

# Memorandum



Municipal Budget Office

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Date: April 24, 2015

To: Mayor and Councilmembers

From: Cecilia Robles, Budget Manager (480-350-8881)

Through: Ken Jones, Deputy City Manager, CFO (480-350-8504)

Subject: Quarterly Financial Report – Quarter Ended March 31, 2015

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Attached is the Quarterly Financial Report for the third quarter of Fiscal Year 2014-15, the quarter ending March 31, 2014. We have included a quick-reference Table of Contents on the following page, 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.

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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.

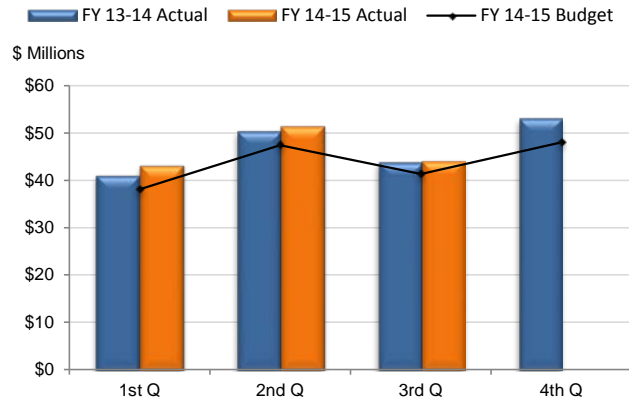
**Watch** = A negative variance between 2-5%, compared to historical trends.

**Negative** = A negative variance of greater than 5%, compared to historical trends.



# General Fund Revenue Quarterly Analysis

		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	51,335,331	29.3%	26.9%
3rd Q	Jan-Mar 15	41,342,381	44,122,060	25.2%	23.7%
4th Q	Apr-Jun 15	48,050,439			
<b>Total</b>		<b>\$174,925,017</b>	<b>\$138,580,580</b>	<b>79.2%</b>	<b>72.6%</b>
Variance from Budget			\$ 11,706,002	6.6%	



**Positive**

Through the third quarter of FY 2014-15, General Fund revenue is 79.2% of budget, compared with a historical percentage of 72.6%. In terms of budget-to-actual variance, total collections are above the anticipated revenue target for the third 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.



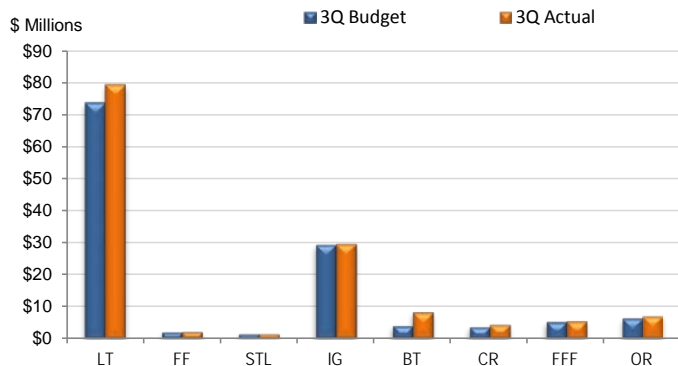
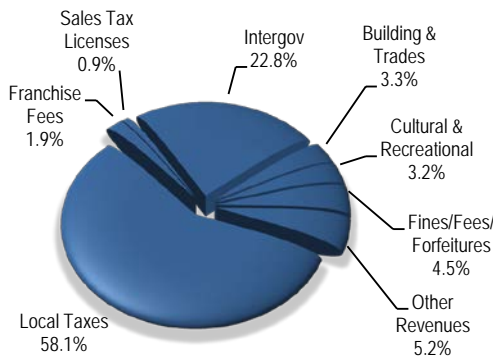
# General Fund Revenue by Category

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%
<b>Total</b>	<b>\$174,925,017</b>	

Cumulative Revenue through 3Q 2014-2015

	3Q Budget Target	3Q Actual Revenue	% of Budget Target
Local Taxes (LT)	\$ 73,938,230	\$ 79,675,460	108%
Franchise Fees (FF)	2,040,673	2,166,588	106%
Sales Tax Licenses (STL)	1,516,957	1,496,512	99%
Intergovernmental (IG)	29,599,010	29,747,265	101%
Building & Trades (BT)	4,148,498	8,334,402	201%
Cultural & Recreational (CF)	3,781,368	4,464,486	118%
Fines/Fees/Forfeitures (FF)	5,365,103	5,525,516	103%
Other Revenues (OR)	6,484,740	7,170,352	111%
<b>Total</b>	<b>\$126,874,578</b>	<b>\$138,580,580</b>	<b>109%</b>

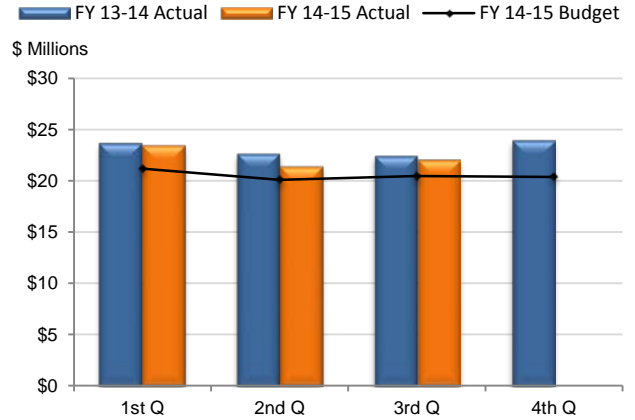
FY 14-15 Budget





**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	21,398,152	26.0%	24.5%
3rd Q	Jan-Mar 15	20,473,078	22,055,078	26.8%	24.9%
4th Q	Apr-Jun 15	20,384,157			
<b>Total</b>		<b>\$ 82,152,592</b>	<b>\$ 66,901,315</b>	<b>81.4%</b>	<b>75.2%</b>
Variance from Budget			\$ 5,132,880	6.2%	



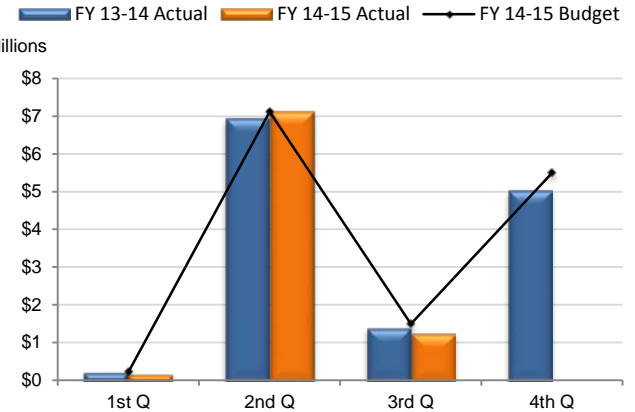
**Positive**

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 third quarter of FY 2014-15, Sales Tax collections are 81.4% of budget, which is above the historical average of 75.2%. In terms of budget-to-actual variance, collections are 6.2% 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	7,124,701	49.7%	49.7%
3rd Q	Jan-Mar 15	1,492,386	1,278,683	8.9%	10.4%
4th Q	Apr-Jun 15	5,494,036			
<b>Total</b>		<b>\$ 14,324,634</b>	<b>\$ 8,606,115</b>	<b>60.1%</b>	<b>61.6%</b>
Variance from Budget			\$ (224,483)	-1.5%	



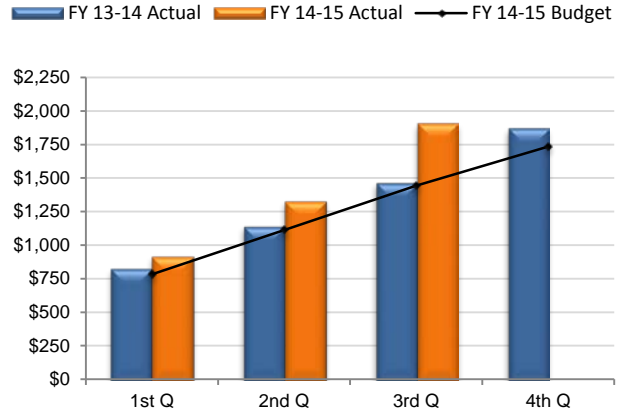
**Positive**

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 third quarter of FY 2014-15, Property Tax collections are 60.1% of budget, which is consistent with the historical average of 61.6%.



