



# Financial Report Fiscal Year-to-Date As of March 2011

Report to the City Council

Prepared by City Treasurer – Finance and Accounting Division

April 19, 2011



## FINANCIAL REPORT FOR YEAR-TO-DATE MARCH 2011

The following is a financial summary of the City's YTD March 2011 General Fund, Transportation Fund and 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 sources and uses 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. Sales Tax receipts received in the current month are based on prior-month activity.

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

<b>Operating Results</b>				
<b>YTD March 2011</b>				
<b>(\$ in millions)</b>				
	Revised Budget	2010/11 Actual	Change	% Change
Sources	\$199.7	\$202.3	\$2.6	1%
Uses	186.7	180.9	5.8	3%
Change in Fund Balance	\$13.0	\$21.4	\$8.4	

<b>Operating Results</b>				
<b>March 2011</b>				
<b>(\$ in millions)</b>				
	Revised Budget	2010/11 Actual	Change	% Change
Sources	\$20.7	\$20.9	\$0.2	1%
Uses	23.7	23.7	0.0	0%
Change in Fund Balance	(\$3.0)	(\$2.8)	\$0.2	

## GENERAL FUND

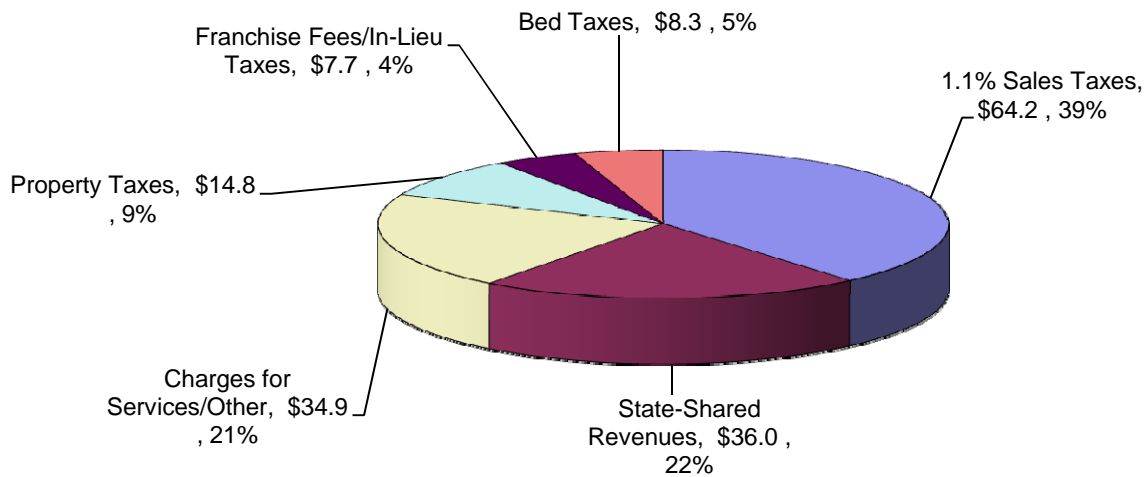
**FY 2010/11**  
**(\$ in millions)**

	Adopted Budget	Revised Budget	Change	%
				Change
Sources	\$243.2	\$242.7	(\$0.5)	0%
Uses	251.6	247.1	4.5	2%
Change in Fund Balance	(\$8.4)	(\$4.4)	\$4.0	
Beginning Fund Balance	\$37.2	\$39.0	\$1.8	
Ending Fund Balance	<u>\$28.7</u>	<u>\$34.4</u>	<u>\$5.7</u>	
Reserved	\$26.2	\$25.6	(\$0.6)	
Contingency	\$2.5	\$2.4	(\$0.1)	
Unreserved	\$0.0	\$6.4	\$6.4	

### 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.

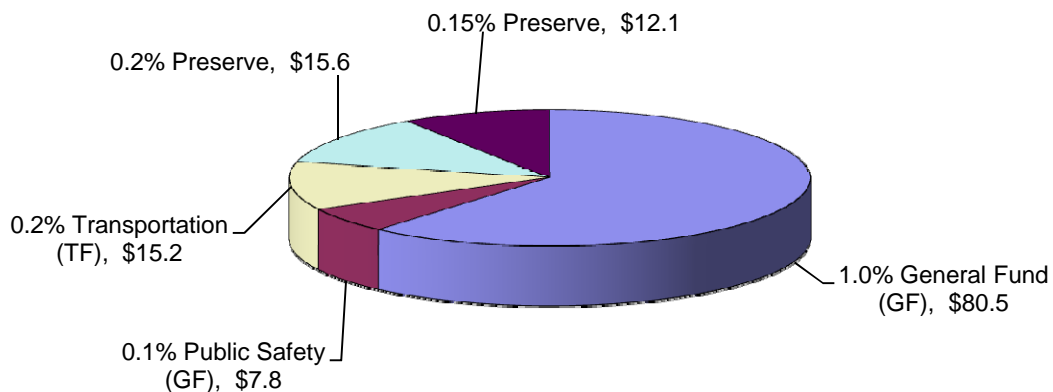
### General Fund Revenues \$165.9 Million Fiscal Year-to-Date March 2011



	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	Actual	Actual	Adopted Budget	Revised Budget
1.1% Sales Taxes	\$95.7	\$85.8	\$88.3	\$85.9
State-Shared Revenues	62.2	55.5	48.6	48.6
Charges for Services/Other	50.1	49.1	46.7	46.7
Property Taxes	22.6	23.3	24.7	24.7
Franchise Fees/In-Lieu Taxes	11.5	11.5	11.6	11.6
Bed Taxes	1.5	7.1	10.6	12.5
Total Revenue	\$243.6	\$232.3	\$230.5	\$230.0
Transfers In	28.5	19.2	12.7	12.7
Total Sources	\$272.1	\$251.5	\$243.2	\$242.7
% Change vs. Prior Year		-8%	-3%	-3%

	Fiscal Year-to-Date March 2011				Actual vs. Budget	
	2008/09	2009/10	2010/11	2010/11	Favorable/(Unfavorable)	
	Actual	Actual	Actual	Revised Budget	Amount	Percent
1.1% Sales Taxes	\$72.8	\$64.4	\$64.2	\$63.1	\$1.1	2%
State-Shared Revenues	46.9	41.9	36.0	36.5	(0.5)	-1%
Charges for Services/Other	37.3	36.3	34.9	34.2	0.7	2%
Property Taxes	13.9	14.0	14.8	15.3	(0.5)	-3%
Franchise Fees/In-Lieu Taxes	8.8	8.9	7.7	8.2	(0.5)	-6%
Bed Taxes	1.1	4.6	8.3	8.1	0.2	2%
Total Revenue	\$180.8	\$170.1	\$165.9	\$165.4	\$0.5	0%
Transfers In	21.3	16.0	9.6	9.8	(0.2)	-2%
Total Sources	\$202.1	\$186.1	\$175.5	\$175.2	\$0.3	0%
% Change vs. Prior Year		-8%	-6%	-6%		

