



# Monthly Financial Report

## Fiscal Year to Date as of September 30, 2016

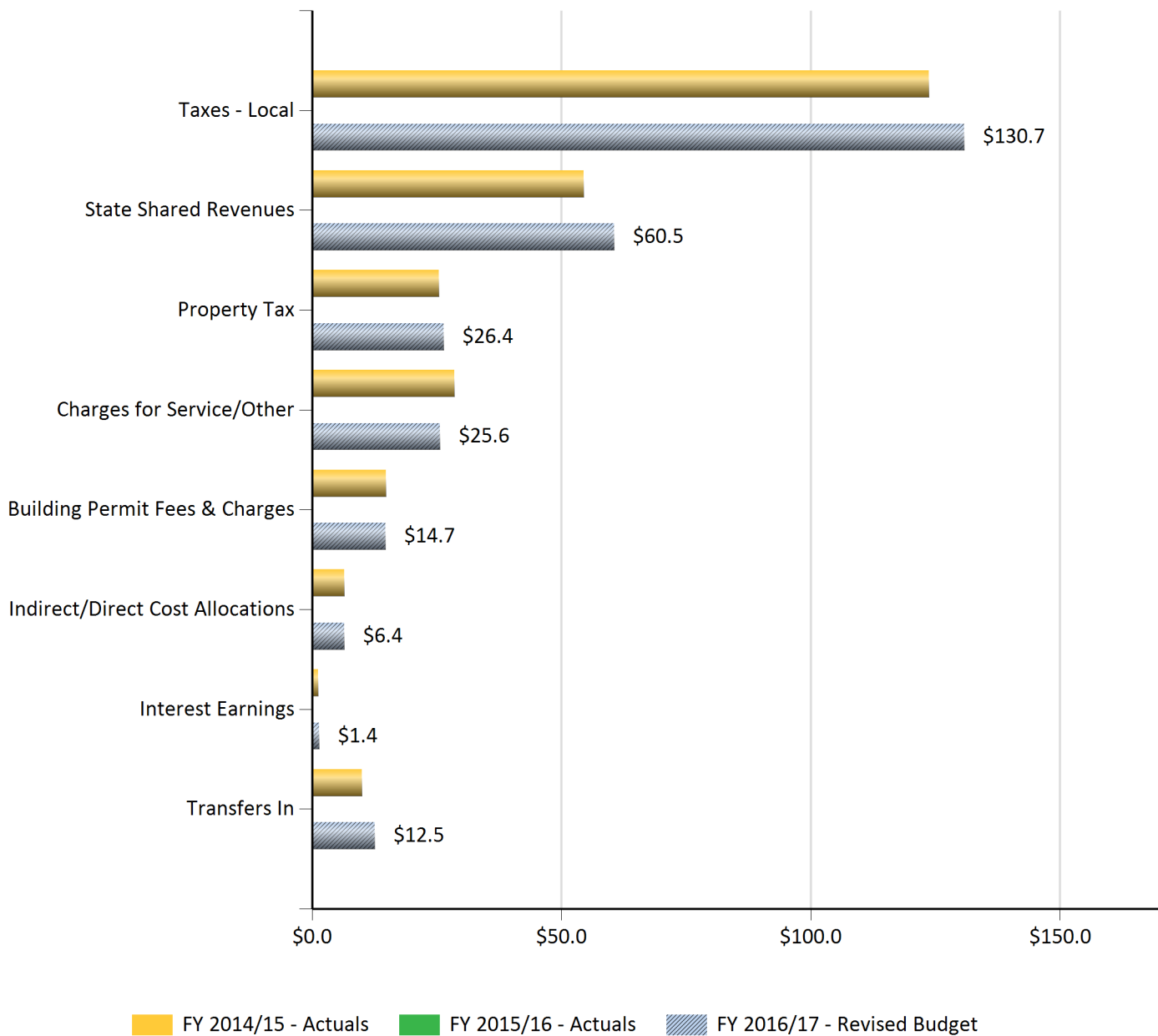
Scottsdale Airport Operations Center

**Report to the City Council**  
**Prepared by the City Treasurer**  
**November 14, 2016**



# Sources

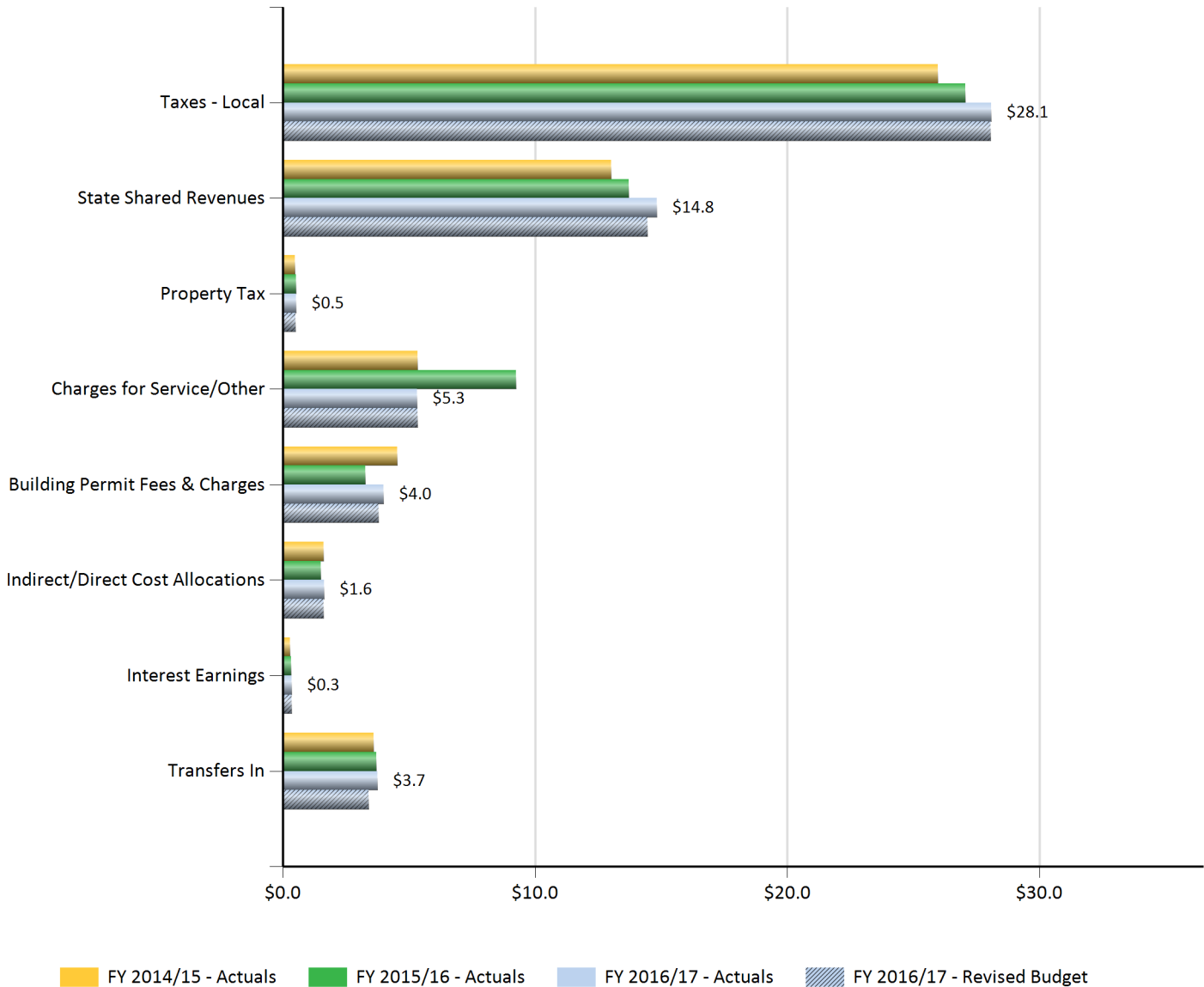
## Twelve Months: Fiscal Year



Note: FY 2015/16 twelve month actuals are not available at this time. Once completed, they will be included within the report.



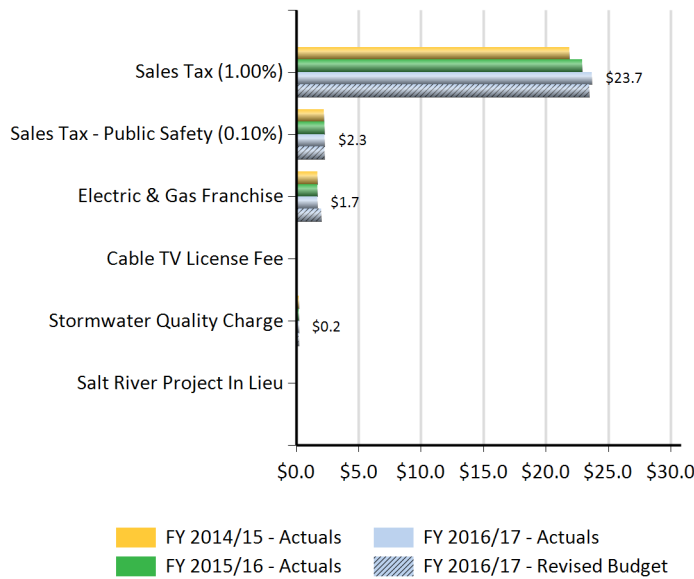
### Sources (Fiscal Year to Date: September 2016)



	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Amount	Percent
Taxes - Local	\$26.0	\$27.1	\$28.1	\$28.1	\$ -	-
State Shared Revenues	13.0	13.7	14.8	14.5	0.4	3%
Property Tax	0.5	0.5	0.5	0.5	-	-
Charges for Service/Other	5.4	9.2	5.3	5.3	-	-
Building Permit Fees & Charges	4.5	3.3	4.0	3.8	0.2	5%
Indirect/Direct Cost Allocations	1.6	1.5	1.6	1.6	-	-
Interest Earnings	0.3	0.3	0.3	0.3	-	-
Transfers In	3.6	3.7	3.7	3.4	0.4	10%
<b>Total Sources</b>	<b>\$54.8</b>	<b>\$59.3</b>	<b>\$58.4</b>	<b>\$57.5</b>	<b>\$1.0</b>	<b>2%</b>



**Taxes - Local (Fiscal Year to Date: September 2016)**

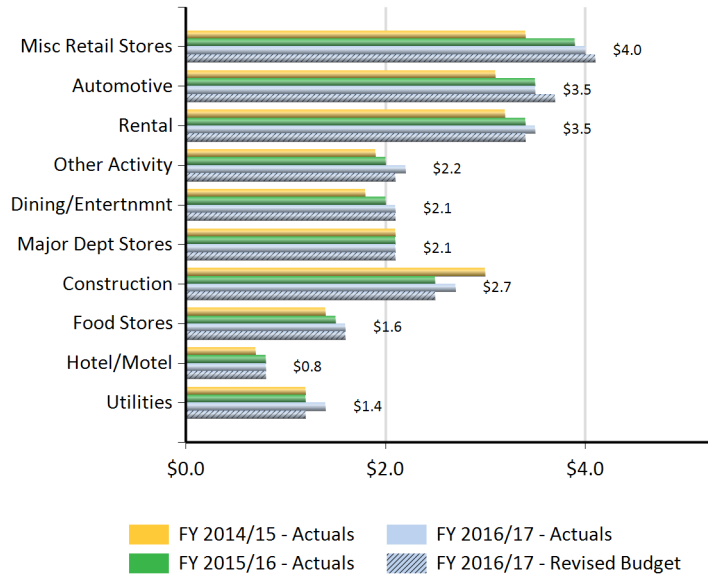


**Actual to Revised Budget variance of \$0.0 million or 0%:** The favorable variance in sales tax (1.00%) is driven mostly by the construction, rental, and utilities categories (refer to page 5 for details) offset by the unfavorable variance in Electric & Gas Franchise which is due to the timing of the receipt of a Southwest Gas payment.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Sales Tax (1.00%)	\$21.9	\$22.9	\$23.7	\$23.5	\$0.2	1%
Sales Tax - Public Safety (0.10%)	2.2	2.3	2.3	2.3	-	-
Electric & Gas Franchise	1.7	1.7	1.7	2.0	( 0.2)	(12%)
Cable TV License Fee	-	-	-	-	-	n/a
Stormwater Quality Charge	0.2	0.2	0.2	0.2	-	-
Salt River Project In Lieu	-	-	-	-	-	-
<b>Taxes - Local Total</b>	<b>\$26.0</b>	<b>\$27.1</b>	<b>\$28.1</b>	<b>\$28.1</b>	<b>\$ -</b>	<b>-</b>



Sales Tax (1.00%) (Fiscal Year to Date: September 2016)

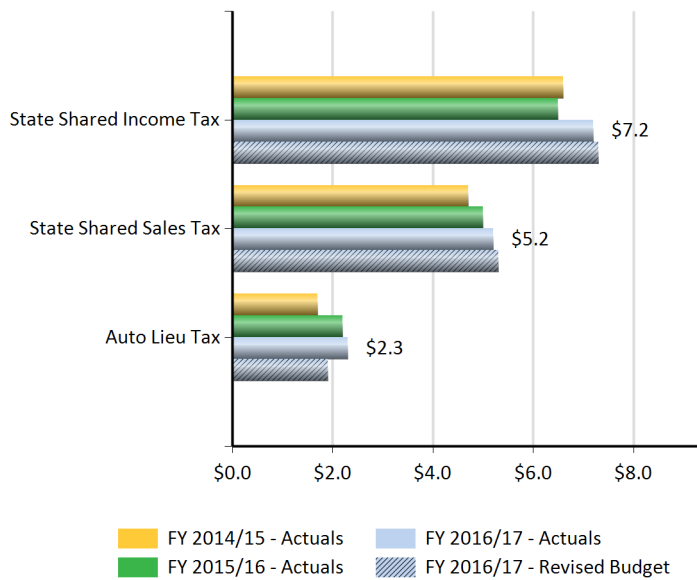


**Actual to Revised Budget variance of \$0.2 million or 1%:** The unfavorable variance in Misc. Retail Stores is due to decreased sales of home furnishing, building supplies and computer software/hardware. Automotive is unfavorable due to decreases in sales, following the national trend. The favorable variance in Rental is due to the unanticipated sale of an apartment complex. The favorable variance in Other Activity is due to normal business fluctuations. Construction is favorable due to an increase in residential construction. Finally, the favorable variance in Utilities is the result of reclassifying a taxpayer from the construction category.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Misc Retail Stores	\$3.4	\$3.9	\$4.0	\$4.1	(\$0.1)	(2%)
Automotive	3.1	3.5	3.5	3.7	( 0.2)	(5%)
Rental	3.2	3.4	3.5	3.4	0.1	2%
Other Activity	1.9	2.0	2.2	2.1	0.1	4%
Dining/Entertainment	1.8	2.0	2.1	2.1	-	-
Major Dept Stores	2.1	2.1	2.1	2.1	-	-
Construction	3.0	2.5	2.7	2.5	0.2	8%
Food Stores	1.4	1.5	1.6	1.6	-	-
Hotel/Motel	0.7	0.8	0.8	0.8	-	-
Utilities	1.2	1.2	1.4	1.2	0.1	9%
<b>Sales Tax (1.00%) Total</b>	<b>\$21.9</b>	<b>\$22.9</b>	<b>\$23.7</b>	<b>\$23.5</b>	<b>\$0.2</b>	<b>1%</b>



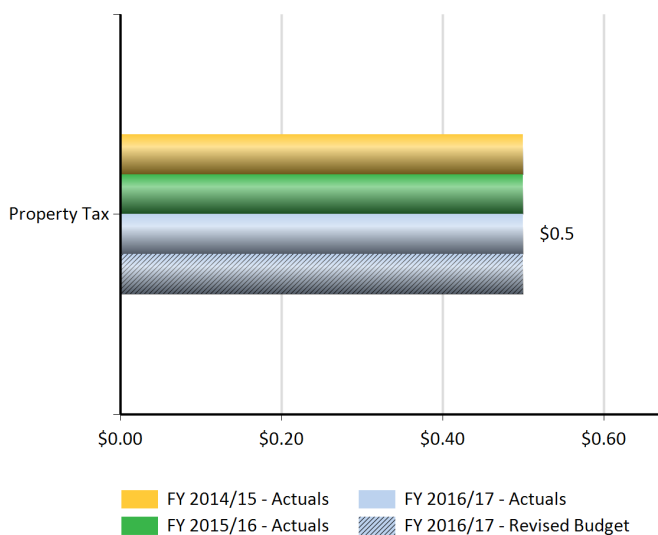
**State Shared Revenues (Fiscal Year to Date: September 2016)**



**Actual to Revised Budget variance of \$0.4 million or 3%:** The favorable variance in Auto Lieu Tax is due to higher than forecasted sales of new and used vehicles in prior months, which resulted in additional licensing fees being collected. While current trends show vehicle sales slowing there is a 60-90 day lag in the receipt of these revenues.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
State Shared Income Tax	\$6.6	\$6.5	\$7.2	\$7.3	\$ -	-
State Shared Sales Tax	4.7	5.0	5.2	5.3	-	-
Auto Lieu Tax	1.7	2.2	2.3	1.9	0.4	21%
<b>State Shared Revenues Total</b>	<b>\$13.0</b>	<b>\$13.7</b>	<b>\$14.8</b>	<b>\$14.5</b>	<b>\$0.4</b>	<b>3%</b>

**Property Tax (Fiscal Year to Date: September 2016)**

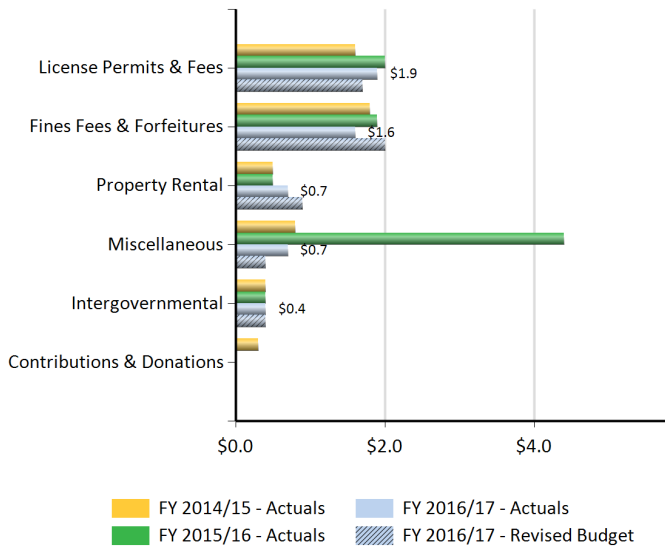


**Actual to Revised Budget variance of \$0.0 million or 0%:** No explanation is necessary.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Property Tax	\$0.5	\$0.5	\$0.5	\$0.5	\$ -	-
<b>Property Tax Total</b>	<b>\$0.5</b>	<b>\$0.5</b>	<b>\$0.5</b>	<b>\$0.5</b>	<b>\$ -</b>	<b>-</b>



