



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM **Management Services Memo No. 16-033**

DATE: NOVEMBER 5, 2015

TO: MAYOR AND COUNCIL

THRU: MARSHA REED, ACTING CITY MANAGER *ML*
 DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

FROM: GREG WESTRUM, BUDGET MANAGER *GW*

SUBJECT: FY 2015-16 FIRST QUARTER FINANCIAL REPORT

Attached is the FY 2015-16 First Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures, and additional summaries and analysis of Enterprise, System Development Fees and Impact Fees, Highway User Tax, and Grant funds. The analysis included in this report provides a snapshot as of the end of the first quarter of FY 2015-16 by reflecting budget to actual compared to historical trends and the prior year.

As a refresher, the purpose of the Quarterly Financial Report is to provide historical comparisons to identify trends or deviations from trends, use performance benchmarks to measure results, and create an executive level report to highlight potential issues or concerns. The historical trends cover actual results over the last four years (FY 2011-12 to FY 2014-15). These years have had significant fluctuations in revenues that are particularly sensitive to unusual economic and market conditions and significant changes to expenditures as the revenues decreased. Due to this, the current results compared to the historical trends may require further explanation. An explanation has been provided in those areas where there are significant deviations from the trend or last year's results.

Most General Fund revenue categories continue to reflect increases with local Transaction Privilege (Sales) Tax, State Shared Sales Tax, Urban Revenue Sharing, and Licenses and Permits categories all starting the year very strong. Departmental expenditure rates are consistent with previous years with 28.1% of adjusted budget expended or encumbered at the end of the first quarter.

Should you have any questions, please feel free to call me at x2256 or Dawn Lang at x2255.

Attachment

c: Nachie Marquez, Assistant City Manager



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QUARTERLY FINANCIAL REPORT

1st Qtr FY15-16

PERFORMANCE AT A GLANCE

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PERFORMANCE INDICATORS

POSITIVE	= Variance < 2% compared to historical trends or positive variance > 0% for % to budget.
WARNING	= Variance of 2 - 5% compared to historical trends.
NEGATIVE	= Variance of > 5% compared to historical trends or negative variance < 0% for % to budget.

THE QUARTERLY FINANCIAL REPORT

Report Objectives

- * Provide historical comparisons to identify trends or deviations from trends.
- * Develop performance benchmarks to measure positive and negative results.
- * Create an executive level report to highlight potential issues or concerns.

What is Included in the Report

The report emphasizes General Fund, with analysis of its revenue and each category of revenue, and the expenditures by department. Also included is a summary and analysis of Enterprise Funds, System Development Fee and Impact Fee Funds, the Highway User Tax Fund, and Grants.

How to Read the Report

- * Page 1 serves as a table of contents and quick view of performance issues.
- * The benchmarks are Positive (navy colored), Warning (grey colored), and Negative (maroon colored), providing an initial indicator to determine if the category needs to be monitored closely in the upcoming period.
- * Performance indicators for General Fund *revenue* are comparing the percent of year-to-date actuals collected to total budget AND the budget prorated based on the historical trend (last four years) of average actual year-to-date collections.
- * Performance indicators for General Fund *expenditures* are based on whether they are within budget for the percent of year-to-date actuals expended plus encumbrances compared to the total budgeted expenditures.
- * Performance indicators for Enterprise Funds focus on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

ECONOMIC INDICATORS

GROSS DOMESTIC PRODUCT (GDP)		INTEREST RATES	
Real gross domestic product - the output of goods and services produced by labor and property located in the US.		This table reflects the four most recent changes to the Federal Funds Rate by the Federal Reserve Board.	
The change to the GDP is an indicator of the general direction of the economy. Slow or negative growth will likely mean lower revenues for the City.		Lowering the Federal Funds Rate is a way for the Federal Reserve Board to make it less expensive for banks to borrow money for loans and investments and (in theory) pumping additional dollars into the economy. Recent announcements speculate the rate will edge up either before the end of 2015 or in the beginning of 2016.	
Fourth Quarter 2014 (revised estimate)	2.1%	April 30, 2008	2.0%
First Quarter 2015 (revised estimate)	0.6%	October 8, 2008	1.5%
Second Quarter 2015 (third estimate)	3.9%	October 29, 2008	1.0%
Third Quarter 2015 (advance estimate)	1.5%	December 16, 2008 to date	0% - 0.25%
Source: U.S. Department of Commerce		Source: Federal Reserve Bank	

UNEMPLOYMENT

	National	State of Arizona	Phoenix Metro Area
Jun-15	5.3%	5.9%	5.4%
Jul-15	5.3%	6.1%	5.7%
Aug-15	5.1%	6.3%	5.8%
Sep-15	5.1%	6.3%	5.5%

High unemployment rates are a reflection of a slow economy and the reduced demand for goods and services. The Phoenix Metro Area unemployment rate is typically lower than the national and state rates.

Source: Arizona Department of Administration, "Arizona's Workforce" Newsletter

CITY INVESTMENT PORTFOLIO

The City splits its investment portfolio between two investment firms with a different mix of holdings at each firm to reduce risk. The City's benchmark is the 0-3 year Merrill Lynch Treasury Index Rate of return includes interest earnings as well as both realized and unrealized gains/(losses).		
Fiscal Year 2015-16 Rate of Return	1st Quarter	Fiscal Year
Benchmark:	0.24%	0.24%
Wells Capital Management:	0.15%	0.15%
PFM:	0.27%	0.27%
Fiscal Year 2014-15 Rate of Return	1st Quarter	Fiscal Year
Benchmark:	0.03%	0.03%
Wells Capital Management:	0.03%	0.03%
PFM:	0.05%	0.05%

Beginning January 2015, the City began investing in a community bank deposit program called Certificate of Deposit Account Registry Services (CDARS) to maximize the return on short-term investments. Interest earned in this program is recorded upon maturity of the securities; no interest has been recorded through the first quarter of FY 2015-16.

Source: Investment Advisors

BUILDING PERMITS

Single-family building permits are an indicator of the general economy. Higher numbers of permits indicate an active construction market and resultant home sales.

	State of Arizona	Chandler
Apr - May - Jun 2014	5,120	147
Jul - Aug - Sep 2014	4,506	126
Oct - Nov - Dec 2014	3,850	105
Jan - Feb - Mar 2015	4,602	195
Apr - May - Jun 2015	6,528	283
Jul - Aug - Sep 2015	6,175	328

Single family building permits are lower than the high-growth years, averaging 197 permits per quarter over the last six quarters. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower sales tax revenues. As shown above, FY 2015-16 continues the upward trend in building permits.

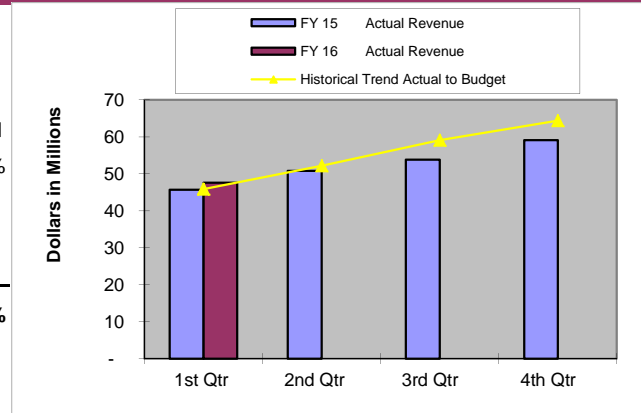
Sources: U.S. Census Bureau and City of Chandler Transportation & Development Department.

REVENUE ANALYSIS:

OVERALL GENERAL FUND REVENUES FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 44,668,547	\$ 47,554,715	23.2%	22.4%
2nd Qtr	Oct - Dec 15	47,505,521			
3rd Qtr	Jan - Mar 16	53,892,807			
4th Qtr	Apr - Jun 16	58,765,264			
Total		\$ 204,832,139	\$ 47,554,715	23.2%	22.4%

* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



POSITIVE

General Fund revenue collections through the first quarter of FY 2015-16 are \$2.9M (6.5%) above the budget based on historical trend and \$1.8M (4.0%) higher than actual collections through the first quarter of FY 2014-15.

