



## Informational Memo

### Management Services - Memo No. 23-059

**Date:** May 30, 2023

**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) 2022-23 Third Quarter Financial Report

Attached is the FY 2022-23 Third Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures and additional summaries and analysis of Enterprise, System Development Fees, Highway User Revenue, and Grant funds.

The analysis included in this report provides a snapshot at the end of the third quarter of FY 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 over the third quarter, all General Fund revenue performance indicators are showing as positive. The General Fund third quarter reflected overall revenue growth of 20.1% (over historical collections through March) with 86.7% of budgeted revenues received compared to an 80.0% historical average received.

Overall, General Fund expenditures are at 73.7% of budget through the third quarter compared to 74.5% for the historical average spent. 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. Based on known spending expectations, anticipated increases, and additional inflation impacts, expenditures will continue to be monitored throughout the year and adjusted when needed.

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

Attachment: FY 2022-23 Third Quarter Financial Report

Memo No. 23-059

May 30, 2023

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



Management Services

# Quarterly Financial Report

3rd 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.

First Quarter 2022	-1.6%
Second Quarter 2022 (3rd update)	-0.6%
Third Quarter 2022 (revised estimate)	3.2%
Fourth Quarter 2022 (third estimate)	2.6%

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.

November 3, 2022	3.75%-4.00%
December 22, 2022	4.25%-4.50%
February 2, 2023	4.50%-4.75%
March 23, 2023	4.75%-5.00%

Source: Federal Reserve Bank

### Unemployment

	National	State of Arizona	Phoenix Metro Area*
Dec-22	3.5%	4.0%	2.7%
Jan-23	3.4%	3.8%	2.9%
Feb-23	3.6%	3.7%	2.9%
Mar-23	3.5%	3.5%	2.9%

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.

Wells Capital benchmark is 0-3 year U.S. Treasury Index.

PFM's benchmark is 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	3rd Quarter	Fiscal Year
<b>Benchmark</b>	<b>1.82%</b>	<b>0.43%</b>
Wells Capital Management	1.24%	1.23%
PFM	1.83%	0.72%
Fiscal Year 2021-22 Rate of Return	3rd Quarter	Fiscal Year
<b>Benchmark</b>	<b>-3.16%</b>	<b>-3.83%</b>
Wells Capital Management	-1.64%	-2.01%
PFM	-2.97%	-3.66%

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 to 115 per quarter in FY 2021-22; compared to 205 average permits per quarter for FY 2020-21; and 170 average permits per quarter for FY 2019-20.

Quarter	State of Arizona	Chandler
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

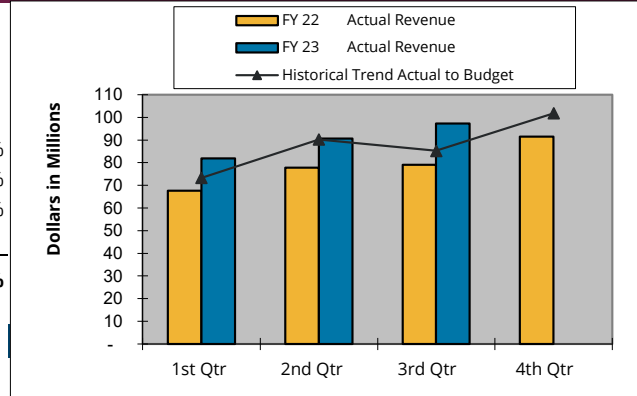
# General Fund

## 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	86,297,398			
<b>Total</b>	<b>\$ 310,892,902</b>	<b>\$ 269,782,508</b>	<b>86.7%</b>	<b>80.0%</b>

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



#### Positive

General Fund revenue collections for FY 2022-23 are \$45.2M (20.1%) above the adopted budget and \$45.4M (20.2%) higher than actual collections through the third quarter of FY 2021-22.

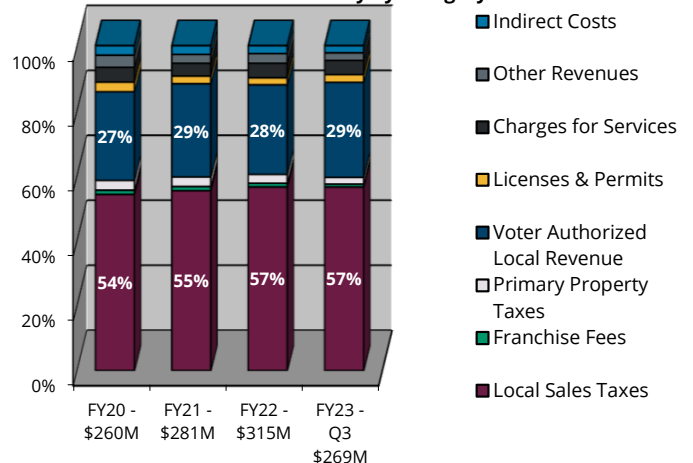
Overall, General Fund revenue, led by continuing strong Sales Tax collections, is performing well due to higher local consumer spending with related inflation, and a steady stream of development activity (although slowing) in Chandler. The \$20B expansion of Intel is the largest development during this time and is a driver for revenues coming in over budget in addition to the impacts of inflation as well. It is anticipated that once the development is completed, revenues will stabilize in various categories, classifying much of these additional revenues as one-time. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.

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 2022-23

Revenue Categories	FY 23 Adopted Budget	FY 23 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 174,948,400	\$ 152,520,849	87.2%
Franchise Fees	3,451,000	2,459,325	71.3%
Primary Property Tax	8,663,078	5,402,844	62.4%
VALR & State Shared	88,825,000	78,949,905	88.9%
Licenses & Permits	6,718,500	6,521,209	97.1%
Charges for Services	13,133,500	11,744,363	89.4%
Other Revenues	7,288,800	6,285,546	86.2%
Indirect Cost Allocation	7,864,624	5,898,468	75.0%
<b>Total</b>	<b>\$ 310,892,902</b>	<b>\$ 269,782,509</b>	<b>86.8%</b>

General Fund Collection History by Category %



#### Positive

This chart summarizes General Fund revenue collections by revenue category for FY 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.

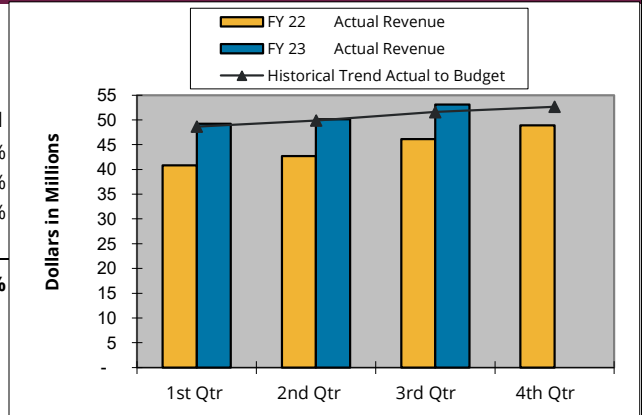
# General Fund

## 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			
<b>Total</b>	<b>\$ 174,948,400</b>	<b>\$ 152,520,849</b>	<b>87.2%</b>	<b>85.8%</b>

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



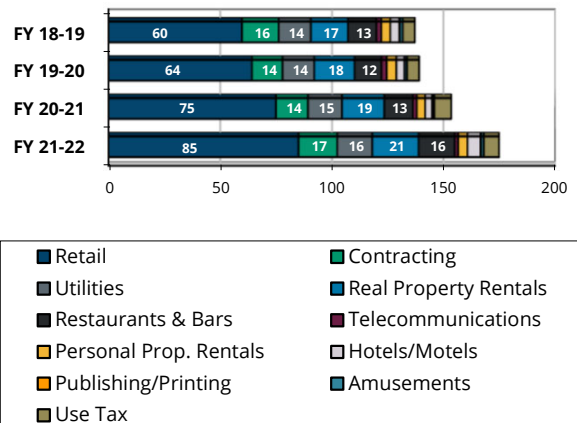
#### Positive

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 2022-23 are \$22.8M (17.6%) above adopted budget and \$22.8M (17.6%) higher than FY 2021-22 actual collections. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.

