



**Financial Report
Fiscal Year-to-Date
As of December 2009**

**Report to the City Council and Budget Review Commission
Prepared by Finance and Accounting Division
January 22, 2010**



FINANCIAL REPORT FOR YEAR-TO-DATE DECEMBER 2009

The following is a financial summary of the City's YTD December 2009 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.

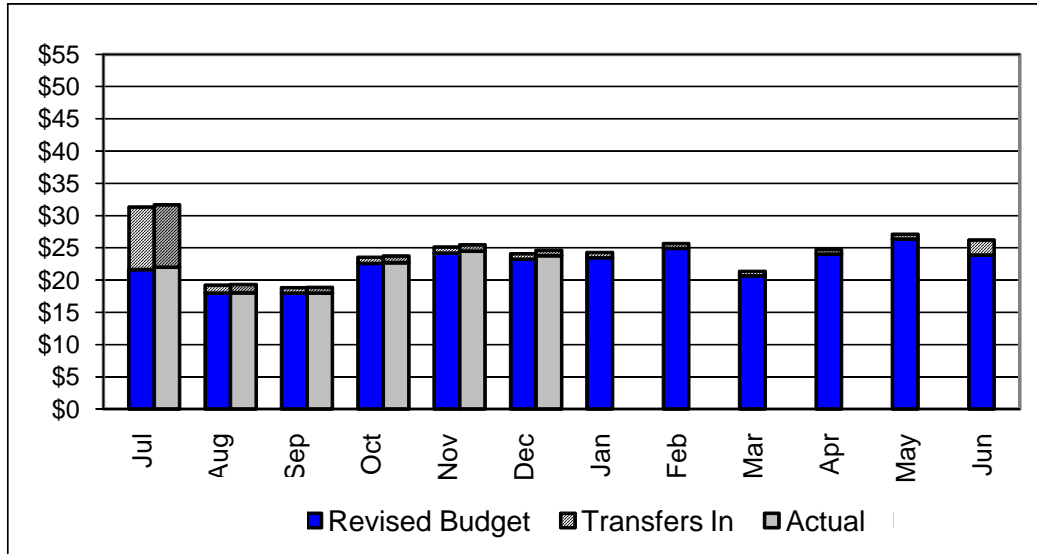
The report includes a summary for General Fund and Transportation Fund revenues and expenditures by major categories. Significant budget to actual variances are highlighted. The report also includes Appendix 1 which details the City's Privilege (Sales) Tax by major category as well as bed tax activity.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

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

Operating Results YTD December 2009 (\$ in millions)				
	Revised	2009/10		%
	<u>Budget</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
Sources	\$142.4	\$143.6	\$1.2	1%
Uses	\$130.2	\$123.5	\$6.7	5%
Change in Fund Balance	\$12.2	\$20.1	\$7.9	

Operating Results December 2009 (\$ in millions)				
	Revised	2009/10		%
	<u>Budget</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>
Sources	\$24.1	\$24.7	\$0.6	2%
Uses	\$22.1	\$19.8	\$2.3	10%
Change in Fund Balance	\$2.0	\$4.9	\$2.9	

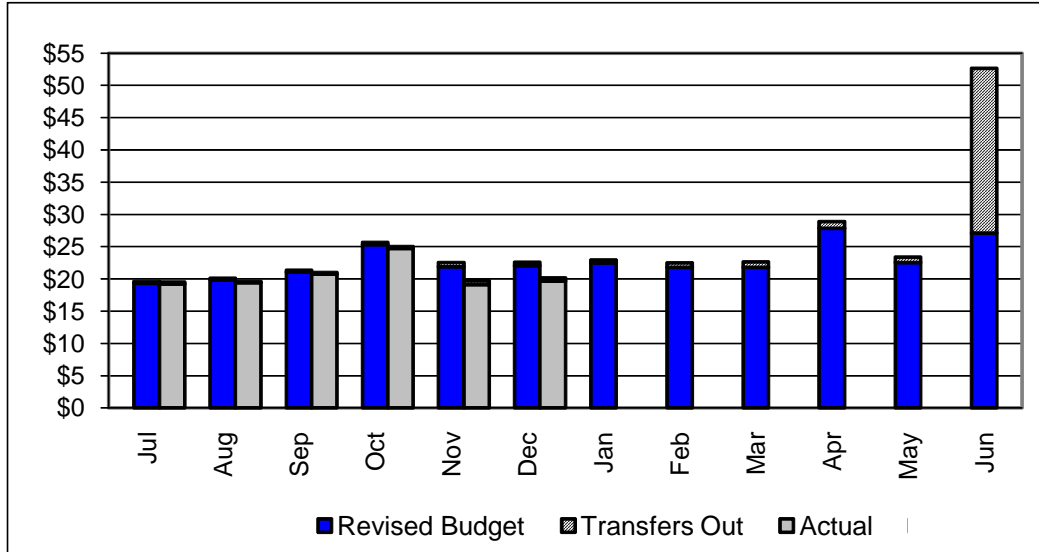
Operating* Sources – Fiscal YTD (\$ in millions)



Summary

- Slightly Better than Budget
- Local Sales Tax Up
- State Shared Revenues and Bed Taxes Down

Operating* Uses – Fiscal YTD (\$ in millions)



Summary

- 5% less than Budget
- Analyzing assured year end savings

***General Fund and Transportation Fund Combined**



The City has implemented a tracking and reporting program for employees to report cost savings and efficiencies that have been implemented. Employees are encouraged to report changes that have consolidated operations, eliminated efforts that add little or no value, and/or streamlined processes to help improve service delivery to the customer, in less time, with less effort resulting in a more effective use of staff resources. Employees are also encouraged to submit ideas for cost savings, as well.

Below are examples of the changes/ideas that were submitted in December.

Water Resources – Redirect System Flows

In response to lower wastewater flow volumes than historically observed, Water Resources developed a plan to redirect system flows to facilitate the shut-down of the East leg of the Pumpback system which features two of the City's largest wastewater pump stations. Redirected flows were shed to the Phoenix 91st Avenue WWTP while the West leg of the Scottsdale Pumpback system was adjusted to pump more flow. The net change has resulted in the same treated volumes at 91st Avenue and the Water campus, but wastewater has been moved much more efficiently within the system resulting in measurable electrical and chemical savings.

(\$162,000 estimated annual electrical and chemical savings; 1.4 million kwh estimated electrical savings; and 50 hours per month labor savings)

Custodial Services – South Scottsdale

The custodial services at Vista Del Camino, Eldorado Park, the South Corp Yard Complex and the parks' restrooms south of Thomas Road used to be provided by two separate contractors. One contractor provided service Monday through Friday and another contractor provided service on the weekends.

Staff worked to re-write and re-bid the custodial contract for the South Scottsdale areas with seven-day per week service.

(\$13,471 annual savings)

GENERAL FUND

FY 2009/10 (\$ in millions)				
	Adopted Budget	Revised Budget	Change	% Change
Sources	\$254.4	\$253.4	(\$1.0)	0%
Uses	<u>\$257.0</u>	<u>\$257.2</u>	<u>(\$0.2)</u>	0%
Change in Fund Balance	-\$2.6	-\$3.8	(\$1.2)	
Fund Balance:				
Reserved	\$26.1	\$26.1	\$0.0	
Contingency	\$5.0	\$4.2	(\$0.8)	
Unreserved	<u>\$1.0</u>	<u>\$7.5</u>	<u>\$6.5</u>	
Total Fund Balance	<u><u>\$32.1</u></u>	<u><u>\$37.8</u></u>	<u><u>\$5.7</u></u>	

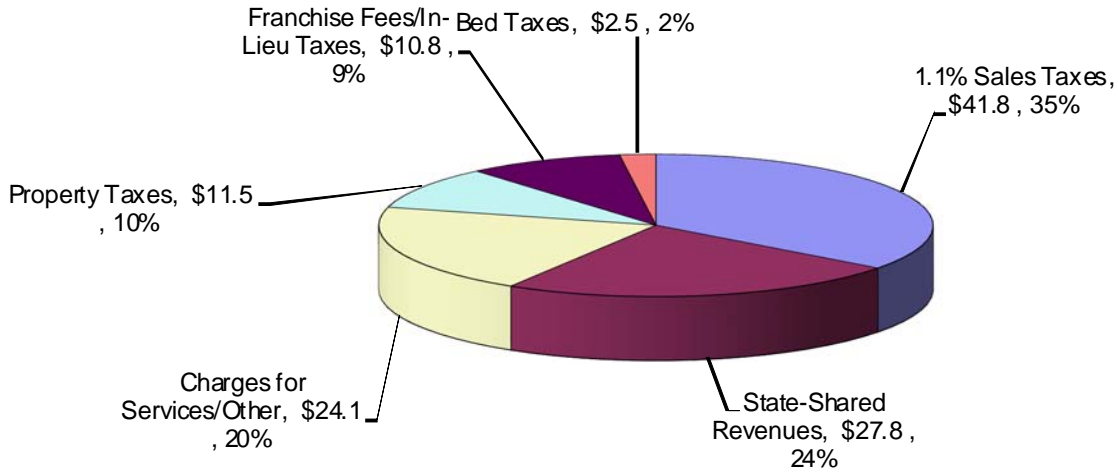
Sources

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.

