

Monthly Financial Report

Fiscal Year to Date as
of December 31, 2018



Scottsdale Airport Operations Center

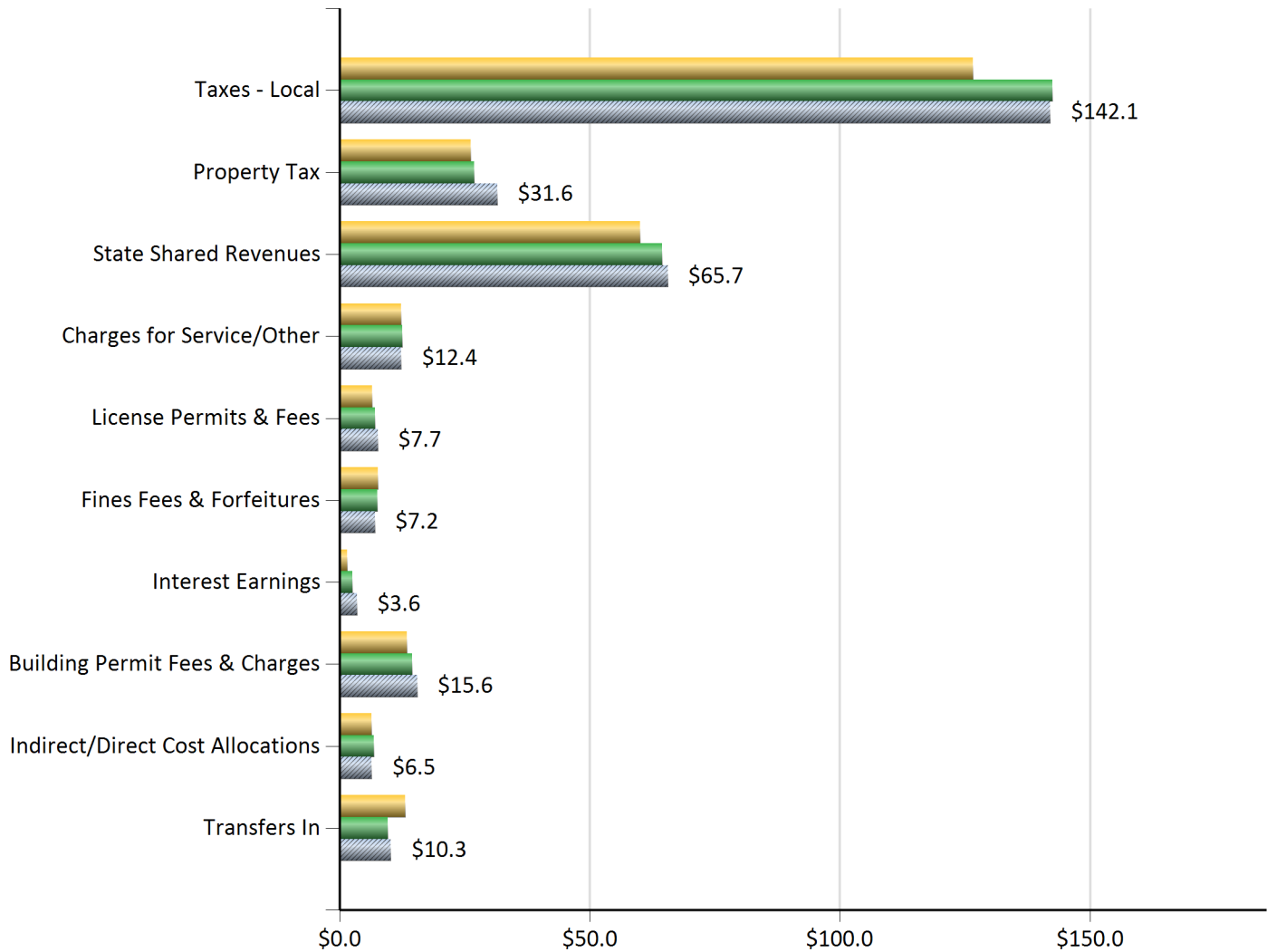
Report to the City Council
Prepared by the City Treasurer
February 19, 2019



Sources

General Fund

Twelve Months: Fiscal Year

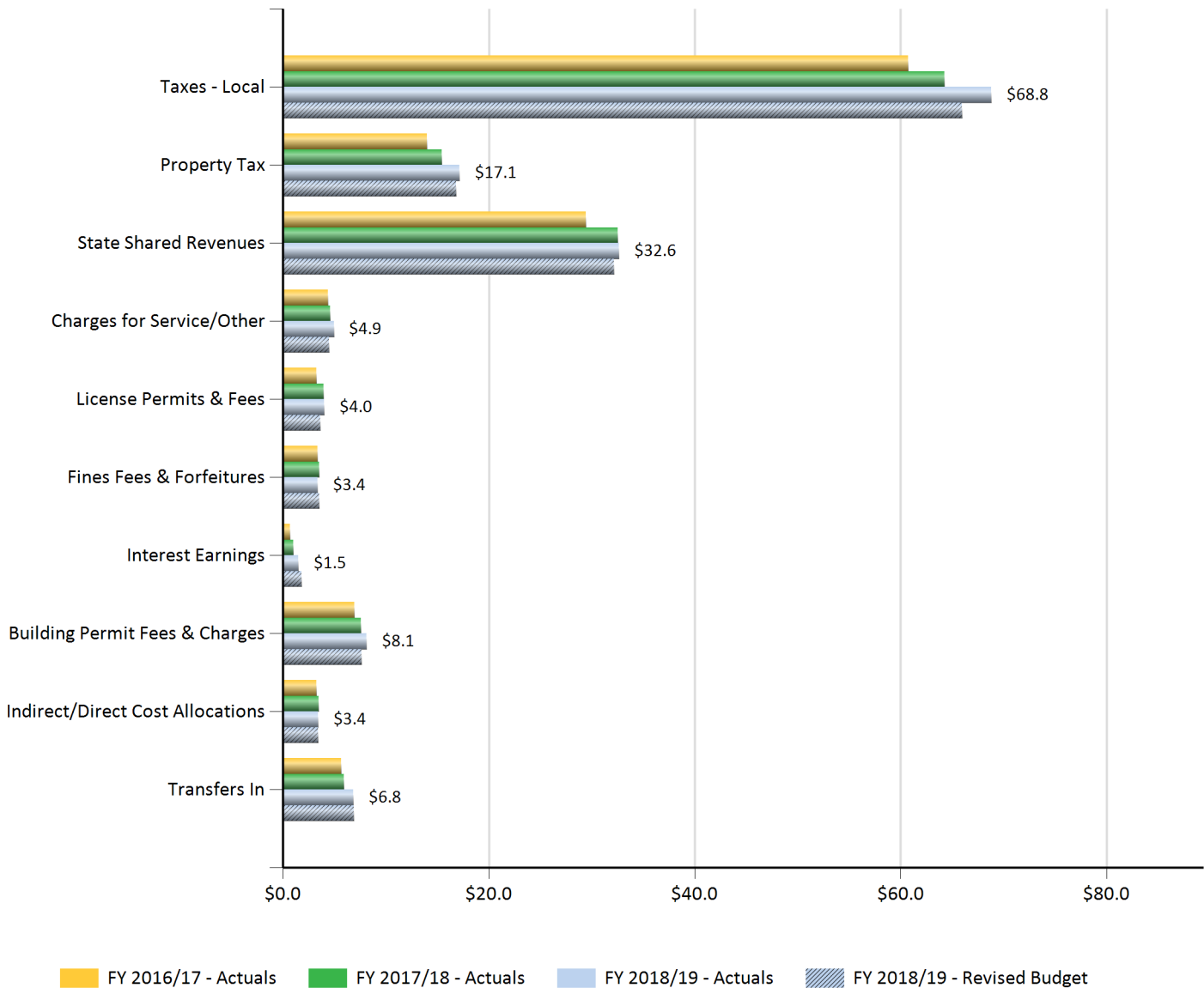


■ FY 2016/17 - Actuals
 ■ FY 2017/18 - Actuals
 FY 2018/19 - Revised Budget

	FY 2016/17 <u>Actuals</u>	FY 2017/18 <u>Actuals</u>	FY 2018/19 <u>Revised Budget</u>
Taxes - Local	\$126.7	\$142.5	\$142.1
Property Tax	26.2	26.9	31.6
State Shared Revenues	60.1	64.5	65.7
Charges for Service/Other	12.3	12.6	12.4
License Permits & Fees	6.6	7.1	7.7
Fines Fees & Forfeitures	7.7	7.6	7.2
Interest Earnings	1.6	2.6	3.6
Building Permit Fees & Charges	13.5	14.6	15.6
Indirect/Direct Cost Allocations	6.4	6.9	6.5
Transfers In	13.1	9.7	10.3
Total Sources	\$274.3	\$295.1	\$302.4



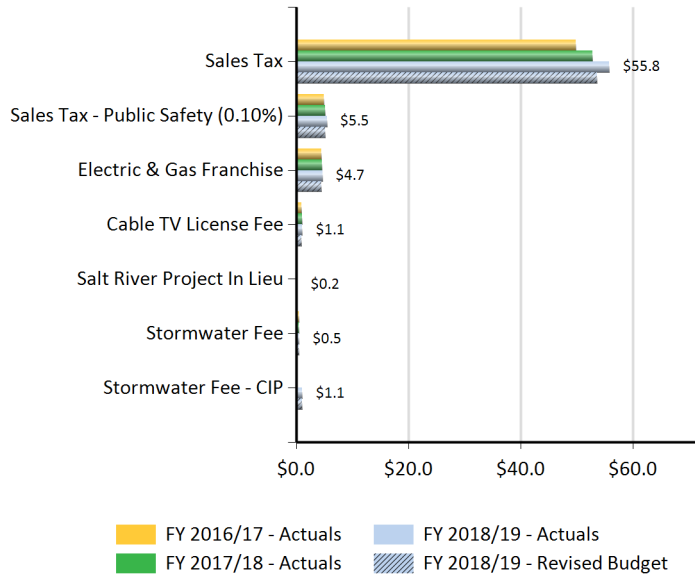
Sources (Fiscal Year to Date: December 2018)



	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	\$60.7	\$64.2	\$68.8	\$66.0	\$2.8	4%
Property Tax	14.0	15.4	17.1	16.8	0.3	2%
State Shared Revenues	29.4	32.6	32.6	32.2	0.5	1%
Charges for Service/Other	4.4	4.6	4.9	4.5	0.5	10%
License Permits & Fees	3.2	4.0	4.0	3.6	0.4	10%
Fines Fees & Forfeitures	3.3	3.5	3.4	3.5	(0.1)	(4%)
Interest Earnings	0.7	1.0	1.5	1.8	(0.3)	(16%)
Building Permit Fees & Charges	6.9	7.6	8.1	7.6	0.5	7%
Indirect/Direct Cost Allocations	3.2	3.4	3.4	3.4	-	-
Transfers In	5.6	5.9	6.8	6.9	(0.1)	(1%)
Total Sources	\$131.6	\$142.2	\$150.8	\$146.3	\$4.4	3%



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



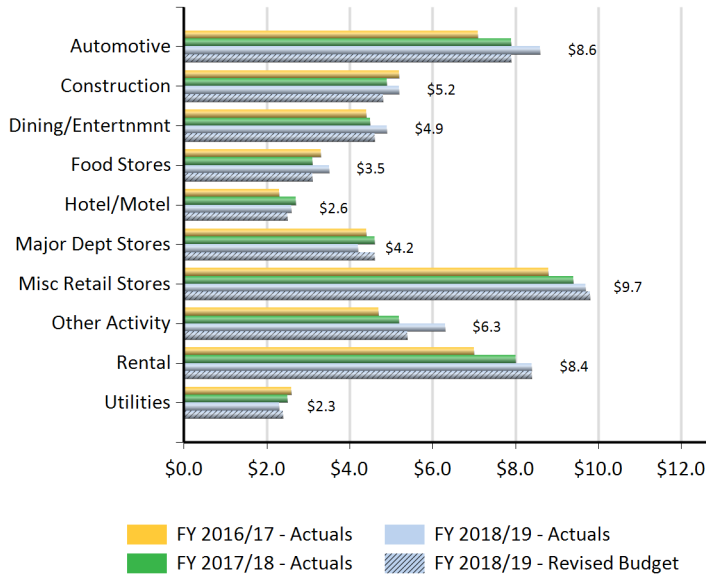
Actual to Revised Budget variance of \$2.8 million or 4%:

See detailed Sales Tax information on page 5. Electric & Gas Franchise is favorable due to APS' first quarter franchise payment being slightly higher than expected. Cable TV License Fee is favorable due to a slightly higher than expected first quarter franchise fee payment from Cox Digital Cable. Finally Salt River Project In Lieu is favorable due to the timing of its second biannual payment.

	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	\$49.8	\$52.8	\$55.8	\$53.6	\$2.2	4%
Sales Tax - Public Safety (0.10%)	4.9	5.2	5.5	5.2	0.2	4%
Electric & Gas Franchise	4.5	4.6	4.7	4.5	0.2	5%
Cable TV License Fee	0.9	1.1	1.1	1.0	0.1	9%
Salt River Project In Lieu	0.1	0.1	0.2	0.1	0.1	nm
Stormwater Fee	0.5	0.5	0.5	0.5	-	-
Stormwater Fee - CIP	-	-	1.1	1.1	-	-
Taxes - Local Total	\$60.7	\$64.2	\$68.8	\$66.0	\$2.8	4%



Sales Tax (Fiscal Year to Date: December 2018)



Actual to Revised Budget variance of \$2.2 million or 4%:

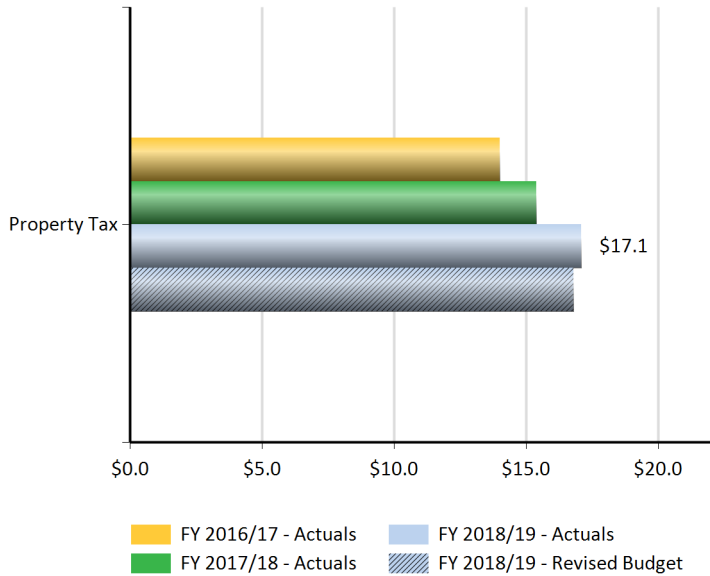
While variances are now more often derived from revenue fluctuations within individual Sales Tax categories, Sales Tax can still be influenced by the unpredictability of the timing in collection by Arizona Department of Revenue. That said, the favorable variance in: 1) Automotive – due mainly to a car dealer starting to report sales tax related to services and sales that had not been reported before; as well as to an overall increase in automotive 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 in part to increase in taxable sales from other miscellaneous product manufacturing category and a large one-time audit payment. The favorable variance is partially offset by an unfavorable variance in: 1) Major Dept Stores - due to delinquent tax returns and the closure of a big box store; 2) Misc Retail Stores – due delinquent tax returns and normal business fluctuations; and 3) Utilities - due to delinquent tax returns.

	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	\$7.1	\$7.9	\$8.6	\$7.9	\$0.7	10%
Construction	5.2	4.9	5.2	4.8	0.4	9%
Dining/Entertnmnt	4.4	4.5	4.9	4.6	0.3	7%
Food Stores	3.3	3.1	3.5	3.1	0.4	12%
Hotel/Motel	2.3	2.7	2.6	2.5	-	-
Major Dept Stores	4.4	4.6	4.2	4.6	(0.4)	(9%)
Misc Retail Stores	8.8	9.4	9.7	9.8	(0.1)	(1%)
Other Activity	4.7	5.2	6.3	5.4	0.9	16%
Rental	7.0	8.0	8.4	8.4	-	-
Utilities	2.6	2.5	2.3	2.4	(0.1)	(5%)
Sales Tax Total	\$49.8	\$52.8	\$55.8	\$53.6	\$2.2	4%



Property Tax (Fiscal Year to Date: December 2018)

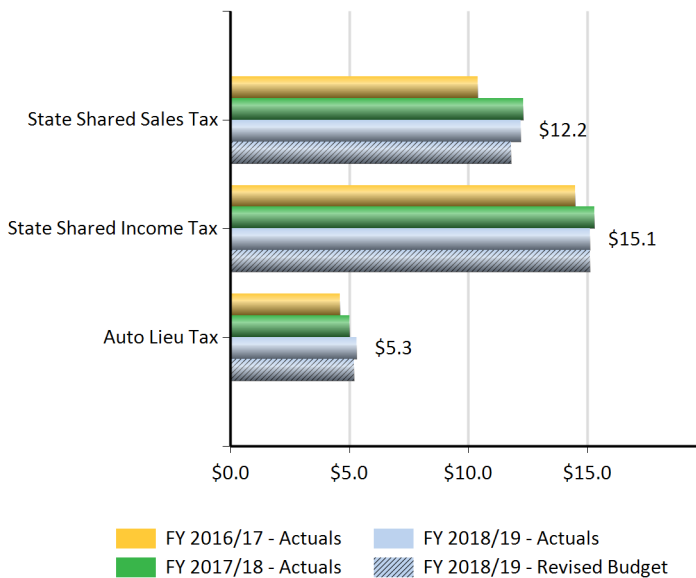
Actual to Revised Budget variance of \$0.3 million or 2%:
 Favorable variance is due to the budget spread, which is based on the way people paid last year and may vary year over year.



