

Monthly Financial Report

Fiscal Year to Date as
of December 31, 2017



Scottsdale Airport Operations Center

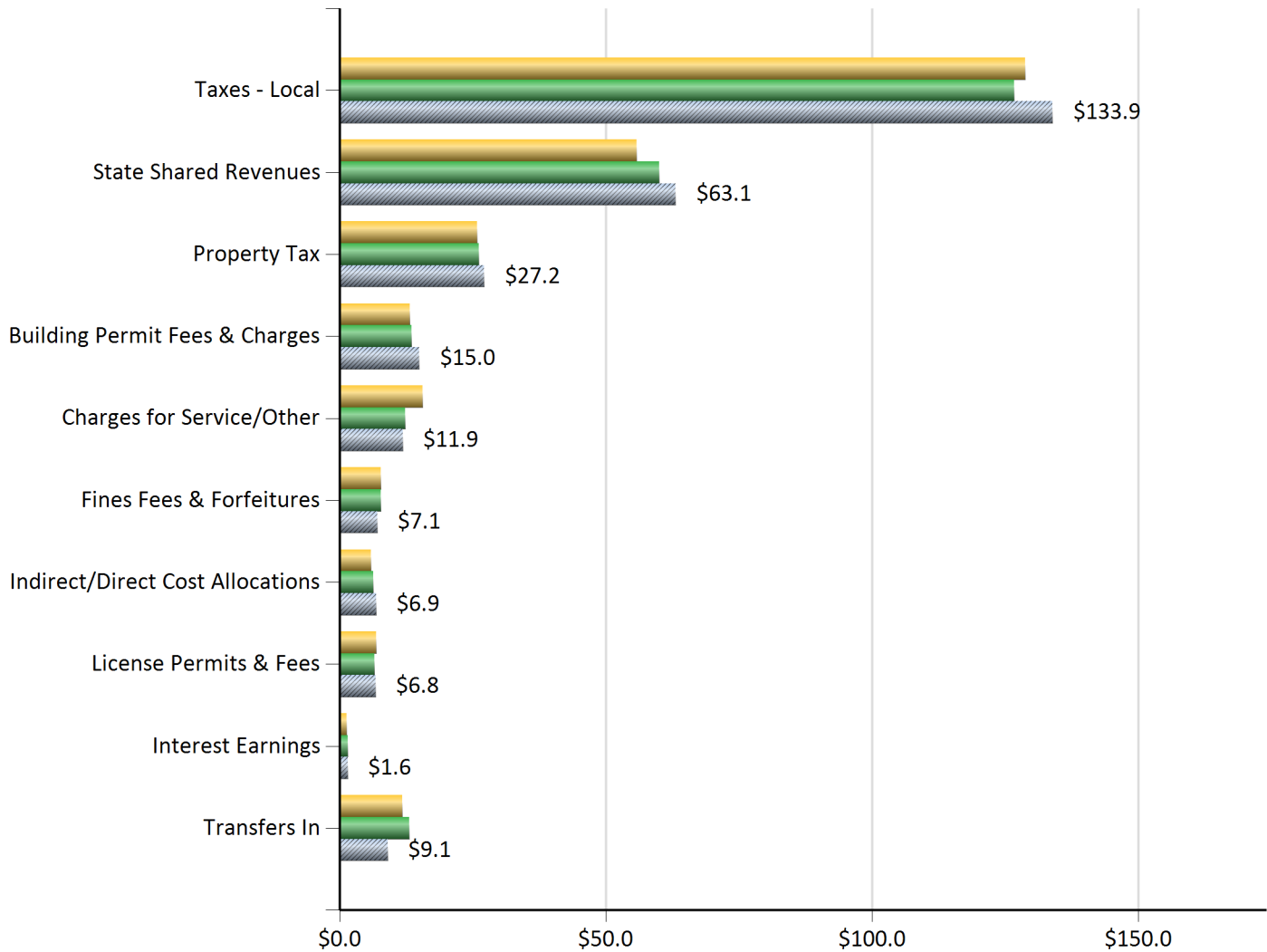
Report to the City Council
Prepared by the City Treasurer
February 20, 2018



Sources

General Fund

Twelve Months: Fiscal Year

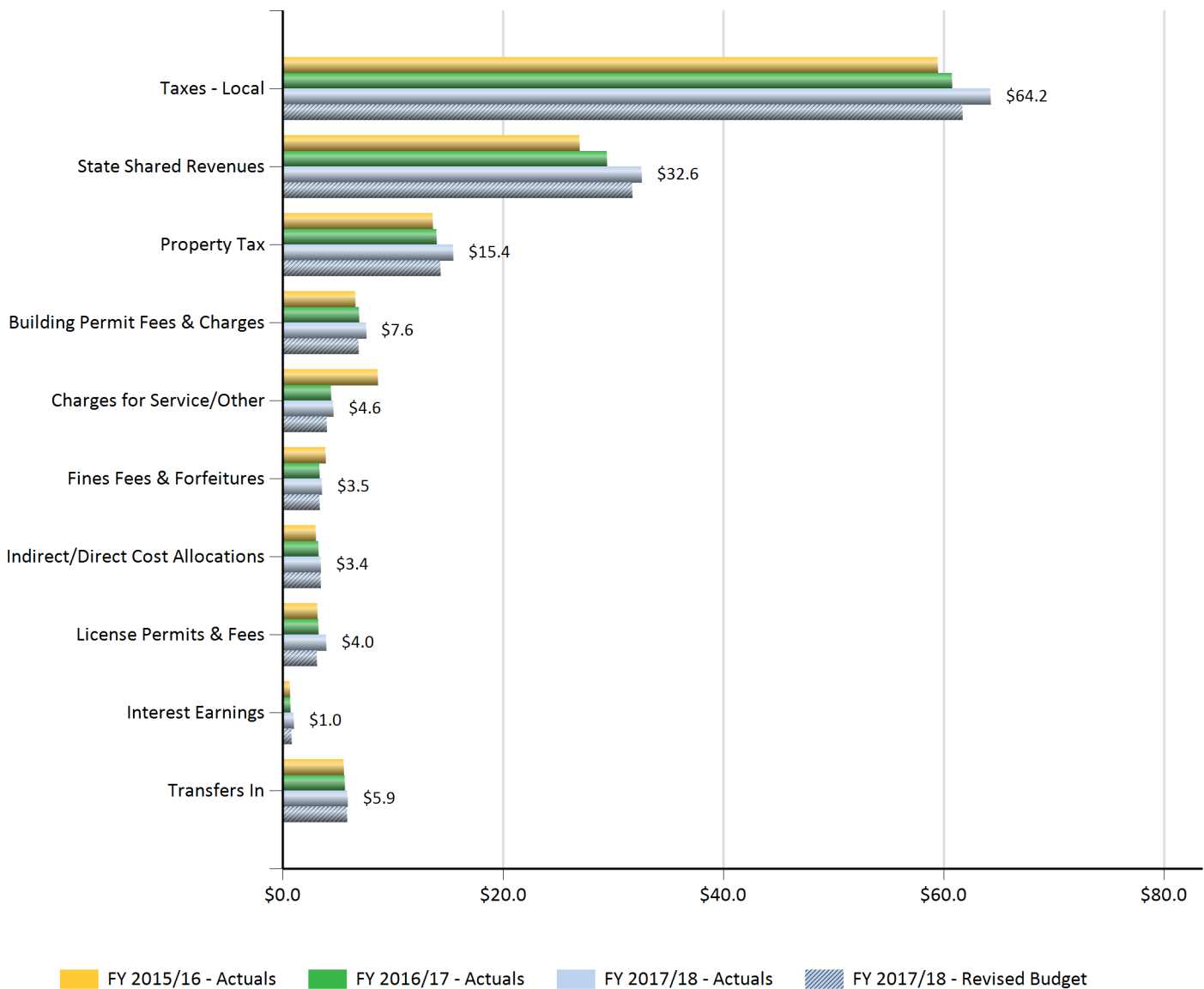


■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ▨ FY 2017/18 - Revised Budget

	FY 2015/16 <u>Actuals</u>	FY 2016/17 <u>Actuals</u>	FY 2017/18 <u>Revised Budget</u>
Taxes - Local	\$128.8	\$126.7	\$133.9
State Shared Revenues	55.8	60.1	63.1
Property Tax	25.9	26.2	27.2
Building Permit Fees & Charges	13.2	13.5	15.0
Charges for Service/Other	15.6	12.3	11.9
Fines Fees & Forfeitures	7.8	7.7	7.1
Indirect/Direct Cost Allocations	6.0	6.4	6.9
License Permits & Fees	6.9	6.6	6.8
Interest Earnings	1.4	1.6	1.6
Transfers In	11.8	13.1	9.1
Total Sources	\$273.1	\$274.3	\$282.6



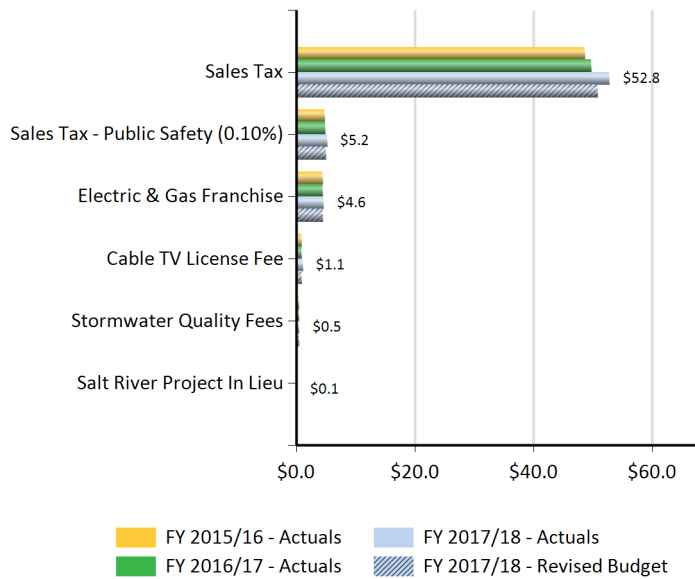
Sources (Fiscal Year to Date: December 2017)



	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Taxes - Local	\$59.4	\$60.7	\$64.2	\$61.7	\$2.6	4%
State Shared Revenues	27.0	29.4	32.6	31.7	0.8	3%
Property Tax	13.6	14.0	15.4	14.3	1.1	8%
Building Permit Fees & Charges	6.6	6.9	7.6	6.9	0.7	10%
Charges for Service/Other	8.6	4.4	4.6	4.0	0.6	16%
Fines Fees & Forfeitures	3.9	3.3	3.5	3.4	0.2	6%
Indirect/Direct Cost Allocations	3.0	3.2	3.4	3.4	-	-
License Permits & Fees	3.1	3.2	4.0	3.1	0.8	27%
Interest Earnings	0.6	0.7	1.0	0.8	0.2	23%
Transfers In	5.5	5.6	5.9	5.8	0.1	1%
Total Sources	\$131.3	\$131.6	\$142.2	\$135.1	\$7.1	5%



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



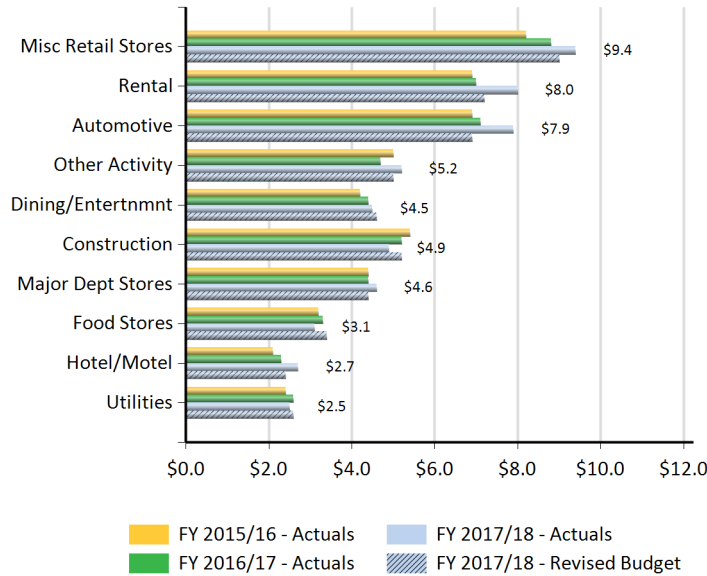
Actual to Revised Budget variance of \$2.6 million or 4%:

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 5. Electric & Gas Franchise is favorable due to APS' quarterly franchise payment being higher than expected. The favorable variance in Cable TV License Fee is due to one payment for Cable Franchise Fees related to FY 2016/17 being received in 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
Sales Tax	\$48.7	\$49.8	\$52.8	\$50.8	\$2.0	4%
Sales Tax - Public Safety (0.10%)	4.8	4.9	5.2	5.0	0.2	4%
Electric & Gas Franchise	4.5	4.5	4.6	4.5	0.2	4%
Cable TV License Fee	0.9	0.9	1.1	0.9	0.2	24%
Stormwater Quality Fees	0.5	0.5	0.5	0.5	-	-
Salt River Project In Lieu	0.1	0.1	0.1	0.1	-	-
Taxes - Local Total	\$59.4	\$60.7	\$64.2	\$61.7	\$2.6	4%



Sales Tax (Fiscal Year to Date: December 2017)



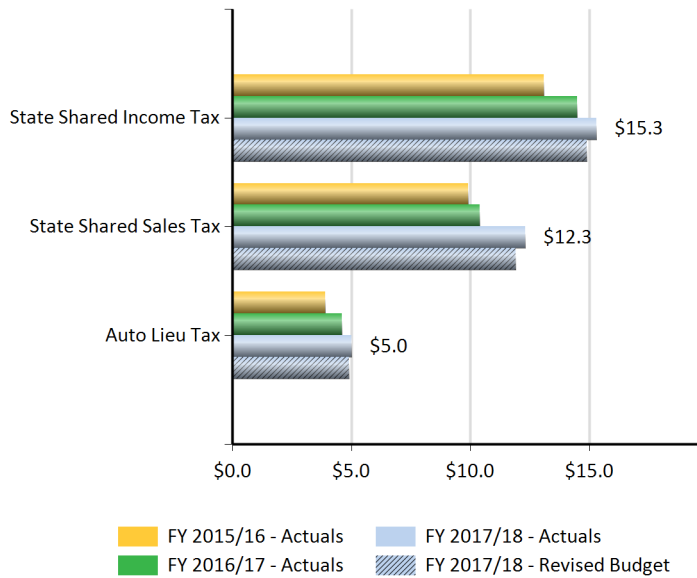
Actual to Revised Budget variance of \$2.0 million or 4%:

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." Additionally, the favorable variance in Rental is also due to increases in the residential real estate property rentals and personal property rentals. The additional favorable variance in Automotive is due to several car dealers remaining in the city longer than originally anticipated prior to their move to the Scottsdale Autoshow at Salt River. Finally, the additional favorable variance in Hotel/Motel is due to a taxpayer (hotel) that has been paying taxes to the city in error, which will be corrected in the coming months. These variances are partly offset by the unfavorable variance in Food Stores caused by some taxpayers not reporting food for home consumption on their tax returns. This will also be corrected in a future period.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Misc Retail Stores	\$8.2	\$8.8	\$9.4	\$9.0	\$0.4	4%
Rental	6.9	7.0	8.0	7.2	0.9	12%
Automotive	6.9	7.1	7.9	6.9	1.0	14%
Other Activity	5.0	4.7	5.2	5.0	0.2	4%
Dining/Entertnmnt	4.2	4.4	4.5	4.6	(0.2)	(4%)
Construction	5.4	5.2	4.9	5.2	(0.4)	(7%)
Major Dept Stores	4.4	4.4	4.6	4.4	0.2	4%
Food Stores	3.2	3.3	3.1	3.4	(0.3)	(8%)
Hotel/Motel	2.1	2.3	2.7	2.4	0.3	13%
Utilities	2.4	2.6	2.5	2.6	(0.1)	(5%)
Sales Tax Total	\$48.7	\$49.8	\$52.8	\$50.8	\$2.0	4%



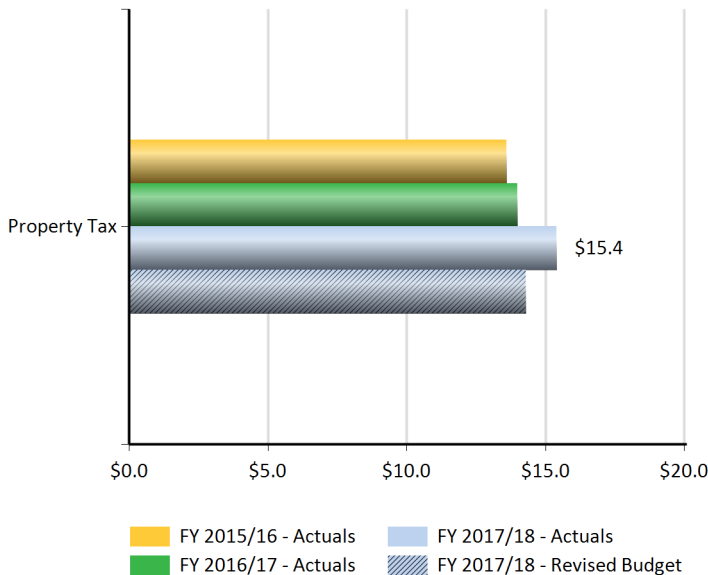
State Shared Revenues (Fiscal Year to Date: December 2017)



Actual to Revised Budget variance of \$0.8 million or 3%:
Favorable variances in State Shared Income Tax and State Shared Sales Tax are due to 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 Income Tax	\$13.1	\$14.5	\$15.3	\$14.9	\$0.4	3%
State Shared Sales Tax	9.9	10.4	12.3	11.9	0.3	3%
Auto Lieu Tax	3.9	4.6	5.0	4.9	0.1	2%
State Shared Revenues Total	\$27.0	\$29.4	\$32.6	\$31.7	\$0.8	3%

Property Tax (Fiscal Year to Date: December 2017)



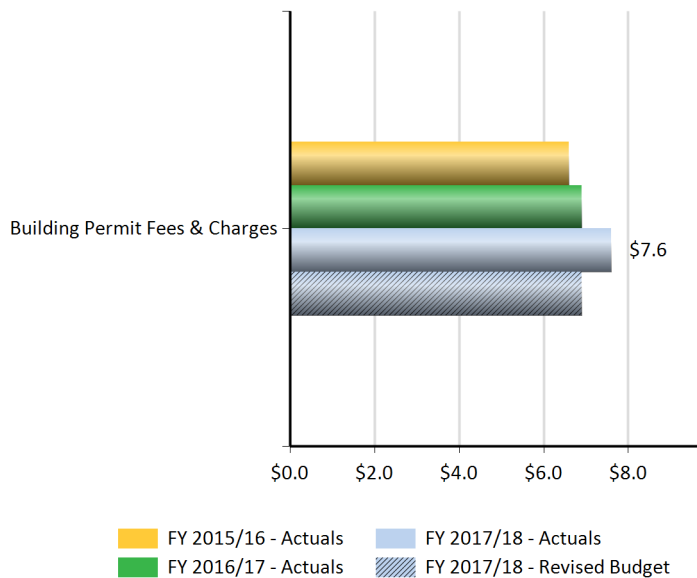
Actual to Revised Budget variance of \$1.1 million or 8%:
The favorable variance is due to the budget spread, which is based on the way people paid last year and may vary year over year. Property owners have the option to pay in one or two installments (October or October & April/May).

