



Fiscal Year 2009/10  
As of August 2009  
Operating Report

Report to the City Council and Budget Review Commission  
Prepared by Financial Management Division  
Revised - September 23, 2009



## FINANCIAL REPORT FOR YEAR-TO-DATE AUGUST 2009

The following is a financial summary of the City's YTD August 2009 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 will include a summary for General Fund and Transportation Fund revenues and expenditures by major categories. Significant actual to budget variances will be highlighted. The report also includes an Appendix which details the City's Privilege (Sales) Tax by major category. 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.

<b>Operating Funds</b>				
<b>YTD August 2009 Results</b>				
<b>(\$ in millions)</b>				
	Revised	2008/09	Variance	
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>%</u> <u>Var</u>
Sources	\$ 50.5	\$ 51.1	\$ 0.6	1%
Uses	<u>\$ 40.6</u>	<u>\$ 38.5</u>	<u>\$ 2.1</u>	<u>5%</u>
Change in Fund Balance	\$ 9.9	\$ 12.6	\$ 2.7	27%

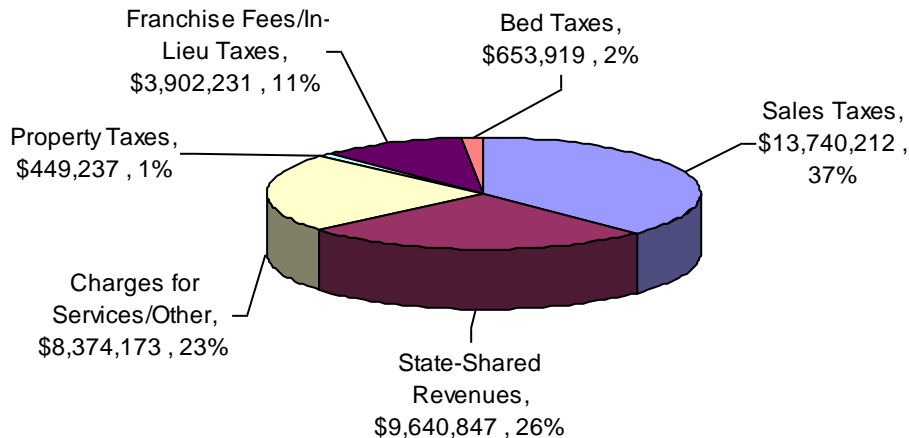
# GENERAL FUND

<b>General Fund FY 2009/10 (\$ in millions)</b>				
	Adopted Budget	Revised Budget	Change	% Var
Sources	\$ 254.4	\$ 254.2	\$ (0.2)	0%
Uses	\$ 257.0	\$ 257.0	\$ -	0%
Change in Fund Balance	\$ (2.6)	\$ (2.8)	\$ (0.2)	8%
Fund Balance:				
Reserved	\$ 26.1	\$ 26.1	\$ -	
Contingency	\$ 5.0	\$ 5.0	\$ -	
Unreserved	\$ 1.0	\$ 7.4	\$ 6.4	
<b>Total Fund Balance</b>	<b>\$ 32.1</b>	<b>\$ 38.5</b>	<b>\$ 6.4</b>	

## General Fund Revenues

Category	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised Budget	Actual	Variance Favorable (Unfavorable)	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
Sales Taxes	\$ 13,092,178	\$ 13,740,212	\$ 648,034	5%	\$ 83,262,300	\$ -	\$ 83,262,300		\$ 95,757,457
State-Shared Revenues	9,822,596	9,640,847	(181,749)	-2%	56,355,881	-	56,355,881		62,190,225
Charges for Services/Other	8,244,631	8,374,173	129,542	2%	51,944,811	(193,844)	51,750,967		49,774,228
Property Taxes	492,840	449,237	(43,603)	-9%	23,654,407	-	23,654,407		22,607,397
Franchise Fees/In-Lieu Taxes	3,925,158	3,902,231	(22,927)	-1%	21,499,105	-	21,499,105		20,304,915
Bed Taxes	674,966	653,919	(21,047)	-3%	8,231,300	-	8,231,300		1,524,624
<b>Total Revenue</b>	<b>\$ 36,252,369</b>	<b>\$ 36,760,619</b>	<b>\$ 508,250</b>	<b>1%</b>	<b>\$ 244,947,804</b>	<b>\$ (193,844)</b>	<b>\$ 244,753,960</b>	<b>\$ -</b>	<b>\$ 252,158,847</b>
Transfers In	9,430,000	9,505,740	75,740	1%	9,430,000	-	9,430,000	-	19,065,983
<b>Total Sources</b>	<b>\$ 45,682,369</b>	<b>\$ 46,266,359</b>	<b>\$ 583,990</b>	<b>1%</b>	<b>\$ 254,377,804</b>	<b>(193,844)</b>	<b>\$ 254,183,960</b>	<b>-</b>	<b>\$ 271,224,830</b>

### \$36.8M Revenue



### General Fund 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.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10	2009/10	2009/10	2009/10	2008/09
			Favorable		Adopted	Approved	Revised	Proposed	
			(Unfavorable)	% Var	Budget	Adjustments	Budget	Adjustments	
Sources	\$ 45,682,369	\$ 46,266,359	\$ 583,990	1%	\$ 254,377,804	\$ (193,844)	\$ 254,183,960	\$ -	\$ 271,224,830

**Approved Adjustments of (\$193,844) are explained in the appropriate category below.**

**Actual to Revised Budget variance of \$583,990 or 1%** is explained below by category. In summary, it is the result of better than expected sales taxes.

### 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 in 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 and is considered an "elastic" revenue source susceptible to peaks and valleys, based on events in the national, state and local economies. These sales taxes are tracked by categories and further details of the category results can be found in Appendix 1.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10	2009/10	2009/10	2009/10	2008/09
			Favorable		Adopted	Approved	Revised	Proposed	
			(Unfavorable)	% Var	Budget	Adjustments	Budget	Adjustments	
General Purpose Sales Tax	\$ 11,934,540	\$ 12,542,316	\$ 607,776	5%	\$75,900,000	\$ -	\$75,900,000	\$ -	\$87,328,386
Public Safety Sales Tax	1,157,638	1,197,896	40,258	3%	7,362,300	-	7,362,300	-	8,429,071
<b>Total Sales Taxes</b>	<b>\$ 13,092,178</b>	<b>\$ 13,740,212</b>	<b>\$ 648,034</b>	<b>5%</b>	<b>\$83,262,300</b>	<b>\$ -</b>	<b>\$83,262,300</b>	<b>\$ -</b>	<b>\$95,757,457</b>

