


Monthly Financial Report

Fiscal Year to Date as
of September 30, 2018



Scottsdale Airport Operations Center

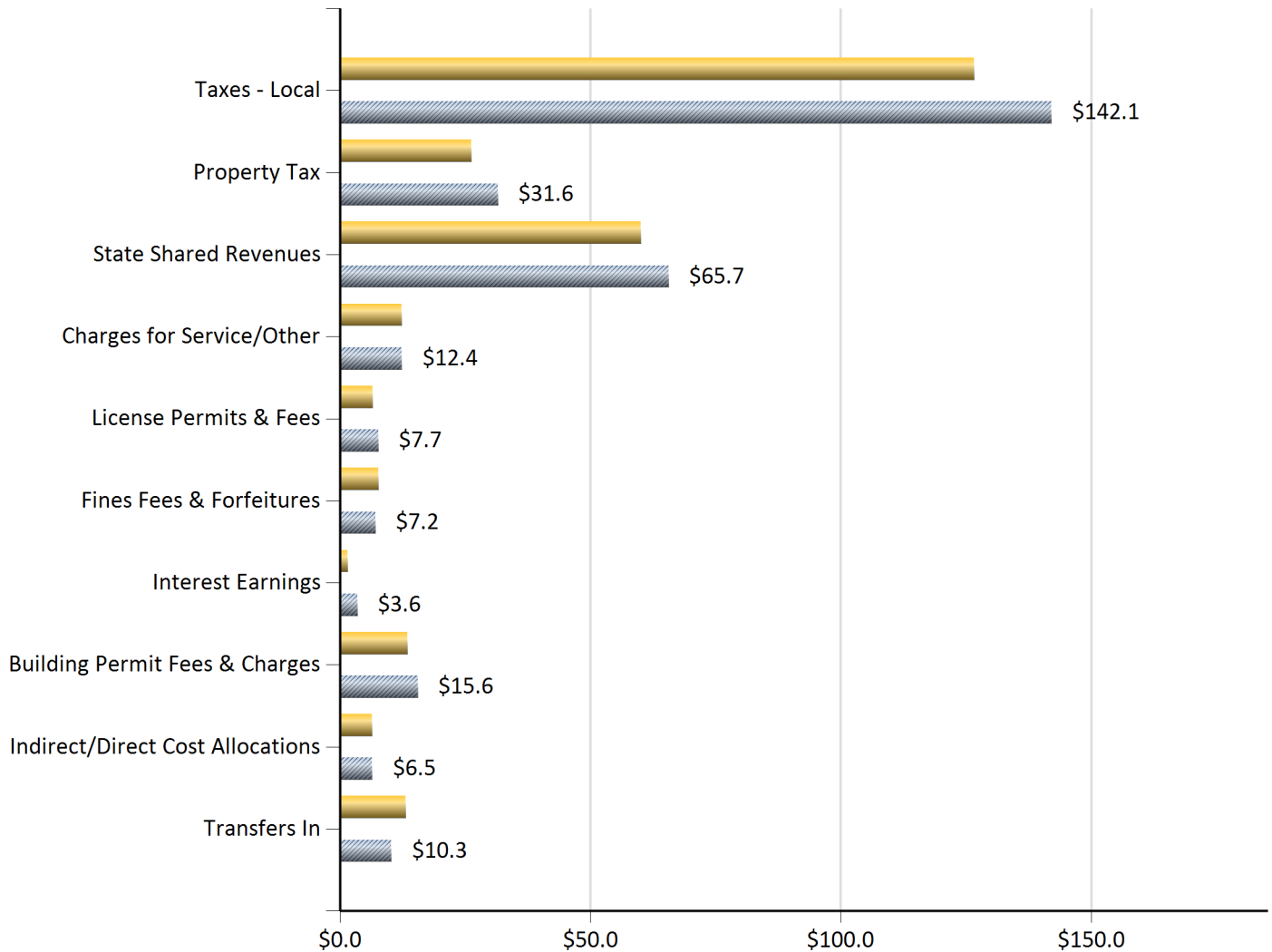
Report to the City Council
Prepared by the City Treasurer
November 26, 2018



Sources

General Fund

Twelve Months: Fiscal Year



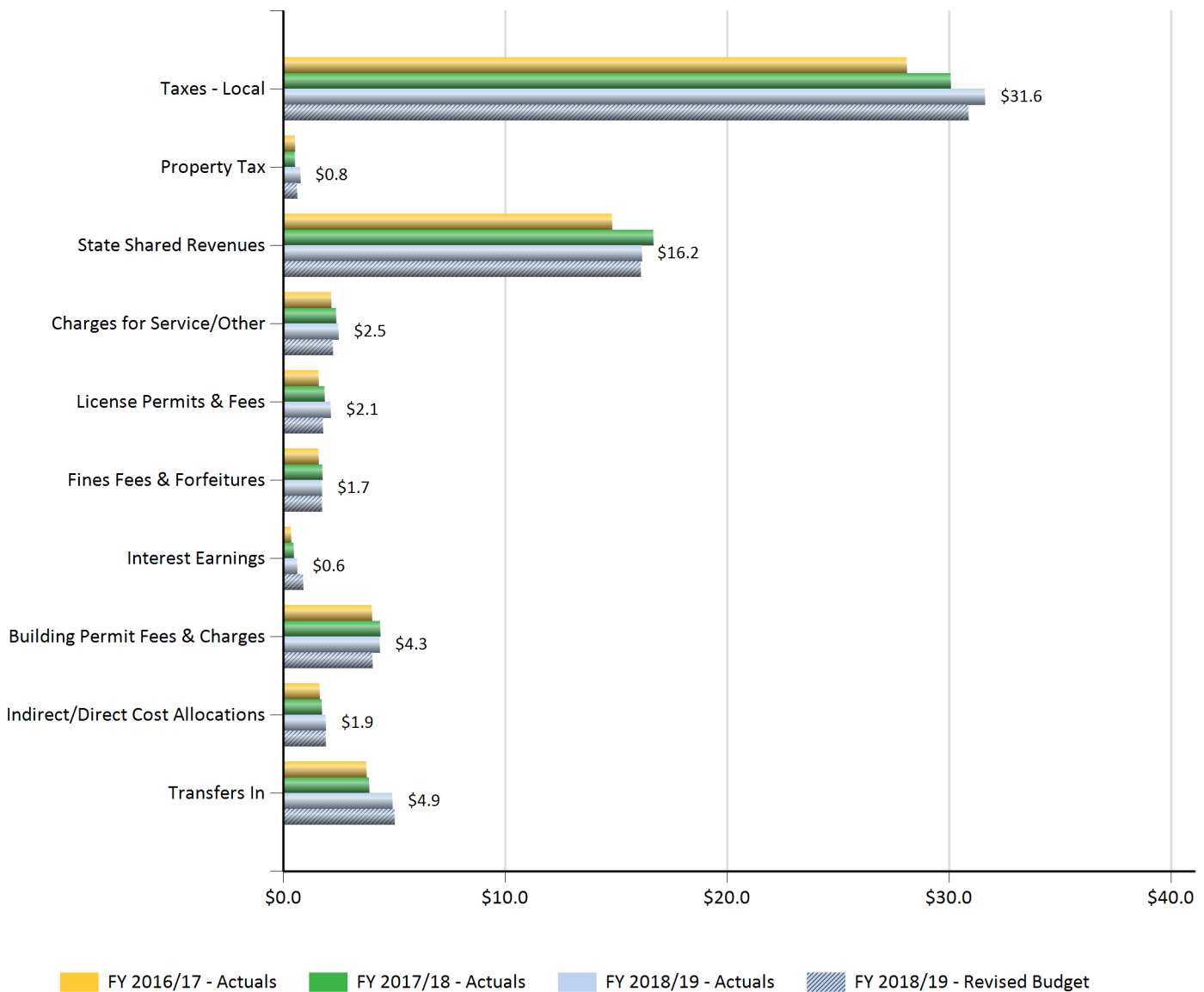
■ FY 2016/17 - Actuals
 ■ FY 2017/18 - Actuals
 ■ FY 2018/19 - Revised Budget

	FY 2016/17 <u>Actuals</u>	FY 2017/18 <u>Actuals</u>	FY 2018/19 <u>Revised Budget</u>
Taxes - Local	\$126.7	n/a	\$142.1
Property Tax	26.2	n/a	31.6
State Shared Revenues	60.1	n/a	65.7
Charges for Service/Other	12.3	n/a	12.4
License Permits & Fees	6.6	n/a	7.7
Fines Fees & Forfeitures	7.7	n/a	7.2
Interest Earnings	1.6	n/a	3.6
Building Permit Fees & Charges	13.5	n/a	15.6
Indirect/Direct Cost Allocations	6.4	n/a	6.5
Transfers In	13.1	n/a	10.3
Total Sources	\$274.3	n/a	\$302.4

Note: FY 2017/18 twelve month actuals are not available at this time. Once completed, they will be included within the report.



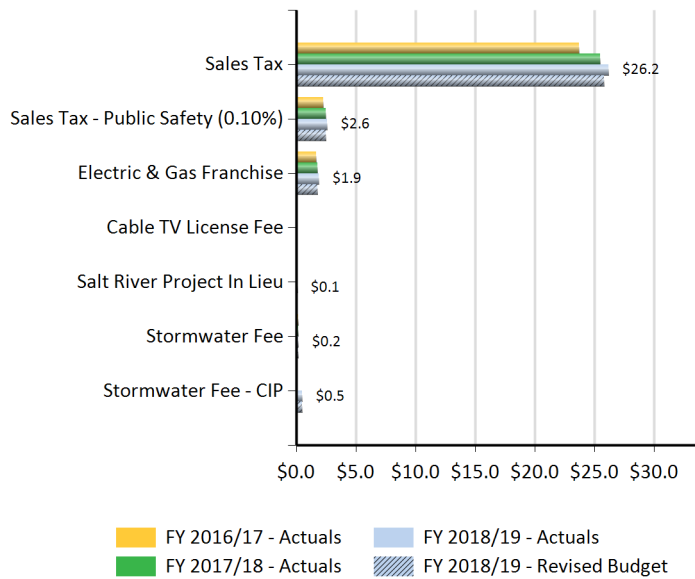
Sources (Fiscal Year to Date: September 2018)



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Taxes - Local	\$28.1	\$30.1	\$31.6	\$30.9	\$0.7	2%
Property Tax	0.5	0.5	0.8	0.6	0.1	22%
State Shared Revenues	14.8	16.7	16.2	16.1	-	-
Charges for Service/Other	2.2	2.4	2.5	2.2	0.3	11%
License Permits & Fees	1.6	1.9	2.1	1.8	0.3	18%
Fines Fees & Forfeitures	1.6	1.8	1.7	1.7	-	-
Interest Earnings	0.3	0.5	0.6	0.9	(0.3)	(30%)
Building Permit Fees & Charges	4.0	4.4	4.3	4.0	0.3	8%
Indirect/Direct Cost Allocations	1.6	1.7	1.9	1.9	-	-
Transfers In	3.7	3.9	4.9	5.0	(0.1)	(2%)
Total Sources	\$58.4	\$63.7	\$66.6	\$65.2	\$1.5	2%



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



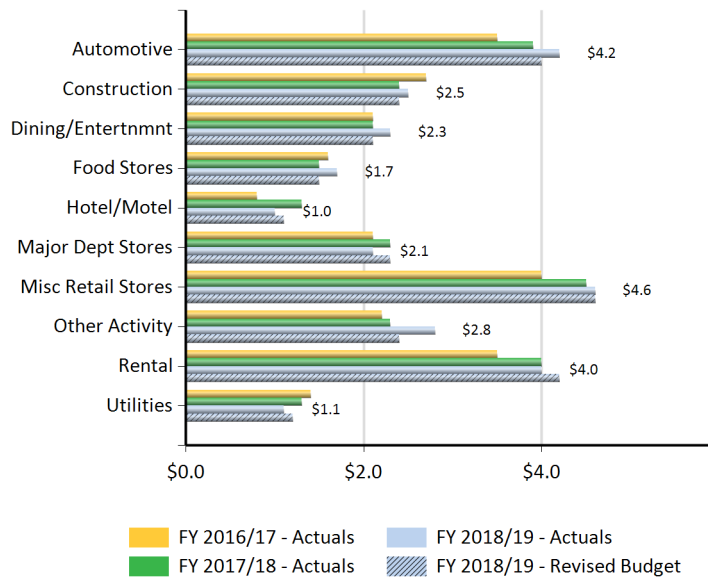
Actual to Revised Budget variance of \$0.7 million or 2%:

See detailed Sales Tax information on page 5. Electric & Gas Franchise is favorable due to APS' quarterly franchise payment being slightly higher than expected. Salt River Project in Lieu is favorable due to receiving the last quarterly payment for the Salt River Project in Lieu from FY 2017/18 in FY 2018/19.

	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Sales Tax	\$23.7	\$25.5	\$26.2	\$25.8	\$0.5	2%
Sales Tax - Public Safety (0.10%)	2.3	2.5	2.6	2.5	-	-
Electric & Gas Franchise	1.7	1.8	1.9	1.8	0.1	6%
Cable TV License Fee	-	-	-	-	-	-
Salt River Project In Lieu	-	-	0.1	-	0.1	n/a
Stormwater Fee	0.2	0.2	0.2	0.2	-	-
Stormwater Fee - CIP	-	-	0.5	0.5	-	-
Taxes - Local Total	\$28.1	\$30.1	\$31.6	\$30.9	\$0.7	2%



Sales Tax (Fiscal Year to Date: September 2018)



Actual to Revised Budget variance of \$0.5 million or 2%:

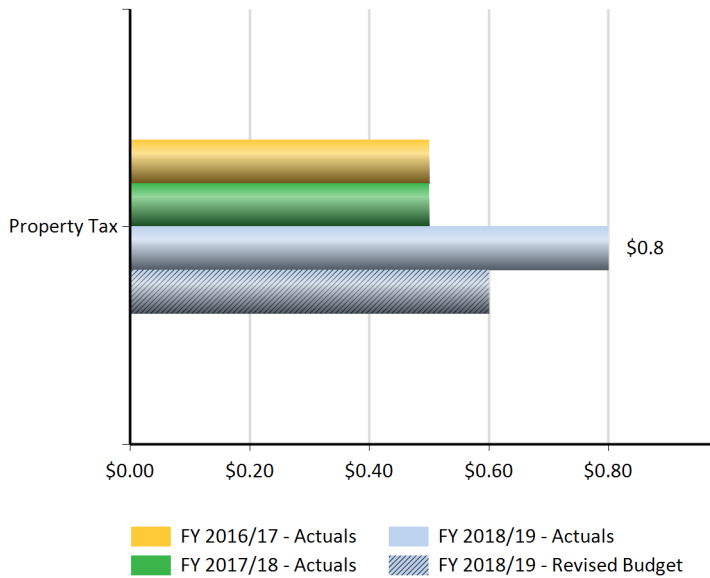
While variances are now more often derived from revenue fluctuations within individual Sales Tax categories, Sales Tax can still be influenced by the unpredictability of the timing in collection by Arizona Department of Revenue. That said, the favorable variance in: 1) Automotive - mainly due to higher than anticipated auto sales; 2) Construction - due to an upward trend in residential sales; 3) Dining/Entertnmnt - due to normal business fluctuations; 4) Food Stores - due to the opening of a new grocery store and to a grocery store chain that didn't report food for home consumption last year reporting correctly this year; and 5) Other Activity - due to a large one time audit payment and the increase in sales from the other miscellaneous product manufacturing subcategory, such as one company added drones to their line of business. The favorable variance is partially offset by an unfavorable variance in: 1) Hotel/Motel - due to delinquent tax returns; 2) Major Dept Stores - due to the closure of a big box store; 3) Rental - due to delinquent tax returns; and 4) Utilities - due in part to a decrease in tax collections in the telecommunications sector because of continued competition in cellular phone plans.

