### Memorandum



## Finance and Technology Department

Date: November 2, 2012

To: Mayor and Councilmembers

From: Ken Jones, Finance and Technology Director

Subject: Quarterly Financial Report – Quarter Ended September 30, 2012

Attached is the Quarterly Financial Report for the first quarter of Fiscal Year 2012-13, (the quarter ending September 30, 2012). We have included 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 page. (The electronic version of this report is included in your November 2nd 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

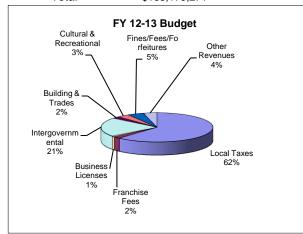
Through 1st Quarter FY 2013 (July-September 2012)

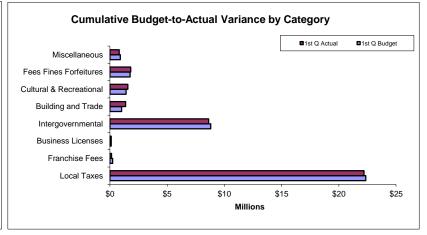
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Performance Ratings Key		
Positive = Unfavorable variance <2% compared to historical trends or	r positive variance	
<b>Watch</b> = Unfavorable variance between 2-5% compared to historica		
watch = Uniavorable variance between 2-5% compared to bigroups	ii trenas	

#### **General Fund Revenue Quarterly Analysis** Page 1 FY 11-12 Actual \$50,000,000 FY 12-13 Actual FY 12-13 Budget FY 12-13 FY 12-13 % of % of \$45,000,000 Adopted **Actual Budget Budget** \$40,000,000 Collected **Budget** Revenue Hist 1st Q Jul-Sep 12 \$36,639,087 \$36,645,088 21.8% 21.8% \$35,000,000 Oct-Dec 12 44,368,994 2nd Q \$30,000,000 3rd Q Jan-Mar 13 40,553,950 4th Q Apr-Jun 13 46,617,241 \$25,000,000 \$36,645,088 21.8% 21.8% Total \$168,179,271 \$20,000,000 Variance from Budget \$6.001 0.0% \$15,000,000 1st Q 2nd Q 3rd Q 4th Q **Positive**

Through the first quarter of FY 12-13, General Fund revenue is 21.8% of budget, compared with a historical percentage of 21.8%. In terms of budget to actual variance, total collections are in line with the anticipated revenue target for the first quarter. Negative variances in Intergrovernmental Revenues, Franchise Fees and Other Revenue are offset by positive variances in Cultural and Recreational Fees and Building and Trades Fees. 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** Cumulative Revenue through 1Q 2012-2013 FY 12-13 % of % of **Budget Annual Annual Actual Budget Revenue Categories Budget Budget Target** Revenue **Target Local Taxes** \$103,736,374 61.7% **Local Taxes** \$22,352,553 \$22,205,361 99% 243,711 142,070 58% Franchise Fees \$3,533,481 2.1% Franchise Fees 110,614 111,378 101% \$1,543,750 0.9% **Business Licenses Business Licenses** 8,807,858 8,620,587 98% Intergovernmental \$35,400,408 21.0% Intergovernmental 1,024,506 1,371,592 134% **Building & Trades** \$3,682,855 2.2% **Building & Trades** 1,418,992 1,566,434 110% Cultural & Recreational \$5,834,660 3.5% Cultural & Recreational 103% 1,768,695 1,819,734 Fines/Fees/Forfeitures \$7,899,790 4.7% Fines/Fees/Forfeitures 912,157 807,932 89% Other Revenues \$6,547,953 3.9% Other Revenues 100.0% \$36,645,088 Total \$168,179,271 \$36,639,087

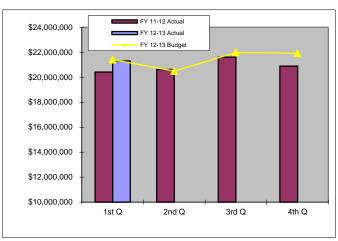




### **General Fund Revenue Detail**

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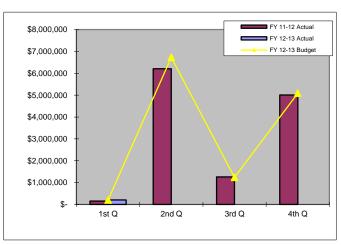
Sale	s Tax				
		FY 12-13	FY 12-13	% of	% of
		Adopted	Actual	Budget	Budget
		Budget	Revenue	Collected	Hist
1st Q	Jul-Sep 12	21,414,183	\$21,298,415	24.8%	25.0%
2nd Q	Oct-Dec 12	20,491,694			
3rd Q	Jan-Mar 13	21,983,707			
4th Q	Apr-Jun 13	21,928,255			
Total		\$85,817,840	\$21,298,415	24.8%	25.0%
Variand	e from Budget		(\$115,768)	-0.5%	



#### **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 first quarter of FY 12-13, Sales Tax collections are 24.8% of budget, which is slightly below the historical average of 25%. In terms of budget to actual variance, collections are 0.5% below the budgeted value.

