



Monthly Financial Report

Fiscal Year to Date
as of March 31, 2017

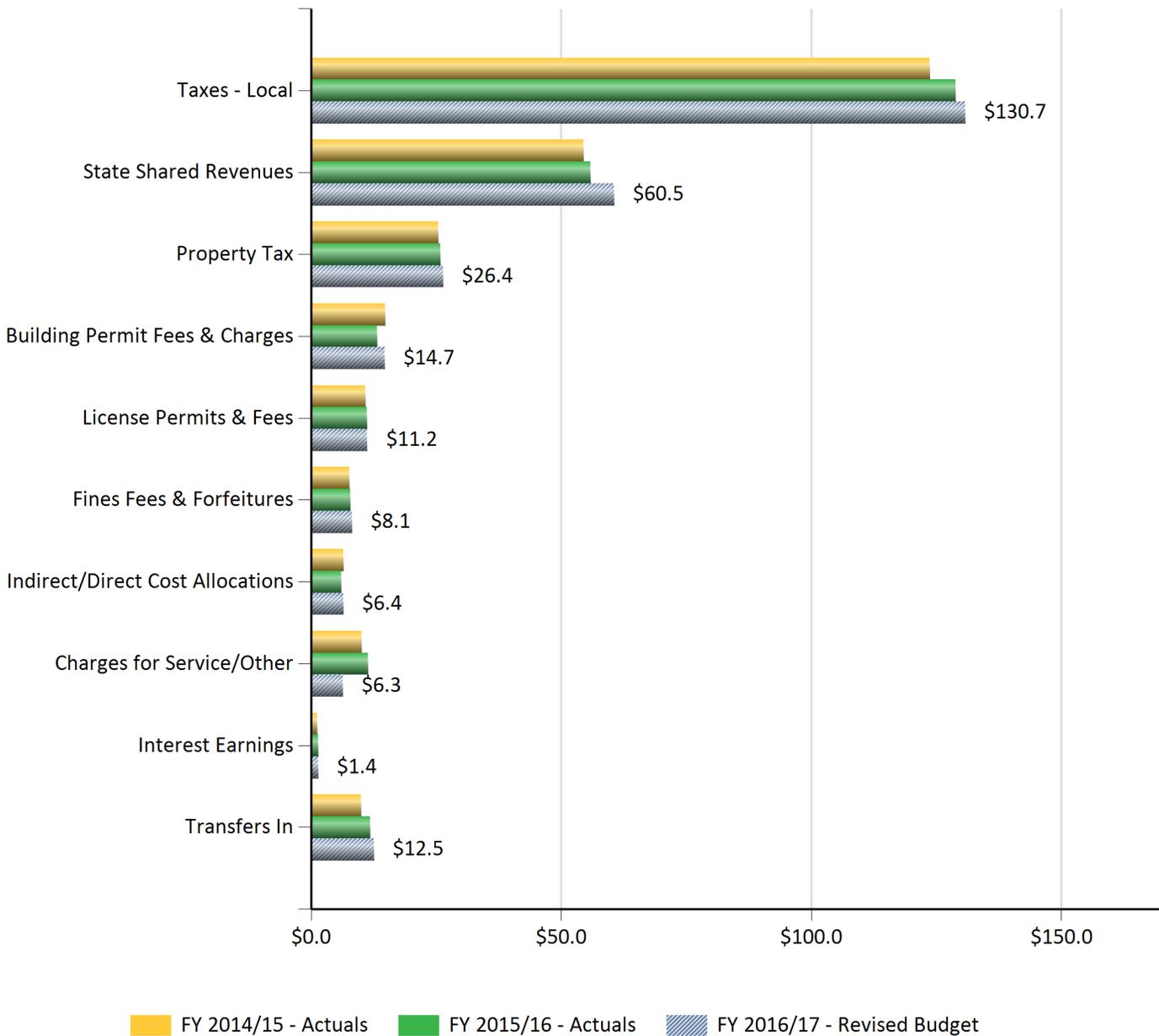
Scottsdale Airport Operations Center

Report to the City Council
Prepared by the City Treasurer
May 23, 2017



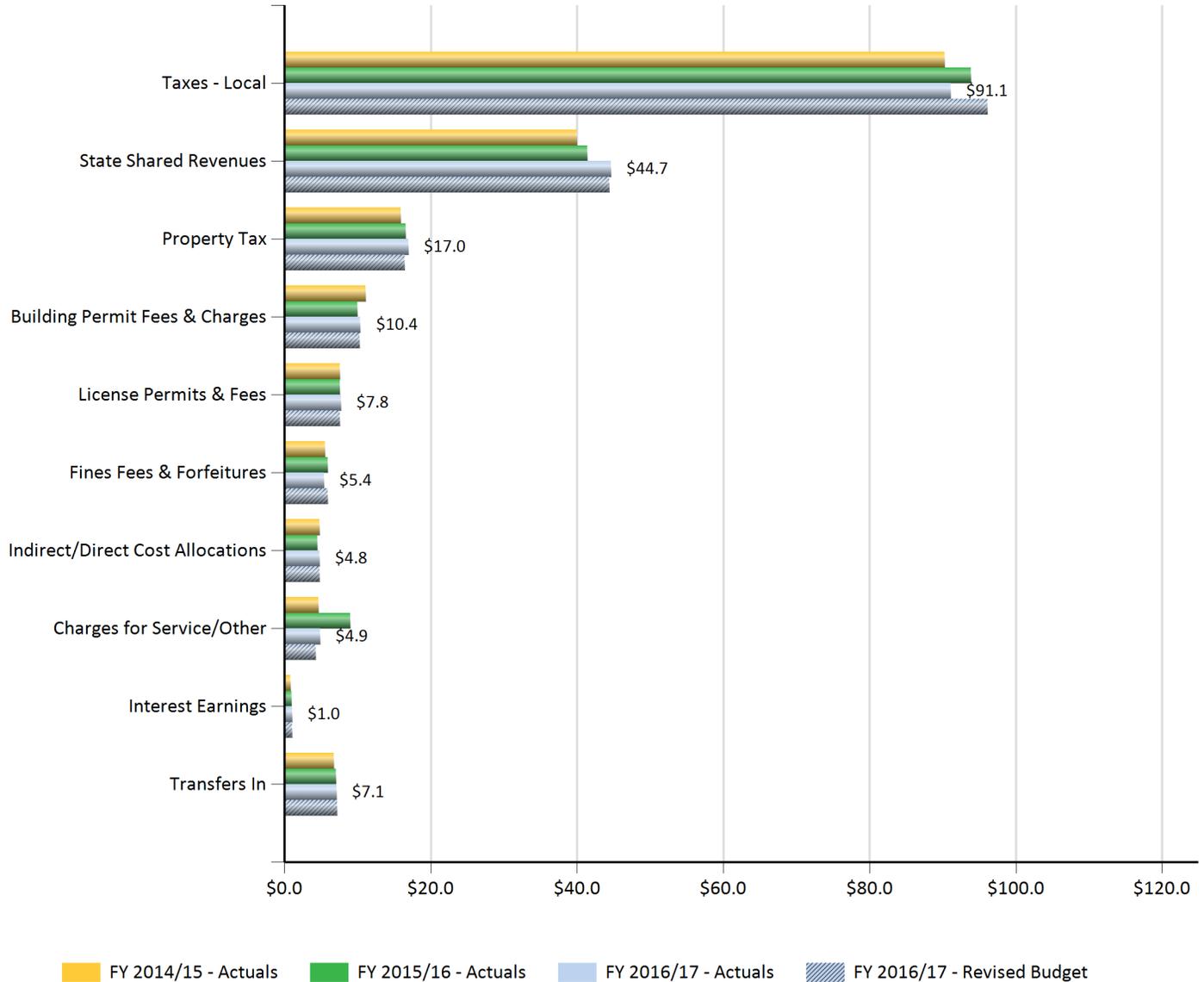
Sources

Twelve Months: Fiscal Year





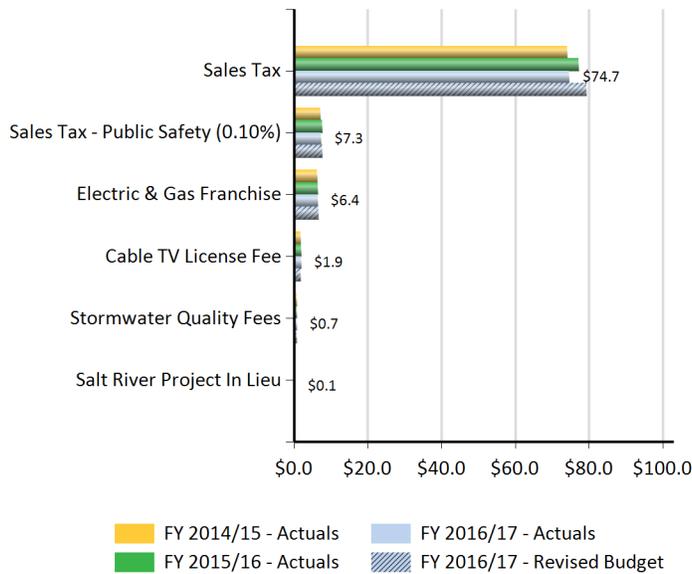
Sources (Fiscal Year to Date: March 2017)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	Revised Budget	Favorable / (Unfavorable)	
					Amount	Percent
Taxes - Local	\$90.3	\$93.9	\$91.1	\$96.1	(\$5.0)	(5%)
State Shared Revenues	40.0	41.5	44.7	44.4	0.2	1%
Property Tax	15.9	16.6	17.0	16.4	0.5	3%
Building Permit Fees & Charges	11.1	10.0	10.4	10.3	0.1	1%
License Permits & Fees	7.6	7.6	7.8	7.6	0.2	2%
Fines Fees & Forfeitures	5.5	5.9	5.4	5.9	(0.6)	(9%)
Indirect/Direct Cost Allocations	4.8	4.5	4.8	4.8	-	-
Charges for Service/Other	4.6	9.0	4.9	4.3	0.6	13%
Interest Earnings	0.8	1.0	1.0	1.0	-	-
Transfers In	6.7	7.1	7.1	7.2	(0.1)	(1%)
Total Sources	\$187.4	\$196.9	\$194.1	\$198.1	(\$4.0)	(2%)



Taxes - Local (Fiscal Year to Date: March 2017)

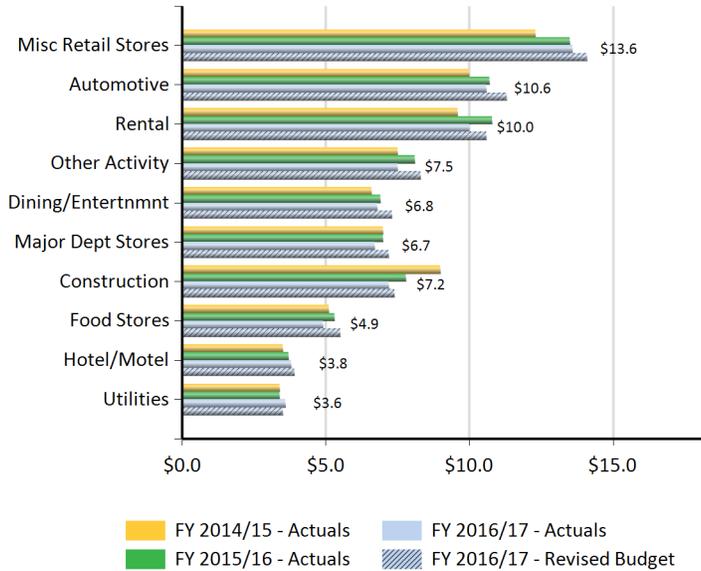


Actual to Revised Budget variance of (\$5.0) million or (5%):
 The unfavorable variance is primarily due to Arizona Department of Revenue (ADOR) taking over administration, collection and reporting sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

	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	\$74.1	\$77.2	\$74.7	\$79.2	(\$4.6)	(6%)
Sales Tax - Public Safety (0.10%)	7.2	7.6	7.3	7.7	(0.4)	(5%)
Electric & Gas Franchise	6.3	6.5	6.4	6.6	(0.1)	(2%)
Cable TV License Fee	1.8	1.9	1.9	1.8	0.1	7%
Stormwater Quality Fees	0.7	0.7	0.7	0.7	-	-
Salt River Project In Lieu	0.1	0.1	0.1	0.1	-	-
Taxes - Local Total	\$90.3	\$93.9	\$91.1	\$96.1	(\$5.0)	(5%)



Sales Tax (Fiscal Year to Date: March 2017)

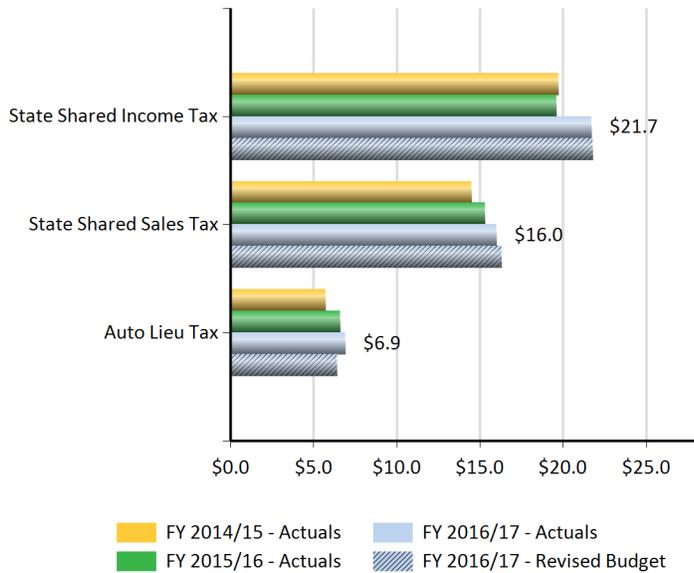


Actual to Revised Budget variance of (\$4.6) million or (6%):
 The unfavorable variance is primarily a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily. The favorable variance in Utilities is due to 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	\$12.3	\$13.5	\$13.6	\$14.1	(\$0.5)	(4%)
Automotive	10.0	10.7	10.6	11.3	(0.8)	(7%)
Rental	9.6	10.8	10.0	10.6	(0.6)	(6%)
Other Activity	7.5	8.1	7.5	8.3	(0.8)	(10%)
Dining/Entertainment	6.6	6.9	6.8	7.3	(0.6)	(8%)
Major Dept Stores	7.0	7.0	6.7	7.2	(0.5)	(7%)
Construction	9.0	7.8	7.2	7.4	(0.2)	(3%)
Food Stores	5.1	5.3	4.9	5.5	(0.7)	(12%)
Hotel/Motel	3.5	3.7	3.8	3.9	(0.1)	(2%)
Utilities	3.4	3.4	3.6	3.5	0.2	5%
Sales Tax Total	\$74.1	\$77.2	\$74.7	\$79.2	(\$4.6)	(6%)



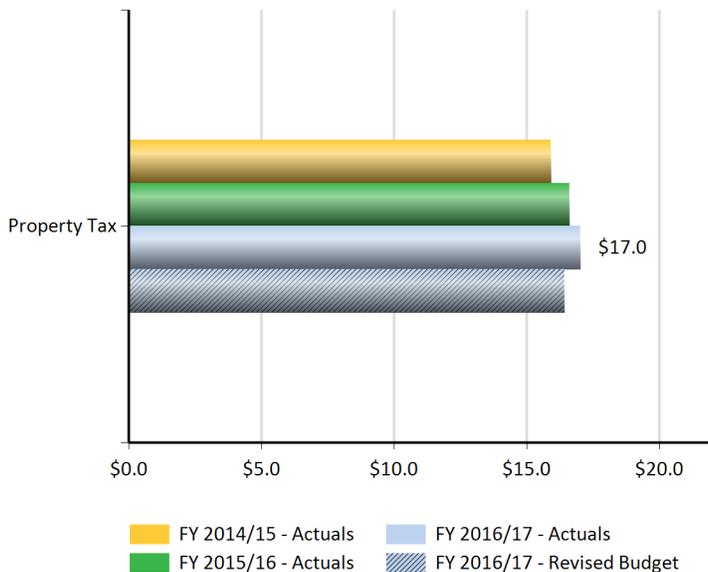
State Shared Revenues (Fiscal Year to Date: March 2017)



Actual to Revised Budget variance of \$0.2 million or 1%: The net effect of the variance in State Shared Revenue is favorable. However, there is an unfavorable variance in State Shared Sales Tax. While revenues were expected to be higher, revenues are coming in slightly lower than forecasted. If the trend continues, an unfavorable year-end variance will result. This is offset completely and then some by a favorable variance in Auto Lieu Tax. Auto Lieu is higher due to the forecasted sales of new and used vehicles in June resulting in these purchases being licensed.

