


Monthly Financial Report

Fiscal Year to Date as
of September 30, 2017



Scottsdale Airport Operations Center

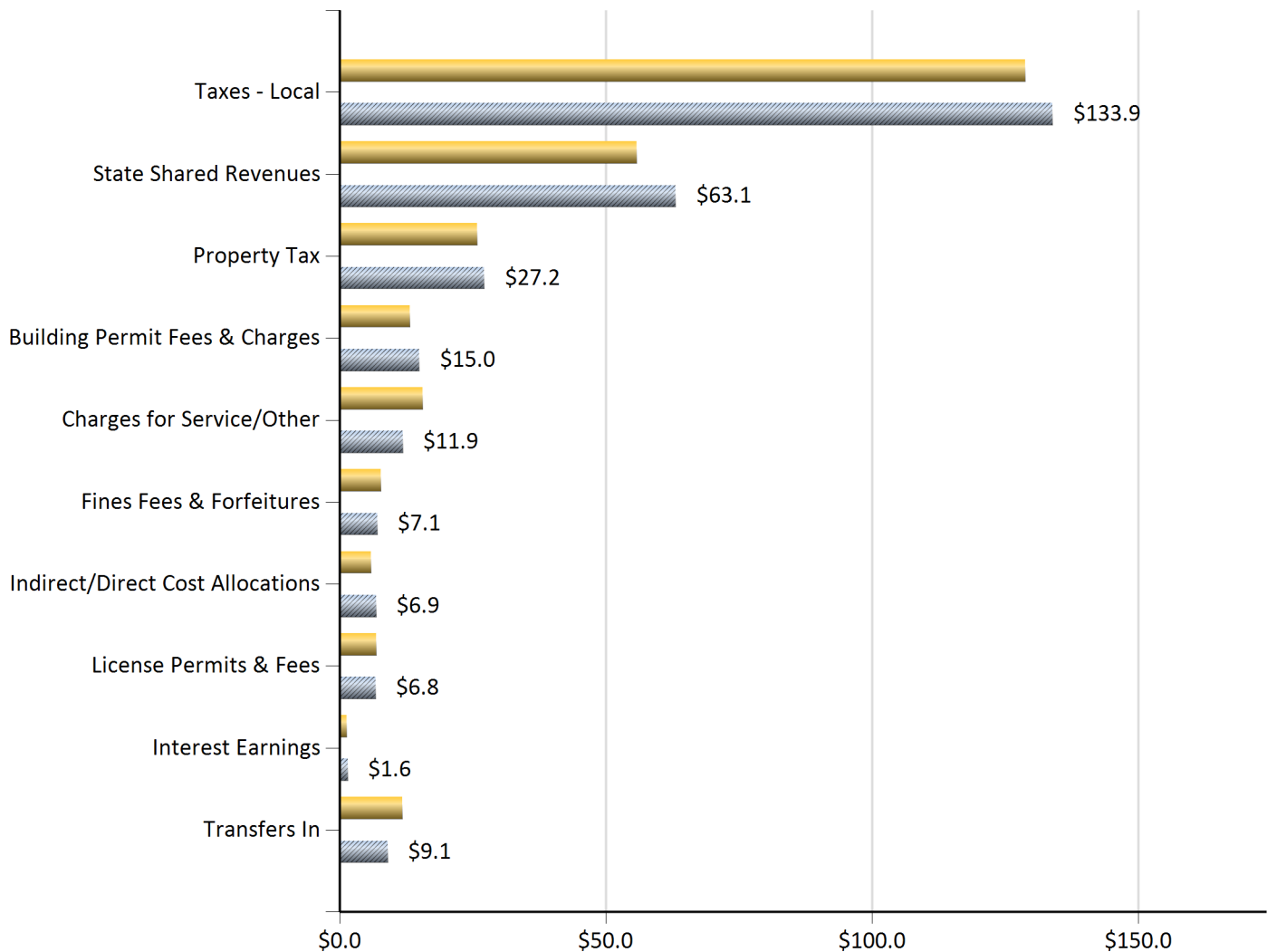
Report to the City Council
Prepared by the City Treasurer
November 14, 2017



Sources

General Fund

Twelve Months: Fiscal Year



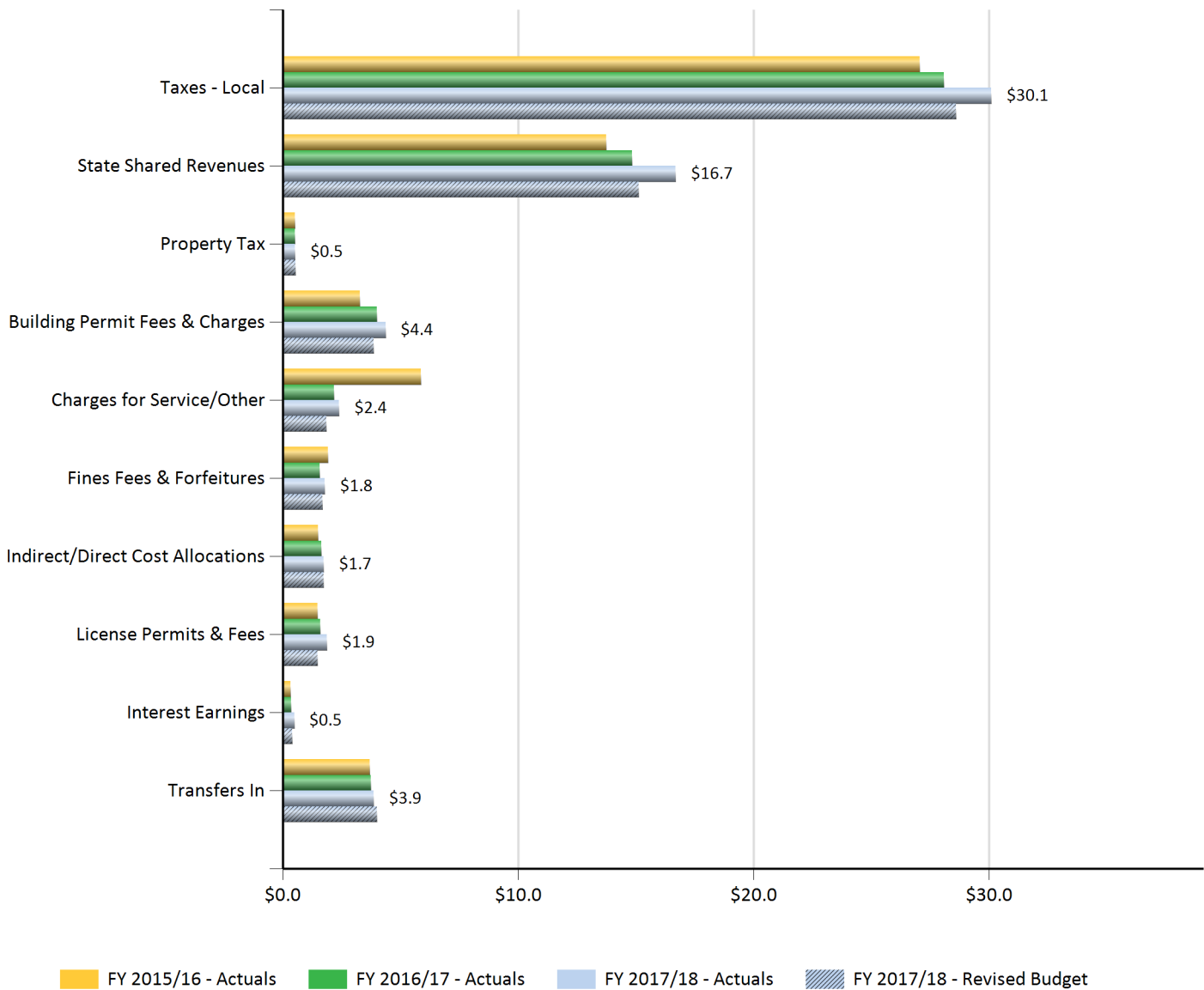
■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ■ FY 2017/18 - Revised Budget

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

Note: FY 2016/17 twelve month actuals are not available at this time. Once completed, they will be included within the report.



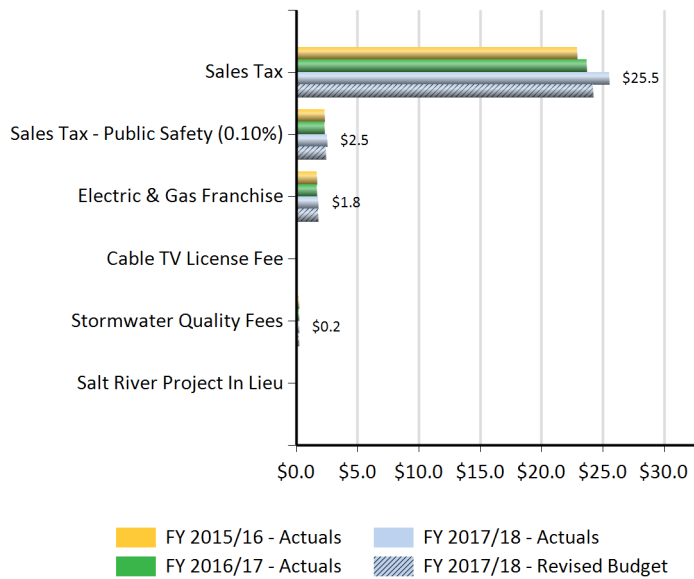
Sources (Fiscal Year to Date: September 2017)



	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	\$27.1	\$28.1	\$30.1	\$28.6	\$1.5	5%
State Shared Revenues	13.7	14.8	16.7	15.1	1.6	10%
Property Tax	0.5	0.5	0.5	0.5	-	-
Building Permit Fees & Charges	3.3	4.0	4.4	3.9	0.5	13%
Charges for Service/Other	5.9	2.2	2.4	1.8	0.5	29%
Fines Fees & Forfeitures	1.9	1.6	1.8	1.7	0.1	6%
Indirect/Direct Cost Allocations	1.5	1.6	1.7	1.7	-	-
License Permits & Fees	1.5	1.6	1.9	1.5	0.4	27%
Interest Earnings	0.3	0.3	0.5	0.4	0.1	18%
Transfers In	3.7	3.7	3.9	4.0	(0.1)	(3%)
Total Sources	\$59.3	\$58.4	\$63.7	\$59.2	\$4.5	8%



Taxes - Local (Fiscal Year to Date: September 2017)

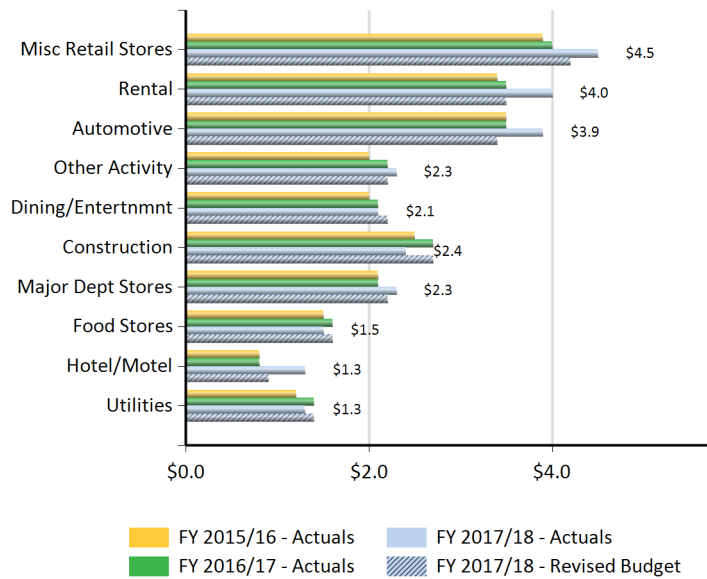


Actual to Revised Budget variance of \$1.5 million or 5%:
 The favorable variance is primarily due to the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal." Additionally, the favorable variance is due to a taxpayer (hotel) that has been paying taxes to the city in error, which will be corrected in the coming months.

	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	\$22.9	\$23.7	\$25.5	\$24.2	\$1.3	5%
Sales Tax - Public Safety (0.10%)	2.3	2.3	2.5	2.4	0.1	5%
Electric & Gas Franchise	1.7	1.7	1.8	1.8	-	-
Cable TV License Fee	-	-	-	-	-	nm
Stormwater Quality Fees	0.2	0.2	0.2	0.2	-	-
Salt River Project In Lieu	-	-	-	-	-	-
Taxes - Local Total	\$27.1	\$28.1	\$30.1	\$28.6	\$1.5	5%



Sales Tax (Fiscal Year to Date: September 2017)

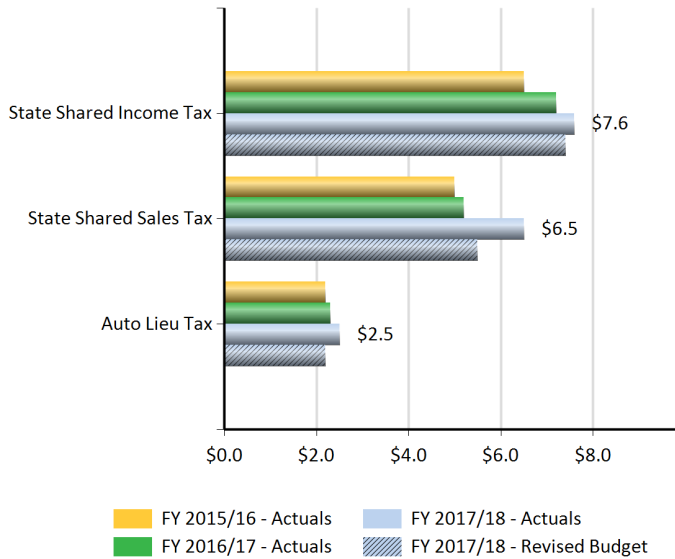


Actual to Revised Budget variance of \$1.3 million or 5%:
 The favorable variance is primarily due to the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal." Additionally, the favorable variance is due to a taxpayer (hotel) that has been paying taxes to the city in error, which will be corrected in the coming months.

	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	\$3.9	\$4.0	\$4.5	\$4.2	\$0.3	6%
Rental	3.4	3.5	4.0	3.5	0.5	16%
Automotive	3.5	3.5	3.9	3.4	0.5	14%
Other Activity	2.0	2.2	2.3	2.2	0.1	2%
Dining/Entertainment	2.0	2.1	2.1	2.2	(0.1)	(4%)
Construction	2.5	2.7	2.4	2.7	(0.2)	(9%)
Major Dept Stores	2.1	2.1	2.3	2.2	0.1	4%
Food Stores	1.5	1.6	1.5	1.6	(0.1)	(6%)
Hotel/Motel	0.8	0.8	1.3	0.9	0.4	47%
Utilities	1.2	1.4	1.3	1.4	(0.1)	(8%)
Sales Tax Total	\$22.9	\$23.7	\$25.5	\$24.2	\$1.3	5%



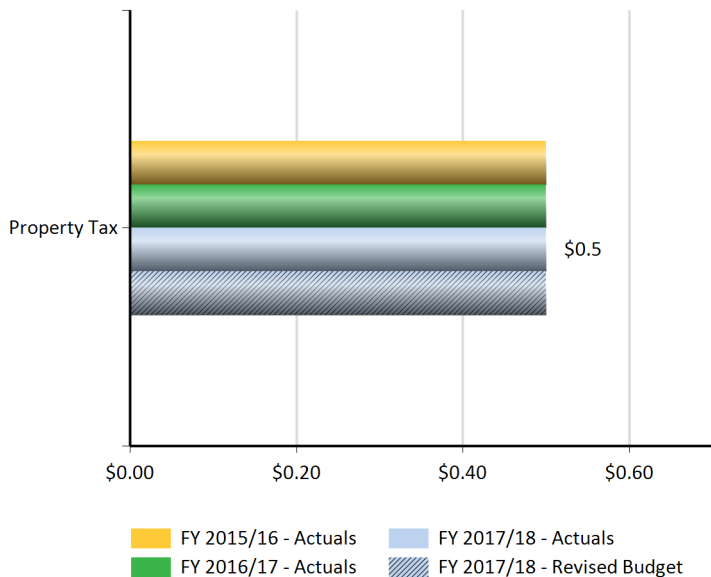
State Shared Revenues (Fiscal Year to Date: September 2017)



Actual to Revised Budget variance of \$1.6 million or 10%:
 The favorable variance in State Shared Sales Tax is due to a new distribution method just begun by the Arizona Department of Revenue where revenue is distributed twice a month instead of once. September actuals include all of August distribution as well as the first distribution of September. The budget was respread to reflect the new distribution, which will be included in the October Monthly Financial Report. 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	\$6.5	\$7.2	\$7.6	\$7.4	\$0.2	3%
State Shared Sales Tax	5.0	5.2	6.5	5.5	1.0	19%
Auto Lieu Tax	2.2	2.3	2.5	2.2	0.4	16%
State Shared Revenues Total	\$13.7	\$14.8	\$16.7	\$15.1	\$1.6	10%

Property Tax (Fiscal Year to Date: September 2017)

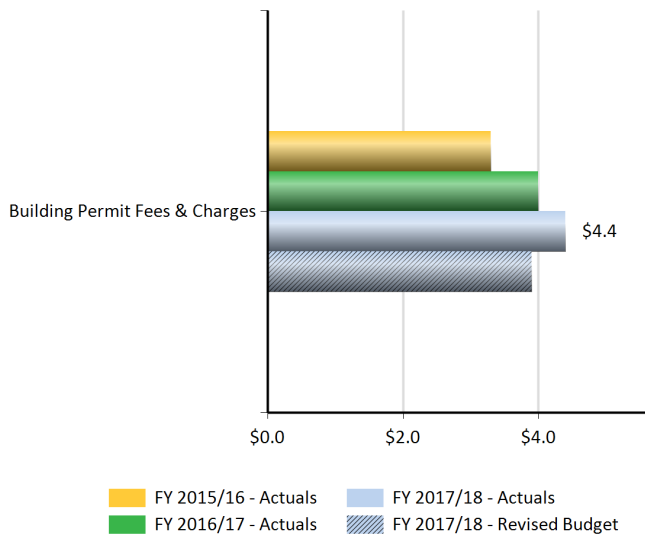


Actual to Revised Budget variance of \$0.0 million or 0%:
 No explanation needed.

