



## Informational Memo

### Management Services - Memo No. 24-061

**Date:** January 30, 2024

**To:** Mayor and Council

**Thru:** Joshua H. Wright, City Manager *JHW*  
Dawn Lang, Deputy City Manager/CFO *DLL*

**From:** Matt Dunbar, Budget & Policy Assistant Director *MD*

**Subject:** Fiscal Year (FY) 2023-24 Second Quarter Financial Report

Attached is the FY 2023-24 Second Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures and additional summaries and analysis of Enterprise, System Development, Impact Fees, Highway User Revenue, and Grant funds.

The analysis included in this report provides a snapshot at the end of the second quarter of FY 2023-24 by reflecting budget to actual compared to historical trends and the prior year. These historical comparisons are based on actual results compared to budget over the last four years (FY 2019-20 to FY 2022-23), and an explanation has been provided in those areas where there are significant deviations from the historical trend or the prior year's results.

When reviewing revenue trends over the second quarter, all General Fund revenue performance indicators are showing as positive except Franchise Fees which is a warning and License and Permits revenue which is negative. This is not uncommon due to timing of revenues between first and second quarter or fluctuations in historical trends. Since the General Fund second quarter reflected overall revenue growth of 9.6% over the prior year collections through December, with 50.5% of budgeted revenues received compared to the 53.1% historical average, expectations are to end the year in a positive position.

Overall, second quarter General Fund expenditures and encumbrances combined are at 58.3% of budget expended compared to 54.7% in the prior year. This includes an increased one-time Public Safety Personnel Retirement System (PSPRS) unfunded liability payment of \$73M, which was \$23M more than the prior year payment. Based on known spending expectations, anticipated increases, and additional inflation impacts, expenditures will continue to be monitored throughout the year to remain within budget.

Memo No. 24-061

January 30, 2024

Page 2

Should you have additional questions regarding this information, please contact me at x2256 or Dawn Lang at x2255.

Attachment: FY 2023-24 Second Quarter Financial Report

c: Tadd Wille, Assistant City Manager  
Andy Bass, Deputy City Manager



# Quarterly Financial Report

Management Services

2nd Qtr FY 2023-24

## Performance at a Glance

General Fund Revenues		Year to Date Compared Historical %	Reference
Report Overview and Economic Indicators			Page 2
<b>Revenue Analysis</b>		<b>Performance Indicator*</b>	
Overall General Fund <b>Revenues</b> Quarterly Analysis		<b>Positive</b>	Page 3
Overall General Fund <b>Revenue</b> by Category Analysis			Page 3
Revenue <b>Detail</b> by Category	Sales Tax - Overall & by Taxable Activity	<b>Positive</b>	Page 4
	Franchise Fees	<b>Warning</b>	Page 5
	Primary Property Tax	<b>Positive</b>	Page 5
	State Shared Revenues	<b>Positive</b>	Page 6
	Licenses & Permits	<b>Negative</b>	Page 6
	Charges for Services	<b>Positive</b>	Page 7
	Other Revenues	<b>Positive</b>	Page 7
General Fund Expenditures		Year to Date Compared Budget %	Reference
General Fund <b>Expenditure + Encumbrance</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
	Law	<b>Positive</b>	Page 10
	City Magistrate	<b>Positive</b>	Page 10
	City Manager & Organizational Support	<b>Positive</b>	Page 11
	Communications & Public Affairs	<b>Positive</b>	Page 11
	Cultural Development	<b>Positive</b>	Page 12
	Community Services	<b>Positive</b>	Page 12
	Information Technology	<b>Positive</b>	Page 13
	Management Services	<b>Positive</b>	Page 13
	Neighborhood Resources	<b>Positive</b>	Page 14
	Non-Departmental	<b>Positive</b>	Page 14
	Development Services	<b>Positive</b>	Page 15
	Public Works & Utilities	<b>Positive</b>	Page 15
	Fire	<b>Positive</b>	Page 16
Police	<b>Positive</b>	Page 16	
Enterprise / Other Funds		Year to Date Compared Budget %	Reference
Water Fund Analysis		<b>Positive</b>	Page 17
Wastewater Fund Analysis		<b>Positive</b>	Page 17
Reclaimed Water Fund Analysis		<b>Positive</b>	Page 18
Solid Waste Fund Analysis		<b>Positive</b>	Page 18
Airport Fund Analysis		<b>Positive</b>	Page 19
Highway User Revenue Fund Analysis		<b>Positive</b>	Page 19
System Development Fee Analysis		<b>Informational</b>	Page 20
Grants		<b>Informational</b>	Page 21

### PERFORMANCE INDICATORS

(At year-end, revenues performance indicators default to positive when 100% or more of budget is collected and expenditures performance indicators default to positive when total spending is less than adjusted budget)

- \* **Positive** = Rev: Variance is above or <2% below historical trend. Exp: Variance <= 2% compared to historical trend.
- Warning** = Rev: Variance of 2 - 5% below historical trends. Exp: Variance of 2 - 5% above historical trends.
- Negative** = Rev: Variance of > 5% below historical trends. Exp: Variance > 5% above historical trend.

# 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 or if it is deviating from trends.
- \* Performance indicators for General Fund *revenues* 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 to budget.
- \* 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. Reflects spending for households, business, government, and trade.

The change to the GDP is an indicator of the general direction of the economy. Slow or negative growth will likely mean lower revenues for the City.

First Quarter 2023	2.2%
Second Quarter 2023 ( <i>advance estimate</i> )	2.1%
Third Quarter 2023 ( <i>third estimate</i> )	4.9%
Fourth Quarter 2023 ( <i>advance estimate</i> )	3.3%

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.

February 2, 2023	4.50%-4.75%
March 23, 2023	4.75%-5.00%
May 4, 2023	5.00%-5.25%
July 27, 2023	5.25%-5.50%

Source: Federal Reserve Bank

### Unemployment

	National	State of Arizona	Phoenix Metro Area*
Sep-23	3.6%	4.3%	3.8%
Oct-23	3.6%	4.4%	3.9%
Nov-23	3.5%	4.0%	3.5%
Dec-23	3.5%	3.8%	3.4%

High unemployment rates typically result in a reduced demand for goods and services.

\*Source: Arizona Office of Economic Opportunity Monthly Employment Report (not seasonally adjusted)

### 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. Current Earning Benchmarks are as follows:

Allspring benchmark is ICE BofA 0-3 year U.S. Treasury Index

PFM's benchmark is ICE BofAML 1-5 year U.S. Treasury Index

Rate of Return is net of fees and includes interest earnings as well as both realized and unrealized gains/(losses). Rate of Return is typically negative in a rising rate environment.

Fiscal Year 2023-24 Rate of Return	2nd Quarter	Fiscal Year
<b>Benchmark</b>	<b>2.15%</b>	<b>3.11%</b>
Allspring Global Investments	2.35%	3.40%
<b>Benchmark</b>	<b>3.10%</b>	<b>3.34%</b>
PFM Asset Management, LLC	2.81%	3.17%
Fiscal Year 2022-23 Rate of Return	2nd Quarter	Fiscal Year
<b>Benchmark</b>	<b>0.78%</b>	<b>-0.22%</b>
Allspring Global Investments	-0.42%	-0.38%
<b>Benchmark</b>	<b>-0.68%</b>	<b>-0.69%</b>
PFM Asset Management, LLC	-0.71%	-0.71%

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. Fewer building permits generally equates to less new construction, and permit fees and construction sales tax revenues.

Chandler's quarterly average for single family building permits is 98.5 for the 1st two quarters of FY 2023-24, up from the 14.5 average permits per quarter in FY 2022-23. FY 2021-22 averaged 115 per quarter.

Quarter	State of Arizona	Chandler
Oct - Nov - Dec 2021	10,001	121
Jan - Feb - Mar 2022	13,383	99
Apr - May - Jun 2022	10,929	80
Jul - Aug - Sep 2022	7,735	11
Oct - Nov - Dec 2022	5,339	12
Jan - Feb - Mar 2023	6,525	11
Apr - May - Jun 2023	8,799	24
Jul - Aug - Sep 2023	9,858	110
Oct - Nov - Dec 2023	9,164	87

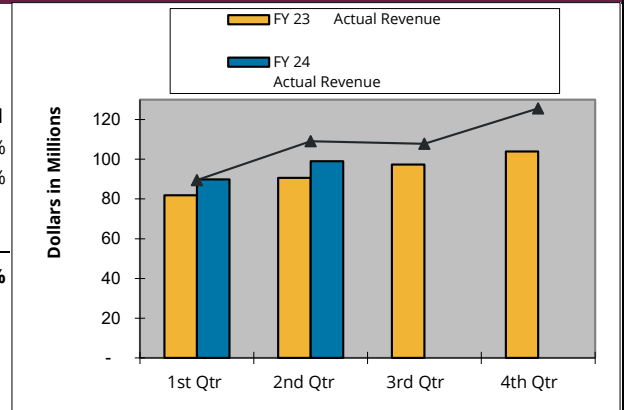
# General Fund

## Revenue Analysis:

### Overall General Fund Revenues FY 2023-24

	FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 23	\$ 83,454,062	\$ 89,865,450	24.0%	23.9%
2nd Qtr Oct - Dec 23	93,617,173	99,064,020	26.5%	29.2%
3rd Qtr Jan - Mar 24	90,791,216			
4th Qtr Apr - Jun 24	106,194,831			
<b>Total</b>	<b>\$ 374,057,282</b>	<b>\$ 188,929,470</b>	<b>50.5%</b>	<b>53.1%</b>

\* Pro-rated based upon a four year historical trend of actual year-to-date collections



#### Positive

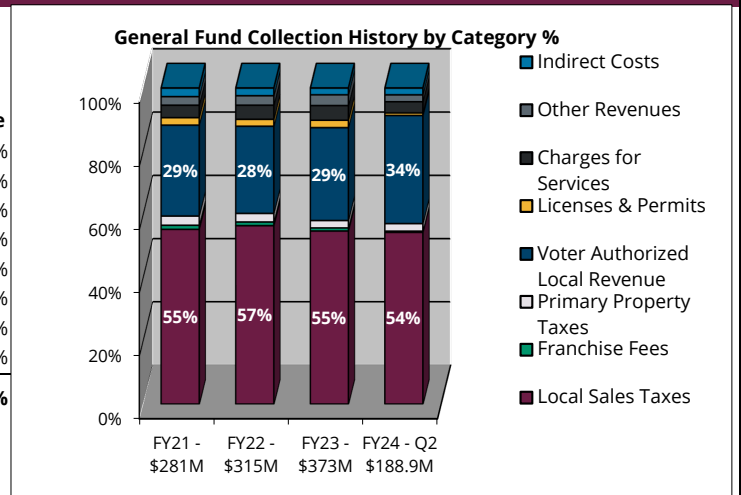
General Fund revenue collections for FY 2023-24 are \$11.9M (6.7%) above the adopted budget, prorated based on historical trend, and \$16.5M (9.6%) higher than actual collections through the second quarter of FY 2022-23.