**1.65% Sales Tax \$131.2 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. Sales tax receipts received in the current month are based on prior month activity. This general-purpose sales tax is the City's single largest revenue source. Revenues from two of the sales taxes categories (construction and rental) have seen dramatic decreases over the prior year and have not resumed to "normal" levels. 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	\$78.3	\$80.5	\$78.3
0.10% Public Safety Sales Tax	8.4	7.5	7.8	7.6
Total General Fund Sales Taxes	\$95.7	\$85.8	\$88.3	\$85.9
% Change vs. Prior Year		-10%	3%	0%

	Fiscal Year-to-Date March 2011				Actual vs. Budget	
	2008/09	2009/10	2010/11	2010/11	Favorable/(Unfavorable)	
	Actual	Actual	Actual	Revised Budget	Amount	Percent
1.00% General Purpose Sales Tax	\$66.4	\$58.8	\$58.5	\$57.5	\$1.0	2%
0.10% Public Safety Sales Tax	6.4	5.6	5.7	5.6	0.1	2%
Total General Fund Sales Taxes	\$72.8	\$64.4	\$64.2	\$63.1	\$1.1	2%
% Change vs. Prior Year		-12%	0%	-2%		

***Actual to Revised Budget variance of \$1.1 million or 2%:***

Automotive sales are up attributing to a favorable \$0.6 million increase in General Purpose sales taxes. The Retail sales tax category is also up by \$0.3 million due in part to three large audit payments totaling \$0.2 million. The Dining sales tax category is showing a \$0.2 million favorable result. 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	\$30.3	\$22.8	\$22.8
State Shared Sales Tax	18.9	17.3	17.6	17.6
Auto Lieu Tax	8.2	7.9	8.2	8.2
Total State Shared Revenues	\$62.2	\$55.5	\$48.6	\$48.6
% Change vs. Prior Year		-11%	-12%	-12%

	Fiscal Year-to-Date March 2011				Actual vs. Budget	
	2008/09	2009/10	2010/11	2010/11	Favorable/(Unfavorable)	
	Actual	Actual	Actual	Revised	Amount	Percent
				Budget		
State Revenue Sharing	\$26.3	\$22.7	\$17.1	\$17.1	\$0.0	0%
State Shared Sales Tax	14.5	12.9	13.1	13.3	(0.2)	-2%
Auto Lieu Tax	6.1	6.3	5.8	6.1	(0.3)	-5%
Total State Shared Revenues	\$46.9	\$41.9	\$36.0	\$36.5	(\$0.5)	-1%
% Change vs. Prior Year		-11%	-14%	-13%		

**Actual to Revised Budget variance of (\$0.5) million or (1%):**

State sales taxes saw a fifth consecutive monthly year-over-year positive growth. However, the State's budget estimates were more optimistic than the actual results to date resulting in the negative variance. Based on the recent positive trend, the negative variance is diminishing.

**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	2009/10	2010/11	2010/11
	Actual	Actual	Adopted Budget	Revised Budget
<i>Taxes - Local</i>				
Stormwater Water Quality Charge	\$0.7	\$0.8	\$0.9	\$0.9
<i>Licenses, Permits &amp; Fees</i>				
Building Permit Fees & Charges	6.9	6.9	8.2	8.2
Recreation Fees	3.2	3.3	3.4	3.4
WestWorld	2.7	2.5	2.6	2.6
Fire Service Charges	1.8	1.8	0.6	0.6
Business Licenses & Fees	1.7	1.8	1.7	1.7
<i>Fines &amp; Forfeitures</i>				
Court Fines	6.7	7.5	4.8	4.8
Photo Enforcement Revenue	2.5	1.8	1.7	1.7
Parking Fines	0.4	0.3	0.4	0.4
Library Fines & Fees	0.3	0.4	0.3	0.3
<i>Interest Earnings/Property Rental</i>				
Interest Earnings	3.7	2.1	1.0	1.0
Property Rental	3.2	2.9	2.8	2.8
<i>Other Revenue</i>				
Indirect/Direct Cost Allocation	14.0	13.3	14.0	14.0
Intergovernmental Revenue	1.2	-	0.9	0.9
Miscellaneous	0.6	1.6	0.5	0.5
Reimbursements	0.5	2.1	2.9	2.9
Total Charges for Services/Other	\$50.1	\$49.1	\$46.7	\$46.7
% Change vs. Prior Year		-2%	-5%	-5%

	Fiscal Year-to-Date March 2011					
	2008/09	2009/10	2010/11	2010/11	Actual vs. Budget	
	Actual	Actual	Actual	Revised Budget	Favorable/(Unfavorable) Amount	Percent
<i>Taxes - Local</i>						
Stormwater Water Quality Charge	\$0.6	\$0.6	\$0.6	\$0.7	(\$0.1)	-14%
<i>Licenses, Permits &amp; Fees</i>						
Building Permit Fees & Charges	5.0	5.3	5.4	5.8	(0.4)	-7%
Recreation Fees	2.2	2.3	2.5	2.3	0.2	9%
WestWorld	1.7	1.5	1.6	1.5	0.1	7%
Fire Service Charges	2.3	1.0	0.6	0.6	-	0%
Business Licenses & Fees	1.5	1.5	1.5	1.5	-	0%
<i>Fines &amp; Forfeitures</i>						
Court Fines	4.7	5.6	3.2	3.6	(0.4)	-11%
Photo Enforcement Revenue	1.9	1.3	1.5	1.3	0.2	15%
Parking Fines	0.3	0.2	0.2	0.3	(0.1)	-33%
Library Fines & Fees	0.2	0.2	0.3	0.2	0.1	50%
<i>Interest Earnings/Property Rental</i>						
Interest Earnings	2.9	1.4	1.5	0.8	0.7	88%
Property Rental	2.1	1.9	2.0	1.9	0.1	5%
<i>Other Revenue</i>						
Indirect/Direct Cost Allocation	9.7	12.0	10.5	10.6	(0.1)	-1%
Intergovernmental Revenue	1.2	1.0	0.7	0.6	0.1	17%
Miscellaneous	0.7	0.3	0.4	0.4	-	0%
Reimbursements	0.3	0.2	2.4	2.1	0.3	14%
Total Charges for Services/Other	\$37.3	\$36.3	\$34.9	\$34.2	\$0.7	2%
% Change vs. Prior Year		-3%	-4%	-6%		

**Actual to Revised Budget variance of \$0.7 million or 2%:**

Interest earnings are currently showing a favorable result since performance on investments is more favorable than was conservatively budgeted. Public Defender and Jail Reimbursements originally budgeted in Court Fines, are actually being reported in Reimbursements and, therefore, are creating offsetting variances in each account. Building Permit Fees & Charges is showing a decline attributable to larger than expected smaller valuation type projects being submitted for review.

