7	0.8	0.1	7%
Risk Management Self Insurance	-	-	-	-	-	-
Safety Grants Program	0.1	-	-	-	-	-
Unemployment	-	-	-	-	-	-
Workers' Compensation	2.7	2.1	2.5	2.1	(0.4)	(17%)
Transfers Out	-	-	-	-	-	n/a
Total Uses	\$7.0	\$6.2	\$6.4	\$7.3	\$0.9	13%

Actual to Revised Budget variance of \$0.9 million or 13%:

The favorable variance in Insurance & Bond Premiums is due to the savings from the repackaging of insurance premiums. The city has not had any recent large claims to drive up the cost of premiums. This favorable variance will carry throughout the fiscal year as the premiums are paid once a year. Additionally, beginning in FY 2017/18 the budget for Insurance & Bond Premiums was moved from the Risk Management category, to better monitor premiums. The favorable variance in Liability is due to the unpredictability of claim amounts for damage to city property, attorney fees, or miscellaneous expenses during trial. The unfavorable variance in Physical Damage is due to unanticipated payments to the Fleet department related to the totaling of a garbage truck. The favorable variance in Risk Management is due to legal services reimbursement claims being lower than anticipated. The unfavorable variance in Workers' Compensation is due to an employee's surgical complications resulting in a higher expense than anticipated. Also included is a billing dispute from the bill review vendor in January that resulted in a double payment in March.



Sources (Fiscal Year to Date: March 2018)



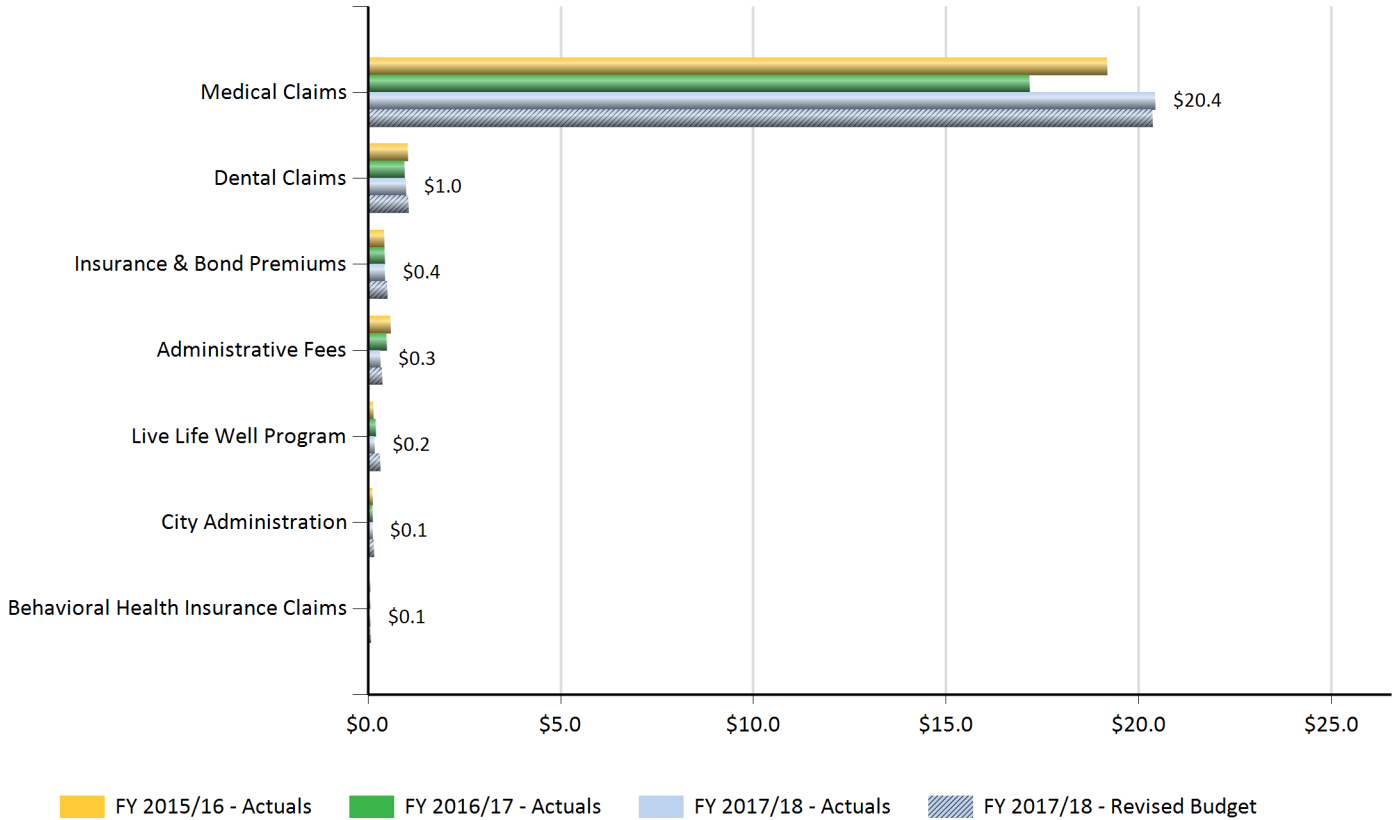
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Employer Contribution - Medical	\$15.2	\$15.7	\$15.8	\$15.9	(\$0.1)	(1%)
Employee Contributions - Medical	4.6	5.5	5.3	5.6	(0.3)	(5%)
Employer Contribution - Dental	0.6	0.6	0.6	0.6	-	-
Employee Contributions - Dental	0.5	0.6	0.6	0.6	-	-
Miscellaneous	0.3	0.1	0.1	0.3	(0.1)	(55%)
Retiree/Disabled Retiree Contributions	0.1	0.2	0.2	0.2	(0.1)	(26%)
Transfers In	1.2	-	-	-	-	-
Total Sources	\$22.4	\$22.6	\$22.4	\$23.1	(\$0.6)	(3%)