Overall, General Fund revenue, led by continuing strong Sales Tax and Licenses collections, is performing well due to higher local consumer spending including related inflation, and a steady stream of development activity (although slowing in residential housing) in Chandler. The continued \$20B expansion of Intel is the largest development during this time period, continues to cause revenues to come in over budget with in various categories. It is anticipated that once the development is completed, revenues will stabilize in various categories, classifying much of this additional revenue as one-time. The performance indicator would be a warning as the percentage of budget received through the second quarter is between two and five percentage points below the historical budget received through the same period, however it has been changed to positive as collections are coming in higher than budgeted for the quarter.

The following charts provide more detail regarding the various sources of General Fund revenues and provide more detail on the performance indicators.

### Overall General Fund Revenues by Category FY 2023-24

Revenue Categories	FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 196,858,400	\$ 102,820,304	52.2%
Franchise Fees	3,471,000	734,426	21.2%
Primary Property Tax	8,731,611	4,505,750	51.6%
State Shared Sales Tax	127,100,000	64,546,484	50.8%
Licenses & Permits	6,864,900	1,512,973	22.0%
Charges for Services	13,932,139	6,699,762	48.1%
Other Revenues	9,121,050	4,120,681	45.2%
Indirect Cost Allocation	7,978,182	3,989,091	50.0%
<b>Total</b>	<b>\$ 374,057,282</b>	<b>\$ 188,929,470</b>	<b>50.5%</b>



#### Positive

This chart summarizes General Fund revenue collections by revenue category for FY 2023-24. The graph helps us visualize what percentage each revenue category is to the total General Fund. The percentage spread of revenue sources are relatively consistent over the years with local sales taxes and State Shared Sales Tax 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, Reclaimed Water, Solid Waste, and Airport Enterprise Funds to the General Fund for City services provided for their operations). The performance indicator is positive as actual collections continue to come in higher than budget.

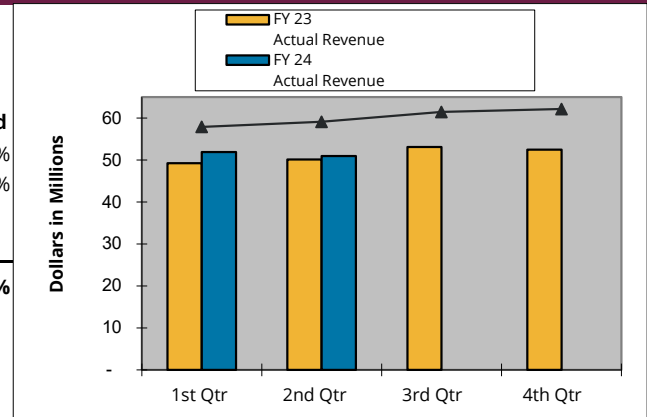
# General Fund

## Revenue Analysis (continued):

### Sales Tax Revenue FY 2023-24

	FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 23	\$ 47,367,452	\$ 51,878,813	26.4%	29.4%
2nd Qtr Oct - Dec 23	48,492,852	50,941,491	25.8%	30.0%
3rd Qtr Jan - Mar 24	50,216,071			
4th Qtr Apr - Jun 24	50,782,025			
<b>Total</b>	<b>\$ 196,858,400</b>	<b>\$ 102,820,304</b>	<b>52.2%</b>	<b>59.4%</b>

\* Pro-rated based upon a four year historical trend of actual year-to-date collections



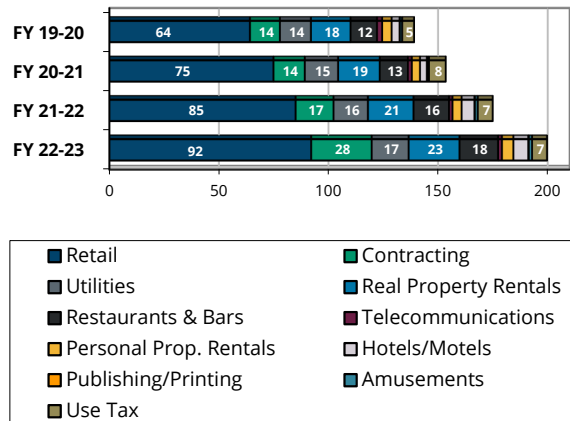
#### Positive

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 2023-24 are \$7M (7.3%) above adopted budget, prorated based on historical trend, and \$3.4M (3.5%) higher than FY 2022-23 actual collections. The performance indicator would be negative as the percentage of budget received through the second quarter is five percentage points below the historical budget received through the same period, however it has been changed to positive as collections are coming in higher than budgeted for the quarter.

### Sales Tax Collection History

	FY 24 Adopted Budget	FY 24 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr.
Retail/Mfd. Bldg/Jet Fuel	\$ 93,000,000	\$ 46,074,312	49.5%	2.6%
Contracting	22,000,000	12,964,836	58.9%	-2.3%
Utilities	18,100,000	10,620,487	58.7%	8.2%
Real Property Rentals	23,100,000	12,150,388	52.6%	8.9%
Restaurants & Bars	17,000,000	8,658,209	50.9%	5.4%
Telecommunications	1,550,000	1,013,630	65.4%	27.3%
Personal Prop. Rentals	5,000,000	3,712,195	74.2%	57.2%
Hotels/Motels	5,700,000	2,601,210	45.6%	-2.4%
Publishing/Printing/Adv.	200,000	92,446	46.2%	-19.7%
Amusements	1,300,000	746,599	57.4%	11.2%
Use Tax	8,000,000	870,007	10.9%	-74.7%
<b>Total Sales Tax</b>	<b>\$ 194,950,000</b>	<b>\$ 99,504,317</b>	<b>51.0%</b>	<b>2.1%</b>

4 Years Actual Sales Tax by Category (in millions)



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 2023-24 were \$4.5M (4.8%) above the adopted budget, prorated based on historical trend, and \$2.0M (2.1%) higher than FY 2022-23 actual collections. It should be noted that most of the categories are positive, reflecting higher consumer spending and added tourism spending. Contracting/development collections are slightly down as residential construction slumped, but is picking back up based on the permits issued. Use tax is a highly fluctuating revenue category and significant swings in collection percentage are not abnormal.

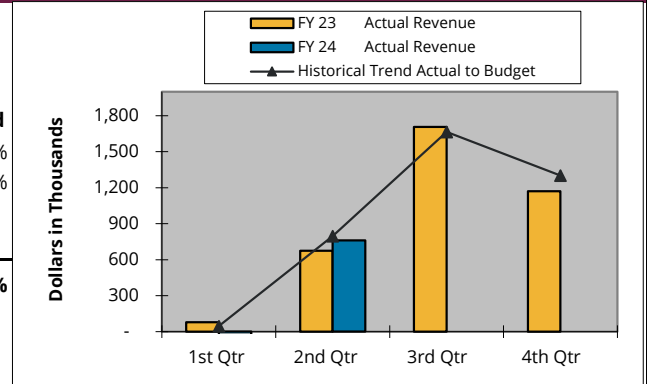
# General Fund

## Revenue Analysis (continued):

### Franchise Fee Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 42,244	\$ (26,103)	-0.8%	1.3%
2nd Qtr	Oct - Dec 23	725,873	760,529	22.0%	22.9%
3rd Qtr	Jan - Mar 24	1,517,478			
4th Qtr	Apr - Jun 24	1,185,405			
<b>Total</b>		<b>\$ 3,471,000</b>	<b>\$ 734,426</b>	<b>21.2%</b>	<b>24.2%</b>

\* Pro-rated based upon a four year historical trend of actual year-to-date collections



#### Warning

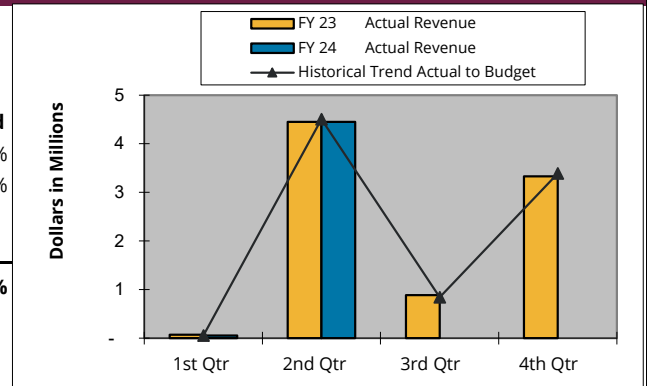
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections through the second quarter of FY 2023-24 are \$33,691 (4.4%) less than the adopted budget, prorated based on historical trend, and \$17,116 (2.3%) less than FY 2022-23 actual collections through the second quarter. The negative revenue in the first quarter of FY 2023-24 reflects revenues accrued to the prior year when they were earned. Changes to the cable TV industry are having a slight impact on franchise fees in this area. The performance indicator is warning as the percentage of budget received through the second quarter is between two to five percentage points below the historical budget received through the same period.

### Primary Property Tax Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 51,582	\$ 53,780	0.6%	0.6%
2nd Qtr	Oct - Dec 23	4,476,012	4,451,969	51.0%	51.6%
3rd Qtr	Jan - Mar 24	837,974			
4th Qtr	Apr - Jun 24	3,366,043			
<b>Total</b>		<b>\$ 8,731,611</b>	<b>\$ 4,505,750</b>	<b>51.6%</b>	<b>52.2%</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 2023-24, Chandler is collecting a primary tax rate of \$0.2226 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.0926, representing a \$0.01 cent decrease from the rates adopted in the prior year. This reduction helps offset some of the City's assessed valuation increase of 5.3% (majority was new property), which resulted in a small net tax increase for the median value homeowner.

Primary property tax collections through the second quarter FY 2023-24 are \$21,844 (0.5%) less than the adopted budget, prorated based on historical trend, and \$11,423 (0.3%) less than FY 2022-23 actual collections through the second quarter. 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 are due in March. The performance indicator is positive as the percentage of budget received through the second quarter is less than two percentage points below the historical budget received through the same period.

