



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 14-073

DATE: APRIL 23, 2014

TO: MAYOR & COUNCIL

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

FROM: GREG WESTRUM, BUDGET MANAGER *GW*

SUBJECT: FY 2013-14 THIRD QUARTER FINANCIAL REPORT

Attached is the FY 2013-14 Third 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 third quarter of FY 2013-14 by reflecting budget to actual compared to historical trends and the prior year.

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 2009-10 to FY 2012-13). These years have had significant fluctuations in revenues that are particularly sensitive to 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 positive signs of economic recovery as new development in Chandler has remained strong during the current fiscal year.

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

3rd Qtr FY13-14

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUE		YEAR TO DATE COMPARED TO HISTORICAL %	REFERENCE
Economic Indicators			Page 2
General Fund Revenue Quarterly Analysis		POSITIVE	Page 3
General Fund Revenue Category Analysis			Page 3
Revenue Detail by Category	Sales Tax (& collection detail)	POSITIVE	Page 4
	Franchise Fees	POSITIVE	Page 5
	Primary Property Tax	POSITIVE	Page 5
	State Shared Revenue	POSITIVE	Page 6
	Licenses & Permits	POSITIVE	Page 6
	Charges for Services	POSITIVE	Page 7
	Other Revenues	POSITIVE	Page 7
	GENERAL FUND EXPENDITURE		YEAR TO DATE COMPARED TO BUDGET %
General Fund Expenditure + Enc. Analysis by Function and by Expenditure Category			Page 8
Expenditure Detail by Department	Mayor & Council	POSITIVE	Page 9
	City Clerk	POSITIVE	Page 9
	City Manager	POSITIVE	Page 10
	Law	POSITIVE	Page 10
	City Magistrate	POSITIVE	Page 11
	Communications & Public Affairs	POSITIVE	Page 11
	Management Services	POSITIVE	Page 12
	Non-Departmental	POSITIVE	Page 12
	Transportation & Development	POSITIVE	Page 13
	Community Services	POSITIVE	Page 13
	Police	POSITIVE	Page 14
	Fire (includes Citywide Fleet)	POSITIVE	Page 14
OTHER FUNDS		YEAR TO DATE COMPARED TO BUDGET %	REFERENCE
Water Fund Analysis		POSITIVE	Page 15
Wastewater Fund Analysis		POSITIVE	Page 15
Solid Waste Fund Analysis		POSITIVE	Page 16
Airport Fund Analysis		POSITIVE	Page 16
System Development & Impact Fee Analysis		POSITIVE	Page 17
Highway User Revenue Fund Analysis		POSITIVE	Page 18
Grants		INFORMATIONAL	Page 18

PERFORMANCE INDICATORS

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

Real gross domestic product - the output of goods and services produced by labor and property located in the US.

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.

First Quarter 2013 (revised estimate)	1.1%
Second Quarter 2013 (second)	2.5%
Third Quarter 2013 (third estimate)	4.1%
Fourth Quarter 2013 (third estimate)	2.6%

Source: US Department of Commerce

INTEREST RATES

This table reflects the four most recent changes to the Federal Funds Rate by the Federal Reserve Board.

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.

April 30, 2008	2.0%
October 8, 2008	1.5%
October 29, 2008	1.0%
December 16, 2008 to date	0% - 0.25%

Source: Federal Reserve Bank

UNEMPLOYMENT

	National	State of Arizona	Phoenix Metro Area
Dec-13	6.7%	7.6%	6.2%
Jan-14	6.6%	7.5%	6.8%
Feb-14	6.7%	7.3%	6.1%
Mar-14	6.7%	7.3%	6.4%

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 2013-14 Rate of Return	3rd Quarter	Fiscal Year
Benchmark:	0.11%	0.38%
Wells Capital Management:	0.15%	0.50%
PFM:	0.17%	0.49%
Fiscal Year 2012-13 Rate of Return	3rd Quarter	Fiscal Year
Benchmark:	0.11%	0.32%
Wells Capital Management:	0.10%	0.38%
PFM:	0.11%	0.37%

The City's benchmark is the 0-3 year Merrill Lynch Treasury Index while last year it was the one-year Merrill Lynch Treasury Note (change occurred as of the third quarter of last fiscal year to current benchmark). 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
Oct - Nov - Dec 2012	3,464	89
Jan - Feb - Mar 2013	4,223	143
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	not yet available	87

Single family building permits are lower than the high-growth years, averaging 120 permits over the last six quarters. Fewer building permits generally equates to less new construction, lower permit fee revenues and lower sales tax revenues.

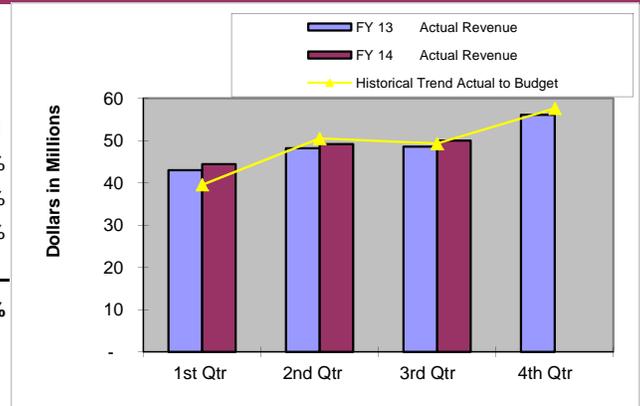
Source: U.S. Census Bureau, City of Chandler Transportation & Development Department.

REVENUE ANALYSIS:

OVERALL GENERAL FUND REVENUES FY 2013-2014

		FY 14 Adjusted Budget	FY 14 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 13	\$ 40,977,394	\$ 44,465,892	23.8%	21.2%
2nd Qtr	Oct - Dec 13	46,636,811	49,153,476	26.3%	27.0%
3rd Qtr	Jan - Mar 14	46,268,125	50,003,679	26.7%	26.4%
4th Qtr	Apr - Jun 14	53,145,028			
Total		\$ 187,027,358	\$ 143,623,047	76.8%	74.6%

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



POSITIVE

General Fund revenue collections through the third quarter of FY 2013-14 are \$9.7M (7.3%) above the budget based on historical trend and \$3.9M (2.8%) higher than actual collections through the third quarter of FY 2012-13.

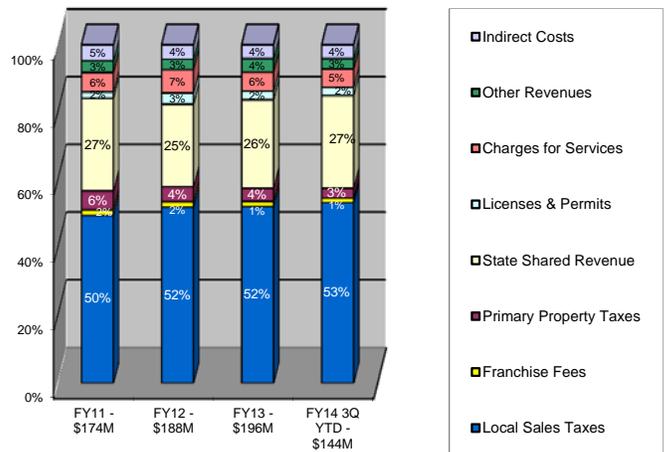
Overall, General Fund revenue, led by continuing strong Sales Tax collections, are performing well due to higher consumer confidence and a steady stream of new development activity in Chandler.