Actual to Revised Budget variance of (\$0.6) million or (3%):

The unfavorable variance in Employer Contribution - Medical and in Employee Contributions - Medical is due to plan selection, which occurs after the budget is prepared. The unfavorable variance in Miscellaneous is the result of timing of the wellness incentive received from CIGNA. The unfavorable variance in Retiree/Disabled Retiree Contributions is due to contributions coming in differently than budgeted. This variance is based on the amount retired employees actually contribute which can be unpredictable based on the size and make up of the group.



Uses (Fiscal Year to Date: March 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
Medical Claims	\$19.2	\$17.2	\$20.4	\$20.4	(\$0.1)	0%
Dental Claims	1.0	0.9	1.0	1.1	0.1	7%
Insurance & Bond Premiums	0.4	0.4	0.4	0.5	0.1	13%
Administrative Fees	0.6	0.5	0.3	0.4	0.1	15%
Live Life Well Program	0.1	0.2	0.2	0.3	0.1	46%
City Administration	0.1	0.1	0.1	0.2	-	-
Behavioral Health Insurance Claims	0.1	0.1	0.1	0.1	-	-
Total Uses	\$21.6	\$19.4	\$22.5	\$22.8	\$0.3	1%

Actual to Revised Budget variance of \$0.3 million or 1%:

The unfavorable variance in Medical Claims and the favorable variance in Dental Claims are due to the difficulty in predicting claims. The favorable variances in Insurance & Bond Premiums and in Administrative Fees are due to timing. The favorable variance in Live Life Well Program is due to timing in wellness programs incentives.



