



Informational Memo

Management Services - Memo No. 24-019

Date: September 10, 2023

To: Mayor and Council

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

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

Subject: Fiscal Year End (FYE) 2022-23 Fourth Quarter Financial Report

Attached is the FYE 2022-23 Fourth Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures and additional summaries and analysis of Enterprise, System Development Fees, Highway User Revenue, and Grant funds. The FYE Quarterly report is typically released in August/September of each year due to the extended fiscal year end accounting process, which ensures all revenues and expenditures are thoroughly reviewed and properly reflected.

The analysis included in this report provides the year-end details of FYE 2022-23 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 2018-19 to FY 2021-22), 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, all General Fund revenue performance indicators are showing as positive. The General Fund FYE reflected overall revenue growth of 20.2% above adopted budget with 120.2% of budgeted revenues received compared to an 112.8% historical average received.

Overall, General Fund revenue, led by continuing strong Sales Tax collections, is performing well due to higher local consumer spending with related inflation, and a steady stream of development activity (although slowing) in Chandler. The over \$20B expansion of Intel is the largest development during this time and is a significant driver of revenues coming in over budget in addition to the impacts of inflation. It is anticipated that once the development is completed, revenues will stabilize in various categories, classifying a large majority of these additional revenues as one-time. This activity has generated additional one-time revenue in the current year in numerous categories.

During the preparation of the FY 2023-24 Budget, projected FY 2022-23 year-end revenues were updated based on actual collections reflected in this report from January 2023 and other information available at that time. This allowed for the estimating of the fiscal year end General Fund balance used to calculate available one-time funds for use in the FY 2023-24 Budget. Through this process, \$48.7M of the \$62.8M over the Adopted Budget was anticipated and incorporated into the FY 2023-24 Budget which allowed for the additional \$73M payment to pay off the Public Safety Personnel Retirement System (PSPRS) unfunded liability debt. The final net impact of the additional one-time funds, (i.e. revenues, expenditures and carryforwards) is being calculated in the new year.

Additionally, General Fund expenditures are at 89.6% of budget at FYE compared to 91.1% for the prior fiscal year. This includes an increased one-time Public Safety Personnel Retirement System (PSPRS) unfunded liability payment of \$50M, which was \$28M more than the prior year payment.

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

Attachment: FYE 2022-23 Fourth Quarter Financial Report

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



Management Services

Quarterly Financial Report

4th Qtr FY 2022-23

Performance at a Glance

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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.

Third Quarter 2022 (<i>revised estimate</i>)	3.2%
Fourth Quarter 2022 (<i>third estimate</i>)	2.6%
First Quarter 2023	2.0%
Second Quarter 2023 (<i>advance estimate</i>)	2.4%

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.

December 22, 2022	4.25%-4.50%
February 2, 2023	4.50%-4.75%
March 23, 2023	4.75%-5.00%
May 4, 2023	5.00%-5.25%

Source: Federal Reserve Bank

Unemployment

	National	State of Arizona	Phoenix Metro Area*
Mar-23	3.6%	3.2%	2.9%
Apr-23	3.1%	3.2%	2.9%
May-23	3.4%	3.6%	3.3%
Jun-23	3.8%	4.4%	3.9%

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 2022-23 Rate of Return	4th Quarter	Fiscal Year
Benchmark	-0.14%	1.49%
Allspring Global Investments	0.20%	1.75%
Benchmark	-0.86%	-0.43%
PFM Asset Management, LLC	-0.45%	0.27%
Fiscal Year 2021-22 Rate of Return	4th Quarter	Fiscal Year
Benchmark	-0.87%	-2.17%
Allspring Global Investments	-0.80%	-2.07%
Benchmark	-0.81%	-4.61%
PFM Asset Management, LLC	-0.76%	-4.38%

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 down from 115 per quarter in FY 2021-22 to 14.5 per quarter in FY 2022-23. Past years were 205 average permits per quarter for FY 2020-21; and 170 average permits per quarter for FY 2019-20.

Quarter	State of Arizona	Chandler
Apr - May - Jun 2021	12,891	169
Jul - Aug - Sep 2021	10,883	161
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

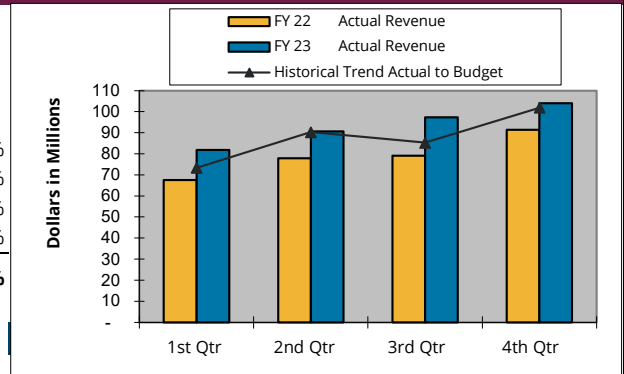
General Fund

Revenue Analysis:

Overall General Fund Revenues FY 2022-23

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 22	\$ 69,175,217	\$ 81,836,538	26.3%	23.6%
2nd Qtr Oct - Dec 22	78,366,731	90,618,348	29.1%	29.0%
3rd Qtr Jan - Mar 23	77,053,557	97,327,622	31.3%	27.4%
4th Qtr Apr - Jun 23	86,297,397	103,927,107	33.5%	32.8%
Total	\$ 310,892,902	\$ 373,709,615	120.2%	112.8%

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



Positive

General Fund revenue collections for Fiscal Year End (FYE) 2022-23 are \$62.8M (20.2%) above the adopted budget and \$57.9M (18.3%) higher than actual collections for FY 2021-22. Overall, General Fund revenue, led by continuing strong Sales Tax collections, is performing well due to higher local consumer spending with related inflation, and a steady stream of development activity (although slowing) in Chandler. The over \$20B expansion of Intel is the largest development during this time and is a significant driver for revenues coming in over budget in addition to the impacts of inflation. It is anticipated that once the development is completed, revenues will stabilize in various categories, classifying a large majority of these additional revenues as one-time. This activity has generated additional one-time revenue in the current year in numerous categories.

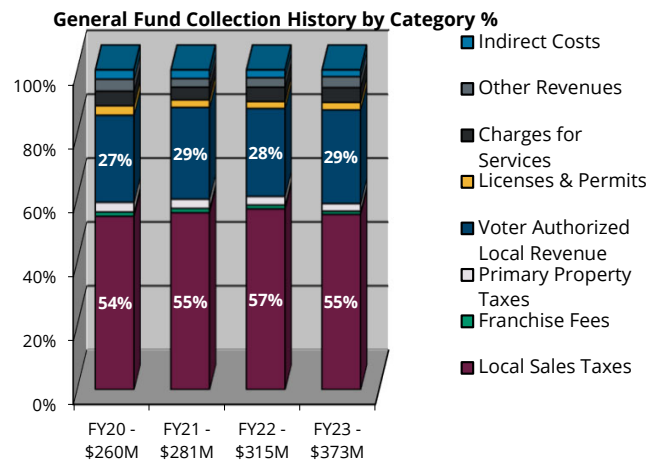
During the preparation of the FY 2023-24 Budget, projected FY 2022-23 year-end revenues were updated based on actual collections reflected in this report from January 2023 and other information available at that time. This allowed for the estimating of the fiscal year end General Fund balance used to calculate available one-time funds for use in the FY 2023-24 Budget. Through this process, \$48.7M of the \$62.8M over the Adopted Budget was anticipated and incorporated into the FY 2023-24 Budget which allowed for the additional \$73M payment to pay off the Public Safety Personnel Retirement System (PSPRS) unfunded liability debt. The final net impact of the additional one-time funds, (i.e. revenues, expenditures and carryforwards) is being calculated in the new year.

The performance indicator is positive as actual overall collections exceeded the amount budgeted at year-end. The following charts provide more detail regarding the various sources of General Fund revenues and more detail on the performance indicators.

Overall General Fund Revenues by Category FY 2022-23

Revenue Categories	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 174,948,400	\$ 204,989,328	117.2%
Franchise Fees	3,451,000	3,630,508	105.2%
Primary Property Tax	8,663,078	8,733,273	100.8%
VALR & State Shared	88,825,000	109,705,799	123.5%
Licenses & Permits	6,718,500	8,742,071	130.1%
Charges for Services	13,133,500	17,334,010	132.0%
Other Revenues	7,288,800	12,710,002	174.4%
Indirect Cost Allocation	7,864,624	7,864,624	100.0%
Total	\$ 310,892,902	\$ 373,709,615	120.2%

Positive



This chart summarizes General Fund revenue collections by revenue category for FYE 2022-23. 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 Voter Authorized Local Revenues, also known as State Shared, 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.