	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	\$19.7	\$19.6	\$21.7	\$21.8	\$ -	-
State Shared Sales Tax	14.5	15.3	16.0	16.3	(0.3)	(2%)
Auto Lieu Tax	5.7	6.6	6.9	6.4	0.6	9%
State Shared Revenues Total	\$40.0	\$41.5	\$44.7	\$44.4	\$0.2	1%

Property Tax (Fiscal Year to Date: March 2017)



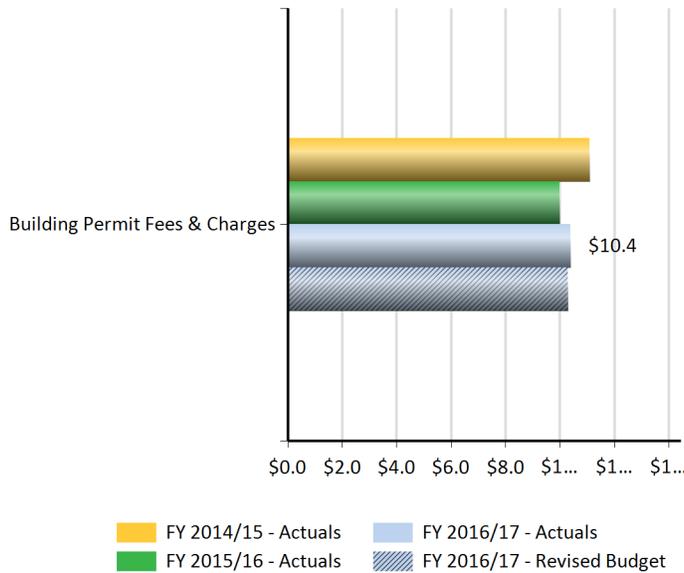
Actual to Revised Budget variance of \$0.5 million or 3%: Property Tax is favorable due to timing. Property owners have the option to pay in one or two installments (October or October and April/May). The budget is based on the way taxpayers paid last year and may vary year over year.

	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	\$15.9	\$16.6	\$17.0	\$16.4	\$0.5	3%
Property Tax Total	\$15.9	\$16.6	\$17.0	\$16.4	\$0.5	3%



Building Permit Fees & Charges (Fiscal Year to Date: March 2017)

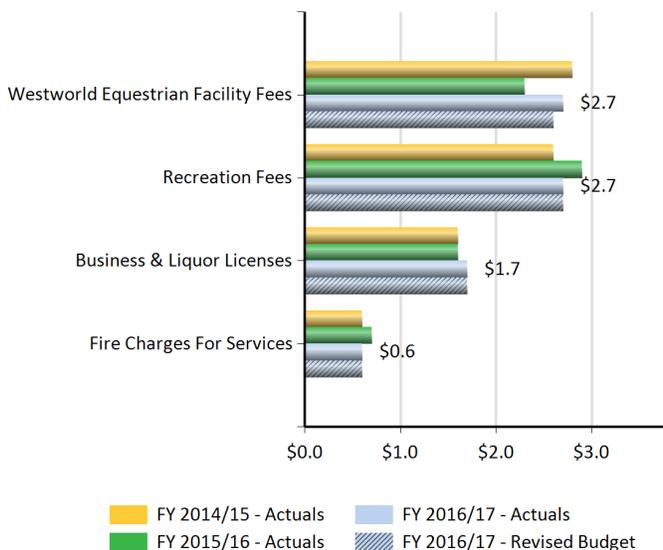
Actual to Revised Budget variance of \$0.1 million or 1%:
No explanation is necessary.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Building Permit Fees & Charges	\$11.1	\$10.0	\$10.4	\$10.3	\$0.1	1%
Building Permit Fees & Charges Total	\$11.1	\$10.0	\$10.4	\$10.3	\$0.1	1%

License Permits & Fees (Fiscal Year to Date: March 2017)

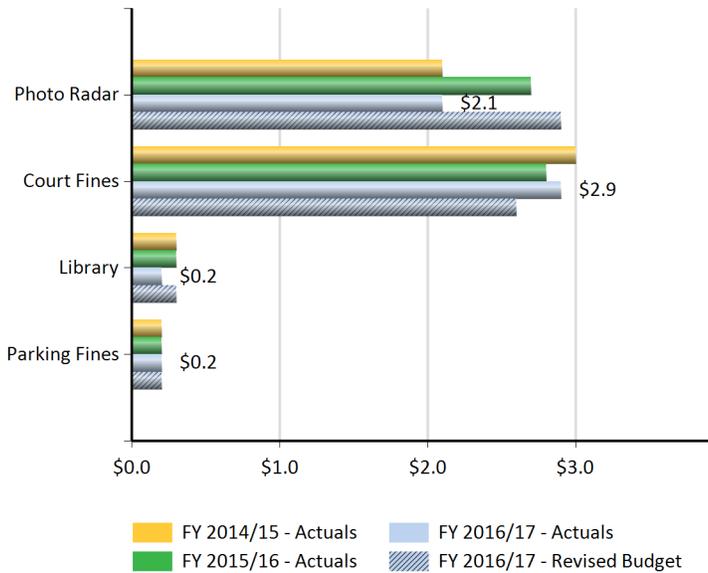
Actual to Revised Budget variance of \$0.2 million or 2%:
Westworld Equestrian Facility Fees is favorable due to WestWorld Facility Rental Fees from FY 2015/16 being realized in FY 2016/17 and RV related revenue from Barrett-Jackson being higher than expected. These are partially offset by the Sun Country event moving to March while revenues were budgeted in January, and the timing of a payment towards the Equidome Project Use Fee for the Tony Nelssen Equestrian Center. Recreation Fees are favorable due to aquatics and park & recreation fees coming in higher than forecasted.



	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	\$2.8	\$2.3	\$2.7	\$2.6	\$0.1	2%
Recreation Fees	2.6	2.9	2.7	2.7	0.1	3%
Business & Liquor Licenses	1.6	1.6	1.7	1.7	-	-
Fire Charges For Services	0.6	0.7	0.6	0.6	-	-
License Permits & Fees Total	\$7.6	\$7.6	\$7.8	\$7.6	\$0.2	2%



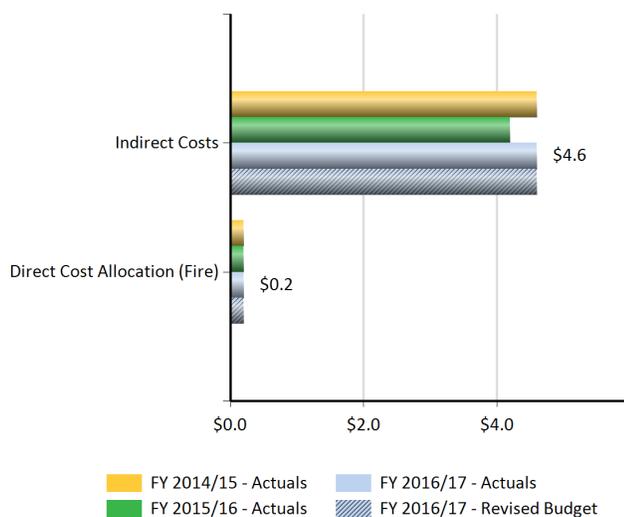
Fines Fees & Forfeitures (Fiscal Year to Date: March 2017)



Actual to Revised Budget variance of (\$0.6) million or (9%): Fines Fees & Forfeitures is overall unfavorable due to Photo Radar having a two month period where all cameras were turned off and the issuance of citations was suspended. While the cameras are in use again, this unfavorable balance will carry for the remainder of the fiscal year. Court Fines is offsetting the unfavorable variance due to the garnishment of tax returns for individuals who have unpaid court fees/fines.

	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	\$2.1	\$2.7	\$2.1	\$2.9	(\$0.8)	(28%)
Court Fines	3.0	2.8	2.9	2.6	0.3	11%
Library	0.3	0.3	0.2	0.3	-	-
Parking Fines	0.2	0.2	0.2	0.2	-	-
Fines Fees & Forfeitures Total	\$5.5	\$5.9	\$5.4	\$5.9	(\$0.6)	(9%)

Indirect/Direct Cost Allocations (Fiscal Year to Date: March 2017)

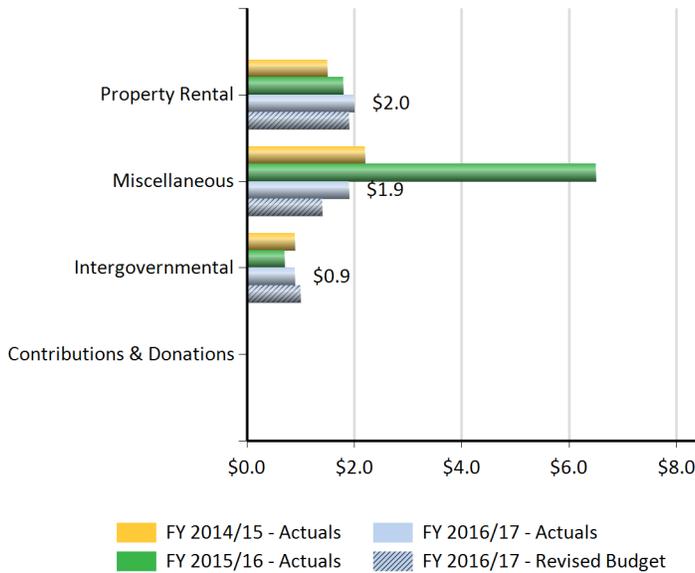


Actual to Revised Budget variance of \$0.0 million or 0%: No explanation is necessary.

	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	\$4.6	\$4.2	\$4.6	\$4.6	\$ -	-
Direct Cost Allocation (Fire)	0.2	0.2	0.2	0.2	-	-
Indirect/Direct Cost Allocations Total	\$4.8	\$4.5	\$4.8	\$4.8	\$ -	-



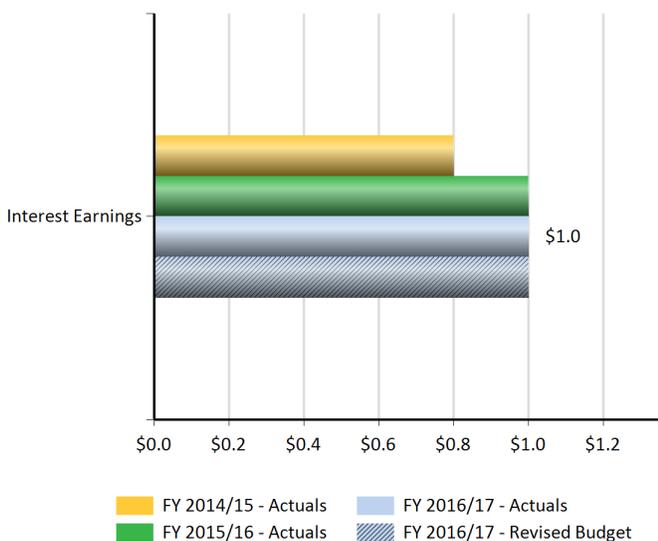
Charges for Service/Other (Fiscal Year to Date: March 2017)



Actual to Revised Budget variance of \$0.6 million or 13%: Charges for Service/Other has a favorable variance partially due to the receipt of unbudgeted building rent for Paiute and Cactus Park Aquatic Center. However, the majority of the favorable variance comes from Miscellaneous revenues. These include the recovery of expense from Community Services for stadium usage in FY 2015/16 that has been posted in FY 2016/17; and the recovery of expenses for building usage and utilities. FY 2015/16 actuals Miscellaneous include one-time revenue from the sale of the Human Resources and graphics buildings and a DC Ranch property owned by the City.

	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	\$1.5	\$1.8	\$2.0	\$1.9	\$0.1	4%
Miscellaneous	2.2	6.5	1.9	1.4	0.6	41%
Intergovernmental	0.9	0.7	0.9	1.0	(0.1)	(6%)
Contributions & Donations	-	-	-	-	-	-
Charges for Service/Other Total	\$4.6	\$9.0	\$4.9	\$4.3	\$0.6	13%

Interest Earnings (Fiscal Year to Date: March 2017)



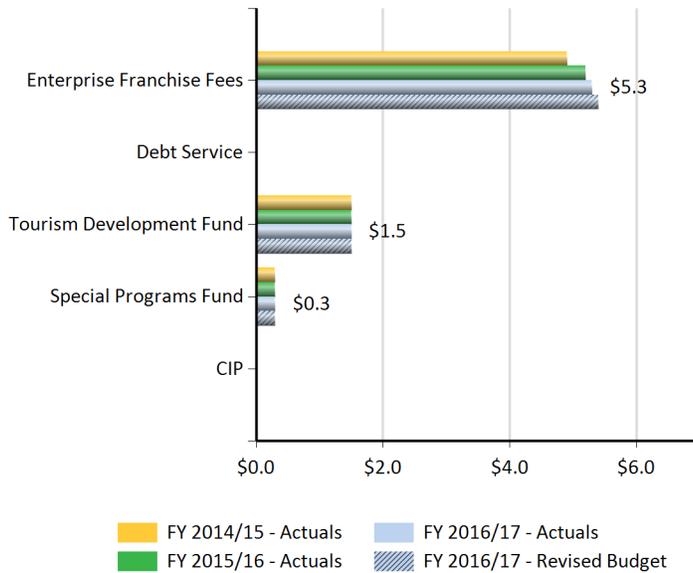
Actual to Revised Budget variance of \$0.0 million or 0%: No explanation is necessary.

	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	\$0.8	\$1.0	\$1.0	\$1.0	\$ -	-
Interest Earnings Total	\$0.8	\$1.0	\$1.0	\$1.0	\$ -	-



Transfers In (Fiscal Year to Date: March 2017)

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

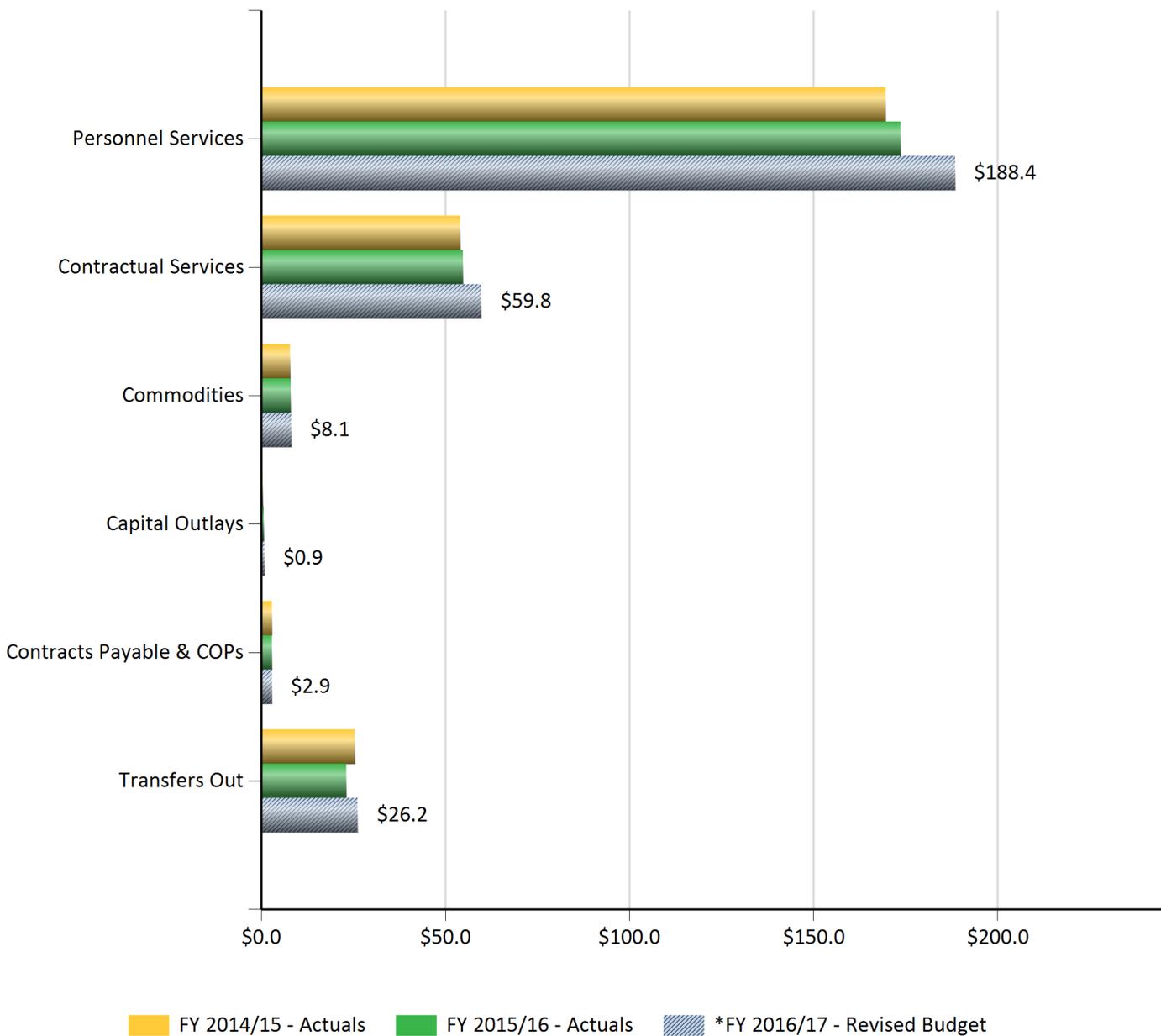


	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Budget Percent
Enterprise Franchise Fees	\$4.9	\$5.2	\$5.3	\$5.4	(\$0.1)	(2%)
Debt Service	-	-	-	-	-	-
Tourism Development Fund	1.5	1.5	1.5	1.5	-	-
Special Programs Fund	0.3	0.3	0.3	0.3	-	-
CIP	-	-	-	-	-	-
Transfers In Total	\$6.7	\$7.1	\$7.1	\$7.2	(\$0.1)	(1%)



