



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

**MEMORANDUM**

**Management Services Memo No. 16-015**

**DATE:** SEPTEMBER 2, 2015

**TO:** MAYOR AND COUNCIL

**THRU:** MARSHA REED, ACTING CITY MANAGER *MRK*  
DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

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

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

Attached is the FY 2014-15 Fourth 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 fourth quarter of FY 2014-15 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 2010-11 to FY 2013-14). 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.

All major General Fund revenue categories (Local Transaction Privilege (Sales) Tax, Franchise Fees, Primary Property Tax, State Shared Revenue, Licenses and Permits, Charges for Services and Other Revenues) ended the year over adopted budget, and Department expenditures came in under budget, resulting in positive performance indicators for all.

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

Attachment

cc: Nachie Marquez, Assistant City Manager



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

# QUARTERLY FINANCIAL REPORT

4th Qtr FY14-15

## PERFORMANCE AT A GLANCE

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

### 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.

Third Quarter 2014 (revised estimate)	4.3%
Fourth Quarter 2014 (revised estimate)	2.1%
First Quarter 2015 (revised estimate)	0.6%
Second Quarter 2015 (second estimate)	3.7%

Source: U.S. 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 speculate the rate will edge up before the end of 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
Mar-15	5.5%	6.2%	4.8%
Apr-15	5.4%	6.0%	4.9%
May-15	5.5%	5.8%	4.6%
Jun-15	5.3%	5.9%	5.4%

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 Administration, "Arizona's 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. 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).

Fiscal Year 2014-15 Rate of Return	4th Quarter	Fiscal Year
<b>Benchmark:</b>	<b>0.12%</b>	<b>0.65%</b>
Wells Capital Management:	0.10%	0.55%
PFM:	0.10%	0.69%
Fiscal Year 2013-14 Rate of Return	4th Quarter	Fiscal Year
<b>Benchmark:</b>	<b>0.20%</b>	<b>0.57%</b>
Wells Capital Management:	0.20%	0.70%
PFM:	0.19%	0.69%

Beginning January 2015, the City began investing in a community bank deposit program called Certificate of Deposit Account Registry Services (CDARS) to maximize the return on short-term investments. FY 2014-15 interest earned in this program was \$41,645.

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
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	4,602	195
Apr - May - Jun 2015	6,528	283

Single family building permits are lower than the high-growth years, averaging 157 permits per quarter over the last six quarters. Fewer building permits generally equates to less new construction, lower permit fees revenues and lower sales tax revenues. As show above, FY 2014-15 ended strong.

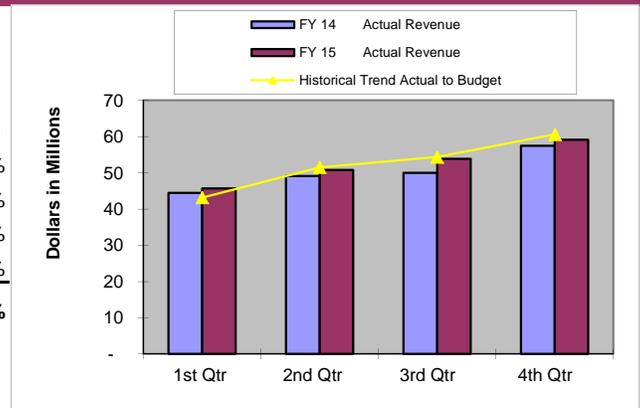
Sources: U.S. Census Bureau and City of Chandler Transportation & Development Department.

# 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	59,126,299	30.3%	31.0%
<b>Total</b>		<b>\$ 195,416,060</b>	<b>\$ 209,441,190</b>	<b>107.3%</b>	<b>107.2%</b>

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



**POSITIVE**

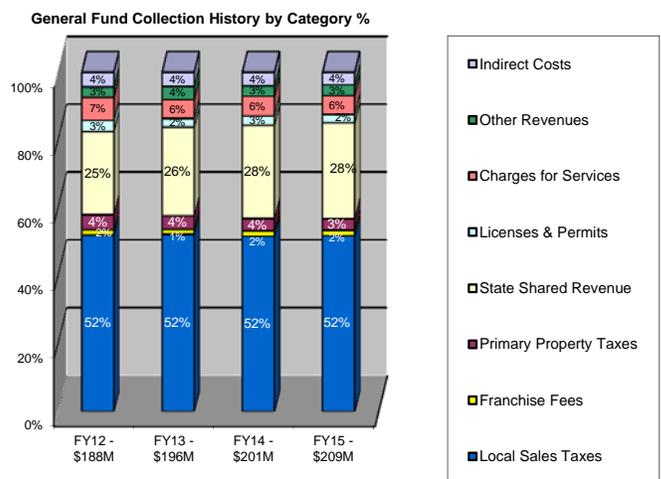
General Fund revenue collections for FY 2014-15 are \$14.0M (7.2%) above the budget and \$8.3M (4.2%) higher than actual collections for FY 2013-14. Although the fiscal year ended \$14.0M over the adopted budget, revenues are updated based on actual collections and additional information available at the time when preparing the FY 2015-16 budget. This is done for the purpose of estimating the fiscal year end General Fund balance to determine available one-time funds for the FY 2015-16 budget preparations. In other words, \$7.1M of the \$14.0M over adopted budget was anticipated and has been incorporated into the FY 2015-16 budget. The true net impact of additional one-time funds, taking into account not only revenues, but expenditures and carryforwards as well, is currently being calculated.

Overall, General Fund revenue, led by continuing strong Sales Tax and License and Permit collections, are performing well due to higher consumer confidence locally and a steady stream of new development activity in Chandler. Additionally, the percentage of budget received for the fiscal year is greater than 100%, resulting in a positive performance indicator.

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	\$ 108,668,092	109.5%
Franchise Fees	2,979,000	3,289,168	110.4%
Primary Property Tax	6,964,900	7,059,241	101.4%
State Shared Revenue	57,907,000	59,236,588	102.3%
Licenses & Permits	3,580,400	5,146,556	143.7%
Charges for Services	11,003,060	11,934,247	108.5%
Other Revenues	6,141,800	6,528,398	106.3%
Indirect Cost Allocation	7,578,900	7,578,900	100.0%
<b>Total</b>	<b>\$ 195,416,060</b>	<b>\$ 209,441,190</b>	<b>107.3%</b>



