



Financial Report Fiscal Year-to-Date As of January 2010

Report to the City Council and Budget Review Commission
Prepared by Finance and Accounting Division
February 22, 2010



FINANCIAL REPORT FOR YEAR-TO-DATE JANUARY 2010

The following is a financial summary of the City's YTD January 2010 operating funds, which consist of the General Fund and the Transportation Fund. The General Fund is the primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

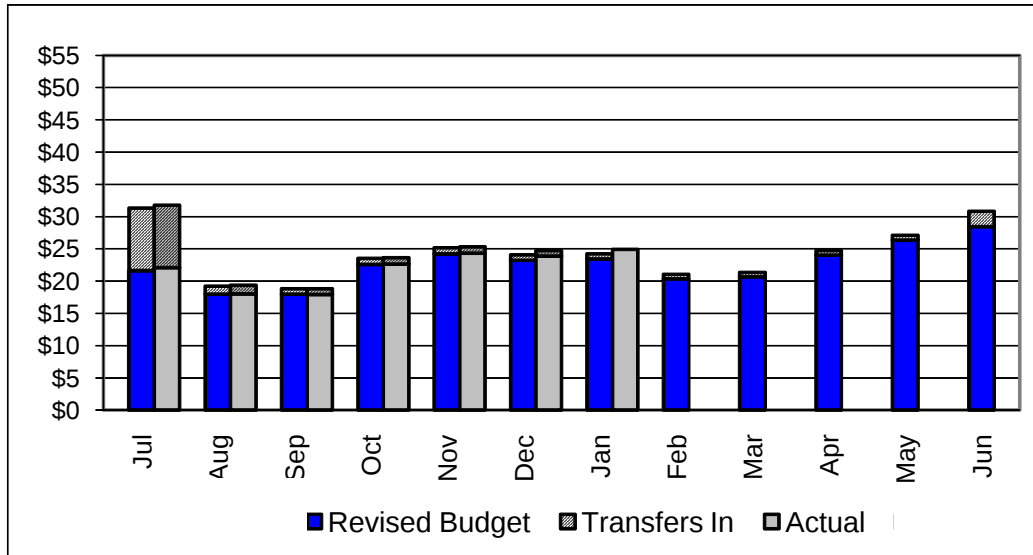
The report includes a summary for General Fund and Transportation Fund revenues and expenditures by major categories. Significant budget to actual variances are highlighted. The report also includes Appendix 1 which details the City's Privilege (Sales) Tax by major category as well as bed tax activity. Additionally, Appendix 2 and 3 are detailed General Fund and Transportation schedules including beginning fund balance, source of funds, use of funds, and ending fund balance.

Note: Amounts are rounded in millions and, therefore, differences may occur.

Operating Results YTD January 2010 (\$ in millions)				
	Revised Budget	2009/10 Actual	Change	% Change
Sources	\$166.7	\$168.6	\$1.9	1%
Uses	\$151.9	\$147.3	\$4.6	3%
Change in Fund Balance	\$14.8	\$21.3	\$6.5	

Operating Results January 2010 (\$ in millions)				
	Revised Budget	2009/10 Actual	Change	% Change
Sources	\$24.9	\$25.0	\$0.1	0%
Uses	\$22.2	\$23.8	-\$1.6	-7%
Change in Fund Balance	\$2.7	\$1.2	-\$1.5	

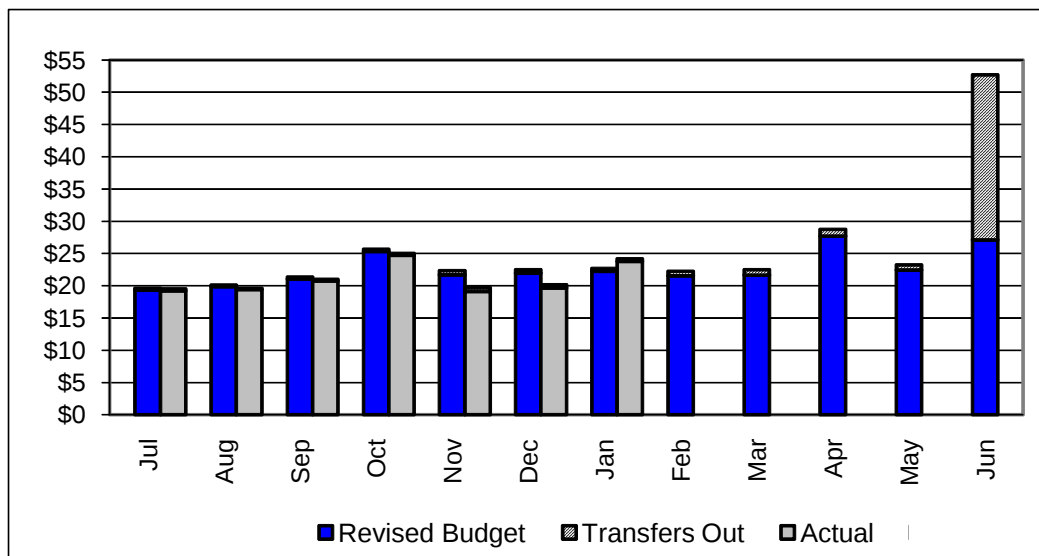
General Fund and Transportation Fund Combined Sources (\$ in millions)



Summary

- Slightly Better than Budget
- Local Sales Tax Up
- State Shared Revenues, Bed Taxes, HURF Taxes & Building Permits Down
- Timing Issues

General Fund and Transportation Fund Combined Uses (\$ in millions)



Summary

- 3% less than Budget
- Analyzing assured year end savings



The City has implemented a tracking and reporting program for employees to report cost savings and efficiencies that have been implemented. Employees are encouraged to report changes that have consolidated operations, eliminated efforts that add little or no value, and/or streamlined processes to help improve service delivery to the customer, in less time, with less effort resulting in a more effective use of staff resources. Employees are also encouraged to submit ideas for cost savings, as well.

Below are examples of the changes/ideas that were submitted in January.

Parks & Recreation – Civic Center Mall

Turf grass is replaced at the Civic Center Mall at various times throughout the special event season. The normal procedure is to use an outside contractor to cut out and remove damaged and/or dead sod. For sod replacement in January 2010, the Irrigation Crew assisted the Civic Center Mall Crew in order to complete the work in house.

(\$3,200 savings)

Aviation – Hard Copy Bills

The Airport sends out approximately 140 hard-copy bills via US Mail per month. The bills are sent out on two-part carbon paper that requires printing on a dot matrix printer. Customers must do their own calculations on the bill as well.

Staff has created an e-bill feature in Excel that can be emailed to customers. In addition to the cost savings, the e-bill automatically calculates fees and the amount due for the customer.

(\$2,200 annually -- paper supplies; envelopes; postage; and the elimination of the outdated printer and associated maintenance costs)

GENERAL FUND

FY 2009/10 (\$ in millions)

	Adopted Budget	Revised Budget	Change	% Change
Sources	\$254.4	\$253.4	(\$1.0)	0%
Uses	\$257.0	\$256.6	\$0.4	0%
Change in Fund Balance	(\$2.6)	(\$3.2)	(\$0.6)	
Fund Balance:				
Reserved	\$26.1	\$26.3	\$0.2	
Contingency	\$5.0	\$4.9	(\$0.1)	
Unreserved	\$1.0	\$7.4	\$6.4	
Total Fund Balance	\$32.1	\$38.6	\$6.5	

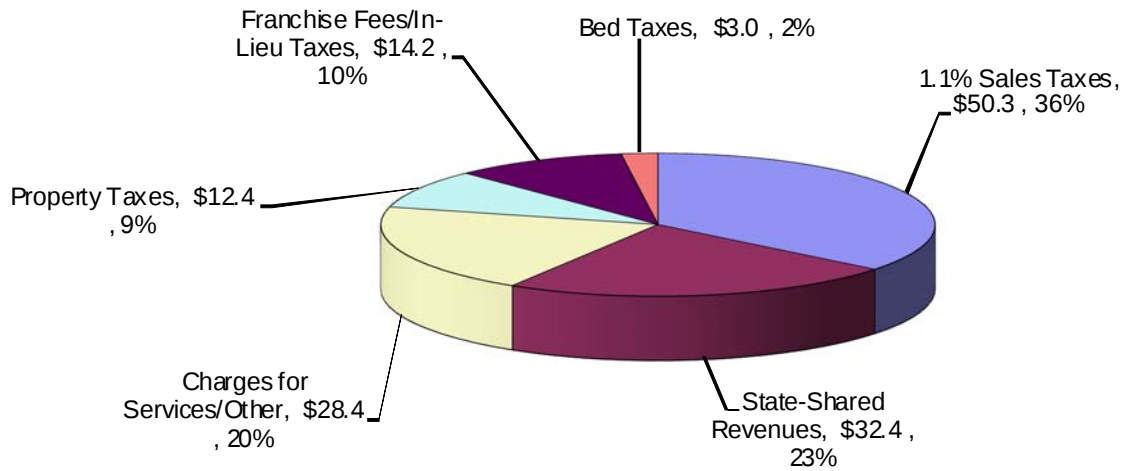
Sources

The General Fund is the primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government such as police and fire protection, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