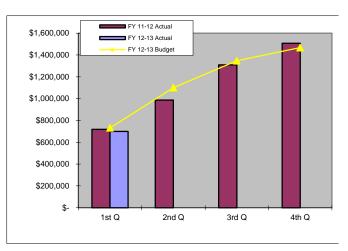
Prop	erty Tax				
		FY 12-13 Adopted	FY 12-13 Actual	% of Budget	% of Budget
	,	Budget	Revenue	Collected	Hist
1st Q	Jul-Sep 12	\$206,622	\$207,908	1.6%	1.6%
2nd Q	Oct-Dec 12	6,730,872			
3rd Q	Jan-Mar 13	1,240,793			
4th Q	Apr-Jun 13	5,092,885			
Total		\$13,271,172	\$207,908	1.6%	1.6%
Variand	e from Budget		\$1,286	0.6%	



### **Positive**

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 first quarter of FY 12-13, Property Tax collections are 1.6% of budget, which is in line with the historical average of 1.6%.

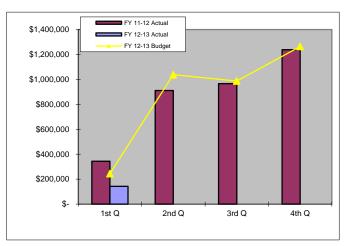
Bed	Tax				
		FY 12-13	FY 12-13	% of	% of
		Adopted	Actual	Budget	Budget
		Budget	Revenue	Collected	Hist
1st Q	Jul-Sep 12	\$731,747	\$699,038	15.0%	15.7%
2nd Q	Oct-Dec 12	1,100,049			
3rd Q	Jan-Mar 13	1,347,766			
4th Q	Apr-Jun 13	1,467,799			
Total	·	\$4,647,362	\$699,038	15.0%	15.7%
Variand	e from Budget		(\$32,709)	-4.5%	



#### 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 first quarter of FY 12-13 are 15.0% of budget, approximately 0.7% below the historical average. In terms of budget to actual variance, collections are 4.5% below the budgeted value. This category is on watch status due to this slow first quarter performance, however, as the first quarter is typically the smallest of the year's collections there is sufficient time and opportunity for this category to get back on track.

Fran	chise 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			
3rd Q	Jan-Mar 13	987,042			
4th Q	Apr-Jun 13	1,264,651			
Total	·	\$3,533,481	\$142,070	4.0%	6.9%
Variand	e from Budget		(\$101,641)	-42%	



### **Negative**

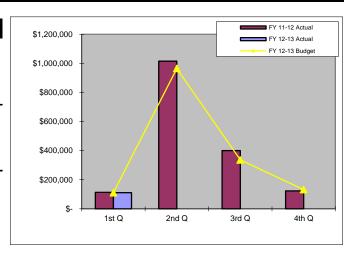
Franchise Fee revenues are collected based on specific agreements with service providers in the city, including Arizona Public Service (2% of revenue), Cox Communications (5% of gross revenue), Southwest Gas (2% of gross revenue), and a number of telecommunications service providers. These fees contribute 2.1% of annual General Fund revenue. Franchise Fee payments are 4.0% of the budgeted amount through the first quarter of FY 12-13, compared to 6.9% historically. In terms of budget to actual variance, collections are 42%, or \$101,641 below the budgeted value. This variance is due to underperformance in Telecommunications Franchise Fee collections. Since the first quarter normally represents less than 7% of the annual total, this variation represents less than 3% of the forecast for the year. This category will be under enhanced scrutiny until it is brought into "Positive' monitoring status.

### **General Fund Revenue Detail**

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## **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			
3rd Q	Jan-Mar 13	336,238			
4th Q	Apr-Jun 13	132,076			
Total		\$1,543,750	\$111,378	7.2%	7.2%
Varianc	e from Budget		\$764	0.7%	

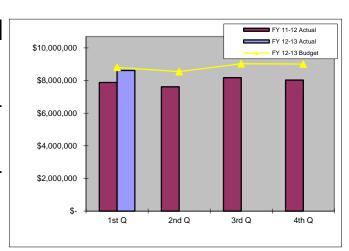


#### **Positive**

The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Business License collections through the first quarter of FY 12-13 were 7.2% of budget, compared to the historical average of 7.2%. Business Licenses contribute 1% of annual General Fund revenue. In terms of budget to actual variance, collections are 0.7% 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			
3rd Q	Jan-Mar 13	9,031,424			
4th Q	Apr-Jun 13	9,011,851			
Total	•	\$35,400,408	\$8,620,587	24.4%	24.9%
Variance from Budget			(\$187,271)	-2.1%	

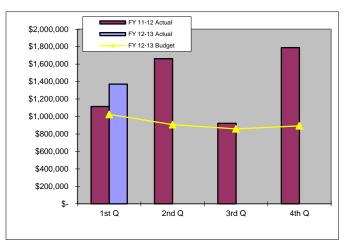


#### **Positive**

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 first quarter of FY 12-13, actual collections are 24.4% of budget, compared to a historical average of 24.9%. When compared to the same time period of last fiscal year, cumulative collections through the first quarter are 9% higher. In terms of budget to actual variance, collections are 2.1%, or \$187,271 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			
3rd Q	Jan-Mar 13	858,456			
4th Q	Apr-Jun 13	893,300			
Total		\$3,682,855	\$1,371,592	37.2%	27.8%
Variand	e from Budget		\$347,086	33.9%	

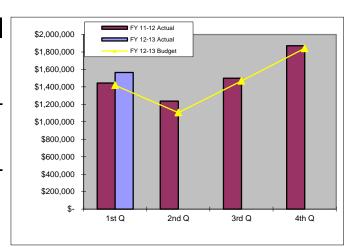


#### **Positive**

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 12-13, actual collections are 37.2% of budget, compared to a historical average of 27.8%. In terms of budget to actual variance, collections are 33.9% above the budgeted value. Due to the volatility of development patterns, it is unclear if this positive variance will persist into future quarters.

