Memorandum

Finance and Technology Department

Date: January 24, 2014

To: Mayor and Councilmembers

From: Ken Jones, Finance and Technology Director

Subject: Quarterly Financial Report – Quarter Ended December 31, 2013

Attached is the Quarterly Financial Report for the second quarter of Fiscal Year 2013-14, (the quarter ending December 31, 2013). We have included a quick-reference Table of Contents on Page 1, which, in the electronic version, will allow you to quickly navigate to areas of interest by clicking on titles or page numbers. The small Tempe logo on every page will return you to the Table of Contents. (The electronic version of this report is included in your January 24th Friday Information Packet and can also be found on the Budget Office's Internet page within the Finance and Technology Department).

Please let me know if you have questions about the information contained in this report.

Quarterly Financial Performance Report

Through 2nd Quarter FY 2013-14 (July-December 2013)

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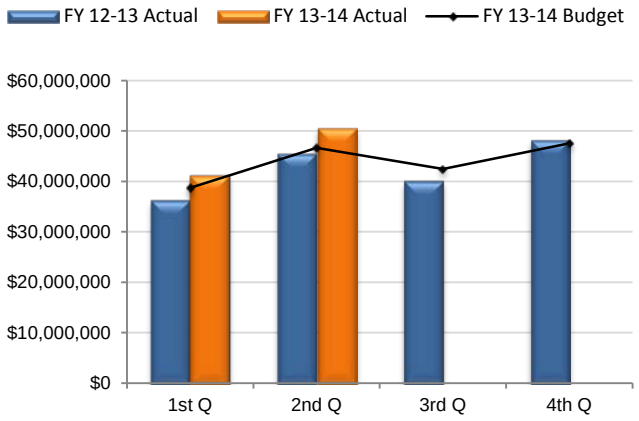
Performance Ratings Key

Positive	= Unfavorable variance <2% compared to historical trends or positive variance
Watch	= Unfavorable variance between 2-5% compared to historical trends
Negative	= Unfavorable variance of >5%

General Fund Revenue Quarterly Analysis

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$38,711,881	$41,181,136	23.5%	22.1%
2nd Q	Oct-Dec 13	46,630,748	50,504,701	28.8%	26.6%
3rd Q	Jan-Mar 14	42,440,860			
4th Q	Apr-Jun 14	47,572,406			
Total		$175,355,895	$91,685,837	52.3%	48.7%
Variance from Budget			$6,343,208	7.4%	



Positive

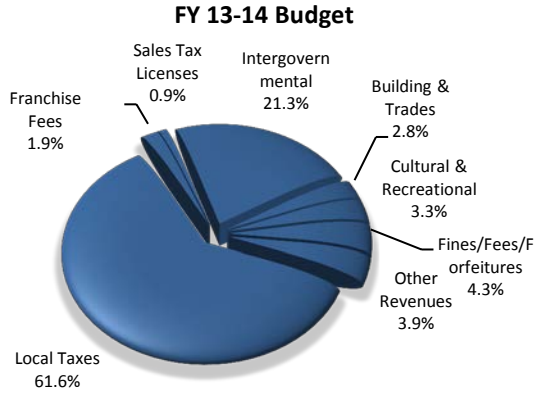
Through the second quarter of FY 2013-14, General Fund revenue is 52.3% of budget, compared with a historical percentage of 48.7%. In terms of budget-to-actual variance, total collections are in line with the anticipated revenue target for the second quarter. Negative variances in Franchise Fees and Other Revenue are offset by positive variances in Local Taxes and Building & Trades Fees. The scope of budget-to-actual variance for each category can be seen in the table and graph at the bottom-right corner of this page. Quarterly collection detail by category can be found on pages 2 through 6 of this report.

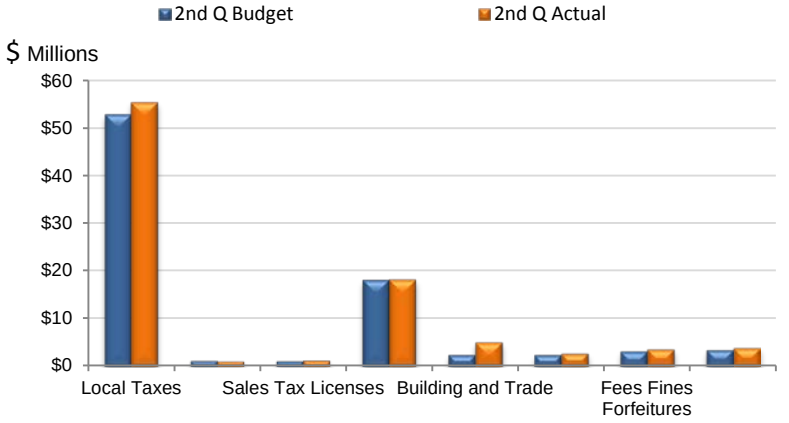
General Fund Revenue by Category

Revenue Categories	FY 13-14 Annual Budget	% of Annual Budget
Local Taxes	$108,074,811	61.6%
Franchise Fees	3,273,736	1.9%
Sales Tax Licenses	1,664,632	0.9%
Intergovernmental	37,406,500	21.3%
Building & Trades	4,911,527	2.8%
Cultural & Recreational	5,748,630	3.3%
Fines/Fees/Forfeitures	7,455,390	4.3%
Other Revenues	6,820,669	3.9%
Total	$175,355,895	

Cumulative Revenue through 2Q 2013-2014

	Budget Target	Actual Revenue	% of Budget Target
Local Taxes	$52,944,783	$55,589,781	105%
Franchise Fees	1,215,014	1,091,271	90%
Sales Tax Licenses	1,157,747	1,246,871	108%
Intergovernmental	18,275,412	18,329,716	100%
Building & Trades	2,490,277	5,092,748	205%
Cultural & Recreational	2,502,169	2,793,847	112%
Fines/Fees/Forfeitures	3,258,108	3,619,015	111%
Other Revenues	3,499,119	3,922,588	112%
	$85,342,629	$91,685,837	107%

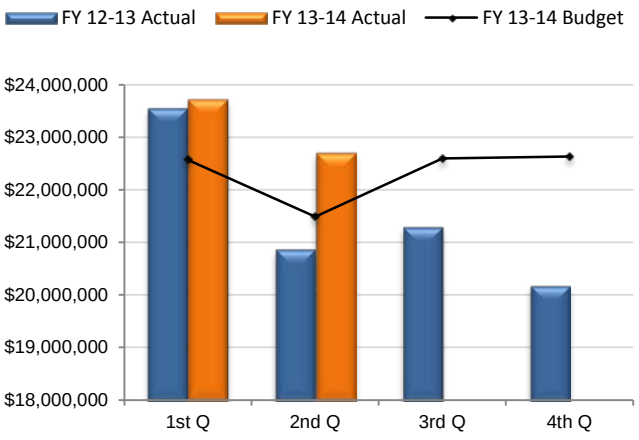




Sales Tax

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$22,566,834	$23,722,049	26.6%	25.3%
2nd Q	Oct-Dec 13	21,488,752	22,708,582	25.4%	24.1%
3rd Q	Jan-Mar 14	22,594,659			
4th Q	Apr-Jun 14	22,631,384			
Total		$89,281,629	$46,430,631	52.0%	49.4%
Variance from Budget			$2,375,045	5.4%	

Positive

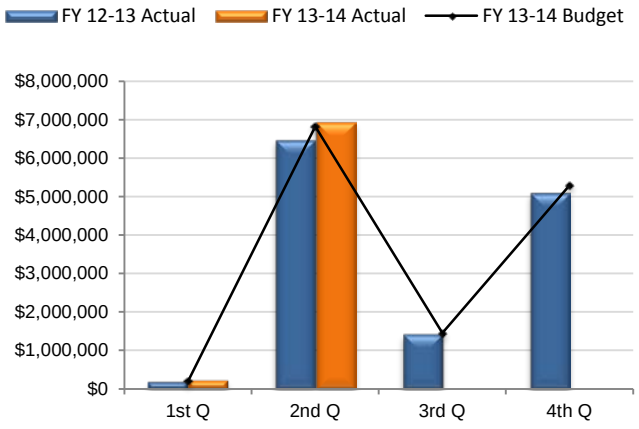


City Sales Taxes are generated by a 2.0% levy on sales transactions in the city (only 1.8% on food for home consumption and construction contracting). Of the total 2.0% rate, 1.4% is deposited in the General Fund, 0.5% is dedicated for Transit purposes, and the remaining 0.1% is deposited in the Performing Arts Fund. The amount deposited in the General Fund is depicted in the table and graph above. This revenue source contributes 50.0% of the General Fund budget in FY 2013-14 making it the City's largest revenue source. Through the second quarter of FY 2013-14, Sales Tax collections are 52.0% of budget, which is above the historical average of 49.4%. In terms of budget-to-actual variance, collections are 5.4% above the budgeted value.