	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	\$13.6	\$14.0	\$15.4	\$14.3	\$1.1	8%
Property Tax Total	\$13.6	\$14.0	\$15.4	\$14.3	\$1.1	8%



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

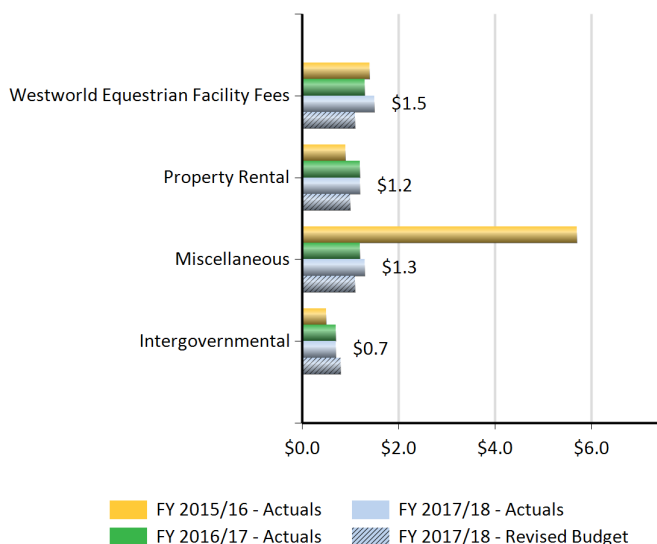
Actual to Revised Budget variance of \$0.7 million or 10%:
 Favorable variance is due to single family residential Building Permits for new construction being higher than anticipated. The demand is continuing to outpace the new and resale inventory.



	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	\$6.6	\$6.9	\$7.6	\$6.9	\$0.7	10%
Building Permit Fees & Charges Total	\$6.6	\$6.9	\$7.6	\$6.9	\$0.7	10%

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

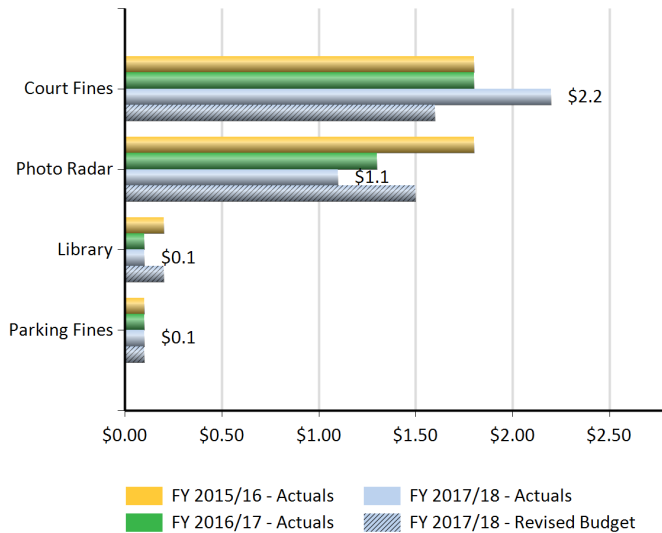
Actual to Revised Budget variance of \$0.6 million or 16%:
 The favorable variance in Westworld Equestrian Facility Fees is due to the timing in receipts from FY 2017/18 events at WestWorld that are budgeted in later periods. Property Rental is favorable due to cell tower lease payments being received upfront for the entire fiscal year. Miscellaneous is favorable due to reimbursements received for assisting with fires around the state and revenue from the Mobile Integrated Health Program which was unbudgeted in FY 2017/18. Intergovernmental is unfavorable due to the Palomino Library Intergovernmental agreement with Scottsdale Unified School District only receiving partial payment because the agreement was approved by Council for only half of the fiscal year. The FY 2015/16 actuals include one-time Miscellaneous revenue from the sale of the HR and graphics buildings.



	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	\$1.4	\$1.3	\$1.5	\$1.1	\$0.4	35%
Property Rental	0.9	1.2	1.2	1.0	0.2	16%
Miscellaneous	5.7	1.2	1.3	1.1	0.1	13%
Intergovernmental	0.5	0.7	0.7	0.8	(0.1)	(7%)
Charges for Service/Other Total	\$8.6	\$4.4	\$4.6	\$4.0	\$0.6	16%



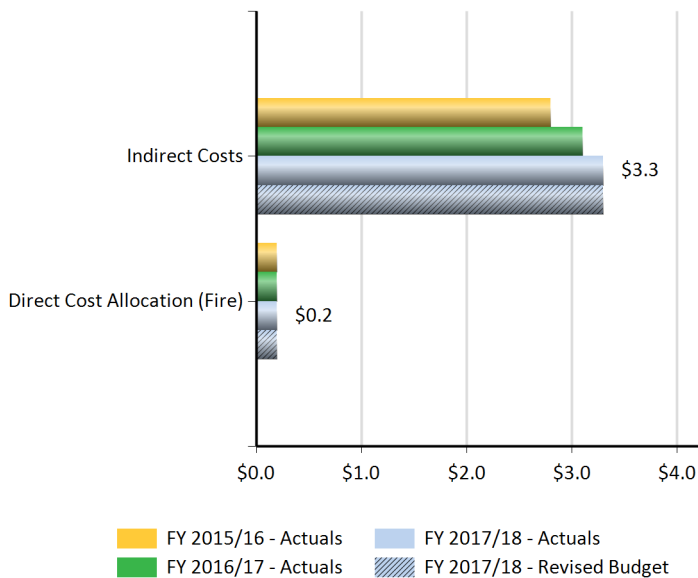
Fines Fees & Forfeitures (Fiscal Year to Date: December 2017)



Actual to Revised Budget variance of \$0.2 million or 6%: Favorable variance in Court Fines is primarily due to a higher than anticipated number of civil and criminal case filings. Additionally, the court is receiving more payments to satisfy defaults as a result of the Compliance Assistance Program. 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 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Court Fines	\$1.8	\$1.8	\$2.2	\$1.6	\$0.5	32%
Photo Radar	1.8	1.3	1.1	1.5	(0.4)	(24%)
Library	0.2	0.1	0.1	0.2	-	-
Parking Fines	0.1	0.1	0.1	0.1	-	-
Fines Fees & Forfeitures Total	\$3.9	\$3.3	\$3.5	\$3.4	\$0.2	6%

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

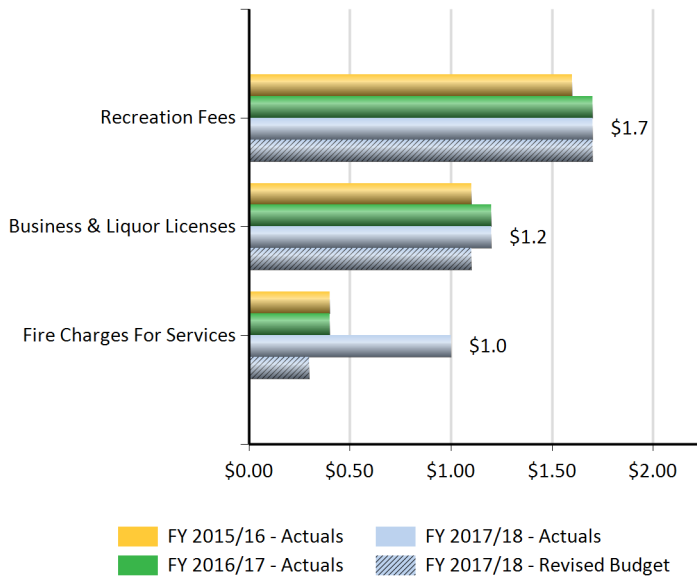


Actual to Revised Budget variance of \$0.0 million or 0%: No explanation necessary.

	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	\$2.8	\$3.1	\$3.3	\$3.3	\$ -	-
Direct Cost Allocation (Fire)	0.2	0.2	0.2	0.2	-	-
Indirect/Direct Cost Allocations Total	\$3.0	\$3.2	\$3.4	\$3.4	\$ -	-



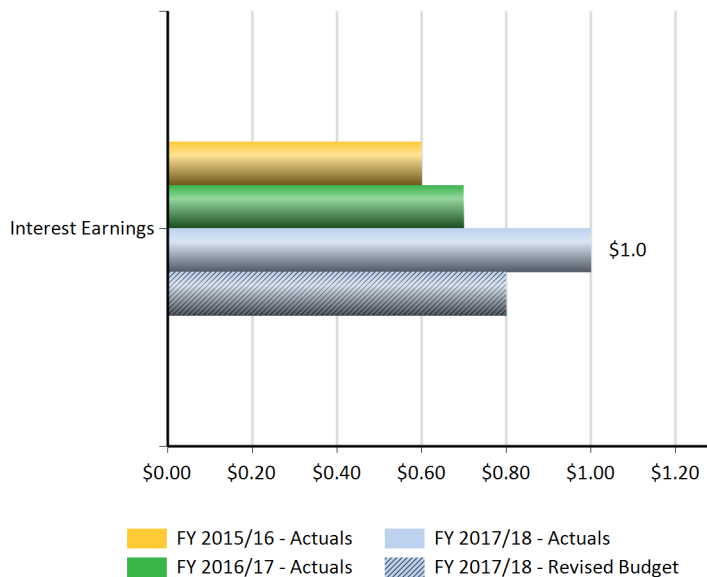
License Permits & Fees (Fiscal Year to Date: December 2017)



Actual to Revised Budget variance of \$0.8 million or 27%: Business & Liquor Licenses is favorable because revenue for Alarm Permits and False Alarm Fees that was expected in FY 2016/17 was instead received in FY 2017/18. Fire Charges For Services is favorable due to the Fire's Paramedic in Training (PMT) contract renewal, which resulted in 100% recovery of revenue for Advanced Life Support (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
Recreation Fees	\$1.6	\$1.7	\$1.7	\$1.7	\$ -	-
Business & Liquor Licenses	1.1	1.2	1.2	1.1	0.1	5%
Fire Charges For Services	0.4	0.4	1.0	0.3	0.7	nm
License Permits & Fees Total	\$3.1	\$3.2	\$4.0	\$3.1	\$0.8	27%

Interest Earnings (Fiscal Year to Date: December 2017)



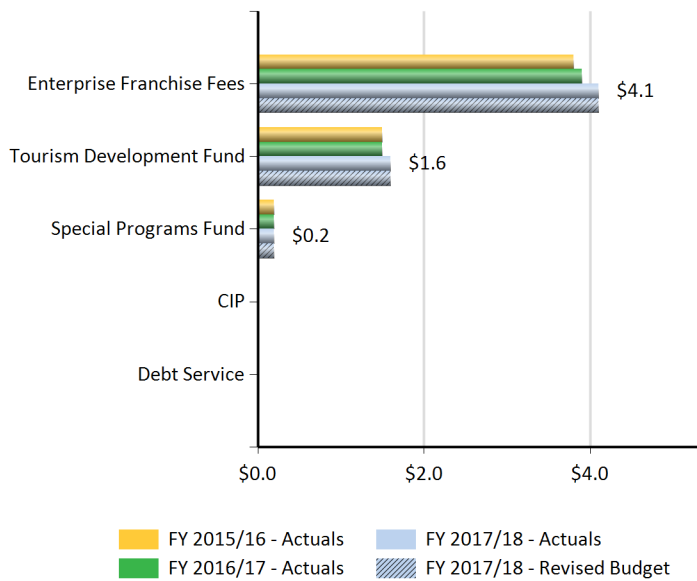
Actual to Revised Budget variance of \$0.2 million or 23%: Favorable variance is based on higher return on investment than expected due to strong market conditions.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Interest Earnings	\$0.6	\$0.7	\$1.0	\$0.8	\$0.2	23%
Interest Earnings Total	\$0.6	\$0.7	\$1.0	\$0.8	\$0.2	23%



Transfers In (Fiscal Year to Date: December 2017)

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



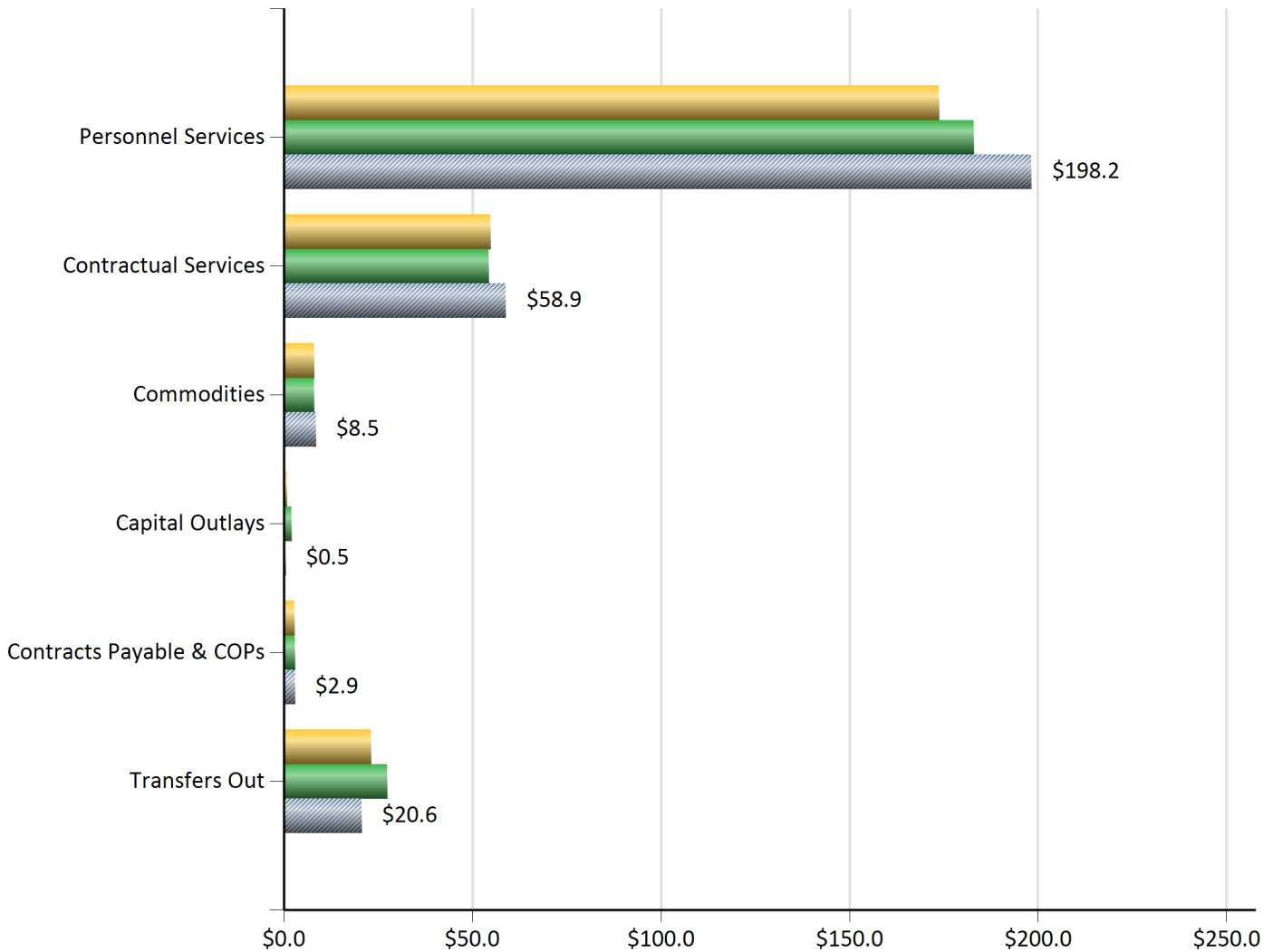
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Enterprise Franchise Fees	\$3.8	\$3.9	\$4.1	\$4.1	\$0.1	2%
Tourism Development Fund	1.5	1.5	1.6	1.6	-	-
Special Programs Fund	0.2	0.2	0.2	0.2	-	-
CIP	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Transfers In Total	\$5.5	\$5.6	\$5.9	\$5.8	\$0.1	1%



