



Monthly Financial Update

As of September 30, 2009

City Council

November 3, 2009

Prepared by: Financial Management Division



Purpose of Presentation

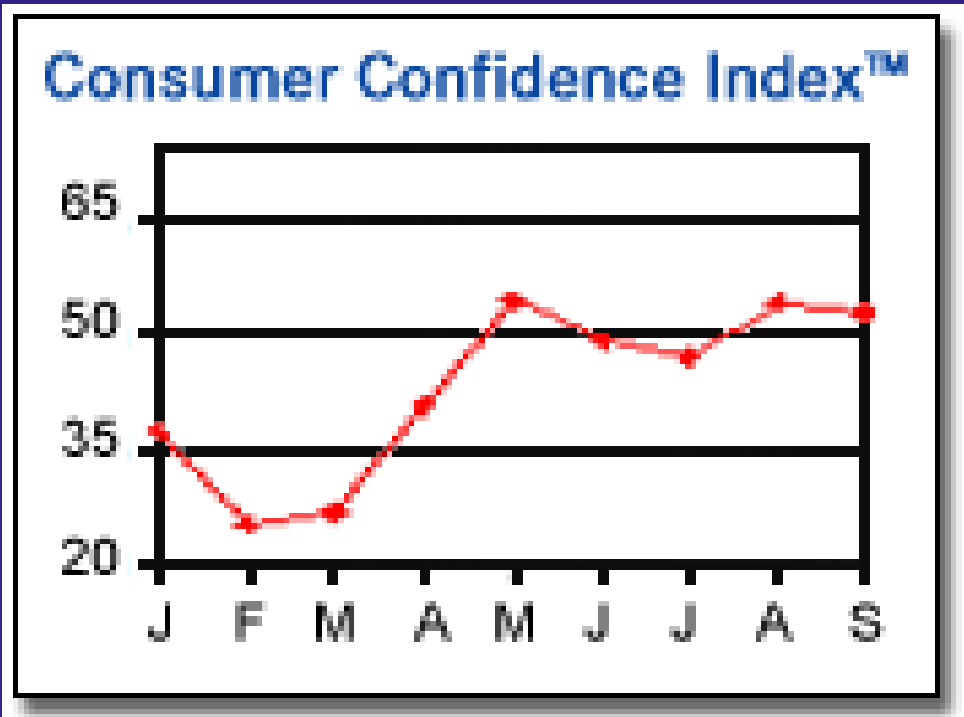
1. Economic Update
2. Discuss FYTD Financial Activity as of September 30, 2009
3. Discuss Proposed Budget Adjustments
4. Accept #2 and #3 – Adopt Resolution No. 8100

Reference Material

- September 2009 Operating Report
- 11/3/09 City Council Report-Budget Adjustment Resolution 8100



Economic Update: Consumer Confidence/Spending*



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| | |
|-----------------|------|
| August: | 54.5 |
| Sept-Actual: | 53.1 |
| Sept-Projected: | 57.0 |

REASONS:

- Rising Unemployment
- Labor Market Uncertainty
- Tight Credit
- Paying Off Debt
- Record Bankruptcy Filings
2,472 in AZ in September

* Consumer Spending represents 70% of the economy.



Economic Update: Real Estate

- Residential
 - Showing signs of bottoming out
 - July 2009 US Home Prices: -13.3% from PY vs. projection of -14.2%
 - Smallest drop in 17 months
- Commercial
 - Retail
 - 248,000 SF vacated CYTD as of 9/30/09
 - North Scottsdale: 9.6% vacancy rate
 - South Scottsdale: 6.5% vacancy rate
 - Metro Phoenix: 11% vacancy rate



Economic Update: Employment/Unemployment

- Jobless claims
 - AZ first-time filings at lowest level since October 2008
- Unemployment
 - US 9.8%, AZ 9.1%, Metro Phoenix 8.5%
 - AZ Rate unchanged from last month
 - US and Metro Phoenix Rate +0.1%
 - Fueling speculation re. strength of recovery



