



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 18-020

DATE: SEPTEMBER 28, 2017

TO: MAYOR AND COUNCIL

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

FROM: COURTNEY FRIEDLINE, SR. BUDGET & RESEARCH ANALYST *CF*

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

Attached is the FY 2016-17 Fourth Quarter Financial Report, which provides an executive level view as of the end of the fiscal year 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.

All General Fund revenue categories for FY 2016-17 reflect positive indicators compared to historical trend. Departmental expenditure rates are consistent with previous years, with 94.1% of adjusted operating budget expended and encumbered at the end of FY 2016-17.

Should you have any questions, please feel free to call me at x2254 or Dawn Lang at x2255.

Attachment

cc: Nachie Marquez, Assistant City Manager
Joshua H. Wright, Assistant City Manager



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

QUARTERLY FINANCIAL REPORT

4th Qtr FY16-17

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUE		YEAR TO DATE COMPARED TO HISTORICAL %	REFERENCE
Economic Indicators			Page 2
General Fund Revenue Quarterly Analysis		POSITIVE	Page 3
General Fund Revenue Category Analysis			Page 3
Revenue Detail by Category	Sales Tax (& collection detail)	POSITIVE	Page 4
	Franchise Fees	POSITIVE	Page 5
	Primary Property Tax	POSITIVE	Page 5
	State Shared Revenue	POSITIVE	Page 6
	Licenses & Permits	POSITIVE	Page 6
	Charges for Services	POSITIVE	Page 7
	Other Revenues	POSITIVE	Page 7
GENERAL FUND EXPENDITURE		YEAR TO DATE COMPARED TO BUDGET %	REFERENCE
General Fund Expenditure + Enc. Analysis by Function and by Expenditure Category			Page 8
Expenditure Detail by Department	Mayor & Council	POSITIVE	Page 9
	City Clerk	POSITIVE	Page 9
	City Manager & Organizational Support	POSITIVE	Page 10
	Law	POSITIVE	Page 10
	City Magistrate	POSITIVE	Page 11
	Communications & Public Affairs	POSITIVE	Page 11
	Management Services	POSITIVE	Page 12
	Non-Departmental	POSITIVE	Page 12
	Transportation & Development	POSITIVE	Page 13
	Community Services	POSITIVE	Page 13
	Police	POSITIVE	Page 14
Fire, Health & Medical	POSITIVE	Page 14	
OTHER FUNDS		YEAR TO DATE COMPARED TO BUDGET %	REFERENCE
Water Fund Analysis		POSITIVE	Page 15
Wastewater Fund Analysis		POSITIVE	Page 15
Solid Waste Fund Analysis		POSITIVE	Page 16
Airport Fund Analysis		POSITIVE	Page 16
System Development & Impact Fee Analysis		POSITIVE	Page 17
Highway User Revenue Fund Analysis		POSITIVE	Page 18
Grants		INFORMATIONAL	Page 18

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.	
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%
First Quarter 2017 (third estimate)	1.4%	June 15, 2017	1% - 1.25%
<i>Source: U.S. Department of Commerce</i>		<i>Source: Federal Reserve Bank</i>	

UNEMPLOYMENT			
	National	State of Arizona	Phoenix Metro Area
Mar-17	4.5%	5.0%	4.1%
Apr-17	4.4%	5.0%	3.9%
May-17	4.3%	5.1%	4.3%
Jun-17	4.4%	5.1%	4.5%

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

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

CITY INVESTMENT PORTFOLIO			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	4th Quarter	Fiscal Year		State of Arizona	Chandler
Benchmark:	0.17%	-0.11%	Jan - Feb - Mar 2016	5,814	319
Wells Capital Management:	0.27%	0.19%	Apr - May - Jun 2016	6,955	398
PFM:	0.34%	0.41%	Jul - Aug - Sep 2016	5,869	243
Fiscal Year 2015-16 Rate of Return	4th Quarter	Fiscal Year	Oct - Nov - Dec 2016	5,606	205
Benchmark:	0.41%	1.01%	Jan - Feb - Mar 2017	6,361	178
Wells Capital Management:	0.52%	1.17%	Apr - May - Jun 2017	7,617	176
PFM:	0.55%	1.46%			

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; \$24,177 of interest has been recorded through the end of FY 2016-17. As interest rates rise, CDARS will become less beneficial.

Source: Investment Advisors

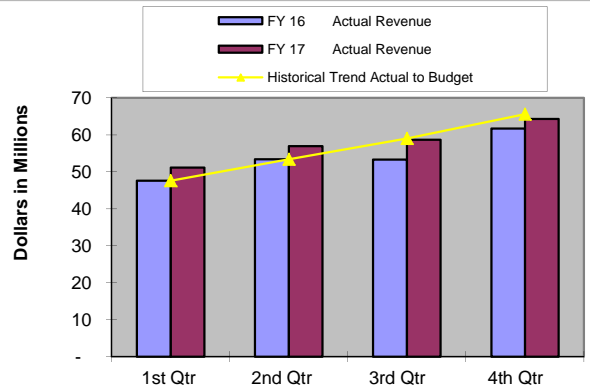
Single family building permits averaged 327 permits per quarter for FY 2015-16, compared to 177 average permits per quarter for FY 2014-15. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower related sales tax revenues. An average of 201 permits were issued each quarter during FY 2016-17. As reflected in the table above, single family permit issuance is showing a slow, but steady decline.

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	64,292,801	30.5%	31.1%
Total	\$ 210,821,277	\$ 231,025,274	109.6%	107.0%

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



POSITIVE

General Fund revenue collections for FY 2016-17 are \$20.2M (9.6%) above budget and \$15.1M (7%) higher than actual collections for FY 2015-16. Although the fiscal year ended \$20.2M over the adopted budget, when preparing the FY 2017-18 budget, revenues were updated based on actual collections and additional information available at that time. This is done for the purpose of estimating the fiscal year end General Fund balance to determine available one-time funds for the FY 2017-18 budget preparation. Through this process, \$16.7M of the \$20.2M surplus was anticipated and has been incorporated into the FY 2017-18 budget. The final net impact of additional one-time funds, taking into account not only revenues, but expenditures and carryforward as well, is now being calculated.