Property Tax

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$208,155	$246,862	1.8%	1.5%
2nd Q	Oct-Dec 13	6,825,766	6,942,022	50.4%	49.5%
3rd Q	Jan-Mar 14	1,449,422			
4th Q	Apr-Jun 14	5,295,335			
Total		$13,778,678	$7,188,884	52.2%	51.0%
Variance from Budget			$154,963	2.2%	

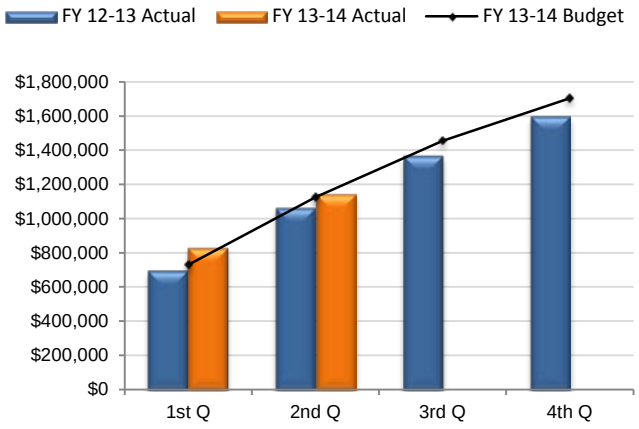
Positive



Property Tax revenue in the General Fund is generated by a $0.92 charge per $100 of the primary assessed valuation of real and personal property. In FY 2013-14, Property Taxes contribute 7.7% of budgeted General Fund revenue. Through the second quarter of FY 2013-14, Property Tax collections are 52.2% of budget, which is in line with the historical average of 51.0%.

Bed Tax

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$729,910	$828,775	16.5%	14.6%
2nd Q	Oct-Dec 13	1,125,367	1,141,490	22.8%	22.4%
3rd Q	Jan-Mar 14	1,454,954			
4th Q	Apr-Jun 14	1,704,274			
Total		$5,014,504	$1,970,266	39.3%	37.0%
Variance from Budget			$114,989	6.2%	

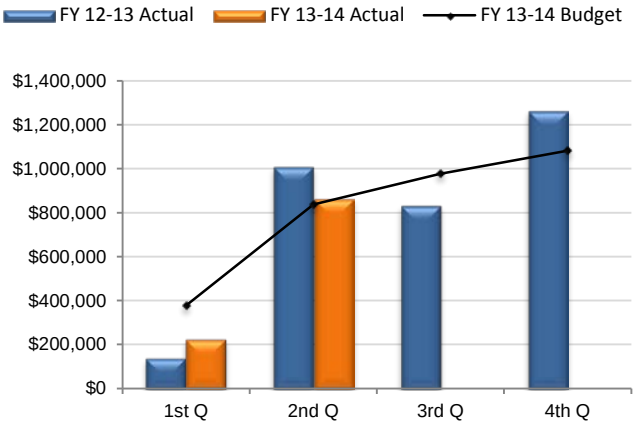


Positive

The Transient Lodging Tax, or Bed Tax is a 5% levy on hotel and motel sales that contributes approximately 2.8% of budgeted General Fund revenue in FY 2013-14. Bed Tax collections through the second quarter of FY 2013-14 are 39.3% of budget, approximately 2.3% above the historical average. In terms of budget-to-actual variance, collections are 6.2% above the budgeted value. This category is expected to perform well this fiscal year due the opening of the new Marriott Residence Inn.

Franchise Fees

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$378,192	$227,486	6.9%	11.6%
2nd Q	Oct-Dec 13	836,822	863,785	26.4%	25.6%
3rd Q	Jan-Mar 14	977,384			
4th Q	Apr-Jun 14	1,081,338			
Total		$3,273,736	$1,091,271	33.3%	37.2%
Variance from Budget			($123,743)	-10.2%	

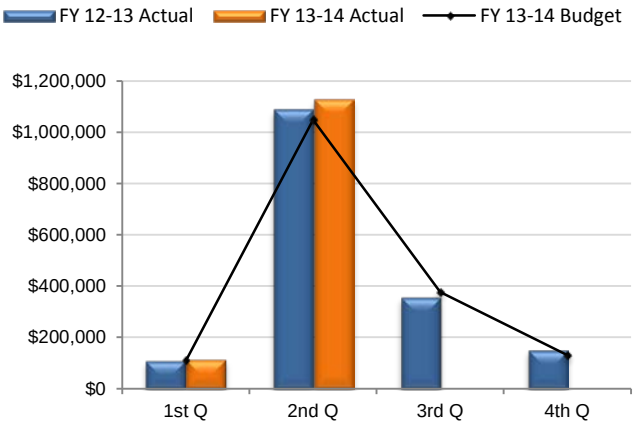


Negative

Franchise Fee revenues are collected based on specific agreements with service providers in the city, including Arizona Public Service (2% of revenue), Cox Communications (5% of gross revenue), Southwest Gas (2% of gross revenue), and a number of telecommunications service providers. These fees contribute 1.8% of annual General Fund revenue. Franchise Fee payments are 33.3% of the budgeted amount through the second quarter of FY 2013-14, compared to 37.1% historically. In terms of budget-to-actual variance, collections are 10.2%, or $123,743 below the budgeted value. This variance is due to underperformance in Telecommunications Franchise Fee collections. Since the first and second quarters normally represent 37.2% of the annual total, this variation represents less than 4.0% of the forecast for the year. This category will be under enhanced scrutiny until it is brought into "Positive" monitoring status.

Sales Tax Licenses

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$109,483	$116,373	7.0%	6.6%
2nd Q	Oct-Dec 13	1,048,264	1,130,498	67.9%	63.0%
3rd Q	Jan-Mar 14	376,421			
4th Q	Apr-Jun 14	130,464			
Total		$1,664,632	$1,246,871	74.9%	69.6%
Variance from Budget			$89,124	7.7%	

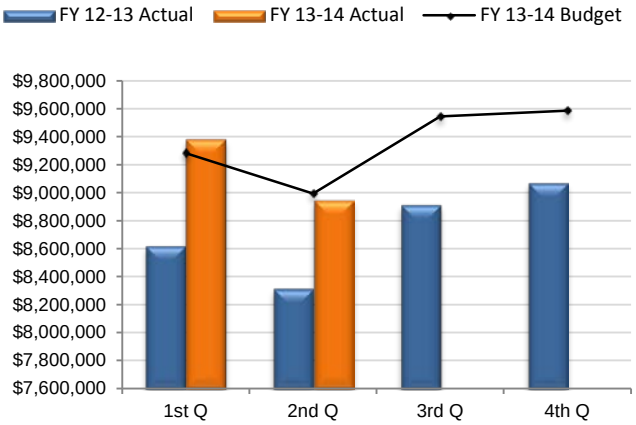


Positive

The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Sales Tax License collections through the second quarter of FY 2013-14 were 74.9% of budget, compared to the historical average of 69.6%. Sales Tax Licenses contribute 0.9% of annual General Fund revenue. In terms of budget-to-actual variance, collections are 7.7% above the budgeted value.

Intergovernmental

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$9,282,683	$9,381,982	25.1%	24.8%
2nd Q	Oct-Dec 13	8,992,729	8,947,735	23.9%	24.0%
3rd Q	Jan-Mar 14	9,544,415			
4th Q	Apr-Jun 14	9,586,673			
Total		$37,406,500	$18,329,716	49.0%	48.8%
Variance from Budget			$54,304	0.3%	

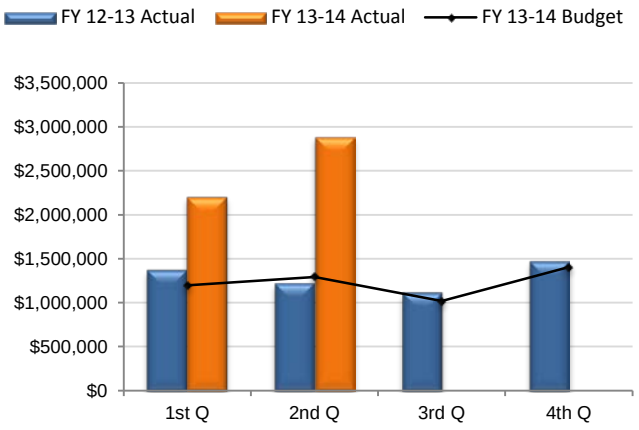


Positive

Intergovernmental Revenues include distributions of State Income Taxes, State Sales Taxes, and State Vehicle License Taxes. These revenues are distributed based on Tempe's share of the state urban population as determined by the U.S. Census. In total, these revenues constitute 20.9% of budgeted revenue for FY 2013-14, making this the second largest General Fund revenue source after Sales Taxes. Through the second quarter of FY 2013-14, actual collections are 49.0% of budget, compared to a historical average of 48.8%. When compared to the same time period of last fiscal year, cumulative collections through the second quarter are 8.2% higher. In terms of budget-to-actual variance, collections are 0.3%, or $54,304 above the budgeted value, due to better than expected State Income and Vehicle License Taxes.

