



Monthly Financial Report
Fiscal Year to Date
as of December 31, 2016

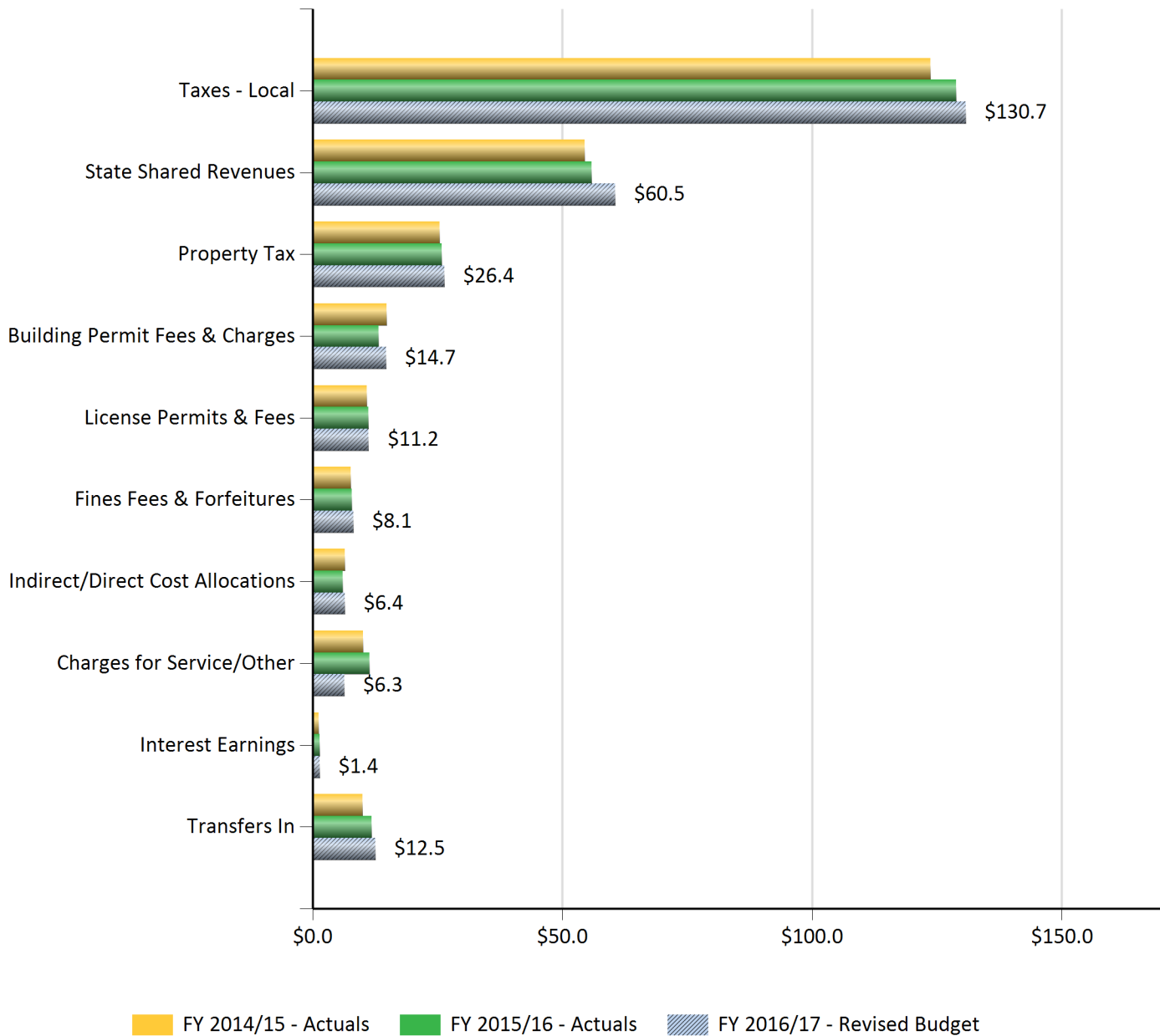
Scottsdale Airport Operations Center

Report to the City Council
Prepared by the City Treasurer
February 21, 2017



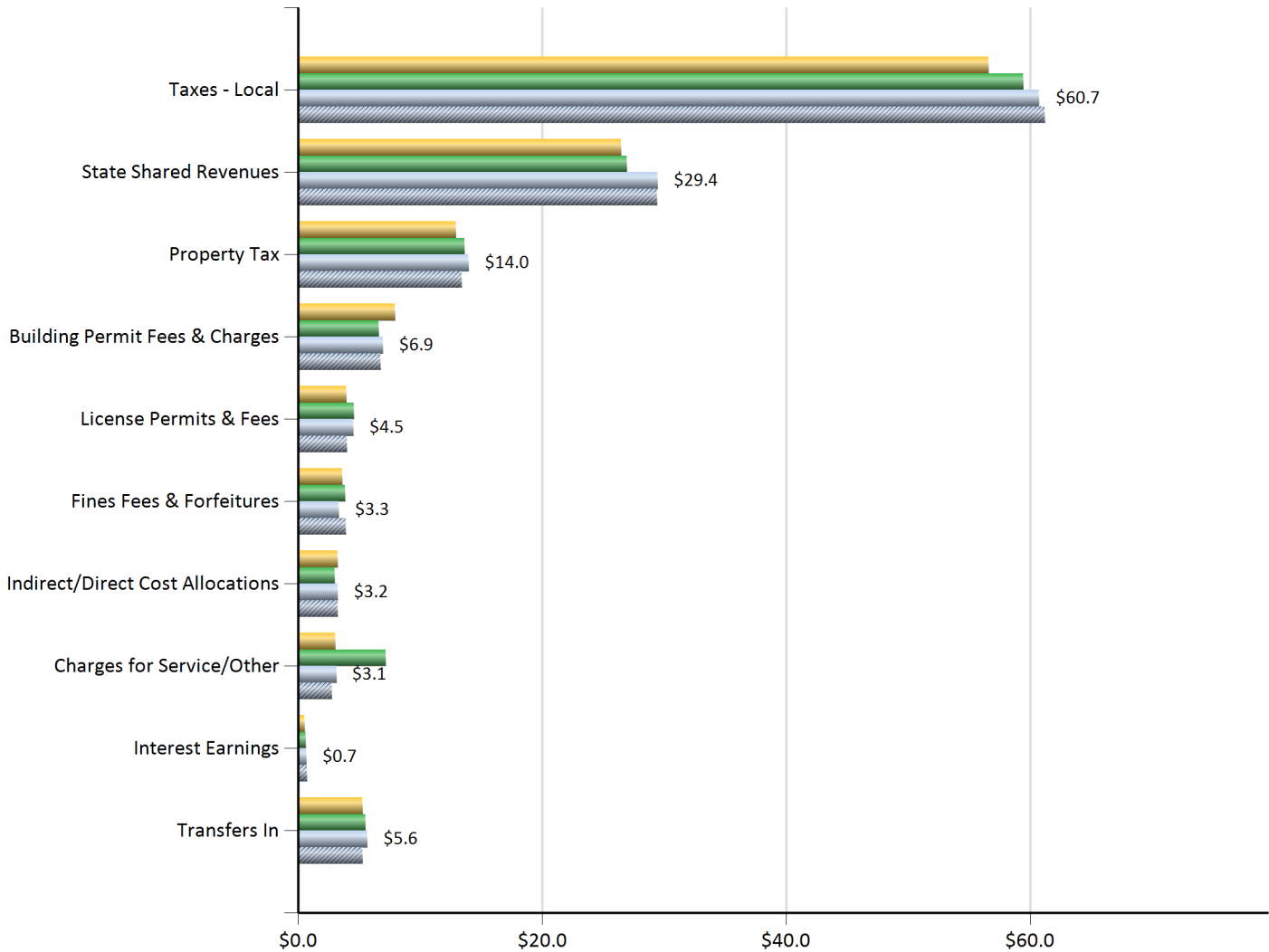
Sources

Twelve Months: Fiscal Year





Sources (Fiscal Year to Date: December 2016)

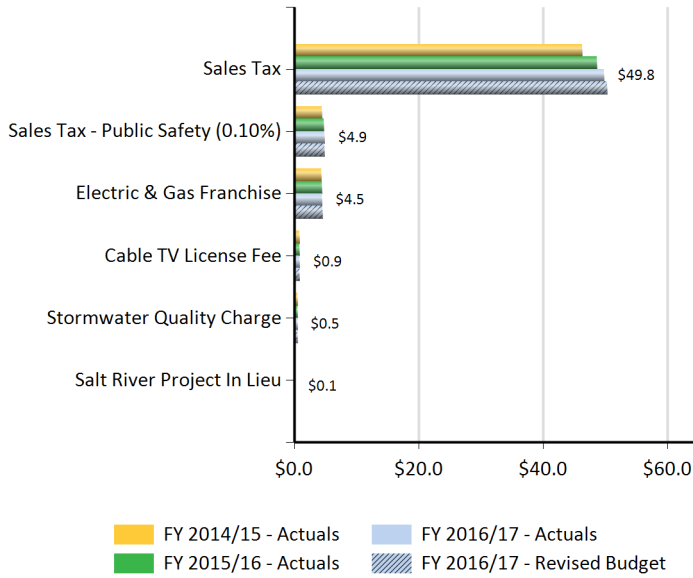


■ FY 2014/15 - Actuals
 ■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ▨ FY 2016/17 - Revised Budget

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Taxes - Local	\$56.6	\$59.4	\$60.7	\$61.2	(\$0.4)	(1%)
State Shared Revenues	26.5	27.0	29.4	29.4	-	-
Property Tax	12.9	13.6	14.0	13.4	0.6	4%
Building Permit Fees & Charges	7.9	6.6	6.9	6.7	0.2	3%
License Permits & Fees	3.9	4.5	4.5	4.0	0.5	14%
Fines Fees & Forfeitures	3.6	3.9	3.3	3.9	(0.6)	(15%)
Indirect/Direct Cost Allocations	3.2	3.0	3.2	3.2	-	-
Charges for Service/Other	3.1	7.2	3.1	2.7	0.4	13%
Interest Earnings	0.5	0.6	0.7	0.7	-	-
Transfers In	5.3	5.5	5.6	5.3	0.3	7%
Total Sources	\$123.6	\$131.3	\$131.6	\$130.5	\$1.1	1%



Taxes - Local (Fiscal Year to Date: December 2016)

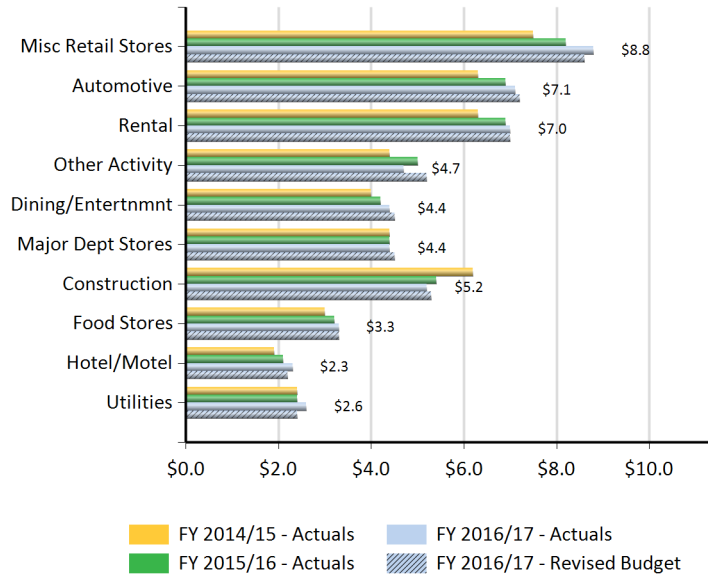


Actual to Revised Budget variance of (\$0.4) million or (1%):
 The unfavorable variance is primarily driven by Sales Tax.
 See detailed Sales Tax information by category on page 5.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Sales Tax	\$46.3	\$48.7	\$49.8	\$50.3	(\$0.5)	(1%)
Sales Tax - Public Safety (0.10%)	4.5	4.8	4.9	4.9	-	-
Electric & Gas Franchise	4.4	4.5	4.5	4.6	(0.1)	(2%)
Cable TV License Fee	0.9	0.9	0.9	0.9	0.1	8%
Stormwater Quality Charge	0.5	0.5	0.5	0.5	-	-
Salt River Project In Lieu	0.1	0.1	0.1	-	0.1	n/a
Taxes - Local Total	\$56.6	\$59.4	\$60.7	\$61.2	(\$0.4)	(1%)



Sales Tax (Fiscal Year to Date: December 2016)



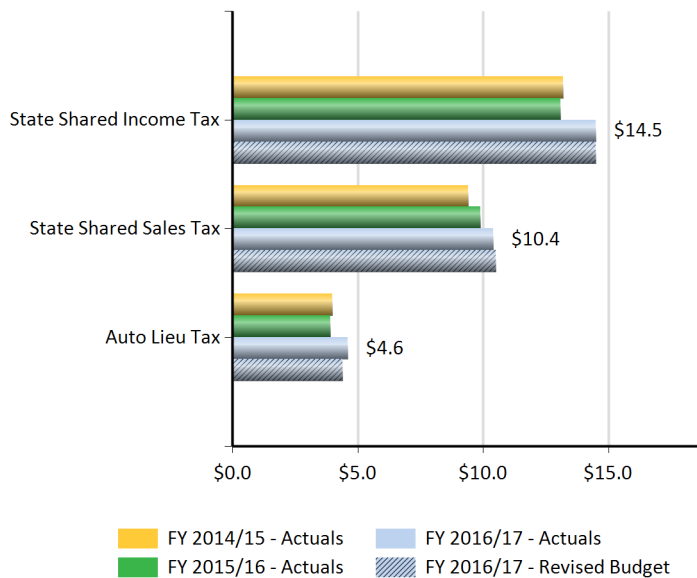
Actual to Revised Budget variance of (\$0.5) million or (1%):
 The favorable variance in Misc Retail Stores is due to normal business fluctuations. The unfavorable variance in Automotive is due to decreases in sales from the auto dealerships. Other Activity is unfavorable due in part to a decrease in annual tax license renewal payments. The unfavorable variance in Dining/Entertainment and Major Dept. Stores is due to normal business fluctuations. The unfavorable variance in Construction is due to the correction of a payment received in error. Hotel/Motel is favorable due to an increase in conventions taking place in the city. Finally, the favorable variance in Utilities is the result of reclassifying a taxpayer from the construction category.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Misc Retail Stores	\$7.5	\$8.2	\$8.8	\$8.6	\$0.2	2%
Automotive	6.3	6.9	7.1	7.2	(0.1)	(2%)
Rental	6.3	6.9	7.0	7.0	-	-
Other Activity	4.4	5.0	4.7	5.2	(0.5)	(10%)
Dining/Entertainment	4.0	4.2	4.4	4.5	(0.1)	(1%)
Major Dept Stores	4.4	4.4	4.4	4.5	(0.1)	(2%)
Construction	6.2	5.4	5.2	5.3	(0.1)	(2%)
Food Stores *	3.0	3.2	3.3	3.3	-	-
Hotel/Motel	1.9	2.1	2.3	2.2	0.1	4%
Utilities	2.4	2.4	2.6	2.4	0.2	8%
Sales Tax Total	\$46.3	\$48.7	\$49.8	\$50.3	(\$0.5)	(1%)

*YTD CIP Transfer = \$1.1 Million



State Shared Revenues (Fiscal Year to Date: December 2016)

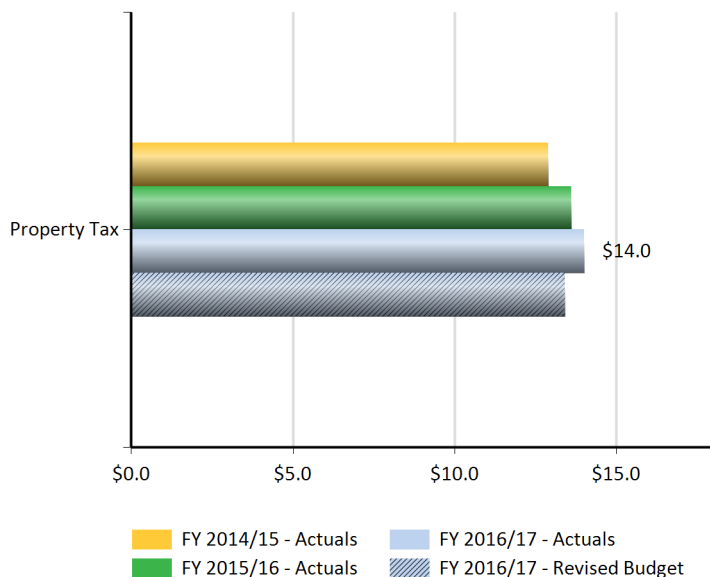


Actual to Revised Budget variance of \$0.0 million or 0%:

The favorable variance in Auto Lieu Tax is due to higher than forecasted sales of new and used vehicles in prior months, which resulted in additional licensing fees being collected. This variance is expected to carry through the rest of the year, but the trend is slowing moderating the variance as the year progresses.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
State Shared Income Tax	\$13.2	\$13.1	\$14.5	\$14.5	\$ -	-
State Shared Sales Tax	9.4	9.9	10.4	10.5	(0.1)	(1%)
Auto Lieu Tax	4.0	3.9	4.6	4.4	0.2	4%
State Shared Revenues Total	\$26.5	\$27.0	\$29.4	\$29.4	\$ -	-

Property Tax (Fiscal Year to Date: December 2016)



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

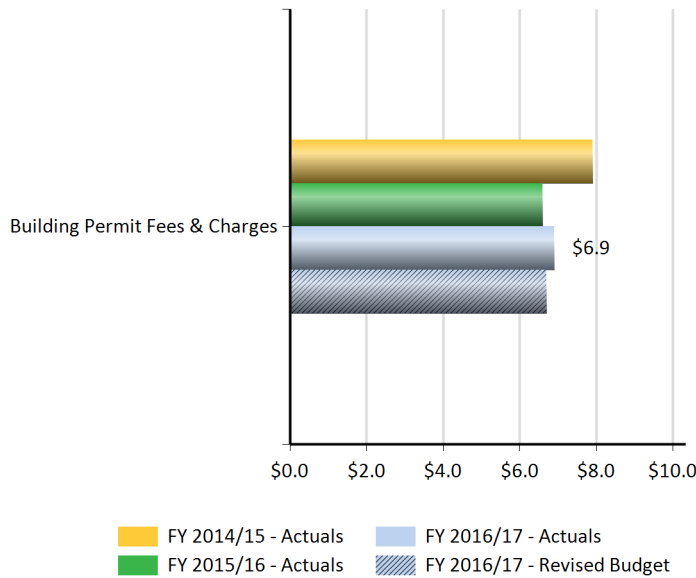
Property Tax is favorable due to timing. Property owners have the option to pay in one or two installments (October or October and April/May). The budget is based on the way taxpayers paid last year and may vary year over year.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Property Tax	\$12.9	\$13.6	\$14.0	\$13.4	\$0.6	4%
Property Tax Total	\$12.9	\$13.6	\$14.0	\$13.4	\$0.6	4%