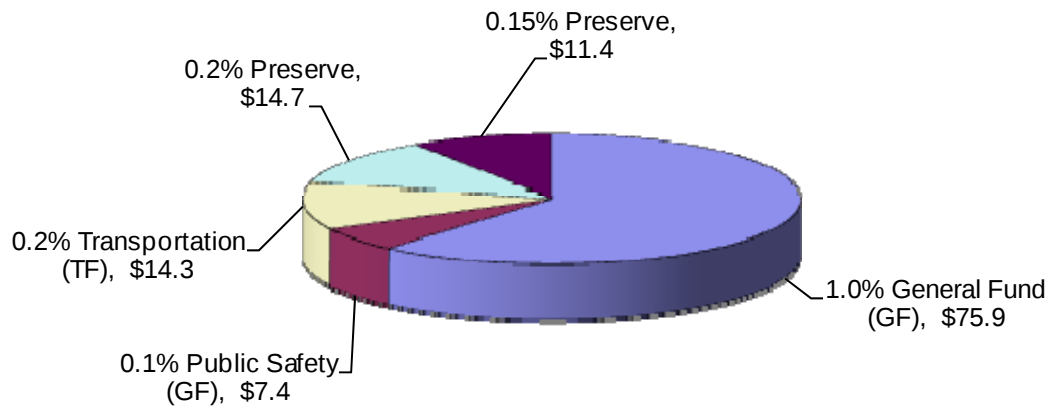
	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Approved Adjustments</u>	<u>Revised Budget</u>	<u>Proposed Adjustments</u>
1.1% Sales Taxes	\$115.5	\$95.7	\$83.3	\$0.0	\$83.3	\$0.0
State-Shared Revenues	64.7	62.2	56.3	(0.1)	56.2	-
Charges for Services/Other	59.1	50.2	52.1	(1.3)	50.8	-
Property Taxes	20.4	22.6	23.7	-	23.7	-
Franchise Fees/In-Lieu Taxes	20.8	20.4	21.5	-	21.5	-
Bed Taxes	2.3	1.5	8.2	-	8.2	-
Total Revenue	\$282.8	\$252.6	\$245.1	(\$1.4)	\$243.7	\$0.0
Transfers In	0.8	19.5	9.4	0.5	9.9	-
Total Sources	\$283.6	\$272.1	\$254.5	(\$0.9)	\$253.6	\$0.0
% Change vs. Prior Year		-4%	-6%			

	Fiscal Year-to-Date January					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised Budget</u>	<u>Favorable/(Unfavorable)</u>	
1.1% Sales Taxes	\$67.3	\$58.1	\$50.3	\$48.3	\$2.0	4%
State-Shared Revenues	34.7	36.7	32.4	32.9	(0.5)	-2%
Charges for Services/Other	32.9	29.8	28.4	28.1	0.3	1%
Property Taxes	11.7	12.5	12.4	12.2	0.2	2%
Franchise Fees/In-Lieu Taxes	11.5	12.9	14.2	13.5	0.7	5%
Bed Taxes	0.8	0.7	3.0	3.4	(0.4)	-12%
Total Revenue	\$158.9	\$150.7	\$140.7	\$138.4	\$2.3	2%
Transfers In	-	12.6	9.7	9.7	-	0%
Total Sources	\$158.9	\$163.3	\$150.4	\$148.1	\$2.3	2%
% Change vs. Prior Year		3%	-8%			

**General Fund Revenues \$140.7 Million
Fiscal Year-to-Date January 2010**



**1.65% Sales Tax \$123.7 Million
2009/10 Adopted Budget**



Sales Taxes

Scottsdale's total City sales tax rate is 1.65 percent. Of that amount, 0.55 percent is dedicated to the specific purposes related to transportation and preservation (which are accounted for in Special Revenue Funds) and 0.10 percent is dedicated to public safety (accounted for in the General Fund). The remaining 1.0 percent of the sales tax is also accounted for in the General Fund and is available to fund basic municipal services such as police, fire, libraries, and parks. This general-purpose sales tax is the City's single largest revenue source. Revenues from two of the sales taxes categories (automotive and construction) have seen dramatic decreases and may never resume "normal" levels. Several automotive dealerships left the City to relocate elsewhere or have permanently closed. Construction is down due to the economy and due to the City approaching build-out. The sales tax category results can be found in Appendix 1.

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Approved</u>	<u>Revised</u>	<u>Proposed</u>
			<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
General Purpose 1.0% Sales Tax	\$105.3	\$87.3	\$75.8	\$0.0	\$75.8	\$0.0
Public Safety 0.1% Sales Tax	10.2	8.4	7.4	0.0	7.4	0.0
Total Sales Taxes	\$115.5	\$95.7	\$83.2	\$0.0	\$83.2	\$0.0
% Change vs. Prior Year		-17%	-13%			

	Fiscal Year-to-Date January					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	Favorable/(Unfavorable)	
			<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
General Purpose 1.0% Sales Tax	\$61.4	\$53.0	\$45.9	\$44.0	\$1.9	4%
Public Safety 0.1% Sales Tax	5.9	5.1	4.4	4.3	0.1	2%
Total Sales Taxes	\$67.3	\$58.1	\$50.3	\$48.3	\$2.0	4%
% Change vs. Prior Year		-14%	-13%			

Actual to Revised Budget variance of \$2.0 million or 4%: Better than expected construction and utility activity. Additionally, several large audit payments were received that affected utilities, major department stores, automotive and other taxable categories. See Appendix 1 for further information about results by sales tax categories.

State-Shared Revenues

These revenues are derived from state shared sales taxes, income taxes (revenue sharing) and vehicle license taxes (auto lieu) based on a statutorily determined formula, primarily driven by population. On a per capita basis, sales taxes generated in Scottsdale tend to be higher than most other cities/towns due to higher wealth, consumer spending habits and larger amounts of visitor/tourist spending. As directed by statute, the State distributes the shared portion of State sales taxes back to local governments, based on population, not by the amount of sales taxes collected within the local jurisdiction.

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Approved</u>	<u>Revised</u>	<u>Proposed</u>
			<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
State Revenue Sharing	\$33.0	\$35.1	\$30.3	\$0.0	\$30.3	\$0.0
State Shared Sales Tax	21.7	18.9	18.0	(0.1)	17.9	0.0
Auto Lieu Tax	10.0	8.2	8.0	0.0	8.0	0.0
Total State Shared Revenues	\$64.7	\$62.2	\$56.3	(\$0.1)	\$56.2	\$0.0
% Change vs. Prior Year		-4%	-9%			

	Fiscal Year-to-Date January					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
				Revised	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
State Revenue Sharing	\$19.3	\$20.5	\$17.7	\$17.8	(\$0.1)	-1%
State Shared Sales Tax	10.7	11.4	9.9	10.3	(0.4)	-4%
Auto Lieu Tax	4.7	4.8	4.8	4.8	0.0	0%
Total State Shared Revenues	\$34.7	\$36.7	\$32.4	\$32.9	(\$0.5)	-2%
% Change vs. Prior Year		6%	-12%			

Actual to Revised Budget variance of (\$0.5 million) or (2%): State Shared Sales Taxes are less than expected because the recession is having a more dramatic impact than originally forecast by the State. In particular, the contracting category continues to show weakness.

Charges for Services/Other

Charges for Services include numerous revenues such as building permits, recreation fees, fire department fees, WestWorld fees, interest income, and property rentals. Also included are cost allocations from the General Fund to the enterprise funds. Certain components of this revenue source are subject to dramatic peaks and valleys from year to year. For example, building permit fees are based on developers' interest in construction projects and ability to secure financing for the projects.

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
			Adopted	Approved	Revised	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
<i>Taxes - Local</i>						
Stormwater Water Quality Charge	\$0.9	\$0.8	\$0.9	\$0.0	\$0.9	\$0.0
<i>Licenses, Permits & Fees</i>						
Building Permit Fees & Charges	12.5	6.9	8.1	-	8.1	-
Recreation Fees	2.8	3.2	3.0	-	3.0	-
WestWorld	2.8	2.7	2.9	-	2.9	-
Fire Service Charges	1.1	1.8	2.4	(1.1)	1.3	-
Business Licenses & Fees	1.8	1.7	1.7	-	1.7	-
<i>Fines & Forfeitures</i>						
Court Fines	6.8	6.7	7.2	-	7.2	-
Photo Enforcement Revenue	5.8	2.5	1.7	-	1.7	-
Parking Fines	0.5	0.4	0.5	-	0.5	-
Library Fines & Fees	0.4	0.3	0.4	(0.1)	0.3	-
30 Day Tow Program	-	0.2	0.4	(0.4)	-	-
<i>Interest Earnings/Property Rental</i>						
Interest Earnings	6.4	3.7	1.7	-	1.7	-
Property Rental	3.5	3.2	3.2	-	3.2	-
<i>Other Revenue</i>						
Indirect/Direct Cost Allocation	11.6	13.8	15.6	0.4	16.0	-
Intergovernmental Revenue	1.1	1.2	1.0	(0.1)	0.9	-
Miscellaneous	0.7	0.6	1.0	-	1.0	-
Reimbursements	0.4	0.5	0.4	-	0.4	-
Total Charges for Services/Other	\$59.1	\$50.2	\$52.1	(\$1.3)	\$50.8	\$0.0
% Change vs. Prior Year		-15%	4%			

	Fiscal Year-to-Date January					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised Budget</u>	<u>Favorable/(Unfavorable)</u>	
					<u>Amount</u>	<u>Percent</u>
<i>Taxes - Local</i>						
Stormwater Water Quality Charge	\$0.5	\$0.5	\$0.5	\$0.5	\$0.0	0%
<i>Licenses, Permits & Fees</i>						
Building Permit Fees & Charges	8.0	4.3	4.2	4.6	(0.4)	-9%
Recreation Fees	1.7	1.7	1.9	1.7	0.2	12%
WestWorld	1.2	1.3	1.1	1.1	-	0%
Fire Service Charges	0.6	2.0	0.8	0.8	-	0%
Business Licenses & Fees	1.3	1.2	1.2	1.2	-	0%
<i>Fines & Forfeitures</i>						
Court Fines	3.7	3.5	4.1	4.0	0.1	2%
Photo Enforcement Revenue	3.3	1.6	1.0	0.9	0.1	11%
Parking Fines	0.2	0.2	0.2	0.2	-	0%
Library Fines & Fees	0.2	0.3	0.2	0.2	-	0%
<i>Interest Earnings/Property Rental</i>						
Interest Earnings	3.2	2.3	1.2	1.1	0.1	9%
Property Rental	1.0	1.8	1.6	1.4	0.2	14%
<i>Other Revenue</i>						
Indirect/Direct Cost Allocation	6.8	7.5	9.3	9.3	-	0%
Intergovernmental Revenue	0.7	0.7	0.8	0.5	0.3	60%
Miscellaneous	0.4	0.7	0.2	0.5	(0.3)	-60%
Reimbursements	0.1	0.2	0.1	0.1	-	0%
Total Charges for Services/Other	\$32.9	\$29.8	\$28.4	\$28.1	\$0.3	1%
% Change vs. Prior Year		-9%	-5%			

Actual to Revised Budget variance of \$0.3 million or 1%. Property rental positive variance is attributable to timing—two rental payments were received in January but the budget numbers assumed the payments would be received in February.

