

Monthly Financial Report

Fiscal Year to Date as
of June 30, 2018



Scottsdale Airport Operations Center

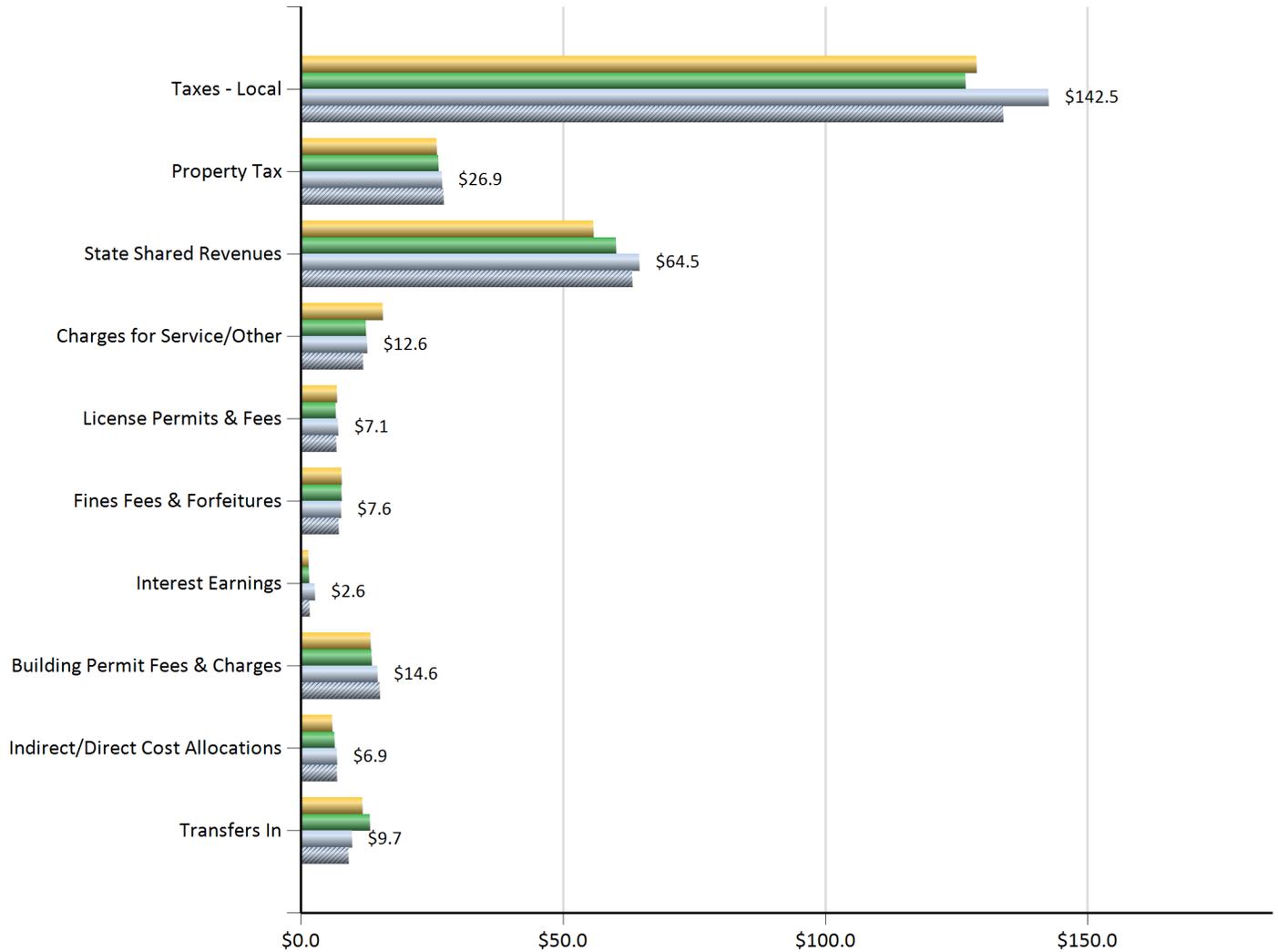
Report to the City Council
Prepared by the City Treasurer
January 15, 2019



Sources

General Fund

Sources (Fiscal Year to Date: June 2018)

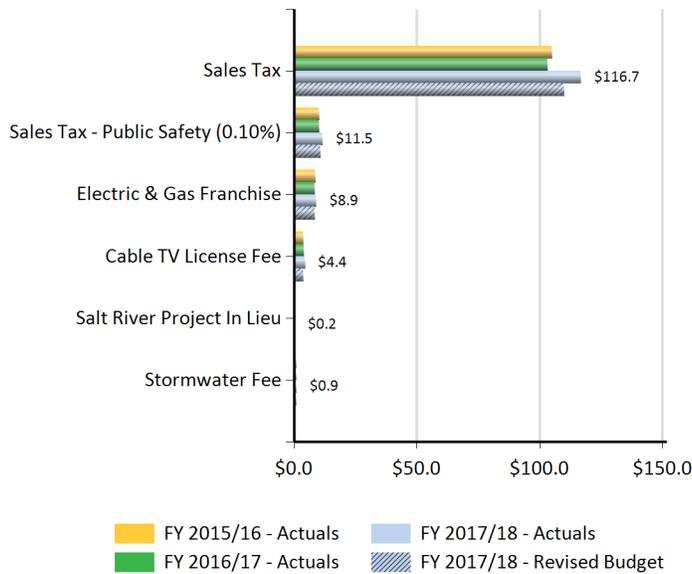


■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ■ FY 2017/18 - Actuals
 ▨ FY 2017/18 - Revised Budget

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Taxes - Local	\$128.8	\$126.7	\$142.5	\$133.9	\$8.6	6%
Property Tax	25.9	26.2	26.9	27.2	(0.3)	(1%)
State Shared Revenues	55.8	60.1	64.5	63.1	1.3	2%
Charges for Service/Other	15.6	12.3	12.6	11.9	0.7	6%
License Permits & Fees	6.9	6.6	7.1	6.8	0.4	5%
Fines Fees & Forfeitures	7.8	7.7	7.6	7.1	0.5	7%
Interest Earnings	1.4	1.6	2.6	1.6	1.0	63%
Building Permit Fees & Charges	13.2	13.5	14.6	15.0	(0.4)	(3%)
Indirect/Direct Cost Allocations	6.0	6.4	6.9	6.9	-	-
Transfers In	11.8	13.1	9.7	9.1	0.6	6%
Total Sources	\$273.1	\$274.3	\$295.1	\$282.6	\$12.4	4%



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



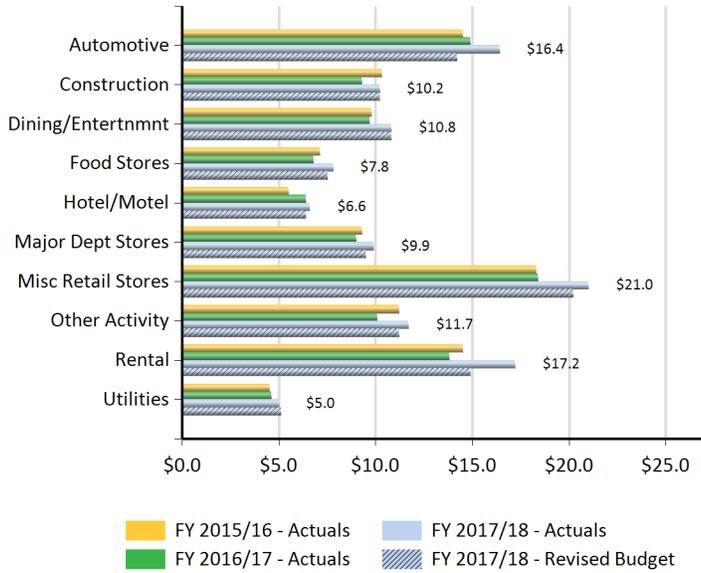
Actual to Revised Budget variance of \$8.6 million or 6%:

The favorable variance is primarily due to Sales Tax and the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal." More detailed Sales Tax information can be found on page 4. Electric & Gas Franchise is favorable due to APS' quarterly franchise payment being higher than expected. Cable TV License Fee is favorable due to higher than anticipated revenues received from Cox Digital Cable's quarterly franchise fee payment as despite higher rates and the projected increase in migration of customers to streaming services, more customers are keeping their cable service than expected.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget	
					Favorable / (Unfavorable) Amount	Percent
Sales Tax	\$105.0	\$103.1	\$116.7	\$109.9	\$6.8	6%
Sales Tax - Public Safety (0.10%)	10.3	10.1	11.5	10.8	0.7	6%
Electric & Gas Franchise	8.6	8.4	8.9	8.5	0.4	5%
Cable TV License Fee	3.8	3.9	4.4	3.6	0.8	21%
Salt River Project In Lieu	0.2	0.2	0.2	0.2	-	-
Stormwater Fee	0.9	0.9	0.9	0.9	-	-
Taxes - Local Total	\$128.8	\$126.7	\$142.5	\$133.9	\$8.6	6%



Sales Tax (Fiscal Year to Date: June 2018)



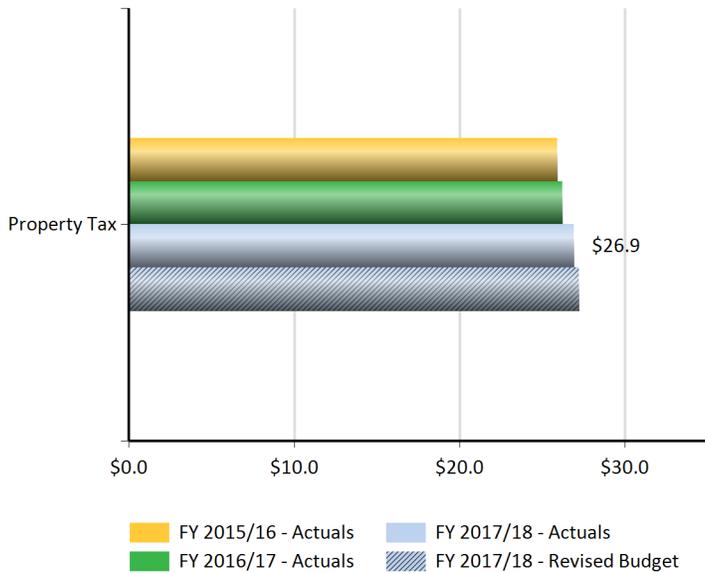
Actual to Revised Budget variance of \$6.8 million or 6%:

The favorable variance is primarily due to the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal." In addition, the favorable variance in 1) Automotive - due to several car dealers remaining in the city longer than originally anticipated prior to their move to the Scottsdale Autoshow at Salt River Pima-Maricopa Indian community; 2) Food Stores – due to normal business fluctuations; 3) Hotel/Motel – due to normal business fluctuations; 4) Major Department Stores – due to better than expected holiday and after holiday sales; 5) Misc Retail Stores – due to an increase in online shopping; 6) Other Activity - due to an increase in license fees over the previous fiscal year; and 7) Rental – due to increases in residential real property rentals and personal property rentals.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget	
					Favorable / (Unfavorable) Amount	Percent
Automotive	\$14.5	\$14.9	\$16.4	\$14.2	\$2.2	16%
Construction	10.3	9.3	10.2	10.2	-	-
Dining/Entertainment	9.8	9.7	10.8	10.8	0.1	0%
Food Stores	7.1	6.8	7.8	7.5	0.3	3%
Hotel/Motel	5.5	6.4	6.6	6.4	0.2	4%
Major Dept Stores	9.3	9.0	9.9	9.5	0.5	5%
Misc Retail Stores	18.3	18.4	21.0	20.2	0.8	4%
Other Activity	11.2	10.1	11.7	11.2	0.5	5%
Rental	14.5	13.8	17.2	14.9	2.3	16%
Utilities	4.5	4.6	5.0	5.1	(0.1)	(1%)
Sales Tax Total	\$105.0	\$103.1	\$116.7	\$109.9	\$6.8	6%



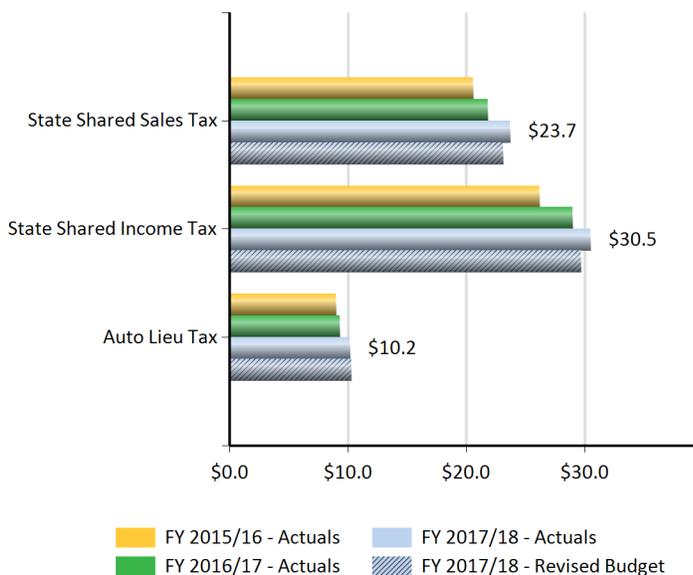
Property Tax (Fiscal Year to Date: June 2018)



Actual to Revised Budget variance of (\$0.3) million or (1%): Unfavorable variance is due to the budget being based on the way people paid last year, which varied for FY 2017/18.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Property Tax	\$25.9	\$26.2	\$26.9	\$27.2	(\$0.3)	(1%)
Property Tax Total	\$25.9	\$26.2	\$26.9	\$27.2	(\$0.3)	(1%)

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

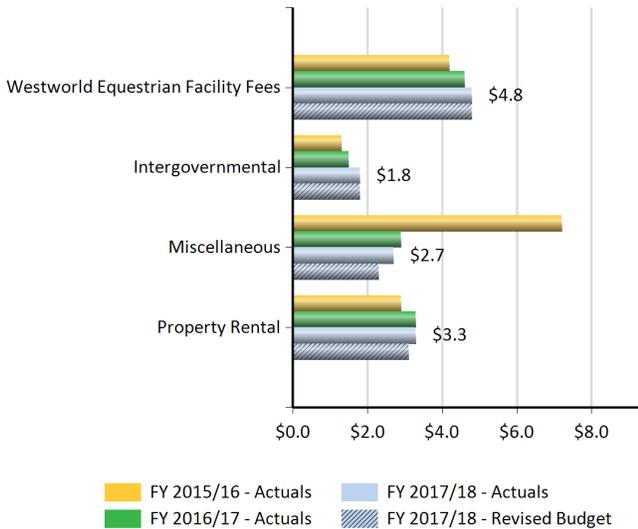


Actual to Revised Budget variance of \$1.3 million or 2%: Favorable variance primarily due to State Shared Sales Tax and State Shared Income Tax revenue coming in higher than the anticipated budget determined by the Arizona League of Cities and Towns.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
State Shared Sales Tax	\$20.6	\$21.8	\$23.7	\$23.1	\$0.6	3%
State Shared Income Tax	26.2	29.0	30.5	29.7	0.8	3%
Auto Lieu Tax	9.0	9.3	10.2	10.3	(0.1)	(1%)
State Shared Revenues Total	\$55.8	\$60.1	\$64.5	\$63.1	\$1.3	2%



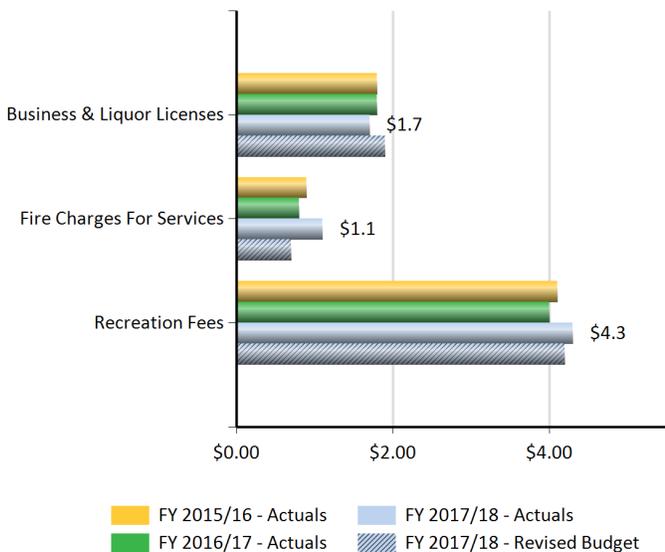
Charges for Service/Other (Fiscal Year to Date: June 2018)



Actual to Revised Budget variance of \$0.7 million or 6%: The favorable variance in Miscellaneous is mainly due to unexpected reimbursements received for: 1) assisting with fires around the state; 2) the Mobile Integrated Health Program; 3) Planning & Development from Water Resources for development fee work performed by a Planning employee; 4) utilities charges for events at WestWorld; 5) stadium building usage and utilities; and 6) the recovery of legal expenses. Property Rental is favorable mainly due to higher than forecasted Tournament Players Club revenue based on greater than expected golf course income and sales.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Westworld Equestrian Facility Fees	\$4.2	\$4.6	\$4.8	\$4.8	\$ -	-
Intergovernmental	1.3	1.5	1.8	1.8	-	-
Miscellaneous	7.2	2.9	2.7	2.3	0.4	20%
Property Rental	2.9	3.3	3.3	3.1	0.2	7%
Charges for Service/Other Total	\$15.6	\$12.3	\$12.6	\$11.9	\$0.7	6%