**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	1,334,382	26.3%	21.9%
3rd Q	Jan-Mar 15	1,443,362	1,910,684	37.7%	28.5%
4th Q	Apr-Jun 15	1,733,755			
<b>Total</b>		<b>\$ 5,072,952</b>	<b>\$ 4,168,030</b>	<b>82.2%</b>	<b>65.8%</b>
Variance from Budget			\$ 828,833	16.4%	



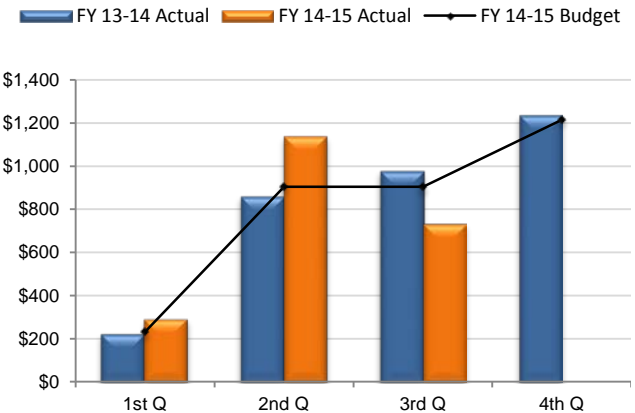
**Positive**

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 third quarter of FY 2014-15 are 82.2% of budget, approximately 16.4% above the historical average. In terms of budget-to-actual variance, collections are \$828,833 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	1,137,914	35.0%	27.8%
3rd Q	Jan-Mar 15	904,018	733,953	22.5%	27.8%
4th Q	Apr-Jun 15	1,215,029			
<b>Total</b>		<b>\$ 3,255,702</b>	<b>\$ 2,166,588</b>	<b>66.5%</b>	<b>62.7%</b>
Variance from Budget			\$ 125,915	3.8%	



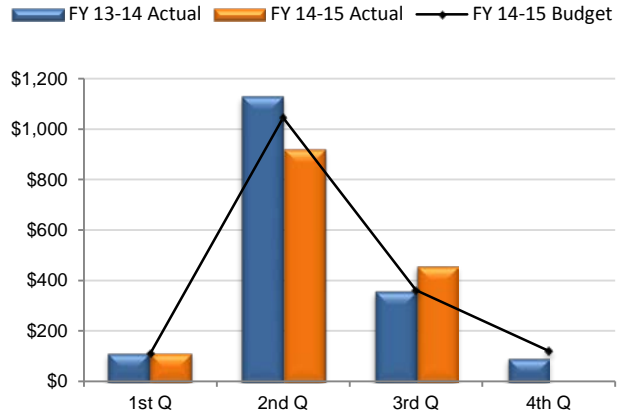
**Positive**

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 66.5% of the budgeted amount through the third quarter of FY 2014-15, compared to 62.7% historically. In terms of budget-to-actual variance, collections are \$125,915 above the budgeted expectation.



**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	920,024	56.2%	63.8%
3rd Q	Jan-Mar 15	361,703	459,661	28.1%	22.1%
4th Q	Apr-Jun 15	119,793			
<b>Total</b>		<b>\$ 1,636,750</b>	<b>\$ 1,496,512</b>	<b>91.4%</b>	<b>92.6%</b>
Variance from Budget			\$ (20,445)	-1.2%	



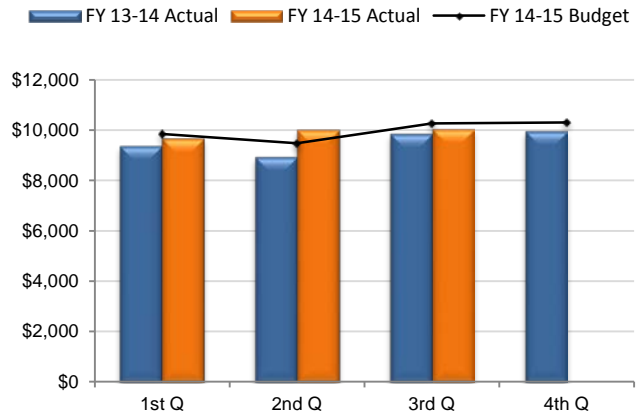
**Positive**

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 third quarter of FY 2014-15 were 91.4% of budget, compared to the historical average of 92.6%. Sales Tax Licenses contribute 0.9% of annual General Fund revenue. In terms of budget-to-actual variance, collections are 1.2% below the budgeted value. This downturn is largely due to the State of Arizona's implementation of the Tax Simplification changes. Taxpayers that have multiple locations under the same legal entity are no longer required to have a business license per location. In the past, the city charged a renewal fee for each location.



**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	10,016,566	25.1%	23.7%
3rd Q	Jan-Mar 15	10,265,311	10,048,537	25.2%	25.7%
4th Q	Apr-Jun 15	10,307,831			
<b>Total</b>		<b>\$ 39,906,841</b>	<b>\$ 29,747,265</b>	<b>74.5%</b>	<b>74.1%</b>
Variance from Budget			\$ 148,255	0.4%	



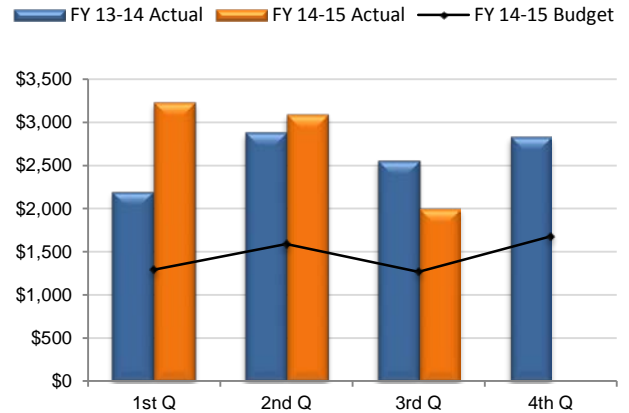
**Positive**

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 third quarter of FY 2014-15, actual collections are 74.5% of budget, compared to a historical average of 74.1%. In terms of budget-to-actual variance, collections are 0.4%, or \$148,255 above the budgeted projection.



**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	3,092,385	53.1%	27.3%
3rd Q	Jan-Mar 15	1,267,966	2,009,434	34.5%	21.8%
4th Q	Apr-Jun 15	1,678,883			
<b>Total</b>		<b>\$ 5,827,381</b>	<b>\$ 8,334,402</b>	<b>143.0%</b>	<b>71.3%</b>
Variance from Budget			\$ 4,185,904	71.7%	



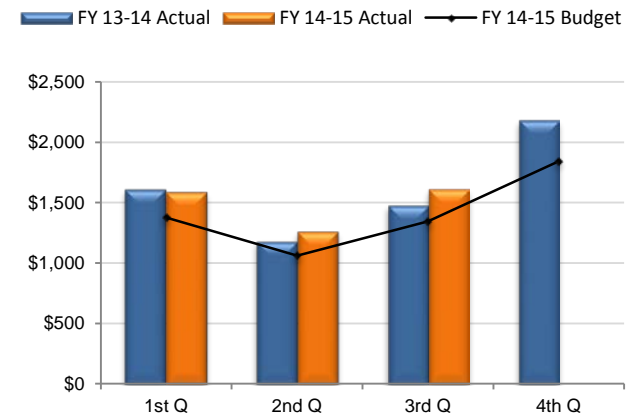
**Positive**

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 third quarter of FY 2014-15, actual collections are 143.0% of budget, compared to a historical average of 71.3%. Thus far, in terms of budget-to-actual variance, collections are 71.7% above the budgeted estimate. The exceptional performance through the third quarter is due, in large part, to the plan check fees for the Marina Heights project on Rio Salado. This project is expected to boost this revenue stream throughout 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	1,264,012	22.5%	18.9%
3rd Q	Jan-Mar 15	1,343,393	1,612,182	28.7%	23.9%
4th Q	Apr-Jun 15	1,843,552			
<b>Total</b>		<b>\$ 5,624,920</b>	<b>\$ 4,464,486</b>	<b>79.4%</b>	<b>67.3%</b>
Variance from Budget			\$ 683,117	12.1%	



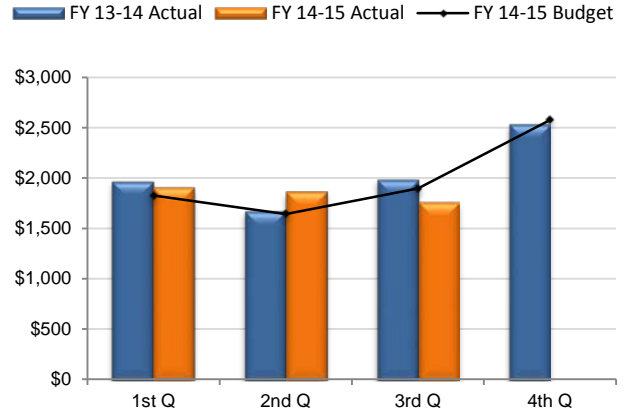
**Positive**

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 third quarter of FY 2014-15, Cultural and Recreational fee collections are 79.4% of budget, compared to the historical average of 67.3%, for a total variance of 12.1%. In terms of budget-to-actual variance, collections are \$683,117 above the budgeted estimate.