WestWorld Statement of Operations

	Twelve Months: Fiscal Year					
	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Adopted Budget	2017/18 Revised Budget
<u>Operating Revenue</u>						
Rental Facilities	\$2,050,602	\$2,134,970	\$2,205,750	\$2,604,680	\$2,516,504	\$2,516,504
RV Rental	232,802	270,661	251,685	297,593	275,000	275,000
Feed/Bedding Sales	548,330	499,691	566,127	463,286	600,000	600,000
Labor Fees	266,860	240,173	301,429	352,088	350,000	350,000
Concession Fees	191,380	354,902	487,513	392,106	525,000	525,000
Parking	58,591	110,931	96,927	88,280	115,000	115,000
Other Income	142,732	135,192	198,068	155,990	57,030	57,030
Equidome Project Use Fee	75,000	555,000	315,000	360,000	360,000	360,000
Council Approved Authorized Carryover ^a	2,048,000	-	-	-	-	-
Operating Transfer In ^b	4,762	-	-	-	100,000	100,000
Operating Revenue	\$5,619,058	\$4,301,521	\$4,422,499	\$4,714,023	\$4,898,534	\$4,898,534
<u>Operating Expenses</u>						
Personnel Services						
Wages/Salaries/Benefits	\$1,564,608	\$1,616,913	\$1,768,655	\$1,954,437	\$1,891,929	\$1,935,789
Overtime	21,195	25,558	32,594	36,574	22,153	22,817
Contractual Services						
Contractual Workers	84,004	92,292	81,775	114,025	100,000	100,000
Telephone	32,164	30,650	21,015	28,381	40,486	40,486
Utilities ^c	1,016,731	1,219,326	1,174,779	1,247,702	-	1,325,000
Maintenance & Equipment Rental & Fleet	601,739	652,492	751,856	724,550	772,056	772,056
License and Permits	73,018	73,356	76,684	158,548	127,966	127,966
Property, Liability & Workers' Comp	30,724	37,376	51,525	62,401	76,025	76,025
Advertising/Marketing Contract	212,869	208,815	252,328	194,294	250,000	250,000
Other	232,224	268,443	234,449	343,819	272,707	272,707
Commodities and Capital Outlays						
Agriculture & Horticulture & Other Supply	128,597	71,411	103,461	137,506	131,545	131,545
Maintenance & Repairs Supply, Equipment	74,067	84,344	116,413	125,083	152,035	152,035
Inventory Purchased for Resale	260,507	304,481	294,103	273,513	482,500	482,500
Construction - Other	10,695	-	21,428	-	-	-
Other Expenses	35,951	45,959	64,193	76,182	33,690	33,690
BOR Admin						
BOR Admin/WestWorld	134,010	140,710	147,746	155,133	162,889	162,889
Allocated Expenses ^d						
Facilities Maintenance ^e	402,988	713,808	670,566	776,952	893,497	893,497
COS Indirect Costs	255,887	276,504	338,575	370,385	430,425	430,425
Operating Expenses	\$5,171,979	\$5,862,440	\$6,202,145	\$6,779,485	\$5,839,903	\$7,209,427
Operating Income	\$447,079	(\$1,560,919)	(\$1,779,646)	(\$2,065,463)	(\$941,369)	(\$2,310,893)
<u>Debt Service (Less contributions)</u>						
Debt Service - (52 & 17 acres)	\$2,012,576	\$2,250,353	\$2,273,677	\$2,304,207	\$2,314,216	\$2,314,216
Debt Service - TNEC (\$41.935M)	1,546,675	1,543,925	1,524,125	1,506,875	1,479,375	1,479,375
Debt Service - TNEC Tourism Funded	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Bed Tax Contributions - TNEC	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Net Debt Service	\$1,546,675	\$3,794,278	\$3,797,802	\$3,811,082	\$3,793,591	\$3,793,591
Operating Income After Debt Service	(\$1,099,596)	(\$5,355,197)	(\$5,577,448)	(\$5,876,545)	(\$4,734,960)	(\$6,104,484)

^a One-time Council Authorized transfer from Tourism Development Fund using available carryover to offset lost revenue during TNEC construction.

^b Beginning in FY 2017/18 a transfer from the Tourism Development Fund will cover a portion of the marketing contract since tourism benefits from WestWorld's activity.

