



**Chandler • Arizona**  
*Where Values Make The Difference*

**MEMORANDUM**

**Management Services Memo No. 15-021**

**DATE:** NOVEMBER 5, 2014

**TO:** MAYOR & COUNCIL

**THRU:** RICH DLUGAS, CITY MANAGER <sup>RD</sup>  
NACHIE MARQUEZ, ASSISTANT CITY MANAGER <sup>NM</sup>  
DAWN LANG, MANAGEMENT SERVICES DIRECTOR <sup>DL</sup>

**FROM:** GREG WESTRUM, BUDGET MANAGER <sup>AW</sup>

**SUBJECT:** FY 2014-15 FIRST QUARTER FINANCIAL REPORT

Attached is the FY 2014-15 First Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures, and additional summaries and analysis of Enterprise, System Development Fees and Impact Fees, Highway User Tax, and Grant funds. The analysis included in this report provides a snapshot as of the end of the first quarter of FY 2014-15 by reflecting budget to actual compared to historical trends and the prior year.

As a refresher, the purpose of the Quarterly Financial Report is to provide historical comparisons to identify trends or deviations from trends, use performance benchmarks to measure results, and create an executive level report to highlight potential issues or concerns. The historical trends cover actual results over the last four years (FY 2010-11 to FY 2013-14). These years have had significant fluctuations in revenues that are particularly sensitive to unusual economic and market conditions and significant changes to expenditures as the revenues decreased. Due to this, the current results compared to the historical trends may require further explanation. An explanation has been provided in those areas where there are significant deviations from the trend or last year's results.

Most General Fund revenue categories continue to reflect increases with local Transaction Privilege (Sales) Tax, State Shared Sales Tax, Urban Revenue Sharing, and Licenses and Permits categories all starting the year very strong. Departmental expenditure rates are consistent with previous years with 28.0% of adjusted budget expended or encumbered at the end of the first quarter.

Should you have any questions, please feel free to call me at x2256 or Dawn Lang at x2255.

Attachment

cc: Marsha Reed, Assistant City Manager



# QUARTERLY FINANCIAL REPORT

1st Qtr FY14-15

## PERFORMANCE AT A GLANCE

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### PERFORMANCE INDICATORS

<b>POSITIVE</b>	= Variance < 2% compared to historical trends or positive variance > 0% for % to budget.
<b>WARNING</b>	= Variance of 2 - 5% compared to historical trends.
<b>NEGATIVE</b>	= Variance of > 5% compared to historical trends or negative variance < 0% for % to budget.

# THE QUARTERLY FINANCIAL REPORT

## Report Objectives

- \* Provide historical comparisons to identify trends or deviations from trends.
- \* Develop performance benchmarks to measure positive and negative results.
- \* Create an executive level report to highlight potential issues or concerns.

## What is Included in the Report

The report emphasizes General Fund, with analysis of its revenue and each category of revenue, and the expenditures by department. Also included is a summary and analysis of Enterprise Funds, System Development Fee and Impact Fee Funds, the Highway User Tax Fund, and Grants.

## How to Read the Report

- \* Page 1 serves as a table of contents and quick view of performance issues.
- \* The benchmarks are Positive (navy colored), Warning (grey colored), and Negative (maroon colored), providing an initial indicator to determine if the category needs to be monitored closely in the upcoming period.
- \* Performance indicators for General Fund *revenue* are comparing the percent of year-to-date actuals collected to total budget AND the budget prorated based on the historical trend (last four years) of average actual year-to-date collections.
- \* Performance indicators for General Fund *expenditures* are based on whether they are within budget for the percent of year-to-date actuals expended plus encumbrances compared to the total budgeted expenditures.
- \* Performance indicators for Enterprise Funds focus on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

## ECONOMIC INDICATORS

GROSS DOMESTIC PRODUCT (GDP)		INTEREST RATES	
Real gross domestic product - the output of goods and services produced by labor and property located in the US.		This table reflects the four most recent changes to the Federal Funds Rate by the Federal Reserve Board.	
The change to the GDP is an indicator of the general direction of the economy. Slow or negative growth will likely mean lower revenues for the City.		Lowering the Federal Funds Rate is a way for the Federal Reserve Board to make it less expensive for banks to borrow money for loans and investments and (in theory) pumping additional dollars into the economy. Recent announcements state this rate will remain low through 2015.	
Fourth Quarter 2013 (revised)	3.5%	April 30, 2008	2.0%
First Quarter 2014 (revised estimate)	-2.1%	October 8, 2008	1.5%
Second Quarter 2014 (third estimate)	4.6%	October 29, 2008	1.0%
Third Quarter 2014 (advance estimate)	3.5%	December 16, 2008 to date	0% - 0.25%
Source: US Department of Commerce		Source: Federal Reserve Bank	

## UNEMPLOYMENT

	National	State of Arizona	Phoenix Metro Area
Jun-14	6.1%	6.9%	6.5%
Jul-14	6.2%	7.0%	6.3%
Aug-14	6.1%	7.1%	6.3%
Sep-14	5.9%	6.9%	5.8%

High unemployment rates are a reflection of a slow economy and the reduced demand for goods and services. The Phoenix Metro Area unemployment rate is typically lower than the national and state rates.

Source: Arizona Department of Commerce, "Arizona Workforce" Newsletter

## CITY INVESTMENT PORTFOLIO

The City splits its investment portfolio between two investment firms with a different mix of holdings at each firm to reduce risk.		
Fiscal Year 2014-15 Rate of Return	1st Quarter	Fiscal Year
<b>Benchmark:</b>	<b>0.03%</b>	<b>0.03%</b>
Wells Capital Management:	0.03%	0.03%
PFM:	0.05%	0.05%
Fiscal Year 2013-14 Rate of Return	1st Quarter	Fiscal Year
<b>Benchmark:</b>	<b>0.22%</b>	<b>0.22%</b>
Wells Capital Management:	0.26%	0.26%
PFM:	0.26%	0.26%

The City's benchmark is the 0-3 year Merrill Lynch Treasury Index. Rate of return includes interest earnings as well as both realized and unrealized gains/(losses).

Source: Investment Advisors

## BUILDING PERMITS

Single-family building permits are an indicator of the general economy. Higher numbers of permits indicate an active construction market and resultant home sales.

	State of Arizona	Chandler
Apr - May - Jun 2013	5,455	167
Jul - Aug - Sep 2013	4,544	133
Oct - Nov - Dec 2013	3,908	102
Jan - Feb - Mar 2014	4,079	87
Apr - May - Jun 2014	5,120	147
Jul - Aug - Sep 2014	4,506	126

Single family building permits are lower than the high-growth years, averaging 127 permits over the last six quarters. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower sales tax revenues.

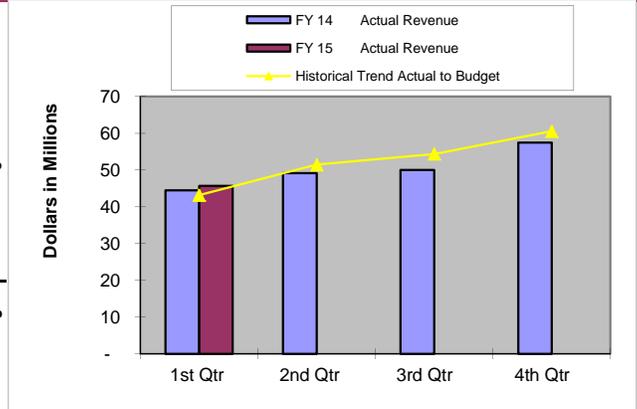
Source: U.S. Census Bureau, City of Chandler Transportation & Development Department.

# REVENUE ANALYSIS:

## OVERALL GENERAL FUND REVENUES FY 2014-15

	FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 14	\$ 43,033,811	\$ 45,719,281	23.4%	22.1%
2nd Qtr Oct - Dec 14	47,077,526			
3rd Qtr Jan - Mar 15	49,750,862			
4th Qtr Apr - Jun 15	55,553,861			
<b>Total</b>	<b>\$ 195,416,060</b>	<b>\$ 45,719,281</b>	<b>23.4%</b>	<b>22.1%</b>

\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



**POSITIVE**

General Fund revenue collections through the first quarter of FY 2014-15 are \$2.7M (6.2%) above the budget based on historical trend and \$1.3M (2.8%) higher than actual collections through the first quarter of FY 2013-14.