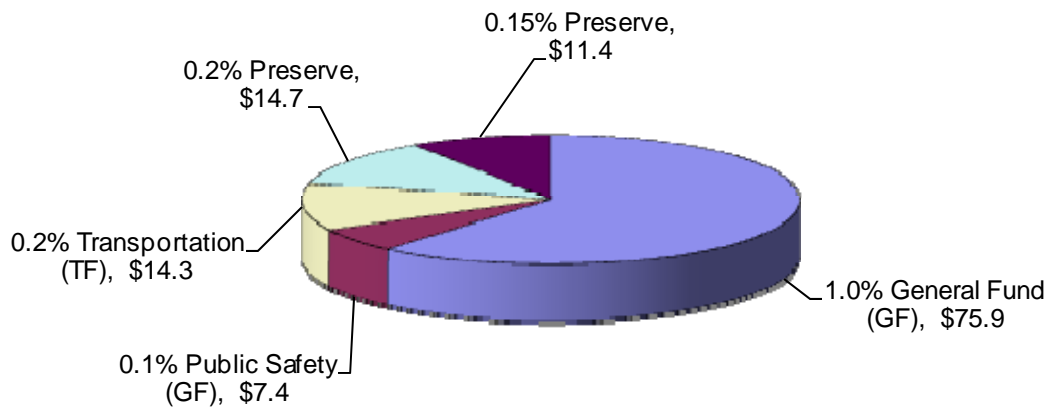
	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Approved Adjustments</u>	<u>Revised Budget</u>	<u>Proposed Adjustments</u>
1.1% Sales Taxes	\$115.5	\$95.7	\$83.3	\$0.0	\$83.3	\$0.0
State-Shared Revenues	64.7	62.2	56.3	(0.1)	56.2	-
Charges for Services/Other	59.1	50.2	52.1	(1.3)	50.8	-
Property Taxes	20.4	22.6	23.7	-	23.7	-
Franchise Fees/In-Lieu Taxes	20.8	20.4	21.5	-	21.5	-
Bed Taxes	2.3	1.5	8.2	-	8.2	-
Total Revenue	<u>\$282.8</u>	<u>\$252.6</u>	<u>\$245.1</u>	<u>(\$1.4)</u>	<u>\$243.7</u>	<u>\$0.0</u>
Transfers In	0.8	19.5	9.4	0.5	9.9	-
Total Sources	<u><u>\$283.6</u></u>	<u><u>\$272.1</u></u>	<u><u>\$254.5</u></u>	<u><u>(\$0.9)</u></u>	<u><u>\$253.6</u></u>	<u><u>\$0.0</u></u>
% Change vs. Prior Year		-4%	-6%			

	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised Budget</u>	Favorable/(Unfavorable)	Amount
1.1% Sales Taxes	\$56.0	\$48.5	\$41.8	\$40.0	\$1.8	4%
State-Shared Revenues	29.4	31.6	27.8	28.3	(0.5)	-2%
Charges for Services/Other	27.9	24.9	24.1	24.1	-	0%
Property Taxes	11.0	11.7	11.5	11.3	0.2	2%
Franchise Fees/In-Lieu Taxes	8.0	10.3	10.8	10.7	0.1	1%
Bed Taxes	0.7	0.6	2.5	2.8	(0.3)	-11%
Total Revenue	<u>\$133.0</u>	<u>\$127.6</u>	<u>\$118.5</u>	<u>\$117.2</u>	<u>\$1.3</u>	<u>1%</u>
Transfers In	-	2.5	9.6	9.6	-	0%
Total Sources	<u><u>\$133.0</u></u>	<u><u>\$130.1</u></u>	<u><u>\$128.1</u></u>	<u><u>\$126.8</u></u>	<u><u>\$1.3</u></u>	<u><u>1%</u></u>
% Change vs. Prior Year		-2%	-2%			

**General Fund Revenues \$118.5 Million
Fiscal Year-to-Date December 2009**



**1.65% Sales Tax \$123.7 Million
2009/10 Adopted Budget**



Sales Taxes

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

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Approved Adjustments</u>	<u>Revised Budget</u>	<u>Proposed Adjustments</u>
General Purpose 1.0% Sales Tax	\$105.3	\$87.3	\$75.8	\$0.0	\$75.8	\$0.0
Public Safety 0.1% Sales Tax	10.2	8.4	7.4	0.0	7.4	0.0
Total Sales Taxes	\$115.5	\$95.7	\$83.2	\$0.0	\$83.2	\$0.0
% Change vs. Prior Year		-17%	-13%			

	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised Budget</u>	<u>Favorable/(Unfavorable) Amount</u>	<u>Percent</u>
General Purpose 1.0% Sales Tax	\$51.1	\$44.3	\$38.2	\$36.5	\$1.7	5%
Public Safety 0.1% Sales Tax	4.9	4.2	3.6	3.5	0.1	3%
Total Sales Taxes	\$56.0	\$48.5	\$41.8	\$40.0	\$1.8	5%
% Change vs. Prior Year		-13%	-14%			

Actual to Revised Budget variance of \$1.8 million or 5%: Better than expected construction and utility activity. Additionally, several large audit payments were received that affected utilities, major department stores, automotive and other taxable categories. See Appendix 1 for further information about results by sales tax categories.

State-Shared Revenues

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

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Approved Adjustments</u>	<u>Revised Budget</u>	<u>Proposed Adjustments</u>
State Revenue Sharing	\$33.0	\$35.1	\$30.3	\$0.0	\$30.3	\$0.0
State Shared Sales Tax	21.7	18.9	18.0	(0.1)	17.9	0.0
Auto Lieu Tax	10.0	8.2	8.0	0.0	8.0	0.0
Total State Shared Revenues	\$64.7	\$62.2	\$56.3	(\$0.1)	\$56.2	\$0.0
% Change vs. Prior Year		-4%	-9%			

	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
				Revised	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
State Revenue Sharing	\$16.5	\$17.6	\$15.2	\$15.2	\$0.0	0%
State Shared Sales Tax	8.9	9.9	8.5	8.9	(0.4)	-4%
Auto Lieu Tax	4.0	4.1	4.1	4.2	(0.1)	-2%
Total State Shared Revenues	\$29.4	\$31.6	\$27.8	\$28.3	(\$0.5)	-2%
% Change vs. Prior Year		7%	-12%			

Actual to Revised Budget variance of (\$0.5 million) or (2%): State Shared Sales Taxes are less than expected because the recession is having a more dramatic impact than originally forecast by the State. At the State level, sales tax receipts continue to be less than projected and less than the prior year receipts. The contracting category continues to deteriorate while the retail and use categories are showing improvement.

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.

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
			Adopted	Approved	Revised	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
<i>Taxes - Local</i>						
Stormwater Water Quality Charge	\$0.9	\$0.8	\$0.9	\$0.0	\$0.9	\$0.0
<i>Licenses, Permits & Fees</i>						
Building Permit Fees & Charges	12.5	6.9	8.1	-	8.1	-
Recreation Fees	2.8	3.2	3.0	-	3.0	-
WestWorld	2.8	2.7	2.9	-	2.9	-
Fire Service Charges	1.1	1.8	2.4	(1.1)	1.3	-
Business Licenses & Fees	1.8	1.7	1.7	-	1.7	-
<i>Fines & Forfeitures</i>						
Court Fines	6.8	6.7	7.2	-	7.2	-
Photo Enforcement Revenue	5.8	2.5	1.7	-	1.7	-
Parking Fines	0.5	0.4	0.5	-	0.5	-
Library Fines & Fees	0.4	0.3	0.4	(0.1)	0.3	-
30 Day Tow Program	-	0.2	0.4	(0.4)	-	-
<i>Interest Earnings/Property Rental</i>						
Interest Earnings	6.4	3.7	1.7	-	1.7	-
Property Rental	3.5	3.2	3.2	-	3.2	-
<i>Other Revenue</i>						
Indirect/Direct Cost Allocation	11.6	13.8	15.6	0.4	16.0	-
Intergovernmental Revenue	1.1	1.2	1.0	(0.1)	0.9	-
Miscellaneous	0.7	0.6	1.0	-	1.0	-
Reimbursements	0.4	0.5	0.4	-	0.4	-
Total Charges for Services/Other	\$59.1	\$50.2	\$52.1	(\$1.3)	\$50.8	\$0.0
% Change vs. Prior Year		-15%	4%			