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

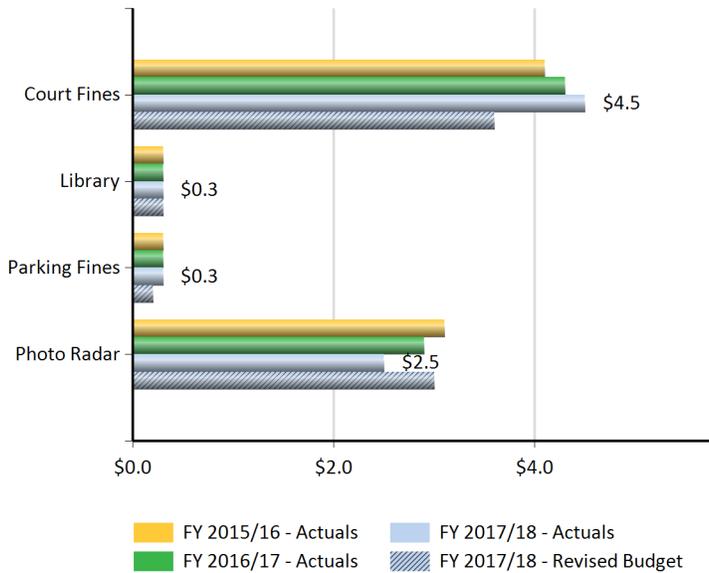


Actual to Revised Budget variance of \$0.4 million or 5%: Business & Liquor Licenses is unfavorable due to fewer people applying for licenses than budgeted. Fire Charges For Services is favorable due to Public Safety - Fire's Paramedic in Training (PMT) contract extension with Advanced Life Support (ALS), which resulted in 100 percent recovery of revenue for ALS calls.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Business & Liquor Licenses	\$1.8	\$1.8	\$1.7	\$1.9	(\$0.2)	(10%)
Fire Charges For Services	0.9	0.8	1.1	0.7	0.4	60%
Recreation Fees	4.1	4.0	4.3	4.2	0.1	3%
License Permits & Fees Total	\$6.9	\$6.6	\$7.1	\$6.8	\$0.4	5%



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

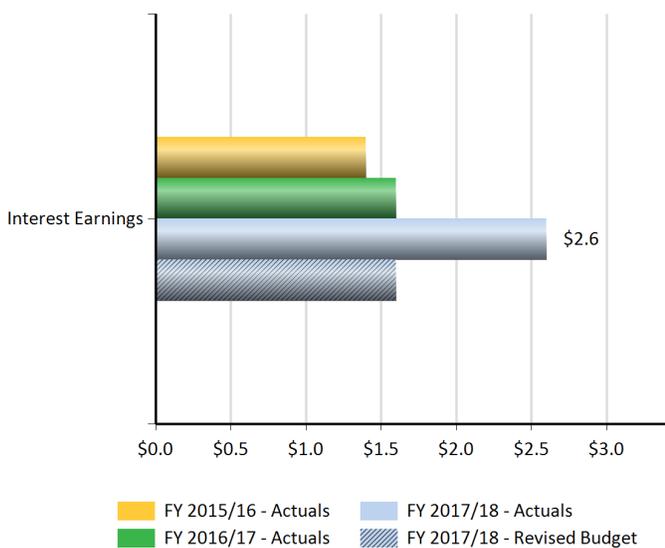


Actual to Revised Budget variance of \$0.5 million or 7%:

Court Fines is favorable primarily due to a higher than anticipated number of civil and criminal case filings and more defendants opting for defensive driving school as a result of a change in laws that allow defendants to now attend once every 12 months verses the previous once every 24 months. Additionally, the Court is receiving more payments to satisfy defaults as a result of the Compliance Assistance Program. Parking Fines is favorable due to an increase in parking violation filings associated with the filling of a Parking Officer position, having both Parking Officer vehicles back from being repaired, and due to an uptick in visitors to Scottsdale over the late winter and spring. Photo Radar is unfavorable due to photo radar cameras being turned off while a new contract was negotiated, which resulted in a decline in revenue.

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Court Fines	\$4.1	\$4.3	\$4.5	\$3.6	\$0.9	25%
Library	0.3	0.3	0.3	0.3	-	-
Parking Fines	0.3	0.3	0.3	0.2	0.1	39%
Photo Radar	3.1	2.9	2.5	3.0	(0.5)	(16%)
Fines Fees & Forfeitures Total	\$7.8	\$7.7	\$7.6	\$7.1	\$0.5	7%

Interest Earnings (Fiscal Year to Date: June 2018)



Actual to Revised Budget variance of \$1.0 million or 63%:

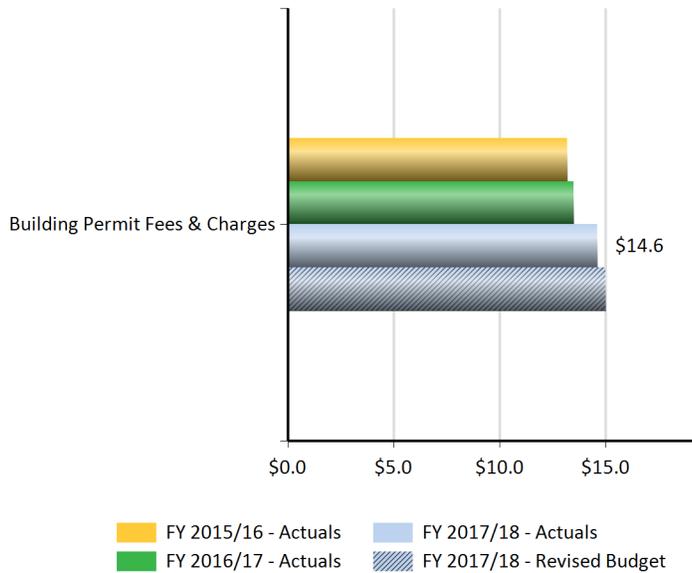
Favorable variance is based on a higher return on investment than expected due to strong market conditions as well as higher than expected returns associated with the shifting of a larger portion of the city's investment funds to the city's Asset Management consultant.

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Interest Earnings	\$1.4	\$1.6	\$2.6	\$1.6	\$1.0	63%
Interest Earnings Total	\$1.4	\$1.6	\$2.6	\$1.6	\$1.0	63%



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

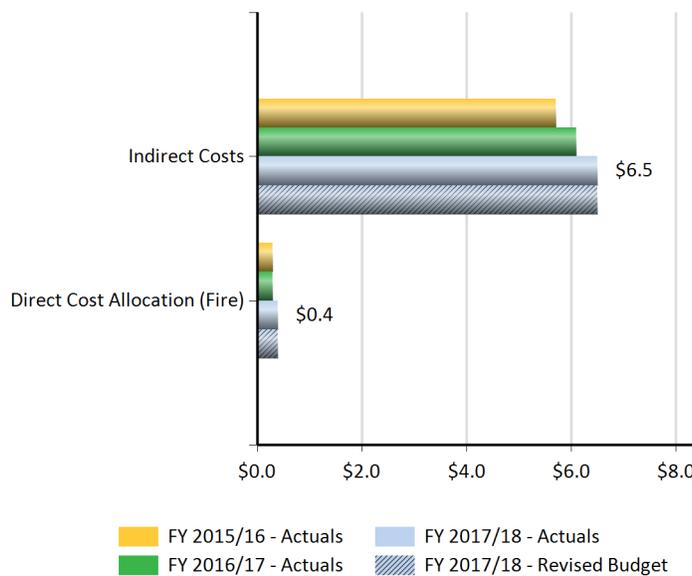
Actual to Revised Budget variance of (\$0.4) million or (3%):
 Unfavorable due to lower than anticipated Right of Way fees and Development Application fees, but partially offset by the effect of higher single family residential Building Permits and Plan Reviews for new construction caused by the demand outpacing the new and the resale inventory.



	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Building Permit Fees & Charges	\$13.2	\$13.5	\$14.6	\$15.0	(\$0.4)	(3%)
Building Permit Fees & Charges Total	\$13.2	\$13.5	\$14.6	\$15.0	(\$0.4)	(3%)

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

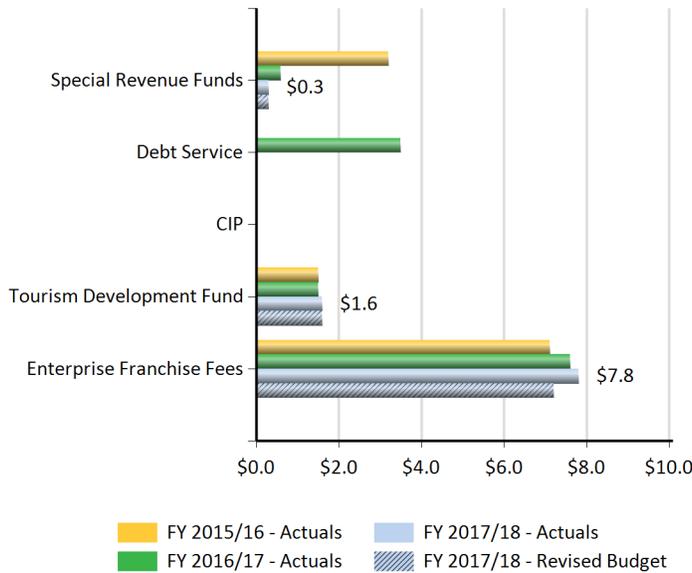
Actual to Revised Budget variance of \$0.0 million or 0%:
 No explanation necessary.



	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Indirect Costs	\$5.7	\$6.1	\$6.5	\$6.5	\$ -	-
Direct Cost Allocation (Fire)	0.3	0.3	0.4	0.4	-	-
Indirect/Direct Cost Allocations Total	\$6.0	\$6.4	\$6.9	\$6.9	\$ -	-



Transfers In (Fiscal Year to Date: June 2018)

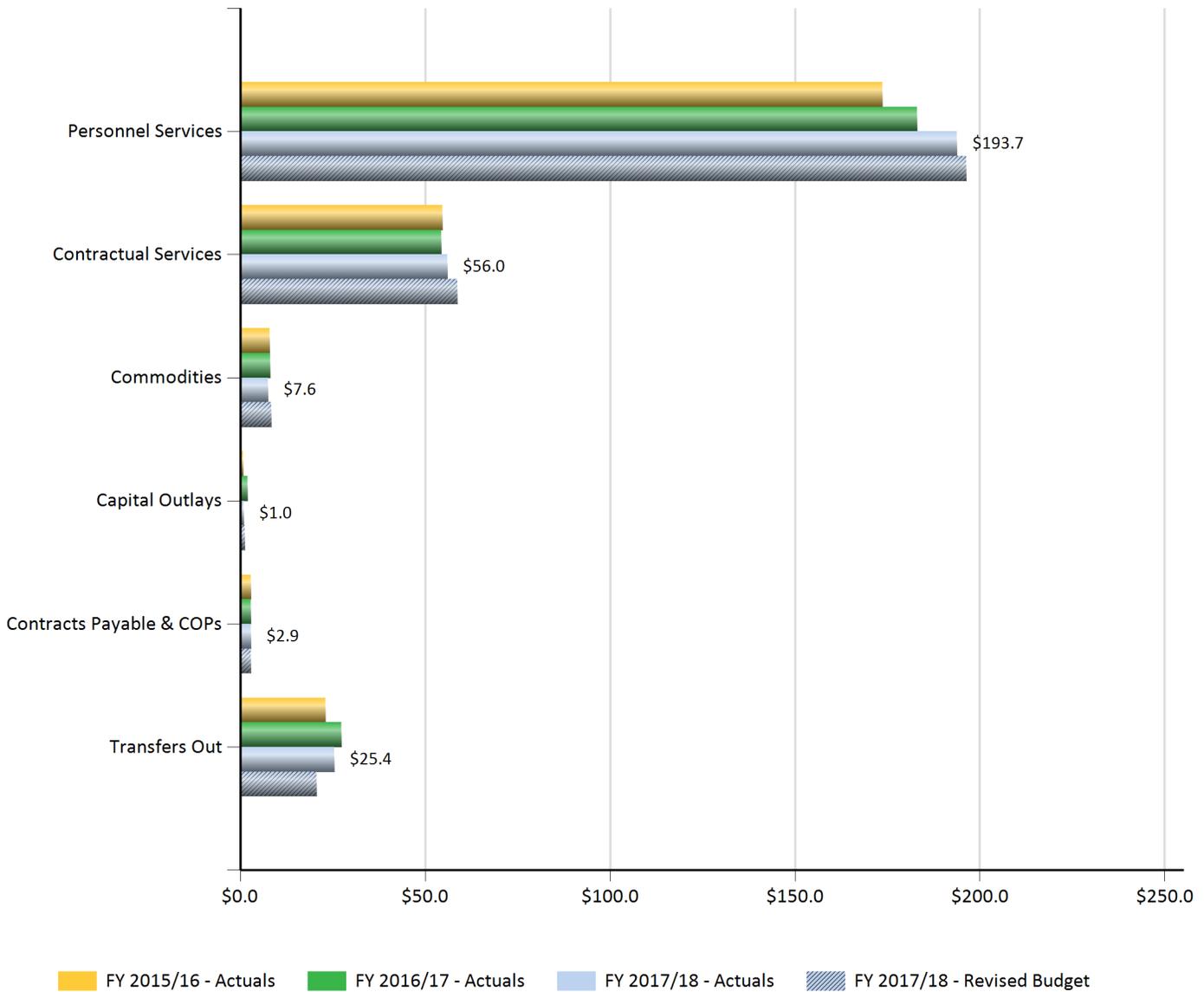


Actual to Revised Budget variance of \$0.6 million or 6%: Favorable variance is the result of higher Enterprise Franchise Fees due to more revenue collected in the Water & Water Reclamation Fund than anticipated, which consequently affects the transfers into the General Fund. The increase is a result of greater water deliveries compared to the three year running average.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Special Revenue Funds	\$3.2	\$0.6	\$0.3	\$0.3	\$ -	-
Debt Service	-	3.5	-	-	-	-
CIP	-	-	-	-	-	-
Tourism Development Fund	1.5	1.5	1.6	1.6	-	-
Enterprise Franchise Fees	7.1	7.6	7.8	7.2	0.5	8%
Transfers In Total	\$11.8	\$13.1	\$9.7	\$9.1	\$0.6	6%



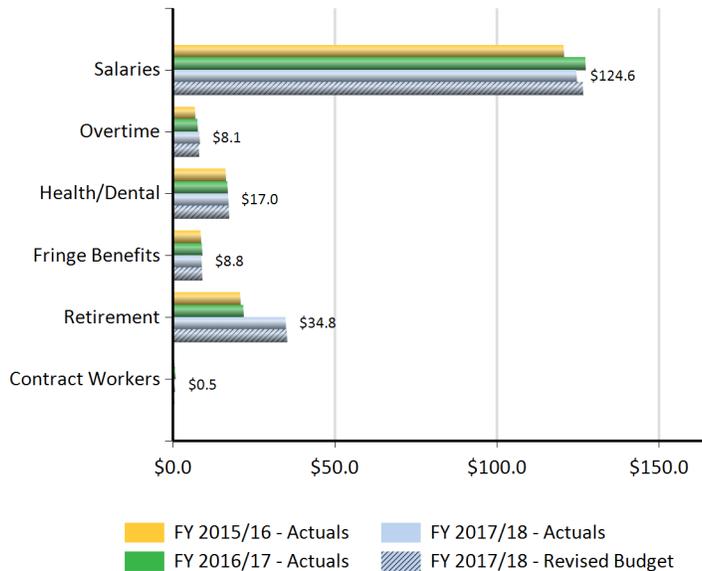
Uses (Fiscal Year to Date: June 2018)



	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	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	\$173.7	\$183.1	\$193.7	\$196.3	\$2.5	1%
Contractual Services	54.7	54.4	56.0	58.7	2.7	5%
Commodities	8.0	8.1	7.6	8.3	0.8	9%
Capital Outlays	0.8	2.1	1.0	1.2	0.2	16%
Contracts Payable & COPs	2.8	2.9	2.9	2.9	-	-
Transfers Out	23.1	27.4	25.4	20.6	(4.8)	(23%)
Total Uses	\$263.1	\$277.8	\$286.6	\$288.0	\$1.4	0%



Personnel Services (Fiscal Year to Date: June 2018)



Actual to Revised Budget variance of \$2.5 million or 1%: Salaries has a favorable variance mostly due to Part-Time Wages for vacant positions, a change in shift pay policies, and to employees being promoted/retiring with new employees coming in at a lower salary. Additionally, when comparing to prior fiscal years' actuals, salaries are lower because there was an extra pay period in FY 2016/17. Overtime is showing an unfavorable variance due to a shortfall in Public Safety - Fire constant staffing where a total of 12 firefighters are on leave, including nine firefighters on worker's compensation for injuries and three on off-duty injuries. The unfavorable variance is almost completely offset by a favorable variance in Public Safety - Police due to efficient scheduling to cover gaps in coverage versus overtime pay and needing less officers to cover events than originally forecasted. Health/Dental is favorable due to plan selection by new employees upon being hired by the city which differ from the plan budgeted for that position. Retirement is favorable due to the corresponding favorable variance in Salaries. Contract Workers is unfavorable due to the use of an outside contractor to serve as Interim Library Director until a permanent replacement was found.