09/10 Revised Operating Budget (in millions)

| | 09/10 Adopted | Approved Adjustments | Proposed Adjustments | 09/10 Revised |
|--------------------------------|------------------|-------------------------|-------------------------|------------------|
| Operating Sources | \$283.7 | (\$4.8) | (\$0.8) | \$278.1 |
| One-Time Sources: | | | | |
| Transfer In from GG CIP | \$9.0 | | | \$9.0 |
| ARRA Funding | \$0.0 | \$4.6 | | \$4.6 |
| Use of Contingency | \$0.0 | | \$0.4 | \$0.4 |
| 6/30/09 Savings | \$2.6 | \$0.1 | \$0.2 | \$2.9 |
| Total Sources | \$295.3 | (\$0.1) | (\$0.2) | \$295.0 |
| Services / Programs | \$280.2 | (\$10.0) | (\$1.1) | \$269.1 |
| Future Budget Reductions / IOU | (\$12.5) | \$11.0 | \$0.9 | (\$0.6) |
| Debt / Contracts | \$11.4 | (\$1.1) | | \$10.3 |
| Transfer Out to GG CIP | \$9.0 | | | \$9.0 |
| Transfer Out to Trans. CIP | \$7.2 | | | \$7.2 |
| Total Uses | \$295.3 | (\$0.1) | (\$0.2) | \$295.0 |



September 2009 Operating* Results

(in millions)

| | Revised Budget | Actual | \$ Variance | % Variance |
|------------------------|----------------|---------|-------------|------------|
| Sources | \$18.9 | \$18.8 | (\$0.1) | (1%) |
| Uses | \$22.1 | \$20.8 | \$1.3 | 6% |
| Change in Fund Balance | (\$3.2) | (\$2.0) | \$1.2 | |

* General Fund and Transportation Fund Combined



FYTD Operating* Results as of 9/30/09 (in millions)

| | Revised Budget | Actual | \$ Variance | % Variance | % Target |
|------------------------|----------------|--------|-------------|------------|----------|
| Sources | \$69.8 | \$70.0 | \$0.2 | 0% | > 0% |
| Uses | \$62.7 | 59.7 | \$3.0 | 5% | 2%-4% |
| Change in Fund Balance | \$7.1 | \$10.3 | \$3.2 | | |

