

Memorandum

Municipal Budget Office



Date: November 7, 2014

To: Mayor and Councilmembers

From: Ken Jones, Deputy City Manager, CFO

Subject: Quarterly Financial Report – Quarter Ended September 30, 2014

Attached is the Quarterly Financial Report for the first quarter of Fiscal Year 2014-15, (the quarter ending September 30, 2014). We have included a quick-reference Table of Contents on Page 1, which 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 report can also be found on the Municipal Budget Office's Internet page.

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



Quarterly Financial Performance Report

Through First Quarter Ended September 30, 2014

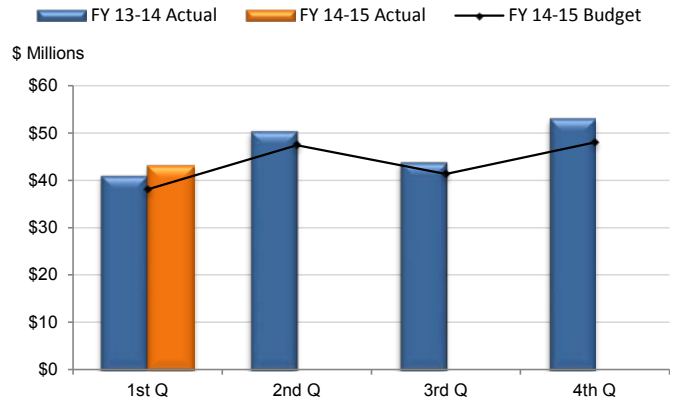
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Performance Ratings Key

- Positive** = A positive variance, or a negative variance of less than 2%, which shows the category is performing close to historical trends.
- Watch** = A negative variance between 2-5%, compared to historical trends.
- Negative** = A negative variance of greater than 5%, compared to historical trends.



		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 38,079,944	\$ 43,123,189	24.7%	22.0%
2nd Q	Oct-Dec 14	47,452,253			
3rd Q	Jan-Mar 15	41,342,381			
4th Q	Apr-Jun 15	48,050,439			
Total		\$ 174,925,017	\$ 43,123,189	24.7%	22.0%
Variance from Budget			\$ 5,043,245	2.7%	



Positive

Through the first quarter of FY 2014-15, General Fund revenue is 24.7% of budget, compared with a historical percentage of 22.0%. In terms of budget-to-actual variance, total collections are above the anticipated revenue target for the first quarter. 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.



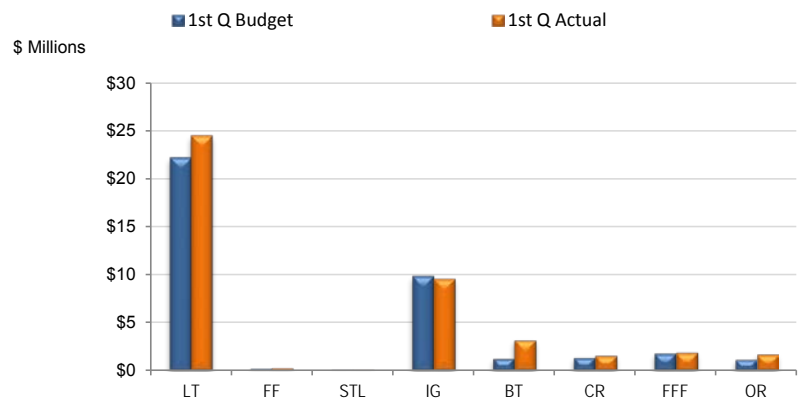
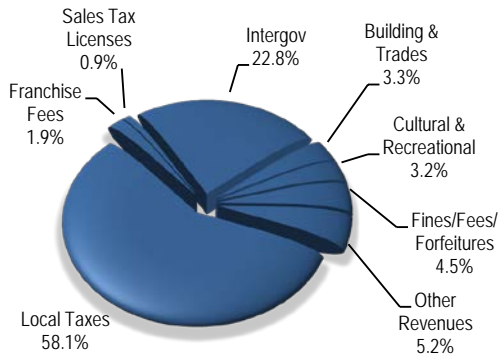
General Fund Revenue by Category

Revenue Categories	FY 14-15 Annual Budget	% of Annual Budget
Local Taxes	\$ 101,550,178	58.1%
Franchise Fees	3,255,702	1.9%
Sales Tax Licenses	1,636,750	0.9%
Intergovernmental	39,906,841	22.8%
Building & Trades	5,827,381	3.3%
Cultural & Recreational	5,624,920	3.2%
Fines/Fees/Forfeitures	7,943,080	4.5%
Other Revenues	9,180,165	5.2%
Total	\$ 174,925,017	

Cumulative Revenue through 1Q 2014-2015

	Budget Target	Actual Revenue	% of Budget Target
Local Taxes (LT)	\$ 22,196,292	\$ 24,573,780	111%
Franchise Fees (FF)	231,748	294,721	127%
Sales Tax Licenses (STL)	110,237	116,827	106%
Intergovernmental (IG)	9,856,665	9,682,162	98%
Building & Trades (BT)	1,291,159	3,232,583	250%
Cultural & Recreational (CR)	1,375,833	1,588,292	115%
Fines/Fees/Forfeitures (FFF)	1,825,244	1,902,467	104%
Other Revenues (OR)	1,192,766	1,732,357	145%
Total	\$ 38,079,944	\$ 43,123,189	113%

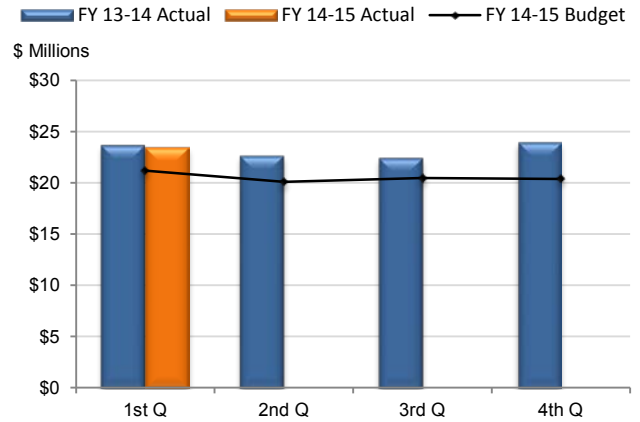
FY 14-15 Budget





Sales Tax

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 21,192,112	\$ 23,448,086	28.5%	25.8%
2nd Q	Oct-Dec 14	20,103,245			
3rd Q	Jan-Mar 15	20,473,078			
4th Q	Apr-Jun 15	20,384,157			
Total		\$ 82,152,592	\$ 23,448,086	28.5%	25.8%
Variance from Budget			\$ 2,255,974	2.7%	



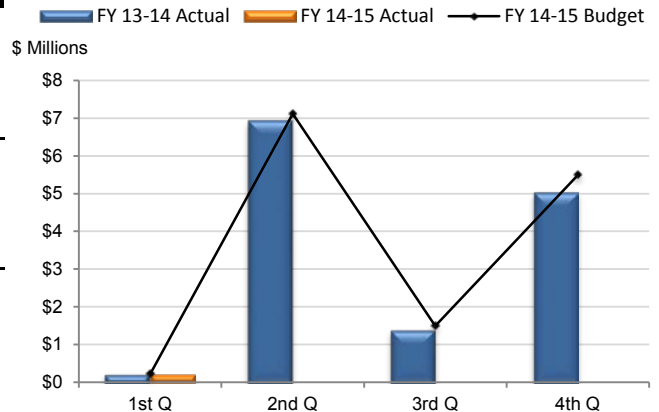
Positive

City Sales Taxes are generated by a 1.8% levy on sales transactions in the city. Of the total 1.8% rate, 1.2% 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 47.0% of the General Fund budget in FY 2014-15 making it the City's largest revenue source. Through the first quarter of FY 2014-15, Sales Tax collections are 28.5% of budget, which is above the historical average of 25.8%. In terms of budget-to-actual variance, collections are 2.7% above the budgeted value.



