



# Financial Report Fiscal Year-to-Date As of July 2010

Report to the City Council and Budget Review Commission  
Prepared by City Treasurer - Finance and Accounting Division  
August 31, 2010



## FINANCIAL REPORT FOR YEAR-TO-DATE JULY 2010

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

The report includes a summary for revenues and expenditures by major categories. Significant budget to actual variances are highlighted. The report also includes Appendix 1 which details the City's Privilege (Sales) Tax by major category as well as bed tax activity.

Fiscal year (twelve months) 2009/10 actuals are not finalized and; therefore, designated as not available, "NA", throughout the monthly financial report.

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

<b>Operating Results</b>				
<b>YTD July 2010</b>				
<b>(\$ in millions)</b>				
	Revised	2010/11		%
	<u>Budget</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
Sources	\$28.1	\$24.3	-\$3.8	-14%
Uses	\$21.9	\$17.5	\$4.4	20%
Change in Fund Balance	\$6.2	\$6.8	\$0.6	

<b>Operating Results</b>				
<b>July 2010</b>				
<b>(\$ in millions)</b>				
	Revised	2010/11		%
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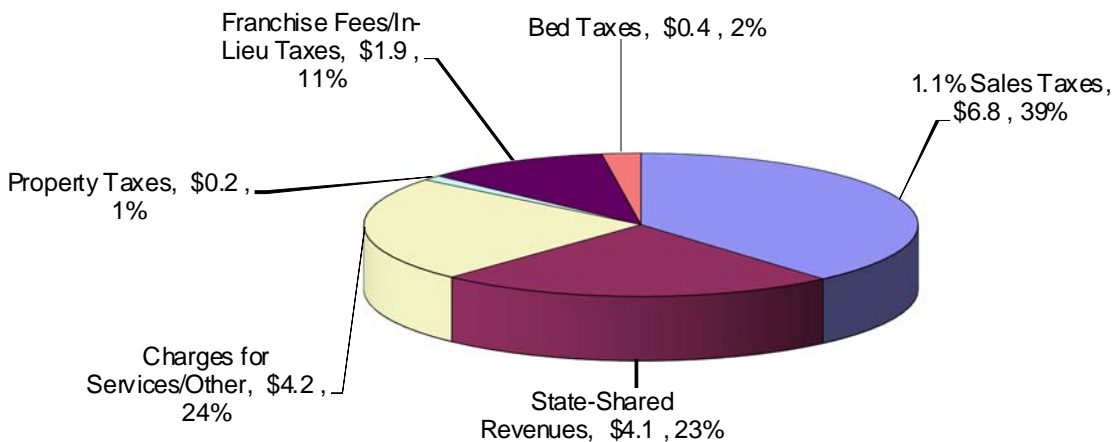
## GENERAL FUND

FY 2010/11 (\$ in millions)				
	Adopted <u>Budget</u>	Revised <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Sources	\$243.4	\$243.4	\$0.0	0%
Uses	\$251.6	\$251.6	\$0.0	0%
Change in Fund Balance	(\$8.2)	(\$8.2)	\$0.0	
Beginning Fund Balance	<u>\$37.2</u>	<u>\$37.2</u>	<u>\$0.0</u>	
Ending Fund Balance	<u><u>\$28.7</u></u>	<u><u>\$28.7</u></u>	<u><u>\$0.0</u></u>	
Reserved	\$26.2	\$26.2	\$0.0	
Contingency	\$2.5	\$2.5	\$0.0	
Unreserved	\$0.0	\$0.0	\$0.0	

### 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.

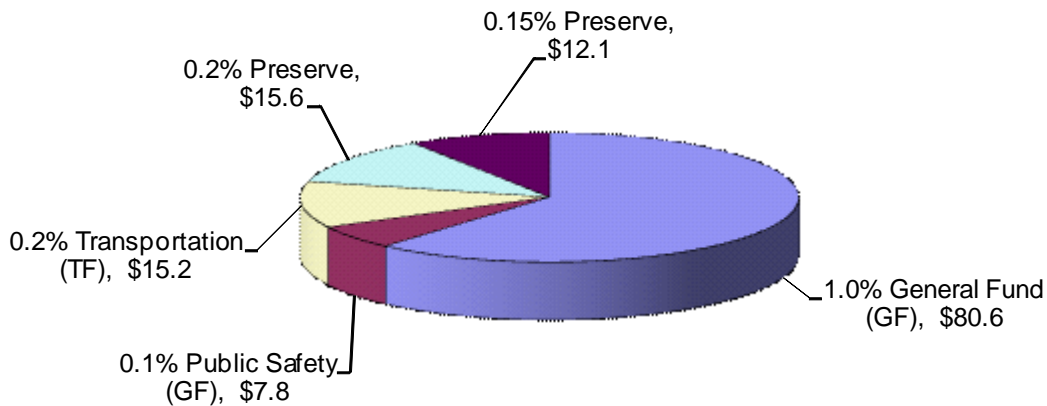
### General Fund Revenues \$17.6 Million Fiscal Year-to-Date July 2010



	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Revised Budget</u>
1.1% Sales Taxes	\$95.7	NA	\$88.4	\$88.4
State-Shared Revenues	62.2	NA	48.6	48.6
Charges for Services/Other	50.2	NA	46.8	46.8
Property Taxes	22.6	NA	24.7	24.7
Franchise Fees/In-Lieu Taxes	20.4	NA	20.2	20.2
Bed Taxes	1.5	NA	10.6	10.6
Total Revenue	\$252.6	NA	\$239.3	\$239.3
Transfers In	19.5	NA	4.1	4.1
Total Sources	\$272.1	NA	\$243.4	\$243.4
% Change vs. Prior Year				