	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount Percent	
Automotive	\$3.5	\$3.9	\$4.2	\$4.0	\$0.2	5%
Construction	2.7	2.4	2.5	2.4	0.2	7%
Dining/Entertnmnt	2.1	2.1	2.3	2.1	0.2	8%
Food Stores	1.6	1.5	1.7	1.5	0.2	11%
Hotel/Motel	0.8	1.3	1.0	1.1	(0.1)	(9%)
Major Dept Stores	2.1	2.3	2.1	2.3	(0.2)	(10%)
Misc Retail Stores	4.0	4.5	4.6	4.6	-	-
Other Activity	2.2	2.3	2.8	2.4	0.5	20%
Rental	3.5	4.0	4.0	4.2	(0.2)	(6%)
Utilities	1.4	1.3	1.1	1.2	(0.2)	(13%)
Sales Tax Total	\$23.7	\$25.5	\$26.2	\$25.8	\$0.5	2%



Property Tax (Fiscal Year to Date: September 2018)

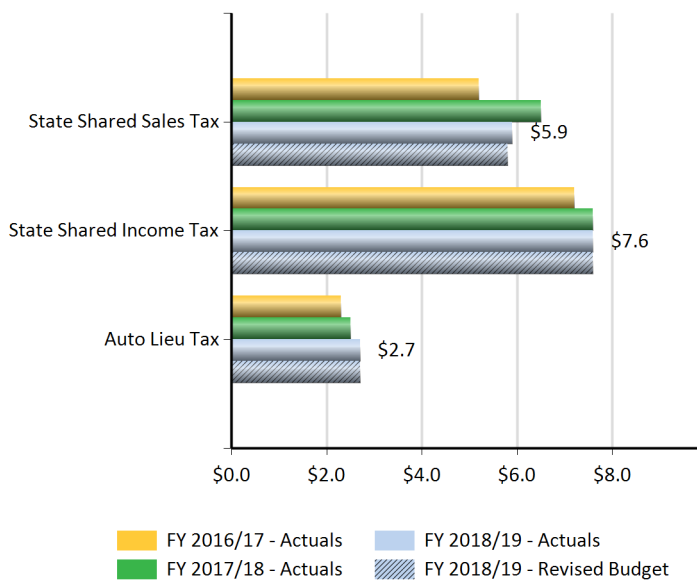
Actual to Revised Budget variance of \$0.1 million or 22%:
Favorable variance is due to the budget spread, which is based on the way people paid last year and may vary year over year.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Property Tax	\$0.5	\$0.5	\$0.8	\$0.6	\$0.1	22%
Property Tax Total	\$0.5	\$0.5	\$0.8	\$0.6	\$0.1	22%

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

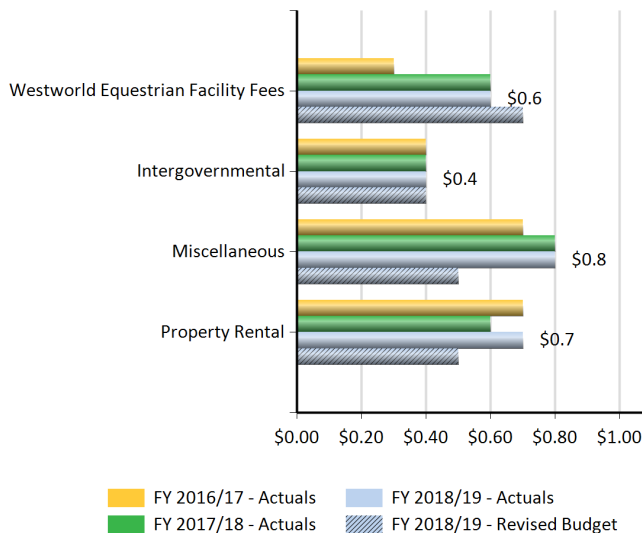
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
State Shared Sales Tax	\$5.2	\$6.5	\$5.9	\$5.8	\$0.1	1%
State Shared Income Tax	7.2	7.6	7.6	7.6	-	-
Auto Lieu Tax	2.3	2.5	2.7	2.7	-	-
State Shared Revenues Total	\$14.8	\$16.7	\$16.2	\$16.1	\$ -	-



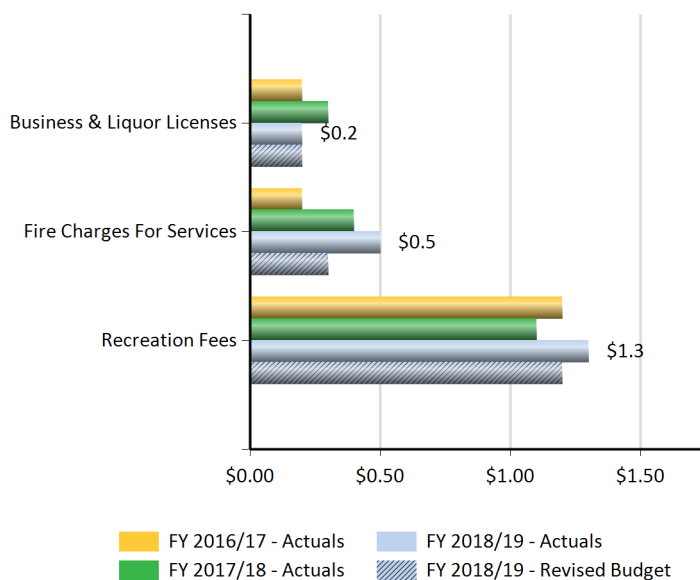
Charges for Service/Other (Fiscal Year to Date: September 2018)



Actual to Revised Budget variance of \$0.3 million or 11%: WestWorld Equestrian Facility Fees is unfavorable due to the timing of concession and rental fee invoices. Intergovernmental is unfavorable due to the timing of revenue of an Intergovernmental Agreement between Palomino Library and the Scottsdale Unified School District. While the total amount is budgeted in July, payments are being made quarterly. Miscellaneous is favorable mainly due to FY 2017/18 revenue being recorded in FY 2018/19, the timing of the payment for the Public Safety Radio agreement, and payments to Public Safety - Fire for assistance in wildfire activities. Property Rental is favorable due to the timing of payments for Cell Tower Leases and Outdoor Dining Leases.

	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Westworld Equestrian Facility Fees	\$0.3	\$0.6	\$0.6	\$0.7	(\$0.2)	(25%)
Intergovernmental	0.4	0.4	0.4	0.4	(0.1)	(15%)
Miscellaneous	0.7	0.8	0.8	0.5	0.3	54%
Property Rental	0.7	0.6	0.7	0.5	0.2	43%
Charges for Service/Other Total	\$2.2	\$2.4	\$2.5	\$2.2	\$0.3	11%

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



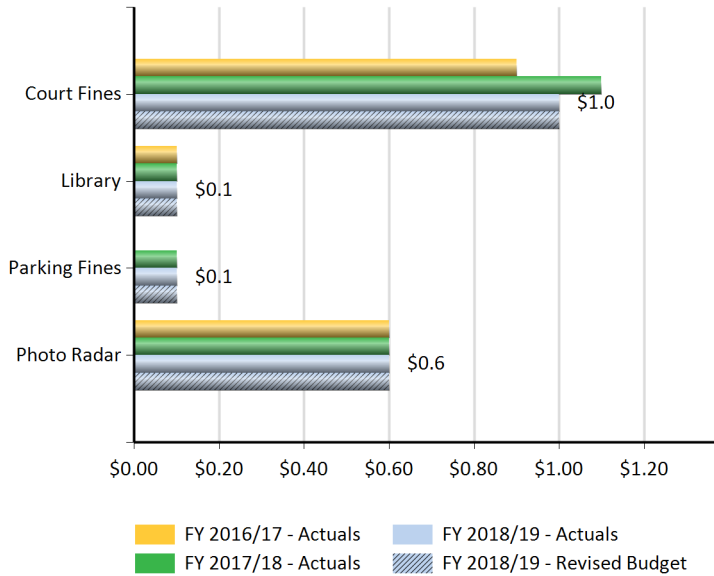
Actual to Revised Budget variance of \$0.3 million or 18%: Fire Charges for Services is favorable due to revenue from FY 2017/18 received from Public Safety - Fire's ambulance contract in FY 2018/19. Recreation Fees is favorable due to higher than anticipated 'After School Programs' revenue resulting from a restructuring of Community Services' rate schedule.

	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Business & Liquor Licenses	\$0.2	\$0.3	\$0.2	\$0.2	\$ -	-
Fire Charges For Services	0.2	0.4	0.5	0.3	0.2	64%
Recreation Fees	1.2	1.1	1.3	1.2	0.1	11%
License Permits & Fees Total	\$1.6	\$1.9	\$2.1	\$1.8	\$0.3	18%



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

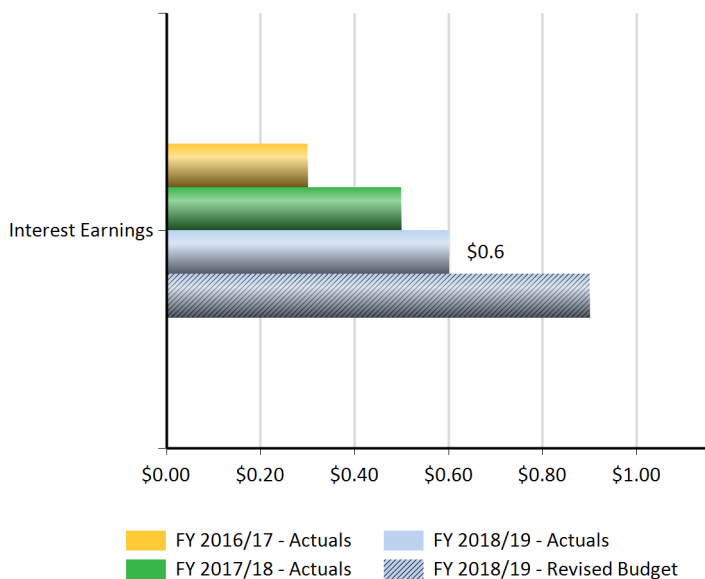
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Court Fines	\$0.9	\$1.1	\$1.0	\$1.0	\$ -	-
Library	0.1	0.1	0.1	0.1	-	-
Parking Fines	-	0.1	0.1	0.1	-	-
Photo Radar	0.6	0.6	0.6	0.6	-	-
Fines Fees & Forfeitures Total	\$1.6	\$1.8	\$1.7	\$1.7	\$ -	-

Interest Earnings (Fiscal Year to Date: September 2018)

Actual to Revised Budget variance of (\$0.3) million or (30%):
Unfavorable due to less money being invested by the city than expected and to yields coming in below what was budgeted at this point in the fiscal year. Both funds invested and yields on those investments are expected to increase as the year progresses.

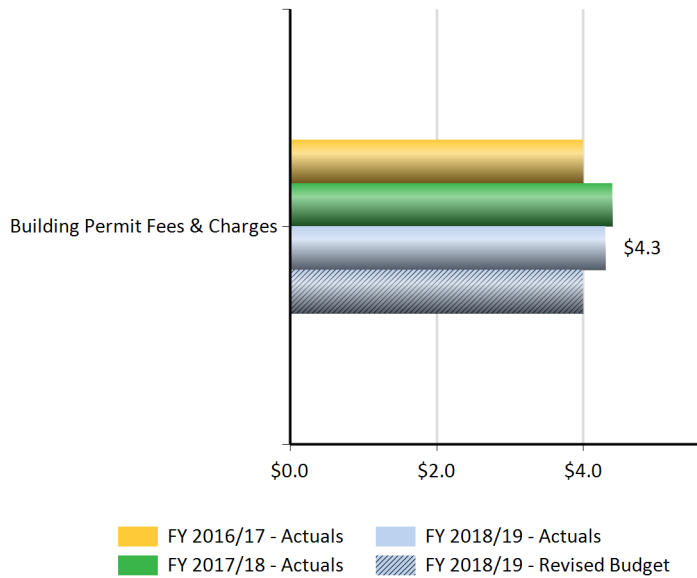


	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Interest Earnings	\$0.3	\$0.5	\$0.6	\$0.9	(\$0.3)	(30%)
Interest Earnings Total	\$0.3	\$0.5	\$0.6	\$0.9	(\$0.3)	(30%)



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

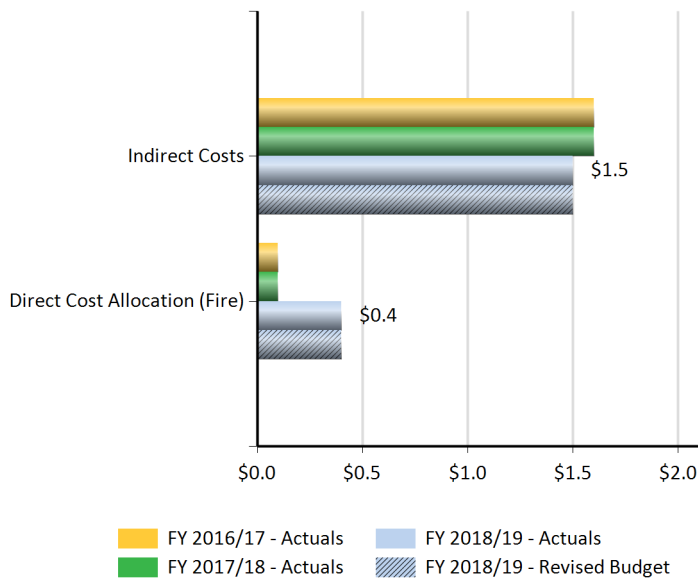
Actual to Revised Budget variance of \$0.3 million or 8%:
Favorable variance due to higher than anticipated plan review and development application activity, which are the result of the demand for real estate outpacing the supply.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Building Permit Fees & Charges	\$4.0	\$4.4	\$4.3	\$4.0	\$0.3	8%
Building Permit Fees & Charges Total	\$4.0	\$4.4	\$4.3	\$4.0	\$0.3	8%

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

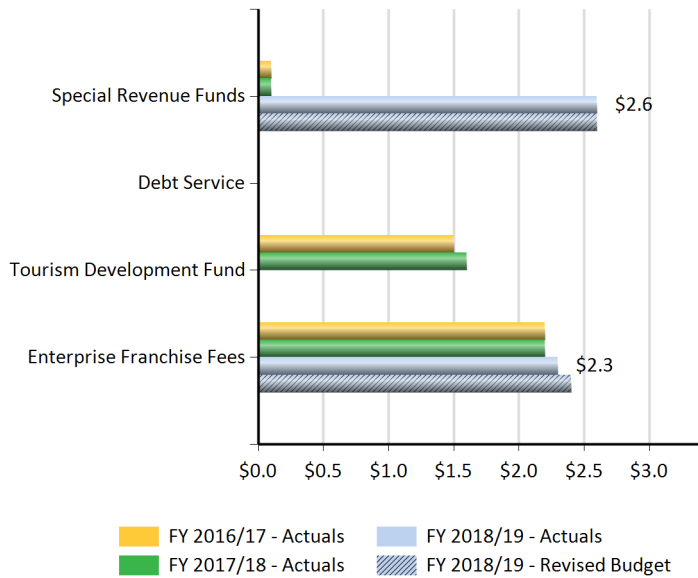
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Indirect Costs	\$1.6	\$1.6	\$1.5	\$1.5	\$ -	-
Direct Cost Allocation (Fire)	0.1	0.1	0.4	0.4	-	-
Indirect/Direct Cost Allocations Total	\$1.6	\$1.7	\$1.9	\$1.9	\$ -	-



Transfers In (Fiscal Year to Date: September 2018)



Actual to Revised Budget variance of (\$0.1) million or (2%): Enterprise Franchise Fees is unfavorable due the timing of Reclaimed Water Distribution System, Central Groundwater Treatment Facility and North Indian Bend Wash Granular Activated Carbon Treatment Facility contract revenue in Water Resources. As Enterprise Franchise Fees in the General Fund are 5 percent of Water Service charges and Water Reclamation charges revenue, this directly correlates to the reduction in the transfer.

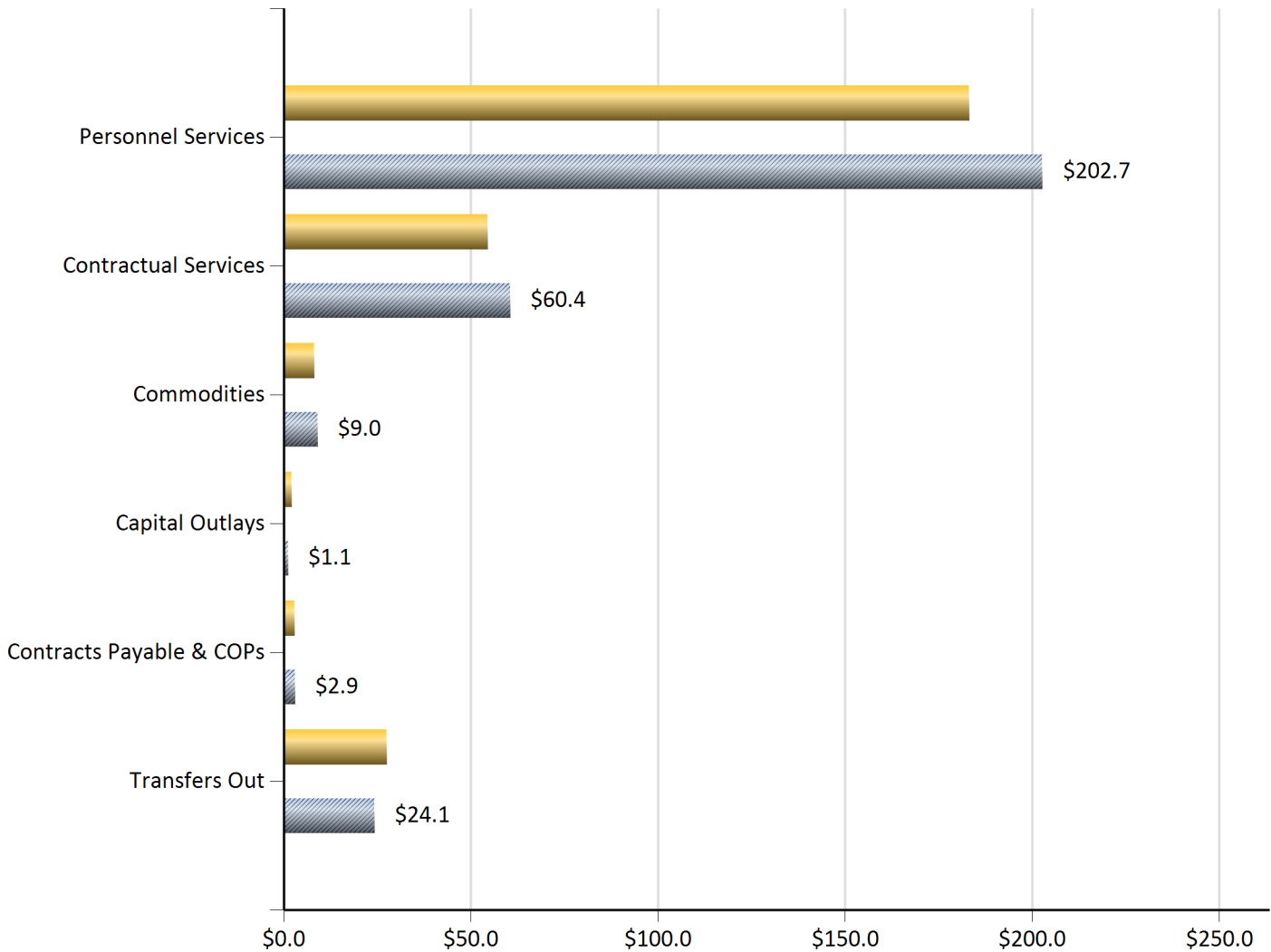
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Special Revenue Funds	\$0.1	\$0.1	\$2.6	\$2.6	\$ -	-
Debt Service	-	-	-	-	-	-
Tourism Development Fund	1.5	1.6	-	-	-	-
Enterprise Franchise Fees	2.2	2.2	2.3	2.4	(0.1)	(5%)
Transfers In Total	\$3.7	\$3.9	\$4.9	\$5.0	(\$0.1)	(2%)