**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	1,864,227	23.5%	20.7%
3rd Q	Jan-Mar 15	1,896,700	1,758,822	22.1%	23.9%
4th Q	Apr-Jun 15	2,577,977			
<b>Total</b>		<b>\$ 7,943,080</b>	<b>\$ 5,525,516</b>	<b>69.6%</b>	<b>67.6%</b>
Variance from Budget			\$ 160,414	2.0%	



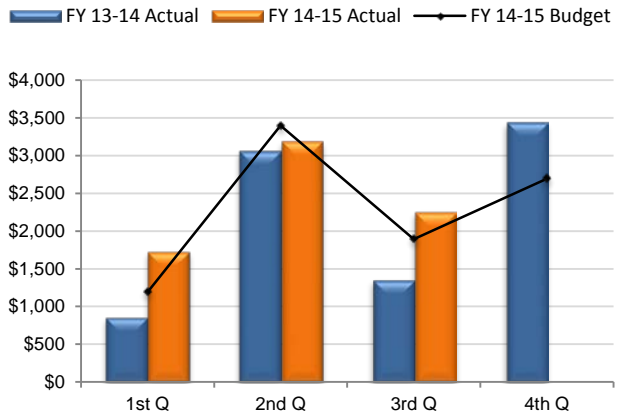
**Positive**

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 third quarter of FY 2014-15, 69.6% of budgeted revenues have been collected, compared to a historical average of 67.6%. In terms of budget-to-actual variance, this category is 2.0% above the expected value through the third 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	3,182,969	34.7%	37.0%
3rd Q	Jan-Mar 15	1,894,463	2,255,026	24.6%	20.6%
4th Q	Apr-Jun 15	2,695,425			
<b>Total</b>		<b>\$ 9,180,165</b>	<b>\$ 7,170,352</b>	<b>78.1%</b>	<b>70.6%</b>
Variance from Budget			\$ 685,612	7.5%	



**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 third quarter of the fiscal year, collections of Other Revenue are 78.1% of the FY 2014-15 budget, compared to a historical tracking percentage of 70.6%. In terms of budget-to-actual variance, this category is \$685,612 or 7.5% ahead of budgeted expectations through the third quarter.



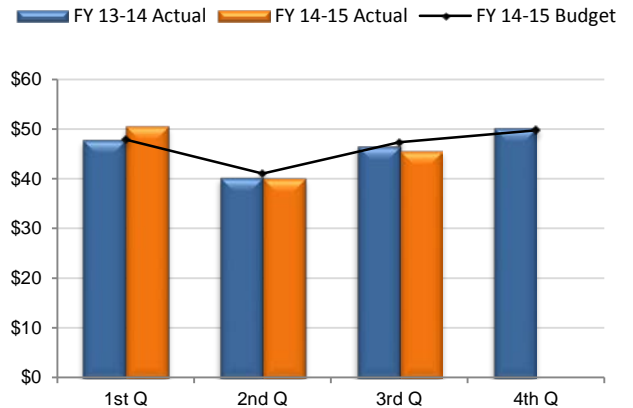


		<b>FY 14-15 Adopted Budget*</b>	<b>FY 14-15 Actual Exp</b>	<b>% of Budget Exp</b>	<b>% of Budget Hist</b>
1st Q	Jul-Sep 14	\$ 47,873,041	\$ 50,564,264	27.2%	25.7%
2nd Q	Oct-Dec 14	41,047,282	40,129,899	21.6%	22.1%
3rd Q	Jan-Mar 15	47,330,244	45,571,931	24.5%	25.4%
4th Q	Apr-Jun 15	49,761,808			
<b>Total</b>		<b>\$186,012,375</b>	<b>\$136,266,094</b>	<b>73.3%</b>	<b>73.2%</b>

Variance from Budget \$ (15,527) -0.1%

\*Budget excludes \$1 million contingency appropriation

**Positive**

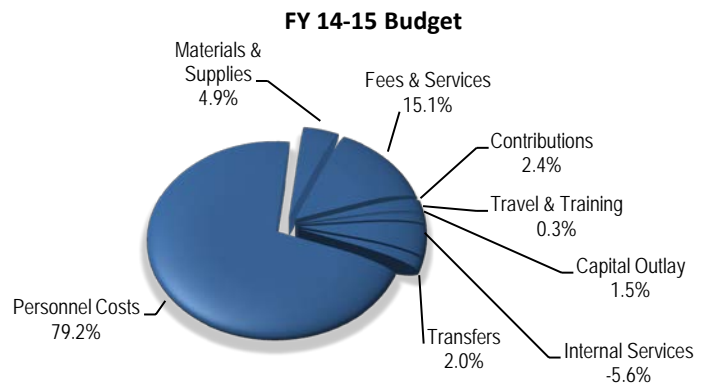


Through the third quarter of FY 2014-15, General Fund expenditures are 73.3% of budget, compared with a historical percentage of 73.2%. In terms of budget-to-actual variance, General Fund expenditures are 0.1% above budget through the second quarter. Departmental quarterly expenditure tracking data can be found on pages 8 through 15 of this report.



**General Fund Expenditures By Category**

<b>Categories</b>	<b>FY 14-15 Adopted Budget</b>	<b>% of Adopted Budget</b>
Personnel Costs	\$147,316,087	79.2%
Materials and Supplies	9,201,103	4.9%
Fees and Services	28,173,765	15.1%
Contributions	4,508,729	2.4%
Travel and Training	499,801	0.3%
Capital Outlay	2,829,543	1.5%
Internal Services	(10,325,136)	-5.6%
Transfers	3,808,483	2.0%
<b>Total</b>	<b>\$186,012,375</b>	



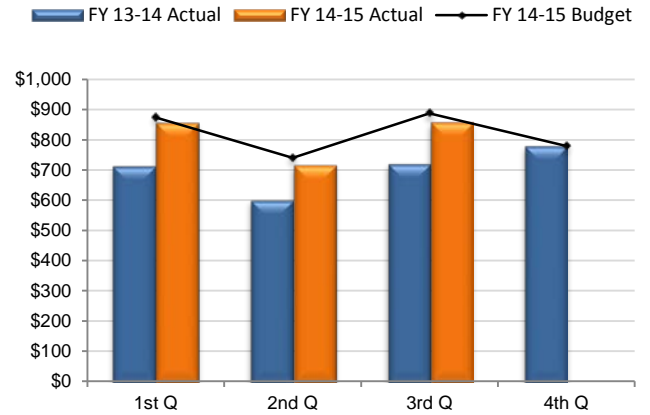


**City Attorney's Office**

		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	716,332	21.8%	22.6%
3rd Q	Jan-Mar 15	888,095	856,635	26.1%	27.1%
4th Q	Apr-Jun 15	779,579			
<b>Total</b>		<b>\$ 3,282,273</b>	<b>\$ 2,427,624</b>	<b>74.0%</b>	<b>76.3%</b>

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

Variance from Budget \$ 75,070 2.3%



**Positive**

The City Attorney's Office spent 74.0% of its FY 2014-15 budget through the third quarter, compared to a historical average of 76.3%. In terms of budget-to-actual variance, expenditures are 2.3% lower than budgeted through the third quarter.

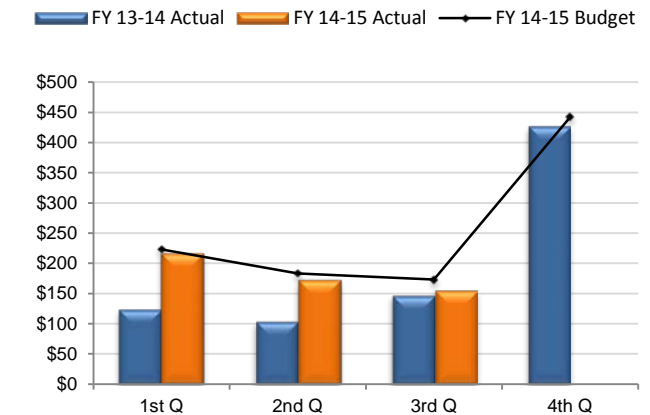


**City Clerk's Office**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 14	\$ 223,107	\$ 215,874	21.1%	21.8%
2nd Q	Oct-Dec 14	183,002	172,315	16.9%	17.9%
3rd Q	Jan-Mar 15	172,969	155,335	15.2%	16.9%
4th Q	Apr-Jun 15	442,630			
<b>Total</b>		<b>\$ 1,021,708</b>	<b>\$ 543,525</b>	<b>53.2%</b>	<b>56.6%</b>

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

Variance from Budget \$ 35,553 3.4%



**Positive**

The City Clerk's Office has spent 53.2% of its FY 2014-15 budget through the third quarter, compared to a historical average of 56.6%. In terms of variance from the budget through the third quarter, expenditures are \$35,553 or 3.4% below the expected amount.