### 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	\$ 69,330,112	84.5%	12.3%
Contracting	18,060,000	19,797,777	109.6%	72.3%
Utilities	17,000,000	13,285,822	78.2%	7.0%
Real Property Rentals	21,115,000	17,523,707	83.0%	13.1%
Restaurants & Bars	15,885,000	12,784,410	80.5%	10.2%
Telecommunications	1,550,000	1,230,780	79.4%	2.4%
Personal Prop. Rentals	4,160,000	3,775,167	90.7%	21.7%
Hotels/Motels	4,680,000	4,716,451	100.8%	24.7%
Publishing/Printing/Adv.	200,000	165,377	82.7%	10.2%
Amusements	1,050,000	1,062,563	101.2%	20.9%
Use Tax	7,500,000	5,330,139	71.1%	3.8%
<b>Total Sales Tax</b>	<b>\$ 173,200,000</b>	<b>\$ 149,002,303</b>	<b>86.0%</b>	<b>17.3%</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 through the third quarter of FY 2022-23 were \$20.6M (16.1%) above the adopted budget and \$22.0M (17.3%) higher than FY 2021-22 actual collections through the same period. It should be noted that many of the categories are positive, reflecting higher consumer spending, increased contracting/development collections, and added tourism spending.

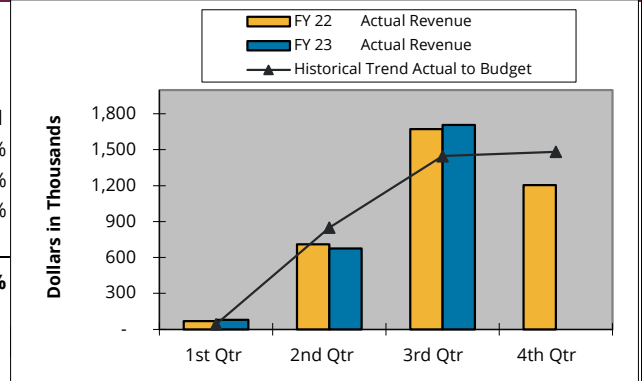
# General Fund

## 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			
<b>Total</b>	<b>\$ 3,451,000</b>	<b>\$ 2,459,325</b>	<b>71.2%</b>	<b>67.7%</b>

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



#### Positive

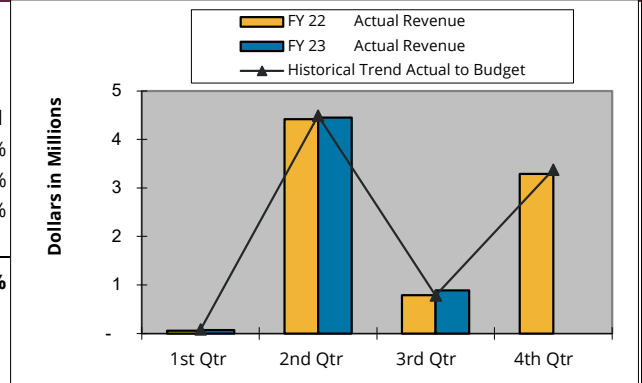
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections through the third quarter of FY 2022-23 are \$347,179 (16.4%) above the adopted budget and \$9,679 (0.4%) higher than FY 2021-22 actual through the third quarter. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.

### 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			
<b>Total</b>	<b>\$ 8,663,078</b>	<b>\$ 5,402,844</b>	<b>62.4%</b>	<b>61.7%</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 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 through the third quarter FY 2022-23 are \$92,448 (1.7%) above the adopted budget and \$137,069 (2.6%) higher than FY 2021-22 actual collections through the third 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 third quarter is above the historical budget received through the same period.

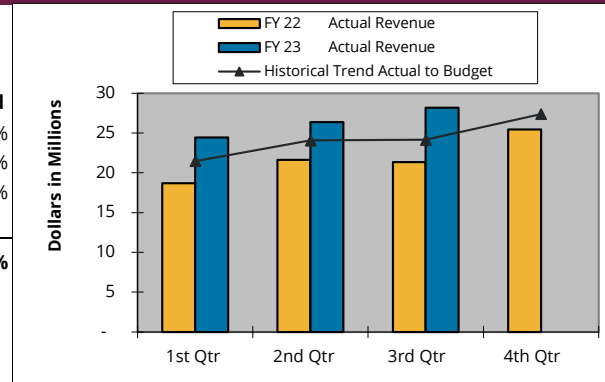
# General Fund

## 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			
<b>Total</b>	<b>\$ 88,825,000</b>	<b>\$ 78,949,904</b>	<b>88.9%</b>	<b>78.5%</b>

\* 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 through the third quarter of FY 2022-23 are \$7.0M (32.2%) above adopted budget and \$2.7 (10.3%) higher than FY 2021-22 actual collections through the third 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. Collections through the third quarter of FY 2022-23 are \$102,435 (116.9%) above adopted budget for FY 2022-23. Historical collections beginning in FY 2021-22 of \$611,479 were received through the third quarter, however they were recorded in the Other Receipts category. For FY 2021-22, a total of \$1.3M was received and recorded in the Other Receipts category.

-- **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 third quarter of FY 2022-23 were \$95,869 (1.0%) less than adopted budget and \$1.0M (12.9%) higher than FY 2021-22 actual collections through the third quarter. This category has been slightly impacted by the delays in production of new vehicles for sale.

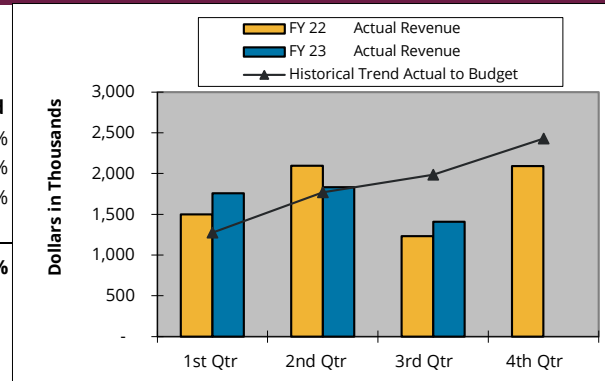
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2020 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Collections through the third quarter of FY 2022-23 were \$7.7M (24.2%) above adopted budget and \$12.8M (47.7%) higher than FY 2021-22 actual collections through the third quarter.

The overall Voter Authorized Local Revenue and Other State Shared revenue performance indicator is positive as the percentage of budget received through the third quarter is higher than the percentage of historical budget received through the same period.

### 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	1,410,153	21.0%	29.6%
4th Qtr Apr - Jun 23	2,188,531			
<b>Total</b>	<b>\$ 6,718,500</b>	<b>\$ 5,001,939</b>	<b>74.5%</b>	<b>75.0%</b>

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



Positive

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, 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 third quarter of FY 2022-23 are \$1.2M (44.0%) above adopted budget and \$1.7M (35.1%) higher than FY 2021-22 actual collections through the third quarter primarily due to high value building permits that were issued. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.