Property Taxes

In the General Fund, property taxes are comprised only of the “Primary” property taxes levied on the assessed value of all property within the City to help pay for basic operations of the City. Secondary property taxes are not included here as they must be used solely for payment of General Obligation bond debt service. Increases in revenue from year to year reflect new property additions to the tax roll and Council actions to increase total revenue consistent with state law.

Actual to Revised Budget variance of \$0.2 million or 2%. Variance is due to timing of property tax collections.

Franchise Fees and In-Lieu Taxes

This category represents revenues from utility and cable providers as well as the City's enterprise funds.

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Approved Adjustments</u>	<u>Revised Budget</u>	<u>Proposed Adjustments</u>
Electric Franchise	\$7.9	\$7.8	\$8.4	\$0.0	\$8.4	\$0.0
Enterprise Franchise Fees	6.3	6.4	6.7	-	6.7	-
Cable TV Franchise	3.5	3.6	3.6	-	3.6	-
Enterprise In Lieu Property Tax	3.0	2.5	2.7	-	2.7	-
Salt River Project Lieu Tax	0.1	0.1	0.1	-	0.1	-
Total Franchise Fees/In-Lieu Taxes	\$20.8	\$20.4	\$21.5	\$0.0	\$21.5	\$0.0
% Change vs. Prior Year		-2%	5%			

Fiscal Year-to-Date January						
	2007/08	2008/09	2009/10	Revised	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable/(Unfavorable)	
					<u>Amount</u>	<u>Percent</u>
Electric Franchise	\$4.3	\$6.1	\$6.2	\$6.4	(\$0.2)	-3%
Enterprise Franchise Fees	3.5	3.5	3.7	3.6	0.1	3%
Cable TV Franchise	1.8	1.8	2.6	1.8	0.8	44%
Enterprise In Lieu Property Tax	1.8	1.4	1.6	1.6	-	0%
Salt River Project Lieu Tax	0.1	0.1	0.1	0.1	-	0%
Total Franchise Fees/In-Lieu Taxes	\$11.5	\$12.9	\$14.2	\$13.5	\$0.7	5%
% Change vs. Prior Year		12%	10%			

Actual to Revised Budget variance of \$0.7 million or 5%: Variance attributable to timing--the Cable TV franchise payment of \$800,000 was received in January but was budgeted for \$900,000 in February.

Bed Taxes

The 3 percent bed tax is applied to lodging room charges for stays of 29 days or less (transient) in hotels or short-term rentals. By City ordinance, 80 percent of this tax revenue is restricted for tourism development including the payment of contracts to increase tourism and fund debt service for destination attractions. (Beginning in FY 2009/10, 100 percent of the Bed Tax revenue is being recorded in the General Fund with a corresponding transfer of 80 percent to the Special Programs Fund.)

Actual to Revised Budget variance of (\$0.4 million) or (12%): The reduction is attributable to the continued decline in occupancy in the local market as a result of conditions in the national economy. These conditions have contributed to group cancellations and less leisure travel nationwide, particularly in the major fly-in markets such as Scottsdale/Phoenix. Occupancy and room rates are down significantly. The sharpest decline has occurred at limited service establishments, perhaps reflecting that customers who normally stay at limited service hotels are no longer traveling or they are upgrading to full service hotels since room rates have decreased.

Transfers In

Transfers in reflect funds received from the Capital Improvement Plan (CIP) Fund, Special Programs Fund (Community Services/Human Services) and Water Fund (Water Campus Security).

Fiscal Year (Twelve Months)						
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Approved</u>	<u>Revised</u>	<u>Proposed</u>
			<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
CIP	\$0.0	\$13.9	\$9.0	\$0.0	\$9.0	\$0.0
Self Insurance Fund	-	5.0	-	-	-	-
Cultural Council	-	-	0.3	-	0.3	-
Code Enforcement	0.1	-	-	-	-	-
Community Services/Human Services	-	0.1	0.1	-	0.1	-
Miscellaneous	0.7	-	-	-	-	-
Water Campus Security	-	0.5	-	0.5	0.5	-
Total Transfers In	\$0.8	\$19.5	\$9.4	\$0.5	\$9.9	\$0.0
% Change vs. Prior Year		2338%	-52%			

	Fiscal Year-to-Date January					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
				Revised	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
CIP	\$0.0	\$10.1	\$9.0	\$9.0	\$0.0	0%
Self Insurance Fund	-	2.5	-	-	-	n/a
Cultural Council	-	-	0.3	0.3	-	0%
Code Enforcement	-	-	-	-	-	n/a
Community Services/Human Services	-	-	0.1	0.1	-	0%
Water Campus Security	-	-	0.3	0.3	-	0%
Total Transfers In	\$0.0	\$12.6	\$9.7	\$9.7	\$0.0	0%
% Change vs. Prior Year		n/a	-85%			

Note: The \$9 million CIP transfer in will be repaid June 30, 2010, per council directive.

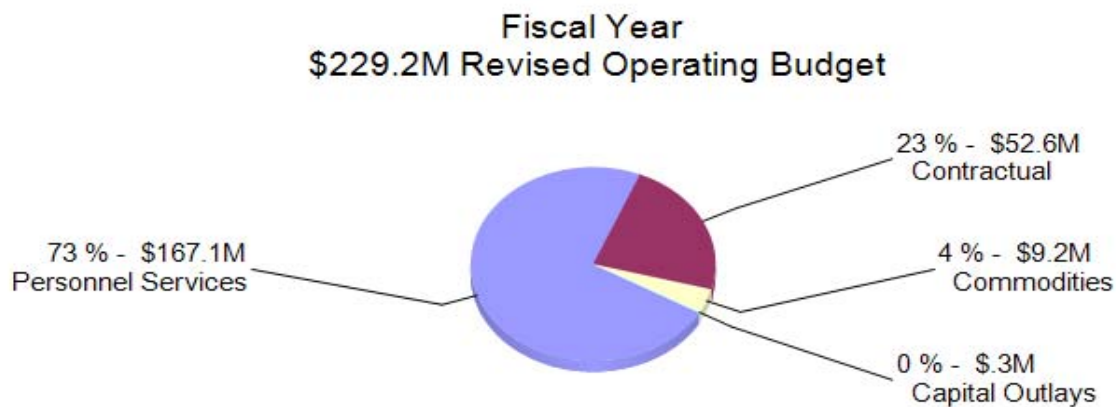
Actual to Budget variance of \$0.0 million or 0%. No explanation necessary.

GENERAL FUND USES

(\$ in millions)

Expenses:	Fiscal Year				
	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
Personnel Services	\$192.2	\$171.9	(\$4.8)	\$167.1	-
Contractual	\$51.5	\$53.8	(\$1.2)	\$52.6	-
Commodities	\$8.7	\$9.3	(\$0.1)	\$9.2	-
Capital Outlays	\$0.4	\$0.4	(\$0.1)	\$0.3	-
Future Budget Reductions/IOU	-	(\$12.5)	\$12.5	-	-
Total Operating Expenses	\$252.8	\$222.9	\$6.3	\$229.2	-
Contracts Payable/COP	\$3.5	\$4.6	(\$2.1)	\$2.5	-
Transfers Out	\$18.3	\$29.6	(\$4.9)	\$24.7	-
Total Uses	\$274.6	\$257.1	(\$0.7)	\$256.4	-

