

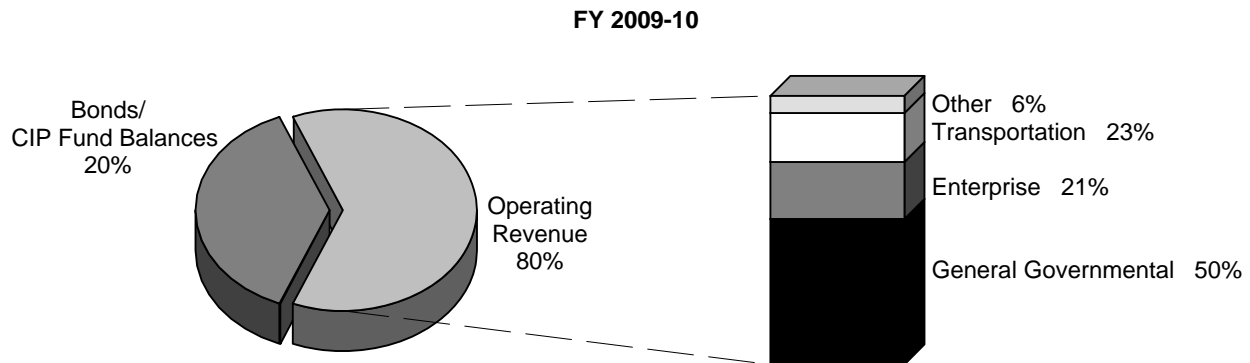


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Total Revenue



Total revenue for FY 2009-10 is \$476.2 million reflecting \$379.9 million in operating revenue and \$96.3 million from bond proceeds, fund balances and other funding sources. The FY 2009-10 operating revenue total represents 3.6% growth over FY 2008-09. The growth in operating revenue sources is primarily in the Transportation/Transit and Enterprise areas and consists largely of higher federal grants and user fee increases, respectively. Two areas of notable decline are Local Taxes and Intergovernmental, which are lower due to the poor state and local economy. The decrease in bonding and other funding sources is directly related to the contraction in the Capital Improvement Program (CIP) budget. This is a normal pattern consistent with the completion of significant, non-routine capital projects.

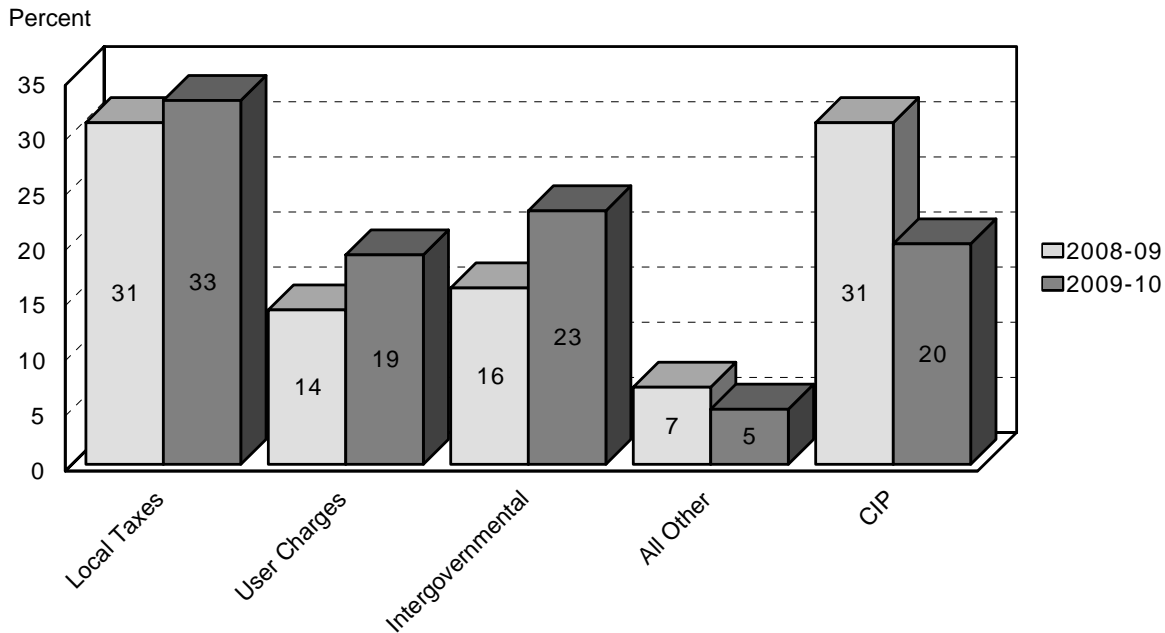


TOTAL REVENUE		
	FY 2008-09 Budget	FY 2009-10 Budget
OPERATING REVENUE		
General Governmental		
Local Taxes, Licenses and Permits, and Debt	\$124,812,733	\$123,463,676
Intergovernmental	47,959,311	40,990,655
Charges for Services	11,212,246	10,645,611
Miscellaneous	24,829,393	16,297,781
Transportation/Transit	67,122,473	87,901,299
Performing Arts	7,596,956	6,831,077
CDBG/Section 8 Housing	11,026,195	12,146,823
Rio Salado Special Revenue	1,550,804	2,018,601
Enterprise	70,555,646	79,549,537
TOTAL OPERATING REVENUE	\$366,665,757	\$379,845,060
Operating Revenue Per Capita	\$2,174	\$2,237
Bond/Note Proceeds	97,414,407	71,483,357
CIP Other Funding	43,754,937	18,227,211
Fund Balances	26,863,981	6,600,000
TOTAL REVENUE	\$534,699,082	\$476,155,628
Total Revenue Per Capita	\$3,171	\$2,804

Total Revenue by Source



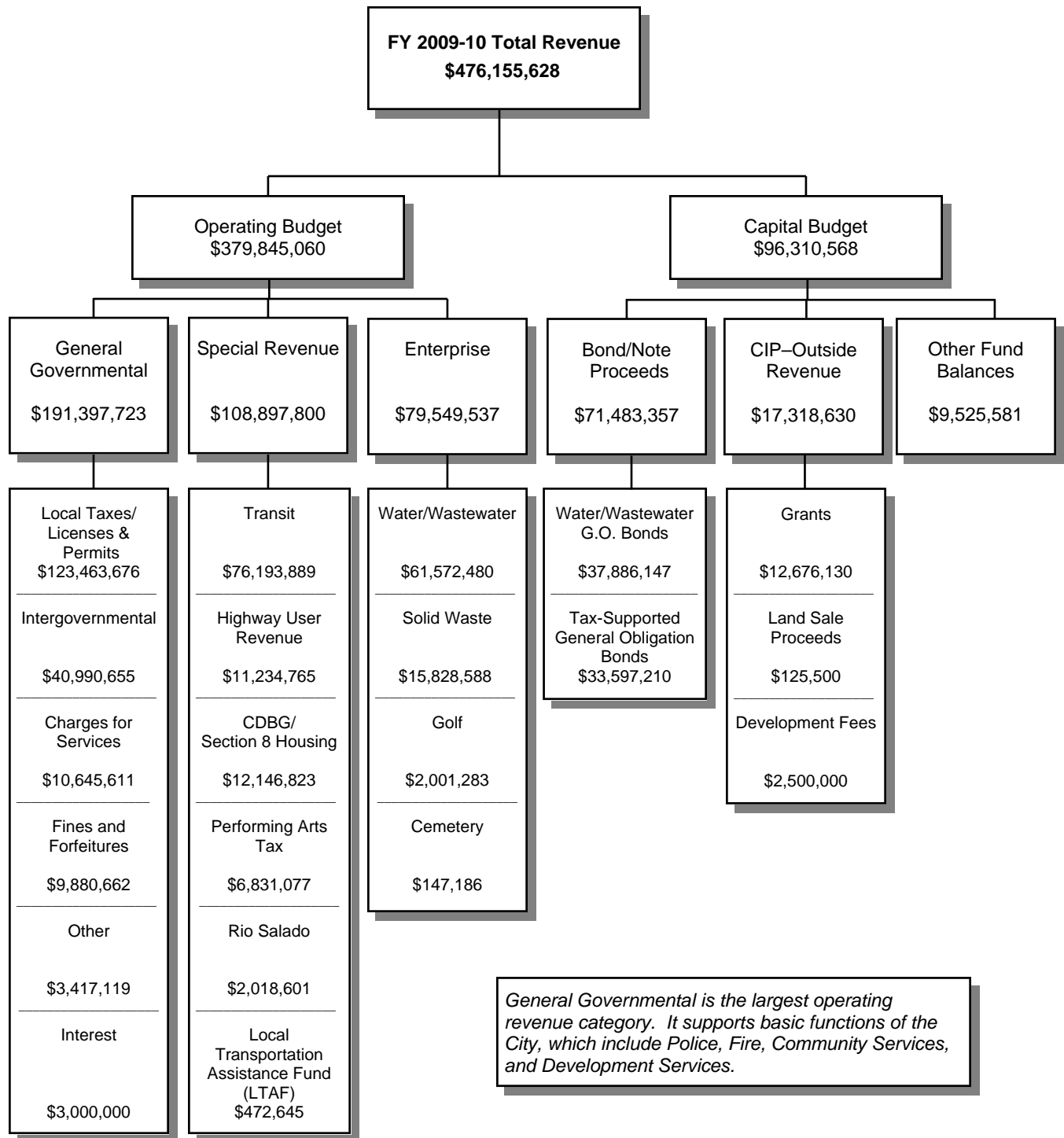
**Comparative Revenue by Source
FY 2008-09 Budget to FY 2009-10 Budget**