^c The adopted budget is zero because beginning in FY 2017/18 utilities charges are budgeted at a citywide macro level. Monthly, as expenditures occur, a budget transfer will be completed to move the needed budget from the macro level holding account to the department. The revised budget is an estimate of expected utilities costs at fiscal year-end.

^d Allocated expenses are not budgeted for in nor expensed to WestWorld General Fund operations, but are captured to provide truer costs of operations.

^e Beginning in FY2016/17 the methodology to allocate Facilities Maintenance expenses was modified to better reflect the maintenance costs associated with WestWorld. The methodology now uses the proportion of WestWorld's square footage to that of the entire city's square footage and then applies that proportionate percentage to the Facilities Management Department's budget/actuals.



WestWorld Statement of Operations

Statement of Operations for March 2018 / 9 Months YTD

	FY 2013/14 YTD Actual	FY 2014/15 YTD Actual	FY 2015/16 YTD Actual	FY 2016/17 YTD Actual	FY 2017/18 YTD Actual	FY 2017/18 Approved YTD Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Operating Revenue								
Rental Facilities	\$1,054,167	\$1,224,615	\$1,169,401	\$1,502,615	\$1,422,102	\$1,316,688	\$105,414	8%
RV Rental	166,497	174,727	148,624	154,655	183,962	177,094	6,868	4%
Feed/Bedding Sales	433,323	456,367	482,807	387,523	444,621	504,559	(59,938)	(12%)
Labor Fees	103,672	97,959	113,150	119,440	142,560	131,916	10,644	8%
Concession Fees	99,118	224,601	300,458	192,332	278,011	278,000	11	-
Parking	49,360	62,843	30,653	49,002	78,362	66,097	12,265	19%
Other Income	5,704	12,863	26,065	25,381	21,916	15,250	6,666	44%
Equidome Project Use Fee	-	525,000	90,000	285,000	45,000	240,000	(195,000)	(81%)
Council Approved Authorized Carryover	-	-	-	-	-	-	-	-
Operating Transfer In ^a	4,762	-	-	-	100,000	100,000	-	-
Operating Revenue	\$1,916,601	\$2,778,975	\$2,361,157	\$2,715,948	\$2,716,535	\$2,829,604	(\$113,069)	(4%)
Operating Expenses								
Personnel Services								
Wages/Salaries/Benefits	\$1,194,267	\$1,255,967	\$1,333,238	\$1,436,327	\$1,416,195	\$1,405,251	(\$10,944)	(1%)
Overtime	18,952	23,949	23,368	28,489	25,934	19,750	(6,184)	(31%)
Contractual Services								
Contractual Workers	68,464	73,170	59,558	79,435	90,031	79,000	(11,031)	(14%)
Telephone	23,848	24,745	14,149	22,354	25,684	29,991	4,307	14%
Utilities ^b	655,392	908,999	851,959	866,177	922,768	922,768	-	-
Maintenance & Equipment Rental & Fleet	425,163	475,302	521,915	534,592	489,301	566,339	77,038	14%
License and Permits	72,852	73,549	76,650	152,635	161,361	125,661	(35,700)	(28%)
Property, Liability & Workers' Comp	23,040	28,035	38,646	46,800	57,015	57,015	-	-
Advertising/Marketing Contract	211,819	207,504	252,328	191,262	323,461	250,000	(73,461)	(29%)
Other	181,591	193,105	178,284	185,125	227,437	164,904	(62,533)	(38%)
Commodities and Capital Outlays								
Agriculture & Horticulture & Other Supply	93,903	69,317	90,978	101,287	88,473	88,545	72	-
Maintenance & Repairs Supply, Equipment	57,207	72,866	73,448	79,102	61,305	80,399	19,094	24%
Inventory Purchased for Resale	237,513	237,145	261,370	232,410	206,162	265,000	58,838	22%
Construction - Other	10,695	-	21,466	-	18,385	-	(18,385)	n/a
Other Expenses	29,833	38,032	51,418	29,274	28,330	19,562	(8,768)	(45%)
BOR Admin								
BOR Admin/WestWorld	134,010	140,710	147,746	155,133	162,889	162,889	-	-
Allocated Expenses ^c								
Facilities Maintenance ^d	302,238	535,356	502,929	582,714	670,123	670,123	-	-
COS Indirect Costs	191,916	207,378	253,935	277,785	322,819	322,819	-	-
Operating Expenses	\$3,932,704	\$4,565,129	\$4,753,383	\$5,000,901	\$5,297,675	\$5,230,016	(\$67,659)	(1%)
Operating Income	(\$2,016,103)	(\$1,786,154)	(\$2,392,225)	(\$2,284,953)	(\$2,581,140)	(\$2,400,412)	(\$180,728)	(8%)
Debt Service (Less contributions)								
Debt Service - (52 & 17 acres)	\$661,297	\$280,279	\$55,154	\$32,169	\$ -	\$ -	\$ -	-
Debt Service - TNEC Tourism Funded	-	-	-	-	-	-	-	-
Bed Tax Contributions - TNEC	-	-	-	-	-	-	-	-
Net Debt Service	\$661,297	\$280,279	\$55,154	\$32,169	\$ -	\$ -	\$ -	-
Operating Income After Debt Service	(\$2,677,399)	(\$2,066,433)	(\$2,447,380)	(\$2,317,122)	(\$2,581,140)	(\$2,400,412)	(\$180,728)	(8%)

