



**Chandler • Arizona**  
*Where Values Make The Difference*

**MEMORANDUM**

**Management Services Memo No. 17-046**

**DATE:** FEBRUARY 1, 2017

**TO:** MAYOR AND COUNCIL

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

**FROM:** GREG WESTRUM, BUDGET MANAGER *GW*

**SUBJECT:** FISCAL YEAR (FY) 2016-17 SECOND QUARTER FINANCIAL REPORT

Attached is the FY 2016-17 Second 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 second quarter of FY 2016-17 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 2012-13 to FY 2015-16). An explanation has been provided in those areas where there are significant deviations from the historical 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, Vehicle License Tax, Licenses and Permits, and Interest & Investments categories, which all started the year strong. Departmental expenditure rates are consistent with previous years with 50.3% of adjusted budget expended and encumbered at the end of the second 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



**Chandler** ★ **Arizona**  
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# QUARTERLY FINANCIAL REPORT

2nd Qtr FY16-17

## PERFORMANCE AT A GLANCE

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### PERFORMANCE INDICATORS

<b>POSITIVE</b>	= Variance < 2% compared to historical trends or positive variance > 0% for % to budget.
<b>WARNING</b>	= Variance of 2 - 5% compared to historical trends.
<b>NEGATIVE</b>	= 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.	
Fourth Quarter 2015 (revised estimate)	0.9%	October 29, 2008	1.0%
First Quarter 2016 (revised estimate)	0.8%	December 16, 2008	0% - 0.25%
Second Quarter 2016 (third estimate)	1.4%	December 17, 2015	0.25% - 0.50%
Third Quarter 2016 (third estimate)	3.5%	December 15, 2016	0.50% - 0.75%
<i>Source: U.S. Department of Commerce</i>		<i>Source: Federal Reserve Bank</i>	

UNEMPLOYMENT			
	National	State of Arizona	Phoenix Metro Area
Sep-16	5.0%	5.5%	4.8%
Oct-16	4.9%	5.2%	4.5%
Nov-16	4.6%	5.0%	4.1%
Dec-16	4.7%	4.8%	4.1%

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			BUILDING PERMITS		
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 changed to the 1-3 year Merrill Lynch Treasury Index as of July 2016. Rate of return includes interest earnings as well as both realized and unrealized gains/(losses).			Single-family building permits are an indicator of the general economy. Higher numbers of permits indicate an active construction market and resultant home sales.		
Fiscal Year 2016-17 Rate of Return	2nd Quarter	Fiscal Year		State of Arizona	Chandler
<b>Benchmark:</b>	<b>-0.43%</b>	<b>-0.54%</b>	Jul - Aug - Sep 2015	6,175	328
Wells Capital Management:	-0.34%	-0.37%	Oct - Nov - Dec 2015	5,289	261
PFM:	-0.31%	-0.30%	Jan - Feb - Mar 2016	5,814	319
Fiscal Year 2015-16 Rate of Return	2nd Quarter	Fiscal Year	Apr - May - Jun 2016	6,955	398
<b>Benchmark:</b>	<b>-0.31%</b>	<b>-0.07%</b>	Jul - Aug - Sep 2016	5,869	243
Wells Capital Management:	-0.21%	-0.05%	Oct - Nov - Dec 2016	5,606	205
PFM:	-0.15%	0.12%			

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; \$23,013 of interest has been recorded through the second quarter of FY 2016-17. As interest rates rise, CDARS will become less beneficial.

*Source: Investment Advisors*

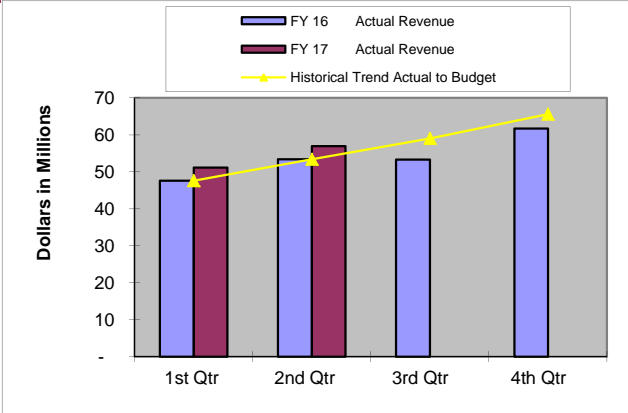
Single family building permits average 327 permits per quarter for FY 2015-16, compared to 177 average permits per quarter for FY 2014-15. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower related sales tax revenues. As shown above, 205 permits were recorded in the second quarter of FY 2016-17.

# REVENUE ANALYSIS:

## OVERALL GENERAL FUND REVENUES FY 2016-17

	FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	* % of Budget Hist. Rec'd
1st Qtr Jul - Sep 16	\$ 45,875,879	\$ 51,155,298	24.3%	22.6%
2nd Qtr Oct - Dec 16	51,597,596	56,955,020	27.0%	25.3%
3rd Qtr Jan - Mar 17	53,601,803			
4th Qtr Apr - Jun 17	59,746,000			
<b>Total</b>	<b>\$ 210,821,277</b>	<b>\$ 108,110,318</b>	<b>51.3%</b>	<b>47.9%</b>

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



**POSITIVE**

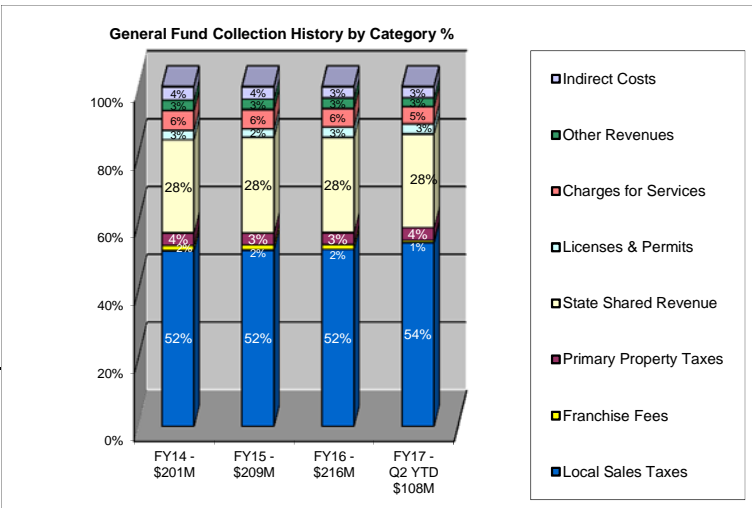
General Fund revenue collections through the second quarter of FY 2016-17 are \$10.6M (10.9%) above the budget based on historical trend and \$7.1M (7.1%) higher than actual collections through the second quarter of FY 2015-16.

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 2016-17

Revenue Categories	FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 107,391,000	\$ 58,419,029	54.4%
Franchise Fees	3,275,000	820,426	25.1%
Primary Property Tax	7,556,520	3,896,827	51.6%
State Shared Revenue	62,907,000	29,976,048	47.7%
Licenses & Permits	4,921,000	3,225,686	65.5%
Charges for Services	11,199,607	5,460,686	48.8%
Other Revenues	6,502,550	2,777,314	42.7%
Indirect Cost Allocation	7,068,600	3,534,300	50.0%
<b>Total</b>	<b>\$ 210,821,277</b>	<b>\$ 108,110,318</b>	<b>51.3%</b>



**POSITIVE**

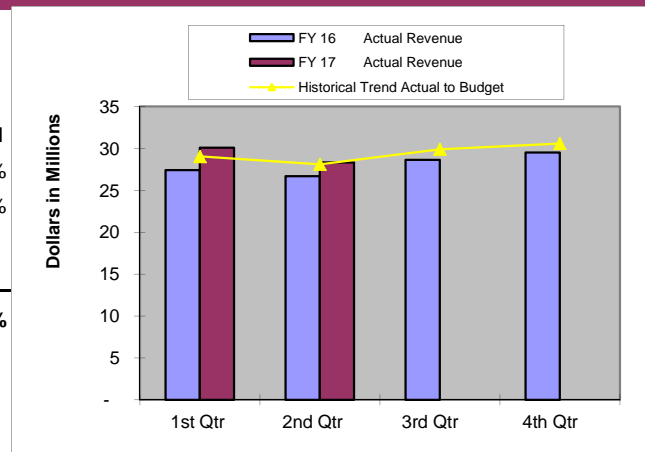
This chart summarizes General Fund revenue collections by revenue category for FY 2016-17. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales 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 2016-17

		FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	* % of Budget Hist. Rec'd
1st Qtr	Jul - Sep 16	\$ 26,518,307	\$ 30,080,008	28.0%	27.0%
2nd Qtr	Oct - Dec 16	25,540,285	28,339,021	26.4%	26.2%
3rd Qtr	Jan - Mar 17	27,354,265			
4th Qtr	Apr - Jun 17	27,978,142			
<b>Total</b>		<b>\$ 107,391,000</b>	<b>\$ 58,419,029</b>	<b>54.4%</b>	<b>53.2%</b>

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



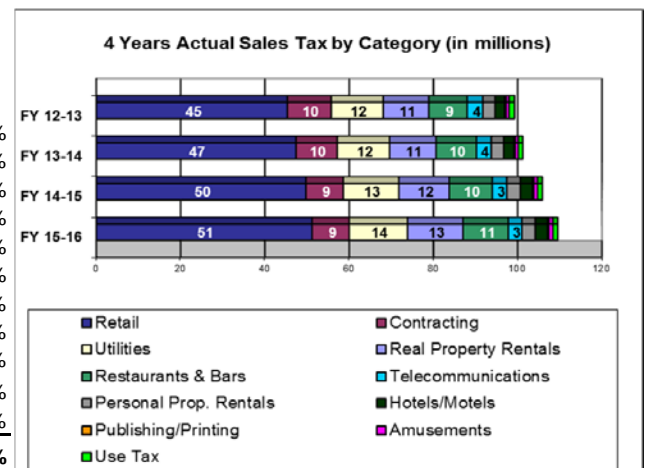
**POSITIVE**

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 second quarter of FY 2016-17 are \$6.4M (12.2%) above the budget based on historical trend and \$4.3M (8%) higher than FY 2015-16 actual collections through the second quarter. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than 2%.

It should be noted that House Bill (HB) 2111 requires the State of Arizona to begin licensing and collecting transaction privilege tax (TPT), commonly referred to as sales tax, for all Cities. The Arizona Department of Revenue (ADOR) will begin collecting for Chandler on January 1, 2017, which may affect timing of collections in the second half of the fiscal year.

## SALES TAX COLLECTION HISTORY

	FY 17 Adopted Budget	FY 17 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 49,200,000	\$ 25,953,341	52.8%	9.6%
Contracting	8,500,000	5,651,010	66.5%	35.7%
Utilities	15,000,000	8,093,453	54.0%	-1.1%
Real Property Rentals	11,800,000	6,674,723	56.6%	3.7%
Restaurants & Bars	9,900,000	5,299,054	53.5%	7.7%
Telecommunications	3,500,000	1,437,057	41.1%	-9.1%
Personal Prop. Rentals	3,000,000	1,814,148	60.5%	20.2%
Hotels/Motels	2,500,000	1,287,907	51.5%	24.3%
Publishing/Printing	250,000	89,009	35.6%	-32.8%
Amusements	750,000	462,445	61.7%	-0.5%
Use Tax	900,000	989,873	110.0%	106.4%
<b>TOTAL SALES TAX</b>	<b>\$ 105,300,000</b>	<b>\$ 57,752,019</b>	<b>54.8%</b>	<b>9.8%</b>



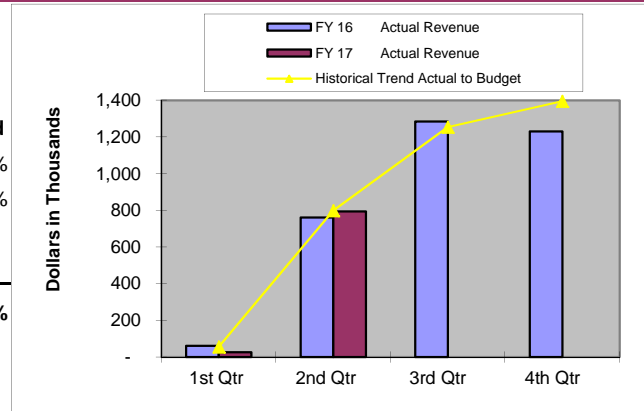
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the second quarter of FY 2016-17 were \$6.7M (13.2%) above the budget based on historical trend and \$5.2M (9.8%) higher than FY 2015-16 actual collections through the second quarter.

# REVENUE ANALYSIS (continued):

## FRANCHISE FEE REVENUE FY 2016-17

		FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 16	\$ 51,699	\$ 26,465	0.8%	1.7%
2nd Qtr	Oct - Dec 16	746,572	793,961	24.2%	24.4%
3rd Qtr	Jan - Mar 17	1,172,161			
4th Qtr	Apr - Jun 17	1,304,568			
<b>Total</b>		<b>\$ 3,275,000</b>	<b>\$ 820,426</b>	<b>25.1%</b>	<b>26.1%</b>

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



**POSITIVE**

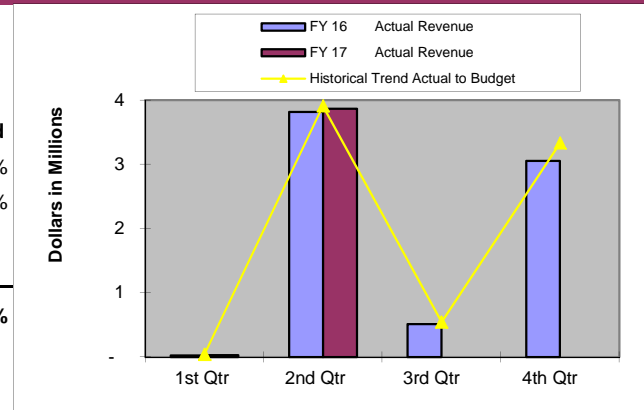
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales).

Franchise fee collections through the second quarter of FY 2016-17 are \$22,155 (2.8%) above the budget based on historical trend and \$164 (<0%) less than FY 2015-16 actual collections through the second quarter. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than 2%.

## PRIMARY PROPERTY TAX REVENUE FY 2016-17

		FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 16	\$ 40,652	\$ 28,348	0.4%	0.6%
2nd Qtr	Oct - Dec 16	3,774,967	3,868,480	51.2%	51.8%
3rd Qtr	Jan - Mar 17	525,669			
4th Qtr	Apr - Jun 17	3,215,232			
<b>Total</b>		<b>\$ 7,556,520</b>	<b>\$ 3,896,827</b>	<b>51.6%</b>	<b>52.3%</b>

\* 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 2016-17, Chandler will collect a primary tax rate of \$0.29 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.16, representing a \$0.0192 cent decrease from the rates adopted for FY 2015-16 to help offset the City's assessed valuation increase of 7.3% in FY 2016-17. This resulted in only a small net increase for the median home value.

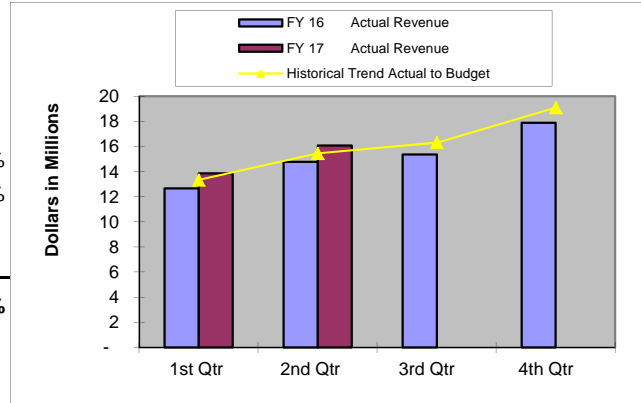
Primary property tax collections through the second quarter of FY 2016-17 are \$81,207 (2.1%) higher than the budget based on historical trend and \$55,378 (1.4%) higher than FY 2015-16 actual collections through the second quarter. The majority of collections come in the second and fourth quarters, as the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than 2%.