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

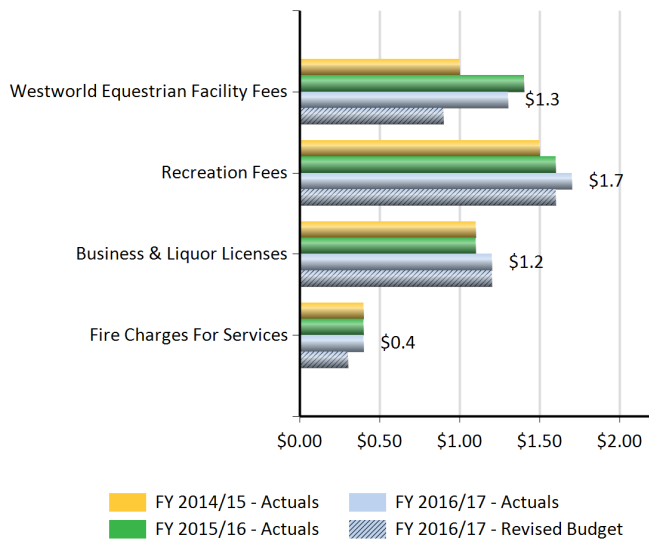
Actual to Revised Budget variance of \$0.2 million or 3%:
 Favorable variance due to increase in residential construction following the state's upward trend in the real estate market as a result of positive job growth, which drives a higher demand for homes while there still is a limited inventory.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Building Permit Fees & Charges	\$7.9	\$6.6	\$6.9	\$6.7	\$0.2	3%
Building Permit Fees & Charges Total	\$7.9	\$6.6	\$6.9	\$6.7	\$0.2	3%

License Permits & Fees (Fiscal Year to Date: December 2016)

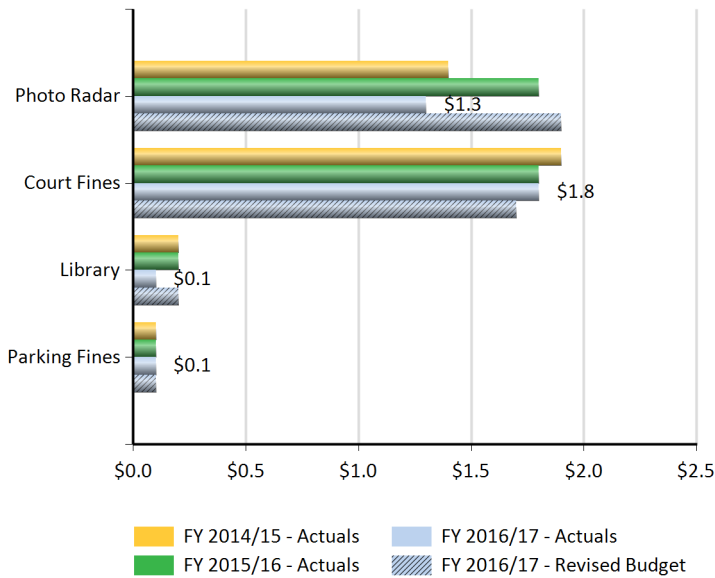
Actual to Revised Budget variance of \$0.5 million or 14%:
 Favorable variance is mainly due the collection of FY 2015/16 rental fees by Westworld in the current year and prepayment for future events. It also includes to Community Services having higher than forecasted stadium rental fees, aquatic lesson fees, recreation fees, and after school program revenues.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Westworld Equestrian Facility Fees	\$1.0	\$1.4	\$1.3	\$0.9	\$0.4	44%
Recreation Fees	1.5	1.6	1.7	1.6	0.1	8%
Business & Liquor Licenses	1.1	1.1	1.2	1.2	-	-
Fire Charges For Services	0.4	0.4	0.4	0.3	-	-
License Permits & Fees Total	\$3.9	\$4.5	\$4.5	\$4.0	\$0.5	14%



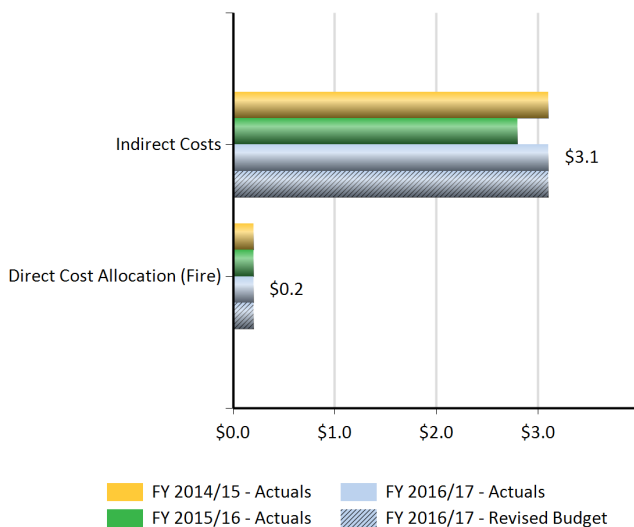
Fines Fees & Forfeitures (Fiscal Year to Date: December 2016)



Actual to Revised Budget variance of (\$0.6) million or (15%):
 Unfavorable variance is mainly due to Photo Radar enforcement fees as a result of the cameras being off from mid-February to April in FY 2015/16 which has a lag on when tickets are paid and revenues received impacting FY 2016/17.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Photo Radar	\$1.4	\$1.8	\$1.3	\$1.9	(\$0.6)	(32%)
Court Fines	1.9	1.8	1.8	1.7	0.1	6%
Library	0.2	0.2	0.1	0.2	-	-
Parking Fines	0.1	0.1	0.1	0.1	-	-
Fines Fees & Forfeitures Total	\$3.6	\$3.9	\$3.3	\$3.9	(\$0.6)	(15%)

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

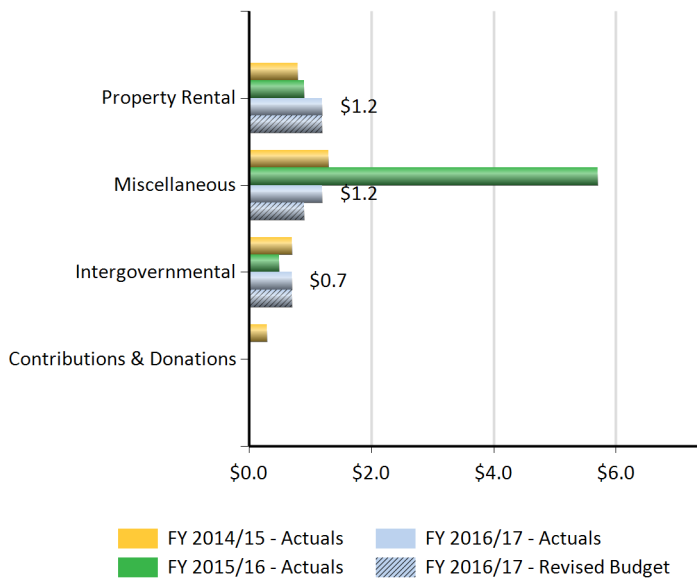


Actual to Revised Budget variance of \$0.0 million or 0%:
 No explanation necessary.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Indirect Costs	\$3.1	\$2.8	\$3.1	\$3.1	\$ -	-
Direct Cost Allocation (Fire)	0.2	0.2	0.2	0.2	-	-
Indirect/Direct Cost Allocations Total	\$3.2	\$3.0	\$3.2	\$3.2	\$ -	-



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

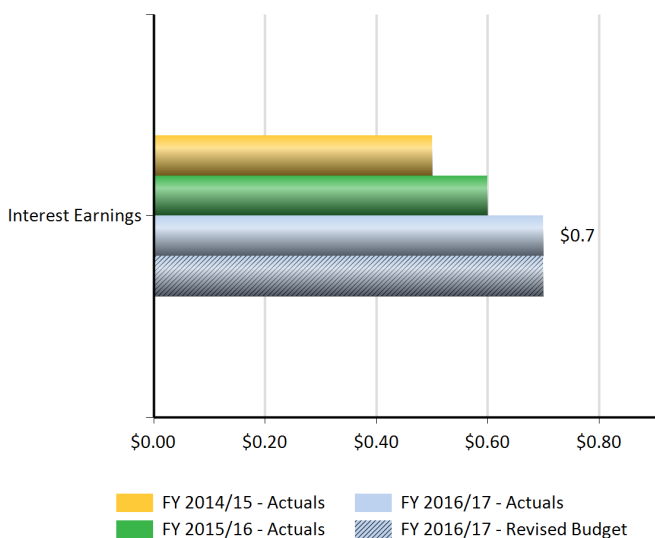


Actual to Revised Budget variance of \$0.4 million or 13%:

The favorable variance in Miscellaneous is primarily due to a reimbursement from the Boys and Girls Club of Greater Scottsdale for HVAC related expenditures and late charges associated with cell tower and dining licenses. Additionally, contributing to the favorable variance is a recovery of expense in Community Services related to stadium usage in FY 2015/16. Note: The FY 2015/16 actuals Miscellaneous include one-time revenue from the sale of the HR and graphics buildings.

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Property Rental	\$0.8	\$0.9	\$1.2	\$1.2	\$0.1	6%
Miscellaneous	1.3	5.7	1.2	0.9	0.3	37%
Intergovernmental	0.7	0.5	0.7	0.7	-	-
Contributions & Donations	0.3	-	-	-	-	-
Charges for Service/Other Total	\$3.1	\$7.2	\$3.1	\$2.7	\$0.4	13%

Interest Earnings (Fiscal Year to Date: December 2016)



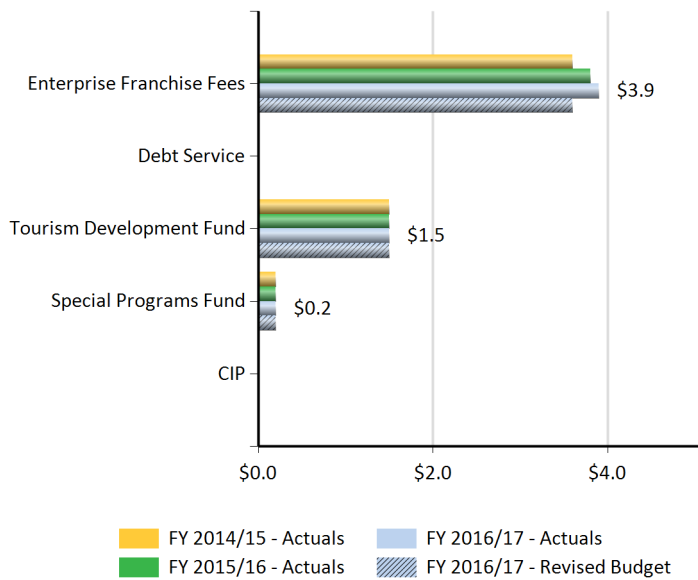
Actual to Revised Budget variance of \$0.0 million or 0%:

No explanation necessary.

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Interest Earnings	\$0.5	\$0.6	\$0.7	\$0.7	\$ -	-
Interest Earnings Total	\$0.5	\$0.6	\$0.7	\$0.7	\$ -	-



Transfers In (Fiscal Year to Date: December 2016)



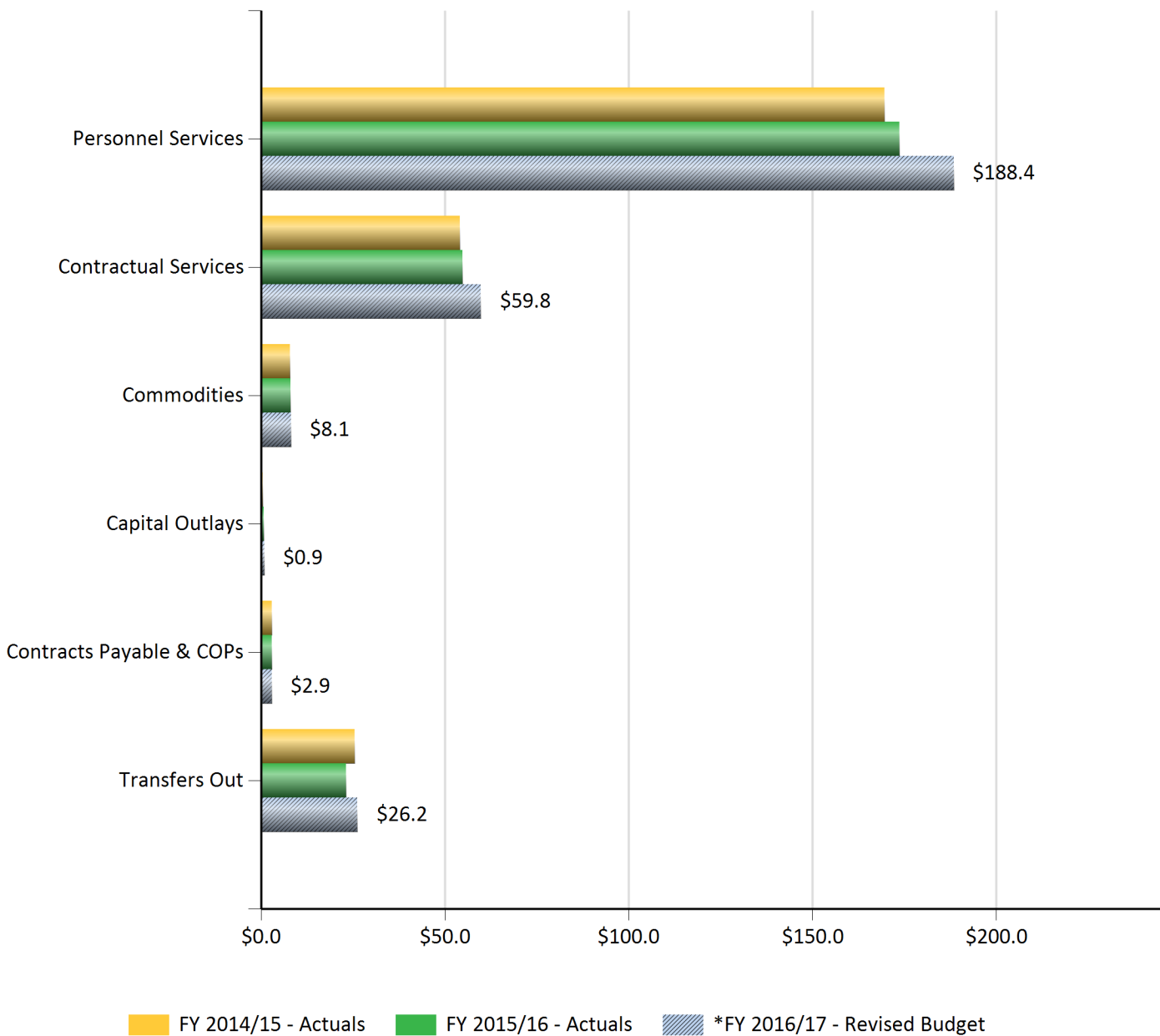
Actual to Revised Budget variance of \$0.3 million or 7%: Favorable variance is related to higher Enterprise Franchise Fees due to higher revenue collected in the Water & Water Reclamation Fund than anticipated, which consequently affects the transfers in to the General Fund. This increase is the result of greater water deliveries compared to the three year running average.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Enterprise Franchise Fees	\$3.6	\$3.8	\$3.9	\$3.6	\$0.3	9%
Debt Service	-	-	-	-	-	-
Tourism Development Fund	1.5	1.5	1.5	1.5	-	-
Special Programs Fund	0.2	0.2	0.2	0.2	-	-
CIP	-	-	-	-	-	-
Transfers In Total	\$5.3	\$5.5	\$5.6	\$5.3	\$0.3	7%



Uses

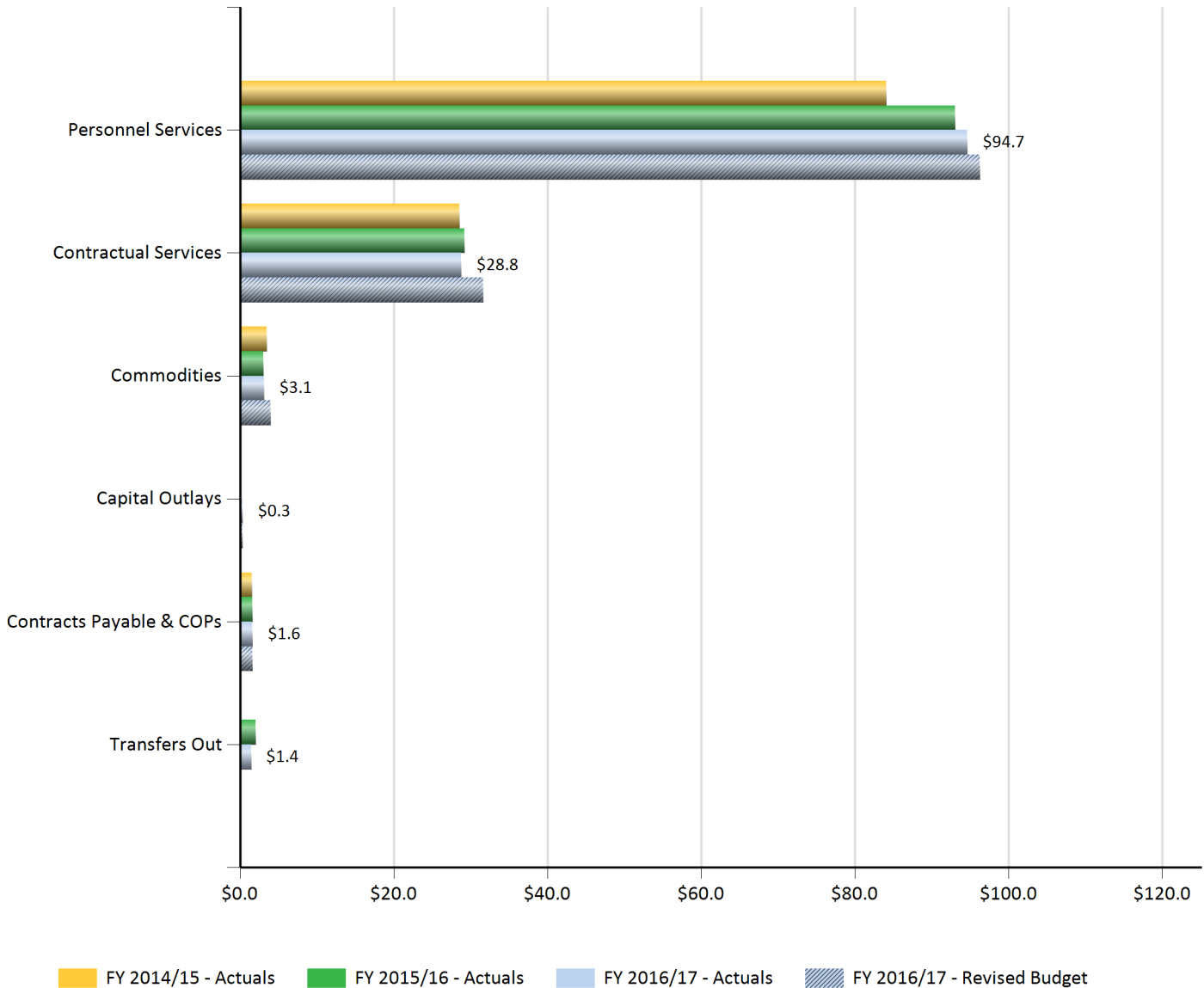
Twelve Months: Fiscal Year



*Includes budgeted vacancy savings net of leave accrual payouts, up to 3% pay for performance, up to 5% pay for performance for those in the Step Program, and compensation adjustments.



