



Monthly Financial Report
Fiscal Year to Date
as of November 30, 2016

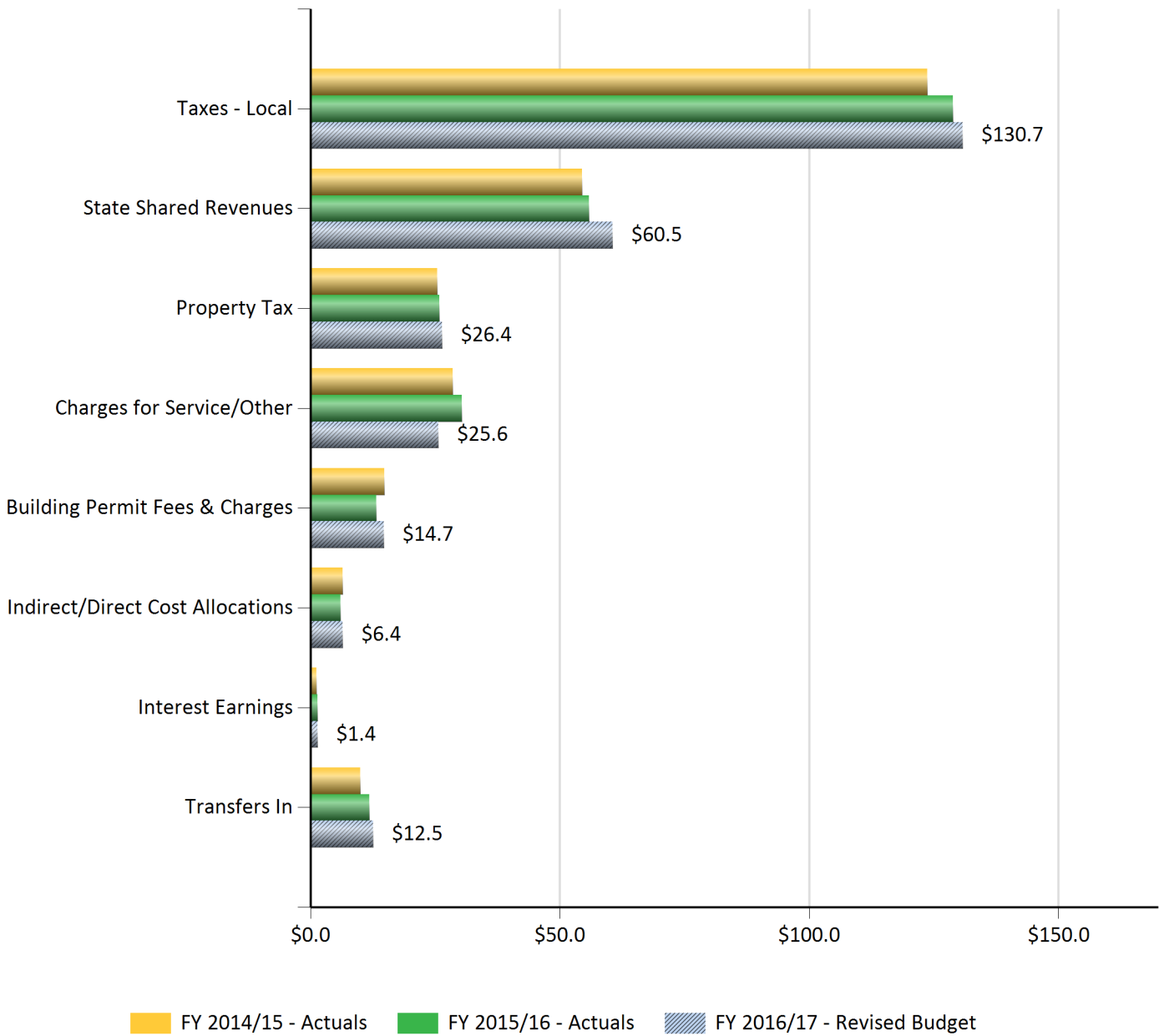
Scottsdale Airport Operations Center

Report to the City Council
Prepared by the City Treasurer
January 24, 2017



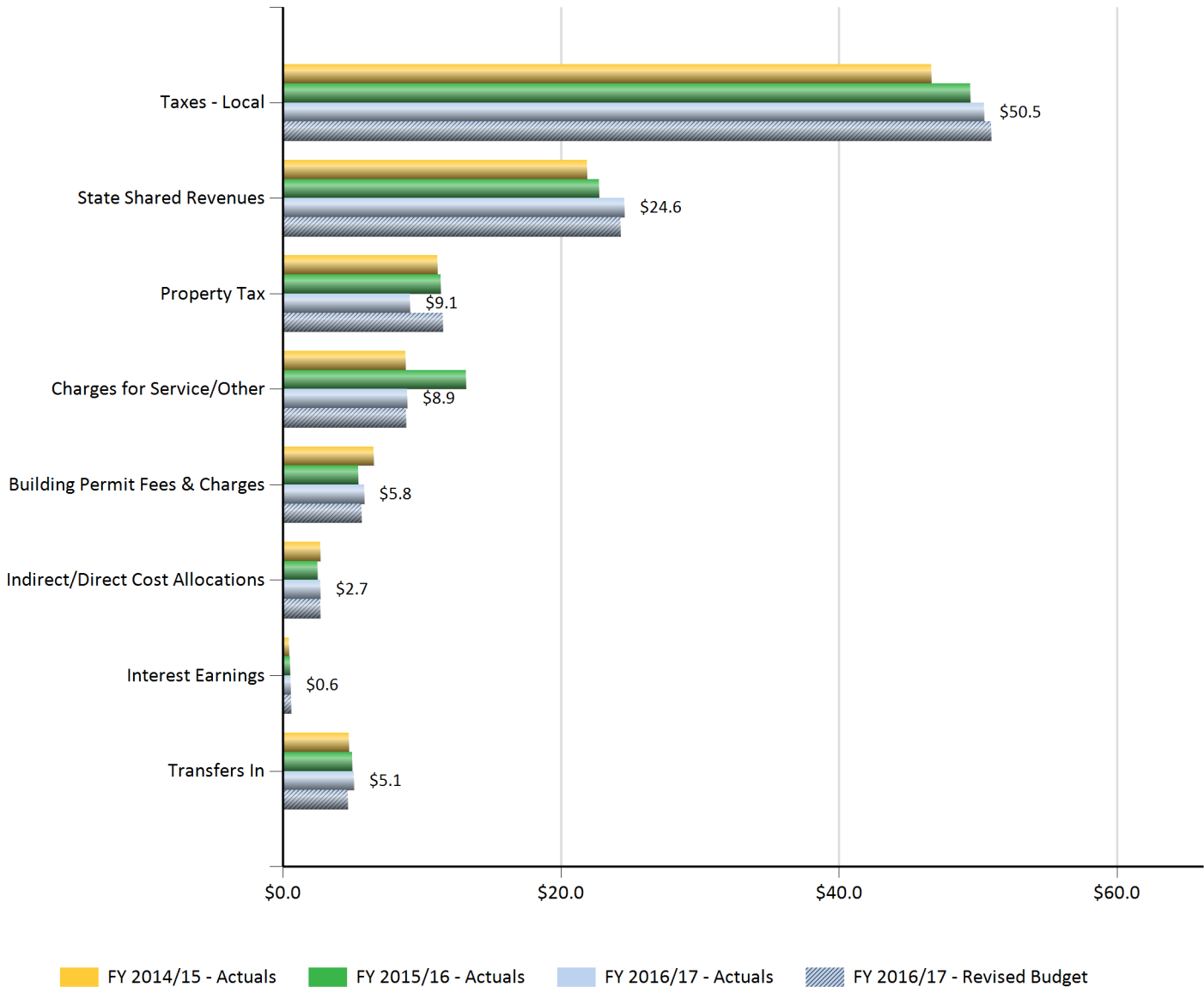
Sources

Twelve Months: Fiscal Year





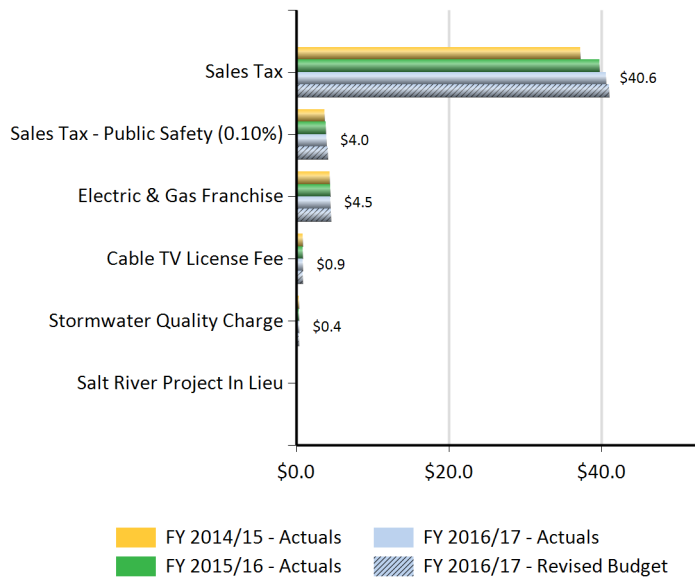
Sources (Fiscal Year to Date: November 2016)



	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Amount	Percent
Taxes - Local	\$46.6	\$49.4	\$50.5	\$50.9	(\$0.5)	(1%)
State Shared Revenues	21.9	22.8	24.6	24.3	0.3	1%
Property Tax	11.1	11.3	9.1	11.5	(2.4)	(21%)
Charges for Service/Other	8.8	13.2	8.9	8.9	0.1	1%
Building Permit Fees & Charges	6.5	5.4	5.8	5.7	0.2	3%
Indirect/Direct Cost Allocations	2.7	2.5	2.7	2.7	-	-
Interest Earnings	0.4	0.5	0.6	0.6	-	-
Transfers In	4.7	5.0	5.1	4.7	0.4	9%