Uses

General Fund

Twelve Months: Fiscal Year



■ FY 2016/17 - Actuals
 ■ FY 2017/18 - Actuals
 ■ *FY 2018/19 - Revised Budget

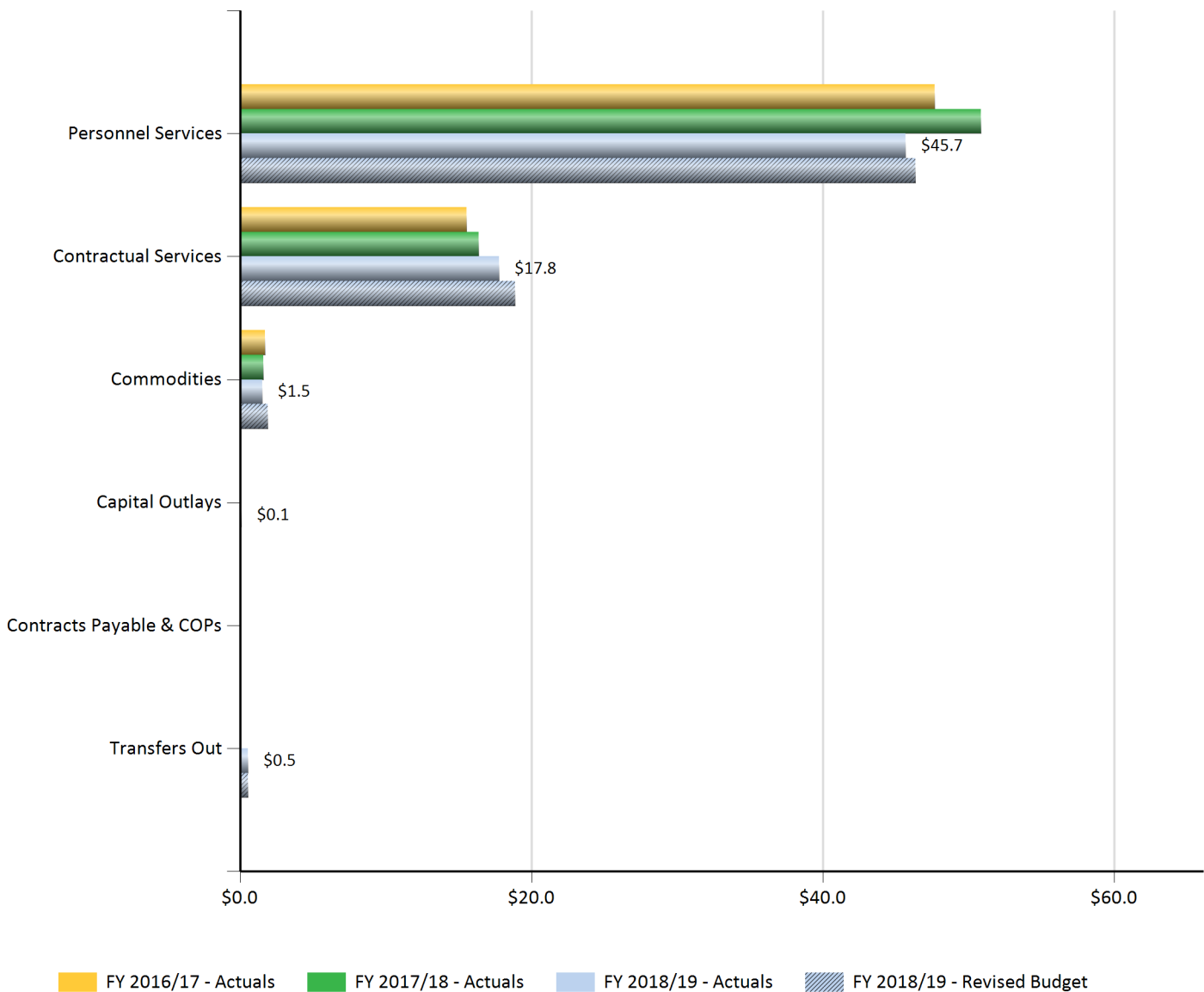
	FY 2016/17 <u>Actuals</u>	FY 2017/18 <u>Actuals</u>	FY 2018/19 <u>Revised Budget</u>
Personnel Services	\$183.1	n/a	\$202.7
Contractual Services	54.4	n/a	60.4
Commodities	8.1	n/a	9.0
Capital Outlays	2.1	n/a	1.1
Contracts Payable & COPs	2.9	n/a	2.9
Transfers Out	27.4	n/a	24.1
Total Uses	\$277.8	n/a	\$300.2

*Includes budgeted vacancy savings net of leave accrual payouts, Pay Program, compensation adjustments and utilities.

Note: FY 2017/18 twelve month actuals are not available at this time. Once completed, they will be included within the report.



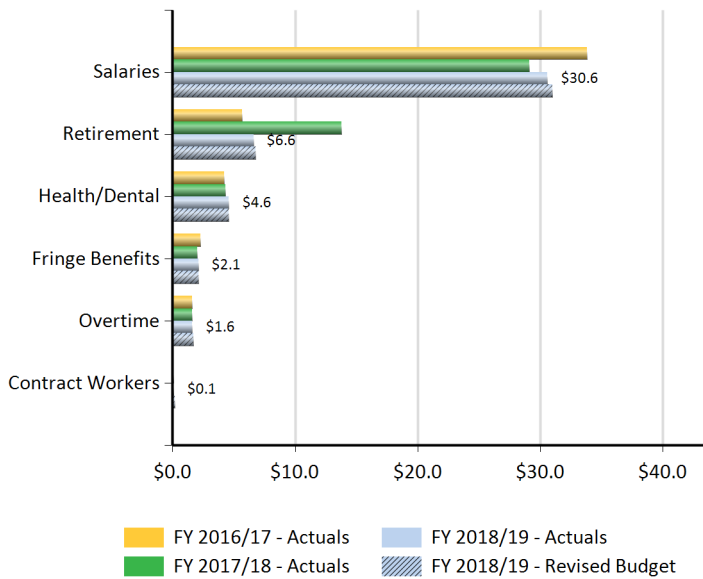
Uses (Fiscal Year to Date: September 2018)



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$47.7	\$50.9	\$45.7	\$46.4	\$0.7	1%
Contractual Services	15.5	16.4	17.8	18.9	1.1	6%
Commodities	1.7	1.6	1.5	1.9	0.4	21%
Capital Outlays	-	-	0.1	-	(0.1)	nm
Contracts Payable & COPs	-	-	-	-	-	-
Transfers Out	-	-	0.5	0.6	-	-
Total Uses	\$64.9	\$68.9	\$65.6	\$67.7	\$2.1	3%



Personnel Services (Fiscal Year to Date: September 2018)



Actual to Revised Budget variance of \$0.7 million or 1%: Salaries is favorable due to rank promotions in the Police Department with replacement employees coming in at a lower rate than the person who was promoted and due to part-time wages savings in Community Services. The favorable variance in Retirement is primarily related to the salaries savings and due to more Police sworn employees entering the Deferred Retirement Option Plan (DROP) program than anticipated. The city does not pay retirement for those in the DROP program resulting in a favorable variance. Contract Workers is favorable due to lower than anticipated expenses in contract worker services for the new Customized Expedited Program in the Planning Department.

	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget	
					Favorable / (Unfavorable) Amount	Percent
Salaries	\$33.8	\$29.1	\$30.6	\$31.0	\$0.4	1%
Retirement	5.7	13.8	6.6	6.8	0.2	2%
Health/Dental	4.2	4.3	4.6	4.6	-	-
Fringe Benefits	2.3	2.0	2.1	2.1	-	-
Overtime	1.6	1.6	1.6	1.7	-	-
Contract Workers	-	0.1	0.1	0.2	0.1	39%
Personnel Services Total	\$47.7	\$50.9	\$45.7	\$46.4	\$0.7	1%

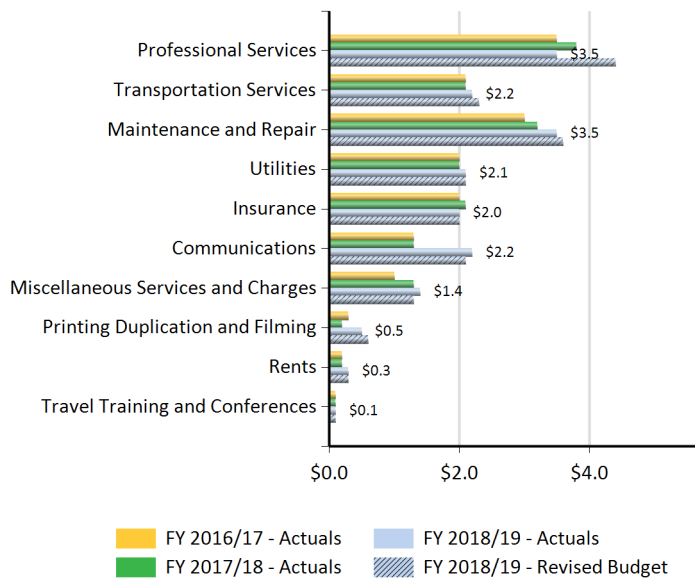
Personnel Services Macro Adjustments

	FY 2018/19 Adopted Budget	FY 2018/19 Year-To-Date	
		Saved/(Used)	Remaining
Pay Program - Citywide	\$2.5	(\$2.4)	\$ -
Pay Program - Fire	0.5	(0.5)	-
Pay Program - Police Officer	0.8	(0.8)	-
Pay Program - Police Sergeant	0.2	(0.2)	-
Compensation Adjustments	-	0.3	0.3
Vacancy Savings	(4.8)	1.8	(3.1)
Medical Leave Payouts	1.3	(0.4)	0.9
Vacation Leave Payouts	0.7	(0.2)	0.5
Vacation Trade Payouts	0.8	-	0.8
Compensation Other	5.7	(5.7)	-
Personnel Services Macro Adjustments Total	\$7.6	(\$8.2)	(\$0.5)

Total Saved/(Used) YTD of (\$8.2) million: The city has achieved \$1.8 million in vacancy savings year-to-date offset by (\$0.6) million in vacation and medical leave payouts. In July, the Pay Programs and the implementation of the recent Classification and Compensation Study (Compensation Other) were funded. Compensation Adjustments includes part-time salary savings in Community Services.



Contractual Services (Fiscal Year to Date: September 2018)



Actual to Revised Budget variance of \$1.1 million or 6%: Professional Services is favorable due to the timing of payments for WestWorld’s marketing contract and the city’s custodial and landscape servicing contracts, a change in the Photo Enforcement contract reducing the number of cameras, the timing of investment, banking and armored car invoice payments and lower than anticipated elevator preventative maintenance contract costs. Transportation Services is favorable due to lower than anticipated vehicle repair and servicing cost. Communications is unfavorable due to the timing of invoices. Miscellaneous Services and Charges is unfavorable due to the timing of city membership payments and contract costs. Printing Duplication and Filming is favorable due to lower than expected printing costs.

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2018/19	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Professional Services	\$3.5	\$3.8	\$3.5	\$4.4	\$1.0	22%
Transportation Services	2.1	2.1	2.2	2.3	0.1	5%
Maintenance and Repair	3.0	3.2	3.5	3.6	0.1	3%
Utilities	2.0	2.0	2.1	2.1	-	-
Insurance	2.0	2.1	2.0	2.0	-	-
Communications	1.3	1.3	2.2	2.1	(0.1)	(5%)
Miscellaneous Services and Charges	1.0	1.3	1.4	1.3	(0.1)	(6%)
Printing Duplication and Filming	0.3	0.2	0.5	0.6	0.1	10%
Rents	0.2	0.2	0.3	0.3	-	-
Travel Training and Conferences	0.1	0.1	0.1	0.1	-	-
Contractual Services Total	\$15.5	\$16.4	\$17.8	\$18.9	\$1.1	6%

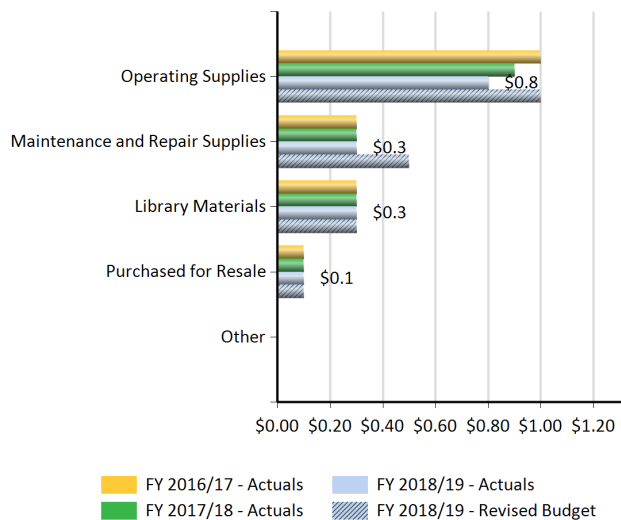
Contractual Services Macro Adjustments

	FY 2018/19	FY 2018/19	
	Adopted Budget	Year-To-Date Saved/(Used)	Remaining
Utilities	\$8.4	(\$2.1)	\$6.4
Contractual Services Macro Adjustments Total	\$8.4	(\$2.1)	\$6.4

Total Saved/(Used) YTD of (\$2.1) million: Electricity and Gas utilities expenditures are paid the month after the expenses actually occurred, therefore August's utilities are being reported in September. All other utilities are paid the month they occur.



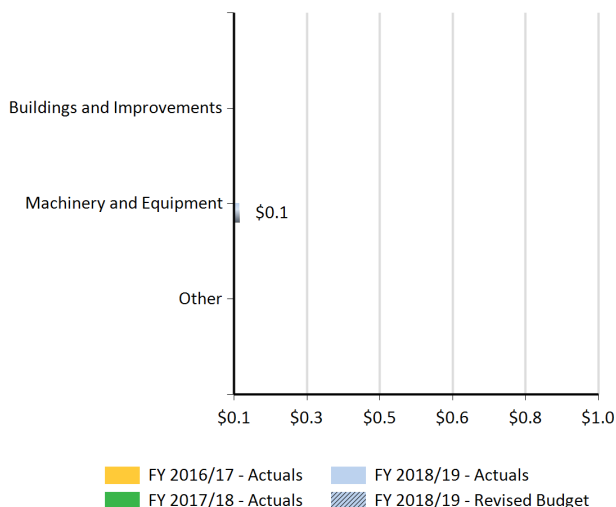
Commodities (Fiscal Year to Date: September 2018)



Actual to Revised Budget variance of \$0.4 million or 21%: Operating Supplies is favorable mainly due to invoice timing in Public Safety - Police and a delay in purchasing e-material, education and recreation supplies in Community Services. Maintenance and Repair Supplies is favorable due to the timing of invoices related to 'Celebrate '68' events.

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2018/19	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Operating Supplies	\$1.0	\$0.9	\$0.8	\$1.0	\$0.2	19%
Maintenance and Repair Supplies	0.3	0.3	0.3	0.5	0.2	37%
Library Materials	0.3	0.3	0.3	0.3	-	-
Purchased for Resale	0.1	0.1	0.1	0.1	-	-
Other	-	-	-	-	-	-
Commodities Total	\$1.7	\$1.6	\$1.5	\$1.9	\$0.4	21%

Capital Outlays (Fiscal Year to Date: September 2018)



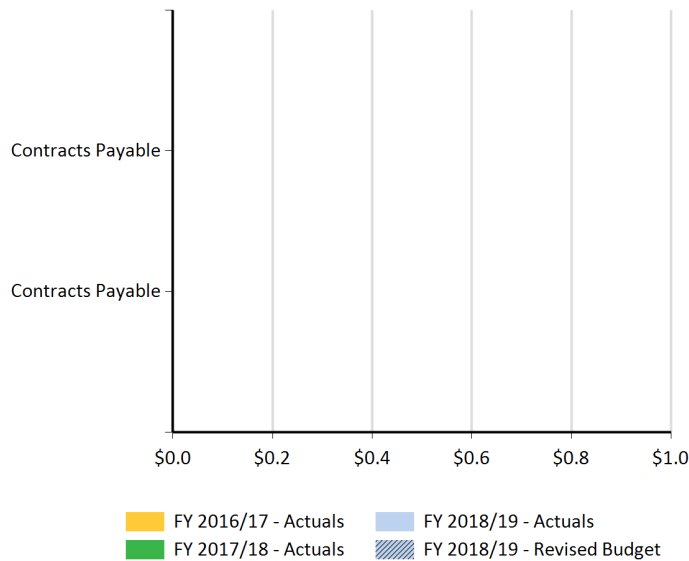
Actual to Revised Budget variance of (\$0.1) million or nm: Machinery and Equipment is unfavorable due to small unexpected equipment purchases across several divisions.