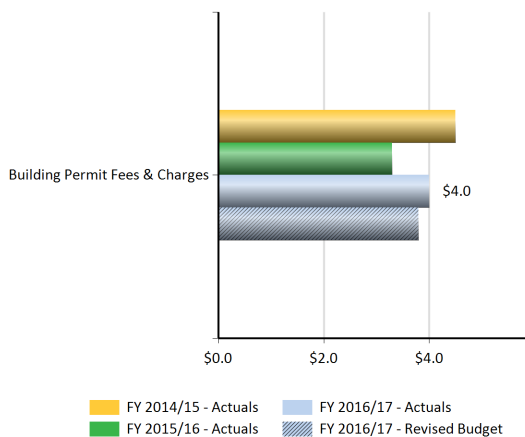
**Charges for Service/Other (Fiscal Year to Date: September 2016)**



**Actual to Revised Budget variance of \$0.0 million or 0%:** The favorable variance in License Permits & Fees is due to Community Services having higher than forecasted aquatic lesson fees, recreation fees, as well as after school program revenues. The unfavorable variance in Fines, Fees & Forfeitures is mainly due to photo enforcement fees. There is a decrease in collections as a result of the cameras being off from mid-February to April. The unfavorable variance in Property Rentals is due to the quarterly rental revenue from the Tournament Players Club which was anticipated in July but will be delayed until October. Miscellaneous has a favorable variance due to the early payment of quarterly fees associated with the Public Safety Radio Regional Wireless Cooperative and the reimbursement from the Boys and Girls Club of Greater Scottsdale for HVAC related expenditures and late charges associated with cell tower and dining licenses. Note: The FY2015/16 actuals Miscellaneous include one-time revenue from the sale of the HR and graphics buildings.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
License Permits & Fees	\$1.6	\$2.0	\$1.9	\$1.7	\$0.2	14%
Fines Fees & Forfeitures	1.8	1.9	1.6	2.0	(0.4)	(20%)
Property Rental	0.5	0.5	0.7	0.9	(0.1)	(13%)
Miscellaneous	0.8	4.4	0.7	0.4	0.3	65%
Intergovernmental	0.4	0.4	0.4	0.4	-	-
Contributions & Donations	0.3	-	-	-	-	-
<b>Charges for Service/Other Total</b>	<b>\$5.4</b>	<b>\$9.2</b>	<b>\$5.3</b>	<b>\$5.3</b>	<b>\$ -</b>	<b>-</b>

**Building Permit Fees & Charges (Fiscal Year to Date: September 2016)**



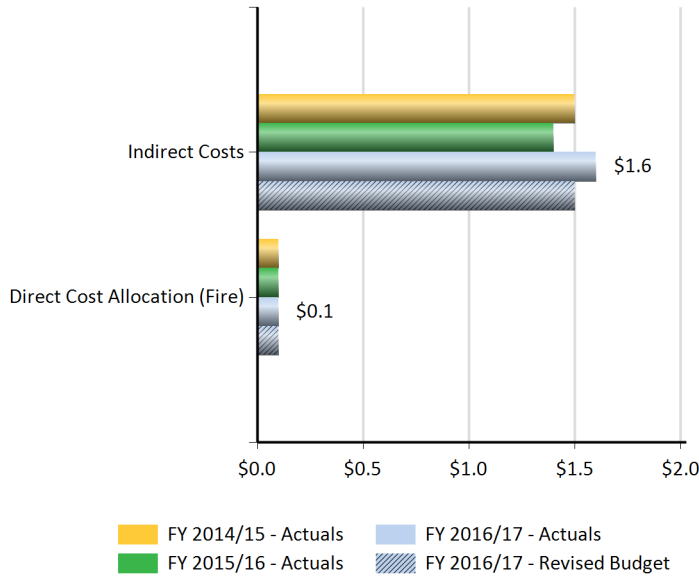
**Actual to Revised Budget variance of \$0.2 million or 5%:** The favorable variance in Building Permit Fees & Charges is due to the increase in residential construction, following the state's upward trend in the real estate market as a result of positive job growth which drives a higher demand for homes while there is still a limited inventory.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Building Permit Fees & Charges	\$4.5	\$3.3	\$4.0	\$3.8	\$0.2	5%
<b>Building Permit Fees &amp; Charges Total</b>	<b>\$4.5</b>	<b>\$3.3</b>	<b>\$4.0</b>	<b>\$3.8</b>	<b>\$0.2</b>	<b>5%</b>



**Indirect/Direct Cost Allocations (Fiscal Year to Date: September 2016)**

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



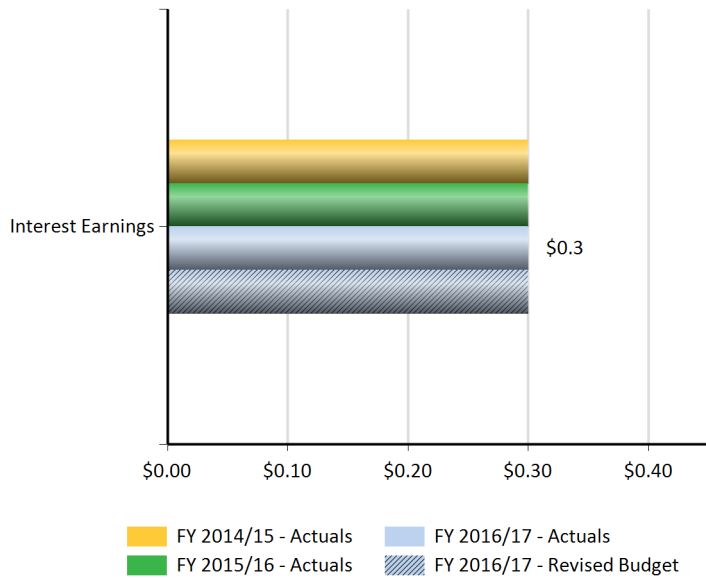
	FY 2014/15 <u>Actuals</u>	FY 2015/16 <u>Actuals</u>	FY 2016/17 <u>Actuals</u>	FY 2016/17 <u>Revised Budget</u>	Actual vs. Budget Favorable / (Unfavorable) <u>Amount</u>	<u>Percent</u>
Indirect Costs	\$1.5	\$1.4	\$1.6	\$1.5	\$ -	-
Direct Cost Allocation (Fire)	0.1	0.1	0.1	0.1	-	-
<b>Indirect/Direct Cost Allocations Total</b>	<b>\$1.6</b>	<b>\$1.5</b>	<b>\$1.6</b>	<b>\$1.6</b>	<b>\$ -</b>	<b>-</b>





**Interest Earnings (Fiscal Year to Date: September 2016)**

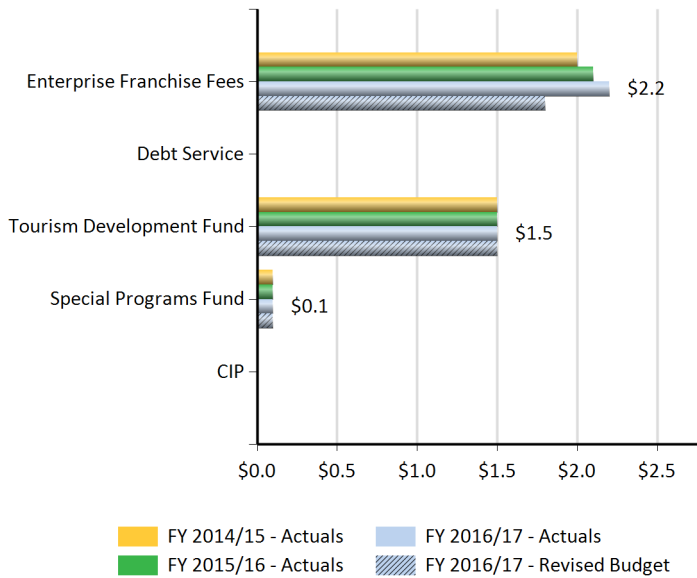
**Actual to Revised Budget variance of \$0.0 million or 0%:**  
No explanation is necessary.



	FY 2014/15 <u>Actuals</u>	FY 2015/16 <u>Actuals</u>	FY 2016/17 <u>Actuals</u>	FY 2016/17 <u>Revised Budget</u>	Actual vs. Budget Favorable / (Unfavorable)	
					<u>Amount</u>	<u>Percent</u>
Interest Earnings	\$0.3	\$0.3	\$0.3	\$0.3	\$ -	-
Interest Earnings Total	\$0.3	\$0.3	\$0.3	\$0.3	\$ -	-



**Transfers In (Fiscal Year to Date: September 2016)**



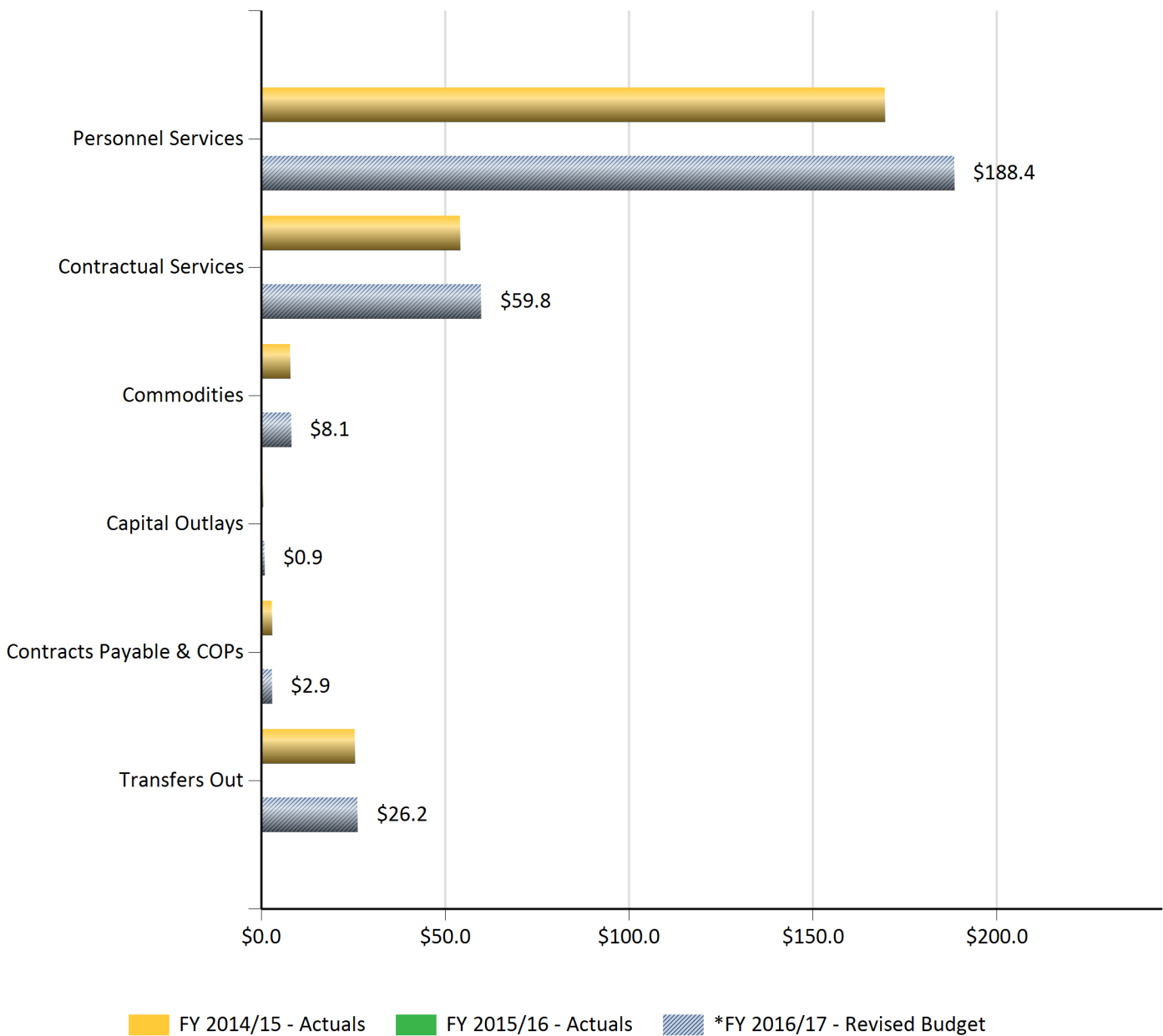
**Actual to Revised Budget variance of \$0.4 million or 10%:** Favorable variance is due to higher enterprise franchise fees due to higher revenue collected in the Water & Water Reclamation Fund than anticipated, which consequently affects the transfers in to the General Fund. This increase is the result of greater water deliveries compared to the three year running average.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Enterprise Franchise Fees	\$2.0	\$2.1	\$2.2	\$1.8	\$0.4	19%
Debt Service	-	-	-	-	-	-
Tourism Development Fund	1.5	1.5	1.5	1.5	-	-
Special Programs Fund	0.1	0.1	0.1	0.1	-	-
CIP	-	-	-	-	-	-
<b>Transfers In Total</b>	<b>\$3.6</b>	<b>\$3.7</b>	<b>\$3.7</b>	<b>\$3.4</b>	<b>\$0.4</b>	<b>10%</b>



# Uses

## Twelve Months: Fiscal Year

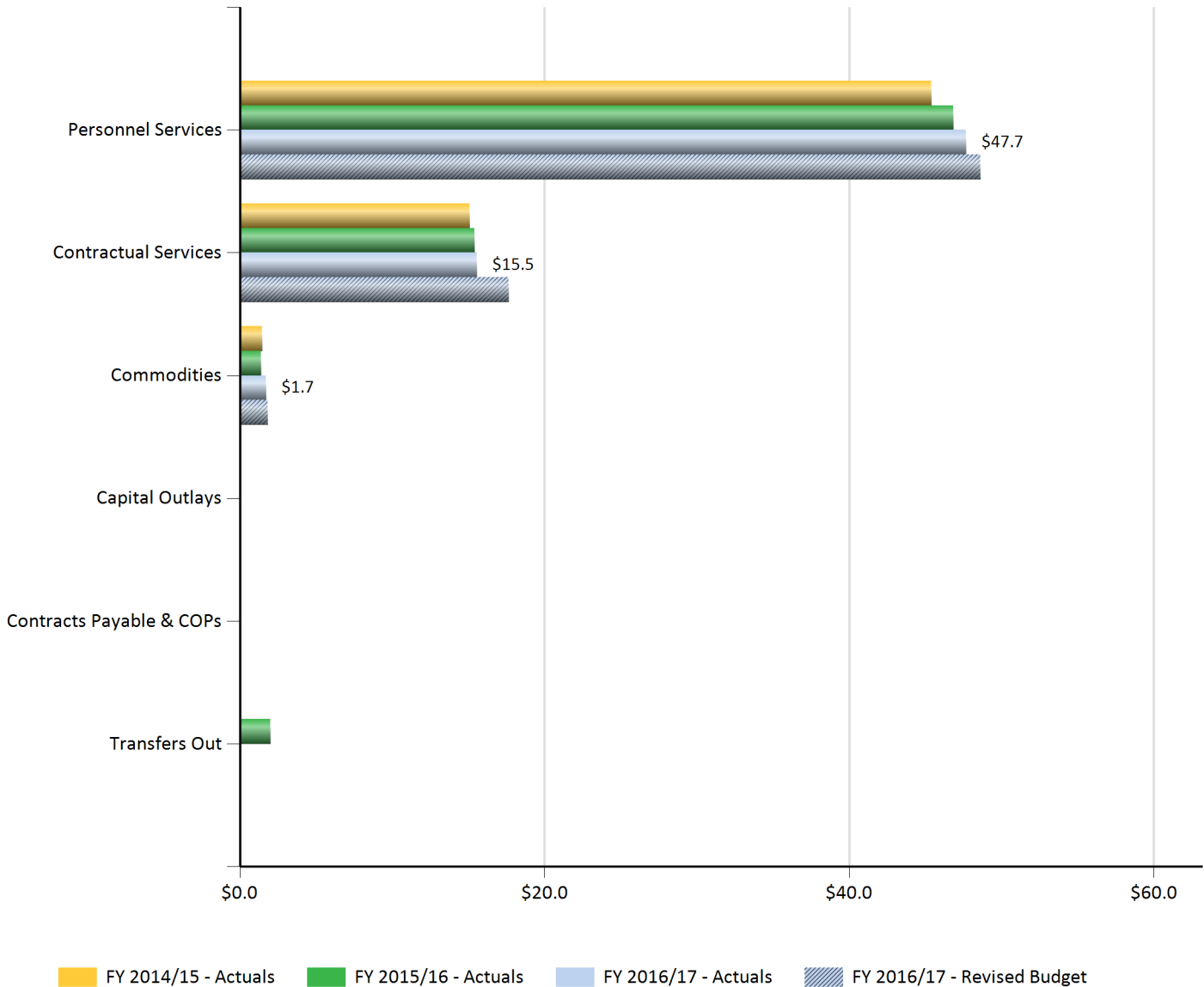


\*Includes budgeted vacancy savings net of leave accrual payouts, up to 3% pay for performance, and up to 5% pay for performance for certain sworn employees in Step Programs, and compensation adjustments.

Note: FY 2015/16 twelve month actuals are not available at this time. Once completed, they will be included within the report.