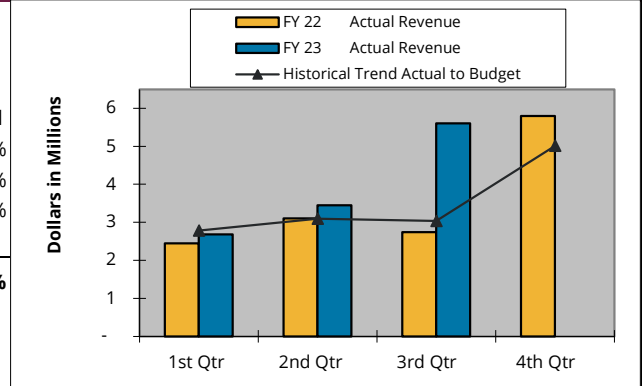
# General Fund

## 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	6,200,883	5,607,600	42.7%	23.1%
4th Qtr Apr - Jun 23	1,389,137			
<b>Total</b>	<b>\$ 13,133,500</b>	<b>\$ 11,744,363</b>	<b>89.4%</b>	<b>67.9%</b>

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



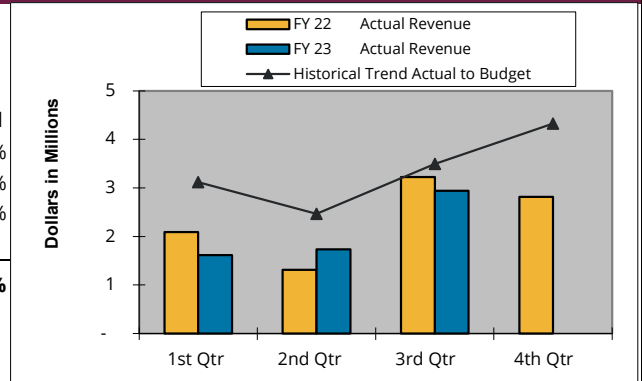
#### Positive

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 third quarter of FY 2022-23 were \$3.3M (39.7%) above adopted budget and \$3.4M (41.6%) higher than FY 2021-22 actual collections through the third quarter. Higher collections in the third quarter of FY 2022-23 reflect building plan review fees. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the percentage of historical budget received through the same period.

### 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			
<b>Total</b>	<b>\$ 7,288,800</b>	<b>\$ 6,285,546</b>	<b>86.3%</b>	<b>124.5%</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 third quarter of FY 2022-23 are \$1.1M (23.6%) above the adopted budget and \$338,302 (28.02%) less than FY 2021-22 actual collections through the third quarter. FY 2022-23 reflects a decrease in the first quarter revenues compared to FY 2021-22, in which two large receipts (Valley Metro Transit Services and sale of a build) were recorded. Court fee reductions and interest reflects the majority of the decrease when comparing to the historical trend. Although revenue received is greater than five percentage points below historical trend, the historical trend is inflated due to interest and other revenues which came in higher than budget in prior years. Since the amount received thus far has come in as planned in the second and third quarters, the performance indicator was changed to positive. It is important to note that we typically see large fluctuations in these revenues which are primarily one-time in nature.

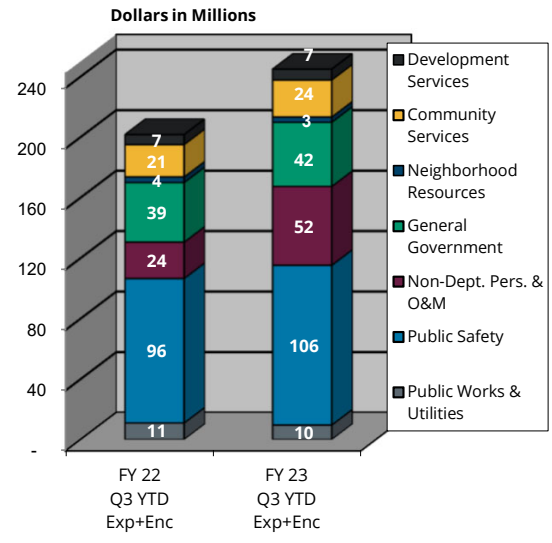
# General Fund

## Expenditure Analysis:

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

	FY 23 Adjusted Budget	FY 23 Q3 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
<b>* Dept. Operating</b>				
General Government	\$ 66,602,909	\$ 42,419,849	63.7%	66.0%
Community Services	33,316,377	24,465,774	73.4%	72.5%
Development Services	10,816,708	7,136,196	66.0%	66.8%
Public Safety	138,816,158	105,613,511	76.1%	78.3%
Public Works & Utilities	11,952,152	9,538,317	79.8%	80.6%
Neighborhood Resources	8,580,013	3,485,353	40.6%	84.9%
Non-Dept. Pers. & O&M	62,087,980	52,138,133	84.0%	76.2%
<b>Subtotal</b>	<b>\$ 332,172,297</b>	<b>\$ 244,797,134</b>	<b>73.7%</b>	<b>74.5%</b>
Non-Dept. Reserves	\$ 1,900,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	37,834,580	-	0.0%	0.0%
<b>Total</b>	<b>\$ 371,906,877</b>	<b>\$ 244,797,134</b>	<b>65.8%</b>	<b>64.9%</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.

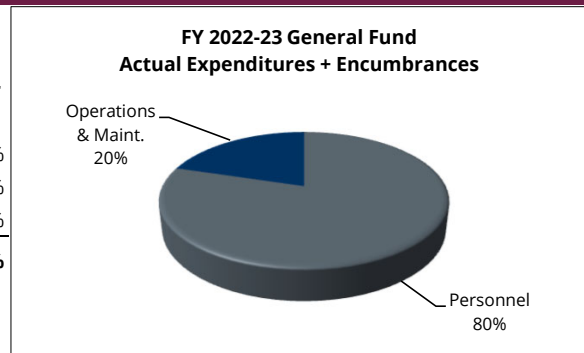
The chart reflects actual spending and encumbrances in FY 2021-22 and FY 2022-23. Non-Dept. Personnel and O&M (maroon category) increase reflects the difference in the amount of the prior year's payment of \$22M towards the Public Safety Personnel Retirement System (PSPRS), to the current year's payment 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 the third quarter is 73.7% of the adjusted budget compared to 74.5% of adjusted budget spent and encumbered through the third quarter of the prior year. As shown on the following pages, departments (excluding non-departmental) have expended between 40.6% and 79.8% 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 Q3 YTD Exp+Enc	FY 22 Q3 YTD Exp+Enc	% Change from Prior Yr. Actual
<b>*Dept. Operating</b>				
Personnel	\$ 258,416,553	\$ 195,130,196	\$ 155,920,378	25.1%
Operations & Maint.	73,755,744	49,666,938	45,634,012	8.8%
Reserves/Contingencies	39,734,580	-	-	0.0%
<b>Total</b>	<b>\$ 371,906,877</b>	<b>\$ 244,797,134</b>	<b>\$ 201,554,390</b>	<b>21.5%</b>

\* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the third quarter of FY 2022-23 is 25.1% 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 8.8% 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 charges and services.

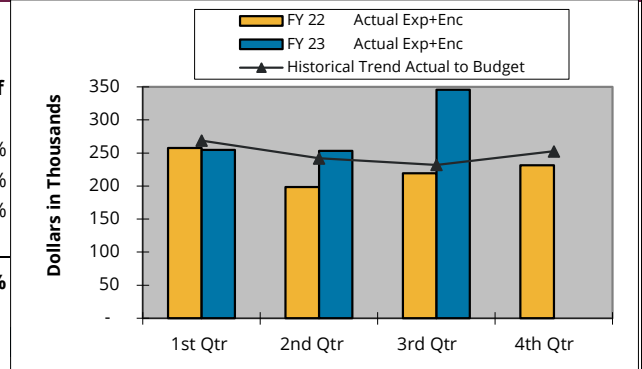
# General Fund

## 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 329,795	\$ 254,759	20.9%	22.0%
2nd Qtr Oct - Dec 22	293,150	253,289	20.7%	19.8%
3rd Qtr Jan - Mar 23	280,935	345,797	28.3%	19.0%
4th Qtr Apr - Jun 23	317,579			
<b>Total</b>	<b>\$ 1,221,459</b>	<b>\$ 853,845</b>	<b>69.9%</b>	<b>60.8%</b>

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



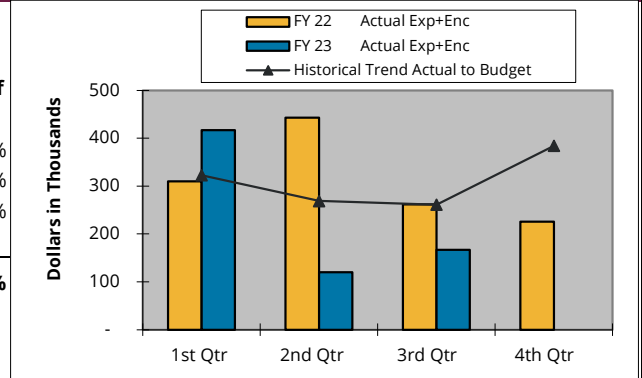
#### Positive

The Mayor and Council division spent 69.9% of their FY 2022-23 adjusted budget and has historically spent 60.8% of their adjusted budget through the third quarter of 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 would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are planned and the expectation is to be within budget by fiscal year end.