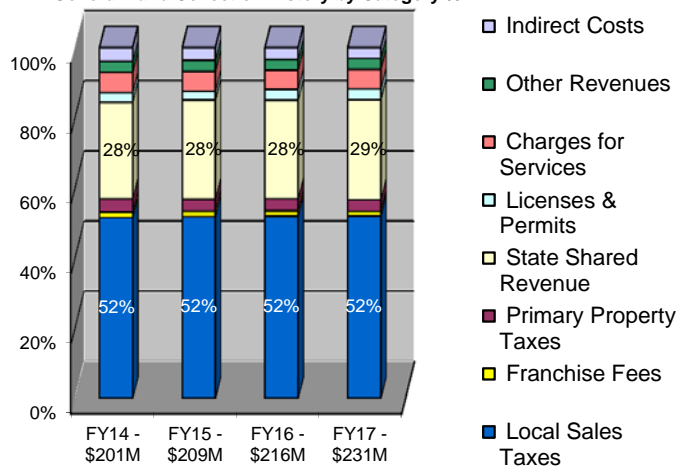
Overall, General Fund revenue, led by continuing strong Sales Tax and License and Permit collections, are performing well due to higher consumer confidence locally and a steady stream of new development activity in Chandler. Additionally, the percentage of budget received for the fiscal year is greater than 100%, 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	\$ 120,200,625	111.9%
Franchise Fees	3,275,000	3,274,294	100.0%
Primary Property Tax	7,556,520	7,454,709	98.7%
State Shared Revenue	62,907,000	65,924,228	104.8%
Licenses & Permits	4,921,000	7,075,996	143.8%
Charges for Services	11,199,607	12,949,668	115.6%
Other Revenues	6,502,550	7,077,155	108.8%
Indirect Cost Allocation	7,068,600	7,068,600	100.0%
Total	\$ 210,821,277	\$ 231,025,275	109.6%

General Fund Collection History by Category %



POSITIVE

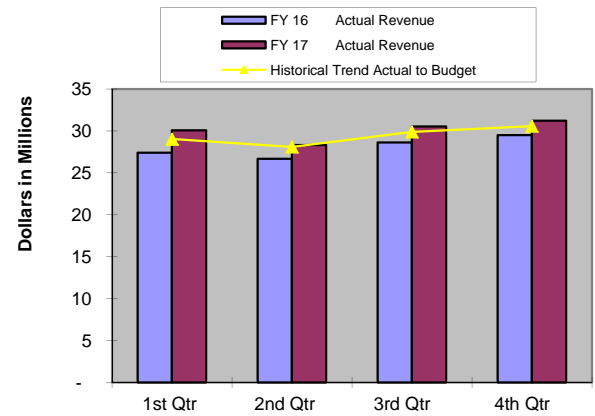
This chart summarizes General Fund revenue collections by revenue category for FY 2016-17. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales taxes and state shared revenues representing the largest General Fund revenue sources at over 81% 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	30,539,212	29.1%	28.5%
Total		\$ 107,391,000	\$ 120,200,625	111.9%	109.5%

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



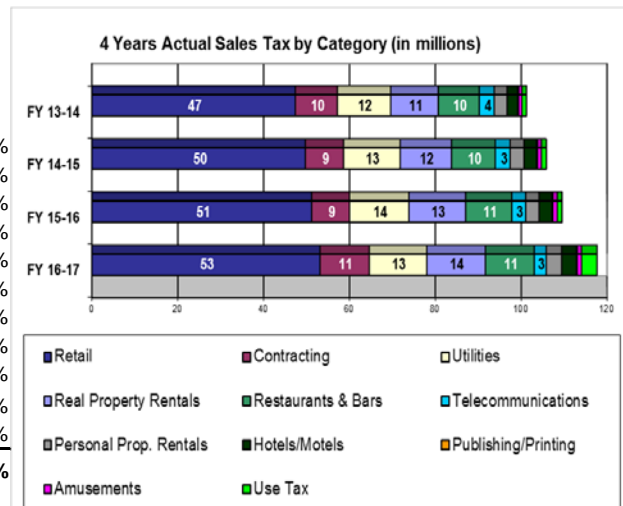
POSITIVE

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2016-17 are \$12.8M (11.9%) above budget and \$7.9M (7.1%) higher than FY 2015-16 actual collections. The performance indicator is positive since the budget received is more than 100%, 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 can affect the timing of collections. 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	\$ 53,126,487	108.0%	3.8%
Contracting	8,500,000	11,496,791	135.3%	29.8%
Utilities	15,000,000	13,391,857	89.3%	-2.9%
Real Property Rentals	11,800,000	13,647,156	115.7%	3.3%
Restaurants & Bars	9,900,000	11,341,714	114.6%	5.5%
Telecommunications	3,500,000	2,796,065	79.9%	-13.6%
Personal Prop. Rentals	3,000,000	3,611,180	120.4%	15.5%
Hotels/Motels	2,500,000	3,424,279	137.0%	15.8%
Publishing/Printing	250,000	186,862	74.7%	-24.8%
Amusements	750,000	1,019,938	136.0%	0.0%
Use Tax	900,000	3,619,340	402.1%	221.1%
TOTAL SALES TAX	\$ 105,300,000	\$ 117,661,670	111.7%	7.4%



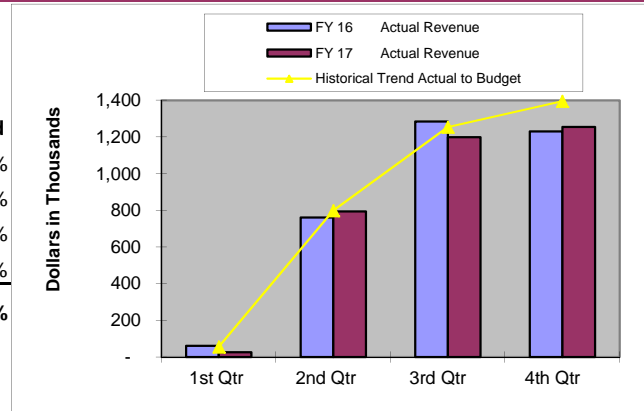
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2016-17 were \$12.4M (11.7%) above budget and \$8.2M (7.4%) higher than FY 2015-16 actual collections. It should be noted that many of the categories are positive, including Retail, Restaurants & Bars, and Hotels/Motels, reflecting strong consumer confidence and healthy tourism. The increases in Contracting, Personal Property Rentals, and Use Tax collections reflect better than expected development performance during the year. Telecommunication collections continue to decline due to the replacement of landlines with cellular phones.

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	1,254,792	38.3%	42.6%
Total		\$ 3,275,000	\$ 3,274,294	100.0%	106.9%

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



POSITIVE

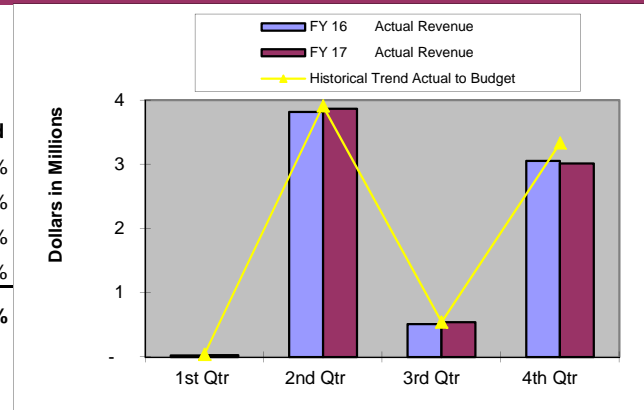
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales).