	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	\$14.0	\$15.4	\$17.1	\$16.8	\$0.3	2%
Property Tax Total	\$14.0	\$15.4	\$17.1	\$16.8	\$0.3	2%

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

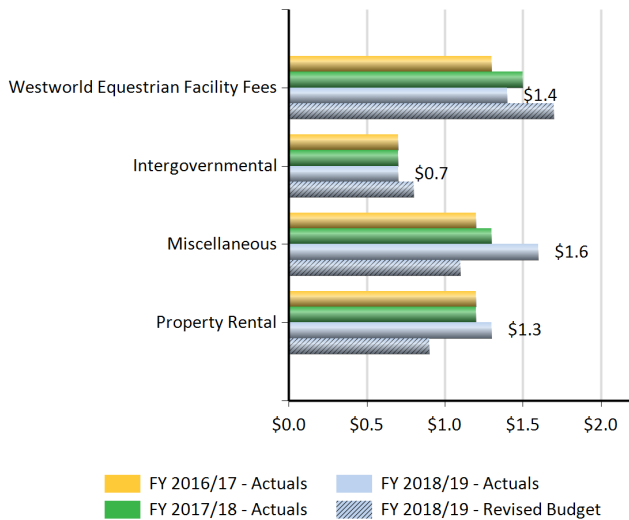
Actual to Revised Budget variance of \$0.5 million or 1%:
 Favorable variance primarily due to State Shared Sales Tax revenue coming in slightly higher than the anticipated budget determined by the Arizona League of Cities and Towns.



	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	\$10.4	\$12.3	\$12.2	\$11.8	\$0.3	3%
State Shared Income Tax	14.5	15.3	15.1	15.1	-	-
Auto Lieu Tax	4.6	5.0	5.3	5.2	0.1	3%
State Shared Revenues Total	\$29.4	\$32.6	\$32.6	\$32.2	\$0.5	1%



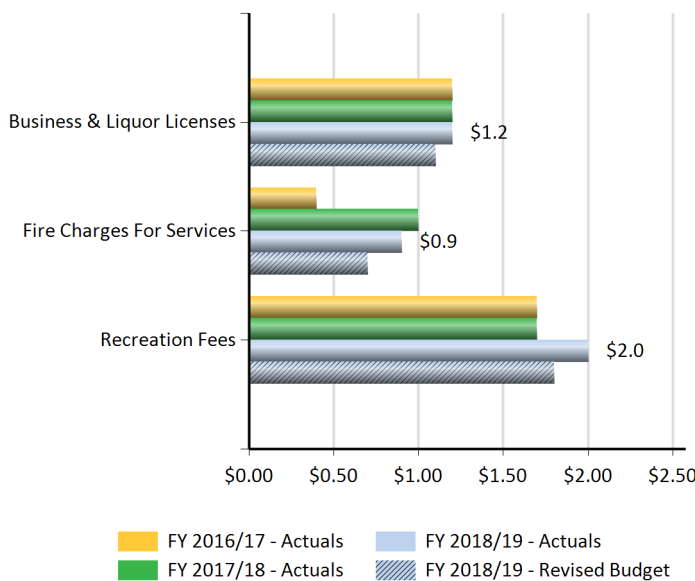
Charges for Service/Other (Fiscal Year to Date: December 2018)



Actual to Revised Budget variance of \$0.5 million or 10%: 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. It was originally budgeted completely in July, but revenue is now coming in quarterly. Miscellaneous is favorable mainly due to a reimbursement of HVAC costs from the El Dorado Community Center, FY 2017/18 revenue being recorded in FY 2018/19 and higher than expected late fees and interest payments related to past due development fees. 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	\$1.3	\$1.5	\$1.4	\$1.7	(\$0.3)	(19%)
Intergovernmental	0.7	0.7	0.7	0.8	(0.1)	(9%)
Miscellaneous	1.2	1.3	1.6	1.1	0.5	51%
Property Rental	1.2	1.2	1.3	0.9	0.3	32%
Charges for Service/Other Total	\$4.4	\$4.6	\$4.9	\$4.5	\$0.5	10%

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

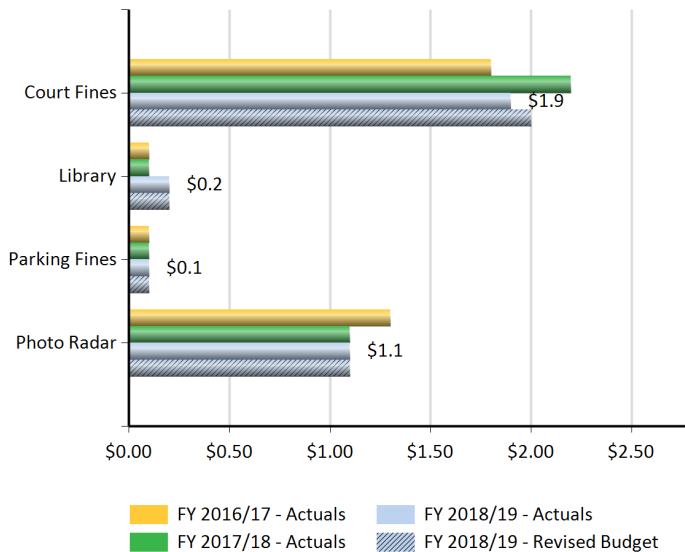


Actual to Revised Budget variance of \$0.4 million or 10%: Fire Charges for Services is favorable due to revenue from FY 2017/18 received from Public Safety - Fire's ambulance contract in FY 2018/19 and the timing of invoices for the ambulance contract in the current fiscal year. Recreation Fees is favorable 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	\$1.2	\$1.2	\$1.2	\$1.1	\$ -	-
Fire Charges For Services	0.4	1.0	0.9	0.7	0.2	26%
Recreation Fees	1.7	1.7	2.0	1.8	0.2	10%
License Permits & Fees Total	\$3.2	\$4.0	\$4.0	\$3.6	\$0.4	10%



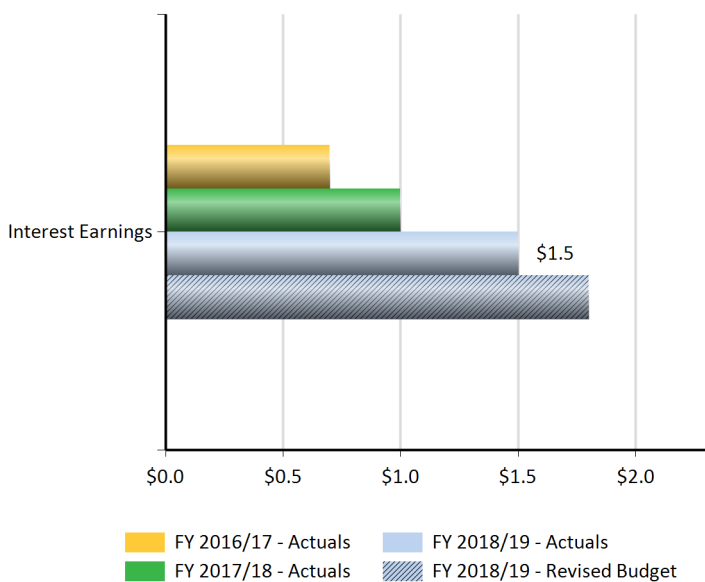
Fines Fees & Forfeitures (Fiscal Year to Date: December 2018)



Actual to Revised Budget variance of (\$0.1) million or (4%): Court Fines are unfavorable due to a decrease in defensive driving attendance, the Court Compliance Program assisting non-compliant defendants to become compliant by satisfying an initial down payment instead of the full amount, and the new Justice for All Program resulting in the court issuing less defaults and reducing the number of bonds being posted and forfeited.

	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	\$1.8	\$2.2	\$1.9	\$2.0	(\$0.1)	(6%)
Library	0.1	0.1	0.2	0.2	-	-
Parking Fines	0.1	0.1	0.1	0.1	-	-
Photo Radar	1.3	1.1	1.1	1.1	-	-
Fines Fees & Forfeitures Total	\$3.3	\$3.5	\$3.4	\$3.5	(\$0.1)	(4%)

Interest Earnings (Fiscal Year to Date: December 2018)



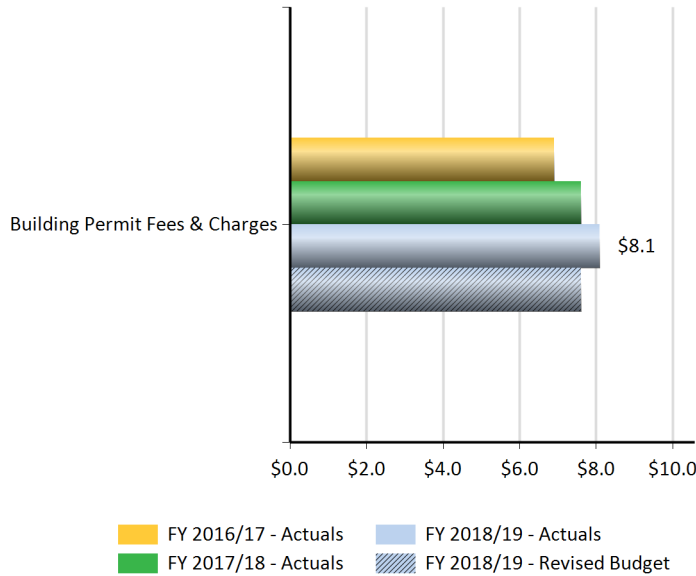
Actual to Revised Budget variance of (\$0.3) million or (16%): Unfavorable due to there being less money being invested by the city at this time than expected and yields coming in below what was budgeted at this point in the fiscal year. Both funds invested and yields on those investments are expected to increase as the year progresses.

	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	\$0.7	\$1.0	\$1.5	\$1.8	(\$0.3)	(16%)
Interest Earnings Total	\$0.7	\$1.0	\$1.5	\$1.8	(\$0.3)	(16%)



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

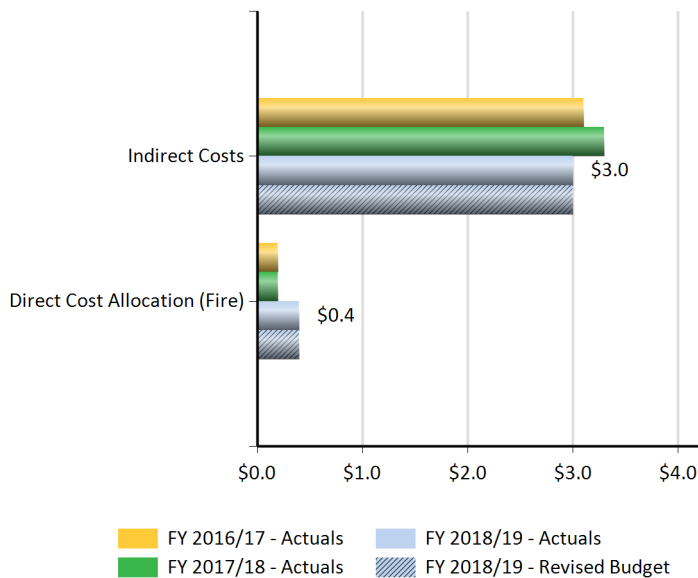
Actual to Revised Budget variance of \$0.5 million or 7%:
Favorable due to the unbudgeted sale of city property that resulted in payment of a development abandonment fee, as well as to higher than anticipated plan review and development application activity which is the result of the demand for real 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	\$6.9	\$7.6	\$8.1	\$7.6	\$0.5	7%
Building Permit Fees & Charges Total	\$6.9	\$7.6	\$8.1	\$7.6	\$0.5	7%

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

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

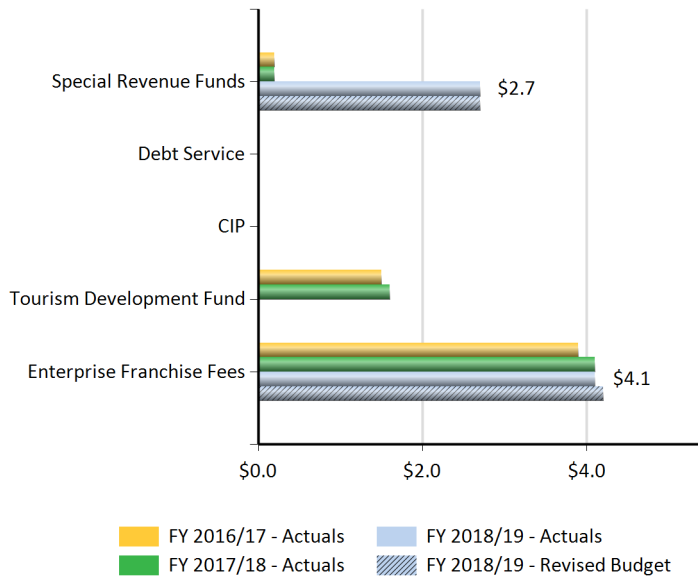


	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Indirect Costs	\$3.1	\$3.3	\$3.0	\$3.0	\$ -	-
Direct Cost Allocation (Fire)	0.2	0.2	0.4	0.4	-	-
Indirect/Direct Cost Allocations Total	\$3.2	\$3.4	\$3.4	\$3.4	\$ -	-



Transfers In (Fiscal Year to Date: December 2018)

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



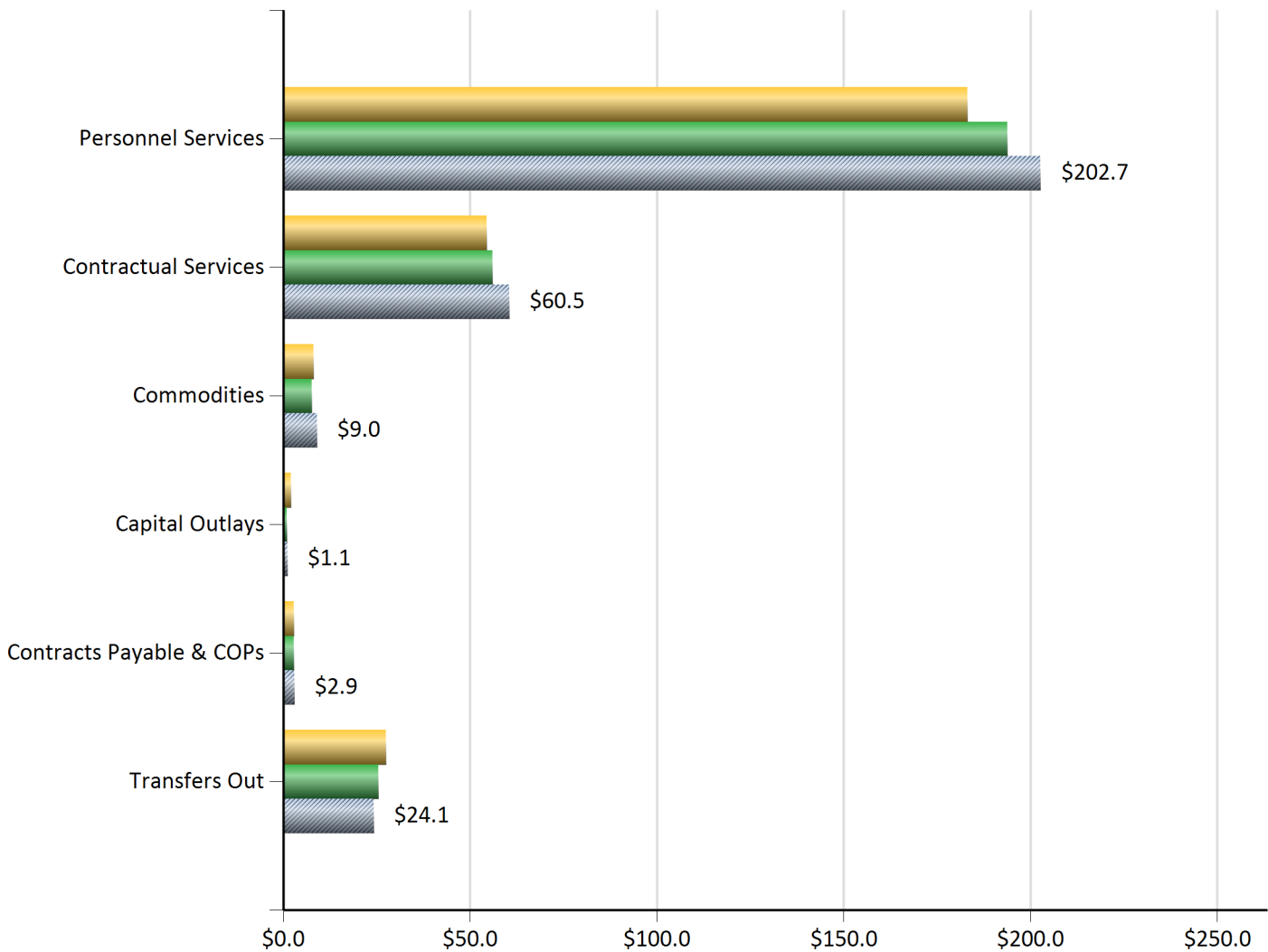
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Budget Percent
Special Revenue Funds	\$0.2	\$0.2	\$2.7	\$2.7	\$ -	-
Debt Service	-	-	-	-	-	-
CIP	-	-	-	-	-	-
Tourism Development Fund	1.5	1.6	-	-	-	-
Enterprise Franchise Fees	3.9	4.1	4.1	4.2	(0.1)	(2%)
Transfers In Total	\$5.6	\$5.9	\$6.8	\$6.9	(\$0.1)	(1%)