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2018/19	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Buildings and Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
Machinery and Equipment	-	-	0.1	-	(0.1)	nm
Other	-	-	-	-	-	-
Capital Outlays Total	\$0.0	\$0.0	\$0.1	\$0.0	(\$0.1)	nm



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

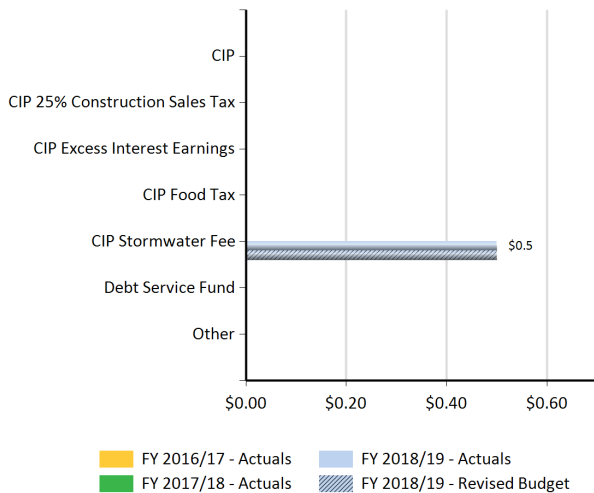
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Contracts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contracts Payable & COPs Total	\$0.0	\$0.0	\$0.0	\$0.0	\$ -	-

Transfers Out (Fiscal Year to Date: September 2018)

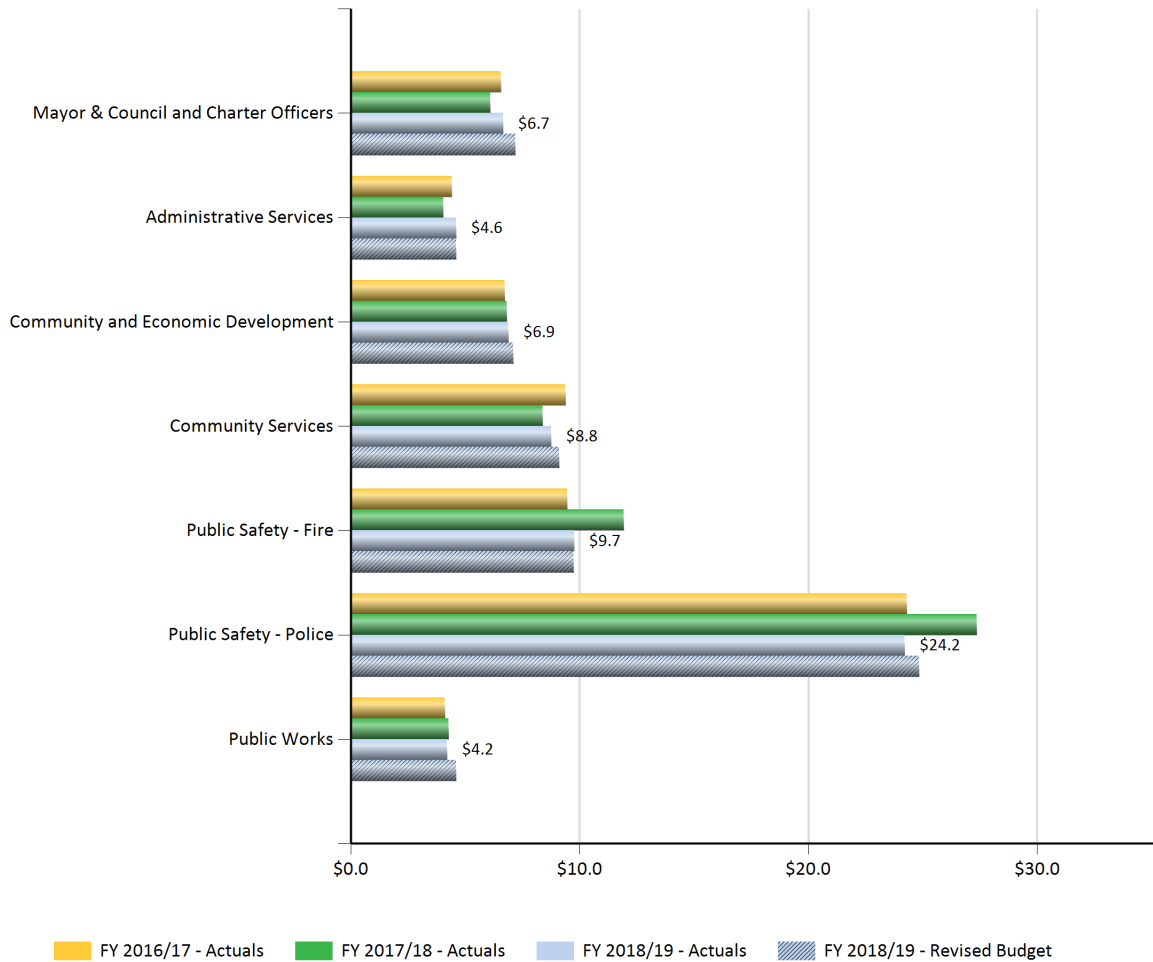
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
CIP	\$ -	\$ -	\$ -	\$ -	\$ -	-
CIP 25% Construction Sales Tax	-	-	-	-	-	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
CIP Stormwater Fee	-	-	0.5	0.5	-	-
Debt Service Fund	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfers Out Total	\$0.0	\$0.0	\$0.5	\$0.6	\$ -	-



Division Expenditures (Fiscal Year to Date: September 2018)



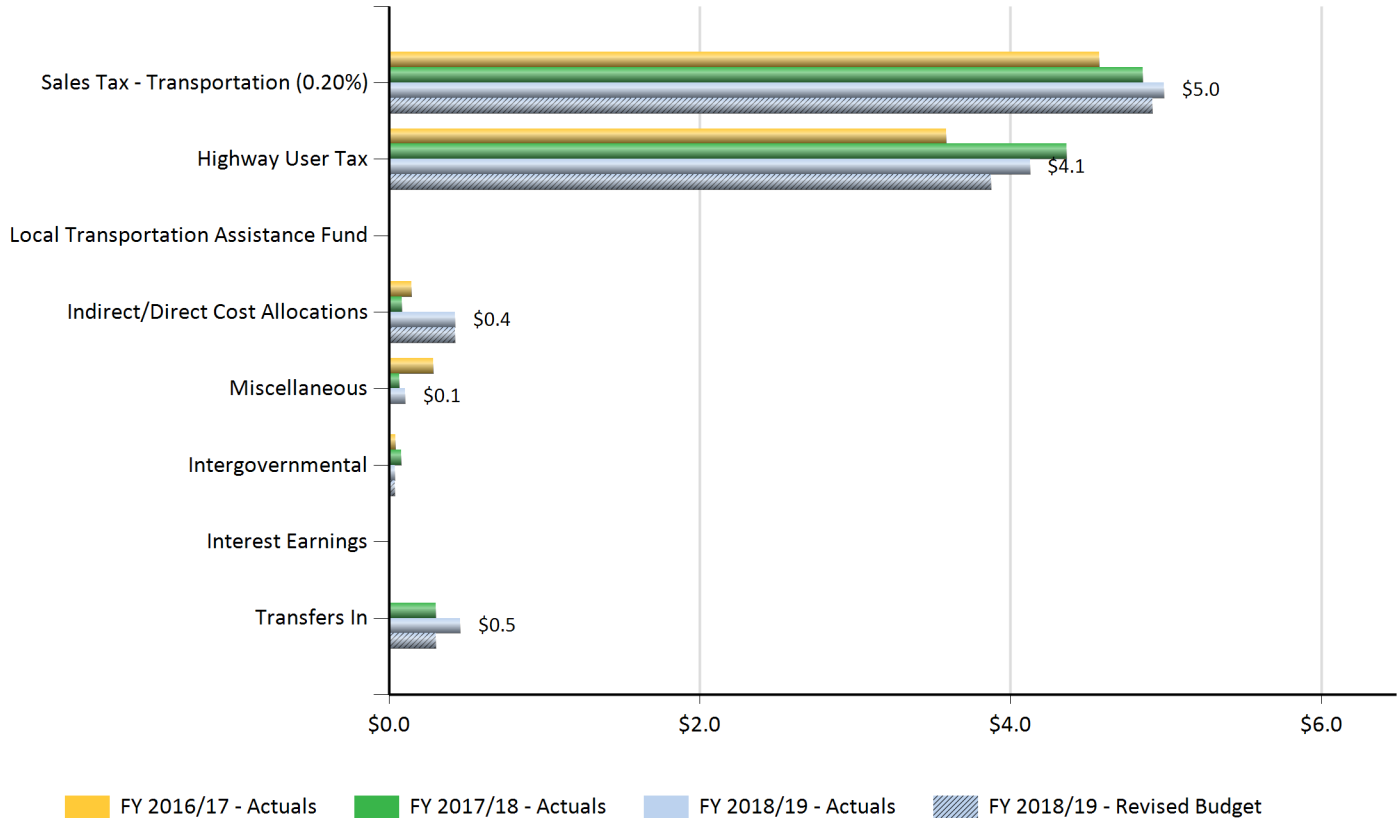
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$6.6	\$6.1	\$6.7	\$7.2	\$0.5	7%
Administrative Services	4.4	4.0	4.6	4.6	-	-
Community and Economic Development	6.7	6.8	6.9	7.1	0.2	3%
Community Services	9.4	8.4	8.8	9.1	0.4	4%
Public Safety - Fire	9.5	11.9	9.7	9.7	-	-
Public Safety - Police	24.3	27.4	24.2	24.8	0.6	3%
Public Works	4.1	4.3	4.2	4.6	0.4	9%
Total	\$64.9	\$68.9	\$65.0	\$67.2	\$2.1	3%

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

Mayor & Council and Charter Officers is favorable mainly due to the timing of payment for city memberships by the City Manager and of invoices by the City Treasurer. Community and Economic Development is favorable due to the timing in the payment of WestWorld’s marketing agreement and lower Customized Expedited program contract worker costs than expected. Community Services is favorable due to part-time wages savings, the timing of invoices, less than anticipated landscaping contract costs and lower than expected maintenance and repair costs. Public Safety – Police is favorable due to rank promotions with replacement employees coming in at a lower rate, the timing of invoices, a change in the Photo Enforcement contract reducing the number of cameras and lower than expected vehicle repair and maintenance and operating supply costs. Public Works is favorable due to the timing of invoices and preventative maintenance costs being less than expected.



Sources (Fiscal Year to Date: September 2018)



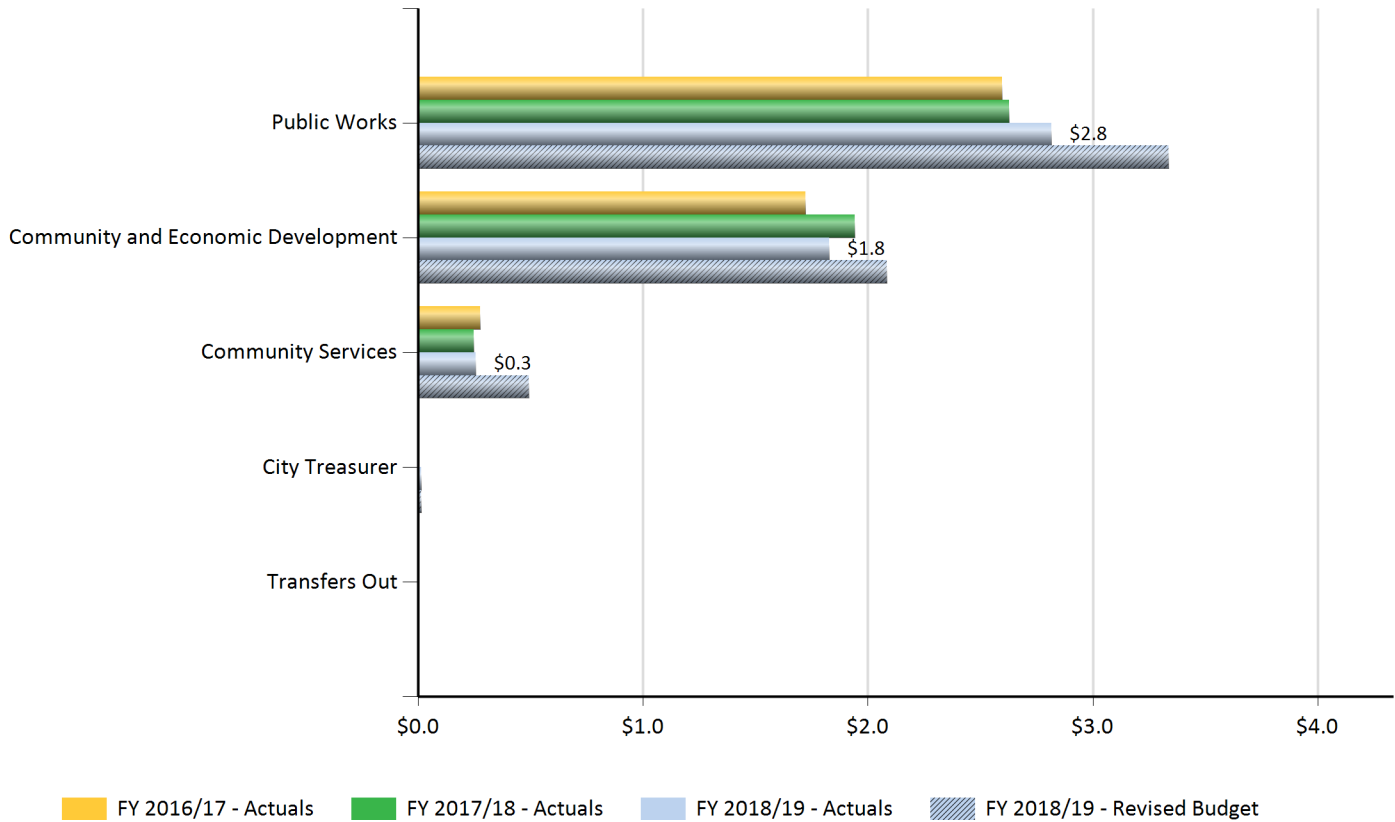
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Sales Tax - Transportation (0.20%)	\$4.6	\$4.9	\$5.0	\$4.9	\$0.1	2%
Highway User Tax	3.6	4.4	4.1	3.9	0.3	6%
Local Transportation Assistance Fund	-	-	-	-	-	-
Indirect/Direct Cost Allocations	0.1	0.1	0.4	0.4	-	-
Miscellaneous	0.3	0.1	0.1	-	0.1	nm
Intergovernmental	-	0.1	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Transfers In	-	0.3	0.5	0.3	0.2	53%
Total Sources	\$8.6	\$9.7	\$10.1	\$9.5	\$0.6	6%

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

The favorable variance in the Highway User Tax is due to higher revenues coming in than what was anticipated by the League of Arizona Cities and Towns. The favorable variance in Miscellaneous is due to a Recovery of Expense of FY 2017/18 transit operations from the City of Phoenix which was received in FY 2018/19. The favorable variance in Transfers In is due to the reimbursement of the Sky Harbor Connection Program which was approved by the City Council in FY 2017/18 but did not occur until FY 2018/19.



Uses (Fiscal Year to Date: September 2018)



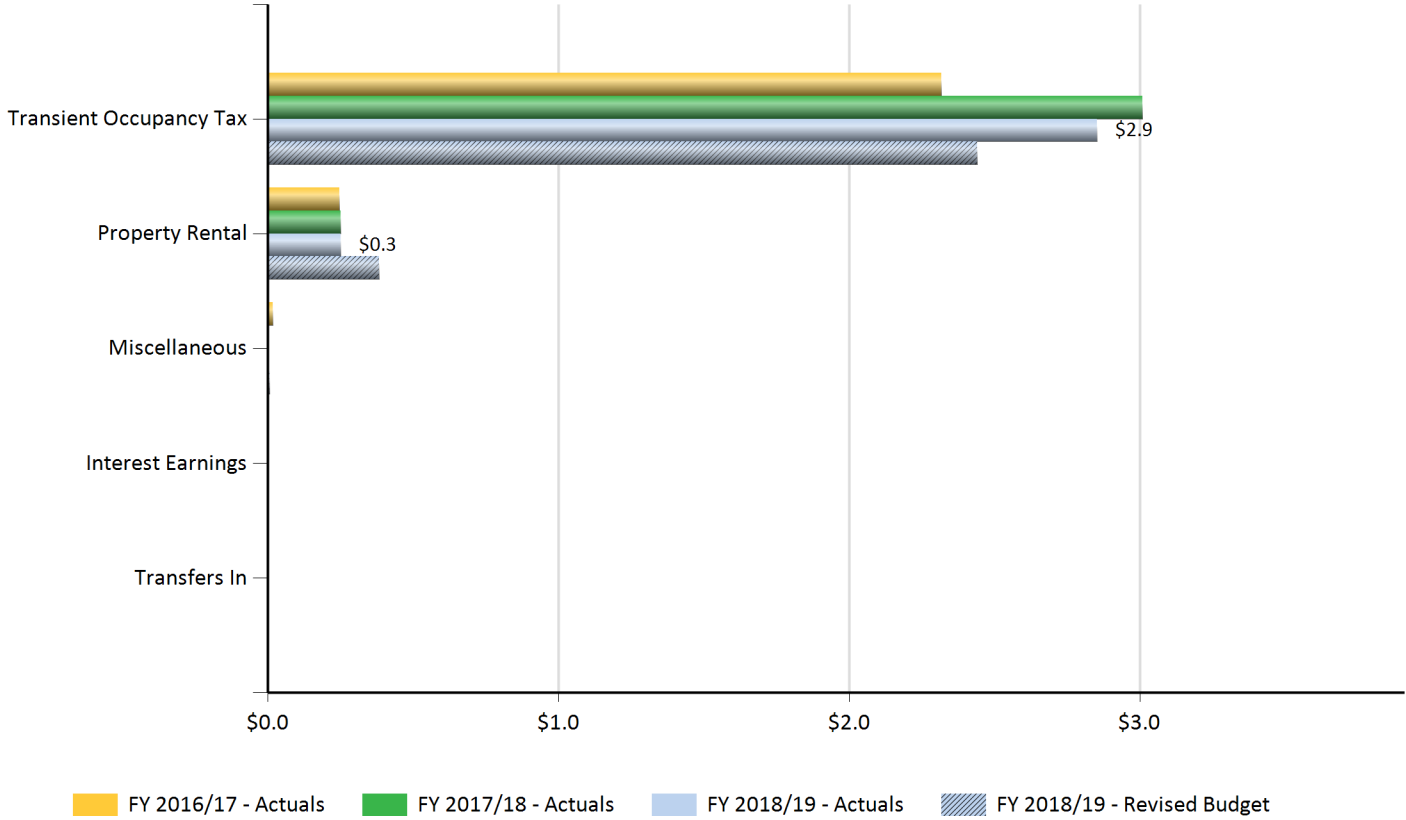
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$2.6	\$2.6	\$2.8	\$3.3	\$0.5	16%
Community and Economic Development	1.7	1.9	1.8	2.1	0.3	12%
Community Services	0.3	0.2	0.3	0.5	0.2	48%
City Treasurer	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$4.6	\$4.8	\$4.9	\$5.9	\$1.0	17%

Actual to Revised Budget variance of \$1.0 million or 17%:

The favorable variance in Public Works is related to the delay of fiberseal projects which will occur later in the fiscal year than what was originally budgeted. The favorable variance in Community and Economic Development is due to the timing of expenses related to the Phoenix Transit Contract and Valley Metro Intergovernmental Agreements. The favorable variance in Community Services is related to lack of contracted staff for right-of-way and median landscaping maintenance.