Uses

General Fund

Twelve Months: Fiscal Year



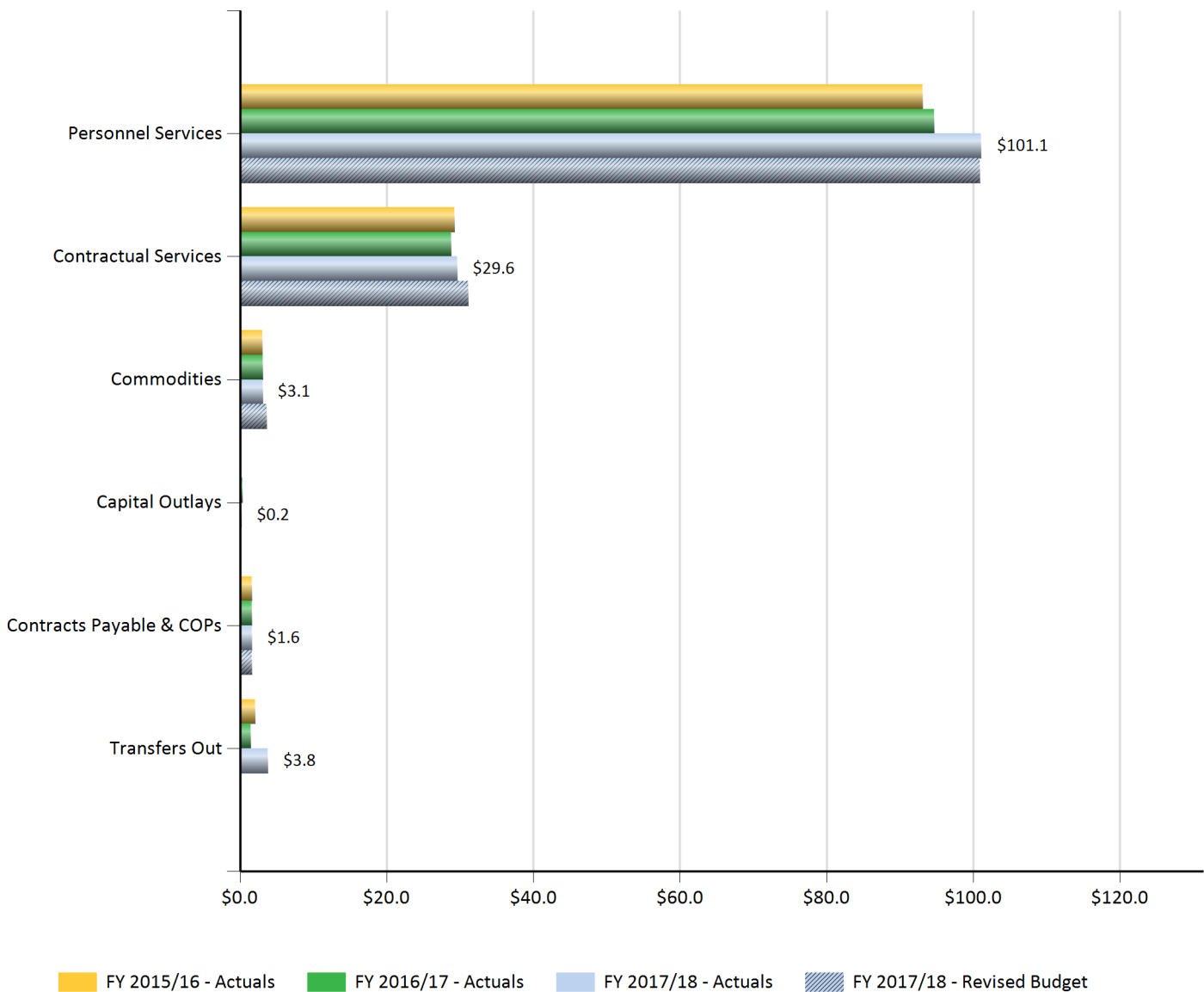
■ FY 2015/16 - Actuals
 ■ FY 2016/17 - Actuals
 ▨ *FY 2017/18 - Revised Budget

	FY 2015/16 <u>Actuals</u>	FY 2016/17 <u>Actuals</u>	FY 2017/18 <u>Revised Budget</u>
Personnel Services	\$173.7	\$183.1	\$198.2
Contractual Services	54.7	54.4	58.9
Commodities	8.0	8.1	8.5
Capital Outlays	0.8	2.1	0.5
Contracts Payable & COPs	2.8	2.9	2.9
Transfers Out	23.1	27.4	20.6
Total Uses	\$263.1	\$277.8	\$289.5

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



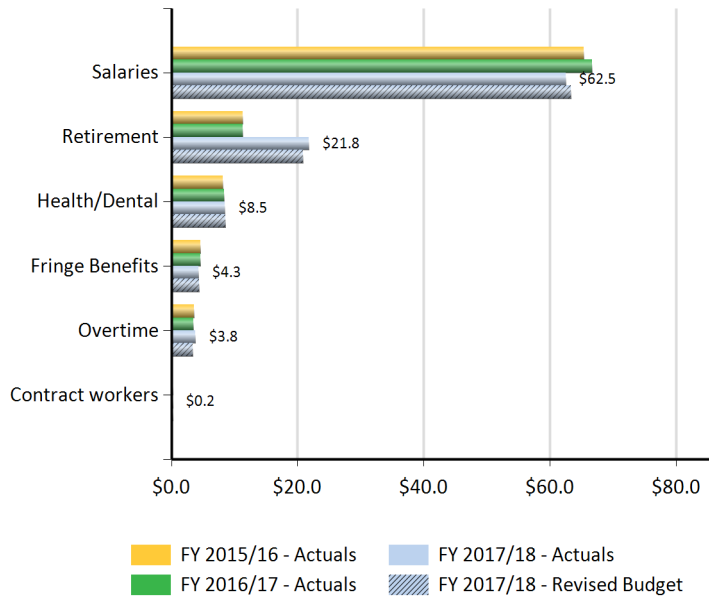
Uses (Fiscal Year to Date: December 2017)



	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$93.1	\$94.7	\$101.1	\$100.9	(\$0.2)	0%
Contractual Services	29.2	28.8	29.6	31.2	1.5	5%
Commodities	3.0	3.1	3.1	3.6	0.6	15%
Capital Outlays	0.1	0.3	0.2	-	(0.2)	nm
Contracts Payable & COPs	1.6	1.6	1.6	1.6	-	-
Transfers Out	2.0	1.4	3.8	-	(3.8)	n/a
Total Uses	\$129.0	\$129.9	\$139.4	\$137.4	(\$2.0)	(1%)



Personnel Services (Fiscal Year to Date: December 2017)



Actual to Revised Budget variance of (\$0.2) million or 0%: 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 through December in FY's 2015/16 and 2016/17. Retirement is \$7.7 million more in FY 2017/18 than FY 2016/17 due to the Parker Case Ruling which resulted in a refunding of prior year retirement contributions for public safety sworn staff hired before July 1, 2012 and elected officials. The refund was budgeted at a macro-level initially in FY 2017/18 but was moved to the respective divisions in July. An interest payment of \$1 million associated with the case came due in December causing an unfavorable variance in retirement. Overtime has an unfavorable variance due to large police cases, and a shortfall in Fire Department constant staffing where a total of 22 firefighters are on leave, including 12 firefighters on worker's compensation for injuries, three on off-duty injuries, three on FMLA and four recruits filling vacancies.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Salaries	\$65.4	\$66.7	\$62.5	\$63.4	\$0.9	1%
Retirement	11.3	11.3	21.8	20.9	(0.8)	(4%)
Health/Dental	8.2	8.4	8.5	8.6	0.1	2%
Fringe Benefits	4.6	4.6	4.3	4.4	-	-
Overtime	3.6	3.5	3.8	3.4	(0.4)	(13%)
Contract workers	0.1	0.2	0.2	0.2	-	-
Personnel Services Total	\$93.1	\$94.7	\$101.1	\$100.9	(\$0.2)	0%

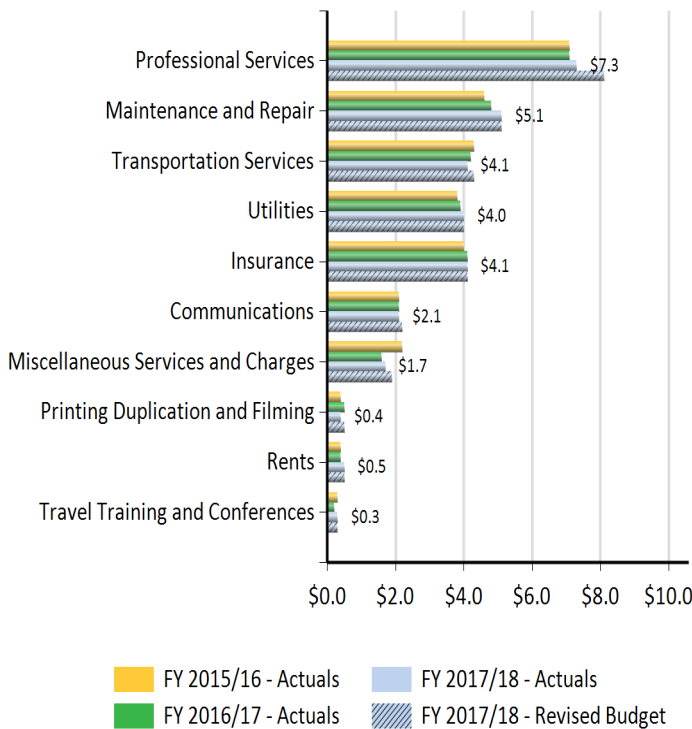
Macro Personnel Adjustments

	2015/16 Actual	2016/17 Actual	2017/18 Adopted Budget	2017/18 Year-To-Date	
				Saved/(Used)	Remaining
3% Pay for Performance	\$3.0	\$2.6	\$2.2	(\$2.1)	\$ 0.1
5% Step - Fire	-	0.9	0.8	(0.8)	-
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)	2.4	(1.5)
Medical Leave Payouts	1.0	1.0	1.4	(0.3)	1.1
Vacation Leave Payouts	0.9	0.6	0.8	(0.3)	0.5
Parker Case Ruling	-	-	7.8	(7.7)	-
Total Vacancy Savings/Payouts	\$0.9	\$0.6	\$11.0	(\$10.4)	\$0.6

Total Saved/(Used) YTD of (\$10.4) million: The city has achieved \$2.4 million in vacancy savings year-to-date offset by (\$0.6) 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 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 has settled for a payout of \$7.7 million in retirement funds to sworn employees and elected officials.



Contractual Services (Fiscal Year to Date: December 2017)

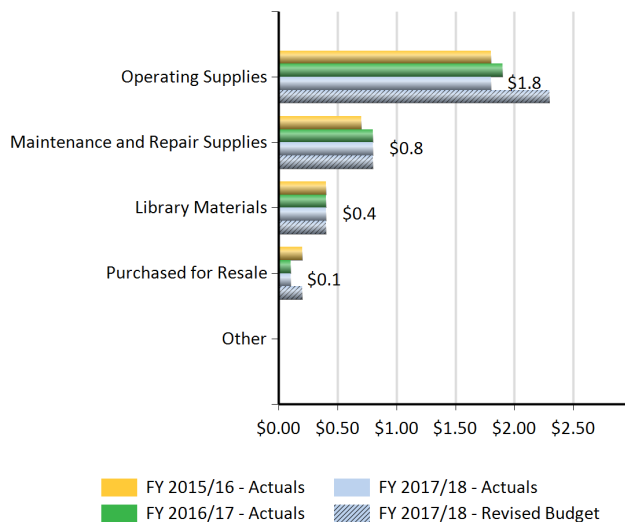


Actual to Revised Budget variance of \$1.5 million or 5%: Professional Services is favorable mainly due to the timing of invoices. In addition, banking services costs and litigation expenses are coming in less than expected and invoices from the Photo Enforcement Contract have been coming in less than budgeted due to a number of photo enforcement cameras being turned off while a new contract was negotiated, resulting in fewer citations issued. Professional Services is also favorable due to lower participation in Adult Sports and Leisure Ed programs and classes. As a result, fewer instructors were needed than expected. The favorable variance is partially offset by the inadvertent reduction of the advertising budget in Westworld and the underbudgeting of custodial services for special events. While Maintenance and Repair is showing a net zero variance, there is a large unfavorable variance due to the timing of several major Facilities maintenance projects. This is offset by favorable variances due to the installation of auto locking gates at dog parks and maintenance projects in Downtown Scottsdale being delayed and lower than expected Fleet Maintenance & Repair expenses in several divisions. Transportation Services is favorable mainly due to lower fleet maintenance costs in Public Safety-Fire than anticipated. Miscellaneous Services and Charges is favorable mainly due to lower than anticipated seasonal lighting expenses. Printing Duplication and Filming is favorable because of small favorable variances across many divisions. Finally, Travel Training and Conferences is favorable mainly due to fewer conferences and trainings being attended than expected up to this point in the fiscal year.

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget	
					Favorable / (Unfavorable) Amount	Percent
Professional Services	\$7.1	\$7.1	\$7.3	\$8.1	\$0.8	10%
Maintenance and Repair	4.6	4.8	5.1	5.1	-	-
Transportation Services	4.3	4.2	4.1	4.3	0.2	5%
Utilities	3.8	3.9	4.0	4.0	-	-
Insurance	4.0	4.1	4.1	4.1	-	-
Communications	2.1	2.1	2.1	2.2	0.1	4%
Miscellaneous Services and Charges	2.2	1.6	1.7	1.9	0.2	8%
Printing Duplication and Filming	0.4	0.5	0.4	0.5	0.1	18%
Rents	0.4	0.4	0.5	0.5	-	-
Travel Training and Conferences	0.3	0.2	0.3	0.3	0.1	23%
Contractual Services Total	\$29.2	\$28.8	\$29.6	\$31.2	\$1.5	5%



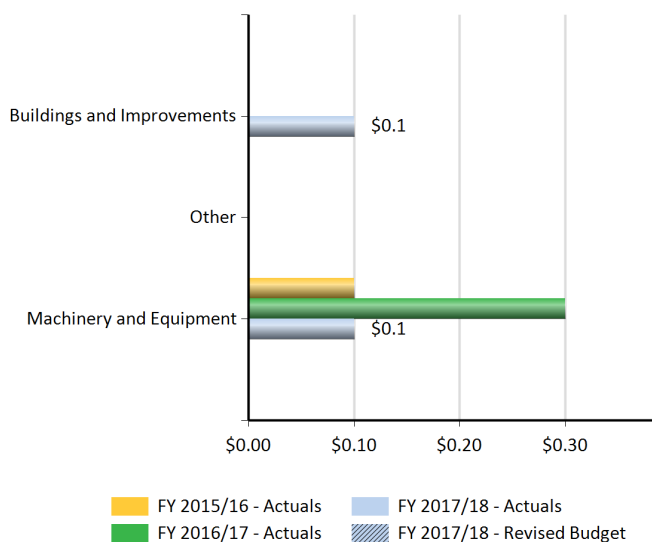
Commodities (Fiscal Year to Date: December 2017)



Actual to Revised Budget variance of \$0.6 million or 15%: Operating Supplies is favorable mainly due to a delay in purchasing recreation amenities and light poles in Community Services, lower than anticipated need for personal protective equipment in Public Safety-Fire and the lower than expected need for furniture, operating supplies and other equipment in several divisions.

	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	\$1.8	\$1.9	\$1.8	\$2.3	\$0.5	20%
Maintenance and Repair Supplies	0.7	0.8	0.8	0.8	-	-
Library Materials	0.4	0.4	0.4	0.4	-	-
Purchased for Resale	0.2	0.1	0.1	0.2	-	-
Other	-	-	-	-	-	-
Commodities Total	\$3.0	\$3.1	\$3.1	\$3.6	\$0.6	15%

Capital Outlays (Fiscal Year to Date: December 2017)



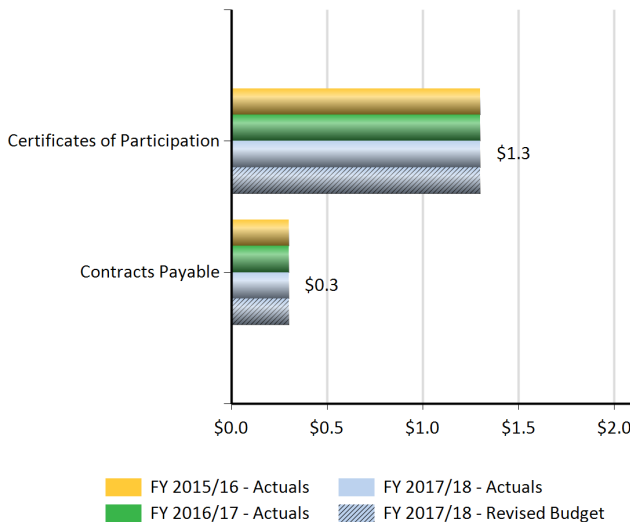
Actual to Revised Budget variance of (\$0.2) million or nm: Unfavorable variance in Buildings and Improvements is primarily due to the remodel and remediation cost associated with the purchase of a compressor that was budgeted in Commodities but was charged to Capital Outlays. Additionally, the purchase of Fire Alarm & Panel replacements for One Civic Center and Civic Center Library also contributed to the unfavorable variance. The unfavorable variance in Machinery and Equipment is mostly due to the unplanned purchases of computer equipment in Planning & Development and a thermal camera in Public Safety - Fire.

