



FY 2008/09 Operating Results

Report to the City Council and Budget Review Commission
Prepared by Financial Management Division
September 17, 2009



FINANCIAL REPORT FOR FISCAL YEAR 2008/09

The following is a financial summary of how the City ended FY 2008/09 for the operating funds, which consist of the General Fund and the Transportation Fund. The General Fund is the primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

The report will include a summary for General Fund and Transportation Fund revenues and expenditures by major categories. Significant actual to budget variances and year-over-year changes will be highlighted. The report also includes an Appendix which details the City's Privilege (Sales) Tax by major category. Additionally, Appendix 2 and 3 are detailed General Fund and Transportation schedules including beginning fund balance, source of funds, use of funds, and ending fund balance.

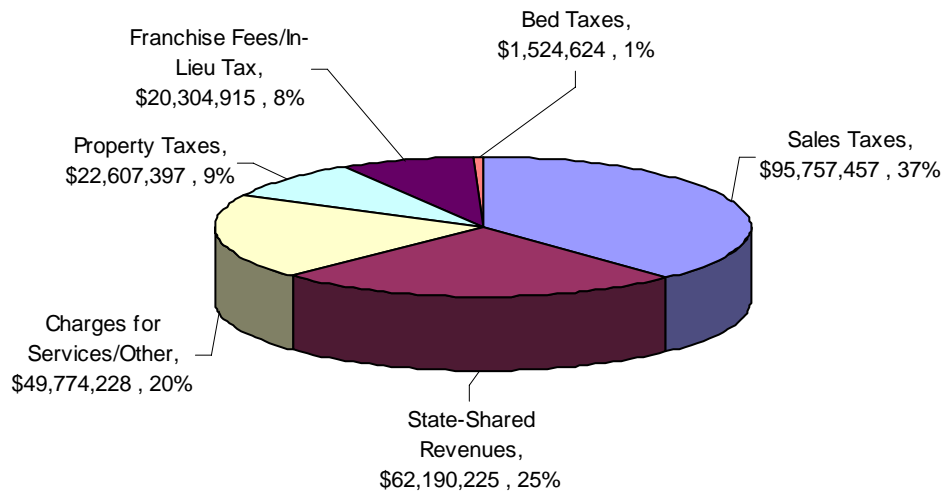
GENERAL FUND

General Fund						
Fiscal Year 2008/09 Results						
(\$ in millions)						
	<u>Adopted</u>	<u>Projected</u>	<u>Actual</u>	\$ <u>Variance</u>	% <u>Variance</u>	
Sources	\$ 286.8	\$ 273.2	\$ 271.2	\$ (2.0)	-1%	
Uses	\$ 287.8	\$ 283.3	\$ 274.4	\$ 8.9	3%	
Other	\$ -	\$ 0.5	\$ 0.2	\$ (0.3)		
Use of Fund Balance	\$ (1.0)	\$ (9.6)	\$ (3.0)	\$ 6.6		
Fund Balance:						
Reserved	\$ 30.5	\$ 25.9	\$ 25.9	\$ -		
Contingency	\$ 5.0	\$ 5.0	\$ 5.0	\$ -		
Unreserved	\$ 4.1	\$ 3.8	\$ 10.4	\$ 6.6		
Total Fund Balance	<u>\$ 39.6</u>	<u>\$ 34.7</u>	<u>\$ 41.3</u>	<u>\$ 6.6</u>		

**General Fund
Fiscal Year 2008/09 Revenues**

Category	Adopted	Revised	2008/09	Variance	%	2007/08	Year Over	%
	Budget	Budget	Actual	Favorable (Unfavorable)			Change	
Sales Taxes	\$ 116,611,100	\$ 96,908,980	\$ 95,757,457	\$ (1,151,523)	-1%	\$ 115,561,908	\$ (19,804,451)	-17%
State-Shared Revenues	65,700,000	62,500,000	62,190,225	(309,775)	0%	64,651,274	(2,461,049)	-4%
Charges for Services/Other	56,955,944	50,066,452	49,774,228	(292,224)	-1%	58,815,277	(9,041,049)	-15%
Property Taxes	22,360,631	22,167,031	22,607,397	440,366	2%	20,414,025	2,193,372	11%
Franchise Fees/In-Lieu Tax	20,687,298	20,890,023	20,304,915	(585,108)	-3%	20,812,400	(507,485)	-2%
Bed Taxes	1,972,400	1,598,306	1,524,624	(73,682)	-5%	2,346,219	(821,595)	-35%
Total Revenue	\$ 284,287,373	\$ 254,130,792	\$ 252,158,847	\$ (1,971,945)	-1%	\$ 282,601,103	\$ (30,442,256)	-11%
Transfers In	2,500,000	19,130,000	19,065,983	(64,017)	0%	840,691	18,225,292	2168%
Total Sources	\$ 286,787,373	\$ 273,260,792	\$ 271,224,830	\$ (2,035,962)	-1%	\$ 283,441,794	\$ (12,216,964)	-4%

\$252.2M Revenue



General Fund Sources

The General Fund is the primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government such as police and fire protection, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
General Fund Sources	\$286,787,373	\$273,260,792	\$271,224,830	(\$2,035,962)	-1%	\$283,441,794	(\$12,216,964)	-4%

Actual to Budget variance of (\$2,035,962) or (1%) is explained below by category. In summary, it is the result of lower sales taxes and lower franchise fees.

Year-Over-Year change of (\$12,216,964) or (4%) is the cumulative effect of the recession and is further explained below.

Sales Taxes

Scottsdale's total City sales tax rate is 1.65 percent. Of that amount, 0.55 percent is dedicated to the specific purposes related to transportation and preservation (which are accounted for in Special Revenue Funds) and 0.10 percent in dedicated to public safety (accounted for in the General Fund). The remaining 1.0 percent of

the sales tax is also accounted for in the General Fund and is available to fund basic municipal services such as police, fire, libraries, and parks. This general-purpose sales tax is the City's single largest revenue source and is considered an "elastic" revenue source susceptible to peaks and valleys, based on events in the national, state and local economies. These sales taxes are tracked by categories and these results can be found in Appendix 1.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
General Purpose Sales Tax	\$106,300,000	\$88,340,000	\$87,328,386	(\$1,011,614)	-1%	\$105,317,750	(\$17,989,364)	-17%
Public Safety Sales Tax	\$10,311,100	\$8,568,980	\$8,429,071	(\$139,909)	-2%	\$10,244,158	(\$1,815,087)	-18%
Total Sales Taxes	\$116,611,100	\$96,908,980	\$95,757,457	(\$1,151,523)	-1%	\$115,561,908	(\$19,804,451)	-17%

Actual to Budget variance of (\$1,151,523) or (1%) primarily attributed to lower than expected revenues from the hotel/motel and property rental classifications. Hotel/motel revenues have been impacted by the sharp decline in the tourism industry. Property rentals have been affected by vacancies and declining rental rates. See Appendix 1 for further information about results by sales tax categories.

Year-Over-Year change of (\$19,804,451) or (17%): FY 2008/09 actual revenues declined due to the downturn of the economy impacting most categories but especially affecting the automotive and construction classifications. 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) shared with Arizona cities and towns, based on a statutorily determined formula, primarily driven by population. This revenue is an elastic revenue susceptible to peaks and valleys based on events in the national, state and local economies.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
State Revenue Sharing	\$34,000,000	\$34,600,000	\$35,102,991	\$502,991	1%	\$33,036,655	\$2,066,336	6%
State Shared Sales Tax	\$22,000,000	\$19,900,000	\$18,935,910	(\$964,090)	-5%	\$21,652,550	(\$2,716,640)	-13%
Auto Lieu Tax	\$9,700,000	\$8,000,000	\$8,151,324	\$151,324	2%	\$9,962,069	(\$1,810,745)	-18%
Total State Shared Revenues	\$65,700,000	\$62,500,000	\$62,190,225	(\$309,775)	0%	\$64,651,274	(\$2,461,049)	-4%

Actual to Budget variance of (\$309,775) or (0%): State Revenue Sharing was higher than budgeted as the Arizona League of City's and Towns estimates were too low. State Shared Sales taxes were lower than budgeted due to continued declines in sales tax collections especially in the contracting and retail segments.

Year-Over-Year change of (\$2,461,049) or (4%) due to drop in State Shared Sales Taxes and Auto Lieu Taxes. State Revenue Sharing was up as the income taxes that are distributed from the State have a two-year lag and therefore do not yet reflect the downtown in the economy. State Shared Sales Taxes were down over 13% with largest declines in the motor vehicles and building materials segments. The Arizona Department of Transportation attributes modest job growth and fewer people moving to Arizona as factors contributing to the decline in Vehicle License Tax collections (auto lieu).