Franchise fee collections for FY 2016-17 are \$706 (0%) less than budget and \$59,645 (-1.8%) below FY 2015-16 actual collections. Since FY 2016-17 collections are 100%, the performance indicator is positive.

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	3,015,709	39.9%	44.1%
Total		\$ 7,556,520	\$ 7,454,709	98.7%	103.6%

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



POSITIVE

This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 2016-17, Chandler collected 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.

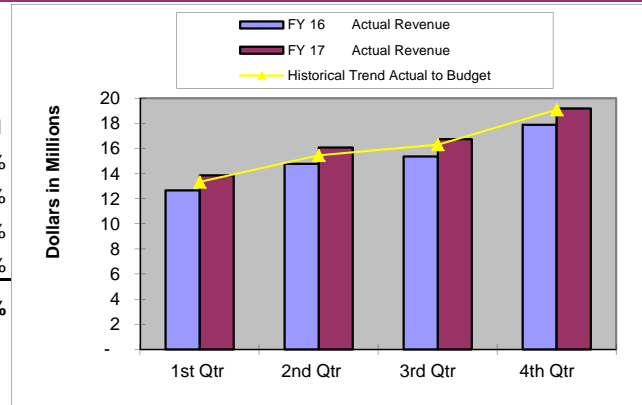
Primary property tax collections for FY 2016-17 are \$101,811 (-1.3%) lower than budget and \$43,971 (0.6%) higher than FY 2015-16 actual collections. The majority of collections come in the second and fourth quarters, as the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive because the actual revenue received for FY 2016-17 is less than 2% from the adopted budget.

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	19,194,680	30.5%	30.4%
Total		\$ 62,907,000	\$ 65,924,228	104.8%	102.1%

* 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 for FY 2016-17 are \$361,564 (1.5%) above budget and \$1.3M (5.8%) higher than FY 2015-16 actual collections. 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 for FY 2016-17 are \$745,238 (7.8%) above budget and \$457,547 (4.7%) higher than FY 2015-16 actual collections.

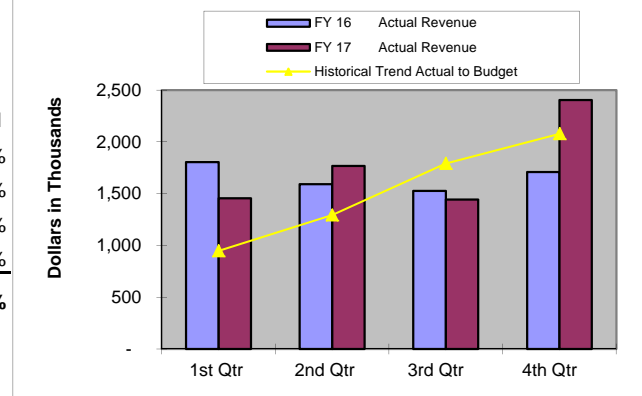
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2014 State income tax collection is distributed to cities and towns as urban revenue sharing based upon the updated census population updated annually. Collections for FY 2016-17 are \$1.9M (6.4%) above budget and \$3.5M (12.1%) higher than FY 2015-16 actual collections.

This overall category is performing well, validated by the percent of budget received exceeding 100% and 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	2,405,492	48.9%	42.3%
Total		\$ 4,921,000	\$ 7,075,996	143.8%	124.2%

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



POSITIVE

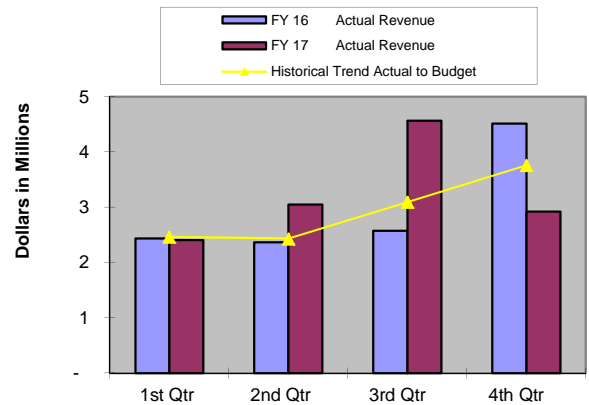
This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, peddlers and solicitors, secondhand and junk dealers, amusements, mobile food units, and other specialty licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections for FY 2016-17 are \$2.2M (43.8%) above budget and \$441,836 (6.7%) above FY 2015-16 actual collections. 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 for the year, 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	2,924,741	26.1%	33.6%
Total		\$ 11,199,607	\$ 12,949,668	115.6%	104.9%

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



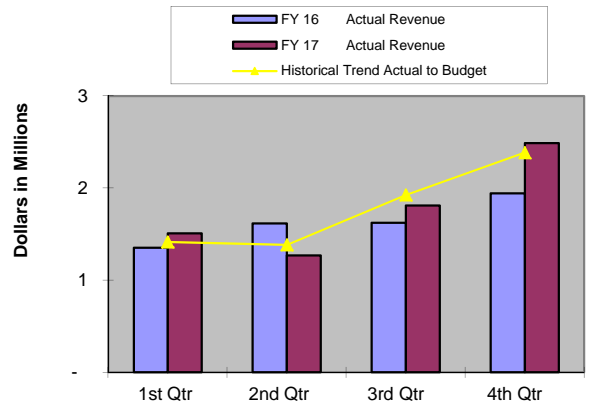
POSITIVE

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 for FY 2016-17 are \$1.75M (15.6%) over budget and \$1.06M (8.9%) higher than FY 2015-16 actual collections. The performance of this category is very strong and has exceeded expectations for the fiscal year, 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	2,487,851	38.3%	36.7%
Total		\$ 6,502,550	\$ 7,077,155	108.8%	109.3%

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



POSITIVE

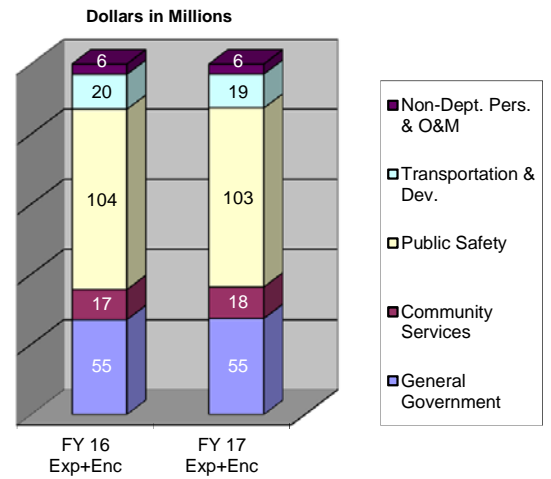
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other Revenue collections for FY 2016-17 are \$574,606 (8.8%) over budget and \$540,495 (8.3%) more than FY 2015-16 actual collections. The performance indicator is positive because FY 2016-17 collections are greater than 100%.