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

GENERAL FUND REVENUES BY CATEGORY FY 2013-2014

Revenue Categories	FY 14 Adjusted Budget	FY 14 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 95,211,000	\$ 76,675,715	80.5%
Franchise Fees	2,875,000	1,850,627	64.4%
Primary Property Tax	7,250,000	4,326,039	59.7%
State Shared Revenue	53,613,700	39,212,650	73.1%
Licenses & Permits	3,476,000	3,522,451	101.3%
Charges for Services	10,572,450	7,825,767	74.0%
Other Revenues	6,187,250	4,328,329	70.0%
Indirect Cost Allocation	7,841,958	5,881,469	75.0%
Total	\$ 187,027,358	\$ 143,623,047	76.8%

General Fund Collection History by Category %



POSITIVE

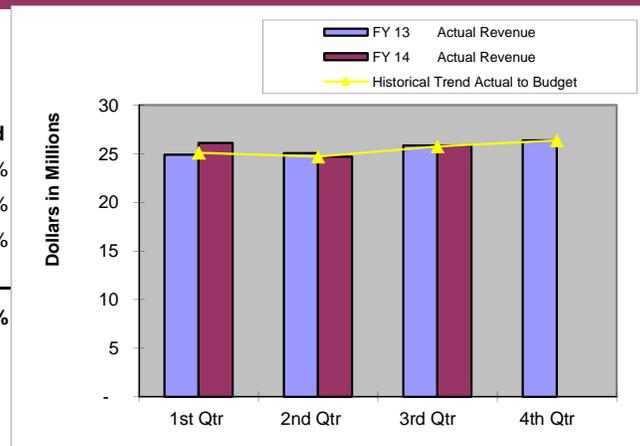
This chart summarizes General Fund revenue collections by category for FY 2013-14. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales taxes 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 2013-2014

		FY 14 Adopted Budget	FY 14 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 13	\$ 23,509,384	\$ 26,109,219	27.4%	26.3%
2nd Qtr	Oct - Dec 13	22,861,122	24,695,955	25.9%	25.9%
3rd Qtr	Jan - Mar 14	24,021,548	25,870,541	27.2%	27.0%
4th Qtr	Apr - Jun 14	24,818,946			
Total		\$ 95,211,000	\$ 76,675,715	80.5%	79.2%

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

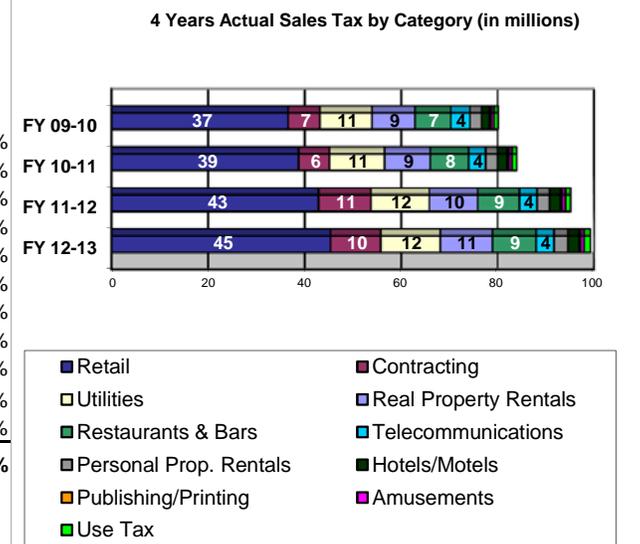


POSITIVE

Figures above **include** Local Sales Tax Collections and the related revenues of License Fees, Audit Assessments, Penalties, and Interest. Sales tax collections through the third quarter of FY 2013-14 are \$6.3M (8.9%) above the budget based on historical trend and \$852,721 (1.1%) higher than FY 2012-13 actual collections through the third quarter. Although it was anticipated that the April 2013 opening of the new outlet mall west of the City would have a negative impact on collections, this has not happened to date. Staff is continuing to monitor retail sales tax revenues from the Chandler Fashion Center and surrounding retail area. So far the outlet mall has not had an impact on sales tax collections. Increased spending related to development activity and higher consumer confidence has contributed to greater Local Sales Tax collections.

SALES TAX COLLECTION HISTORY

	FY 14 Adopted Budget	FY 14 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 42,700,000	\$ 34,552,564	80.9%	3.4%
Contracting	9,300,000	7,241,085	77.9%	-5.8%
Utilities	12,400,000	9,609,238	77.5%	0.4%
Real Property Rentals	9,800,000	8,103,640	82.7%	1.4%
Restaurants & Bars	8,800,000	6,883,797	78.2%	6.4%
Telecommunications	3,800,000	2,625,745	69.1%	-6.4%
Personal Prop. Rentals	2,300,000	2,181,890	94.9%	1.4%
Hotels/Motels	1,900,000	1,611,825	84.8%	4.9%
Publishing/Printing	300,000	190,163	63.4%	-23.3%
Amusements	650,000	525,192	80.8%	2.0%
Use Tax	800,000	866,345	108.3%	-12.1%
TOTAL SALES TAX	\$ 92,750,000	\$ 74,391,484	80.2%	1.4%



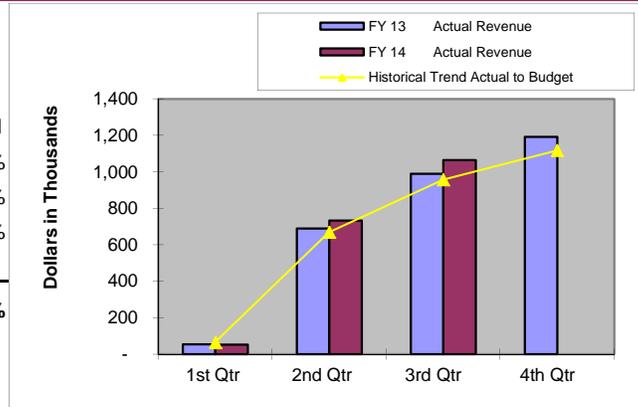
The above figures reflect Sales Tax Collections by category and **exclude** the related revenues of License Fees, Audit Assessments, Penalties, and Interest. Sales Tax collections through the third quarter of FY 2013-14 were \$5.9M (8.7%) above the budget based on historical trend and \$1.0M (1.4%) higher than FY 2012-13 collections through the third quarter. Lower Contracting and Use Tax collections have declined compared to the prior year as we move past the high one-time collections related to the Intel construction project. Telecommunications has declined compared to the prior year due to a few large taxpayers filing late, so these categories should recover in the next quarter. The decline in Publishing/Printing is a result of an amendment to the Model City Tax Code, so continued declines compared to prior years are anticipated.

REVENUE ANALYSIS (continued):

FRANCHISE FEE REVENUE FY 2013-2014

		FY 14 Adopted Budget	FY 14 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 13	\$ 66,514	\$ 51,979	1.8%	2.3%
2nd Qtr	Oct - Dec 13	684,711	733,662	25.5%	23.3%
3rd Qtr	Jan - Mar 14	979,894	1,064,986	37.0%	33.3%
4th Qtr	Apr - Jun 14	1,143,881			
Total		\$ 2,875,000	\$ 1,850,627	64.3%	58.9%

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



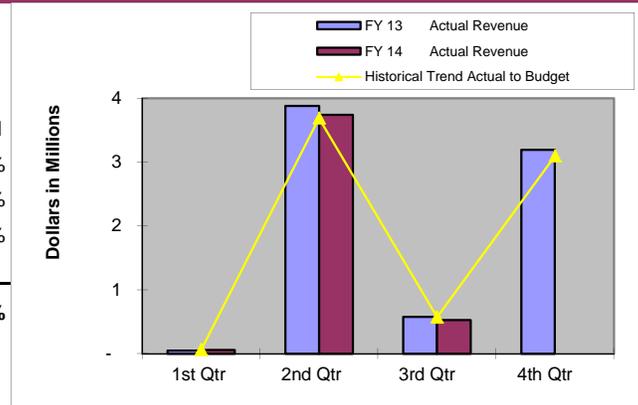
POSITIVE

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), and Air Products (2% of Gross Sales). Qwest Cable Services (5% of Gross Sales) revenues are included in the first year of the four-year historical trend of actual collections since Qwest exited the cable business at the beginning of FY 2010-11, making the percentage of budget historically received higher in the first quarter. Franchise fee collections through the third quarter of FY 2013-14 are \$119,508 (6.9%) above the budget based on historical trend and \$116,155 (6.7%) higher than FY 2012-13 actual collections through the third quarter. A new Qwest cable TV service has re-entered the market, however, the financial impact on franchise fee collections is not yet known.

