



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

**MEMORANDUM**

**Management Services Memo No. 17-016**

**DATE:** SEPTEMBER 1, 2016

**TO:** MAYOR AND COUNCIL

**THRU:** MARSHA REED, CITY MANAGER *MR*  
DAWN LANG, MANAGEMENT SERVICES DIRECTOR *AW for DLL*

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

**SUBJECT:** FISCAL YEAR (FY) 2015-16 FOURTH QUARTER FINANCIAL REPORT

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

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

Most General Fund revenue categories continue to reflect increases with local Transaction Privilege (Sales) Tax and Licenses and Permits categories performing very strongly as compared to historical trend. Departmental expenditure rates are consistent with previous years with 93.5% of adjusted budget expended or encumbered at the end of FY 2015-16.

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



# QUARTERLY FINANCIAL REPORT

4th Qtr FY15-16

## PERFORMANCE AT A GLANCE

GENERAL FUND REVENUE		YEAR TO DATE COMPARED TO BUDGET %	REFERENCE
Economic Indicators			Page 2
General Fund <b>Revenue</b> Quarterly Analysis		POSITIVE	Page 3
General Fund <b>Revenue</b> Category Analysis			Page 3
Revenue <b>Detail</b> 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 %
General Fund <b>Expenditure + Enc.</b> Analysis by Function and by Expenditure Category			Page 8
Expenditure <b>Detail</b> 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 & Neighborhood Services	POSITIVE	Page 13
	Police	POSITIVE	Page 14
	Fire, Health & Medical (including Fleet)	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

### GENERAL FUND PERFORMANCE INDICATORS

<b>POSITIVE</b>	= Revenue: POSITIVE if variance of '% of Budget Rec'd' < 2% under or greater than historical trend. Expenditure: POSITIVE if variance of '% of Budget Expended' is < 100%.
<b>WARNING</b>	= Revenue: WARNING if variance of '% of Budget Rec'd' ≥ 2%, but < 5% under historical trend.
<b>NEGATIVE</b>	= Revenue: NEGATIVE if variance of '% of Budget Rec'd' ≥ 5% under historical trend. Expenditure: NEGATIVE if variance of '% of Budget Expended' is > 100%.

# 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)

Real gross domestic product - the output of goods and services produced by labor and property located in the US.

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.

Third Quarter 2015 (revised estimate)	2.0%
Fourth Quarter 2015 (revised estimate)	0.9%
First Quarter 2016 (revised estimate)	0.8%
Second Quarter 2016 (advance estimate)	1.2%

Source: U.S. Department of Commerce

### INTEREST RATES

This table reflects the four most recent changes to the Federal Funds Rate by the Federal Reserve Board.

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.

October 8, 2008	1.5%
October 29, 2008	1.0%
December 16, 2008	0% - 0.25%
December 17, 2015	0.25% - 0.50%

Source: Federal Reserve Bank

### UNEMPLOYMENT

	National	State of Arizona	Phoenix Metro Area
Mar-16	5.0%	5.4%	4.5%
Apr-16	5.0%	5.5%	4.7%
May-16	4.7%	5.6%	4.7%
Jun-16	4.9%	5.8%	5.3%

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

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

### CITY INVESTMENT PORTFOLIO

The City splits its investment portfolio between two investment firms with a different mix of holdings at each firm to reduce risk. The City's benchmark is the 0-3 year Merrill Lynch Treasury Index. Rate of return includes interest earnings as well as both realized and unrealized gains/(losses).

	4th Quarter	Fiscal Year
Fiscal Year 2015-16 Rate of Return	<b>0.41%</b>	<b>1.01%</b>
Benchmark:		
Wells Capital Management:	0.52%	1.17%
PFM:	0.55%	1.46%
Fiscal Year 2014-15 Rate of Return	<b>0.12%</b>	<b>0.65%</b>
Benchmark:		
Wells Capital Management:	0.10%	0.55%
PFM:	0.10%	0.69%

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 separate from the City's investment firms. Interest earned in this program is recorded upon maturity of the securities; \$129,841 of interest has been recorded in FY 2015-16.

Source: Investment Advisors

### BUILDING PERMITS

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

	State of Arizona	Chandler
Jan - Feb - Mar 2015	4,602	195
Apr - May - Jun 2015	6,528	283
Jul - Aug - Sep 2015	6,175	328
Oct - Nov - Dec 2015	5,289	261
Jan - Feb - Mar 2016	5,814	319
Apr - May - Jun 2016	6,955	398

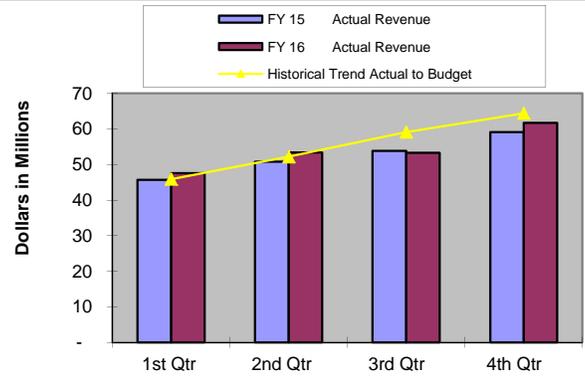
Single family building permits average 327 permits per quarter for FY 2015-16, compared to 177 average permits per quarter for FY 2014-15. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower sales tax revenues. As shown above, FY 2015-16 is trending higher in building permits as shown by the above average numbers.

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

# REVENUE ANALYSIS:

## OVERALL GENERAL FUND REVENUES FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 44,668,547	\$ 47,554,715	23.2%	22.4%
2nd Qtr	Oct - Dec 15	50,328,534	53,405,653	26.1%	25.5%
3rd Qtr	Jan - Mar 16	51,318,640	53,318,979	26.0%	28.9%
4th Qtr	Apr - Jun 16	58,516,418	61,671,145	30.1%	31.4%
<b>Total</b>		<b>\$ 204,832,139</b>	<b>\$ 215,950,492</b>	<b>105.4%</b>	<b>108.2%</b>



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

**POSITIVE**

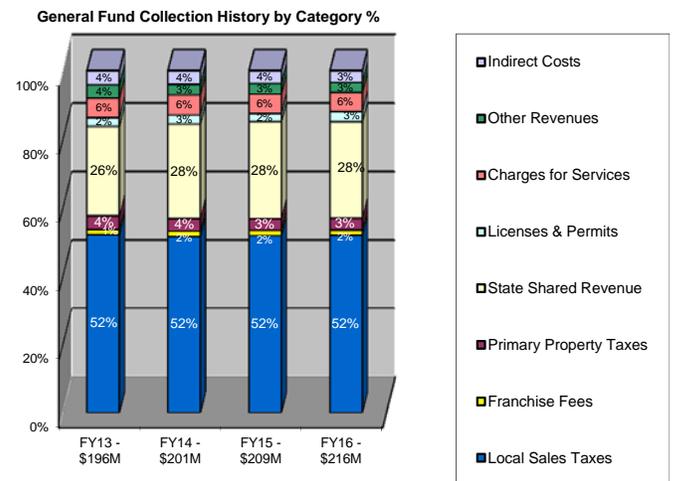
General Fund revenue collections for FY 2015-16 are \$11.1M (5.4%) above budget, compared to \$6.5M (3.1%) higher than actual collections for FY 2014-15. Although the fiscal year ended \$11.1 over the adopted budget, when preparing the FY 2016-17 budget, revenues were updated based on actual collections and additional information available at the 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 2016-17 budget preparation. Through this process, \$5.3 million of the \$11.1 million surplus was anticipated and has been incorporated into the FY 2016-17 budget. The final net impact of additional one-time funds, taking into account not only revenues, but expenditures and carryforward as well, is currently being calculated.

