

Financial Report Fiscal Year-to-Date As of December 2012

Report to the City Council

Prepared by City Treasurer – Finance and Accounting Division

January 25, 2013

YTD December 2012 Page 1 of 43



FINANCIAL REPORT YEAR-TO-DATE DECEMBER 2012

The following report is a summary of financial results for the City's General Fund (which is the primary operating fund of the City), Transportation Fund, Tourism Development Fund, major Enterprise Funds, Fleet Fund, Risk Fund and Benefits Self-Insurance Fund. The report also includes detailed information on the City's privilege (sales) tax by major category.

Financial statements summarize sources and uses by major categories. Significant budget to actual variances are highlighted and explained.

On May 8, 2012, City Council authorized the creation of the Tourism Development Fund. The Tourism Development Fund is a Special Revenue Fund consisting of Bed Tax, Princess Hotel lease revenue and Hospitality Trolley sponsorships. This fund was established to account for all revenues and expenditures related to tourism. Beginning August 2012, revenue collections, revenue and expenditure budgets, and expenditure activity was transferred to the newly created Tourism Development Fund.

<u>Contents</u>	Page
General Fund	3
Transportation Fund	13
Tourism Development Fund	16
Enterprise Funds:	
Water and Water Reclamation Funds	19
Aviation Fund	22
Solid Waste Fund	25
Internal Service Funds:	
Fleet Fund	
Risk Fund	31
Benefits Self-Insurance Fund	34
Appendix 1: Privilege (Sales) & Use Tax Collections	37
Appendix 2: Glossary	41

YTD December 2012 Page 2 of 43

General Fund-Summary

FY 2012/13 - GENERAL FUND (\$ in millions: Rounding differences may occur) Adopted vs. Revised Adopted Revised Favorable/(Unfavorable) Budget **Budget** Amount Percent Sources \$242.0 \$229.7 -5% (\$12.3)240.0 Uses 250.3 10.3 4% Change in Fund Balance (\$8.4)(\$10.3) (\$2.0) Beginning Fund Balance \$39.4 \$44.8 \$5.4 \$34.4 **Ending Fund Balance** \$31.1 \$3.4 Reserved* \$24.7 \$24.6 (\$0.2)Contingency \$5.0 \$5.0 \$1.3 \$4.9 Unreserved \$3.5 *General Fund Reserved equals 10% of operating expenses for the General Fund plus Transportation Fund. **December 2012: Current Month and YTD** (\$ in millions: Rounding differences may occur) December YTD Actual vs. Budget December YTD Revised Favorable/(Unfavorable) Revised Budget Actual Actuals Budget Amount Percent Sources \$19.3 \$110.4 \$108.3 \$2.1 2% \$19.1 2% 2.2 Uses 112.2 114.4 18.0 19.0 Change in Fund Balance \$1.3 \$0.1 (\$1.8)(\$6.1) \$4.3

YTD December 2012 Page 3 of 43

Sources
(\$ in millions: Rounding differences may occur)

			Twelve Months:	Fiscal Year
			2012/13	2012/13
	2010/11	2011/12	Adopted	Revised
	Actual	Actual	Budget	Budget
1.1% Sales Taxes	\$87.9	\$92.9	\$97.3	\$97.3
State-Shared Revenues	48.4	42.3	47.6	47.6
Property Taxes	24.6	24.8	25.3	25.3
Bed Taxes*	13.1	13.4	13.4	-
Franchise Fees/In-Lieu Taxes	11.2	11.8	11.5	11.5
Charges for Services/Other*	24.5	25.9	23.3	21.7
Building Permit Fees & Charges	6.9	8.4	8.7	8.7
Interest Earnings	1.2	1.5	1.1	1.1
Indirect/Direct Cost Allocation**	13.9	8.6	6.7	7.1
Total Revenue	\$231.7	\$229.7	\$234.9	\$220.2
Transfers In	12.2	9.9	7.1	9.5
Total Sources	\$243.9	\$239.6	\$242.0	\$229.7
% Change vs. Prior Year	-3%	-2%	1%	-4%

	One Month: December 2012								
				2012/13	Actual vs.	Budget			
	2010/11	2011/12	2012/13	Revised	Favorable/(Ur	nfavorable)			
	Actual	Actual	Actual	Budget	Amount	Percent			
1.1% Sales Taxes	\$7.8	\$8.2	\$8.6	\$8.7	(\$0.1)	-1%			
State-Shared Revenues	3.9	3.4	3.5	3.9	(0.3)	-9%			
Property Taxes	2.8	4.2	3.1	2.9	0.2	8%			
Bed Taxes*	1.0	1.1	-	-	-	-			
Franchise Fees/In-Lieu Taxes	0.1	0.1	0.1	0.1	-	-			
Charges for Services/Other*	1.9	2.0	1.7	1.6	-	-			
Building Permit Fees & Charges	0.5	0.8	1.1	0.7	0.4	61%			
Interest Earnings	0.1	0.3	0.1	0.1	-	-			
Indirect/Direct Cost Allocation	1.1	0.7	0.6	0.6	-	-			
Total Revenue	\$19.3	\$20.6	\$18.8	\$18.6	\$0.2	1%			
Transfers In	(0.1)	0.6	0.5	0.5	-	-			
Total Sources	\$19.2	\$21.2	\$19.3	\$19.1	\$0.2	1%			
% Change vs. Prior Year		11%	-9%	-10%					

	Fiscal Year-to-Date: December 2012									
				2012/13	Actual vs.	Budget				
	2010/11	2011/12	2012/13	Revised	Favorable/(U	nfavorable)				
	Actual	Actual	Actual	Budget	Amount	Percent				
1.1% Sales Taxes	\$39.9	\$42.7	\$44.3	\$45.0	(\$0.7)	-2%				
State-Shared Revenues	23.8	20.9	22.8	23.4	(0.7)	-3%				
Property Taxes	12.2	13.6	13.5	12.5	1.0	8%				
Bed Taxes*	4.5	4.7	-	-	n/a	n/a				
Franchise Fees/In-Lieu Taxes	5.2	5.3	5.6	5.3	0.2	5%				
Charges for Services/Other*	10.6	10.8	9.5	9.2	0.3	3%				
Building Permit Fees & Charges	3.9	4.1	5.6	3.9	1.7	43%				
Interest Earnings	0.9	0.5	0.6	0.6	0.1	10%				
Indirect/Direct Cost Allocation	6.7	4.3	3.5	3.5						
Total Revenue	\$107.6	\$106.9	\$105.3	\$103.5	\$1.8	2%				
Transfers In	7.8	6.1	5.1	4.8	0.2	5%				
Total Sources	\$115.4	\$113.0	\$110.4	\$108.3	\$2.1	2%				
% Change vs. Prior Year		-2%	-2%	-4%						

^{*} Beginning in August 2012, the budget and collection of Bed Tax and Princess Hotel Lease revenues have been moved to the newly created Tourism Development Fund authorized by City Council on May 8, 2012.

YTD December 2012 Page 4 of 43

^{**} Direct Cost Allocation for Fire included in Indirect Cost Allocation amounts for all years except Adopted FY 2012/13, where it was adopted as a Transfer In. FY 2012/13 budget has since been revised to provide consistent annual comparisons.

Sales Taxes

		Twelve Months: Fiscal Year					
			2012/13	2012/13			
	2010/11	2011/12	Adopted	Revised			
	Actual	Actual	Budget	Budget			
1.00% General Purpose Sales Tax	\$80.1	84.6	\$88.7	\$88.7			
0.10% Public Safety Sales Tax	7.8	8.2	8.6	8.6			
Total General Fund Sales Taxes	\$87.9	\$92.9	\$97.3	\$97.3			
% Change vs. Prior Year	2%	6%	5%	5%			

	Fiscal Year-to-Date: December 2012							
		2012/13 Actual vs. Bud						
	2010/11 2011/12 2012/13 Revised		2011/12 2012/13 Revised Favorab		Favorable/(Ur	nfavorable)		
	Actual	Actual	Actual	Budget	Amount	Percent		
1.00% General Purpose Sales Tax	\$36.4	\$39.0	\$40.4	\$41.0	(\$0.6)	-2%		
0.10% Public Safety Sales Tax	3.5	3.8	3.9	4.0	(0.1)	-2%		
Total General Fund Sales Taxes	\$39.9	\$42.7	\$44.3	\$45.0	(\$0.7)	-2%		
% Change vs. Prior Year		7%	4%	5%				

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

The unfavorable variance is attributed to a decline in the major department store category as a result of two stores closing, as well as construction sales tax coming in lower than anticipated. The amount of sales tax per \$1 of building permit valuation has been lower than the amount used in the budget calculation. See Appendix 1 for further information about results by sales tax categories.

State-Shared Revenues

	Twelve Months: Fiscal Year					
			2012/13	2012/13		
	2010/11	2011/12	Adopted	Revised		
	Actual	Actual	Budget	Budget		
State Revenue Sharing	\$22.8	\$18.3	\$22.2	\$22.2		
State Shared Sales Tax	17.8	17.0	18.2	18.2		
Auto Lieu Tax	7.7	7.0	7.2	7.2		
Total State Shared Revenues	\$48.4	\$42.3	\$47.6	\$47.6		
% Change vs. Prior Year	-13%	-13%	12%	12%		

	Fiscal Year-to-Date: December 2012							
	2012/13 Actual vs. Budget							
	2010/11	0/11 2011/12 2012/13 Revised Favora		Favorable/(U	ble/(Unfavorable)			
	Actual	Actual	Actual	Budget	Amount	Percent		
State Revenue Sharing	\$11.4	\$9.2	\$11.1	\$11.1		-		
State Shared Sales Tax	8.4	8.2	8.4	8.6	(0.2)	-2%		
Auto Lieu Tax	4.0	3.5	3.2	3.7	(0.5)	-13%		
Total State Shared Revenues	\$23.8	\$20.9	\$22.8	\$23.4	(\$0.7)	-3%		
% Change vs. Prior Year		-12%	9%	12%				

Actual to Revised Budget variance of (\$0.7) million or (3%):

Of the unfavorable variance in Auto Lieu Tax, (\$0.3) million is the result of a timing issue; only one payment was received in time to post to December actuals. Overall, the Auto Lieu Tax actuals continue to perform under the Arizona Department of Transportation's (ADOT) forecast.

YTD December 2012 Page 5 of 43

Property Taxes

Actual to Revised Budget variance of \$1.0 million or 8%:

The favorable variance is a timing issue and is not indicative of annual results.

Bed Taxes

Actual to Revised Budget variance of n/a or n/a:

With the creation of the Tourism Development Fund, bed tax revenue budgets were moved out of the General Fund to the new fund; all revenues collected year to date are now reported in the new fund.

Franchise Fees and In-Lieu Taxes						
			Twelve Months	: Fiscal Year		
			2012/13	2012/13		
	2010/11	2011/12	Adopted	Revised		
	Actual	Actual	Budget	Budget		
Electric and Gas Franchise	\$7.8	\$8.1	\$8.2	\$8.2		
Cable TV License Fee	3.2	3.4	3.0	3.0		
Salt River Project Lieu Tax	0.2	0.2	0.2	0.2		
Total Franchise Fees/In-Lieu Taxes	\$11.2	\$11.8	\$11.5	\$11.5		
% Change vs. Prior Year	-2%	5%	-3%	-3%		

	Fiscal Year-to-Date: December 2012							
			Actual vs. Budget					
	2010/11	2011/12	2012/13	Revised	Favorable/(U	nfavorable)		
	Actual	Actual	Actual	Budget	Amount	Percent		
Electric and Gas Franchise	\$4.3	\$4.3	\$4.6	\$4.5	\$0.2	4%		
Cable TV License Fee	0.7	0.8	0.8	0.8	0.1	7%		
Salt River Project Lieu Tax	0.2	0.1	0.1	0.1	-	-		
Total Franchise Fees/In-Lieu Taxes	\$5.2	\$5.3	\$5.6	\$5.3	0.2	5%		
% Change vs. Prior Year		2%	6%	1%				

Actual to Revised Budget variance of \$0.2 million or 5%:

The favorable variance in Electric and Gas Franchise is likely the result of increased utility revenues due to either new customer connections and/or higher customer usage. The favorable variance for Cable TV License Fee is the result of an increase in cable vendor gross revenues.

