



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 16-052

DATE: FEBRUARY 10, 2016

TO: MAYOR AND COUNCIL

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

FROM: GREG WESTRUM, BUDGET MANAGER *AW*

SUBJECT: FY 2015-16 SECOND QUARTER FINANCIAL REPORT

Attached is the FY 2015-16 Second Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures, and additional summaries and analysis of Enterprise, System Development Fees and Impact Fees, Highway User Tax, and Grant funds. The analysis included in this report provides a snapshot as of the end of the second quarter of FY 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 strongly through the first half of the year. Departmental expenditure rates are consistent with previous years with 51.5% of adjusted budget expended or encumbered at the end of the second quarter.

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

Attachment

c: Nachie Marquez, Assistant City Manager



QUARTERLY FINANCIAL REPORT

2nd Qtr FY15-16

PERFORMANCE AT A GLANCE

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PERFORMANCE INDICATORS

POSITIVE	= Variance < 2% compared to historical trends or positive variance > 0% for % to budget.
WARNING	= Variance of 2 - 5% compared to historical trends.
NEGATIVE	= Variance of > 5% compared to historical trends or negative variance < 0% for % to budget.

THE QUARTERLY FINANCIAL REPORT

Report Objectives

- * Provide historical comparisons to identify trends or deviations from trends.
- * Develop performance benchmarks to measure positive and negative results.
- * Create an executive level report to highlight potential issues or concerns.

What is Included in the Report

The report emphasizes General Fund, with analysis of its revenue and each category of revenue, and the expenditures by department. Also included is a summary and analysis of Enterprise Funds, System Development Fee and Impact Fee Funds, the Highway User Tax Fund, and Grants.

How to Read the Report

- * Page 1 serves as a table of contents and quick view of performance issues.
- * The benchmarks are Positive (navy colored), Warning (grey colored), and Negative (maroon colored), providing an initial indicator to determine if the category needs to be monitored closely in the upcoming period.
- * Performance indicators for General Fund *revenue* are comparing the percent of year-to-date actuals collected to total budget AND the budget prorated based on the historical trend (last four years) of average actual year-to-date collections.
- * Performance indicators for General Fund *expenditures* are based on whether they are within budget for the percent of year-to-date actuals expended plus encumbrances compared to the total budgeted expenditures.
- * Performance indicators for Enterprise Funds focus on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

ECONOMIC INDICATORS

GROSS DOMESTIC PRODUCT (GDP)

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.

First Quarter 2015 (revised estimate)	0.6%
Second Quarter 2015 (third estimate)	3.9%
Third Quarter 2015 (revised estimate)	2.0%
Fourth Quarter 2015 (advance estimate)	0.7%

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
Sep-15	5.1%	6.3%	5.5%
Oct-15	5.0%	6.1%	5.2%
Nov-15	5.0%	6.0%	5.0%
Dec-15	5.0%	5.8%	4.7%

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).

	2nd Quarter	Fiscal Year
Fiscal Year 2015-16 Rate of Return		
Benchmark:	-0.31%	-0.07%
Wells Capital Management:	-0.21%	-0.05%
PFM:	-0.15%	0.12%
Fiscal Year 2014-15 Rate of Return		
Benchmark:	0.12%	0.15%
Wells Capital Management:	0.09%	0.12%
PFM:	0.12%	0.17%

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; \$47,911 of interest has been recorded through the second quarter of 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
Jul - Aug - Sep 2014	4,506	126
Oct - Nov - Dec 2014	3,850	105
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

Single family building permits are lower than the high-growth years, averaging 216 permits per quarter over the last six quarters. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower sales tax revenues. As shown above, FY 2015-16 continues a stable trend in building permits given the above average numbers.

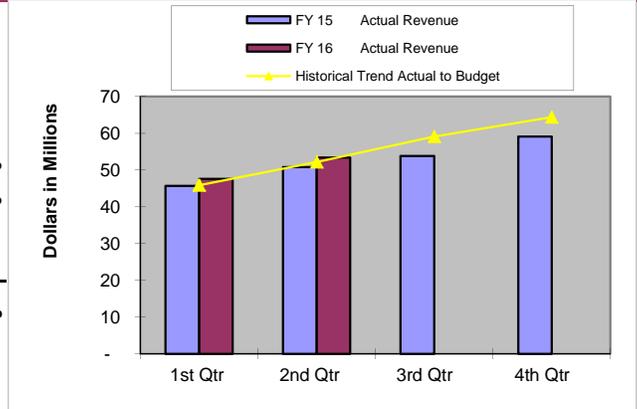
Sources: U.S. Census Bureau and City of Chandler Transportation & Development Department.

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	52,481,301			
4th Qtr Apr - Jun 16	57,353,757			
Total	\$ 204,832,139	\$ 100,960,368	49.3%	47.9%

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



POSITIVE

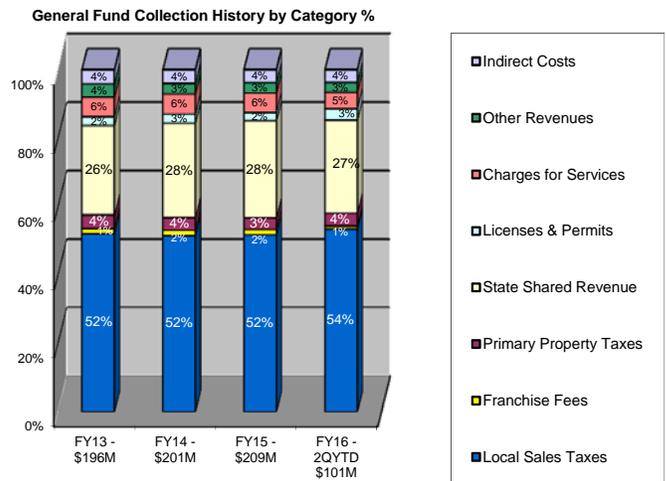
General Fund revenue collections through the second quarter of FY 2015-16 are \$6.0M (6.3%) above the budget based on historical trend of actual year-to-date collections and \$4.5M (4.7%) higher than actual collections through the second quarter of FY 2014-15.

