



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 17-028

DATE: OCTOBER 27, 2016

TO: MAYOR AND COUNCIL

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

FROM: GREG WESTRUM, BUDGET MANAGER *GW*

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

Attached is the FY 2016-17 First Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures, and additional summaries and analysis of Enterprise, System Development Fees and Impact Fees, Highway User Tax, and Grant funds. The analysis included in this report provides a snapshot as of the end of the first quarter of FY 2016-17 by reflecting budget to actual compared to historical trends and the prior year.

As a refresher, the purpose of the Quarterly Financial Report is to provide historical comparisons to identify trends or deviations from trends, use performance benchmarks to measure results, and create an executive level report to highlight potential issues or concerns. The historical trends cover actual results over the last four years (FY 2012-13 to FY 2015-16). These years have had significant fluctuations in revenues that are particularly sensitive to unusual economic and market conditions and significant changes to expenditures as the revenues decreased. Due to this, the current results compared to the historical trends may require further explanation. An explanation has been provided in those areas where there are significant deviations from the trend or last year's results.

Most General Fund revenue categories continue to reflect increases with local Transaction Privilege (Sales) Tax, State Shared Sales Tax, Urban Revenue Sharing, Vehicle License Tax, Licenses and Permits, and Interest & Investments categories all starting the year very strong. Departmental expenditure rates are consistent with previous years with 28.9% of adjusted budget expended or encumbered at the end of the first quarter.

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

Attachment

c: Nachie Marquez, Assistant City Manager



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

QUARTERLY FINANCIAL REPORT

1st 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 %
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 & 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		WARNING	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)

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 (third estimate)	1.4%

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
Jun-16	4.9%	5.8%	5.3%
Jul-16	4.9%	6.0%	5.4%
Aug-16	4.9%	5.8%	5.0%
Sep-16	5.0%	5.5%	4.8%

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 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).

	1st Quarter	Fiscal Year
Fiscal Year 2016-17 Rate of Return		
Benchmark:	-0.11%	-0.11%
Wells Capital Management:	-0.03%	-0.03%
PFM:	0.01%	0.01%
Fiscal Year 2015-16 Rate of Return		
Benchmark:	0.24%	0.24%
Wells Capital Management:	0.15%	0.15%
PFM:	0.27%	0.27%

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; \$9,115 of interest has been recorded through the first quarter of FY 2016-17.

Source: Investment Advisors

BUILDING PERMITS

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

	State of Arizona	Chandler
Apr - May - Jun 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
Jul - Aug - Sep 2016	5,869	243

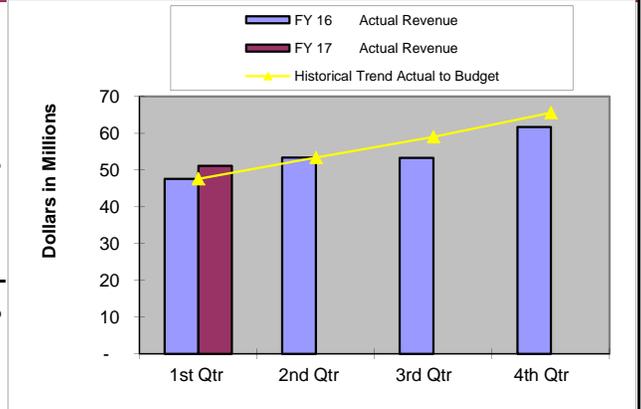
Single family building permits average 327 permits per quarter for FY 2015-16, compared to 177 average permits per quarter for FY 2014-15. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower related sales tax revenues. As shown above, 243 permits were recorded in the first quarter of FY 2016-17.

REVENUE ANALYSIS:

OVERALL GENERAL FUND REVENUES FY 2016-17

	FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 16	\$ 45,875,879	\$ 51,155,298	24.3%	22.6%
2nd Qtr Oct - Dec 16	49,443,525			
3rd Qtr Jan - Mar 17	54,678,838			
4th Qtr Apr - Jun 17	60,823,035			
Total	\$ 210,821,277	\$ 51,155,298	24.3%	22.6%

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



POSITIVE

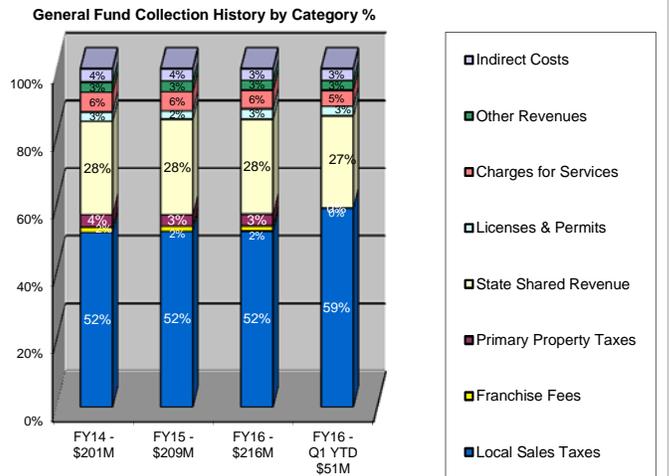
General Fund revenue collections through the first quarter of FY 2016-17 are \$5.3M (11.5%) above the budget based on historical trend and \$3.6M (7.6%) higher than actual collections through the first quarter of FY 2015-16.

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

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

GENERAL FUND REVENUES BY CATEGORY FY 2016-17

Revenue Categories	FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 107,391,000	\$ 30,080,008	28.0%
Franchise Fees	3,275,000	26,465	0.8%
Primary Property Tax	7,556,520	28,348	0.4%
State Shared Revenue	62,907,000	13,879,057	22.1%
Licenses & Permits	4,921,000	1,456,234	29.6%
Charges for Services	11,199,607	2,409,321	21.5%
Other Revenues	6,502,550	1,508,715	23.2%
Indirect Cost Allocation	7,068,600	1,767,150	25.0%
Total	\$ 210,821,277	\$ 51,155,298	24.3%



POSITIVE

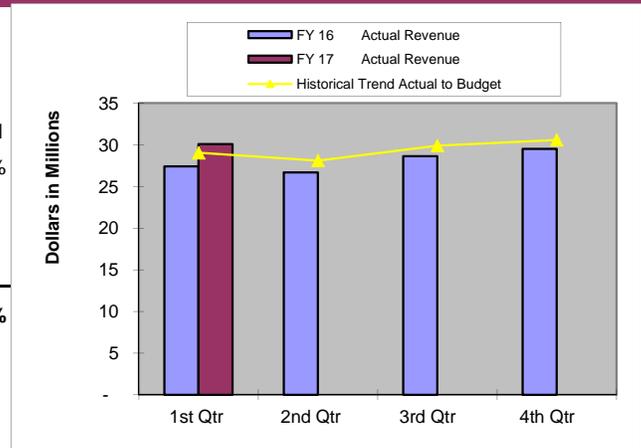
This chart summarizes General Fund revenue collections by revenue category for FY 2016-17. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales taxes and state shared revenues being the largest General Fund revenue sources. The next several pages provide an analysis of each revenue category except Indirect Cost Allocation (payments by the Water, Wastewater, Solid Waste, and Airport Enterprise Funds to the General Fund for City services provided for operations).