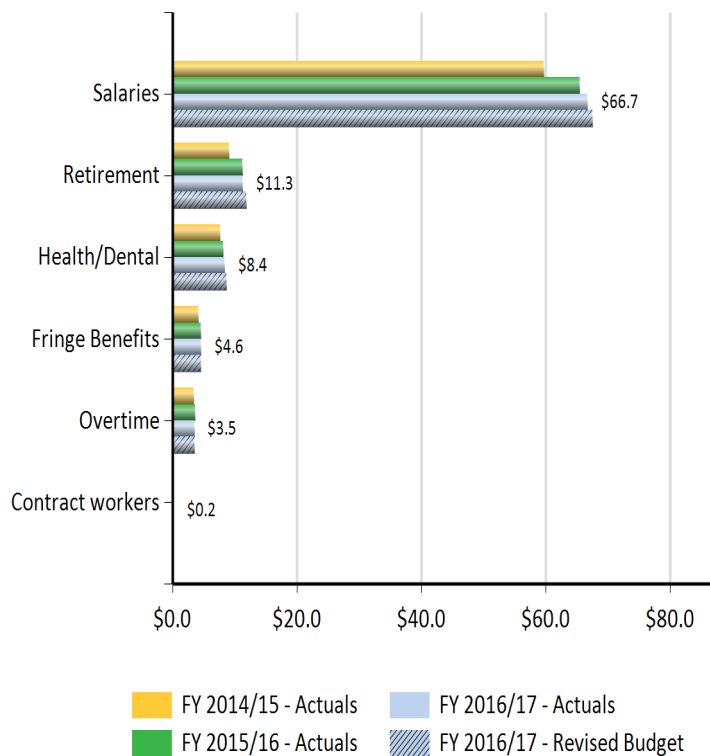
Uses (Fiscal Year to Date: December 2016)



	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Personnel Services	\$84.1	\$93.1	\$94.7	\$96.3	\$1.6	2%
Contractual Services	28.6	29.2	28.8	31.7	2.9	9%
Commodities	3.5	3.0	3.1	4.0	0.9	22%
Capital Outlays	0.1	0.1	0.3	0.3	-	-
Contracts Payable & COPs	1.6	1.6	1.6	1.6	-	-
Transfers Out	-	2.0	1.4	-	(1.4)	n/a
Total Uses	\$117.8	\$129.0	\$129.9	\$133.9	\$3.9	3%



Personnel Services (Fiscal Year to Date: December 2016)



Actual to Revised Budget variance of \$1.6 million or 2%:

The favorable variance in Personnel Services is due primarily to savings in Salaries and Retirement. Salaries is favorable due to Police, Fire and Public Works retirements/promotions and Community Services having higher than expected turnover, all of which brings in new staff who earn less than previous incumbents. The favorable variance in Retirement is related to more sworn Police employees entering the Deferred Retirement Option Program (DROP) than expected. Additionally, the Fire Insurance Premium Tax Credit amount received was more than anticipated which means the city's Fire retirement costs will be lower than projected. Finally, savings in salaries have a correlating impact on retirement. Police has a large favorable variance in overtime due to dynamic staffing and deployment efficiencies. This is offset by a large unfavorable variance in Fire overtime due to 19 sworn employees out on various leaves including 17 due to injuries and FMLA and 2 considered vacant because their planned occupants are currently in the academy, all of which negatively impacts constant staffing requirements. Fire has also seen increased leave usage for staff trained in Advanced Life Support but currently has 16 sworn staff attending paramedic school to alleviate ongoing overtime impacts related to this leave. Finally, there is a citywide favorable impact in Health/Dental due to differing plan selections occurring after each position had been budgeted and adopted.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Salaries	\$59.7	\$65.4	\$66.7	\$67.5	\$0.9	1%
Retirement	9.1	11.3	11.3	11.9	0.6	5%
Health/Dental	7.7	8.2	8.4	8.7	0.2	3%
Fringe Benefits	4.2	4.6	4.6	4.6	0.1	1%
Overtime	3.4	3.6	3.5	3.5	-	-
Contract workers	0.1	0.1	0.2	0.1	(0.1)	nm
Personnel Services Total	\$84.1	\$93.1	\$94.7	\$96.3	\$1.6	2%

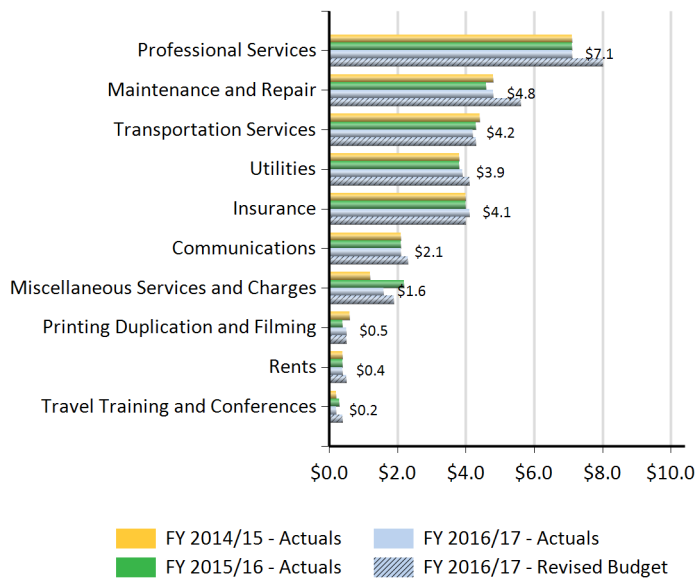
Macro Personnel Adjustments

	2014/15 Actual	2015/16 Actual	2016/17 Adopted Budget	2016/17 Year-To-Date Saved/(Used)	Remaining
3% Pay for Performance	\$4.6	\$3.0	\$2.6	(\$2.6)	\$ -
5% Step - Fire	-	-	0.9	(0.9)	-
5% Step - Police	-	-	1.3	(1.3)	-
Retirement Savings	-	(0.8)	-	0.3	0.3
Vacancy Savings	(3.8)	(4.8)	(3.9)	2.7	(1.2)
Medical Leave Payouts	1.6	1.0	1.0	(0.9)	0.1
Vacation Leave Payouts	0.7	0.9	0.9	(0.5)	0.5
Total Vacancy Savings/Payouts	\$3.1	(\$0.6)	\$2.9	(\$3.2)	(\$0.3)

Total Saved/(Used) YTD of (\$3.2) million: The city has achieved \$2.7 million in vacancy savings year-to-date offset by \$1.4 million in vacation and medical leave payouts. In July, the Citywide Pay for Performance Program was funded and implemented initiating the use of ongoing dollars for compensation increases. These increases include a 3 percent pay program based on performance; a 5 percent step program for Firefighters, Fire Engineers and Fire Captains; and a 5 percent step program for Police Officers.



Contractual Services (Fiscal Year to Date: December 2016)

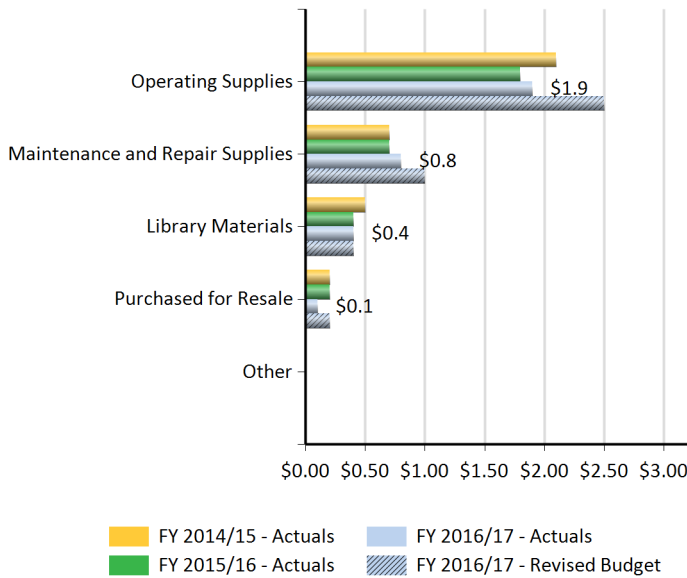


Actual to Revised Budget variance of \$2.9 million or 9%:
 The favorable variance in Contractual Services is due largely to Professional Services, Maintenance and Repair and Miscellaneous Services and Charges. Professional Services is favorable due to a timing issue by Police in payment of the jail services contract. Additionally, the photo radar program was suspended in the spring for two months which is having an impact now. The cost of administering this program was lower in July and August due to fewer tickets issued. Another factor contributing to the favorable status is the delay in commencing the Scottsdale Cultural Council facility improvement project. Finally, Westworld is favorable in this area due to a marketing fee that was lower than anticipated. Maintenance and Repair is favorable due to the timing of several major facilities maintenance projects in Public Works and Community Services and that of the payment of IT invoices for software and hardware. Miscellaneous Services and Charges is favorable mainly due to the Arizona Department of Revenue administrative charges being less than anticipated. Communications is favorable due to specialty lines invoice timing. There is a favorable variance in Utilities (electric, gas, water, water reclamation) due to a reduction in summer usage.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Professional Services	\$7.1	\$7.1	\$7.1	\$8.0	\$0.9	12%
Maintenance and Repair	4.8	4.6	4.8	5.6	0.9	15%
Transportation Services	4.4	4.3	4.2	4.3	0.1	3%
Utilities	3.8	3.8	3.9	4.1	0.2	4%
Insurance	4.0	4.0	4.1	4.0	(0.1)	(1%)
Communications	2.1	2.1	2.1	2.3	0.2	10%
Miscellaneous Services and Charges	1.2	2.2	1.6	1.9	0.3	16%
Printing Duplication and Filming	0.6	0.4	0.5	0.5	-	-
Rents	0.4	0.4	0.4	0.5	0.1	28%
Travel Training and Conferences	0.2	0.3	0.2	0.4	0.1	36%
Contractual Services Total	\$28.6	\$29.2	\$28.8	\$31.7	\$2.9	9%



Commodities (Fiscal Year to Date: December 2016)



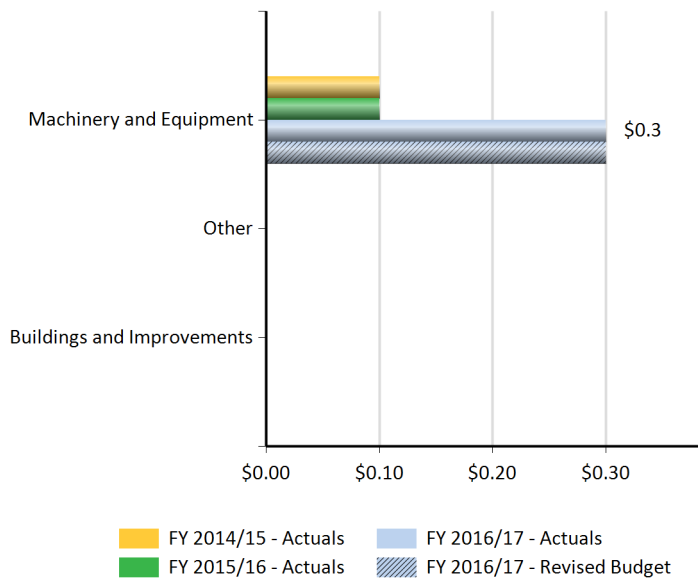
Actual to Revised Budget variance of \$0.9 million or 22%:
 The favorable variance in Commodities is primarily due to timing as spending in categories such as operating supplies and maintenance and repair supplies are hard to predict.

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Operating Supplies	\$2.1	\$1.8	\$1.9	\$2.5	\$0.6	24%
Maintenance and Repair Supplies	0.7	0.7	0.8	1.0	0.2	18%
Library Materials	0.5	0.4	0.4	0.4	-	-
Purchased for Resale	0.2	0.2	0.1	0.2	0.1	46%
Other	-	-	-	-	-	-
Commodities Total	\$3.5	\$3.0	\$3.1	\$4.0	\$0.9	22%



Capital Outlays (Fiscal Year to Date: December 2016)

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

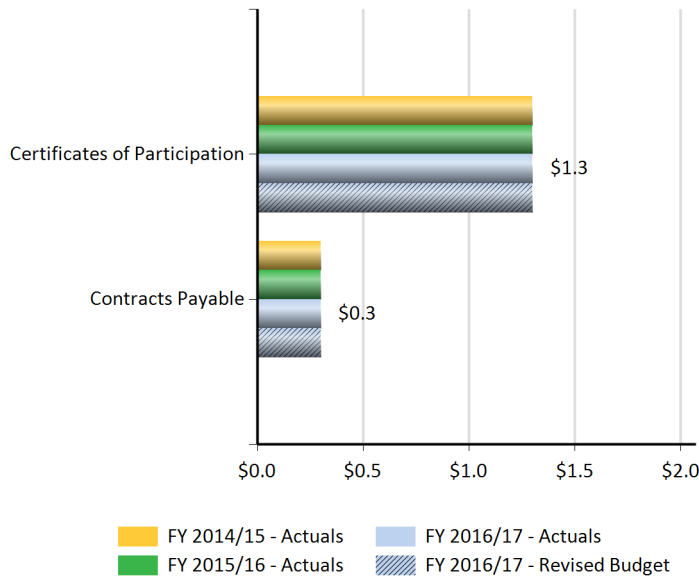


	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Machinery and Equipment	\$0.1	\$0.1	\$0.3	\$0.3	\$ -	-
Other	-	-	-	-	-	n/a
Buildings and Improvements	-	-	-	-	-	n/a
Capital Outlays Total	\$0.1	\$0.1	\$0.3	\$0.3	\$ -	-



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

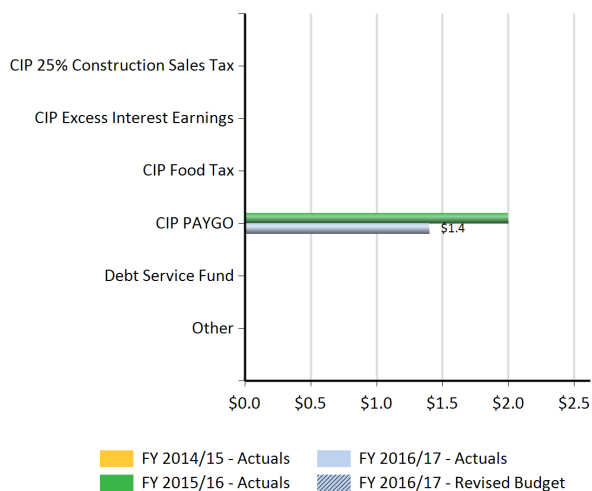
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Certificates of Participation	\$1.3	\$1.3	\$1.3	\$1.3	\$ -	-
Contracts Payable	0.3	0.3	0.3	0.3	-	-
Contracts Payable & COPs Total	\$1.6	\$1.6	\$1.6	\$1.6	\$ -	-

Transfers Out (Fiscal Year to Date: December 2016)