	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
				Revised	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
<i>Taxes - Local</i>						
Stormwater Water Quality Charge	\$0.5	\$0.5	\$0.5	\$0.5	\$0.0	0%
<i>Licenses, Permits & Fees</i>						
Building Permit Fees & Charges	7.2	3.6	3.8	3.9	(0.1)	-3%
Recreation Fees	1.3	1.3	1.4	1.3	0.1	8%
WestWorld	0.7	0.8	0.7	0.7	-	0%
Fire Service Charges	0.5	1.8	0.7	0.8	(0.1)	-13%
Business Licenses & Fees	1.1	1.0	1.0	1.0	-	0%
<i>Fines & Forfeitures</i>						
Court Fines	3.1	3.0	3.5	3.5	-	0%
Photo Enforcement Revenue	2.8	1.4	0.9	0.8	0.1	13%
Parking Fines	0.2	0.2	0.1	0.2	(0.1)	-50%
Library Fines & Fees	0.2	0.3	0.2	0.1	0.1	100%
<i>Interest Earnings/Property Rental</i>						
Interest Earnings	2.8	2.0	1.2	1.0	0.2	20%
Property Rental	0.8	1.4	1.2	1.3	(0.1)	-8%
<i>Other Revenue</i>						
Indirect/Direct Cost Allocation	5.8	6.5	8.0	8.0	-	0%
Intergovernmental Revenue	0.5	0.5	0.6	0.5	0.1	20%
Miscellaneous	0.3	0.5	0.2	0.4	(0.2)	-50%
Reimbursements	0.1	0.1	0.1	0.1	-	0%
Total Charges for Services/Other	\$27.9	\$24.9	\$24.1	\$24.1	\$0.0	0%
% Change vs. Prior Year		-11%	-3%			

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

Property Taxes

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

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

Franchise Fees and In-Lieu Taxes

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

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
			Adopted	Approved	Revised	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
Electric Franchise	\$7.9	\$7.8	\$8.4	\$0.0	\$8.4	\$0.0
Enterprise Franchise Fees	6.3	6.4	6.7	-	6.7	-
Cable TV Franchise	3.5	3.6	3.6	-	3.6	-
Enterprise In Lieu Property Tax	3.0	2.5	2.7	-	2.7	-
Salt River Project Lieu Tax	0.1	0.1	0.1	-	0.1	-
Total Franchise Fees/In-Lieu Taxes	\$20.8	\$20.4	\$21.5	\$0.0	\$21.5	\$0.0
% Change vs. Prior Year		-2%	5%			

	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	Revised	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable/(Unfavorable)	
					<u>Amount</u>	<u>Percent</u>
Electric Franchise	\$2.5	\$4.3	\$4.4	\$4.5	(\$0.1)	-2%
Enterprise Franchise Fees	3.0	3.0	3.2	3.0	0.2	7%
Cable TV Franchise	0.9	1.7	1.8	1.8	-	0%
Enterprise In Lieu Property Tax	1.5	1.2	1.3	1.3	-	0%
Salt River Project Lieu Tax	0.1	0.1	0.1	0.1	-	0%
Total Franchise Fees/In-Lieu Taxes	\$8.0	\$10.3	\$10.8	\$10.7	\$0.1	1%
% Change vs. Prior Year		29%	5%			

Actual to Revised Budget variance of \$0.1 million or 1%: Enterprise Franchise Fees are higher than budgeted due to increased water fees collected attributable to record breaking summer temperatures, an unseasonably warm fall coupled with low rain fall creating an increase in water demand. Partially offsetting this increase are lower franchise fees collected from electric and cable TV providers.

Bed Taxes

The 3 percent bed tax is applied to lodging room charges for stays of 29 days or less (transient) in hotels or short-term rentals. This revenue is an "elastic" revenue based on events in the national, state and local economies. By City ordinance, 80 percent of this tax revenue is restricted for tourism development including the payment of contracts to increase tourism and fund debt service for destination attractions. Beginning in FY 2009/10, 100 percent of the Bed Tax revenue is being recorded in the General Fund with a corresponding transfer of 80 percent to the Special Programs Fund.

Actual to Revised Budget variance of (\$0.3 million) or (11%): The reduction is attributable to the continued decline in 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. See Appendix 1 for a more detailed discussion.

Transfers In

Transfers in reflect funds received from the Capital Improvement Plan (CIP) Fund, Special Programs Fund (Community Services/Human Services) and Water Fund (Water Campus Security).

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Approved</u>	<u>Revised</u>	<u>Proposed</u>
			<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
CIP	\$0.0	\$13.9	\$9.0	\$0.0	\$9.0	\$0.0
Self Insurance Fund	-	5.0	-	-	-	-
Cultural Council	-	-	0.3	-	0.3	-
Code Enforcement	0.1	-	-	-	-	-
Community Services/Human Services	-	0.1	0.1	-	0.1	-
Miscellaneous	0.7	-	-	-	-	-
Water Campus Security	-	0.5	-	0.5	0.5	-
Total Transfers In	\$0.8	\$19.5	\$9.4	\$0.5	\$9.9	\$0.0
% Change vs. Prior Year		2338%	-52%			

	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
				Revised	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
CIP	\$0.0	\$0.0	\$9.0	\$9.0	\$0.0	0%
Self Insurance Fund	-	2.5	-	-	-	n/a
Cultural Council	-	-	0.3	0.3	-	0%
Community Services/Human Services	-	-	0.1	0.1	-	0%
Water Campus Security	-	-	0.2	0.2	-	0%
Total Transfers In	\$0.0	\$2.5	\$9.6	\$9.6	\$0.0	0%
% Change vs. Prior Year		n/a	-23%			

Note: The \$9 million CIP transfer in will be repaid June 30, 2010, per council directive.

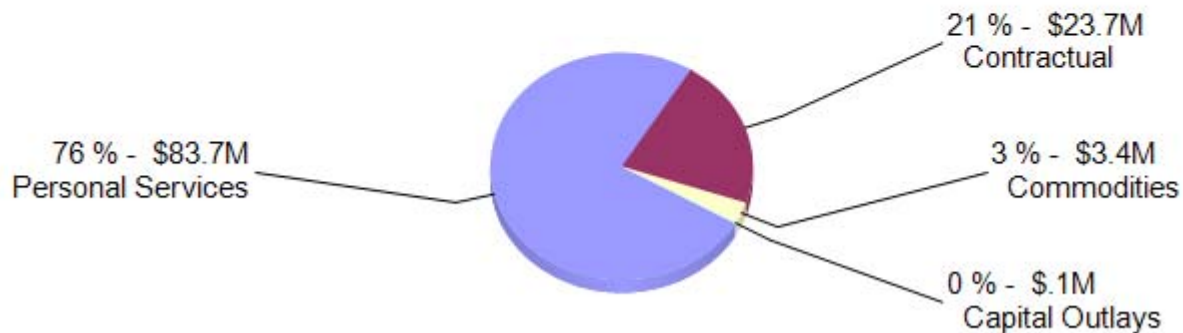
Actual to Budget variance of \$0.0 million or 0%. No explanation necessary.

GENERAL FUND USES
(\$ in millions)

Expenses:	Fiscal Year (Twelve Months)				
	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
Personal Services	\$195.2	\$175.1	(\$4.7)	\$170.4	-
Vacancy Savings/Payouts/Reclass	(\$3.2)	(\$3.2)	\$0.1	(\$3.1)	-
Contractual	\$51.5	\$53.8	(\$1.2)	\$52.6	-
Commodities	\$8.7	\$9.3	(\$0.1)	\$9.2	-
Capital Outlays	\$0.4	\$0.4	(\$0.1)	\$0.3	-
Future Budget Reductions/IOU	-	(\$12.5)	\$12.0	(\$0.5)	-
Total Operating Expenses	\$252.6	\$222.9	\$6.0	\$228.9	-
Debt Service	\$3.5	\$4.6	(\$1.0)	\$3.6	(\$1.1)
Transfers Out	\$18.3	\$29.6	(\$4.9)	\$24.7	-
Total Uses	\$274.4	\$257.1	\$0.1	\$257.2	(\$1.1)

Expenses:	Fiscal Year-to-Date December 2009				
	2008/09 <u>Actual</u>	2009/10 <u>Actual</u>	2009/10 <u>Revised Budget</u>	Actual vs. Budget <u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Personal Services	\$93.9	\$84.1	\$87.1	\$3.0	3 %
Vacancy Savings/Payouts/Reclass	(\$1.6)	(\$0.4)	(\$1.6)	(\$1.2)	75 %
Contractual	\$26.1	\$23.7	\$25.0	\$1.3	5 %
Commodities	\$4.3	\$3.4	\$3.7	\$0.3	8 %
Capital Outlays	\$0.2	\$0.1	\$0.1	-	-
Future Budget Reductions/IOU	-	-	-	-	-
Total Operating Expenses	\$122.9	\$110.9	\$114.3	\$3.4	3 %
Debt Service	\$2.0	\$1.0	\$2.2	\$1.2	55 %
Transfers Out	-	\$2.1	\$2.3	\$0.2	9 %
Total Uses	\$124.9	\$114.0	\$118.8	\$4.8	4 %

**Fiscal Year-to-Date December 2009
\$110.9M 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.

Actual to Revised Budget variance of \$3.0 million or 3%: As projected, the holiday overtime account reflects an increase in activity. However, this is offset by the significant positive variance in the overtime "other" account. In addition, the continuation of overtime reduction strategies has contributed to savings in the Federal Insurance Contributions Act (FICA) and retirement accounts.