	Fiscal Year-to-Date July				Actual vs. Budget	
	2008/09	2009/10	2010/11	2010/11	Favorable/(Unfavorable)	
	Actual	Actual	Actual	Revised Budget	Amount	Percent
1.1% Sales Taxes	\$8.9	\$7.2	\$6.8	\$7.8	(\$1.0)	-13%
State-Shared Revenues	5.1	4.8	4.1	4.0	0.1	2%
Charges for Services/Other	5.1	4.7	4.2	4.8	(0.6)	-13%
Property Taxes	0.3	0.3	0.2	0.3	(0.1)	-33%
Franchise Fees/In-Lieu Taxes	3.5	2.1	1.9	2.8	(0.9)	-32%
Bed Taxes	0.4	0.4	0.4	0.5	(0.1)	-20%
Total Revenue	\$23.3	\$19.5	\$17.6	\$20.2	(\$2.6)	-13%
Transfers In	-	9.4	3.6	3.6	-	0%
Total Sources	\$23.3	\$28.9	\$21.2	\$23.8	(\$2.6)	-11%
% Change vs. Prior Year		24%	-27%			

**1.65% Sales Tax \$131.3 Million  
2010/11 Adopted Budget**



**Sales Taxes**

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

	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	Actual	Actual	Adopted Budget	Revised Budget
1.00% General Purpose Sales Tax	\$87.3	NA	\$80.6	\$80.6
0.10% Public Safety Sales Tax	8.4	NA	7.8	7.8
Total General Fund Sales Taxes	\$95.7	NA	\$88.4	\$88.4
% Change vs. Prior Year				

	Fiscal Year-to-Date July				
	2008/09	2009/10	2010/11	2010/11	Actual vs. Budget
	Actual	Actual	Actual	Revised Budget	Favorable/(Unfavorable)
					Amount Percent
1.00% General Purpose Sales Tax	\$8.1	\$6.6	\$6.2	\$7.1	(\$0.9) -13%
0.10% Public Safety Sales Tax	0.8	0.6	0.6	0.7	(0.1) -14%
Total General Fund Sales Taxes	\$8.9	\$7.2	\$6.8	\$7.8	(\$1.0) -13%
% Change vs. Prior Year		-19%	-6%		

**Actual to Revised Budget variance of (\$1.0) million or (13%):** The majority of variance (\$773,000) is due to how the budget was spread and will be revised for the August report. See Appendix 1 for further information about results by sales tax categories.

**State-Shared Revenues**

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

	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	Actual	Actual	Adopted Budget	Revised Budget
State Revenue Sharing	\$35.1	NA	\$22.8	\$22.8
State Shared Sales Tax	18.9	NA	17.6	17.6
Auto Lieu Tax	8.2	NA	8.2	8.2
Total State Shared Revenues	\$62.2	NA	\$48.6	\$48.6
% Change vs. Prior Year				

	Fiscal Year-to-Date July					
	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Revised Budget	Actual vs. Budget	
					Favorable/(Unfavorable)	
					Amount	Percent
State Revenue Sharing	\$2.9	\$2.5	\$1.9	\$1.9	\$0.0	0%
State Shared Sales Tax	1.8	1.5	1.5	1.7	(0.2)	-12%
Auto Lieu Tax	0.4	0.8	0.7	0.4	0.3	75%
Total State Shared Revenues	\$5.1	\$4.8	\$4.1	\$4.0	\$0.1	3%
% Change vs. Prior Year		-6%	-15%			

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

**Charges for Services/Other**

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

	Fiscal Year (Twelve Months)			
	2008/09 Actual	2009/10 Actual	2010/11 Adopted Budget	2010/11 Revised Budget
<i>Taxes - Local</i>				
Stormwater Water Quality Charge	\$0.8	NA	\$0.9	\$0.9
<i>Licenses, Permits &amp; Fees</i>				
Building Permit Fees & Charges	6.9	NA	8.2	8.2
Recreation Fees	3.2	NA	3.4	3.4
WestWorld	2.7	NA	2.6	2.6
Fire Service Charges	1.8	NA	0.6	0.6
Business Licenses & Fees	1.7	NA	1.7	1.7
<i>Fines &amp; Forfeitures</i>				
Court Fines	6.7	NA	4.8	4.8
Photo Enforcement Revenue	2.5	NA	1.8	1.8
Parking Fines	0.4	NA	0.4	0.4
Library Fines & Fees	0.3	NA	0.3	0.3
30 Day Tow Program	0.2	NA	-	-
<i>Interest Earnings/Property Rental</i>				
Interest Earnings	3.7	NA	1.0	1.0
Property Rental	3.2	NA	2.8	2.8
<i>Other Revenue</i>				
Indirect/Direct Cost Allocation	13.8	NA	14.0	14.0
Intergovernmental Revenue	1.2	NA	0.9	0.9
Miscellaneous	0.6	NA	0.5	0.5
Reimbursements	0.5	NA	2.9	2.9
Total Charges for Services/Other	\$50.2	NA	\$46.8	\$46.8
% Change vs. Prior Year				