Uses

General Fund

Twelve Months: Fiscal Year



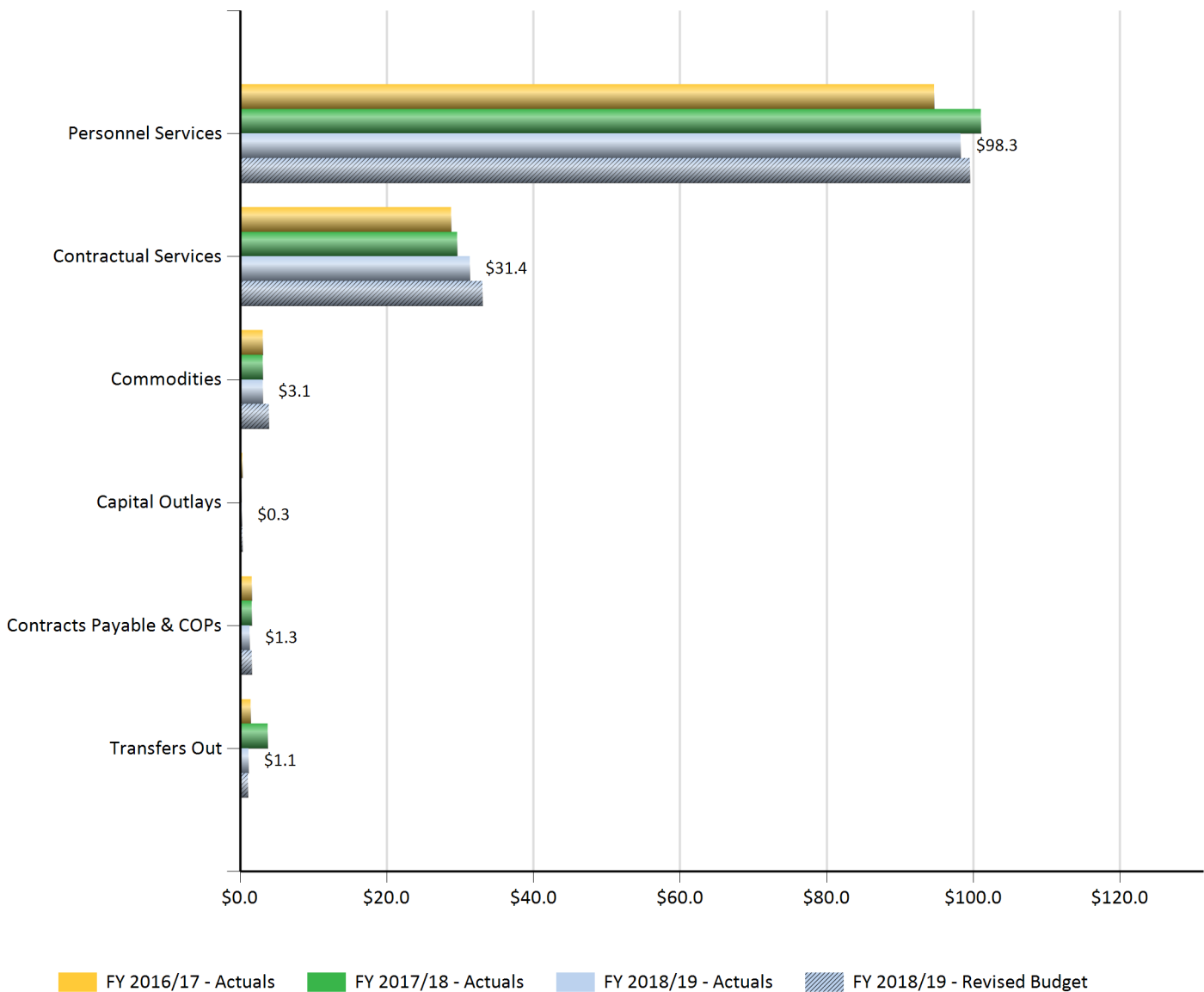
■ FY 2016/17 - Actuals
 ■ FY 2017/18 - Actuals
 ■ *FY 2018/19 - Revised Budget

	FY 2016/17 <u>Actuals</u>	FY 2017/18 <u>Actuals</u>	FY 2018/19 <u>Revised Budget</u>
Personnel Services	\$183.1	\$193.7	\$202.7
Contractual Services	54.4	56.0	60.5
Commodities	8.1	7.6	9.0
Capital Outlays	2.1	1.0	1.1
Contracts Payable & COPs	2.9	2.9	2.9
Transfers Out	27.4	25.4	24.1
Total Uses	\$277.8	\$286.6	\$300.2

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



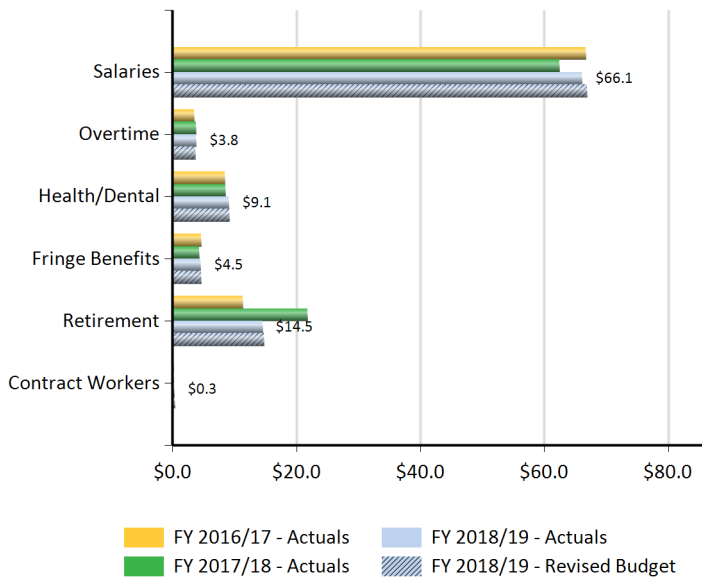
Uses (Fiscal Year to Date: December 2018)



	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	\$94.7	\$101.1	\$98.3	\$99.6	\$1.3	1%
Contractual Services	28.8	29.6	31.4	33.1	1.7	5%
Commodities	3.1	3.1	3.1	4.0	0.9	22%
Capital Outlays	0.3	0.2	0.3	0.4	0.1	28%
Contracts Payable & COPs	1.6	1.6	1.3	1.6	0.3	21%
Transfers Out	1.4	3.8	1.1	1.1	-	-
Total Uses	\$129.9	\$139.4	\$135.4	\$139.7	\$4.3	3%



Personnel Services (Fiscal Year to Date: December 2018)



Actual to Revised Budget variance of \$1.3 million or 1%:

The favorable variance in Salaries is due to rank promotions in the Police Department with replacement employees coming in at a lower rate than the person who was promoted and vacant positions in the City Attorney’s office (vacancy savings is not swept for the City Attorney). 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 as fewer people are utilizing the program than expected.

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2018/19	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Salaries	\$66.7	\$62.5	\$66.1	\$66.9	\$0.7	1%
Overtime	3.5	3.8	3.8	3.7	(0.1)	(2%)
Health/Dental	8.4	8.5	9.1	9.2	0.1	1%
Fringe Benefits	4.6	4.3	4.5	4.6	0.1	1%
Retirement	11.3	21.8	14.5	14.8	0.3	2%
Contract Workers	0.2	0.2	0.3	0.4	0.1	33%
Personnel Services Total	\$94.7	\$101.1	\$98.3	\$99.6	\$1.3	1%

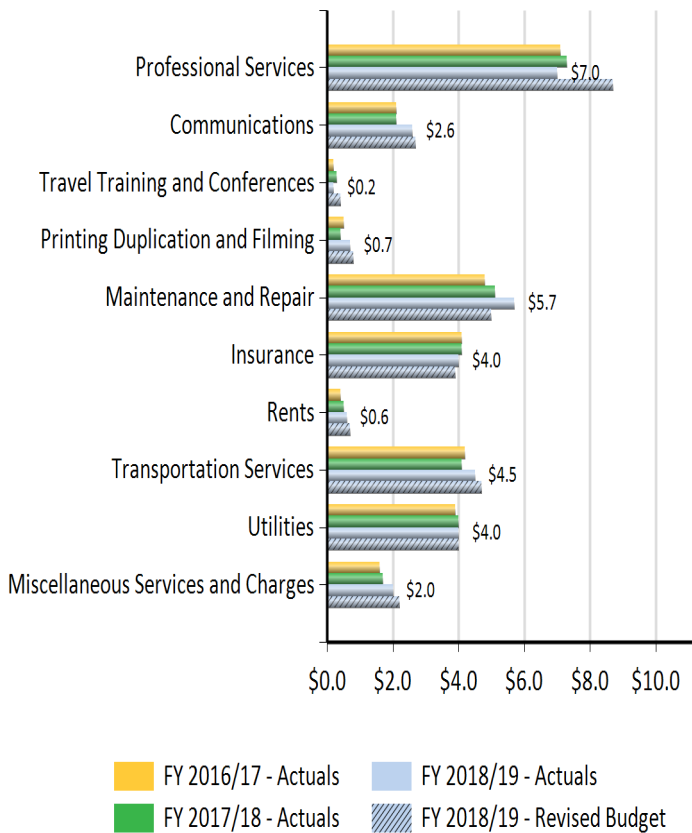
Personnel Services Macro Adjustments

	FY 2018/19	FY 2018/19	
	Adopted Budget	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)	3.6	(1.3)
Medical Leave Payouts	1.3	(0.6)	0.7
Vacation Leave Payouts	0.7	(0.3)	0.4
Vacation Trade Payouts	0.8	(0.7)	0.2
Compensation Other	5.7	(5.7)	-
Personnel Services Macro Adjustments Total	\$7.6	(\$7.3)	\$0.3

Total Saved/(Used) YTD of (\$7.3) million: The city has achieved \$3.6 million in vacancy savings year-to-date offset by (\$0.9) 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: December 2018)



Actual to Revised Budget variance of \$1.7 million or 5%: Professional Services is favorable due to the timing of contract payments including custodial, adult sports, leisure education, security, irrigation and landscape servicing, and Maricopa County Animal Control and there being a delay in the starting of fall mitigation projects. It is also related to a change in the Photo Enforcement contract reducing the number of cameras, there being a delay in ramping up the number process servers being equipped with body cameras, fewer people being sentenced to prison in Scottsdale Court than expected and to lower than anticipated armor car and banking service fees. Travel Training and Conferences is favorable due to fewer trainings and conferences being attended through this point in the fiscal year than expected. Printing Duplication and Filming is favorable primarily due to lower than expected printing and graphics costs in Community and Economic Development – Tourism and City Treasurer and lower than budgeted microfilming costs in Community & Economic Development – Planning. The unfavorable variance in Maintenance and Repair is due to the City Hall and Civic Center Library preparation for the Celebrate '68 events being budgeted in Commodities, while the expenses were incurred in Contractual Services. It is also due to unplanned large maintenance project expenses and an unbudgeted purchase of security software approved by the City Manager. Rents is favorable due to lower than expected number of vehicles leased by the city. Transportation Services is favorable due to lower than expected vehicle maintenance costs. Finally, Miscellaneous Services and Charges is favorable mainly due to the timing of invoices for election related costs and lower than expected legal services and allocations to non-profit agencies.

	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	\$7.1	\$7.3	\$7.0	\$8.7	\$1.7	20%
Communications	2.1	2.1	2.6	2.7	0.1	3%
Travel Training and Conferences	0.2	0.3	0.2	0.4	0.1	39%
Printing Duplication and Filming	0.5	0.4	0.7	0.8	0.1	8%
Maintenance and Repair	4.8	5.1	5.7	5.0	(0.7)	(14%)
Insurance	4.1	4.1	4.0	3.9	-	-
Rents	0.4	0.5	0.6	0.7	0.1	9%
Transportation Services	4.2	4.1	4.5	4.7	0.2	4%
Utilities	3.9	4.0	4.0	4.0	-	-
Miscellaneous Services and Charges	1.6	1.7	2.0	2.2	0.2	7%
Contractual Services Total	\$28.8	\$29.6	\$31.4	\$33.1	\$1.7	5%

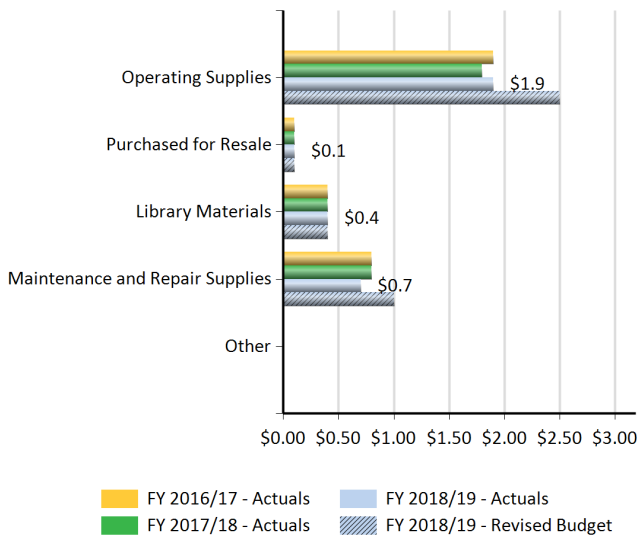
Contractual Services Macro Adjustments

	FY 2018/19	FY 2018/19	
	Adopted Budget	Year-To-Date Saved/(Used)	Remaining
Utilities	\$8.4	(\$4.0)	\$4.4
Contractual Services Macro Adjustments Total	\$8.4	(\$4.0)	\$4.4

Total Saved/(Used) YTD of (\$4.0) million: Electricity and Gas utilities expenditures are paid the month after the expenses actually occurred, therefore November's utilities are being reported in December. All other utilities are paid the month they occur.



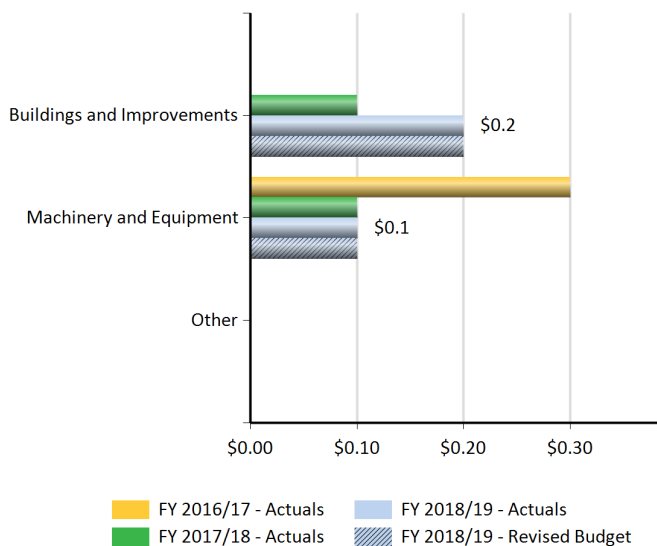
Commodities (Fiscal Year to Date: December 2018)



Actual to Revised Budget variance of \$0.9 million or 22%: Operating Supplies is favorable due to the timing of invoices and delays in purchases including furniture, outer vest carriers, uniforms, library e-materials and materials for the Preservation of Historical Documents project. Maintenance and Repair Supplies is favorable due primarily to the City Hall and Civic Center Library preparation for the Celebrate '68 events being budgeted in Commodities, while the expenses were incurred in Contractual Services. It is also due to delays in purchasing materials for sports field maintenance, ballistic vests and thermal imagers.

	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Operating Supplies	\$1.9	\$1.8	\$1.9	\$2.5	\$0.6	24%
Purchased for Resale	0.1	0.1	0.1	0.1	-	-
Library Materials	0.4	0.4	0.4	0.4	-	-
Maintenance and Repair Supplies	0.8	0.8	0.7	1.0	0.3	27%
Other	-	-	-	-	-	-
Commodities Total	\$3.1	\$3.1	\$3.1	\$4.0	\$0.9	22%

Capital Outlays (Fiscal Year to Date: December 2018)



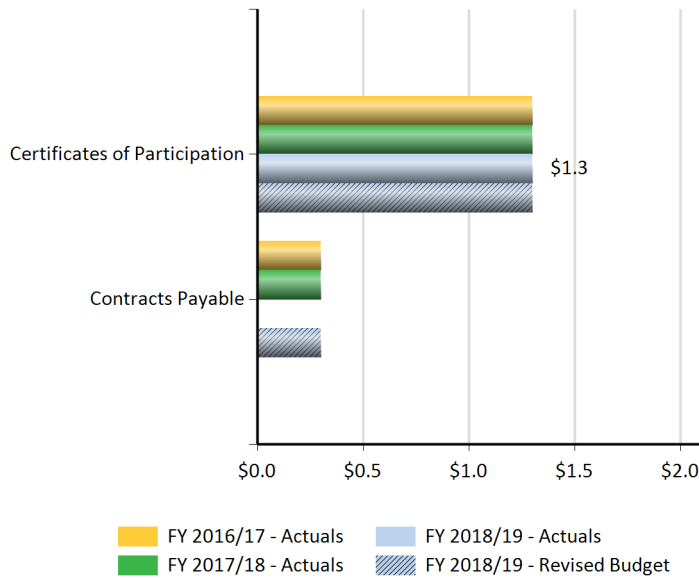
Actual to Revised Budget variance of \$0.1 million or 28%: Other Machinery and Equipment is favorable due to a delay in purchasing one-time accident investigation equipment.