Building & Trades

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$1,198,433	$2,204,607	44.9%	24.4%
2nd Q	Oct-Dec 13	1,291,843	2,888,141	58.8%	26.3%
3rd Q	Jan-Mar 14	1,018,395			
4th Q	Apr-Jun 14	1,402,855			
Total		$4,911,527	$5,092,748	103.7%	50.7%
Variance from Budget			$2,602,471	104.5%	

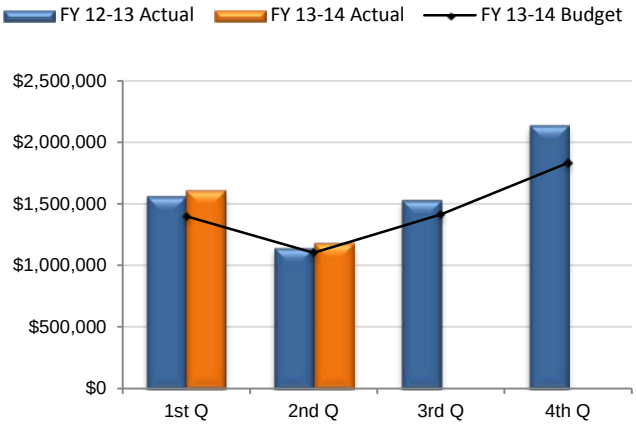


Positive

Building and Trade revenues consist of Building Permit Fees, Plan Check Fees, and other miscellaneous engineering and permitting fees generated by development. These fees are charged to recover a portion of the cost of regulating development. Through the second quarter of FY 2013-14, actual collections are 103.7% of budget, compared to a historical average of 50.7%. In terms of budget-to-actual variance, collections are 104.5% above the budgeted value. The exceptional performance through the second quarter is due to the plan check fees for the Marina Heights project on Rio Salado. This project is expected to boost this revenue stream through FY 2014-15.

Cultural & Recreational

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$1,399,087	$1,611,974	28.0%	24.3%
2nd Q	Oct-Dec 13	1,103,082	1,181,874	20.6%	19.2%
3rd Q	Jan-Mar 14	1,413,851			
4th Q	Apr-Jun 14	1,832,610			
Total		$5,748,630	$2,793,847	48.6%	43.5%
Variance from Budget			$291,678	11.7%	

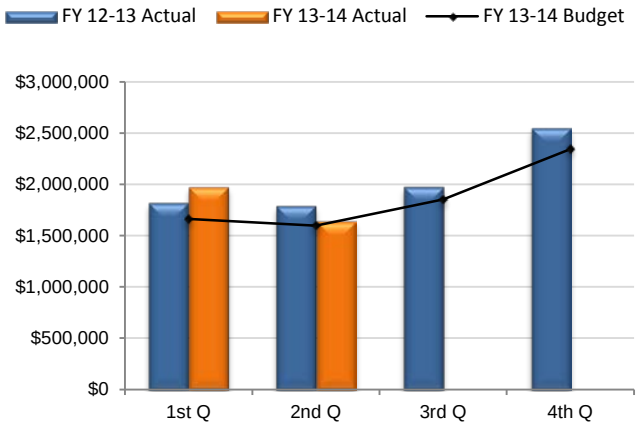


Positive

Cultural and Recreational revenues include fees and charges to recover a portion of the costs of providing the City's cultural and recreational programs. The majority of this revenue source is generated from fees charged for the City's Kid Zone program. In total, Cultural and Recreational fees represent 3.2% of total budgeted General Fund revenue for FY 2013-14. Through the second quarter of FY 2013-14, Cultural and Recreational fee collections are 48.6% of budget, compared to the historical average of 43.5%, for a total variance of 5.1%. In terms of budget-to-actual variance, collections are 11.7% above the budgeted value.

Fines, Fees, Forfeitures

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$1,662,169	$1,976,600	26.5%	22.3%
2nd Q	Oct-Dec 13	1,595,939	1,642,415	22.0%	21.4%
3rd Q	Jan-Mar 14	1,853,256			
4th Q	Apr-Jun 14	2,344,025			
Total		$7,455,390	$3,619,015	48.5%	43.7%
Variance from Budget			$360,907	11.1%	

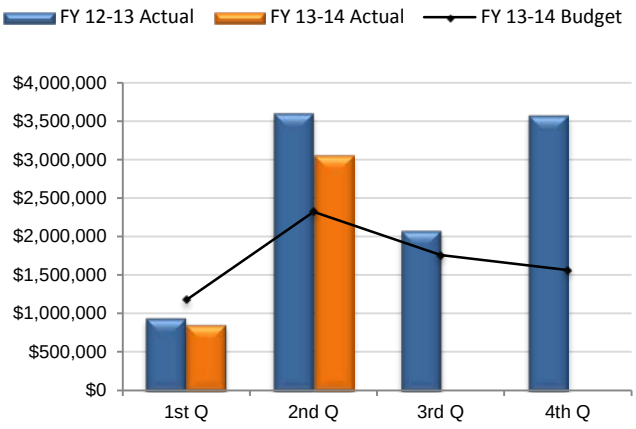


Positive

Fines, Fees, and Forfeiture revenue derives from fines and other payments related to violations of state laws and local ordinances, including parking, traffic, and criminal enforcement activities. In total, Fines, Fees, and Forfeitures represent 4.2% of total budgeted General Fund revenue for FY 2013-14. Through the second quarter of FY 2013-14, 48.5% of budgeted revenues have been collected, compared to a historical average of 43.7%. In terms of budget-to-actual variance, this category is 11.1% above the expected value through the second quarter. While it is difficult to ascertain the precise historical pattern due to the timing of the discontinuation of the Photo Enforcement program, at this time this category appears to be following a positive collections trend.

Other Revenues

		FY 13-14 Adopted Budget	FY 13-14 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 13	$1,176,936	$864,428	12.7%	17.3%
2nd Q	Oct-Dec 13	2,322,183	3,058,160	44.8%	34.0%
3rd Q	Jan-Mar 14	1,758,104			
4th Q	Apr-Jun 14	1,563,447			
Total		$6,820,669	$3,922,588	57.5%	51.3%
Variance from Budget			$423,469	12.1%	



Positive

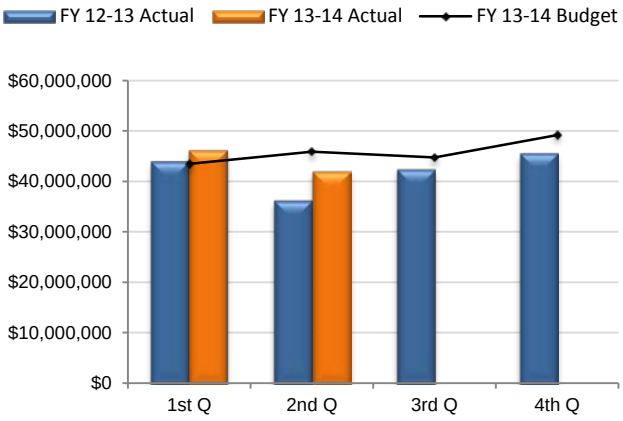
Other Revenues include collections from a variety of sources not otherwise accounted for in the major revenue categories. Primary components of Other Revenues are Interest Earnings, Land and Building Facility Rental, and SRP In-Lieu Payments. Through the second quarter of the fiscal year, collections of Other Revenue are 57.5% of the FY 2013-14 budget, compared to a historical tracking percentage of 51.3%. In terms of budget-to-actual variance, this category is 12.1% above the expected value for the second quarter.

General Fund Expenditures Quarterly Analysis

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$43,461,516	$46,288,185	25.3%	23.7%
2nd Q	Oct-Dec 13	45,912,142	42,052,427	22.9%	25.0%
3rd Q	Jan-Mar 14	44,731,804			
4th Q	Apr-Jun 14	49,205,062			
Total		$183,310,525	$88,340,612	48.2%	48.7%
Variance from Budget			($1,033,046)	-1.2%	

*Budget excludes $1 million contingency appropriation

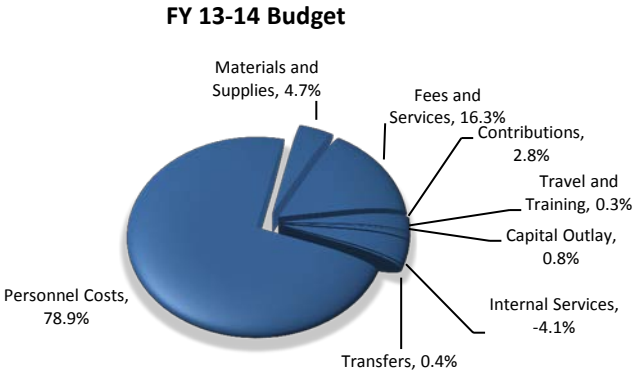
Positive



Through the second quarter of FY 13-14, General Fund expenditures are 48.2% of budget, compared with a historical percentage of 48.7%. In terms of budget-to-actual variance, General Fund expenditures are 1.2% below budget for the second quarter. Departmental quarterly expenditure tracking data can be found on pages 8 through 15 of this report.