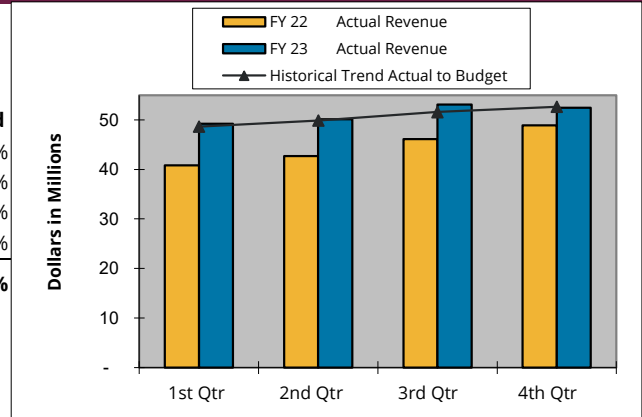
General Fund

Revenue Analysis (continued):

Sales Tax Revenue FY 2022-23

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 22	\$ 41,994,092	\$ 49,246,090	28.1%	27.8%
2nd Qtr Oct - Dec 22	43,099,421	50,143,376	28.7%	28.5%
3rd Qtr Jan - Mar 23	44,618,140	53,131,383	30.4%	29.5%
4th Qtr Apr - Jun 23	45,236,747	52,468,479	30.0%	30.1%
Total	\$ 174,948,400	\$204,989,328	117.2%	115.9%

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

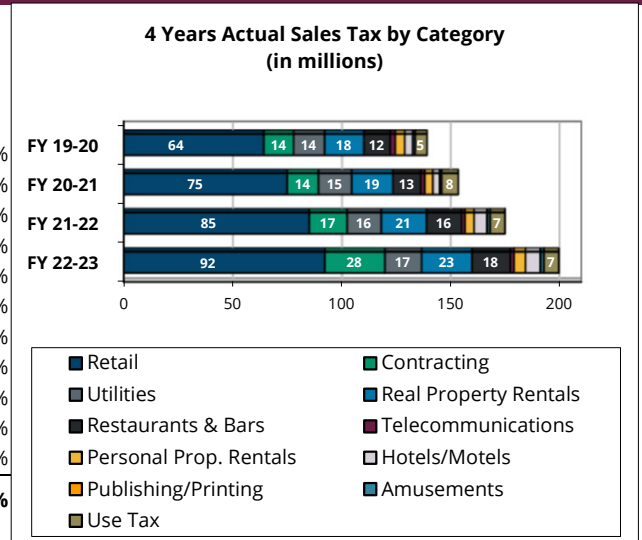


Positive

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 FYE 2022-23 are \$30M (17.2%) above adopted budget and \$26.4M (14.8%) higher than FYE 2021-22 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

Sales Tax Collection History

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr.
Retail/Mfd. Bldg/Jet Fuel	\$ 82,000,000	\$ 92,114,309	112.3%	8.4%
Contracting	18,060,000	27,599,546	152.8%	59.4%
Utilities	17,000,000	16,856,222	99.2%	7.4%
Real Property Rentals	21,115,000	23,201,895	109.9%	11.6%
Restaurants & Bars	15,885,000	17,583,604	110.7%	8.6%
Telecommunications	1,550,000	1,764,220	113.8%	11.7%
Personal Prop. Rentals	4,160,000	5,214,792	125.4%	25.5%
Hotels/Motels	4,680,000	6,815,308	145.6%	16.6%
Publishing/Printing/Adv.	200,000	216,469	108.2%	7.4%
Amusements	1,050,000	1,491,849	142.1%	13.0%
Use Tax	7,500,000	6,825,378	91.0%	0.0%
Total Sales Tax	\$ 173,200,000	\$199,683,592	115.3%	14.2%



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 FYE 2022-23 were \$26.5M (15.3%) above the adopted budget and \$24.8M (14.2%) higher than FYE 2021-22 actual collections. It should be noted that all of the categories are positive, reflecting higher consumer spending, increased contracting/development collections, and added tourism spending.

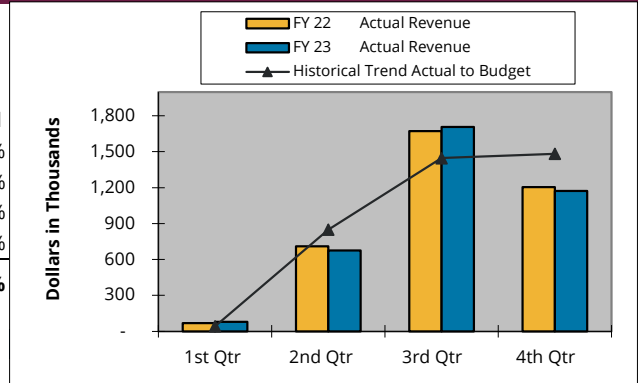
General Fund

Revenue Analysis (continued):

Franchise Fee Revenue FY 2022-23

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr Jul - Sep 22	\$ 38,532	\$ 77,627	2.2%	1.2%
2nd Qtr Oct - Dec 22	766,874	673,914	19.5%	24.6%
3rd Qtr Jan - Mar 23	1,306,740	1,707,784	49.5%	41.9%
4th Qtr Apr - Jun 23	1,338,854	1,171,183	33.9%	42.9%
Total	\$ 3,451,000	\$ 3,630,508	105.2%	110.6%

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



Positive

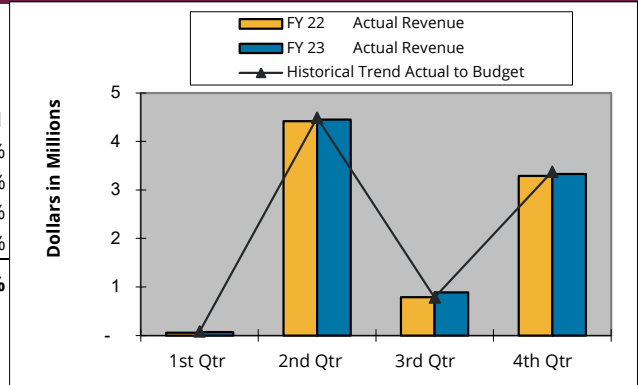
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections for FYE 2022-23 are \$179,508 (5.2%) above the adopted budget and \$22,304 (-0.6%) lower than FYE 2021-22 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

Primary Property Tax Revenue FY 2022-23

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr Jul - Sep 22	\$ 81,433	\$ 68,171	0.8%	0.9%
2nd Qtr Oct - Dec 22	4,453,407	4,449,002	51.4%	51.8%
3rd Qtr Jan - Mar 23	775,556	885,671	10.2%	9.0%
4th Qtr Apr - Jun 23	3,352,682	3,330,429	38.4%	39.0%
Total	\$ 8,663,078	\$ 8,733,273	100.8%	100.7%

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



Positive

This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 2022-23, Chandler is collecting a primary tax rate of \$0.2326 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.1026, 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 7.1% (majority was new property), which resulted in a small net tax increase for the median value homeowner.

Primary property tax collections for FYE 2022-23 are \$70,195 (0.8%) above the adopted budget and \$180,607 (2.1%) higher than FYE 2021-22 actual collections. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

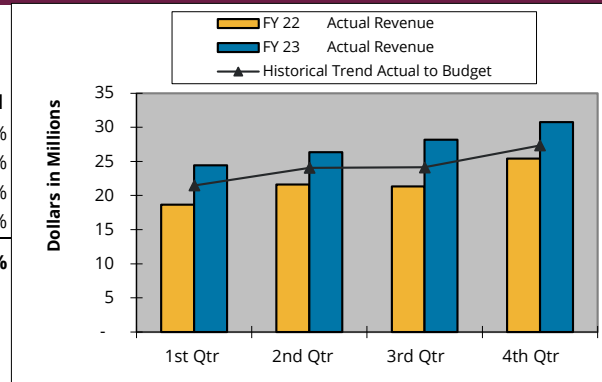
General Fund

Revenue Analysis (continued):

Voter Authorized Local Revenue (VALR) & Other State Shared Revenues FY 2022-23

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 22	\$ 19,683,661	\$ 24,420,433	27.5%	24.2%
2nd Qtr Oct - Dec 22	21,880,486	26,366,125	29.7%	27.1%
3rd Qtr Jan - Mar 23	21,936,471	28,163,346	31.7%	27.2%
4th Qtr Apr - Jun 23	25,324,382	30,755,895	34.6%	30.8%
Total	\$ 88,825,000	\$ 109,705,799	123.5%	109.3%

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



Positive

-- **Voter Authorized Local Revenue (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 Voter Authorized Local Revenue. Collections for FYE 2022-23 are \$9.3M (29.1%) above adopted budget and \$2.5 (6.5%) higher than FYE 2021-22 actual collections.

-- **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. Actual collections for FYE 2022-23 are \$913,558 (151%) above adopted budget and \$241,712 (18.9%) higher than FYE 2021-22 actual collections.

-- **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. Actual collections for FYE 2022-23 were \$363,884 (2.7%) higher than adopted budget and \$1.6M (13.4%) higher than FYE 2021-22 actual collections. This category has been slightly impacted by the delays in production of new vehicles for sale.

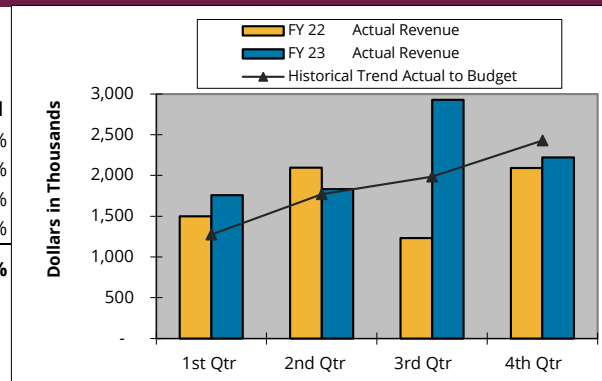
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2020 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Actual collections for FYE 2022-23 were \$10.3M (24.1%) above adopted budget and \$17M (47.2%) higher than FYE 2021-22 actual collections.