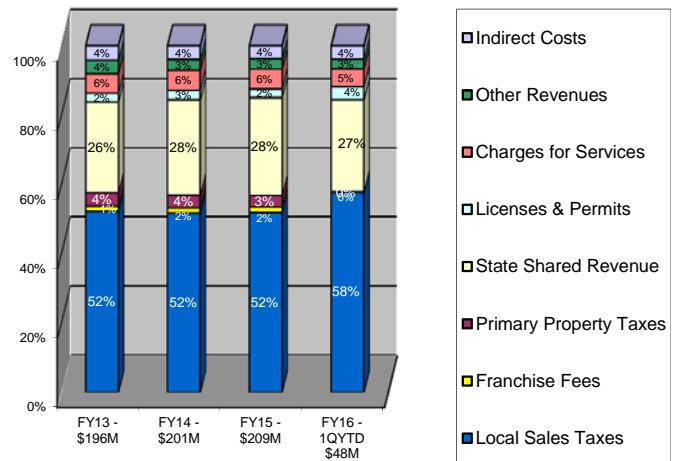
Overall, General Fund revenue, led by continuing strong Sales Tax and License and Permit collections, are performing well due to higher consumer confidence locally and a steady stream of new development activity in Chandler. Additionally, the percentage of budget received for the fiscal year is greater than the historical percentage of budget received, resulting in a positive performance indicator.

The following charts provide more detail regarding the various sources of General Fund revenues.

GENERAL FUND REVENUES BY CATEGORY FY 2015-16

Revenue Categories	FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 104,189,750	\$ 27,422,274	26.3%
Franchise Fees	3,175,000	60,406	1.9%
Primary Property Tax	7,272,000	21,719	0.3%
State Shared Revenue	60,260,300	12,662,061	21.0%
Licenses & Permits	4,488,000	1,806,432	40.3%
Charges for Services	11,767,600	2,434,996	20.7%
Other Revenues	6,505,099	1,353,229	20.8%
Indirect Cost Allocation	7,174,390	1,793,598	25.0%
Total	\$ 204,832,139	\$ 47,554,715	23.2%

General Fund Collection History by Category %



POSITIVE

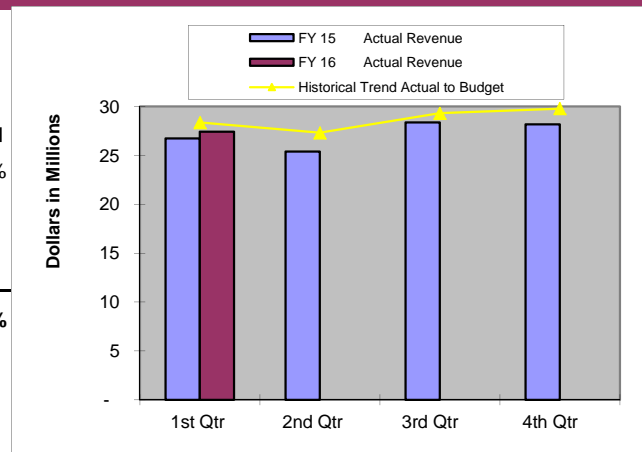
This chart summarizes General Fund revenue collections by revenue category for FY 2015-16. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales taxes and state shared revenues being the largest General Fund revenue sources. The next several pages provide an analysis of each revenue category except Indirect Cost Allocation (payments by the Water, Wastewater, Solid Waste, and Airport Enterprise Funds to the General Fund for City services provided for operations).

REVENUE ANALYSIS (continued):

SALES TAX REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 25,807,536	\$ 27,422,274	26.3%	27.2%
2nd Qtr	Oct - Dec 15	24,778,890			
3rd Qtr	Jan - Mar 16	26,589,898			
4th Qtr	Apr - Jun 16	27,013,426			
Total		\$ 104,189,750	\$ 27,422,274	26.3%	27.2%

* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



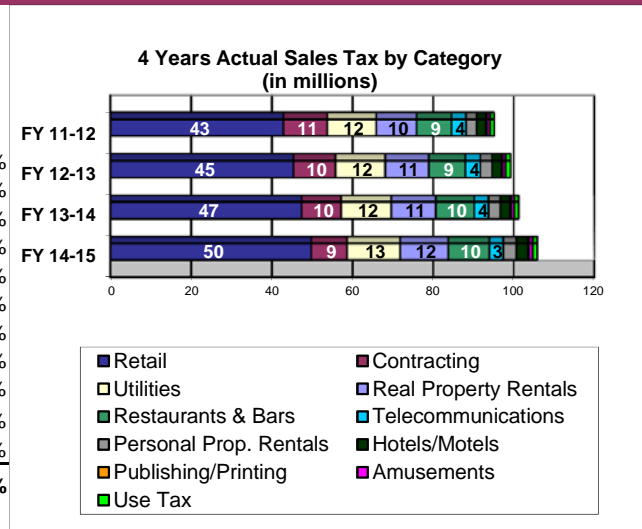
POSITIVE

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the first quarter of FY 2015-16 are \$1.6M (6.3%) above the budget based on historical trend and \$671,530 (2.5%) higher than FY 2014-15 actual collections through the first quarter. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

It should be noted that House Bill (HB) 2111 required the State of Arizona to begin licensing and collecting transaction privilege tax (TPT), commonly referred to as sales tax, for all Cities beginning January 1, 2015. This deadline was extended to January 1, 2016, but the date will continue to move until the Arizona Department of Revenue can complete the necessary technological improvements, testing, and taxpayer education.

SALES TAX COLLECTION HISTORY

	FY 16 Adopted Budget	FY 16 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 48,200,000	\$ 11,859,573	24.6%	0.8%
Contracting	8,900,000	2,182,707	24.5%	-1.6%
Utilities	13,000,000	4,773,111	36.7%	9.3%
Real Property Rentals	11,200,000	3,152,686	28.1%	12.1%
Restaurants & Bars	9,800,000	2,440,539	24.9%	3.6%
Telecommunications	3,500,000	791,229	22.6%	-8.4%
Personal Prop. Rentals	3,200,000	753,964	23.6%	-4.7%
Hotels/Motels	2,500,000	463,007	18.5%	-3.6%
Publishing/Printing	250,000	65,592	26.2%	16.7%
Amusements	730,000	231,339	31.7%	34.3%
Use Tax	820,000	256,407	31.3%	52.1%
TOTAL SALES TAX	\$ 102,100,000	\$ 26,970,154	26.4%	3.5%



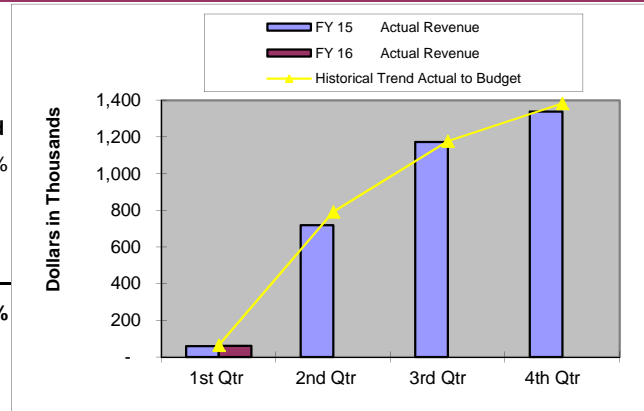
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the first quarter of FY 2015-16 were \$1.6M (6.4%) above the budget based on historical trend and \$924,015 (3.5%) higher than FY 2014-15 actual collections through the first quarter.

REVENUE ANALYSIS (continued):

FRANCHISE FEE REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 60,016	\$ 60,406	1.9%	2.0%
2nd Qtr	Oct - Dec 15	735,285			
3rd Qtr	Jan - Mar 16	1,094,265			
4th Qtr	Apr - Jun 16	1,285,434			
Total		\$ 3,175,000	\$ 60,406	1.9%	2.0%

* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



POSITIVE

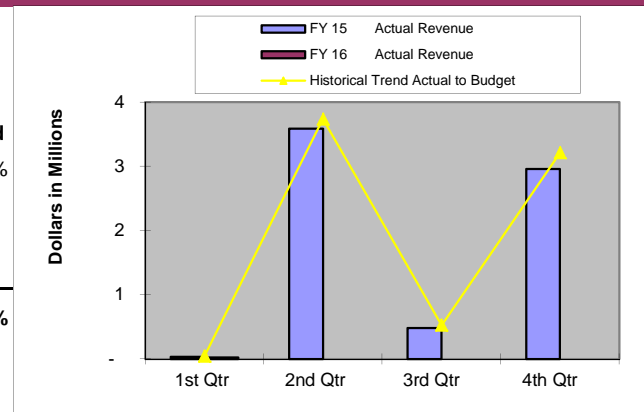
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales). The historical trend reflects CenturyLink's entry in the market in FY 2012-13.