YTD December 2012 Page 6 of 43

	Cha	arges for Se	rvices/Other	
			Twelve Months	: Fiscal Year
			2012/13	2012/13
	2010/11	2011/12	Adopted	Revised
	Actual	Actual	Budget	Budget
Licenses, Permits & Fees				
Recreation Fees	\$3.6	\$3.8	\$3.7	\$3.7
WestWorld	2.6	2.6	2.7	2.7
Fire Service Charges	8.0	0.5	0.5	0.5
Business Licenses & Fees	1.7	1.8	1.8	1.8
Fines & Forfeitures				
Court Fines	4.3	4.5	4.3	4.3
Photo Enforcement Revenue	2.0	2.3	2.1	2.1
Parking Fines	0.3	0.3	0.3	0.3
Library Fines & Fees	0.4	0.4	0.3	0.3
Miscellaneous				
Stormwater Water Quality Charge	8.0	0.9	0.9	0.9
Property Rental	3.2	3.6	3.3	1.8
Intergovernmental Revenue	0.9	0.8	0.9	0.9
Contributions/Donations	-	-	0.1	-
Miscellaneous	0.5	1.1	0.7	0.7
Reimbursements	3.4	3.2	1.8	1.8
Total Charges for Services/Other	\$24.5	\$25.9	\$23.3	\$21.7
% Change vs. Prior Year	-8%	6%	-10%	-16%

		F	iscal Year-to-Date	: December 2012		
				2012/13	Actual vs.	Budget
	2010/11	2011/12	2012/13	Revised	Favorable/(U	nfavorable)
	Actual	Actual	Actual	Budget	Amount	Percent
Licenses, Permits & Fees						
Recreation Fees	\$1.4	\$1.5	\$1.5	\$1.5	-	-
WestWorld	0.6	0.6	0.4	0.6	(0.2)	-33%
Fire Service Charges	0.4	0.2	0.3	0.2	0.1	33%
Business Licenses & Fees	1.0	1.1	1.1	1.0	-	-
Fines & Forfeitures						
Court Fines	2.1	2.1	1.9	2.1	(0.2)	-8%
Photo Enforcement Revenue	0.9	1.1	1.1	1.1	-	-
Parking Fines	0.1	0.1	0.1	0.1	-	-
Library Fines & Fees	0.2	0.2	0.2	0.1	-	-
Miscellaneous						
Stormwater Water Quality Charge	0.5	0.5	0.5	0.5	-	-
Property Rental	1.2	0.9	0.6	0.4	0.2	54%
Intergovernmental Revenue	0.5	0.6	0.7	0.4	0.3	75%
Contributions/Donations	-	-	-	-	-	-
Miscellaneous	0.3	0.5	0.5	0.3	0.2	72%
Reimbursements	1.5	1.4	0.7	0.9	(0.2)	-21%
Total Charges for Services/Other	\$10.6	\$10.8	\$9.5	\$9.2	\$0.3	3%
% Change vs. Prior Year		2%	-12%	-15%		

Actual to Revised Budget variance of \$0.3 million or 3%:

The unfavorable variance in WestWorld is the result of four events that did not return this fall as anticipated, as well as two other events that were not as large as anticipated. The favorable variance in Fire Service Charges is attributable to an increase in Advanced Life Support transports. The unfavorable variance in Court Fines is the result of a 9 percent decline in criminal citations. The favorable variance in Property Rental is from increased activity at the Stadium related to a new summer baseball league that rented the Stadium in July and August as well as rents received that were not budgeted. The favorable variance in Intergovernmental Revenue is primarily the result of \$0.1 million in School Resource Officer reimbursements for FY 2011/12 recorded in FY 2012/13, as well as \$0.1 million attributed to favorable Civic Center Library reciprocal borrowing revenues potentially as a result of surrounding community library cutbacks. The favorable variance in Miscellaneous revenue is attributable to a budget spread issue with billing the Regional Wireless Communications agreement with the City of Phoenix, as well as unbudgeted revenue received for recoveries in Tax Licensing and Police Property and Evidence. The unfavorable variance in Reimbursements is the result of a decrease in Jail Fees collected.

YTD December 2012 Page 7 of 43

Building Permit Fees and Charges

Actual to Revised Budget variance of \$1.7 million or 43%:

The favorable variance is attributable to large projects coming in, such as Broadstone Lincoln and SkySong apartment complex.

Interest Earnings

Actual to Revised Budget variance of \$0.1 million or 10%:

Additional investment sales were processed, resulting in a higher rate of return. In addition, a change in the interest allocation process has resulted in the interest earned by internal service funds now being credited to the General Fund.

Indirect/Direct Cost Allocations

Actual to Revised Budget variance of \$0.0 million or 0%:

No explanation necessary.

Transfers In

			Twelve Months	: Fiscal Year
			2012/13	2012/13
	2010/11	2011/12	Adopted	Revised
	Actual	Actual	Budget	Budget
CIP	\$3.6	\$0.9	\$0.0	\$0.0
Tourism Development - Bed Tax	-	-	-	2.7
Direct Cost Allocation - Fire*	-	-	0.3	-
30 Day Tow	-	0.3	0.3	0.3
Fleet Transfer	-	1.0	-	-
Special Programs	-	0.2	-	-
Enterprise In Lieu Franchise Fees	6.4	6.7	6.4	6.4
Enterprise In Lieu Property Tax	1.8	0.9	-	-
Water Campus Security	0.5	-	-	-
Total Transfers In	\$12.2	\$9.9	\$7.1	\$9.5
% Change vs. Prior Year	-37%	-15%	-28%	-5%

	Fiscal Year-to-Date: December 2012								
	'			2012/13	Actual vs.	. Budget			
	2010/11	2011/12	2012/13	Revised	Favorable/(Unfavorable)				
	Actual	Actual	Actual	Budget	Amount	Percent			
CIP	\$3.6	\$0.9	\$0.0	\$0.0	_				
Tourism Development - Bed Tax	-	-	1.2	1.2	-	-			
30 Day Tow	-	0.2	0.2	0.2	-	-			
Fleet Transfer	-	1.0	-	-	-	-			
Special Programs	-	0.1	-	-	-	-			
Enterprise In Lieu Franchise Fees	3.1	3.6	3.7	3.5	0.2	6%			
Enterprise In Lieu Property Tax	0.9	0.4	-	-	-	-			
Water Campus Security	0.2	-	-	-	-	-			
Total Transfers In	\$7.8	\$6.1	\$5.1	\$4.8	\$0.2	5%			
% Change vs. Prior Year		-21%	-17%	-21%					

^{*} FY 2012/13 Budget moved to Indirect/Direct Cost Allocations category.

Actual to Revised Budget variance of \$0.2 million or 5%:

The favorable variance in Enterprise In Lieu Franchise Fees is due to a favorable variance in revenues from water service charges and water reclamation charges in the Water and Water Reclamation funds. Water sales have been higher than anticipated and are being favorably affected by rate structural changes. Water reclamation revenues are experiencing favorable results due to higher than anticipated seasonal adjustments, which are based on water sales for the prior winter period.

YTD December 2012 Page 8 of 43

Uses
(\$ in millions: Rounding differences may occur)

	Twelve Months: Fiscal Year							
Expenses:* Personnel Services	2010/11 Actual \$158.0	2011/12 Actual \$154.2	2012/13 Adopted <u>Budget</u> \$157.8 **	2012/13 Revised <u>Budget</u> \$157.5 **	2012/13 Approved Adjustments (\$0.2)			
Contractual	48.6	45.2	51.6	50.0	(1.5)			
Commodities	7.4	7.3	7.9	7.7	(0.1)			
Capital Outlays	0.5	0.2	1.1	1.1	-			
Total Operating Expenses	\$214.5	\$206.9	\$218.3	\$216.4	(\$1.9)			
Debt Service & Contracts Payable	12.2	17.8	18.0	15.1	(2.9)			
Transfers Out	11.5	14.8	14.0	8.5	(5.5)			
Total Uses	\$238.3	\$239.4	\$250.3 **	\$240.0 **	(\$10.3)			
% Change vs. Prior Year	-6%	0%	5%	0%				

			One Month: De	cember 2012		
Expenses:* Personnel Services	2010/11 Actual \$12.0	2011/12 Actual \$11.8	2012/13 Actual \$12.1	2012/13 Revised <u>Budget</u> \$12.3		vs. Budget Infavorable) <u>Percent</u> 1%
Contractual	4.4	2.9	3.4	3.9	0.4	11%
Commodities	0.5	0.5	0.8	0.7	-	-
Capital Outlays	-	-	-	-	-	-
Total Operating Expenses	\$17.0	\$15.3	\$16.4	\$17.0	\$0.6	3%
Debt Service & Contracts Payable	0.4	6.5	1.7	2.0	0.4	18%
Transfers Out	(0.3)	0.6	-	-	-	-
Total Uses	\$17.1	\$22.3	\$18.0	\$19.0	\$1.0	5%
% Change vs. Prior Year		31%	-19%	-15%		

	Fiscal Year-to-Date: December 2012							
				2012/13	Actual	vs. Budget		
	2010/11	2011/12	2012/13	Revised	Favorable / (U	Jnfavorable)		
Expenses:*	Actual	Actual	Actual	Budget	Amount	Percent		
Personnel Services	\$77.7	\$76.3	\$78.9	\$78.6	(\$0.3)	0%		
Contractual	24.4	22.2	23.9	25.4	1.6	6%		
Commodities	3.0	2.7	3.2	3.6	0.4	10%		
Capital Outlays	0.1	-	0.4	0.3	-	-		
Total Operating Expenses	\$105.2	\$101.3	\$106.4	\$108.0	\$1.6	1%		
Debt Service & Contracts Payable	2.0	7.9	2.7	3.4	0.7	20%		
Transfers Out	2.3	2.0	3.0	3.0	-	-		
Total Uses	\$109.6	\$111.1	\$112.2	\$114.4	\$2.2	2%		
% Change vs. Prior Year		1%	1%	3%				

	Fiscal Year-to-Date: December 2012						
Expenses: Mayor & Council and Charter Officers	2010/11 <u>Actual</u> \$9.2	2011/12 <u>Actual</u> \$8.4	2012/13 Actual \$8.8	2012/13 Revised <u>Budget</u> \$9.2		vs. Budget Unfavorable) <u>Percent</u> 4%	
Administrative Services	7.3	7.0	7.5	7.5	-	-	
Community & Economic Dev	13.7	12.1	11.9	11.9	0.1	1%	
Community Services	16.8	15.0	16.2	16.7	0.5	3%	
Public Safety - Fire	13.0	13.1	14.5	14.6	0.1	1%	
Public Safety - Police	38.2	38.5	39.5	39.4	(0.1)	0%	
Public Works	7.1	7.2	8.1	8.7	0.6	7%	
Total Operating Expenses	\$105.2	\$101.3	\$106.4	\$108.0	\$1.6	1%	

^{*}Beginning in August 2012, the Bed Tax budget and expenditures have moved to the newly created Tourism Development Fund authorized by City Council on May 8, 2012.

YTD December 2012 Page 9 of 43

^{**}Includes budgeted vacancy savings net of leave accrual payouts, 2% pay for performance and compensation adjustments.

Personnel Services									
			Twelve Months:	Fiscal Year					
Salaries and Wages	2010/11 <u>Actual</u> \$118.4	2011/12 Actual \$112.0	2012/13 Adopted <u>Budget</u> \$112.9 *	2012/13 Revised <u>Budget</u> \$112.9 *	2012/13 Approved Adjustments (\$0.1)				
Overtime	5.7	6.6	5.8	5.8	0.1				
FICA	8.1	7.8	7.9	7.9	-				
Retirement	13.2	14.1	15.8	15.8	-				
Health/Dental/Miscellaneous	12.7	13.8	15.3	15.1	(0.3)				
Total Personnel Services	\$158.0	\$154.2	\$157.8 *	\$157.5 *	(\$0.2)				
% Change vs. Prior Year	-6%	-2%	2%	2%					

		Fiscal Year-to-Date: December 2012							
	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Revised Budget		vs. Budget Infavorable) Percent			
Salaries and Wages	\$59.4	\$56.2	\$56.7	\$56.8	\$0.1	0%			
Overtime	2.6	2.8	3.2	2.6	(0.6)	-22%			
FICA	4.0	3.8	3.8	3.9	-	-			
Retirement	6.6	6.7	7.8	7.7	-	-			
Health/Dental/Miscellaneous	5.0	6.8	7.4	7.6	0.2	2%			
Total Personnel Services	\$77.7	\$76.3	\$78.9	\$78.6	(\$0.3)	0%			
% Change vs. Prior Year		-2%	4%	3%					
Pay Periods YTD	13	13	13						

^{*}Includes budgeted vacancy savings net of leave accrual payouts, 2% pay for performance and compensation adjustments.