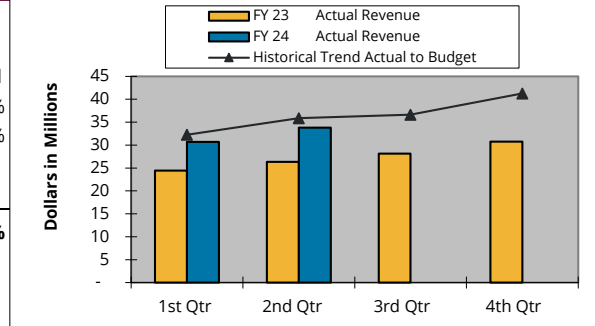
# General Fund

## Revenue Analysis (continued):

### State Shared Sales Tax Revenues FY 2023-24

	FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr Jul - Sep 23	\$ 28,690,718	\$ 30,724,399	24.2%	25.4%
2nd Qtr Oct - Dec 23	31,207,188	33,822,085	26.6%	28.2%
3rd Qtr Jan - Mar 24	31,586,286			
4th Qtr Apr - Jun 24	35,615,807			
<b>Total</b>	<b>\$ 127,100,000</b>	<b>\$ 64,546,483</b>	<b>50.8%</b>	<b>53.6%</b>

\* Pro-rated based upon a four year historical trend of actual year-to-date collections



#### Positive

-- **State Shared Sales Tax Revenue:** 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 Revenue. Collections through the second quarter of FY 2023-24 are \$2.1M (12.5%) above adopted budget, prorated based on historical trend, and \$997,704 (5.5%) higher than FY 2022-23 actual collections through the second quarter.

-- **Smart and Safe (State Shared Revenue):** Prop 207 was approved by voters in 2020 and created a 16% excise tax on the sale of recreational marijuana effective 2021. Fire and Police departments receive 31.4% of the revenue based on the number of enrolled employees in PSPRS. The tax is distributed December and June of each year. In FY 2022-23, at fiscal year end \$1.5M was recorded. Collections through the second quarter are \$717,994.

-- **Public Safety State Allocation (State Shared Revenue):** State Senate Bill 1720 provides for revenues to local public safety jurisdictions of cities and towns, for costs associated with human smuggling, drug trafficking, and other illegal activity. Proceeds are to be distributed to the city on a quarterly basis. Total received in the first and second quarter was \$1,125,000.

-- **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 share's are determined by the proportion of city population to total incorporated population of the county. Collections through the second quarter of FY 2023-24 were \$377,483 (6.5%) more than adopted budget, prorated based on historical trend, and \$233,017 (3.9%) higher than FY 2022-23 actual collections through the second quarter.

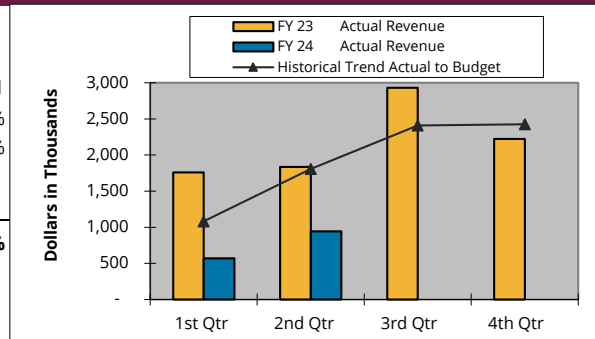
-- **Urban Revenue Sharing:** Eighteen percent (18%) of the 2021 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. A known one-time revenue increase will be reflected this fiscal year as the flat tax will go into full effect over the next two years. Collections through the second quarter of FY 2023-24 were \$290,612 (0.8%) above adopted budget, prorated based on historical trend, and \$10.7M (40.3%) higher than FY 2022-23 actual collections through the second quarter.

The overall State Shared revenue performance indicator would be a warning because the percentage of budget received through the second quarter is between two to five percentage points of historical budget received through the same period, however it has been changed to positive as collections are coming in higher than budgeted for the quarter.

### Licenses & Permits Revenue FY 2023-24

	FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr Jul - Sep 23	\$ 962,056	\$ 569,574	8.3%	15.8%
2nd Qtr Oct - Dec 23	1,606,465	943,399	13.7%	26.3%
3rd Qtr Jan - Mar 24	2,140,344			
4th Qtr Apr - Jun 24	2,156,035			
<b>Total</b>	<b>\$ 6,864,900</b>	<b>\$ 1,512,973</b>	<b>22.0%</b>	<b>42.1%</b>

\* Pro-rated based upon a four year historical trend of actual year-to-date collections



#### Negative

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the second quarter of FY 2023-24 are \$1.1 M (41.1%) less than adopted budget, prorated based on historical trend, and \$2.1M (57.9%) less than FY 2022-23 actual collections through the second quarter. Lower collections for FY 2023-24 was anticipated as large industrial permits inflate the historical comparison, however, we are seeing a slowing of other permit related revenues and therefore the performance indicator is negative as the percentage of budget received through the second quarter is more than five percentage points below the historical budget received through the same period.



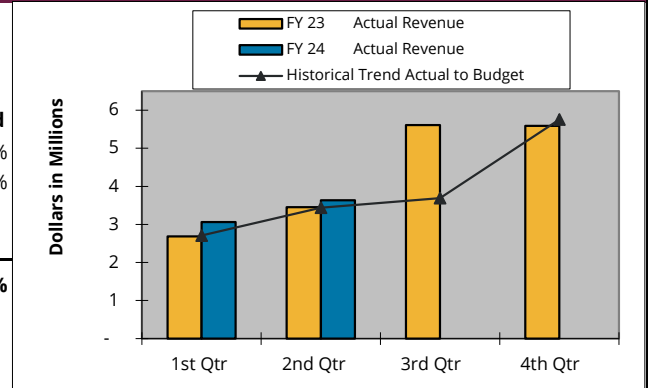
# General Fund

## Revenue Analysis (continued):

### Charges for Services Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 2,420,572	\$ 3,064,866	22.0%	19.4%
2nd Qtr	Oct - Dec 23	3,073,445	3,634,896	26.1%	24.7%
3rd Qtr	Jan - Mar 24	3,295,373			
4th Qtr	Apr - Jun 24	5,142,749			
<b>Total</b>		<b>\$ 13,932,139</b>	<b>\$ 6,699,762</b>	<b>48.1%</b>	<b>44.1%</b>

\* Pro-rated based upon a four year historical trend of actual year-to-date collections



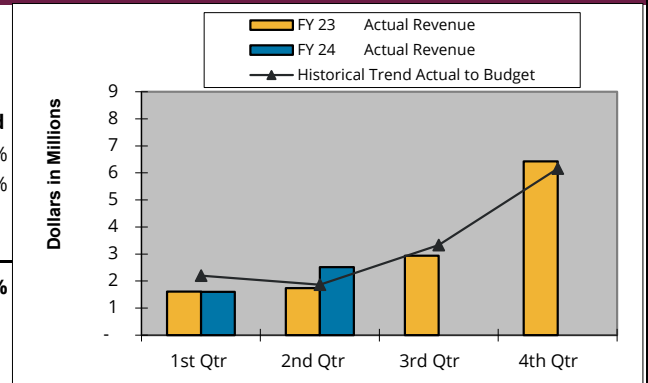
#### Positive

Charges for Services includes revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursements. Charges for services collections through the second quarter of FY 2023-24 were \$1.2M (21.9%) above adopted budget, prorated based on historical trend, and \$562,999 (9.2%) higher than FY 2022-23 actual collections through the second quarter. The performance indicator is positive as the percentage of budget received through the second quarter is higher than the percentage of historical budget received through the same period.

### Other Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 1,924,890	\$ 1,605,574	17.6%	24.1%
2nd Qtr	Oct - Dec 23	2,040,795	2,515,107	27.6%	20.5%
3rd Qtr	Jan - Mar 24	1,626,527			
4th Qtr	Apr - Jun 24	3,528,838			
<b>Total</b>		<b>\$ 9,121,050</b>	<b>\$ 4,120,681</b>	<b>45.2%</b>	<b>44.6%</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, court fees, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the second quarter of FY 2023-24 are \$154,996 (3.9%) above adopted budget, prorated based on historical trend, and \$777,395 (23.0%) higher than FY 2022-23 actual collections through the second quarter. The performance indicator is positive as the percentage of budget received through the second quarter is higher than the percentage of historical budget received through the same period.

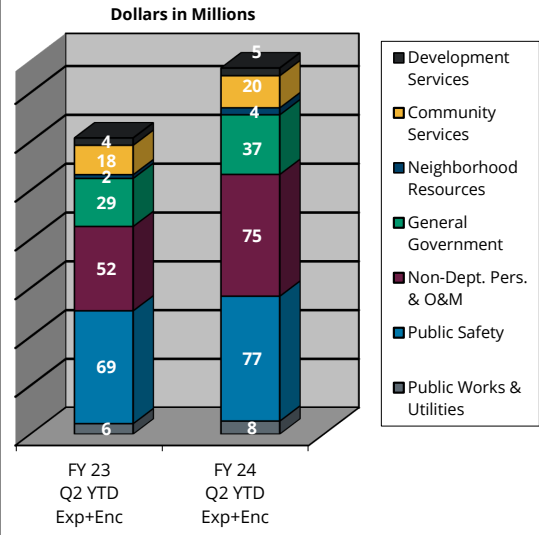
# General Fund

## Expenditure Analysis:

### General Fund Expenditures + Encumbrances for FY 2023-24 by Function

	FY 24 Adjusted Budget	FY 24 Q2 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
<b>* Dept. Operating</b>				
General Government	\$ 76,061,182	\$ 36,627,991	48.2%	44.8%
Community Services	35,901,907	19,709,965	54.9%	55.0%
Development Services	11,432,340	4,720,200	41.3%	41.9%
Public Safety	148,816,125	76,797,111	51.6%	50.7%
Public Works & Utilities	12,283,156	8,071,142	65.7%	54.3%
Neighborhood Resources	10,195,105	4,285,543	42.0%	27.1%
Non-Dept. Pers. & O&M	91,661,906	74,850,284	81.7%	78.1%
<b>Subtotal</b>	<b>\$ 386,351,721</b>	<b>\$ 225,062,236</b>	<b>58.3%</b>	<b>54.7%</b>
Non-Dept. Reserves	\$ 3,430,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	50,662,927	-	0.0%	0.0%
<b>Total</b>	<b>\$ 440,444,648</b>	<b>\$ 225,062,236</b>	<b>51.1%</b>	<b>48.9%</b>

\* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances 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 Contingency). 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.

