



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 17-068

DATE: APRIL 26, 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 THIRD QUARTER FINANCIAL REPORT

Attached is the FY 2016-17 Third Quarter Financial Report, which provides an executive level view as of the end of the third quarter using Performance Indicators to highlight potential issues. Summaries of budget to actual performance of General Fund operating revenue and expenditures, as well as additional summaries and analysis of Enterprise, System Development/Impact Fees, Highway User Tax, and Grant Funds are provided.

The analysis within the report uses graphs, charts and written explanations to reflect budget to actual compared to historical trends and the prior year. These historical comparisons are based on actual results over the last four years (FY 2012-13 to FY 2015-16), and 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, and departmental expenditure rates are consistent with previous years with 70% of adjusted operating budget expended and encumbered at the end of the third 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**
Where Values Make The Difference

QUARTERLY FINANCIAL REPORT

3rd Qtr FY16-17

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.	
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%
Fourth Quarter 2016 (third estimate)	2.1%	March 16, 2017	0.75% - 1%
<i>Source: U.S. Department of Commerce</i>		<i>Source: Federal Reserve Bank</i>	

UNEMPLOYMENT			
	National	State of Arizona	Phoenix Metro Area
Dec-16	4.7%	4.8%	4.1%
Jan-17	4.8%	5.0%	4.5%
Feb-17	4.7%	5.1%	4.4%
Mar-17	4.5%	5.0%	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	3rd Quarter	Fiscal Year		State of Arizona	Chandler
Benchmark:	0.26%	-0.28%	Oct - Nov - Dec 2015	5,289	261
Wells Capital Management:	0.29%	-0.08%	Jan - Feb - Mar 2016	5,814	319
PFM:	0.37%	0.07%	Apr - May - Jun 2016	6,955	398
Fiscal Year 2015-16 Rate of Return	3rd Quarter	Fiscal Year	Jul - Aug - Sep 2016	5,869	243
Benchmark:	0.67%	0.60%	Oct - Nov - Dec 2016	5,606	205
Wells Capital Management:	0.71%	0.65%	Jan - Feb - Mar 2017	5,600 (est.)	178
PFM:	0.78%	0.90%			

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; \$24,176 of interest has been recorded through the third quarter of FY 2016-17. As interest rates rise, CDARS will become less beneficial.

Source: Investment Advisors

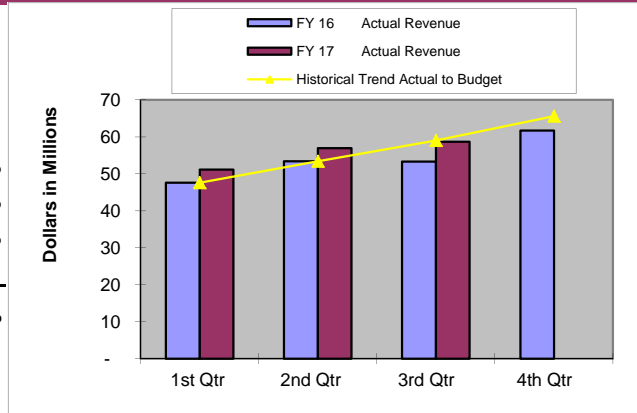
Single family building permits averaged 327 permits per quarter for FY 2015-16, compared to 177 average permits per quarter for FY 2014-15. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower related sales tax revenues. The year-to-date average through the third quarter of FY 2016-17 is 209 permits. The State figure is estimated based on the January and February figures. The March figure was not available as of April 24, 2017.

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	52,818,934	58,622,155	27.8%	28.0%
4th Qtr Apr - Jun 17	60,528,869			
Total	\$ 210,821,277	\$ 166,732,474	79.1%	75.9%

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



POSITIVE

General Fund revenue collections through the third quarter of FY 2016-17 are \$16.4M (10.9%) above the budget based on historical trend and \$12.5M (8.1%) higher than actual collections through the third quarter of FY 2015-16.

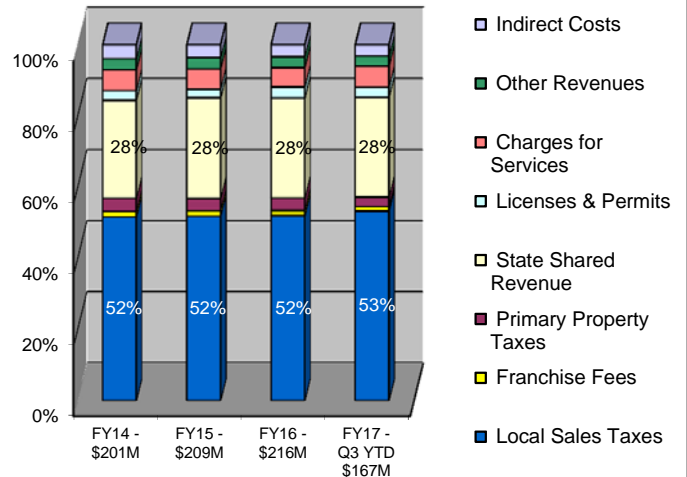
Overall, General Fund revenue, led by continuing strong Sales Tax and License and Permit collections, are performing well due to higher consumer confidence locally and a steady stream of new development activity in Chandler. Additionally, the percentage of budget received for the fiscal year is greater 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	\$ 88,958,241	82.8%
Franchise Fees	3,275,000	2,019,501	61.7%
Primary Property Tax	7,556,520	4,439,000	58.7%
State Shared Revenue	62,907,000	46,729,547	74.3%
Licenses & Permits	4,921,000	4,670,504	94.9%
Charges for Services	11,199,607	10,024,927	89.5%
Other Revenues	6,502,550	4,589,305	70.6%
Indirect Cost Allocation	7,068,600	5,301,450	75.0%
Total	\$ 210,821,277	\$ 166,732,474	79.1%

General Fund Collection History by Category %



POSITIVE

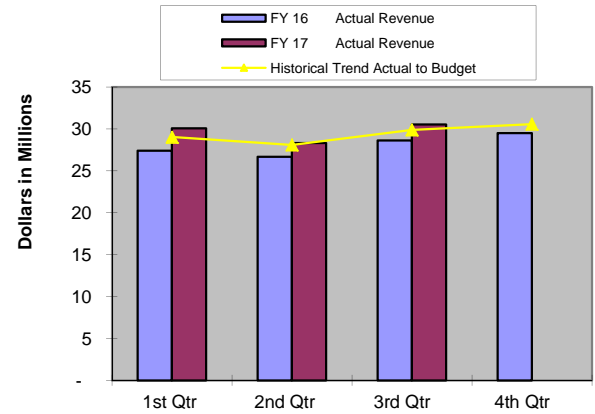
This chart summarizes General Fund revenue collections by revenue category for FY 2016-17. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales taxes and state shared revenues representing the largest General Fund revenue sources at over 80% combined. 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	27,209,433	30,539,212	28.4%	27.8%
4th Qtr	Apr - Jun 17	28,122,974			
Total		\$ 107,391,000	\$ 88,958,241	82.8%	81.1%