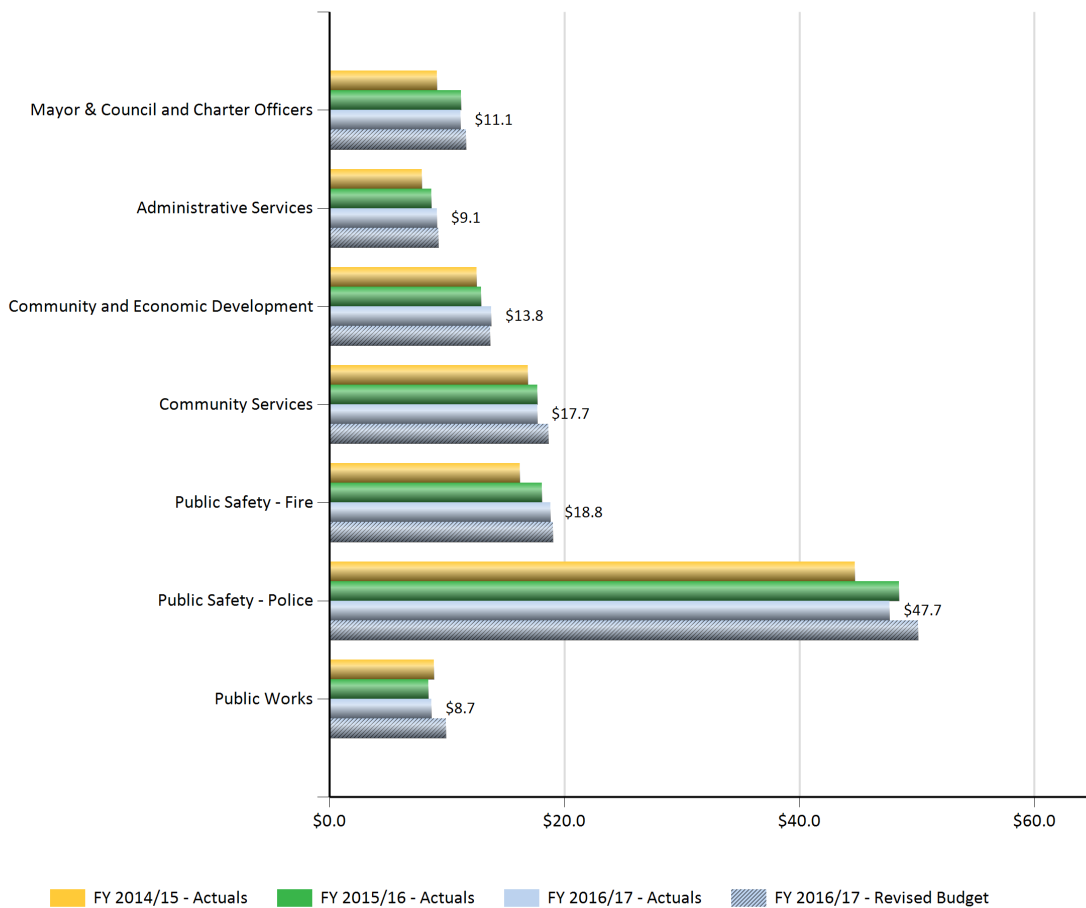
Actual to Revised Budget variance of (\$1.4) million or 0%:
The unfavorable variance is due to a contingency transfer funded from the General Fund operating budget unreserved, undesignated fund balance to the newly created Fire Self Contained Breathing Apparatus (SCBA) Replacement capital project, per Council approval.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
CIP 25% Construction Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
CIP PAYGO	-	2.0	1.4	-	(1.4)	n/a
Debt Service Fund	-	-	-	-	-	-
Other	-	-	-	-	-	n/a
Transfers Out Total	\$0.0	\$2.0	\$1.4	\$0.0	(\$1.4)	n/a



Division Expenditures (Fiscal Year to Date: December 2016)

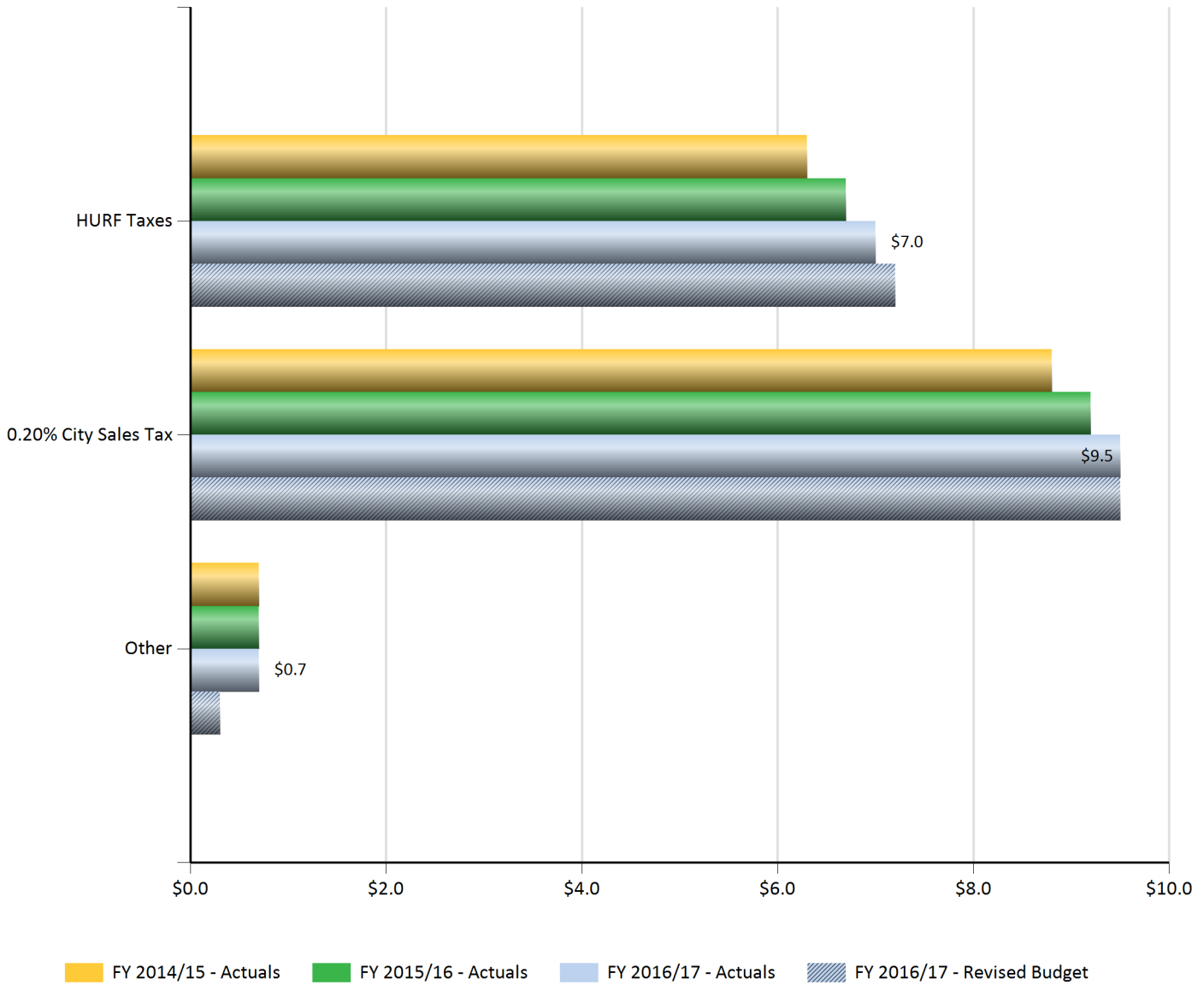


	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$9.1	\$11.2	\$11.1	\$11.6	\$0.5	4%
Administrative Services	7.9	8.7	9.1	9.3	0.1	2%
Community and Economic Development	12.5	12.9	13.8	13.7	(0.1)	0%
Community Services	16.9	17.7	17.7	18.6	0.9	5%
Public Safety - Fire	16.2	18.1	18.8	19.0	0.2	1%
Public Safety - Police	44.7	48.5	47.7	50.1	2.4	5%
Public Works	8.9	8.4	8.7	9.9	1.2	13%
Total	\$116.3	\$125.4	\$126.9	\$132.3	\$5.4	4%

Actual to Revised Budget variance of \$5.4 million or 4%: The most noteworthy items contributing to the favorable variance in Mayor & Council and Charter Officers is the Arizona Department of Revenue administrative charge being less than anticipated in the City Treasurer's Office. Finally in the City Attorney's Office, the contractual work order credit to Risk is higher than expected. The favorable variance in Community Services is related to higher than expected turnover with new staff earning less than previous incumbents and to the timing of maintenance projects. The favorable variance in Public Safety-Fire is associated with retirements/promotions resulting in new staff coming in at lower cost, and a higher than expected retirement Fire Insurance Premium Tax Credit. These savings are mostly offset by constant staffing overtime costs due to injuries or FMLA. For Public Safety-Police, the favorable variance is related to additional personnel entering the DROP program, which means retirement is no longer paid, creating a savings. In addition, retirements/promotions are resulting in new staff coming in at lower cost. There are also savings in overtime related to dynamic staffing and deployment efficiencies, timing in the payment of the jail services contract and other invoices, and the previous temporary suspension of the photo radar program which resulted in fewer tickets processed. Finally, the favorable variance in Public Works is due to utilities savings and to the timing of major facility maintenance and repair projects which have not yet started.



Sources (Fiscal Year to Date: December 2016)



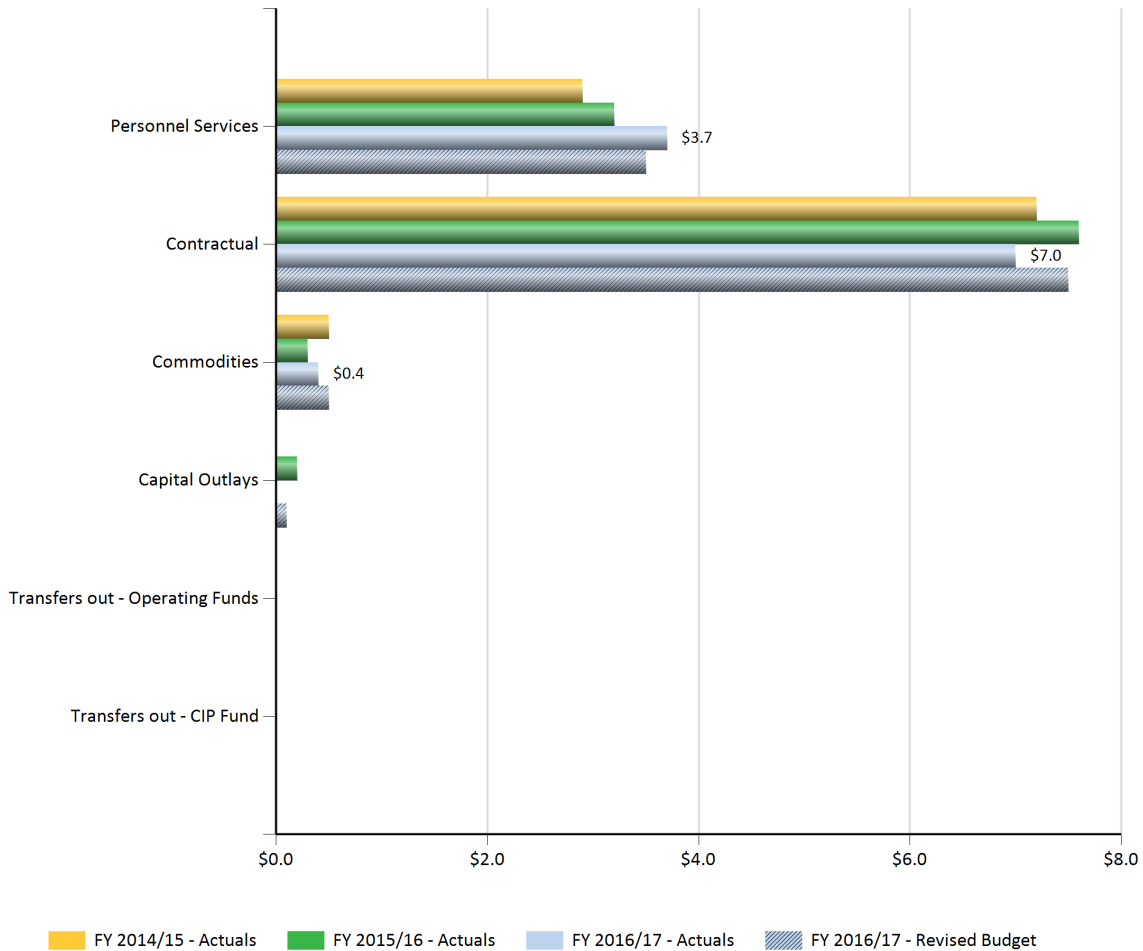
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
HURF Taxes	\$6.3	\$6.7	\$7.0	\$7.2	(\$0.2)	(2%)
0.20% City Sales Tax	8.8	9.2	9.5	9.5	-	-
Other	0.7	0.7	0.7	0.3	0.4	nm
Total Sources	\$15.8	\$16.6	\$17.2	\$17.0	\$0.2	1%

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

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



Uses (Fiscal Year to Date: December 2016)



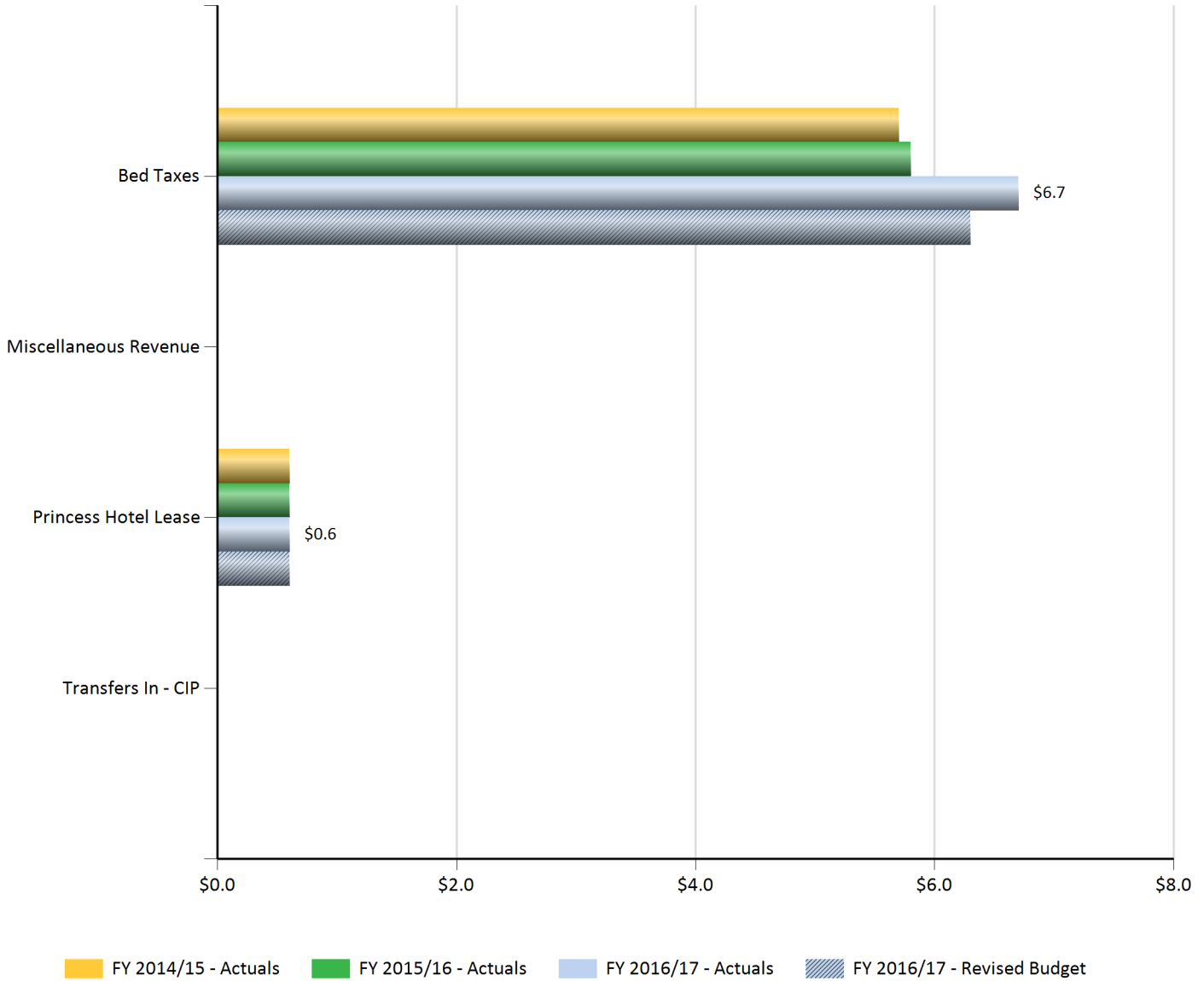
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$2.9	\$3.2	\$3.7	\$3.5	(\$0.2)	(5%)
Contractual	7.2	7.6	7.0	7.5	0.5	6%
Commodities	0.5	0.3	0.4	0.5	0.1	13%
Capital Outlays	-	0.2	-	0.1	-	-
Transfers out - Operating Funds	-	-	-	-	-	-
Transfers out - CIP Fund	-	-	-	-	-	-
Total Uses	\$10.6	\$11.4	\$11.1	\$11.5	\$0.4	3%

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

The unfavorable variance in Personnel Services is due mostly to timing differences between the allocation of transportation CIP related expenses, overtime expenses for storm cleanup, and a push to complete ADA ramps ahead of the bond funded pavement work. The favorable variance in Contractual is due the timing of trolley maintenance; as well as the timing of invoicing from Phoenix Transit Services. The favorable variance in Commodities is related to various outstanding invoices for materials that will be paid in the third quarter of the year.