^a Beginning in FY 2017/18 a transfer from the Tourism Development Fund will cover a portion of the marketing contract since tourism benefits from WestWorld's activity.

^b Beginning in FY 2017/18 utilities charges are budgeted at a citywide macro level. Monthly, as expenditures occur, a budget transfer will be completed to move the needed budget from the macro level holding account to the department. The revised budget is an estimate of expected utilities costs at fiscal year-end.

^c Allocated expenses are not budgeted for in nor expensed to WestWorld General Fund operations, but are captured to provide truer costs of operations.

^d Beginning in FY2016/17 the methodology to allocate Facilities Maintenance expenses was modified to better reflect the maintenance costs associated with WestWorld. The methodology now uses the proportion of WestWorld's square footage to that of the entire city's square footage and then applies that proportionate percentage to the Facilities Management Department's budget/actuals.



Privilege (Sales) & Use Tax Collections For March 2018 (For Business Activity in February 2018)

Appendix 1 contains information regarding the “actual” revenue collections from the 1.0 percent Privilege and Use Tax reflected in the General Fund, 0.2 percent dedicated Transportation Privilege Tax, 0.2 percent dedicated Preserve Privilege and Use Taxes, 0.15 percent additional dedicated Preserve Privilege and Use Taxes, and 0.1 percent dedicated Public Safety Privilege and Use Taxes, including adjustments for related license revenues, late collections and audits. While the report includes the actual year-to-date tax collections for the funds previously noted, only the General Fund portion (1.0 percent) of the tax is unrestricted and available for general government purposes.

The fiscal year to date Privilege and Use Tax (1.0 percent General Purpose) collections increased 3 percent compared to the Budget, and increased 11 percent compared to the same period a year ago.