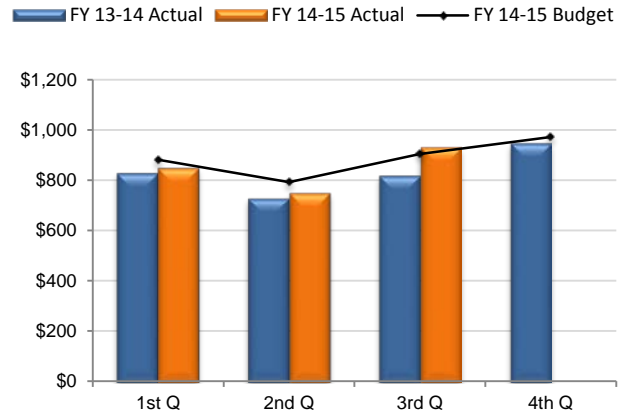


**City Court**

		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	751,252	21.2%	22.3%
3rd Q	Jan-Mar 15	904,711	931,633	26.2%	25.5%
4th Q	Apr-Jun 15	972,236			
<b>Total</b>		<b>\$ 3,551,197</b>	<b>\$ 2,532,560</b>	<b>71.3%</b>	<b>72.6%</b>

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

Variance from Budget \$ 46,402 1.3%



**Positive**

The City Court has spent 71.3% of its FY 2014-15 budget through the third quarter compared to the historical average of 72.6%. In terms of variance from the budget through the third quarter, expenditures are \$46,402 or 1.3% below the expected amount.

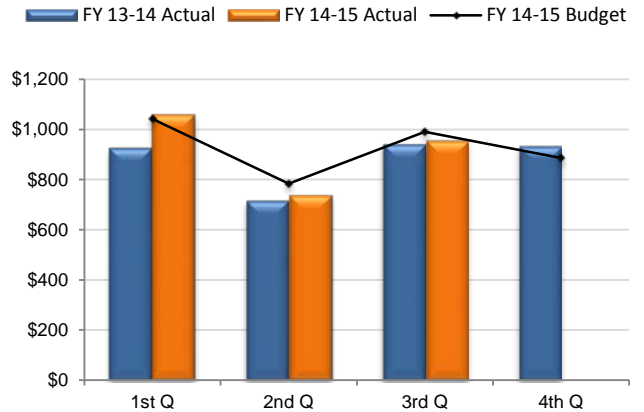


**City Manager's Office**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,042,036	\$ 1,059,843	28.6%	28.1%
2nd Q	Oct-Dec 14	784,345	738,834	20.0%	21.2%
3rd Q	Jan-Mar 15	991,130	956,823	25.8%	26.8%
4th Q	Apr-Jun 15	885,482			
<b>Total</b>		<b>\$ 3,702,994</b>	<b>\$ 2,755,500</b>	<b>74.4%</b>	<b>76.1%</b>

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

Variance from Budget \$ 62,012 1.7%



**Positive**

The City Manager's Office has spent 74.4% of its FY 2014-15 budget through the third quarter, compared to the historical average of 76.1%. In terms of variance from the budget in the third quarter, expenditures are \$62,012 or 1.7% below the expected amount.

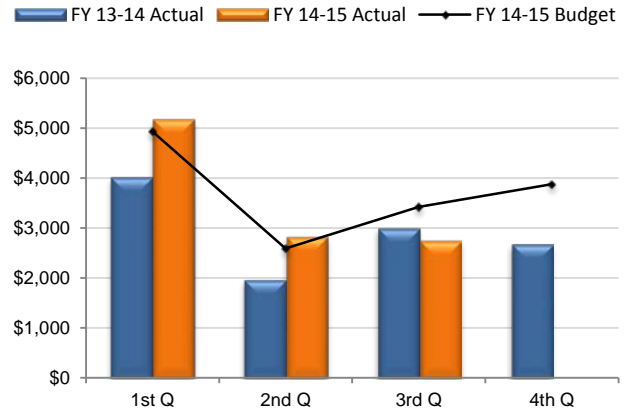


**Community Development**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,930,424	\$ 5,180,726	35.0%	33.3%
2nd Q	Oct-Dec 14	2,587,798	2,831,138	19.1%	17.5%
3rd Q	Jan-Mar 15	3,422,503	2,757,766	18.6%	23.1%
4th Q	Apr-Jun 15	3,877,490			
<b>Total</b>		<b>\$ 14,818,216</b>	<b>\$ 10,769,630</b>	<b>72.7%</b>	<b>73.9%</b>

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

Variance from Budget \$ 171,095 1.2%



**Positive**

The Community Development Department has spent 72.7% of its FY 2014-15 budget through the third quarter, compared to the expected value of 73.9%. In terms of variance from the budget, expenditures are \$171,095 or 1.2% below the expected amount.

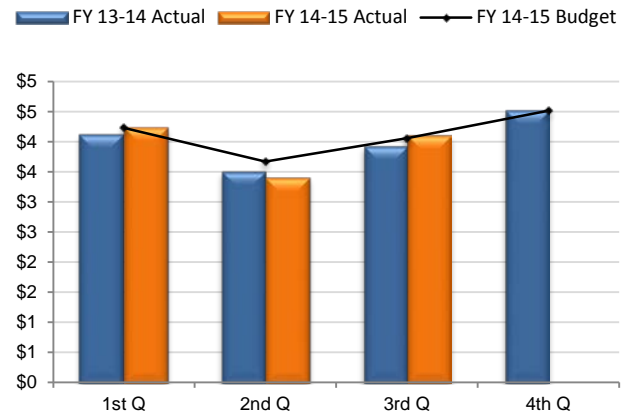


**Community Services**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,229,496	\$ 4,239,096	25.7%	25.7%
2nd Q	Oct-Dec 14	3,669,674	3,413,029	20.7%	22.3%
3rd Q	Jan-Mar 15	4,055,513	4,105,691	24.9%	24.6%
4th Q	Apr-Jun 15	4,514,832			
<b>Total</b>		<b>\$ 16,469,515</b>	<b>\$ 11,757,817</b>	<b>71.4%</b>	<b>72.6%</b>

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

Variance from Budget \$ 196,866 1.2%



**Positive**

The Community Services Department spent 71.4% of its FY 2014-15 budget through the third quarter, compared to the historical average of 72.6%. In terms of variance from the budget in the third quarter, expenditures are \$196,866 or 1.2% below the expected amount.

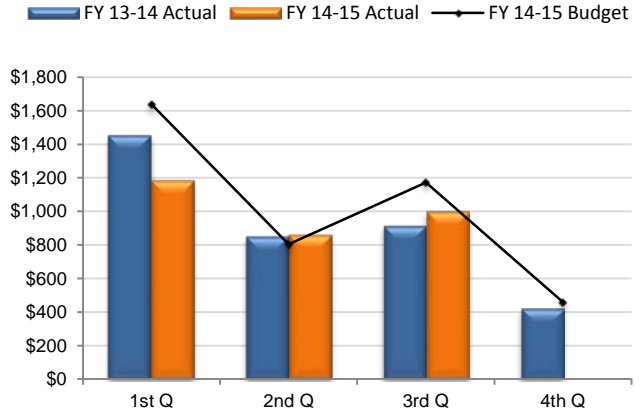


**Human Services**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,637,153	\$ 1,187,646	29.2%	40.2%
2nd Q	Oct-Dec 14	803,554	865,637	21.3%	19.7%
3rd Q	Jan-Mar 15	1,171,668	1,005,298	24.7%	28.8%
4th Q	Apr-Jun 15	457,715			
<b>Total</b>		<b>\$ 4,070,090</b>	<b>\$ 3,058,581</b>	<b>75.1%</b>	<b>88.7%</b>

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

Variance from Budget \$ 553,794 13.6%



**Positive**

The Human Services Department, including the Diversity Office, spent 75.1% of its FY 2014-15 budget through the third quarter, compared to a historical average of 88.7%. In terms of variance from the budget in the third quarter, expenditures are \$553,794 or 13.6% below the expected amount.