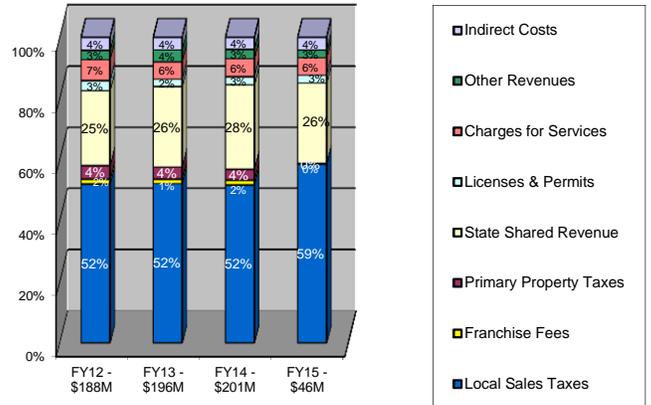
Overall, General Fund revenue, led by continuing strong Sales Tax collections, are performing well due to higher consumer confidence and a steady stream of new development activity in Chandler.

The following charts provide more detail regarding the various sources of General Fund revenues.

## GENERAL FUND REVENUES BY CATEGORY FY 2014-15

Revenue Categories	FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 99,261,000	\$ 26,750,744	26.9%
Franchise Fees	2,979,000	59,573	2.0%
Primary Property Tax	6,964,900	32,045	0.5%
State Shared Revenue	57,907,000	12,041,195	20.8%
Licenses & Permits	3,580,400	1,169,528	32.7%
Charges for Services	11,003,060	2,618,345	23.8%
Other Revenues	6,141,800	1,153,126	18.8%
Indirect Cost Allocation	7,578,900	1,894,725	25.0%
<b>Total</b>	<b>\$ 195,416,060</b>	<b>\$ 45,719,281</b>	<b>23.4%</b>

General Fund Collection History by Category %



**POSITIVE**

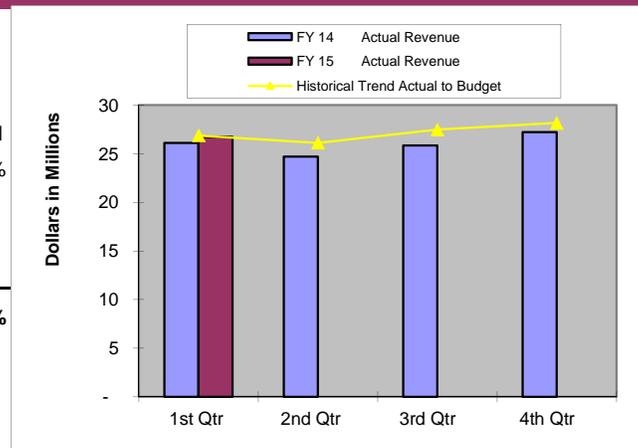
This chart summarizes General Fund revenue collections by category for FY 2014-15. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales taxes and state shared revenues being the largest General Fund revenue sources. The next several pages provide an analysis of each revenue category except Indirect Cost Allocation (payments by the Water, Wastewater, Solid Waste, and Airport Enterprise Funds to the General Fund for City services provided for operations).

# REVENUE ANALYSIS (continued):

## SALES TAX REVENUE FY 2014-15

		FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 14	\$ 24,633,529	\$ 26,750,744	26.9%	27.1%
2nd Qtr	Oct - Dec 14	23,843,574			
3rd Qtr	Jan - Mar 15	25,081,126			
4th Qtr	Apr - Jun 15	25,702,771			
<b>Total</b>		<b>\$ 99,261,000</b>	<b>\$ 26,750,744</b>	<b>26.9%</b>	<b>27.1%</b>

\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



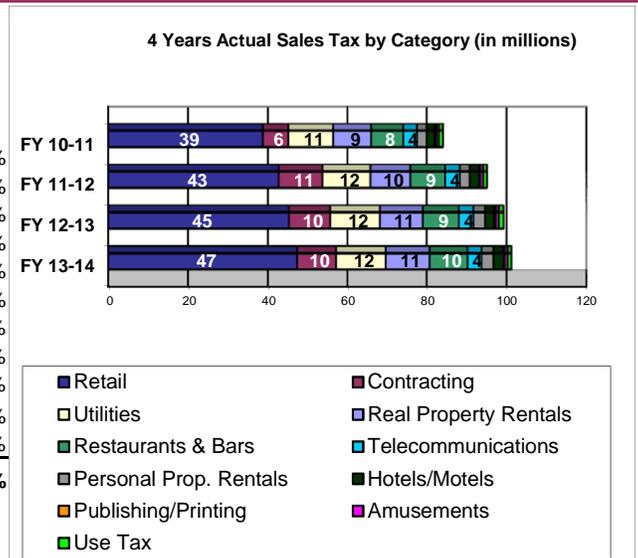
**POSITIVE**

Figures above **include** General Fund Local Sales Tax Collections and the related revenues of License Fees, Audit Assessments, Penalties, and Interest. Sales tax collections for the first quarter of FY 2014-15 are \$2.1M (8.6%) above the budget based on historical trend and \$702,026 (2.7%) higher than FY 2013-14 actual collections through the first quarter.

It should be noted that HB2111 required the State of Arizona to begin licensing and collecting sales tax for all non-program Cities beginning 1/1/15, which the City anticipated to have a negative impact on sales tax revenue collections during FY 2014-15. This deadline was extended one year by the State to 1/1/16.

## SALES TAX COLLECTION HISTORY

	FY 15 Adopted Budget	FY 15 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 46,500,000	\$ 11,761,188	25.3%	4.3%
Contracting	9,450,000	2,217,609	23.5%	-7.5%
Utilities	12,500,000	4,366,368	34.9%	3.3%
Real Property Rentals	10,000,000	2,813,162	28.1%	3.8%
Restaurants & Bars	9,000,000	2,354,716	26.2%	3.7%
Telecommunications	3,500,000	864,193	24.7%	-1.4%
Personal Prop. Rentals	2,100,000	791,414	37.7%	13.9%
Hotels/Motels	2,000,000	480,496	24.0%	8.8%
Publishing/Printing	250,000	56,187	22.5%	-18.8%
Amusements	700,000	172,209	24.6%	-8.0%
Use Tax	1,000,000	168,597	16.9%	-44.8%
<b>TOTAL SALES TAX</b>	<b>\$ 97,000,000</b>	<b>\$ 26,046,139</b>	<b>26.9%</b>	<b>2.3%</b>



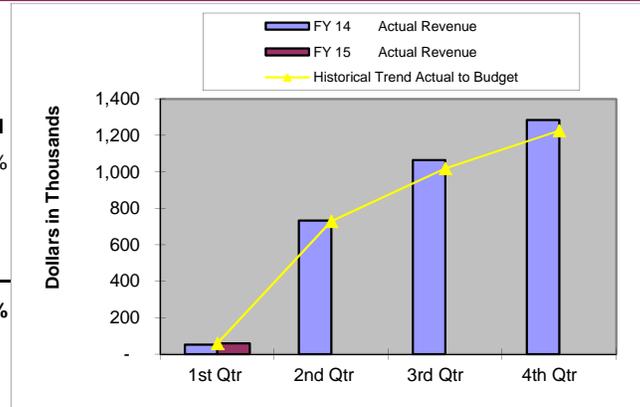
The above figures reflect General Fund Sales Tax Collections by category and **exclude** the related revenues of License Fees, Audit Assessments, Penalties, and Interest. Sales Tax collections through the first quarter of FY 2014-15 were \$1.9M (7.8%) above the budget based on historical trend and \$586,743 (2.3%) higher than FY 2013-14 actual collections through the first quarter. Lower contracting and use tax collections reflect a slowdown of development in the first quarter of FY 2014-15 compared to the first quarter of the last fiscal year.

# REVENUE ANALYSIS (continued):

## FRANCHISE FEE REVENUE FY 2014-15

		FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 14	\$ 58,142	\$ 59,573	2.0%	2.0%
2nd Qtr	Oct - Dec 14	715,482			
3rd Qtr	Jan - Mar 15	1,000,149			
4th Qtr	Apr - Jun 15	1,205,227			
<b>Total</b>		<b>\$ 2,979,000</b>	<b>\$ 59,573</b>	<b>2.0%</b>	<b>2.0%</b>

\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



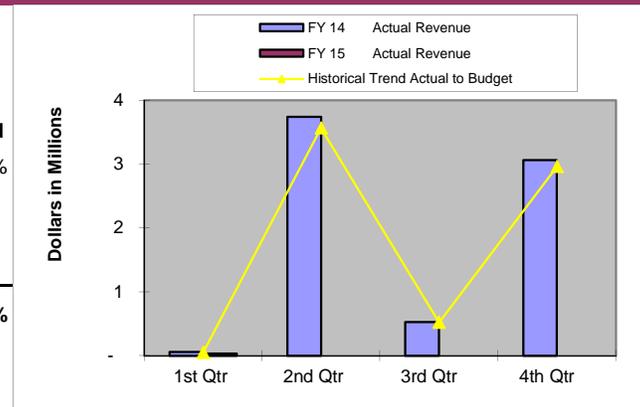
**POSITIVE**

Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and Centurylink Cable Services (5% of Gross Sales). The historical trend (FY 2010-11 through FY 2013-14) reflects Qwest's exit from the cable business in FY 2010-11 and reentry in the market in FY 2012-13 as Centurylink. Franchise fee collections through the first quarter of FY 2014-15 are \$1,431 (2.5%) above the budget based on historical trend and \$7,594 (14.6%) higher than FY 2013-14 actual collections through the first quarter.

