



Informational Memo

Management Services - Memo No. 20-043

Date: February 20, 2020

To: Mayor and Council

Thru: Marsha Reed, City Manager *MR*
Dawn Lang, Management Services Director *DL*

From: Matt Dunbar, Budget Manager *MD*

Subject: Fiscal Year (FY) 2019-20 Second Quarter Financial Report

Attached is the FY 2019-20 Second Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures, and additional summaries and analysis of Enterprise, System Development, Impact Fees, Highway User Tax and Grant funds. This report combines the first and second quarter data as it took additional time to make alterations to include the organizational structure changes made at the beginning of the new Fiscal Year, as well as updating the report to the new City brand standards.

The analysis included in this report provides a snapshot as of the end of the second quarter of FY 2019-20 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 2015-16 to FY 2018-19), and an explanation has been provided in those areas where there are significant deviations from the historical trend or the prior year's results.

All performance indicators are positive, except for General Fund Licenses and Permits which is indicated as warning due to slower development growth with many large projects winding down, as projected in the budget. The historical trend contains large value building permits for Intel, Chandler Regional Medical Center, Northrup Grumman and new hotels, and as the higher trend is used in the comparison, the current trend will show lower permit revenues.

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The General Fund second quarter is reflecting strong revenues with 50.6% of the budget received, and departmental expenditure rates are consistent with previous years with 54.5% of adjusted budget expended or encumbered at the end of the second quarter.

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

Attachment: FY 2019-20 Second Quarter Financial Report

c: Debra Stapleton, Assistant City Manager
Joshua H. Wright, Assistant City Manager



Management Services

Quarterly Financial Report

2nd Qtr FY 2019-20

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)

- * **Positive** = Rev: Budget received is above or variance is < 2% below historical trends. Exp: Positive variance > 0% for % of budget.
- 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: Negative variance < 0% for % to budget.

THE QUARTERLY FINANCIAL REPORT

Report Objectives

- * Provide historical comparisons to identify trends or deviations from trends.
- * Develop performance benchmarks to measure positive and negative results.
- * Create an executive level report to highlight potential issues or concerns.

What is Included in the Report

The report emphasizes General Fund, with analysis of its revenue and each category of revenue, and the expenditures by department. Also included is a summary and analysis of Enterprise Funds, System Development Fee and Impact Fee Funds, the Highway User Tax Fund, and Grants.

How to Read the Report

- * Page 1 serves as a table of contents and quick view of performance issues.
- * The benchmarks are Positive (navy colored), Warning (grey colored), and Negative (maroon colored), providing an initial indicator to determine if the category needs to be monitored closely in the upcoming period 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.

Fourth Quarter 2018 (revised estimate)	1.1%
First Quarter 2019 (third estimate)	3.1%
Second Quarter 2019 (third estimate)	2.0%
Third Quarter 2019 (third estimate)	2.1%

Source: U.S. Department of Commerce

Interest Rates

This table reflects the four changes to the Federal Funds Rate by the Federal Reserve Board, during this reporting period.

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 20, 2018	2.25% - 2.50%
August 1, 2019	2.00% - 2.25%
September 19, 2019	1.75%-2.00%
October 31, 2019	1.50%-1.75%

Source: Federal Reserve Bank

Unemployment

	National	State of Arizona	Phoenix Metro Area
Aug-19	3.7%	5.0%	4.7%
Sep-19	3.5%	4.9%	3.8%
Oct-19	3.6%	4.8%	3.7%
Nov-19	3.5%	4.7%	3.8%

High unemployment rates are a reflection of a slow economy and the reduced demand for goods and services.

Source: Arizona Office of Economic Opportunity Monthly Employment Report (seasonally adjusted rates)

City Investment Portfolio

The City splits its investment portfolio between two investment firms with a different mix of holdings at each firm to reduce risk. The City's benchmark is the 1-3 year Merrill Lynch Treasury Index.

Rate of Return 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 2019-20 Rate of Return	2nd Quarter	Fiscal Year
Benchmark	0.51%	1.09%
Wells Capital Management	0.40%	1.25%
PFM	0.53%	1.27%
Fiscal Year 2018-19 Rate of Return	2nd Quarter	Fiscal Year
Benchmark	0.79%	1.49%
Wells Capital Management	1.05%	1.42%
PFM	0.67%	1.52%

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 175 permits per quarter for FY 2019-20, compared to 125 average permits per quarter for FY 2018-19 and 133 for FY 2017-18.

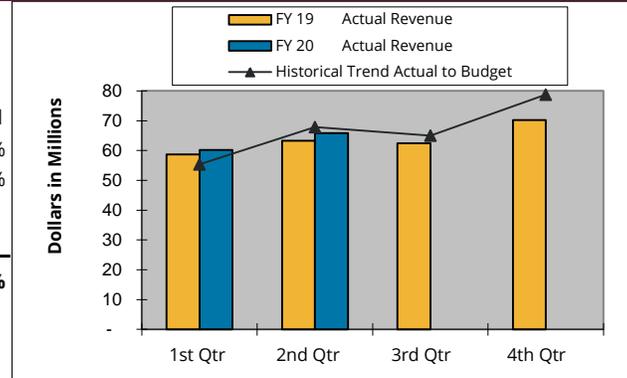
Quarter	State of Arizona	Chandler
Apr - May - Jun 2018	8,928	99
Jul - Aug - Sep 2018	8,016	124
Oct - Nov - Dec 2018	7,455	150
Jan - Feb - Mar 2019	7,323	90
Apr - May - Jun 2019	8,635	135
Jul - Aug - Sep 2019	8,615	159
Oct - Nov - Dec 2019	Not Available	190

Revenue Analysis:

Overall General Fund Revenues FY 2019-20

	FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 19	\$ 53,457,914	\$ 60,193,851	24.2%	22.2%
2nd Qtr Oct - Dec 19	63,196,573	65,799,457	26.4%	27.2%
3rd Qtr Jan - Mar 20	59,748,113			
4th Qtr Apr - Jun 20	72,568,175			
Total	\$ 248,970,775	\$ 125,993,308	50.6%	49.5%

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



Positive

General Fund revenue collections through the second quarter of FY 2019-20 are \$9.3M (8%) above the budget based on historical trend and \$4.1M (3.3%) higher than actual collections through the second quarter of FY 2018-19.

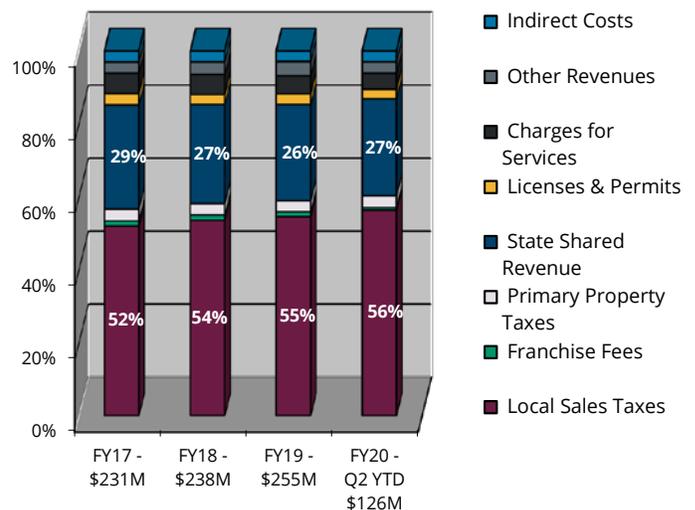
The economy is heading into the 10th year of steady growth, the longest upward trend in history. Overall, General Fund revenue continues to be led by higher Sales Tax and Licenses & Permits collections, performing well due to strong local consumer confidence and a steady stream of development activity in Chandler. The performance indicator is positive because the percentage of budget received through the second quarter is higher than the percentage of historical budget received through the second quarter.