Sources (Fiscal Year to Date: December 2016)



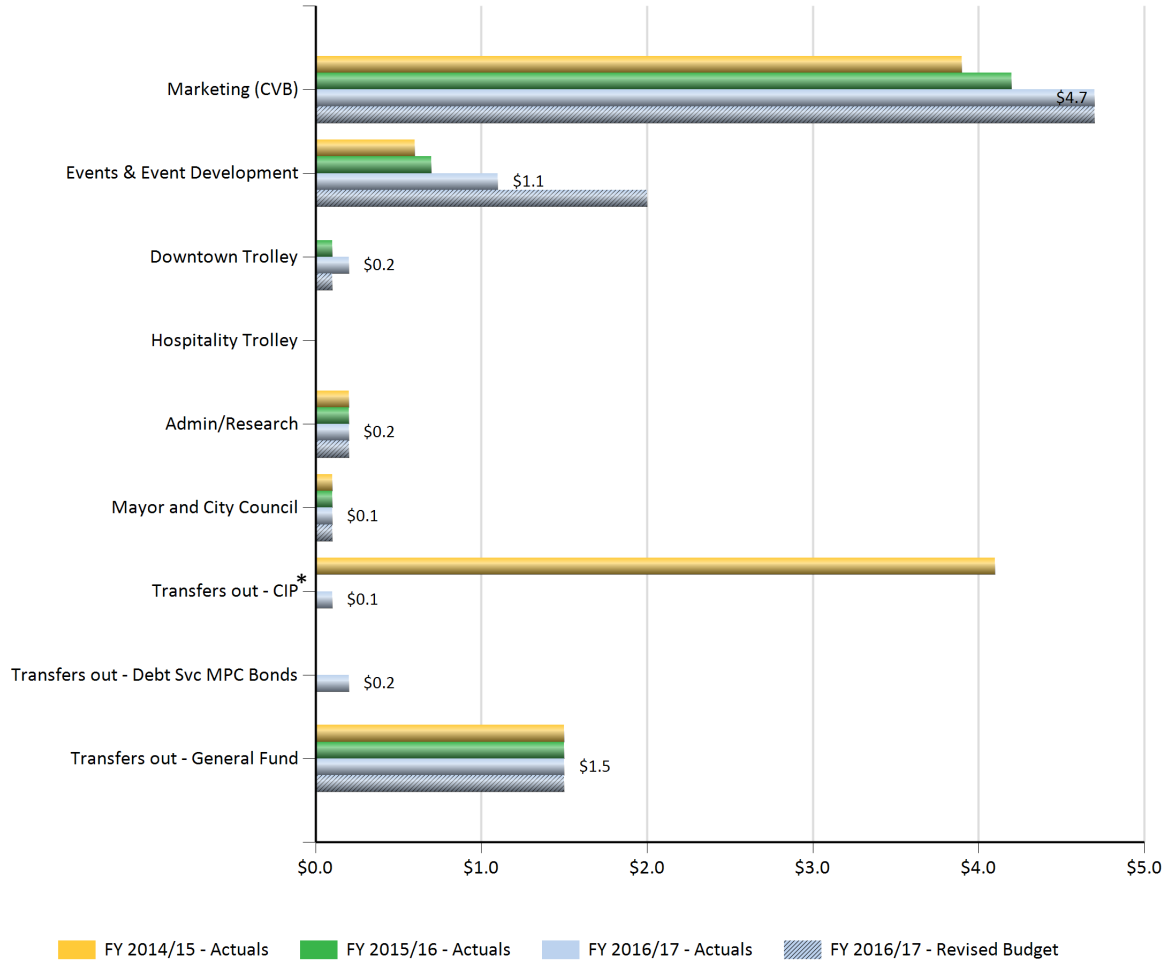
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Bed Taxes	\$5.7	\$5.8	\$6.7	\$6.3	\$0.3	5%
Miscellaneous Revenue	-	-	-	-	-	-
Princess Hotel Lease	0.6	0.6	0.6	0.6	-	-
Transfers In - CIP	-	-	-	-	-	-
Total Sources	\$6.3	\$6.4	\$7.3	\$6.9	\$0.3	5%

Actual to Revised Budget variance of \$0.3 million or 5%:

The favorable variance in Bed Taxes is due to an increase in conventions taking place in the city.



Uses (Fiscal Year to Date: December 2016)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Marketing (CVB)	\$3.9	\$4.2	\$4.7	\$4.7	\$ -	-
Events & Event Development	0.6	0.7	1.1	2.0	0.9	44%
Downtown Trolley	-	0.1	0.2	0.1	(0.1)	(86%)
Hospitality Trolley	-	-	-	-	-	-
Admin/Research	0.2	0.2	0.2	0.2	0.1	25%
Mayor and City Council	0.1	0.1	0.1	0.1	-	-
Transfers out - CIP*	4.1	-	0.1	-	(0.1)	n/a
Transfers out - Debt Svc MPC Bonds	-	-	0.2	-	(0.2)	n/a
Transfers out - General Fund	1.5	1.5	1.5	1.5	-	-
Total Uses	\$10.4	\$6.7	\$8.1	\$8.6	\$0.5	6%

Actual to Revised Budget variance of \$0.5 million or 6%:

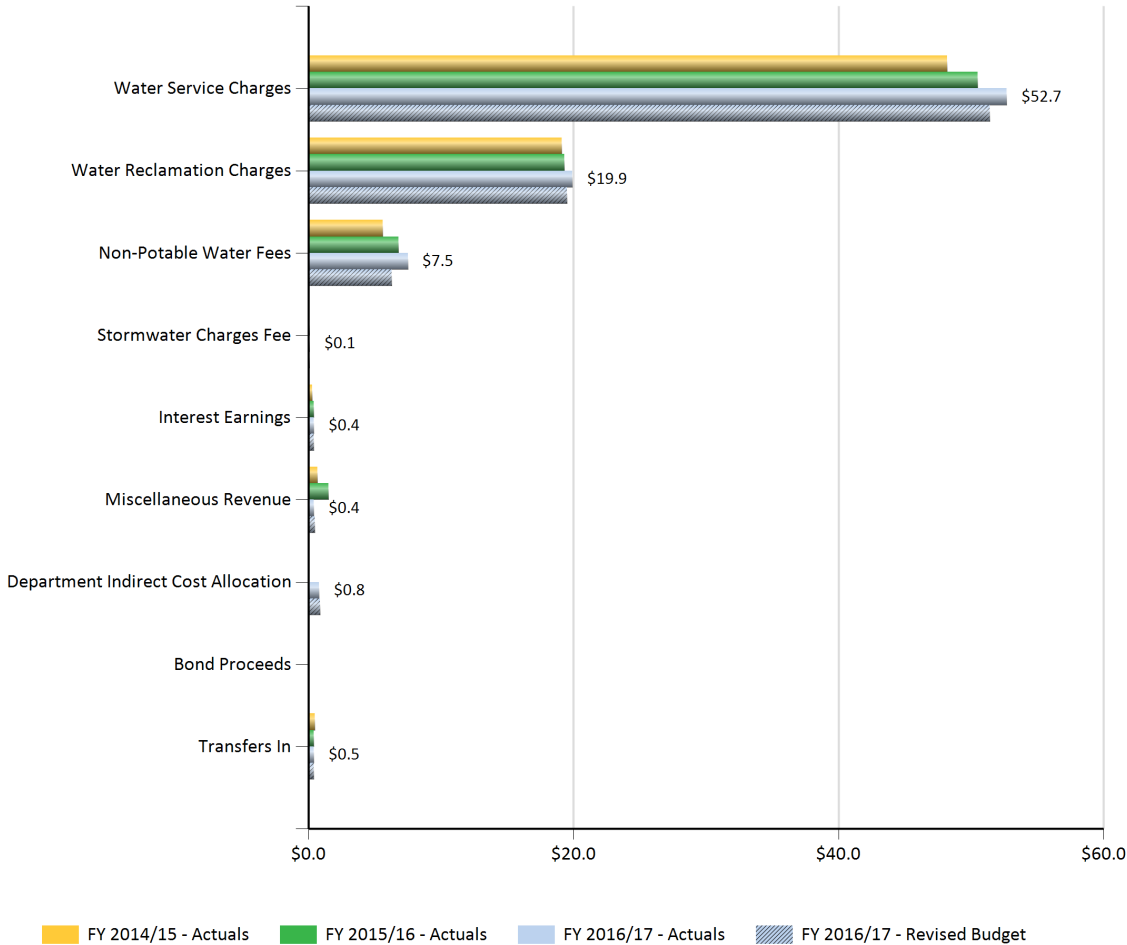
The favorable variance in Events & Event Development is mostly due to timing of expenses for the Downtown ambiance lighting project and for events sponsorship, which are based on fluctuating requests. The unfavorable variance in Downtown Trolley is due to the timing of the use of Tourism Development funds allocated for trolley maintenance. The favorable variance in Admin/Research is due to timing. The unfavorable variance in Transfers out - CIP is related to the unbudgeted Museum of the West Permanent Hopi Pottery Gallery CIP project approved by Council on 08/31/16. Finally, the unfavorable variance in Transfers out - Debt Svc MPC Bonds is due to the interest payment related to the construction of the Museum of the West.

*Large unfavorable variance in Transfers out - CIP for FY 2014-15 is due to transfers which occurred this month but were scheduled to occur later in the Fiscal Year.



Water and Water Reclamation Funds

Sources (Fiscal Year to Date: December 2016)



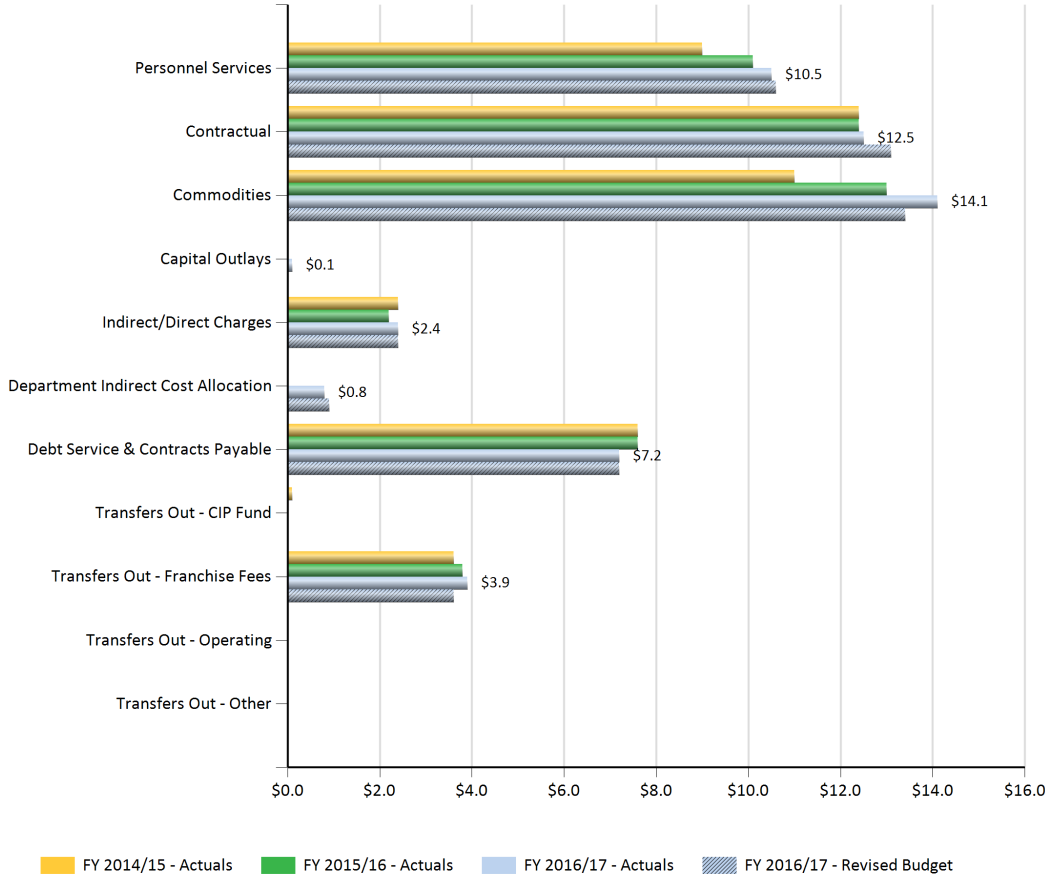
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Water Service Charges	\$48.2	\$50.5	\$52.7	\$51.4	\$1.3	3%
Water Reclamation Charges	19.1	19.3	19.9	19.5	0.4	2%
Non-Potable Water Fees	5.6	6.8	7.5	6.3	1.2	19%
Stormwater Charges Fee	-	0.1	0.1	0.1	-	-
Interest Earnings	0.3	0.4	0.4	0.4	-	-
Miscellaneous Revenue	0.7	1.5	0.4	0.5	(0.1)	(28%)
Department Indirect Cost Allocation	-	-	0.8	0.9	(0.1)	(10%)
Bond Proceeds	-	-	-	-	-	-
Transfers In	0.5	0.5	0.5	0.5	-	-
Total Sources	\$74.4	\$79.2	\$82.3	\$79.7	\$2.6	3%

Actual to Revised Budget variance of \$2.6 million or 3%: The favorable variance in Water Service Charges is driven by water deliveries which are running higher than the three year running average. The favorable variance in Water Reclamation Charges is related to higher deliveries than budgeted, which was developed based on the previous winter period's deliveries. Non-Potable Water Fees favorable variance is due to higher than projected water deliveries for golf course irrigation and a rate settlement with the Reclaimed Water Distribution System. Miscellaneous Revenue is unfavorable primarily due to less revenue being brought in for cell phone tower late fees and sale of scrap metal than anticipated and reimbursement expenses being less than expected.



Water and Water Reclamation Funds

Uses (Fiscal Year to Date: December 2016)



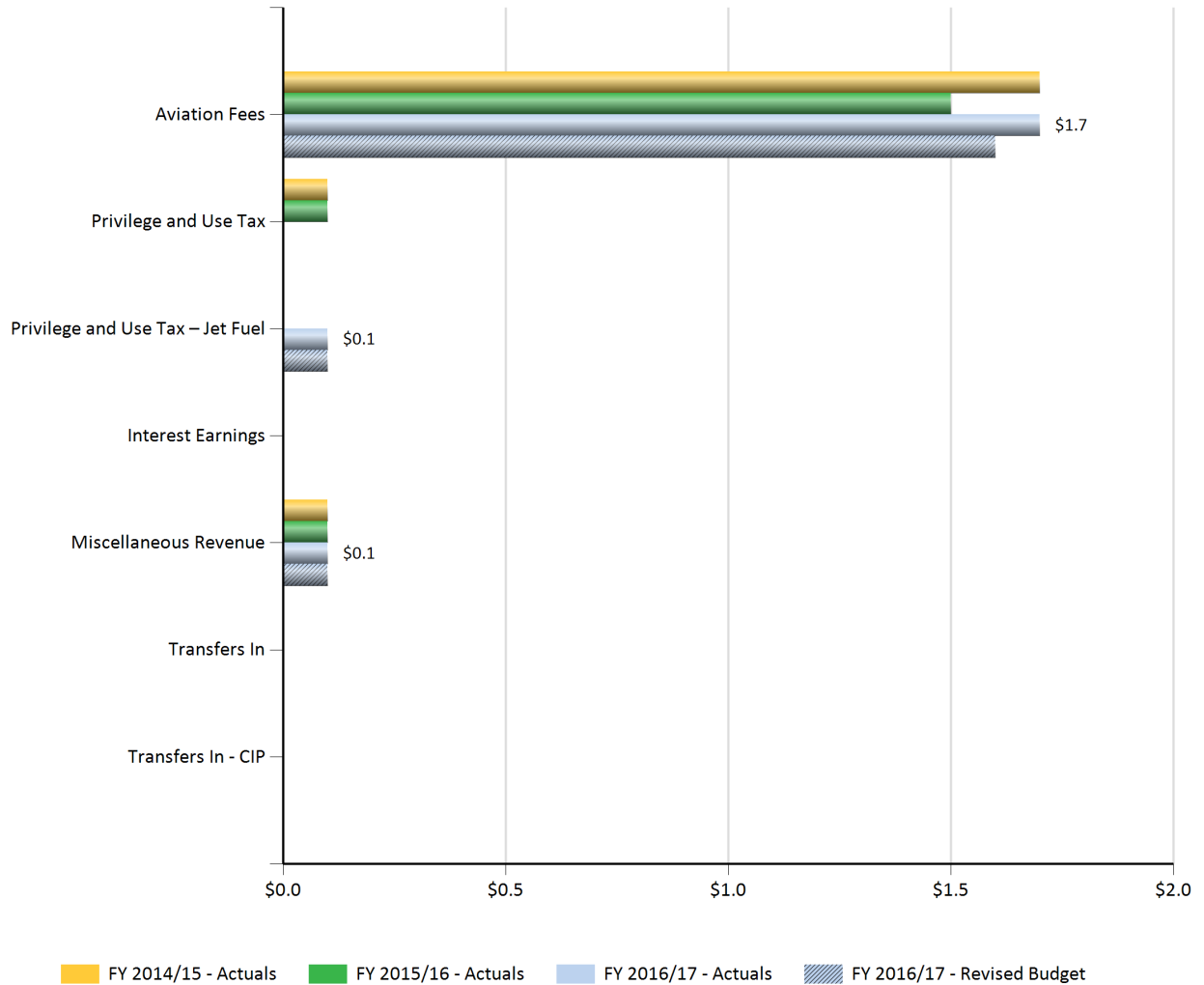
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Personnel Services	\$9.0	\$10.1	\$10.5	\$10.6	\$0.2	2%
Contractual	12.4	12.4	12.5	13.1	0.6	5%
Commodities	11.0	13.0	14.1	13.4	(0.7)	(5%)
Capital Outlays	-	-	0.1	-	(0.1)	nm
Indirect/Direct Charges	2.4	2.2	2.4	2.4	-	-
Department Indirect Cost Allocation	-	-	0.8	0.9	0.1	10%
Debt Service & Contracts Payable	7.6	7.6	7.2	7.2	-	-
Transfers Out - CIP Fund	0.1	-	-	-	-	-
Transfers Out - Franchise Fees	3.6	3.8	3.9	3.6	(0.3)	(9%)
Transfers Out - Operating	-	-	-	-	-	-
Transfers Out - Other	-	-	-	-	-	-
Total Uses	\$46.0	\$49.1	\$51.5	\$51.3	(\$0.2)	0%

Actual to Revised Budget variance of (\$0.2) million or 0%:

Personnel Services is favorable due to employee turnover. New employees are coming in at a lower rate than those they are replacing. Contractual Services is favorable mainly due to the lower than planned usage of various "as needed" professional services and the lower balance of wastewater sent to the Sub Regional Operating Group (SROG) versus the water campus, which is allowing the maximization of effluent production for recharge and sales to RWDS. Commodities is unfavorable mainly due to purchased water expenses occurring in December rather than when they were expected to in January. The Transfers Out - Franchise Fees unfavorable variance is the result of higher revenue collected for Water Service Charges than anticipated, which consequently affects the transfers out to the General Fund. This increase is the result of greater water deliveries compared to the three year running average.