Where the Money Comes From

Revenue Source	FY 2007-08 Actual	FY 2008-09 Budget	FY 2008-09 Revised	FY 2009-10 Budget
Local Taxes				
Local Sales Taxes	\$81,257,842	\$81,746,760	\$74,904,000	\$75,255,000
Transit Tax	32,449,710	33,888,200	29,957,000	29,957,000
Other Local Taxes	39,270,672	42,935,723	42,855,659	45,480,468
Performing Arts	6,820,193	6,933,500	6,295,038	6,295,038
User Charges				
Water/Wastewater	49,078,726	49,735,878	52,459,619	59,311,760
Solid Waste	14,659,899	14,859,757	14,773,357	15,651,109
Community Services	8,932,330	9,201,198	8,622,772	8,902,223
Building/Trades & Planning/Zoning	6,479,274	4,950,944	5,142,338	4,237,152
Intergovernmental				
State Shared Revenue	45,497,859	47,959,311	44,538,799	41,176,113
HURF/LTAF	11,894,995	12,321,777	10,975,033	10,492,410
CDBG/Section 8 Housing	10,361,343	11,026,195	9,994,064	12,146,823
Transit State & Federal	9,509,808	15,796,053	15,636,342	45,211,283
All Other				
Interest Revenue	15,257,277	10,342,309	5,460,171	4,753,996
Miscellaneous Revenue	6,604,379	14,233,113	8,996,831	9,416,273
Fines and Forfeitures	8,616,319	9,397,789	9,362,572	9,880,662
Licenses and Permits	1,333,495	1,337,250	1,507,250	1,677,750
Bonds/Note Proceeds	148,535,953	97,414,407	97,414,407	71,483,357
CIP - Outside Revenue	32,154,815	43,754,937	43,754,937	17,318,630
Other - Fund Balance	32,015,701	26,863,981	26,863,981	7,508,581
Total Revenue	\$560,730,590	\$534,699,082	\$509,514,170	\$476,155,628

Components of Total Revenue



Comparative Operating Revenue by Major Source and Fund



Revenue Source	FY 2007-08 Actual	FY 2008-09 Budget	FY 2008-09 Revised	FY 2009-10 Budget
General Fund				
Local Taxes				
City Sales Tax	\$79,860,938	\$80,946,760	\$73,704,000	\$74,005,000
Primary Property Tax	9,935,698	10,811,100	10,811,100	11,490,890
Transient Lodging Tax	3,260,123	3,405,200	2,800,000	3,000,000
Franchise Fees	3,424,560	3,129,000	3,830,368	3,927,281
<i>Total Local Taxes</i>	<i>96,481,319</i>	<i>98,292,060</i>	<i>91,145,468</i>	<i>92,423,280</i>
Intergovernmental Revenue				
State Sales Tax	15,237,310	15,853,500	13,635,713	13,267,549
State Income Tax	23,332,475	24,827,700	24,820,292	21,447,606
Vehicle License Tax	6,655,516	7,278,111	5,900,000	6,275,500
<i>Total Intergovernmental</i>	<i>45,225,301</i>	<i>47,959,311</i>	<i>44,356,005</i>	<i>40,990,655</i>
Building & Trades/Planning & Zoning	6,479,274	4,950,944	5,142,338	4,237,152
Cultural and Recreational				
Registration Fees	4,826,941	4,959,119	4,978,800	5,165,125
Recreation Admission Charges	377,848	384,656	374,188	367,744
Library Fines and Fees	319,185	441,748	401,311	401,311
Other Cultural and Recreation Fees	633,024	475,779	475,279	474,279
<i>Total Cultural and Recreational</i>	<i>6,156,998</i>	<i>6,261,302</i>	<i>6,229,578</i>	<i>6,408,459</i>
Fines, Fees and Forfeitures				
Traffic Fines	2,322,271	3,766,000	3,766,000	3,271,338
Criminal Fines	1,217,600	1,213,100	1,213,100	1,213,100
Parking Fines	323,640	400,000	400,000	343,480
Other Fines, Fees and Forfeitures	4,752,808	4,018,689	3,983,472	5,052,744
<i>Total Fines, Fees and Forfeitures</i>	<i>8,616,319</i>	<i>9,397,789</i>	<i>9,362,572</i>	<i>9,880,662</i>
Business/Non-Business Licenses	1,333,495	1,337,250	1,507,250	1,497,750
Other Revenue Sources				
SRP Payment in Lieu of Taxes	536,687	569,600	497,570	1,394,846
Interest Income	9,839,423	6,939,071	3,000,000	3,000,000
Other Miscellaneous Revenue and Loan	3,360,016	8,492,533	3,096,072	3,417,119
<i>Total Other Revenue</i>	<i>13,736,126</i>	<i>16,001,204</i>	<i>6,593,642</i>	<i>7,811,965</i>
Total General Fund	\$178,028,832	\$184,199,860	\$164,336,853	\$163,249,814
Debt Service Fund				
Secondary Property Tax	\$20,781,970	\$23,726,547	\$23,726,547	\$25,192,451
SRP Payment in Lieu of Taxes	935,128	887,276	775,074	
Other Miscellaneous Revenue	926			
Intergovernmental	272,558		182,794	185,458
HURF Debt Transfer			2,770,000	2,770,000
Interest Income	20,619			
Total Debt Service Fund	\$22,011,201	\$24,613,823	\$27,454,415	\$28,147,909



Revenue Source	FY 2007-08 Actual	FY 2008-09 Budget	FY 2008-09 Revised	FY 2009-10 Budget
Transit Fund				
Transit Tax	\$32,449,710	\$33,888,200	\$29,957,000	\$29,957,000
Lottery Transfer In	253,838	248,100	233,711	232,794
ASU-Flash Transit	581,482	610,370	610,370	676,790
Interest Income	960,154	617,000	228,436	212,386
Federal and State Funding	8,674,488	14,937,583	14,792,261	44,301,699
Miscellaneous Revenue	640,899	2,772,473	712,740	813,220
Total Transit Fund	\$43,560,571	\$53,073,726	\$46,534,518	\$76,193,889
Transportation Funds				
Highway User Revenue Tax	\$11,387,320	\$11,818,077	\$10,500,529	\$10,019,765
Maintenance of Effort	954,634	1,035,000	1,035,000	1,035,000
State Lottery Proceeds	507,675	503,700	474,504	472,645
Barricading Fees				180,000
Other Revenue	1,135	691,970	1,135	
Total Transportation Funds	\$12,850,764	\$14,048,747	\$12,011,168	\$11,707,410
Rio Salado Fund				
City Sales Tax	\$1,396,904	\$800,000	\$1,200,000	\$1,250,000
Transient Lodging Tax	274,518	242,000	250,000	300,000
Primary Property Tax	121,988	165,000	165,000	175,000
Interest Income	204,464	190,000	126,000	130,000
Miscellaneous Revenue	170,974	153,804	166,151	163,601
Total Rio Salado Fund	\$2,168,848	\$1,550,804	\$1,907,151	\$2,018,601
Performing Arts				
Performing Arts Tax	\$6,820,193	\$6,933,500	\$6,295,038	\$6,295,038
Interest Income	644,771	241,956	312,700	185,039
Fees and Admission	593,567	421,500	254,756	351,000
Total Performing Arts	\$8,058,531	\$7,596,956	\$6,862,494	\$6,831,077
Total CDBG/Section 8 Housing Funds	\$10,361,343	\$11,026,195	\$9,994,064	\$12,146,823
Solid Waste Fund				
Residential Service	\$7,561,657	\$7,699,066	\$7,699,066	\$8,342,352
Commercial Service	4,969,666	5,047,030	5,047,030	5,350,437
Roll-Off Service	1,686,615	1,650,261	1,652,261	1,628,320
Recycling	355,481	375,000	375,000	330,000
Sludge Disposal	86,480	88,400		
Interest Income	218,449	126,348		77,479
Other Miscellaneous Revenue	195,547	4,000	90,400	100,000
Total Solid Waste Fund	\$15,073,895	\$14,990,105	\$14,863,757	\$15,828,588



Revenue Source	FY 2007-08 Actual	FY 2008-09 Budget	FY 2008-09 Revised	FY 2009-10 Budget
Water/Wastewater Fund				
Charges for Service-Water				
Water Consumption	\$19,313,141	\$19,752,617	\$20,317,273	\$22,552,173
Water Service	7,953,541	7,936,238	8,608,112	9,555,004
Irrigation	311,518	332,212	330,000	332,212
Other Water Charges	747,358	576,500	666,500	576,500
<i>Total Charges for Service-Water</i>	<i>28,325,558</i>	<i>28,597,567</i>	<i>29,921,885</i>	<i>33,015,889</i>
Charges for Service-Wastewater				
Sewer Usage	13,168,845	13,582,260	17,230,685	21,236,822
Sewer Service	7,181,386	7,446,051	5,049,049	5,049,049
Other Wastewater Charges	402,937	110,000	258,000	10,000
<i>Total Charges for Service-Wastewater</i>	<i>20,753,168</i>	<i>21,138,311</i>	<i>22,537,734</i>	<i>26,295,871</i>
Interest Income	3,354,998	2,222,229	1,787,330	1,143,387
Land and Facility Rental	520,000	536,000	570,000	570,000
Loan Repayment from General Fund	542,833	542,833	542,833	542,833
Other Miscellaneous Revenue	216,562	4,500	12,500	4,500
Total Water/Wastewater Fund	\$53,713,119	\$53,041,440	\$55,372,282	\$61,572,480
Golf Fund				
Greens Fees	\$1,653,346	\$1,742,472	\$1,742,472	\$1,742,472
Pro Shop and Restaurant Revenue	\$331,083	\$324,202	\$253,106	\$253,106
Interest Income	14,399	5,705	5,705	5,705
Other Revenue Sources	853			
Total Golf Fund	\$1,999,681	\$2,072,379	\$2,001,283	\$2,001,283
Cemetery Fund				
Lot & Burial Sales	\$197,336	\$451,722	\$142,860	\$147,186
Total Cemetery Fund	\$197,336	\$451,722	\$142,860	\$147,186
Total Revenue - All Funds	\$348,024,121	\$366,665,757	\$341,480,845	\$379,845,060

