

CITY COUNCIL REPORT



Meeting Date: August 21, 2024
Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
Objective: *Adopted Budgets*

ACTION

Accept the Fiscal Year 2023/24 Monthly Financial Report as of May 2024.

BACKGROUND

Each month the city publishes a financial summary of the city year-to-date for the General Fund. Quarterly, the summary also includes the Transportation Fund, Tourism Development Fund, Enterprise Funds, Fleet Management Fund, Risk Management Fund, Healthcare Self Insurance Fund and 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 2023/24 budget was adopted June 13, 2023, by Ordinance No. 4602.

A monthly update comparing General Fund actual results for fiscal year-to-date through May 2024 versus prior years was sent in an email by the City Treasurer to the City Council on June 24, 2024.

ANALYSIS & ASSESSMENT

There are no proposed FY 2023/24 budget adjustments or use of contingency requested for the May 2024 Monthly Financial Report.

OPTIONS & STAFF RECOMMENDATION

Staff recommends the acceptance of the Fiscal Year 2023/24 Monthly Financial Report as of May 2024.

RESPONSIBLE DIVISION(S)

City Treasurer

Action Taken _____

STAFF CONTACT(S)

Ana Lia Johnson, Acting Budget Director, (480) 312-7893, anjohnson@scottsdaleaz.gov

APPROVED BY

Anna Henthorn

Anna Henthorn, Assistant City Treasurer on behalf of
Sonia Andrews, City Treasurer/CFO
(480) 312-2364, sandrews@scottsdaleaz.gov

8/5/24

Date

ATTACHMENTS

1. Monthly Financial Report Fiscal Year-to-Date as of May 2024.

Monthly Financial Report

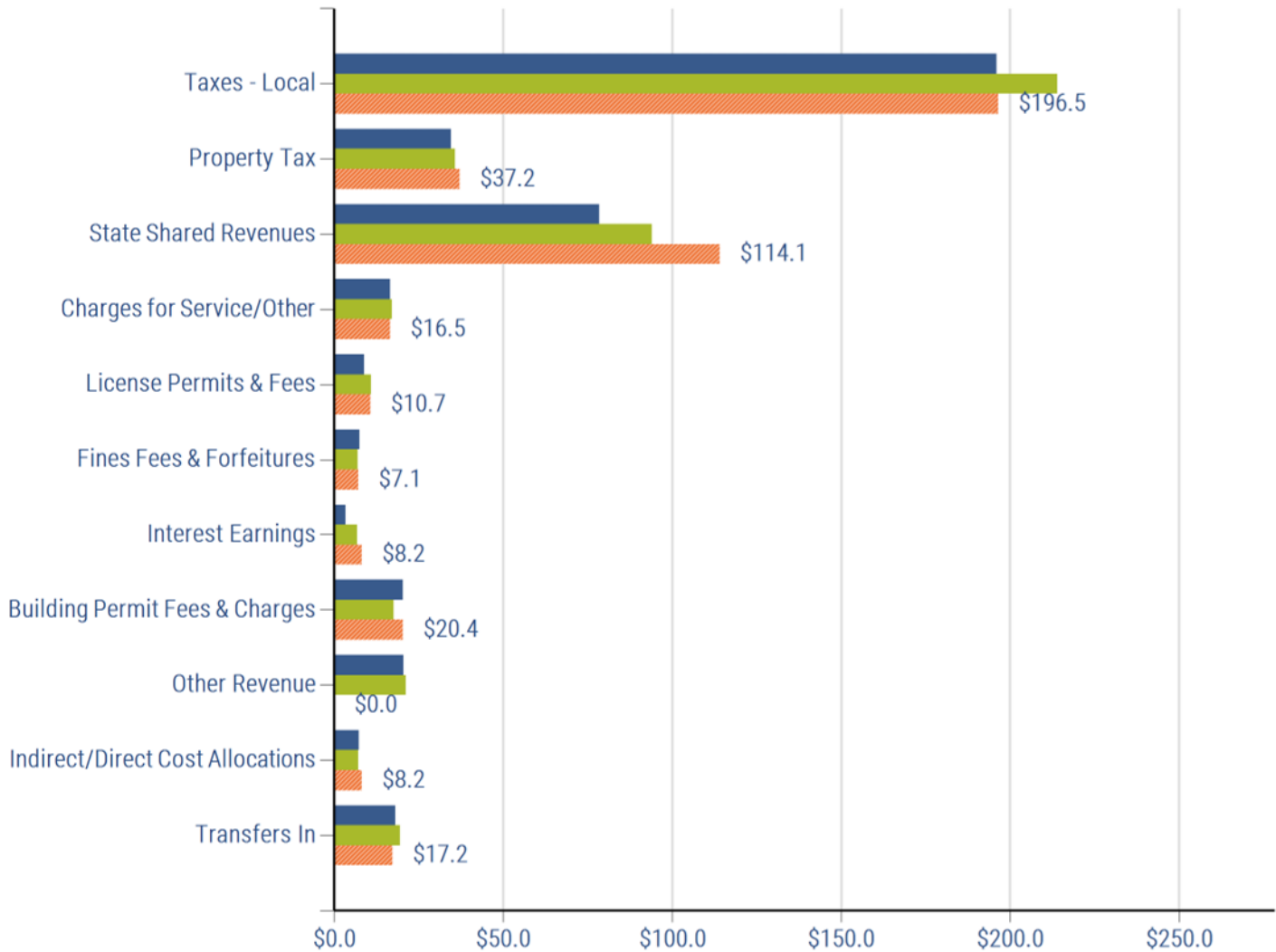
**Fiscal Year to Date as of
May 31, 2024**

Report to the City Council
Prepared by the City Treasurer
August 21, 2024

Sources

General Fund

Twelve Months: Fiscal Year



■ FY 2021/22 - Actuals ■ FY 2022/23 - Actuals ■ FY 2023/24 - Revised Budget

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Revised Budget
Taxes - Local	\$195.9	\$214.1	\$196.5
Property Tax	34.6	35.8	37.2
State Shared Revenues	78.5	94.0	114.1
Charges for Service/Other	16.6	17.0	16.5
License Permits & Fees	8.8	10.8	10.7
Fines Fees & Forfeitures	7.5	7.0	7.1
Interest Earnings	3.3	6.9	8.2
Building Permit Fees & Charges	20.3	17.6	20.4
Other Revenue	20.5	21.2	-
Indirect/Direct Cost Allocations	7.2	7.2	8.2
Transfers In	18.2	19.4	17.2
Total Sources	\$411.3	\$450.9	\$436.1

