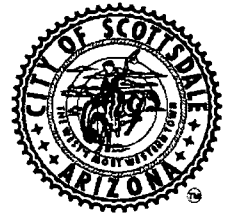


CITY COUNCIL REPORT



Meeting Date: October 10, 2016
Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
Objective: *Adopt Budgets*

ACTION

Accept the Fiscal Year 2016/17 Monthly Financial Report as of July 2016.

BACKGROUND

Each month the city publishes a financial summary of the city's year-to-date for the General Fund. Quarterly the summary also includes the Transportation Fund, Tourism Development Fund, Enterprise Funds, Fleet Fund, Risk Fund, Benefits Self-Insurance Fund and a Statement of Operations for WestWorld.

The report focuses on the General Fund and includes a summary of revenues and expenditures by major categories, highlighting significant variances.

The FY 2016/17 budget was adopted June 7, 2016, by Ordinance No. 4264.

ANALYSIS & ASSESSMENT

There are no proposed FY 2016/17 budget adjustments or use of contingency requested for July 2016.

OPTIONS & STAFF RECOMMENDATION

Staff recommends the acceptance of the Fiscal Year 2016/17 Monthly Financial Report as of July 2016.

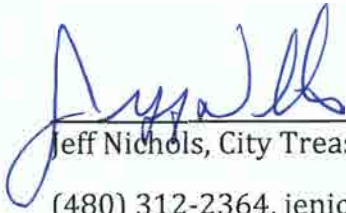
RESPONSIBLE DIVISION(S)

City Treasurer

STAFF CONTACT(S)