**Actual to Revised Budget variance of \$648,034 or 5%:** Better than expected construction and utility activity offset by lower than expected revenues from the hotel/motel and rental classifications. Hotel/motel revenues have been impacted by the sharp decline in the tourism industry. Property rentals have been affected by vacancies and declining rental rates. 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) shared with Arizona cities and towns, based on a statutorily determined formula, primarily driven by population. This revenue is an elastic revenue susceptible to peaks and valleys based on events in the national, state and local economies.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10	2009/10	2009/10	2009/10	2008/09
			Favorable		Adopted	Approved	Revised	Proposed	
			(Unfavorable)	% Var	Budget	Adjustments	Budget	Adjustments	
State Revenue Sharing	\$ 5,079,439	\$ 5,051,340	\$ (28,099)	-1%	\$30,308,042	\$ -	\$30,308,042	\$ -	\$35,102,991
State Shared Sales Tax	3,116,100	2,970,998	(145,102)	-5%	18,047,839	-	18,047,839	-	18,935,910
Auto Lieu Tax	1,627,057	1,618,508	(8,549)	-1%	8,000,000	-	8,000,000	-	8,151,324
<b>Total State Shared Revenues</b>	<b>\$ 9,822,596</b>	<b>\$ 9,640,847</b>	<b>\$ (181,749)</b>	<b>-2%</b>	<b>\$ 56,355,881</b>	<b>\$ -</b>	<b>\$ 56,355,881</b>	<b>\$ -</b>	<b>\$ 62,190,225</b>

**Actual to Revised Budget variance of (\$181,749) or (2%):** All three revenues are less than expected because of the recession.

### Charges for Services/Other

Charges for Services include numerous revenues such as building permits, recreation fees, fire department fees and WestWorld fees. 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. "Other" refers to all other lines not specifically mentioned in other categories.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance Favorable (Unfavorable)	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
<i>Taxes - Local</i>									
Stormwater Water Quality Charge	\$ 177,611	\$ 184,904	\$ 7,293	4%	\$863,000	\$ -	\$863,000		\$814,326
<i>Licenses, Permits &amp; Fees</i>									
Building Permit Fees & Charges	1,226,303	1,303,089	76,786	6%	8,149,000	-	8,149,000		6,911,195
Recreation Fees	512,151	535,376	23,225	5%	3,022,000	-	3,022,000		3,206,506
WestWorld	28,784	28,793	9	0%	2,888,000	(15,000)	2,873,000		2,663,389
Fire Service Charges	742,304	531,458	(210,846)	-28%	2,350,000	(2,400)	2,347,600		1,752,393
Business Licenses & Fees	135,486	151,772	16,286	12%	1,680,000	-	1,680,000		1,733,104
<i>Fines &amp; Forfeitures</i>									
Court Fines	1,222,676	1,189,104	(33,572)	-3%	7,166,300	(9,886)	7,156,414		6,670,715
Photo Enforcement Revenue	307,177	318,393	11,216	4%	1,655,700	-	1,655,700		2,465,759
Parking Fines	64,911	34,148	(30,763)	-47%	495,000	9,886	504,886		422,697
Library Fines & Fees	46,776	48,421	1,645	4%	389,640	(90,000)	299,640		302,729
30 Day Tow Program	-	-	-	n/a	400,000	(400,000)	-		200,000
<i>Interest Earnings/Property Rental</i>									
Interest Earnings	273,901	489,801	215,900	79%	1,656,860	-	1,656,860		3,312,265
Property Rental	521,857	523,330	1,473	0%	3,194,029	(1)	3,194,028		3,222,002
<i>Other Revenue</i>									
Indirect/Direct Cost Allocation	2,662,034	2,648,854	(13,180)	0%	15,635,382	400,000	16,035,382		13,837,938
Intergovernmental Revenue	70,574	284,524	213,950	303%	1,049,900	(117,843)	932,057		1,160,325
Contributions/Donations	-	2,099	2,099	n/a	-	-	-		-
Miscellaneous	208,812	57,702	(151,110)	-72%	1,000,000	16,400	1,016,400		643,477
Reimbursements	43,274	42,406	(868)	-2%	350,000	15,000	365,000		455,408
<b>Total Charges for Services/Other</b>	<b>\$ 8,244,631</b>	<b>\$ 8,374,173</b>	<b>\$ 129,542</b>	<b>2%</b>	<b>\$ 51,944,811</b>	<b>\$ (193,844)</b>	<b>\$ 51,750,967</b>		<b>\$ 49,774,228</b>

**Approved Adjustments of (\$193,844)** includes School Resource Officer adjustments (\$207,843) as authorized by City Council on July 2, 2009 as part of the budget reduction proposal and on September 8, 2009 when the contract was approved and \$14,000 of Judicial contributions. Several other line items were updated to better reflect appropriate revenue lines—these updates netted to zero.

**Actual to Revised Budget variance of \$129,542 or 2%:** The schedule above shows the specific variances by type of activity. Adjustment recommendations are being considered for Fire Service Charges and Miscellaneous revenue.

### Property Taxes

In the General Fund, these taxes are comprised 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. This is a relatively stable revenue source.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance Favorable (Unfavorable)	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
Property Taxes	\$ 492,840	\$ 449,237	\$ (43,603)	-9%	\$23,654,407	\$ -	\$23,654,407		\$22,607,397

**Actual to Revised Budget variance of (\$43,603) or (9%)** due to lower than anticipated collections. Majority of property tax collections are received in October/November and in April. It is expected that at that time this variance will be eliminated.

### Franchise Fees and In-Lieu Taxes

This category represents revenues from utility and cable providers and is fairly constant from year to year.

	Year-to-Date August 2009					Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals	
			(Unfavorable)	% Var						
Electric Franchise	\$ 1,924,894	\$ 1,878,646	\$ (46,248)	-2%	\$8,400,000	\$ -	\$8,400,000		\$7,791,429	
Enterprise Franchise Fees	654,139	668,301	14,162	2%	6,684,785	-	6,684,785		6,355,534	
Cable TV Franchise	900,000	909,397	9,397	1%	3,600,000	-	3,600,000		3,565,549	
Enterprise In Lieu Property Tax	446,125	445,886	(239)	0%	2,675,320	-	2,675,320		2,453,184	
Salt River Project Lieu Tax	-	-	-	n/a	139,000	-	139,000		139,220	
<b>Total Franchise Fees/In-Lieu Taxes</b>	<b>\$ 3,925,158</b>	<b>\$ 3,902,231</b>	<b>\$ (22,927)</b>	<b>-1%</b>	<b>\$ 21,499,105</b>	<b>\$ -</b>	<b>\$ 21,499,105</b>		<b>\$ 20,304,915</b>	

**Actual to Revised Budget variance of (\$22,927) or (1%):** No specific issues are apparent at this time.

### Bed Taxes

The 3% bed tax is applied to lodging room charges of stays of 29 days or less (transient) in hotels or short-term rentals. This revenue is an elastic revenue susceptible to peaks and valleys based on events in the national, state and local economies.

	Year-to-Date August 2009					Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals	
			(Unfavorable)	% Var						
Bed Taxes	\$ 674,966	\$ 653,919	\$ (21,047)	-3%	\$8,231,300	\$ -	\$8,231,300		\$1,524,624	

**Actual to Revised Budget variance of (\$21,047) or (3%):** 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. The financial impact of the downturn in the tourism industry is a very serious situation and a City Council study session to discuss the issue has been scheduled for October 13<sup>th</sup>.