Franchise fee collections through the first quarter of FY 2015-16 are \$390 (0.6%) above the budget based on historical trend and \$833 (1.4%) higher than FY 2014-15 actual collections through the first quarter. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

PRIMARY PROPERTY TAX REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 45,584	\$ 21,719	0.3%	0.6%
2nd Qtr	Oct - Dec 15	3,613,131			
3rd Qtr	Jan - Mar 16	509,192			
4th Qtr	Apr - Jun 16	3,104,093			
Total		\$ 7,272,000	\$ 21,719	0.3%	0.6%

* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



POSITIVE

This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 2015-16, Chandler will collect a primary tax rate of \$0.2992 per \$100 of assessed valuation and a secondary tax rate of \$0.88 per \$100 of assessed valuation for a total rate of \$1.1792, representing no change from the rates adopted for FY 2014-15. The City's primary assessed valuation increased 4.5% in FY 2015-16, but the secondary assessed valuation decreased 0.05%, resulting in no net increase for the median home value.

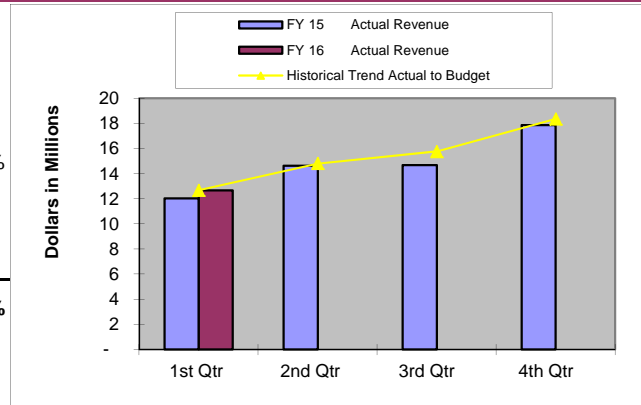
Primary property tax collections through the first quarter of FY 2015-16 are \$23,865 (-52.4%) below the budget based on historical trend and \$10,326 (-32.2%) lower than FY 2014-15 actual collections through the first quarter. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half is due in March. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

REVENUE ANALYSIS (continued):

STATE SHARED REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 12,432,702	\$ 12,662,061	21.0%	21.0%
2nd Qtr	Oct - Dec 15	14,471,873			
3rd Qtr	Jan - Mar 16	15,402,744			
4th Qtr	Apr - Jun 16	17,952,981			
Total		\$ 60,260,300	\$ 12,662,061	21.0%	21.0%

* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



POSITIVE

-- **State Shared Sales Tax:** The state sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as state shared sales tax. Collections through the first quarter of FY 2015-16 are \$29,503 (0.8%) above the budget based on historical trend and \$204,065 (6.1%) higher than FY 2014-15 actual collections through the first quarter. This revenue category reflects a small but steady growth in Arizona's overall economy.

-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the state, as well as surcharges from vehicle rentals. The respective city shares are determined by the proportion of city population to total incorporated population of the county. Collections through the first quarter of FY 2015-16 are \$197,181 (11.0%) above the budget based on historical trend and \$455,577 (29.7%) higher than FY 2014-15 actual collections through the first quarter.

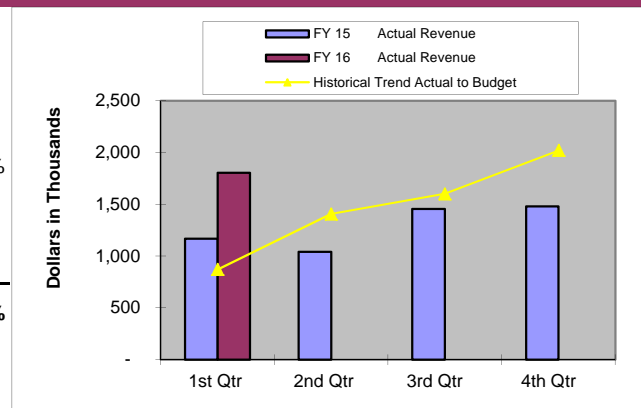
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2013 State income tax collection is distributed to cities and towns as urban revenue sharing based upon population and is known for budget purposes since there is a two year lag in distribution. Collections through the first quarter of FY 2015-16 are \$2,675 (less than 0.04%) above the budget based on historical trend and \$38,776 (-0.5%) lower than FY 2014-15 actual collections through the first quarter.

The overall state shared revenue performance indicator is positive because the difference between the percentage of budget received through the first quarter and the percentage of historical budget received through the first quarter is less than 2%.

LICENSES & PERMITS REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 662,206	\$ 1,806,432	40.3%	19.4%
2nd Qtr	Oct - Dec 15	1,070,217			
3rd Qtr	Jan - Mar 16	1,218,545			
4th Qtr	Apr - Jun 16	1,537,032			
Total		\$ 4,488,000	\$ 1,806,432	40.3%	19.4%

* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



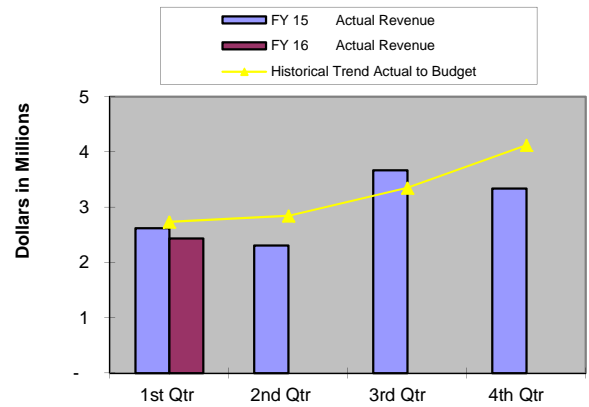
POSITIVE

This category includes revenue for various licenses: transaction privilege sales tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the first quarter of FY 2015-16 are \$1.1M (172.8%) above the budget based on historical trend and \$636,904 (54.5%) above FY 2014-15 actual collections through the first quarter. Budgeted amounts for building permits (the largest revenue in this category) have been kept at moderate levels since it is difficult to predict the timing of new development, but this category is performing very strong and exceeded expectations through the first quarter, resulting in a positive performance indicator.

REVENUE ANALYSIS (continued):

CHARGES FOR SERVICES REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 2,462,981	\$ 2,434,996	20.7%	23.2%
2nd Qtr	Oct - Dec 15	2,564,826			
3rd Qtr	Jan - Mar 16	3,020,800			
4th Qtr	Apr - Jun 16	3,718,993			
Total		\$ 11,767,600	\$ 2,434,996	20.7%	23.2%



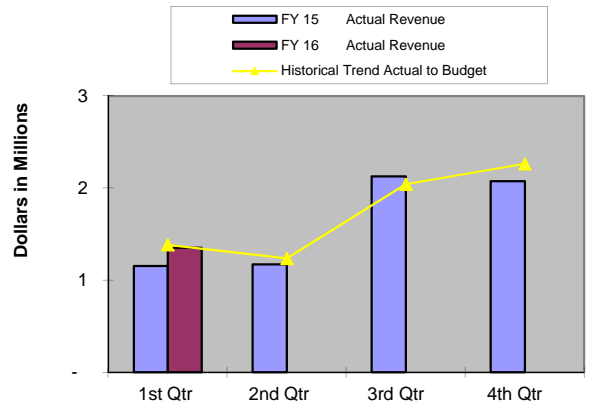
* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

WARNING

Charges for Services include revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursement. Charges for services collections through the first quarter of FY 2015-16 are \$27,985 (-1.1%) below the budget based on historical trend and \$183,349 (-7.0%) lower than FY 2014-15 actual collections through the first quarter. A warning performance indicator occurs since the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is more than 2%. This is due to FY 2014-15 reflecting higher ambulance revenues in the first quarter due to a timing difference in collection of receipts, while FY 2015-16 reflects a return to the normal revenue stream.