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Salaries	\$120.7	\$127.3	\$124.6	\$126.6	\$2.0	2%
Overtime	6.9	7.6	8.1	8.0	(0.1)	(1%)
Health/Dental	16.3	16.8	17.0	17.3	0.3	2%
Fringe Benefits	8.6	8.9	8.8	8.9	0.1	1%
Retirement	20.9	21.8	34.8	35.1	0.3	1%
Contract Workers	0.3	0.7	0.5	0.4	(0.1)	(28%)
Personnel Services Total	\$173.7	\$183.1	\$193.7	\$196.3	\$2.5	1%

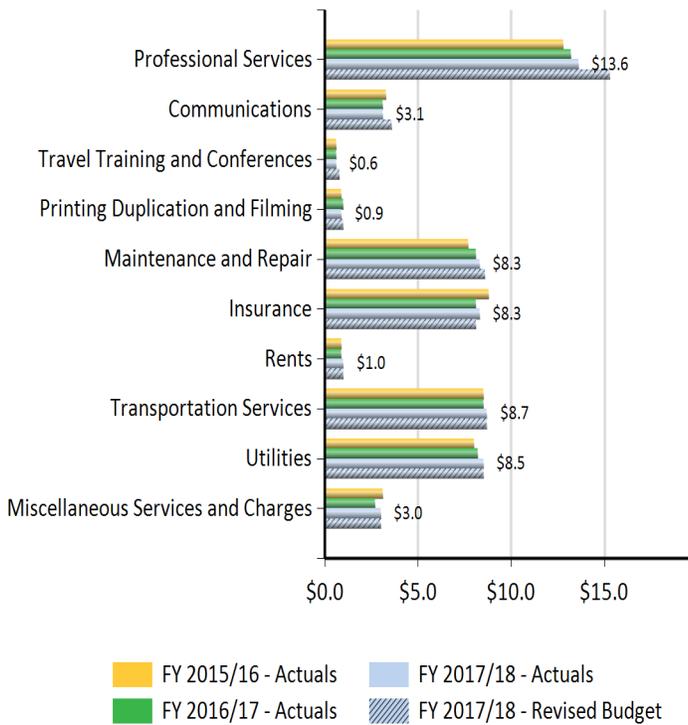
Personnel Services Macro Adjustments

	2015/16	2016/17	FY 2017/18	FY 2017/18	
	Actual	Actual	Adopted Budget	Year-To-Date Saved/(Used)	Remaining
3% Pay for Performance	\$3.0	\$2.6	\$2.1	(\$2.1)	\$ -
5% Step - Fire	-	0.9	0.9	(0.8)	0.1
5% Step - Police Officer	1.6	1.3	1.3	(1.3)	-
5% Step - Police Sergeant	-	-	0.4	(0.4)	-
Retirement Savings	(0.8)	(0.5)	-	-	-
Compensation Adjustments	-	-	0.4	-	0.4
Vacancy Savings	(4.8)	(5.3)	(4.0)	5.6	-
Medical Leave Payouts	1.0	1.0	1.4	(0.8)	0.6
Vacation Leave Payouts	0.9	0.6	0.8	(0.6)	0.1
Parker Case Ruling	-	-	7.8	(8.7)	0.9
Personnel Services Macro Adjustments Total	\$0.9	\$0.6	\$11.0	(\$9.1)	\$2.1

Total Saved/(Used) YTD of (\$9.1) million: The city has achieved \$5.6 million in vacancy savings year-to-date offset by (\$1.4) million in vacation and medical leave payouts. In July, the Citywide Pay for Performance Program was funded and implemented initiating the use of ongoing dollars for compensation increases. These increases include a 5 percent step program for Firefighters, Fire Engineers and Fire Captains; a 5 percent step program for Police Sergeants; a 5 percent step program for Police Officers and a 3 percent pay program based on performance for all other city employees. Additionally, the Parker Case Ruling required a payout of \$8.7 million in retirement funds and interest to sworn employees and elected officials that were hired before January 1, 2012.



Contractual Services (Fiscal Year to Date: June 2018)



Actual to Revised Budget variance of \$2.7 million or 5%: Professional Services is favorable due to: 1) the Photo Enforcement contract coming in less than budgeted due to a number of photo enforcement cameras being turned off while a new contract was negotiated; 2) lower than forecasted Jail Services contract costs due to staff identifying charges that shouldn't have been charged to the city and lower overall year over year costs; 3) delay of Scottsdale Arts Improvement project. Remaining funds will be carried into FY 2018/19; 4) Facilities Management master plan project not occurring in FY 2017/18 as expected due to the building assessment not being completed in time; and 5) lower banking and armored car service needs than originally budgeted. Communications is favorable due to lower than anticipated Specialty Line needs in Public Safety - Police and due to the delay in implementation of the data resiliency center. Travel Training and Conferences is favorable mainly due to fewer conferences and trainings being attended than expected when compared to previous years. Printing Duplication and Filming has small favorable variances across many divisions. Maintenance and Repair is favorable primarily due to Software Maintenance and Licensing costs being lower than expected due to the delay in roll out of the new payroll system.

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Professional Services	\$12.8	\$13.2	\$13.6	\$15.3	\$1.8	11%
Communications	3.3	3.1	3.1	3.6	0.5	13%
Travel Training and Conferences	0.6	0.6	0.6	0.8	0.2	21%
Printing Duplication and Filming	0.9	1.0	0.9	1.0	0.1	14%
Maintenance and Repair	7.7	8.1	8.3	8.6	0.3	3%
Insurance	8.8	8.1	8.3	8.1	(0.1)	(1%)
Rents	0.9	0.9	1.0	1.0	-	-
Transportation Services	8.5	8.5	8.7	8.7	-	-
Utilities	8.0	8.2	8.5	8.5	-	-
Miscellaneous Services and Charges	3.1	2.7	3.0	3.0	-	-
Contractual Services Total	\$54.7	\$54.4	\$56.0	\$58.7	\$2.7	5%

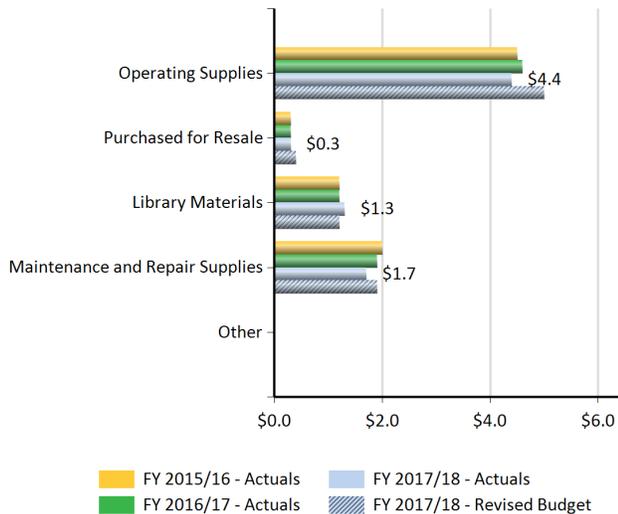
Contractual Services Macro Adjustments

	FY 2017/18	FY 2017/18	
	Adopted Budget	Saved/(Used)	Remaining
Utilities	\$8.6	(\$8.5)	\$ -
Contractual Services Macro Adjustments Total	\$8.6	(\$8.5)	\$ -

Total Saved/(Used) YTD of (\$8.5) million: No explanation necessary.



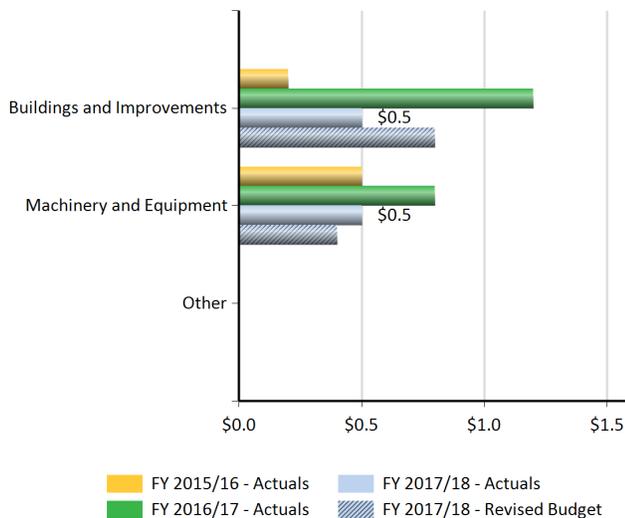
Commodities (Fiscal Year to Date: June 2018)



Actual to Revised Budget variance of \$0.8 million or 9%: Operating Supplies is favorable due to fewer Office Supplies and Other Operating Supplies being purchased by Public Safety - Police and Planning & Development than anticipated due to the build up of reserves. Public Safety - Police is also holding off on purchases of ballistic vests due to substandard material. Finally, it is related to the delay in the purchase of some operating supplies by IT to offset the cost of a new server rack in Capital Outlay. Purchased for Resale is favorable due to less hay/bedding needed due to the cancellation of events at Westworld. Library Materials is unfavorable due to the unreimbursed purchase of library materials from Maricopa County. Finally, Maintenance and Repair Supplies is favorable mainly due to fewer Heating Ventilation and Cooling repairs required this fiscal year than expected.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Operating Supplies	\$4.5	\$4.6	\$4.4	\$5.0	\$0.6	11%
Purchased for Resale	0.3	0.3	0.3	0.4	0.1	23%
Library Materials	1.2	1.2	1.3	1.2	(0.1)	(5%)
Maintenance and Repair Supplies	2.0	1.9	1.7	1.9	0.2	9%
Other	-	-	-	-	-	-
Commodities Total	\$8.0	\$8.1	\$7.6	\$8.3	\$0.8	9%

Capital Outlays (Fiscal Year to Date: June 2018)



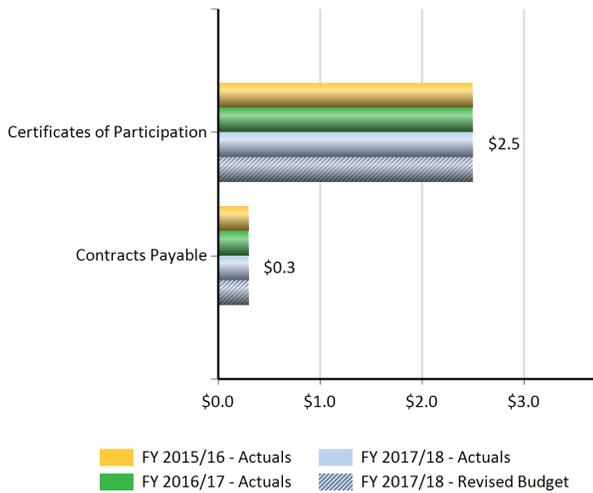
Actual to Revised Budget variance of \$0.2 million or 16%: Building and Improvements is favorable due to actuals being moved in Public Works to Contractual Services for Heating Ventilation and Cooling replacement costs at the Community Design Studio to better reflect appropriate spending. It is also related to some Public Works projects not being completed as budgeted in FY 2017/18. Machinery and Equipment is unfavorable due to the unplanned purchases of playground equipment in Community Services and an unanticipated purchase of a server rack in Administrative Services.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Buildings and Improvements	\$0.2	\$1.2	\$0.5	\$0.8	\$0.3	33%
Machinery and Equipment	0.5	0.8	0.5	0.4	(0.1)	(26%)
Other	-	-	-	-	-	-
Capital Outlays Total	\$0.8	\$2.1	\$1.0	\$1.2	\$0.2	16%



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

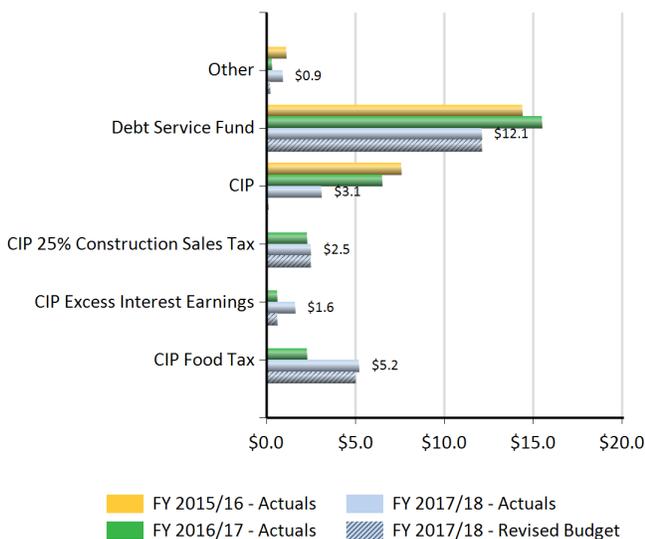
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Certificates of Participation	\$2.5	\$2.5	\$2.5	\$2.5	\$ -	-
Contracts Payable	\$0.3	\$0.3	\$0.3	\$0.3	\$ -	-
Contracts Payable & COPs Total	\$2.8	\$2.9	\$2.9	\$2.9	\$ -	-

Transfers Out (Fiscal Year to Date: June 2018)

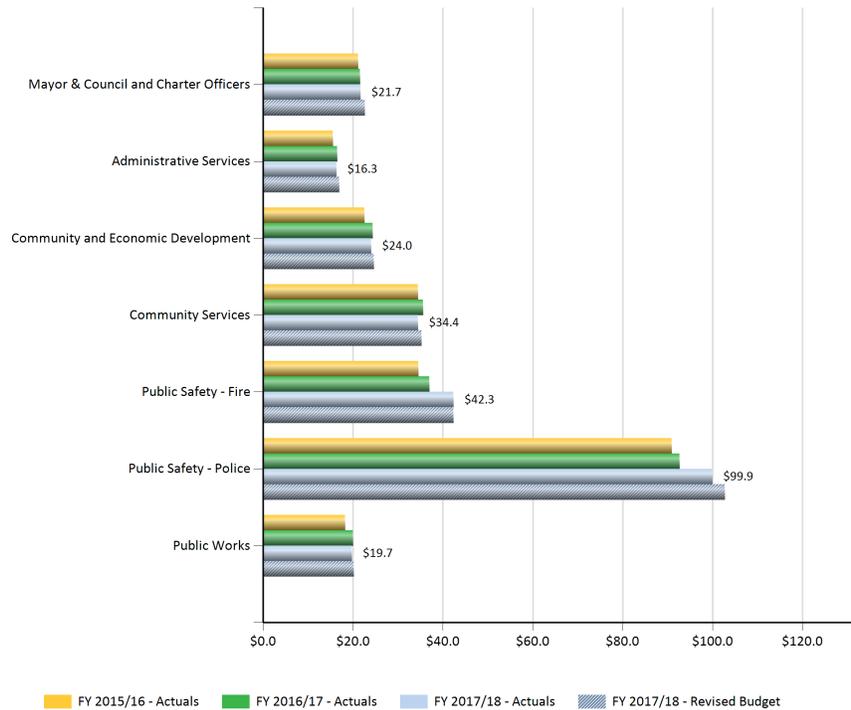
Actual to Revised Budget variance of (\$4.8) million or (23%):
Other is unfavorable mainly due to a transfer from the General Fund undesignated, unreserved fund balance, per Council approval to Downtown Cultural Trust for public art contributions associated with a large development project. CIP is unfavorable due to transfers from the General Fund undesignated, unreserved fund balance, per Council approval, to fund the newly created Rawhide Wash Flood Control COS Contribution and Reata Wash Flood Control capital projects. CIP Excess Interest Earnings is unfavorable due to a much higher than forecasted transfer of excess interest money to the CIP due to strong market conditions as well as higher than expected returns associated with the shifting of a larger portion of the city's investment funds to the city's Asset Management consultant. CIP Food Tax is unfavorable due to a higher than forecasted transfer of food for home consumption revenue to CIP mainly due to a grocery store chain properly reporting food for home consumption that had not been reported in prior months.



	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Other	\$1.1	\$0.3	\$0.9	\$0.2	(\$0.6)	nm
Debt Service Fund	14.4	15.5	12.1	12.1	-	-
CIP	7.6	6.5	3.1	0.1	(3.0)	nm
CIP 25% Construction Sales Tax	-	2.3	2.5	2.5	-	-
CIP Excess Interest Earnings	-	0.6	1.6	0.6	(1.0)	nm
CIP Food Tax	-	2.3	5.2	5.0	(0.2)	(3%)
Transfers Out Total	\$23.1	\$27.4	\$25.4	\$20.6	(\$4.8)	(23%)



Division Expenditures (Fiscal Year to Date: June 2018)



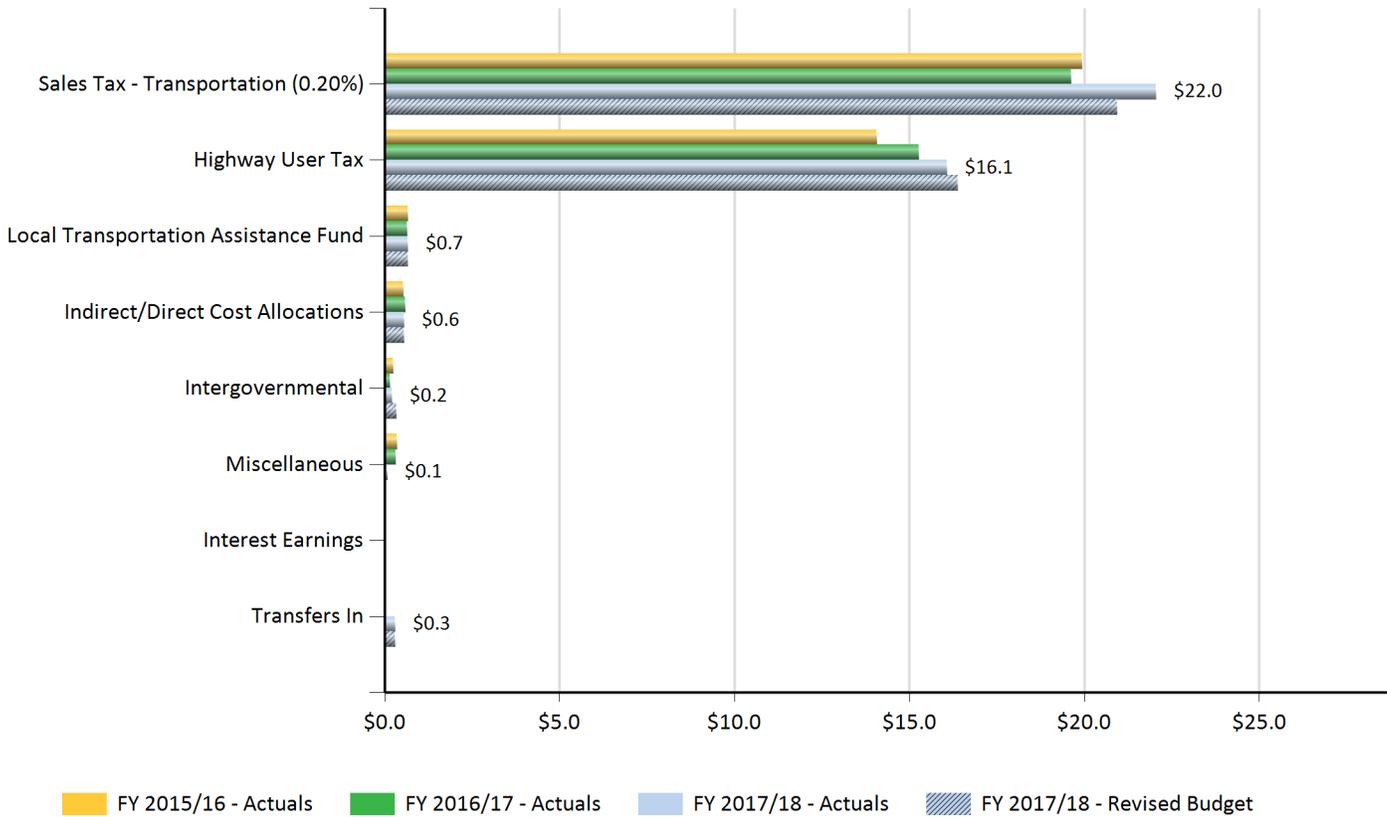
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$21.1	\$21.6	\$21.7	\$22.6	\$0.9	4%
Administrative Services	\$15.5	\$16.5	\$16.3	\$16.9	\$0.6	4%
Community and Economic Development	22.5	24.3	24.0	24.7	0.6	2%
Community Services	34.4	35.6	34.4	35.2	0.8	2%
Public Safety - Fire	34.5	37.0	42.3	42.3	-	-
Public Safety - Police	90.9	92.6	99.9	102.7	2.8	3%
Public Works	18.2	20.0	19.7	20.2	0.5	2%
Total	\$237.2	\$247.5	\$258.4	\$264.5	\$6.2	2%