	Fiscal Year-to-Date July					
	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Revised Budget	Actual vs. Budget	
					Favorable/(Unfavorable)	
					Amount	Percent
<i>Taxes - Local</i>						
Stormwater Water Quality Charge	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	0%
<i>Licenses, Permits &amp; Fees</i>						
Building Permit Fees & Charges	0.9	0.8	0.7	0.7	-	0%
Recreation Fees	0.4	0.4	0.3	0.4	(0.1)	-25%
WestWorld	-	-	0.1	-	0.1	n/a
Fire Service Charges	0.3	0.5	-	0.1	(0.1)	-100%
Business Licenses & Fees	0.1	0.1	0.1	0.1	-	0%
<i>Fines &amp; Forfeitures</i>						
Court Fines	0.5	0.6	0.4	0.4	-	0%
Photo Enforcement Revenue	0.4	0.2	0.1	0.2	(0.1)	-50%
Parking Fines	-	-	-	-	-	n/a
Library Fines & Fees	0.1	-	-	-	-	n/a
30 Day Tow Program	-	-	-	-	-	n/a
<i>Interest Earnings/Property Rental</i>						
Interest Earnings	0.4	0.3	0.5	0.1	0.4	400%
Property Rental	0.5	0.4	0.5	0.3	0.2	67%
<i>Other Revenue</i>						
Indirect/Direct Cost Allocation	1.1	1.2	1.1	2.2	(1.1)	-50%
Intergovernmental Revenue	-	0.1	-	-	-	n/a
Miscellaneous	0.3	-	-	-	-	n/a
Reimbursements	-	-	0.3	0.2	0.1	50%
Total Charges for Services/Other	\$5.1	\$4.7	\$4.2	\$4.8	(\$0.6)	-13%
% Change vs. Prior Year		-8%	-11%			

**Actual to Revised Budget variance of (\$0.6) million or (13%).** The Indirect/Direct Cost Allocation negative variance of \$1.1 million and the Interest Earnings positive variance of \$0.4 million is a result of the way the budget was spread and will be revised for the August report.

### **Property Taxes**

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

**Actual to Revised Budget variance of (\$0.1) million or (33%).** Variance is primarily due to a class action lawsuit against the County Assessor that was in process since 1995 and settled in June 2010. There was no knowledge of the settlement at the time of forecasting and spreading the budget for property taxes.

### **Franchise Fees and In-Lieu Taxes**

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

	Fiscal Year (Twelve Months)			
	2008/09 Actual	2009/10 Actual	2010/11 Adopted Budget	2010/11 Revised Budget
Electric Franchise	\$7.8	NA	\$8.2	\$8.2
Enterprise Franchise Fees	6.4	NA	6.8	6.8
Cable TV Franchise	3.6	NA	3.3	3.3
Enterprise In Lieu Property Tax	2.5	NA	1.8	1.8
Salt River Project Lieu Tax	0.1	NA	0.1	0.1
Total Franchise Fees/In-Lieu Taxes	\$20.4	NA	\$20.2	\$20.2
% Change vs. Prior Year				

	Fiscal Year-to-Date July				Actual vs. Budget	
	2008/09	2009/10	2010/11	Revised	Favorable/(Unfavorable)	
	Actual	Actual	Actual	Budget	Amount	Percent
Electric Franchise	\$1.8	\$1.9	\$1.7	\$1.9	(\$0.2)	-11%
Enterprise Franchise Fees	-	-	-	-	-	n/a
Cable TV Franchise	0.9	-	-	0.8	(0.8)	-100%
Enterprise In Lieu Property Tax	0.8	0.2	0.1	0.1	-	0%
Salt River Project Lieu Tax	-	-	0.1	-	0.1	n/a
Total Franchise Fees/In-Lieu Taxes	\$3.5	\$2.1	\$1.9	\$2.8	(\$0.9)	-32%
% Change vs. Prior Year		-40%	-10%			

**Actual to Revised Budget variance of (\$0.9) million or (32%):** The negative variance of \$0.8 million for Cable TV Franchise is a result of the way the budget was spread and will be revised for the August report.

### Bed Taxes

A bed tax is applied to lodging room charges for stays of 29 days or less (transient) in hotels or short-term rentals. Effective July 1, 2010, the bed tax rate was increased from 3 percent to 5 percent. Prior to the increase, 80 percent of the bed tax revenue was transferred to the Special Program Fund and was 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 was being recorded in the General Fund with a corresponding transfer of 80 percent to the Special Programs Fund.) The City will start receiving the revenues from the new 5 percent tax rate in August 2010 and fifty percent of the 5 percent bed tax collections will be transferred to the Special Programs Fund to be used for destination marketing purposes.

**Actual to Revised Budget variance of (\$0.1) million or (20%):** The budget assumed the new higher bed tax rate of 5 percent would be effective July 2010. However, because there is a one month lag on bed tax revenue, the higher 5 percent rate will not be received until August 2010.

### Transfers In

For FY 2010, transfers in reflect funds received from the Capital Improvement Plan (CIP) Fund and Water Fund (Water Campus Security).

	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	Actual	Actual	Adopted Budget	Revised Budget
CIP	\$13.9	NA	\$3.6	\$3.6
Self Insurance Fund	5.0	NA	-	-
Cultural Council	-	NA	-	-
Community Services/Human Services	0.1	NA	-	-
Water Campus Security	0.5	NA	0.5	0.5
Total Transfers In	\$19.5	NA	\$4.1	\$4.1
% Change vs. Prior Year				

	Fiscal Year-to-Date July				Actual vs. Budget	
	2008/09	2009/10	2010/11	2010/11	Favorable/(Unfavorable)	
	Actual	Actual	Actual	Revised Budget	Amount	Percent
CIP	\$0.0	\$9.0	\$3.6	\$3.6	\$0.0	0%
Self Insurance Fund	-	-	-	-	-	n/a
Cultural Council	-	0.3	-	-	-	n/a
Community Services/Human Services	-	0.1	-	-	-	n/a
Water Campus Security	-	-	-	-	-	n/a
Total Transfers In	\$0.0	\$9.4	\$3.6	\$3.6	\$0.0	0%
% Change vs. Prior Year		n/a	-92%			

