# Operating Report
# Fiscal Year-to-Date
# As of October 2009

Report to the City Council and Budget Review Commission
Prepared by Financial Management Division
November 25, 2009

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

The following is a financial summary of the City's YTD October 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 budget to actual variances will be 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.

**Operating Results**
**October 2009**
**($ in millions)**

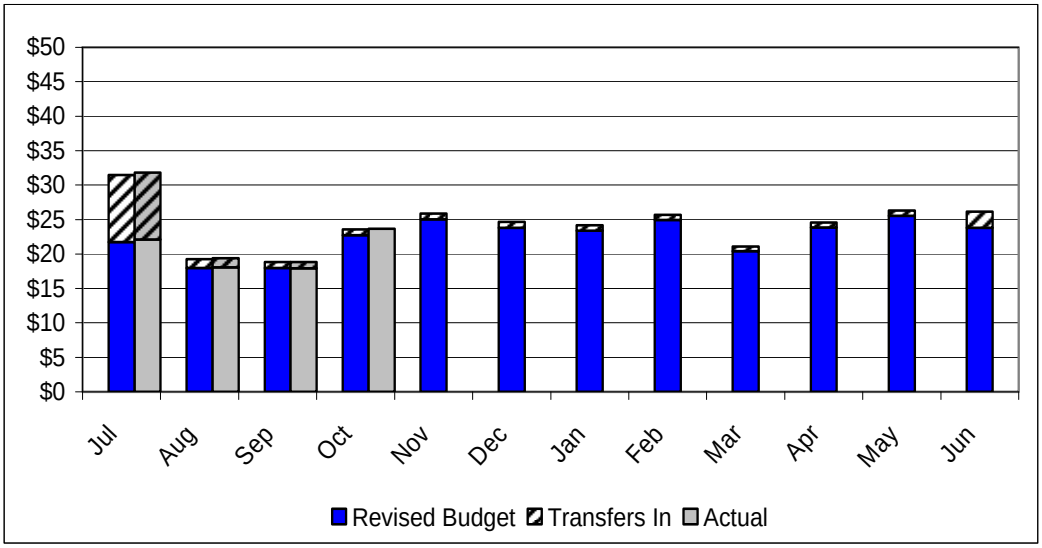
| | Revised Budget | 2009/10 Actual | Variance Favorable (Unfavorable) | % Var |
|---|---|---|---|---|
| Sources | $ 23.6 | $ 23.7 | $ 0.1 | 0% |
| Uses | $ 25.6 | $ 24.8 | $ 0.8 | 3% |
| Change in Fund Balance | $ (2.0) | $ (1.1) | $ 0.9 | |

**Operating Funds**
**YTD October 2009 Results**
**($ in millions)**

| | Revised Budget | 2009/10 Actual | Variance Favorable (Unfavorable) | % Var |
|---|---|---|---|---|
| Sources | $ 93.1 | $ 93.6 | $ 0.5 | 1% |
| Uses | $ 86.8 | $ 84.5 | $ 2.3 | 3% |
| Change in Fund Balance | $ 6.3 | $ 9.1 | $ 2.8 | |

# Operating* Sources – Fiscal YTD
## (in millions)

***General Fund and Transportation Fund Combined**

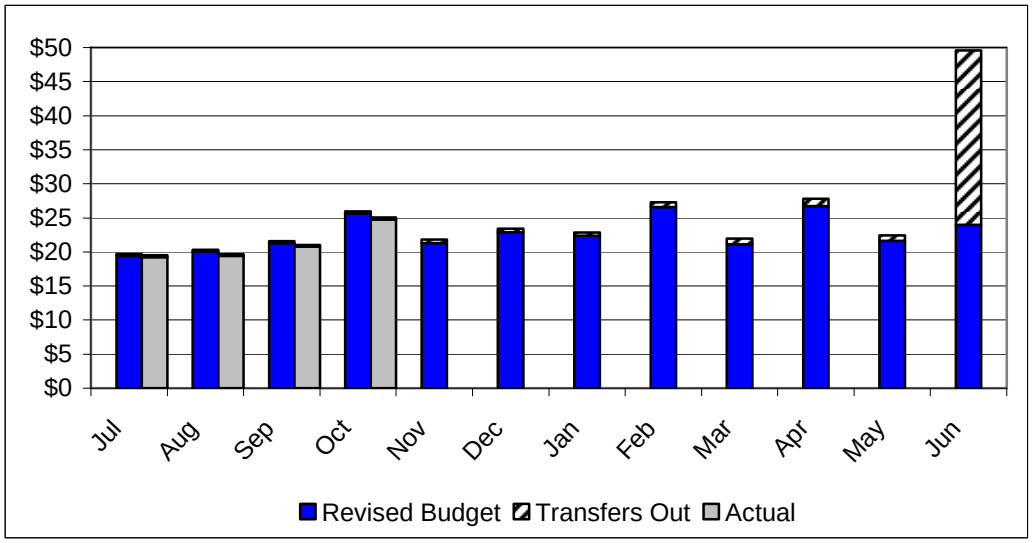



**Summary**

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

# Operating* Uses – Fiscal YTD
## (in millions)

***General Fund and Transportation Fund Combined**




**Summary**

--3% less than Budget
--Still fine tuning Budget "spread"

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efficient · effective · empowered

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 October.

**Web & Media Services and Police Department Savings (up to $10,000)**
The Police Department was looking for a way to improve search engine results for its most wanted suspects on their web page. Web & Media Services prepared and documented a strategy for improving the search engine rankings and how to implement them. As a result, all suspects on the most wanted web page are now in the top 10 results on most search engines and a few are in the #1 and #2 positions. Private consulting companies charge between $3,000 to $10,000 contract fees and $300-$500 a month ongoing maintenance fees for this type of service.

**Office of Environmental Initiatives Same Day Training Savings ($85)**
An employee took a mandatory annual refresher course training on-line at a City computer, rather than travel off-site locally for all day or 1/2 day training courses. The on-line training was less expensive, did not require two hours of drive time and took three hours less to complete.

# GENERAL FUND

**General Fund**
**FY 2009/10**
**($ in millions)**

| | Adopted Budget | Revised Budget | Variance Favorable (Unfavorable) | % Var |
|---|---|---|---|---|
| Sources | $ 254.4 | $ 253.3 | $ (1.1) | 0% |
| Uses | $ 257.0 | $ 256.6 | $ 0.4 | 0% |
| Change in Fund Balance | $ (2.6) | $ (3.3) | $ (0.7) | |
| Fund Balance: | | | | |
| Reserved | $ 26.1 | $ 26.1 | $ - | |
| Contingency | $ 5.0 | $ 4.6 | $ (0.4) | |
| Unreserved | $ 1.0 | $ 7.6 | $ 6.6 * | |
| Total Fund Balance | $ 32.1 | $ 38.3 | $ 6.2 | |

*The unreserved fund balance is $0.4 million more than originally reported as a result of final FY 2008/09 adjustments. The adjustments included a charge to Interest Earnings due to updates in fair market value calculations, a transfer in for water campus security that was previously reported as $0, and a change in the way inventory and postage was accounted for.

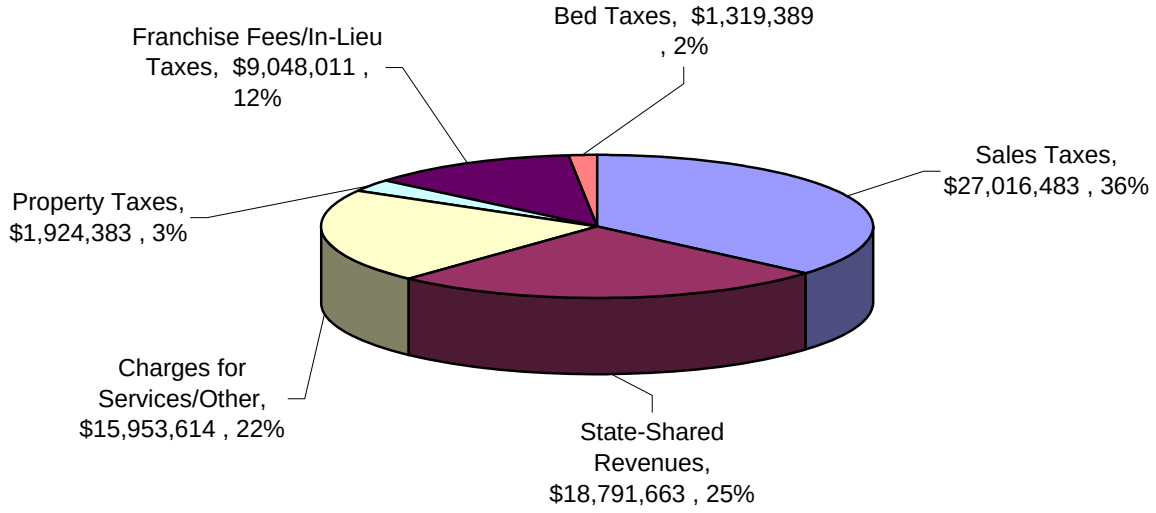
**General Fund**
**Revenues**

| | Year-to-Date October | | | | | |
|---|---|---|---|---|---|---|
| Category | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Budget | Variance Favorable (Unfavorable) | % Var |
| Sales Taxes | $ 36,595,095 | $ 32,461,694 | $ 27,016,483 | $ 26,029,556 | $ 986,927 | 4% |
| State-Shared Revenues | 18,874,435 | 21,277,595 | 18,791,663 | 19,039,415 | (247,752) | -1% |
| Charges for Services/Other | 21,954,704 | 15,249,326 | 15,953,614 | 15,728,320 | 225,294 | 1% |
| Property Taxes | 1,494,882 | 2,651,095 | 1,924,383 | 2,080,074 | (155,691) | -7% |
| Franchise Fees/In-Lieu Taxes | 6,344,396 | 8,680,903 | 9,048,011 | 9,050,724 | (2,713) | 0% |
| Bed Taxes | 366,429 | 317,787 | 1,319,389 | 1,448,709 | (129,320) | -9% |
| Total Revenue | $ 85,629,942 | $ 80,638,400 | $ 74,053,542 | $ 73,376,798 | $ 676,744 | 1% |
| Transfers In | 20,680 | 2,500,000 | 9,581,480 | 9,581,480 | - | 0% |
| Total Sources | $ 85,650,622 | $ 83,138,400 | $ 83,635,022 | $ 82,958,278 | $ 676,744 | 1% |

| | 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 |
| Category | | | | | | |
| Sales Taxes | $ 115,561,908 | $ 95,757,457 | $ 83,262,300 | $ - | $ 83,262,300 | $ - |
| State-Shared Revenues | 64,651,274 | 62,190,225 | 56,355,881 | (192,119) | 56,163,762 | - |
| Charges for Services/Other | 58,815,277 | 50,152,953 | 51,944,811 | (1,296,497) | 50,648,314 | - |
| Property Taxes | 20,414,025 | 22,607,397 | 23,654,407 | - | 23,654,407 | - |
| Franchise Fees/In-Lieu Taxes | 20,812,400 | 20,304,915 | 21,499,105 | - | 21,499,105 | - |
| Bed Taxes | 2,346,219 | 1,524,624 | 8,231,300 | - | 8,231,300 | - |
| Total Revenue | $ 282,601,103 | $ 252,537,572 | $ 244,947,804 | $ (1,488,616) | $ 243,459,188 | $ - |
| Transfers In | 840,691 | 19,520,421 | 9,430,000 | 454,438 | 9,884,438 | - |
| Total Sources | $ 283,441,794 | $ 272,057,993 | $ 254,377,804 | (1,034,178) | $ 253,343,626 | $ - |
| % Change | | -4% | -6% | | | |