Charges for Services/Other

Charges for Services include numerous revenues such as building permits, recreation fees, fire department fees and WestWorld fees. Certain components of this revenue source are subject to dramatic peaks and valleys from year to year. For example, building permit fees are based on developers' interest in construction projects and ability to secure financing for the projects. "Other" refers to all other lines not specifically mentioned in other categories.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
<i>Taxes - Local</i>								
Stormwater Water Quality Charge	\$842,000	\$830,000	\$814,326	(\$15,674)	-2%	\$861,021	(\$46,695)	-5%
<i>Licenses, Permits & Fees</i>								
Building Permit Fees & Charges	\$14,500,000	\$6,626,100	\$6,911,195	\$285,095	4%	\$12,454,445	(\$5,543,250)	-45%
Recreation Fees	\$3,114,000	\$3,114,000	\$3,206,506	\$92,506	3%	\$2,819,553	\$386,953	14%
WestWorld	\$2,387,000	\$2,728,000	\$2,663,389	(\$64,611)	-2%	\$2,784,969	(\$121,580)	-4%
Fire Service Charges	\$1,440,000	\$2,331,381	\$1,752,393	(\$578,988)	-25%	\$1,067,593	\$684,800	64%
Business Licenses & Fees	\$1,835,000	\$1,670,000	\$1,733,104	\$63,104	4%	\$1,760,535	(\$27,431)	-2%
<i>Fines & Forfeitures</i>								
Court Fines	\$6,451,000	\$6,400,000	\$6,670,715	\$270,715	4%	\$6,792,909	(\$122,194)	-2%
Photo Enforcement Revenue	\$1,869,000	\$1,570,000	\$1,683,826	\$113,826	7%	\$1,518,675	\$165,151	11%
Photo Enforcement Loop 101 Program	\$975,000	\$745,000	\$781,933	\$36,933	5%	\$4,268,851	(\$3,486,918)	-82%
Parking Fines	\$318,000	\$475,000	\$422,697	(\$52,303)	-11%	\$472,615	(\$49,918)	-11%
Library Fines & Fees	\$382,000	\$382,000	\$302,729	(\$79,271)	-21%	\$417,540	(\$114,811)	-27%
30 Day Tow Program	\$0	\$200,000	\$200,000	\$0	0%	\$0	\$200,000	n/a
<i>Interest Earnings/Property Rental</i>								
Interest Earnings	\$4,500,000	\$3,498,327	\$3,312,265	(\$186,062)	-5%	\$6,429,293	(\$3,117,028)	-48%
Property Rental	\$3,381,000	\$3,327,167	\$3,222,002	(\$105,165)	-3%	\$3,496,405	(\$274,403)	-8%
<i>Other Revenue</i>								
Indirect/Direct Cost Allocation	\$12,936,944	\$12,936,944	\$12,936,936	(\$8)	0%	\$11,577,240	\$1,359,696	12%
Intergovernmental Revenue	\$675,000	\$984,023	\$1,160,325	\$176,302	18%	\$1,054,990	\$105,335	10%
CIP Cost Allocation	\$0	\$878,820	\$901,002	\$22,182	3%	\$0	\$901,002	n/a
Miscellaneous	\$1,000,000	\$1,004,690	\$643,477	(\$361,213)	-36%	\$658,019	(\$14,542)	-2%
Reimbursements	\$350,000	\$365,000	\$455,408	\$90,408	25%	\$380,624	\$74,784	20%
Total Charges for Services/Other	\$56,955,944	\$50,066,452	\$49,774,228	(\$292,224)	-1%	\$58,815,277	(\$9,041,049)	-15%

Actual to Budget variance of (\$292,224) or (1%) represents numerous categories that were both over and under budget as presented in the schedule above.

Year-Over-Year change of (\$9,041,049) or (15%) due to reduced building permit activity; lower interest earnings caused by lower investment interest rates; and reduced Loop 101 photo enforcement revenues partially offset by higher cost allocations and higher fire service charges.

Property Taxes

In the General Fund, these taxes are comprised of the "Primary" property taxes levied on the assessed value of all property within the City to help pay for basic operations of the City. Secondary property taxes are not included here as they must be used solely for payment of General Obligation bond debt service. This is a relatively stable revenue source.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
Property Taxes	\$22,360,631	\$22,167,031	\$22,607,397	\$440,366	2%	\$20,414,025	\$2,193,372	11%

Actual to Budget variance of \$440,366 or 2% due to higher than anticipated collections.

Year-Over-Year change of \$2,193,372 or 11% is due to new construction assessed values being added to the tax roll resulting in additional taxes of \$0.9 million. Primary assessed valuations in 2008/09 increased 15% over 2007/08 (10% increase in existing property valuations and a 5% increase due to new properties being added to the tax roll). The change in the maximum allowable levy accounts for another \$0.4 million of the change. Remainder of increase is due to collections of prior-year property tax payments.

Franchise Fees and In-Lieu Taxes

This category represents revenues from utility and cable providers and is fairly constant from year to year.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
Electric Franchise	\$7,718,000	\$8,200,000	\$7,791,429	(\$408,571)	-5%	\$7,890,300	(\$98,871)	-1%
Enterprise Franchise Fees	\$6,738,113	\$6,494,838	\$6,355,534	(\$139,304)	-2%	\$6,287,024	\$68,510	1%
Cable TV Franchise	\$3,603,000	\$3,603,000	\$3,565,549	(\$37,451)	-1%	\$3,507,190	\$58,359	2%
Enterprise In Lieu Property Tax	\$2,453,185	\$2,453,185	\$2,453,184	(\$1)	0%	\$3,032,052	(\$578,868)	-19%
Salt River Project Lieu Tax	\$175,000	\$139,000	\$139,220	\$220	0%	\$95,834	\$43,386	45%
Total Franchise Fees and In-Lieu Taxes	\$20,687,298	\$20,890,023	\$20,304,915	(\$585,108)	-3%	\$20,812,400	(\$507,485)	-2%

Actual to Budget variance of (\$585,108) or (3%): Budgeted growth in utility rates and usage did not occur.

Year-Over-Year change of (\$507,485) or (2%) mostly due to a reduced property tax rate and the commercial class assessment ratio declining from 15% to 14.5%.

Bed Taxes

The 3% bed tax is applied to lodging room charges of stays of 29 days or less (transient) in hotels or short-term rentals. This revenue is an elastic revenue susceptible to peaks and valleys based on events in the national, state and local economies.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
Bed Taxes	\$1,972,400	\$1,598,306	\$1,524,624	(\$73,682)	-5%	\$2,346,219	(\$821,595)	-35%

Actual to Budget variance of (\$73,682) or (5%): The reduction is attributable to declining occupancy in the local market as a result of conditions in the national economy. These conditions have contributed to group cancellations and less leisure travel nationwide, particularly in the major fly-in markets such as Scottsdale/Phoenix. Occupancy and room rates are down significantly.

Year-Over-Year change of (\$821,595) or (35%): The reduction is attributable to declining occupancy in the local market as a result of conditions in the national economy. These conditions have contributed to group cancellations and less leisure travel nationwide, particularly in the major fly-in markets such as Scottsdale/Phoenix. Based on Smith Travel Research reports for FY 2008/09 versus FY 2007/08, the Scottsdale area's hotel/motel occupancy rate is down 12%, average daily rate is down 13% and revenue per room is down 24%.

Transfers In

Transfers in reflect funds received from the CIP Fund, Special Program Funds (Community Services/Human Services and Code Enforcement).

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
CIP	\$0	\$14,000,000	\$13,935,983	(\$64,017)	0%	\$0	\$13,935,983	n/a
Self Insurance Fund	\$2,500,000	\$5,000,000	\$5,000,000	\$0	0%	\$0	\$5,000,000	n/a
Community Services/Human Services	\$0	\$130,000	\$130,000	\$0	0%	\$0	\$130,000	n/a
Code Enforcement	\$0	\$0	\$0	\$0	n/a	\$91,133	(\$91,133)	-100%
Miscellaneous	\$0	\$0	\$0	\$0	n/a	\$749,558	(\$749,558)	-100%
Total Transfers In	\$2,500,000	\$19,130,000	\$19,065,983	(\$64,017)	0%	\$840,691	\$18,225,292	2168%

Actual to Budget variance of (\$64,017) or 0% No explanation necessary.

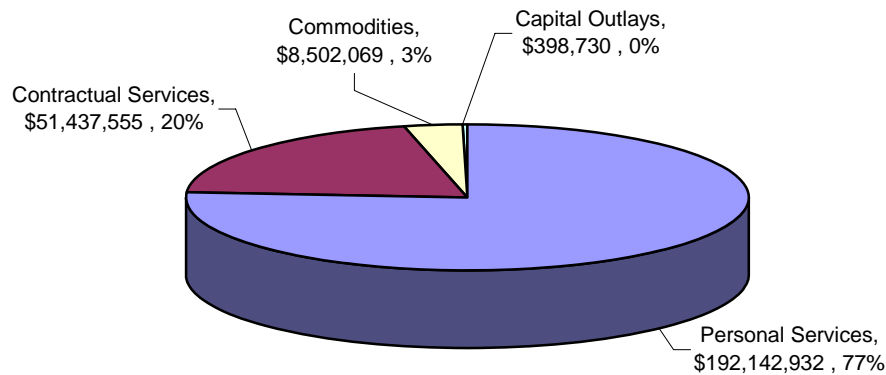
Year-Over-Year change of \$18,225,292 or 2168% is primarily attributable to the budget balancing strategy implemented in FY 2008/09 of a one-time \$14.0M transfer in from the Capital Projects Fund to the General Fund. The transfer in was recommended as it did not jeopardize any short-term capital projects, projects in progress or the City's adopted financial policy requiring a minimum of 25% of elastic construction privilege (sales) tax revenues be transferred annually to the Capital Improvement Program as a "Pay As You Go" contribution.

The change also includes a \$5M transfer from the Self-Insurance Fund as a "return of premiums" based on risk performance, actuarial assessment, and claims prognosis.

**General Fund
Fiscal Year 2008/09 Expenditures**

	Adopted	Revised	2008/09	Variance	%	2007/08	Year Over	%
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Var</u>		<u>Actual</u>	Year Change	
Personal Services	\$ 189,342,796	\$ 193,980,659	\$ 192,142,932	\$ 1,837,727	1%	\$ 181,872,379	\$ 10,270,553	6%
Contractual Services	58,499,861	55,771,970	51,437,555	4,334,415	8%	53,578,822	(2,141,267)	-4%
Commodities	10,472,132	9,487,148	8,502,069	985,079	10%	11,496,190	(2,994,121)	-26%
Capital Outlays	550,306	459,833	398,730	61,103	13%	861,544	(462,814)	-54%
Total Expenditures	\$ 258,865,095	\$ 259,699,610	\$ 252,481,286	\$ 7,218,324	3%	\$ 247,808,935	\$ 4,672,351	2%
Debt Service	6,025,793	3,894,481	3,599,349	295,132	8%	5,047,189	(1,447,840)	-29%
Transfers Out	22,898,488	19,738,178	18,333,741	1,404,437	7%	56,816,644	(38,482,903)	-68%
Total Uses	\$ 287,789,376	\$ 283,332,269	\$ 274,414,376	\$ 8,917,893	3%	\$ 309,672,768	\$ (35,258,392)	-11%

\$252.5M Expenditures



Personal Services

Personal Services include the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance.