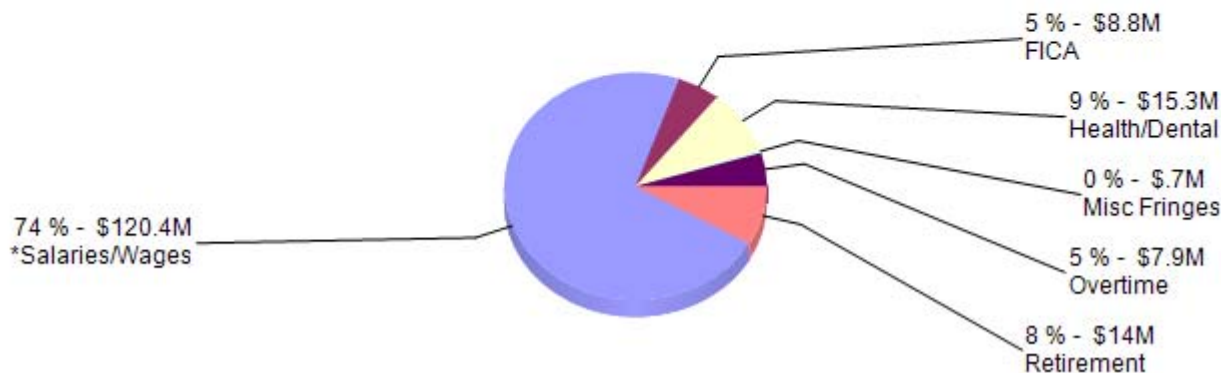
Expenses:	Fiscal Year-to-Date January 2010				
	2008/09 <u>Actual</u>	2009/10 <u>Actual</u>	2009/10 <u>Revised Budget</u>	Actual vs. Budget <u>Favorable / (Unfavorable)</u> <u>Amount</u>	<u>Percent</u>
Personnel Services	\$106.6	\$96.5	\$98.7	\$2.2	2 %
Contractual	\$30.6	\$27.0	\$29.4	\$2.4	8 %
Commodities	\$4.8	\$3.9	\$4.5	\$0.6	13 %
Capital Outlays	\$0.2	\$0.1	\$0.1	-	-
Future Budget Reductions/IOU	-	-	-	-	-
Total Operating Expenses	\$142.2	\$127.5	\$132.7	\$5.2	4 %
Contracts Payable/COP	\$2.0	\$1.0	\$1.8	\$0.8	44 %
Transfers Out	-	\$2.5	\$2.8	\$0.3	11 %
Total Uses	\$144.2	\$131.0	\$137.3	\$6.3	5 %



Personnel Services

Personnel Services include the salaries and wages (pay for time worked, vacation, and sick leave) plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. It is also inclusive of vacancy savings, the medical and vacation leave accrual payouts that are made at the time of separation from the City, and position reclassifications.

Fiscal Year \$167.1M Revised Personnel Services Budget



*(includes Vacancy Savings/Payouts/Reclass)

	Fiscal Year				
	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
Salaries and Wages	\$141.9	\$125.9	(\$2.4)	\$123.5	-
Overtime	\$7.7	\$8.5	(\$0.6)	\$7.9	-
Retirement	\$19.3	\$15.0	(\$1.0)	\$14.0	-
Health/Dental	\$16.0	\$15.7	(\$0.4)	\$15.3	-
FICA	\$9.5	\$9.3	(\$0.5)	\$8.8	-
Miscellaneous Fringes	\$0.9	\$0.7	-	\$0.7	-
Vacancy Savings/Payouts/Reclass	(\$3.1)	(\$3.2)	\$0.1	(\$3.1)	-
Total Personnel Services	\$192.2	\$171.9	(\$4.8)	\$167.1	-

Fiscal Year-to-Date January 2010

	2008/09 Actual	2009/10 Actual	2009/10 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Salaries and Wages	\$79.9	\$71.3	\$73.2	\$1.9	3 %
Overtime	\$4.7	\$3.4	\$4.4	\$1.0	23 %
Retirement	\$8.7	\$7.8	\$8.1	\$0.3	4 %
Health/Dental	\$9.4	\$8.9	\$8.9	-	-
FICA	\$5.3	\$4.9	\$5.1	\$0.2	4 %
Miscellaneous Fringes	\$0.6	\$0.3	\$0.4	\$0.1	25 %
Vacancy Savings/Payouts/Reclass	(\$2.0)	(\$0.1)	(\$1.4)	(\$1.3)	93 %
Total Personnel Services	\$106.6	\$96.5	\$98.7	\$2.2	2 %

Actual to Revised Budget variance of \$2.2 million or 2%: A significant portion of the positive variance is reflective of the continuation of overtime reduction strategies. In addition, the overtime savings have also contributed to the favorable variance in the Federal Insurance Contributions Act (FICA) and retirement accounts. The variance is also a result of Part-Time wages savings from Library and Parks and Recreation.

Contractual Services

This category includes expenditures for services performed by firms, individuals, or other City departments.

Actual to Revised Budget variance of \$2.4 million or 8%: The favorable variance relates to invoices for services being received later than expected; such as, January's utility payments. The variance is also a result of those expenditures that are difficult to budget for in the appropriate period because of their unpredictable spending pattern (e.g. building maintenance services, painting, fire alarm maintenance, elevators, etc).

Commodities

This classification includes supplies, repair and replacement parts, small tools, and maintenance and repairs.

Actual to Revised Budget variance of \$0.6 million or 13%: The variance relates to several accounts such as minor equipment, operating supplies, maintenance services and materials, and education and recreation supplies which are difficult to budget in the appropriate period as they do not have a predictable spending pattern.

Capital Outlays

Capital outlays include the purchase of land, the purchase or construction of buildings, structures, and facilities, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating an existing fixed asset. For an item to qualify as capital outlay the expenditure must meet all of the following requirements: (1) have an estimated useful life of more than two years; (2) have a unit cost of \$5,000 or more; and (3) be betterment or improvement.

Actual to Revised Budget variance of \$0 or 0%: No explanation necessary.

Future Budget Reductions/IOU

This represents the budget reductions and other adjustments that were approved by City Council on July 2, 2009, November 3, 2009, and January 26, 2010 to bring the balance to \$0.

Contracts Payable/COP

This activity is primarily contractual obligations related to development agreements (funded by sales tax rebates) and will vary based on the actual sales tax collections.

	Fiscal Year				
	<u>2008/09 Actual</u>	<u>2009/10 Adopted Budget</u>	<u>2009/10 Approved Adjustments</u>	<u>2009/10 Revised Budget</u>	<u>2009/10 Proposed Adjustments</u>
Certificates of Participation (COP)	\$0.9	\$0.9	-	\$0.9	-
Contracts Payable	\$2.6	\$2.7	(\$1.1)	\$1.6	-
COP - Radio Financing	-	\$1.0	(\$1.0)	-	-
Total Contracts Payable/COP	\$3.5	\$4.6	(\$2.1)	\$2.5	-

	Fiscal Year-to-Date January 2010				
	<u>2008/09 Actual</u>	<u>2009/10 Actual</u>	<u>2009/10 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Budget (Unfavorable) Percent</u>
Certificates of Participation (COP)	\$0.5	-	\$0.5	\$0.5	100 %
Contracts Payable	\$1.5	\$1.0	\$1.3	\$0.3	23 %
COP - Radio Financing	-	-	-	-	-
Total Contracts Payable/COP	\$2.0	\$1.0	\$1.8	\$0.8	44 %

Actual to Revised Budget variance of \$0.8 million or 44% The positive variance is primarily attributable to a timing issue of the Certificate of Participation debt payment. Expense was budgeted in January but payment occurred in February. In addition, due to the continued decline in tourism, the amount of tax received by the Hotel Valley Ho has decreased; therefore, the associated tax rebate has also decreased.

Transfers-Out

Transfers-Out represents the authorized exchanges of cash between funds, divisions, departments and/or capital projects.

	Fiscal Year				
	<u>2008/09 Actual</u>	<u>2009/10 Adopted Budget</u>	<u>2009/10 Approved Adjustments</u>	<u>2009/10 Revised Budget</u>	<u>2009/10 Proposed Adjustments</u>
MPC Excise Debt Fund	\$5.8	\$6.7	-	\$6.7	-
CIP - General Fund Maintenance	\$3.3	\$1.6	(\$0.2)	\$1.4	-
CIP - General Fund - Non-Maintenance	-	\$9.0	-	\$9.0	-
CIP - Public Safety Radio - Loop 101	\$1.9	-	-	-	-
Transportation Fund	\$7.0	\$5.6	(\$4.7)	\$0.9	-
Bed Tax Fund	\$0.2	\$6.6	-	\$6.6	-
Special Programs Fund - Planning & Dev Services	\$0.1	\$0.1	-	\$0.1	-
Total Transfers Out	\$18.3	\$29.6	(\$4.9)	\$24.7	-

	Fiscal Year-to-Date January 2010				
	<u>2008/09 Actual</u>	<u>2009/10 Actual</u>	<u>2009/10 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
MPC Excise Debt Fund	-	-	-	-	-
CIP - General Fund Maintenance	-	-	-	-	-
CIP - General Fund - Non-Maintenance	-	-	-	-	-
CIP - Public Safety Radio - Loop 101	-	-	-	-	-
Transportation Fund	-	\$0.1	\$0.1	-	-
Bed Tax Fund	-	\$2.4	\$2.7	\$0.3	11 %
Special Programs Fund - Planning & Dev Services	-	-	-	-	-
Total Transfers Out	-	\$2.5	\$2.8	\$0.3	11 %

Actual to Revised Budget variance of \$0.3 million or 11%: The MPC debt transfer will be made at the time the debt payment is made. The transfers out reflects transfers to the Special Programs Fund for bed tax revenues (80 percent of the total bed tax collections per adopted financial policy).

TRANSPORTATION FUND

FY 2009/10 (\$ in millions)				
	Adopted Budget	Revised Budget	Change	% Change
Sources	\$38.4	\$38.3	(\$0.1)	0%
Uses	\$38.3	\$38.3	\$0.0	0%
Change in Fund Balance	\$0.1	\$0.0	(\$0.1)	
Total Fund Balance	\$0.0	\$0.0	\$0.0	

Sources

The Transportation Fund receives and expends the City's allocation of the Arizona Highway User Revenue Tax (HURF) as well as other transportation related revenues. The amount of HURF available to each City is allocated based on population, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance, or transit. The State of Arizona requires the City to establish and maintain an accounting for Highway User Revenue Funds. The fund also accounts for the 1989, voter approved Transportation Privilege (Sales) Tax of 0.20 percent which is dedicated to funding transportation improvements and operations. The budget transfers 50 percent of the Transportation Sales Tax to the Capital Improvement Fund for transportation related capital improvement projects.