## Year-to-Date October 2009

**$74.1M 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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| Sources | $ 85,650,622 | $ 83,138,400 | $ 83,635,022 | $ 82,958,278 | $ 676,744 | 1% |

***Actual to Revised Budget variance of $676,744 or 1%*** is explained below by category. In summary, it is the result of better than expected sales taxes partially offset by lower than expected State Shared 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 |
| Sources | $ 283,441,794 | $ 272,057,993 | $ 254,377,804 | $ (1,034,178) | $ 253,343,626 | $ - |
| % Change | | -4% | -6% | | | |

***Approved Adjustments of ($1,034,178)*** are explained in the appropriate category below.

## ***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 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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| General Purpose Sales Tax | $ 33,329,987 | $ 29,589,266 | $ 24,635,788 | $ 23,727,954 | $ 907,834 | 4% |
| Public Safety Sales Tax | 3,265,107 | 2,872,428 | 2,380,695 | 2,301,602 | 79,093 | 3% |
| Total Sales Taxes | $ 36,595,095 | $ 32,461,694 | $ 27,016,483 | $ 26,029,556 | $ 986,927 | 4% |

***Actual to Revised Budget variance of $986,927 or 4%:*** Better than expected construction and utility activity slightly offset by lower than expected revenues from food stores, rentals and the hotel/motel classifications. The increase in the utility category is driven by a one-time audit payment. Food Stores are being impacted by changes in consumer spending, a store chain declaring bankruptcy, decreasing food costs and increased use of food stamps. Property Rentals have been affected by vacancies and declining rental rates. Hotel/motel revenues have been impacted by the sharp decline in the tourism industry. See Appendix 1 for further information about results by sales tax categories.

| | 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 Purpose Sales Tax | $ 105,317,750 | $ 87,328,386 | $ 75,900,000 | $ - | $75,900,000 | $ - |
| Public Safety Sales Tax | 10,244,158 | 8,429,071 | 7,362,300 | - | 7,362,300 | - |
| Total Sales Taxes | $ 115,561,908 | $ 95,757,457 | $ 83,262,300 | $ - | $83,262,300 | $ - |
| % Change | | -17% | -13% | | | |

## ***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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| State Revenue Sharing | $ 11,013,264 | $ 11,701,641 | $ 10,102,781 | $ 10,158,249 | $ (55,468) | -1% |
| State Shared Sales Tax | 5,383,432 | 6,743,680 | 5,753,693 | 5,982,677 | (228,984) | -4% |
| Auto Lieu Tax | 2,477,740 | 2,832,274 | 2,935,189 | 2,898,489 | 36,700 | 1% |
| Total State Shared Revenues | $ 18,874,435 | $ 21,277,595 | $ 18,791,663 | $ 19,039,415 | $ (247,752) | -1% |

***Actual to Revised Budget variance of ($247,752) or (1%):*** State Revenue Sharing and Shared Sales Taxes are less than expected because the recession is having a more dramatic impact than originally forecast by the

State. At the State level, September YTD sales tax receipts are down 17 percent from the prior year (8 percent less than the State's forecast) with the largest drops in the contracting category and the use category (the use tax is assessed on items purchased in other states and brought into Arizona for storage, use, or consumption, and for which no tax, or tax at a lesser rate, has been paid in another state). While the sales tax receipts continue to drop, they are dropping at a slower rate than the prior two months of the fiscal year. September YTD individual income tax collections were down 14 percent from the prior year (13 percent less than the State's forecast) and corporate income tax collections were down 38 percent (30 percent less than the State's forecast).

| | 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 |
| State Revenue Sharing | $ 33,036,655 | $ 35,102,991 | $ 30,308,042 | $ 906 | $30,308,948 | $ - |
| State Shared Sales Tax | 21,652,550 | 18,935,910 | 18,047,839 | (193,025) | 17,854,814 | - |
| Auto Lieu Tax | 9,962,069 | 8,151,324 | 8,000,000 | - | 8,000,000 | - |
| Total State Shared Revenues | $ 64,651,274 | $ 62,190,225 | $ 56,355,881 | $ (192,119) | $ 56,163,762 | $ - |
| % Change | | -4% | -9% | | | |

***Approved Adjustments of ($192,119).*** At the end of June, the Arizona Department of Revenue sent out a letter to all municipalities indicating that estimated distributions from State Revenue Sharing and State Shared Sales Taxes should be adjusted as reflected. An additional further reduction to the State's estimate for sales taxes is anticipated from the State which will result in a second State Shared revenue proposed adjustment request.

***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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| *Taxes - Local* | | | | | | |
| Stormwater Water Quality Charge | $ 320,354 | $ 319,977 | $ 349,824 | $ 332,627 | $ 17,197 | 5% |
| *Licenses, Permits & Fees* | | | | | | |
| Building Permit Fees & Charges | 5,012,634 | 2,750,465 | 2,510,732 | 2,590,782 | (80,050) | -3% |
| Recreation Fees | 1,161,056 | 1,116,253 | 1,193,574 | 1,119,825 | 73,749 | 7% |
| WestWorld | 509,988 | 367,460 | 260,371 | 285,496 | (25,125) | -9% |
| Fire Service Charges | 336,141 | 1,639,662 | 610,294 | 680,810 | (70,516) | -10% |
| Business Licenses & Fees | 347,574 | 323,529 | 301,556 | 292,123 | 9,433 | 3% |
| *Fines & Forfeitures* | | | | | | |
| Court Fines | 2,163,860 | 2,128,777 | 2,356,029 | 2,395,663 | (39,634) | -2% |
| Photo Enforcement Revenue | 1,896,802 | 1,086,059 | 619,703 | 536,563 | 83,140 | 15% |
| Parking Fines | 101,387 | 107,712 | 80,659 | 102,425 | (21,766) | -21% |
| Library Fines & Fees | 119,065 | 190,294 | 100,591 | 94,566 | 6,025 | 6% |
| 30 Day Tow Program | - | - | - | - | - | n/a |
| *Interest Earnings/Property Rental* | | | | | | |
| Interest Earnings | 5,139,458 | (841,282) | 895,469 | 445,743 | 449,726 | 101% |
| Property Rental | 428,699 | 940,230 | 835,948 | 883,031 | (47,083) | -5% |
| *Other Revenue* | | | | | | |
| Indirect/Direct Cost Allocation | 3,859,080 | 4,312,312 | 5,349,370 | 5,354,205 | (4,835) | 0% |
| Intergovernmental Revenue | 238,025 | 264,634 | 297,941 | 252,433 | 45,508 | 18% |
| Contributions/Donations | - | 1,300 | 5,591 | 3,928 | 1,663 | n/a |
| Miscellaneous | 243,695 | 461,188 | 112,712 | 291,457 | (178,745) | -61% |
| Reimbursements | 76,887 | 80,756 | 73,249 | 66,643 | 6,606 | 10% |
| Total Charges for Services/Other | $ 21,954,704 | $ 15,249,326 | $ 15,953,614 | $ 15,728,320 | $ 225,294 | 1% |

***Actual to Revised Budget variance of $225,294 or 1%:*** The schedule above shows the specific variances by type of activity. Interest Earnings and Miscellaneous Revenues are major drivers of this variance and are in the

process of being analyzed. Initial findings indicate that the forecast of Interest Earnings for the year is accurate but that the allocation per month (e.g., spread) needs to be revised.

| | 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 |
| *Taxes - Local* | | | | | | |
| Stormwater Water Quality Charge | $ 861,021 | $ 814,326 | $ 863,000 | $ - | $ 863,000 | $ - |
| *Licenses, Permits & Fees* | | | | | | |
| Building Permit Fees & Charges | 12,454,445 | 6,911,195 | 8,149,000 | - | 8,149,000 | - |
| Recreation Fees | 2,819,553 | 3,206,506 | 3,022,000 | - | 3,022,000 | - |
| WestWorld | 2,784,969 | 2,663,389 | 2,888,000 | (15,000) | 2,873,000 | - |
| Fire Service Charges | 1,067,593 | 1,752,393 | 2,350,000 | (1,105,054) | 1,244,946 | - |
| Business Licenses & Fees | 1,760,535 | 1,733,104 | 1,680,000 | - | 1,680,000 | - |
| *Fines & Forfeitures* | | | | | | |
| Court Fines | 6,792,909 | 6,670,715 | 7,166,300 | (9,886) | 7,156,414 | - |
| Photo Enforcement Revenue | 5,787,526 | 2,465,759 | 1,655,700 | - | 1,655,700 | - |
| Parking Fines | 472,615 | 422,697 | 495,000 | 9,886 | 504,886 | - |
| Library Fines & Fees | 417,540 | 302,729 | 389,640 | (90,000) | 299,640 | - |
| 30 Day Tow Program | - | 200,000 | 400,000 | (400,000) | - | - |
| *Interest Earnings/Property Rental* | | | | | | |
| Interest Earnings | 6,429,293 | 3,690,990 | 1,656,860 | - | 1,656,860 | - |
| Property Rental | 3,496,405 | 3,222,002 | 3,194,029 | - | 3,194,029 | - |
| *Other Revenue* | | | | | | |
| Indirect/Direct Cost Allocation | 11,577,240 | 13,837,938 | 15,635,382 | 400,000 | 16,035,382 | - |
| Intergovernmental Revenue | 1,054,990 | 1,160,325 | 1,049,900 | (117,843) | 932,057 | - |
| Contributions/Donations | - | - | - | - | - | - |
| Miscellaneous | 658,019 | 643,477 | 1,000,000 | 16,400 | 1,016,400 | - |
| Reimbursements | 380,624 | 455,408 | 350,000 | 15,000 | 365,000 | - |
| Total Charges for Services/Other | $ 58,815,277 | $ 50,152,953 | $ 51,944,811 | $ (1,296,497) | $ 50,648,314 | $ - |
| % Change | | -15% | 4% | | | |

***Approved Adjustments of ($1,296,497)*** 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 October 8, 2009 when the contract was approved and $14,000 of judicial contributions. Additionally, two portions of the PMT ambulance contract have been modified resulting in less revenue of ($1,102,654): 1) The City previously provided Fire Department personnel to staff two PMT ambulances. PMT reimbursed the City for those personnel costs ($473,290); the City is no longer providing the personnel for one of the ambulances. The fire personnel that were used to staff the second ambulance were reassigned to cover vacation and sick leave, which allowed the department to reduce the FY09/10 constant staffing overtime budget. 2) PMT will begin to provide their own dispatch services. Previously, Phoenix billed Scottsdale for both Fire and PMT dispatches. Scottsdale, in turn, collected from PMT their portion of the dispatch fees and then paid the City of Phoenix directly ($629,364). Now that PMT will be providing their own dispatch services, this agreement is no longer necessary. There is also an offsetting proposed expense adjustment in the Fire Department's Contractual Services operating budget. Finally, several other line items were updated to better reflect activity.