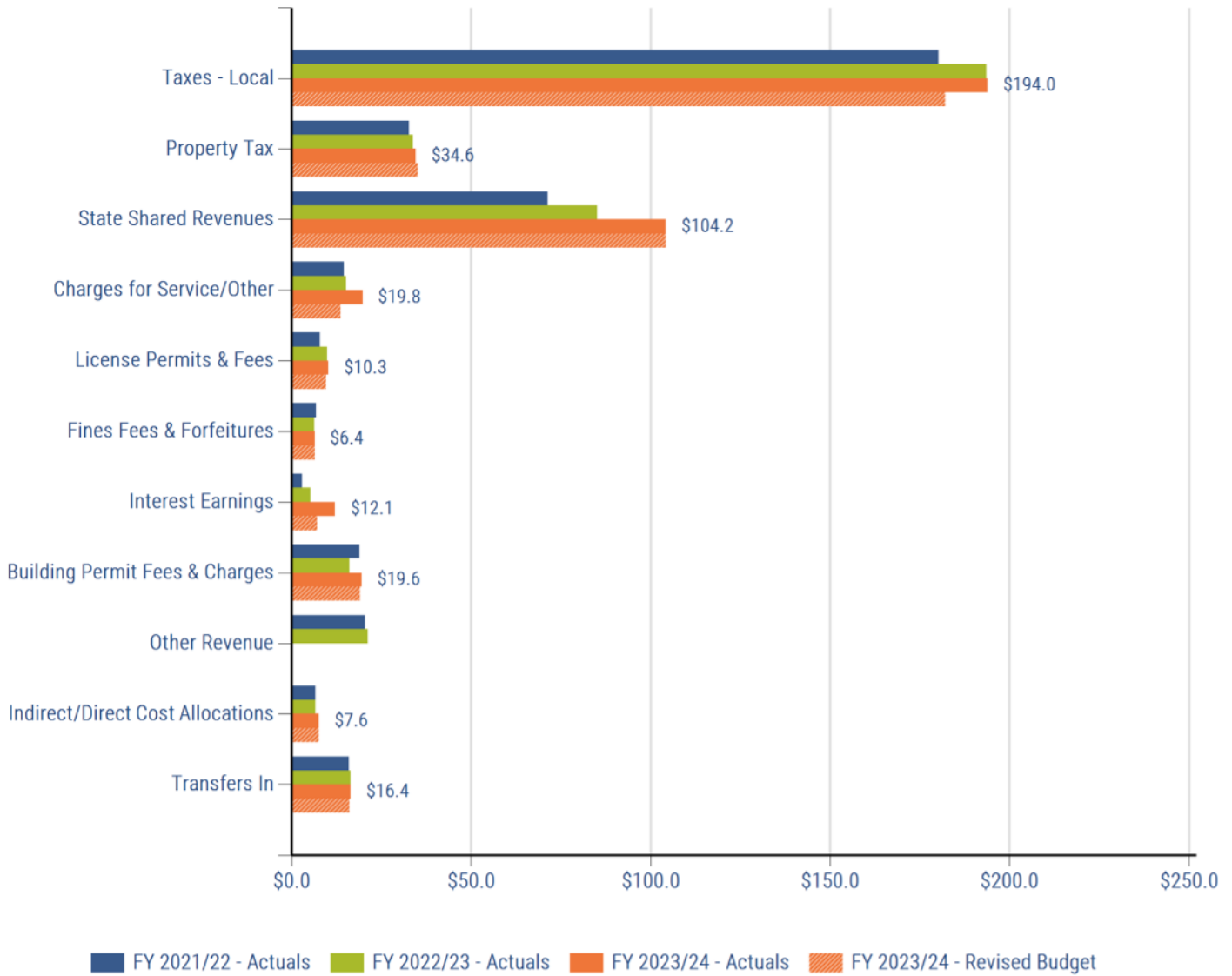
\$ in millions/rounding differences and blank may occur.

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May 2024

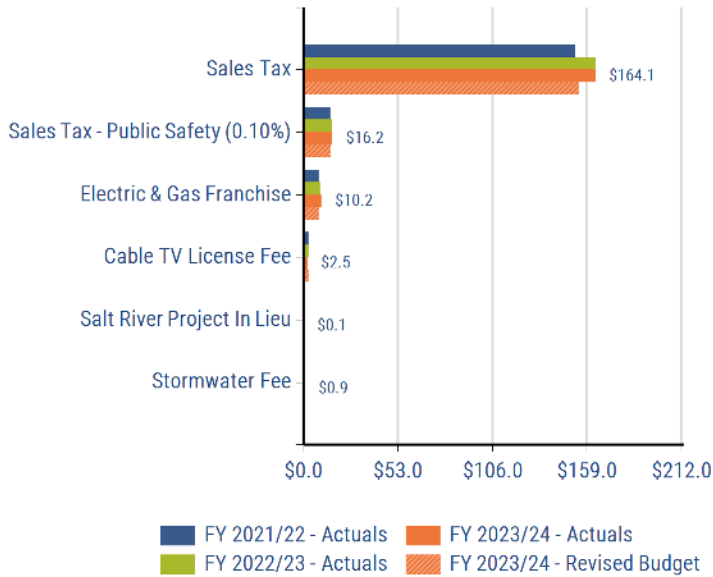
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Sources (Fiscal Year to Date: May 2024)



	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Taxes - Local	\$180.3	\$193.5	\$194.0	\$182.2	\$11.8	6%
Property Tax	32.8	33.8	34.6	35.2	(0.6)	(2%)
State Shared Revenues	71.4	85.1	104.2	104.3	-	-
Charges for Service/Other	14.5	15.2	19.8	13.7	6.1	45%
License Permits & Fees	7.9	9.9	10.3	9.6	0.6	6%
Fines Fees & Forfeitures	6.9	6.4	6.4	6.5	(0.1)	(1%)
Interest Earnings	2.9	5.3	12.1	7.2	5.0	69%
Building Permit Fees & Charges	18.9	16.2	19.6	19.0	0.5	3%
Other Revenue	20.5	21.2	-	-	-	-
Indirect/Direct Cost Allocations	6.7	6.6	7.6	7.6	-	-
Transfers In	16.0	16.4	16.4	16.1	0.4	2%
Total Sources	\$378.8	\$409.7	\$424.9	\$401.2	\$23.8	6%