Judy Doyle, Budget Director, (480) 312-2603, jdoyle@scottsdaleaz.gov

APPROVED BY



Jeff Nichols, City Treasurer

(480) 312-2364, jenichols@ScottsdaleAZ.gov

9/19/16

Date

ATTACHMENTS

1. Financial Report Fiscal Year-to-Date As of July 2016



Monthly Financial Report

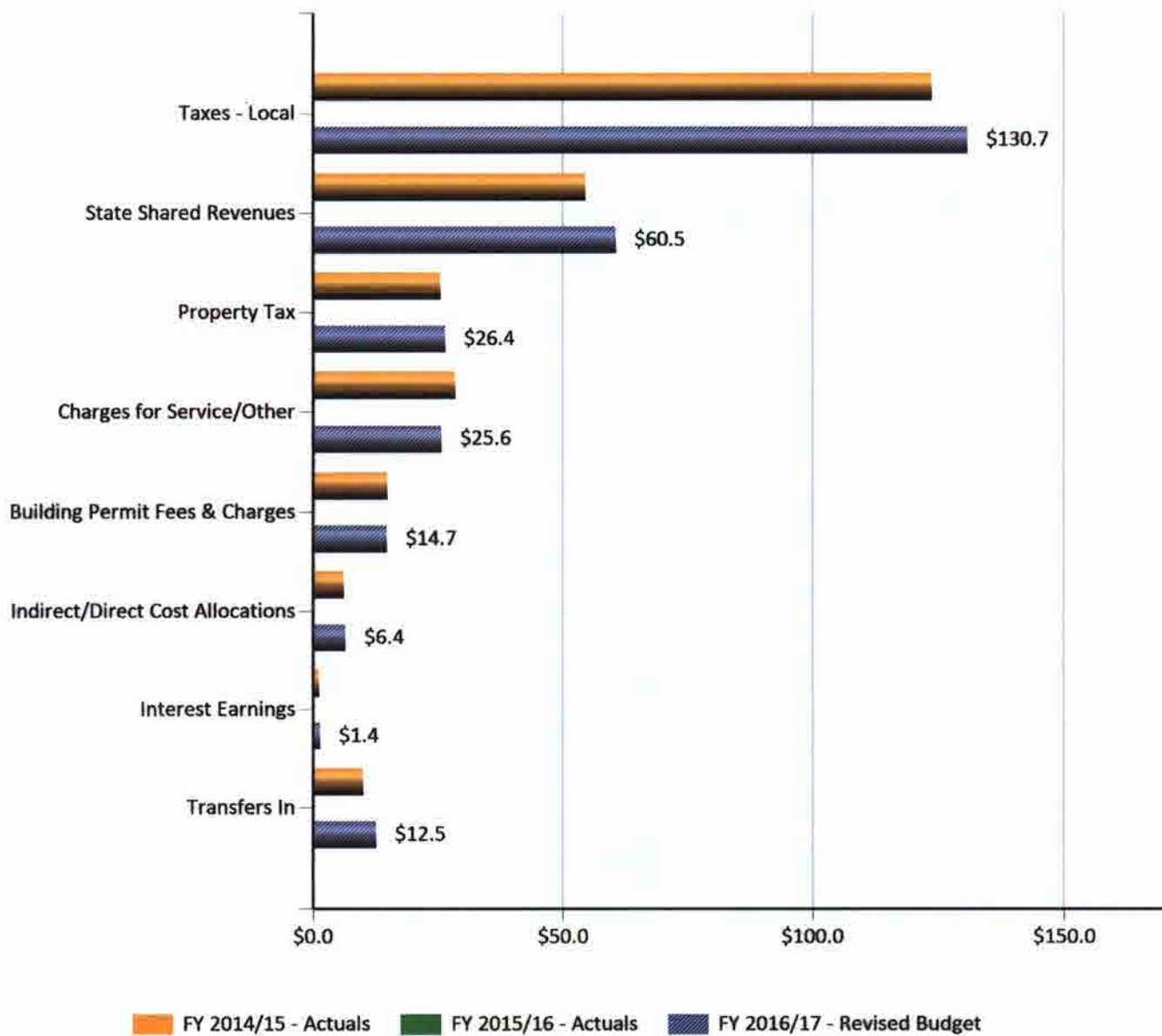
Fiscal Year to Date as of July 31, 2016

Report to the City Council
Prepared by the City Treasurer
August 19, 2016



Sources

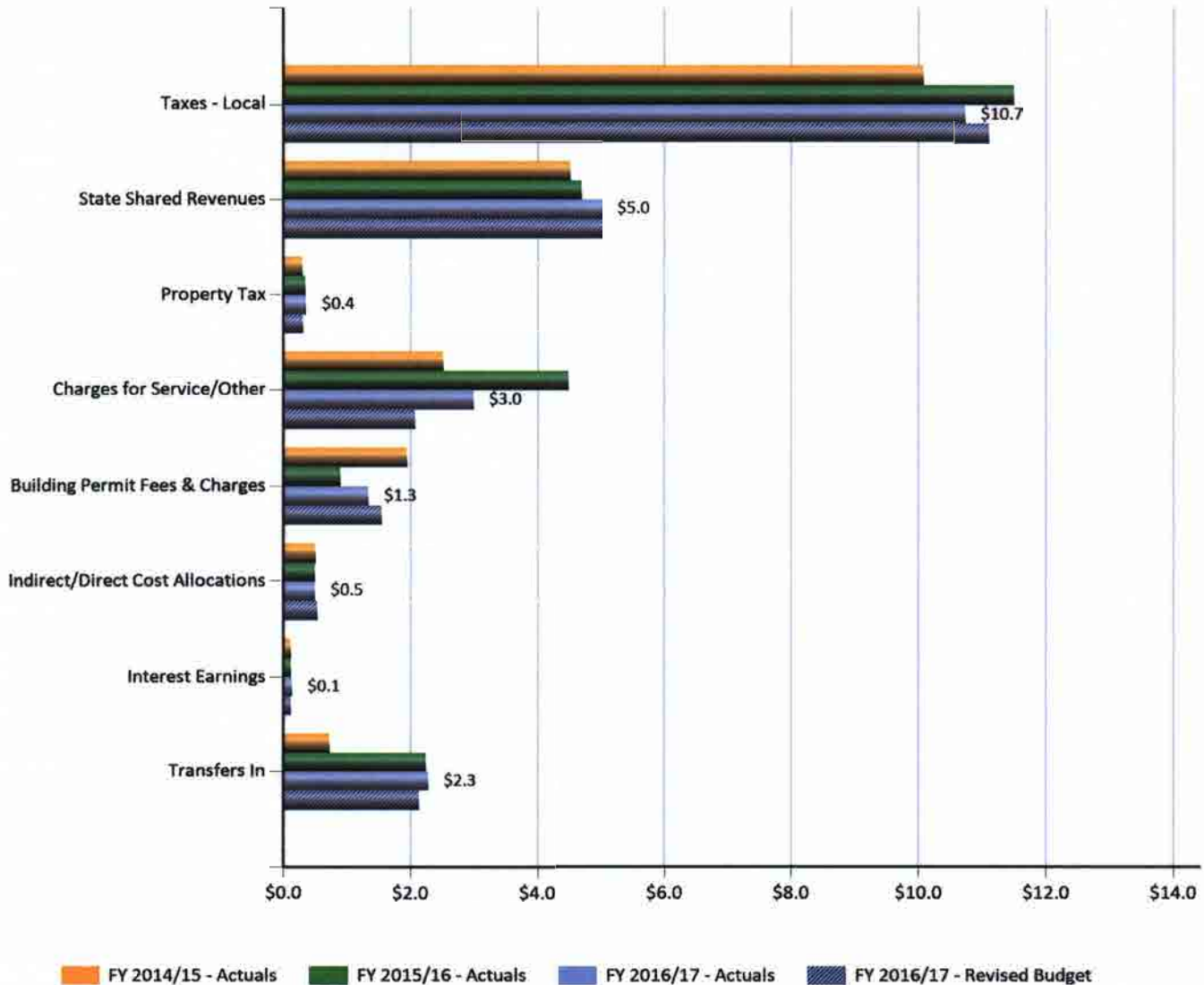
Twelve Months: Fiscal Year



Note: FY 2015/16 twelve month actuals are not available at this time. Once completed, they will be included within the report.



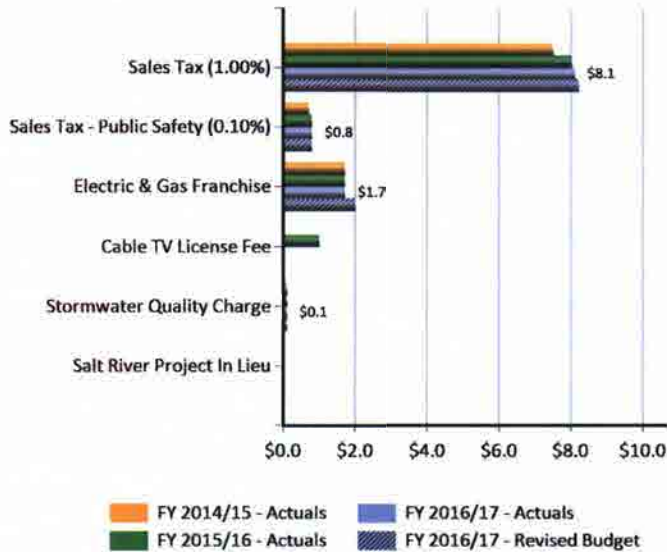
Sources (Fiscal Year to Date: July 2016)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Taxes - Local	\$10.1	\$11.5	\$10.7	\$11.1	(\$0.4)	(3%)
State Shared Revenues	4.5	4.7	5.0	5.0	-	-
Property Tax	0.3	0.3	0.4	0.3	-	-
Charges for Service/Other	2.5	4.5	3.0	2.1	0.9	44%
Building Permit Fees & Charges	1.9	0.9	1.3	1.5	(0.2)	(13%)
Indirect/Direct Cost Allocations	0.5	0.5	0.5	0.5	-	-
Interest Earnings	0.1	0.1	0.1	0.1	-	-
Transfers In	0.7	2.2	2.3	2.1	0.1	7%
Total Sources	\$20.7	\$24.8	\$23.3	\$22.8	\$0.5	2%



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



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

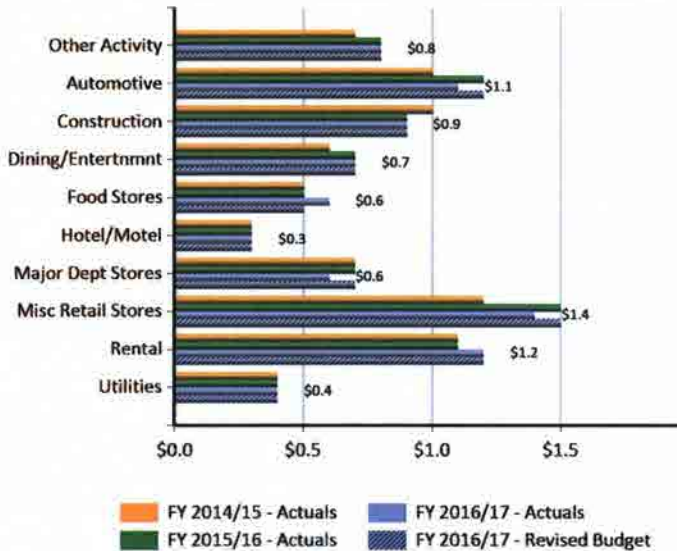
The unfavorable variance is mainly due to timing on the receipt of the Southwest Gas payment. For details on the Sales Tax (1.00%) variance, refer to the next page.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Sales Tax (1.00%)	\$7.5	\$8.0	\$8.1	\$8.2	(\$0.1)	(2%)
Sales Tax - Public Safety (0.10%)	0.7	0.8	0.8	0.8	-	-
Electric & Gas Franchise	1.7	1.7	1.7	2.0	(0.2)	(12%)
Cable TV License Fee	-	1.0	-	-	-	-
Stormwater Quality Charge	0.1	0.1	0.1	0.1	-	-
Salt River Project In Lieu	-	-	-	-	-	-
Taxes - Local Total	\$10.1	\$11.5	\$10.7	\$11.1	(\$0.4)	(3%)