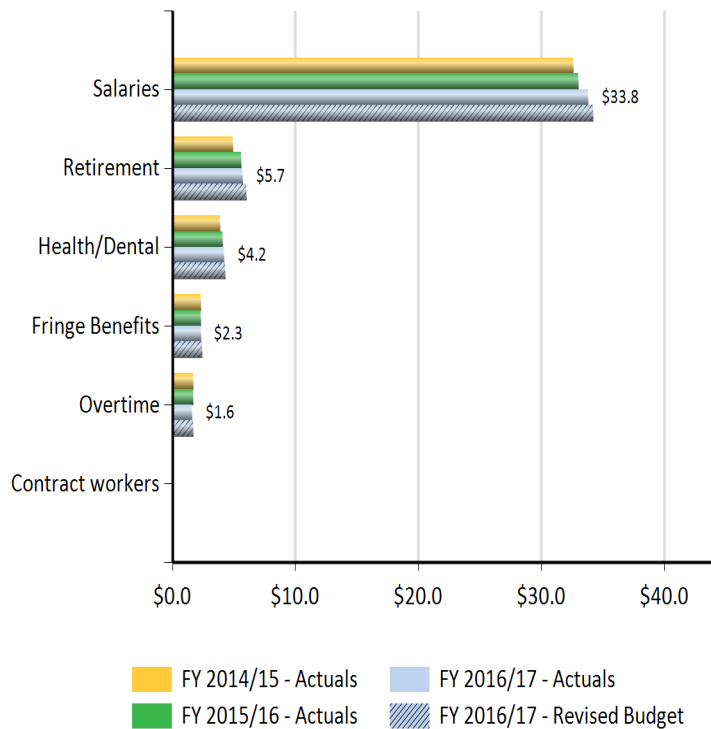
Uses (Fiscal Year to Date: September 2016)



	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Personnel Services	\$45.4	\$46.8	\$47.7	\$48.6	\$0.9	2%
Contractual Services	15.1	15.4	15.5	17.6	2.1	12%
Commodities	1.5	1.4	1.7	1.8	0.1	7%
Capital Outlays	-	-	-	-	-	-
Contracts Payable & COPs	-	-	-	-	-	-
Transfers Out	-	2.0	-	-	-	-
<b>Total Uses</b>	<b>\$62.0</b>	<b>\$65.7</b>	<b>\$64.9</b>	<b>\$68.1</b>	<b>\$3.2</b>	<b>5%</b>



Personnel Services (Fiscal Year to Date: September 2016)



**Actual to Revised Budget variance of \$0.9 million or 2%:** The favorable variance in Personnel Services is due primarily to a savings in both Salaries and Retirement. Salaries is favorable due to Police and Fire retirements/promotions and Community Services having higher than expected turnover. This brings in new staff who earn less than previous incumbents. In addition, Police has pipeline part-time savings from cadets being placed in full-time officer positions. The favorable variance in Retirement is related to more sworn Police employees entering the Deferred Retirement Option Program (DROP) than expected. Additionally, the Fire Insurance Premium Tax Credit amount received was more than anticipated which means the city's Fire retirement costs will be lower than anticipated. Finally, savings in salaries and overtime have a correlating impact on retirement. Police has a large favorable variance in overtime due to dynamic staffing and deployment efficiencies. This is offset by Fire which currently has 14 sworn employees out on various leaves due to injuries or FMLA and one vacant firefighter position. Additionally, Fire has seen increased leave usage for staff training in Advanced Life Support (ALS - paramedics) and currently has 16 sworn staff attending paramedic school to alleviate ongoing overtime impacts related to this leave. The Fire unfavorable variance is expected to continue into future periods. Finally, there is a citywide favorable impact in Health/Dental due to differing plan selections occurring after each position had been budgeted and adopted.

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Salaries	\$32.6	\$33.0	\$33.8	\$34.2	\$0.4	1%
Retirement	4.9	5.6	5.7	6.0	0.3	6%
Health/Dental	3.9	4.1	4.2	4.3	0.1	2%
Fringe Benefits	2.3	2.3	2.3	2.4	-	-
Overtime	1.7	1.7	1.6	1.7	0.1	5%
Contract workers	-	-	-	0.1	-	-
<b>Personnel Services Total</b>	<b>\$45.4</b>	<b>\$46.8</b>	<b>\$47.7</b>	<b>\$48.6</b>	<b>\$0.9</b>	<b>2%</b>

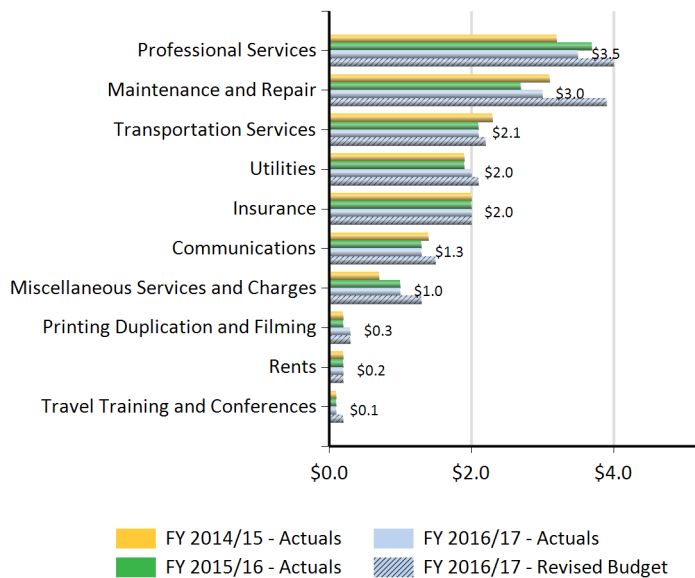
Macro Personnel Adjustments

	2014/15	2015/16	2016/17	2016/17	
	Actual	Actual	Adopted Budget	Year-To-Date Saved/(Used)	Remaining
3% Pay for Performance	\$4.6	n/a	\$2.6	(\$2.6)	\$ -
5% Step - Fire	-	n/a	0.9	(0.9)	-
5% Step - Police	-	n/a	1.3	(1.3)	-
Retirement Savings	-	n/a	-	0.3	0.3
Vacancy Savings	(3.8)	n/a	(3.9)	1.4	(2.5)
Medical Leave Payouts	1.6	n/a	1.0	(0.6)	0.4
Vacation Leave Payouts	0.7	n/a	0.9	(0.3)	0.7
<b>Total Vacancy Savings/Payouts</b>	<b>\$3.1</b>	<b>n/a</b>	<b>\$2.9</b>	<b>(\$3.9)</b>	<b>(\$1.0)</b>

**Total Saved/(Used) YTD of (\$3.9) million:** The city has achieved \$1.4 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 3 percent pay program based on performance; a 5 percent step program for Firefighters, Fire Engineers and Fire Captains; and a 5 percent step program for Police Officers. (FY 2015/16 twelve month actuals are not available at this time. Once completed, they will be included within the report.)



Contractual Services (Fiscal Year to Date: September 2016)

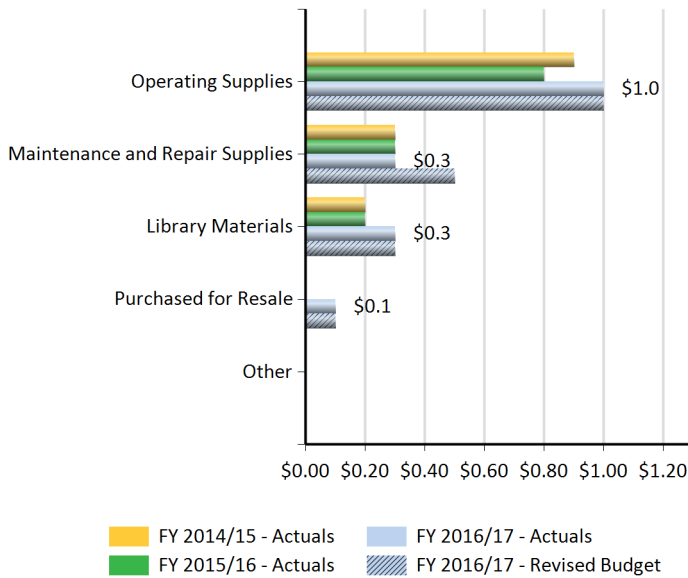


**Actual to Revised Budget variance of \$2.1 million or 12%:** The favorable variance in Contractual Services is due largely to Professional Services and Maintenance and Repair. Professional Services is favorable due to a timing issue by Police in payment of their jail services contract. Additionally, the photo radar program was suspended in the spring for two months which is having an impact now. The cost of administering this program is lower in July and August due to fewer tickets making their way through the process. Finally, WestWorld is favorable in this area due to a marketing fee that was lower than anticipated. Maintenance and Repair is favorable due to Public Works having several major facility maintenance projects that have not commenced yet. Maintenance and Repair is partially offset by Administrative Services purchasing desktop licenses earlier than anticipated. There is a favorable variance in Utilities (electric, gas, water, sewer) due to a reduction in summer usage. There is also a favorable variance in Miscellaneous due to Arizona Department of Revenue administrative charges being less than anticipated. Other favorable variances are related to timing in the payments of invoices and spending less year-to-date than anticipated.

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Professional Services	\$3.2	\$3.7	\$3.5	\$4.0	\$0.5	13%
Maintenance and Repair	3.1	2.7	3.0	3.9	0.9	23%
Transportation Services	2.3	2.1	2.1	2.2	-	-
Utilities	1.9	1.9	2.0	2.1	0.1	5%
Insurance	2.0	2.0	2.0	2.0	-	-
Communications	1.4	1.3	1.3	1.5	0.1	8%
Miscellaneous Services and Charges	0.7	1.0	1.0	1.3	0.3	22%
Printing Duplication and Filming	0.2	0.2	0.3	0.3	-	-
Rents	0.2	0.2	0.2	0.2	0.1	25%
Travel Training and Conferences	0.1	0.1	0.1	0.2	0.1	38%
<b>Contractual Services Total</b>	<b>\$15.1</b>	<b>\$15.4</b>	<b>\$15.5</b>	<b>\$17.6</b>	<b>\$2.1</b>	<b>12%</b>



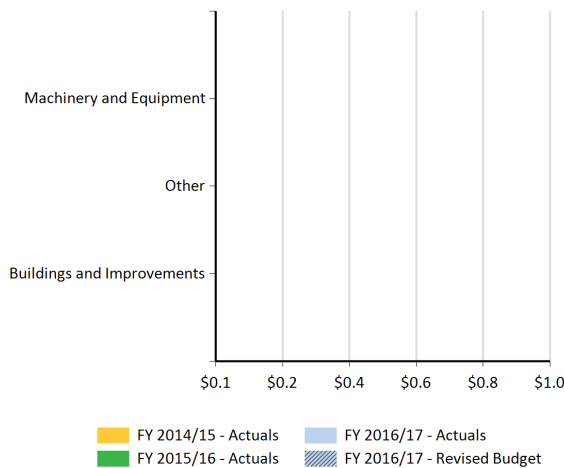
**Commodities (Fiscal Year to Date: September 2016)**



**Actual to Revised Budget variance of \$0.1 million or 7%:**  
The favorable variance is primarily due to the timing of the Public Works Building Maintenance and Repair budget.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Operating Supplies	\$0.9	\$0.8	\$1.0	\$1.0	\$ -	-
Maintenance and Repair Supplies	0.3	0.3	0.3	0.5	0.1	28%
Library Materials	0.2	0.2	0.3	0.3	-	-
Purchased for Resale	-	-	0.1	0.1	-	-
Other	-	-	-	-	-	-
<b>Commodities Total</b>	<b>\$1.5</b>	<b>\$1.4</b>	<b>\$1.7</b>	<b>\$1.8</b>	<b>\$0.1</b>	<b>7%</b>

**Capital Outlays (Fiscal Year to Date: September 2016)**



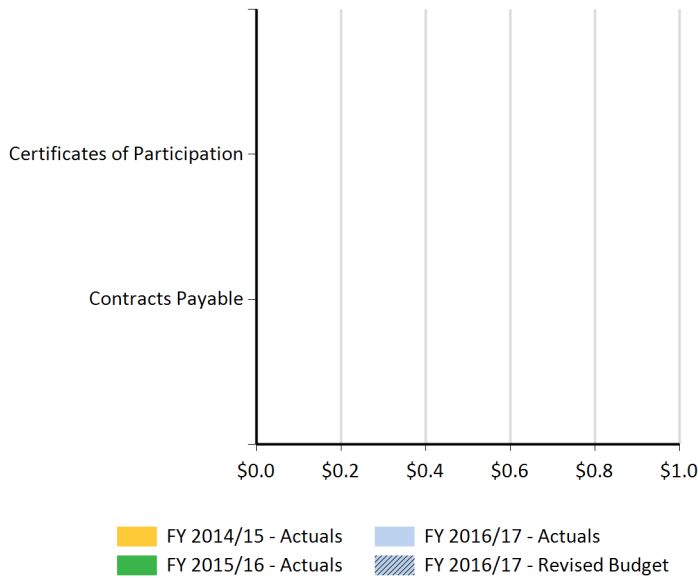
**Actual to Revised Budget variance of \$0.0 million or 0%:** No explanation is necessary.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Machinery and Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	-
Other	-	-	-	-	-	n/a
Buildings and Improvements	-	-	-	-	-	-
<b>Capital Outlays Total</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$ -</b>	<b>-</b>



**Contracts Payable & COPs (Fiscal Year to Date: September 2016)**

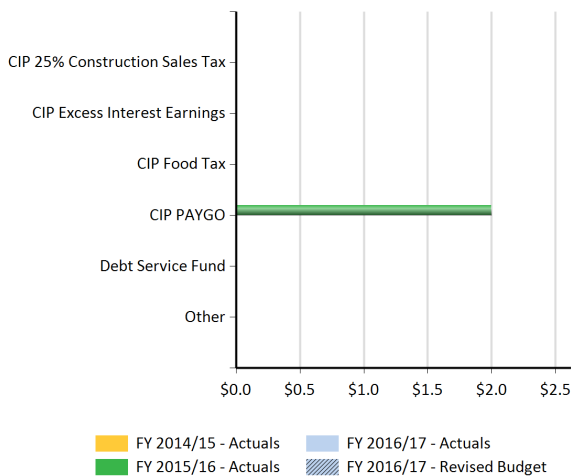
Actual to Revised Budget variance of \$0.0 million or 0%:  
No explanation is necessary.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Certificates of Participation	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contracts Payable	-	-	-	-	-	-
<b>Contracts Payable &amp; COPs Total</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$ -</b>	<b>-</b>

**Transfers Out (Fiscal Year to Date: September 2016)**

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

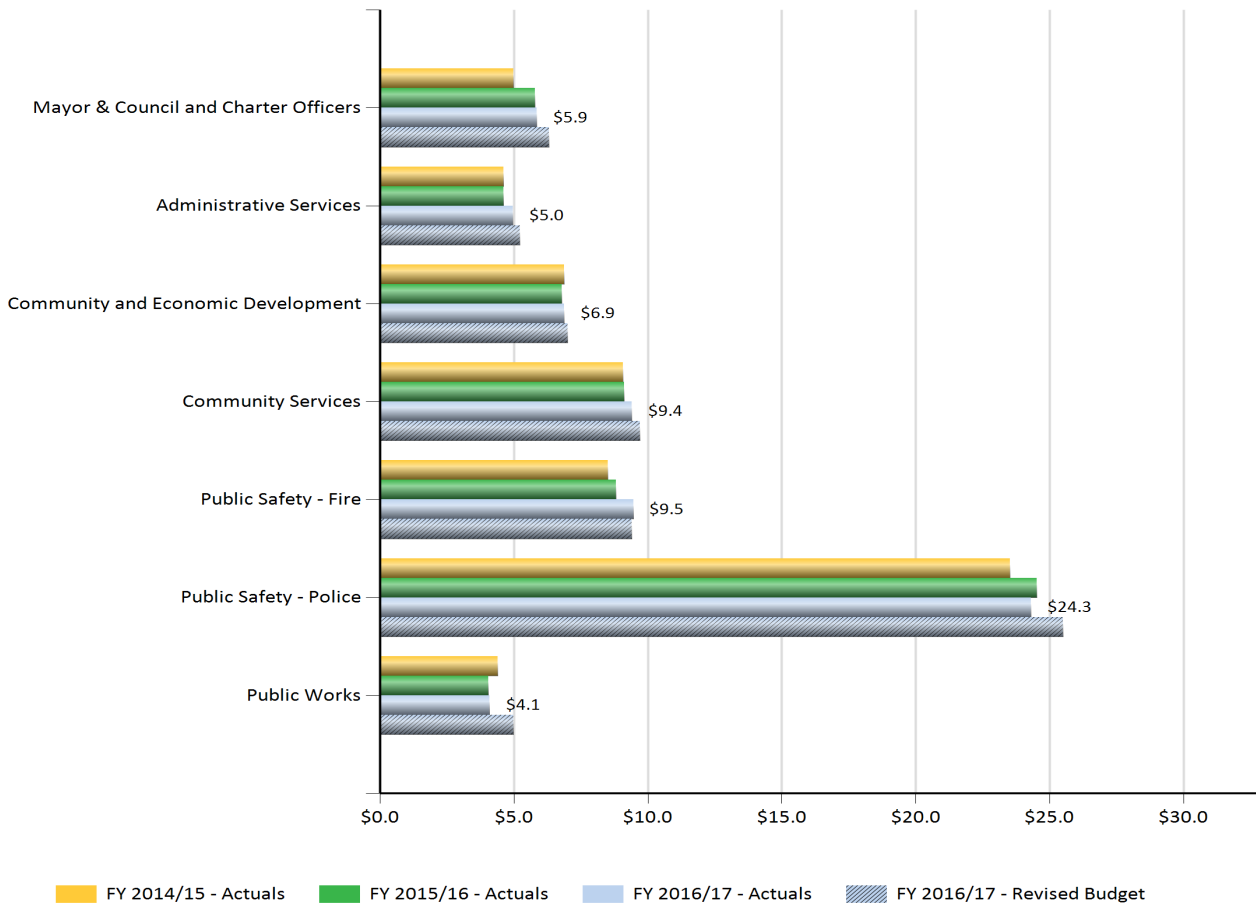


	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
CIP 25% Construction Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
CIP PAYGO	-	2.0	-	-	-	-
Debt Service Fund	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Transfers Out Total</b>	<b>\$0.0</b>	<b>\$2.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$ -</b>	<b>-</b>