Actual to Revised Budget variance of (\$0.3) million or 0%: The unfavorable variance in Personnel Services continues to be driven by overtime. Per the Police Department, the overtime unfavorable variance is largely due to increased vacancies or not fully trained employees within the Police Department specifically in Communication, Patrol and Detention Officer positions, which is resulting in additional overtime to ensure minimum staffing levels are maintained.

Macro Personnel Adjustments										
	2010/11	2011/12	2012/13 Adopted	2012/ Year-To						
	Actual	Actual	Budget	Saved/(Used)	Remaining					
2% Pay for Performance	-	-	2.7	(2.7)	-					
Compensation Adjustments	-	-	0.6	-	0.6					
Vacancy Savings	(4.0)	(3.8)	(3.3)	1.8	(1.5)					
Vacation Leave Payouts	0.7	0.6	0.8	(0.5)	0.3					
Medical Leave Payouts	1.1	0.9	1.1	(8.0)	0.2					
Reclassifications	-	-	-	-	-					
Total Vacancy Savings/Payouts	(\$2.3)	(\$2.3)	\$1.9	(\$2.2)	(\$0.3)					

Total Saved/(Used) YTD of (\$2.2) million: The city has achieved \$1.8 million in vacancy savings largely offset by \$1.3 million of vacation and medical leave payouts. The annual amount for the 2 percent pay for performance was transferred to the division budgets and spread based on payroll dates. The pay for performance payouts paid year-to-date are reflected in the personnel services actual expenditures within the divisions. The \$0.6 million for compensation adjustments has not yet been transferred to division budgets.

Contractual Services

Actual to Revised Budget variance of \$1.6 million or 6%: The favorable variance in Contractual Services continues to be attributable largely to the jail services contract versus budget. Budget was based on prior year activity. In addition, the favorable variance is related to less maintenance and repair activity for the city's fleet. Also, due to warmer than average weather conditions in November, gas usage for the city was less than budgeted. Finally, the favorable variance relates to invoices for services being received later than expected for contracts such as citywide custodial service, security and the photo enforcement contract.

YTD December 2012 Page 10 of 43

Commodities

Actual to Revised Budget variance of \$0.4 million or 10%: The favorable variance is attributable to a timing issue for radio equipment purchases in the Fire Department and Information Technology Department. The positive variance is also attributable to lower registration for the After School Programs which resulted in less need for education and recreational supplies. Lastly, the favorable variance is also due to the timing of anticipated repair projects and the need for materials to maintain and repair buildings and equipment.

Capital Outlays

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

			Twelve Months:	Fiscal Year		
	2010/11 Actual	2011/12 Actual	2012/13 Adopted <u>Budget</u>	2012/13 Revised Budget	2012/13 Approved Adjustments	
MPC Excise Debt Fund	\$6.7	\$7.6	\$10.3	\$8.9	(\$1.4)	
MPC Excise Debt Fund - Bed Tax	0.6	0.6	1.5	-	(1.5)	
Certificates of Participation (COP)	0.9	3.5	-	-	-	
Contracts Payable	3.5	3.6	6.2	3.7	(2.5)	
COP - Radio Financing	0.5	2.5	-	2.5	2.5	
Other	<u> </u>	<u> </u>	<u> </u>	_		
Debt Service & Contracts Payable	\$12.2	\$17.8	\$18.0	\$15.1	(\$2.9)	
% Change vs. Prior Year	36%	45%	1%	-15%		
		Fisca	al Year-to-Date:	December 20)12	
				2012/13	Actual	
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable
						_
MDO Freir - Dalit Fred	Actual	Actual	Actual	Budget	Amount	Percen
MPC Excise Debt Fund	<u>Actual</u> \$ -	Actual \$ -	Actual \$ -	Budget \$ -	Amount	Percen
MPC Excise Debt Fund - Bed Tax		\$ -				Percen
MPC Excise Debt Fund - Bed Tax Certificates of Participation (COP)	\$ - - -	\$ - - 3.5	\$ - - -	\$ - - -	\$ - - -	-
MPC Excise Debt Fund - Bed Tax Certificates of Participation (COP) Contracts Payable		\$ - - 3.5 1.8	\$ - - 1.5	\$ - - - 2.1		Percen
MPC Excise Debt Fund - Bed Tax Certificates of Participation (COP) Contracts Payable COP - Radio Financing	\$ - - -	\$ - - 3.5 1.8 1.3	\$ - - -	\$ - - -	\$ - - -	-
MPC Excise Debt Fund - Bed Tax Certificates of Participation (COP) Contracts Payable	\$ - - -	\$ - - 3.5 1.8	\$ - - 1.5	\$ - - - 2.1	\$ - - -	-

Actual to Revised Budget variance of \$0.7 million or 20%: The favorable variance in Contracts Payable primarily relates to the city's Nordstrom lease agreement. Actual tax collections for the contract year October 2011 through September 2012 were less than originally estimated. An adjustment to the current payment was posted in November resulting in a positive variance. The variance also relates to the agreement with U.S. Corps of Engineers which was budgeted in December; however, payment is not scheduled until June 2013. Finally, the variance is a result of the annual recreational use agreement payment to the Bureau Of Reclamation which was budgeted in December; however, payment was posted in January.

YTD December 2012 Page 11 of 43

Transfers-Out							
	Twelve Months: Fiscal Year						
	2010/11 <u>Actual</u>	2011/12 Actual	2012/13 Adopted Budget	2012/13 Revised Budget	2012/13 Approved Adjustments		
CIP - Stadium	\$ -	\$0.3	\$ -	\$ -	\$ -		
CIP - PAYGO	2.0	2.0	5.4	5.4	-		
CIP - Bed Tax*	2.8	0.5	1.8	-	(1.8)		
Health Care Reserve Fund	-	3.0	-	-	-		
Spec Pgms Fund - Art In Public Places	-	0.9	-	-	-		
Bed Tax Fund*	6.7	6.7	6.7	3.0	(3.7)		
Spec Pgms Fund - Comm Srvs	-	0.1	-	-	-		
Spec Pgms Fund - Planning & Dev	0.1	0.1	0.1	0.1	-		
PC Replacement Fund	-	1.2	-	-	-		
Total Transfers Out	\$11.5	\$14.8	\$14.0	\$8.5	(\$5.5)		
% Change vs. Prior Year	-43%	28%	-5%	-42%			

	Fiscal Year-to-Date: December 2012						
	2010/11	2011/12	2012/13	2012/13 Revised	,	vs. Budget Unfavorable)	
	Actual	Actual	Actual	Budget	Amount	Percent	
CIP - Stadium	\$ -	\$ -	\$ -	\$ -	\$ -	-	
CIP - PAYGO	-	-	-	-	-	-	
CIP - Bed Tax*	-	-	-	-	-	-	
Health Care Reserve Fund	-	-	-	-	-	-	
Spec Pgms Fund - Art In Public Places	-	-	-	-	-	-	
Bed Tax Fund*	2.3	2.0	3.0	3.0	-	-	
Spec Pgms Fund - Comm Srvs	-	-	-	-	-	-	
Spec Pgms Fund - Planning & Dev	-	-	-	-	-	-	
PC Replacement Fund	-	-	-	-	-	-	
Total Transfers Out	\$2.3	\$2.0	\$3.0	\$3.0	\$ -		
% Change vs. Prior Year		-13%	50%	49%			

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

YTD December 2012 Page 12 of 43

^{*}Beginning in August 2012, the Bed Tax budget and expenditures have moved to the newly created Tourism Development Fund authorized by City Council on May 8, 2012.

FY 2012/13 - TRANSPORTATION FUND (\$ in millions: Rounding differences may occur)									
			Adopted	vs. Revised					
	Adopted	Revised	Favorable /	(Unfavorable)					
	Budget	Budget	Amount	Percent					
Sources	\$31.4	\$31.4	\$ -	-					
Uses	31.2	31.2	-	-					
Change in Fund Balance	\$0.2	\$0.2	\$ -						
Beginning Fund Balance	\$4.3	\$5.0	\$0.7						
Ending Fund Balance	\$4.5	\$5.2	\$0.7						

	Twelve Months: Fiscal Year							
	2012/13 2012/13 2012/13							
	2010/11	2011/12	Adopted	Revised	Approved			
Revenues:	Actual	Actual	Budget	Budget	<u>Adjustments</u>			
HURF Taxes	\$13.4	\$10.9	\$12.2	\$12.2	\$ -			
0.20% City Sales Tax	15.0	16.0	16.8	16.8	-			
Other	6.1	3.3	1.9	2.4	0.6			
Total Revenues	\$34.5	\$30.2	\$30.9	\$31.4	\$0.6			
Transfers In ^(a)	0.6	1.2	0.6	-	(0.6)			
Total Sources	\$35.1	\$31.4	\$31.4	\$31.4	\$ -			
% Change vs. Prior Year	0%	-11%	0%	0%				

	Twelve Months: Fiscal Year						
			2012/13	2012/13	2012/13		
	2010/11	2011/12	Adopted	Revised	Approved		
Expenses:	Actual	Actual	Budget	Budget	<u>Adjustments</u>		
Personnel Services	\$6.3	\$5.1	\$5.4 *	\$5.4 *	\$ -		
Contractual	15.4	14.7	16.6	16.6	-		
Commodities	0.6	0.6	0.7	0.7	-		
Capital Outlays	3.0	0.2	0.1	0.1	-		
Total Operating Expenses	\$25.2	\$20.6	\$22.8	\$22.8	\$ -		
Transfers Out							
CIP Fund	7.6	8.0	8.4	8.4	-		
Total Uses	\$32.8	\$28.7	\$31.2 *	\$31.2 *	\$ -		
% Change vs. Prior Year	-5%	-13%	9%	9%			

YTD December 2012 Page 13 of 43

⁽a) Direct Cost Allocations for Alley Maintenance moved from Transfers In to Other revenue for reporting consistency.

* Includes budgeted vacancy savings net of leave accrual payouts, 2% pay for performance and compensation adjustments.

		December 2012: Current Month and YTD (\$ in millions: Rounding differences may occur)							
		December YTD Actual vs.							
	December	Revised	YTD	Revised	Favorable /	vs. Budget (Unfavorable)			
	Actual	Budget	Actual	Budget	Amount	<u>Percent</u>			
Sources	\$2.3	\$2.6	\$14.5	\$15.0	(\$0.5)	-3%			
Uses	2.0	2.0 1.7 8.6 9.2 0.6 79							
Change in Fund Balance	\$0.3	\$0.9	\$5.9	\$5.8	\$0.1				

		One Month: December 2012					
	2010/11	2011/12	2012/13	2012/13 Revised	Actua Favorable /	l vs. Budget (Unfavorable)	
Revenues:	Actual	Actual	Actual	Budget	Amount	Percent	
HURF Taxes	\$1.0	\$0.8	\$0.9	\$1.0	(\$0.1)	-13%	
0.20% City Sales Tax	1.2	1.3	1.4	1.5	(0.1)	-8%	
Other	2.6	0.4	-	0.1	-	-	
Total Revenues	\$4.9	\$2.5	\$2.3	\$2.6	(\$0.2)	-10%	
Transfers In (a)	-	(0.1)	-	-	-	-	
Total Sources	\$4.9	\$2.3	\$2.3	\$2.6	(\$0.2)	-10%	
% Change vs. Prior Year		-53%	0%	11%			

		Fiscal Year-to-Date: December 2012					
Revenues:	2010/11 Actual	2011/12 Actual	2012/13	2012/13 Revised	Actual	(Unfavorable)	
HURF Taxes	\$6.5	*5.2	<u>Actual</u> \$5.6	Budget \$6.1	Amount	Percent -9%	
					(\$0.6)		
0.20% City Sales Tax	6.8	7.3	7.6	7.8	(0.2)	-2%	
Other	5.0	0.7	1.4	1.2	0.2	18%	
Total Revenues	\$18.3	\$13.2	\$14.5	\$15.0	(\$0.5)	-3%	
Transfers In (a)	0.6	0.9	-	-	-	-	
Total Sources	\$18.9	\$14.1	\$14.5	\$15.0	(\$0.5)	-3%	
% Change vs. Prior Year		-25%	3%	6%			

⁽a) Direct Cost Allocations for Alley Maintenance moved from Transfers In to Other revenue for reporting consistency.

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

HURF Taxes continue to struggle to recover from the economic downturn as unstable gas prices are having an effect on consumer confidence, leading consumers to continue to drive less. Sales tax is experiencing unfavorable results due to store closings, and construction sales tax not coming in as expected. See Appendix 1 for further details by category. The favorable variance in Other revenue is related to developer deposits received for a traffic impact study as well as intergovernmental revenue received in excess of budget.