General Fund Expenditures By Category

Categories	FY 13-14 Adopted Budget	% of Adopted Budget
Personnel Costs	$144,661,546	78.9%
Materials and Supplies	8,573,881	4.7%
Fees and Services	29,931,141	16.3%
Contributions	5,053,540	2.8%
Travel and Training	475,399	0.3%
Capital Outlay	1,500,902	0.8%
Internal Services	-7,534,040	-4.1%
Transfers	648,156	0.4%
Total	$183,310,525	

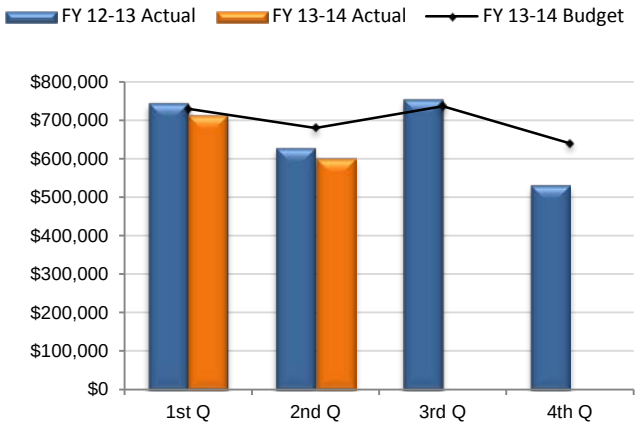


City Attorney's Office

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 13	$729,676	$713,467	25.6%	26.2%
2nd Q	Oct-Dec 13	680,306	601,171	21.6%	24.4%
3rd Q	Jan-Mar 14	736,776			
4th Q	Apr-Jun 14	640,352			
Total		$2,787,110	$1,314,638	47.2%	50.6%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($95,345)	-6.8%



Positive

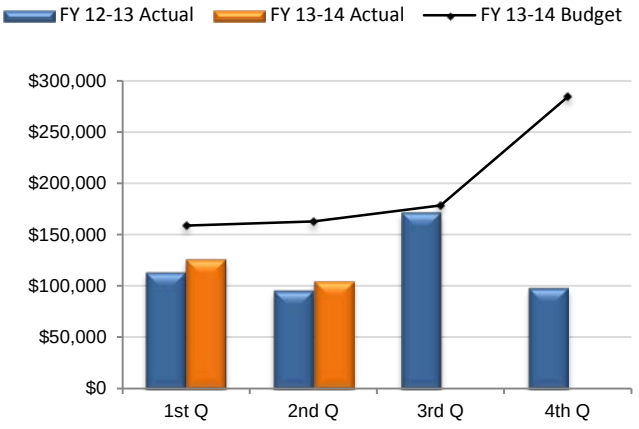
The City Attorney's Office spent 47.2% of its FY 13-14 budget through the second quarter, compared to a historical average of 50.6%. In terms of budget-to-actual variance, expenditures are 6.8% lower than budgeted for the second quarter.

City Clerk's Office

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 13	$158,930	$125,932	16.0%	20.3%
2nd Q	Oct-Dec 13	162,820	104,807	13.4%	20.7%
3rd Q	Jan-Mar 14	178,597			
4th Q	Apr-Jun 14	284,337			
Total		$784,684	$230,739	29.4%	41.0%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($91,011)	-28.3%



Positive

The City Clerk's Office has spent 29.4% of its FY 13-14 budget through the second quarter, compared to a historical average of 41.0%. In terms of variance from budget in the second quarter, expenditures are $91,011 or 28.3% below the expected amount.

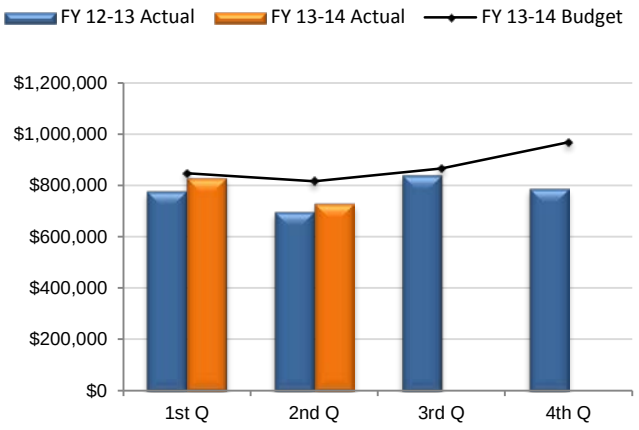
City Court

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$847,131	$827,779	23.7%	24.2%
2nd Q	Oct-Dec 13	816,910	728,301	20.8%	23.4%
3rd Q	Jan-Mar 14	865,969			
4th Q	Apr-Jun 14	968,261			
Total		$3,498,271	$1,556,079	44.5%	47.6%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($107,962)	-6.5%

Positive



The City Court has spent 44.5% of its FY 13-14 budget through the second quarter, compared to the historical average of 47.6%. In terms of variance from budget in the second quarter, expenditures are $107,962 or 6.5% below the expected amount.

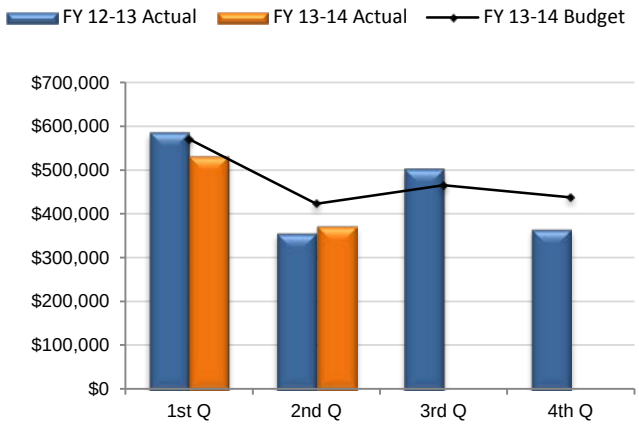
City Manager's Office

		FY 13-14 Adopted Budget*	FY 13-14 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$570,681	$531,706	28.0%	30.1%
2nd Q	Oct-Dec 13	423,021	372,518	19.6%	22.3%
3rd Q	Jan-Mar 14	465,038			
4th Q	Apr-Jun 14	437,805			
Total		$1,896,545	$904,224	47.7%	52.4%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($89,478)	-9.0%

Positive



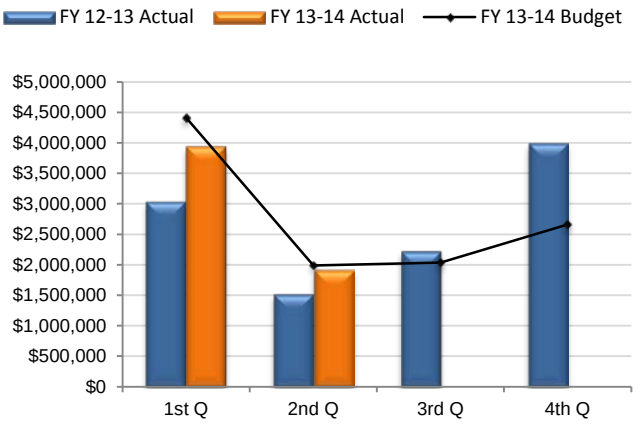
The City Manager's Office has spent 47.7% of its FY 13-14 budget through the second quarter, compared to the historical average of 52.4%. In terms of variance from budget in the second quarter, expenditures are $89,478 or 9% below the expected amount.