City Sales Tax



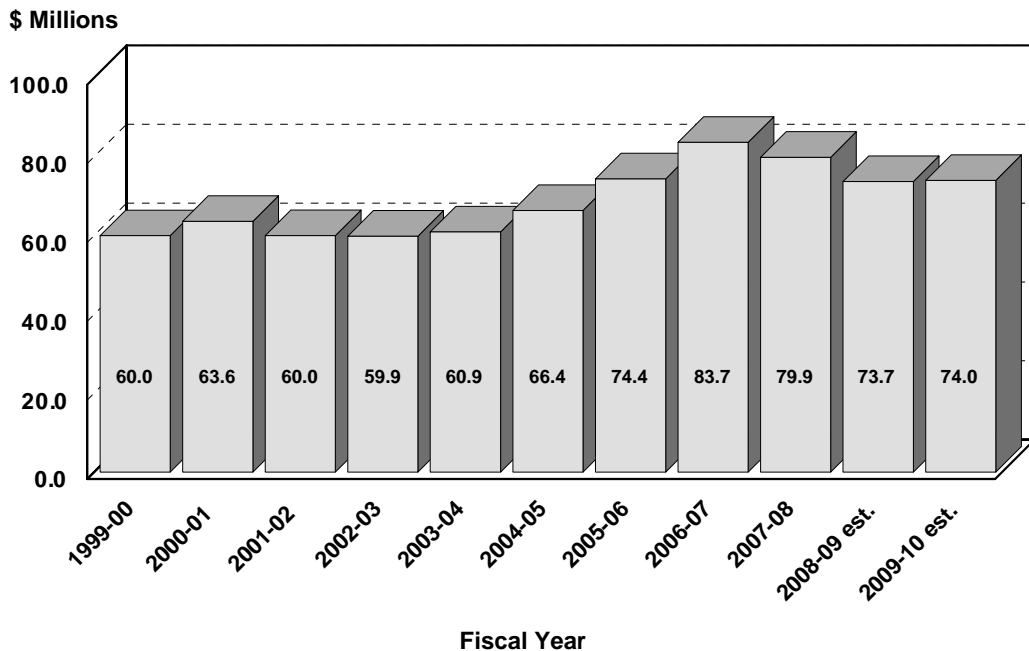
Restrictions	Fiscal Year	Amount	Percent Change
Current rate of 1.2% can be increased only by electorate.	1999-00	\$59,967,700	(0.2)
	2000-01	63,602,106	6.1
Certain proceeds are pledged as security for bond payments due under various bond security agreements. Revenue from a voter-approved 0.5% portion is dedicated to transit purposes and 0.1% dedicated funding for Performing Arts. In addition, all transaction privilege tax revenue generated in the Rio Salado Enterprise Fund Zone is deposited to the Rio Salado Fund for the operating expenses of the Rio Salado project.	2001-02	59,991,774	(5.7)
	2002-03	59,855,000	(0.2)
	2003-04	60,926,575	1.8
	2004-05	66,358,662	8.9
	2005-06	74,365,297	12.1
	2006-07	83,660,885	12.5
	2007-08	79,860,938	(4.5)
	2008-09 est.	73,704,000	(7.7)
	2009-10 est.	74,005,000	0.4

Assumptions

The City sales tax, known formally as the transaction privilege tax, is derived from a 1.8% tax on a variety of financial transactions, including retail sales, rental payments, contracting sales, utility, telecommunications payments, and hotel/restaurant sales. In FY 1993-94, voters approved a 0.2% increase from 1.0% to 1.2%. Additional increases of 0.5% (September 1996) and 0.1% (January 2001), are devoted to transit and performing arts needs and are not reflected in the amounts above.

A downturn in the national economy accounts for the reduction in sales tax collections in fiscal years 2001-02 and 2002-03. A strong recovery in the period immediately following the recession accounts for the double-digit growth in FY 2005-06 through FY 2006-07. Recent years have seen very weak collections, due largely to the effects of the regional housing market downturn and the national and regional recessions. Flat growth is expected for FY 2009-10.

City Sales Tax



City Property Tax



Restrictions

Primary Levy: Limited to annual increase of 2% plus amount generated by new construction. No restriction on usage. **Secondary Levy:** Restricted for debt service purposes only. No limit on rate.

Fiscal Year	Tax Rate/\$100 Assessed Value	Primary Tax Levy	Secondary Tax Levy	Total Amount	Percent Change
1999-00	\$1.35	\$6,145,600	\$10,416,336	\$16,561,936	9.2
2000-01	\$1.35	6,879,783	11,615,100	18,414,400	11.2
2001-02	\$1.35	7,169,352	11,695,228	18,864,580	2.4
2002-03	\$1.35	7,291,549	12,897,095	20,238,875	7.3
2003-04	\$1.35	8,313,398	13,059,814	21,373,212	5.6
2004-05	\$1.35	8,878,734	14,631,500	23,510,234	10.0
2005-06	\$1.40	9,287,702	16,430,588	25,652,431	9.1
2006-07	\$1.40	9,822,845	17,693,103	25,707,825	0.2
2007-08	\$1.40	10,057,686	20,781,970	30,839,656	20.0
2008-09	\$1.40	10,976,100	23,726,547	34,702,647	12.5
2009-10 est.*	\$1.40	11,665,890	25,192,451	36,858,341	6.2

Assumptions

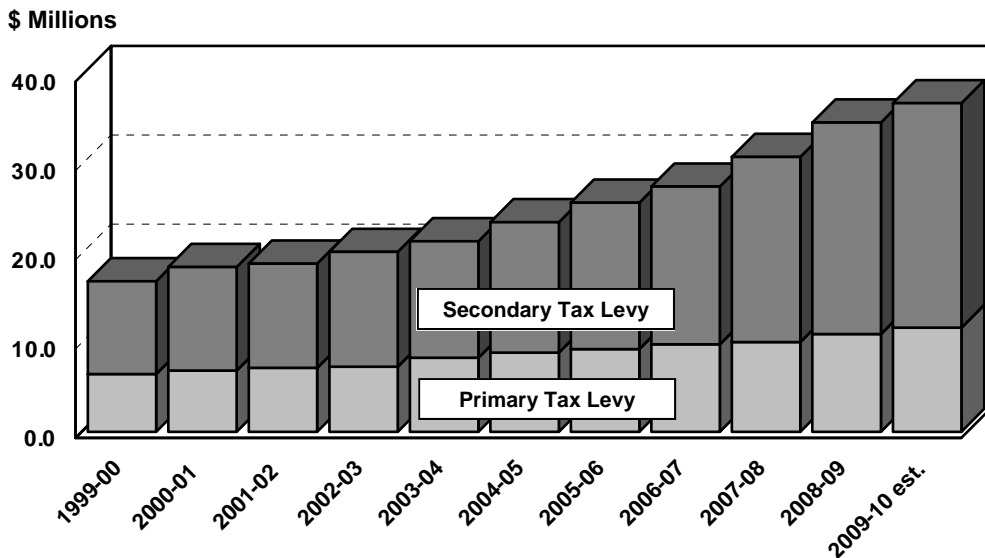
The City's property tax is based on the assessed value of the property as determined by the Maricopa County Assessor, whose office both bills and collects all property taxes. Historical changes in total revenue collected have been the result of state policy affecting assessed valuations and growth, and new development.

The combined primary and secondary property tax rate for FY 2009-10 will total \$1.40 per \$100 assessed valuation, consisting of \$0.49 per \$100 of the primary assessed valuation for operating and maintenance costs and \$0.91 per \$100 of secondary assessed valuation to fund principal and interest payments on bonded indebtedness. The City held the aggregate property tax rate at \$1.35 for five fiscal years before increasing it by \$0.05 in FY 2005-06 to \$1.40. The full amount of the increase was applied to the secondary, with the intent that the additional revenue generated be dedicated to repay debt for capital improvement projects.

The proceeds go to different funds. Of the primary levy, \$11.5 million goes to the General Fund and \$175,000 goes to the Rio Salado Fund, and the entire secondary levy of \$25.2 million goes to the Debt Service Fund.

Major Influences: Development, Assessor Appraisal Methodology, State Policy, Population Growth, and Policy Regarding Property Tax Rates

City Property Tax



*Amounts reflect estimated receipts

Fiscal Year

Transient Lodging Tax



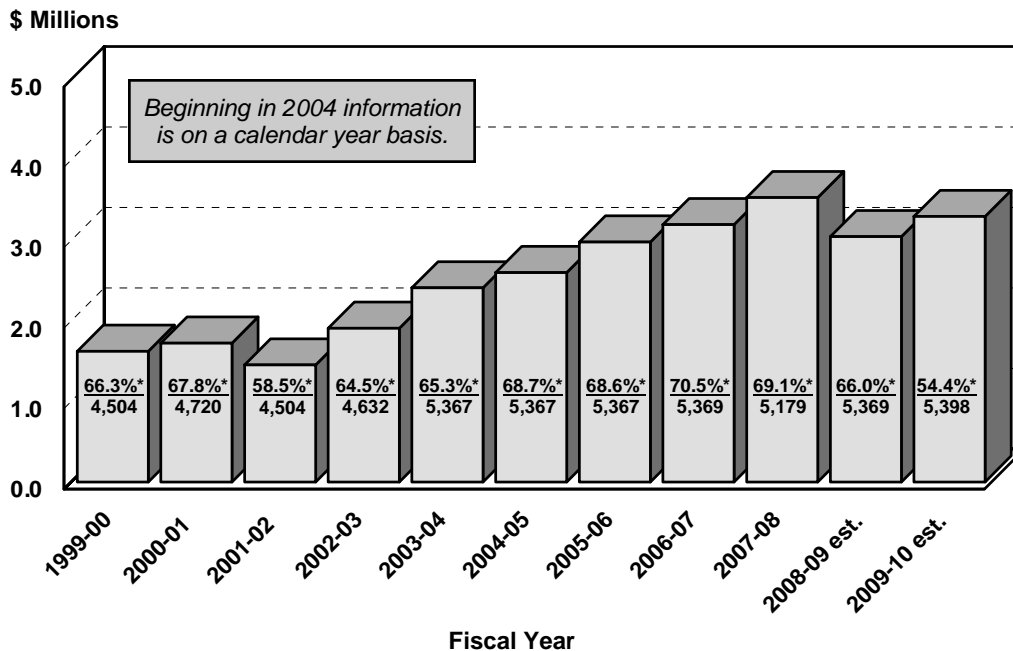
Restrictions	Fiscal Year	Amount	Percent Change
Current rate of 3% can be increased only by electorate.	1999-00	\$1,625,300	(1.4)
	2000-01	1,725,597	6.2
Of the total amount collected, 2/3 is pledged to the Tempe Convention and Visitors Bureau (TCVB). Excess unrestricted proceeds are deposited into the General Fund, except for bed tax revenue generated within the Rio Salado Enterprise Zone, which is deposited to the Rio Salado Fund for operating costs of the Rio Salado Project.	2001-02	1,454,927	(15.7)
	2002-03	1,911,752	31.4
	2003-04	2,413,099	26.2
	2004-05	2,603,119	7.9
	2005-06	2,983,156	14.6
The tax originated in June of 1988 at 2% with half (or 1%) dedicated to TCVB. In FY 2001 voters approved an additional 1% for TCVB, increasing the tax from 2% to 3%.	2006-07	3,199,002	7.2
	2007-08	3,534,641	10.5
	2008-09 est.	3,050,000	(13.7)
	2009-10 est.	3,300,000	8.2

Assumptions

The tax is imposed on businesses who charge for lodging for any period of not more than 30 consecutive days. The increase in the revenue projection beginning in 2001 is reflective of a voter approved 1% increase rather than an increase in lodging structures or occupants.