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



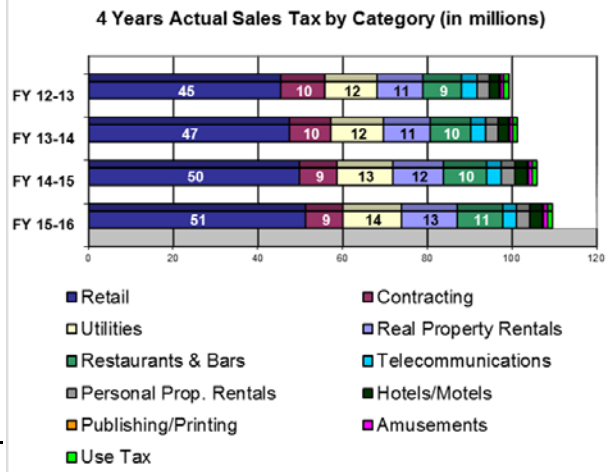
POSITIVE

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 third quarter of FY 2016-17 are \$9.7M (12.2%) above the budget based on historical trend and \$6.2M (7.5%) higher than FY 2015-16 actual collections through the third quarter. The performance indicator is positive since the budget received through the third quarter is more than the percentage of historical budget received through the third quarter, reflecting strong performance overall.

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. The Arizona Department of Revenue (ADOR) began collecting for Chandler on January 1, 2017, which affects timing of collections beginning in the second half of the fiscal year, due to the extra 3-4 weeks it takes for ADOR to close the month. License fee collections are also impacted since the City previously licensed all businesses and the State only licenses those with taxable activity.

SALES TAX COLLECTION HISTORY

	FY 17 Adopted Budget	FY 17 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 49,200,000	\$ 39,540,975	80.4%	5.0%
Contracting	8,500,000	8,333,191	98.0%	34.9%
Utilities	15,000,000	10,570,461	70.5%	-2.8%
Real Property Rentals	11,800,000	10,146,159	86.0%	4.2%
Restaurants & Bars	9,900,000	8,299,363	83.8%	7.0%
Telecommunications	3,500,000	2,202,545	62.9%	-8.2%
Personal Prop. Rentals	3,000,000	2,709,569	90.3%	18.5%
Hotels/Motels	2,500,000	2,216,305	88.7%	17.2%
Publishing/Printing	250,000	137,943	55.2%	-30.4%
Amusements	750,000	744,122	99.2%	3.1%
Use Tax	900,000	2,292,171	254.7%	160.7%
TOTAL SALES TAX	\$ 105,300,000	\$ 87,192,803	82.8%	8.2%



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 third quarter of FY 2016-17 were \$9.6M (12.4%) above the budget based on historical trend and \$6.6M (8.2%) higher than FY 2015-16 actual collections through the third quarter.

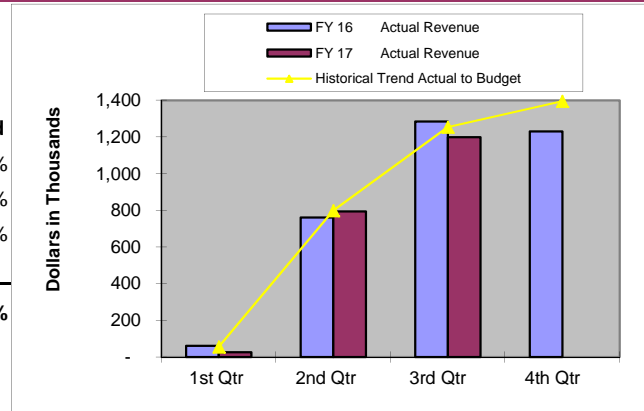
Again, Sales Tax collections are lower than anticipated due to the transition to ADOR Administration, resulting in extended time to process taxpayer detail.

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	1,199,076	36.6%	38.3%
4th Qtr	Apr - Jun 17	1,304,568			
Total		\$ 3,275,000	\$ 2,019,501	61.7%	64.3%

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



WARNING

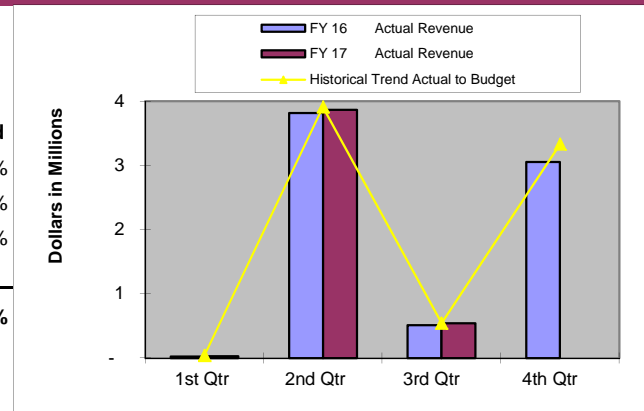
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales).

Franchise fee collections through the third quarter of FY 2016-17 are \$49,069 (2.5%) above the budget based on historical trend and \$85,036 (-4%) below FY 2015-16 actual collections through the third quarter. Since there is a 2.6% variance between percentage of budget received through the third quarter and percentage of historical budget received through the third quarter, the performance indicator is a warning (between 2% - 5%). This is the result of changes in the cable market over time.

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	542,172	7.2%	7.2%
4th Qtr	Apr - Jun 17	3,215,232			
Total		\$ 7,556,520	\$ 4,439,000	58.7%	59.5%

* 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, for the median value home owner, the City's assessed valuation increase of 7.3% in FY 2016-17.