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

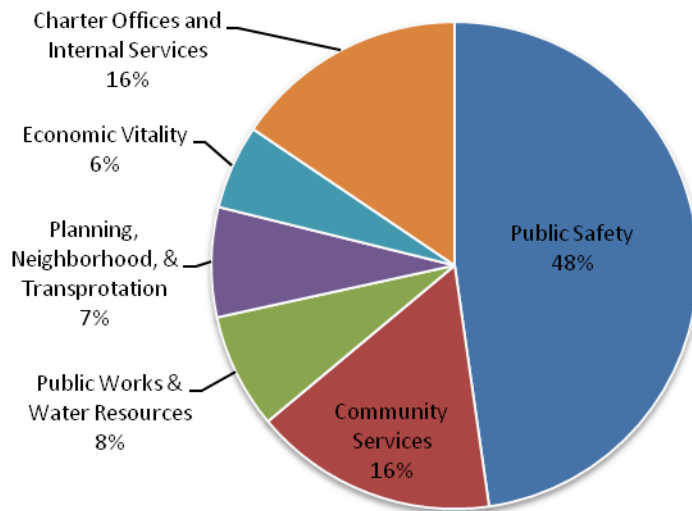


## GENERAL FUND USES (\$ in millions)

	Fiscal Year			
	2009/10 <u>Actual</u>	2010/11 <u>Adopted Budget</u>	2010/11 <u>Revised Budget</u>	2010/11 <u>Approved Adjustments</u>
<b>Expenses:</b>				
Personnel Services	NA	\$162.5	\$162.5	-
Contractual	NA	\$54.9	\$54.9	-
Commodities	NA	\$8.9	\$8.9	-
Capital Outlays	NA	\$4.1	\$4.1	-
<b>Total Operating Expenses</b>	<b>NA</b>	<b>\$230.4</b>	<b>\$230.4</b>	<b>-</b>
Debt Service & Contracts Payable	NA	\$11.9	\$11.9	-
Transfers Out	NA	\$9.3	\$9.3	-
<b>Total Uses</b>	<b>NA</b>	<b>\$251.6</b>	<b>\$251.6</b>	<b>-</b>

	Fiscal Year-to-Date July 2010				
	2009/10 <u>Actual</u>	2010/11 <u>Actual</u>	2010/11 <u>Revised Budget</u>	Actual vs. Budget <u>Favorable / (Unfavorable)</u> <u>Amount</u>	Budget <u>Percent</u>
<b>Expenses:</b>					
Personnel Services	\$14.1	\$12.9	\$13.3	\$0.4	3 %
Contractual	\$3.8	\$3.5	\$4.5	\$1.0	22 %
Commodities	\$0.2	\$0.1	\$0.4	\$0.3	75 %
Capital Outlays	-	-	\$0.2	\$0.2	100 %
<b>Total Operating Expenses</b>	<b>\$18.1</b>	<b>\$16.5</b>	<b>\$18.4</b>	<b>\$1.9</b>	<b>10 %</b>
Debt Service & Contracts Payable	\$0.2	\$0.1	\$0.1	-	-
Transfers Out	\$0.3	-	\$0.3	\$0.3	100 %
<b>Total Uses</b>	<b>\$18.6</b>	<b>\$16.6</b>	<b>\$18.8</b>	<b>\$2.2</b>	<b>12 %</b>

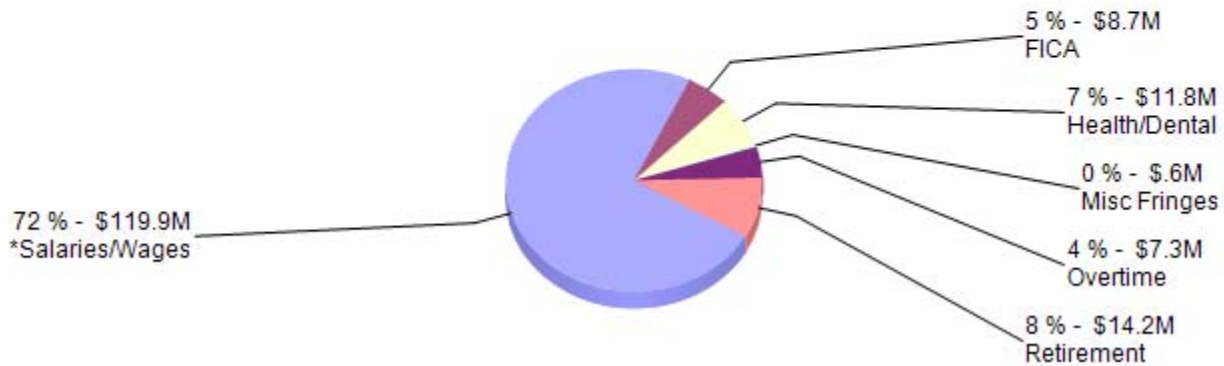
**Fiscal year \$230.4M Revised General Fund Operating Budget**



**Personnel Services**

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

**Fiscal Year  
\$162.5M Revised Personnel Services Budget**



\*(includes Vacancy Savings/Payouts/Reclass)

	Fiscal Year			
	2009/10 <u>Actual</u>	2010/11 <u>Adopted Budget</u>	2010/11 <u>Revised Budget</u>	2010/11 <u>Approved Adjustments</u>
Salaries and Wages	NA	\$121.1	\$121.1	-
Overtime	NA	\$7.3	\$7.3	-
Retirement	NA	\$14.2	\$14.2	-
Health/Dental	NA	\$11.8	\$11.8	-
FICA	NA	\$8.7	\$8.7	-
Miscellaneous Fringes	NA	\$0.6	\$0.6	-
Vacancy Savings/Payouts/Reclass	NA	(\$1.2)	(\$1.2)	-
<b>Total Personnel Services</b>	<b>NA</b>	<b>\$162.5</b>	<b>\$162.5</b>	<b>-</b>

