



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

**MEMORANDUM**

**Management Services Memo No. 15-058**

**DATE:** APRIL 22, 2015

**TO:** MAYOR & COUNCIL

**THRU:** RICH DLUGAS, CITY MANAGER *RD*  
DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

**FROM:** GREG WESTRUM, BUDGET MANAGER *AW*

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

Attached is the FY 2014-15 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 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, Licenses and Permits, and Charges for Services categories all performing strongly through the first nine months. Departmental expenditure rates are consistent with previous years with 69.4% of adjusted budget expended or encumbered at the end of the third 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  
Nachie Marquez, Assistant City Manager



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

# QUARTERLY FINANCIAL REPORT

3rd 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)

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 2014 (revised estimate)	-2.1%
Second Quarter 2014 (third estimate)	4.6%
Third Quarter 2014 (revised estimate)	5.0%
Fourth Quarter 2014 (third estimate)	2.2%

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-14	5.6%	6.7%	5.6%
Jan-15	5.7%	6.6%	5.8%
Feb-15	5.5%	6.5%	5.4%
Mar-15	5.5%	6.2%	4.8%

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	3rd Quarter	Fiscal Year
<b>Benchmark:</b>	<b>0.38%</b>	<b>0.53%</b>
Wells Capital Management:	0.33%	0.45%
PFM:	0.41%	0.59%
Fiscal Year 2013-14 Rate of Return	3rd Quarter	Fiscal Year
<b>Benchmark:</b>	<b>0.11%</b>	<b>0.38%</b>
Wells Capital Management:	0.15%	0.50%
PFM:	0.17%	0.49%

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
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
Oct - Nov - Dec 2014	3,850	105
Jan - Feb - Mar 2015	Not available	195

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.

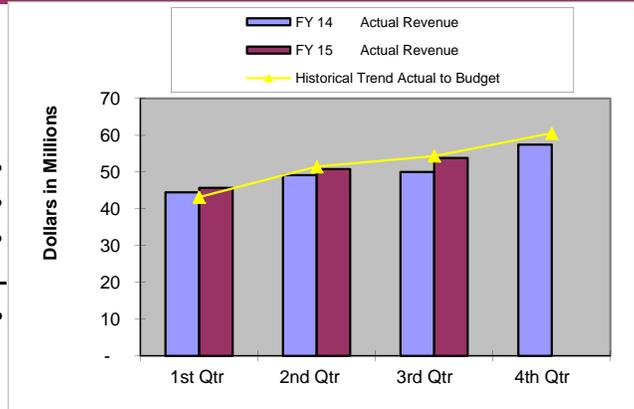
Source: U.S. Census Bureau, City of Chandler Transportation & Development Department.

# 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	48,275,977	50,744,354	26.0%	26.3%
3rd Qtr	Jan - Mar 15	48,367,363	53,851,256	27.6%	27.8%
4th Qtr	Apr - Jun 15	55,738,909			
<b>Total</b>		<b>\$ 195,416,060</b>	<b>\$ 150,314,891</b>	<b>77.0%</b>	<b>76.2%</b>

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



**POSITIVE**

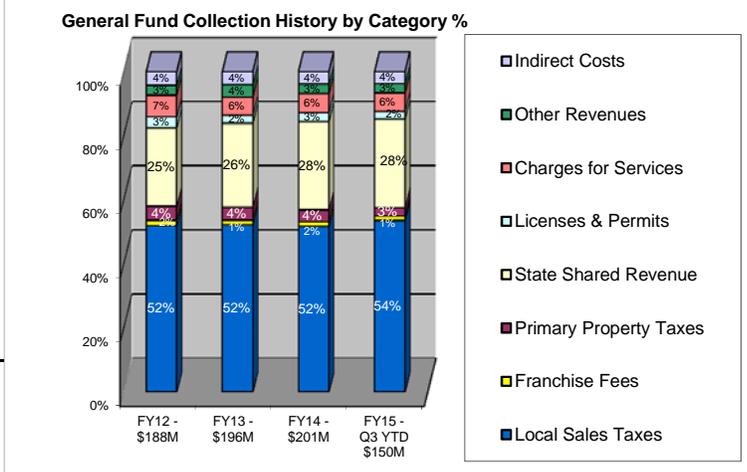
General Fund revenue collections through the third quarter of FY 2014-15 are \$10.6M (7.6%) above the budget based on historical trend and \$6.7M (4.7%) higher than actual collections through the third quarter of FY 2013-14. Additionally, 77.0% of budgeted revenue has been received through the third quarter compared to 76.2% historically received through the third quarter, resulting in a positive performance indicator.

Overall, General Fund revenue, led by continuing strong Sales Tax and License and Permit 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	\$ 80,501,292	81.1%
Franchise Fees	2,979,000	1,949,992	65.5%
Primary Property Tax	6,964,900	4,101,221	58.9%
State Shared Revenue	57,907,000	41,363,026	71.4%
Licenses & Permits	3,580,400	3,667,308	102.4%
Charges for Services	11,003,060	8,595,458	78.1%
Other Revenues	6,141,800	4,452,419	72.5%
Indirect Cost Allocation	7,578,900	5,684,175	75.0%
<b>Total</b>	<b>\$ 195,416,060</b>	<b>\$ 150,314,891</b>	<b>77.0%</b>



**POSITIVE**

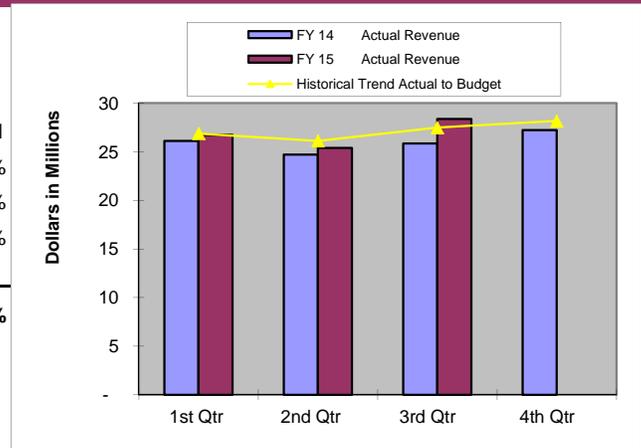
This chart summarizes General Fund revenue collections by category for FY 2014-15. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales taxes 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	23,737,389	25,387,630	25.6%	26.3%
3rd Qtr	Jan - Mar 15	25,008,062	28,362,918	28.6%	27.7%
4th Qtr	Apr - Jun 15	25,882,020			
<b>Total</b>		<b>\$ 99,261,000</b>	<b>\$ 80,501,292</b>	<b>81.1%</b>	<b>81.1%</b>

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



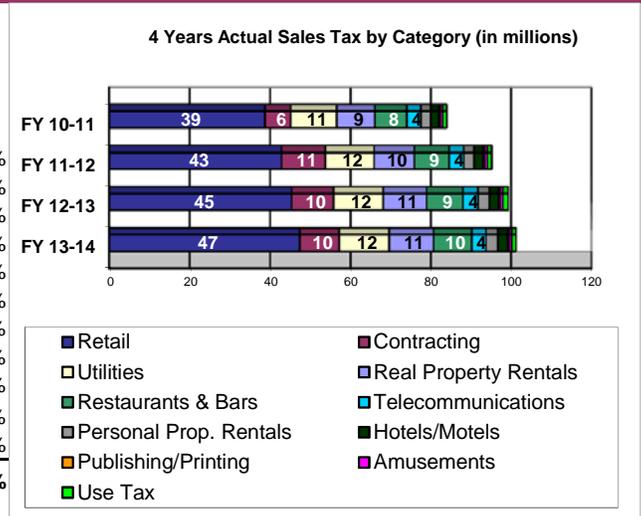
**POSITIVE**

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 third quarter of FY 2014-15 are \$7.1M (9.7%) above the budget based on historical trend and \$3.9M (5.1%) higher than FY 2013-14 actual collections through the third quarter. The percentage of budget received through the third quarter of 81.1% is equal to the percentage of budget historically received through the third quarter, resulting in a positive performance indicator.