General Fund

Sales Tax (1.00%) (Fiscal Year to Date: July 2016)



Actual to Revised Budget variance of (\$0.1) million or (2%):

The unfavorable variance in Miscellaneous Retail Stores is due to normal business fluctuations. The unfavorable variance in Automotive is due to a slow down in auto sales after the sales peak in prior years. The favorable variance in Construction is due in part to an increase in residential construction. Finally, the unfavorable variance in Major Department Stores is due to a late payment.

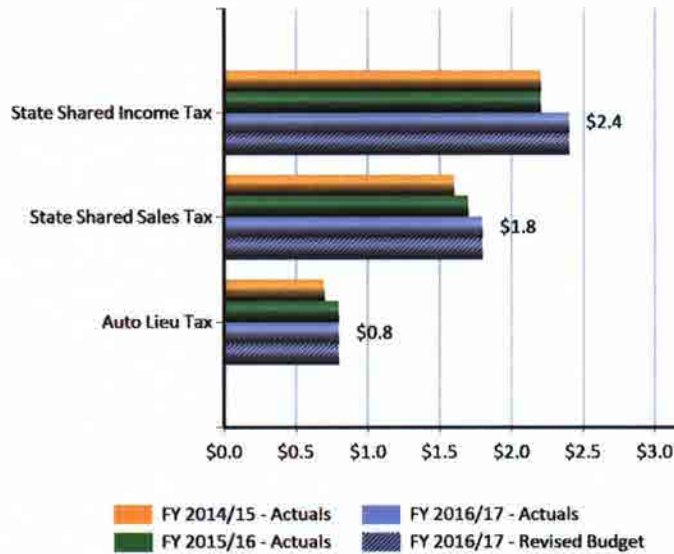
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual Favorable / (Unfavorable) Amount	vs. Budget (Unfavorable) Percent
Other Activity	\$0.7	\$0.8	\$0.8	\$0.8	\$ -	-
Automotive	1.0	1.2	1.1	1.2	(0.1)	(9%)
Construction	1.0	0.9	0.9	0.9	0.1	8%
Dining/Entertainment	0.6	0.7	0.7	0.7	-	-
Food Stores	0.5	0.5	0.6	0.5	-	-
Hotel/Motel	0.3	0.3	0.3	0.3	-	-
Major Dept Stores	0.7	0.7	0.6	0.7	(0.1)	(10%)
Misc Retail Stores	1.2	1.5	1.4	1.5	(0.1)	(5%)
Rental	1.1	1.1	1.2	1.2	-	-
Utilities	0.4	0.4	0.4	0.4	-	-
Sales Tax (1.00%) Total	\$7.5	\$8.0	\$8.1	\$8.2	(\$0.1)	(2%)



General Fund

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

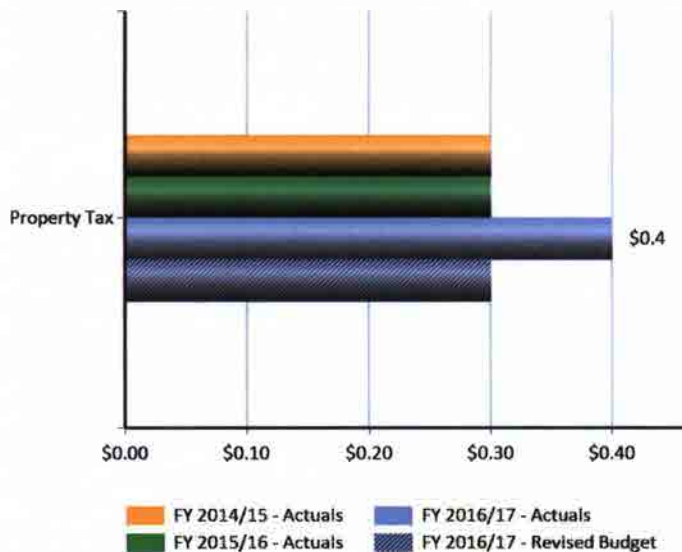
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation is necessary.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
State Shared Income Tax	\$2.2	\$2.2	\$2.4	\$2.4	\$ -	-
State Shared Sales Tax	1.6	1.7	1.8	1.8	-	-
Auto Lieu Tax	0.7	0.8	0.8	0.8	-	-
State Shared Revenues Total	\$4.5	\$4.7	\$5.0	\$5.0	\$ -	-

Property Tax (Fiscal Year to Date: July 2016)

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

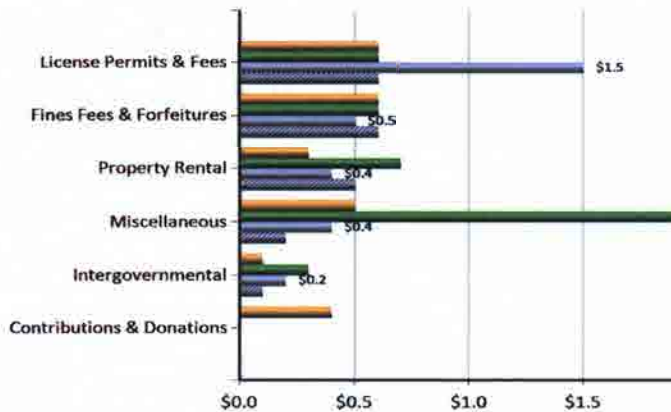


	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Property Tax	\$0.3	\$0.3	\$0.4	\$0.3	\$ -	-
Property Tax Total	\$0.3	\$0.3	\$0.4	\$0.3	\$ -	-