Overall, General Fund revenue, led by continuing strong Sales Tax and License and Permit collections, are performing well due to stable consumer confidence locally and a steady stream of new development activity in Chandler. 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 2015-16

Revenue Categories	FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 104,189,750	\$ 112,261,762	107.7%
Franchise Fees	3,175,000	3,333,938	105.0%
Primary Property Tax	7,272,000	7,410,738	101.9%
State Shared Revenue	60,260,300	60,712,442	100.8%
Licenses & Permits	4,488,000	6,634,160	147.8%
Charges for Services	11,767,600	11,886,399	101.0%
Other Revenues	6,505,099	6,536,663	100.5%
Indirect Cost Allocation	7,174,390	7,174,390	100.0%
<b>Total</b>	<b>\$ 204,832,139</b>	<b>\$ 215,950,492</b>	<b>105.4%</b>



**POSITIVE**

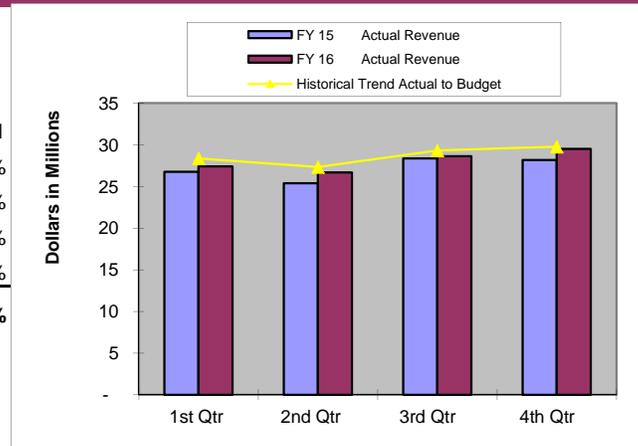
This chart summarizes General Fund revenue collections by revenue category for FY 2015-16. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales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

# REVENUE ANALYSIS (continued):

## SALES TAX REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 25,807,536	\$ 27,422,274	26.3%	27.2%
2nd Qtr	Oct - Dec 15	24,724,376	26,673,519	25.6%	26.2%
3rd Qtr	Jan - Mar 16	26,519,585	28,646,309	27.5%	28.1%
4th Qtr	Apr - Jun 16	27,138,253	29,519,660	28.3%	28.6%
<b>Total</b>		<b>\$ 104,189,750</b>	<b>\$ 112,261,762</b>	<b>107.7%</b>	<b>110.1%</b>

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



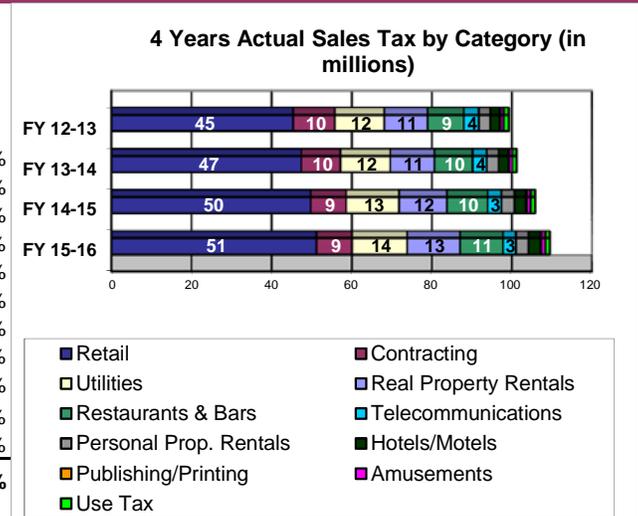
**POSITIVE**

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2015-16 are \$8.1M (7.7%) above budget and \$3.6M (3.3%) higher than FY 2014-15 actual collections. The percentage of budget received for the fiscal year is greater than 100%, resulting in a positive performance indicator.

It should be noted that House Bill (HB) 2111 required the State of Arizona to begin licensing and collecting transaction privilege tax (TPT), commonly referred to as sales tax, for all Cities beginning January 1, 2015. This deadline was extended until the Arizona Department of Revenue can complete the necessary technological system improvements, testing, and taxpayer education, which is projected to be January 1, 2017.

## SALES TAX COLLECTION HISTORY

	FY 16 Adopted Budget	FY 16 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 48,200,000	\$ 51,180,771	106.2%	2.9%
Contracting	8,900,000	8,855,057	99.5%	-0.2%
Utilities	13,000,000	13,786,741	106.1%	4.5%
Real Property Rentals	11,200,000	13,217,561	118.0%	10.4%
Restaurants & Bars	9,800,000	10,752,479	109.7%	5.5%
Telecommunications	3,500,000	3,234,369	92.4%	-5.9%
Personal Prop. Rentals	3,200,000	3,125,459	97.7%	-4.2%
Hotels/Motels	2,500,000	2,957,686	118.3%	2.3%
Publishing/Printing	250,000	248,433	99.4%	-4.7%
Amusements	730,000	1,019,940	139.7%	13.9%
Use Tax	820,000	1,127,257	137.5%	-1.6%
<b>TOTAL SALES TAX</b>	<b>\$ 102,100,000</b>	<b>\$ 109,505,753</b>	<b>107.3%</b>	<b>3.5%</b>



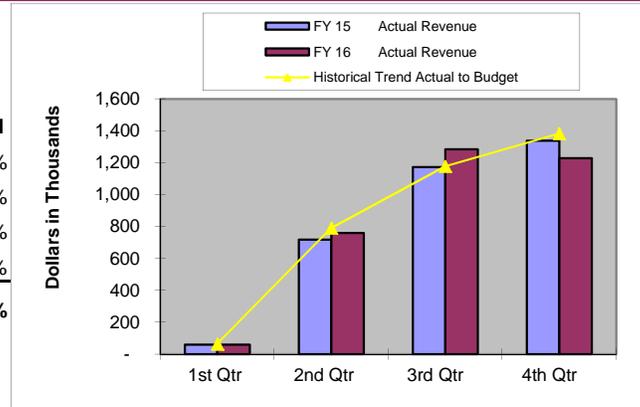
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2015-16 were \$7.4M (7.3%) above budget and \$3.7M (3.5%) higher than FY 2014-15 actual collections. It should be noted that many of the categories are positive, including Retail, Restaurants & Bars, and Hotel/Motels, reflecting strong consumer confidence and healthy tourism. Contracting collections reflect the first full fiscal year impact of the HB2111 legislative requirement to shift from contracting to retail reporting for certain projects. Telecommunications collections continue to decline due to the replacement of landlines with cellular phones. Personal property rentals tend to decline as construction declines since it includes large equipment rentals.

# REVENUE ANALYSIS (continued):

## FRANCHISE FEE REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 60,016	\$ 60,406	1.9%	2.0%
2nd Qtr	Oct - Dec 15	735,285	760,184	23.9%	24.9%
3rd Qtr	Jan - Mar 16	1,094,265	1,283,948	40.4%	37.1%
4th Qtr	Apr - Jun 16	1,285,434	1,229,400	38.8%	43.6%
<b>Total</b>		<b>\$ 3,175,000</b>	<b>\$ 3,333,938</b>	<b>105.0%</b>	<b>107.6%</b>

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



**POSITIVE**

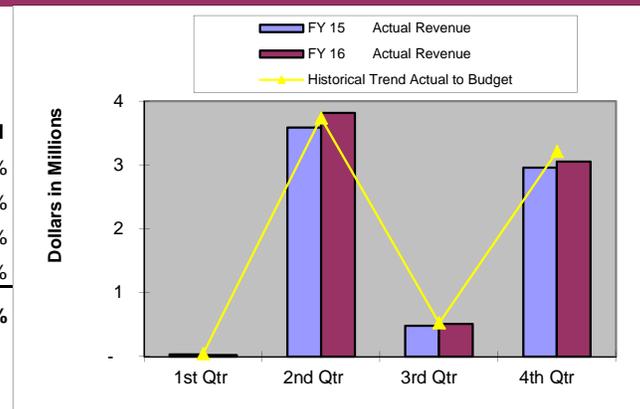
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales). The historical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

Franchise fee collections for FY 2015-16 are \$158,938 (5.0%) above budget and \$44,770 (1.4%) higher than FY 2014-15 actual collections. The percentage of budget received for the fiscal year is greater than 100%, resulting in a positive performance indicator.

## PRIMARY PROPERTY TAX REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 45,584	\$ 21,719	0.3%	0.6%
2nd Qtr	Oct - Dec 15	3,613,131	3,819,730	52.5%	51.4%
3rd Qtr	Jan - Mar 16	509,192	512,139	7.0%	7.2%
4th Qtr	Apr - Jun 16	3,104,093	3,057,150	42.1%	44.2%
<b>Total</b>		<b>\$ 7,272,000</b>	<b>\$ 7,410,738</b>	<b>101.9%</b>	<b>103.4%</b>

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



**POSITIVE**

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

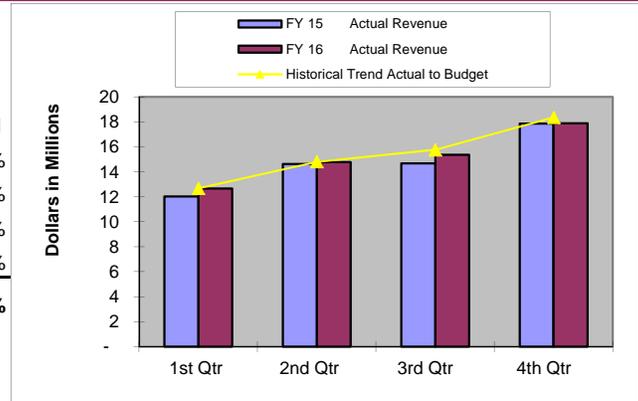
Primary property tax collections for FY 2015-16 are \$138,738 (1.9%) above budget and \$351,497 (5.0%) higher than FY 2014-15 actual collections. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half is due in March. The percentage of budget received for the fiscal year is greater than 100%, resulting in a positive performance indicator.