Adopted	Revised	2008/09	Variance	%	2007/08	Year Over	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Var</u>		<u>Actual</u>	Year Change	
\$189,342,796	\$193,980,659	\$192,142,932	\$1,837,727	1%	\$181,872,379	\$10,270,553	6%

Actual to Budget variance of \$1,837,727 or 1% is the net of a \$5.0M favorable variance, which is highlighted in bullets below, and a \$3.2M offset for the unallocated balance of the departmental savings and the retirement incentive program.

- \$1.8M in Police and Fire overtime savings. Police's positive variance is a result of implementing several department wide overtime reduction strategies. Strategies include implementing a new staffing model in Patrol which relies on overlapping support across service districts and the Special Operations Division to cover squad shortages, eliminating overtime in Records due to efficiencies created from streamlining several processes, and reports or projects not critical for completion were held for normal work hours. Additionally, Police is at full staffing, which attributes to the savings by eliminating the need to use overtime to meet staffing levels.

Fire's positive variance is primarily a result of creating a new format for training which allows employees to complete training while on shift. Additionally, there were fewer instances of emergency incidents occurring immediately prior to shift changes that required Personnel to hold over on a shift.

- \$0.3M in Police Pipeline savings. The Pipeline is a staffing assistance program, which includes ten (10) cadet slots to help the Police Department maintain critical staffing with the goal of having an officer hired and in basic training when an officer vacancy occurs. The program also addresses 1) officer attrition; 2) officers on transitional duty at any given time; 3) officers on military leave; and 4) the minimum nine month basic training process for newly hired officers. The Police Department maintained lower Pipeline cadet slots during FY 2008/09 due to the uncertainty of layoffs; therefore, a savings was generated.
- \$0.5M in full-time wages in Police, Fire, and Community Services. This is the net of hiring new employees at a lower rate of pay than what the positions were budgeted.
- \$0.3M in Community Services part-time wages. Savings was achieved by using full-time staff to operate centers when customer demand was off-peak, modifying hours of operation when customer demand was minimal, and utilizing full-time staff to fill front line vacant positions due to attrition, extending the vacancy period (and increasing savings).
- \$1.2M in retirement. A portion of this retirement savings is a direct result of savings in overtime and full-time wages. However, a large portion of this savings is a result of budgeting full retirement for Deferred Retirement Option Plan (DROP) employees. The Police Department currently has 24 employees participating in the DROP program. The DROP program is an optional program in which members choose to freeze their regular monthly retirement benefit. If an employee has 20 or more years of credited service under the Arizona Public Safety Personnel Retirement System, they may enter into a DROP program. Under the DROP program, the employee must voluntarily and irrevocably elect to enter into the program with the city for a period of up to 60 months. During the DROP period, the employee remains employed as a certified peace officer, but no member or employer contributions are made to the system.

Full retirement was also budgeted for DROP employees in FY 2009/10; therefore, a savings is also expected in the new fiscal year.

Approximately \$0.3M of this savings is a result of budgeting for the city's share of the Fire Insurance Premium Tax. Each year insurance companies must file a report with the State Insurance Department indicating the total direct premium income received from fire insurance premiums for the previous calendar year. Each insurer shall pay the State a tax of roughly 2% of those premiums. All fire districts that have fire departments are allocated a portion of the fire insurance premium tax based on real property values within that district/department.

The city applies a conservative estimate annually during the budget development process regarding the amount of the Fire Insurance Premium Tax it anticipates receiving. The actual amount that will be received by the city is unknown until after the budget is adopted. The allocated amount for FY 2009/10 was received August 6, 2009, and a savings of \$0.1M is expected for the new fiscal year.

- \$0.2M in Federal Insurance Contributions Act (FICA) tax savings. A portion of this savings is a direct result of full-time wages and overtime savings. However, the majority of this savings is a result of the manner FICA was budgeted for in FY 2008/09. The FICA budget was calculated on gross wages and did not adjust for health/dental premiums and health spending and dependant care assistance account deductions.

FICA was also budgeted in this manner in FY 2009/10; therefore, a savings is also expected in the new fiscal year.

Year-Over-Year change of \$10,270,553 or 6% is the net result of year-to-year changes as well as strategies that were used to balance the budget. Year-to-year changes include increases to Police and Fire retirement rates, new positions that were added in FY 2008/09, full-year funding in FY 2008/09 for positions that were

added mid-year in FY 2007/08, changes to the employee population base, including merit and market adjustments.

The strategies implemented during FY 2008/09 that led to a net actual to actual increase include revising the estimated vacancy savings mid-year, offering an early retirement incentive program, eliminating vacant and occupied positions, cancelling a 2% pay increase that was scheduled for January 2009, and discontinuing the Superior Performance Awards program. Long-term, the strategies that were implemented to balance the budget will realize significant Citywide savings because they represent structural reductions.

Contractual Services

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

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$58,499,861	\$55,771,970	\$51,437,555	\$4,334,415	8%	\$53,578,822	(\$2,141,267)	-4%

Actual to Budget variance of \$4,334,415 or 8% was the result of Citywide efforts to find and implement opportunities for cost savings, in addition to formally adopted budget reductions. Such costs saving initiatives were in most categories, including advertising, specialty lines and pagers, and banking and software contracts. Another significant portion of department savings were attributable to limiting training to mandatory and recertification purposes only, and re-evaluating the use of consultants and other professional services. Additionally, Citywide initiatives which lowered costs included, a successful re-bid of the security contract administered by the Police Department, reduction in custodial service levels, and decreased printing and graphics services by doing in-house.

Year-Over-Year change of (\$2,141,267) or (4%) is a result of strategies used to balance the FY 2008/09 budget due to the economic recession. The City responded by implementing mid-year budget reductions for consultants, advertising, banking charges, and software licensing.

Commodities

This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$10,472,132	\$9,487,148	\$8,502,069	\$985,079	10%	\$11,496,190	(\$2,994,121)	-26%

Actual to Budget variance of \$985,079 or 10% was the result of Citywide efforts to identify opportunities to reduce costs, in addition to formally adopted budget reductions. Favorable fiscal year-end expenditure variance was the result of departments postponing purchases, cancelling community events, and limiting small tools and minor equipment expenses to mandatory purchases only. Another significant portion of this savings is a result of utilizing stock on hand, re-evaluating the most efficient use of supplies such as modifying standard chemical levels in pools during cooler winter months, and appropriately recording cabling projects to approved CIP project accounts, thus resulting in savings.

Year-Over-Year change of (\$2,994,121) or (26%): The FY 2008/09 actuals were lower compared to FY 2007/08 due to the City’s response to the economic recession and mid-year budget reductions for supplies, printing, clothing, and small tools.

Capital Outlays

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

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$550,306	\$459,833	\$398,730	\$61,103	13%	\$861,544	(\$462,814)	-54%

Actual to Budget variance of \$61,103 or 13% due to departments' not purchasing replacement equipment as planned, and bids coming in lower than anticipated.

Year-Over-Year change of (\$462,814) or (54%) due to City's response to the economic recession and mid-year budget reductions.

Debt Service

Debt Service is paid from the General Fund, and is primarily contractual debt related to sales tax development agreements and will vary based on the actual tax collections at each developed site.

	Adopted	Revised	2008/09	Variance		2007/08	Year Over	
				Favorable	%		Year	%
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
Contracts Payable	\$ 4,607,003	\$ 2,975,691	\$ 2,634,686	\$ 341,005	11%	\$ 4,128,399	\$ 1,493,713	36%
Certificates of Participation (COP)	918,790	918,790	918,790	-	0%	918,790	-	0%
COP - Radio Financing	500,000	-	40,910	(40,910)	n/a	-	(40,910)	n/a
Other	-	-	4,963	(4,963)	n/a	-	(4,963)	n/a
Total Debt Service	\$ 6,025,793	\$ 3,894,481	\$ 3,599,349	\$ 295,132	8%	\$ 5,047,189	\$ (1,447,840)	-29%

Actual to Budget variance of \$295,132 or 8%: Development agreement payments are dependent on the amount of privilege (sales) tax collections at each development site. Due to the downturn of the economy, tax collections were lower than anticipated, resulting in lower payments made which created a favorable variance.

Year-Over-Year change of (\$1,447,840) or (29%): FY 2008/09 actual revenues declined due to the downturn of the economy and a decrease in sales tax. The downturn of the economy has resulted in the sharp decline in travel and tourism dollars. This decline has directly affected the Scottsdale Fashion Square agreement revenues, which decreased \$1.5M.

Transfers-Out

Transfers-Out represents the authorized movement of cash to other funds.