The overall Voter Authorized Local Revenue and Other State Shared revenue performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

Licenses & Permits Revenue FY 2022-23

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 22	\$ 1,150,066	\$ 1,758,340	26.2%	19.0%
2nd Qtr Oct - Dec 22	1,592,841	1,833,446	27.3%	26.4%
3rd Qtr Jan - Mar 23	1,787,062	2,929,422	43.6%	29.6%
4th Qtr Apr - Jun 23	2,188,531	2,220,863	33.0%	36.2%
Total	\$ 6,718,500	\$ 8,742,071	130.1%	111.2%

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



Positive

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, 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 for FYE 2022-23 are \$2M (30.1%) above adopted budget and \$1.8M (26.3%) higher than FYE 2021-22 actual collections primarily due to high value building permits that were issued. Higher collections in the third quarter of FY 2022-23 reflect large building permits pulled. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

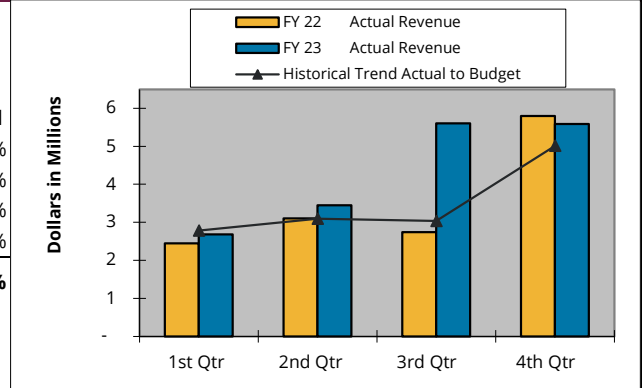
General Fund

Revenue Analysis (continued):

Charges for Services Revenue FY 2022-23

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr Jul - Sep 22	\$ 2,625,616	\$ 2,685,104	20.4%	21.2%
2nd Qtr Oct - Dec 22	2,917,864	3,451,659	26.3%	23.6%
3rd Qtr Jan - Mar 23	2,861,123	5,607,600	42.7%	23.1%
4th Qtr Apr - Jun 23	4,728,897	5,589,647	42.6%	38.2%
Total	\$ 13,133,500	\$ 17,334,010	132.0%	106.1%

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



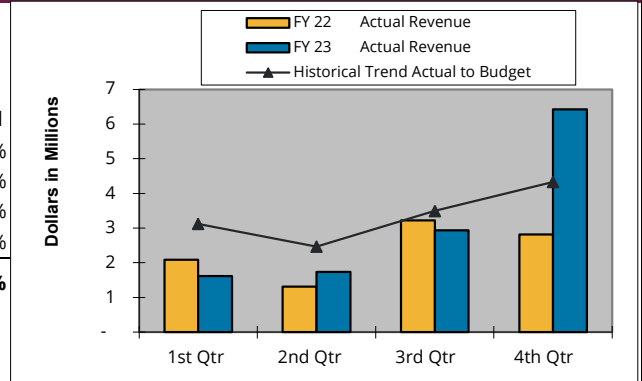
Positive

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 for FYE 2022-23 were \$4.2M (32%) above adopted budget and \$3.2M (23%) higher than FYE 2021-22 actual collections. Higher collections in the third quarter of FY 2022-23 reflect large building plan review fees. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

Other Revenue FY 2022-23

	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr Jul - Sep 22	\$ 1,635,657	\$ 1,614,617	22.2%	42.8%
2nd Qtr Oct - Dec 22	1,689,684	1,734,669	23.8%	33.8%
3rd Qtr Jan - Mar 23	1,802,310	2,936,260	40.3%	47.9%
4th Qtr Apr - Jun 23	2,161,149	6,424,457	88.1%	59.4%
Total	\$ 7,288,800	\$ 12,710,003	174.4%	183.9%

* 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 for FYE 2022-23 are \$5.4M (74.4%) above the adopted budget and \$4.5M (45.5%) higher than FYE 2021-22 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

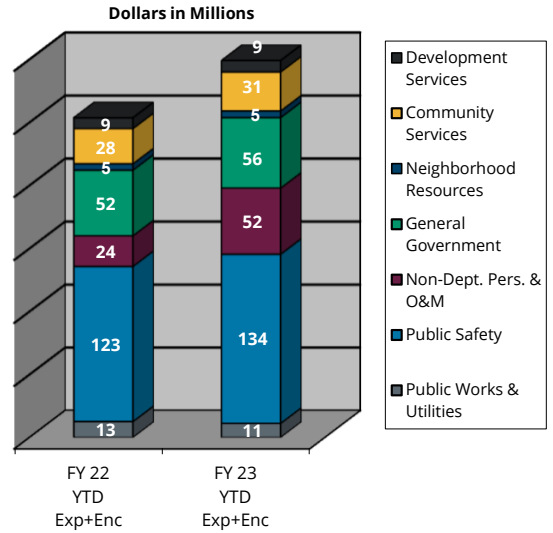
General Fund

Expenditure Analysis:

General Fund Expenditures + Encumbrances for FY 2022-23 by Function

	FY 23 Adjusted Budget	FY 23 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
* Dept. Operating				
General Government	\$ 66,561,108	\$ 55,921,395	84.0%	87.1%
Community Services	33,337,160	30,862,279	92.6%	93.6%
Development Services	10,816,708	9,102,329	84.2%	86.8%
Public Safety	142,367,590	134,187,888	94.3%	96.4%
Public Works & Utilities	11,952,152	11,130,524	93.1%	92.8%
Neighborhood Resources	9,336,780	5,295,029	56.7%	51.6%
Non-Dept. Pers. & O&M	59,393,755	52,495,901	88.4%	88.1%
Subtotal	\$ 333,765,253	\$ 298,995,345	89.6%	91.1%
Non-Dept. Reserves	\$ 1,655,819	\$ -	0.0%	0.0%
Non-Dept. Contingencies	37,834,580	-	0.0%	0.0%
Total	\$ 373,255,652	\$ 298,995,345	80.1%	80.8%

* 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.

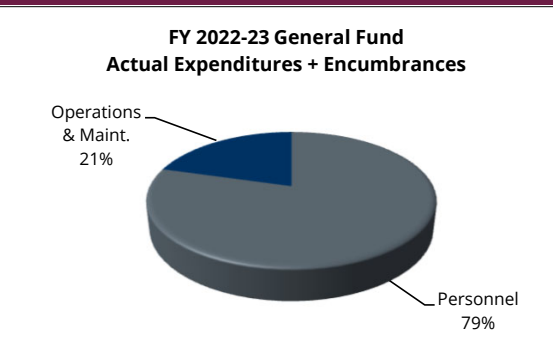
The chart reflects actual spending and encumbrances in FY 2021-22 and FY 2022-23. Non-Dept. Personnel and O&M (maroon category) increase reflects the difference in the amount of the prior year's payment of \$22M towards the Public Safety Personnel Retirement System (PSPRS), to the current year's payment of \$50M. Public Safety's (blue category) increase reflects higher personnel related costs. All other areas remained fairly consistent.

FY 2022-23 operating expended and encumbered through year end is 89.6% of the adjusted budget compared to 91.1% of adjusted budget spent and encumbered in the prior year. As shown on the following pages, departments (excluding non-departmental) have expended between 56.7% and 98.2% of their General Fund adjusted budgets for FY 2022-23.

General Fund Expenditures + Encumbrances for FY 2022-23 by Category

	FY 23 Adjusted Budget	FY 23 YTD Exp+Enc	FY 22 YTD Exp+Enc	% Change from Prior Yr. Actual
*Dept. Operating				
Personnel	\$ 259,259,463	\$ 237,470,304	\$ 196,736,500	20.7%
Operations & Maint.	74,505,790	61,525,041	56,885,126	8.2%
Reserves/Contingencies	39,490,399	-	-	0.0%
Total	\$ 373,255,652	\$ 298,995,345	\$ 253,621,626	17.9%

* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending for FY 2022-23 is 17.9% more than spending for FY 2021-22. The majority of the increase is due the \$50M payment to the Public Safety Personnel Retirement System (PSPRS) unfunded liability, versus \$22M in the prior year. Operations and maintenance for FY 2022-23 is 8.2% more than spending for FY 2021-22. Some of the increase reflects higher spending and encumbrances for park maintenance, IT contracted services, neighborhood community programs, as well as other American Rescue Plan Act (ARPA) related expenses..