**POSITIVE**

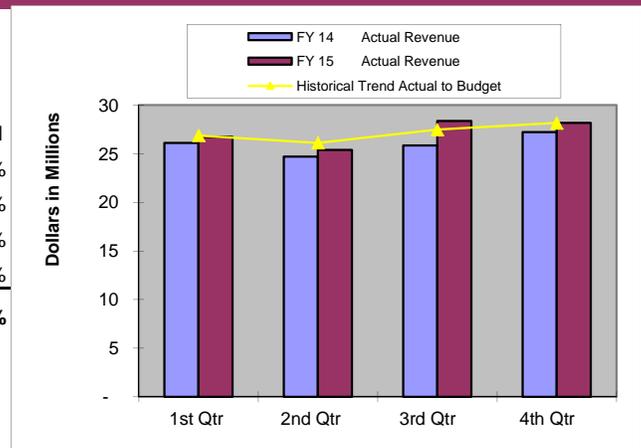
This chart summarizes General Fund revenue collections by category for FY 2014-15. The graph helps us visualize what percentage each revenue category is to the total General Fund. As you can see, the percentage spread of revenue sources are relatively consistent over the years with local sales taxes 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	28,166,800	28.4%	28.4%
<b>Total</b>		<b>\$ 99,261,000</b>	<b>\$ 108,668,092</b>	<b>109.5%</b>	<b>109.5%</b>

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



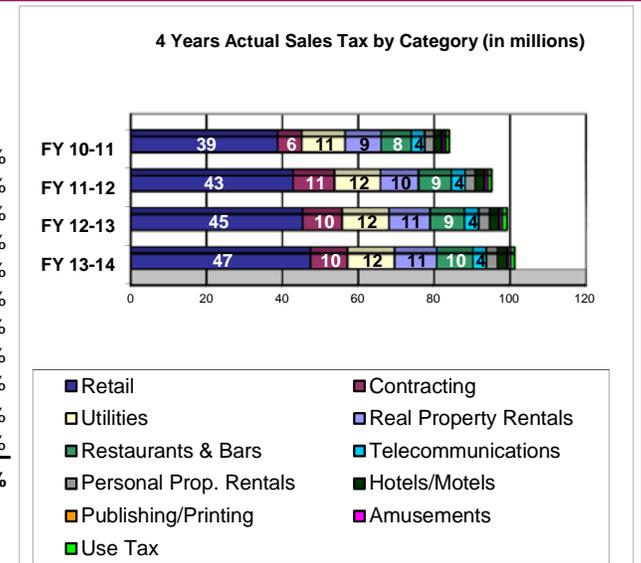
**POSITIVE**

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 FY 2014-15 are \$9.4M (9.5%) above the budget and \$4.8M (4.6%) higher than FY 2013-14 actual collections. The percentage of budget received for the fiscal year is in excess of 100%, 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 transaction privilege tax (TPT), commonly referred to as 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	\$ 49,729,135	106.9%	4.9%
Contracting	9,450,000	8,870,092	93.9%	-9.3%
Utilities	12,500,000	13,194,526	105.6%	6.2%
Real Property Rentals	10,000,000	11,967,509	119.7%	8.2%
Restaurants & Bars	9,000,000	10,188,718	113.2%	6.8%
Telecommunications	3,500,000	3,435,949	98.2%	-2.8%
Personal Prop. Rentals	2,100,000	3,261,716	155.3%	10.6%
Hotels/Motels	2,000,000	2,892,470	144.6%	17.0%
Publishing/Printing	250,000	260,712	104.3%	0.8%
Amusements	700,000	895,730	128.0%	23.0%
Use Tax	1,000,000	1,145,534	114.6%	5.1%
<b>TOTAL SALES TAX</b>	<b>\$ 97,000,000</b>	<b>\$ 105,842,091</b>	<b>109.1%</b>	<b>4.6%</b>



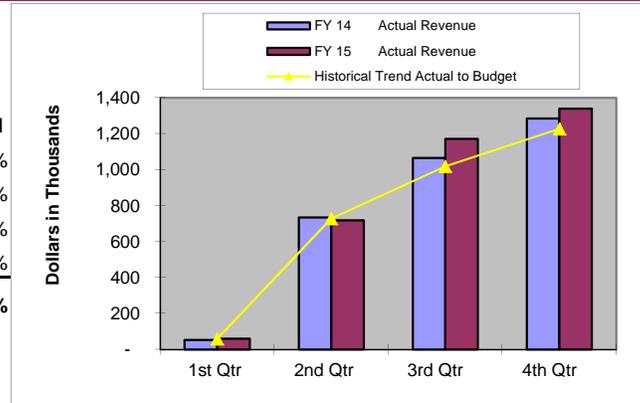
The above figures reflect General Fund Sales Tax Collections by category and **exclude** the related revenues of License Fees, Audit Assessments, Penalties, and Interest. Sales Tax collections for FY 2014-15 were \$8.8M (9.1%) above the budget and \$4.6M (4.6%) higher than FY 2013-14 actual collections. Contracting collections are lower for FY 2014-15 compared to last fiscal year due to the HB 2111 legislative requirement to shift from contracting to retail reporting for certain projects, while a decrease in FY 2014-15 telecommunications collections is due to state changes in alarm monitoring based on a court decision during the last legislative session.

# 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	1,339,176	45.0%	41.2%
<b>Total</b>		<b>\$ 2,979,000</b>	<b>\$ 3,289,168</b>	<b>110.4%</b>	<b>101.8%</b>

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



**POSITIVE**

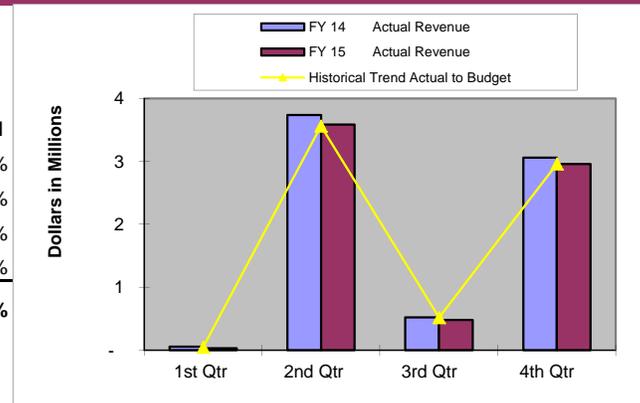
Franchise Fees are paid by Arizona Public Service (2% of Commercial and Residential Sales), Southwest Gas Corporation (2% of Commercial and Residential Sales), Cox Communications (5% of Gross Revenue), Air Products (2% of Gross Sales), and CenturyLink Cable Services (5% of Gross Sales). The historical 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 for FY 2014-15 are \$310,168 (10.4%) above the budget and \$154,680 (4.9%) higher than FY 2013-14 actual collections due, in part, to a larger payments by Air Products and CenturyLink. The percentage of budget received for the fiscal year is greater than 100%, 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	2,958,020	42.5%	42.5%
<b>Total</b>		<b>\$ 6,964,900</b>	<b>\$ 7,059,241</b>	<b>101.4%</b>	<b>101.9%</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.