	Fiscal Year-to-Date July 2010					
	2009/10 <u>Actual</u>	2010/11 <u>Actual</u>	2010/11 <u>Revised Budget</u>	<u>Actual vs. Budget</u> <u>Favorable / (Unfavorable)</u>		
				<u>Amount</u>	<u>Percent</u>	
Salaries and Wages	\$10.3	\$9.5	\$9.7	\$0.2	2 %	
Overtime	\$0.5	\$0.5	\$0.6	\$0.1	17 %	
Retirement	\$1.2	\$1.0	\$1.1	\$0.1	9 %	
Health/Dental	\$1.3	\$1.2	\$1.2	-	-	
FICA	\$0.7	\$0.7	\$0.7	-	-	
Miscellaneous Fringes	-	-	\$0.1	\$0.1	100 %	
Vacancy Savings/Payouts/Reclass	\$0.1	-	(\$0.1)	(\$0.1)	100 %	
<b>Total Personnel Services</b>	<b>\$14.1</b>	<b>\$12.9</b>	<b>\$13.3</b>	<b>\$0.4</b>	<b>3 %</b>	

**Actual to Revised Budget variance of \$0.4 million or 3%:** A significant portion of the positive variance is reflective of anticipated Police overtime usage which did not occur. The budget spread was developed using last year's activity level as an indicator. It is unknown as this time if this positive variance will result in year-end savings or if future incidents will require utilizing this positive variance. Additionally, the overtime variance creates a favorable variance in the Federal Insurance Contributions Act (FICA) and retirement accounts.

**Contractual Services**

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

**Actual to Revised Budget variance of \$1.0 million or 22%:** The favorable variance relates to invoices for services being received later than expected such as July's utility payments, software maintenance/licensing, and citywide custodial service. The variance is also a result of those expenditures that are difficult to budget for because of their unpredictable spending pattern (e.g. repair, building maintenance services, painting, fire alarm maintenance, elevators, etc).

**Commodities**

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

**Actual to Revised Budget variance of \$0.3 million or 75%:** The favorable variance is due to the timing of invoices. Items such as library materials and minor equipment have been purchased and received; however, invoices were not received as anticipated. In addition, the variance is the result of various accounts, such as maintenance services and materials, and education and recreation supplies, which are difficult to budget in the appropriate period as they do not have a predictable spending pattern.

**Capital Outlays**

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

**Actual to Revised Budget variance of \$0.2 million or 100%:** The favorable variance is the result of the planned capital operating projects that have not been implemented. Staff is working to adjust the budget to most accurately reflect project timeline.

**Debt Service & Contracts Payable**

This activity is debt payments related to Municipal Property Corporation (MPC) bonds that are to be repaid through excise taxes and contractual obligations related to development agreements (funded by sales tax rebates) which vary based on the actual sales tax collections.

	Fiscal Year			
	<u>2009/10 Actual</u>	<u>2010/11 Adopted Budget</u>	<u>2010/11 Revised Budget</u>	<u>2010/11 Approved Adjustments</u>
MPC Excise Debt Fund	NA	\$6.7	\$6.7	-
MPC Excise Debt Fund - Bed Tax	NA	\$0.7	\$0.7	-
Certificates of Participation (COP)	NA	\$0.9	\$0.9	-
Contracts Payable	NA	\$3.1	\$3.1	-
COP - Radio Financing	NA	\$0.5	\$0.5	-
<b>Debt Service &amp; Contracts Payable</b>	<b>NA</b>	<b>\$11.9</b>	<b>\$11.9</b>	<b>-</b>

Fiscal Year-to-Date July 2010					
	<u>2009/10 Actual</u>	<u>2010/11 Actual</u>	<u>2010/11 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
MPC Excise Debt Fund	-	-	-	-	-
MPC Excise Debt Fund - Bed Tax	-	-	-	-	-
Certificates of Participation (COP)	-	-	-	-	-
Contracts Payable	\$0.2	\$0.1	\$0.1	-	-
COP - Radio Financing	-	-	-	-	-
<b>Debt Service &amp; Contracts Payable</b>	<b>\$0.2</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>-</b>	<b>-</b>

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

### Transfers-Out

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

Fiscal Year				
	<u>2009/10 Actual</u>	<u>2010/11 Adopted Budget</u>	<u>2010/11 Revised Budget</u>	<u>2010/11 Approved Adjustments</u>
CIP - General Fund Maintenance	NA	\$2.2	\$2.2	-
Transportation Fund	NA	\$1.8	\$1.8	-
Bed Tax Fund	NA	\$5.0	\$5.0	-
Special Programs Fund - Community Services	NA	\$0.2	\$0.2	-
Special Programs Fund - Planning & Dev Services	NA	\$0.1	\$0.1	-
<b>Total Transfers Out</b>	<b>NA</b>	<b>\$9.3</b>	<b>\$9.3</b>	<b>-</b>

Fiscal Year-to-Date July 2010					
	<u>2009/10 Actual</u>	<u>2010/11 Actual</u>	<u>2010/11 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
CIP - General Fund Maintenance	-	-	-	-	-
Transportation Fund	-	-	-	-	-
Bed Tax Fund	\$0.3	-	\$0.3	\$0.3	100 %
Special Programs Fund - Community Services	-	-	-	-	-
Special Programs Fund - Planning & Dev Services	-	-	-	-	-
<b>Total Transfers Out</b>	<b>\$0.3</b>	<b>-</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>100 %</b>

**Actual to Revised Budget variance of \$0.3 million or 100%:** The favorable variance is attributable to the July Bed Tax transfer, which was budgeted for in July; however, will not be transferred until August.