# REVENUE ANALYSIS (continued):

## STATE SHARED REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 12,432,702	\$ 12,662,061	21.0%	21.0%
2nd Qtr	Oct - Dec 15	14,492,473	14,787,309	24.5%	24.6%
3rd Qtr	Jan - Mar 16	15,397,400	15,360,770	25.5%	26.2%
4th Qtr	Apr - Jun 16	17,937,725	17,902,302	29.7%	30.5%
<b>Total</b>		<b>\$ 60,260,300</b>	<b>\$ 60,712,442</b>	<b>100.8%</b>	<b>102.3%</b>

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



**POSITIVE**

-- **State Shared Sales Tax:** The state sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as state shared sales tax. Collections for FY 2015-16 are \$35,568 (-0.2%) below budget and \$873,597 (4.0%) higher than FY 2014-15 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 2015-16 are \$487,691 (5.2%) above budget and \$757,362 (8.4%) higher than FY 2014-15 actual collections.

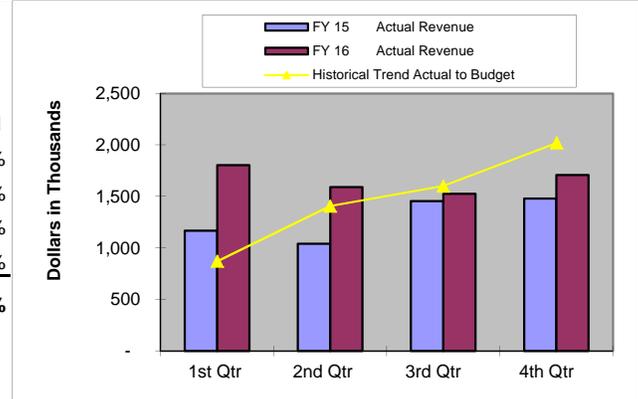
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2013 State income tax collection is distributed to cities and towns as urban revenue sharing based upon population and is known for budget purposes since there is a two year lag in distribution. Collections for FY 2015-16 are \$19 (less than 0.01%) above budget and \$155,105 (-0.5%) lower than FY 2014-15 actual collections.

The percentage of budget received for the fiscal year is greater than 100% for state shared revenues, resulting in a positive performance indicator.

## LICENSES & PERMITS REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 662,206	\$ 1,806,432	40.3%	19.4%
2nd Qtr	Oct - Dec 15	1,070,217	1,592,091	35.5%	31.3%
3rd Qtr	Jan - Mar 16	1,218,545	1,525,346	34.0%	35.7%
4th Qtr	Apr - Jun 16	1,537,032	1,710,291	38.0%	45.0%
<b>Total</b>		<b>\$ 4,488,000</b>	<b>\$ 6,634,160</b>	<b>147.8%</b>	<b>131.4%</b>

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



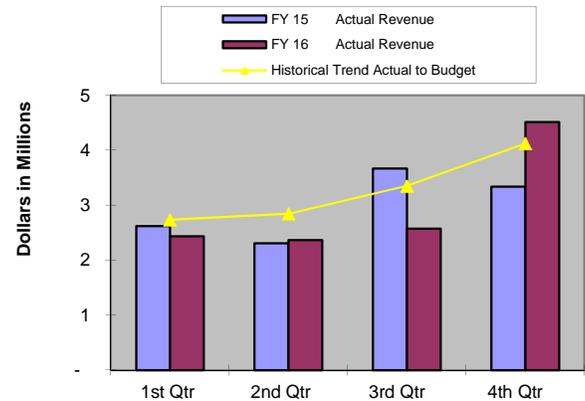
**POSITIVE**

This category includes revenue for various licenses: transaction privilege sales tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections for FY 2015-16 are \$2.1M (47.8%) above budget and \$1.5M (28.9%) above FY 2014-15 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 and permits pulled, but this category is performing very strong and exceeded expectations for the fiscal year. The percentage of budget received for the fiscal year is greater than 100%, resulting in a positive performance indicator.

# REVENUE ANALYSIS (continued):

## CHARGES FOR SERVICES REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 2,462,981	\$ 2,434,996	20.7%	23.2%
2nd Qtr	Oct - Dec 15	2,564,826	2,363,655	20.1%	24.2%
3rd Qtr	Jan - Mar 16	3,020,800	2,573,348	21.9%	28.5%
4th Qtr	Apr - Jun 16	3,718,993	4,514,400	38.3%	35.1%
<b>Total</b>		<b>\$ 11,767,600</b>	<b>\$ 11,886,399</b>	<b>101.0%</b>	<b>111.0%</b>



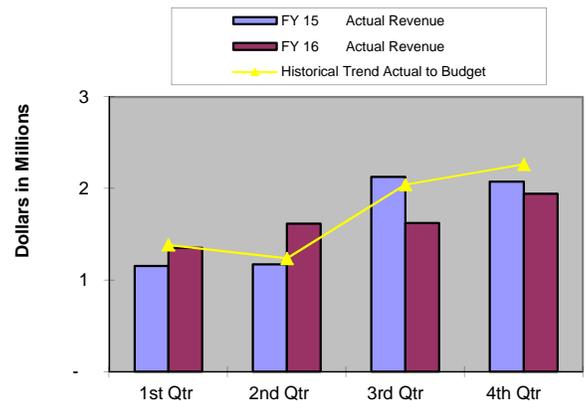
\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

**POSITIVE**

Charges for Services include revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursement. Charges for services collections for FY 2015-16 are \$118,799 (1.0%) above budget and \$47,848 (-0.4%) lower than FY 2014-15 actual collections. The effect of a previously reported timing difference in the receipt of public school revenues is shown in the graph, with approximately \$1 million of public school revenues received in the fourth quarter in FY 2015-16 versus the third quarter of FY 2014-15. The percentage of budget received for the fiscal year is greater than 100%, resulting in a positive performance indicator.

## OTHER REVENUE FY 2015-16

		FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 15	\$ 1,403,922	\$ 1,353,229	20.8%	21.3%
2nd Qtr	Oct - Dec 15	1,334,631	1,615,570	24.8%	19.0%
3rd Qtr	Jan - Mar 16	1,765,255	1,623,519	25.0%	31.4%
4th Qtr	Apr - Jun 16	2,001,291	1,944,345	29.9%	34.8%
<b>Total</b>		<b>\$ 6,505,099</b>	<b>\$ 6,536,663</b>	<b>100.5%</b>	<b>106.5%</b>



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

**POSITIVE**

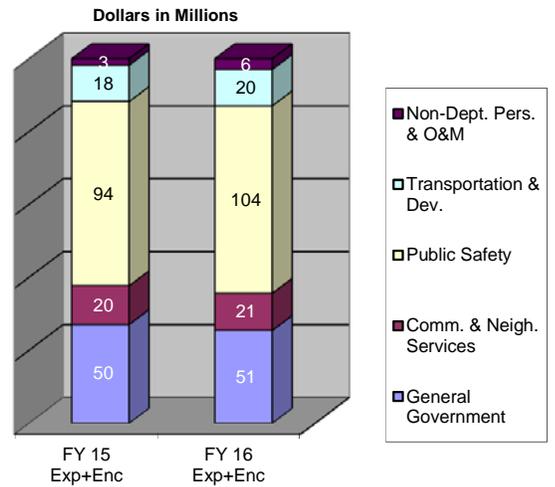
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections for FY 2015-16 are \$82,256 (0.5%) above budget and \$8,265 (0.1%) higher than FY 2014-15 actual collections. The percentage of budget received for the fiscal year is greater than 100%, resulting in a positive performance indicator.