* General Fund and Transportation Fund Combined

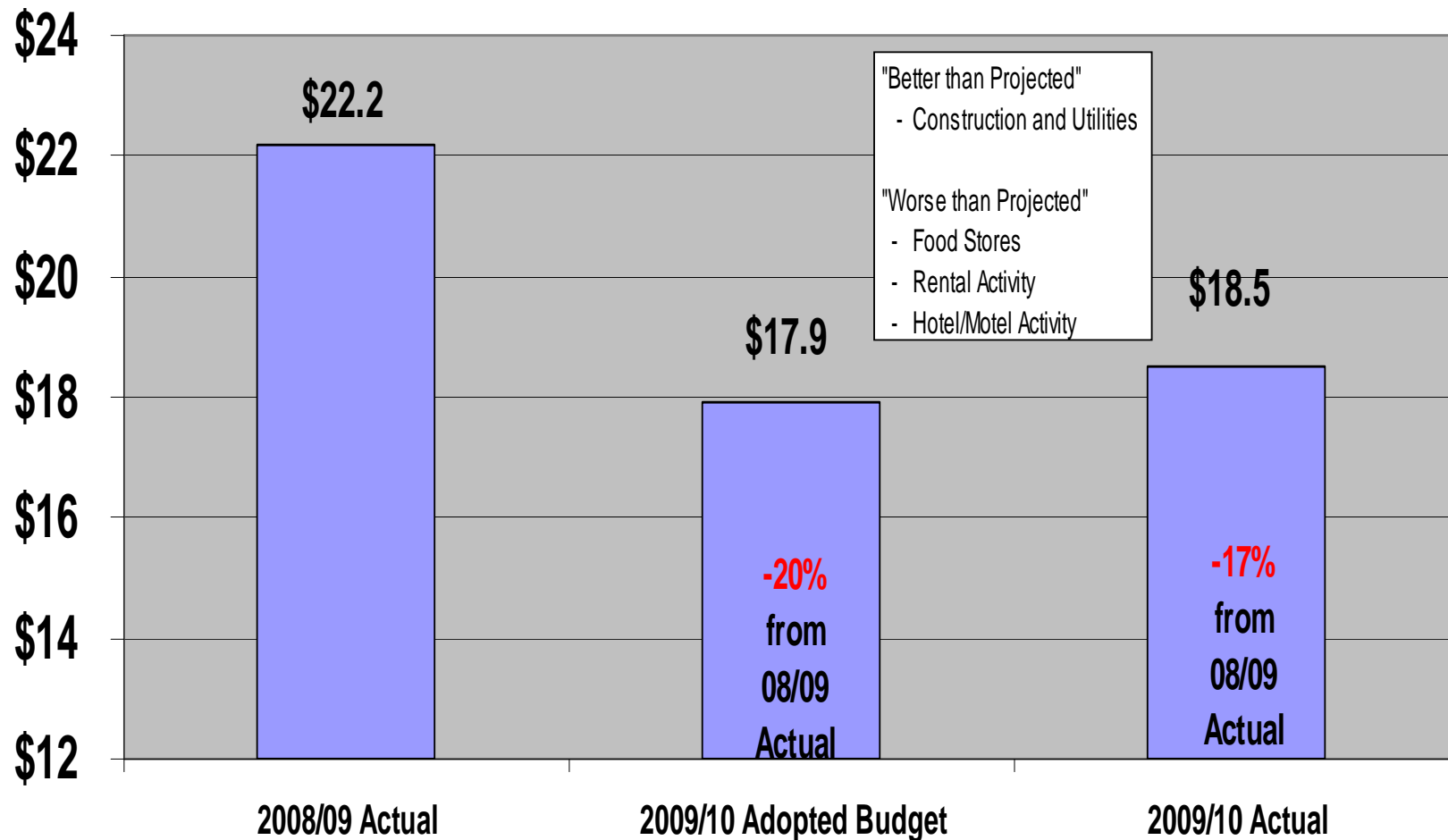


Sales Taxes as of 9/30/09

1% Portion Only (in millions)



3% More Than Projected



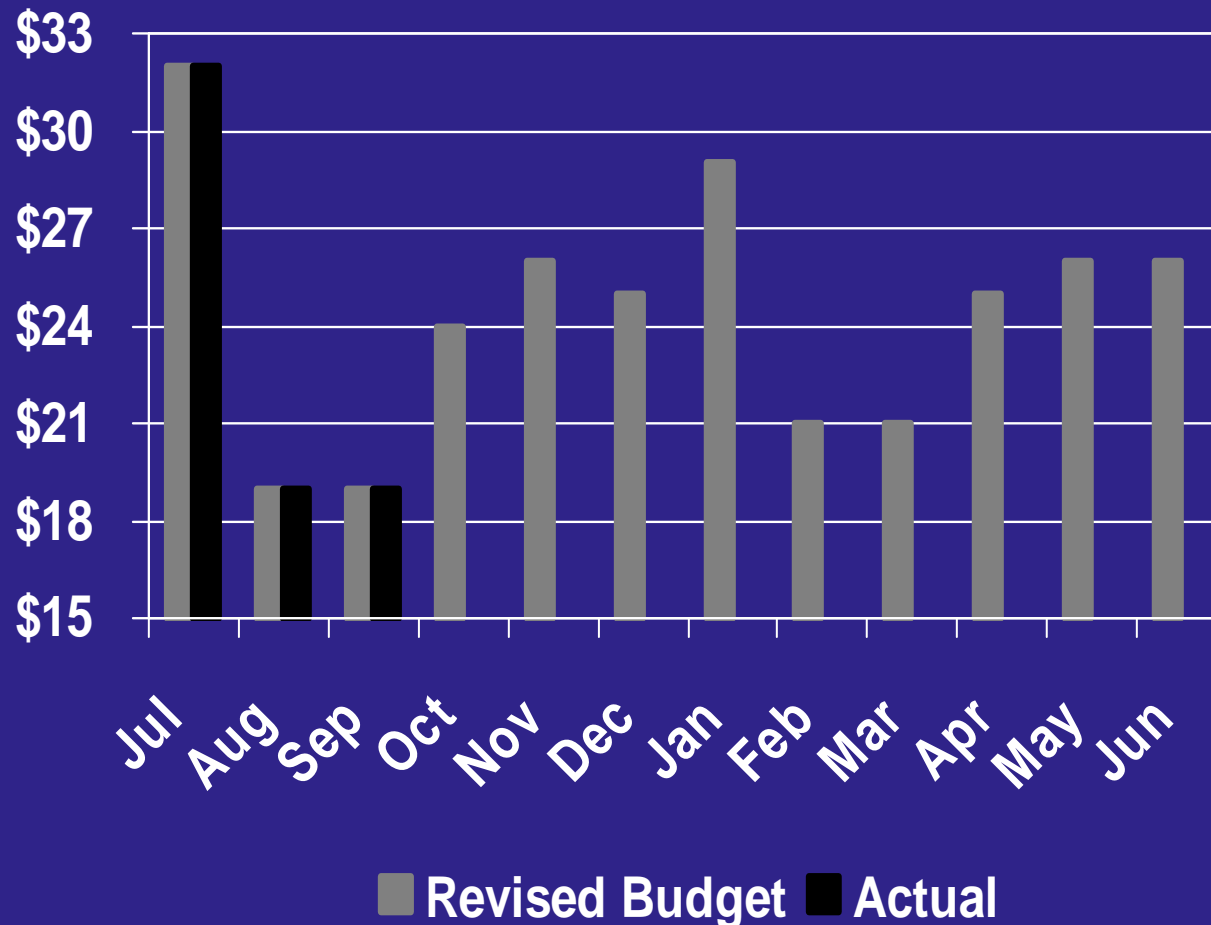


Operating* Sources – FYTD

(in millions)