Sources (Fiscal Year to Date: September 2018)



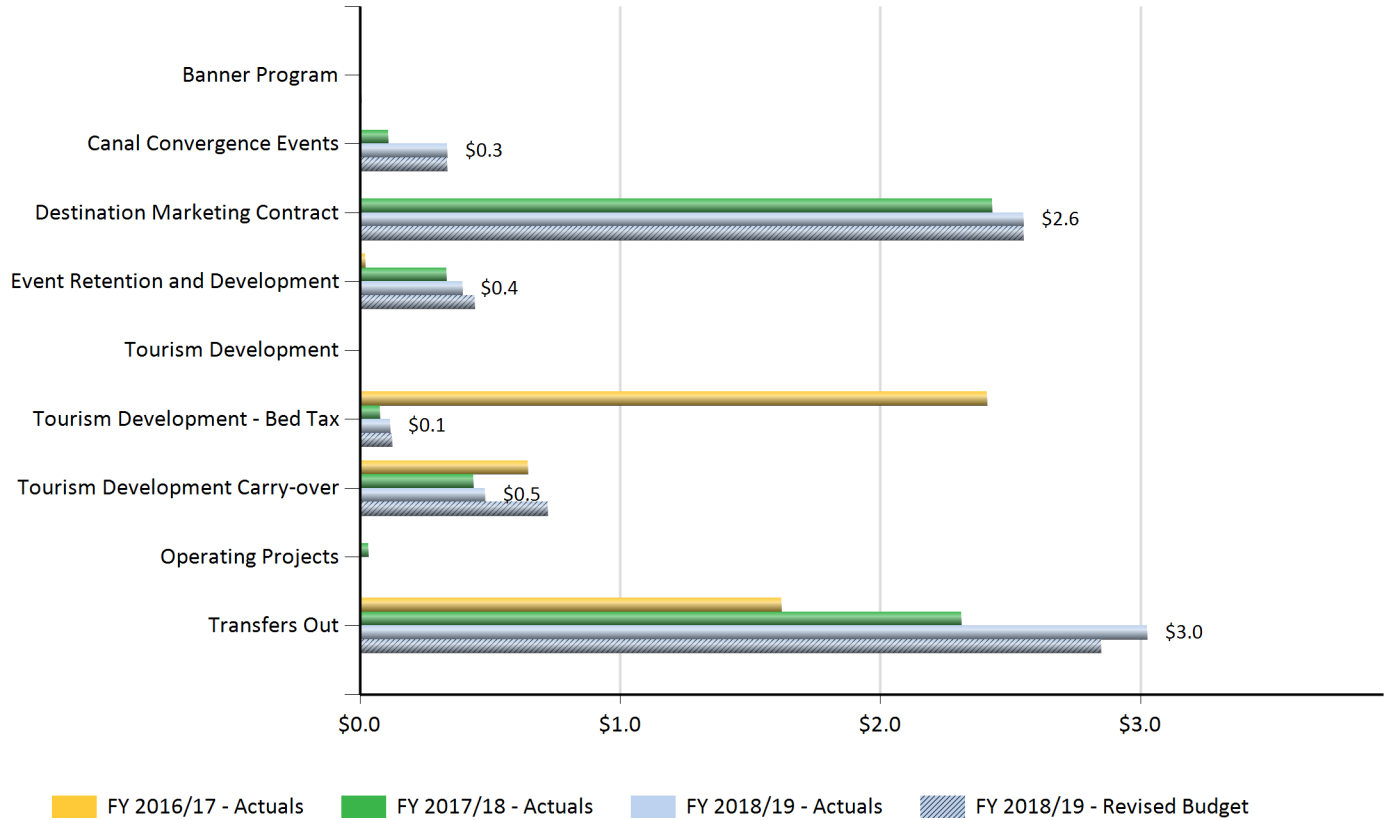
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Transient Occupancy Tax	\$2.3	\$3.0	\$2.9	\$2.4	\$0.4	17%
Property Rental	0.2	0.3	0.3	0.4	(0.1)	(35%)
Miscellaneous	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$2.6	\$3.3	\$3.1	\$2.8	\$0.3	10%

Actual to Revised Budget variance of \$0.3 million or 10%:

The favorable variance in Transient Occupancy Tax is due in part to higher than anticipated Bed Tax revenue collections as a result of the growing economy. The unfavorable variance in Property Rental is due to the timing of September's Fairmont Scottsdale Princess Hotel lease payment.



Uses (Fiscal Year to Date: September 2018)



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Banner Program	\$ -	\$ -	\$ -	\$ -	\$ -	-
Canal Convergence Events	-	0.1	0.3	0.3	-	-
Destination Marketing Contract	-	2.4	2.6	2.6	-	-
Event Retention and Development	-	0.3	0.4	0.4	-	-
Tourism Development	-	-	-	-	-	-
Tourism Development - Bed Tax	2.4	0.1	0.1	0.1	-	-
Tourism Development Carry-over	0.6	0.4	0.5	0.7	0.2	34%
Operating Projects	-	-	-	-	-	-
Transfers Out	1.6	2.3	3.0	2.8	(0.2)	(6%)
Total Uses	\$4.7	\$5.7	\$6.9	\$7.0	\$0.1	2%

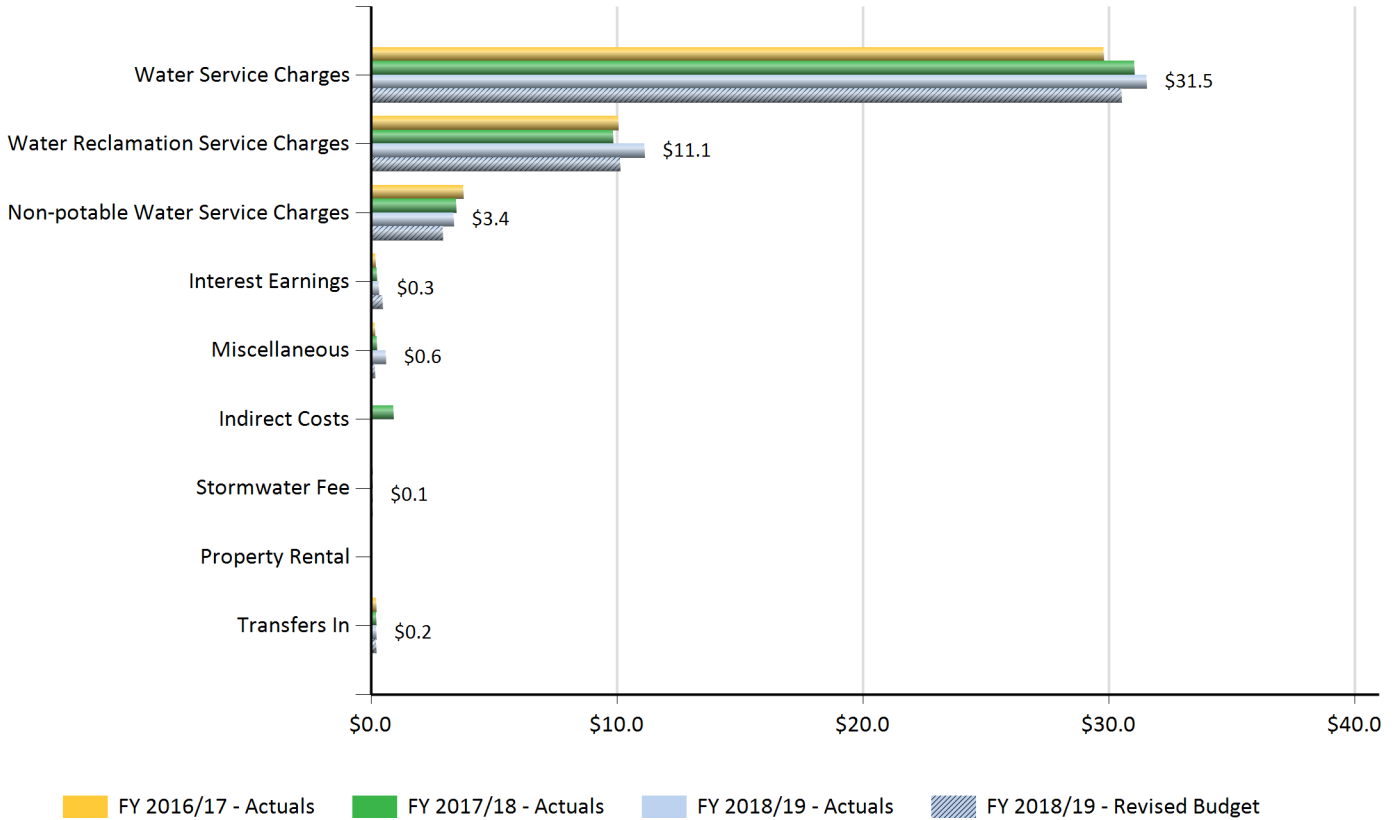
Actual to Revised Budget variance of \$0.1 million or 2%:

The favorable variance in Tourism Development Carry-over is due to timing of expenses for pedestrian signs. The unfavorable variance in Transfers Out is due to the reimbursement of the Sky Harbor Connection Program which was approved by the City Council in FY 2017/18 but did not occur until FY 2018/19.



Water and Water Reclamation Funds

Sources (Fiscal Year to Date: September 2018)



	FY 2016/17	FY 2017/18	FY 2018/19	FY 2018/19	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Water Service Charges	\$29.8	\$31.0	\$31.5	\$30.5	\$1.0	3%
Water Reclamation Service Charges	10.1	9.8	11.1	10.1	1.0	10%
Non-potable Water Service Charges	3.8	3.5	3.4	2.9	0.4	15%
Interest Earnings	0.2	0.2	0.3	0.5	(0.1)	(30%)
Miscellaneous	0.2	0.2	0.6	0.2	0.5	nm
Indirect Costs	-	0.9	-	-	-	-
Stormwater Fee	0.1	0.1	0.1	0.1	-	-
Property Rental	-	-	-	-	-	-
Transfers In	0.2	0.2	0.2	0.2	-	-
Total Sources	\$44.2	\$46.1	\$47.3	\$44.5	\$2.8	6%

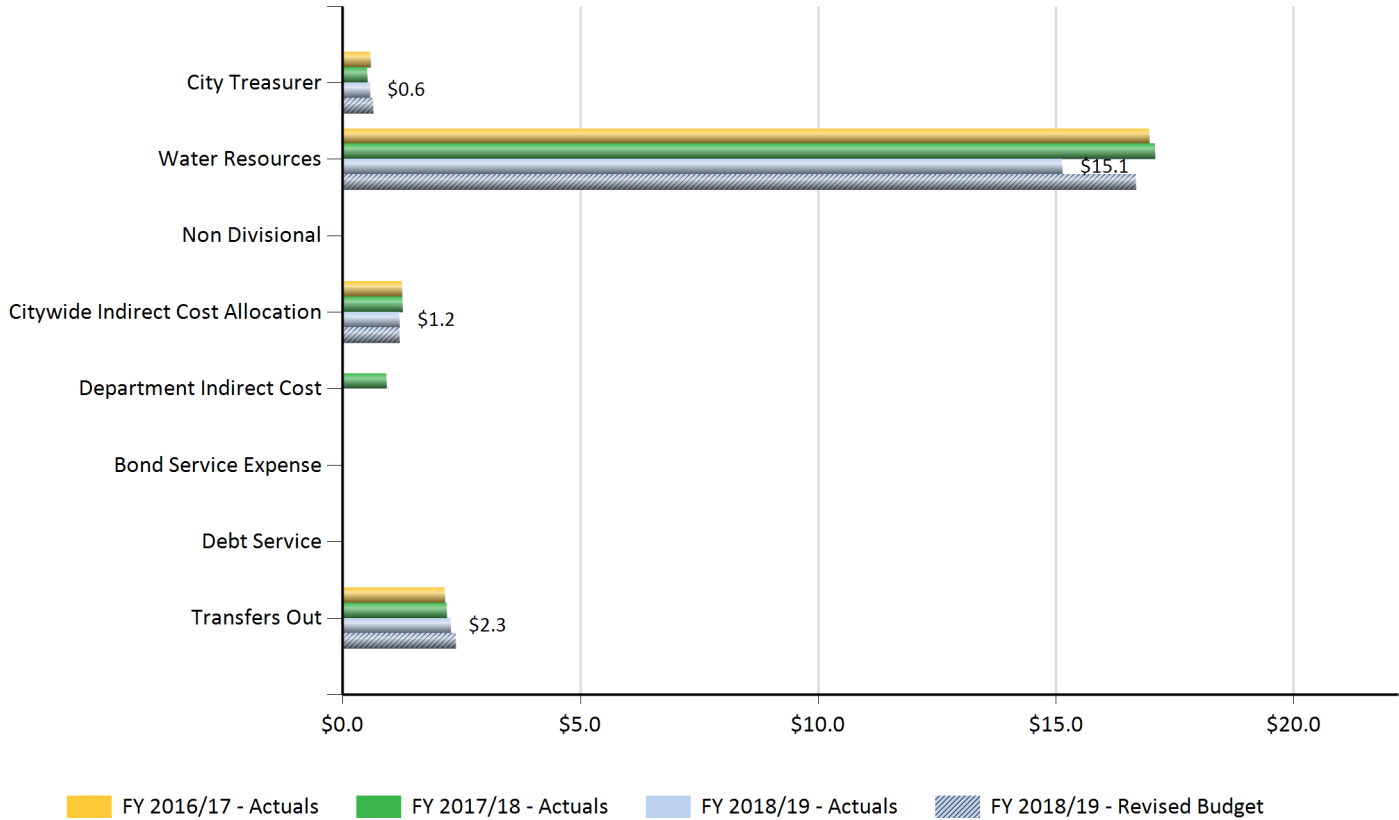
Actual to Revised Budget variance of \$2.8 million or 6%:

The favorable variance in Water Service Charges is driven by water deliveries which are coming in higher than the three-year running average due to higher than expected temperatures as well as an unexpected increase in utility billing accounts. Water Reclamation Service Charges is favorable due to a higher than expected number of new sewer customer billings. The budget was based on previous winter deliveries. Non-Potable Water Service Charges is favorable due to timing and to more Reclaimed Water Distribution System (RWDS) revenue generated than planned from sales of the new higher cost reverse osmosis (R/O) chemical formulation to golf courses. Interest Earnings is unfavorable due to there being less money being invested by the city at this time than expected and yields coming in below what was budgeted at this point in the fiscal year. Both funds invested and yields on those investments are expected to increase as the year progresses. Finally, Miscellaneous is favorable due to the unbudgeted sale of Booster Site 36.



Water and Water Reclamation Funds

Uses (Fiscal Year to Date: September 2018)



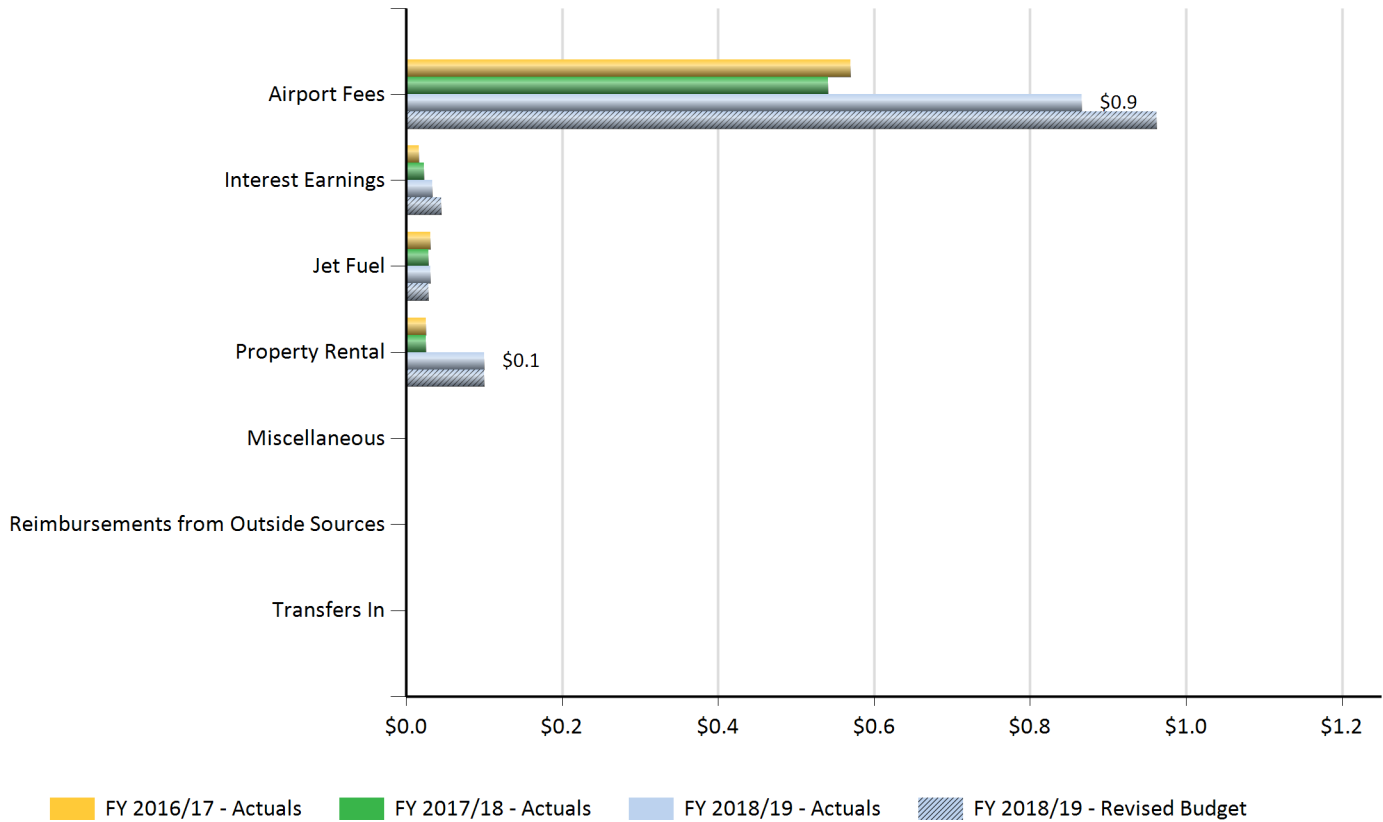
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
City Treasurer	\$0.6	\$0.5	\$0.6	\$0.6	\$0.1	11%
Water Resources	17.0	17.1	15.1	16.7	1.5	9%
Non Divisional	-	-	-	-	-	-
Citywide Indirect Cost Allocation	1.2	1.3	1.2	1.2	-	-
Department Indirect Cost	-	0.9	-	-	-	-
Bond Service Expense	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Transfers Out	2.2	2.2	2.3	2.4	0.1	5%
Total Uses	\$21.0	\$22.0	\$19.2	\$20.9	\$1.7	8%

Actual to Revised Budget variance of \$1.7 million or 8%:

There is a favorable variance in City Treasurer mainly due to software maintenance and postage expenses being less than expected. The favorable variance in Water Resources is mainly due to the timing of APS electric utility charges and there being a delay in the purchase of Treatment Filter Media. Transfers Out (Enterprise Franchise Fees) is favorable due the timing of receiving Reclaimed Water Distribution System, Central Groundwater Treatment Facility and North Indian Bend Wash Granular Activated Carbon Treatment Facility contract revenue in Water Resources. As Enterprise Franchise Fees in the General Fund are five percent of Water Service Charges and Water Reclamation Charges revenue, this directly correlates to a lower than expected transfer.