	Adopted		Revised		2008/09		Variance		2007/08		Year Over			
	Budget		Budget		Actual		Favorable	%	Actual		Year	%		
							(Unfavorable)	Var			Change	Change		
MPC Excise Debt Fund	\$	5,938,688	\$	5,791,435	\$	5,787,446	\$	3,989	0%	\$	6,045,798	\$	(258,352)	-4%
CIP - General Fund Maintenance		4,047,000		3,300,000		3,302,400		(2,400)	0%		5,000,700		(1,698,300)	-34%
CIP - General Fund Public Safety/Radios		1,552,800		-		-		-	n/a		3,054,110		(3,054,110)	-100%
CIP - General Fund - Non-Maintenance		5,000,000		-		-		-	n/a		39,456,000		(39,456,000)	-100%
CIP - Public Safety Radio - Loop 101		-		1,348,688		1,877,298		(528,610)	-39%		-		1,877,298	n/a
Transportation Fund		6,200,000		8,305,081		7,023,454		1,281,627	15%		2,527,054		4,496,400	178%
Fleet Fund/ Contingency		-		-		-		-	0%		420,300		(420,300)	-100%
Bed Tax		-		932,974		240,898		692,076	74%		-		240,898	n/a
Special Programs Fund - Community Svcs		100,000		-		-		-	n/a		100,000		(100,000)	-100%
Special Programs Fund - Planning and Dvpt Svcs		60,000		60,000		60,000		-	0%		60,000		-	0%
Streetlight Fund		-		-		37,245		(37,245)	n/a		-		37,245	n/a
Grants Fund		-		-		5,000		(5,000)	n/a		-		5,000	n/a
Other		-		-		-		-	n/a		152,682		(152,682)	-100%
Total Transfers Out	\$	22,898,488	\$	19,738,178	\$	18,333,741	\$	1,404,437	7%	\$	56,816,644	\$	(38,482,903)	-68%

Actual to Budget variance of \$1,404,437 or 7% is primarily the result of a less than budgeted subsidy from the General Fund to the Transportation Fund and the Bed Tax Fund. The General Fund budget covers deficits in these funds. Therefore, lower spending in the Transportation Fund and the Bed Tax Fund contributed to the favorable variance. Also affecting the variance is a larger than budgeted transfer to the Capital Improvement Plan for the Photo Enforcement Loop 101 ending fund balance which was higher than anticipated.

Year-Over-Year change of (\$38,482,903) or (68%) is the result of transferring less from the General Fund to the Capital Improvement Plan (CIP), "Pay As You Go" funding. Each fiscal year the goal is to leverage one-time elastic revenue from the General Fund (e.g., construction sales tax and development fees) to help pay for capital projects. The municipal bond rating agencies view this as a sound fiscal practice. Prior to FY 2008/09, the City experienced significant year-end unreserved fund balances in the General Fund, which were then transferred to the CIP Fund in subsequent years. The recession has greatly limited the amount of anticipated year-end General Fund resources available to transfer to the CIP Fund for "Pay As You Go" financing.

TRANSPORTATION FUND

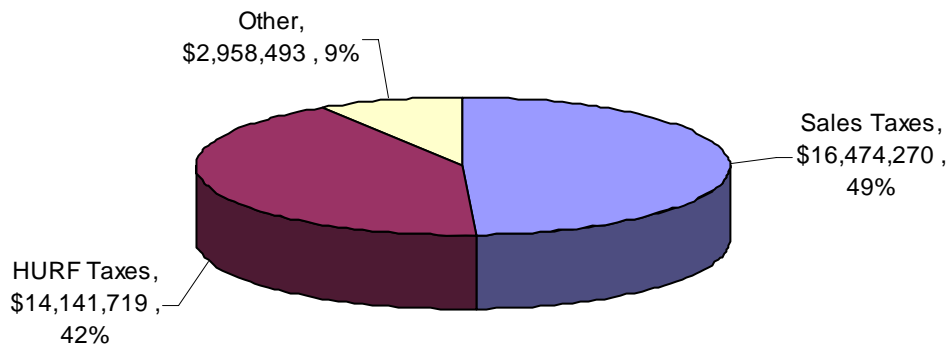
The Transportation Fund receives and expends the City's allocation of the Arizona Highway User Revenue Tax (HURF) as well as the City Transportation Sales Tax (0.20 percent) revenue and other transportation related revenues. The monies must be used for street construction, reconstruction, maintenance, or transit.

Transportation Fund Fiscal Year 2008/09 Results (\$ in millions)					
	Adopted Budget	Revised Budget	2008/09 Actual	Variance Favorable (Unfavorable)	% Var
Sources	\$ 48.1	\$ 43.1	\$ 42.4	\$ (0.7)	-2%
Uses	\$ 45.5	\$ 41.4	\$ 40.8	\$ 0.6	1%
Use of Fund Balance	\$ 2.6	\$ 1.7	\$ 1.6	\$ (0.1)	
Total Fund Balance	(0.1)	\$ 0.0	\$ 0.0		

Transportation Fund Fiscal Year 2008/09 Revenues

Category	Adopted Budget	Revised Budget	2008/09 Actual	Variance		2007/08 Actual	Year Over	
				Favorable (Unfavorable)	% Var		Year Change	% Change
Sales Taxes	\$ 20,090,700	\$ 16,696,260	\$ 16,474,270	\$ (221,990)	-1%	\$ 19,980,413	\$ (3,506,143)	-18%
HURF Taxes	16,900,000	13,500,000	14,141,719	641,719	5%	16,302,507	(2,160,788)	-13%
Other	1,573,676	2,762,573	2,958,448	195,875	7%	1,585,535	1,372,913	87%
Total Revenue	\$ 38,564,376	\$ 32,958,833	\$ 33,574,437	\$ 615,604	2%	\$ 37,868,455	\$ (4,294,018)	-11%
Transfers In	9,534,012	10,139,093	8,857,466	(1,281,627)	-13%	2,838,530	6,018,936	212%
Total Sources	\$ 48,098,388	\$ 43,097,926	\$ 42,431,903	\$ (666,023)	-2%	\$ 40,706,985	\$ 1,724,918	4%

\$33.6M Revenue



Transportation Fund Sources

The Transportation Fund receives and expends the City's allocation of the Arizona Highway User Revenue Tax (HURF) as well as the City's Transportation Sales Tax (0.20 percent) revenue and other transportation related revenues. The amount of HURF available to each City is allocated based on population, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance, or transit. The State of Arizona requires the City to establish and maintain an accounting for Highway User Revenue funds. The fund also accounts for the 1989, voter approved Transportation Privilege (Sales) Tax of 0.20 percent which is dedicated to funding transportation improvements and operations. The budget assumes a policy that transfers 50 percent of the Transportation Sales Tax to the Capital Improvement Fund for transportation related capital improvement projects.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
Sources	\$48,098,388	\$43,097,926	\$42,431,903	(\$666,023)	-2%	\$40,706,985	\$1,724,918	4%

Actual to Budget variance of (\$666,023) or (2%) is explained below by category.

Year-Over-Year change of \$1,724,918 or 4% is explained below by category.

Sales Tax Revenues

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

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
Transportation Sales Tax	\$20,090,700	\$16,696,260	\$16,474,270	(\$221,990)	-1%	\$19,980,413	(\$3,506,143)	-18%

Actual to Budget variance of (\$221,990) or (1%) primarily attributed to lower than expected revenues from the hotel/motel and property rental classifications. Hotel/motel revenues have been impacted by the sharp decline in the tourism industry. Property rentals have been affected by vacancies and declining rental rates. See Appendix 1 for further information about results by sales tax categories.

Year-Over-Year change of (\$3,506,143) or (18%) FY 2008/09 actual revenues declined due to the downturn of the economy impacting most categories but especially affecting the automotive and construction classifications. See Appendix 1 for further information about results by sales tax categories.

Highway User Revenues (HURF)

HURF dollars represent State "gas taxes" distributed to the cities based on populations and origin of the fuel sales. These monies must be used for street construction, reconstruction, maintenance, or transit.

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
Highway User Revenue Tax	\$16,900,000	\$13,500,000	\$14,141,719	\$641,719	5%	\$16,302,507	(\$2,160,788)	-13%

Actual to Budget variance of \$641,719 or 5%: This increase can be attributable to vehicle license taxes and registrations in excess of the State's estimate provided to the City.

Year-Over-Year change of (\$2,160,788) or (13%): Decrease can be attributable to lower gasoline consumption and fewer vehicle license tax and registrations.

Other Revenues

Other Revenues consists of Local Transportation Assistance Fund (LTAF) which are lottery proceeds distributed by the State; Grants; Intergovernmental; Reimbursements from Outside Sources; Indirect Costs; and Miscellaneous Revenues which includes transit fare box revenues.

	Adopted Budget <u>FY 2008/09</u>	Revised Budget <u>FY 2008/09</u>	Actual <u>FY 2008/09</u>	Favorable (Unfavorable) <u>\$ Variance</u>	Favorable (Unfavorable) <u>% Variance</u>	Actual <u>FY 2007/08</u>	Favorable (Unfavorable) <u>\$ Change</u>	Favorable (Unfavorable) <u>% Change</u>
LTAF I	\$1,088,492	\$1,068,850	\$1,015,408	(\$53,442)	-5%	\$1,088,492	(\$73,084)	-7%
CIP Cost Allocation	\$0	\$836,825	\$879,108	\$42,283	5%	\$0	\$879,108	n/a
LTAF II	\$0	\$432,214	\$432,214	\$0	0%	\$379,831	\$52,383	14%
Proposition 400 Regional Sales Tax	\$305,184	\$305,184	\$377,237	\$72,053	24%	\$7,920	\$369,317	4663%
Charges for Services	\$180,000	\$119,500	\$247,561	\$128,061	107%	\$101,794	\$145,767	143%
Miscellaneous	\$0	\$0	\$6,920	\$6,920	n/a	\$7,498	(\$578)	-8%
Total Other Revenues	\$1,573,676	\$2,762,573	\$2,958,448	\$195,875	7%	\$1,585,535	\$1,372,913	87%

Actual to Budget variance of \$195,875 or 7%: Increase is due to higher revenues in the ADA (American's with Disabilities Act) Cab connection program; increase in CIP work order allocation; and a reporting change for fare box revenues which were previously budgeted as an expense reduction instead of revenue.

Year-Over-Year change of \$1,372,913 or 87%: Increase is due to implementation of the CIP cost allocation of \$0.9 million and also due to higher Proposition 400 funds of \$0.4 million. Proposition 400 funds represent the City's allocation of the voter-approved 1% regional sales tax. Again, the large variance related to Proposition 400 funds is due to a reporting change whereby these revenues were previously budgeted as an expense reduction instead of revenue.