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 2015-16

Revenue Categories	FY 16 Adopted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 104,189,750	\$ 54,095,793	51.9%
Franchise Fees	3,175,000	820,590	25.8%
Primary Property Tax	7,272,000	3,841,449	52.8%
State Shared Revenue	60,260,300	27,449,370	45.6%
Licenses & Permits	4,488,000	3,398,523	75.7%
Charges for Services	11,767,600	4,798,651	40.8%
Other Revenues	6,505,099	2,968,797	45.6%
Indirect Cost Allocation	7,174,390	3,587,195	50.0%
Total	\$ 204,832,139	\$ 100,960,368	49.3%



POSITIVE

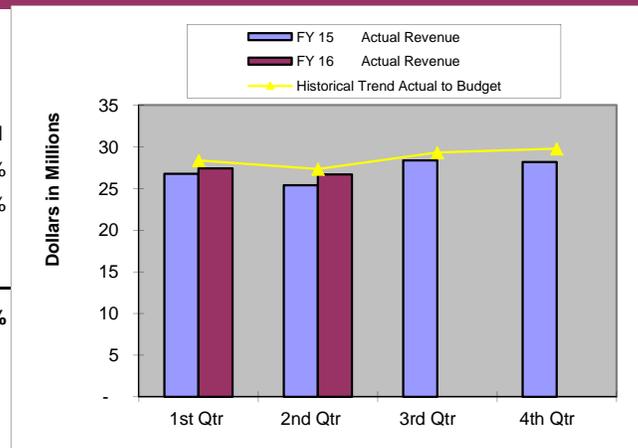
This chart summarizes General Fund revenue collections by revenue category for FY 2015-16. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales 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 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	26,617,155			
4th Qtr	Apr - Jun 16	27,040,683			
Total		\$ 104,189,750	\$ 54,095,793	51.9%	53.4%

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



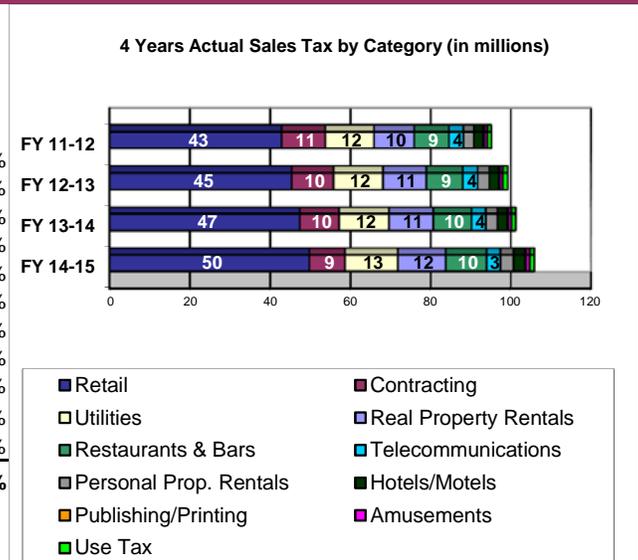
POSITIVE

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the second quarter of FY 2015-16 are \$3.6M (7.1%) above the budget based on historical trend and \$2.0M (3.8%) higher than FY 2014-15 actual collections through the second quarter. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than 2%.

It should be noted that House Bill (HB) 2111 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 to January 1, 2016, but the date will continue to move until the Arizona Department of Revenue can complete the necessary technological system improvements, testing, and taxpayer education.

SALES TAX COLLECTION HISTORY

	FY 16 Adopted Budget	FY 16 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 48,200,000	\$ 23,689,953	49.1%	3.2%
Contracting	8,900,000	4,164,536	46.8%	-10.4%
Utilities	13,000,000	8,180,266	62.9%	7.2%
Real Property Rentals	11,200,000	6,437,159	57.5%	14.1%
Restaurants & Bars	9,800,000	4,919,780	50.2%	4.5%
Telecommunications	3,500,000	1,581,324	45.2%	-8.0%
Personal Prop. Rentals	3,200,000	1,508,675	47.1%	-1.3%
Hotels/Motels	2,500,000	1,036,274	41.5%	-2.9%
Publishing/Printing	250,000	132,471	53.0%	2.0%
Amusements	730,000	464,743	63.7%	29.1%
Use Tax	820,000	479,665	58.5%	12.0%
TOTAL SALES TAX	\$ 102,100,000	\$ 52,594,846	51.5%	3.5%



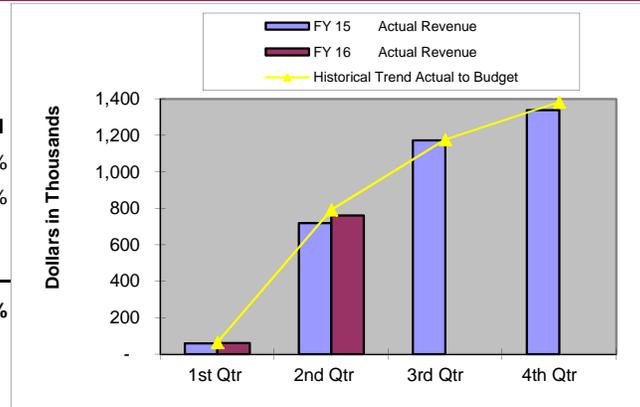
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the second quarter of FY 2015-16 were \$3.1M (6.2%) above the budget based on historical trend and \$1.8M (3.5%) higher than FY 2014-15 actual collections through the second quarter.

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			
4th Qtr	Apr - Jun 16	1,285,434			
Total		\$ 3,175,000	\$ 820,590	25.8%	26.9%

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



POSITIVE

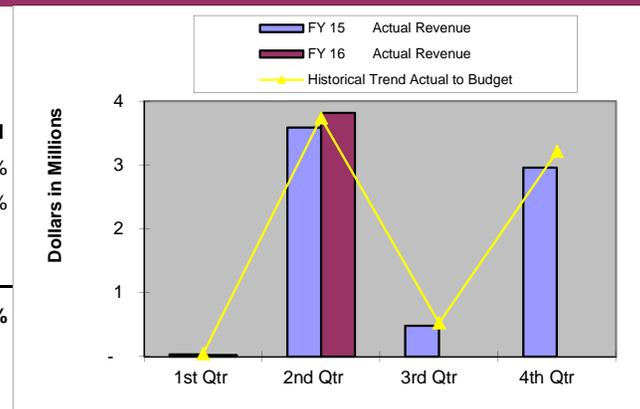
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales). The historical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

Franchise fee collections through the second quarter of FY 2015-16 are \$25,289 (3.2%) above the budget based on historical trend and \$42,578 (5.5%) higher than FY 2014-15 actual collections through the second quarter. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than 2%.

PRIMARY PROPERTY TAX REVENUE FY 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			
4th Qtr	Apr - Jun 16	3,104,093			
Total		\$ 7,272,000	\$ 3,841,449	52.8%	52.0%

* 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 will collect 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 home value.

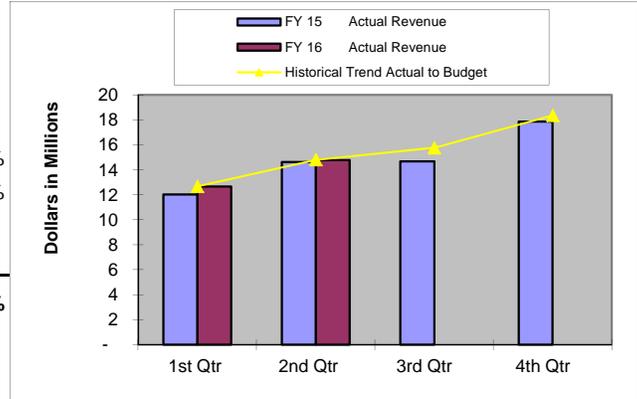
Primary property tax collections through the second quarter of FY 2015-16 are \$182,734 (5.0%) above the budget based on historical trend and \$221,440 (6.1%) higher than FY 2014-15 actual collections through the second quarter. The majority of collections come in the second and fourth quarters since 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 second quarter and percentage of historical budget received through the second quarter is less than 2%.