### Transfers In

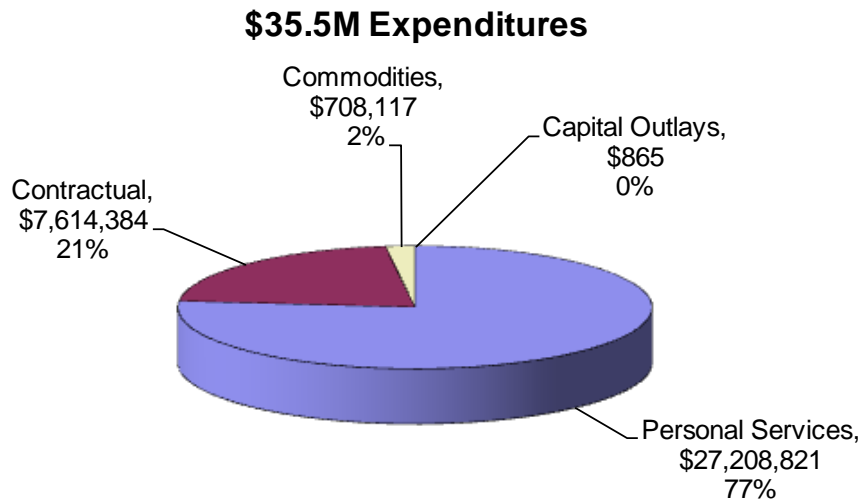
Transfers in reflect funds received from the CIP Fund, Special Program Funds (Community Services/Human Services and Water Campus Security).

	Year-to-Date August 2009					Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals	
			(Unfavorable)	% Var						
CIP	\$ 9,000,000	\$ 9,000,000	\$ -	0%	\$9,000,000	\$ -	\$9,000,000		\$13,935,983	
Self Insurance Fund			-		-	-	-		5,000,000	
Special Programs Fund (Cultural Cour	300,000	300,000	-	0%	300,000	-	300,000		-	
Community Services/Human Services	130,000	130,000	-	0%	130,000	-	130,000		130,000	
Water Campus Security	-	75,740	75,740	n/a	-	-	-		-	
<b>Total Transfers In</b>	<b>\$ 9,430,000</b>	<b>\$ 9,505,740</b>	<b>\$ 75,740</b>	<b>1%</b>	<b>\$ 9,430,000</b>	<b>\$ -</b>	<b>\$ 9,430,000</b>		<b>\$ 19,065,983</b>	

**Actual to Budget variance of \$75,740 or 1%:** A budget adjustment will be forthcoming to reflect the security reimbursements from the water fund that was excluded in the adopted budget.

**General Fund  
EXPENSE EXPLANATIONS**

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
<b>Expenses:</b>									
Personal Services	\$27,789,268	\$27,208,821	\$ 580,447	2%	\$ 171,858,740	\$ (4,060,536)	\$ 167,798,204	\$ -	\$ 192,142,932
Contractual	8,495,086	7,614,384	880,702	10%	53,836,622	(961,752)	52,874,870	-	51,437,555
Commodities	1,000,946	708,117	292,829	29%	9,330,246	(99,500)	9,230,746	-	8,502,069
Capital Outlays	11,167	865	10,302	92%	353,602	(15,000)	338,602	-	398,730
Future Savings from	-	-	-	n/a	(12,536,834)	(10,972,330)	(1,564,504)	-	-
<b>Total Expenses</b>	<b>\$ 37,296,467</b>	<b>\$ 35,532,187</b>	<b>\$ 1,764,280</b>	<b>5%</b>	<b>\$ 222,842,376</b>	<b>\$ (16,109,118)</b>	<b>\$ 228,677,918</b>	<b>\$ -</b>	<b>\$ 252,481,286</b>
Debt Service	342,867	627,594	(284,727)	-83%	4,664,746	(1,021,600)	3,643,146	-	3,599,349
Transfers Out	-	-	-	n/a	29,461,251	(4,800,000)	24,661,251	-	18,333,741
<b>Total Uses</b>	<b>\$ 37,639,334</b>	<b>\$ 36,159,781</b>	<b>\$ 1,479,553</b>	<b>4%</b>	<b>\$ 256,968,373</b>	<b>\$ (21,930,718)</b>	<b>\$ 256,982,315</b>	<b>\$ -</b>	<b>\$ 274,414,376</b>



**Personal Services**

Personal Services include the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 27,789,268	\$ 27,208,821	\$ 580,447	2%	\$ 171,858,740	\$ (4,060,536)	\$ 167,798,204	\$ -	\$ 192,142,932

**Approved Adjustments of (\$4,060,536)** were approved by City Council on July 2, 2009. The adjustments include the elimination of 67.98 Full-Time Equivalents and a reduction in Police and Fire overtime.

**Actual to Revised variance of \$580,447 or 2%:** A significant portion of the positive variance is related to overtime reduction strategies and vacant part-time positions not yet filled for the opening of the Appaloosa Library.

**Contractual Services**

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

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 8,495,086	\$ 7,614,384	\$ 880,702	10%	\$ 53,836,622	\$ (961,752)	\$ 52,874,870	\$ -	\$ 51,437,555

**Approved Adjustments of (\$961,752)** were approved by City Council on July 2, 2009. The adjustments include discontinuing the federal lobbying and information services contract, reducing utilities, reducing offsite records storage costs, eliminating funding for future research projects by utilizing ASU's College of Design, and reducing contractual services at WestWorld.

**Actual to Revised variance of \$880,702 or 10%:** The positive variance caused by timing/receipt of pending invoices. The budget assumed that services rendered in July and August would be billed and paid in August. Examples of these services include contractual services, maintenance, and advertising. However, receipt and payment of invoices are later than anticipated. Staff is working to adjust the budget to most accurately reflect when payments will be made.

**Commodities**

This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 1,000,946	\$ 708,117	\$ 292,829	29%	\$ 9,330,246	\$ (99,500)	\$ 9,230,746	\$ -	\$ 8,502,069

**Approved Adjustments of (\$99,500)** were approved by City Council on July 2, 2009. The adjustments include reducing mosquito and weed spraying at WestWorld and reducing the library materials budget.

**Actual to Revised variance of \$292,829 or 29%:** The variance relates to several variables; agriculture and horticulture supplies were postponed until cooler weather; purchase of new parks and recreation equipment delayed due to good quality of existing equipment; and increased sponsorships for Mighty Mud Mania helped reduce the purchase of operating supplies.

**Capital Outlays**

Capital outlays include the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, 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 expenditure it must meet all of the following requirements: (1) have an estimated useful life of more than two years; (2) typically have a unit cost of \$5,000 or more; and (3) be a betterment or improvement.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 11,167	\$ 865	\$ 10,302	92%	\$ 353,602	\$ (15,000)	\$ 338,602	\$ -	\$ 398,730

**Approved Adjustments of (\$15,000)** were approved by City Council on July 2, 2009. The adjustment is a reduction in Fire capital equipment.