It should be noted that House Bill (HB) 2111 required the State of Arizona to begin licensing and collecting sales tax for all Cities beginning January 1, 2015, 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 January 1, 2016.

## SALES TAX COLLECTION HISTORY

	FY 15 Adopted Budget	FY 15 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail	\$ 46,500,000	\$ 36,351,663	78.2%	5.4%
Contracting	9,450,000	6,801,329	72.0%	-6.1%
Utilities	12,500,000	10,373,781	83.0%	8.0%
Real Property Rentals	10,000,000	8,818,120	88.2%	8.8%
Restaurants & Bars	9,000,000	7,327,100	81.4%	6.4%
Telecommunications	3,500,000	2,582,228	73.8%	-1.7%
Personal Prop. Rentals	2,100,000	2,378,955	113.3%	9.0%
Hotels/Motels	2,000,000	1,855,315	92.8%	15.1%
Publishing/Printing	250,000	199,019	79.6%	4.7%
Amusements	700,000	626,064	89.4%	19.2%
Use Tax	1,000,000	817,173	81.7%	-5.7%
<b>TOTAL SALES TAX</b>	<b>\$ 97,000,000</b>	<b>\$ 78,130,747</b>	<b>80.5%</b>	<b>5.1%</b>



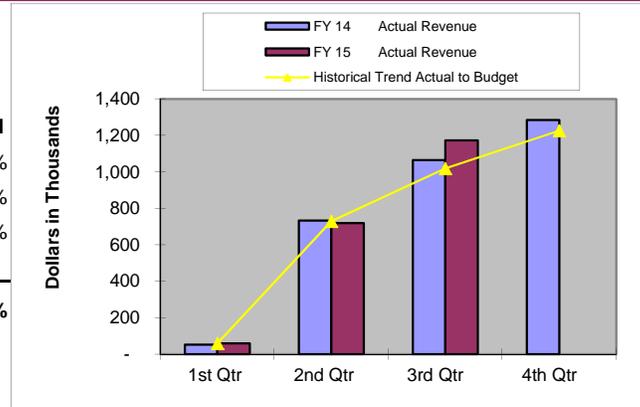
The above figures reflect General Fund Sales Tax Collections by category and **exclude** the related revenues of License Fees, Audit Assessments, Penalties, and Interest. Sales Tax collections through the third quarter of FY 2014-15 were \$6.5M (9.1%) above the budget based on historical trend and \$3.8M (5.1%) higher than FY 2013-14 actual collections through the third quarter. Lower contracting and use tax collections reflect a slowdown of development through the third quarter of FY 2014-15 compared to through the third 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	718,439	24.1%	24.4%
3rd Qtr	Jan - Mar 15	1,000,149	1,171,980	39.3%	34.2%
4th Qtr	Apr - Jun 15	1,205,227			
<b>Total</b>		<b>\$ 2,979,000</b>	<b>\$ 1,949,992</b>	<b>65.4%</b>	<b>60.6%</b>

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



**POSITIVE**

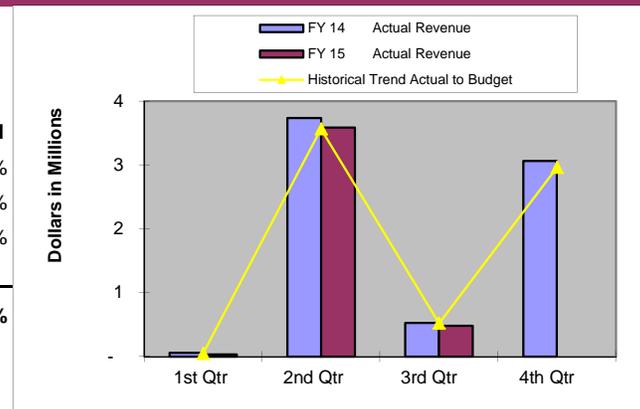
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales). The historical 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 third quarter of FY 2014-15 are \$176,220 (9.9%) above the budget based on historical trend and \$99,365 (5.4%) higher than FY 2013-14 actual collections through the third quarter due, in part, to a larger payment by Air Products. The percentage of budget received through the third quarter of 65.4% is well above the percentage of budget historically received through the third quarter, resulting in a positive performance indicator.

## 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	3,587,964	51.5%	51.2%
3rd Qtr	Jan - Mar 15	511,411	481,212	6.9%	7.5%
4th Qtr	Apr - Jun 15	2,905,931			
<b>Total</b>		<b>\$ 6,964,900</b>	<b>\$ 4,101,221</b>	<b>58.9%</b>	<b>59.4%</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. The reduction in the property tax rate helped offset the increased valuations to relieve citizens' property tax bills to the City.

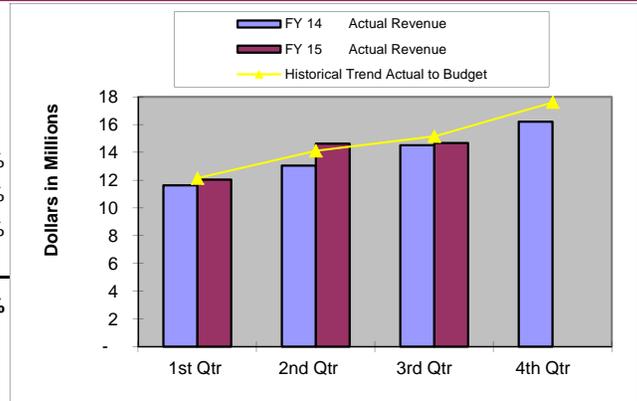
Primary property tax collections through the third quarter of FY 2014-15 are \$42,252 (1.0%) above the budget based on historical trend and \$224,818 (-5.2%) lower than FY 2013-14 actual collections through the third quarter. The majority of collections come in the second quarter since the first half of the property tax bills are due in October. The performance indicator is positive because the difference between percentage of budget received through the third quarter and percentage of historical budget received through the third quarter is less than 2%.