	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Buildings and Improvements	\$ -	\$0.1	\$0.2	\$0.2	\$ -	-
Machinery and Equipment	0.3	0.1	0.1	0.1	0.1	47%
Other	-	-	-	-	-	-
Capital Outlays Total	\$0.3	\$0.2	\$0.3	\$0.4	\$0.1	28%



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

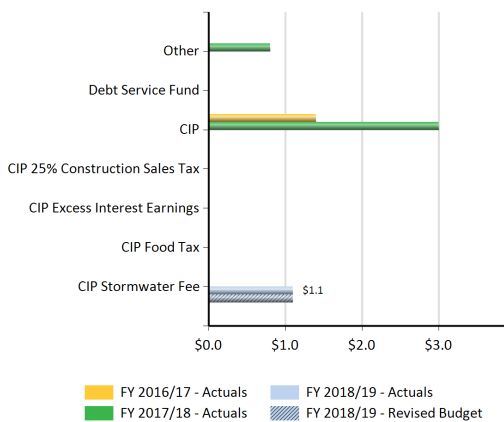
Actual to Revised Budget variance of \$0.3 million or 21%:
 Contracts Payable is favorable due to the timing of service concession arrangements.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Certificates of Participation	\$1.3	\$1.3	\$1.3	\$1.3	\$ -	-
Contracts Payable	\$0.3	\$0.3	\$ -	\$0.3	\$0.3	100%
Contracts Payable & COPs Total	\$1.6	\$1.6	\$1.3	\$1.6	\$0.3	21%

Transfers Out (Fiscal Year to Date: December 2018)

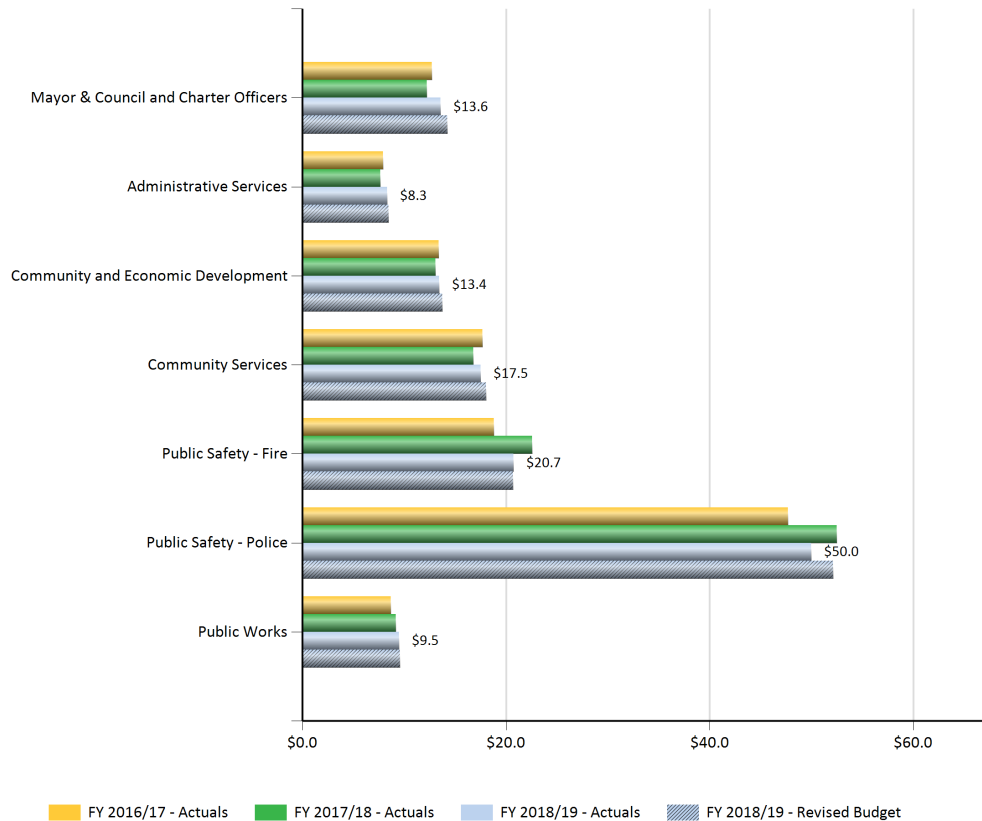
Actual to Revised Budget variance of \$0.0 million or 0%:
 No explanation necessary.



	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Other	\$ -	\$0.8	\$ -	\$ -	\$ -	-
Debt Service Fund	-	-	-	-	-	-
CIP	1.4	3.0	-	-	-	-
CIP 25% Construction Sales Tax	-	-	-	-	-	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
CIP Stormwater Fee	-	-	1.1	1.1	-	-
Transfers Out Total	\$1.4	\$3.8	\$1.1	\$1.1	\$ -	-



Division Expenditures (Fiscal Year to Date: December 2018)



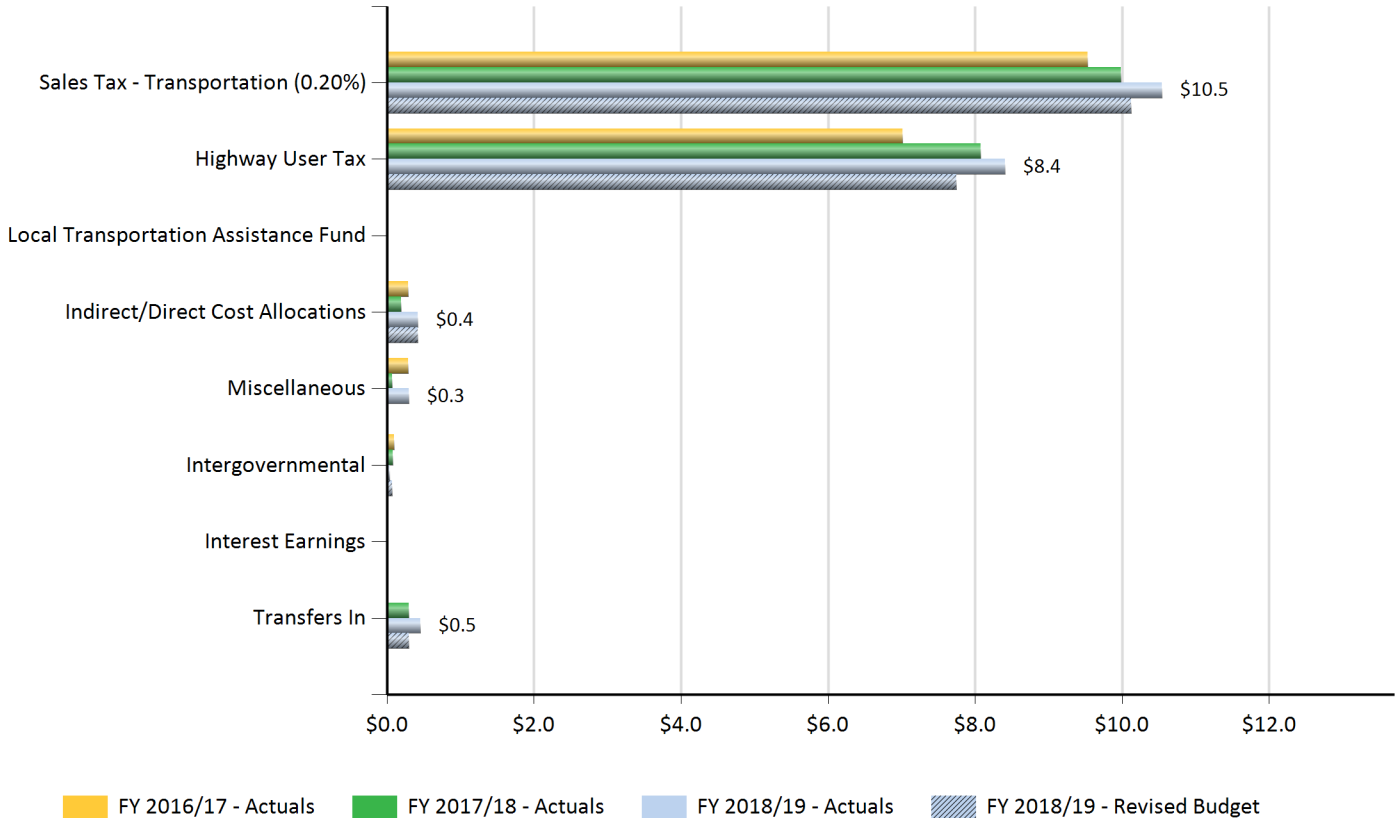
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2018/19	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$12.7	\$12.2	\$13.6	\$14.3	\$0.7	5%
Administrative Services	7.9	7.7	8.3	8.5	0.1	1%
Community and Economic Development	13.4	13.1	13.4	13.8	0.3	2%
Community Services	17.7	16.8	17.5	18.1	0.6	3%
Public Safety - Fire	18.8	22.6	20.7	20.7	-	-
Public Safety - Police	47.7	52.5	50.0	52.1	2.1	4%
Public Works	8.7	9.2	9.5	9.6	0.1	1%
Total	\$126.9	\$134.0	\$133.0	\$137.0	\$3.9	3%

Actual to Revised Budget variance of \$3.9 million or 3%: Mayor & Council and Charter Officers is favorable mainly due to lower than expected printing, armor car and banking service fees in the City Treasurer, lower than expected legal services and vacant positions in City Attorney, the timing of invoices in City Clerk and the timing of travel, training and conference expenses in City Manager. Community and Economic Development is favorable mostly due to lower than anticipated expenses for the new Customized Expedited Program in the Planning and Development Department as fewer people are utilizing the program than expected. It is also related to lower printing and graphics costs in the Tourism and Events Department and microfilming costs in the Planning and Development Department. Community Services is favorable due to lower registration for professional services related to adult sports and leisure education, fewer allocations to non-profits, lower vehicle maintenance costs, the timing of invoices, delays in starting projects and the purchase of sport field maintenance materials and less than anticipated irrigation and landscape servicing maintenance contract costs. Public Safety – Police is favorable due to rank promotions with replacement employees coming in at a lower rate, more Public Safety – Police sworn employees entering the Deferred Retirement Option Plan (DROP) program than anticipated, the timing of invoices, a change in the Photo Enforcement contract that reduces the number of cameras, the timing of the payments for the Maricopa County Animal Control and security contracts, fewer people being sentenced to prison in Scottsdale Court than expected and a delay in purchasing furniture, outer vest carriers and the equipping of process servers with body cameras. Public Works is showing as slightly favorable, however there is actually a large favorable variance being offset by an almost equally large unfavorable variance. The favorable variance is due to there being delays in the start of some scheduled projects. This is almost completely offset, however, by unexpected large maintenance projects and there being higher than expected maintenance costs in preparation for the Scottsdale '68 events.

\$ in millions / rounding differences may occur



Sources (Fiscal Year to Date: December 2018)



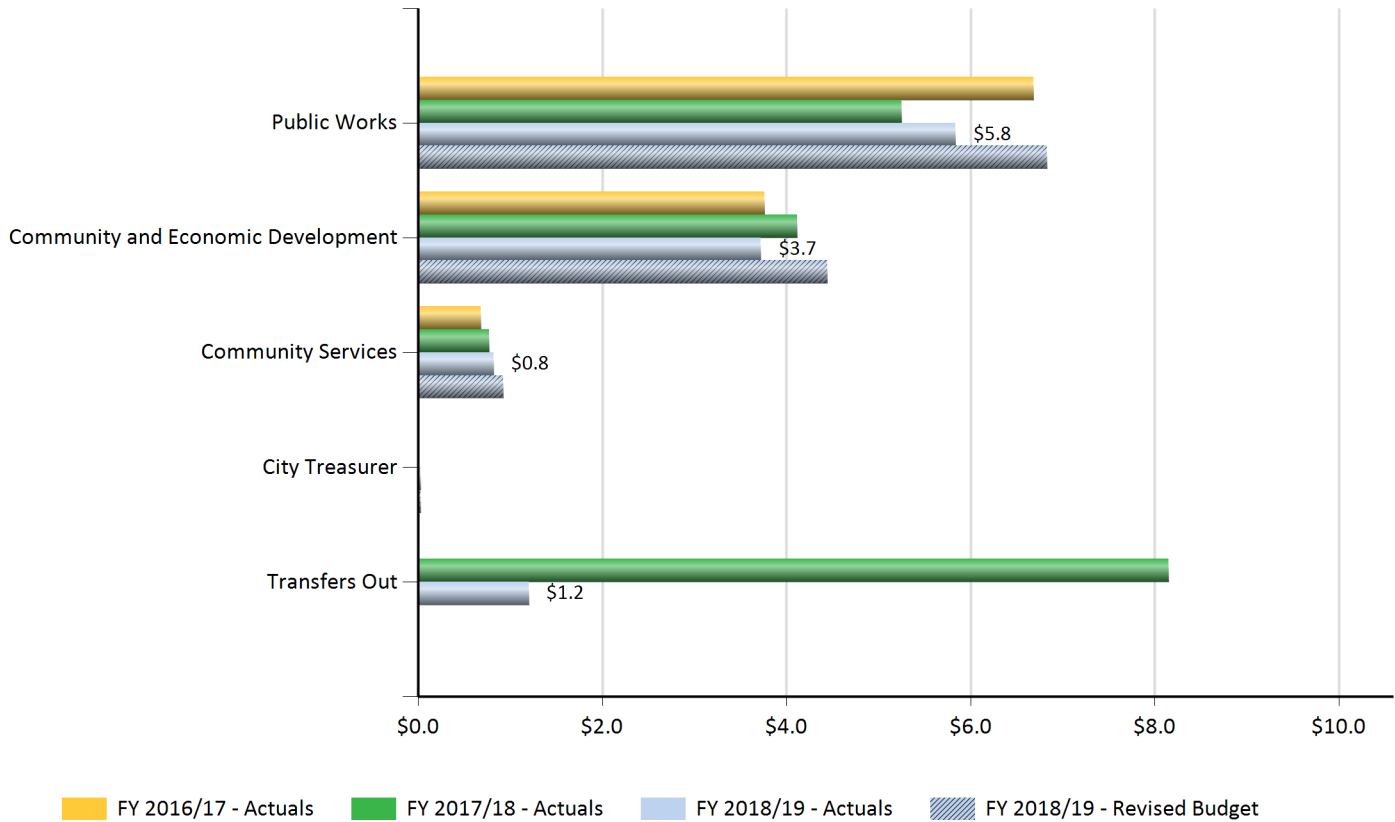
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Sales Tax - Transportation (0.20%)	\$9.5	\$10.0	\$10.5	\$10.1	\$0.4	4%
Highway User Tax	7.0	8.1	8.4	7.7	0.7	9%
Local Transportation Assistance Fund	-	-	-	-	-	-
Indirect/Direct Cost Allocations	0.3	0.2	0.4	0.4	-	-
Miscellaneous	0.3	0.1	0.3	-	0.3	nm
Intergovernmental	0.1	0.1	-	0.1	-	-
Interest Earnings	-	-	-	-	-	-
Transfers In	-	0.3	0.5	0.3	0.2	53%
Total Sources	\$17.2	\$18.7	\$20.2	\$18.7	\$1.5	8%

Actual to Revised Budget variance of \$1.5 million or 8%:

The favorable variance in Sales Tax - Transportation (0.20%) is derived from revenue fluctuations within individual Sales Tax categories. In addition, it is influenced by the unpredictability of the timing in collection by Arizona Department of Revenue. 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 Recovery of Expenses for FY 2017/18 transit operations from the City of Phoenix that were 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: December 2018)



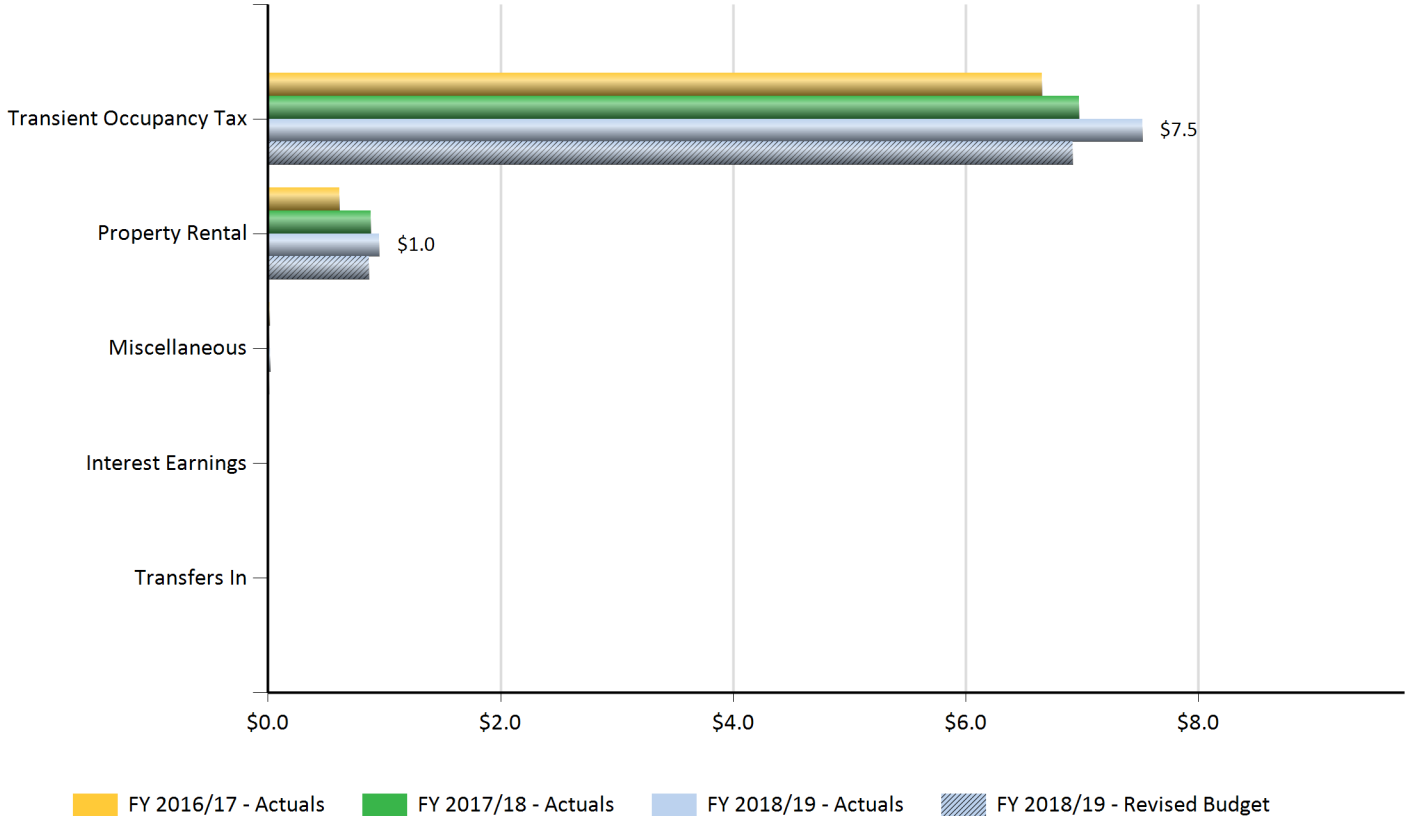
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$6.7	\$5.2	\$5.8	\$6.8	\$1.0	15%
Community and Economic Development	3.8	4.1	3.7	4.4	0.7	16%
Community Services	0.7	0.8	0.8	0.9	0.1	12%
City Treasurer	-	-	-	-	-	-
Transfers Out	-	8.1	1.2	-	(1.2)	n/a
Total Uses	\$11.1	\$18.3	\$11.6	\$12.2	\$0.6	5%

Actual to Revised Budget variance of \$0.6 million or 5%:

The favorable variance in Public Works is primarily related to the timing of invoices for fiberseal projects. In addition, there have been delays in starting some of the fiberseal projects due to the difficulty in finding contractors. It is also related to the postponement of concrete repair projects due to limited contractor availability. The favorable variance in Community and Economic Development is due to a hold on the Valley Metro and City of Phoenix invoices pending a response on discrepancies regarding the amounts and services covered by the City of Phoenix. Adding to the favorable variance are less than anticipated forecasted maintenance and repair costs for trolleys as well as fuel savings. The favorable variance in Community Services is due to a lack of contracted staff for right-of-way, median landscaping, and storm drain clean-up throughout Scottsdale. The unfavorable variance in Transfers Out is related to use of the Transportation Undesignated, Unreserved Fund Balance in the CIP to fund the Drinkwater Interim Structural Repairs project.