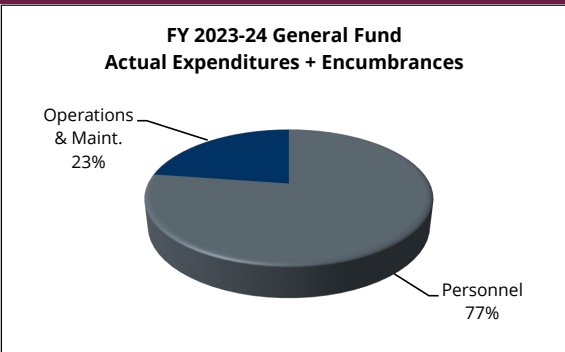
The chart reflects actual spending and encumbrances in FY 2022-23 and FY 2023-24. Non-Dept. Personnel and O&M (maroon category) increase mainly reflects the difference in the amount of the prior year's payment of \$50M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability paydown, to the current year's payment of \$73M. Public Safety's (blue category) increase mainly reflects higher personnel related costs. All other areas remained fairly consistent.

FY 2023-24 operating expended and encumbered through the second quarter is 58.3% of the adjusted budget compared to 54.7% of adjusted budget spent and encumbered in the prior year. As shown on the following pages, departments (excluding non-departmental) have expended between 39% and 65.7% of their General Fund adjusted budgets halfway through FY 2023-24.

### General Fund Expenditures + Encumbrances for FY 2023-24 by Category

*Dept. Operating	FY 24 Adjusted Budget	FY 24 Q2 YTD Exp+Enc	FY 23 Q2 YTD Exp+Enc	% Change from Prior Yr. Actual
Personnel	\$ 300,238,449	\$ 173,999,062	\$ 141,969,426	22.6%
Operations & Maint.	86,113,272	51,063,174	40,114,676	27.3%
Reserves/Contingencies	54,092,927	-	-	0.0%
<b>Total</b>	<b>\$ 440,444,648</b>	<b>\$ 225,062,236</b>	<b>\$ 182,084,102</b>	<b>23.6%</b>

\* Excluding Interfund Transfers



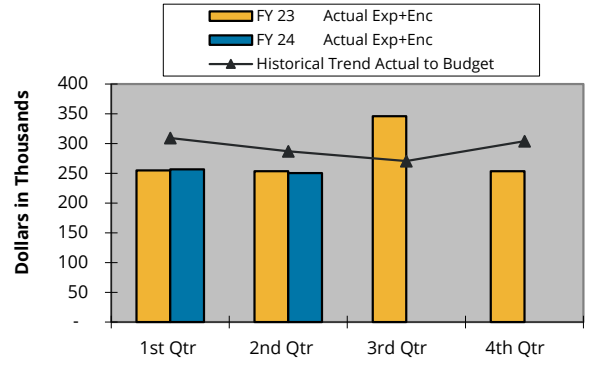
Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the second quarter of FY 2023-24 is 22.6% more than spending for FY 2022-23. The majority of the increase is due the \$73M payment to the Public Safety Personnel Retirement System (PSPRS) unfunded liability, versus \$50M in the prior year. Operations and maintenance for FY 2023-24 is 27.3% more than spending for FY 2022-23. Some of the increase reflects higher spending and encumbrances for Fire, IT, and Public Works contracted services.

# General Fund

## Expenditure Analysis (continued / department summaries):

### Mayor & Council Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 337,713	\$ 256,418	19.7%	23.8%
2nd Qtr Oct - Dec 23	324,725	250,515	19.3%	22.1%
3rd Qtr Jan - Mar 24	298,747			
4th Qtr Apr - Jun 24	337,714			
<b>Total</b>	<b>\$ 1,298,899</b>	<b>\$ 506,933</b>	<b>39.0%</b>	<b>45.9%</b>



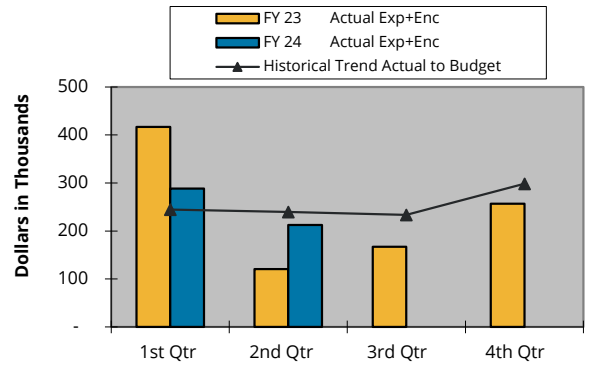
\* Historical Trend represents the average of the past 4 years % of actual to budget

#### Positive

The Mayor and Council division spent 39.0% of their FY 2023-24 adjusted budget and has historically spent 45.9% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

### City Clerk Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 259,538	\$ 288,178	26.7%	22.7%
2nd Qtr Oct - Dec 23	254,165	212,222	19.7%	22.3%
3rd Qtr Jan - Mar 24	247,510			
4th Qtr Apr - Jun 24	316,333			
<b>Total</b>	<b>\$ 1,077,546</b>	<b>\$ 500,400</b>	<b>46.4%</b>	<b>45.0%</b>



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

#### Positive

The City Clerk spent 46.4% of their FY 2023-24 adjusted budget and has historically spent 45% of their adjusted budget through the second quarter of the fiscal year. Higher spending in the first quarter of FY 2022-23 was due to the General Election costs. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

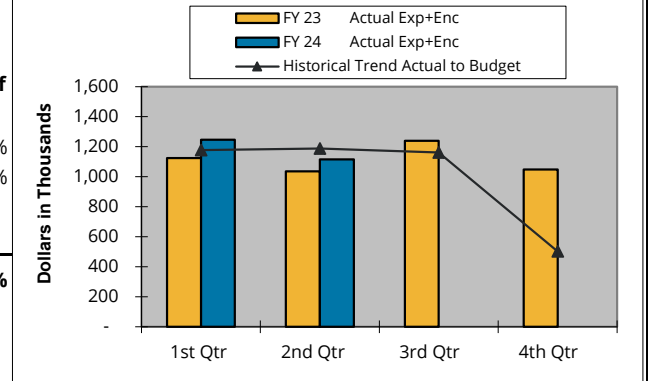
# General Fund

## Expenditure Analysis (continued / department summaries):

### Law Expenditure FY 2023-24 Comparison

	FY 23 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 1,406,991	\$ 1,246,641	25.9%	24.4%
2nd Qtr Oct - Dec 23	1,420,556	1,115,277	23.2%	24.7%
3rd Qtr Jan - Mar 24	1,387,930			
4th Qtr Apr - Jun 24	600,380			
<b>Total</b>	<b>\$ 4,815,857</b>	<b>\$ 2,361,917</b>	<b>49.0%</b>	<b>49.1%</b>

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



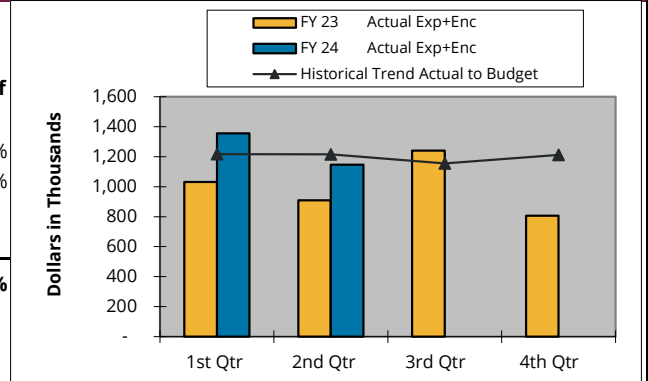
#### Positive

Law spent 49.0% of their FY 2023-24 adjusted budget and has historically spent 49.1% of their adjusted budget through the second quarter of the fiscal year. Higher spending in the third quarter of FY 2022-23 reflects personnel increases related to the class and compensation study and vacation payouts. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

### City Magistrate Expenditure FY 2023-24 Comparison

	FY 23 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr.	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 1,424,296	\$ 1,356,538	24.1%	21.7%
2nd Qtr Oct - Dec 23	1,422,668	1,147,365	20.4%	21.6%
3rd Qtr Jan - Mar 24	1,351,839			
4th Qtr Apr - Jun 24	1,419,011			
<b>Total</b>	<b>\$ 5,617,814</b>	<b>\$ 2,503,903</b>	<b>44.6%</b>	<b>43.3%</b>

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



#### Positive

City Magistrate spent 44.6% of their FY 2023-24 adjusted budget and has historically spent 43.3% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the third quarter of FY 2022-23 compared to historical trend reflects personnel increases related to the class and compensation study and vacation payouts. Higher spending in the first quarter of FY 2023-24 reflects encumbrances recorded at the beginning of the year for court security and temporary staff. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

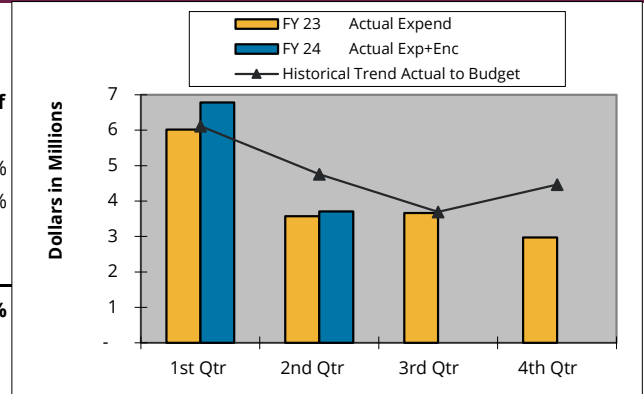
# General Fund

## Expenditure Analysis (continued / department summaries):

### City Manager & Organizational Support Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 6,930,071	\$ 6,779,403	31.4%	28.4%
2nd Qtr Oct - Dec 23	5,387,016	3,705,019	17.2%	22.1%
3rd Qtr Jan - Mar 24	4,185,074			
4th Qtr Apr - Jun 24	5,059,402			
<b>Total</b>	<b>\$ 21,561,565</b>	<b>\$ 10,484,422</b>	<b>48.6%</b>	<b>50.4%</b>