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	15,392,445			
4th Qtr	Apr - Jun 16	17,942,680			
Total		\$ 60,260,300	\$ 27,449,370	45.5%	45.6%

* 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 second quarter of FY 2015-16 are \$88,078 (1.0%) above the budget based on historical trend and \$507,977 (6.0%) higher than FY 2014-15 actual collections through the second quarter. This revenue category reflects a small but steady growth in Arizona's overall economy.

-- Vehicle License Tax: Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the state, as well as surcharges from vehicle rentals. The respective city shares are determined by the proportion of city population to total incorporated population of the county. Collections through the second quarter of FY 2015-16 are \$431,061 (11.2%) above the budget based on historical trend and \$340,198 (8.6%) higher than FY 2014-15 actual collections through the second quarter.

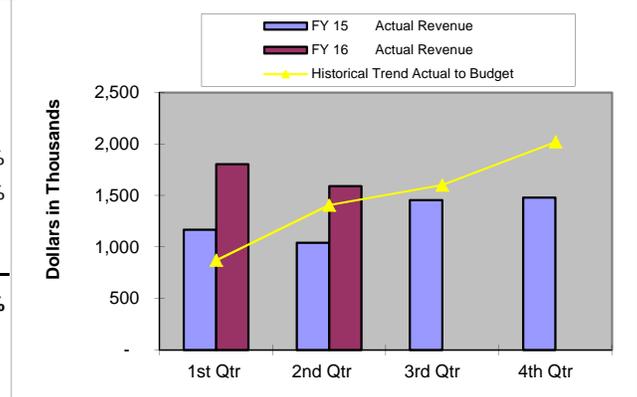
-- Urban Revenue Sharing: Fifteen percent (15%) of the 2013 State income tax collection is distributed to cities and towns as urban revenue sharing based upon population and is known for budget purposes since there is a two year lag in distribution. Collections through the second quarter of FY 2015-16 are \$5,056 (less than 0.04%) above the budget based on historical trend and \$77,552 (-0.5%) lower than FY 2014-15 actual collections through the second quarter.

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

LICENSES & PERMITS REVENUE FY 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			
4th Qtr	Apr - Jun 16	1,537,032			
Total		\$ 4,488,000	\$ 3,398,523	75.8%	50.7%

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



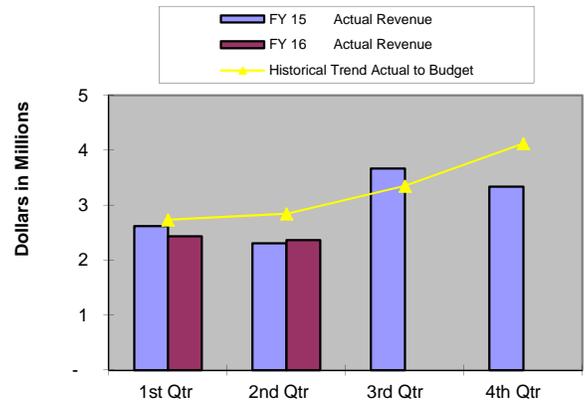
POSITIVE

This category includes revenue for various licenses: transaction privilege sales tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the second quarter of FY 2015-16 are \$1.7M (96.2%) above the budget based on historical trend and \$1.2M (53.8%) above FY 2014-15 actual collections through the second quarter. Budgeted amounts for building permits (the largest revenue in this category) have been kept at moderate levels since it is difficult to predict the timing of new development, but this category is performing very strong and exceeded expectations through the second quarter, resulting in a positive performance indicator.

REVENUE ANALYSIS (continued):

CHARGES FOR SERVICES REVENUE FY 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			
4th Qtr	Apr - Jun 16	3,718,993			
Total		\$ 11,767,600	\$ 4,798,651	40.8%	47.4%



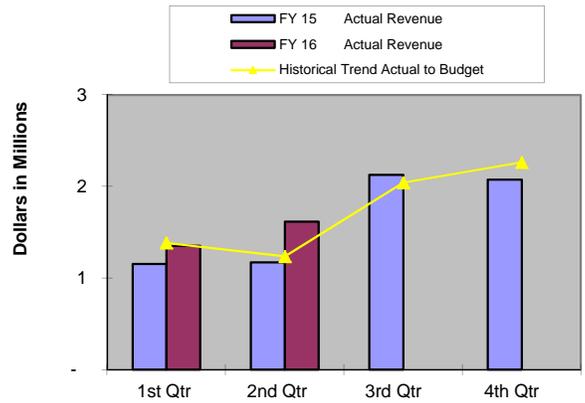
* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

NEGATIVE

Charges for Services include revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursement. Charges for services collections through the second quarter of FY 2015-16 are \$229,156 (-4.6%) below the budget based on historical trend and \$125,748 (-2.6%) lower than FY 2014-15 actual collections through the second quarter. A negative performance indicator occurs since the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is more than 5%. This is due to FY 2014-15 reflecting higher ambulance revenues through the second quarter due to a timing difference in collection of receipts, while FY 2015-16 reflects a return to the normal revenue stream, as well as reduced Building Plan Review Fees.

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			
4th Qtr	Apr - Jun 16	2,001,291			
Total		\$ 6,505,099	\$ 2,968,799	45.6%	40.3%



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

POSITIVE

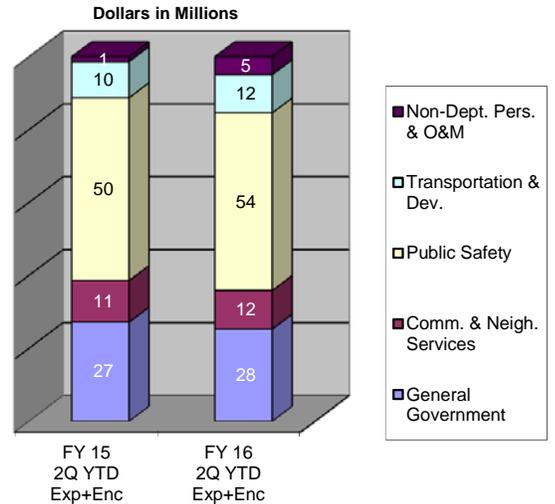
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the second quarter of FY 2015-16 are \$230,246 (8.4%) above the budget based on historical trend and \$644,383 (27.7%) higher than FY 2014-15 actual collections through the second quarter. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than 2%.