Sources (Fiscal Year to Date: December 2018)



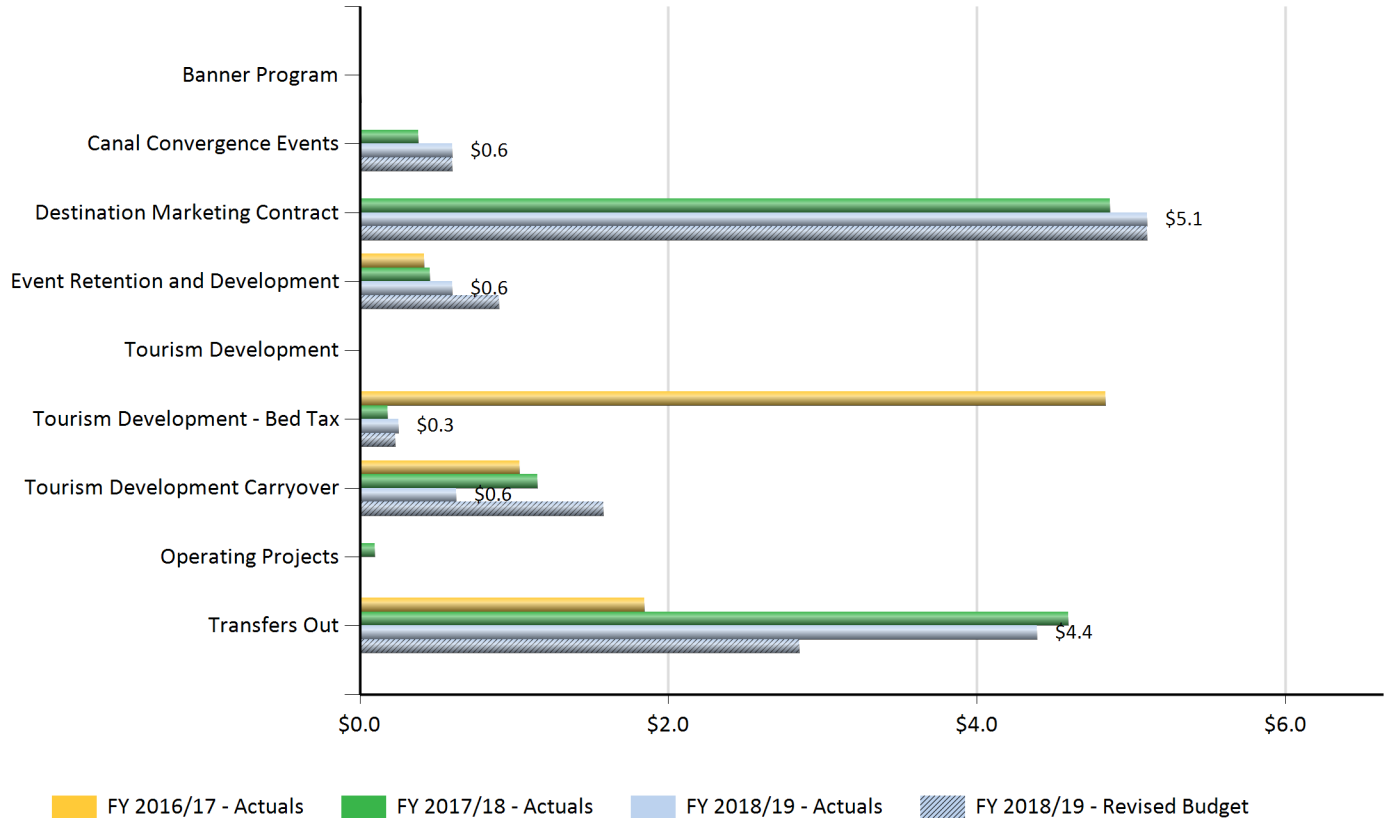
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Transient Occupancy Tax	\$6.7	\$7.0	\$7.5	\$6.9	\$0.6	9%
Property Rental	0.6	0.9	1.0	0.9	0.1	10%
Miscellaneous	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$7.3	\$7.9	\$8.5	\$7.8	\$0.7	9%

Actual to Revised Budget variance of \$0.7 million or 9%:

The favorable variances in Transient Occupancy Tax and in Property Rental are due in part to the growing economy that resulted in higher Bed Tax collections and higher than estimated lease payments from the Fairmont Scottsdale Princess Hotel.



Uses (Fiscal Year to Date: December 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	-	0.4	0.6	0.6	-	-
Destination Marketing Contract	-	4.9	5.1	5.1	-	-
Event Retention and Development	0.4	0.5	0.6	0.9	0.3	34%
Tourism Development	-	-	-	-	-	-
Tourism Development - Bed Tax	4.8	0.2	0.3	0.2	-	-
Tourism Development Carryover	1.0	1.2	0.6	1.6	1.0	60%
Operating Projects	-	0.1	-	-	-	-
Transfers Out	1.8	4.6	4.4	2.8	(1.5)	(54%)
Total Uses	\$8.1	\$11.7	\$11.6	\$11.3	(\$0.3)	(3%)

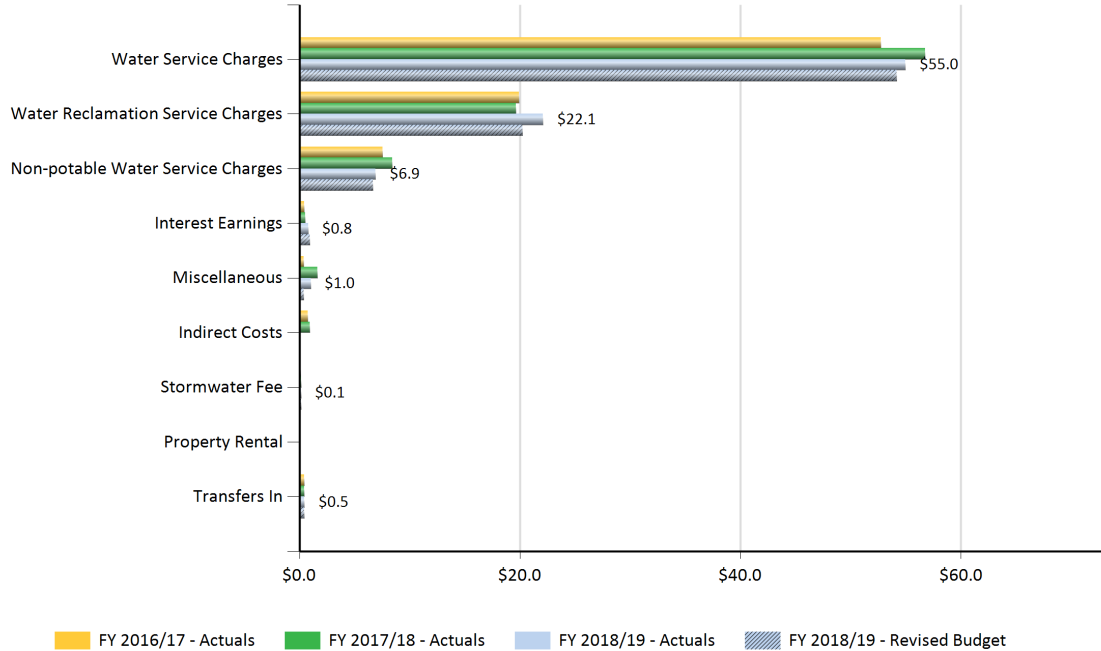
Actual to Revised Budget variance of (\$0.3) million or (3%):

The favorable variance in Event Retention and Development is due to to timing in event funding requests. The favorable variance in Tourism Development Carryover is mostly due to the timing of expenses for pedestrian signs and invoices for Scottsdazzle. The unfavorable variance in Transfers Out is due to the early transfer of debt service payments budgeted later in the year and 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: December 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
Water Service Charges	\$52.7	\$56.8	\$55.0	\$54.2	\$0.8	1%
Water Reclamation Service Charges	19.9	19.6	22.1	20.3	1.8	9%
Non-potable Water Service Charges	7.5	8.4	6.9	6.6	0.2	4%
Interest Earnings	0.4	0.5	0.8	0.9	(0.2)	(17%)
Miscellaneous	0.4	1.7	1.0	0.4	0.6	nm
Indirect Costs	0.8	0.9	-	-	-	-
Stormwater Fee	0.1	0.1	0.1	0.2	-	-
Property Rental	-	-	-	-	-	-
Transfers In	0.5	0.5	0.5	0.5	-	-
Total Sources	\$82.3	\$88.5	\$86.4	\$83.0	\$3.4	4%

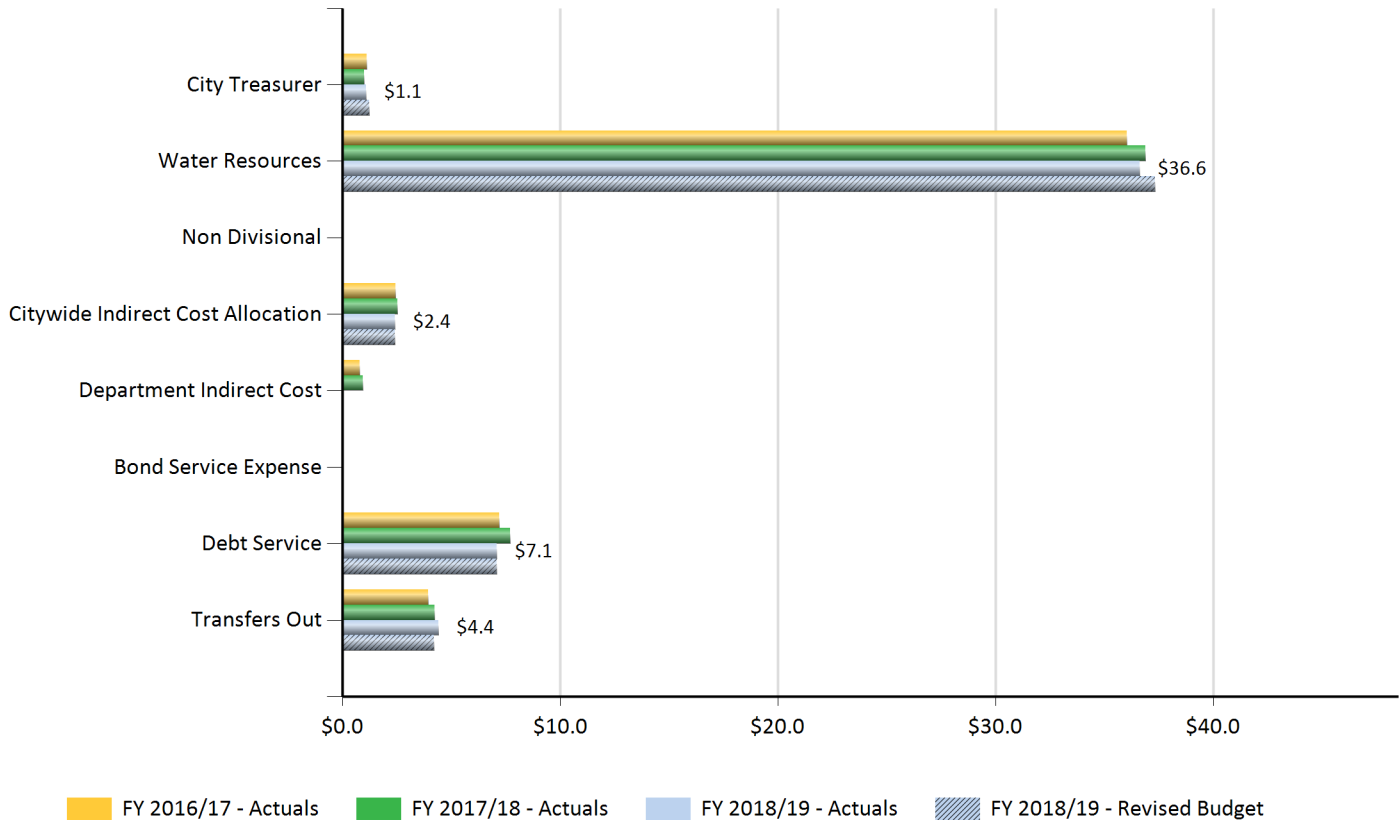
Actual to Revised Budget variance of \$3.4 million or 4%:

The favorable variance in Water Service Charges is driven by: 1) water deliveries which are coming in higher than the three-year running average in Scottsdale as well as the other cities Scottsdale provides water to (especially Carefree and Tonto Hills); 2) due to higher than expected temperatures in the first three months of the fiscal year; 3) unexpected increases in utility billing accounts and; 4) first time connections and fees per meter size. Water Reclamation Service Charges is favorable due to a higher than expected number of new sewer customer billings and higher deliveries than budgeted. The budget was based on previous winter deliveries. Non-potable Water Service Charges is favorable mainly due to the resale of indirect treated effluent mistakenly not being included in the FY 2018/19 revenue projections. It is also due to higher irrigation sales than expected for WestWorld, the receipt of contractual settlements with the superfund sites not being budgeted and the timing of invoices. The favorable variance is partially offset by less Reclaimed Water Distribution System (RWDS) revenue generated than planned from sales of the new lower cost reverse osmosis (R/O) chemical formulation to golf courses. Interest Earnings is unfavorable due to 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, an increase in participation agreements, and Ground Water Savings Facility payments not anticipated but received.



Water and Water Reclamation Funds

Uses (Fiscal Year to Date: December 2018)



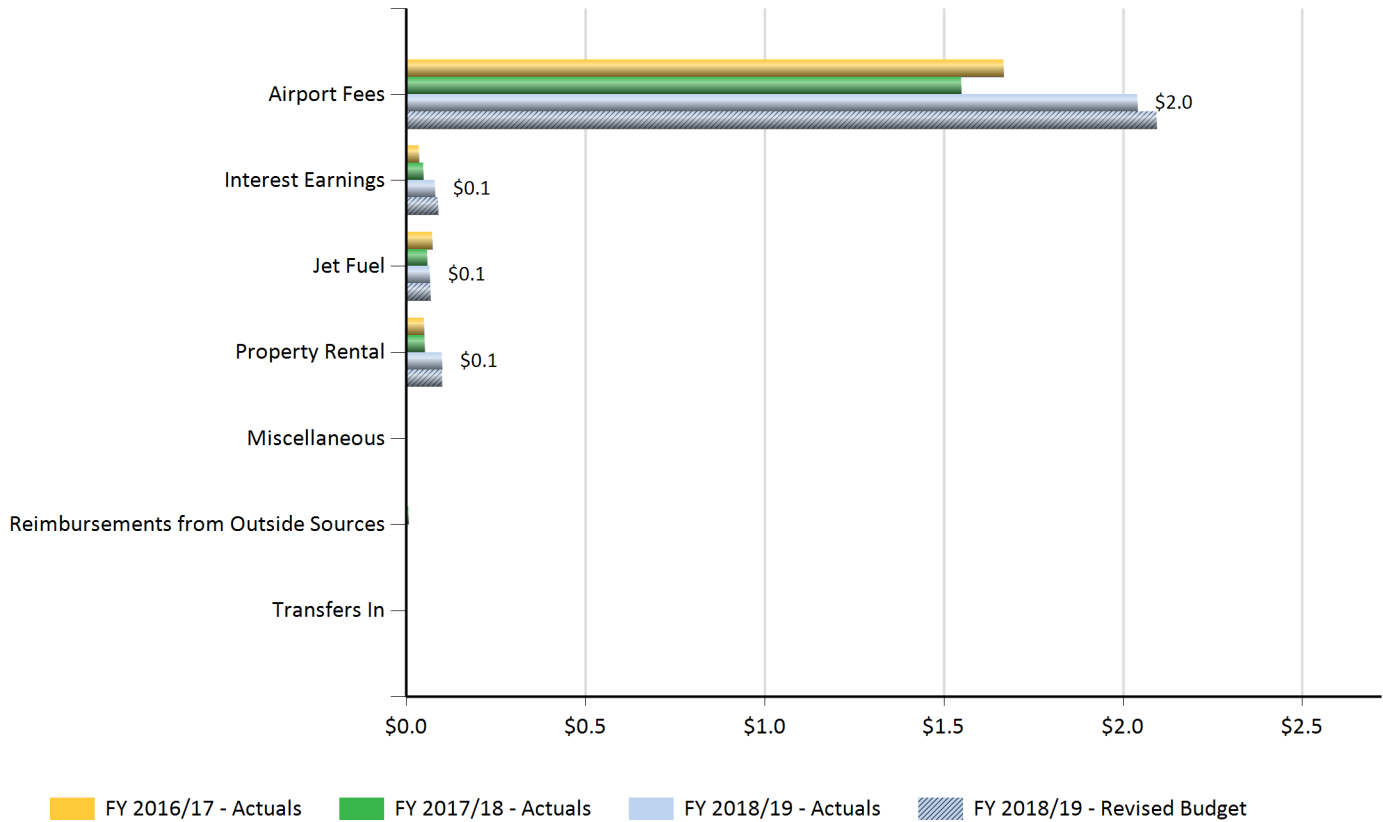
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget	
					Favorable / (Unfavorable) Amount	Percent
City Treasurer	\$1.1	\$1.0	\$1.1	\$1.2	\$0.2	13%
Water Resources	36.1	36.9	36.6	37.3	0.7	2%
Non Divisional	-	-	-	-	-	-
Citywide Indirect Cost Allocation	2.4	2.5	2.4	2.4	-	-
Department Indirect Cost	0.8	0.9	-	-	-	-
Bond Service Expense	-	-	-	-	-	-
Debt Service	7.2	7.7	7.1	7.1	-	-
Transfers Out	3.9	4.2	4.4	4.2	(0.2)	(5%)
Total Uses	\$51.5	\$53.3	\$51.6	\$52.2	\$0.7	1%

Actual to Revised Budget variance of \$0.7 million or 1%:

There is a favorable variance in City Treasurer mainly due to the timing of software maintenance costs and postage expenses being less than expected. The favorable variance in Water Resources is mainly due to the receipt of higher levels of Arizona Power Authority (APS) energy credits than expected, fewer deliveries required to provide R/O treated effluent to the Reclaimed Water Distribution System (RWDS) based on a lower demand, and a lower than anticipated need to purchase Treatment Filter Media based on water quality and production levels. The favorable variance is partially offset by a higher level of wastewater sent to the Sub-Regional Operating Group than anticipated based on supply, more water purchased than expected, a greater than expected need for treatment chemicals and a greater rate of failures of pumps, motors and other large equipment than anticipated. The unfavorable variance in Transfers Out is due to the timing of the McDowell Mountain Ranch replacement reserve transfer which was completed in December, but budgeted in June.