Vacancy Savings/Payouts/Reclassifications

The 'Vacancy Savings / Payouts / Reclassifications' is the net of the Citywide vacancy savings, the medical and vacation leave accrual payouts that are made at the time of separation from the City, and position reclassifications.

	Fiscal Year (Twelve Months)				
	<u>2008/09 Actual</u>	<u>2009/10 Adopted Budget</u>	<u>2009/10 Approved Adjustments</u>	<u>2009/10 Revised Budget</u>	<u>2009/10 Proposed Adjustments</u>
Vacancy Savings	(\$5.2)	(\$5.0)	\$1.1	(\$3.9)	-
Vacation Leave Payouts	\$0.6	\$0.6	(\$0.4)	\$0.2	-
Medical Leave Payouts	\$0.7	\$0.9	(\$0.5)	\$0.4	-
Reclassifications	\$0.3	\$0.3	(\$0.1)	\$0.2	-
Vacation Trade Payouts	\$0.4	-	-	-	-
Total Vacancy Sav/Payouts/Reclass	(\$3.2)	(\$3.2)	\$0.1	(\$3.1)	-

	Fiscal Year-to-Date December 2009				
	<u>2008/09 Actual</u>	<u>2009/10 Actual</u>	<u>2009/10 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable)</u>	
				<u>Amount</u>	<u>Percent</u>
Vacancy Savings	(\$2.6)	(\$1.5)	(\$3.0)	(\$1.5)	50 %
Vacation Leave Payouts	\$0.3	\$0.4	\$0.5	\$0.1	20 %
Medical Leave Payouts	\$0.3	\$0.5	\$0.7	\$0.2	29 %
Reclassifications	-	\$0.2	\$0.2	-	-
Vacation Trade Payouts	\$0.4	-	-	-	-
Total Vacancy Sav/Payouts/Reclass	(\$1.6)	(\$0.4)	(\$1.6)	(\$1.2)	75 %

Actual to Revised Budget variance of (\$1.2 million) or 75%: The unfavorable variance is due to: 1) the recession - the number of vacant positions and the length of time a position is vacant has decreased significantly and is about half of the projected amount; and 2) medical and vacation leave accrual payouts are significantly greater than projected as a result of the July 2, 2009 reduction in force and terminations of long-term employees who had significant leave accrual balances.

Contractual Services

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

Actual to Revised Budget variance of \$1.3 million or 5%: The favorable variance relates to invoices for services being received later than expected; such as, auditing services performed for the Finance and Accounting Division, installation of holiday lights, and December's utility payments. The variance is also a result of those expenditures that are difficult to budget for in the appropriate period because of their unpredictable spending pattern (e.g. building maintenance services, painting, fire alarm maintenance, elevators, etc).

Commodities

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

Actual to Revised Budget variance of \$0.3 million or 8%: The variance relates to several accounts such as minor equipment, operating supplies, maintenance services and materials, and education and recreation supplies which are difficult to budget in the appropriate period as they do not have a predictable spending pattern.

Capital Outlays

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

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

Future Budget Reductions/IOU

This represents the budget reductions and other adjustments that were included in the report and approved by City Council on July 2, 2009 and November 3, 2009. A final proposed adjustment will be brought forward to City Council on January 26, 2010 to bring the balance to \$0. The proposed adjustment is to reduce the Nordstrom's contract payable budget as a result of declining retail sales which translates to the City paying less for the Nordstrom Garage reimbursement agreement.

Debt Service

This activity is primarily contractual obligations related to development agreements (funded by sales tax rebates) and will vary based on the actual sales tax collections.

	Fiscal Year (Twelve Months)				
	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
Certificates of Participation (COP)	\$0.9	\$0.9	-	\$0.9	-
Contracts Payable	\$2.6	\$2.7	-	\$2.7	(\$1.1)
COP - Radio Financing	-	\$1.0	(\$1.0)	-	-
Total Debt Service	\$3.5	\$4.6	(\$1.0)	\$3.6	(\$1.1)

Proposed Adjustment of (\$1.1 million) to reduce the Nordstrom's contract payable budget. Due to declining retail sales the City is paying less for the Nordstrom Garage reimbursement agreement.

	Fiscal Year-to-Date December 2009				
	2008/09 <u>Actual</u>	2009/10 <u>Actual</u>	2009/10 <u>Revised Budget</u>	Actual vs. Budget <u>Favorable / (Unfavorable) Amount</u>	Budget <u>(Unfavorable) Percent</u>
Certificates of Participation (COP)	\$0.5	-	\$0.5	\$0.5	100 %
Contracts Payable	\$1.5	\$1.0	\$1.7	\$0.7	41 %
COP - Radio Financing	-	-	-	-	-
Total Debt Service	\$2.0	\$1.0	\$2.2	\$1.2	55 %

Actual to Revised Budget variance of \$1.2 million or 55% The positive variance is the result of the continued decline in retail sales and related taxes collected from those sales at the Fashion Square mall, the amount of the payments to the mall has decreased for the rest of this fiscal year. Also, due to the decline in tourism, the amount of tax received by the Hotel Valley Ho has decreased; therefore, the payment has also decreased. Favorable variance is the result of a Certificate of Participation debt payment that was budgeted in December but not posted until January.

Transfers-Out

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

	Fiscal Year (Twelve Months)				
	<u>2008/09 Actual</u>	<u>2009/10 Adopted Budget</u>	<u>2009/10 Approved Adjustments</u>	<u>2009/10 Revised Budget</u>	<u>2009/10 Proposed Adjustments</u>
MPC Excise Debt Fund	\$5.8	\$6.7	-	\$6.7	-
CIP - General Fund Maintenance	\$3.3	\$1.6	(\$0.2)	\$1.4	-
CIP - General Fund - Non-Maintenance	-	\$9.0	-	\$9.0	-
CIP - Public Safety Radio - Loop 101	\$1.9	-	-	-	-
Transportation Fund	\$7.0	\$5.6	(\$4.7)	\$0.9	-
Bed Tax Fund	\$0.2	\$6.6	-	\$6.6	-
Special Programs Fund - Planning & Dev Services	\$0.1	\$0.1	-	\$0.1	-
Total Transfers Out	\$18.3	\$29.6	(\$4.9)	\$24.7	-

	Fiscal Year-to-Date December 2009				
	<u>2008/09 Actual</u>	<u>2009/10 Actual</u>	<u>2009/10 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
MPC Excise Debt Fund	-	-	-	-	-
CIP - General Fund Maintenance	-	-	-	-	-
CIP - General Fund - Non-Maintenance	-	-	-	-	-
CIP - Public Safety Radio - Loop 101	-	-	-	-	-
Transportation Fund	-	\$0.1	\$0.1	-	-
Bed Tax Fund	-	\$2.0	\$2.2	\$0.2	9 %
Special Programs Fund - Planning & Dev Services	-	-	-	-	-
Total Transfers Out	-	\$2.1	\$2.3	\$0.2	9 %

Actual to Revised Budget variance of \$0.2 million or 9%: Excluding the MPC excise debt transfers, most of these transfers are related to subsidies to other funds and the actual activity will be recorded in June 2010. The MPC debt transfer will be made at the time the debt payment is made. The transfers out reflects transfers to the Special Programs Fund for bed tax revenues (80 percent of the total bed tax collections per adopted financial policy) which were explained in previous monthly financial reports. Additionally, the transfers out Grants line reflects a transfer from Planning, Neighborhoods, and Transportation to Preservation, which was not budgeted for until June.