EXPENDITURE ANALYSIS:

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

	FY 16 Adjusted Budget	FY16 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
* Dept. Operating				
General Government	\$ 53,859,402	\$ 28,122,777	52.2%	51.5%
Comm. & Neigh. Services	21,776,880	11,765,593	54.0%	55.5%
Public Safety	100,859,582	54,152,804	53.7%	52.1%
Transportation & Dev.	21,118,323	11,677,453	55.3%	49.8%
Non-Dept. Pers. & O&M	18,127,185	5,438,902	30.0%	11.3%
Subtotal	\$ 215,741,372	\$ 111,157,529	51.5%	49.7%
Non-Dept. Reserves	\$ 2,474,361	\$ -	0.0%	0.0%
Non-Dept. Contingencies	24,233,072	-	0.0%	0.0%
Total	\$ 242,448,805	\$ 111,157,529	45.8%	43.2%

* Excluding Interfund Transfers



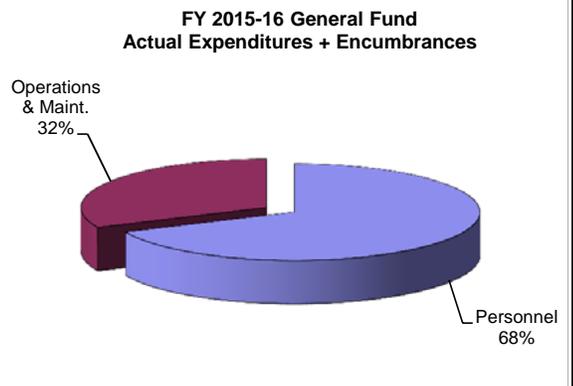
Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council). Since General Obligation debt 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 2015-16 operating spending through the second quarter is 51.5% of the adjusted budget compared to 49.7% of adjusted budget spent last fiscal year through the second quarter. As shown on the following pages, departments have expended between 47.6% and 55.3% of their General Fund adjusted budgets through the second quarter of 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	\$ 156,031,867	\$ 75,759,010	\$ 70,373,829	7.7%
Operations & Maint.	59,709,505	35,398,519	28,544,240	24.0%
Reserves	2,474,361	-	-	0.0%
Contingencies	24,233,072	-	-	0.0%
Total	\$ 242,448,805	\$ 111,157,529	\$ 98,918,069	12.4%

* Excluding Interfund Transfers

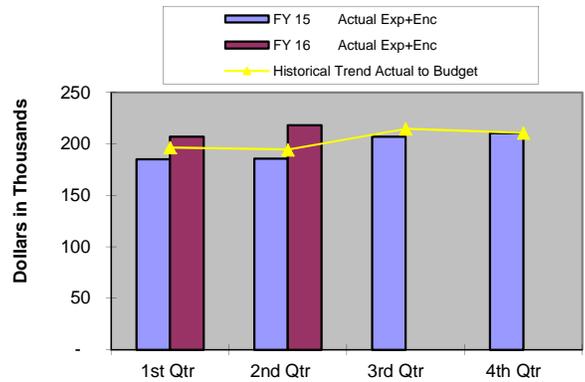


Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending through the second quarter of FY 2015-16 is 12.4% higher than spending through the second quarter of FY 2014-15 mainly due to increases from labor negotiations and benefit changes in Personnel, and spending on the 2015 mid-decade Special Census in Operations & Maintenance.

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	\$ 204,453	\$ 207,027	24.3%	23.0%
2nd Qtr	Oct - Dec 15	204,453	218,303	25.6%	22.8%
3rd Qtr	Jan - Mar 16	221,491			
4th Qtr	Apr - Jun 16	221,491			
Total		\$ 851,888	\$ 425,330	49.9%	45.8%



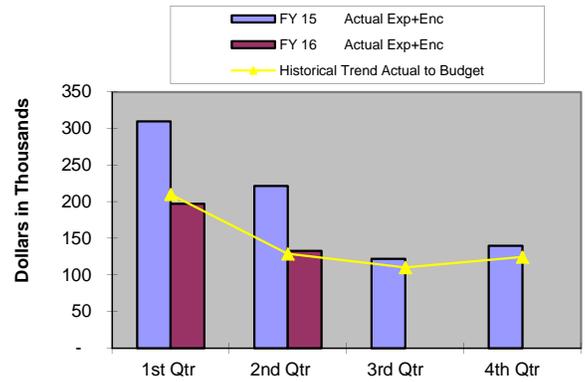
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Mayor and Council spent 49.9% of their FY 2015-16 adjusted budget and has historically spent 45.8% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. The higher percentage of budget expended is due to salary increases dating back to the second quarter of FY 2014-15.

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	\$ 236,196	\$ 197,171	30.9%	32.9%
2nd Qtr	Oct - Dec 15	140,441	133,138	20.8%	20.2%
3rd Qtr	Jan - Mar 16	121,290			
4th Qtr	Apr - Jun 16	140,440			
Total		\$ 638,367	\$ 330,309	51.7%	53.1%



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

POSITIVE

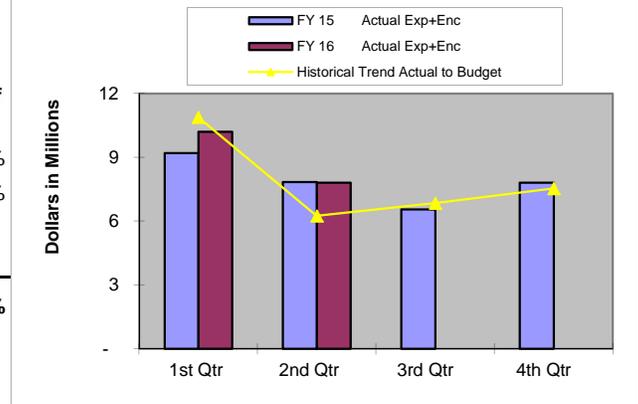
The City Clerk spent 51.7% of their FY 2015-16 adjusted budget and has historically spent 53.1% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. Spending in FY 2014-15 included one-time expenditures for the primary and general elections held in the fall of 2014 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
Operating Only					
1st Qtr	Jul - Sep 15	\$ 11,519,500	\$ 10,196,052	30.6%	32.6%
2nd Qtr	Oct - Dec 15	6,617,744	7,812,108	23.4%	18.7%
3rd Qtr	Jan - Mar 16	7,244,864			
4th Qtr	Apr - Jun 16	7,982,402			
Total		\$ 33,364,510	\$ 18,008,160	54.0%	51.3%