REVENUE ANALYSIS (continued):

SALES TAX REVENUE FY 2016-17

		FY 17 Adopted Budget	FY 17 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 16	\$ 26,518,307	\$ 30,080,008	28.0%	27.0%
2nd Qtr	Oct - Dec 16	25,656,825			
3rd Qtr	Jan - Mar 17	27,295,995			
4th Qtr	Apr - Jun 17	27,919,872			
Total		\$ 107,391,000	\$ 30,080,008	28.0%	27.0%

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



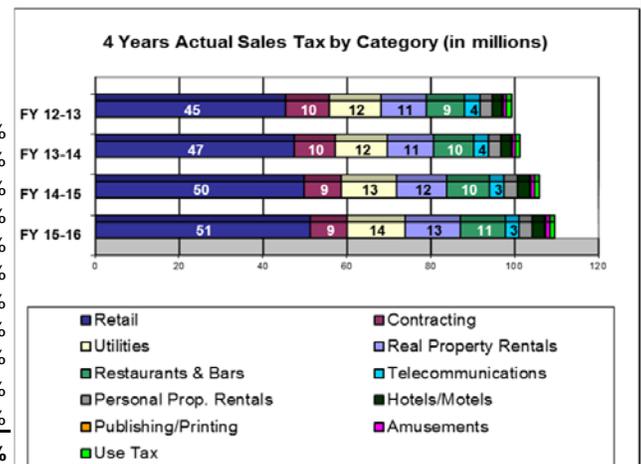
POSITIVE

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the first quarter of FY 2016-17 are \$3.6M (13.4%) above the budget based on historical trend and \$2.7M (9.7%) higher than FY 2015-16 actual collections through the first quarter. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

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

SALES TAX COLLECTION HISTORY

	FY 17 Adopted Budget	FY 17 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 49,200,000	\$ 13,080,415	26.6%	10.3%
Contracting	8,500,000	2,942,294	34.6%	34.8%
Utilities	15,000,000	4,651,609	31.0%	-2.5%
Real Property Rentals	11,800,000	3,352,626	28.4%	6.3%
Restaurants & Bars	9,900,000	2,626,491	26.5%	7.6%
Telecommunications	3,500,000	749,702	21.4%	-5.2%
Personal Prop. Rentals	3,000,000	987,975	32.9%	31.0%
Hotels/Motels	2,500,000	591,321	23.7%	27.7%
Publishing/Printing	250,000	45,633	18.3%	-30.4%
Amusements	750,000	241,263	32.2%	4.3%
Use Tax	900,000	426,758	47.4%	66.4%
TOTAL SALES TAX	\$ 105,300,000	\$ 29,696,088	28.2%	10.1%



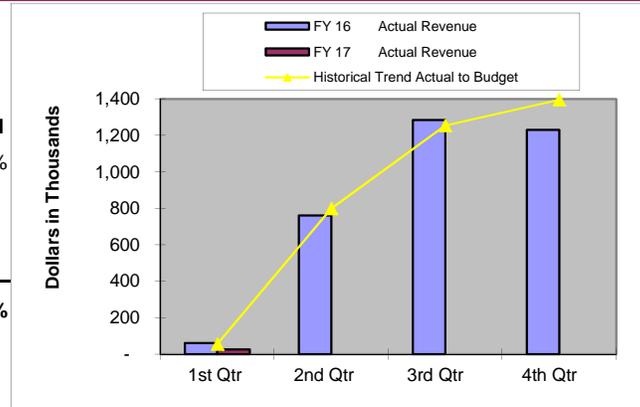
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the first quarter of FY 2016-17 were \$3.6M (14.0%) above the budget based on historical trend and \$2.7M (10.1%) higher than FY 2015-16 actual collections through the first quarter.

REVENUE ANALYSIS (continued):

FRANCHISE FEE REVENUE FY 2016-17

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

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



POSITIVE

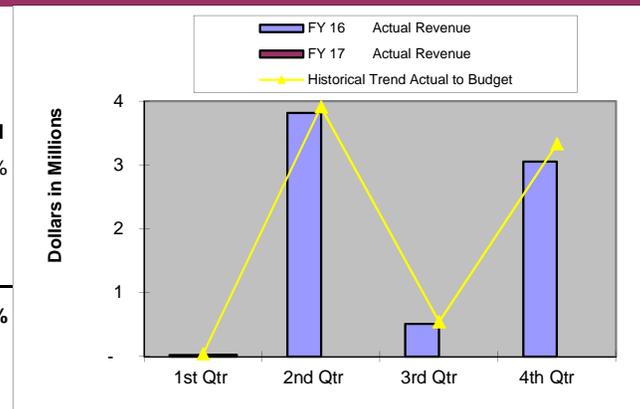
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales).

Franchise fee collections through the first quarter of FY 2016-17 are \$25,234 (-48.8%) below the budget based on historical trend and \$33,941 (-56.2%) less than FY 2015-16 actual collections through the first quarter. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

PRIMARY PROPERTY TAX REVENUE FY 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			
3rd Qtr	Jan - Mar 17	525,669			
4th Qtr	Apr - Jun 17	3,215,232			
Total		\$ 7,556,520	\$ 28,348	0.4%	0.6%

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



POSITIVE

This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 2016-17, Chandler will collect a primary tax rate of \$0.29 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.16, representing a 1.92 cent decrease from the rates adopted for FY 2015-16 to help offset the City's assessed valuation increase of 7.3% in FY 2016-17. This resulted in only a small net increase for the median home value.

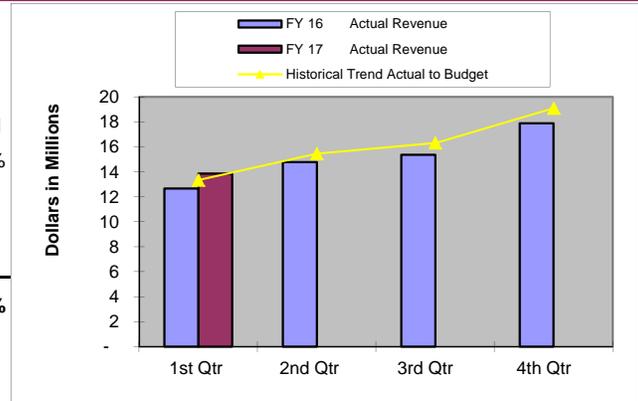
Primary property tax collections through the first quarter of FY 2016-17 are \$12,304 (-30.3%) below the budget based on historical trend and \$6,629 (30.5%) higher than FY 2015-16 actual collections through the first quarter. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half is due in March. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

REVENUE ANALYSIS (continued):

STATE SHARED REVENUE FY 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	15,142,336			
3rd Qtr	Jan - Mar 17	15,983,517			
4th Qtr	Apr - Jun 17	18,714,698			
Total		\$ 62,907,000	\$ 13,879,057	22.1%	21.2%

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



POSITIVE

-- **State Shared Sales Tax:** The state sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as state shared sales tax. Collections through the first quarter of FY 2016-17 are \$147,016 (4.0%) above the budget based on historical trend and \$261,553 (7.3%) higher than FY 2015-16 actual collections through the first quarter. This revenue category reflects a small but steady growth in Arizona's overall economy.