Sources (Fiscal Year to Date: September 2018)



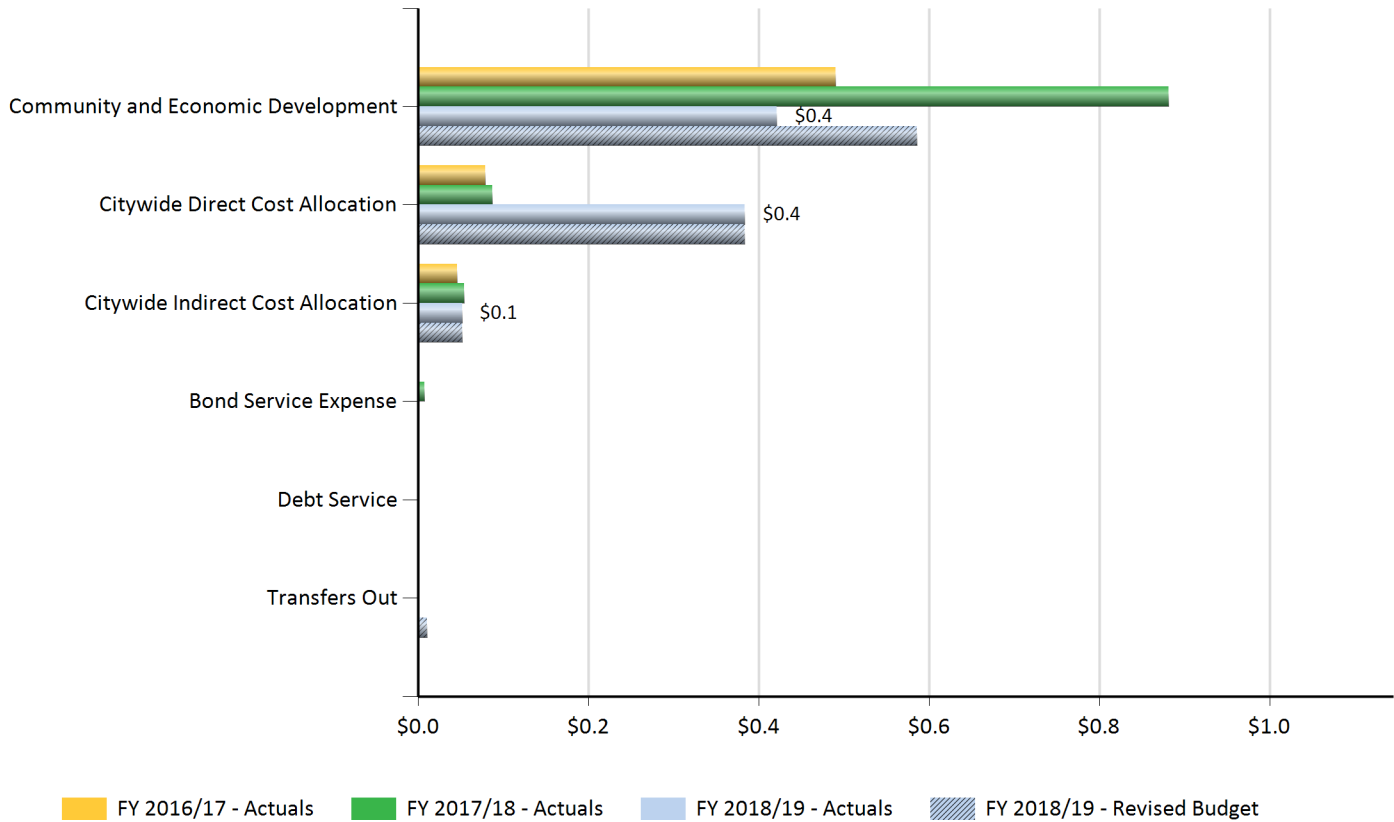
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Airport Fees	\$0.6	\$0.5	\$0.9	\$1.0	(\$0.1)	(10%)
Interest Earnings	-	-	-	-	-	-
Jet Fuel	-	-	-	-	-	-
Property Rental	-	-	0.1	0.1	-	-
Miscellaneous	-	-	-	-	-	-
Reimbursements from Outside Sources	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$0.6	\$0.6	\$1.0	\$1.1	(\$0.1)	(9%)

Actual to Revised Budget variance of (\$0.1) million or (9%):

The unfavorable variance in Airport Fees is due in part to the restaurant in the newly constructed Administration Building at the Airport opening later than anticipated.



Uses (Fiscal Year to Date: September 2018)



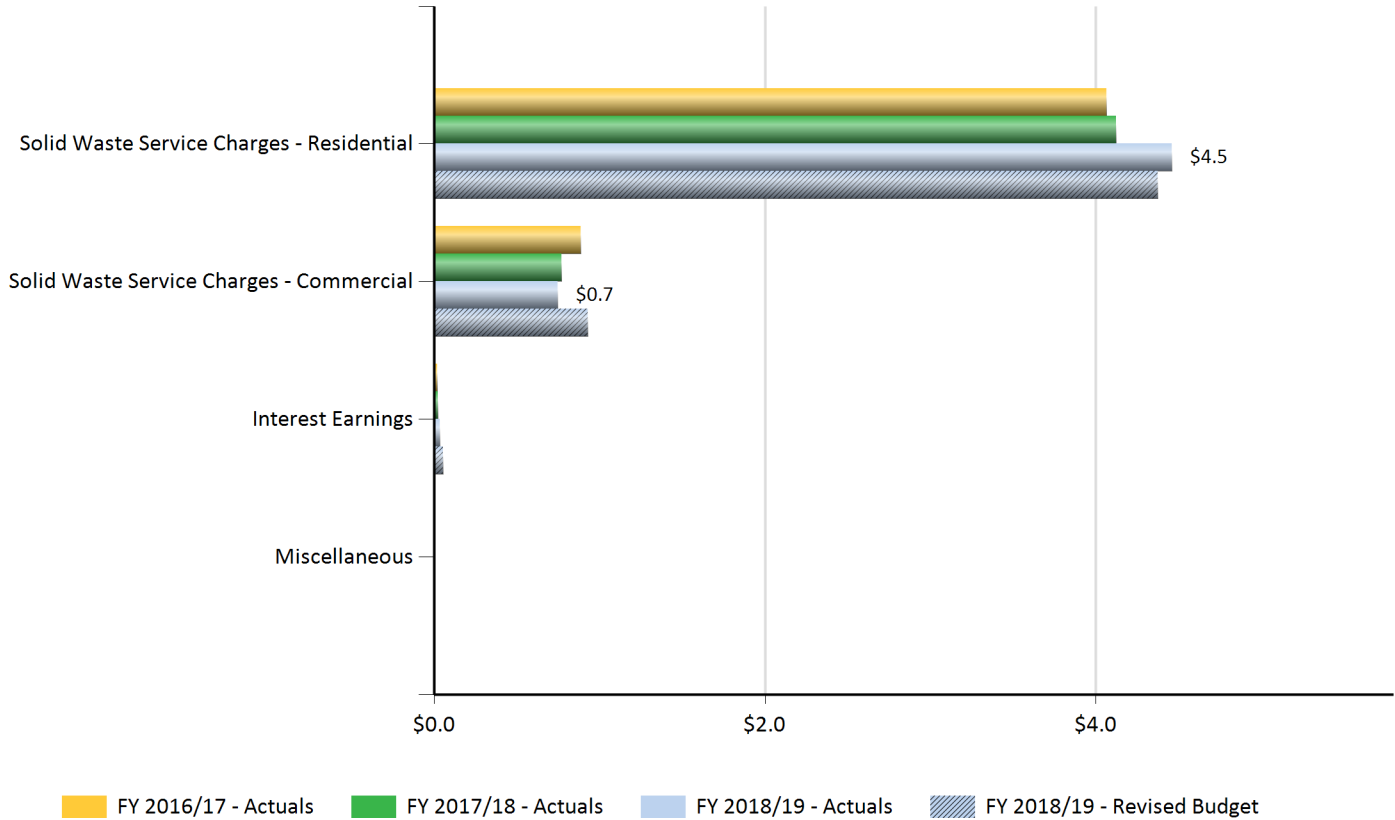
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Community and Economic Development	\$0.5	\$0.9	\$0.4	\$0.6	\$0.2	28%
Citywide Direct Cost Allocation	0.1	0.1	0.4	0.4	-	-
Citywide Indirect Cost Allocation	-	0.1	0.1	0.1	-	-
Bond Service Expense	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$0.6	\$1.0	\$0.9	\$1.0	\$0.2	17%

Actual to Revised Budget variance of \$0.2 million or 17%:

The favorable variance in Community and Economic Development is mainly due to the timing of invoices for on-call engineering, real estate and planning contract services, and for the contract with US Customs for two full time officers. Also contributing to the favorable variance is custodial services savings due to the delayed move into the newly constructed Administration Building.



Sources (Fiscal Year to Date: September 2018)



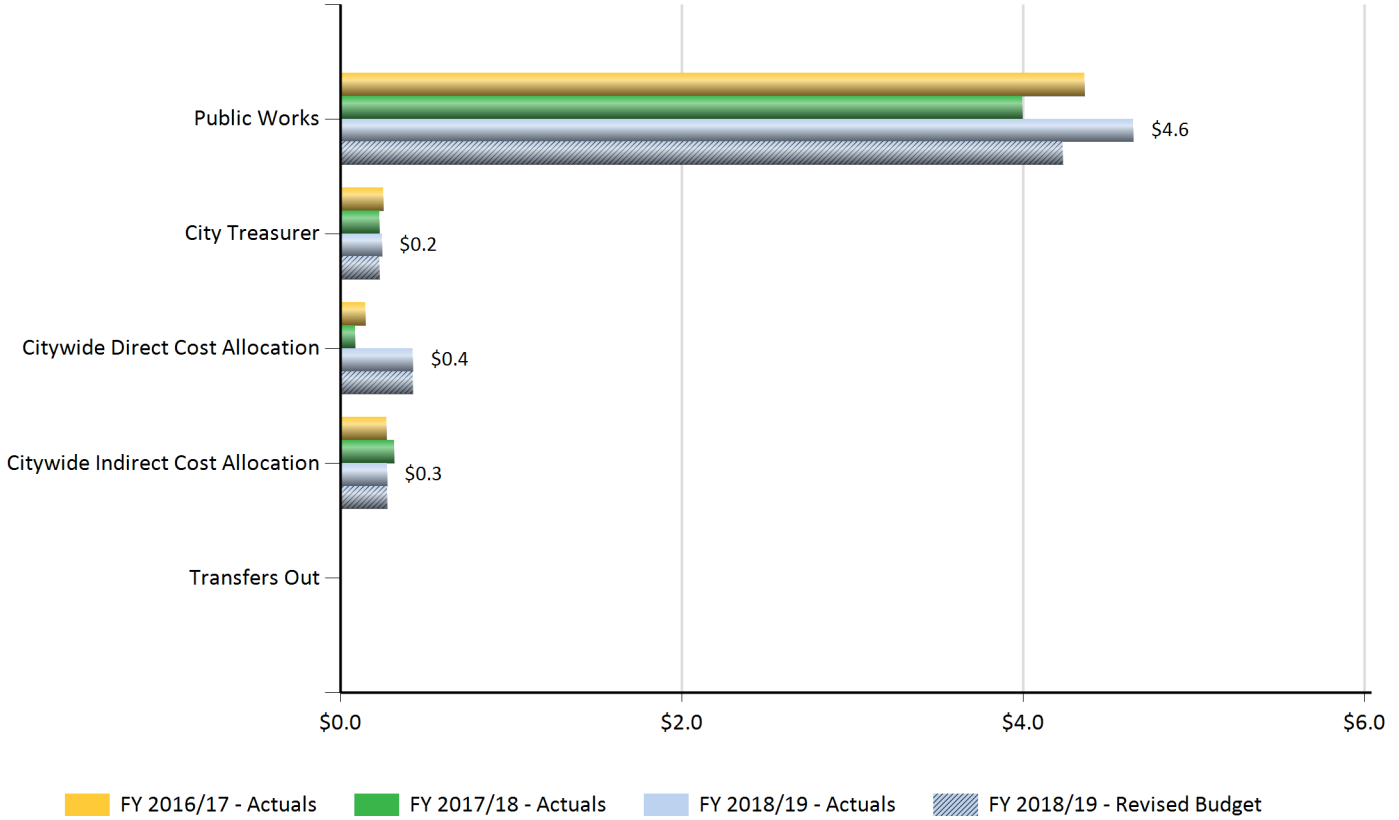
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Solid Waste Service Charges - Residential	\$4.1	\$4.1	\$4.5	\$4.4	\$0.1	2%
Solid Waste Service Charges - Commercial	0.9	0.8	0.7	0.9	(0.2)	(20%)
Interest Earnings	-	-	-	0.1	-	-
Miscellaneous	-	-	-	-	-	-
Total Sources	\$5.0	\$4.9	\$5.2	\$5.4	(\$0.1)	(2%)

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

The unfavorable variance in Solid Waste Services Charges – Commercial is mostly related to fee for the Commercial Cart Program, which was adopted at a lower rate than what was assumed in the budget. This shortfall is expected to remain for the remainder of the fiscal year.



Uses (Fiscal Year to Date: September 2018)



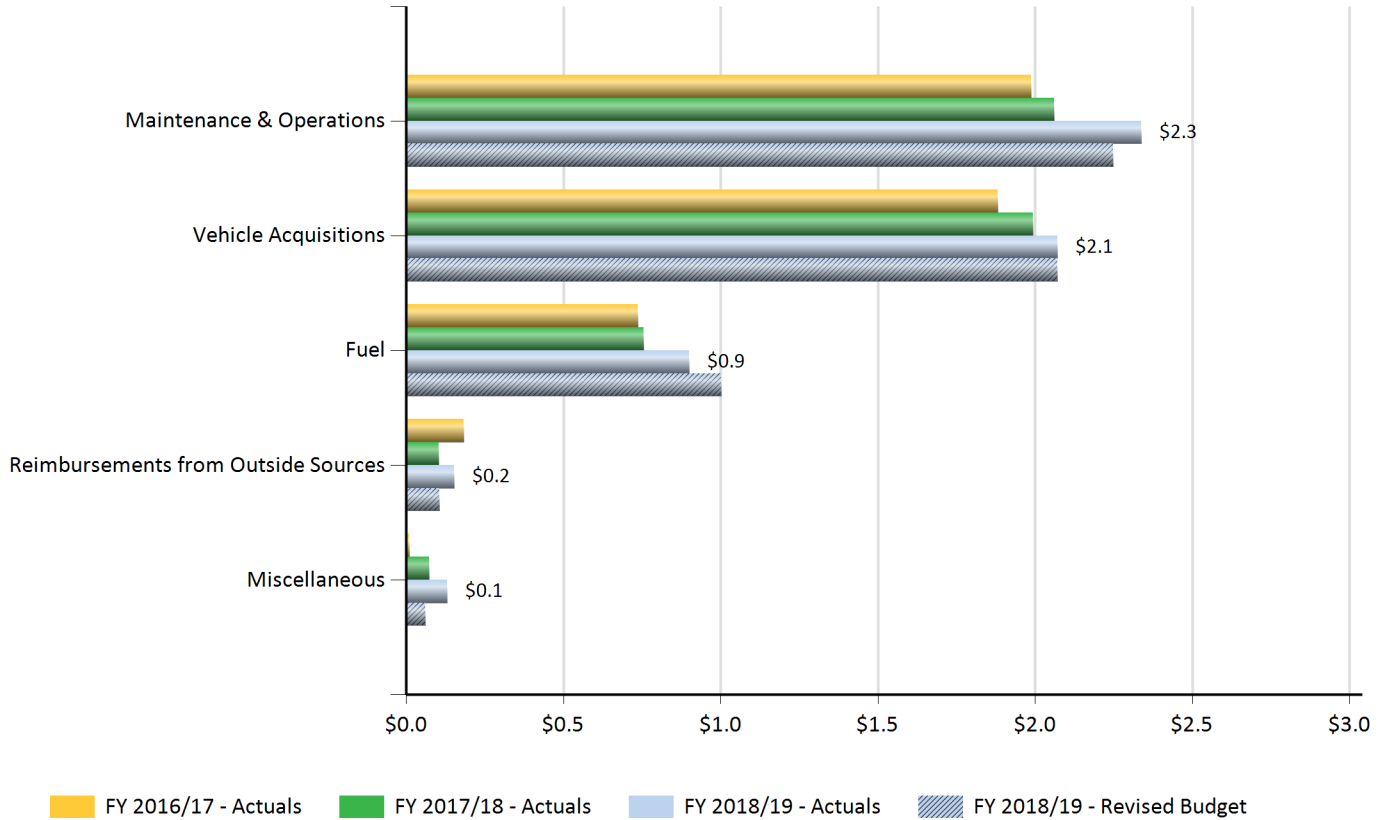
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$4.4	\$4.0	\$4.6	\$4.2	(\$0.4)	(10%)
City Treasurer	0.2	0.2	0.2	0.2	-	-
Citywide Direct Cost Allocation	0.1	0.1	0.4	0.4	-	-
Citywide Indirect Cost Allocation	0.3	0.3	0.3	0.3	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$5.0	\$4.6	\$5.6	\$5.2	(\$0.4)	(8%)

Actual to Revised Budget variance of (\$0.4) million or (8%):

The unfavorable variance in Public Works is related to repair costs associated with greater than expected engine failures on solid waste refuse trucks, higher than anticipated maintenance costs of the newly installed heavy truck emission reduction systems and higher than expected vehicle repair costs. Also contributing to the unfavorable variance is the timing of purchasing refuse containers for residential trash and recycling and the timing of repair supplies required to complete outstanding work orders.