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	\$ 59,830,050	\$ 55,147,868	92.2%	94.8%
Community Services	18,820,570	18,044,803	95.9%	97.0%
Public Safety	104,111,181	102,560,481	98.5%	99.5%
Transportation & Dev.	20,726,452	19,464,203	93.9%	95.4%
Non-Dept. Pers. & O&M	10,150,968	5,737,579	56.5%	39.3%
Subtotal	\$ 213,639,221	\$ 200,954,934	94.1%	93.5%
Non-Dept. Reserves	\$ 3,231,422	\$ -	0.0%	0.0%
Non-Dept. Contingencies	22,058,064	-	0.0%	0.0%
Total	\$ 238,928,707	\$ 200,954,934	84.1%	83.4%

* Excluding Interfund Transfers



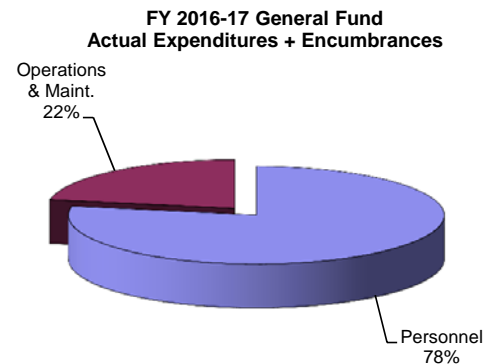
Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council contingency). Since General Obligation 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) is 94.1% of the adjusted budget compared to 93.5% of the adjusted budget spent last fiscal year. As shown on the following pages, departments (excluding Non-Departmental) have expended between 81.7% and 99.0% of their General Fund adjusted budgets for 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	\$ 161,814,709	\$ 156,520,787	\$ 153,188,337	2.2%
Operations & Maint.	51,824,512	44,434,147	48,271,598	-7.9%
Reserves	3,231,422	-	-	0.0%
Contingencies	22,058,064	-	-	0.0%
Total	\$ 238,928,707	\$ 200,954,934	\$ 201,459,935	-0.3%

* Excluding Interfund Transfers



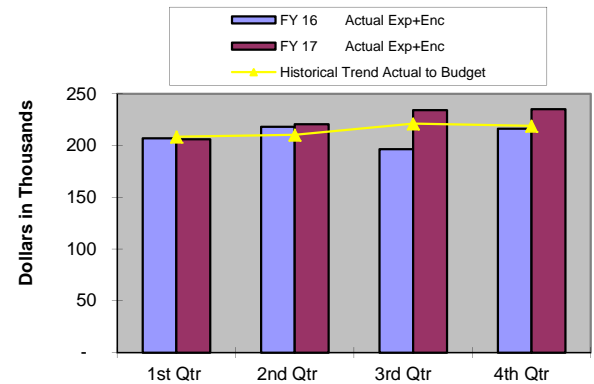
Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending for FY 2016-17 is 0.3% less than spending for FY 2015-16, primarily due to the decrease in the Operations & Maintenance category compared to FY 2015-16, which included significant encumbrances 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	FY 17	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 16	\$ 217,223	\$ 206,149	22.8%	23.0%
2nd Qtr	Oct - Dec 16	217,223	220,625	24.4%	23.2%
3rd Qtr	Jan - Mar 17	235,324	234,272	25.9%	24.4%
4th Qtr	Apr - Jun 17	235,324	235,213	26.0%	24.2%
Total		\$ 905,094	\$ 896,259	99.0%	94.9%



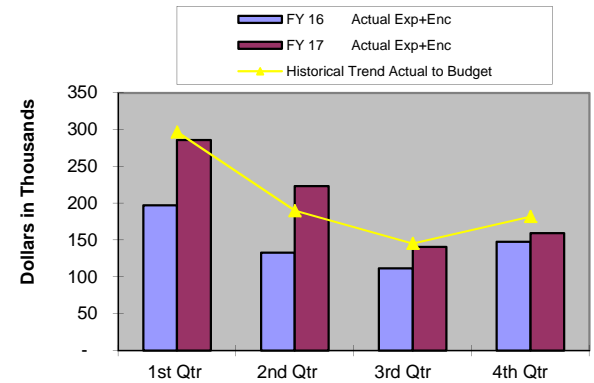
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Mayor and Council spent 99% of the FY 2016-17 adjusted budget and has historically spent 94.9% of the adjusted budget for the fiscal year, resulting in a positive performance indicator.

CITY CLERK EXPENDITURE FY 2016-17 COMPARISON

		FY 17	FY 17	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 16	\$ 333,636	\$ 286,052	31.2%	32.4%
2nd Qtr	Oct - Dec 16	213,719	223,442	24.4%	20.8%
3rd Qtr	Jan - Mar 17	163,608	140,674	15.4%	15.9%
4th Qtr	Apr - Jun 17	204,674	159,464	17.4%	19.9%
Total		\$ 915,637	\$ 809,632	88.4%	89.0%



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

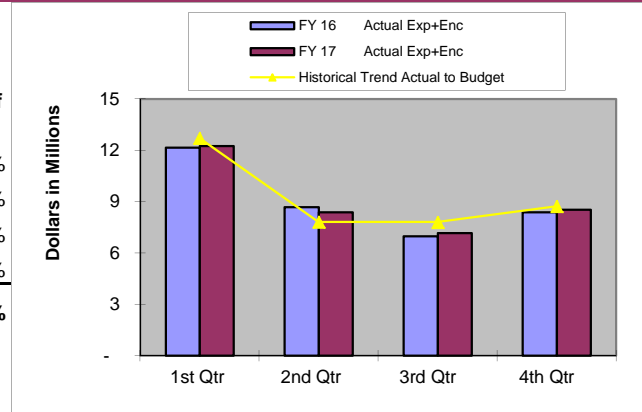
POSITIVE

The City Clerk spent 88.4% of the FY 2016-17 adjusted budget and has historically spent 89% of the adjusted budget for 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	\$ 13,453,369	\$ 12,245,687	31.2%	32.4%
2nd Qtr	Oct - Dec 16	8,275,102	8,385,185	21.4%	19.9%
3rd Qtr	Jan - Mar 17	8,259,942	7,167,861	18.3%	19.9%
4th Qtr	Apr - Jun 17	9,237,083	8,531,893	21.8%	22.2%
Total		\$ 39,225,496	\$ 36,330,626	92.6%	94.4%



