



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

Report to the City Council

Prepared by City Treasurer – Finance and Accounting Division

June 17, 2011



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

The following is a financial summary of the City's YTD May 2011 General Fund, Transportation Fund, Fleet Fund and Enterprise Funds. 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 - General Fund and Transportation Fund</b>				
<b>YTD May 2011</b>				
<b>(\$ in millions)</b>				
	Revised Budget	2010/11 Actual	Change	%Change
Sources	\$251.4	\$255.7	\$4.3	2%
Uses	234.8	227.8	7.0	3%
Change in Fund Balance	\$16.6	\$27.9	\$11.3	

<b>Operating Results - General Fund and Transportation Fund</b>				
<b>May 2011</b>				
<b>(\$ in millions)</b>				
	Revised Budget	2010/11 Actual	Change	%Change
Sources	\$25.8	\$26.6	\$0.8	3%
Uses	20.7	19.8	0.9	4%
Change in Fund Balance	\$5.1	\$6.8	\$1.7	

## GENERAL FUND

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

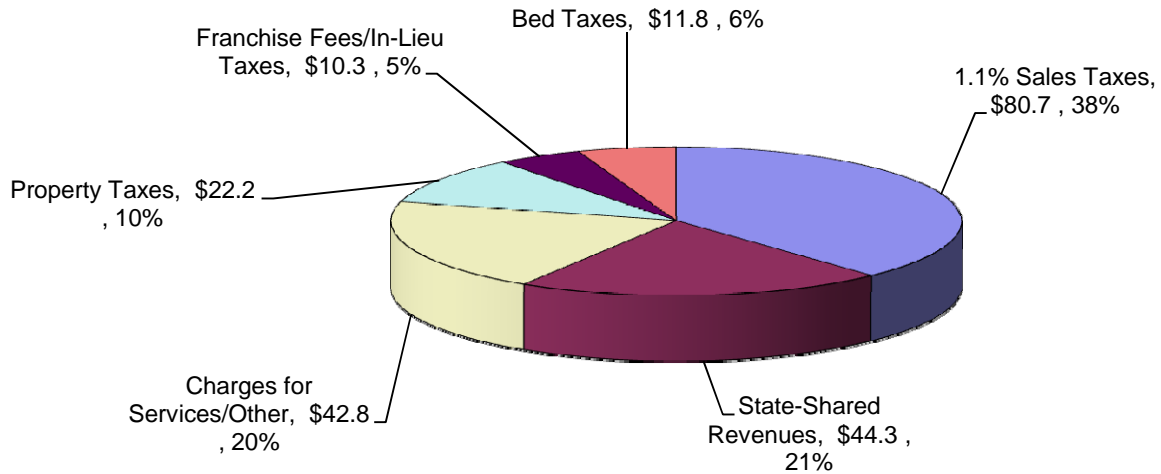
	Adopted Budget	Revised Budget	Change	% Change
Sources	\$243.2	\$242.7	(\$0.5)	0%
Uses	251.6	247.1	4.5	2%
Change in Fund Balance	(\$8.4)	(\$4.4)	\$4.0	
Beginning Fund Balance	\$37.2	\$39.0	\$1.8	
Ending Fund Balance	\$28.7	\$34.5	\$5.8	
Reserved*	\$26.2	\$25.6	(\$0.6)	
Contingency	\$2.5	\$2.4	(\$0.1)	
Unreserved	\$0.0	\$6.5	\$6.5	

\*General Fund Reserved is the calculation of 10% General Fund Operating Expenses plus 10% Transportation Fund Operating Expenses.