# 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	13,880,616	14,637,551	25.3%	24.4%
3rd Qtr	Jan - Mar 15	14,846,903	14,684,279	25.4%	26.2%
4th Qtr	Apr - Jun 15	17,122,132			
<b>Total</b>		<b>\$ 57,907,000</b>	<b>\$ 41,363,026</b>	<b>71.5%</b>	<b>71.6%</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 third quarter of FY 2014-15 are \$313,890 (2.3%) above the budget based on historical trend and \$485,771 (3.6%) higher than FY 2013-14 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 2014-15 are \$264,443 (4.7%) above the budget based on historical trend and \$1,708 (-0.03%) lower than FY 2013-14 actual collections through the third quarter.

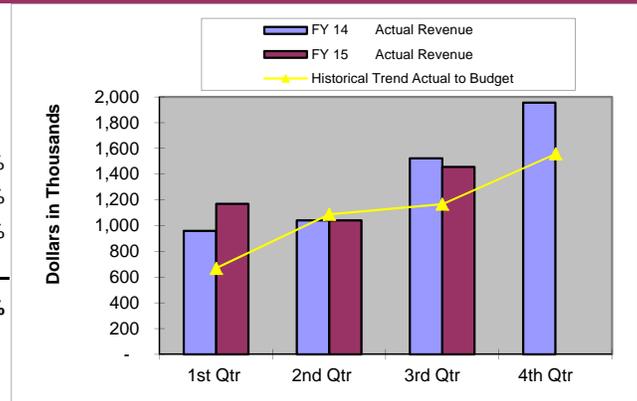
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2012 State income tax collection is distributed to cities and towns as urban revenue sharing based upon population and is known for budget purposes since there is a two year lag in distribution. Collections through the third quarter of FY 2014-15 are \$175 (less than 0.01%) below the budget based on historical trend and \$1.7M (8.4%) higher than FY 2013-14 actual collections through the third quarter.

The overall state shared revenue performance indicator is positive because the difference between the percentage of budget received through the third quarter and the percentage of historical budget received through the third quarter is less than 2%.

## 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	1,040,699	29.1%	30.4%
3rd Qtr	Jan - Mar 15	931,678	1,457,081	40.7%	32.5%
4th Qtr	Apr - Jun 15	1,245,364			
<b>Total</b>		<b>\$ 3,580,400</b>	<b>\$ 3,667,308</b>	<b>102.5%</b>	<b>81.6%</b>

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



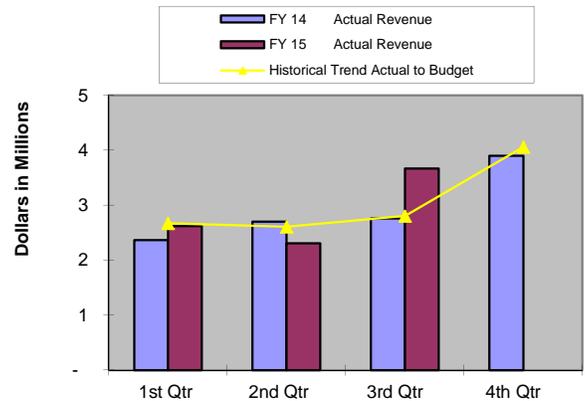
**POSITIVE**

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 third quarter of FY 2014-15 are \$1.3M (57.1%) above the budget based on historical trend and \$144,857 (4.1%) above FY 2013-14 actual collections through the third quarter. Budgeted amounts have been kept at moderate levels since it is difficult to predict the timing of new development, but this category is performing very strong and exceeded expectations through the third quarter, resulting in a positive performance indicator.

# 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	2,306,054	21.0%	23.7%
3rd Qtr	Jan - Mar 15	2,541,659	3,671,059	33.4%	25.5%
4th Qtr	Apr - Jun 15	3,678,264			
<b>Total</b>		<b>\$ 11,003,060</b>	<b>\$ 8,595,458</b>	<b>78.2%</b>	<b>73.5%</b>



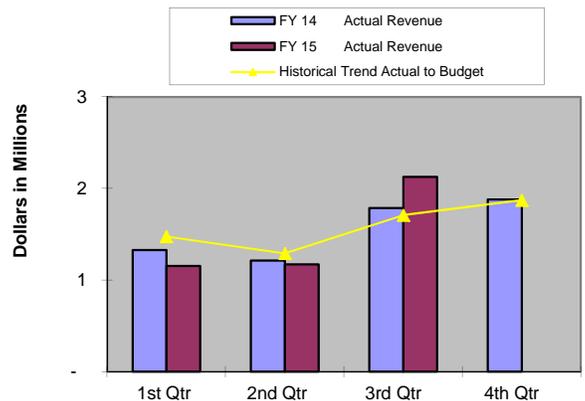
\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

**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 third quarter of FY 2014-15 are \$1.3M (17.3%) above the budget based on historical trend and \$769,691 (9.8%) higher than FY 2013-14 actual collections through the third quarter due, in part, to increased public school revenues that were received in the third quarter for FY 2014-15 as opposed to in the fourth quarter for FY 2013-14, resulting in a positive performance indicator.

## 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	1,171,291	19.1%	21.0%
3rd Qtr	Jan - Mar 15	1,632,776	2,128,002	34.6%	27.8%
4th Qtr	Apr - Jun 15	1,805,246			
<b>Total</b>		<b>\$ 6,141,800</b>	<b>\$ 4,452,419</b>	<b>72.5%</b>	<b>72.8%</b>



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

**POSITIVE**

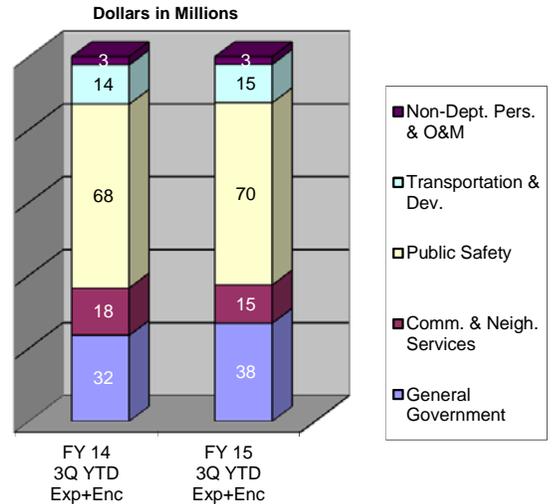
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the third quarter of FY 2014-15 are \$115,865 (2.7%) above the budget based on historical trend and \$124,091 (2.9%) higher than FY 2013-14 actual collections through the third quarter. The performance indicator is positive because the difference between the percentage of budget received through the third quarter and the percentage of historical budget received through the third quarter is less than 2%.