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



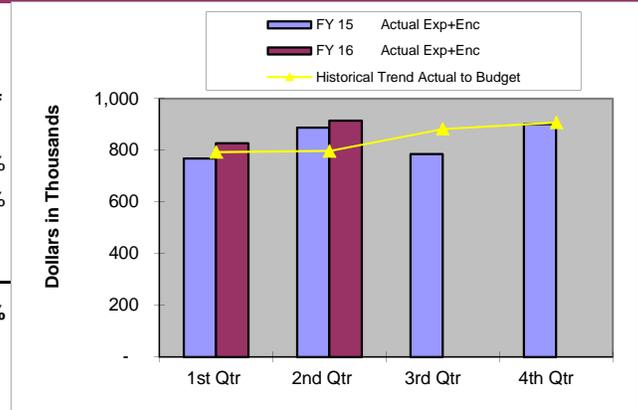
POSITIVE

City Manager & Organization Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Cultural Affairs, Downtown Redevelopment, Economic Development, Human Resources, Information Technology, and Planning. Combined, these divisions spent 54.0% of their FY 2015-16 adjusted budget and have historically spent 51.3% of their adjusted budget through the second quarter of 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
Operating Only					
1st Qtr	Jul - Sep 15	\$ 818,239	\$ 826,728	23.2%	22.3%
2nd Qtr	Oct - Dec 15	853,815	914,594	25.7%	22.4%
3rd Qtr	Jan - Mar 16	924,966			
4th Qtr	Apr - Jun 16	960,541			
Total		\$ 3,557,561	\$ 1,741,322	48.9%	44.7%

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



POSITIVE

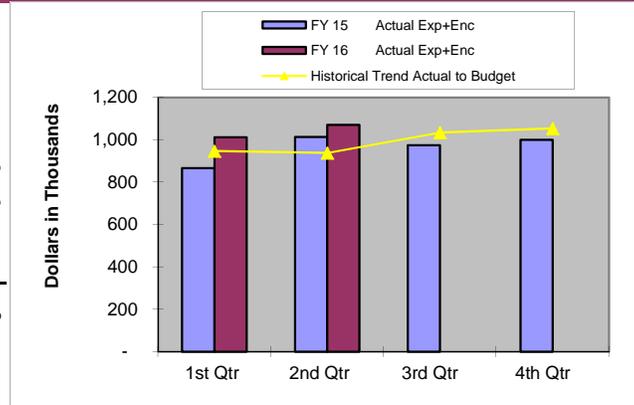
Law spent 48.9% of their FY 2015-16 adjusted budget and has historically spent 44.7% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. Spending is slightly higher this fiscal year due to a one-time decision package to purchase a new 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
Operating Only					
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	1,137,488			
4th Qtr	Apr - Jun 16	1,159,422			
Total		\$ 4,371,308	\$ 2,082,310	47.6%	43.2%

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



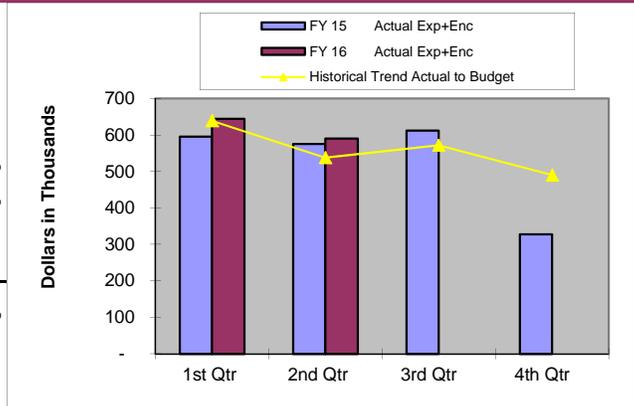
POSITIVE

City Magistrate spent 47.7% of their FY 2015-16 adjusted budget and has historically spent 43.2% of their adjusted budget through the second quarter of 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
Operating Only					
1st Qtr	Jul - Sep 15	\$ 729,903	\$ 644,808	25.6%	25.4%
2nd Qtr	Oct - Dec 15	604,058	590,027	23.5%	21.4%
3rd Qtr	Jan - Mar 16	654,396			
4th Qtr	Apr - Jun 16	528,551			
Total		\$ 2,516,908	\$ 1,234,835	49.1%	46.8%

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



POSITIVE

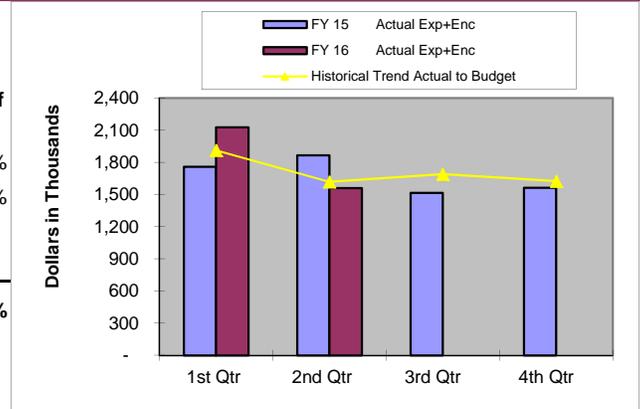
Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 49.1% of their FY 2015-16 adjusted budget and has historically spent 46.8% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

EXPENDITURE ANALYSIS (continued / department summaries):

MANAGEMENT SERVICES EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 2,077,459	\$ 2,127,583	28.7%	25.8%
2nd Qtr	Oct - Dec 15	1,780,679	1,558,741	21.0%	21.8%
3rd Qtr	Jan - Mar 16	1,854,874			
4th Qtr	Apr - Jun 16	1,706,485			
Total		\$ 7,419,497	\$ 3,686,324	49.7%	47.6%

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



POSITIVE

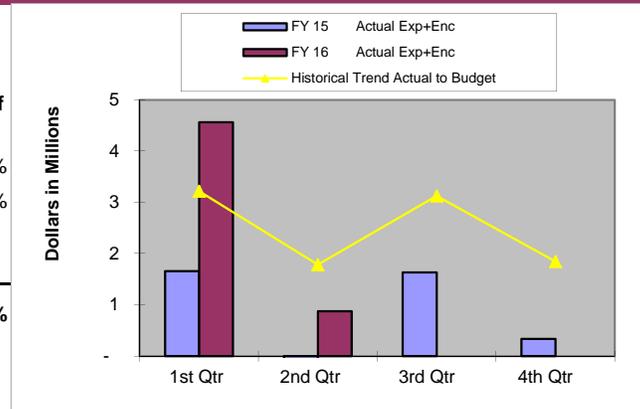
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Budget, Accounting, Purchasing, Central Supply, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 49.7% of their FY 2015-16 adjusted budget and have historically spent 47.6% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. Higher spending in FY 2015-16 is mainly due 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
Operating Only					
1st Qtr	Jul - Sep 15	\$ 5,800,699	\$ 4,563,555	25.2%	17.8%
2nd Qtr	Oct - Dec 15	3,262,893	875,347	4.8%	9.8%
3rd Qtr	Jan - Mar 16	5,619,427			
4th Qtr	Apr - Jun 16	3,444,166			
Total**		\$ 18,127,185	\$ 5,438,902	30.0%	27.6%