Property Tax

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 221,264	\$ 202,731	1.4%	1.5%
2nd Q	Oct-Dec 14	7,116,949			
3rd Q	Jan-Mar 15	1,492,386			
4th Q	Apr-Jun 15	5,494,036			
Total		\$ 14,324,634	\$ 202,731	1.4%	1.5%
Variance from Budget			\$ (18,533)	-0.1%	



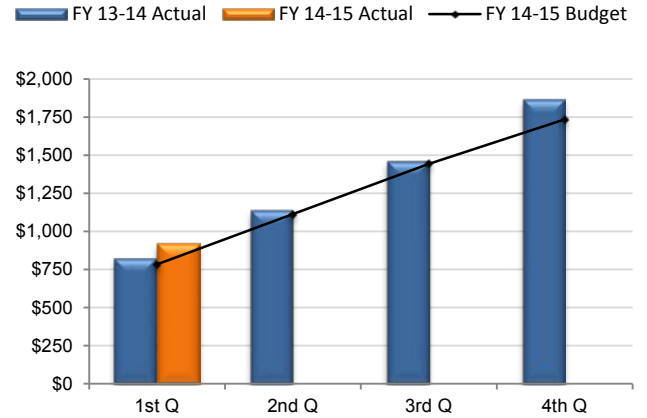
Positive

Property Tax revenue in the General Fund is generated by a \$0.92 charge per \$100 of the primary assessed valuation of real and personal property. In FY 2014-15, Property Taxes contribute 8.2% of budgeted General Fund revenue. Through the first quarter of FY 2014-15, Property Tax collections are 1.4% of budget, which is in line with the historical average of 1.5%.



Bed Tax

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 782,917	\$ 922,964	18.2%	15.4%
2nd Q	Oct-Dec 14	1,112,919			
3rd Q	Jan-Mar 15	1,443,362			
4th Q	Apr-Jun 15	1,733,755			
Total		\$ 5,072,952	\$ 922,964	18.2%	15.4%
Variance from Budget			\$ 140,047	2.8%	



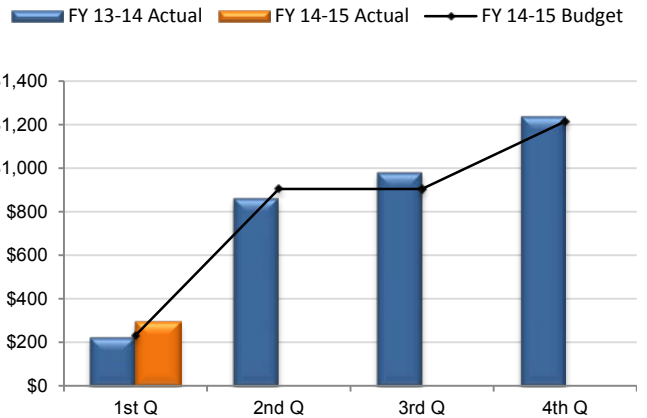
Positive

The Transient Lodging Tax, or Bed Tax is a 5.0% levy on hotel and motel sales that contributes approximately 2.9% of budgeted General Fund revenue in FY 2014-15. Bed Tax collections through the first quarter of FY 2014-15 are 18.2% of budget, approximately 2.8% above the historical average. In terms of budget-to-actual variance, collections are \$140,047 above the budgeted value.



Franchise Fees

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 231,748	\$ 294,721	9.1%	7.1%
2nd Q	Oct-Dec 14	904,907			
3rd Q	Jan-Mar 15	904,018			
4th Q	Apr-Jun 15	1,215,029			
Total		\$ 3,255,702	\$ 294,721	9.1%	7.1%
Variance from Budget			\$ 62,974	2.0%	



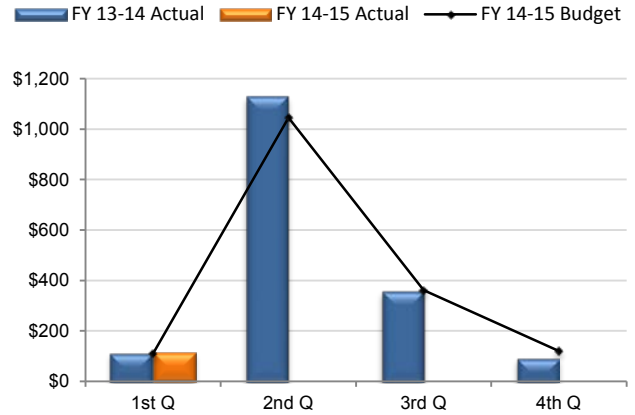
Positive

Franchise Fee revenues are collected based on specific agreements with service providers in the city, including Arizona Public Service (2.0% of revenue), Cox Communications (5.0% of gross revenue), Southwest Gas (2.0% of gross revenue), and a number of telecommunications service providers. These fees contribute 1.9% of annual General Fund revenue. Franchise Fee payments are 9.1% of the budgeted amount through the first quarter of FY 2014-15, compared to 7.1% historically. In terms of budget-to-actual variance, collections are \$62,974 above the budgeted value.



Sales Tax Licenses

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 110,237	\$ 116,827	7.1%	6.7%
2nd Q	Oct-Dec 14	1,045,016			
3rd Q	Jan-Mar 15	361,703			
4th Q	Apr-Jun 15	119,793			
Total		\$ 1,636,750	\$ 116,827	7.1%	6.7%
Variance from Budget			\$ 6,590	0.4%	



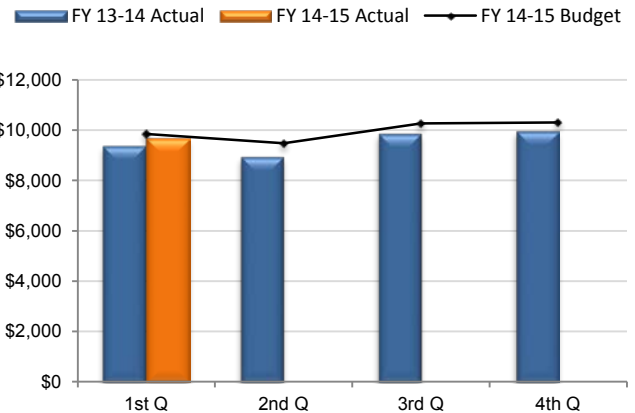
Positive

The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Sales Tax License collections through the first quarter of FY 2014-15 were 7.1% of budget, compared to the historical average of 6.7%. Sales Tax Licenses contribute 0.9% of annual General Fund revenue. In terms of budget-to-actual variance, collections are 0.4% above the budgeted value.



Intergovernmental

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 9,856,665	\$ 9,682,162	24.3%	24.7%
2nd Q	Oct-Dec 14	9,477,034			
3rd Q	Jan-Mar 15	10,265,311			
4th Q	Apr-Jun 15	10,307,831			
Total		\$ 39,906,841	\$ 9,682,162	24.3%	24.7%
Variance from Budget			\$ (174,503)	-0.4%	



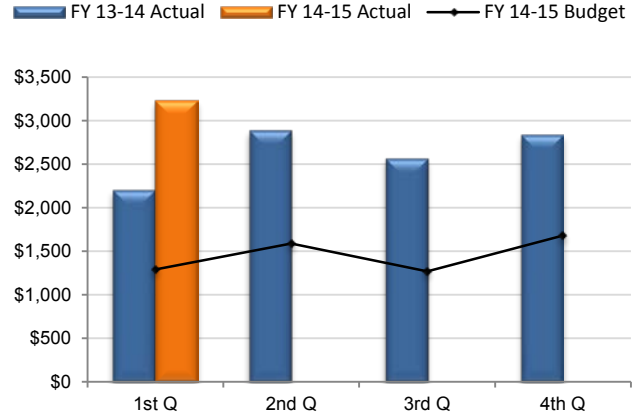
Positive

Intergovernmental Revenue includes 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 22.8% of budgeted revenue for FY 2014-15, making this the second largest General Fund revenue source after Sales Taxes. Through the first quarter of FY 2014-15, actual collections are 24.3% of budget, compared to a historical average of 24.7%. In terms of budget-to-actual variance, collections are 0.4%, or \$174,503 below the budgeted value.