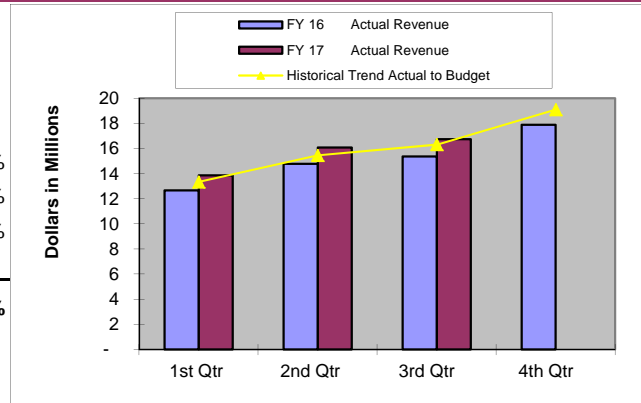
Primary property tax collections through the third quarter of FY 2016-17 are \$97,712 (2.3%) higher than the budget based on historical trend and \$85,412 (2%) higher than FY 2015-16 actual collections through the third quarter. The majority of collections come in the second and fourth quarters, as the 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 third quarter and percentage of historical budget received through the third 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	15,983,076	16,753,499	26.6%	25.9%
4th Qtr	Apr - Jun 17	18,705,545			
Total		\$ 62,907,000	\$ 46,729,547	74.3%	71.7%

* 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 third quarter of FY 2016-17 are \$339,695 (2.2%) above the budget based on historical trend and \$942,460 (6.4%) higher than FY 2015-16 actual collections through the third 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 third quarter of FY 2016-17 are \$757,194 (11.8%) above the budget based on historical trend and \$384,342 (5.7%) higher than FY 2015-16 actual collections through the third quarter.

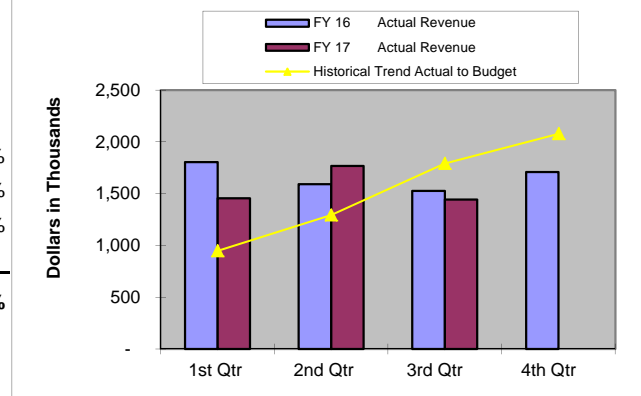
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2014 State income tax collection is distributed to cities and towns as urban revenue sharing based upon the updated census population updated annually. Collections through the third quarter of FY 2016-17 are \$1.4M (6.4%) above the budget based on historical trend and \$2.6M (12.1%) higher than FY 2015-16 actual collections through the third quarter.

This overall category is performing well, validated by the percent of budget received through the third quarter exceeding the percent of budget historically received.

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	1,444,818	29.4%	36.4%
4th Qtr	Apr - Jun 17	1,674,223			
Total		\$ 4,921,000	\$ 4,670,504	94.9%	82.0%

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



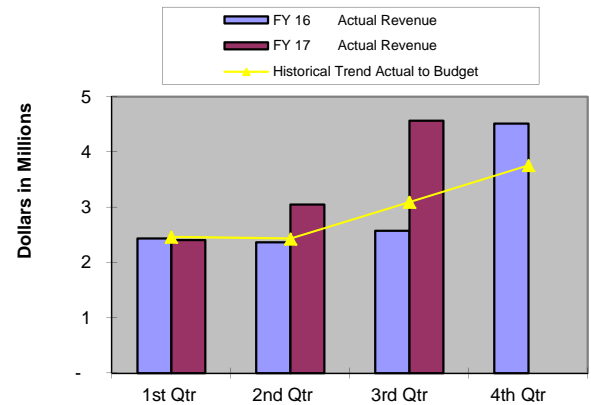
POSITIVE

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, peddlers and solicitors, secondhand and junk dealers, amusements, mobile food units, and other specialty 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 third quarter of FY 2016-17 are \$1.4M (43.9%) above the budget based on historical trend and \$253,365 (-5.1%) below FY 2015-16 actual collections through the third 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 third 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	4,564,241	40.8%	27.6%
4th Qtr	Apr - Jun 17	3,584,416			
Total		\$ 11,199,607	\$ 10,024,927	89.5%	71.3%



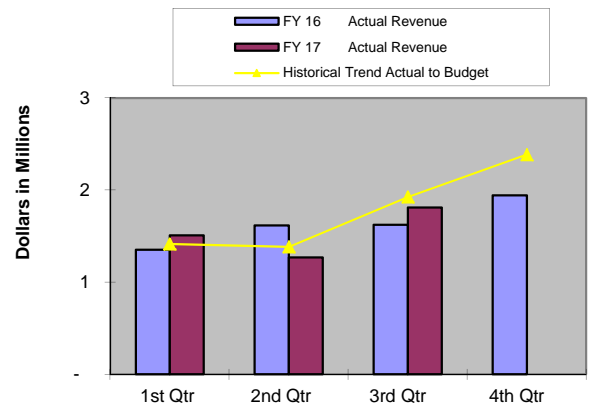
* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

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 third quarter of FY 2016-17 are \$2.4M (31.6%) over the budget based on historical trend and \$2.7M (36%) higher than FY 2015-16 actual collections through the third quarter. The performance of this category is very strong and has exceeded expectations through the third 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	1,320,325	1,811,990	27.9%	29.6%
4th Qtr	Apr - Jun 17	2,604,939			
Total		\$ 6,502,550	\$ 4,589,305	70.6%	72.6%



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

POSITIVE

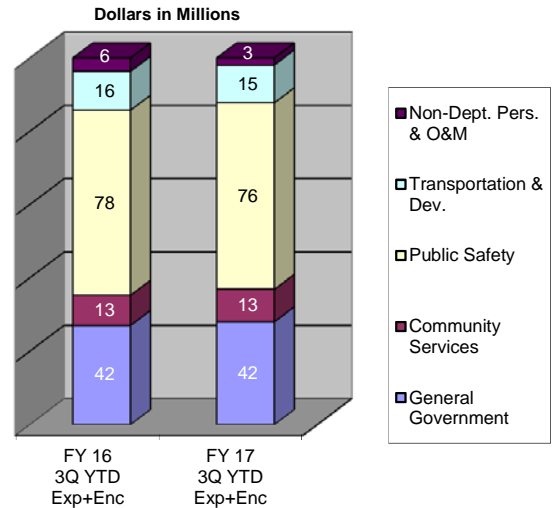
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other Revenue collections through the third quarter of FY 2016-17 are \$691,693 (17.7%) over the budget based on historical trend and \$3,012 (-0.1%) less than FY 2015-16 actual collections through the third quarter. The performance indicator is positive because the difference between percentage of budget received through the third quarter and percentage of historical budget received through the third quarter is not more 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
* Dept. Operating				
General Government	\$ 59,727,247	\$ 41,878,254	70.1%	73.4%
Community Services	18,840,260	13,259,382	70.4%	71.0%
Public Safety	102,817,978	76,068,598	74.0%	76.1%
Transportation & Dev.	20,726,452	15,411,555	74.4%	77.1%
Non-Dept. Pers. & O&M	11,508,577	2,848,217	24.7%	30.9%
Subtotal	\$ 213,620,514	\$ 149,466,006	70.0%	71.3%
Non-Dept. Reserves	\$ 3,231,422	\$ -	0.0%	0.0%
Non-Dept. Contingencies	30,345,678	-	0.0%	0.0%
Total	\$ 247,197,614	\$ 149,466,006	60.5%	63.6%