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

Overall General Fund Revenues by Category FY 2019-20

Revenue Categories	FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 134,832,100	\$ 71,075,966	52.7%
Franchise Fees	3,300,000	844,870	25.6%
Primary Property Tax	7,821,800	4,103,834	52.5%
State Shared Revenue	67,800,000	33,397,222	49.3%
Licenses & Permits	6,905,500	3,281,747	47.5%
Charges for Services	12,369,250	5,572,236	45.0%
Other Revenues	8,390,533	3,941,637	47.0%
Indirect Cost Allocation	7,551,592	3,775,796	50.0%
Total	\$ 248,970,775	\$ 125,993,308	50.6%

General Fund Collection History by Category %



Positive

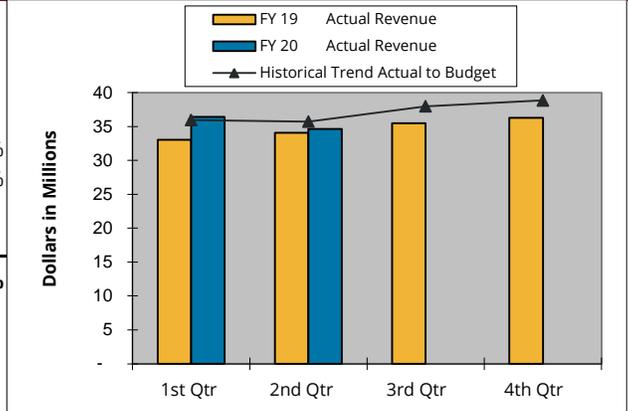
This chart summarizes General Fund revenue collections by revenue category for FY 2019-20. The graph helps us visualize what percentage each revenue category is to the total General Fund. The percentage spread of revenue sources are relatively consistent over the years with local sales taxes and state shared revenues being the largest General Fund revenue sources. The next several pages provide an analysis of each revenue category except Indirect Cost Allocation (payments by the Water, Wastewater, Reclaimed Water, Solid Waste, and Airport Enterprise Funds to the General Fund for City services provided for their operations).

Revenue Analysis (continued):

Sales Tax Revenue FY 2019-20

	FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr Jul - Sep 19	\$ 31,221,079	\$ 36,410,672	27.0%	26.7%
2nd Qtr Oct - Dec 19	33,666,944	34,665,294	25.7%	26.5%
3rd Qtr Jan - Mar 20	34,565,980			
4th Qtr Apr - Jun 20	35,378,097			
Total	\$ 134,832,100	\$ 71,075,966	52.7%	53.1%

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



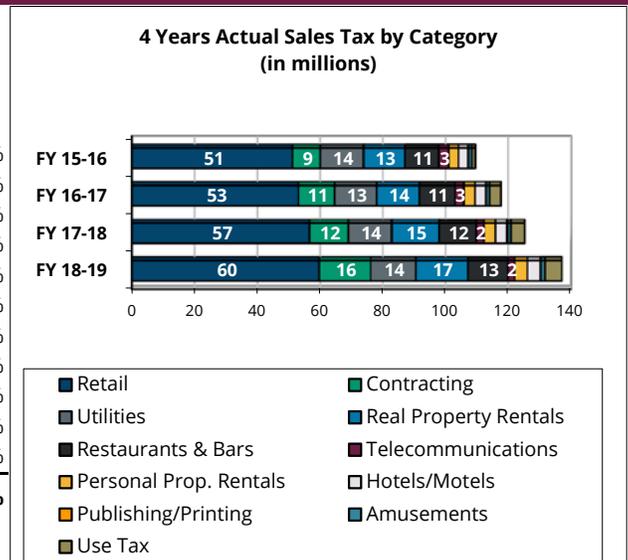
Positive

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 2019-20 are \$6.2M (9.5%) above budget and \$4.0M (5.9%) higher than FY 2018-19 actual collections. The performance indicator is positive because the difference between the percentage of budget received through the second quarter and the percentage of historical budget received through the second quarter is less than two percentage points.

FY 2018-19 Actual Sales Tax revenue collected was \$138,899,799; the highest amount in Chandler's history due to a strong economy and continued growth and development. The Adopted Budget was set back in January of 2018 based on collections to date, and the second half of FY 2017-18, had stronger revenues than anticipated. Based on activity to date and some slowing, we anticipate FY 2019-20 revenue projections to be met or come in slightly over.

Sales Tax Collection History

	FY 20 Adopted Budget	FY 20 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail/Mfd. Bldg/Jet Fuel	\$ 60,220,000	\$ 30,505,116	50.7%	7.0%
Contracting	13,000,000	7,584,552	58.3%	5.9%
Utilities	14,300,000	8,531,800	59.7%	-2.5%
Real Property Rentals	16,000,000	9,138,383	57.1%	13.0%
Restaurants & Bars	13,500,000	6,319,649	46.8%	6.0%
Telecommunications	2,400,000	1,195,503	49.8%	7.1%
Personal Prop. Rentals	3,700,000	2,142,756	57.9%	6.9%
Hotels/Motels	4,200,000	1,778,099	42.3%	18.6%
Publishing/Printing/Adv.	180,000	40,486	22.5%	-57.4%
Amusements	1,000,000	582,480	58.2%	3.0%
Use Tax	4,500,000	2,415,285	53.7%	-5.4%
Total Sales Tax	\$ 133,000,000	\$ 70,234,109	52.8%	5.9%



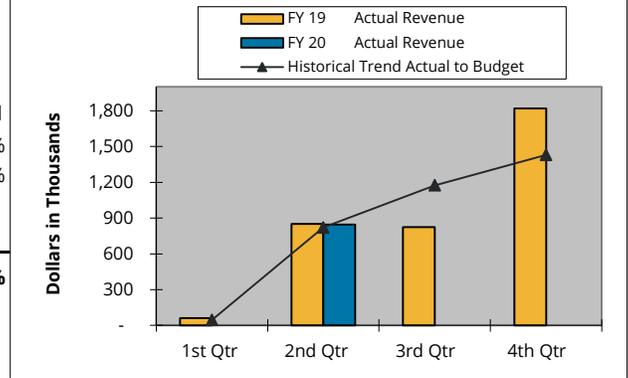
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the second quarter of FY 2019-20 were \$3.9M (5.9%) above the budget based on historical trend and \$4.0M (5.9%) higher than FY 2018-19 actual collections through the second quarter. It should be noted that many of the categories are positive, reflecting strong consumer confidence and healthy tourism and development activity.

Revenue Analysis (continued):

Franchise Fee Revenue FY 2019-20

		FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 19	\$ 42,649	\$ -	0.0%	1.4%
2nd Qtr	Oct - Dec 19	781,352	844,870	25.6%	24.9%
3rd Qtr	Jan - Mar 20	1,116,766			
4th Qtr	Apr - Jun 20	1,359,233			
Total		\$ 3,300,000	\$ 844,870	25.6%	26.3%

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



Positive

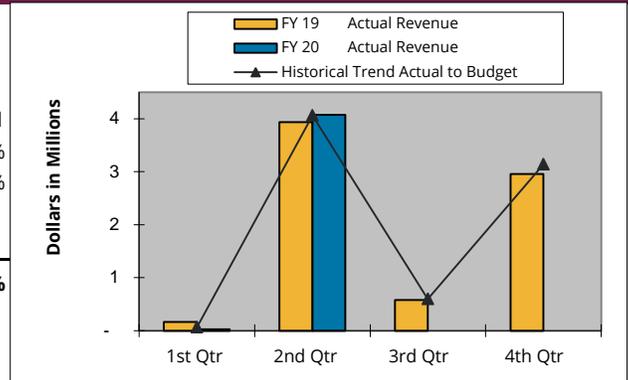
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), CenturyLink Cable Services (5% of gross sales), and Western Broadband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

Franchise fee collections through the second quarter of FY 2019-20 are \$20,869 (2.5%) above the budget based on historical trend and \$67,596 (-7.4%) lower than FY 2018-19 actual collections through the second quarter. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than two percentage points.