**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 General Obligation bond debt service payments. Increases in revenue from year to year reflect new property additions to the tax roll and Council actions to increase total revenue as legally allowed.

**Actual to Revised Budget variance of (\$0.5) million or (3%):**

An unfavorable variance of (\$0.2) million or (2%) is related to a class action lawsuit against the County Assessor that has been in process since 1995 and was settled in June 2010. The settlement was not known at the time of forecasting the FY2010/11 budget and will result in a year-end variance of (\$0.2) million versus the budget. It is unclear if the remaining unfavorable variance is simply a timing issue or will carry out through year-end as a result of non-payments. If the remaining unfavorable variance is a result of non-payments, the City would eventually collect the property taxes; however, it could take up to three years to work through the collection process.

**Franchise Fees and In-Lieu Taxes**

This category represents revenues from utility and cable providers.

	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	Actual	Actual	Adopted Budget	Revised Budget
Electric and Gas Franchise	\$7.8	\$8.0	\$8.2	\$8.2
Cable TV Franchise	3.6	3.4	3.3	3.3
Salt River Project Lieu Tax	0.1	0.1	0.1	0.1
Total Franchise Fees/In-Lieu Taxes	\$11.5	\$11.5	\$11.6	\$11.6
% Change vs. Prior Year		0%	1%	1%

	Fiscal Year-to-Date March 2011					
	2008/09	2009/10	2010/11	2010/11	Actual vs. Budget	
	Actual	Actual	Actual	Revised	Favorable/(Unfavorable)	
				Budget	Amount	Percent
Electric and Gas Franchise	\$6.1	\$6.2	\$6.1	\$6.4	(\$0.3)	-5%
Cable TV Franchise	2.6	2.6	1.4	1.7	(0.3)	-18%
Salt River Project Lieu Tax	0.1	0.1	0.2	0.1	0.1	100%
Total Franchise Fees/In-Lieu Taxes	\$8.8	\$8.9	\$7.7	\$8.2	(\$0.5)	-6%
% Change vs. Prior Year		1%	-13%	-8%		

**Actual to Revised Budget variance of (\$0.5) million or (6%):**

The unfavorable variance in Electric and Gas Franchise is driven by a budget assumption that franchise revenue would increase by 4.6 percent year over year. The Electric and Gas Franchise revenue actually has declined by approximately 2 percent year-to-date versus prior year, possibly due to conservation of energy costs and milder summer weather. Cable TV franchise revenue has decreased based on a contract reduction of 0.3 percent.

Note: The Enterprise Franchise Fees and the Enterprise In Lieu Property Tax were previously reported in this category. However, to stay consistent with the City's Comprehensive Annual Financial Report (CAFR) these two items are now reported in the Transfers In.

**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. (Beginning in FY 2009/10, 100 percent of the Bed Tax revenue was recorded in the General Fund with a corresponding transfer of 80 percent to the Special Programs Fund.) Prior to the tax rate 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. The City started receiving the revenues from the new 5 percent tax rate in September 2010 and 50 percent of the 5 percent bed tax collections are transferred to the Special Programs Fund to be used for destination marketing purposes.

**Actual to Revised Budget variance of \$0.2 million or 2%:**

No explanation necessary.

**Transfers In**

For FY 2010/11, transfers in reflect funds received from the Capital Improvement Plan (CIP) Funds and the Water and Sewer Funds (Franchise Fees, In Lieu Property Tax, and Water Campus Security). In Lieu Property Tax transfers from the Water and Sewer Funds are being phased out over the three-year period FY 2010/11 - FY 2012/13.

	Fiscal Year (Twelve Months)			
	2008/09	2009/10	2010/11	2010/11
	Actual	Actual	Adopted	Revised
			Budget	Budget
CIP	\$14.0	\$9.0	\$3.6	\$3.6
Self Insurance Fund	5.0	-	-	-
Cultural Council	-	0.3	-	-
Community Services/Human Services	0.1	0.3	-	-
Enterprise Franchise Fees	6.4	6.5	6.8	6.8
Enterprise In Lieu Property Tax	2.5	2.7	1.8	1.8
Water Campus Security	0.5	0.4	0.5	0.5
Total Transfers In	\$28.5	\$19.2	\$12.7	\$12.7
% Change vs. Prior Year		-33%	-34%	-34%



	Fiscal Year-to-Date March 2011					
	2008/09	2009/10	2010/11	2010/11	Actual vs. Budget	
	Actual	Actual	Actual	Revised	Favorable/(Unfavorable)	
				Budget	Amount	Percent
CIP	\$10.1	\$9.0	\$3.6	\$3.6	\$0.0	0%
Self Insurance Fund	5.0	-	-	-	-	n/a
Cultural Council	-	0.3	-	-	-	n/a
Community Services/Human Services	0.1	0.1	-	-	-	n/a
Enterprise Franchise Fees	4.3	4.5	4.4	4.6	(0.2)	-4%
Enterprise In Lieu Property Tax	1.8	1.8	1.3	1.3	-	0%
Water Campus Security	-	0.3	0.3	0.3	-	0%
Total Transfers In	\$21.3	\$16.0	\$9.6	\$9.8	(\$0.2)	-2%
% Change vs. Prior Year		-25%	-40%	-39%		

**Actual to Revised Budget variance of (\$0.2) million or (2%):**

No explanation necessary.

**Note:** The Enterprise Franchise Fees and the Enterprise In Lieu Property Tax were previously reported in the Franchise Fees and In Lieu Taxes category. However, to stay consistent with the City's Comprehensive Annual Financial Report (CAFR), these two items are now reported in this category.