General Fund

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

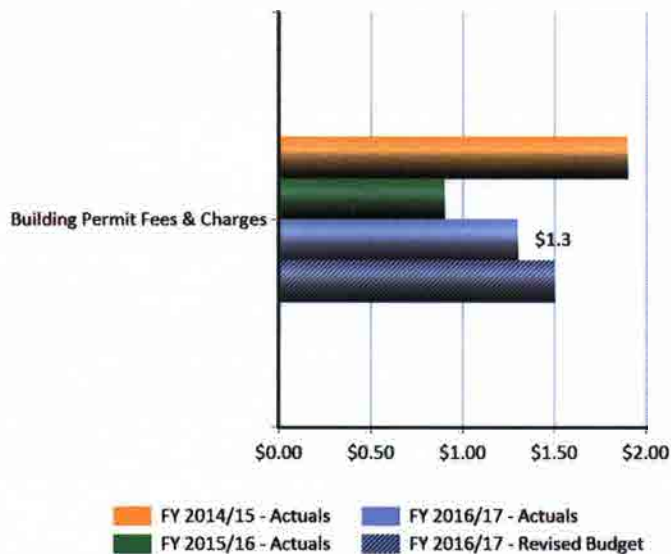


Actual to Revised Budget variance of \$0.9 million or 44%:

The favorable variance in License Permits & Fees is mainly due to WestWorld payments that were expected in FY 2015/16, for which there was no budget in FY 2016/17. The unfavorable variance in Fines Fees & Forfeitures is mainly due to photo enforcement fees. There was a lag in collections since the cameras were off from mid February to April. The payment for the Tournament Players Club was not received in July, thus generating an unfavorable variance in Property Rental. The favorable variance in Miscellaneous is driven by the recovery of expense from a WestWorld event. Finally, the favorable variance in Intergovernmental is due to the timing of the payment for the School Resource Officer Program, which was budgeted in August, but received in July.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
License Permits & Fees	\$0.6	\$0.6	\$1.5	\$0.6	\$0.9	nm
Fines Fees & Forfeitures	0.6	0.6	0.5	0.6	(0.2)	(25%)
Property Rental	0.3	0.7	0.4	0.5	(0.1)	(15%)
Miscellaneous	0.5	2.3	0.4	0.2	0.2	84%
Intergovernmental	0.1	0.3	0.2	0.1	0.1	85%
Contributions & Donations	0.4	-	-	-	-	-
Charges for Service/Other Total	\$2.5	\$4.5	\$3.0	\$2.1	\$0.9	44%

Building Permit Fees & Charges (Fiscal Year to Date: July 2016)



Actual to Revised Budget variance of (\$0.2) million or (13%):

The unfavorable variance in Building Permit Fees & Charges is driven by a decrease of 8 percent in building permit valuations for Single Family Residential and Multi-Family development. The unfavorable variance is offset by the favorable variance in Right of Way fees generated by the reversal of \$0.3 million in accrued revenue for FY 2015/16, which is still outstanding in FY 2016/17.

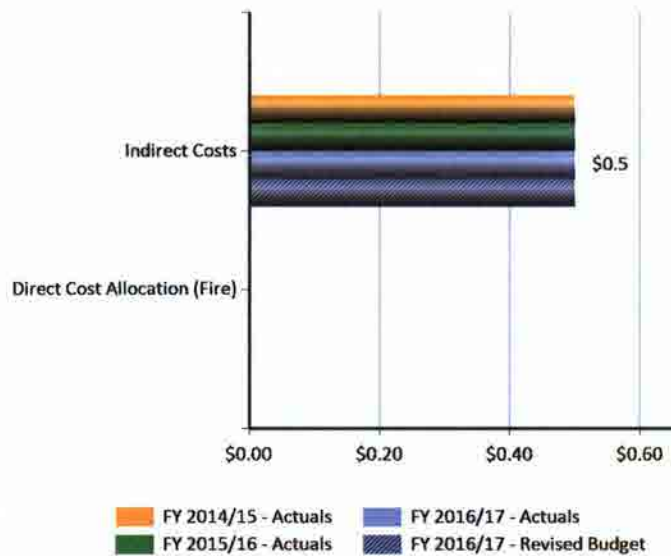
	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Building Permit Fees & Charges	\$1.9	\$0.9	\$1.3	\$1.5	(\$0.2)	(13%)
Building Permit Fees & Charges Total	\$1.9	\$0.9	\$1.3	\$1.5	(\$0.2)	(13%)



General Fund

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

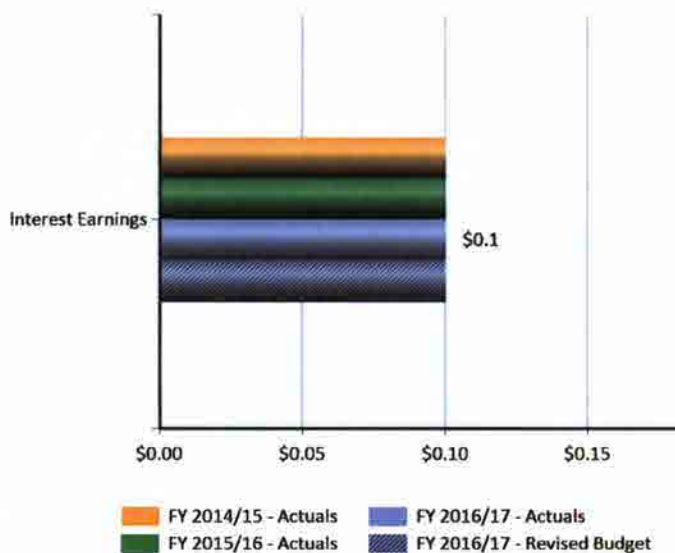
Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation is necessary.