* General Fund and Transportation Fund Combined



Summary

- On Budget
- Local Sales Tax Up
- State Shared Revenues Down



FYTD Operating* Uses as of 9/30/09 (in millions)

| | Revised Budget | Actual | \$ Variance | % Variance |
|--------------------|----------------|--------|-------------|------------|
| Personnel Services | \$42.6 | \$41.6 | \$1.0 | 2% |
| Contractual | \$16.6 | \$15.2 | \$1.4 | 8% |
| Commodities | \$2.0 | \$1.5 | \$0.5 | 25% |
| Capital | \$0.0 | \$0.1 | (\$0.1) | -2186% |
| Debt Service | \$0.7 | \$0.6 | \$0.1 | 14% |
| Transfers Out | \$0.8 | \$0.7 | \$0.1 | 13% |
| Total | \$62.7 | \$59.7 | \$3.0 | 5% |

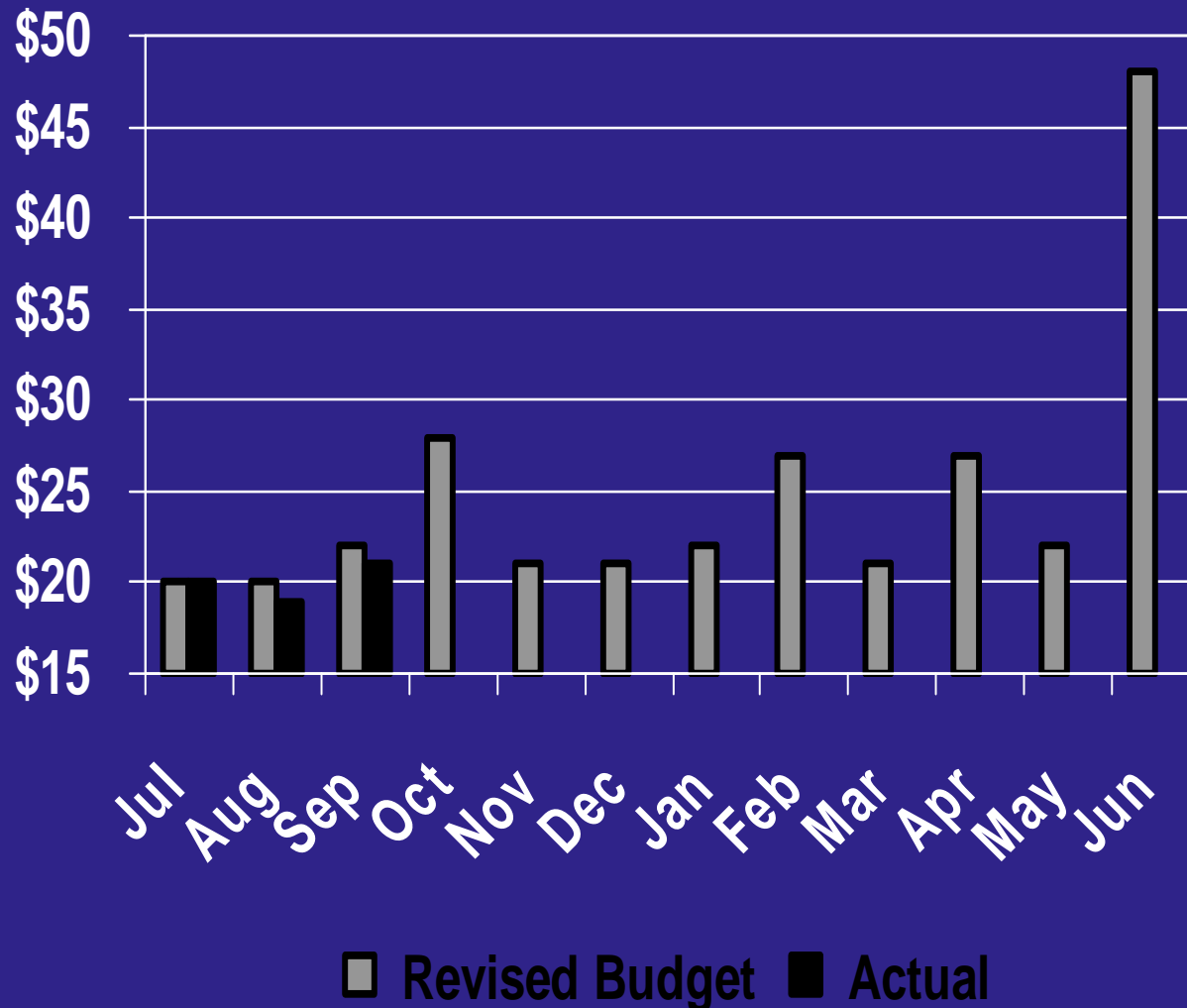
* General Fund and Transportation Fund Combined