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

	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>
<b>Expenses:</b>				
Personnel Services	\$168.0	\$162.5 *	\$160.9 *	(\$1.6)
Contractual	\$48.8	\$54.9	\$52.0	(\$2.9)
Commodities	\$7.7	\$8.9	\$7.8	(\$1.1)
Capital Outlays	\$0.5	\$4.1	\$4.2	\$0.1
<b>Total Operating Expenses</b>	<b>\$225.0</b>	<b>\$230.4</b>	<b>\$224.9</b>	<b>(\$5.5)</b>
Debt Service & Contracts Payable	\$9.0	\$11.9	\$11.9	-
Transfers Out	\$20.1	\$9.3	\$10.3	\$1.0
<b>Total Uses</b>	<b>\$254.1</b>	<b>\$251.6 *</b>	<b>\$247.1 *</b>	<b>(\$4.5)</b>

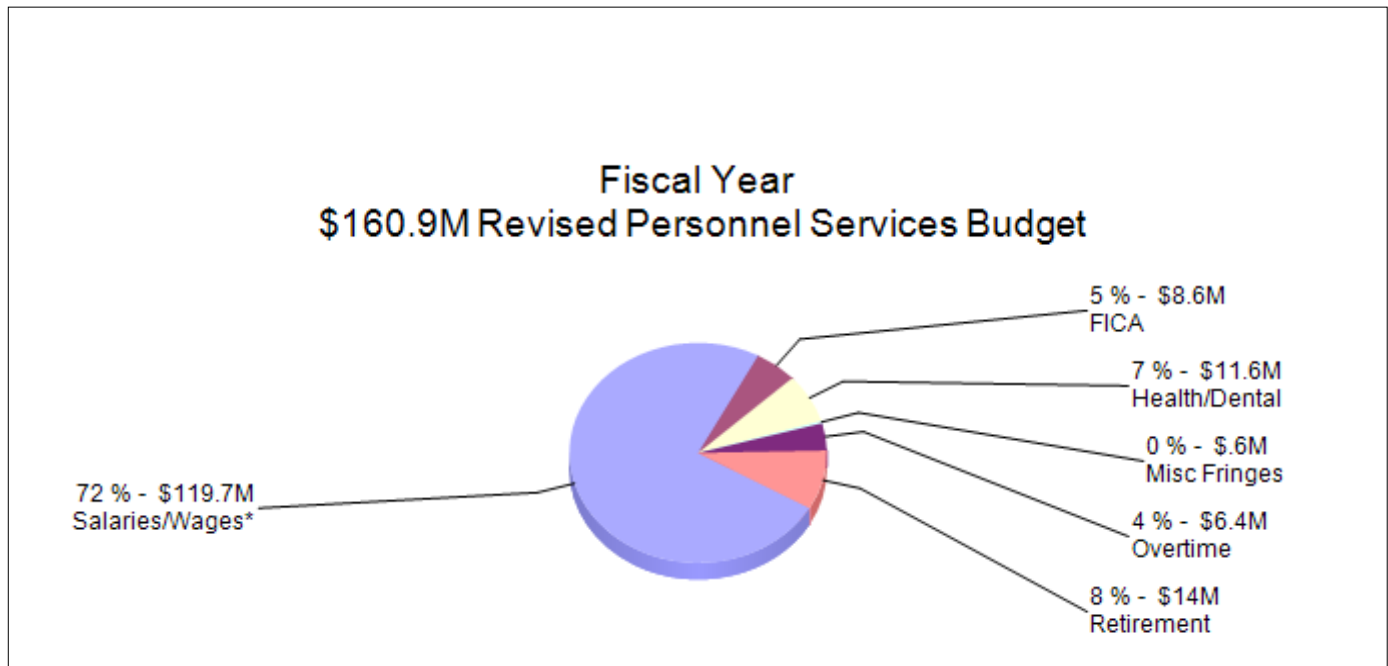
	Fiscal Year-to-Date March 2011				
	<u>2009/10 Actual</u>	<u>2010/11 Actual</u>	<u>2010/11 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Budget (Unfavorable) Percent</u>
<b>Expenses:</b>					
Personnel Services	\$122.4	\$115.1	\$116.9	\$1.8	2 %
Contractual	\$34.8	\$35.9	\$35.8	(\$0.1)	0 %
Commodities	\$5.1	\$4.6	\$5.2	\$0.6	12 %
Capital Outlays	\$0.1	-	\$2.4	\$2.4	100 %
<b>Total Operating Expenses</b>	<b>\$162.4</b>	<b>\$155.6</b>	<b>\$160.3</b>	<b>\$4.7</b>	<b>3 %</b>
Debt Service & Contracts Payable	\$1.5	\$3.7	\$3.0	(\$0.7)	-23 %
Transfers Out	\$3.8	\$5.0	\$3.8	(\$1.2)	-32 %
<b>Total Uses</b>	<b>\$167.7</b>	<b>\$164.3</b>	<b>\$167.1</b>	<b>\$2.8</b>	<b>2 %</b>

	Fiscal Year-to-Date March 2011				
	<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 (Unfavorable) Percent</u>
<b>Expenses:</b>					
MAYOR AND CITY COUNCIL	\$0.5	\$0.5	\$0.5	\$0.0	0 %
CITY CLERK	\$0.8	\$0.8	\$0.9	\$0.1	11 %
CITY ATTORNEY	\$4.6	\$4.0	\$4.2	\$0.2	5 %
CITY AUDITOR	\$0.6	\$0.5	\$0.6	\$0.1	17 %
CITY COURT	\$3.4	\$3.0	\$3.2	\$0.2	6 %
CITY MANAGER	\$1.4	\$1.0	\$1.1	\$0.1	9 %
PUBLIC WORKS	\$11.3	\$10.8	\$11.1	\$0.3	3 %
COMMUNITY & ECONOMIC DEV	\$18.6	\$19.6	\$20.0	\$0.4	2 %
PUBLIC SAFETY - FIRE	\$19.9	\$19.3	\$19.6	\$0.3	2 %
PUBLIC SAFETY - POLICE	\$60.0	\$57.1	\$58.7	\$1.6	3 %
CITY TREASURER - FINANCE	\$3.7	\$3.6	\$3.5	(\$0.1)	-3 %
HUMAN RESOURCES	\$2.5	\$2.1	\$2.4	\$0.3	13 %
COMMUNITY SERVICES	\$25.8	\$24.4	\$25.4	\$1.0	4 %
INFORMATION TECHNOLOGY	\$7.0	\$6.6	\$6.9	\$0.3	4 %
ADMINISTRATIVE SERVICES	\$2.3	\$2.3	\$2.2	(\$0.1)	-5 %
<b>Total Operating Expenses</b>	<b>\$162.4</b>	<b>\$155.6</b>	<b>\$160.3</b>	<b>\$4.7</b>	<b>3 %</b>

\*Includes budgeted vacancy savings, leave accrual payouts and position reclassifications.