Building & Trades

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,291,159	\$ 3,232,583	55.5%	22.2%
2nd Q	Oct-Dec 14	1,589,373			
3rd Q	Jan-Mar 15	1,267,966			
4th Q	Apr-Jun 15	1,678,883			
Total		\$ 5,827,381	\$ 3,232,583	55.5%	22.2%
Variance from Budget			\$ 1,941,424	33.3%	



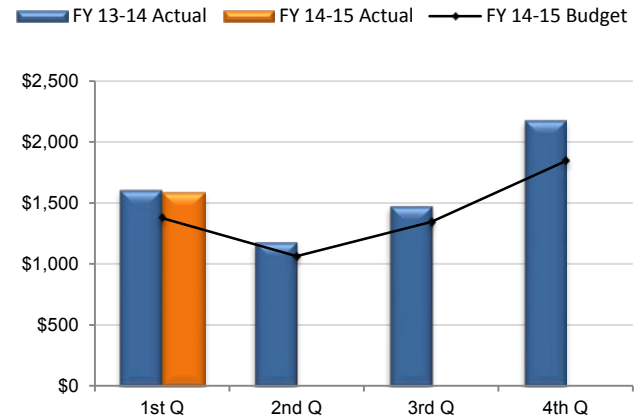
Positive

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 first quarter of FY 2014-15, actual collections are 55.5% of budget, compared to a historical average of 22.2%. In terms of budget-to-actual variance, collections are 33.3% above the budgeted estimate. The exceptional performance in the first quarter is due to the plan check fees for the Marina Heights project on Rio Salado. This project is expected to boost this revenue stream through FY 2014-15.



Cultural & Recreational

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,375,833	\$ 1,588,292	28.2%	24.5%
2nd Q	Oct-Dec 14	1,062,142			
3rd Q	Jan-Mar 15	1,343,393			
4th Q	Apr-Jun 15	1,843,552			
Total		\$ 5,624,920	\$ 1,588,292	28.2%	24.5%
Variance from Budget			\$ 212,459	3.7%	



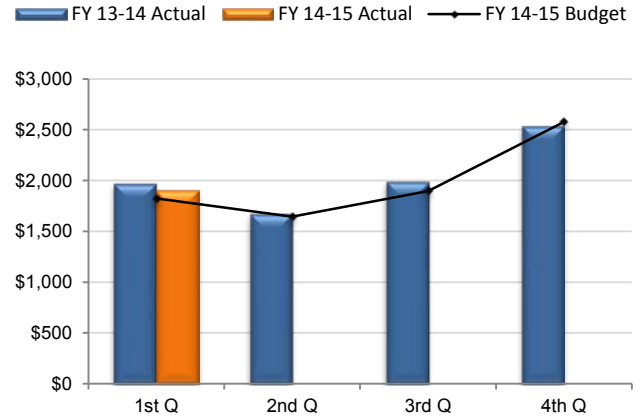
Positive

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 3.2% of total budgeted General Fund revenue for FY 2014-15. Through the first quarter of FY 2014-15, Cultural and Recreational fee collections are 28.2% of budget, compared to the historical average of 24.5%, for a total variance of 3.7%. In terms of budget-to-actual variance, collections are \$212,459 above the budgeted value.



Fines, Fees, Forfeitures

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,825,244	\$ 1,902,467	24.0%	23.0%
2nd Q	Oct-Dec 14	1,643,159			
3rd Q	Jan-Mar 15	1,896,700			
4th Q	Apr-Jun 15	2,577,977			
Total		\$ 7,943,080	\$ 1,902,467	24.0%	23.0%
Variance from Budget			\$ 77,223	1.0%	



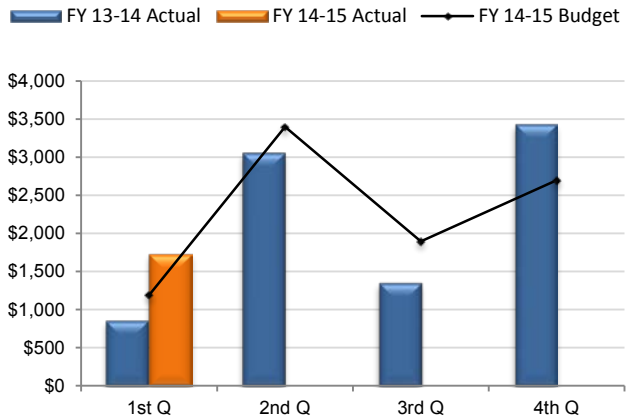
Positive

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 4.5% of total budgeted General Fund revenue for FY 2014-15. Through the first quarter of FY 2014-15, 24.0% of budgeted revenues have been collected, compared to a historical average of 23.0%. In terms of budget-to-actual variance, this category is 1.0% above the expected value through the first quarter. While it is difficult to ascertain the precise historical pattern due to the timing of the discontinuation of the Photo Enforcement program, at this time this category appears to be following a positive collections trend.



Other Revenues

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,192,766	\$ 1,732,357	18.9%	13.0%
2nd Q	Oct-Dec 14	3,397,510			
3rd Q	Jan-Mar 15	1,894,463			
4th Q	Apr-Jun 15	2,695,425			
Total		\$ 9,180,165	\$ 1,732,357	18.9%	13.0%
Variance from Budget			\$ 539,591	5.9%	



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 first quarter of the fiscal year, collections of Other Revenue are 18.9% of the FY 2014-15 budget, compared to a historical tracking percentage of 13.0%. In terms of budget-to-actual variance, this category is 5.9% above the expected estimate for the first quarter.

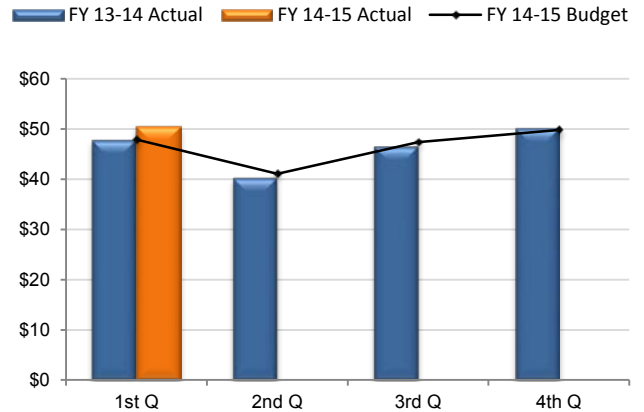


		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 47,927,689	\$ 50,564,264	27.2%	25.7%
2nd Q	Oct-Dec 14	41,094,138			
3rd Q	Jan-Mar 15	47,384,273			
4th Q	Apr-Jun 15	49,818,612			
Total		\$ 186,224,712	\$ 50,564,264	27.2%	25.7%

Variance from Budget \$ 2,636,575 1.5%

*Budget excludes \$1 million contingency appropriation

Positive

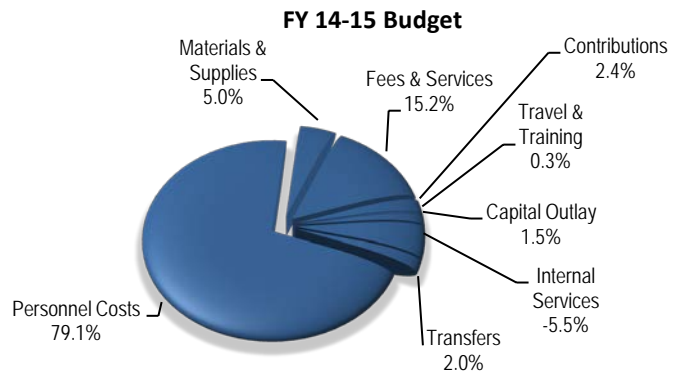


Through the first quarter of FY 14-15, General Fund expenditures are 27.2% of budget, compared with a historical percentage of 25.7%. In terms of budget-to-actual variance, General Fund expenditures are 1.5% above budget for the first quarter. Departmental quarterly expenditure tracking data can be found on pages 8 through 15 of this report.



General Fund Expenditures By Category

Categories	FY 14-15 Adopted Budget	% of Adopted Budget
Personnel Costs	\$ 147,364,087	79.1%
Materials and Supplies	9,231,201	5.0%
Fees and Services	28,356,004	15.2%
Contributions	4,508,729	2.4%
Travel and Training	499,801	0.3%
Capital Outlay	2,781,543	1.5%
Internal Services	(10,325,136)	-5.5%
Transfers	3,808,483	2.0%
Total	\$ 186,224,712	





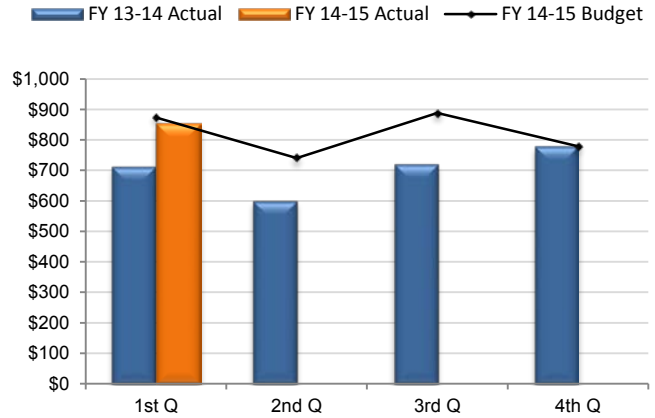
City Attorney's Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 14	\$ 874,160	\$ 854,656	26.0%	26.6%
2nd Q	Oct-Dec 14	740,439			
3rd Q	Jan-Mar 15	888,094			
4th Q	Apr-Jun 15	779,578			
Total		\$ 3,282,271	\$ 854,656	26.0%	26.6%

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

Variance from Budget \$ (19,503) -0.6%

Positive



The City Attorney's Office spent 26.0% of its FY 14-15 budget through in the first quarter, compared to a historical average of 26.6%. In terms of budget-to-actual variance, expenditures are 0.6% lower than budgeted for the first quarter.