Community Development

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$4,408,651	$3,947,064	35.6%	39.7%
2nd Q	Oct-Dec 13	1,989,321	1,923,197	17.3%	17.9%
3rd Q	Jan-Mar 14	2,033,928			
4th Q	Apr-Jun 14	2,660,098			
Total		$11,091,998	$5,870,261	52.9%	57.6%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget ($527,711) -8.2%



Positive

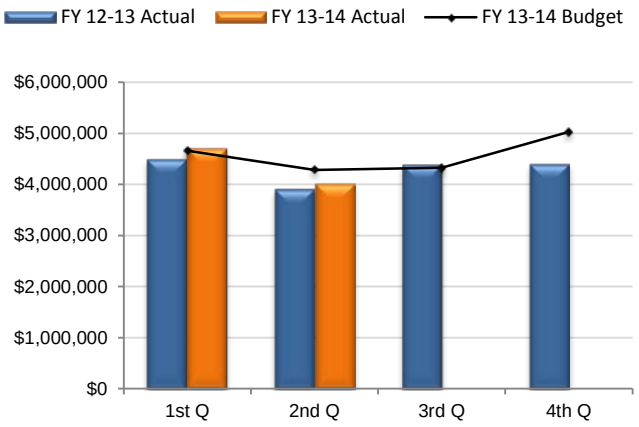
The Community Development Department has spent 52.9% of its FY 13-14 budget through the second quarter, compared to the expected value of 57.6%. In terms of variance from budget, expenditures are $527,711 or 8.2% below the expected amount.

Community Services

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$4,661,651	$4,701,618	25.7%	25.5%
2nd Q	Oct-Dec 13	4,285,112	4,013,883	21.9%	23.4%
3rd Q	Jan-Mar 14	4,327,267			
4th Q	Apr-Jun 14	5,026,941			
Total		$18,300,971	$8,715,502	47.6%	48.9%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget ($231,262) -2.6%



Positive

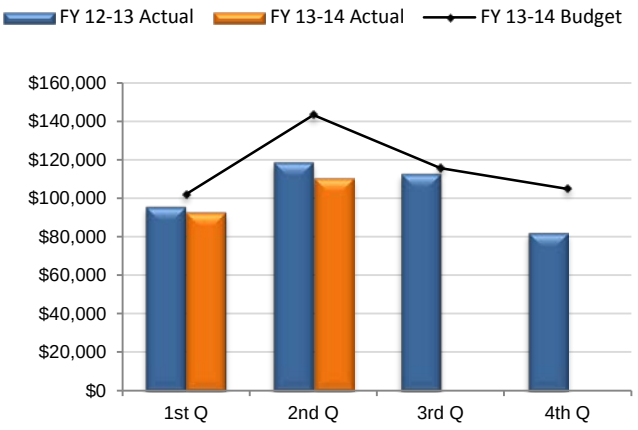
The Community Services Department spent 47.6% of its FY 13-14 budget through the second quarter, compared to the historical average of 48.9%. In terms of variance from budget in the second quarter, expenditures are $231,262 or 2.6% below the expected amount.

Diversity Office

		FY 13-14 Adopted Budget*	FY 13-14 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$102,134	$92,651	19.9%	21.9%
2nd Q	Oct-Dec 13	143,382	110,521	23.7%	30.8%
3rd Q	Jan-Mar 14	115,743			
4th Q	Apr-Jun 14	104,874			
Total		$466,133	$203,172	43.6%	52.7%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($42,344)	-17.2%



Positive

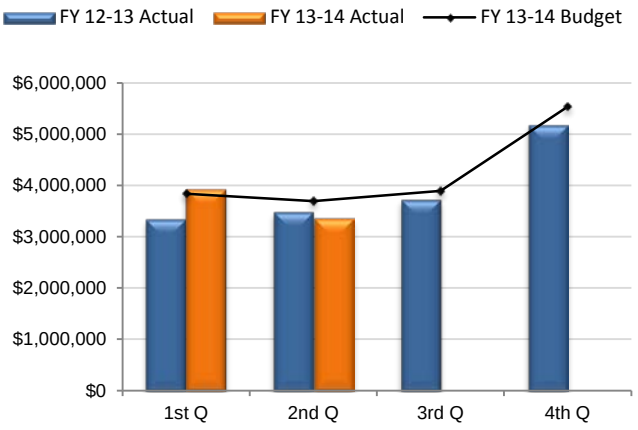
The Diversity Office spent 43.6% of its FY 13-14 budget through the second quarter, compared to a historical average of 52.7%. In terms of variance from budget in the second quarter, expenditures are $42,344 or 17.2% below the expected amount.

Finance and Technology

		0 Adopted Budget*	0 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$3,838,326	$3,922,244	23.1%	22.6%
2nd Q	Oct-Dec 13	3,696,963	3,348,764	19.7%	21.8%
3rd Q	Jan-Mar 14	3,894,022			
4th Q	Apr-Jun 14	5,537,407			
Total		$16,966,718	$7,271,008	42.9%	44.4%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget ($264,281) -3.5%



Positive

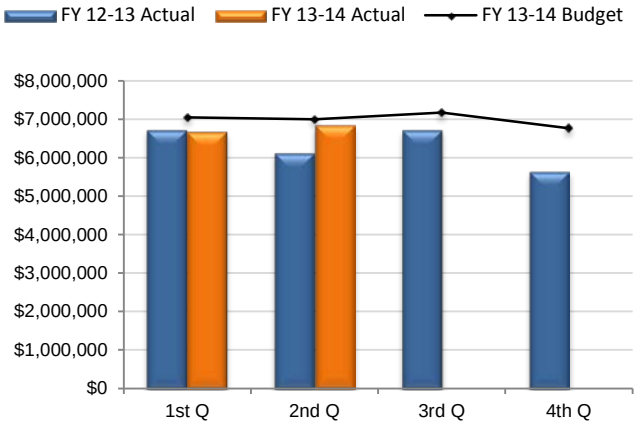
The Finance and Technology Department has spent 42.9% of its FY 13-14 budget through the second quarter, compared with a historical average of 44.4%. In terms of variance from budget through the second quarter, expenditures are $264,28183,918 or 3.5% below the expected amount.

Fire

		0 Adopted Budget*	0 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$7,052,854	$6,683,283	23.9%	25.2%
2nd Q	Oct-Dec 13	7,001,644	6,854,221	24.5%	25.0%
3rd Q	Jan-Mar 14	7,174,501			
4th Q	Apr-Jun 14	6,768,879			
Total		$27,997,878	$13,537,505	48.4%	50.2%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget ($516,993) -3.7%



Positive

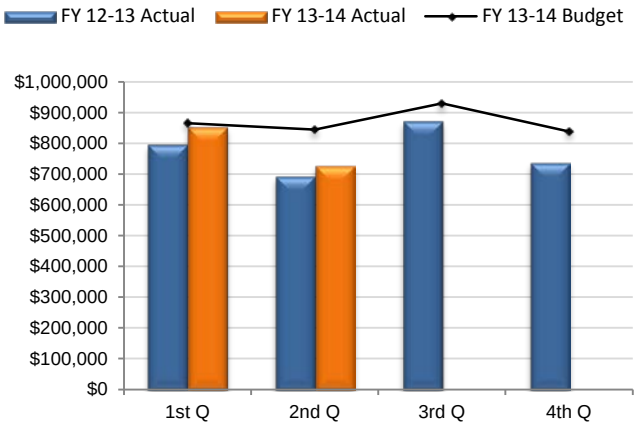
The Fire Department has spent 48.4% of its FY 13-14 budget through the second quarter, compared with a historical percentage of 50.2%. In terms of variance from budget through the second quarter, expenditures are $516,993 or 3.7% below the expected amount.

Human Resources

		0 Adopted Budget*	0 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$865,988	$852,247	24.5%	24.9%
2nd Q	Oct-Dec 13	844,293	727,082	20.9%	24.3%
3rd Q	Jan-Mar 14	929,831			
4th Q	Apr-Jun 14	838,647			
Total		$3,478,758	$1,579,329	45.4%	49.2%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($130,952)	-7.7%



Positive

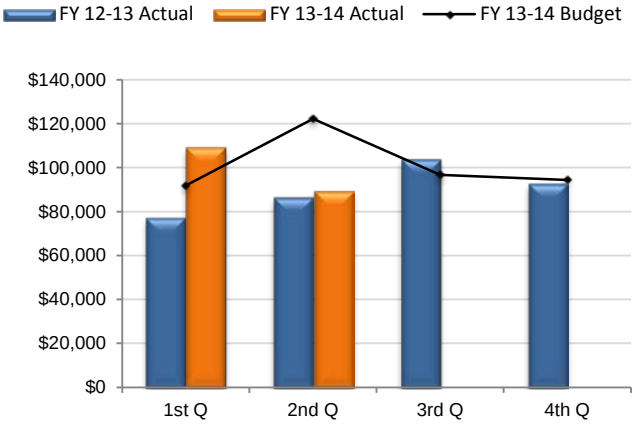
The Human Resources Department has spent 45.4% of its FY 13-14 budget through the second quarter, compared with a historical average of 49.2%. In terms of variance from budget through the second quarter, expenditures are $130,952 or 7.7% below the expected amount.