## TRANSPORTATION FUND

FY 2010/11 (\$ in millions)				
	Adopted <u>Budget</u>	Revised <u>Budget</u>	<u>Change</u>	%
			<u>Change</u>	<u>Change</u>
Sources	\$34.6	\$34.6	\$0.0	0%
Uses	\$34.6	\$34.6	\$0.0	0%
Change in Fund Balance	\$0.0	\$0.0	\$0.0	
Total Fund Balance	\$0.0	\$0.0	\$0.0	

### Sources

The Transportation Fund receives and expends the City's allocation of the Arizona Highway User Revenue Tax (HURF) as well as other transportation related revenues. The amount of HURF available to each City is allocated based on population. 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. Fifty percent of the Transportation Sales Tax is transferred to the Capital Improvement Fund for transportation related capital improvement projects.

	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
HURF Taxes	\$14.1	NA	\$13.8	\$13.8
0.20% City Sales Tax	16.5	NA	15.2	15.2
Other	2.9	NA	3.2	3.2
Total Revenues	\$33.5	NA	32.2	32.2
Transfers In	8.8	NA	2.4	2.4
Total Sources	\$42.3	NA	\$34.6	\$34.6
% Change vs. Prior Year				

	Fiscal Year-to-Date July				Actual vs. Budget	
	2008/09	2009/10	2010/11	2010/11	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	Revised <u>Budget</u>	<u>Amount</u>	<u>Percent</u>
HURF Taxes	\$1.3	\$1.3	\$1.2	\$1.2	\$0.0	0%
0.20% City Sales Tax	1.5	1.2	1.2	1.3	(0.1)	-8%
Other	(0.1)	-	0.1	1.2	(1.1)	-92%
Total Revenues	\$2.7	\$2.5	\$2.5	\$3.7	(\$1.2)	-32%
Transfers In	-	-	0.6	0.6	-	0%
Total Sources	\$2.7	\$2.5	\$3.1	\$4.3	(\$1.2)	-28%
% Change vs. Prior Year					-7%	24%

**Actual to Revised Budget variance of (\$1.2) million or (28%):** The 0.20 percent City Sales Tax unfavorable variance is due to how the budget was spread and will be revised for the August report. Additionally, the other revenue category budget assumed a \$1.1 million American Recovery and Reinvestment Act (ARRA) distribution that has not been received resulting in an unfavorable variance.

**TRANSPORTATION FUND USES**  
(\$ in millions)

	Fiscal Year			
	2009/10 <u>Actual</u>	2010/11 <u>Adopted Budget</u>	2010/11 <u>Revised Budget</u>	2010/11 <u>Approved Adjustments</u>
<b>Expenses:</b>				
Personnel Services	NA	\$6.1	\$6.1	-
Contractual	NA	\$19.7	\$19.7	-
Commodities	NA	\$0.8	\$0.8	-
Capital Outlays	NA	\$0.3	\$0.3	-
<b>Total Operating Expenses</b>	<b>NA</b>	<b>\$26.9</b>	<b>\$26.9</b>	<b>-</b>
Transfers Out	NA	\$7.7	\$7.7	-
<b>Total Uses</b>	<b>NA</b>	<b>\$34.6</b>	<b>\$34.6</b>	<b>-</b>

	Fiscal Year-to-Date July 2010				
	2009/10 <u>Actual</u>	2010/11 <u>Actual</u>	2010/11 <u>Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable)</u>	
<b>Expenses:</b>				<u>Amount</u>	<u>Percent</u>
Personnel Services	\$0.5	\$0.5	\$0.4	(\$0.1)	-25 %
Contractual	\$0.4	\$0.4	\$2.7	\$2.3	85 %
Commodities	-	-	-	-	-
Capital Outlays	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$0.9</b>	<b>\$0.9</b>	<b>\$3.1</b>	<b>\$2.2</b>	<b>71 %</b>
Transfers Out	-	-	-	-	-
<b>Total Uses</b>	<b>\$0.9</b>	<b>\$0.9</b>	<b>\$3.1</b>	<b>\$2.2</b>	<b>71 %</b>

**Actual to Revised Budget variance of \$2.2 million or 71%:** The favorable variance is primarily the result of the way the budget was spread for the American Recovery and Reinvestment Act (ARRA) paving projects for street overlay and roadway markings. The ARRA projects planning and timelines have been completed and the budget will be adjusted accordingly.

**FLEET MANAGEMENT FUND**  
**FY 2010/11**  
**(\$ in millions)**

	Adopted <u>Budget</u>	Revised <u>Budget</u>	<u>Change</u>	%
				<u>Change</u>
Sources	\$14.4	\$14.4	\$0.0	0%
Uses	<u>\$15.2</u>	<u>\$15.2</u>	<u>\$0.0</u>	0%
Change in Fund Balance	(\$0.8)	(\$0.8)	\$0.0	
Total Est. Fund Balance	<u><u>\$8.2</u></u>	<u><u>\$8.2</u></u>	<u><u>\$0.0</u></u>	

**Sources**

The Fleet Management Fund is classified as an Internal Service Fund. This fund is structured to recover Fleet costs through annual user fees that are charged to each Division's cost center(s) that are assigned City vehicles and other related equipment that may incur fleet related expenditures. The annual internal user fees consist of two categories: 1) maintenance and operation (M & O) rates, established to recover the estimated costs of fuel, parts, and labor for vehicles and related equipment, and 2) replacement vehicle rental rates, similar to car payments, except Fleet uses the accumulated payments to purchase a replacement vehicle or related equipment at the end of the current vehicle's useful life.