Sources (Fiscal Year to Date: December 2018)



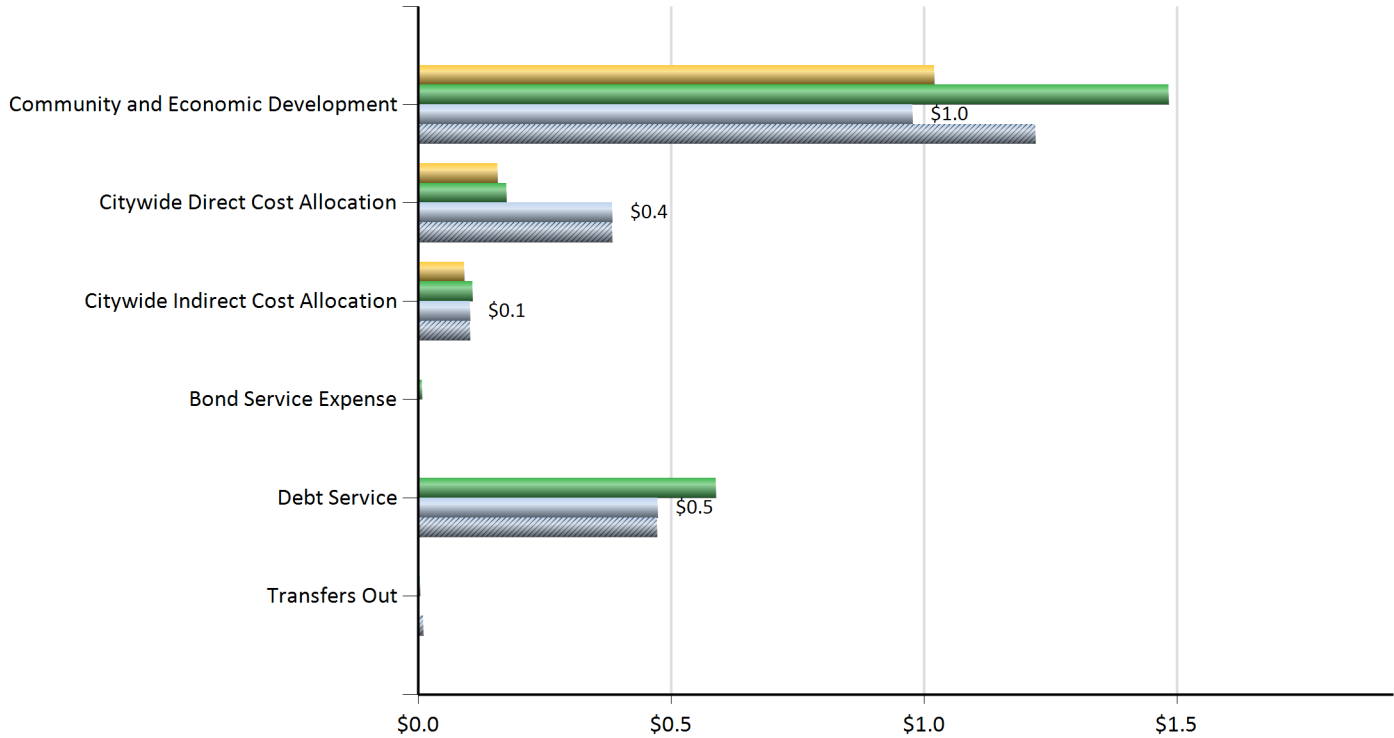
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Airport Fees	\$1.7	\$1.5	\$2.0	\$2.1	(\$0.1)	(3%)
Interest Earnings	-	-	0.1	0.1	-	-
Jet Fuel	0.1	0.1	0.1	0.1	-	-
Property Rental	0.1	0.1	0.1	0.1	-	-
Miscellaneous	-	-	-	-	-	-
Reimbursements from Outside Sources	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$1.8	\$1.7	\$2.3	\$2.4	(\$0.1)	(3%)

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

No explanation necessary.



Uses (Fiscal Year to Date: December 2018)



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

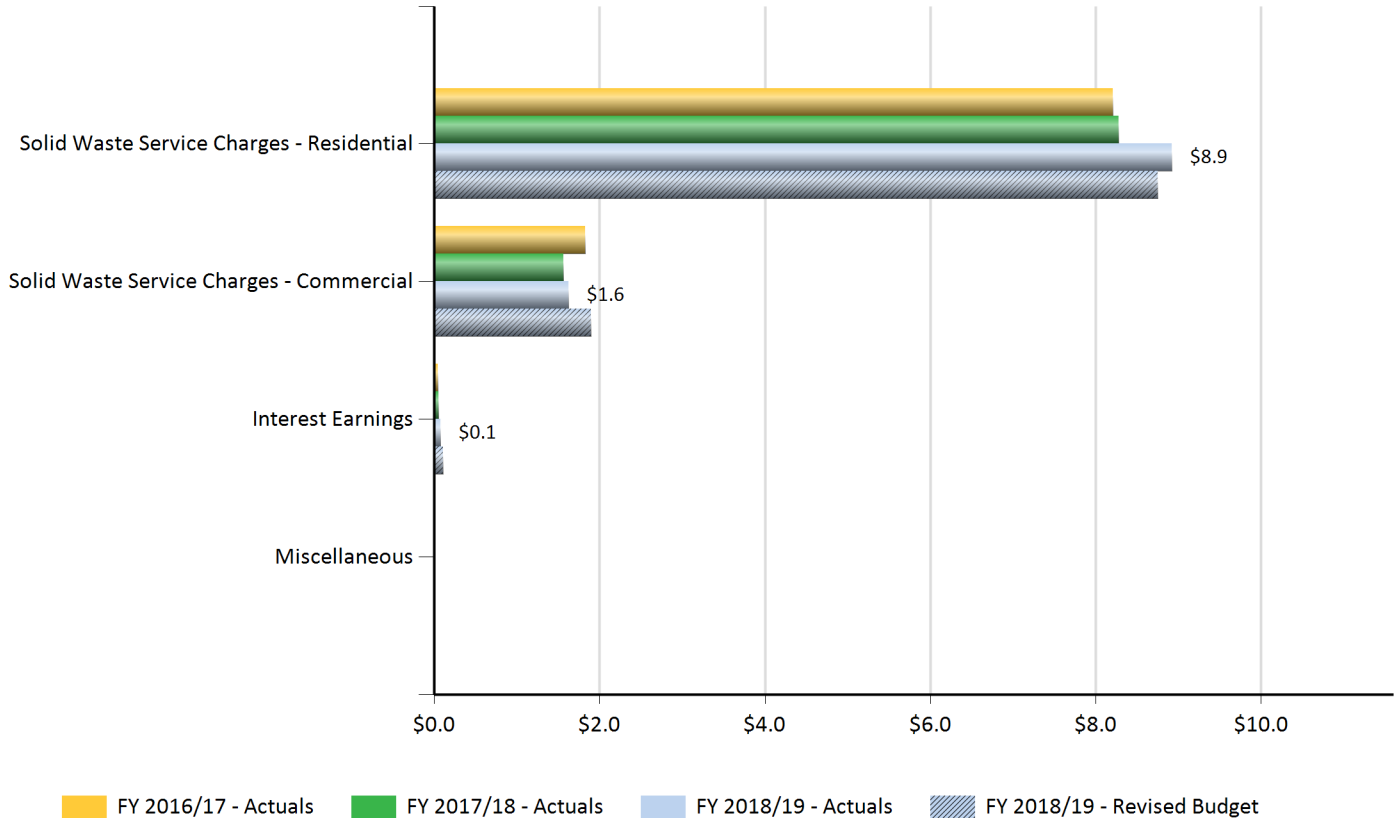
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2018/19	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Community and Economic Development	\$1.0	\$1.5	\$1.0	\$1.2	\$0.2	20%
Citywide Direct Cost Allocation	0.2	0.2	0.4	0.4	-	-
Citywide Indirect Cost Allocation	0.1	0.1	0.1	0.1	-	-
Bond Service Expense	-	-	-	-	-	-
Debt Service	-	0.6	0.5	0.5	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$1.3	\$2.4	\$1.9	\$2.2	\$0.3	12%

Actual to Revised Budget variance of \$0.3 million or 12%:

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: December 2018)



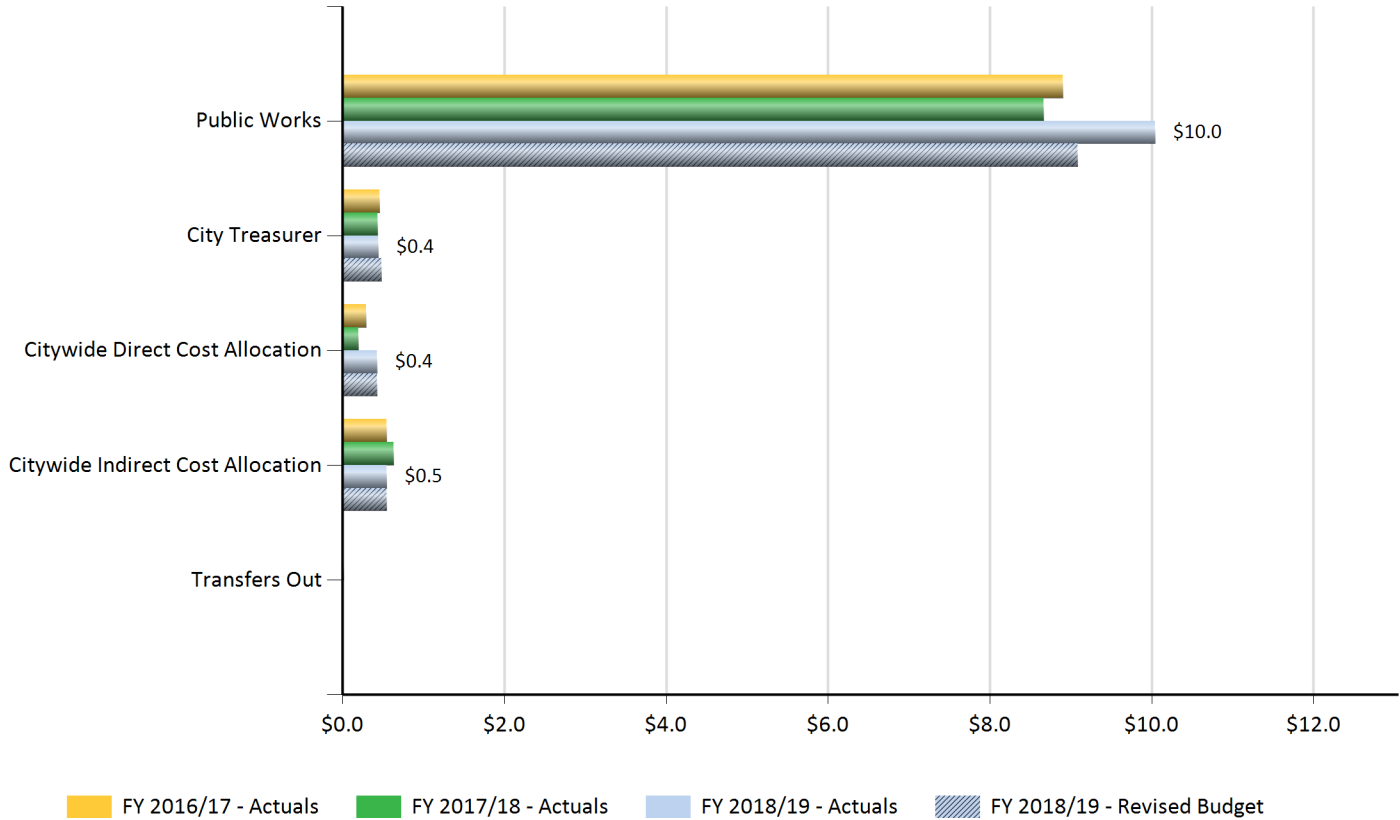
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Solid Waste Service Charges - Residential	\$8.2	\$8.3	\$8.9	\$8.7	\$0.2	2%
Solid Waste Service Charges - Commercial	1.8	1.6	1.6	1.9	(0.3)	(15%)
Interest Earnings	-	-	0.1	0.1	-	-
Miscellaneous	-	-	-	-	-	-
Total Sources	\$10.1	\$9.9	\$10.6	\$10.8	(\$0.1)	(1%)

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

The favorable variance in Solid Waste Service Charges – Residential is due to more residential accounts active than projected. The unfavorable variance in Solid Waste Service Charges – Commercial is due to the 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: December 2018)



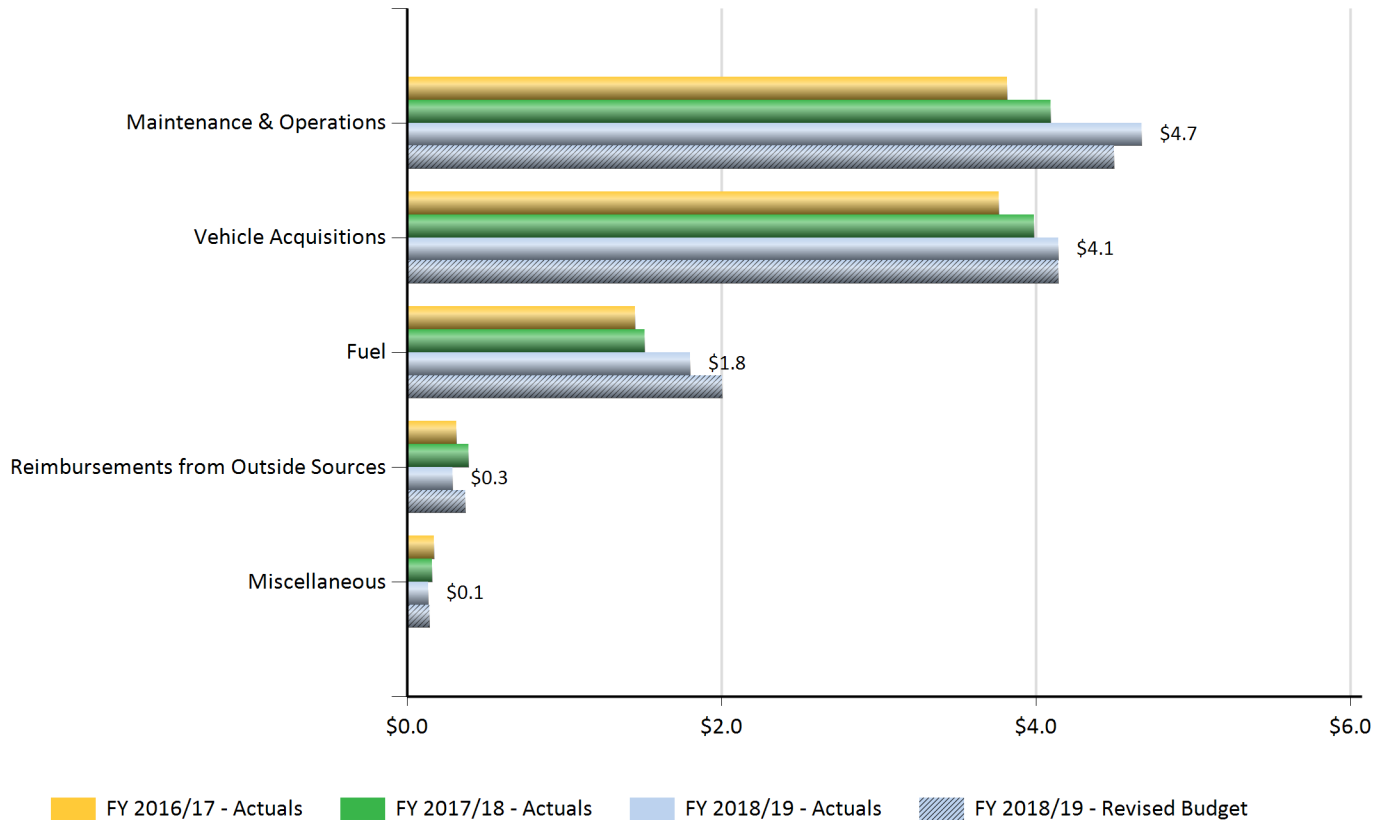
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$8.9	\$8.7	\$10.0	\$9.1	(\$1.0)	(11%)
City Treasurer	0.5	0.4	0.4	0.5	-	-
Citywide Direct Cost Allocation	0.3	0.2	0.4	0.4	-	-
Citywide Indirect Cost Allocation	0.5	0.6	0.5	0.5	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$10.2	\$9.9	\$11.4	\$10.6	(\$0.9)	(9%)

Actual to Revised Budget variance of (\$0.9) million or (9%):

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 and hydraulic systems, and overall higher than expected vehicle repair costs. Also contributing to the unfavorable variance is the earlier than expected delivery of a new collection vehicle truck chassis, the greater need to bulk purchase refuse containers than expected, and a higher level of overtime required due to longstanding staff vacancies and a higher than expected demand for brush/bulk collection service.