**Actual to Revised variance of \$10,302 or 92%:** The favorable variance is the result of the planned purchase of a motor vehicle for maintenance Grayhawk Park has not yet occurred.

**Future Savings From Reorganization**



This represents the budget reductions and other adjustments that were included in the report approved by City Council on July 2, 2009. All reductions have been implemented with the exception of Fleet (cost savings related to low mileage usage vehicles and vehicles assigned to eliminated positions) and property leases with associated utility and maintenance costs (result of the new organizational model and decreasing the workforce by about 10%). It is staff's expectation that the balance will be reduced over the coming months.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Favorable (Unfavorable) Variance % Var		2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ -	\$ -	\$ -	n/a	\$ (12,536,834)	\$ (10,972,330)	\$ (1,564,504)	\$ -	\$ -

### Debt Service

Debt Service is paid from the General Fund, and is primarily contractual debt related to sales tax development agreements and will vary based on the actual tax collections at each developed site.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
Contracts Payable	\$ 342,867	\$ 627,261	\$ (284,394)	-83%	\$ 2,724,356	\$ -	\$ 2,724,356	\$ -	\$ 2,634,686
Certificates of Participation (COP)	-	333	(333)	-100%	918,790	-	918,790	-	918,790
COP - Radio Financing	-	-	-	-100%	1,021,600	(1,021,600)	-	-	40,910
Other	-	-	-	n/a	-	-	-	-	4,963
<b>Total Debt Service</b>	<b>\$ 342,867</b>	<b>\$ 627,594</b>	<b>\$ (284,727)</b>	<b>-83%</b>	<b>\$ 4,664,746</b>	<b>\$ (1,021,600)</b>	<b>\$ 3,643,146</b>	<b>\$ -</b>	<b>\$ 3,599,349</b>

**Approved Adjustments of (\$1,021,600)** were approved by City Council on July 2, 2009. The adjustment is the elimination of the public safety radio debt service payment for FY 2009/10.

**Actual to Revised variance of (\$284,727) or (83%):** This variance is mainly comprised of higher than budgeted interest and other debt service expenditures for the Nordstrom garage reimbursement agreement.

### Transfers-Out

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

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
MPC Excise Debt Fund	\$ -	\$ -	\$ -	n/a	\$ 6,695,185	\$ -	\$ 6,695,185	\$ -	\$ 5,787,446
CIP - General Fund Maintenance	-	-	-	n/a	1,550,000	(200,000)	1,350,000	-	3,302,400
CIP - General Fund - Public Safety/Radios	-	-	-	n/a	-	-	-	-	-
CIP - General Fund - Non-Maintenance	-	-	-	n/a	9,000,000	-	9,000,000	-	-
CIP - Public Safety Radio - Loop 101	-	-	-	n/a	-	-	-	-	1,877,298
Transportation Fund	-	-	-	n/a	5,571,026	(4,600,000)	971,026	-	7,023,454
Bed Tax Fund	-	-	-	n/a	6,585,040	-	6,585,040	-	240,898
Special Programs Fund - Community Services	-	-	-	n/a	-	-	-	-	-
Special Programs Fund - Planning and Development Se	-	-	-	n/a	60,000	-	60,000	-	60,000
Streetlight Fund	-	-	-	n/a	-	-	-	-	37,245
Grants Fund	-	-	-	n/a	-	-	-	-	5,000
<b>Total Transfers Out</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>	<b>29,461,251</b>	<b>\$ (4,800,000)</b>	<b>\$ 24,661,251</b>	<b>\$ -</b>	<b>\$ 18,333,741</b>

**Approved Adjustments of (\$4,800,000)** were approved by City Council on July 2, 2009. The adjustments include a \$4.6M reduction to the budgeted subsidy to the Transportation Fund. The reduction was a result of one-time federal funding under the American Reinvestment and Recovery Act (ARRA) for the street overlay program. Additionally, the adjustments include a reduction to the Capital Improvement Plan transfer as a result of replacing fewer PC's and purchasing fewer software licenses due to a reduced workforce.

**Actual to Revised variance of \$0 or 0%:** Excluding the debt related transfer, these transfers are related to subsidies to other funds and the actual activity will be recorded in June 2010. The debt transfer will be made at the time the debt payment is made.

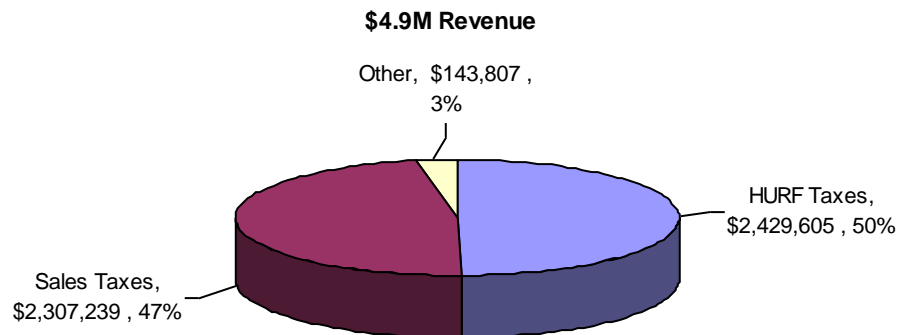
# TRANSPORTATION FUND

Transportation Fund FY 2009/10 (\$ in millions)				
	Adopted Budget	Revised Budget	Change	% Var
Sources	\$ 38.3	\$ 38.3	\$ -	0%
Uses	\$ 38.3	\$ 38.2	\$ 0.1	0%
Change in Fund Balance	\$ -	\$ 0.1	\$ 0.1	n/a
Total Fund Balance	\$ -	\$ 0.2	\$ 0.2	

The Transportation Fund receives and expends the City's allocation of the Arizona Highway User Revenue Tax (HURF) as well as the City Transportation Sales Tax (0.20 percent) revenue and other transportation related revenues. The monies must be used for street construction, reconstruction, maintenance, or transit.

## Transportation Fund Revenues

Category	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised Budget	Actual	Variance Favorable (Unfavorable)	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
HURF Taxes	\$ 2,454,397	\$ 2,429,605	\$ (24,792)	-1%	\$ 14,187,000	\$ -	\$ 14,187,000		\$ 14,141,719
Sales Taxes	2,255,323	2,307,239	51,916	2%	14,345,100	-	14,345,100		16,474,270
Other	146,144	143,807	2,338	2%	3,877,018	4,600,000	8,477,018		2,958,448
Total Revenues	\$ 4,855,864	\$ 4,880,650	\$ 24,786	1%	\$ 32,409,118	\$ 4,600,000	\$ 37,009,118	\$ -	\$ 33,574,437
Transfers In	-	-	-	n/a	\$ 5,929,576	(4,600,000)	\$ 1,329,576		\$ 8,857,466
Total Sources	\$ 4,855,864	\$ 4,880,650	\$ 24,786	1%	\$ 38,338,694	\$ -	\$ 38,338,694	\$ -	\$ 42,431,903