### 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.

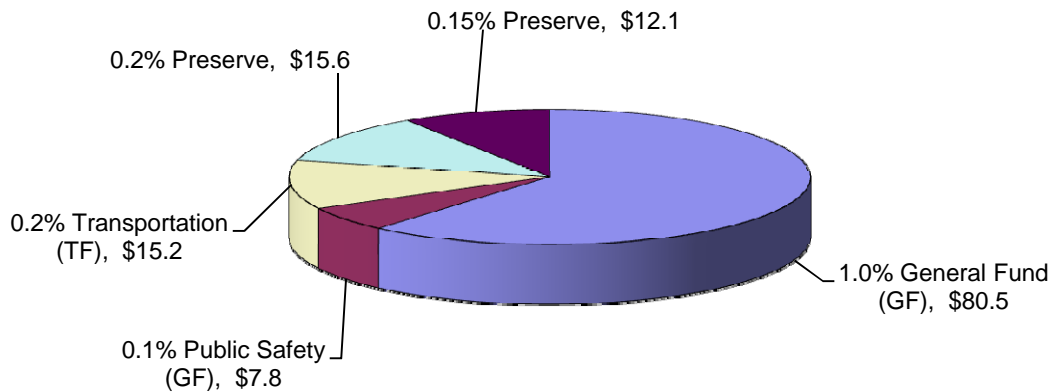
### General Fund Revenues \$212.1 Million Fiscal Year-to-Date May 2011



	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 May 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	\$88.6	\$79.8	\$80.7	\$78.7	\$2.0	3%
State-Shared Revenues	57.2	50.9	44.3	44.7	(0.4)	-1%
Charges for Services/Other	45.9	44.8	42.8	42.4	0.4	1%
Property Taxes	20.0	21.5	22.2	22.5	(0.3)	-1%
Franchise Fees/In-Lieu Taxes	11.5	11.5	10.3	10.8	(0.5)	-5%
Bed Taxes	1.4	6.5	11.8	11.3	0.5	4%
Total Revenue	\$224.6	\$215.0	\$212.1	\$210.4	\$1.7	1%
Transfers In	26.5	17.7	10.9	11.1	(0.2)	-2%
Total Sources	\$251.1	\$232.7	\$223.0	\$221.5	\$1.5	1%
% Change vs. Prior Year		-7%	-4%	-5%		

**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 May 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	\$80.8	\$72.8	\$73.6	\$71.7	\$1.9	3%
0.10% Public Safety Sales Tax	7.8	7.0	7.1	7.0	0.1	1%
Total General Fund Sales Taxes	\$88.6	\$79.8	\$80.7	\$78.7	\$2.0	3%
% Change vs. Prior Year		-10%	1%	-1%		

**Actual to Revised Budget variance of \$2.0 million or 3%:**

Automotive sales are up attributing to a favorable \$0.7 million increase in General Purpose sales taxes. The Miscellaneous Retail Store sales tax category is also up by \$0.4 million due in part to three large audit payments totaling \$0.2 million. The Dining/Entertainment sales tax category is showing a \$0.3 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 May 2011					
	2008/09	2009/10	2010/11	2010/11	Actual vs. Budget	
	Actual	Actual	Actual	Revised	Favorable/(Unfavorable)	
				Budget	Amount	Percent
State Revenue Sharing	\$32.2	\$27.8	\$20.9	\$20.9	\$0.0	0%
State Shared Sales Tax	17.5	15.8	16.3	16.3	0.0	0%
Auto Lieu Tax	7.5	7.3	7.1	7.5	(0.4)	-5%
Total State Shared Revenues	\$57.2	\$50.9	\$44.3	\$44.7	(\$0.4)	-1%
% Change vs. Prior Year		-11%	-13%	-12%		

**Actual to Revised Budget variance of (\$0.4) million or (1%):**

Auto lieu taxes continue to be less than budgeted as fewer people are buying newer vehicles and continue to drive their older, depreciating vehicles. State sales taxes saw a seventh consecutive monthly year-over-year positive growth and is beginning to show favorable results.