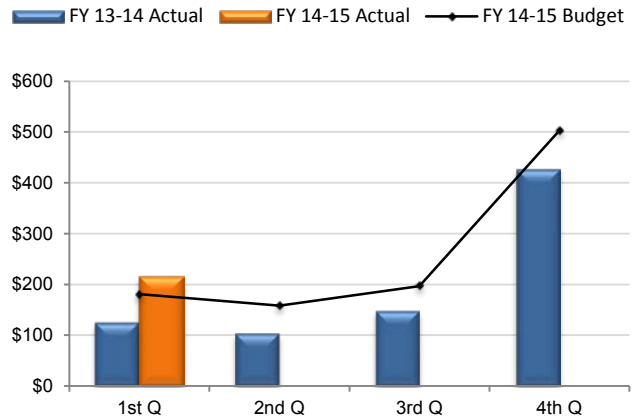
City Clerk's Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 14	\$ 180,663	\$ 215,874	20.8%	17.4%
2nd Q	Oct-Dec 14	157,985			
3rd Q	Jan-Mar 15	196,622			
4th Q	Apr-Jun 15	503,159			
Total		\$ 1,038,430	\$ 215,874	20.8%	17.4%

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

Variance from Budget \$ 35,211 3.4%

Watch



The City Clerk's Office has spent 20.8% of its FY 14-15 budget through the first quarter, compared to a historical average of 17.4%. In terms of variance from budget in the first quarter, expenditures are \$35,211 or 3.4% above the expected amount. This unusual spending in the first quarter is due to the balloting costs associated with the primary election held in August 2014. With the election happening in November, costs are expected to run higher than usual in the second quarter, then stabilize, and come in within budget for the year.

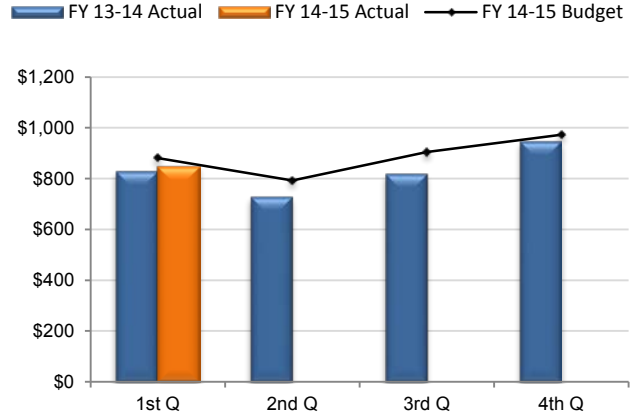


City Court

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 881,200	\$ 849,674	23.9%	24.8%
2nd Q	Oct-Dec 14	793,051			
3rd Q	Jan-Mar 15	904,711			
4th Q	Apr-Jun 15	972,236			
Total		\$ 3,551,199	\$ 849,674	23.9%	24.8%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (31,526) -0.9%

Positive



The City Court has spent 23.9% of its FY 14-15 budget through the first quarter, compared to the historical average of 24.8%. In terms of variance from budget in the first quarter, expenditures are \$31,526 or 0.9% below the expected amount.

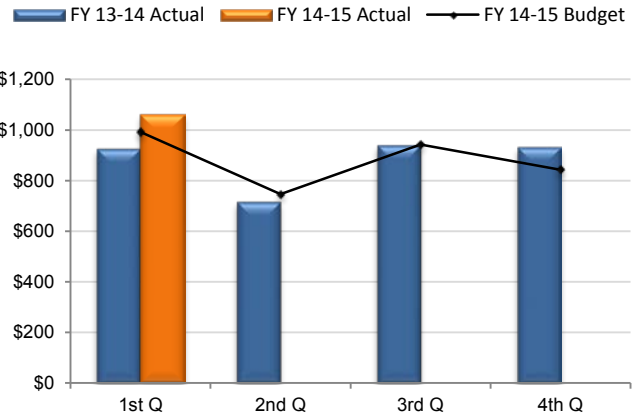


City Manager's Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 991,410	\$ 1,059,843	30.1%	28.1%
2nd Q	Oct-Dec 14	746,238			
3rd Q	Jan-Mar 15	942,977			
4th Q	Apr-Jun 15	842,461			
Total		\$ 3,523,086	\$ 1,059,843	30.1%	28.1%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ 68,434 2.0%

Watch



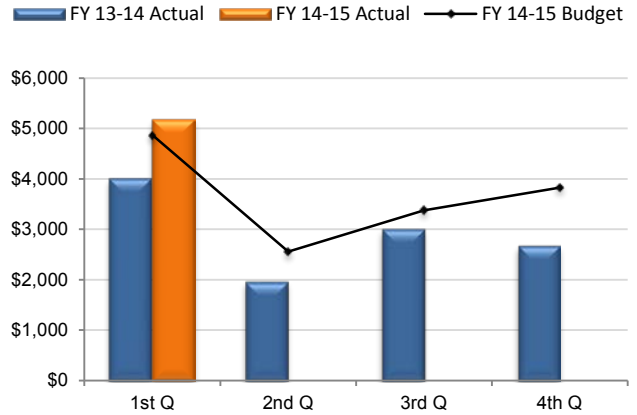
The City Manager's Office has spent 30.1% of its FY 14-15 budget through the first quarter, compared to the historical average of 28.1%. In terms of variance from budget in the first quarter, expenditures are \$68,434 or 2.0% above the expected amount.



Community Development

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,866,330	\$ 5,180,726	35.4%	33.3%
2nd Q	Oct-Dec 14	2,554,157			
3rd Q	Jan-Mar 15	3,378,011			
4th Q	Apr-Jun 15	3,827,084			
Total		\$ 14,625,582	\$ 5,180,726	35.4%	33.3%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ 314,397 2.1%



Watch

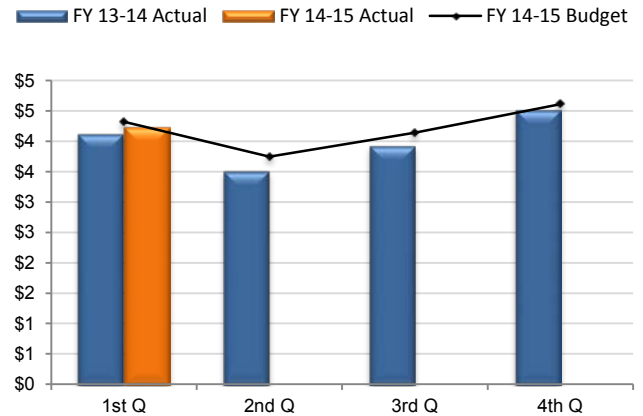
The Community Development Department has spent 35.4% of its FY 14-15 budget through the first quarter, compared to the expected value of 33.3%. In terms of variance from budget, expenditures are \$314,397 or 2.1% above the expected amount. The expenditures in the first quarter are higher due to a change in timing of the Downtown Tempe Community assessment. Historically, these payments have been made in June and December, but have changed to July and January for FY 14-15.



Community Services

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,321,843	\$ 4,239,096	25.2%	25.7%
2nd Q	Oct-Dec 14	3,749,797			
3rd Q	Jan-Mar 15	4,144,061			
4th Q	Apr-Jun 15	4,613,409			
Total		\$ 16,829,110	\$ 4,239,096	25.2%	25.7%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (82,747) -0.5%



Positive

The Community Services Department spent 25.2% of its FY 14-15 budget through the first quarter, compared to the historical average of 25.7%. In terms of variance from budget in the first quarter, expenditures are \$82,747 or 0.5% below the expected amount.