Privilege (Sales) & Use Tax by Category and Fund

	Fiscal Year-to-Date:				Actual vs. Budget	
	2015/16	2016/17	2017/18	2017/18	Favorable/(Unfavorable)	
	Actual	Actual	Actual	Budget	Amount	Percent
1.00% General Purpose						
Rentals	\$10.8	\$10.0	\$12.4	\$11.0	\$1.4	13%
Misc. Retail Stores	13.5	13.6	15.3	14.9	0.4	3%
Major Dept. Stores	7.0	6.7	7.3	7.1	0.2	3%
Automotive	10.7	10.6	11.9	10.6	1.3	13%
Food Stores	5.3	4.9	5.5	5.6	(0.1)	-2%
Construction	7.8	7.2	7.3	7.7	(0.3)	-4%
Dining/ Entertainment	6.9	6.8	7.3	7.7	(0.3)	-4%
Other Activity	8.1	7.5	8.4	8.5	(0.1)	-1%
Hotel/Motel	3.7	3.8	4.2	4.3	0.0	0%
Utilities	3.4	3.6	3.7	3.9	(0.2)	-5%
Subtotal	\$77.2	\$74.7	\$83.3	\$81.1	\$2.2	3%
0.10% Public Safety	\$7.6	\$7.3	\$8.2	\$7.5	\$0.7	9%
0.20% Transportation	14.6	14.2	15.7	15.4	0.3	2%
0.20% McDowell Preserve 1995	15.1	14.7	16.3	15.0	1.4	9%
0.15% McDowell Preserve 2004	11.3	11.0	12.3	11.2	1.0	9%
Total	\$125.8	\$121.9	\$135.8	\$130.2	\$5.6	4%
% Change vs. Prior Year	4%	-3%	11%	6%		

Rounding differences may occur.

Rental Sales Taxes

The rental category includes rentals of commercial and residential real property and personal property rentals, (such as rentals of formal wear, DVD's, home health equipment, recreational goods, electronics, appliances, etc.)

Actual to Revised Budget variance of \$1.4 million or 13%: The variance is due in part to increases in the residential real property rentals and personal property rentals.

Miscellaneous Retail Stores Sales Taxes

This category includes small clothing stores, art galleries, luggage stores, home furnishing stores, jewelry stores, drug stores, hobby stores, household appliance stores, sporting goods stores, florists, computer stores, hardware stores, and pet supply stores.

Actual to Revised Budget variance of \$0.4 million or 3%: The variance is due in part to an increase in online shopping.

Major Department Stores Sales Taxes

This category includes large department stores, warehouse clubs, supercenters, and discount department stores.

Actual to Revised Budget variance of \$0.2 million or 3%: The variance is due in part to better than predicted holiday and after holiday sales.

Automotive Sales Taxes

The automotive category includes automobile dealers, motorcycle dealers, automotive repair shops, tire shops, car washes, and car leasing companies.

Actual to Revised Budget variance of \$1.3 million or 13%: The variance is due in part to several car dealers remaining in the City longer than originally anticipated prior to their move to the Scottsdale Autoshow at Salt River.

Food Stores Sales Taxes

This category includes grocery stores, candy stores, meat markets and convenience stores.

Actual to Revised Budget variance of (\$0.1) million or (2%): Normal business fluctuations.

Construction Sales Taxes

The construction tax is collected on all construction activity; commercial and residential; new and re-model. It also includes landscaping, painting, flooring installation, siding, roofing, concrete, plumbing, heating, electrical, framing, drywall, infrastructure, masonry, finish carpentry, etc.

Actual to Revised Budget variance of (\$0.3) million or (4%): The variance is due in part to some delinquent reporting on some construction projects.

Dining/Entertainment Sales Taxes

The restaurant category includes restaurants, bars, cafeterias, mobile food vendors, and caterers.

Actual to Revised Budget variance of (\$0.3) million or (4%): Normal business fluctuations.

Other Activity Sales Taxes

This category includes movie theatres, golf courses, gyms, bowling centers, amusement arcades, interior designers, publishers, banks, doctors, lawyers, accountants, beauty salons, barber shops, personal goods repair shops, photographers, advertising, wholesalers, and manufacturers. This also includes license fees, penalties, and interest.

Actual to Revised Budget variance of (\$0.1) million or (0.1%): Normal business fluctuations.

Hotel/Motel Sales Taxes

This category includes lodging space rental on a short-term basis and other activities provided at the hotel/motel.

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

Utilities Sales Taxes

This category includes businesses that provide telecommunication (landlines and cellular), electricity, gas, or water services.

Actual to Revised Budget variance of (\$0.2) million or (5%): Normal business fluctuations.



To ensure legal compliance and financial management for the various restricted revenues and expenditures, the city's accounting and budget structure is segregated into various funds. This approach is unique to the government sector. Fund accounting segregates functions and activities into separate self-balancing funds that are created and maintained for specific purposes.