**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	Revised
			Budget	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 May 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	\$0.7	\$0.8	\$0.8	\$0.8	\$0.0	0%
<i>Licenses, Permits &amp; Fees</i>						
Building Permit Fees & Charges	5.9	6.3	6.5	7.4	(0.9)	-12%
Recreation Fees	2.6	2.7	2.9	2.8	0.1	4%
WestWorld	2.2	2.4	2.1	2.2	(0.1)	-5%
Fire Service Charges	2.2	1.2	0.7	0.6	0.1	17%
Business Licenses & Fees	1.7	1.6	1.7	1.6	0.1	6%
<i>Fines &amp; Forfeitures</i>						
Court Fines	6.0	6.8	4.0	4.4	(0.4)	-9%
Photo Enforcement Revenue	2.3	1.6	1.8	1.6	0.2	13%
Parking Fines	0.4	0.3	0.2	0.4	(0.2)	-50%
Library Fines & Fees	0.3	0.3	0.4	0.3	0.1	33%
<i>Interest Earnings/Property Rental</i>						
Interest Earnings	3.6	1.7	1.6	0.9	0.7	78%
Property Rental	3.1	2.7	3.1	2.7	0.4	15%
<i>Other Revenue</i>						
Indirect/Direct Cost Allocation	12.7	14.6	12.7	12.9	(0.2)	-2%
Intergovernmental Revenue	1.2	1.0	0.8	0.8	-	0%
Miscellaneous	0.6	0.4	0.5	0.4	0.1	25%
Reimbursements	0.4	0.4	3.0	2.6	0.4	15%
Total Charges for Services/Other	\$45.9	\$44.8	\$42.8	\$42.4	\$0.4	1%
% Change vs. Prior Year		-2%	-4%	-5%		

**Actual to Revised Budget variance of \$0.4 million or 1%:**

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 Rental revenues from the Scottsdale Princess and the Tournament Players Club are currently experiencing favorable results.

**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 (\$0.3) million or (1%):**

An unfavorable variance 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.

**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 May 2011					
	2008/09	2009/10	2010/11	2010/11	Actual vs. Budget	
	Actual	Actual	Actual	Revised Budget	Favorable/(Unfavorable)	
					Amount	Percent
Electric and Gas Franchise	\$7.8	\$8.0	\$7.8	\$8.2	(\$0.4)	-5%
Cable TV Franchise	3.6	3.4	2.3	2.5	(0.2)	-8%
Salt River Project Lieu Tax	0.1	0.1	0.2	0.1	0.1	100%
Total Franchise Fees/In-Lieu Taxes	\$11.5	\$11.5	\$10.3	\$10.8	(\$0.5)	-5%
% Change vs. Prior Year		0%	-10%	-6%		

**Actual to Revised Budget variance of (\$0.5) million or (5%):**

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 3 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 \$0.5 million or 4%:**

Increased tourism activity has produced favorable results for the past 5 months.

**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 Budget	Revised 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 May 2011					
	2008/09	2009/10	2010/11	2010/11	Actual vs. Budget	
	Actual	Actual	Actual	Revised Budget	Favorable/(Unfavorable) Amount	Percent
CIP	\$14.0	\$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	5.2	5.4	5.3	5.5	(0.2)	-4%
Enterprise In Lieu Property Tax	2.2	2.5	1.6	1.6	-	0%
Water Campus Security	-	0.4	0.4	0.4	-	0%
Total Transfers In	\$26.5	\$17.7	\$10.9	\$11.1	(\$0.2)	-2%
% Change vs. Prior Year		-33%	-38%	-37%		

**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 (Twelve Months)				
	2008/09 Actual	2009/10 Actual	2010/11 Adopted Budget	2010/11 Revised Budget	2010/11 Approved Adjustments
Expenses:					
Personnel Services	n/a	\$168.0	\$162.5 *	\$160.9 *	(\$1.6)
Contractual	n/a	\$48.8	\$54.9	\$52.0	(\$2.9)
Commodities	n/a	\$7.7	\$8.9	\$7.8	(\$1.1)
Capital Outlays	n/a	\$0.5	\$4.1	\$4.2	\$0.1
Total Operating Expenses	n/a	\$225.0	\$230.4	\$224.9	(\$5.5)
Debt Service & Contracts Payable	n/a	\$9.0	\$11.9	\$11.9	-
Transfers Out	n/a	\$20.1	\$9.3	\$10.3	\$1.0
Total Uses	n/a	\$254.1	\$251.6 *	\$247.1 *	(\$4.5)
% Change vs. Prior Year		n/a	-1%	-3%	