**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			
	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	\$122.6	\$119.9 *	\$119.7 *	(\$0.2)
Overtime	\$6.1	\$7.3	\$6.4	(\$0.9)
Retirement	\$15.2	\$14.2	\$14.0	(\$0.2)
Health/Dental	\$15.1	\$11.8	\$11.6	(\$0.2)
FICA	\$8.4	\$8.7	\$8.6	(\$0.1)
Miscellaneous Fringes	\$0.6	\$0.6	\$0.6	-
<b>Total Personnel Services</b>	<b>\$168.0</b>	<b>\$162.5 *</b>	<b>\$160.9 *</b>	<b>(\$1.6)</b>

	Fiscal Year-to-Date March 2011				
	2009/10 <u>Actual</u>	2010/11 <u>Actual</u>	2010/11 <u>Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable)</u>	
				<u>Amount</u>	<u>Percent</u>
Salaries and Wages	\$89.8	\$86.8	\$87.1	\$0.3	0 %
Overtime	\$4.6	\$4.3	\$4.9	\$0.6	12 %
Retirement	\$10.0	\$9.7	\$10.2	\$0.5	5 %
Health/Dental	\$11.4	\$7.9	\$7.9	-	-
FICA	\$6.2	\$5.9	\$6.3	\$0.4	6 %
Miscellaneous Fringes	\$0.4	\$0.5	\$0.5	-	-
<b>Total Personnel Services</b>	<b>\$122.4</b>	<b>\$115.1</b>	<b>\$116.9</b>	<b>\$1.8</b>	<b>2 %</b>

\*Includes budgeted vacancy savings, leave accrual payouts and position reclassifications.

**Actual to Revised Budget variance of \$1.8 million or 2%:** The positive variance is primarily the result of anticipated Community and Economic Development, Community Service and Police overtime usage which did not occur. The budget spread was developed using last year's activity level as an indicator. It is expected that a portion of this positive variance will result in year-end savings. Additionally, the overtime variance creates a favorable variance in the Federal Insurance Contributions Act (FICA) and retirement accounts.

**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.

	<u>2009/10 Actual</u>	<u>2010/11 Adopted Budget</u>	<u>2010/11 Year-To-Date</u>	<u>Remaining</u>
Vacancy Savings	(\$5.1)	(\$3.0)	\$2.5	(\$0.5)
Vacation Leave Payouts	\$0.7	\$0.6	(\$0.4)	\$0.2
Medical Leave Payouts	\$1.0	\$0.8	(\$0.7)	\$0.1
Reclassifications	\$0.2	\$0.3	-	\$0.3
<b>Total Vacancy Sav/Payouts/Reclass</b>	<b>(\$3.2)</b>	<b>(\$1.3)</b>	<b>\$1.4</b>	<b>\$0.1</b>

**Total Achieved/(Used) YTD of \$1.4 million** The City has achieved \$2.5 million in vacancy savings year-to-date. The City Manager has been intentionally holding positions vacant and delaying recruitments in an effort to reach the vacancy savings budgeted amount of \$3.0 million. Based on the fiscal year-to-date activity, \$3.4 million in vacancy savings is anticipated at year-end. Vacation and medical leave payouts are tracking as expected and should result in fully spending the budgeted amount by year-end. Finally, the budget for position reclassifications remains unused and should produce savings at year-end.

**Contractual Services**

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

**Actual to Revised Budget variance of (\$0.1) million or 0%:** No explanation necessary.

**Commodities**

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

**Actual to Revised Budget variance of \$0.6 million or 12%:** The favorable variance is a result of various accounts, such as maintenance services and repair materials, and education and recreation supplies which are difficult to budget in the appropriate period as they do not have a predictable spending pattern. In addition, favorable variance is also a result of citywide efforts to conserve and reduce supplies costs. The variance is also related to a delay in ordering of replacement uniform and personal protection equipment which was expected and budgeted for on a quarterly basis.

**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 \$2.4 million or 100%:** The favorable variance is the result of a few projects' expenditures being applied to the Contractual Services and Commodities accounts instead of the Capital Outlays accounts where the funding for those projects is budgeted. Thus creating an offsetting variance in Contractual Services and Commodities. In addition, the favorable variance is also the result of the planned capital operating projects that have not been implemented due to budget constraints and the citywide initiative to limit expenses to FY 2009/10, a few operating projects are being re-evaluated to determine if they can be deferred until future years. The City is anticipating year-end savings in this category.

**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	\$6.7	\$6.7	\$6.7	-
MPC Excise Debt Fund - Bed Tax	-	\$0.7	\$0.7	-
Certificates of Participation (COP)	\$0.9	\$0.9	\$0.9	-
Contracts Payable	\$1.4	\$3.1	\$3.1	-
COP - Radio Financing	-	\$0.5	\$0.5	-
<b>Debt Service &amp; Contracts Payable</b>	<b>\$9.0</b>	<b>\$11.9</b>	<b>\$11.9</b>	<b>-</b>

	Fiscal Year-to-Date March 2011				
	<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>(Unfavorable) Percent</u>
MPC Excise Debt Fund	-	-	-	-	-
MPC Excise Debt Fund - Bed Tax	-	-	-	-	-
Certificates of Participation (COP)	\$0.5	\$0.9	\$0.5	(\$0.4)	-80 %
Contracts Payable	\$1.0	\$2.6	\$2.5	(\$0.1)	-4 %
COP - Radio Financing	-	\$0.2	-	(\$0.2)	-20 %
<b>Debt Service &amp; Contracts Payable</b>	<b>\$1.5</b>	<b>\$3.7</b>	<b>\$3.0</b>	<b>(\$0.7)</b>	<b>-23 %</b>

**Actual to Revised Budget variance of (\$0.7) million or (23%):** The unfavorable variance is primarily attributable to how the debt payments were budgeted and payments were made. This timing issue will offset the variance by year-end.