# 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	\$ 52,280,260	\$ 37,940,603	72.6%	71.3%
Comm. & Neigh. Services	20,371,567	14,779,099	72.5%	72.0%
Public Safety	95,214,818	70,484,599	74.0%	73.8%
Transportation & Dev.	19,718,800	14,859,777	75.4%	73.1%
Non-Dept. Pers. & O&M	15,463,032	2,924,207	18.9%	46.6%
<b>Subtotal</b>	<b>\$ 203,048,477</b>	<b>\$ 140,988,285</b>	<b>69.4%</b>	<b>71.9%</b>
Non-Dept. Reserves	\$ 2,498,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	23,352,016	-	0.0%	0.0%
<b>Total</b>	<b>\$ 228,898,493</b>	<b>\$ 140,988,285</b>	<b>61.6%</b>	<b>63.6%</b>

\* Excluding Interfund Transfers



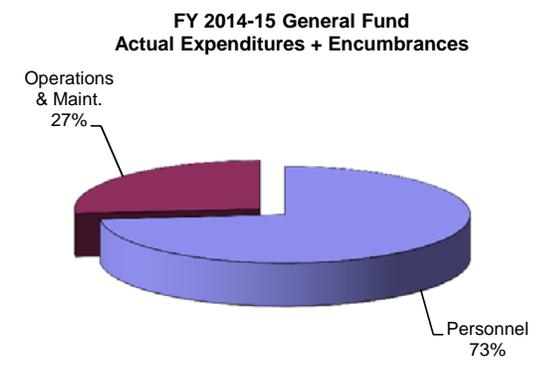
Total General Fund operating expenditures are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% and Council). Since General Obligation debt and General Fund capital expenditures 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 third quarter is 69.4% of the adjusted budget compared to 71.9% of adjusted budget spent last fiscal year through the third quarter. As shown on the following pages, departments have expended between 67.3% and 78.2% of their General Fund adjusted budgets through the third 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	\$ 145,647,489	\$ 103,527,198	\$ 99,837,296	3.7%
Operations & Maint.	57,400,988	37,461,087	34,790,127	7.7%
Reserves	2,498,000	-	-	0.0%
Contingencies	23,352,016	-	-	0.0%
<b>Total</b>	<b>\$ 228,898,493</b>	<b>\$ 140,988,285</b>	<b>\$ 134,627,423</b>	<b>4.7%</b>

\* Excluding Interfund Transfers

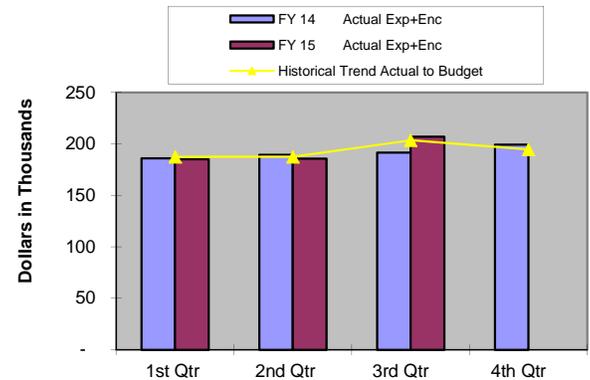


Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending through the third quarter of FY 2014-15 is 4.7% higher than spending through the third quarter of FY 2013-14 mainly due to increases from labor negotiations and benefit changes in Personnel, 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	185,845	22.5%	22.7%
3rd Qtr	Jan - Mar 15	214,439	207,188	25.2%	24.7%
4th Qtr	Apr - Jun 15	214,439			
<b>Total</b>		<b>\$ 824,766</b>	<b>\$ 578,115</b>	<b>70.1%</b>	<b>70.1%</b>



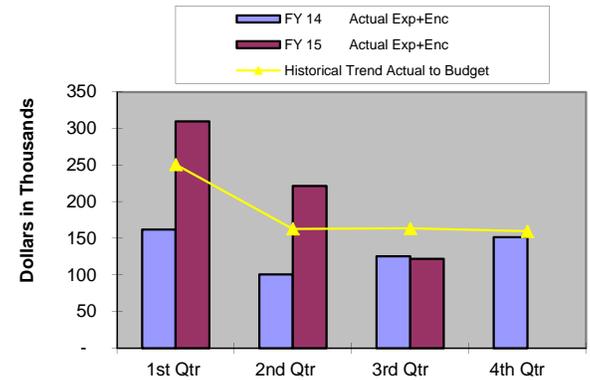
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

Mayor and Council spent 70.1% of their FY 2014-15 adjusted budget and has historically spent 70.1% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator.

## 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	\$ 284,332	\$ 309,958	37.1%	30.0%
2nd Qtr	Oct - Dec 14	183,979	221,711	26.5%	19.5%
3rd Qtr	Jan - Mar 15	183,979	122,038	14.6%	19.6%
4th Qtr	Apr - Jun 15	183,980			
<b>Total</b>		<b>\$ 836,270</b>	<b>\$ 653,707</b>	<b>78.2%</b>	<b>69.1%</b>



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

**POSITIVE**

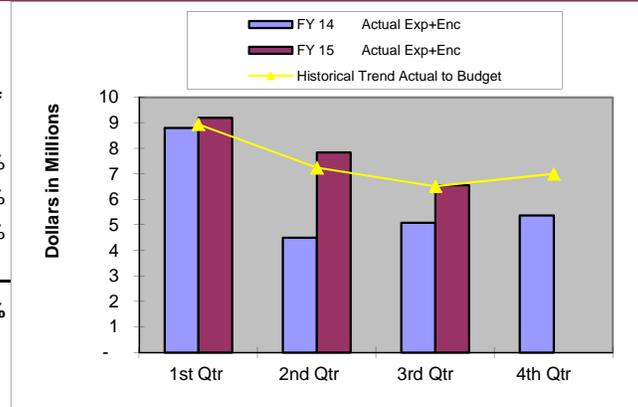
The City Clerk has spent 78.2% of their FY 2014-15 adjusted budget and has historically spent 69.1% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator. Spending through the third quarter in FY 2014-15 included expenditures for the primary and general elections held in the fall of 2014 that are not an every year expense.

# 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	28.7%	27.9%
2nd Qtr	Oct - Dec 14	7,819,047	7,842,105	24.5%	22.6%
3rd Qtr	Jan - Mar 15	7,029,432	6,552,891	20.4%	20.3%
4th Qtr	Apr - Jun 15	7,554,536			
<b>Total</b>		<b>\$ 32,058,394</b>	<b>\$ 23,598,456</b>	<b>73.6%</b>	<b>70.8%</b>

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



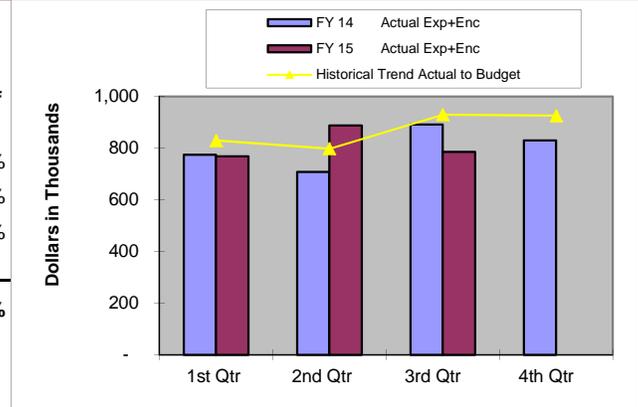
**POSITIVE**

City Manager includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Cultural Affairs, Downtown Redevelopment, Economic Development, Human Resources, Information Technology, and Planning. Combined, these divisions spent 73.6% of their FY 2014-15 adjusted budget and have historically spent 70.8% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator. 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 October 1, 2014, the Office of Neighborhood Resources is reflected as part of the new Community and Neighborhood Resources Department and the Cultural Affairs Division is moved into the City Manager Department (this switch is also not part of this Department's historical trend).