### Division Expenditures (Fiscal Year to Date: September 2016)

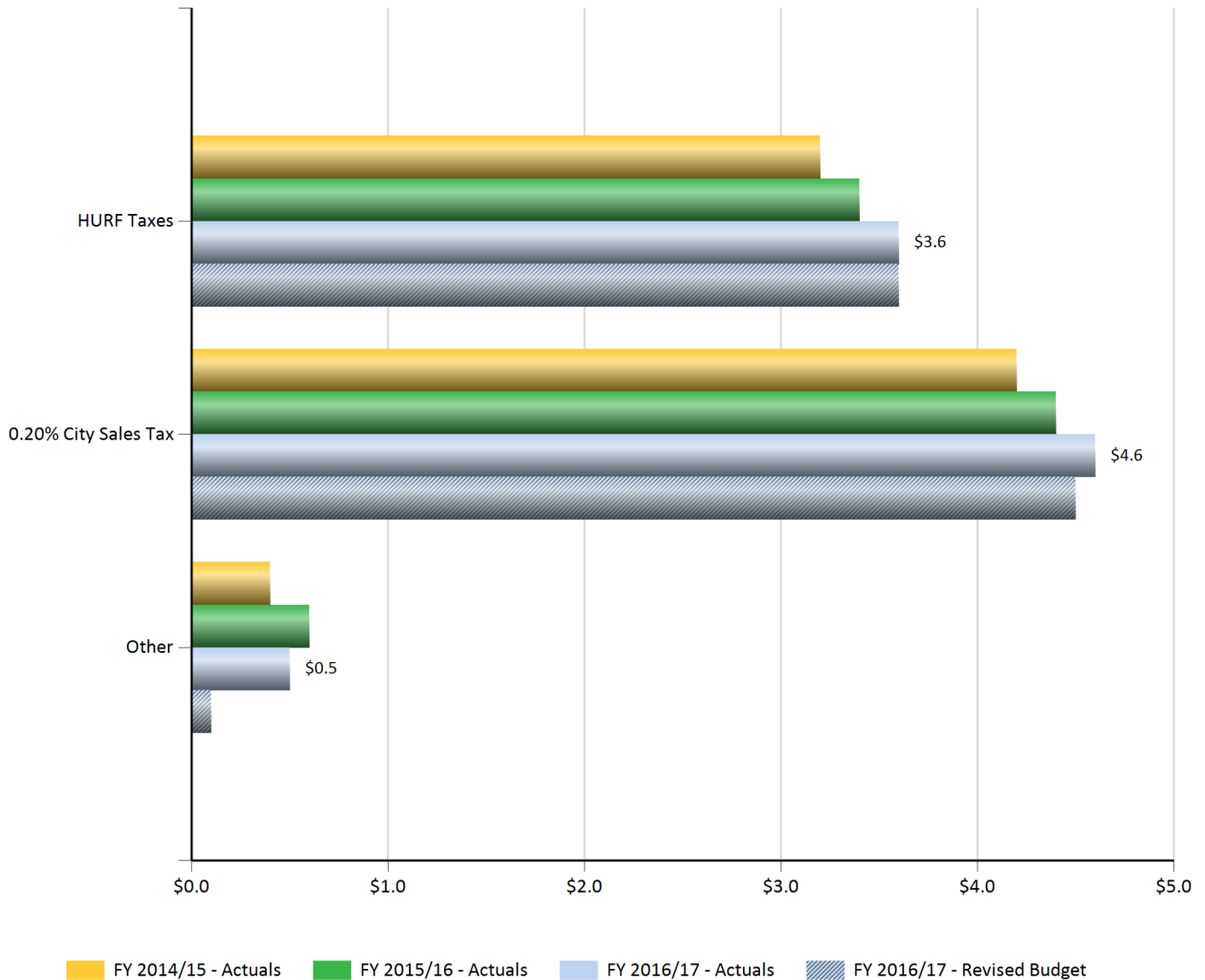


	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$5.0	\$5.8	\$5.9	\$6.3	\$0.5	7%
Administrative Services	4.6	4.6	5.0	5.2	0.3	5%
Community and Economic Development	6.9	6.8	6.9	7.0	0.1	2%
Community Services	9.1	9.1	9.4	9.7	0.3	3%
Public Safety - Fire	8.5	8.8	9.5	9.4	( 0.1)	(1%)
Public Safety - Police	23.5	24.5	24.3	25.5	1.2	5%
Public Works	4.4	4.0	4.1	5.0	0.9	18%
<b>Total</b>	<b>\$62.0</b>	<b>\$63.7</b>	<b>\$64.9</b>	<b>\$68.1</b>	<b>\$3.2</b>	<b>5%</b>

**Actual to Revised Budget variance of \$3.2 million or 5%:** The primary and most noteworthy item contributing to the favorable variance in Mayor & Council and Charter Officers is the Arizona Department of Revenue administrative charge was less than anticipated in the City Treasurer's Office. The favorable variance in Administrative Services is mainly driven by the purchase of desktop software licenses earlier than anticipated. The unfavorable variance in Fire is related largely to overtime needed to cover for sworn employees on various leaves due to injuries or FMLA (This is slightly offset by a higher than expected Fire Insurance Premium Tax Credit). For Police, the favorable variance is related to additional personnel entering the DROP program, which means retirement is no longer paid, creating a savings. In addition, staff is turning over due to retirement/promotions resulting in new staff coming in at lower cost. Additionally, there are savings in overtime related to dynamic staffing and deployment efficiencies, timing in the payment of the jail services contract and the temporary suspension of the photo radar program resulting in fewer tickets being processed. Finally, the favorable variance in Public Works is due to utilities savings and to the timing of major facility maintenance and repair projects which have not yet started.



Sources (Fiscal Year to Date: September 2016)



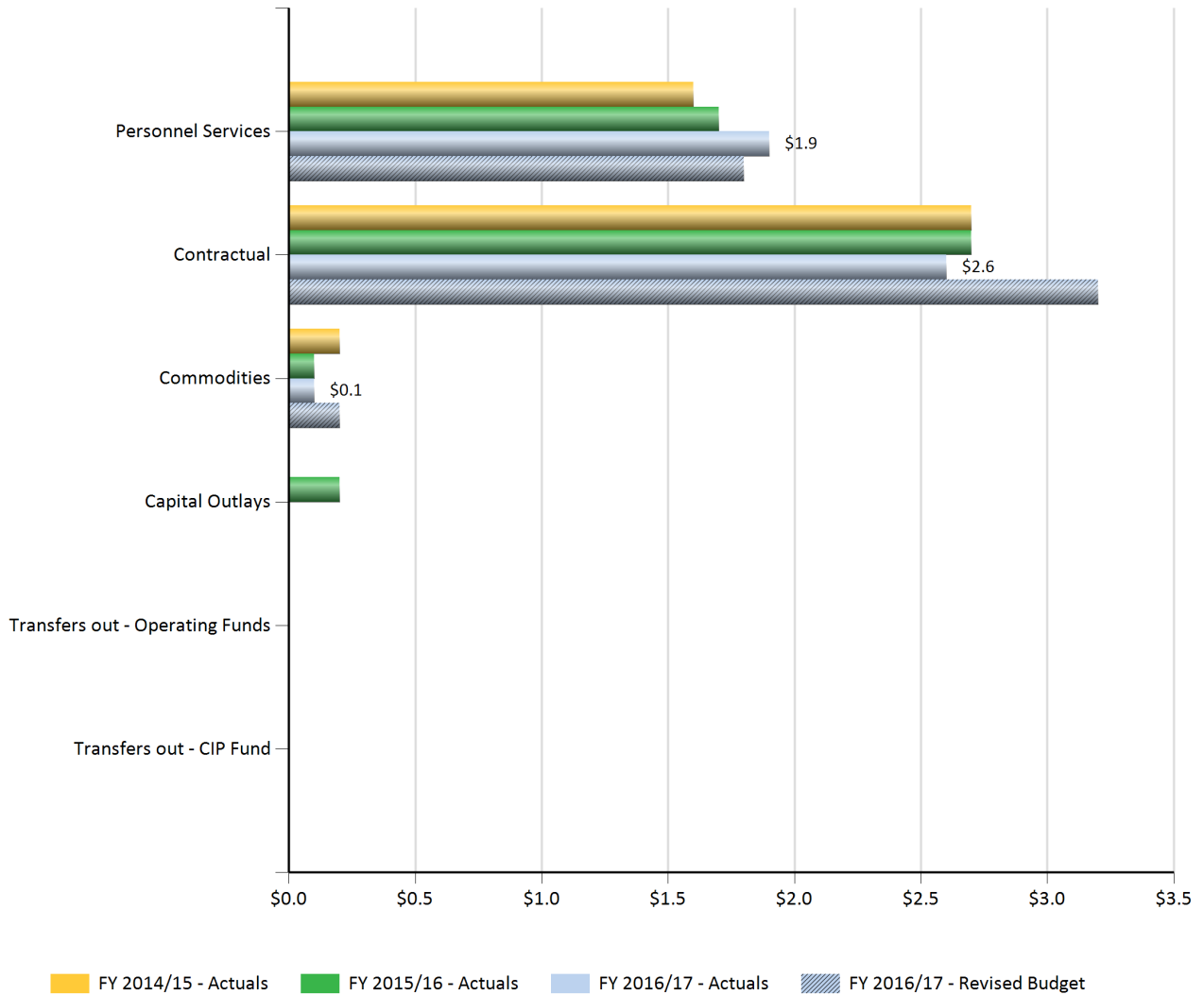
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
HURF Taxes	\$3.2	\$3.4	\$3.6	\$3.6	\$ -	-
0.20% City Sales Tax	4.2	4.4	4.6	4.5	-	-
Other	0.4	0.6	0.5	0.1	0.3	nm
<b>Total Sources</b>	<b>\$7.9</b>	<b>\$8.4</b>	<b>\$8.6</b>	<b>\$8.3</b>	<b>\$0.4</b>	<b>5%</b>

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

The favorable variance in Other is due to an unbudgeted refund for FY 2015/16 transit services from Valley Metro Regional Public Transportation Authority (RPTA) after comparing city billings versus preliminary member costs.



Uses (Fiscal Year to Date: September 2016)



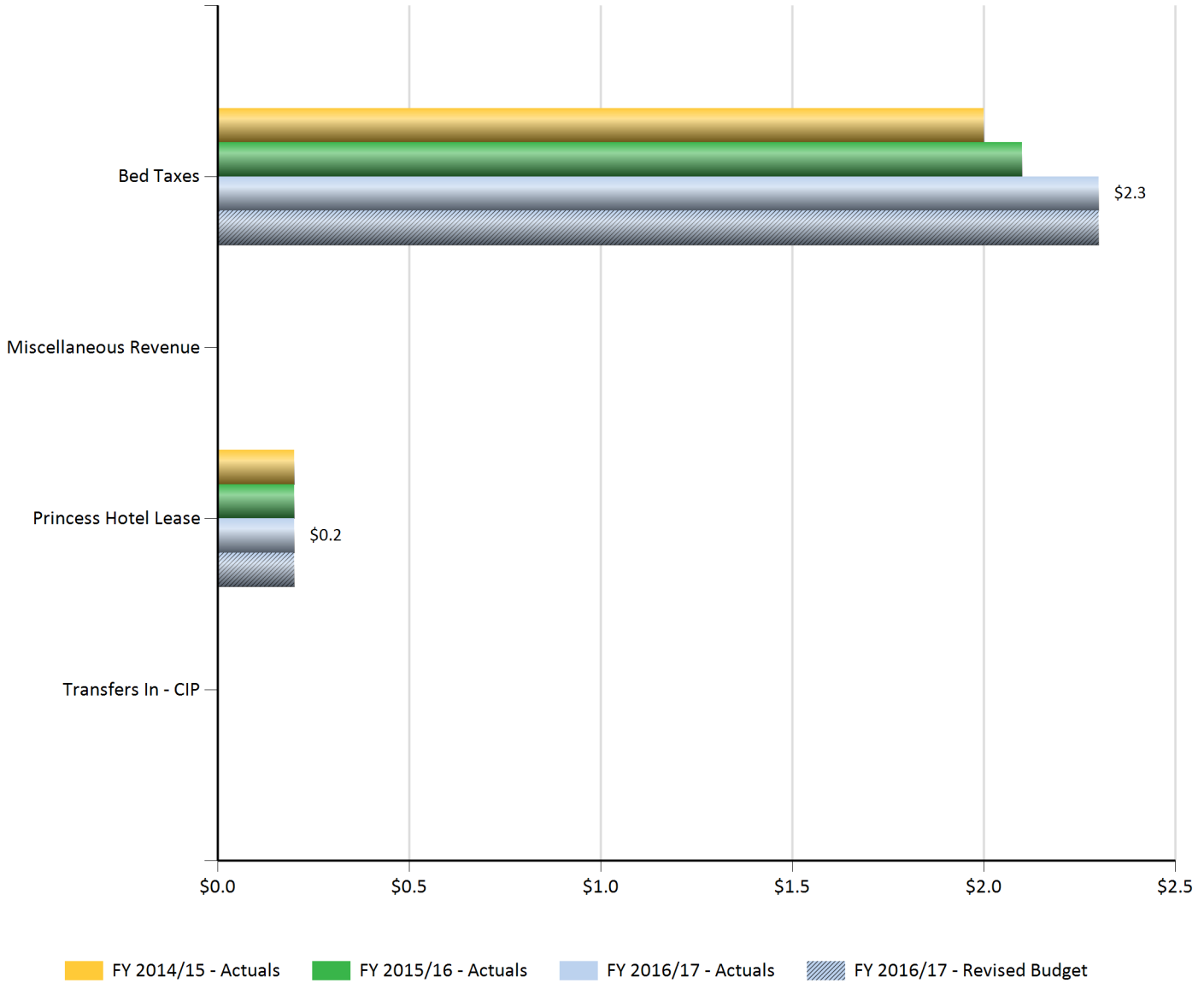
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$1.6	\$1.7	\$1.9	\$1.8	(\$0.1)	(6%)
Contractual	2.7	2.7	2.6	3.2	0.6	18%
Commodities	0.2	0.1	0.1	0.2	0.1	42%
Capital Outlays	-	0.2	-	-	-	-
Transfers out - Operating Funds	-	-	-	-	-	-
Transfers out - CIP Fund	-	-	-	-	-	-
<b>Total Uses</b>	<b>\$4.4</b>	<b>\$4.7</b>	<b>\$4.6</b>	<b>\$5.2</b>	<b>\$0.6</b>	<b>12%</b>

**Actual to Revised Budget variance of \$0.6 million or 12%:**

The unfavorable variance in Personnel Services is due in part to overtime driven by the substantial cleanup needed after the summer monsoon storms and emergency call outs for traffic signal malfunctions and street light knock downs. Additionally, there are timing differences between the allocation of transportation CIP related expenses and the budget. The favorable variance in Contractual is mostly due to timing of invoicing especially from Phoenix Transit Services, and scheduling of various services. The favorable variance in commodities is also due to lag of invoicing for materials and supplies for alley weed spraying that has been contracted out.



Sources (Fiscal Year to Date: September 2016)

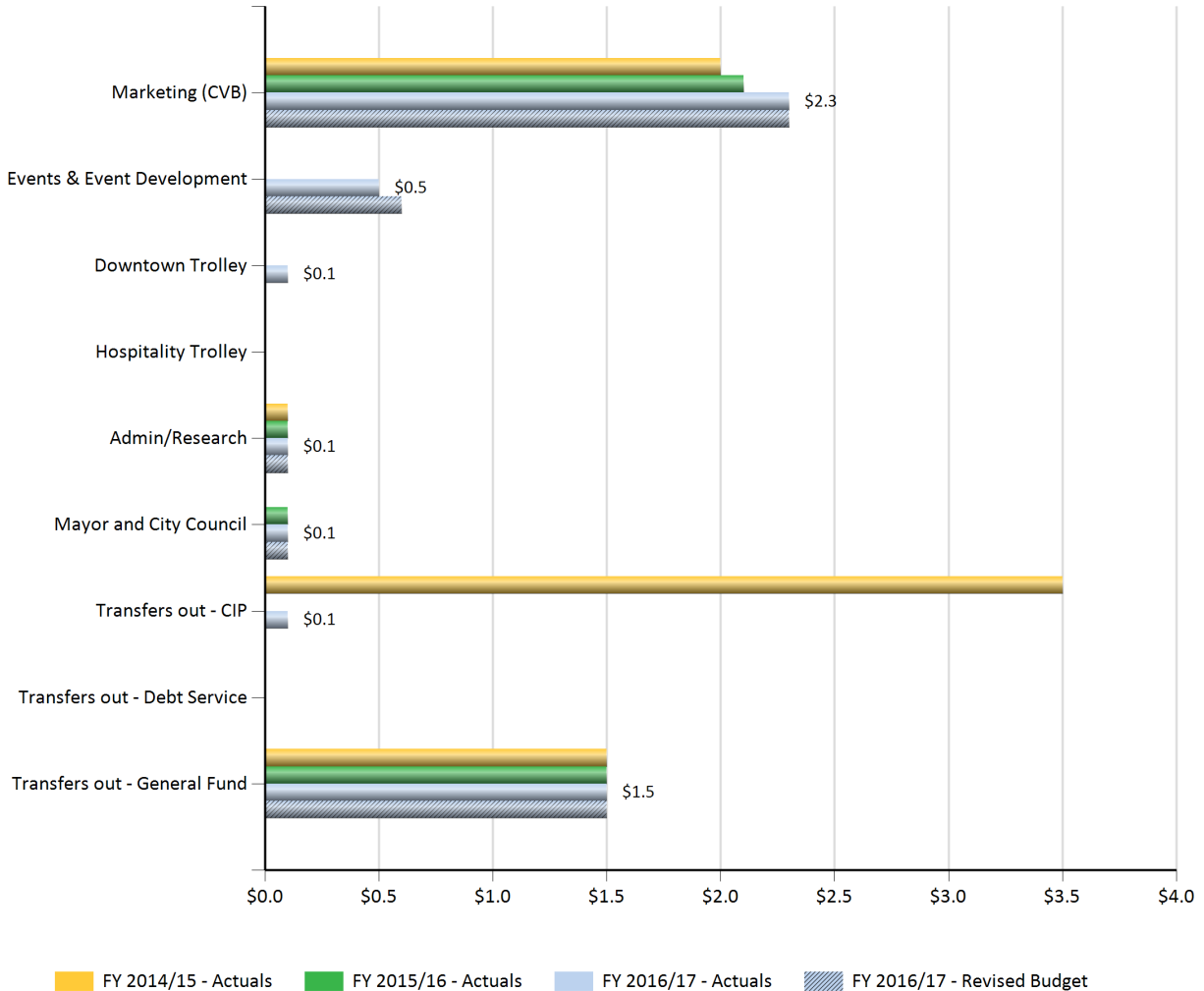


	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Bed Taxes	\$2.0	\$2.1	\$2.3	\$2.3	\$0.1	3%
Miscellaneous Revenue	-	-	-	-	-	-
Princess Hotel Lease	0.3	0.2	0.2	0.3	-	-
Transfers In - CIP	-	-	-	-	-	-
<b>Total Sources</b>	<b>\$2.3</b>	<b>\$2.3</b>	<b>\$2.6</b>	<b>\$2.5</b>	<b>\$0.1</b>	<b>2%</b>

**Actual to Revised Budget variance of \$0.1 million or 2%:**  
The favorable variance in Bed Taxes is due to normal business fluctuations.