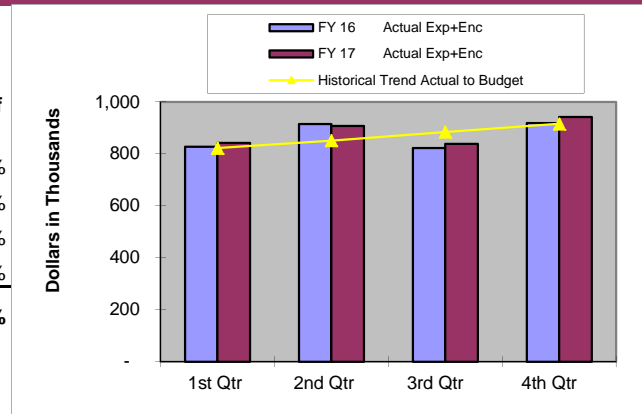
* Historical Trend represents the average of the past 4 years % of actual to budget

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 92.6% of the FY 2016-17 adjusted budget and have historically spent 94.4% of the adjusted budget for 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	\$ 870,420	\$ 841,760	22.9%	22.3%
2nd Qtr	Oct - Dec 16	900,827	907,298	24.7%	23.1%
3rd Qtr	Jan - Mar 17	936,511	837,845	22.8%	24.0%
4th Qtr	Apr - Jun 17	969,638	942,476	25.6%	24.9%
Total		\$ 3,677,397	\$ 3,529,379	96.0%	94.4%



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

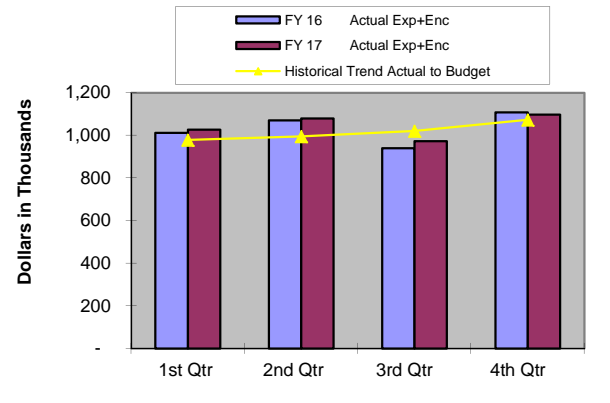
POSITIVE

Law spent 96% of the FY 2016-17 adjusted budget and has historically spent 94.4% of the adjusted budget for 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	1,096,704	24.2%	23.7%
Total		\$ 4,522,630	\$ 4,174,948	92.3%	89.9%



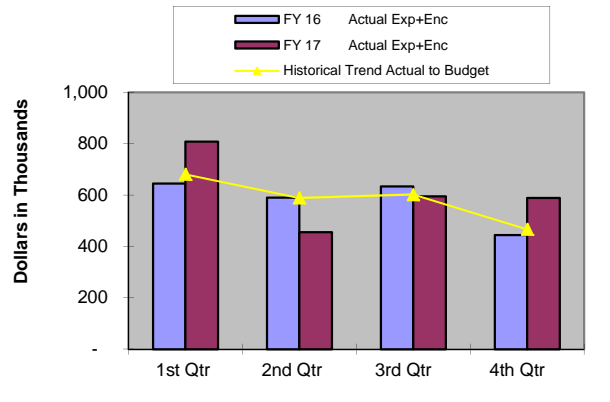
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

City Magistrate spent 92.3% of their FY 2016-17 adjusted budget and has historically spent 89.9% of their adjusted budget for 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
Operating Only					
1st Qtr	Jul - Sep 16	\$ 872,259	\$ 807,967	27.0%	22.8%
2nd Qtr	Oct - Dec 16	754,148	455,417	15.2%	19.7%
3rd Qtr	Jan - Mar 17	771,009	595,298	19.9%	20.1%
4th Qtr	Apr - Jun 17	597,522	588,654	19.7%	15.6%
Total		\$ 2,994,938	\$ 2,447,335	81.7%	78.1%



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

POSITIVE

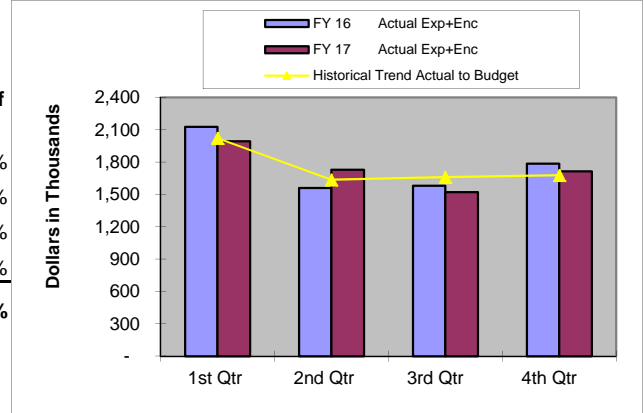
Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 81.7% of the FY 2016-17 adjusted budget and has historically spent 78.1% of the adjusted budget for the fiscal year, resulting in a positive performance indicator.

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	\$ 2,194,331	\$ 1,993,117	26.3%	26.7%
2nd Qtr	Oct - Dec 16	1,773,669	1,728,716	22.8%	21.5%
3rd Qtr	Jan - Mar 17	1,800,445	1,522,646	20.1%	21.9%
4th Qtr	Apr - Jun 17	1,820,412	1,715,210	22.6%	22.1%
Total		\$ 7,588,858	\$ 6,959,689	91.7%	92.2%

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



POSITIVE

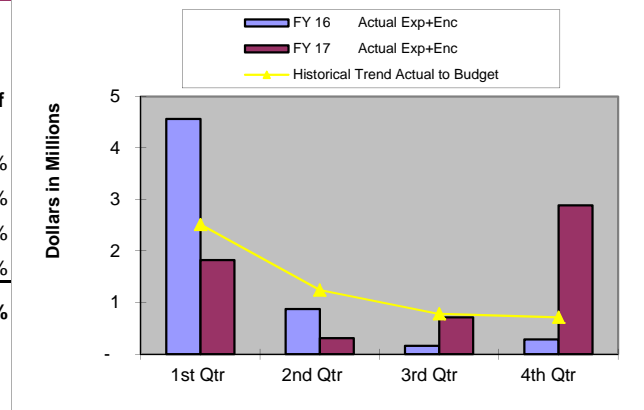
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Budget, Accounting, Purchasing, Central Supply, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 91.7% of the FY 2016-17 adjusted budget and have historically spent 92.2% of the adjusted budget, 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	\$ 4,858,268	\$ 1,825,350	18.0%	24.8%
2nd Qtr	Oct - Dec 16	2,402,498	310,467	3.1%	12.3%
3rd Qtr	Jan - Mar 17	1,511,071	712,399	7.0%	7.7%
4th Qtr	Apr - Jun 17	1,379,131	2,889,362	28.5%	7.0%
Total**		\$ 10,150,968	\$ 5,737,579	56.5%	51.8%