Total Sources	\$102.8	\$110.1	\$107.3	\$109.2	(\$1.9)	(2%)



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

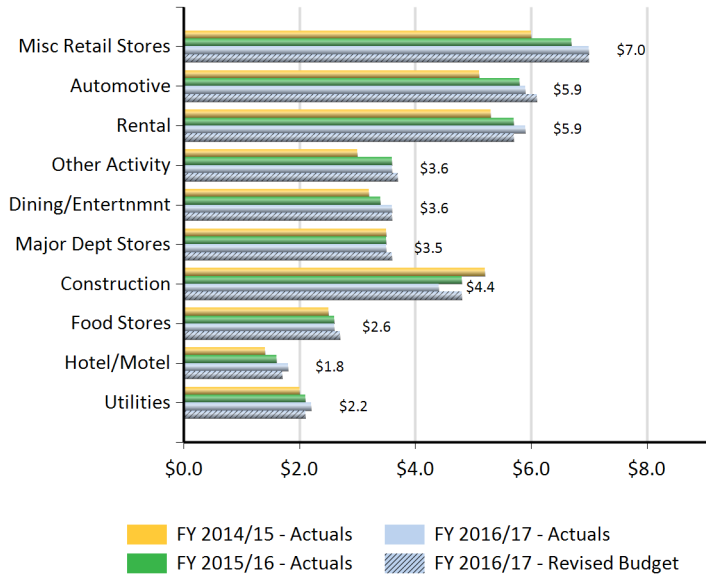


Actual to Revised Budget variance of (\$0.5) million or (1%): The unfavorable variance is primarily driven by Sales Tax. See detailed Sales Tax information by category on page 5.

	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	\$37.2	\$39.7	\$40.6	\$41.0	(\$0.4)	(1%)
Sales Tax - Public Safety (0.10%)	3.7	3.9	4.0	4.1	-	-
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	0.4	0.4	0.4	0.4	-	-
Salt River Project In Lieu	0.1	-	-	-	-	-
Taxes - Local Total	\$46.6	\$49.4	\$50.5	\$50.9	(\$0.5)	(1%)



Sales Tax (Fiscal Year to Date: November 2016)



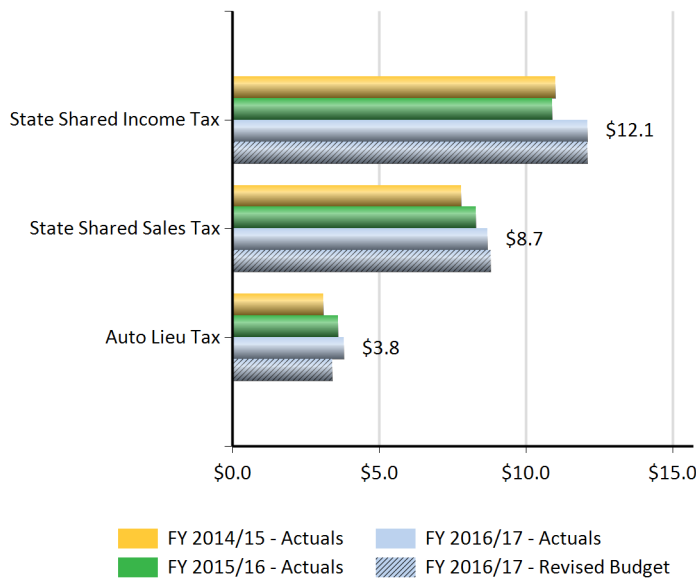
Actual to Revised Budget variance of (\$0.4) million or (1%):