Operating* Uses – FYTD

(in millions)

* General Fund and Transportation Fund Combined



Summary

- 5% less than Budget
- Still fine tuning Budget “spread”
- Proposed Budget Reductions not included



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TOGETHER**

efficient • effective • empowered

1. New Traffic Citation Created

- Court and payment information on back of defendant copy reducing the need for a separate bond card and envelope to be printed and delivered to drivers receiving traffic tickets (\$5,000 annually)

2. Parks & Rec Leisure Education Brochures

- Print 3 brochures vs. 4, change format and implement e-mail receipt program to save annually in both printing and distribution (\$36,120 annually)



Proposed Budget Adjustments- Revenues

| Proposed Adjustments-General Fund Only | Amount |
|--|---------------|
| 1. State Shared Revenues | (\$192,119) |
| 2. Ambulance Contract (expense offset) | (\$1,102,654) |
| 3. Reimbursement for Security Contract at Water facilities | \$454,438 |
| TOTAL-General Fund | (\$840,335) |



Proposed Budget Adjustments- Revenues (CONTINUED)

| Proposed Adjustments-Other Funds | Amount |
|--------------------------------------|------------|
| Special Revenue Fund-Property Rental | (\$61,250) |



Proposed Budget Adjustments-Expenses

| Types of Adjustments | Amount |
|-----------------------------------|-------------|
| 1. Future Budget Reductions / IOU | (\$978,904) |
| 2. Reorganization Related | \$79,788 |
| 3. Corrections/Use of Contingency | \$62,371 |
| TOTAL | (\$836,745) |



1. Future Budget Reductions/IOU: (\$978,904)

| | |
|---------------------------------|-----------|
| Adopted Budget | \$12.5 M. |
| 7/2/09 Budget Reductions | \$11.0 M. |
| Reductions Remaining at 9/30/09 | \$1.5 M. |
| Proposed Reductions | \$0.9 M. |
| Remaining Amount | \$0.6 M. |



1. Future Budget Reductions/IOU (CONTINUED)

| Proposed Reductions (General Fund Only) | Amount |
|---|-------------|
| 1. Early Retirements | (\$212,290) |
| 2. FICA Correction | (\$227,832) |
| 3. Fire Insurance Premium Tax | (\$129,643) |
| 4. Police Retirement Contributions-DROP | (\$350,853) |
| TOTAL | (\$920,618) |



2. Reorganization: \$79,788

- “Housekeeping”
 - Record personnel in correct division/department



3. Corrections/Use of Contingency: \$63,371

- Adjust activities that were not correct in Adopted Budget
- Request Use of Contingency
 - Transfer Out - Security Contract at Water Facilities: \$454,438
 - City Attorney Contract Payout: \$105,200
 - Ambulance Contract (revenue offset): (\$629,364)
 - Vehicle Purchase (FY 08/09 authority): \$113,462
 - Crime Lab Equipment CIP Transfer: (\$75,000)



09/10 Operating* Ending Fund Balance (in millions)

| | 09/10 Adopted | FY 08/09 Activity | Proposed Adjustments | 09/10 Revised |
|---------------------------|------------------|----------------------|-------------------------|------------------|
| Fund Balance: | | | | |
| Reserved | \$26.1 | | | \$26.1 |
| Contingency | \$5.0 | | (\$0.4) | \$4.6 |
| Unreserved | \$1.0 | \$6.6 | (\$0.3) | \$7.3 |
| Total Fund Balance | \$32.1 | \$6.6 | (\$0.7) | \$38.0 |

* General Fund and Transportation Fund Combined



Recommendations

1. Recommend Acceptance of FY 2009/10 as of September 2009 Operating Report
2. Recommend Acceptance of Proposed Budget Adjustments