## 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	887,668	24.6%	22.1%
3rd Qtr	Jan - Mar 15	974,219	784,849	21.7%	25.8%
4th Qtr	Apr - Jun 15	938,137			
<b>Total</b>		<b>\$ 3,608,219</b>	<b>\$ 2,440,327</b>	<b>67.6%</b>	<b>70.9%</b>

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



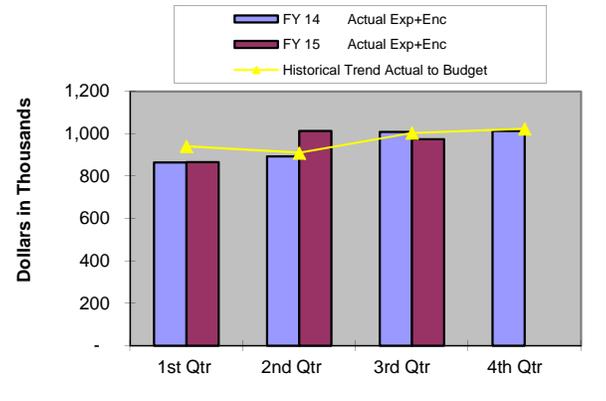
**POSITIVE**

Law spent 67.6% of their FY 2014-15 adjusted budget and has historically spent 70.9% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator.

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	1,013,172	23.9%	21.4%
3rd Qtr	Jan - Mar 15	1,098,513	973,957	23.0%	23.7%
4th Qtr	Apr - Jun 15	1,119,674			
<b>Total</b>		<b>\$ 4,242,231</b>	<b>\$ 2,852,999</b>	<b>67.3%</b>	<b>67.3%</b>



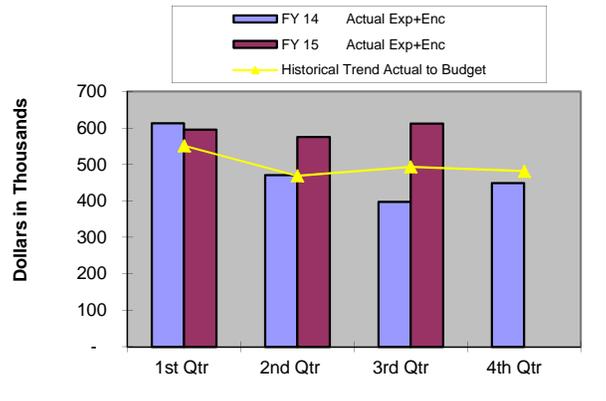
\* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

City Magistrate spent 67.3% of their FY 2014-15 adjusted budget and has historically spent 67.3% of their adjusted budget through third quarter of the fiscal year, resulting in a positive performance indicator.

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	\$ 647,688	\$ 595,483	25.7%	23.8%
2nd Qtr	Oct - Dec 14	555,161	575,173	24.9%	20.3%
3rd Qtr	Jan - Mar 15	578,293	612,549	26.5%	21.3%
4th Qtr	Apr - Jun 15	532,028			
<b>Total</b>		<b>\$ 2,313,170</b>	<b>\$ 1,783,205</b>	<b>77.1%</b>	<b>65.4%</b>



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

POSITIVE

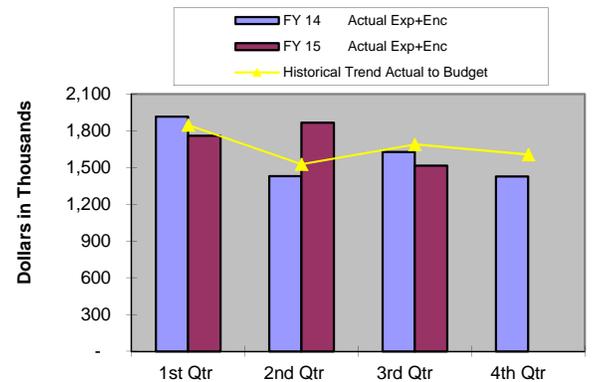
Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 77.1% of their FY 2014-15 adjusted budget and has historically spent 65.4% of their adjusted budget through the third quarter of the fiscal year. This is due to increased spending on printing supplies and postage, which will be recharged to the departments using those services in the fourth quarter, keeping them at a positive performance indicator.

# 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	\$ 2,030,723	\$ 1,759,101	24.3%	25.5%
2nd Qtr	Oct - Dec 14	1,668,094	1,866,452	25.7%	21.1%
3rd Qtr	Jan - Mar 15	1,813,145	1,516,071	20.9%	23.3%
4th Qtr	Apr - Jun 15	1,740,619			
<b>Total</b>		<b>\$ 7,252,581</b>	<b>\$ 5,141,624</b>	<b>70.9%</b>	<b>69.9%</b>

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



**POSITIVE**

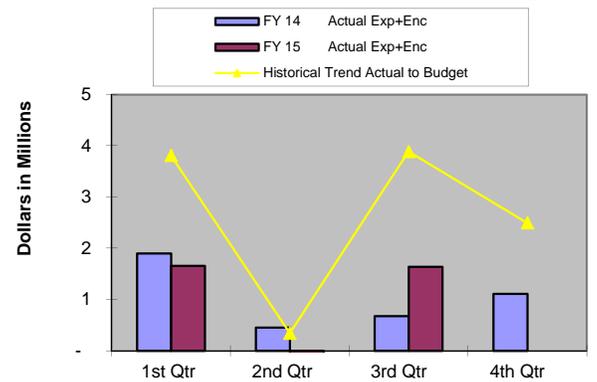
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Budget, Accounting, Purchasing, Central Supply, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 70.9% of their FY 2014-15 adjusted budget and have historically spent 69.9% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator.

## 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	\$ 5,566,692	\$ 1,659,342	10.7%	24.6%
2nd Qtr	Oct - Dec 14	463,891	(371,505)	-2.4%	2.2%
3rd Qtr	Jan - Mar 15	5,721,322	1,636,370	10.6%	25.1%
4th Qtr	Apr - Jun 15	3,711,127			
<b>Total**</b>		<b>\$ 15,463,032</b>	<b>\$ 2,924,207</b>	<b>18.9%</b>	<b>51.9%</b>

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

\*\* Excludes Reserves and Contingencies



**POSITIVE**

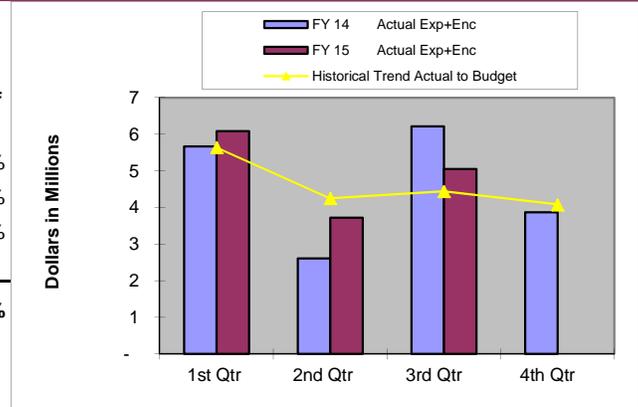
Non-Departmental includes citywide costs that do not belong to a specific department (i.e., memberships, legal fees, studies, Strategic Economic Development, and miscellaneous Downtown Redevelopment). Spending in this category fluctuates due to the changing "one-time" needs from year to year. Spending 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. The percentage of budget expended through the third quarter is significantly lower than the percentage of historical budget expended through the third quarter since Council approved Resolution No. 4838 at the 2/12/15 Council Meeting to transfer \$4.1 million in appropriation from contingency to non-departmental in order to conduct a Special Census, mid-decade, and has spent \$1.3 million through the end of the third quarter.