Uses (Fiscal Year to Date: September 2016)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Marketing (CVB)	\$2.0	\$2.1	\$2.3	\$2.3	\$ -	-
Events & Event Development	-	-	0.5	0.6	0.1	11%
Downtown Trolley	-	-	0.1	-	-	-
Hospitality Trolley	-	-	-	-	-	n/a
Admin/Research	0.1	0.1	0.1	0.1	-	-
Mayor and City Council	-	0.1	0.1	0.1	-	-
Transfers out - CIP	3.5	-	0.1	-	( 0.1)	n/a
Transfers out - Debt Service	-	-	-	-	-	-
Transfers out - General Fund	1.5	1.5	1.5	1.5	-	-
<b>Total Uses</b>	<b>\$7.1</b>	<b>\$3.8</b>	<b>\$4.7</b>	<b>\$4.6</b>	<b>(\$0.1)</b>	<b>(2%)</b>

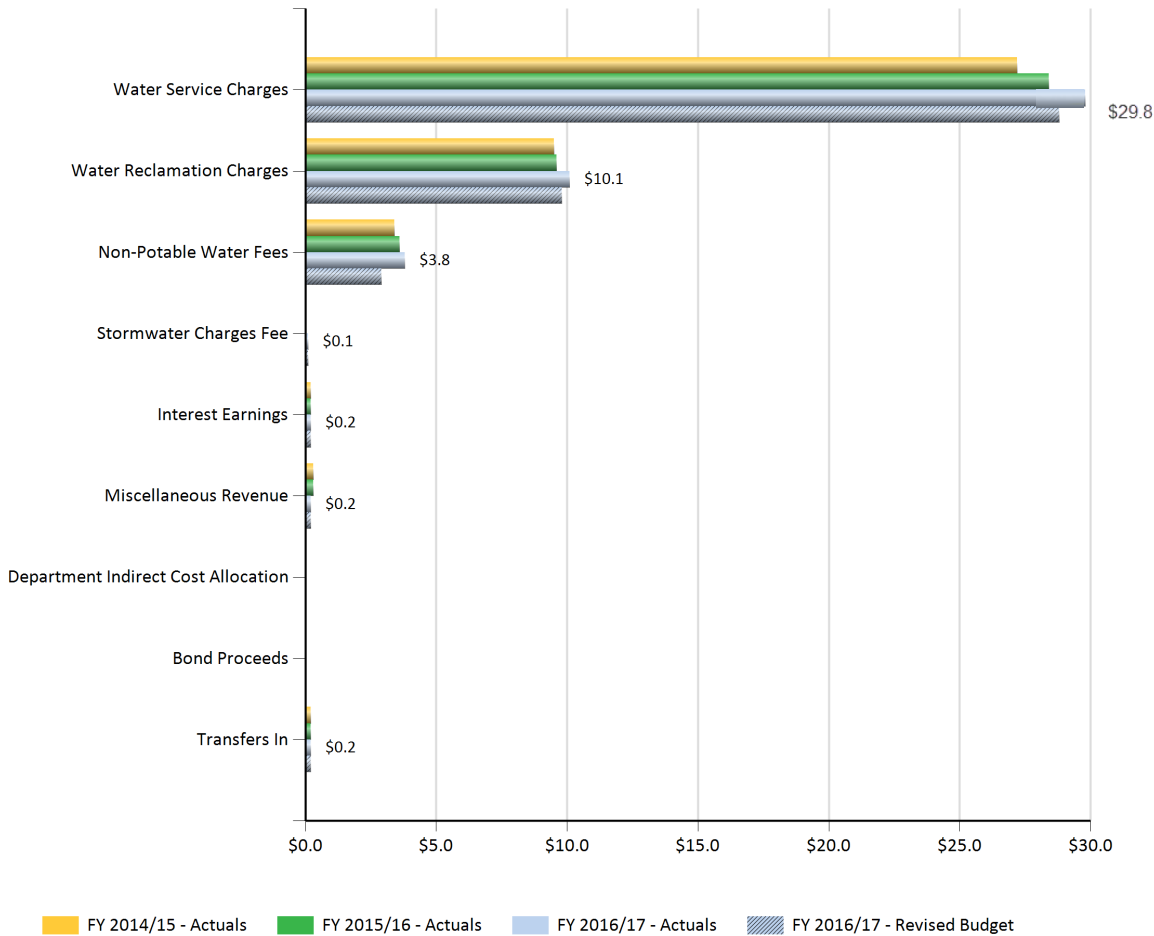
**Actual to Revised Budget variance of (\$0.1) million or (2%):**

The favorable variance in Events & Event Development is mostly due to timing of expenses for the ambiance lighting Downtown project and for event sponsorships, which are difficult to forecast due to the uncertain timing of the requests. This variance is partly offset by the payment of the total amount of the match to the Museum of the West when only a partial payment was anticipated during the first quarter. The \$3.5 million Transfer Out - CIP in FY 2014/15 is associated with cash transfers for the Museum of the West and Tournament Players Club (TPC) clubhouse/stadium course renovation projects.



# Water and Water Reclamation Funds

## Sources (Fiscal Year to Date: September 2016)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Water Service Charges	\$27.2	\$28.4	\$29.8	\$28.8	\$1.0	4%
Water Reclamation Charges	9.5	9.6	10.1	9.8	0.2	2%
Non-Potable Water Fees	3.4	3.6	3.8	2.9	0.9	31%
Stormwater Charges Fee	-	-	0.1	0.1	-	-
Interest Earnings	0.2	0.2	0.2	0.2	-	-
Miscellaneous Revenue	0.3	0.3	0.2	0.2	( 0.1)	(31%)
Department Indirect Cost Allocation	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Transfers In	0.2	0.2	0.2	0.2	-	-
<b>Total Sources</b>	<b>\$40.8</b>	<b>\$42.3</b>	<b>\$44.2</b>	<b>\$42.2</b>	<b>\$2.0</b>	<b>5%</b>

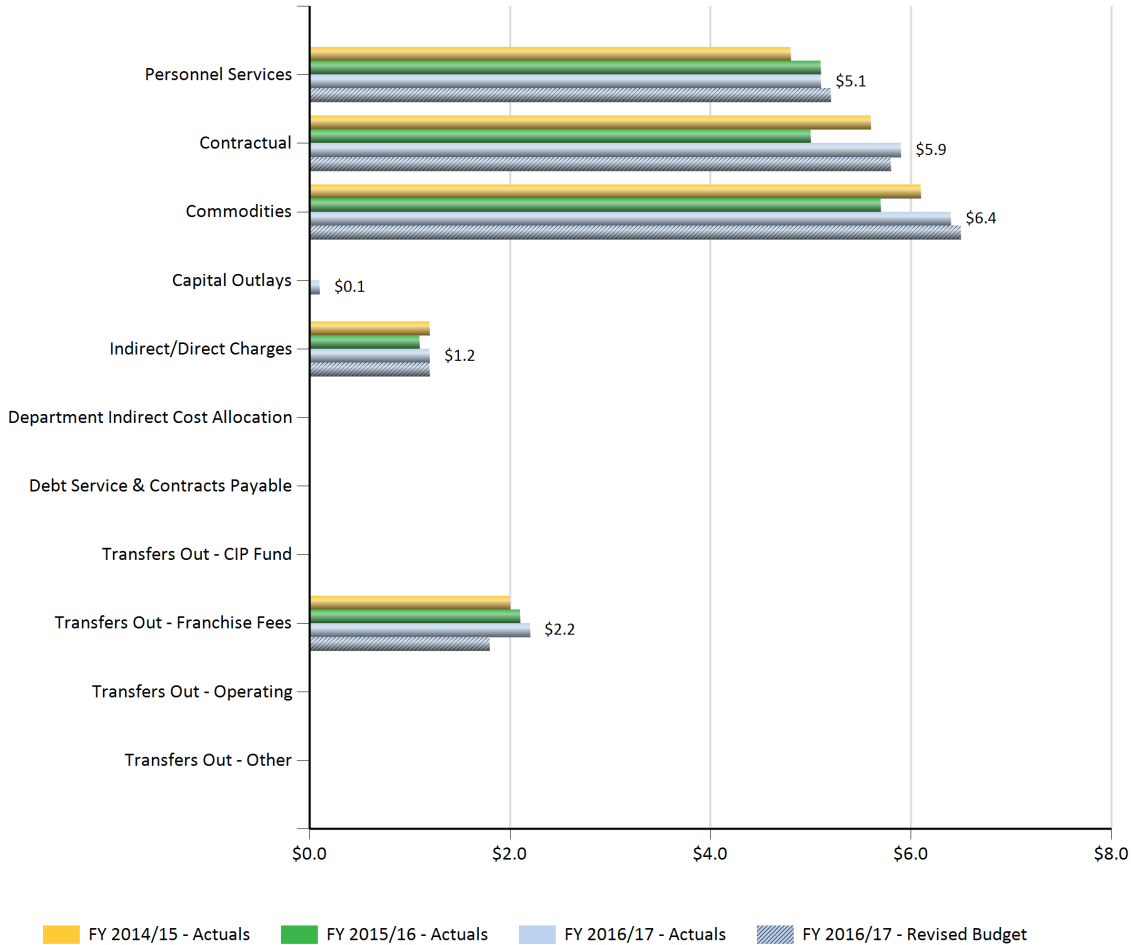
**Actual to Revised Budget variance of \$2.0 million or 5%:**

The favorable variance in Water Service Charges is driven by water deliveries which are running higher than the three year running average. The favorable variance in Water Reclamation Charges is related to higher deliveries than budgeted which was developed based on the previous winter period's deliveries. Non-Potable Water Fees variance is due to higher than projected water sales for golf course irrigation and a rate settlement with the Reclaimed Water Distribution System. Miscellaneous Revenue is unfavorable primarily due to less revenue being brought in for cell phone tower late fees and sale of scrap metal than anticipated.



# Water and Water Reclamation Funds

## Uses (Fiscal Year to Date: September 2016)



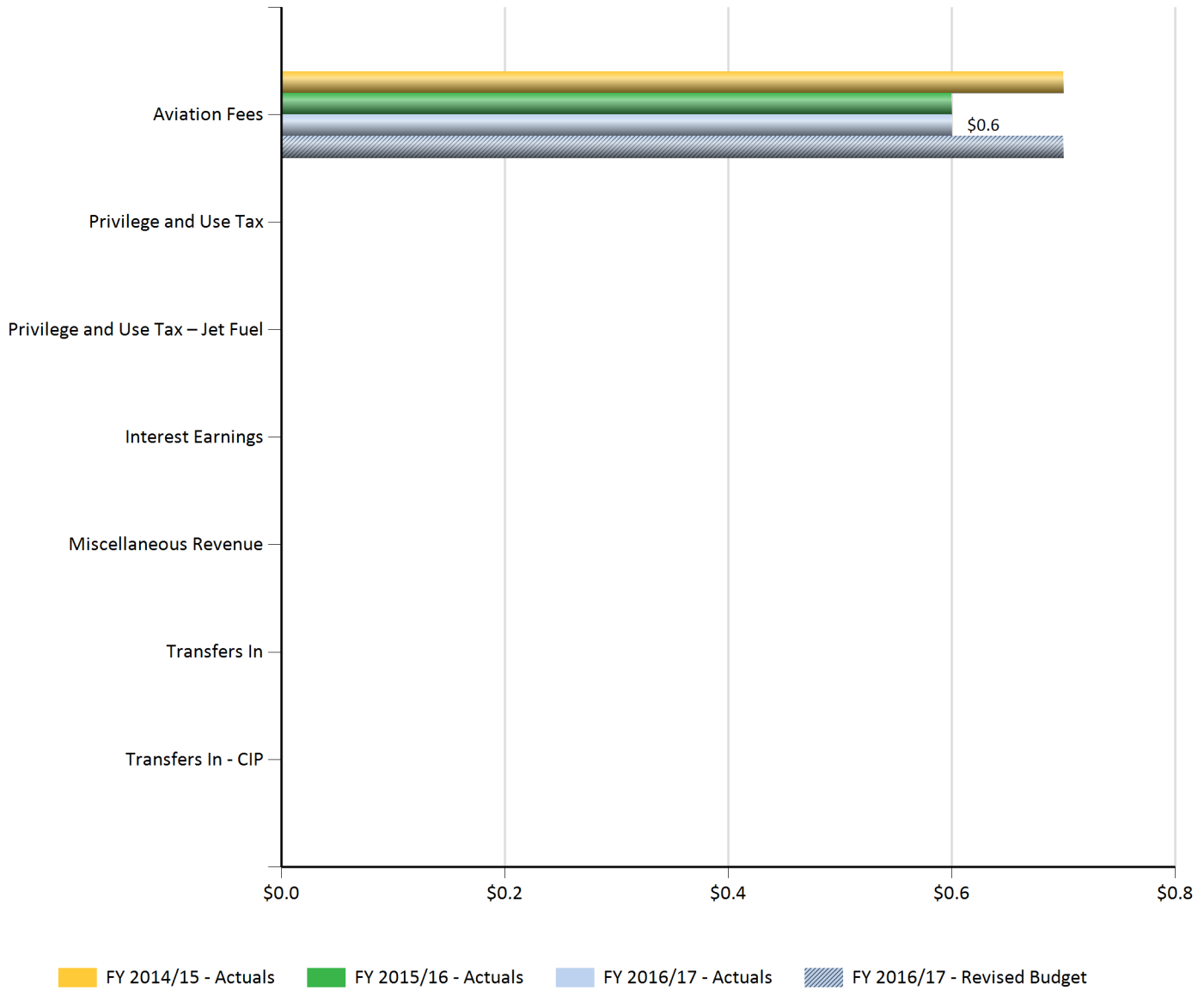
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget	
					Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$4.8	\$5.1	\$5.1	\$5.2	\$0.1	2%
Contractual	5.6	5.0	5.9	5.8	( 0.2)	(3%)
Commodities	6.1	5.7	6.4	6.5	-	-
Capital Outlays	-	-	0.1	-	-	-
Indirect/Direct Charges	1.2	1.1	1.2	1.2	-	-
Department Indirect Cost Allocation	-	-	-	-	-	-
Debt Service & Contracts Payable	-	-	-	-	-	-
Transfers Out - CIP Fund	-	-	-	-	-	-
Transfers Out - Franchise Fees	2.0	2.1	2.2	1.8	( 0.4)	(19%)
Transfers Out - Operating	-	-	-	-	-	-
Transfers Out - Other	-	-	-	-	-	-
<b>Total Uses</b>	<b>\$19.8</b>	<b>\$18.9</b>	<b>\$21.0</b>	<b>\$20.6</b>	<b>(\$0.4)</b>	<b>(2%)</b>

**Actual to Revised Budget variance of (\$0.4) million or (2%):**

The Transfers Out - Franchise Fees unfavorable variance is the result of higher revenue collected for Water Service Charges than anticipated, which consequently affects the transfers out to the General Fund. This increase is the result of greater water deliveries compared to the three year running average.



Sources (Fiscal Year to Date: September 2016)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Aviation Fees	\$0.7	\$0.6	\$0.6	\$0.7	(\$0.2)	(22%)
Privilege and Use Tax	-	-	-	-	-	-
Privilege and Use Tax – Jet Fuel	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers In - CIP	-	-	-	-	-	-
<b>Total Sources</b>	<b>\$0.8</b>	<b>\$0.7</b>	<b>\$0.6</b>	<b>\$0.8</b>	<b>(\$0.2)</b>	<b>(22%)</b>

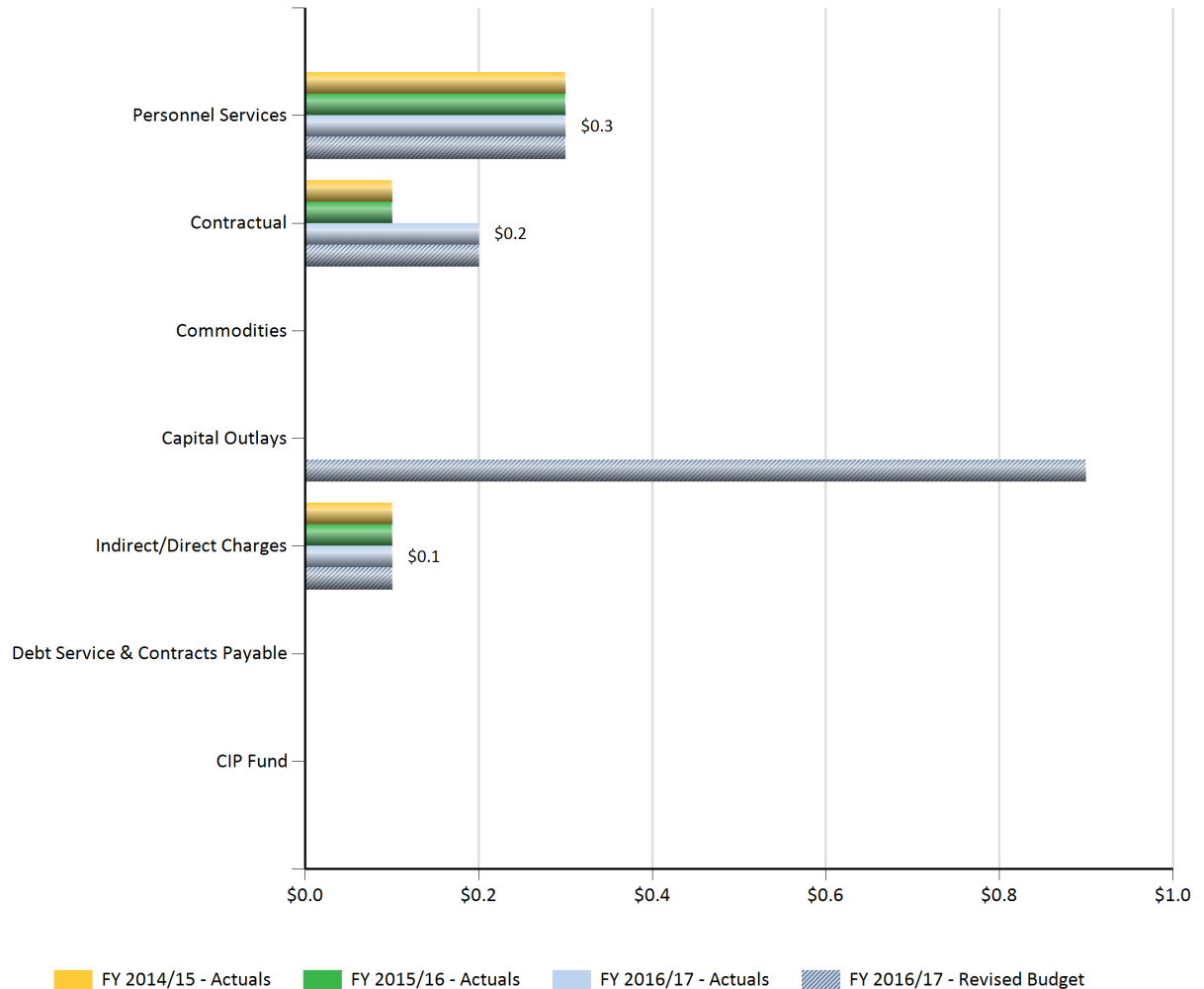
**Actual to Revised Budget variance of (\$0.2) million or (22%):**

The unfavorable variance in Aviation Fees is driven by lower than anticipated fuel sales, rental car concessions and percentage fees for Aeronautical Business Permits (ABP).