	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	\$ -	\$ -	\$0.1	\$ -	(\$0.1)	n/a
Other	-	-	-	-	-	-
Machinery and Equipment	0.1	0.3	0.1	-	(0.1)	nm
Capital Outlays Total	\$0.1	\$0.3	\$0.2	\$0.0	(\$0.2)	nm



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

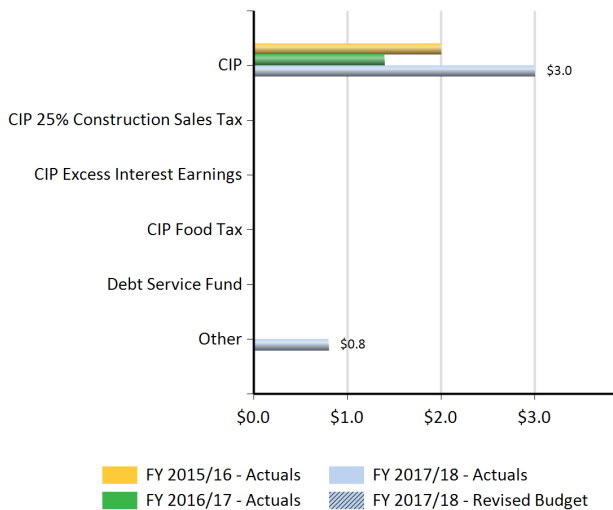
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation necessary.



	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Certificates of Participation	\$1.3	\$1.3	\$1.3	\$1.3	\$ -	-
Contracts Payable	0.3	0.3	0.3	0.3	-	-
Contracts Payable & COPs Total	\$1.6	\$1.6	\$1.6	\$1.6	\$ -	-

Transfers Out (Fiscal Year to Date: December 2017)

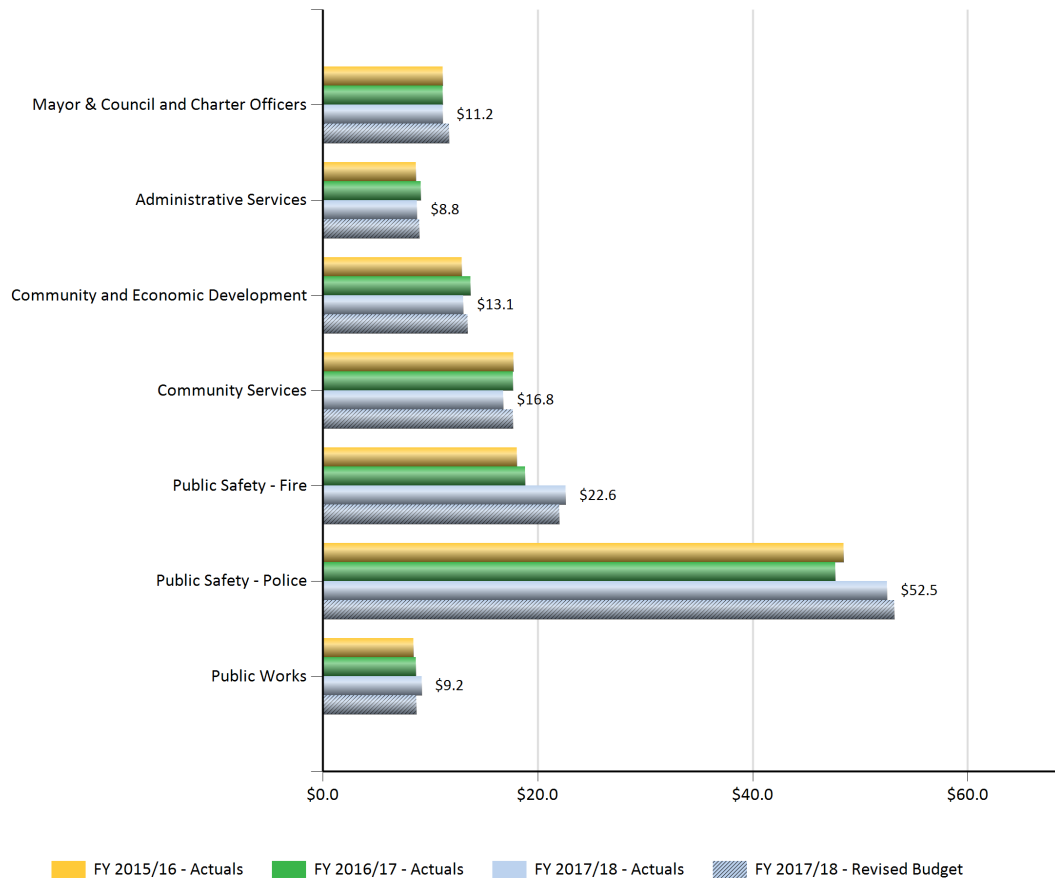
Actual to Revised Budget variance of (\$3.8) million or n/a:
The unfavorable variance is due to Council approved transfers from the General Fund undesignated, unreserved fund balance to the CIP to fund one newly created and one existing flood control project and to the Downtown Cultural Trust for public art contributions associated with a large development project.



	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
CIP	\$2.0	\$1.4	\$3.0	\$ -	(\$3.0)	n/a
CIP 25% Construction Sales Tax	-	-	-	-	-	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-
Other	-	-	0.8	-	(0.8)	n/a
Transfers Out Total	\$2.0	\$1.4	\$3.8	\$0.0	(\$3.8)	n/a



Division Expenditures (Fiscal Year to Date: December 2017)



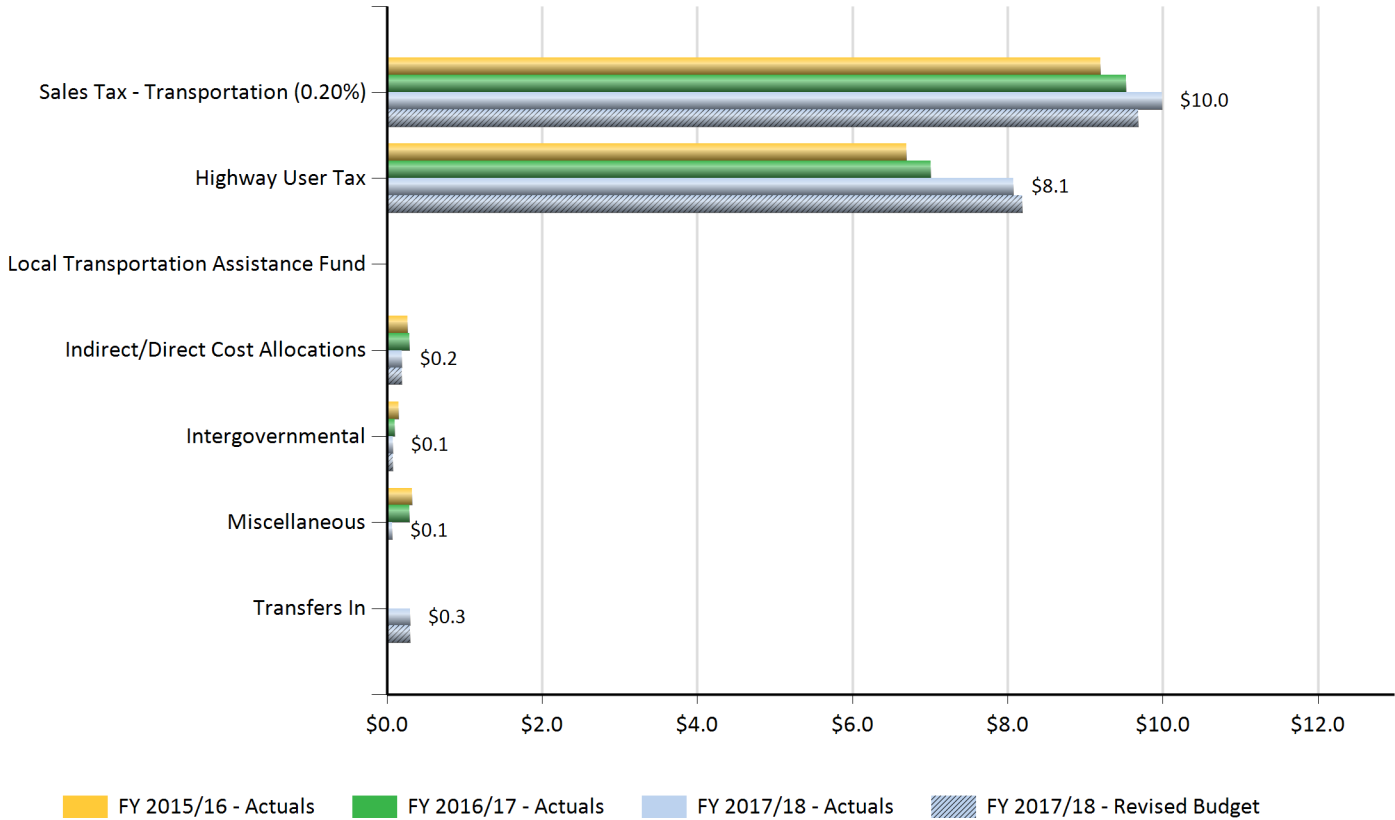
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$11.2	\$11.1	\$11.2	\$11.8	\$0.6	5%
Administrative Services	8.7	9.1	8.8	9.0	0.2	2%
Community and Economic Development	12.9	13.8	13.1	13.5	0.4	3%
Community Services	17.7	17.7	16.8	17.7	0.9	5%
Public Safety - Fire	18.1	18.8	22.6	22.0	(0.6)	(3%)
Public Safety - Police	48.5	47.7	52.5	53.2	0.7	1%
Public Works	8.4	8.7	9.2	8.7	(0.5)	(5%)
Total	\$125.4	\$126.9	\$134.0	\$135.8	\$1.8	1%

Actual to Revised Budget variance of \$1.8 million or 1%:

Mayor & Council and Charter Officers is favorable mainly due to City Treasurer banking services and software maintenance and licensing costs being less than anticipated, City Attorney vacant positions savings and the timing of invoices in City Manager. Administrative Services is favorable due to the timing of invoices, lower than expected postage & shipping and equipment maintenance costs and savings in the data center resiliency project. Community and Economic Development is favorable due to the timing of invoices and lower seasonal lighting expenses. The favorable variance is partially offset by an inadvertent reduction of the advertising budget in Westworld. Community Services is favorable mainly due to part-time salary savings, lower than expected participation in sports and leisure classes, invoice timing and the delay in purchasing recreational amenities and light pole meters. Public Safety - Fire is unfavorable due to higher overtime costs related to a shortfall in constant staffing due to 22 firefighters on leave and the costs associated with payment of the Parker case interest. The unfavorable variance is partially being offset by lower than expected fleet maintenance and repair costs and a delay in the purchase of personal protective equipment. Public Safety - Police is favorable due to part-time salary savings, a change in shift pay policies and lower paid hires replacing experienced employees being promoted or retiring. It is also related to the timing of invoices, lower than expected furniture and other equipment purchase needs and 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. The favorable variance is partially offset by higher than expected overtime costs related to large police cases and the costs associated with payment of the Parker case interest. Public Works is unfavorable due to higher than expected maintenance and repair costs and supply needs, repair projects being completed ahead of schedule, higher than expected custodial fees and unexpected remodel and replacement costs.



Sources (Fiscal Year to Date: December 2017)



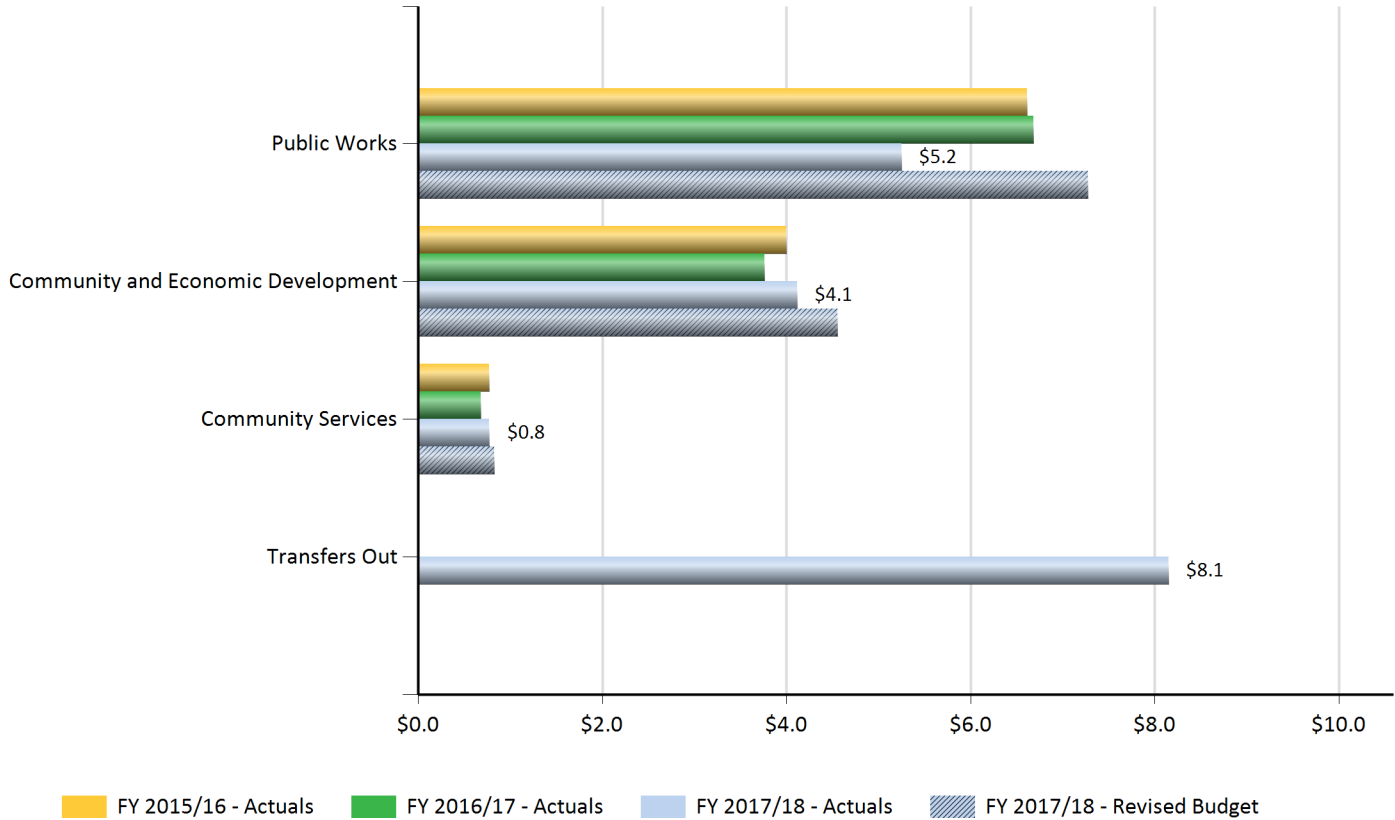
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Sales Tax - Transportation (0.20%)	\$9.2	\$9.5	\$10.0	\$9.7	\$0.3	3%
Highway User Tax	6.7	7.0	8.1	8.2	(0.1)	(1%)
Local Transportation Assistance Fund	-	-	-	-	-	-
Indirect/Direct Cost Allocations	0.3	0.3	0.2	0.2	-	-
Intergovernmental	0.2	0.1	0.1	0.1	-	-
Miscellaneous	0.3	0.3	0.1	-	0.1	nm
Transfers In	-	-	0.3	0.3	-	-
Total Sources	\$16.6	\$17.2	\$18.7	\$18.5	\$0.3	1%

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

The favorable variance in Sales Tax – Transportation (0.20%) 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." The favorable variance in Miscellaneous is due to a Valley Metro Regional Public Transit Transportation Authority refund.



Uses (Fiscal Year to Date: December 2017)



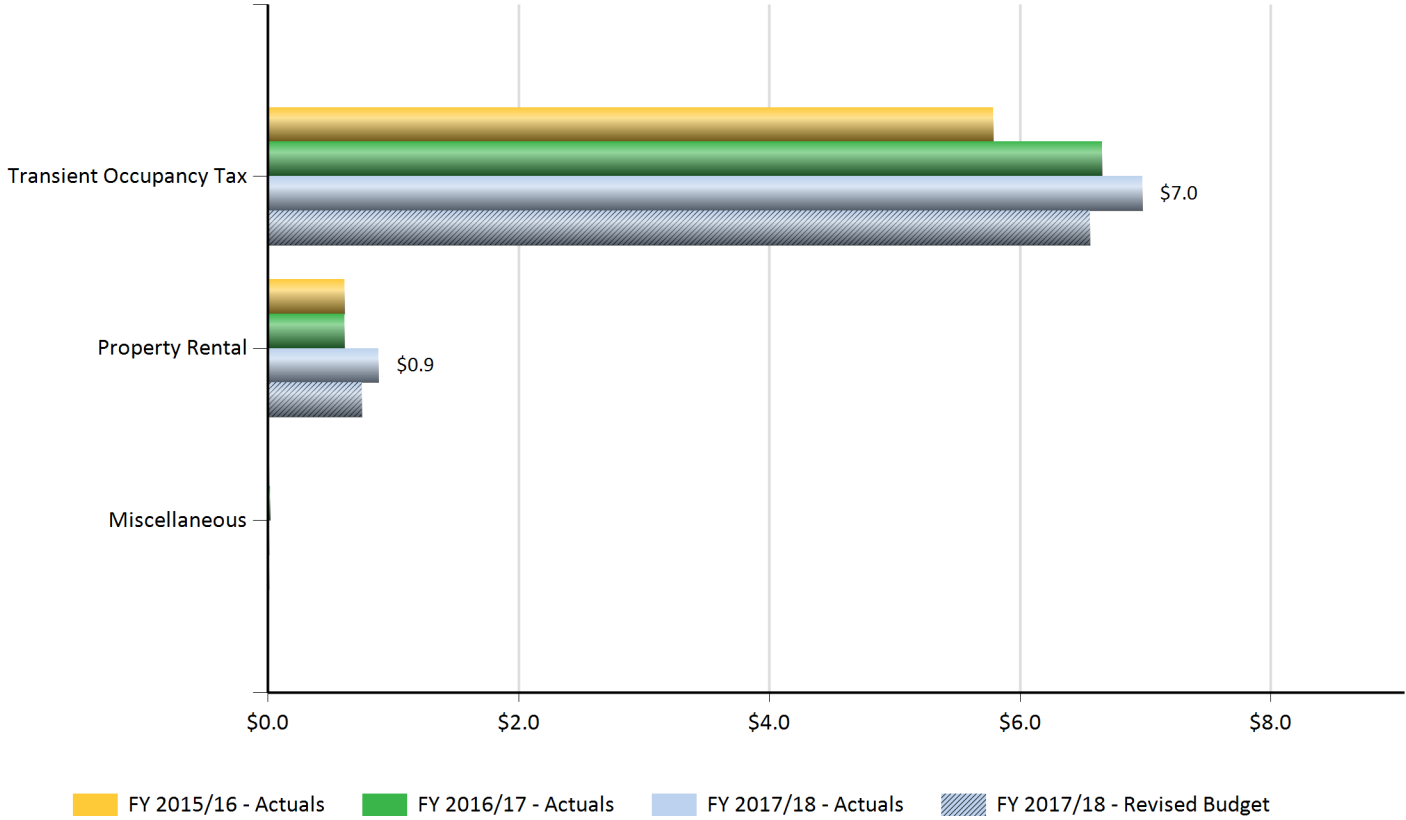
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Public Works	\$6.6	\$6.7	\$5.2	\$7.3	\$2.0	28%
Community and Economic Development	4.0	3.8	4.1	4.6	0.4	10%
Community Services	0.8	0.7	0.8	0.8	0.1	7%
Transfers Out	-	-	8.1	-	(8.1)	n/a
Total Uses	\$11.4	\$11.1	\$18.3	\$12.7	(\$5.6)	(44%)

Actual to Revised Budget variance of (\$5.6) million or (44%):

The favorable variance in Public Works is due to delays in Street Overlay for fiberseal projects associated with ADA concrete requirements and delays in the dust palliative cycle due to unplanned special projects that have been higher priority. The favorable variance in Community and Economic Development is due to timing for Fleet Maintenance & Repair related to the transition of the trolley fleet maintenance from the transit company to the City of Scottsdale Fleet department. The favorable variance in Community Services is due to Right-of-Way Median Maintenance coming in less than anticipated. The unfavorable variance in Transfers Out is due to Council approved transfers from the Transportation undesignated, unreserved fund balance to the CIP for the widening of Happy Valley and Pima Roads and for Drinkwater Bridge emergency structural repairs.