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Indirect Costs	\$0.5	\$0.5	\$0.5	\$0.5	\$ -	-
Direct Cost Allocation (Fire)	-	-	-	-	-	-
Indirect/Direct Cost Allocations Total	\$0.5	\$0.5	\$0.5	\$0.5	\$ -	-

Interest Earnings (Fiscal Year to Date: July 2016)

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

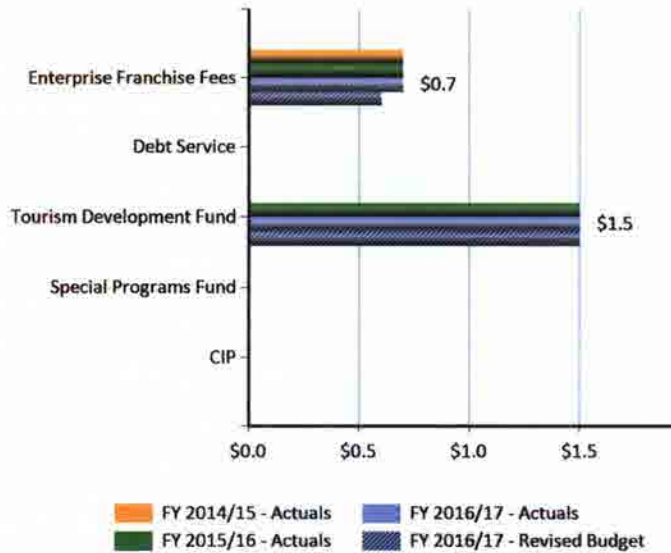


	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Interest Earnings	\$0.1	\$0.1	\$0.1	\$0.1	\$ -	-
Interest Earnings Total	\$0.1	\$0.1	\$0.1	\$0.1	\$ -	-



General Fund

Transfers In (Fiscal Year to Date: July 2016)



Actual to Revised Budget variance of \$0.1 million or 7%:

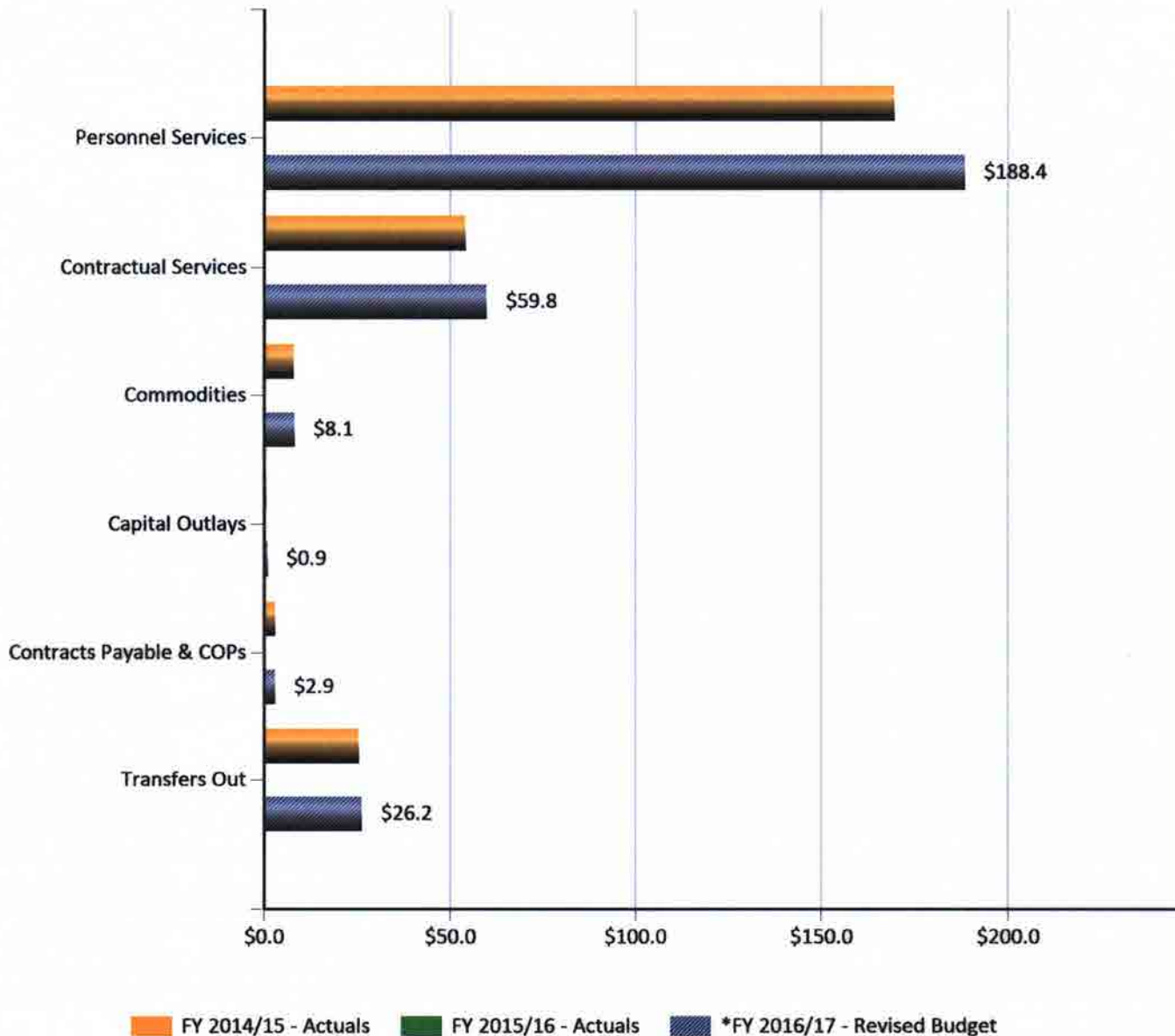
The favorable variance in Enterprise Franchise Fees is driven by higher than normal water deliveries, which are 14 percent higher than the three year running average.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Enterprise Franchise Fees	\$0.7	\$0.7	\$0.7	\$0.6	\$0.1	24%
Debt Service	-	-	-	-	-	-
Tourism Development Fund	-	1.5	1.5	1.5	-	-
Special Programs Fund	-	-	-	-	-	-
CIP	-	-	-	-	-	-
Transfers In Total	\$0.7	\$2.2	\$2.3	\$2.1	\$0.1	7%