Sources (Fiscal Year to Date: December 2016)



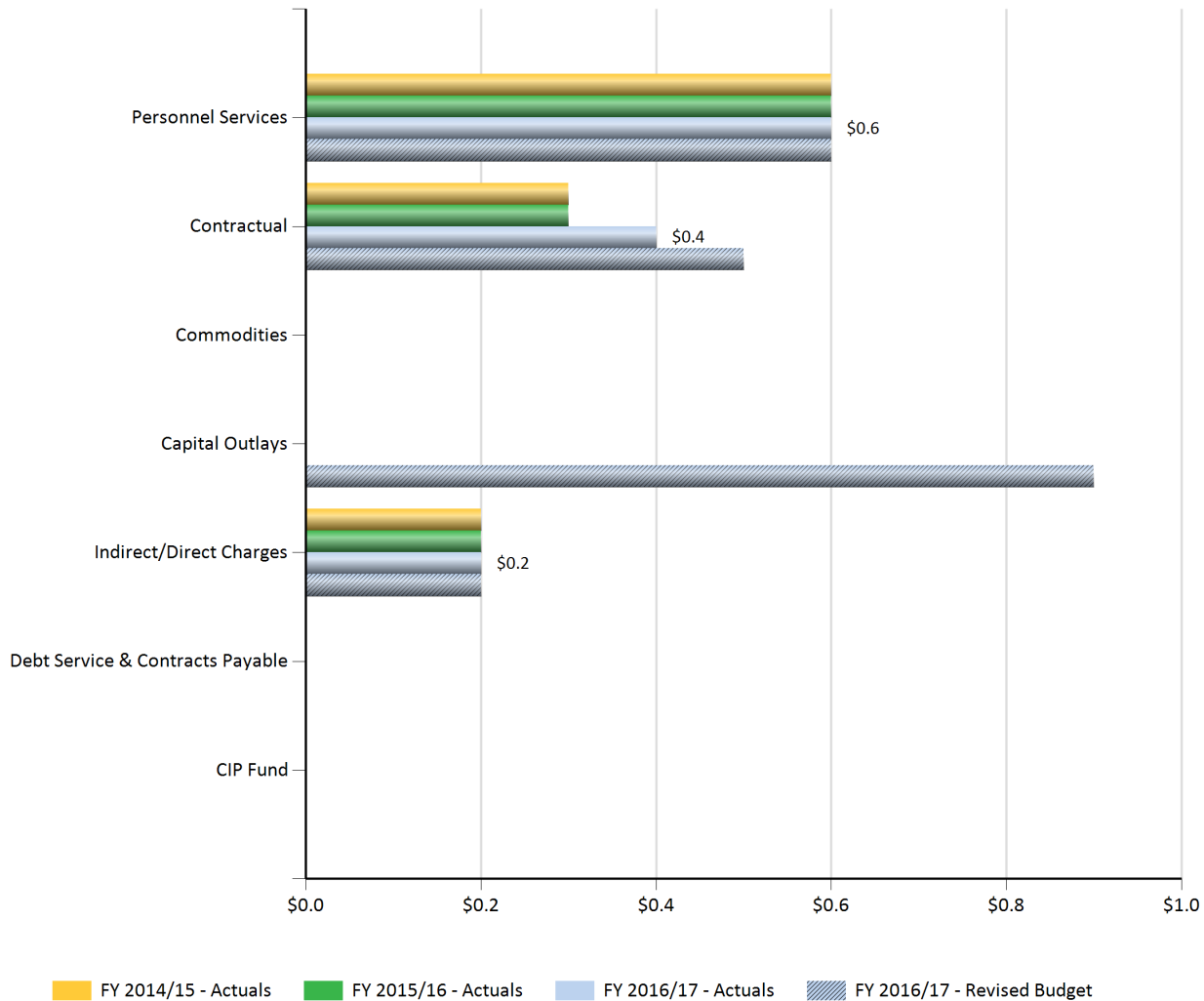
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Aviation Fees	\$1.7	\$1.5	\$1.7	\$1.6	\$0.1	4%
Privilege and Use Tax	0.1	0.1	-	-	-	-
Privilege and Use Tax – Jet Fuel	-	-	0.1	0.1	-	-
Interest Earnings	-	-	-	-	-	-
Miscellaneous Revenue	0.1	0.1	0.1	0.1	-	-
Transfers In	-	-	-	-	-	-
Transfers In - CIP	-	-	-	-	-	-
Total Sources	\$1.8	\$1.6	\$1.8	\$1.8	\$0.1	4%

Actual to Revised Budget variance of \$0.1 million or 4%:

The favorable variance in Aviation Fees is due to timing of the receipt of private hangar rentals, transient parking fees, transient landing fees and custom fees.



Uses (Fiscal Year to Date: December 2016)



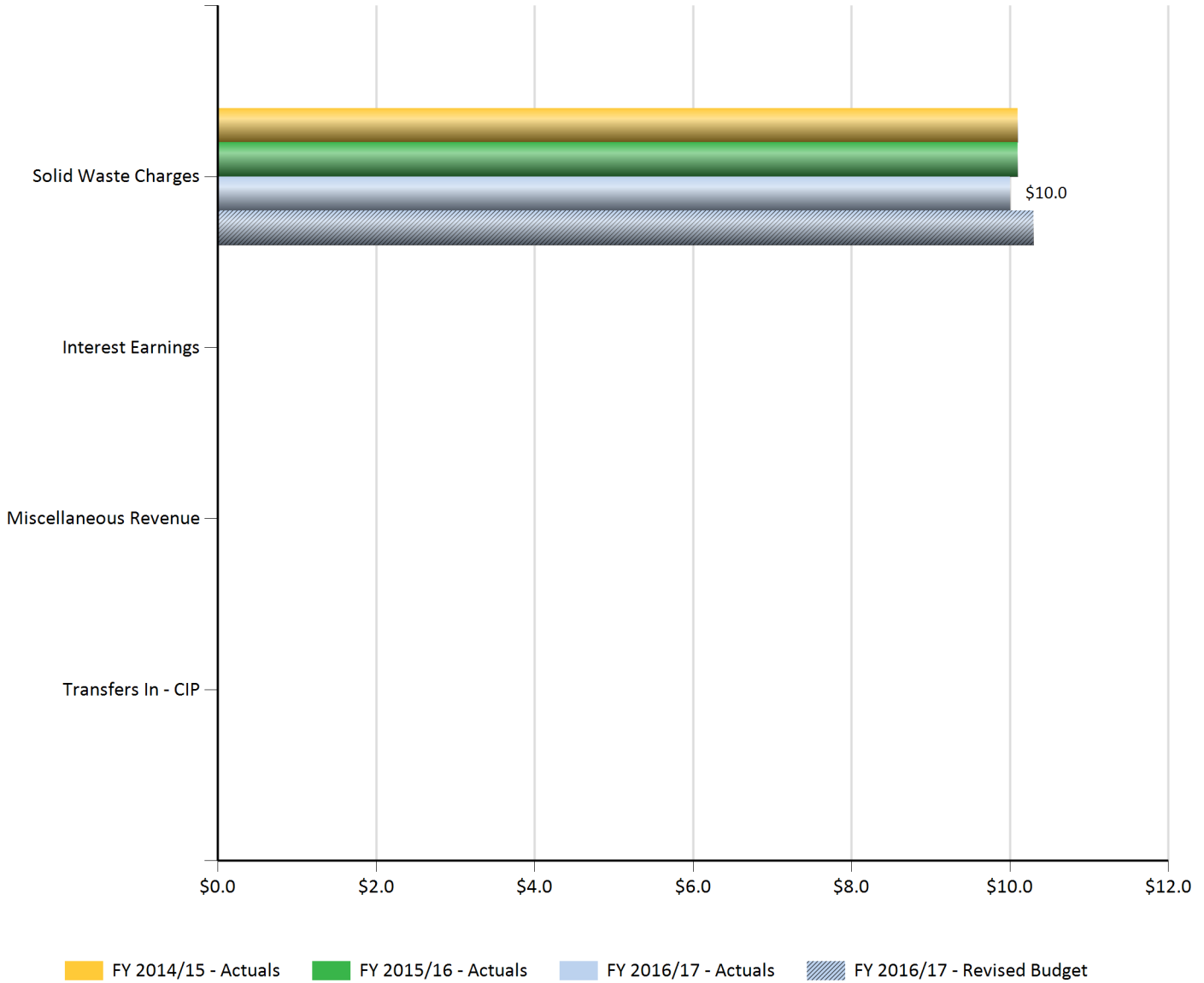
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$0.6	\$0.6	\$0.6	\$0.6	\$ -	-
Contractual	0.3	0.3	0.4	0.5	0.1	17%
Commodities	-	-	-	-	-	-
Capital Outlays	-	-	-	0.9	0.9	100%
Indirect/Direct Charges	0.2	0.2	0.2	0.2	-	-
Debt Service & Contracts Payable	-	-	-	-	-	-
CIP Fund	-	-	-	-	-	-
Total Uses	\$1.1	\$1.1	\$1.3	\$2.3	\$1.0	44%

Actual to Revised Budget variance of \$1.0 million or 44%:

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



Sources (Fiscal Year to Date: December 2016)



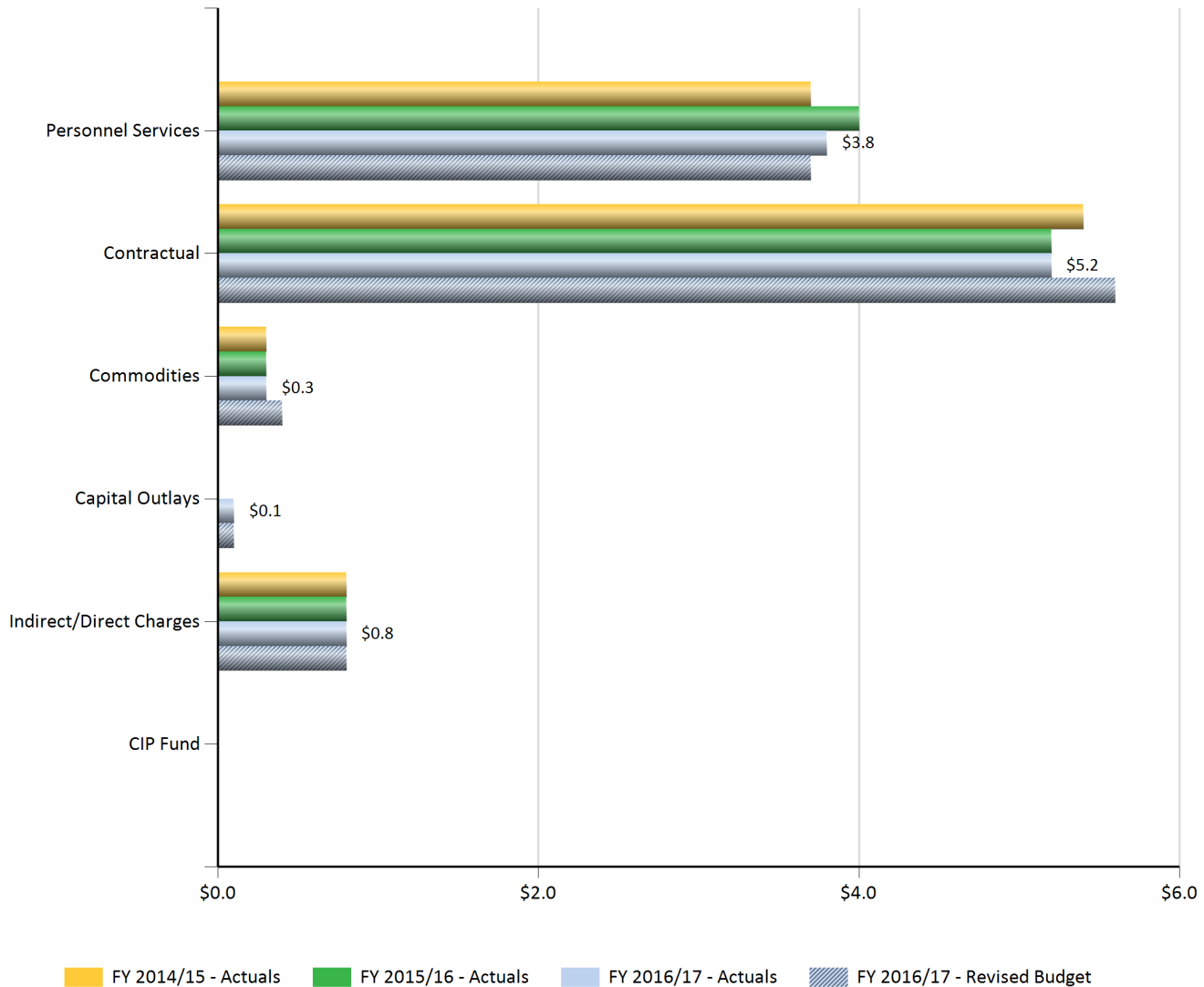
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget	
					Favorable / (Unfavorable) Amount	Percent
Solid Waste Charges	\$10.1	\$10.1	\$10.0	\$10.3	(\$0.2)	(2%)
Interest Earnings	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	-
Transfers In - CIP	-	-	-	-	-	-
Total Sources	\$10.2	\$10.2	\$10.1	\$10.3	(\$0.2)	(2%)

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

The unfavorable variance in Solid Waste Charges is related to the loss of customers as a result of rate increases in roll off and front load refuse charges, as well as to a poor performing commodities market that has reduced the revenue from recycled materials.



Uses (Fiscal Year to Date: December 2016)



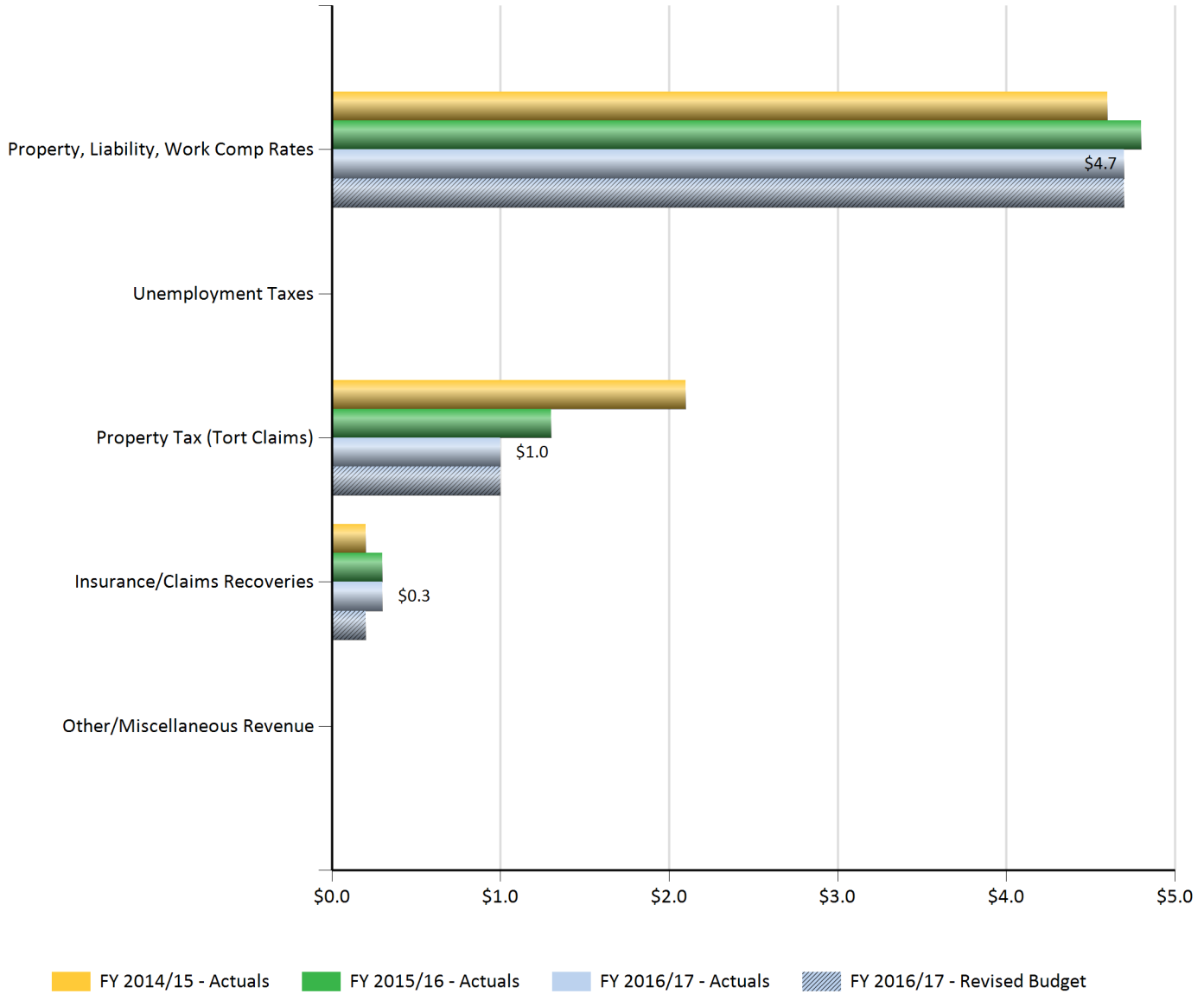
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	(Unfavorable) Percent
Personnel Services	\$3.7	\$4.0	\$3.8	\$3.7	(\$0.2)	(5%)
Contractual	5.4	5.2	5.2	5.6	0.4	8%
Commodities	0.3	0.3	0.3	0.4	0.1	30%
Capital Outlays	-	-	0.1	0.1	-	-
Indirect/Direct Charges	0.8	0.8	0.8	0.8	-	-
CIP Fund	-	-	-	-	-	-
Total Uses	\$10.2	\$10.3	\$10.2	\$10.6	\$0.4	4%

Actual to Revised Budget variance of \$0.4 million or 4%:

The unfavorable variance in Personnel Services is related to Overtime costs in the Public Works Division. The use of overtime has been required to address staff shortages. A favorable variance in Contractual Services is related to delayed billing and an overall reduction in landfill contract costs for disposal as a result of the loss of front load and roll off customers that have experienced rate increases. A favorable variance in Commodities is related to delayed billing and overall reduction in demand of replacement containers due to loss of commercial customers that experienced rate increases.