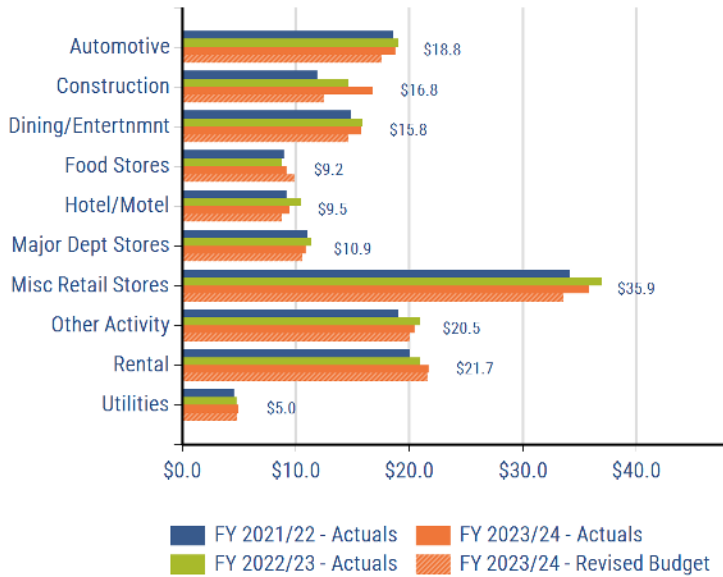
Taxes - Local (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$11.8 million or 6%:
 The favorable variance is primarily due to Sales Tax and Electric & Gas Franchise. See detail Sales Tax information on page 4. The favorable variance for Electric & Gas Franchise is due to higher than expected revenue generated from Franchise fees resulting from higher electric and gas usage.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Sales Tax	\$152.7	\$164.2	\$164.1	\$154.4	\$9.7	6%
Sales Tax - Public Safety (0.10%)	15.0	16.2	16.2	15.2	0.9	6%
Electric & Gas Franchise	8.7	9.4	10.2	8.8	1.4	16%
Cable TV License Fee	2.9	2.8	2.5	2.8	(0.2)	(9%)
Salt River Project In Lieu	0.1	0.1	0.1	0.1	-	-
Stormwater Fee	0.9	0.9	0.9	0.9	-	-
Taxes - Local Total	\$180.3	\$193.5	\$194.0	\$182.2	\$11.8	6%

Sales Tax (Fiscal Year to Date: May 2024)

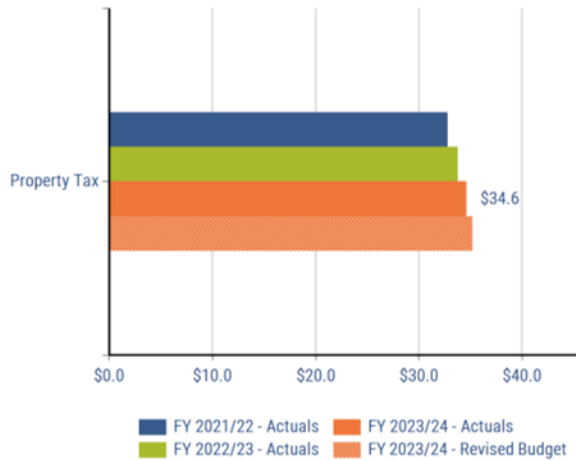


Actual to Revised Budget variance of \$9.7 million or 6%:

The favorable variance is primarily due to: 1) Automotive - a large one-time payment and auto dealers are doing better than expected; 2) Construction - one-time audit payments, new projects and increased residential/commercial construction; 3) Dining/Entertainment - restaurants are doing better than anticipated; and 4) Misc. Retail Stores - retail stores doing better than expected and one-time audit payments. The unfavorable variance in Food Stores is due to changing consumer habits towards store brands based on economic concerns.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Automotive	\$18.6	\$19.1	\$18.8	\$17.6	\$1.2	7%
Construction	11.9	14.7	16.8	12.5	4.2	34%
Dining/Entertainment	14.9	15.9	15.8	14.7	1.1	7%
Food Stores	9.0	8.8	9.2	9.9	(0.6)	(7%)
Hotel/Motel	9.2	10.5	9.5	8.8	0.7	8%
Major Dept Stores	11.1	11.4	10.9	10.6	0.3	3%
Misc Retail Stores	34.2	37.0	35.9	33.6	2.4	7%
Other Activity	19.1	21.0	20.5	20.1	0.4	2%
Rental	20.1	21.0	21.7	21.6	0.1	0%
Utilities	4.6	4.8	5.0	4.9	-	-
Sales Tax Total	\$152.7	\$164.2	\$164.1	\$154.4	\$9.7	6%

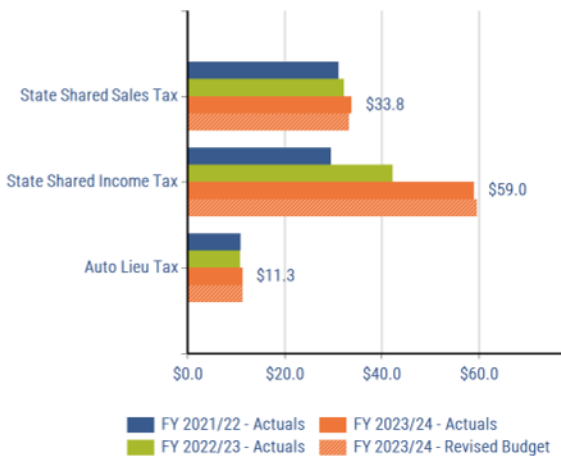
Property Tax (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of (\$0.6) million or (2%):
The unfavorable variance is due to distribution timing. The budget is based on the county's average three-year collection period and may vary year over year.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Property Tax	\$32.8	\$33.8	\$34.6	\$35.2	(\$0.6)	(2%)
Property Tax Total	\$32.8	\$33.8	\$34.6	\$35.2	(\$0.6)	(2%)

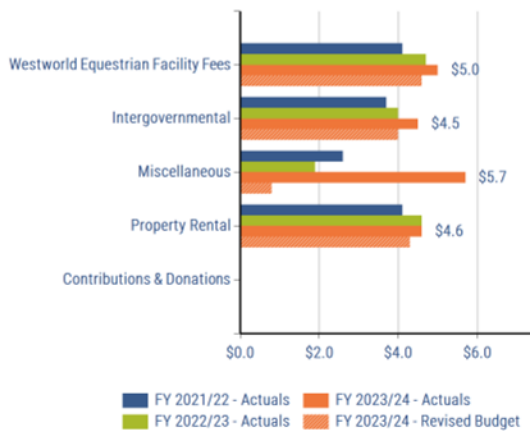
State Shared Revenues (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$0.0 million or 0%:
The favorable variance in **State Shared Sales Tax** - due to increased sales tax revenue from contracting, utilities, and remote retail sales. The unfavorable variance in **State Shared Income Tax** is due to the actual payments being lower than budgeted, resulting from revised population counts.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
State Shared Sales Tax	\$31.1	\$32.2	\$33.8	\$33.3	\$0.5	1%
State Shared Income Tax	29.5	42.2	59.0	59.6	(0.6)	(1%)
Auto Lieu Tax	10.9	10.8	11.3	11.3	0.1	1%
State Shared Revenues Total	\$71.4	\$85.1	\$104.2	\$104.3	\$ -	-