# EXPENDITURE ANALYSIS:

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

	FY 16 Adjusted Budget	FY16 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
<b>* Dept. Operating</b>				
General Government	\$ 53,627,677	\$ 51,286,319	95.6%	95.1%
Comm. & Neigh. Services	21,788,532	20,595,562	94.5%	95.4%
Public Safety	104,094,563	103,577,340	99.5%	97.3%
Transportation & Dev.	21,088,781	20,114,026	95.4%	93.8%
Non-Dept. Pers. & O&M	14,964,090	5,886,688	39.3%	22.6%
<b>Subtotal</b>	<b>\$ 215,563,643</b>	<b>\$ 201,459,935</b>	<b>93.5%</b>	<b>90.9%</b>
Non-Dept. Reserves	\$ 2,473,838	\$ -	0.0%	0.0%
Non-Dept. Contingencies	23,435,386	-	0.0%	0.0%
<b>Total</b>	<b>\$ 241,472,867</b>	<b>\$ 201,459,935</b>	<b>83.4%</b>	<b>81.0%</b>

\* Excluding Interfund Transfers



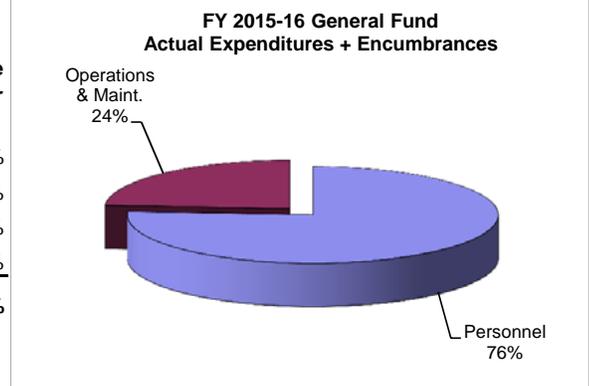
Total General Fund operating budget, expenditures, and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council). Since General Obligation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

FY 2015-16 operating spending is 93.5% of the adjusted budget compared to 90.9% of adjusted budget spent last fiscal year. As shown on the following pages, departments have expended between 91.0% and 99.7% of their General Fund adjusted budgets for FY 2015-16.

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

*Dept. Operating	FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	FY 15 Actual Exp+Enc	% Change from Prior Yr Actual
Personnel	\$ 156,416,038	\$ 153,188,337	\$ 141,380,121	8.4%
Operations & Maint.	59,147,605	48,271,598	43,773,284	10.3%
Reserves	2,473,838	-	-	0.0%
Contingencies	23,435,386	-	-	0.0%
<b>Total</b>	<b>\$ 241,472,867</b>	<b>\$ 201,459,935</b>	<b>\$ 185,153,405</b>	<b>8.8%</b>

\* Excluding Interfund Transfers

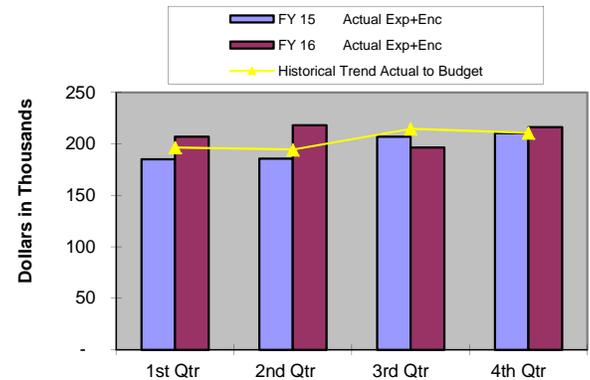


Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending for FY 2015-16 is 8.8% higher than spending for FY 2014-15 mainly due to increases from labor negotiations and benefit changes in Personnel, and spending on the 2015 mid-decade Special Census project, which is included in the Operations & Maintenance category.

# EXPENDITURE ANALYSIS (continued / department summaries):

## MAYOR & COUNCIL EXPENDITURE FY 2015-16 COMPARISON

		FY 16	FY 16	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 15	\$ 204,445	\$ 207,027	24.3%	23.0%
2nd Qtr	Oct - Dec 15	204,445	218,303	25.6%	22.8%
3rd Qtr	Jan - Mar 16	221,482	196,613	23.1%	25.2%
4th Qtr	Apr - Jun 16	221,483	216,166	25.4%	24.7%
<b>Total</b>		<b>\$ 851,855</b>	<b>\$ 838,109</b>	<b>98.4%</b>	<b>95.7%</b>



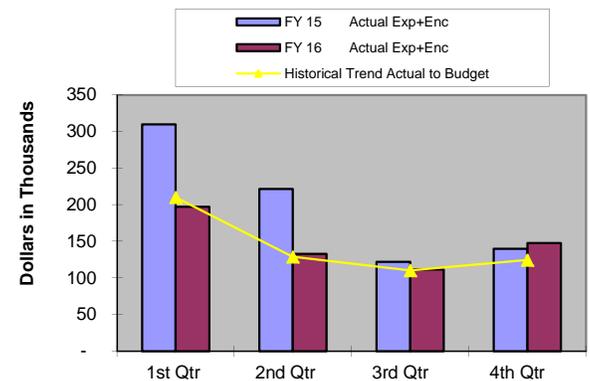
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Mayor and Council spent 98.4% of their FY 2015-16 adjusted budget and has historically spent 95.7% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending is trending slightly higher this fiscal year due to personnel and benefit changes.

## CITY CLERK EXPENDITURE FY 2015-16 COMPARISON

		FY 16	FY 16	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 15	\$ 236,195	\$ 197,171	30.9%	32.9%
2nd Qtr	Oct - Dec 15	140,440	133,138	20.8%	20.2%
3rd Qtr	Jan - Mar 16	121,289	111,679	17.5%	17.2%
4th Qtr	Apr - Jun 16	140,440	147,729	23.2%	19.5%
<b>Total</b>		<b>\$ 638,364</b>	<b>\$ 589,717</b>	<b>92.4%</b>	<b>89.8%</b>



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

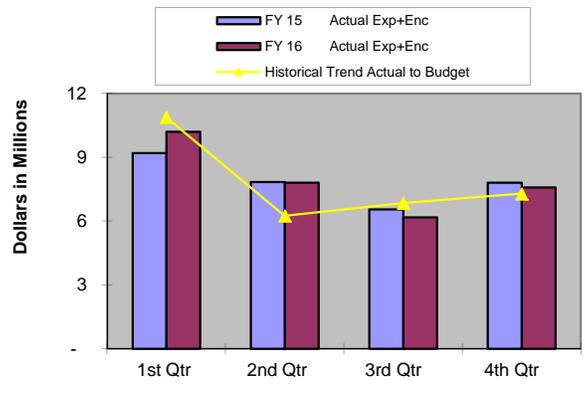
**POSITIVE**

The City Clerk spent 92.4% of their FY 2015-16 adjusted budget and has historically spent 89.8% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending within the historical trend includes one-time expenditures for primary and general elections that are not occurring in FY 2015-16.

## EXPENDITURE ANALYSIS (continued / department summaries):

### CITY MANAGER & ORGANIZATIONAL SUPPORT EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 15	\$ 11,519,500	\$ 10,196,052	30.8%	32.9%
2nd Qtr	Oct - Dec 15	6,617,744	7,812,108	23.6%	18.9%
3rd Qtr	Jan - Mar 16	7,244,996	6,175,398	18.7%	20.7%
4th Qtr	Apr - Jun 16	7,716,997	7,581,368	22.9%	22.0%
<b>Total</b>		<b>\$ 33,099,237</b>	<b>\$ 31,764,926</b>	<b>96.0%</b>	<b>94.5%</b>



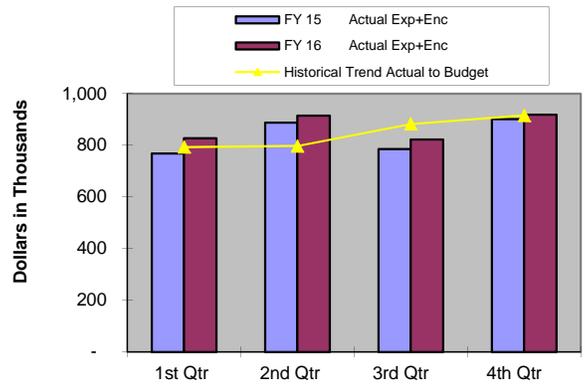
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

City Manager & Organizational Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Cultural Affairs, Downtown Redevelopment, Economic Development, Human Resources, Information Technology, and Planning. Combined, these divisions spent 96.0% of their FY 2015-16 adjusted budget and have historically spent 94.5% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending is trending slightly higher this fiscal year due to retirement payouts for several long-time employees.