## ***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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| Property Taxes | $ 1,494,882 | $ 2,651,095 | $ 1,924,383 | $ 2,080,074 | $ (155,691) | -7% |

***Actual to Revised Budget variance of ($155,691) or (7%)*** due to lower than anticipated collections. The 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.

| | 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 |
| Property Taxes | $ 20,414,025 | $ 22,607,397 | $ 23,654,407 | $ - | $ 23,654,407 | $ - |
| % Change | | 11% | 5% | | | |

***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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Variance Favorable (Unfavorable) | % Var |
| Electric Franchise | $ 2,496,248 | $ 4,283,785 | $ 4,392,694 | $ 4,479,396 | $ (86,702) | -2% |
| Enterprise Franchise Fees | 2,006,060 | 1,841,502 | 2,002,200 | 1,878,600 | 123,600 | 7% |
| Cable TV Franchise | 831,404 | 1,737,888 | 1,761,344 | 1,800,000 | (38,656) | -2% |
| Enterprise In Lieu Property Tax | 1,010,684 | 817,728 | 891,773 | 892,728 | (955) | 0% |
| Salt River Project Lieu Tax | - | - | - | - | - | n/a |
| Total Franchise Fees/In-Lieu Taxes | $ 6,344,396 | $ 8,680,903 | $ 9,048,011 | $ 9,050,724 | $ (2,713) | 0% |

***Actual to Revised Budget variance of ($2,713) or 0%:*** Enterprise Franchise Fees are higher than budgeted due to increased water fees collected attributable to record breaking summer temperatures, an unseasonably warm fall coupled with low rain fall creating an increase in water demand. Offsetting this increase are lower franchise fees collected from electric and cable TV providers.

| | 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 |
| Electric Franchise | $ 7,890,300 | $ 7,791,429 | $ 8,400,000 | $ - | $ 8,400,000 | $ - |
| Enterprise Franchise Fees | 6,287,024 | 6,355,534 | 6,684,785 | (2,864) | 6,681,921 | - |
| Cable TV Franchise | 3,507,190 | 3,565,549 | 3,600,000 | - | 3,600,000 | - |
| Enterprise In Lieu Property Tax | 3,032,052 | 2,453,184 | 2,675,320 | 2,864 | 2,678,184 | - |
| Salt River Project Lieu Tax | 95,834 | 139,220 | 139,000 | - | 139,000 | - |
| Total Franchise Fees/In-Lieu Taxes | $ 20,812,400 | $ 20,304,915 | $ 21,499,105 | $ - | $ 21,499,105 | $ - |
| % Change | | -2% | 6% | | | |

***Bed Taxes***

The 3 percent 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. 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 out of 80 percent to the Special Programs Fund.

| | Year-to-Date October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| Bed Taxes | $ 366,429 | $ 317,787 | $ 1,319,389 | $ 1,448,709 | $ (129,320) | -9% |

***Note***: Bed taxes in FY 2007/08 and FY 2008/09 reflect only the General Fund portion. Beginning in 2009/10, all 100 percent of the bed tax is recorded in the General Fund and then 80 percent is transferred out to Special Revenue for tourism.

***Actual to Revised Budget variance of ($129,320) or (9%):*** 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. See Appendix 1 for a more detailed discussion.

| | 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 |
| Bed Taxes | $ 2,346,219 | $ 1,524,624 | $ 8,231,300 | $ - | $ 8,231,300 | $ - |
| % Change | | -35% | 8% | | | |

***Note***: Bed taxes in FY 2007/08 and FY 2008/09 reflect only the General Fund portion. Beginning in 2009/10, all 100 percent of the bed tax is recorded in the General Fund and then 80 percent is transferred out to Special Revenue for tourism. The percentage change figures are based on the 20 percent portion only.

***Transfers In***

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

| | Year-to-Date October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| CIP | $ - | $ - | $ 9,000,000 | $ 9,000,000 | $ - | 0% |
| Self Insurance Fund | - | 2,500,000 | - | - | - | n/a |
| Cultural Council | - | - | 300,000 | 300,000 | - | 0% |
| Code Enforcement | 20,680 | - | - | - | - | n/a |
| Community Services/Human Services | - | - | 130,000 | 130,000 | - | 0% |
| Miscellaneous | - | - | - | - | - | n/a |
| Water Campus Security | - | - | 151,480 | 151,480 | - | n/a |
| Total Transfers In | $ 20,680 | $ 2,500,000 | $ 9,581,480 | $ 9,581,480 | $ - | 0% |

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

***Actual to Budget variance of $0 or 0%***. No explanation necessary.

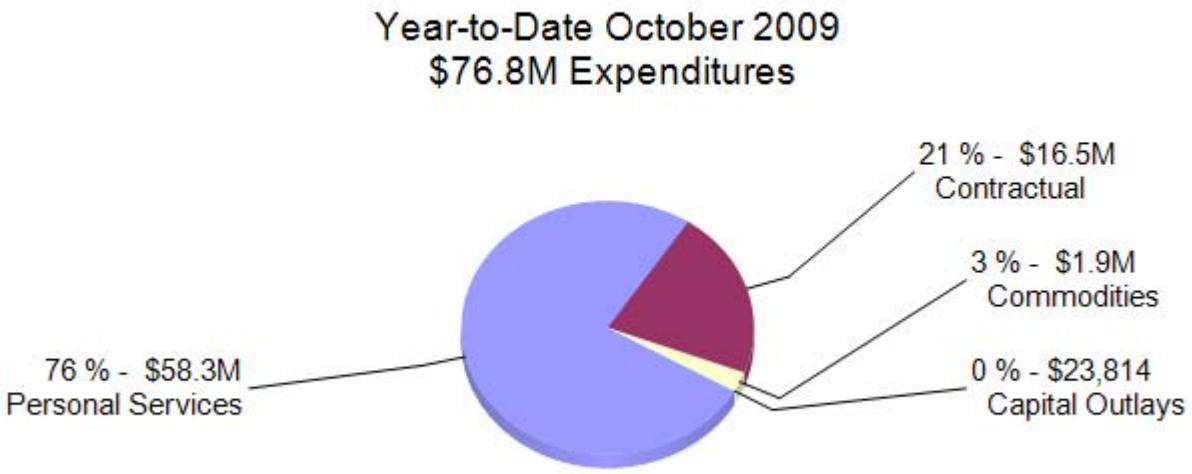
| | Fiscal Year (Twelve Months) | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Adopted Budget | 2009/10 Approved Adjustments | 2009/10 Revised Budget | 2009/10 Proposed Adjustments |
| CIP | $ - | $ 13,935,983 | $ 9,000,000 | $ - | $ 9,000,000 | $ - |
| Self Insurance Fund | - | 5,000,000 | - | - | - | - |
| Cultural Council | - | - | 300,000 | - | 300,000 | - |
| Code Enforcement | 91,133 | - | - | - | - | - |
| Community Services/Human Services | - | 130,000 | 130,000 | - | 130,000 | - |
| Miscellaneous | 749,558 | - | - | - | - | - |
| Water Campus Security | - | 454,438 | - | 454,438 | 454,438 | - |
| Total Transfers In | $ 840,691 | $ 19,520,421 | $ 9,430,000 | $ 454,438 | $ 9,884,438 | $ - |
| % Change | | 2222% | -52% | | | |

***Approved Adjustments of $454,438***. Security reimbursements from the Water Fund were excluded in the adopted budget. The reimbursement is for Water Department security included in the Citywide security contract administered by the Police Department and recorded in its budget.

# General Fund
## Expenses

| | Year-to-Date October 2009 | | | |
|---|---|---|---|---|
| | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable Unfavorable | % Var |
| **Expenses:** | | | | |
| Personal Services | $58,327,181 | $59,392,089 | $1,064,908 | 2 % |
| Contractual | $16,500,553 | $16,893,088 | $392,535 | 2 % |
| Commodities | $1,944,941 | $2,326,573 | $381,632 | 16 % |
| Capital Outlays | $23,814 | $47,900 | $24,086 | 50 % |
| **Total Operating Expenses** | **$76,796,489** | **$78,659,650** | **$1,863,161** | **2 %** |
| Debt Service | $749,409 | $839,323 | $89,914 | 11 % |
| Transfers Out | $1,055,511 | $1,158,966 | $103,455 | 9 % |
| **Total Uses** | **$78,601,410** | **$80,657,939** | **$2,056,530** | **3 %** |

| | Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|---|
| | 2008/09 Actual | 2009/10 Adopted Budget | 2009/10 Approved Adjustments | 2009/10 Revised Budget | 2009/10 Proposed Adjustments |
| Personal Services | $192,187,882 | $175,068,556 | ($4,607,193) | $170,461,363 | - |
| Vacancy Savings/Payouts/Reclass | - | ($3,209,816) | ($144,103) | ($3,353,919) | - |
| Contractual | $51,453,713 | $53,836,622 | ($1,496,883) | $52,339,739 | - |
| Commodities | $8,722,788 | $9,330,246 | ($83,500) | $9,246,746 | - |
| Capital Outlays | $398,730 | $353,602 | ($31,000) | $322,602 | - |
| Future Budget Reductions/IOU | - | ($12,536,834) | $12,043,414 | ($493,420) | - |
| **Total** | **$252,763,113** | **$222,842,376** | **$5,680,735** | **$228,523,111** | **-** |
| Debt Service | $3,599,349 | $4,664,746 | ($1,021,600) | $3,643,146 | - |
| Transfers Out | $18,333,741 | $29,461,251 | ($4,978,711) | $24,482,540 | - |
| **Total Uses** | **$274,696,203** | **$256,968,373** | **($319,576)** | **$256,648,797** | **-** |




***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 October 2009 | | | |
|---|---|---|---|
| **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| $58,327,181 | $59,392,089 | $1,064,908 | 2 % |

***Actual to Revised Budget variance of $1,064,908 or 2%:*** The positive variance is mainly the result of continuous overtime reduction strategies. However, this may be impacted by staffing resources needed for the holiday season. Another contributing factor to the positive variance relates to the vacant part-time positions that were being held for the opening of the Appaloosa Library. As of November, all but one position has been filled.