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	\$ 6,112,828	\$ 6,086,813	30.9%	28.6%
2nd Qtr	Oct - Dec 14	4,535,324	3,724,920	18.9%	21.6%
3rd Qtr	Jan - Mar 15	4,732,512	5,048,044	25.6%	22.5%
4th Qtr	Apr - Jun 15	4,338,136			
<b>Total</b>		<b>\$ 19,718,800</b>	<b>\$ 14,859,777</b>	<b>75.4%</b>	<b>72.7%</b>

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



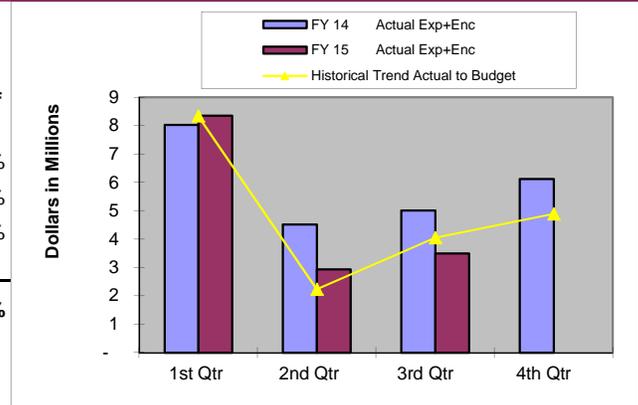
POSITIVE

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 75.4% of their FY 2014-15 adjusted budget and has historically spent 72.7% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator.

COMMUNITY & NEIGHBORHOOD 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	\$ 8,759,774	\$ 8,348,415	41.0%	40.9%
2nd Qtr	Oct - Dec 14	2,240,872	2,937,626	14.4%	11.0%
3rd Qtr	Jan - Mar 15	4,278,029	3,493,058	17.1%	19.9%
4th Qtr	Apr - Jun 15	5,092,892			
<b>Total</b>		<b>\$ 20,371,567</b>	<b>\$ 14,779,099</b>	<b>72.5%</b>	<b>71.8%</b>

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



POSITIVE

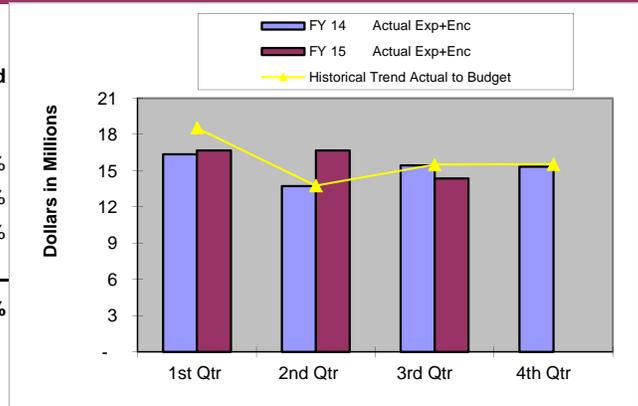
Community & Neighborhood Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Code Enforcement, Community Development, Housing, Parks Development & Operations, Neighborhood Resources, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. The department spent 72.5% of their FY 2014-15 adjusted budget and has historically spent 71.8% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator.

Starting October 1, 2014, the Office of Neighborhood Resources merged with this Department to reflect a new Community & Neighborhood Services Department. The Center for the Arts, Library, and Museum have moved to report to the City Manager Department as the Cultural Affairs Division. These changes have not been reflected in the Department's historical trend.

# 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	\$ 18,715,803	\$ 16,678,052	25.8%	28.7%
2nd Qtr	Oct - Dec 14	14,198,195	16,685,380	25.9%	21.3%
3rd Qtr	Jan - Mar 15	15,488,940	14,352,169	22.2%	24.0%
4th Qtr	Apr - Jun 15	16,134,313			
<b>Total</b>		<b>\$ 64,537,251</b>	<b>\$ 47,715,601</b>	<b>73.9%</b>	<b>74.0%</b>



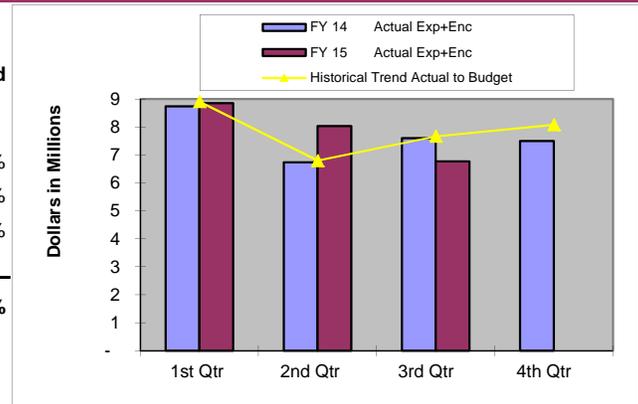
\* Historical Trend represents the average of the past 4 years % of actual to budget

**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 73.9% of their FY 2014-15 adjusted budget and has historically spent 74.0% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator.

## FIRE, HEALTH & MEDICAL 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	\$ 8,910,215	\$ 8,854,965	27.8%	28.0%
2nd Qtr	Oct - Dec 14	7,000,883	8,035,171	25.3%	21.4%
3rd Qtr	Jan - Mar 15	7,637,327	6,771,032	21.3%	24.1%
4th Qtr	Apr - Jun 15	8,273,771			
<b>Total</b>		<b>\$ 31,822,196</b>	<b>\$ 23,661,168</b>	<b>74.4%</b>	<b>73.5%</b>



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

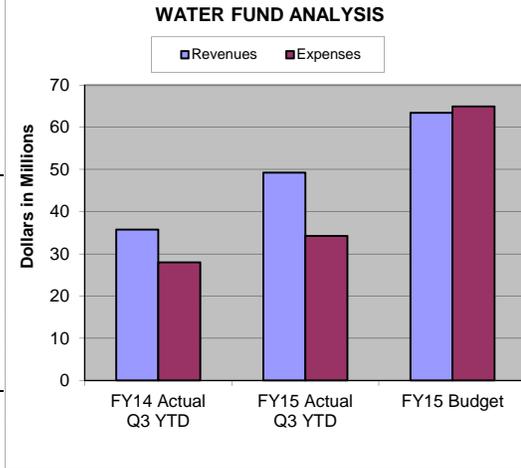
**POSITIVE**

Fire, Health & Medical includes Administration, Emergency Services, Operations, Prevention & Preparedness, and Support Services. In addition, Citywide Fleet is managed by this department. The department spent 74.4% of their FY 2014-15 adjusted budget and has historically spent 73.5% of their adjusted budget through the third quarter of the fiscal year, resulting in a positive performance indicator.