# REVENUE ANALYSIS (continued):

## STATE SHARED REVENUE FY 2016-17

		FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 16	\$ 13,066,449	\$ 13,879,057	22.1%	21.2%
2nd Qtr	Oct - Dec 16	15,151,931	16,096,992	25.6%	24.6%
3rd Qtr	Jan - Mar 17	15,978,720			
4th Qtr	Apr - Jun 17	18,709,901			
<b>Total</b>		<b>\$ 62,907,000</b>	<b>\$ 29,976,048</b>	<b>47.7%</b>	<b>45.8%</b>

\* 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 second quarter of FY 2016-17 are \$281,918 (3.1%) above the budget based on historical trend and \$554,206 (6.2%) higher than FY 2015-16 actual collections through the second 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 second quarter of FY 2016-17 are \$505,174 (12.6%) above the budget based on historical trend and \$233,871 (5.5%) higher than FY 2015-16 actual collections through the second quarter.

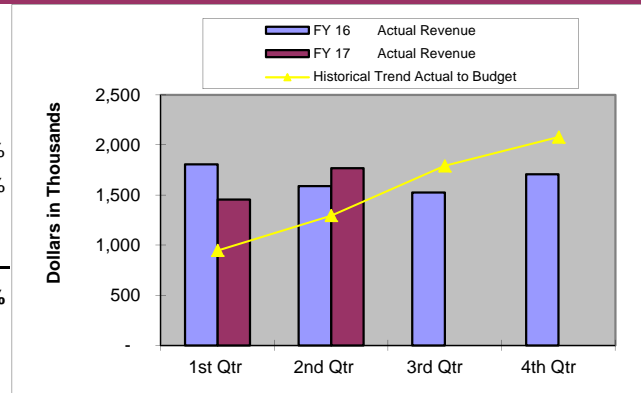
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2014 State income tax collection is distributed to cities and towns as urban revenue sharing based upon the updated census population updated annually. Collections through the second quarter of FY 2016-17 are \$970,577 (6.5%) above the budget based on historical trend and \$1.7M (12.2%) higher than FY 2015-16 actual collections through the second quarter.

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

## LICENSES & PERMITS REVENUE FY 2016-17

		FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 16	\$ 761,965	\$ 1,456,234	29.6%	19.2%
2nd Qtr	Oct - Dec 16	1,042,181	1,769,451	36.0%	26.3%
3rd Qtr	Jan - Mar 17	1,442,630			
4th Qtr	Apr - Jun 17	1,674,223			
<b>Total</b>		<b>\$ 4,921,000</b>	<b>\$ 3,225,686</b>	<b>65.5%</b>	<b>45.5%</b>

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



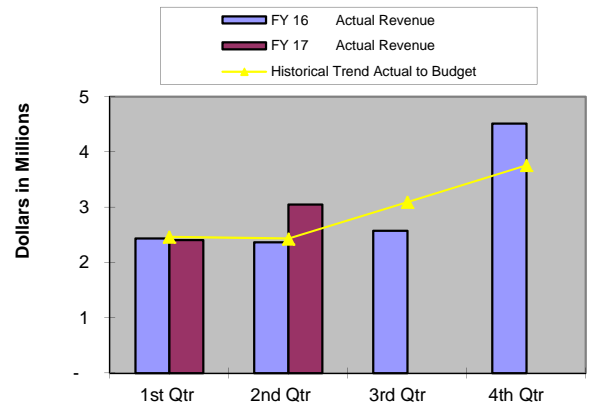
**POSITIVE**

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 second quarter of FY 2016-17 are \$1.4M (78.8%) above the budget based on historical trend and \$172,837 (-5.1%) below FY 2015-16 actual collections through the second 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 second quarter, resulting in a positive performance indicator.

# REVENUE ANALYSIS (continued):

## CHARGES FOR SERVICES REVENUE FY 2016-17

		FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 16	\$ 2,349,329	\$ 2,409,321	21.5%	22.0%
2nd Qtr	Oct - Dec 16	2,317,550	3,051,365	27.2%	21.7%
3rd Qtr	Jan - Mar 17	2,948,311			
4th Qtr	Apr - Jun 17	3,584,416			
<b>Total</b>		<b>\$ 11,199,607</b>	<b>\$ 5,460,686</b>	<b>48.8%</b>	<b>43.7%</b>



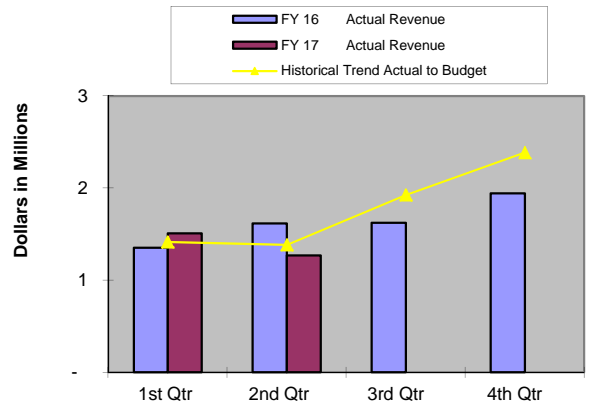
\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

**POSITIVE**

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 second quarter of FY 2016-17 are \$793,807 (17%) over the budget based on historical trend and \$662,035 (13.8%) higher than FY 2015-16 actual collections through the second quarter. The performance of this category is very strong and has exceeded expectations through the second quarter, resulting in a positive performance indicator.

## OTHER REVENUE FY 2016-17

		FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 16	\$ 1,320,325	\$ 1,508,715	23.2%	21.8%
2nd Qtr	Oct - Dec 16	1,256,962	1,268,600	19.5%	21.3%
3rd Qtr	Jan - Mar 17	1,751,977			
4th Qtr	Apr - Jun 17	2,173,286			
<b>Total</b>		<b>\$ 6,502,550</b>	<b>\$ 2,777,314</b>	<b>42.7%</b>	<b>43.0%</b>



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

**POSITIVE**

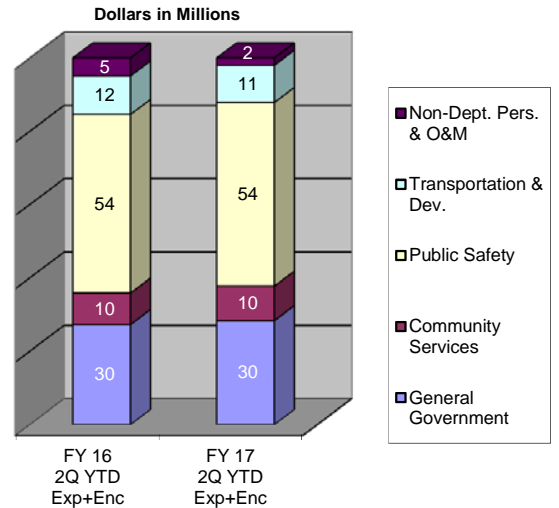
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the second quarter of FY 2016-17 are \$200,028 (7.8%) over the budget based on historical trend and \$191,483 (-6.4%) less than FY 2015-16 actual collections through the second quarter. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than 2%.