### **Cultural & Recreational**

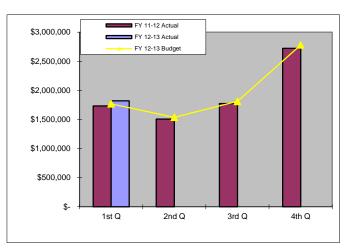
		FY 12-13 Adopted Budget	FY 12-13 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 12	\$1,418,992	\$1,566,434	26.8%	24.3%
2nd Q	Oct-Dec 12	1,105,325			
3rd Q	Jan-Mar 13	1,468,432			
4th Q	Apr-Jun 13	1,841,911			
Total	·	\$5,834,660	\$1,566,434	26.8%	24.3%
Variand	e from Budget		\$147,442	10.4%	



#### **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 first quarter of FY 12-13, Cultural and Recreational fee collections are 26.8% of budget, compared to the historical average of 24.3%, for a total variance of 2.5%. In terms of budget to actual variance, collections are 10.4% above the budgeted value.

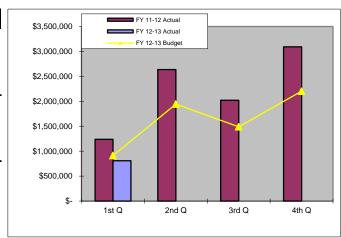
Fines, Fees, Forfeitures					
		FY 12-13 Adopted	FY 12-13 Actual	% of Budget	% of Budget
		Budget	Revenue	Collected	Hist
1st Q	Jul-Sep 12	\$1,768,695	\$1,819,734	23.0%	22.4%
2nd Q	Oct-Dec 12	1,538,269			
3rd Q	Jan-Mar 13	1,811,808			
4th Q	Apr-Jun 13	2,781,019			
Total		\$7,899,790	\$1,819,734	23.0%	22.4%
Variand	e from Budget		\$51,039	2.9%	



#### **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 first quarter of FY 12-13, 23.0% of budgeted revenues have been collected, compared to a historical average of 22.4%. In terms of budget to actual variance, this category is 2.9% above the expected value for the first 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 FY 12-13 % of % of Adopted **Budget Budget** Actual Revenue Hist **Budget** Collected 1st Q Jul-Sep 12 \$912,157 \$807,932 12.3% 13.9% 2nd Q Oct-Dec 12 1,944,017 Jan-Mar 13 1,488,284 3rd Q Apr-Jun 13 2,203,494 4th Q Total \$6,547,953 \$807,932 12.3% 13.9% Variance from Budget (\$104,225)-11.4%



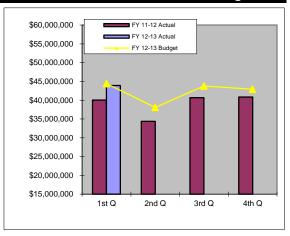
### **Negative**

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 12.3% of the FY 12-13 budget, compared to a historical tracking percentage of 13.9%. In terms of budget to actual variance, this category is 11.4% below the expected value for the first quarter. The amount collected in the first quarter of FY 2012-13 represents the lowest level of collections from this revenue category in over ten years, and as such this category is in negative monitoring status and will be subject to enhanced scrutiny going forward.

## **General Fund Expenditures Quarterly Analysis**

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		FY 12-13 Adopted Budget*	FY 12-13 Actual Exp	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	44,409,752	43,918,777	26.0%	26.2%
2nd Q	Oct-Dec 12	38,079,259			
3rd Q	Jan-Mar 13	43,778,535			
4th Q	Apr-Jun 13	42,937,601			
Total	·	169,205,147	43,918,777	26.0%	26.2%
Variance from Budget (490,975) *Budget excludes \$1 million contingency appropriation					



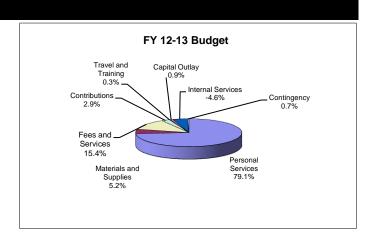
\*Budget excludes \$1 million contingency appropriation

#### **Positive**

Through the first quarter of FY 12-13, General Fund expenditures are 26.0% of budget, compared with a historical percentage of 26.2%. In terms of budget to actual variance, General Fund expenditures are 1.1% below 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**

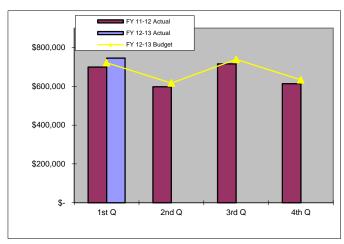
	FY 12-13 Adopted	% of Adopted
Categories	Budget	Budget
Personal Services	136,787,169	80.8%
Materials and Supplies	9,672,413	5.7%
Fees and Services	23,310,584	13.8%
Contributions	4,633,098	2.7%
Travel and Training	368,723	0.2%
Capital Outlay	1,620,007	1.0%
Internal Services	(8,137,609)	-4.8%
Transfers	950,762	0.6%
Total	169,205,147	



City	Attorney				
		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 12	\$722,194	\$745,777	27.5%	26.6%
2nd Q	Oct-Dec 12	617,370			
3rd Q	Jan-Mar 13	739,240			
4th Q	Apr-Jun 13	633,649			
Total		\$2,712,453	\$745,777	27.5%	26.6%
*amount	s are net of internal	service charges, a	nd exclude enc	umbrances	

23,583

3.3%



#### Watch

Variance from Budget

The City Attorney spent 27.5% of its FY 12-13 budget through the first quarter, compared to a historical average of 26.6%. In terms of budget to actual variance, expenditures are 3.3% higher than budgeted for the first quarter. This variance is largely due to unbudgeted spending on wages for temporary employees.