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



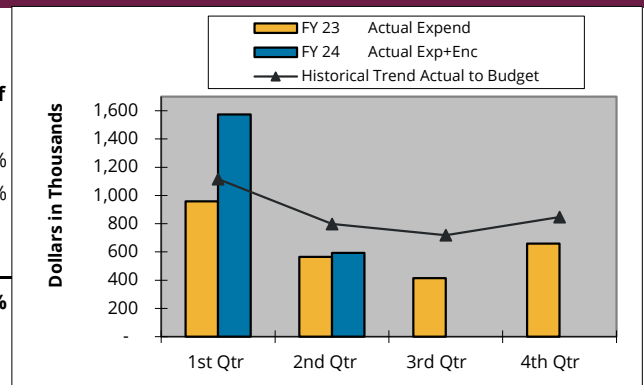
#### Positive

City Manager & Organizational Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Diversity, Equity, & Inclusion, Economic Development, Fleet Services, Human Resources, Transportation Policy, as well as Cultural Development which is shown separately. As of FY 2022-23, a reorganization occurred transferring a portion of the Community Development Cost Center, which was renamed to Diversity, Equity, & Inclusion (DEI) to City Manager & Organizational Support. Combined, these divisions spent 48.6% of their FY 2023-24 adjusted budget and have historically spent 50.4% of their adjusted budget through the second quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 reflects encumbrances recorded at the beginning of the year for contract services, machinery and equipment, and buildings maintenance as well as increased utility expenses. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

### Communications & Public Affairs Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 1,362,465	\$ 1,574,176	37.1%	26.3%
2nd Qtr Oct - Dec 23	975,095	593,292	13.9%	18.8%
3rd Qtr Jan - Mar 24	876,840			
4th Qtr Apr - Jun 24	1,033,937			
<b>Total</b>	<b>\$ 4,248,337</b>	<b>\$ 2,167,468</b>	<b>51.0%</b>	<b>45.1%</b>

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



#### Positive

Communications and Public Affairs (CAPA) spent 51.0% of their FY 2023-24 adjusted budget and have historically spent 45.1% of their adjusted budget through the second quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 was for planned one-time expenses for marketing/promotional and talent recruitment campaigns. This resulted in a negative performance indicator as expenses through the second quarter are more than five percentage points of historical budget spent through the first quarter, however it has been changed to positive as higher expenses were planned for in these first two quarters, with remaining spending expected to be within budget by fiscal year end.

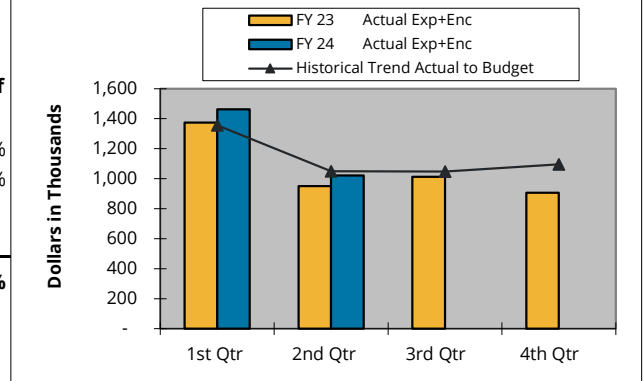
# General Fund

## Expenditure Analysis (continued / department summaries):

### Cultural Development Expenditure 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 1,431,533	\$ 1,462,261	30.6%	28.4%
2nd Qtr Oct - Dec 23	1,097,508	1,021,346	21.4%	22.0%
3rd Qtr Jan - Mar 24	1,097,508			
4th Qtr Apr - Jun 24	1,145,226			
<b>Total</b>	<b>\$ 4,771,774</b>	<b>\$ 2,483,607</b>	<b>52.0%</b>	<b>50.4%</b>

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



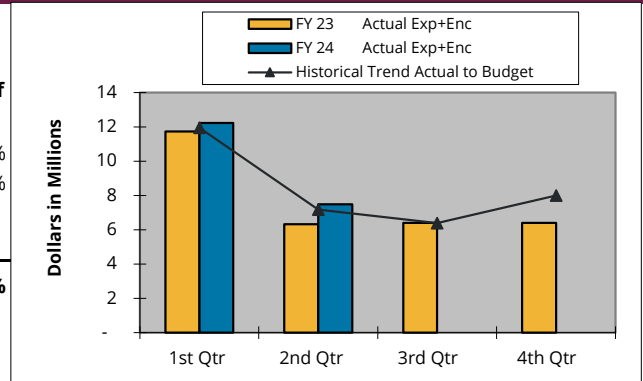
#### Positive

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events, and is considered part of City Manager, Organizational Support. The department spent 52.0% of their FY 2023-24 adjusted budget and have historically spent 50.4% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

### Community Services Expenditure 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 12,924,687	\$ 12,221,223	34.0%	33.3%
2nd Qtr Oct - Dec 23	7,539,400	7,488,742	20.9%	20.0%
3rd Qtr Jan - Mar 24	6,821,362			
4th Qtr Apr - Jun 24	8,616,458			
<b>Total</b>	<b>\$ 35,901,907</b>	<b>\$ 19,709,965</b>	<b>54.9%</b>	<b>53.3%</b>

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



#### Positive

Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Maintenance & Operations, Recreation, and Sports & Fitness Facilities. The department spent 54.9% of their FY 2023-24 adjusted budget and have historically spent 53.3% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

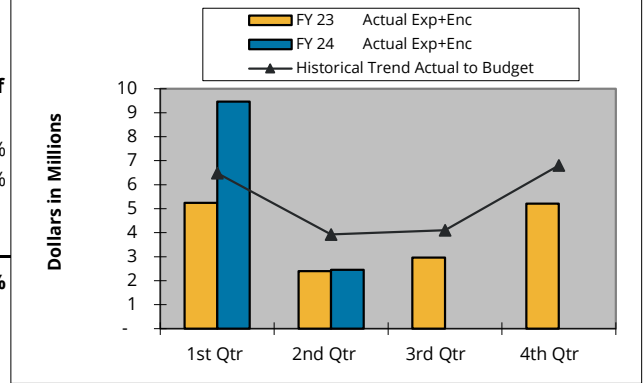
# General Fund

## Expenditure Analysis (continued / department summaries):

### Information Technology Expenditure 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 7,246,041	\$ 9,465,709	39.2%	26.8%
2nd Qtr Oct - Dec 23	4,347,626	2,453,717	10.1%	16.3%
3rd Qtr Jan - Mar 24	4,589,159			
4th Qtr Apr - Jun 24	7,970,645			
<b>Total</b>	<b>\$ 24,153,471</b>	<b>\$ 11,919,426</b>	<b>49.3%</b>	<b>43.1%</b>

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



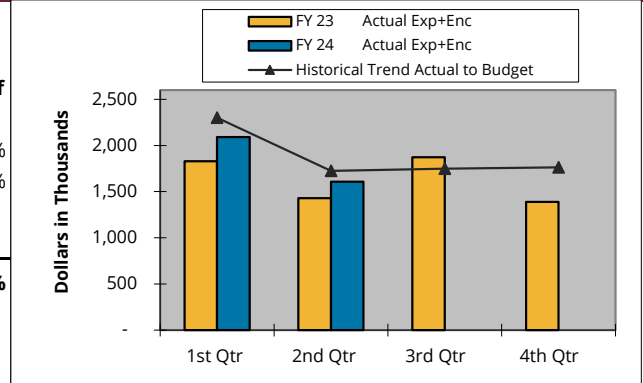
#### Positive

Information Technology spent 49.3% of their FY 2023-24 adjusted budget and have historically spent 43.1% of their adjusted budget through the second quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 is related to encumbrances related to planned contracted services dedicated to various projects, which was not typical in the first quarter of the historical trend. This resulted in a negative performance indicator, however it has been changed to positive with the expectation to be within budget by fiscal year end.

### Management Services Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 2,599,313	\$ 2,090,985	24.6%	27.0%
2nd Qtr Oct - Dec 23	1,948,839	1,608,930	18.8%	20.3%
3rd Qtr Jan - Mar 24	1,975,367			
4th Qtr Apr - Jun 24	1,992,400			
<b>Total</b>	<b>\$ 8,515,919</b>	<b>\$ 3,699,915</b>	<b>43.4%</b>	<b>47.3%</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, Accounting, Budget, Central Supply, Purchasing, Tax & License, and Utility Services (reimbursed by the Public Works & Utilities Department through the Indirect Cost Allocation). These divisions spent 43.4% of their FY 2023-24 adjusted budget and have historically spent 47.3% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

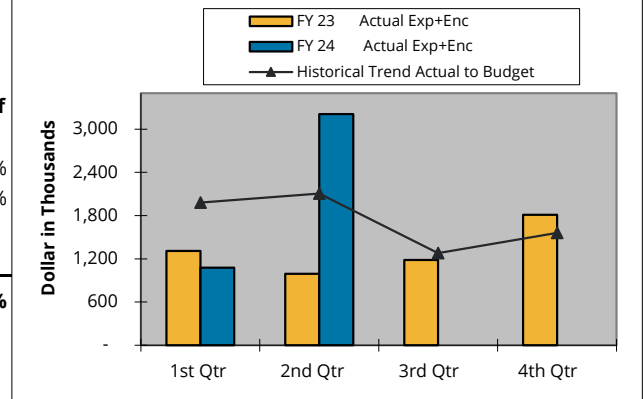
# General Fund

## Expenditure Analysis (continued / department summaries):

### Neighborhood Resources Expenditure 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 2,956,580	\$ 1,075,551	10.5%	19.4%
2nd Qtr Oct - Dec 23	3,058,532	3,209,992	31.5%	20.7%
3rd Qtr Jan - Mar 24	1,835,119			
4th Qtr Apr - Jun 24	2,344,874			
<b>Total</b>	<b>\$ 10,195,105</b>	<b>\$ 4,285,543</b>	<b>42.0%</b>	<b>40.1%</b>