### 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 309,618	\$ 416,926	35.1%	27.2%
2nd Qtr Oct - Dec 22	258,068	120,316	10.1%	22.6%
3rd Qtr Jan - Mar 23	250,781	167,118	14.1%	22.0%
4th Qtr Apr - Jun 23	368,588			
<b>Total</b>	<b>\$ 1,187,055</b>	<b>\$ 704,360</b>	<b>59.3%</b>	<b>71.8%</b>

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



#### Positive

The City Clerk spent 59.3% of their FY 2022-23 adjusted budget and has historically spent 71.8% of their adjusted budget through the third quarter of 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. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

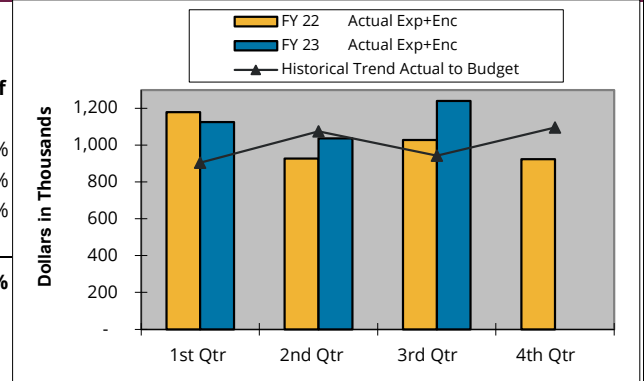
# General Fund

## Expenditure Analysis (continued / department summaries):

### Law Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 1,018,396	\$ 1,124,422	24.9%	20.0%
2nd Qtr Oct - Dec 22	1,209,666	1,035,542	22.9%	23.8%
3rd Qtr Jan - Mar 23	1,060,844	1,239,810	27.4%	20.9%
4th Qtr Apr - Jun 23	1,232,607			
<b>Total</b>	<b>\$ 4,521,513</b>	<b>\$ 3,399,774</b>	<b>75.2%</b>	<b>64.7%</b>

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



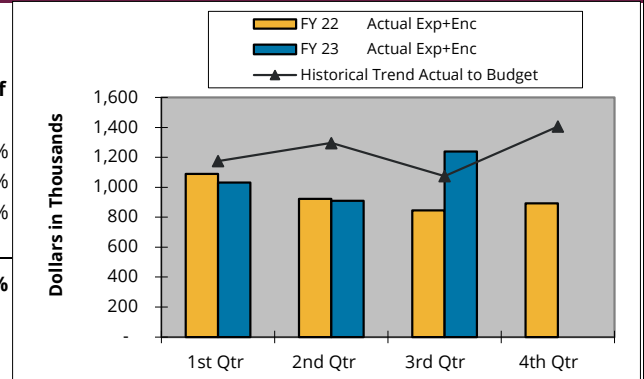
#### Positive

Law spent 75.2% of their FY 2022-23 adjusted budget and has historically spent 64.7% of their adjusted budget through the third quarter of 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 would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases in retirement and vacation payouts are known and covered by a reserve and the expectation is to be within budget by fiscal year end.

### 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 1,252,342	\$ 1,031,243	19.5%	22.2%
2nd Qtr Oct - Dec 22	1,382,155	909,072	17.2%	24.5%
3rd Qtr Jan - Mar 23	1,146,773	1,239,737	23.5%	20.4%
4th Qtr Apr - Jun 23	1,499,382			
<b>Total</b>	<b>\$ 5,280,652</b>	<b>\$ 3,180,052</b>	<b>60.2%</b>	<b>67.1%</b>

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



#### Positive

City Magistrate spent 60.2% of their FY 2022-23 adjusted budget and has historically spent 67.1% of their adjusted budget through the third quarter of 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. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

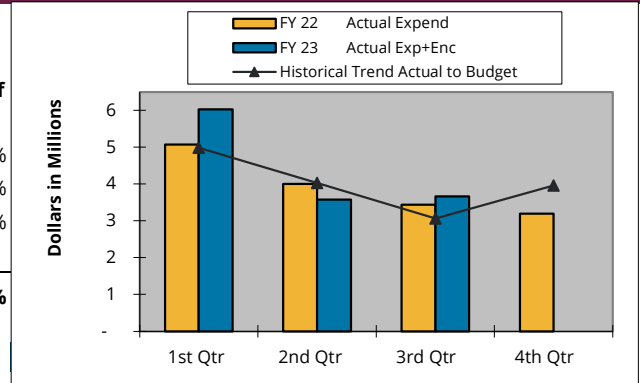
# General Fund

## Expenditure Analysis (continued / department summaries):

### City Manager & Organizational Support Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 6,468,962	\$ 6,021,492	28.9%	24.0%
2nd Qtr Oct - Dec 22	5,225,678	3,572,917	17.2%	19.4%
3rd Qtr Jan - Mar 23	3,972,774	3,662,859	17.6%	14.7%
4th Qtr Apr - Jun 23	5,136,181			
<b>Total</b>	<b>\$ 20,803,595</b>	<b>\$ 13,257,268</b>	<b>63.7%</b>	<b>58.1%</b>

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



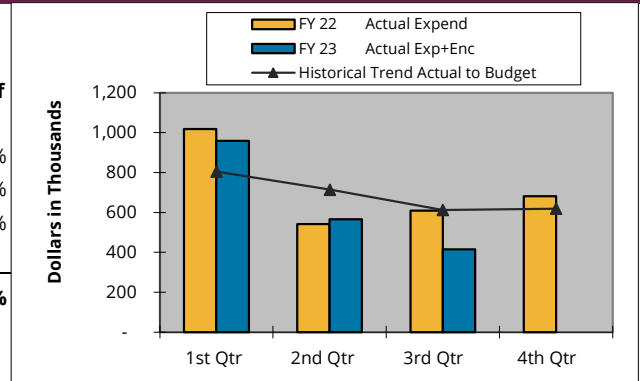
#### Positive

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, 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 63.7% of their FY 2022-23 adjusted budget and have historically spent 58.1% of their adjusted budget through the third quarter of the fiscal year. The performance indicator would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are planned and the expectation is to be within budget by fiscal year end.

### 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 929,850	\$ 958,238	30.2%	25.4%
2nd Qtr Oct - Dec 22	824,443	565,449	17.8%	22.5%
3rd Qtr Jan - Mar 23	706,766	415,249	13.1%	19.3%
4th Qtr Apr - Jun 23	714,619			
<b>Total</b>	<b>\$ 3,175,678</b>	<b>\$ 1,938,936</b>	<b>61.1%</b>	<b>67.2%</b>

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



#### Positive

Communications and Public Affairs (CAPA) spent 61.1% of their FY 2022-23 adjusted budget and have historically spent 67.2% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

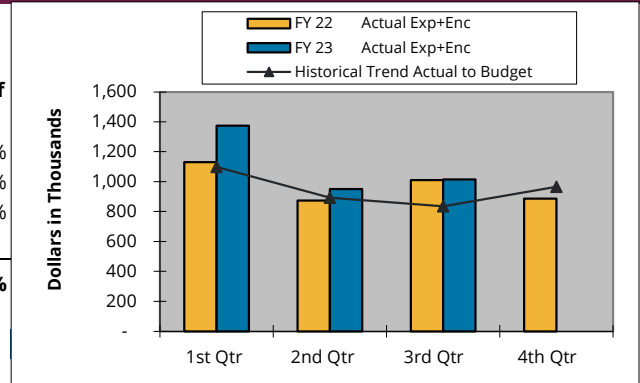
# General Fund

## Expenditure Analysis (continued / department summaries):

### Cultural Development Expenditure 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 1,255,985	\$ 1,373,404	31.7%	25.4%
2nd Qtr Oct - Dec 22	1,039,437	950,178	21.9%	20.6%
3rd Qtr Jan - Mar 23	952,816	1,013,559	23.5%	19.3%
4th Qtr Apr - Jun 23	1,082,746			
<b>Total</b>	<b>\$ 4,330,984</b>	<b>\$ 3,337,141</b>	<b>77.1%</b>	<b>65.3%</b>