Major Influences: Economy, Competition from Hotels Located in Neighboring Cities, and Consumer Price Index

Transient Lodging Tax



*Percent Occupied/Number of Rooms

Salt River Project In-Lieu Tax



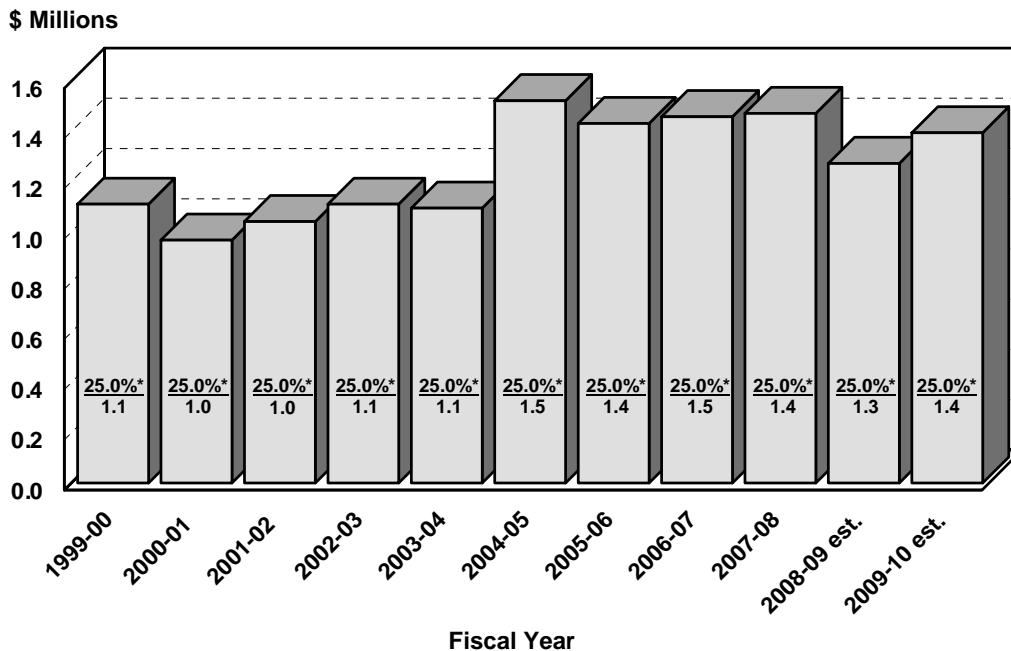
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage.	1999-00	\$1,110,420	(3.0)
	2000-01	967,193	(12.9)
	2001-02	1,041,291	7.7
	2002-03	1,110,403	6.6
	2003-04	1,094,665	(1.4)
	2004-05	1,522,519	39.1
	2005-06	1,431,678	(6.0)
	2006-07	1,458,614	1.9
	2007-08	1,471,815	0.9
	2008-09 est.	1,272,644	(13.5)
	2009-10 est.	1,394,846	9.6

Assumptions

As a government-operated public utility, the Salt River Project pays no franchise or property taxes. In lieu of these taxes, an amount is received from the utility based on a computation involving property location and plant investment. Proceeds from this revenue source are received through Maricopa County in June and December. In past years, monies from this source were deposited into both the General Fund and Debt Service Fund in a manner similar to the property tax. Beginning in FY 2009-10, all proceeds will be deposited into the General Fund.

Major Influences: Real Property Value and State Statute (assessment ratio)

Salt River Project In-Lieu Tax



*Percents represent the assessment ratio on SRP real property/In-Lieu Tax revenue

State Shared Sales Tax



Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage. Must be expended for a public purpose.	1999-00	\$13,511,356	9.9
	2000-01	13,951,532	3.3
	2001-02	12,148,438	(12.9)
	2002-03	12,405,713	2.1
	2003-04	13,345,152	7.6
	2004-05	14,695,069	10.1
	2005-06	16,810,763	14.4
	2006-07	15,758,491	(6.3)
	2007-08	15,237,310	(3.3)
	2008-09 est.	13,635,713	(10.5)
	2009-10 est.	13,267,549	(2.7)

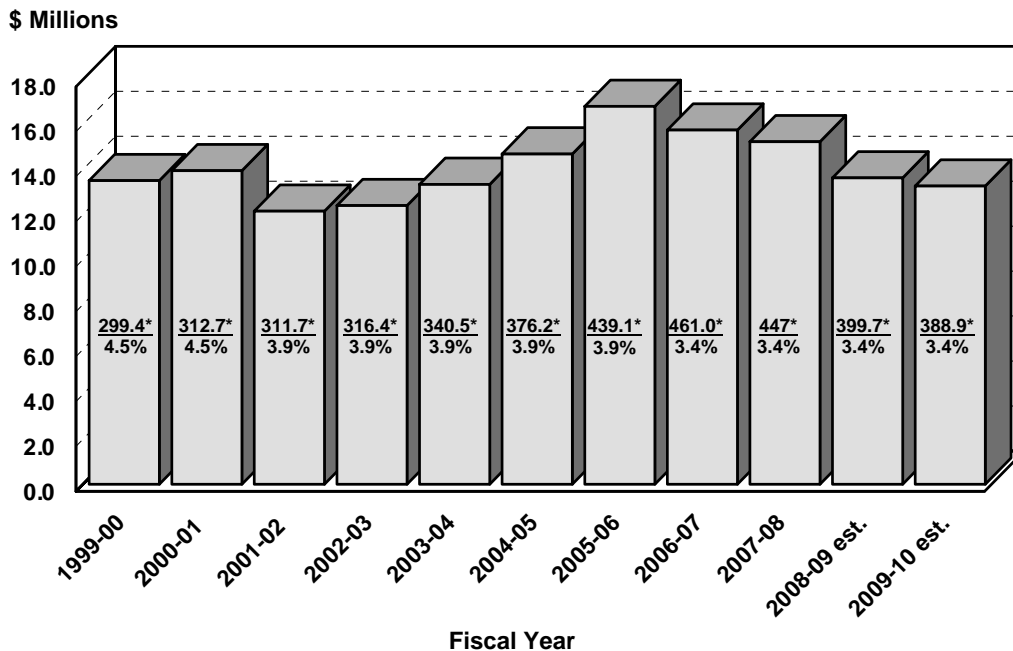
Assumptions

The state assesses a 5.6% sales tax, of which 0.6% is designated for educational purposes. Of the remaining, cities and towns share in 25% of the collections total (estimated at \$389 million for FY 2009-10) on the basis of their population in relation to total state population. Prior to 2000, Tempe accounted for 4.5% of the state's population, but with the 2000 Census Tempe's share fell to 3.9%. This reduction explains much of the decline in Tempe's state shared sales tax revenue in FY 2001-02. The share declined again to 3.4% with the 2005 mid-decade Census, but due to the robust state revenue growth the City did not experience a year over year net decrease.

The decreased revenue beginning in FY 2006-07 is reflective of the state recession.

Major Influences: Taxable Sales, Population (relative to state) and State Law

State Shared Sales Tax



*Total state shared sales tax revenue pool/City's share of pool

State Shared Vehicle License Tax



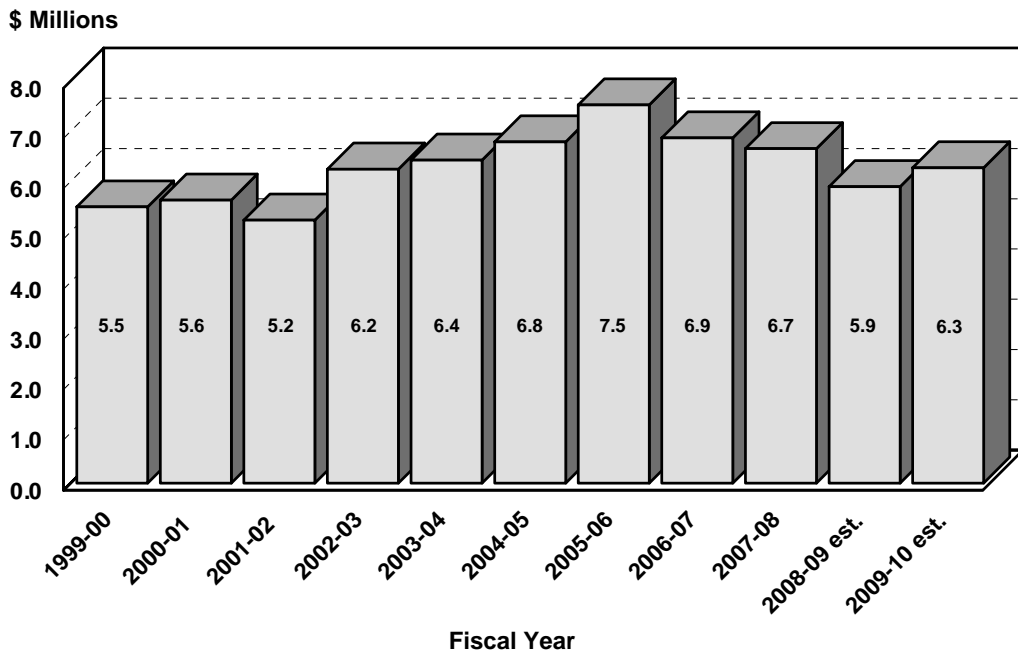
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage. Must be expended for a public purpose.	1999-00	\$5,497,492	10.6
	2000-01	5,632,181	2.5
	2001-02	5,233,512	(7.1)
	2002-03	6,247,543	19.4
	2003-04	6,428,101	2.9
	2004-05	6,791,043	5.6
	2005-06	7,527,675	10.8
	2006-07	6,870,739	(8.7)
	2007-08	6,655,516	(3.1)
	2008-09 est.	5,900,000	(11.4)
	2009-10 est.	6,275,500	6.4

Assumptions

Cities and towns receive 25% of the net revenue collected for vehicle licensing within their county. The respective shares are determined by the Cities' share of population in relation to total incorporated population of the county. The remainder of the revenue collected is shared by schools, counties, and the state. Prior to 2000, Tempe accounted for 4.5% of the state's population. Based on the 2005 Special Census, this figure declined to 3.4%. The FY 2009-10 growth is largely due to the low base set in prior years as this revenue amount is at FY 2002-03 levels.