# EXPENDITURE ANALYSIS:

## GENERAL FUND EXPENDITURES + ENCUMBRANCES for FY 2016-17 by FUNCTION

	FY 17 Adjusted Budget	FY17 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
<b>* Dept. Operating</b>				
General Government	\$ 59,658,921	\$ 30,407,521	51.0%	52.7%
Community Services	18,831,529	10,120,578	53.7%	53.6%
Public Safety	102,784,394	53,765,421	52.3%	52.0%
Transportation & Dev.	20,726,452	10,876,062	52.5%	55.3%
Non-Dept. Pers. & O&M	11,465,550	2,135,817	18.6%	36.3%
<b>Subtotal</b>	<b>\$ 213,466,846</b>	<b>\$ 107,305,399</b>	<b>50.3%</b>	<b>51.5%</b>
Non-Dept. Reserves	\$ 3,326,492	\$ -	0.0%	0.0%
Non-Dept. Contingencies	30,419,276	-	0.0%	0.0%
<b>Total</b>	<b>\$ 247,212,614</b>	<b>\$ 107,305,399</b>	<b>43.4%</b>	<b>45.8%</b>

\* Excluding Interfund Transfers



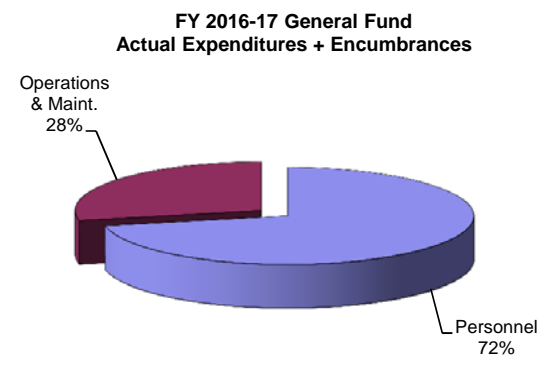
Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council). Since General Obligation debt 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 2016-17 operating spending through the second quarter is 50.3% of the adjusted budget compared to 51.5% of adjusted budget spent last fiscal year through the second quarter. As shown on the following pages, departments (excluding Non-Departmental) have expended between 44.8% and 56.6% of their General Fund adjusted budgets through the second quarter of FY 2016-17.

## GENERAL FUND EXPENDITURES + ENCUMBRANCES for FY 2016-17 by CATEGORY

*Dept. Operating	FY 17 Adjusted Budget	FY17 Actual Exp+Enc	FY 16 Actual Exp+Enc	% Change from Prior Yr Actual
Personnel	\$ 160,792,484	\$ 76,882,730	\$ 75,759,010	1.5%
Operations & Maint.	51,459,638	30,422,669	35,398,519	-14.1%
Reserves	3,326,492	-	-	0.0%
Contingencies	31,634,000	-	-	0.0%
<b>Total</b>	<b>\$ 247,212,614</b>	<b>\$ 107,305,399</b>	<b>\$ 111,157,529</b>	<b>-3.5%</b>

\* Excluding Interfund Transfers

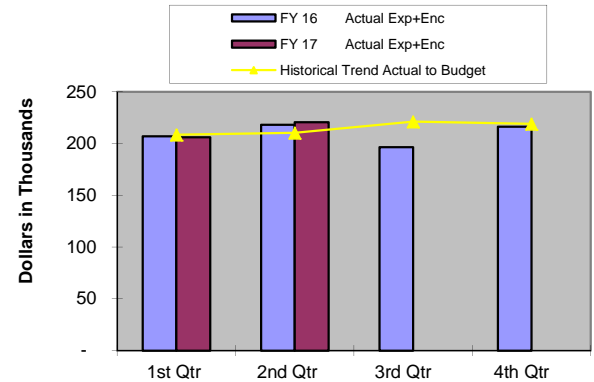


Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending through the second quarter of FY 2016-17 is 3.5% less than spending through the second quarter of FY 2015-16, primarily due to the decrease in the Operations & Maintenance category as compared to FY 2015-16, which included significant encumbrances for the 2015 mid-decade Special Census.

EXPENDITURE ANALYSIS (continued / department summaries):

MAYOR & COUNCIL EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 215,406	\$ 206,149	23.0%	23.2%
2nd Qtr	Oct - Dec 16	215,406	220,625	24.6%	23.4%
3rd Qtr	Jan - Mar 17	233,357			
4th Qtr	Apr - Jun 17	233,357			
<b>Total</b>		<b>\$ 897,526</b>	<b>\$ 426,774</b>	<b>47.6%</b>	<b>46.7%</b>



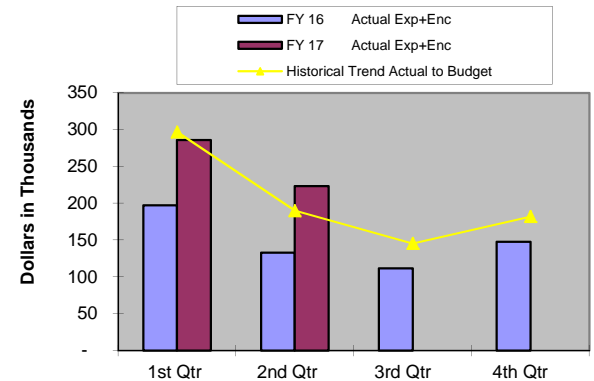
\* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Mayor and Council spent 47.6% of their FY 2016-17 adjusted budget and has historically spent 46.7% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

CITY CLERK EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 328,090	\$ 286,052	31.8%	33.0%
2nd Qtr	Oct - Dec 16	210,166	223,442	24.8%	21.1%
3rd Qtr	Jan - Mar 17	160,889			
4th Qtr	Apr - Jun 17	201,272			
<b>Total</b>		<b>\$ 900,418</b>	<b>\$ 509,494</b>	<b>56.6%</b>	<b>54.1%</b>



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

POSITIVE

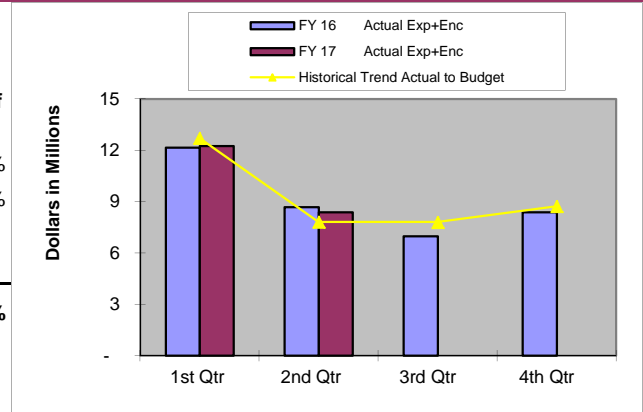
The City Clerk spent 56.6% of their FY 2016-17 adjusted budget and has historically spent 54.1% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. Spending in FY 2016-17 includes one-time expenditures for the primary and general elections being held in the fall of 2016 that did not occur in FY 2015-16.

# EXPENDITURE ANALYSIS (continued / department summaries):

## CITY MANAGER & ORGANIZATIONAL SUPPORT EXPENDITURES FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 13,491,935	\$ 12,245,687	31.1%	32.3%
2nd Qtr	Oct - Dec 16	8,298,824	8,385,185	21.3%	19.9%
3rd Qtr	Jan - Mar 17	8,283,620			
4th Qtr	Apr - Jun 17	9,263,562			
<b>Total</b>		<b>\$ 39,337,941</b>	<b>\$ 20,630,872</b>	<b>52.4%</b>	<b>52.2%</b>

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



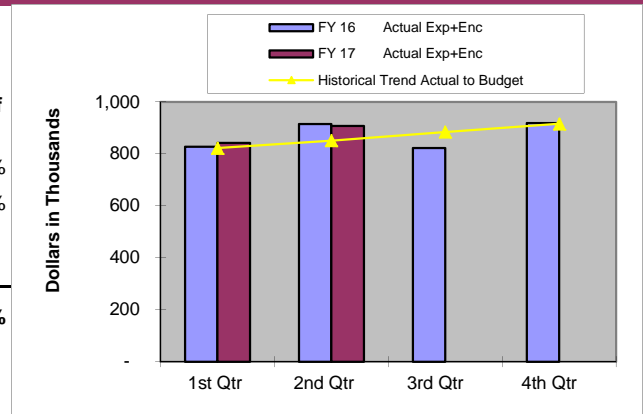
**POSITIVE**

City Manager & Organization Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Cultural Affairs, Downtown Redevelopment, Economic Development, Fleet, Human Resources, Information Technology, Neighborhood Resources, and Planning. Combined, these divisions spent 52.4% of their FY 2016-17 adjusted budget and have historically spent 52.2% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. The Neighborhood Resources Division moved from the Community Services Department and the Fleet Division moved from the Fire, Health & Medical Department to City Manager, Organizational Support at the beginning of FY 2016-17. The historical comparisons have been updated to reflect the transfers.