TRANSPORTATION FUND

FY 2009/10				
(\$ in millions)				
	Adopted	Revised		%
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Change</u>
Sources	\$38.4	\$38.3	(\$0.1)	0%
Uses	<u>\$38.3</u>	<u>\$38.3</u>	<u>\$0.0</u>	0%
Change in Fund Balance	\$0.1	\$0.0	(\$0.1)	
Total Fund Balance	<u><u>\$0.0</u></u>	<u><u>\$0.0</u></u>	<u><u>\$0.0</u></u>	

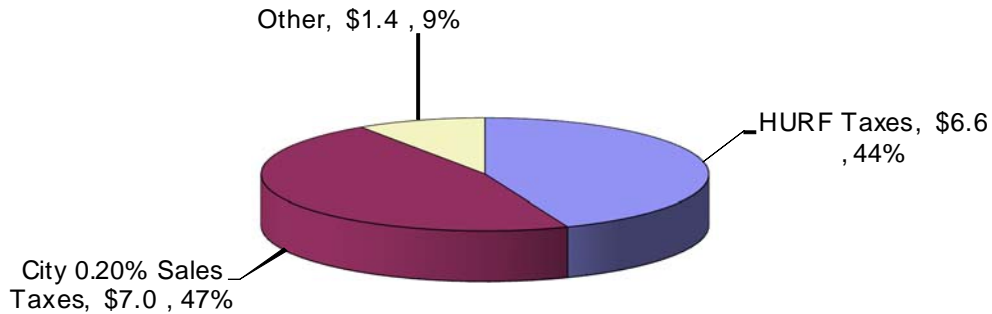
Sources

The Transportation Fund receives and expends the City's allocation of the Arizona Highway User Revenue Tax (HURF) as well as other transportation related revenues. The amount of HURF available to each City is allocated based on population, 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.

Fiscal Year (Twelve Months)						
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Approved</u>	<u>Revised</u>	<u>Proposed</u>
			<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
HURF Taxes	\$16.3	\$14.1	\$14.2	\$0.0	\$14.2	\$0.0
City 0.20% Sales Taxes	20.0	16.5	14.3	0.0	14.3	(0.2)
Other	1.6	2.9	3.9	4.6	8.5	-
Total Revenues	<u>\$37.9</u>	<u>\$33.5</u>	<u>\$32.4</u>	<u>\$4.6</u>	<u>\$37.0</u>	<u>(\$0.2)</u>
Transfers In	2.8	8.8	6.0	(4.7)	1.3	-
Total Sources	<u><u>\$40.7</u></u>	<u><u>\$42.3</u></u>	<u><u>\$38.4</u></u>	<u><u>(\$0.1)</u></u>	<u><u>\$38.3</u></u>	<u><u>(\$0.2)</u></u>
% Change vs. Prior Year		4%	-9%			

Fiscal Year-to-Date December						
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Favorable/(Unfavorable)</u>	
			<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
HURF Taxes	\$6.6	\$7.1	\$6.6	\$7.1	(\$0.5)	-7%
City 0.20% Sales Taxes	9.6	8.3	7.0	6.9	0.1	1%
Other	1.3	0.9	1.4	1.1	0.3	27%
Total Revenues	<u>\$17.5</u>	<u>\$16.3</u>	<u>\$15.0</u>	<u>\$15.1</u>	<u>(\$0.1)</u>	<u>-1%</u>
Transfers In	0.4	1.5	0.5	0.5	-	n/a
Total Sources	<u><u>\$17.9</u></u>	<u><u>\$17.8</u></u>	<u><u>\$15.5</u></u>	<u><u>\$15.6</u></u>	<u><u>(\$0.1)</u></u>	<u><u>-1%</u></u>
% Change vs. Prior Year		-1%	-13%			

**Transportation Fund Revenues \$15 Million
Fiscal Year-to-Date December 2009**



Highway User Revenues (HURF)

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

Actual to Budget variance of (\$0.5 million) or (7%): Decrease can be attributed to less demand of fuel due to the condition of the economy, changes in driving behaviors and more energy efficient vehicles.

Sales Tax Revenues

The fund receives the revenues from the 0.20 percent voter-approved transportation sales tax. The numbers reflect the full 0.20 percent revenue collected. Fifty percent of the tax is used for operations/maintenance recorded in this fund and 50 percent is used in the Transportation Capital Improvement Plan. A transfers out entry is recorded each month to move 50 percent to the Transportation Capital Improvement Plan.

Actual to Budget variance of \$0.1 million or 1%: Better than expected construction activity and large audit payments related to major department stores, automotive and other taxable activity slightly offset by lower than expected revenues from food stores, rentals and the hotel/motel classifications. Food Stores are being impacted by changes in consumer spending, a store chain declaring bankruptcy, decreasing food costs and increased use of food stamps. Property Rentals have been affected by vacancies and declining rental rates. Hotel/motel revenues have been impacted by the sharp decline in the tourism industry. See Appendix 1 for further information about results by sales tax categories.

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.

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Approved Adjustments</u>	<u>Revised Budget</u>	<u>Proposed Adjustments</u>
Local Transportation Assistance Fund I	\$1.1	\$1.0	\$1.1	\$0.0	\$1.1	\$0.0
Capital Improvement Plan Cost Allocation	-	0.9	0.8	-	0.8	-
Local Transportation Assistance Fund II	0.4	0.4	-	-	-	-
Proposition 400 Regional Sales Tax	-	0.4	0.3	-	0.3	-
Charges for Services	0.1	0.2	1.6	-	1.6	-
Federal Grants	-	-	-	4.6	4.6	-
Miscellaneous	-	-	0.1	-	0.1	-
Total Other Revenues	\$1.6	\$2.9	\$3.9	\$4.6	\$8.5	\$0.0
% Change vs. Prior Year		81%	34%			

	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
				Revised	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Local Transportation Assistance Fund I	\$0.9	\$0.5	\$0.5	\$0.4	\$0.1	25%
Capital Improvement Plan Cost Allocation	-	-	0.4	0.4	-	0%
Local Transportation Assistance Fund II	0.4	-	0.3	-	0.3	n/a
Proposition 400 Regional Sales Tax	-	-	-	-	-	n/a
Charges for Services	-	-	0.2	0.3	(0.1)	-33%
Miscellaneous	-	0.4	-	-	-	n/a
Total Other Revenues	\$ 1.3	\$ 0.9	\$ 1.4	\$ 1.1	\$ 0.3	27%
% Change vs. Prior Year		-31%	56%			

Actual to Budget variance of \$0.3 million or 27%: Unbudgeted annual Local Transportation Assistance Fund II (LTAF II) revenues were received in December. LTAF II revenues are multi-state lottery (Powerball) funds distributed by the State based upon population and must be used for transit purposes.

Transfers In

Transfers in from the General Fund, Capital Improvement Plan Fund and Solid Waste Fund (for alley maintenance).

	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
			Adopted	Approved	Revised	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Adjustments</u>
General Fund	\$2.5	\$7.0	\$5.6	(\$4.7)	\$0.9	\$0.0
Transportation CIP	-	1.5	-	-	-	-
Solid Waste - Alley Maintenance	0.3	0.3	0.4	-	0.4	-
Total Transfers In	\$2.8	\$8.8	\$6.0	(\$4.7)	\$1.3	\$0.0
% Change vs. Prior Year		214%	-32%			

	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
				Revised	Favorable/(Unfavorable)	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
General Fund	\$0.4	\$1.5	\$0.1	\$0.1	\$0.0	n/a
Solid Waste - Alley Maintenance	-	-	0.4	0.4	-	0%
Total Transfers In	\$0.4	\$1.5	\$0.5	\$0.5	\$0.0	0%
% Change vs. Prior Year		275%	-67%			

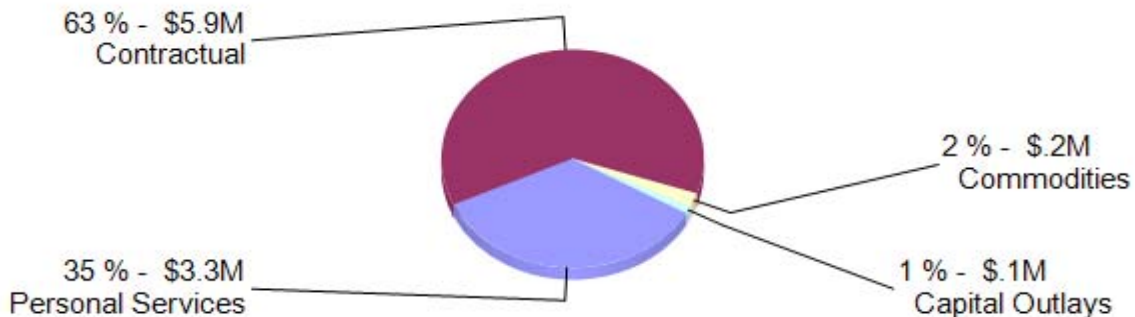
Actual to Budget variance of \$0.0 million or 0%. No explanation necessary.