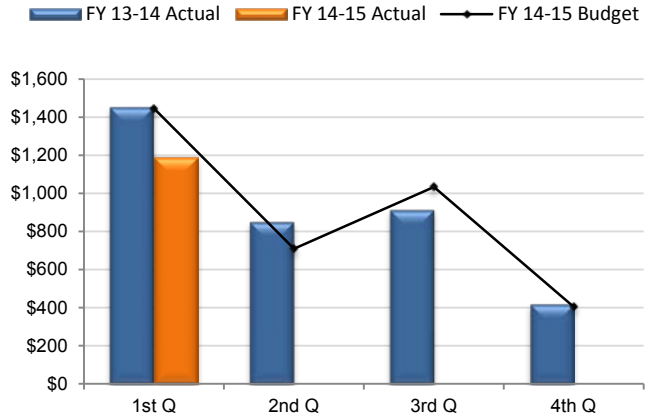


Human Services

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,444,875	\$ 1,187,646	33.1%	40.2%
2nd Q	Oct-Dec 14	709,179			
3rd Q	Jan-Mar 15	1,034,060			
4th Q	Apr-Jun 15	403,958			
Total		\$ 3,592,071	\$ 1,187,646	33.1%	40.2%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (257,229) -7.1%

Positive



The Human Services Department, including the Diversity Office, spent 33.1% of its FY 14-15 budget through the first quarter, compared to a historical average of 40.2%. In terms of variance from budget in the first quarter, expenditures are \$257,229 or 7.1% below the expected amount.

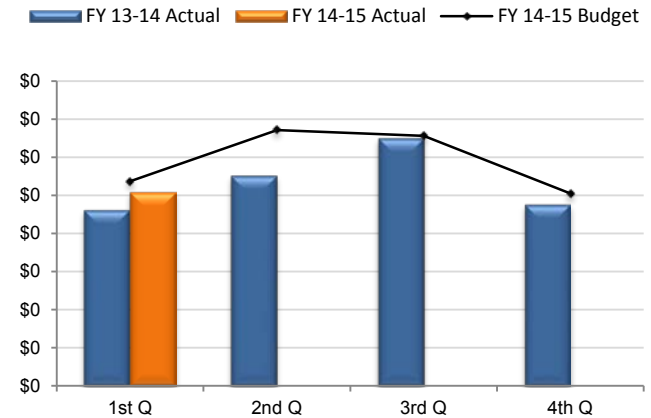


Human Services - Diversity Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 107,308	\$ 101,874	21.5%	22.6%
2nd Q	Oct-Dec 14	134,249			
3rd Q	Jan-Mar 15	131,294			
4th Q	Apr-Jun 15	100,983			
Total		\$ 473,834	\$ 101,874	21.5%	22.6%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (5,434) -1.1%

Positive



The Diversity Office has spent 21.5% of its FY 14-15 budget through the first quarter, compared with a historical average of 22.6%. In terms of variance from budget through the first quarter, expenditures are \$5,434 or 1.1% below the expected amount.

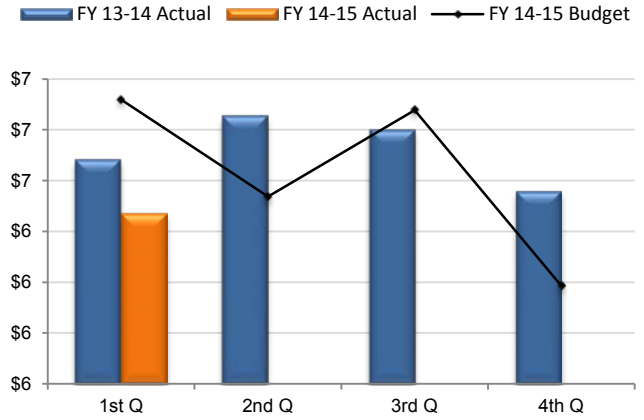


Fire Medical Rescue

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 6,919,318	\$ 6,468,920	24.4%	26.1%
2nd Q	Oct-Dec 14	6,537,002			
3rd Q	Jan-Mar 15	6,877,780			
4th Q	Apr-Jun 15	6,185,557			
Total		\$ 26,519,658	\$ 6,468,920	24.4%	26.1%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (450,398) -1.7%

Positive



The Fire Medical Rescue Department has spent 24.4% of its FY 14-15 budget through the first quarter, compared with a historical percentage of 26.1%. In terms of variance from budget through the first quarter, expenditures are \$450,398 or 1.7% below the expected amount.

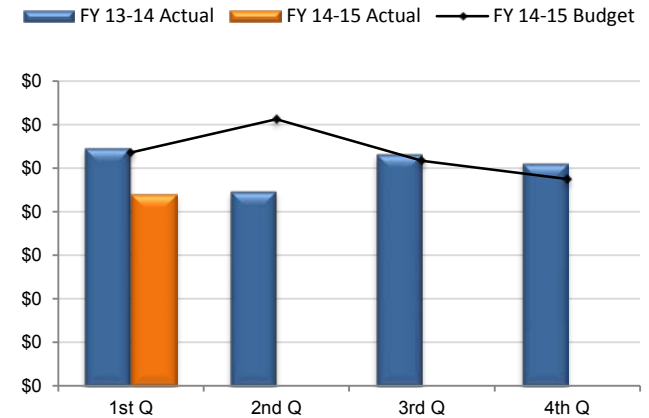


Internal Audit Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 107,210	\$ 88,009	20.6%	25.0%
2nd Q	Oct-Dec 14	122,529			
3rd Q	Jan-Mar 15	103,296			
4th Q	Apr-Jun 15	94,958			
Total		\$ 427,992	\$ 88,009	20.6%	25.0%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (19,201) -4.4%

Positive



The Internal Audit Office has spent 20.6% of its FY 14-15 budget through the first quarter, compared with a historical average of 25.0%. In terms of variance from budget through the first quarter, expenditures are \$19,201 or 4.4% below the expected amount.

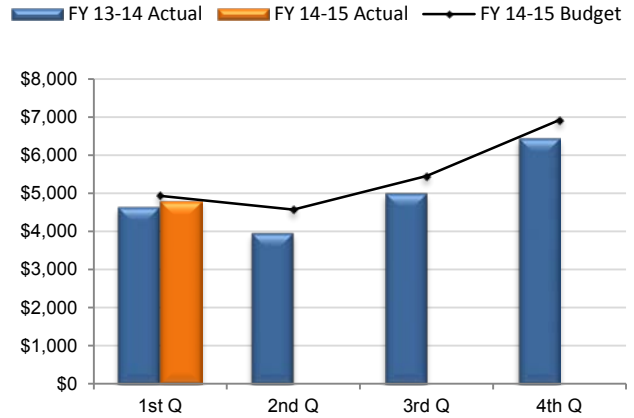


Internal Services

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,933,471	\$ 4,806,764	22.0%	22.6%
2nd Q	Oct-Dec 14	4,567,090			
3rd Q	Jan-Mar 15	5,448,837			
4th Q	Apr-Jun 15	6,921,584			
Total		\$21,870,981	\$ 4,806,764	22.0%	22.6%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (126,707) -0.6%

Positive



The Internal Services Department has spent 22.0% of its FY 14-15 budget through the end of the first quarter, compared to the historical pattern of 22.6% during this period. In terms of variance from budget in the first quarter, expenditures are \$126,707 or 0.6% below the expected amount.

