Memorandum

Finance and Technology Department

Tempe

Date: February 1, 2013

To: Mayor and Councilmembers

From: Ken Jones, Finance and Technology Director

Subject: Quarterly Financial Report – Quarter Ended December 31, 2012

Attached is the Quarterly Financial Report for the second quarter of Fiscal Year 2012-13, (the quarter ending December 31, 2012). As usual, there is a quick-reference table of contents on Page 1, which, in the electronic version, will allow you to quickly navigate to areas of interest by clicking on titles or page numbers. The small Tempe logo on every page will return you to the table of contents. (The electronic version of this report is included in your February 1st Friday Information Packet and can also be found on the Budget Office's Internet page within the Finance and Technology Department).

Please let me know if you have questions about the information contained in this report.

City of Tempe
Quarterly Financial Performance Report

Through 2nd Quarter FY 2012-13 (July - December 2012)

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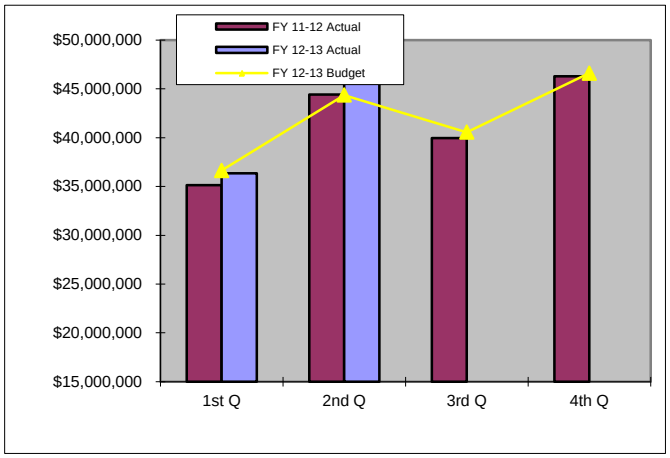
Performance Ratings Key

Positive	= Unfavorable variance <2% compared to historical trends or positive variance
Watch	= Unfavorable variance between 2-5% compared to historical trends
Negative	= Unfavorable variance of >5%

General Fund Revenue Quarterly Analysis

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$36,639,087	$36,363,457	21.6%	21.8%
2nd Q	Oct-Dec 12	44,368,994	$45,553,501	27.1%	26.4%
3rd Q	Jan-Mar 13	40,553,950			
4th Q	Apr-Jun 13	46,617,241			
Total		$168,179,271	$81,916,958	48.7%	48.2%
Variance from Budget			$908,878	1.1%	



Positive

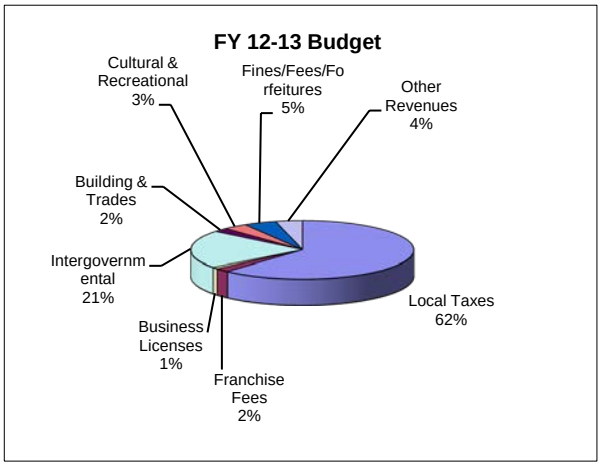
Through the second quarter of FY 12-13, General Fund revenue is 48.7% of budget, compared with a historical percentage of 48.2%. In terms of budget to actual variance, total collections are in line with the anticipated revenue target for the first half of the fiscal year. Negative variances in Local Taxes, Intergovernmental Revenues, and Franchise Fees are offset by positive variances in all other categories. The scope of budget to actual variance for each category can be seen in the table and graph at the bottom-right corner of this page. Quarterly collection detail by category can be found on pages 2 through 6 of this report.

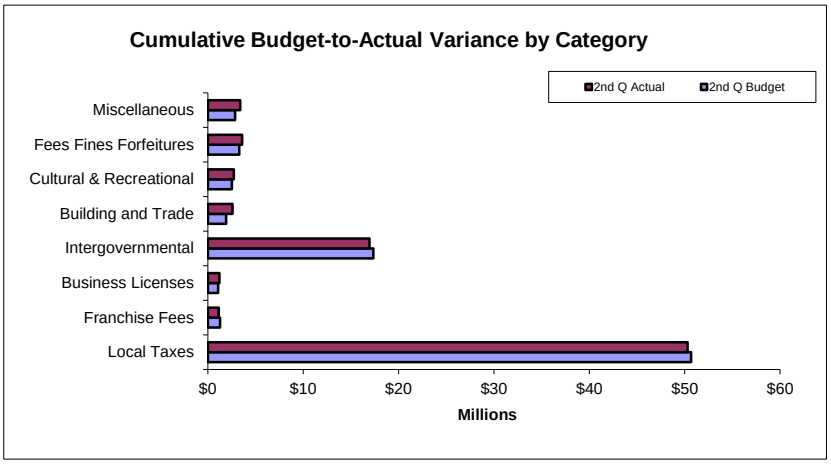
General Fund Revenue by Category

Revenue Categories	FY 12-13 Annual Budget	% of Annual Budget
Local Taxes	$103,736,374	61.7%
Franchise Fees	$3,533,481	2.1%
Business Licenses	$1,543,750	0.9%
Intergovernmental	$35,400,408	21.0%
Building & Trades	$3,682,855	2.2%
Cultural & Recreational	$5,834,660	3.5%
Fines/Fees/Forfeitures	$7,899,790	4.7%
Other Revenues	$6,547,953	3.9%
Total	$168,179,271	

Cumulative Revenue through 2Q 2012-2013

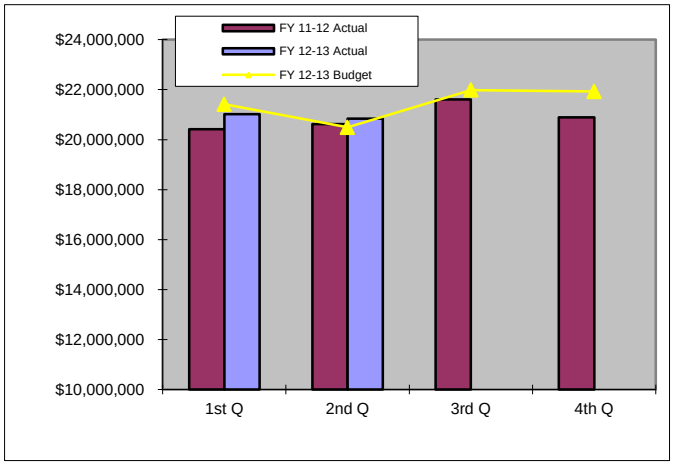
	Budget Target	Actual Revenue	% of Budget Target
Local Taxes	$50,675,168	$50,308,370	99%
Franchise Fees	1,281,789	1,153,297	90%
Business Licenses	1,075,436	1,201,280	112%
Intergovernmental	17,357,133	16,939,275	98%
Building & Trades	1,931,099	2,593,011	134%
Cultural & Recreational	2,524,317	2,711,756	107%
Fines/Fees/Forfeitures	3,306,964	3,609,952	109%
Other Revenues	2,856,174	3,400,017	119%
	$81,008,080	$81,916,958	101%





Sales Tax

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	21,414,183	$21,016,784	24.5%	25.0%
2nd Q	Oct-Dec 12	20,491,694	20,835,548	24.3%	23.9%
3rd Q	Jan-Mar 13	21,983,707			
4th Q	Apr-Jun 13	21,928,255			
Total		$85,817,840	$41,852,332	48.8%	48.8%
Variance from Budget			($53,545)	-0.1%	

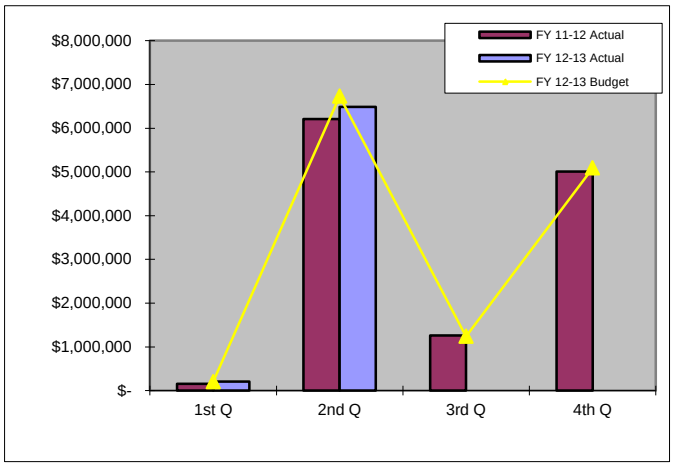


Positive

City Sales Taxes are generated by a 2.0% levy on sales transactions in the city (only 1.8% on food for home consumption). Of the total 2.0% rate, 1.4% is deposited in the General Fund, 0.5% is dedicated for Transit purposes, and the remaining 0.1% is deposited in the Performing Arts Fund. The amount deposited in the General Fund is depicted in the table and graph above. This revenue source contributes 51% of the General Fund budget in FY 12-13 making it the City's largest revenue source. Through the second quarter of FY 12-13, Sales Tax collections are 48.8% of budget, which is in line with the historical average of 48.8%. In terms of budget to actual variance, collections are 0.1% below the budgeted value.