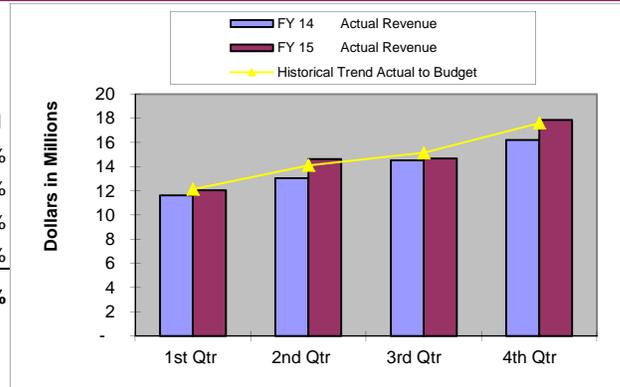
Primary property tax collections for FY 2014-15 are \$94,341 (1.4%) above the budget and \$330,321 (-4.5%) lower than FY 2013-14 actual collections. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half is due in March. The performance indicator is positive because the percentage of budget received for the fiscal year is greater than 100%.

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	17,873,562	30.9%	30.4%
<b>Total</b>		<b>\$ 57,907,000</b>	<b>\$ 59,236,588</b>	<b>102.4%</b>	<b>102.0%</b>

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



POSITIVE

-- **State Shared Sales Tax:** The state sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as state shared sales tax. Collections for FY 2014-15 are \$597,535 (2.8%) above the budget and \$993,243 (4.8%) higher than FY 2013-14 actual collections. 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, as well as surcharges from vehicle rentals. The respective city shares are determined by the proportion of city population to total incorporated population of the county. Collections for FY 2014-15 are \$730,329 (8.8%) above the budget and \$590,263 (7.0%) higher than FY 2013-14 actual collections.

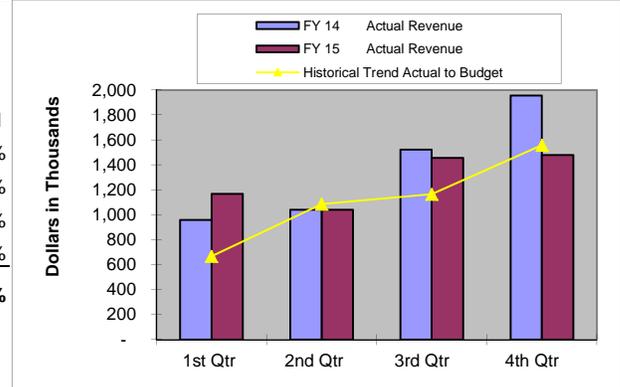
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2012 State income tax collection is distributed to cities and towns as urban revenue sharing based upon population and is known for budget purposes since there is a two year lag in distribution. Collections for FY 2014-15 are \$1,724 (less than 0.01%) below the budget and \$2.2M (8.5%) higher than FY 2013-14 actual collections.

The overall state shared revenue performance indicator is positive because the percentage of budget received for the fiscal year is greater than 100%.

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	1,479,248	41.3%	43.5%
<b>Total</b>		<b>\$ 3,580,400</b>	<b>\$ 5,146,556</b>	<b>143.8%</b>	<b>125.1%</b>

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



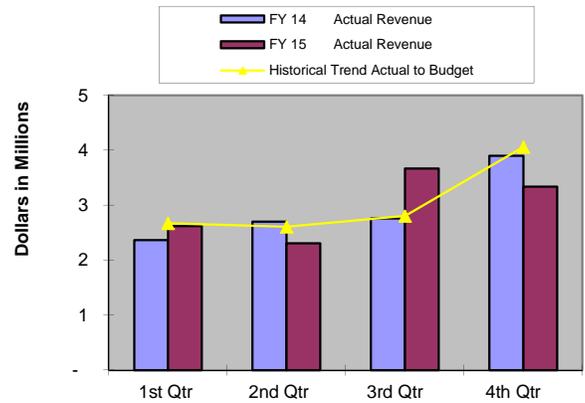
POSITIVE

This category includes revenue for various licenses: transaction privilege sales tax, alcoholic beverages, peddlers, solicitors and transient merchants, 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 for FY 2014-15 are \$1.6M (43.7%) above the budget and \$332,828 (-6.1%) below FY 2013-14 actual collections. Budgeted amounts for building permits (the largest revenue in this category) 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 fourth 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	3,338,789	30.3%	36.9%
<b>Total</b>		<b>\$ 11,003,060</b>	<b>\$ 11,934,247</b>	<b>108.5%</b>	<b>110.4%</b>



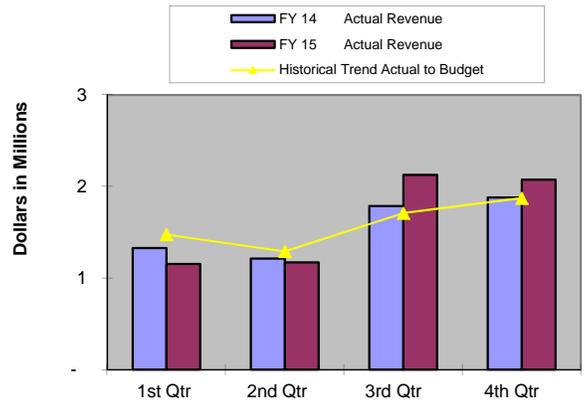
\* Pro-rated based upon a four year Historical Trend of Actual Year-to-date Collections

**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 for FY 2014-15 are \$931,187 (8.5%) above the budget and \$210,502 (1.8%) higher than FY 2013-14 actual collections. The majority of the collections above the FY 2014-15 budget were from plan review fees and public school revenues due to a new three-year grant cycle in school resource officer funding. A positive performance indicator occurs since the percentage of budget received for the fiscal year is greater than 100%.

## 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	2,075,979	33.8%	30.5%
<b>Total</b>		<b>\$ 6,141,800</b>	<b>\$ 6,528,398</b>	<b>106.3%</b>	<b>103.3%</b>



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

**POSITIVE**

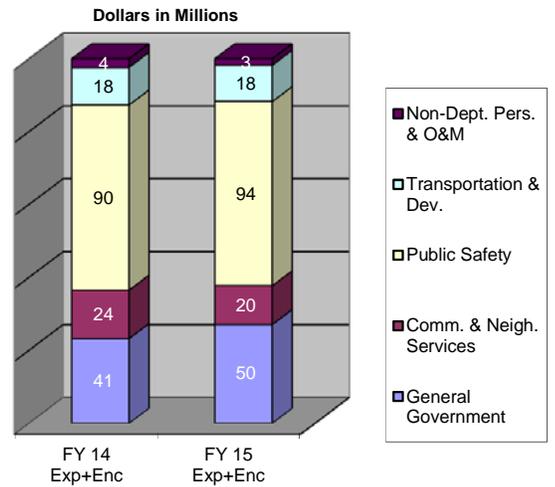
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections for FY 2014-15 are \$620,278 (6.3%) above the budget and \$318,680 (5.1%) higher than FY 2013-14 actual collections. The majority of the increased revenue collections in FY 2014-15 is due to better than anticipated investment interest collections, partly due to the implementation of the CDARS program in January 2015 (explained on page 2), which has helped maximize the return on short-term investments. The performance indicator is positive because the percentage of budget received for the fiscal year is greater than 100%.