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



#### Positive

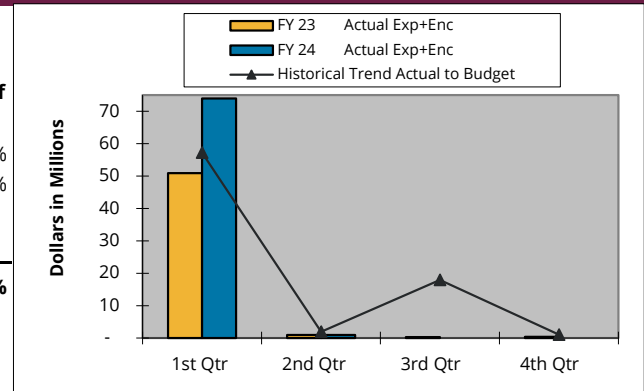
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, Neighborhood Preservation, and Community Development. As of FY 2022-23, a reorganization occurred transferring a portion of the Community Development cost center to City Manager & Organizational Support. Historical spending for Community Development remains with Neighborhood Resources. The second quarter actuals are higher due to large encumbrances that will be spent over the remaining fiscal year. The department spent 42.0% of their FY 2023-24 adjusted budget and have historically spent 40.1% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

### Non-Departmental Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 67,161,771	\$ 73,946,094	80.7%	62.4%
2nd Qtr Oct - Dec 23	2,242,904	904,190	1.0%	2.1%
3rd Qtr Jan - Mar 24	21,030,201			
4th Qtr Apr - Jun 24	1,227,031			
<b>Total**</b>	<b>\$ 91,661,906</b>	<b>\$ 74,850,284</b>	<b>81.7%</b>	<b>64.5%</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 or are infrequent/unusual (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates due to changing one-time needs from year to year. Non-departmental planned spending for FY 2023-24 is 81.7% of the adjusted budget and has historically spent 64.5% of the adjusted budget for the fiscal year. Higher spending compared to the historical trend in the first quarter of FY 2022-23 and FY 2023-24 is due to the payments towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability. Reflecting the planned increased payment amount of \$73M, which was \$23M more than the prior year. This results in a negative performance indicator, however it has been changed to positive as the remaining expenses will even out by fiscal year end, and the expectation is to be within budget.



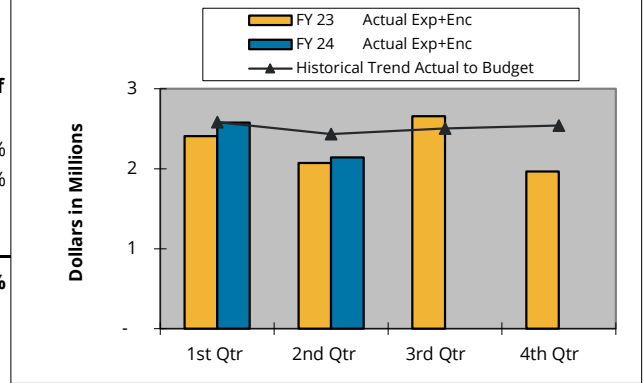
# General Fund

## Expenditure Analysis (continued / department summaries):

### Development Services Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 2,972,408	\$ 2,577,892	22.5%	22.6%
2nd Qtr Oct - Dec 23	2,743,762	2,142,308	18.8%	21.3%
3rd Qtr Jan - Mar 24	2,858,085			
4th Qtr Apr - Jun 24	2,858,085			
<b>Total</b>	<b>\$ 11,432,340</b>	<b>\$ 4,720,200</b>	<b>41.3%</b>	<b>43.9%</b>

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



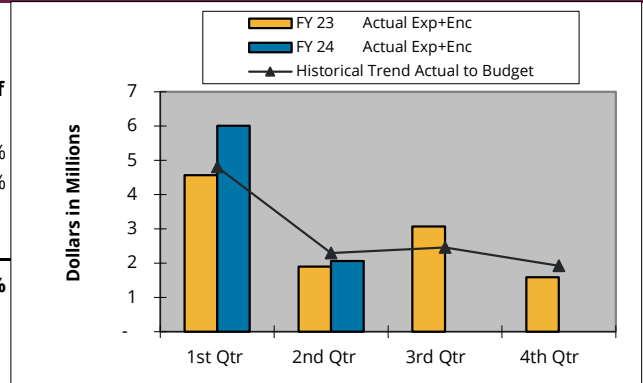
**Positive**

Development Services includes the following cost centers: Administration, Building Safety, Transportation Engineering, Engineering, and Planning. The Transportation Engineering Division moved in from Public Works and Utilities in FY 2021-22, and this reorganization is not reflected in the historical trend. The department spent 41.3% of their FY 2023-24 adjusted budget and have historically spent 43.9% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

### Public Works & Utilities Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 5,527,420	\$ 6,006,794	48.9%	39.1%
2nd Qtr Oct - Dec 23	2,579,463	2,064,348	16.8%	18.7%
3rd Qtr Jan - Mar 24	2,825,126			
4th Qtr Apr - Jun 24	1,351,147			
<b>Total</b>	<b>\$ 12,283,156</b>	<b>\$ 8,071,142</b>	<b>65.7%</b>	<b>57.8%</b>

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



**Positive**

Public Works & Utilities includes the following divisions budgeted in the General Fund: Administration, Capital Projects, Traffic Engineering, Streets, and Street Sweeping. The Transportation Engineering Division moved to Development Services from Public Works and Utilities in FY 2021-22. This reorganization is not reflected in the historical trend. The department spent 65.7% of their FY 2023-24 adjusted budget and have historically spent 57.8% of their adjusted budget through the second quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 reflects an encumbrance recorded at the beginning of the year for landscape maintenance contracts. This resulted in a negative performance indicator, however it has been changed to positive with the expectation to be within budget by fiscal year end.

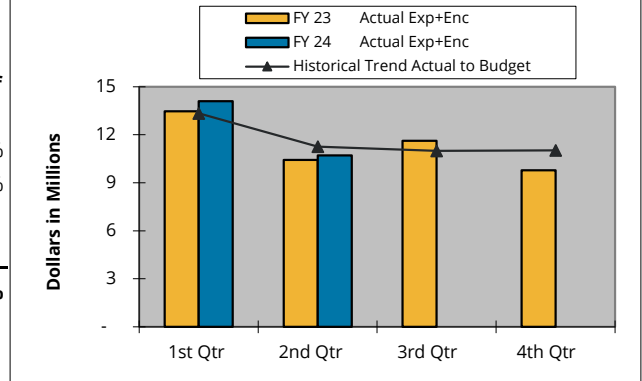
# General Fund

## Expenditure Analysis (continued / department summaries):

### Fire Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 13,805,562	\$ 14,097,044	29.6%	28.0%
2nd Qtr Oct - Dec 23	11,425,294	10,709,099	22.5%	23.6%
3rd Qtr Jan - Mar 24	11,425,294			
4th Qtr Apr - Jun 24	10,949,240			
<b>Total</b>	<b>\$ 47,605,390</b>	<b>\$ 24,806,143</b>	<b>52.1%</b>	<b>51.6%</b>

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



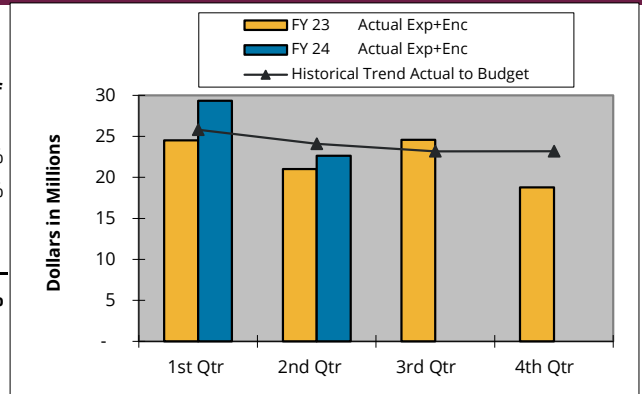
#### Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 52.1% of their FY 2023-24 adjusted budget and have historically spent 51.6% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

### Police Expenditure FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 23	\$ 27,326,897	\$ 29,354,958	29.0%	25.5%
2nd Qtr Oct - Dec 23	25,302,686	22,636,010	22.4%	23.8%
3rd Qtr Jan - Mar 24	24,290,576			
4th Qtr Apr - Jun 24	24,290,576			
<b>Total</b>	<b>\$ 101,210,735</b>	<b>\$ 51,990,968</b>	<b>51.4%</b>	<b>49.3%</b>

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



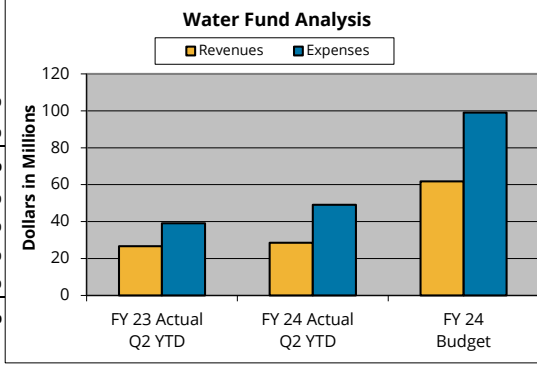
#### Positive

Police includes the following cost centers: Administration, Communications, Criminal Investigations, Detention Services, Field Operations, Forensic Services, Operational Support, Planning & Research, Professional Standards, Property & Evidence, Records, and Technology. The department spent 51.4% of their FY 2023-24 adjusted budget and have historically spent 49.3% of their adjusted budget through the second quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 reflects encumbrances recorded at the beginning of the year for detention services and for repair and maintenance of equipment, as well as an increase in operating supplies and personnel related expenses. The performance indicator is warning as expenses through the second quarter is between two to five percentage points of historical budget spent through the second quarter, however it has been changed to positive as expenses are expected to even out by fiscal year end, and the expectation is to be within budget.