Property Tax

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$206,622	$207,908	1.6%	1.6%
2nd Q	Oct-Dec 12	6,730,872	6,484,544	48.9%	50.7%
3rd Q	Jan-Mar 13	1,240,793			
4th Q	Apr-Jun 13	5,092,885			
Total		$13,271,172	$6,692,452	50.4%	52.3%
Variance from Budget			($245,042)	-3.5%	

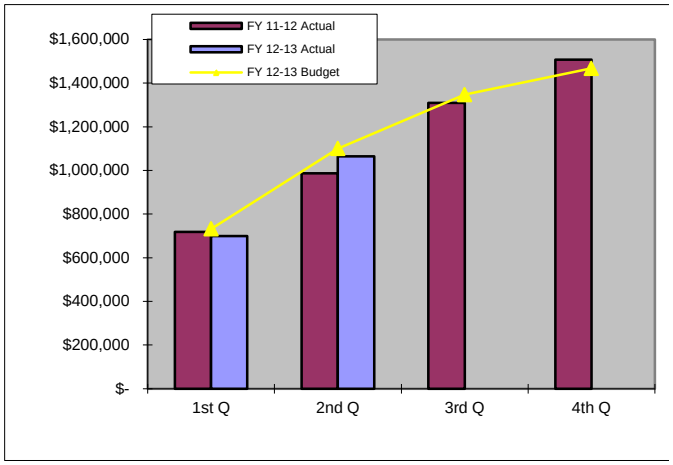


Watch

Property Tax revenue in the General Fund is generated by a $0.79 charge per $100 of the primary assessed valuation of real and personal property. In FY 12-13, Property Taxes contribute 7.9% of budgeted General Fund revenue. Through the second quarter of FY 12-13, Property Tax collections are 50.4% of budget, which is 1.8% lower than the historical average of 52.3%. In terms of actual dollars received, collections are $245 thousand below budget through the first half of the year.

Bed Tax

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$731,747	$699,038	15.0%	15.7%
2nd Q	Oct-Dec 12	1,100,049	1,064,548	22.9%	23.7%
3rd Q	Jan-Mar 13	1,347,766			
4th Q	Apr-Jun 13	1,467,799			
Total		$4,647,362	$1,763,586	37.9%	39.4%
Variance from Budget			($68,211)	-3.7%	

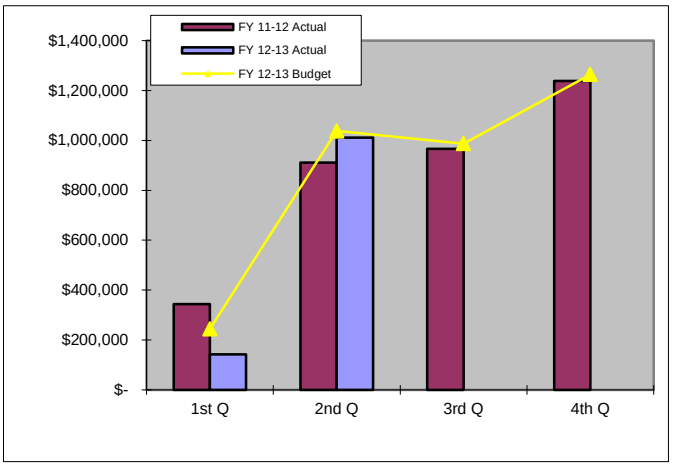


Watch

The Transient Lodging Tax, or Bed Tax is a 5% levy on hotel and motel sales that contributes approximately 2.8% of budgeted General Fund revenue in FY 12-13. Bed Tax collections through the second quarter of FY 12-13 are 37.9% of budget, approximately 1.5% below the historical average. In terms of budget to actual variance, collections are 3.7% below the budgeted value. This category is on watch status due to this slow performance through the first half of the year.

Franchise Fees

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$243,711	$142,070	4.0%	6.9%
2nd Q	Oct-Dec 12	1,038,078	1,011,227	28.6%	29.4%
3rd Q	Jan-Mar 13	987,042			
4th Q	Apr-Jun 13	1,264,651			
Total		$3,533,481	$1,153,297	32.6%	36.3%
Variance from Budget			($128,492)	-10%	

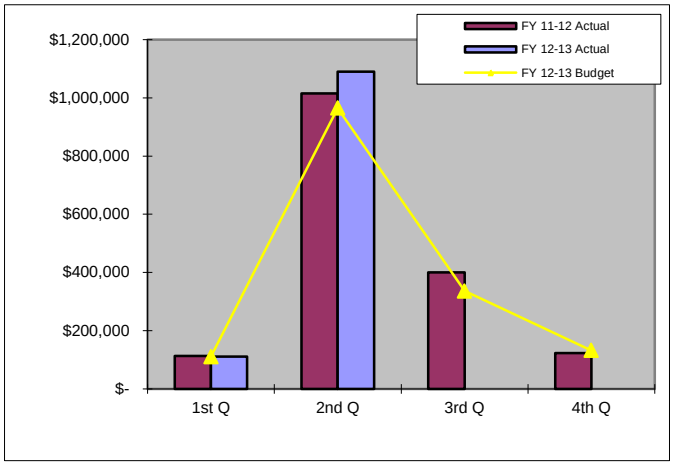


Negative

Franchise Fee revenues are collected based on specific agreements with service providers in the city, including Arizona Public Service (2% of revenue), Cox Communications (5% of gross revenue), Southwest Gas (2% of gross revenue), and a number of telecommunications service providers. These fees contribute 2.1% of annual General Fund revenue. Franchise Fee payments are 32.6% of the budgeted amount through the second quarter of FY 12-13, compared to 36.3% historically. In terms of budget to actual variance, collections are 10%, or $128 thousand below the budgeted value. This variance is due to underperformance in Telecommunications Franchise Fee collections. While this level of variance warrants negative monitoring status for Franchise Fees, it is worth noting that performance has improved from the prior quarter's 42% negative variance.

Business Licenses

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$110,614	$111,378	7.2%	7.2%
2nd Q	Oct-Dec 12	964,822	1,089,902	70.6%	62.5%
3rd Q	Jan-Mar 13	336,238			
4th Q	Apr-Jun 13	132,076			
Total		$1,543,750	$1,201,280	77.8%	69.7%
Variance from Budget			$125,844	12%	

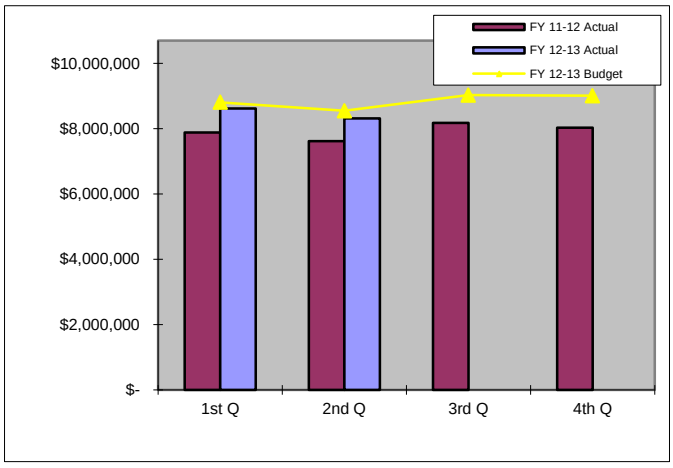


Positive

The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Business License collections through the second quarter of FY 12-13 were 77.8% of budget, compared to the historical average of 69.7%. Business Licenses contribute 1% of annual General Fund revenue. In terms of budget to actual variance, collections are 12% above the budgeted value.

Intergovernmental

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$8,807,858	$8,620,587	24.4%	24.9%
2nd Q	Oct-Dec 12	8,549,275	8,318,688	23.5%	24.2%
3rd Q	Jan-Mar 13	9,031,424			
4th Q	Apr-Jun 13	9,011,851			
Total		$35,400,408	$16,939,275	47.9%	49.0%
Variance from Budget			($417,858)	-2.4%	

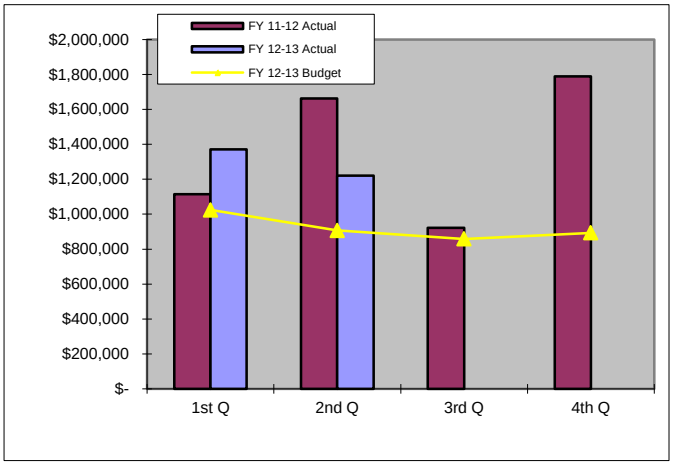


Watch

Intergovernmental Revenues include distributions of State Income Taxes, State Sales Taxes, and State Vehicle License Taxes. These revenues are distributed based on Tempe's share of the state urban population as determined by the U.S. Census. In total, these revenues constitute 21% of budgeted revenue for FY 12-13, making this the second largest General Fund revenue source after Sales Taxes. Through the second quarter of FY 12-13, actual collections are 47.9% of budget, compared to a historical average of 49%. When compared to the same time period of last fiscal year, cumulative collections through the second quarter are 9% higher. In terms of budget to actual variance, collections are 2.4% , or $417,858 below the budgeted value, due to slower than expected State Sales and Vehicle License Taxes. This is right at the threshold between positive and watch status.