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| $192,187,882 | $175,068,556 | ($4,607,193) | $170,461,363 | - |

***Approved Adjustments of ($4,607,193)*** were approved by City Council on July 2, 2009 and November 3, 2009. July 2, 2009 adjustments include the elimination of 67.98 Full-Time Equivalents and a reduction in Police and Fire overtime. November 3, 2009 adjustments include reductions to Police and Fire retirement and Federal Insurance Contributions Act (FICA). Additionally, reductions were made for those retirees from the Early Retirement Incentive Program that retired earlier than anticipated. The approved adjustments also include the use of Contingency to payout the City Attorney's employment contract and fund overtime for the Event Notification Program. November adjustments also reflect reallocating a position from Capital Project Management to the Planning, Neighborhoods and Transportation Division.

***Vacancy Savings/Payouts/Reclassifications***

The 'Vacancy Savings / Payouts / Reclassifications' is the net of the Citywide vacancy savings, the medical and vacation leave accrual payouts that are made at the time of separation from the City, and position reclassifications.

The vacancy savings, medical and vacation leave accrual payouts, and position reclassifications are related and; therefore, reported together and identified in the report as 'Vacancy Savings / Payouts / Reclassifications'. For example, if a position becomes vacant, a payout for accrued leave will likely occur. Conversely, payouts for accrued leave will not occur if positions remained filled. Additionally, if positions become vacant staff should reassess the program/service area and look for efficiencies, which could ultimately result in position reclassifications.

***Vacancy Savings:*** The first component of this classification is the vacancy savings, which is the estimated personnel savings expected while a vacant position is being recruited or non-paid activity occurs (i.e. leave without pay). Due to the recession, the number of vacant positions has decreased significantly from last fiscal year and is about half of the budgeted amount as shown in Schedule A below.

**Schedule A - Number of Vacant Positions - Budget to Actual**

| | Per Pay Period Budget | Per Pay Period Actual * | # Difference | % Difference |
|---|---|---|---|---|
| Operating Funds | 59 | 26 | (33) | -56% |
| All Other Funds | 15 | 16 | 1 | 7% |
| **Total** | **74** | **42** | **(32)** | **-43%** |

* As of 10/30/2009 pay period.

Schedule B below compares the adopted vacancy savings budget to the revised estimate as of the 10/30/2009 pay period. Schedule B illustrates the significant decrease in vacant positions in terms of annualized dollars.

**Schedule B - Vacancy Savings - Adopted Budget to Revised Estimate**

| | FY 2009/10 Adopted Budget | FY 2009/10 Revised Estimate * | # Difference | % Difference |
|---|---|---|---|---|
| Operating Funds | $5,270,000 | $2,266,863 | ($3,003,137) | -57% |
| All Other Funds | $1,305,000 | $1,152,493 | ($152,507) | -12% |
| **Total** | **$6,575,000** | **$3,419,356** | **($3,155,644)** | **-48%** |

* As of 10/30/2009 pay period.

***Payouts:*** The second component of the 'Vacancy Savings / Payouts / Reclassifications' relates to medical (retirement eligible carrying more than 300 hours) and vacation leave accruals paid out at the time of separation. The medical leave payout budget was developed using the City's actuarial valuation from Aon Consulting's Medical Leave Conversion Study projected cash flow amounts. The vacation leave payout budget was developed with the assumption that payouts would remain relatively flat as compared to FY 2008/09, a fiscal year that had little turnover at about 6 percent compared to FY 2007/08 at 12 percent.

For FY 2009/10, medical and vacation leave payouts are significantly greater than projected primarily as a result of the July 2, 2009 reduction in force and the separation of long-term employees with large accrued leave balances.

***Reclassifications:*** The final component of the 'Vacancy Savings / Payouts / Reclassifications' relates to position reclassifications. A position reclassification budget was developed using two years of historical data calculating the net effect of adjustments made to positions throughout the fiscal year. An example of use of this funding is in FY 2009/10 when the budget was created an employee was under-filling a Senior Auditor position. Since the creation and adoption of the FY 2009/10 budget, the employee has achieved their auditing accreditation resulting in the removal of the under-fill status and warranting a higher rate of pay. Position reclassification funding was used to fill the gap between the original pay budgeted and the new, higher rate of pay.

This position reclassification budget has also been used in FY 2009/10 for changes as a result of the reorganization. For example, a director level position was eliminated through the Citywide reorganization. It was determined that the director position could be eliminated because the position responsibilities did not meet 'director' classification criteria. The responsibilities did, however, meet 'manager' classification criteria – a position that did not exist in the program/service area.

Prior to FY 2009/10, medical and vacation leave accrual payouts and position reclassification adjustments were an unbudgeted expense. Therefore, divisions ran the risk of over-expending their adopted budget. For FY 2009/10, a budget was developed and a Citywide line-item expense was included in the Five-Year Financial Plan. The budget was included as a Citywide line-item and not within the divisions themselves because it is difficult to determine where specifically the expenses will apply. As divisions payout for medical and vacation leave accruals and as position reclassifications are made, the expense is reflected in the appropriate division and an accompanying budget is transferred from the Citywide line-item to the respective division.

***Summary:*** As noted above in Schedule B, the revised vacancy savings estimate of $2.2 million is approximately $3.0 million less than originally budgeted. Additionally, a savings of approximately $0.5 million is anticipated from the medical and vacation leave accrual payouts and position reclassifications. This savings estimate assumes fewer turnover and that all unanticipated activity has occurred (i.e. reduction in force). Therefore, a net proposed adjustment of $2.5 million to 'Vacancy Savings / Payouts / Reclassifications' will be forthcoming.

| | Fiscal Year (Twelve Months) | | | |
|---|---|---|---|---|
| | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| Vacancy Savings | ($5,000,000) | $738,670 | ($4,261,330) | - |
| Vacation Leave Payouts | $617,658 | ($342,457) | $275,201 | - |
| Medical Leave Payouts | $854,438 | ($410,647) | $443,791 | - |
| Reclassifications | $318,088 | ($129,669) | $188,419 | - |
| **Total Vacancy Savings/Payouts/Reclassifications** | **($3,209,816)** | **($144,103)** | **($3,353,919)** | **-** |

***Approved Adjustments of ($144,103)*** reflect the net of vacancy savings and payouts for medical and vacation leave accruals. Due to the recession, the number of vacant positions and the length of time a position is vacant has decreased significantly. Additionally, medical and vacation leave accrual payouts are significantly greater than projected as a result of the July 2, 2009 reduction in force and terminations of long-term employees who had significant leave accrual balances.

***Contractual Services***

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

| Year-to-Date October 2009 | | | |
|---|---|---|---|
| **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| $16,500,553 | $16,893,088 | $392,535 | 2 % |

***Actual to Revised Budget variance of $392,535 or 2%:*** The positive variance is mainly the result of invoices for services being received later than expected. For example, maintenance services for emergency generators and a HVAC system were completed but invoices were not issued as anticipated. The variance is also the result of building maintenance services, such as painting, fire alarm maintenance, and elevators which are difficult to budget in the appropriate period as they do not have a predictable spending pattern.

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| $51,453,713 | $53,836,622 | ($1,496,883) | $52,339,739 | - |

***Approved Adjustments of ($1,496,883)*** were approved by City Council on July 2, 2009, August 24, 2009, and November 3, 2009. July 2, 2009 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. The August 24, 2009 adjustment reflects WestWorld's use of Contingency to contract with Arizona State Land Department allowing the City to use State Trust Land for special event productions and associated parking. The November 3, 2009 adjustments are comprised of work order credit allocations and a reduction in the Fire Department related to the Professional Management Transport (PMT) contract. This expense reduction also resulted in an offsetting revenue reduction for the PMT contract.

***Commodities***

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

| Year-to-Date October 2009 | | | |
|---|---|---|---|
| **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| $1,944,941 | $2,326,573 | $381,632 | 16 % |

***Actual to Revised Budget variance of $381,632 or 16%:*** The variance relates to several activities 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. For example, building maintenance supplies and services have not been needed as expected (e.g. electrical, plumbing, etc).

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| $8,722,788 | $9,330,246 | ($83,500) | $9,246,746 | - |

***Approved Adjustments of ($83,500)*** were approved by City Council on July 2, 2009 and November 3, 2009. July 2, 2009 adjustments include reducing mosquito and weed spraying at WestWorld and reducing the library materials budget. The November 3, 2009 adjustment reflects a budget transfer from Capital Outlays to Commodities to properly account for self contained breathing apparatus supplies.

***Capital Outlays***

Capital outlays include the purchase of land, the purchase of 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 expenditure it 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 a betterment or improvement.

| Year-to-Date October 2009 | | | |
|---|---|---|---|
| **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| $23,814 | $47,900 | $24,086 | 50 % |

***Actual to Revised Budget variance of $24,086 or 50%:*** The variance primarily relates to the Fire Department station renovation project which has begun, however, invoices have not been received as anticipated. In addition, a decontamination project for the fire stations did not begin as planned. The Fire Department is working with Facilities to establish an estimated timeline for the project. Once the timeline is determined, a budget respread will be processed accordingly.

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| $398,730 | $353,602 | ($31,000) | $322,602 | - |

***Approved Adjustments of ($31,000)*** were approved by City Council on July 2, 2009 and November 3, 2009. The adjustments are reductions in Fire capital equipment.

***Future Budget Reductions/IOU***

This represents the budget reductions and other adjustments that were included in the report approved by City Council on July 2, 2009 and November 3, 2009. All reductions have been implemented with the exception of property leases with associated utility and maintenance costs (result of the new organizational model and decreasing the workforce by about 10 percent). It is staff's expectation that the balance will be reduced in the December 2009 report.