Sources (Fiscal Year to Date: December 2018)



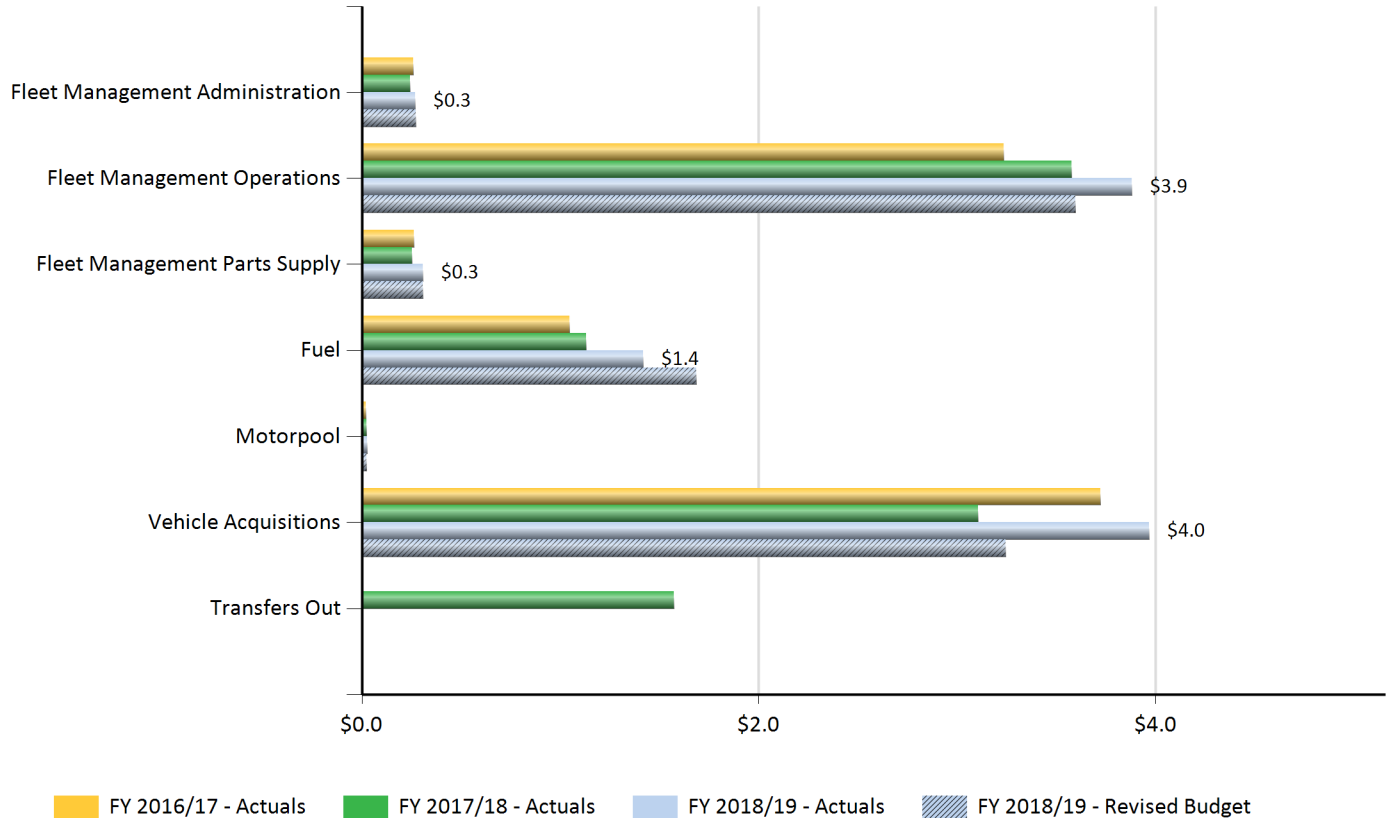
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2018/19	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Maintenance & Operations	\$3.8	\$4.1	\$4.7	\$4.5	\$0.2	4%
Vehicle Acquisitions	3.8	4.0	4.1	4.1	-	-
Fuel	1.4	1.5	1.8	2.0	(0.2)	(10%)
Reimbursements from Outside Sources	0.3	0.4	0.3	0.4	(0.1)	(22%)
Miscellaneous	0.2	0.2	0.1	0.1	-	-
Total Sources	\$9.5	\$10.2	\$11.0	\$11.2	(\$0.1)	(1%)

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

The favorable variance in Maintenance & Operations is related to a higher level of vehicle maintenance needs from other divisions than expected. The unfavorable variance in Fuel is due to a decreased charge to divisions for unleaded and diesel fuel as prices have declined. The unfavorable variance in Reimbursements from Outside Sources is due to lower than anticipated Risk Chargebacks than budgeted.



Uses (Fiscal Year to Date: December 2018)



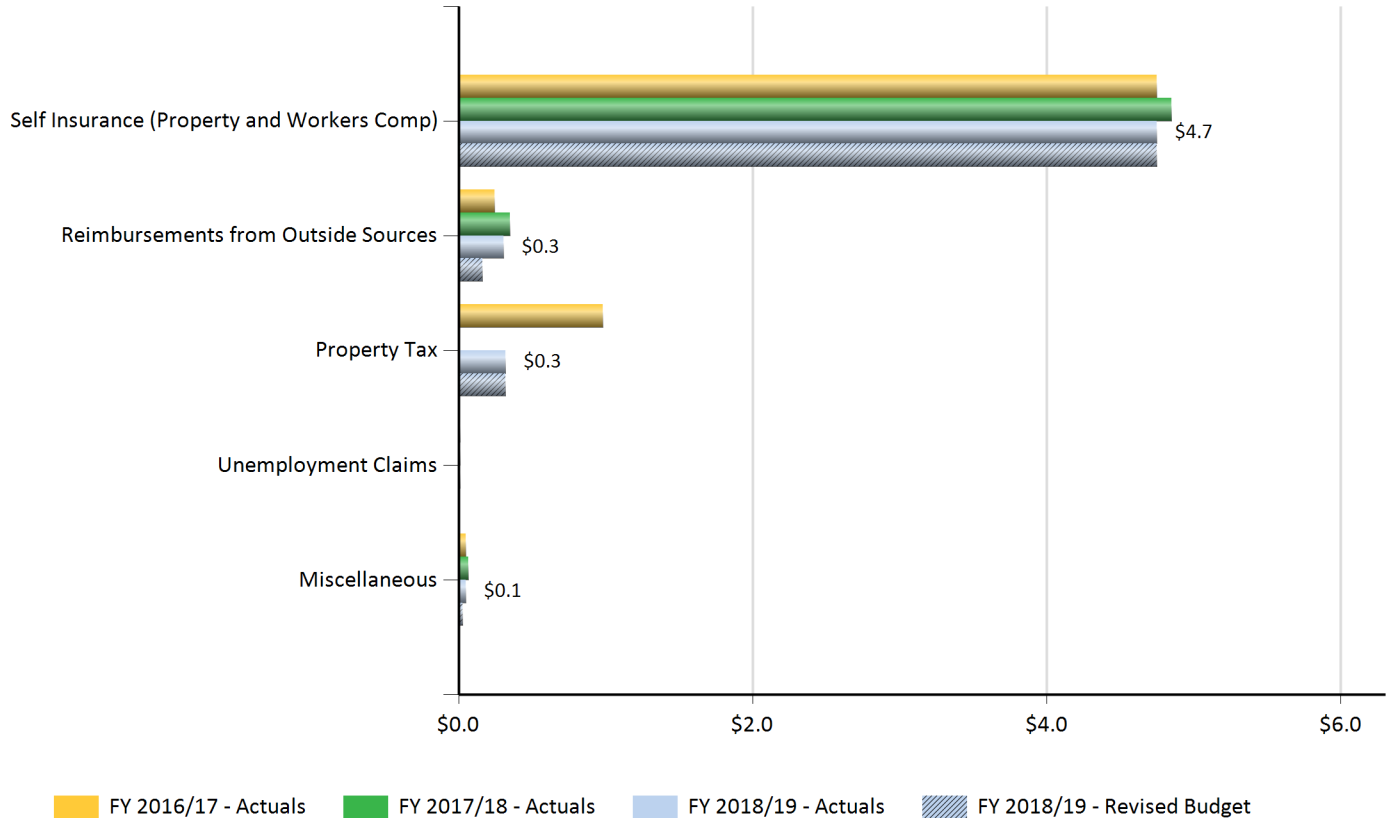
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Fleet Management Administration	\$0.3	\$0.2	\$0.3	\$0.3	\$ -	-
Fleet Management Operations	3.2	3.6	3.9	3.6	(0.3)	(8%)
Fleet Management Parts Supply	0.3	0.3	0.3	0.3	-	-
Fuel	1.0	1.1	1.4	1.7	0.3	16%
Motorpool	-	-	-	-	-	-
Vehicle Acquisitions	3.7	3.1	4.0	3.2	(0.7)	(22%)
Transfers Out	-	1.6	-	-	-	-
Total Uses	\$8.5	\$9.9	\$9.9	\$9.1	(\$0.7)	(8%)

Actual to Revised Budget variance of (\$0.7) million or (8%):

The unfavorable variance in Fleet Management Operations is primarily related to an unanticipated repair to a Solid Waste vehicle hydraulic system, a bus hybrid system repair, as well as repairs to a street sweeper’s main water tank. The favorable variance in Fuel is due to the decrease in unleaded and diesel fuel prices. The unfavorable variance in Vehicle Acquisitions is related to the prepayment of a fire apparatus vehicles in order to lock in savings.



Sources (Fiscal Year to Date: December 2018)



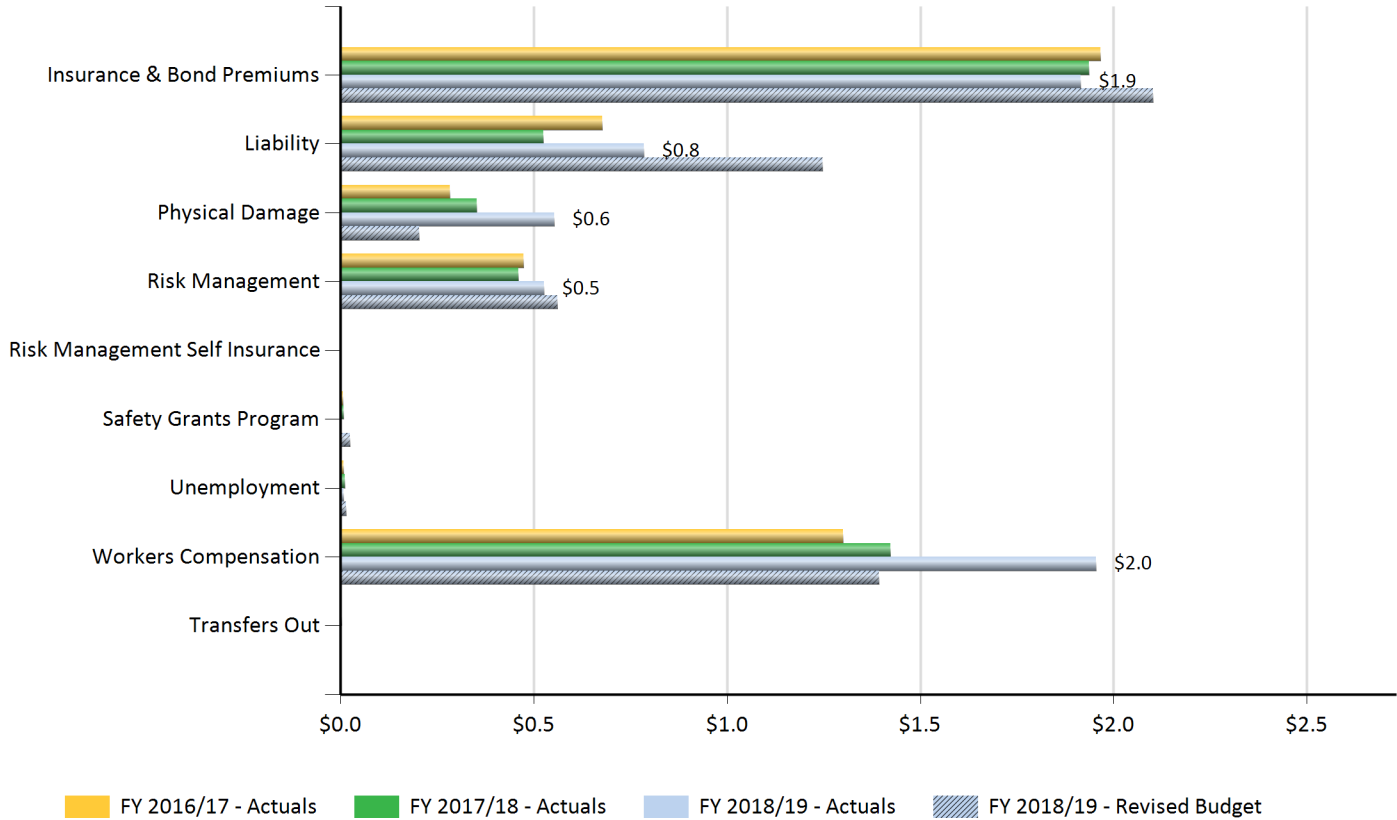
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Self Insurance (Property and Workers Comp)	\$4.7	\$4.8	\$4.7	\$4.7	\$ -	-
Reimbursements from Outside Sources	0.2	0.4	0.3	0.2	0.1	90%
Property Tax	1.0	-	0.3	0.3	-	-
Unemployment Claims	-	-	-	-	-	-
Miscellaneous	-	0.1	0.1	-	-	-
Total Sources	\$6.0	\$5.3	\$5.4	\$5.3	\$0.2	3%

Actual to Revised Budget variance of \$0.2 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: December 2018)



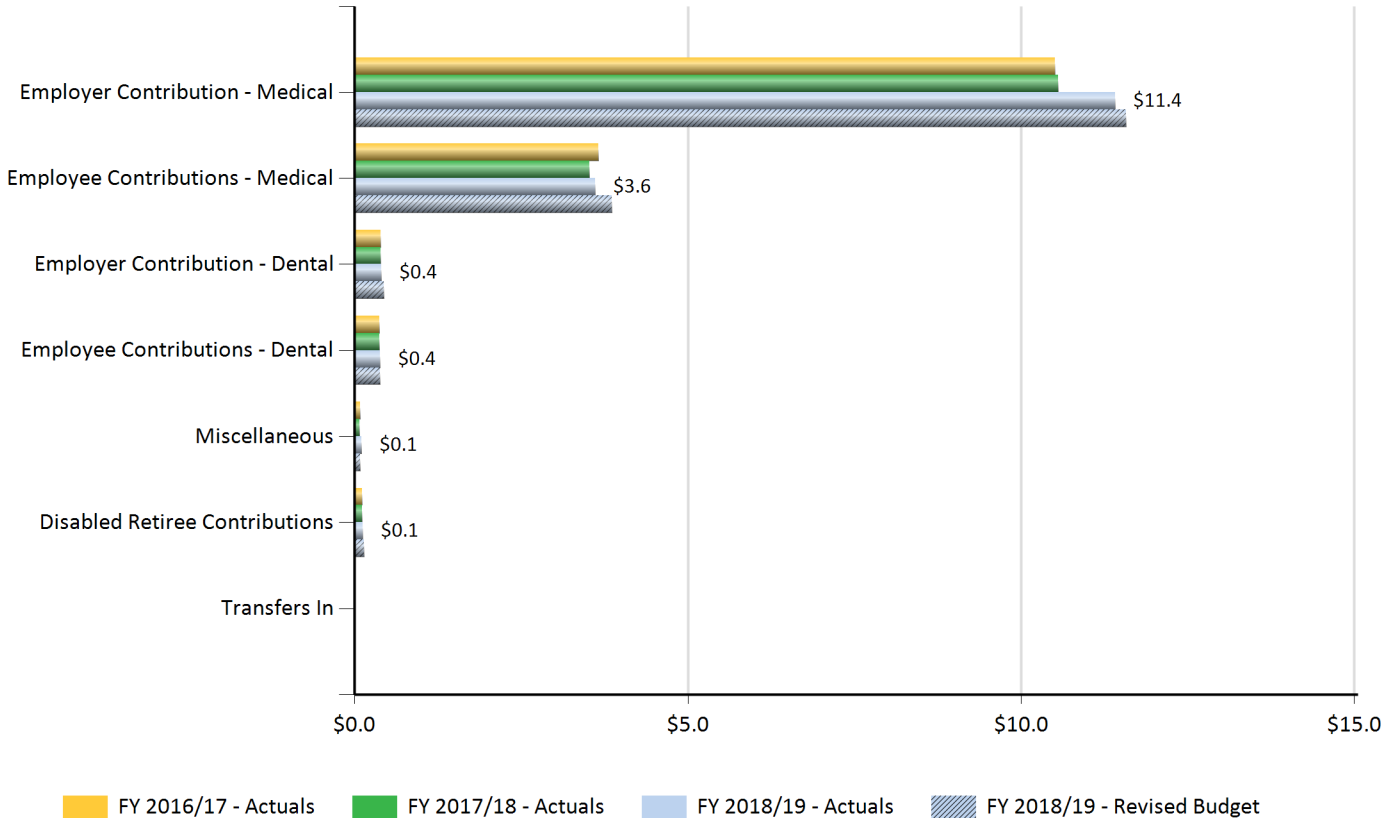
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Insurance & Bond Premiums	\$2.0	\$1.9	\$1.9	\$2.1	\$0.2	9%
Liability	0.7	0.5	0.8	1.2	0.5	37%
Physical Damage	0.3	0.4	0.6	0.2	(0.4)	nm
Risk Management	0.5	0.5	0.5	0.6	-	-
Risk Management Self Insurance	-	-	-	-	-	-
Safety Grants Program	-	-	-	-	-	-
Unemployment	-	-	-	-	-	-
Workers Compensation	1.3	1.4	2.0	1.4	(0.6)	(40%)
Transfers Out	-	-	-	-	-	-
Total Uses	\$4.7	\$4.7	\$5.7	\$5.5	(\$0.2)	(4%)

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

The favorable variance in Insurance & Bond Premiums is due to General Liability expenses being less than anticipated. This favorable variance will carry throughout the fiscal year as the premiums are paid once a year. The favorable variance in Liability is due to the unpredictability of claim amounts for damage to city property, attorney fees, or miscellaneous expenses during trial. The unfavorable variance in Physical Damage is due to a higher level of property damage claims than expected. Examples of these include possible environmental property impairment at the crime lab that needed expert investigation and testing; tent and shade repairs due to storm damage; and fire suppression control panel repair. The unfavorable variance in Workers' Compensation is due to higher than expected statutory wages being paid due to multiple people on worker compensation leave as well as surgical complications resulting in a higher expense than anticipated. The city's policy on Transitional Duty has changed. Subsequently, there will be more people staying home and collecting income benefits.