OTHER REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 1,403,922	\$ 1,353,229	20.8%	21.3%
2nd Qtr	Oct - Dec 15	1,334,631			
3rd Qtr	Jan - Mar 16	1,765,255			
4th Qtr	Apr - Jun 16	2,001,291			
Total		\$ 6,505,099	\$ 1,353,229	20.8%	21.3%



* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

POSITIVE

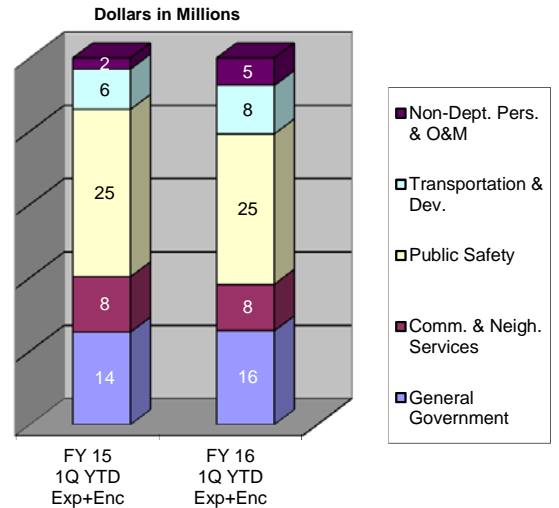
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the first quarter of FY 2015-16 are \$50,692 (-3.6%) below the budget based on historical trend and \$200,104 (17.4%) higher than FY 2014-15 actual collections through the first quarter. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

EXPENDITURE ANALYSIS:

GENERAL FUND EXPENDITURES + ENCUMBRANCES for FY 2015-16 by FUNCTION

	FY 16 Adjusted Budget	FY16 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
* Dept. Operating				
General Government	\$ 53,850,313	\$ 15,507,344	28.8%	29.7%
Comm. & Neigh. Services	21,776,880	7,668,238	35.2%	36.9%
Public Safety	100,844,123	24,848,556	24.6%	26.6%
Transportation & Dev.	21,118,323	7,976,263	37.8%	31.2%
Non-Dept. Pers. & O&M	18,151,733	4,563,555	25.1%	14.8%
Subtotal	\$ 215,741,372	\$ 60,563,956	28.1%	28.9%
Non-Dept. Reserves	\$ 2,474,361	\$ -	0.0%	0.0%
Non-Dept. Contingencies	24,233,072	-	0.0%	0.0%
Total	\$ 242,448,805	\$ 60,563,956	25.0%	25.5%

* Excluding Interfund Transfers



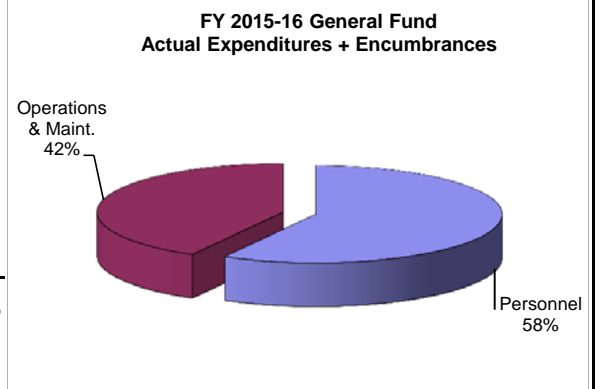
Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council). Since General Obligation debt and General Fund capital expenditures are reflected in the General Obligation Debt and General Capital Projects Funds, this presentation only includes General Fund operating expenditures to more clearly reflect the results of operations.

FY 2015-16 operating spending through the first quarter is 28.1% of the adjusted budget compared to 28.9% of adjusted budget spent last fiscal year through the first quarter. As shown on the following pages, departments have expended between 23.2% and 37.8% of their General Fund adjusted budgets through the first quarter of FY 2015-16.

GENERAL FUND EXPENDITURES + ENCUMBRANCES for FY 2015-16 by CATEGORY

*Dept. Operating	FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	FY 15 Actual Exp+Enc	% Change from Prior Yr Actual
Personnel	\$ 156,012,932	\$ 35,190,435	\$ 32,410,707	8.6%
Operations & Maint.	59,728,440	25,373,521	22,903,644	10.8%
Reserves	2,474,361	-	-	0.0%
Contingencies	24,233,072	-	-	0.0%
Total	\$ 242,448,805	\$ 60,563,956	\$ 55,314,351	9.5%

* Excluding Interfund Transfers

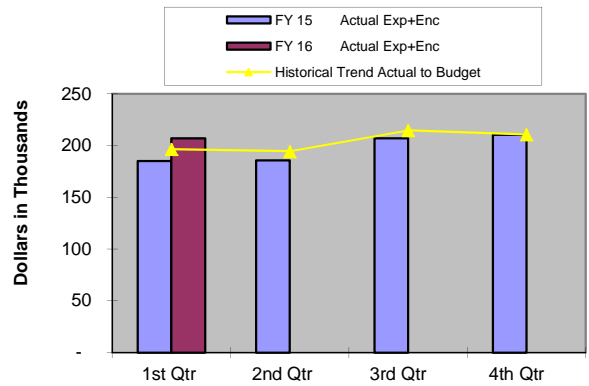


Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending through the first quarter of FY 2015-16 is 9.5% higher than spending through the first quarter of FY 2014-15 mainly due to increases from labor negotiations and benefit changes in Personnel, and encumbrances for the 2015 mid-decade Special Census in Operations & Maintenance.

EXPENDITURE ANALYSIS (continued / department summaries):

MAYOR & COUNCIL EXPENDITURE FY 2015-16 COMPARISON

		FY 16	FY 16	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
		Budget	Exp+Enc	Expended	Budget
				by Qtr	
Operating Only					
1st Qtr	Jul - Sep 15	\$ 204,453	\$ 207,027	24.3%	23.0%
2nd Qtr	Oct - Dec 15	204,453			
3rd Qtr	Jan - Mar 16	221,491			
4th Qtr	Apr - Jun 16	221,491			
Total		\$ 851,888	\$ 207,027	24.3%	23.0%



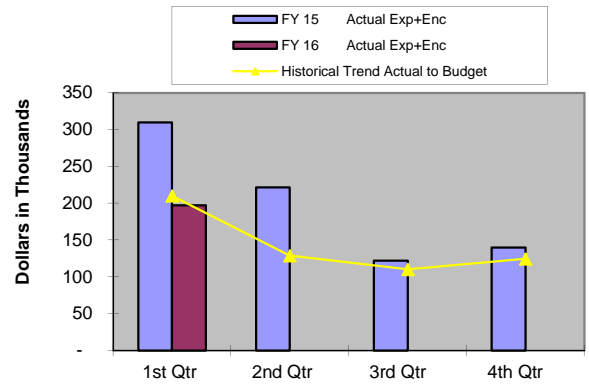
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Mayor and Council spent 24.3% of their FY 2015-16 adjusted budget and has historically spent 23.0% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

CITY CLERK EXPENDITURE FY 2015-16 COMPARISON

		FY 16	FY 16	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
		Budget	Exp+Enc	Expended	Budget
				by Qtr	
Operating Only					
1st Qtr	Jul - Sep 15	\$ 236,196	\$ 197,171	30.9%	32.9%
2nd Qtr	Oct - Dec 15	140,441			
3rd Qtr	Jan - Mar 16	121,290			
4th Qtr	Apr - Jun 16	140,440			
Total		\$ 638,367	\$ 197,171	30.9%	33.0%



* Historical Trend represents the average of the past 4 years % of actual to budget

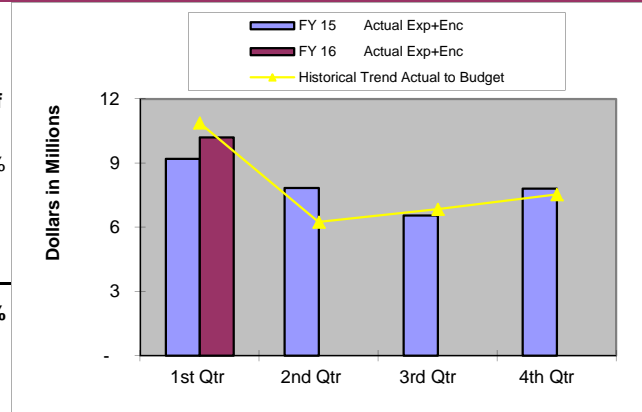
POSITIVE

The City Clerk spent 30.9% of their FY 2015-16 adjusted budget and has historically spent 33.0% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator. Spending in FY 2014-15 included one-time expenditures for the primary and general elections held in the fall of 2014 that are not occurring in FY 2015-16.