Actual to Revised Budget variance of \$6.2 million or 2%:

Mayor & Council and Charter Officers is favorable mainly due to City Attorney having vacant positions savings and lower than expected litigation expenses and City Treasurer banking services, armored car and software maintenance and licensing costs being less than anticipated. Administrative Services is favorable due to lower paid hires replacing experienced employees being promoted or retiring, lower than expected postage & shipping costs, and savings related to the delay in the data center resiliency project. The favorable variance is partially offset by unexpected IT server rack costs. Community and Economic Development is favorable mainly due to lower than expected operating and office supply purchase needs, less demand to purchase items for resale at WestWorld due to fewer events held this year than anticipated and the delay in the Scottsdale Arts Improvement project. Community Services is favorable mainly due to Part-Time Wages savings. It is partially offset by the use of a contract worker to serve as Interim Library Director and the purchase of unreimbursed library materials. While Public Safety - Fire is showing a net zero variance there is really a large unfavorable variance almost completely offset by a large favorable variance. The unfavorable variance is due to higher Overtime costs related to a shortfall in constant staffing because of 12 firefighters on leave and higher than expected Retirement costs. It is almost completely offset by lower paid hires replacing experienced employees being promoted or retiring. Public Safety - Police is favorable due to Part-Time Wages savings, a change in shift pay policies, efficient Overtime scheduling, less staffing needed for major events and lower paid hires replacing experienced employees being promoted or retiring. It is also related to jail services contract costs and specialty line costs being less than anticipated, the Photo Enforcement contract coming in less than budgeted due to a number of photo enforcement cameras being turned off while a new contract was negotiated resulting in fewer citations issued. Finally, it is due to lower than expected Other Operating Supplies and the delay in replacing ballistic vests. The favorable variance in Public Works is due to the Facilities Management master plan project not occurring in FY 2017/18 as expected due to the building assessment not being completed in time, fewer Heating Ventilation and Cooling repairs required this fiscal year than expected and projects coming in under budget or being delayed until FY 2018/19.



Sources (Fiscal Year to Date: June 2018)



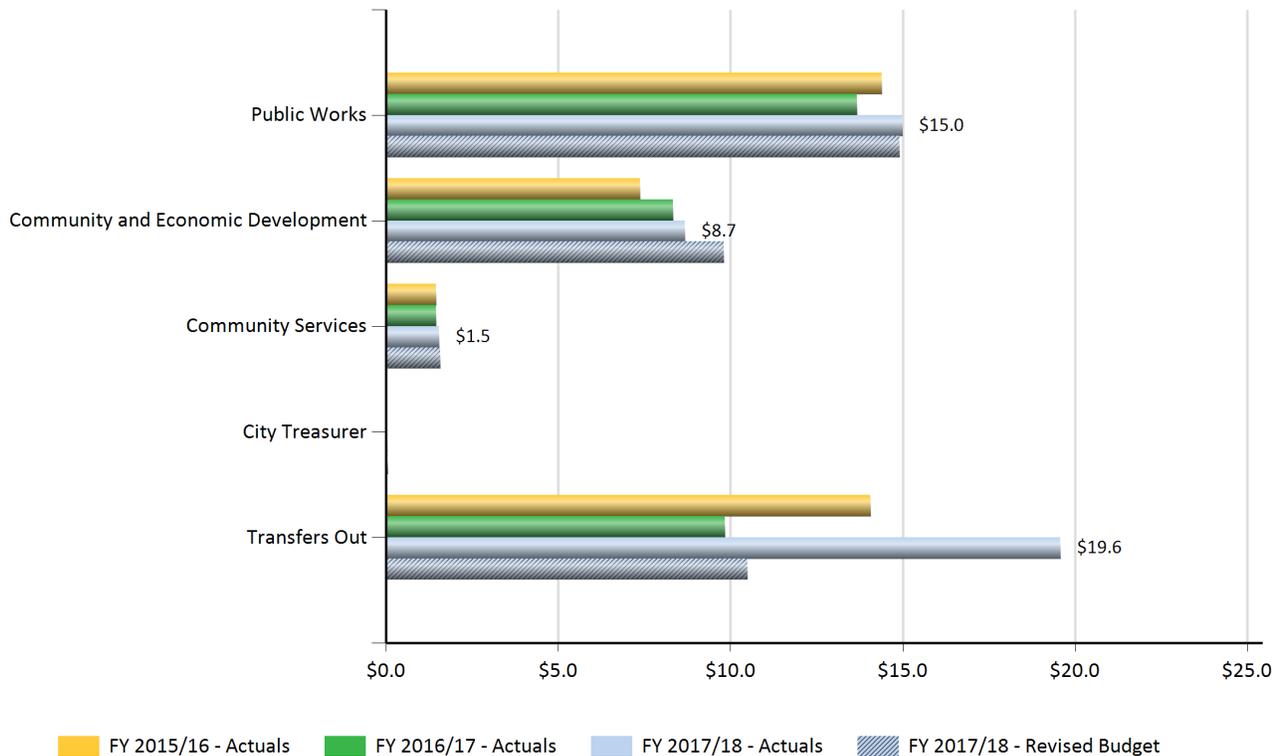
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Sales Tax - Transportation (0.20%)	\$19.9	\$19.6	\$22.0	\$20.9	\$1.1	5%
Highway User Tax	14.1	15.3	16.1	16.4	(0.3)	(2%)
Local Transportation Assistance Fund	0.7	0.6	0.7	0.7	-	-
Indirect/Direct Cost Allocations	0.5	0.6	0.6	0.6	-	-
Intergovernmental	0.2	0.1	0.2	0.3	(0.1)	(38%)
Miscellaneous	0.4	0.3	0.1	-	0.1	nm
Interest Earnings	-	-	-	-	-	-
Transfers In	-	-	0.3	0.3	-	-
Total Sources	\$35.8	\$36.6	\$39.9	\$39.2	\$0.7	2%

Actual to Revised Budget variance of \$0.7 million or 2%:

The favorable variance in Sales Tax – Transportation 0.20% is due to the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal." It is also related to higher than expected revenue from Rental Sales Tax due to increases in residential real property rentals and personal property rentals and Automotive Sales Tax due to several car dealers remaining in the city longer than originally anticipated prior to their move to the Scottsdale Autoshop at Salt River Pima-Maricopa Indian community. The unfavorable variance in Highway Use Tax is due to the distribution of state shared revenue coming in less than projected. The unfavorable variance in Intergovernmental is due the Valley Metro not receiving any reconciliation revenue as projected from City of Phoenix or Valley Metro for penalties related to missed routes, late routes, and adjustments for fuel. The favorable variance in Miscellaneous is due to an unanticipated refund for Fixed Route Bus Service and East Valley Paratransit Service.



Uses (Fiscal Year to Date: June 2018)



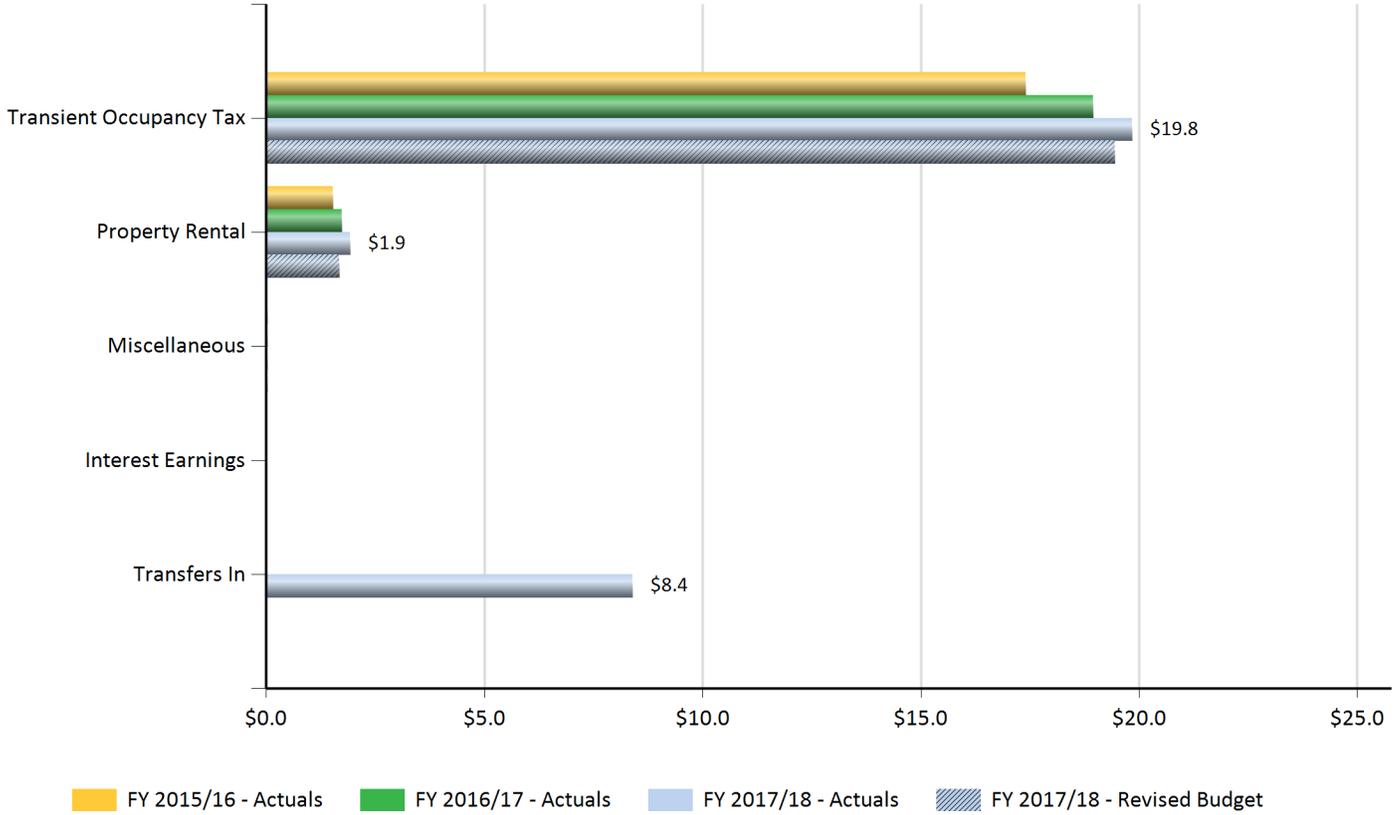
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Public Works	\$14.4	\$13.7	\$15.0	\$14.9	(\$0.1)	0%
Community and Economic Development	7.4	8.3	8.7	9.8	1.1	11%
Community Services	1.5	1.5	1.5	1.6	-	-
City Treasurer	-	-	-	-	-	-
Transfers Out	14.1	9.8	19.6	10.5	(9.1)	(87%)
Total Uses	\$37.3	\$33.3	\$44.8	\$36.8	(\$8.0)	(22%)

Actual to Revised Budget variance of (\$8.0) million or (22%):

The favorable variance in Community and Economic Development is due to the timing of Fleet Maintenance & Repair related to the transition of the trolley fleet maintenance from a contractor to the City of Scottsdale Fleet Management Department. The unfavorable variance in Transfers Out is due to Council approved transfers from the Transportation Fund undesignated, unreserved fund balance to the CIP for the widening of Happy Valley and Pima Roads; Drinkwater Bridge emergency structural repairs; and the 68th Street Bridge Replacement project. It is also related to higher than anticipated transfers of year-end Transportation Sales Tax allocation to CIP due to the continued unpredictability of the timing in collection by the Arizona Department of Revenue. There is limited data to consider when spreading the budget. It will be some time before enough data is obtained to build any reliable spread for the "new normal."



Sources (Fiscal Year to Date: June 2018)



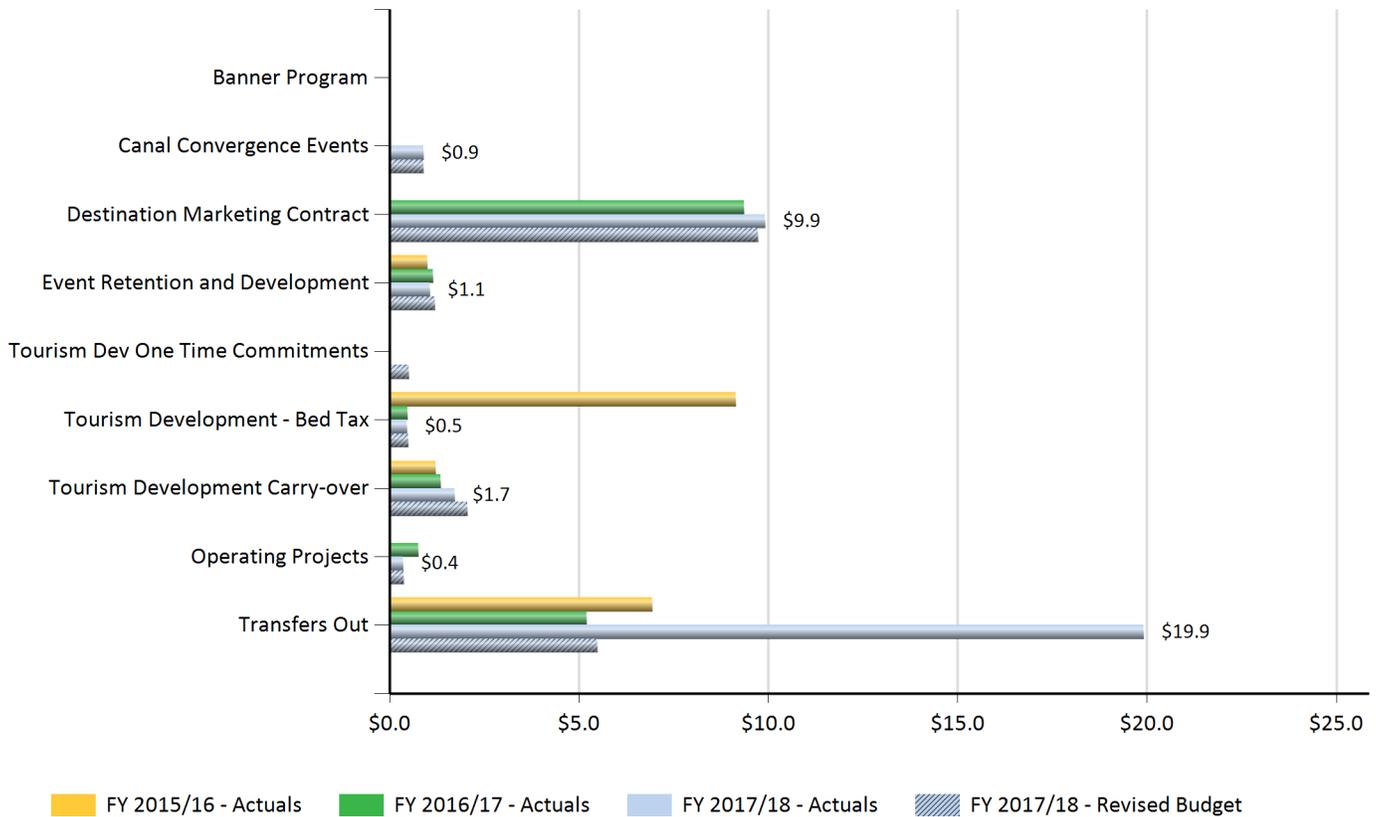
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Transient Occupancy Tax	\$17.4	\$19.0	\$19.8	\$19.4	\$0.4	2%
Property Rental	1.5	1.7	1.9	1.7	0.3	15%
Miscellaneous	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Transfers In	-	-	8.4	-	8.4	n/a
Total Sources	\$18.9	\$20.7	\$30.1	\$21.1	\$9.0	43%

Actual to Revised Budget variance of \$9.0 million or 43%:

The favorable variance in Transient Occupancy Tax is due to higher collections associated with a greater number of hotel stays than expected. The favorable variance in Property Rental is mostly due to the true up of lease payments by the Scottsdale Princess Hotel, which by agreement pays the city 1.5 percent of revenues in excess of \$100 million. The favorable variance in Transfers In is due to accounting adjustments within the fund. There is a corresponding Transfer Out of an equal amount resulting in a net \$0 impact to the fund.