* Excluding Interfund Transfers



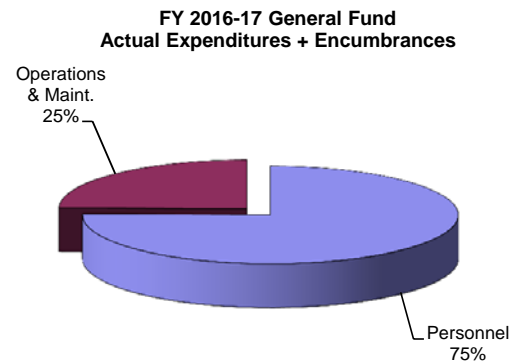
Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council contingency). Since General Obligation 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 (excluding reserves and contingencies) through the third quarter is 70% of the adjusted budget compared to 71.3% of adjusted budget spent last fiscal year through the third quarter. As shown on the following pages, departments (excluding Non-Departmental) have expended between 66.0% and 74.8% of their General Fund adjusted budgets through the third 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	\$ 160,917,181	\$ 112,491,864	\$ 112,095,262	0.4%
Operations & Maint.	52,703,333	36,974,142	41,662,341	-11.3%
Reserves	3,231,422	-	-	0.0%
Contingencies	30,345,678	-	-	0.0%
Total	\$ 247,197,614	\$ 149,466,006	\$ 153,757,603	-2.8%

* Excluding Interfund Transfers



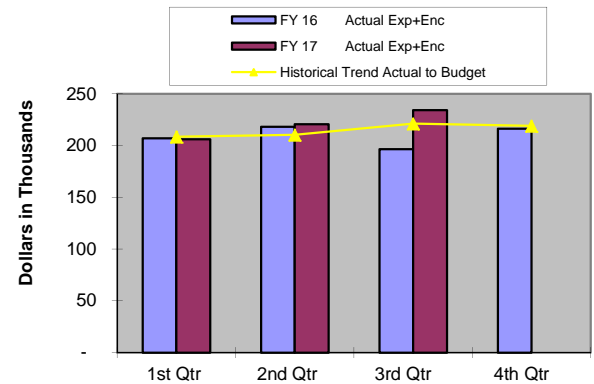
Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending through the third quarter of FY 2016-17 is 2.8% less than spending through the third quarter of FY 2015-16, primarily due to the decrease in the Operations & Maintenance category as compared to FY 2015-16, which included significant encumbrances for the 2015 mid-decade Special Census.

The City provides numerous services across all departments, resulting in personnel as the largest expenditure, as shown in the graph.

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
Operating Only					
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	234,272	26.1%	24.6%
4th Qtr	Apr - Jun 17	233,357			
Total		\$ 897,526	\$ 661,046	73.7%	71.3%



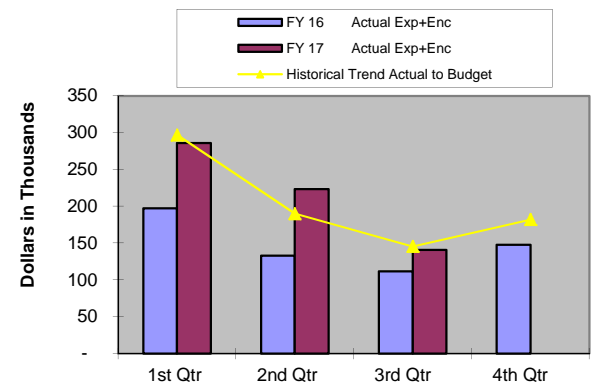
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Mayor and Council spent 74.5% of the FY 2016-17 adjusted budget and has historically spent 71.3% of the adjusted budget through the third 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
Operating Only					
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	140,674	15.6%	16.2%
4th Qtr	Apr - Jun 17	201,272			
Total		\$ 900,418	\$ 650,168	72.2%	70.2%



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

POSITIVE

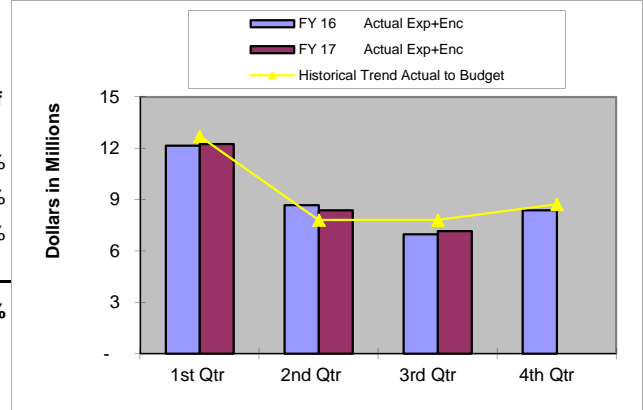
The City Clerk spent 72.2% of the FY 2016-17 adjusted budget and has historically spent 70.2% of the adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator. Spending in FY 2016-17 includes one-time expenditures for the primary and general elections 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
Operating Only					
1st Qtr	Jul - Sep 16	\$ 13,490,127	\$ 12,245,687	31.1%	32.3%
2nd Qtr	Oct - Dec 16	8,297,712	8,385,185	21.3%	19.9%
3rd Qtr	Jan - Mar 17	8,282,510	7,167,861	18.2%	19.8%
4th Qtr	Apr - Jun 17	9,262,321			
Total		\$ 39,332,669	\$ 27,798,733	70.7%	72.0%