ENTERPRISE FUNDS ANALYSIS:

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	\$ 49,277,532	80%	67%
Intel Rev/Receivable	2,106,093	-	0%	22%
<b>Total Revenues</b>	<b>\$ 63,420,927</b>	<b>\$ 49,277,532</b>	<b>78%</b>	<b>65%</b>
Operating Expenses	\$ 30,916,630	\$ 21,135,324	68%	67%
Major Capital Expenses	9,644,470	1,148,792	12%	33%
Intel Exp/Payable	2,106,093	-	0%	22%
Debt Service	18,674,175	9,209,441	49%	14%
Transfers Out	3,625,521	2,744,353	76%	76%
<b>Total Expenses</b>	<b>\$ 64,966,889</b>	<b>\$ 34,237,910</b>	<b>53%</b>	<b>47%</b>
<b>Net Rev / Exp</b>	<b>\$ (1,545,962)</b>	<b>\$ 15,039,622</b>		



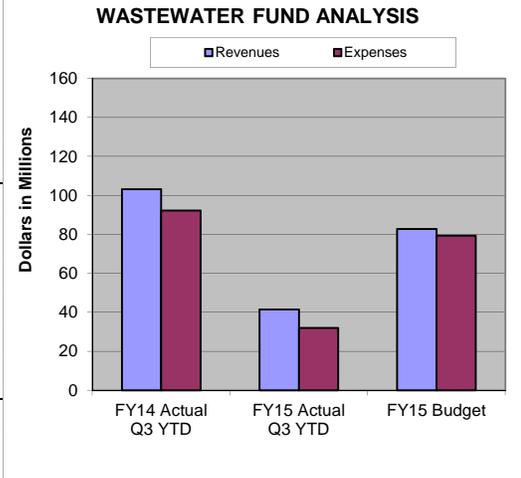
POSITIVE

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 \$1.5 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 third quarter are 77% of budget compared to 67% through the third quarter of last year, while **Operating Expenses** through the third quarter are 68% of budget as compared to 67% through the third quarter of last year. Capital projects reimbursed by Intel Corporation are detailed separately under Revenues and Expenses to have no impact on the fund; the third quarter reflects \$8 million received from Intel Corporation to purchase water rights based on an existing agreement.

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	\$ 32,910,331	70%	72%
Intel Rev/Receivable	35,836,801	8,577,157	24%	79%
<b>Total Revenues</b>	<b>\$ 82,793,032</b>	<b>\$ 41,487,488</b>	<b>50%</b>	<b>77%</b>
Operating Expenses	\$ 19,201,408	\$ 13,952,322	73%	65%
Major Capital Expenses	5,786,345	921,462	16%	28%
Intel Exp/Payable	35,836,801	8,577,157	24%	79%
Debt Service	16,072,293	6,714,227	42%	16%
Transfers Out	2,435,509	1,836,766	75%	75%
<b>Total Expenses</b>	<b>\$ 79,332,356</b>	<b>\$ 32,001,934</b>	<b>40%</b>	<b>69%</b>
<b>Net Rev / Exp</b>	<b>\$ 3,460,676</b>	<b>\$ 9,485,554</b>		



POSITIVE

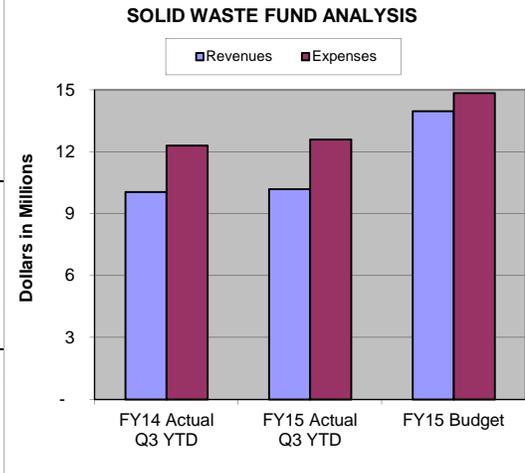
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Wastewater Operating Fund includes the following cost centers: Collection, Ocotillo Brine Reduction Facility, Lone Butte Wastewater Treatment, 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 \$3.5M 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 third quarter are 70% of budget compared to 72% through the third quarter of last year, while **Operating Expenses** through the third quarter are 73% of budget as compared to 65% through the third quarter of last year. Capital projects reimbursed by Intel Corporation are detailed separately under Revenues and Expenses to have no impact on the fund.

ENTERPRISE 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	\$ 10,190,693	73%	71%
Transfers In	-	-	0%	0%
<b>Total Revenues</b>	<b>\$ 13,968,105</b>	<b>\$ 10,190,693</b>	<b>73%</b>	<b>71%</b>
Operating Expenses	\$ 13,324,883	\$ 11,496,175	86%	85%
Major Capital Expenses	397,037	250,191	63%	100%
Transfers Out	1,128,551	856,468	76%	76%
<b>Total Expenses</b>	<b>\$ 14,850,471</b>	<b>\$ 12,602,834</b>	<b>85%</b>	<b>84%</b>
<b>Net Rev / Exp</b>	<b>\$ (882,366)</b>	<b>\$ (2,412,141)</b>		



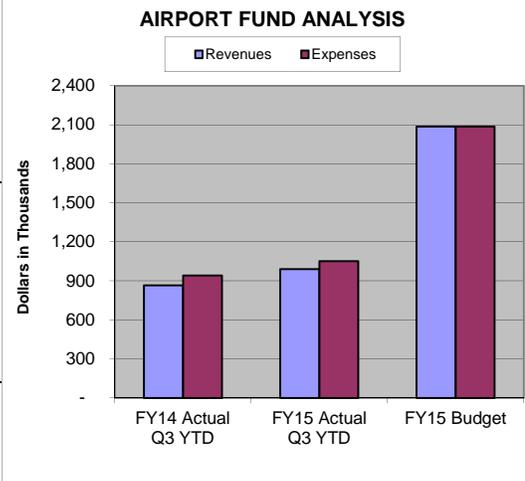
WARNING

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 \$882,366 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 third quarter are 73% of budget compared to 71% through the third quarter of last year, while **Operating Expenses** through the third quarter are 86% of budget as compared to 85% 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	\$ 765,035	73%	71%
General Fund Subsidy	1,043,650	224,458	22%	33%
<b>Total Revenues</b>	<b>\$ 2,086,250</b>	<b>\$ 989,493</b>	<b>47%</b>	<b>64%</b>
Operating Expenses	\$ 1,096,364	\$ 718,567	66%	71%
Major Capital Expenses	856,568	250,257	29%	22%
Debt Service	27,938	1,469	5%	7%
Transfers Out	105,380	80,380	76%	76%
<b>Total Expenses</b>	<b>\$ 2,086,250</b>	<b>\$ 1,050,673</b>	<b>50%</b>	<b>65%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (61,180)</b>		