### Transportation Fund Sources

The Transportation Fund receives and expends the City's allocation of the Arizona Highway User Revenue Tax (HURF) as well as the City's Transportation Sales Tax (0.20 percent) revenue and 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 assumes a policy that transfers 50 percent of the Transportation Sales Tax to the Capital Improvement Fund for transportation related capital improvement projects.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10	2009/10	2009/10	2009/10	2008/09
			Favorable		Adopted	Approved	Revised	Proposed	
Sources			(Unfavorable)	% Var	Budget	Adjustments	Budget	Adjustments	Actuals
	\$ 4,855,864	\$ 4,880,650	\$ 24,786	1%	\$38,338,694	\$0	\$38,338,694	\$0	\$42,431,903

**Actual to Budget variance of \$24,786 or 1%** is explained below by category.

**Highway User Revenues (HURF)**

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

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10	2009/10	2009/10	2009/10	2008/09
			Favorable		Adopted	Approved	Revised	Proposed	
HURF Taxes			(Unfavorable)	% Var	Budget	Adjustments	Budget	Adjustments	Actuals
	\$ 2,454,397	\$ 2,429,605	\$ (24,792)	-1%	\$14,187,000	\$0	\$14,187,000	\$0	\$14,141,719

**Actual to Budget variance of (\$24,792) or (1%)**: No specific issues are apparent at this time.

**Sales Tax Revenues**

The fund receives the revenues from the 0.20 percent voter-approved transportation sales tax. 50% of the tax is used for operations/maintenance recorded in this fund and 50% is used in the Transportation CIP.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10	2009/10	2009/10	2009/10	2008/09
			Favorable		Adopted	Approved	Revised	Proposed	
Sales Taxes			(Unfavorable)	% Var	Budget	Adjustments	Budget	Adjustments	Actuals
	\$ 2,255,323	\$ 2,307,239	\$ 51,916	2%	\$14,345,100	\$0	\$14,345,100	\$0	\$16,474,270

**Actual to Budget variance of \$51,916 or 2%** primarily attributed to lower than expected revenues from the hotel/motel and rental classifications. Hotel/motel revenues have been impacted by the sharp decline in the tourism industry. Property rentals have been affected by vacancies and declining rental rates. See Appendix 1 for further information about results by sales tax categories.

**Other Revenues**

Other Revenues consists of Local Transportation Assistance Fund (LTAF) which are lottery proceeds distributed by the State; Grants; Intergovernmental; Reimbursements from Outside Sources; Indirect Costs; and Miscellaneous Revenues which includes transit fare box revenues.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance		2009/10	2009/10	2009/10	2009/10	2008/09
			Favorable		Adopted	Approved	Revised	Proposed	
			(Unfavorable)	% Var	Budget	Adjustments	Budget	Adjustments	Actuals
Local Transportation Assistance Fund I	\$0	\$0	\$ -	n/a	\$1,057,100	\$0	\$1,057,100		\$1,015,408
Capital Improvement Plan Cost Allocation	126,144	133,912	7,768	6%	819,926	-	819,926		879,108
Local Transportation Assistance Fund II	-	-	-	n/a	-	-	-		432,214
Proposition 400 Regional Sales Tax	-	-	-	n/a	311,628	-	311,628		377,237
Charges for Services	-	-	-	n/a	1,568,364	-	1,568,364		247,561
Federal Grants	-	-	-	n/a	-	4,600,000	4,600,000		-
Miscellaneous	20,000	9,894	(10,106)	-51%	120,000	-	120,000		6,920
<b>Total Other Revenues</b>	<b>\$ 146,144</b>	<b>\$ 143,807</b>	<b>\$ (2,338)</b>	<b>-2%</b>	<b>\$ 3,877,018</b>	<b>\$ 4,600,000</b>	<b>\$ 8,477,018</b>	<b>\$ -</b>	<b>\$ 2,958,448</b>

**Approved Budget Adjustment of \$4,600,000** reflects acceptance of American Recovery and Reinvestment Act (ARRA) funds to be utilized for street-overlay projects authorized by City Council on July 2, 2009 as part of the budget reductions and other adjustments proposal.

**Actual to Budget variance of (\$2,338) or (2%):** No specific issues are apparent at this time.

**Transfers In**

Transfers in from the General fund, CIP fund and Solid Waste fund (for alley maintenance).

	Year-to-Date August 2009					Fiscal Year (Twelve Months)				
	<u>Revised</u>	<u>Actual</u>	Variance		<u>% Var</u>	2009/10	2009/10	2009/10	2009/10	2008/09
			Favorable			Adopted	Approved	Revised	Proposed	
			(Unfavorable)		<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>	
General Fund	\$ -	\$ -	\$ -	n/a	\$5,571,026	\$ (4,600,000)	\$971,026		\$7,023,454	
Transportation CIP	-	-	-	n/a	-	-	-	-	1,500,000	
Solid Waste - Alley Maintenance	-	-	-	n/a	358,550	-	358,550		334,012	
<b>Total Transfers In</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>n/a</b>	<b>\$ 5,929,576</b>	<b>\$ (4,600,000)</b>	<b>\$ 1,329,576</b>		<b>\$ 8,857,466</b>	

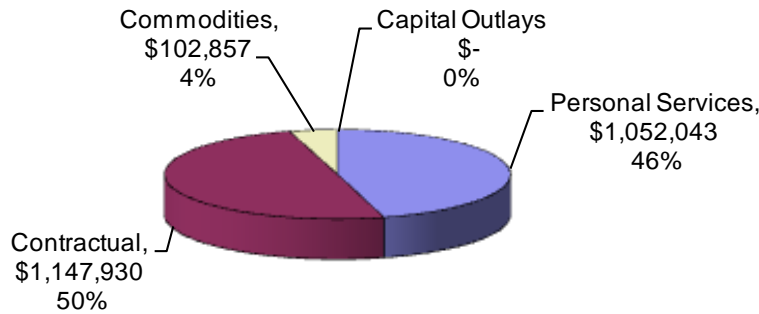
**Approved budget adjustment of (\$4,600,000)** relates to the acceptance of the American Reinvestment and Recovery Act (ARRA) funds for the street-overlay program authorized by City Council on July 2, 2009 as part of the budget reduction and other adjustments proposal.

**Actual to Budget variance of \$0 or 0%:** This budget reflects the estimated subsidy necessary from the General Fund of \$1.0M. The actual transfer will not be made until June 2010.