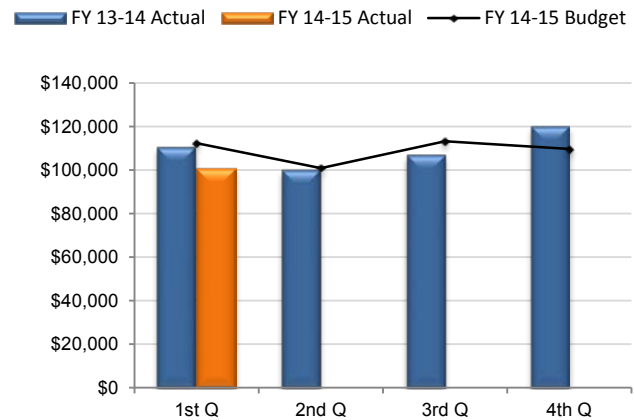


Mayor and Council

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 112,259	\$ 100,737	23.1%	25.7%
2nd Q	Oct-Dec 14	100,925			
3rd Q	Jan-Mar 15	113,183			
4th Q	Apr-Jun 15	109,671			
Total		\$ 436,038	\$ 100,737	23.1%	25.7%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (11,522) -2.6%

Positive



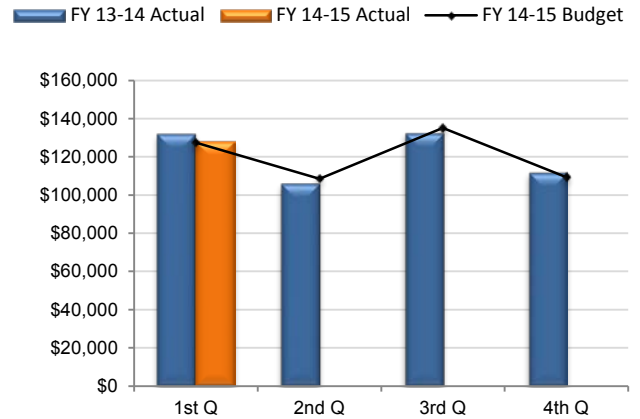
The Mayor and Council has spent 23.1% of its FY 14-15 budget through the first quarter, compared with a historical average of 25.7%. In terms of variance from budget in the first quarter, expenditures are \$11,522 or 2.6% below the expected amount.



Municipal Budget Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 127,425	\$ 127,959	26.6%	26.5%
2nd Q	Oct-Dec 14	108,524			
3rd Q	Jan-Mar 15	135,061			
4th Q	Apr-Jun 15	109,394			
Total		\$ 480,404	\$ 127,959	26.6%	26.5%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ 534 0.1%



Positive

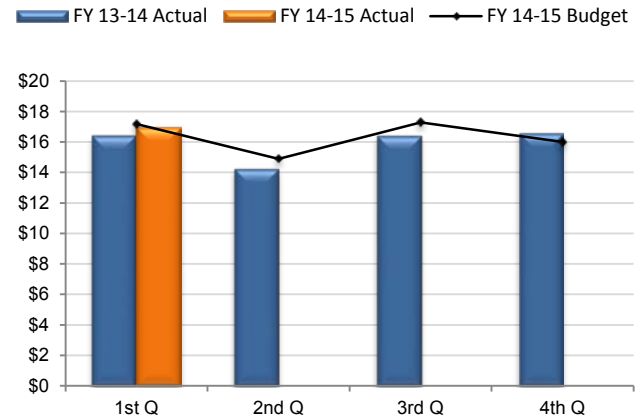
The Municipal Budget Office has spent 26.6% of its FY 14-15 budget through the first quarter, compared to a historical average of 26.5%. In terms of variance from budget through the first quarter, expenditures are \$534 or 0.1% above the expected amount.



Police

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 17,174,408	\$ 16,994,278	26.0%	26.3%
2nd Q	Oct-Dec 14	14,901,349			
3rd Q	Jan-Mar 15	17,293,483			
4th Q	Apr-Jun 15	16,003,141			
Total		\$ 65,372,380	\$ 16,994,278	26.0%	26.3%

*amounts are net of internal service charges, and exclude transfers
 Variance from Budget \$ (180,129) -0.3%



Positive

The Police Department has spent 26.0% of its FY 14-15 budget through the first quarter, compared to a historical average of 26.3%. In terms of variance from budget through the first quarter, expenditures are \$180,129 or 0.3% below the expected amount.



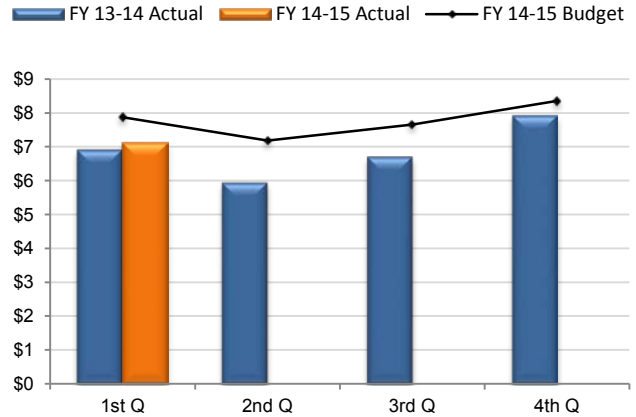
Public Works

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 7,876,157	\$ 7,139,353	23.0%	25.3%
2nd Q	Oct-Dec 14	7,184,838			
3rd Q	Jan-Mar 15	7,659,599			
4th Q	Apr-Jun 15	8,352,987			
Total		\$31,073,582	\$ 7,139,353	23.0%	25.3%

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

Variance from Budget \$ (736,804) -2.3%

Positive



The Public Works Department has spent 23.0% of its FY 14-15 General Fund budget through the first quarter, compared with a historical average of 25.3%. In terms of variance from budget through the first quarter, expenditures are \$736,804 or 2.3% below the expected amount.



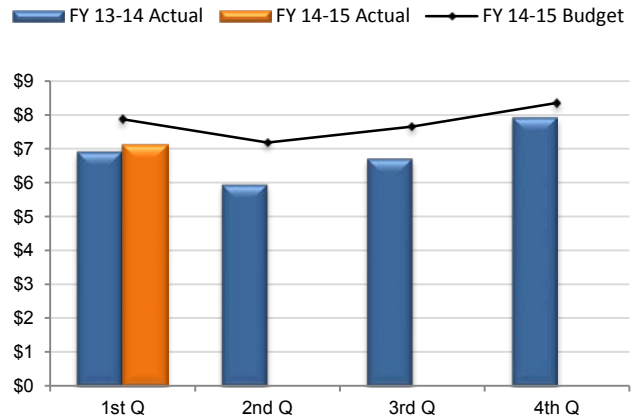
Non-Departmental

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 827,897	\$ 720,000	16.7%	19.2%
2nd Q	Oct-Dec 14	532,321			
3rd Q	Jan-Mar 15	1,094,429			
4th Q	Apr-Jun 15	1,867,253			
Total		\$ 4,321,900	\$ 720,000	16.7%	19.2%

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

Variance from Budget \$ (107,897) -2.5%

Positive



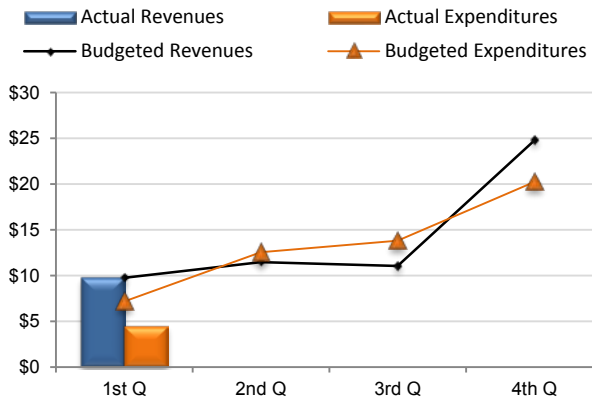
The Non-Departmental category of the budget includes items that do not directly relate to the operations of any one of the City's operating departments. Some examples of such expenditures include the payment of the Tempe Convention and Visitors Bureau's portion of the Bed Tax and the football bowl sponsorship. Through the first quarter of FY 2014-15 Non-Departmental expenditures are 16.7% of budget compared to the historical pattern of 19.2%. In terms of variance from budget in the first quarter, expenditures are \$107,897 below the historical average.



Transit Fund

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Total Revenues	\$ 57,069,807	\$ 9,767,118	17.1%
Operating	\$ 49,004,857	\$ 4,456,900	9.1%
Capital	72,200	25,316	35.1%
Debt Service	4,663,188	2,160	0.0%
Total Exp	\$ 53,740,245	\$ 4,484,376	8.3%
Net Rev/Exp	\$ 3,329,562	\$ 5,282,741	

*amounts exclude transfers out and encumbrances



Positive

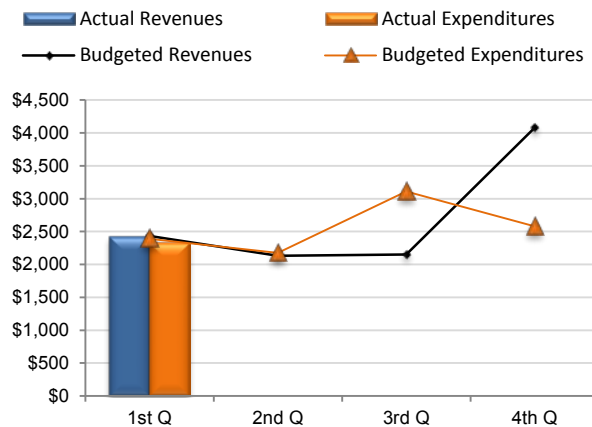
The Transit Fund accounts for the receipt of the Mass Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, and operations, community outreach, and debt service. Through the end of the first quarter, there is an operating surplus in the Transit Fund of \$5.3 million. Transit Fund revenue is at 17.1% of budget which is exactly in line with the historical tracking percentage of 17.1%. Expenditures are 8.3% of budget compared to the recent historical tracking percentage of 13.3%.