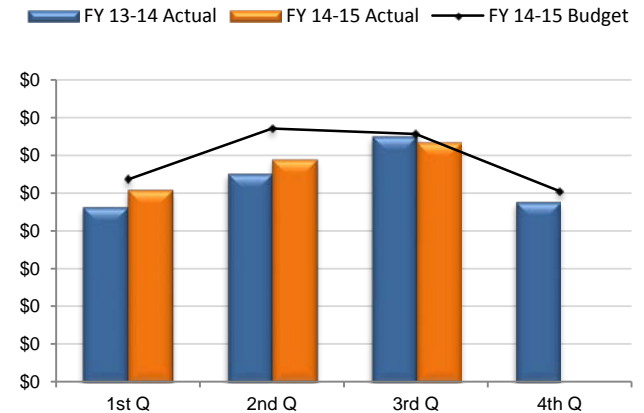


**Human Services - Diversity Office**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 107,307	\$ 101,874	21.5%	22.6%
2nd Q	Oct-Dec 14	134,248	117,870	24.9%	28.3%
3rd Q	Jan-Mar 15	131,293	126,926	26.8%	27.7%
4th Q	Apr-Jun 15	100,982			
<b>Total</b>		<b>\$ 473,831</b>	<b>\$ 346,670</b>	<b>73.2%</b>	<b>78.6%</b>

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

Variance from Budget \$ 26,179 5.4%



**Positive**

The Diversity Office has spent 73.2% of its FY 2014-15 budget through the third quarter, compared with a historical average of 78.6%. In terms of variance from the budget through the third quarter, expenditures are \$26,179 or 5.4% below the expected amount.

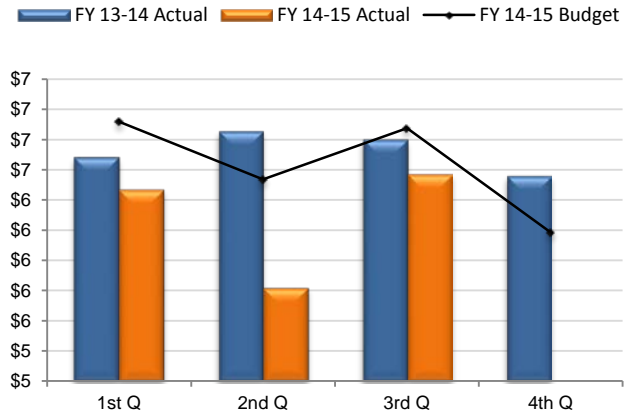


**Fire Medical Rescue**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 6,917,992	\$ 6,468,920	24.4%	26.1%
2nd Q	Oct-Dec 14	6,535,749	5,822,260	22.0%	24.6%
3rd Q	Jan-Mar 15	6,876,462	6,569,443	24.8%	25.9%
4th Q	Apr-Jun 15	6,184,372			
<b>Total</b>		<b>\$ 26,514,575</b>	<b>\$ 18,860,623</b>	<b>71.1%</b>	<b>76.6%</b>

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

Variance from Budget \$ 1,469,580 5.5%



**Positive**

The Fire Medical Rescue Department has spent 71.1% of its FY 2014-15 budget through the third quarter, compared with a historical percentage of 76.6%. In terms of variance from the budget through the third quarter, expenditures are \$1,469,580 or 5.5% below the expected amount.

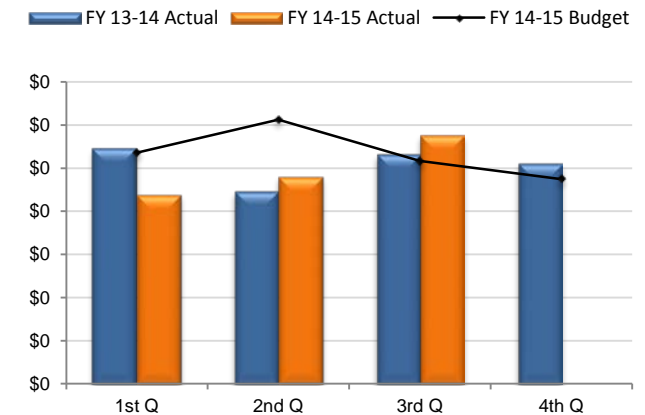


**Internal Audit Office**

		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	96,259	22.5%	28.6%
3rd Q	Jan-Mar 15	103,296	115,246	26.9%	24.1%
4th Q	Apr-Jun 15	94,958			
<b>Total</b>		<b>\$ 427,992</b>	<b>\$ 299,514</b>	<b>70.0%</b>	<b>77.7%</b>

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

Variance from Budget \$ 33,521 7.7%



**Positive**

The Internal Audit Office has spent 70.0% of its FY 2014-15 budget through the third quarter, compared with a historical average of 77.7%. In terms of variance from the budget through the third quarter, expenditures are \$33,521 or 7.7% below the expected amount. Expenditures are tracking lower due to vacancy savings.

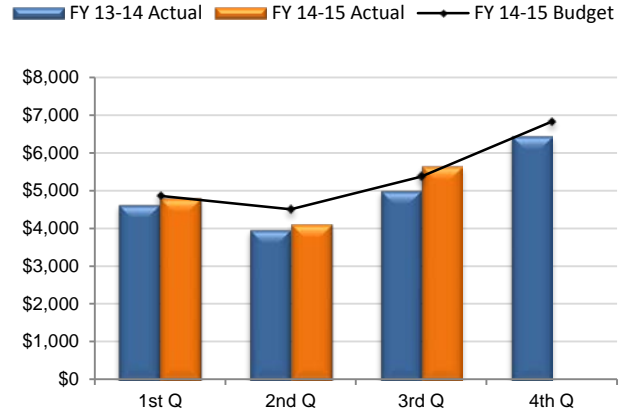


**Internal Services**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,865,577	\$ 4,806,764	22.3%	22.6%
2nd Q	Oct-Dec 14	4,504,238	4,124,141	19.1%	20.9%
3rd Q	Jan-Mar 15	5,373,850	5,642,704	26.2%	24.9%
4th Q	Apr-Jun 15	6,826,329			
<b>Total</b>		<b>\$ 21,569,994</b>	<b>\$ 14,573,609</b>	<b>67.6%</b>	<b>68.4%</b>

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

Variance from Budget \$ 170,056 0.8%



**Positive**

The Internal Services Department has spent 67.6% of its FY 2014-15 budget through the end of the third quarter, compared to the historical pattern of 68.4% during this period. In terms of variance from the budget in the third quarter, expenditures are \$170,056 or 0.8% below the expected amount.

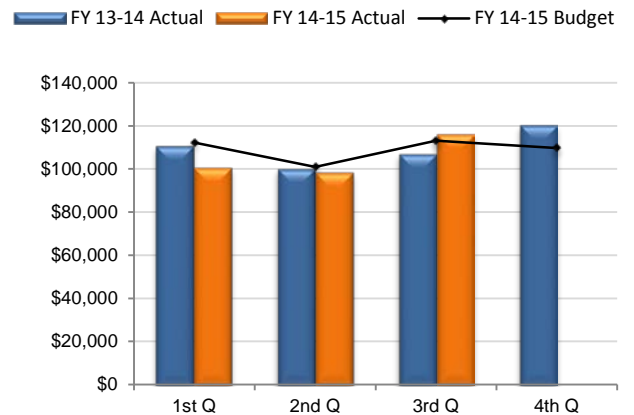


**Mayor and Council**

		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	98,509	22.6%	23.1%
3rd Q	Jan-Mar 15	113,183	116,074	26.6%	26.0%
4th Q	Apr-Jun 15	109,671			
<b>Total</b>		<b>\$ 436,038</b>	<b>\$ 315,320</b>	<b>72.3%</b>	<b>74.8%</b>

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

Variance from Budget \$ 11,046 2.5%



**Positive**

The Mayor and Council has spent 72.3% of its FY 2014-15 budget through the third quarter, compared with a historical average of 74.8%. In terms of variance from the budget in the third quarter, expenditures are \$11,046 or 2.5% below the expected amount.



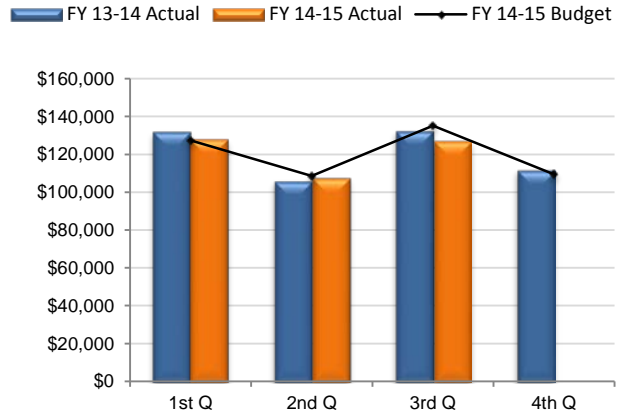
**Municipal Budget Office**

		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	107,796	22.4%	22.6%
3rd Q	Jan-Mar 15	135,061	126,997	26.4%	28.1%
4th Q	Apr-Jun 15	109,394			
<b>Total</b>		<b>\$ 480,404</b>	<b>\$ 362,752</b>	<b>75.5%</b>	<b>77.2%</b>

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

Variance from Budget \$ 8,257 1.7%

**Positive**



The Municipal Budget Office has spent 75.5% of its FY 2014-15 budget through the third quarter, compared to a historical average of 77.2%. In terms of variance from the budget through the third quarter, expenditures are at budgeted expectations.