YTD December 2012 Page 14 of 43

		One Month: December 2012						
Expenses:	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Revised Budget	Actua Favorable / Amount	I vs. Budget (Unfavorable) Percent		
Personnel Services	\$0.5	\$0.4	\$0.4	\$0.4	\$ -	-		
Contractual	1.2	1.2	1.6	1.3	(0.3)	-24%		
Commodities	-	-	0.1	-	-	-		
Capital Outlays	-	-	-	-	-	-		
Total Operating Expenses	\$1.7	\$1.6	\$2.0	\$1.7	(\$0.3)	-18%		
Transfers Out								
CIP Fund	-	-	-	-	-	-		
Total Uses	\$1.7	\$1.6	\$2.0	\$1.7	(\$0.3)	-18%		
% Change vs. Prior Year		-7%	26%	7%				

		Fiscal Year-to-Date: December 2012							
	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	vs. Budget (Unfavorable)			
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent			
Personnel Services	\$3.1	\$2.5	\$2.7	\$2.7	\$0.1	3%			
Contractual	4.9	5.9	5.7	6.2	0.5	8%			
Commodities	0.2	0.2	0.3	0.3	-	-			
Capital Outlays	2.7	0.1	-	-	-	-			
Total Operating Expenses	\$10.9	\$8.8	\$8.6	\$9.2	\$0.6	7%			
Transfers Out									
CIP Fund	-	-	-	-	-	-			
Total Uses	\$10.9	\$8.8	\$8.6	\$9.2	\$0.6	7%			
% Change vs. Prior Year		-20%	-1%	5%					

Actual to Revised Budget variance of \$0.6 million or 7%:
The favorable variance in Contractual is primarily attributable to the invoice timing for Street Operation's concrete contractors contract. Work was completed in December; however, invoices have not been received.

YTD December 2012 Page 15 of 43

FY 2012/13 - TOURISM DEVELOPMENT FUND (\$ in millions: Rounding differences may occur) Adopted vs. Revised Adopted Revised Favorable / (Unfavorable) <u>Budget</u> Percent Budget **Amount** Sources \$18.0 \$18.0 \$ n/a Uses n/a 14.0 (14.0)Change in Fund Balance \$4.0 \$4.0 Beginning Fund Balance Ending Fund Balance \$4.0 \$4.0

		Twelve Months: Fiscal Year							
			2012/13	2012/13	2012/13				
	2010/11	2011/12	Adopted	Revised	Approved				
Revenues:	Actual *	Actual *	Budget *	Budget	<u>Adjustments</u>				
Bed Taxes	\$ -	\$ -	\$ -	\$13.4	\$13.4				
Hospitality Trolley Sponsorship	-	-	-	0.1	0.1				
Princess Hotel Lease	-	-	-	1.5	1.5				
Total Revenues	\$ -	\$ -	\$ -	\$15.0	\$15.0				
Transfers In	-	-	-	3.0	3.0				
Total Sources	\$ -	\$ -	\$ -	\$18.0	\$18.0				
% Change vs. Prior Year		-	-	-					

		Twe	elve Months: Fiscal	Year	
	2010/11	2011/12	2012/13 Adopted	2012/13 Revised	2012/13 Approved
Expenses:	Actual *	Actual *	Budget *	Budget	Adjustments
Marketing (CVB)	\$ -	\$ -	\$ -	\$6.7	\$6.7
Events & Event Development	-	-	-	1.1	1.1
Hospitality Trolley	-	-	-	0.2	0.2
Admin/Research	-	-	-	0.5	0.5
Total Operating Expenses	\$ -	\$ -	\$ -	\$8.4	\$8.4
Transfers Out					
Debt Service	-	-	-	1.4	1.4
General Fund	-	-	-	4.2	4.2
Total Uses	\$ -	\$ -	\$ -	\$14.0	\$14.0
% Change vs. Prior Year				_	

^{*} New fund established for Tourism Development after the adoption of the FY 2012/13 budget.

YTD December 2012 Page 16 of 43

December 2012: Current Month and YTD (\$ in millions: Rounding differences may occur) December YTD Actual vs. Budget December Revised YTD Revised Favorable / (Unfavorable) Actual Budget Budget Percent Actual <u>Amount</u> Sources \$1.1 \$1.2 \$8.1 \$8.1 \$ -2% Uses 0.6 0.7 5.1 5.3 0.1 \$0.5 \$0.5 \$2.9 \$2.8 \$0.1 Change in Fund Balance

		One Month: December 2012					
Revenues:	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Revised Budget	Actua Favorable / Amount	(Unfavorable)	
Bed Taxes	<u> </u>	\$ -	\$1.0	\$1.0	(\$0.1)	-8%	
Hospitality Trolley Sponsorship	-	-	-	-	-	-	
Princess Hotel Lease	-	-	0.1	0.1	-	-	
Total Revenues	\$ -	\$ -	\$1.1	\$1.2	(\$0.1)	-6%	
Transfers In	<u> </u>	<u>-</u>	_				
Total Sources	\$ -	\$ -	\$1.1	\$1.2	(\$0.1)	-6%	
% Change vs. Prior Year			n/a	n/a			

		Fiscal Year-to-Date: December 2012						
	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	vs. Budget (Unfavorable)		
Revenues:	Actual	Actual	<u>Actual</u>	Budget	Amount	Percent		
Bed Taxes	\$ -	\$ -	\$4.5	\$4.5	(\$0.1)	-1%		
Hospitality Trolley Sponsorship	-	-	0.1	0.1	-	-		
Princess Hotel Lease	-	-	0.5	0.5	-	-		
Total Revenues	\$ -	\$ -	\$5.0	\$5.1	\$ -	-		
Transfers In	-	-	3.0	3.0	-	-		
Total Sources	\$ -	\$ -	\$8.1	\$8.1	\$ -			
% Change vs. Prior Year			n/a	n/a				

Actual to Revised Budget variance of \$0.0 million or 0%:

No explanation necessary.

YTD December 2012 Page 17 of 43

	One Month: December 2012					
				2012/13	Actual	vs. Budget
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)
Expenses:	<u>Actual</u>	Actual	Actual	Budget	Amount	Percent
Marketing (CVB)	\$ -	\$ -	\$0.6	\$0.6	\$ -	-
Events & Event Development	-	-	-	0.1	0.1	100%
Hospitality Trolley	-	-	-	-	-	-
Admin/Research	-	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$0.6	\$0.7	\$0.1	12%
Transfers Out						
Debt Service	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Total Uses	\$ -	\$ -	\$0.6	\$0.7	\$0.1	12%
% Change vs. Prior Year			n/a	n/a		

		Fiscal Year-to-Date: December 2012				
				2012/13	Actual	vs. Budget
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent
Marketing (CVB)	\$ -	\$ -	\$3.3	\$3.3	\$ -	-
Events & Event Development	-	-	0.4	0.5	0.1	17%
Hospitality Trolley	-	-	-	-	-	-
Admin/Research	-	-	0.2	0.3	-	-
Total Operating Expenses	\$ -	\$ -	\$3.9	\$4.1	\$0.1	3%
Transfers Out						
Debt Service	-	-	1.2	1.2	-	-
General Fund	-	-	-	-	-	-
Total Uses	\$ -	\$ -	\$5.1	\$5.3	\$0.1	2%
% Change vs. Prior Year			n/a	n/a		

Actual to Revised Budget variance of \$0.1 million or 2%: No explanation necessary.

YTD December 2012 Page 18 of 43

FY 2012/13 - WATER AND WATER RECLAMATION FUNDS (\$ in millions: Rounding differences may occur) Adopted vs. Revised Adopted Revised Favorable / (Unfavorable) <u>Amount</u> Budget <u>Budget</u> Percent Sources \$149.7 \$149.7 \$ -Uses 148.8 148.8 \$0.9 \$0.9 \$ -Change in Fund Balance Beginning Fund Balance \$51.7 \$59.7 \$8.0 Ending Fund Balance \$52.7 \$60.6 \$7.9 60 to 90 Day Operating \$14.4 \$13.9 (\$0.5) Repair/Replacement Reserve 28.6 28.2 (0.4)Revenue Bond Debt Reserve 5.0 5.4 0.4 Special Contractual 4.7 4.2 (0.5) Unreserved Fund Balance 8.9 8.9 Ending Fund Balance \$52.7 \$60.6 \$7.9

		7	Twelve Months:	Fiscal Year		
			2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Revenues:	Actual	Actual	Budget	Budget	<u>Adjustments</u>	
Water Service Charges	\$86.7	\$89.2	\$86.5	\$86.5	\$ -	
Water Reclamation Charges	34.5	35.2	34.1	34.1	-	
Non-Potable Water Fees	8.5	10.7	10.4	10.4	-	
Interest Earnings	1.3	0.6	0.4	0.4	-	
Miscellaneous Revenue	2.1	11.2	1.7	1.7	-	
Total Revenues	\$133.1	\$146.9	\$133.1	\$133.1	\$ -	
Bond Proceeds	-	-	-	-	-	
Transfers In	17.4	16.9	16.6	16.6	-	
Total Sources	\$150.6	\$163.8	\$149.7	\$149.7	\$ -	
% Change vs. Prior Year	-34%	9%	-9%	-9%		

		7	Twelve Months: F	iscal Year		
_			2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Expenses:	Actual	Actual	Budget	Budget	<u>Adjustments</u>	
Personnel Services	\$15.5	\$16.1	\$17.6	\$17.6	\$ -	
Contractual	22.2	25.1	28.1	28.1	-	
Commodities	22.1	23.4	24.6	24.6	-	
Capital Outlays	0.2	0.1	0.2	0.2	-	
Total Operating Expenses	\$59.9	\$64.6	\$70.5	\$70.5	\$ -	
Debt Service & Contracts Payable	29.8	29.1	28.7	28.7	-	
Transfers Out						
Bond Proceeds	29.1	11.4	-	-	-	
CIP Fund	11.4	53.1	37.7	37.7	-	
Franchise Fees	6.4	6.7	6.4	6.4	-	
In Lieu Property Tax Fees	1.7	0.9	-	-	-	
Indirect/Direct Charges	10.1	6.5	5.4	5.4	-	
Total Uses	\$148.6	\$172.4	\$148.8	\$148.8	\$ -	
% Change vs. Prior Year	-30%	16%	-14%	-14%		

YTD December 2012 Page 19 of 43

		2012: Current M s: Rounding differe		_		
		December		YTD	Actual	vs. Budget
	December	Revised	YTD	Revised	Favorable /	(Unfavorable)
	Actual	Budget	<u>Actual</u>	Budget	Amount	Percent
Sources	\$10.6	\$10.2	\$77.3	\$71.9	\$5.4	8%
Uses	14.6	14.4	44.6	45.6	1.1	2%
Change in Fund Balance	(\$4.0)	(\$4.2)	\$32.7	\$26.2	\$6.5	

	-	One Month: December 2012				
	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	vs. Budget (Unfavorable)
Revenues:	<u>Actual</u>	Actual	Actual	Budget	Amount	Percent
Water Service Charges	\$6.0	\$6.0	\$6.8	\$6.5	\$0.3	4%
Water Reclamation Charges	3.0	3.0	3.0	2.8	0.1	4%
Non-Potable Water Fees	0.5	-	0.6	0.6	-	-
Interest Earnings	0.1	0.2	0.1	-	-	-
Miscellaneous Revenue	=	8.9	0.1	0.1	-	-
Total Revenues	\$9.5	\$18.1	\$10.6	\$10.1	\$0.4	4%
Bond Proceeds	-	-	-	-	-	-
Transfers In	0.1	0.1	0.1	0.1	-	-
Total Sources	\$9.6	\$18.2	\$10.6	\$10.2	\$0.4	4%
% Change vs. Prior Year		89%	-42%	-44%		

	Fiscal Year-to-Date: December 2012					
	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	vs. Budget (Unfavorable)
Revenues:	Actual	Actual	Actual	Budget	Amount	Percent
Water Service Charges	\$49.7	\$49.9	\$51.9	\$47.6	\$4.3	9%
Water Reclamation Charges	17.3	17.7	17.7	17.1	0.7	4%
Non-Potable Water Fees	4.9	4.9	6.2	5.6	0.5	10%
Interest Earnings	0.6	0.4	0.4	0.2	0.2	nm
Miscellaneous Revenue	1.0	9.3	0.6	0.9	(0.3)	-35%
Total Revenues	\$73.5	\$82.2	\$76.8	\$71.4	\$5.4	8%
Bond Proceeds	-	=	-	-	-	-
Transfers In	0.5	0.6	0.5	0.5	-	-
Total Sources	\$73.9	\$82.8	\$77.3	\$71.9	\$5.4	8%
% Change vs. Prior Year		12%	-7%	-13%		

Actual to Revised Budget variance of \$5.4 million or 8%:

The 9 percent favorable variance in Water Service Charges is driven by: 8 percent from the newly implemented rate structure, a decrease of 0.9 percent in volumes delivered and 1 percent for changes in the mix of bills per tier. The new rate structures were based upon the assumption that a reduction of 2 percent in water deliveries would be realized due to the higher rate per tier. This reduction as well as a higher bill count within the lower tiers has not been realized to date. The favorable variance in Non-Potable Water Fees is driven by higher water deliveries to the golf courses. The favorable variance in Water Reclamation Charges is due to higher than anticipated seasonal adjustments which are based on water sales for the prior winter average period. The unfavorable variance in Miscellaneous Revenue is driven by lower than anticipated development fee administration charges driven by development.