PRIMARY PROPERTY TAX REVENUE FY 2013-2014

		FY 14 Adopted Budget	FY 14 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 13	\$ 61,390	\$ 60,319	0.8%	0.9%
2nd Qtr	Oct - Dec 13	3,604,289	3,740,184	51.6%	50.9%
3rd Qtr	Jan - Mar 14	558,877	525,536	7.2%	7.9%
4th Qtr	Apr - Jun 14	3,025,444			
Total		\$ 7,250,000	\$ 4,326,039	59.6%	59.7%

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



POSITIVE

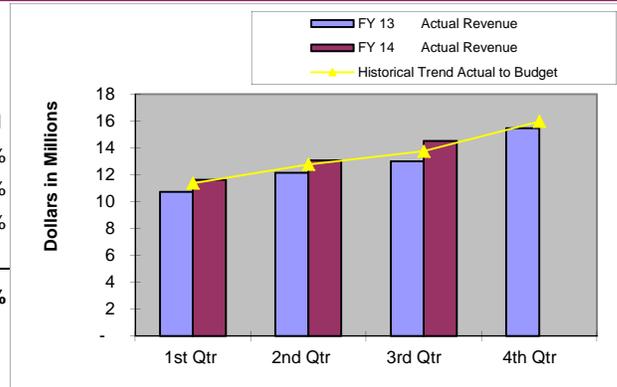
This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 2013-14, Chandler will collect a primary tax rate of \$0.3292 per \$100 of assessed valuation and a secondary tax rate of \$0.9422 per \$100 of assessed valuation for a total rate of \$1.2714, representing **no** increase from the rates adopted for FY 2012-13. Due to the two-year lag in recording assessed valuations, FY 2010-11 was the first year to reflect significant drops in market value. FY 2011-12 and FY 2012-13 also brought in lower property tax collections as a result of continuing declines in assessed valuations. Primary property tax collections through the third quarter of FY 2013-14 are \$101,483 (2.4%) above the budget based on historical trend and \$179,126 (-4.0%) lower than FY 2012-13 actual collections through the third quarter.

REVENUE ANALYSIS (continued):

STATE SHARED REVENUE FY 2013-2014

		FY 14 Adopted Budget	FY 14 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 13	\$ 11,125,945	\$ 11,632,502	21.7%	21.2%
2nd Qtr	Oct - Dec 13	12,969,539	13,064,364	24.4%	23.8%
3rd Qtr	Jan - Mar 14	13,683,156	14,515,784	27.1%	25.7%
4th Qtr	Apr - Jun 14	15,835,060			
Total		\$ 53,613,700	\$ 39,212,650	73.2%	70.7%

* 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 third quarter of FY 2013-14 are \$849,012 (6.7%) above the budget based on historical trend and \$897,700 (7.1%) higher than FY 2012-13 actual collections through the third quarter. This revenue category reflects a small but steady growth in Arizona's overall economy.

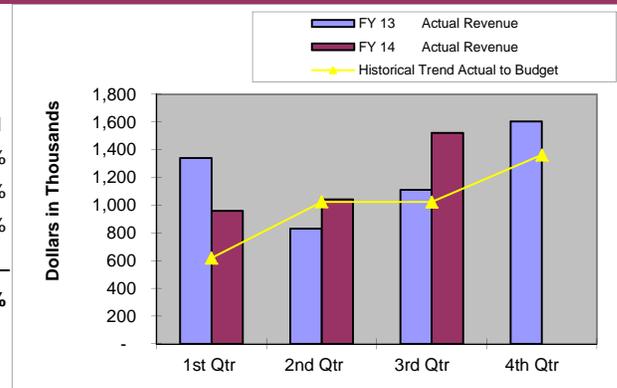
-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the state. The respective city shares are determined by the proportion of city population to total incorporated population of the county. Collections through the third quarter of FY 2013-14 are \$551,934 (10.4%) above the budget based on historical trend and \$719,299 (13.9%) higher than FY 2012-13 actual collections through the third quarter.

-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2011 State income tax collection is distributed to cities and towns as urban revenue sharing based upon population and is known for budget purposes. Collections through the third quarter of FY 2013-14 are \$33,064 (0.2%) above the budget based on historical trend and \$1.7M (9.4%) higher than FY 2012-13 actual collections through the third quarter. This revenue category reflects activity from two years ago due to the lag in distributing to cities and towns, so is reflecting some improvement over the 2010 "recession" year.

LICENSES & PERMITS REVENUE FY 2013-2014

		FY 14 Adopted Budget	FY 14 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 13	\$ 534,402	\$ 958,923	27.6%	17.8%
2nd Qtr	Oct - Dec 13	883,691	1,041,385	30.0%	29.5%
3rd Qtr	Jan - Mar 14	881,966	1,522,143	43.8%	29.4%
4th Qtr	Apr - Jun 14	1,175,941			
Total		\$ 3,476,000	\$ 3,522,451	101.4%	76.7%

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



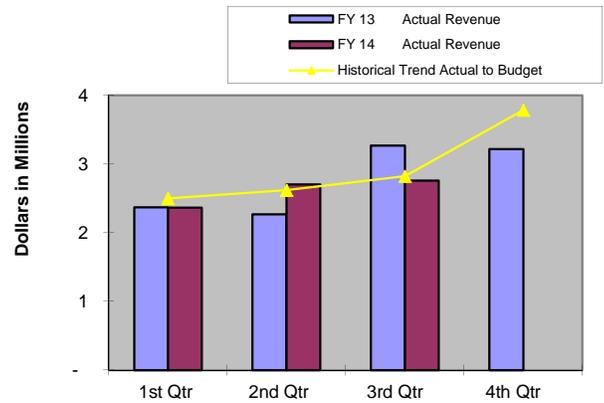
POSITIVE

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 third quarter of FY 2013-14 are \$1.2M (53.1%) above the budget based on historical trend and \$238,863 (7.3%) higher than FY 2012-13 actual collections through the third quarter. Budgeted revenues in this category were forecasted at reduced levels, with \$4.8M budgeted in this category in FY 2012-13 and \$3.5M for FY 2013-14, mainly due to anticipated lower revenues from building permits. Actual collections have not declined as expected this fiscal year due to a steady stream of new development activity in Chandler.

REVENUE ANALYSIS (continued):

CHARGES FOR SERVICES REVENUE FY 2013-2014

		FY 14 Adopted Budget	FY 14 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 13	\$ 2,252,061	\$ 2,365,260	22.4%	23.6%
2nd Qtr	Oct - Dec 13	2,361,254	2,702,730	25.6%	24.8%
3rd Qtr	Jan - Mar 14	2,545,234	2,757,777	26.1%	26.7%
4th Qtr	Apr - Jun 14	3,413,901			
Total		\$ 10,572,450	\$ 7,825,767	74.1%	75.1%



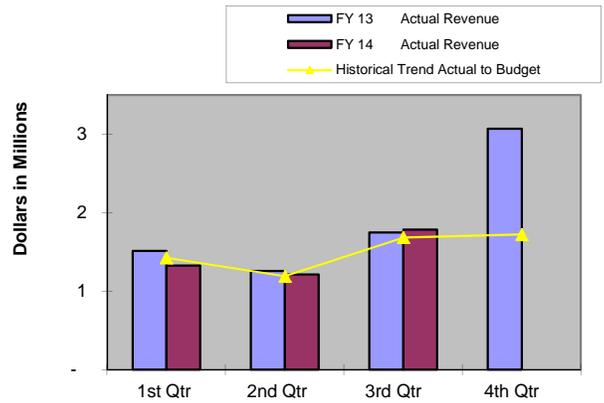
* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

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 third quarter of FY 2013-14 are \$667,218 (9.3%) above the budget based on historical trend and \$82,165 (-1.0%) lower than FY 2012-13 actual collections through the third quarter.