Sources (Fiscal Year to Date: September 2018)



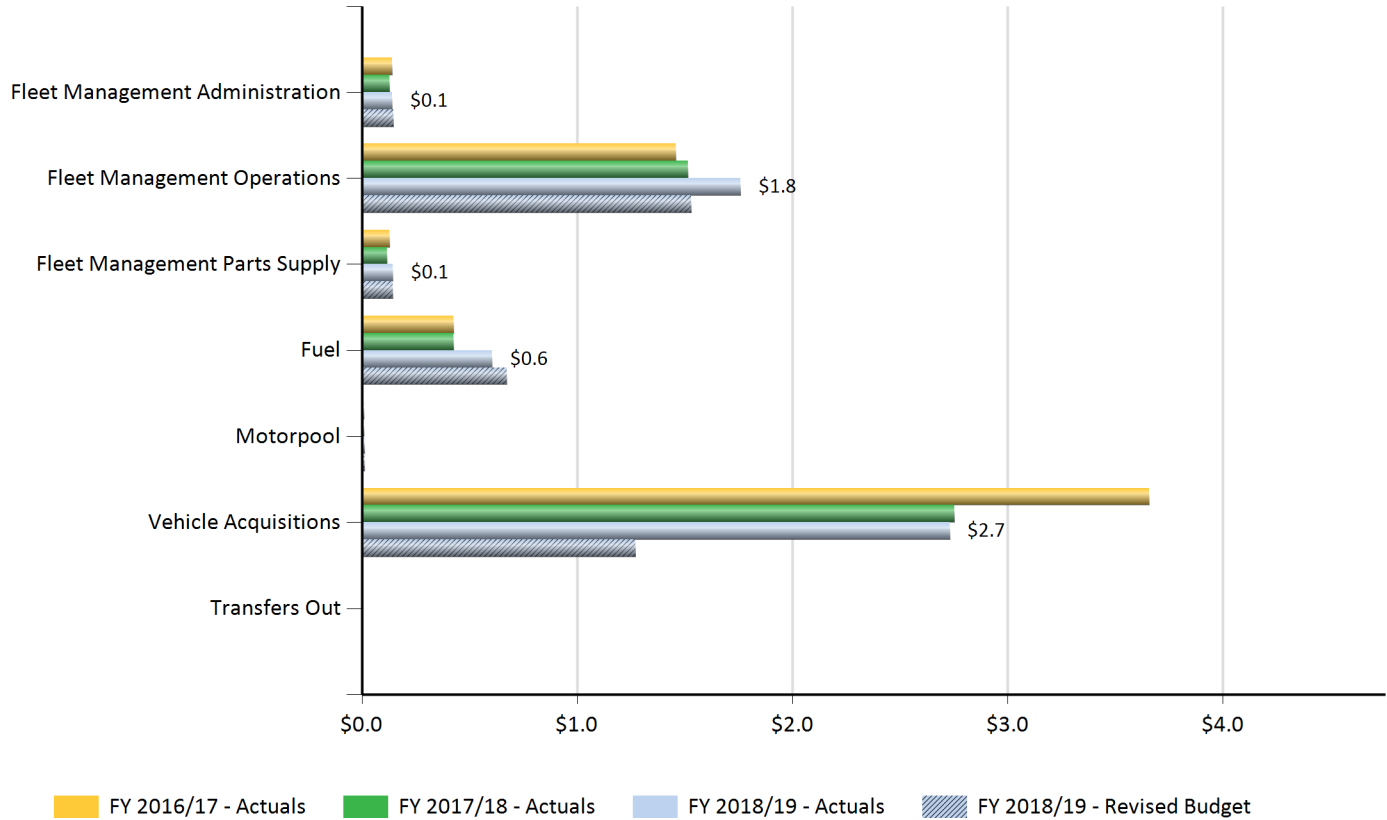
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Maintenance & Operations	\$2.0	\$2.1	\$2.3	\$2.2	\$0.1	4%
Vehicle Acquisitions	1.9	2.0	2.1	2.1	-	-
Fuel	0.7	0.8	0.9	1.0	(0.1)	(10%)
Reimbursements from Outside Sources	0.2	0.1	0.2	0.1	-	-
Miscellaneous	-	0.1	0.1	0.1	0.1	nm
Total Sources	\$4.8	\$5.0	\$5.6	\$5.5	\$0.1	2%

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

The sources of revenue in the Fleet Fund are primarily from charges to divisions to provide Fleet Services. The unfavorable variance in Fuel is related to a decreased charge to divisions as a result of decreased diesel fuel prices. The favorable variance in Miscellaneous is related to a higher value collected than anticipated for vehicles sold at auction.



Uses (Fiscal Year to Date: September 2018)



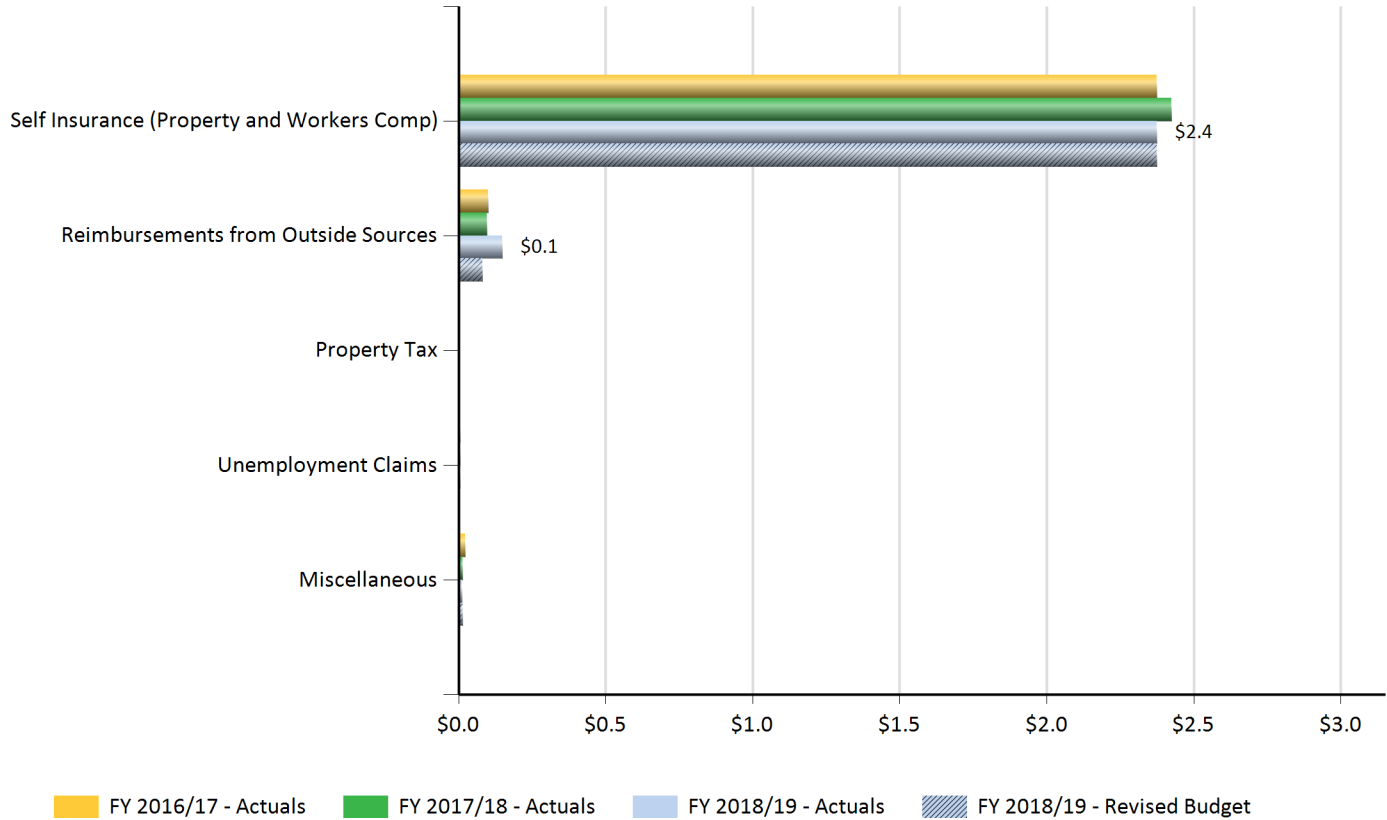
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Fleet Management Administration	\$0.1	\$0.1	\$0.1	\$0.1	\$ -	-
Fleet Management Operations	1.5	1.5	1.8	1.5	(0.2)	(15%)
Fleet Management Parts Supply	0.1	0.1	0.1	0.1	-	-
Fuel	0.4	0.4	0.6	0.7	0.1	10%
Motorpool	-	-	-	-	-	-
Vehicle Acquisitions	3.7	2.8	2.7	1.3	(1.5)	nm
Transfers Out	-	-	-	-	-	-
Total Uses	\$5.8	\$5.0	\$5.4	\$3.8	(\$1.6)	(43%)

Actual to Revised Budget variance of (\$1.6) million or (43%):

The unfavorable variance in Fleet Management Operations is related to an unanticipated repair to a bus hybrid system as well as repairs to a street sweeper’s main water tanks. The favorable variance in Fuel is related to a decrease in diesel prices. The unfavorable variance in Vehicle Acquisitions is related to the prepayment of a fire apparatus vehicle in order to lock in savings.



Sources (Fiscal Year to Date: September 2018)



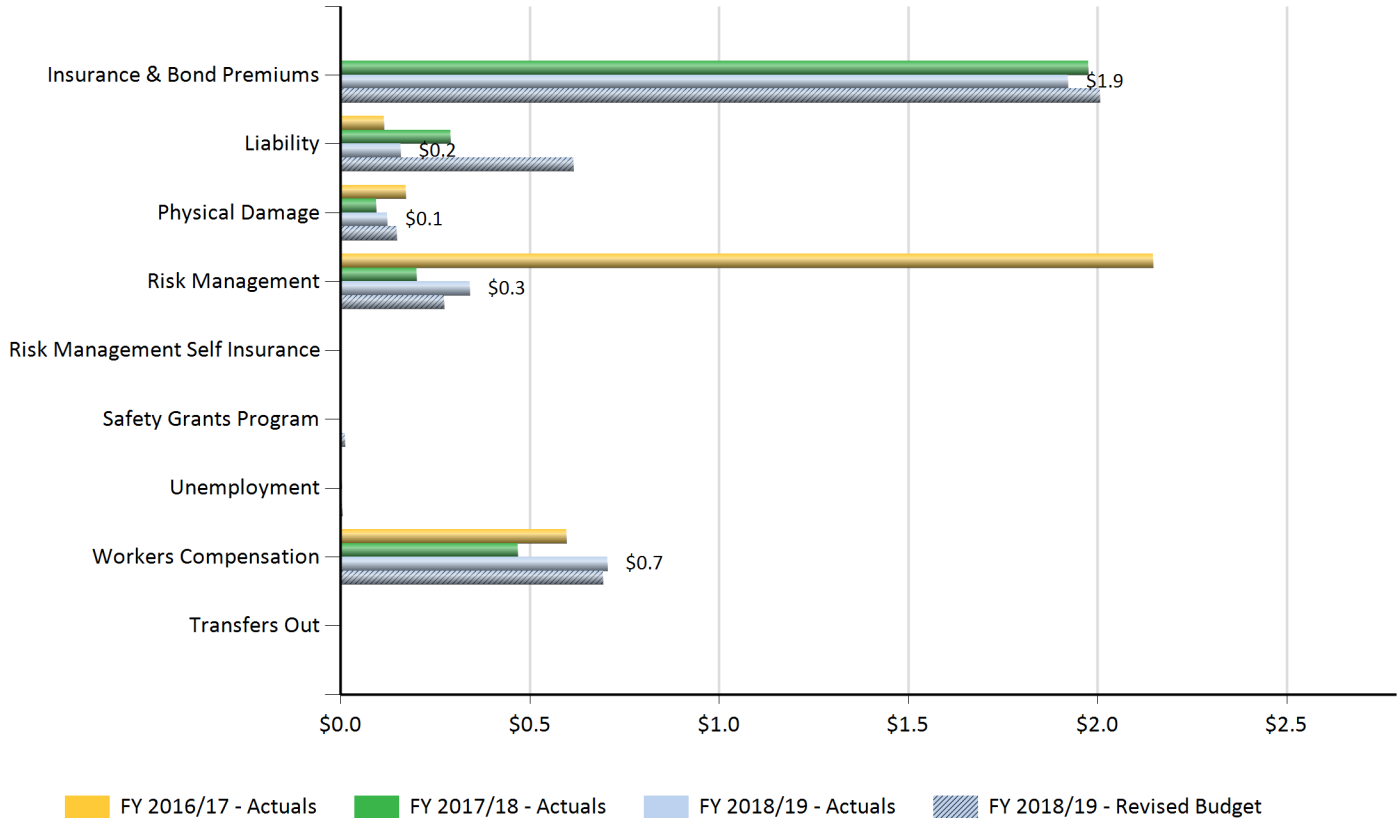
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Self Insurance (Property and Workers Comp)	\$2.4	\$2.4	\$2.4	\$2.4	\$ -	-
Reimbursements from Outside Sources	0.1	0.1	0.1	0.1	0.1	84%
Property Tax	-	-	-	-	-	-
Unemployment Claims	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Sources	\$2.5	\$2.5	\$2.5	\$2.5	\$0.1	3%

Actual to Revised Budget variance of \$0.1 million or 3%:

The favorable variance in Reimbursements from Outside Sources is due to the insurance recoveries for two totaled Solid Waste refuse trucks.



Uses (Fiscal Year to Date: September 2018)



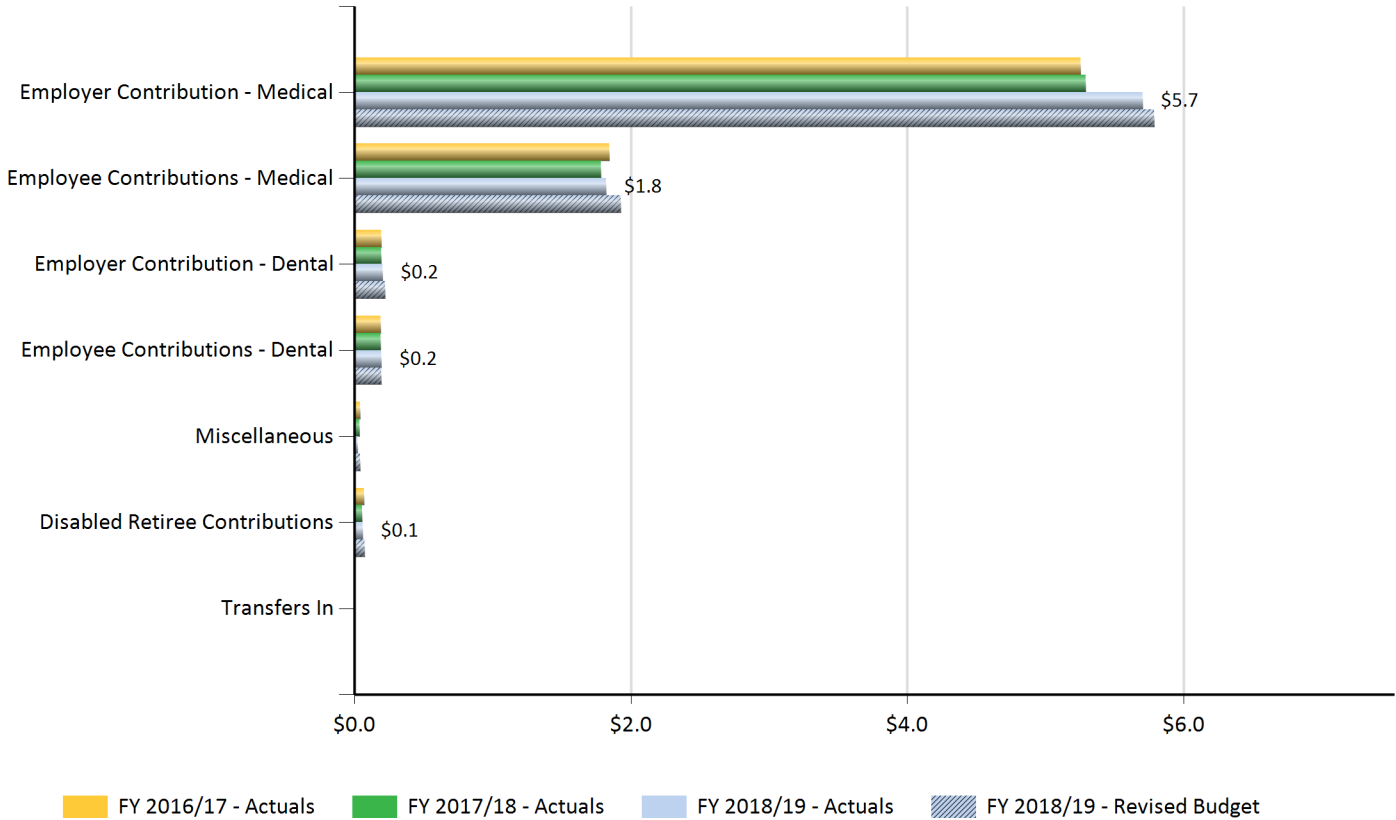
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Insurance & Bond Premiums	\$ -	\$2.0	\$1.9	\$2.0	\$0.1	4%
Liability	0.1	0.3	0.2	0.6	0.5	74%
Physical Damage	0.2	0.1	0.1	0.1	-	-
Risk Management	2.1	0.2	0.3	0.3	(0.1)	(24%)
Risk Management Self Insurance	-	-	-	-	-	-
Safety Grants Program	-	-	-	-	-	-
Unemployment	-	-	-	-	-	-
Workers Compensation	0.6	0.5	0.7	0.7	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$3.0	\$3.0	\$3.3	\$3.8	\$0.5	13%

Actual to Revised Budget variance of \$0.5 million or 13%:

The favorable variance in Liability is due to the timing of expenses. Risk Management is unfavorable due to higher than expected administrative costs associated with employees on worker compensation leave. Beginning in FY 2017/18 the budget for Insurance & Bond Premiums moved from Risk Management to its own category, to better reflect actual spending.