EXPENDITURE ANALYSIS (continued / department summaries):

CITY MANAGER & ORGANIZATIONAL SUPPORT EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 11,519,500	\$ 10,196,052	30.6%	32.6%
2nd Qtr	Oct - Dec 15	6,615,140			
3rd Qtr	Jan - Mar 16	7,243,823			
4th Qtr	Apr - Jun 16	7,981,256			
Total		\$ 33,359,719	\$ 10,196,052	30.6%	32.6%



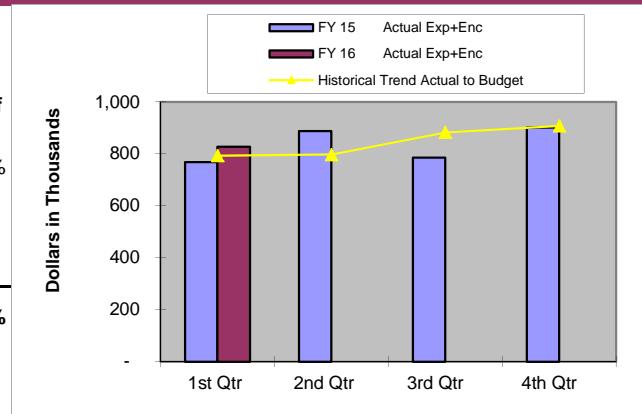
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

City Manager & Organization Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Cultural Affairs, Downtown Redevelopment, Economic Development, Human Resources, Information Technology, and Planning. Combined, these divisions spent 30.6% of their FY 2015-16 adjusted budget and have historically spent 32.6% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

LAW EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 818,239	\$ 826,728	23.2%	22.3%
2nd Qtr	Oct - Dec 15	853,815			
3rd Qtr	Jan - Mar 16	924,966			
4th Qtr	Apr - Jun 16	960,541			
Total		\$ 3,557,561	\$ 826,728	23.2%	22.3%



* Historical Trend represents the average of the past 4 years % of actual to budget

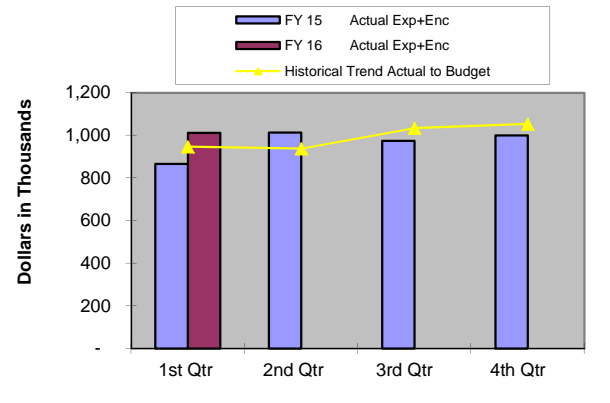
POSITIVE

Law spent 23.2% of their FY 2015-16 adjusted budget and has historically spent 22.3% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

EXPENDITURE ANALYSIS (continued / department summaries):

CITY MAGISTRATE EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 1,042,169	\$ 1,012,063	23.2%	21.7%
2nd Qtr	Oct - Dec 15	1,032,229			
3rd Qtr	Jan - Mar 16	1,137,488			
4th Qtr	Apr - Jun 16	1,159,422			
Total		\$ 4,371,308	\$ 1,012,063	23.2%	21.7%



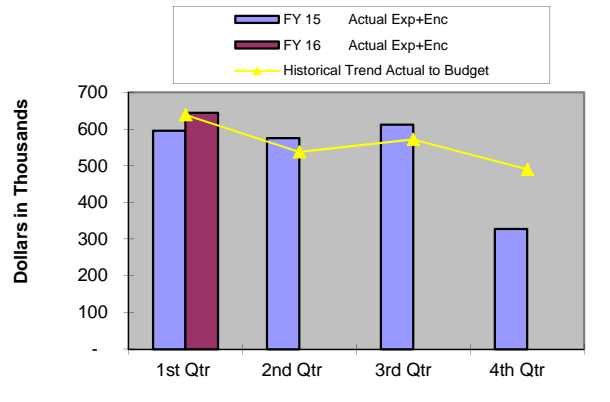
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

City Magistrate spent 23.2% of their FY 2015-16 adjusted budget and has historically spent 21.7% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

COMMUNICATIONS & PUBLIC AFFAIRS EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 729,903	\$ 644,808	25.6%	25.4%
2nd Qtr	Oct - Dec 15	604,058			
3rd Qtr	Jan - Mar 16	654,396			
4th Qtr	Apr - Jun 16	528,551			
Total		\$ 2,516,908	\$ 644,808	25.6%	25.4%



* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

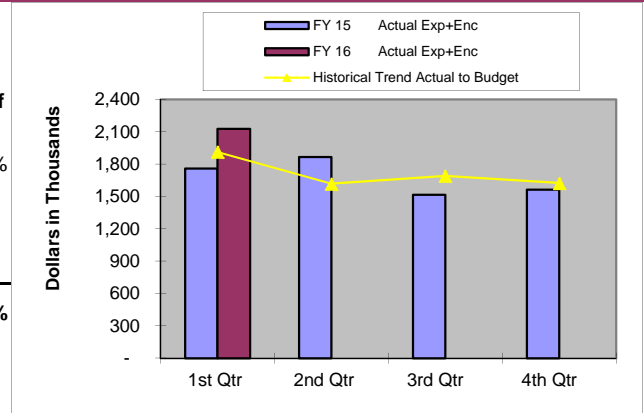
Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 25.6% of their FY 2015-16 adjusted budget and has historically spent 25.4% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

EXPENDITURE ANALYSIS (continued / department summaries):

MANAGEMENT SERVICES EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 2,076,256	\$ 2,127,583	28.7%	25.8%
2nd Qtr	Oct - Dec 15	1,779,648			
3rd Qtr	Jan - Mar 16	1,853,800			
4th Qtr	Apr - Jun 16	1,705,496			
Total		\$ 7,415,199	\$ 2,127,583	28.7%	25.8%

* Historical Trend represents the average of the past 4 years % of actual to budget



POSITIVE

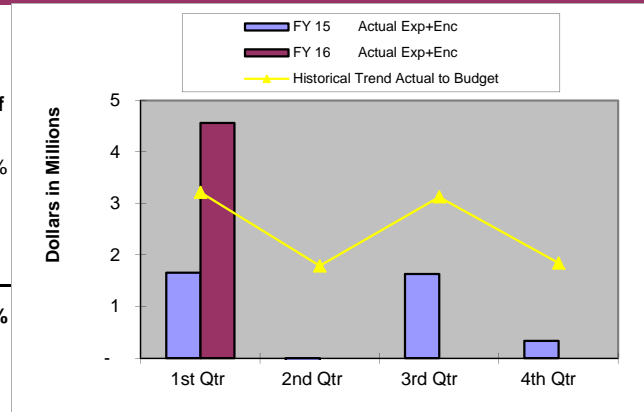
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Budget, Accounting, Purchasing, Central Supply, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 28.7% of their FY 2015-16 adjusted budget and have historically spent 25.8% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator. Higher spending in FY 2015-16 is due to increased software maintenance expense for the Utility and Tax systems.