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

** Excludes Reserves and Contingencies



POSITIVE

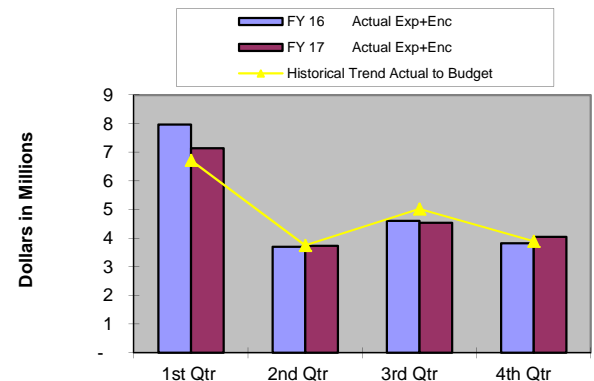
Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates significantly due to changing one-time needs from year to year. Non-departmental spending for FY 2016-17 is 56.5% of the adjusted budget, with historical spending of 51.8% for 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	4,052,648	19.6%	18.8%
Total		\$ 20,726,452	\$ 19,464,203	93.9%	93.6%

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



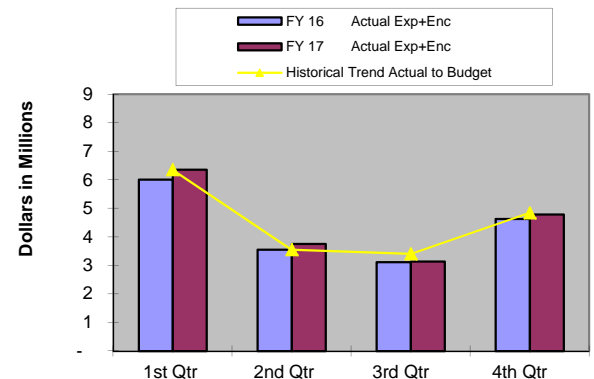
POSITIVE

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 93.9% of the FY 2016-17 adjusted budget and has historically spent 93.6% of the adjusted budget for 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	\$ 6,540,099	\$ 6,362,459	33.8%	33.7%
2nd Qtr	Oct - Dec 16	3,717,013	3,758,118	20.0%	18.9%
3rd Qtr	Jan - Mar 17	3,528,807	3,138,805	16.7%	18.1%
4th Qtr	Apr - Jun 17	5,034,651	4,785,421	25.4%	25.8%
Total		\$ 18,820,570	\$ 18,044,803	95.9%	96.5%

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



POSITIVE

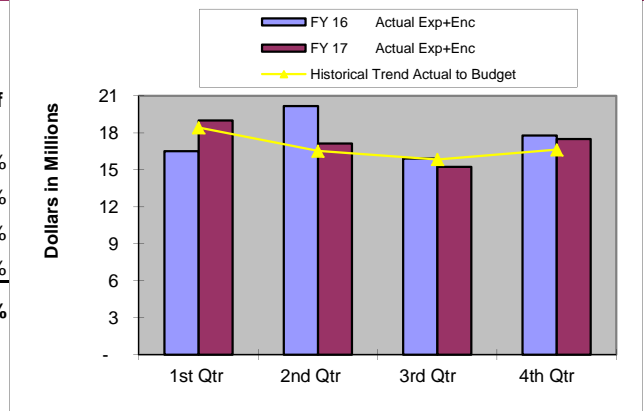
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Parks Development & Operations, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. The department spent 95.9% of the FY 2016-17 adjusted budget and has historically spent 96.5% of the adjusted budget for 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	\$ 18,895,554	\$ 19,000,442	27.1%	26.3%
2nd Qtr	Oct - Dec 16	17,495,883	17,130,189	24.5%	23.6%
3rd Qtr	Jan - Mar 17	16,096,212	15,231,472	21.8%	22.6%
4th Qtr	Apr - Jun 17	17,495,883	17,488,782	25.0%	23.8%
Total		\$ 69,983,532	\$ 68,850,885	98.4%	96.3%

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



POSITIVE

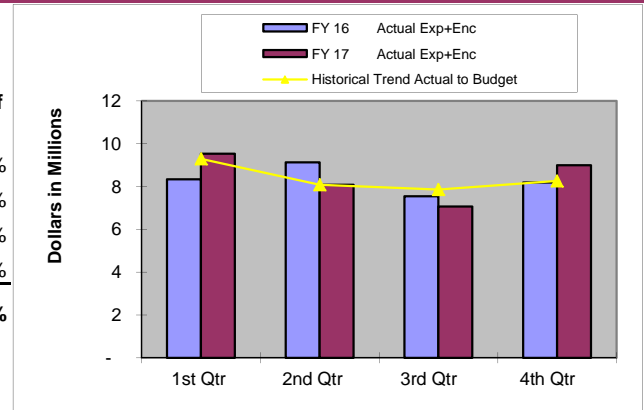
Police includes the following cost centers: Administration, Professional Standards, Property & Evidence, Forensic Services, Field Operations, Criminal Investigations, Planning & Research, Communications, Technology, Records, Detention Services, and Community Resources & Training. The Department spent 98.4% of the FY 2016-17 adjusted budget and has historically spent 96.3% of the adjusted budget for the fiscal year, resulting in a positive performance indicator.

For the second year, the Police Department's Adjusted Budget reflects additional budget appropriation transferred from both Non-Departmental personnel and Police Department restricted funds to cover overtime expenses incurred in excess of budget.