-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the state, as well as surcharges from vehicle rentals. The respective city shares are determined by the proportion of city population to total incorporated population of the county. Collections through the first quarter of FY 2016-17 are \$180,303 (9.5%) above the budget based on historical trend and \$86,142 (4.3%) higher than FY 2015-16 actual collections through the first quarter.

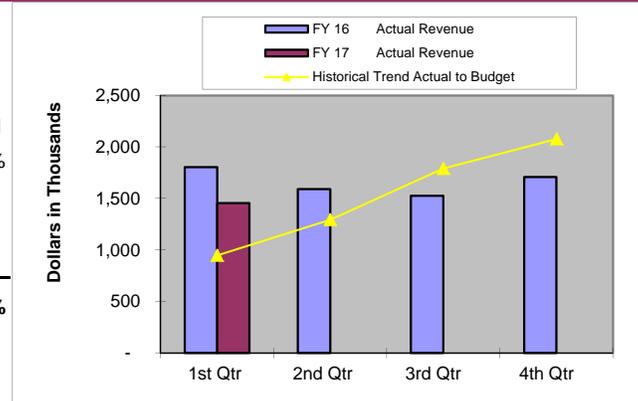
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2014 State income tax collection is distributed to cities and towns as urban revenue sharing based upon population and is known for budget purposes since there is a two year lag in distribution. Collections through the first quarter of FY 2016-17 are \$485,289 (6.5%) above the budget based on historical trend and \$869,301 (12.2%) higher than FY 2015-16 actual collections through the first quarter.

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

LICENSES & PERMITS REVENUE FY 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			
3rd Qtr	Jan - Mar 17	1,442,630			
4th Qtr	Apr - Jun 17	1,674,223			
Total		\$ 4,921,000	\$ 1,456,234	29.6%	19.2%

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



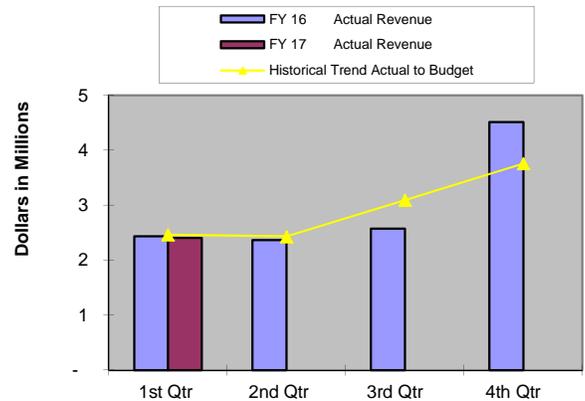
POSITIVE

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the first quarter of FY 2016-17 are \$694,269 (91.1%) above the budget based on historical trend and \$350,198 (-19.4%) below FY 2015-16 actual collections through the first quarter. Budgeted amounts for building permits (the largest revenue in this category) have been kept at moderate levels since it is difficult to predict the timing of new development, but this category is performing very strong and exceeded expectations through the first quarter, resulting in a positive performance indicator.

REVENUE ANALYSIS (continued):

CHARGES FOR SERVICES REVENUE FY 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			
3rd Qtr	Jan - Mar 17	2,948,311			
4th Qtr	Apr - Jun 17	3,584,416			
Total		\$ 11,199,607	\$ 2,409,321	21.5%	22.0%



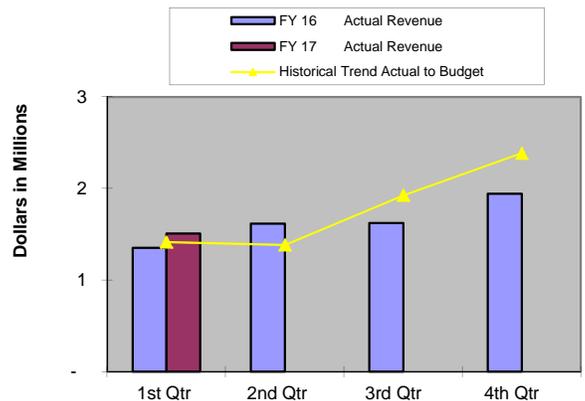
* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

POSITIVE

Charges for Services include revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursement. Charges for services collections through the first quarter of FY 2016-17 are \$59,992 (2.6%) over the budget based on historical trend and \$25,675 (-1.1%) lower than FY 2015-16 actual collections through the first quarter. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

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	1,256,000			
3rd Qtr	Jan - Mar 17	1,752,458			
4th Qtr	Apr - Jun 17	2,173,767			
Total		\$ 6,502,550	\$ 1,508,715	23.2%	21.8%



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

POSITIVE

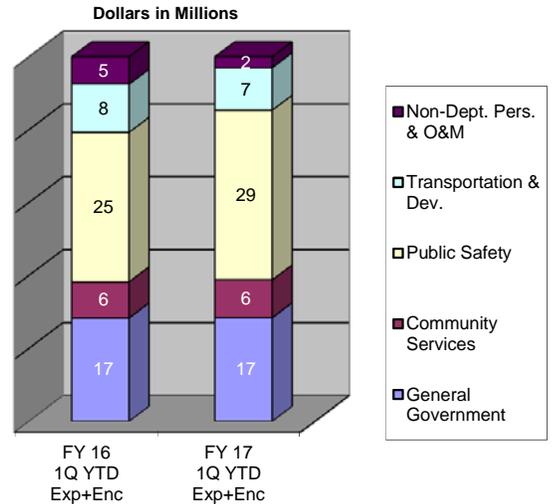
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the first quarter of FY 2016-17 are \$188,390 (14.3%) over the budget based on historical trend and \$155,485 (11.5%) higher than FY 2015-16 actual collections through the first quarter. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than 2%.

EXPENDITURE ANALYSIS:

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

	FY 17 Adjusted Budget	FY17 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
* Dept. Operating				
General Government	\$ 58,989,041	\$ 17,407,212	29.5%	29.8%
Community Services	18,816,179	6,362,459	33.8%	33.7%
Public Safety	102,575,383	28,543,878	27.8%	23.9%
Transportation & Dev.	20,656,452	7,142,476	34.6%	37.8%
Non-Dept. Pers. & O&M	11,215,067	1,825,350	16.3%	30.5%
Subtotal	\$ 212,252,122	\$ 61,281,375	28.9%	28.1%
Non-Dept. Reserves	\$ 3,326,492	\$ -	0.0%	0.0%
Non-Dept. Contingencies	31,634,000	-	0.0%	0.0%
Total	\$ 247,212,614	\$ 61,281,375	24.8%	25.5%

* Excluding Interfund Transfers



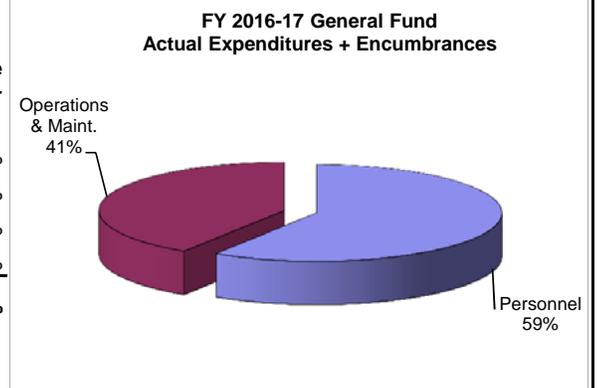
Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council). Since General Obligation debt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

FY 2016-17 operating spending through the first quarter is 28.9% of the adjusted budget compared to 28.1% of adjusted budget spent last fiscal year through the first quarter. As shown on the following pages, departments have expended between 22.9% and 34.6% of their General Fund adjusted budgets through the first quarter of FY 2016-17.