NON-DEPARTMENTAL EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 5,808,555	\$ 4,563,555	25.1%	17.7%
2nd Qtr	Oct - Dec 15	3,267,312			
3rd Qtr	Jan - Mar 16	5,627,037			
4th Qtr	Apr - Jun 16	3,448,829			
Total**		\$ 18,151,733	\$ 4,563,555	25.1%	17.7%

* Historical Trend represents the average of the past 4 years % of actual to budget

** Excludes Reserves and Contingencies



POSITIVE

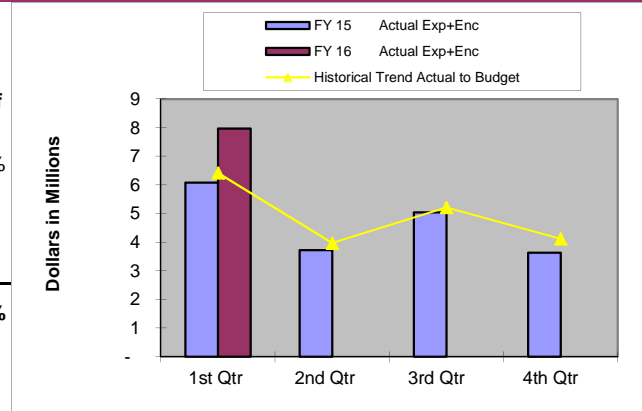
Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, Strategic Economic Development, and miscellaneous Downtown Redevelopment). Spending in this category fluctuates due to the changing one-time needs from year to year. Non-departmental spending is 25.1% of the FY 2015-16 adjusted budget, with historical spending of the adjusted budget at 17.7% through the first quarter of the fiscal year, resulting in a positive performance indicator. The percentage of budget expended for the fiscal year is significantly higher than the percentage of historical budget expended since Council approved Resolution No. 4838 at the February 12, 2015 Council Meeting to transfer \$4.1 million in appropriation from contingency to non-departmental in order to conduct a 2015 mid-decade Special Census. FY 2014-15 spending on this project was \$1.3 million, so the remainder is encumbered and being spent during this fiscal year.

EXPENDITURE ANALYSIS (continued / department summaries):

TRANSPORTATION & DEVELOPMENT EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 6,969,047	\$ 7,976,263	37.8%	30.4%
2nd Qtr	Oct - Dec 15	4,223,665			
3rd Qtr	Jan - Mar 16	5,490,764			
4th Qtr	Apr - Jun 16	4,434,847			
Total		\$ 21,118,323	\$ 7,976,263	37.8%	30.4%

* Historical Trend represents the average of the past 4 years % of actual to budget



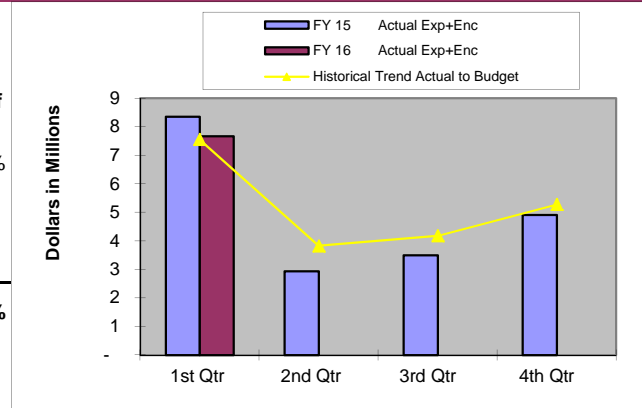
POSITIVE

Transportation and Development includes the following divisions budgeted in the General Fund: Administration, Development Services, Engineering, Capital Projects, Streets, Traffic Engineering, Transit Services, and Street Sweeping. The department spent 37.8% of their FY 2015-16 adjusted budget and has historically spent 30.4% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator. Increased spending levels in FY 2015-16 are mainly due to asphaltic pavement maintenance program encumbrances.

COMMUNITY & NEIGHBORHOOD SERVICES EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 7,839,677	\$ 7,668,238	35.2%	34.7%
2nd Qtr	Oct - Dec 15	3,919,838			
3rd Qtr	Jan - Mar 16	4,355,376			
4th Qtr	Apr - Jun 16	5,661,989			
Total		\$ 21,776,880	\$ 7,668,238	35.2%	34.7%

* Historical Trend represents the average of the past 4 years % of actual to budget



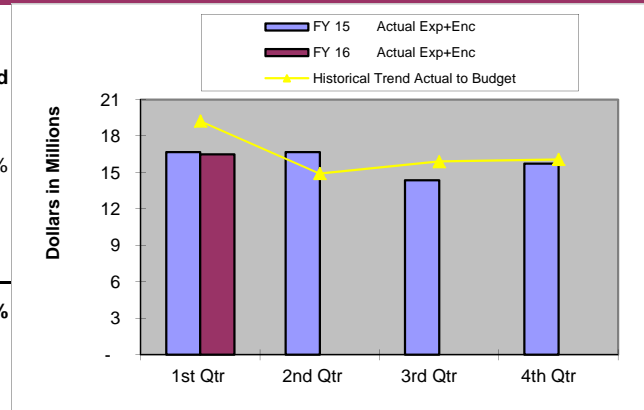
POSITIVE

Community & Neighborhood Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Code Enforcement, Community Development, Housing, Parks Development & Operations, Neighborhood Resources, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. The department spent 35.2% of their FY 2015-16 adjusted budget and has historically spent 34.7% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

EXPENDITURE ANALYSIS (continued / department summaries):

POLICE EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 19,568,606	\$ 16,502,889	24.5%	28.5%
2nd Qtr	Oct - Dec 15	15,519,929			
3rd Qtr	Jan - Mar 16	16,194,708			
4th Qtr	Apr - Jun 16	16,194,709			
Total		\$ 67,477,952	\$ 16,502,889	24.5%	28.5%



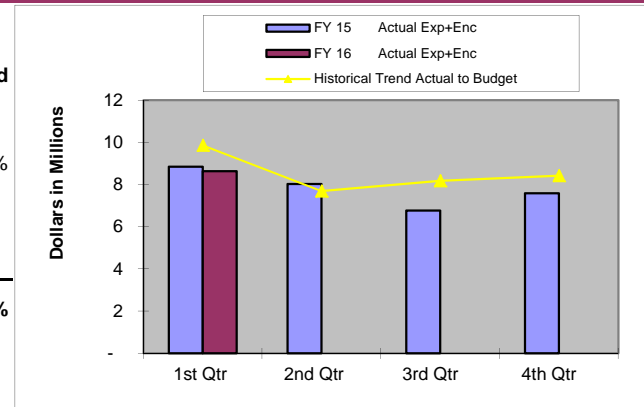
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Police includes the following cost centers: Administration, Professional Standards, Property & Evidence, Forensic Services, Field Operations, Criminal Investigations, Planning & Research, Communications, Technology, Records, Detention Services, and Community Resources & Training. The department spent 24.5% of their FY 2015-16 adjusted budget and has historically spent 28.5% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

FIRE, HEALTH & MEDICAL EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 10,006,605	\$ 8,641,579	25.0%	28.6%
2nd Qtr	Oct - Dec 15	7,936,273			
3rd Qtr	Jan - Mar 16	8,281,328			
4th Qtr	Apr - Jun 16	8,281,328			
Total		\$ 34,505,534	\$ 8,641,579	25.0%	28.6%



* Historical Trend represents the average of the past 4 years % of actual to budget

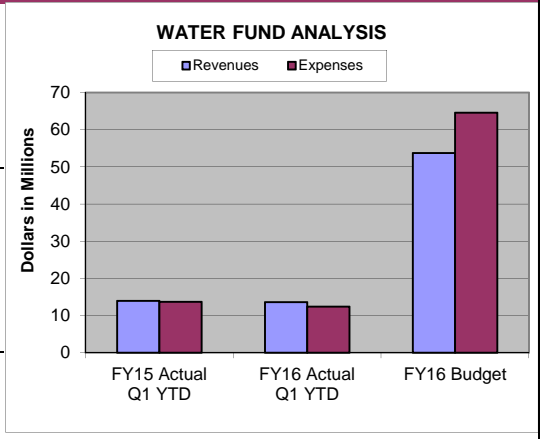
POSITIVE

Fire, Health & Medical includes the following cost centers: Administration, Emergency Services, Operations, Prevention & Preparedness, and Support Services. In addition, Citywide Fleet is managed by this department. The department spent 25.0% of their FY 2015-16 adjusted budget and has historically spent 28.6% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

ENTERPRISE FUNDS ANALYSIS:

WATER FUND ANALYSIS FY 2015-16 COMPARISON

WATER FUND	FY 16 Adjusted Budget	FY 16 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 51,563,620	\$ 13,669,336	27%	23%
Land Sale	2,161,834	-	0%	0%
Total Revenues	\$ 53,725,454	\$ 13,669,336	25%	22%
Operating Expenses	\$ 31,461,463	\$ 11,560,626	37%	38%
Major Capital Expenses	8,432,883	79,486	1%	11%
Debt Service	21,296,860	-	0%	0%
Transfers Out	3,418,349	822,000	24%	27%
Total Expenses	\$ 64,609,555	\$ 12,462,112	19%	21%
Net Rev / Exp	\$ (10,884,101)	\$ 1,207,224		