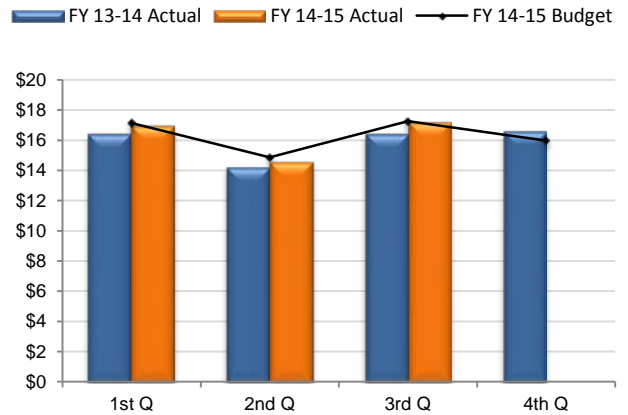
**Police**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 17,141,390	\$ 16,994,278	26.0%	26.3%
2nd Q	Oct-Dec 14	14,872,701	14,623,533	22.4%	22.8%
3rd Q	Jan-Mar 15	17,260,236	17,232,215	26.4%	26.5%
4th Q	Apr-Jun 15	15,972,374			
<b>Total</b>		<b>\$ 65,246,701</b>	<b>\$ 48,850,026</b>	<b>74.9%</b>	<b>75.6%</b>

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

Variance from Budget \$ 424,301 0.7%

**Positive**



The Police Department has spent 74.9% of its FY 2014-15 budget through the third quarter, compared to a historical average of 75.6%. In terms of variance from the budget through the third quarter, expenditures are \$424,301 or 0.7% below the expected amount.



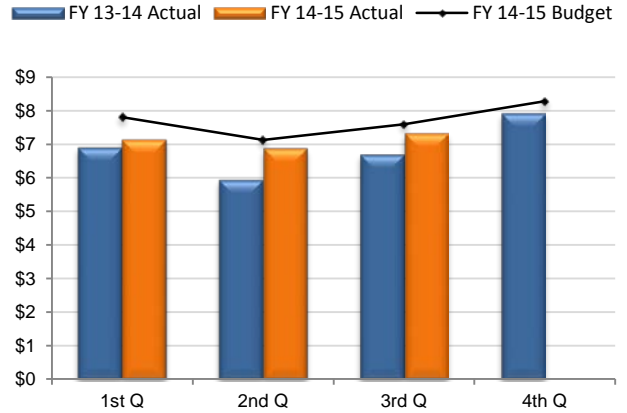


**Public Works**

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 7,811,561	\$ 7,139,353	23.2%	25.3%
2nd Q	Oct-Dec 14	7,125,912	6,881,399	22.3%	23.1%
3rd Q	Jan-Mar 15	7,596,780	7,331,342	23.8%	24.6%
4th Q	Apr-Jun 15	8,284,481			
<b>Total</b>		<b>\$ 30,818,734</b>	<b>\$ 21,352,094</b>	<b>69.3%</b>	<b>73.0%</b>

\*amounts are net of internal service charges, and exclude transfers  
 Variance from Budget \$ 1,182,159 3.7%

**Positive**



The Public Works Department has spent 69.3% of its FY 2014-15 General Fund budget through the third quarter, compared with a historical average of 73.0%. In terms of variance from the budget through the third quarter, expenditures are \$1,182,159 or 3.7% below the expected amount.

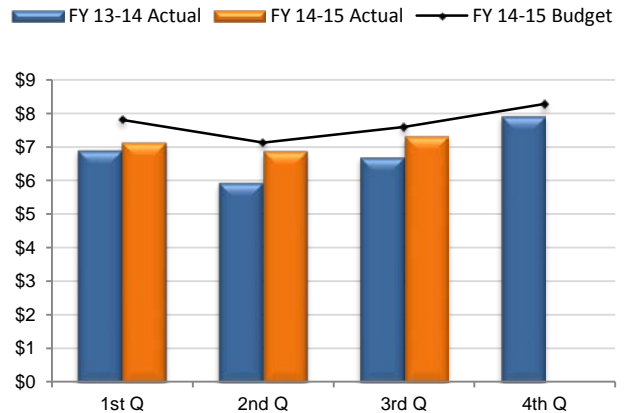


**Non-Departmental**

		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	952,710	22.0%	12.3%
3rd Q	Jan-Mar 15	1,094,429	599,280	13.9%	25.3%
4th Q	Apr-Jun 15	1,867,253			
<b>Total</b>		<b>\$ 4,321,900</b>	<b>\$ 2,271,990</b>	<b>52.6%</b>	<b>56.8%</b>

\*amounts are net of internal service charges, and exclude transfers  
 Variance from Budget \$ 182,657 4.2%

**Positive**



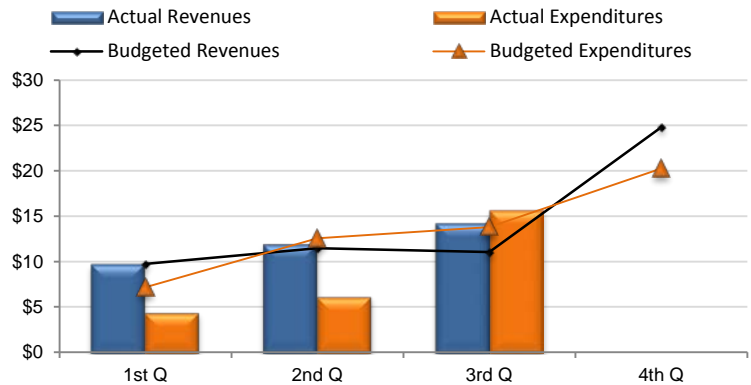
The Non-Departmental category of the budget includes items that do not directly relate to the operations of any one of the City's operating departments. Some examples of such expenditures include the payment of the Tempe Tourism Office' portion of the Bed Tax and the football bowl sponsorship. Through the third quarter of FY 2014-15, Non-Departmental expenditures are 52.6% of the budget compared to the historical pattern of 56.8%. In terms of variance from the budget in the third quarter, expenditures are tracking \$182,657 or 4.2% below the historical average.



**Transit Fund**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
<b>Total Revenues</b>	\$57,069,807	\$ 35,926,012	63.0%
Operating	\$49,004,857	\$ 24,895,384	50.8%
Capital	72,200	85,004	117.7%
Debt Service	4,663,188	1,457,504	31.3%
<b>Total Exp</b>	\$53,740,245	\$ 26,437,891	49.2%
<b>Net Rev/Exp</b>	\$ 3,329,562	\$ 9,488,121	

\*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 third quarter there is an operating surplus in the Transit Fund of \$9.5 million. Transit Fund revenue is at 63.0% of budget which is in line with the historical tracking percentage of 56.5%. Expenditures are 49.2% of budget compared to the recent historical tracking percentage of 62.3%.

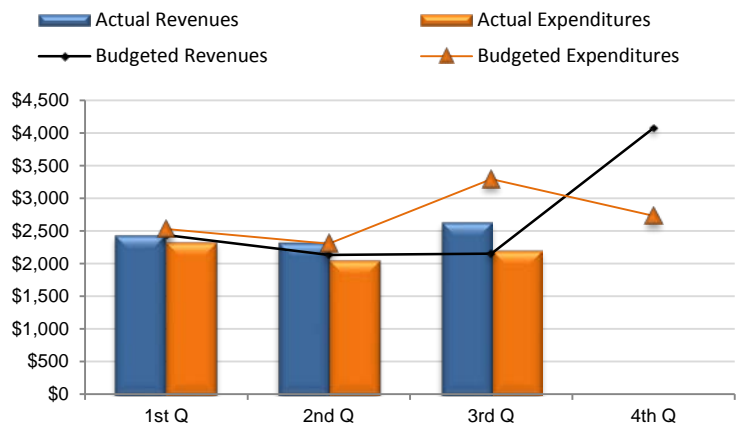


**Highway User Revenue Fund**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
Revenues	\$10,798,400	\$ 7,378,907	68.3%
Transfers In	-	-	0.0%
<b>Total Revenues</b>	\$10,798,400	\$ 7,378,907	68.3%
Operating	\$ 9,689,252	\$ 6,079,991	62.7%
Capital	1,160,982	507,980	43.8%
Transfers Out	4,949	4,790	0.0%
<b>Total Exp</b>	\$10,855,183	\$ 6,592,761	60.7%
<b>Net Rev/Exp</b>	\$ (56,783)	\$ 786,146	

\*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, as well as other factors. HURF resources are dedicated to Street and Traffic Operations, Maintenance, and Construction activities in the City. Revenues are 68.3% of budget compared to a historical average of 62.2%, while expenditures are 60.7% of budget compared to the three year historical trend of 74.9%.