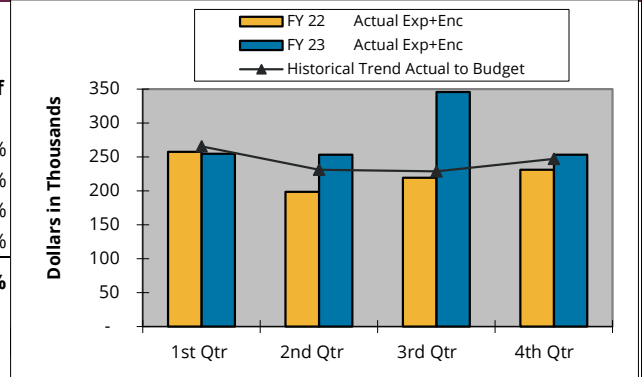
General Fund

Expenditure Analysis (continued / department summaries):

Mayor & Council Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 329,795	\$ 254,759	20.9%	21.8%
2nd Qtr Oct - Dec 22	293,150	253,289	20.7%	18.9%
3rd Qtr Jan - Mar 23	293,149	345,797	28.3%	18.7%
4th Qtr Apr - Jun 23	317,579	253,284	20.7%	20.2%
Total	\$ 1,221,459	\$ 1,107,129	90.6%	79.7%

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



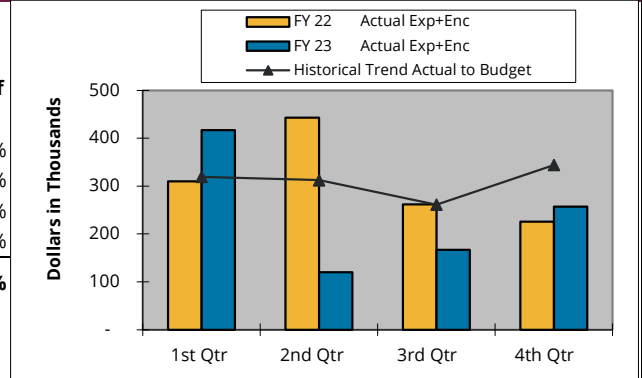
Positive

The Mayor and Council division spent 90.6% of their FY 2022-23 adjusted budget and has historically spent 81.5% of their adjusted budget for the fiscal year. Higher spending in the third quarter of FY 2022-23 compared to FY 2021-22 and the historical trend reflects a fully staffed department and personnel increases related to the class and compensation study. The performance indicator is positive as expenses are less than the adjusted budget.

City Clerk Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 318,603	\$ 416,926	35.1%	26.9%
2nd Qtr Oct - Dec 22	311,528	120,316	10.1%	26.3%
3rd Qtr Jan - Mar 23	260,775	167,118	14.1%	22.0%
4th Qtr Apr - Jun 23	296,150	256,700	21.6%	25.0%
Total	\$ 1,187,055	\$ 961,060	81.0%	100.0%

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



Positive

The City Clerk spent 81% of their FY 2022-23 adjusted budget and has historically spent 100% of their adjusted budget for the fiscal year. Higher spending in the first quarter of the FY 2022-23 was due to the General Election costs, not experienced in the prior year. Reduced spending in the second quarter of FY 2022-23 compared to FY 2021-22 was the result of a Bond Election in the prior year. The performance indicator is positive as expenses are less than the adjusted budget.

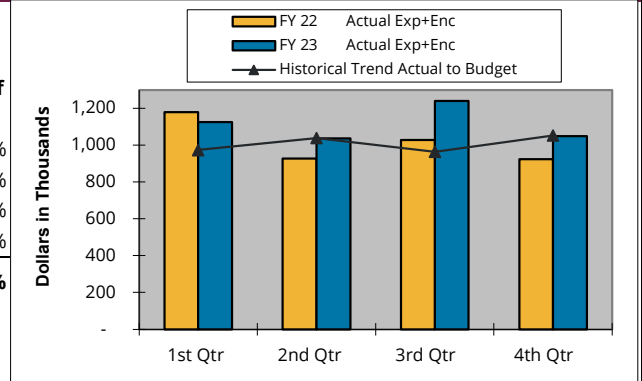
General Fund

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 1,095,072	\$ 1,124,422	24.8%	21.5%
2nd Qtr Oct - Dec 22	1,168,002	1,035,542	22.9%	22.9%
3rd Qtr Jan - Mar 23	1,084,393	1,239,810	27.4%	21.3%
4th Qtr Apr - Jun 23	1,184,225	1,048,910	23.1%	23.2%
Total	\$ 4,531,692	\$ 4,448,684	98.2%	88.9%

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



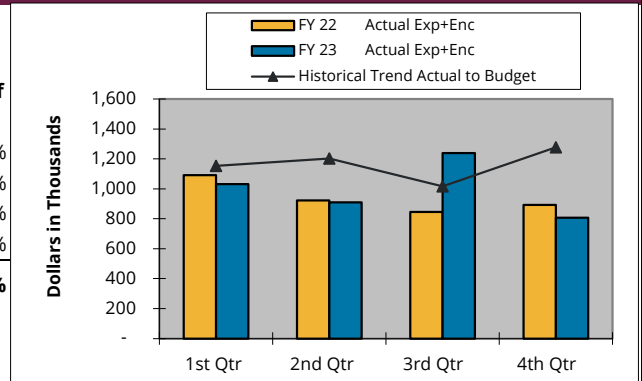
Positive

Law spent 98.2% of their FY 2022-23 adjusted budget and has historically spent 88.9% of their adjusted budget for the fiscal year. Higher spending in the third quarter of FY 2022-23 compared to FY 2021-22 reflects personnel increases related to the class and compensation study and vacation payouts. The performance indicator is positive as expenses are less than the adjusted budget.

City Magistrate Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr.	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 1,309,385	\$ 1,031,243	19.5%	21.8%
2nd Qtr Oct - Dec 22	1,365,431	909,072	17.2%	22.8%
3rd Qtr Jan - Mar 23	1,155,436	1,239,737	23.5%	19.3%
4th Qtr Apr - Jun 23	1,450,400	806,553	15.3%	24.2%
Total	\$ 5,280,652	\$ 3,986,605	75.5%	88.0%

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



Positive

City Magistrate spent 75.5% of their FY 2022-23 adjusted budget and has historically spent 88% of their adjusted budget for the fiscal year. Higher spending in the third quarter of FY 2022-23 compared to FY 2021-22 and historical trend reflects personnel increases related to the class and compensation study and vacation payouts. The performance indicator is positive as expenses are less than the adjusted budget.

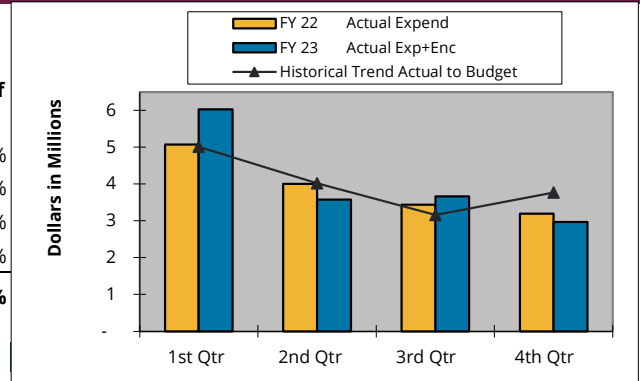
General Fund

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 2022-23 Comparison

		FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 22	\$	6,542,806	\$ 6,021,492	28.9%	24.0%
2nd Qtr Oct - Dec 22		5,252,985	3,572,917	17.1%	19.3%
3rd Qtr Jan - Mar 23		4,123,731	3,662,859	17.6%	15.1%
4th Qtr Apr - Jun 23		4,921,814	2,970,513	14.3%	18.1%
Total	\$	20,841,336	\$ 16,227,781	77.9%	76.6%

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



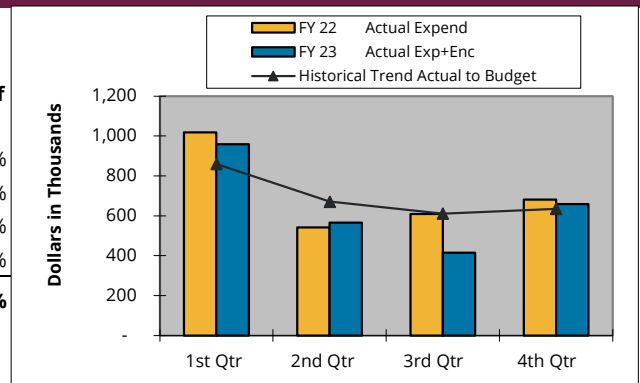
Positive

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, and Transportation Policy, as well as Cultural Development which is shown separately. As of FY 2022-23, a reorganization occurred transferring the Community Development Cost Center, which was renamed to Diversity, Equity, & Inclusion (DEI) to City Manager & Organizational Support. Combined, these divisions spent 77.9% of their FY 2022-23 adjusted budget and have historically spent 76.5% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

Communications & Public Affairs Expenditure FY 2022-23 Comparison

		FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 22	\$	988,678	\$ 958,238	30.0%	26.9%
2nd Qtr Oct - Dec 22		772,468	565,449	17.7%	21.0%
3rd Qtr Jan - Mar 23		703,982	415,249	13.0%	19.1%
4th Qtr Apr - Jun 23		730,805	658,837	20.6%	19.9%
Total	\$	3,195,933	\$ 2,597,773	81.3%	86.9%

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



Positive

Communications and Public Affairs (CAPA) spent 81.3% of their FY 2022-23 adjusted budget and have historically spent 86.9% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