YTD December 2012 Page 20 of 43

	One Month: December 2012					
				2012/13	Actual	vs. Budget
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent
Personnel Services	\$1.2	\$1.2	\$1.3	\$1.4	\$ -	-
Contractual	1.9	3.0	2.1	2.2	-	-
Commodities	2.6	1.9	2.0	1.8	(0.2)	-13%
Capital Outlays	0.1	-	-	-	-	-
Total Operating Expenses	\$5.7	\$6.2	\$5.5	\$5.3	(\$0.2)	-3%
Debt Service & Contracts Payable	-	8.5	8.2	8.2	-	-
Transfers Out						
Bond Proceeds	2.9	3.6	-	-	-	-
CIP Fund	-	-	-	-	-	-
Franchise Fees	0.6	0.5	0.5	0.5	-	-
In Lieu Property Tax Fees	0.1	0.1	-	-	-	-
Indirect/Direct Charges	0.8	0.5	0.5	0.5	-	-
Total Uses	\$10.1	\$19.3	\$14.6	\$14.4	(\$0.2)	-1%
% Change vs. Prior Year		90%	-24%	-25%		

	Fiscal Year-to-Date: December 2012					
				2012/13	Actual	vs. Budget
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent
Personnel Services	\$7.7	\$7.9	\$8.6	\$8.7	\$0.2	2%
Contractual	10.4	11.7	11.1	12.3	1.2	10%
Commodities	9.3	9.7	10.2	10.2	_	_
Capital Outlays	0.1	-	0.1	-	(0.1)	n/a
Total Operating Expenses	\$27.5	\$29.3	\$30.0	\$31.3	\$1.3	4%
Debt Service & Contracts Payable	-	8.5	8.2	8.2	-	-
Transfers Out						
Bond Proceeds	8.6	11.0	-	-	_	-
CIP Fund	-	-	-	-	_	_
Franchise Fees	3.1	3.6	3.7	3.5	(0.2)	-7%
In Lieu Property Tax Fees	0.9	0.4	-	-	-	-
Indirect/Direct Charges	5.1	3.3	2.7	2.7	-	-
Total Uses	\$45.2	\$56.1	\$44.6	\$45.6	\$1.1	2%
% Change vs. Prior Year		24%	-21%	-19%		

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

The favorable variance in Contractual is due to less contracted maintenance and repairs of equipment, lower costs for multi-city water reclamation, electric and gas fuel due to lower collections and deliveries, delayed payment of licenses and permits and less contracted sewer cleaning than forecasted. The unfavorable variance in Capital Outlays is driven by the unbudgeted purchase of HVAC equipment for an electrical room. The unfavorable variance in Franchise Fees is driven by higher than forecasted revenues.

YTD December 2012 Page 21 of 43

	FY 2012/13 - A\ nillions: Rounding			
			Adopted	vs. Revised
	Adopted	Revised		(Unfavorable)
	Budget	Budget	Amount	<u>Percent</u>
Sources	\$3.1	\$3.1	\$ -	-
Uses	7.6	7.6	-	-
Change in Fund Balance	(\$4.5)	(\$4.5)	\$ -	
Beginning Fund Balance	\$5.8	\$5.9	\$0.1	
Ending Fund Balance	\$1.3	\$1.4	\$0.1	

\$0.6

0.7

\$1.3

\$0.6

8.0

\$1.4

\$ -

0.1

\$0.1

60 to 90 Day Operating

Repair/Replacement Reserve Ending Fund Balance

			Twelve Months:	: Fiscal Year	
		2012/13 2012/13			2012/13
	2010/11	2011/12	Adopted	Revised	Approved
Revenues:	Actual	Actual	Budget	Budget	<u>Adjustments</u>
Aviation Fees	\$2.8	\$3.2	\$3.0	\$3.0	\$ -
Privilege and Use Tax – Jet Fuel	0.1	0.1	0.1	0.1	-
Interest Earnings	0.1	-	-	-	-
Total Revenues	\$3.0	\$3.4	\$3.1	\$3.1	\$ -
Transfers In	-	-	-	-	-
Total Sources	\$3.0	\$3.4	\$3.1	\$3.1	\$ -
% Change vs. Prior Year	-3%	14%	-10%	-10%	

			Twelve Months:	Fiscal Year	
			2012/13	2012/13	2012/13
	2010/11	2011/12	Adopted	Revised	Approved
Expenses:	Actual	Actual	Budget	Budget	<u>Adjustments</u>
Personnel Services	\$1.0	\$1.0	\$1.1	\$1.1	\$ -
Contractual	0.6	0.7	0.7	0.7	-
Commodities	-	-	0.1	0.1	-
Capital Outlays	-	-	-	_	-
Total Operating Expenses	\$1.7	\$1.8	\$1.9	\$1.9	\$ -
Transfers Out					
CIP Fund	1.6	0.7	5.2	5.2	-
Indirect/Direct Charges	0.7	0.6	0.5	0.5	-
Total Uses	\$3.9	\$3.1	\$7.6	\$7.6	\$ -
% Change vs. Prior Year	65%	-22%	nm	nm	

YTD December 2012 Page 22 of 43

		December 2012: Current Month and YTD (\$ in millions: Rounding differences may occur)							
		December		YTD	Actual	vs. Budget			
	December	Revised	YTD	Revised	Favorable /	(Unfavorable)			
	Actual	Budget	Actual	Budget	Amount	Percent			
Sources	\$0.3	\$0.3	\$1.6	\$1.4	\$0.2	12%			
Uses	0.2	0.2 0.2 1.1 1.3 0.2 14%							
Change in Fund Balance	\$0.1	\$0.1	\$0.5	\$0.1	\$0.3				

		One Month: December 2012				
Revenues: Aviation Fees	2010/11 <u>Actual</u> \$0.2	2011/12 <u>Actual</u> \$0.3	2012/13 Actual \$0.3	2012/13 Revised Budget \$0.3	Actua Favorable / <u>Amount</u> \$ -	l vs. Budget (Unfavorable) Percent
Privilege and Use Tax – Jet Fuel	-	-	-	-	-	-
Interest Earnings	=	-	=	-	-	=
Total Revenues	\$0.3	\$0.3	\$0.3	\$0.3	\$ -	-
Transfers In	-	-	=	-	-	=
Total Sources	\$0.3	\$0.3	\$0.3	\$0.3	\$ -	
% Change vs. Prior Year		29%	0%	0%		

	_	Fiscal Year-to-Date: December 2012				
Revenues:	2010/11	2011/12 Actual	2012/13	2012/13 Revised Budget	Actual	(Unfavorable)
	Actual		Actual		Amount	Percent
Aviation Fees	\$1.3	\$1.5	\$1.5	\$1.3	\$0.1	10%
Privilege and Use Tax – Jet Fuel	0.1	0.1	0.1	0.1	-	-
Interest Earnings	<u> </u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Revenues	\$1.4	\$1.6	\$1.6	\$1.4	\$0.2	12%
Transfers In		<u>-</u>	<u> </u>	<u>-</u>	_	
Total Sources	\$1.4	\$1.6	\$1.6	\$1.4	\$0.2	12%
% Change vs. Prior Year		13%	0%	-10%		

Actual to Revised Budget variance of \$0.2 million or 12%:

The fiscal year to date favorable variance in Aviation Fees is due to higher than expected revenue in the areas of fuel and transient parking. Additionally, the annual reconciliation received by the Airport's two Fixed Base Operators yielded higher than expected revenue.

YTD December 2012 Page 23 of 43

		One Month: December 2012					
Expenses:	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Revised Budget	Actual Favorable / Amount	vs. Budget (Unfavorable) Percent	
Personnel Services	\$0.1	\$0.1	\$0.1	\$0.1	\$ -	-	
Contractual	-	-	0.1	· -	(0.1)	nm	
Commodities	-	-	-	-	-	-	
Capital Outlays	-	-	-	-	-	-	
Total Operating Expenses	\$0.1	\$0.1	\$0.2	\$0.1	(\$0.1)	-44%	
Transfers Out							
CIP Fund	-	-	-	-	-	-	
Indirect/Direct Charges	-	-	-	-	-	-	
Total Uses	\$0.1	\$0.2	\$0.2	\$0.2	\$ -		
% Change vs. Prior Year	 =	0%	0%	0%			

	Fiscal Year-to-Date: December 2012					
_	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	(Unfavorable)
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent
Personnel Services	\$0.5	\$0.5	\$0.5	\$0.5	\$ -	-
Contractual	0.3	0.3	0.3	0.4	0.1	26%
Commodities	=	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-
Total Operating Expenses	\$0.8	\$0.8	\$0.9	\$1.0	\$0.1	13%
Transfers Out						
CIP Fund	-	-	-	-	-	-
Indirect/Direct Charges	0.1	0.3	0.2	0.3	-	-
Total Uses	\$0.8	\$1.1	\$1.1	\$1.3	\$0.2	14%
% Change vs. Prior Year		32%	0%	15%		

Actual to Revised Budget variance of \$0.2 million or 14%:
The favorable variance in Contractual is attributed to the payment for bond premiums, which was budgeted in FY 2012/13, however the payment was processed in FY 2011/12.

YTD December 2012 Page 24 of 43

FY 2012/13 - SOLID WASTE FUND (\$ in millions: Rounding differences may occur)									
	Adopted	Revised	Adopted Favorable /	vs. Revised (Unfavorable)					
	Budget	Budget	Amount	Percent					
Sources	\$20.3	\$20.3	\$ -	-					
Uses	19.1	19.1		-					
Change in Fund Balance	\$1.2	\$1.2	\$ -						
Beginning Fund Balance	\$8.8	\$10.5	\$1.7						
Ending Fund Balance	\$10.0	\$11.7	\$1.7						
60 to 90 Day Operating	\$4.0	\$4.0	\$ -						

6.0

\$10.0

Unreserved Fund Balance

Ending Fund Balance

	Twelve Months: Fiscal Year					
			2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Revenues:	Actual	Actual	Budget	Budget	<u>Adjustments</u>	
Solid Waste Charges	\$20.9	\$20.7	\$20.2	\$20.2	\$ -	
Interest Earnings	0.1	0.1	-	-	=	
Total Revenues	\$21.0	\$20.8	\$20.3	\$20.3	\$ -	
Transfers In	=	0.2	-	-	=	
Total Sources	\$21.0	\$21.0	\$20.3	\$20.3	\$ -	
% Change vs. Prior Year	2%	0%	-3%	-3%		

7.7

\$11.7

1.7

\$1.7

	Twelve Months: Fiscal Year					
			2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Expenses:	Actual	Actual	Budget	Budget	<u>Adjustments</u>	
Personnel Services	\$5.9	\$6.6	\$6.5	\$6.5	\$ -	
Contractual	9.7	9.0	10.1	10.1	=	
Commodities	0.3	0.4	0.5	0.5	-	
Capital Outlays	-	-	-	-	-	
Total Operating Expenses	\$15.9	\$16.0	\$17.1	\$17.1	\$ -	
Transfers Out						
CIP Fund	1.8	0.5	0.3	0.3	-	
In Lieu Property Tax Fees	-	-	-	-	-	
Indirect/Direct Charges	2.9	2.0	1.7	1.7	-	
Total Uses	\$20.6	\$18.5	\$19.1	\$19.1	\$ -	
% Change vs. Prior Year	4%	-10%	3%	3%		

YTD December 2012 Page 25 of 43

	December 2012: Current Month and YTD (\$ in millions: Rounding differences may occur)							
		December		YTD	Actual	vs. Budget		
	December	Revised	YTD	Revised	Favorable /	(Unfavorable)		
	Actual	Budget	Actual	Budget	Amount	Percent		
Sources	\$1.7	\$1.7	\$10.2	\$10.2	\$ -	-		
Uses	1.5	1.7	9.1	9.1	-	-		
Change in Fund Balance	\$0.2	\$ -	\$1.1	\$1.1	\$ -			