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| - | ($12,536,834) | $12,043,414 | ($493,420) | - |

***Debt Service***

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.

| | Year-to-Date October 2009 | | | |
|---|---|---|---|---|
| | **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| Certificates of Participation (COP) | $333 | - | ($333) | -100 % |
| Contracts Payable | $747,732 | $839,323 | $91,591 | 11 % |
| COP - Radio Financing | - | - | - | - |
| Other | $1,344 | - | ($1,344) | -100 % |
| **Total Debt Service** | **$749,409** | **$839,323** | **$89,914** | **11 %** |

***Actual to Revised Budget variance of $89,914 or 11%:*** Variance is mainly comprised of lower than budgeted interest and other contracts payable expenditures for the Nordstrom garage reimbursement agreement. A proposed adjustment to reduce the Nordstrom's contract payable budget will be forthcoming.

| | Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|---|
| | **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| Certificates of Participation (COP) | $918,790 | $918,790 | - | $918,790 | - |
| Contracts Payable | $2,634,685 | $2,724,356 | - | $2,724,356 | - |
| COP - Radio Financing | $40,910 | $1,021,600 | ($1,021,600) | - | - |
| Other | $4,963 | - | - | - | - |
| **Total Debt Service** | **$3,599,349** | **$4,664,746** | **($1,021,600)** | **$3,643,146** | **-** |

***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.

***Transfers-Out***

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

| | Year-to-Date October 2009 | | | |
|---|---|---|---|---|
| | **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| MPC Excise Debt Fund | - | - | - | - |
| CIP - General Fund Maintenance | - | - | - | - |
| CIP - General Fund - Non-Maintenance | - | - | - | - |
| CIP - Public Safety Radio - Loop 101 | - | - | - | - |
| Transportation Fund | - | - | - | - |
| Bed Tax Fund | $1,055,511 | $1,158,966 | $103,455 | 9 % |
| Special Programs Fund - Planning & Dev Services | - | - | - | - |
| Streetlight Fund | - | - | - | - |
| Grants | - | - | - | - |
| **Total Transfers Out** | **$1,055,511** | **$1,158,966** | **$103,455** | **9 %** |

***Actual to Revised Budget variance of $103,455 or 9%:*** Excluding the MPC excise debt transfers, most of these transfers are related to subsidies to other funds and the actual activity will be recorded in June 2010. The MPC debt transfer will be made at the time the debt payment is made. The transfers out also reflect transfers to the Special Programs Fund for bed tax revenues (80 percent of the total bed tax collections per adopted financial policy). The 9 percent variance is the mirror image of the revenue variance explained earlier. Less revenue received translates to less money transferred out to the Bed Tax Fund for its 80 percent portion.

| | Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|---|
| | **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| MPC Excise Debt Fund | $5,787,446 | $6,695,185 | - | $6,695,185 | - |
| CIP - General Fund Maintenance | $3,302,400 | $1,550,000 | ($200,000) | $1,350,000 | - |
| CIP - General Fund - Non-Maintenance | - | $9,000,000 | - | $9,000,000 | - |
| CIP - Public Safety Radio - Loop 101 | $1,877,298 | - | - | - | - |
| Transportation Fund | $7,023,454 | $5,571,026 | ($4,778,711) | $792,315 | - |
| Bed Tax Fund | $240,898 | $6,585,040 | - | $6,585,040 | - |
| Special Programs Fund - Planning & Dev Services | $60,000 | $60,000 | - | $60,000 | - |
| Streetlight Fund | $37,245 | - | - | - | - |
| Grants | $5,000 | - | - | - | - |
| **Total Transfers Out** | **$18,333,741** | **$29,461,251** | **($4,978,711)** | **$24,482,540** | **-** |

***Approved Adjustments of ($4,978,711)*** were approved by City Council on July 2, 2009 and November 3, 2009. The July 2, 2009 adjustments include discontinuing participation with Valley Metro Rail, Inc., eliminating PM10 dust treatment on three miles of unpaved roads, eliminating 1.00 FTE citizen services representative position, and a $4.6M reduction to the budgeted subsidy to the Transportation Fund. The $4.6 M 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 computers and purchasing fewer software licenses due to a reduced workforce and a reduction to the Transportation Fund Transfers In budget from the General Fund as a result of the Transportation Fund Budget Reductions approved by City Council. The November 3, 2009 adjustments include reductions for Federal Insurance Contributions Act (FICA) and for those retirees from the Early Retirement Incentive Program that retired earlier than anticipated.

# TRANSPORATION FUND

**Transportation Fund**
**FY 2009/10**
**($ in millions)**

| | Adopted Budget | Revised Budget | | Variance Favorable (Unfavorable) | % Var |
|---|---|---|---|---|---|
| Sources | $ 38.3 | $ 38.2 | * | $ (0.1) | 0% |
| Uses | $ 38.3 | $ 38.3 | | $ - | 0% |
| Change in Fund Balance | $ - | $ (0.1) | * | $ (0.1) | |
| Total Fund Balance | $ - | $ (0.1) | * | $ (0.1) | |

**Does not include a $113,462 General Fund contingency transfers in which was approved by City Council on November 3, 2009 for carry-forward street operations vehicle purchases that were budgeted for in FY 2008/09 but were not received until FY 2009/10. Once the transfers in adjustment is processed the ending fund balance will be $31,891.*

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.

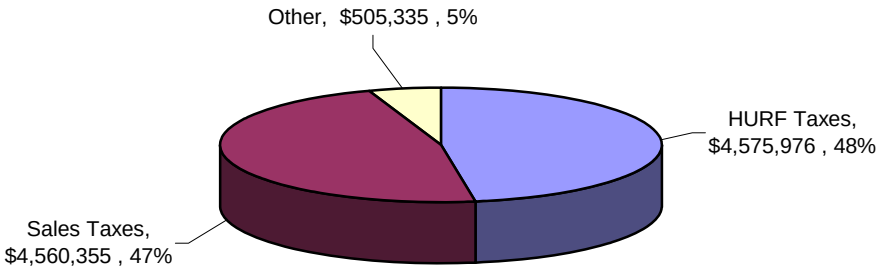
**Transportation Fund**
**Revenues**

| | Year-to-Date October | | | | | |
|---|---|---|---|---|---|---|
| Category | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| HURF Taxes | $ 3,936,350 | $ 3,663,765 | $ 4,575,976 | $ 4,785,295 | $ (209,319) | -4% |
| Sales Taxes | 6,376,451 | 5,633,204 | 4,560,355 | 4,483,945 | 76,410 | 2% |
| Other | 536,722 | 381,984 | 505,335 | 479,324 | 26,011 | 5% |
| Total Revenues | $ 10,849,523 | $ 9,678,953 | $ 9,641,666 | $ 9,748,564 | $ (106,898) | -1% |
| Transfers In | 440,000 | 1,500,000 | 358,550 | 358,550 | - | n/a |
| Total Sources | $ 11,289,523 | $ 11,178,953 | $ 10,000,216 | $ 10,107,114 | $ (106,898) | -1% |

| | Fiscal Year (Twelve Months) | | | | | |
|---|---|---|---|---|---|---|
| Category | 2007/08 Actual | 2008/09 Actual | 2009/10 Adopted Budget | 2009/10 Approved Adjustments | 2009/10 Revised Budget | 2009/10 Proposed Adjustments |
| HURF Taxes | $ 16,302,507 | $ 14,141,719 | $ 14,187,000 | $ - | $ 14,187,000 | $ - |
| Sales Taxes | 19,980,413 | 16,474,270 | 14,345,100 | - | 14,345,100 | - |
| Other | 1,585,535 | 2,958,448 | 3,877,018 | 4,600,000 | 8,477,018 | - |
| Total Revenues | $ 37,868,455 | $ 33,574,437 | $ 32,409,118 | $ 4,600,000 | $ 37,009,118 | $ - |
| Transfers In | $2,838,530 | $8,857,466 | $5,929,576 | (4,778,711) | $1,150,865 | - |
| Total Sources | $ 40,706,985 | $ 42,431,903 | $ 38,338,694 | $ (178,711) | $ 38,159,983 | $ - |
| % Change | | 4% | -10% | | | |

## Year-to-Date October 2009

### $9.6M Revenue




***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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| Sources | $ 11,289,523 | $ 11,178,953 | $ 10,000,216 | $ 10,107,114 | $ (106,898) | -1% |

***Actual to Budget variance of ($106,898) or (1%)*** is explained below by category.

| | 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 |
| Sources | $ 40,706,985 | $ 42,431,903 | $ 38,338,694 | $ (178,711) | $ 38,159,983 | $ - |
| % Change | | 4% | -10% | | | |

***Approved Adjustments of ($178,711)*** were approved by City Council on July 2, 2009 and November 3, 2009. The July 2, 2009 adjustments include discontinuing participation with Valley Metro Rail, Inc., eliminating PM10 dust treatment on three miles of unpaved roads, and eliminating 1.00 FTE citizen services representative position. The November 3, 2009 adjustments include reductions for Federal Insurance Contributions Act (FICA) and for those retirees from the Early Retirement Incentive Program that retired earlier than anticipated.

***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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| HURF Taxes | $ 3,936,350 | $ 3,663,765 | $ 4,575,976 | $ 4,785,295 | $ (209,319) | -4% |

***Actual to Budget variance of ($209,319) or (4%)***: Decrease can be attributed to less demand of fuel due to the condition of the economy and changes in driving behaviors.

| | 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 |
| HURF Taxes | $ 16,302,507 | $ 14,141,719 | $ 14,187,000 | $ - | $ 14,187,000 | $ - |
| % Change | | -13% | 0% | | | |

## ***Sales Tax Revenues***

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

| | Year-to-Date October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| Sales Taxes | $ 6,376,451 | $ 5,633,204 | 4,560,355 | $ 4,483,945 | $ 76,410 | 2% |

***Actual to Budget variance of $76,410 or 2%***: Better than expected construction activity and large audit payments related to major department stores, automotive and other taxable activity slightly offset by lower than expected revenues from food stores, rentals and the hotel/motel classifications. Food Stores are being impacted by changes in consumer spending, a store chain declaring bankruptcy, decreasing food costs and increased use of food stamps. Property Rentals have been affected by vacancies and declining rental rates. Hotel/motel revenues have been impacted by the sharp decline in the tourism industry. See Appendix 1 for further information about results by sales tax categories.

| | 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 |
| Sales Taxes | $ 19,980,413 | $ 16,474,270 | $ 14,345,100 | $ - | $ 14,345,100 | $ - |
| % Change | | -18% | -13% | | | |

## ***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 October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| Local Transportation Assistance Fund I | $ 506,404 | $ 353,961 | $ 190,163 | $ 190,000 | $ 163 | 0% |
| Capital Improvement Plan Cost Allocation | - | - | 301,302 | 283,824 | 17,478 | 6% |
| Local Transportation Assistance Fund II | - | - | - | - | - | n/a |
| Proposition 400 Regional Sales Tax | - | - | - | - | - | n/a |
| Charges for Services | - | - | - | - | - | n/a |
| Federal Grants | - | - | - | - | - | n/a |
| Reimbursements | - | - | 12,582 | - | 12,582 | n/a |
| Miscellaneous | 30,317 | 28,022 | 1,287 | 5,500 | (4,213) | -77% |
| Total Other Revenues | $ 536,722 | $ 381,984 | $ 505,335 | $ 479,324 | $ 26,011 | 5% |

***Actual to Budget variance of $26,011 or 5%:*** No specific issues are apparent at this time.

| | 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 | $ 1,088,492 | $ 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 | 379,831 | 432,214 | - | - | - | - |
| Proposition 400 Regional Sales Tax | 7,920 | 377,237 | 311,628 | - | 311,628 | - |
| Charges for Services | 101,794 | 247,561 | 1,568,364 | - | 1,568,364 | - |
| Federal Grants | - | - | - | 4,600,000 | 4,600,000 | - |
| Reimbursements | - | - | - | - | - | - |
| Miscellaneous | 7,498 | 6,920 | 120,000 | - | 120,000 | - |
| Total Other Revenues | $ 1,585,535 | $ 2,958,448 | $ 3,877,018 | $ 4,600,000 | $ 8,477,018 | $ - |
| % Change | | 87% | 31% | | | |