The unfavorable variance in Automotive is due to decreases in sales from the auto dealerships. The favorable variance in Rental is due to the unanticipated sale of an apartment complex. Other Activity is unfavorable due to normal business fluctuations. Dining/Entertainment is unfavorable due to normal business fluctuations. The unfavorable variance in Construction is due to the correction of a payment received in error. Food Stores is unfavorable due to normal business fluctuations. 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	\$6.0	\$6.7	\$7.0	\$7.0	\$ -	-
Automotive	5.1	5.8	5.9	6.1	(0.1)	(2%)
Rental	5.3	5.7	5.9	5.7	0.1	2%
Other Activity	3.0	3.6	3.6	3.7	(0.1)	(4%)
Dining/Entertainment	3.2	3.4	3.6	3.6	(0.1)	(2%)
Major Dept Stores	3.5	3.5	3.5	3.6	-	-
Construction	5.2	4.8	4.4	4.8	(0.3)	(7%)
Food Stores	2.5	2.6	2.6	2.7	(0.1)	(2%)
Hotel/Motel	1.4	1.6	1.8	1.7	0.1	6%
Utilities	2.0	2.1	2.2	2.1	0.1	7%
Sales Tax Total	\$37.2	\$39.7	\$40.6	\$41.0	(\$0.4)	(1%)



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

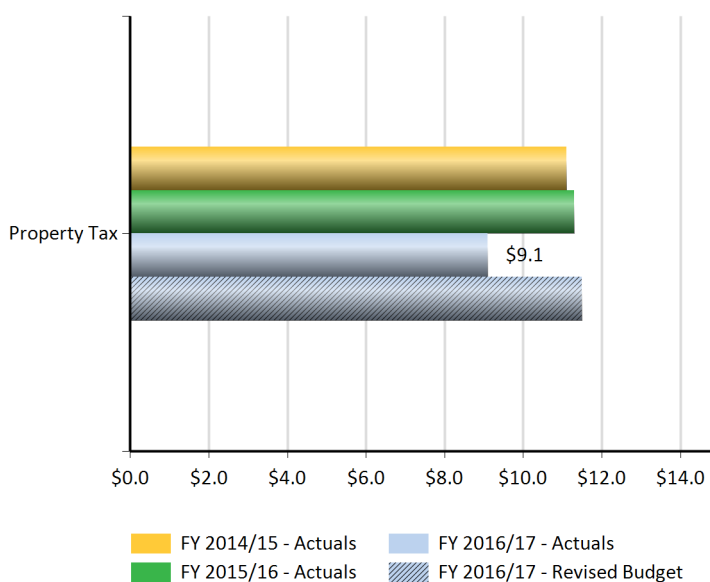


Actual to Revised Budget variance of \$0.3 million or 1%:

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	\$11.0	\$10.9	\$12.1	\$12.1	\$ -	-
State Shared Sales Tax	7.8	8.3	8.7	8.8	(0.1)	(1%)
Auto Lieu Tax	3.1	3.6	3.8	3.4	0.4	11%
State Shared Revenues Total	\$21.9	\$22.8	\$24.6	\$24.3	\$0.3	1%

Property Tax (Fiscal Year to Date: November 2016)



Actual to Revised Budget variance of (\$2.4) million or (21%):

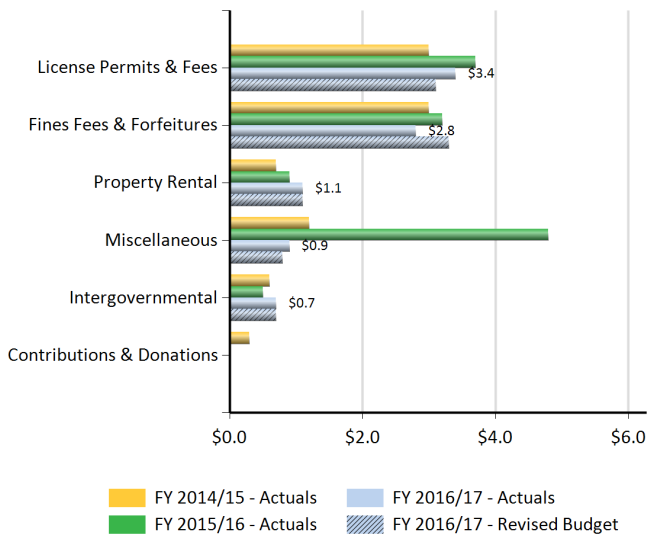
Property Tax is unfavorable due to timing. Property owners have the option to pay in one or two installments (October or October and April/May). The budget is based on the way taxpayers paid last year and may vary year over year.

	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	\$11.1	\$11.3	\$9.1	\$11.5	(\$2.4)	(21%)
Property Tax Total	\$11.1	\$11.3	\$9.1	\$11.5	(\$2.4)	(21%)

\$ in millions / rounding differences may occur



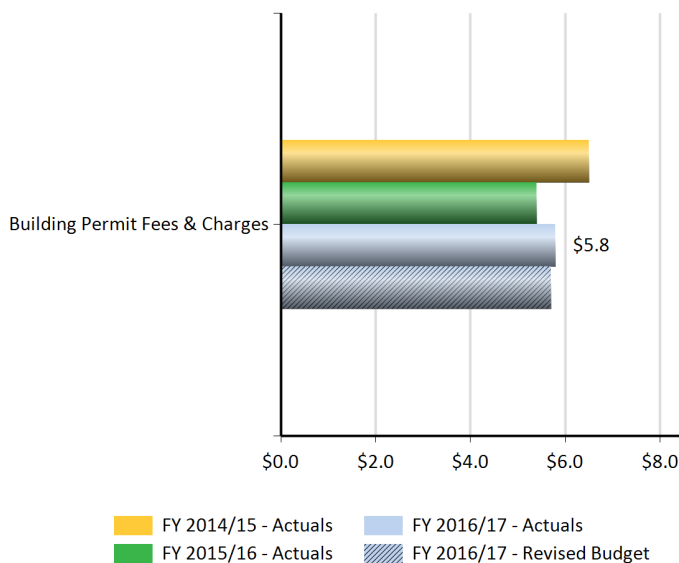
Charges for Service/Other (Fiscal Year to Date: November 2016)