A **fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General Fund is the city's chief operating fund and is used to account for all financial resources, except those that are legally required to be accounted for in another fund.

GENERAL FUND SOURCES

Taxes - Local - Encompasses a series of local taxes. The largest component of this source includes a 1.10 percent sales tax, of which 0.10 percent is dedicated to public safety. The remaining 1.0 percent of the sales tax is available to fund basic municipal services such as police, fire, libraries, and parks. Sales tax receipts received in the current month are based on prior month activity. This general-purpose sales tax is the city's single largest revenue source. The sales tax category results can be found in the Appendix. Other revenue sources that make up this category include electric and gas franchise fees and cable TV license fees, which are revenues from utility and cable providers for their permitted use of the city's rights-of-way; a stormwater quality charge, which is a fee to help pay a portion of the city's stormwater management program and the Salt River Project (SRP) in lieu tax.

State Shared Revenues - These revenues are derived from state shared sales taxes, income taxes, and vehicle license taxes (auto lieu). On a per capita basis, state sales taxes generated in Scottsdale tend to be higher than most other cities/towns due to higher wealth, consumer spending habits, and larger amounts of visitor/tourist spending. As directed by statute, the State distributes the shared portion of State sales taxes back to local governments based on population, not by the amount of sales taxes collected within the local jurisdiction.

Property Taxes - Property taxes are comprised only of the "Primary" property taxes levied on the assessed value of all property within the city to help pay for basic operations of the city. Secondary property taxes are not included in the General Fund as they must be used solely for General Obligation bond debt service payments. Increases in revenue from year to year reflect new property additions to the tax roll and Council actions to increase total revenue as legally allowed.

Business Permit Fees & Charges - These charges include the licensing of business activity and the associated fees relating to the licensure and regulation of specific activities.

License Permits & Fees - These charges include those for fees and licenses associated with specific services and programs offered by the city.

Fines Fees & Forfeitures - These are charges penalizing individuals for violating a law or policy of the city or paying for services and facilities designed to support this punishment, such as the Court and Police Department.

Indirect/Direct Cost Allocations - Indirect cost allocations charged to the Enterprise Funds for specific central administrative functions which benefit the Enterprise operations (e.g. Information Technology, Payroll and Human Resources). Direct cost allocations represent Aviation Fund charges for the direct cost of fire service at the airport performed by General Fund personnel.

Charges for Services/Other - Charges for Services include miscellaneous charges that do not fall into any other category such as property rentals, cell tower leases and stadium usage fees.

Interest Earnings - Revenues generated through the use of various investment vehicles on General Fund cash balances throughout the year.

Transfers In - Transfers In reflects funds received from the Enterprise Funds (Franchise Fees), Special Programs Fund (30 Day Tow) and Tourism Development Fund (comply with financial policy #21A).



GENERAL FUND USES

Personnel Services includes the salaries and wages plus the city's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. It is reduced by vacancy savings, but increased for medical and vacation leave accrual payouts that are made at the time of separation from the city. Personnel services also include pay-for-performance and compensation adjustments.

Contractual Services includes expenditures for services performed by firms, individuals, or other city divisions.

Commodities includes supplies, repair and replacement parts, small tools, and maintenance and repairs.

Capital Outlays includes the purchase of land, the purchase or construction of buildings, structures, and facilities, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increases the capacity, efficiency, span of life, or economy of operating an existing fixed asset. For an item to qualify as capital outlay the expenditure must meet all of the following requirements: (1) have an estimated useful life of more than two years; (2) have a unit cost of \$10,000 or more; and (3) be betterment or improvement.

Contracts Payable & COPs includes contractual obligations related to development agreements (funded by sales tax rebates) which vary based on the actual sales tax collections and certificates of participation which are a funding mechanism similar to bonds utilized for the purchase of capital items.

Transfers Out represents the authorized transfer of cash to other funds and/or capital projects.

