

City of Scottsdale
The Giants Spring Training Baseball Stadium
Statement of Operations for June 2013 12 Months YTD

Statement of Operations - Stadium

| | FY 2008/09 YTD Actual | FY 2009/10 YTD Actual | FY 2010/11 YTD Actual | FY 2011/12 YTD Actual | FY 2012/13 YTD Actual | FY 2012/13 Approved YTD Budget | Actual vs. Budget Favorable / (Unfavorable) Amount | (Unfavorable) Percent |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------------|--|--------------------------|
| Operating Revenue | | | | | | | | |
| Stadium Usage Fees - Stadium Ops | \$110,166 | \$101,427 | \$96,729 | \$100,629 | \$179,189 | \$90,000 | \$89,189 | 99% |
| Stadium Usage Fees - Pro Baseball | 300,596 | 320,946 | 343,918 | 361,432 | 392,709 | 340,000 | 52,709 | 16% |
| Stadium - Land & Building Rent | 23,357 | 23,366 | 17,052 | 34,365 | 27,366 | - | 27,366 | n/a |
| Stadium Concessions | - | - | 29,940 | 24,325 | 30,864 | 30,000 | 864 | 3% |
| Operating Revenue | \$434,118 | \$445,739 | \$487,639 | \$520,750 | \$630,129 | \$460,000 | \$170,129 | 37% |
| Operating Expenses | | | | | | | | |
| Personnel Services | | | | | | | | |
| Wages/Salaries/Benefits | \$768,839 | \$652,022 | \$672,760 | \$763,450 | \$769,787 | \$690,321 | (\$79,466) | -12% |
| Overtime | 52,043 | 36,433 | 47,400 | 68,893 | 63,243 | 31,403 | (31,840) | nm |
| Contractual Services | | | | | | | | |
| Custodian & Maintenance Services | 118,008 | 112,262 | 119,513 | 126,809 | 127,511 | 168,392 | 40,881 | 24% |
| Utilities* | 274,831 | 296,818 | 234,586 | 318,512 | 297,483 | 297,483 | - | - |
| Equip Maintenance, Rental & Fleet Charges | 255,311 | 243,018 | 228,835 | 224,885 | 270,065 | 258,425 | (11,640) | -5% |
| Property, Liability & Worker's Comp | 13,392 | 17,935 | 12,314 | 10,776 | 11,129 | 11,129 | - | - |
| Other Expenses | 45,534 | 36,910 | 34,902 | 31,638 | 49,919 | 55,802 | 5,883 | 11% |
| Commodities | | | | | | | | |
| Agriculture & Horticulture Supply | 91,753 | 92,252 | 132,759 | 152,329 | 162,519 | 117,362 | (45,157) | -38% |
| Maintenance Materials & Equipment | 71,883 | 55,617 | 60,482 | 108,094 | 65,306 | 59,425 | (5,881) | -10% |
| Other Expenses | 15,805 | 4,358 | 3,558 | 2,696 | 4,994 | 2,438 | (2,556) | nm |
| Allocated Expenses | | | | | | | | |
| Facilities Maintenance | 344,568 | 344,568 | 344,568 | 353,558 | 353,558 | 353,558 | - | - |
| COS Indirect Costs | 272,272 | 312,905 | 275,751 | 193,062 | 112,776 | 112,776 | - | - |
| Capital Outlay | | | | | | | | |
| Transfers Out to CIP per Contract S14.3 (\$0.40/ticket) | - | - | - | 250,000 | 63,422 | - | (63,422) | n/a |
| Operating Expenses | \$2,324,239 | \$2,205,098 | \$2,167,427 | \$2,604,701 | \$2,351,712 | \$2,158,514 | (\$193,199) | -9% |
| Operating Income | (\$1,890,121) | (\$1,759,359) | (\$1,679,788) | (\$2,083,951) | (\$1,721,584) | (\$1,698,514) | (\$23,070) | -1% |
| Debt Service (Less Contributions) | | | | | | | | |
| Debt Service | \$296,144 | \$618,644 | \$341,144 | \$1,109,143 | \$864,144 | \$865,144 | \$1,000 | 0% |
| MCSD/STA payments | (963,499) | (92,885) | (10,551) | (708,254) | (1,762,943) | (678,167) | (1,084,776) | 160% |
| Ticket Surcharge (\$1) for debt | (165,282) | (145,378) | (150,618) | (158,555) | (160,206) | (145,000) | (15,206) | 10% |
| Net Debt Service | (\$832,637) | \$380,381 | \$179,975 | \$242,333 | (\$1,059,005) | \$41,977 | (\$1,098,982) | 2,623% |
| Operating Income After Debt Service | (\$1,057,484) | (\$2,139,740) | (\$1,859,763) | (\$2,326,284) | (\$662,578) | (\$1,740,491) | (\$1,122,052) | 62% |

Performance Measures:

| | | | | | |
|-------------|---------|---------|---------|---------|---------|
| FTEs | 11.9 | 12.4 | 13.4 | 13.4 | 13.4 |
| # of Games | 21 | 15 | 16 | 16 | 18 |
| Attendees | 177,995 | 155,819 | 160,574 | 158,555 | 145,000 |



Privilege (Sales) & Use Tax Collections For June 2013

(For Business Activity in June 2013)

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.