Actual to Revised Budget variance of \$0.1 million or 1%:
 The favorable variance in License Permits & Fees is due to Community Services having higher than forecasted stadium rental fees, aquatic lesson fees, recreation fees, and after school program revenues. It also includes the collection of FY 2015/16 rental fees by Westworld in the current year. The unfavorable variance in Fines, Fees & Forfeitures is mainly due to photo 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. Miscellaneous has a favorable variance due to the reimbursement from the Boys and Girls Club of Greater Scottsdale for HVAC related expenditures and late charges associated with cell tower and dining licenses. Note: The 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	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
License Permits & Fees	\$3.0	\$3.7	\$3.4	\$3.1	\$0.4	12%
Fines Fees & Forfeitures	3.0	3.2	2.8	3.3	(0.5)	(16%)
Property Rental	0.7	0.9	1.1	1.1	0.1	7%
Miscellaneous	1.2	4.8	0.9	0.8	0.2	23%
Intergovernmental	0.6	0.5	0.7	0.7	-	-
Contributions & Donations	0.3	-	-	-	-	-
Charges for Service/Other Total	\$8.8	\$13.2	\$8.9	\$8.9	\$0.1	1%

Building Permit Fees & Charges (Fiscal Year to Date: November 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 high demand for homes while there still is a limited inventory.

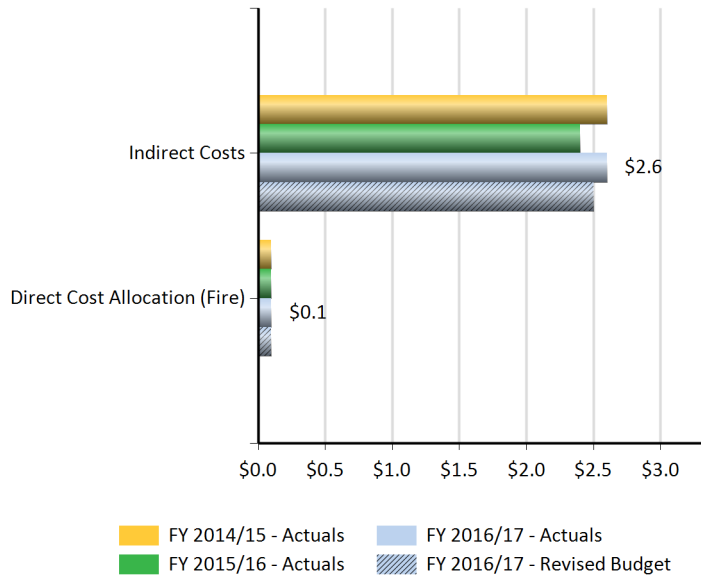
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Building Permit Fees & Charges	\$6.5	\$5.4	\$5.8	\$5.7	\$0.2	3%
Building Permit Fees & Charges Total	\$6.5	\$5.4	\$5.8	\$5.7	\$0.2	3%

\$ in millions / rounding differences may occur



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

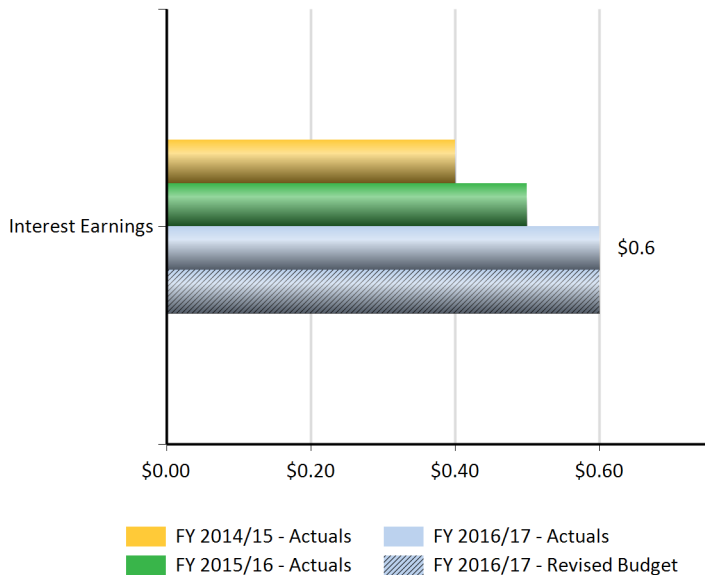
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation is necessary.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Indirect Costs	\$2.6	\$2.4	\$2.6	\$2.5	\$ -	-
Direct Cost Allocation (Fire)	0.1	0.1	0.1	0.1	-	-
Indirect/Direct Cost Allocations Total	\$2.7	\$2.5	\$2.7	\$2.7	\$ -	-

Interest Earnings (Fiscal Year to Date: November 2016)

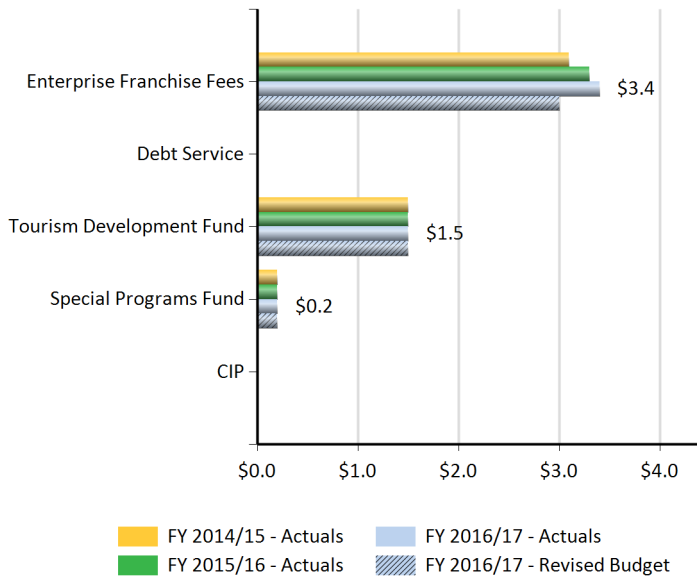
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation is necessary.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Interest Earnings	\$0.4	\$0.5	\$0.6	\$0.6	\$ -	-
Interest Earnings Total	\$0.4	\$0.5	\$0.6	\$0.6	\$ -	-



Transfers In (Fiscal Year to Date: November 2016)