		One Month: December 2012					
Devenues	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	vs. Budget (Unfavorable)	
Revenues:	Actual	Actual	Actual	Budget	Amount	Percent	
Solid Waste Charges	\$1.7	\$1.9	\$1.7	\$1.7	\$ -	-	
Interest Earnings			<u> </u>				
Total Revenues	\$1.7	\$1.9	\$1.7	\$1.7	\$ -	-	
Transfers In	-	-	-	-	-	-	
Total Sources	\$1.7	\$1.9	\$1.7	\$1.7	\$ -		
% Change vs. Prior Year		11%	-11%	-10%			

		Fiscal Year-to-Date: December 2012				
	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	vs. Budget (Unfavorable)
Revenues:	Actual	Actual	Actual	Budget	Amount	Percent
Solid Waste Charges	\$10.3	\$10.3	\$10.1	\$10.2	(\$0.1)	-1%
Interest Earnings	0.1	-	-	-	-	-
Total Revenues	\$10.4	\$10.4	\$10.2	\$10.2	\$ -	-
Transfers In	-	0.2	-	-	=	-
Total Sources	\$10.4	\$10.6	\$10.2	\$10.2	\$ -	
% Change vs. Prior Year		2%	-4%	-4%		

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

Page 26 of 43 YTD December 2012

	One Month: December 2012					
				2012/13	Actual	vs. Budget
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)
Expenses:	Actual	Actual	Actual	<u>Budget</u>	Amount	Percent
Personnel Services	\$0.4	\$0.7	\$0.5	\$0.5	\$ -	=
Contractual	0.8	0.7	8.0	0.9	0.1	8%
Commodities	0.1	-	0.1	0.2	0.1	61%
Capital Outlays	-	-	-	-	-	-
Total Operating Expenses	\$1.4	\$1.4	\$1.4	\$1.6	\$0.2	11%
Transfers Out						
CIP Fund	-	-	-	-	-	-
In Lieu Property Tax Fees	-	-	-	-	-	-
Indirect/Direct Charges	0.2	0.2	0.1	0.1	-	-
Total Uses	\$1.6	\$1.6	\$1.5	\$1.7	\$0.2	10%
% Change vs. Prior Year	-	0%	-4%	6%		

		Fisc	al Year-to-Date:	December 201	2	
				2012/13	Actual	vs. Budget
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent
Personnel Services	\$2.9	\$3.5	\$3.2	\$3.2	\$ -	-
Contractual	4.5	4.1	4.6	4.7	0.1	2%
Commodities	0.2	0.2	0.4	0.3	(0.1)	-16%
Capital Outlays	-	-	-	-	-	-
Total Operating Expenses	\$7.5	\$7.8	\$8.3	\$8.3	\$ -	
Transfers Out						
CIP Fund	-	-	-	-	-	-
In Lieu Property Tax Fees	-	-	-	-	-	-
Indirect/Direct Charges	1.6	1.0	0.8	0.8	-	-
Total Uses	\$9.2	\$8.8	\$9.1	\$9.1	\$ -	-
% Change vs. Prior Year		-4%	4%	4%		

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

Page 27 of 43 YTD December 2012

FY 2012/13 - FLEET FUND (\$ in millions: Rounding differences may occur)						
Sources Uses Change in Fund Balance	Adopted Budget \$18.4 19.5 (\$1.0)	Revised Budget \$18.4 19.5 (\$1.0)	Adopted Favorable / Amount \$	vs. Revised (Unfavorable) Percent - -		
Beginning Fund Balance Ending Fund Balance	\$7.7 \$6.7	\$9.3 \$8.3	\$1.6 \$1.6			
Contingency Reserve Future Acquisition Unreserved, Undesignated Ending Fund Balance	\$0.5 4.9 1.3 \$6.7	\$0.5 4.9 2.9 \$8.3	\$ - - 1.6 \$1.6			

	Twelve Months: Fiscal Year					
			2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Revenues:	<u>Actual</u>	Actual	Budget	Budget	<u>Adjustments</u>	
Maintenance/Operation Rates	\$11.2	\$11.8	\$12.5	\$12.5	\$ -	
Replacement Rates	2.9	3.1	5.7	5.7	-	
Interest Earnings	0.1	-	0.1	0.1	-	
Other Revenue	0.1	0.6	0.2	0.2	-	
Total Revenues	\$14.4	\$15.5	\$18.4	\$18.4	\$ -	
Transfers In	-	-	-	-	-	
Total Sources	\$14.4	\$15.5	\$18.4	\$18.4	\$ -	
% Change vs. Prior Year		8%	19%	19%		

		Twelve Months: Fiscal Year				
	•		2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Expenses:	Actual	Actual	Budget	Budget	<u>Adjustments</u>	
Personnel Services	\$3.2	\$3.1	\$3.30 *	\$3.3 *	\$ -	
Contractual	1.3	1.5	1.5	1.5	-	
Commodities	6.4	7.0	8.3	8.3	-	
Capital Outlays	1.6	5.0	5.6	5.6	-	
Total Operating Expenses	\$12.6	\$16.6	\$18.7	\$18.7	\$ -	
Transfers Out						
Transfers to Operating Funds	-	1.5	0.8	0.8	-	
Total Uses	\$12.6	\$18.0	\$19.5 *	\$19.5 *	\$ -	
% Change vs. Prior Year		43%	8%	8%		

^{*}Includes budgeted vacancy savings net of leave accrual payouts, 2% pay for performance and compensation adjustments.

YTD December 2012 Page 28 of 43

		2012: Current s: Rounding diffe				
	December	December Revised	YTD	YTD Revised	Actual Favorable /	vs. Budget (Unfavorable)
	Actual	Budget	Actual	Budget	Amount	Percent
Sources	\$1.4	\$1.5	\$9.0	\$9.2	(\$0.2)	-2%
Uses	1.2	1.6	7.4	8.5	1.1	13%
Change in Fund Balance	\$0.2	\$ -	\$1.6	\$0.7	\$0.9	

			One Month: Dec	ember 2012		
	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	l vs. Budget (Unfavorable)
Revenues:	Actual	Actual	Actual	Budget	Amount	Percent
Maintenance/Operation Rates	\$0.9	\$0.9	\$0.9	\$1.0	(\$0.1)	-13%
Replacement Rates	0.2	0.3	0.5	0.5	-	-
Interest Earnings	-	-	-	-	-	-
Other Revenue	0.1	-	-	-	-	-
Total Revenues	\$1.2	\$1.2	\$1.4	\$1.5	(\$0.1)	-9%
Transfers In	-	-	-	-	-	-
Total Sources	\$1.2	\$1.2	\$1.4	\$1.5	(\$0.1)	-9%
% Change vs. Prior Year		-5%	18%	29%		

		Fiscal Year-to-Date: December 2012				
Revenues:	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Revised Budget	Actua Favorable / Amount	l vs. Budget (Unfavorable) <u>Percent</u>
Maintenance/Operation Rates	\$5.6	\$5.8	\$5.9	\$6.3	(\$0.4)	-7%
Replacement Rates	1.4	1.5	2.8	2.8	-	-
Interest Earnings	0.1	0.1	-	-	-	-
Other Revenue	0.1	0.1	0.3	0.1	0.2	nm
Total Revenues	\$7.2	\$7.5	\$9.0	\$9.2	(\$0.2)	-2%
Transfers In	-	-	-	-	-	-
Total Sources	\$7.2	\$7.5	\$9.0	\$9.2	(\$0.2)	-2%
% Change vs. Prior Year		4%	19%	22%		

Actual to Revised Budget variance of (\$0.2) million or (2%): No explanation necessary.

YTD December 2012 Page 29 of 43

			One Month: D	ecember 2012		
	2010/11	2011/12	2012/13	2012/13 Revised	Actua Favorable /	l vs. Budget (Unfavorable)
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent
Personnel Services	\$0.2	\$0.3	\$0.2	\$0.2	\$ -	-
Contractual	0.2	0.1	0.1	0.1	-	-
Commodities	0.4	0.5	0.6	0.7	0.1	20%
Capital Outlays	0.5	0.2	0.2	0.5	0.3	56%
Total Operating Expenses	\$1.4	\$1.1	\$1.2	\$1.6	\$0.4	26%
Transfers Out						
Transfers to Operating Funds	<u> </u>	<u> </u>		<u>-</u> _		
Total Uses	\$1.4	\$1.1	\$1.2	\$1.6	\$0.4	26%
% Change vs. Prior Year		-19%	5%	42%		

		Fiscal Year-to-Date: December 2012				
	2010/11	2011/12	2012/13	2012/13 Revised	Actual Favorable /	l vs. Budget (Unfavorable)
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent
Personnel Services	\$1.6	\$1.5	\$1.6	\$1.6	\$ -	-
Contractual	0.6	0.7	0.7	0.8	0.1	8%
Commodities	2.4	2.8	2.8	3.4	0.6	17%
Capital Outlays	8.0	2.9	2.3	2.8	0.4	16%
Total Operating Expenses	\$5.3	\$8.0	\$7.4	\$8.5	\$1.1	13%
Transfers Out						
Transfers to Operating Funds	-	1.5	-	-	-	-
Total Uses	\$5.3	\$9.5	\$7.4	\$8.5	\$1.1	13%
% Change vs. Prior Year		79%	-22%	-10%		

Actual to Revised Budget variance of \$1.1 million or 13%:

The favorable variance in Commodities is related to the budget spread for fuel. The favorable variance in Capital Outlays is a timing issue for the purchase of vehicles/equipment.

YTD December 2012 Page 30 of 43

FY 2012/13 - RISK FUND (\$ in millions: Rounding differences may occur)						
Sources Uses Change in Fund Balance	Adopted Budget \$4.8 8.0 (\$3.1)	Revised Budget \$4.8 8.0 (\$3.1)	Adopted Favorable / Amount \$ \$ -	vs. Revised (Unfavorable) Percent - -		
Beginning Fund Balance Ending Fund Balance	\$17.0 \$13.9	\$15.4 \$12.3	(\$1.6) (\$1.6)			
Accruals (short term) Accruals (long term) Unreserved Fund Balance Ending Fund Balance	\$3.6 5.6 4.7 \$13.9	\$3.6 5.6 3.1 \$12.3	\$ - - (1.6) (\$1.6)			

		٦	Twelve Months:	Fiscal Year		
			2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Revenues:	Actual	Actual	Budget	Budget	<u>Adjustments</u>	
Property, Liability, Work Comp	\$5.1	\$4.1	\$4.0	\$4.0	\$ -	
Unemployment Taxes	0.3	0.3	0.2	0.2	-	
Interest Earnings	0.2	-	0.1	0.1	-	
Property Tax (Tort Claims)	1.7	-	0.2	0.2	-	
Insurance/Claims Recoveries	0.3	0.1	0.2	0.2	-	
Other/Miscellaneous Revenue	0.1	0.1	0.1	0.1	-	
Total Revenues	\$7.7	\$4.6	\$4.8	\$4.8	\$ -	
Transfers In	-	-	-	-	-	
Total Sources	\$7.7	\$4.6	\$4.8	\$4.8	\$ -	
% Change vs. Prior Year		-41%	5%	5%		

	Twelve Months: Fiscal Year				
	•		2012/13	2012/13	2012/13
	2010/11	2011/12	Adopted	Revised	Approved
Expenses:	Actual	Actual	Budget	Budget	<u>Adjustments</u>
Personnel Services	\$0.6	\$0.7	\$0.8	\$0.8	\$ -
Contractual	4.6	6.5	7.1	7.1	-
Commodities	0.1	0.1	0.1	0.1	-
Capital Outlays	-	-	-	-	-
Total Operating Expenses	\$5.3	\$7.3	\$8.0	\$8.0	\$ -
Transfers Out					
Transfers to Operating Funds	-	1.0	-	-	-
Total Uses	\$5.3	\$8.3	\$8.0	\$8.0	\$ -
% Change vs. Prior Year		57%	-4%	-4%	

YTD December 2012 Page 31 of 43

	December 2012: Current Month and YTD (\$ in millions: Rounding differences may occur)							
	(\$ in minions. Reduiding differences may essuit)							
		December		YTD	Actual	vs. Budget		
	December	Revised	YTD	Revised	Favorable /	(Unfavorable)		
	Actual	Budget	Actual	Budget	Amount	Percent		
Sources	\$0.6	\$0.6	\$2.3	\$2.4	(\$0.1)	-4%		
Uses	0.9	0.5	2.5	4.7	2.2	46%		
Change in Fund Balance	(\$0.4)	\$ -	(\$0.2)	(\$2.3)	\$2.1			