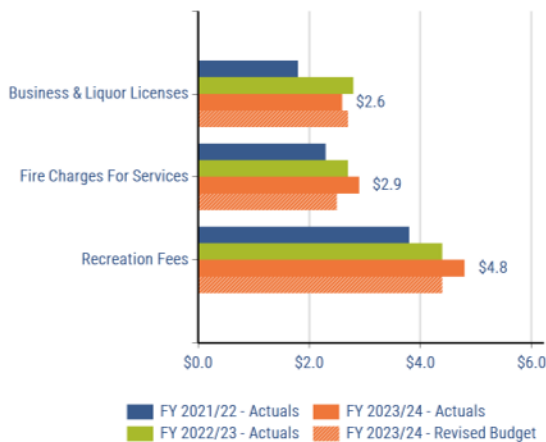
Charges for Service/Other (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$6.1 million or 45%:
The favorable variance is due to **Miscellaneous** - one-time development fees, higher than expected reimbursement from Maricopa County and special events for Public Safety - Fire due to increased services.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Westworld Equestrian Facility Fees	\$4.1	\$4.7	\$5.0	\$4.6	\$0.4	8%
Intergovernmental	3.7	4.0	4.5	4.0	0.5	13%
Miscellaneous	2.6	1.9	5.7	0.8	4.9	>100%
Property Rental	4.1	4.6	4.6	4.3	0.3	7%
Contributions & Donations	-	-	-	-	-	-
Charges for Service/Other Total	\$14.5	\$15.2	\$19.8	\$13.7	\$6.1	45%

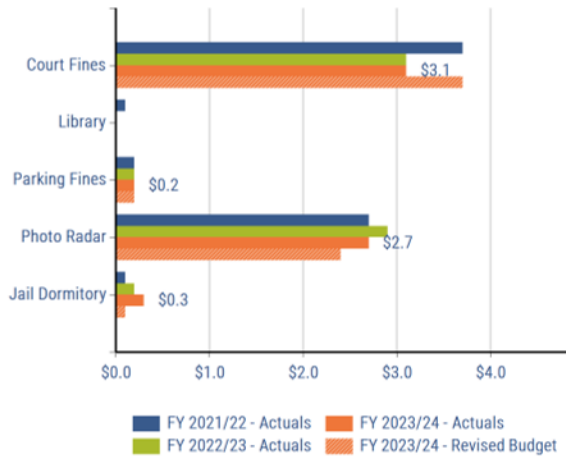
License Permits & Fees (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$0.6 million or 6%:
The favorable variance is due to: 1) **Fire Charges for Services** - higher than expected call volume for Ambulance services; and 2) **Recreation Fees** - higher than expected activities in community facilities and enrollments in summer sessions.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Business & Liquor Licenses	\$1.8	\$2.8	\$2.6	\$2.7	(\$0.1)	(4%)
Fire Charges For Services	2.3	2.7	2.9	2.5	0.4	15%
Recreation Fees	3.8	4.4	4.8	4.4	0.4	8%
License Permits & Fees Total	\$7.9	\$9.9	\$10.3	\$9.6	\$0.6	6%

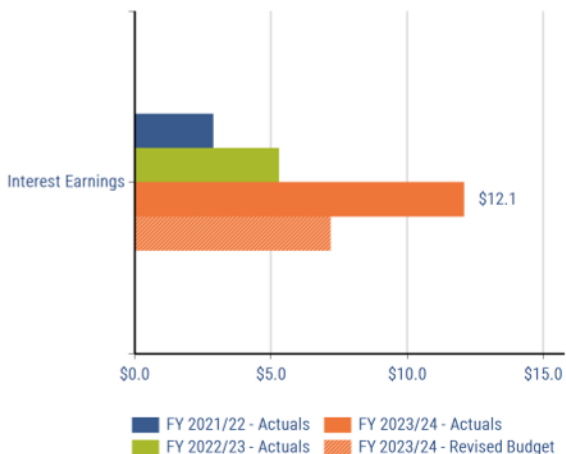
Fines Fees & Forfeitures (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of (\$0.1) million or (1%): The unfavorable variance in **Court Fines** is due to a lower number of criminal filings. The favorable variance in **Photo Radar** is due to higher number of traffic photo enforcement, resulting from increase traffic in special event season.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	vs. Budget Percent
Court Fines	\$3.7	\$3.1	\$3.1	\$3.7	(\$0.6)	(15%)
Library	0.1	-	-	-	-	-
Parking Fines	0.2	0.2	0.2	0.2	-	-
Photo Radar	2.7	2.9	2.7	2.4	0.3	14%
Jail Dormitory	0.1	0.2	0.3	0.1	0.2	>100%
Fines Fees & Forfeitures Total	\$6.9	\$6.4	\$6.4	\$6.5	(\$0.1)	(1%)

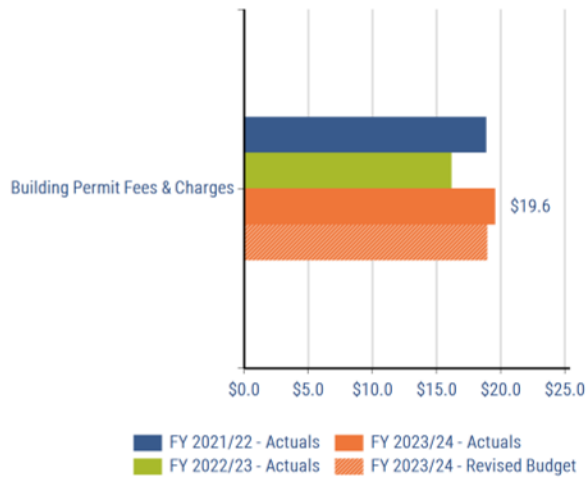
Interest Earnings (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$5.0 million or 69%: The favorable variance in **Interest Earnings** is due to higher than expected rate of return.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	vs. Budget Percent
Interest Earnings	\$2.9	\$5.3	\$12.1	\$7.2	\$5.0	69%
Interest Earnings Total	\$2.9	\$5.3	\$12.1	\$7.2	\$5.0	69%

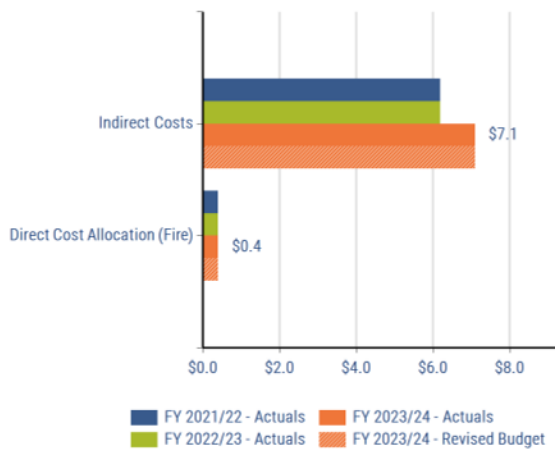
Building Permit Fees & Charges (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$0.5 million or 3%:
 The favorable variance is due to a one-time development contribution and higher than expected encroachment permit fees, the positive variance would be greater but is partially offset by lower volume of building permits processed.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Building Permit Fees & Charges	\$18.9	\$16.2	\$19.6	\$19.0	\$0.5	3%
Building Permit Fees & Charges Total	\$18.9	\$16.2	\$19.6	\$19.0	\$0.5	3%