Uses (Fiscal Year to Date: June 2018)



	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Banner Program	\$ -	\$ -	\$ -	\$ -	\$ -	-
Canal Convergence Events	-	-	0.9	0.9	-	-
Destination Marketing Contract	-	9.4	9.9	9.7	(0.2)	(2%)
Event Retention and Development	1.0	1.1	1.1	1.2	0.1	11%
Tourism Dev One Time Commitments	-	-	-	0.5	0.5	100%
Tourism Development - Bed Tax	9.1	0.5	0.5	0.5	-	-
Tourism Development Carry-over	1.2	1.4	1.7	2.1	0.3	16%
Operating Projects	-	0.8	0.4	0.4	-	-
Transfers Out	6.9	5.2	19.9	5.5	(14.4)	nm
Total Uses	\$18.3	\$18.3	\$34.3	\$20.7	(\$13.6)	(66%)

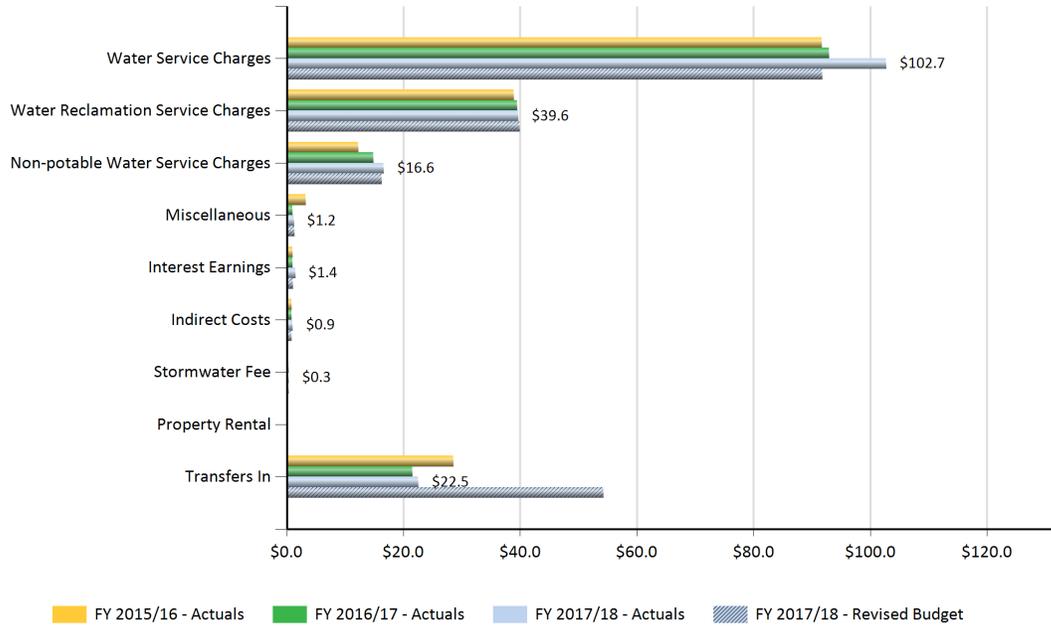
Actual to Revised Budget variance of (\$13.6) million or (66%):

The unfavorable variance in Destination Marketing Contract is related to the higher than anticipated collection of Transient Occupancy Tax, of which 50 percent by agreement is transferred to Experience Scottsdale for destination marketing activities. The favorable variance in Event Retention and Development is due to lower than anticipated funding requests for events. The favorable variance in Tourism Dev One Time Commitments is related to the savings of budget slated for one time purchases that was not spent. The favorable variance in Tourism Development Carry-over is due to timing for the electric outlets Downtown project, which remaining funding was carried over into FY 2018/19. The unfavorable variance in Transfers Out is due to 1) accounting adjustments within the fund. There is a corresponding Transfer In of an equal amount resulting in a net \$0 impact to the fund; 2) a \$5.0 million transfer out to the CIP for design services for the Stadium renovation project; 3) a \$0.4 million transfer out to the CIP for the airport terminal project; and 3) a \$0.5 million transfer out to the CIP to fund WestWorld improvements.



Water and Water Reclamation Funds

Sources (Fiscal Year to Date: June 2018)



	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Water Service Charges	\$91.7	\$92.9	\$102.7	\$91.8	\$10.9	12%
Water Reclamation Service Charges	38.8	39.5	39.6	39.9	(0.3)	(1%)
Non-potable Water Service Charges	12.3	14.8	16.6	16.2	0.4	2%
Miscellaneous	3.2	1.0	1.2	1.3	(0.1)	(8%)
Interest Earnings	0.9	0.9	1.4	1.1	0.4	33%
Indirect Costs	0.8	0.8	0.9	0.8	0.1	16%
Stormwater Fee	0.1	0.3	0.3	0.3	-	-
Property Rental	-	-	-	-	-	n/a
Transfers In	28.5	21.5	22.5	54.3	(31.8)	(59%)
Total Sources	\$176.3	\$171.7	\$185.3	\$205.6	(\$20.3)	(10%)

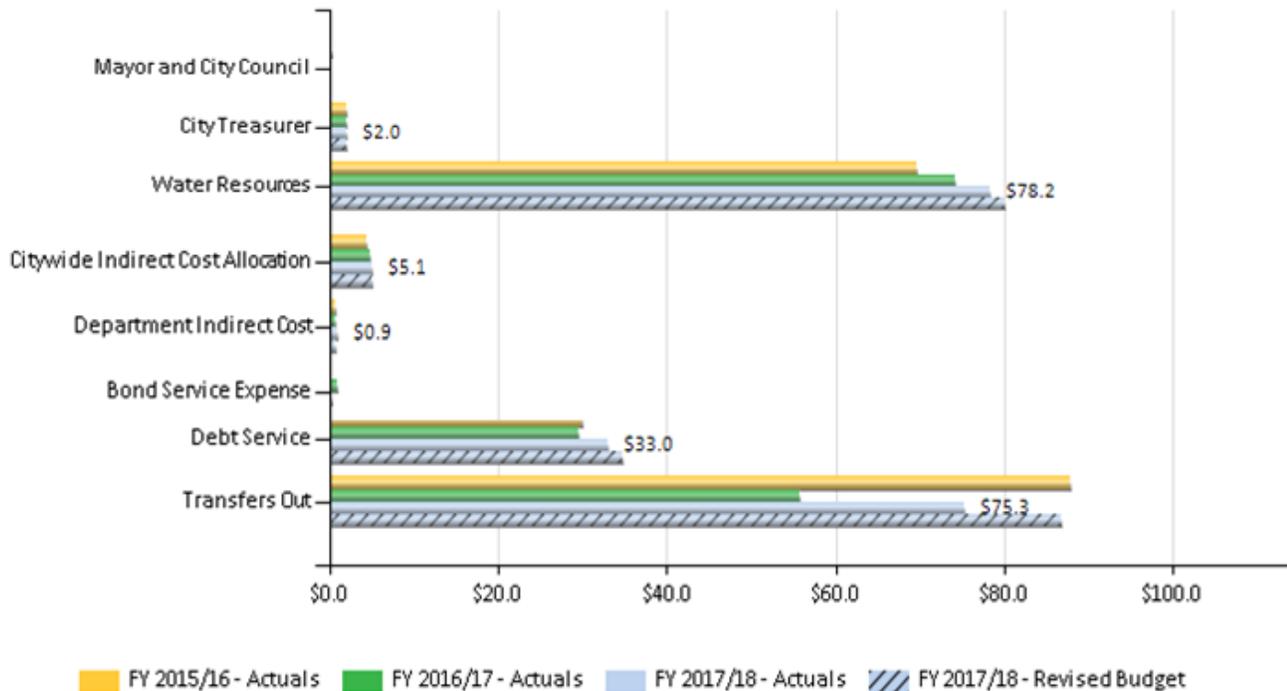
Actual to Revised Budget variance of (\$20.3) million or (10%):

The favorable variance in Water Service Charges is driven by water deliveries which are coming in higher than the three-year running average due to less than expected rainfall as well as an unexpected increase in utility billing accounts. The unfavorable variance in Water Reclamation Service Charges is related to lower water deliveries than budgeted. The budget was based on the previous winter period's deliveries. Non-potable Water Service Charges is favorable due to higher levels of recharge water sold than planned in the Irrigation Water Distribution System (IWDS) in order to meet Arizona water sufficiency and availability requirements, higher than anticipated sales of non-potable water to golf courses due to dryer conditions than originally expected and higher settlement revenue recovered from the Reclaimed Water Distribution System (RWDS) and IWDS contracts based on the underestimation of rates. The favorable variance is partially offset by lower than planned revenue from sales of lower cost reverse osmosis (R/O) chemical formulation to golf courses and there being less effluent sold than expected. Miscellaneous is unfavorable due to lower than expected ground water treatment operations at the Central Groundwater Treatment Facility (CGTF) superfund site, which resulted in less reimbursement revenue than budgeted. Interest Earnings is favorable due to a higher return on investment than expected due to strong market conditions as well as higher than expected returns associated with the shifting of a larger portion of the city's investment funds to the city's Asset Management consultant. Transfers In is unfavorable because funding for Debt Service wasn't needed as planned.



Water and Water Reclamation Funds

Uses (Fiscal Year to Date: June 2018)



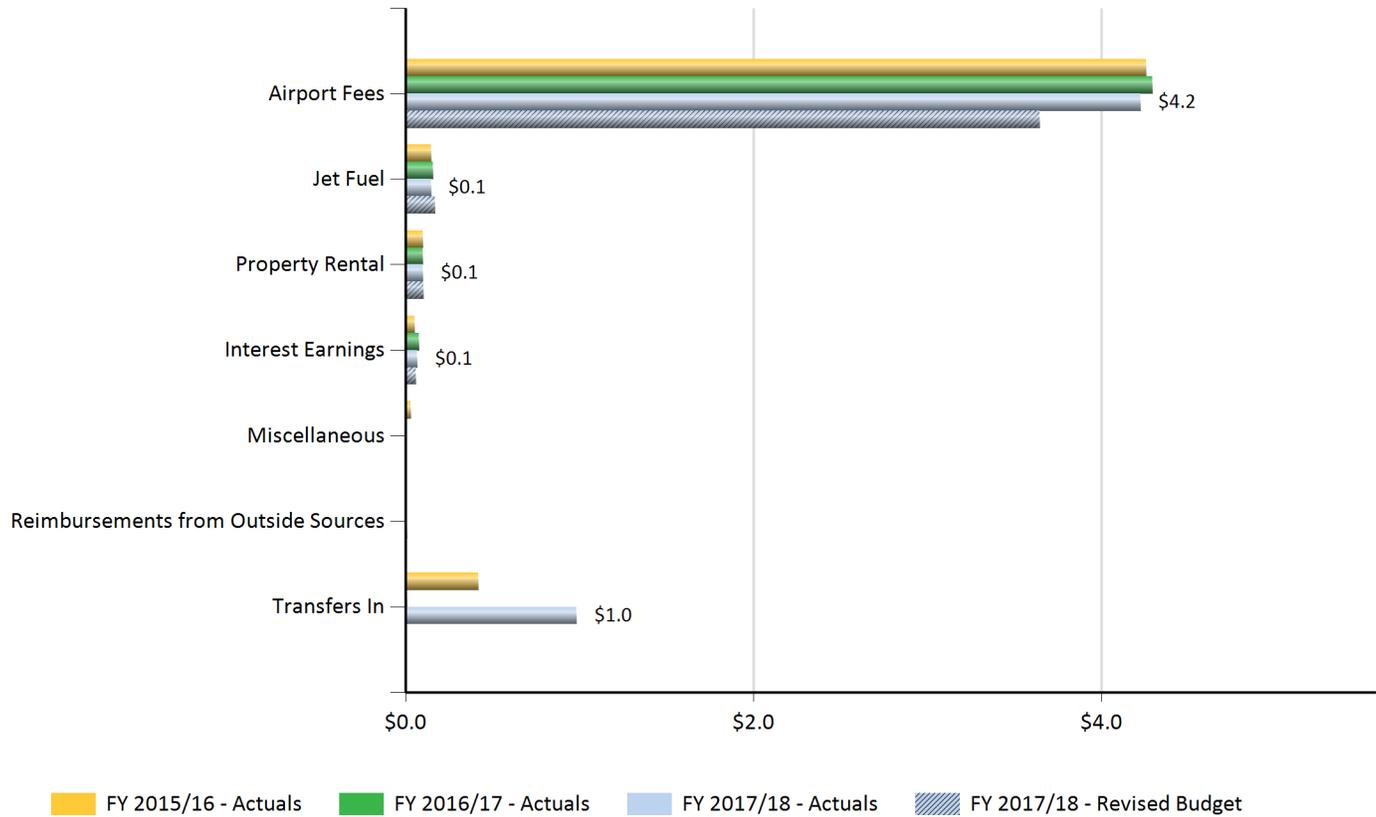
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor and City Council	\$0.1	\$ -	\$ -	\$ -	\$ -	-
City Treasurer	2.1	2.0	2.0	2.1	0.1	7%
Water Resources	69.7	74.2	78.2	80.0	1.7	2%
Citywide Indirect Cost Allocation	4.4	4.8	5.1	5.1	-	-
Department Indirect Cost	0.8	0.8	0.9	0.8	(0.1)	(16%)
Bond Service Expense	-	0.9	-	-	-	-
Debt Service	29.9	29.6	33.0	34.7	1.7	5%
Transfers Out	87.9	55.8	75.3	86.8	11.5	13%
Total Uses	\$194.9	\$168.2	\$194.6	\$209.5	\$14.9	7%

Actual to Revised Budget variance of \$14.9 million or 7%:

City Treasurer is favorable due to lower than expected postage and graphics costs. Water Resources is favorable primarily due to: 1) lower than expected purchased water costs due to the maintaining of greater levels of groundwater storage than expected; 2) less need to purchase treatment filter media and cleaning chemicals due to a higher quality of raw water; 3) lower use of a pilot program for paperless billing than expected; and 4) lower than anticipated electrical system repair needs. The favorable variance is partially offset by: 1) higher than expected mechanical system repair needs; 2) greater need to purchase pumps, motors and large equipment than expected due to significant machinery failures; 3) higher need to purchase treatment chemicals and service interruption materials than expected; 4) unexpected tenant improvements required at the Advanced Water Treatment Facility at Gainey Ranch; and 5) greater need to purchase treated effluent due to the quality of the reverse osmosis (R/O) blend. Debt Service is favorable due to debt service expenses coming in lower than estimated. Transfers Out is favorable due to funding for Debt Service wasn't needed as planned. It is also due to higher than forecast water revenue resulting in a greater than expected transfer of funds to CIP beyond what was required to maintain the Water & Water Reclamation Funds reserves.



Sources (Fiscal Year to Date: June 2018)



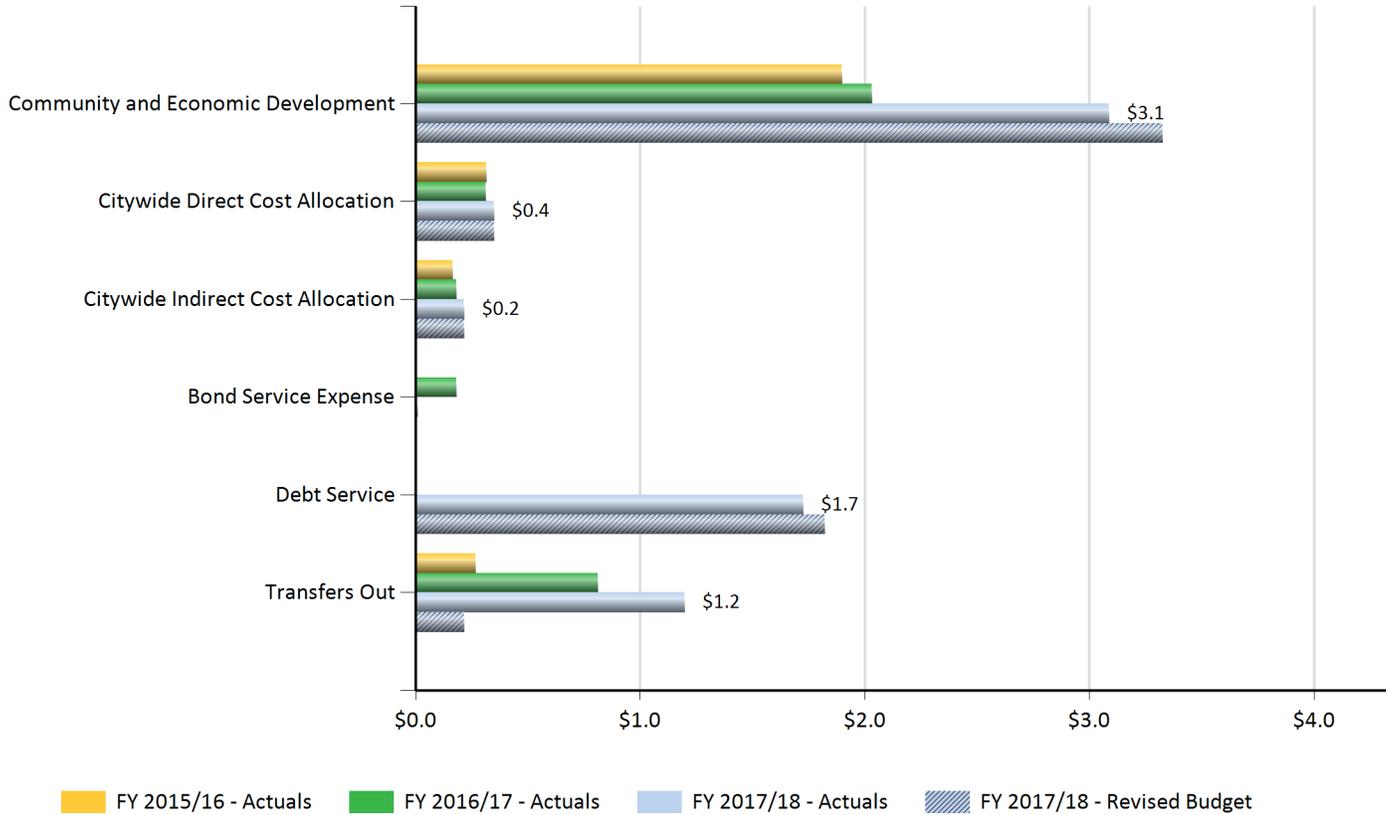
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Airport Fees	\$4.3	\$4.3	\$4.2	\$3.6	\$0.6	16%
Jet Fuel	0.1	0.2	0.1	0.2	-	-
Property Rental	0.1	0.1	0.1	0.1	-	-
Interest Earnings	0.1	0.1	0.1	0.1	-	-
Miscellaneous	-	-	-	-	-	-
Reimbursements from Outside Sources	-	-	-	-	-	-
Transfers In	0.4	-	1.0	-	1.0	n/a
Total Sources	\$5.0	\$4.6	\$5.5	\$4.0	\$1.5	39%

Actual to Revised Budget variance of \$1.5 million or 39%:

The favorable variance in Airport Fees is mostly due to higher than estimated airport activity as a result of the cold winter in other parts of the country. The increase is partially offset by lower than anticipated car rentals: the airport ended the leases to on-site car rental companies last May, before the terminal building demolition. The favorable variance in Transfers In is due to unplanned funding needs for Debt Service.