**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	\$10.4	\$2.2	\$2.2	-
Transportation Fund	\$3.2	\$1.8	\$1.8	-
Bed Tax Fund	\$6.4	\$5.0	\$6.0	\$1.0
Special Programs Fund - Community Services	-	\$0.2	\$0.2	-
Special Programs Fund - Planning & Dev Services	\$0.1	\$0.1	\$0.1	-
<b>Total Transfers Out</b>	<b>\$20.1</b>	<b>\$9.3</b>	<b>\$10.3</b>	<b>\$1.0</b>

Fiscal Year-to-Date March 2011

	<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 (Unfavorable) Percent</u>
CIP - General Fund Maintenance	-	-	-	-	-
Transportation Fund	\$0.1	-	-	-	-
Bed Tax Fund	\$3.7	\$5.0	\$3.6	(\$1.4)	-39 %
Special Programs Fund - Community Services	-	-	\$0.2	\$0.2	100 %
Special Programs Fund - Planning & Dev Services	-	-	-	-	-
<b>Total Transfers Out</b>	<b>\$3.8</b>	<b>\$5.0</b>	<b>\$3.8</b>	<b>(\$1.2)</b>	<b>-32 %</b>

**Actual to Revised Budget variance of (\$1.2) million or (32%):** The unfavorable variance is primarily related to the budgeted spread for the transfer out to the Bed Tax Fund (50 percent of the 5 percent total Transient Occupancy Tax collections as required by the March 2010 election). The Bed Tax revenue forecast was recently increased as a result of favorable trends in collections, which then in turn requires an increased transfers out amount for the Convention and Visitor's Bureau (CVB) contract. A revised budget spread will be reflected in the April report. The Bed Tax Fund unfavorable variance is also partially the result of the City Council authorized Bed Tax transfer to the Capital Improvement Program for the new WestWorld Americans with Disabilities Act (ADA) parking lot capital project. The positive variance in Special Programs Fund - Community Services is the result of eliminating the Partnership Funding and the Human Services' Affordable Housing program both of which are budget reductions initiatives.

## TRANSPORTATION FUND

<b>FY 2010/11</b>				
<b>(\$ in millions)</b>				
	Adopted Budget	Revised Budget	Change	%
				Change
Sources	\$34.6	\$34.2	(\$0.4)	-1%
Uses	34.6	34.6	0.0	0%
Change in Fund Balance	\$0.0	(\$0.4)	(\$0.4)	
<b>Total Fund Balance</b>	<b>\$0.0</b>	<b>(\$0.4)</b>	<b>(\$0.4)</b>	

### 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. Sales Tax receipts received in the current month are based on prior month activity. 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>Adopted Budget</u>	<u>Revised Budget</u>
HURF Taxes	\$14.1	\$13.4	\$13.8	\$13.8
0.20% City Sales Tax	16.5	14.6	15.2	14.8
Other	3.0	3.0	3.2	3.2
<b>Total Revenues</b>	<b>\$33.6</b>	<b>\$31.0</b>	<b>32.2</b>	<b>31.8</b>
Transfers In	8.9	3.6	2.4	2.4
<b>Total Sources</b>	<b>\$42.5</b>	<b>\$34.6</b>	<b>\$34.6</b>	<b>\$34.2</b>
% Change vs. Prior Year		-19%	0%	-1%

	Fiscal Year-to-Date March 2011					
	2008/09	2009/10	2010/11	2010/11	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised Budget</u>	Favorable/(Unfavorable)	Amount
HURF Taxes	\$10.4	\$9.7	\$9.8	\$10.2	(\$0.4)	-4%
0.20% City Sales Tax	12.5	10.9	10.9	10.9	0.0	0%
Other	1.8	1.9	5.5	2.8	2.7	96%
<b>Total Revenues</b>	<b>\$24.7</b>	<b>\$22.5</b>	<b>\$26.2</b>	<b>\$23.9</b>	<b>\$2.3</b>	<b>10%</b>
Transfers In	1.5	0.5	0.6	0.6	-	0%
<b>Total Sources</b>	<b>\$26.2</b>	<b>\$23.0</b>	<b>\$26.8</b>	<b>\$24.5</b>	<b>\$2.3</b>	<b>9%</b>
% Change vs. Prior Year		-12%	17%	7%		

**Actual to Revised Budget variance of \$2.3 million or 9%:**

\$2.0 million of the "Other" variance is related to American Recovery and Reinvestment Act (ARRA) funding. In FY 2009/10 the City of Scottsdale was awarded \$4.6 million in ARRA funding for street overlay projects. At the time, the City anticipated reimbursements for the federal grant funding at \$2.6 million in FY 2009/10 with the remaining \$2.0 million to be collected in FY 2010/11. The projects did not begin as planned which resulted in \$0 reimbursements received in FY 2009/10. Staff anticipates the full \$4.6 million to be reimbursed and collected in FY 2010/11. Transit agreements for local bus service are currently experiencing favorable results accounting for \$0.4 million of the variance. Additionally, HURF Taxes are lower than budget due to less demand for fuel due to economic conditions. See Appendix 1 for further information about results by sales tax categories.



**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	\$6.6	\$6.1 *	\$6.1 *	-
Contractual	\$18.7	\$19.7	\$19.7	-
Commodities	\$0.6	\$0.8	\$0.8	-
Capital Outlays	\$1.4	\$0.3	\$0.3	-
<b>Total Operating Expenses</b>	<b>\$27.3</b>	<b>\$26.9</b>	<b>\$26.9</b>	<b>-</b>
Transfers Out	\$7.5	\$7.7	\$7.7	-
<b>Total Uses</b>	<b>\$34.8</b>	<b>\$34.6 *</b>	<b>\$34.6 *</b>	<b>-</b>

	Fiscal Year-to-Date March 2011				
	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	\$4.8	\$4.5	\$4.5	-	-
Contractual	\$14.5	\$8.8	\$14.3	\$5.5	38 %
Commodities	\$0.4	\$0.4	\$0.7	\$0.3	43 %
Capital Outlays	\$0.1	\$2.9	\$0.2	(\$2.7)	-1,350 %
<b>Total Operating Expenses</b>	<b>\$19.8</b>	<b>\$16.6</b>	<b>\$19.7</b>	<b>\$3.1</b>	<b>16 %</b>
Transfers Out	-	-	-	-	-
<b>Total Uses</b>	<b>\$19.8</b>	<b>\$16.6</b>	<b>\$19.7</b>	<b>\$3.1</b>	<b>16 %</b>

\*Includes budgeted vacancy savings, leave accrual payouts and position reclassifications.