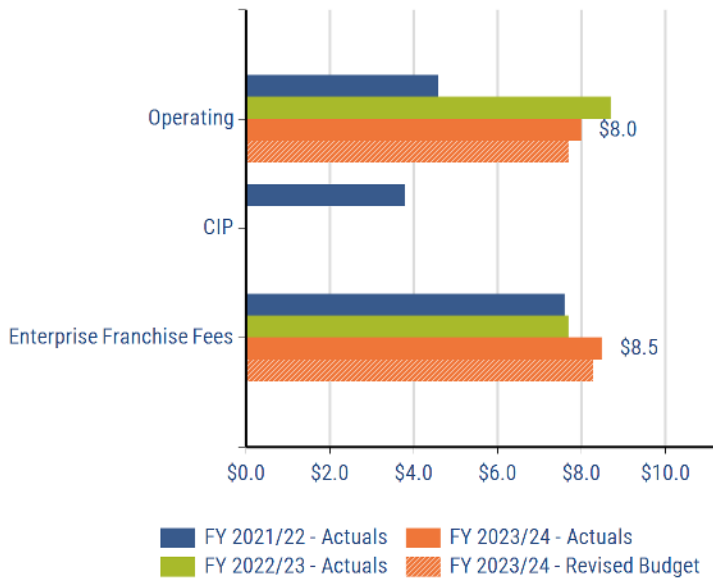
Indirect/Direct Cost Allocations (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$0.0 million or 0%:
 Indirect/Direct Cost Allocations are within budget.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Indirect Costs	\$6.2	\$6.2	\$7.1	\$7.1	\$ -	-
Direct Cost Allocation (Fire)	0.4	0.4	0.4	0.4	-	-
Indirect/Direct Cost Allocations Total	\$6.7	\$6.6	\$7.6	\$7.6	\$ -	-

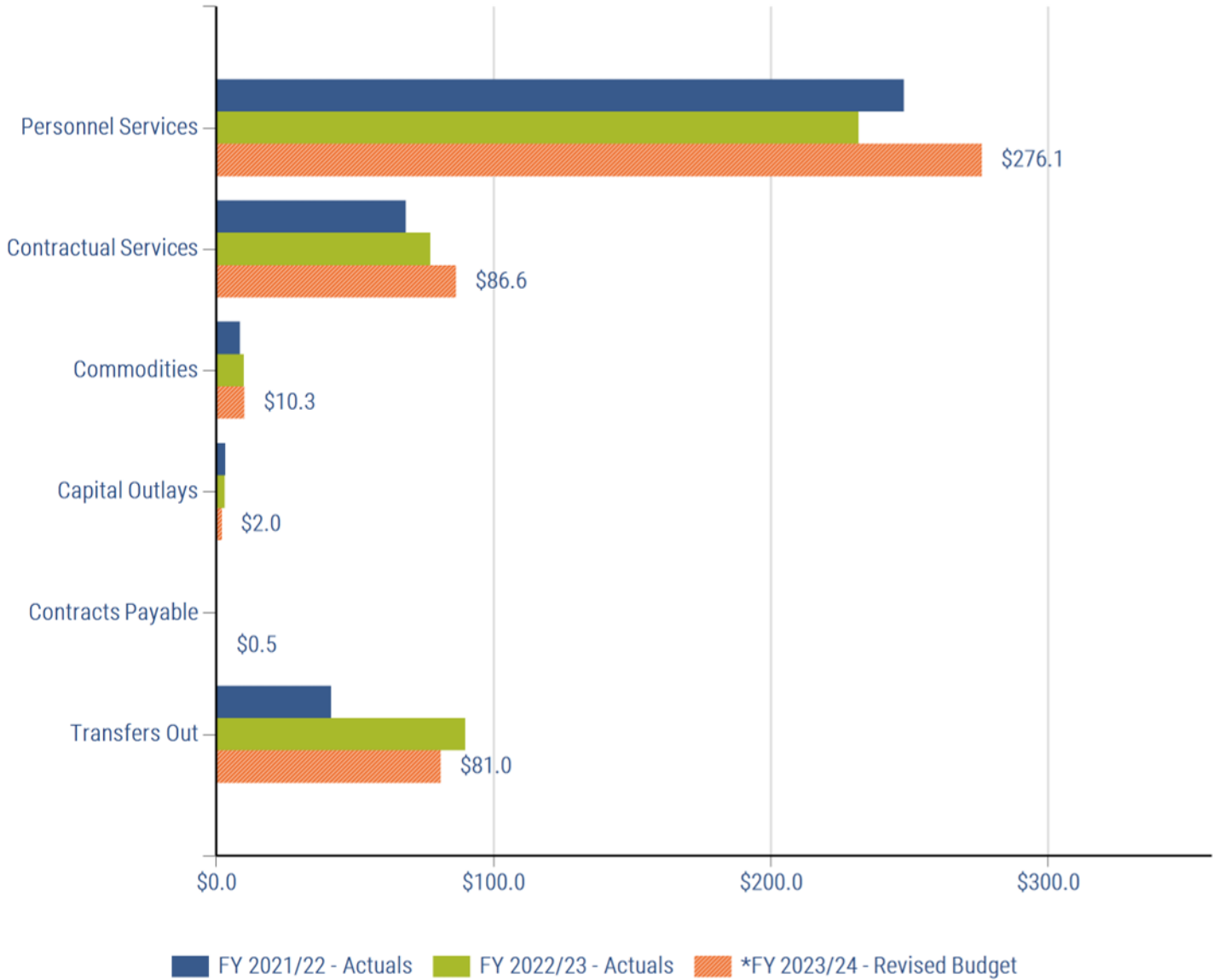
Transfers In (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$0.4 million or 2%:
 The favorable variance is due to 1) timing of transfers In of **Operating** budget; and 2) higher than budget **Enterprise franchise fees** based on utility company revenues.