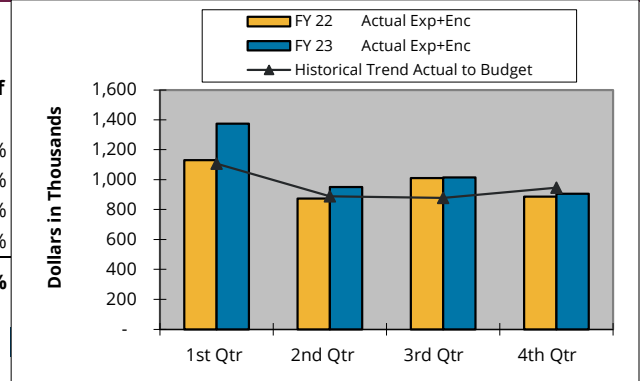
General Fund

Expenditure Analysis (continued / department summaries):

Cultural Development Expenditure 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 1,258,234	\$ 1,373,404	31.7%	25.5%
2nd Qtr Oct - Dec 22	997,911	950,178	21.9%	20.5%
3rd Qtr Jan - Mar 23	997,910	1,013,559	23.4%	20.3%
4th Qtr Apr - Jun 23	1,084,684	905,714	20.9%	21.8%
Total	\$ 4,338,738	\$ 4,242,855	97.8%	88.0%

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



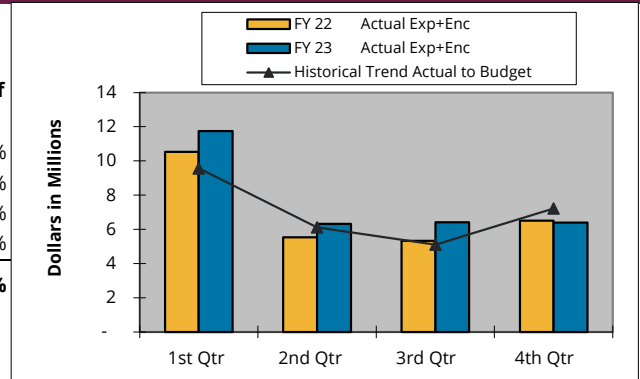
Positive

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 97.8% of their FY 2022-23 adjusted budget and have historically spent 88% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2022-23 is related to planned Center for the Arts contracted services. The performance indicator is positive as expenses are less than the adjusted budget.

Community Services Expenditure 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 11,334,634	\$ 11,738,278	35.2%	28.7%
2nd Qtr Oct - Dec 22	7,334,175	6,322,514	19.0%	18.4%
3rd Qtr Jan - Mar 23	6,000,689	6,404,982	19.3%	15.3%
4th Qtr Apr - Jun 23	8,667,662	6,396,505	19.2%	21.6%
Total	\$ 33,337,160	\$ 30,862,280	92.6%	84.0%

* 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 92.6% of their FY 2022-23 adjusted budget and have historically spent 84% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2022-23 is related to a planned increase in park maintenance contracts. The performance indicator is positive as expenses are less than the adjusted budget.

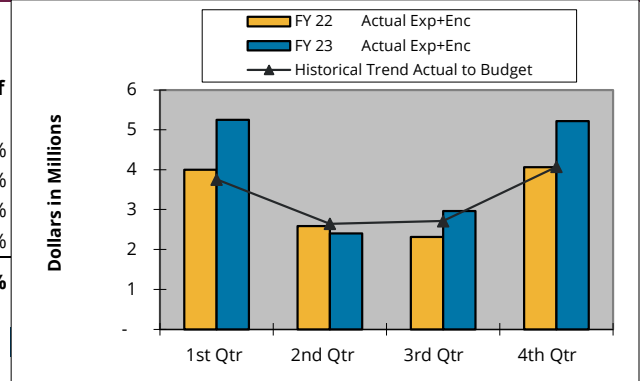
General Fund

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 5,036,963	\$ 5,247,273	29.2%	20.9%
2nd Qtr Oct - Dec 22	3,597,831	2,402,761	13.3%	14.7%
3rd Qtr Jan - Mar 23	3,777,722	2,965,619	16.5%	15.1%
4th Qtr Apr - Jun 23	5,576,637	5,213,044	29.0%	22.7%
Total	\$ 17,989,153	\$ 15,828,697	88.0%	73.3%

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



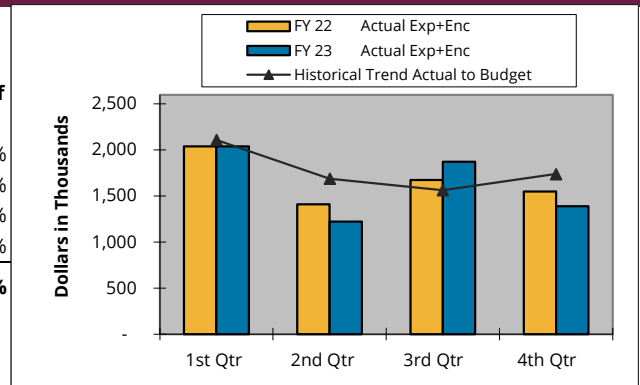
Positive

Information Technology spent 88% of their FY 2022-23 adjusted budget and have historically spent 73.3% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2022-23 is related to planned increased contracted services dedicated to various projects, which was not typical in the first quarter of the historical trend. The performance indicator is positive as expenses are less than the adjusted budget.

Management Services Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 2,367,817	\$ 2,039,083	25.6%	26.4%
2nd Qtr Oct - Dec 22	1,897,035	1,220,654	15.3%	21.2%
3rd Qtr Jan - Mar 23	1,757,378	1,873,083	23.5%	19.6%
4th Qtr Apr - Jun 23	1,952,860	1,387,988	17.4%	21.8%
Total	\$ 7,975,090	\$ 6,520,809	81.8%	89.0%

* 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 81.8% of their FY 2022-23 adjusted budget and have historically spent 89% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

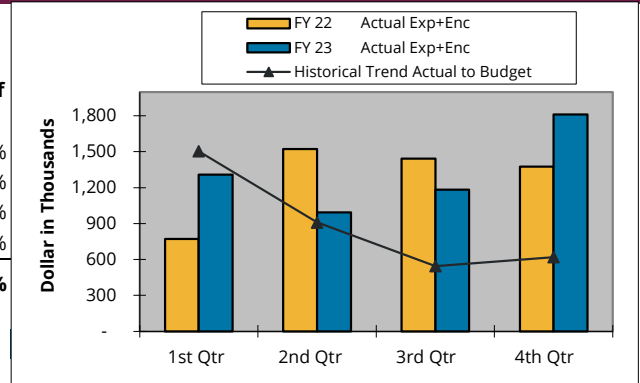
General Fund

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 3,921,449	\$ 1,308,564	14.0%	16.1%
2nd Qtr Oct - Dec 22	2,334,195	992,954	10.6%	9.7%
3rd Qtr Jan - Mar 23	1,400,517	1,183,835	12.6%	5.8%
4th Qtr Apr - Jun 23	1,680,619	1,809,676	19.4%	6.6%
Total	\$ 9,336,780	\$ 5,295,029	56.7%	38.3%

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



Positive

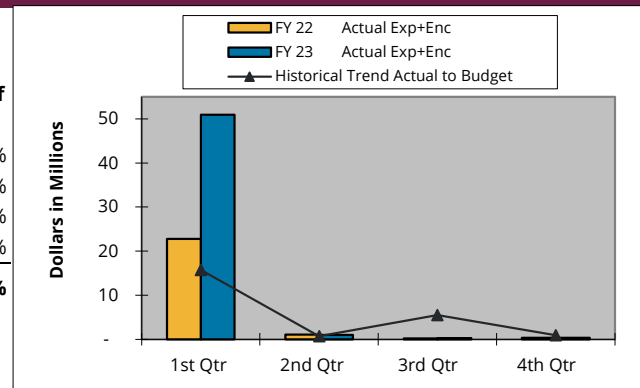
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, and Neighborhood Preservation. As of FY 2022-23, a reorganization occurred transferring the Community Development cost center to City Manager & Organizational Support. Historical spending for Community Development remains with Neighborhood Resources. The department spent 56.7% of their FY 2022-23 adjusted budget and have historically spent 38.3% of their adjusted budget for the fiscal year. Reduced spending compared to the historical trend in the first quarter of FY 2021-22 was due to the postponement of allocating Non-Profit funding, which resulted in higher spending in the second quarter in FY 2021-22, also reflected are the impacts of the reorganization of DEI to City Manager's department. Programs funded by freeing up General Fund due to receiving ARPA funds continue to be expended, but are impacting budget to actual spending. The performance indicator is positive as expenses are less than the adjusted budget, although any ARPA related unencumbered program funds will carryover to FY 2023-24.