## PRIMARY PROPERTY TAX REVENUE FY 2014-15

		FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 14	\$ 49,033	\$ 32,045	0.5%	0.7%
2nd Qtr	Oct - Dec 14	3,498,525			
3rd Qtr	Jan - Mar 15	511,411			
4th Qtr	Apr - Jun 15	2,905,931			
<b>Total</b>		<b>\$ 6,964,900</b>	<b>\$ 32,045</b>	<b>0.5%</b>	<b>0.7%</b>

\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



**POSITIVE**

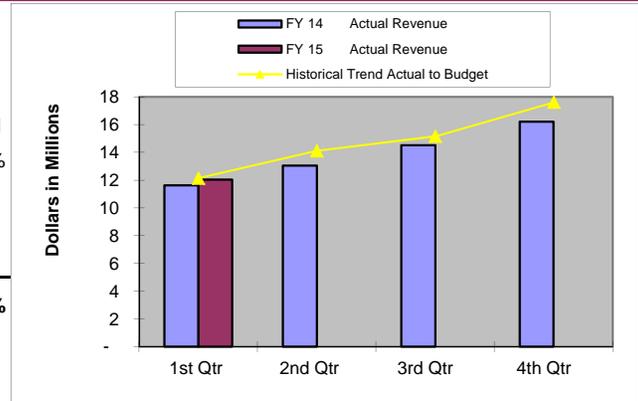
This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 2014-15, Chandler will collect a primary tax rate of \$0.2992 per \$100 of assessed valuation and a secondary tax rate of \$0.88 per \$100 of assessed valuation for a total rate of \$1.1792, representing a **decrease** of \$0.0922 from the rates adopted for FY 2013-14. There is a two-year lag between the market value and recording assessed valuations, therefore, the City's primary assessed valuation increased 5.6% in FY 2014-15, the first year of increases in assessed valuation since FY 2009-10. Primary property tax collections through the first quarter of FY 2014-15 are \$16,988 (-34.6%) below the budget based on historical trend and \$28,274 (-46.9%) lower than FY 2013-14 actual collections through the first quarter. The reduction in the property tax rate helped offset the increased valuations to relieve citizen property tax bills to the City.

# REVENUE ANALYSIS (continued):

## STATE SHARED REVENUE FY 2014-15

		FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 14	\$ 12,057,349	\$ 12,041,196	20.8%	21.0%
2nd Qtr	Oct - Dec 14	13,799,216			
3rd Qtr	Jan - Mar 15	14,821,682			
4th Qtr	Apr - Jun 15	17,228,753			
<b>Total</b>		<b>\$ 57,907,000</b>	<b>\$ 12,041,196</b>	<b>20.8%</b>	<b>21.0%</b>

\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



**POSITIVE**

-- **State Shared Sales Tax:** The state sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as state shared sales tax. Collections through the first quarter of FY 2014-15 are \$73,465 (2.2%) above the budget based on historical trend and \$118,161 (3.6%) higher than FY 2013-14 actual collections through the first quarter. This revenue category reflects a small but steady growth in Arizona's overall economy.

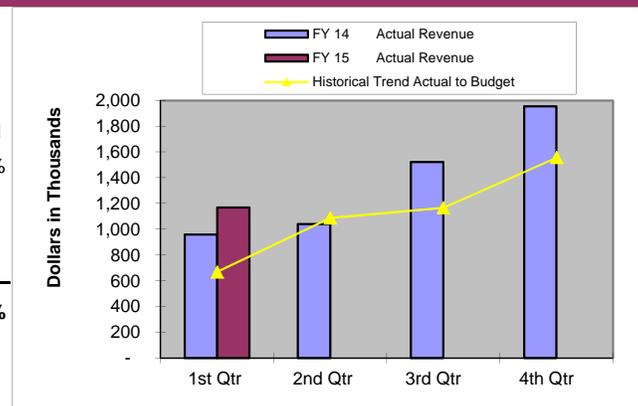
-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the state. The respective city shares are determined by the proportion of city population to total incorporated population of the county. Collections through the first quarter of FY 2014-15 are \$92,734 (-5.7%) below the budget based on historical trend and \$275,874 (-15.3%) lower than FY 2013-14 actual collections through the first quarter.

-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2012 State income tax collection is distributed to cities and towns as urban revenue sharing based upon population and is known for budget purposes since there is a two year lag in distribution. Collections through the first quarter of FY 2014-15 are \$3,115 (less than 0.01%) below the budget based on historical trend and \$566,406 (8.6%) higher than FY 2013-14 actual collections through the first quarter.

## LICENSES & PERMITS REVENUE FY 2014-15

		FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 14	\$ 534,126	\$ 1,169,528	32.7%	18.7%
2nd Qtr	Oct - Dec 14	869,232			
3rd Qtr	Jan - Mar 15	931,678			
4th Qtr	Apr - Jun 15	1,245,364			
<b>Total</b>		<b>\$ 3,580,400</b>	<b>\$ 1,169,528</b>	<b>32.7%</b>	<b>18.7%</b>

\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections



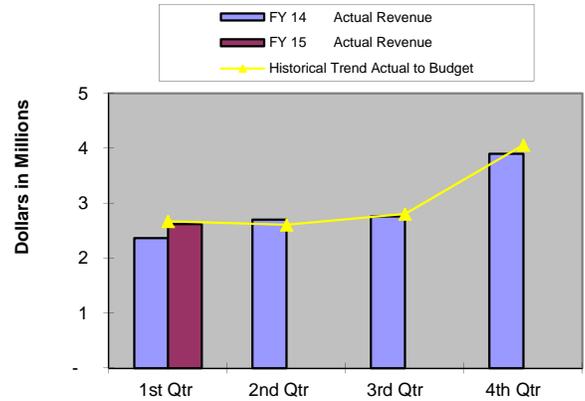
**POSITIVE**

This category includes revenue for various licenses: transaction privilege sales tax, alcoholic beverages, peddlers and solicitors, secondhand and junk dealers, amusements, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the first quarter of FY 2014-15 are \$635,402 (119.0%) above the budget based on historical trend and \$210,605 (22.0%) above FY 2013-14 actual collections through the first quarter. Budgeted amounts have been kept at moderate levels since it is difficult to predict the timing of new development, but this category has started the year very strong and exceeded expectations.

# REVENUE ANALYSIS (continued):

## CHARGES FOR SERVICES REVENUE FY 2014-15

		FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 14	\$ 2,420,101	\$ 2,618,345	23.8%	24.3%
2nd Qtr	Oct - Dec 14	2,363,036			
3rd Qtr	Jan - Mar 15	2,541,659			
4th Qtr	Apr - Jun 15	3,678,264			
<b>Total</b>		<b>\$ 11,003,060</b>	<b>\$ 2,618,345</b>	<b>23.8%</b>	<b>24.3%</b>



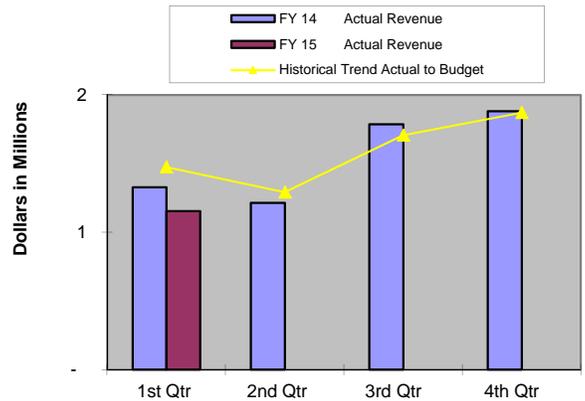
\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

**POSITIVE**

Charges for Services include revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursement. Charges for services collections through the first quarter of FY 2014-15 are \$198,244 (8.2%) above the budget based on historical trend and \$253,085 (10.7%) higher than FY 2013-14 actual collections through the first quarter.

## OTHER REVENUE FY 2014-15

		FY 15 Adopted Budget	FY 15 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 14	\$ 1,386,806	\$ 1,153,126	18.8%	24.0%
2nd Qtr	Oct - Dec 14	1,316,972			
3rd Qtr	Jan - Mar 15	1,632,776			
4th Qtr	Apr - Jun 15	1,805,246			
<b>Total</b>		<b>\$ 6,141,800</b>	<b>\$ 1,153,126</b>	<b>18.8%</b>	<b>24.0%</b>



\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

**NEGATIVE**

Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the first quarter of FY 2014-15 are \$233,680 (-16.9%) below the budget based on historical trend and \$174,076 (-13.1%) lower than FY 2013-14 actual collections through the first quarter.