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



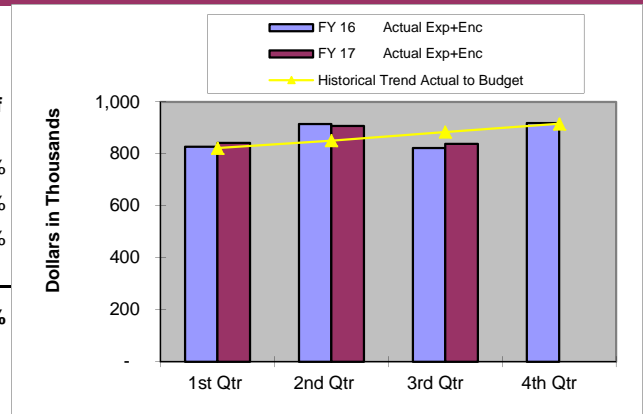
POSITIVE

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 70.7% of the FY 2016-17 adjusted budget and have historically spent 72% of the adjusted budget through the third 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
Operating Only					
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	837,845	22.8%	24.1%
4th Qtr	Apr - Jun 17	967,768			
Total		\$ 3,670,305	\$ 2,586,903	70.5%	69.6%

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



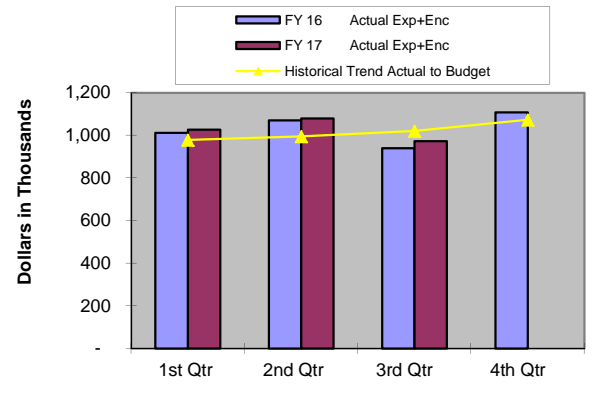
POSITIVE

Law spent 70.5% of the FY 2016-17 adjusted budget and has historically spent 69.6% of the adjusted budget through the third 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
Operating Only					
1st Qtr	Jul - Sep 16	\$ 1,087,687	\$ 1,026,480	22.7%	21.6%
2nd Qtr	Oct - Dec 16	1,107,036	1,079,626	23.9%	22.0%
3rd Qtr	Jan - Mar 17	1,134,775	972,139	21.5%	22.6%
4th Qtr	Apr - Jun 17	1,193,131			
Total		\$ 4,522,630	\$ 3,078,244	68.1%	66.2%



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

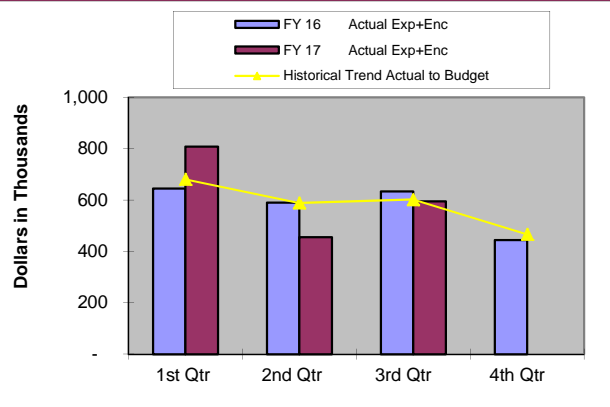
POSITIVE

City Magistrate spent 68.1% of their FY 2016-17 adjusted budget and has historically spent 66.2% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator.

The third quarter adjusted budget reflects a slight increase from the second quarter due to the Council approved transfer of contingency to be used for the purchase of a firewall to improve cybersecurity.

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
Operating Only					
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	595,298	21.1%	21.4%
4th Qtr	Apr - Jun 17	562,086			
Total		\$ 2,817,324	\$ 1,858,681	66.0%	66.5%



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

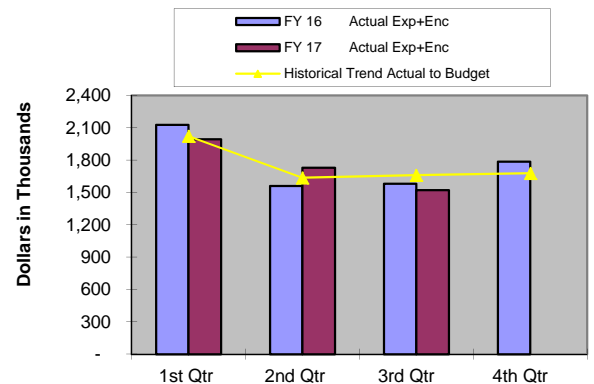
POSITIVE

Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 66% of the FY 2016-17 adjusted budget and has historically spent 66.5% of the adjusted budget through the third 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
Operating Only					
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	1,522,646	20.1%	21.9%
4th Qtr	Apr - Jun 17	1,819,817			
Total		\$ 7,586,375	\$ 5,244,478	69.1%	70.1%



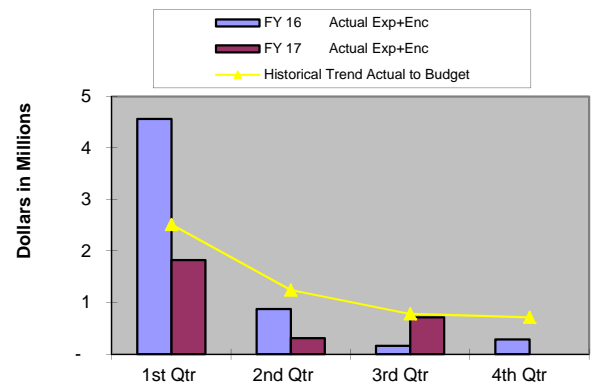
* Historical Trend represents the average of the past 4 years % of actual to budget

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 69.1% of the FY 2016-17 adjusted budget and have historically spent 70.1% of the adjusted budget through the third 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
Operating Only					
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	712,399	6.2%	6.8%
4th Qtr	Apr - Jun 17	1,557,733			
Total**		\$ 11,465,550	\$ 2,848,217	24.8%	39.6%