OTHER REVENUE FY 2013-2014

		FY 14 Adjusted Budget	FY 14 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 13	\$ 1,467,205	\$ 1,327,201	21.5%	23.0%
2nd Qtr	Oct - Dec 13	1,311,718	1,214,706	19.6%	19.2%
3rd Qtr	Jan - Mar 14	1,636,961	1,786,422	28.9%	27.2%
4th Qtr	Apr - Jun 14	1,771,366			
Total		\$ 6,187,250	\$ 4,328,329	70.0%	69.4%



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

POSITIVE

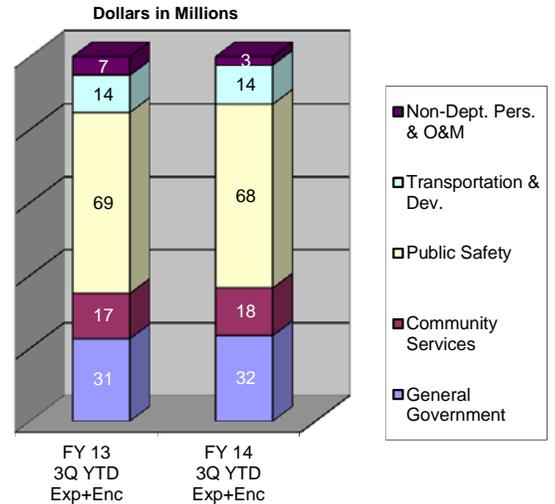
Other revenue captures interest income, fines and forfeitures, lump sum agreements, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the third quarter of FY 2013-14 are \$87,556 (-2.0%) below the budget based on historical trend and \$188,211 (-4.2%) lower than FY 2012-13 actual collections through the third quarter. Revenues are lower than the prior fiscal year due to a large one-time revenues in FY 2012-13 from Kinder Morgan for a pipeline project (\$269,000) and from CDW's repayment of a development agreement (\$251,000).

EXPENDITURE ANALYSIS:

GENERAL FUND EXPENDITURES + ENCUMBRANCES for FY 2013-2014 by FUNCTION

	FY 14 Adjusted Budget	FY14 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
* Dept. Operating				
General Government	\$ 44,455,517	\$ 31,688,709	71.3%	71.0%
Community Services	24,479,811	17,551,247	71.7%	70.5%
Public Safety	91,959,369	67,866,886	73.8%	74.8%
Transportation & Dev.	19,886,601	14,492,667	72.9%	74.1%
Non-Dept. Pers. & O&M	6,490,797	3,027,914	46.6%	59.5%
Subtotal	\$ 187,272,095	\$ 134,627,423	71.9%	72.3%
Non-Dept. Reserves	\$ 3,734,120	\$ -	0.0%	0.0%
Non-Dept. Contingencies	20,763,726	-	0.0%	0.0%
Total	\$ 211,769,941	\$ 134,627,423	63.6%	64.4%

* Excluding Interfund Transfers



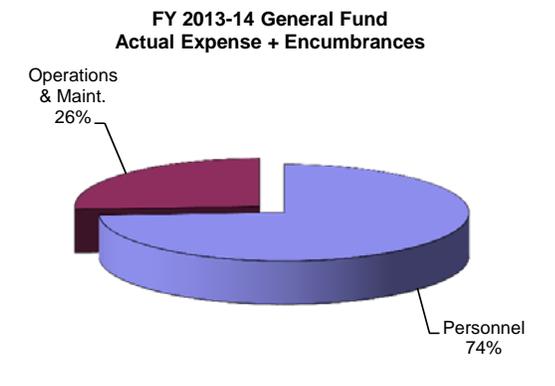
Total General Fund operating expenditures are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (12% and Council). Since General Obligation debt and General Fund capital expenses 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 2013-14 operating spending through the third quarter is 71.9% of the adjusted budget compared to 72.3% of adjusted budget spent last fiscal year through the third quarter. As shown on the following pages, departments have expended between 65.3% and 74.9% of their General Fund adjusted budgets through the third quarter of FY 2013-14.

GENERAL FUND EXPENDITURES + ENCUMBRANCES for FY 2013-2014 by CATEGORY

*Dept. Operating	FY 14 Adjusted Budget	FY 14 Actual Exp+Enc	FY 13 Actual Exp+Enc	% change from Prior Yr Actual
Personnel	\$ 139,806,393	\$ 99,837,296	\$ 101,218,264	-1.4%
Operations & Maint.	47,465,702	34,790,127	36,844,042	-5.6%
Reserves	3,734,120	-	-	0.0%
Contingencies	20,763,726	-	-	0.0%
Total	\$ 211,769,941	\$ 134,627,423	\$ 138,062,306	-2.5%

* Excluding Interfund Transfers

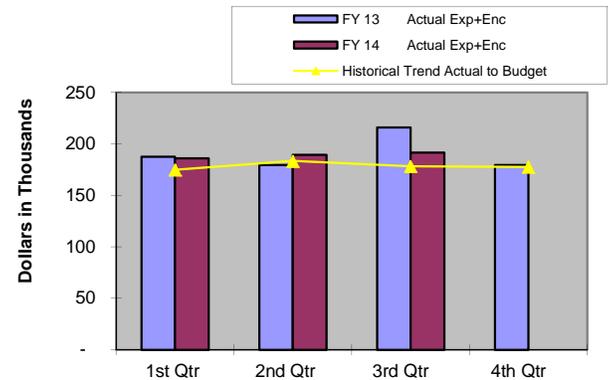


Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the third quarter of FY 2013-14 is 1.4% lower than spending through the third quarter of FY 2012-13 mainly due to the one-time personnel payments based on union contract commitments and general (non-bargaining) employee compensation made during the first quarter of last year. Operations and Maintenance spending through the third quarter of FY 2013-14 is 5.6% lower than spending through the same period in the prior year due to last year's non-departmental spending on the Strategic Economic Development Continuum project.

EXPENDITURE ANALYSIS (continued / department summaries):

MAYOR & COUNCIL EXPENDITURE 2013-2014 COMPARISON

		FY 14	FY 14	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 13	\$ 193,936	\$ 186,026	23.0%	21.6%
2nd Qtr	Oct - Dec 13	210,097	189,300	23.4%	22.7%
3rd Qtr	Jan - Mar 14	202,016	191,466	23.7%	22.0%
4th Qtr	Apr - Jun 14	202,016			
Total		\$ 808,065	\$ 566,792	70.1%	66.3%



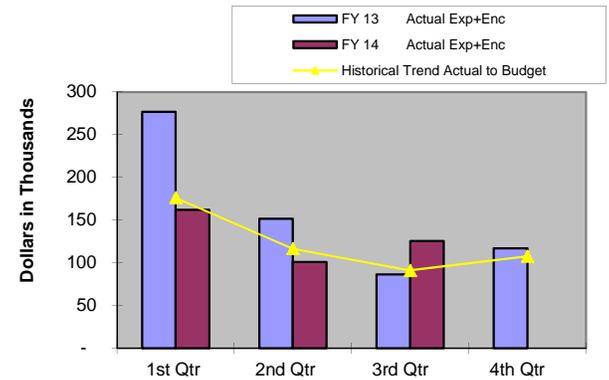
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Mayor and Council spent 70.1% of their FY 2013-14 adjusted budget and has historically spent 66.3% of their adjusted budget through the third quarter of the fiscal year.

CITY CLERK EXPENDITURE 2013-2014 COMPARISON

		FY 14	FY 14	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 13	\$ 213,658	\$ 162,153	27.3%	29.7%
2nd Qtr	Oct - Dec 13	142,439	101,042	17.0%	19.6%
3rd Qtr	Jan - Mar 14	112,764	125,566	21.2%	15.3%
4th Qtr	Apr - Jun 14	124,634			
Total		\$ 593,495	\$ 388,761	65.5%	64.6%



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

POSITIVE

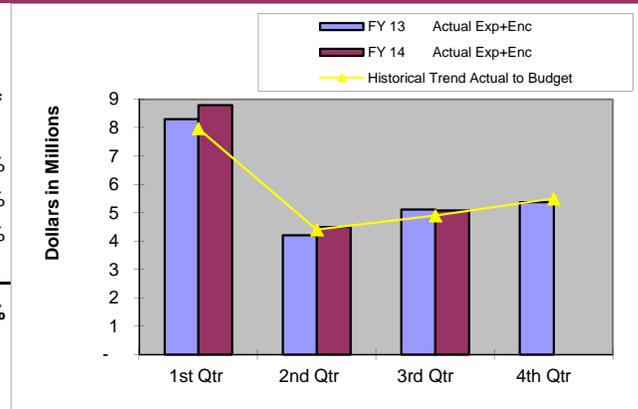
The City Clerk has spent 65.5% of their FY 2013-14 adjusted budget and has historically spent 64.6% of their adjusted budget through the third quarter of the fiscal year. FY 2012-13 spending included expenditures for the primary election in the first quarter and the general election in the second quarter.