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



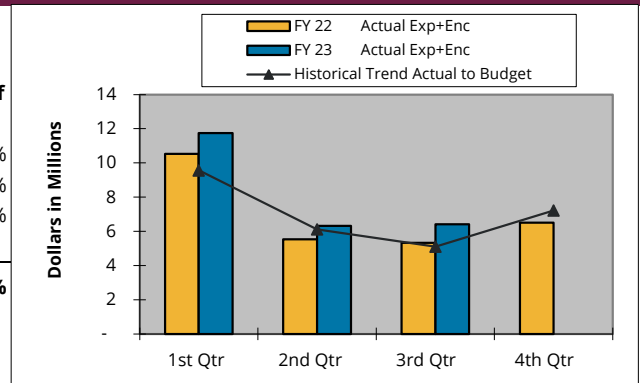
#### Positive

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 77.1% of their FY 2022-23 adjusted budget and have historically spent 65.3% of their adjusted budget through the third quarter of 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 would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are known and the expectation is to be within budget by fiscal year end.

### Community Services Expenditure 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 11,327,568	\$ 11,738,278	35.2%	28.7%
2nd Qtr Oct - Dec 22	7,329,603	6,322,514	18.9%	18.4%
3rd Qtr Jan - Mar 23	5,996,948	6,404,982	19.3%	15.3%
4th Qtr Apr - Jun 23	8,662,258			
<b>Total</b>	<b>\$ 33,316,377</b>	<b>\$ 24,465,774</b>	<b>73.4%</b>	<b>62.4%</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 73.4% of their FY 2022-23 adjusted budget and have historically spent 62.4% of their adjusted budget through the third quarter of 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 would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are known and the expectation is to be within budget by fiscal year end.

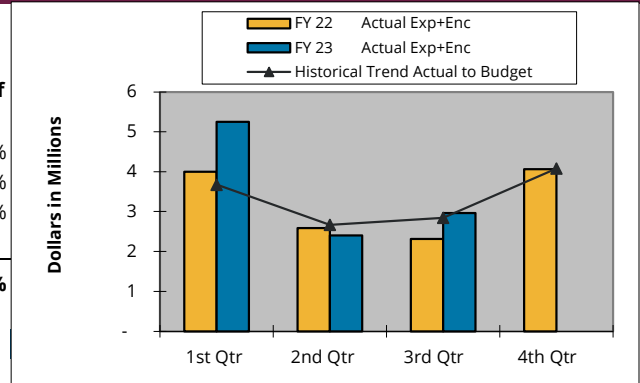
# General Fund

## 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 5,070,919	\$ 5,247,273	29.0%	20.3%
2nd Qtr Oct - Dec 22	3,622,085	2,402,761	13.2%	14.7%
3rd Qtr Jan - Mar 23	3,803,189	2,965,619	16.4%	15.7%
4th Qtr Apr - Jun 23	5,614,231			
<b>Total</b>	<b>\$ 18,110,424</b>	<b>\$ 10,615,653</b>	<b>58.6%</b>	<b>50.7%</b>

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



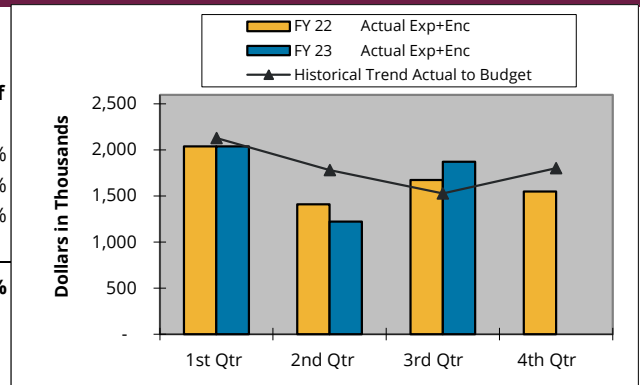
#### Positive

Information Technology spent 58.6% of their FY 2022-23 adjusted budget and have historically spent 50.7% of their adjusted budget through the third quarter of 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 would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are planned and the expectation is to be within budget by fiscal year end.

### 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 2,345,026	\$ 2,039,083	25.6%	26.7%
2nd Qtr Oct - Dec 22	1,961,249	1,220,654	15.3%	22.4%
3rd Qtr Jan - Mar 23	1,681,993	1,873,083	23.5%	19.2%
4th Qtr Apr - Jun 23	1,983,281			
<b>Total</b>	<b>\$ 7,971,549</b>	<b>\$ 5,132,820</b>	<b>64.4%</b>	<b>68.3%</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 64.4% of their FY 2022-23 adjusted budget and have historically spent 68.3% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

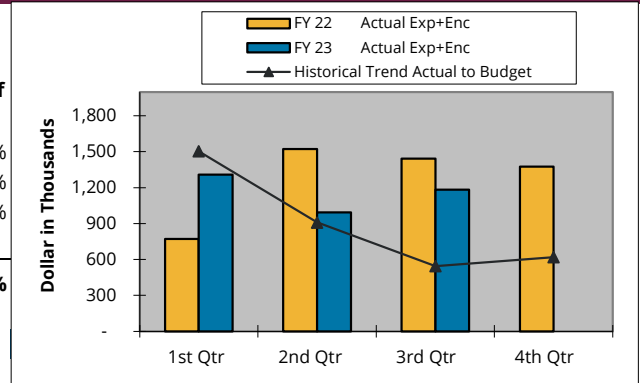
# General Fund

## Expenditure Analysis (continued / department summaries):

### Neighborhood Resources Expenditure 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 3,603,606	\$ 1,308,564	15.3%	17.5%
2nd Qtr Oct - Dec 22	2,145,003	992,954	11.6%	10.6%
3rd Qtr Jan - Mar 23	1,287,002	1,183,835	13.7%	6.3%
4th Qtr Apr - Jun 23	1,544,402			
<b>Total</b>	<b>\$ 8,580,013</b>	<b>\$ 3,485,353</b>	<b>40.6%</b>	<b>34.5%</b>

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



#### Positive

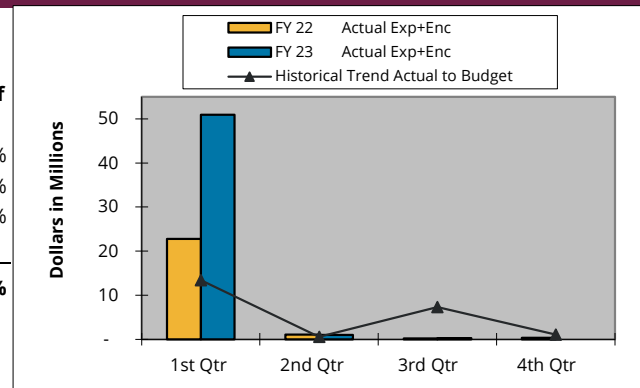
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, and Neighborhood Preservation. As of FY 2022-23, a reorganization occurred transferring the Community Development cost center to City Manager & Organizational Support. Historical spending for Community Development remains with Neighborhood Resources. The department spent 40.6% of their FY 2022-23 adjusted budget and have historically spent 34.5% of their adjusted budget through the third quarter of 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. Higher spending in the third quarter of FY 2021-22 and FY 2022-23 reflects ARPA related expenses. The performance indicator would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are known and the expectation is to be within budget by fiscal year end.