# 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	\$ 52,727,209	\$ 50,156,017	95.1%	93.2%
Comm. & Neigh. Services	20,649,685	19,694,087	95.4%	94.5%
Public Safety	96,115,969	93,552,019	97.3%	98.3%
Transportation & Dev.	19,725,046	18,493,372	93.8%	92.0%
Non-Dept. Pers. & O&M	14,424,592	3,257,910	22.6%	61.3%
<b>Subtotal</b>	<b>\$ 203,642,501</b>	<b>\$ 185,153,405</b>	<b>90.9%</b>	<b>94.9%</b>
Non-Dept. Reserves	\$ 2,216,288	\$ -	0.0%	0.0%
Non-Dept. Contingencies	22,599,798	-	0.0%	0.0%
<b>Total</b>	<b>\$ 228,458,587</b>	<b>\$ 185,153,405</b>	<b>81.0%</b>	<b>84.4%</b>

\* Excluding Interfund Transfers



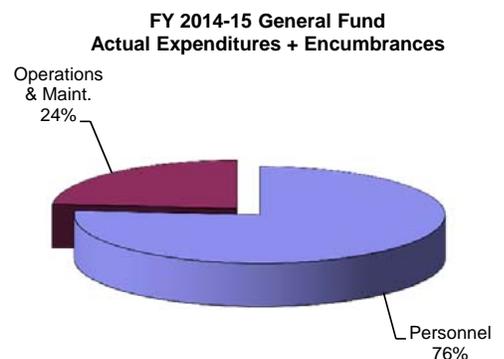
Total General Fund operating expenditures are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council). Since General Obligation debt and General Fund 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 is 90.9% of the adjusted budget compared to 94.9% of adjusted budget spent last fiscal year. As shown on the following pages, departments have expended between 90.8% and 97.5% of their General Fund adjusted budgets for 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	\$ 146,021,499	\$ 141,380,121	\$ 136,854,081	3.3%
Operations & Maint.	57,621,002	43,773,284	41,150,679	6.4%
Reserves	2,216,288	-	-	0.0%
Contingencies	22,599,798	-	-	0.0%
<b>Total</b>	<b>\$ 228,458,587</b>	<b>\$ 185,153,405</b>	<b>\$ 178,004,760</b>	<b>4.0%</b>

\* Excluding Interfund Transfers

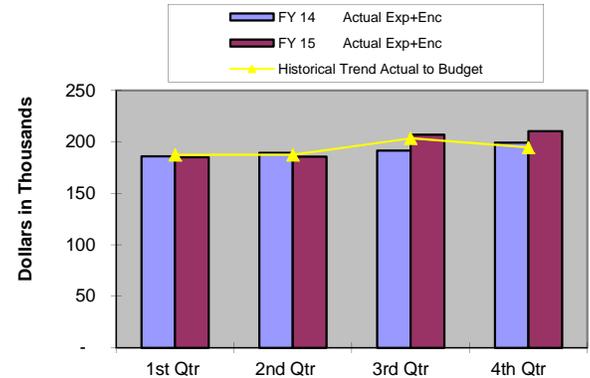


Total General Fund operating expenditures and encumbrances are reflected by spending category. Operating spending for FY 2014-15 is 4.0% higher than spending for FY 2013-14 mainly due to increases from labor negotiations and benefit changes in Personnel, and street improvements for Operations & Maintenance.

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	210,407	25.5%	23.6%
<b>Total</b>		<b>\$ 824,766</b>	<b>\$ 788,522</b>	<b>95.6%</b>	<b>93.7%</b>



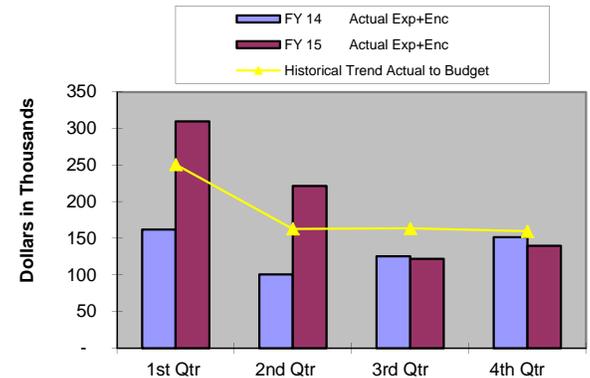
\* Historical Trend represents the average of the past 4 years % of actual to budget

POSITIVE

Mayor and Council spent 95.6% of their FY 2014-15 adjusted budget and has historically spent 93.7% of their adjusted budget for 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	139,940	16.7%	19.1%
<b>Total</b>		<b>\$ 836,270</b>	<b>\$ 793,647</b>	<b>94.9%</b>	<b>88.2%</b>



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

POSITIVE

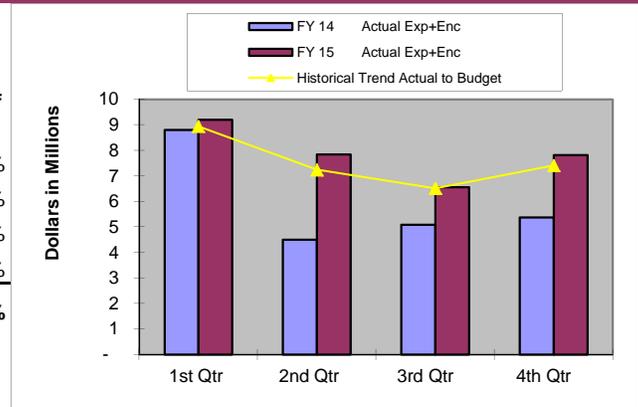
The City Clerk has spent 94.9% of their FY 2014-15 adjusted budget and has historically spent 88.2% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending in FY 2014-15 included one-time expenditures for the primary and general elections held in the fall of 2014.

# EXPENDITURE ANALYSIS (continued / department summaries):

## CITY MANAGER EXPENDITURE FY 2014-15 COMPARISON

		FY 15 Adjusted Budget	FY 15 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 14	\$ 9,655,379	\$ 9,203,460	28.3%	27.5%
2nd Qtr	Oct - Dec 14	7,819,047	7,842,105	24.1%	22.3%
3rd Qtr	Jan - Mar 15	7,029,432	6,552,891	20.2%	20.0%
4th Qtr	Apr - Jun 15	8,001,485	7,813,397	24.0%	22.8%
<b>Total</b>		<b>\$ 32,505,343</b>	<b>\$ 31,411,853</b>	<b>96.6%</b>	<b>92.6%</b>