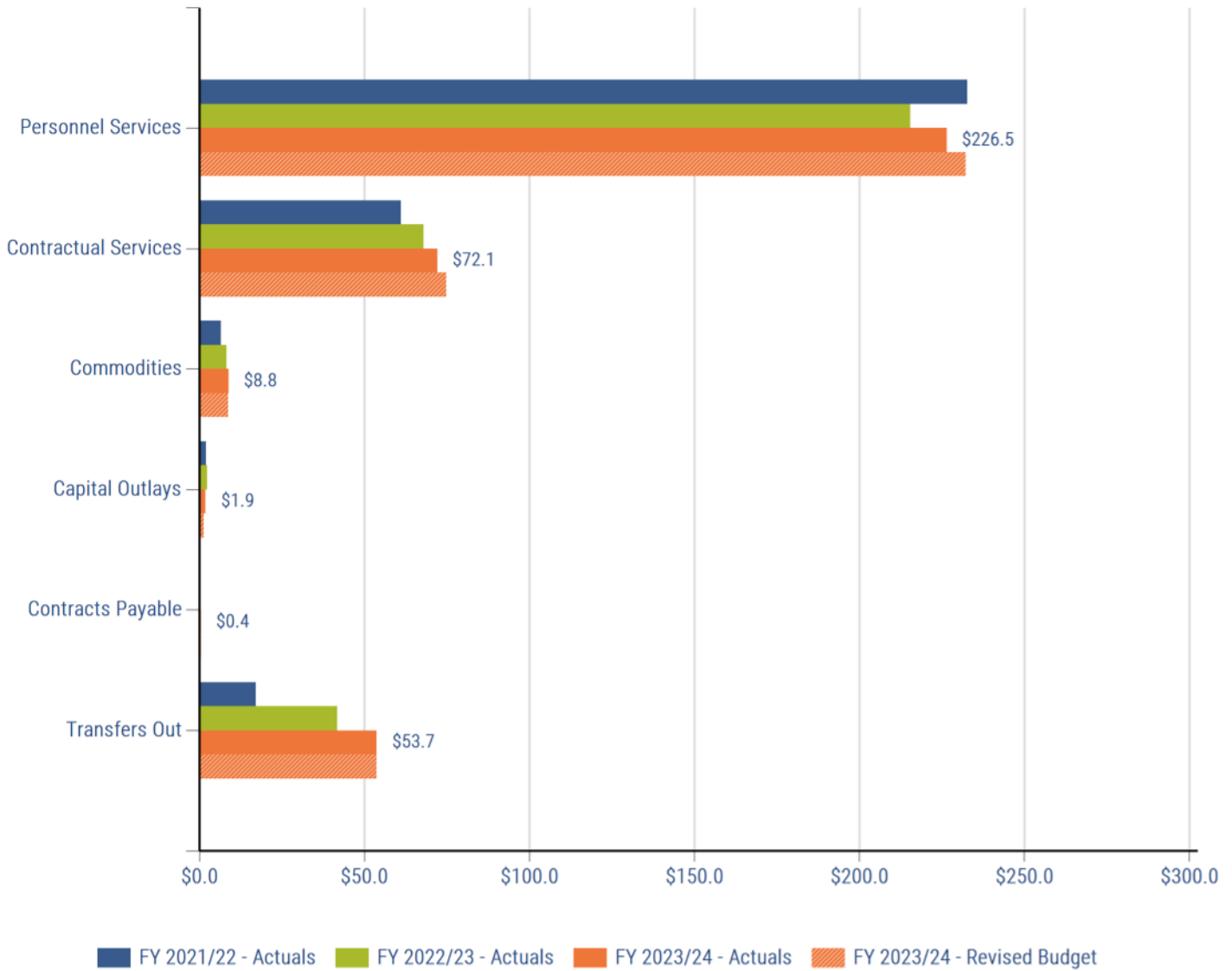
	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Operating	\$4.6	\$8.7	\$8.0	\$7.7	\$0.2	3%
CIP	3.8	-	-	-	-	-
Enterprise Franchise Fees	7.6	7.7	8.5	8.3	0.1	2%
Transfers In Total	\$16.0	\$16.4	\$16.4	\$16.1	\$0.4	2%

Twelve Months: Fiscal Year



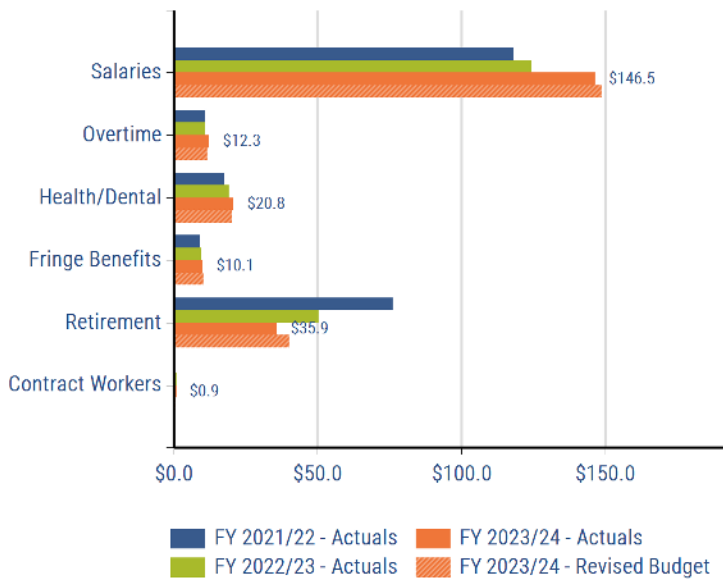
	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Revised Budget
Personnel Services	\$247.9	\$231.7	\$276.1
Contractual Services	68.4	77.3	86.6
Commodities	8.7	9.9	10.3
Capital Outlays	3.4	3.2	2.0
Contracts Payable	0.4	0.4	0.5
Transfers Out	41.4	89.9	81.0
Total Uses	\$370.2	\$412.3	\$456.4

Uses (Fiscal Year to Date: May 2024)



	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$232.7	\$215.4	\$226.5	\$232.2	\$5.8	2%
Contractual Services	61.2	68.0	72.1	74.9	2.8	4%
Commodities	6.6	8.2	8.8	8.7	(0.1)	(2%)
Capital Outlays	1.9	2.3	1.9	1.3	(0.5)	(41%)
Contracts Payable	0.4	0.4	0.4	0.5	-	-
Transfers Out	17.1	41.8	53.7	53.7	-	-
Total Uses	\$320.0	\$336.0	\$363.4	\$371.2	\$7.8	2%

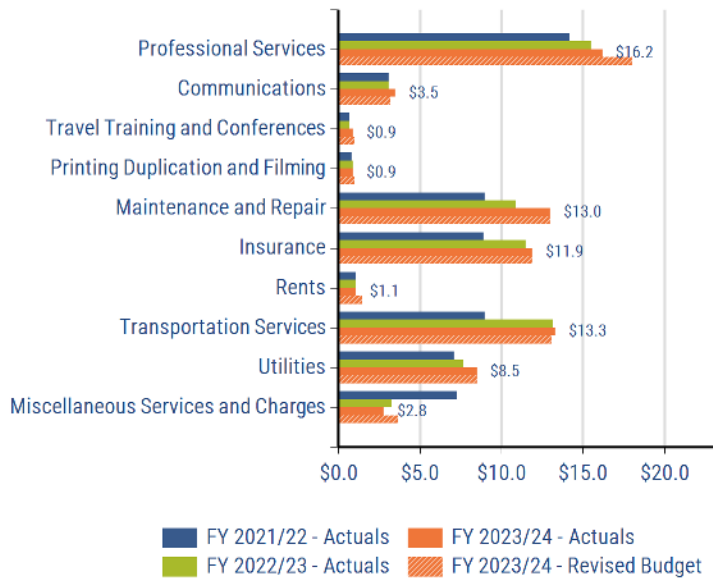
Personnel Services (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$5.8 million or 2%:
 The favorable variance is due to: 1) Salaries - vacancy savings and new staff hired at a lower rate than the employee who retired or left; and 2) Retirement - new public safety staff hired in a different retirement tier, resulting in less retirement contributions. The unfavorable variance in Overtime is due to the increased number of public safety personnel on worker's compensation from injuries, needing additional overtime to cover for their absences.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Salaries	\$118.3	\$124.4	\$146.5	\$148.7	\$2.2	1%
Overtime	10.9	11.0	12.3	11.7	(0.6)	(5%)
Health/Dental	17.7	19.2	20.8	20.4	(0.4)	(2%)
Fringe Benefits	9.2	9.6	10.1	10.4	0.3	3%
Retirement	76.3	50.3	35.9	40.2	4.4	11%
Contract Workers	0.3	1.0	0.9	0.8	(0.1)	(9%)
Personnel Services Total	\$232.7	\$215.4	\$226.5	\$232.2	\$5.8	2%