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

** Excludes Reserves and Contingencies



POSITIVE

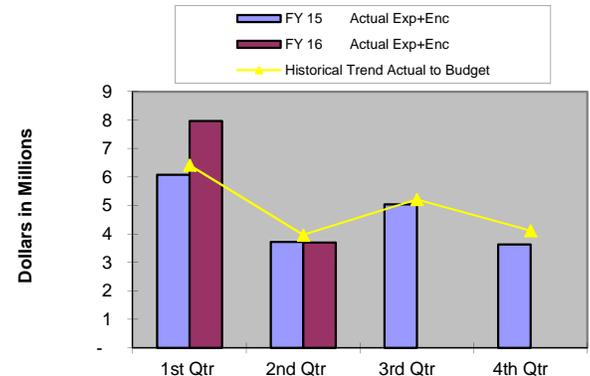
Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, Strategic Economic Development opportunity funding, and miscellaneous Downtown Redevelopment). Spending in this category fluctuates due to the changing one-time needs from year to year. Non-departmental spending is 30.0% of the FY 2015-16 adjusted budget, with historical spending of the adjusted budget at 27.6% through the second quarter of the fiscal year, resulting in a positive performance indicator. The percentage of budget expended for the fiscal year is significantly higher than the percentage of historical budget expended since 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 is encumbered and being spent during this fiscal year.

EXPENDITURE ANALYSIS (continued / department summaries):

TRANSPORTATION & DEVELOPMENT EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 6,969,047	\$ 7,976,263	37.8%	30.4%
2nd Qtr	Oct - Dec 15	4,223,665	3,701,190	17.5%	18.8%
3rd Qtr	Jan - Mar 16	5,490,764			
4th Qtr	Apr - Jun 16	4,434,847			
Total		\$ 21,118,323	\$ 11,677,453	55.3%	49.2%

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



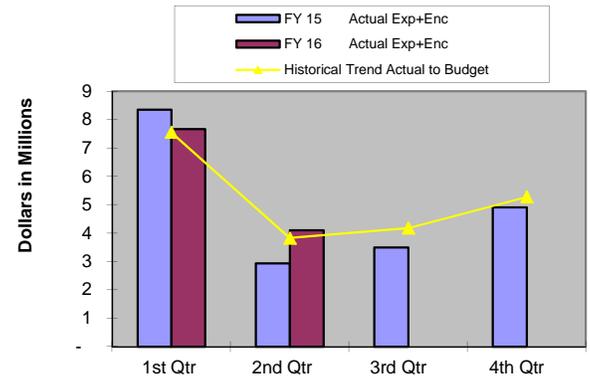
POSITIVE

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 55.3% of their FY 2015-16 adjusted budget and has historically spent 49.2% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. Increased spending levels in FY 2015-16 are mainly due to asphaltic pavement maintenance program encumbrances that will be spent throughout the fiscal year.

COMMUNITY & NEIGHBORHOOD SERVICES EXPENDITURE FY 2015-16 COMPARISON

		FY 16 Adjusted Budget	FY 16 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 15	\$ 7,839,677	\$ 7,668,238	35.2%	34.7%
2nd Qtr	Oct - Dec 15	3,919,838	4,097,355	18.8%	17.6%
3rd Qtr	Jan - Mar 16	4,355,376			
4th Qtr	Apr - Jun 16	5,661,989			
Total		\$ 21,776,880	\$ 11,765,593	54.0%	52.3%

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



POSITIVE

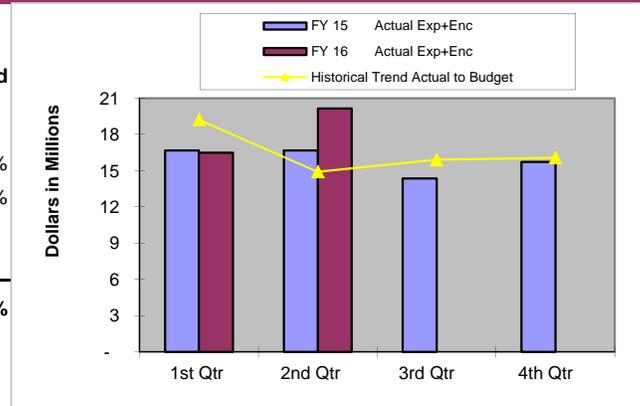
Community & Neighborhood Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Code Enforcement, Community Development, Housing, Parks Development & Operations, Neighborhood Resources, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. The department spent 54.0% of their FY 2015-16 adjusted budget and has historically spent 52.3% of their adjusted budget through the second quarter of 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
Operating Only					
1st Qtr	Jul - Sep 15	\$ 19,568,606	\$ 16,502,889	24.5%	28.5%
2nd Qtr	Oct - Dec 15	15,519,929	20,165,534	29.9%	22.1%
3rd Qtr	Jan - Mar 16	16,194,708			
4th Qtr	Apr - Jun 16	16,194,709			
Total		\$ 67,477,952	\$ 36,668,423	54.3%	50.6%

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



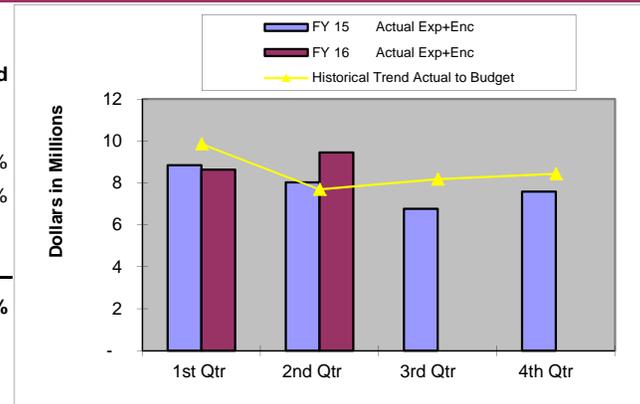
POSITIVE

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 54.3% of their FY 2015-16 adjusted budget and has historically spent 50.6% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator. Spending is trending slightly higher this fiscal year due to 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
Operating Only					
1st Qtr	Jul - Sep 15	\$ 10,011,088	\$ 8,641,579	25.0%	28.5%
2nd Qtr	Oct - Dec 15	7,939,828	9,456,989	27.4%	22.3%
3rd Qtr	Jan - Mar 16	8,285,038			
4th Qtr	Apr - Jun 16	8,285,039			
Total		\$ 34,520,993	\$ 18,098,568	52.4%	50.8%

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



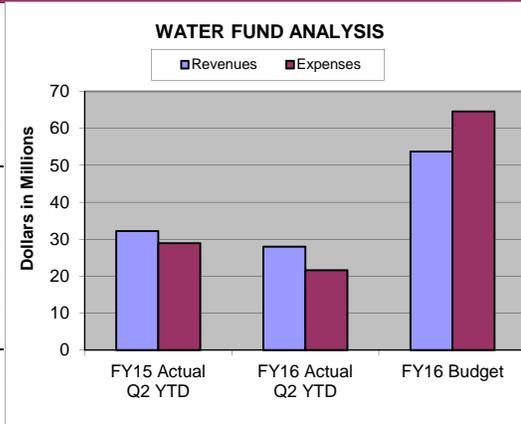
POSITIVE

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 52.4% of their FY 2015-16 adjusted budget and has historically spent 50.8% of their adjusted budget through the second quarter of the fiscal year, resulting in a positive performance indicator.