***Approved 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.

## ***Transfers In***

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

| | Year-to-Date October | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable (Unfavorable) | % Var |
| General Fund | $ 440,000 | $ - | $ - | $ - | $ - | n/a |
| Transportation CIP | - | 1,500,000 | - | - | - | n/a |
| Solid Waste - Alley Maintenance | - | - | 358,550 | 358,550 | - | 0% |
| Total Transfers In | $ 440,000 | $ 1,500,000 | $ 358,550 | $ 358,550 | $ - | 0% |

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

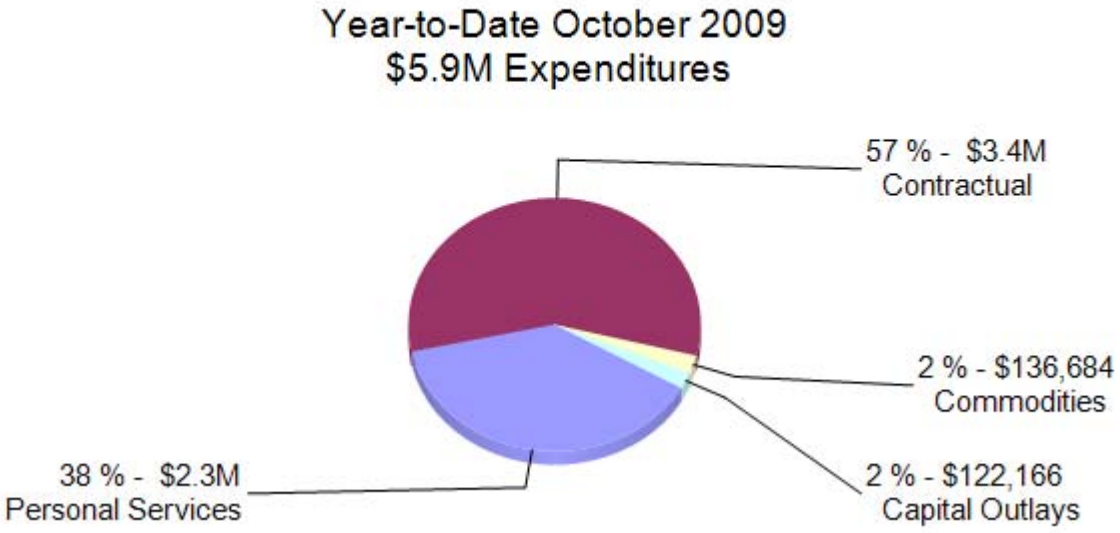
| | Fiscal Year (Twelve Months) | | | | | |
|---|---|---|---|---|---|---|
| | 2007/08 Actual | 2008/09 Actual | 2009/10 Adopted Budget | 2009/10 Approved Adjustments | 2009/10 Revised Budget | 2009/10 Proposed Adjustments |
| General Fund | $ 2,527,135 | $7,023,454 | $5,571,026 | $ (4,778,711) | $792,315 | $ - |
| Transportation CIP | - | 1,500,000 | - | - | - | - |
| Solid Waste - Alley Maintenance | 311,395 | 334,012 | 358,550 | - | 358,550 | - |
| Total Transfers In | $ 2,838,530 | $ 8,857,466 | $ 5,929,576 | $ (4,778,711) | $ 1,150,865 | $ - |
| % Change | | 212% | -33% | | | |

***Approved Adjustments of ($4,778,711)*** were approved by City Council on July 2, 2009 and November 3, 2009. The July 2, 2009 adjustments include discontinuing participation with Valley Metro Rail, Inc., eliminating PM10 dust treatment on three miles of unpaved roads, eliminating 1.00 FTE citizen services representative position, and a $4.6M reduction to the budgeted subsidy to the Transportation Fund. The $4.6 M reduction was a result of one-time federal funding under the American Reinvestment and Recovery Act (ARRA) for the street overlay program. The November 3, 2009 adjustments include reductions for Federal Insurance Contributions Act (FICA) and for those retirees from the Early Retirement Incentive Program that retired earlier than anticipated.

# Transportation Fund
## Expenses

| | Year-to-Date October 2009 | | | |
|---|---|---|---|---|
| | 2009/10 Actual | 2009/10 Revised Budget | Variance Favorable Unfavorable | % Var |
| **Expenses:** | | | | |
| Personal Services | $2,262,125 | $2,292,908 | $30,783 | 1 % |
| Contractual | $3,391,725 | $3,457,543 | $65,818 | 2 % |
| Commodities | $136,684 | $254,558 | $117,874 | 46 % |
| Capital Outlays | $122,166 | $115,962 | ($6,204) | -5 % |
| **Total Operating Expenses** | **$5,912,700** | **$6,120,971** | **$208,271** | **3 %** |
| **Total Uses** | **$5,912,700** | **$6,120,971** | **$208,271** | **3 %** |

| | Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|---|
| | 2008/09 Actual | 2009/10 Adopted Budget | 2009/10 Approved Adjustments | 2009/10 Revised Budget | 2009/10 Proposed Adjustments |
| Personal Services | $7,925,240 | $6,515,270 | ($72,793) | $6,442,477 | - |
| Vacancy Savings/Payouts/Reclass | - | ($183,738) | $2,063 | ($181,675) | - |
| Contractual | $23,735,759 | $23,919,980 | ($99,981) | $23,819,999 | - |
| Commodities | $837,047 | $826,797 | ($8,000) | $818,797 | - |
| Capital Outlays | $47,275 | $18,235 | $113,462 | $131,697 | - |
| **Total** | **$32,545,321** | **$31,096,544** | **($65,249)** | **$31,031,295** | **-** |
| Transfers Out | $8,294,635 | $7,242,150 | - | $7,242,150 | - |
| **Total Uses** | **$40,839,956** | **$38,338,694** | **($65,249)** | **$38,273,445** | **-** |




***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 October 2009 | | | |
|---|---|---|---|
| **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| $2,262,125 | $2,292,908 | $30,783 | 1 % |

***Actual to Revised Budget variance of $30,783 or 1%:*** The favorable variance is primarily related to overtime. Low overtime utilization in grading and drainage, emergency response, and traffic signals maintenance activities due to mild summer monsoon season. It is too early in the fiscal year to determine if this will result in year end savings as winter and spring could require use of this overtime.

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| $7,925,240 | $6,515,270 | ($72,793) | $6,442,477 | - |

***Approved Adjustments of ($72,793)*** were approved by City Council on July 2, 2009 and November 3, 2009. The July 2, 2009 adjustment was the elimination of 1.00 Full-Time Equivalent position. The November 3, 2009 approved adjustments are reflective of savings related to Federal Insurance Contributions Act (FICA) and retirees from the Early Retirement Incentive Program retiring earlier than anticipated.

***Vacancy Savings/Payouts/Reclassifications***

***Vacancy Savings/Payouts/Reclassification*** The 'Vacancy Savings / Payouts / Reclassifications' is the net of the Citywide vacancy savings, the medical and vacation leave accrual payouts that are made at the time of separation from the City, and position reclassifications. For a complete explanation and analysis see General Fund Expense 'Vacancy Savings / Payouts / Reclassifications' section.

| | Fiscal Year (Twelve Months) | | | |
|---|---|---|---|---|
| | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| Vacancy Savings | ($270,000) | $7,341 | ($262,659) | - |
| Vacation Leave Payouts | $25,069 | ($5,278) | $19,791 | - |
| Medical Leave Payouts | $46,094 | - | $46,094 | - |
| Reclassifications | $15,099 | - | $15,099 | - |
| **Total Vacancy Savings/Payouts/Reclassifications** | **($183,738)** | **$2,063** | **($181,675)** | **-** |

***Approved Adjustments of $2,063*** Approved Adjustments of $2,063 reflect the net of vacancy savings and payouts in vacation leave accruals. Due to the recession, the number of vacant positions and the length of time a position is vacant has decreased significantly. Additionally, vacation leave accrual payouts are significantly greater than projected as a result of the July 2, 2009 reduction in force.

***Contractual Services***

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

| Year-to-Date October 2009 | | | |
|---|---|---|---|
| **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| $3,391,725 | $3,457,543 | $65,818 | 2 % |

***Actual to Revised Budget variance of $65,818 or 2%:*** This favorable variance is primarily the result of concrete repairs that were planned for and have yet to be completed. For efficiency purposes, the concrete repairs will be made in conjunction with the American Reinvestment and Recovery Act (ARRA) street maintenance overlay projects. Once the timeline for the ARRA projects is confirmed, a budget spread adjustment will be processed accordingly.

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| $23,735,759 | $23,919,980 | ($99,981) | $23,819,999 | - |

***Approved Adjustments of ($99,981)*** were approved by City Council on July 2, 2009 and November 3, 2009. The July 2, 2009 adjustments include discontinuing the participation with Valley Metro Rail, Inc. and eliminating dust treatment on three miles of unpaved roads. The November 3, 2009 adjustment reflects a budget transfer from Commodities to Contractual Services to more appropriately account for Police Officers providing traffic control during major traffic signal maintenance repair operations.

***Commodities***

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

| Year-to-Date October 2009 | | | |
|---|---|---|---|
| **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| $136,684 | $254,558 | $117,874 | 46 % |

***Actual to Revised Budget variance Budget of $117,874 or 46%:*** The variance is primarily related to the timing issue of an invoice. Traffic signal cabinets were procured; however, the invoice has not been received from the vendor.

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| $837,047 | $826,797 | ($8,000) | $818,797 | - |

***Approved Adjustments of ($8,000)*** were approved by City Council on November 3, 2009 and reflect a budget transfer from Commodities to Contractual Services to more appropriately account for Police Officers providing traffic control during major traffic signal maintenance repair operations.

***Capital Outlays***

Capital outlays include the purchase of land, the purchase of 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 expenditure it 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 a betterment or improvement.

| Year-to-Date October 2009 | | | |
|---|---|---|---|
| **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| $122,166 | $115,962 | ($6,204) | -5 % |

***Actual to Revised Budget variance Budget of ($6,204) or (5%):*** The unfavorable variance is due to the sales tax expense on the purchase of a culvert cleaner and dust suppression system.

| Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|
| **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| $47,275 | $18,235 | $113,462 | $131,697 | - |

***Approved Adjustments of $113,462*** were approved by City Council on November 3, 2009 and reflects carry-forward vehicle purchases for Public Works and Water Resources. A culvert cleaner and dust suppression system were budgeted for purchase in FY 2008/09. However, delays ensued and the vehicles were not received until FY 2009/10.