Uses (Fiscal Year to Date: September 2016)



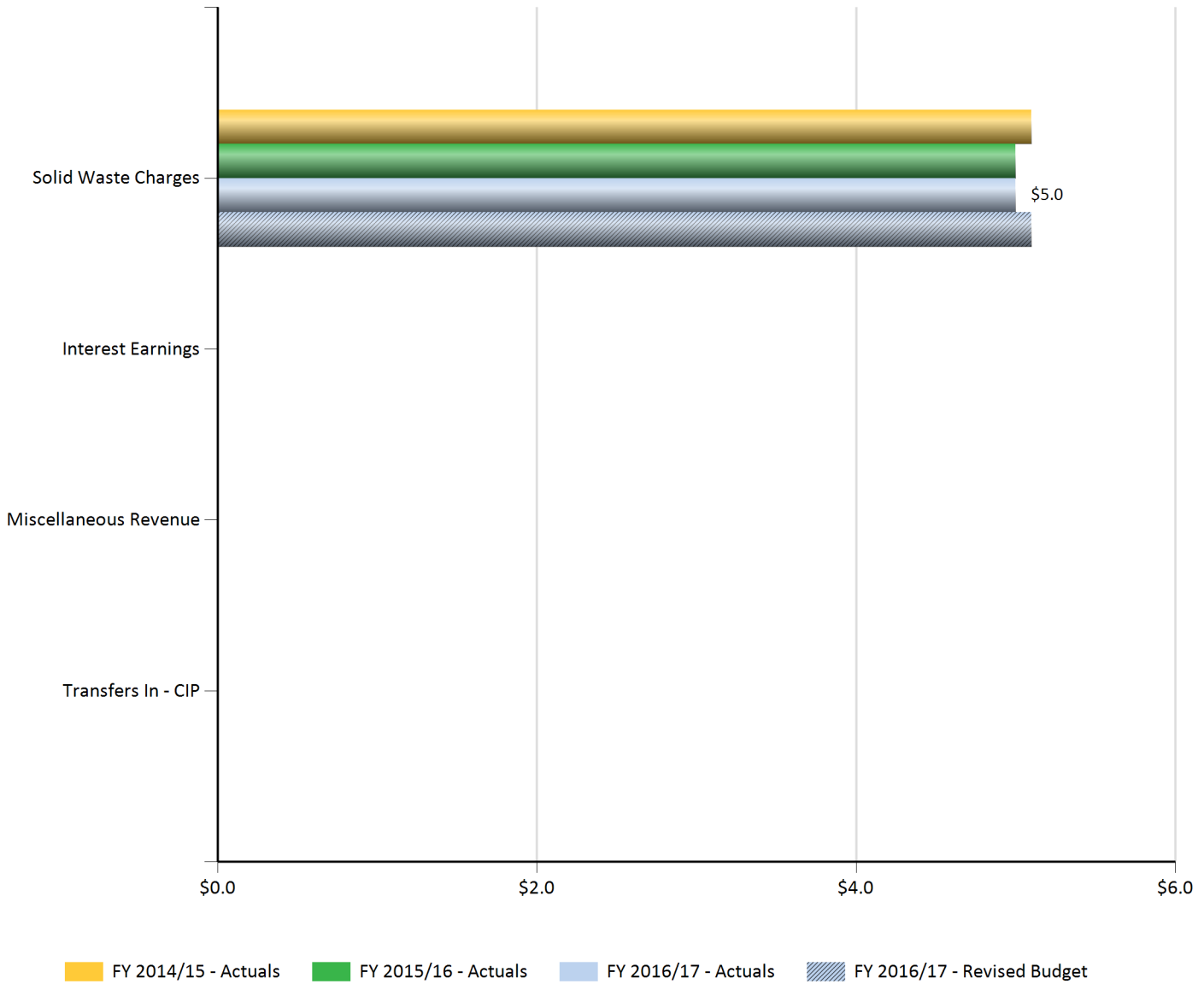
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$0.3	\$0.3	\$0.3	\$0.3	\$ -	-
Contractual	0.1	0.1	0.2	0.2	0.1	26%
Commodities	-	-	-	-	-	-
Capital Outlays	-	-	-	0.9	0.9	100%
Indirect/Direct Charges	0.1	0.1	0.1	0.1	-	-
Debt Service & Contracts Payable	-	-	-	-	-	-
CIP Fund	-	-	-	-	-	-
<b>Total Uses</b>	<b>\$0.5</b>	<b>\$0.5</b>	<b>\$0.6</b>	<b>\$1.6</b>	<b>\$1.0</b>	<b>61%</b>

**Actual to Revised Budget variance of \$1.0 million or 61%:**

The favorable variance in Contractual is mostly due to lower than estimated use of U.S. Customs International Flight Clearing Service, provided by the U.S. Customs and Border Patrol to inspect and clear aircraft when they arrive from destinations outside of the United States. The favorable variance in Capital Outlays is due to the purchasing process of a fire truck for the airport taking longer than estimated; consequently, the expense will most likely happen after June 2017.



**Sources (Fiscal Year to Date: September 2016)**



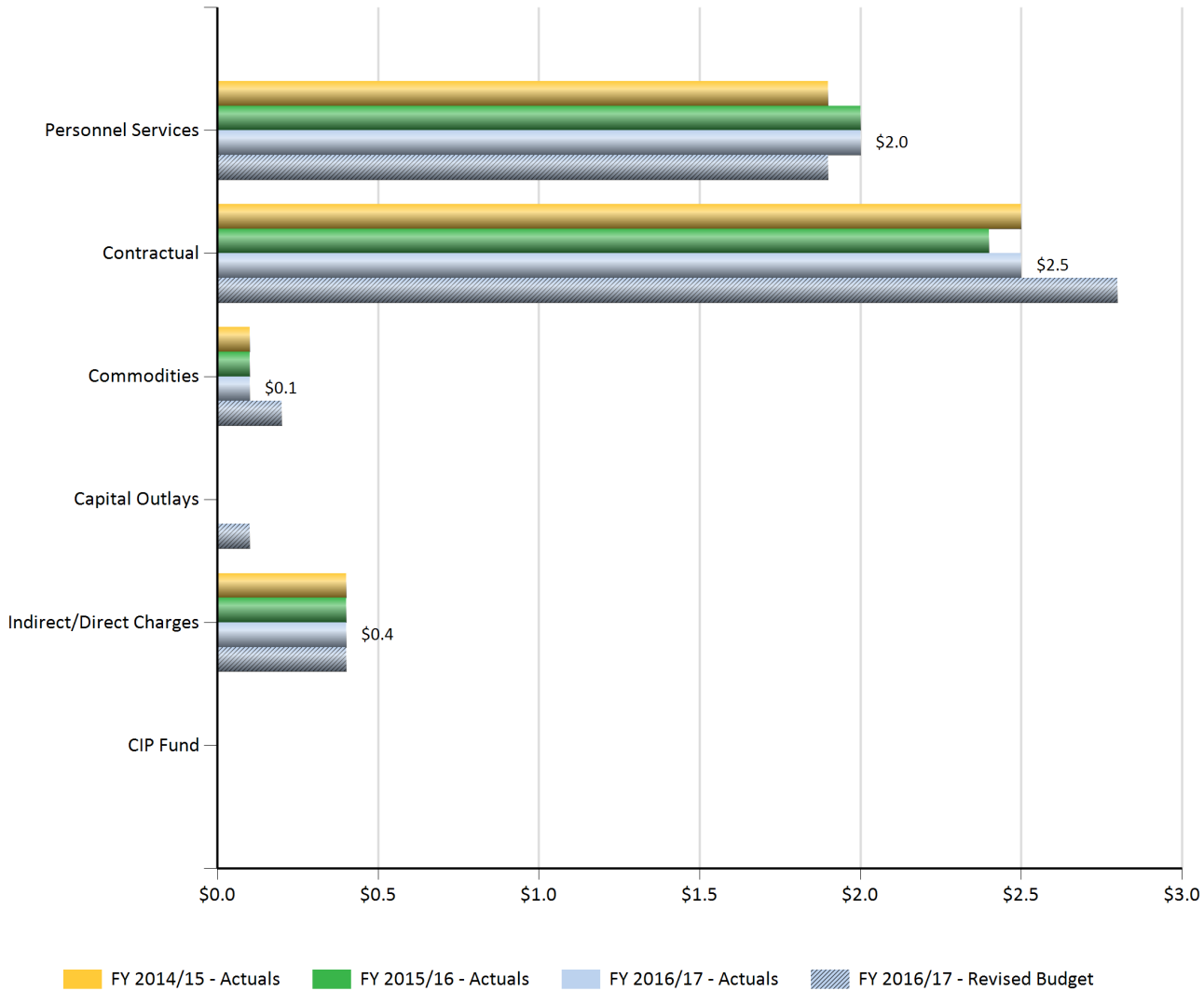
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Solid Waste Charges	\$5.1	\$5.0	\$5.0	\$5.1	(\$0.2)	(4%)
Interest Earnings	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	n/a
Transfers In - CIP	-	-	-	-	-	-
<b>Total Sources</b>	<b>\$5.1</b>	<b>\$5.0</b>	<b>\$5.0</b>	<b>\$5.2</b>	<b>(\$0.2)</b>	<b>(4%)</b>

**Actual to Revised Budget variance of (\$0.2) million or (4%):**

The unfavorable variance is related to: 1) Recycled Materials-Residential fee revenue, which is down due to the unfavorable commodity market which determines the price per ton of recyclables; and 2) Roll-Off Charges and Solid Waste Service Charges-Commercial due to customers canceling service as a result of rate increases effective August 2016.



**Uses (Fiscal Year to Date: September 2016)**



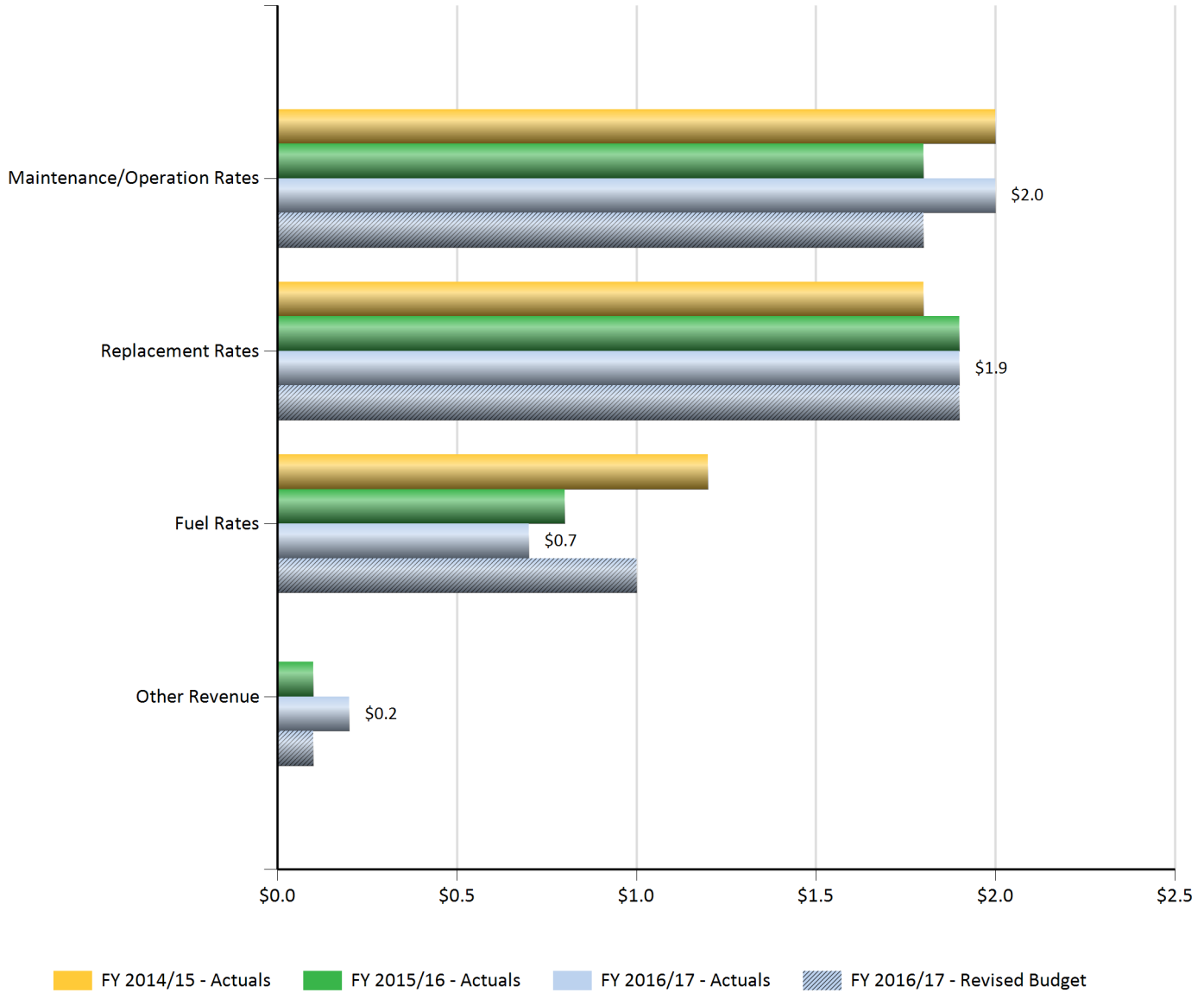
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$1.9	\$2.0	\$2.0	\$1.9	(\$0.1)	(6%)
Contractual	2.5	2.4	2.5	2.8	0.3	10%
Commodities	0.1	0.1	0.1	0.2	0.1	35%
Capital Outlays	-	-	-	0.1	0.1	99%
Indirect/Direct Charges	0.4	0.4	0.4	0.4	-	-
CIP Fund	-	-	-	-	-	-
<b>Total Uses</b>	<b>\$4.9</b>	<b>\$4.9</b>	<b>\$5.0</b>	<b>\$5.3</b>	<b>\$0.3</b>	<b>6%</b>

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

The unfavorable variance in Personnel Services of \$0.1 million is related to overtime costs due to seasonal demand and employee shortages. Contractual has a favorable variance of \$0.3 million mostly due to delayed billing in Cleaning and Waste Removal and in the Landfill contract. Additional savings were achieved in Fleet-Fuel due to lower fuel prices than originally anticipated. Commodities has a favorable variance of \$0.1 million related to delayed billing from the vendor for refuse containers. The Capital Outlays favorable variance of \$0.1 million is due to the purchase of a new articulated loader that has been ordered, but not yet received.