Internal Audit Office

		0 Adopted Budget*	0 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$91,918	$109,267	27.0%	22.7%
2nd Q	Oct-Dec 13	122,237	89,389	22.1%	30.2%
3rd Q	Jan-Mar 14	96,645			
4th Q	Apr-Jun 14	94,384			
Total		$405,184	$198,656	49.0%	52.9%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($15,499)	-7.2%



Positive

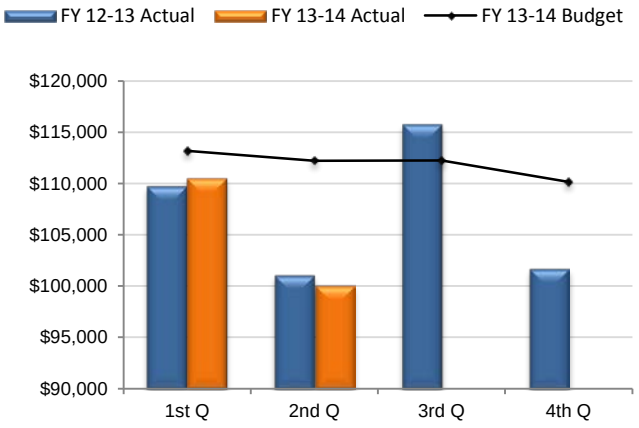
The Internal Audit Office has spent 49.0% of its FY 13-14 budget through the end of the second quarter, compared to the historical pattern of 52.9% during this period. In terms of variance from budget in the second quarter, expenditures are $15,499 or 7.2% below the expected amount.

Mayor and Council

		0 Adopted Budget*	0 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$113,184	$110,533	24.7%	25.3%
2nd Q	Oct-Dec 13	112,228	100,093	22.4%	25.1%
3rd Q	Jan-Mar 14	112,249			
4th Q	Apr-Jun 14	110,148			
Total		$447,810	$210,626	47.0%	50.4%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($14,787)	-6.6%



Positive

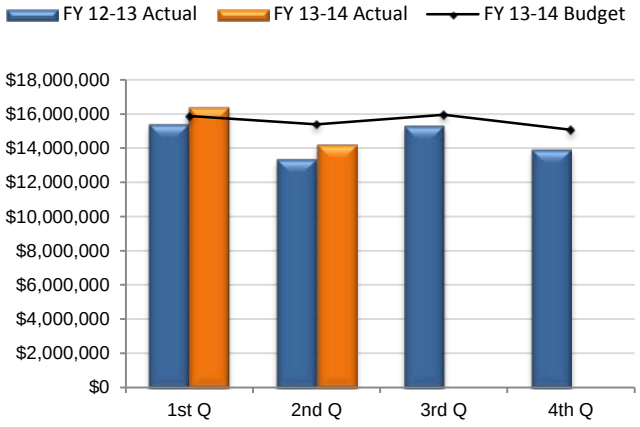
The Mayor and Council has spent 47.0% of its FY 13-14 budget through the second quarter, compared with a historical average of 50.4%. In terms of variance from budget in the second quarter, expenditures are $14,787 or 6.6% below the expected amount.

Police

		0 Adopted Budget*	0 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$15,872,677	$16,435,327	26.4%	25.5%
2nd Q	Oct-Dec 13	15,393,698	14,251,669	22.9%	24.7%
3rd Q	Jan-Mar 14	15,953,795			
4th Q	Apr-Jun 14	15,069,358			
Total		$62,289,528	$30,686,996	49.3%	50.2%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($579,379)	-1.9%



Positive

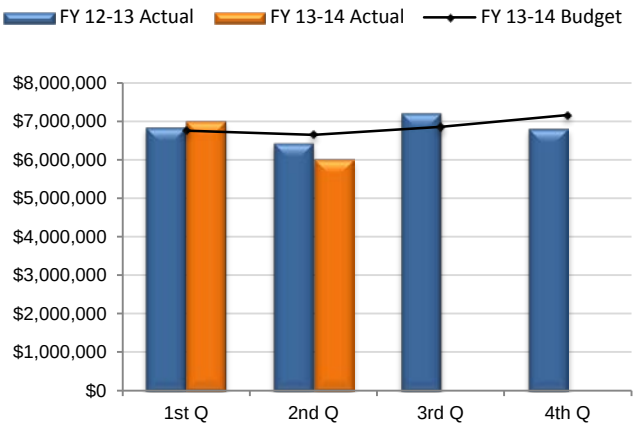
The Police Department has spent 49.3% of its FY 13-14 budget through the second quarter, compared to a historical average of 50.2%. In terms of variance from budget through the second quarter, expenditures are $579,379 or 1.9% belowe the expected amount.

Public Works

		0 Adopted Budget*	0 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$6,758,370	$7,000,828	25.5%	24.6%
2nd Q	Oct-Dec 13	6,650,087	6,010,431	21.9%	24.2%
3rd Q	Jan-Mar 14	6,854,323			
4th Q	Apr-Jun 14	7,164,307			
Total		$27,427,087	$13,011,259	47.4%	48.8%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($397,198)	-3.0%



Positive

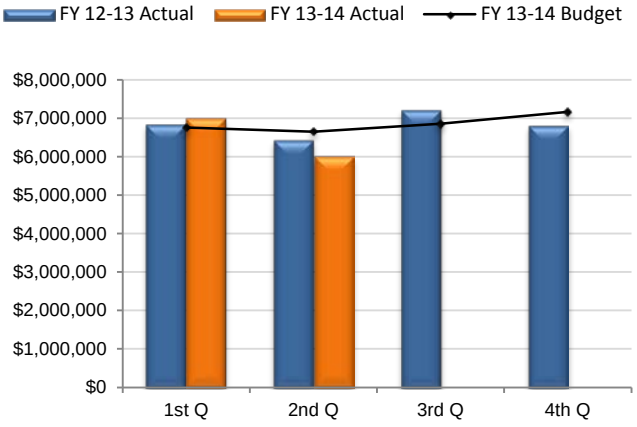
The Public Works Department has spent 47.4% of its FY 13-14 General Fund budget through the second quarter, compared with a historical average of 48.9%. In terms of variance from budget through the second quarter, expenditures are $397,198 or 3.0% below the expected amount.

Non-Departmental

		0 Adopted Budget*	0 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 13	$2,031,629	$1,737,087	18.8%	22.0%
2nd Q	Oct-Dec 13	1,217,148	1,012,407	11.0%	13.2%
3rd Q	Jan-Mar 14	2,279,451			
4th Q	Apr-Jun 14	3,699,240			
Total		$9,227,468	$2,749,493	29.8%	35.2%

*amounts are net of internal service charges, and exclude encumbrances

Variance from Budget	($499,284)	-15.4%



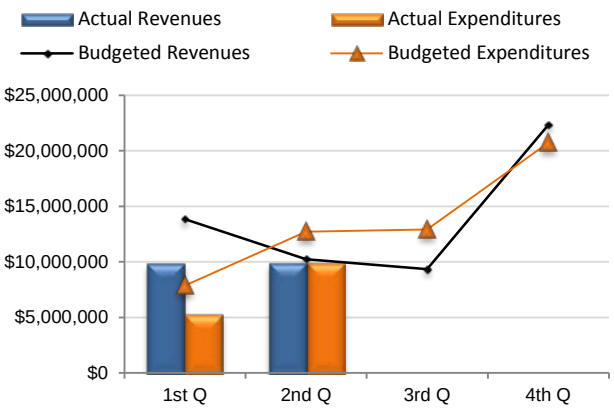
Positive

The Non-Departmental category of the budget includes items that do not directly relate to the operations of any one of the City's operating departments. Some examples of such expenditures include the payment of the Tempe Convention and Visitors Bureau's portion of the Bed Tax, the operating budget and agency funding allocations to the Tempe Community Council, and football bowl sponsorship. Through the second quarter of FY 2013-14 Non-Departmental expenditures are 29.8% of budget compared to the historical pattern of 35.2%. In terms of variance from budget in the second quarter, expenditures are $499,284 below the historical average.

Transit Fund

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Total Revenues	55,779,100	19,695,559	35.3%
Operating	49,528,311	15,200,816	30.7%
Capital	64,539	56,485	87.5%
Debt Service	4,663,213	6,160	0.1%
Total Exp	54,256,063	15,263,461	28.1%
Net Rev/Exp	1,523,037	4,432,097	

*amounts exclude encumbrances



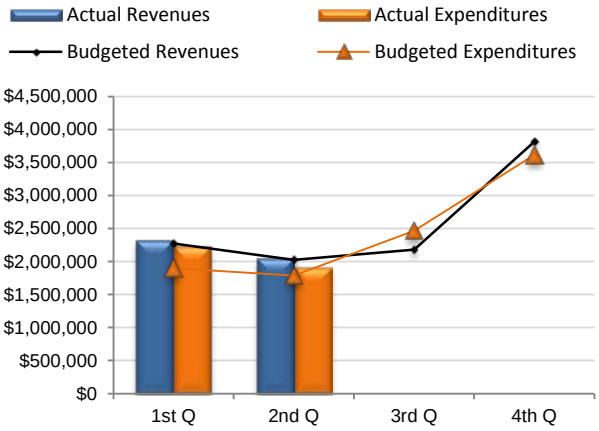
Positive

The Transit Fund accounts for the receipt of the Mass Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, and operations, community outreach, and debt service. Through the end of the second quarter, there is an operating surplus in the Transit Fund of $4.4 million. Transit Fund revenue is at 35.3% of budget compared to a historical tracking percentage of 43.2%, largely due to the timing of payments from the Regional Public Transportation Authority. Expenditures are 28% of budget compared to the recent historical tracking percentage of 38%.