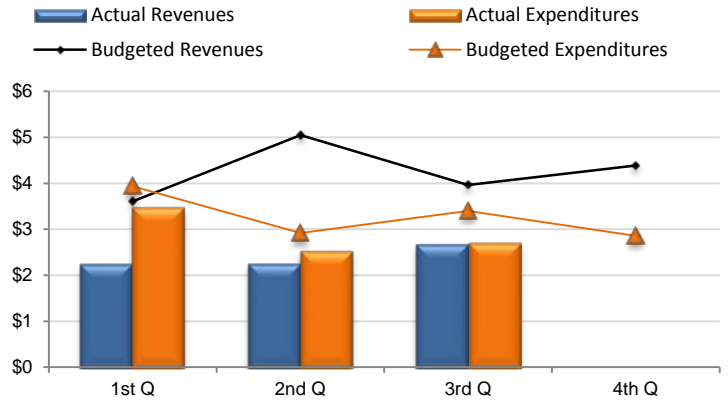


**CDBG/Section 8 Funds**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
<b>Total Revenues</b>	\$ 13,108,612	\$ 7,156,332	54.6%
Operating	\$ 13,079,198	\$ 8,189,556	62.6%
Capital	29,414	1,938	6.6%
Debt Service	-	509,746	0.0%
<b>Total Exp</b>	\$ 13,108,612	\$ 8,701,241	66.4%
<b>Net Rev/Exp</b>	\$ -	\$ (1,544,909)	

\*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 third quarter total 54.6% of the FY 2014-15 budget, compared to the historical percentage of 71.9%. Expenditures through the third quarter total 66.4% of the FY 2014-15 budget, compared to the historical percentage of 78.2%. The net effect on the fund status through the third quarter is an operating deficit, though this is largely due to the timing of grant revenues.

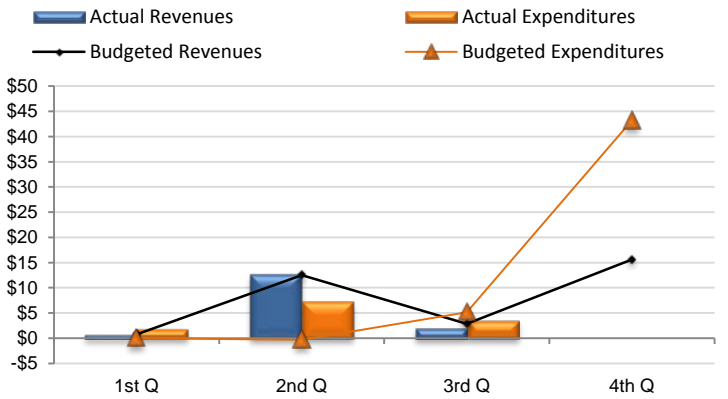


**Debt Service Fund**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
Revenues	\$ 24,609,059	\$ 14,792,386	60.1%
Transfers In	7,179,593	862,463	12.0%
<b>Total Revenues</b>	\$ 31,788,652	\$ 15,654,849	49.2%
Debt Service	\$ 37,991,886	\$ 10,976,565	28.9%
Transfers Out	10,082,741	2,000,000	19.8%
<b>Total Exp</b>	\$ 48,074,627	\$ 12,976,565	27.0%
<b>Net Rev/Exp</b>	\$ (16,285,975)	\$ 2,678,284	

\*amounts exclude encumbrances and impact of bond refunding

**Positive**

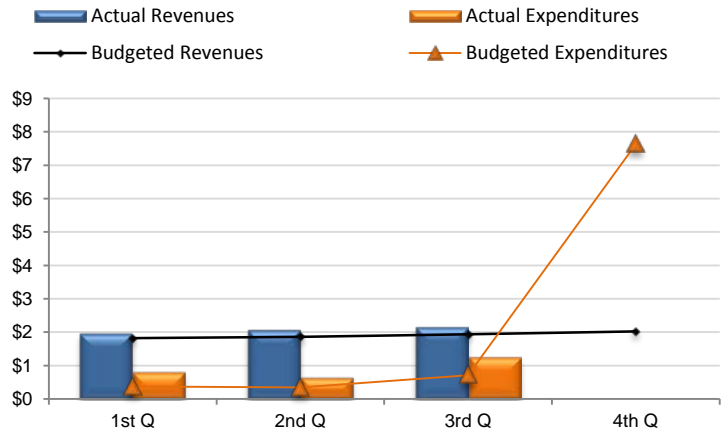


The Debt Service Fund accounts for the receipt of secondary Property Taxes to be used for payment of debt service on the City's tax supported debt. Actual revenues and expenditures through the third quarter are in line with historical budget comparisons and within budgeted parameters. The city receives significant revenue from the Maricopa County Assessor's Office in October and May. Because the City's property tax levy stabilization policy provides a predictable revenue stream for paying annual property tax-supported debt service payments, existing fund balance in the Debt Service Fund can be utilized to repay short term property tax supported debt. Repayment of this debt will result in spending down the fund balance in the fund to between 4% and 8% of outstanding property tax supported debt, and will enhance the City's capacity to continue to issue property tax supported debt within the City's legal debt limits.



**Performing Arts Fund**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
<b>Total Revenues</b>	\$ 7,642,395	\$ 6,196,700	81.1%
Operating	\$ 3,036,455	\$ 2,119,128	69.8%
Capital	1,100	2,913	-100.0%
Debt Service	5,926,526	474,689	8.0%
Transfers Out	100,000	100,000	0.0%
<b>Total Exp</b>	\$ 9,064,081	\$ 2,696,730	29.8%
<b>Net Rev/Exp</b>	\$ (1,421,686)	\$ 3,499,971	



**Positive**

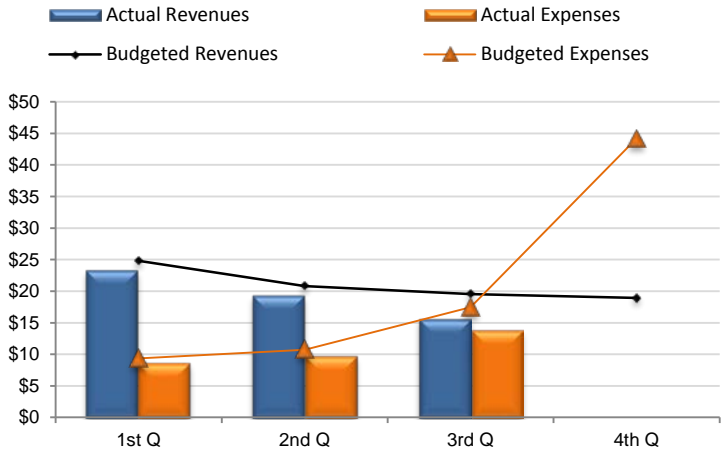
\*amounts exclude encumbrances

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 third quarter of FY 2014-15 are 81.1% of budget, compared to the historical tracking percentage of 73.6%. Total expenditures are 29.8% of budget. This is the result of the timing of a large debt service payment, which occurs in the fourth quarter. The fund will continue to operate in a deficit mode until FY 2016-17, when half of the debt issued to build the TCA will be retired, resulting in reduced annual debt service cost, which will begin generating annual surpluses. This trend will continue until the arts tax expires in December of 2020.



**Water/ Wastewater Fund**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
<b>Revenues</b>	\$ 78,950,217	\$ 58,080,843	73.6%
Transfers In	5,158,141	-	0.0%
<b>Total Revenues</b>	\$ 84,108,358	\$ 58,080,843	69.1%
Operating	\$ 39,886,365	\$ 25,711,869	64.5%
Capital	632,191	359,386	56.8%
Debt Service	35,818,925	5,797,864	16.2%
Transfers Out	5,337,021	176,178	3.3%
<b>Total Expenses</b>	\$ 81,674,502	\$ 32,045,298	39.2%
<b>Net Rev/Exp</b>	\$ 2,433,856	\$ 26,035,545	



\*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 third quarter of FY 2014-15 are 69.1% of budget compared to the historical average of 77.5%. Total expenses through the third quarter are 39.2% of budget compared to 45.9% historically. Through the third quarter, the fund posted a \$26.0 million surplus. This is the result of the timing of debt service payments and payments for regional wastewater services, which occur in the fourth quarter.