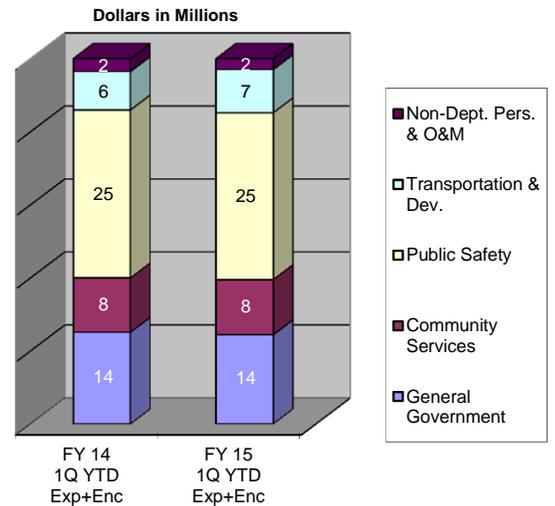
A negative indicator is reflected for this revenue category since the variance between the percentage of budget received and the percentage of budget historically received is greater than 5%. This is due to higher collections in prior years for Rentals of Property.

# EXPENDITURE ANALYSIS:

## GENERAL FUND EXPENDITURES + ENCUMBRANCES for FY 2014-15 by FUNCTION

	FY 15 Adjusted Budget	FY15 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
<b>* Dept. Operating</b>				
General Government	\$ 45,215,463	\$ 13,513,506	29.9%	30.5%
Community Services	25,016,157	8,348,415	33.4%	32.9%
Public Safety	94,898,892	25,270,663	26.6%	27.0%
Transportation & Dev.	21,264,335	6,522,425	30.7%	28.5%
Non-Dept. Pers. & O&M	11,227,259	1,659,342	14.8%	29.7%
<b>Subtotal</b>	<b>\$ 197,622,106</b>	<b>\$ 55,314,351</b>	<b>28.0%</b>	<b>28.9%</b>
Non-Dept. Reserves	\$ 2,698,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	28,881,559	-	0.0%	0.0%
<b>Total</b>	<b>\$ 229,201,665</b>	<b>\$ 55,314,351</b>	<b>24.1%</b>	<b>25.5%</b>

\* Excluding Interfund Transfers



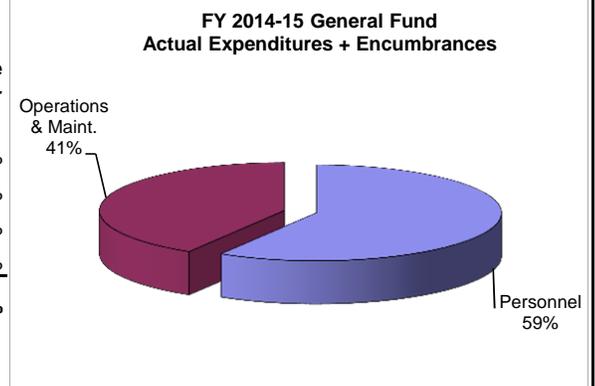
Total General Fund operating expenditures are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% and Council). Since General Obligation debt and General Fund capital expenditures are reflected in the General Obligation Debt and General Capital Projects Funds, this presentation only includes General Fund operating expenditures to more clearly reflect the results of operations.

FY 2014-15 operating spending through the first quarter is 28.0% of the adjusted budget compared to 28.9% of adjusted budget spent last fiscal year through the first quarter. As shown on the following pages, departments have expended between 20.4% and 38.5% of their General Fund adjusted budgets through the first quarter of FY 2014-15.

## GENERAL FUND EXPENDITURES + ENCUMBRANCES for FY 2014-15 by CATEGORY

*Dept. Operating	FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	FY 14 Actual Exp+Enc	% Change from Prior Yr Actual
Personnel	\$ 145,550,683	\$ 32,410,707	\$ 31,649,587	2.4%
Operations & Maint.	52,071,423	22,903,644	22,361,826	2.4%
Reserves	2,698,000	-	-	0.0%
Contingencies	28,881,559	-	-	0.0%
<b>Total</b>	<b>\$ 229,201,665</b>	<b>\$ 55,314,351</b>	<b>\$ 54,011,413</b>	<b>2.4%</b>

\* Excluding Interfund Transfers

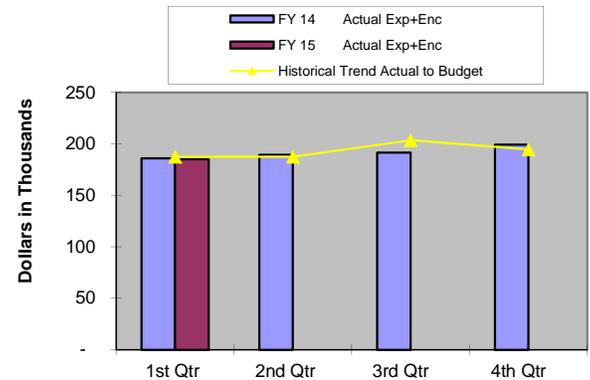


Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending through the first quarter of FY 2014-15 is 2.4% higher than spending through the first quarter of FY 2013-14 mainly due to increases from labor negotiations and benefit changes in Personnel, and street improvements for Operations & Maintenance.

# EXPENDITURE ANALYSIS (continued / department summaries):

## MAYOR & COUNCIL EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 197,944	\$ 185,082	22.4%	22.7%
2nd Qtr	Oct - Dec 14	197,944			
3rd Qtr	Jan - Mar 15	214,439			
4th Qtr	Apr - Jun 15	214,439			
<b>Total</b>		<b>\$ 824,766</b>	<b>\$ 185,082</b>	<b>22.4%</b>	<b>22.7%</b>



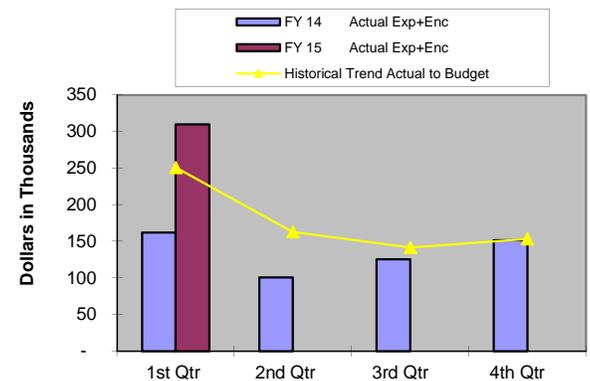
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Mayor and Council spent 22.4% of their FY 2014-15 adjusted budget and has historically spent 22.7% of their adjusted budget through the first quarter of the fiscal year.

## CITY CLERK EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 281,495	\$ 309,958	38.5%	31.2%
2nd Qtr	Oct - Dec 14	184,982			
3rd Qtr	Jan - Mar 15	160,854			
4th Qtr	Apr - Jun 15	176,939			
<b>Total</b>		<b>\$ 804,270</b>	<b>\$ 309,958</b>	<b>38.5%</b>	<b>31.2%</b>



\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

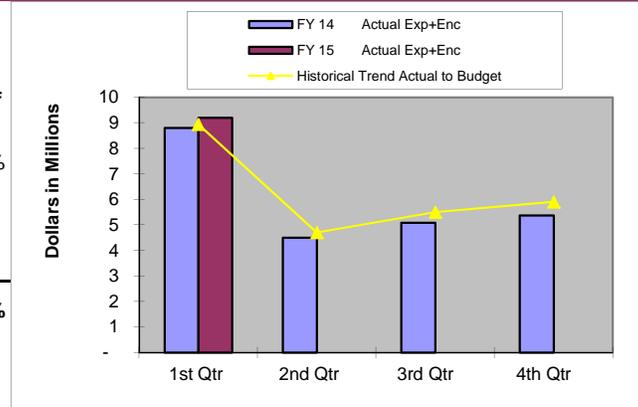
The City Clerk has spent 38.5% of their FY 2014-15 adjusted budget and has historically spent 31.2% of their adjusted budget through the first quarter of the fiscal year. First quarter spending in FY 2014-15 included expenditures for the primary election held in the fall of 2014.