Highway User Revenue Fund

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Revenues	10,289,972	4,387,645	42.6%
Transfers In	-	-	0.0%
Total Revenues	10,289,972	4,387,645	42.6%
Operating	9,155,344	4,117,269	45.0%
Capital	607,400	26,881	4.4%
Transfers Out	3,304	3,304	100.0%
Total Exp	9,766,048	4,147,454	42.5%
Net Rev/Exp	523,924	240,191	

*amounts exclude encumbrances



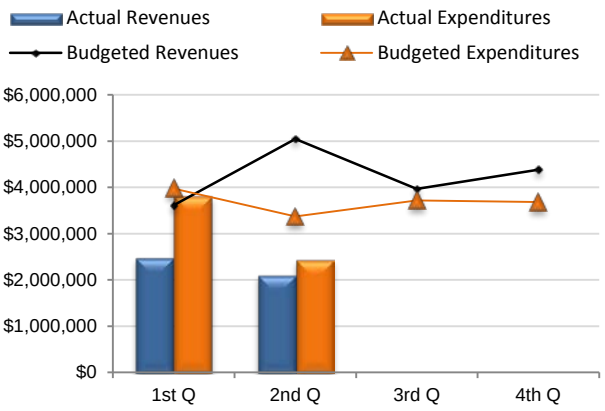
Watch

The Highway User Revenue Fund (HURF) accounts for the receipt of Highway User Revenue fund distributions from the state. These revenues are derived largely from fuel taxes and vehicle registration fees, and are allocated based on Tempe's share of state population. HURF resources are dedicated to Street and Traffic Operations, Maintenance, and Construction activities in the City. Through the second quarter of FY 13-14, the fund is operating at a $240 thousand surplus. Revenues are 42.6% of budget, compared with 41.7% historically, while expenditures are 42.5% of budget, compared to the three year historical trend of 37.8%.

CDBG/Section 8 Funds

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Total Revenues	14,741,113	4,585,490	31.1%
Operating	14,080,405	5,864,325	41.6%
Capital	31,000	-	0.0%
Debt Service	629,708	364,862	57.9%
Total Exp	14,741,113	6,229,187	42.3%
Net Rev/Exp	-	(1,643,697)	

*amounts exclude encumbrances



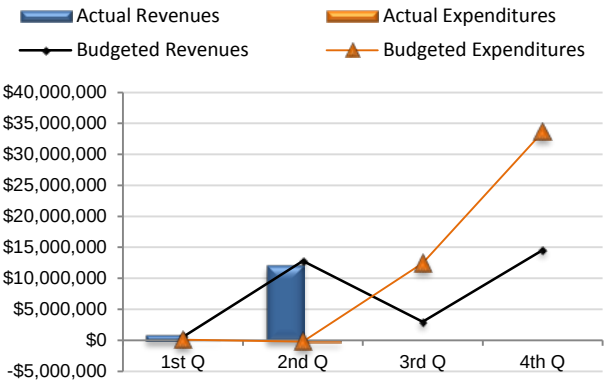
Positive

The Community Development Block Grant (CDBG) and Section 8 Funds are established to account for the receipt and expenditure of federal grants for redevelopment and rental subsidies for low income residents. Revenues through the second quarter total 31.1% of the FY 13-14 budget, compared to the historical percentage of 44.5%. Expenditures through the second quarter total 42.3% of the FY 13-14 budget, compared to the historical percentage of 49.8%. The net effect on fund status through the second quarter is an operating deficit that is larger than the historical pattern, though this is largely due to the timing of grant revenues.

Debt Service Fund

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Revenues	23,766,365	12,450,871	52.4%
Transfers In	7,133,126	763,509	10.7%
Total Revenues	30,899,491	13,214,380	42.8%
Debt Service	36,842,582	(270,774)	-0.7%
Transfers Out	9,089,166	-	0.0%
Total Exp	45,931,748	(270,774)	-0.6%
Net Rev/Exp	(15,032,257)	13,485,154	

*amounts exclude encumbrances and impact of bond refunding

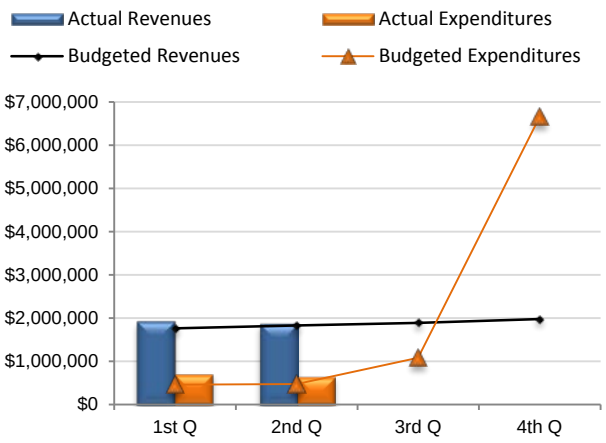


Positive

The Debt Service Fund accounts for the receipt of secondary Property Taxes to be used for payment of debt service on the City's tax supported debt. Actual revenues and expenditures through the first quarter are in line with historical budget comparisons and within budgeted parameters.

Performing Arts Fund

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Total Revenues	7,446,946	3,773,577	50.7%
Operating	2,734,835	1,350,799	49.4%
Capital	-	704	-100.0%
Debt Service	5,925,750	7,020	0.1%
Transfers Out	-	-	0.0%
Total Exp	8,660,585	1,358,523	15.7%
Net Rev/Exp	(1,213,639)	2,415,054	



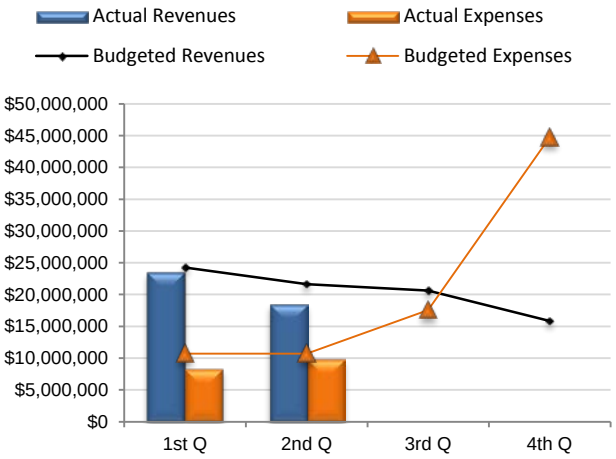
Watch

*amounts exclude encumbrances

The Performing Arts Fund accounts for the receipt of the 0.1% Performing Arts Sales Tax, which is used to fund operating and debt service expenses associated with the Tempe Center for the Arts. Revenues through the second quarter of FY 13-14 are 50.7% of budget, compared to the historical tracking percentage of 48%. Total expenditures are 15.7% of budget; compared to the historical percentage of 10.7%. The increase in spending compared to the historical pattern is attributable to accelerated purchases of materials and supplies, and payment of fees for services.

Water/ Wastewater Fund

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Revenues	77,167,160	42,062,428	54.5%
Transfers In	5,156,086	-	
Total Revenues	82,323,246	42,062,428	51.1%
Operating	42,017,308	17,885,880	42.6%
Capital	1,045,993	46,924	4.5%
Debt Service	35,105,040	(32,616)	-0.1%
Transfers Out	5,602,772	157,406	2.8%
Total Expenses	83,771,113	18,057,593	21.6%
Net Rev/Exp	(1,447,867)	24,004,836	



*amounts exclude encumbrances and inventory accounts

Positive

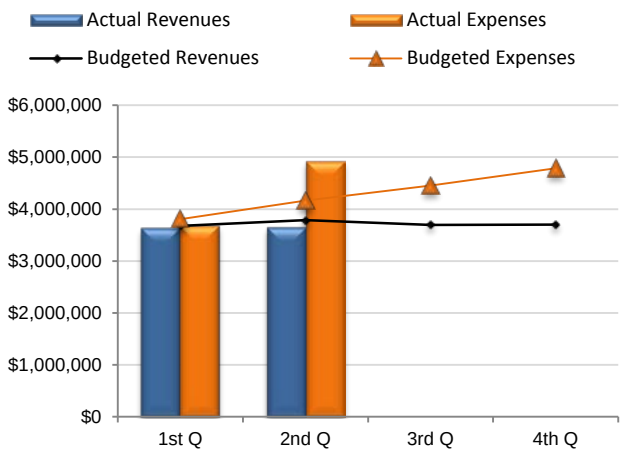
The Water/Wastewater Fund is a self-supporting enterprise fund used to account for all water and wastewater treatment operations in the City. Total revenues through the second quarter of FY 13-14 are 54.5% of budget compared to the historical average of 55.7%. Total expenses through the second quarter are 21.6% of budget compared to 25.6% historically. The adopted annual budget includes a $1.45 million planned drawdown of fund balance; through the second quarter, the fund posted a $24 million operating surplus. This is the result of the timing of debt service payments and payments for regional wastewater services, which occur in the fourth quarter.