	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Revised Budget</u>
Maint/Operation Rates	\$12.9	NA	\$11.2	\$11.2
Replacement Rates	5.4	NA	2.9	2.9
Other	0.5	NA	0.3	0.3
Total Revenues	<u>\$18.8</u>	NA	<u>\$14.4</u>	<u>\$14.4</u>
Transfers In	2.0	NA	0.0	0.0
Total Sources	<u><u>\$20.8</u></u>	NA	<u><u>\$14.4</u></u>	<u><u>\$14.4</u></u>
% Change vs. Prior Year				

	Fiscal Year-to-Date July 2010				Actual vs. Budget	
	2008/09	2009/10	2010/11	2010/11	<u>Favorable/(Unfavorable)</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised Budget</u>	<u>Amount</u>	<u>Percent</u>
Maint/Operation Rates	\$1.1	\$1.1	\$0.9	\$0.9	\$0.0	0%
Replacement Rates	0.4	0.1	0.2	0.2	0.0	0%
Other	0.0	0.0	0.1	0.1	0.0	0%
Total Revenues	<u>\$1.5</u>	<u>\$1.2</u>	<u>\$1.2</u>	<u>\$1.2</u>	<u>\$0.0</u>	<u>0%</u>
Transfers In	0.0	0.0	0.0	0.0	-	0%
Total Sources	<u><u>\$1.5</u></u>	<u><u>\$1.2</u></u>	<u><u>\$1.2</u></u>	<u><u>\$1.2</u></u>	<u><u>\$0.0</u></u>	<u><u>0%</u></u>
% Change vs. Prior Year		-20.0%	0%			

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

**FLEET MANAGEMENT FUND USES**  
(\$ in millions)

Expenses:	Fiscal Year			
	<u>2009/10 Actual</u>	<u>2010/11 Adopted Budget</u>	<u>2010/11 Revised Budget</u>	<u>2010/11 Approved Adjustments</u>
Personnel Services	NA	\$3.3	\$3.3	-
Contractual	NA	\$1.6	\$1.6	-
Commodities	NA	\$6.8	\$6.8	-
Capital Outlays	NA	\$3.7	\$3.7	-
<b>Total Operating Expenses</b>	<b>NA</b>	<b>\$15.4</b>	<b>\$15.4</b>	<b>-</b>
Transfers Out	NA	\$0.0	\$0.0	-
<b>Total Uses</b>	<b>NA</b>	<b>\$15.4</b>	<b>\$15.4</b>	<b>-</b>

Expenses:	Fiscal Year-to-Date July 2010				
	<u>2009/10 Actual</u>	<u>2010/11 Actual</u>	<u>2010/11 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Budget Percent</u>
Personnel Services	\$0.2	\$0.2	\$0.2	\$0.0	0 %
Contractual	\$0.1	\$0.1	\$0.3	\$0.2	75 %
Commodities	\$0.0	\$0.0	\$0.6	\$0.6	100 %
Capital Outlays	\$0.0	\$0.0	\$0.4	\$0.4	100 %
<b>Total Operating Expenses</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$1.5</b>	<b>\$1.2</b>	<b>79 %</b>
Transfers Out	\$0.0	\$0.0	\$0.0	\$0.0	-
<b>Total Uses</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$1.5</b>	<b>\$1.2</b>	<b>79 %</b>

**Actual to Revised Budget variance of \$1.2 million or 79%:** Inventory usage is recorded by accounting one month in arrears. Budget adjustment to respread \$0.6M of commodities and \$0.2M of contractual services will be submitted for August to realign forecasted expenditures with budget. Favorable Capital Outlays variance of \$0.4M is attributable to difficulty in forecasting the timing of vehicle acquisitions. Budget was established with a quarterly posted spread. Expenditures will be recorded in future months when vehicles are actually received.

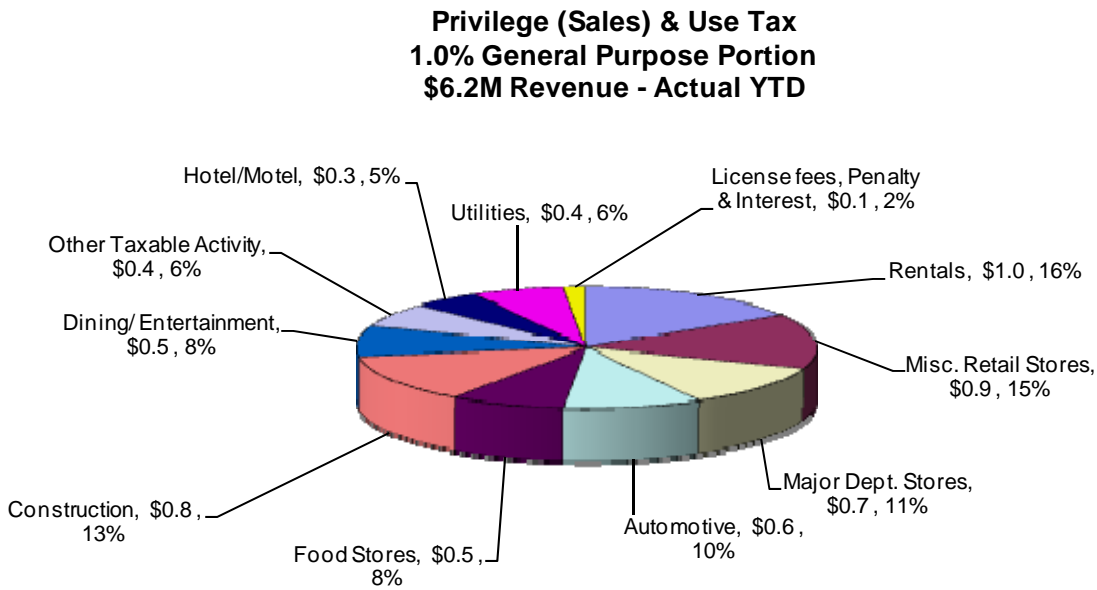




## Privilege (Sales), Use & Bed Tax Collections For July 2010 (For Business Activity in June 2010)

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

The report shows a fiscal year Privilege and Use Tax collection decrease of 12 percent compared to Budget, and a decrease of 4 percent compared to the same period a year ago.