**Transportation Fund  
EXPENSE EXPLANATIONS**

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
<b>Expenses:</b>									
Personal Services	\$ 1,086,604	\$ 1,052,043	\$ 34,561	3%	\$ 6,331,532	\$ (42,396)	\$ 6,289,136	\$ -	\$ 7,925,240
Contractual	1,736,228	1,147,930	588,298	34%	23,919,980	(107,981)	23,811,999	-	23,735,759
Commodities	121,514	102,857	18,657	15%	826,797	-	826,797	-	837,047
Capital Outlays	3,500	-	3,500	100%	18,235	-	18,235	-	47,275
<b>Total Expenses</b>	<b>\$ 2,947,846</b>	<b>\$ 2,302,830</b>	<b>645,016</b>	<b>22%</b>	<b>\$ 31,096,544</b>	<b>\$ (150,377)</b>	<b>\$ 30,946,167</b>	<b>\$ -</b>	<b>\$ 32,545,321</b>
Transfers Out	-	-	-	n/a	7,242,150	-	7,242,150	-	8,294,635
<b>Total Uses</b>	<b>\$ 2,947,846</b>	<b>\$ 2,302,830</b>	<b>\$ 645,016</b>	<b>22%</b>	<b>\$ 38,338,694</b>	<b>\$ (150,377)</b>	<b>\$ 38,188,317</b>	<b>\$ -</b>	<b>\$ 40,839,956</b>

**\$2.3M Expenditures**



**Personal Services**

Personal Services include the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 1,086,604	\$ 1,052,043	\$ 34,561	3%	\$ 6,331,532	\$ (42,396)	\$ 6,289,136	\$ -	\$ 7,925,240

**Approved Adjustments of (\$42,396)** were approved by City Council on July 2, 2009. The adjustment is the elimination of 1.00 Full-Time Equivalent.

**Actual to Revised variance of \$34,561 or 3%:** The favorable variance is primarily related to overtime reduction strategies.

**Contractual Services**

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

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 1,736,228	\$ 1,147,930	\$ 588,298	34%	\$ 23,919,980	\$ (107,981)	\$ 23,811,999	\$ -	\$ 23,735,759

**Approved Adjustments of (\$107,981)** were approved by City Council on July 2, 2009. The adjustments include discontinuing the participation with Valley Metro Rail, Inc and eliminating PM10 dust treatment on three miles of unpaved roads.

**Actual to Revised variance of \$588,298 or 34%:** The favorable variance is primarily in the street overlay program. Due to the cyclical nature of the program, a budget adjustment will be processed to more accurately reflect the paving maintenance and dust palliative treatments timetable.

**Commodities**

This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 121,514	\$ 102,857	\$ 18,657	15%	\$ 826,797	\$ -	\$ 826,797	\$ -	\$ 837,047

**Actual to Revised variance of \$18,657 or 15%:** Favorable variance due to utilizing stock on hand for building and machinery maintenance and repairs. Staff is working to most accurately adjust the budget to reflect when purchases will be made.

**Capital Outlays**

Capital outlays include the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. In 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 expenditure it must meet all of the following requirements: (1) have an estimated useful life of more than two years; (2) typically have a unit cost of \$5,000 or more; and (3) be a betterment or improvement.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Favorable (Unfavorable) Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 3,500	\$ -	\$ 3,500	100%	\$ 18,235	\$ -	\$ 18,235	\$ -	\$ 47,275

**Actual to Revised variance of \$3,500 or 100%:** The favorable variance is due to the purchase of other machinery and equipment that was anticipated but did not occur for the asphalt and maintenance program and the transit program.

**Transfers-Out**

Transfers-Out are the authorized movement of cash to other funds.

	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	<u>Revised</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>	<u>% Var</u>	2009/10 Adopted <u>Budget</u>	2009/10 Approved <u>Adjustments</u>	2009/10 Revised <u>Budget</u>	2009/10 Proposed <u>Adjustments</u>	2008/09 <u>Actuals</u>
CIP Fund - Privilege Tax Allocation	\$ -	\$ -	\$ -	n/a	\$ 7,172,550	\$ -	\$ 7,172,550	\$ -	\$ 8,237,135
CIP Fund - Tech. Replacement	-	-	-	n/a	69,600	-	69,600	-	57,500
Total Transfers Out	\$ -	\$ -	\$ -	0%	\$ 7,242,150	\$ -	\$ 7,242,150	\$ -	\$ 8,294,635

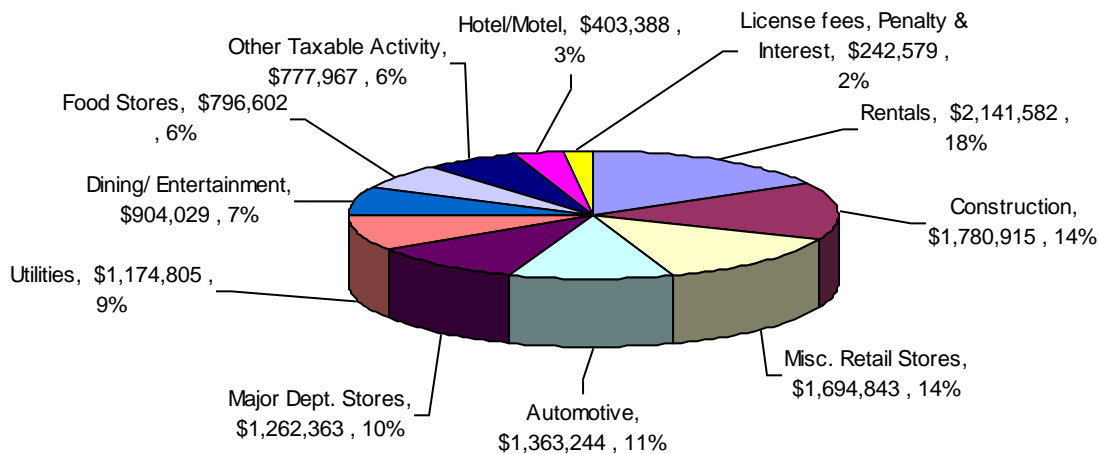
**Actual to Revised variance of \$0 or 0%:** No explanation is necessary. These transfers will be made in June 2010.

APPENDIX 1

Sales Tax by Category (1% Amount Only)

Category	Year-to-Date August 2009				Fiscal Year (Twelve Months)				
	Revised	Actual	Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
Rentals	\$ 2,181,577	\$ 2,141,582	\$ (39,995)	-2%	\$ 2,182,000	\$ -	\$ 2,182,000		\$ 12,467,197
Construction	1,369,607	1,780,915	411,308	30%	1,370,000	-	1,370,000		13,538,414
Misc. Retail Stores	1,650,558	1,694,843	44,285	3%	1,651,000	-	1,651,000		12,064,666
Automotive	1,327,155	1,363,244	36,089	3%	1,327,000	-	1,327,000		9,596,981
Major Dept. Stores	1,256,078	1,262,363	6,285	1%	1,256,000	-	1,256,000		8,806,516
Utilities	833,284	1,174,805	341,521	41%	833,000	-	833,000		4,431,613
Dining/ Entertainment	885,323	904,029	18,706	2%	885,000	-	885,000		6,909,459
Food Stores	934,276	796,602	(137,674)	-15%	934,000	-	934,000		6,295,756
Other Taxable Activity	842,535	777,967	(64,568)	-8%	843,000	-	843,000		6,248,034
Hotel/Motel	454,104	403,388	(50,716)	-11%	454,000	-	454,000		4,400,462
License fees, Penalty & Interest	200,044	242,579	42,535	21%	200,000	-	200,000		2,569,286
<b>Total</b>	<b>\$ 11,934,541</b>	<b>\$ 12,542,317</b>	<b>\$ 607,776</b>	<b>5%</b>	<b>\$ 11,935,000</b>	<b>\$ -</b>	<b>\$ 11,935,000</b>	<b>\$ -</b>	<b>\$ 87,328,385</b>