Highway User Revenue Fund

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Revenues	\$ 10,798,400	\$ 2,431,727	22.5%
Transfers In	-	-	0.0%
Total Revenues	\$ 10,798,400	\$ 2,431,727	22.5%
Operating	\$ 9,689,252	\$ 2,145,417	22.1%
Capital	568,357	182,170	32.1%
Transfers Out	4,949	4,790	0.0%
Total Exp	\$ 10,262,558	\$ 2,332,377	22.7%
Net Rev/Exp	\$ 535,842	\$ 99,350	

*amounts exclude encumbrances



Positive

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. Revenues are 22.5% of budget, which is the same as the three year average, while expenditures are 22.7% of budget, compared to the three year historical trend of 23.3%.

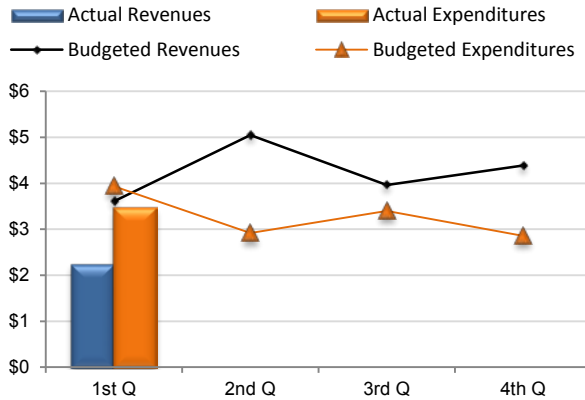


CDBG/Section 8 Funds

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Total Revenues	\$ 13,108,612	\$ 2,242,214	17.1%
Operating	\$ 13,079,198	\$ 3,089,180	23.6%
Capital	29,414	-	0.0%
Debt Service	-	378,423	0.0%
Total Exp	\$ 13,108,612	\$ 3,467,602	26.5%
Net Rev/Exp	\$ -	\$ (1,225,388)	

*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 first quarter total 17.1% of the FY 14-15 budget, compared to the historical percentage of 15.8%. Expenditures through the first quarter total 26.5% of the FY 14-15 budget, compared to the historical percentage of 30.0%. The net effect on fund status through the first quarter is an operating deficit that is larger than the historical pattern, though this is largely due to the timing of grant revenues.

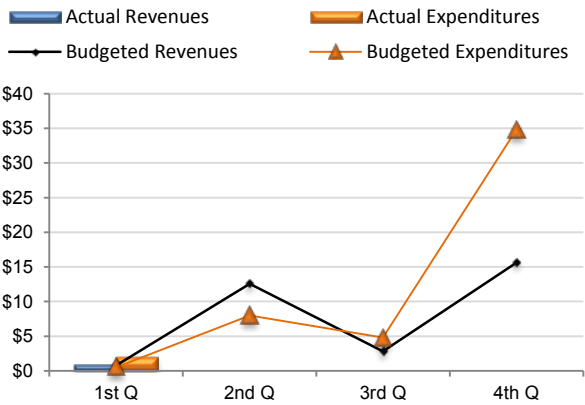


Debt Service Fund

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Revenues	\$ 24,609,059	\$ 353,841	1.4%
Transfers In	7,179,593	558,813	7.8%
Total Revenues	\$ 31,788,652	\$ 912,653	2.9%
Debt Service	\$ 37,991,886	\$ (11,922)	0.0%
Transfers Out	10,082,741	2,000,000	19.8%
Total Exp	\$ 48,074,627	\$ 1,988,078	4.1%
Net Rev/Exp	\$ (16,285,975)	\$ (1,075,425)	

*amounts exclude encumbrances and impact of bond refunding

Positive

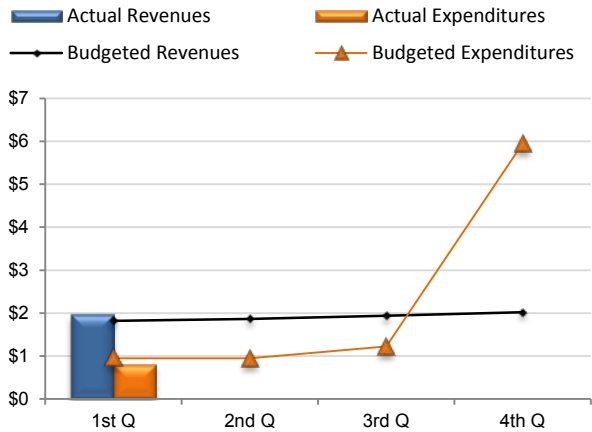


The Debt Service Fund accounts for the receipt of secondary Property Taxes to be used for payment of debt service on the City's tax supported debt. Actual revenues and expenditures through the first quarter are in line with historical budget comparisons and within budgeted parameters.



Performing Arts Fund

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Total Revenues	\$ 7,642,395	\$ 1,968,283	25.8%
Operating	\$ 3,036,455	\$ 700,274	23.1%
Capital	1,100	-	-100.0%
Debt Service	5,926,526	2,676	0.0%
Transfers Out	100,000	100,000	0.0%
Total Exp	\$ 9,064,081	\$ 802,950	8.9%
Net Rev/Exp	\$ (1,421,686)	\$ 1,165,333	



Positive

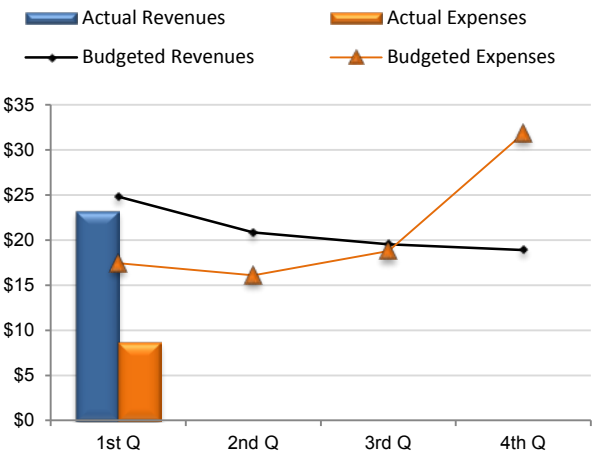
*amounts exclude encumbrances

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 first quarter of FY 14-15 are 25.8% of budget, compared to the historical tracking percentage of 23.8%. Total expenditures are 8.9% of budget, compared to the historical percentage of 10.5%. The increase in spending compared to the historical pattern is attributable to accelerated purchases of materials and supplies, and payment of fees for services.



Water/ Wastewater Fund

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Revenues	\$ 78,950,217	\$ 23,217,542	29.4%
Transfers In	5,158,141	-	0.0%
Total Revenues	\$ 84,108,358	\$ 23,217,542	27.6%
Operating	\$ 42,321,613	\$ 8,476,946	20.0%
Capital	632,191	-	0.0%
Debt Service	35,818,925	(6,835)	0.0%
Transfers Out	5,337,021	176,178	3.3%
Total Expenses	\$ 84,109,750	\$ 8,646,289	10.3%
Net Rev/Exp	\$ (1,392)	\$ 14,571,252	



*amounts exclude contingencies, encumbrances and inventory accounts

Positive

The Water/Wastewater Fund is a self-supporting enterprise fund used to account for all water and wastewater treatment operations in the City. Total revenues through the first quarter of FY 14-15 are 27.6% of budget compared to the historical average of 29.5%. Total expenses through the first quarter are 10.3% of budget compared to 20.7% historically. The adopted annual budget includes a \$1.4 thousand deficit; through the first quarter, the fund posted a \$14.6 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.