### LAW EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 15	\$ 820,257	\$ 826,728	23.2%	22.2%
2nd Qtr	Oct - Dec 15	855,920	914,594	25.6%	22.3%
3rd Qtr	Jan - Mar 16	927,247	821,846	23.0%	24.7%
4th Qtr	Apr - Jun 16	962,911	918,498	25.8%	25.7%
<b>Total</b>		<b>\$ 3,566,335</b>	<b>\$ 3,481,666</b>	<b>97.6%</b>	<b>94.9%</b>



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

**POSITIVE**

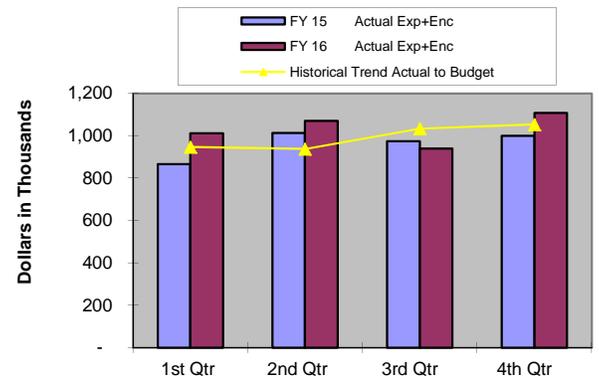
Law spent 97.6% of their FY 2015-16 adjusted budget and has historically spent 94.9% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending is slightly higher this fiscal year due to a one-time decision package to purchase a new multi-function copier for the Prosecutor's Office.

EXPENDITURE ANALYSIS (continued / department summaries):

CITY MAGISTRATE EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 15	\$ 1,042,169	\$ 1,012,063	23.2%	21.7%
2nd Qtr	Oct - Dec 15	1,032,229	1,070,247	24.4%	21.5%
3rd Qtr	Jan - Mar 16	1,137,430	940,303	21.5%	23.6%
4th Qtr	Apr - Jun 16	1,159,401	1,107,083	25.4%	24.1%
<b>Total</b>		<b>\$ 4,371,229</b>	<b>\$ 4,129,696</b>	<b>94.5%</b>	<b>90.9%</b>

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



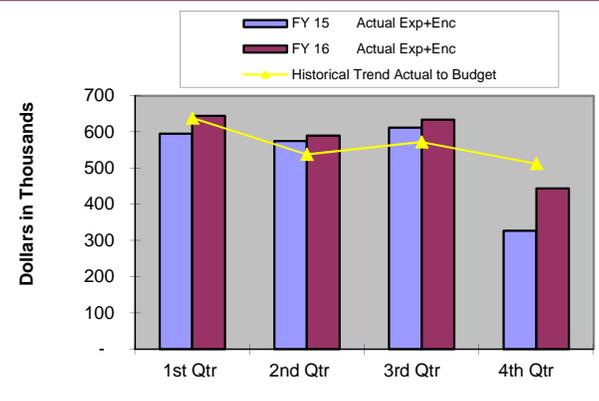
POSITIVE

City Magistrate spent 94.5% of their FY 2015-16 adjusted budget and has historically spent 90.9% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending has slightly increased this fiscal year due to a one-time decision package to purchase a new video surveillance system utilizing Court Enhancement funds.

COMMUNICATIONS & PUBLIC AFFAIRS EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 15	\$ 711,790	\$ 644,808	25.4%	25.1%
2nd Qtr	Oct - Dec 15	610,106	590,027	23.3%	21.2%
3rd Qtr	Jan - Mar 16	635,527	634,041	24.9%	22.5%
4th Qtr	Apr - Jun 16	584,685	444,359	17.5%	20.2%
<b>Total</b>		<b>\$ 2,542,108</b>	<b>\$ 2,313,235</b>	<b>91.0%</b>	<b>89.0%</b>

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



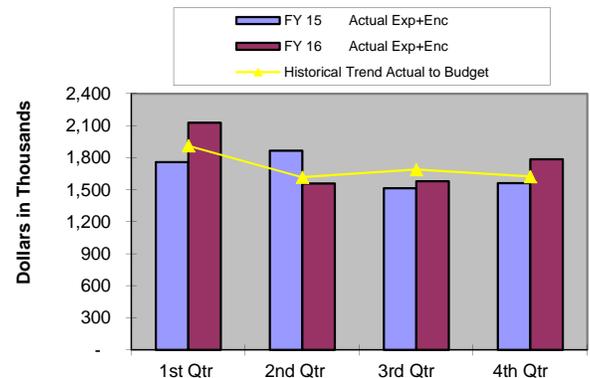
POSITIVE

Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 91.0% of their FY 2015-16 adjusted budget and has historically spent 89.0% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. FY 2015-16 personnel spending has increased since all positions are filled compared to some vacant positions in the historical trend.

# EXPENDITURE ANALYSIS (continued / department summaries):

## MANAGEMENT SERVICES EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 15	\$ 2,077,372	\$ 2,127,583	28.7%	25.8%
2nd Qtr	Oct - Dec 15	1,780,605	1,558,741	21.0%	21.8%
3rd Qtr	Jan - Mar 16	1,854,797	1,581,231	21.3%	22.8%
4th Qtr	Apr - Jun 16	1,706,412	1,785,606	24.1%	21.9%
<b>Total</b>		<b>\$ 7,419,186</b>	<b>\$ 7,053,161</b>	<b>95.1%</b>	<b>92.3%</b>



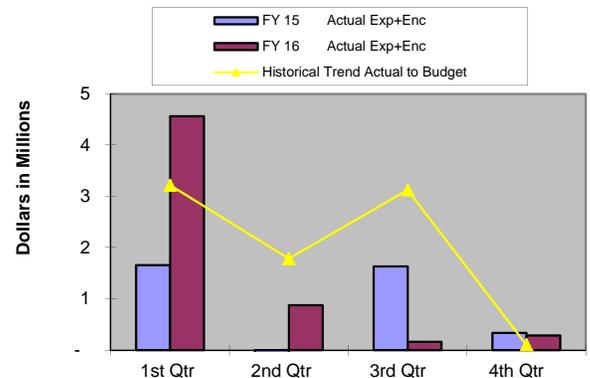
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Management Services Department includes the following divisions budgeted in the General Fund: Administration, Budget, Accounting, Purchasing, Central Supply, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 95.1% of their FY 2015-16 adjusted budget and have historically spent 92.3% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending is trending slightly higher in FY 2015-16 due mainly to increased software maintenance expense for the Utility and Tax systems.

## NON-DEPARTMENTAL EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 15	\$ 5,835,995	\$ 4,563,555	30.5%	21.5%
2nd Qtr	Oct - Dec 15	3,292,100	875,347	5.8%	11.9%
3rd Qtr	Jan - Mar 16	5,686,354	162,455	1.1%	20.9%
4th Qtr	Apr - Jun 16	149,641	285,331	1.9%	0.7%
<b>Total**</b>		<b>\$ 14,964,090</b>	<b>\$ 5,886,688</b>	<b>39.3%</b>	<b>55.0%</b>



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

\*\* Excludes Reserves and Contingencies

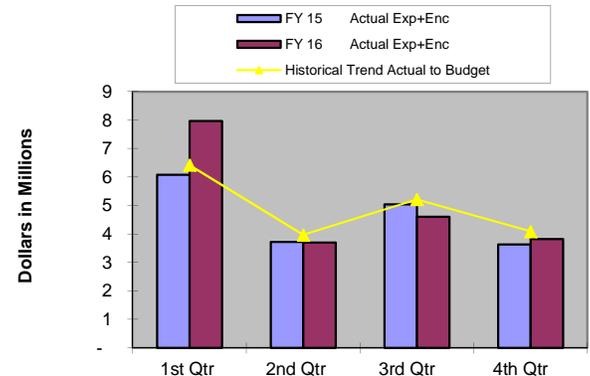
**POSITIVE**

Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, Strategic Economic Development opportunity funding, and miscellaneous Downtown Redevelopment). Spending in this category fluctuates due to the changing one-time needs from year to year. Non-departmental spending is 39.3% of the FY 2015-16 adjusted budget, with historical spending of the adjusted budget at 55.0% for the fiscal year, resulting in a positive performance indicator. Council approved Resolution No. 4838 at the February 12, 2015 Council Meeting to transfer \$4.1 million in appropriation from contingency to non-departmental in order to conduct a 2015 mid-decade Special Census. FY 2014-15 spending on this project was \$1.3 million, so the remainder of \$2.8M was encumbered, with \$2.1 spent during this fiscal year. The historical trend spending percentage is higher due to large one-time projects completed in prior years (i.e., Continuum).