### 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 37,267,532	\$ 50,901,167	82.0%	21.6%
2nd Qtr Oct - Dec 22	1,522,362	973,787	1.5%	0.9%
3rd Qtr Jan - Mar 23	20,267,204	263,179	0.5%	11.7%
4th Qtr Apr - Jun 23	3,030,882			
<b>Total**</b>	<b>\$ 62,087,980</b>	<b>\$ 52,138,133</b>	<b>84.0%</b>	<b>34.2%</b>

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

\*\* Excludes Reserves and Contingencies



#### Positive

Non-Departmental includes citywide costs that do not belong to a specific department 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 84.0% of the adjusted budget and has historically spent 34.2% of their adjusted through the third quarter of 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. 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 allowing expenditures to remain in budget.



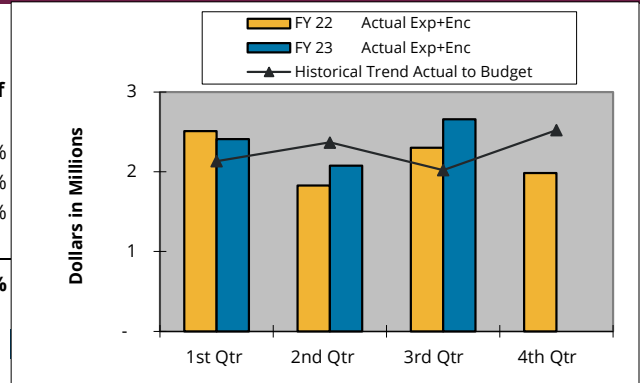
# General Fund

## 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 2,596,010	\$ 2,405,840	22.2%	19.7%
2nd Qtr Oct - Dec 22	2,812,344	2,072,846	19.2%	21.9%
3rd Qtr Jan - Mar 23	2,379,676	2,657,510	24.6%	18.7%
4th Qtr Apr - Jun 23	3,028,678			
<b>Total</b>	<b>\$ 10,816,708</b>	<b>\$ 7,136,196</b>	<b>66.0%</b>	<b>60.3%</b>

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



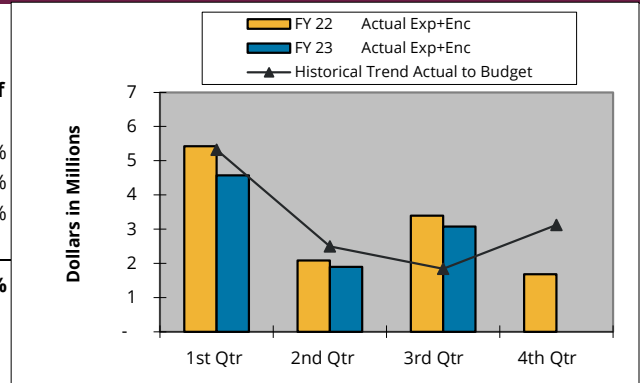
#### Positive

Development Services includes the following cost centers: Administration, Building Safety, Transportation Engineering, Engineering, and Planning. The Transportation Engineering Division moved from Public Works and Utilities in FY 2021-22, and this reorganization is not reflected in the historical trend. The department spent 66.0% of their FY 2022-23 adjusted budget and have historically spent 60.3% of their adjusted budget through the third quarter of the fiscal year. Higher spending in the first quarter of FY 2022-23 is related to planned one-time Citywide Fiber upgrades, which was not typical in the first quarter of the historical trend which also is lower due to the reorganization. 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 would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are known and the expectation is to be within budget by fiscal year end.

### 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
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 5,019,905	\$ 4,567,815	38.2%	44.5%
2nd Qtr Oct - Dec 22	2,390,430	1,898,098	15.8%	20.9%
3rd Qtr Jan - Mar 23	1,673,301	3,072,404	25.8%	15.4%
4th Qtr Apr - Jun 23	2,868,516			
<b>Total</b>	<b>\$ 11,952,152</b>	<b>\$ 9,538,317</b>	<b>79.8%</b>	<b>80.8%</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 from Public Works and Utilities in FY 2021-22. This reorganization is not reflected in the historical trend. The department spent 79.8% of their FY 2022-23 adjusted budget and have historically spent 80.8% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

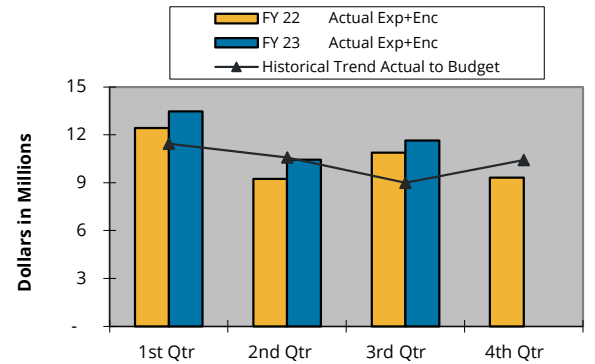
# General Fund

## Expenditure Analysis (continued / department summaries):

### Fire Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 12,625,956	\$ 13,461,487	29.9%	25.4%
2nd Qtr Oct - Dec 22	11,724,103	10,436,021	23.0%	23.5%
3rd Qtr Jan - Mar 23	9,920,393	11,631,620	25.9%	20.0%
4th Qtr Apr - Jun 23	10,822,248			
<b>Total</b>	<b>\$ 45,092,700</b>	<b>\$ 35,529,128</b>	<b>78.8%</b>	<b>68.9%</b>

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



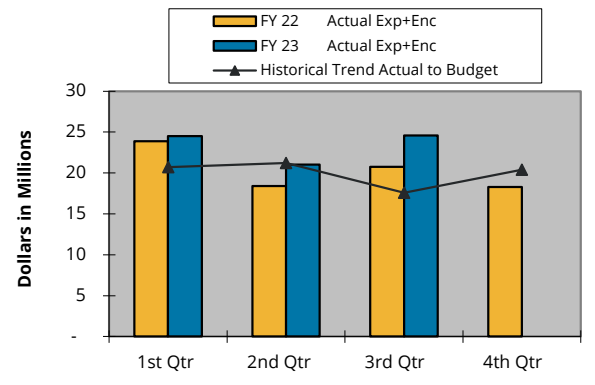
#### Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 78.8% of their FY 2022-23 adjusted budget and have historically spent 68.9% of their adjusted budget through the third quarter of 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 would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are known and the expectation is to be within budget by fiscal year end.

### Police Expenditure FY 2022-23 Comparison

	FY 23 Adjusted Budget	FY 23 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 22	\$ 24,368,099	\$ 24,505,168	26.1%	22.1%
2nd Qtr Oct - Dec 22	25,305,334	21,002,545	22.4%	22.7%
3rd Qtr Jan - Mar 23	20,619,160	24,576,670	26.3%	18.8%
4th Qtr Apr - Jun 23	23,430,865			
<b>Total</b>	<b>\$ 93,723,458</b>	<b>\$ 70,084,383</b>	<b>74.8%</b>	<b>63.6%</b>

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



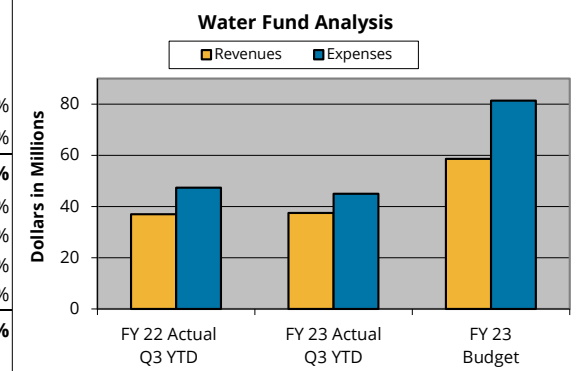
#### Positive

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 74.8% of their FY 2022-23 adjusted budget and have historically spent 63.6% of their adjusted budget through the third quarter of 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 would be negative, as expenses through the third quarter are greater than five percentage points above historical budget spent through the third quarter, however, the indicator has been changed to positive as spending increases are known and the expectation is to be within budget by fiscal year end.