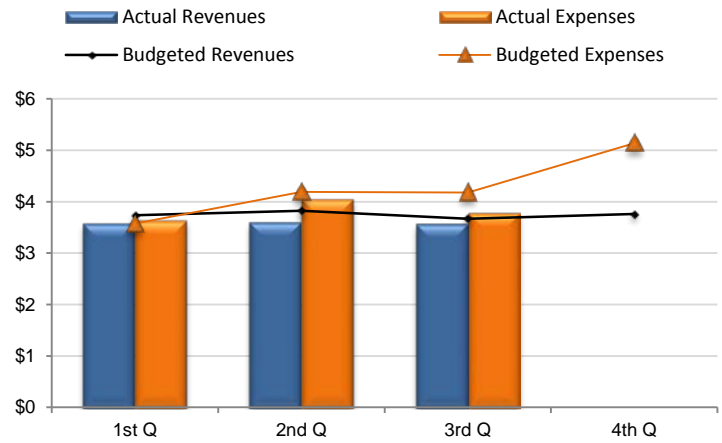


**Solid Waste Fund**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
<b>Total Revenues</b>	\$ 14,987,157	\$ 10,727,978	71.6%
Operating	\$ 14,207,436	\$ 10,411,670	73.3%
Capital	2,871,035	1,070,636	37.3%
Transfers Out	4,949	4,790	96.8%
<b>Total Expenses</b>	\$ 17,083,420	\$ 11,487,096	67.2%
<b>Net Rev/Exp</b>	\$ (2,096,263)	\$ (759,119)	

\*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 third quarter of FY 2014-15 are 71.6% of budget compared to 74.9% historically. Total expenses through the third quarter are 67.2% of budget compared to 69.9% historically. The adopted budget includes a \$2.1 million operating deficit with planned spend down of fund balance until a rate modification plan is developed, and presented to Council for consideration and possible implementation in FY 2015-16. Through the third quarter, the operating deficit is \$759,119.

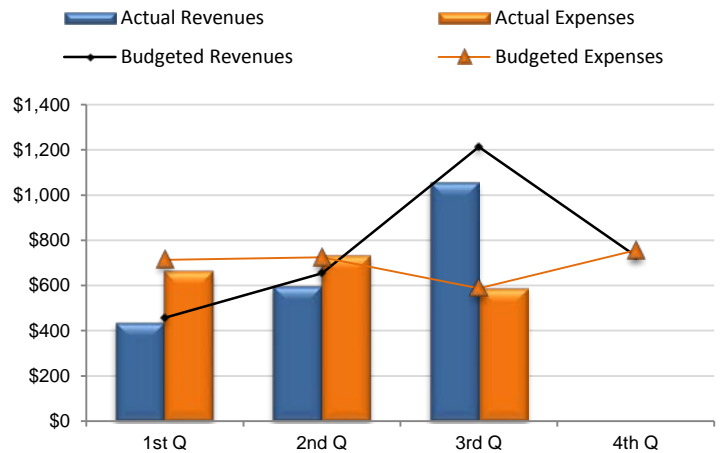


**Golf Fund**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
<b>Revenues</b>	\$ 2,982,436	\$ 2,016,122	67.6%
Transfers In	74,000	74,000	100.0%
<b>Total Revenues</b>	\$ 3,056,436	\$ 2,090,122	68.4%
Operating	\$ 2,602,619	\$ 1,819,840	69.9%
Capital	179,148	160,728	89.7%
<b>Total Expenses</b>	\$ 2,781,767	\$ 1,980,567	71.2%
<b>Net Rev/Exp</b>	\$ 274,669	\$ 109,554	

\*amounts exclude encumbrances

**Positive**



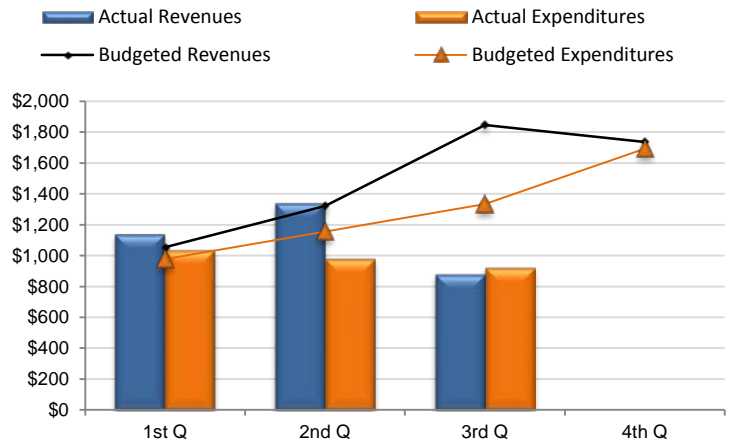
The Golf Fund is a self-supporting enterprise fund that provides for operation, maintenance, and debt service costs associated with two municipal golf courses. Total revenues through the third quarter of FY 2014-15 are 68.4% of budget compared to 76.1% historically. Total expenses through the third quarter are 71.2% of budget compared to the historical tracking percentage of 72.8%. The adopted budget projects a \$274,669 operating surplus; through the third quarter, the fund had an operating surplus of \$109,554. This is due primarily to the seasonality of the revenue stream.

**Police Dept-RICO & Grants**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
<b>Total Revenues</b>	\$ 5,959,619	\$ 3,359,266	56.4%
<b>Total Expenses</b>	\$ 5,159,619	\$ 2,936,186	56.9%
<b>Net Rev/Exp</b>	\$ 800,000	\$ 423,080	

\*amounts exclude encumbrances and contingency appropriations

**Positive**



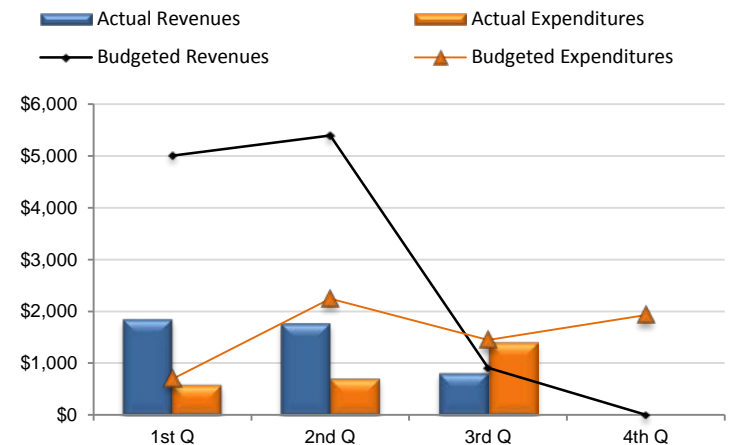
The Police Dept-RICO & Grants Fund accounts for the receipt and expenditure of grants, donations, asset forfeitures, and tow hearing fines associated with Police Department activities. Revenues through the third quarter total 56.4% of the FY 2014-15 budget, compared to the historical percentage of 70.9%. Expenditures through the third quarter total 56.9% of the FY 2014-15 budget, compared to the historical percentage of 67.2%. The net effect on the fund's status through the third quarter is an operating surplus of \$423,080, 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 3Q Actual*	% Budget to Date
<b>Total Revenues</b>	\$ 11,308,718	\$ 4,451,483	39.4%
<b>Total Expenses</b>	\$ 6,309,307	\$ 2,690,845	42.6%
<b>Net Rev/Exp</b>	\$ 4,999,411	\$ 1,760,638	

\*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 third quarter total 39.4%, while expenditures total 42.6%. The large operating surplus through the third 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.

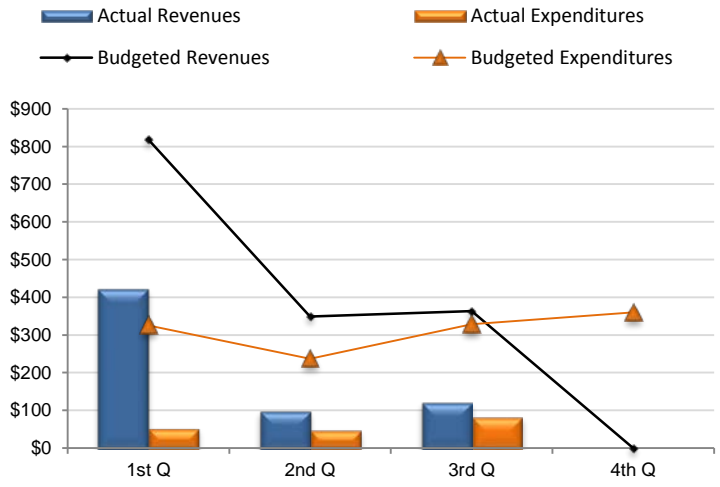


**Court Enhancement Fund**

	FY 14-15 Budget	FY 14-15 3Q Actual*	% Budget to Date
<b>Total Revenues</b>	\$ 1,530,131	\$ 646,753	42.3%
<b>Total Expenditures</b>	\$ 1,250,068	\$ 183,050	14.6%
<b>Net Rev/Exp</b>	\$ 280,063	\$ 463,703	

\*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 third quarter total 42.3% of the FY 2014-15 budget, compared to the historical percentage of 100.0%. Expenditures through the third quarter total 14.6% of the FY 2014-15 budget, compared to the historical percentage of 71.2%. 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.