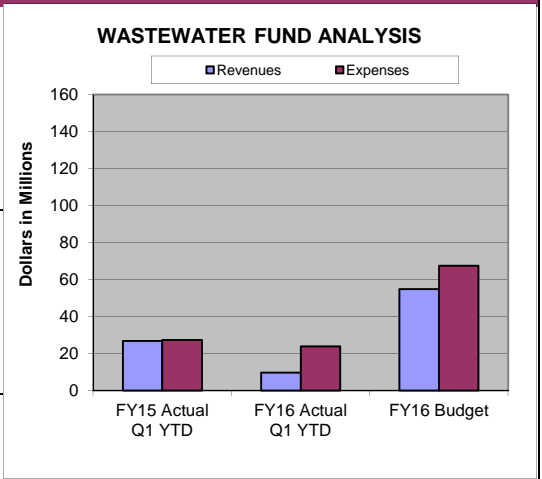
POSITIVE

The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Water Operating Fund includes the following cost centers: Administration, Water Distribution, Water Treatment Plant, Environmental Resources, Water Quality, Water Systems Maintenance, San Tan Vista Water Treatment Plant, Meter Services, and Water Capital. The Water Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2015-16 reflects a budgeted \$10.9 million drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$3,265,610, payment of \$130,349 to the Technology Replacement Fund and payment of \$22,390 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the first quarter are 27% of budget compared to 23% through the first quarter of the fiscal year, while **Operating Expenses** through the first quarter are 37% of budget as compared to 38% through the first quarter of the fiscal year. As noted in revenues above, a land sale is in process and will close escrow in FY 2015-16.

WASTEWATER FUND ANALYSIS FY 2015-16 COMPARISON

WASTEWATER FUND	FY 16 Adjusted Budget	FY 16 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 42,876,330	\$ 9,696,216	23%	18%
Land Sale	6,485,501	-	0%	0%
Intel Reimbursement	5,500,000	-	0%	51%
Total Revenues	\$ 54,861,831	\$ 9,696,216	18%	33%
Operating Expenses	\$ 20,742,067	\$ 6,631,278	32%	43%
Major Capital Expenses	20,714,983	16,629,729	80%	8%
Debt Service	23,598,390	-	0%	0%
Transfers Out	2,466,991	606,614	25%	26%
Total Expenses	\$ 67,522,431	\$ 23,867,621	35%	35%
Net Rev / Exp	\$ (12,660,600)	\$ (14,171,405)		



POSITIVE

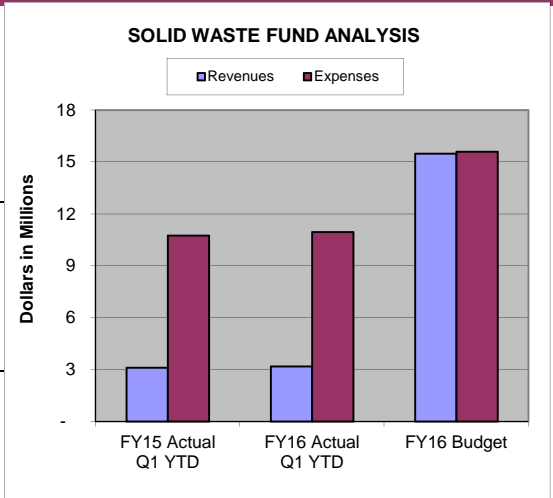
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Wastewater Operating Fund includes the following cost centers: Collection, Ocotillo Brine Reduction Facility, Lone Butte Wastewater Treatment, Wastewater Quality, Airport Water Reclamation Facility, Ocotillo Water Reclamation Facility, and Wastewater Capital. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2015-16 reflects a budgeted \$12.7M drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$2,410,880, payment of \$40,536 to the Technology Replacement Fund and payment of \$15,575 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the first quarter are 23% of budget compared to 18% through the first quarter of the fiscal year, while **Operating Expenses** through the first quarter are 32% of budget as compared to 43% through the first quarter of the fiscal year. As noted in revenues above, a land sale budgeted in FY 2014-15 is in process and will close escrow in FY 2015-16.

ENTERPRISE FUNDS ANALYSIS (continued):

SOLID WASTE FUND ANALYSIS FY 2015-16 COMPARISON

SOLID WASTE	FY 16 Adjusted Budget	FY 16 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 14,904,810	\$ 3,173,519	21%	22%
Transfers In	586,194	-	0%	0%
Total Revenues	\$ 15,491,004	\$ 3,173,519	20%	22%
Operating Expenses	\$ 13,631,945	\$ 10,605,708	78%	78%
Major Capital Expenses	946,276	107,967	11%	7%
Transfers Out	1,017,133	241,412	24%	28%
Total Expenses	\$ 15,595,354	\$ 10,955,088	70%	73%
Net Rev / Exp	\$ (104,350)	\$ (7,781,569)		

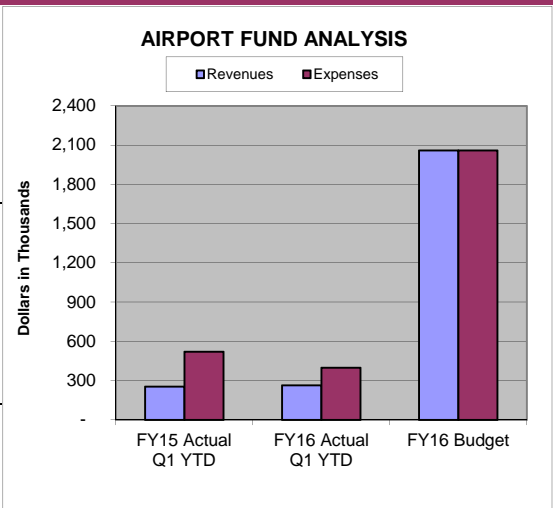


WARNING The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2015-16 reflects a budgeted \$104,350 drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$954,940, payment of \$51,485 to the Technology Replacement Fund, and payment of \$10,708 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the first quarter are 21% of budget compared to 22% through the first quarter of the fiscal year, while **Operating Expenses** through the first quarter are 78% of budget as compared to 78% through the first quarter of the fiscal year. A warning indicator occurs due to large encumbrances (\$8.1M) recorded at the start of the fiscal year for the Solid Waste collections contract to support costs through the end of the fiscal year and then spent against for the remainder of the year, with revenues more equally apportioned throughout the year.

AIRPORT FUND ANALYSIS FY 2015-16 COMPARISON

AIRPORT FUND	FY 16 Adjusted Budget	FY 16 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 1,085,823	\$ 264,511	24%	24%
General Fund Subsidy	974,366	-	0%	0%
Total Revenues	\$ 2,060,189	\$ 264,510	13%	13%
Operating Expenses	\$ 1,089,500	\$ 287,396	26%	26%
Major Capital Expenses	837,996	86,948	10%	24%
Debt Service	27,313	-	0%	0%
Transfers Out	105,380	25,000	24%	29%
Total Expenses	\$ 2,060,189	\$ 399,344	19%	25%
Net Rev / Exp	\$ -	\$ (134,834)		



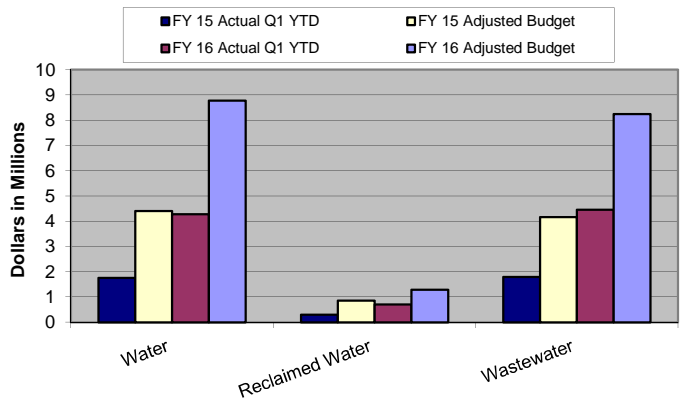
POSITIVE The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2015-16 reflects no budgeted change in fund balance since the General Fund Subsidy is budgeted from the General Fund to make up the funding needed to help support operations and/or Major Capital Expenses. Cash funded Major Capital Expenses are higher in FY 2015-16 to support projects such as replacement of fuel tanks, airport security gates, and internal/external building improvements. Transfers Out include Indirect Cost Allocation to the General Fund of \$100,000 and a payment of \$5,380 to the Technology Replacement Fund. The Debt Service expense will be paid off by July 1, 2018. Year-to-date **Operating Revenues** through the first quarter are 24% of budget compared to 24% through the first quarter of the fiscal year. **Operating Expenses** through the first quarter are 26% of budget as compared to 26% through the first quarter of the fiscal year.