EXPENDITURE ANALYSIS (continued / department summaries):

CITY MANAGER EXPENDITURE 2013-2014 COMPARISON

		FY 14 Adjusted Budget	FY 14 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 13	\$ 8,743,887	\$ 8,799,622	35.2%	31.9%
2nd Qtr	Oct - Dec 13	4,831,921	4,501,437	18.0%	17.6%
3rd Qtr	Jan - Mar 14	5,372,825	5,085,526	20.4%	19.6%
4th Qtr	Apr - Jun 14	6,034,839			
Total		\$ 24,983,472	\$ 18,386,585	73.6%	69.1%

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



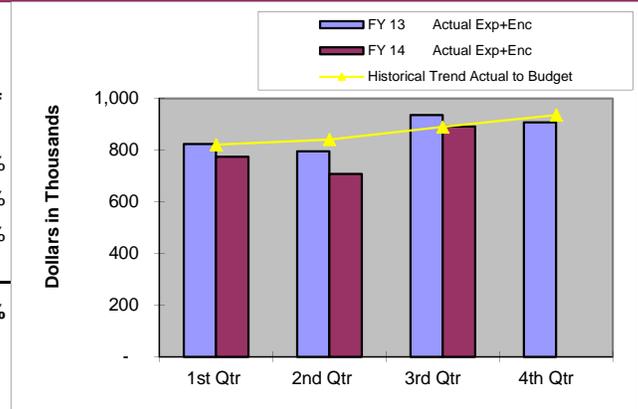
POSITIVE

City Manager includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Human Resources, Information Technology, Economic Development, Office of Neighborhood Resources, and Downtown Redevelopment. Combined, they spent 73.6% of their FY 2013-14 adjusted budget and have historically spent 69.1% of their adjusted budget through the third quarter of the fiscal year.

LAW EXPENDITURE 2013-2014 COMPARISON

		FY 14 Adjusted Budget	FY 14 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 13	\$ 858,351	\$ 774,359	21.7%	22.9%
2nd Qtr	Oct - Dec 13	858,351	708,433	19.8%	23.5%
3rd Qtr	Jan - Mar 14	929,881	890,832	24.9%	24.9%
4th Qtr	Apr - Jun 14	929,881			
Total		\$ 3,576,464	\$ 2,373,624	66.4%	71.3%

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



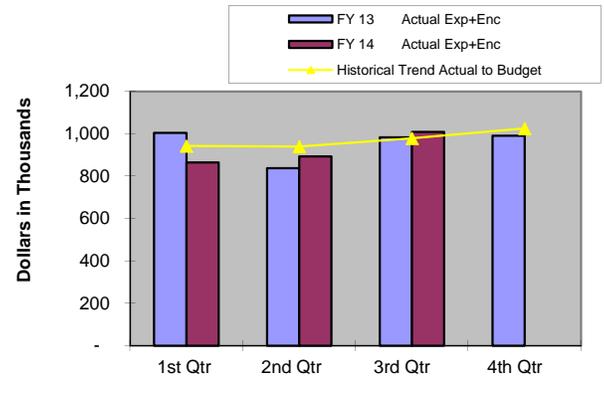
POSITIVE

Law spent 66.4% of their FY 2013-14 adjusted budget and has historically spent 71.3% of their adjusted budget through the third quarter of the fiscal year.

EXPENDITURE ANALYSIS (continued / department summaries):

CITY MAGISTRATE EXPENDITURE 2013-2014 COMPARISON

		FY 14	FY 14	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 13	\$ 1,019,397	\$ 864,820	20.6%	22.4%
2nd Qtr	Oct - Dec 13	1,015,771	893,759	21.3%	22.3%
3rd Qtr	Jan - Mar 14	1,059,485	1,008,228	23.9%	23.3%
4th Qtr	Apr - Jun 14	1,108,425			
Total		\$ 4,203,078	\$ 2,766,807	65.8%	68.0%



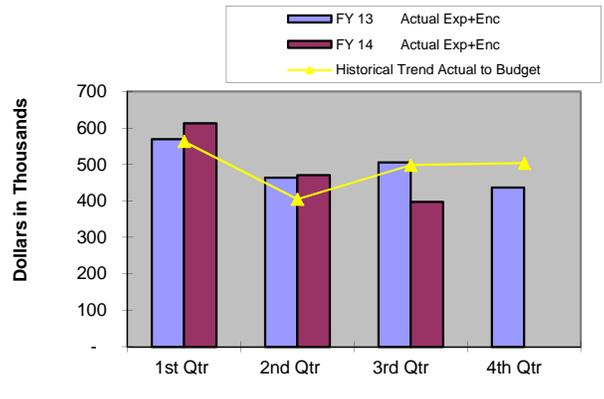
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

City Magistrate spent 65.8% of their FY 2013-14 adjusted budget and has historically spent 68.0% of their adjusted budget through the third quarter of the fiscal year.

COMMUNICATIONS & PUBLIC AFFAIRS EXP. 2013-2014 COMPARISON

		FY 14	FY 14	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 13	\$ 658,632	\$ 613,496	27.0%	24.8%
2nd Qtr	Oct - Dec 13	476,940	470,993	20.7%	17.8%
3rd Qtr	Jan - Mar 14	567,786	398,033	17.6%	21.9%
4th Qtr	Apr - Jun 14	567,786			
Total		\$ 2,271,144	\$ 1,482,522	65.3%	64.5%



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

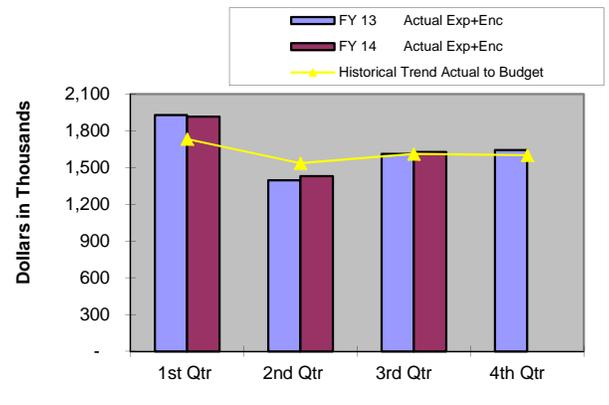
POSITIVE

Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 65.3% of their FY 2013-14 adjusted budget and has historically spent 64.5% of their adjusted budget through the third quarter of the fiscal year.

EXPENDITURE ANALYSIS (continued / department summaries):

MANAGEMENT SERVICES EXPENDITURE 2013-2014 COMPARISON

		FY 14 Adjusted Budget	FY 14 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 13	\$ 1,900,134	\$ 1,916,230	27.2%	24.6%
2nd Qtr	Oct - Dec 13	1,689,008	1,429,626	20.3%	21.8%
3rd Qtr	Jan - Mar 14	1,759,384	1,626,889	23.2%	22.9%
4th Qtr	Apr - Jun 14	1,689,009			
Total		\$ 7,037,535	\$ 4,972,745	70.7%	69.3%



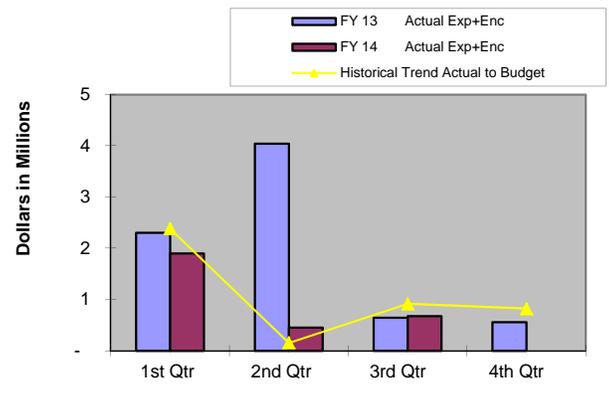
* Historical Trend represents the average of the past 4 years % of actual to budget

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 70.7% of their FY 2013-14 adjusted budget and have historically spent 69.3% of their adjusted budget through the third quarter of the fiscal year.