Primary Property Tax Revenue FY 2019-20

		FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 19	\$ 65,238	\$ 28,599	0.4%	0.8%
2nd Qtr	Oct - Dec 19	4,040,572	4,075,235	52.1%	51.9%
3rd Qtr	Jan - Mar 20	594,670			
4th Qtr	Apr - Jun 20	3,121,320			
Total		\$ 7,821,800	\$ 4,103,834	52.5%	52.8%

* 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 2019-20, Chandler is collecting a primary tax rate of \$0.2581 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.1281, representing a \$0.0105 cent decrease from the rates adopted for FY 2018-19. This reduction helps offset some of the City's assessed valuation increase of 8.17% in FY 2018-19, but may result in a small net tax increase for the median value homeowner.

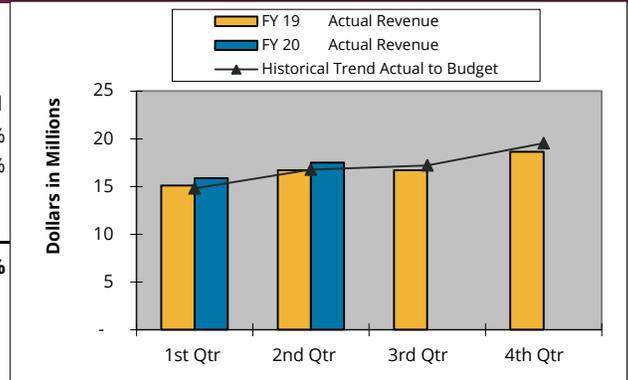
Primary property tax collections through the second quarter of FY 2019-20 are \$1,976 (0%) less than budget based on historical trend and \$3,804 (0.1%) more than FY 2018-19 actual collections through the second quarter. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than two percentage points.

Revenue Analysis (continued):

State Shared Revenue FY 2019-20

		FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 19	\$ 14,669,800	\$ 15,876,002	23.4%	21.8%
2nd Qtr	Oct - Dec 19	16,649,561	17,521,220	25.8%	24.7%
3rd Qtr	Jan - Mar 20	17,087,206			
4th Qtr	Apr - Jun 20	19,393,433			
Total		\$ 67,800,000	\$ 33,397,222	49.3%	46.6%

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



Positive

-- **State Shared Sales Tax:** The State sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as State shared sales tax. Collections for FY 2019-20 are \$1.1M (10.9%) above budget and \$191,546 (1.7%) higher than FY 2018-19 actual collections. This revenue category reflects steady growth in Arizona's overall economy.

-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the State, as well as surcharges from vehicle rentals. The respective city share's are determined by the proportion of city population to total incorporated population of the county. Collections for FY 2019-20 are \$56,146 (1.1%) above budget and \$115,312 (2.3%) higher than FY 2018-19 actual collections.

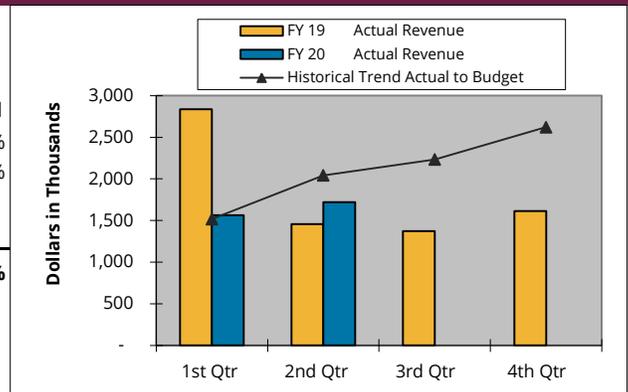
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2017 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population, and a known overall amount due to the two year lag in distribution. Collections for FY 2019-20 are \$874,930 (5.6%) above budget and \$1.3M (8.3%) higher than FY 2018-19 actual collections.

The overall State shared revenue performance indicator is positive because the percentage of budget received through the second quarter is higher than the percentage of historical budget received through the second quarter.

Licenses & Permits Revenue FY 2019-20

		FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd	% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 19	\$ 1,245,858	\$ 1,562,496	22.6%	22.0%
2nd Qtr	Oct - Dec 19	1,676,012	1,719,251	24.9%	29.6%
3rd Qtr	Jan - Mar 20	1,832,440			
4th Qtr	Apr - Jun 20	2,151,190			
Total		\$ 6,905,500	\$ 3,281,747	47.5%	51.6%

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



Warning

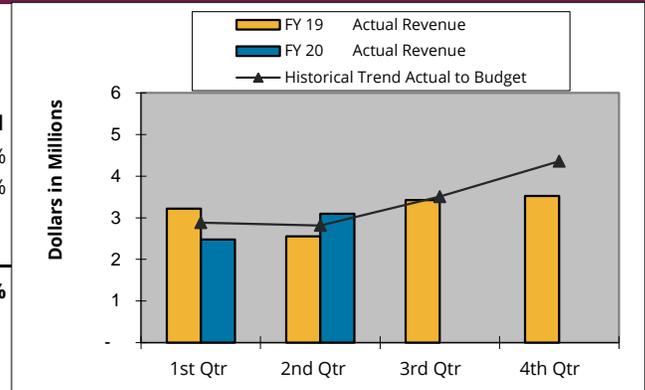
This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the second quarter of FY 2019-20 are \$359,877 (12.3%) above the budget based on historical trend and \$1M (-23.5%) below FY 2018-19 actual collections through the second quarter. The performance indicator is a warning since the difference between the percentage of budget received through the second quarter and the percentage of historical budget received through the second quarter is a variance between two and five percentage points. This is expected as development begins to slow and the historical trend contains large value building permits pulled for Intel, Chandler Regional Medical Center, Northrup Grumman and new hotels, to name a few.

Revenue Analysis (continued):

Charges for Services Revenue FY 2019-20

		FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 19	\$ 2,627,600	\$ 2,474,660	20.0%	23.3%
2nd Qtr	Oct - Dec 19	2,569,116	3,097,576	25.0%	22.8%
3rd Qtr	Jan - Mar 20	3,199,865			
4th Qtr	Apr - Jun 20	3,972,669			
Total		\$ 12,369,250	\$ 5,572,236	45.0%	46.1%

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



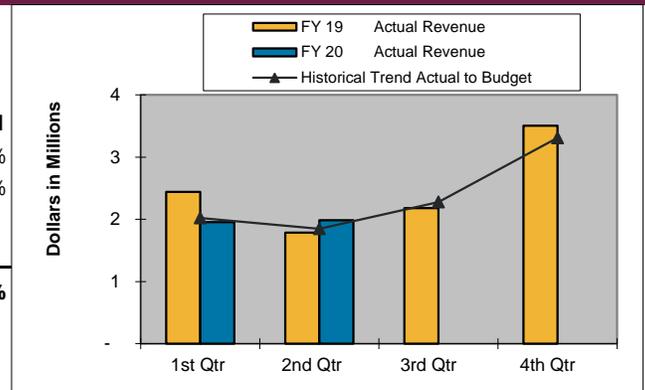
Positive

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 through the second quarter of FY 2019-20 are \$375,520 (7.2%) above the budget based on historical trend and \$197,888 (-3.4%) lower than FY 2018-19 actual collections through the second quarter. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than two percentage points.