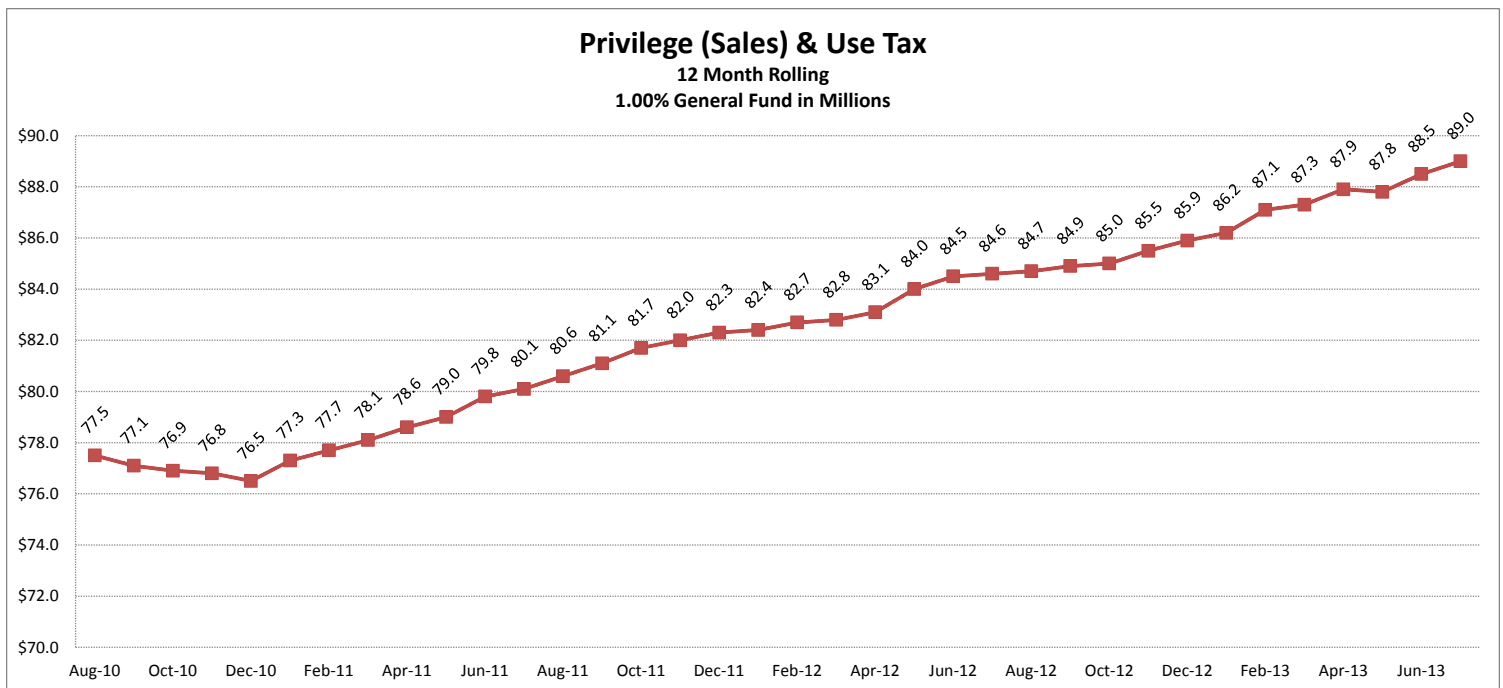
The report shows a fiscal year Privilege and Use Tax (1.0 percent General Purpose) collections increase of 5 percent compared to the Budget, and a decrease of less than 1 percent compared to the same period a year ago.