Uses (Fiscal Year to Date: June 2018)



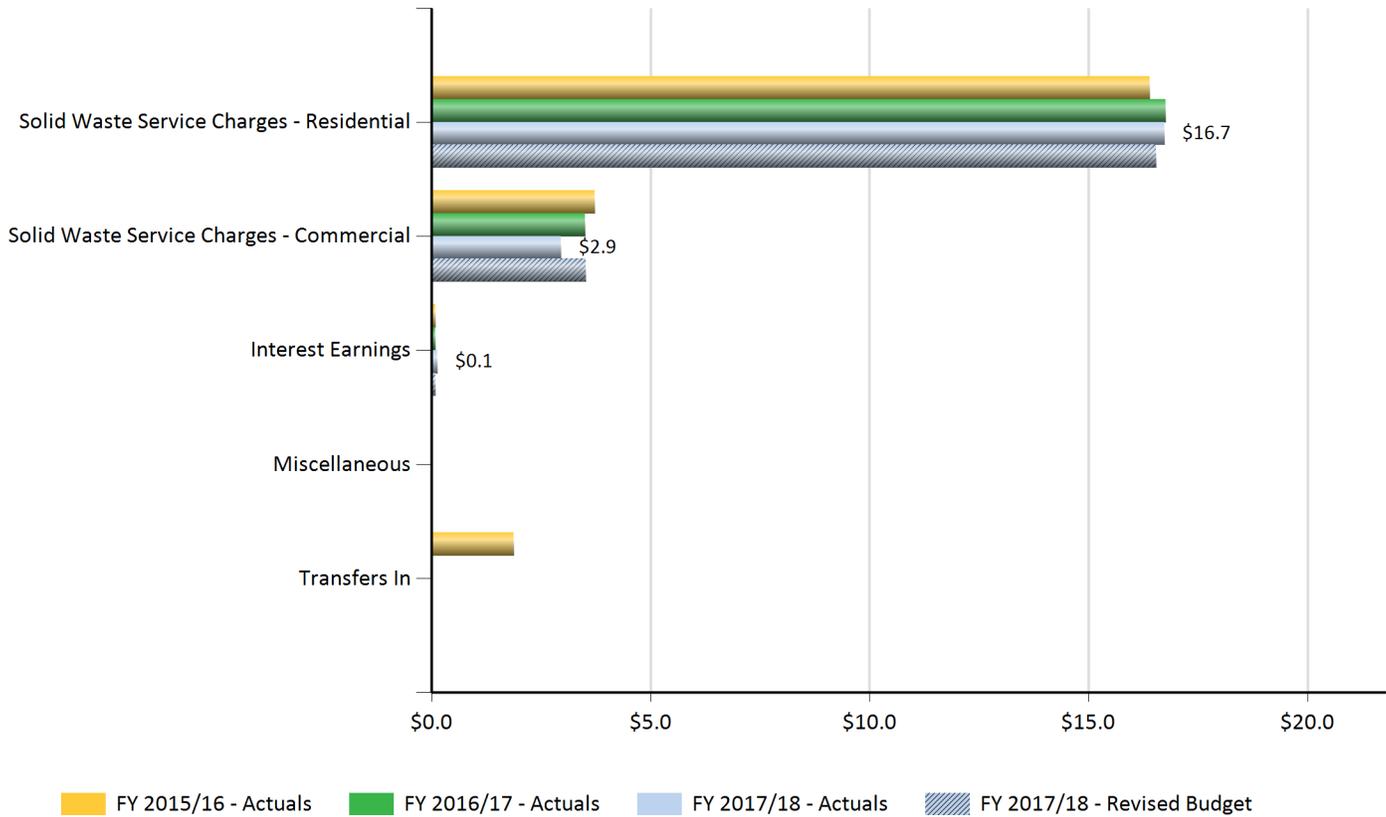
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Community and Economic Development	\$1.9	\$2.0	\$3.1	\$3.3	\$0.2	7%
Citywide Direct Cost Allocation	0.3	0.3	0.4	0.4	-	-
Citywide Indirect Cost Allocation	0.2	0.2	0.2	0.2	-	-
Bond Service Expense	-	0.2	-	-	-	n/a
Debt Service	-	-	1.7	1.8	0.1	5%
Transfers Out	0.3	0.8	1.2	0.2	(1.0)	nm
Total Uses	\$2.6	\$3.5	\$6.6	\$5.9	(\$0.7)	(11%)

Actual to Revised Budget variance of (\$0.7) million or (11%):

The favorable variance in Community and Economic Development is due to a new employee hired at a lower rate than the previous employee for that position, savings in part-time hours and in utilities, and the timing of the invoice for the contract with US Customs for two full-time officers. The favorable variance in Debt Service is due to lower than anticipated interest expense. The unfavorable variance in Transfers Out is due to unplanned funding needs for Debt Service.



Sources (Fiscal Year to Date: June 2018)



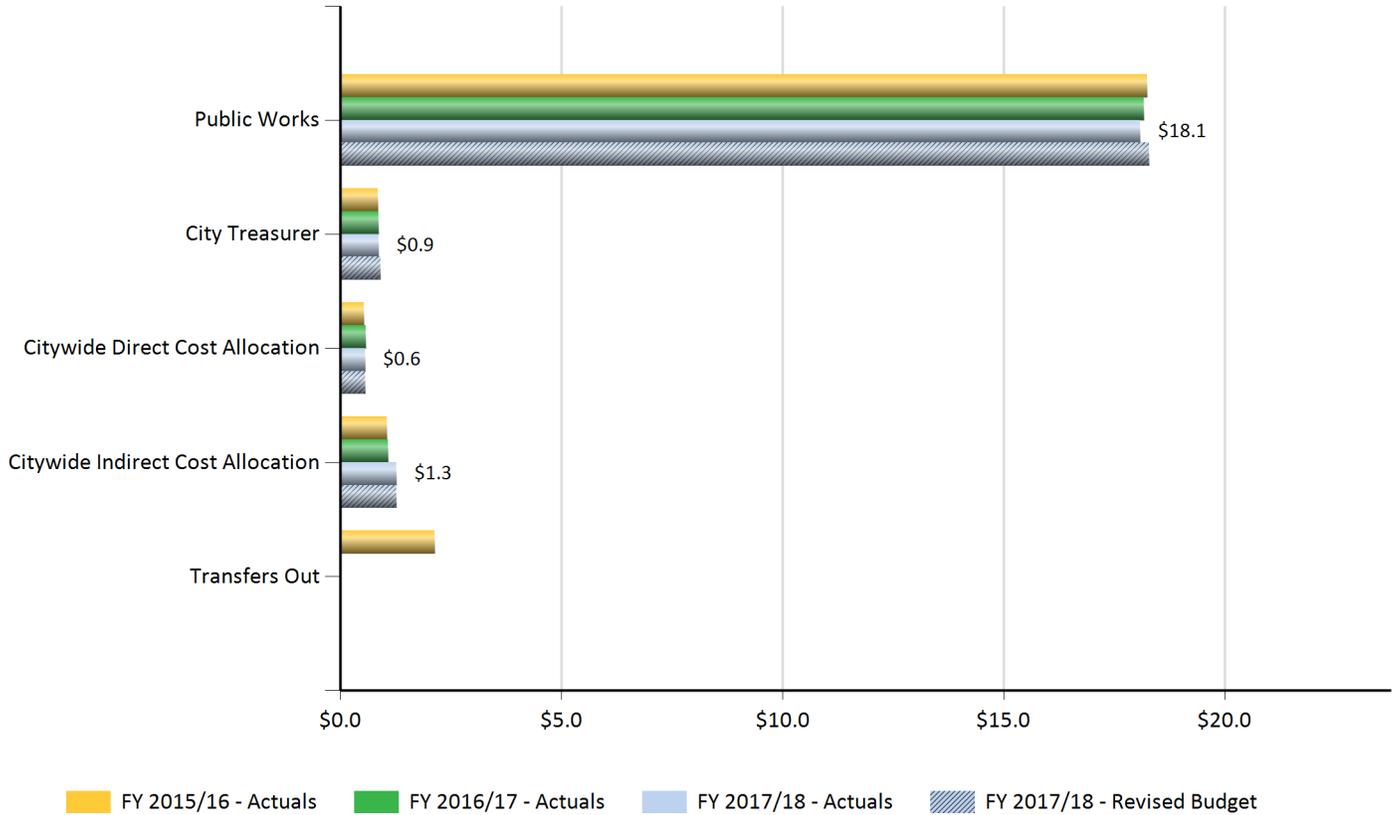
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Solid Waste Service Charges - Residential	\$16.4	\$16.8	\$16.7	\$16.5	\$0.2	1%
Solid Waste Service Charges - Commercial	3.7	3.5	2.9	3.5	(0.6)	(16%)
Interest Earnings	0.1	0.1	0.1	0.1	-	-
Miscellaneous	-	-	-	-	-	-
Transfers In	1.9	-	-	-	-	-
Total Sources	\$22.1	\$20.4	\$19.8	\$20.1	(\$0.3)	(2%)

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

The favorable variance in Solid Waste Service Charges – Residential is due to a slightly higher than expected number of residential customers utilizing Solid Waste services over the course of the Fiscal Year. The unfavorable variance in Solid Waste Services Charges – Commercial is a result of a loss of commercial customers from an increase of front load refuse charges.



Uses (Fiscal Year to Date: June 2018)



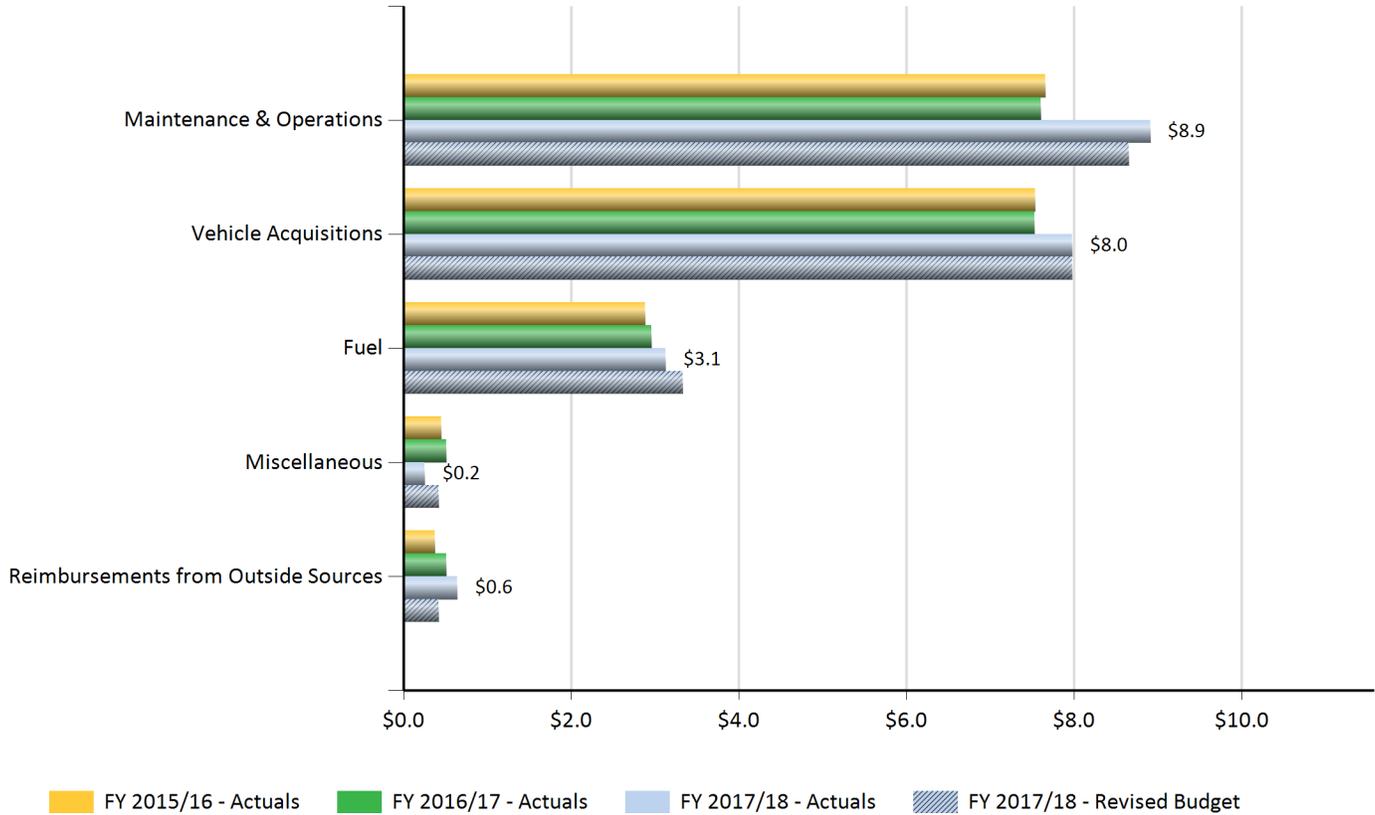
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$18.2	\$18.2	\$18.1	\$18.3	\$0.2	1%
City Treasurer	0.9	0.9	0.9	0.9	-	-
Citywide Direct Cost Allocation	0.5	0.6	0.6	0.6	-	-
Citywide Indirect Cost Allocation	1.0	1.1	1.3	1.3	-	-
Transfers Out	2.1	-	-	-	-	-
Total Uses	\$22.8	\$20.7	\$20.8	\$21.0	\$0.2	1%

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

The favorable variance in Public Works is a result of hiring new employees in at lower rates of pay than what the positions were budgeted at.