TRANSPORTATION FUND USES (\$ in millions)

Expenses:	Fiscal Year (Twelve Months)				
	2008/09 <u>Actual</u>	2009/10 <u>Adopted Budget</u>	2009/10 <u>Approved Adjustments</u>	2009/10 <u>Revised Budget</u>	2009/10 <u>Proposed Adjustments</u>
Personal Services	\$8.1	\$6.5	(\$0.1)	\$6.4	-
Vacancy Savings/Payouts/Reclass	(\$0.3)	(\$0.3)	\$0.1	(\$0.2)	-
Contractual	\$23.7	\$23.9	(\$0.1)	\$23.8	-
Commodities	\$0.8	\$0.8	-	\$0.8	-
Capital Outlays	-	-	\$0.1	\$0.1	-
Future Budget Reductions/IOU	-	-	-	-	-
Total Operating Expenses	\$32.3	\$30.9	-	\$30.9	-
Transfers Out	\$8.3	\$7.3	-	\$7.3	-
Total Uses	\$40.6	\$38.2	-	\$38.2	-

Expenses:	Fiscal Year-to-Date December 2009				
	2008/09 <u>Actual</u>	2009/10 <u>Actual</u>	2009/10 <u>Revised Budget</u>	Actual vs. Budget <u>Favorable / (Unfavorable)</u> <u>Amount</u>	Budget <u>Percent</u>
Personal Services	\$3.5	\$3.3	\$3.4	\$0.1	3 %
Vacancy Savings/Payouts/Reclass	(\$0.1)	-	(\$0.2)	(\$0.2)	100 %
Contractual	\$11.1	\$5.9	\$7.7	\$1.8	23 %
Commodities	\$0.4	\$0.2	\$0.4	\$0.2	50 %
Capital Outlays	-	\$0.1	\$0.1	-	-
Future Budget Reductions/IOU	-	-	-	-	-
Total Operating Expenses	\$14.9	\$9.5	\$11.4	\$1.9	17 %
Transfers Out	-	-	-	-	-
Total Uses	\$14.9	\$9.5	\$11.4	\$1.9	17 %

Fiscal Year-to-Date December 2009 \$9.5M 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.

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

Vacancy Savings/Payouts/Reclassifications

The 'Vacancy Savings / Payouts / Reclassifications' is the net of the Citywide vacancy savings, the medical and vacation leave accrual payouts that are made at the time of separation from the City, and position reclassifications.

	Fiscal Year (Twelve Months)				
	2008/09 Actual	2009/10 Adopted Budget	2009/10 Approved Adjustments	2009/10 Revised Budget	2009/10 Proposed Adjustments
Vacancy Savings	(\$0.3)	(\$0.3)	\$0.1	(\$0.2)	-
Vacation Leave Payouts	-	-	-	-	-
Medical Leave Payouts	-	-	-	-	-
Reclassifications	-	-	-	-	-
Vacation Trade Payouts	-	-	-	-	-
Total Vacancy Sav/Payouts/Reclass	(\$0.3)	(\$0.3)	\$0.1	(\$0.2)	-

	Fiscal Year-to-Date December 2009				
	2008/09 Actual	2009/10 Actual	2009/10 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Vacancy Savings	(\$0.1)	-	(\$0.2)	(\$0.2)	100 %
Vacation Leave Payouts	-	-	-	-	-
Medical Leave Payouts	-	-	-	-	-
Reclassifications	-	-	-	-	-
Vacation Trade Payouts	-	-	-	-	-
Total Vacancy Sav/Payouts/Reclass	(\$0.1)	-	(\$0.2)	(\$0.2)	100 %

Actual to Revised Budget variance of (\$0.2 million) or 100%: The unfavorable variance is due to; 1) the recession - the number of vacant positions and the length of time a position is vacant has decreased significantly and is about half of the projected amount; and 2) medical and vacation has decreased significantly and is about half of the projected amount; and 2) medical and vacation leave accrual payouts are significantly greater than projected as a result of the July 2, 2009 reduction in force.

Contractual Services

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

Actual to Revised Budget variance of \$1.8 million or 23%: Variance attributable to timing issue related to the Transit Contracts with the City of Phoenix. Services have been provided and the invoices, covering the period July 1, 2009 through December 31, 2009, have not been received from the City of Phoenix.

Commodities

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

Actual to Revised Budget variance Budget of \$0.2 million or 50%: The variance is related to timing of invoices. For example, reflective pavement markers and traffic signal cabinets were received for street operations. However, the invoices have not been received by the vendors as anticipated.

Capital Outlays

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

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

Transfers-Out

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

	Fiscal Year (Twelve Months)				
	<u>2008/09 Actual</u>	<u>2009/10 Adopted Budget</u>	<u>2009/10 Approved Adjustments</u>	<u>2009/10 Revised Budget</u>	<u>2009/10 Proposed Adjustments</u>
CIP Fund - Privilege Tax Allocation	\$8.2	\$7.2	-	\$7.2	-
CIP Fund - Tech. ReplacementAllocation	\$0.1	\$0.1	-	\$0.1	-
Total Transfers Out	\$8.3	\$7.3	-	\$7.3	-

	Fiscal Year-to-Date December 2009				
	<u>2008/09 Actual</u>	<u>2009/10 Actual</u>	<u>2009/10 Revised Budget</u>	<u>Actual vs. Budget Favorable / (Unfavorable) Amount</u>	<u>Budget (Unfavorable) Percent</u>
CIP Fund - Privilege Tax Allocation	-	-	-	-	-
CIP Fund - Tech. ReplacementAllocation	-	-	-	-	-
Total Transfers Out	-	-	-	-	-

Actual to Revised Budget variance of \$0 or 0%: No explanation is necessary. The budgeted transfers will be made in June 2010.



Privilege (Sales), Use & Bed Tax Collections For December 2009

(For Business Activity in November 2009)

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.

1% Privilege (Sales) & Use Tax (in Millions)	Fiscal Year to Date
Budget	\$36.5
Actual	\$38.2
Favorable Variance (\$)	\$1.7
Favorable Variance (%)	5%

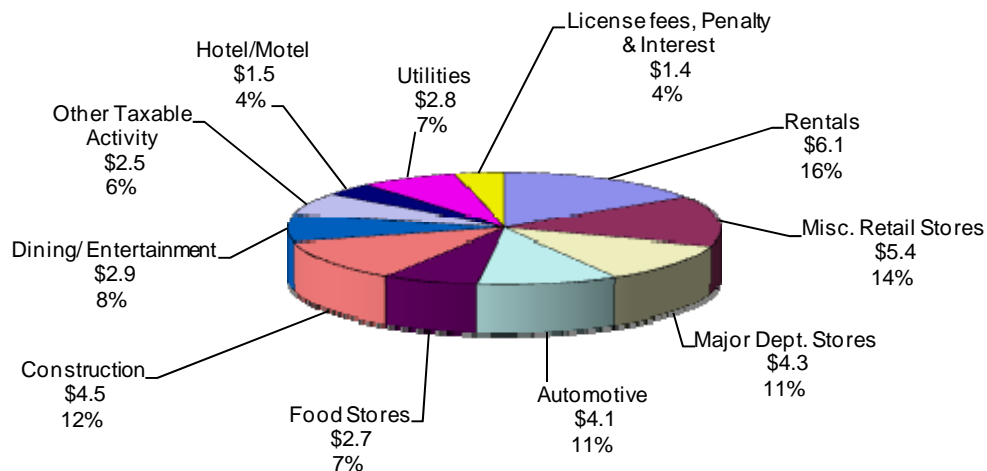
The report shows a fiscal year Privilege and Use Tax collection decrease of 14 percent compared to the same period a year ago; forecasted to be a decrease of 19 percent.

Privilege (Sales) & Use Tax by Category (1% Amount Only - General Purpose)

Category	Fiscal Year (Twelve Months)					
	2007/08	2008/09	2009/10	2009/10	2009/10	2009/10
	Actual	Actual	Adopted Budget	Approved Adjustments	Revised Budget	Proposed Adjustments
Rentals	\$13.5	\$12.5	\$13.1	-	\$13.1	-
Misc. Retail Stores	15.2	12.1	10.8	-	10.8	-
Major Dept. Stores	9.9	8.8	8.1	-	8.1	-
Automotive	14.2	9.6	7.8	-	7.8	-
Food Stores	6.5	6.3	6.4	-	6.4	-
Construction	19.5	13.5	6.2	-	6.2	-
Dining/ Entertainment	7.8	6.9	6.0	-	6.0	-
Other Taxable Activity	6.1	6.2	5.5	-	5.5	-
Hotel/Motel	5.5	4.4	4.8	-	4.8	-
Utilities	4.5	4.4	4.7	-	4.7	-
License fees, Penalty & Interest	2.6	2.6	2.4	-	2.4	-
Total	\$105.3	\$87.3	\$75.8	-	\$75.8	-
% Change vs. Prior Year		-17%	-13%		-13%	

Category	Fiscal Year-to-Date December					
	2007/08	2008/09	2009/10	2009/10	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Favorable/(Unfavorable) Amount	Percent
Rentals	\$6.4	\$6.3	\$6.1	\$6.3	(\$0.2)	-3%
Misc. Retail Stores	7.1	5.8	5.4	5.0	0.4	8%
Major Dept. Stores	4.8	4.2	4.3	3.9	0.4	10%
Automotive	7.4	5.2	4.1	4.0	0.1	2%
Food Stores	3.0	2.9	2.7	2.9	(0.2)	-7%
Construction	10.1	7.7	4.5	3.4	1.1	32%
Dining/ Entertainment	3.5	3.2	2.9	2.8	0.1	4%
Other Taxable Activity	2.8	3.1	2.5	2.6	(0.1)	-4%
Hotel/Motel	2.1	1.9	1.5	1.8	(0.3)	-17%
Utilities	2.4	2.4	2.8	2.5	0.3	12%
License fees, Penalty & Interest	1.5	1.5	1.4	1.3	0.1	8%
Total	\$51.1	\$44.2	\$38.2	\$36.5	\$1.7	5%
% Change vs. Prior Year		-14%	-14%			

\$38.2M Revenue



Rental Sales Taxes

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

Actual to Revised Budget of (\$0.2 Million) or (3%): Vacancies are increasing and lease rates are lower than expected.