Major Influences: Population (relative to State), State Policy and Auto Sales

State Shared Vehicle License Tax



State Shared Income Tax



Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage. Must be expended for a public purpose.	1999-00	\$17,045,903	11.0
	2000-01	17,890,338	5.0
	2001-02	16,544,791	(7.5)
	2002-03	16,882,535	2.0
	2003-04	14,303,004	(15.3)
	2004-05	14,582,117	2.0
	2005-06	16,607,943	13.9
	2006-07	18,823,759	13.3
	2007-08	23,332,475	24.0
	2008-09 est.	24,820,292	6.4
	2009-10 est.	21,447,606	(13.6)

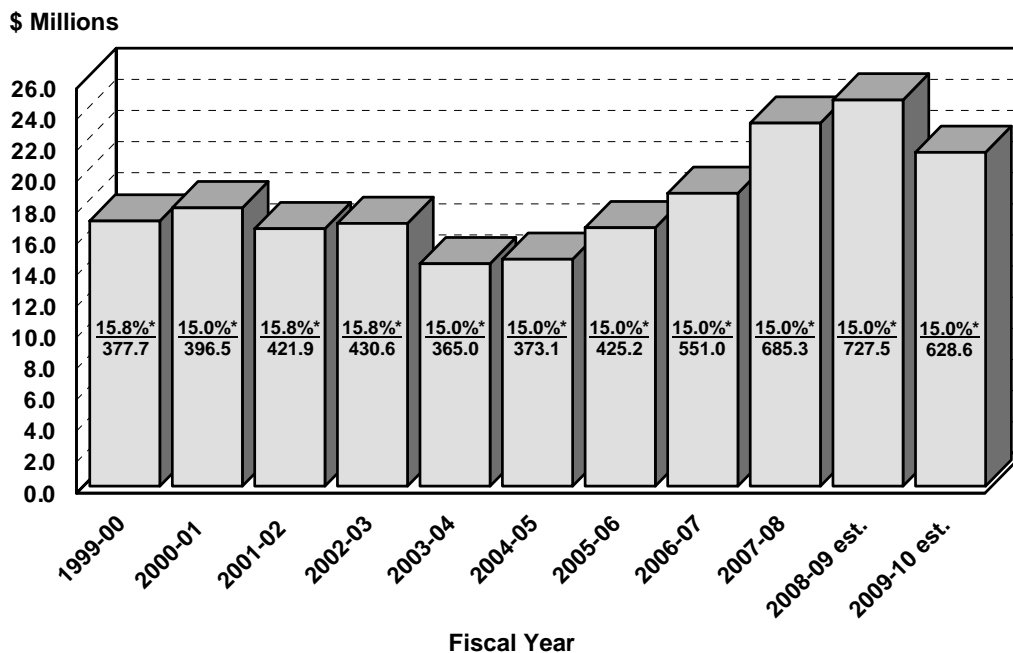
Assumptions

The right to levy income taxes in Arizona is reserved for the state in statute. Amounts distributed are based on actual income tax collections from two years prior to the fiscal year in which the City receives the funds. Originally, Arizona cities and towns were entitled to receive 15.0% of the state's income tax collections, but this percentage is at the legislature's discretion and has varied from 13.6% in FY 1996-97 to 15.8% in FY 1999-00. Currently, the state shared revenue has been restored to 15.0%.

This state shared revenue pool is distributed among cities and towns based on the relation of their population to the total population of all incorporated cities and towns in the state. Prior to the 2005 Special Census, Tempe accounted for 3.9% of the state's urban population, but this share fell to 3.4% for FY 2006-07. The FY 2009-10 decrease reflects the weak state economy.

Major Influences: Personal Income, Corporate Net Profits, Population (relative to State) and State Policy

State Shared Income Tax



* Percent of state income tax collections distributed to cities and towns/Total state shared tax revenue pool (\$ in millions)

Charges for Services/Cultural and Recreational



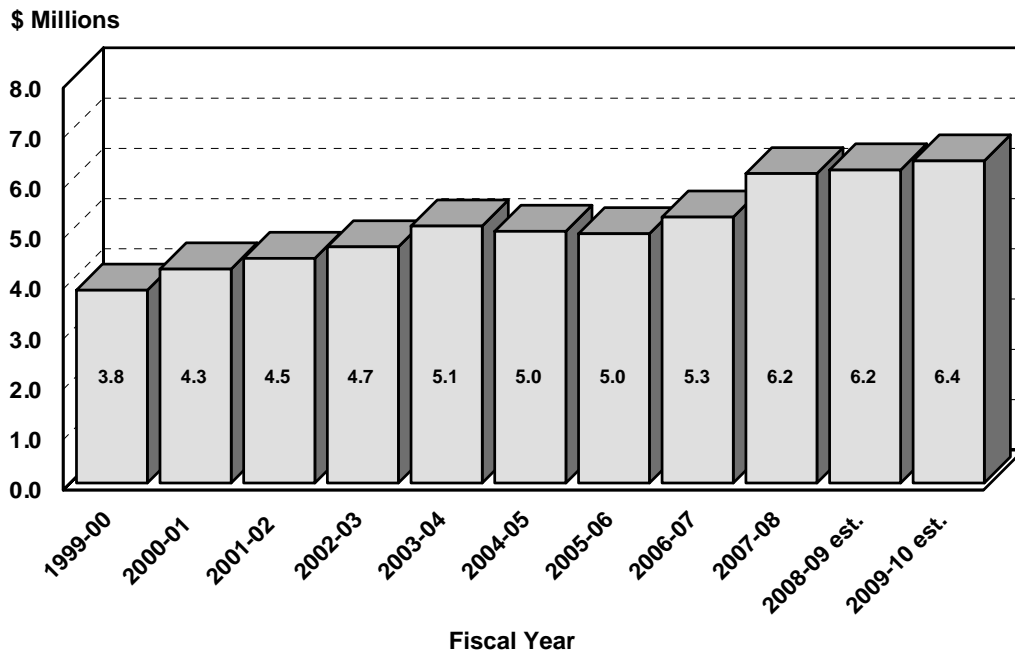
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage, but intended to defray costs of recreation and social service programs.	1999-00	\$3,836,700	14.7
	2000-01	4,258,777	11.0
	2001-02	4,471,110	5.0
	2002-03	4,699,196	5.1
	2003-04	5,113,578	8.8
	2004-05	5,009,690	(2.0)
	2005-06	4,961,260	(1.0)
	2006-07	5,293,236	6.7
	2007-08	6,156,998	16.3
	2008-09 est.	6,229,578	1.2
	2009-10 est.	6,408,459	2.9

Assumptions

Revenue in this category is derived from a wide array of recreational activities (such as softball, swimming, and tennis) and social services programs (such as counseling services and after-school programs). By Council policy, many of these activities and services are partially or fully funded through user charges. Fees are based on a targeted percentage for cost recovery of direct program operating costs, including wages and supply costs but excluding facility costs, administration, and capital outlay. The percentage of recovery of direct program costs is classified by user groups as follows: adult programs, 100% cost recovery; youth programs and senior programs, 50% cost recovery; and all Kiwanis Recreation Center classes/programs, 100% cost recovery. The FY 2007-08 spike in revenue reflects a rate increase for the Kid Zone program.

Major Influences: Population, Cost Recovery Policy and New Program Development

Charges for Services/Recreation and Social Services



Charges for Services/Development Related



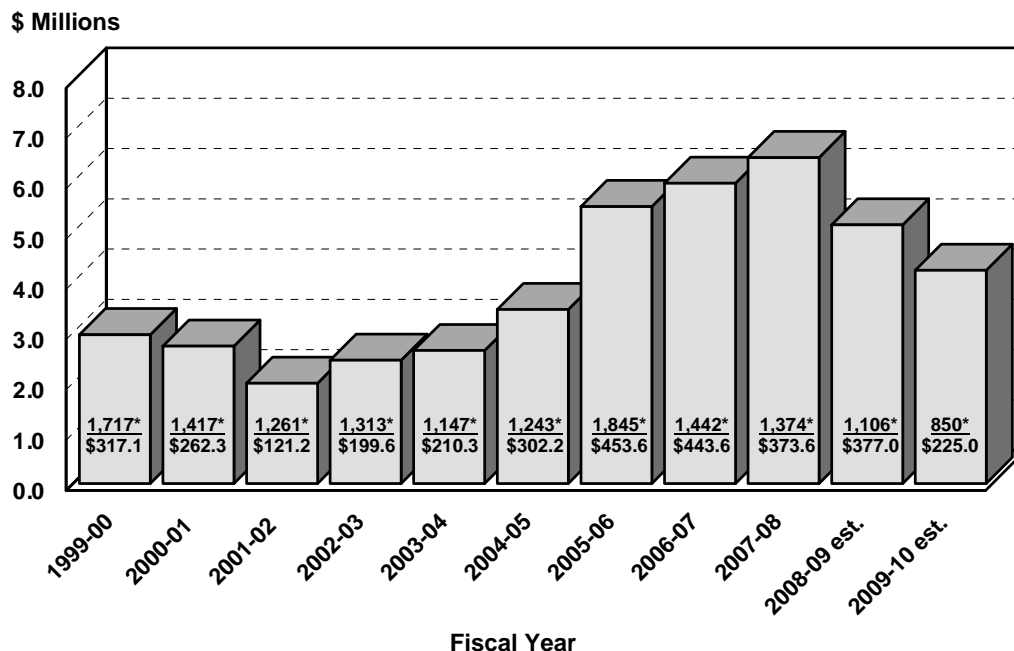
Restrictions	Fiscal Year	Amount	Percent Change
Intended to offset costs related to permitting and planning for residential and commercial development in the City, though there are no restrictions on usage.	1999-00	\$2,957,600	4.8
	2000-01	2,730,681	(7.7)
	2001-02	1,993,308	(27.0)
	2002-03	2,450,574	22.9
	2003-04	2,642,589	7.8
	2004-05	3,458,518	30.9
	2005-06	5,506,134	59.2
	2006-07	5,969,413	8.4
	2007-08	6,479,274	8.5
	2008-09 est.	5,142,338	(20.6)
	2009-10 est.	4,237,152	(17.6)

Assumptions

The annual growth rates shown above reflect the extreme cyclical nature of development. Much of the increase in FY 2002-03 was due to a fee/rate increase. The impact of this increase was moderated in subsequent years in light of slow development activity associated with a landlocked community. This trend reversed itself sharply, as the attractiveness of the Tempe downtown area for development, as well as the construction of Tempe Marketplace, increased permitting activity. The FY 2008-09 decrease is largely the result of large projects working their way out of the construction queue. Activity for FY 2009-10 is expected to drop even further due to a tight credit market and regional oversupply in commercial real estate suppressing the demand for new construction. The drop in activity is mitigated somewhat by fee/rate increases in FY 2008-09 and FY 2009-10.