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

** Excludes Reserves and Contingencies

POSITIVE

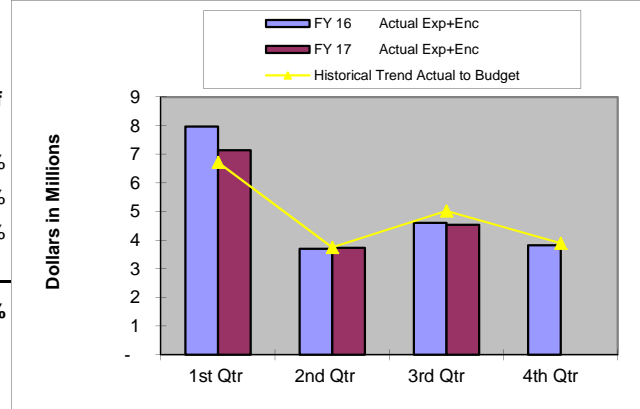
Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates significantly due to changing one-time needs from year to year. Non-departmental spending through the third quarter of FY 2016-17 is 24.8% of the adjusted budget, with historical spending of 39.6% through the third 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
Operating Only					
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	4,535,494	21.9%	24.2%
4th Qtr	Apr - Jun 17	4,145,290			
Total		\$ 20,726,452	\$ 15,411,555	74.4%	74.8%

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



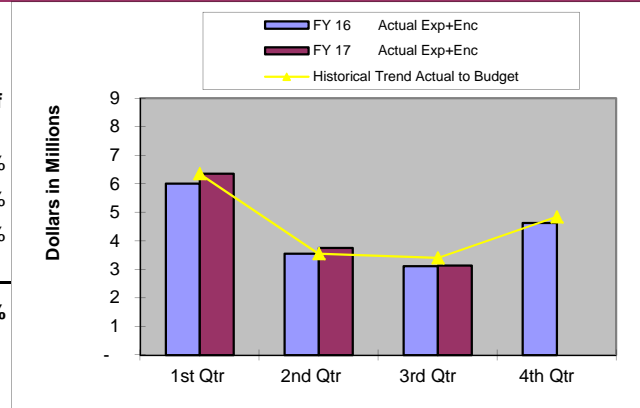
POSITIVE

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 74.4% of the FY 2016-17 adjusted budget and has historically spent 74.8% of the adjusted budget through the third 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
Operating Only					
1st Qtr	Jul - Sep 16	\$ 6,546,990	\$ 6,362,459	33.8%	33.7%
2nd Qtr	Oct - Dec 16	3,720,951	3,758,118	19.9%	18.8%
3rd Qtr	Jan - Mar 17	3,532,548	3,138,805	16.7%	18.1%
4th Qtr	Apr - Jun 17	5,039,770			
Total		\$ 18,840,260	\$ 13,259,382	70.4%	70.6%

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



POSITIVE

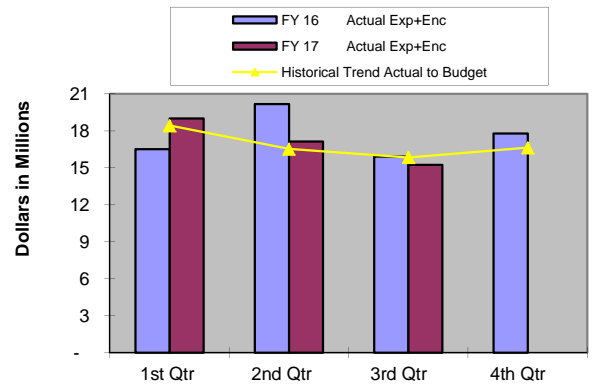
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Parks Development & Operations, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. The department spent 70.4% of the FY 2016-17 adjusted budget and has historically spent 70.6% of the adjusted budget through the third 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
Operating Only					
1st Qtr	Jul - Sep 16	\$ 18,546,389	\$ 19,000,442	27.7%	26.8%
2nd Qtr	Oct - Dec 16	17,172,582	17,130,189	24.9%	24.1%
3rd Qtr	Jan - Mar 17	15,798,776	15,231,472	22.2%	23.1%
4th Qtr	Apr - Jun 17	17,172,582			
Total		\$ 68,690,329	\$ 51,362,103	74.8%	73.9%

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



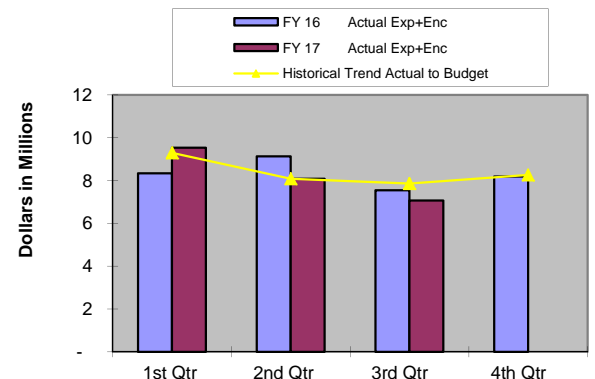
POSITIVE

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 74.8% of the FY 2016-17 adjusted budget and has historically spent 73.9% of the adjusted budget through the third 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
Operating Only					
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	7,071,705	20.7%	23.0%
4th Qtr	Apr - Jun 17	8,531,912			
Total		\$ 34,127,649	\$ 24,706,495	72.4%	74.0%

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



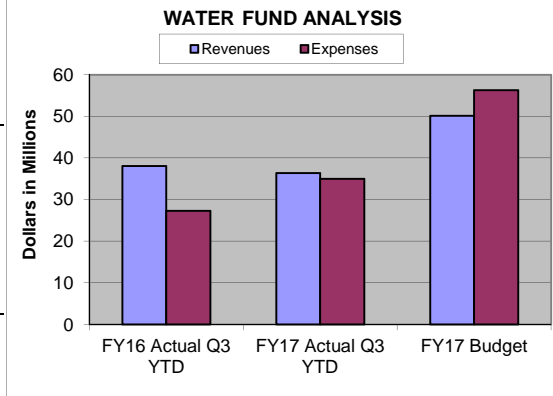
POSITIVE

Fire, Health & Medical includes the following cost centers: Administration, Emergency Services, Operations, Prevention & Preparedness, and Support Services. The Department spent 72.4% of the FY 2016-17 adjusted budget and has historically spent 74% of the adjusted budget through the third 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	\$ 36,371,806	73%	70%
Total Revenues	\$ 50,114,800	\$ 36,371,806	73%	70%
Operating Expenses	\$ 30,203,777	\$ 21,702,402	72%	65%
Major Capital Expenses	8,425,158	8,289,758	98%	82%
Debt Service	14,255,008	2,461,116	17%	13%
Transfers Out	3,376,446	2,566,649	76%	75%
Total Expenses	\$ 56,260,389	\$ 35,019,924	62%	52%
Net Rev / Exp	\$ (6,145,589)	\$ 1,351,882		