Sources (Fiscal Year to Date: June 2018)



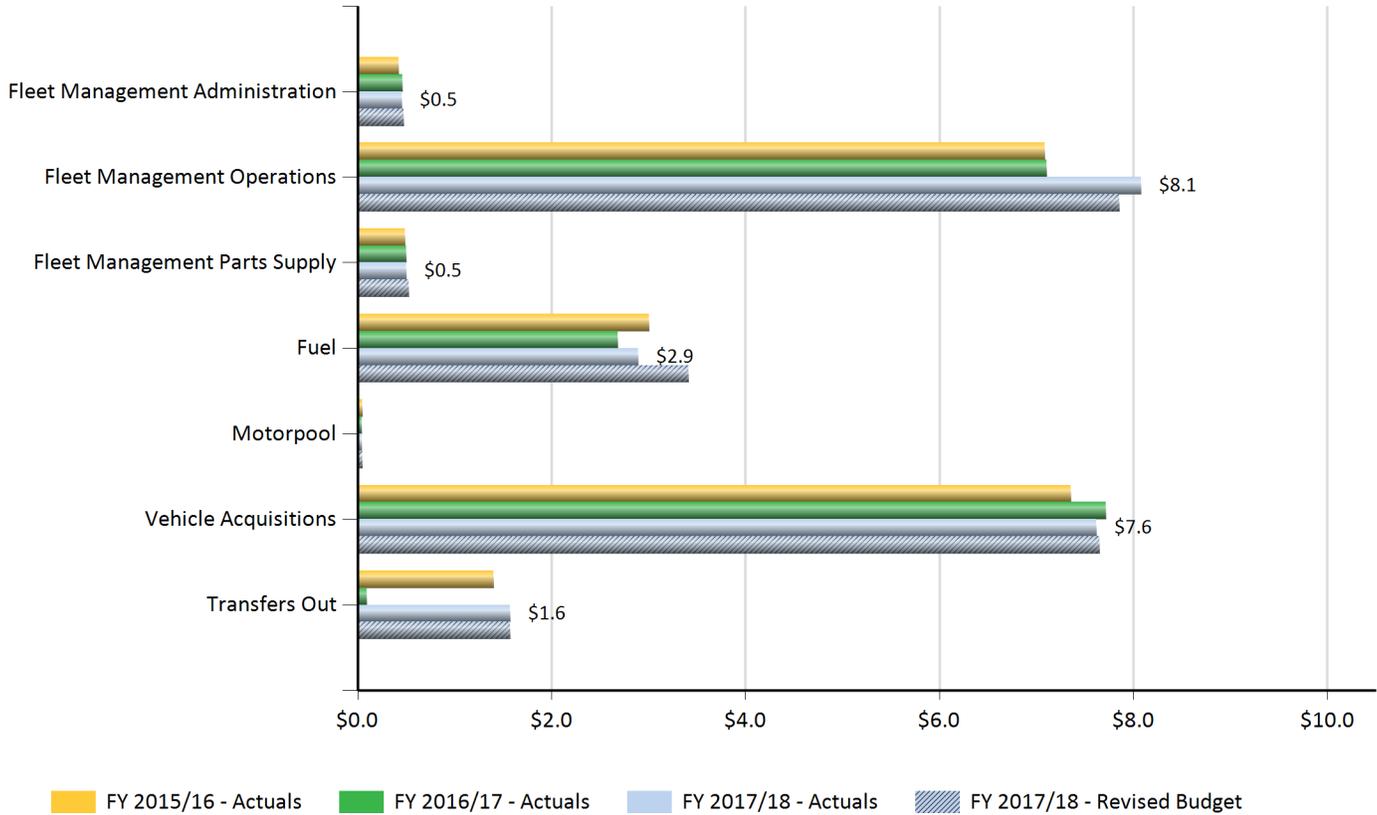
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Maintenance & Operations	\$7.7	\$7.6	\$8.9	\$8.6	\$0.3	3%
Vehicle Acquisitions	7.5	7.5	8.0	8.0	-	-
Fuel	2.9	3.0	3.1	3.3	(0.2)	(6%)
Miscellaneous	0.4	0.5	0.2	0.4	(0.2)	(41%)
Reimbursements from Outside Sources	0.4	0.5	0.6	0.4	0.2	53%
Total Sources	\$18.9	\$19.1	\$20.8	\$20.8	\$0.1	0%

Actual to Revised Budget variance of \$0.1 million or 0%:

The favorable variance in Maintenance & Operations is due to charging divisions more for higher than expected repair expenses. The unfavorable variance in Fuel is due to charging divisions less for fuel as a result of lower than budgeted fuel prices. The unfavorable variance in Miscellaneous is due to there being a loss in reimbursement on the value of the vehicle for a totaled garbage truck. The favorable variance in Reimbursements from Outside Sources is due to the unexpected insurance reimbursement from the Risk Management Fund for costs incurred related to the totaled garbage truck.



Uses (Fiscal Year to Date: June 2018)



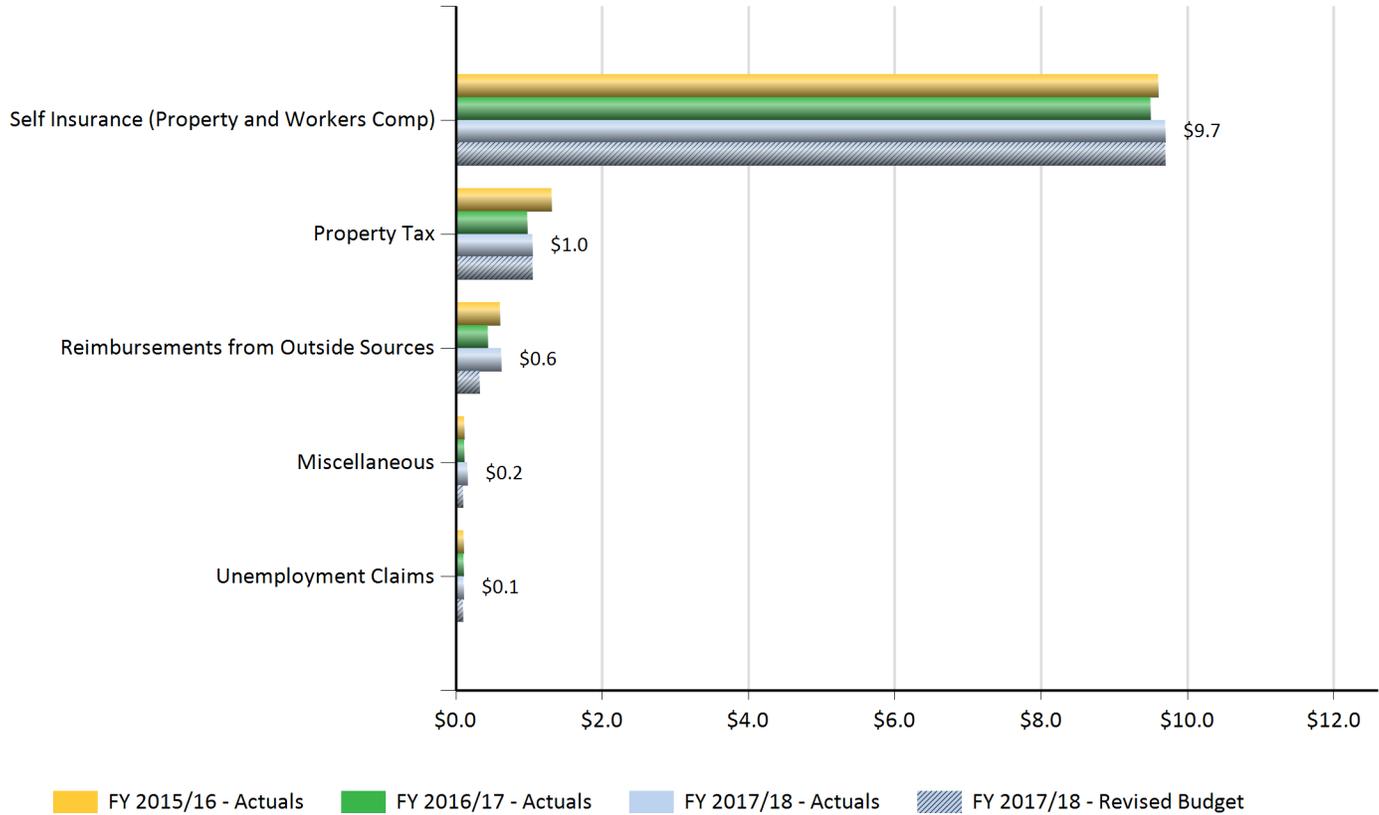
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Fleet Management Administration	\$0.4	\$0.5	\$0.5	\$0.5	\$ -	-
Fleet Management Operations	7.1	7.1	8.1	7.9	(0.2)	(3%)
Fleet Management Parts Supply	0.5	0.5	0.5	0.5	-	-
Fuel	3.0	2.7	2.9	3.4	0.5	15%
Motorpool	-	-	-	-	-	-
Vehicle Acquisitions	7.4	7.7	7.6	7.7	-	-
Transfers Out	1.4	0.1	1.6	1.6	-	-
Total Uses	\$19.8	\$18.6	\$21.2	\$21.5	\$0.4	2%

Actual to Revised Budget variance of \$0.4 million or 2%:

The unfavorable variance in Fleet Management Operations is due to Fleet Technicians out on medical leave and Fleet Technician vacancies, which drove the need to contract the work out. The favorable variance in Fuel is due to a lower fuel cost per gallon than anticipated.



Sources (Fiscal Year to Date: June 2018)



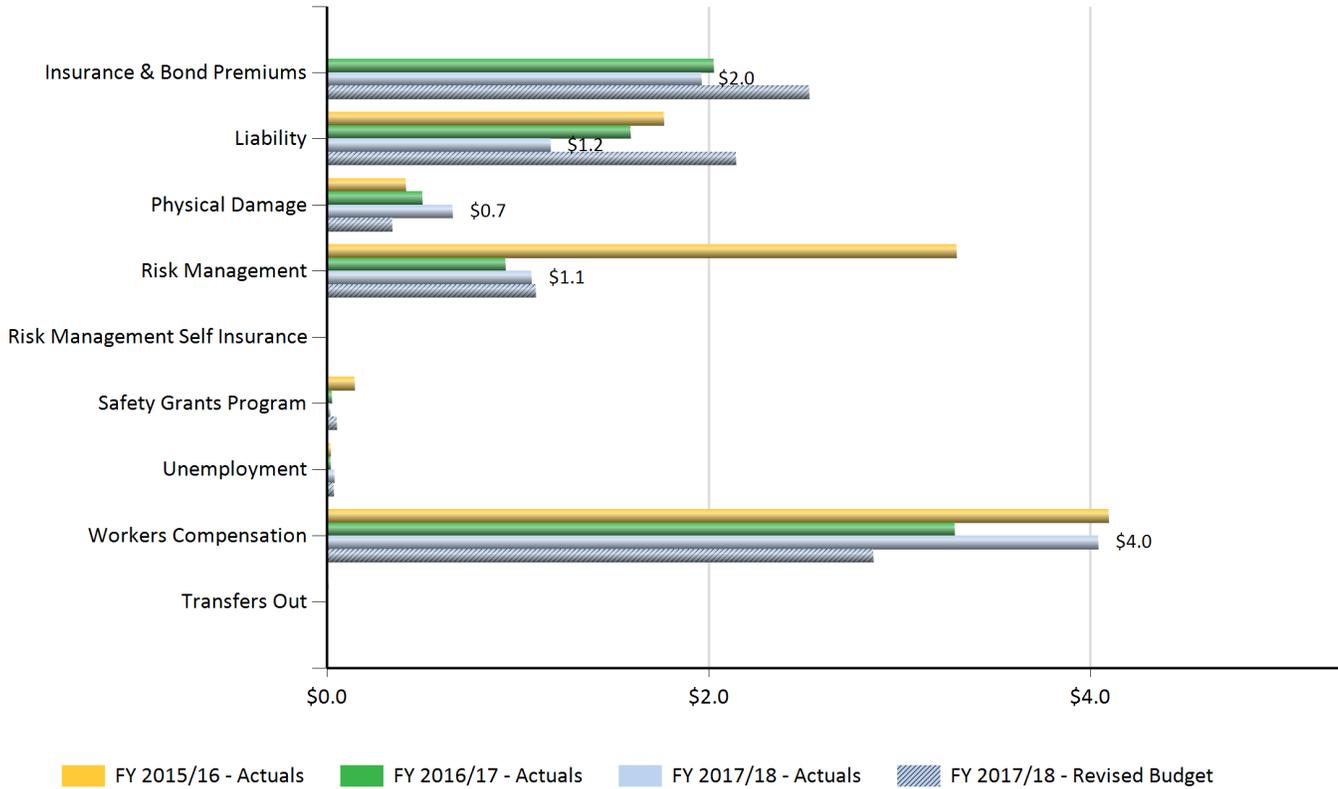
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Self Insurance (Property and Workers Comp)	\$9.6	\$9.5	\$9.7	\$9.7	\$ -	-
Property Tax	1.3	1.0	1.0	1.0	-	-
Reimbursements from Outside Sources	0.6	0.4	0.6	0.3	0.3	91%
Miscellaneous	0.1	0.1	0.2	0.1	0.1	58%
Unemployment Claims	0.1	0.1	0.1	0.1	-	-
Total Sources	\$11.7	\$11.1	\$11.6	\$11.3	\$0.4	3%

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

The favorable variance in Reimbursements from Outside Sources is due to an insurance reimbursement received for a totaled garbage truck. The favorable variance for Miscellaneous is due to an unanticipated payment received for the judgment on taxation of costs and refund of expense for an overpayment of quarterly self-insured taxes.



Uses (Fiscal Year to Date: June 2018)



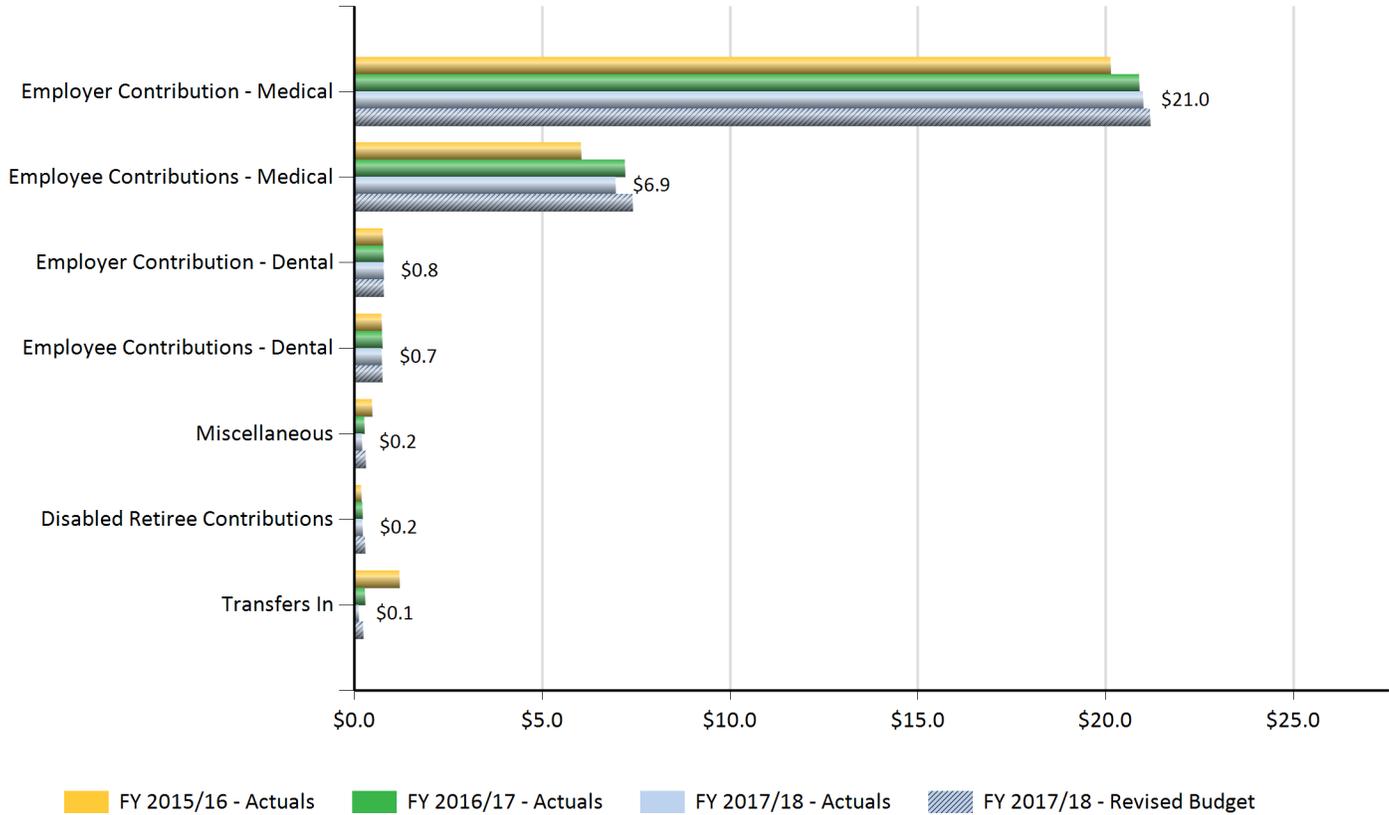
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Insurance & Bond Premiums	\$ -	\$2.0	\$2.0	\$2.5	\$0.6	22%
Liability	1.8	1.6	1.2	2.1	1.0	45%
Physical Damage	0.4	0.5	0.7	0.3	(0.3)	(92%)
Risk Management	3.3	0.9	1.1	1.1	-	-
Risk Management Self Insurance	-	-	-	-	-	-
Safety Grants Program	0.1	-	-	0.1	-	-
Unemployment	-	-	-	-	-	-
Workers Compensation	4.1	3.3	4.0	2.9	(1.2)	(41%)
Transfers Out	-	-	-	-	-	-
Total Uses	\$9.7	\$8.4	\$9.0	\$9.1	\$0.1	1%

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

The favorable variance in Insurance & Bond Premiums is due to the savings from the repackaging of insurance premiums. Additionally, beginning in FY 2017/18 the budget for Insurance & Bond Premiums was moved from the Risk Management category, to better monitor premiums. The favorable variance in Liability is due to the unpredictability of claim amounts for damage to city property, attorney fees, or miscellaneous expenses during trial. The unfavorable variance in Physical Damage is due to unanticipated payments to the Fleet Management Department related to the totaling of a garbage truck. The unfavorable variance in Workers Compensation is due to an employee being off work and hospitalized with surgical complications resulting in a higher expense than anticipated. In addition, the City’s policy on Transitional Duty changed. As a result, there were more people staying home and collecting income benefits than expected.