OTHER FUNDS ANALYSIS (continued):

SYSTEM DEVELOPMENT FEE FUNDS ANALYSIS FY 2015-16 COMPARISON

SYSTEM DEVELOPMENT FEE (SDF) FUNDS	FY 16 Adjusted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 8,782,200	\$ 4,281,046	49%
Reclaimed Water	1,287,000	707,947	55%
Wastewater	8,241,500	4,463,204	54%
Total SDF Revenue	\$ 18,310,700	\$ 9,452,197	52%



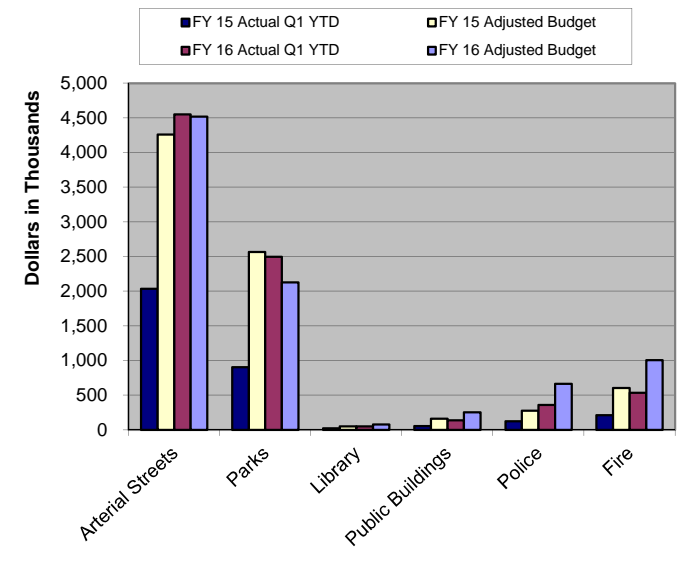
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

POSITIVE

System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2015-16 budget and year-to-date collections through the first quarter as compared to the FY 2014-15 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2015-16 were 52% of the budget as compared to the prior year's collections through the first quarter of 41% of the budget. FY 2015-16 collections reflect two large multi-family developments that pulled permits sooner than anticipated.

IMPACT FEE FUNDS ANALYSIS FY 2015-16 COMPARISON

IMPACT FEE FUNDS	FY 16 Adjusted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 4,521,500	\$ 4,552,447	101%
Parks	2,129,800	2,496,474	117%
Library	81,200	52,623	65%
Public Buildings	253,500	137,160	54%
Police	665,000	358,756	54%
Fire	1,006,800	536,262	53%
Total Impact Revenue	\$ 8,657,800	\$ 8,133,722	94%



Note: Budget and Actual amounts reflect Impact Fee revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

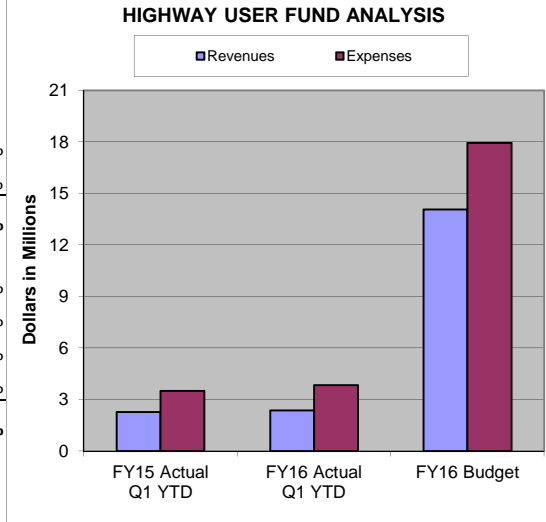
POSITIVE

Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2015-16 budget and year-to-date collections through the first quarter as compared to FY 2014-15 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2015-16 were 94% of the budget as compared to the prior year's collections through the first quarter of 42% of the budget. FY 2015-16 collections reflect two large multi-family developments that pulled permits sooner than anticipated.

OTHER FUNDS ANALYSIS (continued):

HIGHWAY USER FUND (HURF) ANALYSIS FY 2015-16 COMPARISON

	FY16 Adjusted Budget	FY 16 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Highway Users Tax	\$ 14,000,000	\$ 2,349,441	17%	18%
Other	79,000	14,689	19%	9%
Total Revenues	\$ 14,079,000	\$ 2,364,130	17%	17%
Operating Expenses	\$ 9,609,452	\$ 2,900,745	30%	34%
Major Capital Expenses	4,575,742	950,451	21%	13%
Debt Service	3,745,650	-	0%	0%
Transfers Out	23,708	-	0%	100%
Total Expenses	\$ 17,954,552	\$ 3,851,196	21%	21%
Net Rev / Exp	\$ (3,875,552)	\$ (1,487,066)		

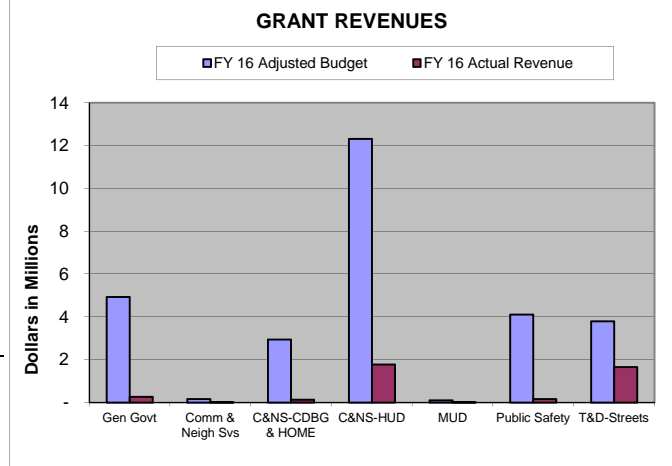


POSITIVE

Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2015-16 reflects a budgeted fund balance drawdown of \$3.9M. Transfers Out include payment of \$23,708 to the Technology Replacement Fund. **Operating Revenues** received through the first quarter are 17% of budget, which is 1% lower than the percentage through the first quarter of last fiscal year. **Operating Expenses** through the first quarter are 30% of adjusted budget, which is 4% lower than the percentage through the first quarter of last fiscal year. A warning indicator occurs due to encumbrances recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year.

GRANT FUNDS ANALYSIS FY 2015-16 COMPARISON

	FY 16 Adjusted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
General Government*	\$ 4,922,206	\$ 266,617	5%
Comm. & Neigh. Services	164,601	1,115	1%
C&NS - CDBG & HOME	2,940,000	129,395	4%
C&NS - HUD	12,316,554	1,781,690	14%
Municipal Utilities	100,000	9,000	9%
Public Safety	4,110,000	157,727	4%
T & D - Streets	3,790,361	1,655,589	44%
Total Grant Revenue	\$ 28,343,722	\$ 4,001,133	14%



* Includes Airport, CAPA, City Manager, Cultural Affairs, Economic Development, Law, and Magistrate

Grants are an additional source of funds for major capital projects and certain operating programs. Grant sources include federal, state, and county governments as well as donations from businesses, organizations, or individuals to support particular programs. The adopted budget for grants is unique because it is developed before final approval on grant awards from other agencies is received in an effort to allow for adequate appropriation to spend anticipated grants. Additionally, in most cases grant revenues for many programs are received on a reimbursable basis, so the revenue on a large capital project may lag one to two fiscal years after the project is initiated. Actual collections through the first quarter of FY 2015-16 were \$4.0M (14% of adjusted budget) as compared to \$2.5M (8% of adjusted budget) collected through the first quarter of FY 2014-15.