Major Influences: Population, Tax Laws, Economy and Development

Charges for Services/Development Related



* Number of building permits/Valuation (\$ in millions)

Fines and Forfeitures



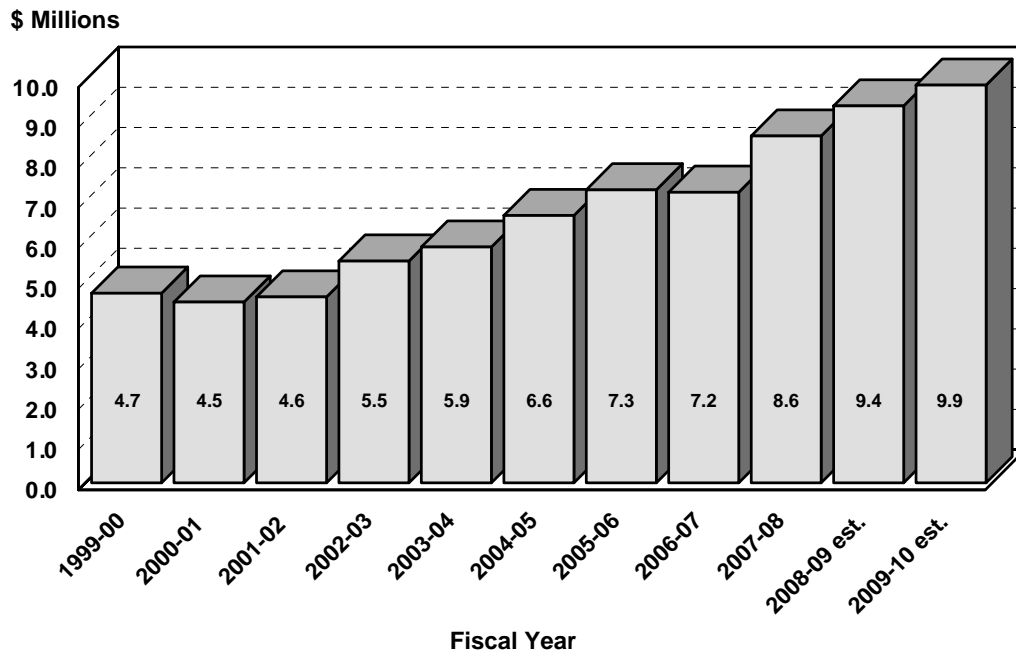
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage.	1999-00	\$4,709,700	22.1
	2000-01	4,489,939	(4.7)
	2001-02	4,615,379	2.8
	2002-03	5,510,475	19.4
	2003-04	5,858,482	6.3
	2004-05	6,639,189	13.3
	2005-06	7,278,191	9.6
	2006-07	7,219,330	(0.8)
	2007-08	8,616,319	19.4
	2008-09 est.	9,362,572	8.7
	2009-10 est.	9,880,662	5.5

Assumptions

The fines and forfeitures revenue to the City derive from fines related to parking, traffic, criminal, animal control, defensive driving school, adult diversion, domestic violence, and false alarms, plus revenue from public defender reimbursements, forfeitures, and boot fees. The FY 2007-08 increase is due to initial implementation of photo radar traffic enforcement. Continued increases are due to full implementation of the program coupled with increases to pawn shop fees and false alarm fines.

Major Influences: Population, Crime Rate and Internal Policy (Enforcement, Number of Police Officers)

Fines and Forfeitures



Transit Tax



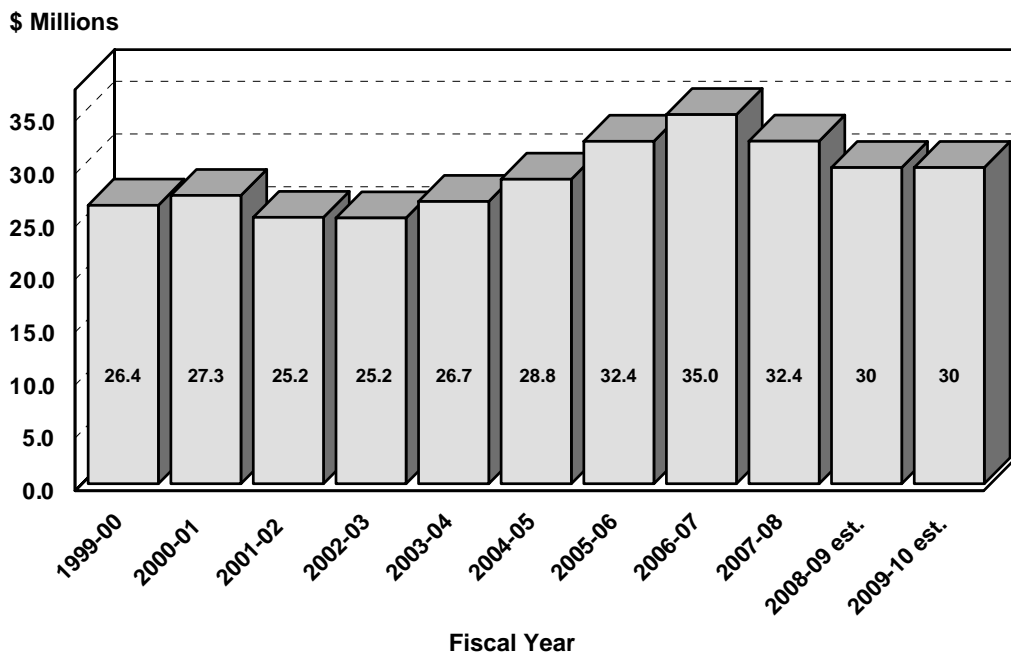
Restrictions	Fiscal Year	Amount	Percent Change
Represents a portion of the City sales tax dedicated by public vote to transit-related purposes, such as bus acquisition and maintenance, connecting bus routes to neighboring cities, bus stop construction, transit planning, and light rail construction.	1999-00	\$26,384,500	4.3
	2000-01	27,310,246	3.5
	2001-02	25,229,927	(7.6)
	2002-03	25,187,121	(0.2)
	2003-04	26,740,623	6.2
	2004-05	28,848,493	7.9
	2005-06	32,440,081	12.4
	2006-07	34,971,294	7.8
	2007-08	32,449,710	(7.2)
	2008-09 est.	29,957,000	(7.7)
	2009-10 est.	29,957,000	0.0

Assumptions

The Transit Tax represents 1/2 cent of the 1.8% City Sales Tax. The tax for transit was approved by Tempe voters in September 1996 and became effective January 1, 1997. Although the estimate for FY 2009-10 mirrors our trend for overall City sales tax growth, it does slightly deviate due to nuances resulting from rebates and tax incentives.

Major Influences: Taxable Sales, Population and Consumer Price Index

Transit Tax



Performing Arts Tax



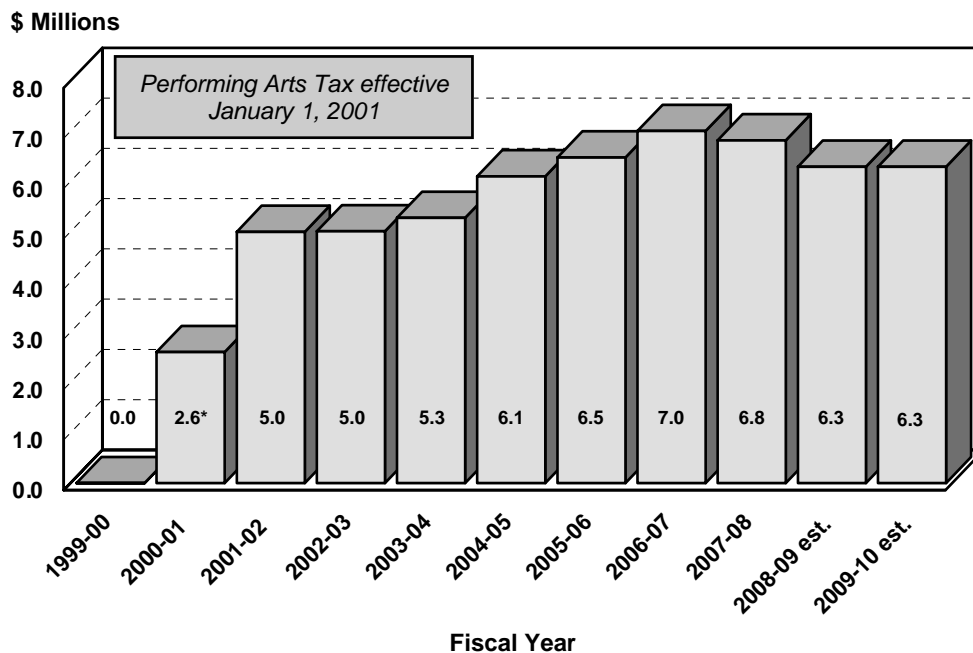
Restrictions	Fiscal Year	Amount	Percent Change
Represents a portion of the City sales tax dedicated by public vote for construction and operation of the Performing Arts Center. *Collections over a six month period	2000-01*	\$2,607,541	-
	2001-02	4,999,984	91.8
	2002-03	5,010,392	0.2
	2003-04	5,279,580	5.4
	2004-05	6,103,402	15.6
	2005-06	6,480,218	6.2
	2006-07	7,007,790	8.1
	2007-08	6,820,193	(2.7)
	2008-09 est.	6,295,038	(7.7)
	2009-10 est.	6,295,038	0.0

Assumptions

The Performing Arts Tax represents 1/10 cent of the 1.8% City Sales Tax. This tax was approved in May 2000 and became effective January 2001. Although the estimate for FY 2009-10 mirrors our trend for overall City sales tax growth, it does slightly deviate due to nuances resulting from rebates and tax incentives.