Fiscal Year (Twelve Months)						
	2007/08 <u>Actual</u>	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
HURF Taxes	\$16.3	\$14.1	\$14.2	\$0.0	\$14.2	\$0.0
0.20% City Sales Taxes	20.0	16.5	14.3	0.0	14.3	0.0
Other	1.6	2.9	3.9	4.6	8.5	-
Total Revenues	\$37.9	\$33.5	\$32.4	\$4.6	\$37.0	\$0.0
Transfers In	2.8	8.8	6.0	(4.7)	1.3	-
Total Sources	\$40.7	\$42.3	\$38.4	(\$0.1)	\$38.3	\$0.0
% Change vs. Prior Year		4%	-9%			

Fiscal Year-to-Date January						
	2007/08 <u>Actual</u>	2008/09 <u>Actual</u>	2009/10 <u>Actual</u>	2009/10 <u>Revised Budget</u>	Actual vs. Budget Favorable/(Unfavorable)	
					<u>Amount</u>	<u>Percent</u>
HURF Taxes	\$7.9	\$8.2	\$7.5	\$8.3	(\$0.8)	-10%
0.20% City Sales Taxes	11.6	9.9	8.5	8.3	0.2	2%
Other	1.6	1.5	1.7	1.5	0.2	13%
Total Revenues	\$21.1	\$19.6	\$17.7	\$18.1	(\$0.4)	-2%
Transfers In	0.4	1.5	0.5	0.5	-	n/a
Total Sources	\$21.5	\$21.1	\$18.2	\$18.6	(\$0.4)	-2%
% Change vs. Prior Year		-2%	-14%			

Highway User Revenues (HURF)

HURF dollars represent State "gas taxes" distributed to the cities based on population and origin of the fuel sales. These monies must be used for street construction, reconstruction, maintenance, or transit.

Actual to Budget variance of (\$0.8 million) or (10%): Decrease can be attributed to less demand of fuel due to the condition of the economy, changes in driving behaviors and more energy efficient vehicles.

Sales Tax Revenues

The fund receives the revenues from the 0.20 percent transportation sales tax; fifty percent of the tax is used for operations/maintenance recorded in this fund and 50 percent is used in the Transportation Capital Improvement Plan. A transfers out entry is recorded each month to move 50 percent to the Transportation Capital Improvement Plan.

Actual to Budget variance of \$0.2 million or 2%: Decline in receipts are the result of the same factors discussed in regard to the City's 1.0% tax collections. See Appendix 1 for further information about results by sales tax categories.

Other Revenues

Other Revenues consists of Local Transportation Assistance Funds (LTAF) which are lottery proceeds distributed by the State to be used for transit purposes; Grants; Intergovernmental; Reimbursements from Outside Sources; and Miscellaneous Revenues which includes transit fare box revenues.

	Fiscal Year (Twelve Months)					
	2007/08 Actual	2008/09 Actual	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments
Local Transportation Assistance Fund I	\$1.1	\$1.0	\$1.1	\$0.0	\$1.1	\$0.0
Local Transportation Assistance Fund II	0.4	0.4	-	-	-	-
Capital Improvement Plan Cost Allocation	-	0.9	0.8	-	0.8	-
Proposition 400 Regional Sales Tax	-	0.4	0.3	-	0.3	-
Charges for Services	0.1	0.2	1.6	-	1.6	-
Federal Grants	-	-	-	4.6	4.6	-
Miscellaneous	-	-	0.1	-	0.1	-
Total Other Revenues	\$1.6	\$2.9	\$3.9	\$4.6	\$8.5	\$0.0
% Change vs. Prior Year		81%	34%			

	Fiscal Year-to-Date January					
	2007/08 Actual	2008/09 Actual	2009/10 Actual	2009/10 Revised Budget	Actual vs. Budget Favorable/(Unfavorable)	
					Amount	Percent
Local Transportation Assistance Fund I	\$1.1	\$0.6	\$0.6	\$0.6	\$0.0	0%
Local Transportation Assistance Fund II	0.4	0.4	0.3	-	0.3	n/a
Capital Improvement Plan Cost Allocation	-	-	0.5	0.5	-	0%
Proposition 400 Regional Sales Tax	-	-	0.3	-	0.3	n/a
Charges for Services	-	-	-	0.4	(0.4)	-100%
Miscellaneous	0.1	0.5	-	-	-	n/a
Total Other Revenues	\$ 1.6	\$ 1.5	\$ 1.7	\$ 1.5	\$ 0.2	13%
% Change vs. Prior Year		-6%	13%			

Actual to Budget variance of \$0.2 million or 13%: Unbudgeted annual Local Transportation Assistance Fund II (LTAF II) revenues were received in January.

Transfers In

Transfers in from the General Fund, Capital Improvement Plan Fund, and Solid Waste Fund.

	Fiscal Year (Twelve Months)					
	2007/08 Actual	2008/09 Actual	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments
General Fund	\$2.5	\$7.0	\$5.6	(\$4.7)	\$0.9	\$0.0
Transportation CIP	-	1.5	-	-	-	-
Solid Waste - Alley Maintenance	0.3	0.3	0.4	-	0.4	-
Total Transfers In	\$2.8	\$8.8	\$6.0	(\$4.7)	\$1.3	\$0.0
% Change vs. Prior Year		214%	-32%			

	Fiscal Year-to-Date January					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
				Revised	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
General Fund	\$0.4	\$1.5	\$0.1	\$0.1	\$0.0	n/a
Solid Waste - Alley Maintenance	-	-	0.4	0.4	-	0%
Total Transfers In	\$0.4	\$1.5	\$0.5	\$0.5	\$0.0	0%
% Change vs. Prior Year		275%	-67%			

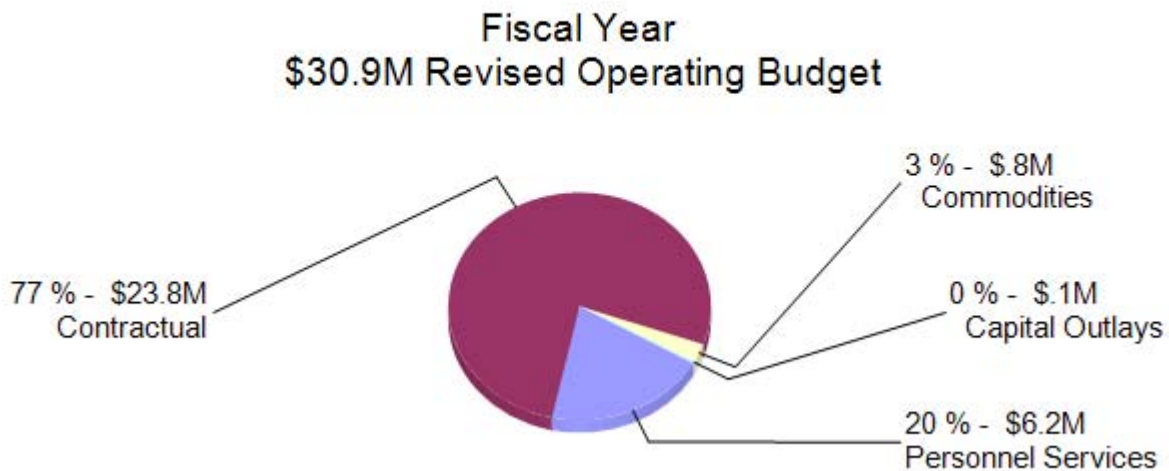
Actual to Budget variance of \$0.0 million or 0%. No explanation necessary.

TRANSPORTATION FUND USES

(\$ in millions)

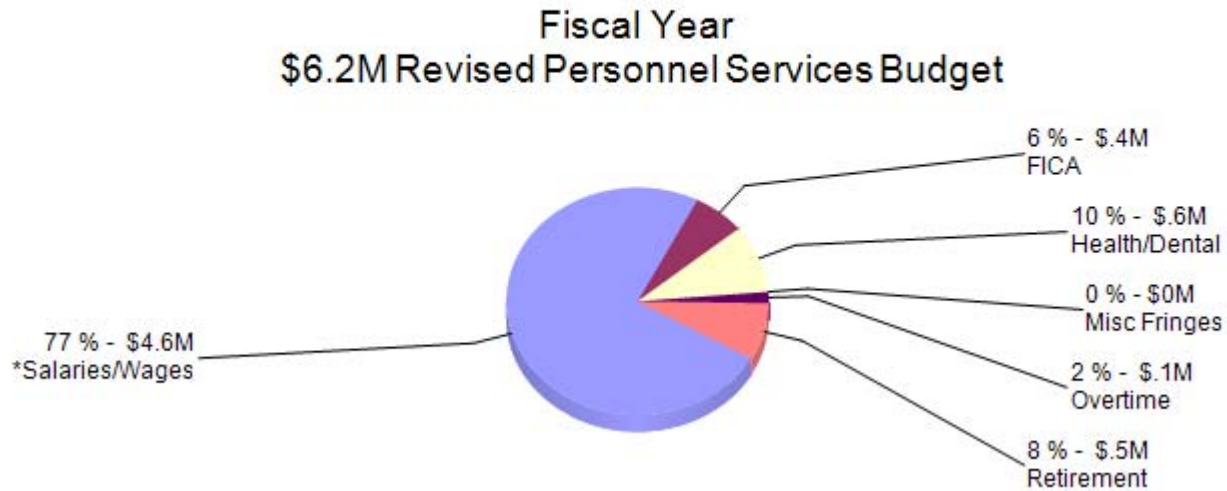
	Fiscal Year				
	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
Expenses:					
Personnel Services	\$7.8	\$6.3	(\$0.1)	\$6.2	-
Contractual	\$23.7	\$23.9	(\$0.1)	\$23.8	-
Commodities	\$0.8	\$0.8	-	\$0.8	-
Capital Outlays	-	-	\$0.1	\$0.1	-
Total Operating Expenses	\$32.3	\$31.0	(\$0.1)	\$30.9	-
Transfers Out	\$8.3	\$7.3	-	\$7.3	-
Total Uses	\$40.6	\$38.3	(\$0.1)	\$38.2	-

	Fiscal Year-to-Date January 2010				
	2008/09 <u>Actual</u>	2009/10 <u>Actual</u>	2009/10 <u>Revised Budget</u>	Actual vs. Budget <u>Favorable / (Unfavorable)</u> <u>Amount</u>	<u>Percent</u>
Expenses:					
Personnel Services	\$4.0	\$3.9	\$3.8	(\$0.1)	-3 %
Contractual	\$15.0	\$12.0	\$10.3	(\$1.7)	-17 %
Commodities	\$0.5	\$0.3	\$0.4	\$0.1	25 %
Capital Outlays	-	\$0.1	\$0.1	-	-
Total Operating Expenses	\$19.5	\$16.3	\$14.6	(\$1.7)	-12 %
Transfers Out	-	-	-	-	-
Total Uses	\$19.5	\$16.3	\$14.6	(\$1.7)	-12 %



Personnel Services

Personnel Services include the salaries and wages (pay for time worked, vacation, and sick leave) plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. It is also inclusive of vacancy savings, the medical and vacation leave accrual payouts that are made at the time of separation from the City, and position reclassifications.