# EXPENDITURE ANALYSIS (continued / department summaries):

## CITY MANAGER EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 9,655,379	\$ 9,203,460	34.0%	33.1%
2nd Qtr	Oct - Dec 14	5,080,924			
3rd Qtr	Jan - Mar 15	5,937,890			
4th Qtr	Apr - Jun 15	6,373,852			
<b>Total</b>		<b>\$ 27,048,045</b>	<b>\$ 9,203,460</b>	<b>34.0%</b>	<b>33.1%</b>

\* Historical Trend represents the average of the past 4 years % of actual to budget



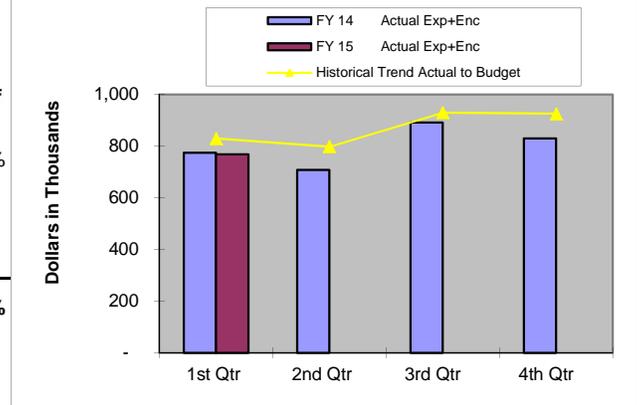
**POSITIVE**

City Manager includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Downtown Redevelopment, Economic Development, Human Resources, Information Technology, Office of Neighborhood Resources, and Planning. Combined, these divisions spent 34.0% of their FY 2014-15 adjusted budget and have historically spent 33.1% of their adjusted budget through the first quarter of the fiscal year. Starting July 1, 2014, the Planning Division is reported in this Department instead of in the Transportation & Development Department (but is not part of this Department's historical trend). Starting with the Quarterly Report for the second quarter, the Office of Neighborhood Resources will be reflected as part of the new Community and Neighborhood Resources Department and the Cultural Affairs Division will be moved into the City Manager Department.

## LAW EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 865,973	\$ 767,810	21.3%	23.0%
2nd Qtr	Oct - Dec 14	829,890			
3rd Qtr	Jan - Mar 15	974,219			
4th Qtr	Apr - Jun 15	938,137			
<b>Total</b>		<b>\$ 3,608,219</b>	<b>\$ 767,810</b>	<b>21.3%</b>	<b>23.0%</b>

\* Historical Trend represents the average of the past 4 years % of actual to budget



**POSITIVE**

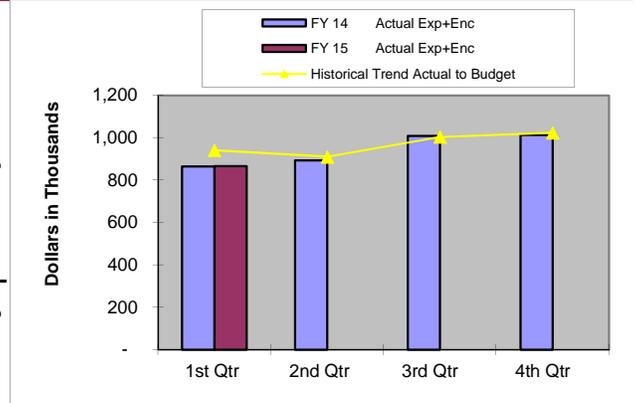
Law spent 21.3% of their FY 2014-15 adjusted budget and has historically spent 23.0% of their adjusted budget through the first quarter of the fiscal year.

# EXPENDITURE ANALYSIS (continued / department summaries):

## CITY MAGISTRATE EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 1,028,967	\$ 865,870	20.4%	22.2%
2nd Qtr	Oct - Dec 14	995,077			
3rd Qtr	Jan - Mar 15	1,098,513			
4th Qtr	Apr - Jun 15	1,119,674			
<b>Total</b>		<b>\$ 4,242,231</b>	<b>\$ 865,870</b>	<b>20.4%</b>	<b>22.2%</b>

\* Historical Trend represents the average of the past 4 years % of actual to budget



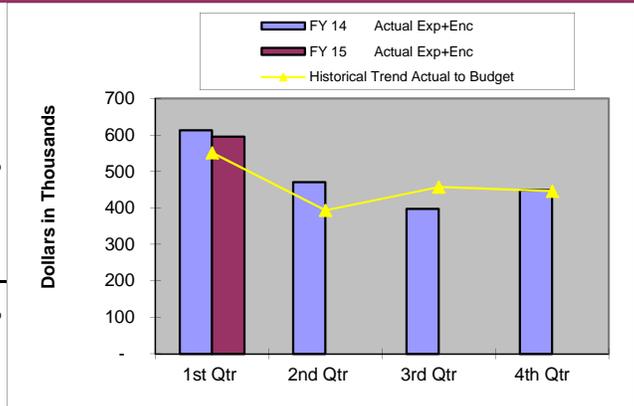
**POSITIVE**

City Magistrate spent 20.4% of their FY 2014-15 adjusted budget and has historically spent 22.2% of their adjusted budget through first quarter of the fiscal year.

## COMMUNICATIONS & PUBLIC AFFAIRS EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 642,608	\$ 595,483	27.8%	25.7%
2nd Qtr	Oct - Dec 14	449,826			
3rd Qtr	Jan - Mar 15	535,507			
4th Qtr	Apr - Jun 15	514,086			
<b>Total</b>		<b>\$ 2,142,027</b>	<b>\$ 595,483</b>	<b>27.8%</b>	<b>25.7%</b>

\* Historical Trend represents the average of the past 4 years % of actual to budget



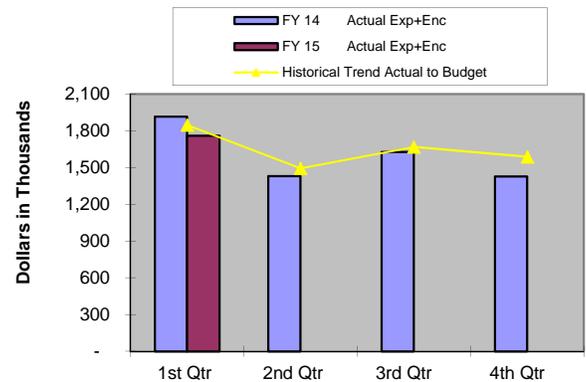
**POSITIVE**

Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 27.8% of their FY 2014-15 adjusted budget and has historically spent 25.7% of their adjusted budget through the first quarter of the fiscal year.

# EXPENDITURE ANALYSIS (continued / department summaries):

## MANAGEMENT SERVICES EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 2,008,927	\$ 1,759,101	24.5%	25.7%
2nd Qtr	Oct - Dec 14	1,650,190			
3rd Qtr	Jan - Mar 15	1,793,685			
4th Qtr	Apr - Jun 15	1,721,939			
<b>Total</b>		<b>\$ 7,174,741</b>	<b>\$ 1,759,101</b>	<b>24.5%</b>	<b>25.7%</b>



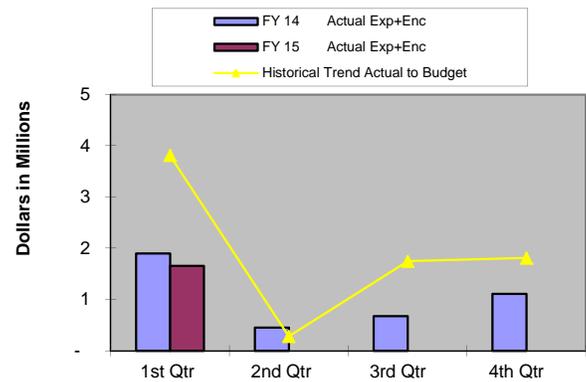
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Management Services Department includes the following divisions budgeted in the General Fund: Administration, Budget, Accounting, Purchasing, Central Supply, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 24.5% of their FY 2014-15 adjusted budget and have historically spent 25.7% of their adjusted budget through the first quarter of the fiscal year.

## NON-DEPARTMENTAL EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 5,613,630	\$ 1,659,342	14.8%	33.9%
2nd Qtr	Oct - Dec 14	449,090			
3rd Qtr	Jan - Mar 15	2,582,270			
4th Qtr	Apr - Jun 15	2,582,269			
<b>Total**</b>		<b>\$ 11,227,259</b>	<b>\$ 1,659,342</b>	<b>14.8%</b>	<b>33.9%</b>



\* Historical Trend represents the average of the past 4 years % of actual to budget

\*\* Excludes Reserves and Contingencies

**POSITIVE**

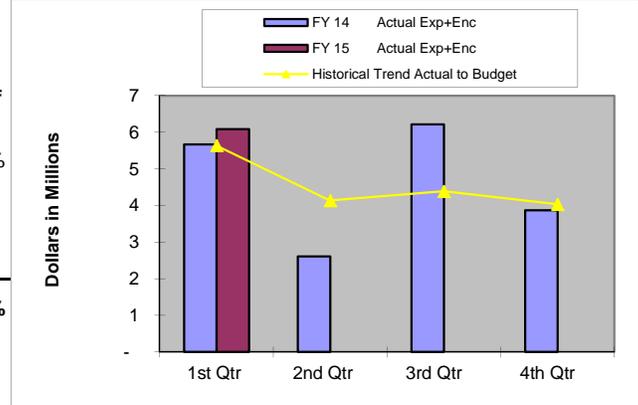
Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, Strategic Economic Development, and miscellaneous Downtown Redevelopment). Spending in this category fluctuates due to the changing "one-time" needs from year to year. Spending for this category for FY 2014-15 and the prior year consists mainly of contract encumbrances for the Strategic Economic Development Continuum project, the Photo Red Light contract, and the Animal Control contract with Maricopa County.