Transfers In

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

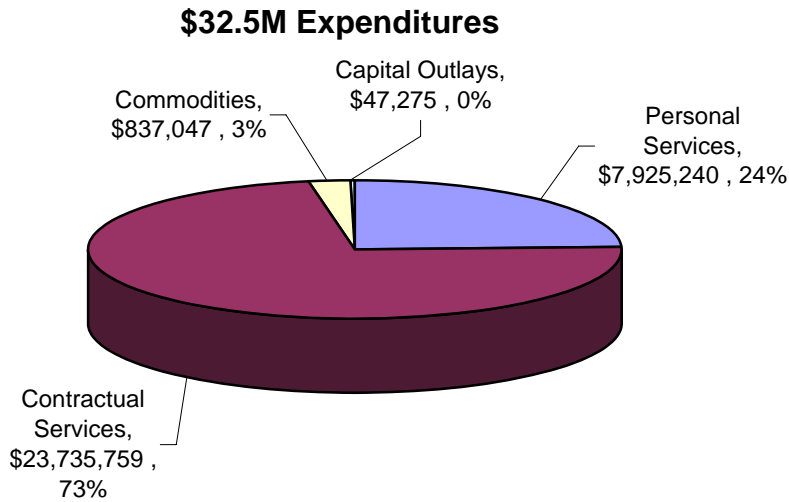
	Adopted Budget <u>FY 2008/09</u>	Revised Budget <u>FY 2008/09</u>	Actual <u>FY 2008/09</u>	Favorable (Unfavorable) <u>\$ Variance</u>	Favorable (Unfavorable) <u>% Variance</u>	Actual <u>FY 2007/08</u>	Favorable (Unfavorable) <u>\$ Change</u>	Favorable (Unfavorable) <u>% Change</u>
General Fund	\$6,200,000	\$8,305,081	\$7,023,454	(\$1,281,627)	-15%	\$2,527,135	\$4,496,319	178%
Transportation CIP	\$3,000,000	\$1,500,000	\$1,500,000	\$0	0%	\$0	\$1,500,000	n/a
Solid Waste - Alley Maintenance	\$334,012	\$334,012	\$334,012	\$0	0%	\$311,395	\$22,617	7%
Total Transfers In	\$9,534,012	\$10,139,093	\$8,857,466	(\$1,281,627)	-13%	\$2,838,530	\$6,018,936	212%

Actual to Budget variance of (\$1,281,627) or (13%) is the result of a less than budgeted subsidy needed from the General Fund because of lower than expected expenses.

Year-Over-Year change of \$6,018,936 or 212% is attributable to a greater General Fund subsidy needed in FY 2008/09 than in FY 2007/08. Additionally, in FY 2008/09 a transfer-in from the transportation CIP fund was made to "catch-up" street overlay work.

**Transportation Fund
Fiscal Year 2008/09 Expenditures**

	Adopted <u>Budget</u>	Revised <u>Budget</u>	2008/09 <u>Actual</u>	Variance		2007/08 <u>Actual</u>	Year Over	
				Favorable <u>(Unfavorable)</u>	% <u>Var</u>		Year <u>Change</u>	% <u>Change</u>
Personal Services	\$ 7,417,790	\$ 7,932,192	\$ 7,925,240	\$ 6,952	0%	\$ 6,722,790	\$ 1,202,450	18%
Contractual Services	26,615,246	23,854,531	23,735,759	118,772	0%	24,770,413	(1,034,654)	-4%
Commodities	1,077,436	1,011,228	837,047	174,181	17%	941,543	(104,496)	-11%
Capital Outlays	294,655	208,695	47,275	161,420	77%	100,788	(53,513)	-53%
Total Expenditures	\$ 35,405,127	\$ 33,006,646	\$ 32,545,321	\$ 461,325	1%	\$ 32,535,534	\$ 9,787	0%
Transfers Out	10,102,850	8,405,630	8,294,635	110,995	1%	10,269,706	(1,975,071)	-19%
Total Uses	\$ 45,507,977	\$ 41,412,276	\$ 40,839,956	\$ 572,320	1%	42,805,240	(1,965,284)	-5%



Personal Services

Personal Services include the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance.

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$ 7,417,790	\$ 7,932,192	\$ 7,925,240	\$ 6,952	0%	\$ 6,722,790	\$ 1,202,450	18%

Actual to Budget variance of \$6,952 or 0% No explanation necessary.

Year-Over-Year change of \$1,202,450 or 18% is the net result of year-to-year changes as well as strategies that were used to balance the budget. Year-to-year changes include changes to the employee population base and merit and market adjustments. The strategies implemented during FY 2008/09 that led to a net actual to actual increase include revising the estimated vacancy savings mid-year, offering an early retirement incentive program, eliminating vacant and occupied positions, cancelling a 2% pay increase that was scheduled for January 2009, and discontinuing the Superior Performance Awards program. Long-term, the strategies that were implemented to balance the budget will realize significant citywide savings because they represent structural adjustments.

Contractual Services

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

Adopted	Revised	2008/09	Variance	%	2007/08	Year Over	
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	Year <u>Change</u>	% <u>Change</u>
\$ 26,615,246	\$ 23,854,531	\$ 23,735,759	\$ 118,772	0%	\$ 24,770,413	\$ (1,034,654)	-4%

Actual to Budget variance of \$118,772 or 0% is the net effect of several activities. A significant unfavorable variance related to transit contracts. This is the result of an accounting change as to how the City records revenue received from the City of Phoenix and Regional Public Transportation Authority (RPTA). In years past, the City would apply the revenue as an offsetting credit toward transit contract expenses. Under the new process, revenues are recorded as revenue, all expenses for the contract are recorded and there is no offset applied. The change did affect the variance as no budget adjustment was made.

This unfavorable variance was offset by a significant favorable variance related to miscellaneous maintenance and repair in Municipal Services. Optimal weather conditions throughout FY 2008/09 allowed for less treatment on unpaved roads. Additionally, there were less dust treatment contract delays.

Year-Over-Year change of (\$1,034,654) or (4%) is a result of strategies to balance the FY 2008/09 budget due to the economic recession. The City responded by implementing mid-year budget reductions, such as, transit services, consultants, and training.

Commodities

This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Adopted	Revised	2008/09	Variance	%	2007/08	Year Over	
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	Year <u>Change</u>	% <u>Change</u>
\$ 1,077,436	\$ 1,011,228	\$ 837,047	\$ 174,181	17%	\$ 941,543	\$ (104,496)	-11%

Actual to Budget variance of \$174,181 or 17% favorable variance is the result of the effect of the recession and the response by departments' for successful cost reduction initiatives without affecting community service levels. Examples include utilizing on hand surplus and limiting expenditures such as vehicle radios, small tools and minor equipment.

Year-Over-Year change of (\$104,496) or (11%) variance due to the City's response to the economic recession and mid-year budget reductions to maintenance items and supplies.

Capital Outlays

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

Adopted	Revised	2008/09	Variance	%	2007/08	Year Over	
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	Year <u>Change</u>	% <u>Change</u>
\$ 294,655	\$ 208,695	\$ 47,275	\$ 161,420	77%	\$ 100,788	\$ (53,513)	-53%

Actual to Budget variance of \$161,420 or 77% favorable variance attributable to departments implementing cost savings efficiencies, such as re-evaluating hardware upgrades and major purchases, and transferring under-utilized, existing fleet from one division to another.

Year-Over-Year change of (\$53,513) or (53%) was due to the nature of capital outlays being one-time expenses and to the City's cost saving strategies which resulted in FY 2008/09 actuals coming in lower than FY 2007/08.

Transfers-Out

Transfers-Out are the authorized movement of cash to other funds.

	Adopted Budget	Revised Budget	2008/09 Actual	Variance		2007/08 Actual	Year Over	
				Favorable (Unfavorable)	% Var		Year Change	% Change
CIP Fund - Sales Tax Allocation	\$ 10,045,350	\$ 8,348,130	\$ 8,237,135	\$ 110,995	1%	\$ 9,990,206	\$ (1,753,071)	-18%
CIP Fund - Tech. Replacement	57,500	57,500	57,500	-	0%	68,800	(11,300)	-16%
Fleet Fund - Vehicles	-	-	-	-	n/a	210,700	(210,700)	-100%
	<u>\$ 10,102,850</u>	<u>\$ 8,405,630</u>	<u>\$ 8,294,635</u>	<u>\$ 110,995</u>	<u>1%</u>	<u>\$ 10,269,706</u>	<u>\$ (1,975,071)</u>	<u>-19%</u>

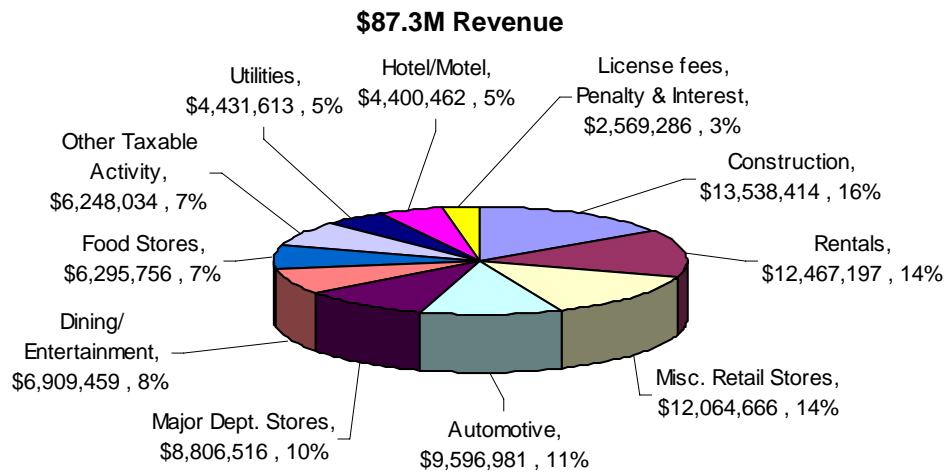
Actual to Budget variance of \$110,995 or 1%: Privilege Tax collection was less than anticipated; therefore, less revenue was transferred to the Capital Improvement Program (CIP). Per the City's Financial Policy, 50% of Transportation Sales Tax collections are allocated to the CIP and designated for Transportation projects. This category reflects 50% of those revenues being transferred to the Transportation CIP Fund.