***Transfers-Out***

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

| | Year-to-Date October 2009 | | | |
|---|---|---|---|---|
| | **2009/10 Actual** | **2009/10 Revised Budget** | **Variance Favorable Unfavorable** | **% Var** |
| 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.

| | Fiscal Year (Twelve Months) | | | | |
|---|---|---|---|---|---|
| | **2008/09 Actual** | **2009/10 Adopted Budget** | **2009/10 Approved Adjustments** | **2009/10 Revised Budget** | **2009/10 Proposed Adjustments** |
| CIP Fund - Privilege Tax Allocation | $8,237,135 | $7,172,550 | - | $7,172,550 | - |
| CIP Fund - Tech. ReplacementAllocation | $57,500 | $69,600 | - | $69,600 | - |
| **Total Transfers Out** | **$8,294,635** | **$7,242,150** | **-** | **$7,242,150** | **-** |

# Privilege (Sales), Use & Bed Tax Collections For October 2009

**(For Business Activity in September 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, and 0.2 percent dedicated Preserve Privilege and Use Taxes, 0.15 percent additional dedicated Preserve Privilege and Use Taxes, 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) | October 2009 | Fiscal Year to Date |
|---|---|---|
| Budget | $5.8 | $23.7 |
| Actual | $6.1 | $24.6 |
| Favorable Variance ($) | $0.3 | $0.9 |
| Favorable Variance (%) | 4% | 4% |

The report shows a monthly privilege and use tax collection decrease of 17 percent for October 2009 compared to October 2008; forecasted to be a decrease of 21 percent. The report shows a fiscal year privilege and use tax collection decrease of 17 percent compared to the same period a year ago; forecasted to be a decrease of 21 percent.

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

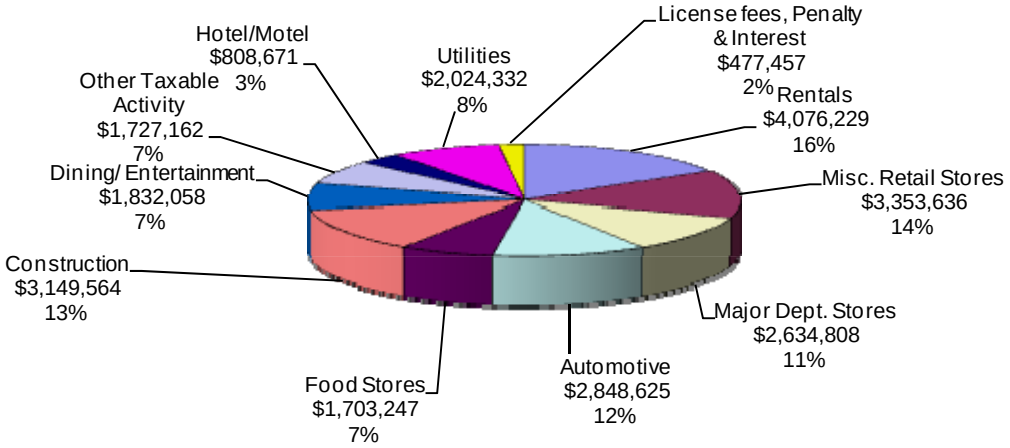
Fiscal Year-to-Date October 2009

| Category | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | 2009/10 Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
|---|---|---|---|---|---|---|
| Rentals | $ 4,284,411 | $ 4,306,186 | $ 4,076,229 | $ 4,274,041 | $ (197,812) | -5% |
| Misc. Retail Stores | 4,617,461 | 3,883,174 | 3,353,636 | 3,327,928 | 25,708 | 1% |
| Major Dept. Stores | 3,137,846 | 2,778,408 | 2,634,808 | 2,528,351 | 106,457 | 4% |
| Automotive | 5,093,067 | 3,684,886 | 2,848,625 | 2,754,767 | 93,858 | 3% |
| Food Stores | 1,867,426 | 1,802,476 | 1,703,247 | 1,802,476 | (99,229) | -6% |
| Construction | 6,984,251 | 5,707,448 | 3,149,564 | 2,511,947 | 637,617 | 25% |
| Dining/ Entertainment | 2,283,976 | 2,031,395 | 1,832,058 | 1,777,451 | 54,607 | 3% |
| Other Taxable Activity | 1,789,012 | 2,111,888 | 1,727,162 | 1,673,603 | 53,559 | 3% |
| Hotel/Motel | 1,145,547 | 1,028,051 | 808,671 | 964,116 | (155,445) | -16% |
| Utilities | 1,590,187 | 1,646,016 | 2,024,332 | 1,678,937 | 345,395 | 21% |
| License fees, Penalty & Interest | 536,803 | 609,338 | 477,457 | 434,338 | 43,119 | 10% |
| Total | $ 33,329,987 | $ 29,589,266 | $ 24,635,788 | $ 23,727,954 | $ 907,834 | 4% |
| % Change | | -11% | -17% | | | |

Fiscal Year (Twelve Months)

| Category | 2007/08 Actual | 2008/09 Actual | 2009/10 Adopted Budget | 2009/10 Approved Adjustments | 2009/10 Revised Budget | 2009/10 Proposed Adjustments |
|---|---|---|---|---|---|---|
| Rentals | $ 13,530,770 | $ 12,467,197 | $ 13,060,000 | $ - | $ 13,060,000 | $ - |
| Misc. Retail Stores | 15,214,235 | 12,064,666 | 10,820,000 | - | 10,820,000 | - |
| Major Dept. Stores | 9,929,492 | 8,806,516 | 8,110,000 | - | 8,110,000 | - |
| Automotive | 14,227,007 | 9,596,981 | 7,763,000 | - | 7,763,000 | - |
| Food Stores | 6,528,574 | 6,295,756 | 6,442,000 | - | 6,442,000 | - |
| Construction | 19,474,442 | 13,538,414 | 6,200,000 | - | 6,200,000 | - |
| Dining/ Entertainment | 7,781,402 | 6,909,459 | 6,040,000 | - | 6,040,000 | - |
| Other Taxable Activity | 6,058,754 | 6,248,034 | 5,520,000 | - | 5,520,000 | - |
| Hotel/Motel | 5,464,615 | 4,400,462 | 4,780,000 | - | 4,780,000 | - |
| Utilities | 4,509,451 | 4,431,613 | 4,730,000 | - | 4,730,000 | - |
| License fees, Penalty & Interest | 2,599,008 | 2,569,286 | 2,435,000 | - | 2,435,000 | - |
| Total | $ 105,317,750 | $ 87,328,385 | $ 75,900,000 | $ - | $ 75,900,000 | $ - |
| % Change | | -17% | -13% | | -13% | |

## $24.6M Revenue



***Rental Sales Taxes***

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

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 4,284,411 | $ 4,306,186 | $ 4,076,229 | $ 4,274,041 | $ (197,812) | -5% |

***Actual to Revised Budget of ($197,812) or (5%):*** Vacancies are increasing and lease rates are lower than expected.

| 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 |
| $ 13,530,770 | $ 12,467,197 | $ 13,060,000 | $ - | $13,060,000 | $ - |
| % Change | -8% | 5% | | | |

***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.

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 4,617,461 | $ 3,883,174 | $ 3,353,636 | $ 3,327,928 | $ 25,708 | 1% |

***Actual to Revised Budget variance of $25,708 or 1%:*** No specific reason for the variance.

| 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 |
| $ 15,214,235 | $ 12,064,666 | $ 10,820,000 | $ - | $10,820,000 | $ - |
| % Change | -21% | -10% | | | |

***Major Department Stores Sales Taxes***

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

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 3,137,846 | $ 2,778,408 | $ 2,634,808 | $ 2,528,351 | $ 106,457 | 4% |

***Actual to Budget variance of $106,457 or 4%:*** This reflects two large one-time audit payments.

| 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 |
| $ 9,929,492 | $ 8,806,516 | $ 8,110,000 | $ - | $ 8,110,000 | $ - |
| % Change | -11% | -8% | | | |

***Automotive Sales Taxes***

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

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 5,093,067 | $ 3,684,886 | $ 2,848,625 | $ 2,754,767 | $ 93,858 | 3% |

***Actual to Revised Budget variance of $93,858 or 3%:*** 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.

| 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 |
| $ 14,227,007 | $ 9,596,981 | $ 7,763,000 | $ - | $ 7,763,000 | $ - |
| % Change | -33% | -19% | | | |

***Food Stores Sales Taxes***

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

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 1,867,426 | $ 1,802,476 | $ 1,703,247 | $ 1,802,476 | $ (99,229) | -6% |

***Actual to Revised Budget variance of ($99,229) or (6%)*** 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. This also reflects some late payments from a year ago.

| 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 |
| $ 6,528,574 | $ 6,295,756 | $ 6,442,000 | $ - | $ 6,442,000 | $ - |
| % Change | -4% | 2% | | | |

***Construction Sales Taxes***

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

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 6,984,251 | $ 5,707,448 | $ 3,149,564 | $ 2,511,947 | $ 637,617 | 25% |

***Actual to Revised Budget variance of $637,617 or 25%*** reflecting higher construction activity 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.

| 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 |
| $ 19,474,442 | $ 13,538,414 | $ 6,200,000 | $ - | $ 6,200,000 | $ - |
| % Change | -30% | -54% | | | |

***Dining/Entertainment Sales Taxes***

The restaurant category includes restaurants, bars and caterers.

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 2,283,976 | $ 2,031,395 | $ 1,832,058 | $ 1,777,451 | $ 54,607 | 3% |

***Actual to Revised Budget variance of $54,607 or 3%:*** No specific reason for the variance.

| 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 |
| $ 7,781,402 | $ 6,909,459 | $ 6,040,000 | $ - | $ 6,040,000 | $ - |
| % Change | -11% | -13% | | | |

***Other Taxable Activity Sales Taxes***

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

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 1,789,012 | $ 2,111,888 | $ 1,727,162 | $ 1,673,603 | $ 53,559 | 3% |

***Actual to Revised Budget variance of $53,559 or 3%:*** This reflects two large one-time audit payments.

| 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 |
| $ 6,058,754 | $ 6,248,034 | $ 5,520,000 | $ - | $ 5,520,000 | $ - |
| % Change | 3% | -12% | | | |

***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.

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 1,145,547 | $ 1,028,051 | $ 808,671 | $ 964,116 | $ (155,445) | -16% |

***Actual to Revised Budget variance of ($155,445) or (16%):*** 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.

| 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 |
| $ 5,464,615 | $ 4,400,462 | $ 4,780,000 | $ - | $ 4,780,000 | $ - |
| % Change | -19% | 9% | | | |

***Utilities Sales Taxes***

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

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 1,590,187 | $ 1,646,016 | $ 2,024,332 | $ 1,678,937 | $ 345,395 | 21% |

***Actual to Revised Budget variance of $345,395 or 21%*** due to a one-time audit payment.

| 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 |
| $ 4,509,451 | $ 4,431,613 | $ 4,730,000 | $ - | $ 4,730,000 | $ - |
| % Change | -2% | 7% | | | |

***License Fees, Penalty & Interest***

| Fiscal Year-to-Date October 2009 | | | | | |
|---|---|---|---|---|---|
| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | Revised Budget | Actual vs Budget Variance Favorable (Unfavorable) | % Var Actual vs Budget |
| $ 536,803 | $ 609,338 | $ 477,457 | $ 434,338 | $ 43,119 | 10% |