Other Revenue FY 2019-20

		FY 20 Adopted Budget	FY 20 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 19	\$ 1,697,789	\$ 1,953,525	23.3%	24.1%
2nd Qtr	Oct - Dec 19	1,925,120	1,988,113	23.7%	22.0%
3rd Qtr	Jan - Mar 20	1,925,685			
4th Qtr	Apr - Jun 20	2,841,939			
Total		\$ 8,390,533	\$ 3,941,638	47.0%	46.1%

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



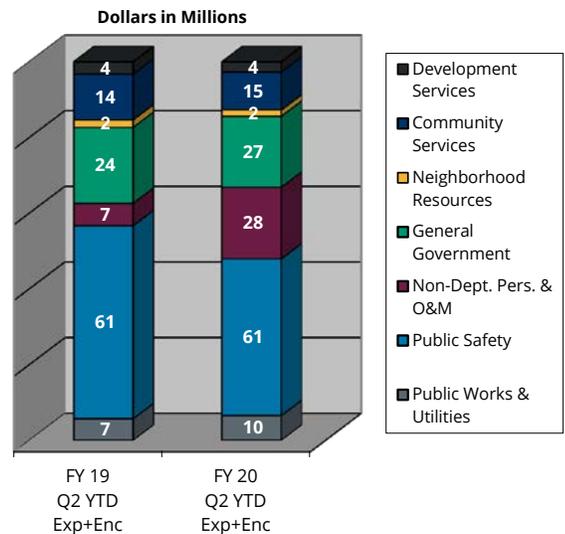
Positive

Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the second quarter of FY 2019-20 are \$318,729 (8.8%) above the budget based on historical trend and \$286,775 (-6.8%) lower than FY 2018-19 actual collections through the second quarter. The performance indicator is positive because the of budget received through the second quarter is higher than the percentage of historical budget received through the second quarter.

Expenditure Analysis:

General Fund Expenditures + Encumbrances for FY 2019-20 by Function

	FY 20 Adjusted Budget	FY 20 Q2 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
* Dept. Operating				
General Government	\$ 57,986,320	\$ 27,468,732	47.4%	46.8%
Community Services	27,854,930	14,681,467	52.7%	54.4%
Development Services	9,065,593	3,990,157	44.0%	45.6%
Public Safety	116,869,298	60,634,018	51.9%	52.4%
Public Works & Utilities	14,625,461	9,533,836	65.2%	51.2%
Neighborhood Resources	4,263,575	2,407,345	56.5%	61.0%
Non-Dept. Pers. & O&M	37,989,566	27,656,348	72.8%	69.3%
Subtotal	\$ 268,654,743	\$ 146,371,903	54.5%	52.0%
Non-Dept. Reserves	\$ 3,650,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	35,276,618	-	0.0%	0.0%
Total	\$ 307,581,361	\$ 146,371,903	47.6%	44.9%



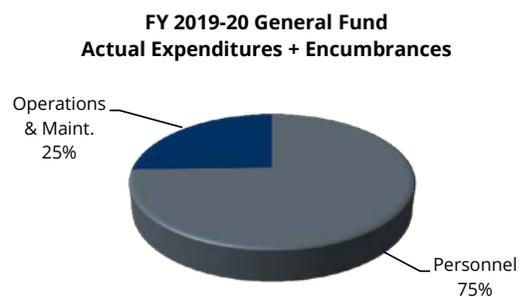
* Excluding Interfund Transfers

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.

FY 2019-20 operating spending through the second quarter is 54.5% of the adjusted budget compared to 52% of adjusted budget spent last fiscal year through the second quarter. As shown on the following pages, departments (excluding non-departmental) have expended between 33.6% and 65.2% of their General Fund adjusted budgets through the second quarter of FY 2019-20.

General Fund Expenditures + Encumbrances for FY 2019-20 by Category

	FY 20 Adjusted Budget	FY 20 Q2 YTD Exp+Enc	FY 19 Q2 YTD Exp+Enc	% Change from Prior Yr Actual
*Dept. Operating				
Personnel	\$ 205,808,651	\$ 109,302,804	\$ 88,375,025	23.7%
Operations & Maint.	62,846,092	37,069,099	31,173,161	18.9%
Reserves/Contingencies	38,926,618	-	-	0.0%
Total	\$ 307,581,361	\$ 146,371,903	\$ 119,548,186	22.4%



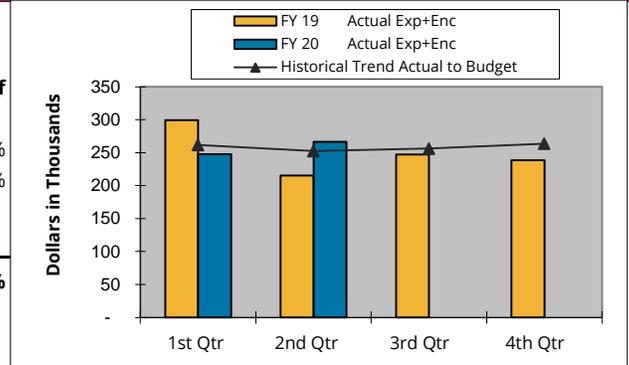
* Excluding Interfund Transfers

Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the second quarter of FY 2019-20 is 23.7% higher than spending through the second quarter of FY 2018-19 due to the increased amount paid (\$20.7M) towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability. The Operations and Maintenance category reflects a 18.9% increase mainly due to higher spending for park and street maintenance, fixed bus route transit services, and higher spending commitments for software support and maintenance.

Expenditure Analysis (continued / department summaries):

Mayor & Council Expenditure FY 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 19	\$ 266,022	\$ 247,850	23.3%	24.6%
2nd Qtr	Oct - Dec 19	255,381	266,788	25.1%	23.7%
3rd Qtr	Jan - Mar 20	266,022			
4th Qtr	Apr - Jun 20	276,663			
Total		\$ 1,064,088	\$ 514,638	48.4%	48.3%



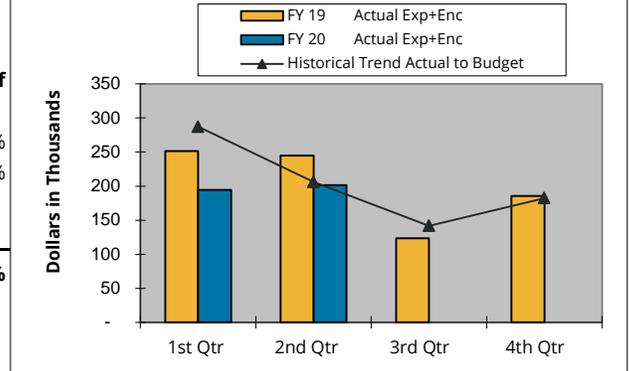
* Historical Trend represents the average of the past 4 years % of actual to budget

Positive

Mayor and Council spent 48.4% of their FY 2019-20 adjusted budget and has historically spent 48.3% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

City Clerk Expenditure FY 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 19	\$ 415,127	\$ 194,373	16.5%	24.3%
2nd Qtr	Oct - Dec 19	297,518	201,514	17.1%	17.4%
3rd Qtr	Jan - Mar 20	204,590			
4th Qtr	Apr - Jun 20	263,441			
Total		\$ 1,180,676	\$ 395,887	33.6%	41.7%



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

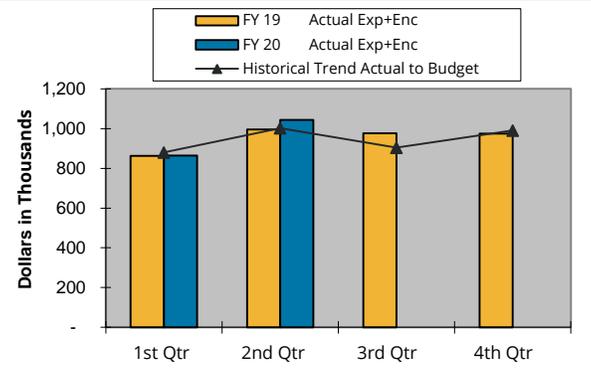
Positive

The City Clerk spent 33.6% of their FY 2019-20 adjusted budget and has historically spent 41.7% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Spending in the first and second quarters of FY 2018-19 is the result of election expenses which will not occur in FY 2019-20.