POSITIVE

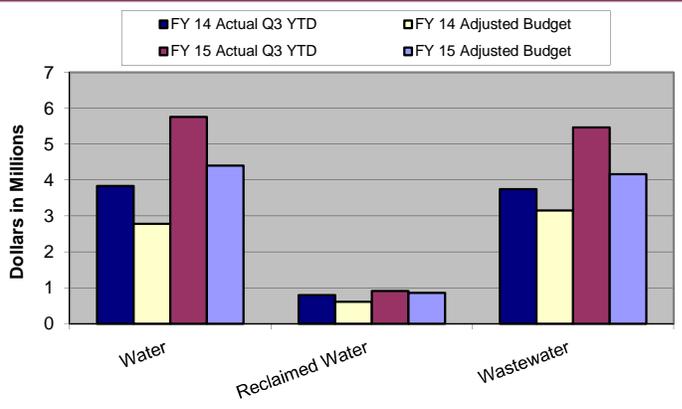
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 third quarter are 73% of budget compared to 71% through the third quarter of last year. **Operating Expenses** through the third quarter are 66% of budget as compared to 71% through the third quarter of last year. Major capital expenses are higher through the third quarter of FY 2014-15 as pavement improvements are performed on 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	\$ 5,762,011	131%
Reclaimed Water	863,775	912,816	106%
Wastewater	4,165,730	5,470,491	131%
<b>Total SDF Revenue</b>	<b>\$ 9,437,990</b>	<b>\$ 12,145,318</b>	<b>129%</b>



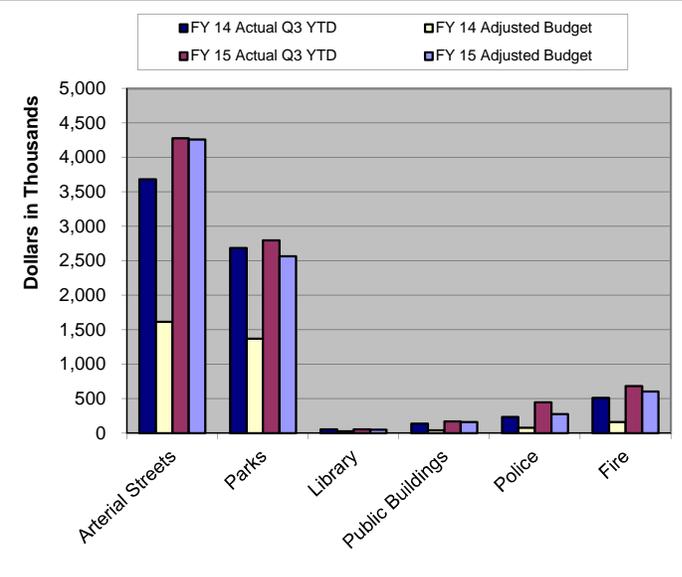
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

**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 third quarter of FY 2014-15 were 129% of the budget as compared to the prior year's collections through the third quarter of 128% 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	\$ 4,281,863	100%
Parks	2,566,880	2,797,005	109%
Library	53,170	54,005	102%
Public Buildings	163,490	170,399	104%
Police	279,120	450,109	161%
Fire	607,340	685,340	113%
<b>Total Impact Revenue</b>	<b>\$ 7,931,180</b>	<b>\$ 8,438,721</b>	<b>106%</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.

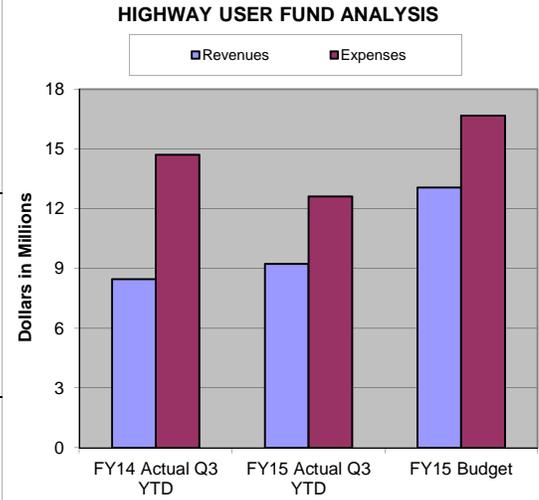
**POSITIVE**

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 third quarter of FY 2014-15 were 106% of the budget as compared to the prior year's collections through the third quarter of 222% 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	\$ 9,177,584	71%	64%
Other	63,000	65,971	105%	357%
<b>Total Revenues</b>	<b>\$ 13,063,000</b>	<b>\$ 9,243,555</b>	<b>71%</b>	<b>65%</b>
Operating Expenses	\$ 9,275,739	\$ 6,627,170	71%	78%
Major Capital Expenses	2,698,037	1,538,912	57%	90%
Debt Service	4,677,025	4,432,317	95%	100%
Transfers Out	23,708	23,708	100%	100%
<b>Total Expenses</b>	<b>\$ 16,674,509</b>	<b>\$ 12,622,107</b>	<b>76%</b>	<b>84%</b>
<b>Net Rev / Exp</b>	<b>\$ (3,611,509)</b>	<b>\$ (3,378,552)</b>		

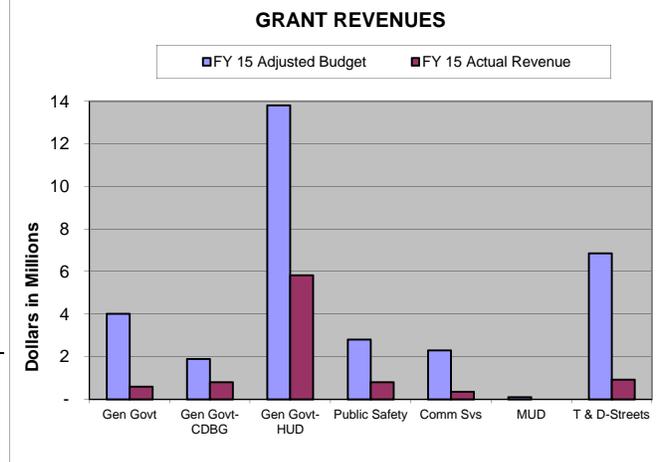


**POSITIVE**

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 third quarter are 71% of budget, which is 7% higher than last year's third quarter percentage. **Operating Expenses** through the third quarter are 71% of adjusted budget, which is 7% lower than last year's third quarter 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	\$ 600,308	15%
General Govt - CDBG	1,900,000	805,899	42%
General Govt - HUD	13,802,300	5,823,421	42%
Public Safety	2,806,050	805,535	29%
Community Services	2,301,132	353,722	15%
Municipal Utilities	100,000	-	0%
T & D - Streets	6,858,485	922,000	13%
<b>Total Grant Revenue</b>	<b>\$ 31,785,923</b>	<b>\$ 9,310,885</b>	<b>29%</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 third quarter of FY 2014-15 were \$9.3M (29% of adjusted budget) as compared to \$12.1M (36% of adjusted budget) collected through the third quarter of FY 2013-14.