## 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	\$ 37,462,867	66%	65%
Transfers In	1,539,514	-	0%	0%
<b>Total Revenues</b>	<b>\$ 58,532,446</b>	<b>\$ 37,462,867</b>	<b>64%</b>	<b>61%</b>
Operating Expenses	\$ 39,119,779	\$ 31,792,802	81%	86%
Major Capital Expenses	23,197,215	8,598,813	37%	72%
Debt Service	13,685,273	1,567,272	11%	13%
Transfers Out	5,258,622	3,029,227	58%	76%
<b>Total Expenses</b>	<b>\$ 81,260,889</b>	<b>\$ 44,988,114</b>	<b>55%</b>	<b>67%</b>
<b>Net Rev / Exp</b>	<b>\$ (22,728,443)</b>	<b>\$ (7,525,247)</b>		

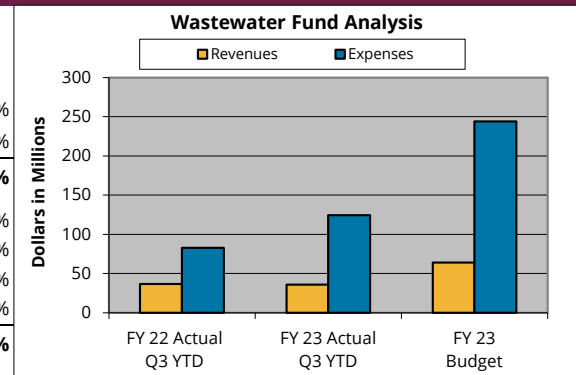
**Positive**

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 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 third quarter are 66% compared to 65% for FY 2021-22, while **Operating Expenses** through the third quarter are 81% of budget as compared to 86% for FY 2021-22. The performance indicator is positive as the percentage of operating revenues received to date (66%) exceeds the percentage of operating expenses spent to date (64%, 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	\$ 35,889,662	68%	73%
Transfers In	11,139,992	-	0%	0%
<b>Total Revenues</b>	<b>\$ 64,046,282</b>	<b>\$ 35,889,662</b>	<b>56%</b>	<b>64%</b>
Operating Expenses	\$ 26,305,594	\$ 23,282,671	89%	70%
Major Capital Expenses	195,989,797	96,649,893	49%	66%
Debt Service	17,976,088	2,656,623	15%	15%
Transfers Out	3,829,671	2,011,899	53%	76%
<b>Total Expenses</b>	<b>\$ 244,101,150</b>	<b>\$ 124,601,086</b>	<b>51%</b>	<b>60%</b>
<b>Net Rev / Exp</b>	<b>\$ (180,054,868)</b>	<b>\$ (88,711,424)</b>		

**Positive**

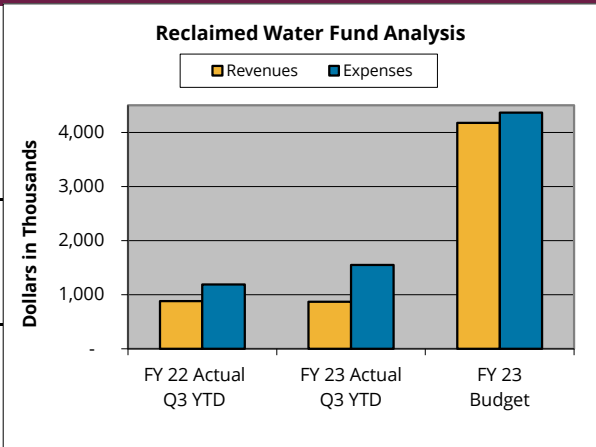
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 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 third quarter are 68% of budget compared to 73% for FY 2021-22, while **Operating Expenses** through the third quarter are 89% of budget as compared to 70% for FY 2021-22. The performance indicator is positive since the percentage of operating revenues received to date (68%) exceeds the percentage of operating expenses spent to date (59%, 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	\$ 873,896	56%	49%
Transfers In	2,620,500	-	0%	0%
<b>Total Revenues</b>	<b>\$ 4,175,870</b>	<b>\$ 873,896</b>	<b>21%</b>	<b>49%</b>
Operating Expenses	\$ 1,709,129	\$ 1,460,664	85%	66%
Transfers Out	2,654,045	94,323	4%	75%
<b>Total Expenses</b>	<b>\$ 4,363,174</b>	<b>\$ 1,554,987</b>	<b>36%</b>	<b>67%</b>
<b>Net Rev / Exp</b>	<b>\$ (187,304)</b>	<b>\$ (681,091)</b>		

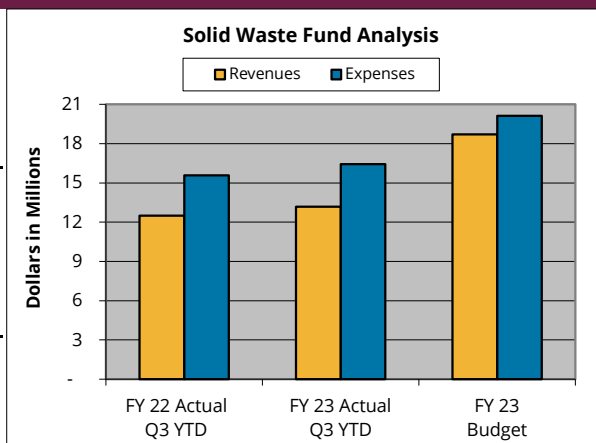
**Positive**

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 2022-23 budget reflects a drawdown of \$187,304 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 third quarter are 56% of budget compared to 49% for FY 2021-22, while **Operating Expenses** through the third quarter are 85% of budget as compared to 66% for FY 2021-22. The performance indicator would be negative since percentage of operating revenues received to date (56%) is less than the percentage of operating expenses spent to date (74%, including debt service and the indirect cost allocation), but has been changed to Positive as the anticipation is to be with-in budget by year end.

## 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	\$ 13,179,720	70%	45%
<b>Total Revenues</b>	<b>\$ 18,694,964</b>	<b>\$ 13,179,720</b>	<b>70%</b>	<b>45%</b>
Operating Expenses	\$ 17,148,382	\$ 15,524,530	91%	84%
Major Capital Expenses	1,924,433	87,765	5%	6%
Transfers Out	1,056,898	808,807	77%	53%
<b>Total Expenses</b>	<b>\$ 20,129,713</b>	<b>\$ 16,421,102</b>	<b>82%</b>	<b>78%</b>
<b>Net Rev / Exp</b>	<b>\$ (1,434,749)</b>	<b>\$ (3,241,382)</b>		

**Positive**

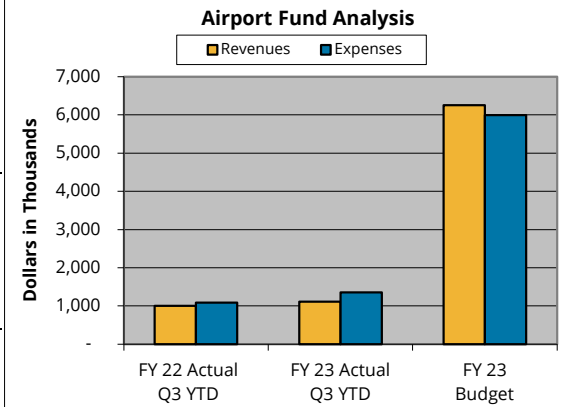
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 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 third quarter are 70% of budget compared to 45% for FY 2021-22, while **Operating Expenses** through the third quarter are 91% of budget compared to 84% for FY 2021-22. The third quarter of the fiscal year includes large encumbrances (\$4.3M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

## 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	\$ 716,588	81%	76%
General Fund Subsidy	5,129,925	394,540	8%	10%
<b>Total Revenues</b>	<b>\$ 6,010,925</b>	<b>\$ 1,111,128</b>	<b>18%</b>	<b>23%</b>
Operating Expenses	\$ 1,697,085	\$ 1,113,221	66%	55%
Major Capital Expenses	4,200,823	856,560	20%	18%
Transfers Out	113,017	89,279	79%	78%
<b>Total Expenses</b>	<b>\$ 6,010,925</b>	<b>\$ 2,059,060</b>	<b>34%</b>	<b>35%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (947,932)</b>		