	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	\$0.5	\$0.5	\$0.5	\$0.5	\$ -	-
Property Tax Total	\$0.5	\$0.5	\$0.5	\$0.5	\$ -	-



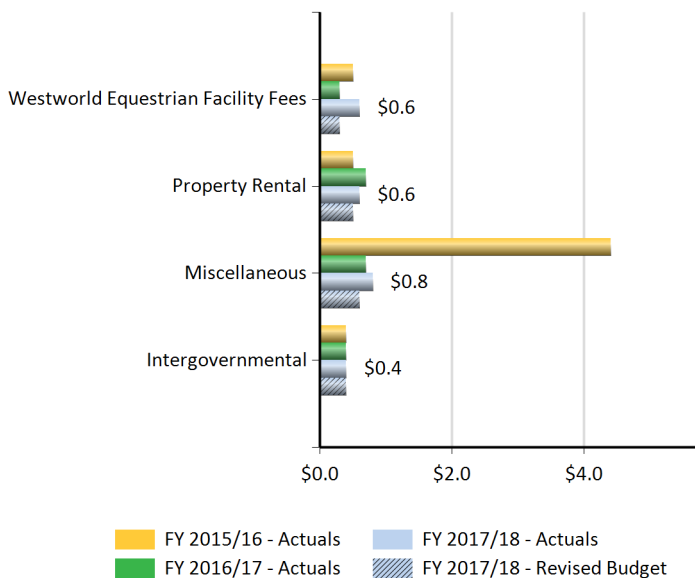
Building Permit Fees & Charges (Fiscal Year to Date: September 2017)



Actual to Revised Budget variance of \$0.5 million or 13%: Favorable variance is due to new construction Building Permits for single family residents. 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	\$3.3	\$4.0	\$4.4	\$3.9	\$0.5	13%
Building Permit Fees & Charges Total	\$3.3	\$4.0	\$4.4	\$3.9	\$0.5	13%

Charges for Service/Other (Fiscal Year to Date: September 2017)

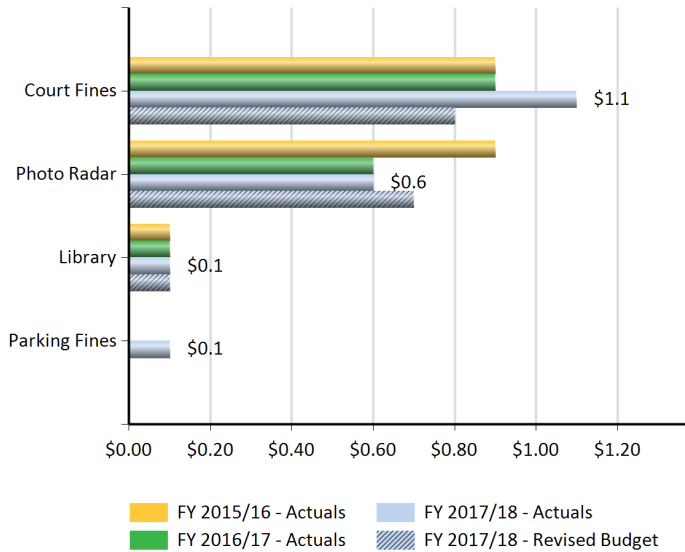


Actual to Revised Budget variance of \$0.5 million or 29%: The favorable variance in Westworld Equestrian Facility Fees is due to the collections of FY 2016/17 revenue being recorded in FY 2017/18. The favorable variance in Property Rental is due to higher than anticipated cell tower lease payments from AT&T and Verizon. Miscellaneous is favorable due to reimbursements received by Public Safety - Fire for assisting with fires around the state and funds received in September instead of October from the Regional Wireless Cooperative to cover the costs of maintaining the Scottsdale radio sites. The unfavorable variance in Intergovernmental is related to the decision to go to a 6 month agreement with the Palomino Library and Scottsdale Unified School District instead of the 12 month agreement that was planned in the 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
Westworld Equestrian Facility Fees	\$0.5	\$0.3	\$0.6	\$0.3	\$0.3	86%
Property Rental	0.5	0.7	0.6	0.5	0.1	17%
Miscellaneous	4.4	0.7	0.8	0.6	0.3	48%
Intergovernmental	0.4	0.4	0.4	0.4	(0.1)	(20%)
Charges for Service/Other Total	\$5.9	\$2.2	\$2.4	\$1.8	\$0.5	29%



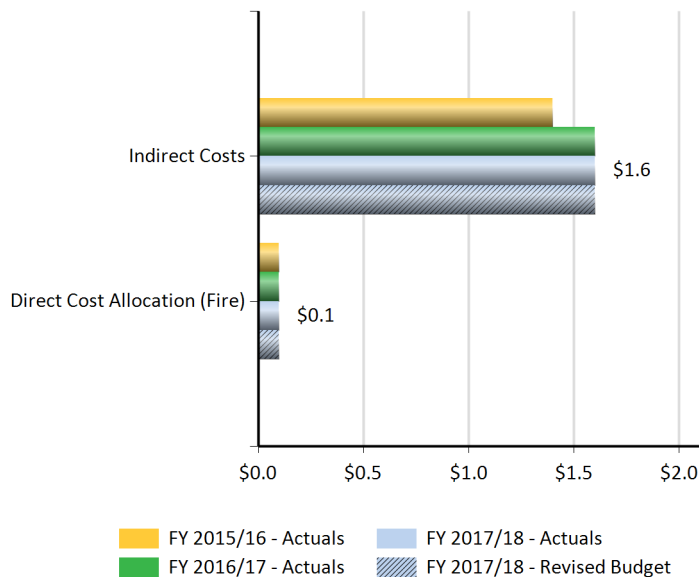
Fines Fees & Forfeitures (Fiscal Year to Date: September 2017)



Actual to Revised Budget variance of \$0.1 million or 6%: Favorable variance in Court Fines is primarily due to a higher than anticipated number of criminal case filings and an increase in officer issued citations. This is partially offset by an unfavorable variance in Photo Radar due to photo radar cameras being turned off while a new contract was negotiated, which resulted in a decline in revenue.

	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	\$0.9	\$0.9	\$1.1	\$0.8	\$0.2	30%
Photo Radar	0.9	0.6	0.6	0.7	(0.2)	(21%)
Library	0.1	0.1	0.1	0.1	-	-
Parking Fines	-	-	0.1	-	-	-
Fines Fees & Forfeitures Total	\$1.9	\$1.6	\$1.8	\$1.7	\$0.1	6%

Indirect/Direct Cost Allocations (Fiscal Year to Date: September 2017)



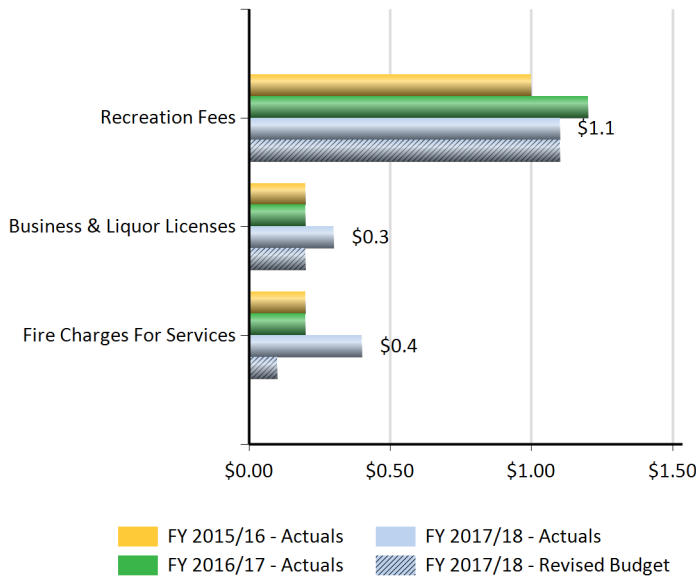
Actual to Revised Budget variance of \$0.0 million or 0%: No explanation necessary.

	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	\$1.4	\$1.6	\$1.6	\$1.6	\$ -	-
Direct Cost Allocation (Fire)	0.1	0.1	0.1	0.1	-	-
Indirect/Direct Cost Allocations Total	\$1.5	\$1.6	\$1.7	\$1.7	\$ -	-

\$ in millions / rounding differences may occur



License Permits & Fees (Fiscal Year to Date: September 2017)

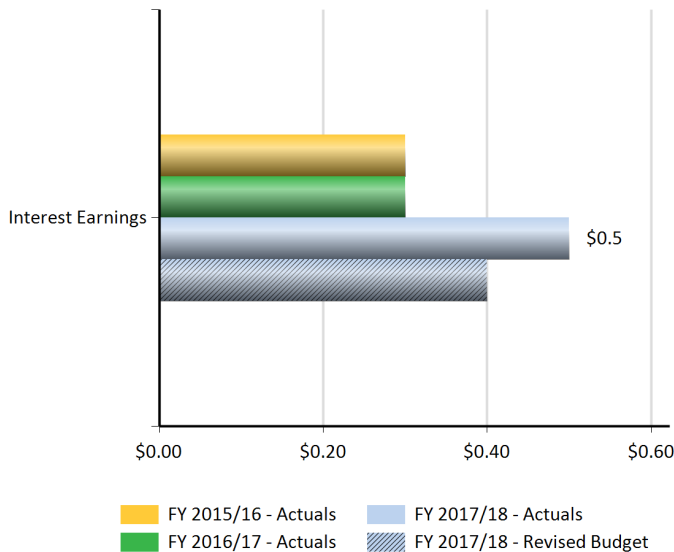


Actual to Revised Budget variance of \$0.4 million or 27%:

The favorable variance in Business & Liquor Licenses and Fire Charges For Services is due to revenue received in FY 2017/18 that was budgeted for FY 2016/17. The favorable variance in Fire Charges For Services is also due to the renewal of the Fire's Paramedic in Training (PMT) contract, which resulted in 100% recovery of revenue for Advanced Life Support (ALS) calls.

	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	\$1.0	\$1.2	\$1.1	\$1.1	\$ -	-
Business & Liquor Licenses	0.2	0.2	0.3	0.2	0.1	33%
Fire Charges For Services	0.2	0.2	0.4	0.1	0.3	nm
License Permits & Fees Total	\$1.5	\$1.6	\$1.9	\$1.5	\$0.4	27%

Interest Earnings (Fiscal Year to Date: September 2017)



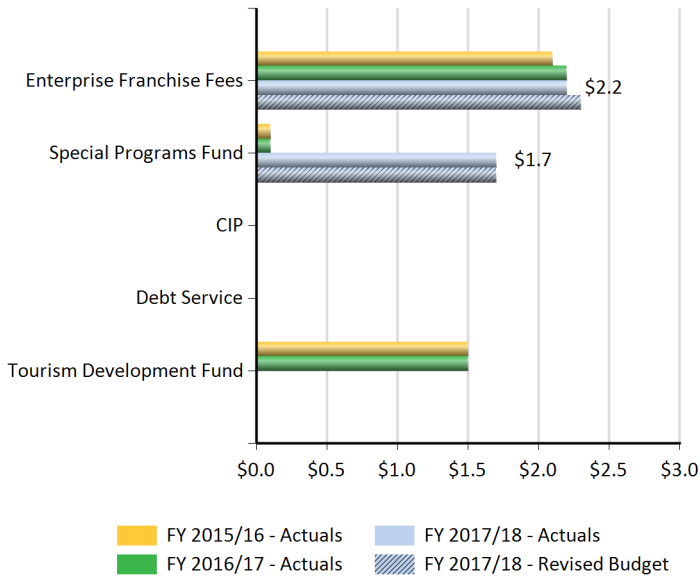
Actual to Revised Budget variance of \$0.1 million or 18%:

Favorable variance is due to a higher than anticipated rate of return on investments.

	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	\$0.3	\$0.3	\$0.5	\$0.4	\$0.1	18%
Interest Earnings Total	\$0.3	\$0.3	\$0.5	\$0.4	\$0.1	18%



Transfers In (Fiscal Year to Date: September 2017)



Actual to Revised Budget variance of (\$0.1) million or (3%): The unfavorable variance in Enterprise Franchise Fees is related to budget spread.

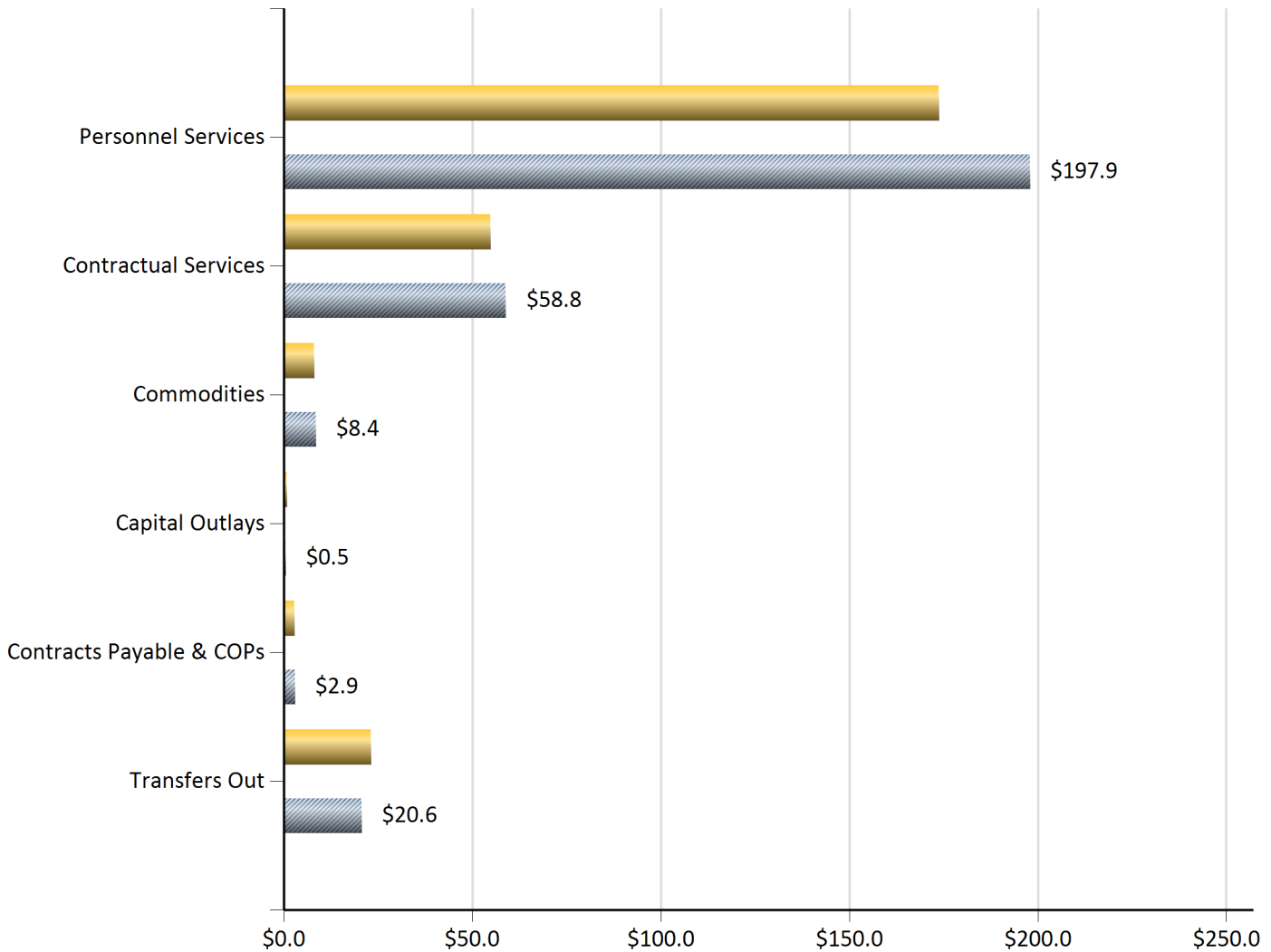
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Enterprise Franchise Fees	\$2.1	\$2.2	\$2.2	\$2.3	(\$0.1)	(5%)
Special Programs Fund	0.1	0.1	1.7	1.7	-	-
CIP	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Tourism Development Fund	1.5	1.5	-	-	-	-
Transfers In Total	\$3.7	\$3.7	\$3.9	\$4.0	(\$0.1)	(3%)