## LAW EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 868,742	\$ 841,760	22.9%	22.4%
2nd Qtr	Oct - Dec 16	899,090	907,298	24.7%	23.2%
3rd Qtr	Jan - Mar 17	934,705			
4th Qtr	Apr - Jun 17	967,768			
<b>Total</b>		<b>\$ 3,670,305</b>	<b>\$ 1,749,058</b>	<b>47.7%</b>	<b>45.5%</b>

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



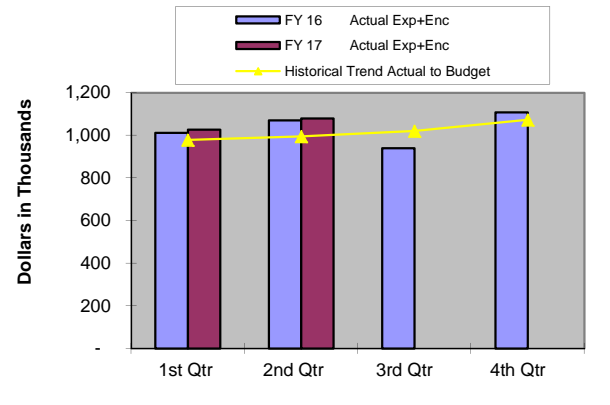
**POSITIVE**

Law spent 47.7% of their FY 2016-17 adjusted budget and has historically spent 45.5% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

EXPENDITURE ANALYSIS (continued / department summaries):

CITY MAGISTRATE EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 1,069,987	\$ 1,026,480	23.1%	22.0%
2nd Qtr	Oct - Dec 16	1,089,021	1,079,626	24.3%	22.4%
3rd Qtr	Jan - Mar 17	1,116,309			
4th Qtr	Apr - Jun 17	1,173,715			
<b>Total</b>		<b>\$ 4,449,032</b>	<b>\$ 2,106,106</b>	<b>47.3%</b>	<b>44.3%</b>



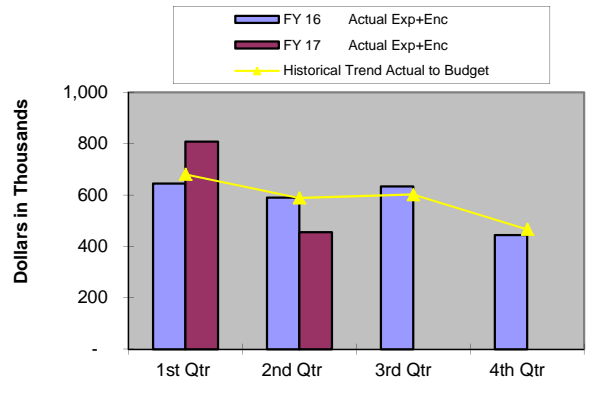
\* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

City Magistrate spent 47.3% of their FY 2016-17 adjusted budget and has historically spent 44.3% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

COMMUNICATIONS & PUBLIC AFFAIRS EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 820,530	\$ 807,967	28.7%	24.2%
2nd Qtr	Oct - Dec 16	709,423	455,417	16.2%	20.9%
3rd Qtr	Jan - Mar 17	725,285			
4th Qtr	Apr - Jun 17	562,086			
<b>Total</b>		<b>\$ 2,817,324</b>	<b>\$ 1,263,384</b>	<b>44.8%</b>	<b>45.1%</b>



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

POSITIVE

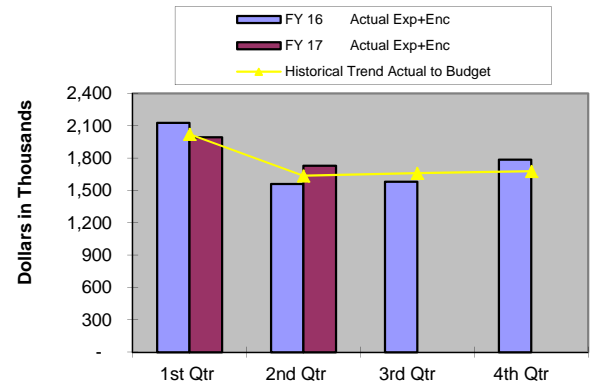
Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 44.8% of their FY 2016-17 adjusted budget and has historically spent 45.1% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

# EXPENDITURE ANALYSIS (continued / department summaries):

## MANAGEMENT SERVICES EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 2,193,613	\$ 1,993,117	26.3%	26.7%
2nd Qtr	Oct - Dec 16	1,773,089	1,728,716	22.8%	21.6%
3rd Qtr	Jan - Mar 17	1,799,856			
4th Qtr	Apr - Jun 17	1,819,817			
<b>Total</b>		<b>\$ 7,586,375</b>	<b>\$ 3,721,833</b>	<b>49.1%</b>	<b>48.2%</b>

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



**POSITIVE**

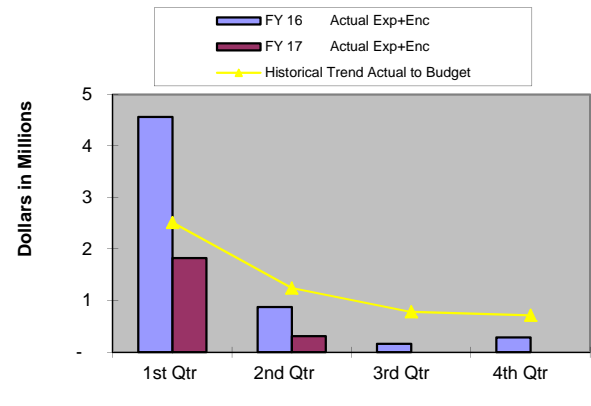
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Budget, Accounting, Purchasing, Central Supply, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 49.1% of their FY 2016-17 adjusted budget and have historically spent 48.2% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

## NON-DEPARTMENTAL EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 5,487,429	\$ 1,825,350	15.9%	21.9%
2nd Qtr	Oct - Dec 16	2,713,629	310,467	2.7%	10.9%
3rd Qtr	Jan - Mar 17	1,706,760			
4th Qtr	Apr - Jun 17	1,557,733			
<b>Total**</b>		<b>\$ 11,465,550</b>	<b>\$ 2,135,817</b>	<b>18.6%</b>	<b>32.8%</b>

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

\*\* Excludes Reserves and Contingencies



**POSITIVE**

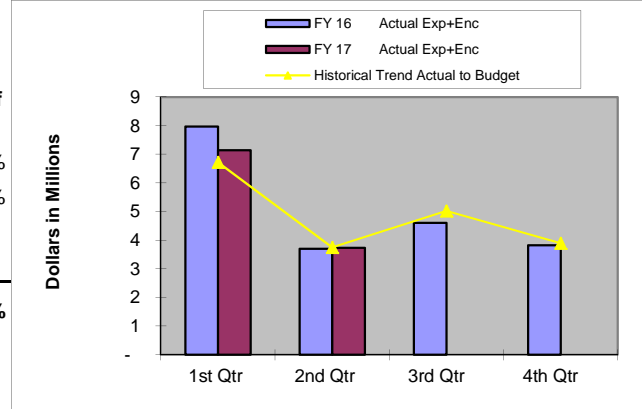
Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates significantly due to changing one-time needs from year to year. Non-departmental spending through the second quarter of FY 2016-17 is 18.6% of the adjusted budget, with historical spending of 32.8% through the second quarter of the fiscal year. The historical trend was significantly impacted in FY 2015-16 due to the approval of 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.