Uses

Twelve Months: Fiscal Year

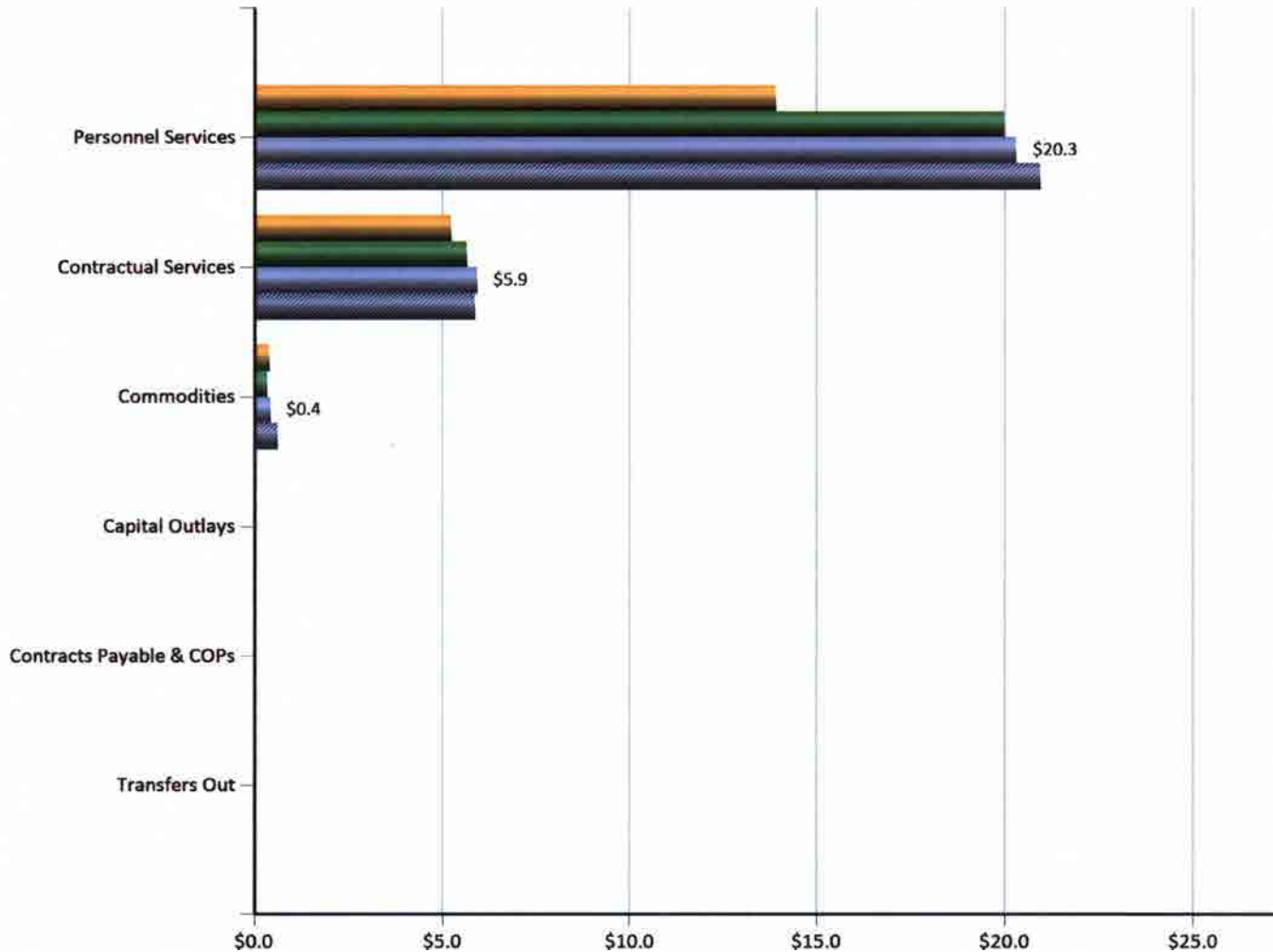


*Includes budgeted vacancy savings net of leave accrual payouts, up to 3% pay for performance, up to 5% pay for performance for those in the Step Program, and compensation adjustments.

Note: FY 2015/16 twelve month actuals are not available at this time. Once completed, they will be included within the report.



Uses (Fiscal Year to Date: July 2016)



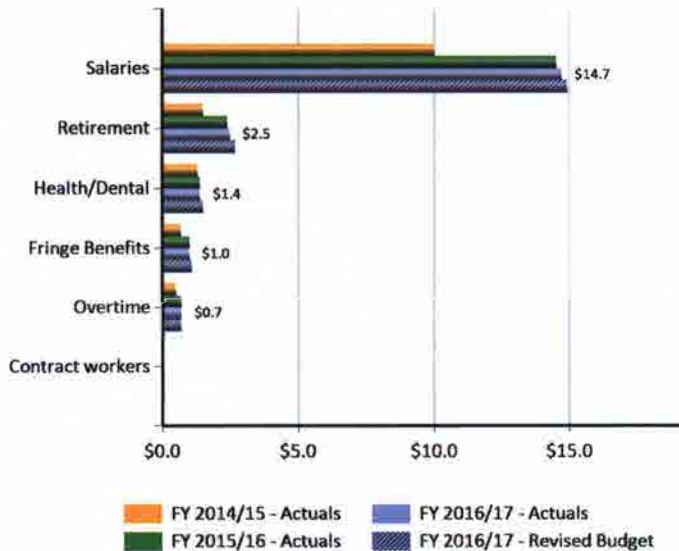
FY 2014/15 - Actuals FY 2015/16 - Actuals FY 2016/17 - Actuals FY 2016/17 - Revised Budget

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$13.9	\$20.0	\$20.3	\$20.9	\$0.6	3%
Contractual Services	5.2	5.7	5.9	5.9	-	-
Commodities	0.4	0.3	0.4	0.6	0.2	31%
Capital Outlays	-	-	-	-	-	-
Contracts Payable & COPs	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Uses	\$19.6	\$26.0	\$26.6	\$27.4	\$0.8	3%



General Fund

Personnel Services (Fiscal Year to Date: July 2016)



Actual to Revised Budget variance of \$0.6 million or 3%:

The favorable variance in Personnel Services is due to savings in the Police Public Safety Personnel Retirement System (PPSRS) contributions. There are 10 employees in Police DROP (Deferred Retirement Option Program) which are funded for retirement contributions but are not currently required to pay. A budget adjustment will occur to address this variance. Also, the Police Division has a large favorable variance in Overtime usage, which subsequently impacts other lines such as Retirement contributions, resulting in lower costs. This favorable variance in Overtime was offset by the Fire Division which currently has 17 sworn employees on various leaves due to injuries or FMLA. Additionally, Fire has seen increased leave usage for staff trained in Advanced Life Support (ALS - paramedics) and currently has 16 sworn staff attending paramedic school to alleviate ongoing Overtime impacts related to this leave. Fire's unfavorable variance is expected to continue into future periods. Finally, there is a citywide favorable impact in Health Insurance due to plan selection occurring after each position had been budgeted and adopted.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Salaries	\$10.0	\$14.5	\$14.7	\$14.9	\$0.2	1%
Retirement	1.5	2.4	2.5	2.7	0.2	8%
Health/Dental	1.3	1.4	1.4	1.5	0.1	7%
Fringe Benefits	0.7	1.0	1.0	1.1	0.1	7%
Overtime	0.5	0.7	0.7	0.7	-	-
Contract workers	-	-	-	-	-	-
Personnel Services Total	\$13.9	\$20.0	\$20.3	\$20.9	\$0.6	3%