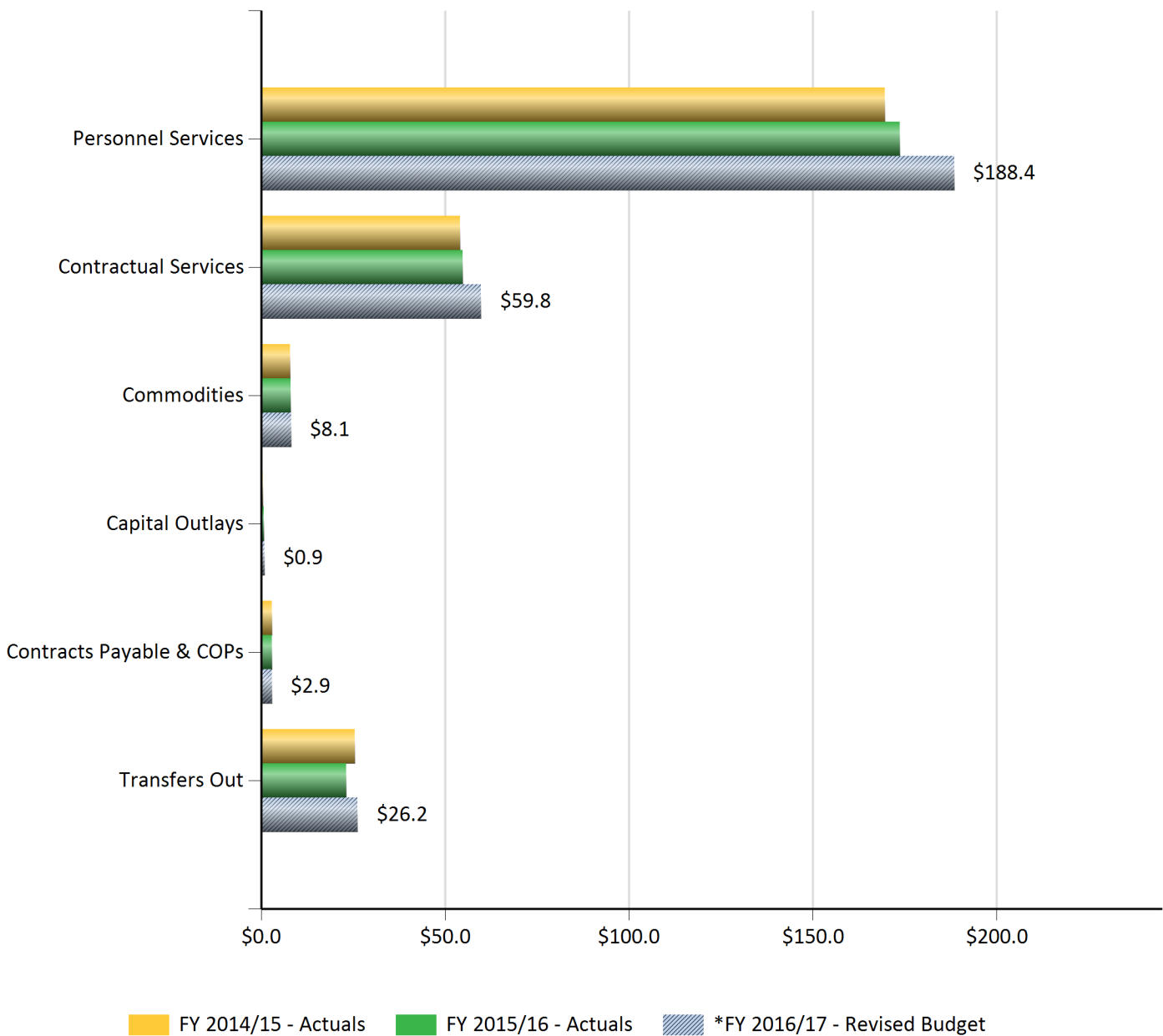
Actual to Revised Budget variance of \$0.4 million or 9%: Favorable variance is related to higher Enterprise Franchise Fees due to higher revenue collected in the Water & Water Reclamation Fund than anticipated, which consequently affects the transfers in to the General Fund. This increase is the result of greater water deliveries compared to the three year running average.

	FY 2014/15 <u>Actuals</u>	FY 2015/16 <u>Actuals</u>	FY 2016/17 <u>Actuals</u>	FY 2016/17 <u>Revised Budget</u>	Actual vs. Budget Favorable / (Unfavorable)	
					<u>Amount</u>	<u>Percent</u>
Enterprise Franchise Fees	\$3.1	\$3.3	\$3.4	\$3.0	\$0.4	14%
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	\$4.7	\$5.0	\$5.1	\$4.7	\$0.4	9%