Uses

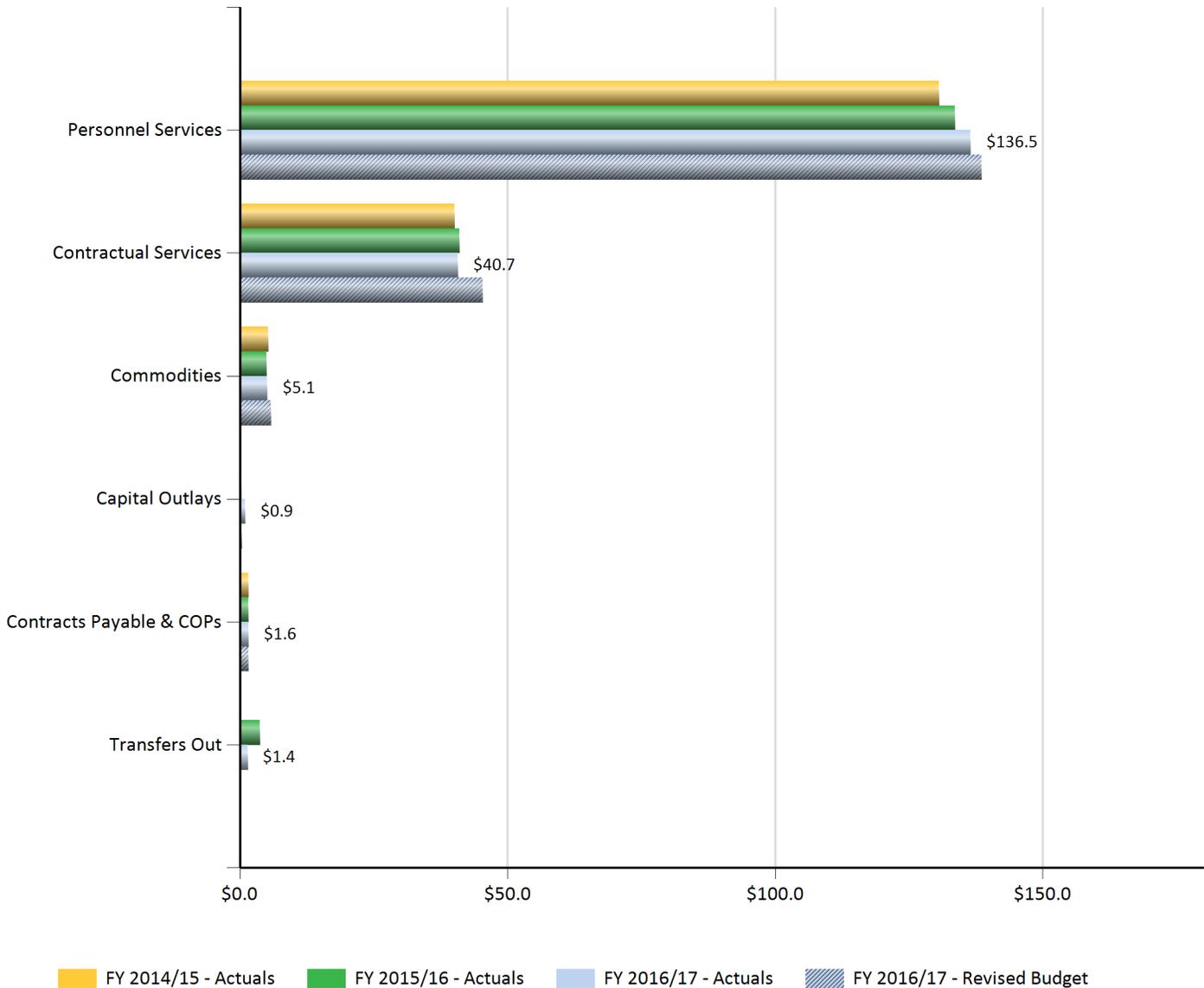
Twelve Months: Fiscal Year



*Includes utilities and 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.



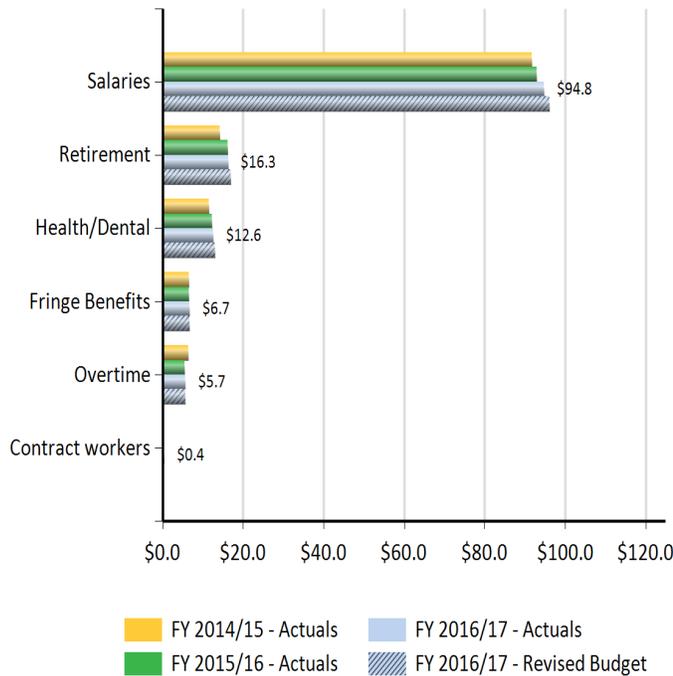
Uses (Fiscal Year to Date: March 2017)



	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	\$130.7	\$133.7	\$136.5	\$138.6	\$2.1	1%
Contractual Services	40.1	41.0	40.7	45.3	4.6	10%
Commodities	5.3	5.0	5.1	5.8	0.8	13%
Capital Outlays	0.2	0.2	0.9	0.3	(0.6)	nm
Contracts Payable & COPs	1.6	1.6	1.6	1.6	-	-
Transfers Out	-	3.7	1.4	-	(1.4)	n/a
Total Uses	\$177.9	\$185.2	\$186.2	\$191.7	\$5.4	3%



Personnel Services (Fiscal Year to Date: March 2017)



Actual to Revised Budget variance of \$2.1 million or 1%: The favorable variance is due primarily to savings in Salaries and Retirement. Salaries are favorable due to Police, Fire, Public Works and City Attorney retirements/promotions as well as Community Services which is having higher than expected turnover, all of which brought in new staff earning less than previous incumbents. The favorable variance in Retirement is related to salary and overtime savings by the police department and the Fire Insurance Premium Tax Credit. The amount received in the tax credit was more than expected which means the city's Fire retirement costs will be lower than anticipated. While Overtime is showing a net slight unfavorable variance, Police has a large favorable variance due to dynamic staffing and deployment efficiencies. This is offset by a large unfavorable variance in Fire due to 20 sworn employees out on various leaves including 19 due to injuries/FMLA and 1 position considered vacant because its planned occupant is currently in the academy, all of which negatively impacts constant staffing requirements. Additionally, to address an overtime driver, staff became certified in Advance Life Support (ALS - Paramedic) and there has been a notable benefit to deploying these extra certified staff as it relates to Overtime usage. However, the Fire unfavorable variance is expected to continue into future periods. 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	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Salaries	\$91.8	\$93.0	\$94.8	\$96.1	\$1.3	1%
Retirement	14.2	16.2	16.3	17.0	0.7	4%
Health/Dental	11.6	12.3	12.6	13.0	0.4	3%
Fringe Benefits	6.6	6.6	6.7	6.7	0.1	1%
Overtime	6.4	5.5	5.7	5.6	(0.1)	(2%)
Contract workers	0.2	0.2	0.4	0.2	(0.3)	nm
Personnel Services Total	\$130.7	\$133.7	\$136.5	\$138.6	\$2.1	1%

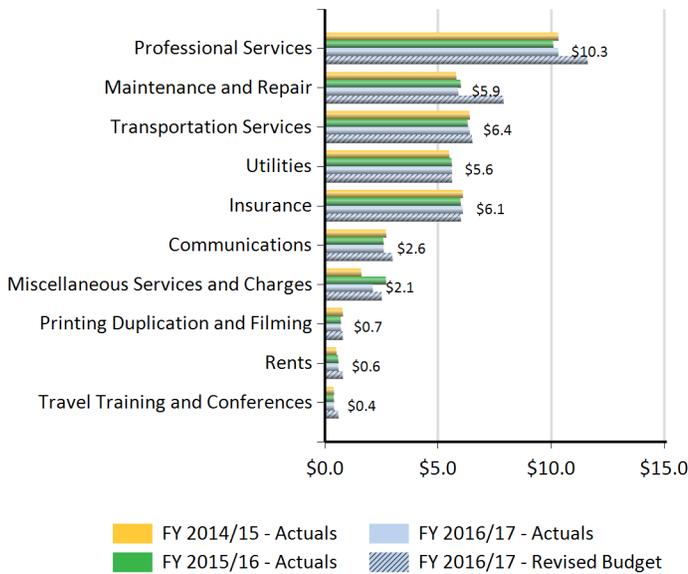
Macro Personnel Adjustments

	2014/15	2015/16	2016/17	2016/17	
	Actual	Actual	Adopted Budget	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)	-	0.5	0.5
Vacancy Savings	(3.8)	(4.8)	(3.9)	3.8	(0.1)
Medical Leave Payouts	1.6	1.0	1.0	(1.0)	-
Vacation Leave Payouts	0.7	0.9	0.9	(0.6)	0.4
Total Vacancy Savings/Payouts	\$3.1	(\$0.6)	\$2.9	(\$2.1)	\$0.8

Total Saved/(Used) YTD of (\$2.1) million: The city has achieved \$3.8 million in vacancy savings year-to-date offset by (\$1.6) 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: March 2017)



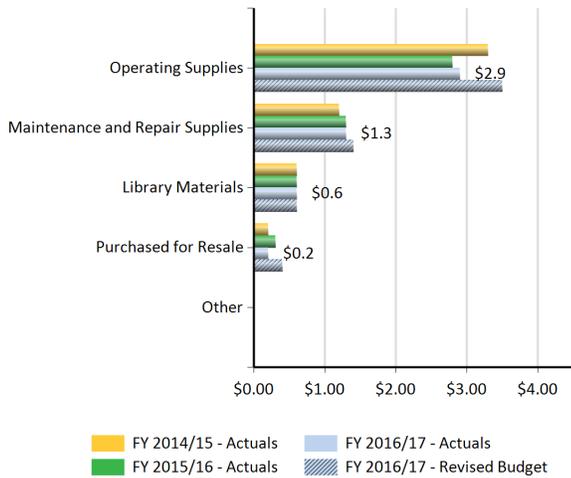
Actual to Revised Budget variance of \$4.6 million or 10%:

The favorable variance in Contractual Services is due largely to Professional Services, Maintenance and Repair, Communications and Miscellaneous Services and Charges. Professional Services is favorable due to a timing issue by Police in payment of the jail services contract and the photo radar program which was suspended last spring for two months with impacts continuing into this fiscal year. The cost of administering this program was lower in July and August due to fewer tickets issued. Maintenance and Repair is favorable due to the timing of several major facilities maintenance projects in Public Works and Community Services. Communications is favorable due to specialty lines expenditures being less than anticipated. Finally, Miscellaneous Services and Charges is favorable due primarily to Arizona Department of Revenue administrative charges being less than expected.

	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>
Professional Services	\$10.3	\$10.1	\$10.3	\$11.6	\$1.3	11%
Maintenance and Repair	5.8	6.0	5.9	7.9	2.0	25%
Transportation Services	6.4	6.3	6.4	6.5	0.1	1%
Insurance	6.1	6.0	6.1	6.0	(0.1)	(1%)
Utilities	5.5	5.6	5.6	5.6	-	-
Communications	2.7	2.6	2.6	3.0	0.4	14%
Miscellaneous Services and Charges	1.6	2.7	2.1	2.5	0.4	16%
Printing Duplication and Filming	0.8	0.7	0.7	0.8	0.1	13%
Rents	0.5	0.6	0.6	0.8	0.1	16%
Travel Training and Conferences	0.4	0.4	0.4	0.6	0.3	43%
Contractual Services Total	\$40.1	\$41.0	\$40.7	\$45.3	\$4.6	10%



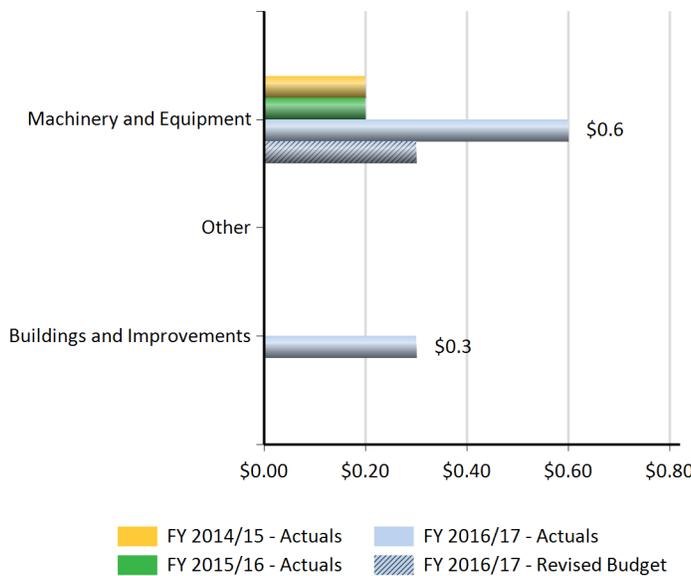
Commodities (Fiscal Year to Date: March 2017)



Actual to Revised Budget variance of \$0.8 million or 13%:
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	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Operating Supplies	\$3.3	\$2.8	\$2.9	\$3.5	\$0.6	16%
Maintenance and Repair Supplies	1.2	1.3	1.3	1.4	0.1	5%
Library Materials	0.6	0.6	0.6	0.6	-	-
Purchased for Resale	0.2	0.3	0.2	0.4	0.1	31%
Other	-	-	-	-	-	-
Commodities Total	\$5.3	\$5.0	\$5.1	\$5.8	\$0.8	13%

Capital Outlays (Fiscal Year to Date: March 2017)



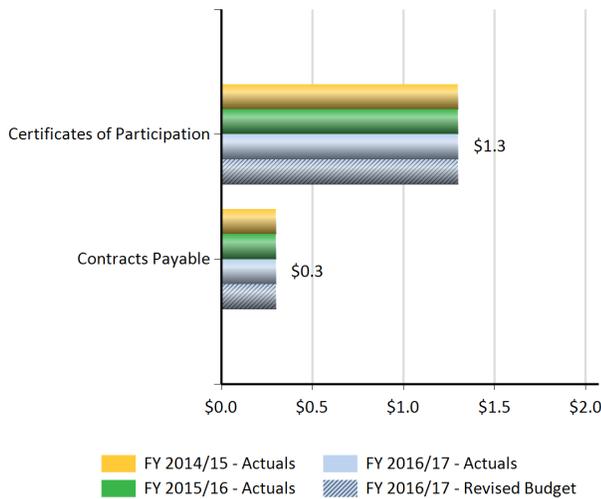
Actual to Revised Budget variance of (\$0.6) million or 0%:
The unfavorable variance in Capital Outlays is primarily due to timing issues related to the Scottsdale Cultural Center (SCC) project and the movement of repair costs that were originally billed to Contractual Services to Capital Outlays.