Macro Personnel Adjustments

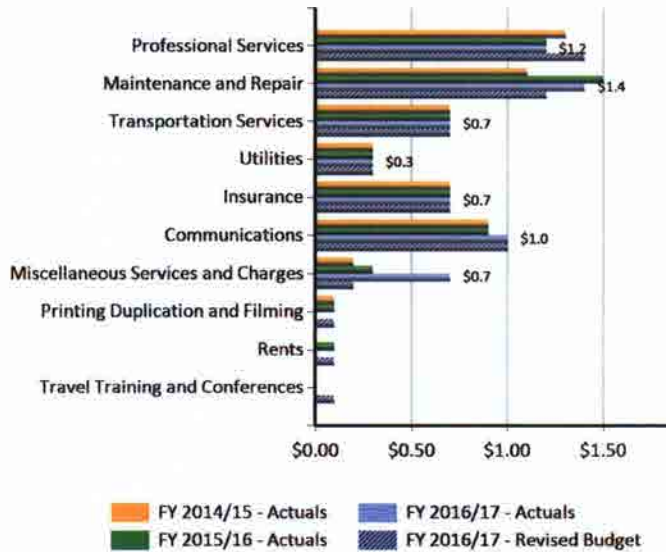
	2014/15 Actual	2015/16 Actual	2016/17 Adopted Budget	2016/17 Year-To-Date Saved/(Used)	Remaining
3% Pay for Performance	\$4.6	n/a	\$2.6	(\$2.6)	\$ -
5% Step - Fire	-	n/a	0.9	(0.9)	-
5% Step - Police	-	n/a	1.3	(1.3)	-
Retirement Savings	-	n/a	-	-	-
Vacancy Savings	(3.8)	n/a	(3.9)	0.6	(3.2)
Medical Leave Payouts	1.6	n/a	1.0	(0.3)	0.8
Vacation Leave Payouts	0.7	n/a	0.9	(0.1)	0.8
Total Vacancy Savings/Payouts	\$3.1	n/a	\$2.9	(\$4.5)	(\$1.6)

Total Saved/(Used) YTD of (\$4.5) million:

The city has achieved \$0.6 million in vacancy savings year-to-date offset by (\$0.4) 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 Officers and a 3 percent pay program based on performance for all other city employees. (FY 2015/16 twelve month actuals are not available at this time. Once completed, they will be included within the report.)



Contractual Services (Fiscal Year to Date: July 2016)



Actual to Revised Budget variance of \$0.0 million or 0%:

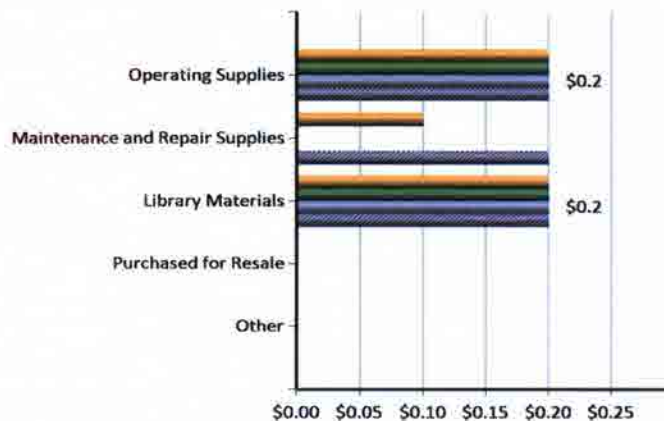
The variances within Contractual Services are all due to timing - when the expense was planned versus when the expense did or will occur.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Professional Services	\$1.3	\$1.2	\$1.2	\$1.4	\$0.3	18%
Maintenance and Repair	1.1	1.5	1.4	1.2	(0.1)	(12%)
Transportation Services	0.7	0.7	0.7	0.7	-	-
Utilities	0.3	0.3	0.3	0.3	-	-
Insurance	0.7	0.7	0.7	0.7	-	-
Communications	0.9	0.9	1.0	1.0	-	-
Miscellaneous Services and Charges	0.2	0.3	0.7	0.2	(0.4)	nm
Printing Duplication and Filming	0.1	0.1	-	0.1	-	-
Rents	-	0.1	-	0.1	0.1	90%
Travel Training and Conferences	-	-	-	0.1	0.1	83%
Contractual Services Total	\$5.2	\$5.7	\$5.9	\$5.9	\$ -	-



General Fund

Commodities (Fiscal Year to Date: July 2016)

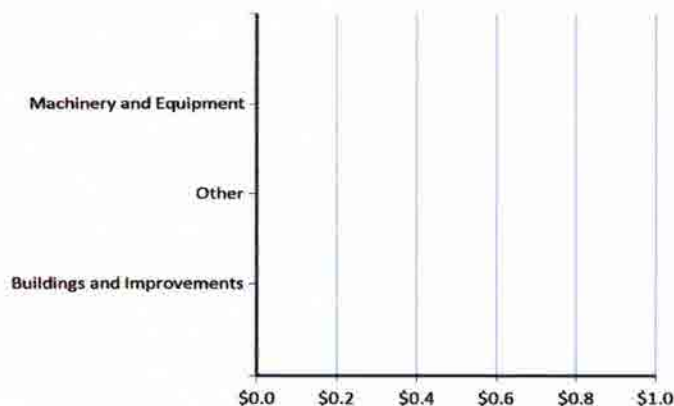


Actual to Revised Budget variance of \$0.2 million or 31%:

The favorable variance is related to delayed purchases by Facilities Management. The frequency and timing of some purchases can be difficult to assess and while accurate at the time of budget adoption these are now expected to occur in a future period. This favorable variance is slightly offset by an unfavorable variance in Community Services for the purchase of supplies used at parks and pools, which occurred earlier than expected.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual Favorable / (Unfavorable) Amount	vs. Budget (Unfavorable) Percent
Operating Supplies	\$0.2	\$0.2	\$0.2	\$0.2	\$ -	-
Maintenance and Repair Supplies	0.1	-	-	0.2	0.2	88%
Library Materials	0.2	0.2	0.2	0.2	-	-
Purchased for Resale	-	-	-	-	-	-
Other	-	-	-	-	-	-
Commodities Total	\$0.4	\$0.3	\$0.4	\$0.6	\$0.2	31%

Capital Outlays (Fiscal Year to Date: July 2016)



Actual to Revised Budget variance of \$0.0 million or 0%:

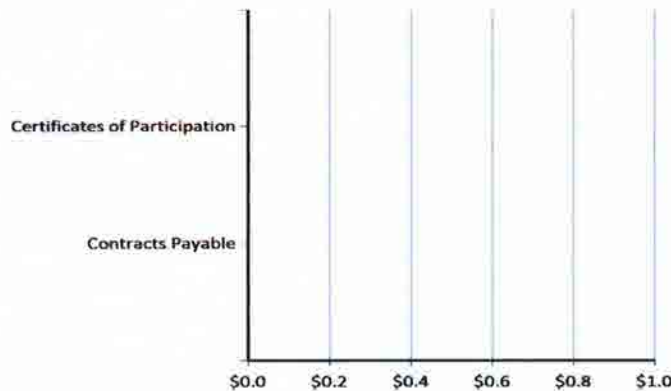
No explanation is necessary.