*(includes Vacancy Savings/Payouts/Reclass)

	Fiscal Year				
	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
Salaries and Wages	\$6.0	\$4.9	(\$0.1)	\$4.8	-
Overtime	\$0.1	\$0.1	-	\$0.1	-
Retirement	\$0.9	\$0.5	-	\$0.5	-
Health/Dental	\$0.6	\$0.6	-	\$0.6	-
FICA	\$0.4	\$0.4	-	\$0.4	-
Miscellaneous Fringes	-	-	-	-	-
Vacancy Savings/Payouts/Reclass	(\$0.2)	(\$0.2)	-	(\$0.2)	-
Total Personnel Services	\$7.8	\$6.3	(\$0.1)	\$6.2	-

Fiscal Year-to-Date January 2010

	2008/09 <u>Actual</u>	2009/10 <u>Actual</u>	2009/10 <u>Revised Budget</u>	Actual vs. Budget <u>Favorable / (Unfavorable)</u> <u>Amount</u>	<u>Percent</u>
Salaries and Wages	\$3.1	\$2.9	\$3.0	\$0.1	3 %
Overtime	\$0.1	\$0.1	\$0.1	-	-
Retirement	\$0.3	\$0.3	\$0.3	-	-
Health/Dental	\$0.4	\$0.4	\$0.4	-	-
FICA	\$0.2	\$0.2	\$0.2	-	-
Miscellaneous Fringes	-	-	-	-	-
Vacancy Savings/Payouts/Reclass	(\$0.1)	-	(\$0.2)	(\$0.2)	100 %
Total Personnel Services	\$4.0	\$3.9	\$3.8	(\$0.1)	-3 %

Actual to Revised Budget variance of (\$0.1) million or (3%): No explanation is necessary.

Contractual Services

This category includes expenditures for services performed by firms, individuals, or other City departments.

Actual to Revised Budget variance of (\$1.7 million) or (17%): Variance attributable to invoice timing issue for Planning, Neighborhoods, and Transportation's transit contract with the City of Phoenix. Invoices processed for January 1, 2010 through June 30, 2010 services, however was budgeted in later months.

Commodities

This classification includes supplies, repair and replacement parts, small tools, and maintenance and repairs.

Actual to Revised Budget variance Budget of \$0.1 million or 25%: The variance is related to timing of invoices. For example, reflective pavement markers, thermoplastic material, and traffic signs were received for street operations. However, the invoices have not been received by the vendors as anticipated.

Capital Outlays

Capital outlays include the purchase of land, the purchase or construction of buildings, structures, and facilities, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating an existing fixed asset. For an item to qualify as capital outlay the expenditure must meet all of the following requirements: (1) have an estimated useful life of more than two years; (2) have a unit cost of \$5,000 or more; and (3) be betterment or improvement.

Actual to Revised Budget variance Budget of \$0 or 0%: No explanation is necessary.

Transfers-Out

Transfers-Out represents the authorized exchanges of cash between funds, divisions, departments and/or capital projects.

	Fiscal Year				
	<u>2008/09 Actual</u>	<u>2009/10 Adopted Budget</u>	<u>2009/10 Approved Adjustments</u>	<u>2009/10 Revised Budget</u>	<u>2009/10 Proposed Adjustments</u>
CIP Fund - Privilege Tax Allocation	\$8.2	\$7.2	-	\$7.2	-
CIP Fund - Tech. ReplacementAllocation	\$0.1	\$0.1	-	\$0.1	-
Total Transfers Out	\$8.3	\$7.3	-	\$7.3	-

	Fiscal Year-to-Date January 2010				
	<u>2008/09 Actual</u>	<u>2009/10 Actual</u>	<u>2009/10 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
CIP Fund - Privilege Tax Allocation	-	-	-	-	-
CIP Fund - Tech. ReplacementAllocation	-	-	-	-	-
Total Transfers Out	-	-	-	-	-

Actual to Revised Budget variance of \$0 or 0%: No explanation is necessary. The budgeted transfers will be made in June 2010.



Privilege (Sales), Use & Bed Tax Collections For January 2010

(For Business Activity in December 2009)

Appendix 1 contains information regarding the “actual” revenue collections from the 1.0 percent Privilege and Use Tax reflected in the General Fund, 0.2 percent dedicated Transportation Privilege Tax, 0.2 percent dedicated Preserve Privilege and Use Taxes, 0.15 percent additional dedicated Preserve Privilege and Use Taxes, and 0.1 percent dedicated Public Safety Privilege and Use Taxes, including adjustments for related license revenues, late collections and audits. While the report includes the actual year-to-date tax collections for the funds previously noted, only the General Fund portion (1.0 percent) of the tax is unrestricted and available for general government purposes.

1% Privilege (Sales) & Use Tax (in Millions)	Fiscal Year to Date
Budget	\$44.0
Actual	\$45.9
Favorable Variance (\$)	\$1.9
Favorable Variance (%)	4%

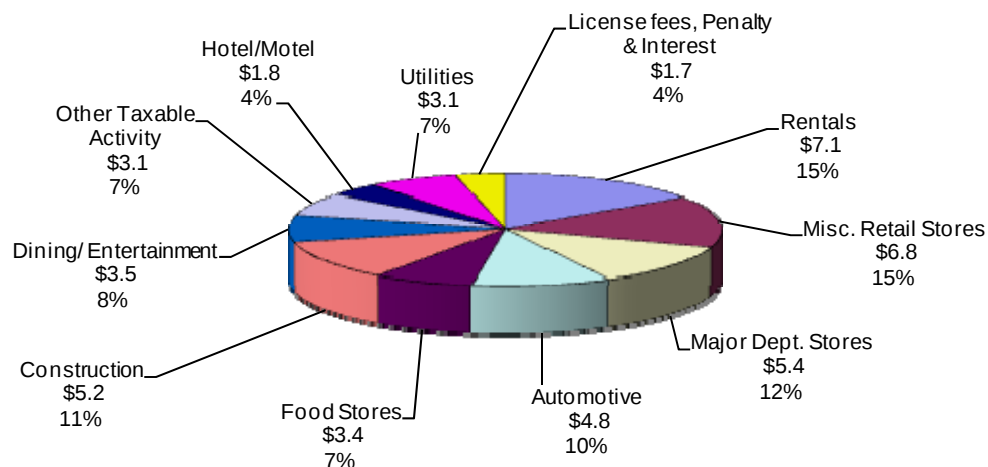
The report shows a fiscal year Privilege and Use Tax collection decrease of 13 percent compared to the same period a year ago; forecasted to be a decrease of 17 percent.

Privilege (Sales) & Use Tax by Category (1% Amount Only - General Purpose)

Category	Fiscal Year (Twelve Months)					
	2007/08 <u>Actual</u>	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
Rentals	\$13.5	\$12.5	\$13.1	-	\$13.1	-
Misc. Retail Stores	15.2	12.1	10.8	-	10.8	-
Major Dept. Stores	9.9	8.8	8.1	-	8.1	-
Automotive	14.2	9.6	7.8	-	7.8	-
Food Stores	6.5	6.3	6.4	-	6.4	-
Construction	19.5	13.5	6.2	-	6.2	-
Dining/ Entertainment	7.8	6.9	6.0	-	6.0	-
Other Taxable Activity	6.1	6.2	5.5	-	5.5	-
Hotel/Motel	5.5	4.4	4.8	-	4.8	-
Utilities	4.5	4.4	4.7	-	4.7	-
License fees, Penalty & Interest	2.6	2.6	2.4	-	2.4	-
Total	\$105.3	\$87.3	\$75.8	-	\$75.8	-
% Change vs. Prior Year		-17%	-13%		-13%	

Category	Fiscal Year-to-Date January				Actual vs. Budget	
	2007/08 <u>Actual</u>	2008/09 <u>Actual</u>	2009/10 <u>Actual</u>	2009/10 <u>Budget</u>	<u>Favorable/(Unfavorable)</u> <u>Amount</u>	<u>Percent</u>
Rentals	\$7.5	\$7.4	\$7.1	\$7.4	(\$0.3)	-4%
Misc. Retail Stores	8.9	7.2	6.8	6.3	0.5	8%
Major Dept. Stores	6.0	5.3	5.4	4.9	0.5	10%
Automotive	8.7	6.0	4.8	4.7	0.1	2%
Food Stores	3.8	3.7	3.4	3.7	(0.3)	-8%
Construction	11.9	8.9	5.2	3.8	1.4	37%
Dining/ Entertainment	4.2	3.8	3.5	3.3	0.2	6%
Other Taxable Activity	3.4	3.8	3.1	3.3	(0.2)	-6%
Hotel/Motel	2.5	2.3	1.8	2.2	(0.4)	-18%
Utilities	2.7	2.8	3.1	2.8	0.3	11%
License fees, Penalty & Interest	1.8	1.8	1.7	1.6	0.1	6%
Total	\$61.4	\$53.0	\$45.9	\$44.0	\$1.9	4%
% Change vs. Prior Year		-14%	-13%			

\$45.9M Revenue



Rental Sales Taxes

The rental category includes rentals of commercial and residential real property and personal property rentals. Personal property rentals include rentals of formal wear, DVD's, home health equipment, recreational goods, electronics, appliances, etc.