Solid Waste Fund

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Total Revenues	14,864,052	7,302,266	49.1%
Operating	13,806,909	6,470,679	46.9%
Capital	3,399,609	1,756,993	51.7%
Transfers Out	3,424	3,424	100.0%
Total Expenses	17,209,942	8,231,096	47.8%
Net Rev/Exp	(2,345,890)	(928,830)	

*amounts exclude encumbrances

Positive



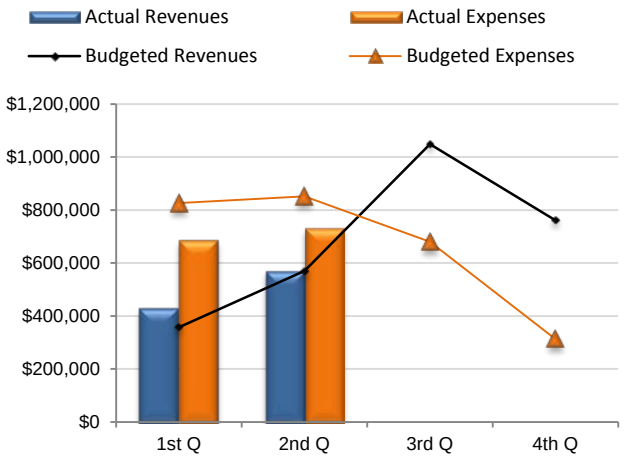
The Solid Waste Fund is a self-supporting enterprise fund intended to recover all operating, maintenance, and capital costs of providing residential and commercial solid waste services. Total revenues through the second quarter of FY 13-14 are 49.1% of budget compared to 50.2% historically. Total expenses through the second quarter are 47.8% of budget compared to 46.3% historically. The adopted budget includes a $2.3 million operating deficit; through the second quarter, the operating deficit is $928 thousand.

Golf Fund

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Revenues	2,662,621	926,919	34.8%
Transfers In	74,000	74,000	100.0%
Total Revenues	2,736,621	1,000,919	36.6%
Operating	2,488,246	1,328,826	53.4%
Capital	181,636	90,357	49.7%
Total Expenses	2,669,882	1,419,183	53.2%
Net Rev/Exp	66,739	(418,263)	

*amounts exclude encumbrances

Positive

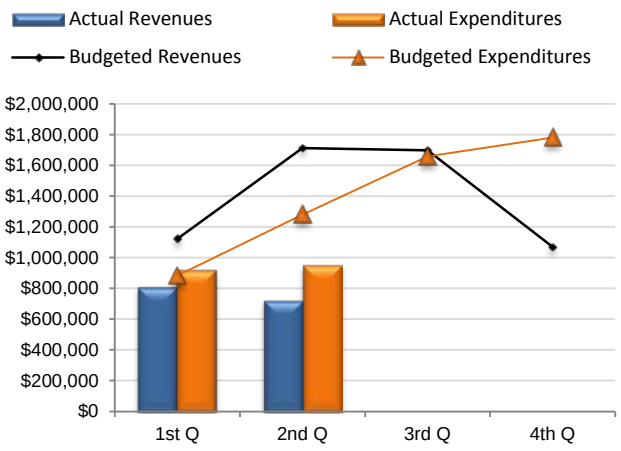


The Golf Fund is a self-supporting enterprise fund that provides for operation, maintenance, and debt service costs associated with two municipal golf courses. Total revenues through the second quarter of FY 13-14 are 36.6 of budget compared to 33.9% historically. Total expenses through the second quarter are 53.2% of budget compared to the historical tracking percentage of 62.8%. The adopted budget projects a $67 thousand operating surplus; through the second quarter the fund had an operating deficit of $418 thousand. This is due primarily to the seasonality of the revenue stream.

Police Dept-RICO & Grants

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Total Revenues	5,602,064	1,535,596	27.4%
Total Expenses	5,602,064	1,863,772	33.3%
Net Rev/Exp	-	(328,176)	

*amounts exclude encumbrances and contingency appropriations



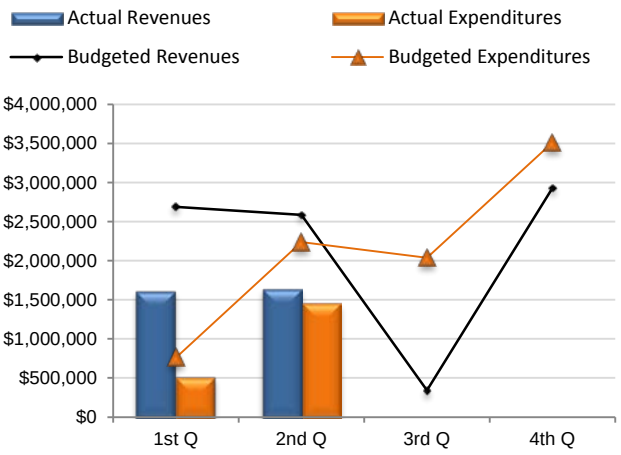
Positive

The Police Dept-RICO & Grants Fund accounts for the receipt and expenditure of grants, donations, asset forfeitures, and tow hearing fines associated with Police Department activities. Revenues through the second quarter total 27.4% of the FY 13-14 budget, compared to the historical percentage of 50.6%. Expenditures through the second quarter total 33.3% of the FY 13-14 budget, compared to the historical percentage of 38.6%. The net effect on fund status through the second quarter is an operating deficit that is larger than the historical pattern, though this is largely due to the timing of grant revenues which typically occur on a reimbursement basis.

Governmental Grants or Donations

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Total Revenues	8,547,386	3,252,551	38.1%
Total Expenses	8,547,386	1,984,624	23.2%
Net Rev/Exp	-	1,267,926	

*amounts exclude encumbrances and contingency appropriations



Positive

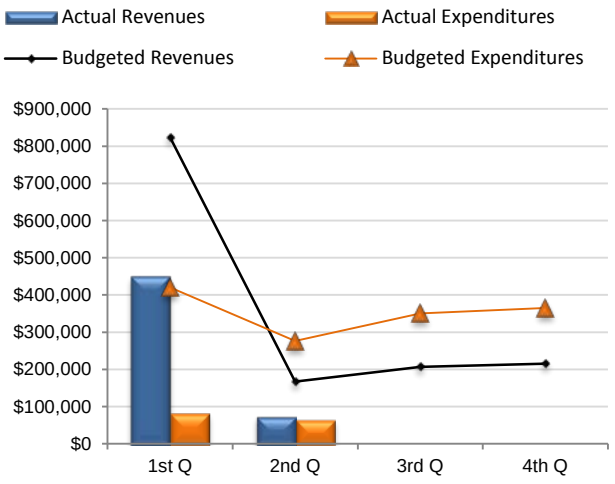
The Governmental Grants or Donations Fund accounts for the receipt and expenditure of grants, donations, and other miscellaneous revenues related with general governmental activities. Revenues through the second quarter total 38% of the FY 13-14 budget, compared to the historical percentage of 61.7%. Expenditures through the second quarter total 23.2% of the FY 13-14 budget, compared to the historical percentage of 35%. The large operating surplus through the second quarter is mostly due to the carry forward of the prior year's grant revenues, which will be expended during the remainder of the year according to the provisions of the applicable grant agreements.

Court Enhancement Fund

	FY 13-14 Budget	FY 13-14 Q2 Actual*	% Budget to Date
Total Revenues	1,411,301	525,268	37.2%
Total Expenditures	1,411,301	147,789	10.5%
Net Rev/Exp	-	377,479	

*amounts exclude encumbrances and contingency appropriations

Positive



The Court Enhancement Fund is established to account for fine, fee and forfeiture revenues dedicated for City Court purposes pursuant to state statute and city code. Revenues through the second quarter total 37.2% of the FY 13-14 budget, compared to the historical percentage of 70.1%. Expenditures through the second quarter total 10.5% of the FY 13-14 budget, compared to the historical percentage of 49.3%. Both revenues and expenditures are below their expected levels based on historical patterns, however the shortfalls are equivalent, resulting in minimal impact on the status of the fund.