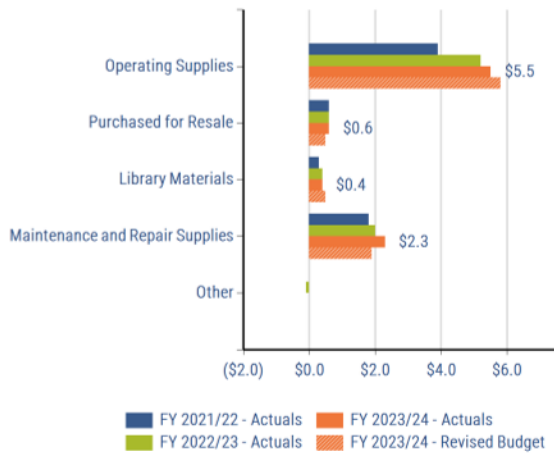
Contractual Services (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of \$2.8 million or 4%:
 The favorable variance is primarily from 1) **Professional Services** - timing in receiving invoice for contract services and timing difference for consultant payments for city initiatives; 2) **Rents** - timing of invoices for machinery and equipment rental fees; and 3) **Miscellaneous Services and Charges** - timing in public education outreach program implementation and timing of expense for the Human Services program.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Professional Services	\$14.2	\$15.5	\$16.2	\$18.0	\$1.8	10%
Communications	3.1	3.1	3.5	3.2	(0.3)	(9%)
Travel Training and Conferences	0.7	0.7	0.9	1.0	0.1	14%
Printing Duplication and Filming	0.8	0.9	0.9	1.0	0.1	12%
Maintenance and Repair	9.0	10.9	13.0	13.0	(0.1)	0%
Insurance	8.9	11.5	11.9	11.9	(0.1)	0%
Rents	1.1	1.1	1.1	1.5	0.4	26%
Transportation Services	9.0	13.2	13.3	13.1	(0.2)	(1%)
Utilities	7.1	7.7	8.5	8.5	-	-
Miscellaneous Services and Charges	7.3	3.3	2.8	3.7	0.9	24%
Contractual Services Total	\$61.2	\$68.0	\$72.1	\$74.9	\$2.8	4%

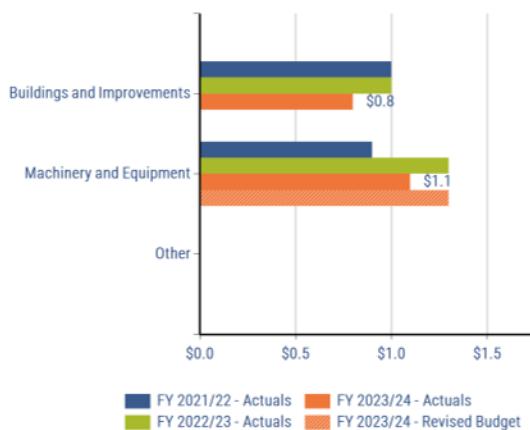
Commodities (Fiscal Year to Date: May 2024)



Actual to Revised Budget variance of (\$0.1) million or (2%): The favorable variance in **operating supplies** is due to timing difference in purchasing ammunition and weapons; and agriculture supplies based on need. The unfavorable variance in **Maintenance and Repair Supplies** is due to an increased demand for installation of additional bottle fillers citywide and higher than expected repairs needed for city-owned facilities.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Operating Supplies	\$3.9	\$5.2	\$5.5	\$5.8	\$0.3	5%
Purchased for Resale	0.6	0.6	0.6	0.5	(0.1)	(14%)
Library Materials	0.3	0.4	0.4	0.5	0.1	14%
Maintenance and Repair Supplies	1.8	2.0	2.3	1.9	(0.4)	(23%)
Other	-	(0.1)	-	-	-	-
Commodities Total	\$6.6	\$8.2	\$8.8	\$8.7	(\$0.1)	(2%)

Capital Outlays (Fiscal Year to Date: May 2024)

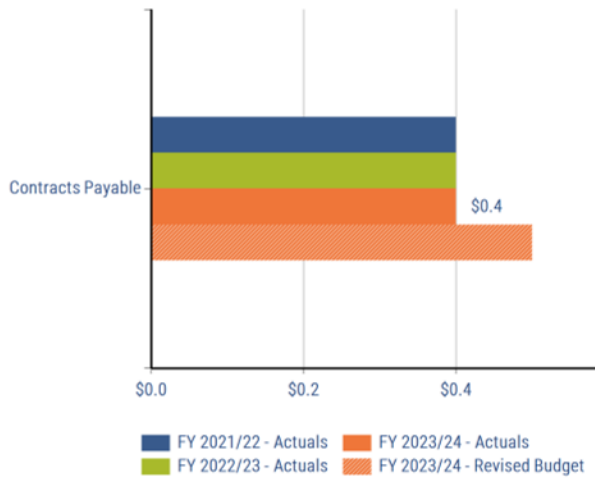


Actual to Revised Budget variance of (\$0.5) million or (41%): The unfavorable variance in **Buildings and Improvements** is due to the unanticipated building improvements cost to accommodate training staff. The negative variance will be absorbed by department savings. The positive variance in **Machinery and Equipment** is due to delays in receiving motor vehicles for code enforcement inspectors and police officers; the variance most likely will carry through the fiscal year.

	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Buildings and Improvements	\$1.0	\$1.0	\$0.8	\$ -	(\$0.8)	-
Machinery and Equipment	0.9	1.3	1.1	1.3	0.2	16%
Other	-	-	-	-	-	-
Capital Outlays Total	\$1.9	\$2.3	\$1.9	\$1.3	(\$0.5)	(41%)

Contracts Payable (Fiscal Year to Date: May 2024)

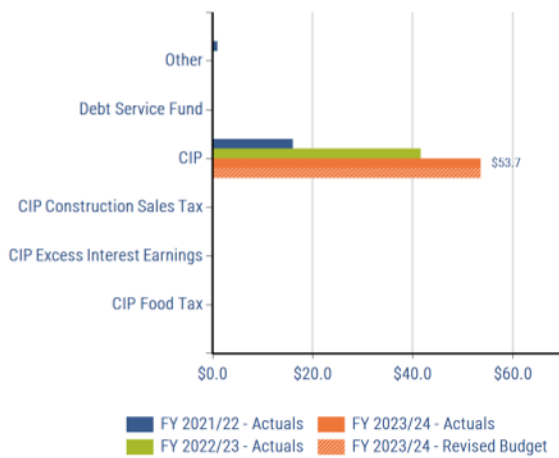
Actual to Revised Budget variance of \$0.0 million or 0%:
Contracts Payable is within budget.