Privilege (Sales) & Use Tax by Category and Fund

| | Fiscal Year: Twelve Months | | | | |
|----------------------------------|----------------------------|-------------------|------------------------------|------------------------------|------------------------------------|
| | 2010/11 Actual | 2011/12 Actual | 2012/13 Adopted Budget | 2012/13 Revised Budget | 2012/13 Approved Adjustments |
| 1.00% General Purpose | | | | | |
| Rentals | \$11.6 | \$11.8 | \$11.8 | \$11.8 | \$0.0 |
| Misc. Retail Stores | 13.0 | 14.1 | 15.4 | 15.4 | 0.0 |
| Major Dept. Stores | 8.9 | 9.1 | 9.6 | 9.6 | 0.0 |
| Automotive | 8.9 | 9.8 | 10.5 | 10.5 | 0.0 |
| Food Stores | 6.1 | 6.4 | 6.4 | 6.4 | 0.0 |
| Construction | 7.4 | 8.1 | 9.7 | 9.7 | 0.0 |
| Dining/ Entertainment | 7.3 | 7.7 | 8.3 | 8.3 | 0.0 |
| Other Taxable Activity | 5.7 | 5.9 | 6.1 | 6.1 | 0.0 |
| Hotel/Motel | 4.1 | 4.3 | 4.4 | 4.4 | 0.0 |
| Utilities | 4.4 | 4.4 | 4.3 | 4.3 | 0.0 |
| License fees, Penalty & Interest | 2.1 | 2.1 | 2.3 | 2.3 | 0.0 |
| Subtotal | 79.6 | 83.7 | 88.7 | 88.7 | |
| Adjustments | 0.5 | 1.0 | | | |
| Subtotal after Adjustments | <u>\$80.1</u> | <u>\$84.6</u> | <u>\$88.7</u> | <u>\$88.7</u> | <u>\$0.0</u> |
| 0.10% Public Safety | \$7.8 | \$8.2 | \$8.6 | \$8.6 | \$0.0 |
| 0.20% Transportation | 15.0 | 16.0 | 16.8 | 16.8 | 0.0 |
| 0.20% McDowell Preserve 1995 | 15.5 | 16.5 | 17.3 | 17.3 | 0.0 |
| 0.15% McDowell Preserve 2004 | 11.7 | 12.3 | 12.9 | 12.9 | 0.0 |
| Total | <u>\$130.1</u> | <u>\$137.7</u> | <u>\$144.3</u> | <u>\$144.3</u> | <u>\$0.0</u> |
| % Change vs. Prior Year | | 6% | 5% | 5% | |

Rounding differences may occur.

| Fiscal Year-to-Date: June 2013 | | | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------------|---------|
| | 2010/11 Actual | 2011/12 Actual | 2012/13 Actual | 2012/13 Budget | Actual vs. Budget | |
| | | | | | Favorable/(Unfavorable) Amount | Percent |
| 1.00% General Purpose | | | | | | |
| Rentals | \$11.6 | \$11.8 | \$12.4 | \$11.8 | \$0.5 | 5% |
| Misc. Retail Stores | 13.0 | 14.1 | 14.4 | 15.4 | (1.0) | -6% |
| Major Dept. Stores | 8.9 | 9.1 | 9.2 | 9.6 | (0.5) | -5% |
| Automotive | 8.9 | 9.8 | 11.0 | 10.5 | 0.6 | 6% |
| Food Stores | 6.1 | 6.4 | 6.5 | 6.4 | 0.1 | 1% |
| Construction | 7.4 | 8.1 | 8.8 | 9.7 | (0.9) | -9% |
| Dining/ Entertainment | 7.3 | 7.7 | 8.1 | 8.3 | (0.2) | -3% |
| Other Taxable Activity | 5.7 | 5.9 | 7.1 | 6.1 | 1.0 | 17% |
| Hotel/Motel | 4.1 | 4.3 | 4.5 | 4.4 | 0.2 | 4% |
| Utilities | 4.4 | 4.4 | 4.4 | 4.3 | 0.1 | 3% |
| License fees, Penalty & Interest | 2.1 | 2.1 | 2.1 | 2.3 | (0.2) | -8% |
| Subtotal | 79.6 | 83.7 | 88.5 | 88.7 | (0.2) | 0% |
| Adjustments | 0.5 | 1.0 | 0.5 | | 0.5 | |
| Subtotal after Adjustments | \$80.1 | \$84.6 | \$89.0 | \$88.7 | \$0.3 | 0% |
| 0.10% Public Safety | \$7.8 | \$8.2 | \$8.7 | \$8.6 | \$0.1 | 1% |
| 0.20% Transportation | 15.0 | 16.0 | 16.9 | 16.8 | 0.1 | 0% |
| 0.20% McDowell Preserve 1995 | 15.5 | 16.5 | 17.4 | 17.3 | 0.1 | 0% |
| 0.15% McDowell Preserve 2004 | 11.7 | 12.3 | 13.0 | 12.9 | 0.1 | 1% |
| Total | \$130.1 | \$137.7 | \$144.9 | \$144.3 | \$0.6 | 0% |
| % Change vs. Prior Year | | 6% | 5% | 5% | | |



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 \$0.5 million or 5%: Normal business fluctuations.