# Enterprise Fund Analysis:

## Water Fund Analysis FY 2023-24 Comparison

Water Fund	FY 24 Adjusted Budget	FY 24 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 55,655,073	\$ 28,515,079	51%	47%
Transfers In	6,162,168	-	0%	0%
<b>Total Revenues</b>	<b>\$ 61,817,241</b>	<b>\$ 28,515,079</b>	<b>46%</b>	<b>46%</b>
Operating Expenses	\$ 42,543,424	\$ 31,767,179	75%	68%
Major Capital Expenses	34,882,081	11,930,401	34%	41%
Debt Service	15,749,298	2,814,003	18%	11%
Transfers Out	5,874,358	2,631,872	45%	40%
<b>Total Expenses</b>	<b>\$ 99,049,161</b>	<b>\$ 49,143,454</b>	<b>50%</b>	<b>49%</b>
<b>Net Rev / Exp</b>	<b>\$ (37,231,920)</b>	<b>\$ (20,628,375)</b>		



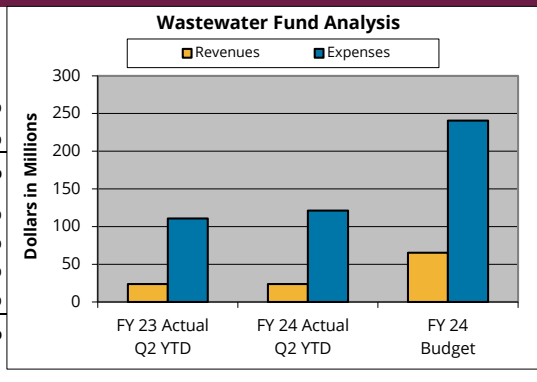
**Positive**

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, Environmental Resources, Meter Services, San Tan Vista Water Treatment Plant, Water Capital, Water Distribution, Water Quality, Water Treatment Plant, and Water Systems Maintenance. The Water Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2023-24 reflects a \$37.2M planned drawdown to fund balance due to increased pay as you go Capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In totaling \$6,162,168 includes \$4,773,368 for System Development Fee (SDF) loan paybacks and \$1,388,800 from Reclaimed Water to pay towards related capital costs. The budgeted Transfers Out totaling \$5,874,358 includes indirect cost allocation to the General Fund of \$3,781,500, payment of \$214,501 to the Technology Replacement Fund, payment of \$500,000 to the Insured Liability Self-Insurance Fund, payment of \$31,288 to the Workers' Compensation Self-Insurance Trust, and a payment of \$21,953 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$1,325,116 to the Reclaimed Water Fund (reflects benefit received). Year-to-date **Operating Revenues** through the second quarter are 51% compared to 47% for FY 2022-23, while **Operating Expenses** through the second quarter are 75% compared to 68% for FY 2022-23. The second quarter of the fiscal year includes large encumbrances (\$8.5M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. The performance indicator is positive since percentage of operating revenues received to date (51%) exceeds the percentage of operating expenses spent to date (45%, including indirect cost allocation and adjusting out encumbrances).

## Wastewater Fund Analysis FY 2023-24 Comparison

Wastewater Fund	FY 24 Adjusted Budget	FY 24 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 54,216,700	\$ 23,708,770	44%	45%
Transfers In	11,200,392	-	0%	0%
<b>Total Revenues</b>	<b>\$ 65,417,092</b>	<b>\$ 23,708,770</b>	<b>36%</b>	<b>37%</b>
Operating Expenses	\$ 25,658,401	\$ 15,960,418	62%	71%
Major Capital Expenses	192,565,704	98,768,441	51%	45%
Debt Service	18,429,783	5,259,396	29%	15%
Transfers Out	3,873,314	1,345,731	35%	37%
<b>Total Expenses</b>	<b>\$ 240,527,202</b>	<b>\$ 121,333,985</b>	<b>50%</b>	<b>45%</b>
<b>Net Rev / Exp</b>	<b>\$ (175,110,110)</b>	<b>\$ (97,625,215)</b>		



**Positive**

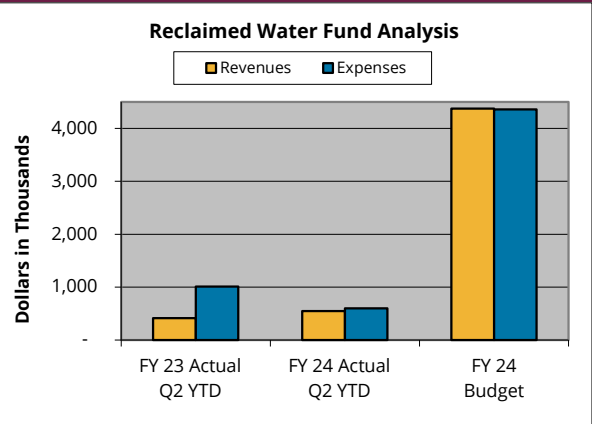
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Wastewater Operating Fund includes the following cost centers: Airport Water Reclamation Facility, Lone Butte Wastewater Treatment, Ocotillo Brine Reduction Facility, Ocotillo Water Reclamation Facility, Wastewater Capital, Wastewater Collection, and Wastewater Quality. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2023-24 reflects an \$175M planned drawdown (includes unspent capital carryforward from prior years) to fund balance due to increased pay as you go Capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In totaling \$11,200,392 includes \$10M for System Development Fee (SDF) loan paybacks and \$1,200,392 from Reclaimed Water towards related capital costs. The budgeted Transfers Out totaling \$3,873,314 includes indirect cost allocation to the General Fund of \$2,362,100, payment of \$143,264 to the Technology Replacement Fund, payment of \$20,881 to the Workers' Compensation Self-Insurance Trust, and a payment of \$21,953 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$1,325,116 to the Reclaimed Water Fund (reflects benefits received). Year-to-date **Operating Revenues** through the second quarter are 44% compared to 45% for FY 2022-23, while **Operating Expenses** through the second quarter are 62% compared to 71% for FY 2022-23. The second quarter of the fiscal year includes large encumbrances (\$4.9M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. The performance indicator is positive since percentage of operating revenues received to date (44%) exceeds the percentage of operating expenses spent to date (38%, after adjusting out encumbrances and including indirect cost allocation).

# Enterprise Fund Analysis (continued):

## Reclaimed Water Fund Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Reclaimed Water				
Revenues	\$ 1,725,500	\$ 943,161	55%	47%
Transfers In	2,650,232	-	0%	0%
<b>Total Revenues</b>	<b>\$ 4,375,732</b>	<b>\$ 943,161</b>	<b>22%</b>	<b>18%</b>
Operating Expenses	\$ 1,644,173	\$ 1,022,849	62%	71%
Transfers Out	2,716,946	65,412	2%	2%
<b>Total Expenses</b>	<b>\$ 4,361,119</b>	<b>\$ 1,088,261</b>	<b>25%</b>	<b>29%</b>
<b>Net Rev / Exp</b>	<b>\$ 14,613</b>	<b>\$ (145,100)</b>		

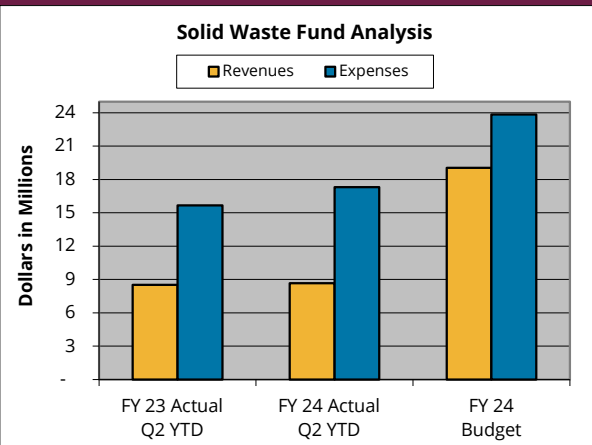


**Positive** The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Reclaimed Water Operating Fund supports operating functions and now a portion of related capital costs. The Net Revenue/Expense for the FY 2023-24 budget reflects an increase to fund balance. The budgeted Transfers In totaling \$2,620,232 includes subsidies from Water and Wastewater Funds of \$1,310,116 each to reflect the benefit each fund receives by reclaiming water. The budgeted Transfers Out totaling \$2,716,946 include an indirect cost allocation to the General Fund of \$123,800, payment of \$3,070 to the Technology Replacement Fund, and \$844 to the Workers' Compensation Self-Insurance Trust, as well as a payment of \$1,388,800 to the Water Fund and \$1,200,392 to the Wastewater Fund to reflect contributions to reclaimed capital costs. Year-to-date **Operating Revenues** through the second quarter are 55% of budget compared to 47% for FY 2022-23, while **Operating Expenses** through the second quarter are 62% of budget as compared to 71% for FY 2022-23. The second quarter of the fiscal year includes large encumbrances (\$2.3M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. The performance indicator is positive since percentage of operating revenues received to date (55%) exceeds the percentage of operating expenses spent to date (48%, including indirect cost allocation and excluding out encumbrances).

## Solid Waste Fund Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Solid Waste				
Revenues	\$ 19,039,994	\$ 8,668,431	46%	46%
<b>Total Revenues</b>	<b>\$ 19,039,994</b>	<b>\$ 8,668,431</b>	<b>46%</b>	<b>46%</b>
Operating Expenses	\$ 19,407,284	\$ 16,490,653	85%	87%
Major Capital Expenses	3,370,919	249,120	7%	10%
Transfers Out	1,068,549	568,267	53%	53%
<b>Total Expenses</b>	<b>\$ 23,846,752</b>	<b>\$ 17,308,041</b>	<b>73%</b>	<b>78%</b>
<b>Net Rev / Exp</b>	<b>\$ (4,806,758)</b>	<b>\$ (8,639,610)</b>		



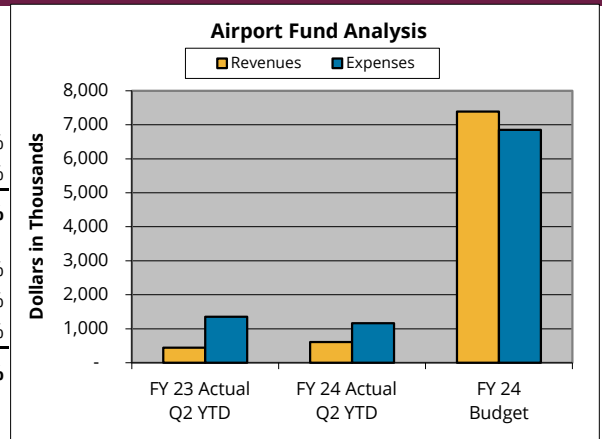
**Positive** The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2023-24 reflects a drawdown of \$4.8M to fund balance. The budgeted Transfers Out totaling \$1,068,549 include an indirect cost allocation to the General Fund of \$985,600, payment of \$67,985 to the Technology Replacement Fund, and payment of \$14,964 to the Workers' Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the second quarter are 46% compared to 46% for FY 2022-23, while **Operating Expenses** through the second quarter are 85% compared to 87% for FY 2022-23. The second quarter of the fiscal year includes large encumbrances (\$11.1M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. The performance indicator is positive since percentage of operating revenues received to date (46%) exceeds the percentage of operating expenses spent to date (44%, including indirect cost allocation and excluding out encumbrances).