Sources (Fiscal Year to Date: December 2016)



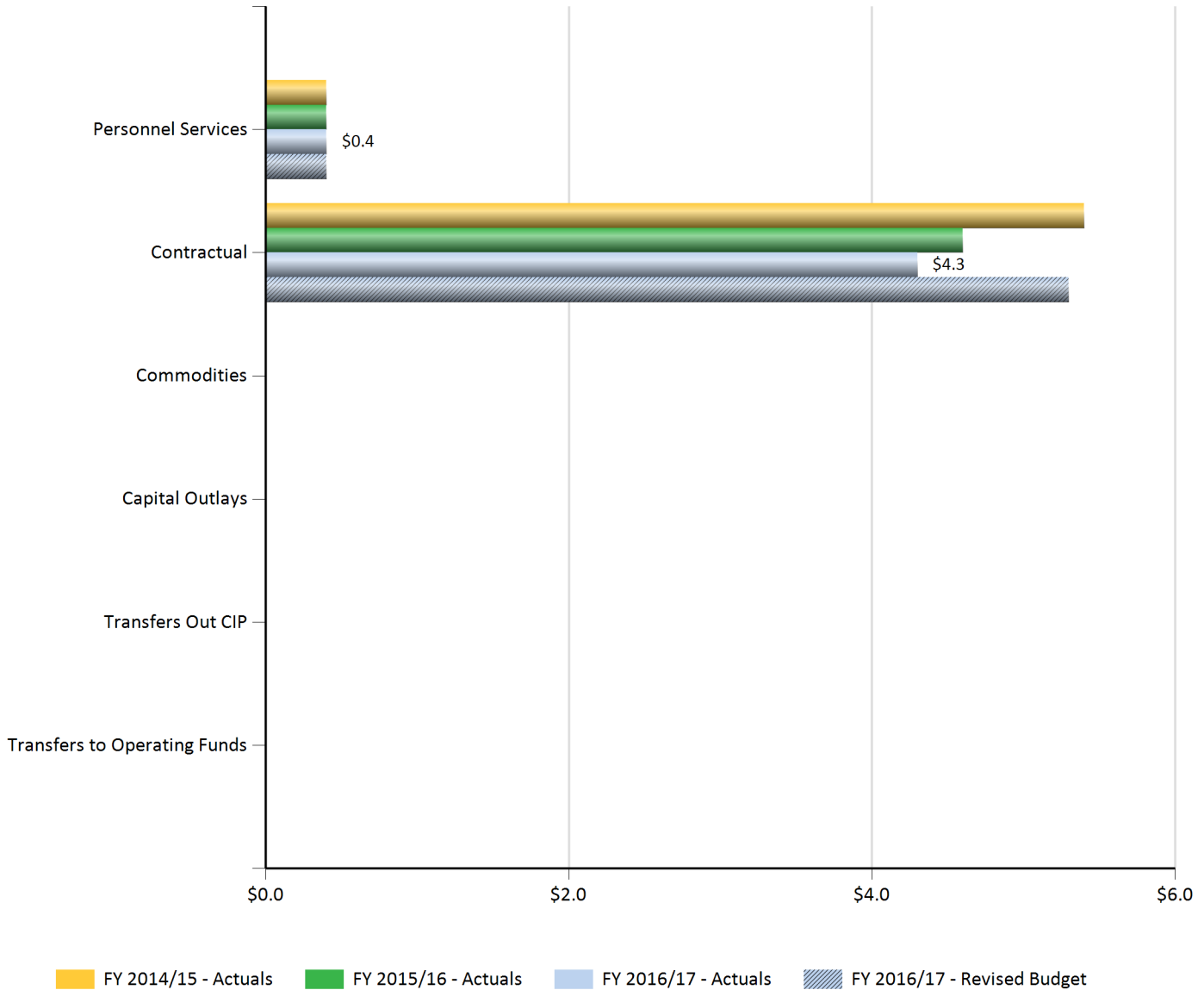
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Property, Liability, Work Comp Rates	\$4.6	\$4.8	\$4.7	\$4.7	\$ -	-
Unemployment Taxes	-	-	-	-	-	-
Property Tax (Tort Claims)	2.1	1.3	1.0	1.0	-	-
Insurance/Claims Recoveries	0.2	0.3	0.3	0.2	0.1	57%
Other/Miscellaneous Revenue	-	-	-	-	-	-
Total Sources	\$6.9	\$6.5	\$6.0	\$5.9	\$0.1	2%

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

The favorable variance in Insurance/Claims Recoveries is due to the increase in insurance recoveries for Physical Damage. Each month recovery amounts vary and revenue is determined based on damage to city property.



Uses (Fiscal Year to Date: December 2016)



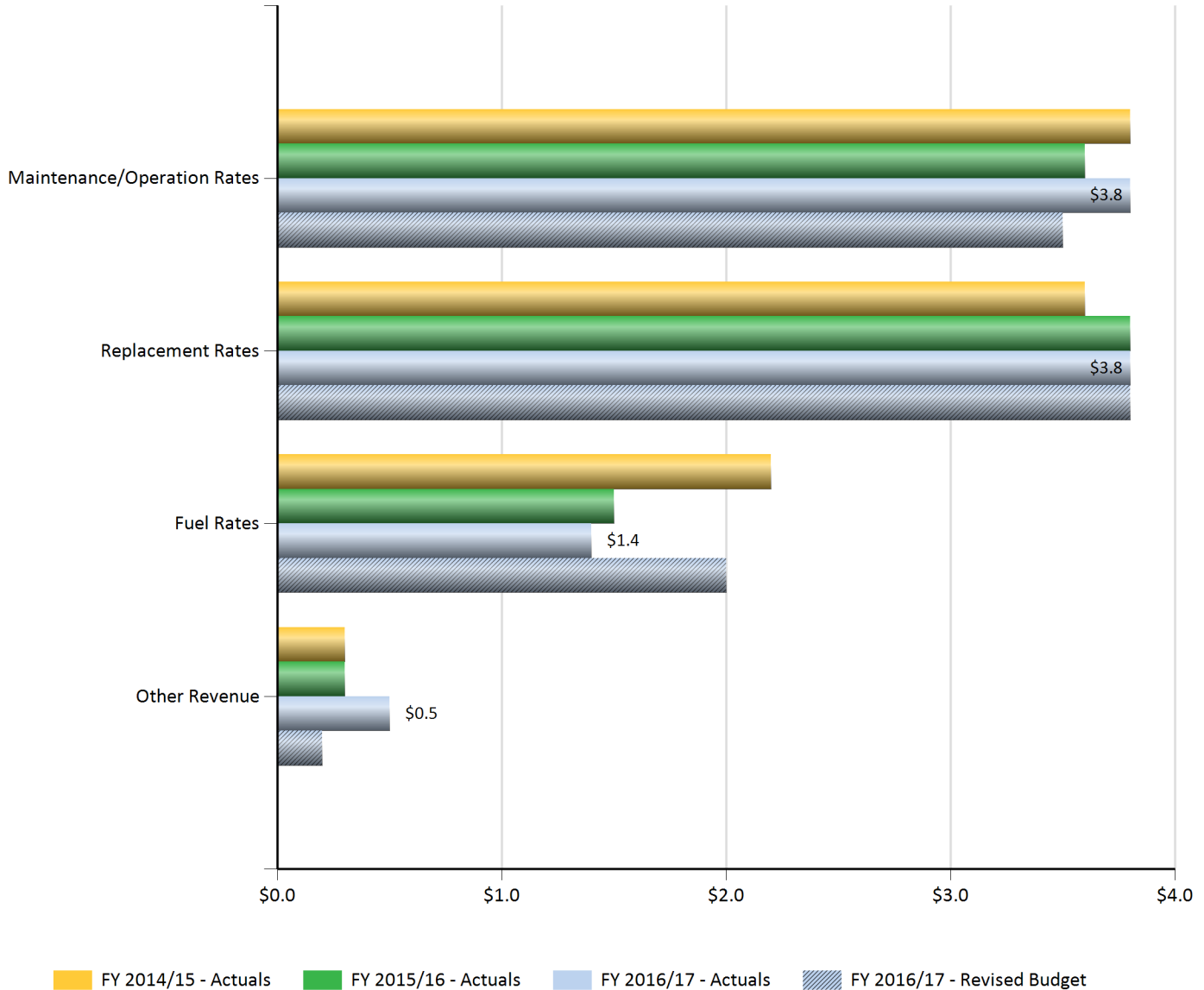
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$0.4	\$0.4	\$0.4	\$0.4	\$ -	-
Contractual	5.4	4.6	4.3	5.3	1.0	20%
Commodities	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-
Transfers Out CIP	-	-	-	-	-	-
Transfers to Operating Funds	-	-	-	-	-	-
Total Uses	\$5.8	\$5.1	\$4.7	\$5.8	\$1.1	18%

Actual to Revised Budget variance of \$1.1 million or 18%:

The favorable variance in Contractual is due to savings from the re-packaging of policies for insurance & bond premiums, the lack of large claims and fluctuation in General liability claims.



Sources (Fiscal Year to Date: December 2016)



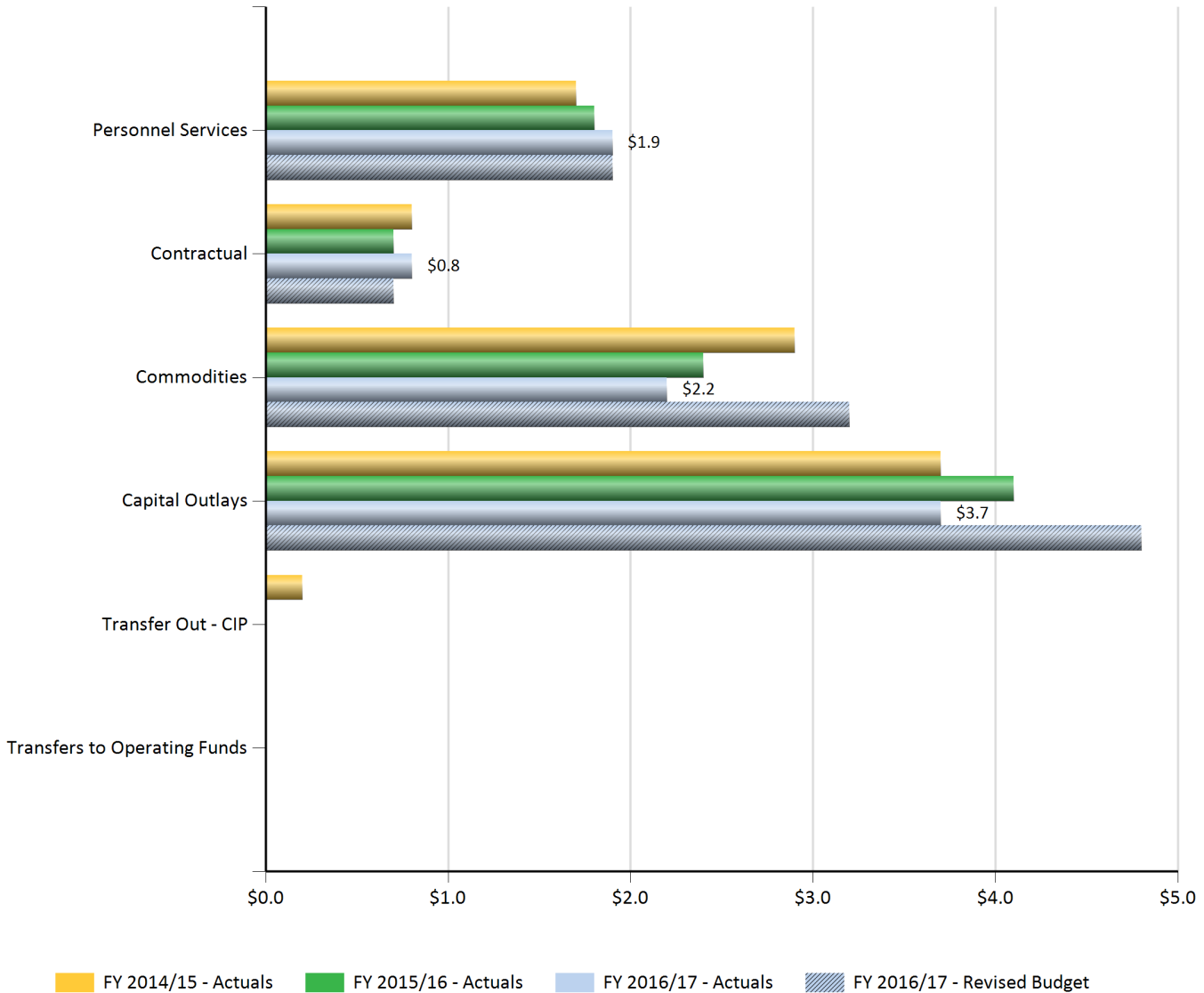
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Maintenance/Operation Rates	\$3.8	\$3.6	\$3.8	\$3.5	\$0.3	9%
Replacement Rates	3.6	3.8	3.8	3.8	-	-
Fuel Rates	2.2	1.5	1.4	2.0	(0.5)	(27%)
Other Revenue	0.3	0.3	0.5	0.2	0.3	nm
Total Sources	\$9.8	\$9.2	\$9.5	\$9.4	\$0.1	1%

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

The favorable variance in Maintenance/Operations Rates is related to higher than expected equipment repair costs primarily associated with Solid Waste's fleet. An unfavorable variance of in Fuel Rates is related to lower fuel costs. A favorable variance in Other Revenue is due to a new practice of recording risk management chargebacks in this revenue line to recognize accident repair costs incurred by Fleet. This revenue was not budgeted this fiscal year.



Uses (Fiscal Year to Date: December 2016)



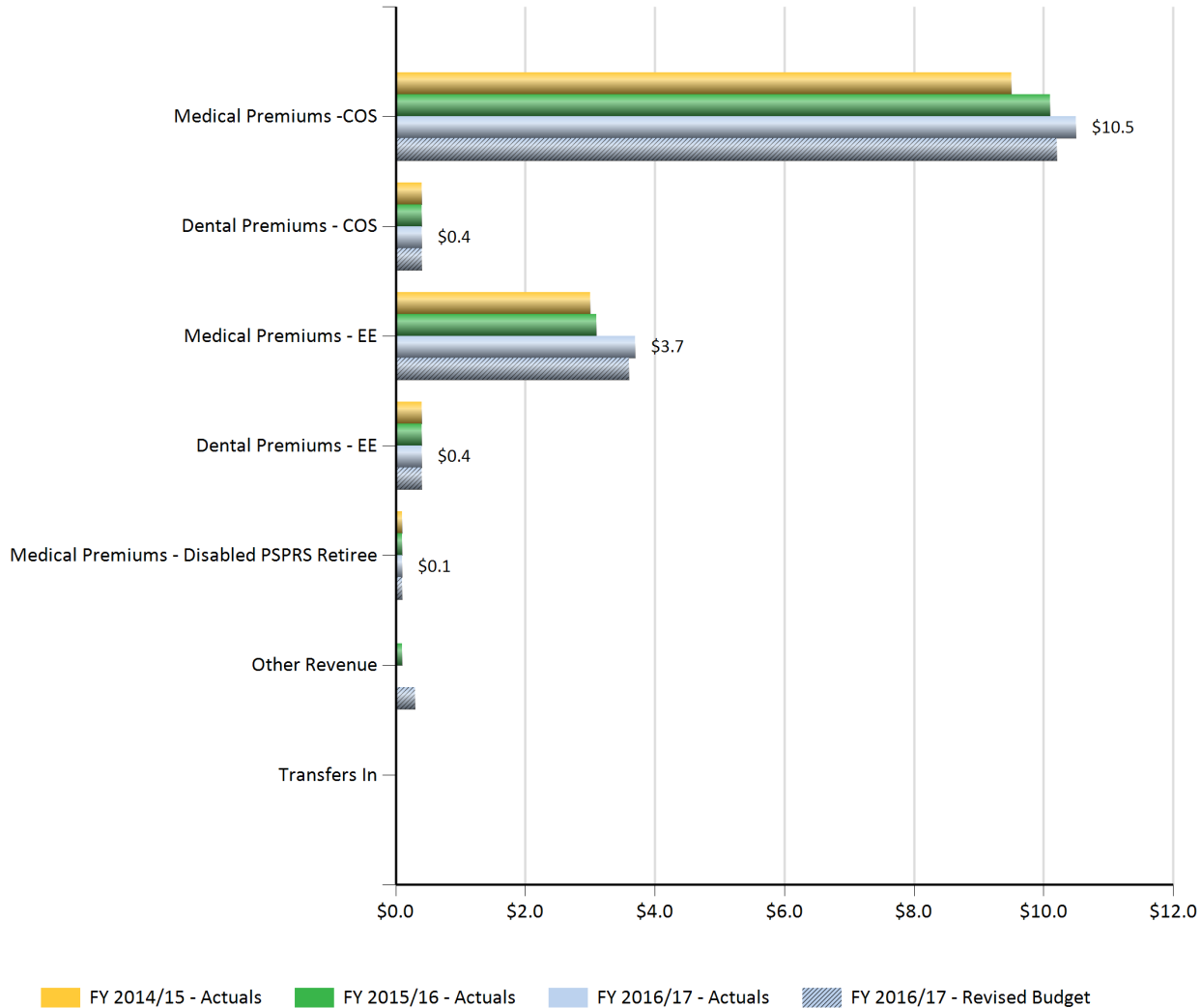
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$1.7	\$1.8	\$1.9	\$1.9	\$ -	-
Contractual	0.8	0.7	0.8	0.7	(0.1)	(9%)
Commodities	2.9	2.4	2.2	3.2	1.0	30%
Capital Outlays	3.7	4.1	3.7	4.8	1.2	24%
Transfer Out - CIP	0.2	-	-	-	-	-
Transfers to Operating Funds	-	-	-	-	-	-
Total Uses	\$9.4	\$9.0	\$8.5	\$10.6	\$2.1	20%

Actual to Revised Budget variance of \$2.1 million or 20%:

An unfavorable variance in Contractual Services is related to a higher number of accident repairs than anticipated year to date. A favorable variance in Commodities is related to lower costs in fuel due to reduced prices per gallon than originally budgeted. A favorable variance in Capital Outlays is related to the number of vehicles purchased to date were lower than anticipated. The majority of the purchases are anticipated in the second half of the year.