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Machinery and Equipment	\$0.2	\$0.2	\$0.6	\$0.3	(\$0.3)	(88%)
Other	-	-	-	-	-	n/a
Buildings and Improvements	-	-	0.3	-	(0.3)	n/a
Capital Outlays Total	\$0.2	\$0.2	\$0.9	\$0.3	(\$0.6)	nm



Contracts Payable & COPs (Fiscal Year to Date: March 2017)

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

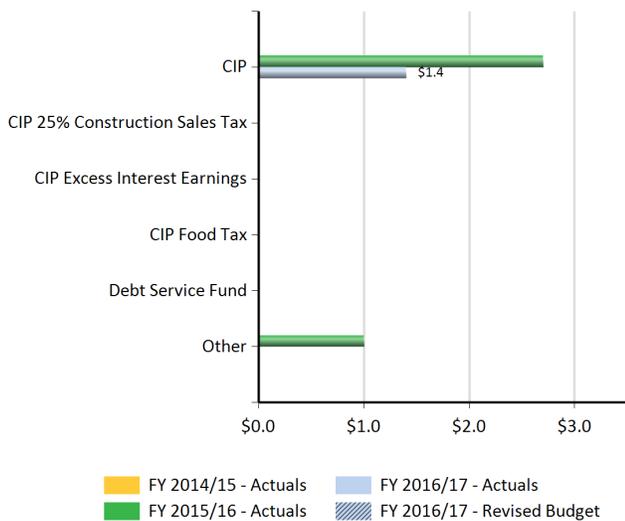


	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Certificates of Participation	\$1.3	\$1.3	\$1.3	\$1.3	\$ -	-
Contracts Payable	0.3	0.3	0.3	0.3	-	-
Contracts Payable & COPs Total	\$1.6	\$1.6	\$1.6	\$1.6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

Transfers Out (Fiscal Year to Date: March 2017)

Actual to Revised Budget variance of (\$1.4) million or 0%:

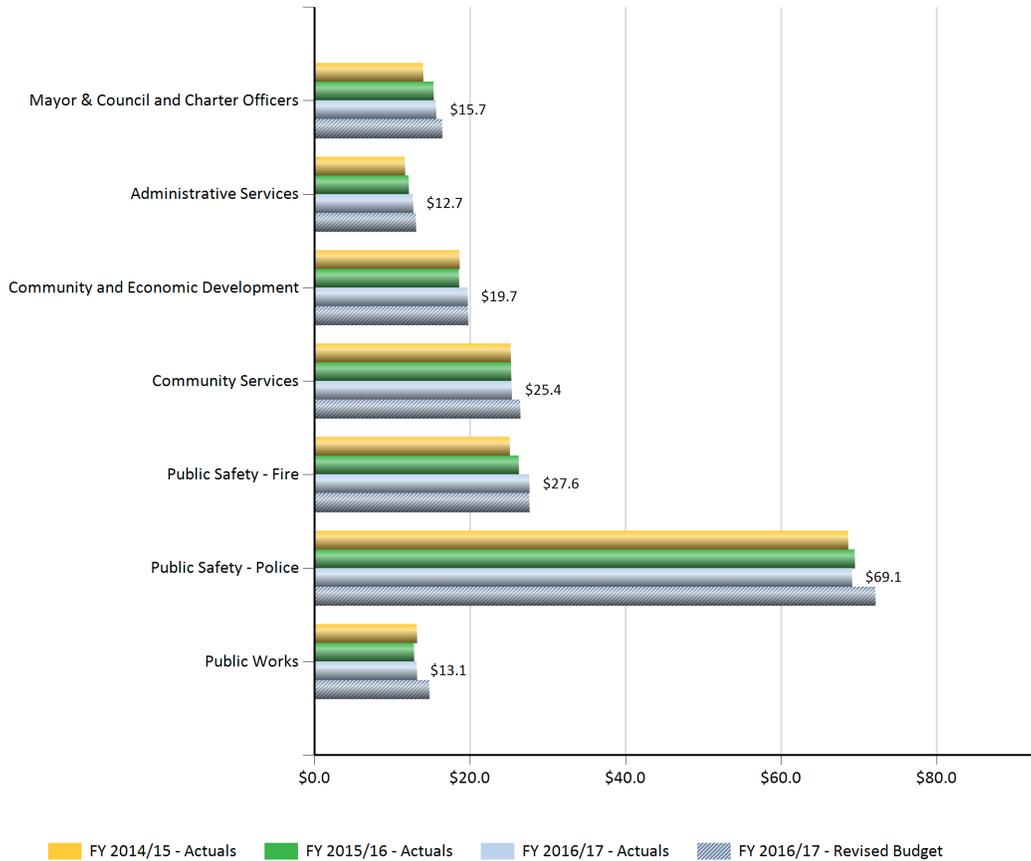
The unfavorable variance is due to a contingency transfer funded from the General Fund operating budget unreserved fund balance to the newly created Fire Self Contained Breathing Apparatus (SCBA) Replacement capital project, per Council approval. The actuals in FY 2015/16 are related to City Council authorizing the transfer of approximately \$1.0 million from the General Fund to the Healthcare Fund for reimbursement of health related expenditures for retirees and public safety disabled retirees. Additionally, the actuals in FY 2015/16 include the sale of city property for \$2.7 million. These proceeds while collected in the General Fund were transferred to the Capital Improvement Program (CIP).



	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	\$ -	\$2.7	\$1.4	\$ -	(\$1.4)	n/a
CIP 25% Construction Sales Tax	-	-	-	-	-	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-
Other	-	1.0	-	-	-	n/a
Transfers Out Total	\$0.0	\$3.7	\$1.4	\$0.0	(\$1.4)	n/a



Division Expenditures (Fiscal Year to Date: March 2017)

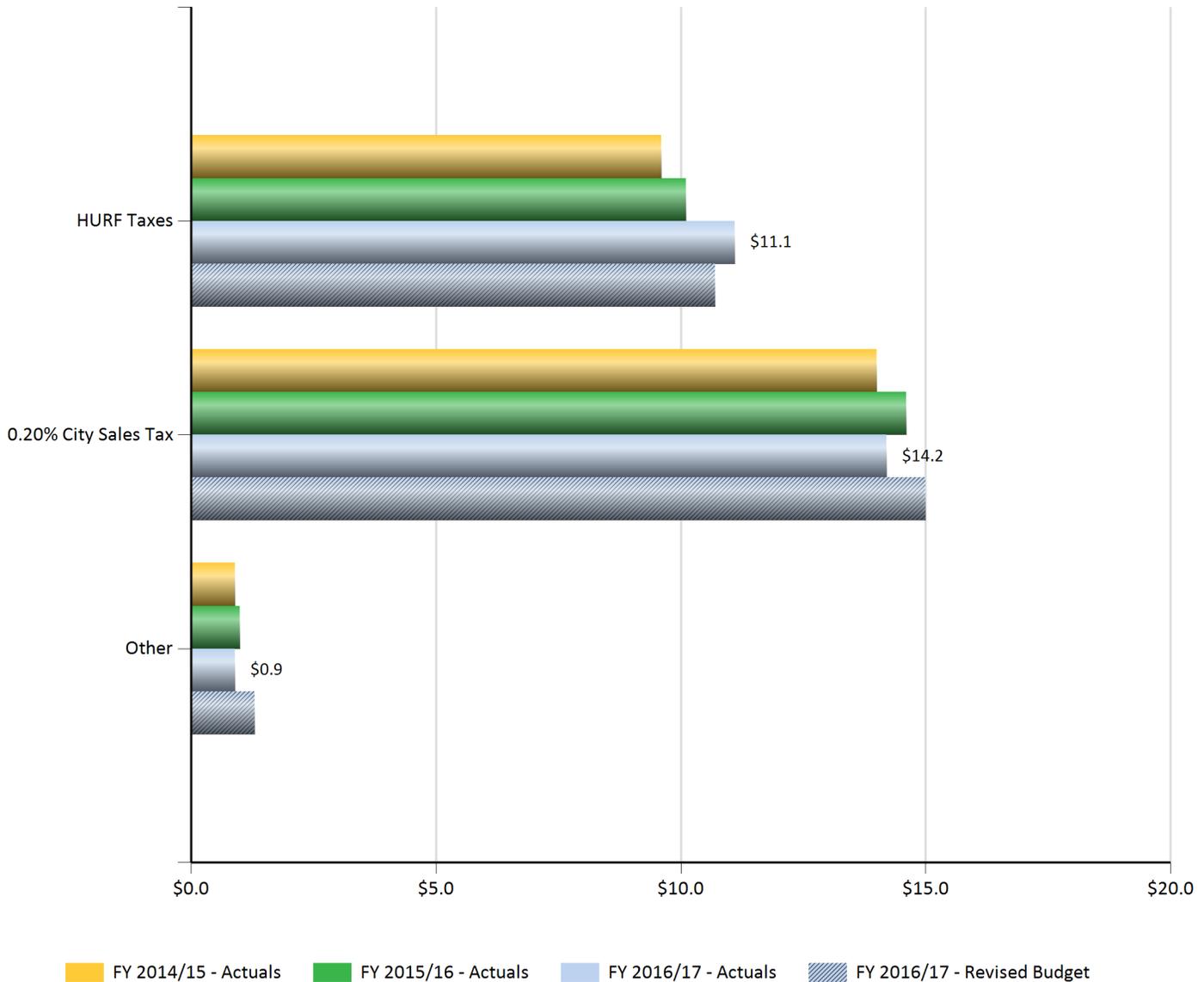


	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$13.9	\$15.3	\$15.7	\$16.4	\$0.8	5%
Administrative Services	11.6	12.1	12.7	13.0	0.3	3%
Community and Economic Development	18.6	18.6	19.7	19.8	0.1	0%
Community Services	25.2	25.3	25.4	26.4	1.1	4%
Public Safety - Fire	25.1	26.3	27.6	27.6	-	-
Public Safety - Police	68.6	69.5	69.1	72.1	3.0	4%
Public Works	13.2	12.8	13.1	14.7	1.6	11%
Total	\$176.3	\$179.8	\$183.2	\$190.1	\$6.9	4%

Actual to Revised Budget variance of \$6.9 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. Additionally, in the City Attorney's Office, the contractual work order credit to Risk Management 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. While Public Safety - Fire is not showing a variance, there is actually a significant unfavorable variance netting with a significant favorable variance. The unfavorable variance is associated with constant staffing overtime costs due to injuries or FMLA. This is offset by retirements/promotions resulting in new staff coming in at a lower cost, a higher than expected retirement Fire Insurance Premium Tax Credit and the delay in purchase of emergency medical supplies. For Public Safety-Police, the favorable variance is related to retirements/promotions resulting in new staff coming in at a 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, the previous temporary suspension of the photo radar program which resulted in fewer tickets processed and the lower than anticipated costs for specialty lines. Finally, the favorable variance in Public Works is due to the timing of major facility maintenance and repair projects



Sources (Fiscal Year to Date: March 2017)



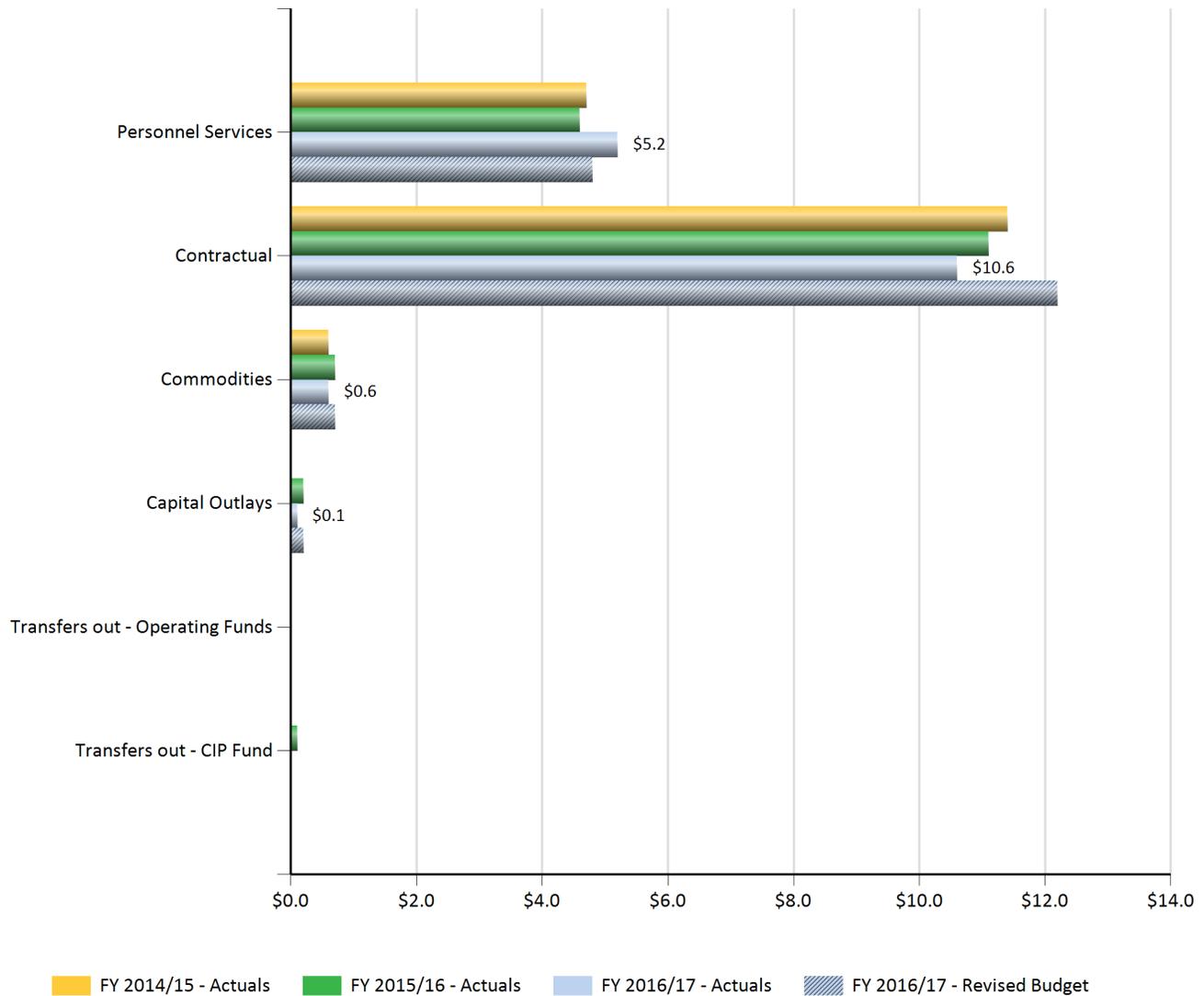
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
HURF Taxes	\$9.6	\$10.1	\$11.1	\$10.7	\$0.4	3%
0.20% City Sales Tax	14.0	14.6	14.2	15.0	(0.8)	(5%)
Other	0.9	1.0	0.9	1.3	(0.4)	(34%)
Total Sources	\$24.5	\$25.7	\$26.2	\$27.1	(\$0.9)	(3%)

Actual to Revised Budget variance of (\$0.9) million or (3%):

The favorable variance in HURF Taxes is due to timing. The unfavorable variance in 0.20% City Sales Tax is due to Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily. The unfavorable variance in Other is due to timing in the receipt of the Local Transportation Assistance Fund (LTAf) monies as well as to grants that are budgeted in the Transportation Fund, but are actually recorded within the Grants Funds. These are slightly offset by timing in reimbursements for transit services from Valley Metro Regional Public Transportation Authority (RPTA), including an unbudgeted refund for FY 2015/16 after comparing city billings to preliminary member costs.



Uses (Fiscal Year to Date: March 2017)



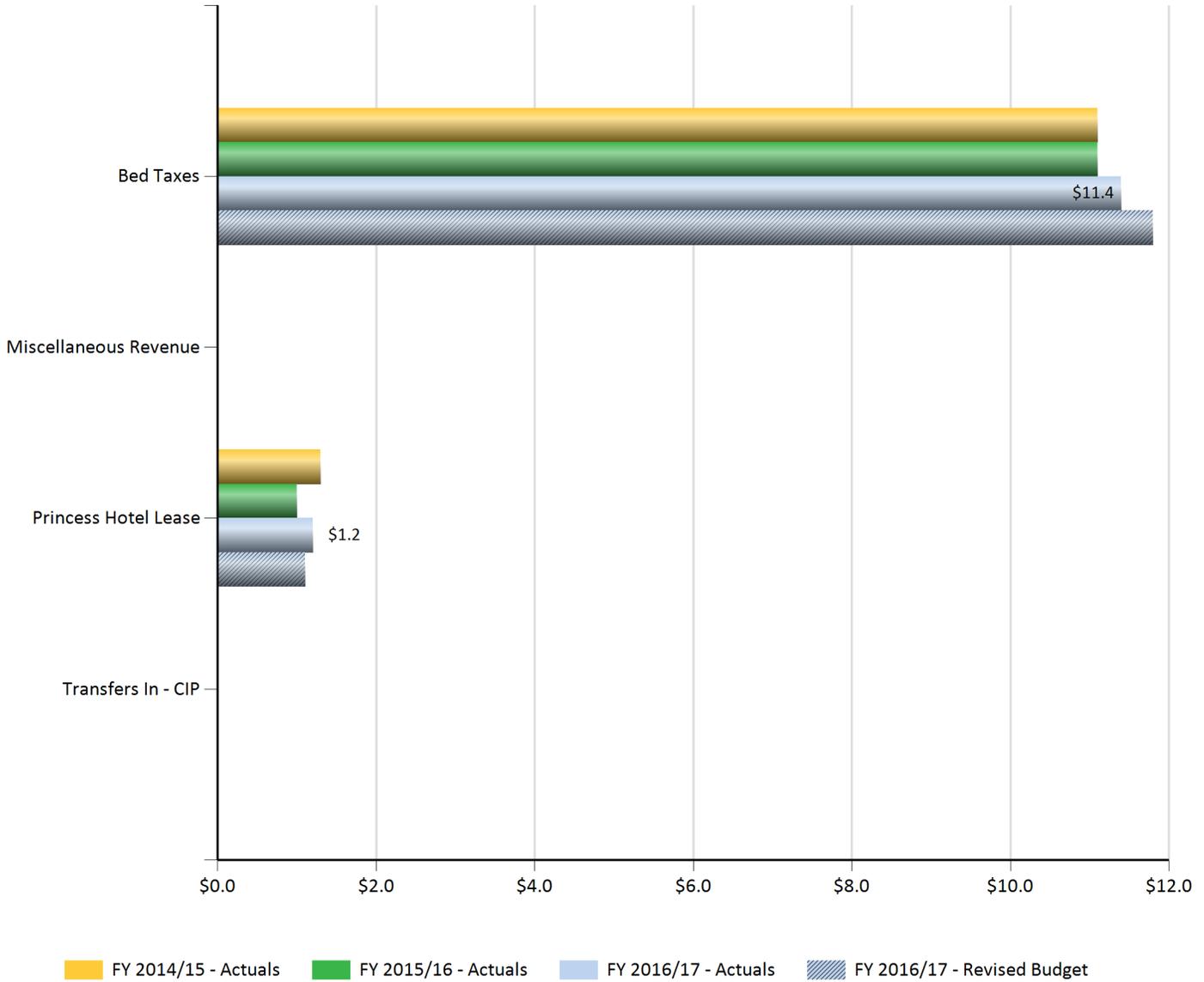
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$4.7	\$4.6	\$5.2	\$4.8	(\$0.4)	(8%)
Contractual	11.4	11.1	10.6	12.2	1.6	13%
Commodities	0.6	0.7	0.6	0.7	0.1	18%
Capital Outlays	-	0.2	0.1	0.2	0.1	66%
Transfers out - Operating Funds	-	-	-	-	-	-
Transfers out - CIP Fund	-	0.1	-	-	-	-
Total Uses	\$16.7	\$16.7	\$16.4	\$17.9	\$1.5	8%

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

The unfavorable variance in Personnel Services is mostly due to overtime expenses for storm cleanup, emergency calls for traffic signals repairs, and a push to complete ADA ramps ahead of the bond funded pavement work; as well as medical and vacation payoffs to five long time employees who left the city. The favorable variance in Contractual is due to timing on the trolley maintenance contracts; as well as timing on the receipt of invoices related to street overlays, drainage, dust palliative, alley maintenance and asphalt maintenance, which will occur later than anticipated. The favorable variance in Commodities is due to timing in receiving invoices for materials. Finally, the favorable variance in Capital Outlays represents savings in the transportation CIP planning program that will be used to cover trolley change orders, a traffic analysis and a safety study.