Sources (Fiscal Year to Date: September 2016)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Maintenance/Operation Rates	\$2.0	\$1.8	\$2.0	\$1.8	\$0.2	14%
Replacement Rates	1.8	1.9	1.9	1.9	-	-
Fuel Rates	1.2	0.8	0.7	1.0	( 0.3)	(26%)
Other Revenue	-	0.1	0.2	0.1	0.1	98%
<b>Total Sources</b>	<b>\$5.0</b>	<b>\$4.6</b>	<b>\$4.8</b>	<b>\$4.7</b>	<b>\$0.1</b>	<b>2%</b>

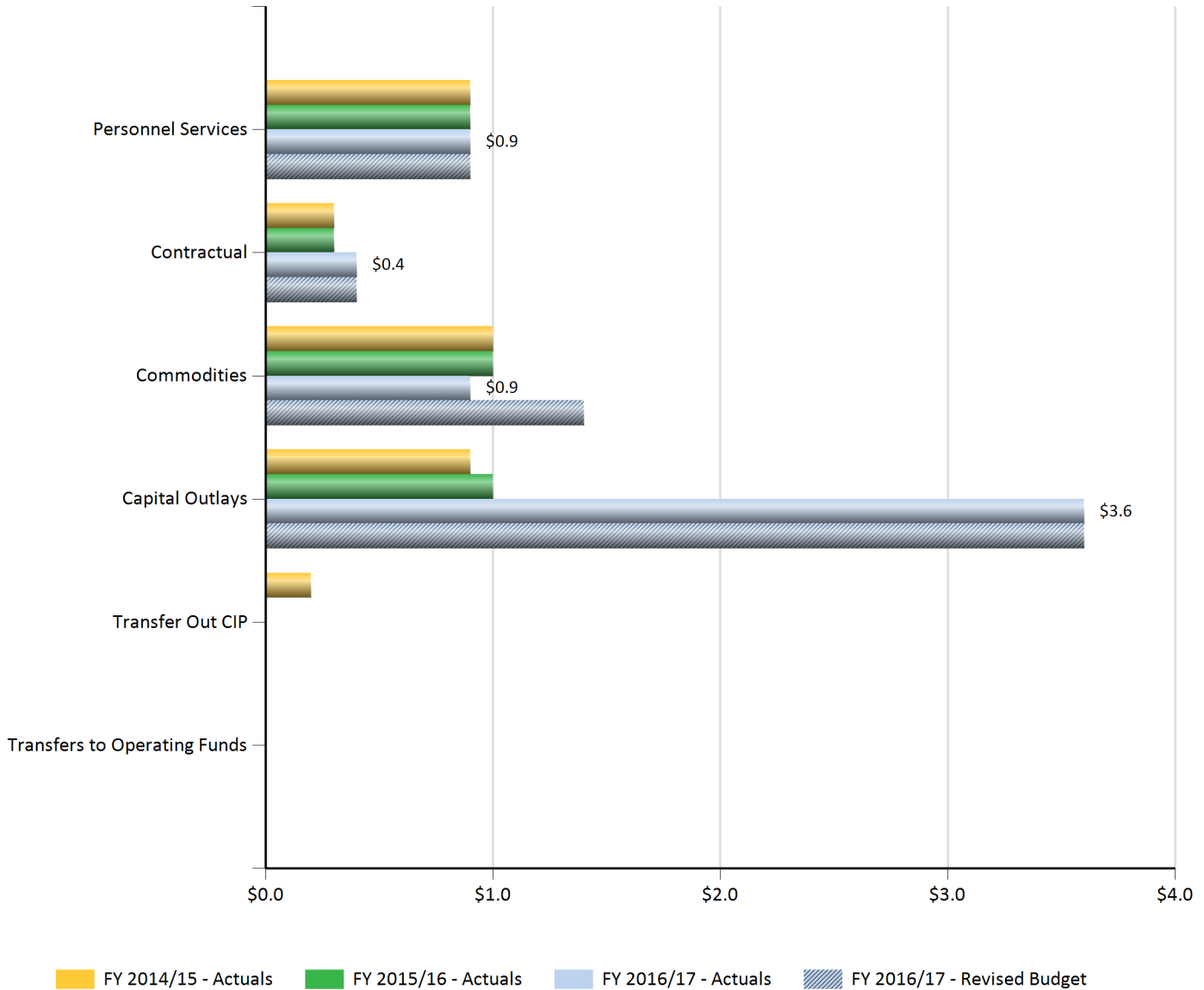
**Actual to Revised Budget variance of \$0.1 million or 2%:**

The favorable variance in Maintenance/Operations Rates is due to higher than expected revenue associated with the Solid Waste Department requiring maintenance on more residential and commercial collection vehicles than anticipated. The unfavorable variance in fuel rates is due to overall lower fuel costs. The Other Revenue favorable variance is related to Risk Management chargebacks that recognize accident repair costs incurred by Fleet. The Fleet chargebacks is a new practice and was not budgeted for this fiscal year.

\$ in millions / rounding differences may occur



Uses (Fiscal Year to Date: September 2016)



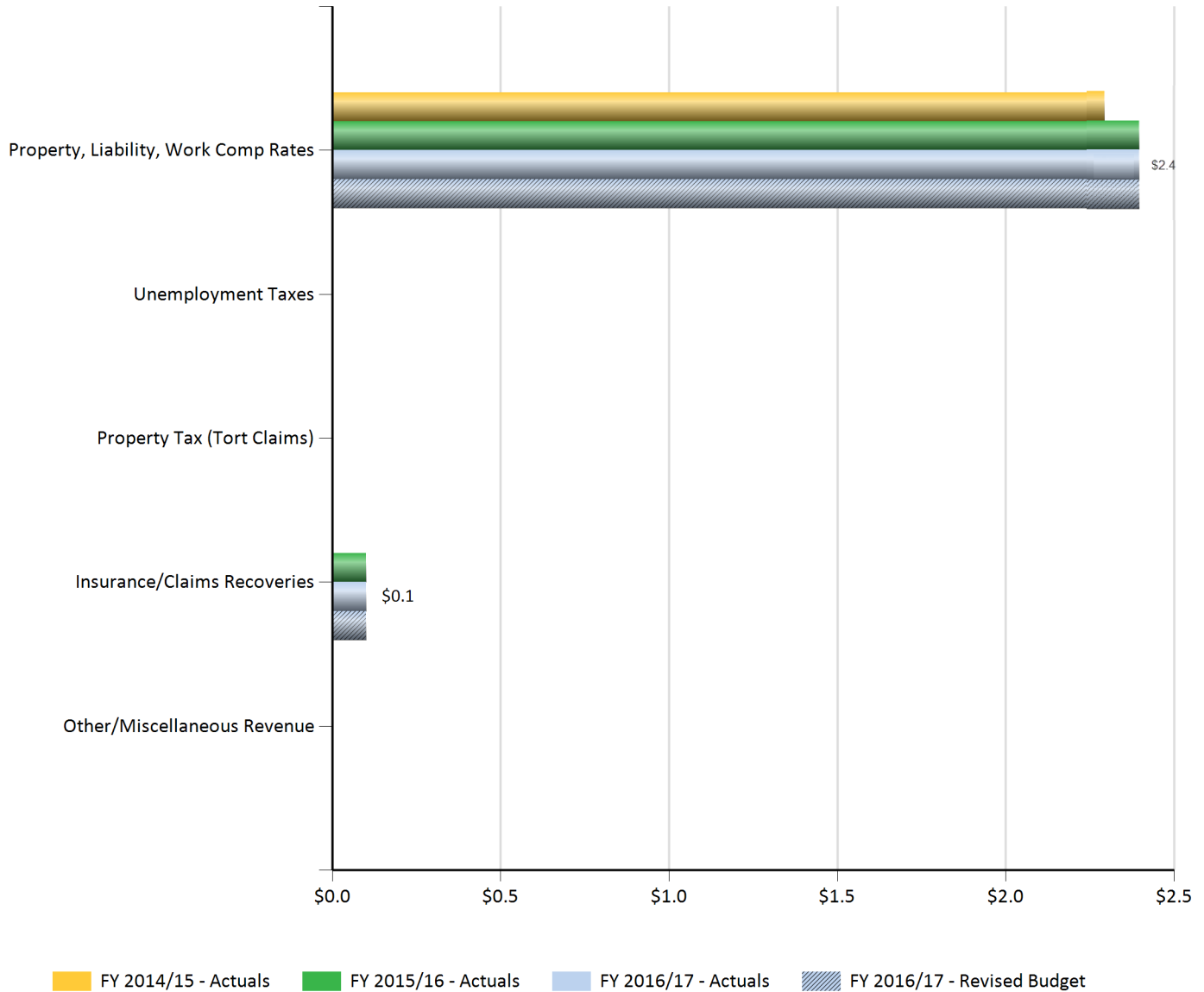
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$0.9	\$0.9	\$0.9	\$0.9	\$ -	-
Contractual	0.3	0.3	0.4	0.4	-	-
Commodities	1.0	1.0	0.9	1.4	0.5	39%
Capital Outlays	0.9	1.0	3.6	3.6	-	-
Transfer Out CIP	0.2	-	-	-	-	-
Transfers to Operating Funds	-	-	-	-	-	-
<b>Total Uses</b>	<b>\$3.3</b>	<b>\$3.2</b>	<b>\$5.8</b>	<b>\$6.3</b>	<b>\$0.5</b>	<b>8%</b>

**Actual to Revised Budget variance of \$0.5 million or 8%:**

The favorable variance in Commodities is due to savings in fuel. The price per gallon of fuel is much lower than originally budgeted for.



Sources (Fiscal Year to Date: September 2016)

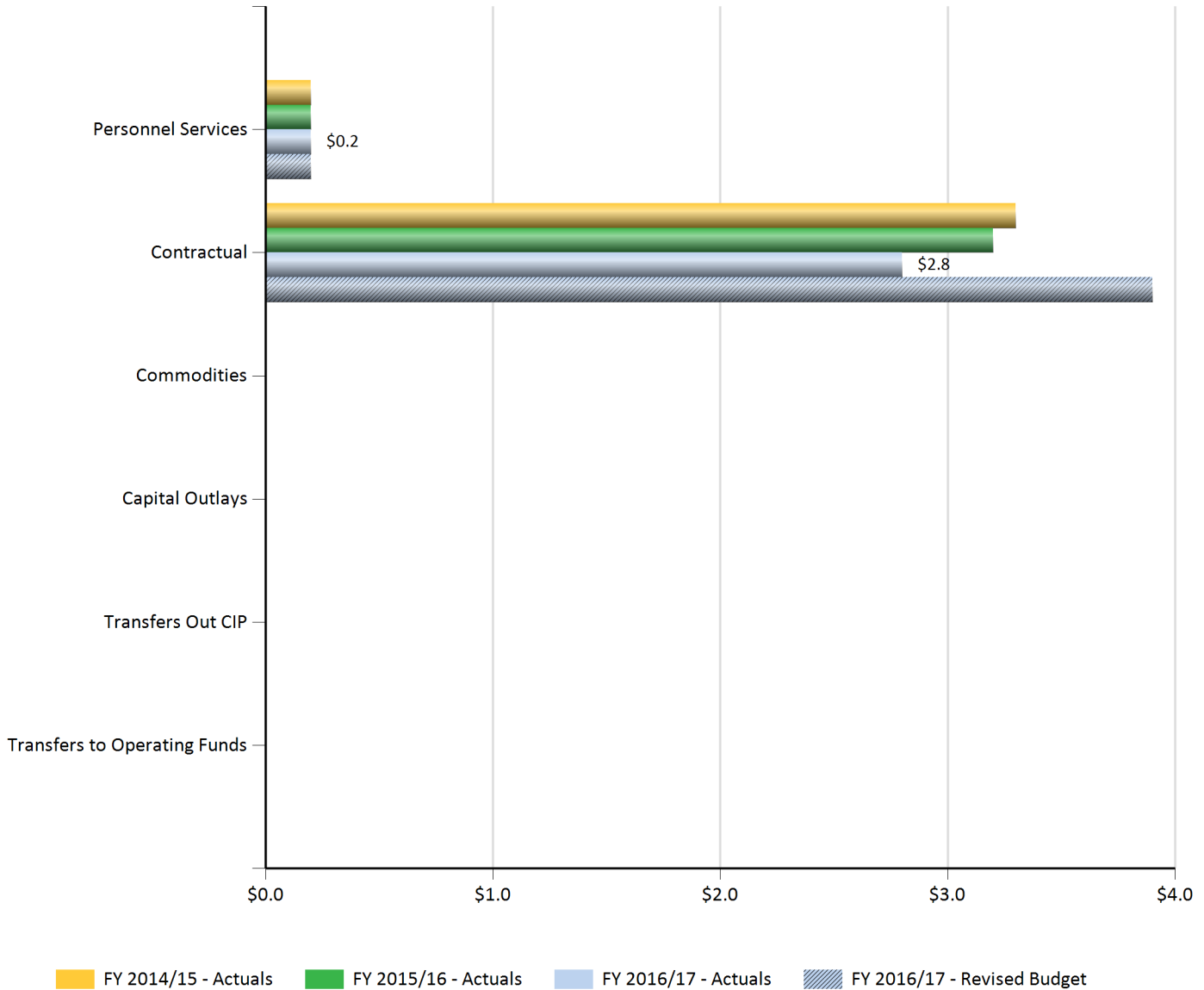


	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Property, Liability, Work Comp Rates	\$2.3	\$2.4	\$2.4	\$2.4	\$ -	-
Unemployment Taxes	-	-	-	-	-	-
Property Tax (Tort Claims)	-	-	-	-	-	-
Insurance/Claims Recoveries	-	0.1	0.1	0.1	-	-
Other/Miscellaneous Revenue	-	-	-	-	-	-
<b>Total Sources</b>	<b>\$2.4</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$ -</b>	<b>-</b>

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



Uses (Fiscal Year to Date: September 2016)



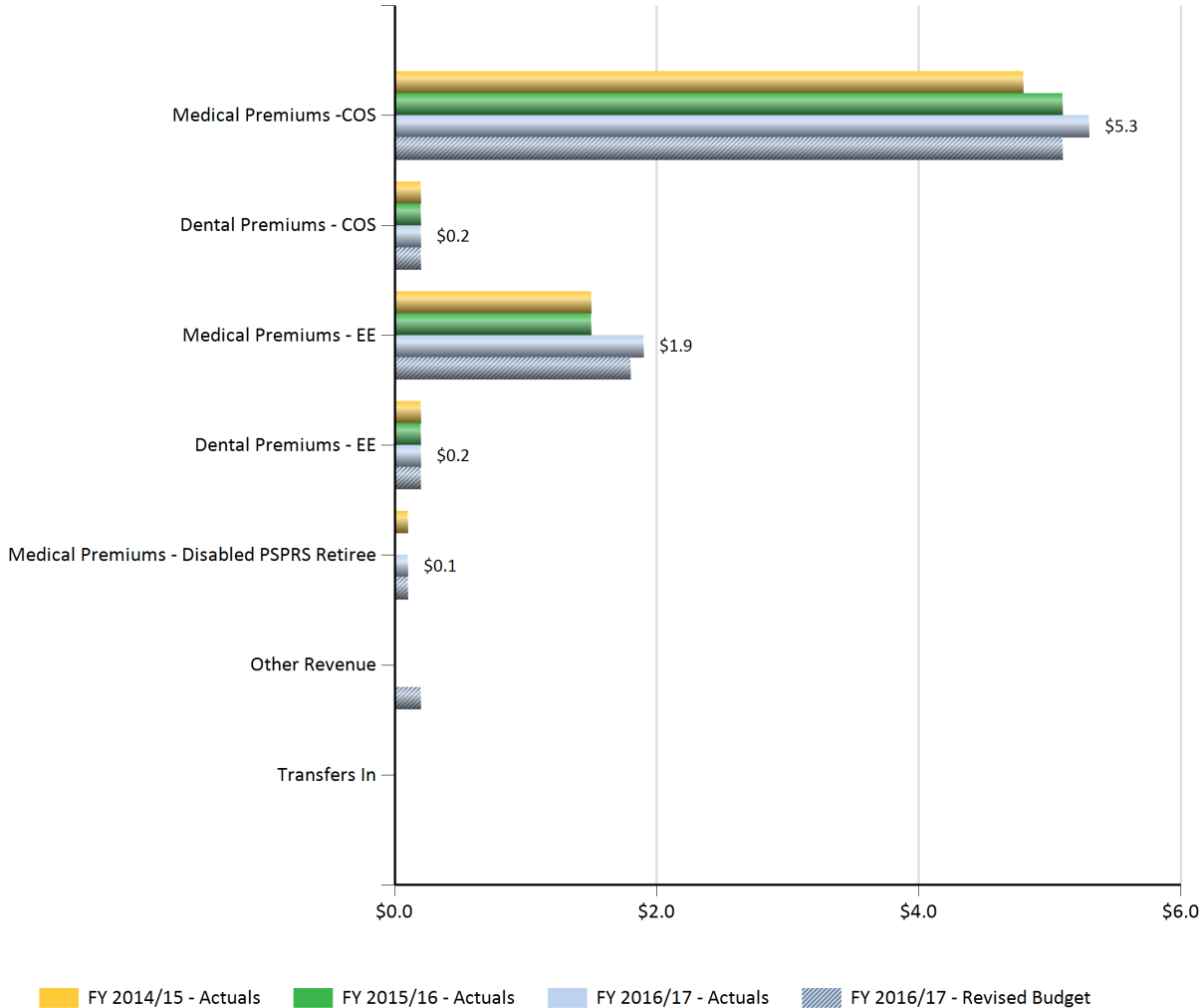
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$0.2	\$0.2	\$0.2	\$0.2	\$ -	-
Contractual	3.3	3.2	2.8	3.9	1.1	28%
Commodities	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-
Transfers Out CIP	-	-	-	-	-	-
Transfers to Operating Funds	-	-	-	-	-	-
<b>Total Uses</b>	<b>\$3.5</b>	<b>\$3.5</b>	<b>\$3.0</b>	<b>\$4.2</b>	<b>\$1.1</b>	<b>27%</b>

**Actual to Revised Budget variance of \$1.1 million or 27%:**

The favorable variance is due to savings from the re-packaging of policies for insurance & bond premiums. General liability claims also contribute to the favorable variance because claim amounts are not predictable and can vary each month depending on timing or the amount of Attorney fees or other miscellaneous expenses during trial.