Major Influences: Taxable Sales, Population, and Consumer Price Index

Performing Arts Tax



* Collections over a 6 month period

Highway User Tax



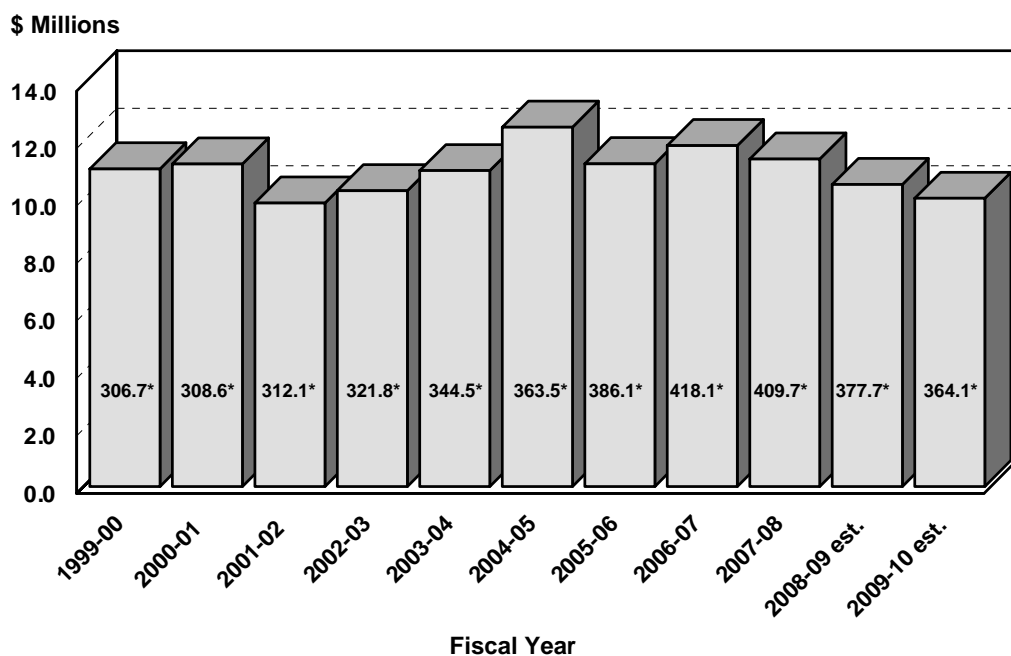
Restrictions	Fiscal Year	Amount	Percent Change
Proceeds can be used only for street and highway purposes including right-of-way acquisition, construction, reconstruction, maintenance, and payment of debt service on highway and street bonds.	1999-00	\$11,041,067	2.5
	2000-01	11,213,830	1.6
	2001-02	9,853,831	(12.1)
	2002-03	10,285,028	4.4
	2003-04	10,981,726	6.8
	2004-05	12,492,819	13.8
	2005-06	11,222,223	(10.2)
	2006-07	11,854,088	5.6
	2007-08	11,387,320	(3.9)
	2008-09 est.	10,500,529	(7.8)
	2009-10 est.	10,019,765	(4.6)

Assumptions

Highway User Revenue Fund (HURF) revenue is comprised primarily of a share of the state-imposed tax on fuel (18 cents per gallon), but also includes a portion of vehicle license taxes and other motor carrier permits and fees. Of the statewide total collected HURF revenue, 27.5% is distributed to cities and towns. Half of this pool amount is distributed based on each city or town's percentage share of the statewide total population of all incorporated cities and towns. The remaining one-half is divided into county pools based on each county's share of statewide fuel sales. Within each county, cities and towns receive an allocation based on their percentage share of total incorporated population in the county.

Major Influences: Population, State Policy, Economy and Gasoline Sales

Highway User Tax



* Total State Shared Highway User Tax Revenue Pool distributed to Cities/Towns.

Local Transportation Assistance Fund



Restrictions	Fiscal Year	Amount	Percent Change
Proceeds can be used only for street and highway projects, for any construction or reconstruction in the public rights-of-way as well as transit programs.	1999-00	\$976,015	(2.5)
	2000-01	957,785	(1.9)
	2001-02	900,415	(6.0)
	2002-03	870,471	(3.3)
	2003-04	845,814	(2.8)
	2004-05	820,811	(3.0)
	2005-06	798,826	(2.7)
	2006-07	771,039	(3.5)
	2007-08	761,513	(1.2)
	2008-09 est.	708,215	(7.0)
	2009-10 est.	705,439	(0.4)

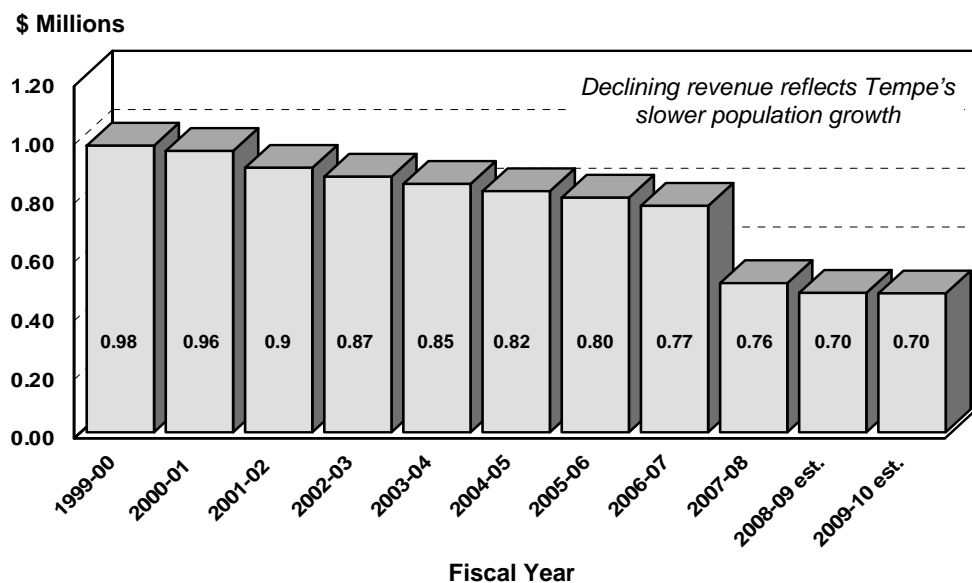
Assumptions

Revenue is derived from the state lottery game and the multi-state Powerball lottery game. By state statute, the state must distribute at least \$20.5 million annually to cities and towns from state lottery revenue, up to a maximum total distribution pool of \$23 million. Amounts distributed to cities and towns are based on their percentage share of statewide population as determined and updated annually by the state Department of Economic Security. Revenue derived from Powerball may be received only after the state first collects \$31 million from Powerball sales. If this threshold is reached, the state will distribute up to a total of \$18 million from Powerball revenue, dividing the pool into amounts based on each county's share of lottery ticket sales. Amounts from these county pools distributed to cities and towns are based on each city or town's share of incorporated population in the county.

The lottery state shared pool is adjusted every year by population determined by the Department of Economic Security. Tempe's declining share of statewide population accounts for the lottery revenue reduction over the past 10 years.

Major Influences: Population (relative to state) and Lottery Ticket Sales

Local Transportation Assistance Fund



Community Development Block Grant/Section 8 Housing Grant



Restrictions

Community Development Block Grant (CDBG) funds are awarded by the federal government and may be used only for the rehabilitation of owner-occupied housing and the removal of "slum and blight". Section 8 Housing Grants, also federal funds, may be used only for rent and utility subsidies for low income persons.

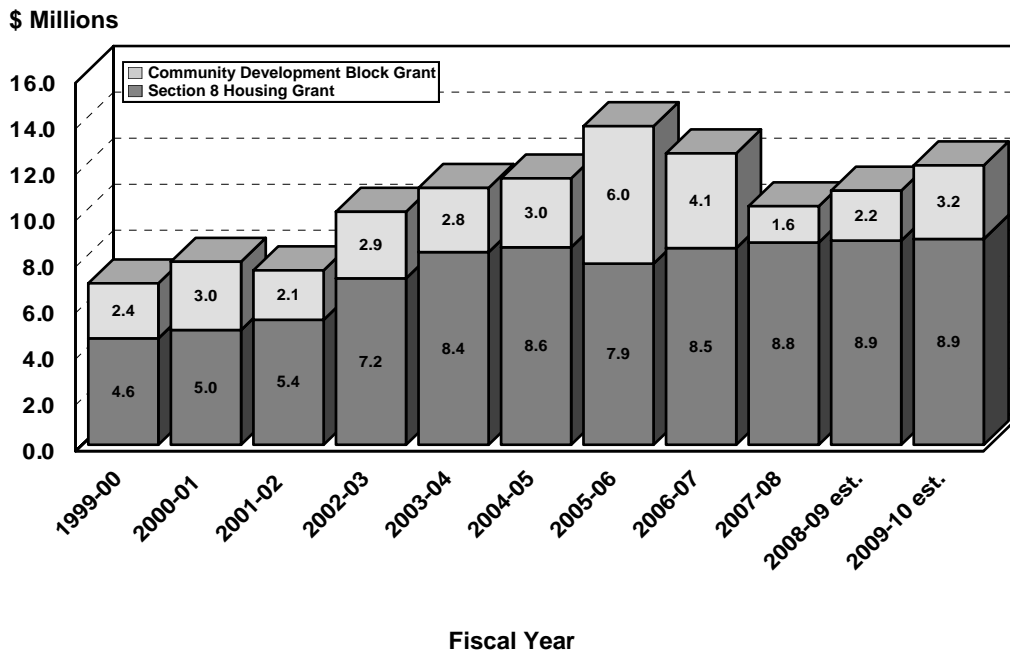
Fiscal Year	Community Development Block Grant		Section 8 Housing Grant	
	Amount	Percent Change	Amount	Percent Change
1999-00	\$2,390,100	(0.4)	\$4,624,100	13.6
2000-01	2,967,700	24.2	4,985,700	7.8
2001-02	2,148,750	(27.6)	5,427,291	8.9
2002-03	2,896,728	34.8	7,227,924	33.2
2003-04	2,793,637	(3.6)	8,364,970	15.7
2004-05	2,996,729	7.3	8,577,743	2.5
2005-06	5,973,141	99.3	7,869,697	(8.3)
2006-07	4,115,572	(31.1)	8,543,758	8.6
2007-08	1,577,124	(61.7)	8,784,219	2.8
2008-09 est.	2,169,428	37.6	8,871,767	1.0
2009-10 est.	3,197,782	47.4	8,939,041	0.8

Assumptions

Funding levels in both programs are based on a federal formula which reflects local factors such as the percentage of people living in poverty, unemployment, population, age of existing housing, and the need for housing.