Non-Departmental Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 40,947,093	\$ 50,901,167	85.7%	26.5%
2nd Qtr Oct - Dec 22	1,771,900	973,787	1.5%	1.1%
3rd Qtr Jan - Mar 23	14,349,354	263,179	0.6%	9.3%
4th Qtr Apr - Jun 23	2,325,408	357,768	0.6%	1.5%
Total**	\$ 59,393,755	\$ 52,495,901	88.4%	38.4%

* 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 2022-23 is 88.4% of the adjusted budget and has historically spent 38.4% of the adjusted budget for the fiscal year. Higher spending compared to the historical trend in the first quarter of FY 2021-22 and FY 2022-23 was due to the payments towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability. The majority of the increase in the first quarter of FY 2022-23 reflects a planned increased payment amount which was \$28M more than the prior year. The performance indicator is positive as expenses are less than the adjusted budget.

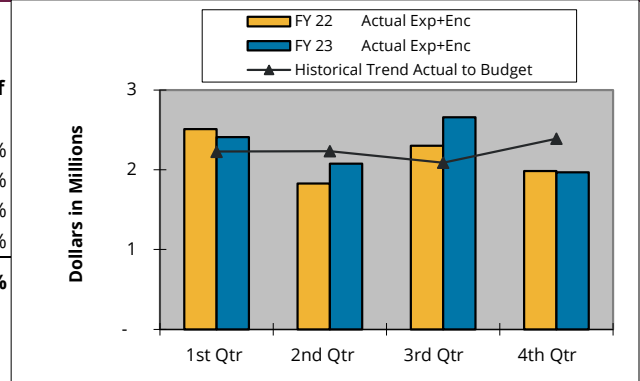
General Fund

Expenditure Analysis (continued / department summaries):

Development Services Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 2,704,177	\$ 2,405,840	22.2%	20.6%
2nd Qtr Oct - Dec 22	2,704,177	2,072,846	19.2%	20.6%
3rd Qtr Jan - Mar 23	2,487,843	2,657,510	24.6%	19.3%
4th Qtr Apr - Jun 23	2,920,511	1,966,132	18.2%	22.1%
Total	\$ 10,816,708	\$ 9,102,328	84.2%	82.6%

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



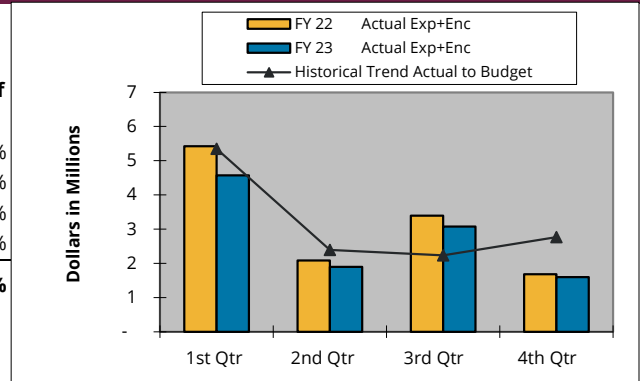
Positive

Development Services includes the following cost centers: Administration, Building Safety, Transportation Engineering, Engineering, and Planning. The Transportation Engineering Division moved from Public Works and Utilities in FY 2021-22, and this reorganization is not reflected in the historical trend. The department spent 84.2% of their FY 2022-23 adjusted budget and have historically spent 82.6% of their adjusted budget for the fiscal year. Higher spending in the third quarter of FY 2022-23 compared to FY 2021-22 and historical trend reflects fewer department vacancies, personnel increases related to the class and compensation study, and vacation payouts. The performance indicator is positive as expenses are less than the adjusted budget.

Public Works & Utilities Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 22	\$ 5,378,469	\$ 4,567,815	38.2%	44.8%
2nd Qtr Oct - Dec 22	2,390,430	1,898,098	15.8%	20.0%
3rd Qtr Jan - Mar 23	2,270,909	3,072,404	25.8%	18.7%
4th Qtr Apr - Jun 23	2,031,866	1,592,207	13.3%	16.6%
Total	\$ 11,952,152	\$ 11,130,524	93.1%	100.0%

* 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 from Public Works and Utilities in FY 2021-22. This reorganization is not reflected in the historical trend. The department spent 93.1% of their FY 2022-23 adjusted budget and have historically spent 100% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

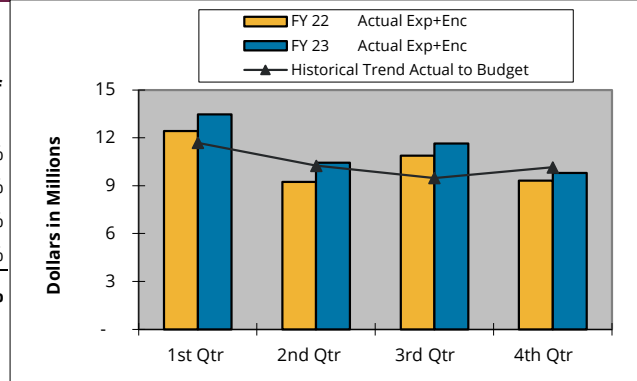
General Fund

Expenditure Analysis (continued / department summaries):

Fire Expenditure FY 2022-23 Comparison

		FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 22	\$ 12,904,613	\$ 13,461,487	29.2%	25.4%
2nd Qtr	Oct - Dec 22	11,521,977	10,436,021	22.6%	22.2%
3rd Qtr	Jan - Mar 23	10,600,217	11,631,620	25.3%	20.6%
4th Qtr	Apr - Jun 23	10,600,219	9,789,437	21.2%	22.0%
Total		\$ 46,087,905	\$ 45,318,565	98.3%	90.2%

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



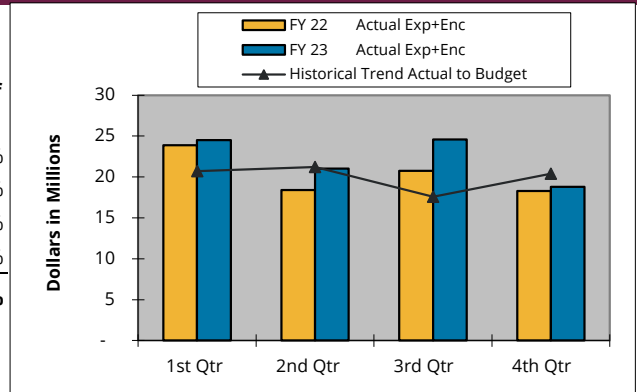
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 98.3% of their FY 2022-23 adjusted budget and have historically spent 90.2% of their adjusted budget for the fiscal year. Higher spending in FY 2021-22 and FY 2022-23 compared to historical trend is the result of additional overtime due to coverage needed for vacancies and retirement payouts, as well as higher planned wage changes overall. The performance indicator is positive as expenses are less than the adjusted budget.

Police Expenditure FY 2022-23 Comparison

		FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 22	\$ 25,032,718	\$ 24,505,168	25.5%	21.5%
2nd Qtr	Oct - Dec 22	25,995,515	21,002,545	21.8%	22.1%
3rd Qtr	Jan - Mar 23	21,181,530	24,576,670	25.5%	18.3%
4th Qtr	Apr - Jun 23	24,069,922	18,784,941	19.5%	21.2%
Total		\$ 96,279,685	\$ 88,869,324	92.3%	83.1%

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



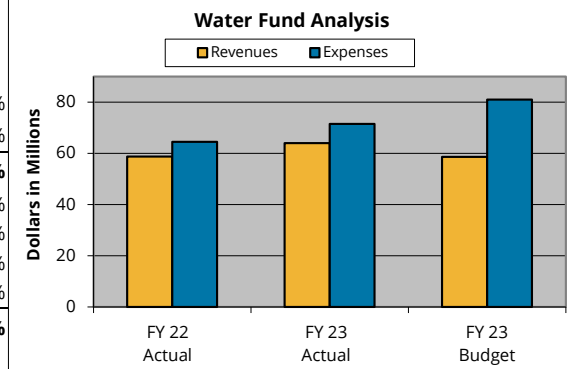
Positive

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 92.3% of their FY 2022-23 adjusted budget and have historically spent 83.1% of their adjusted budget for the fiscal year. Higher spending in FY 2021-22 and FY 2022-23 compared to historical trend is the result of additional overtime due to coverage needed for vacancies, as well as higher planned wage changes overall. The performance indicator is positive as expenses are less than the adjusted budget.

Enterprise Fund Analysis:

Water Fund Analysis FY 2022-23 Comparison

Water Fund	FY 23 Adjusted Budget	FY 23 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 56,992,932	\$ 62,421,649	110%	97%
Transfers In	1,539,514	1,539,514	100%	100%
Total Revenues	\$ 58,532,446	\$ 63,961,163	109%	97%
Operating Expenses	\$ 38,811,386	\$ 37,986,576	98%	95%
Major Capital Expenses	23,180,935	14,450,857	62%	80%
Debt Service	13,685,273	13,684,827	100%	95%
Transfers Out	5,258,622	5,275,634	100%	100%
Total Expenses	\$ 80,936,216	\$ 71,397,894	88%	91%
Net Rev / Exp	\$ (22,403,770)	\$ (7,436,731)		

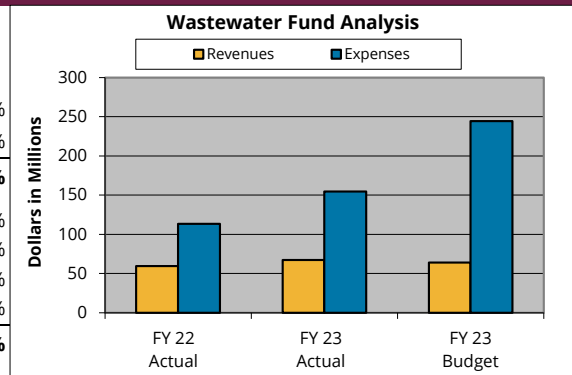
**Positive**

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 2022-23 reflects a \$22M 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 \$1,539,514 includes \$150,714 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 \$5,258,622 includes indirect cost allocation to the General Fund of \$3,696,018, payment of \$203,742 to the Technology Replacement Fund, payment of \$28,265 to the Workers' Compensation Self-Insurance Trust, and a payment of \$20,347 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$1,310,250 to the Reclaimed Water Fund (reflects benefit received). Year-to-date **Operating Revenues** through the fiscal year end are 110% compared to 97% for FY 2021-22, while **Operating Expenses** through the fiscal year end are 98% of budget as compared to 95% for FY 2021-22. The performance indicator is positive as the percentage of operating revenues received to date (110%) exceeds the percentage of operating expenses spent (98%, including debt service and the indirect cost allocation).