# EXPENDITURE ANALYSIS (continued / department summaries):

## TRANSPORTATION & DEVELOPMENT EXPENDITURE FY 2015-16 COMPARISON

		FY 16	FY 16	% of	*Hist.
Operating Only		Adjusted	Actual	Budget	Trend % of
		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 15	\$ 6,959,298	\$ 7,976,263	37.8%	30.5%
2nd Qtr	Oct - Dec 15	4,217,756	3,701,190	17.6%	18.8%
3rd Qtr	Jan - Mar 16	5,483,083	4,607,327	21.8%	24.7%
4th Qtr	Apr - Jun 16	4,428,644	3,829,246	18.2%	19.4%
<b>Total</b>		<b>\$ 21,088,781</b>	<b>\$ 20,114,026</b>	<b>95.4%</b>	<b>93.4%</b>



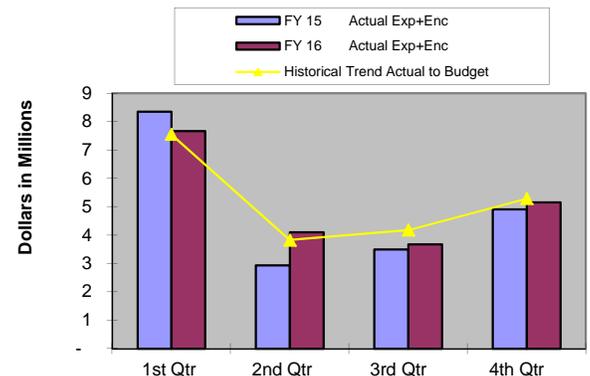
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Transportation and Development includes the following divisions budgeted in the General Fund: Administration, Development Services, Engineering, Capital Projects, Streets, Traffic Engineering, Transit Services, and Street Sweeping. The department spent 95.4% of their FY 2015-16 adjusted budget and has historically spent 93.4% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

## COMMUNITY & NEIGHBORHOOD SERVICES EXPENDITURE FY 2015-16 COMPARISON

		FY 16	FY 16	% of	*Hist.
Operating Only		Adjusted	Actual	Budget	Trend % of
		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 15	\$ 7,843,872	\$ 7,668,238	35.2%	34.7%
2nd Qtr	Oct - Dec 15	3,921,936	4,097,355	18.8%	17.5%
3rd Qtr	Jan - Mar 16	4,357,706	3,673,444	16.9%	19.2%
4th Qtr	Apr - Jun 16	5,665,018	5,156,525	23.6%	24.3%
<b>Total</b>		<b>\$ 21,788,532</b>	<b>\$ 20,595,562</b>	<b>94.5%</b>	<b>95.7%</b>



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

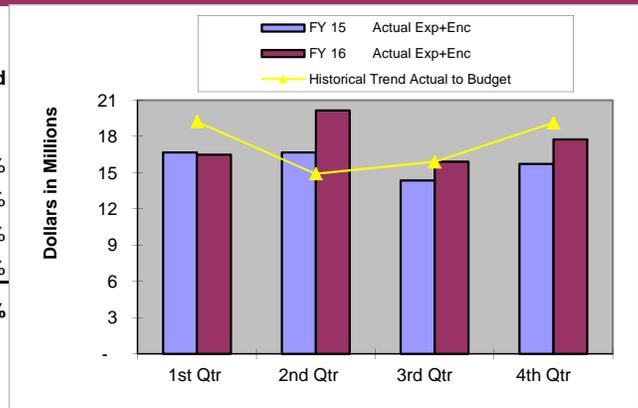
**POSITIVE**

Community & Neighborhood Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Code Enforcement, Community Development, Housing, Parks Development & Operations, Neighborhood Resources, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. The department spent 94.5% of their FY 2015-16 adjusted budget and has historically spent 95.7% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

# EXPENDITURE ANALYSIS (continued / department summaries):

## POLICE EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 15	\$ 19,767,120	\$ 16,502,889	23.4%	27.2%
2nd Qtr	Oct - Dec 15	15,531,309	20,165,534	28.6%	21.1%
3rd Qtr	Jan - Mar 16	16,237,277	15,916,362	22.4%	22.5%
4th Qtr	Apr - Jun 16	19,061,151	17,770,830	25.3%	27.1%
<b>Total</b>		<b>\$ 70,596,857</b>	<b>\$ 70,355,615</b>	<b>99.7%</b>	<b>97.9%</b>



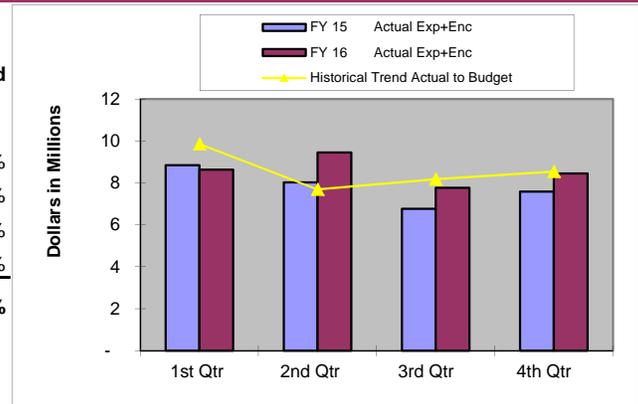
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Police includes the following cost centers: Administration, Professional Standards, Property & Evidence, Forensic Services, Field Operations, Criminal Investigations, Planning & Research, Communications, Technology, Records, Detention Services, and Community Resources & Training. The department spent 99.7% of their FY 2015-16 adjusted budget and has historically spent 97.9% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending is trending slightly higher this fiscal year due to early hires and retirement payouts for several long-time employees.

## FIRE, HEALTH & MEDICAL EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 15	\$ 10,044,750	\$ 8,641,579	24.9%	28.4%
2nd Qtr	Oct - Dec 15	7,620,155	9,456,989	27.3%	22.2%
3rd Qtr	Jan - Mar 16	8,312,897	7,779,376	22.6%	23.6%
4th Qtr	Apr - Jun 16	8,659,267	8,459,590	24.3%	24.7%
<b>Total</b>		<b>\$ 34,637,069</b>	<b>\$ 34,337,534</b>	<b>99.1%</b>	<b>98.9%</b>



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

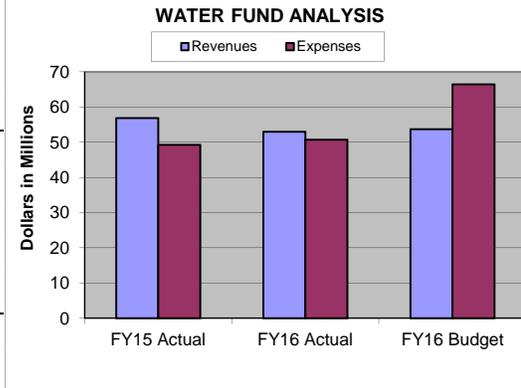
**POSITIVE**

Fire, Health & Medical includes the following cost centers: Administration, Emergency Services, Operations, Prevention & Preparedness, and Support Services. In addition, Citywide Fleet is managed by this department. The department spent 99.1% of their FY 2015-16 adjusted budget and has historically spent 98.9% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending is trending slightly higher this fiscal year due to early hires and retirement payouts for several long-term employees.