Sources (Fiscal Year to Date: March 2017)



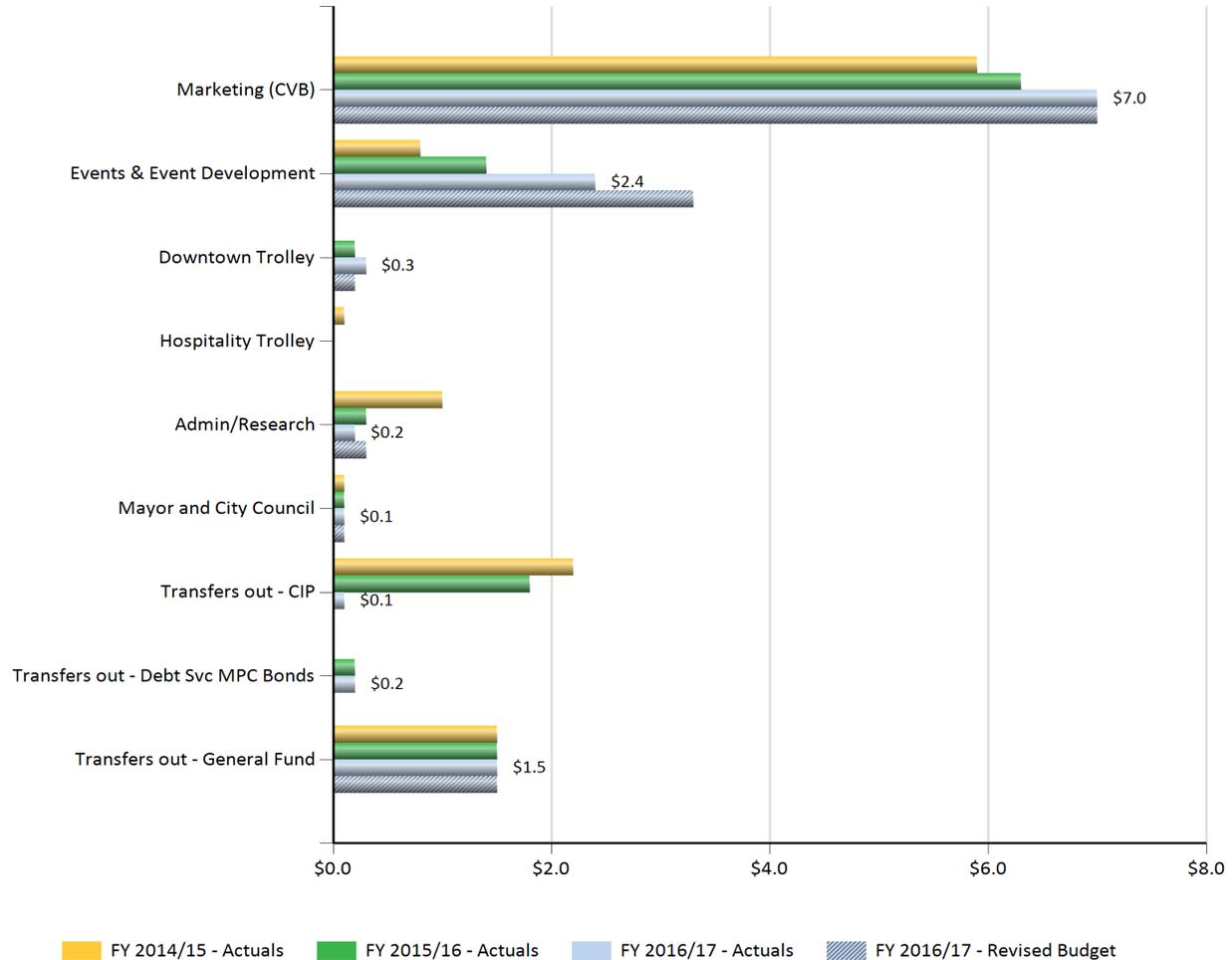
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Bed Taxes	\$11.1	\$11.1	\$11.4	\$11.8	(\$0.4)	(3%)
Miscellaneous Revenue	-	-	-	-	-	-
Princess Hotel Lease	1.3	1.0	1.2	1.1	0.1	10%
Transfers In - CIP	-	-	-	-	-	-
Total Sources	\$12.5	\$12.1	\$12.6	\$12.9	(\$0.3)	(2%)

Actual to Revised Budget variance of (\$0.3) million or (2%):

The unfavorable variance in Bed Taxes is due to Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of bed taxes as of January 1, 2017. Payments from ADOR are received weekly rather than daily. The favorable variance in Princess Hotel Lease is due to the receipt of the 1.5 percent of gross sales exceeding \$100.0 million, per agreement and related to activity in 2016.



Uses (Fiscal Year to Date: March 2017)



	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)	\$5.9	\$6.3	\$7.0	\$7.0	\$ -	-
Events & Event Development	0.8	1.4	2.4	3.3	0.9	26%
Downtown Trolley	-	0.2	0.3	0.2	(0.1)	(50%)
Hospitality Trolley	0.1	-	-	-	-	-
Admin/Research	1.0	0.3	0.2	0.3	0.1	24%
Mayor and City Council	0.1	0.1	0.1	0.1	-	-
Transfers out - CIP	2.2	1.8	0.1	-	(0.1)	n/a
Transfers out - Debt Svc MPC Bonds	-	0.2	0.2	-	(0.2)	n/a
Transfers out - General Fund	1.5	1.5	1.5	1.5	-	-
Total Uses	\$11.7	\$11.9	\$11.9	\$12.4	\$0.5	4%

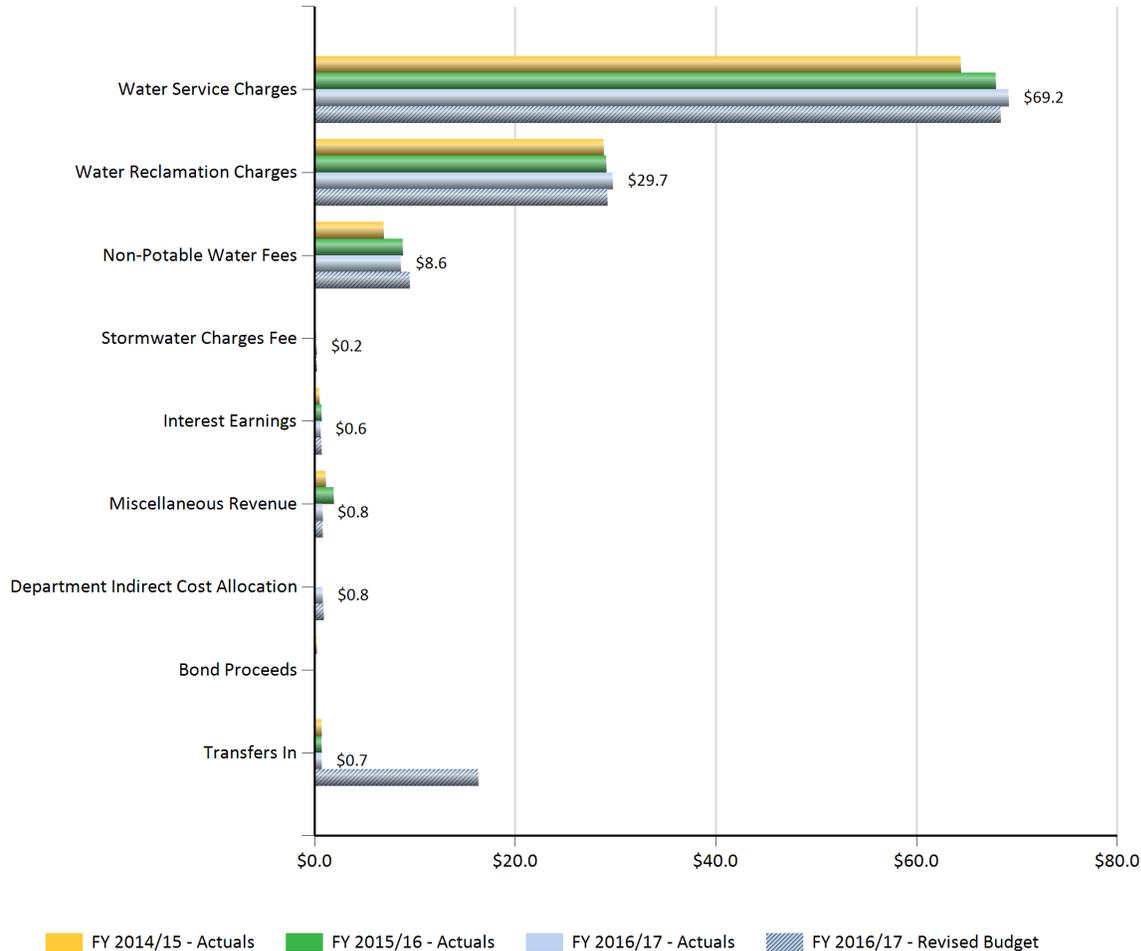
Actual to Revised Budget variance of \$0.5 million or 4%:

The favorable variance in Event & Event Development is due to a delay in the Downtown ambiance lighting project as result of code challenges that have been resolved; and to timing for event 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. 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.



Water and Water Reclamation Funds

Sources (Fiscal Year to Date: March 2017)



	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	\$64.4	\$67.9	\$69.2	\$68.4	\$0.8	1%
Water Reclamation Charges	28.8	29.1	29.7	29.2	0.5	2%
Non-Potable Water Fees	6.9	8.8	8.6	9.5	(0.9)	(9%)
Stormwater Charges Fee	-	0.1	0.2	0.2	-	-
Interest Earnings	0.5	0.7	0.6	0.7	-	-
Miscellaneous Revenue	1.1	1.9	0.8	0.8	-	-
Department Indirect Cost Allocation	-	-	0.8	0.9	(0.1)	(10%)
Bond Proceeds	0.2	-	-	-	-	-
Transfers In	0.7	0.7	0.7	16.3	(15.6)	(96%)
Total Sources	\$102.6	\$109.1	\$110.6	\$125.9	(\$15.3)	(12%)

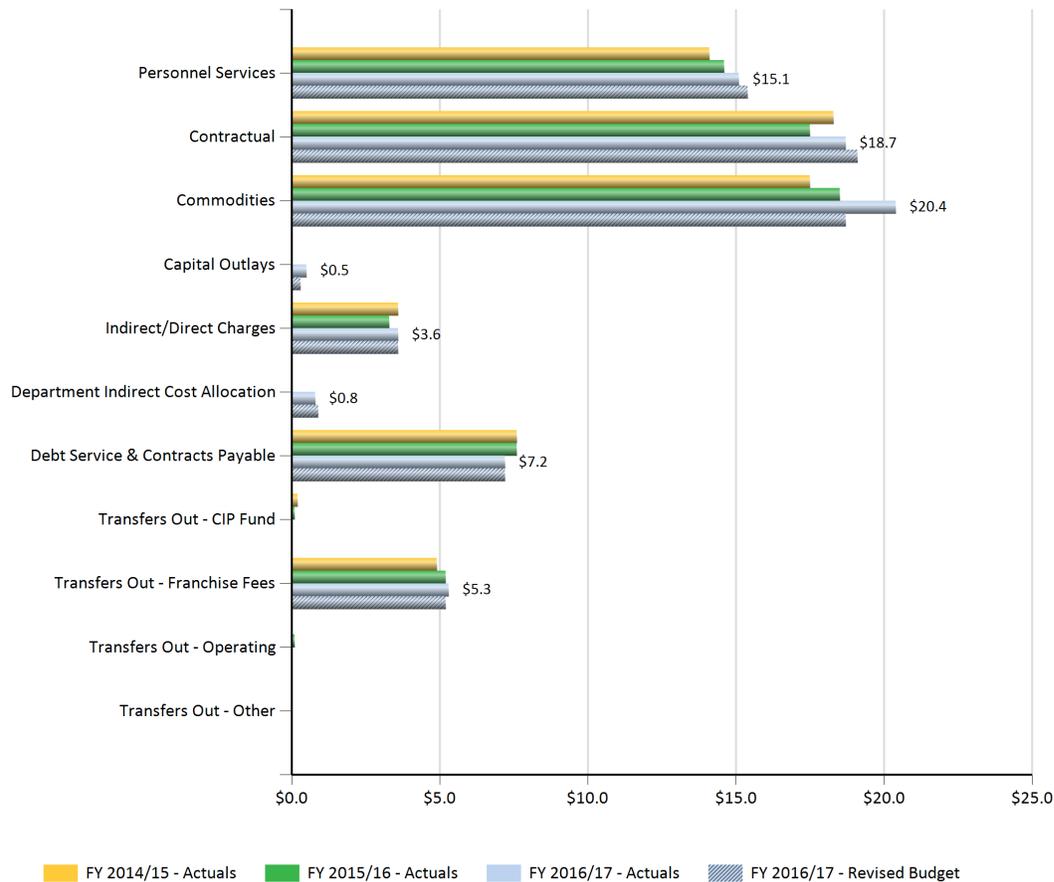
Actual to Revised Budget variance of (\$15.3) million or (12%):

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 in the prior winter period than budgeted. Non-Potable Water Fees' unfavorable variance is due primarily to lower than projected water deliveries for Reclaimed Water Distribution System (RWDS) golf course irrigation due to much wetter weather than anticipated. Transfers In is unfavorable because the transfer of Debt Service funding from development fee funds to water funds has yet to occur. This will be completed before the end of the fiscal year.