Wastewater Fund Analysis FY 2022-23 Comparison

Wastewater Fund	FY 23 Adjusted Budget	FY 23 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 52,906,290	\$ 56,300,892	106%	105%
Transfers In	11,139,992	11,139,992	100%	100%
Total Revenues	\$ 64,046,282	\$ 67,440,884	105%	104%
Operating Expenses	\$ 26,619,407	\$ 25,472,436	96%	92%
Major Capital Expenses	195,989,797	107,271,221	55%	75%
Debt Service	17,976,088	17,974,658	100%	97%
Transfers Out	3,829,671	3,918,421	102%	100%
Total Expenses	\$ 244,414,963	\$ 154,636,736	63%	82%
Net Rev / Exp	\$ (180,368,681)	\$ (87,195,852)		

**Positive**

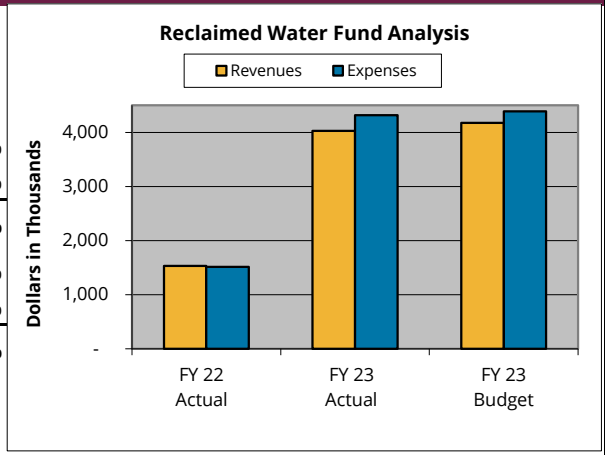
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 2022-23 reflects an \$180M 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 \$11,139,992 includes \$10M for System Development Fee (SDF) loan paybacks and \$1,139,992 from Reclaimed Water towards related capital costs. The budgeted Transfers Out totaling \$3,829,671 includes indirect cost allocation to the General Fund of \$2,345,878, payment of \$134,332 to the Technology Replacement Fund, payment of \$18,864 to the Workers' Compensation Self-Insurance Trust, and a payment of \$20,347 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$1,310,250 to the Reclaimed Water Fund (reflects benefits received). Year-to-date **Operating Revenues** through the fiscal year end are 106% of budget compared to 105% for FY 2021-22, while **Operating Expenses** through the fiscal year end are 96% of budget as compared to 92% for FY 2021-22. The performance indicator is positive since the percentage of operating revenues received (106%) exceeds the percentage of operating expenses spent to date (97%, including debt service and the indirect cost allocation).

Enterprise Fund Analysis (continued):

Reclaimed Water Fund Analysis FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Reclaimed Water				
Revenues	\$ 1,555,370	\$ 1,407,513	90%	84%
Transfers In	2,620,500	2,620,500	100%	0%
Total Revenues	\$ 4,175,870	\$ 4,028,013	96%	84%
Operating Expenses	\$ 1,732,613	\$ 1,660,864	96%	84%
Transfers Out	2,654,045	2,654,045	100%	100%
Total Expenses	\$ 4,386,658	\$ 4,314,909	98%	85%
Net Rev / Exp	\$ (210,788)	\$ (286,896)		

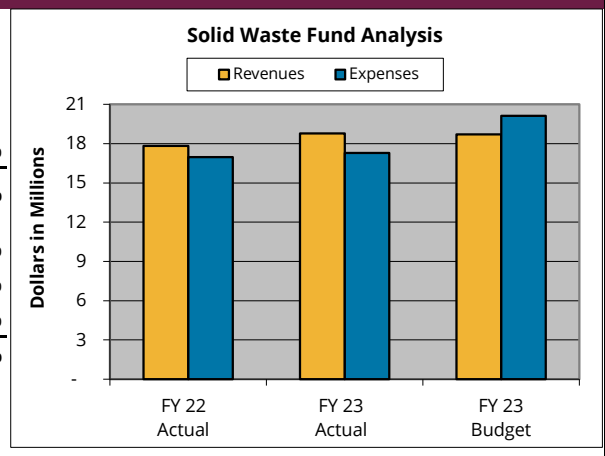


Positive The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Reclaimed Water Operating Fund supports operating functions and now a portion of related capital costs. The Net Revenue/Expense for the FY 2022-23 budget reflects a drawdown of \$210,788 of fund balance. The budgeted Transfers In totaling \$2,620,500 includes subsidies from Water and Wastewater Funds of \$1,310,250 each to reflect the benefit each fund receives by reclaiming water. The budgeted Transfers Out totaling \$2,654,045 include an indirect cost allocation to the General Fund of \$122,919, payment of \$1,535 to the Technology Replacement Fund, and \$799 to the Workers' Compensation Self-Insurance Trust, as well as a payment of \$1,388,800 to the Water Fund and \$1,139,992 to the Wastewater Fund to reflect contributions to reclaimed capital costs. Year-to-date **Operating Revenues** through the fiscal year end are 90% of budget compared to 84% for FY 2021-22, while **Operating Expenses** through the fiscal year end are 96% of budget as compared to 84% for FY 2021-22. The performance indicator has been changed to positive since the percentage of operating revenues received (90%) is actually less than the percentage of operating expenses spent to date (96%, including debt service and the indirect cost allocation), which was overstated with expenses that should have been coded to the Wastewater fund, but not corrected before year end. This will be rectified in the new year.

Solid Waste Fund Analysis FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Solid Waste				
Revenues	\$ 18,694,964	\$ 18,772,204	100%	99%
Total Revenues	\$ 18,694,964	\$ 18,772,204	100%	99%
Operating Expenses	\$ 17,148,382	\$ 15,864,963	93%	95%
Major Capital Expenses	1,924,433	362,077	19%	44%
Transfers Out	1,056,898	1,056,898	100%	100%
Total Expenses	\$ 20,129,713	\$ 17,283,938	86%	92%
Net Rev / Exp	\$ (1,434,749)	\$ 1,488,266		



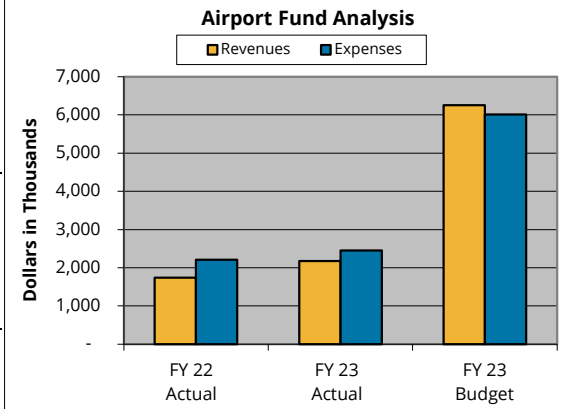
Positive The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2022-23 reflects a drawdown of \$1,434,749 to fund balance. The budgeted Transfers Out totaling \$1,056,898 include an indirect cost allocation to the General Fund of \$978,849, payment of \$64,531 to the Technology Replacement Fund, and payment of \$13,518 to the Workers' Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the fiscal year end are 100% of budget compared to 99% for FY 2021-22, while **Operating Expenses** through the fiscal year end are 93% of budget compared to 95% for FY 2021-22. The performance indicator is positive as the percentage of operating revenues received to date (100%) exceeds the percentage of operating expenses spent (93%, including the indirect cost allocation).