NON-DEPARTMENTAL EXPENDITURE 2013-2014 COMPARISON

		FY 14 Adjusted Budget	FY 14 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 13	\$ 3,634,846	\$ 1,900,501	29.3%	36.7%
2nd Qtr	Oct - Dec 13	259,632	452,277	7.0%	2.4%
3rd Qtr	Jan - Mar 14	1,363,067	675,136	10.3%	14.1%
4th Qtr	Apr - Jun 14	1,233,252			
Total**		\$ 6,490,797	\$ 3,027,914	46.6%	53.2%



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

** Excludes Reserves and Contingencies

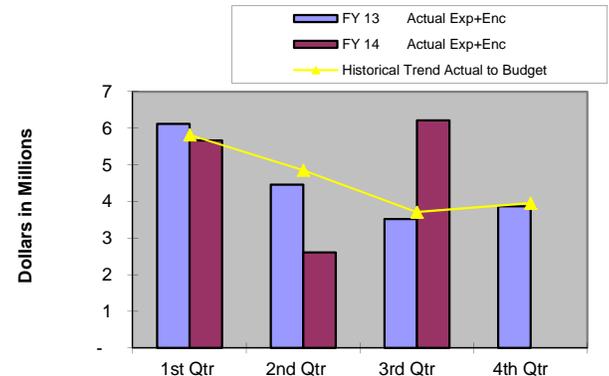
POSITIVE

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. The largest expenditures for this category for FY 2013-14 and the prior year include the Strategic Economic Development Continuum project.

EXPENDITURE ANALYSIS (continued / department summaries):

TRANSPORTATION & DEVELOPMENT EXPENDITURE 2013-2014 COMPARISON

		FY 14	FY 14	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 13	\$ 6,363,712	\$ 5,670,115	28.5%	29.3%
2nd Qtr	Oct - Dec 13	5,170,516	2,606,951	13.1%	24.4%
3rd Qtr	Jan - Mar 14	3,977,320	6,215,601	31.3%	18.7%
4th Qtr	Apr - Jun 14	4,375,053			
Total		\$ 19,886,601	\$ 14,492,667	72.9%	72.4%



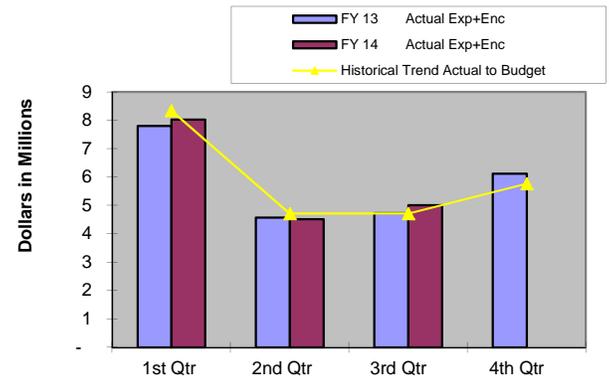
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Transportation and Development includes the following divisions budgeted in the General Fund: Administration, Planning, Development Services, Engineering, Capital Projects, Streets, Traffic Engineering, Transit Services, and Street Sweeping. The department spent 72.9% of their FY 2013-14 adjusted budget and has historically spent 72.4% of their adjusted budget through the third quarter of the fiscal year. This quarter marks a return to historical year-to-date spending patterns on Asphaltic Pavement in the Streets Division.

COMMUNITY SERVICES EXPENDITURE 2013-2014 COMPARISON

		FY 14	FY 14	% of	*Hist.
		Adjusted	Actual	Budget	Trend % of
Operating Only		Budget	Exp+Enc	Expended	Budget
				by Qtr	
1st Qtr	Jul - Sep 13	\$ 8,567,934	\$ 8,026,999	32.8%	34.1%
2nd Qtr	Oct - Dec 13	4,895,962	4,515,439	18.4%	19.3%
3rd Qtr	Jan - Mar 14	4,895,962	5,008,809	20.5%	19.2%
4th Qtr	Apr - Jun 14	6,119,953			
Total		\$ 24,479,811	\$ 17,551,247	71.7%	72.6%



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

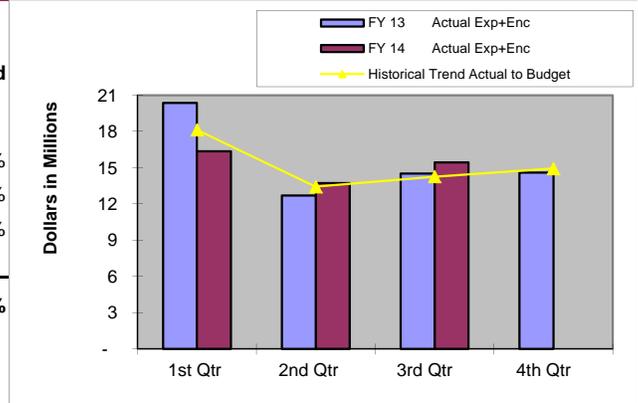
POSITIVE

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 71.7% of their FY 2013-14 adjusted budget and has historically spent 72.6% of their adjusted budget through the third quarter of the fiscal year.

EXPENDITURE ANALYSIS (continued / department summaries):

POLICE EXPENDITURE 2013-2014 COMPARISON

		FY 14 Adjusted Budget	FY 14 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 13	\$ 18,631,554	\$ 16,357,958	26.3%	29.2%
2nd Qtr	Oct - Dec 13	13,663,140	13,736,241	22.1%	21.6%
3rd Qtr	Jan - Mar 14	14,284,191	15,439,726	24.9%	23.0%
4th Qtr	Apr - Jun 14	15,526,295			
Total		\$ 62,105,180	\$ 45,533,925	73.3%	73.8%



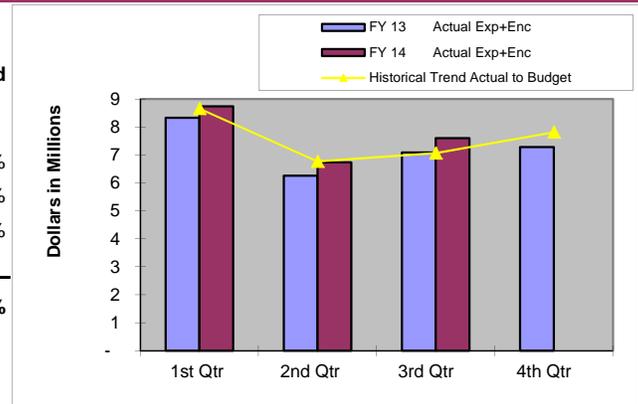
* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Police includes Administration, Professional Standards, Property & Evidence, Forensic Services, Field Operations, Criminal Investigations, Planning & Research, Communications, Records, Detention Services, and Community Resources & Training. The department spent 73.3% of their FY 2013-14 adjusted budget and has historically spent 73.8% of their adjusted budget through the third quarter of the fiscal year.

FIRE EXPENDITURE 2013-2014 COMPARISON

		FY 14 Adjusted Budget	FY 14 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 13	\$ 8,942,571	\$ 8,739,134	28.3%	28.1%
2nd Qtr	Oct - Dec 13	6,784,020	6,734,803	21.8%	21.9%
3rd Qtr	Jan - Mar 14	7,092,384	7,609,897	24.8%	22.9%
4th Qtr	Apr - Jun 14	8,017,478			
Total		\$ 30,836,453	\$ 23,083,834	74.9%	72.9%



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

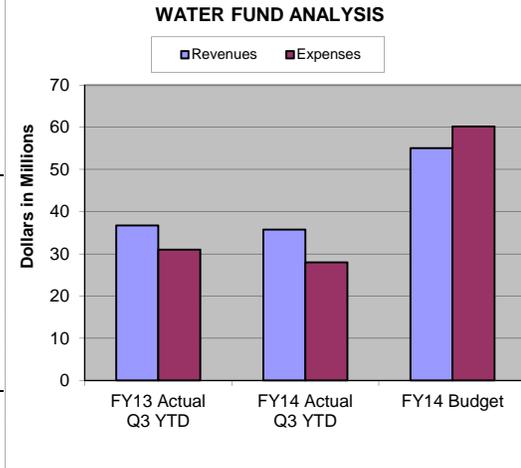
POSITIVE

Fire includes Administration, Emergency Services, Operations, Prevention & Preparedness, Support Services, and Citywide Fleet. The department spent 74.9% of their FY 2013-14 adjusted budget and has historically spent 72.9% of their adjusted budget through the third quarter of the fiscal year.