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

*Dept. Operating	FY 17 Adjusted Budget	FY17 Actual Exp+Enc	FY 16 Actual Exp+Enc	% Change from Prior Yr Actual
Personnel	\$ 160,792,484	\$ 36,206,227	\$ 35,190,435	2.9%
Operations & Maint.	51,459,638	25,075,148	25,373,521	-1.2%
Reserves	3,326,492	-	-	0.0%
Contingencies	31,634,000	-	-	0.0%
Total	\$ 247,212,614	\$ 61,281,375	\$ 60,563,956	1.2%

* Excluding Interfund Transfers



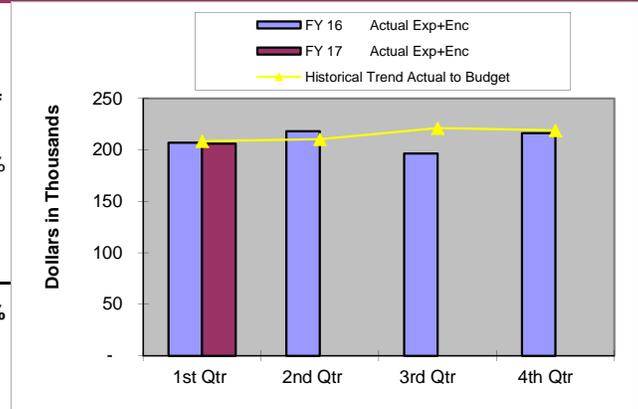
Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending through the first quarter of FY 2016-17 is 1.2% higher than spending through the first quarter of FY 2015-16 mainly due to increases from labor negotiations and benefit changes in Personnel. The Operations & Maintenance category reflects a decrease as compared to FY 2015-16 primarily because FY 2015-16 included significant encumbrances for the 2015 mid-decade Special Census.

EXPENDITURE ANALYSIS (continued / department summaries):

MAYOR & COUNCIL EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 16	\$ 214,206	\$ 206,149	23.1%	23.4%
2nd Qtr	Oct - Dec 16	214,206			
3rd Qtr	Jan - Mar 17	232,057			
4th Qtr	Apr - Jun 17	232,057			
Total		\$ 892,526	\$ 206,149	23.1%	23.4%

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



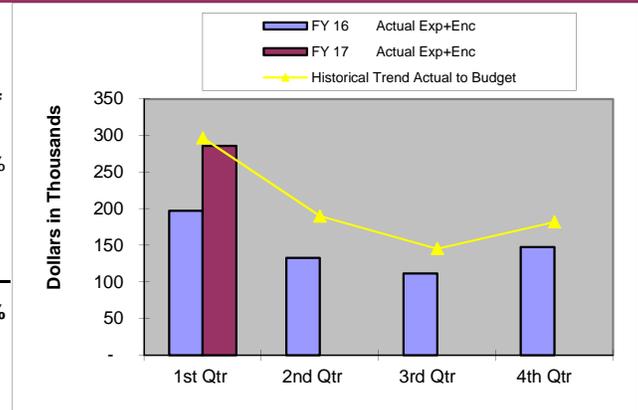
POSITIVE

Mayor and Council spent 23.1% of their FY 2016-17 adjusted budget and has historically spent 23.4% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

CITY CLERK EXPENDITURE FY 2016-17 COMPARISON

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

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



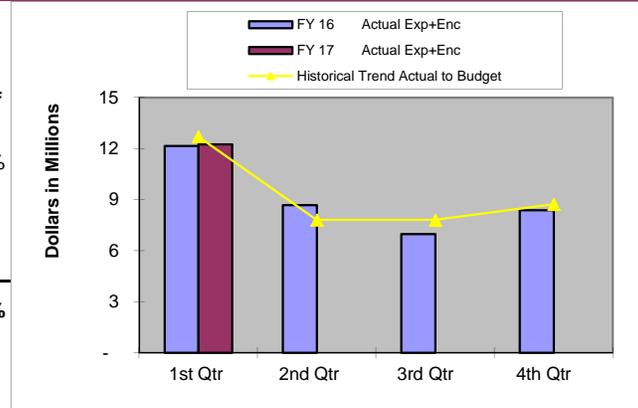
POSITIVE

The City Clerk spent 31.8% of their FY 2016-17 adjusted budget and has historically spent 33.0% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator. Spending in FY 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 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	\$ 13,344,250	\$ 12,245,687	31.5%	32.7%
2nd Qtr	Oct - Dec 16	8,207,984			
3rd Qtr	Jan - Mar 17	8,192,946			
4th Qtr	Apr - Jun 17	9,162,162			
Total		\$ 38,907,341	\$ 12,245,687	31.5%	32.7%



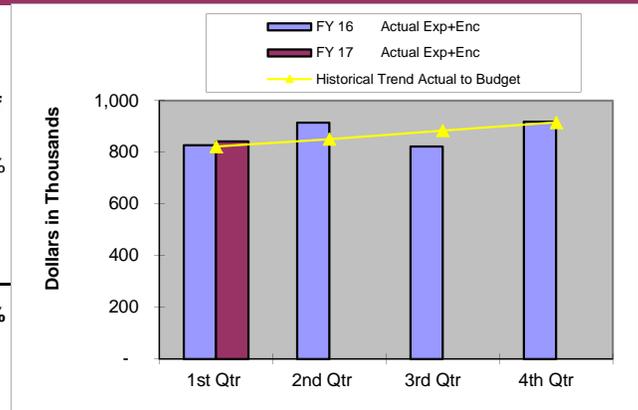
* Historical Trend represents the average of the past 4 years % of actual to budget

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 31.5% of their FY 2016-17 adjusted budget and have historically spent 32.7% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator. The Neighborhood Resources Division moved from the Community & Neighborhood Services Department and the Fleet Division moved from the Fire Department to City Manager, Organizational Support at the beginning of FY 2016-17. The historical comparisons have been updated to reflect the transfers.