Actual to Revised Budget of (\$0.3 Million) or (4%): Vacancies are increasing and lease rates are lower than expected.

Miscellaneous Retail Stores Sales Taxes

This category includes smaller retail stores, such as small clothing stores, art galleries, luggage stores, home furnishing stores, jewelry stores, drug stores, hobby stores, household appliance stores, sporting goods stores, florists, computer stores, hardware stores, and pet supply stores.

Actual to Revised Budget variance of \$0.5 Million or 8%: This reflects an increase due in part to some new stores opening and computer hardware/software resellers showing an increase in sales.

Major Department Stores Sales Taxes

This category includes large department stores, warehouse clubs, supercenters, and discount department stores.

Actual to Budget variance of \$0.5 Million or 10%: This reflects four large one-time audit payments and the opening of two new department stores.

Automotive Sales Taxes

The automotive category includes businesses such as automobile dealers, motorcycle dealers, automotive repair shops, tire shops, car washes, and car leasing companies.

Actual to Revised Budget variance of \$0.1 Million or 2%: The Cash for Clunkers program appears to have increased sales for the months in which it was available. This also reflects a large one-time audit payment.

Food Stores Sales Taxes

This category includes businesses such as grocery stores, candy stores, meat markets and convenience stores.

Actual to Revised Budget variance of (\$0.3 Million) or (8%): This is due to a change in consumer spending to lower priced products, a grocery store chain declaring bankruptcy, decreasing food costs, and an increased use of food stamps which are not taxed.

Construction Sales Taxes

The construction tax is collected on all construction activity; commercial and residential; new and re-model. It also includes numerous activities such as landscaping, painting, flooring installation, siding, roofing, concrete, plumbing, heating, electrical, framing, drywall, infrastructure, masonry, finish carpentry, etc.

Actual to Revised Budget variance of \$1.4 Million or 37%: This is reflecting higher construction taxes collected than forecasted, a carryover consistent with FY 2008/09 permit activity. Because of the variance, the forecasting model is being reviewed regarding the ratio of tax collected per dollar of building permit valuation.

Dining/Entertainment Sales Taxes

The restaurant category includes restaurants, bars, cafeterias, mobile food vendors, and caterers.

Actual to Revised Budget variance of \$0.2 Million or 6%: No specific reason for the variance.

Other Taxable Activity Sales Taxes

This category includes tax reported by movie theatres, golf courses, gyms, bowling centers, amusement arcades, interior designers, publishers, banks, doctors, lawyers, accountants, beauty salons, barber shops, personal goods repair shops, photographers, advertising, wholesalers, and manufacturers.

Actual to Revised Budget variance of (\$0.2 Million) or (6%): No specific reason for the variance.

Hotel/Motel Sales Taxes

This category includes the tax for the activity of renting lodging space on a short-term basis and other activities provided at the hotel/motel.

Actual to Revised Budget variance of (\$0.4 Million) or (18%): The reduction is attributable to declining occupancy in the local market as a result of conditions in the national economy. These conditions have contributed to group cancellations and less leisure travel nationwide, particularly in the major fly-in markets such as Scottsdale/Phoenix. Occupancy and room rates are down significantly.

Utilities Sales Taxes

This category includes taxes reported by businesses that provide telecommunication, electricity, gas, or water services. Telecommunications include both land lines and cellular service.

Actual to Revised Budget variance of \$0.3 Million or 11%: This is due to a one-time audit payment.

License Fees, Penalty & Interest

Actual to Revised Budget variance of \$0.1 Million or 6%: This increase is due in part to interest paid on audits.

Privilege (Sales) and Use Tax by Category (General & Dedicated Funds – 1.65%)

<u>Category</u>	Fiscal Year-to-Date January			% Var vs 2009 <u>Actual</u>
	2007/08	2008/09	2009/10	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	
Rentals	\$12.3	\$12.2	\$11.8	-3%
Misc. Retail Stores	14.5	11.7	11.1	-5%
Major Dept. Stores	9.9	8.8	8.9	1%
Automotive	14.3	9.9	7.8	-21%
Food Stores	6.2	6.0	5.6	-7%
Construction	19.6	14.7	8.6	-41%
Dining/ Entertainment	7.0	6.2	5.8	-6%
Other Taxable Activity	5.6	6.2	5.1	-18%
Hotel/Motel	4.1	3.7	2.9	-22%
Utilities	4.4	4.5	5.0	11%
License fees, Penalty & Interest	1.8	1.8	1.7	-6%
Total	\$99.7	\$85.7	\$74.3	-13%
% Change vs. Prior Year		-14%		

Dedicated Funds**Transportation Fund (0.20%)**

Fiscal Year-to-Date January

2007/08	2008/09	2009/10	% Var vs 2009 <u>Actual</u>
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
\$11.6	\$9.9	\$8.5	-14%

1995 McDowell Preserve Fund (0.20%)

Fiscal Year-to-Date January

2007/08	2008/09	2009/10	% Var vs 2009 <u>Actual</u>
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
\$11.9	\$10.2	\$8.9	-13%

2004 McDowell Preserve Fund (0.15%)

Fiscal Year-to-Date January

2007/08	2008/09	2009/10	% Var vs 2009 <u>Actual</u>
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
\$8.9	\$7.6	\$6.6	-13%

Public Safety Fund (0.10%)

Fiscal Year-to-Date January

2007/08	2008/09	2009/10	% Var vs 2009 <u>Actual</u>
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
\$5.9	\$5.1	\$4.4	-14%

Bed Tax Collections For January 2010

(For Business Activity in December 2009)

The following schedule shows that bed tax receipts on a cash basis (including short-term apartment rentals) are less than expected for fiscal year-to-date.

3% Bed Tax (in Millions)	Fiscal Year to Date
Budget	\$3.4
Actual	\$3.0
Unfavorable Variance (\$)	(\$0.4)
Unfavorable Variance (%)	-12%

The schedule below shows Hotel/Motel year-to-date actual business activity (excluding short-term apartment rentals) as compared to the same period last fiscal year. Business activity recognizes revenue when it becomes available and is measurable. For example, if a payment is late but arrives prior to reporting, the payment is included below as revenue.

Note: The business activity for bed tax collections has a one month lag.

	Business Activity	% Var vs
	Fiscal Year	2009 FYTD
<u>Hotel/Motel</u>	<u>To Date</u>	<u>Actual</u>
Resort	\$1.6	-18%
Full Service	\$0.7	-11%
Limited Service	\$0.6	-25%
Total	\$2.9	-18%

The limited service hotels show a greater decline than the other hotel classifications. There are a couple of possible explanations. The customers that normally stay at the limited service hotels are no longer traveling or they are upgrading to the full service hotels since the rates per available room have decreased across all the classifications making the full service hotels within the price that they are willing to pay.

**City of Scottsdale
General Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
Beginning Fund Balance:			
General Fund Reserve	\$28,131,257	\$25,860,367	\$25,860,367
Photo Enforcement Loop 101 Program - Contingency	\$1,626,388	\$0	\$0
Operating Contingency	\$2,500,000	\$5,000,000	\$5,000,000
Liabilities Reserve	\$0	\$0	\$0
Unreserved Fund Balance	\$12,010,835	\$3,836,635	\$10,769,902
Total Beginning Fund Balance	\$44,268,480	\$34,697,002	\$41,630,269
Source of Funds:			
Revenues:			
Sales Taxes			
General Purpose Sales Tax	\$87,328,386	\$75,900,000	\$75,900,000
Public Safety	\$8,429,071	\$7,362,300	\$7,362,300
Total Sales Taxes	\$95,757,457	\$83,262,300	\$83,262,300
State Shared Revenues			
State Revenue Sharing	\$35,102,991	\$30,308,042	\$30,308,948
State Shared Sales Tax	\$18,935,910	\$18,047,839	\$17,854,814
Auto Lieu Tax	\$8,151,324	\$8,000,000	\$8,000,000
Total State Shared Revenues	\$62,190,225	\$56,355,881	\$56,163,762
Charges for Services/Other			
Taxes - Local			
Stormwater Water Quality Charge	\$814,326	\$863,000	\$863,000
Licenses, Permits & Fees			
Building Permit Fees & Charges	\$6,911,195	\$8,149,000	\$8,149,000
Recreation Fees	\$3,206,506	\$3,022,000	\$3,022,000
WestWorld	\$2,663,389	\$2,888,000	\$2,873,000
Fire Service Charges	\$1,752,393	\$2,350,000	\$1,346,745
Business Licenses & Fees	\$1,733,104	\$1,680,000	\$1,680,000
Fines & Forfeitures			
Court Fines	\$6,670,715	\$7,166,300	\$7,156,414
Photo Enforcement Revenue	\$1,683,826	\$1,655,700	\$1,655,700
Photo Enforcement Loop 101 Program	\$781,933	\$0	\$0
Parking Fines	\$422,697	\$495,000	\$504,886
Library Fines & Fees	\$302,729	\$389,640	\$299,640
30 Day Tow Program	\$200,000	\$400,000	\$0
Interest Earnings/Property Rental			
Interest Earnings	\$3,690,990	\$1,656,860	\$1,656,860
Property Rental	\$3,222,002	\$3,194,029	\$3,194,029
Other Revenue			
Indirect/Direct Cost Allocation	\$12,936,936	\$14,773,794	\$15,173,794
Intergovernmental Revenue	\$1,160,325	\$1,049,900	\$932,057
Capital Improvement Plan Cost Allocation	\$901,002	\$861,588	\$861,588
Miscellaneous	\$643,477	\$1,000,000	\$1,016,400
Reimbursements	\$455,408	\$350,000	\$365,000
Total Charges for Services/Other	\$50,152,953	\$51,944,811	\$50,750,113
Property Tax	\$22,607,397	\$23,654,407	\$23,654,407
Franchise Fees and In-Lieu Taxes			
Electric Franchise	\$7,791,429	\$8,400,000	\$8,400,000
Enterprise Franchise Fees	\$6,355,534	\$6,684,785	\$6,684,785
Cable TV Franchise	\$3,565,549	\$3,600,000	\$3,600,000
Enterprise In Lieu Property Tax	\$2,453,184	\$2,675,320	\$2,675,320
Salt River Project Lieu Tax	\$139,220	\$139,000	\$139,000
	\$20,304,915	\$21,499,105	\$21,499,105
Bed Tax Revenues	\$1,524,624	\$8,231,300	\$8,231,300
Total Revenues	\$252,537,572	\$244,947,804	\$243,560,987