Sources (Fiscal Year to Date: December 2016)



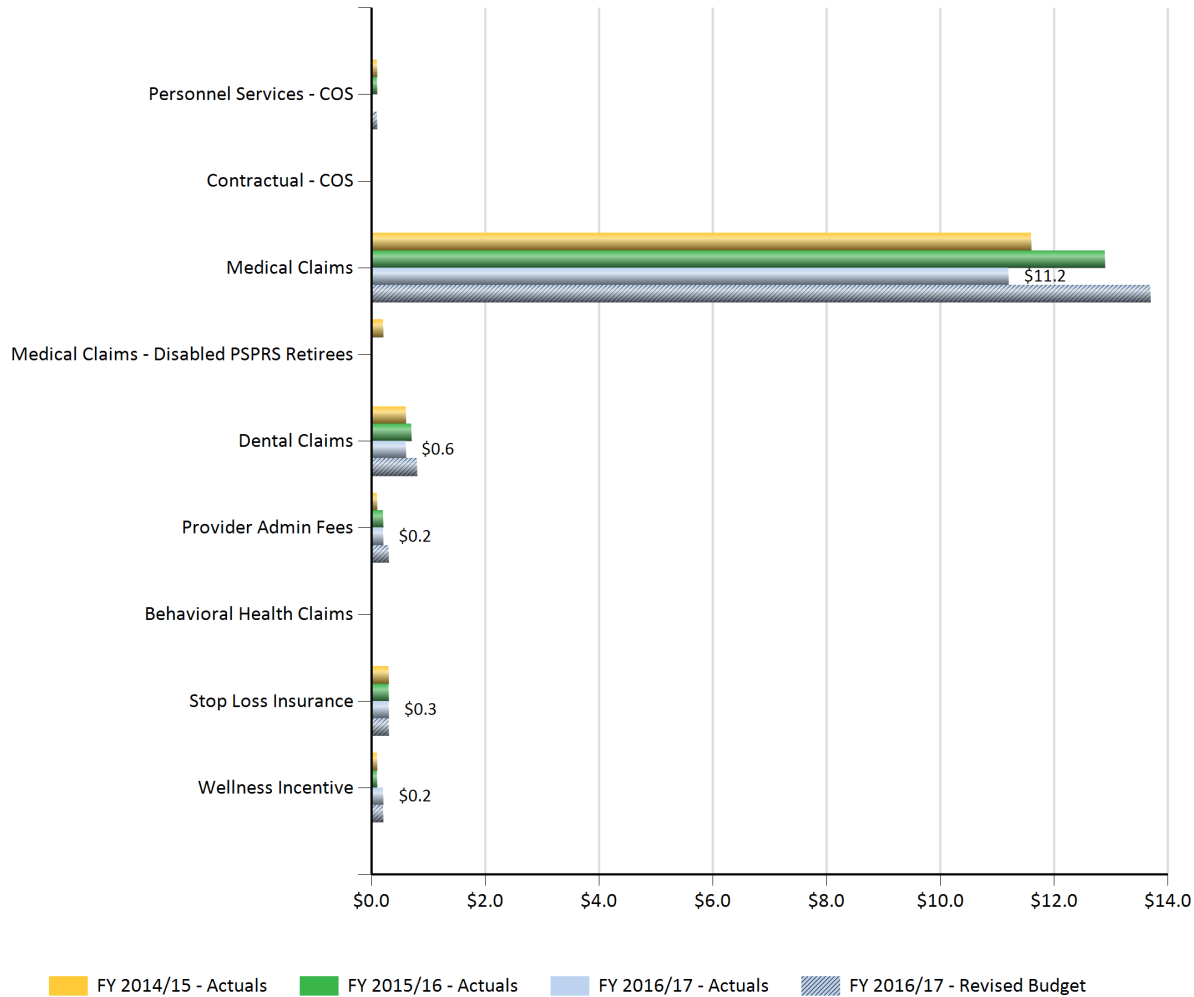
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Medical Premiums - COS	\$9.5	\$10.1	\$10.5	\$10.2	\$0.3	3%
Dental Premiums - COS	0.4	0.4	0.4	0.4	-	-
Medical Premiums - EE	3.0	3.1	3.7	3.6	0.1	1%
Dental Premiums - EE	0.4	0.4	0.4	0.4	-	-
Medical Premiums - Disabled PSPRS Retiree	0.1	0.1	0.1	0.1	-	-
Other Revenue	-	0.1	-	0.3	(0.3)	(98%)
Transfers In	-	-	-	-	-	-
Total Sources	\$13.4	\$14.1	\$15.1	\$15.1	\$ -	-

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

The favorable variances in Medical Premiums - COS and in Medical Premiums - EE are due to self-insurance coming in slightly higher than estimated. Plans are budgeted and adopted prior to participants plan selection for the fiscal year, which causes differences between employees actual selection of plans and the assumption of what plans they would choose. The unfavorable variance in Other Revenue is mostly due to how various healthcare and prescription rebates are received, which are not received on a consistent basis and amounts fluctuate between periods.



Uses (Fiscal Year to Date: December 2016)



	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Personnel Services - COS	\$0.1	\$0.1	\$ -	\$0.1	\$ -	-
Contractual - COS	-	-	-	-	-	-
Medical Claims	11.6	12.9	11.2	13.7	2.5	18%
Medical Claims - Disabled PSPRS Retirees	0.2	-	-	-	-	-
Dental Claims	0.6	0.7	0.6	0.8	0.1	17%
Provider Admin Fees	0.1	0.2	0.2	0.3	-	-
Behavioral Health Claims	-	-	-	-	-	-
Stop Loss Insurance	0.3	0.3	0.3	0.3	0.1	16%
Wellness Incentive	0.1	0.1	0.2	0.2	-	-
Total Uses	\$13.1	\$14.4	\$12.6	\$15.4	\$2.8	18%

Actual to Revised Budget variance of \$2.8 million or 18%:

The favorable variances in Medical and in Dental Claims are due to budget spread. Since both types of claims are extremely difficult to predict, spreads are done on a linear basis. For the first quarter of FY 2016/17, the city's annual medical/dental costs are lower than expected. The city has paid approximately \$13 million in claims through December. There are no large outstanding claims waiting to be processed.



WestWorld Statement of Operations

Twelve Months: Fiscal Year

	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Adopted Budget	2016/17 Revised Budget
Operating Revenue						
Rental Facilities	\$1,617,444	\$2,050,602	\$2,134,970	\$2,205,750	\$2,583,649	\$2,583,649
RV Rental	257,509	232,802	270,661	251,685	235,249	235,249
Feed/Bedding Sales	499,264	548,330	499,691	566,127	531,000	531,000
Labor Fees	233,486	266,860	240,173	301,429	260,000	260,000
Concession Fees	223,836	191,380	354,902	487,513	443,000	443,000
Parking	48,834	58,591	110,931	96,927	170,200	170,200
Other Income	105,121	142,732	135,192	198,068	37,200	37,200
Equidome Project Use Fee	-	75,000	555,000	315,000	360,000	360,000
Council Approved Authorized Carryover ^a	-	2,048,000	-	-	-	-
Operating Revenue	\$2,985,494	\$5,614,297	\$4,301,521	\$4,422,499	\$4,620,298	\$4,620,298
Operating Expenses						
Personnel Services						
Wages/Salaries/Benefits	\$1,527,275	\$1,564,608	\$1,616,913	\$1,768,655	\$1,896,328	\$1,950,603
Overtime	28,259	21,195	25,558	32,594	22,333	23,002
Contractual Services						
Contractual Workers	74,914	84,004	92,292	81,775	100,000	100,000
Telephone	25,637	32,164	30,650	21,015	41,531	41,531
Utilities	558,010	1,016,731	1,219,326	1,174,779	1,208,320	1,208,320
Maintenance & Equipment Rental & Fleet	591,505	601,739	652,492	751,856	689,220	689,220
License and Permits	124,251	73,018	73,356	76,684	126,168	126,168
Property, Liability & Workers' Comp	18,114	30,724	37,376	51,525	62,401	62,401
Advertising/Marketing Contract	11,492	212,869	208,815	252,328	350,000	350,000
Other	212,162	232,224	268,443	234,449	322,592	322,592
Commodities and Capital Outlays						
Agriculture & Horticulture & Other Supply	125,040	128,597	71,411	103,461	131,545	131,545
Maintenance & Repairs Supply, Equipment	68,781	74,067	84,344	116,413	152,035	152,035
Inventory Purchased for Resale	258,927	260,507	304,481	294,103	482,500	482,500
Construction - Other	94,323	10,695	-	21,428		
Other Expenses	39,526	35,951	45,959	64,193	33,690	33,690
BOR Admin						
BOR Admin/WestWorld	127,628	134,010	140,710	147,746	155,133	155,133
Allocated Expenses ^b						
Facilities Maintenance	402,988	402,988	713,808	670,566	776,954	776,954
COS Indirect Costs	241,136	255,887	276,504	338,575	370,385	370,385
Operating Expenses	\$4,529,966	\$5,171,979	\$5,862,440	\$6,202,145	\$6,921,135	\$6,976,079
Operating Income	(\$1,544,472)	\$442,317	(\$1,560,919)	(\$1,779,646)	(\$2,300,837)	(\$2,355,781)
Debt Service (Less contributions)						
Debt Service - (52 & 17 acres)	\$2,364,123	\$2,012,576	\$2,250,353	\$2,273,677	\$2,304,207	\$2,304,207
Debt Service - TNEC (\$41.935M)	-	1,546,675	1,543,925	1,524,125	1,506,875	1,506,875
Debt Service - TNEC Tourism Funded	588,503	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Bed Tax Contributions - TNEC	(588,503)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Net Debt Service	\$2,364,123	\$3,559,251	\$3,794,278	\$3,797,802	\$3,811,082	\$3,811,082
Operating Income After Debt Service	(\$3,908,595)	(\$3,116,933)	(\$5,355,198)	(\$5,577,448)	(\$6,111,919)	(\$6,166,863)

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

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



WestWorld Statement of Operations

	FY 2012/13 YTD Actual	FY 2013/14 YTD Actual	FY 2014/15 YTD Actual	FY 2015/16 YTD Actual	FY 2016/17 YTD Actual	FY 2016/17 Approved YTD Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Operating Revenue								
Rental Facilities	\$137,742	\$361,112	\$540,143	\$809,557	\$866,830	\$450,300	\$416,530	93%
RV Rental	48,546	61,267	52,034	53,580	56,185	32,000	24,185	76%
Feed/Bedding Sales	133,863	189,527	180,006	200,333	140,375	182,100	(41,725)	(23%)
Labor Fees	20,778	53,912	42,996	73,055	54,491	40,000	14,491	36%
Concession Fees	50,531	52,534	102,416	167,100	64,276	125,000	(60,724)	(49%)
Parking	6,242	25,120	50,868	30,657	43,091	57,000	(13,909)	(24%)
Other Income	6,992	3,089	1,894	17,930	12,334	840	11,494	nm
Equidome Project Use Fee	-	-	285,000	90,000	45,000	-	45,000	n/a
Council Approved Authorized Carryover ^a	-	-	-	-	-	-	-	-
Operating Revenue	\$404,693	\$746,561	\$1,255,357	\$1,442,213	\$1,282,581	\$887,240	\$395,341	45%
Operating Expenses								
Personnel Services								
Wages/Salaries/Benefits	\$749,249	\$741,877	\$790,715	\$884,819	\$968,337	\$978,700	\$10,363	1%
Overtime	5,867	5,039	7,671	7,433	5,214	11,074	5,860	53%
Contractual Services								
Contractual Workers	13,965	26,883	24,738	26,468	25,413	29,000	3,587	12%
Telephone	14,591	15,792	17,430	8,851	14,243	20,413	6,170	30%
Utilities	141,553	283,919	481,455	442,301	488,824	434,171	(54,653)	(13%)
Maintenance & Equipment Rental & Fleet	270,822	267,200	297,744	325,786	293,693	335,116	41,423	12%
License and Permits	72,985	72,852	73,509	76,650	146,460	73,083	(73,377)	(100%)
Property, Liability & Workers' Comp	9,060	15,360	18,690	25,764	31,200	31,200	-	-
Advertising/Marketing Contract	8,272	9,672	204,371	249,609	184,031	335,349	151,318	45%
Other	41,590	67,737	73,677	64,567	74,715	83,464	8,749	10%
Commodities and Capital Outlays								
Agriculture & Horticulture & Other Supply	88,355	63,945	35,375	56,257	53,677	52,545	(1,132)	(2%)
Maintenance & Repairs Supply, Equipment	44,372	32,481	51,244	34,355	55,705	68,422	12,717	19%
Inventory Purchased for Resale	108,666	117,591	164,707	157,352	121,833	230,000	108,167	47%
Construction - Other	-	10,695	-	38	-	-	-	-
Other Expenses	18,072	19,456	27,183	31,896	19,799	10,791	(9,008)	(83%)
BOR Admin								
BOR Admin/WestWorld	-	134,010	140,710	147,746	155,133	155,133	0	0%
Allocated Expenses ^b								
Facilities Maintenance	201,492	201,492	356,904	335,286	388,476	388,476	-	-
COS Indirect Costs	120,570	127,944	138,252	169,290	185,190	185,190	-	-
Operating Expenses	\$1,909,482	\$2,213,945	\$2,904,376	\$3,044,468	\$3,211,943	\$3,422,127	\$210,184	6%
Operating Income	(\$1,504,789)	(\$1,467,384)	(\$1,649,019)	(\$1,602,255)	(\$1,929,361)	(\$2,534,887)	\$605,526	24%
Debt Service (Less contributions)								
Debt Service - (52 & 17 acres)	\$681,297	\$661,297	\$278,750	\$53,625	\$30,625	\$30,625	\$ -	-
Debt Service - TNEC (\$41.935M)	-	-	-	-	-	-	-	-
Debt Service - TNEC Tourism Funded	-	-	-	-	-	-	-	-
Bed Tax Contributions - TNEC	-	-	-	-	-	-	-	-
Net Debt Service	\$681,297	\$661,297	\$278,750	\$53,625	\$30,625	\$30,625	\$ -	-
Operating Income After Debt Service	(\$2,186,086)	(\$2,128,681)	(\$1,927,769)	(\$1,655,880)	(\$1,959,986)	(\$2,565,512)	\$605,526	24%

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

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



Privilege (Sales) & Use Tax Collections For December 2016 (For Business Activity in November 2016)

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

The fiscal year to date Privilege and Use Tax (1.0 percent General Purpose) collections decreased (1) percent compared to the Budget, and increased 1 percent compared to the same period a year ago.

Privilege (Sales) & Use Tax by Category and Fund

	Fiscal Year: Twelve Months				
	2014/15	2015/16	2016/17	2016/17	2016/17
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u> <u>Budget</u>	<u>Revised</u> <u>Budget</u>	<u>Approved</u> <u>Adjustments</u>
1.00% General Purpose					
Rentals	\$13.0	\$14.5	\$14.2	\$14.2	\$0.0
Misc. Retail Stores	17.1	18.3	19.3	19.3	0.0
Major Dept. Stores	9.5	9.3	9.8	9.8	0.0
Automotive	13.8	14.4	15.2	15.2	0.0
Food Stores	7.0	7.2	7.5	7.5	0.0
Construction	11.1	10.3	9.4	9.4	0.0
Dining/ Entertainment	9.4	9.8	10.4	10.4	0.0
Other Activity	10.1	11.1	11.1	11.1	0.0
Hotel/Motel	5.3	5.6	5.9	5.9	0.0
Utilities	4.4	4.5	4.5	4.5	0.0
Subtotal	<u>\$100.6</u>	<u>\$105.0</u>	<u>\$107.1</u>	<u>\$107.1</u>	<u>\$0.0</u>
0.10% Public Safety	\$9.8	\$10.3	\$10.5	\$10.5	\$0.0
0.20% Transportation	19.1	19.9	20.4	20.4	0.0
0.20% McDowell Preserve 1995	19.7	20.6	21.0	21.0	0.0
0.15% McDowell Preserve 2004	14.8	15.4	15.7	15.7	0.0
Total	<u>\$164.0</u>	<u>\$171.3</u>	<u>\$174.7</u>	<u>\$174.7</u>	<u>\$0.0</u>
% Change vs. Prior Year	5%	4%	3%	2%	

Rounding differences may occur

Privilege (Sales) & Use Tax by Category and Fund

Fiscal Year-to-Date:						
	2014/15 Actual	2015/16 Actual	2016/17 Actual	2016/17 Budget	Actual vs. Budget	
					Favorable/(Unfavorable) Amount	Percent
<u>1.00% General Purpose</u>						
Rentals	\$6.3	\$6.9	\$7.0	\$7.0	\$0.0	0%
Misc. Retail Stores	7.5	8.2	8.8	8.6	0.2	2%
Major Dept. Stores	4.4	4.4	4.4	4.5	(0.1)	-2%
Automotive	6.3	6.9	7.1	7.2	(0.1)	-2%
Food Stores	3.0	3.2	3.3	3.3	0.0	0%
Construction	6.2	5.4	5.2	5.3	(0.1)	-2%
Dining/ Entertainment	4.0	4.2	4.4	4.5	(0.1)	-1%
Other Activity	4.4	5.0	4.7	5.2	(0.5)	-10%
Hotel/Motel	1.9	2.1	2.3	2.2	0.1	4%
Utilities	2.4	2.4	2.6	2.4	0.2	8%
Subtotal	\$46.3	\$48.7	\$49.8	\$50.3	(\$0.5)	-1%
0.10% Public Safety	\$4.5	\$4.8	\$4.9	\$4.9	\$0.0	0%
0.20% Transportation	8.8	9.2	9.5	9.5	0.0	0%
0.20% McDowell Preserve 1995	9.0	9.5	9.8	9.8	0.0	0%
0.15% McDowell Preserve 2004	6.8	7.1	7.3	7.4	0.0	0%
Total	\$75.3	\$79.3	\$81.4	\$82.0	(\$0.6)	-1%
% Change vs. Prior Year		5%	1%	4%		

Rounding differences may occur.

Rental Sales Taxes

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

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

Miscellaneous Retail Stores Sales Taxes

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

Actual to Revised Budget variance of \$0.2 million or 2%: Normal business fluctuations.

Major Department Stores Sales Taxes

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

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

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 (\$0.1) million or (2%): This is due to decreased sales from the automotive dealerships.

Food Stores Sales Taxes

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

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

Construction Sales Taxes

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

Actual to Revised Budget variance of (\$0.1) million or (2%): The unfavorable variance is the result of a payment received in error.

Dining/Entertainment Sales Taxes

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

Actual to Revised Budget variance of (\$0.1) million or (1%): 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 (\$0.5) million or (10%): This is due in part to a decrease in annual tax license renewal payments.

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 \$0.1 million or 4%: This is due to an increase in conventions.

Utilities Sales Taxes

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

Actual to Revised Budget variance of \$0.2 million or 8%: The increase is the result of reclassifying a taxpayer from the construction category.



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

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

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

GENERAL FUND SOURCES

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

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

Property Tax – 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 divisions whose purpose is to support this punishment, such as the Court and Police.

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 Service/Other - Charges for Service/Other includes 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.