Sources (Fiscal Year to Date: September 2018)



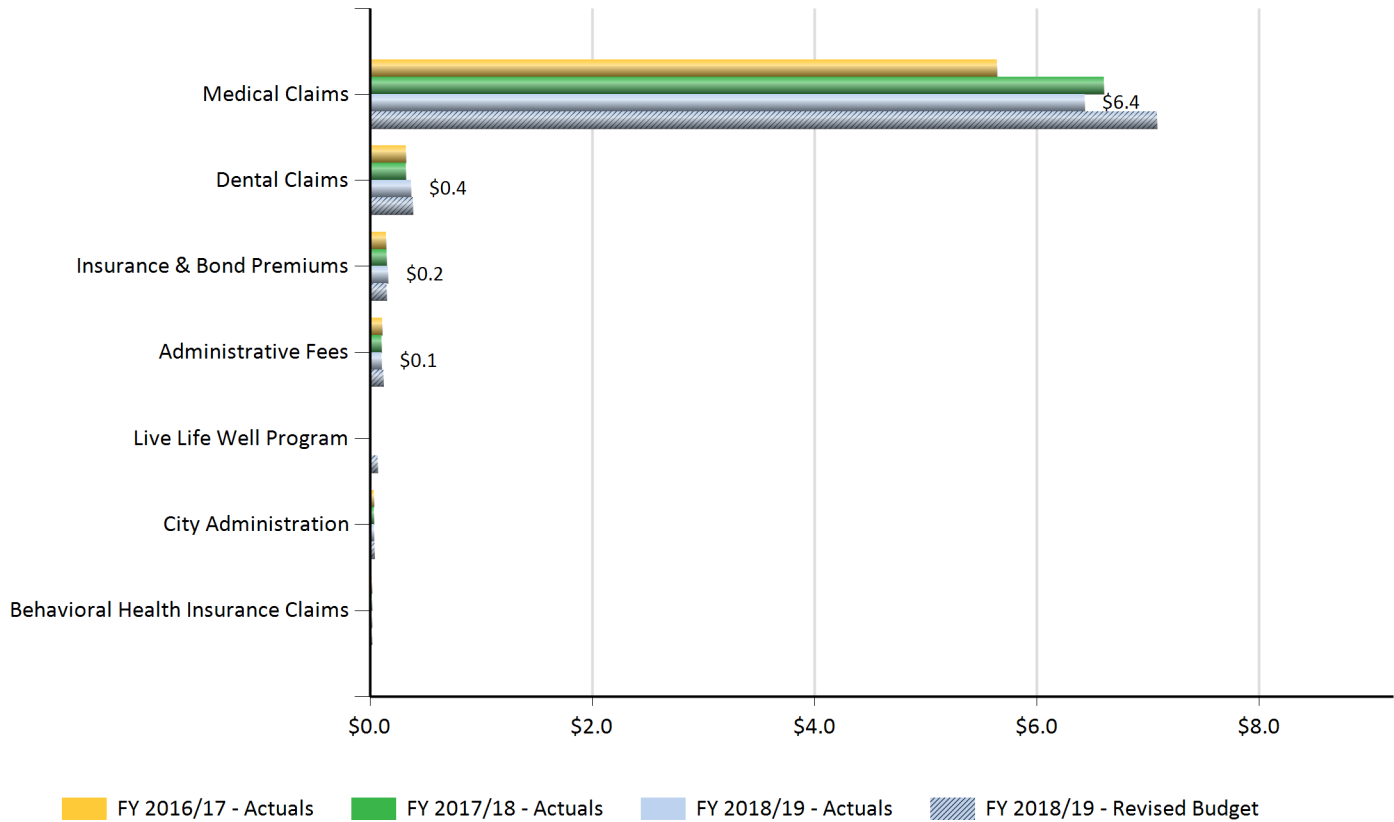
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Employer Contribution - Medical	\$5.3	\$5.3	\$5.7	\$5.8	(\$0.1)	(1%)
Employee Contributions - Medical	1.8	1.8	1.8	1.9	(0.1)	(6%)
Employer Contribution - Dental	0.2	0.2	0.2	0.2	-	-
Employee Contributions - Dental	0.2	0.2	0.2	0.2	-	-
Miscellaneous	-	-	-	-	-	-
Disabled Retiree Contributions	0.1	0.1	0.1	0.1	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$7.6	\$7.5	\$8.0	\$8.2	(\$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.



Uses (Fiscal Year to Date: September 2018)



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget	
					Favorable / (Unfavorable) Amount	Percent
Medical Claims	\$5.6	\$6.6	\$6.4	\$7.1	\$0.7	9%
Dental Claims	0.3	0.3	0.4	0.4	-	-
Insurance & Bond Premiums	0.1	0.1	0.2	0.2	-	-
Administrative Fees	0.1	0.1	0.1	0.1	-	-
Live Life Well Program	-	-	-	0.1	0.1	97%
City Administration	-	-	-	-	-	-
Behavioral Health Insurance Claims	-	-	-	-	-	-
Total Uses	\$6.3	\$7.3	\$7.1	\$7.9	\$0.7	10%

Actual to Revised Budget variance of \$0.7 million or 10%:

The favorable variance in Medical Claims is due to the difficulty in predicting claims and the timing of claims. The favorable variance in Live Life Well Program is due to the vacancy of the Wellness Coordinator position that was filled in October, which resulted in the delay of some Live Life Well programs planned for the year.



WestWorld Statement of Operations

	Twelve Months: Fiscal Year					
	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Adopted Budget	2018/19 Revised Budget
<u>Operating Revenue</u>						
Rental Facilities	\$2,134,970	\$2,205,750	\$2,604,680	n/a	\$2,651,683	\$2,651,683
RV Rental	270,661	251,685	297,593	n/a	301,400	301,400
Feed/Bedding Sales	499,691	566,127	463,286	n/a	525,000	525,000
Labor Fees	240,173	301,429	352,088	n/a	375,958	375,958
Concession Fees	354,902	487,513	392,106	n/a	535,500	535,500
Parking	110,931	96,927	88,280	n/a	117,300	117,300
Other Income	135,786	198,068	155,990	n/a	70,830	70,830
Equidome Project Use Fee	555,000	315,000	360,000	n/a	360,000	360,000
Operating Transfer In ^a	-	-	-	n/a	100,000	100,000
Operating Revenue	\$4,302,114	\$4,422,499	\$4,714,023	n/a	\$5,037,671	\$5,037,671
<u>Operating Expenses</u>						
Personnel Services						
Wages/Salaries/Benefits	\$1,616,913	\$1,768,655	\$1,954,437	n/a	\$2,082,443	\$2,169,328
Overtime	25,558	32,594	36,574	n/a	39,551	42,055
Contractual Services						
Contractual Workers	92,292	81,775	114,025	n/a	100,000	100,000
Telephone	30,650	21,015	28,381	n/a	40,354	40,354
Utilities ^b	1,219,326	1,174,779	1,247,702	n/a	-	220,143
Maintenance & Equipment Rental & Fleet	652,492	751,856	724,550	n/a	682,315	682,315
License and Permits	73,356	76,684	158,548	n/a	128,204	128,204
Property, Liability & Workers' Comp	37,376	51,525	62,401	n/a	69,772	69,772
Advertising/Marketing Contract	208,815	252,328	194,294	n/a	350,000	350,000
Other	268,443	234,449	343,819	n/a	326,203	326,203
Commodities and Capital Outlays						
Agriculture & Horticulture & Other Supply	71,411	103,461	137,506	n/a	143,545	143,545
Maintenance & Repairs Supply, Equipment	84,344	116,413	125,083	n/a	175,985	175,985
Inventory Purchased for Resale	304,481	294,103	273,513	n/a	325,410	325,410
Construction - Other	-	21,428	-	n/a	-	-
Other Expenses	45,959	64,193	76,182	n/a	78,058	78,058
BOR Admin						
BOR Admin/WestWorld	140,710	147,746	155,133	n/a	171,034	171,034
Allocated Expenses ^c						
Facilities Maintenance ^d	713,808	670,566	1,470,031	n/a	2,413,809	2,413,809
COS Indirect Costs	276,504	338,575	370,385	n/a	378,803	378,803
Operating Expenses	\$5,862,440	\$6,202,145	\$7,472,564	n/a	\$7,505,486	\$7,815,018
Operating Income	(\$1,560,325)	(\$1,779,646)	(2,758,542)	n/a	(\$2,467,815)	(\$2,777,347)
<u>Debt Service (Less contributions)</u>						
Debt Service - (52 & 17 acres)	\$2,250,353	\$2,273,677	\$2,304,207	n/a	\$2,334,637	\$2,334,637
Debt Service - TNEC (\$41.935M)	1,543,925	1,524,125	1,506,875	n/a	1,461,375	1,461,375
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)	n/a	(1,200,000)	(1,200,000)
Net Debt Service	\$3,794,278	\$3,797,802	\$3,811,082	n/a	\$3,796,012	\$3,796,012
Operating Income After Debt Service	(\$5,354,603)	(\$5,577,448)	(\$6,569,623)	n/a	(\$6,263,827)	(\$6,573,359)

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

^b 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.

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

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



WestWorld Statement of Operations

Statement of Operations for September 2018 / 3 Months YTD

	FY 2014/15 YTD Actual	FY 2015/16 YTD Actual	FY 2016/17 YTD Actual	FY 2017/18 YTD Actual	FY 2018/19 YTD Actual	FY 2018/19 Approved YTD Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	(Unfavorable) Percent
Operating Revenue								
Rental Facilities	\$186,807	\$307,152	\$277,168	\$445,702	\$436,875	\$500,958	(\$64,083)	(13%)
RV Rental	10,559	11,180	3,780	18,949	16,619	53,223	(36,604)	(69%)
Feed/Bedding Sales	41,883	22,197	17,331	53,028	66,726	55,000	11,726	21%
Labor Fees	1,270	10,639	8,257	21,696	25,329	22,234	3,095	14%
Concession Fees ^a	47,442	77,724	(6,620)	(5,452)	(7,194)	88,281	(95,475)	(100%)
Parking	3,596	24,301	4,012	27,219	16,712	21,684	(4,972)	(23%)
Other Income	74	1,431	6,938	12,932	12,224	13,635	(1,411)	(10%)
Equidome Project Use Fee	285,000	90,000	45,000	-	-	-	-	-
Operating Transfer In ^b	-	-	-	-	100,000	100,000	-	-
Operating Revenue	\$576,631	\$544,622	\$355,867	\$574,074	\$667,291	\$855,015	(\$187,724)	(22%)
Operating Expenses								
Personnel Services								
Wages/Salaries/Benefits	\$390,774	\$392,855	\$461,009	\$443,967	\$451,705	\$453,935	\$2,230	0%
Overtime	1,732	3,801	1,128	4,131	1,741	3,666	1,925	53%
Contractual Services								
Contractual Workers	864	5,240	4,810	7,475	9,274	7,250	(2,024)	(28%)
Telephone	5,702	4,827	7,235	7,843	20,915	21,543	628	3%
Utilities ^c	191,724	198,428	225,393	234,722	220,143	220,143	0	0%
Maintenance & Equipment Rental & Fleet	149,201	143,049	152,612	119,687	118,656	146,803	28,147	19%
License and Permits	73,429	73,050	77,460	161,361	142,364	124,909	(17,455)	(14%)
Property, Liability & Workers' Comp	9,345	12,882	15,600	19,005	17,442	17,442	-	-
Advertising/Marketing Contract	201,349	205,349	109,349	216,320	58,402	216,320	157,918	73%
Other	14,828	13,615	18,987	65,039	22,846	34,263	11,417	33%
Commodities and Capital Outlays								
Agriculture & Horticulture & Other Supply	28,353	27,420	25,647	30,611	67,640	28,545	(39,095)	nm
Maintenance & Repairs Supply, Equipment	16,507	15,897	20,344	30,290	41,415	22,073	(19,342)	(88%)
Inventory Purchased for Resale	27,892	31,515	90,767	73,136	80,048	75,000	(5,048)	(7%)
Construction - Other	-	-	-	6,908	-	-	-	-
Other Expenses	14,549	9,426	7,922	7,057	11,101	5,330	(5,771)	nm
BOR Admin								
BOR Admin/WestWorld	-	-	-	-	-	-	-	-
Allocated Expenses^d								
Facilities Maintenance ^e	178,452	167,643	367,508	316,699	358,791	358,791	-	-
COS Indirect Costs	69,126	84,645	92,595	107,606	94,701	94,701	-	-
Operating Expenses	\$1,373,827	\$1,389,643	\$1,678,366	\$1,851,856	\$1,717,183	\$1,830,714	\$113,531	6%
Operating Income	(\$797,196)	(\$845,021)	(\$1,322,499)	(\$1,277,782)	(\$1,049,892)	(\$975,699)	(\$74,193)	(8%)
Debt Service (Less contributions)								
Debt Service - (52 & 17 acres)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Debt Service - TNEC (\$41.935M)	-	-	-	-	-	-	-	-
Debt Service - TNEC Tourism Funded	-	-	-	-	-	-	-	-
Bed Tax Contributions - TNEC	-	-	-	-	-	-	-	-
Net Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Operating Income After Debt Service	(\$797,196)	(\$845,021)	(\$1,322,499)	(\$1,277,782)	(\$1,049,892)	(\$975,699)	(\$74,193)	(8%)

^a At the end of a fiscal year, following Generally Accepted Accounting Principles (GAAP), revenue earned but not yet collected is recorded to reflect all revenue earned within that fiscal year. At the beginning of the following fiscal year, the uncollected amount is subtracted to avoid double counting revenue when the actual collection occurs. This action may cause a negative amount as seen in FY 2016/17, FY 2017/18 and FY 2018/19.

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

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

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



Privilege (Sales) & Use Tax Collections For September 2018 (For Business Activity in August 2018)

Contains information regarding the “actual” revenue collections from the 1.00 percent Privilege and Use Tax reflected in the General Fund, 0.20 percent dedicated Transportation Privilege Tax, 0.20 percent dedicated Preserve Privilege and Use Taxes, 0.15 percent additional dedicated Preserve Privilege and Use Taxes, and 0.10 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 (1.00 percent) of the tax is unrestricted and available for general government purposes.

The fiscal year to date Privilege and Use Tax (1.00 percent General Purpose) collections increased 2 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-to-Date: September 2018						
	2016/17	2017/18	2018/19	2018/19	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Favorable/(Unfavorable) Amount	Percent
1.00% General Purpose						
Automotive	\$3.5	\$3.9	\$4.2	\$4.0	\$0.2	5%
Construction	2.7	2.4	2.5	2.4	0.2	7%
Dining/ Entertainment	2.1	2.1	2.3	2.1	0.2	8%
Food Stores	1.6	1.5	1.7	1.5	0.2	11%
Hotel/Motel	0.8	1.3	1.0	1.1	(0.1)	-9%
Major Dept. Stores	2.1	2.3	2.1	2.3	(0.2)	-10%
Misc. Retail Stores	4.0	4.5	4.6	4.6	0.0	0%
Other Activity	2.2	2.3	2.8	2.4	0.5	20%
Rentals	3.5	4.0	4.0	4.2	(0.2)	-6%
Utilities	1.4	1.3	1.1	1.2	(0.2)	-13%
Subtotal	\$23.7	\$25.5	\$26.2	\$25.8	\$0.5	2%
0.10% Public Safety	\$2.3	\$2.5	\$2.6	\$2.5	\$0.0	0%
0.20% Transportation	4.6	4.9	5.0	4.9	0.1	2%
0.20% McDowell Preserve 1995	4.7	5.0	5.2	5.1	0.1	1%
0.15% McDowell Preserve 2004	3.5	3.8	3.9	3.8	0.1	1%
Total	\$38.9	\$41.7	\$42.9	\$42.1	\$0.7	2%
% Change vs. Prior Year	4%	7%	3%	1%		

Rounding differences may occur.

Automotive

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%: The variance is due in part to an increase in automotive sales.

Construction

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 7%: This is due in part to increased residential sales.

Dining/Entertainment

The dining/entertainment category includes restaurants, bars, cafeterias, mobile food vendors, and caterers. **Actual to Revised Budget variance of \$0.2 million or 8%:** Normal business fluctuations.

Food Stores

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

Actual to Revised Budget variance of \$0.2 million or 11%: This is due in part to the opening of a new grocery store and to a grocery store chain properly reporting food for home consumption this year as opposed to last year.

Hotel/Motel

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 (\$0.1) million or (9%): This is due in part to delinquent tax returns.

Major Department Stores

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

Actual to Revised Budget variance of (\$0.2) million or (10%): This is due in part to delinquent tax returns and a closure of one big box store.

Miscellaneous Retail Stores

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, online shopping, and pet supply stores.

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

Other Activity

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 \$0.5 million or 20%: This is due in part to an increase in taxable sales from other miscellaneous product manufacturing and is also due in part to a large one-time audit payment.

Rentals

The 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 (\$0.2) million or (6%): This is due in part to delinquent tax returns.

Utilities

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

Actual to Revised Budget variance of (\$0.2) million or (13%): This is due in part to a decrease in tax collections in the telecommunications sector due to continued competition in cellular phone plans and delinquent tax returns.



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

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

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

GENERAL FUND SOURCES

Taxes - Local - Encompasses a series of local taxes. The largest component of this source includes a 1.10 percent sales tax, of which 0.10 percent is dedicated to public safety. The remaining 1.00 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. 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 capital projects and management program and the Salt River Project (SRP) in lieu tax.

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.

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.

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

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 Public Safety - Police.

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

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.

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 Fairmont Scottsdale 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.