Uses

General Fund

Twelve Months: Fiscal Year



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

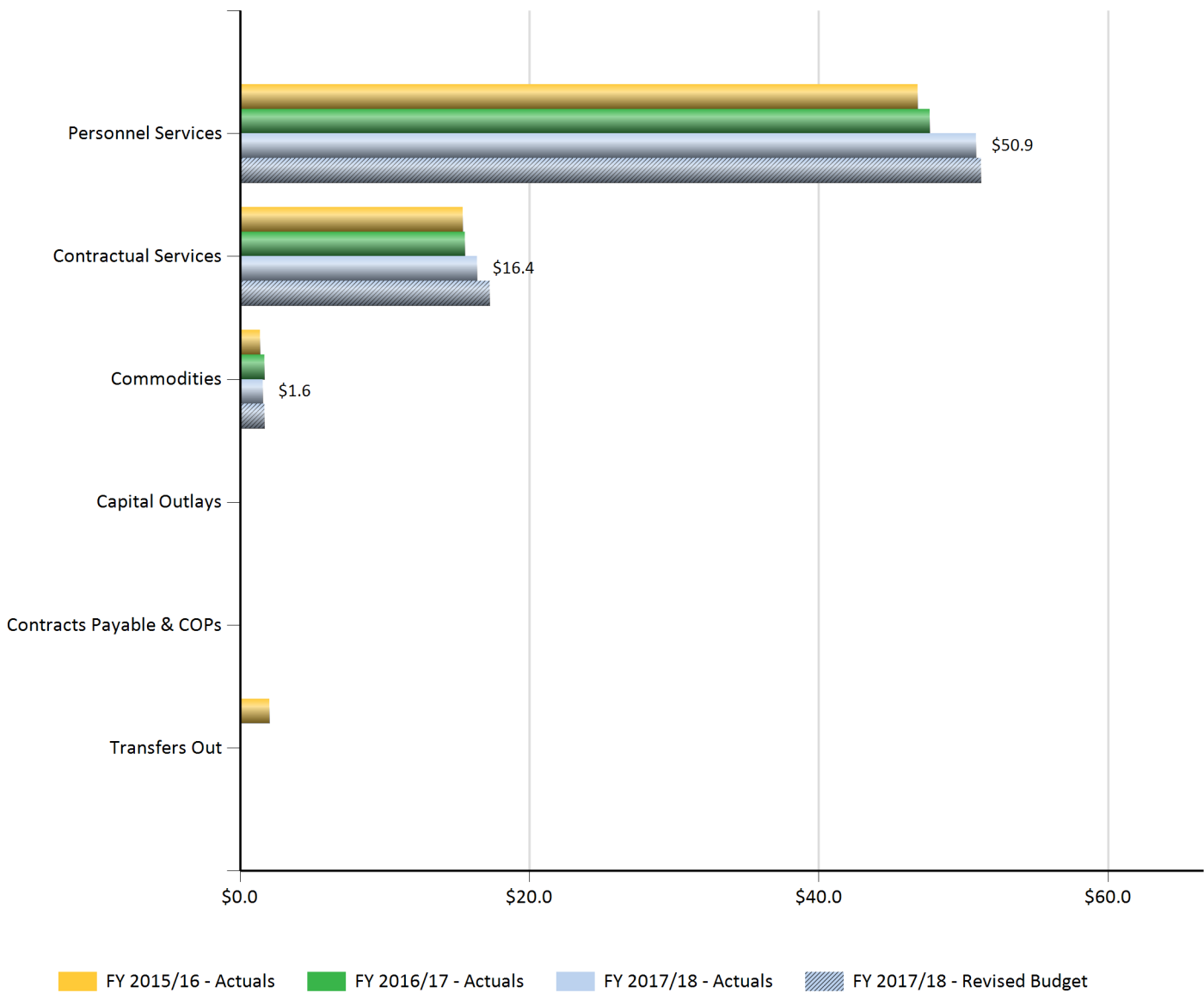
	FY 2015/16 <u>Actuals</u>	FY 2016/17 <u>Actuals</u>	FY 2017/18 <u>Revised Budget*</u>
Personnel Services	\$173.7	n/a	\$197.9
Contractual Services	54.7	n/a	58.8
Commodities	8.0	n/a	8.4
Capital Outlays	0.8	n/a	0.5
Contracts Payable & COPs	2.8	n/a	2.9
Transfers Out	23.1	n/a	20.6
Total Uses	\$263.1	n/a	\$289.0

*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.

Note: FY 2016/17 twelve month actuals are not available at this time. Once completed, they will be included within the report.



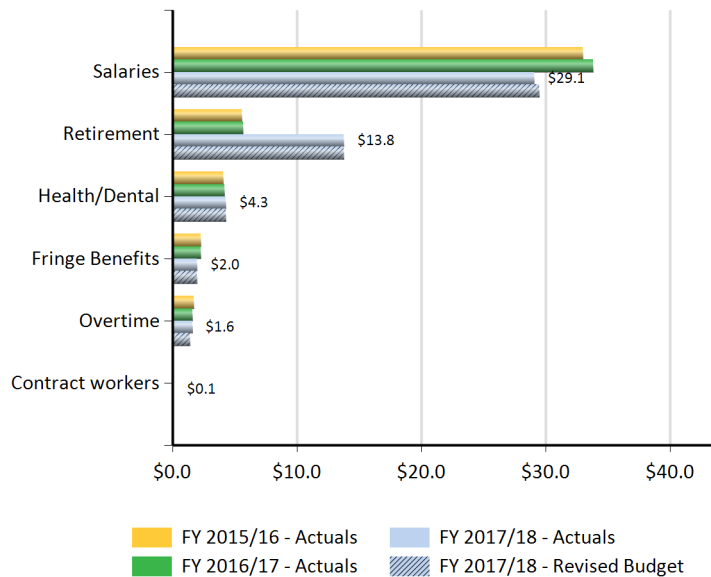
Uses (Fiscal Year to Date: September 2017)



	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$46.8	\$47.7	\$50.9	\$51.2	\$0.4	1%
Contractual Services	15.4	15.5	16.4	17.3	0.9	5%
Commodities	1.4	1.7	1.6	1.7	0.1	6%
Capital Outlays	-	-	-	-	-	-
Contracts Payable & COPs	-	-	-	-	-	-
Transfers Out	2.0	-	-	-	-	-
Total Uses	\$65.7	\$64.9	\$68.9	\$70.2	\$1.3	2%



Personnel Services (Fiscal Year to Date: September 2017)



Actual to Revised Budget variance of \$0.4 million or 1%: Salaries has a favorable variance mostly due to Part-Time Wages for vacant positions. Additionally, when comparing to FY 2016/17 actuals, salaries are \$4.7 million lower because there was an extra pay period in FY 2016/17. There is only a minor favorable variance in Retirement, but it is worth noting that retirement includes \$7.7 million more than in FY 2016/17 because of the Parker Case Ruling, resulting in a refunding of prior year retirement contributions 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. Further court rulings are expected on the accompanying interest payment calculation. Overtime has an unfavorable variance due to a large police investigation and a shortfall in Fire Department staffing where a total of 18 firefighters are on leave, which includes ten firefighters on worker's compensation for injuries, two on off-duty injuries, three on FMLA and three 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	\$33.0	\$33.8	\$29.1	\$29.5	\$0.4	2%
Retirement	5.6	5.7	13.8	13.8	0.1	0%
Health/Dental	4.1	4.2	4.3	4.3	0.1	1%
Fringe Benefits	2.3	2.3	2.0	2.0	-	-
Overtime	1.7	1.6	1.6	1.4	(0.2)	(15%)
Contract workers	-	-	0.1	0.1	-	-
Personnel Services Total	\$46.8	\$47.7	\$50.9	\$51.2	\$0.4	1%

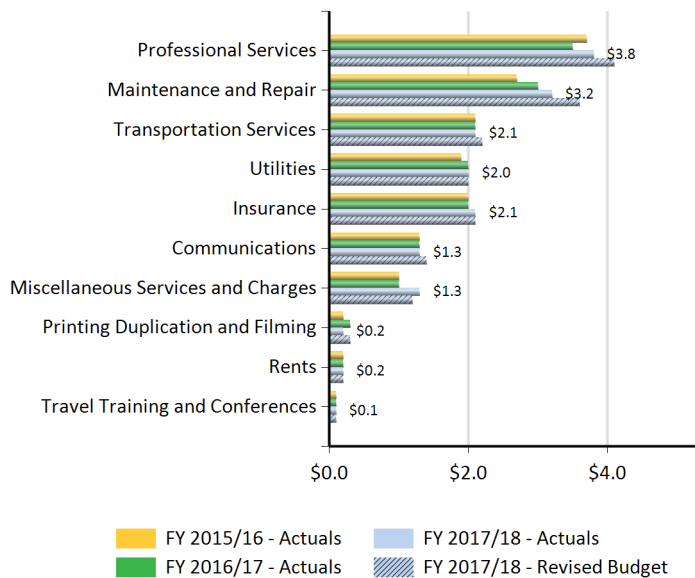
Macro Personnel Adjustments

	2015/16 Actual	2016/17 Actual	2017/18 Adopted Budget	2017/18 Year-To-Date	
				Saved/(Used)	Remaining
3% Pay for Performance	\$3.0	n/a	\$2.1	(\$2.1)	\$ -
5% Step - Fire	-	n/a	0.9	(0.8)	0.1
5% Step - Police Officer	-	n/a	1.3	(1.3)	-
5% Step - Police Sergeant	-	n/a	0.4	(0.4)	-
Retirement Savings	(0.8)	n/a	-	-	-
Compensation Adjustments	-	n/a	0.4	-	0.4
Vacancy Savings	(4.8)	n/a	(4.0)	1.1	(2.8)
Medical Leave Payouts	1.0	n/a	1.4	(0.2)	1.2
Vacation Leave Payouts	0.9	n/a	0.8	(0.1)	0.6
Parker Case Ruling	-	n/a	7.8	(7.7)	-
Total Vacancy Savings/Payouts	(\$0.6)	n/a	\$11.0	(\$11.4)	(\$0.4)

Total Saved/(Used) YTD of (\$11.4) million: The city has achieved \$1.1 million in vacancy savings year-to-date offset by (\$0.3) 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: September 2017)

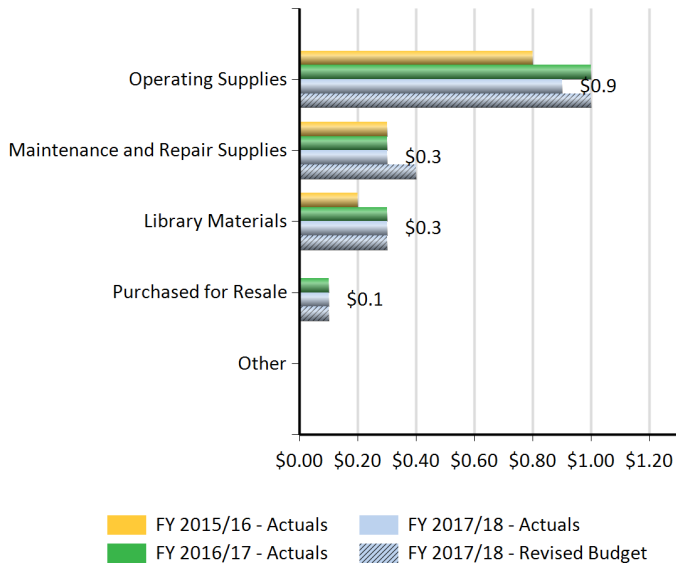


Actual to Revised Budget variance of \$0.9 million or 5%: Professional Services has a favorable variance primarily due to the timing of the Maricopa County Sheriff's Office Jail and the Maricopa County Animal Control contracts. Additionally, some of the photo enforcement cameras were turned off while a new contract was negotiated resulting in fewer citations issued. Maintenance and Repair is favorable due to the timing of invoices as well as fleet maintenance/repair and software maintenance and licensing expenses being less than anticipated. Communications is favorable due to the timing of invoices.

	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	\$3.7	\$3.5	\$3.8	\$4.1	\$0.4	9%
Maintenance and Repair	2.7	3.0	3.2	3.6	0.3	10%
Transportation Services	2.1	2.1	2.1	2.2	0.1	3%
Utilities	1.9	2.0	2.0	2.0	-	-
Insurance	2.0	2.0	2.1	2.1	-	-
Communications	1.3	1.3	1.3	1.4	0.1	8%
Miscellaneous Services and Charges	1.0	1.0	1.3	1.2	(0.1)	(4%)
Printing Duplication and Filming	0.2	0.3	0.2	0.3	-	-
Rents	0.2	0.2	0.2	0.2	-	-
Travel Training and Conferences	0.1	0.1	0.1	0.1	-	-
Contractual Services Total	\$15.4	\$15.5	\$16.4	\$17.3	\$0.9	5%



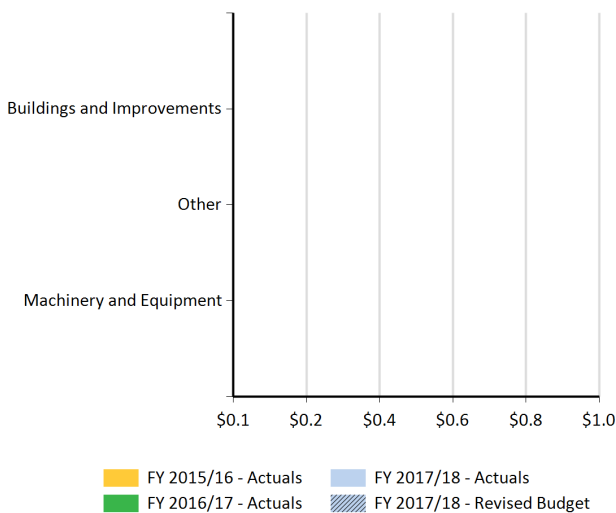
Commodities (Fiscal Year to Date: September 2017)



Actual to Revised Budget variance of \$0.1 million or 6%:
Favorable variance of \$0.1 million in Operating Supplies is due to timing of Public Safety - Police expenses that were budgeted to occur this budget period but will occur later in the year.

	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	\$0.8	\$1.0	\$0.9	\$1.0	\$0.1	12%
Maintenance and Repair Supplies	0.3	0.3	0.3	0.4	-	-
Library Materials	0.2	0.3	0.3	0.3	-	-
Purchased for Resale	-	0.1	0.1	0.1	-	-
Other	-	-	-	-	-	-
Commodities Total	\$1.4	\$1.7	\$1.6	\$1.7	\$0.1	6%

Capital Outlays (Fiscal Year to Date: September 2017)



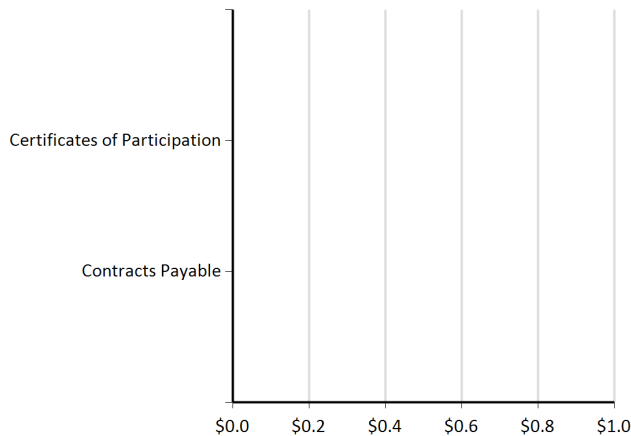
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Buildings and Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	-
Other	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-
Capital Outlays Total	\$0.0	\$0.0	\$0.0	\$0.0	\$ -	-



Contracts Payable & COPs (Fiscal Year to Date: September 2017)

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

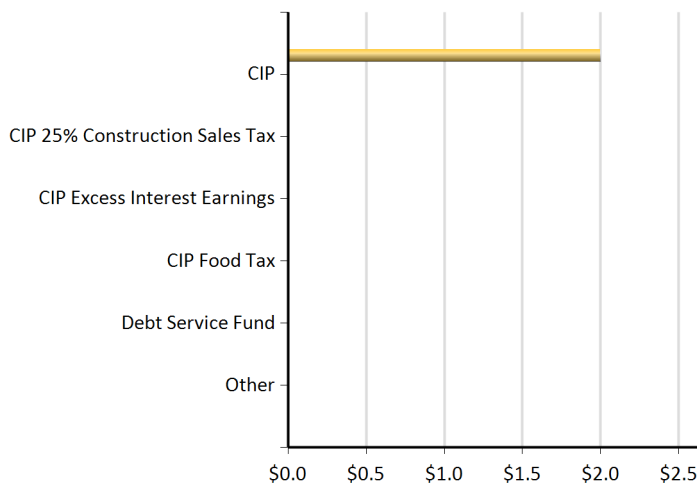


■ FY 2015/16 - Actuals ■ FY 2017/18 - Actuals
■ FY 2016/17 - Actuals FY 2017/18 - Revised Budget

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Certificates of Participation	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contracts Payable	-	-	-	-	-	-
Contracts Payable & COPs Total	\$0.0	\$0.0	\$0.0	\$0.0	\$ -	-

Transfers Out (Fiscal Year to Date: September 2017)