## Privilege (Sales) & Use Tax by Category and Fund

	Fiscal Year (Twelve Months)				
	2008/09	2009/10	2010/11	2010/11	2010/11
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Approved Adjustments</u>	<u>Revised Budget</u>
<u>1.00% General Purpose</u>					
Rentals	\$12.5	NA	\$11.5	-	\$11.5
Misc. Retail Stores	12.1	NA	12.7	-	12.7
Major Dept. Stores	8.8	NA	9.1	-	9.1
Automotive	9.6	NA	8.7	-	8.7
Food Stores	6.3	NA	6.4	-	6.4
Construction	13.5	NA	8.5	-	8.5
Dining/ Entertainment	6.9	NA	7.0	-	7.0
Other Taxable Activity	6.2	NA	5.4	-	5.4
Hotel/Motel	4.4	NA	4.3	-	4.3
Utilities	4.4	NA	4.7	-	4.7
License fees, Penalty & Interest	2.6	NA	2.3	-	2.3
Subtotal	<u>\$87.3</u>	<u>NA</u>	<u>\$80.6</u>	<u>-</u>	<u>\$80.6</u>
0.10% Public Safety	\$8.4	NA	\$7.8		\$7.8
0.20% Transportation	16.5	NA	15.2		15.2
0.20% McDowell Preserve 1995	17.0	NA	15.6		15.6
0.15% McDowell Preserve 2004	12.6	NA	12.1		12.1
Total	<u>\$141.8</u>	<u>NA</u>	<u>\$131.3</u>	<u>-</u>	<u>\$131.3</u>
% Change vs. Prior Year			2%		2%

	Fiscal Year-to-Date July					Actual vs. Budget	
	2008/09	2009/10	2010/11	2010/11	Favorable/(Unfavorable)		
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>	
<u>1.00% General Purpose</u>							
Rentals	\$1.1	\$1.2	\$1.0	\$1.0	\$0.0	0%	
Misc. Retail Stores	1.1	0.9	0.9	1.1	(0.2)	-18%	
Major Dept. Stores	0.7	0.6	0.7	0.8	(0.1)	-13%	
Automotive	1.0	0.6	0.6	0.8	(0.2)	-25%	
Food Stores	0.5	0.4	0.5	0.6	(0.1)	-17%	
Construction	1.8	0.9	0.8	0.7	0.1	14%	
Dining/ Entertainment	0.5	0.5	0.5	0.6	(0.1)	-17%	
Other Taxable Activity	0.5	0.4	0.4	0.5	(0.1)	-20%	
Hotel/Motel	0.3	0.2	0.3	0.4	(0.1)	-25%	
Utilities	0.4	0.7	0.4	0.4	-	0%	
License fees, Penalty & Interest	0.3	0.1	0.1	0.2	(0.1)	-50%	
Subtotal	<u>\$8.2</u>	<u>\$6.5</u>	<u>\$6.2</u>	<u>\$7.1</u>	<u>(\$0.9)</u>	<u>-13%</u>	
0.10% Public Safety	\$0.8	\$0.6	\$0.6	\$0.7	(0.1)	-14%	
0.20% Transportation	1.5	1.2	1.2	1.3	(0.1)	-8%	
0.20% McDowell Preserve 1995	1.6	1.3	1.2	1.4	(0.2)	-14%	
0.15% McDowell Preserve 2004	1.1	0.9	0.9	1.0	(0.1)	-10%	
Total	<u>\$13.2</u>	<u>\$10.5</u>	<u>\$10.1</u>	<u>\$11.5</u>	<u>(\$1.4)</u>	<u>-12%</u>	
% Change vs. Prior Year		-20%	-4%				

### **Rental Sales Taxes**

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

**Actual to Budget variance of \$0.0 Million or 0%:** No explanation necessary.

### **Miscellaneous Retail Stores Sales Taxes**

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

**Actual to Budget variance of (\$0.2 Million) or (18%):** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.

### **Major Department Stores Sales Taxes**

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

**Actual to Budget variance of (\$0.1 Million) or (13%):** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.

### **Automotive Sales Taxes**

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

**Actual to Budget variance of (\$0.2 Million) or (25%):** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.

### **Food Stores Sales Taxes**

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

**Actual to Budget variance of (\$0.1 Million) or (17%):** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.

### **Construction Sales Taxes**

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

**Actual to Budget variance of \$0.1 Million or 14%:** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.

### **Dining/Entertainment Sales Taxes**

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

**Actual to Budget variance of (\$0.1 Million) or (17%):** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.

**Other Taxable Activity Sales Taxes**

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

**Actual to Budget variance of (\$0.1 Million) or (20%):** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.

**Hotel/Motel Sales Taxes**

This category includes lodging space rental on a short-term basis and other activities provided at the hotel/motel.

**Actual to Budget variance of (\$0.1 Million) or (25%):** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.

**Utilities Sales Taxes**

This category includes businesses that provide telecommunication (landlines and cellular), electricity, gas, or water services.

**Actual to Budget variance of \$0.0 Million or 0%:** No explanation necessary.

**License Fees, Penalty & Interest**

This category consists of application and license fees for Transaction Privilege (sales) tax licenses, interest, and penalties.

**Actual to Budget variance of (\$0.1 Million) or (50%):** The unfavorable variance is a result of the way the budget was spread and will be revised for the August report.