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	9,003,101	26.4%	24.2%
Total		\$ 34,127,649	\$ 33,709,596	98.8%	98.2%

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



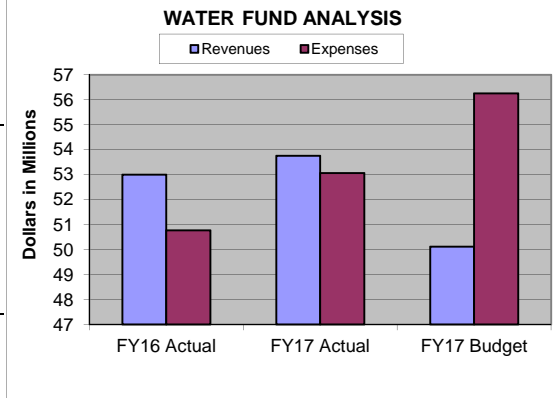
POSITIVE

Fire, Health & Medical includes the following cost centers: Administration, Emergency Services, Operations, Prevention & Preparedness, and Support Services. The Department spent 98.8% of the FY 2016-17 adjusted budget and has historically spent 98.2% of the adjusted budget for 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	\$ 53,750,660	107%	99%
Total Revenues	\$ 50,114,800	\$ 53,750,660	107%	99%
Operating Expenses	\$ 30,197,570	\$ 27,143,168	90%	86%
Major Capital Expenses	8,425,158	8,289,855	98%	3%
Debt Service	14,255,008	14,255,008	100%	87%
Transfers Out	3,376,446	3,376,446	100%	100%
Total Expenses	\$ 56,254,182	\$ 53,064,477	94%	76%
Net Rev / Exp	\$ (6,139,382)	\$ 686,182		



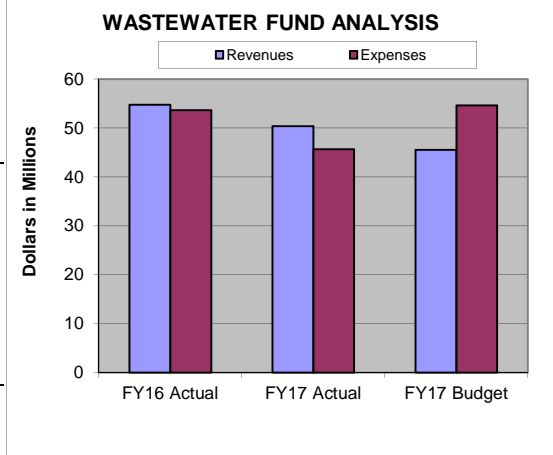
POSITIVE

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. 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-end **Operating Revenues** are 107% of budget compared to 99% through for the prior fiscal year and **Operating Expenses** are 94% of budget compared to 76% for the prior fiscal year. 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. Year end results reflect a positive performance indicator.

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	\$ 48,216,851	111%	107%
Intel Rev/Receivable	2,259,754	2,181,588	97%	50%
Total Revenues	\$ 45,526,474	\$ 50,398,439	111%	100%
Operating Expenses	\$ 20,585,953	\$ 16,166,342	79%	78%
Major Capital Expenses	14,914,849	10,323,938	69%	82%
Intel Exp/Payable	2,259,754	2,259,754	100%	0%
Debt Service	14,463,696	14,463,695	100%	70%
Transfers Out	2,444,782	2,444,782	100%	100%
Total Expenses	\$ 54,669,034	\$ 45,658,511	84%	77%
Net Rev / Exp	\$ (9,142,560)	\$ 4,739,928		



POSITIVE

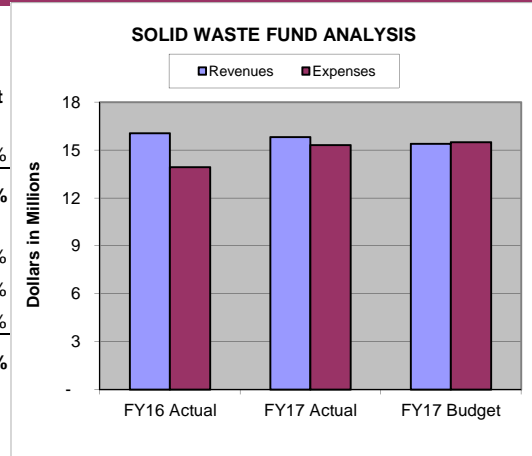
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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-end **Operating Revenues** are 111% of budget compared to 100% for the prior year, while **Operating Expenses** are 84% of budget compared to 77% for the prior year. 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 this fund through the end of FY 2016-17. Year end results reflect a positive performance indicator.

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	\$ 15,803,065	103%	101%
Total Revenues	\$ 15,392,682	\$ 15,803,065	103%	101%
Operating Expenses	\$ 13,721,132	\$ 13,568,967	99%	93%
Major Capital Expenses	755,854	724,785	96%	26%
Transfers Out	1,003,867	1,003,867	100%	100%
Total Expenses	\$ 15,480,853	\$ 15,297,619	99%	89%
Net Rev / Exp	\$ (88,171)	\$ 505,445		



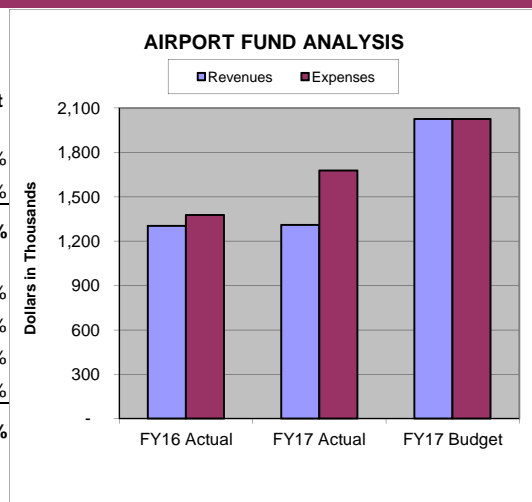
POSITIVE

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-end **Operating Revenues** are 103% of budget compared to 101% for the prior year, while **Operating Expenses** are 99% of budget compared to 89% for the prior year. Year end results reflect a positive performance indicator.

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	\$ 969,944	90%	89%
General Fund Subsidy	951,904	339,821	36%	37%
Total Revenues	\$ 2,025,899	\$ 1,309,764	65%	65%
Operating Expenses	\$ 1,067,598	\$ 970,782	91%	90%
Major Capital Expenses	826,358	574,724	70%	31%
Debt Service	26,563	26,563	100%	100%
Transfers Out	105,380	105,380	100%	100%
Total Expenses	\$ 2,025,899	\$ 1,677,449	83%	67%
Net Rev / Exp	\$ -	\$ (367,685)		