Major Influences: Federal Policy, Poverty Levels and Population

Community Development Block Grant/Section 8 Housing Grant



Water/Wastewater User Fees



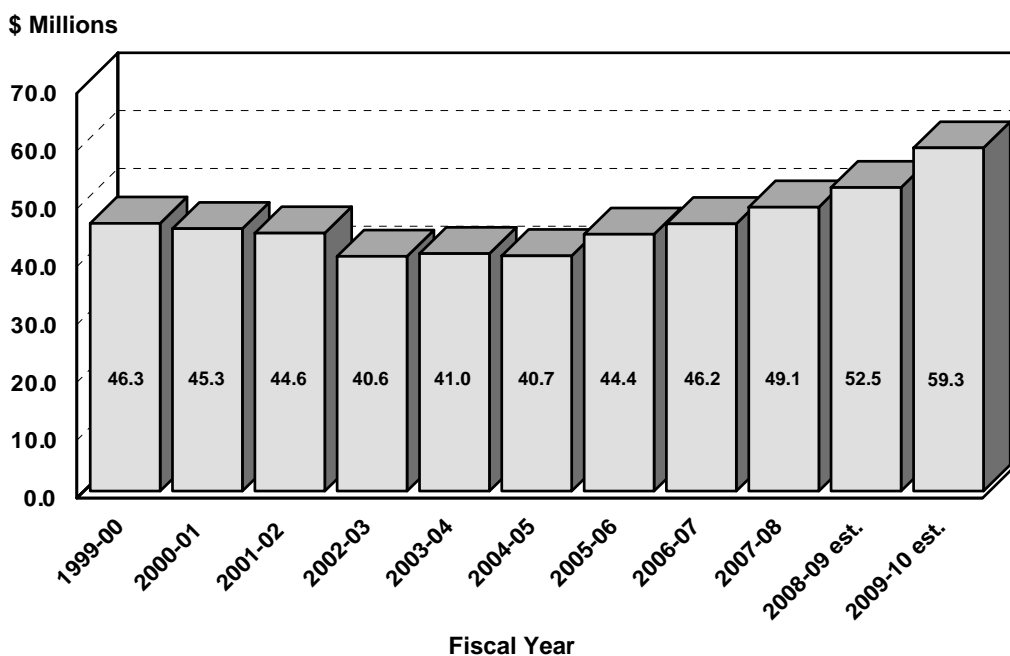
Restrictions	Fiscal Year	Amount	Percent Change
Fees can only be used to support the Water/Wastewater enterprise.	1999-00	\$46,296,100	23.3
	2000-01	45,349,960	(2.0)
	2001-02	44,591,306	(1.7)
	2002-03	40,586,501	(9.0)
	2003-04	41,037,476	1.1
	2004-05	40,674,305	(0.9)
	2005-06	44,392,262	9.1
	2006-07	46,201,943	4.1
	2007-08	49,078,726	6.2
	2008-09 est.	52,459,619	6.9
	2009-10 est.	59,311,760	13.1

Assumptions

Water/Wastewater revenue is derived from fees and service charges assessed to residential and commercial customers of the City's water and wastewater systems. Revenue also includes charges to the City's residential irrigation customers. Over the past few years, both water and sewer rates have been adjusted to address increased costs resulting from inflation, debt service on capital projects, and environmental regulation compliance.

Major Influences: Population, Internal Policy, Water Consumption Patterns and Weather

Water/Wastewater User Fees



Solid Waste Fees



Restrictions	Fiscal Year	Amount	Percent Change
Used to defray costs of providing solid waste collection and disposal service.	1999-00	\$9,840,100	6.3
	2000-01	9,758,199	(0.8)
	2001-02	10,024,863	2.7
	2002-03	10,496,774	4.7
	2003-04	11,014,949	4.9
	2004-05	12,054,563	9.4
	2005-06	13,232,293	9.8
	2006-07	14,049,254	6.2
	2007-08	14,217,938	1.2
	2008-09 est.	14,398,357	1.3
	2009-10 est.	15,321,109	6.4

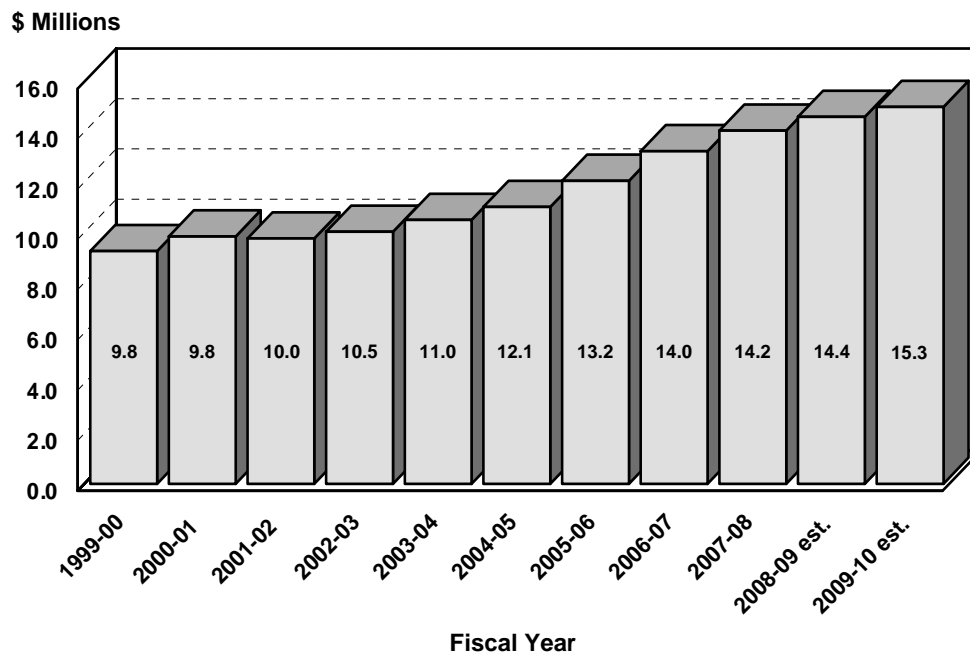
Assumptions

The collection and disposal of solid waste constitutes the City's second largest enterprise operation. Revenue derives from user fees for residential, commercial, roll-off, and uncontained solid waste service. Residential solid waste fees were increased five times starting in FY 1998-99 to address increased landfill and recycling costs.

Effective November 1, 2009, solid waste rates will change. The rate for residential services will increase by 5.0%, while the commercial services rate will increase by 3.0%.

Major Influences: Population, Internal Policy, and Commercial Market/Competition

Solid Waste Fees



Golf Course Fees



Restrictions

Revenue is used to defray costs of operating the Rolling Hills and Ken McDonald golf courses.

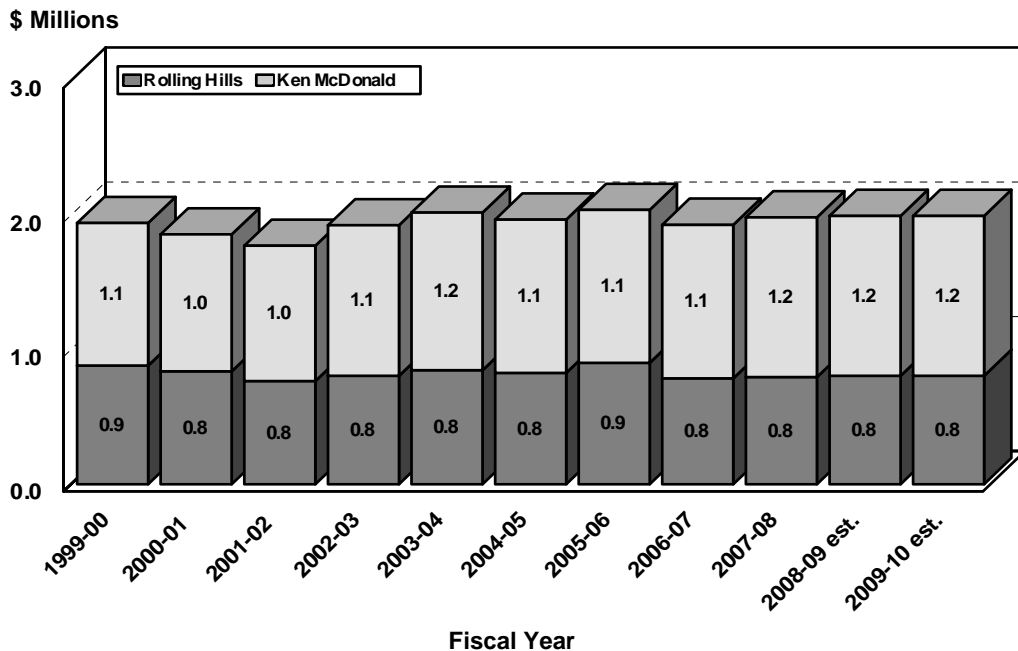
Fiscal Year	Rolling Hills		Ken McDonald	
	Amount	Percent Change	Amount	Percent Change
1999-00	\$882,082	(11.5)	\$1,060,418	(14.9)
2000-01	840,000	(4.8)	1,018,500	(4.0)
2001-02	767,285	(8.7)	1,006,532	(1.2)
2002-03	806,588	5.1	1,119,184	11.2
2003-04	847,844	5.1	1,172,288	4.7
2004-05	828,454	(2.3)	1,139,519	(2.8)
2005-06	903,047	9.0	1,136,795	(0.2)
2006-07	787,787	(12.8)	1,141,497	0.4
2007-08	796,698	1.1	1,187,729	4.1
2008-09 est.	806,628	1.2	1,188,950	0.1
2009-10 est.	806,628	0.0	1,188,950	0.0

Assumptions

Revenue from greens fees account for nearly 87% of golf course revenue, with the rest coming from lease agreements with the pro shops and restaurant concessionaires. Our projection conservatively assumes essentially flat revenue growth in light of the uncertainty that can result from weather conditions or fee changes, and competition from private courses.

Major Influences: Competition from Other Golf Courses, Weather, and City Fee Policy

Golf Course Fees





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