# ENTERPRISE FUNDS ANALYSIS:

## WATER FUND ANALYSIS FY 2015-16 COMPARISON

WATER FUND	FY 16 Adjusted Budget	FY 16 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 51,563,620	\$ 50,931,485	99%	92%
Land Sale	2,161,834	2,069,112	96%	0%
<b>Total Revenues</b>	<b>\$ 53,725,454</b>	<b>\$ 53,000,597</b>	<b>99%</b>	<b>90%</b>
Operating Expenses	\$ 31,461,665	\$ 26,931,331	86%	84%
Major Capital Expenses	8,432,883	221,675	3%	70%
Debt Service	23,212,876	20,197,834	87%	98%
Transfers Out	3,418,349	3,418,349	100%	100%
<b>Total Expenses</b>	<b>\$ 66,525,773</b>	<b>\$ 50,769,189</b>	<b>76%</b>	<b>76%</b>
<b>Net Rev / Exp</b>	<b>\$ (12,800,319)</b>	<b>\$ 2,231,408</b>		



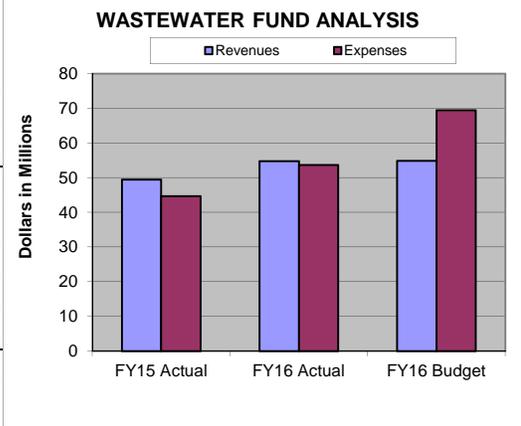
**POSITIVE**

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

The Water Operating Fund includes the following cost centers: Administration, Water Distribution, Water Treatment Plant, Environmental Resources, Water Quality, Water Systems Maintenance, San Tan Vista Water Treatment Plant, Meter Services, and Water Capital. The Water Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2015-16 reflects a budgeted \$12.8 million drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$3,265,610, payment of \$130,349 to the Technology Replacement Fund and payment of \$22,390 to the Workers Compensation Self-Insurance Trust. Debt Service is paid twice a year, with the second quarter at interest only and the fourth quarter comprised of principal and interest. Year-to-date **Operating Revenues** are 99% of budget compared to 92% for the prior fiscal year, while **Operating Expenses** are 86% of budget as compared to 84% for the prior fiscal year. As shown in revenues above, a land sale budgeted in FY 2014-15 has closed escrow in FY 2015-16. Debt Service includes the early payoff of a water and sewer revenue bond, which will generate interest savings, with the reduced level of percentage of budget expended due to a reduction in the amount of the 2015 bond sale versus what had been initially planned and budgeted.

## WASTEWATER FUND ANALYSIS FY 2015-16 COMPARISON

WASTEWATER FUND	FY 16 Adjusted Budget	FY 16 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 42,876,330	\$ 45,856,942	107%	87%
Land Sale	6,485,501	6,207,337	96%	0%
Intel Reimbursement	5,500,000	2,750,107	50%	24%
<b>Total Revenues</b>	<b>\$ 54,861,831</b>	<b>\$ 54,814,386</b>	<b>100%</b>	<b>50%</b>
Operating Expenses	\$ 20,742,126	\$ 16,208,306	78%	88%
Major Capital Expenses	20,714,983	17,018,870	82%	16%
Debt Service	25,511,672	17,967,932	70%	99%
Transfers Out	2,466,991	2,466,991	100%	100%
<b>Total Expenses</b>	<b>\$ 69,435,772</b>	<b>\$ 53,662,099</b>	<b>77%</b>	<b>56%</b>
<b>Net Rev / Exp</b>	<b>\$ (14,573,941)</b>	<b>\$ 1,152,287</b>		



**POSITIVE**

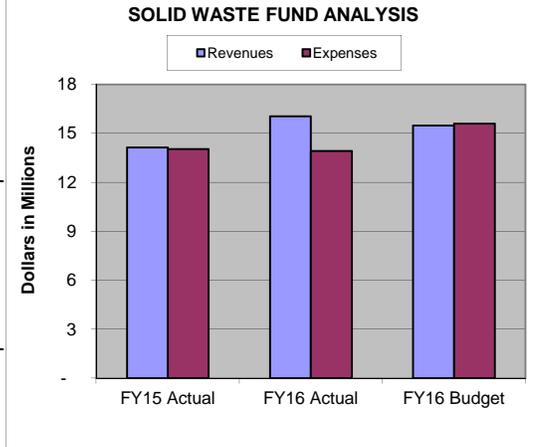
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Wastewater Operating Fund includes the following cost centers: Collection, Ocotillo Brine Reduction Facility, Lone Butte Wastewater Treatment, Wastewater Quality, Airport Water Reclamation Facility, Ocotillo Water Reclamation Facility, and Wastewater Capital. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2015-16 reflects a budgeted \$14.6M drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$2,410,880, payment of \$40,536 to the Technology Replacement Fund and payment of \$15,575 to the Workers Compensation Self-Insurance Trust. Debt Service is paid twice a year, with the second quarter at interest only and the fourth quarter comprised of principal and interest. Year-to-date **Operating Revenues** are 107% of budget compared to 87% for the prior fiscal year, while **Operating Expenses** are 78% of budget as compared to 88% for the prior fiscal year. As shown in revenues above, a land sale budgeted in FY 2014-15 has closed escrow in FY 2015-16; this delayed receipt is the reason that the percentage of revenue received in FY 2014-15 shows 87%. If the land sale budget is removed from the FY 2014-15 calculation, the FY 2014-15 year-to-date operating revenues would have been 101% of budget. Debt Service includes the early payoff of a water and sewer revenue bond, which will generate interest savings, with the reduced level of percentage of budget expended due to a reduction in the amount of the 2015 bond sale versus what had been initially planned and budgeted.

ENTERPRISE FUNDS ANALYSIS (continued):

SOLID WASTE FUND ANALYSIS FY 2015-16 COMPARISON

SOLID WASTE	FY 16 Adjusted Budget	FY 16 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 14,904,810	\$ 15,047,913	101%	101%
Transfers In	586,194	998,280	170%	0%
<b>Total Revenues</b>	<b>\$ 15,491,004</b>	<b>\$ 16,046,193</b>	<b>104%</b>	<b>101%</b>
Operating Expenses	\$ 13,631,926	\$ 12,661,034	93%	95%
Major Capital Expenses	946,276	242,142	26%	67%
Transfers Out	1,017,133	1,017,133	100%	100%
<b>Total Expenses</b>	<b>\$ 15,595,335</b>	<b>\$ 13,920,309</b>	<b>89%</b>	<b>95%</b>
<b>Net Rev / Exp</b>	<b>\$ (104,331)</b>	<b>\$ 2,125,884</b>		



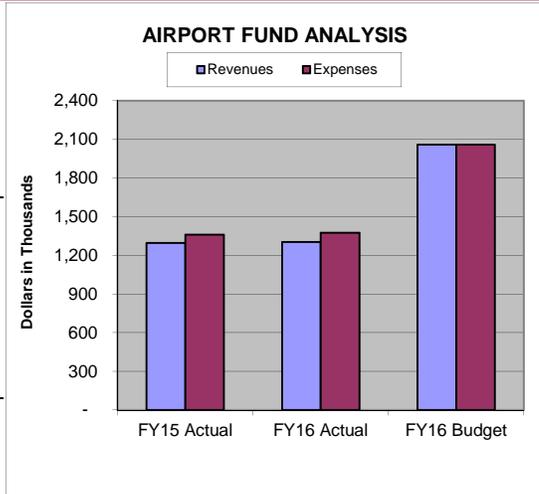
**POSITIVE**

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

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2015-16 reflects a budgeted \$104,331 drawdown of fund balance. Transfers In consists of the consolidation of the New Container Fund into the Solid Waste Operating Fund. Transfers Out include Indirect Cost Allocation to the General Fund of \$954,940, payment of \$51,485 to the Technology Replacement Fund, and payment of \$10,708 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** are 101% of budget compared to 101% for the prior fiscal year, while **Operating Expenses** are 93% of budget as compared to 95% for the prior fiscal year.

AIRPORT FUND ANALYSIS FY 2015-16 COMPARISON

AIRPORT FUND	FY 16 Adjusted Budget	FY 16 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 1,085,823	\$ 964,463	89%	98%
General Fund Subsidy	974,442	340,040	35%	27%
<b>Total Revenues</b>	<b>\$ 2,060,265</b>	<b>\$ 1,304,503</b>	<b>63%</b>	<b>64%</b>
Operating Expenses	\$ 1,089,576	\$ 982,417	90%	89%
Major Capital Expenses	837,996	261,274	31%	30%
Debt Service	27,313	27,313	100%	100%
Transfers Out	105,380	105,380	100%	100%
<b>Total Expenses</b>	<b>\$ 2,060,265</b>	<b>\$ 1,376,384</b>	<b>67%</b>	<b>65%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (71,881)</b>		



**POSITIVE**

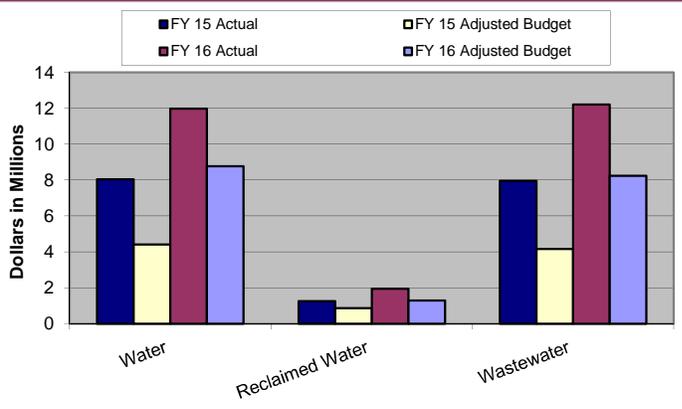
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2015-16 reflects no budgeted change in fund balance since the General Fund Subsidy is budgeted from the General Fund to make up the funding needed to help support operations and/or Major Capital Expenses. Cash funded Major Capital Expenses are higher in FY 2015-16 to support projects such as replacement of fuel tanks, airport security gates, and internal/external building improvements. Transfers Out include Indirect Cost Allocation to the General Fund of \$100,000 and a payment of \$5,380 to the Technology Replacement Fund. The Debt Service expense will be paid off by July 1, 2018. Year-to-date **Operating Revenues** are 89% of budget compared to 98% for the prior fiscal year. **Operating Expenses** are 90% of budget as compared to 89% for the prior fiscal year. The net revenue/expense amount of (\$71,881) is due to encumbered funds that will be spent in the next fiscal year as part of the planned General Fund Subsidy.