	One Month: December 2012						
				2012/13	Actua	l vs. Budget	
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)	
Revenues:	Actual	Actual	Actual	Budget	Amount	Percent	
Property, Liability, Work Comp Rates	\$0.4	\$0.3	\$0.3	\$0.3	\$ -	-	
Unemployment Taxes	-	-	-	-	-	-	
Interest Earnings	-	-	-	-	-	-	
Property Tax (Tort Claims)	-	-	0.2	0.2	-	-	
Insurance/Claims Recoveries	-	-	-	-	-	-	
Other/Miscellaneous Revenue	-	-	-	-	-	-	
Total Revenues	\$0.5	\$0.4	\$0.6	\$0.6	\$ -	-	
Transfers In	=	=	=	-	=	=	
Total Sources	\$0.5	\$0.4	\$0.6	\$0.6	\$ -		
% Change vs. Prior Year		-13%	36%	42%			

		Fiscal Year-to-Date: December 2012					
				2012/13	Actual		
_	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)	
Revenues:	Actual	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Amount	<u>Percent</u>	
Property, Liability, Work Comp Rates	\$2.6	\$2.1	\$2.0	\$2.0	\$ -	-	
Unemployment Taxes	-	-	-	-	-	-	
Interest Earnings	0.1	0.1	-	0.1	(0.1)	-100%	
Property Tax (Tort Claims)	1.7	-	0.2	0.2	=	-	
Insurance/Claims Recoveries	0.2	0.1	0.1	0.1	-	-	
Other/Miscellaneous Revenue	-	-	-	0.1	-	-	
Total Revenues	\$4.6	\$2.3	\$2.3	\$2.4	(\$0.1)	-4%	
Transfers In	-	-	-	-	-	-	
Total Sources	\$4.6	\$2.3	\$2.3	\$2.4	(\$0.1)	-4%	
% Change vs. Prior Year		-51%	0%	6%			

Actual to Revised Budget of (\$0.1) million or (4%): No explanation necessary.

Page 32 of 43 YTD December 2012

	One Month: December 2012					
				2012/13	Actual	vs. Budget
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)
Expenses:	Actual	Actual	Actual	Budget	Amount	Percent
Personnel Services	\$ -	\$0.1	\$0.1	\$0.1	\$ -	-
Contractual	0.4	0.4	0.9	0.5	(0.4)	-82%
Commodities	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-
Total Operating Expenses	\$0.4	\$0.5	\$0.9	\$0.5	(\$0.4)	-72%
Transfers Out						
Transfers to Operating Funds	-	-	-	-	-	-
Total Uses	\$0.4	\$0.5	\$0.9	\$0.5	(\$0.4)	-72%
% Change vs. Prior Year		15%	96%	14%		

		Fiscal Year-to-Date: December 2012					
				2012/13	Actual	vs. Budget	
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)	
Expenses:	Actual	Actual	Actual	Budget	Amount	<u>Percent</u>	
Personnel Services	\$0.3	\$0.4	\$0.4	\$0.4	\$ -	-	
Contractual	2.4	2.6	2.1	4.3	2.1	50%	
Commodities	_	-	-	_	-	_	
Capital Outlays	_	-	-	_	-	_	
Total Operating Expenses	\$2.7	\$3.0	\$2.5	\$4.7	\$2.2	46%	
Transfers Out							
Transfers to Operating Funds	-	-	-	-	-	_	
Total Uses	\$2.7	\$3.0	\$2.5	\$4.7	\$2.2	46%	
% Change vs. Prior Year		11%	-17%	55%			

Actual to Revised Budget variance of \$2.2 million or 46%:
The favorable variance in Contractual continues to be primarily attributable to the insurance premiums of \$1.2 million processed in June 2012 and charged to FY 2011/12.

Page 33 of 43 YTD December 2012

FY 2012/13 - BENEFITS SELF INSURANCE (\$ in millions: Rounding differences may occur)									
			Adopted	vs. Revised					
	Adopted	Revised	Favorable /	(Unfavorable)					
	Budget	Budget	Amount	Percent					
Sources	\$28.5	\$28.5	\$ -	-					
Uses	28.7	28.7	-	-					
Change in Fund Balance	(\$0.1)	(\$0.1)	\$ -						
Beginning Fund Balance	\$5.0	\$5.0	\$ -						
Ending Fund Balance	\$4.8	\$4.9	\$ -						

	Twelve Months: Fiscal Year					
			2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Revenues:	Actual	Actual	Budget	Budget	<u>Adjustments</u>	
Medical Premiums -COS	\$17.3	\$15.9	\$17.3	\$17.3	\$ -	
Dental Premiums - COS	8.0	8.0	8.0	0.8	-	
Medical Premiums - EE	4.8	4.5	5.1	5.1	-	
Dental Premiums - EE	8.0	8.0	8.0	0.8	-	
Premium Holiday	(4.0)	-	-	-	-	
Medical Premiums - Retiree	-	2.1	4.1	4.1	-	
Other Revenue	0.5	0.4	0.4	0.4	-	
Total Revenues	\$20.2	\$24.5	\$28.5	\$28.5	\$ -	
Transfers In	-	4.0	-	-	-	
Total Sources	\$20.2	\$28.5	\$28.5	\$28.5	\$ -	
% Change vs. Prior Year		41%	0%	0%		

	Twelve Months: Fiscal Year					
			2012/13	2012/13	2012/13	
	2010/11	2011/12	Adopted	Revised	Approved	
Expenses:	Actual	Actual	Budget	Budget	<u>Adjustments</u>	
Personnel Services - COS	\$ -	\$0.2	\$0.2	\$0.2	\$ -	
Contractual - COS	-	0.1	0.1	0.1	-	
Medical Claims	20.3	18.9	20.1	20.1	-	
Medical Claims - Retirees	-	3.1	3.6	3.6	-	
Dental Claims	1.5	1.4	1.5	1.5	-	
Provider Admin Fees	1.8	1.7	1.7	1.7	-	
Behavioral Health Claims	0.5	0.5	0.6	0.6	-	
Stop Loss Insurance	0.4	0.5	0.6	0.6	-	
Live Life Well	-	0.4	0.3	0.3	-	
Commodities - COS	-	_	-	-	-	
Short Term Disability	-	_	-	-	-	
Total Operating Expenses	\$24.5	\$26.9	\$28.7	\$28.7	\$ -	
Total Uses	\$24.5	\$26.9	\$28.7	\$28.7	\$ -	
% Change vs. Prior Year		10%	7%	7%		

YTD December 2012 Page 34 of 43

		December 2012: Current Month and YTD (\$ in millions: Rounding differences may occur)						
		December		YTD	Actual	9		
	December	Revised	YTD	Revised	Favorable /	(Unfavorable)		
	Actual	Budget	Actual	Budget	Amount	Percent		
Sources	\$2.3	\$2.4	\$13.3	\$14.3	(\$0.9)	-7%		
Uses	1.7	2.4	12.2	14.2	2.0	14%		
Change in Fund Balance	\$0.6	\$ -	\$1.1	\$ -	\$1.1			

		ı	One Month: Dec	ember 2012		
				2012/13	Actual	vs. Budget
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)
Revenues:	Actual	Actual	Actual	Budget	Amount	Percent
Medical Premiums -COS	\$1.4	\$1.3	\$1.5	\$1.4	\$ -	-
Dental Premiums - COS	0.1	0.1	0.1	0.1	-	-
Medical Premiums - EE	0.4	0.4	0.5	0.4	0.1	12%
Dental Premiums - EE	0.1	0.1	0.1	0.1	-	-
Premium Holiday	(0.9)	-	-	-	-	-
Medical Premiums - Retiree	-	0.2	0.1	0.3	(0.3)	-74%
Other Revenue	-	-	0.2	0.1	0.1	81%
Total Revenues	\$1.0	\$2.1	\$2.3	\$2.4	(\$0.1)	-5%
Transfers In	-	-	-	-	-	-
Total Sources	\$1.0	\$2.1	\$2.3	\$2.4	(\$0.1)	-5%
% Change vs. Prior Year		97%	12%	18%		

	Fiscal Year-to-Date: December 2012					
Revenues:	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Revised Budget	Actual Favorable / Amount	vs. Budget (Unfavorable) Percent
Medical Premiums -COS	\$8.7	\$8.0	\$8.8	\$8.7	\$0.2	2%
Dental Premiums - COS	0.4	0.4	0.4	0.4	-	-
Medical Premiums - EE	2.4	2.3	2.8	2.6	0.2	9%
Dental Premiums - EE	0.4	0.4	0.4	0.4	-	-
Premium Holiday	(3.3)	-	-	-	-	-
Medical Premiums - Retiree	-	1.0	0.5	2.0	(1.6)	-76%
Other Revenue	0.2	0.2	0.4	0.2	0.2	nm
Total Revenues	\$8.8	\$12.3	\$13.3	\$14.3	(\$0.9)	-7%
Transfers In	-	-	-	-	-	-
Total Sources	\$8.8	\$12.3	\$13.3	\$14.3	(\$0.9)	-7%
% Change vs. Prior Year		40%	8%	16%		

Actual to Revised Budget variance of (\$0.9) million or (7%):

The unfavorable variance in Retiree Medical Premiums is the result of retirees electing out of city insurance coverage. The budget assumed no change in participation. This unfavorable variance is offset by favorable variances in active employee premiums, both the city portion as well as the employee portion. These favorable variances are attributed to less open enrollment migration to health plans with lower premiums than budgeted.

YTD December 2012 Page 35 of 43

	One Month: December 2012					
Expenses:	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Revised Budget	Actual Favorable / Amount	vs. Budget (Unfavorable) Percent
Personnel Services - COS	\$ -	\$ -	\$ -	<u> </u>	\$ -	
Medical Claims	1.8	1.7	1.3	1.7	0.3	21%
Medical Claims - Retirees	-	0.3	0.1	0.3	0.2	70%
Dental Claims	0.1	0.1	0.1	0.1	-	-
Provider Admin Fees	0.1	0.1	0.1	0.1	-	-
Behavioral Health Claims	-	-	-	-	-	-
Stop Loss Insurance	-	-	-	-	-	-
Live Life Well	-	-	-	0.1	-	-
Total Operating Expenses	\$2.2	\$2.4	\$1.7	\$2.4	\$0.6	26%
Total Uses	\$2.2	\$2.4	\$1.7	\$2.4	\$0.6	26%
% Change vs. Prior Year		7%	-26%	3%		

	Fiscal Year-to-Date: December 2012						
				2012/13	Actual	vs. Budget	
	2010/11	2011/12	2012/13	Revised	Favorable /	(Unfavorable)	
Expenses:	Actual	<u>Actual</u>	Actual	Budget	Amount	Percent	
Personnel Services - COS	\$0.1	\$0.1	\$0.1	\$0.1	\$ -	-	
Medical Claims	10.1	9.5	9.4	10.0	0.6	6%	
Medical Claims - Retirees	-	1.8	0.6	1.8	1.2	65%	
Dental Claims	8.0	0.8	0.7	0.7	-	-	
Provider Admin Fees	0.9	0.8	0.7	0.9	0.1	16%	
Behavioral Health Claims	0.3	0.3	0.3	0.3	-	-	
Stop Loss Insurance	0.2	0.2	0.3	0.3	-	-	
Live Life Well	0.1	0.1	0.1	0.1	-	-	
Total Operating Expenses	\$12.5	\$13.6	\$12.2	\$14.2	\$2.0	14%	
Total Uses	\$12.5	\$13.6	\$12.2	\$14.2	\$2.0	14%	
% Change vs. Prior Year		9%	-10%	4%			

Actual to Revised Budget variance of \$2.0 million or 14%:

The favorable variance in Medical Claims - Retirees is the result of a significant number of retirees electing out of city insurance coverage.

YTD December 2012 Page 36 of 43



Privilege (Sales) & Use Tax Collections For December 2012

(For Business Activity in November 2012)

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

The report shows a fiscal year Privilege and Use Tax (1.00% General Purpose) collections decrease of 2 percent compared to the Budget, and an increase of 4 percent compared to the same period a year ago.