\$12.5M Revenue



**Rental Sales Taxes**

The rental category includes rentals of commercial and residential real property and personal property rentals.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
Revised	Actual	Variance	% Var	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments	2008/09 Actuals
\$ 2,181,577	\$ 2,141,582	\$ (39,995)	-2%	\$ 2,182,000	\$ -	\$ 2,182,000		\$ 12,467,197

**Actual to Revised Budget of (\$39,995) or (2%):** Vacancies are increasing and lease rates are lower than expected.



**Construction Sales Taxes**

The construction tax is collected on all construction activity; commercial and residential; new and re-model.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 1,369,607	\$ 1,780,915	\$ 411,308	30%	\$ 1,370,000	\$ -	\$ 1,370,000		\$ 13,538,414

**Actual to Revised Budget variance of \$411,308 or 30%** reflecting higher construction activity than forecasted, a carryover consistent with 2008/09 activity.

**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, and pet supply stores.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 1,650,558	\$ 1,694,843	\$ 44,285	3%	\$ 1,651,000	\$ -	\$ 1,651,000		\$ 12,064,666

**Actual to Revised Budget variance of \$44,285 or 3%:** No specific reason for the variance.

**Automotive Sales Taxes**

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

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 1,327,155	\$ 1,363,244	\$ 36,089	3%	\$ 1,327,000	\$ -	\$ 1,327,000		\$ 9,596,981

**Actual to Revised Budget variance of \$36,089 or 3%:** No specific reason for the variance.

**Major Department Stores Sales Taxes**

Includes large department stores, warehouse clubs, supercenters, and discount department stores.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 1,256,078	\$ 1,262,363	\$ 6,285	1%	\$ 1,256,000	\$ -	\$ 1,256,000		\$ 8,806,516

**Actual to Budget variance of \$6,285 or 1%:** No specific reason for the variance.

**Utilities Sales Taxes**

Taxes of businesses that provide telecommunication, electricity, gas or water services.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 833,284	\$ 1,174,805	\$ 341,521	41%	\$ 833,000	\$ -	\$ 833,000		\$ 4,431,613

**Actual to Revised Budget variance of \$341,521 or 41%** due to a one-time audit payment.

**Dining/Entertainment Sales Taxes**

The restaurant category includes restaurants, bars and caterers.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 885,323	\$ 904,029	\$ 18,706	2%	\$ 885,000	\$ -	\$ 885,000		\$ 6,909,459

**Actual to Revised Budget variance of \$18,706 or 2%:** No specific reason for the variance.

**Food Stores Sales Taxes**

Includes businesses such as grocery stores, candy stores, meat markets and convenience stores.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 934,276	\$ 796,602	\$ (137,674)	-15%	\$ 934,000	\$ -	\$ 934,000		\$ 6,295,756

**Actual to Revised Budget variance of (\$137,674) or (15%)** due to increased use of food stamps which are not taxed.

**Other Taxable Activity Sales Taxes**

This category includes tax reported by movie theatres, golf courses, interior designers, advertising, wholesalers, and manufacturers.

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 842,535	\$ 777,967	\$ (64,568)	-8%	\$ 843,000	\$ -	\$ 843,000		\$ 6,248,034

**Actual to Revised Budget variance of (\$64,568) or (8%):** No specific reason determined for the variance.

**Hotel/Motel Sales Taxes**

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

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 454,104	\$ 403,388	\$ (50,716)	-11%	\$ 454,000	\$ -	\$ 454,000		\$ 4,400,462

**Actual to Revised Budget variance of (\$50,716) or (11%):** 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.

**License Fees, Penalty & Interest**

Year-to-Date August 2009				Fiscal Year (Twelve Months)				
				2009/10	2009/10	2009/10	2009/10	
				Adopted	Approved	Revised	Proposed	2008/09
<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Actuals</u>
\$ 200,044	\$ 242,579	\$ 42,535	21%	\$ 200,000	\$ -	\$ 200,000		\$ 2,569,286

**Actual to Revised Budget variance of \$42,535 or 21%.**

**City of Scottsdale  
General Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
<b>Beginning Fund Balance:</b>			
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
Unreserved Fund Balance	\$12,010,835	\$3,836,635	\$10,423,309
<b>Total Beginning Fund Balance</b>	<b>\$44,268,480</b>	<b>\$34,697,002</b>	<b>\$41,283,676</b>
<b>Source of Funds:</b>			
<b>Revenues:</b>			
<b>Sales Taxes</b>			
General Purpose Sales Tax	\$87,328,386	\$75,900,000	\$75,900,000
Public Safety	\$8,429,071	\$7,362,300	\$7,362,300
<b>Total Sales Taxes</b>	<b>\$95,757,457</b>	<b>\$83,262,300</b>	<b>\$83,262,300</b>
<b>State Shared Revenues</b>			
State Revenue Sharing	\$35,102,991	\$30,308,042	\$30,308,042
State Shared Sales Tax	\$18,935,910	\$18,047,839	\$18,047,839
Auto Lieu Tax - See Highway Fund	\$8,151,324	\$8,000,000	\$8,000,000
<b>Total State Shared Revenues</b>	<b>\$62,190,225</b>	<b>\$56,355,881</b>	<b>\$56,355,881</b>
<b>Charges for Services/Other</b>			
<i>Taxes - Local</i>			
Stormwater Water Quality Charge	\$814,326	\$863,000	\$863,000
<i>Licenses, Permits &amp; Fees</i>			
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	\$2,347,600
Business Licenses & Fees	\$1,733,104	\$1,680,000	\$1,680,000
<i>Fines &amp; Forfeitures</i>			
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
<i>Interest Earnings/Property Rental</i>			
Interest Earnings	\$3,312,265	\$1,656,860	\$1,656,860
Property Rental	\$3,222,002	\$3,194,029	\$3,194,028
<i>Other Revenue</i>			
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
<b>TotalCharges for Services/Other</b>	<b>\$49,774,228</b>	<b>\$51,944,811</b>	<b>\$51,750,967</b>
<b>Property Tax</b>	<b>\$22,607,397</b>	<b>\$23,654,407</b>	<b>\$23,654,407</b>
<b>Franchise Fees and In-Lieu Taxes</b>			
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
	<b>\$20,304,915</b>	<b>\$21,499,105</b>	<b>\$21,499,105</b>
<b>Bed Tax Revenues</b>	<b>\$1,524,624</b>	<b>\$8,231,300</b>	<b>\$8,231,300</b>
<b>Total Revenues</b>	<b>\$252,158,847</b>	<b>\$244,947,804</b>	<b>\$244,753,960</b>
<b>Cash Transfers In</b>			
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
Community Services/Human Services	\$130,000	\$130,000	\$130,000
Code Enforcement	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$19,065,983</b>	<b>\$9,430,000</b>	<b>\$9,430,000</b>
<b>Total Sources</b>	<b>\$271,224,830</b>	<b>\$254,377,804</b>	<b>\$254,183,960</b>