**Actual to Revised Budget variance of \$3.1 million or 16%:** The favorable variance in Contractual Services is primarily the result of American Recovery and Reinvestment Act (ARRA) paving projects expenditures being applied to Capital Outlays and not in the Contractual Services accounts where the funding for those projects is budgeted. This recording of ARRA expenditures is then creating an unfavorable variance in Capital Outlays. In addition, the favorable variance in Contractual Services is attributable to the invoice timing for Transportation's transit contracts with the Regional Public Transportation Authority (RPTA) and the Trolley. The RPTA invoices are yet to be received due to contracts that were modified by the RPTA. The City Council approved these contracts in March and the City is currently awaiting receipt of the invoices from the RPTA.

## FLEET MANAGEMENT FUND

FY 2010/11				
(\$ in millions)				
	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Change</u>	<u>% Var</u>
<b>Sources</b>	<b>\$14.4</b>	<b>\$14.4</b>	-	-
<b>Uses</b>	<b>\$15.1</b>	<b>\$15.1</b>	-	-
<b>Change in Fund</b>	<b>(\$0.7)</b>	<b>(\$0.7)</b>	-	-
Beginning Fund	\$9.1	\$9.1	-	-
<b>Ending Fund Balance</b>	<b>\$8.3</b>	<b>\$8.3</b>	-	-

### 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) 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 rental rates, similar to car payments, except Fleet uses the accumulated payments to purchase replacement vehicles and other related equipment at the end of the current vehicle's useful life.

Fiscal Year (Twelve Months)					
<u>Category:</u>	<u>2008/09 Actual</u>	<u>2009/10 Actual</u>	<u>2010/11 Adopted Budget</u>	<u>2010/11 Revised Budget</u>	<u>2010/11 Approved Adjustments</u>
Maintenance/Operation Rates	\$12.9	\$11.5	\$11.2	\$11.2	-
Replacement Rates	\$5.4	\$1.7	\$2.9	\$2.9	-
Interest Earnings	\$0.4	\$0.3	\$0.1	\$0.1	-
Developer Contributions	-	-	-	-	-
Other Revenue	\$0.2	\$0.4	\$0.2	\$0.2	-
<b>Total Revenues</b>	<b>\$18.9</b>	<b>\$13.9</b>	<b>\$14.4</b>	<b>\$14.4</b>	<b>-</b>
Transfers In	\$2.0	\$1.1	-	-	-
<b>Total Sources</b>	<b>\$20.9</b>	<b>\$15.0</b>	<b>\$14.4</b>	<b>\$14.4</b>	<b>-</b>
<b>% Change vs. Prior Year</b>		-28.2 %	-4.0 %		

Fiscal Year-to-Date March 2011						
<u>Category:</u>	<u>2008/09 Actual</u>	<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>
Maintenance/Operation Rates	\$9.6	\$8.6	\$8.4	\$8.4	-	-
Replacement Rates	\$4.1	\$1.3	\$2.2	\$2.2	-	-
Interest Earnings	\$0.4	\$0.2	\$0.2	\$0.1	\$0.1	100 %
Developer Contributions	\$1.0	-	-	-	-	-
Other Revenue	\$0.1	\$0.3	(\$0.2)	\$0.2	(\$0.4)	-200 %
<b>Total Revenues</b>	<b>\$15.2</b>	<b>\$10.4</b>	<b>\$10.6</b>	<b>\$10.9</b>	<b>(\$0.3)</b>	<b>-3 %</b>
Transfers In	-	-	\$0.2	-	\$0.2	-20 %
<b>Total Sources</b>	<b>\$15.2</b>	<b>\$10.4</b>	<b>\$10.8</b>	<b>\$10.9</b>	<b>(\$0.1)</b>	<b>-1 %</b>
<b>% Change vs. Prior Year</b>		-31.6 %	3.8 %			

**Actual to Revised Budget variance of (\$0.1) million or (1%):** The unfavorable variance in "Other Revenue" is the result of losses on the disposal of assets and is then offset by the better than expected interest earnings.

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

Fiscal Year (Twelve Months)				
<b>Expenses:</b>	<b>2009/10 Actual</b>	<b>2010/11 Adopted Budget</b>	<b>2010/11 Revised Budget</b>	<b>2010/11 Approved Adjustments</b>
Personnel Services	\$3.2	\$3.1	\$3.1	-
Contractual	\$1.2	\$1.5	\$1.5	-
Commodities	\$5.6	\$6.8	\$6.8	-
Capital Outlays	\$3.5	\$3.7	\$3.7	-
<b>Total Operating</b>	<b>\$13.5</b>	<b>\$15.1</b>	<b>\$15.1</b>	-
Transfers Out	\$0.7	-	-	-
<b>Total Uses</b>	<b>\$14.2</b>	<b>\$15.1</b>	<b>\$15.1</b>	-

Fiscal Year-to-Date March 2011					
<b>Expenses:</b>	<b>2009/10 Actual</b>	<b>2010/11 Actual</b>	<b>2010/11 Revised Budget</b>	<b>Actual vs. Budget Favorable / (Unfavorable) Amount</b>	<b>Percent</b>
Personnel Services	\$2.4	\$2.3	\$2.3	-	-
Contractual	\$0.9	\$0.9	\$1.2	\$0.3	25 %
Commodities	\$3.2	\$3.7	\$4.5	\$0.8	18 %
Capital Outlays	\$2.8	\$1.0	\$2.7	\$1.7	63 %
<b>Total Operating</b>	<b>\$9.3</b>	<b>\$7.9</b>	<b>\$10.7</b>	<b>\$2.8</b>	<b>26 %</b>
Transfers Out	-	-	-	-	-
<b>Total Uses</b>	<b>\$9.3</b>	<b>\$7.9</b>	<b>\$10.7</b>	<b>\$2.8</b>	<b>26 %</b>

**Actual to Revised Budget variance of \$2.8 million or 26%:** The favorable variance in Contractual is primarily the result of a delay in expenditure processing. The Commodities favorable variance is related to fuel. The amount budgeted for fuel assumed a standard rate higher than the actual rate recorded year to date. The City expects a portion of this variance will be used due to the rise in fuel costs. Finally, the Capital Outlays favorable variance is attributable to the difficulty of forecasting the timing of vehicle acquisitions, and delaying expenditures until a vehicle achieves all of the required miles and age replacement criteria.