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



**POSITIVE**

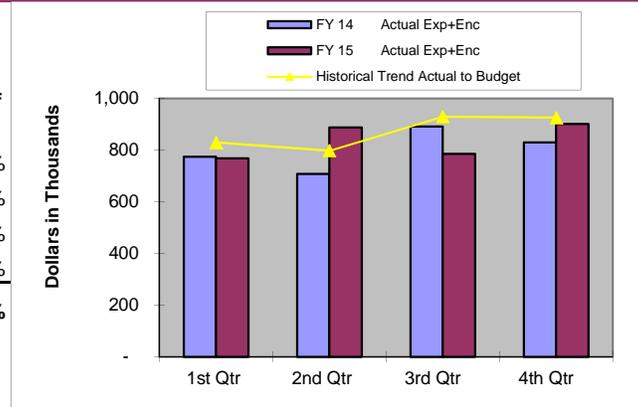
City Manager includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Cultural Affairs, Downtown Redevelopment, Economic Development, Human Resources, Information Technology, and Planning. Combined, these divisions spent 96.6% of their FY 2014-15 adjusted budget and have historically spent 92.6% of their adjusted budget for 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	900,937	25.0%	25.6%
<b>Total</b>		<b>\$ 3,608,219</b>	<b>\$ 3,341,264</b>	<b>92.6%</b>	<b>96.5%</b>

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



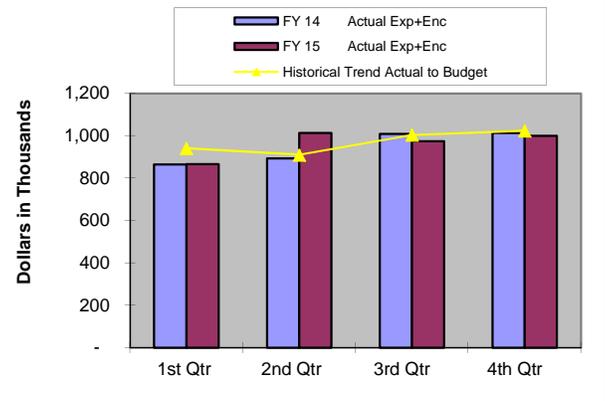
**POSITIVE**

Law spent 92.6% of their FY 2014-15 adjusted budget and has historically spent 96.5% of their adjusted budget for 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	999,077	23.5%	24.1%
<b>Total</b>		<b>\$ 4,242,231</b>	<b>\$ 3,852,076</b>	<b>90.8%</b>	<b>91.4%</b>



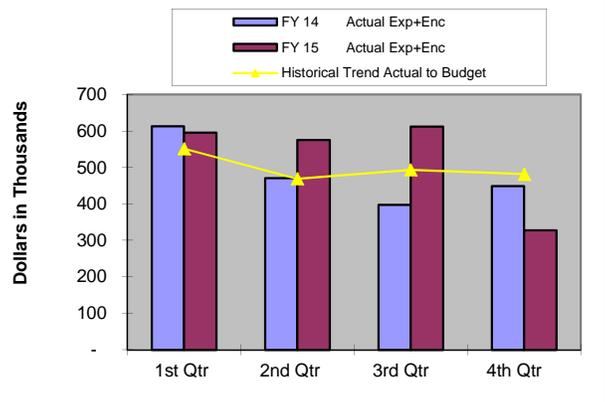
\* Historical Trend represents the average of the past 4 years % of actual to budget

**POSITIVE**

City Magistrate spent 90.8% of their FY 2014-15 adjusted budget and has historically spent 91.4% of their adjusted budget for 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	327,410	14.2%	20.8%
<b>Total</b>		<b>\$ 2,313,170</b>	<b>\$ 2,110,615</b>	<b>91.3%</b>	<b>86.2%</b>



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

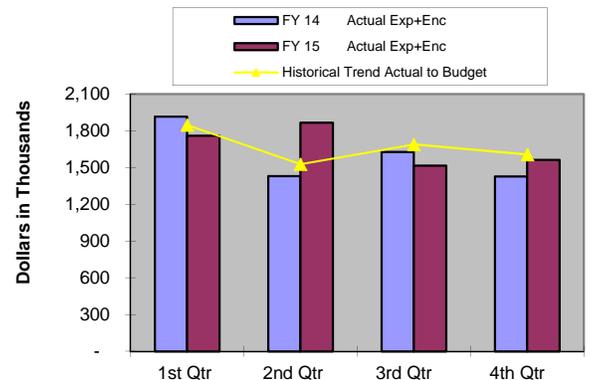
**POSITIVE**

Communications and Public Affairs (CAPA) also includes Video Production and Print, Mail, & Graphics. CAPA spent 91.3% of their FY 2014-15 adjusted budget and has historically spent 86.2% of their adjusted budget for 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 first quarter of FY 2015-16, 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	1,561,752	21.5%	22.1%
<b>Total</b>		<b>\$ 7,252,581</b>	<b>\$ 6,703,376</b>	<b>92.4%</b>	<b>92.0%</b>



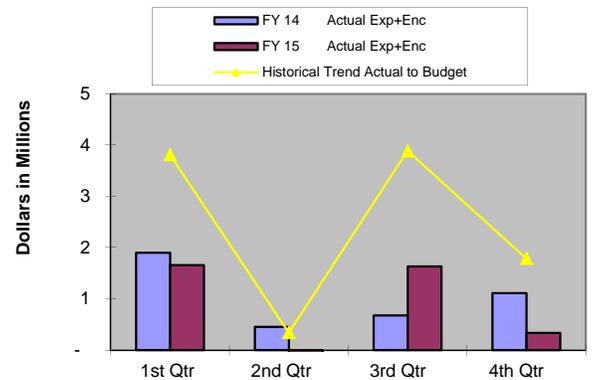
\* Historical Trend represents the average of the past 4 years % of actual to budget

**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 92.4% of their FY 2014-15 adjusted budget and have historically spent 92.0% of their adjusted budget for 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	\$ 5,625,591	\$ 1,659,342	11.5%	26.4%
2nd Qtr	Oct - Dec 14	432,738	(371,505)	-2.6%	2.4%
3rd Qtr	Jan - Mar 15	5,769,837	1,636,370	11.3%	27.0%
4th Qtr	Apr - Jun 15	2,596,426	333,703	2.4%	12.4%
<b>Total**</b>		<b>\$ 14,424,592</b>	<b>\$ 3,257,910</b>	<b>22.6%</b>	<b>68.2%</b>



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

\*\* Excludes Reserves and Contingencies

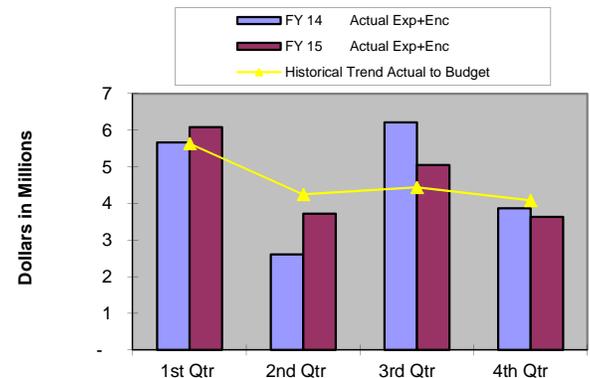
**POSITIVE**

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. Non-departmental spending is 22.6% of the FY 2014-15 adjusted budget, with historical spending at 68.2% of the fiscal year's adjusted budget, resulting in a positive performance indicator. For FY 2014-15 and the prior year, spending consists mainly of contract costs for the Strategic Economic Development Continuum project. The percentage of budget expended for the fiscal year is significantly lower than the percentage of historical budget expended since Council approved Resolution No. 4838 at the February 12, 2015 Council Meeting to transfer \$4.1 million in appropriation from contingency to non-departmental in order to conduct a Special Mid-Decade Census, and only \$1.3 million was spent during this fiscal year.