***Actual to Revised Budget variance of $43,119 or 10%.*** This is due in part to the interest received in connection with the large audit payments.

| 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 |
| $ 2,599,008 | $ 2,569,286 | $ 2,435,000 | $ - | $ 2,435,000 | $ - |
| % Change | -1% | -5% | | | |

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

| | October 2009 | | | | Fiscal Year-to-Date October 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| Category | 2007 Actual | 2008 Actual | 2009 Actual | % Var vs 2008 Actual | 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | % Var vs 2008 Actual |
| Rentals | $ 1,756,182 | $ 1,826,506 | $ 1,606,754 | -12% | $ 7,052,307 | $ 7,096,070 | $ 6,719,270 | -5% |
| Misc. Retail Stores | 1,795,977 | 1,643,883 | 1,382,706 | -16% | 7,518,518 | 6,339,721 | 5,464,498 | -14% |
| Major Dept. Stores | 1,290,437 | 1,095,975 | 1,105,969 | 1% | 5,172,050 | 4,580,759 | 4,332,120 | -5% |
| Automotive | 1,925,217 | 1,353,589 | 1,099,382 | -19% | 8,389,009 | 6,064,229 | 4,668,096 | -23% |
| Food Stores | 777,543 | 710,433 | 796,477 | 12% | 3,080,067 | 2,972,869 | 2,809,113 | -6% |
| Construction | 2,620,385 | 1,923,835 | 1,092,565 | -43% | 11,511,146 | 9,357,965 | 5,195,912 | -44% |
| Dining/ Entertainment | 934,783 | 851,912 | 801,002 | -6% | 3,765,485 | 3,348,682 | 3,020,679 | -10% |
| Other Taxable Activity | 692,646 | 1,383,727 | 876,775 | -37% | 2,901,009 | 3,442,750 | 2,780,768 | -19% |
| Hotel/Motel | 562,435 | 519,887 | 385,472 | -26% | 1,881,617 | 1,679,727 | 1,329,824 | -21% |
| Utilities | 677,285 | 663,406 | 681,473 | 3% | 2,619,831 | 2,707,413 | 3,181,806 | 18% |
| License fees, Penalty & Interest | 94,955 | 108,239 | 140,364 | 30% | 536,803 | 609,338 | 477,457 | -22% |
| Total | $ 13,127,843 | $ 12,081,392 | $ 9,968,937 | -17% | $ 54,427,842 | $ 48,199,523 | $ 39,979,543 | -17% |
| % Change | | -8% | | | | -11% | | |

## *Dedicated Funds*

### Transportation Fund (0.20%)

October 2009

| 2007 Actual | 2008 Actual | 2009 Actual | % Var vs 2008 Actual |
|---|---|---|---|
| $ 1,542,149 | $ 1,415,339 | $ 1,120,405 | -21% |

Fiscal Year-to-Date October 2009

| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | % Var vs 2008 Actual |
|---|---|---|---|
| $ 6,376,451 | $ 5,633,204 | $ 4,560,355 | -19% |

### 1995 McDowell Preserve Fund (0.20%)

October 2009

| 2007 Actual | 2008 Actual | 2009 Actual | % Var vs 2008 Actual |
|---|---|---|---|
| $ 1,585,095 | $ 1,456,541 | $ 1,202,041 | -17% |

Fiscal Year-to-Date October 2009

| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | % Var vs 2008 Actual |
|---|---|---|---|
| $ 6,558,629 | $ 5,795,979 | $ 4,831,658 | -17% |

### 2004 McDowell Preserve Fund (0.15%)

October 2009

| 2007 Actual | 2008 Actual | 2009 Actual | % Var vs 2008 Actual |
|---|---|---|---|
| $ 1,188,097 | $ 1,091,136 | $ 897,549 | -18% |

Fiscal Year-to-Date October 2009

| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | % Var vs 2008 Actual |
|---|---|---|---|
| $ 4,897,668 | $ 4,308,647 | $ 3,571,047 | -17% |

### Public Safety Fund (0.10%)

October 2009

| 2007 Actual | 2008 Actual | 2009 Actual | % Var vs 2008 Actual |
|---|---|---|---|
| $ 792,063 | $ 727,424 | $ 598,365 | -18% |

Fiscal Year-to-Date October 2009

| 2007/08 Actual | 2008/09 Actual | 2009/10 Actual | % Var vs 2008 Actual |
|---|---|---|---|
| $ 3,265,107 | $ 2,872,428 | $ 2,380,695 | -17% |

# Bed Tax Collections For October 2009

**(For Business Activity in September 2009)**

The following schedule shows bed tax receipts are less than expected for October 2009 and fiscal year to date.

| 3% Bed Tax (in Thousands) | October 2009 | Fiscal Year to Date |
|---|---|---|
| Budget | $428.0 | $1,448.7 |
| Actual | $371.6 | $1,319.4 |
| Unfavorable Variance ($) | ($56.4) | ($129.3) |
| Unfavorable Variance (%) | -11% | -9% |

The schedule below shows the year to date actual business activity as compared to the same period last fiscal year.

| Hotel/Motel | October 2009 | % Var vs 2008 Actual | Fiscal Year To Date October 2009 | % Var vs 2008 FYTD Actual |
|---|---|---|---|---|
| Resort | $217,794 | -22% | $715,868 | -13% |
| Full Service | $80,997 | -26% | $294,071 | -13% |
| Limited Service | $77,038 | -34% | $269,387 | -33% |
| Total | $375,829 | -25% | $1,279,326 | -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 | $1,244,946 |
| 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 |
| ***TotalCharges for Services/Other*** | ***$50,152,953*** | ***$51,944,811*** | ***$50,648,314*** |
| ***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** | **$243,459,188** |
| **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** | **$253,343,626** |

# City of Scottsdale
## General Fund

| | Actual FY 2008/09 | Adopted Budget FY 2009/10 | Revised Budget FY 2009/10 | |
|---|---|---|---|---|
| **Use of Funds:** | | | | |
| Departments | | | | |
| Mayor & City Council (includes Intergovernmental Relations) | $1,586,718 | $0 | $0 | |
| City Clerk | $1,156,255 | $904,960 | $858,774 | |
| City Attorney | $6,220,155 | $6,384,959 | $6,436,729 | |
| City Auditor | $996,880 | $837,820 | $834,219 | |
| City Court | $5,772,082 | $4,699,829 | $4,608,322 | |
| 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 | $9,959,801 | |
| 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 | $10,882,122 | |
| 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 | $790,236 | |
| Strategic Resources Group | $0 | $1,742,708 | $1,583,867 | |
| Community Services | $0 | $38,499,263 | $37,900,348 | |
| Public Safety | $0 | $116,256,382 | $113,043,548 | |
| Public Works & Water Resources | $0 | $18,983,113 | $18,388,388 | |
| Planning, Neighborhoods and Transportation | $0 | $15,586,164 | $15,327,690 | |
| Financial Management | $0 | $7,763,582 | $7,528,499 | |
| Human Resources | $0 | $4,597,436 | $4,227,907 | |
| *Leave Accrual Payments* | $0 | $1,790,184 | $907,411 | |
| *Estimated Personnel Savings from Vacant Positions* | $0 | ($5,000,000) | ($4,261,330) | |
| *Future Budget Reductions/IOU* | | ($12,536,834) | ($493,420) | |
| **Subtotal** | **$252,763,113** | **$222,842,376** | **$228,523,111** | |
| **Debt Service** | | | | |
| 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 | |
| **Subtotal** | **$3,599,349** | **$4,664,746** | **$3,643,146** | |
| **Total Operating Budget** | **$256,362,462** | **$227,507,122** | **$232,166,257** | |
| **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 | $792,315 | * |
| 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** | **$24,482,540** | |
| **Total Uses** | **$274,696,203** | **$256,968,373** | **$256,648,797** | |
| **Sources Over/(Under) Uses** | **($2,638,210)** | **($2,590,569)** | **($3,305,171)** | |
| **Ending Fund Balance** | **$41,630,270** | **$32,106,433** | **$38,325,098** | |
| **Ending Fund Balance** | | | | |
| General Fund Reserve | $25,860,367 | $26,125,798 | $26,125,798 | |
| Operating Contingency | $5,000,000 | $5,000,000 | $4,643,925 | |
| Unreserved Fund Balance | $10,769,902 | $980,634 | $7,555,375 | * |
| **Total Ending Fund Balance** | **$41,630,269** | **$32,106,432** | **$38,325,098** | |

*Does not include a $113,462 General Fund contingency transfers out to the Transportation Fund which was approved by City Council on November 3, 2009 for carry-forward street operations vehicle purchases that were budgeted for in FY 2008/09 but were not received until FY 2009/10. Once the transfers out adjustment is processed the total ending fund balance will be $38,211,636.

# 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** |
| **Source of Funds:** | | | |
| **Revenues:** | | | |
| ***Transportation Sales Tax*** | ***$16,474,270*** | ***$14,345,100*** | ***$14,345,100*** |
| ***Highway User Revenue Tax*** | ***$14,141,719*** | ***$14,187,000*** | ***$14,187,000*** |
| ***Other Revenues*** | | | |
| 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 |
| ***Total Other Revenues*** | ***$2,958,448*** | ***$3,877,018*** | ***$8,477,018*** |
| **Total Revenues** | **$33,574,437** | **$32,409,118** | **$37,009,118** |
| **Cash Transfers In** | | | |
| General Fund | $7,023,454 | $5,571,026 | $792,315 * |
| Transportation CIP | $1,500,000 | $0 | $0 |
| Solid Waste - Alley Maintenance | $334,012 | $358,550 | $358,550 |
| ***Subtotal*** | **$8,857,466** | **$5,929,576** | **$1,150,865** |
| **Total Sources** | **$42,431,903** | **$38,338,694** | **$38,159,983** |
| **Use of Funds:** | | | |
| **Departments** | | | |
| Transportation | $15,437,011 | $0 | $0 |
| Municipal Services | $17,108,310 | $0 | $0 |
| ***Divisions (FY 2009/10 Reorganization)*** | | | |
| Planning, Neighborhoods, & Transportation | $0 | $13,631,274 | $13,564,186 |
| Public Works & Water Resources | $0 | $17,649,008 | $17,648,784 |
| *Leave Accrual Payments* | $0 | $86,262 | $80,984 |
| *Estimated Personnel Savings from Vacant Positions* | $0 | ($270,000) | ($262,659) |
| **Total Operating Budget** | **$32,545,321** | **$31,096,544** | **$31,031,295** |
| **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** | **$38,273,445** |
| **Sources Over/(Under) Uses** | **$1,591,947** | **$0** | **($113,462)** |
| **Total Ending Fund Balance** | **$31,891** | **$0** | **($81,571)** * |

*Does not include a $113,462 General Fund contingency transfers in which was approved by City Council on November 3, 2009 for carry-forward street operations vehicle purchases that were budgeted for in FY 2008/09 but were not received until FY 2009/10. Once the transfers in adjustment is processed the ending fund balance will be $31,891.