Water and Water Reclamation Funds

Uses (Fiscal Year to Date: March 2017)



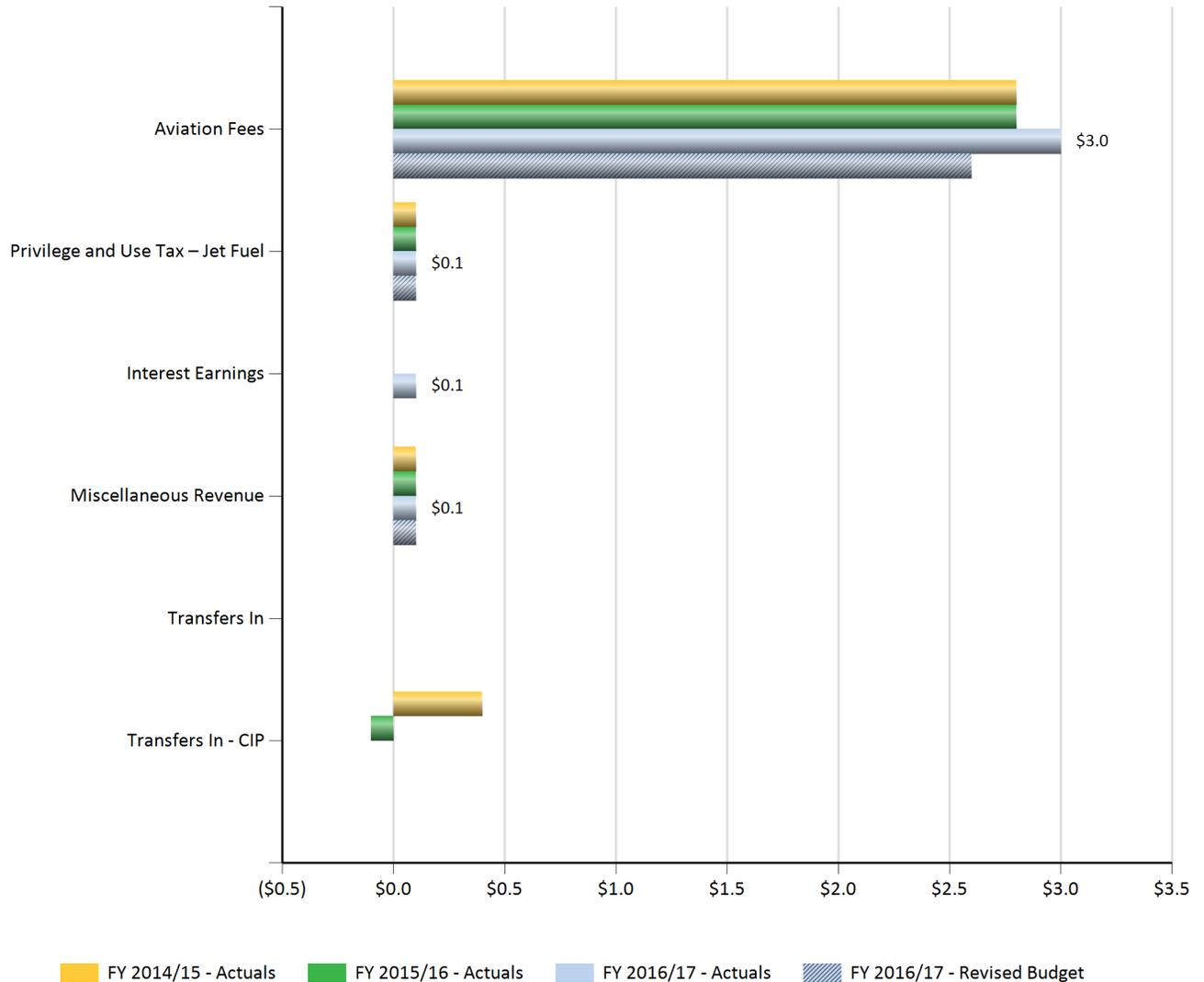
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Personnel Services	\$14.1	\$14.6	\$15.1	\$15.4	\$0.2	2%
Contractual	18.3	17.5	18.7	19.1	0.4	2%
Commodities	17.5	18.5	20.4	18.7	(1.6)	(9%)
Capital Outlays	-	-	0.5	0.3	(0.2)	(66%)
Indirect/Direct Charges	3.6	3.3	3.6	3.6	-	-
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	0.2	0.1	-	-	-	-
Transfers Out - Franchise Fees	4.9	5.2	5.3	5.2	(0.1)	(2%)
Transfers Out - Operating	-	0.1	-	-	-	-
Transfers Out - Other	-	-	-	-	-	-
Total Uses	\$66.3	\$66.9	\$71.7	\$70.5	(\$1.2)	(2%)

Actual to Revised Budget variance of (\$1.2) million or (2%):

Personnel Services is favorable due to employee turnover. New employees are coming in at a lower rate than those they are replacing. Contractual is favorable mainly due to a recovery of expense from the Sub Regional Operating Group (SROG). This is partially countered by outside labor costs being higher than budgeted. Commodities is unfavorable mainly due to unexpected wholesale water charges from the City of Phoenix. Capital Outlays is unfavorable due to the unexpected purchase of new equipment required to replace equipment that has failed and the additional outfitting of a newly purchased vector truck.



Sources (Fiscal Year to Date: March 2017)



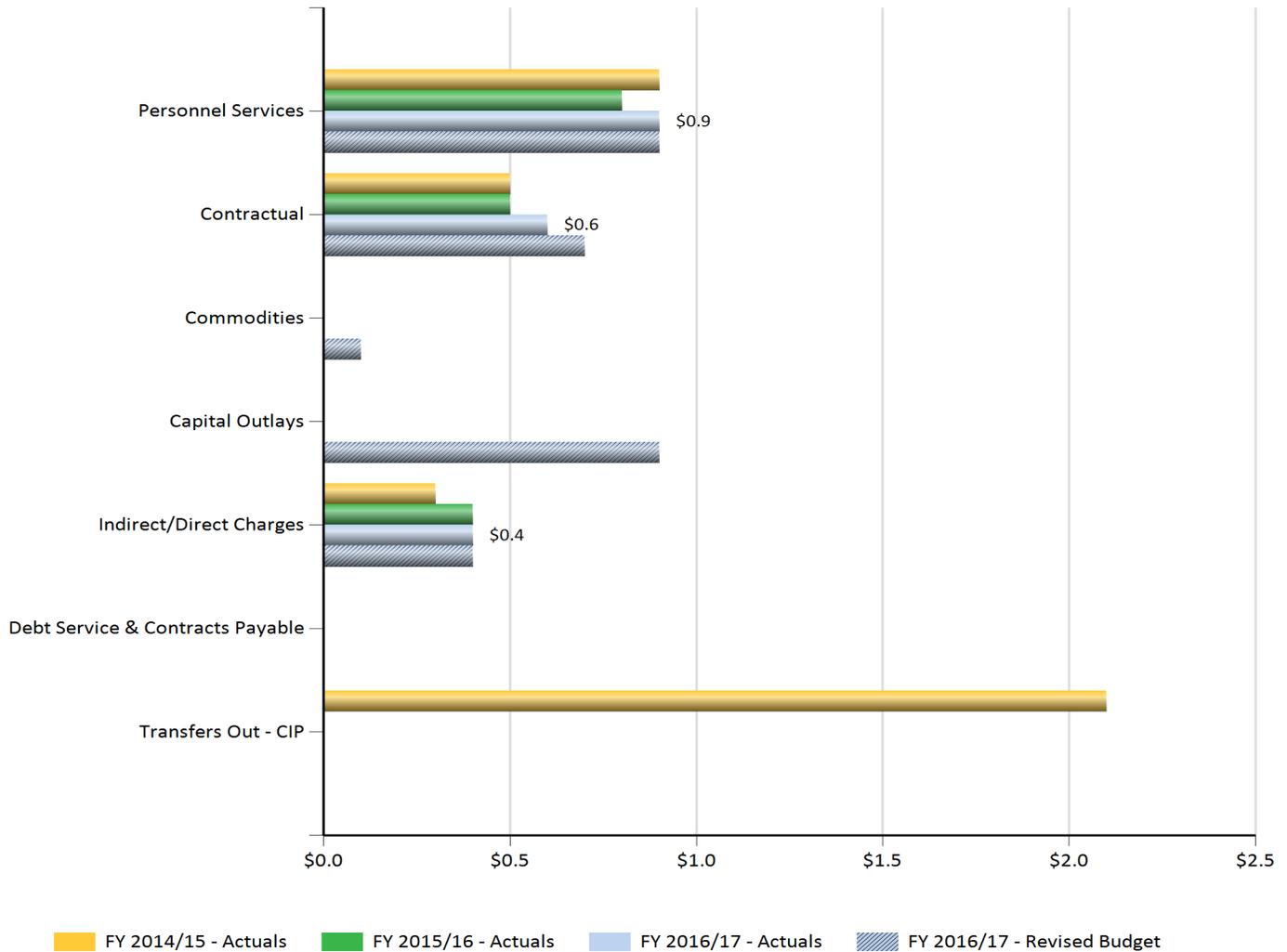
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Aviation Fees	\$2.8	\$2.8	\$3.0	\$2.6	\$0.3	13%
Privilege and Use Tax – Jet Fuel	0.1	0.1	0.1	0.1	-	-
Interest Earnings	-	-	0.1	-	-	-
Miscellaneous Revenue	0.1	0.1	0.1	0.1	-	-
Transfers In	-	-	-	-	-	-
Transfers In - CIP	0.4	(0.1)	-	-	-	-
Total Sources	\$3.5	\$3.0	\$3.2	\$2.8	\$0.4	12%

Actual to Revised Budget variance of \$0.4 million or 12%:

The favorable variance in Aviation Fees is due to increased traffic related to the NCAA Final Four event as well as the delay in demolishing the old buildings as part of the Terminal Area Redevelopment project, resulting in additional tenant rent through the end of May.



Uses (Fiscal Year to Date: March 2017)



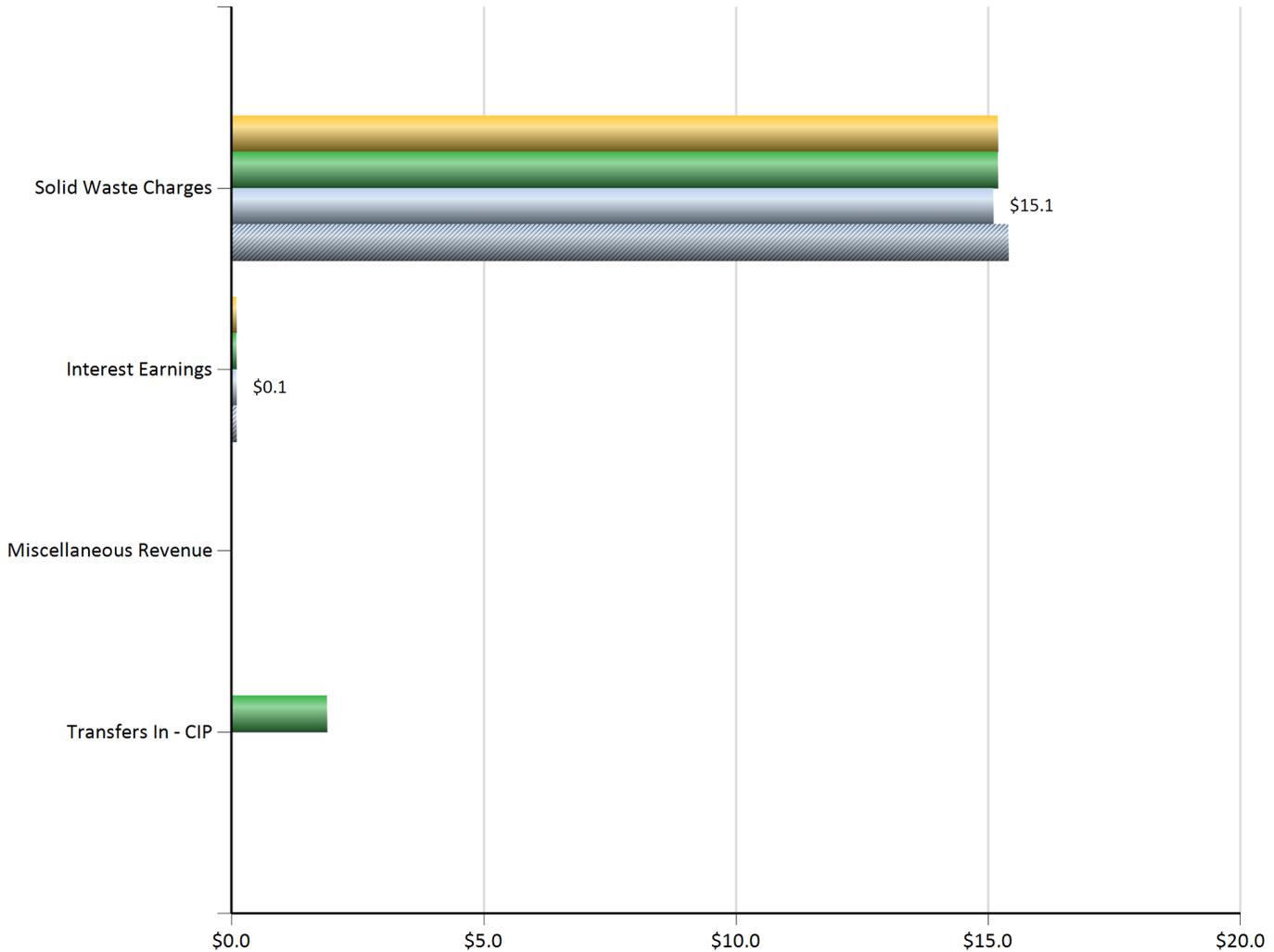
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$0.9	\$0.8	\$0.9	\$0.9	\$ -	-
Contractual	0.5	0.5	0.6	0.7	0.1	16%
Commodities	-	-	-	0.1	-	-
Capital Outlays	-	-	-	0.9	0.9	100%
Indirect/Direct Charges	0.3	0.4	0.4	0.4	-	-
Debt Service & Contracts Payable	-	-	-	-	-	-
Transfers Out - CIP	2.1	-	-	-	-	-
Total Uses	\$3.9	\$1.8	\$1.9	\$2.9	\$1.0	35%

Actual to Revised Budget variance of \$1.0 million or 35%:

The favorable variance in Contractual is 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 that 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. FY 2014/15 included a Transfers Out - CIP for the construction of a new administration building at the airport.



Sources (Fiscal Year to Date: March 2017)



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

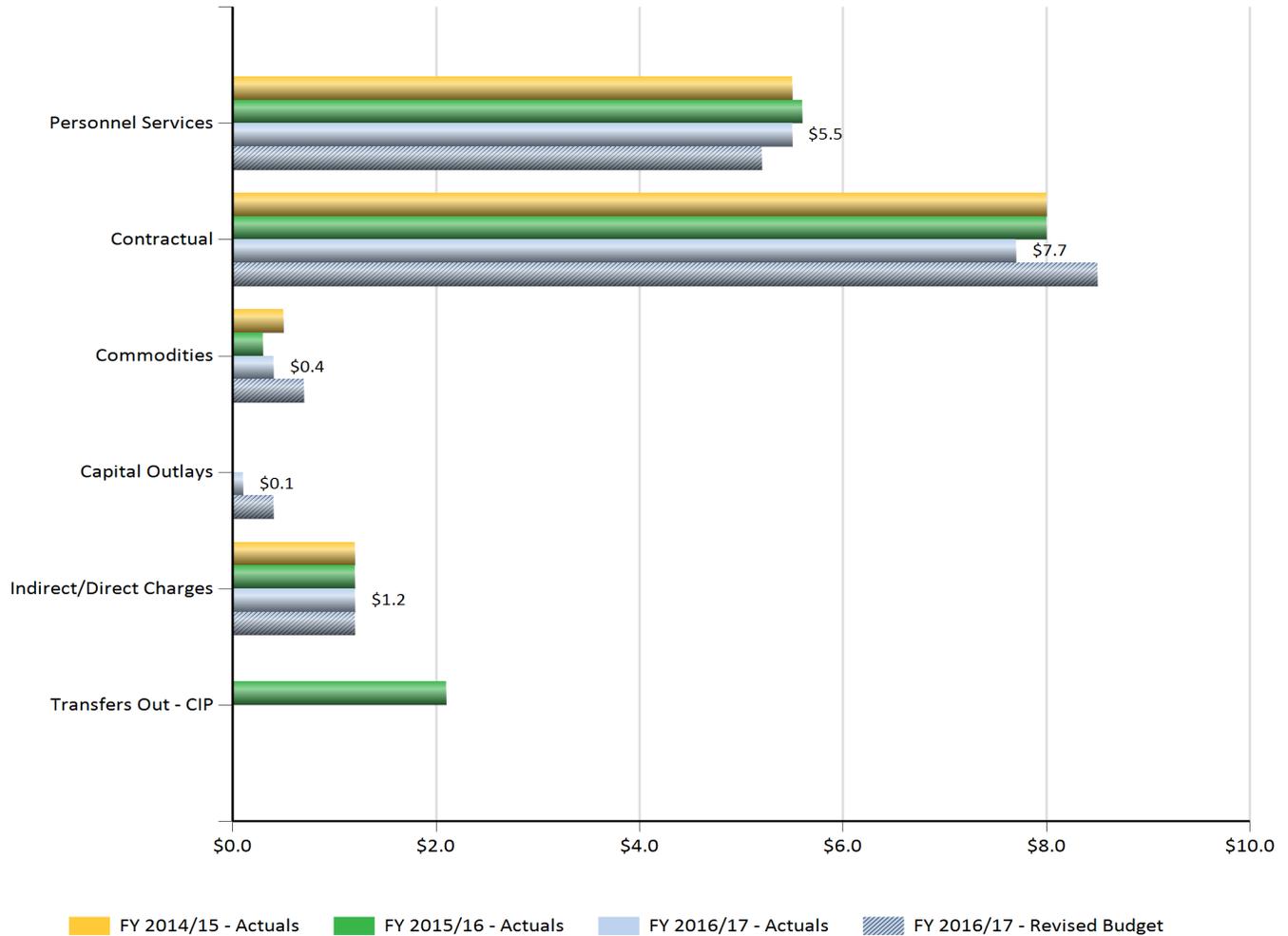
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Solid Waste Charges	\$15.2	\$15.2	\$15.1	\$15.4	(\$0.3)	(2%)
Interest Earnings	0.1	0.1	0.1	0.1	-	-
Miscellaneous Revenue	-	-	-	-	-	n/a
Transfers In - CIP	-	1.9	-	-	-	-
Total Sources	\$15.3	\$17.1	\$15.2	\$15.5	(\$0.3)	(2%)

Actual to Revised Budget variance of (\$0.3) million or (2%):

The unfavorable variance in Solid Waste Charges is related to the loss of commercial customers as a result of rate increases in roll off and front load refuse charges.