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, florists, computer stores, hardware stores, and pet supply stores.

Actual to Revised Budget variance of \$0.4 Million or 8%: This reflects an increase due in part to some new stores opening and a computer hardware/software wholesaler having a large taxable sale.

Major Department Stores Sales Taxes

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

Actual to Budget variance of \$0.4 Million or 10%: This reflects four large one-time audit payments and the opening of two new department stores.

Automotive Sales Taxes

The automotive category includes businesses such as 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%: The Cash for Clunkers program appears to have increased sales for the months in which it was available. This also reflects a large one-time audit payment.

Food Stores Sales Taxes

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

Actual to Revised Budget variance of (\$0.2 Million) or (7%): This is due to a change in consumer spending to lower priced products, a grocery store chain declaring bankruptcy, decreasing food costs, and an increased use of food stamps which are not taxed.

Construction Sales Taxes

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

Actual to Revised Budget variance of \$1.1 Million or 32%: This is reflecting higher construction taxes collected than forecasted, a carryover consistent with FY 2008/09 permit activity. Because of the variance, the forecasting model is being reviewed regarding the ratio of tax collected per dollar of building permit valuation.

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 4%: No specific reason for the variance.

Other Taxable Activity Sales Taxes

This category includes tax reported by 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 (4%): No specific reason for the variance.

Hotel/Motel Sales Taxes

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

Actual to Revised Budget variance of (\$0.3 Million) or (17%): 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.

Utilities Sales Taxes

This category includes taxes reported by businesses that provide telecommunication, electricity, gas, or water services. Telecommunications include both land lines and cellular service.

Actual to Revised Budget variance of \$0.3 Million or 12%: This is due to a one-time audit payment.

License Fees, Penalty & Interest

Actual to Revised Budget variance of \$0.1 Million or 8%: This increase is due in part to interest paid on audits.

Privilege (Sales) and Use Tax by Category (General & Dedicated Funds – 1.65%)

Category	Fiscal Year-to-Date December			
	2007/08	2008/09	2009/10	% Var
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	vs 2008 <u>Actual</u>
Rentals	\$10.5	\$10.4	\$10.1	-3%
Misc. Retail Stores	11.6	9.5	8.8	-7%
Major Dept. Stores	7.9	7.0	7.1	1%
Automotive	12.2	8.5	6.7	-21%
Food Stores	5.0	4.8	4.5	-6%
Construction	16.7	12.7	7.4	-42%
Dining/ Entertainment	5.8	5.2	4.8	-8%
Other Taxable Activity	4.5	5.0	4.1	-18%
Hotel/Motel	3.5	3.2	2.5	-22%
Utilities	3.9	4.0	4.4	10%
License fees, Penalty & Interest	1.5	1.5	1.4	-7%
Total	\$83.1	\$71.8	\$61.8	-14%
% Change vs. Prior Year		-14%		

Dedicated Funds

Transportation Fund (0.20%)

Fiscal Year-to-Date December

2007/08	2008/09	2009/10	% Var
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	vs 2008 <u>Actual</u>
\$9.6	\$8.3	\$7.0	-16%

1995 McDowell Preserve Fund (0.20%)

Fiscal Year-to-Date December

2007/08	2008/09	2009/10	% Var
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	vs 2008 <u>Actual</u>
\$9.9	\$8.6	\$7.4	-14%

2004 McDowell Preserve Fund (0.15%)

Fiscal Year-to-Date December

2007/08	2008/09	2009/10	% Var
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	vs 2008 <u>Actual</u>
\$7.4	\$6.4	\$5.5	-14%

Public Safety Fund (0.10%)

Fiscal Year-to-Date December

2007/08	2008/09	2009/10	% Var
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	vs 2008 <u>Actual</u>
\$4.9	\$4.2	\$3.6	-14%

Bed Tax Collections For December 2009

(For Business Activity in November 2009)

The following schedule shows that bed tax receipts on a cash basis (including short-term apartment rentals) are less than expected for fiscal year-to-date.

3% Bed Tax (in Millions)	Fiscal Year to Date
Budget	\$2.8
Actual	\$2.5
Unfavorable Variance (\$)	(\$0.3)
Unfavorable Variance (%)	-11%

The schedule below shows Hotel/Motel year-to-date actual business activity (excluding short-term apartment rentals) as compared to the same period last fiscal year. Business activity recognizes revenue when it becomes available and is measurable. For example, if a payment is late but arrives prior to reporting, the payment is included below as revenue.

Note: The business activity for bed tax collections has a one month lag.

<u>Hotel/Motel</u>	Business Activity	% Var vs
	Fiscal Year	2008 FYTD
	<u>To Date</u>	<u>Actual</u>
Resort	\$1.4	-18%
Full Service	\$0.6	-11%
Limited Service	\$0.5	-28%
Total	\$2.5	-19%

The limited service hotels show a greater decline than the other hotel classifications. There are a couple of possible explanations. The customers that normally stay at the limited service hotels are no longer traveling or they are upgrading to the full service hotels since the rates per available room have decreased across all the classifications making the full service hotels within the price that they are willing to pay.

**City of Scottsdale
General Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
Beginning Fund Balance:			
General Fund Reserve	\$28,131,257	\$25,860,367	\$25,860,367
Photo Enforcement Loop 101 Program - Contingency	\$1,626,388	\$0	\$0
Operating Contingency	\$2,500,000	\$5,000,000	\$5,000,000
Liabilities Reserve	\$0	\$0	\$0
Unreserved Fund Balance	\$12,010,835	\$3,836,635	\$10,769,902
Total Beginning Fund Balance	\$44,268,480	\$34,697,002	\$41,630,269
Source of Funds:			
Revenues:			
Sales Taxes			
General Purpose Sales Tax	\$87,328,386	\$75,900,000	\$75,900,000
Public Safety	\$8,429,071	\$7,362,300	\$7,362,300
Total Sales Taxes	\$95,757,457	\$83,262,300	\$83,262,300
State Shared Revenues			
State Revenue Sharing	\$35,102,991	\$30,308,042	\$30,308,948
State Shared Sales Tax	\$18,935,910	\$18,047,839	\$17,854,814
Auto Lieu Tax	\$8,151,324	\$8,000,000	\$8,000,000
Total State Shared Revenues	\$62,190,225	\$56,355,881	\$56,163,762
Charges for Services/Other			
<i>Taxes - Local</i>			
Stormwater Water Quality Charge	\$814,326	\$863,000	\$863,000
<i>Licenses, Permits & Fees</i>			
Building Permit Fees & Charges	\$6,911,195	\$8,149,000	\$8,149,000
Recreation Fees	\$3,206,506	\$3,022,000	\$3,022,000
WestWorld	\$2,663,389	\$2,888,000	\$2,873,000
Fire Service Charges	\$1,752,393	\$2,350,000	\$1,346,745
Business Licenses & Fees	\$1,733,104	\$1,680,000	\$1,680,000
<i>Fines & Forfeitures</i>			
Court Fines	\$6,670,715	\$7,166,300	\$7,156,414
Photo Enforcement Revenue	\$1,683,826	\$1,655,700	\$1,655,700
Photo Enforcement Loop 101 Program	\$781,933	\$0	\$0
Parking Fines	\$422,697	\$495,000	\$504,886
Library Fines & Fees	\$302,729	\$389,640	\$299,640
30 Day Tow Program	\$200,000	\$400,000	\$0
<i>Interest Earnings/Property Rental</i>			
Interest Earnings	\$3,690,990	\$1,656,860	\$1,656,860
Property Rental	\$3,222,002	\$3,194,029	\$3,194,029
<i>Other Revenue</i>			
Indirect/Direct Cost Allocation	\$12,936,936	\$14,773,794	\$15,173,794
Intergovernmental Revenue	\$1,160,325	\$1,049,900	\$932,057
Capital Improvement Plan Cost Allocation	\$901,002	\$861,588	\$861,588
Miscellaneous	\$643,477	\$1,000,000	\$1,016,400
Reimbursements	\$455,408	\$350,000	\$365,000
TotalCharges for Services/Other	\$50,152,953	\$51,944,811	\$50,750,113
Property Tax	\$22,607,397	\$23,654,407	\$23,654,407
Franchise Fees and In-Lieu Taxes			
Electric Franchise	\$7,791,429	\$8,400,000	\$8,400,000
Enterprise Franchise Fees	\$6,355,534	\$6,684,785	\$6,684,785
Cable TV Franchise	\$3,565,549	\$3,600,000	\$3,600,000
Enterprise In Lieu Property Tax	\$2,453,184	\$2,675,320	\$2,675,320
Salt River Project Lieu Tax	\$139,220	\$139,000	\$139,000
	\$20,304,915	\$21,499,105	\$21,499,105
Bed Tax Revenues	\$1,524,624	\$8,231,300	\$8,231,300
Total Revenues	\$252,537,572	\$244,947,804	\$243,560,987