Uses

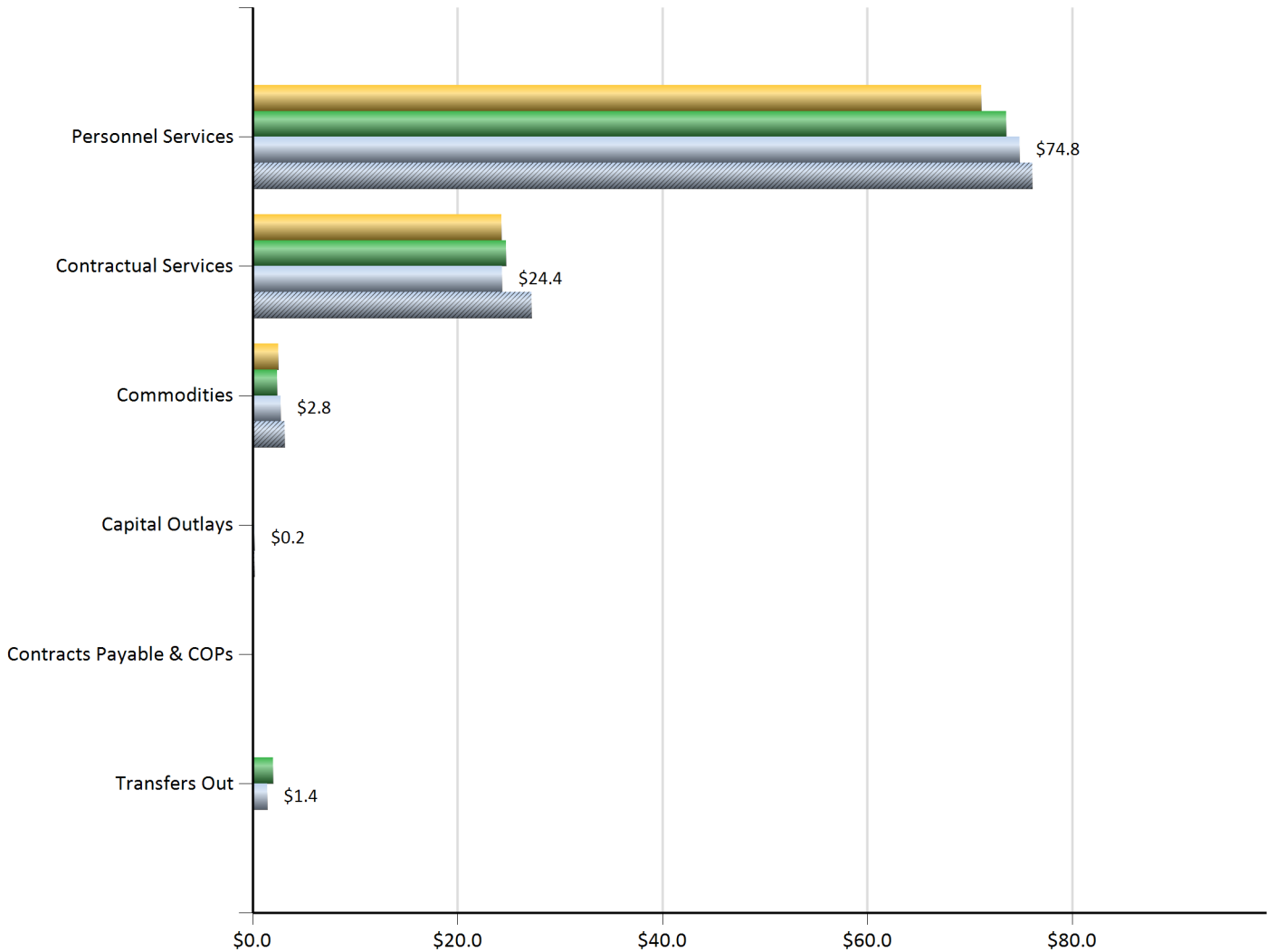
Twelve Months: Fiscal Year



*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: November 2016)

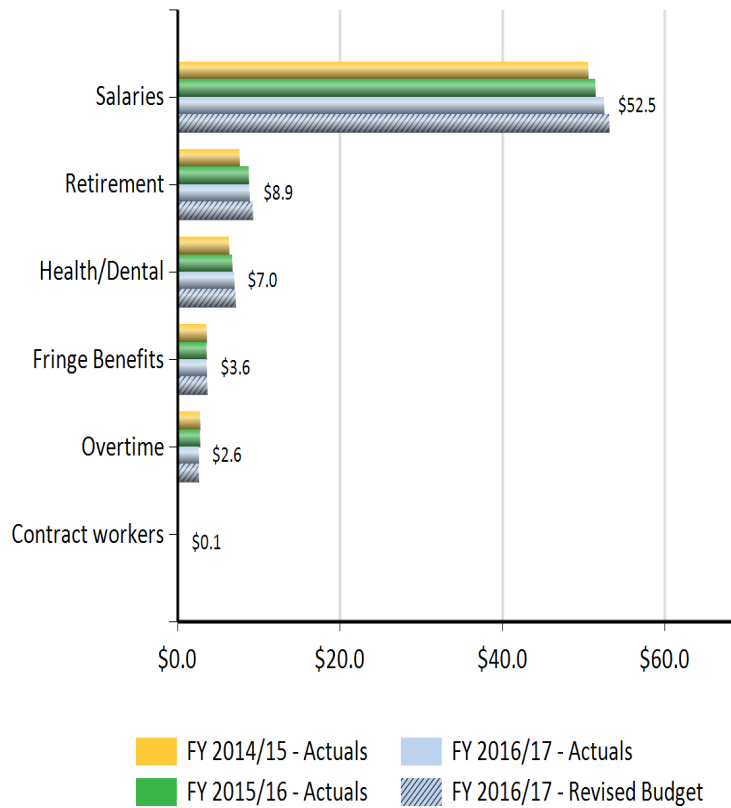


■ FY 2014/15 - Actuals
 ■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 FY 2016/17 - Revised Budget

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Personnel Services	\$71.1	\$73.6	\$74.8	\$76.1	\$1.3	2%
Contractual Services	24.3	24.7	24.4	27.2	2.9	11%
Commodities	2.5	2.4	2.8	3.1	0.4	12%
Capital Outlays	-	0.1	0.2	0.2	-	-
Contracts Payable & COPs	-	-	-	-	-	-
Transfers Out	-	2.0	1.4	-	(1.4)	n/a
Total Uses	\$98.0	\$102.8	\$103.6	\$106.7	\$3.1	3%



Personnel Services (Fiscal Year to Date: November 2016)



Actual to Revised Budget variance of \$1.3 million or 2%:
 The favorable variance in Personnel Services is due primarily to savings in Salaries and Retirement. Salaries is favorable due to Police and Fire retirements/promotions and Community Services having higher than expected turnover, both 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 17 sworn employees out on various leaves due to injuries or FMLA while one vacant firefighter position and two additional positions are 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 training in Advanced Life Support and therefore currently has 16 sworn staff attending paramedic school to alleviate ongoing overtime impacts related to this leave. The unfavorable variance in Contract Workers is due largely to the City Treasurer and Admin Services using various unbudgeted contracts. 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	\$50.6	\$51.5	\$52.5	\$53.2	\$0.7	1%
Retirement	7.7	8.8	8.9	9.3	0.5	5%
Health/Dental	6.4	6.8	7.0	7.2	0.2	3%
Fringe Benefits	3.6	3.6	3.6	3.7	-	-
Overtime	2.8	2.8	2.6	2.6	-	-
Contract workers	0.1	-	0.1	0.1	(0.1)	(66%)
Personnel Services Total	\$71.1	\$73.6	\$74.8	\$76.1	\$1.3	2%