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 19	\$ 900,169	\$ 864,691	22.4%	22.8%
2nd Qtr Oct - Dec 19	1,025,325	1,043,917	27.0%	25.9%
3rd Qtr Jan - Mar 20	924,378			
4th Qtr Apr - Jun 20	1,013,073			
Total	\$ 3,862,945	\$ 1,908,608	49.4%	48.7%



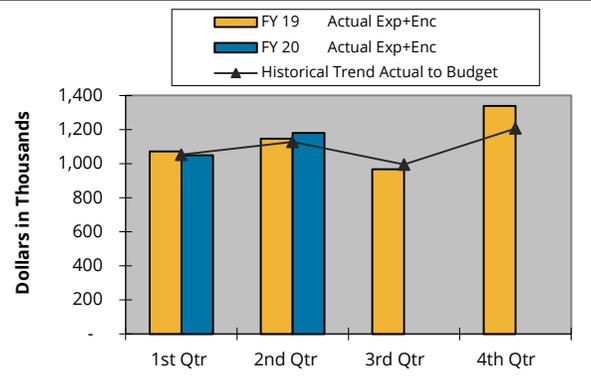
* Historical Trend represents the average of the past 4 years % of actual to budget

Positive

Law spent 49.4% of their FY 2019-20 adjusted budget and has historically spent 48.7% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

City Magistrate Expenditure FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 19	\$ 1,121,340	\$ 1,048,383	22.5%	22.5%
2nd Qtr Oct - Dec 19	1,201,378	1,179,054	25.3%	24.2%
3rd Qtr Jan - Mar 20	1,059,431			
4th Qtr Apr - Jun 20	1,285,482			
Total	\$ 4,667,631	\$ 2,227,437	47.8%	46.7%



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

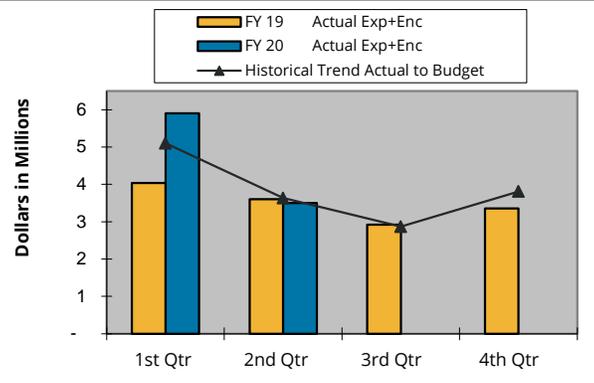
Positive

City Magistrate spent 47.8% of their FY 2019-20 adjusted budget and has historically spent 46.7% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. The fourth quarter of FY 2018-19 reflects retirement payouts for the Presiding City Magistrate, who served Chandler for over 32 years.

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 19	\$ 6,418,509	\$ 5,902,175	30.4%	26.3%
2nd Qtr	Oct - Dec 19	4,572,947	3,498,527	18.0%	18.8%
3rd Qtr	Jan - Mar 20	3,604,513			
4th Qtr	Apr - Jun 20	4,791,777			
Total		\$ 19,387,746	\$ 9,400,702	48.4%	45.1%



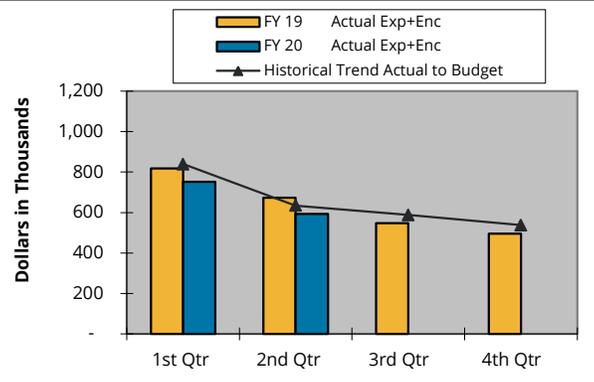
* Historical Trend represents the average of the past 4 years % of actual to budget

Positive

City Manager & Organizational Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Economic Development, Fleet Services, Human Resources, and Transportation Policy. Combined, these divisions spent 48.4% of their FY 2019-20 adjusted budget and have historically spent 45.1% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending in the first quarter reflects professional contract payment for FY 2018-19 fixed route transit services.

Communications & Public Affairs Expenditure FY 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 19	\$ 957,541	\$ 752,196	25.4%	28.3%
2nd Qtr	Oct - Dec 19	724,141	593,195	20.0%	21.4%
3rd Qtr	Jan - Mar 20	671,015			
4th Qtr	Apr - Jun 20	613,402			
Total		\$ 2,966,099	\$ 1,345,391	45.4%	49.7%



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

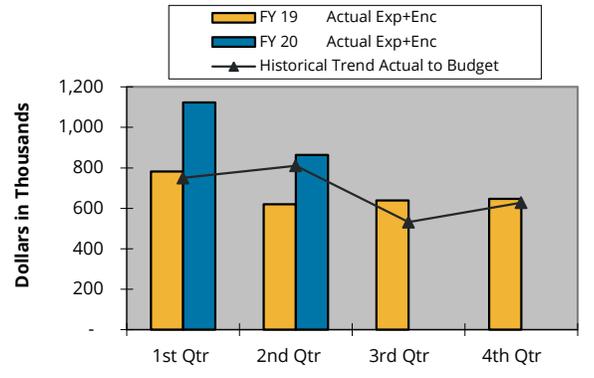
Positive

Communications and Public Affairs (CAPA) spent 45.4% of their FY 2019-20 adjusted budget and has historically spent 49.7% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Cultural Development Expenditure 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 19	\$ 1,081,814	\$ 1,123,325	29.1%	19.4%
2nd Qtr	Oct - Dec 19	1,159,086	864,466	22.4%	21.0%
3rd Qtr	Jan - Mar 20	772,724			
4th Qtr	Apr - Jun 20	849,996			
Total		\$ 3,863,620	\$ 1,987,791	51.5%	40.4%



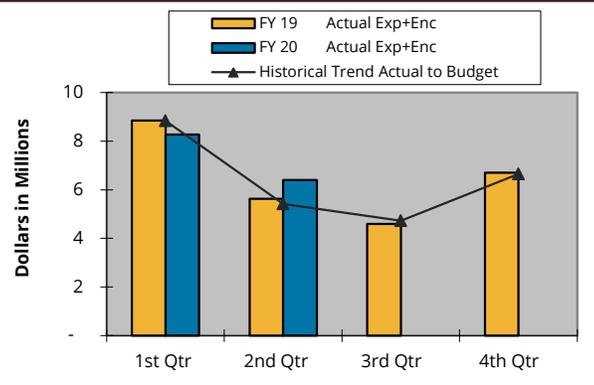
* Historical Trend represents the average of the past 4 years % of actual to budget

Positive

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events. The department spent 51.5% of their FY 2019-20 adjusted budget and has historically spent 40.4% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending reflects the establishment of an Administration cost center and the creation of a new cost center for Special Events, which was shifted from Community Service, however all historical spending is still reflected in Community Services.

Community Services Expenditure 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 19	\$ 9,470,676	\$ 8,279,891	29.7%	31.8%
2nd Qtr	Oct - Dec 19	5,849,535	6,401,576	23.0%	19.5%
3rd Qtr	Jan - Mar 20	5,013,887			
4th Qtr	Apr - Jun 20	7,520,832			
Total		\$ 27,854,930	\$ 14,681,467	52.7%	51.3%



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

Positive

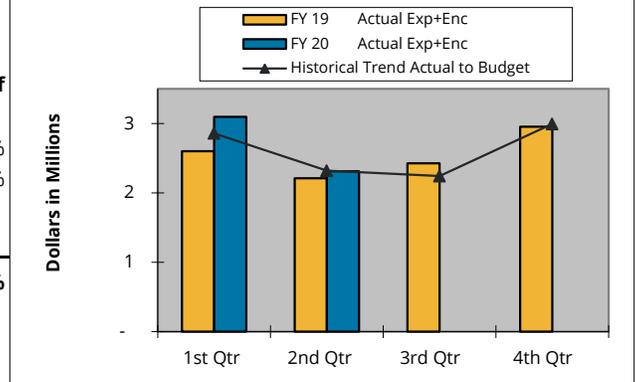
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Development & Operations, Recreation, and Sports & Fitness Facilities. The department spent 52.7% of their FY 2019-20 adjusted budget and has historically spent 51.3% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. The slight uptick in spending is a result of increased park maintenance.