Year-Over-Year change of (\$1,975,071) or (19%) is the result of transferring less from the operating Transportation Fund to the Transportation CIP Fund. Per the City's Financial Policy, 50% of Transportation Sales Tax collections are allocated to the CIP and designated for Transportation projects. The recession has greatly reduced Sales Tax collections and, therefore a reduced transfer to the CIP was made in FY 2008/09.

APPENDIX 1

Sales Tax by Category (1% Amount Only)

Category	Adopted	Revised	2008/09	Variance	%	2007/08	Year Over	
	Budget	Budget	Actual	Favorable (Unfavorable)			Actual	Year Change
Construction	\$ 18,800,000	\$ 13,196,000	\$ 13,538,414	\$ 342,414	3%	\$ 19,474,442	\$ (5,936,028)	-30%
Rentals	13,600,000	13,032,000	12,467,197	(564,803)	-4%	13,530,770	(1,063,573)	-8%
Misc. Retail Stores	15,700,000	12,163,000	12,064,666	(98,334)	-1%	15,214,235	(3,149,569)	-21%
Automotive	13,400,000	9,537,000	9,596,981	59,981	1%	14,227,007	(4,630,026)	-33%
Major Dept. Stores	10,300,000	8,873,000	8,806,516	(66,484)	-1%	9,929,492	(1,122,976)	-11%
Dining/ Entertainment	8,200,000	6,788,000	6,909,459	121,459	2%	7,781,402	(871,942)	-11%
Food Stores	6,700,000	6,407,000	6,295,756	(111,244)	-2%	6,528,574	(232,818)	-4%
Other Taxable Activity	6,400,000	6,293,000	6,248,034	(44,966)	-1%	6,058,754	189,280	3%
Utilities	4,800,000	4,497,000	4,431,613	(65,387)	-1%	4,509,451	(77,838)	-2%
Hotel/Motel	5,700,000	4,945,000	4,400,462	(544,538)	-11%	5,464,615	(1,064,152)	-19%
License fees, Penalty & Interest	2,700,000	2,610,000	2,569,286	(40,714)	-2%	2,599,008	(29,722)	-1%
Total	\$ 106,300,000	\$ 88,341,000	\$ 87,328,385	\$ (1,012,615)	-1%	\$ 105,317,750	\$ (17,989,365)	-17%



Construction Sales Taxes

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

Adopted	Revised	2008/09	Variance	%	2007/08	Year Over	
Budget	Budget	Actual	Favorable (Unfavorable)			Actual	Year Change
\$ 18,800,000	\$ 13,196,000	\$ 13,538,414	\$ 342,414	3%	\$ 19,474,442	\$ (5,936,028)	-30%

Actual to Budget variance of \$342,414 or 3%: No specific reason for the variance.

Year-Over-Year Change of (\$5,936,028) or (30%): Construction in the city slowed for both residential and commercial classes as indicated by building permit valuations (building permit valuations dropped 70% from \$953 million in FY 2007/08 to \$282 million in FY 2008/09).

Rental Sales Taxes

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

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$ 13,600,000	\$ 13,032,000	\$ 12,467,197	\$ (564,803)	-4%	\$ 13,530,770	\$ (1,063,573)	-8%

Actual to Budget of (\$564,803) or (4%). Activity was lower than projected because of the adverse impact the recession had on the real estate market and small businesses. Vacancy rates were much higher than expected and lease rates were much lower.

Year-Over-Year Change of (\$1,063,573) or (8%). The decrease reflects the increase in vacancies, increase in bankruptcies, and decrease in lease rates. Vacancy rates have climbed from about 17% at the beginning of January 2008 to over 22% at the beginning of January 2009.

Miscellaneous Retail Stores Sales Taxes

This category includes smaller retail stores, such as small clothing stores, art galleries, luggage stores, home furnishing stores, jewelry stores, drug stores, hobby stores, household appliance stores, sporting goods stores, and pet supply stores.

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$ 15,700,000	\$ 12,163,000	\$ 12,064,666	\$ (98,334)	-1%	\$ 15,214,235	\$ (3,149,569)	-21%

Actual to Budget variance of (\$98,334) or (1%): No specific reason for the variance.

Year-Over-Year Change of (\$3,149,569) or (21%): This decrease reflects the decrease in consumer spending due to the recession, job losses, and reductions in discretionary income. The home furnishing stores were deeply affected by the housing meltdown.

Automotive Sales Taxes

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

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$ 13,400,000	\$ 9,537,000	\$ 9,596,981	\$ 59,981	1%	\$ 14,227,007	\$ (4,630,026)	-33%

Actual to Budget variance of \$59,981 or 1%. No specific reason for the variance.

Year-Over-Year Change of (\$4,630,026) or (33%). This decrease reflects the drop in consumer spending due to job losses, uncertainty in the economy and amount of discretionary income. Five dealers moved out of Scottsdale during the fiscal year in addition to the three that closed.

Major Department Stores Sales Taxes

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

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$ 10,300,000	\$ 8,873,000	\$ 8,806,516	\$ (66,484)	-1%	\$ 9,929,492	\$ (1,122,976)	-11%

Actual to Budget variance of (\$66,484) or (1%). No specific reason for the variance.

Year-Over-Year Change of (\$1,122,976) or (11%): This reduction reflects the decrease in consumer spending due to job losses, uncertainty in the economy and amount of discretionary income. Hardest hit have been the high-end stores as consumers are still shopping but are being more thrifty.

Dining/Entertainment Sales Taxes

The restaurant category includes restaurants, bars and caterers.

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable	%	<u>Actual</u>	Year	%
			(Unfavorable)	Var		Change	Change
\$ 8,200,000	\$ 6,788,000	\$ 6,909,459	\$ 121,459	2%	\$ 7,781,402	\$ (871,942)	-11%

Actual to Budget variance of \$121,459 or 2%. No specific reason for the variance.

Year-Over-Year Change of (\$871,942) or (11%): This decrease reflects the decline in consumer spending due to job losses, uncertainty in the economy and amount of discretionary income. This category reflects a change in consumer behavior in which a shift has occurred as there was a larger decrease in sales for the full service restaurants and a smaller decrease in the limited service/fast food restaurant segment. Meaning, to some extent, consumers are still eating out just choosing less expensive options.

Food Stores Sales Taxes

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

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable	%	<u>Actual</u>	Year	%
			(Unfavorable)	Var		Change	Change
\$ 6,700,000	\$ 6,407,000	\$ 6,295,756	\$ (111,244)	-2%	\$ 6,528,574	\$ (232,818)	-4%

Actual to Budget variance of (\$111,244) or (2%). No specific reason for the variance.

Year-Over-Year Change of (\$232,818) or (4%): The food store category had a couple of existing grocery stores close during the year and a couple of new grocery stores opened. Additionally, food stamp amounts during fiscal year 2008/09 increased (this affects taxes collected since the sales tax is not imposed on food purchased with food stamps). Consumers have also changed their shopping habits going for more economical brands.

Other Taxable Activity Sales Taxes

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

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable	%	<u>Actual</u>	Year	%
			(Unfavorable)	Var		Change	Change
\$ 6,400,000	\$ 6,293,000	\$ 6,248,034	\$ (44,966)	-1%	\$ 6,058,754	\$ 189,280	3%

Actual to Budget variance of (\$44,966) or (1%). No specific reason for the variance.

Year-Over-Year Change of \$189,280 or 3%. This category had a slight increase due to a large one-time payment when a local computer wholesaler made a large retail taxable sale.

Utilities Sales Taxes

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

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$ 4,800,000	\$ 4,497,000	\$ 4,431,613	\$ (65,387)	-1%	\$ 4,509,451	\$ (77,838)	-2%

Actual to Budget variance of (\$65,387) or (1%). No specific reason for the variance.

Year-Over-Year Change of (\$77,838) or (2%). No specific reason for the variance.

Hotel/Motel Sales Taxes

Includes the tax for the activity of renting lodging space on a short-term basis and other activities provided at the hotel/motel.

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$ 5,700,000	\$ 4,945,000	\$ 4,400,462	\$ (544,538)	-11%	\$ 5,464,615	\$ (1,064,152)	-19%

Actual to Budget variance of (\$544,538) or (11%). The reduction is attributable to declining occupancy in the local market as a result of conditions in the national economy. These conditions have contributed to group cancellations and less leisure travel nationwide, particularly in the major fly-in markets such as Scottsdale/Phoenix. Occupancy and room rates are down significantly.

Year-Over-Year Change of (\$1,064,152) or (19%). The reduction is attributable to declining occupancy in the local market as a result of conditions in the national economy. These conditions have contributed to group cancellations and less leisure travel nationwide, particularly in the major fly-in markets such as Scottsdale/Phoenix. Based on Smith Travel Research reports for FY 2008/09 versus FY 2007/08, the Scottsdale area’s hotel/motel occupancy rate is down 12%, average daily rate is down 13% and revenue per room is down 24%.

License Fees, Penalty & Interest

Adopted	Revised	2008/09	Variance		2007/08	Year Over	
			Favorable	%		Year	%
<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Var</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
\$ 2,700,000	\$ 2,610,000	\$ 2,569,286	\$ (40,714)	-2%	\$ 2,599,008	\$ (29,722)	-1%

Actual to Budget variance of (\$40,714) or (2%). No specific reason for the variance.

Year-Over-Year Change of (\$29,722) or (1%). This small decrease reflects the decrease in the number of licenses and the decrease in the interest rates charged.