Uses (Fiscal Year to Date: March 2017)



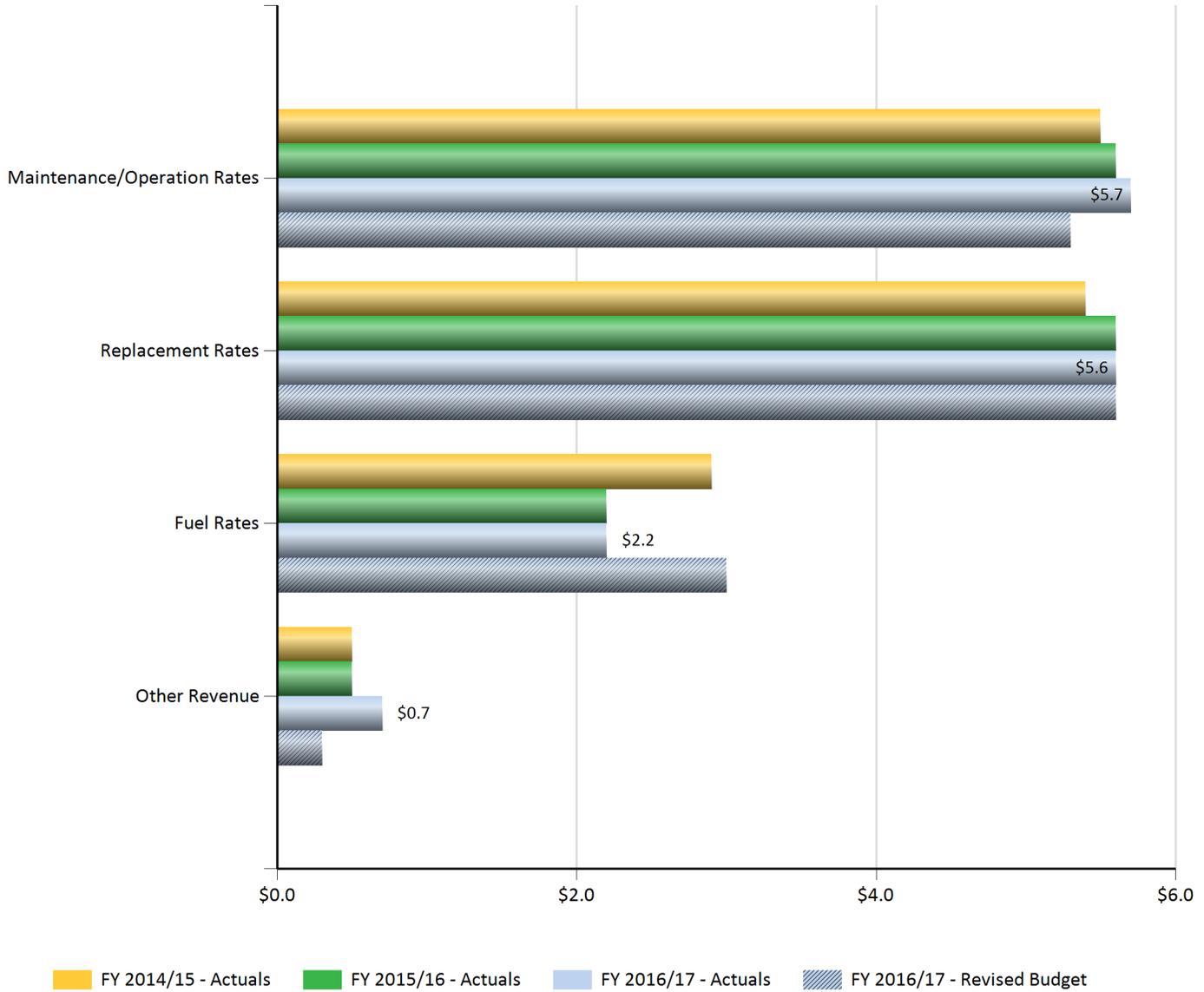
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$5.5	\$5.6	\$5.5	\$5.2	(\$0.3)	(6%)
Contractual	8.0	8.0	7.7	8.5	0.7	9%
Commodities	0.5	0.3	0.4	0.7	0.2	37%
Capital Outlays	-	-	0.1	0.4	0.4	82%
Indirect/Direct Charges	1.2	1.2	1.2	1.2	-	-
Transfers Out - CIP	-	2.1	-	-	-	-
Total Uses	\$15.2	\$17.2	\$14.9	\$16.0	\$1.0	6%

Actual to Revised Budget variance of \$1.0 million or 6%:

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 is related to delayed billing and an overall reduction in landfill contract costs for disposal as a result of the loss of commercial 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. Finally, the favorable variance in Capital Outlays is due to the delayed delivery of a sideloader and a half ton truck.



Sources (Fiscal Year to Date: March 2017)



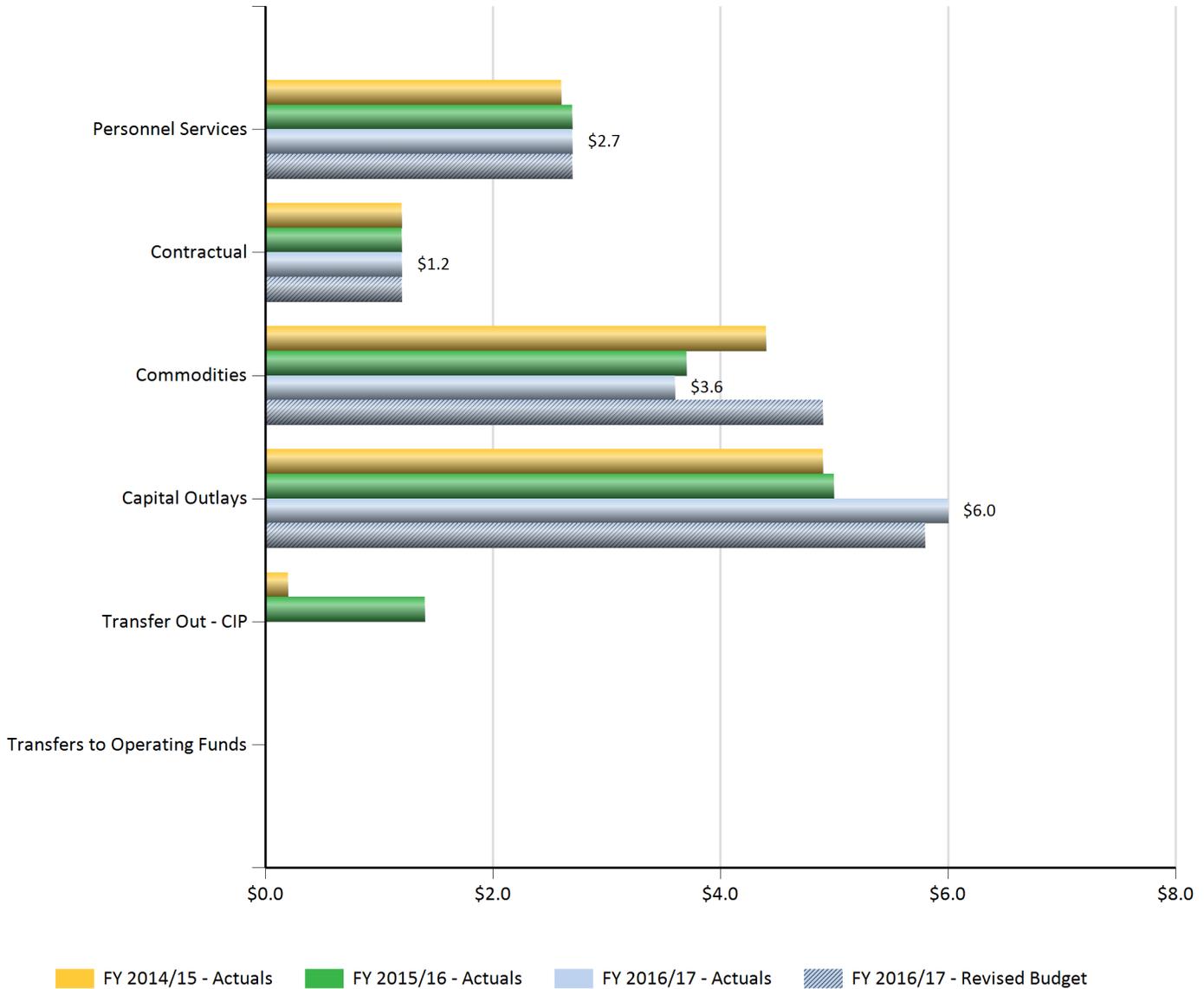
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Maintenance/Operation Rates	\$5.5	\$5.6	\$5.7	\$5.3	\$0.5	9%
Replacement Rates	5.4	5.6	5.6	5.6	-	-
Fuel Rates	2.9	2.2	2.2	3.0	(0.8)	(27%)
Other Revenue	0.5	0.5	0.7	0.3	0.4	nm
Total Sources	\$14.3	\$13.9	\$14.2	\$14.2	\$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 Public Safety's (Police and Fire) and Solid Waste's fleet. An unfavorable variance 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: March 2017)



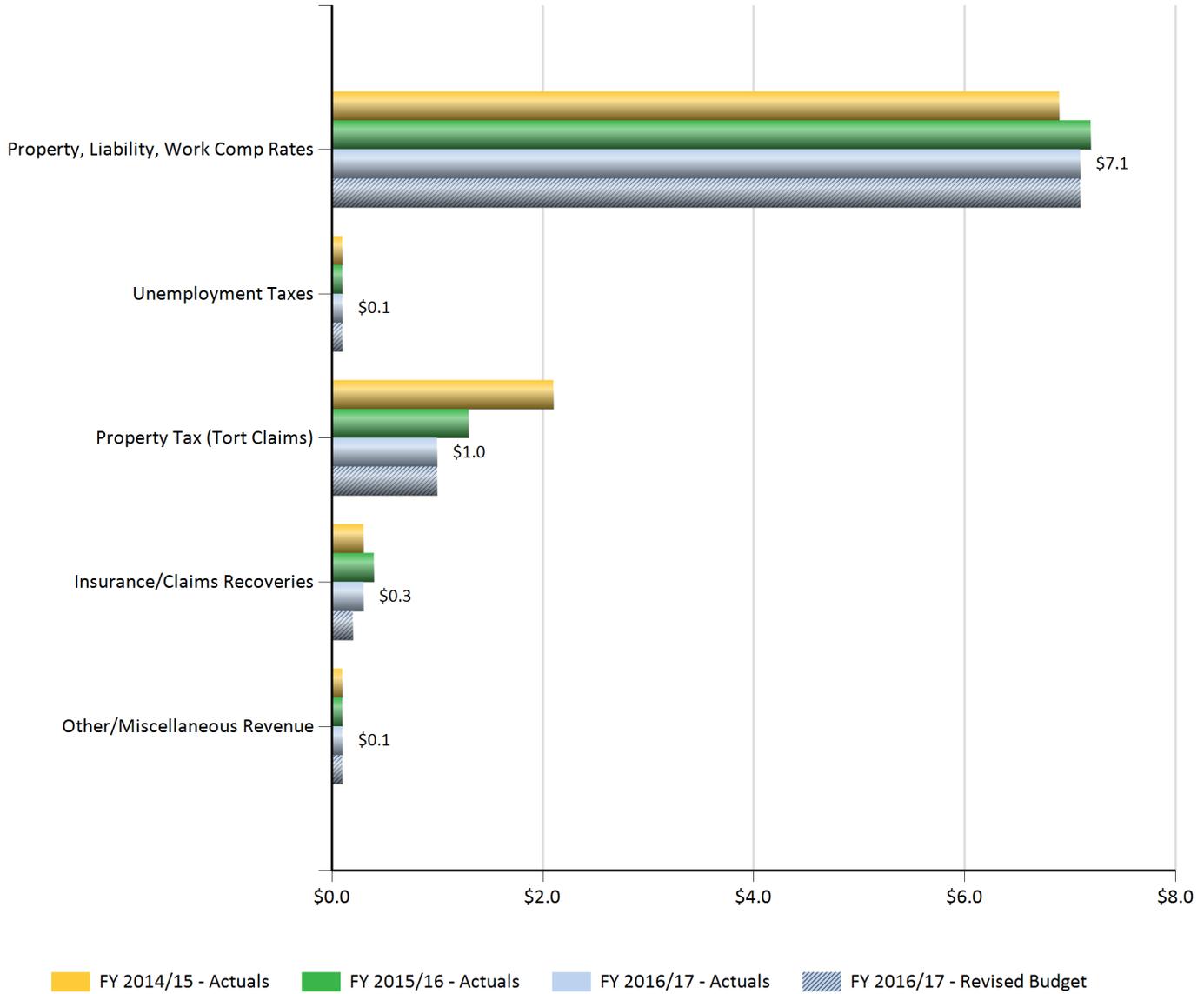
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$2.6	\$2.7	\$2.7	\$2.7	\$ -	-
Contractual	1.2	1.2	1.2	1.2	-	-
Commodities	4.4	3.7	3.6	4.9	1.3	26%
Capital Outlays	4.9	5.0	6.0	5.8	(0.2)	(4%)
Transfer Out - CIP	0.2	1.4	-	-	-	-
Transfers to Operating Funds	-	-	-	-	-	-
Total Uses	\$13.3	\$13.9	\$13.5	\$14.5	\$1.1	7%

Actual to Revised Budget variance of \$1.1 million or 7%:

The favorable variance in Commodities is related to lower costs in fuel due to reduced prices per gallon than originally budgeted. The unfavorable variance in Capital Outlays is related to the planned purchase of vehicles that have been ordered and budgeted for, but have not yet been received.



Sources (Fiscal Year to Date: March 2017)



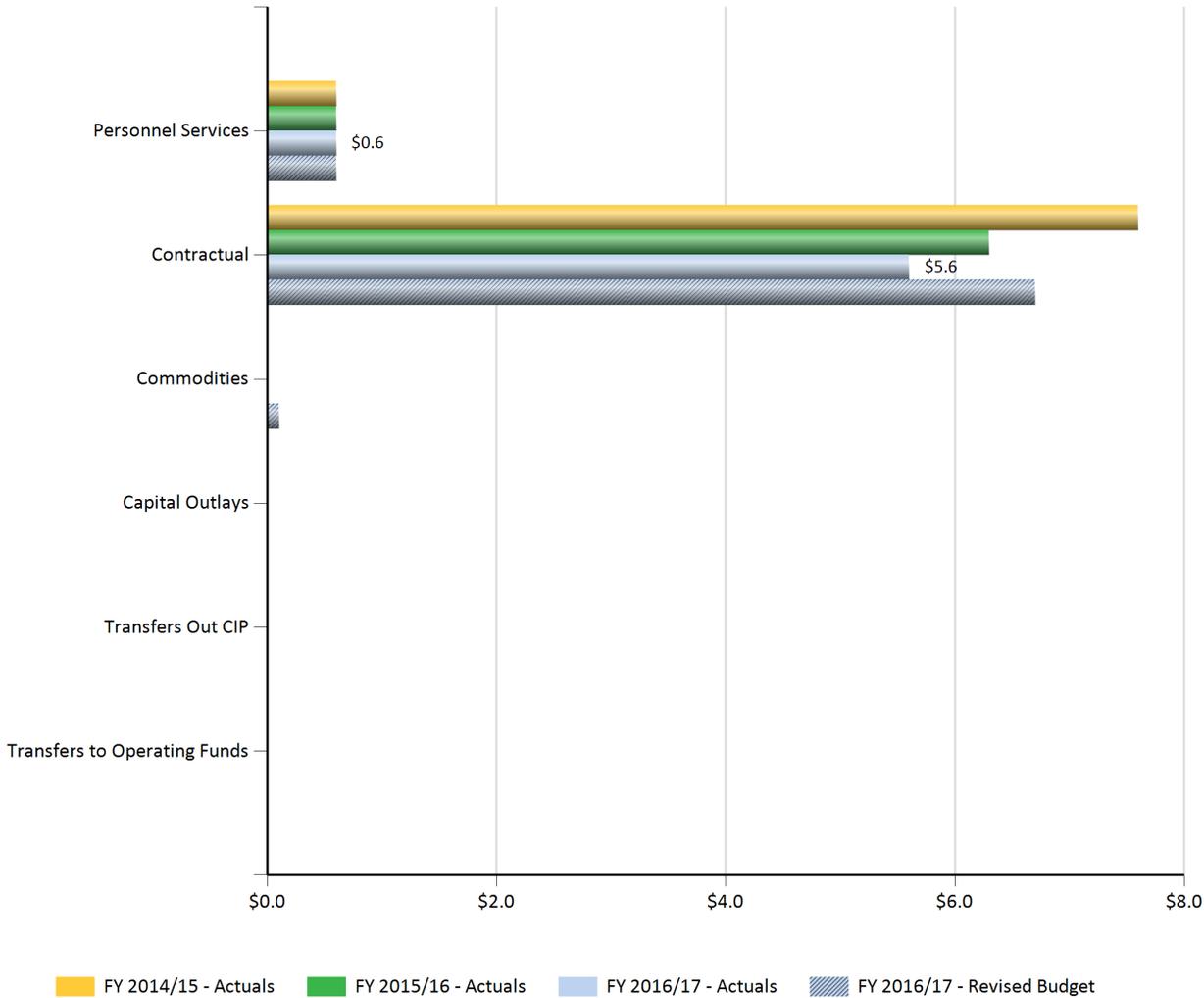
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2016/17	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Property, Liability, Work Comp Rates	\$6.9	\$7.2	\$7.1	\$7.1	\$ -	-
Unemployment Taxes	0.1	0.1	0.1	0.1	-	-
Property Tax (Tort Claims)	2.1	1.3	1.0	1.0	-	-
Insurance/Claims Recoveries	0.3	0.4	0.3	0.2	0.1	31%
Other/Miscellaneous Revenue	0.1	0.1	0.1	0.1	-	-
Total Sources	\$9.4	\$9.1	\$8.6	\$8.5	\$0.1	1%

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

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



Uses (Fiscal Year to Date: March 2017)