# EXPENDITURE ANALYSIS (continued / department summaries):

## TRANSPORTATION & DEVELOPMENT EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 7,254,258	\$ 7,142,476	34.5%	32.5%
2nd Qtr	Oct - Dec 16	3,938,026	3,733,586	18.0%	18.1%
3rd Qtr	Jan - Mar 17	5,388,878			
4th Qtr	Apr - Jun 17	4,145,290			
<b>Total</b>		<b>\$ 20,726,452</b>	<b>\$ 10,876,062</b>	<b>52.5%</b>	<b>50.6%</b>

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



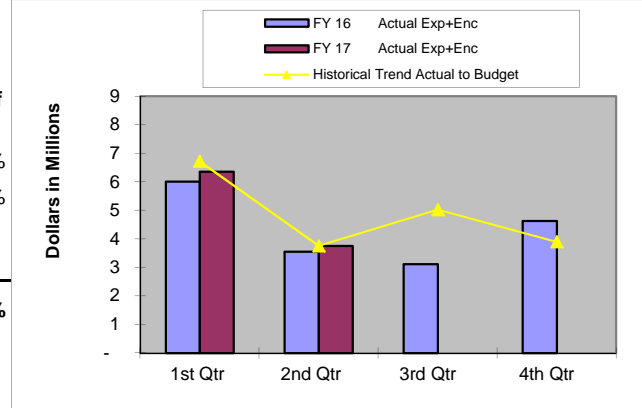
**POSITIVE**

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 52.5% of their FY 2016-17 adjusted budget and has historically spent 50.6% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

## COMMUNITY SERVICES EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 6,591,035	\$ 6,362,459	33.8%	35.7%
2nd Qtr	Oct - Dec 16	3,577,991	3,758,118	20.0%	19.9%
3rd Qtr	Jan - Mar 17	4,896,198			
4th Qtr	Apr - Jun 17	3,766,306			
<b>Total</b>		<b>\$ 18,831,529</b>	<b>\$ 10,120,578</b>	<b>53.7%</b>	<b>55.7%</b>

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



**POSITIVE**

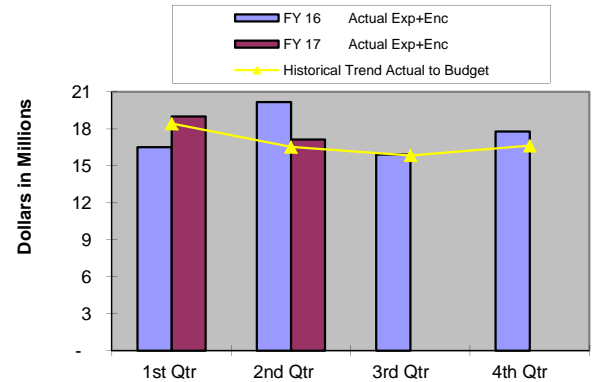
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Parks Development & Operations, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. The department spent 53.7% of their FY 2016-17 adjusted budget and has historically spent 55.7% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. At the beginning of FY 2016-17, the Neighborhood Resources cost centers (Neighborhood Resources, Housing and Redevelopment, and Code Enforcement) moved from the Community & Neighborhood Services Department to City Manager, Organizational Support (and the Department was renamed Community Services). The historical comparisons have been updated to reflect the transfer.

EXPENDITURE ANALYSIS (continued / department summaries):

POLICE EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 18,537,321	\$ 19,000,442	27.7%	26.8%
2nd Qtr	Oct - Dec 16	17,164,186	17,130,189	25.0%	24.1%
3rd Qtr	Jan - Mar 17	15,791,051			
4th Qtr	Apr - Jun 17	17,164,186			
<b>Total</b>		<b>\$ 68,656,745</b>	<b>\$ 36,130,631</b>	<b>52.6%</b>	<b>50.9%</b>

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



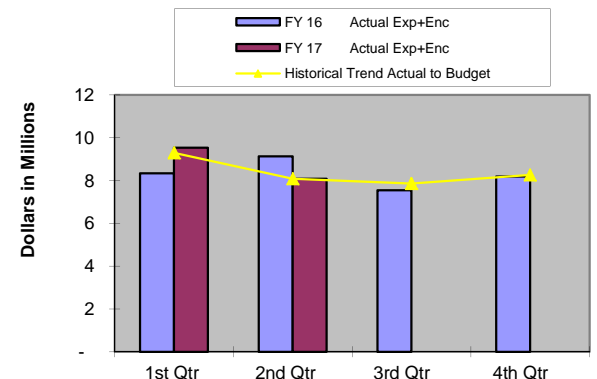
POSITIVE

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 52.6% of the FY 2016-17 adjusted budget and has historically spent 50.9% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

FIRE, HEALTH & MEDICAL EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 16	\$ 9,555,742	\$ 9,543,436	28.0%	27.3%
2nd Qtr	Oct - Dec 16	8,190,636	8,091,354	23.7%	23.7%
3rd Qtr	Jan - Mar 17	7,849,359			
4th Qtr	Apr - Jun 17	8,531,912			
<b>Total</b>		<b>\$ 34,127,649</b>	<b>\$ 17,634,790</b>	<b>51.7%</b>	<b>50.9%</b>

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



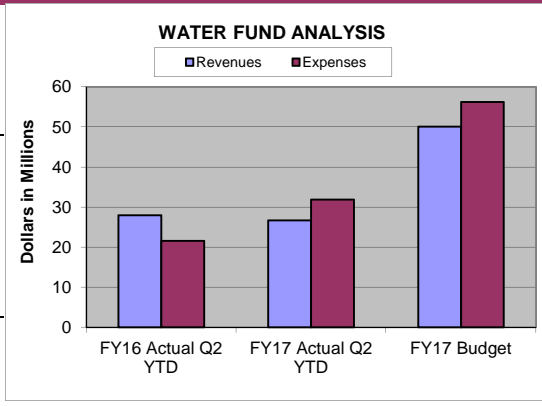
POSITIVE

Fire, Health & Medical includes the following cost centers: Administration, Emergency Services, Operations, Prevention & Preparedness, and Support Services. The Department spent 51.7% of their FY 2016-17 adjusted budget and has historically spent 50.9% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. The Fleet Services Division was managed by Fire, Health & Medical prior to FY 2016-17, at which time it was moved to City Manager, Organizational Support. The historical comparisons have been updated to reflect the transfer.

ENTERPRISE FUNDS ANALYSIS:

WATER FUND ANALYSIS FY 2016-17 COMPARISON

WATER FUND	FY 17 Adjusted Budget	FY 17 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Operating Revenues	\$ 50,114,800	\$ 26,723,435	53%	50%
<b>Total Revenues</b>	<b>\$ 50,114,800</b>	<b>\$ 26,723,435</b>	<b>53%</b>	<b>50%</b>
Operating Expenses	\$ 30,112,203	\$ 18,316,417	61%	55%
Major Capital Expenses	8,549,758	8,289,758	97%	1%
Debt Service	14,255,008	3,560,975	25%	13%
Transfers Out	3,376,446	1,756,851	52%	48%
<b>Total Expenses</b>	<b>\$ 56,293,415</b>	<b>\$ 31,924,001</b>	<b>57%</b>	<b>33%</b>
<b>Net Rev / Exp</b>	<b>\$ (6,178,615)</b>	<b>\$ (5,200,566)</b>		



POSITIVE

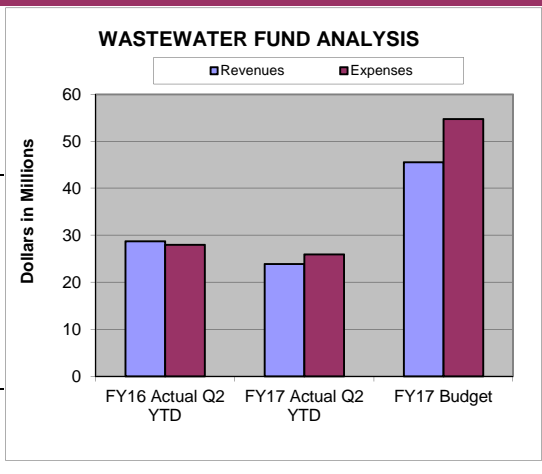
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 2016-17 includes a budgeted \$6.2 million drawdown of fund balance (change from first quarter due to carryforward expenditures). The budgeted Transfers Out include indirect cost allocation to the General Fund of \$3,216,800, payment of \$137,256 to the Technology Replacement Fund, and payment of \$22,390 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the second quarter are 53% of budget compared to 50% through the second quarter of FY 2015-16, while **Operating Expenses** through the second quarter are 61% of budget as compared to 55% through the second quarter of FY 2015-16.