# EXPENDITURE ANALYSIS (continued / department summaries):

## TRANSPORTATION & DEVELOPMENT EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 6,042,170	\$ 6,086,813	31.2%	28.9%
2nd Qtr	Oct - Dec 14	4,482,900			
3rd Qtr	Jan - Mar 15	4,677,809			
4th Qtr	Apr - Jun 15	4,287,991			
<b>Total</b>		<b>\$ 19,490,870</b>	<b>\$ 6,086,813</b>	<b>31.2%</b>	<b>28.9%</b>

\* Historical Trend represents the average of the past 4 years % of actual to budget



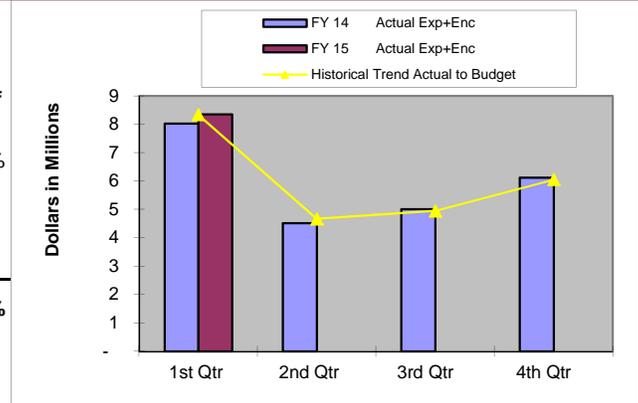
**POSITIVE**

Transportation and Development includes the following divisions budgeted in the General Fund: Administration, Development Services, Engineering, Capital Projects, Streets, Traffic Engineering, Transit Services, and Street Sweeping. Starting July 1, 2014, the Planning Division is no longer reported in this Department, but instead is in the City Manager's Department (but is part of this Department's historical trend). The department spent 31.2% of their FY 2014-15 adjusted budget and has historically spent 28.9% of their adjusted budget through the first quarter of the fiscal year.

## COMMUNITY SERVICES EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 8,755,655	\$ 8,348,415	33.4%	33.3%
2nd Qtr	Oct - Dec 14	4,753,070			
3rd Qtr	Jan - Mar 15	5,253,393			
4th Qtr	Apr - Jun 15	6,254,039			
<b>Total</b>		<b>\$ 25,016,157</b>	<b>\$ 8,348,415</b>	<b>33.4%</b>	<b>33.3%</b>

\* Historical Trend represents the average of the past 4 years % of actual to budget



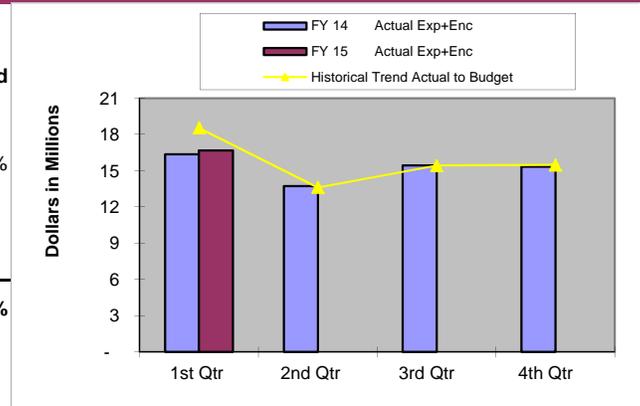
**POSITIVE**

Community Services includes Administration, Center for the Arts, Library, Aquatics, Parks Development & Operations, Recreation, Sports & Fitness Facilities, Nature & Recreation Facilities, and Museum. The department spent 33.4% of their FY 2014-15 adjusted budget and has historically spent 33.3% of their adjusted budget through the first quarter of the fiscal year. Starting with the Quarterly Report for the second quarter, the Office of Neighborhood Resources will merge with this Department to reflect a new Community and Neighborhood Resources Department. The Center for the Arts, Library, and Museum will move to report to the City Manager Department as a Cultural Affairs Division.

# EXPENDITURE ANALYSIS (continued / department summaries):

## POLICE EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 18,633,530	\$ 16,678,052	26.0%	28.9%
2nd Qtr	Oct - Dec 14	14,135,781			
3rd Qtr	Jan - Mar 15	15,420,852			
4th Qtr	Apr - Jun 15	16,063,389			
<b>Total</b>		<b>\$ 64,253,552</b>	<b>\$ 16,678,052</b>	<b>26.0%</b>	<b>28.9%</b>



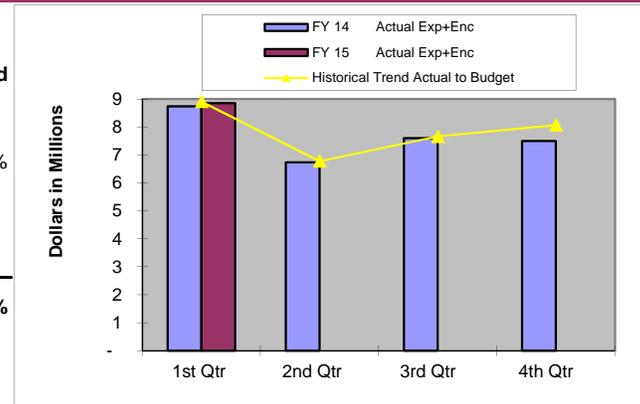
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Police includes Administration, Professional Standards, Property & Evidence, Forensic Services, Field Operations, Criminal Investigations, Planning & Research, Communications, Technology, Records, Detention Services, and Community Resources & Training. The department spent 26.0% of their FY 2014-15 adjusted budget and has historically spent 28.9% of their adjusted budget through the first quarter of the fiscal year.

## FIRE EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 8,901,191	\$ 8,854,965	27.9%	28.0%
2nd Qtr	Oct - Dec 14	6,993,793			
3rd Qtr	Jan - Mar 15	7,629,593			
4th Qtr	Apr - Jun 15	8,265,392			
<b>Total</b>		<b>\$ 31,789,969</b>	<b>\$ 8,854,965</b>	<b>27.9%</b>	<b>28.0%</b>



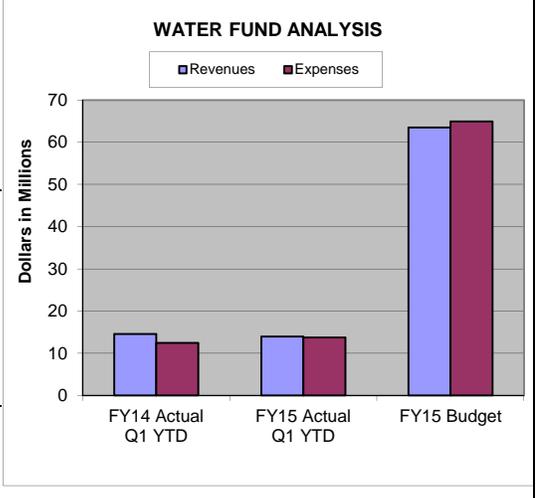
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Fire includes Administration, Emergency Services, Operations, Prevention & Preparedness, Support Services, and Citywide Fleet. The department spent 27.9% of their FY 2014-15 adjusted budget and has historically spent 28.0% of their adjusted budget through the first quarter of the fiscal year.