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

### 

#### **Positive**

The City Clerk spent 21.2% of its FY 12-13 budget through the first quarter, compared to a historical average of 24%. In terms of variance from budget in the first quarter, expenditures are \$14,918 or 11.6% below the expected amount.

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances

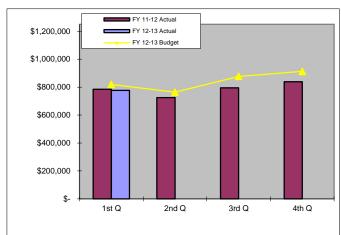
Variance from Budget (14,918) -11.6%

### **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			
3rd Q	Jan-Mar 13	876,365			
4th Q	Apr-Jun 13	912,656			
Total		\$3,372,398	\$776,283	23.0%	24.3%
*amount	a are not of internal	contino charges a	and avaluda and	umbranca	

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (43,215) -5.3%



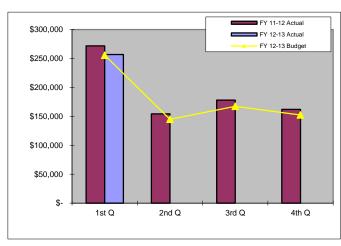
#### **Positive**

The City Court spent 23.0% of its FY 12-13 budget through the first quarter, compared to the historical average of 24.3%. In terms of variance from budget in the first quarter, expenditures are \$43,215 or 5.3% below the expected amount.

## **City Manager**

		FY 12-13	FY 12-13	% of	% of
		Adopted	Actual	Budget	Budget
		Budget*	Expend*	Exp	Hist
1st Q	Jul-Sep 12	\$255,635	\$256,885	35.7%	35.5%
2nd Q	Oct-Dec 12	144,996			
3rd Q	Jan-Mar 13	167,328			
4th Q	Apr-Jun 13	152,397			
Total		\$720,356	\$256,885	35.7%	35.5%

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances Variance from Budget 1,250 0.5%



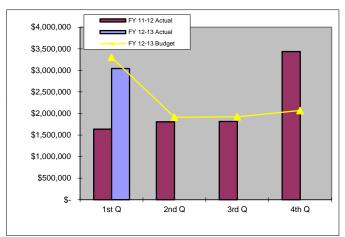
### **Positive**

The City Manager spent 35.7% of its FY 12-13 budget through the first quarter, compared to the historical average of 35.5%. In terms of variance from budget in the first quarter, expenditures are \$1,250 or 0.5% 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	\$3,300,257	\$3,040,985	33.0%	35.8%
2nd Q	Oct-Dec 12	1,914,363			
3rd Q	Jan-Mar 13	1,922,958			
4th Q	Apr-Jun 13	2,068,930			
Total		\$9,206,508	\$3,040,985	33.0%	35.8%

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances Variance from Budget (259,273) -7.9%



#### **Positive**

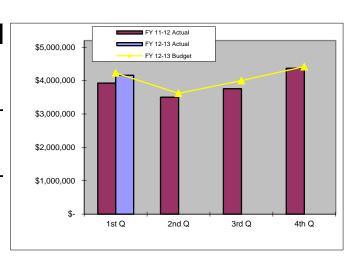
The Community Development Department spent 33% of its FY 12-13 budget through the first quarter, compared to the expected value of 35.8%. In terms of variance from budget in the first quarter, expenditures are \$259,273 or 7.9% below the expected amount. The variance from the prior year's actual first quarter expenditure shown in the graph is due to the timing of a \$1.4 million payment to the Community Facilities District, which occurred in the fourth quarter of FY 11-12 compared to the first quarter of FY 12-13.

## **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			
3rd Q	Jan-Mar 13	4,001,344			
4th Q	Apr-Jun 13	4,418,159			
Total		\$16,268,640	\$4,161,747	25.6%	26.0%

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (66,986) -1.6%



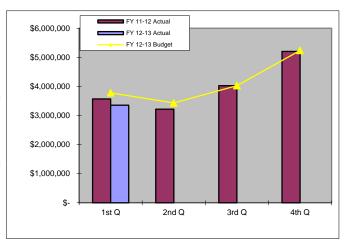
#### **Positive**

The Community Services Department spent 25.6% of its FY 12-13 budget through the first quarter, compared to the historical average of 26%. In terms of variance from budget in the first quarter, expenditures are \$66,986 or 1.6% 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			
3rd Q	Jan-Mar 13	\$4,026,125			
4th Q	Apr-Jun 13	\$5,236,580			
Total		\$16,472,397	\$3,352,530	20.4%	23.0%

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances Variance from Budget (428,248) -11.3%