Building & Trades

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$1,024,506	$1,371,592	37.2%	27.8%
2nd Q	Oct-Dec 12	906,593	1,221,419	33.2%	24.6%
3rd Q	Jan-Mar 13	858,456			
4th Q	Apr-Jun 13	893,300			
Total		$3,682,855	$2,593,011	70.4%	52.4%
Variance from Budget			$661,912	34.3%	

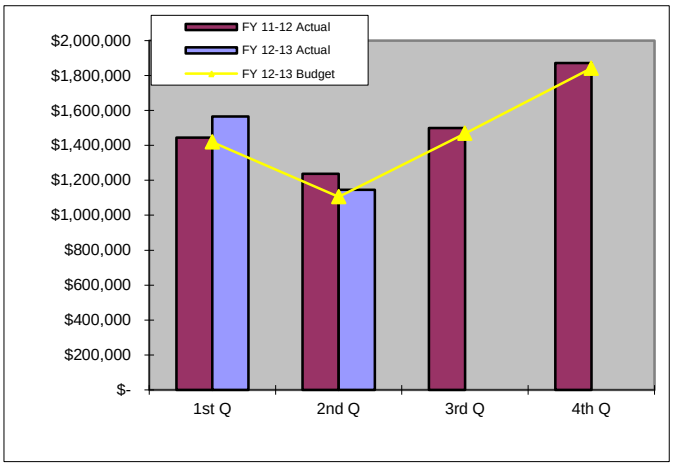


Positive

Building and Trade revenues consist of Building Permit Fees, Plan Check Fees, and other miscellaneous engineering and permitting fees generated by development. These fees are charged to recover a portion of the cost of regulating development. Through the second quarter of FY 12-13, actual collections are 70.4% of budget, compared to a historical average of 52.4%. In terms of budget to actual variance, collections are 34.3% above the budgeted value. Due to developer interest in developing in Tempe, particularly in the multi family sector, it is likely that this positive variance will persist through fiscal year end.

Cultural & Recreational

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$1,418,992	$1,566,434	26.8%	24.3%
2nd Q	Oct-Dec 12	1,105,325	1,145,322	19.6%	18.9%
3rd Q	Jan-Mar 13	1,468,432			
4th Q	Apr-Jun 13	1,841,911			
Total		$5,834,660	$2,711,756	46.5%	43.3%
Variance from Budget			$187,439	7.4%	

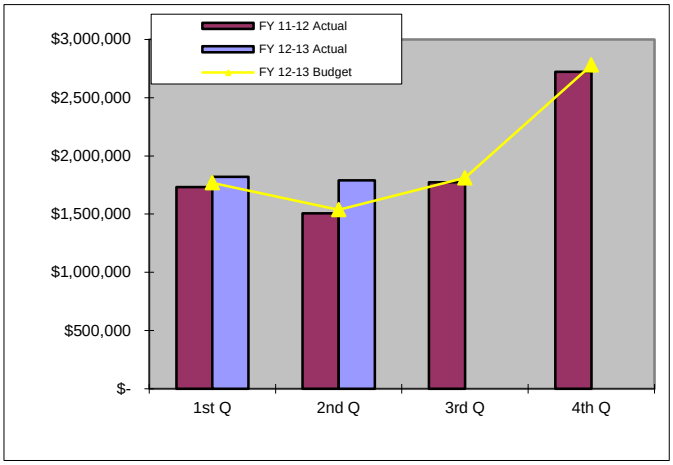


Positive

Cultural and Recreational revenues include fees and charges to recover a portion of the costs of providing the City's cultural and recreational programs. The majority of this revenue source is generated from fees charged for the City's Kid Zone program. In total, Cultural and Recreational fees represent 3.5% of total budgeted General Fund revenue for FY 12-13. Through the second quarter of FY 12-13, Cultural and Recreational fee collections are 46.5% of budget, compared to the historical average of 43.3%, for a total variance of 3.2%. In terms of budget to actual variance, collections are 7.4% above the budgeted value.

Fines, Fees, Forfeitures

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$1,768,695	$1,819,734	23.0%	22.4%
2nd Q	Oct-Dec 12	1,538,269	1,790,218	22.7%	19.5%
3rd Q	Jan-Mar 13	1,811,808			
4th Q	Apr-Jun 13	2,781,019			
Total		$7,899,790	$3,609,952	45.7%	41.9%
Variance from Budget			$302,988	9.2%	

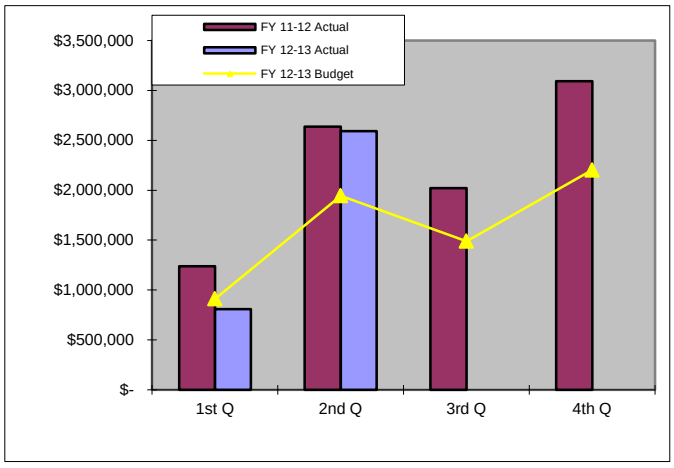


Positive

Fines, Fees, and Forfeiture revenue derives from fines and other payments related to violations of state laws and local ordinances, including parking, traffic, and criminal enforcement activities. In total, Fines, Fees, and Forfeitures represent 4.7% of total budgeted General Fund revenue for FY 12-13. Through the second quarter of FY 12-13, 45.7% of budgeted revenues have been collected, compared to a historical average of 41.9%. In terms of budget to actual variance, this category is 9.2% above the expected value for the second quarter. While it is difficult to ascertain the precise historical pattern due to the timing of the discontinuation of Photo Enforcement, at this time this category appears to be following a positive collections trend.

Other Revenues

		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	$912,157	$807,932	12.3%	13.9%
2nd Q	Oct-Dec 12	1,944,017	2,592,085	39.6%	29.7%
3rd Q	Jan-Mar 13	1,488,284			
4th Q	Apr-Jun 13	2,203,494			
Total		$6,547,953	$3,400,017	51.9%	43.6%
Variance from Budget			$543,843	19.0%	

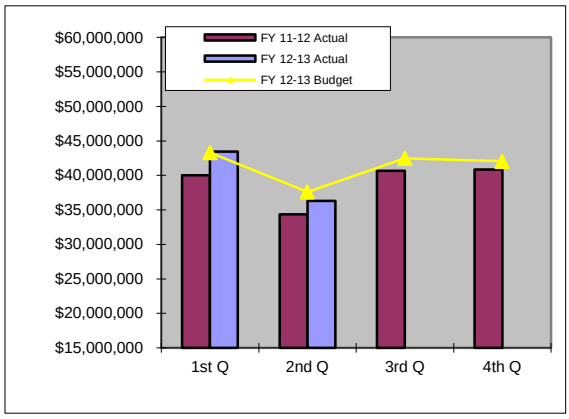


Positive

Other Revenues include collections from a variety of sources not otherwise accounted for in the major revenue categories. Primary components of Other Revenues are Interest Earnings, Land and Building Facility Rental, and SRP In-Lieu Payments. Through the second quarter of the fiscal year, collections of Other Revenue are 51.9% of the FY 12-13 budget, compared to a historical tracking percentage of 43.6%. In terms of budget to actual variance, this category is 19% above the expected value for the second quarter. This positive variance is due to higher than budgeted in lieu tax payments for the first half of the fiscal year.

General Fund Expenditures Quarterly Analysis

		FY 12-13 Adopted Budget*	FY 12-13 Actual Exp	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	43,324,815	43,470,652	26.3%	26.2%
2nd Q	Oct-Dec 12	37,615,243	36,290,566	21.9%	22.7%
3rd Q	Jan-Mar 13	42,463,946			
4th Q	Apr-Jun 13	42,040,487			
Total		165,444,491	79,761,218	48.2%	48.9%
Variance from Budget			(1,178,840)	-1.5%	



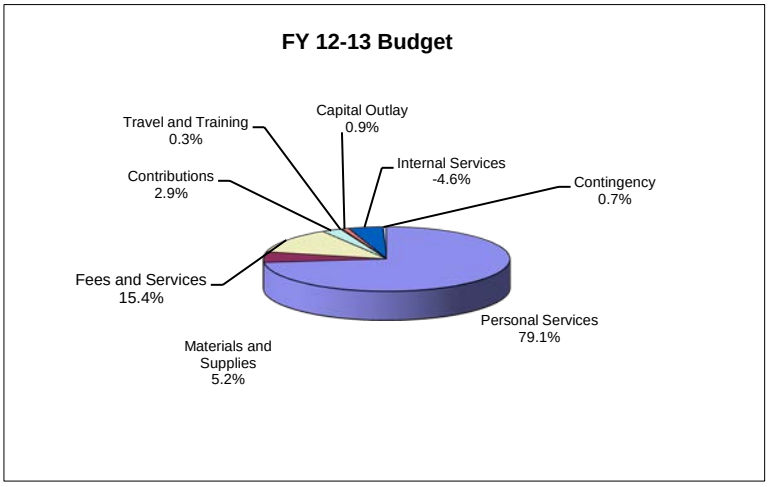
*For tracking purposes, adopted Budget excludes $1 million contingency appropriation and $3.8 million OPEB Advance funding payment.

Positive

Through the second quarter of FY 12-13, General Fund expenditures are 48.2% of budget, compared with a historical percentage of 48.9%. In terms of budget to actual variance, General Fund expenditures are 1.5% below budget through the second quarter. Departmental quarterly expenditure tracking data can be found on pages 8 through 15 of this report.