LAW EXPENDITURE FY 2016-17 COMPARISON

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



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

POSITIVE

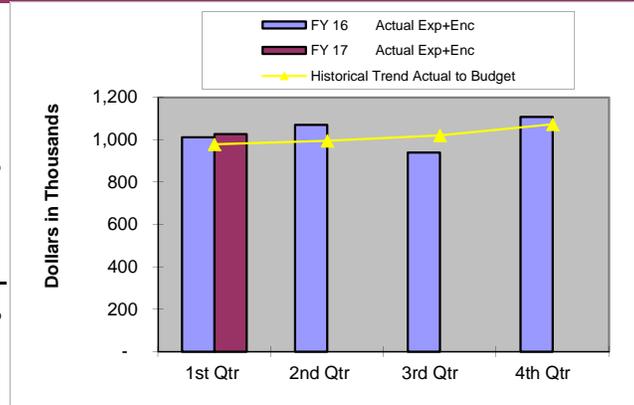
Law spent 22.9% of their FY 2016-17 adjusted budget and has historically spent 22.4% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

EXPENDITURE ANALYSIS (continued / department summaries):

CITY MAGISTRATE EXPENDITURE FY 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	\$ 1,069,987	\$ 1,026,480	23.1%	22.0%
2nd Qtr	Oct - Dec 16	1,089,021			
3rd Qtr	Jan - Mar 17	1,116,309			
4th Qtr	Apr - Jun 17	1,173,715			
Total		\$ 4,449,032	\$ 1,026,480	23.1%	22.0%

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



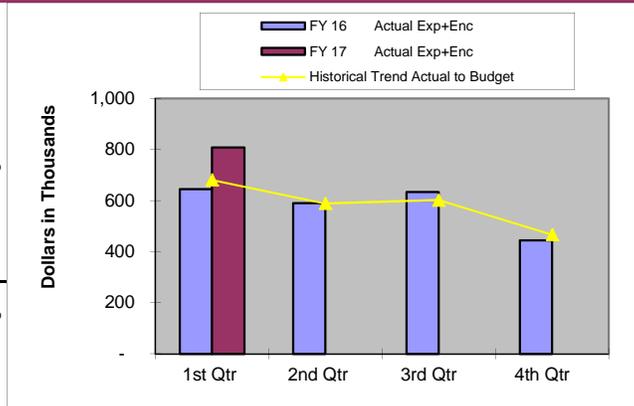
POSITIVE

City Magistrate spent 23.1% of their FY 2016-17 adjusted budget and has historically spent 22.0% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

COMMUNICATIONS & PUBLIC AFFAIRS EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 16	\$ 764,567	\$ 807,967	30.8%	26.0%
2nd Qtr	Oct - Dec 16	661,038			
3rd Qtr	Jan - Mar 17	675,818			
4th Qtr	Apr - Jun 17	523,750			
Total		\$ 2,625,172	\$ 807,967	30.8%	26.0%

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



POSITIVE

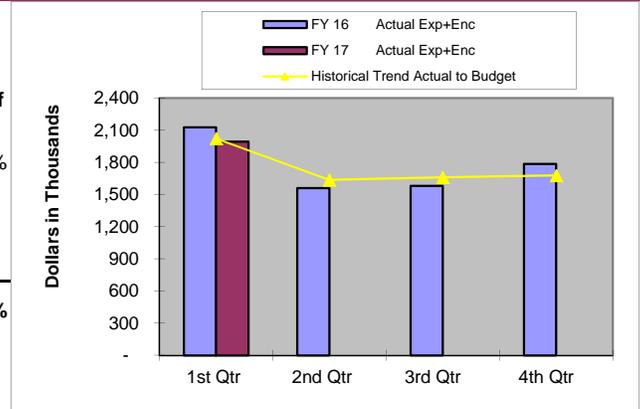
Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 30.8% of their FY 2016-17 adjusted budget and has historically spent 26.0% of their adjusted budget through the first quarter of the fiscal year. The first quarter reflects a significantly higher percentage of budget expended as compared to the historical trend due to a one-time expenditure for consultant services to build a new City website.

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	\$ 2,181,432	\$ 1,993,117	26.4%	26.8%
2nd Qtr	Oct - Dec 16	1,763,243			
3rd Qtr	Jan - Mar 17	1,789,861			
4th Qtr	Apr - Jun 17	1,809,711			
Total		\$ 7,544,247	\$ 1,993,117	26.4%	26.8%

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



POSITIVE

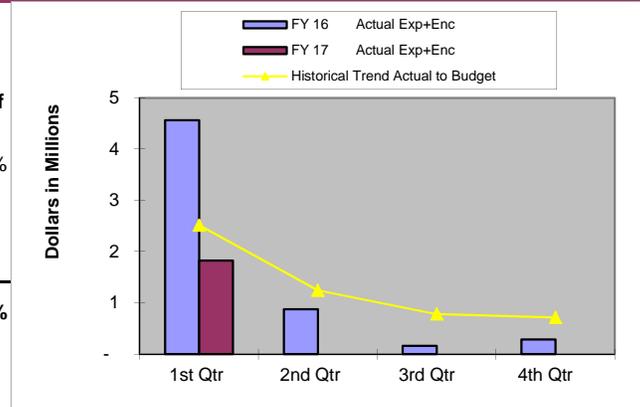
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Budget, Accounting, Purchasing, Central Supply, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 26.4% of their FY 2016-17 adjusted budget and have historically spent 26.8% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

NON-DEPARTMENTAL EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 16	\$ 5,367,548	\$ 1,825,350	16.3%	22.4%
2nd Qtr	Oct - Dec 16	2,654,345			
3rd Qtr	Jan - Mar 17	1,669,473			
4th Qtr	Apr - Jun 17	1,523,702			
Total**		\$ 11,215,067	\$ 1,825,350	16.3%	22.4%

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

** Excludes Reserves and Contingencies



POSITIVE

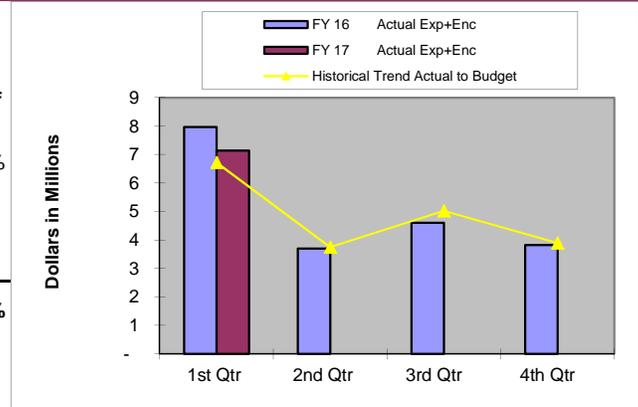
Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates due to changing one-time needs from year to year. Non-departmental spending through the first quarter of FY 2016-17 is 16.3% of the adjusted budget, with historical spending of 22.4% through the first quarter of the fiscal year, resulting in a positive performance indicator. The historical trend for the first quarter increased 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	\$ 7,229,758	\$ 7,142,476	34.6%	32.6%
2nd Qtr	Oct - Dec 16	3,924,726			
3rd Qtr	Jan - Mar 17	5,370,678			
4th Qtr	Apr - Jun 17	4,131,290			
Total		\$ 20,656,452	\$ 7,142,476	34.6%	32.6%

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



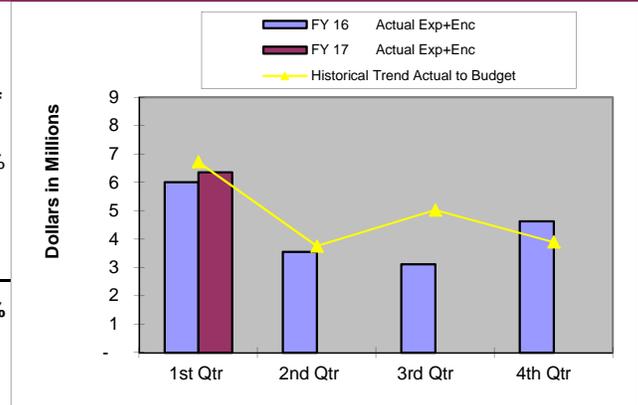
POSITIVE

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 34.6% of their FY 2016-17 adjusted budget and has historically spent 32.6% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