OTHER FUNDS ANALYSIS:

WATER FUND ANALYSIS 2013-2014 COMPARISON

WATER FUND	FY 14 Adjusted Budget	FY 14 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 52,300,500	\$ 35,178,484	67%	66%
Intel Rev/Receivable	2,746,511	598,608	22%	46%
Total Revenues	\$ 55,047,011	\$ 35,777,092	65%	63%
Operating Expenses	\$ 31,295,082	\$ 20,906,536	67%	61%
Major Capital Expenses	2,142,462	702,741	33%	147%
Intel Exp/Payable	2,746,511	598,608	22%	46%
Debt Service	20,081,652	2,869,999	14%	16%
Transfers Out	3,894,381	2,945,018	76%	76%
Total Expenses	\$ 60,160,088	\$ 28,022,902	47%	49%
Net Rev / Exp	\$ (5,113,077)	\$ 7,754,190		



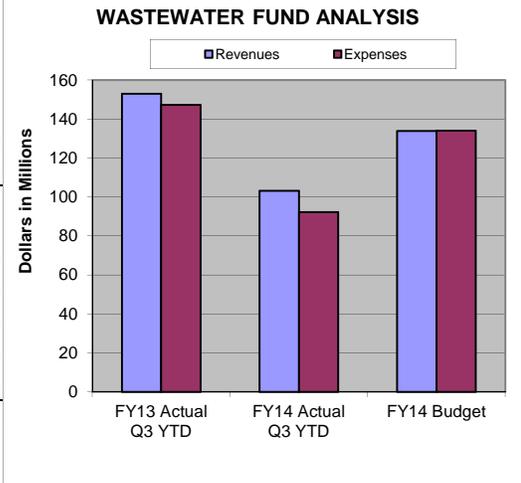
POSITIVE

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.

Water Department includes the following divisions: Administration, Water Distribution, Water Treatment Plant, Environmental Resources, Water Quality, Water Production Facilities, 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 2013-14 reflects a budgeted \$5.1 million drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$3,797,454 and payment of \$96,927 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the third quarter are 67% of budget compared to 66% through the third quarter of last year, while **Operating Expenses** through the third quarter are 67% of budget as compared to 61% through the third 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 2013-2014 COMPARISON

WASTEWATER FUND	FY 14 Adjusted Budget	FY 14 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 39,402,700	\$ 28,342,451	72%	71%
Intel Rev/Receivable	94,444,326	74,875,660	79%	79%
Total Revenues	\$ 133,847,026	\$ 103,218,111	77%	77%
Operating Expenses	\$ 18,729,381	\$ 12,197,375	65%	70%
Major Capital Expenses	3,956,832	1,104,328	28%	52%
Intel Exp/Payable	94,444,326	74,875,660	79%	79%
Debt Service	14,553,546	2,339,712	16%	18%
Transfers Out	2,400,687	1,809,815	75%	75%
Total Expenses	\$ 134,084,772	\$ 92,326,890	69%	74%
Net Rev / Exp	\$ (237,746)	\$ 10,891,221		



POSITIVE

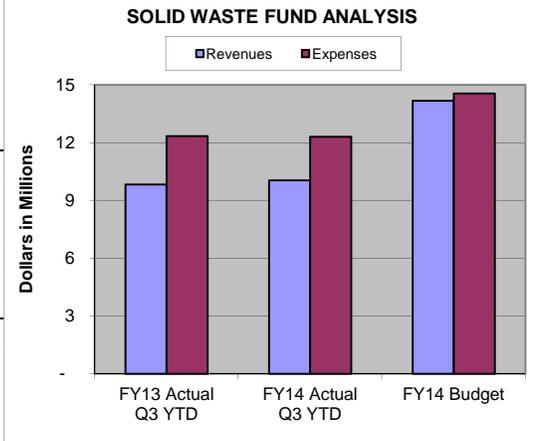
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

Wastewater Department includes the following divisions: Collection, Wastewater Treatment Plant, Wastewater Quality, Airport 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 2013-14 reflects a budgeted \$238K drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$2,363,487 and payment of \$37,200 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the third quarter are 72% of budget compared to 71% through the third quarter of last year, while **Operating Expenses** through the third quarter are 65% of budget as compared to 70% through the third 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 2013-2014 COMPARISON

SOLID WASTE	FY 14 Adjusted Budget	FY 14 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 14,177,667	\$ 10,047,568	71%	72%
Total Revenues	\$ 14,177,667	\$ 10,047,568	71%	72%
Operating Expenses	\$ 13,235,740	\$ 11,281,451	85%	86%
Major Capital Expenses	73,337	73,336	100%	100%
Transfers Out	1,251,175	948,421	76%	76%
Total Expenses	\$ 14,560,252	\$ 12,303,208	84%	85%
Net Rev / Exp	\$ (382,585)	\$ (2,255,640)		



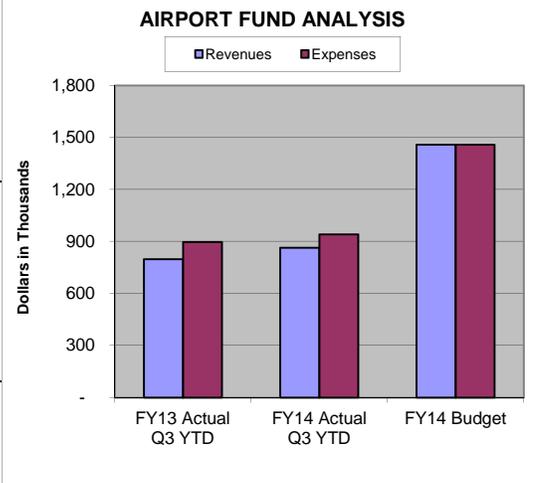
POSITIVE

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 Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2013-14 reflects a budgeted \$382,585 drawdown of fund balance. Transfers Out include Indirect Cost Allocation to the General Fund of \$1,211,017 and payment of \$40,158 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the third quarter are 71% of budget compared to 72% through the third quarter of last year, while **Operating Expenses** through the third quarter are 85% of budget as compared to 86% last year. Large encumbrances (\$8.0M) are recorded at the start of the fiscal year for the Solid Waste collections contract to cover costs through the end of the fiscal year. Conversely, revenues are more equally apportioned throughout the year. By fiscal year-end the revenues and expenses should be within budget.

AIRPORT FUND ANALYSIS 2013-2014 COMPARISON

AIRPORT FUND	FY 14 Adjusted Budget	FY 14 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 1,095,153	\$ 778,864	71%	73%
General Fund Subsidy	364,194	86,040	24%	18%
Total Revenues	\$ 1,459,347	\$ 864,904	59%	60%
Operating Expenses	\$ 1,159,188	\$ 821,421	71%	79%
Major Capital Expenses	171,421	38,545	22%	7%
Debt Service	23,388	1,694	7%	9%
Transfers Out	105,350	80,350	76%	76%
Total Expenses	\$ 1,459,347	\$ 942,010	65%	69%
Net Rev / Exp	\$ -	\$ (77,106)		



POSITIVE

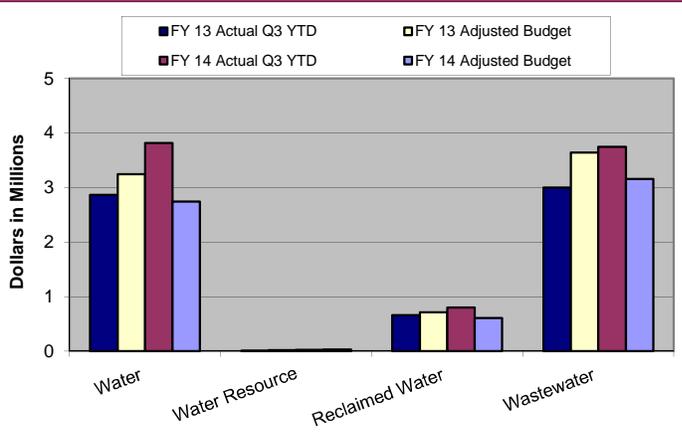
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2013-14 reflects no budgeted change in fund balance. General Fund Subsidy reflects budgeted transfers from the General Fund to help support operations, and was increased by \$6,400 during the third quarter to offset grant matches on CIP projects. Transfers Out include Indirect Cost Allocation to the General Fund of \$100,000 and a payment of \$5,350 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the third quarter are 71% of budget compared to 73% through the third quarter of last year, with revenues now reflecting the Airport Fund's share of fuel taxes. **Operating Expenses** through the third quarter are 71% of budget as compared to 79% through the third quarter of last year.