General Fund Expenditures By Category

Categories	FY 12-13 Adopted Budget	% of Adopted Budget
Personal Services	133,026,513	80.4%
Materials and Supplies	9,672,413	5.8%
Fees and Services	23,310,584	14.1%
Contributions	4,633,098	2.8%
Travel and Training	368,723	0.2%
Capital Outlay	1,620,007	1.0%
Internal Services	(8,137,609)	-4.9%
Transfers	950,762	0.6%
Total	165,444,491	

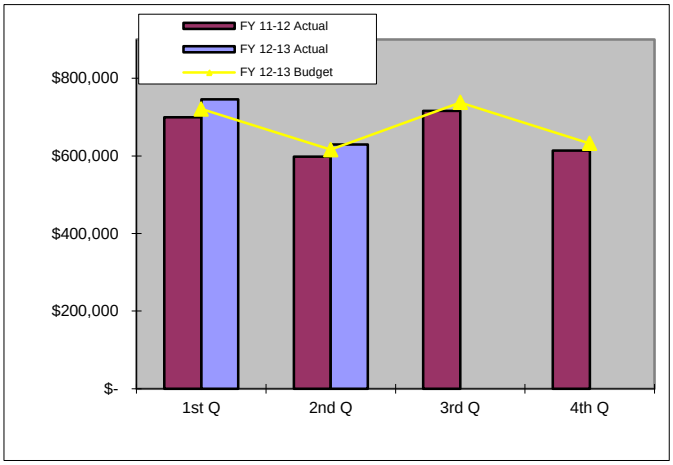


City Attorney

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 12	$720,597	$745,777	27.6%	26.6%
2nd Q	Oct-Dec 12	616,004	629,382	23.3%	22.8%
3rd Q	Jan-Mar 13	737,604			
4th Q	Apr-Jun 13	632,248			
Total		$2,706,453	$1,375,159	50.8%	49.4%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	38,558	2.9%



Watch

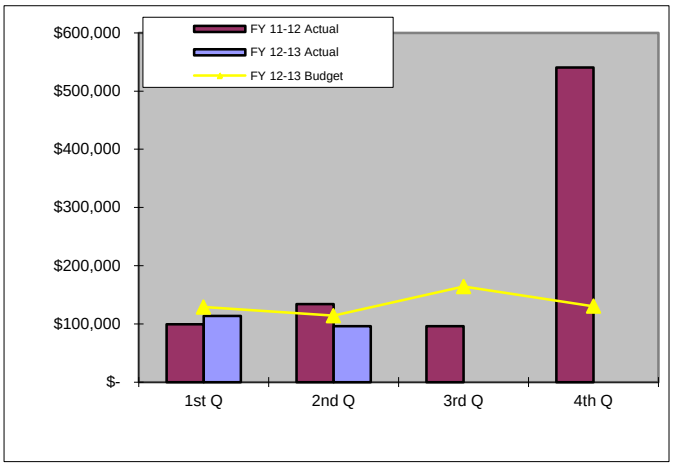
The City Attorney spent 50.8% of its FY 12-13 budget through the second quarter, compared to a historical average of 49.4%. In terms of budget to actual variance, expenditures are 2.9% higher than budgeted for the second quarter. This variance is largely due to unbudgeted spending on wages for temporary employees.

City Clerk

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 12	$128,803	$113,885	21.2%	24.0%
2nd Q	Oct-Dec 12	113,953	96,011	17.9%	21.2%
3rd Q	Jan-Mar 13	163,986			
4th Q	Apr-Jun 13	130,389			
Total		$537,131	$209,896	39.1%	45.2%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	(32,860)	-13.5%



Positive

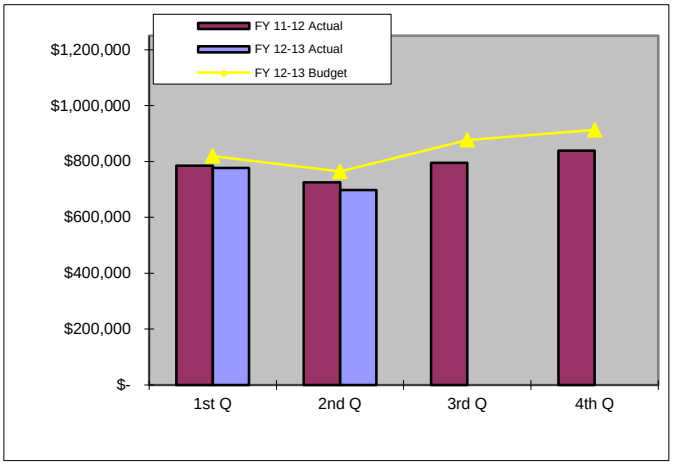
The City Clerk spent 39.1% of its FY 12-13 budget through the second quarter, compared to a historical average of 45.2%. In terms of variance from budget in the second quarter, expenditures are $32,860 or 13.5% below the expected amount.

City Court

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	819,498	$776,283	23.0%	24.3%
2nd Q	Oct-Dec 12	763,878	697,020	20.7%	22.7%
3rd Q	Jan-Mar 13	876,365			
4th Q	Apr-Jun 13	912,656			
Total		$3,372,398	$1,473,303	43.7%	47.0%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget		(110,074)	-7.0%



Positive

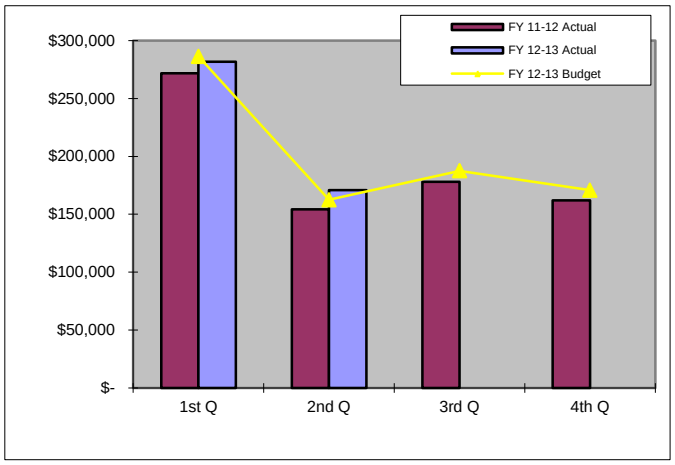
The City Court spent 43.7% of its FY 12-13 budget through the second quarter, compared to the historical average of 47%. In terms of variance from budget in the second quarter, expenditures are $110,074 or 7% below the expected amount.

City Manager

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$286,442	$281,791	34.9%	35.5%
2nd Q	Oct-Dec 12	162,470	170,899	21.2%	20.1%
3rd Q	Jan-Mar 13	187,494			
4th Q	Apr-Jun 13	170,762			
Total		$807,168	$452,690	56.1%	55.6%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget		3,778	0.8%



Positive

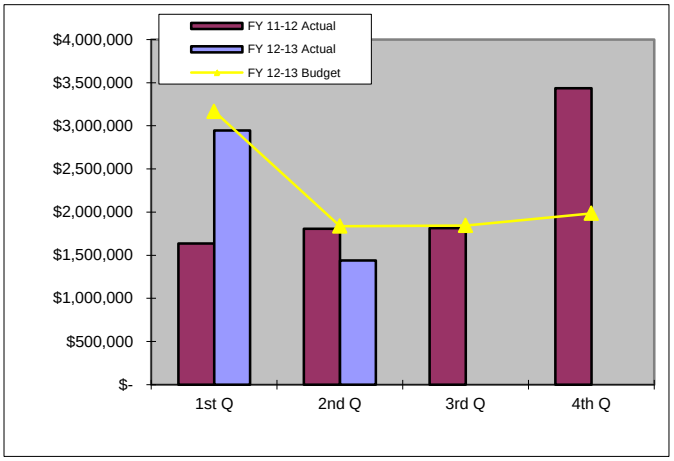
The City Manager spent 56.1% of its FY 12-13 budget through the second quarter, compared to the historical average of 55.6%. In terms of variance from budget in the second quarter, expenditures are $3,788 or 0.8% above the expected amount.

Community Development

		FY 12-13 Adopted Budget*	FY 12-13 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$3,167,337	$2,947,250	33.4%	35.8%
2nd Q	Oct-Dec 12	1,837,260	1,438,522	16.3%	20.8%
3rd Q	Jan-Mar 13	1,845,509			
4th Q	Apr-Jun 13	1,985,602			
Total		$8,835,708	$4,385,772	49.6%	56.6%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (618,826) -12.4%



Positive

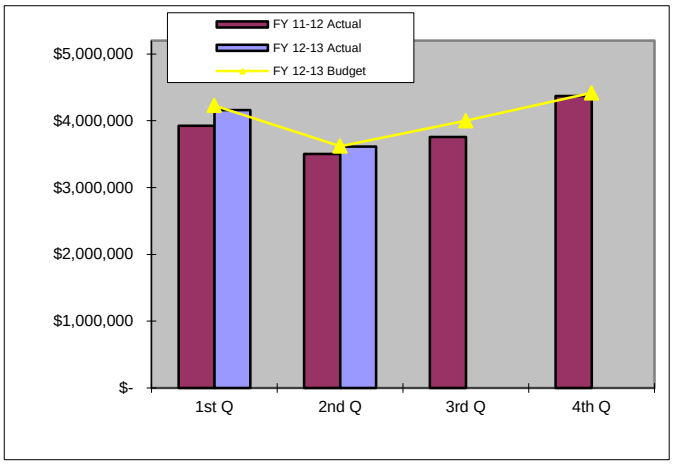
The Community Development Department spent 49.6% of its FY 12-13 budget through the second quarter, compared to the expected value of 56.6%. In terms of variance from budget in the second quarter, expenditures are $618,826 or 12.4% below the expected amount. It is worth noting that this variance excludes an encumbrance of $382,973 for contracted services. Though this amount has not been formally expended, it is important that it be considered in the analysis of available funds for the remainder of the year.