Enterprise / Other Funds Analysis (continued):

Airport Fund Analysis FY 2022-23 Comparison

Airport Fund	FY 23 Adjusted Budget	FY 23 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 881,000	\$ 1,016,335	115%	101%
General Fund Subsidy	5,130,654	1,155,251	23%	25%
Total Revenues	\$ 6,011,654	\$ 2,171,586	36%	40%
Operating Expenses	\$ 1,697,814	\$ 1,459,484	86%	67%
Major Capital Expenses	4,200,823	881,510	21%	41%
Transfers Out	113,017	114,279	101%	100%
Total Expenses	\$ 6,011,654	\$ 2,455,273	41%	54%
Net Rev / Exp	\$ -	\$ (283,687)		

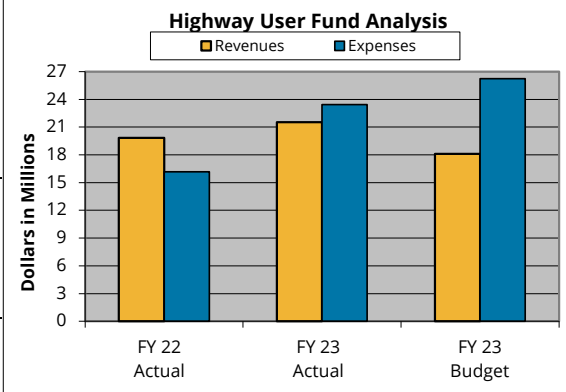
**Positive**

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 2022-23 reflects no budgeted change in fund balance since the General Fund Subsidy of \$5.1M 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 \$113,017 includes indirect cost allocation to the General Fund of \$100,000 and a payment of \$13,017 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the fiscal year end are 115% of budget compared to 101% for FY 2021-22, while year-to-date **Operating Expenses** through the fiscal year end are 86% of budget compared to 67% for FY 2021-22. The performance indicator is positive as the percentage of operating revenues received (115%) exceeds the percentage of operating expenses spent (86%, including indirect cost allocation). The negative Net Revenue/Exp+Enc of \$283,687 is a result of outstanding encumbrances at year-end which are carried into FY 2023-24 along with the unencumbered major capital project appropriation so the projects can continue.

Highway User Fund (HURF) Analysis FY 2022-23 Comparison

Highway User Fund	FY 23 Adjusted Budget	FY 23 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Highway Users Tax	\$ 17,744,011	\$ 20,835,558	117%	112%
Other	363,000	706,677	195%	90%
Total Revenues	\$ 18,107,011	\$ 21,542,235	119%	112%
Operating Expenses	\$ 10,340,351	\$ 9,339,487	90%	92%
Major Capital Expenses	15,784,855	13,987,300	89%	92%
Transfers Out	123,552	123,552	100%	100%
Total Expenses	\$ 26,248,758	\$ 23,450,339	89%	92%
Net Rev / Exp	\$ (8,141,747)	\$ (1,908,104)		

**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.

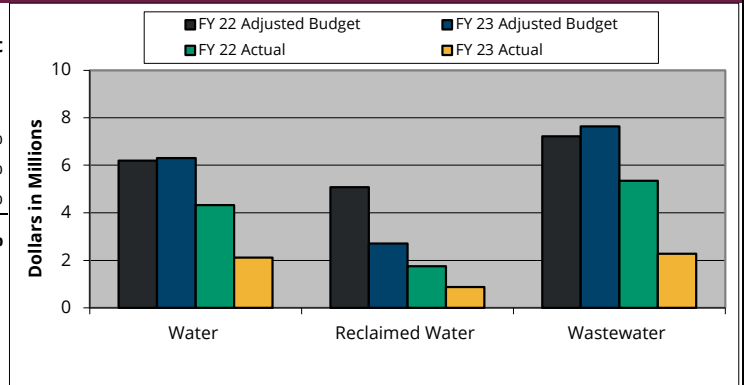
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2022-23 reflects a planned drawdown of \$8M to fund balance. The budgeted Transfers Out totaling \$123,552 include a payment to the General Fund of \$2,082 for miscellaneous charges, a payment of \$26,470 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 fiscal year end are 117% of budget compared to 112% for FY 2021-22, while year-to-date **Operating Expenses** through the fiscal year end are 90% of budget compared to 92% for FY 2021-22. The performance indicator is positive as the percentage of operating revenues received (117%) exceeds the percentage of operating expenses spent of 90%.

Other Funds Analysis (continued):

Enterprise System Development Fee Funds Analysis FY 2022-23 Comparison

Enterprise System Development Fee (SDF) Funds	FY 23 Adjusted Budget	FY 23 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 6,300,000	\$ 2,117,190	34%
Reclaimed Water	2,700,300	872,233	32%
Wastewater	7,637,000	2,277,365	30%
Total SDF Revenue	\$ 16,637,300	\$ 5,266,788	32%

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.

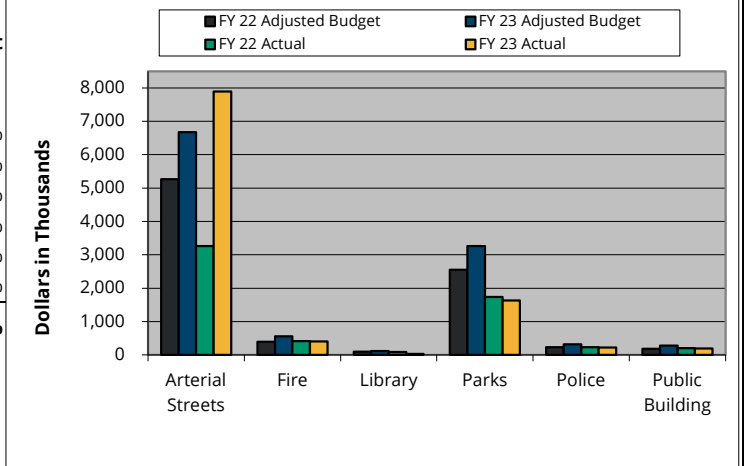


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDF's are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) is needed. Enterprise SDFs are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2022-23 budget and fiscal year end collections compared to the FY 2021-22 budget and fiscal year end collections. Collections through the fiscal year end of FY 2022-23 were 32% of the budget as compared to the prior year's collections of 62% of budget. Slowing of permit activity is an indicator of the economy. Enterprise SDF revenues projections will be reviewed based on this trend.

General System Development Fee Funds Analysis FY 2022-23 Comparison

General System Development Fee (SDF) Funds	FY 23 Adjusted Budget	FY 23 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 6,676,000	\$ 7,891,722	118%
Fire	560,000	399,906	71%
Library	117,000	28,294	24%
Parks	3,259,000	1,627,594	50%
Police	313,000	216,748	69%
Public Building	280,000	192,094	69%
Total SDF Revenue	\$ 11,205,000	\$ 10,356,358	92%

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.

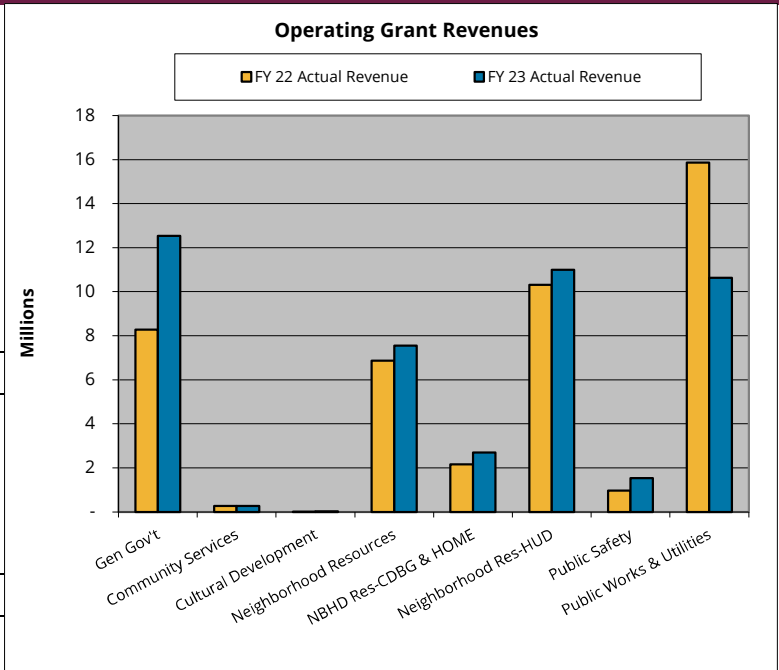


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2022-23 budget and fiscal year end collections compared to FY 2021-22 budget and fiscal year end collections. Collections for FY 2022-23 were 92% of the budget as compared to the prior year's collections of 68% of the budget. Slowing of permit activity is an indicator of the economy. General SDF revenues projections will be reviewed based on this trend.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2022-23 Comparison

	FY 23 Actual Revenue	FY 22 Actual Revenue
General Government*	\$ 11,560,864	\$ 6,993,123
Community Services	268,818	261,998
Neighborhood Resources	4,920,880	6,705,181
Neighborhood Res. - CDBG & HOME	2,694,787	2,162,066
Neighborhood Res. - HUD	10,988,178	10,315,627
Public Safety	1,538,873	960,163
Public Works & Utilities	-	-
Total Operating Grant Revenue	\$ 31,972,401	\$ 27,398,158
General Government*	\$ 966,248	\$ 1,289,843
Community Services	-	-
Cultural Development	18,993	13,735
Neighborhood Res.	2,625,000	159,281
Public Works & Utilities	10,634,679	15,868,034
Total Capital Grant Revenue	\$ 14,244,920	\$ 17,330,894
Total Grant Revenue	\$ 46,217,321	\$ 44,729,051



* Includes Airport, CAPA, City Manager, Development Services, 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 for FY 2022-23 are \$46.2M as compared to \$44.7M collected for FY 2021-22.