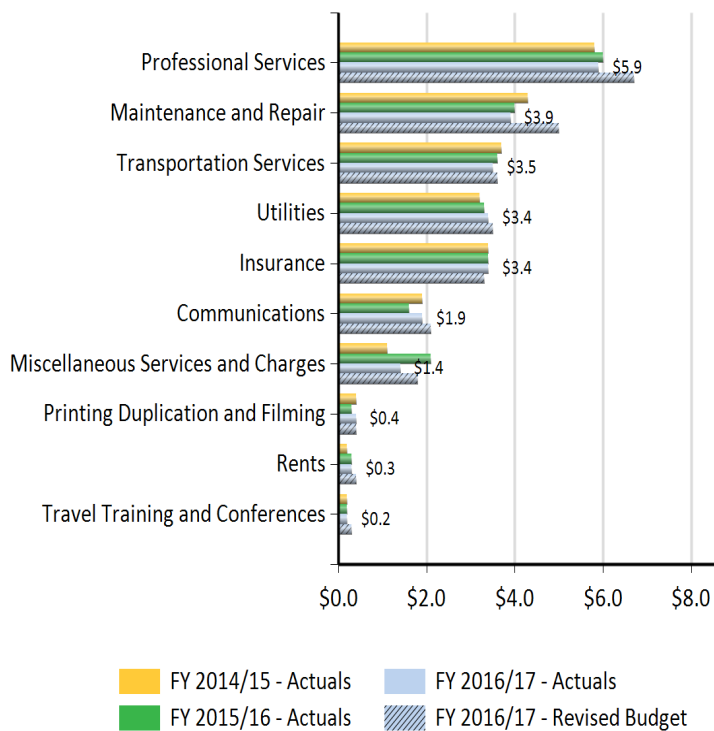
Macro Personnel Adjustments

	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)	2.2	(1.7)
Medical Leave Payouts	1.6	1.0	1.0	(0.8)	0.3
Vacation Leave Payouts	0.7	0.9	0.9	(0.4)	0.5
Total Vacancy Savings/Payouts	\$3.1	(\$0.6)	\$2.9	(\$3.4)	(\$0.5)

Total Saved/(Used) YTD of (\$3.4) million: The city has achieved \$2.2 million in vacancy savings year-to-date offset by \$1.1 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: November 2016)



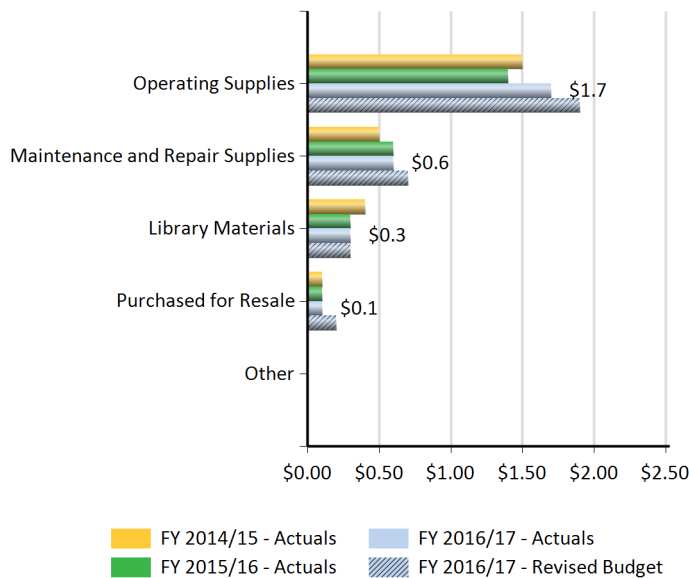
Actual to Revised Budget variance of \$2.9 million or 11%:

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 is favorable mainly due to the Arizona Department of Revenue administrative charges being less than anticipated and lower than expected election operation costs. There is a favorable variance in Utilities (electric, gas, water, sewer) 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	\$5.8	\$6.0	\$5.9	\$6.7	\$0.9	13%
Maintenance and Repair	4.3	4.0	3.9	5.0	1.0	21%
Transportation Services	3.7	3.6	3.5	3.6	0.1	3%
Utilities	3.2	3.3	3.4	3.5	0.2	4%
Insurance	3.4	3.4	3.4	3.3	-	-
Communications	1.9	1.6	1.9	2.1	0.2	8%
Miscellaneous Services and Charges	1.1	2.1	1.4	1.8	0.4	23%
Printing Duplication and Filming	0.4	0.3	0.4	0.4	-	-
Rents	0.2	0.3	0.3	0.4	-	-
Travel Training and Conferences	0.2	0.2	0.2	0.3	0.1	34%
Contractual Services Total	\$24.3	\$24.7	\$24.4	\$27.2	\$2.9	11%



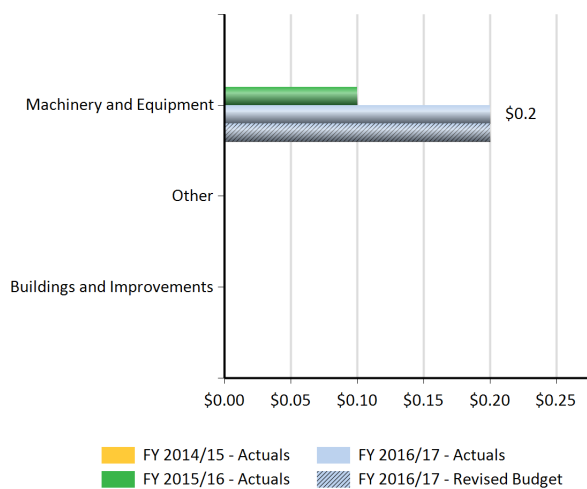
Commodities (Fiscal Year to Date: November 2016)



Actual to Revised Budget variance of \$0.4 million or 12%:
 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 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Operating Supplies	\$1.5	\$1.4	\$1.7	\$1.9	\$0.3	14%
Maintenance and Repair Supplies	0.5	0.6	0.6	0.7	0.1	13%
Library Materials	0.4	0.3	0.3	0.3	-	-
Purchased for Resale	0.1	0.1	0.1	0.2	-	-
Other	-	-	-	-	-	-
Commodities Total	\$2.5	\$2.4	\$2.8	\$3.1	\$0.4	12%

Capital Outlays (Fiscal Year to Date: November 2016)



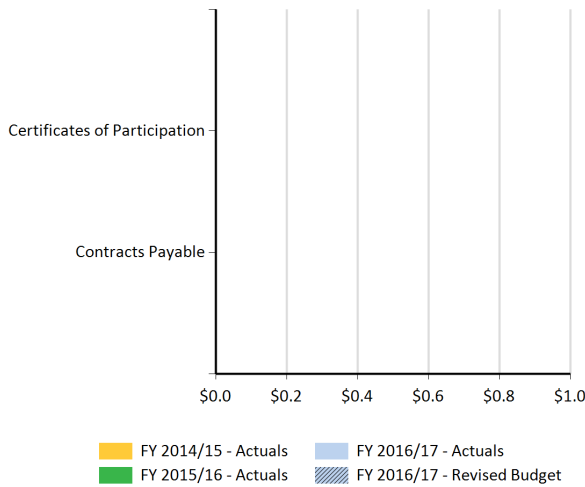
Actual to Revised Budget variance of \$0.0 million or 0%:
 No explanation is necessary.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Machinery and Equipment	\$ -	\$0.1	\$0.2	\$0.2	\$ -	-
Other	-	-	-	-	-	n/a
Buildings and Improvements	-	-	-	-	-	-
Capital Outlays Total	\$0.0	\$0.1	\$0.2	\$0.2	\$ -	-