Community Services

		FY 12-13 Adopted Budget*	FY 12-13 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$4,228,733	$4,161,747	25.6%	26.0%
2nd Q	Oct-Dec 12	3,620,404	3,615,719	22.2%	22.3%
3rd Q	Jan-Mar 13	4,001,344			
4th Q	Apr-Jun 13	4,418,159			
Total		$16,268,640	$7,777,466	47.8%	48.2%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (71,672) -0.9%



Positive

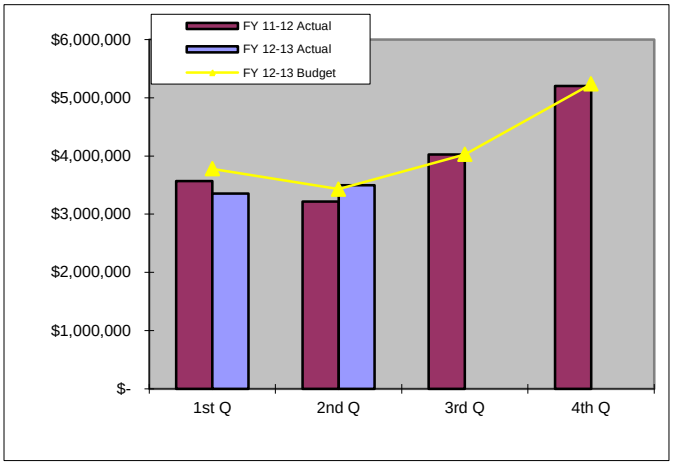
The Community Services Department spent 47.8% of its FY 12-13 budget through the second quarter, compared to the historical average of 48.2%. In terms of variance from budget through the second quarter, expenditures are $71,672 or 0.9% below the expected amount.

Finance and Technology

		FY 12-13 Adopted Budget*	FY 12-13 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$3,780,778	$3,352,530	20.4%	23.0%
2nd Q	Oct-Dec 12	$3,428,915	3,495,054	21.2%	20.8%
3rd Q	Jan-Mar 13	$4,026,125			
4th Q	Apr-Jun 13	$5,236,580			
Total		$16,472,397	$6,847,584	41.6%	43.8%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	(362,108)	-5.0%



Positive

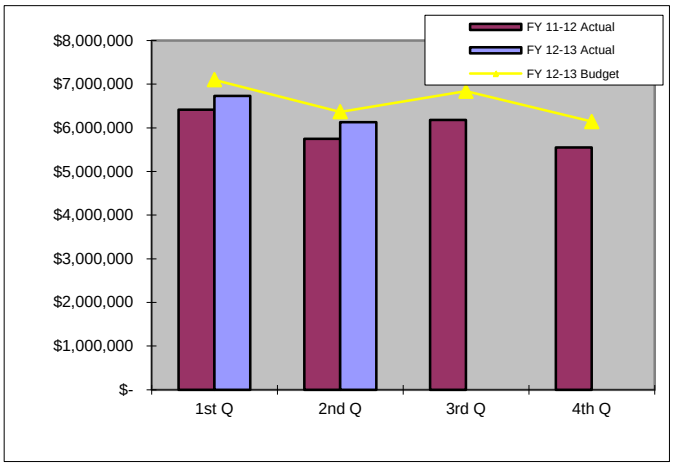
The Finance and Technology Department spent 41.6% of its FY 12-13 budget through the second quarter, compared with a historical average of 43.8%. In terms of variance from budget through the second quarter, expenditures are $362,108 or 5% below the expected amount.

Fire

		FY 12-13 Adopted Budget*	FY 12-13 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$7,101,690	$6,734,057	25.5%	26.8%
2nd Q	Oct-Dec 12	6,367,200	6,130,816	23.2%	24.1%
3rd Q	Jan-Mar 13	6,841,430			
4th Q	Apr-Jun 13	6,143,063			
Total		$26,453,384	$12,864,873	48.6%	50.9%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	(604,017)	-4.5%



Positive

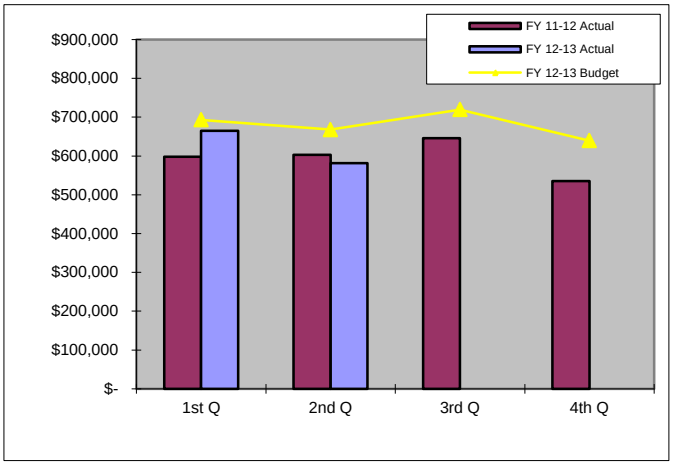
The Fire Department spent 48.6% of its FY 12-13 budget through the second quarter, compared with a historical percentage of 50.9%. In terms of variance from budget in the second quarter, expenditures are $604,017 or 4.5% below the expected amount.

Human Resources

		FY 12-13 Adopted Budget*	FY 12-13 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$693,032	$664,881	24.4%	25.5%
2nd Q	Oct-Dec 12	668,123	581,799	21.4%	24.6%
3rd Q	Jan-Mar 13	719,726			
4th Q	Apr-Jun 13	639,338			
Total		$2,720,218	$1,246,680	45.8%	50.0%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget		(114,474)	-8.4%



Positive

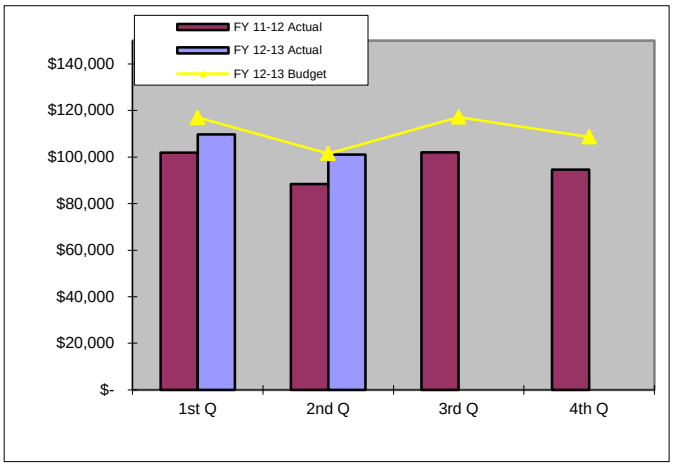
The Human Resources Department spent 45.8% of its FY 12-13 budget through the second quarter, compared with a historical average of 50%. In terms of variance from budget in the second quarter, expenditures are $114,474 or 8.4% below the expected amount.

Mayor and Council

		FY 12-13 Adopted Budget*	FY 12-13 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$116,950	$109,751	24.7%	26.3%
2nd Q	Oct-Dec 12	101,509	101,116	22.8%	22.8%
3rd Q	Jan-Mar 13	117,145			
4th Q	Apr-Jun 13	108,639			
Total		$444,243	$210,867	47.5%	49.2%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget		(7,592)	-3.5%



Positive

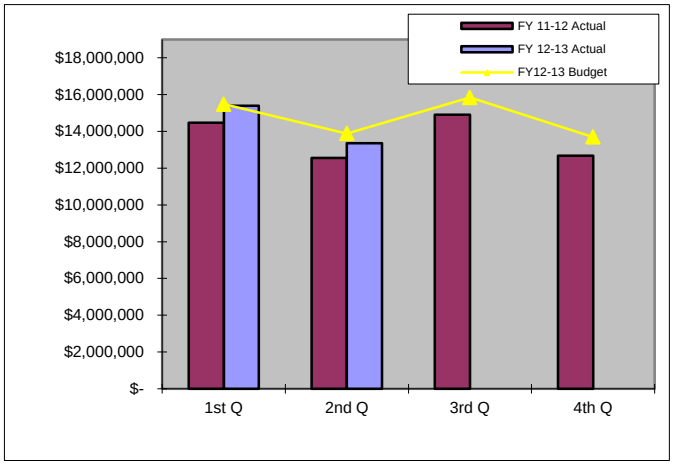
The Mayor and Council spent 47.5% of its FY 12-13 budget through the second quarter, compared with a historical average of 49.2%. In terms of variance from budget in the second quarter, expenditures are $7,592 or 3.5% below the expected amount.

Police

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$15,477,400	$15,397,363	26.1%	26.3%
2nd Q	Oct-Dec 12	13,887,777	13,354,392	22.7%	23.6%
3rd Q	Jan-Mar 13	15,847,845			
4th Q	Apr-Jun 13	13,693,112			
Total		$58,906,133	$28,751,755	48.8%	49.9%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (613,421) -2.1%



Positive

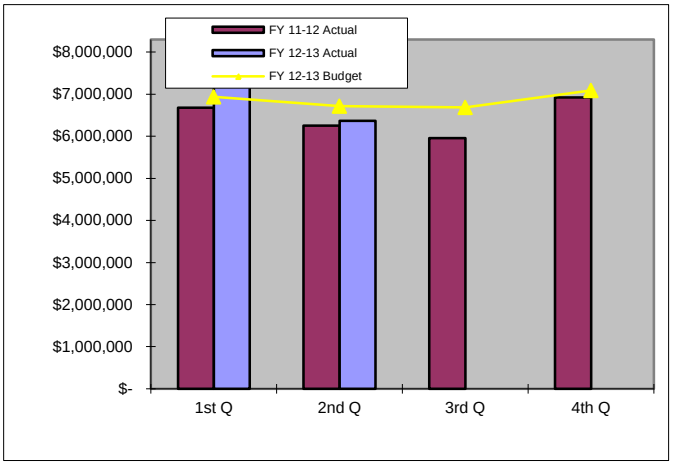
The Police Department spent 48.8% of its FY 12-13 budget through the second quarter, compared to a historical average of 49.9%. In terms of variance from budget through the second quarter, expenditures are $613,421 or 2.1% below the expected amount.