COMMUNITY SERVICES EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 16	\$ 6,585,663	\$ 6,362,459	33.8%	35.7%
2nd Qtr	Oct - Dec 16	3,575,074			
3rd Qtr	Jan - Mar 17	4,892,207			
4th Qtr	Apr - Jun 17	3,763,236			
Total		\$ 18,816,179	\$ 6,362,459	33.8%	35.7%

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



POSITIVE

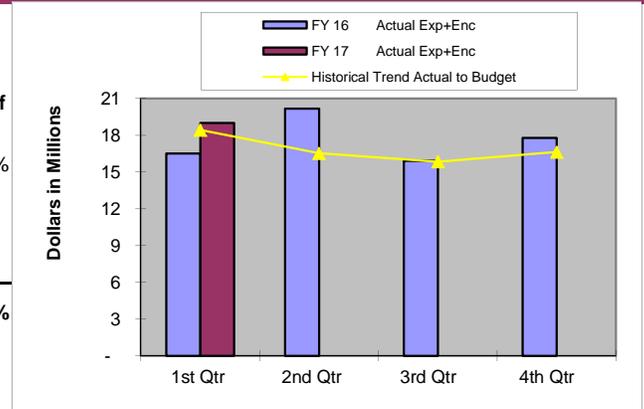
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Parks Development & Operations, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. The department spent 33.8% of their FY 2016-17 adjusted budget and has historically spent 35.7% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator. At the beginning of FY 2016-17, the Neighborhood Resources cost centers (Neighborhood Resources, Housing and Redevelopment, and Code Enforcement) moved from the Community & Neighborhood Services Department to City Manager, Organizational Support (and the Department was renamed Community Services). The historical comparisons have been updated to reflect the transfer.

EXPENDITURE ANALYSIS (continued / department summaries):

POLICE EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 16	\$ 18,534,146	\$ 19,000,442	27.7%	26.8%
2nd Qtr	Oct - Dec 16	17,161,246			
3rd Qtr	Jan - Mar 17	15,788,347			
4th Qtr	Apr - Jun 17	17,161,246			
Total		\$ 68,644,985	\$ 19,000,442	27.7%	26.8%

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



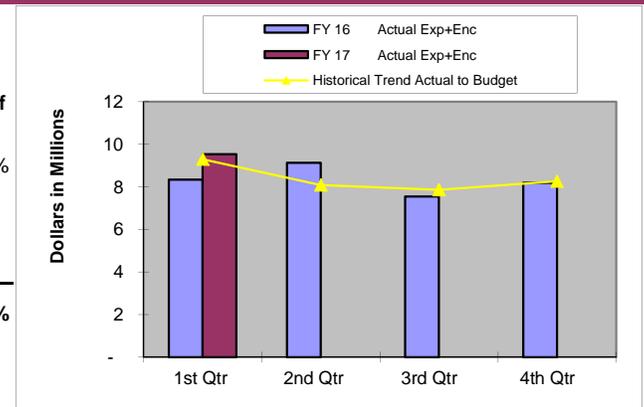
POSITIVE

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 27.7% of the FY 2016-17 adjusted budget and has historically spent 26.8% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator.

FIRE, HEALTH & MEDICAL EXPENDITURE FY 2016-17 COMPARISON

		FY 17 Adjusted Budget	FY 17 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 16	\$ 9,500,511	\$ 9,543,436	28.1%	27.4%
2nd Qtr	Oct - Dec 16	8,143,296			
3rd Qtr	Jan - Mar 17	7,803,992			
4th Qtr	Apr - Jun 17	8,482,600			
Total		\$ 33,930,398	\$ 9,543,436	28.1%	27.4%

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



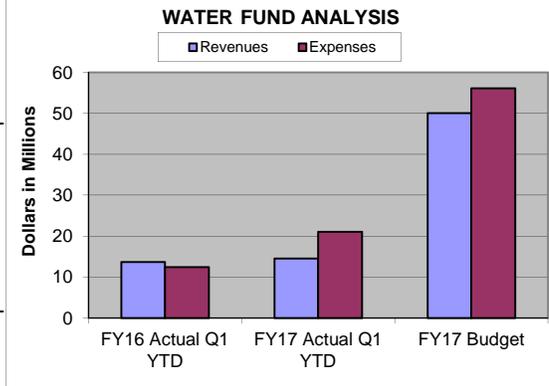
POSITIVE

Fire, Health & Medical includes the following cost centers: Administration, Emergency Services, Operations, Prevention & Preparedness, and Support Services. The Department spent 28.1% of their FY 2016-17 adjusted budget and has historically spent 27.4% of their adjusted budget through the first quarter of the fiscal year, resulting in a positive performance indicator. The Fleet Services Division was managed by Fire, Health & Medical prior to FY 2016-17, at which time it was moved to City Manager, Organizational Support. The historical comparisons have been updated to reflect the transfer.

ENTERPRISE FUNDS ANALYSIS:

WATER FUND ANALYSIS FY 2016-17 COMPARISON

WATER FUND	FY 17 Adjusted Budget	FY 17 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 50,114,800	\$ 14,571,169	29%	27%
Total Revenues	\$ 50,114,800	\$ 14,571,169	29%	27%
Operating Expenses	\$ 29,990,120	\$ 12,040,336	40%	37%
Major Capital Expenses	8,549,758	8,101,352	95%	1%
Debt Service	14,255,008	-	0%	0%
Transfers Out	3,376,446	947,054	28%	24%
Total Expenses	\$ 56,171,332	\$ 21,088,742	38%	19%
Net Rev / Exp	\$ (6,056,532)	\$ (6,517,572)		



POSITIVE

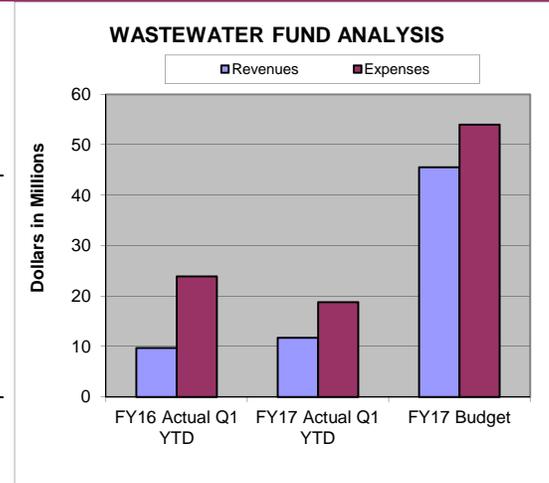
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Water Operating Fund includes the following cost centers: Administration, Water Distribution, Water Treatment Plant, Environmental Resources, Water Quality, Water Systems Maintenance, San Tan Vista Water Treatment Plant, Meter Services, and Water Capital. The Water Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2016-17 reflects 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-to-date **Operating Revenues** through the first quarter are 29% of budget compared to 27% through the first quarter of FY 2015-16, while **Operating Expenses** through the first quarter are 37% of budget as compared to 37% through the first quarter of FY 2015-16.