**WATER FUND ANALYSIS FY 2014-15 COMPARISON**

WATER FUND	FY 15 Adjusted Budget	FY 15 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 61,314,834	\$ 13,986,284	23%	27%
Intel Rev/Receivable	2,203,386	-	0%	23%
<b>Total Revenues</b>	<b>\$ 63,518,220</b>	<b>\$ 13,986,284</b>	<b>22%</b>	<b>27%</b>
Operating Expenses	\$ 30,916,630	\$ 11,704,533	38%	33%
Major Capital Expenses	9,547,177	1,045,999	11%	23%
Intel Exp/Payable	2,203,386	-	0%	23%
Debt Service	18,674,175	-	0%	0%
Transfers Out	3,625,521	980,056	27%	24%
<b>Total Expenses</b>	<b>\$ 64,966,889</b>	<b>\$ 13,730,588</b>	<b>21%</b>	<b>21%</b>
<b>Net Rev / Exp</b>	<b>\$ (1,448,669)</b>	<b>\$ 255,696</b>		

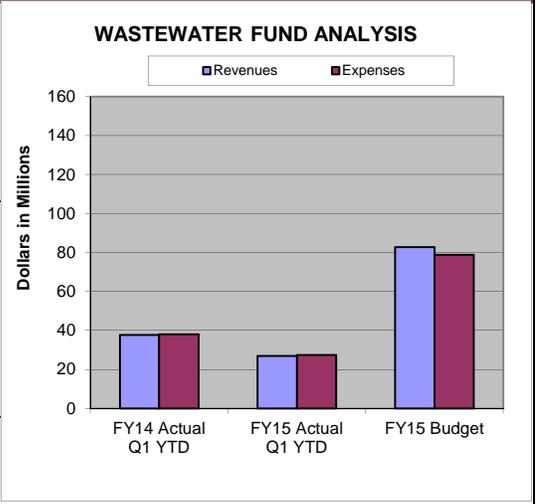


**POSITIVE** The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Water Operating Fund includes the following cost centers: Administration, Water Distribution, Water Treatment Plant, Environmental Resources, Water Quality, Water Systems Maintenance, San Tan Vista Water Treatment Plant, Meter Services, and Water Capital. The Water Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2014-15 reflects a budgeted \$1.4 million drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$3,528,594 and payment of \$96,927 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the first quarter are 26% of budget compared to 27% through the first quarter of last year, while **Operating Expenses** through the first quarter are 38% of budget as compared to 33% through the first quarter of last year. Capital projects reimbursed by Intel are detailed separately under Revenues and Expenses to have no impact on the fund.

**WASTEWATER FUND ANALYSIS FY 2014-15 COMPARISON**

WASTEWATER FUND	FY 15 Adjusted Budget	FY 15 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 46,956,231	\$ 8,605,679	18%	20%
Intel Rev/Receivable	35,836,801	18,334,595	51%	31%
<b>Total Revenues</b>	<b>\$ 82,793,032</b>	<b>\$ 26,940,274</b>	<b>33%</b>	<b>28%</b>
Operating Expenses	\$ 18,701,408	\$ 7,975,946	43%	38%
Major Capital Expenses	5,786,345	473,469	8%	18%
Intel Exp/Payable	35,836,801	18,334,595	51%	31%
Debt Service	16,072,293	-	0%	0%
Transfers Out	2,435,509	639,279	26%	25%
<b>Total Expenses</b>	<b>\$ 78,832,356</b>	<b>\$ 27,423,289</b>	<b>35%</b>	<b>28%</b>
<b>Net Rev / Exp</b>	<b>\$ 3,960,676</b>	<b>\$ (483,015)</b>		



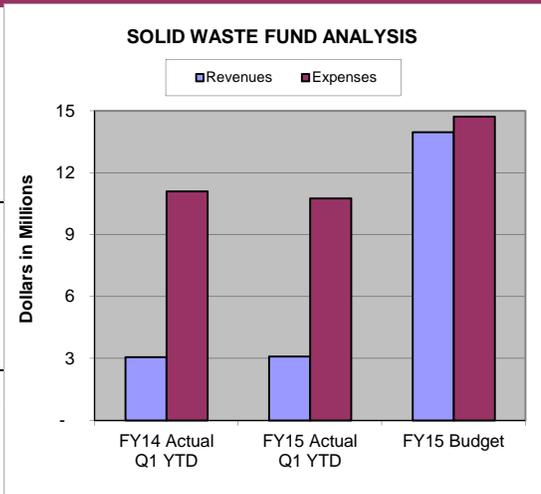
**POSITIVE** The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Wastewater Operating Fund includes the following cost centers: Collection, Wastewater Lone Butte Treatment Plant, Wastewater Quality, Airport Water Reclamation Facility, Ocotillo Water Reclamation Facility, and Wastewater Capital. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2014-15 reflects a budgeted \$4.0M increase to fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$2,394,973 and payment of \$40,536 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the first quarter are 18% of budget compared to 20% through the first quarter of last year, while **Operating Expenses** through the first quarter are 43% of budget as compared to 38% through the first quarter of last year. Capital projects reimbursed by Intel are detailed separately under Revenues and Expenses to have no impact on the fund.

OTHER FUNDS ANALYSIS (continued):

SOLID WASTE FUND ANALYSIS FY 2014-15 COMPARISON

SOLID WASTE	FY 15 Adjusted Budget	FY 15 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 13,968,105	\$ 3,100,640	22%	22%
Transfers In	-	-	0%	0%
<b>Total Revenues</b>	<b>\$ 13,968,105</b>	<b>\$ 3,100,640</b>	<b>22%</b>	<b>22%</b>
Operating Expenses	\$ 13,324,883	\$ 10,428,912	78%	81%
Major Capital Expenses	268,922	18,920	7%	88%
Transfers Out	1,128,551	312,301	28%	24%
<b>Total Expenses</b>	<b>\$ 14,722,356</b>	<b>\$ 10,760,133</b>	<b>73%</b>	<b>76%</b>
<b>Net Rev / Exp</b>	<b>\$ (754,251)</b>	<b>\$ (7,659,493)</b>		



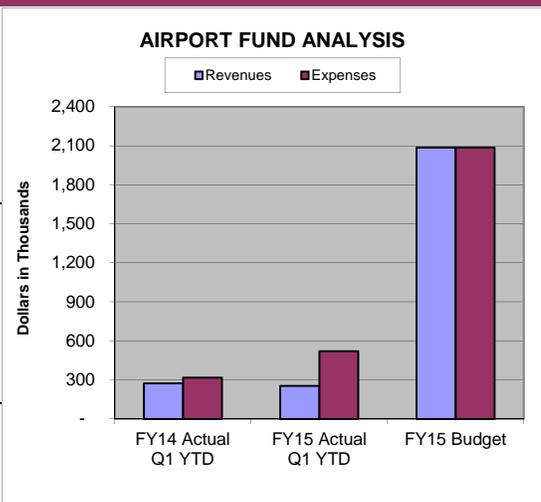
WARNING

The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2014-15 reflects a budgeted \$754,251 drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$1,088,333 and payment of \$40,218 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the first quarter are 22% of budget compared to 22% through the first quarter of last year, while **Operating Expenses** through the first quarter are 78% of budget as compared to 81% last year. A warning indicator occurs due to large encumbrances (\$8.0M) recorded at the start of the fiscal year for the Solid Waste collections contract to support costs through the end of the fiscal year and then spent against for the remainder of the year, with revenues more equally apportioned throughout the year.

AIRPORT FUND ANALYSIS FY 2014-15 COMPARISON

AIRPORT FUND	FY 15 Adjusted Budget	FY 15 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 1,042,600	\$ 253,661	24%	27%
General Fund Subsidy	1,043,650	-	0%	-9%
<b>Total Revenues</b>	<b>\$ 2,086,250</b>	<b>\$ 253,661</b>	<b>12%</b>	<b>20%</b>
Operating Expenses	\$ 1,096,364	\$ 287,747	26%	26%
Major Capital Expenses	856,568	202,352	24%	8%
Debt Service	27,938	-	0%	0%
Transfers Out	105,380	30,380	29%	24%
<b>Total Expenses</b>	<b>\$ 2,086,250</b>	<b>\$ 520,479</b>	<b>25%</b>	<b>24%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (266,818)</b>		



POSITIVE

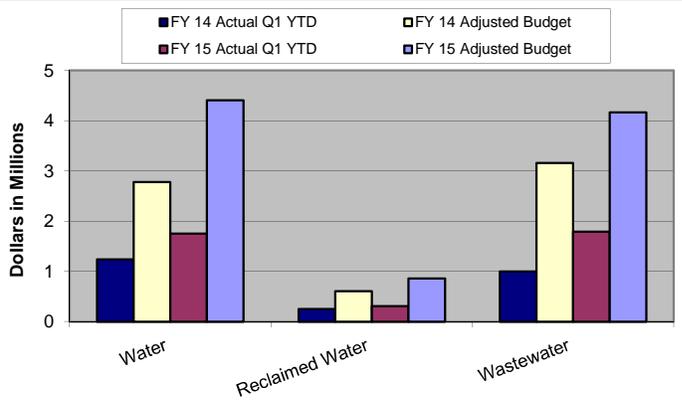
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2014-15 reflects no budgeted change in fund balance. General Fund Subsidy reflects budgeted transfers from the General Fund to help support operations. Transfers Out include Indirect Cost Allocation to the General Fund of \$100,000 and a payment of \$5,380 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the first quarter are 24% of budget compared to 27% through the first quarter of last year. **Operating Expenses** through the first quarter are 26% of budget as compared to 26% through the first quarter of last year. Major capital expenses are higher in the first quarter of FY 2014-15 as they perform pavement improvements to the taxiway and runway.