OTHER FUNDS ANALYSIS (continued):

SYSTEM DEVELOPMENT FEE FUNDS ANALYSIS 2013-2014 COMPARISON

SYSTEM DEVELOPMENT FEE (SDF) FUNDS	FY 14 Adjusted Budget	FY 14 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 2,745,000	\$ 3,815,524	139%
Water Resource	34,100	24,788	73%
Reclaimed Water	608,700	799,872	131%
Wastewater	3,156,600	3,747,144	119%
Total SDF Revenue	\$ 6,544,400	\$ 8,387,328	128%



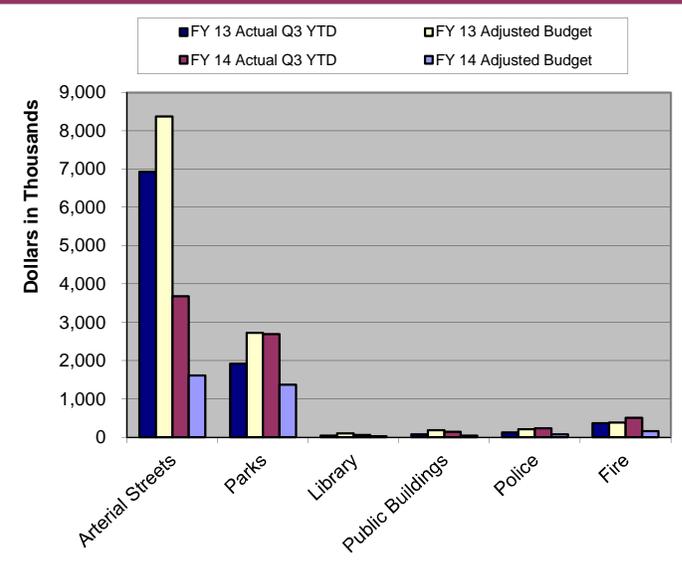
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

POSITIVE

System Development fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2013-14 budget and year-to-date collections as compared to the FY 2012-13 budget and year-to-date collections. Collections through the third quarter of FY 2012-13 were 86% of the budget as compared to this year's collections through the third quarter of 128% of the budget.

IMPACT FEE FUNDS ANALYSIS 2013-2014 COMPARISON

IMPACT FEE FUNDS	FY 14 Adjusted Budget	FY 14 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 1,615,400	\$ 3,683,250	228%
Parks	1,371,800	2,689,162	196%
Library	28,200	54,876	195%
Public Buildings	42,500	139,141	327%
Police	77,100	236,500	307%
Fire	161,200	510,768	317%
Total Impact Revenue	\$ 3,296,200	\$ 7,313,697	222%



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.

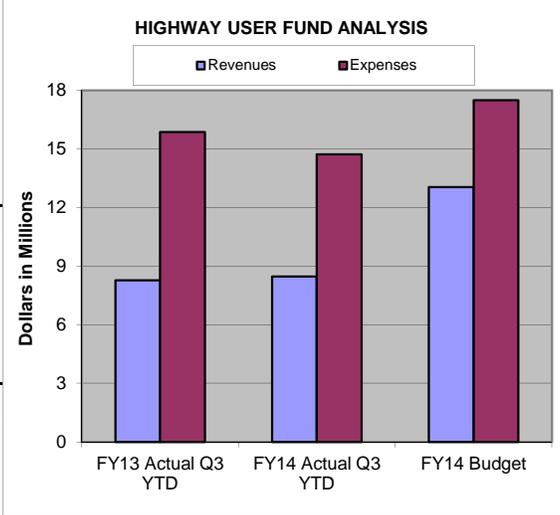
POSITIVE

Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2013-14 budget and year-to-date collections as compared to FY 2012-13 budget and year-to-date collections. Collections through the third quarter of FY 2012-13 were 79% of the budget as compared to this year's collections through the third quarter of 222% of the budget. Please note that there are outstanding credits owed to developers in the Arterial Street Fund, so in any year the revenues collected have the potential to be reduced by payment of the credit to the developer.

OTHER FUNDS ANALYSIS (continued):

HIGHWAY USER FUND (HURF) ANALYSIS 2013-2014 COMPARISON

	FY14 Adjusted Budget	FY 14 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Highway Users Tax	\$ 13,000,000	\$ 8,301,301	64%	67%
Other	48,000	171,439	357%	78%
Total Revenues	\$ 13,048,000	\$ 8,472,740	65%	67%
Operating Expenses	\$ 9,330,254	\$ 6,889,924	74%	74%
Major Capital Expenses	3,463,741	3,124,569	90%	95%
Transfers Out	4,700,653	4,700,653	100%	100%
Total Expenses	\$ 17,494,648	\$ 14,715,146	84%	85%
Net Rev / Exp	\$ (4,446,648)	\$ (6,242,406)		

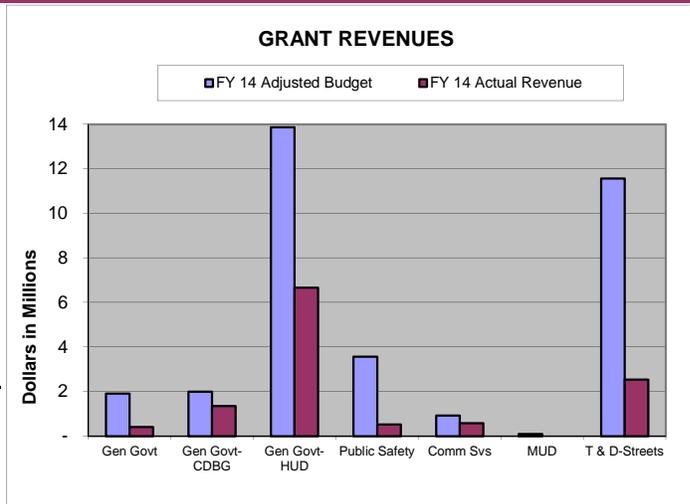


POSITIVE

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 2013-14 reflects a budgeted fund balance drawdown of \$4.4 million. Transfers Out include payment of \$23,588 to the Technology Replacement Fund as well as a transfer of \$4,663,475 to the HURF Debt Service Fund. **Operating Revenues** received through the third quarter are 64% of budget, which is 3% lower than last year's third quarter percentage. **Operating Expenses** through the third quarter are 74% of adjusted budget, which is the same as last year's third quarter percentage. Large encumbrances are recorded at the start of the fiscal year to cover costs through the end of the fiscal year. Conversely, revenues are more equally apportioned throughout the year. By fiscal year-end the revenues and expenses should be within budget.

GRANT FUNDS ANALYSIS 2013-2014 COMPARISON

	FY 14 Adjusted Budget	FY 14 Actual Revenue	% of Budget Rec'd to Date
General Government*	\$ 1,909,993	\$ 414,539	22%
General Govt - CDBG	2,000,000	1,351,171	68%
General Govt - HUD	13,860,000	6,670,638	48%
Public Safety	3,568,000	518,250	15%
Community Services	927,704	574,997	62%
Municipal Utilities	100,000	-	0%
T & D - Streets	11,567,799	2,535,365	22%
Total Grant Revenue	\$ 33,933,496	\$ 12,064,960	36%



* 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 third quarter of FY 2013-14 were \$12.1 million (36% of adjusted budget) as compared to \$12.5 million (27% of adjusted budget) collected through the third quarter of FY 2012-13.