Beginning in FY 2016-17, a new fund was created for Reclaimed Water revenues and expenditures, separating expenditures from the Water Fund.

WASTEWATER FUND ANALYSIS FY 2016-17 COMPARISON

WASTEWATER FUND	FY 17 Adjusted Budget	FY 17 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 43,266,720	\$ 22,223,131	51%	50%
Intel Rev/Receivable	2,259,754	1,686,368	75%	21%
<b>Total Revenues</b>	<b>\$ 45,526,474</b>	<b>\$ 23,909,499</b>	<b>53%</b>	<b>52%</b>
Operating Expenses	\$ 20,671,320	\$ 10,002,112	48%	49%
Major Capital Expenses	14,914,849	9,683,186	65%	80%
Intel Exp/Payable	2,259,754	2,259,753	100%	0%
Debt Service	14,463,696	2,734,571	19%	13%
Transfers Out	2,444,782	1,249,545	51%	49%
<b>Total Expenses</b>	<b>\$ 54,754,401</b>	<b>\$ 25,929,167</b>	<b>47%</b>	<b>46%</b>
<b>Net Rev / Exp</b>	<b>\$ (9,227,927)</b>	<b>\$ (2,019,668)</b>		



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.

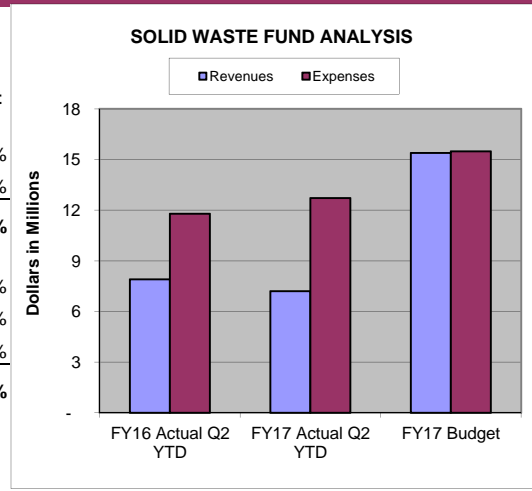
The Wastewater Operating Fund includes the following cost centers: Collection, Ocotillo Brine Reduction Facility, Lone Butte Wastewater Treatment, Wastewater Quality, Airport Water Reclamation Facility, Ocotillo Water Reclamation Facility, and Wastewater Capital. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2016-17 includes a budgeted \$9.2M drawdown of fund balance (change from first quarter due to carryforward expenditures). The budgeted Transfers Out include indirect cost allocation to the General Fund of \$2,374,900, payment of \$54,307 to the Technology Replacement Fund, and payment of \$15,575 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the second quarter are 51% of budget compared to 50% through the second quarter of FY 2015-16, while **Operating Expenses** through the second quarter are 48% of budget as compared to 49% through the second quarter of FY 2015-16.

Beginning in FY 2016-17, a new fund was created for Reclaimed Water revenues and expenditures, separating revenues and expenditures from the Wastewater Fund.

ENTERPRISE FUNDS ANALYSIS (continued):

SOLID WASTE FUND ANALYSIS FY 2016-17 COMPARISON

SOLID WASTE	FY 17 Adjusted Budget	FY 17 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Operating Revenues	\$ 15,392,682	\$ 7,200,327	47%	46%
Transfers In	-	-	0%	170%
<b>Total Revenues</b>	<b>\$ 15,392,682</b>	<b>\$ 7,200,327</b>	<b>47%</b>	<b>51%</b>
Operating Expenses	\$ 13,721,132	\$ 11,481,877	84%	82%
Major Capital Expenses	755,854	715,942	95%	14%
Transfers Out	1,003,867	528,213	53%	47%
<b>Total Expenses</b>	<b>\$ 15,480,853</b>	<b>\$ 12,726,032</b>	<b>82%</b>	<b>76%</b>
<b>Net Rev / Exp</b>	<b>\$ (88,171)</b>	<b>\$ (5,525,705)</b>		

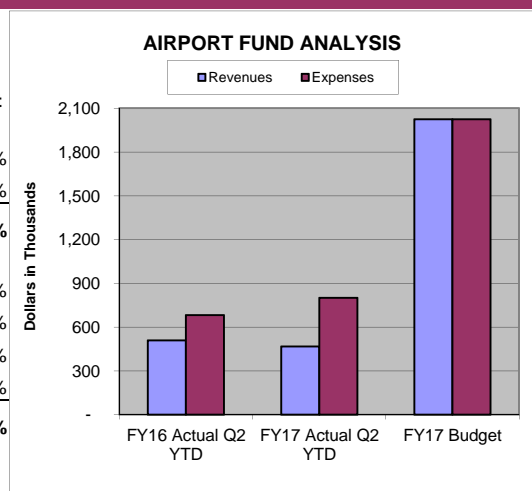


**POSITIVE** The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2016-17 reflects a budgeted decrease of \$88,171 to fund balance. Transfers Out include an indirect cost allocation to the General Fund of \$940,600, payment of \$52,559 to the Technology Replacement Fund, and payment of \$10,708 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the second quarter are 47% of budget compared to 46% through the second quarter of FY 2015-16, while **Operating Expenses** through the second quarter are 84% of budget as compared to 82% through the second quarter of FY 2015-16. Operating Expenses through the second quarter reflect large encumbrances (\$5.8M) that are 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. By adjusting for those encumbrances, the resulting fund indicator is positive.

AIRPORT FUND ANALYSIS FY 2016-17 COMPARISON

AIRPORT FUND	FY 17 Adjusted Budget	FY 17 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Operating Revenues	\$ 1,073,995	\$ 467,311	44%	47%
General Fund Subsidy	949,675	-	0%	0%
<b>Total Revenues</b>	<b>\$ 2,023,670</b>	<b>\$ 467,310</b>	<b>23%</b>	<b>26%</b>
Operating Expenses	\$ 1,065,369	\$ 508,689	48%	50%
Major Capital Expenses	826,358	236,103	29%	10%
Debt Service	26,563	781	3%	4%
Transfers Out	105,380	55,380	53%	47%
<b>Total Expenses</b>	<b>\$ 2,023,670</b>	<b>\$ 800,954</b>	<b>40%</b>	<b>33%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (333,644)</b>		



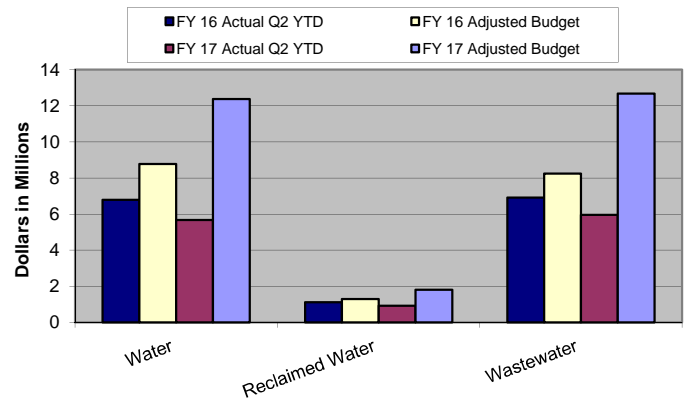
**POSITIVE** The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2016-17 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. The budgeted Transfers Out include indirect cost allocation to the General Fund of \$100,000 and 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 second quarter are 44% of budget compared to 47% through the second quarter of FY 2015-16. **Operating Expenses** through the second quarter are 48% of budget as compared to 50% through the second quarter of FY 2015-16. Operating expenditures, Debt Service and indirect costs through the second quarter reflect 33% of budgeted expenditures in these categories, which is 14% less than Operating Revenues through the second quarter, resulting in a positive indicator.