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

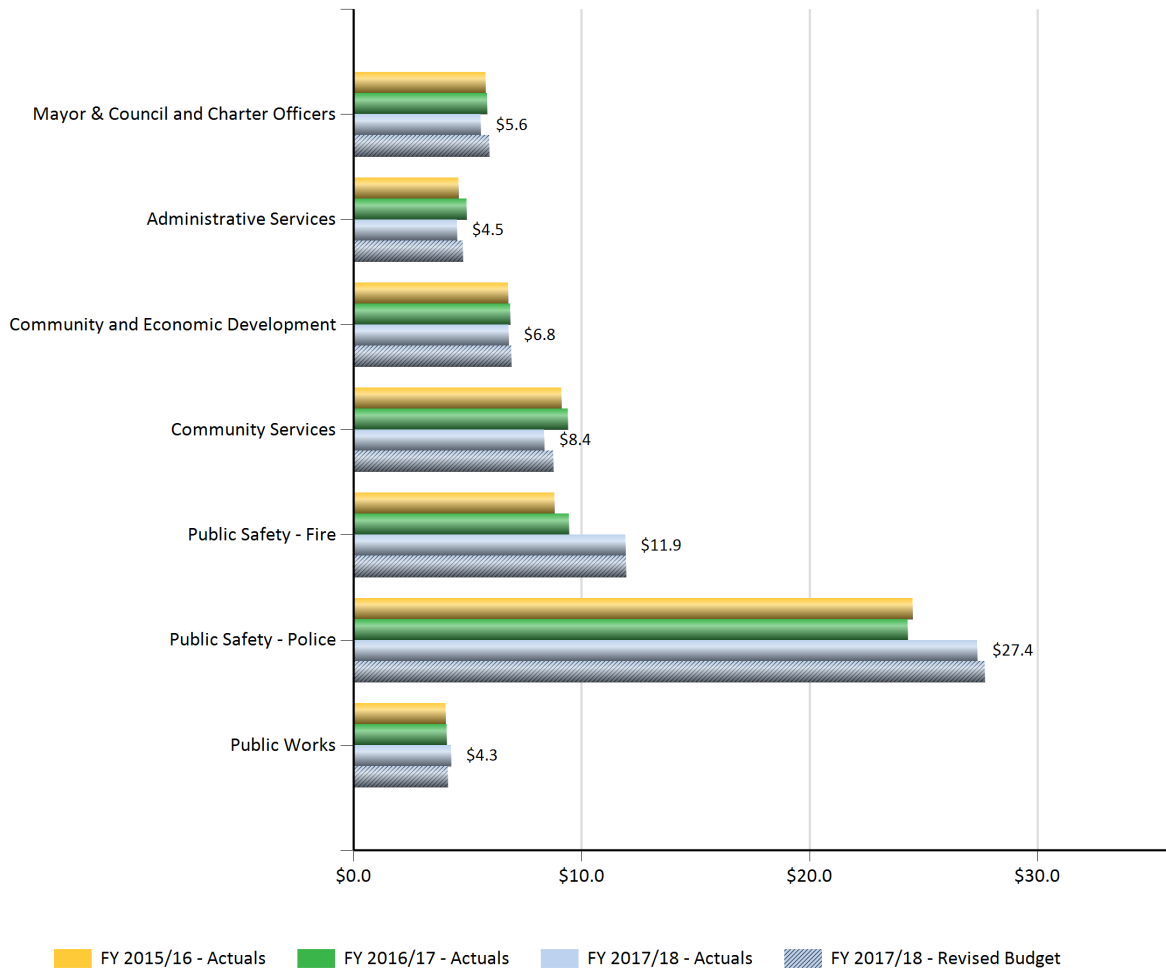


■ FY 2015/16 - Actuals ■ FY 2017/18 - Actuals
■ FY 2016/17 - Actuals FY 2017/18 - Revised Budget

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
CIP	\$2.0	\$ -	\$ -	\$ -	\$ -	-
CIP 25% Construction Sales Tax	-	-	-	-	-	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfers Out Total	\$2.0	\$0.0	\$0.0	\$0.0	\$ -	-



Division Expenditures (Fiscal Year to Date: September 2017)

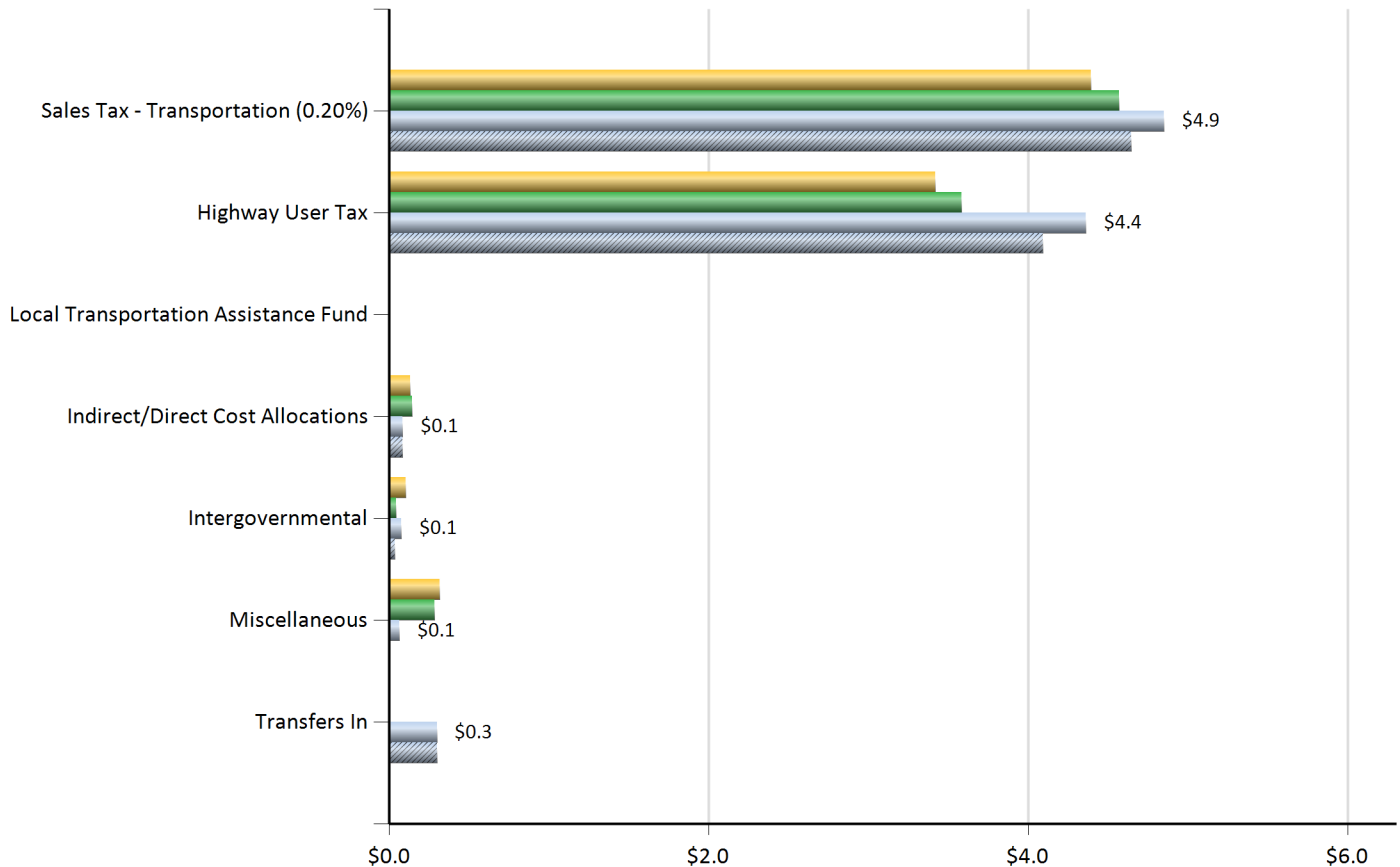


	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$5.8	\$5.9	\$5.6	\$5.9	\$0.4	6%
Administrative Services	4.6	5.0	4.5	4.8	0.3	5%
Community and Economic Development	6.8	6.9	6.8	6.9	0.1	2%
Community Services	9.1	9.4	8.4	8.8	0.4	5%
Public Safety - Fire	8.8	9.5	11.9	12.0	-	-
Public Safety - Police	24.5	24.3	27.4	27.7	0.3	1%
Public Works	4.0	4.1	4.3	4.1	(0.1)	(3%)
Total	\$63.7	\$64.9	\$68.9	\$70.2	\$1.3	2%

Actual to Revised Budget variance of \$1.3 million or 2%: Mayor & Council and Charter Officers is favorable mainly due to City Treasurer banking services and software maintenance and licensing being less than anticipated and City Attorney having vacant positions savings. Administrative Services is favorable due to the timing of invoices. Community Services is favorable mainly due to part-time salary savings and invoice timing. Public Safety - Fire is showing a net zero variance. However, there is actually a favorable variance due to lower than expected fleet maintenance and repair costs being offset by an unfavorable variance associated with higher overtime costs related to a shortfall in staffing due to 18 firefighters being on leave. Public Safety - Police is favorable primarily due to the timing of the Maricopa County Sheriff's Office Jail and the Maricopa County Animal Control contracts and because some of the photo enforcement cameras were turned off while a new contract was negotiated resulting in fewer citations.



Sources (Fiscal Year to Date: September 2017)



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

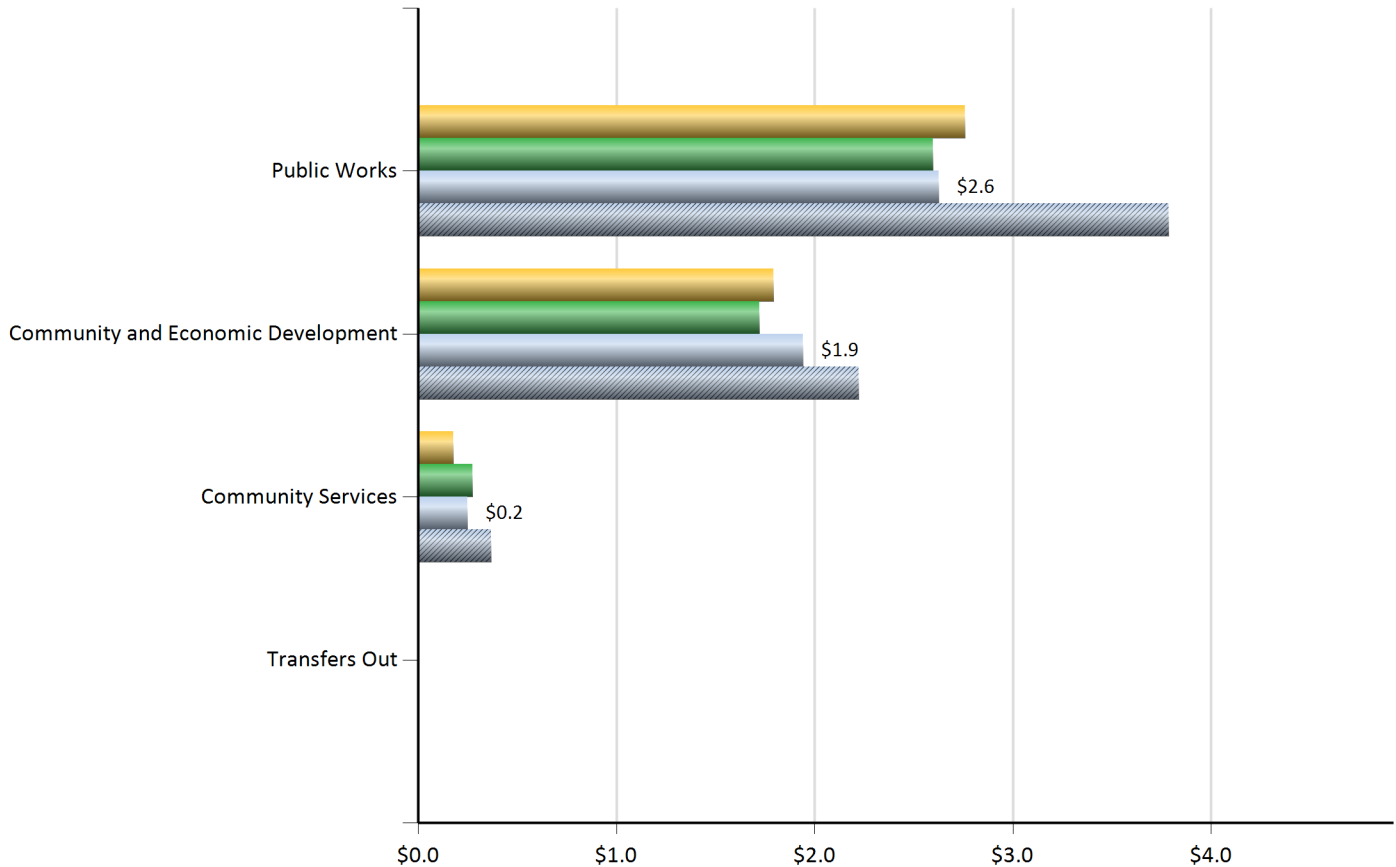
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Sales Tax - Transportation (0.20%)	\$4.4	\$4.6	\$4.9	\$4.6	\$0.2	4%
Highway User Tax	3.4	3.6	4.4	4.1	0.3	6%
Local Transportation Assistance Fund	-	-	-	-	-	-
Indirect/Direct Cost Allocations	0.1	0.1	0.1	0.1	-	-
Intergovernmental	0.1	-	0.1	-	-	-
Miscellaneous	0.3	0.3	0.1	-	0.1	nm
Transfers In	-	-	0.3	0.3	-	-
Total Sources	\$8.4	\$8.6	\$9.7	\$9.2	\$0.6	6%

Actual to Revised Budget variance of \$0.6 million or 6%:

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." Additionally, the favorable variance is due to a taxpayer (hotel) that has been paying taxes to the city in error, which will be corrected in the coming months. The favorable variance in Highway User Tax is due to timing. The favorable variance in Miscellaneous is due to the receipt of an unexpected refund for FY 2016/17 transit services from Valley Metro Regional Public Transit Transportation Authority.



Uses (Fiscal Year to Date: September 2017)



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

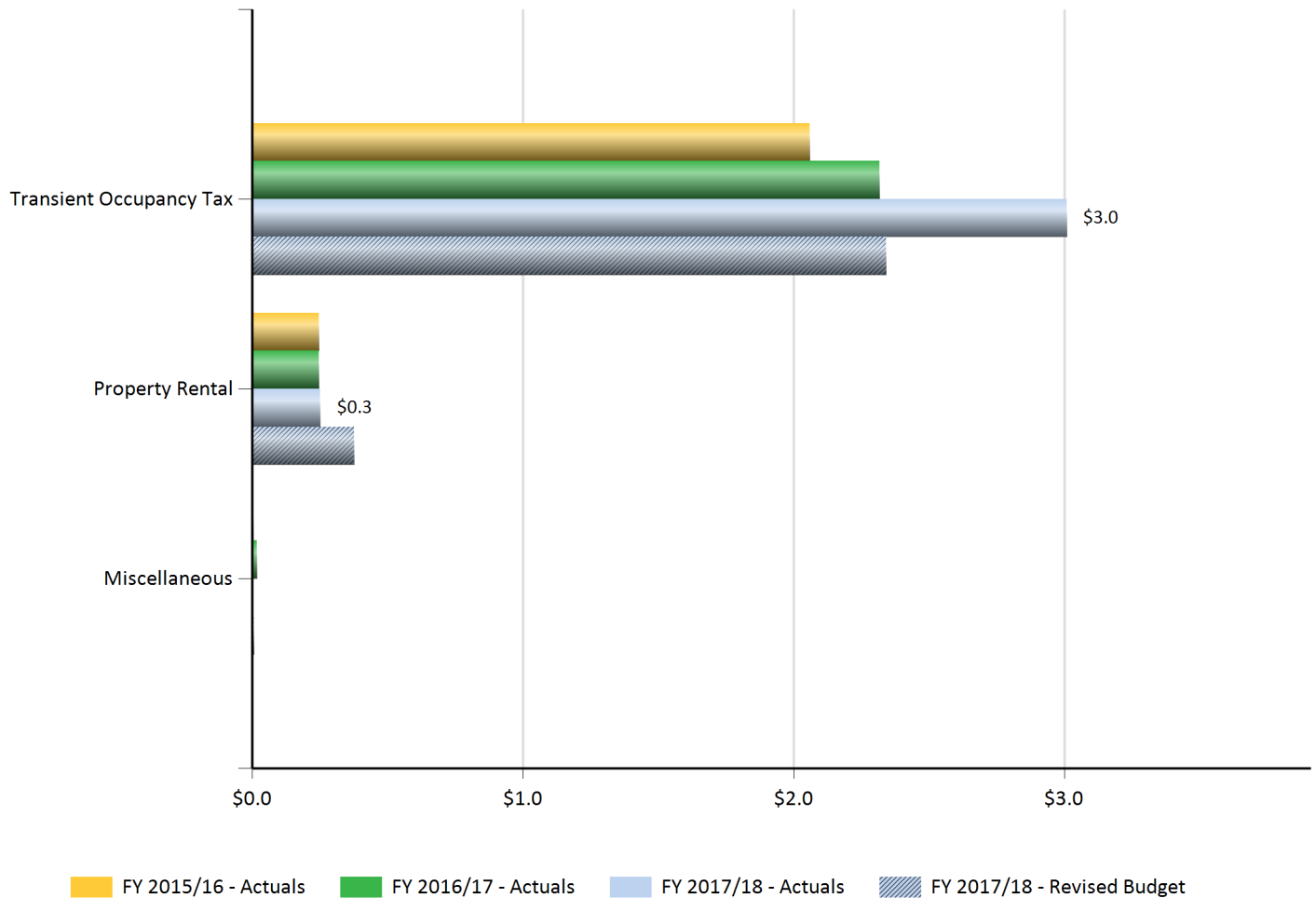
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$2.8	\$2.6	\$2.6	\$3.8	\$1.2	31%
Community and Economic Development	1.8	1.7	1.9	2.2	0.3	13%
Community Services	0.2	0.3	0.2	0.4	0.1	33%
Transfers Out	-	-	-	-	-	-
Total Uses	\$4.7	\$4.6	\$4.8	\$6.4	\$1.6	24%

Actual to Revised Budget variance of \$1.6 million or 24%:

The favorable variance in Public Works is due to the delays of fiberseal projects associated with ADA concrete requirements and delays in the dust palliative cycle due to unplanned special projects that have been higher priority. Community and Economic Development is favorable due to the cost of the transition of trolley fleet maintenance from the transit company to the City of Scottsdale Fleet Department being lower than expected, as well as timing in the payment of certain invoices to the transit company after the end of contract obligations are met. The Community Services variance is due to timing of invoices and payments.