# 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	\$ 6,114,764	\$ 6,086,813	30.9%	28.6%
2nd Qtr	Oct - Dec 14	4,536,761	3,724,920	18.9%	21.6%
3rd Qtr	Jan - Mar 15	4,734,011	5,048,044	25.6%	22.5%
4th Qtr	Apr - Jun 15	4,339,510	3,633,595	18.4%	20.7%
<b>Total</b>		<b>\$ 19,725,046</b>	<b>\$ 18,493,372</b>	<b>93.8%</b>	<b>93.4%</b>



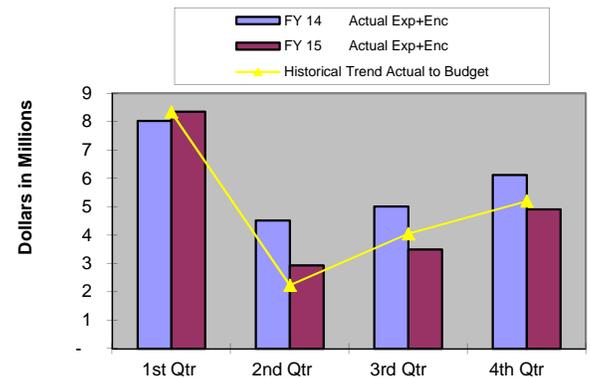
\* Historical Trend represents the average of the past 4 years % of actual to budget

**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 93.8% of their FY 2014-15 adjusted budget and has historically spent 93.4% of their adjusted budget for 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	\$ 8,672,868	\$ 8,348,415	40.4%	40.4%
2nd Qtr	Oct - Dec 14	2,271,465	2,937,626	14.2%	10.8%
3rd Qtr	Jan - Mar 15	4,129,937	3,493,058	16.9%	19.6%
4th Qtr	Apr - Jun 15	5,575,415	4,914,988	23.8%	25.2%
<b>Total</b>		<b>\$ 20,649,685</b>	<b>\$ 19,694,087</b>	<b>95.3%</b>	<b>96.0%</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 95.3% of their FY 2014-15 adjusted budget and has historically spent 96.0% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

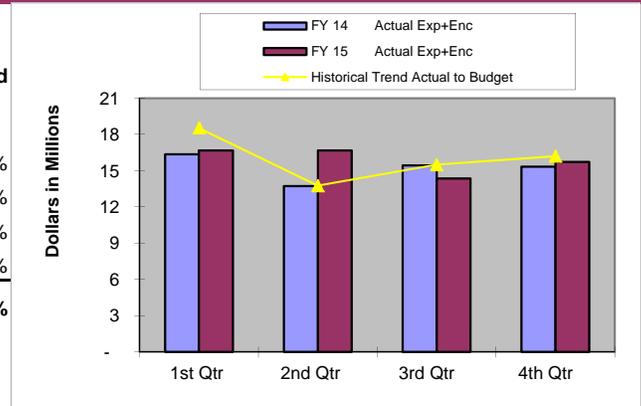
Starting October 1, 2014, the Office of Neighborhood Resources merged with the Community Services Department to reflect a new Community & Neighborhood Services Department. The Center for the Arts, Library, and Museum have moved to report to the City Manager Department as the Cultural Affairs Division. 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	\$ 18,912,419	\$ 16,678,052	25.6%	28.4%
2nd Qtr	Oct - Dec 14	14,347,352	16,685,380	25.6%	21.1%
3rd Qtr	Jan - Mar 15	15,651,657	14,352,169	22.0%	23.8%
4th Qtr	Apr - Jun 15	16,303,810	15,735,766	24.1%	24.9%
<b>Total</b>		<b>\$ 65,215,238</b>	<b>\$ 63,451,367</b>	<b>97.3%</b>	<b>98.2%</b>

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



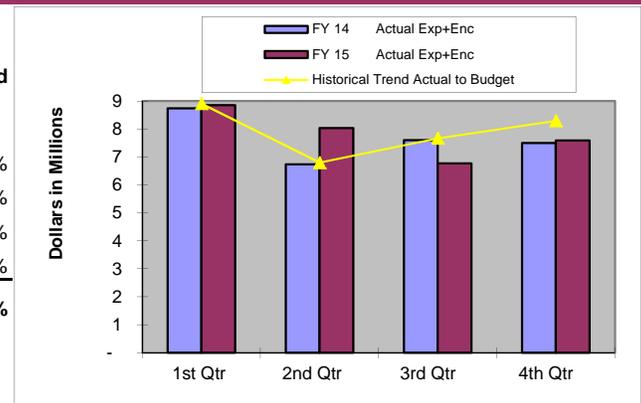
**POSITIVE**

Police includes the following cost centers: 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 97.3% of their FY 2014-15 adjusted budget and has historically spent 98.2% of their adjusted budget for 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	\$ 8,972,701	\$ 8,854,965	27.6%	27.8%
2nd Qtr	Oct - Dec 14	6,729,526	8,035,171	25.1%	21.2%
3rd Qtr	Jan - Mar 15	7,690,886	6,771,032	21.1%	23.9%
4th Qtr	Apr - Jun 15	8,652,247	7,594,148	23.7%	25.9%
<b>Total</b>		<b>\$ 32,045,360</b>	<b>\$ 31,255,316</b>	<b>97.5%</b>	<b>98.8%</b>

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



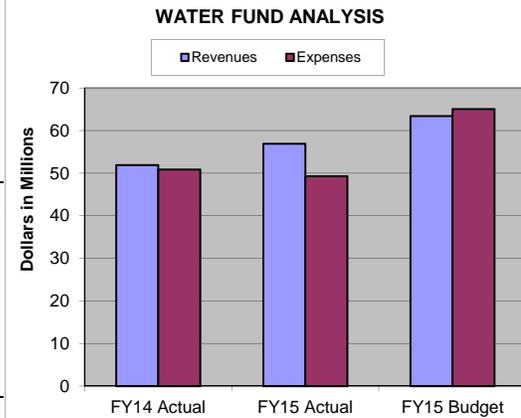
**POSITIVE**

Fire, Health & Medical includes the following cost centers: Administration, Emergency Services, Operations, Prevention & Preparedness, and Support Services. In addition, Citywide Fleet is managed by this department. The department spent 97.5% of their FY 2014-15 adjusted budget and has historically spent 98.8% of their adjusted budget for 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	\$ 51,153,000	\$ 48,915,240	96%	98%
Land Sale	2,161,834	-	0%	0%
Intel Rev/Receivable	10,106,093	8,000,000	79%	20%
<b>Total Revenues</b>	<b>\$ 63,420,927</b>	<b>\$ 56,915,240</b>	<b>90%</b>	<b>94%</b>
Operating Expenses	\$ 31,005,447	\$ 26,183,288	84%	81%
Major Capital Expenses	1,644,470	1,148,314	70%	33%
Intel Exp/Payable	10,106,093	-	0%	20%
Debt Service	18,674,174	18,355,354	98%	101%
Transfers Out	3,625,521	3,626,501	100%	100%
<b>Total Expenses</b>	<b>\$ 65,055,705</b>	<b>\$ 49,313,457</b>	<b>76%</b>	<b>85%</b>
<b>Net Rev / Exp</b>	<b>\$ (1,634,778)</b>	<b>\$ 7,601,783</b>		