	Fiscal Year-to-Date May 2011					Actual vs. Budget	
	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Revised Budget	Favorable / Amount	(Unfavorable) Percent	
Expenses:							
Personnel Services	n/a	\$152.8	\$145.0	\$147.4	\$2.4	2%	
Contractual	n/a	\$42.5	\$42.6	\$43.9	\$1.3	3%	
Commodities	n/a	\$6.6	\$5.8	\$6.6	\$0.8	12%	
Capital Outlays	n/a	\$0.2	\$0.2	\$3.3	\$3.1	94%	
Total Operating Expenses	n/a	\$202.1	\$193.6	\$201.2	\$7.6	4%	
Debt Service & Contracts Payable	n/a	\$1.6	\$3.7	\$3.4	(\$0.3)	-9%	
Transfers Out	n/a	\$5.3	\$7.3	\$5.7	(\$1.6)	-28%	
Total Uses	n/a	\$209.0	\$204.6	\$210.3	\$5.7	3%	
% Change vs. Prior Year		n/a	-2%	1%			

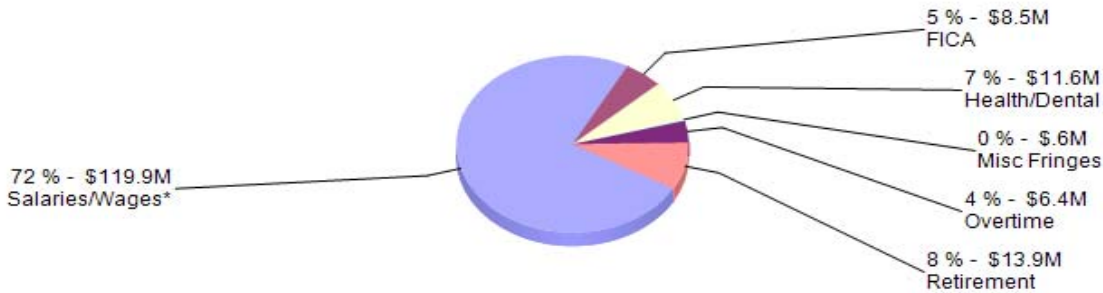
	Fiscal Year-to-Date May 2011					Actual vs. Budget	
	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Revised Budget	Favorable / Amount	(Unfavorable) Percent	
Expenses:							
MAYOR AND CITY COUNCIL	n/a	\$0.6	\$0.5	\$0.6	\$0.1	17%	
CITY CLERK	n/a	\$1.0	\$0.9	\$1.1	\$0.2	18%	
CITY ATTORNEY	n/a	\$5.7	\$5.0	\$5.3	\$0.3	6%	
CITY AUDITOR	n/a	\$0.7	\$0.7	\$0.8	\$0.1	13%	
CITY COURT	n/a	\$4.3	\$3.8	\$4.1	\$0.3	7%	
CITY MANAGER	n/a	\$1.6	\$1.3	\$1.3	-	-	
PUBLIC WORKS	n/a	\$14.3	\$13.3	\$14.2	\$0.9	6%	
COMMUNITY & ECONOMIC DEV	n/a	\$23.0	\$23.4	\$25.2	\$1.8	7%	
PUBLIC SAFETY - FIRE	n/a	\$24.9	\$24.3	\$24.7	\$0.4	2%	
PUBLIC SAFETY - POLICE	n/a	\$74.8	\$71.8	\$73.4	\$1.6	2%	
CITY TREASURER - FINANCE AND ACCOUNTING	n/a	\$4.4	\$4.4	\$4.4	-	-	
HUMAN RESOURCES	n/a	\$3.1	\$2.7	\$3.0	\$0.3	10%	
COMMUNITY SERVICES	n/a	\$32.3	\$30.6	\$32.1	\$1.5	5%	
INFORMATION TECHNOLOGY	n/a	\$8.6	\$8.1	\$8.4	\$0.3	4%	
ADMINISTRATIVE SERVICES	n/a	\$2.8	\$2.8	\$2.6	(\$0.2)	-8%	
Total Operating Expenses	n/a	\$202.1	\$193.6	\$201.2	\$7.6	4%	

\*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  
\$160.9M Personnel Services: Revised Budget**