Sources (Fiscal Year to Date: September 2017)



	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	\$2.1	\$2.3	\$3.0	\$2.3	\$0.7	28%
Property Rental	0.2	0.2	0.3	0.4	(0.1)	(33%)
Miscellaneous	-	-	-	-	-	-
Total Sources	\$2.3	\$2.6	\$3.3	\$2.7	\$0.5	20%

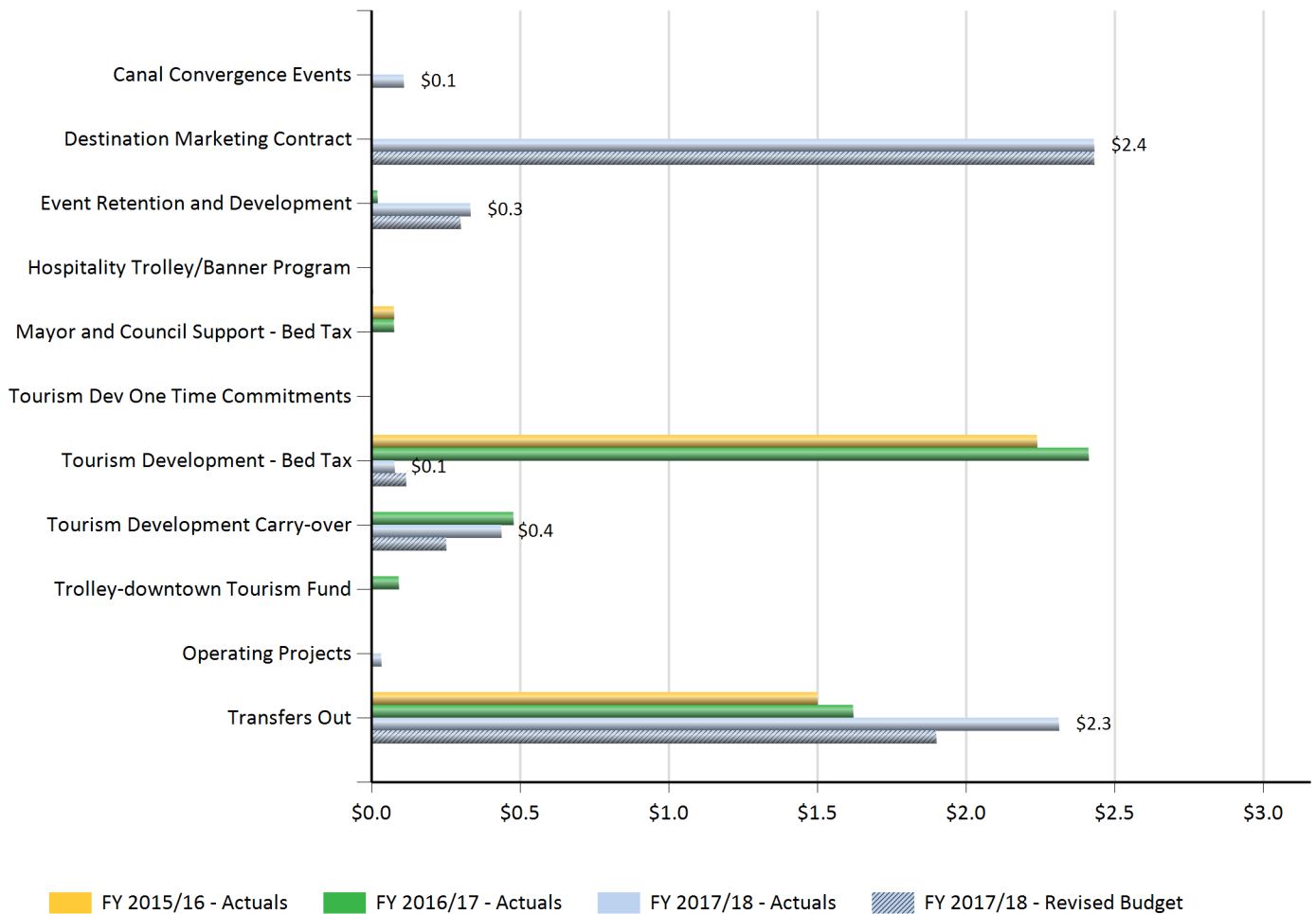
Actual to Revised Budget variance of \$0.5 million or 20%:

The favorable variance in Transient Occupancy Tax 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 is due to a taxpayer (hotel) that has been paying taxes to the city in error, which will be corrected in the coming months. There is an unfavorable variance in Property Rental due to the timing of the Scottsdale Princess Hotel lease payment for September.



Tourism Development Fund

Uses (Fiscal Year to Date: September 2017)



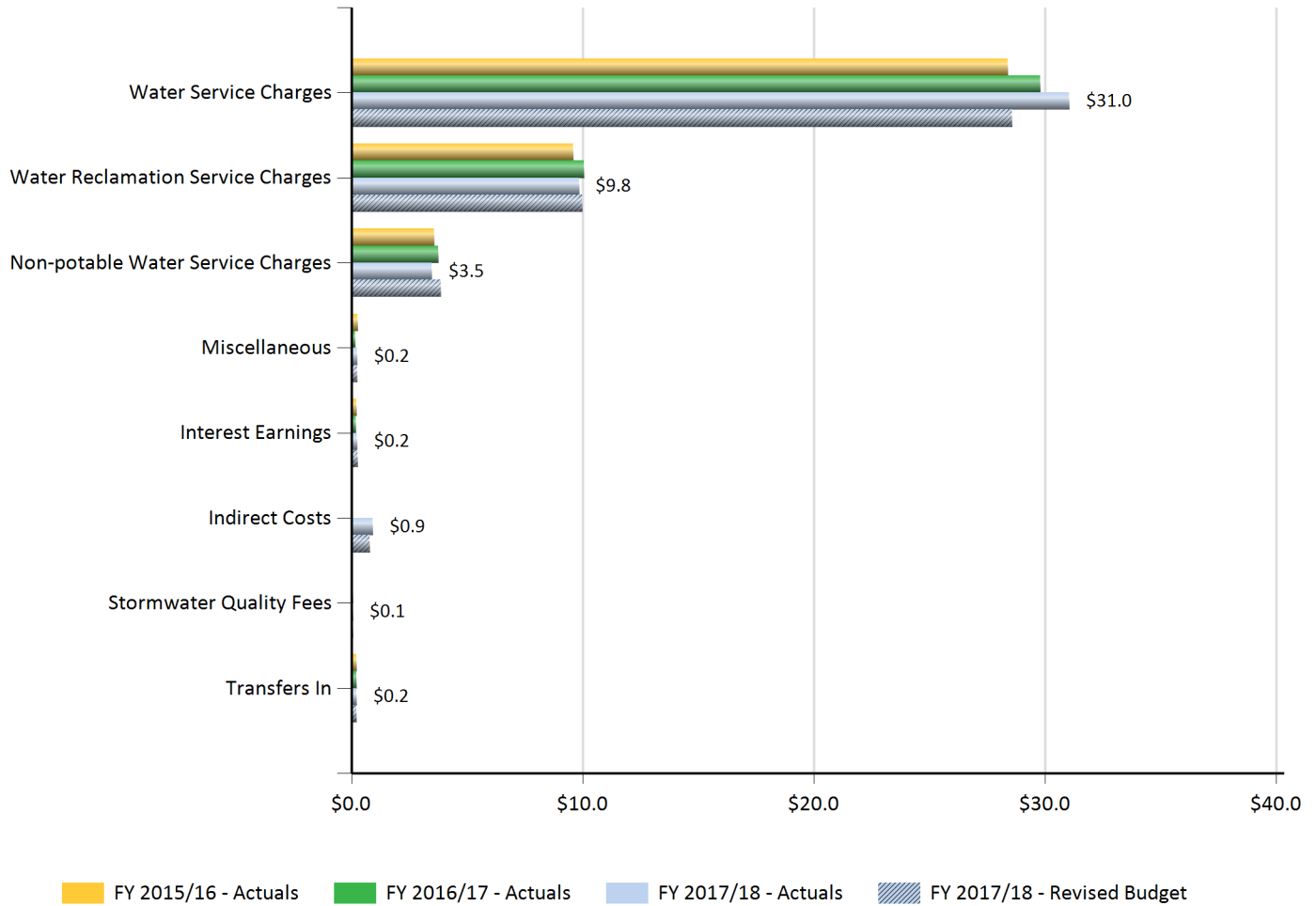
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Canal Convergence Events	\$ -	\$ -	\$0.1	\$ -	(\$0.1)	nm
Destination Marketing Contract	-	-	2.4	2.4	-	-
Event Retention and Development	-	-	0.3	0.3	-	-
Hospitality Trolley/Banner Program	-	-	-	-	-	-
Mayor and Council Support - Bed Tax	0.1	0.1	-	-	-	-
Tourism Dev One Time Commitments	-	-	-	-	-	-
Tourism Development - Bed Tax	2.2	2.4	0.1	0.1	-	-
Tourism Development Carry-over	-	0.5	0.4	0.3	(0.2)	(74%)
Trolley-downtown Tourism Fund	-	0.1	-	-	-	-
Operating Projects	-	-	-	-	-	nm
Transfers Out	1.5	1.6	2.3	1.9	(0.4)	(22%)
Total Uses	\$3.8	\$4.7	\$5.7	\$5.0	(\$0.7)	(15%)

Actual to Revised Budget variance of (\$0.7) million or (15%):

Council approved \$0.7 million for Canal Convergence Events that was budgeted at the end of the fiscal year, which resulted in an unfavorable variance when expenses were incurred before they were expected. Budget will be adjusted in the coming months. The unfavorable variance in Tourism Development Carry-over is due to budget spread related to the Museum of the West payment which will be adjusted for future months. The unfavorable variance in Transfers Out is due to the transfer out to CIP of \$0.4 million for a Council approved Airport Terminal project.



Sources (Fiscal Year to Date: September 2017)



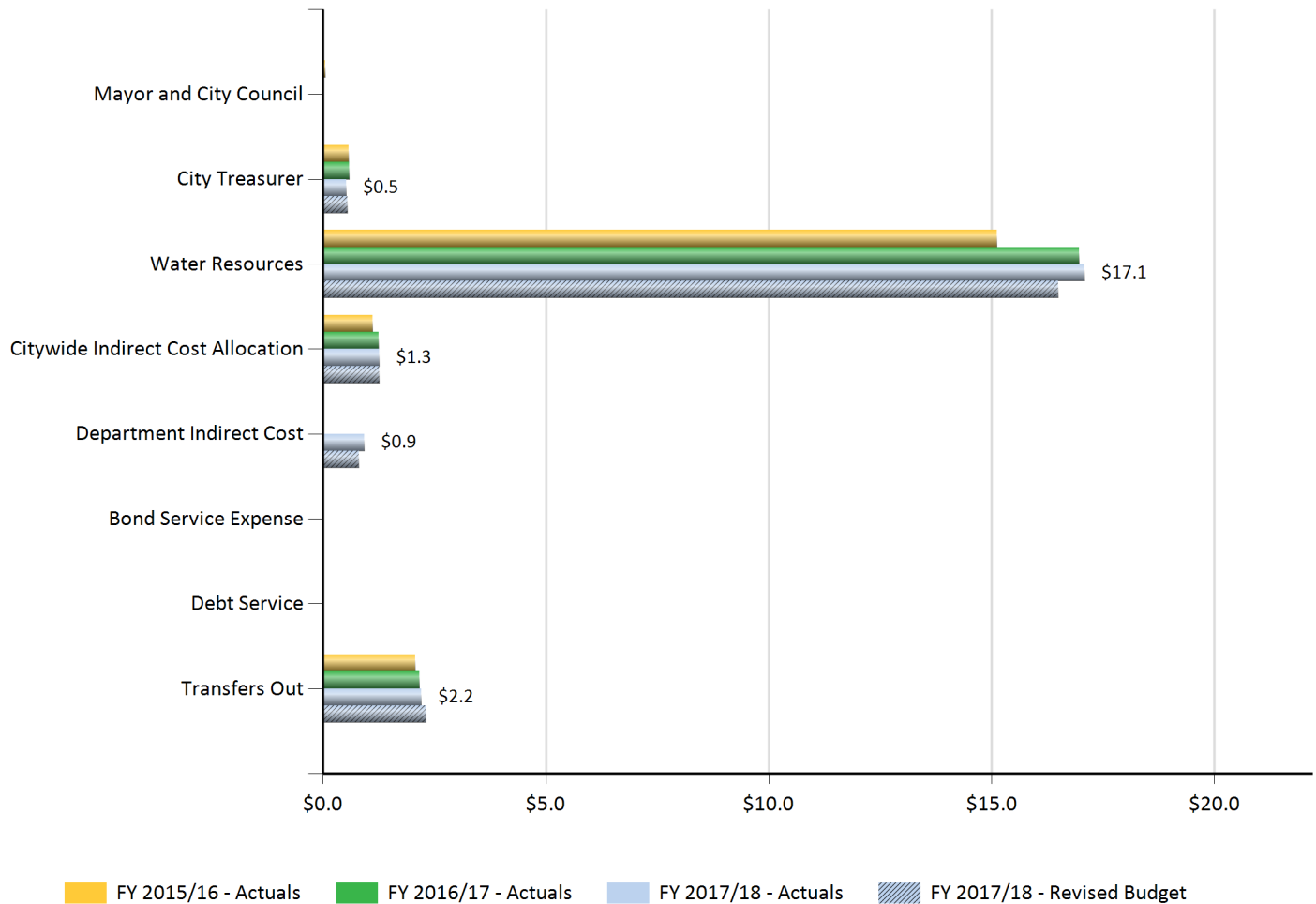
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Water Service Charges	\$28.4	\$29.8	\$31.0	\$28.6	\$2.5	9%
Water Reclamation Service Charges	9.6	10.1	9.8	10.0	(0.1)	(1%)
Non-potable Water Service Charges Miscellaneous	3.6	3.8	3.5	3.9	(0.4)	(10%)
Interest Earnings	0.2	0.2	0.2	0.3	-	-
Indirect Costs	-	-	0.9	0.8	0.1	16%
Stormwater Quality Fees	-	0.1	0.1	0.1	-	-
Transfers In	0.2	0.2	0.2	0.2	-	-
Total Sources	\$42.3	\$44.2	\$46.1	\$44.0	\$2.1	5%

Actual to Revised Budget variance of \$2.1 million or 5%:

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 hotter than expected temperatures. Non-potable Water Service is unfavorable due to the use of an old Reclaimed Water Distribution System (RWDS) water rate for July and August and actuals are coming in differently than originally anticipated. This has been corrected for future months. The unfavorable variance is partially offset by a deal to sell additional recharge water to golf courses in the Irrigation Water Distribution System (IWDS) that was not budgeted for.



Uses (Fiscal Year to Date: September 2017)



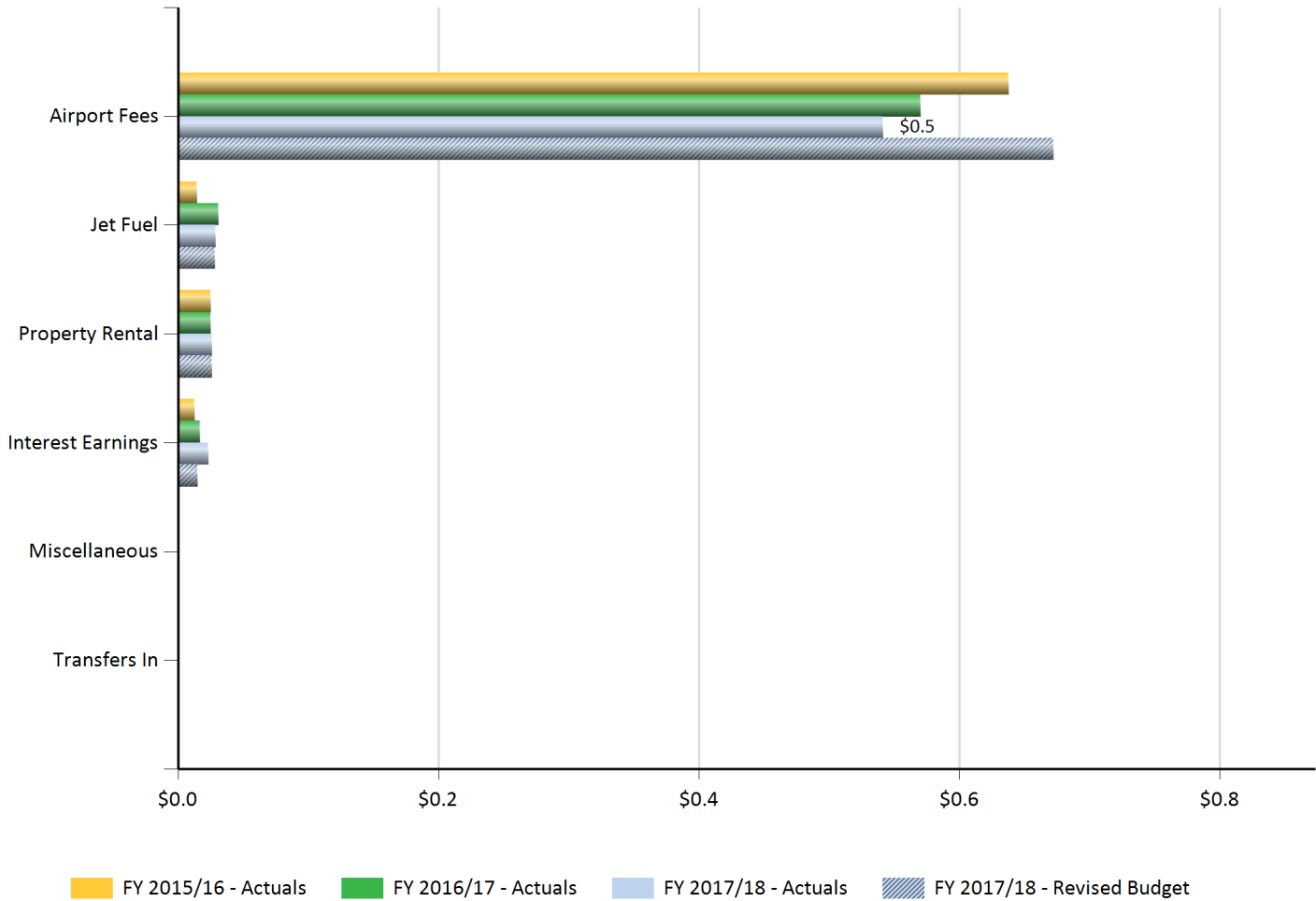
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Mayor and City Council	\$ -	\$ -	\$ -	\$ -	\$ -	-
City Treasurer	0.6	0.6	0.5	0.6	-	-
Water Resources	15.1	17.0	17.1	16.5	(0.6)	(4%)
Citywide Indirect Cost Allocation	1.1	1.2	1.3	1.3	-	-
Department Indirect Cost	-	-	0.9	0.8	(0.1)	(16%)
Bond Service Expense	-	-	-	-	-	nm
Debt Service	-	-	-	-	-	-
Transfers Out	2.1	2.2	2.2	2.3	0.1	5%
Total Uses	\$18.9	\$21.0	\$22.0	\$21.4	(\$0.6)	(3%)

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

Water Resources is unfavorable mainly due to the attempt to consolidate APS electrical monthly expenses into one billing cycle; the city and APS continue to work to resolve this issue. Water Resources is also unfavorable due to how the budget was spread for the Sub-Regional Operational Group (SROG) which will be modified for future months. In addition, the division is unfavorable due to the unpredictable nature of as-needed purchases being budgeted evenly through the entire year. The unfavorable variance is partially offset by the less than projected need for the purchase of filter media. Transfers Out is favorable due to the budget spread of Enterprise Franchise Fees.