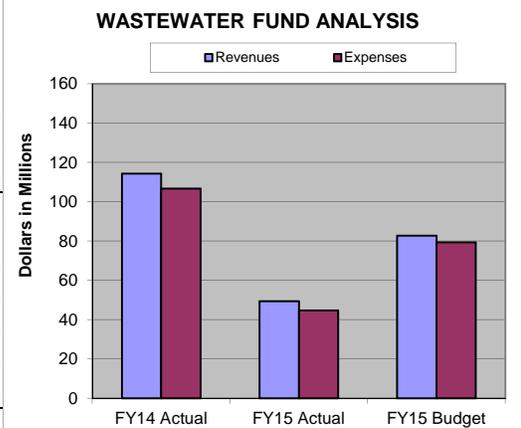
**POSITIVE**

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 \$1.6 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** are 96% of budget compared to 98% for last fiscal year, while **Operating Expenses** are 84% of budget as compared to 81% for last fiscal year. Capital projects reimbursed by Intel Corporation are detailed separately under Revenues and Expenses to have no impact on the fund. This fiscal year includes \$8 million received from Intel Corporation to purchase future water rights based on an existing agreement. The land sale is in process and will close escrow in FY 2015-16.

## 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	\$ 40,441,895	\$ 40,881,966	101%	101%
Land Sale	6,485,501	-	0%	0%
Intel Rev/Receivable	35,836,801	8,577,157	24%	79%
<b>Total Revenues</b>	<b>\$ 82,764,197</b>	<b>\$ 49,459,123</b>	<b>60%</b>	<b>85%</b>
Operating Expenses	\$ 19,172,574	\$ 16,835,159	88%	80%
Major Capital Expenses	5,786,345	904,867	16%	28%
Intel Exp/Payable	35,836,801	8,577,157	24%	79%
Debt Service	16,072,292	15,958,740	99%	94%
Transfers Out	2,435,509	2,435,509	100%	100%
<b>Total Expenses</b>	<b>\$ 79,303,521</b>	<b>\$ 44,711,432</b>	<b>56%</b>	<b>80%</b>
<b>Net Rev / Exp</b>	<b>\$ 3,460,676</b>	<b>\$ 4,747,691</b>		



**POSITIVE**

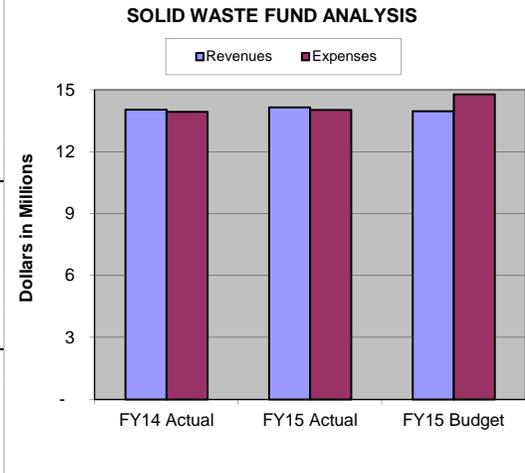
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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** are 101% of budget compared to 101% for last fiscal year, while **Operating Expenses** are 88% of budget as compared to 80% for last fiscal year. Capital projects reimbursed by Intel Corporation are detailed separately under Revenues and Expenses to have no impact on the fund. As noted above, the land sale is in process and will close escrow in FY 2015-16.

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	\$ 14,150,407	101%	99%
Transfers In	-	-	0%	0%
<b>Total Revenues</b>	<b>\$ 13,968,105</b>	<b>\$ 14,150,407</b>	<b>101%</b>	<b>99%</b>
Operating Expenses	\$ 13,264,900	\$ 12,644,072	95%	95%
Major Capital Expenses	397,037	267,760	67%	100%
Transfers Out	1,128,551	1,128,551	100%	100%
<b>Total Expenses</b>	<b>\$ 14,790,488</b>	<b>\$ 14,040,383</b>	<b>95%</b>	<b>96%</b>
<b>Net Rev / Exp</b>	<b>\$ (822,383)</b>	<b>\$ 110,024</b>		



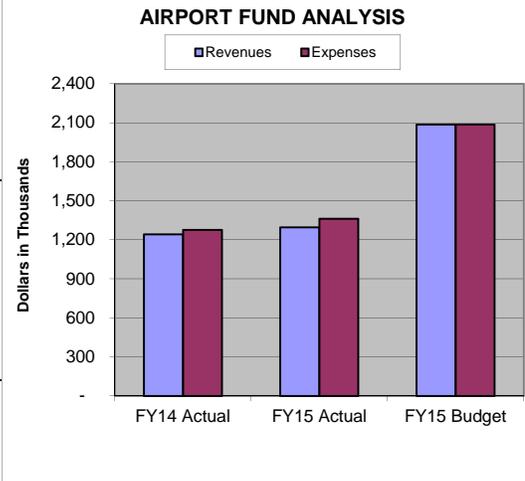
POSITIVE

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 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 \$882,383 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** are 101% of budget compared to 99% for last fiscal year, while **Operating Expenses** are 95% of budget as compared to 95% last fiscal 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	\$ 1,026,225	98%	95%
General Fund Subsidy	1,043,650	269,780	26%	78%
<b>Total Revenues</b>	<b>\$ 2,086,250</b>	<b>\$ 1,296,005</b>	<b>62%</b>	<b>92%</b>
Operating Expenses	\$ 1,096,364	\$ 970,435	89%	96%
Major Capital Expenses	856,568	258,112	30%	23%
Debt Service	27,938	27,938	100%	100%
Transfers Out	105,380	105,380	100%	100%
<b>Total Expenses</b>	<b>\$ 2,086,250</b>	<b>\$ 1,361,865</b>	<b>65%</b>	<b>88%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (65,860)</b>		