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	\$ 25,919,451	50%	53%
Land Sale	2,161,834	2,069,112	96%	0%
Total Revenues	\$ 53,725,454	\$ 27,988,563	52%	22%
Operating Expenses	\$ 31,461,463	\$ 17,191,385	55%	54%
Major Capital Expenses	8,432,883	81,300	1%	12%
Debt Service	21,296,860	2,676,623	13%	49%
Transfers Out	3,418,349	1,644,000	48%	51%
Total Expenses	\$ 64,609,555	\$ 21,593,308	33%	44%
Net Rev / Exp	\$ (10,884,101)	\$ 6,395,255		



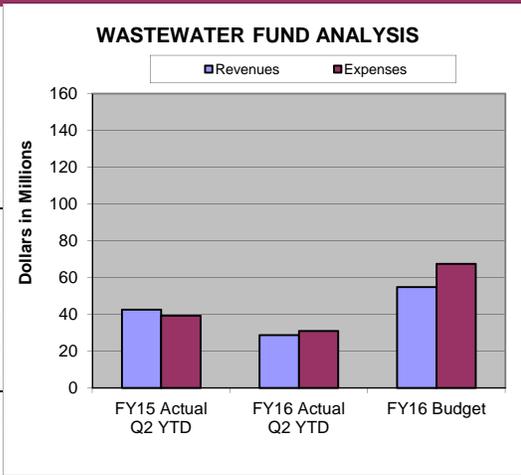
POSITIVE

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 \$10.9 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** through the second quarter are 50% of budget compared to 53% through the second quarter of the fiscal year, while **Operating Expenses** through the second quarter are 55% of budget as compared to 54% through the second quarter of the fiscal year. As shown in revenues above, a land sale budgeted in FY 2014-15 has closed escrow in FY 2015-16.

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	\$ 21,424,630	50%	49%
Land Sale	6,485,501	6,207,337	96%	0%
Intel Reimbursement	5,500,000	1,134,666	21%	54%
Total Revenues	\$ 54,861,831	\$ 28,766,633	52%	51%
Operating Expenses	\$ 20,742,067	\$ 10,143,419	49%	57%
Major Capital Expenses	20,714,983	16,636,613	80%	16%
Debt Service	23,598,390	3,090,543	13%	42%
Transfers Out	2,466,991	1,213,227	49%	51%
Total Expenses	\$ 67,522,431	\$ 31,083,803	46%	50%
Net Rev / Exp	\$ (12,660,600)	\$ (2,317,170)		



POSITIVE

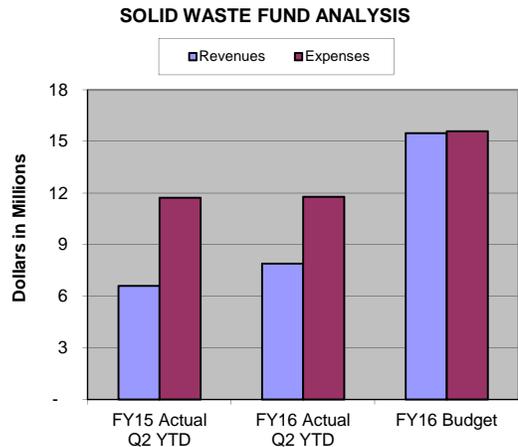
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 \$12.7M 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** through the second quarter are 50% of budget compared to 49% through the second quarter of the fiscal year, while **Operating Expenses** through the second quarter are 49% of budget as compared to 57% through the second quarter of the fiscal year. As shown in revenues above, a land sale budgeted in FY 2014-15 has closed escrow in FY 2015-16.

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	\$ 6,902,215	46%	47%
Transfers In	586,194	998,280	170%	0%
Total Revenues	\$ 15,491,004	\$ 7,900,495	51%	47%
Operating Expenses	\$ 13,631,945	\$ 11,174,602	82%	83%
Major Capital Expenses	946,276	136,276	14%	25%
Transfers Out	1,017,133	482,824	47%	52%
Total Expenses	\$ 15,595,354	\$ 11,793,702	76%	79%
Net Rev / Exp	\$ (104,350)	\$ (3,893,207)		



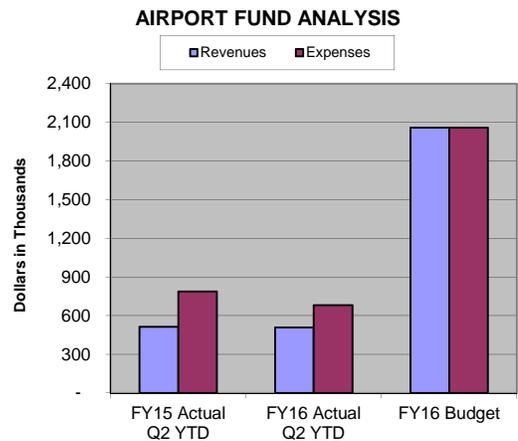
WARNING

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 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 \$104,350 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** through the second quarter are 46% of budget compared to 47% through the second quarter of the fiscal year, while **Operating Expenses** through the second quarter are 82% of budget as compared to 83% through the second quarter of the fiscal year. A warning indicator occurs due to large encumbrances (\$8.1M) 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.

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	\$ 508,675	47%	49%
General Fund Subsidy	974,366	-	0%	0%
Total Revenues	\$ 2,060,189	\$ 508,675	25%	25%
Operating Expenses	\$ 1,089,500	\$ 544,363	50%	48%
Major Capital Expenses	837,996	87,094	10%	25%
Debt Service	27,313	1,156	4%	5%
Transfers Out	105,380	50,000	47%	53%
Total Expenses	\$ 2,060,189	\$ 682,613	33%	38%
Net Rev / Exp	\$ -	\$ (173,938)		



POSITIVE

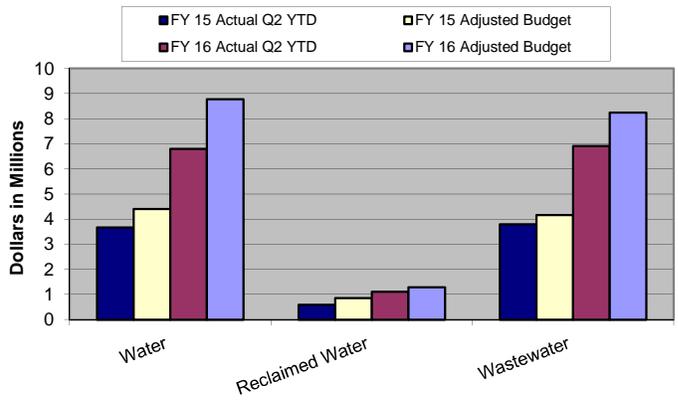
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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, and reflects the interest payment in December. Year-to-date **Operating Revenues** through the second quarter are 47% of budget compared to 49% through the second quarter of the fiscal year. **Operating Expenses** through the second quarter are 50% of budget as compared to 48% through the second quarter of the fiscal year.