Privilege (Sales) & Use Tax by Category and Fund

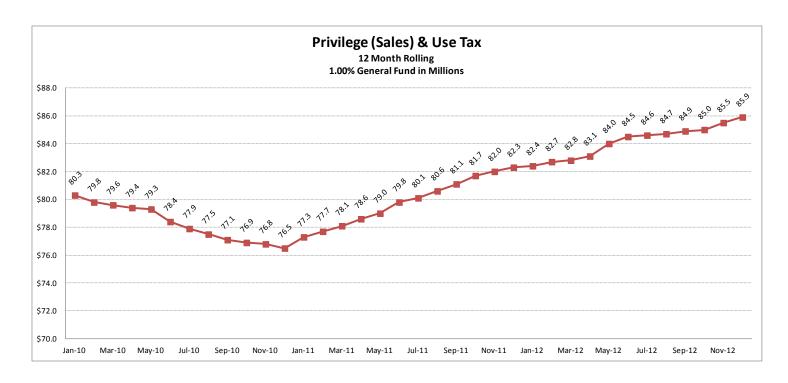
_	Fiscal Year: Tw elve Months						
_			2012/13	2012/13	2012/13		
	2010/11	2011/12	Adopted	Revised	Approved		
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Adjustments</u>		
1.00% General Purpose							
Rentals	\$11.6	\$11.8	\$11.8	\$11.8	\$0.0		
Misc. Retail Stores	13.0	14.1	15.4	15.4	0.0		
Major Dept. Stores	8.9	9.1	9.6	9.6	0.0		
Automotive	8.9	9.8	10.5	10.5	0.0		
Food Stores	6.1	6.4	6.4	6.4	0.0		
Construction	7.4	8.1	9.7	9.7	0.0		
Dining/ Entertainment	7.3	7.7	8.3	8.3	0.0		
Other Taxable Activity	5.7	5.9	6.1	6.1	0.0		
Hotel/Motel	4.1	4.3	4.4	4.4	0.0		
Utilities	4.4	4.4	4.3	4.3	0.0		
License fees, Penalty & Interest _	2.1	2.1	2.3	2.3	0.0		
Subtotal	79.6	83.7	88.7	88.7			
Adjustments_	0.5	1.0					
Subtotal after Adjustments	\$80.1	\$84.6	\$88.7	\$88.7	\$0.0		
0.10% Public Safety	\$7.8	\$8.2	\$8.6	\$8.6	\$0.0		
0.20% Transportation	15.0	16.0	16.8	16.8	0.0		
0.20% McDow ell Preserve 1995	15.5	16.5	17.3	17.3	0.0		
0.15% McDow ell Preserve 2004	11.7	12.3	12.9	12.9	0.0		
Total	\$130.1	\$137.7	\$144.3	\$144.3	\$0.0		
% Change vs. Prior Year		6%	5%	5%			

Rounding differences may occur.

YTD December 2012 Page 37 of 43

Privilege (Sales) & Use Tax by Category and Fund

_	Fiscal Year-to-Date: December 2012						
	Actual vs. Budg						
	2010/11	2011/12	2012/13	2012/13	Favorable/(Unfavorable		
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	Budget	Amount	Percent	
1.00% General Purpose							
Rentals	\$5.7	\$5.7	\$6.0	\$5.9	\$0.1	2%	
Misc. Retail Stores	5.6	6.1	6.5	6.7	(0.2)	-3%	
Major Dept. Stores	4.1	4.2	4.2	4.4	(0.2)	-4%	
Automotive	4.1	4.5	5.1	5.0	0.1	2%	
Food Stores	2.8	2.9	2.9	2.9	0.0	0%	
Construction	3.4	4.1	4.2	4.7	(0.5)	-10%	
Dining/ Entertainment	3.1	3.3	3.4	3.5	(0.1)	-3%	
Other Taxable Activity	2.2	2.5	2.6	2.5	0.1	3%	
Hotel/Motel	1.5	1.6	1.6	1.6	(0.1)	-4%	
Utilities	2.4	2.4	2.4	2.4	0.0	0%	
License fees, Penalty & Interest _	1.2	1.2	1.2	1.3	(0.1)	-5%	
Subtotal	36.0	38.6	40.2	41.0	(8.0)	-2%	
Adjustments_	0.4	0.4	0.2		0.2		
Subtotal after Adjustments _	\$36.4	\$39.0	\$40.4	\$41.0	(\$0.6)	-2%	
0.10% Public Safety	\$3.5	\$3.8	\$3.9	\$4.0	(\$0.1)	-2%	
0.20% Transportation	6.8	7.3	7.6	7.8	(0.2)	-2%	
0.20% McDow ell Preserve 1995	7.0	7.5	7.8	8.0	(0.2)	-2%	
0.15% McDow ell Preserve 2004	5.3	5.6	5.9	6.0	(0.1)	-2%	
Total	\$59.0	\$63.2	\$65.5	\$66.7	(\$1.4)	-2%	
% Change vs. Prior Year		7%	4%	6%			



Rounding differences may occur.

YTD December 2012 Page 38 of 43

Rental Sales Taxes

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

Actual to Revised Budget variance of \$0.1 million or 2%: Normal business fluctuations.

Miscellaneous Retail Stores Sales Taxes

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

Actual to Revised Budget variance of (\$0.2) million or (3%): This is due in part to the All-Star game that was played in Phoenix last year and a decrease in spending.

Major Department Stores Sales Taxes

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

Actual to Revised Budget variance of (\$0.2) million or (4%): This is due in part to the All-Star game that was played in Phoenix last year and two stores closing.

Automotive Sales Taxes

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

Actual to Revised Budget variance of \$0.1 million or 2%: This is due to continued increased sales of new and used motor vehicles.

Food Stores Sales Taxes

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

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

Construction Sales Taxes

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

Actual to Revised Budget variance of (\$0.5) million or (10%): Collections from construction activity have not yet caught up to the recent increase in permits issued.

Dining/Entertainment Sales Taxes

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

Actual to Revised Budget variance of (\$0.1) million or (3%): No specific identifiable reason for the variance.

Other Taxable Activity Sales Taxes

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

Actual to Revised Budget variance of \$0.1 million or 3%: This is due in part to increases in taxable sales from computer hardware/software wholesalers.

YTD December 2012 Page 39 of 43

Hotel/Motel Sales Taxes

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

Actual to Revised Budget variance of (\$0.1) million or (4%): The decrease appears to be coming from the resorts and limited service hotels.

Utilities Sales Taxes

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

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

License Fees, Penalty & Interest

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

Actual to Revised Budget variance of (\$0.1) million or (5%): This is due to a decrease in the amount collected in penalties and interest.

Adjustments

The adjustments consist of large audit payments received in the rental, construction, automotive and other categories. The adjustments also include some large refunds in the other taxable activity and rental categories.

YTD December 2012 Page 40 of 43

Glossary

To ensure legal compliance and financial management for the various restricted revenues and program expenditures, the city's accounting and budget structure is segregated into various funds. This approach is unique to the government sector. Fund accounting segregates functions and activities into separate self-balancing funds that are created and maintained for specific purposes.

A **fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General Fund is the city's chief operating fund and is used to account for all financial resources, except those that are legally required to be accounted for in another fund.

GENERAL FUND SOURCES

Sales Tax - 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. The sales tax category results can be found in Appendix 1.

State Shared Revenues - These revenues are derived from state shared sales taxes, income taxes (revenue sharing), and vehicle license taxes (auto lieu). On a per capita basis, state 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.

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.

Property Taxes – 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 in the General Fund 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.

Franchise Fees and In-Lieu Taxes – This category represents revenues from utility and cable providers for their permitted use of the city's Rights-of-Way.

Bed Taxes – A transient lodging tax (bed tax) is applied to lodging room charges for stays of 29 days or less in hotels or short-term rentals. Effective July 1, 2010, the bed tax rate was increased from 3 percent to 5 percent, half of which must be spent on destination marketing and half of which remains in the General Fund to be used for Capital, Events Development, Administration and other. A new fund was established for Tourism Development after the adoption of the FY 2012/13 budget to account for this revenue.

Transfers In – Transfers in reflects funds received from the Enterprise Funds (In-Lieu Franchise Fees and In-Lieu Property Tax) and Special Programs (30 Day Tow).

GENERAL FUND USES

Personnel Services include the salaries and wages (pay for time worked, overtime premium, vacation, and sick leave) plus the city's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. It is reduced by vacancy savings, but increased for medical and vacation leave accrual payouts that are made at the time of separation from the city.

Contractual Services category includes expenditures for services performed by firms, individuals, or other city divisions.

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

YTD December 2012 Page 41 of 43

Glossary

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 \$10,000 or more; and (3) be betterment or improvement.

Debt Service & Contracts Payable is primarily debt payments related to Municipal Property Corporation (MPC) bonds where the city's excise taxes are pledged to meet debt service. It also includes contractual obligations related to development agreements (funded by sales tax rebates) which vary based on the actual sales tax collections.

Transfers-Out represents the authorized transfer of cash to other funds, divisions, departments and/or capital projects.

OTHER FUNDS

Transportation Fund is considered a Special Revenue Fund, which is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Transportation Fund receives and expends the city's allocation of the Arizona Highway User Revenue Tax (HURF) as well as other transportation related revenues. The amount of HURF available to each city is allocated based on population. These monies must be used for street construction, reconstruction, maintenance, or transit. The State of Arizona requires the city to establish and maintain an accounting for Highway User Revenue Funds. The fund also accounts for the 1989 voter approved Transportation Privilege (Sales) Tax of 0.20 percent which is dedicated to funding transportation improvements and operations. Fifty percent of the Transportation Sales Tax is transferred to the Capital Improvement Fund for transportation related capital improvement projects.

Tourism Development Fund is a Special Revenue Fund to account for the sources and uses related to tourism. Revenues consist of transient lodging tax (bed tax), lease rental earnings from the Fairmont-Princess Hotel and hospitality trolley sponsorships. Bed tax is the largest portion of this fund and is derived from lodging room charges for stays of 29 days or less in hotels or short-term rentals.

Enterprise Funds are used to account for operations, which are financed and operated similarly to private businesses, where the intent is that the service is self-sufficient, with all costs including debt service supported predominantly by user charges. The city maintains three Enterprise Funds to account for Water & Water Reclamation, Aviation, and Solid Waste activities.

Water & Water Reclamation Funds

This fund accounts for the transactions related to the city's water and water reclamation business activities, including operating revenue, expenditures and debt service payments.

- Water Service Rates are monthly water billings which consist of a base charge according to meter size and a variable charge for the amount of water consumed.
- Water Reclamation Service Rates are monthly charges based on the volume and strength of the sewage discharge.
- Non-Potable Water Rates includes the sale of surface water, reverse osmosis (RO) and effluent treated to irrigation standards. These different water types are delivered to 23 Reclaimed Water Distribution System (RWDS) golf courses, 3 Irrigation Water Distribution System (IWDS) golf courses, the Gainey Ranch Golf Club, the WestWorld golf course and the Inlet/Silverado golf course.
- Miscellaneous Revenue includes rental income, miscellaneous reimbursements and other minor fees.

Aviation Fund

This fund accounts for the transactions related to the city's aviation business activity at the Scottsdale Airport.

- Aviation Rates are charges for a variety of services provided to airport customers including Landing Fees, Airport/Airpark Fuel Fees, Transient Parking Fees, Fixed Tenant Rents, Percentage Fees for Aeronautical Business Permits (ABPs), Custom Fees and miscellaneous other charges.
- Privilege and Use Tax-Jet Fuel are charges earned from jet fuel sales by Fixed Based Operators (FBOs) in accordance with the Scottsdale Revised Code, Article IV, Section 422.

YTD December 2012 Page 42 of 43

Glossary

Solid Waste Fund

This fund accounts for the transactions related to the city's solid waste and recycling business activities.

 Solid Waste Rates include residential charges which are a flat fee per month and commercial charges which are based on the size of the container and the number of pickups per month. Additionally Solid Waste Rates include roll-off charges, uncontained service charges, recycling program charges, and household hazardous waste collection charges.

Internal Service Funds are used to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. The report includes three Internal Service Funds to account for Fleet, Risk, and Benefits activities.

Fleet Fund

This fund is used to account for the expenditures associated with purchasing and maintaining the city's vehicles. Replacement and operation of vehicles are charged to the city departments as internal operating costs to each program based on the quantity and type of vehicle used. The department charges become revenue to the Fleet Fund.

Risk Fund

This fund is used to account for the city's self-insurance, safety and risk management functions. Revenue to this fund is derived from internal charges to division programs and is captured as internal rates. Payments for unemployment, workers' compensation, and property and liability claims are made from this fund

Benefits Self Insurance Fund

This fund is used to account for the city's self-insured medical and dental benefits. Revenue to this fund is derived from premiums collected through charges to division programs, which consists of both city and employee components. Revenue is also collected through premium charges to retirees as well as pharmacy rebates and stop loss insurance recoveries. This fund provides payment of actual healthcare expenses (medical, prescription and dental claims) as well as claims administration and other benefit plan expenses.

YTD December 2012 Page 43 of 43