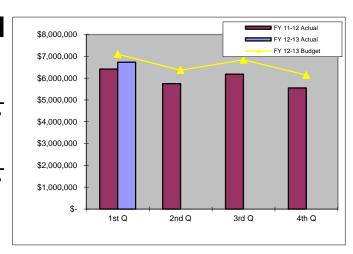


#### **Positive**

The Finance and Technology Department spent 20.4% of its FY 12-13 budget through the first quarter, compared with a historical average of 23%. In terms of variance from budget in the first quarter, expenditures are \$428,248 or 11.3% 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			
3rd Q	Jan-Mar 13	6,841,430			
4th Q	Apr-Jun 13	6,143,063			
Total		\$26,453,384	\$6,734,057	25.5%	26.8%

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances Variance from Budget (367,633) -5.2%



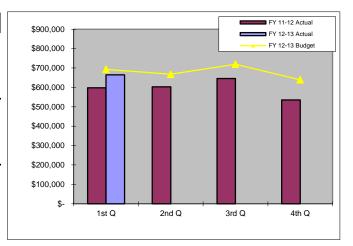
#### **Positive**

The Fire Department spent 25.5% of its FY 12-13 budget through the first quarter, compared with a historical percentage of 26.8%. In terms of variance from budget in the first quarter, expenditures are \$367,633 or 5.2% below the expected amount.

### **Human Resources**

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

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances Variance from Budget (28,151) -4.1%



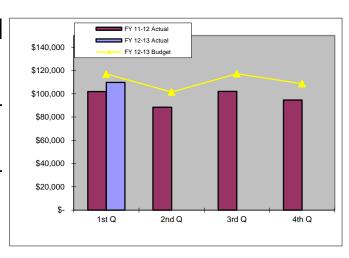
#### **Positive**

The Human Resources Department spent 24.4% of its FY 12-13 budget through the first quarter, compared with a historical average of 25.5%. In terms of variance from budget in the first quarter, expenditures are \$28,151 or 4.1% 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			
3rd Q	Jan-Mar 13	117,145			
4th Q	Apr-Jun 13	108,639			
Total		\$444,243	\$109,751	24.7%	26.3%

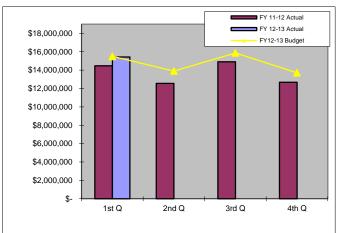
<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances Variance from Budget (7,199) -6.2%



### **Positive**

The Mayor and Council spent 24.7% of its FY 12-13 budget through the first quarter, compared with a historical average of 26.3%. In terms of variance from budget in the first quarter, expenditures are \$7,199 or 6.2% below the expected amount.

Polic	e				
		FY 12-13 Adopted	FY 12-13 Actual	% of Budget	% of Budget
	_	Budget*	Expend*	Exp	Hist
1st Q	Jul-Sep 12	\$15,497,362	\$15,423,594	26.1%	26.3%
2nd Q	Oct-Dec 12	13,905,689			
3rd Q	Jan-Mar 13	15,868,285			
4th Q	Apr-Jun 13	13,710,773			
Total		\$58,982,109	\$15,423,594	26.1%	26.3%
*amount	s are net of internal	service charges, a	nd exclude encu	mbrances	



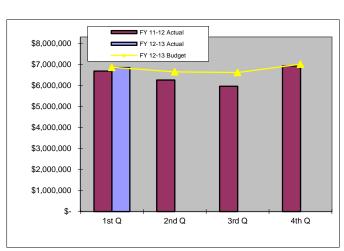
### **Positive**

Variance from Budget

The Police Department spent 26.1% of its FY 12-13 budget through the first quarter, compared to a historical average of 26.3%. In terms of variance from budget in the first quarter, expenditures are \$73,768 or 0.5% below the expected amount.

(73,768) -0.5%

Publ	ic Works						
		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist		
1st Q	Jul-Sep 12	\$6,860,146	\$6,849,833	25.3%	25.3%		
2nd Q	Oct-Dec 12	6,643,802					
3rd Q	Jan-Mar 13	6,611,676					
4th Q	Apr-Jun 13	7,009,715					
Total		\$27,125,339	\$6,849,833	25.3%	25.3%		
*amount	*amounts are net of internal service charges, and exclude encumbrances						
Variand	e from Budget		(10,313)	-0.2%			



### **Positive**

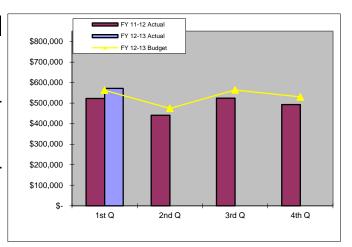
The Public Works Department spent 25.3% of its FY 12-13 General Fund budget through the first quarter, compared with a historical average of 25.3%. In terms of variance from budget in the first quarter, expenditures are \$10,313 or 0.2% below the expected amount.