Public Works

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$6,936,356	$7,271,768	26.5%	25.3%
2nd Q	Oct-Dec 12	6,717,608	6,369,583	23.2%	24.5%
3rd Q	Jan-Mar 13	6,685,126			
4th Q	Apr-Jun 13	7,087,587			
Total		$27,426,677	$13,641,351	49.7%	49.8%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (12,614) -0.1%



Positive

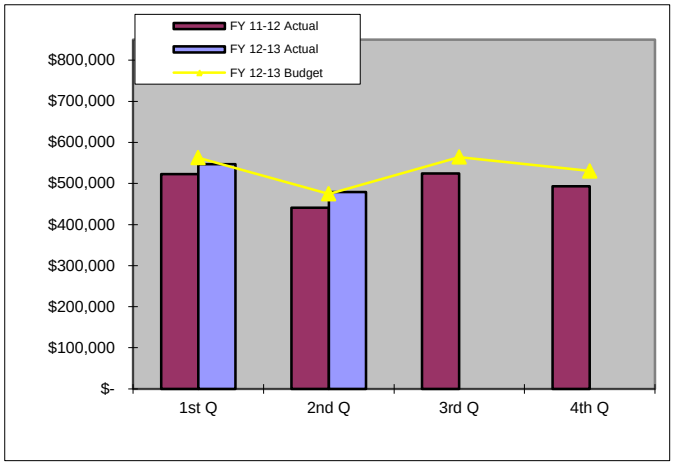
The Public Works Department spent 49.7% of its FY 12-13 General Fund budget through the second quarter, compared with a historical average of 49.8%. In terms of variance from budget through the second quarter, expenditures are $12,614 or 0.1% below the expected amount.

Community Relations Office

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$562,837	$546,576	25.6%	26.4%
2nd Q	Oct-Dec 12	474,604	478,763	22.5%	22.3%
3rd Q	Jan-Mar 13	564,402			
4th Q	Apr-Jun 13	530,512			
Total		$2,132,354	$1,025,339	48.1%	48.7%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget		(12,102)	-1.2%



Positive

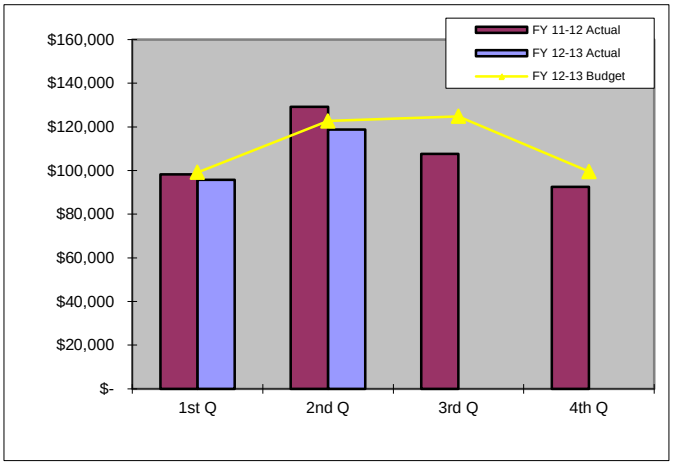
The Community Relations Office spent 48.1% of its FY 12-13 budget through the second quarter, compared to a historical average of 48.7%. In terms of variance from budget through the second quarter, expenditures are $12,102 or 1.2% below the expected amount.

Diversity Office

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$99,198	$95,717	21.4%	22.2%
2nd Q	Oct-Dec 12	122,678	118,814	26.6%	27.5%
3rd Q	Jan-Mar 13	124,871			
4th Q	Apr-Jun 13	99,565			
Total		$446,312	$214,531	48.1%	49.7%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget		(7,345)	-3.3%



Positive

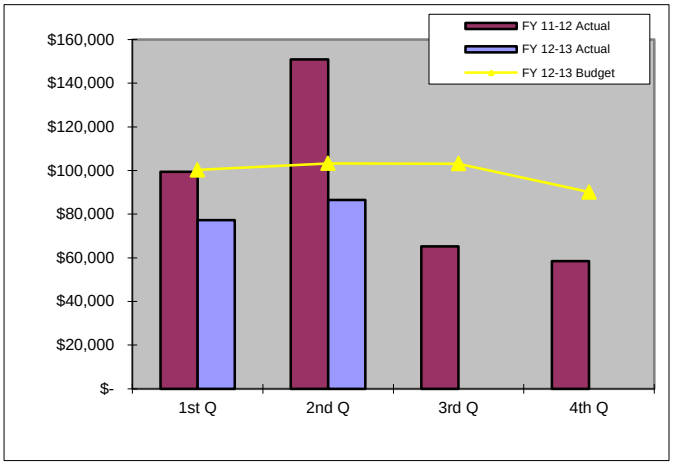
The Diversity Office spent 48.1% of its FY 12-13 budget through the second quarter, compared to a historical average of 49.7%. In terms of variance from budget in the second quarter, expenditures are $7,345 or 3.3% below the expected amount.

Internal Audit Office

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$100,257	$77,280	19.5%	25.3%
2nd Q	Oct-Dec 12	103,249	86,514	21.8%	26.0%
3rd Q	Jan-Mar 13	103,122			
4th Q	Apr-Jun 13	90,125			
Total		$396,752	$163,794	41.3%	51.3%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (39,712) -19.5%



Positive

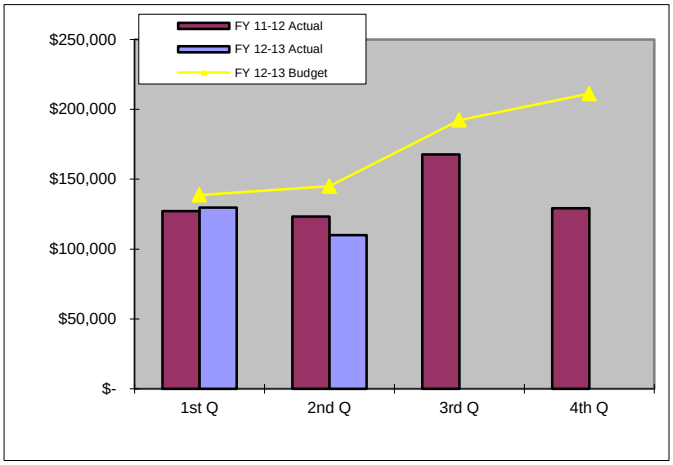
The Internal Audit Office spent 41.3% of its FY 12-13 budget through the second quarter, compared to the historical pattern of 51.3% during this period. In terms of variance from budget through the second quarter, expenditures are $39,712 or 19.5% below the expected amount.

Tempe Learning Center

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$138,635	$129,639	18.9%	20.2%
2nd Q	Oct-Dec 12	145,000	109,991	16.0%	21.1%
3rd Q	Jan-Mar 13	192,332			
4th Q	Apr-Jun 13	211,277			
Total		$687,244	$239,630	34.9%	41.3%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (44,005) -15.5%



Positive

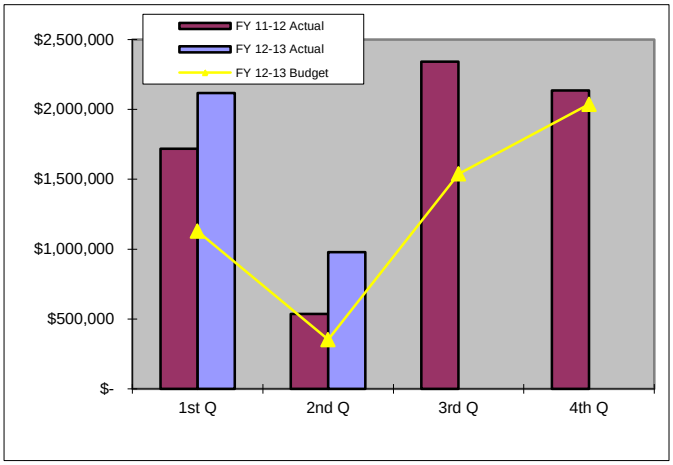
The Tempe Learning Center spent 34.9% of its FY 12-13 budget through the end of the second quarter, compared to a historical average of 41.3%. In terms of variance from budget in the second quarter, expenditures are $44,005 or 15.5% below the expected amount.

Non-Departmental

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	$1,128,069	$2,117,282	41.9%	22.3%
2nd Q	Oct-Dec 12	$352,241	977,562	19.3%	8.9%
3rd Q	Jan-Mar 13	$1,538,332			
4th Q	Apr-Jun 13	$2,037,058			
Total		$5,055,700	$3,094,844	61.2%	31.2%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget		1,614,533	109.1%

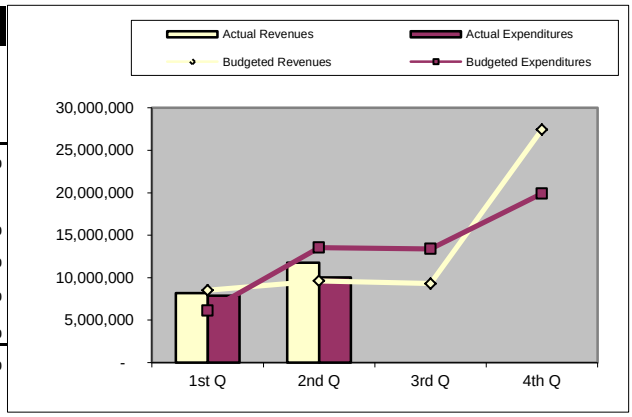


Negative

The Non-Departmental category of the budget includes items that do not directly relate to the operations of any one of the City's operating departments. Some examples of such expenditures include the payment of the Tempe Convention and Visitors Bureau's portion of the Bed Tax, the operating budget and agency funding allocations to the Tempe Community Council, and the Insight Bowl sponsorship. Through the second quarter of FY 2012-13 Non-Departmental expenditures are 61.2% of budget compared to the historical pattern of 31.2%. In terms of variance from budget through the second quarter, expenditures are $1.6 million or 109.1% above the expected amount. This is due to two issues. First, the timing of a payment for the Insight Bowl sponsorship, which has been paid entirely in the 4th quarter in the past but was paid in the first quarter of FY 2012-13. In addition, the Non Departmental Budget includes an offsetting credit (a negative budget) to account for ongoing vacancy savings in General Fund departments. As of the end of the second quarter these savings have accumulated in the individual departments, and in many cases represent the budget savings shown in the preceding pages of this report. Based on discussions with the Senior Management Team the Finance and Technology Department will transfer these savings from the departmental budgets to the Non-Departmental budget to offset a portion of the credit.