**City of Scottsdale
General Fund**

Appendix 2

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Year Over Year Change	% Change
Beginning Fund Balance:								
General Fund Reserve	\$28,131,257	\$28,131,257	\$28,131,257			\$25,459,626		
Photo Enforcement Loop 101	\$1,361,093	\$1,626,388	\$1,626,388			\$860,783		
Operating Contingency	\$2,500,000	\$2,500,000	\$2,500,000			\$2,391,217		
Liabilities Reserve	\$0	\$0	\$0			\$5,276,151		
Unreserved Fund Balance	\$8,629,426	\$12,010,835	\$12,010,835			\$33,163,108		
Total Beginning Fund Balance	\$40,621,776	\$44,268,480	\$44,268,480			\$67,150,885		
Source of Funds:								
Revenues:								
Sales Taxes								
General Purpose Sales Tax	\$106,300,000	\$88,340,000	\$87,328,386	(\$1,011,614)	-1%	\$105,317,750	(\$17,989,364)	-17%
Public Safety	\$10,311,100	\$8,568,980	\$8,429,071	(\$139,909)	-2%	\$10,244,158	(\$1,815,087)	-18%
Total Sales Taxes	\$116,611,100	\$96,908,980	\$95,757,457	(\$1,151,523)	-1%	\$115,561,908	(\$19,804,451)	-17%
State Shared Revenues								
State Revenue Sharing	\$34,000,000	\$34,600,000	\$35,102,991	\$502,991	1%	\$33,036,655	\$2,066,336	6%
State Shared Sales Tax	\$22,000,000	\$19,900,000	\$18,935,910	(\$964,090)	-5%	\$21,652,550	(\$2,716,640)	-13%
Auto Lieu Tax	\$9,700,000	\$8,000,000	\$8,151,324	\$151,324	2%	\$9,962,069	(\$1,810,745)	-18%
Total State Shared Revenues	\$65,700,000	\$62,500,000	\$62,190,225	(\$309,775)	0%	\$64,651,274	(\$2,461,049)	-4%
Charges for Services/Other								
Taxes - Local								
Stormwater Water Quality Charge	\$842,000	\$830,000	\$814,326	(\$15,674)	-2%	\$861,021	(\$46,695)	-5%
Licenses, Permits & Fees								
Building Permit Fees & Charges	\$14,500,000	\$6,626,100	\$6,911,195	\$285,095	4%	\$12,454,445	(\$5,543,250)	-45%
Recreation Fees	\$3,114,000	\$3,114,000	\$3,206,506	\$92,506	3%	\$2,819,553	\$386,953	14%
WestWorld	\$2,387,000	\$2,728,000	\$2,663,389	(\$64,611)	-2%	\$2,784,969	(\$121,580)	-4%
Fire Service Charges	\$1,440,000	\$2,331,381	\$1,752,393	(\$578,988)	-25%	\$1,067,593	\$684,800	64%
Business Licenses & Fees	\$1,835,000	\$1,670,000	\$1,733,104	\$63,104	4%	\$1,760,535	(\$27,431)	-2%
Fines & Forfeitures								
Court Fines	\$6,451,000	\$6,400,000	\$6,670,715	\$270,715	4%	\$6,792,909	(\$122,194)	-2%
Photo Enforcement Revenue	\$1,869,000	\$1,570,000	\$1,683,826	\$113,826	7%	\$1,518,675	\$165,151	11%
Photo Enforcement Loop 101 Program	\$975,000	\$745,000	\$781,933	\$36,933	5%	\$4,268,851	(\$3,486,918)	-82%
Parking Fines	\$318,000	\$475,000	\$422,697	(\$52,303)	-11%	\$472,615	(\$49,918)	-11%
Library Fines & Fees	\$382,000	\$382,000	\$302,729	(\$79,271)	-21%	\$417,540	(\$114,811)	-27%
30 Day Tow Program	\$0	\$200,000	\$200,000	\$0	0%	\$0	\$200,000	/0
Interest Earnings/Property Rental								
Interest Earnings	\$4,500,000	\$3,498,327	\$3,312,265	(\$186,062)	-5%	\$6,429,293	(\$3,117,028)	-48%
Property Rental	\$3,381,000	\$3,327,167	\$3,222,002	(\$105,165)	-3%	\$3,496,405	(\$274,403)	-8%
Other Revenue								
Indirect/Direct Cost Allocation	\$12,936,944	\$12,936,944	\$12,936,936	(\$8)	0%	\$11,577,240	\$1,359,696	12%
Intergovernmental Revenue	\$675,000	\$984,023	\$1,160,325	\$176,302	18%	\$1,054,990	\$105,335	10%
CIP Cost Allocation	\$0	\$878,820	\$901,002	\$22,182	3%	\$0	\$901,002	n/a
Miscellaneous	\$1,000,000	\$1,004,690	\$643,477	(\$361,213)	-36%	\$658,019	(\$14,542)	-2%
Reimbursements	\$350,000	\$365,000	\$455,408	\$90,408	25%	\$380,624	\$74,784	20%
Total Charges for Services/Other	\$56,955,944	\$50,066,452	\$49,774,228	(\$292,224)	-1%	\$58,815,277	(\$9,041,049)	-15%
Property Taxes	\$22,360,631	\$22,167,031	\$22,607,397	\$440,366	2%	\$20,414,025	\$2,193,372	11%
Franchise Fees and In-Lieu Taxes								
Electric Franchise	\$7,718,000	\$8,200,000	\$7,791,429	(\$408,571)	-5%	\$7,890,300	(\$98,871)	-1%
Enterprise Franchise Fees	\$6,738,113	\$6,494,838	\$6,355,534	(\$139,304)	-2%	\$6,287,024	\$68,510	1%
Cable TV Franchise	\$3,603,000	\$3,603,000	\$3,565,549	(\$37,451)	-1%	\$3,507,190	\$58,359	2%
Enterprise In Lieu Property Tax	\$2,453,185	\$2,453,185	\$2,453,184	(\$1)	0%	\$3,032,052	(\$578,868)	-19%
Salt River Project Lieu Tax	\$175,000	\$139,000	\$139,220	\$220	0%	\$95,834	\$43,386	45%
Total Franchise Fees and In-Lieu Taxes	\$20,687,298	\$20,890,023	\$20,304,915	(\$585,108)	-3%	\$20,812,400	(\$507,485)	-2%
Bed Tax Revenues	\$1,972,400	\$1,598,306	\$1,524,624	(\$73,682)	-5%	\$2,346,219	(\$821,595)	-35%
Total Revenues	\$284,287,373	\$254,130,792	\$252,158,847	(\$1,971,945)	-1%	\$282,601,103	(\$30,442,256)	-11%
Cash Transfers In								
CIP	\$0	\$14,000,000	\$13,935,983	(\$64,017)	0%	\$0	\$13,935,983	n/a
Self Insurance Fund	\$2,500,000	\$5,000,000	\$5,000,000	\$0	0%	\$0	\$5,000,000	n/a
Community Services/Human Services	\$0	\$130,000	\$130,000	\$0	0%	\$0	\$130,000	n/a
Code Enforcement	\$0	\$0	\$0	\$0	n/a	\$91,133	(\$91,133)	-100%
Miscellaneous	\$0	\$0	\$0	\$0	n/a	\$749,558	(\$749,558)	-100%
Subtotal	\$2,500,000	\$19,130,000	\$19,065,983	(\$64,017)	0%	\$840,691	\$18,225,292	2168%
Total Sources	\$286,787,373	\$273,260,792	\$271,224,830	(\$2,035,962)	-1%	\$283,441,794	(\$12,216,964)	-4%