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	\$ 6,796,681	77%
Reclaimed Water	1,287,000	1,110,345	86%
Wastewater	8,241,500	6,911,256	84%
Total SDF Revenue	\$ 18,310,700	\$ 14,818,282	81%



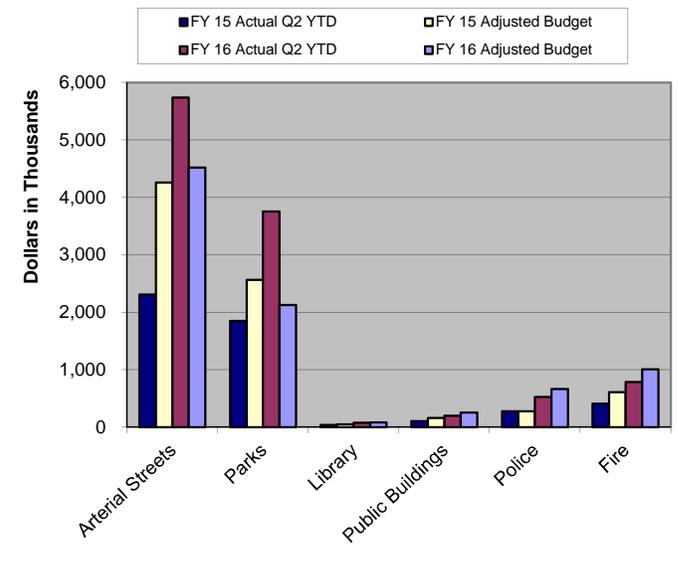
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

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 through the second quarter as compared to the FY 2014-15 budget and year-to-date collections through the second quarter. Collections through the second quarter of FY 2015-16 were 81% of the budget as compared to the prior year's collections through the second quarter of 85% 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	\$ 5,737,980	127%
Parks	2,129,800	3,757,088	176%
Library	81,200	77,168	95%
Public Buildings	253,500	200,790	79%
Police	665,000	527,767	79%
Fire	1,006,800	788,301	78%
Total Impact Revenue	\$ 8,657,800	\$ 11,089,094	128%



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.

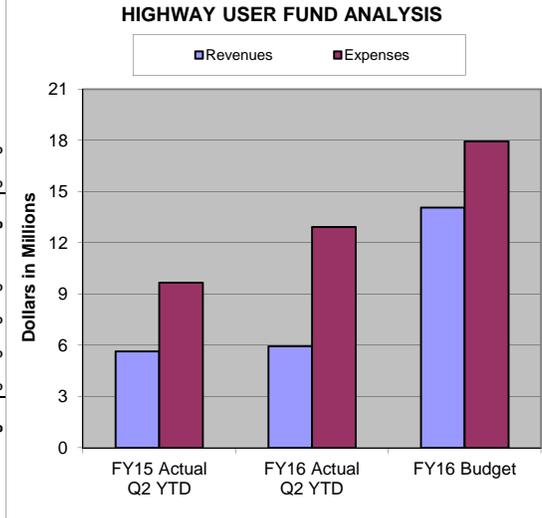
POSITIVE

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 through the second quarter as compared to FY 2014-15 budget and year-to-date collections through the second quarter. Collections through the second quarter of FY 2015-16 were 128% of the budget as compared to the prior year's collections through the second quarter of 63% 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	\$ 5,911,064	42%	43%
Other	79,000	37,846	48%	41%
Total Revenues	\$ 14,079,000	\$ 5,948,910	42%	43%
Operating Expenses	\$ 9,609,452	\$ 5,086,491	53%	54%
Major Capital Expenses	4,575,742	4,107,293	90%	14%
Debt Service	3,745,650	3,745,650	100%	90%
Transfers Out	23,708	-	0%	100%
Total Expenses	\$ 17,954,552	\$ 12,939,434	72%	58%
Net Rev / Exp	\$ (3,875,552)	\$ (6,990,524)		

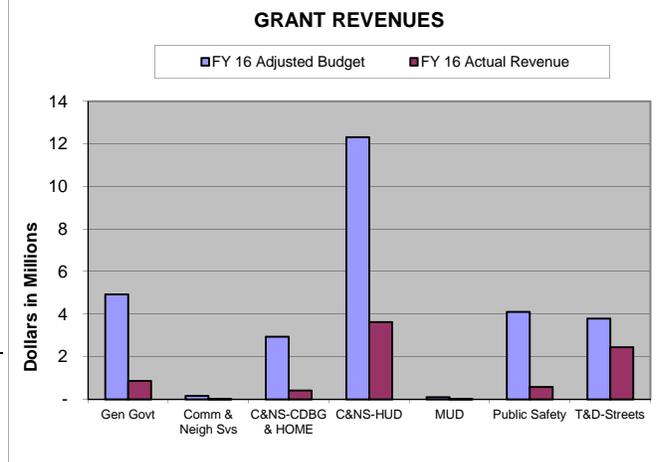


POSITIVE

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 through the second quarter are 42% of budget, which is 1% lower than the percentage through the second quarter of last fiscal year. **Operating Expenses** through the second quarter are 53% of adjusted budget, which is 1% lower than the percentage through the second quarter of last fiscal year.

GRANT FUNDS ANALYSIS FY 2015-16 COMPARISON

	FY 16 Adjusted Budget	FY 16 Actual Revenue	% of Budget Rec'd to Date
General Government*	\$ 4,922,206	\$ 868,720	18%
Comm. & Neigh. Services	164,601	1,115	1%
C&NS - CDBG & HOME	2,940,000	419,906	14%
C&NS - HUD	12,316,554	3,629,367	29%
Municipal Utilities	100,000	9,000	9%
Public Safety	4,110,000	578,490	14%
T & D - Streets	3,790,361	2,448,576	65%
Total Grant Revenue	\$ 28,343,722	\$ 7,955,174	28%



* 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 through the second quarter of FY 2015-16 were \$8.0M (28% of adjusted budget) as compared to \$8.3M (26% of adjusted budget) collected through the second quarter of FY 2014-15.