Sources (Fiscal Year to Date: September 2017)



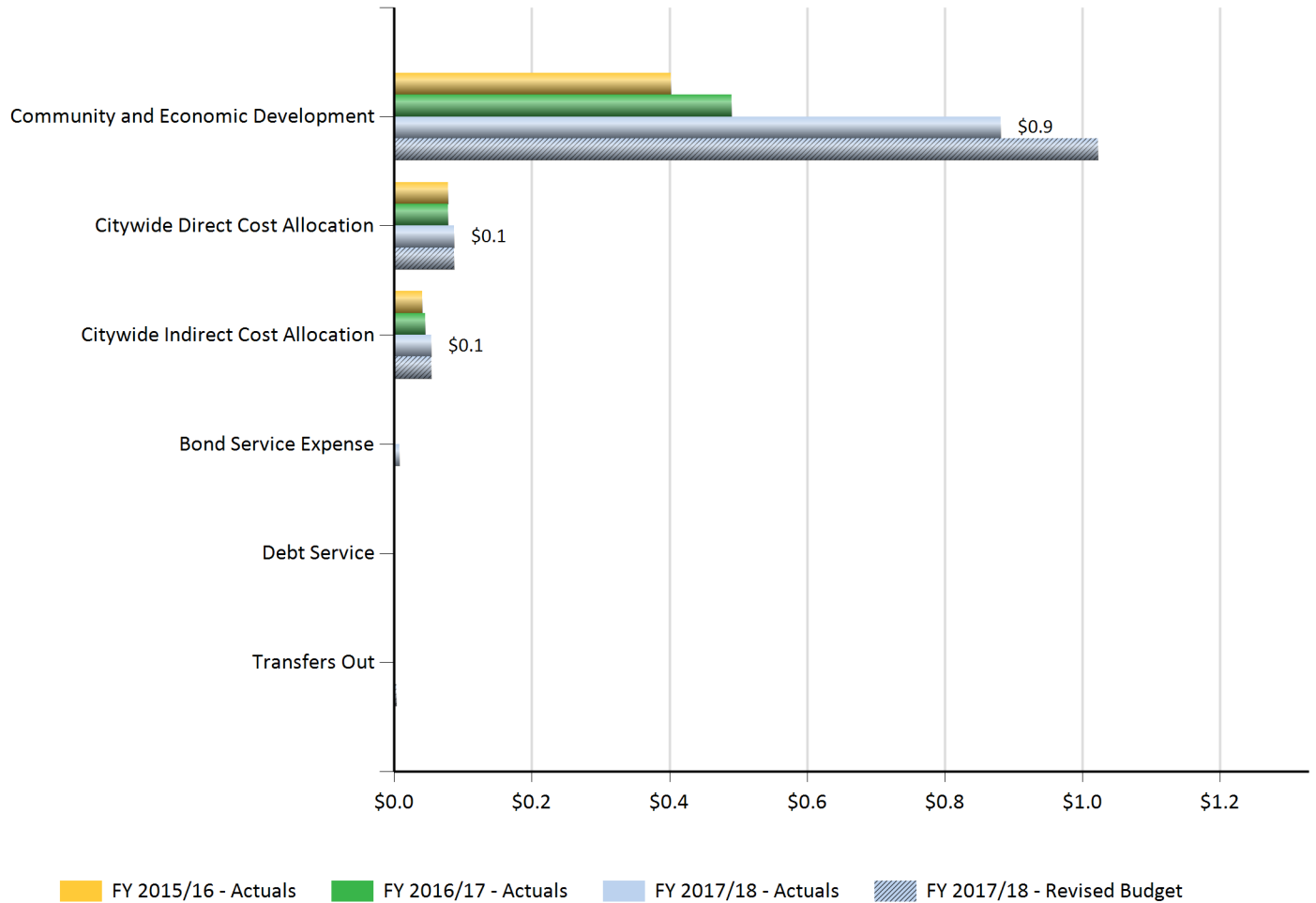
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Airport Fees	\$0.6	\$0.6	\$0.5	\$0.7	(\$0.1)	(19%)
Jet Fuel	-	-	-	-	-	-
Property Rental	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$0.7	\$0.6	\$0.6	\$0.7	(\$0.1)	(16%)

Actual to Revised Budget variance of (\$0.1) million or (16%):

The unfavorable variance in Airport Fees is due to the timing of when revenues were expected verses when they were actually recieved.



Uses (Fiscal Year to Date: September 2017)



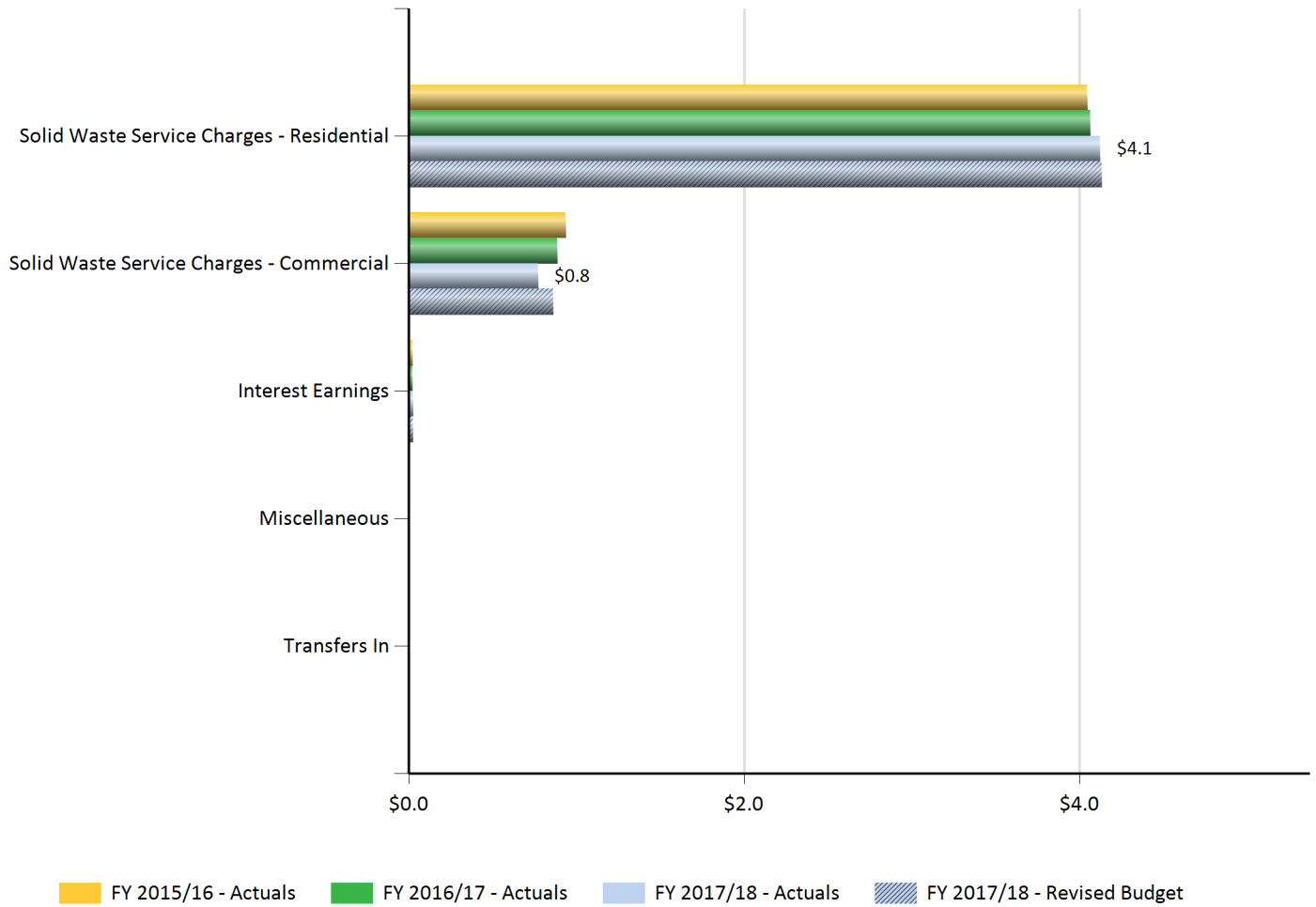
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Community and Economic Development	\$0.4	\$0.5	\$0.9	\$1.0	\$0.1	14%
Citywide Direct Cost Allocation	0.1	0.1	0.1	0.1	-	-
Citywide Indirect Cost Allocation	-	-	0.1	0.1	-	-
Bond Service Expense	-	-	-	-	-	nm
Debt Service	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$0.5	\$0.6	\$1.0	\$1.2	\$0.1	12%

Actual to Revised Budget variance of \$0.1 million or 12%:

The favorable variance in Community and Economic Development is due to timing of expenses as well as lower than anticipated need for international flight clearance services.



Sources (Fiscal Year to Date: September 2017)



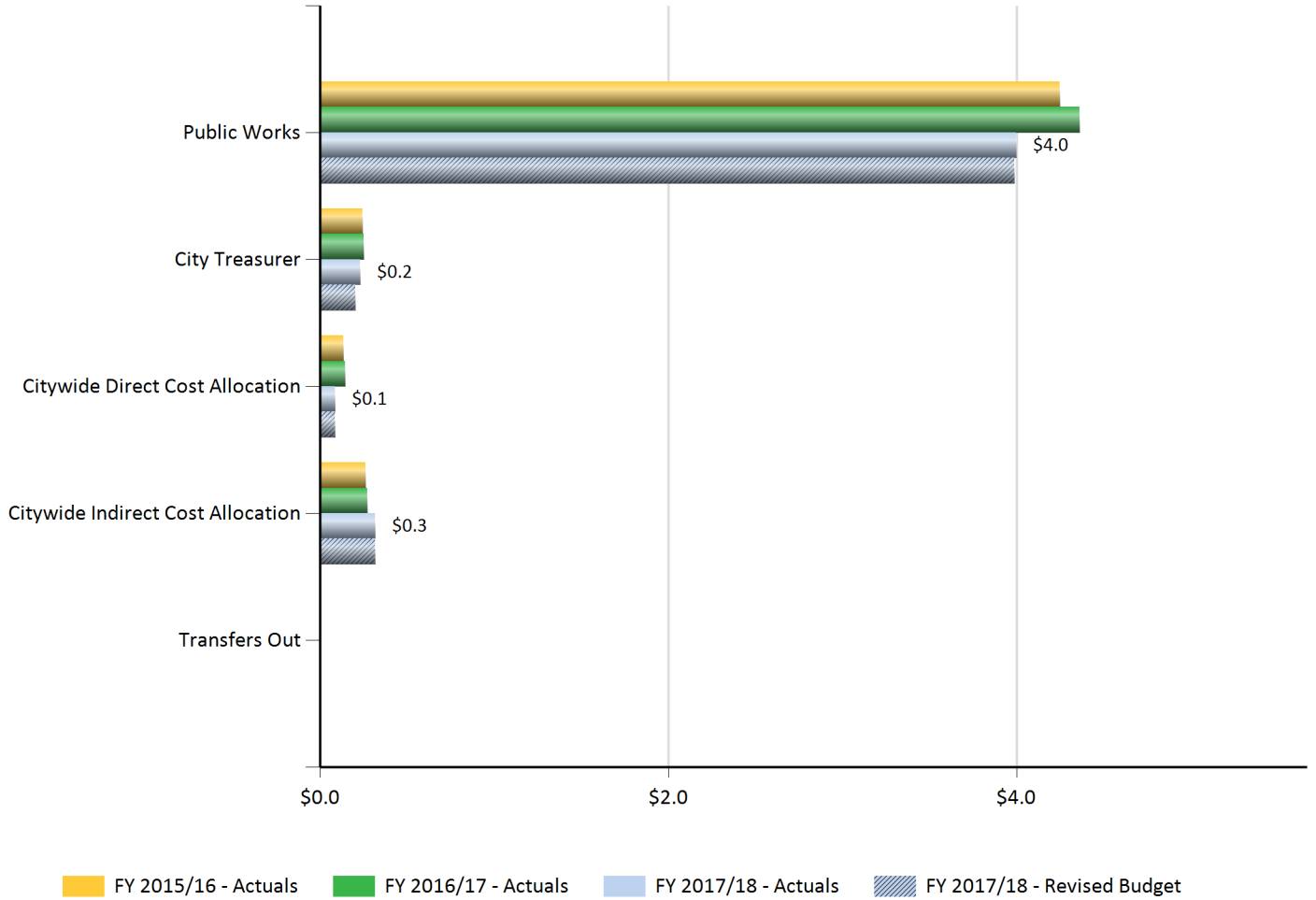
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Solid Waste Service Charges - Residential	\$4.0	\$4.1	\$4.1	\$4.1	\$ -	-
Solid Waste Service Charges - Commercial	0.9	0.9	0.8	0.9	(0.1)	(11%)
Interest Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$5.0	\$5.0	\$4.9	\$5.0	(\$0.1)	(11%)

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

The unfavorable variance in Solid Waste 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: September 2017)

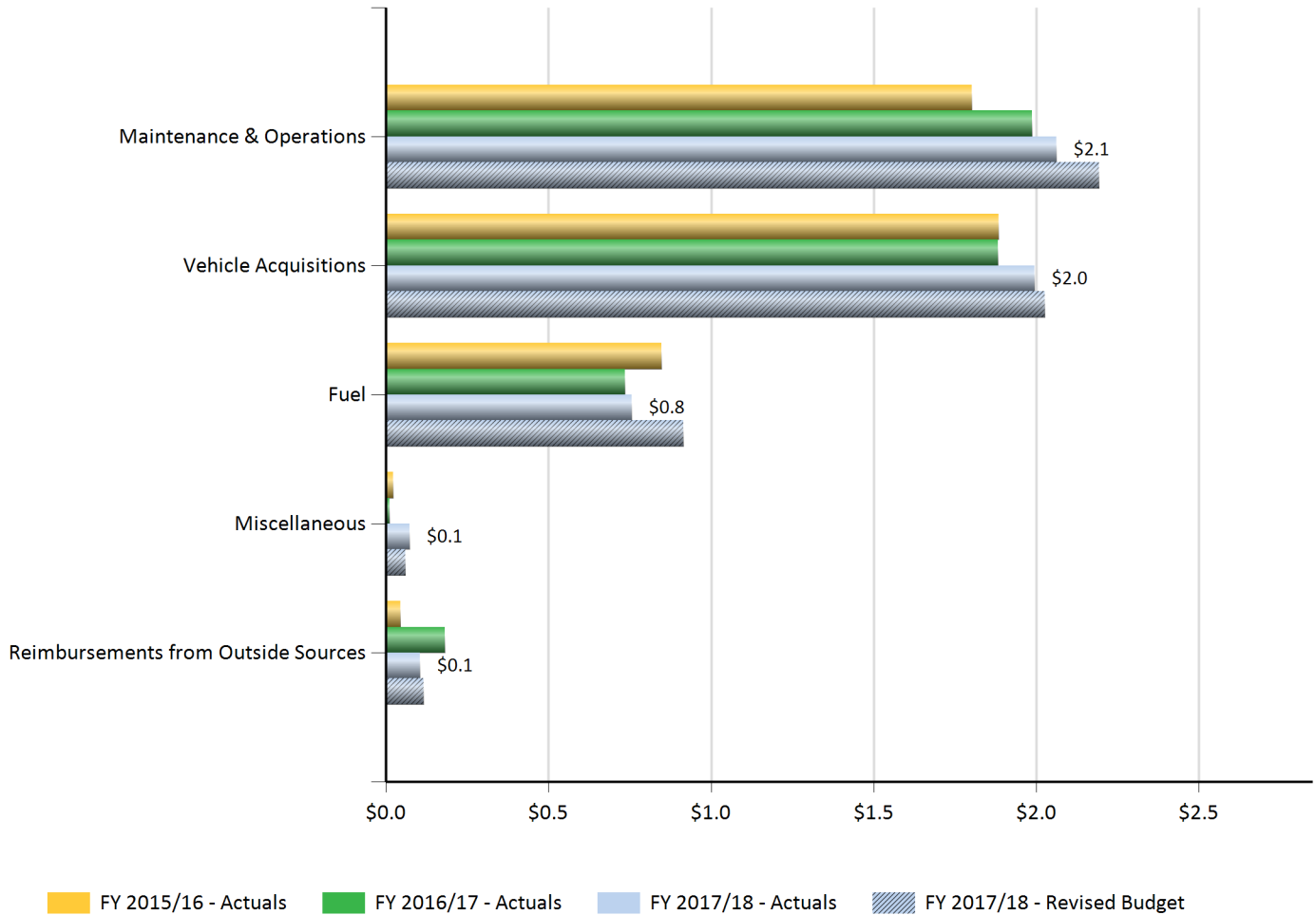


	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Public Works	\$4.2	\$4.4	\$4.0	\$4.0	\$ -	-
City Treasurer	0.2	0.2	0.2	0.2	-	-
Citywide Direct Cost Allocation	0.1	0.1	0.1	0.1	-	-
Citywide Indirect Cost Allocation	0.3	0.3	0.3	0.3	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$4.9	\$5.0	\$4.6	\$4.6	\$ -	-