# OTHER FUNDS ANALYSIS (continued):

## SYSTEM DEVELOPMENT FEE FUNDS ANALYSIS FY 2014-15 COMPARISON

SYSTEM DEVELOPMENT FEE (SDF) FUNDS	FY 15 Adjusted Budget	FY 15 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 4,408,485	\$ 1,753,825	40%
Reclaimed Water	863,775	306,853	36%
Wastewater	4,165,730	1,793,321	43%
<b>Total SDF Revenue</b>	<b>\$ 9,437,990</b>	<b>\$ 3,853,999</b>	<b>41%</b>



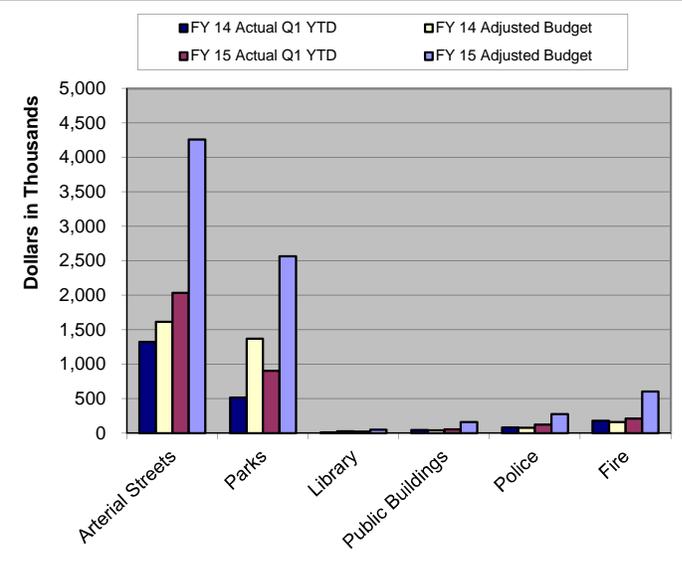
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

**POSITIVE**

System Development fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2014-15 budget and year-to-date collections as compared to the FY 2013-14 budget and year-to-date collections. Collections through the first quarter of FY 2014-15 were 41% of the budget as compared to the prior year's collections through the first quarter of 38% of the budget. Starting July 28, 2014, Water Resource SDFs are combined with Water SDFs in the same fund based on the recently adopted Infrastructure Improvements Plan (IIP). For comparative purposes, both years show Water and Water Resource SDFs combined. The modified SDFs effective July 28, 2014 resulted in an increase in Water SDFs of 13%, a decrease in Reclaimed Water SDFs of (-25%), and an increase in Wastewater SDFs of 7%.

## IMPACT FEE FUNDS ANALYSIS FY 2014-15 COMPARISON

IMPACT FEE FUNDS	FY 15 Adjusted Budget	FY 15 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 4,261,180	\$ 2,034,117	48%
Parks	2,566,880	903,116	35%
Library	53,170	21,538	41%
Public Buildings	163,490	56,411	35%
Police	279,120	127,522	46%
Fire	607,340	210,901	35%
<b>Total Impact Revenue</b>	<b>\$ 7,931,180</b>	<b>\$ 3,353,605</b>	<b>42%</b>



Note: Budget and Actual amounts reflect Impact Fee revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

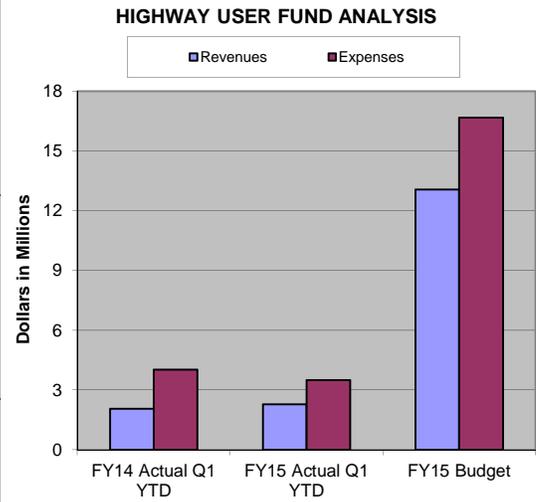
**POSITIVE**

Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2014-15 budget and year-to-date collections as compared to FY 2013-14 budget and year-to-date collections. Collections through the first quarter of FY 2014-15 were 42% of the budget as compared to the prior year's collections through the first quarter of 66% of the budget. Impact fees were modified as of July 28, 2014, resulting in various changes to the fee categories depending on the land use type as noted in the recently adopted IIP. The change in single family fees for each fee category include a decrease of (-2%) for Arterial Streets, decreases of (-13%) to (-40%) depending on the service area for Parks, a decrease of (-19%) for Library, an increase of 13% for Public Buildings, an increase of 69% for Police, and an increase of 20% for Fire.

## OTHER FUNDS ANALYSIS (continued):

## HIGHWAY USER FUND (HURF) ANALYSIS FY 2014-15 COMPARISON

	FY15 Adjusted Budget	FY 15 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Highway Users Tax	\$ 13,000,000	\$ 2,275,852	18%	16%
Other	63,000	5,785	9%	35%
<b>Total Revenues</b>	<b>\$ 13,063,000</b>	<b>\$ 2,281,637</b>	<b>17%</b>	<b>16%</b>
Operating Expenses	\$ 9,275,739	\$ 3,115,493	34%	31%
Major Capital Expenses	2,698,037	361,409	13%	32%
Debt Service	4,677,025	-	0%	0%
Transfers Out	23,708	23,708	100%	0%
<b>Total Expenses</b>	<b>\$ 16,674,509</b>	<b>\$ 3,500,610</b>	<b>21%</b>	<b>23%</b>
<b>Net Rev / Exp</b>	<b>\$ (3,611,509)</b>	<b>\$ (1,218,973)</b>		



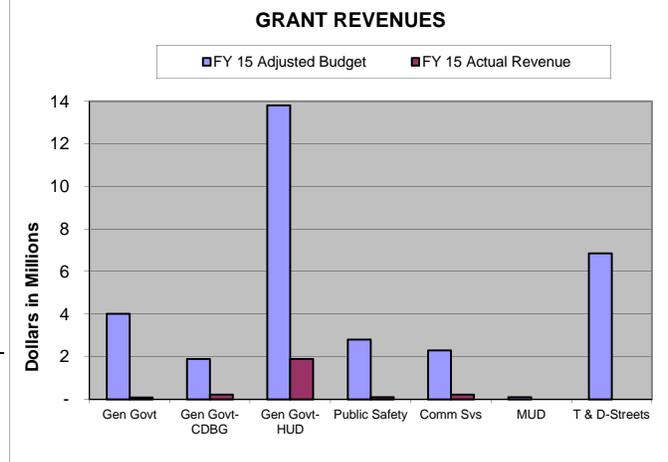
## POSITIVE

Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2014-15 reflects a budgeted fund balance drawdown of \$3.6M. Transfers Out include payment of \$23,708 to the Technology Replacement Fund. **Operating Revenues** received through the first quarter are 18% of budget, which is 2% higher than last year's first quarter percentage. **Operating Expenses** through the first quarter are 34% of adjusted budget, which is 3% higher than last year's percentage.

## GRANT FUNDS ANALYSIS FY 2014-15 COMPARISON

	FY 15 Adjusted Budget	FY 15 Actual Revenue	% of Budget Rec'd to Date
General Government*	\$ 4,017,956	\$ 85,555	2%
General Govt - CDBG	1,900,000	214,613	11%
General Govt - HUD	13,802,300	1,887,475	14%
Public Safety	2,806,050	95,473	3%
Community Services	2,301,132	221,950	10%
Municipal Utilities	100,000	-	0%
T & D - Streets	6,858,485	-	0%
<b>Total Grant Revenue</b>	<b>\$ 31,785,923</b>	<b>\$ 2,505,066</b>	<b>8%</b>

\* Includes City Manager, Economic Development, Information Technology and Law



Grants are an additional source of funds for major capital projects and certain operating programs. Grant sources include federal, state, and county governments as well as donations from businesses, organizations, or individuals to support particular programs. The adopted budget for grants is unique because it is developed before final approval on grant awards from other agencies is received in an effort to allow for adequate appropriation to spend anticipated grants. Additionally, grant revenues for many programs are received on a reimbursable basis, so the revenue on a large capital project may lag one to two fiscal years after the project is initiated. Actual collections through the first quarter of FY 2014-15 were \$2.5M (8% of adjusted budget) as compared to \$3.8M (11% of adjusted budget) collected through the first quarter of FY 2013-14.