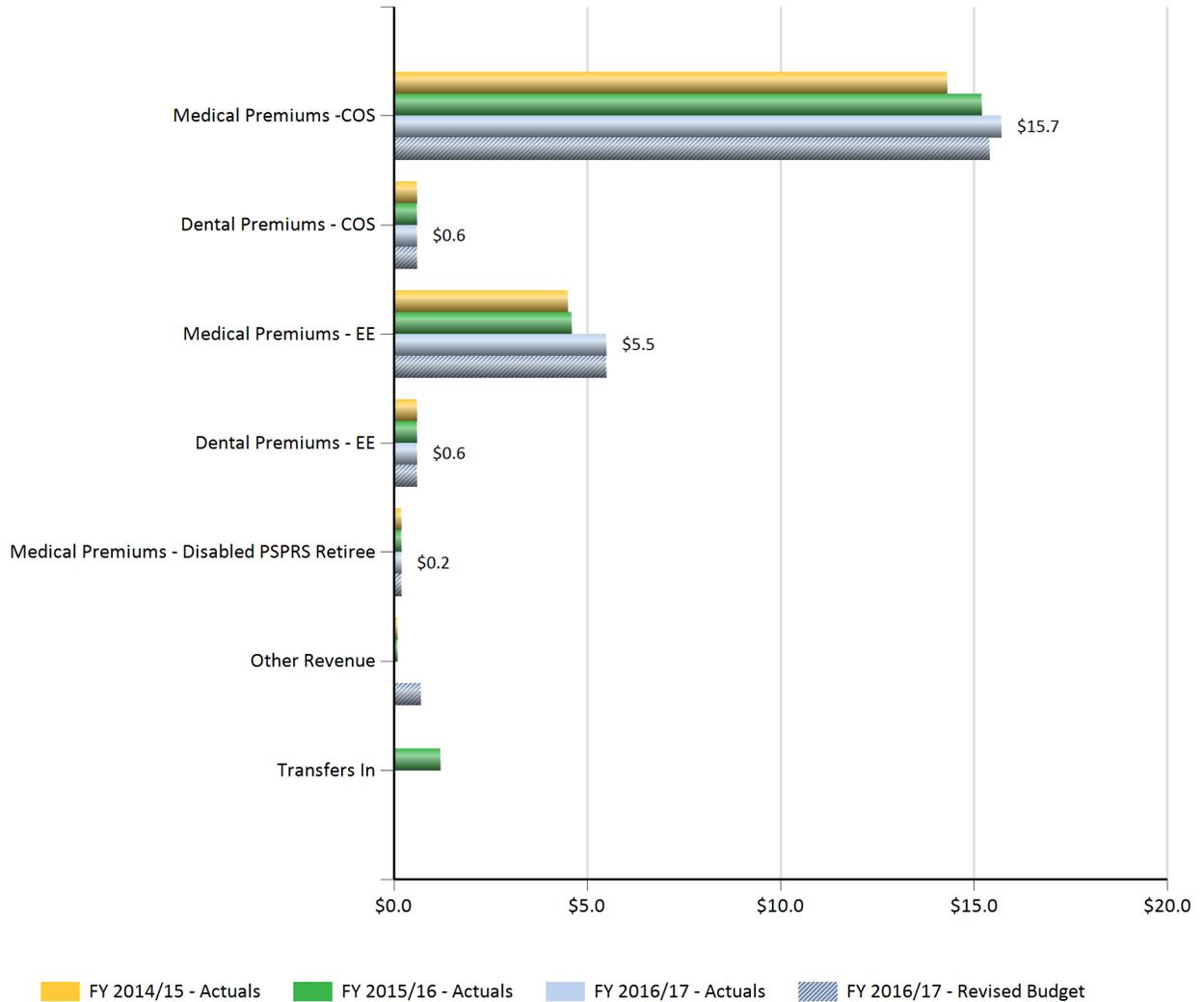
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$0.6	\$0.6	\$0.6	\$0.6	\$ -	-
Contractual	7.6	6.3	5.6	6.7	1.1	17%
Commodities	-	-	-	0.1	-	-
Capital Outlays	-	-	-	-	-	-
Transfers Out CIP	-	-	-	-	-	-
Transfers to Operating Funds	-	-	-	-	-	-
Total Uses	\$8.2	\$7.0	\$6.2	\$7.3	\$1.1	16%

Actual to Revised Budget variance of \$1.1 million or 16%:

The favorable variance in Contractual is due to savings from the repackaging of policies for insurance & bond premiums. The city is offered lower insurance & bond premiums amounts when there has not been any large claims to drive the cost up. General liability claims also contribute to the favorable variance because claim amounts are not predictable and can vary each month depending on timing, the amount of attorney fees or other miscellaneous expenses during trial.



Sources (Fiscal Year to Date: March 2017)



	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	\$14.3	\$15.2	\$15.7	\$15.4	\$0.3	2%
Dental Premiums - COS	0.6	0.6	0.6	0.6	-	-
Medical Premiums - EE	4.5	4.6	5.5	5.5	-	-
Dental Premiums - EE	0.6	0.6	0.6	0.6	-	-
Medical Premiums - Disabled PSPRS Retiree	0.2	0.2	0.2	0.2	-	-
Other Revenue	0.1	0.1	-	0.7	(0.7)	(99%)
Transfers In	-	1.2	-	-	-	-
Total Sources	\$20.1	\$22.4	\$22.6	\$22.9	(\$0.3)	(2%)

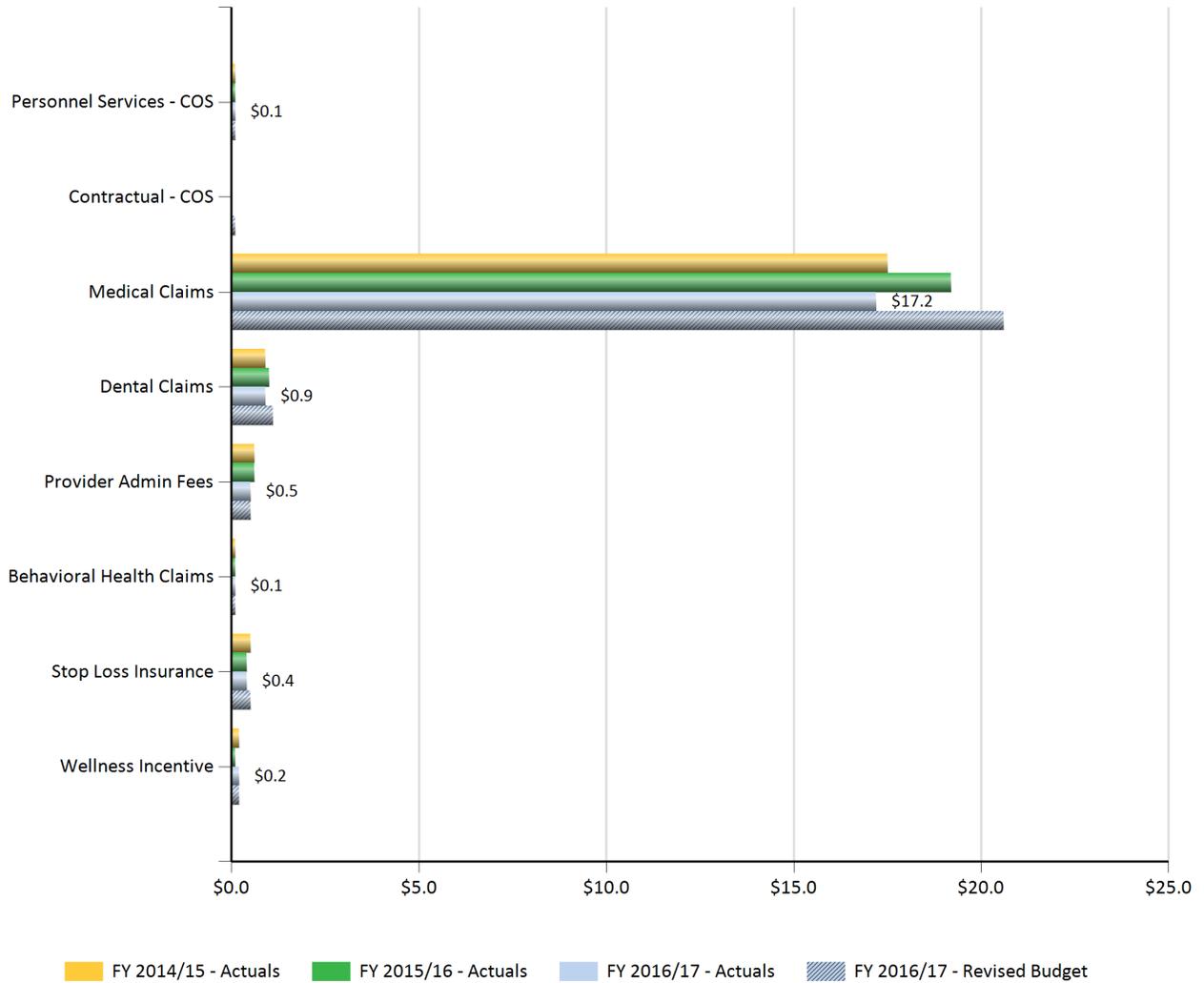
Actual to Revised Budget variance of (\$0.3) million or (2%):

The favorable variance in Medical Premiums - COS is due to self insurance coming in higher than anticipated. 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 healthcare and prescription rebates budgeted as revenue, but received as credit to medical claims.



Healthcare Self Insurance Fund

Uses (Fiscal Year to Date: March 2017)



	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 - COS	\$0.1	\$0.1	\$0.1	\$0.1	\$ -	-
Contractual - COS	-	-	-	0.1	-	-
Medical Claims	17.5	19.2	17.2	20.6	3.4	17%
Dental Claims	0.9	1.0	0.9	1.1	0.2	17%
Provider Admin Fees	0.6	0.6	0.5	0.5	0.1	10%
Behavioral Health Claims	0.1	0.1	0.1	0.1	-	-
Stop Loss Insurance	0.5	0.4	0.4	0.5	0.1	16%
Wellness Incentive	0.2	0.1	0.2	0.2	-	-
Total Uses	\$19.9	\$21.6	\$19.4	\$23.2	\$3.8	16%

Actual to Revised Budget variance of \$3.8 million or 16%:

The favorable variances in Medical and in Dental Claims are due to lower than anticipated claims. The city has paid approximately \$19 million in claims through March. The favorable variance in Stop Loss Insurance is the result of less than anticipated large claims. Since claims are extremely difficult to predict, spreads are done on a linear basis.



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
<u>Operating Revenue</u>						
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
<u>Operating Expenses</u>						
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)
<u>Debt Service (Less contributions)</u>						
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	\$768,370	\$1,054,167	\$1,224,615	\$1,169,401	\$1,502,615	\$1,365,300	\$137,315	10%
RV Rental	160,991	166,497	174,727	148,624	154,655	132,000	22,655	17%
Feed/Bedding Sales	403,294	433,323	456,367	482,807	387,523	432,100	(44,577)	(10%)
Labor Fees	78,555	103,672	97,959	113,150	119,440	103,500	15,940	15%
Concession Fees	117,355	99,118	224,601	300,458	192,332	265,000	(72,668)	(27%)
Parking	20,665	49,360	62,843	30,653	49,002	102,000	(52,998)	(52%)
Other Income	9,429	5,704	12,863	26,065	25,381	2,180	23,201	nm
Equidome Project Use Fee	-	-	525,000	90,000	285,000	240,000	45,000	19%
Council Approved Authorized Carryover ^a	-	-	-	-	-	-	-	-
Operating Revenue	\$1,558,659	\$1,911,840	\$2,778,975	\$2,361,157	\$2,715,948	\$2,642,080	\$73,868	3%
Operating Expenses								
Personnel Services								
Wages/Salaries/Benefits	\$1,159,098	\$1,194,267	\$1,255,967	\$1,333,238	\$1,436,327	\$1,438,487	\$2,160	0%
Overtime	26,618	18,952	23,949	23,368	28,489	20,215	(8,274)	(41%)
Contractual Services								
Contractual Workers	28,727	68,464	73,170	59,558	79,435	79,000	(435)	(1%)
Telephone	18,382	23,848	24,745	14,149	22,354	30,757	8,403	27%
Utilities	310,716	655,392	908,999	851,959	866,177	866,176	(1)	(0%)
Maintenance & Equipment Rental & Fleet	454,606	425,163	475,302	521,915	534,592	507,550	(27,042)	(5%)
License and Permits	123,765	72,852	73,549	76,650	152,635	123,863	(28,772)	(23%)
Property, Liability & Workers' Comp	13,590	23,040	28,035	38,646	46,800	46,800	-	-
Advertising/Marketing Contract	9,183	211,819	207,504	252,328	191,262	335,349	144,087	43%
Other	172,322	181,591	193,105	178,284	185,125	252,445	67,320	27%
Commodities and Capital Outlays								
Agriculture & Horticulture & Other Supply	110,786	93,903	69,317	90,978	101,287	91,545	(9,742)	(11%)
Maintenance & Repairs Supply, Equipment	54,377	57,207	72,866	73,448	79,102	99,090	19,988	20%
Inventory Purchased for Resale	212,540	237,513	237,145	261,370	232,410	335,000	102,590	31%
Construction - Other	4,480	10,695	-	21,466	-	-	-	-
Other Expenses	30,354	29,833	38,032	51,418	29,274	19,562	(9,712)	(50%)
BOR Admin								
BOR Admin/WestWorld	127,628	134,010	140,710	147,746	155,133	155,133	-	-
Allocated Expenses ^b								
Facilities Maintenance	302,238	302,238	535,356	502,929	582,714	582,714	-	-
COS Indirect Costs	180,855	191,916	207,378	253,935	277,785	277,785	-	-
Operating Expenses	\$3,340,266	\$3,932,704	\$4,565,129	\$4,753,383	\$5,000,901	\$5,261,471	\$260,570	5%
Operating Income	(\$1,781,607)	(\$2,020,864)	(\$1,786,154)	(\$2,392,225)	(\$2,284,953)	(\$2,619,391)	\$334,438	13%
Debt Service (Less contributions)								
Debt Service - (52 & 17 acres)	\$681,297	\$661,297	\$280,279	\$55,154	\$32,169	\$32,155	(\$14)	(0%)
Debt Service - TNEC (\$41.935M)	-	-	-	-	-	-	-	-
Debt Service - TNEC Tourism Funded	-	-	-	-	-	-	-	-
Bed Tax Contributions - TNEC	-	-	-	-	-	-	-	-
Net Debt Service	\$681,297	\$661,297	\$280,279	\$55,154	\$32,169	\$32,155	(\$14)	(0%)
Operating Income After Debt Service	(\$2,462,904)	(\$2,682,161)	(\$2,066,433)	(\$2,447,380)	(\$2,317,122)	(\$2,651,546)	\$334,424	13%

^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 March 2017 (For Business Activity in February 2017)

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 (6) percent compared to the Budget, and decreased 3 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	\$9.6	\$10.8	\$10.0	\$10.6	(\$0.6)	-6%
Misc. Retail Stores	12.3	13.5	13.6	14.1	(0.5)	-4%
Major Dept. Stores	7.0	7.0	6.7	7.2	(0.5)	-7%
Automotive	10.0	10.7	10.6	11.3	(0.8)	-7%
Food Stores	5.1	5.3	4.9	5.5	(0.7)	-12%
Construction	9.0	7.8	7.2	7.4	(0.2)	-3%
Dining/ Entertainment	6.6	6.9	6.8	7.3	(0.6)	-8%
Other Activity	7.5	8.1	7.5	8.3	(0.8)	-10%
Hotel/Motel	3.5	3.7	3.8	3.9	(0.1)	-2%
Utilities	3.4	3.4	3.6	3.5	0.2	5%
Subtotal	\$74.1	\$77.2	\$74.7	\$79.2	(\$4.6)	-6%
0.10% Public Safety	\$7.2	\$7.6	\$7.3	\$7.7	(\$0.4)	-5%
0.20% Transportation	14.0	14.6	14.2	15.0	(0.8)	-5%
0.20% McDowell Preserve 1995	14.5	15.1	14.7	15.5	(0.8)	-5%
0.15% McDowell Preserve 2004	10.8	11.3	11.0	11.6	(0.6)	-5%
Total	\$120.7	\$125.8	\$121.9	\$129.1	(\$7.2)	-6%
% Change vs. Prior Year		4%	-3%	3%		

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 (\$0.6) million or (6%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

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 (\$0.5) million or (4%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

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 (7%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

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 (\$0.8) million or (7%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

Food Stores Sales Taxes

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

Actual to Revised Budget variance of (\$0.7) million or (12%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

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 (\$0.2) million or (3%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

Dining/Entertainment Sales Taxes

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

Actual to Revised Budget variance of (\$0.6) million or (8%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

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 (\$0.8) million or (10%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

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 (2%): The variance is a result of the Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of transaction privilege sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily.

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 5%: 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 Taxes – Property taxes are comprised only of the “Primary” property taxes levied on the assessed value of all property within the city to help pay for basic operations of the city. Secondary property taxes are not included in the General Fund as they must be used solely for General Obligation bond debt service payments. Increases in revenue from year to year reflect new property additions to the tax roll and Council actions to increase total revenue as legally allowed.

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

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

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

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

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

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

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



GENERAL FUND USES

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

Contractual 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.