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



Sources (Fiscal Year to Date: September 2017)



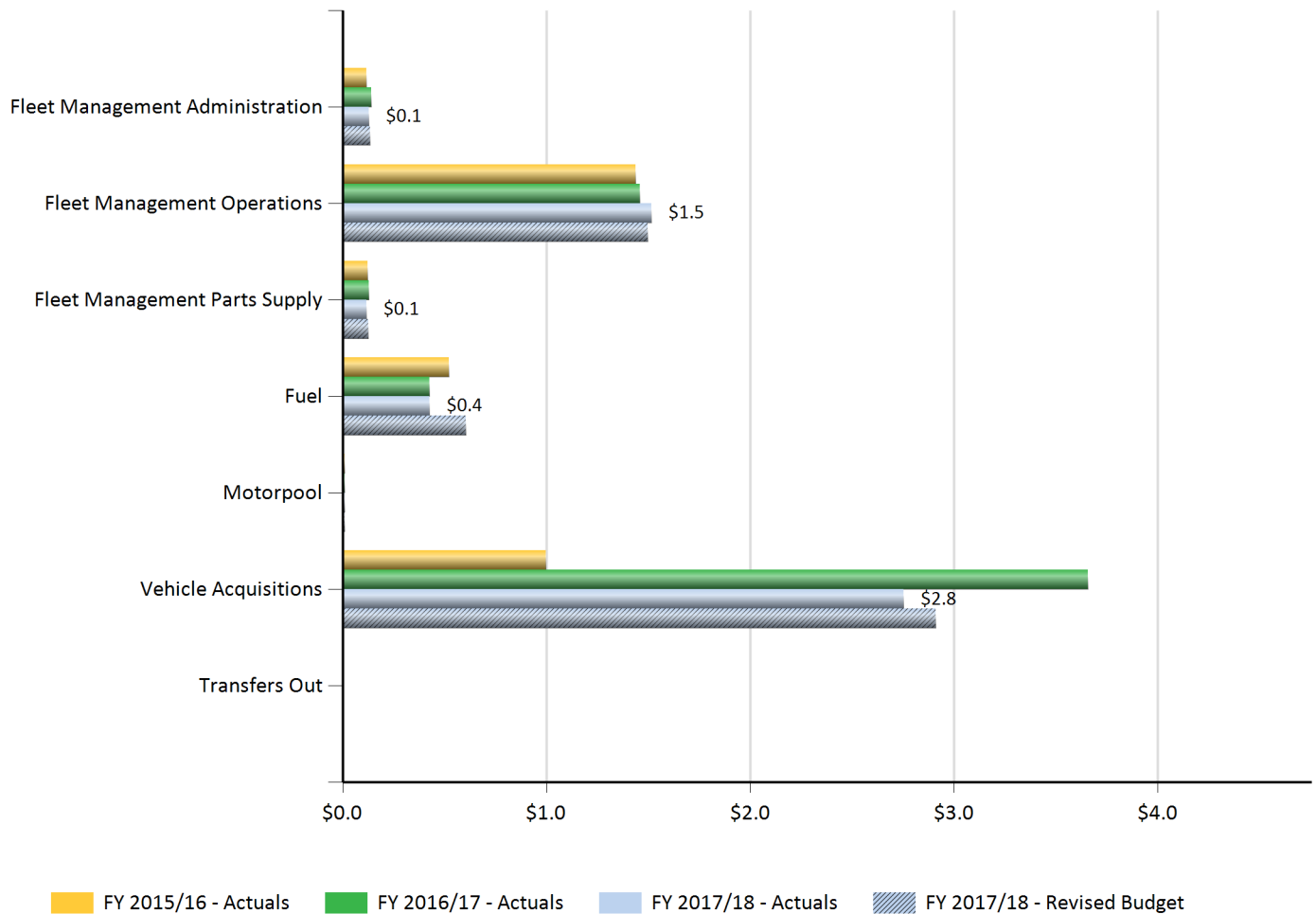
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Actual vs. Budget Percent
Maintenance & Operations	\$1.8	\$2.0	\$2.1	\$2.2	(\$0.1)	(6%)
Vehicle Acquisitions	1.9	1.9	2.0	2.0	-	-
Fuel	0.8	0.7	0.8	0.9	(0.2)	(17%)
Miscellaneous	-	-	0.1	0.1	-	-
Reimbursements from Outside Sources	-	0.2	0.1	0.1	-	-
Total Sources	\$4.6	\$4.8	\$5.0	\$5.3	(\$0.3)	(6%)

Actual to Revised Budget variance of (\$0.3) million or (6%):

The unfavorable variance in Maintenance & Operations is due to the revenue associated with charging the Transportation Department for trolley repairs and maintenance being less than anticipated. Fuel is unfavorable because divisions are paying less for fuel than expected due to lower fuel prices.



Uses (Fiscal Year to Date: September 2017)



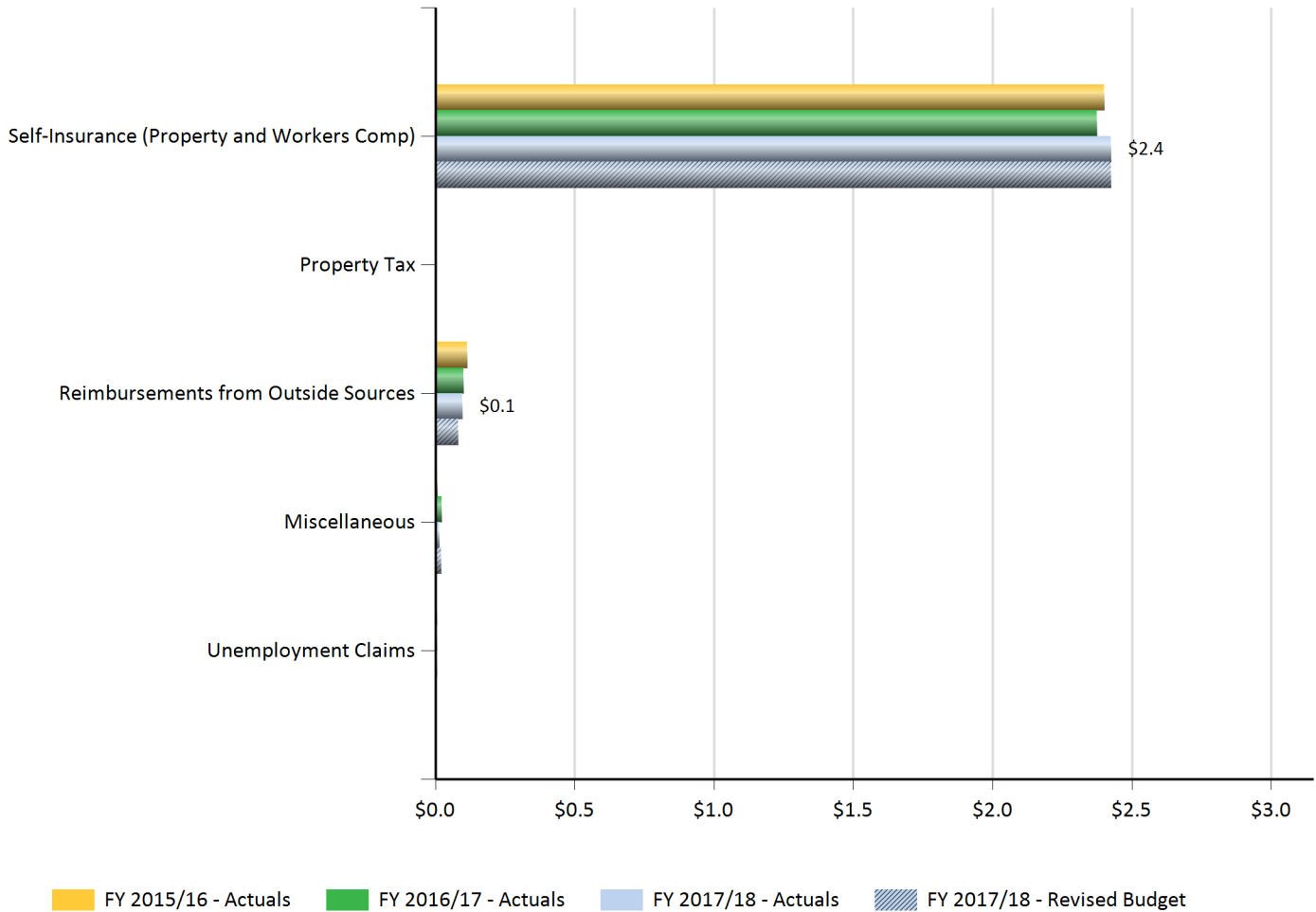
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Fleet Management Administration	\$0.1	\$0.1	\$0.1	\$0.1	\$ -	-
Fleet Management Operations	1.4	1.5	1.5	1.5	-	-
Fleet Management Parts Supply	0.1	0.1	0.1	0.1	-	-
Fuel	0.5	0.4	0.4	0.6	0.2	30%
Motorpool	-	-	-	-	-	-
Vehicle Acquisitions	1.0	3.7	2.8	2.9	0.2	5%
Transfers Out	-	-	-	-	-	-
Total Uses	\$3.2	\$5.8	\$5.0	\$5.3	\$0.3	6%

Actual to Revised Budget variance of \$0.3 million or 6%:

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 the state contract.



Sources (Fiscal Year to Date: September 2017)



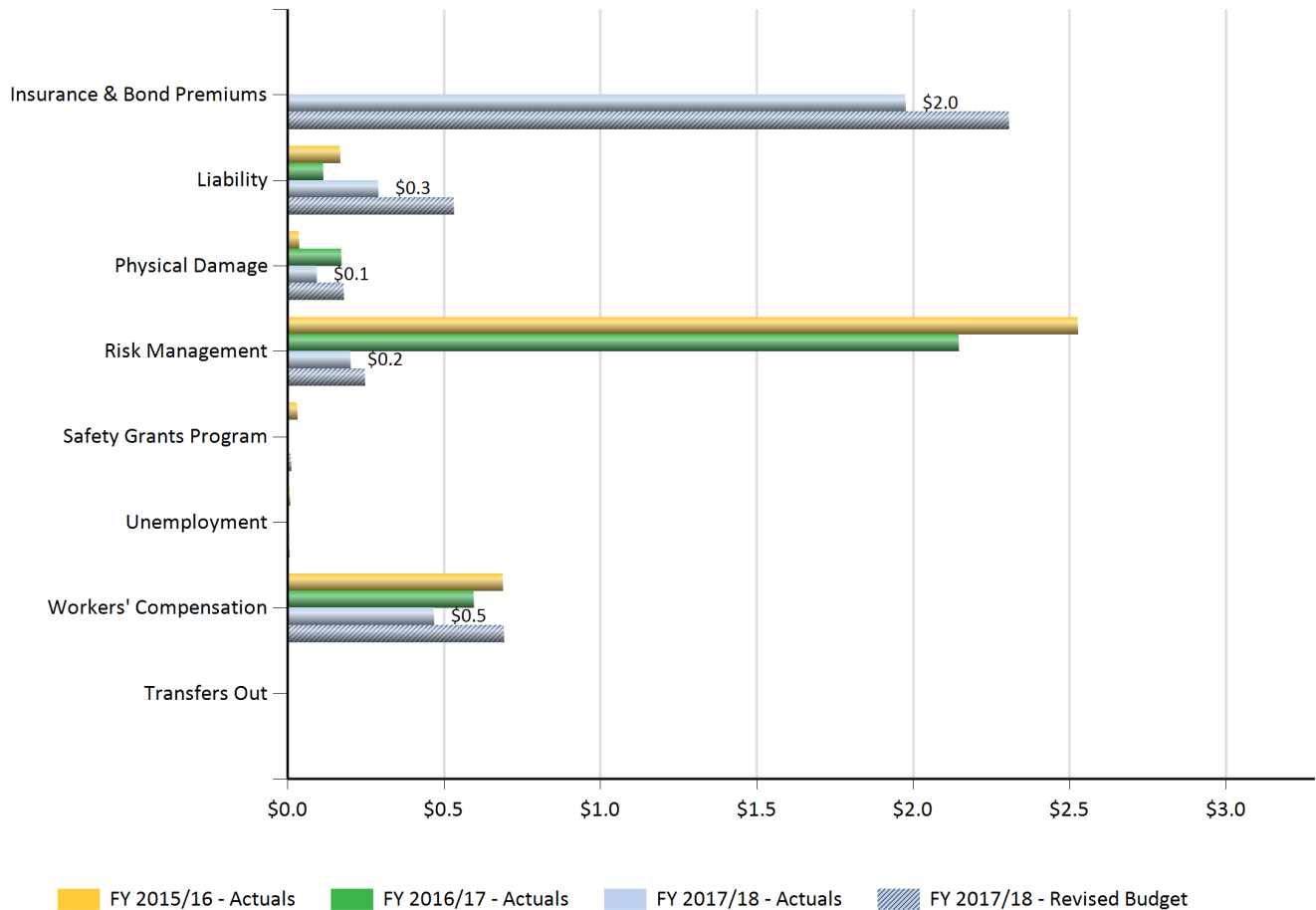
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Self-Insurance (Property and Workers Comp)	\$2.4	\$2.4	\$2.4	\$2.4	\$ -	-
Property Tax	-	-	-	-	-	-
Reimbursements from Outside Sources	0.1	0.1	0.1	0.1	-	-
Miscellaneous	-	-	-	-	-	-
Unemployment Claims	-	-	-	-	-	-
Total Sources	\$2.5	\$2.5	\$2.5	\$2.5	\$ -	-

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

No explanation necessary.



Uses (Fiscal Year to Date: September 2017)



	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	\$2.3	\$0.3	14%
Liability	0.2	0.1	0.3	0.5	0.2	45%
Physical Damage	-	0.2	0.1	0.2	0.1	48%
Risk Management	2.5	2.1	0.2	0.2	-	-
Safety Grants Program	-	-	-	-	-	-
Unemployment	-	-	-	-	-	-
Workers' Compensation	0.7	0.6	0.5	0.7	0.2	32%
Transfers Out	-	-	-	-	-	-
Total Uses	\$3.5	\$3.0	\$3.0	\$4.0	\$0.9	24%

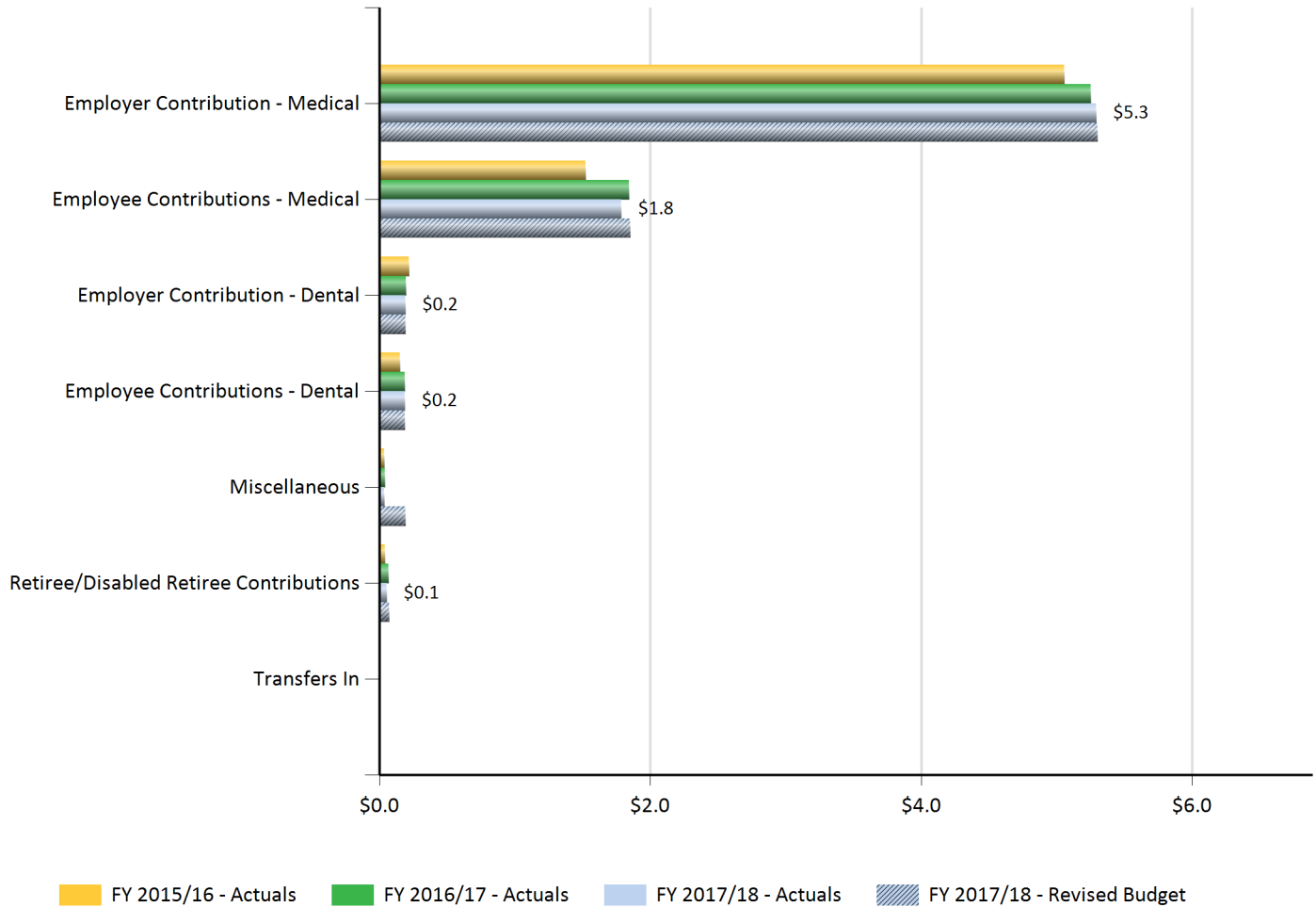
Actual to Revised Budget variance of \$0.9 million or 24%:

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 Risk Management, to better reflect actual premium amounts. The favorable variances in Liability and Physical Damage are due to the unpredictability of claim amounts for damage to city property, attorney fees, or miscellaneous expenses during trial. The favorable variance in Workers' Compensation is due to the unpredictability of claims paid to current city employees in the event there is an injury, illness, or disease that occurred on the job.