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

WASTEWATER FUND ANALYSIS FY 2016-17 COMPARISON

WASTEWATER FUND	FY 17 Adjusted Budget	FY 17 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 43,266,720	\$ 10,666,354	25%	23%
Intel Rev/Receivable	2,259,754	1,022,489	45%	0%
Total Revenues	\$ 45,526,474	\$ 11,688,843	26%	20%
Operating Expenses	\$ 19,915,403	\$ 6,380,419	32%	32%
Major Capital Expenses	14,914,849	9,497,486	64%	80%
Intel Exp/Payable	2,259,754	2,259,753	100%	0%
Debt Service	14,463,696	-	0%	0%
Transfers Out	2,444,782	651,926	27%	25%
Total Expenses	\$ 53,998,484	\$ 18,789,584	35%	35%
Net Rev / Exp	\$ (8,472,010)	\$ (7,100,741)		



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.

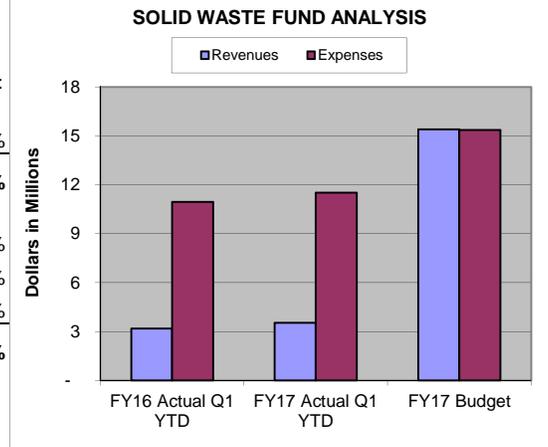
The Wastewater Operating Fund includes the following cost centers: Collection, Ocotillo Brine Reduction Facility, Lone Butte Wastewater Treatment, Wastewater Quality, Airport Water Reclamation Facility, Ocotillo Water Reclamation Facility, and Wastewater Capital. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2016-17 reflects a budgeted \$8.5M drawdown of fund balance. The budgeted Transfers Out include indirect cost allocation to the General Fund of \$2,374,900, payment of \$54,307 to the Technology Replacement Fund, and payment of \$15,575 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the first quarter are 25% of budget compared to 23% through the first quarter of FY 2015-16, while **Operating Expenses** through the first quarter are 31% of budget as compared to 32% through the first quarter of FY 2015-16.

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

ENTERPRISE FUNDS ANALYSIS (continued):

SOLID WASTE FUND ANALYSIS FY 2016-17 COMPARISON

SOLID WASTE	FY 17 Adjusted Budget	FY 17 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 15,392,682	\$ 3,520,016	23%	21%
Total Revenues	\$ 15,392,682	\$ 3,520,016	23%	20%
Operating Expenses	\$ 13,611,132	\$ 10,825,297	80%	78%
Major Capital Expenses	755,854	398,652	53%	11%
Transfers Out	1,003,867	290,386	29%	24%
Total Expenses	\$ 15,370,853	\$ 11,514,334	75%	70%
Net Rev / Exp	\$ 21,829	\$ (7,994,318)		



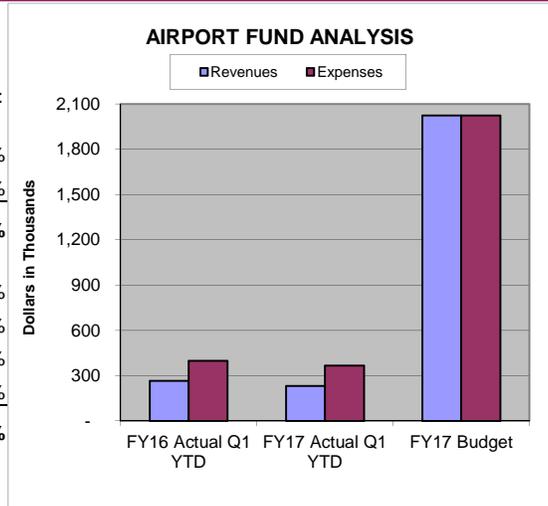
POSITIVE

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 increase of \$21,829 to fund balance. Transfers Out include an indirect cost allocation to the General Fund of \$940,600, payment of \$52,559 to the Technology Replacement Fund, and payment of \$10,708 to the Workers Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the first quarter are 23% of budget compared to 21% through the first quarter of FY 2015-16, while **Operating Expenses** through the first quarter are 80% of budget as compared to 78% through the first quarter of FY 2015-16. The first quarter reflects large encumbrances (\$8.2M) that are recorded at the start of the fiscal year for the Solid Waste collections contract to support costs through the end of the fiscal year and then spent against for the remainder of the year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

AIRPORT FUND ANALYSIS FY 2016-17 COMPARISON

AIRPORT FUND	FY 17 Adjusted Budget	FY 17 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 1,073,995	\$ 231,091	22%	24%
General Fund Subsidy	949,675	-	0%	0%
Total Revenues	\$ 2,023,670	\$ 231,090	11%	13%
Operating Expenses	\$ 1,065,369	\$ 272,976	26%	26%
Major Capital Expenses	826,358	64,141	8%	24%
Debt Service	26,563	-	0%	0%
Transfers Out	105,380	30,380	29%	29%
Total Expenses	\$ 2,023,670	\$ 367,497	18%	25%
Net Rev / Exp	\$ -	\$ (136,407)		



WARNING

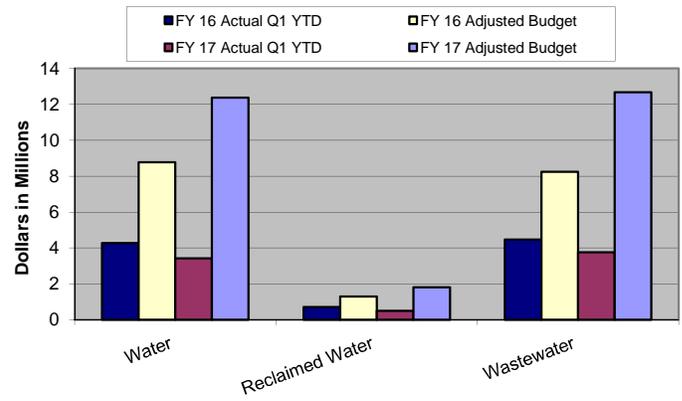
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2016-17 reflects no budgeted change in fund balance since the General Fund Subsidy is budgeted from the General Fund to make up the funding needed to help support operations and/or Major Capital Expenses. The budgeted Transfers Out include indirect cost allocation to the General Fund of \$100,000 and payment of \$5,380 to the Technology Replacement Fund. The Debt Service expense will be paid off by July 1, 2018. Year-to-date **Operating Revenues** through the first quarter are 22% of budget compared to 24% through the first quarter of FY 2015-16. **Operating Expenses** through the first quarter are 26% of budget as compared to 26% through the first quarter of FY 2015-16. Operating expenditures, Debt Service and indirect costs through the first quarter reflect 25% of budgeted expenditures in these categories, which is 3% higher than Operating Revenues through the first quarter, resulting in a warning 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	\$ 3,425,589	28%
Reclaimed Water	1,807,300	500,924	28%
Wastewater	12,675,600	3,754,166	30%
Total SDF Revenue	\$ 26,854,000	\$ 7,680,679	29%