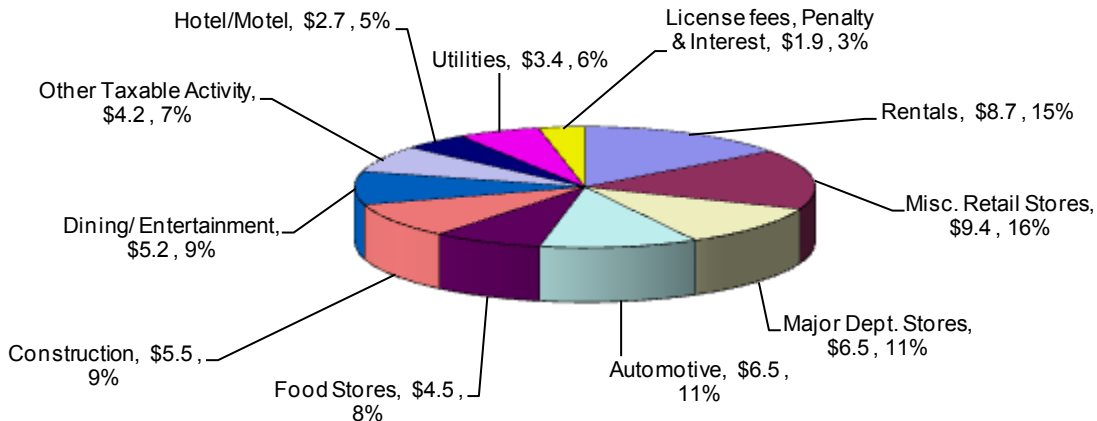


## Privilege (Sales) & Use Tax Collections For March 2011 (For Business Activity in February 2011)

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 (1.00% General Purpose) collection increase of 2 percent compared to the revised Budget, and a decrease of less than 1 percent compared to the same period a year ago.

**Privilege (Sales) & Use Tax  
1.0% General Purpose Portion  
\$58.5M Revenue - Actual YTD**



## Privilege (Sales) &amp; 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	\$11.2	\$11.5	0.3	\$11.8
Misc. Retail Stores	12.1	12.1	12.7	(0.2)	12.5
Major Dept. Stores	8.8	9.0	9.1	(0.3)	8.8
Automotive	9.6	8.4	8.7	(0.5)	8.2
Food Stores	6.3	6.0	6.4	(0.2)	6.2
Construction	13.5	8.2	8.5	(0.7)	7.8
Dining/ Entertainment	6.9	6.8	7.0	-	7.0
Other Taxable Activity	6.2	5.5	5.4	(0.2)	5.2
Hotel/Motel	4.4	4.0	4.3	(0.2)	4.1
Utilities	4.4	4.8	4.7	(0.2)	4.5
License fees, Penalty & Interest	2.6	2.4	2.3	(0.1)	2.2
Subtotal	<u>\$87.3</u>	<u>\$78.3</u>	<u>\$80.5</u>	<u>(2.2)</u>	<u>\$78.3</u>
0.10% Public Safety	\$8.4	\$7.5	\$7.8	(0.2)	\$7.6
0.20% Transportation	16.5	14.6	15.2	(0.4)	14.8
0.20% McDowell Preserve 1995	17.0	15.2	15.6	(0.3)	15.3
0.15% McDowell Preserve 2004	12.6	11.3	12.1	(0.7)	11.4
Total	<u>\$141.8</u>	<u>\$126.9</u>	<u>\$131.2</u>	<u>(3.8)</u>	<u>\$127.4</u>
% Change vs. Prior Year		-11%	3%		0%

	Fiscal Year-to-Date March					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	\$9.4	\$9.1	\$8.7	\$8.8	(0.1)	-1%	
Misc. Retail Stores	9.1	8.8	9.4	9.1	0.3	3%	
Major Dept. Stores	6.6	6.7	6.5	6.5	-	0%	
Automotive	7.5	6.2	6.5	5.9	0.6	10%	
Food Stores	4.7	4.4	4.5	4.6	(0.1)	-2%	
Construction	10.7	6.3	5.5	5.8	(0.3)	-5%	
Dining/ Entertainment	5.1	4.8	5.2	5.0	0.2	4%	
Other Taxable Activity	4.7	4.1	4.2	3.8	0.4	11%	
Hotel/Motel	3.2	2.6	2.7	2.7	-	0%	
Utilities	3.3	3.8	3.4	3.5	(0.1)	-3%	
License fees, Penalty & Interest	2.1	2.0	1.9	1.8	0.1	6%	
Subtotal	<u>\$66.4</u>	<u>\$58.8</u>	<u>\$58.5</u>	<u>\$57.5</u>	<u>\$1.0</u>	<u>2%</u>	
0.10% Public Safety	\$6.4	\$5.6	\$5.7	\$5.6	0.1	2%	
0.20% Transportation	12.5	10.9	10.9	10.9	-	0%	
0.20% McDowell Preserve 1995	12.9	11.4	11.3	11.2	0.1	1%	
0.15% McDowell Preserve 2004	9.6	8.5	8.5	8.3	0.2	2%	
Total	<u>\$107.8</u>	<u>\$95.2</u>	<u>\$94.9</u>	<u>\$93.5</u>	<u>\$1.4</u>	<u>1%</u>	
% Change vs. Prior Year		-12%	0%	-2%			

**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 Revised Budget variance of (\$0.1) million or (1%):** The unfavorable variance is the result of commercial building rental rates continuing to be lower and the vacancy rate remaining relatively steady.

**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 Revised Budget variance of \$0.3 million or 3%:** The favorable variance is due to retail sales increasing for electronics and clothing.

**Major Department Stores Sales Taxes**

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

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

**Automotive Sales Taxes**

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

**Actual to Revised Budget variance of \$0.6 million or 10%:** The favorable variance is a result of an increase in automotive sales and mirrors the nation-wide trend.

**Food Stores Sales Taxes**

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

**Actual to Revised Budget variance of (\$0.1) million or (2%):** Part of this variance is due to the late filing of February returns by two food stores.

**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 Revised Budget variance of (\$0.3) million or (5%):** The unfavorable variance is mostly a result of a decrease in commercial building projects.

**Dining/Entertainment Sales Taxes**

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

**Actual to Revised Budget variance of \$0.2 million or 4%:** The favorable variance is due to increased sales at restaurants and bars as well as the receipt of a large audit payment in March.

**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 Revised Budget variance of \$0.4 million or 11%:** The computer wholesalers have reported several large taxable sales in recent months. Additionally there is a new movie theatre that opened.

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

**Utilities Sales Taxes**

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

***Actual to Revised Budget variance of (\$0.1) million or (3%):*** The telecommunication sector of this category continues to show decreases.

**License Fees, Penalty & Interest**

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

***Actual to Revised Budget variance of \$0.1 million or 6%:*** There is no specific explanation for this favorable variance.