Sources (Fiscal Year to Date: December 2017)



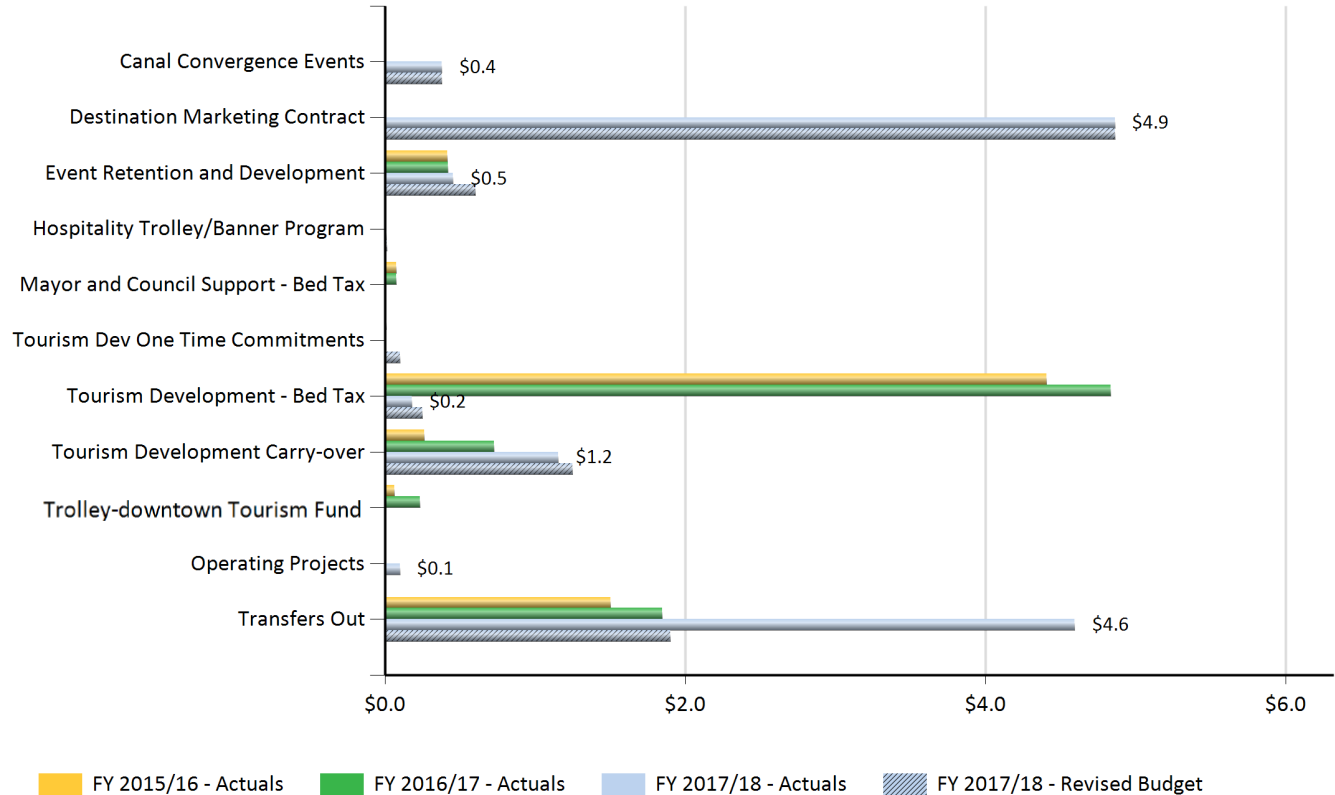
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Transient Occupancy Tax	\$5.8	\$6.7	\$7.0	\$6.6	\$0.4	6%
Property Rental	0.6	0.6	0.9	0.8	0.1	17%
Miscellaneous	-	-	-	-	-	-
Total Sources	\$6.4	\$7.3	\$7.9	\$7.3	\$0.5	7%

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

The favorable variance in Transient Occupancy Tax is due to a Phoenix taxpayer (hotel) that erroneously filed taxes in Scottsdale, which will be corrected the coming months. The favorable variance in Property Rental is due to the true up of lease payments by the Scottsdale Princess Hotel, which by agreement should pay the city 1.5% of revenues in excess of \$100 million. Starting November 2017, the overage is paid as it is incurred, not at year end as it was paid in previous years.



Uses (Fiscal Year to Date: December 2017)



	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Canal Convergence Events	\$ -	\$ -	\$0.4	\$0.4	\$ -	-
Destination Marketing Contract	-	-	4.9	4.9	-	-
Event Retention and Development	0.4	0.4	0.5	0.6	0.1	25%
Hospitality Trolley/Banner Program	-	-	-	-	-	-
Mayor and Council Support - Bed Tax	0.1	0.1	-	-	-	-
Tourism Dev One Time Commitments	-	-	-	0.1	0.1	100%
Tourism Development - Bed Tax	4.4	4.8	0.2	0.2	0.1	28%
Tourism Development Carry-over	0.3	0.7	1.2	1.3	0.1	8%
Trolley-downtown Tourism Fund	0.1	0.2	-	-	-	-
Operating Projects	-	-	0.1	-	(0.1)	n/a
Transfers Out	1.5	1.8	4.6	1.9	(2.7)	nm
Total Uses	\$6.7	\$8.1	\$11.7	\$9.3	(\$2.4)	(25%)

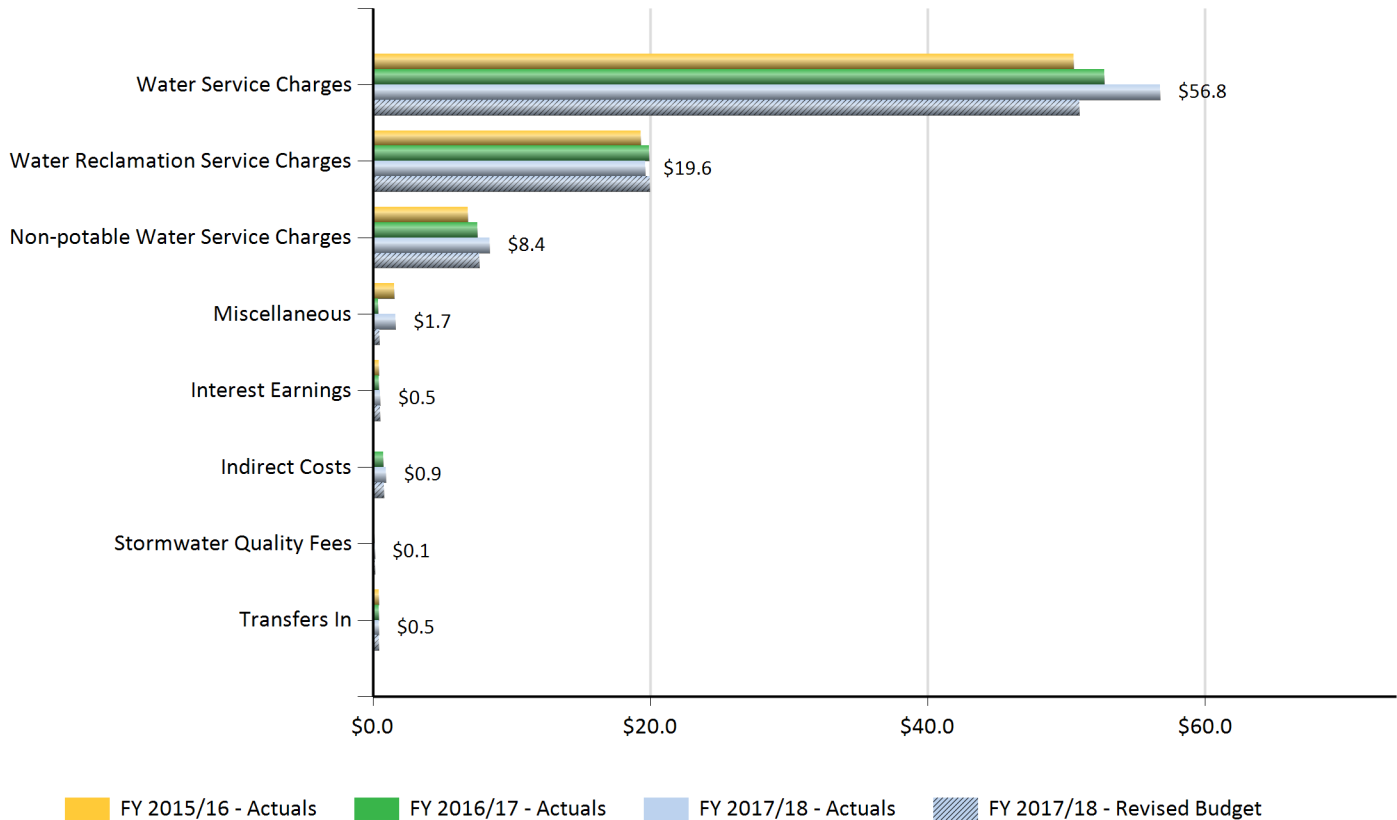
Actual to Revised Budget variance of (\$2.4) million or (25%):

The favorable variance in Event Retention and Development is due to timing in event funding requests. The favorable variance in Tourism Dev One Time Commitments is due to no planned one time purchases. The favorable variance in Tourism Development - Bed Tax is due to budget spread. The favorable variance in Tourism Development Carry-Over is due to timing of expenses for Downtown projects. The unfavorable variance in Operating Projects is due to budget spread that will be corrected in the coming months. The unfavorable variance in Transfers Out is due to Council approved transfers from the Tourism Development Fund to CIP for the Thunderbird Memorial installation and WestWorld projects; as well as the timing of debt service payments.



Water and Water Reclamation Funds

Sources (Fiscal Year to Date: December 2017)



	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	\$50.5	\$52.7	\$56.8	\$50.9	\$5.8	11%
Water Reclamation Service Charges	19.3	19.9	19.6	19.9	(0.3)	(2%)
Non-potable Water Service Charges	6.8	7.5	8.4	7.7	0.7	10%
Miscellaneous	1.5	0.4	1.7	0.5	1.2	nm
Interest Earnings	0.4	0.4	0.5	0.5	-	-
Indirect Costs	-	0.8	0.9	0.8	0.1	16%
Stormwater Quality Fees	0.1	0.1	0.1	0.1	-	-
Transfers In	0.5	0.5	0.5	0.5	-	-
Total Sources	\$79.2	\$82.3	\$88.5	\$81.0	\$7.5	9%

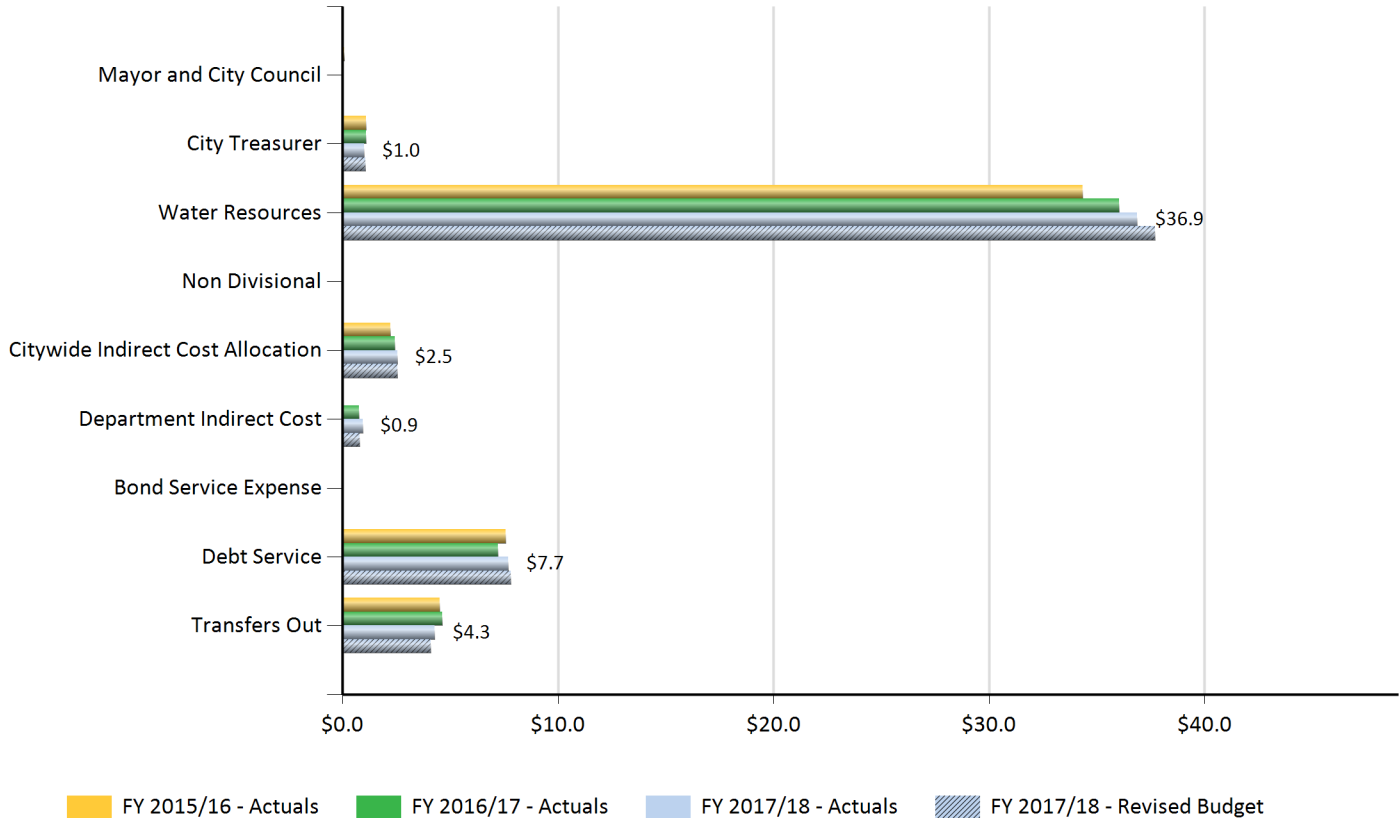
Actual to Revised Budget variance of \$7.5 million or 9%:

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 hotter than expected temperatures. The unfavorable variance in Water Reclamation Charges is related to lower 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 order to meet Arizona water sufficiency and availability requirements and higher than anticipated sales of non-potable water to golf courses due to warmer weather and dryer conditions than originally expected. The favorable variance in Miscellaneous is related to development fee revenue associated with the unbudgeted purchase of additional wastewater treatment capacity from Liberty Utilities. This revenue will be moved the Wastewater Development Fund in the upcoming months.