### **Community Relations Office**

		FY 12-13	FY 12-13	% of	% of
		Adopted	Actual	Budget	Budget
	_	Budget*	Expend*	Exp	Hist
1st Q	Jul-Sep 12	\$562,784	\$571,481	26.8%	26.4%
2nd Q	Oct-Dec 12	474,559			
3rd Q	Jan-Mar 13	564,349			
4th Q	Apr-Jun 13	530,462			
Total		\$2,132,154	\$571,481	26.8%	26.4%

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances

Variance from Budget 8,698 1.5%



#### **Positive**

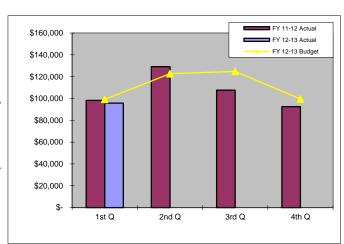
The Community Relations Office spent 26.8% of its FY 12-13 budget through the first quarter, compared to a historical average of 26.4%. In terms of variance from budget in the first quarter, expenditures are \$8,698 or 1.5% above the expected amount. It is worth noting that the first quarter actual amount displayed above has been adjusted downward to reflect unanticipated one-time payroll expenditures.

## **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			
3rd Q	Jan-Mar 13	124,871			
4th Q	Apr-Jun 13	99,565			
Total		\$446,312	\$95,717	21.4%	22.2%

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (3,481) -3.5%



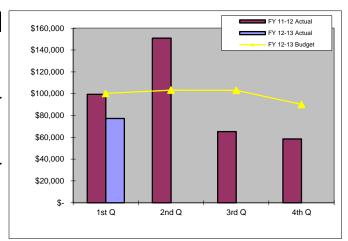
### **Positive**

The Diversity Office spent 21.4% of its FY 12-13 budget through the first quarter, compared to a historical average of 22.2%. In terms of variance from budget in the first quarter, expenditures are \$3,481 or 3.5% below the expected amount.

### **Internal Audit Office**

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

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances Variance from Budget (22,977) -22.9%



#### **Positive**

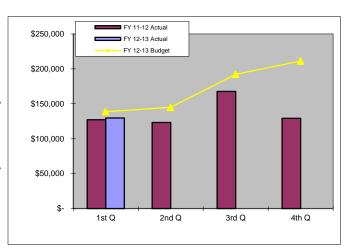
The Internal Audit Office spent 19.5% of its FY 12-13 budget through the end of the first quarter, compared to the historical pattern of 25.3% during this period. In terms of variance from budget in the first quarter, expenditures are \$22,977 or 22.9% below the expected amount. This large variance is due to vacancy savings.

## **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			
3rd Q	Jan-Mar 13	192,332			
4th Q	Apr-Jun 13	211,277			
Total		\$687,244	\$129,639	18.9%	20.2%
*amounta are not of internal considerable aborder and evaluate analysis reason					

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances

Variance from Budget (8,996) -6.5%



### **Positive**

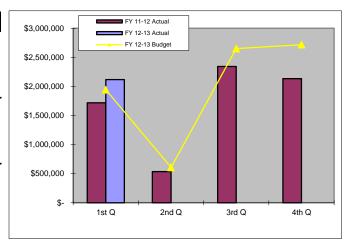
The Tempe Learning Center spent 18.9% of its FY 12-13 budget through the end of the first quarter, compared to a historical average of 20.2%. In terms of variance from budget in the first quarter, expenditures are \$8,996 or 6.5% below the expected amount.

### Non-Departmental

		FY 12-13 Adopted Budget*	FY 12-13 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 12	\$1,943,659	\$2,117,282	26.7%	24.5%
2nd Q	Oct-Dec 12	\$606,910			
3rd Q	Jan-Mar 13	\$2,650,540			
4th Q	Apr-Jun 13	\$2,717,439			
Total		\$7,918,548	\$2,117,282	26.7%	24.5%
*amount	s are not of internal	convice charges	and avaluada ana	ımhrancoc	

<sup>\*</sup>amounts are net of internal service charges, and exclude encumbrances

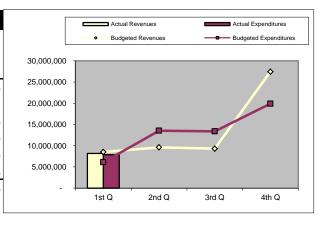
Variance from Budget 173,623 8.9%



#### **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, the operating budget and agency funding allocations to the Tempe Community Council, and the Insight Bowl sponsorship. Through the first quarter of FY 2012-13 Non-Departmental expenditures are 26.7% of budget compared to the historical pattern of 24.5%. In terms of variance from budget in the first quarter, expenditures are \$173,623 or 8.9% above the expected amount. This is due to the timing of a payment for the Insight Bowl sponsorship, which has been paid entirely in the 4th quarter in the past. It is assumed that the higher payment in the first quarter will result in a lower payment later in the fiscal year, and therefore is not indicative of a negative tracking pattern.

Transit Fund			
	FY 12-13	FY 12-13	% Budget
_	Budget	Q1 Actual*	to Date
Total Revenues	54,862,232	8,165,184	14.9%
Operating	47,976,222	7,685,054	16.0%
Capital	152,500	27,233	17.9%
Debt Service	3,854,544	151,240	3.9%
Transfers Out	959,366	-	0.0%
Total Exp	52,942,632	7,863,527	14.9%
Net Rev/Exp	1.919.600	301.657	



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

#### **Positive**

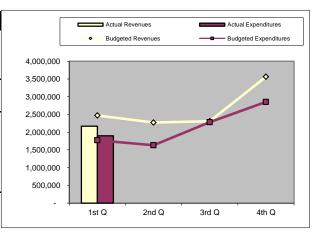
The Transit Fund accounts for the receipt of the Mass Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, and operations, community outreach, and debt service. Through the end of the first quarter, there is an operating surplus in the Transit Fund of \$301,657. Transit Fund revenue is at 14.9% of budget compared to a historical tracking percentage of 15.5%. Expenditures are 14.9% of budget compared to the recent historical tracking percentage of 11.6%. The expenditure variance total excludes \$7.9 million of encumbrances for payments to light rail and security service providers.