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



General Fund

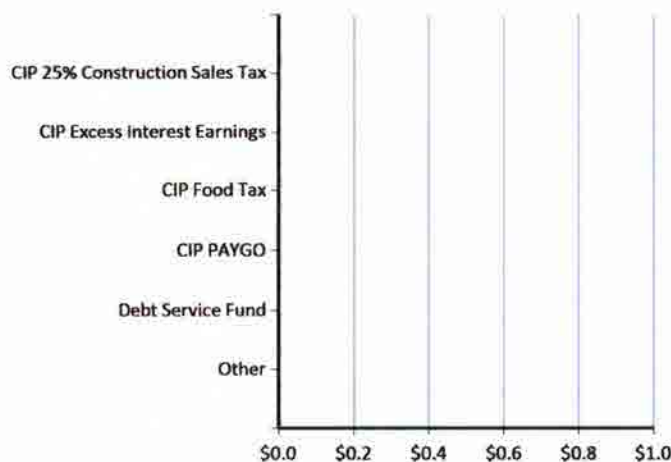
Contracts Payable & COPs (Fiscal Year to Date: July 2016)



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

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

Transfers Out (Fiscal Year to Date: July 2016)

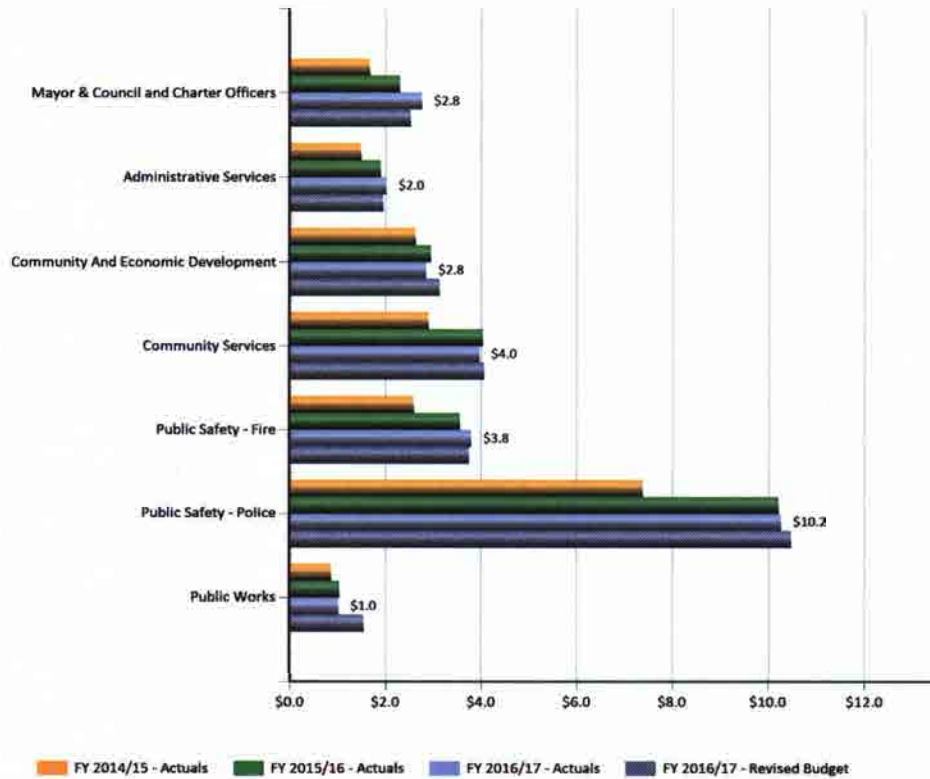


Actual to Revised Budget variance of \$0.0 million or 0%:
No explanation is necessary.

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
CIP 25% Construction Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
CIP PAYGO	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfers Out Total	\$0.0	\$0.0	\$0.0	\$0.0	\$ -	-



Division Expenditures (Fiscal Year to Date: July 2016)



	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2016/17 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	1.7	2.3	2.8	2.5	(0.2)	(9%)
Administrative Services	1.5	1.9	2.0	2.0	(0.1)	(3%)
Community And Economic Development	2.6	3.0	2.8	3.1	0.3	9%
Community Services	2.9	4.0	4.0	4.1	0.1	3%
Public Safety - Fire	2.6	3.6	3.8	3.7	-	-
Public Safety - Police	7.4	10.2	10.2	10.5	0.2	2%
Public Works	0.9	1.0	1.0	1.6	0.5	34%
Total	\$19.6	\$26.0	\$26.6	\$27.4	\$0.8	3%

Actual to Revised Budget variance of \$0.8 million or 3%:

The unfavorable variance in Mayor & Council and Charter Officers is related to the annual maintenance payment for ongoing Transaction Privilege Tax service to the Arizona Department of Revenue. The budget was in September and has been moved to August resolving this timing issue next month. Administrative Services unfavorable variance is related to payments made for various annual software agreements throughout the city, the budget does exist for these, but each year payments may be made at slightly different times. The favorable variance in Community Economic and Development is related to the cost of advertising and certain permit costs, which have yet to occur. These costs are variable and may not occur as forecasted but are anticipated in the future. Public Safety - Police has a favorable variance in Personnel Services where large savings in both, overtime and retirement, are occurring. Overtime is due to efficient deployment of staff; and retirement had a budget adjustment to reduce the PSPRS budget for DROP participants, which will reduce the ongoing impact beginning in August. Finally, the favorable variance in Public Works is related to Facilities Maintenance. The city has contracted services and forecasted the acquisition of other goods to maintain city buildings and other city owned property but the purchase of certain goods and services has not yet occurred.