Sources (Fiscal Year to Date: December 2018)



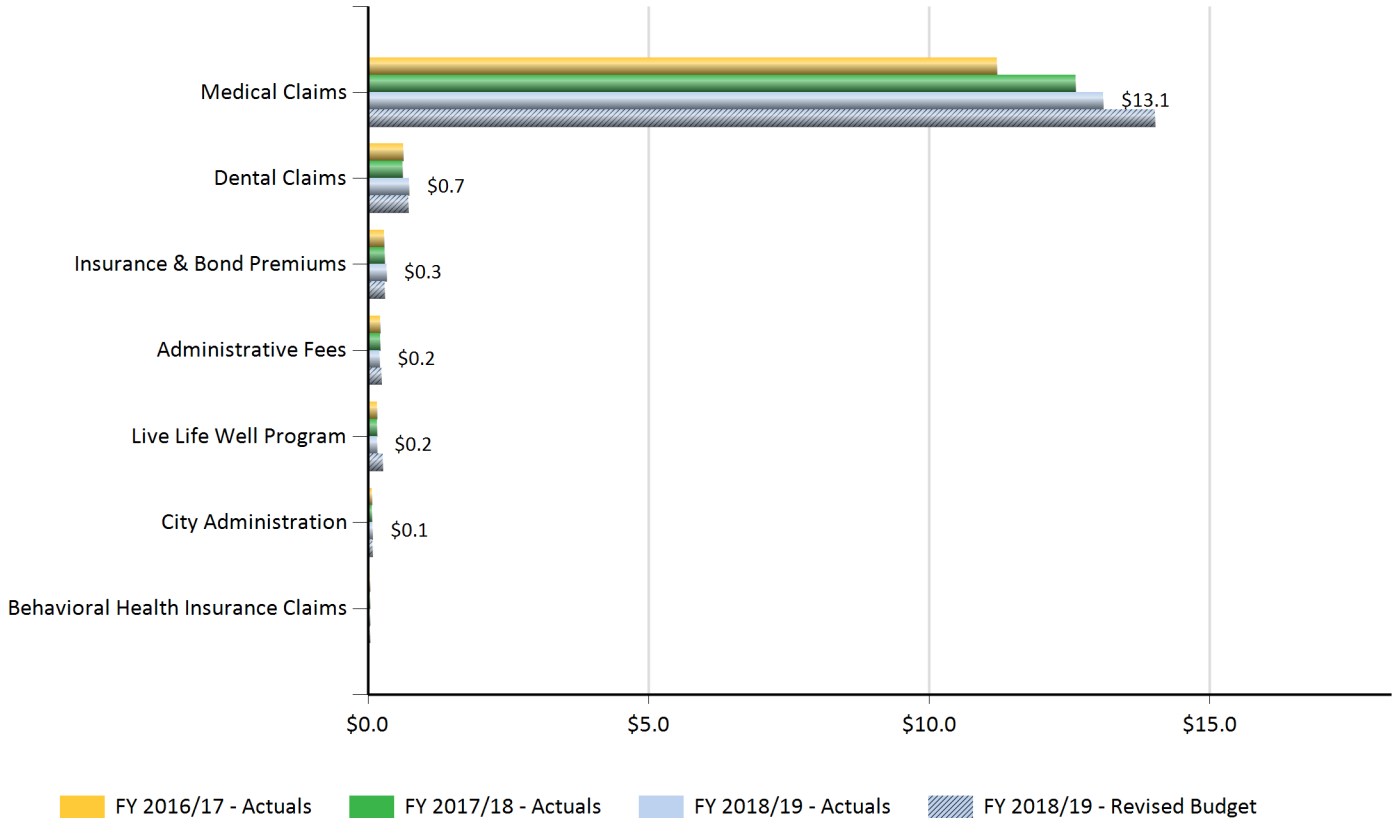
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2018/19 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Employer Contribution - Medical	\$10.5	\$10.6	\$11.4	\$11.6	(\$0.2)	(1%)
Employee Contributions - Medical	3.7	3.5	3.6	3.9	(0.2)	(6%)
Employer Contribution - Dental	0.4	0.4	0.4	0.4	-	-
Employee Contributions - Dental	0.4	0.4	0.4	0.4	-	-
Miscellaneous	0.1	0.1	0.1	0.1	-	-
Disabled Retiree Contributions	0.1	0.1	0.1	0.1	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$15.1	\$15.0	\$16.0	\$16.5	(\$0.4)	(3%)

Actual to Revised Budget variance of (\$0.4) million or (3%):

The unfavorable variance in Employer Contribution - Medical and in Employee Contributions - Medical is due to plan selection, which occurs after the budget is prepared.



Uses (Fiscal Year to Date: December 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
Medical Claims	\$11.2	\$12.6	\$13.1	\$14.0	\$0.9	7%
Dental Claims	0.6	0.6	0.7	0.7	-	-
Insurance & Bond Premiums	0.3	0.3	0.3	0.3	-	-
Administrative Fees	0.2	0.2	0.2	0.2	-	-
Live Life Well Program	0.2	0.2	0.2	0.3	0.1	40%
City Administration	0.1	0.1	0.1	0.1	-	-
Behavioral Health Insurance Claims	-	-	-	-	-	-
Total Uses	\$12.6	\$14.0	\$14.7	\$15.7	\$1.0	7%

Actual to Revised Budget variance of \$1.0 million or 7%:

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
Operating Revenue						
Rental Facilities	\$2,134,970	\$2,205,750	\$2,604,680	\$2,542,842	\$2,651,683	\$2,651,683
RV Rental	270,661	251,685	297,593	355,601	301,400	301,400
Feed/Bedding Sales	499,691	566,127	463,286	523,261	525,000	525,000
Labor Fees	240,173	301,429	352,088	404,957	375,958	375,958
Concession Fees	354,902	487,513	392,106	472,875	535,500	535,500
Parking	110,931	96,927	88,280	108,994	117,300	117,300
Other Income	135,786	198,068	155,990	130,453	70,830	70,830
Equidome Project Use Fee	555,000	315,000	360,000	360,000	360,000	360,000
Operating Transfer In ^a	-	-	-	100,000	100,000	100,000
Operating Revenue	\$4,302,114	\$4,422,499	\$4,714,023	\$4,998,983	\$5,037,671	\$5,037,671
Operating Expenses						
Personnel Services						
Wages/Salaries/Benefits	\$1,616,913	\$1,768,655	\$1,954,437	\$1,934,800	\$2,082,443	\$2,170,321
Overtime	25,558	32,594	36,574	31,817	39,551	42,055
Contractual Services						
Contractual Workers	92,292	81,775	114,025	139,522	100,000	100,000
Telephone	30,650	21,015	28,381	34,182	40,354	40,354
Utilities ^b	1,219,326	1,174,779	1,247,702	1,354,976	-	510,435
Maintenance & Equipment Rental & Fleet	652,492	751,856	724,550	710,237	682,315	682,315
License and Permits	73,356	76,684	158,548	160,727	128,204	128,204
Property, Liability & Workers' Comp	37,376	51,525	62,401	76,025	69,772	69,772
Advertising/Marketing Contract	208,815	252,328	194,294	327,544	350,000	350,000
Other	268,443	234,449	343,819	308,750	326,203	326,203
Commodities and Capital Outlays						
Agriculture & Horticulture & Other Supply	71,411	103,461	137,506	114,194	143,545	143,545
Maintenance & Repairs Supply, Equipment	84,344	116,413	125,083	83,417	175,985	175,985
Inventory Purchased for Resale	304,481	294,103	273,513	259,279	325,410	325,410
Construction - Other	-	21,428	-	21,126	-	-
Other Expenses	45,959	64,193	76,182	39,036	78,058	78,058
BOR Admin						
BOR Admin/WestWorld	140,710	147,746	155,133	162,889	171,034	171,034
Allocated Expenses ^c						
Facilities Maintenance ^d	713,808	670,566	1,470,031	1,266,796	2,413,809	2,413,809
COS Indirect Costs	276,504	338,575	370,385	430,425	378,803	378,803
Operating Expenses	\$5,862,440	\$6,202,145	\$7,472,564	\$7,455,742	\$7,505,486	\$7,815,018
Operating Income	(\$1,560,325)	(\$1,779,646)	(\$2,758,542)	(\$2,456,760)	(\$2,467,815)	(\$2,777,347)
Debt Service (Less contributions)						
Debt Service - (52 & 17 acres)	\$2,250,353	\$2,273,677	\$2,304,207	\$2,314,216	\$2,334,637	\$2,334,637
Debt Service - TNEC (\$41.935M)	1,543,925	1,524,125	1,506,875	1,479,375	1,461,375	1,461,375
Debt Service - TNEC Tourism Funded	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Bed Tax Contributions - TNEC	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Net Debt Service	\$3,794,278	\$3,797,802	\$3,811,082	\$3,793,591	\$3,796,012	\$3,796,012
Operating Income After Debt Service	(\$5,354,603)	(\$5,577,448)	(\$6,569,623)	(\$6,250,350)	(\$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 in nor expensed to WestWorld General Fund operations, but are captured to provide truer costs of operations.

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



WestWorld Statement of Operations

Statement of Operations for December 2018 / 6 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	Percent
Operating Revenue								
Rental Facilities	\$540,143	\$809,557	\$866,830	\$983,433	\$900,313	\$1,065,518	(\$165,205)	(16%)
RV Rental	52,034	53,580	56,185	72,135	91,777	100,946	(9,169)	(9%)
Feed/Bedding Sales	180,006	200,333	140,375	160,482	191,257	198,701	(7,444)	(4%)
Labor Fees	42,996	73,055	54,491	89,535	82,362	85,801	(3,439)	(4%)
Concession Fees	102,416	167,100	64,276	68,434	47,470	166,894	(119,424)	(72%)
Parking	50,868	30,657	43,091	68,009	47,635	60,318	(12,683)	(21%)
Other Income	1,894	17,930	12,334	18,523	22,086	21,313	773	4%
Equidome Project Use Fee	285,000	90,000	45,000	-	-	-	-	-
Operating Transfer In ^a	-	-	-	100,000	100,000	100,000	-	-
Operating Revenue	\$1,255,357	\$1,442,213	\$1,282,581	\$1,560,551	\$1,482,902	\$1,799,491	(\$316,589)	(18%)
Operating Expenses								
Personnel Services								
Wages/Salaries/Benefits	\$790,715	\$884,819	\$968,337	\$956,830	\$1,003,974	\$1,050,421	\$46,447	4%
Overtime	7,671	7,433	5,214	11,576	11,893	16,509	4,616	28%
Contractual Services								
Contractual Workers	24,738	26,468	25,413	32,871	38,851	24,250	(14,601)	(60%)
Telephone	17,430	8,851	14,243	17,094	24,652	27,657	3,005	11%
Utilities ^b	481,455	442,301	488,824	528,266	510,435	510,435	0	0%
Maintenance & Equipment Rental & Fleet	297,744	325,786	293,693	306,453	325,143	336,567	11,424	3%
License and Permits	73,509	76,650	146,460	161,361	142,502	125,119	(17,383)	(14%)
Property, Liability & Workers' Comp	18,690	25,764	31,200	38,010	34,884	34,884	-	-
Advertising/Marketing Contract	204,371	249,609	184,031	321,639	252,662	251,320	(1,342)	(1%)
Other	73,677	64,567	74,715	107,879	79,355	89,223	9,868	11%
Commodities and Capital Outlays								
Agriculture & Horticulture & Other Supply	35,375	56,257	53,677	52,929	70,299	51,545	(18,754)	(36%)
Maintenance & Repairs Supply, Equipment	51,244	34,355	55,705	50,857	60,130	51,079	(9,051)	(18%)
Inventory Purchased for Resale	164,707	157,352	121,833	101,594	129,512	95,000	(34,512)	(36%)
Construction - Other	-	38	-	14,759	51,418	-	(51,418)	n/a
Other Expenses	27,183	31,896	19,799	24,226	17,837	17,780	(57)	(0%)
BOR Admin								
BOR Admin/WestWorld	140,710	147,746	155,133	162,889	-	171,034	171,034	100%
Allocated Expenses ^c								
Facilities Maintenance ^d	356,904	335,286	735,015	633,398	717,582	717,582	-	-
COS Indirect Costs	138,252	169,290	185,190	215,213	189,401	189,401	-	-
Operating Expenses	\$2,904,376	\$3,044,468	\$3,558,482	\$3,737,844	\$3,660,531	\$3,759,806	\$99,275	3%
Operating Income	(\$1,649,019)	(\$1,602,255)	(\$2,275,901)	(\$2,177,293)	(\$2,177,629)	(\$1,960,315)	(\$217,314)	(11%)
Debt Service (Less contributions)								
Debt Service - (52 & 17 acres)	\$278,750	\$53,625	\$30,625	\$ -	\$ -	\$ -	\$ -	-
Debt Service - TNEC (\$41.935M)	-	-	-	-	-	-	-	-
Debt Service - TNEC Tourism Funded	-	-	-	-	-	-	-	-
Bed Tax Contributions - TNEC	-	-	-	-	-	-	-	-
Net Debt Service	\$278,750	\$53,625	\$30,625	\$ -	\$ -	\$ -	\$ -	-
Operating Income After Debt Service	(\$1,927,769)	(\$1,655,880)	(\$2,306,526)	(\$2,177,293)	(\$2,177,629)	(\$1,960,315)	(\$217,314)	(11%)

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

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

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

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



Privilege (Sales) & Use Tax Collections For December 2018 (For Business Activity in November 2018)

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

The fiscal year to date Privilege and Use Tax (1.0 percent General Purpose) collections increased 4 percent compared to the Budget, and increased 6 percent compared to the same period a year ago.

Privilege (Sales) & Use Tax by Category and Fund

Fiscal Year-to-Date: December 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	\$7.1	\$7.9	\$8.6	\$7.9	\$0.7	10%
Construction	5.2	4.9	5.2	4.8	0.4	9%
Dining/ Entertainment	4.4	4.5	4.9	4.6	0.3	7%
Food Stores	3.3	3.1	3.5	3.1	0.4	12%
Hotel/Motel	2.3	2.7	2.6	2.5	0.0	0%
Major Dept. Stores	4.4	4.6	4.2	4.6	(0.4)	-9%
Misc. Retail Stores	8.8	9.4	9.7	9.8	(0.1)	-1%
Other Activity	4.7	5.2	6.3	5.4	0.9	16%
Rentals	7.0	8.0	8.4	8.4	0.0	0%
Utilities	2.6	2.5	2.3	2.4	(0.1)	-5%
Subtotal	\$49.8	\$52.8	\$55.8	\$53.6	\$2.2	4%
0.10% Public Safety	\$4.9	\$5.2	\$5.5	\$5.2	\$0.2	4%
0.20% Transportation	9.5	10.0	10.5	10.1	0.4	4%
0.20% McDowell Preserve 1995	9.8	10.3	10.9	10.5	0.4	4%
0.15% McDowell Preserve 2004	7.3	7.8	8.2	7.9	0.3	4%
Total	\$81.4	\$86.0	\$90.9	\$87.3	\$3.6	4%
% Change vs. Prior Year	3%	6%	6%	2%		

Rounding differences may occur.

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 \$0.7 million or 10%: The variance is due mainly to a car dealer starting to report sales tax related to services and sales that had not been reported before; as well as to an overall increase in automotive sales

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 \$0.4 million or 9%: This is due in part to increased residential sales.

Dining/Entertainment Sales Taxes

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

Actual to Revised Budget variance of \$0.3 million or 7%: Normal business fluctuations.

Food Stores Sales Taxes

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

Actual to Revised Budget variance of \$0.4 million or 12%: This is due in part to a new grocery store and to a grocery store chain that didn't report food for home consumption last year reporting correctly this year

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.

Major Department Stores Sales Taxes

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

Actual to Revised Budget variance of (\$0.4) million or (9%): This is due in part to delinquent tax returns and the closing of one big box store.

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, online shopping, and pet supply stores.

Actual to Revised Budget variance of (\$0.1) million or (1%): This is due in part to delinquent tax returns and normal business fluctuations.

Other Activity Sales Taxes

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

Actual to Revised Budget variance of \$0.9 million or 16%: This is due in part to increase in taxable sales from other miscellaneous product manufacturing and a large one-time audit payment.

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 \$0.0 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 (5%): This is due in part to delinquent tax returns and normal business fluctuations.



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

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

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

GENERAL FUND SOURCES

Taxes - Local - Encompasses a series of local taxes. The largest component of this source includes a 1.1 percent sales tax, of which 0.10 percent is dedicated to public safety. The remaining 1.0 percent of the sales tax is available to fund basic municipal services such as police, fire, libraries, and parks. Sales tax receipts received in the current month are based on prior month activity. This general-purpose sales tax is the city's single largest revenue source. The sales tax category results can be found in the Appendix. Other revenue sources that make up this category include electric and gas franchise fees and cable TV license fees, which are revenues from utility and cable providers for their permitted use of the city's rights-of-way; a stormwater fee, which is a fee to help pay a portion of the city's stormwater management program including capital projects and the Salt River Project (SRP) in lieu tax.

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

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

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

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

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

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

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

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

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



GENERAL FUND USES

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

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

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

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

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

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

OTHER FUNDS

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

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

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

Water & Water Reclamation Funds

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

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



Aviation Fund

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

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

Solid Waste Fund

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

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

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

Fleet Fund

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

Risk Fund

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

Healthcare Self Insurance Fund

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