	Fiscal Year (Twelve Months)				
	2008/2009 Actual	2009/10 Actual	2010/11 Adopted Budget	2010/11 Revised Budget	2010/11 Approved Adjustments
Salaries and Wages	n/a	\$122.6	\$119.9 *	\$119.9 *	-
Overtime	n/a	\$6.1	\$7.3	\$6.4	(\$0.9)
Retirement	n/a	\$15.2	\$14.2	\$13.9	(\$0.3)
Health/Dental	n/a	\$15.1	\$11.8	\$11.6	(\$0.2)
FICA	n/a	\$8.4	\$8.7	\$8.5	(\$0.2)
Miscellaneous Fringes	n/a	\$0.6	\$0.6	\$0.6	-
<b>Total Personnel Services</b>	<b>n/a</b>	<b>\$168.0</b>	<b>\$162.5 *</b>	<b>\$160.9 *</b>	<b>(\$1.6)</b>
<b>% Change vs. Prior Year</b>		n/a	-3%	-4%	

	Fiscal Year-to-Date May 2011						
	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Revised Budget	Actual vs. Budget		
					Favorable Amount	(Unfavorable) Percent	
Salaries and Wages	n/a	\$112.6	\$109.4	\$109.9	\$0.5	0%	
Overtime	n/a	\$5.6	\$5.2	\$5.9	\$0.7	12%	
Retirement	n/a	\$12.4	\$12.1	\$12.8	\$0.7	5%	
Health/Dental	n/a	\$13.9	\$10.2	\$10.3	\$0.1	1%	
FICA	n/a	\$7.8	\$7.5	\$7.9	\$0.4	5%	
Miscellaneous Fringes	n/a	\$0.5	\$0.6	\$0.6	-	-	
<b>Total Personnel Services</b>	<b>n/a</b>	<b>\$152.8</b>	<b>\$145.0</b>	<b>\$147.4</b>	<b>\$2.4</b>	<b>2%</b>	
<b>% Change vs. Prior Year</b>		n/a	-5%	-4%			

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

**Actual to Revised Budget variance of \$2.4 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 has created a favorable variance in the Federal Insurance Contributions Act (FICA) and retirement accounts. The part-time wages budget in Community Services is also contributing to the favorable variance due to the ongoing efforts of re-evaluating work schedules and coverage.

### 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.

	2008/09	2009/10	2010/11	2010/11	
	Actual	Actual	Adopted	Year-To-Date	Remaining
			Budget	Achieved/(Used)	
Vacancy Savings	n/a	(\$5.1)	(\$3.0)	\$3.4	\$0.4
Vacation Leave Payouts	n/a	\$0.7	\$0.6	(\$0.6)	-
Medical Leave Payouts	n/a	\$1.0	\$0.8	(\$1.0)	(\$0.2)
Reclassifications	n/a	\$0.2	\$0.3	-	\$0.3
Total Vacancy Sav/Payouts/Reclass	n/a	(\$3.2)	(\$1.3)	\$1.8	\$0.5

**Total Achieved/(Used) YTD of \$1.8 million** The City has achieved \$3.4 million in vacancy savings year-to-date. The City Manager has been intentionally holding positions vacant and delaying recruitments in an effort to exceed the vacancy savings budgeted amount of \$3.0 million. Based on the fiscal year-to-date activity, \$3.7 million in vacancy savings is anticipated at year-end. Vacation Leave Payouts has resulted in fully expending the budget for the fiscal year. Medical leave payouts are more year-to-date than expected and will result in a negative variance at year-end. Finally, the budget for position reclassifications remains unused and will produce savings at year-end offsetting the medical leave payouts' unfavorable variance.

### Contractual Services

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

**Actual to Revised Budget variance of \$1.3 million or 3%:** The favorable variance is primarily attributable to those expenditures that are difficult to budget for because of their unpredictable timing and nature of maintenance repairs and emergencies (e.g. repair, building maintenance services, painting, fire alarm maintenance, elevators, etc).

A positive year end variance is anticipated in this account category due to budget reduction initiatives such as the renegotiation of the current custodial services contract and pager and specialty lines contract, a reduction in requesting outside printing and graphics services, and limiting expenses in professional and consultant services.

### Commodities

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

**Actual to Revised Budget variance of \$0.8 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, the favorable variance is also a result of Citywide efforts to conserve and reduce supplies costs.

### 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 \$3.1 million or 94%:** 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 was budgeted. Thus creating an offsetting variance in Contractual Services and Commodities. 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. In addition, a few operating projects are being re-evaluated to determine if they can be deferred until future years. The City does anticipate year-end savings in this category.



