Water and Water Reclamation Funds

Uses (Fiscal Year to Date: December 2017)



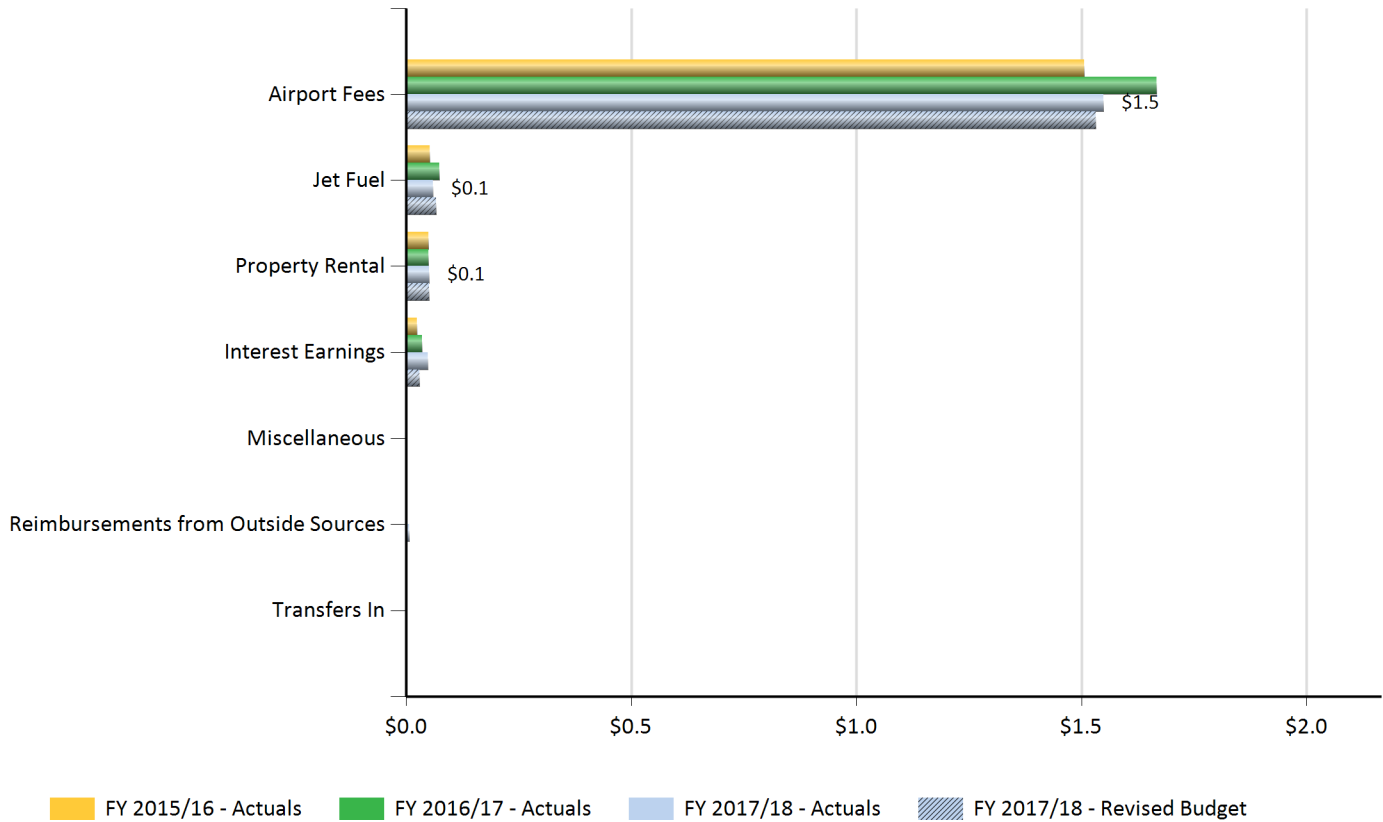
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor and City Council	\$0.1	\$ -	\$ -	\$ -	\$ -	-
City Treasurer	1.1	1.1	1.0	1.1	0.1	6%
Water Resources	34.3	36.1	36.9	37.7	0.8	2%
Non Divisional	-	-	-	-	-	-
Citywide Indirect Cost Allocation	2.2	2.4	2.5	2.5	-	-
Department Indirect Cost	-	0.8	0.9	0.8	(0.1)	(16%)
Bond Service Expense	-	-	-	-	-	n/a
Debt Service	7.6	7.2	7.7	7.8	0.1	1%
Transfers Out	4.5	4.6	4.3	4.1	(0.2)	(4%)
Total Uses	\$49.8	\$52.2	\$53.3	\$54.0	\$0.7	1%

Actual to Revised Budget variance of \$0.7 million or 1%:

City Treasurer is favorable due to a purchase order charging an incorrect account for the hosted billing platform. This will be corrected going forward. Water Resources is favorable mainly due to the timing of invoices and the delay in vehicle purchases. The favorable variance is partially offset by the greater than expected need for treatment filter media driven by lower water quality and higher production levels than anticipated and a higher need for maintenance and repair services and materials than planned. Transfers Out is unfavorable because there is a higher transfer of Enterprise Franchise Fees due to Water Charges Revenue being higher and because a transfer for CIP - Technology occurred in December, but was budgeted in June.



Sources (Fiscal Year to Date: December 2017)

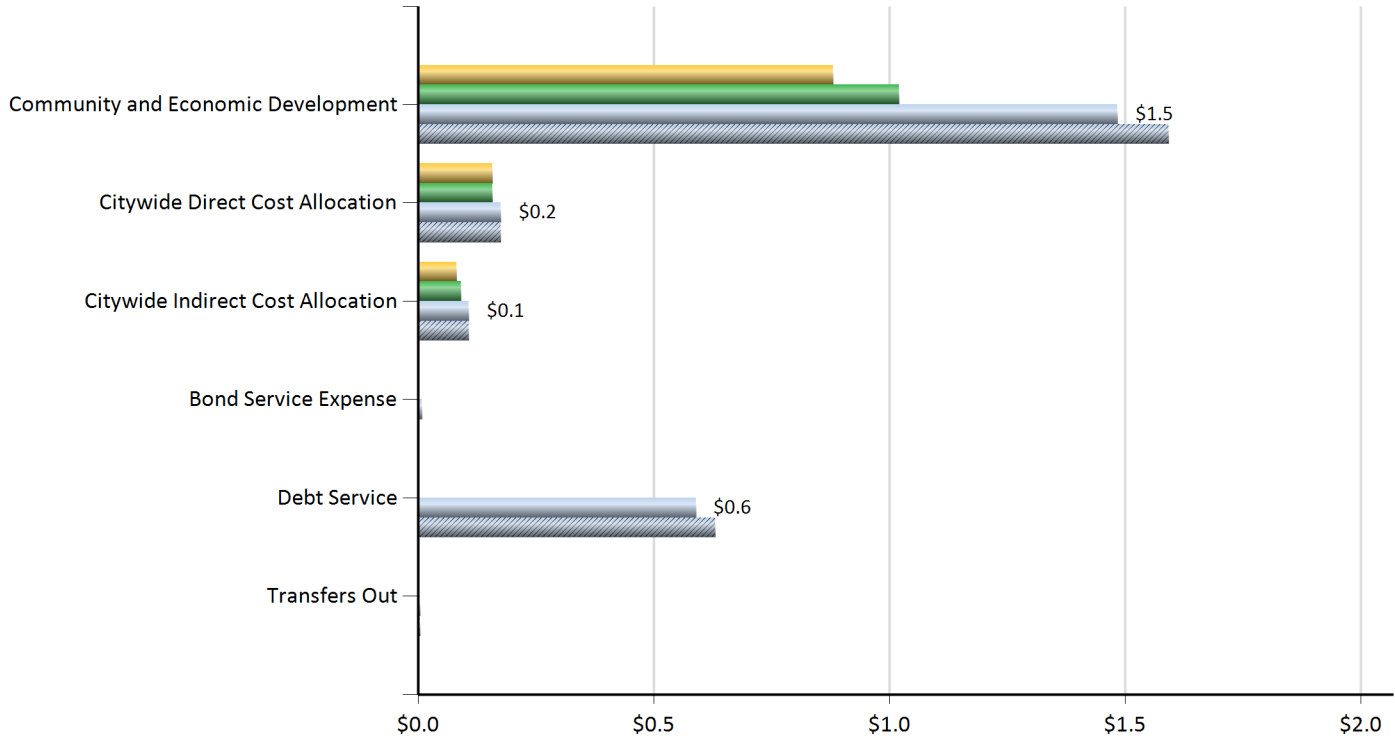


	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Airport Fees	\$1.5	\$1.7	\$1.5	\$1.5	\$ -	-
Jet Fuel	0.1	0.1	0.1	0.1	-	-
Property Rental	0.1	0.1	0.1	0.1	-	-
Interest Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	n/a
Reimbursements from Outside Sources	-	-	-	-	-	n/a
Transfers In	-	-	-	-	-	-
Total Sources	\$1.6	\$1.8	\$1.7	\$1.7	\$ -	-

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



Uses (Fiscal Year to Date: December 2017)



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

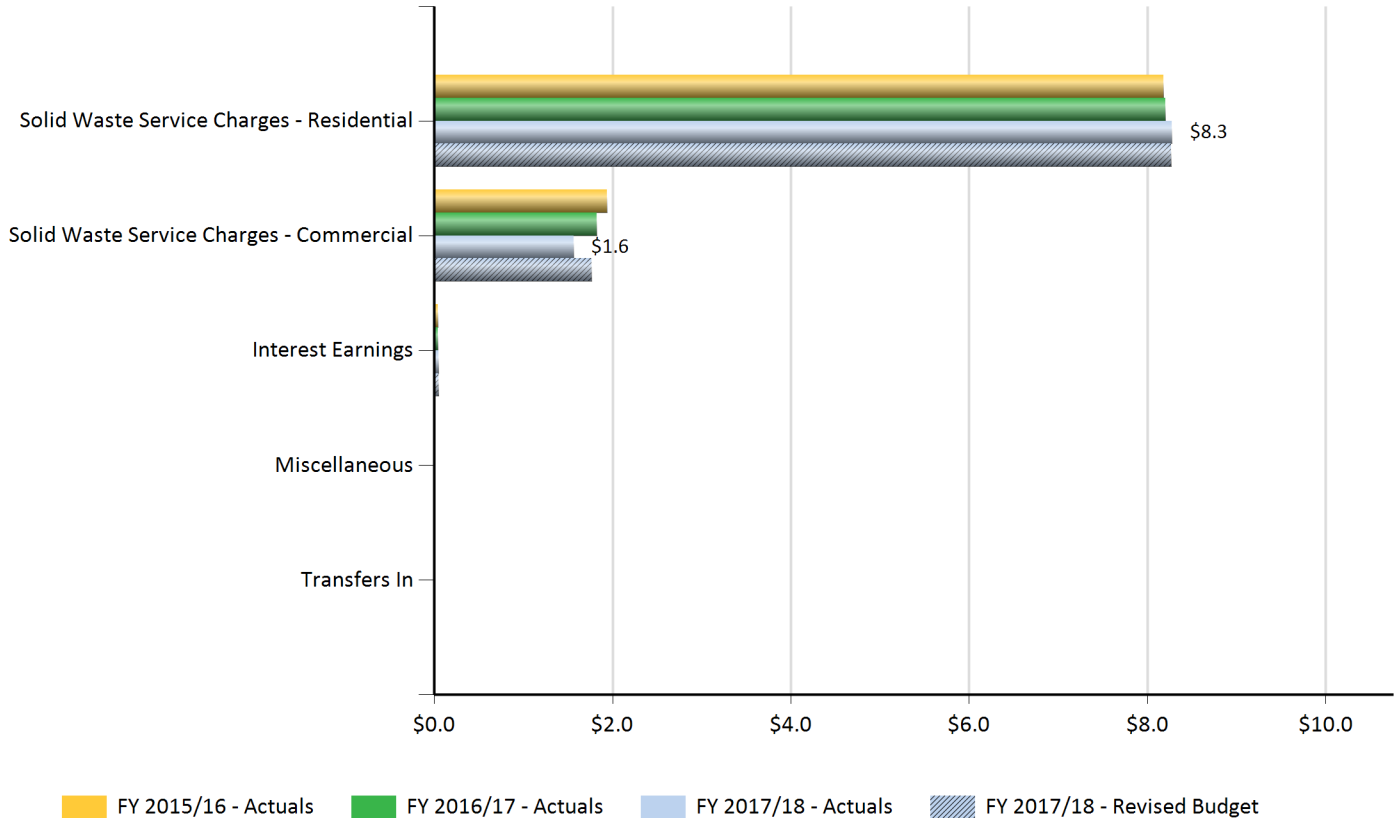
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2017/18	Actual vs. Budget	
	Actuals	Actuals	Actuals	Revised Budget	Favorable / (Unfavorable) Amount	Percent
Community and Economic Development	\$0.9	\$1.0	\$1.5	\$1.6	\$0.1	7%
Citywide Direct Cost Allocation	0.2	0.2	0.2	0.2	-	-
Citywide Indirect Cost Allocation	0.1	0.1	0.1	0.1	-	-
Bond Service Expense	-	-	-	-	-	n/a
Debt Service	-	-	0.6	0.6	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$1.1	\$1.3	\$2.4	\$2.5	\$0.1	6%

Actual to Revised Budget variance of \$0.1 million or 6%:

The favorable variance in Community and Economic Development is due to timing in the receipt of invoices for consultant expenses and for international flight clearing services.



Sources (Fiscal Year to Date: December 2017)



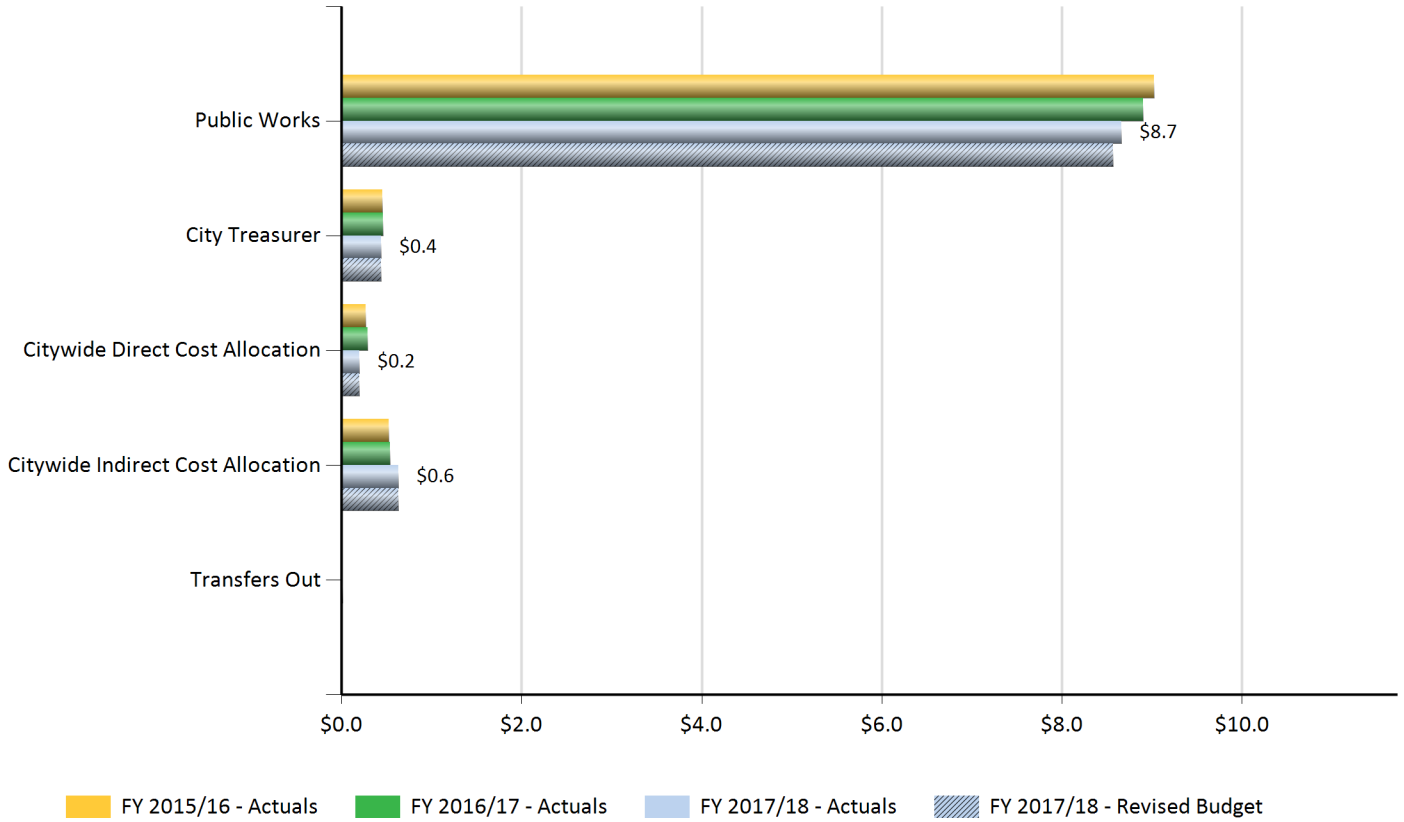
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Solid Waste Service Charges - Residential	\$8.2	\$8.2	\$8.3	\$8.3	\$ -	-
Solid Waste Service Charges - Commercial	1.9	1.8	1.6	1.8	(0.2)	(11%)
Interest Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	n/a
Transfers In	-	-	-	-	-	-
Total Sources	\$10.2	\$10.1	\$9.9	\$10.1	(\$0.2)	(2%)

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

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



Uses (Fiscal Year to Date: December 2017)