# OTHER FUNDS ANALYSIS (continued):

## SYSTEM DEVELOPMENT FEE FUNDS ANALYSIS FY 2016-17 COMPARISON

SYSTEM DEVELOPMENT FEE (SDF) FUNDS	FY 17 Adjusted Budget	FY 17 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 12,371,100	\$ 5,667,690	46%
Reclaimed Water	1,807,300	920,164	51%
Wastewater	12,675,600	5,955,763	47%
<b>Total SDF Revenue</b>	<b>\$ 26,854,000</b>	<b>\$ 12,543,617</b>	<b>47%</b>



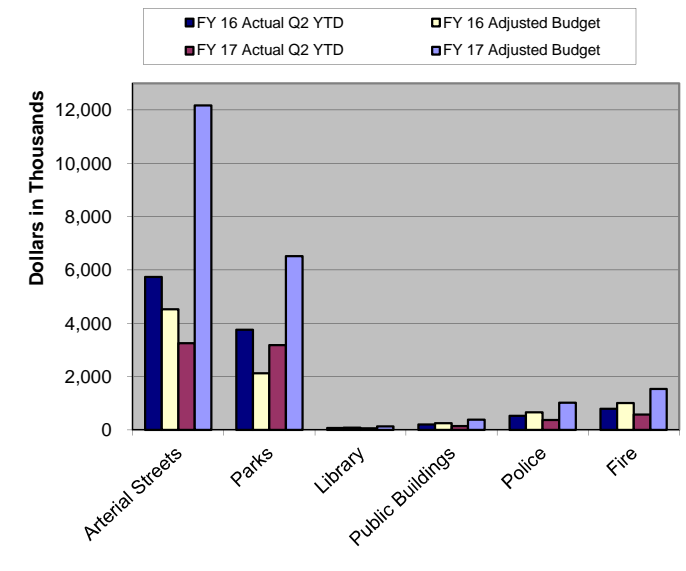
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

**POSITIVE**

System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2016-17 budget and year-to-date collections through the second quarter as compared to the FY 2015-16 budget and year-to-date collections through the second quarter. Collections through the second quarter of FY 2016-17 were 47% of the budget as compared to the prior year's collections of 81% through the second quarter. FY 2015-16 collections reflect permits for two large multi-family developments resulting in higher than normal collections in all three categories.

## IMPACT FEE FUNDS ANALYSIS FY 2016-17 COMPARISON

IMPACT FEE FUNDS	FY 17 Adjusted Budget	FY 17 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 12,169,200	\$ 3,257,656	27%
Parks	6,520,200	3,182,401	49%
Library	135,400	66,279	49%
Public Buildings	387,400	141,267	36%
Police	1,020,800	374,662	37%
Fire	1,540,700	571,839	37%
<b>Total Impact Revenue</b>	<b>\$ 21,773,700</b>	<b>\$ 7,594,105</b>	<b>35%</b>



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.

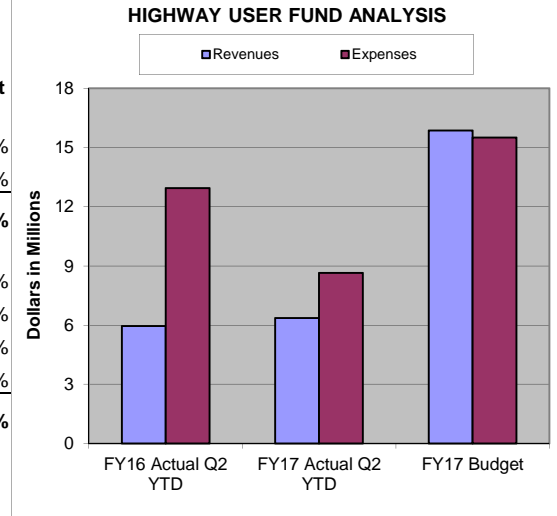
**POSITIVE**

Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2016-17 budget and year-to-date collections through the second quarter as compared to FY 2015-16 budget and year-to-date collections through the second quarter. Collections through the second quarter of FY 2016-17 were 35% of the budget as compared to the prior year's collections through the second quarter of 128% of the budget. FY 2015-16 collections reflect permits for two large multi-family developments resulting in higher than normal collections.

# OTHER FUNDS ANALYSIS (continued):

## HIGHWAY USER FUND (HURF) ANALYSIS FY 2016-17 COMPARISON

	FY 17 Adjusted Budget	FY 17 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Highway Users Tax	\$ 15,720,459	\$ 6,288,010	40%	42%
Other	143,000	63,754	45%	48%
<b>Total Revenues</b>	<b>\$ 15,863,459</b>	<b>\$ 6,351,764</b>	<b>40%</b>	<b>42%</b>
Operating Expenses	\$ 9,820,645	\$ 5,202,008	53%	53%
Major Capital Expenses	2,994,961	743,512	25%	90%
Debt Service	2,671,438	2,671,438	100%	100%
Transfers Out	24,853	24,853	100%	0%
<b>Total Expenses</b>	<b>\$ 15,511,897</b>	<b>\$ 8,641,811</b>	<b>56%</b>	<b>72%</b>
<b>Net Rev / Exp</b>	<b>\$ 351,562</b>	<b>\$ (2,290,047)</b>		

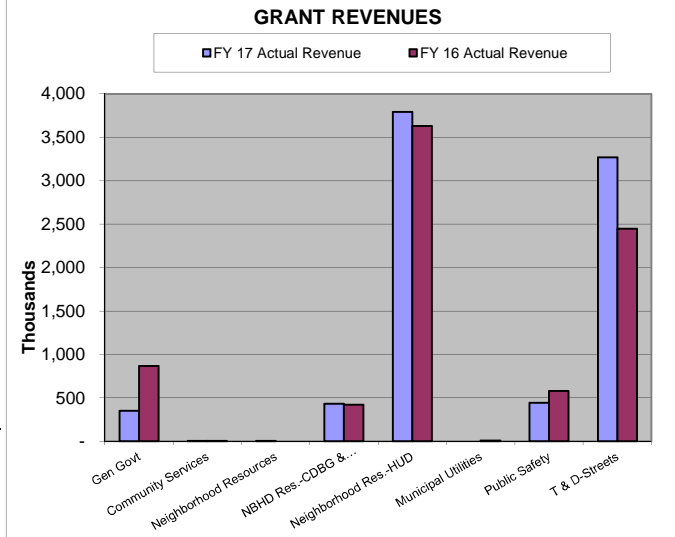


**POSITIVE**

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 2016-17 reflects a budgeted fund balance surplus of \$352K. Transfers Out include payment of \$24,853 to the Technology Replacement Fund. Operating Revenues received through the second quarter are 40% of budget, which is 2% lower than the percentage through the second quarter of last fiscal year. Operating Expenses through the second quarter are 53% of adjusted budget, which is the same as the second quarter of last fiscal year.

## GRANT FUNDS ANALYSIS FY 2016-17 COMPARISON

	FY 17 Adjusted Budget	FY 17 Actual Revenue	% of Budget Rec'd to Date
General Government*	\$ 3,827,932	\$ 349,757	9%
Community Services	120,092	4,974	4%
Neighborhood Res.	10,000	3,136	31%
Neighborhood Res. - CDBG & HOME	3,035,201	434,206	14%
Neighborhood Res. - HUD	12,519,442	3,791,328	30%
Municipal Utilities	100,000	-	0%
Public Safety	4,199,148	443,880	11%
T & D - Streets	11,871,507	3,267,458	28%
<b>Total Grant Revenue</b>	<b>\$ 35,683,322</b>	<b>\$ 8,294,739</b>	<b>23%</b>



\* 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 second quarter of FY 2016-17 were \$8.3M (23% of adjusted budget) as compared to \$8M (28% of adjusted budget) collected through the second quarter of FY 2015-16.