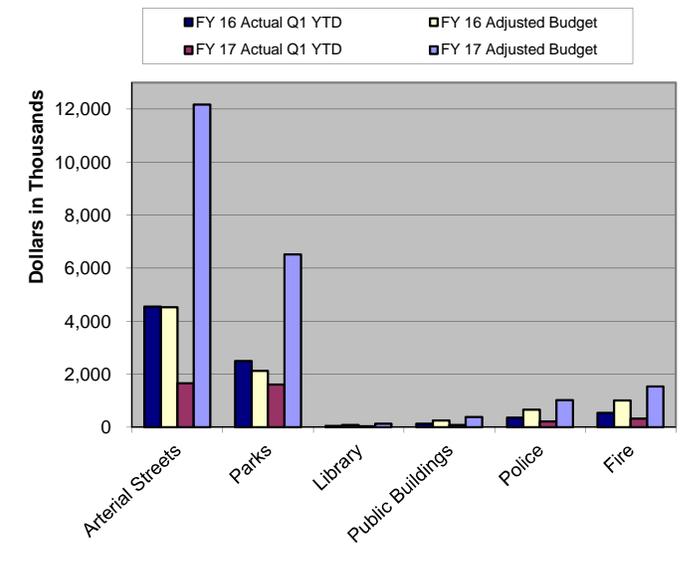
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

POSITIVE

System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2016-17 budget and year-to-date collections through the first quarter as compared to the FY 2015-16 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2016-17 were 29% of the budget as compared to the prior year's collections of 52% through the first quarter. FY 2015-16 collections reflected two large multi-family developments that pulled permits sooner than anticipated, resulting in higher than normal collections in the first quarter.

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	\$ 1,661,874	14%
Parks	6,520,200	1,611,369	25%
Library	135,400	35,022	26%
Public Buildings	387,400	81,032	21%
Police	1,020,800	214,307	21%
Fire	1,540,700	324,716	21%
Total Impact Revenue	\$ 21,773,700	\$ 3,928,320	18%



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.

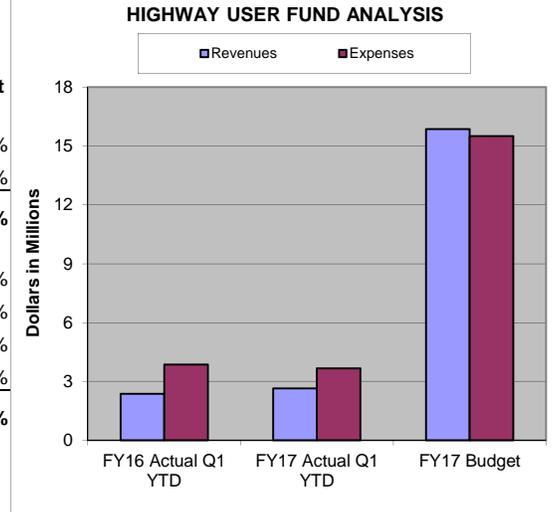
WARNING

Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2016-17 budget and year-to-date collections through the first quarter as compared to FY 2015-16 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2016-17 were 18% of the budget as compared to the prior year's collections through the first quarter of 94% of the budget. FY 2015-16 collections reflected two large multi-family developments that pulled permits sooner than anticipated, resulting in higher than normal collections in the first quarter. The warning indicator is the result of that impact on the comparison to FY 2015-16.

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	\$ 2,514,458	16%	17%
Other	143,000	127,604	89%	19%
Total Revenues	\$ 15,863,459	\$ 2,642,062	17%	17%
Operating Expenses	\$ 9,820,645	\$ 2,888,372	29%	30%
Major Capital Expenses	2,994,961	743,512	25%	21%
Debt Service	2,671,438	-	0%	0%
Transfers Out	24,853	24,853	100%	0%
Total Expenses	\$ 15,511,897	\$ 3,656,737	24%	21%
Net Rev / Exp	\$ 351,562	\$ (1,014,676)		

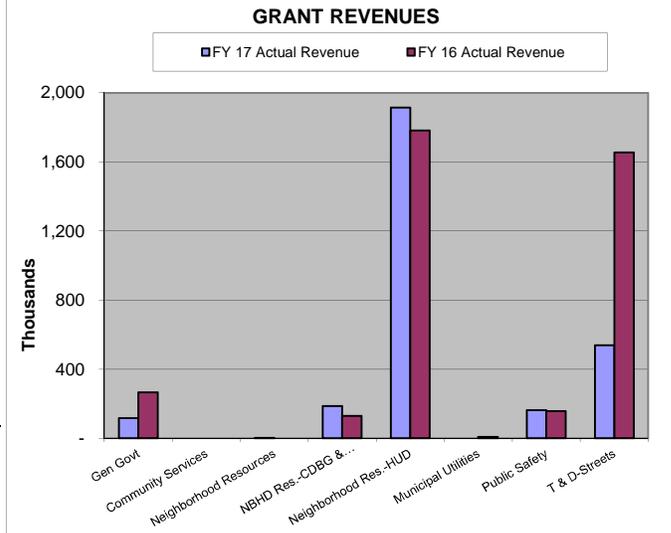


POSITIVE

Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2016-17 reflects a budgeted fund balance surplus of \$352K. Transfers Out include payment of \$24,853 to the Technology Replacement Fund. **Operating Revenues** received through the first quarter are 16% of budget, which is 1% lower than the percentage through the first quarter of last fiscal year. **Operating Expenses** through the first quarter are 29% of adjusted budget, which is 1% lower than the percentage through the first quarter of last fiscal year.

GRANT FUNDS ANALYSIS FY 2016-17 COMPARISON

	FY 17 Adjusted Budget	FY 17 Actual Revenue	% of Budget Rec'd to Date
General Government*	\$ 3,827,932	\$ 116,713	3%
Community Services	120,092	-	0%
Neighborhood Res.	10,000	3,136	31%
Neighborhood Res. - CDBG & HOME	3,035,201	187,629	6%
Neighborhood Res. - HUD	12,519,442	1,913,766	15%
Municipal Utilities	100,000	-	0%
Public Safety	4,199,148	162,450	4%
T & D - Streets	11,871,507	538,205	5%
Total Grant Revenue	\$ 35,683,322	\$ 2,921,899	8%



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

Grants are an additional source of funds for major capital projects and certain operating programs. Grant sources include federal, state, and county governments as well as donations from businesses, organizations, or individuals to support particular programs. The adopted budget for grants is unique because it is developed before final approval on grant awards from other agencies is received in an effort to allow for adequate appropriation to spend anticipated grants. Additionally, in most cases grant revenues for many programs are received on a reimbursable basis, so the revenue on a large capital project may lag one to two fiscal years after the project is initiated. Actual collections through the first quarter of FY 2016-17 were \$2.9M (8% of adjusted budget) as compared to \$4M (14% of adjusted budget) collected through the first quarter of FY 2015-16.