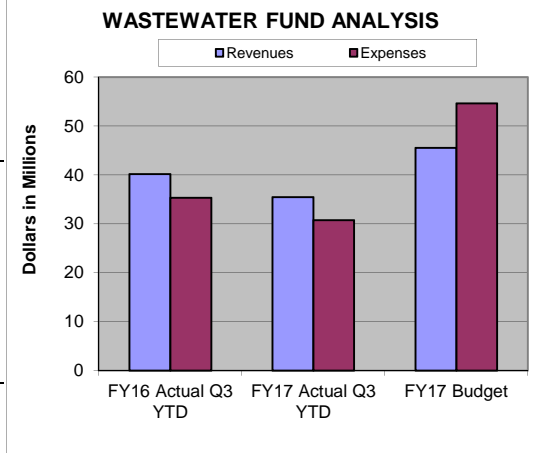
POSITIVE

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 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 \$6.1 million drawdown of fund balance (change from second quarter due to a transfer of savings from the Well Remediation project to the Water Bond Fund). 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** are 73% of budget as compared to 70% through the third quarter of FY 2015-16 and **Operating Expenses** are 72% of budget as compared to 65% through the third quarter of FY 2015-16. Beginning in FY 2016-17, a Reclaimed Water Fund was created to separate revenues and expenses from the Water Fund. The activity in this new fund is reported with the Wastewater Fund through the end of FY 2016-17.

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	\$ 33,507,556	77%	76%
Intel Rev/Receivable	2,259,754	1,969,310	87%	22%
Total Revenues	\$ 45,526,474	\$ 35,476,866	78%	73%
Operating Expenses	\$ 20,579,746	\$ 12,785,021	62%	65%
Major Capital Expenses	14,914,849	10,042,930	67%	82%
Intel Exp/Payable	2,259,754	2,259,753	100%	0%
Debt Service	14,463,696	3,834,431	27%	13%
Transfers Out	2,444,782	1,847,163	76%	75%
Total Expenses	\$ 54,662,827	\$ 30,769,298	56%	52%
Net Rev / Exp	\$ (9,136,353)	\$ 4,707,568		



POSITIVE

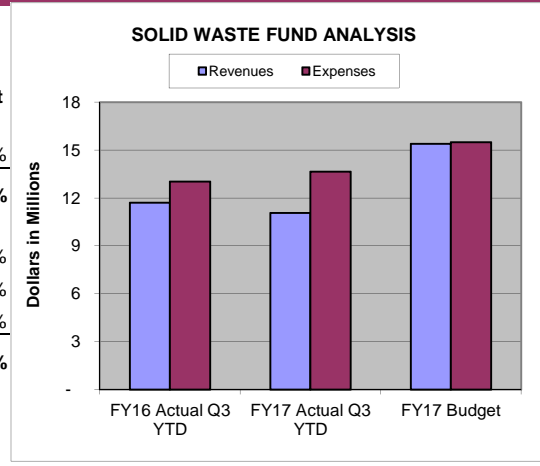
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 \$9.1M drawdown of fund balance. 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** are 77% of budget as compared to 76% through the third quarter of FY 2015-16, while **Operating Expenses** are 62% of budget as compared to 65% through the third quarter of FY 2015-16. During FY 2016-17, a new Reclaimed Water Fund was created to separate revenues and expenses from the Wastewater Fund. The activity for the new Reclaimed Water Fund is reported with the Wastewater Fund through the end of FY 2016-17.

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	\$ 11,061,941	72%	72%
Total Revenues	\$ 15,392,682	\$ 11,061,941	72%	72%
Operating Expenses	\$ 13,721,132	\$ 12,159,892	89%	85%
Major Capital Expenses	755,854	721,963	96%	64%
Transfers Out	1,003,867	766,040	76%	76%
Total Expenses	\$ 15,480,853	\$ 13,647,895	88%	84%
Net Rev / Exp	\$ (88,171)	\$ (2,585,954)		



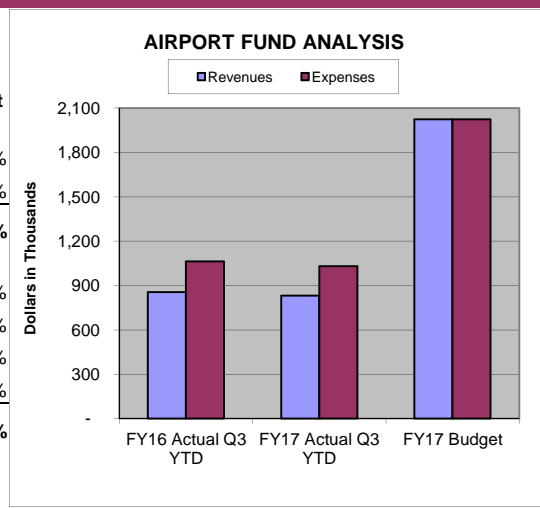
POSITIVE

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 of 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 third quarter are 72% of budget compared to 72% through the third quarter of FY 2015-16, while **Operating Expenses** through the third quarter are 89% of budget as compared to 85% through the third quarter of FY 2015-16. Operating Expenses through the third quarter include significant remaining encumbrances (\$3.3M) 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	\$ 718,957	67%	68%
General Fund Subsidy	949,675	112,138	12%	13%
Total Revenues	\$ 2,023,670	\$ 831,094	41%	43%
Operating Expenses	\$ 1,065,369	\$ 715,662	67%	68%
Major Capital Expenses	826,358	234,683	28%	29%
Debt Service	26,563	781	3%	4%
Transfers Out	105,380	80,380	76%	76%
Total Expenses	\$ 2,023,670	\$ 1,031,507	51%	52%
Net Rev / Exp	\$ -	\$ (200,412)		



POSITIVE

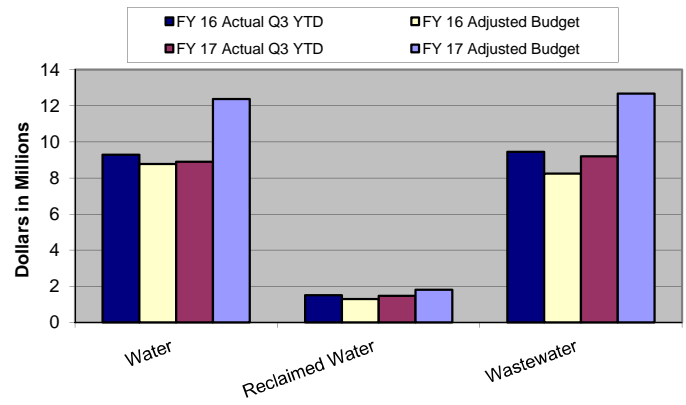
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 third quarter are 67% of budget compared to 68% through the third quarter of FY 2015-16. **Operating Expenses** through the third quarter are 67% of budget as compared to 66% through the third quarter of FY 2015-16. Operating expenses, debt service, and indirect costs through the third quarter reflect 66% of budgeted expenses in these categories, which is 1% 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	\$ 8,899,324	72%
Reclaimed Water	1,807,300	1,471,145	81%
Wastewater	12,675,600	9,196,204	73%
Total SDF Revenue	\$ 26,854,000	\$ 19,566,673	73%