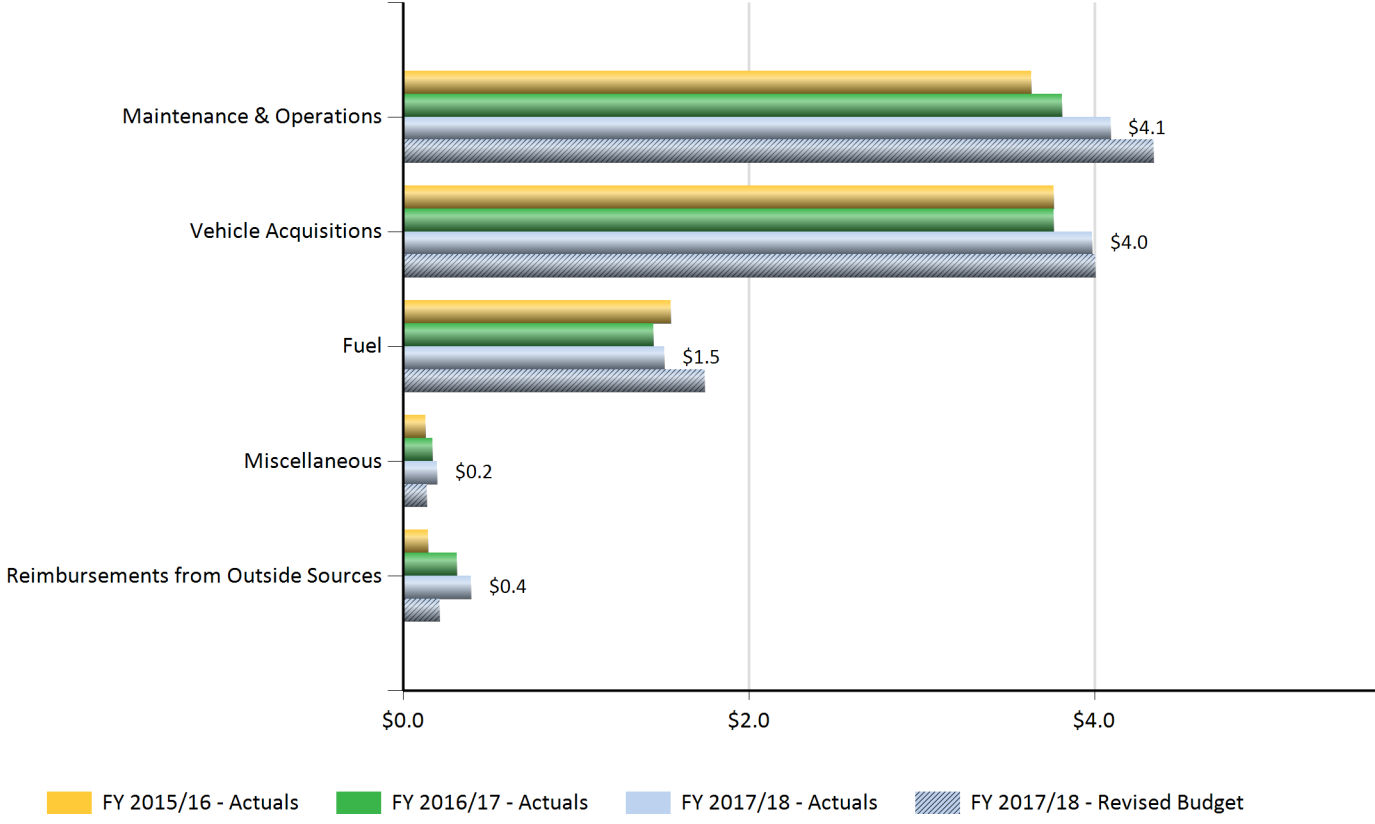


	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	vs. Budget Percent
Public Works	\$9.0	\$8.9	\$8.7	\$8.6	(\$0.1)	(1%)
City Treasurer	0.5	0.5	0.4	0.4	-	-
Citywide Direct Cost Allocation	0.3	0.3	0.2	0.2	-	-
Citywide Indirect Cost Allocation	0.5	0.5	0.6	0.6	-	-
Transfers Out	-	-	-	-	-	n/a
Total Uses	\$10.3	\$10.2	\$9.9	\$9.8	(\$0.1)	(1%)

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



Sources (Fiscal Year to Date: December 2017)



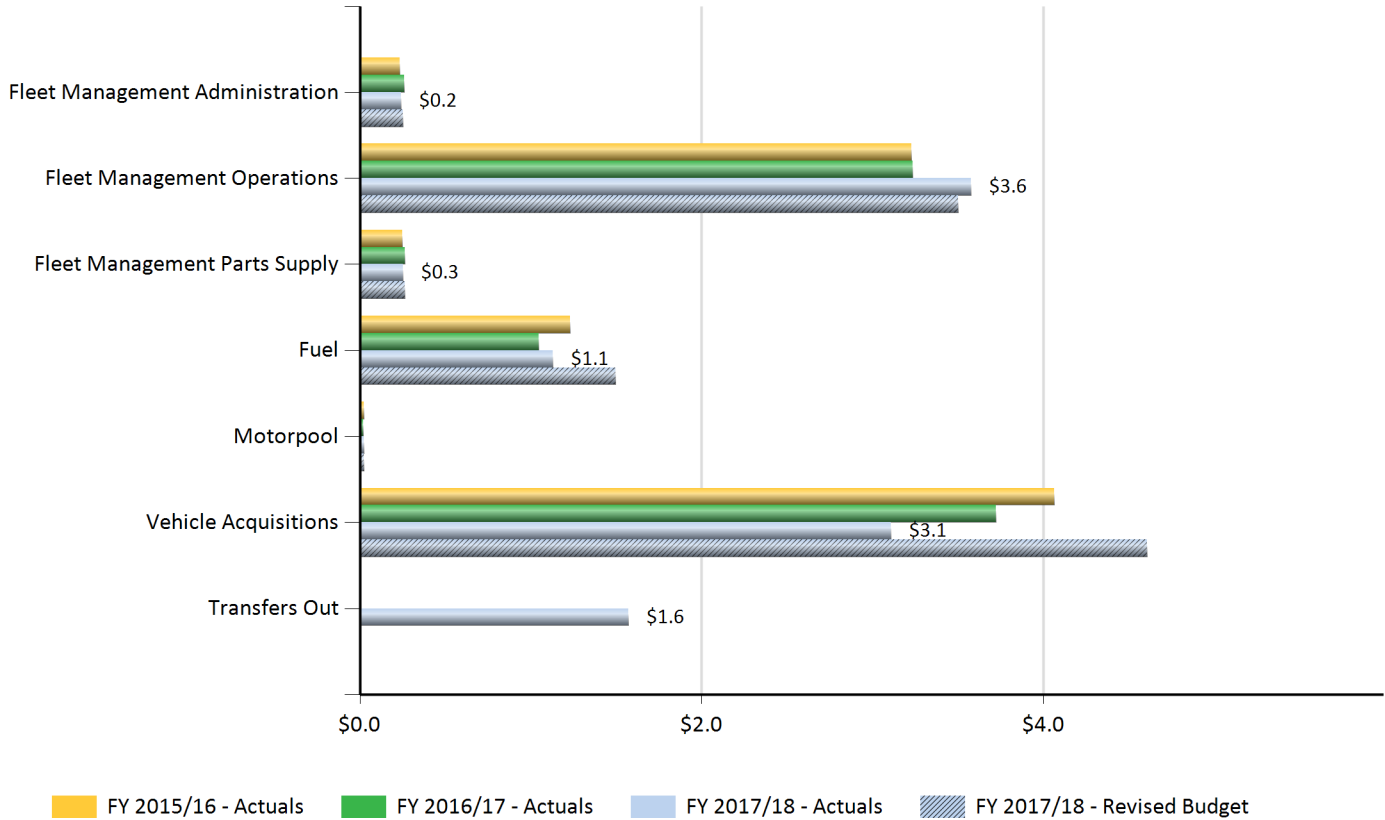
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Maintenance & Operations	\$3.6	\$3.8	\$4.1	\$4.3	(\$0.2)	(6%)
Vehicle Acquisitions	3.8	3.8	4.0	4.0	-	-
Fuel	1.5	1.4	1.5	1.7	(0.2)	(13%)
Miscellaneous	0.1	0.2	0.2	0.1	0.1	42%
Reimbursements from Outside Sources	0.1	0.3	0.4	0.2	0.2	85%
Total Sources	\$9.2	\$9.5	\$10.2	\$10.4	(\$0.3)	(3%)

Actual to Revised Budget variance of (\$0.3) million or (3%):

The unfavorable variance of Maintenance & Operations is due to Equipment Rental Changes revenue being less than anticipated. The unfavorable variance in Fuel is due to lower than budgeted fuel prices. The favorable variance in Miscellaneous is due to auction proceeds being higher than expected. The favorable variance in Reimbursements from Outside services is due to the unexpected insurance reimbursement from the Risk Management Fund for costs incurred related to a totaled garbage truck.



Uses (Fiscal Year to Date: December 2017)



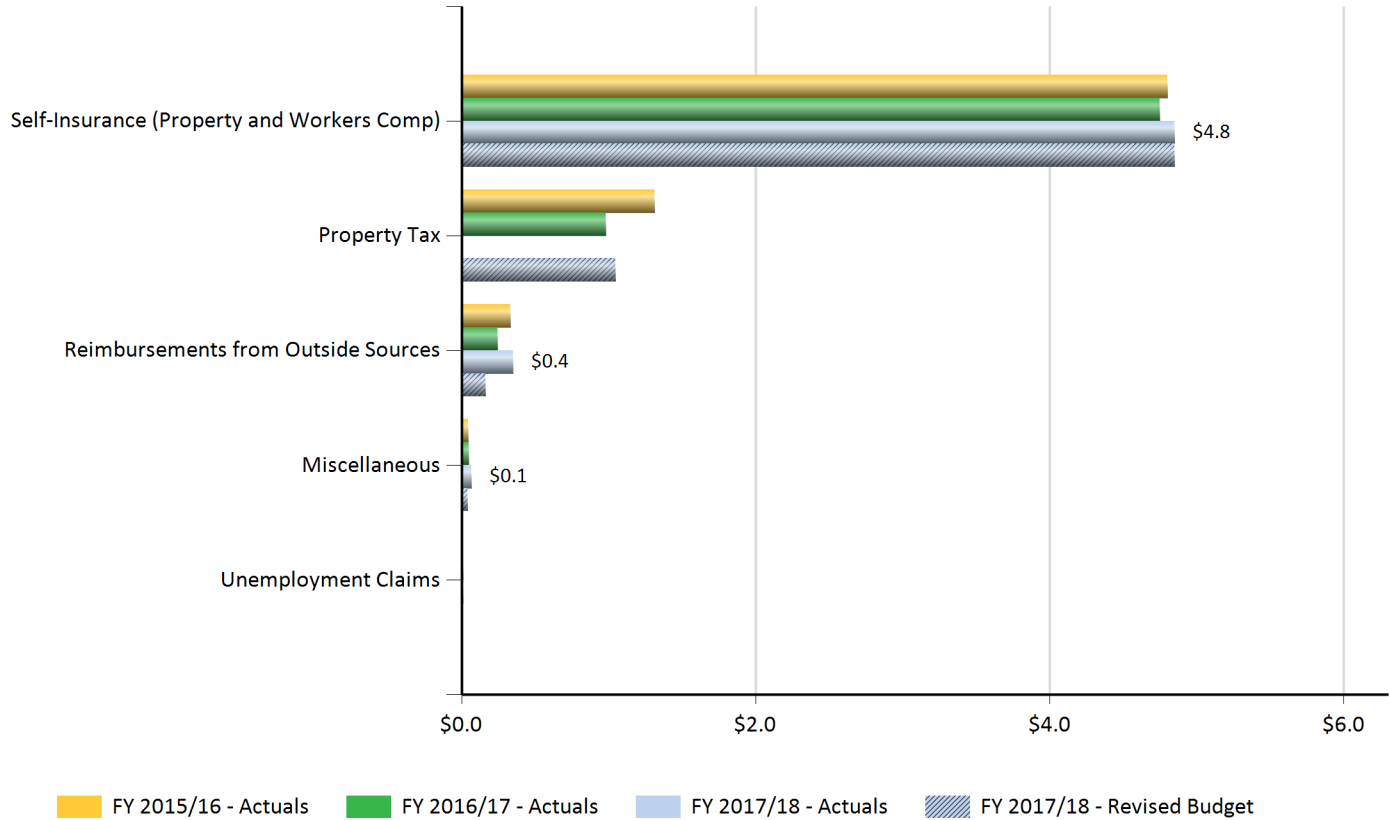
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Fleet Management Administration	\$0.2	\$0.3	\$0.2	\$0.3	\$ -	-
Fleet Management Operations	3.2	3.2	3.6	3.5	(0.1)	(2%)
Fleet Management Parts Supply	0.2	0.3	0.3	0.3	-	-
Fuel	1.2	1.0	1.1	1.5	0.4	24%
Motorpool	-	-	-	-	-	-
Vehicle Acquisitions	4.1	3.7	3.1	4.6	1.5	33%
Transfers Out	-	-	1.6	-	(1.6)	n/a
Total Uses	\$9.0	\$8.5	\$9.9	\$10.1	\$0.2	2%

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

The favorable variance in Fuel is due to a lower fuel cost per gallon than anticipated. Vehicle Acquisitions has a favorable variance due to the delay in purchasing planned vehicles from state contracts. The unfavorable variance in Transfers Out is due to the timing of a transfer to the CIP for fleet fuel site upgrades which is budgeted in June but occurred in December.



Sources (Fiscal Year to Date: December 2017)



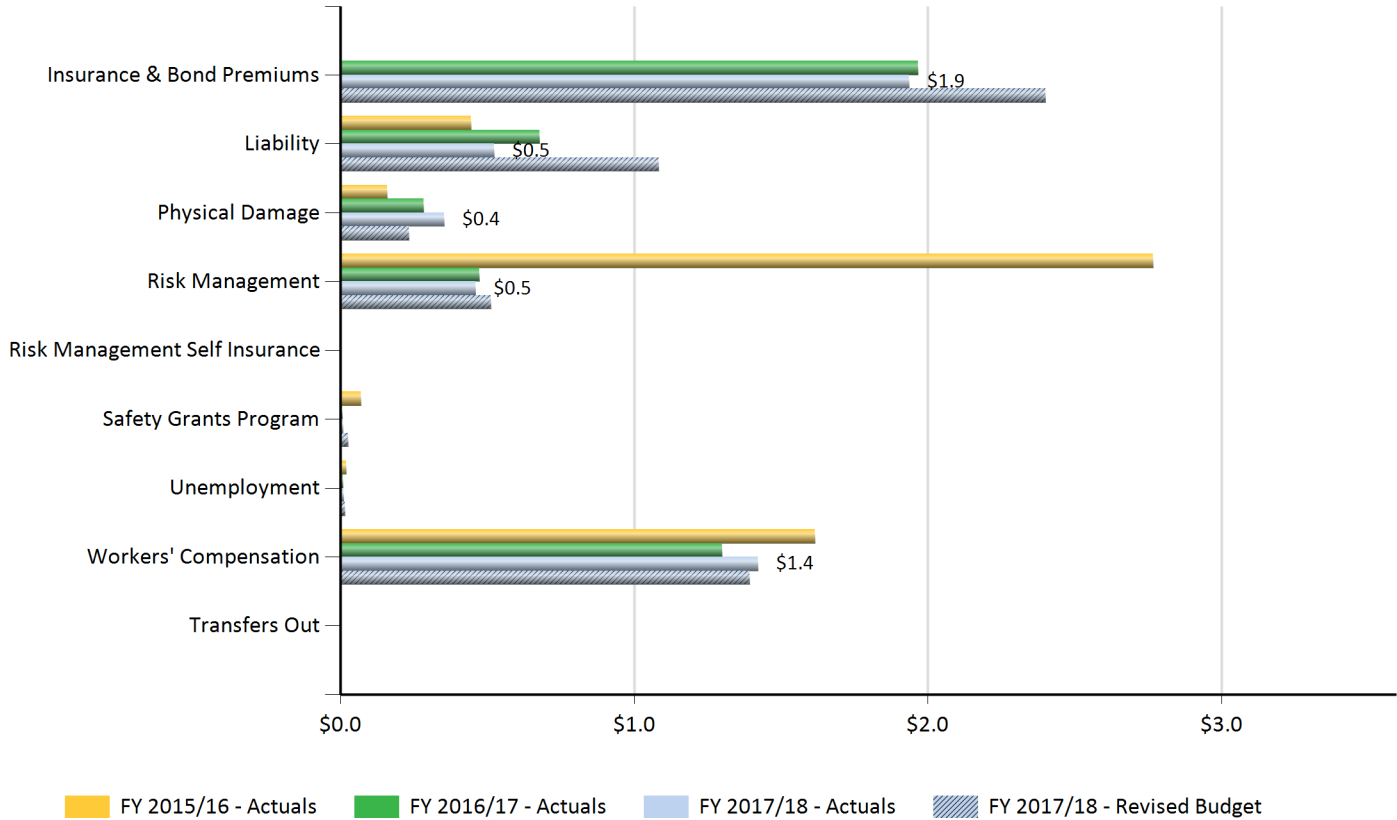
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Self-Insurance (Property and Workers Comp)	\$4.8	\$4.7	\$4.8	\$4.8	\$ -	-
Property Tax	1.3	1.0	-	1.0	(1.0)	(100%)
Reimbursements from Outside Sources	0.3	0.2	0.4	0.2	0.2	nm
Miscellaneous	-	-	0.1	-	-	-
Unemployment Claims	-	-	-	-	-	-
Total Sources	\$6.5	\$6.0	\$5.3	\$6.1	(\$0.8)	(14%)

Actual to Revised Budget variance of (\$0.8) million or (14%):

The unfavorable variance in Property Tax is due to the timing of revenue related to tort settlements. The revenue has been received but not yet transferred to the Risk Fund. The favorable variance in Reimbursements from Outside Sources is due to an insurance reimbursement received for a totaled garbage truck.