**City of Scottsdale
General Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
Cash Transfers In			
CIP	\$13,935,983	\$9,000,000	\$9,000,000
Self Insurance Fund	\$5,000,000	\$0	\$0
Special Programs Fund (Cultural Council)	\$0	\$300,000	\$300,000
Miscellaneous	\$0	\$0	\$0
Community Services/Human Services	\$130,000	\$130,000	\$130,000
Water Campus Security	\$454,438	\$0	\$454,438
Subtotal	\$19,520,421	\$9,430,000	\$9,884,438
Total Sources	\$272,057,993	\$254,377,804	\$253,445,425
Use of Funds:			
Departments			
Mayor & City Council (includes Intergovernmental Relations)	\$1,586,718	\$0	\$0
City Clerk	\$1,156,255	\$904,960	\$1,212,987
City Attorney	\$6,220,155	\$6,384,959	\$6,412,300
City Auditor	\$996,880	\$837,820	\$819,302
City Court	\$5,772,082	\$4,699,829	\$4,593,943
City Manager	\$1,589,673	\$0	\$0
CAPA	\$1,321,658	\$0	\$0
Police	\$88,325,246	\$0	\$0
Financial Services	\$9,586,311	\$0	\$0
Transportation - Trails	\$122,779	\$0	\$0
Community Services	\$60,380,301	\$0	\$0
Information Technology	\$9,887,882	\$10,333,523	\$9,917,306
The Downtown Group	\$4,479,442	\$0	\$0
Fire	\$30,732,995	\$0	\$0
Municipal Services	\$1,673,284	\$0	\$0
Citizen & Neighborhood Resources	\$3,690,887	\$0	\$0
Human Resources	\$3,439,680	\$0	\$0
Economic Vitality	\$1,323,377	\$11,208,383	\$10,877,749
Planning & Development (includes Preservation)	\$16,619,675	\$0	\$0
WestWorld	\$3,608,139	\$0	\$0
Inventory/Other	\$249,694	\$0	\$0
Divisions (FY 2009/10 Reorganization)			
Scottsdale City Council	\$0	\$790,904	\$716,023
Strategic Resources Group	\$0	\$1,742,708	\$1,660,972
Community Services	\$0	\$38,499,263	\$37,861,486
Public Safety	\$0	\$116,256,382	\$112,967,944
Public Works & Water Resources	\$0	\$18,983,113	\$18,360,893
Planning, Neighborhoods and Transportation	\$0	\$15,586,164	\$15,307,052
Finance and Accounting	\$0	\$7,763,582	\$6,176,091
Human Resources	\$0	\$4,597,436	\$3,888,295
Administrative Services	\$0	\$0	\$1,803,761
Leave Accrual Payments	\$0	\$1,790,184	\$725,906
Estimated Personnel Savings from Vacant Positions	\$0	(\$5,000,000)	(\$3,901,392)
Future Budget Reductions/IOU		(\$12,536,834)	(\$465,925)
Subtotal	\$252,763,113	\$222,842,376	\$228,934,693
Debt Service			
Contracts Payable	\$2,634,686	\$2,724,356	\$2,724,356
Certificates of Participation	\$918,790	\$918,790	\$918,790
Certificates of Participation - Radio Financing	\$40,910	\$1,021,600	\$0
Other	\$4,963	\$0	\$0
Subtotal	\$3,599,349	\$4,664,746	\$3,643,146
Total Operating Budget	\$256,362,462	\$227,507,122	\$232,577,839

**City of Scottsdale
General Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
Cash Transfers Out			
MPC Excise Debt Fund	\$5,787,446	\$6,695,185	\$6,695,185
CIP - General Fund Maintenance	\$3,302,400	\$1,550,000	\$1,350,000
CIP - General Fund - Public Safety/Radios	\$0	\$0	\$0
CIP - General Fund - Non-Maintenance	\$0	\$9,000,000	\$9,000,000
CIP - Public Safety Radio - Loop 101	\$1,877,298	\$0	\$0
Transportation Fund	\$7,023,454	\$5,571,026	\$905,777
Bed Tax Fund	\$240,898	\$6,585,040	\$6,585,040
Special Programs Fund - Community Services	\$0	\$0	\$0
Special Programs Fund - Planning and Development Services	\$60,000	\$60,000	\$60,000
Streetlight Fund	\$37,245	\$0	\$0
Grants Fund	\$5,000	\$0	\$0
Total Cash Transfers Out	\$18,333,741	\$29,461,251	\$24,596,002
Total Uses	\$274,696,203	\$256,968,373	\$257,173,841
Sources Over/(Under) Uses	(\$2,638,210)	(\$2,590,569)	(\$3,728,416)
Ending Fund Balance			
General Fund Reserve	\$25,860,367	\$26,125,798	\$26,125,798
Photo Enforcement Loop 101 Program - Contingency	\$0	\$0	\$0
Operating Contingency	\$5,000,000	\$5,000,000	\$4,232,343
Unreserved Fund Balance	\$10,769,902	\$980,634	\$7,543,712
Total Ending Fund Balance	\$41,630,269	\$32,106,432	\$37,901,853

**City of Scottsdale
Transportation Fund**

	Actual FY 2008/09	Adopted Budget FY 2009/10	Revised Budget FY 2009/10
Beginning Fund Balance	(\$1,560,056)	\$0	\$31,891
Source of Funds:			
Revenues:			
<i>Transportation Sales Tax</i>	<i>\$16,474,270</i>	<i>\$14,345,100</i>	<i>\$14,345,100</i>
<i>Highway User Revenue Tax</i>	<i>\$14,141,719</i>	<i>\$14,187,000</i>	<i>\$14,187,000</i>
Other Revenues			
Local Transportation Assistance Fund I	\$1,015,408	\$1,057,100	\$1,057,100
Capital Improvement Plan Cost Allocation	\$879,108	\$819,926	\$819,926
Local Transportation Assistance Fund II	\$432,214	\$0	\$0
Proposition 400 Regional Sales Tax	\$377,237	\$311,628	\$311,628
Charges for Services	\$247,561	\$1,568,364	\$1,568,364
Federal Grants	\$0	\$0	\$4,600,000
Miscellaneous	\$6,920	\$120,000	\$120,000
Total Other Revenues	\$2,958,448	\$3,877,018	\$8,477,018
Total Revenues	\$33,574,437	\$32,409,118	\$37,009,118
Cash Transfers In			
General Fund	\$7,023,454	\$5,571,026	\$905,777
Transportation CIP	\$1,500,000	\$0	\$0
Solid Waste - Alley Maintenance	\$334,012	\$358,550	\$358,550
Subtotal	\$8,857,466	\$5,929,576	\$1,264,327
Total Sources	\$42,431,903	\$38,338,694	\$38,273,445
Use of Funds:			
Departments			
Transportation	\$15,437,011	\$0	\$0
Municipal Services	\$17,108,310	\$0	\$0
Divisions (FY 2009/10 Reorganization)			
Planning, Neighborhoods, & Transportation	\$0	\$13,631,274	\$13,540,306
Public Works & Water Resources	\$0	\$17,649,008	\$17,643,896
Leave Accrual Payments	\$0	\$86,262	\$80,984
Estimated Personnel Savings from Vacant Positions	\$0	(\$270,000)	(\$227,993)
Total Operating Budget	\$32,545,321	\$31,096,544	\$31,037,193
Cash Transfers Out			
CIP Fund - Privilege Tax Allocation	\$8,237,135	\$7,172,550	\$7,172,550
CIP Fund - Tech. Replacement	\$57,500	\$69,600	\$69,600
Total Cash Transfers Out	\$8,294,635	\$7,242,150	\$7,242,150
Total Uses	\$40,839,956	\$38,338,694	\$38,279,343
Sources Over/(Under) Uses	\$1,591,947	\$0	(\$5,898)
Total Ending Fund Balance	\$31,891	\$0	\$25,993