Healthcare Self Insurance Fund

Sources (Fiscal Year to Date: September 2017)



	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	\$5.1	\$5.3	\$5.3	\$5.3	\$ -	-
Employee Contributions - Medical	1.5	1.8	1.8	1.9	(0.1)	(4%)
Employer Contribution - Dental	0.2	0.2	0.2	0.2	-	-
Employee Contributions - Dental	0.2	0.2	0.2	0.2	-	-
Miscellaneous	-	-	-	0.2	(0.2)	(81%)
Retiree/Disabled Retiree Contributions	-	0.1	0.1	0.1	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$7.0	\$7.6	\$7.5	\$7.8	(\$0.2)	(3%)

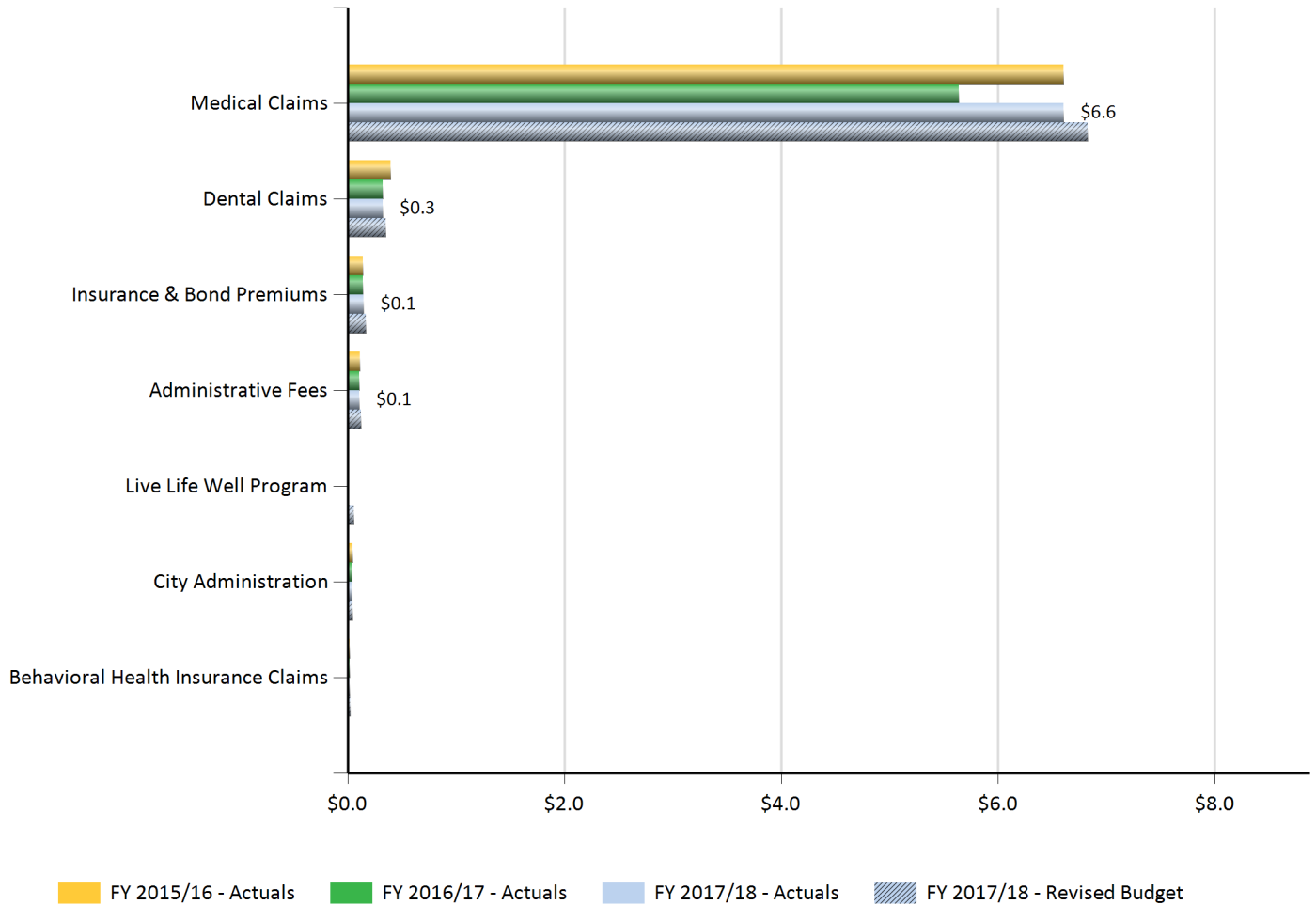
Actual to Revised Budget variance of (\$0.2) million or (3%):

The unfavorable variance 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.



Healthcare Self Insurance Fund

Uses (Fiscal Year to Date: September 2017)



	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	\$6.6	\$5.6	\$6.6	\$6.8	\$0.2	3%
Dental Claims	0.4	0.3	0.3	0.4	-	-
Insurance & Bond Premiums	0.1	0.1	0.1	0.2	-	-
Administrative Fees	0.1	0.1	0.1	0.1	-	-
Live Life Well Program	-	-	-	0.1	0.1	91%
City Administration	-	-	-	-	-	-
Behavioral Health Insurance Claims	-	-	-	-	-	-
Total Uses	\$7.3	\$6.3	\$7.3	\$7.6	\$0.4	5%

Actual to Revised Budget variance of \$0.4 million or 5%:

Favorable variance is due to difficulty in predicting medical and dental claims. 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
Operating Revenue						
Rental Facilities	\$2,050,602	\$2,134,970	\$2,205,750	n/a	\$2,516,504	\$2,516,504
RV Rental	232,802	270,661	251,685	n/a	275,000	275,000
Feed/Bedding Sales	548,330	499,691	566,127	n/a	600,000	600,000
Labor Fees	266,860	240,173	301,429	n/a	350,000	350,000
Concession Fees	191,380	354,902	487,513	n/a	525,000	525,000
Parking	58,591	110,931	96,927	n/a	115,000	115,000
Other Income	142,732	135,192	198,068	n/a	57,030	57,030
Equidome Project Use Fee	75,000	555,000	315,000	n/a	360,000	360,000
Council Approved Authorized Carryover ^a	2,048,000	-	-	n/a	-	-
Operating Transfer In ^b	-	-	-	n/a	100,000	100,000
Operating Revenue	\$5,614,297	\$4,301,521	\$4,422,499	n/a	\$4,898,534	\$4,898,534
Operating Expenses						
Personnel Services						
Wages/Salaries/Benefits	\$1,564,608	\$1,616,913	\$1,768,655	n/a	\$1,891,929	\$1,935,789
Overtime	21,195	25,558	32,594	n/a	22,153	22,817
Contractual Services						
Contractual Workers	84,004	92,292	81,775	n/a	100,000	100,000
Telephone	32,164	30,650	21,015	n/a	40,486	40,486
Utilities ^c	1,016,731	1,219,326	1,174,779	n/a	-	1,325,000
Maintenance & Equipment Rental & Fleet	601,739	652,492	751,856	n/a	772,056	772,056
License and Permits	73,018	73,356	76,684	n/a	127,966	127,966
Property, Liability & Workers' Comp	30,724	37,376	51,525	n/a	76,025	76,025
Advertising/Marketing Contract	212,869	208,815	252,328	n/a	250,000	250,000
Other	232,224	268,443	234,449	n/a	272,707	272,707
Commodities and Capital Outlays						
Agriculture & Horticulture & Other Supply	128,597	71,411	103,461	n/a	131,545	131,545
Maintenance & Repairs Supply, Equipment	74,067	84,344	116,413	n/a	152,035	152,035
Inventory Purchased for Resale	260,507	304,481	294,103	n/a	482,500	482,500
Construction - Other	10,695	-	21,428	n/a	-	-
Other Expenses	35,951	45,959	64,193	n/a	33,690	33,690
BOR Admin						
BOR Admin/WestWorld	134,010	140,710	147,746	n/a	162,889	162,889
Allocated Expenses ^d						
Facilities Maintenance	402,988	713,808	670,566	n/a	893,497	893,497
COS Indirect Costs	255,887	276,504	338,575	n/a	430,425	430,425
Operating Expenses	\$5,171,979	\$5,862,440	\$6,202,145	n/a	\$5,839,903	\$7,209,427
Operating Income	\$442,317	(\$1,560,919)	(\$1,779,646)	n/a	(\$941,369)	(\$2,310,893)
Debt Service (Less contributions)						
Debt Service - (52 & 17 acres)	\$2,012,576	\$2,250,353	\$2,273,677	n/a	\$2,314,216	\$2,314,216
Debt Service - TNEC (\$41.935M)	1,546,675	1,543,925	1,524,125	n/a	1,479,375	1,479,375
Debt Service - TNEC Tourism Funded	1,200,000	1,200,000	1,200,000	n/a	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)
Net Debt Service	\$3,559,251	\$3,794,278	\$3,797,802	n/a	\$3,793,591	\$3,793,591
Operating Income After Debt Service	(\$3,116,933)	(\$5,355,198)	(\$5,577,448)	n/a	(\$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.



WestWorld Statement of Operations

Statement of Operations for September 2017 / 3 Months YTD

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	YTD Actual	YTD Actual	YTD Actual	YTD Actual	YTD Actual	Approved YTD Budget	Favorable / Amount	(Unfavorable) Percent
Operating Revenue								
Rental Facilities	\$68,216	\$186,807	\$307,152	\$277,168	\$445,702	\$178,735	\$266,967	nm
RV Rental	16,290	10,559	11,180	3,780	18,949	14,291	4,658	33%
Feed/Bedding Sales	43,106	41,883	22,197	17,331	53,028	41,112	11,916	29%
Labor Fees	100	1,270	10,639	8,257	21,696	3,907	17,789	nm
Concession Fees	5,200	47,442	77,724	(6,620)	(5,452)	55,000	(60,452)	(100%)
Parking	-	3,596	24,301	4,012	27,219	10,759	16,460	nm
Other Income	1,172	74	1,431	6,938	12,932	6,009	6,923	nm
Equidome Project Use Fee	-	285,000	90,000	45,000	-	-	-	-
Council Approved Authorized Carryover	-	-	-	-	-	-	-	-
Operating Transfer In	-	-	-	-	-	-	-	-
Operating Revenue	\$134,083	\$576,631	\$544,622	\$355,867	\$574,074	\$309,813	\$264,261	85%
Operating Expenses								
Personnel Services								
Wages/Salaries/Benefits	\$351,025	\$390,774	\$392,855	\$461,009	\$443,967	\$394,574	(\$49,393)	(13%)
Overtime	441	1,732	3,801	1,128	4,131	1,941	(2,190)	nm
Contractual Services								
Contractual Workers	1,728	864	5,240	4,810	7,475	6,500	(975)	(15%)
Telephone	7,675	5,702	4,827	7,235	7,843	9,799	1,956	20%
Utilities ^a	85,833	191,724	198,428	225,393	234,722	234,722	-	-
Maintenance & Equipment Rental & Fleet	88,053	149,201	143,049	152,612	119,687	167,112	47,425	28%
License and Permits	72,852	73,429	73,050	77,460	161,361	124,881	(36,480)	(29%)
Property, Liability & Workers' Comp	7,680	9,345	12,882	15,600	19,005	19,005	-	-
Advertising/Marketing Contract	3,447	201,349	205,349	109,349	216,320	231,349	15,029	6%
Other	9,517	14,828	13,615	18,987	65,039	23,150	(41,889)	nm
Commodities and Capital Outlays								
Agriculture & Horticulture & Other Supply	20,263	28,353	27,420	25,647	30,611	27,545	(3,066)	(11%)
Maintenance & Repairs Supply, Equipment	15,306	16,507	15,897	20,344	30,290	14,057	(16,233)	nm
Inventory Purchased for Resale	40,395	27,892	31,515	90,767	73,136	55,000	(18,136)	(33%)
Construction - Other	10,695	-	-	-	6,908	-	(6,908)	n/a
Other Expenses	9,287	14,549	9,426	7,922	7,057	2,405	(4,652)	nm
BOR Admin								
BOR Admin/WestWorld	-	-	-	-	-	-	-	-
Allocated Expenses ^b								
Facilities Maintenance	100,746	178,452	167,643	194,238	223,374	223,374	-	-
COS Indirect Costs	63,972	69,126	84,645	92,595	107,606	107,606	-	-
Operating Expenses	\$888,915	\$1,373,827	\$1,389,643	\$1,505,096	\$1,758,531	\$1,643,020	(\$115,512)	(7%)
Operating Income	(\$754,832)	(\$797,196)	(\$845,021)	(\$1,149,229)	(\$1,184,458)	(\$1,333,207)	\$148,749	11%
Debt Service (Less contributions)								
Debt Service - (52 & 17 acres)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Debt Service - TNEC Tourism Funded	-	-	-	-	-	-	-	-
Bed Tax Contributions - TNEC	-	-	-	-	-	-	-	-
Net Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Operating Income After Debt Service	(\$754,832)	(\$797,196)	(\$845,021)	(\$1,149,229)	(\$1,184,458)	(\$1,333,207)	\$148,749	11%

^a 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.

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



Privilege (Sales) & Use Tax Collections For September 2017 (For Business Activity in August 2017)

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 5 percent compared to the Budget, and increased 7 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	\$3.4	\$3.5	\$4.0	\$3.5	\$0.5	16%	
Misc. Retail Stores	3.9	4.0	4.5	4.2	0.3	6%	
Major Dept. Stores	2.1	2.1	2.3	2.2	0.1	4%	
Automotive	3.5	3.5	3.9	3.4	0.5	14%	
Food Stores	1.5	1.6	1.5	1.6	(0.1)	-6%	
Construction	2.5	2.7	2.4	2.7	(0.2)	-9%	
Dining/ Entertainment	2.0	2.1	2.1	2.2	(0.1)	-4%	
Other Activity	2.0	2.2	2.3	2.2	0.1	2%	
Hotel/Motel	0.8	0.8	1.3	0.9	0.4	47%	
Utilities	1.2	1.4	1.3	1.4	(0.1)	-8%	
Subtotal	\$22.9	\$23.7	\$25.5	\$24.2	\$1.3	5%	
0.10% Public Safety	\$2.3	\$2.3	\$2.5	\$2.4	\$0.1	5%	
0.20% Transportation	4.4	4.6	4.9	4.6	0.2	4%	
0.20% McDowell Preserve 1995	4.5	4.7	5.0	4.8	0.3	5%	
0.15% McDowell Preserve 2004	3.4	3.5	3.8	3.6	0.2	5%	
Total	\$37.4	\$38.9	\$41.7	\$39.6	\$2.1	5%	
% Change vs. Prior Year	5%	4%	7%	2%			

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 \$0.5 million or 16%: The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017.

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 \$0.3 million or 6%: The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017.

Major Department Stores Sales Taxes

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

Actual to Revised Budget variance of \$0.1 million or 4%: The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017.

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 \$0.5 million or 14%: The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017.

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 (6%): 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 (\$0.2) million or (9%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017.

Dining/Entertainment Sales Taxes

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

Actual to Revised Budget variance of (\$0.1) 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 2%: 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 \$0.4 million or 47%: The variance is due in part to a taxpayer reporting to the incorrect jurisdiction.

Utilities Sales Taxes

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

Actual to Revised Budget variance of (\$0.1) million or (8%): 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 1.1 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.