Uses (Fiscal Year to Date: December 2017)



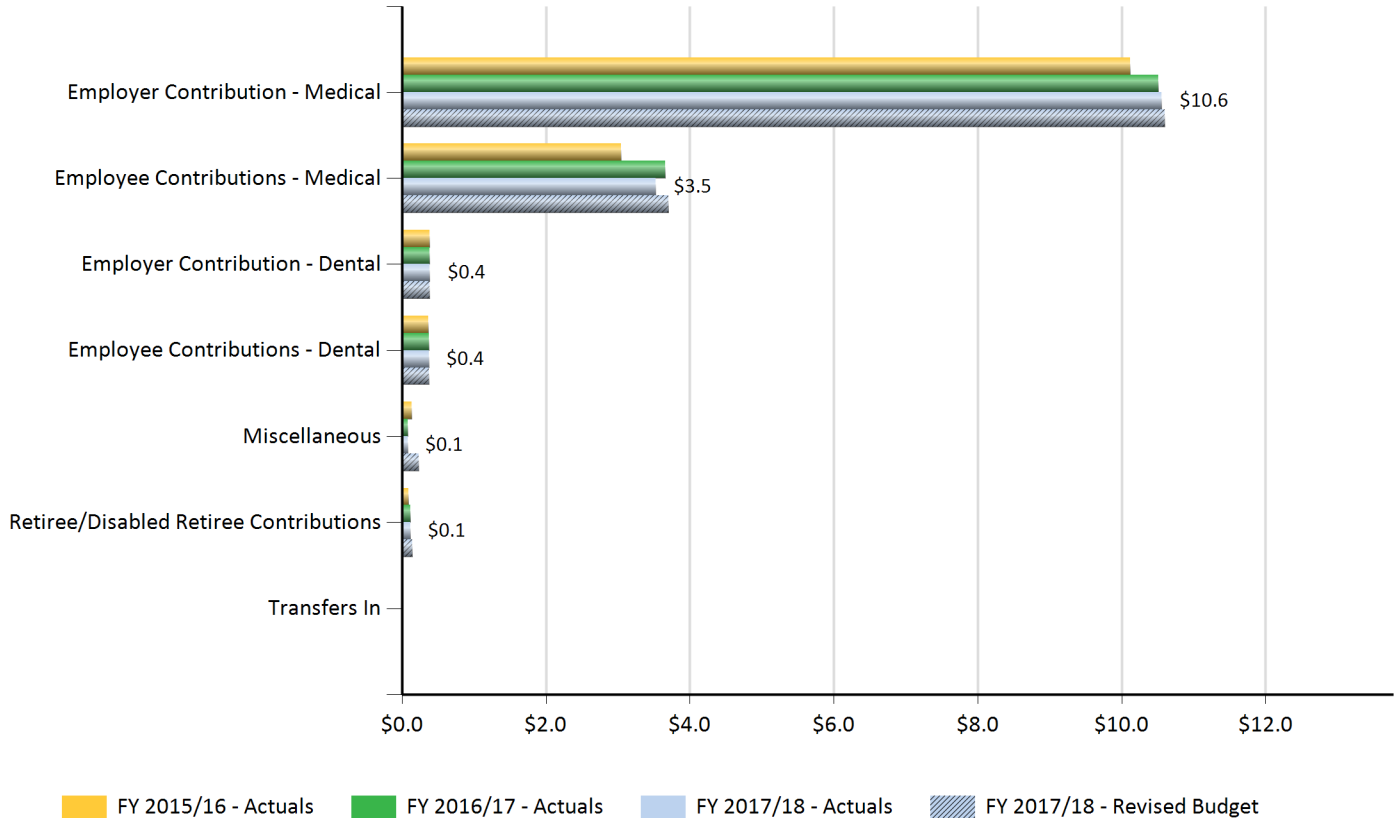
	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2017/18 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Insurance & Bond Premiums	\$ -	\$2.0	\$1.9	\$2.4	\$0.5	19%
Liability	0.4	0.7	0.5	1.1	0.6	52%
Physical Damage	0.2	0.3	0.4	0.2	(0.1)	(51%)
Risk Management	2.8	0.5	0.5	0.5	0.1	10%
Risk Management Self Insurance	-	-	-	-	-	-
Safety Grants Program	0.1	-	-	-	-	-
Unemployment	-	-	-	-	-	-
Workers' Compensation	1.6	1.3	1.4	1.4	-	-
Transfers Out	-	-	-	-	-	n/a
Total Uses	\$5.1	\$4.7	\$4.7	\$5.7	\$0.9	17%

Actual to Revised Budget variance of \$0.9 million or 17%:

The favorable variance in Insurance & Bond Premiums is due to the savings from the repackaging of insurance premiums. The city has not had any recent large claims to drive up the cost of premiums. This favorable variance will carry throughout the fiscal year as the premiums are paid once a year. Additionally, beginning in FY 2017/18 the budget for Insurance & Bond Premiums was moved from Risk Management, to better reflect actual premium amounts. 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 Fleet related to the totaling of a garbage truck. The favorable variance in Risk Management is due to legal services reimbursement claims being lower than anticipated.



Sources (Fiscal Year to Date: December 2017)



	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	\$10.1	\$10.5	\$10.6	\$10.6	\$ -	-
Employee Contributions - Medical	3.0	3.7	3.5	3.7	(0.2)	(5%)
Employer Contribution - Dental	0.4	0.4	0.4	0.4	-	-
Employee Contributions - Dental	0.4	0.4	0.4	0.4	-	-
Miscellaneous	0.1	0.1	0.1	0.2	(0.2)	(67%)
Retiree/Disabled Retiree Contributions	0.1	0.1	0.1	0.1	-	-
Transfers In	-	-	-	-	-	-
Total Sources	\$14.1	\$15.1	\$15.0	\$15.4	(\$0.4)	(3%)

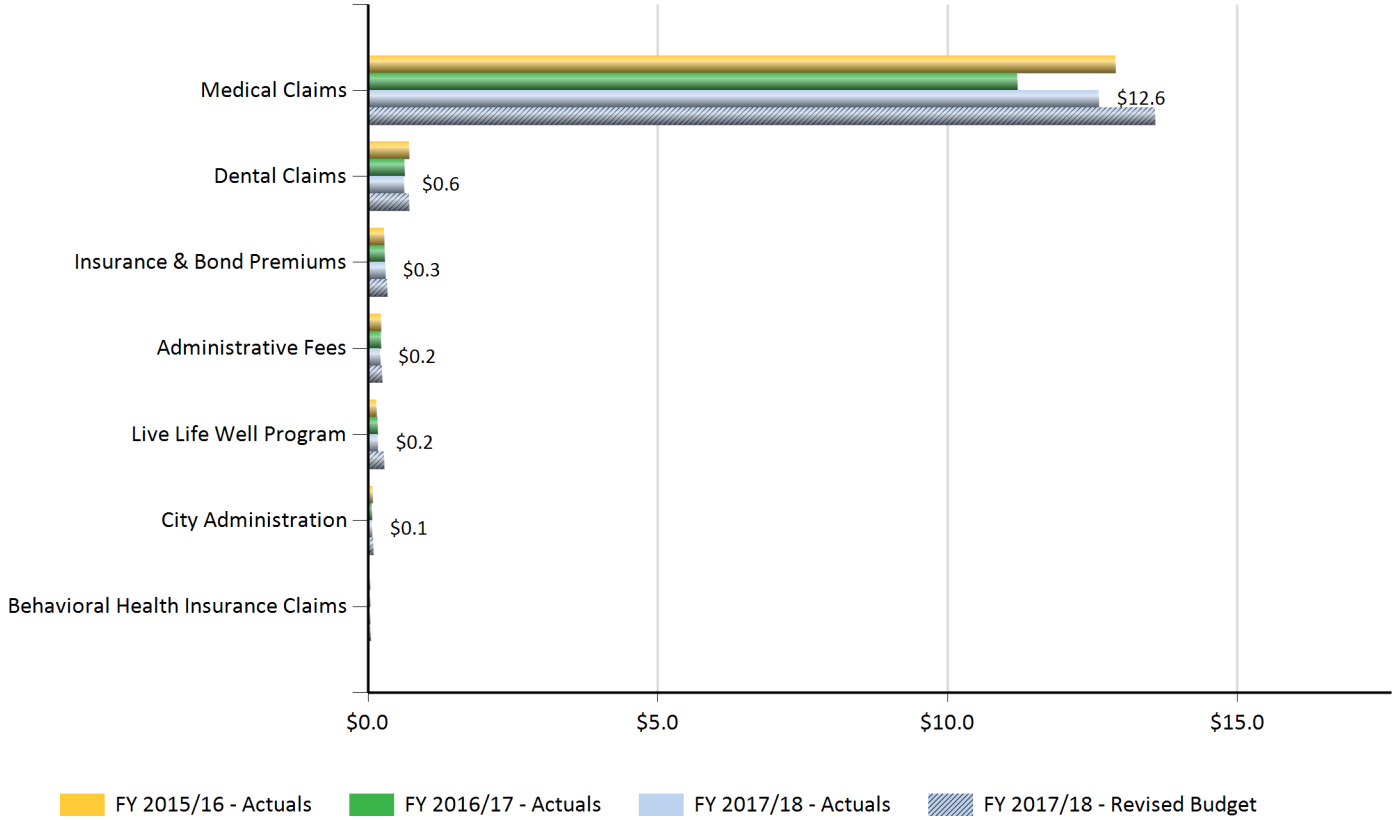
Actual to Revised Budget variance of (\$0.4) million or (3%):

The unfavorable variance in Employee Contributions - Medical is due to differing plan selections than what was anticipated as selections occur after the budget is prepared. The unfavorable variance in Miscellaneous is the result of timing of the wellness incentive received from CIGNA.



Healthcare Self Insurance Fund

Uses (Fiscal Year to Date: December 2017)



	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	\$12.9	\$11.2	\$12.6	\$13.6	\$1.0	7%
Dental Claims	0.7	0.6	0.6	0.7	0.1	12%
Insurance & Bond Premiums	0.3	0.3	0.3	0.3	-	-
Administrative Fees	0.2	0.2	0.2	0.3	-	-
Live Life Well Program	0.1	0.2	0.2	0.3	0.1	40%
City Administration	0.1	0.1	0.1	0.1	-	-
Behavioral Health Insurance Claims	-	-	-	-	-	-
Total Uses	\$14.4	\$12.6	\$14.0	\$15.3	\$1.3	8%

Actual to Revised Budget variance of \$1.3 million or 8%:

Favorable variance in Medical and Dental Claims is due to the difficulty in predicting claims. The favorable variance in Live Life Well Program is due to timing in wellness programs incentives.



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	-	-	-	-	100,000	100,000
Operating Revenue	\$5,614,297	\$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	\$1,935,789
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	100,000
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	-	1,325,000
Maintenance & Equipment Rental & Fleet	601,739	652,492	751,856	724,550	772,056	772,056
License and Permits	73,018	73,356	76,684	158,548	127,966	127,966
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	250,000
Other	232,224	268,443	234,449	343,819	272,707	272,707
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	482,500
Construction - Other	10,695	-	21,428	-	-	-
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	893,497	893,497
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	\$5,839,903	\$7,209,427
Operating Income	\$442,317	(\$1,560,919)	(\$1,779,646)	(\$2,758,541)	(\$941,369)	(\$2,310,893)
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	(\$3,116,933)	(\$5,355,198)	(\$5,577,448)	(\$6,569,623)	(\$4,734,960)	(\$6,104,484)

^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.

^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.



WestWorld Statement of Operations

Statement of Operations for December 2017 / 6 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	Percent
Operating Revenue								
Rental Facilities	\$361,112	\$540,143	\$809,557	\$866,830	\$983,433	\$554,435	\$428,998	77%
RV Rental	61,267	52,034	53,580	56,185	72,135	58,925	13,210	22%
Feed/Bedding Sales	189,527	180,006	200,333	140,375	160,482	198,944	(38,462)	(19%)
Labor Fees	53,912	42,996	73,055	54,491	89,535	62,322	27,213	44%
Concession Fees	52,534	102,416	167,100	64,276	68,434	153,000	(84,566)	(55%)
Parking	25,120	50,868	30,657	43,091	68,009	46,007	22,002	48%
Other Income	3,089	1,894	17,930	12,334	18,523	9,333	9,190	98%
Equidome Project Use Fee	-	285,000	90,000	45,000	-	-	-	-
Council Approved Authorized Carryover	-	-	-	-	-	-	-	-
Operating Transfer In	-	-	-	-	-	-	-	-
Operating Revenue	\$746,561	\$1,255,357	\$1,442,213	\$1,282,581	\$1,460,551	\$1,082,966	\$377,585	35%
Operating Expenses								
Personnel Services								
Wages/Salaries/Benefits	\$741,877	\$790,715	\$884,819	\$968,337	\$956,830	\$930,609	(\$26,221)	(3%)
Overtime	5,039	7,671	7,433	5,214	11,576	8,499	(3,077)	(36%)
Contractual Services								
Contractual Workers	26,883	24,738	26,468	25,413	32,871	29,000	(3,871)	(13%)
Telephone	15,792	17,430	8,851	14,243	17,094	19,873	2,779	14%
Utilities ^a	283,919	481,455	442,301	488,824	528,266	528,265	(1)	(0%)
Maintenance & Equipment Rental & Fleet	267,200	297,744	325,786	293,693	306,453	371,306	64,853	17%
License and Permits	72,852	73,509	76,650	146,460	161,361	124,881	(36,480)	(29%)
Property, Liability & Workers' Comp	15,360	18,690	25,764	31,200	38,010	38,010	-	-
Advertising/Marketing Contract	9,672	204,371	249,609	184,031	321,639	250,000	(71,639)	(29%)
Other	67,737	73,677	64,567	74,715	107,879	74,375	(33,504)	(45%)
Commodities and Capital Outlays								
Agriculture & Horticulture & Other Supply	63,945	35,375	56,257	53,677	52,929	50,545	(2,384)	(5%)
Maintenance & Repairs Supply, Equipment	32,481	51,244	34,355	55,705	50,857	40,328	(10,529)	(26%)
Inventory Purchased for Resale	117,591	164,707	157,352	121,833	101,594	140,000	38,406	27%
Construction - Other	10,695	-	38	-	14,759	-	(14,759)	n/a
Other Expenses	19,456	27,183	31,896	19,799	24,226	10,791	(13,435)	nm
BOR Admin								
BOR Admin/WestWorld	134,010	140,710	147,746	155,133	162,889	162,889	-	-
Allocated Expenses^b								
Facilities Maintenance ^c	201,492	356,904	335,286	388,476	446,749	446,749	-	-
COS Indirect Costs	127,944	138,252	169,290	185,190	215,213	215,213	-	-
Operating Expenses	\$2,213,945	\$2,904,376	\$3,044,468	\$3,211,943	\$3,551,194	\$3,441,332	(\$109,862)	(3%)
Operating Income	(\$1,467,384)	(\$1,649,019)	(\$1,602,255)	(\$1,929,361)	(\$2,090,643)	(\$2,358,366)	\$267,723	11%
Debt Service (Less contributions)								
Debt Service - (52 & 17 acres)	\$661,297	\$278,750	\$53,625	\$30,625	\$ -	\$ -	\$ -	-
Debt Service - TNEC Tourism Funded	-	-	-	-	-	-	-	-
Bed Tax Contributions - TNEC	-	-	-	-	-	-	-	-
Net Debt Service	\$661,297	\$278,750	\$53,625	\$30,625	\$ -	\$ -	\$ -	-
Operating Income After Debt Service	(\$2,128,681)	(\$1,927,769)	(\$1,655,880)	(\$1,959,986)	(\$2,090,643)	(\$2,358,366)	\$267,723	11%

^a 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.

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

^c 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.



Privilege (Sales) & Use Tax Collections For December 2017 (For Business Activity in November 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 increased 4 percent compared to the Budget, and increased 5 percent compared to the same period a year ago.

Privilege (Sales) & Use Tax by Category and Fund

	Fiscal Year-to-Date:					
	2015/16	2016/17	2017/18	2017/18	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/(Unfavorable)</u>	<u>Percent</u>
1.00% General Purpose						
Rentals	\$6.9	\$7.0	\$8.0	\$7.2	\$0.9	12%
Misc. Retail Stores	8.2	8.8	9.4	9.0	0.4	4%
Major Dept. Stores	4.4	4.4	4.6	4.4	0.2	4%
Automotive	6.9	7.1	7.9	6.9	1.0	14%
Food Stores	3.2	3.3	3.1	3.4	(0.3)	-8%
Construction	5.4	5.2	4.9	5.2	(0.4)	-7%
Dining/ Entertainment	4.2	4.4	4.5	4.6	(0.2)	-4%
Other Activity	5.0	4.7	5.2	5.0	0.2	4%
Hotel/Motel	2.1	2.3	2.7	2.4	0.3	13%
Utilities	2.4	2.6	2.5	2.6	(0.1)	-5%
Subtotal	<u>\$48.7</u>	<u>\$49.8</u>	<u>\$52.8</u>	<u>\$50.8</u>	<u>\$2.0</u>	<u>4%</u>
0.10% Public Safety	\$4.8	\$4.9	\$5.2	\$5.0	\$0.2	4%
0.20% Transportation	9.2	9.5	10.0	9.7	0.3	3%
0.20% McDowell Preserve 1995	9.5	9.8	10.3	10.0	0.4	4%
0.15% McDowell Preserve 2004	7.1	7.3	7.8	7.5	0.3	4%
Total	<u>\$79.3</u>	<u>\$81.4</u>	<u>\$85.8</u>	<u>\$82.9</u>	<u>\$3.1</u>	<u>4%</u>
% Change vs. Prior Year	5%	3%	5%	2%		

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 \$0.9 million or 12%: The variance is due in part due to increases in the residential real property rentals and personal property rentals. Additionally, the variance is also 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 \$0.4 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 \$0.2 million or 4%: The variance is also 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 \$1.0 million or 14%: 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. The variance is also 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 (\$0.3) million or (8%): The unfavorable variance in Food Stores is caused by some taxpayers not reporting food for home consumption on their tax returns. This will be corrected in a future period.

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 (\$0.4) 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.

Dining/Entertainment Sales Taxes

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

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

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 \$0.3 million or 13%: The variance is due in part to a taxpayer reporting to the incorrect jurisdiction.

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 (5%): Normal business fluctuations.



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.