Transit Fund

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Total Revenues	54,862,232	19,911,036	36.3%
Operating	47,976,222	17,230,879	35.9%
Capital	152,500	91,394	59.9%
Debt Service	3,854,544	565,318	14.7%
Transfers Out	959,366	-	0.0%
Total Exp	52,942,632	17,887,591	33.8%
Net Rev/Exp	1,919,600	2,023,445	



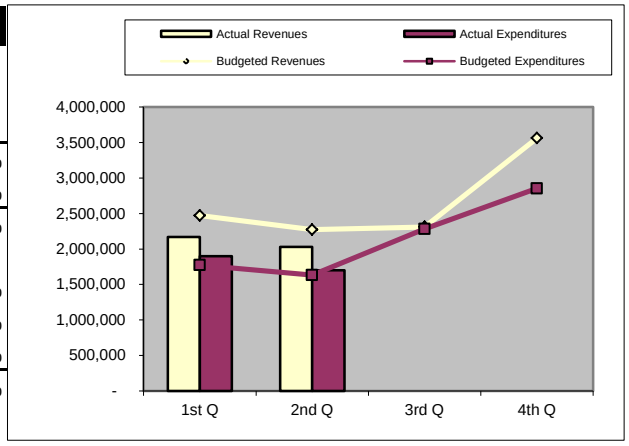
*amounts exclude encumbrances and one-time defeasance of $54 million of outstanding debt

Positive

The Transit Fund accounts for the receipt of the Mass Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, and operations, community outreach, and debt service. Through the end of the second quarter, there is an operating surplus in the Transit Fund of $2 million. Transit Fund revenue is at 36.3% of budget compared to a historical tracking percentage of 33%. Expenditures are 33.8% of budget compared to the recent historical tracking percentage of 37.1%. The expenditure variance total excludes $8.7 million of encumbrances for payments for Fees and Services.

Highway User Revenue Fund

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Revenues	9,172,143	4,200,760	45.8%
Transfers In	1,446,000	-	0.0%
Total Revenues	10,618,143	4,200,760	39.6%
Operating	7,963,757	3,587,064	45.0%
Capital	75,500	4,603	6.1%
Transfers Out	503,304	6,608	1.3%
Total Exp	8,542,561	3,598,274	42.1%
Net Rev/Exp	2,075,582	602,486	



*amounts exclude encumbrances

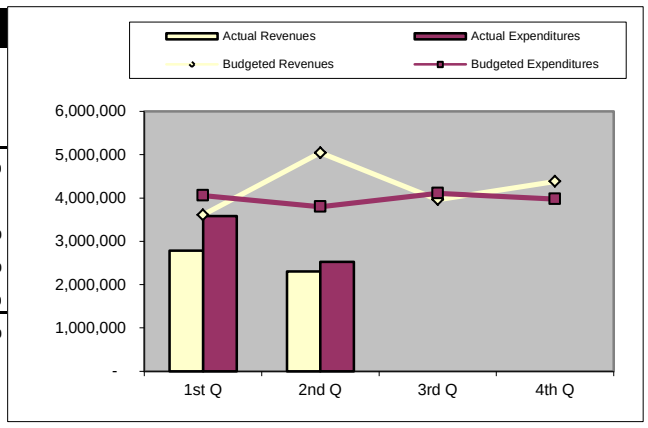
Watch

The Highway User Revenue Fund (HURF) accounts for the receipt of Highway User Revenue fund distributions from the state. These revenues are derived largely from fuel taxes and vehicle registration fees, and are allocated based on Tempe's share of state population. HURF resources are dedicated to Street and Traffic Operations, Maintenance, and Construction activities in the City, and a portion of fund resources are transferred out for annual debt service expenditures. Through the second quarter of FY 12-13, the fund is operating at a $602,486 thousand surplus. Revenues are 39.6% of budget, compared with 44.7% historically, while expenditures are 42.1% of budget compared to a historical trend of 39.9%. This fund is on watch status due to the under performance of revenue through the first half of the year.

CDBG/Section 8 Funds

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Total Revenues	15,943,255	5,087,785	31.9%
Operating Expenses	15,160,331	5,727,064	37.8%
Capital Expenses	31,585	28,485	90.2%
Debt Service	631,404	351,205	55.6%
Total Exp	15,823,320	6,106,753	38.6%
Net Rev/Exp	119,935	(1,018,968)	

*amounts exclude encumbrances



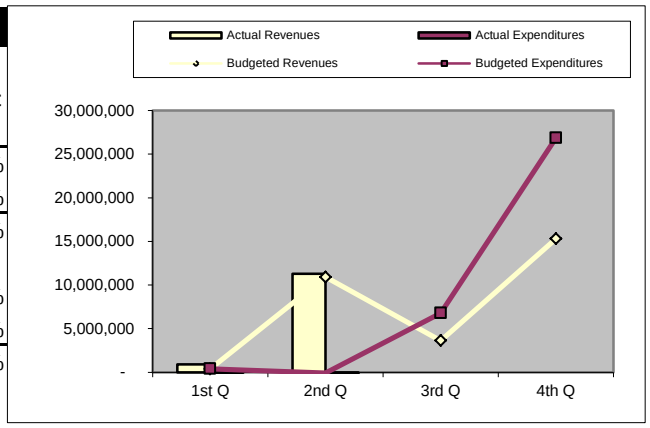
Positive

The Community Development Block Grant (CDBG) and Section 8 Funds are established to account for the receipt and expenditure of federal grants for redevelopment and rental subsidies for low income residents. Revenues through the second quarter total 31.9% of the FY 12-13 budget, compared to the historical percentage of 46.7%. Expenditures through the second quarter total 31.9% of the FY 12-13 budget, compared to the historical percentage of 38.6%. The net effect on fund status through the second quarter is an operating deficit that is larger than the historical pattern, though this is largely due to the timing of grant revenues.

Debt Service Fund

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Revenues	23,658,581	11,643,695	49.2%
Transfers In	6,540,953	555,463	8.5%
Total Revenues	30,199,534	12,199,158	40.4%
Debt Service	28,623,373	(314,043)	-1.1%
Transfers Out	5,304,190	-	0.0%
Total Exp	33,927,563	(314,043)	-0.9%
Net Rev/Exp	(3,728,029)	12,513,201	

*amounts exclude encumbrances and impact of bond refunding

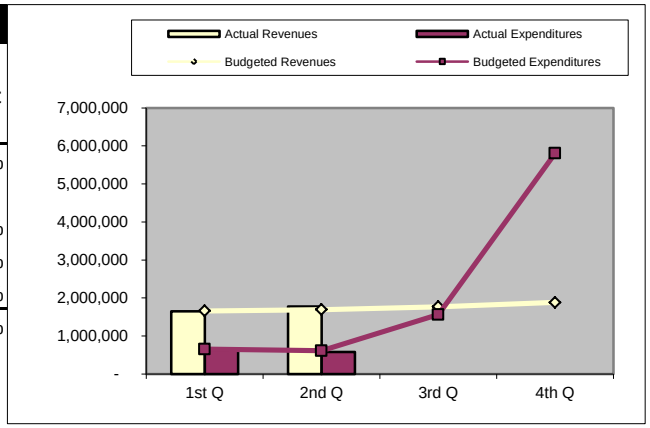


Positive

The Debt Service Fund accounts for the receipt of secondary Property Taxes to be used for payment of debt service on the City's tax supported debt. Actual revenues and expenditures through the second quarter are in line with historical budget comparisons and within budgeted parameters.

Performing Arts Fund

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Total Revenues	$7,001,504	$3,424,670	48.9%
Operating	2,580,047	1,213,950	47.1%
Debt Service	5,932,350	2,700	0.0%
Transfers Out	116,622	-	0.0%
Total Exp	$8,629,019	$1,216,650	14.1%
Net Rev/Exp	(1,627,515)	2,208,020	



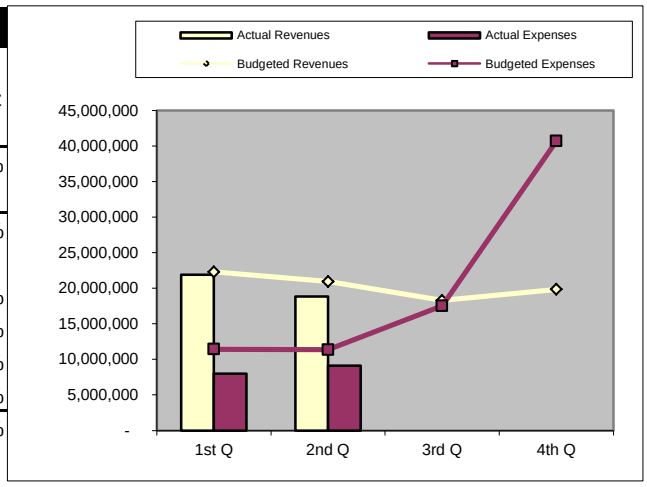
Positive

*amounts exclude encumbrances

The Performing Arts Fund accounts for the receipt of the 0.1% Performing Arts Sales Tax, which is used to fund operating and debt service expenses associated with the Tempe Center for the Arts. Revenues through the second quarter of FY 12-13 are 48.9% of budget, compared to the historical tracking percentage of 47.8%. Total expenditures are 14.1% of budget, which is in line with the historical percentage of 14.6%.