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure 2019-20

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 19	\$ 3,419,920	\$ 3,096,849	24.4%	22.6%
2nd Qtr Oct - Dec 19	2,786,602	2,314,462	18.3%	18.3%
3rd Qtr Jan - Mar 20	2,786,602			
4th Qtr Apr - Jun 20	3,673,247			
Total	\$ 12,666,371	\$ 5,411,311	42.7%	40.9%

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



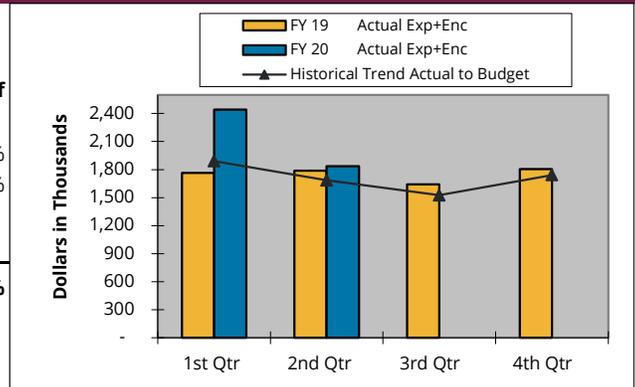
Positive

Information Technology spent 42.7% of their FY 2019-20 adjusted budget and has historically spent 40.9% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Increased spending in the first quarter reflects higher level of spending commitments for software support and maintenance.

Management Services Expenditure FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 19	\$ 2,301,648	\$ 2,440,752	29.3%	22.7%
2nd Qtr Oct - Dec 19	2,051,448	1,836,215	22.1%	20.2%
3rd Qtr Jan - Mar 20	1,855,621			
4th Qtr Apr - Jun 20	2,118,427			
Total	\$ 8,327,144	\$ 4,276,967	51.4%	42.9%

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



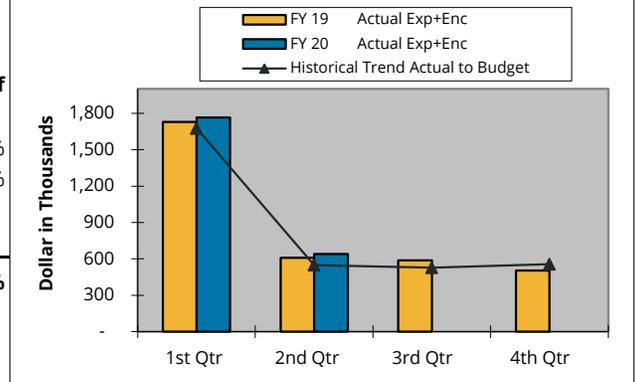
Positive

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 Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 51.4% of their FY 2019-20 adjusted budget and have historically spent 42.9% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending in the first quarter reflects a payment to the Arizona Department of Revenue for tax administration and collection assessment fees, which was previously expended out of Non-Departmental.

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 19	\$ 2,174,423	\$ 1,765,637	41.4%	39.3%
2nd Qtr Oct - Dec 19	724,808	641,708	15.1%	12.9%
3rd Qtr Jan - Mar 20	682,172			
4th Qtr Apr - Jun 20	682,172			
Total	\$ 4,263,575	\$ 2,407,345	56.5%	52.2%



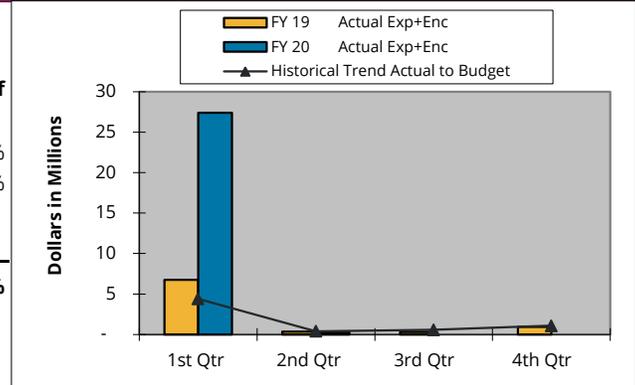
* Historical Trend represents the average of the past 4 years % of actual to budget

Positive

Neighborhood Resources includes the following cost centers: Administration, Community Development, Housing & Redevelopment, and Neighborhood Preservation. The department spent 56.5 of their FY 2019-20 adjusted budget and has historically spent 52.2% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Non-Departmental Expenditure FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 19	\$ 25,971,513	\$ 27,427,340	72.2%	11.6%
2nd Qtr Oct - Dec 19	2,354,927	229,008	0.6%	1.0%
3rd Qtr Jan - Mar 20	3,342,352			
4th Qtr Apr - Jun 20	6,320,774			
Total**	\$ 37,989,566	\$ 27,656,348	72.8%	12.6%



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

** Excludes Reserves and Contingencies

Positive

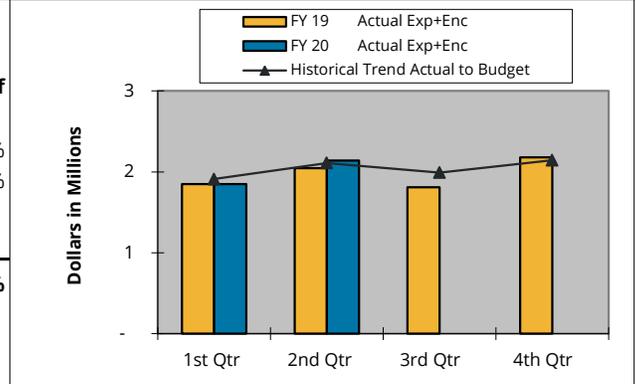
Non-departmental includes citywide costs that do not belong to a specific department or are infrequent/unusual (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates due to changing one-time needs from year to year. Non-departmental planned spending through the second quarter of FY 2019-20 is 72.8% of the adjusted budget, with historical spending of 12.6% through the second quarter of the fiscal year. This results in a positive performance indicator because spending is planned and anticipated to be under budget at fiscal year end. Higher spending in the the first quarter of FY 2019-20 is due to the increased amount of \$20.7M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability.