# OTHER FUNDS ANALYSIS (continued):

## SYSTEM DEVELOPMENT FEE FUNDS ANALYSIS FY 2015-16 COMPARISON

SYSTEM DEVELOPMENT FEE (SDF) FUNDS	FY 16 Adjusted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 8,782,200	\$ 11,978,680	136%
Reclaimed Water	1,287,000	1,942,118	151%
Wastewater	8,241,500	12,207,178	148%
<b>Total SDF Revenue</b>	<b>\$ 18,310,700</b>	<b>\$ 26,127,976</b>	<b>143%</b>



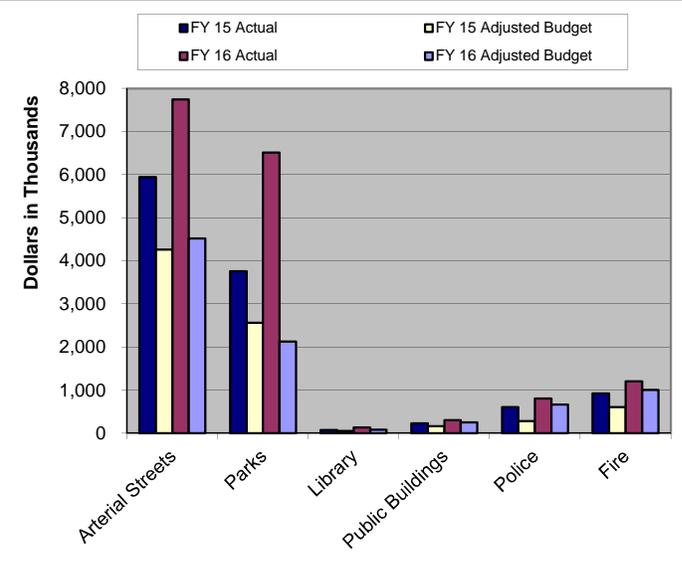
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

**POSITIVE**

System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2015-16 budget and year-to-date collections as compared to the FY 2014-15 budget and year-to-date collections. Collections for FY 2015-16 were 143% of the budget as compared to the prior year's collections of 183% of the budget.

## IMPACT FEE FUNDS ANALYSIS FY 2015-16 COMPARISON

IMPACT FEE FUNDS	FY 16 Adjusted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 4,521,500	\$ 7,748,681	171%
Parks	2,129,800	6,514,059	306%
Library	81,200	131,107	161%
Public Buildings	253,500	306,067	121%
Police	665,000	806,479	121%
Fire	1,006,800	1,206,487	120%
<b>Total Impact Revenue</b>	<b>\$ 8,657,800</b>	<b>\$ 16,712,880</b>	<b>193%</b>



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

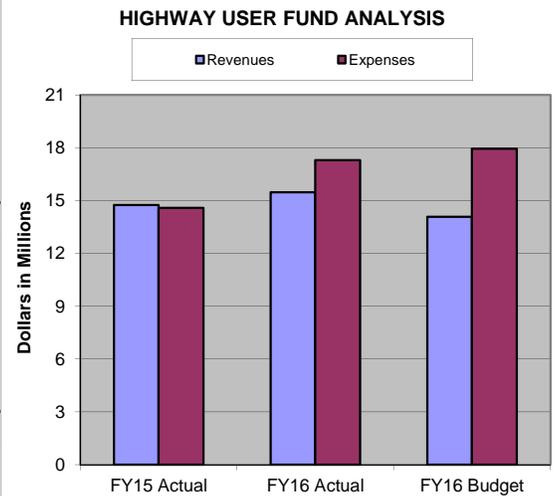
**POSITIVE**

Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2015-16 budget and year-to-date collections as compared to FY 2014-15 budget and year-to-date collections. Collections for FY 2015-16 were 193% of the budget as compared to the prior year's collections of 146% of the budget.

## OTHER FUNDS ANALYSIS (continued):

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

	FY16 Adjusted Budget	FY 16 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Highway Users Tax	\$ 14,000,000	\$ 15,303,635	109%	113%
Other	79,000	175,427	222%	181%
<b>Total Revenues</b>	<b>\$ 14,079,000</b>	<b>\$ 15,479,062</b>	<b>110%</b>	<b>113%</b>
Operating Expenses	\$ 9,609,395	\$ 9,178,553	96%	92%
Major Capital Expenses	4,575,742	4,342,169	95%	58%
Debt Service	3,745,650	3,745,650	100%	95%
Transfers Out	23,708	23,708	100%	100%
<b>Total Expenses</b>	<b>\$ 17,954,495</b>	<b>\$ 17,290,080</b>	<b>96%</b>	<b>87%</b>
<b>Net Rev / Exp</b>	<b>\$ (3,875,495)</b>	<b>\$ (1,811,018)</b>		

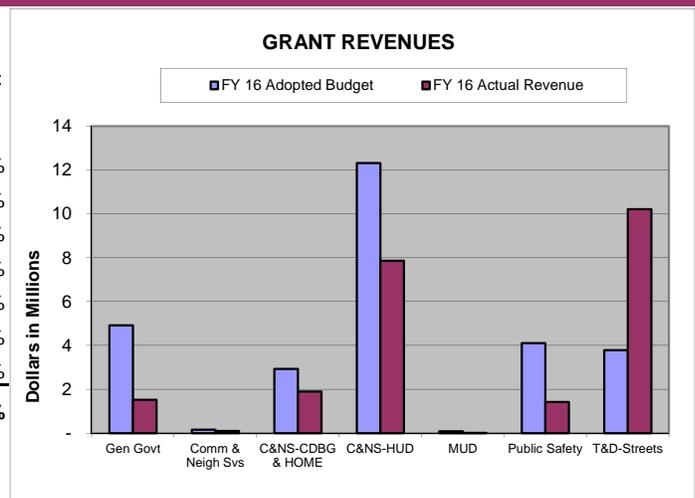


## POSITIVE

Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2015-16 reflects a budgeted fund balance drawdown of \$3.9M. Transfers Out include payment of \$23,708 to the Technology Replacement Fund. **Operating Revenues** received for the fiscal year are 109% of budget, which is 4% lower than the percentage for last fiscal year. **Operating Expenses** for the fiscal year are 96% of adjusted budget, which is 4% higher than the percentage for last fiscal year.

## GRANT FUNDS ANALYSIS FY 2015-16 COMPARISON

	FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
General Government*	\$ 4,922,206	\$ 1,526,069	31%
Comm. & Neigh. Services	164,601	111,339	68%
C&NS - CDBG & HOME	2,940,000	1,908,046	65%
C&NS - HUD	12,316,554	7,860,901	64%
Municipal Utilities	100,000	10,000	10%
Public Safety	4,110,000	1,427,570	35%
T & D - Streets	3,790,361	10,214,258	269%
<b>Total Grant Revenue</b>	<b>\$ 28,343,722</b>	<b>\$ 23,058,183</b>	<b>81%</b>



\* Includes Airport, Cultural Affairs, Economic Development, 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 2015-16 were \$23.0M (81% of adjusted budget) as compared to \$17.4M (55% of adjusted budget) collected for FY 2014-15. Transportation & Development grant revenue exceeded the adopted budget due to the annual capital carryforward process as well as receipt of an accelerated \$3 million surface transportation program grant through the Arterial Life Cycle Program.