# Enterprise / Other Funds Analysis (continued):

## Airport Fund Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
<b>Airport Fund</b>				
Revenues	\$ 984,988	\$ 608,964	62%	51%
General Fund Subsidy	5,863,023	-	0%	0%
<b>Total Revenues</b>	<b>\$ 6,848,011</b>	<b>\$ 608,964</b>	<b>9%</b>	<b>7%</b>
Operating Expenses	\$ 1,655,555	\$ 854,594	52%	41%
Major Capital Expenses	5,077,409	243,925	5%	14%
Transfers Out	115,047	65,047	57%	57%
<b>Total Expenses</b>	<b>\$ 6,848,011</b>	<b>\$ 1,163,566</b>	<b>17%</b>	<b>23%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (554,602)</b>		



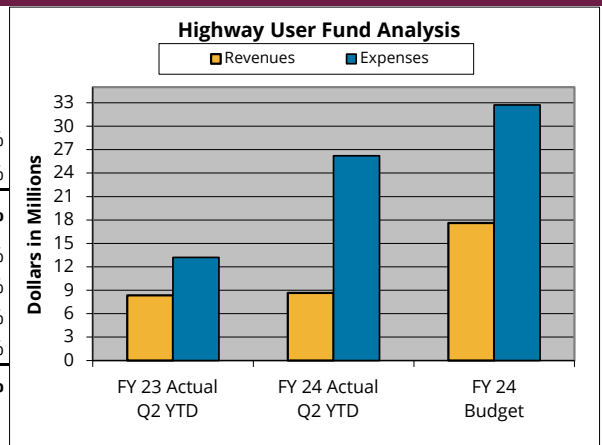
**Positive**

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 2023-24 reflects no budgeted change in fund balance since the General Fund Subsidy of \$5.9M is budgeted from the General Fund to make up the funding needed to support operations and/or Major Capital Expenses. The budgeted Transfers Out totaling \$115,047 includes indirect cost allocation to the General Fund of \$100,000 and a payment of \$15,047 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the second quarter are 62% of budget compared to 51% for FY 2022-23, while year-to-date **Operating Expenses** through the second quarter are 52% of budget compared to 41% for FY 2022-23. The performance indicator is positive since percentage of operating revenues received to date (62%) exceeds the percentage of operating expenses spent to date (50%, including indirect cost allocation).

## Highway User Fund (HURF) Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
<b>Highway Users Tax</b>	<b>\$ 17,000,000</b>	<b>\$ 8,355,028</b>	<b>49%</b>	<b>46%</b>
Other	606,000	317,218	52%	63%
<b>Total Revenues</b>	<b>\$ 17,606,000</b>	<b>\$ 8,672,246</b>	<b>49%</b>	<b>46%</b>
Operating Expenses	\$ 9,949,080	\$ 5,210,267	52%	55%
Major Capital Expenses	22,654,432	20,870,064	92%	47%
Debt Service	-	-	0%	0%
Transfers Out	123,665	122,624	99%	99%
<b>Total Expenses</b>	<b>\$ 32,727,177</b>	<b>\$ 26,202,955</b>	<b>80%</b>	<b>50%</b>
<b>Net Rev / Exp</b>	<b>\$ (15,121,177)</b>	<b>\$ (17,530,709)</b>		



**Positive**

The performance indicator for this Special Revenue Fund focuses on the relationship between Operating Revenues and Operating Expenses (including debt service) and the percentage of budget received/expended.

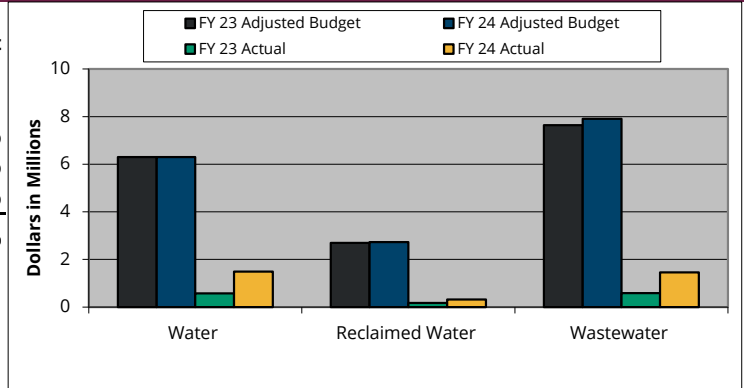
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2023-24 reflects a planned drawdown of \$15M to fund balance. The budgeted Transfers Out totaling \$123,665 include a payment to the General Fund of \$2,082 for miscellaneous charges, a payment of \$26,583 to the Technology Replacement Fund, and a payment of \$95,000 to the Uninsured Liability Self-Insurance Fund for stormwater oversight. Year-to-date **Operating Revenues** through the second quarter are 49% of budget compared to 46% through the second quarter for FY 2022-23, while year-to-date **Operating Expenses** through the second quarter are 52% of budget compared to 55% through the second quarter for FY 2022-23. The performance indicator is positive after recognizing revenues are received on a one-month lag, so first quarter revenues only reflect two receipts, while the fourth quarter of each fiscal year reflects four receipts. On an annual basis, this fund is anticipated to perform as budgeted.

# Other Funds Analysis (continued):

## Enterprise System Development Fee Funds Analysis FY 2023-24 Comparison

Enterprise System Development Fee (SDF) Funds	FY 24 Adjusted Budget	FY 24 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 6,303,000	\$ 1,489,313	24%
Reclaimed Water	2,726,300	320,501	12%
Wastewater	7,907,000	1,455,998	18%
<b>Total SDF Revenue</b>	<b>\$ 16,936,300</b>	<b>\$ 3,265,812</b>	<b>19%</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.

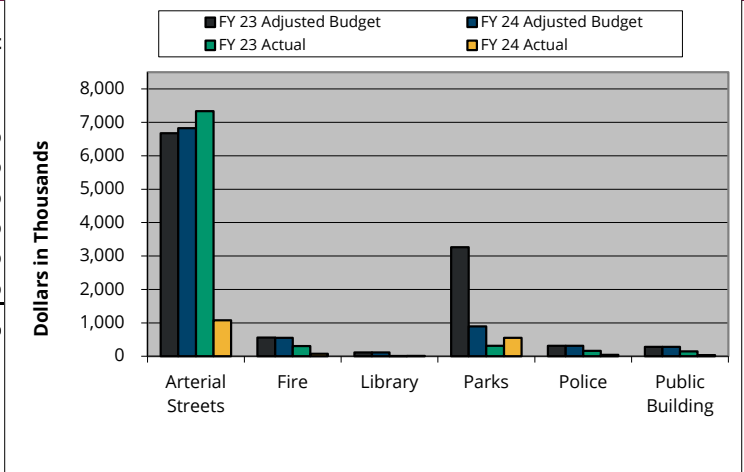


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDFs are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) is needed. Enterprise SDFs are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2023-24 budget and year-to-date collections through the second quarter compared to the FY 2022-23 budget and year-to-date collections through the second quarter. Collections through the second quarter of FY 2023-24 were 19% of the budget as compared to the prior year's collections of 8% of budget through the second quarter.

## General System Development Fee Funds Analysis FY 2023-24 Comparison

General System Development Fee (SDF) Funds	FY 24 Adjusted Budget	FY 24 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 6,828,000	\$ 1,072,825	16%
Fire	553,000	74,280	13%
Library	115,000	11,936	10%
Parks	896,000	548,002	61%
Police	316,000	41,794	13%
Public Building	280,000	36,924	13%
<b>Total SDF Revenue</b>	<b>\$ 8,988,000</b>	<b>\$ 1,785,761</b>	<b>20%</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.

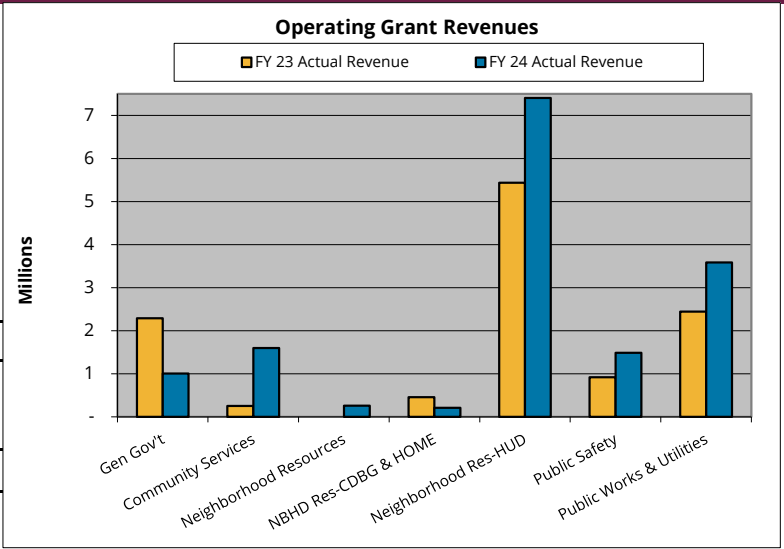


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2023-24 budget and year-to-date collections through the second quarter compared for FY 2022-23 budget and year-to-date collections through the second quarter. Collections through the second quarter of FY 2023-24 were 20% of the budget as compared to the prior year's collections of 74% of the budget through the second quarter, which included significant development occurring at that time.

# Other Funds Analysis (continued):

## Grant Funds Analysis FY 2023-24 Comparison

	FY 24 Actual Revenue	FY 23 Actual Revenue
General Government*	\$ 246,551	\$ 2,242,069
Community Services	254,596	253,943
Neighborhood Resources	256,244	-
Neighborhood Res. - CDBG & HOME	207,104	459,052
Neighborhood Res. - HUD	7,404,262	5,436,991
Public Safety	1,486,643	916,945
<b>Total Operating Grant Revenue</b>	<b>\$ 9,855,401</b>	<b>\$ 9,309,000</b>
General Government*	\$ 760,003	\$ 44,585
Public Works & Utilities	3,583,609	2,446,476
<b>Total Capital Grant Revenue</b>	<b>\$ 5,688,334</b>	<b>\$ 2,491,062</b>
<b>Total Grant Revenue</b>	<b>\$ 15,543,735</b>	<b>\$ 11,800,061</b>



\* Includes Airport, CAPA, City Manager, Economic Development, Law, Magistrate, Transportation Policy, and Non-Departmental non-entitlement programs.

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. In most cases, grant revenues for many programs are received on a reimbursable basis, so the revenue on a large capital project may lag a fiscal year after the project is initiated. Actual collections through the second quarter of FY 2023-24 are \$15.5M as compared to \$11.8M collected through the second quarter of FY 2022-23.