Sources (Fiscal Year to Date: June 2018)



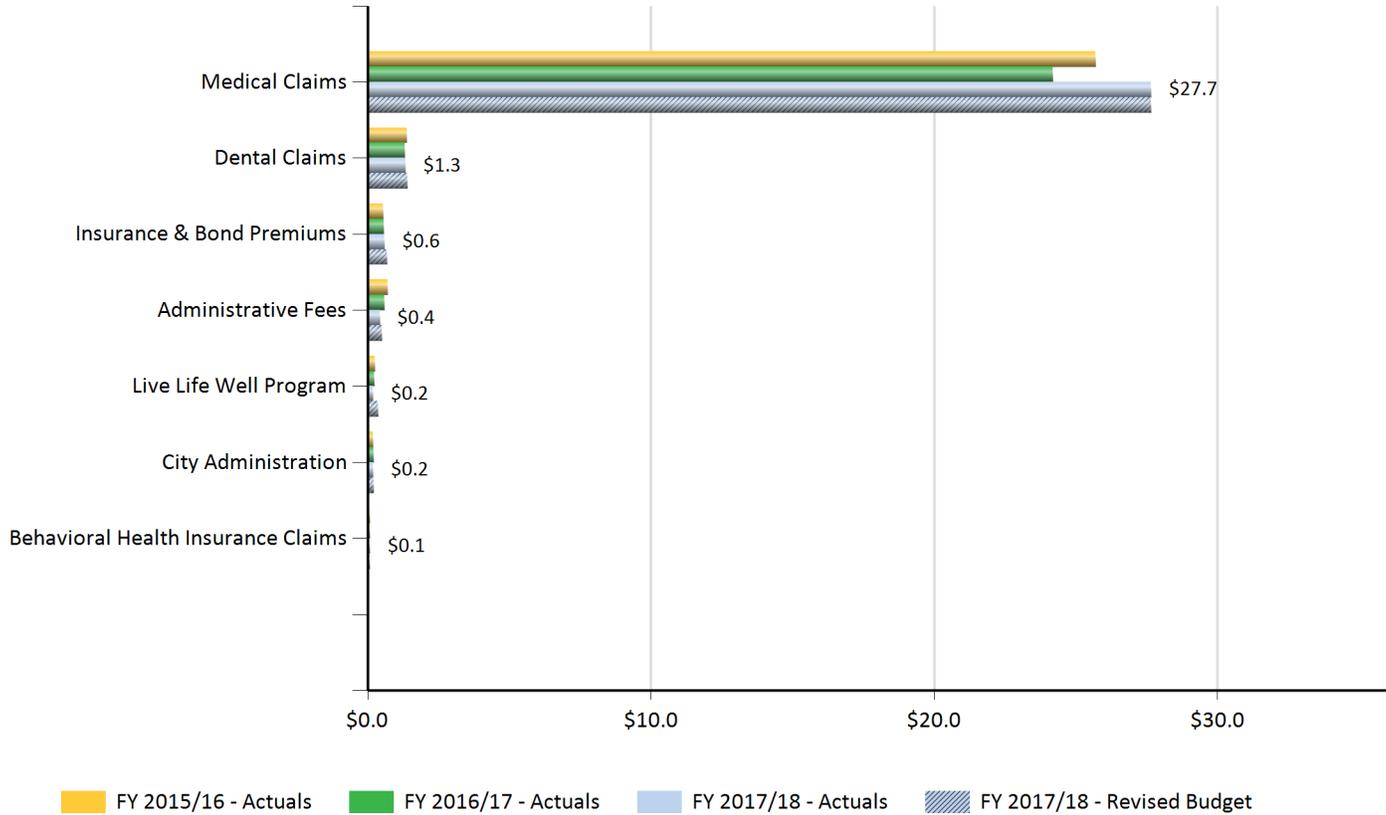
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Employer Contribution - Medical	\$20.1	\$20.9	\$21.0	\$21.2	(\$0.2)	(1%)
Employee Contributions - Medical	6.0	7.2	6.9	7.4	(0.5)	(6%)
Employer Contribution - Dental	0.8	0.8	0.8	0.8	-	-
Employee Contributions - Dental	0.7	0.7	0.7	0.7	-	-
Miscellaneous	0.5	0.3	0.2	0.3	(0.1)	(38%)
Disabled Retiree Contributions	0.2	0.2	0.2	0.3	(0.1)	(26%)
Transfers In	1.2	0.3	0.1	0.2	(0.1)	(55%)
Total Sources	\$29.5	\$30.4	\$29.9	\$30.9	(\$1.0)	(3%)

Actual to Revised Budget variance of (\$1.0) million or (3%):

The unfavorable variance in Employer Contributions - Medical and in Employee Contributions - Medical is due to plan selection, which occurs after the budget is prepared. The unfavorable variance in Miscellaneous is due to lower than anticipated wellness incentives received from CIGNA. The unfavorable variance in Disabled Retiree Contributions is due to contributions coming in differently than budgeted. This variance is based on the amount retired employees actually contribute which can be unpredictable based on the size and make up of the group. The unfavorable variance in Transfers In is due to the lower than anticipated subsidy from the General Fund to cover disabled retiree healthcare expenses.



Uses (Fiscal Year to Date: June 2018)



	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Medical Claims	\$25.7	\$24.2	\$27.7	\$27.6	\$ -	-
Dental Claims	1.4	1.3	1.3	1.4	0.1	6%
Insurance & Bond Premiums	0.6	0.6	0.6	0.7	0.1	14%
Administrative Fees	0.7	0.6	0.4	0.5	0.1	15%
Live Life Well Program	0.3	0.2	0.2	0.4	0.2	49%
City Administration	0.2	0.2	0.2	0.2	-	-
Behavioral Health Insurance Claims	0.1	0.1	0.1	0.1	-	-
Total Uses	\$28.8	\$27.2	\$30.5	\$30.9	\$0.5	2%

Actual to Revised Budget variance of \$0.5 million or 2%:

The favorable variance in Dental Claims is due to the difficulty in predicting claims. The favorable variances in Insurance & Bond Premiums and in Administrative Fees are due to lower than anticipated expenses. The favorable variance in Live Life Well Program is due to there being fewer wellness activities taking place than originally planned.



WestWorld Statement of Operations

	Twelve Months: Fiscal Year					
	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Adopted Budget	2017/18 Revised Budget
Operating Revenue						
Rental Facilities	\$2,050,602	\$2,134,970	\$2,205,750	\$2,604,680	\$2,516,504	\$2,516,504
RV Rental	232,802	270,661	251,685	297,593	275,000	275,000
Feed/Bedding Sales	548,330	499,691	566,127	463,286	600,000	600,000
Labor Fees	266,860	240,173	301,429	352,088	350,000	350,000
Concession Fees	191,380	354,902	487,513	392,106	525,000	525,000
Parking	58,591	110,931	96,927	88,280	115,000	115,000
Other Income	142,732	135,192	198,068	155,990	57,030	57,030
Equidome Project Use Fee	75,000	555,000	315,000	360,000	360,000	360,000
Council Approved Authorized Carryover ^a	2,048,000	-	-	-	-	-
Operating Transfer In ^b	4,762	-	-	-	100,000	100,000
Operating Revenue	\$5,619,058	\$4,301,521	\$4,422,499	\$4,714,023	\$4,898,534	\$4,898,534
Operating Expenses						
Personnel Services						
Wages/Salaries/Benefits	\$1,564,608	\$1,616,913	\$1,768,655	\$1,954,437	\$1,891,929	\$1,948,967
Overtime	21,195	25,558	32,594	36,574	22,153	22,817
Contractual Services						
Contractual Workers	84,004	92,292	81,775	114,025	100,000	140,000
Telephone	32,164	30,650	21,015	28,381	40,486	40,486
Utilities ^c	1,016,731	1,219,326	1,174,779	1,247,702	-	1,354,976
Maintenance & Equipment Rental & Fleet	601,739	652,492	751,856	724,550	772,056	804,056
License and Permits	73,018	73,356	76,684	158,548	127,966	167,966
Property, Liability & Workers' Comp	30,724	37,376	51,525	62,401	76,025	76,025
Advertising/Marketing Contract	212,869	208,815	252,328	194,294	250,000	350,000
Other	232,224	268,443	234,449	343,819	272,707	285,207
Commodities and Capital Outlays						
Agriculture & Horticulture & Other Supply	128,597	71,411	103,461	137,506	131,545	131,545
Maintenance & Repairs Supply, Equipment	74,067	84,344	116,413	125,083	152,035	152,035
Inventory Purchased for Resale	260,507	304,481	294,103	273,513	482,500	332,750
Construction - Other	10,695	-	21,428	-	-	20,750
Other Expenses	35,951	45,959	64,193	76,182	33,690	33,690
BOR Admin						
BOR Admin/WestWorld	134,010	140,710	147,746	155,133	162,889	162,889
Allocated Expenses ^d						
Facilities Maintenance ^e	402,988	713,808	670,566	1,470,031	1,266,796	1,266,796
COS Indirect Costs	255,887	276,504	338,575	370,385	430,425	430,425
Operating Expenses	\$5,171,979	\$5,862,440	\$6,202,145	\$7,472,564	\$6,213,202	\$7,721,381
Operating Income	\$447,079	(\$1,560,919)	(\$1,779,646)	(\$2,758,541)	(\$1,314,668)	(\$2,822,847)
Debt Service (Less contributions)						
Debt Service - (52 & 17 acres)	\$2,012,576	\$2,250,353	\$2,273,677	\$2,304,207	\$2,314,216	\$2,314,216
Debt Service - TNEC (\$41.935M)	1,546,675	1,543,925	1,524,125	1,506,875	1,479,375	1,479,375
Debt Service - TNEC Tourism Funded	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Bed Tax Contributions - TNEC	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Net Debt Service	\$3,559,251	\$3,794,278	\$3,797,802	\$3,811,082	\$3,793,591	\$3,793,591
Operating Income After Debt Service	(\$3,112,172)	(\$5,355,197)	(\$5,577,448)	(\$6,569,623)	(\$5,108,259)	(\$6,616,438)

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

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

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

^d Allocated expenses are not budgeted for in nor expensed to WestWorld General Fund operations, but are captured to provide truer costs of operations. FY 2016/17 and FY 2017/18 have been updated to show the correct amounts that had been inadvertently reported incorrectly in the March 2018 Monthly Financial Report.

^e Beginning in FY2016/17 the methodology to allocate Facilities Maintenance expenses was modified to better reflect the maintenance costs associated with WestWorld. The methodology now uses the proportion of WestWorld's square footage to that of the entire city's square footage and then applies that proportionate percentage to the Facilities Management Department's budget/actuals. FY 2016/17 and FY 2017/18 have been updated to show the correct amounts that had been inadvertently reported incorrectly in the March 2018 Monthly Financial Report.



WestWorld Statement of Operations

Statement of Operations for June 2018 / 12 Months YTD

	FY 2013/14 YTD Actual	FY 2014/15 YTD Actual	FY 2015/16 YTD Actual	FY 2016/17 YTD Actual	FY 2017/18 YTD Actual	FY 2017/18 Approved YTD Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Budget (Unfavorable) Percent
Operating Revenue								
Rental Facilities	\$2,050,602	\$2,134,970	\$2,205,750	\$2,604,680	\$2,542,842	\$2,516,504	\$26,338	1%
RV Rental	232,802	270,661	251,685	297,593	355,601	275,000	80,601	29%
Feed/Bedding Sales	548,330	499,691	566,127	463,286	523,261	600,000	(76,739)	(13%)
Labor Fees	266,860	240,173	301,429	352,088	404,957	350,000	54,957	16%
Concession Fees	191,380	354,902	487,513	392,106	472,875	525,000	(52,125)	(10%)
Parking	58,591	110,931	96,927	88,280	108,994	115,000	(6,006)	(5%)
Other Income	142,732	135,192	198,068	155,990	130,453	57,030	73,423	nm
Equidome Project Use Fee	75,000	555,000	315,000	360,000	360,000	360,000	-	-
Council Approved Authorized Carryover ^a	2,048,000	-	-	-	-	-	-	-
Operating Transfer In ^b	4,762	-	-	-	100,000	100,000	-	-
Operating Revenue	\$5,619,058	\$4,301,521	\$4,422,499	\$4,714,023	\$4,998,983	\$4,898,534	\$100,449	2%
Operating Expenses								
Personnel Services								
Wages/Salaries/Benefits	\$1,564,608	\$1,616,913	\$1,768,655	\$1,954,437	\$1,934,800	\$1,948,967	\$14,167	1%
Overtime	21,195	25,558	32,594	36,574	31,817	22,817	(9,000)	(39%)
Contractual Services								
Contractual Workers	84,004	92,292	81,775	114,025	139,522	140,000	478	0%
Telephone	32,164	30,650	21,015	28,381	34,182	40,486	6,304	16%
Utilities	1,016,731	1,219,326	1,174,779	1,247,702	1,354,976	1,354,976	-	-
Maintenance & Equipment Rental & Fleet	601,739	652,492	751,856	724,550	710,237	804,056	93,819	12%
License and Permits	73,018	73,356	76,684	158,548	160,727	167,966	7,239	4%
Property, Liability & Workers' Comp	30,724	37,376	51,525	62,401	76,025	76,025	-	-
Advertising/Marketing Contract	212,869	208,815	252,328	194,294	327,544	350,000	22,456	6%
Other	232,224	268,443	234,449	343,819	308,750	285,207	(23,543)	(8%)
Commodities and Capital Outlays								
Agriculture & Horticulture & Other Supply	128,597	71,411	103,461	137,506	114,194	131,545	17,351	13%
Maintenance & Repairs Supply, Equipment	74,067	84,344	116,413	125,083	83,417	152,035	68,618	45%
Inventory Purchased for Resale	260,507	304,481	294,103	273,513	259,279	332,750	73,471	22%
Construction - Other	10,695	-	21,428	-	21,126	20,750	(376)	(2%)
Other Expenses	35,951	45,959	64,193	76,182	39,036	33,690	(5,346)	(16%)
BOR Admin								
BOR Admin/WestWorld	134,010	140,710	147,746	155,133	162,889	162,889	-	(0%)
Allocated Expenses ^d								
Facilities Maintenance ^e	402,988	713,808	670,566	1,470,031	1,266,796	1,266,796	-	-
COS Indirect Costs	255,887	276,504	338,575	370,385	430,425	430,425	-	-
Operating Expenses	\$5,171,979	\$5,862,440	\$6,202,145	\$7,472,564	\$7,455,742	\$7,721,381	\$265,638	3%
Operating Income	\$447,079	(\$1,560,919)	(\$1,779,646)	(\$2,758,541)	(\$2,456,760)	(\$2,822,847)	\$366,087	13%
Debt Service (Less contributions)								
Debt Service - (52 & 17 acres)	\$2,012,576	\$2,250,353	\$2,273,677	\$2,304,207	\$2,314,216	\$2,314,216	\$ -	-
Debt Service - TNEC (\$41.935M)	1,546,675	1,543,925	1,524,125	1,506,875	1,479,375	1,479,375	-	-
Debt Service - TNEC Tourism Funded	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	-	-
Bed Tax Contributions - TNEC	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	-	-
Net Debt Service	\$3,559,251	\$3,794,278	\$3,797,802	\$3,811,082	\$3,793,591	\$3,793,591	\$ -	-
Operating Income After Debt Service	(\$3,112,172)	(\$5,355,197)	(\$5,577,448)	(\$6,569,623)	(\$6,250,350)	(\$6,616,438)	\$366,087	13%

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

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

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Privilege (Sales) & Use Tax Collections For June 2018

(For Business Activity in June 2018)

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

The fiscal year to date Privilege and Use Tax (1.0 percent General Purpose) collections increased 6 percent compared to the Budget, and increased 13 percent compared to the same period a year ago.

Privilege (Sales) & Use Tax by Category and Fund

Fiscal Year-to-Date: June 2018						
	2015/16 Actual	2016/17 Actual	2017/18 Actual	2017/18 Budget	Actual vs. Budget	
					Favorable/(Unfavorable) Amount	Percent
1.00% General Purpose						
Rentals	\$14.5	\$13.8	\$17.2	\$14.9	\$2.3	16%
Misc. Retail Stores	18.3	18.4	21.0	20.2	0.8	4%
Major Dept. Stores	9.3	9.0	9.9	9.5	0.5	5%
Automotive	14.5	14.9	16.4	14.2	2.2	16%
Food Stores	7.1	6.8	7.8	7.5	0.3	3%
Construction	10.3	9.3	10.2	10.2	0.0	0%
Dining/ Entertainment	9.8	9.7	10.8	10.8	0.1	0%
Other Activity	11.2	10.1	11.7	11.2	0.5	5%
Hotel/Motel	5.5	6.4	6.6	6.4	0.2	4%
Utilities	4.5	4.6	5.0	5.1	(0.1)	-1%
Subtotal	\$105.0	\$103.1	\$116.7	\$109.9	\$6.8	6%
0.10% Public Safety	\$10.3	\$10.2	\$11.5	\$10.8	\$0.7	6%
0.20% Transportation	19.9	19.7	22.0	20.9	1.1	5%
0.20% McDowell Preserve 1995	20.6	20.4	22.9	21.6	1.3	6%
0.15% McDowell Preserve 2004	15.4	15.3	17.2	16.2	1.0	6%
Total	\$171.3	\$168.3	\$190.3	\$179.4	\$11.0	6%
% Change vs. Prior Year	5%	-2%	13%	7%		

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 \$2.3 million or 16%: The variance is due in part due to increases in the residential real property rentals and personal property rentals.

Miscellaneous Retail Stores Sales Taxes

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

Actual to Revised Budget variance of \$0.8 million or 4%: The variance is due in part to an increase in online shopping.

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%: The variance is due in part to better than predicted holiday and after holiday sales.

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 \$2.2 million or 16%: The variance is due in part to several car dealers remaining in the City longer than originally anticipated prior to their move to the Scottsdale Autoshow at Salt River. This is also due in part to better sales than predicted.

Food Stores Sales Taxes

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

Actual to Revised Budget variance of \$0.3 million or 3%: 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 \$0.0 million or 0%: No explanation necessary.

Dining/Entertainment Sales Taxes

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

Actual to Revised Budget variance of \$0.1 million or 0%: Normal business fluctuations.

Other Activity Sales Taxes

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

Actual to Revised Budget variance of \$0.5 million or 5%: This is due in part to an increase in license fees over the prior year.

Hotel/Motel Sales Taxes

This category includes lodging space rental on a short-term basis and other activities provided at the hotel/motel.

Actual to Revised Budget variance of \$0.2 million or 4%: Normal business fluctuations.

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 (1%): This is due in part to a decrease in tax collections in the telecommunications sector due to continued competition in cellular phone plans and people no longer keeping their landlines.



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

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

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

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

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

OTHER FUNDS

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

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

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

Water & Water Reclamation Funds

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

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



Aviation Fund

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

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

Solid Waste Fund

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

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

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

Fleet Fund

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

Risk Fund

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

Healthcare Self Insurance Fund

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