POSITIVE

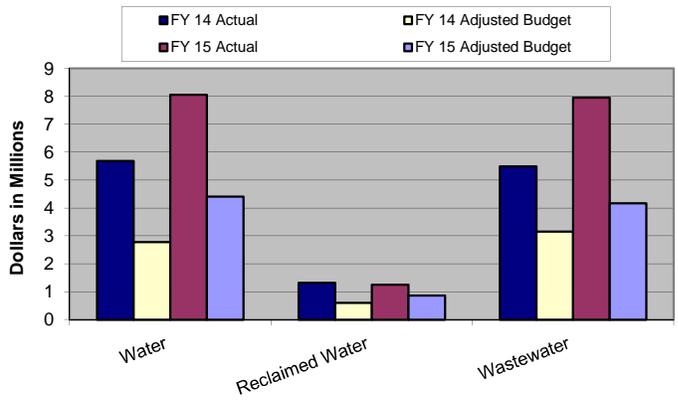
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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** are 98% of budget compared to 95% for last fiscal year. **Operating Expenses** are 89% of budget as compared to 96% for last fiscal year. Major capital expenses are higher for 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	\$ 8,054,134	183%
Reclaimed Water	863,775	1,256,808	146%
Wastewater	4,165,730	7,957,738	191%
<b>Total SDF Revenue</b>	<b>\$ 9,437,990</b>	<b>\$ 17,268,680</b>	<b>183%</b>



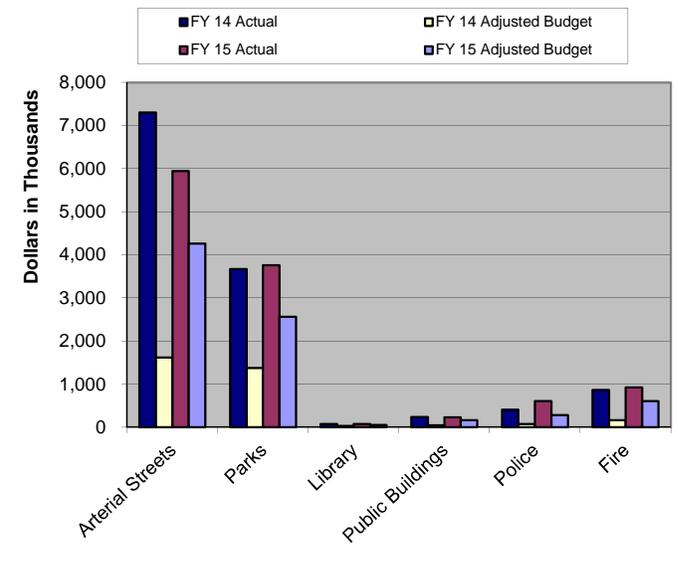
Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

**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 for FY 2014-15 were 183% of the budget as compared to the prior year's collections of 191% 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 SDF rates of 13%, a decrease in Reclaimed Water SDF rates of -25%, and an increase in Wastewater SDF rates 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	\$ 5,942,991	139%
Parks	2,566,880	3,759,633	146%
Library	53,170	77,255	145%
Public Buildings	163,490	231,181	141%
Police	279,120	609,605	218%
Fire	607,340	927,221	153%
<b>Total Impact Revenue</b>	<b>\$ 7,931,180</b>	<b>\$ 11,547,886</b>	<b>146%</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.

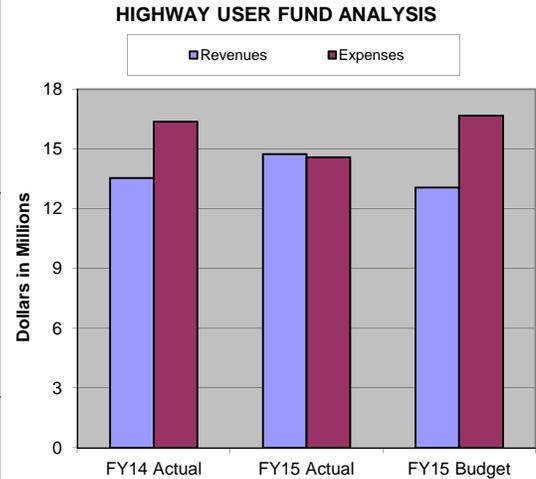
**POSITIVE**

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 for FY 2014-15 were 146% of the budget as compared to the prior year's collections of 381% 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 rates, decreases to the Park rates of -13% to -40% depending on the service area, a decrease of -19% for Library rates, an increase of 13% for Public Buildings rates, an increase of 69% for Police rates, and an increase of 20% for Fire rates.

## 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	\$ 14,633,470	113%	103%
Other	63,000	114,274	181%	413%
<b>Total Revenues</b>	<b>\$ 13,063,000</b>	<b>\$ 14,747,744</b>	<b>113%</b>	<b>104%</b>
Operating Expenses	\$ 9,275,739	\$ 8,573,835	92%	91%
Major Capital Expenses	2,698,037	1,558,722	58%	91%
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>\$ 14,588,582</b>	<b>87%</b>	<b>94%</b>
<b>Net Rev / Exp</b>	<b>\$ (3,611,509)</b>	<b>\$ 159,162</b>		



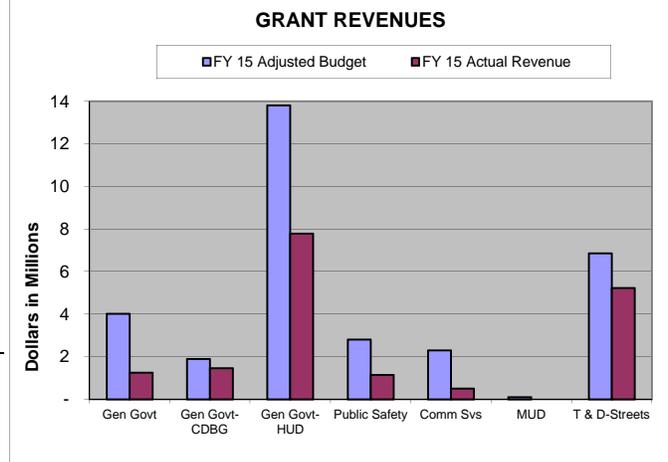
## POSITIVE

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 are 113% of budget, which is 10% higher than last fiscal year's percentage. The City budgeted only \$13M in Highway Users Tax for FY 2014-15 due to anticipated legislative redirection to public safety, however, this redirection did not occur, resulting in higher revenues for the City. **Operating Expenses** are 92% of adjusted budget, which is 1% higher than last fiscal year's percentage.

## GRANT FUNDS ANALYSIS FY 2014-15 COMPARISON

	FY 15 Adjusted Budget	FY 15 Actual Revenue	% of Budget Rec'd to Date
General Government*	\$ 4,017,956	\$ 1,252,210	31%
General Govt - CDBG	1,900,000	1,455,197	77%
General Govt - HUD	13,802,300	7,778,971	56%
Public Safety	2,806,050	1,145,446	41%
Community Services	2,301,132	508,722	22%
Municipal Utilities	100,000	-	0%
T & D - Streets	6,858,485	5,223,646	76%
<b>Total Grant Revenue</b>	<b>\$ 31,785,923</b>	<b>\$ 17,364,192</b>	<b>55%</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, in most cases 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 for FY 2014-15 were \$17.4M (55% of adjusted budget) as compared to \$16.3M (48% of adjusted budget) collected for FY 2013-14.