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

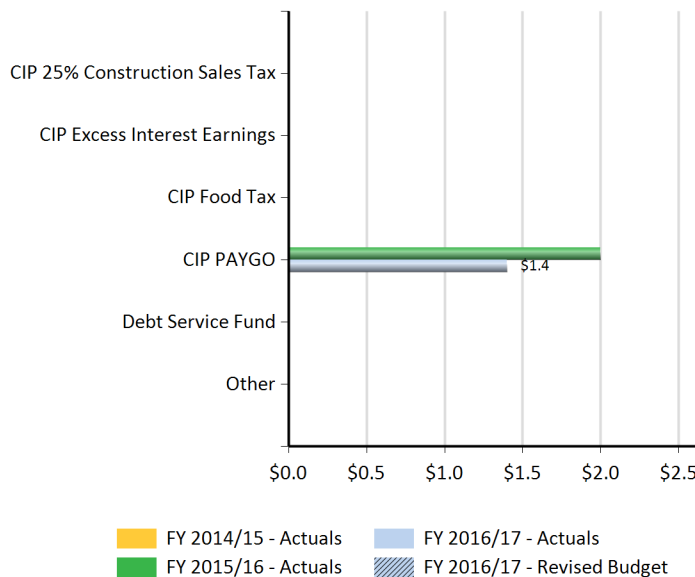
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation is necessary.



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

Transfers Out (Fiscal Year to Date: November 2016)

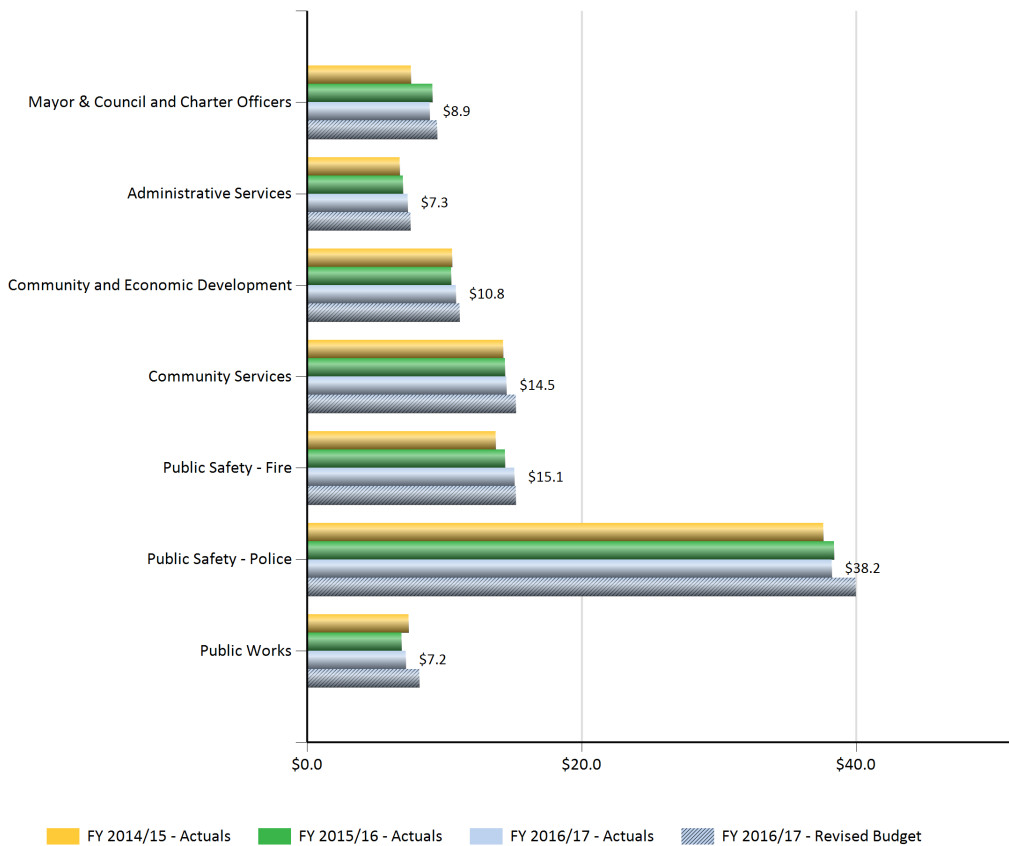
Actual to Revised Budget variance of (\$1.4) million or 0%:
The unfavorable variance is due to a contingency transfer funded from the General Fund operating budget unreserved fund balance to the newly created Fire Self Contained Breathing (SCBA) Replacement capital project, per Council approval.



	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	-	-	-	-	-	-
Transfers Out Total	\$0.0	\$2.0	\$1.4	\$0.0	(\$1.4)	n/a



Division Expenditures (Fiscal Year to Date: November 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	\$7.6	\$9.1	\$8.9	\$9.5	\$0.5	6%
Administrative Services	6.8	7.0	7.3	7.5	0.2	3%
Community and Economic Development	10.6	10.5	10.8	11.1	0.3	2%
Community Services	14.3	14.4	14.5	15.2	0.7	5%
Public Safety - Fire	13.7	14.4	15.1	15.2	0.1	0%
Public Safety - Police	37.6	38.4	38.2	40.0	1.7	4%
Public Works	7.4	6.9	7.2	8.2	1.0	12%
Total	\$98.0	\$100.8	\$102.2	\$106.7	\$4.5	4%

Actual to Revised Budget variance of \$4.5 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 and the City Clerk's election expenses coming in less than projected. The favorable variance in Administrative Services is mainly driven by lower than expected tuition reimbursement costs and invoice timing. The favorable variance in Community and Economic Development is mainly related to the timing of the Scottsdale Cultural Council facility improvement project and a lower than expected marketing contract payment in Westworld. 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 temporary suspension of the photo radar program resulting in fewer tickets being processed. Finally, the favorable variance in Public Works is due to utilities savings and to the timing of major facility maintenance and repair projects which have not yet started.