Water/ Waste Water Fund

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Revenues	$76,104,967	$40,750,627	53.5%
Transfers In	5,304,190	-	
Total Revenues	81,409,157	40,750,627	50.1%
Operating Expenses	41,642,248	16,878,168	40.5%
Capital Expenses	1,229,386	139,395	11.3%
Debt Service	32,875,000	(43,881)	-0.1%
Transfers Out	5,681,268	153,156	2.7%
Total Expenses	$81,427,902	$17,126,839	21.0%
Net Rev/Exp	(18,745)	23,623,789	



*amounts exclude encumbrances and inventory accounts

Positive

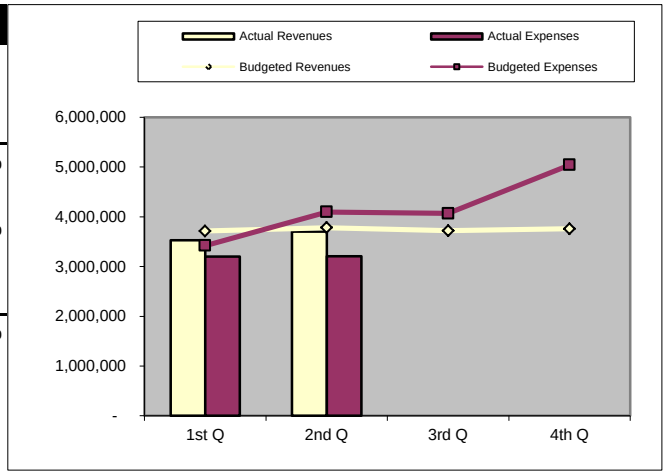
The Water/ Waste Water Fund is a self-supporting enterprise fund used to account for all water and wastewater treatment operations in the City. Total revenues through the second quarter of FY 12-13 are 50.1% of budget compared to the historical average of 53.1%. Total expenses through the second quarter are 21% of budget compared to 28.1% historically. The adopted annual budget includes a $19 thousand planned drawdown of fund balance; through the second quarter the fund posted a $23 million operating surplus. This is the result of the timing of debt service payments and payments for regional wastewater services which occur in the fourth quarter.

Solid Waste Fund

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Total Revenues	14,976,722	7,231,692	48.3%
Operating Expenses	14,219,645	6,377,977	44.9%
Transfers	540,668	-	-
Capital Expenses	1,873,107	32,493	-
Total Expenses	16,633,420	6,410,470	38.5%
Net Rev/Exp	(1,656,698)	821,222	

*amounts exclude encumbrances

Positive



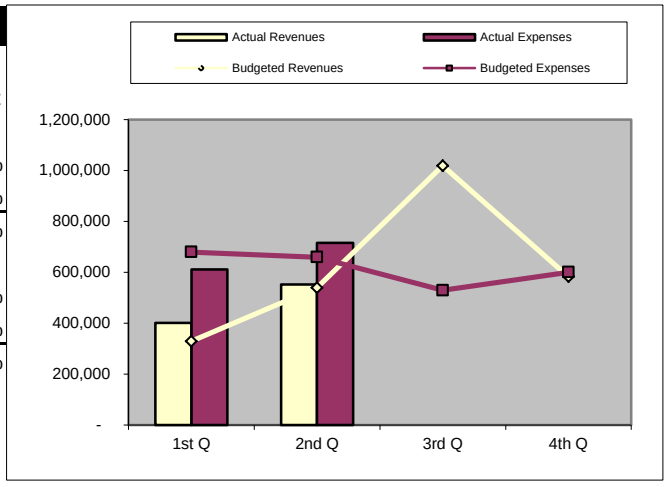
The Solid Waste Fund is a self-supporting enterprise fund intended to recover all operating, maintenance, and capital costs of providing residential and commercial solid waste services. Total revenues through the second quarter of FY 12-13 are 48.3% of budget compared to 50.1% historically. Total expenses through the second quarter are 38.5% of budget compared to 45.2% historically. The adopted budget includes a $1.7 million operating deficit; through the second quarter, the operating surplus is $821 thousand. It is worth noting that the expenses through the second quarter exclude a $1.7 million encumbrance for equipment purchases.

Golf Fund

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Operating Revenues	**2,394,000**	878,197	36.7%
Transfers	75,000	74,000	99%
Total Revenues	2,469,000	952,197	38.6%
Operating Expenses	2,270,763	1,273,679	56.1%
Capital Expenses	196,802	52,333	27%
Total Expenses	2,467,565	1,326,012	53.7%
Net Rev/Exp	1,435	(373,815)	

*amounts exclude encumbrances

Positive

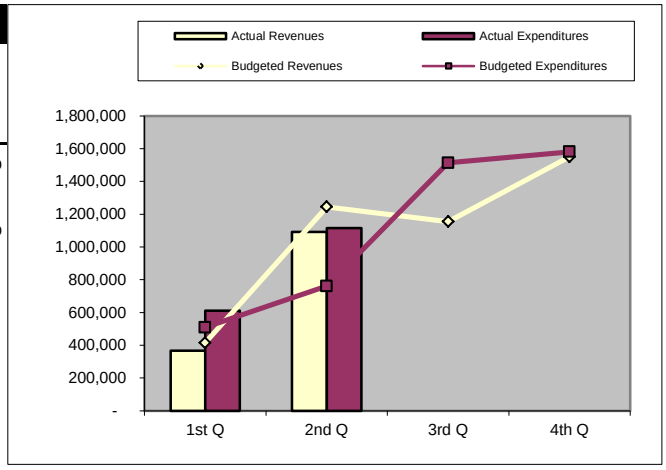


The Golf Fund is a self-supporting enterprise fund that provides for operation, maintenance, and debt service costs associated with two municipal golf courses. Total revenues through the second quarter of FY 12-13 are 38.6% of budget compared to 35.2% historically. Total expenses through the second quarter are 53.7% of budget compared to the historical tracking percentage of 54.2%. The adopted budget projects a $119,822 operating deficit through the second quarter based on historical patterns, compared to the actual deficit of $373,815. Better than expected revenue performance in the third quarter, which is normally the golf enterprise's strongest collections month, can help alleviate the deficit situation. It is advised, however, that expenses be monitored going forward to ensure the fund ends the year with a surplus.

Police Dept-RICO & Grants

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Total Revenues	4,365,104	1,459,109	33.4%
Total Expenses	4,365,104	1,726,751	39.6%
Net Rev/Exp	-	(267,642)	

*amounts exclude encumbrances and contingency appropriations



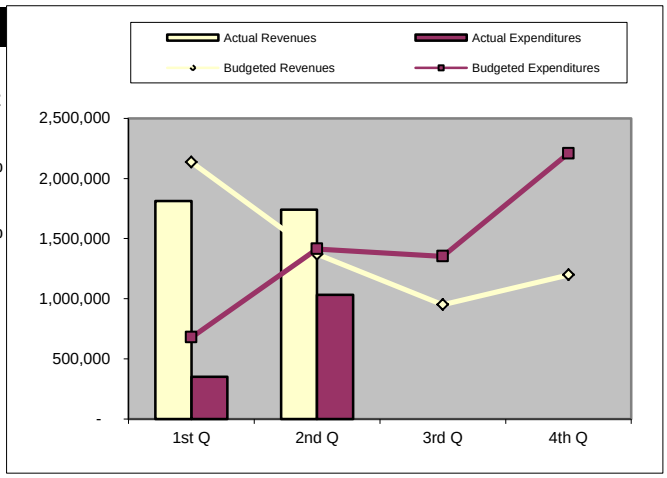
Positive

The Police Dept.-RICO & Grants Fund accounts for the receipt and expenditure of grants, donations, asset forfeitures, and tow hearing fines associated with Police Department activities. Revenues through the second quarter total 33.4% of the FY 12-13 budget, compared to the historical percentage of 38%. Expenditures through the second quarter total 39.6% of the FY 12-13 budget, compared to the historical percentage of 29.1%. The net effect on fund status through the second quarter is an operating deficit that is larger than the historical pattern. It is recommended that the department review expenditure expectations and adjust reimbursement requests accordingly.

Governmental Grants or Donations

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Total Revenues	5,653,863	3,552,967	62.8%
Total Expenses	5,653,863	1,384,343	24.5%
Net Rev/Exp	-	2,168,624	

*amounts exclude encumbrances and contingency appropriations



Positive

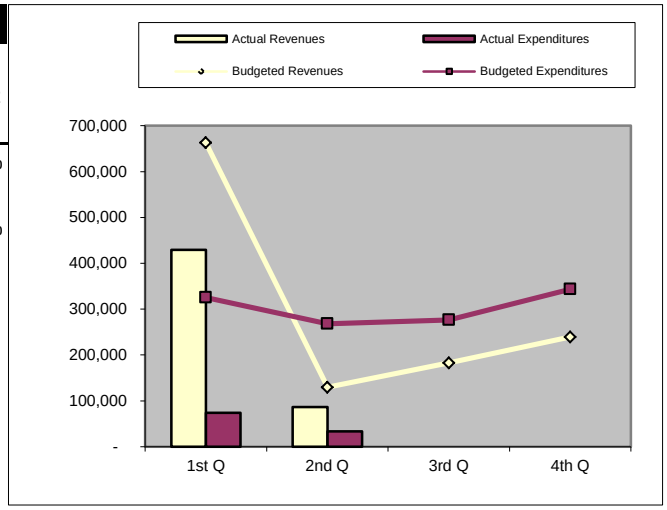
The Governmental Grants or Donations Fund accounts for the receipt and expenditure of grants, donations, and other miscellaneous revenues related with general governmental activities. Revenues through the second quarter total 62.8% of the FY 12-13 budget, compared to the historical percentage of 62%. Expenditures through the second quarter total 24.5% of the FY 12-13 budget, compared to the historical percentage of 29.1%. The large operating surplus through the second quarter is mostly due to the carry forward of the prior year's grants revenues, which will be expended during the remainder of the year according to the provisions of the applicable grant agreements.

Court Enhancement Fund

	FY 12-13 Budget	FY 12-13 Q2 Actual*	% Budget to Date
Total Revenues	1,214,465	515,482	42.4%
Total Expenditures	1,214,465	107,081	8.8%
Net Rev/Exp	-	408,401	

*amounts exclude encumbrances and contingency appropriations

Positive



The Court Enhancement Fund is established to account for fine, fee and forfeiture revenues dedicated for City Court purposes pursuant to state statute and city code. Revenues through the second quarter total 42.4% of the FY 12-13 budget, compared to the historical percentage of 65.3%. Expenditures through the second quarter total 8.8% of the FY 12-13 budget, compared to the historical percentage of 48.9%.