**City of Scottsdale
General Fund**

Appendix 2

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Year Over Year Change	% Change
Use of Funds:								
Departments								
Mayor & City Council (includes Intergovernmental Relations)	\$1,693,976	\$1,615,735	\$1,586,718	\$29,017	2%	\$1,502,304	\$84,414	6%
City Clerk	\$1,195,371	\$1,283,272	\$1,156,255	\$127,017	10%	\$960,254	\$296,001	34%
City Attorney	\$6,942,294	\$6,726,608	\$6,220,155	\$506,453	8%	\$5,878,618	\$341,537	6%
City Attorney - Photo Enf Loop 101 Program	\$0	\$0	\$0	\$0	n/a	\$38,891	(\$38,891)	-100%
City Auditor	\$973,586	\$1,005,737	\$996,880	\$8,857	1%	\$759,346	\$237,534	31%
City Court	\$5,771,748	\$5,787,246	\$5,772,082	\$15,164	0%	\$5,477,729	\$294,353	5%
City Court - Photo Enf Loop 101 Program	\$0	\$0	\$0	\$0	n/a	\$185,706	(\$185,706)	-100%
City Manager	\$824,025	\$1,595,931	\$1,589,673	\$6,258	0%	\$669,018	\$920,655	138%
CAPA	\$1,728,004	\$1,376,690	\$1,321,658	\$55,032	4%	\$1,441,200	(\$119,542)	-8%
Police	\$90,336,013	\$92,438,072	\$88,325,246	\$4,112,826	4%	\$85,668,378	\$2,656,868	3%
Police - Photo Enf Loop 101 Program	\$0	\$0	\$0	\$0	n/a	\$3,278,649	(\$3,278,649)	-100%
Financial Services	\$9,992,850	\$9,982,306	\$9,586,311	\$395,995	4%	\$9,303,411	\$282,900	3%
Transportation - Trails	\$201,328	\$126,700	\$122,779	\$3,921	3%	\$33,737	\$89,042	264%
Community Services	\$58,822,317	\$61,905,722	\$60,348,168	\$1,557,554	3%	\$59,729,831	\$618,337	1%
Information Systems	\$10,602,652	\$10,135,561	\$9,887,882	\$247,679	2%	\$10,149,143	(\$261,261)	-3%
The Downtown Group	\$4,580,842	\$4,576,689	\$4,479,442	\$97,247	2%	\$4,696,718	(\$217,276)	-5%
Fire	\$33,237,606	\$32,117,766	\$30,732,995	\$1,384,771	4%	\$29,700,291	\$1,032,704	3%
Municipal Services	\$1,687,435	\$2,147,374	\$1,673,284	\$474,090	22%	\$869,216	\$804,068	93%
Citizen & Neighborhood Resources	\$3,774,908	\$3,793,313	\$3,690,887	\$102,426	3%	\$3,314,493	\$376,394	11%
Human Resources	\$4,316,051	\$3,647,288	\$3,439,680	\$107,609	3%	\$3,828,421	(\$388,742)	-10%
Economic Vitality	\$1,502,931	\$1,367,106	\$1,323,377	\$43,729	3%	\$1,481,966	(\$158,589)	-11%
Planning & Development (includes Preservation)	\$17,132,633	\$17,392,936	\$16,619,675	\$773,261	4%	\$15,743,918	\$875,757	6%
WestWorld	\$3,549,525	\$3,852,180	\$3,608,139	\$244,041	6%	\$3,197,698	\$410,441	13%
Unallocated Expense Projection	\$0	(\$3,174,622)	\$0	\$3,174,622	-100%	\$0	\$0	n/a
Subtotal	\$258,865,095	\$259,699,610	\$252,481,286	\$7,218,324	3%	\$247,808,936	\$4,672,350	2%
Debt Service								
Contracts Payable	\$4,607,003	\$2,975,691	\$2,634,686	\$341,005	11%	\$4,128,399	(\$1,493,713)	-36%
Certificates of Participation	\$918,790	\$918,790	\$918,790	\$0	0%	\$918,790	\$0	0%
Certificates of Participation - Radio Financing	\$500,000	\$0	\$40,910	(\$40,910)	n/a	\$0	\$40,910	n/a
Other	\$0	\$0	\$4,963	(\$4,963)	n/a	\$0	\$4,963	n/a
Subtotal	\$6,025,793	\$3,894,481	\$3,599,349	\$295,132	8%	\$5,047,189	(\$1,447,840)	-29%
Total Operating Budget	\$264,890,888	\$263,594,091	\$256,080,635	\$7,513,456	3%	\$252,856,125	\$3,224,510	1%
Cash Transfers Out								
MPC Excise Debt Fund	\$5,938,688	\$5,791,435	\$5,787,446	\$3,989	0%	\$6,045,798	(\$258,352)	-4%
CIP - General Fund Maintenance	\$4,047,000	\$3,300,000	\$3,302,400	(\$2,400)	0%	\$5,000,700	(\$1,698,300)	-34%
CIP - General Fund - Public Safety/Radios	\$1,552,800	\$0	\$0	\$0	n/a	\$3,054,110	(\$3,054,110)	-100%
CIP - General Fund - Non-Maintenance	\$5,000,000	\$0	\$0	\$0	n/a	\$39,456,000	(\$39,456,000)	-100%
CIP - Public Safety Radio - Loop 101	\$0	\$1,348,688	\$1,877,298	(\$528,610)	-39%	\$0	\$1,877,298	n/a
Transportation Fund	\$6,200,000	\$8,305,081	\$7,023,454	\$1,281,627	15%	\$2,527,054	\$4,496,400	178%
Fleet Fund - Decision Packages	\$0	\$0	\$0	\$0	n/a	\$420,300	(\$420,300)	-100%
Bed Tax Fund	\$0	\$932,974	\$240,898	\$692,076	74%	\$0	\$240,898	n/a
Special Programs Fund - Community Services	\$100,000	\$0	\$0	\$0	n/a	\$100,000	(\$100,000)	-100%
Special Programs Fund - Planning & Dev Svcs	\$60,000	\$60,000	\$60,000	\$0	0%	\$60,000	\$0	0%
Streetlight Fund	\$0	\$0	\$37,245	(\$37,245)	n/a	\$0	\$37,245	n/a
Grants Fund	\$0	\$0	\$5,000	(\$5,000)	n/a	\$0	\$5,000	n/a
Other	\$0	\$0	\$0	\$0	n/a	\$152,682	(\$152,682)	-100%
Total Cash Transfers Out	\$22,898,488	\$19,738,178	\$18,333,741	\$1,404,437	7%	\$56,816,644	(\$38,482,903)	-68%
Total Uses	\$287,789,376	\$283,332,269	\$274,414,376	\$8,917,893	3%	\$309,672,769	(\$35,258,393)	-11%
Sources Over/(Under) Uses	(\$1,002,003)	(\$10,071,477)	(\$3,189,546)	(\$6,881,931)		(\$26,230,975)	\$23,041,429	
GAAP to Budget Adjustment (1)	\$0	\$500,000	\$204,744			\$3,348,569		
Ending Fund Balance	\$39,619,773	\$34,697,003	\$41,283,678			\$44,268,479		
Ending Fund Balance								
General Fund Reserve	\$29,927,331	\$25,860,367	\$25,860,367			\$28,131,257		
Photo Enforcement Loop 101 Program - Contingency	\$600,000	\$0	\$0			\$1,626,388		
Operating Contingency	\$5,000,000	\$5,000,000	\$5,000,000			\$2,086,000		
Unreserved Fund Balance	\$4,092,442	\$3,836,635	\$10,423,309			\$12,424,832		
	\$39,619,773	\$34,697,002	\$41,283,676			\$44,268,477		

(1) Reflects cash transactions that do not affect revenues or expenditures but still impact the ending fund balance.

**City of Scottsdale
Transportation Fund**

Appendix 3

	Adopted Budget FY 2008/09	Revised Budget FY 2008/09	Actual FY 2008/09	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual FY 2007/08	Year Over Year Change	% Change
Beginning Fund Balance	(\$2,670,891)	(\$1,685,650)	(\$1,560,056)			\$412,605		
Source of Funds:								
Revenues:								
Transportation Sales Tax	\$20,090,700	\$16,696,260	\$16,474,270	(\$221,990)	-1%	\$19,980,413	(\$3,506,143)	-18%
Highway User Revenue Tax	\$16,900,000	\$13,500,000	\$14,141,719	\$641,719	5%	\$16,302,507	(\$2,160,788)	-13%
Other Revenues								
Local Transportation Assistance Fund I	\$1,088,492	\$1,068,850	\$1,015,408	(\$53,442)	-5%	\$1,088,492	(\$73,084)	-7%
CIP Cost Allocation	\$0	\$836,825	\$879,108	\$42,283	5%	\$0	\$879,108	n/a
Local Transportation Assistance Fund II	\$0	\$432,214	\$432,214	\$0	0%	\$379,831	\$52,383	14%
Proposition 400 Regional Sales Tax	\$305,184	\$305,184	\$377,237	\$72,053	24%	\$7,920	\$369,317	4663%
Charges for Services	\$180,000	\$119,500	\$247,561	\$128,061	107%	\$101,794	\$145,767	143%
Miscellaneous	\$0	\$0	\$6,920	\$6,920	n/a	\$7,498	(\$578)	-8%
Total Other Revenues	\$1,573,676	\$2,762,573	\$2,958,448	\$195,875	107%	\$1,585,535	\$1,372,913	87%
Total Revenues	\$38,564,376	\$32,958,833	\$33,574,437	\$615,604	2%	\$37,868,455	(\$4,294,018)	-11%
Cash Transfers In								
General Fund	\$6,200,000	\$8,305,081	\$7,023,454	(\$1,281,627)	-15%	\$2,527,135	\$4,496,319	178%
Transportation CIP	\$3,000,000	\$1,500,000	\$1,500,000	\$0	0%	\$0	\$1,500,000	n/a
Solid Waste - Alley Maintenance	\$334,012	\$334,012	\$334,012	\$0	0%	\$311,395	\$22,617	7%
Subtotal	\$9,534,012	\$10,139,093	\$8,857,466	(\$1,281,627)	-13%	\$2,838,530	\$6,018,936	212%
Total Sources	\$48,098,388	\$43,097,926	\$42,431,903	(\$666,023)	-2%	\$40,706,985	\$1,724,918	4%
Use of Funds:								
Departments								
Transportation	\$15,804,943	\$14,878,104	\$15,437,011	(\$558,907)	-4%	\$14,267,442	\$1,169,569	8%
Municipal Services	\$19,600,184	\$18,158,367	\$17,108,310	\$1,050,057	6%	\$18,268,092	(\$1,159,782)	-6%
Unallocated Expense Projection	\$0	(\$29,825)	\$0	(\$29,825)	100%	\$0	\$0	n/a
Total Operating Budget	\$35,405,127	\$33,006,646	\$32,545,321	\$461,325	1%	\$32,535,534	\$9,787	0%
Cash Transfers Out								
CIP Fund - Privilege Tax Allocation	\$10,045,350	\$8,348,130	\$8,237,135	\$110,995	1%	\$9,990,206	(\$1,753,071)	-18%
CIP Fund - Tech. Replacement	\$57,500	\$57,500	\$57,500	\$0	0%	\$68,800	(\$11,300)	-16%
Fleet Fund - Vehicles	\$0	\$0	\$0	\$0	n/a	\$210,700	(\$210,700)	-100%
Total Cash Transfers Out	\$10,102,850	\$8,405,630	\$8,294,635	\$110,995	1%	\$10,269,706	(\$1,975,071)	-19%
Total Uses	\$45,507,977	\$41,412,276	\$40,839,956	\$572,320	1%	\$42,805,240	(\$1,965,284)	-5%
Sources Over/(Under) Uses	\$2,590,411	\$1,685,650	\$1,591,947	(\$93,703)		(\$2,098,255)	(\$3,940,355)	
Total Ending Fund Balance	(\$80,480)	\$0	\$31,891			(\$1,685,650)		