**City of Scottsdale
General Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
Cash Transfers In			
CIP	\$13,935,983	\$9,000,000	\$9,000,000
Self Insurance Fund	\$5,000,000	\$0	\$0
Special Programs Fund (Cultural Council)	\$0	\$300,000	\$300,000
Miscellaneous	\$0	\$0	\$0
Community Services/Human Services	\$130,000	\$130,000	\$130,000
Water Campus Security	\$454,438	\$0	\$454,438
Subtotal	\$19,520,421	\$9,430,000	\$9,884,438
Total Sources	\$272,057,993	\$254,377,804	\$253,445,425
Use of Funds:			
Departments			
Mayor & City Council (includes Intergovernmental Relations)	\$1,586,718	\$0	\$0
City Clerk	\$1,156,255	\$904,960	\$1,212,987
City Attorney	\$6,220,155	\$6,384,959	\$6,385,936
City Auditor	\$996,880	\$837,820	\$815,564
City Court	\$5,772,082	\$4,699,829	\$4,591,661
City Manager	\$1,589,673	\$0	\$0
CAPA	\$1,321,658	\$0	\$0
Police	\$88,325,246	\$0	\$0
Financial Services	\$9,586,311	\$0	\$0
Transportation - Trails	\$122,779	\$0	\$0
Community Services	\$60,380,301	\$0	\$0
Information Technology	\$9,887,882	\$10,333,523	\$9,893,221
The Downtown Group	\$4,479,442	\$0	\$0
Fire	\$30,732,995	\$0	\$0
Municipal Services	\$1,673,284	\$0	\$0
Citizen & Neighborhood Resources	\$3,690,887	\$0	\$0
Human Resources	\$3,439,680	\$0	\$0
Economic Vitality	\$1,323,377	\$11,208,383	\$10,887,442
Planning & Development (includes Preservation)	\$16,619,675	\$0	\$0
WestWorld	\$3,608,139	\$0	\$0
Inventory/Other	\$249,694	\$0	\$0
Divisions (FY 2009/10 Reorganization)			
Scottsdale City Council	\$0	\$790,904	\$716,023
Strategic Resources Group	\$0	\$1,742,708	\$1,635,417
Community Services	\$0	\$38,499,263	\$37,861,154
Public Safety	\$0	\$116,256,382	\$112,945,993
Public Works & Water Resources	\$0	\$18,983,113	\$18,360,893
Planning, Neighborhoods and Transportation	\$0	\$15,586,164	\$15,304,644
Finance and Accounting	\$0	\$7,763,582	\$6,174,651
Human Resources	\$0	\$4,597,436	\$3,888,295
Administrative Services	\$0	\$0	\$1,803,761
Leave Accrual Payments	\$0	\$1,790,184	\$643,583
Estimated Personnel Savings from Vacant Positions	\$0	(\$5,000,000)	(\$3,720,607)
Future Budget Reductions/IOU		(\$12,536,834)	\$0
Subtotal	\$252,763,113	\$222,842,376	\$229,400,618
Debt Service			
Contracts Payable	\$2,634,686	\$2,724,356	\$1,637,393
Certificates of Participation	\$918,790	\$918,790	\$918,790
Certificates of Participation - Radio Financing	\$40,910	\$1,021,600	\$0
Other	\$4,963	\$0	\$0
Subtotal	\$3,599,349	\$4,664,746	\$2,556,183
Total Operating Budget	\$256,362,462	\$227,507,122	\$231,956,801

**City of Scottsdale
General Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
Cash Transfers Out			
MPC Excise Debt Fund	\$5,787,446	\$6,695,185	\$6,695,185
CIP - General Fund Maintenance	\$3,302,400	\$1,550,000	\$1,350,000
CIP - General Fund - Public Safety/Radios	\$0	\$0	\$0
CIP - General Fund - Non-Maintenance	\$0	\$9,000,000	\$9,000,000
CIP - Public Safety Radio - Loop 101	\$1,877,298	\$0	\$0
Transportation Fund	\$7,023,454	\$5,571,026	\$905,777
Bed Tax Fund	\$240,898	\$6,585,040	\$6,585,040
Special Programs Fund - Community Services	\$0	\$0	\$0
Special Programs Fund - Planning and Development Services	\$60,000	\$60,000	\$60,000
Streetlight Fund	\$37,245	\$0	\$0
Grants Fund	\$5,000	\$0	\$0
Total Cash Transfers Out	\$18,333,741	\$29,461,251	\$24,596,002
Total Uses	\$274,696,203	\$256,968,373	\$256,552,803
Sources Over/(Under) Uses	(\$2,638,210)	(\$2,590,569)	(\$3,107,378)
Ending Fund Balance			
General Fund Reserve	\$25,860,367	\$26,125,798	\$26,299,399
Photo Enforcement Loop 101 Program - Contingency	\$0	\$0	\$0
Operating Contingency	\$5,000,000	\$5,000,000	\$4,853,381
Unreserved Fund Balance	\$10,769,902	\$980,634	\$7,370,111
Total Ending Fund Balance	\$41,630,269	\$32,106,432	\$38,522,891

**City of Scottsdale
Transportation Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
Beginning Fund Balance	(\$1,560,056)	\$0	\$31,891
<u>Source of Funds:</u>			
Revenues:			
<i>Transportation Sales Tax</i>	<i>\$16,474,270</i>	<i>\$14,345,100</i>	<i>\$14,345,100</i>
<i>Highway User Revenue Tax</i>	<i>\$14,141,719</i>	<i>\$14,187,000</i>	<i>\$14,187,000</i>
<i>Other Revenues</i>			
Local Transportation Assistance Fund I	\$1,015,408	\$1,057,100	\$1,057,100
Capital Improvement Plan Cost Allocation	\$879,108	\$819,926	\$819,926
Local Transportation Assistance Fund II	\$432,214	\$0	\$0
Proposition 400 Regional Sales Tax	\$377,237	\$311,628	\$311,628
Charges for Services	\$247,561	\$1,568,364	\$1,568,364
Federal Grants	\$0	\$0	\$4,600,000
Miscellaneous	\$6,920	\$120,000	\$120,000
<i>Total Other Revenues</i>	<i>\$2,958,448</i>	<i>\$3,877,018</i>	<i>\$8,477,018</i>
Total Revenues	\$33,574,437	\$32,409,118	\$37,009,118
Cash Transfers In			
General Fund	\$7,023,454	\$5,571,026	\$905,777
Transportation CIP	\$1,500,000	\$0	\$0
Solid Waste - Alley Maintenance	\$334,012	\$358,550	\$358,550
<i>Subtotal</i>	<i>\$8,857,466</i>	<i>\$5,929,576</i>	<i>\$1,264,327</i>
Total Sources	\$42,431,903	\$38,338,694	\$38,273,445
<u>Use of Funds:</u>			
Departments			
Transportation	\$15,437,011	\$0	\$0
Municipal Services	\$17,108,310	\$0	\$0
<i>Divisions (FY 2009/10 Reorganization)</i>			
Planning, Neighborhoods, & Transportation	\$0	\$13,631,274	\$13,540,306
Public Works & Water Resources	\$0	\$17,649,008	\$17,643,896
Leave Accrual Payments	\$0	\$86,262	\$80,984
Estimated Personnel Savings from Vacant Positions	\$0	(\$270,000)	(\$227,993)
Total Operating Budget	\$32,545,321	\$31,096,544	\$31,037,193
Cash Transfers Out			
CIP Fund - Privilege Tax Allocation	\$8,237,135	\$7,172,550	\$7,172,550
CIP Fund - Tech. Replacement	\$57,500	\$69,600	\$69,600
Total Cash Transfers Out	\$8,294,635	\$7,242,150	\$7,242,150
Total Uses	\$40,839,956	\$38,338,694	\$38,279,343
Sources Over/(Under) Uses	\$1,591,947	\$0	(\$5,898)
Total Ending Fund Balance	\$31,891	\$0	\$25,993