# Highway User Revenue Fund

	FY 12-13 Budget	FY 12-13 Q1 Actual*	% Budget to Date
Revenues	9,172,143	2,170,619	23.7%
Transfers In	1,446,000	-	0.0%
Total Revenues	10,618,143	2,170,619	20.4%
Operating	7,963,757	1,885,720	23.7%
Capital	75,500	4,603	6.1%
Transfers Out	503,304	6,608	1.3%
Total Exp	8,542,561	1,896,930	22.2%

2,075,582

273,689



\*amounts exclude encumbrances

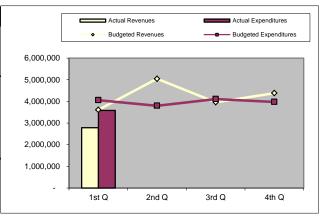
#### **Positive**

Net Rev/Exp

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 first quarter of FY 12-13, the fund is operating at a \$274 thousand surplus. Revenues are 20.4% of budget, compared with 23.3% historically, while expenditures are 22.2% of budget compared to a historical trend of 20.8%.

### **CDBG/Section 8 Funds**

	FY 12-13	FY 12-13	% Budget
	Budget	Q1 Actual*	to Date
Total Revenues	15,943,255	2,783,631	17.5%
Operating Expenses	15,160,331	3,199,835	21.1%
Capital Expenses	31,585	28,485	90.2%
Debt Service	631,404	351,205	
Total Exp	15,823,320	3,579,524	22.6%
Net Rev/Exp	119,935	(795,893)	

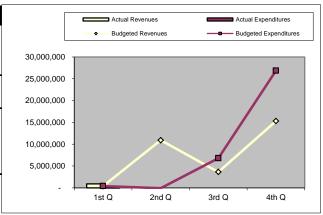


\*amounts exclude encumbrances

#### **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 17.5% of the FY 12-13 budget, compared to the historical percentage of 19.9%. Expenditures through the first quarter total 22.6% of the FY 12-13 budget, compared to the historical percentage of 25.5%. 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 FY 12-13 % Budget Q1 Actual\* to Date **Budget** Revenues 23,658,581 359,757 1.5% Transfers In 6,540,953 555,463 8.5% **Total Revenues** 30,199,534 915,220 3.0% **Debt Service** 28,623,373 58,773 0.2% Transfers Out 5,304,190 0.0% **Total Exp** 33,927,563 58,773 0.2% Net Rev/Exp (3,728,029)856,446

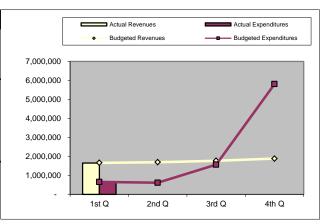


\*amounts exclude encumbrances and impact of bond refunding

#### **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.

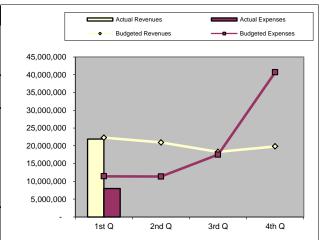
Performing Arts Fund						
FY 12-13	FY 12-13	% Budget				
Budget	Q1 Actual*	to Date				
\$7,001,504	\$1,651,037	23.6%				
2,580,047	641,028	24.8%				
5,932,350	-	0.0%				
116,622	-	0.0%				
\$8,629,019	\$641,028	7.4%				
(1,627,515)	1,010,009					
	FY 12-13 Budget \$7,001,504 2,580,047 5,932,350 116,622 \$8,629,019	FY 12-13 Budget Q1 Actual* \$7,001,504 \$1,651,037  2,580,047 641,028 5,932,350 - 116,622 - \$8,629,019 \$641,028				



#### **Positive**

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 12-13 are 23.6% of budget, compared to the historical tracking percentage of 23.7%. Total expenditures are 7.4% of budget; slightly below the historical percentage of 7.5%.

#### Water/ Waste Water Fund FY 12-13 FY 12-13 % Budget Q1 Actual\* to Date **Budget** Revenues \$21,901,010 \$76,104,967 28.8% Transfers In 5,304,190 **Total Revenues** 81,409,157 21,901,010 26.9% 19.0% Operating Expenses 41,642,248 7,898,087 Capital Expenses 0.1% 1,229,386 1,136 **Debt Service** 32,875,000 (43,881)-0.1% Transfers Out 5,681,268 153,156 2.7% **Total Expenses** 9.8% \$81,427,902 \$8,008,498



Net Rev/Exp

(18,745) 13,892,513

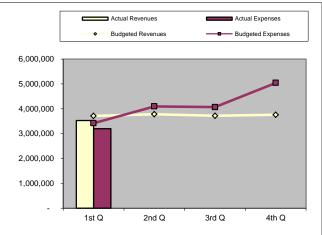
\*amounts exclude encumbrances and inventory accounts

#### **Positive**

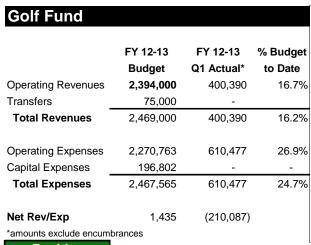
The Water/ Waste Water Fund is a self-supporting enterprise fund used to account for all water and wastewater treatment operations in the City. Total revenues through the first quarter of FY 12-13 are 26.9% of budget compared to the historical average of 27.4%. Total expenses through the first quarter are 9.8% of budget compared to 14.1% historically. The adopted annual budget includes a \$19 thousand planned drawdown of fund balance; through the first quarter the fund posted a \$14 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.