POSITIVE

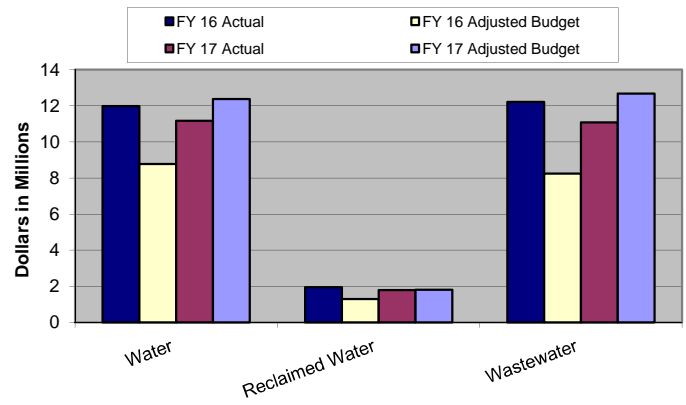
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 Actual Net Revenue/Expenses of (\$367,685) represents encumbrances being carried forward to FY 2017-18. 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-end **Operating Revenues** are 90% of budget compared to 89% for the prior year. **Operating Expenses** are 83% of budget compared to 67% for the prior year. Year-end operating expenses, debt service, and indirect costs reflect 92% of budgeted expenses in these categories, which is 2% more than Operating Revenues, 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	\$ 11,167,728	90%
Reclaimed Water	1,807,300	1,798,080	99%
Wastewater	12,675,600	11,085,814	87%
Total SDF Revenue	\$ 26,854,000	\$ 24,051,622	90%



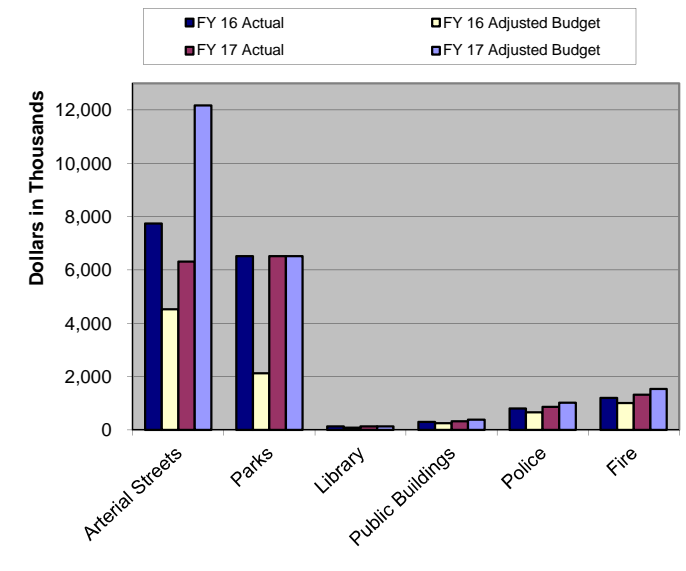
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

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-end collections as compared to the FY 2015-16 budget and year-end collections. Collections for FY 2016-17 were 90% of the budget compared to the prior year's collections of 143% of budget. 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	\$ 6,319,174	52%
Parks	6,520,200	6,514,187	100%
Library	135,400	132,590	98%
Public Buildings	387,400	321,909	83%
Police	1,020,800	862,935	85%
Fire	1,540,700	1,316,145	85%
Total Impact Revenue	\$ 21,773,700	\$ 15,466,940	71%



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.

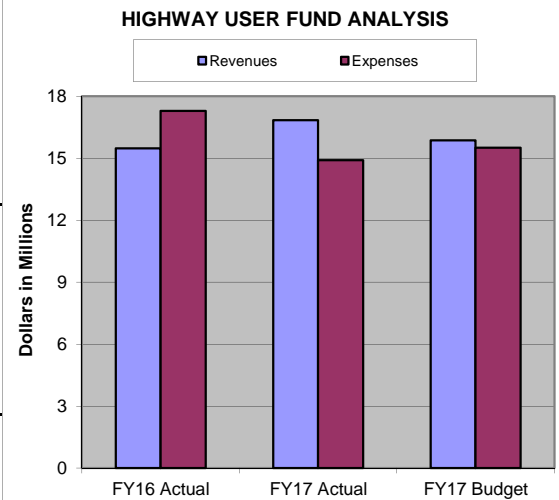
POSITIVE

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-end collections were 71% of the budget as compared to the prior year's collections of 193% of the budget. FY 2015-16 collections include permits for two large multi-family developments resulting in higher than normal collections. The FY 2016-17 Arterial Streets adjusted budget was inadvertently overestimated as a result of the spike in FY 2015-16, resulting in a significantly lower percentage of budget received.

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	\$ 16,683,743	106%	109%
Other	143,000	163,081	114%	222%
Total Revenues	\$ 15,863,459	\$ 16,846,824	106%	110%
Operating Expenses	\$ 9,820,645	\$ 9,216,848	94%	96%
Major Capital Expenses	2,994,961	2,994,775	100%	95%
Debt Service	2,671,438	2,671,438	100%	100%
Transfers Out	24,853	24,853	100%	100%
Total Expenses	\$ 15,511,897	\$ 14,907,914	96%	96%
Net Rev / Exp	\$ 351,562	\$ 1,938,911		



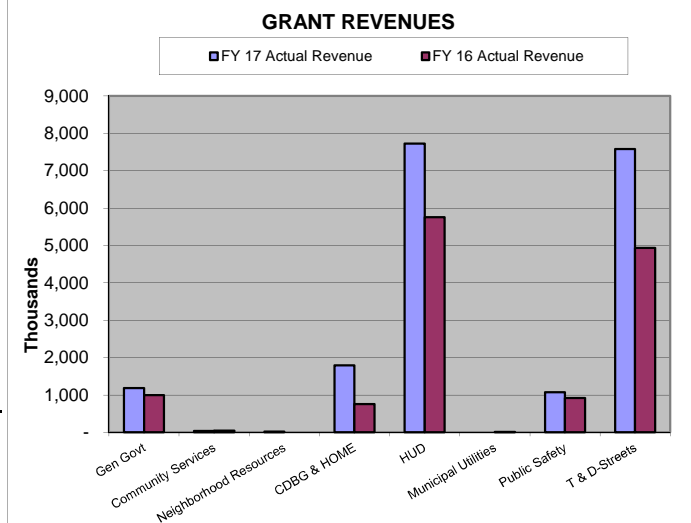
POSITIVE

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. Year-end operating Revenues received are 106% of budget as compared to the prior year's collections of 110% of budget. Operating Expenses for FY 2016-17 are 96% of adjusted budget, the same percentage of operating expenses for FY 2015-16. Year end results reflect a positive performance indicator.

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	\$ 1,185,027	31%
Community Services	120,092	34,351	29%
Neighborhood Res.	10,000	17,236	172%
CDBG & HOME	3,035,201	1,796,755	59%
HUD	12,519,442	7,723,979	62%
Municipal Utilities	100,000	-	0%
Public Safety	4,199,148	1,075,535	26%
T & D - Streets	11,871,507	7,583,816	64%
Total Grant Revenue	\$ 35,683,322	\$ 19,416,699	54%

* 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 for FY 2016-17 were \$19.4M as compared to \$23.1M collected for FY 2015-16.