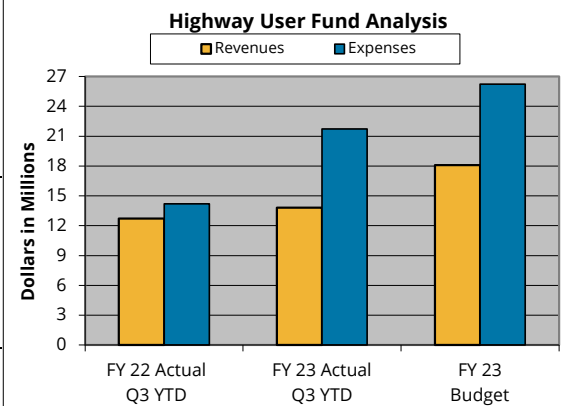
**Positive**

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 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 third quarter are 81% of budget compared to 76% for FY 2021-22, while year-to-date **Operating Expenses** through the third quarter are 66% of budget compared to 55% for FY 2021-22. The performance indicator is positive as the percentage of operating revenues received to date (81%) exceeds the percentage of operating expenses spent to date (66%, including indirect cost allocation). Any planned overage in expense compared to revenue will be covered by the General Fund, with a transfer at the end of the fiscal year.

## 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	\$ 13,403,813	76%	72%
Other	363,000	425,380	117%	57%
<b>Total Revenues</b>	<b>\$ 18,107,011</b>	<b>\$ 13,829,193</b>	<b>76%</b>	<b>72%</b>
Operating Expenses	\$ 10,317,635	\$ 7,673,959	74%	76%
Major Capital Expenses	15,784,855	13,925,965	88%	87%
Debt Service	-	-	0%	0%
Transfers Out	123,552	123,032	100%	94%
<b>Total Expenses</b>	<b>\$ 26,226,042</b>	<b>\$ 21,722,956</b>	<b>83%</b>	<b>81%</b>
<b>Net Rev / Exp</b>	<b>\$ (8,119,031)</b>	<b>\$ (7,893,763)</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.

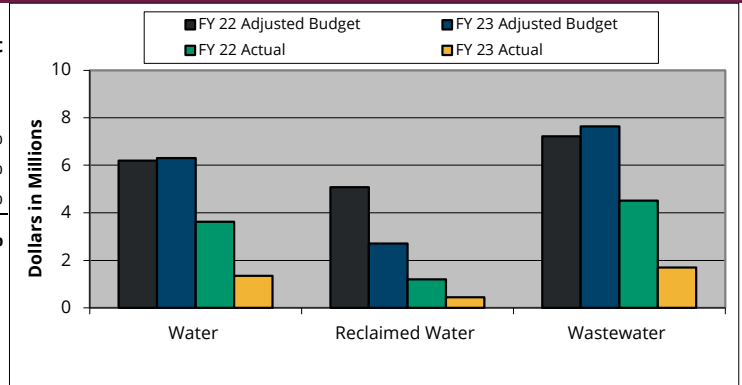
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 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 third quarter are 76% of budget compared to 72% through for FY 2021-22, while year-to-date **Operating Expenses** through the third quarter are 74% of budget compared to 76% for FY 2021-22. The performance indicator is positive after recognizing revenues are received on a one-month lag, so second 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 on a positive indicator.

## 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	\$ 1,349,906	21%
Reclaimed Water	2,700,300	441,045	16%
Wastewater	7,637,000	1,694,998	22%
<b>Total SDF Revenue</b>	<b>\$ 16,637,300</b>	<b>\$ 3,485,949</b>	<b>21%</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.

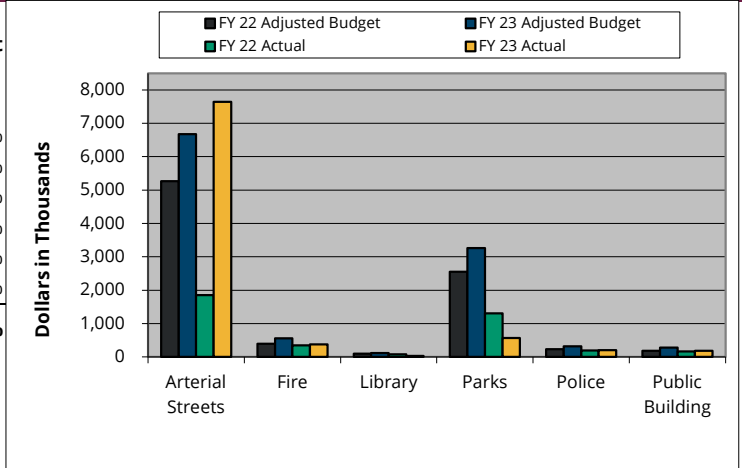


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDF's are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) 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 year-to-date collections through the third quarter compared to the FY 2021-22 budget and year-to-date collections through the third quarter. Collections through the third quarter of FY 2022-23 were 21% of the budget as compared to the prior year's collections of 50% of budget through the third quarter. 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	\$ 7,643,403	114%
Fire	560,000	377,965	67%
Library	117,000	25,670	22%
Parks	3,259,000	561,999	17%
Police	313,000	204,393	65%
Public Building	280,000	181,123	65%
<b>Total SDF Revenue</b>	<b>\$ 11,205,000</b>	<b>\$ 8,994,553</b>	<b>80%</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.

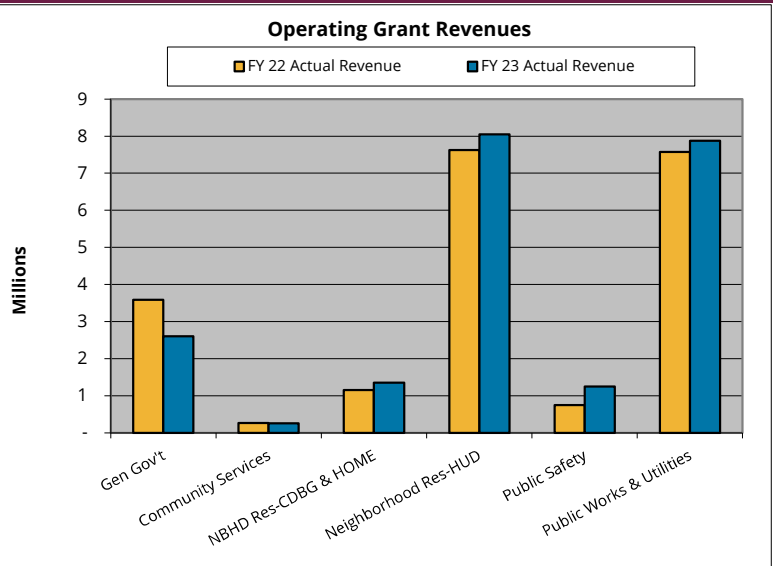


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2022-23 budget and year-to-date collections through the third quarter compared for FY 2021-22 budget and year-to-date collections through the third quarter. Collections through the third quarter of FY 2022-23 were 80% of the budget as compared to the prior year's collections of 45% of the budget through the third quarter. 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

	<b>FY 23 Actual Revenue</b>	<b>FY 22 Actual Revenue</b>
General Government*	\$ 2,385,587	\$ 2,493,512
Community Services	259,318	261,998
Neighborhood Res. - CDBG & HOME	1,353,315	1,152,348
Neighborhood Res. - HUD	8,047,886	7,627,405
Public Safety	1,245,341	745,312
Public Works & Utilities	-	-
<b>Total Operating Grant Revenue</b>	<b>\$ 13,291,446</b>	<b>\$ 12,280,575</b>
General Government*	\$ 218,245	\$ 1,096,708
Public Works & Utilities	7,879,550	7,575,447
<b>Total Capital Grant Revenue</b>	<b>\$ 8,097,795</b>	<b>\$ 8,672,155</b>
<b>Total Grant Revenue</b>	<b>\$ 21,389,240</b>	<b>\$ 20,952,730</b>



\* 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 through the third quarter of FY 2022-23 are \$21.4M as compared to \$21M collected through the third quarter of FY 2021-22.