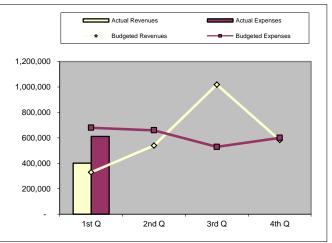
<sup>\*</sup>amounts exclude encumbrances

Calld Wasta E	امصا				
Solid Waste F	una				Actual
					—◆ Budge
	FY 12-13	FY 12-13	% Budget		
	Budget	Q1 Actual*	to Date	6,000,000	
Total Revenues	14,976,722	3,529,562	23.6%	5,000,000	-
Operating Expenses	14,219,645	3,200,941	22.5%	4,000,000	
Transfers	540,668	-	-	3,000,000	
Capital Expenses	1,873,107	-	-		
Total Expenses	16,633,420	3,200,941	19.2%	2,000,000	
				1,000,000	-
Net Rev/Exp	(1,656,698)	328,621		_	
*amounts exclude encum	brances			_	1st Q
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 12-13 are 23.6% of budget compared to 24.8% historically. Total expenses through the first quarter are 19.2% of budget compared to 20.6% historically. The adopted budget includes a \$1.7 million operating deficit; through the first quarter, the operating surplus is \$329 thousand.





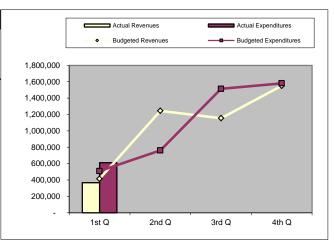
**Positive** 

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 12-13 are 16.2% of budget compared to 13.3% historically. Total expenses through the first quarter are 24.3% of budget compared to the historical tracking percentage of 27.5%. The adopted budget projects a \$363 thousand operating deficit for the first quarter, compared to the actual deficit of \$210,087 through the first quarter.

### **Police Dept-RICO & Grants**

	FY 12-13	FY 12-13	% Budget
	Budget	Q1 Actual*	to Date
Total Revenues	4,365,104	366,430	8.4%
Total Expenses	4,365,104	610,712	14.0%
Net Rev/Exp	-	(244,282)	

<sup>\*</sup>amounts exclude encumbrances and contingency appropriations



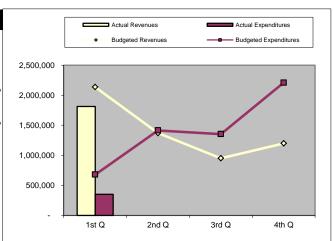
#### **Positive**

The Police Dept.-RICO & Grants Fund accounts for the receipt and expenditure of grants, donations, asset forefietures, and tow hearing fines associated with Police Department activities. Revenues through the first quarter total 8.4% of the FY 12-13 budget, compared to the historical percentage of 9.5%. Expenditures through the first quarter total 14.0% of the FY 12-13 budget, compared to the historical percentage of 11.7%. 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 12-13 Budget	FY 12-13 Q1 Actual*	% Budget to Date
Total Revenues	5,653,863	1,811,828	32.0%
Total Expenses	5,653,863	351,082	6.2%
Net Rev/Exp	-	1,460,746	

<sup>\*</sup>amounts exclude encumbrances and contingency appropriations



#### **Positive**

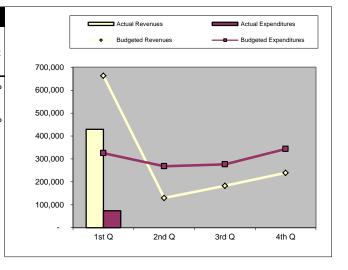
The Governmental Grants or Donantions Fund accounts for the receipt and expenditure of grants, donations, and other miscellaneous revenues related with general governmental activities. Revenues through the first quarter total 32% of the FY 12-13 budget, compared to the historical percentage of 37.8%. Expenditures through the first quarter total 6.2% of the FY 12-13 budget, compared to the historical percentage of 12%. The large operating surplus through the first quarter is mostly due to the carryforward 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	FY 12-13	% Budget
	Budget	Q1 Actual*	to Date
Total Revenues	1,214,465	429,227	35.3%
Total Expenditures	1,214,465	73,631	6.1%
Net Rev/Exp	-	355,596	

<sup>\*</sup>amounts exclude encumbrances and contingency appropriations

**Positive** 



The Court Enhancement Fund is established to account for fine, fee and forefeiture revenues dedicated for City Court purposes pursuant to state statute and city code. Revenues through the first quarter total 35.3% of the FY 12-13 budget, compared to the historical percentage of 54.6%. Expenditures through the first quarter total 6.1% of the FY 12-13 budget, compared to the historical percentage of 26.8%. Both revenues and expenditures are below their expected levels based on historical patterns, however the shortfalls are equivalent, resulting in minimal impact on the status of the fund.