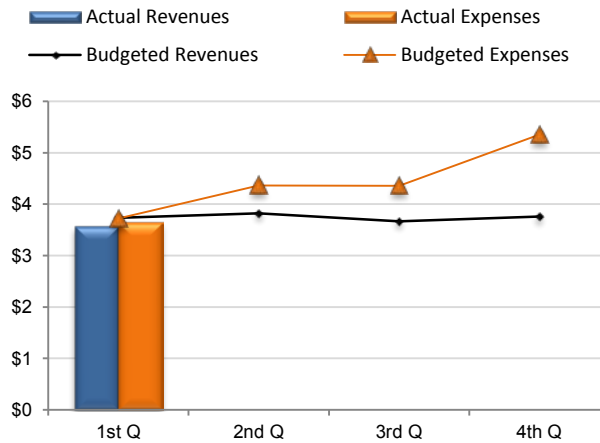


Solid Waste Fund

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Total Revenues	\$ 14,987,157	\$ 3,571,381	23.8%
Operating	\$ 14,288,066	\$ 3,540,886	24.8%
Capital	3,501,035	98,455	2.8%
Transfers Out	4,949	4,790	96.8%
Total Expenses	\$ 17,794,050	\$ 3,644,131	20.5%
Net Rev/Exp	\$ (2,806,893)	\$ (72,751)	

*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 first quarter of FY 14-15 are 23.8% of budget compared to 24.9% historically. Total expenses through the first quarter are 20.5% of budget compared to 20.9% historically. The adopted budget includes a \$2.8 million operating deficit; through the first quarter, the operating deficit is \$72.8 thousand.

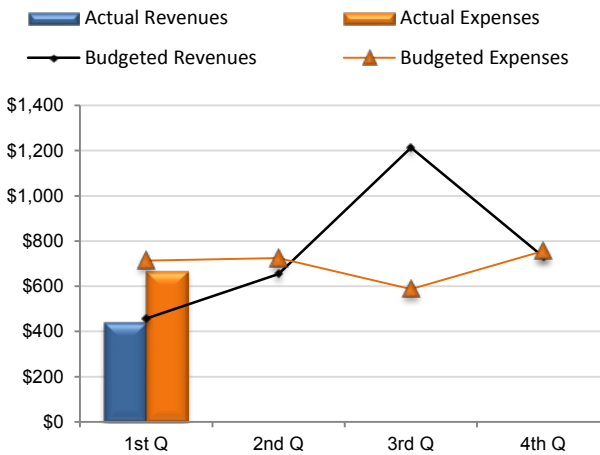


Golf Fund

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Revenues	\$ 2,982,436	\$ 364,634	12.2%
Transfers In	74,000	74,000	100.0%
Total Revenues	\$ 3,056,436	\$ 438,634	14.4%
Operating	\$ 2,602,619	\$ 623,660	24.0%
Capital	179,148	40,165	22.4%
Total Expenses	\$ 2,781,767	\$ 663,825	23.9%
Net Rev/Exp	\$ 274,669	\$ (225,190)	

*amounts exclude encumbrances

Positive

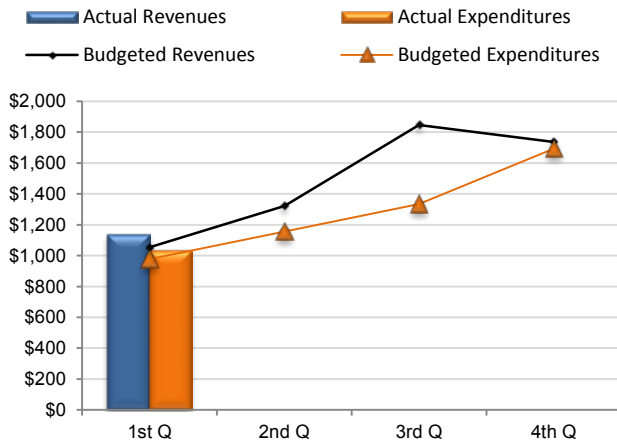


The Golf Fund is a self-supporting enterprise fund that provides for operation, maintenance, and debt service costs associated with two municipal golf courses. Total revenues through the first quarter of FY 14-15 are 14.4% of budget compared to 15.0% historically. Total expenses through the first quarter are 23.9% of budget compared to the historical tracking percentage of 25.7%. The adopted budget projects a \$274.7 thousand operating surplus; through the first quarter, the fund had an operating deficit of \$225.2 thousand. This is due primarily to the seasonality of the revenue stream.

Police Dept-RICO & Grants

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Total Revenues	\$ 5,959,619	\$ 1,140,179	19.1%
Total Expenses	\$ 5,159,619	\$ 1,035,572	20.1%
Net Rev/Exp	\$ 800,000	\$ 104,608	

*amounts exclude encumbrances and contingency appropriations



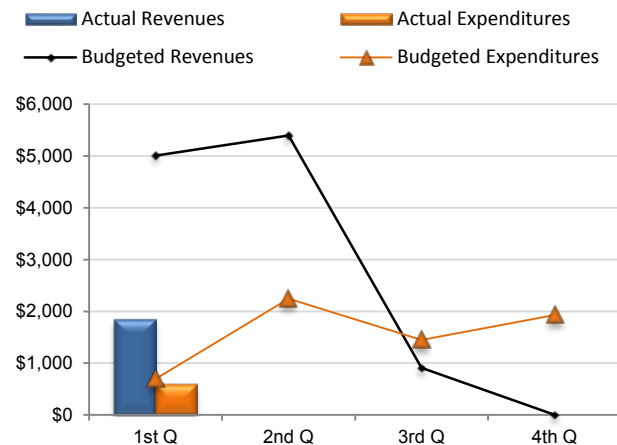
Positive

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 first quarter total 19.1% of the FY 14-15 budget, compared to the historical percentage of 17.7%. Expenditures through the first quarter total 20.1% of the FY 14-15 budget, compared to the historical percentage of 18.9%. The net effect on fund status through the first quarter is an operating deficit that is larger than the historical pattern, though this is largely due to the timing of grant revenues which typically occur on a reimbursement basis.

Governmental Grants or Donations

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Total Revenues	\$ 11,308,718	\$ 1,853,189	16.4%
Total Expenses	\$ 6,308,129	\$ 586,263	9.3%
Net Rev/Exp	\$ 5,000,589	\$ 1,266,926	

*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 first quarter total 16.4% of the FY 14-15 budget, compared to the historical percentage of 44.3%. Expenditures through the first quarter total 9.3% of the FY 14-15 budget, compared to the historical percentage of 11.0%. The large operating surplus through the first quarter is mostly due to the carry forward of the prior year's grant revenues, which will be expended during the remainder of the year according to the provisions of the applicable grant agreements.

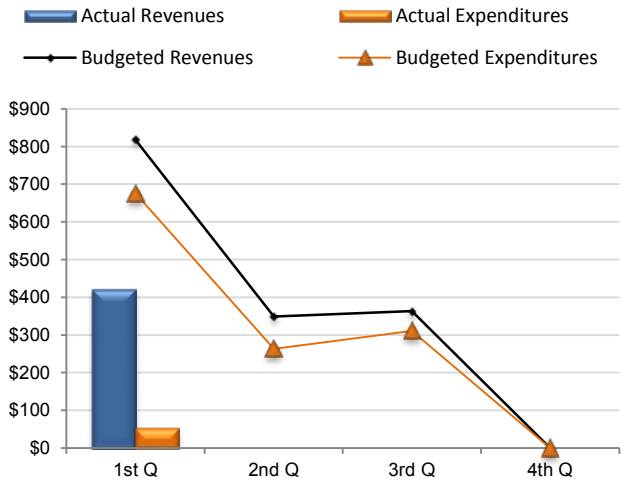


Court Enhancement Fund

	FY 14-15 Budget	FY 14-15 Q1 Actual*	% Budget to Date
Total Revenues	\$ 1,530,131	\$ 422,905	27.6%
Total Expenditures	\$ 1,250,068	\$ 52,714	4.2%
Net Rev/Exp	\$ 280,063	\$ 370,191	

*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 first quarter total 27.6% of the FY 14-15 budget, compared to the historical percentage of 53.4%. Expenditures through the first quarter total 4.2% of the FY 14-15 budget, compared to the historical percentage of 54.0%. Both revenues and expenditures are below their expected levels based on historical patterns, however the shortfalls result in an operating surplus, resulting in minimal impact on the status of the fund.