Expenditure Analysis (continued / department summaries):

Development Services Expenditure FY 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 19	\$ 2,085,086	\$ 1,848,644	20.4%	21.1%
2nd Qtr	Oct - Dec 19	2,357,054	2,141,513	23.6%	23.3%
3rd Qtr	Jan - Mar 20	2,175,742			
4th Qtr	Apr - Jun 20	2,447,711			
Total		\$ 9,065,593	\$ 3,990,157	44.0%	44.4%

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



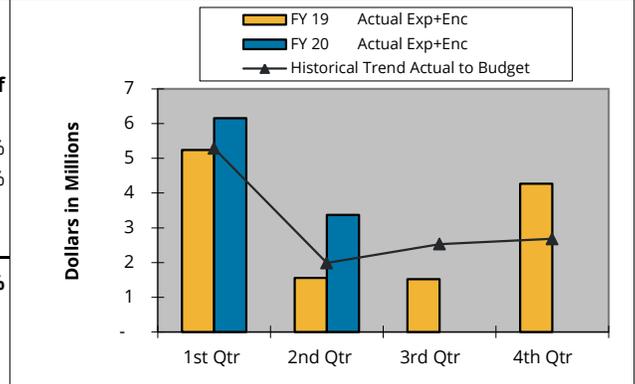
Positive

Development Services includes the following cost centers: Administration, Building Safety, Engineering, and Planning. The department spent 44.0% of their FY 2019-20 adjusted budget and has historically spent 44.4% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Public Works & Utilities Expenditure FY 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 19	\$ 5,850,184	\$ 6,159,426	42.1%	36.2%
2nd Qtr	Oct - Dec 19	2,193,819	3,374,410	23.1%	13.6%
3rd Qtr	Jan - Mar 20	2,778,838			
4th Qtr	Apr - Jun 20	3,802,620			
Total		\$ 14,625,461	\$ 9,533,836	65.2%	49.8%

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



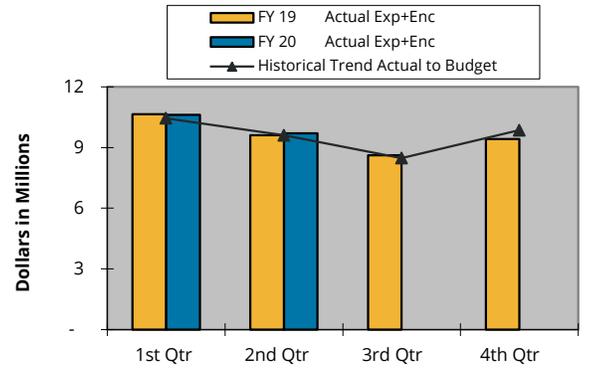
Positive

Public Works & Utilities includes the following divisions budgeted in the General Fund: Administration, Capital Projects, Streets, Street Sweeping, and Traffic Engineering. The department spent 65.2% of their FY 2019-20 adjusted budget and has historically spent 49.8% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spend is a result of increased street maintenance.

Expenditure Analysis (continued / department summaries):

Fire Expenditure FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 19	\$ 10,356,541	\$ 10,619,998	27.7%	27.2%
2nd Qtr Oct - Dec 19	9,589,390	9,702,487	25.3%	25.0%
3rd Qtr Jan - Mar 20	8,438,663			
4th Qtr Apr - Jun 20	9,972,966			
Total	\$ 38,357,560	\$ 20,322,485	53.0%	52.2%



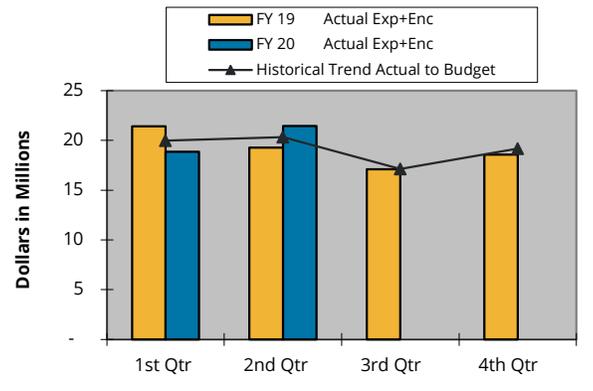
* Historical Trend represents the average of the past 4 years % of actual to budget

Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 53.0% of their FY 2019-20 adjusted budget and has historically spent 52.2% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Police Expenditure FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only				
1st Qtr Jul - Sep 19	\$ 20,413,052	\$ 18,857,021	24.0%	25.4%
2nd Qtr Oct - Dec 19	21,198,169	21,454,512	27.3%	25.9%
3rd Qtr Jan - Mar 20	17,272,582			
4th Qtr Apr - Jun 20	19,627,935			
Total	\$ 78,511,738	\$ 40,311,533	51.3%	51.3%



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

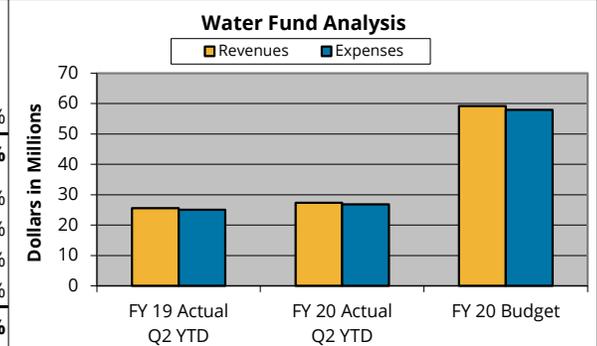
Positive

Police includes the following cost centers: Administration, Communications, Criminal Investigations, Detention Services, Field Operations, Forensic Services, Operational Support, Planning & Research, Professional Standards, Property & Evidence, Records, and Technology. The department spent 51.3% of their FY 2019-20 adjusted budget and has historically spent 51.3% of their adjusted budget through the second quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Enterprise Fund Analysis:

Water Fund Analysis FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Water Fund				
Revenues	\$ 59,229,784	\$ 27,382,562	46%	49%
Total Revenues	\$ 59,229,784	\$ 27,382,562	46%	49%
Operating Expenses	\$ 35,515,905	\$ 22,415,927	63%	61%
Major Capital Expenses	4,643,867	229,117	5%	74%
Debt Service	14,125,362	2,360,557	17%	18%
Transfers Out	3,622,874	1,887,424	52%	52%
Total Expenses	\$ 57,908,008	\$ 26,893,025	46%	48%
Net Rev / Exp	\$ 1,321,776	\$ 489,537		



Positive

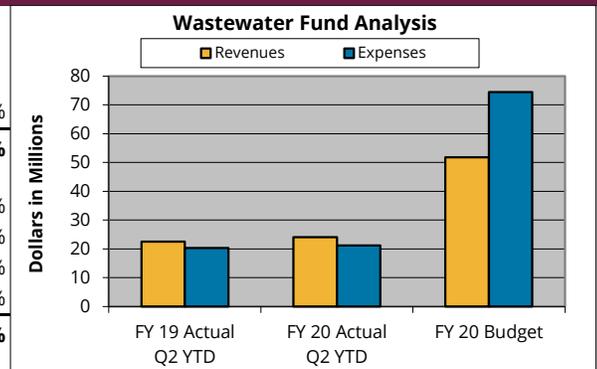
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 2019-20 reflects a planned \$1,321,776 increase to fund balance. The budgeted Transfers Out total of \$3,622,874 includes indirect cost allocation to the General Fund of \$3,424,181, payment of \$152,375 to the Technology Replacement Fund, payment of \$25,433 to the Workers' Compensation Self-Insurance Trust, and payment of \$20,885 to the Uninsured Liability Self-Insurance Fund.

Year-to-date **Operating Revenues** through the second quarter are 46% of budget compared to 49% through the second quarter of FY 2018-19, while **Operating Expenses** through the second quarter are 63% of budget as compared to 61% through the second quarter of FY 2018-19.

Wastewater Fund Analysis FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Wastewater Fund				
Revenues	\$ 51,762,489	\$ 24,002,709	46%	50%
Total Revenues	\$ 51,762,489	\$ 24,002,709	46%	50%
Operating Expenses	\$ 23,054,108	\$ 9,920,241	43%	51%
Major Capital Expenses	30,184,498	5,987,818	20%	13%
Debt Service	18,648,743	3,927,730	21%	29%
Transfers Out	2,580,924	1,331,862	52%	52%
Total Expenses	\$ 74,468,273	\$ 21,167,651	28%	36%
Net Rev / Exp	\$ (22,705,784)	\$ 2,835,058		



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.