	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Contracts Payable	\$0.4	\$0.4	\$0.4	\$0.5	\$ -	-
Contracts Payable Total	\$0.4	\$0.4	\$0.4	\$0.5	\$ -	-

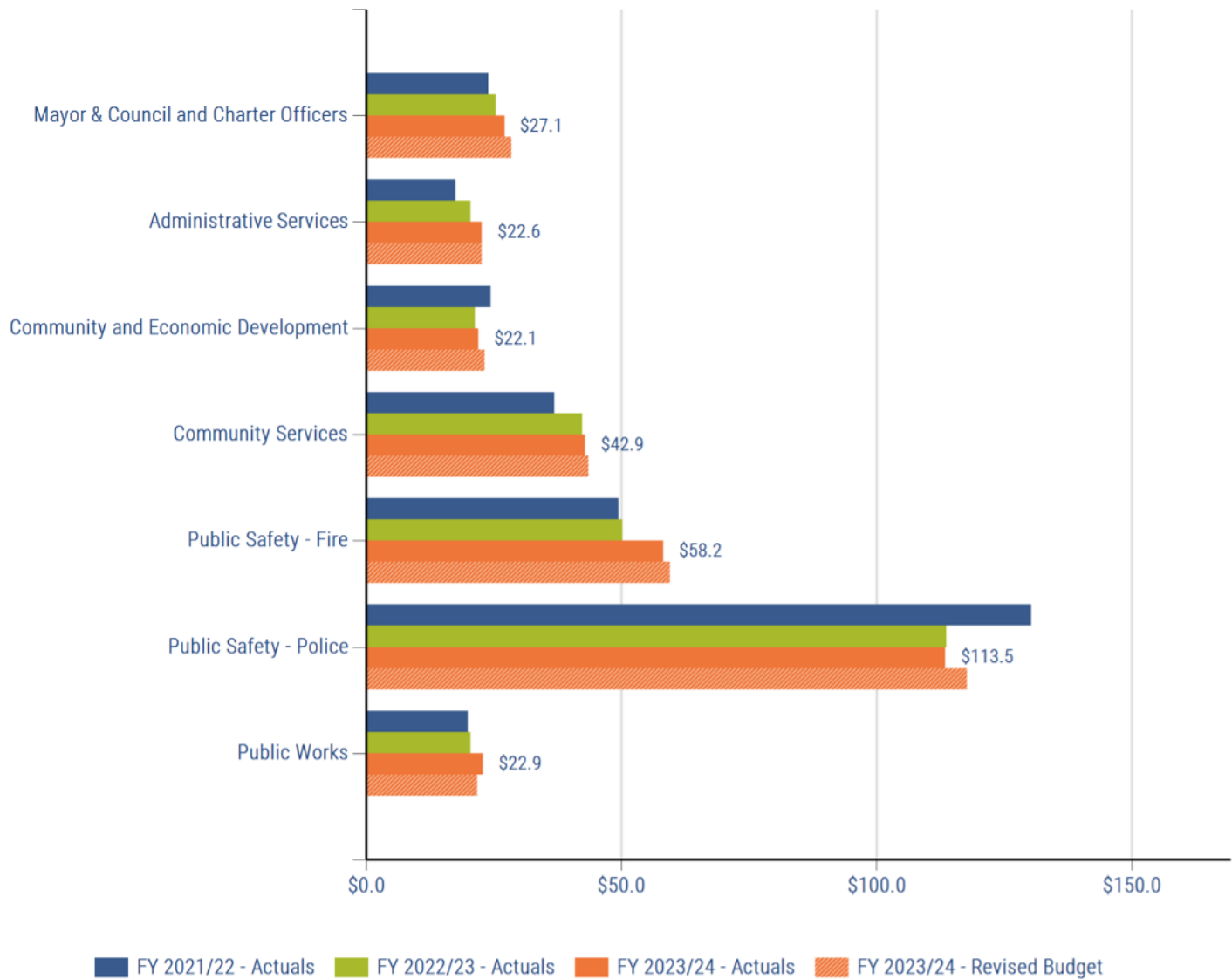
Transfers Out (Fiscal Year to Date: May 2024)

Actual to Revised Budget variance of \$0.0 million or 0%:
Transfers Out is within budget.



	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Other	\$1.0	\$ -	\$ -	\$ -	\$ -	-
Debt Service Fund	-	-	-	-	-	-
CIP	16.1	41.7	53.7	53.7	-	-
CIP Construction Sales Tax	-	-	-	-	-	-
CIP Excess Interest Earnings	-	-	-	-	-	-
CIP Food Tax	-	-	-	-	-	-
Transfers Out Total	\$17.1	\$41.8	\$53.7	\$53.7	\$ -	-

Division Expenditures (Fiscal Year to Date: May 2024)



	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals	FY 2023/24 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	\$24.0	\$25.4	\$27.1	\$28.4	\$1.3	5%
Administrative Services	17.5	20.5	22.6	22.7	0.1	0%
Community and Economic Development	24.4	21.4	22.1	23.2	1.2	5%
Community Services	36.9	42.3	42.9	43.6	0.6	1%
Public Safety - Fire	49.5	50.2	58.2	59.6	1.4	2%
Public Safety - Police	130.3	113.7	113.5	117.8	4.3	4%
Public Works	19.9	20.4	22.9	21.8	(1.1)	(5%)
Total	\$302.4	\$293.9	\$309.3	\$317.1	\$7.8	2%

Actual to Revised Budget variance of \$7.8 million or 2%:

Mayor & Council and Charter Officers - vacancy savings in City Attorney Division and City Auditor Division and the timing of the public education outreach platform implementation.

Community and Economic Development - timing of payment for public art contract and consultant services for city environmental plan and delays in receiving motor vehicles for code enforcement inspectors.

Community Services - timing of payment for machinery and equipment rental fees and timing of expense in Human Services program.

Public Safety - Fire - salary savings due to new staff being hired at a lower rate than their predecessors, lower retirement contributions, and timing of payment for dispatch contract services.

Public Safety - Police - salary savings due to new staff being hired at a lower rate than their predecessors, lower retirement contributions, and delay in receiving motor vehicles for police officers.

Public Works - unfavorable variance is primarily due to additional request for relocation and addition of fire sprinklers in city-owned facilities and other city projects that are being completed sooner than expected. The negative variance will be covered by division savings.