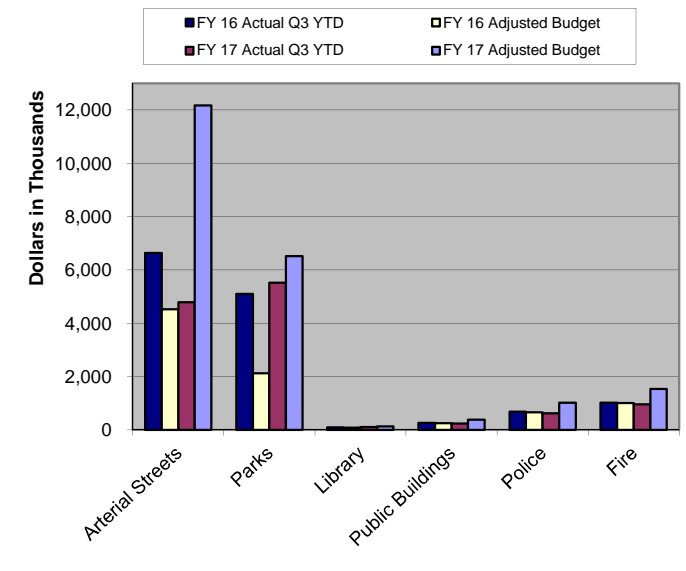
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

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 third quarter as compared to the FY 2015-16 budget and year-to-date collections through the third quarter. Collections through the third quarter of FY 2016-17 were 73% of the budget as compared to the prior year's collections of 110% through the third quarter. FY 2015-16 collections include 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	\$ 4,787,057	39%
Parks	6,520,200	5,528,120	85%
Library	135,400	112,391	83%
Public Buildings	387,400	238,895	62%
Police	1,020,800	628,342	62%
Fire	1,540,700	957,783	62%
Total Impact Revenue	\$ 21,773,700	\$ 12,252,590	56%



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.

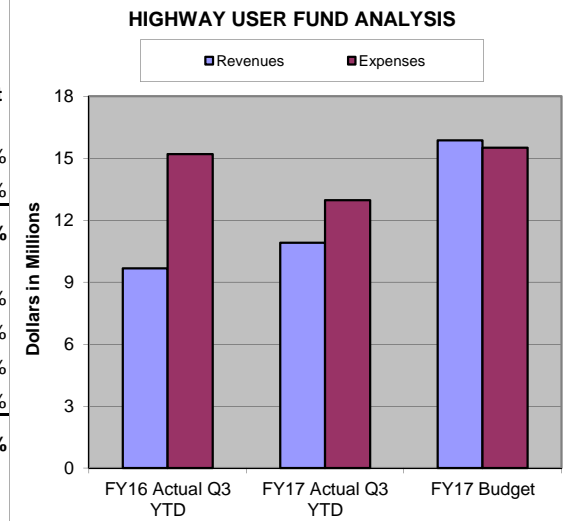
POSITIVE

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 third quarter of FY 2016-17 were 56% of the budget as compared to the prior year's collections through the third quarter of 160% of the budget. FY 2015-16 collections include 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	\$ 10,811,513	69%	69%
Other	143,000	104,674	73%	80%
Total Revenues	\$ 15,863,459	\$ 10,916,188	69%	69%
Operating Expenses	\$ 9,820,645	\$ 7,280,881	74%	76%
Major Capital Expenses	2,994,961	2,994,775	100%	90%
Debt Service	2,671,438	2,671,438	100%	100%
Transfers Out	24,853	24,853	100%	100%
Total Expenses	\$ 15,511,897	\$ 12,971,947	84%	85%
Net Rev / Exp	\$ 351,562	\$ (2,055,759)		



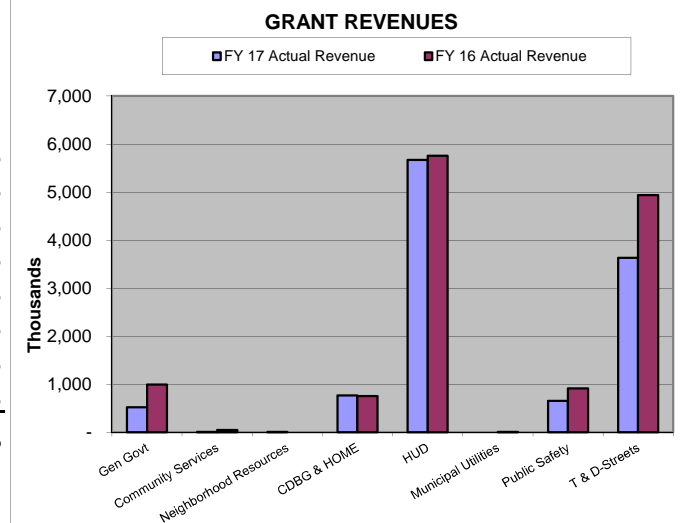
POSITIVE

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 operations and related projects. The Net Revenue/Expense for FY 2016-17 reflects a budgeted fund balance surplus of \$352K. Transfers Out include a payment of \$24,853 to the Technology Replacement Fund. Operating Revenues received through the third quarter are 69% of budget, which is the same percentage received through the third quarter of last fiscal year. Operating Expenses through the third quarter are 74% of adjusted budget, which is 2% lower than the third 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	\$ 524,171	14%
Community Services	120,092	9,048	8%
Neighborhood Res.	10,000	3,136	31%
CDBG & HOME	3,035,201	771,292	25%
HUD	12,519,442	5,671,994	45%
Municipal Utilities	100,000	-	0%
Public Safety	4,199,148	653,277	16%
T & D - Streets	11,871,507	3,632,108	31%
Total Grant Revenue	\$ 35,683,322	\$ 11,265,027	32%

* 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 third quarter of FY 2016-17 were \$11.3M as compared to \$13.4M collected through the third quarter of FY 2015-16.