**City of Scottsdale  
General Fund**

	<b>Actual FY 2008/09</b>	<b>Adopted Budget FY 2009/10</b>	<b>Revised Budget FY 2009/10</b>
<b>Use of Funds:</b>			
<b>Departments</b>			
Mayor & City Council (includes Intergovernmental Relations)	\$1,586,718	\$0	\$0
City Clerk	\$1,156,255	\$904,960	\$860,357
City Attorney	\$6,220,155	\$6,384,959	\$6,379,523
City Attorney - Photo Enf Loop 101 Program	\$0	\$0	\$0
City Auditor	\$996,880	\$837,820	\$837,820
City Court	\$5,772,082	\$4,699,829	\$4,623,467
City Court - Photo Enf Loop 101 Program	\$0	\$0	\$0
City Manager	\$1,589,673	\$0	\$0
CAPA	\$1,321,658	\$0	\$0
Police	\$88,325,246	\$0	\$0
Police - Photo Enf Loop 101 Program	\$0	\$0	\$0
Financial Services	\$9,586,311	\$0	\$0
Transportation - Trails	\$122,779	\$0	\$0
Community Services	\$60,348,168	\$0	\$0
Information Technology	\$9,887,882	\$10,333,523	\$10,030,923
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	\$10,717,239
Planning & Development (includes Preservation)	\$16,619,675	\$0	\$0
WestWorld	\$3,608,139	\$0	\$0
<b>Divisions (FY 2009/10 Reorganization)</b>			
Scottsdale City Council	\$0	\$790,904	\$790,904
Strategic Resources Group	\$0	\$1,742,708	\$1,656,709
Community Services	\$0	\$38,499,263	\$38,020,787
Public Safety	\$0	\$116,256,382	\$114,388,804
Public Works & Water Resources	\$0	\$18,983,113	\$18,392,641
Planning, Neighborhoods and Transportation	\$0	\$15,586,164	\$15,172,928
Financial Management	\$0	\$7,763,582	\$7,560,537
Human Resources	\$0	\$4,597,436	\$4,165,997
Leave Accrual Payments	\$0	\$1,790,184	\$1,318,011
Estimated Personnel Savings from Vacant Positions	\$0	(\$5,000,000)	(\$4,674,225)
Future Savings from Reorganization		(\$12,536,834)	(\$1,564,504)
<b>Subtotal</b>	<b>\$252,481,286</b>	<b>\$222,842,376</b>	<b>\$228,677,918</b>
<b>Debt Service</b>			
Contracts Payable	\$2,634,686	\$2,724,356	\$2,724,356
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
<b>Subtotal</b>	<b>\$3,599,349</b>	<b>\$4,664,746</b>	<b>\$3,643,146</b>
<b>Total Operating Budget</b>	<b>\$256,080,635</b>	<b>\$227,507,122</b>	<b>\$232,321,064</b>
<b>Cash Transfers Out</b>			
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	\$971,026
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
<b>Total Cash Transfers Out</b>	<b>\$18,333,741</b>	<b>\$29,461,251</b>	<b>\$24,661,251</b>
<b>Total Uses</b>	<b>\$274,414,376</b>	<b>\$256,968,373</b>	<b>\$256,982,315</b>
<b>Sources Over/(Under) Uses</b>	<b>(\$3,189,546)</b>	<b>(\$2,590,569)</b>	<b>(\$2,798,355)</b>
GAAP to Budget Adjustment <sup>(1)</sup>	\$204,744	\$0	\$0
<b>Ending Fund Balance</b>	<b>\$41,283,678</b>	<b>\$32,106,433</b>	<b>\$38,485,321</b>
<b>Ending Fund Balance</b>			
General Fund Reserve	\$25,860,367	\$26,125,798	\$26,125,798
Photo Enforcement Loop 101 Program - Contingency	\$0	\$0	\$0
Operating Contingency	\$5,000,000	\$5,000,000	\$5,000,000
Unreserved Fund Balance	\$10,423,309	\$980,634	\$7,359,523
<b>Total Ending Fund Balance</b>	<b>\$41,283,676</b>	<b>\$32,106,432</b>	<b>\$38,485,321</b>

(1) Reflects cash transactions that do not affect revenues or expenditures but still impact the ending fund balance.

**City of Scottsdale  
Transportation Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
<b>Beginning Fund Balance</b>	(\$1,560,056)	\$0	\$31,891
<b>Source of Funds:</b>			
<b>Revenues:</b>			
<i>Transportation Sales Tax</i>	\$16,474,270	\$14,345,100	\$14,345,100
<i>Highway User Revenue Tax</i>	\$14,141,719	\$14,187,000	\$14,187,000
<b>Other Revenues</b>			
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
<b>Total Other Revenues</b>	<b>\$2,958,448</b>	<b>\$3,877,018</b>	<b>\$8,477,018</b>
<b>Total Revenues</b>	<b>\$33,574,437</b>	<b>\$32,409,118</b>	<b>\$37,009,118</b>
<b>Cash Transfers In</b>			
General Fund	\$7,023,454	\$5,571,026	\$971,026
Transportation CIP	\$1,500,000	\$0	\$0
Solid Waste - Alley Maintenance	\$334,012	\$358,550	\$358,550
<b>Subtotal</b>	<b>\$8,857,466</b>	<b>\$5,929,576</b>	<b>\$1,329,576</b>
<b>Total Sources</b>	<b>\$42,431,903</b>	<b>\$38,338,694</b>	<b>\$38,338,694</b>
<b>Use of Funds:</b>			
<b>Departments</b>			
Transportation	\$15,437,011	\$0	\$0
Municipal Services	\$17,108,310	\$0	\$0
<b>Divisions (FY 2009/10 Reorganization)</b>			
Planning, Neighborhoods, & Transportation	\$0	\$13,631,274	\$13,586,565
Public Works & Water Resources	\$0	\$17,649,008	\$17,542,630
Leave Accrual Payments	\$0	\$86,262	\$81,074
Estimated Personnel Savings from Vacant Positions	\$0	(\$270,000)	(\$264,102)
<b>Total Operating Budget</b>	<b>\$32,545,321</b>	<b>\$31,096,544</b>	<b>\$30,946,167</b>
<b>Cash Transfers Out</b>			
CIP Fund - Privilege Tax Allocation	\$8,237,135	\$7,172,550	\$7,172,550
CIP Fund - Tech. Replacement	\$57,500	\$69,600	\$69,600
<b>Total Cash Transfers Out</b>	<b>\$8,294,635</b>	<b>\$7,242,150</b>	<b>\$7,242,150</b>
<b>Total Uses</b>	<b>\$40,839,956</b>	<b>\$38,338,694</b>	<b>\$38,188,317</b>
<b>Sources Over/(Under) Uses</b>	<b>\$1,591,947</b>	<b>\$0</b>	<b>\$150,377</b>
<b>Total Ending Fund Balance</b>	<b>\$31,891</b>	<b>\$0</b>	<b>\$182,268</b>