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 (\$1.0) million or (6%): This is due in part to the All-Star game that was played in Phoenix last year and a decrease in spending.

Major Department Stores Sales Taxes

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

Actual to Revised Budget variance of (\$0.5) million or (5%): This is due in part to the All-Star game that was played in Phoenix last year and two stores closing.

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 \$0.6 million or 6%: This is due to continued increased sales of new and used motor vehicles.

Food Stores Sales Taxes

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

Actual to Revised Budget variance of \$0.1 million or 1%: Normal business fluctuations.

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 (\$0.9) million or (9%): The tax on construction is coming in lower than anticipated. The amount of tax per \$1 of building permit valuation has been lower than the amount used in the budget calculation. Additionally, one of the projects under construction is a condo project where the tax will be paid when the condos are sold instead of as the buildings are built.

Dining/Entertainment Sales Taxes

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

Actual to Revised Budget variance of (\$0.2) million or (3%): No specific identifiable reason for the variance.

Other Taxable 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.

Actual to Revised Budget variance of \$1.0 million or 17%: This is due in part to increases in taxable sales from computer hardware/software wholesalers.

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 \$0.2 million or 4%: Additional meeting space was added to one of the resorts resulting in increased revenue.

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 3%: Normal business fluctuations.

License Fees, Penalty & Interest

This category consists of application and license fees for Transaction Privilege (sales) tax licenses, interest, and penalties.

Actual to Revised Budget variance of (\$0.2) million or (8%): This is due to a decrease in the amount collected in penalties and interest.

Adjustments

The adjustments consist of large audit payments received in the rental, construction, automotive and other categories. The adjustments also include some large refunds in the other taxable activity and rental categories.

Glossary

To ensure legal compliance and financial management for the various restricted revenues and program 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

Sales Tax - Scottsdale's total city sales tax rate is 1.65 percent. Of that amount, 0.55 percent is dedicated to the specific purposes related to transportation and preservation (which are accounted for in Special Revenue Funds) and 0.10 percent is dedicated to public safety (accounted for in the General Fund). The remaining 1.0 percent of the sales tax is also accounted for in the General Fund and 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 Appendix 1.

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

Charges for Services/Other - Charges for Services include numerous revenues such as building permits, recreation fees, fire department fees, WestWorld fees, interest income, and property rentals. Also included are cost allocations from the General Fund to the enterprise funds.

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.

Franchise Fees and In-Lieu Taxes - This category represents revenues from utility and cable providers for their permitted use of the city's Rights-of-Way.

Bed Taxes - A transient lodging tax (bed tax) is applied to lodging room charges for stays of 29 days or less in hotels or short-term rentals. Effective July 1, 2010, the bed tax rate was increased from 3 percent to 5 percent, half of which must be spent on destination marketing and half of which remains in the General Fund to be used for Capital, Events Development, Administration and other. A new fund was established for Tourism Development after the adoption of the FY 2012/13 budget to account for this revenue.

Transfers In - Transfers in reflects funds received from the Enterprise Funds (In-Lieu Franchise Fees and In-Lieu Property Tax) and Special Programs (30 Day Tow).

GENERAL FUND USES

Personnel Services include the salaries and wages (pay for time worked, overtime premium, vacation, and sick leave) 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.

Contractual Services category 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.

Glossary

Capital outlays include 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 increase 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.

Debt Service & Contracts Payable is primarily debt payments related to Municipal Property Corporation (MPC) bonds where the city's excise taxes are pledged to meet debt service. It also includes contractual obligations related to development agreements (funded by sales tax rebates) which vary based on the actual sales tax collections.

Transfers-Out represents the authorized transfer of cash to other funds, divisions, departments 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), lease rental earnings from the Fairmont-Princess Hotel and hospitality trolley sponsorships. 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 Rates 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 Rates are monthly charges based on the volume and strength of the sewage discharge.
- Non-Potable Water Rates includes the sale of surface water, reverse osmosis (RO) and effluent treated to irrigation standards. These different water types are delivered to 23 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 Rates 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.

Glossary

Solid Waste Fund

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

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

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

Fleet Fund

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

Risk Fund

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

Benefits Self Insurance Fund

This fund is used to account for the city's self-insured medical and dental benefits. Revenue to this fund is derived from premiums collected through charges to division programs, which consists of both city and employee components. Revenue is also collected through premium charges to retirees as well as 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.