## Sources (Fiscal Year to Date: September 2016)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Medical Premiums -COS	\$4.8	\$5.1	\$5.3	\$5.1	\$0.1	3%
Dental Premiums - COS	0.2	0.2	0.2	0.2	-	-
Medical Premiums - EE	1.5	1.5	1.0	1.0	-	-
Dental Premiums - EE	0.2	0.2	0.2	0.2	-	-
Medical Premiums - Disabled PSPRS Retirees	0.1	-	0.1	0.1	-	-
Other Revenue	-	-	-	0.2	( 0.2)	(99%)
Transfers In	-	-	-	-	-	-
<b>Total Sources</b>	<b>\$6.7</b>	<b>\$7.0</b>	<b>\$7.6</b>	<b>\$7.6</b>	<b>(\$0.1)</b>	<b>(1%)</b>

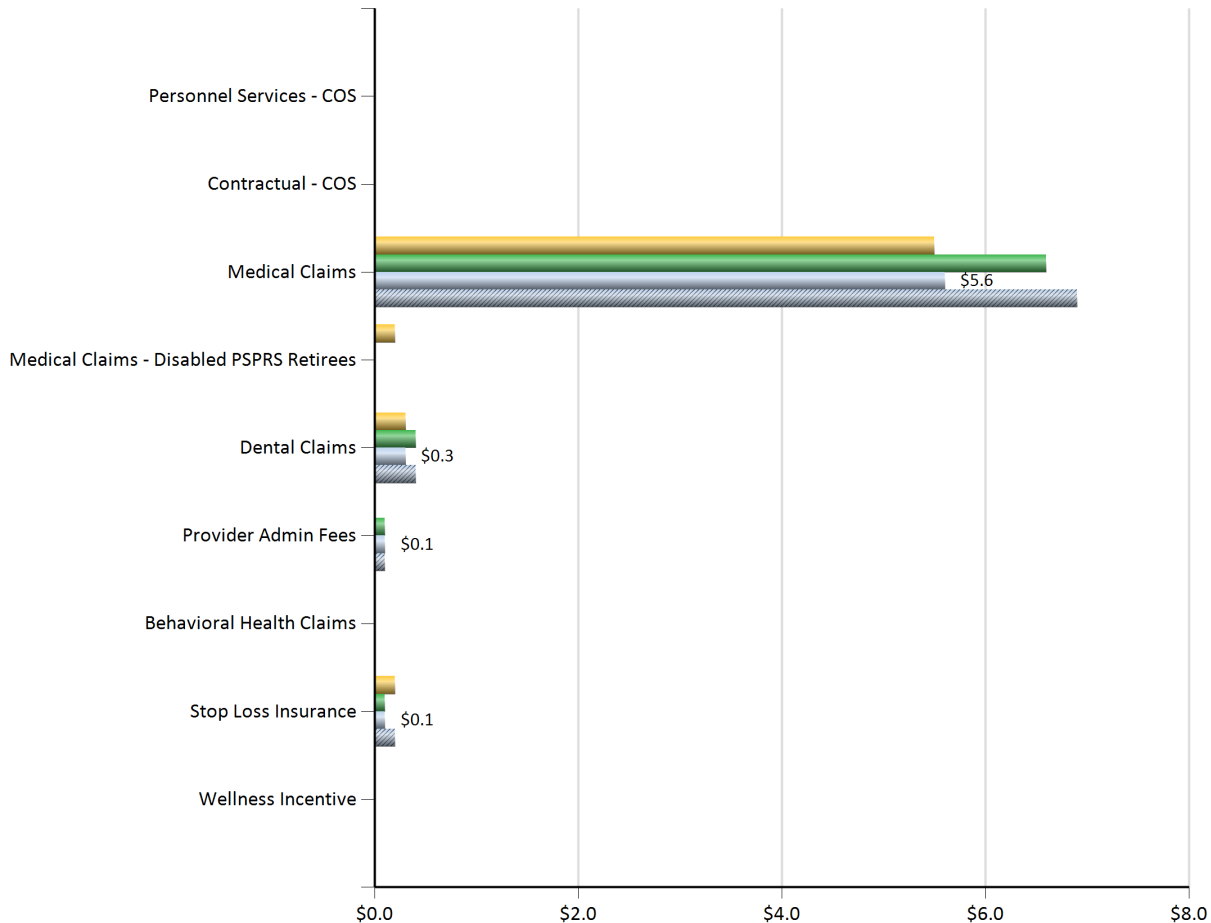
**Actual to Revised Budget variance of (\$0.1) million or (1%):**

The favorable variance in Medical Premiums - COS is due to participants selecting different benefit plans than anticipated. Benefit plan projections are budgeted and adopted prior to participant plan selections for the fiscal year, which causes differences between participants actual plan selections and the assumed plan selections. The unfavorable variance in Other Revenue is mostly due to how various healthcare and prescription rebates the city receives, which are not received on a consistent basis and amounts fluctuate between periods making it difficult to predict; therefore budgets are spread evenly amongst all periods which may result in an artificial variance.





Uses (Fiscal Year to Date: September 2016)



■ FY 2014/15 - Actuals \* 
 ■ FY 2015/16 - Actuals 
 ■ FY 2016/17 - Actuals 
 ■ FY 2016/17 - Revised Budget

	FY 2014/15*	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable)	
					Amount	Percent
Personnel Services - COS	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contractual - COS	-	-	-	-	-	-
Medical Claims	5.5	6.6	5.6	6.9	1.2	18%
Medical Claims - Disabled PSPRS Retirees*	0.2	-	-	-	-	-
Dental Claims	0.3	0.4	0.3	0.4	0.1	15%
Provider Admin Fees	-	0.1	0.1	0.1	-	-
Behavioral Health Claims	-	-	-	-	-	-
Stop Loss Insurance	0.2	0.1	0.1	0.2	-	-
Wellness Incentive	-	-	-	-	-	-
<b>Total Uses</b>	<b>\$6.2</b>	<b>\$7.3</b>	<b>\$6.3</b>	<b>\$7.6</b>	<b>\$1.4</b>	<b>18%</b>

**Actual to Revised Budget variance of \$1.4 million or 18%:**

For the first quarter of FY 2016/17, the city's annual medical/dental costs are lower than expected resulting in a favorable variance. However, the favorable variance may not be as significant as it appears. The favorable variance may be due to the budget spread. Determining when medical and dental claims will occur is difficult to predict; therefore budgets are spread evenly amongst all periods which may result in an artificial variance.

\*Includes retirees and disabled PSPRS Retirees

\$ in millions / rounding differences may occur



# WestWorld Statement of Operations

## Twelve Months: Fiscal Year

	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Adopted Budget	2016/17 Approved Budget
<b>Operating Revenue</b>						
Rental Facilities	\$1,617,444	\$2,050,602	\$2,134,970	n/a	\$2,583,649	\$2,583,649
RV Rental	257,509	232,802	270,661	n/a	235,249	235,249
Feed/Bedding Sales	499,264	548,330	499,691	n/a	531,000	531,000
Labor Fees	233,486	266,860	240,173	n/a	260,000	260,000
Concession Fees	223,836	191,380	354,902	n/a	443,000	443,000
Parking	48,834	58,591	110,931	n/a	170,200	170,200
Other Income	105,121	142,732	135,192	n/a	37,200	37,200
Equidome Project Use Fee	-	75,000	555,000	n/a	360,000	360,000
Council Approved Authorized Carryover <sup>a</sup>	-	2,048,000	-	-	-	-
<b>Operating Revenue</b>	<b>\$2,985,494</b>	<b>\$5,614,297</b>	<b>\$4,301,521</b>	<b>n/a</b>	<b>\$4,620,298</b>	<b>\$4,620,298</b>
<b>Operating Expenses</b>						
<b>Personnel Services</b>						
Wages/Salaries/Benefits	\$1,527,275	\$1,564,608	\$1,616,913	n/a	\$1,896,328	\$1,950,603
Overtime	28,259	21,195	25,558	n/a	22,333	23,002
<b>Contractual Services</b>						
Contractual Workers	74,914	84,004	92,292	n/a	100,000	100,000
Telephone	25,637	32,164	30,650	n/a	41,531	41,531
Utilities	558,010	1,016,731	1,219,326	n/a	1,208,320	1,208,320
Maintenance & Equipment Rental & Fleet	591,505	601,739	652,492	n/a	689,220	689,220
License and Permits	124,251	73,018	73,356	n/a	126,168	126,168
Property, Liability & Workers' Comp	18,114	30,724	37,376	n/a	62,401	62,401
Advertising/Marketing Contract	11,492	212,869	208,815	n/a	350,000	350,000
Other	212,162	232,224	268,443	n/a	322,592	322,592
<b>Commodities and Capital Outlays</b>						
Agriculture & Horticulture & Other Supply	125,040	128,597	71,411	n/a	131,545	131,545
Maintenance & Repairs Supply, Equipment	68,781	74,067	84,344	n/a	152,035	152,035
Inventory Purchased for Resale	258,927	260,507	304,481	n/a	482,500	482,500
Construction - Other	94,323	10,695	-	n/a		
Other Expenses	39,526	35,951	45,959	n/a	33,690	33,690
<b>BOR Admin</b>						
BOR Admin/WestWorld	127,628	134,010	140,710	n/a	155,133	155,133
<b>Allocated Expenses <sup>b</sup></b>						
Facilities Maintenance	402,988	402,988	713,808	n/a	776,954	776,954
COS Indirect Costs	241,136	255,887	276,504	n/a	370,385	370,385
<b>Operating Expenses</b>	<b>\$4,529,966</b>	<b>\$5,171,979</b>	<b>\$5,862,440</b>	<b>n/a</b>	<b>\$6,921,135</b>	<b>\$6,976,079</b>
<b>Operating Income</b>	<b>(\$1,544,472)</b>	<b>\$442,317</b>	<b>(\$1,560,919)</b>	<b>n/a</b>	<b>(\$2,300,837)</b>	<b>(\$2,355,781)</b>
<b>Debt Service (Less contributions)</b>						
Debt Service - (52 & 17 acres)	\$2,364,123	\$2,012,576	\$2,250,353	n/a	\$2,304,207	\$2,304,207
Debt Service - TNEC (\$41.935M)	-	1,546,675	1,543,925	n/a	1,506,875	1,506,875
Debt Service - TNEC Tourism Funded	588,503	1,200,000	1,200,000	n/a	1,200,000	1,200,000
Bed Tax Contributions - TNEC	( 588,503)	( 1,200,000)	( 1,200,000)	n/a	( 1,200,000)	( 1,200,000)
<b>Net Debt Service</b>	<b>\$2,364,123</b>	<b>\$3,559,251</b>	<b>\$3,794,278</b>	<b>n/a</b>	<b>\$3,811,082</b>	<b>\$3,811,082</b>
<b>Operating Income After Debt Service</b>	<b>(\$3,908,595)</b>	<b>(\$3,116,933)</b>	<b>(\$5,355,198)</b>	<b>n/a</b>	<b>(\$6,111,919)</b>	<b>(\$6,166,863)</b>

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

<sup>b</sup> 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

## YTD September

	YTD September						Actual vs. Budget	
	FY 2012/13 YTD Actual	2013/14 YTD Actual	2014/15 YTD Actual	FY 2015/16 YTD Actual	FY 2016/17 YTD Actual	FY 2016/17 Approved YTD Budget	Favorable / Amount	(Unfavorable) Percent
<b>Operating Revenue</b>								
Rental Facilities	\$38,958	\$68,216	\$186,807	\$307,152	\$277,168	\$135,300	\$141,868	105%
RV Rental	14,005	16,290	10,559	11,180	3,780	6,500	( 2,720)	(42%)
Feed/Bedding Sales	36,071	43,106	41,883	22,197	17,331	35,100	( 17,769)	(51%)
Labor Fees	863	100	1,270	10,639	8,257	-	8,257	n/a
Concession Fees	4,709	5,200	47,442	77,724	( 6,620)	80,000	( 86,620)	(100%)
Parking	-	-	3,596	24,301	4,012	30,000	( 25,988)	(87%)
Other Income	6,085	1,172	30	277	1,004	25	979	nm
Equidome Project Use Fee	-	-	285,000	90,000	45,000	-	45,000	n/a
Council Approved Authorized Carryover <sup>a</sup>	-	-	-	-	-	-	-	-
<b>Operating Revenue</b>	<b>\$100,691</b>	<b>\$134,083</b>	<b>\$576,587</b>	<b>\$543,469</b>	<b>\$349,934</b>	<b>\$286,925</b>	<b>\$63,009</b>	<b>22%</b>
<b>Operating Expenses</b>								
<b>Personnel Services</b>								
Wages/Salaries/Benefits	\$364,927	\$351,025	\$390,774	\$392,855	461,009	453,354	(\$7,655)	(2%)
Overtime	258	441	1,732	3,801	1,128	2,910	1,782	61%
<b>Contractual Services</b>								
Contractual Workers	-	1,728	864	5,240	4,810	6,500	1,690	26%
Telephone	6,749	7,675	5,702	4,827	7,235	10,069	2,834	28%
Utilities	35,188	85,833	191,724	198,428	225,393	170,285	( 55,108)	(32%)
Maintenance & Equipment Rental & Fleet	98,221	88,053	149,201	143,049	152,612	158,863	6,251	4%
License and Permits	72,985	72,852	73,429	73,050	77,460	73,083	( 4,377)	(6%)
Property, Liability & Workers' Comp	4,530	7,680	9,345	12,882	15,600	15,600	-	-
Advertising/Marketing Contract	3,390	3,447	201,349	205,349	109,349	205,349	96,000	47%
Other	7,094	9,517	14,828	13,615	18,987	15,787	( 3,200)	(20%)
<b>Commodities and Capital Outlays</b>								
Agriculture & Horticulture & Other Supply	38,233	20,263	28,353	27,420	25,647	10,000	( 15,647)	nm
Maintenance & Repairs Supply, Equipment	11,275	15,306	16,507	15,897	20,344	27,154	6,810	25%
Inventory Purchased for Resale	55,551	40,395	27,892	31,515	90,767	75,000	( 15,767)	(21%)
Construction - Other	-	10,695	-	-	-	-	-	-
Other Expenses	6,355	9,287	14,549	9,426	7,922	2,405	( 5,517)	nm
<b>BOR Admin</b>								
BOR Admin/WestWorld	-	-	-	-	-	-	-	-
<b>Allocated Expenses <sup>b</sup></b>								
Facilities Maintenance	100,746	100,746	178,452	167,643	194,238	194,238	-	-
COS Indirect Costs	60,285	63,972	69,126	84,645	92,595	92,595	-	-
<b>Operating Expenses</b>	<b>\$865,788</b>	<b>\$888,915</b>	<b>\$1,373,827</b>	<b>\$1,389,643</b>	<b>\$1,505,096</b>	<b>\$1,513,192</b>	<b>\$8,096</b>	<b>1%</b>
<b>Operating Income</b>	<b>(\$765,097)</b>	<b>(\$754,832)</b>	<b>(\$797,240)</b>	<b>(\$846,174)</b>	<b>(\$1,155,162)</b>	<b>(\$1,226,267)</b>	<b>\$71,105</b>	<b>8%</b>
<b>Debt Service (Less contributions)</b>								
Debt Service - (52 & 17 acres)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Debt Service - TNEC Tourism Funded	-	-	-	-	-	-	-	-
Bed Tax Contributions - TNEC	-	-	-	-	-	-	-	-
<b>Net Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Operating Income After Debt Service</b>	<b>(\$765,097)</b>	<b>(\$754,832)</b>	<b>(\$797,240)</b>	<b>(\$846,174)</b>	<b>(\$1,155,162)</b>	<b>(\$1,226,267)</b>	<b>\$71,105</b>	<b>8%</b>

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

<sup>b</sup> 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 2016 (For Business Activity in August 2016)

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 1 percent compared to the Budget, and increased 3 percent compared to the same period a year ago.

### Privilege (Sales) & Use Tax by Category and Fund

	Fiscal Year: Twelve Months				
	2014/15 Actual	2015/16 Actual	2016/17 Adopted Budget	2016/17 Revised Budget	2016/17 Approved Adjustments
<b>1.00% General Purpose</b>					
Rentals	\$13.0	n/a	\$14.2	\$14.2	\$0.0
Misc. Retail Stores	17.1	n/a	19.3	19.3	0.0
Major Dept. Stores	9.5	n/a	9.8	9.8	0.0
Automotive	13.8	n/a	15.2	15.2	0.0
Food Stores	7.0	n/a	7.5	7.5	0.0
Construction	11.1	n/a	9.4	9.4	0.0
Dining/ Entertainment	9.4	n/a	10.4	10.4	0.0
Other Activity	10.1	n/a	11.1	11.1	0.0
Hotel/Motel	5.3	n/a	5.9	5.9	0.0
Utilities	4.4	n/a	4.5	4.5	0.0
Subtotal	\$100.6	n/a	\$107.1	\$107.1	\$0.0
<b>0.10% Public Safety</b>					
	\$9.8	n/a	\$10.5	\$10.5	\$0.0
<b>0.20% Transportation</b>					
	19.1	n/a	20.4	20.4	0.0
<b>0.20% McDowell Preserve 1995</b>					
	19.7	n/a	21.0	21.0	0.0
<b>0.15% McDowell Preserve 2004</b>					
	14.8	n/a	15.7	15.7	0.0
Total	\$164.0	n/a	\$174.7	\$174.7	\$0.0
% Change vs. Prior Year	5%	n/a	n/a	n/a	

Rounding differences may occur.

**Privilege (Sales) & Use Tax by Category and Fund**

Fiscal Year-to-Date:						
	2014/15 <u>Actual</u>	2015/16 <u>Actual</u>	2016/17 <u>Actual</u>	2016/17 <u>Budget</u>	Actual vs. Budget	
					<u>Favorable/(Unfavorable)</u> <u>Amount</u>	<u>Percent</u>
<b>1.00% General Purpose</b>						
Rentals	\$3.2	\$3.4	\$3.5	\$3.4	\$0.1	2%
Misc. Retail Stores	3.4	3.9	4.0	4.1	(0.1)	-2%
Major Dept. Stores	2.1	2.1	2.1	2.1	0.0	0%
Automotive	3.1	3.5	3.5	3.7	(0.2)	-5%
Food Stores	1.4	1.5	1.6	1.6	0.0	0%
Construction	3.0	2.5	2.7	2.5	0.2	8%
Dining/ Entertainment	1.8	2.0	2.1	2.1	0.0	0%
Other Activity	1.9	2.0	2.2	2.1	0.1	4%
Hotel/Motel	0.7	0.8	0.8	0.8	0.0	0%
Utilities	1.2	1.2	1.4	1.2	0.1	9%
Subtotal	<u>\$21.9</u>	<u>\$22.9</u>	<u>\$23.7</u>	<u>\$23.5</u>	<u>\$0.2</u>	<u>1%</u>
0.10% Public Safety	\$2.2	\$2.3	\$2.3	\$2.3	\$0.0	0%
0.20% Transportation	4.2	4.4	4.6	4.5	0.0	0%
0.20% McDowell Preserve 1995	4.3	4.5	4.7	4.7	0.0	0%
0.15% McDowell Preserve 2004	3.2	3.4	3.5	3.5	0.0	0%
Total	<u>\$35.8</u>	<u>\$37.4</u>	<u>\$38.9</u>	<u>\$38.5</u>	<u>\$0.3</u>	<u>1%</u>
% Change vs. Prior Year	7%	5%	3%	3%		

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 \$0.1 million or 2%:** The increase is a result of a sale of an apartment complex.

### **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 (\$0.1) million or (2%):** The decrease is due in part to decreased sales in home furnishings, building supplies, and computer software/hardware.

### **Major Department Stores Sales Taxes**

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

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

### **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 (\$0.2) million or (5%):** This is due to decreased sales from the automotive dealerships.

### **Food Stores Sales Taxes**

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

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

### **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 8%:** This is due in part to an increase in residential construction.

### **Dining/Entertainment Sales Taxes**

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

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

### **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 4%:** 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 \$0.1 million or 9%:*** The increase is the result of reclassifying a taxpayer from the construction category.



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.

**Charges for Services/Other** - Charges for Services include numerous revenues such as, recreation fees, fire department fees, WestWorld fees, property rentals, and court and library fines.

**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.

**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.

**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

### **Benefits 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.