OTHER FUNDS

Transportation Fund is considered a Special Revenue Fund, which is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Transportation Fund receives and expends the city's allocation of the Arizona Highway User Revenue Tax (HURF) as well as other transportation related revenues. The amount of HURF available to each city is allocated based on population. These monies must be used for street construction, reconstruction, maintenance, or transit. The State of Arizona requires the city to establish and maintain an accounting for Highway User Revenue Funds. The fund also accounts for the 1989 voter approved Transportation Privilege (Sales) Tax of 0.20 percent which is dedicated to funding transportation improvements and operations. Fifty percent of the Transportation Sales Tax is transferred to the Capital Improvement Fund for transportation related capital improvement projects.

Tourism Development Fund is a Special Revenue Fund to account for the sources and uses related to tourism. Revenues consist of transient lodging tax (bed tax) and lease rental earnings from the Princess Hotel. Bed Tax is the largest portion of this fund and is derived from lodging room charges for stays of 29 days or less in hotels or short-term rentals.

Enterprise Funds are used to account for operations, which are financed and operated similarly to private businesses, where the intent is that the service is self-sufficient, with all costs including debt service supported predominantly by user charges. The city maintains three Enterprise Funds to account for Water & Water Reclamation, Aviation, and Solid Waste activities.

Water & Water Reclamation Funds

This fund accounts for the transactions related to the city's water and water reclamation business activities, including operating revenue, expenditures and debt service payments.

- Water Service Charges are monthly water billings which consist of a base charge according to meter size and a variable charge for the amount of water consumed.
- Water Reclamation Service Charges are monthly charges based on the volume and strength of the sewage discharge.
- Non-Potable Water Fees include the sale of surface water, reverse osmosis (RO) and effluent treated to irrigation standards. These different water types are delivered to 22 Reclaimed Water Distribution System (RWDS) golf courses, 3 Irrigation Water Distribution System (IWDS) golf courses, the Gainey Ranch Golf Club, the WestWorld golf course and the Inlet/Silverado golf course.
- Miscellaneous Revenue includes rental income, miscellaneous reimbursements and other minor fees.



Aviation Fund

This fund accounts for the transactions related to the city's aviation business activity at the Scottsdale Airport.

- Aviation Fees are charges for a variety of services provided to airport customers including Landing Fees, Airport/Airpark Fuel Fees, Transient Parking Fees, Fixed Tenant Rents, Percentage Fees for Aeronautical Business Permits (ABPs), Custom Fees and miscellaneous other charges.
- Privilege and Use Tax-Jet Fuel are charges earned from jet fuel sales by Fixed Based Operators (FBOs) in accordance with the Scottsdale Revised Code, Article IV, Section 422.

Solid Waste Fund

This fund accounts for the transactions related to the city's solid waste and recycling business activities.

- Solid Waste Fees include residential charges which are a flat fee per month and commercial charges which are based on the size of the container and the number of pickups per month. Additionally Solid Waste Rates include roll-off charges, uncontained service charges, recycling program charges, and household hazardous waste collection charges.

Internal Service Funds are used to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. The report includes three Internal Service Funds to account for Fleet, Risk, and Benefits activities.

Fleet Fund

This fund is used to account for the expenditures associated with purchasing and maintaining the city's vehicles. Replacement and operation of vehicles are charged to the city departments as internal operating costs to each program based on the quantity and type of vehicle used. The department charges become revenue to the Fleet Fund.

Risk Fund

This fund is used to account for the city's self-insurance, safety and risk management functions. Revenue to this fund is derived from internal charges to division programs and is captured as internal rates. Payments for unemployment, workers' compensation, and property and liability claims are made from this fund

Healthcare Self Insurance Fund

This fund is used to account for the city's self-insured medical and dental benefits. Revenue to this fund is derived from premiums collected through charges to divisions, which consists of both city and employee components. Revenue is also collected through pharmacy rebates and stop loss insurance recoveries. This fund provides payment of actual healthcare expenses (medical, prescription and dental claims) as well as claims administration and other benefit plan expenses.