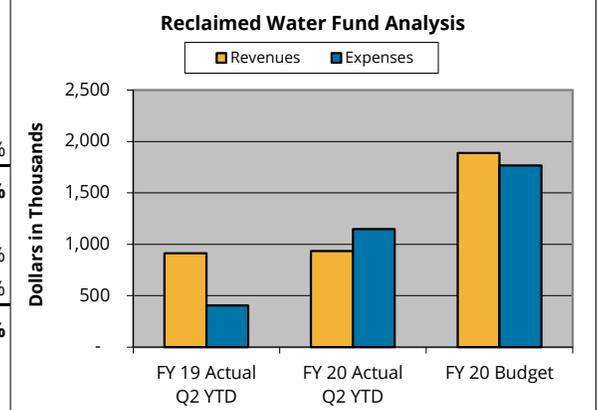
The Wastewater Operating Fund includes the following cost centers: Airport Water Reclamation Facility, Lone Butte Wastewater Treatment, Ocotillo Brine Reduction Facility, Ocotillo Water Reclamation Facility, Wastewater Capital, Wastewater Collection, and Wastewater Quality. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2019-20 reflects a planned \$22.7M drawdown of fund balance, however, approximately \$10M of the planned drawdown represents the Water Reclamation Facility Improvement project which will span two years. This also assumes all operating and capital funds are spent, which is not the case since capital projects carryforward as projects continue into the following years. The budgeted Transfers Out total of \$2,580,924 includes indirect cost allocation to the General Fund of \$2,466,256, payment of \$82,800 to the Technology Replacement Fund, payment of \$16,950 to the Workers' Compensation Self-Insurance Trust, and payment of \$14,918 to the Uninsured Liability Self-Insurance Fund.

Year-to-date **Operating Revenues** through the second quarter are 46% of budget compared to 50% through the second quarter of FY 2018-19, while **Operating Expenses** through the second quarter are 43% of budget as compared to 51% through the second quarter of FY 2018-19.

Enterprise Fund Analysis (continued):

Reclaimed Water Fund Analysis FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Reclaimed Water				
Revenues	\$ 1,888,400	\$ 932,619	49%	46%
Total Revenues	\$ 1,888,400	\$ 932,619	49%	46%
Operating Expenses	\$ 1,682,604	\$ 1,106,055	66%	24%
Transfers Out	83,565	41,782	50%	50%
Total Expenses	\$ 1,766,169	\$ 1,147,837	65%	25%
Net Rev / Exp	\$ 122,231	\$ (215,218)		

**Positive**

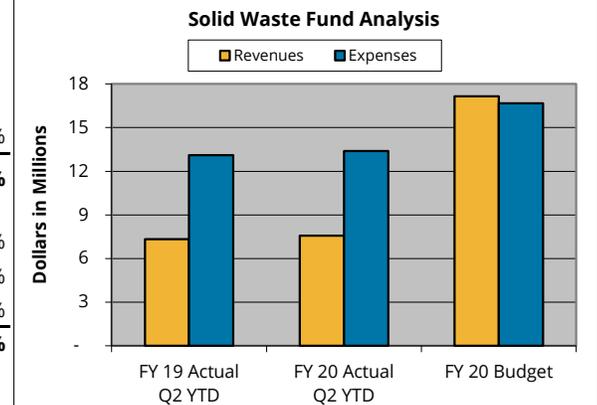
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Reclaimed Water Operating Fund supports operating functions only. The Net Revenue/Expense for FY 2019-20 reflects an planned increase of \$122,231 to fund balance. Transfers Out totalling \$83,565 include an indirect cost allocation to the General Fund of \$82,397, payment of \$742 to the Workers' Compensation Self-Insurance Trust, and payment of \$426 to the Uninsured Liability Self-Insurance Fund.

Year-to-date **Operating Revenues** through the second quarter are 49% of budget compared to 46% through the second quarter of FY 2018-19, while **Operating Expenses** through the second quarter are 66% of budget as compared to 24% through the second quarter of FY 2018-19. Operating Expense Budget has increased compared to historical trend due to continued analysis of process costs each year.

Solid Waste Fund Analysis FY 2019-20 Comparison

	FY 20 Adjusted Budget	FY 20 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Solid Waste				
Revenues	\$ 17,152,004	\$ 7,570,400	44%	46%
Total Revenues	\$ 17,152,004	\$ 7,570,400	44%	46%
Operating Expenses	\$ 14,654,397	\$ 12,702,205	87%	86%
Major Capital Expenses	919,416	117,529	13%	27%
Transfers Out	1,087,417	570,793	52%	53%
Total Expenses	\$ 16,661,230	\$ 13,390,527	80%	81%
Net Rev / Exp	\$ 490,774	\$ (5,820,127)		

**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.

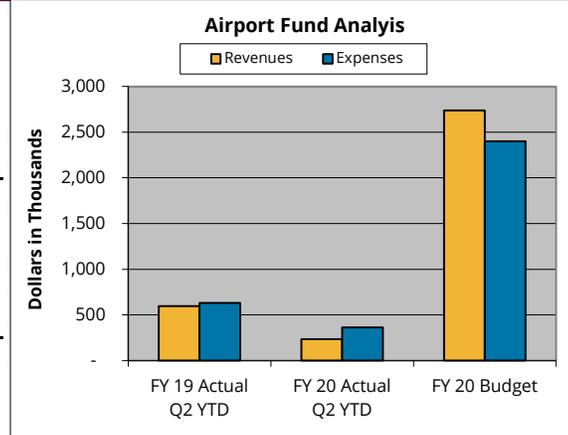
The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2019-20 reflects a \$490,774 planned increase to fund balance. Transfers Out totalling \$1,087,417 include an indirect cost allocation to the General Fund of \$1,014,692, payment of \$54,168 to the Technology Replacement Fund, payment of \$12,163 to the Workers' Compensation Self-Insurance Trust, and payment of \$6,394 to the Uninsured Liability Self-Insurance Fund.

Year-to-date **Operating Revenues** through the second quarter are 44% of budget compared to 46% through the second quarter of FY 2018-19, while **Operating Expenses** through the second quarter are 87% of budget as compared to 86% through the second quarter of FY 2018-19. Operating Expenses reflect large encumbrances (\$6M) that are recorded at the start of the fiscal year for the Solid Waste collections contract to support costs through the end of the fiscal year and then spent against for the remainder of the 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 2019-20 Comparison

Airport Fund	FY 20 Adjusted Budget	FY 20 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 982,337	\$ 464,873	47%	49%
General Fund Subsidy	1,419,722	254,817	18%	12%
Total Revenues	\$ 2,402,059	\$ 719,690	30%	29%
Operating Expenses	\$ 1,247,643	\$ 535,259	43%	48%
Major Capital Expenses	1,044,539	367,223	35%	4%
Transfers Out	109,877	58,706	53%	54%
Total Expenses	\$ 2,402,059	\$ 961,188	40%	34%
Net Rev / Exp	\$ -	\$ (241,498)		



Positive

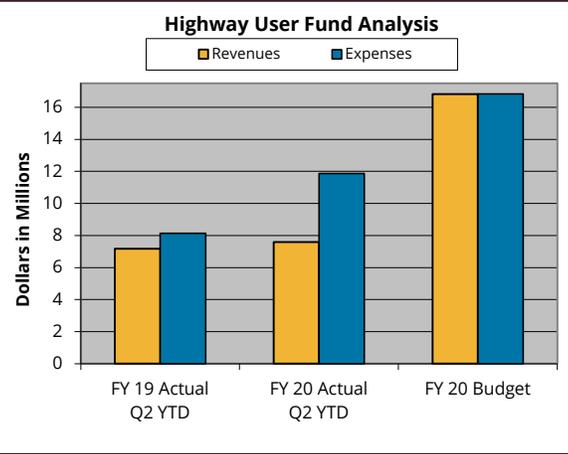
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2019-20 reflects no budgeted change in fund balance since the General Fund Subsidy is budgeted from the General Fund to make up the funding needed to help support operations and/or Major Capital Expenses. The budgeted Transfers Out include indirect cost allocation to the General Fund of \$102,341 and a payment of \$7,536 to the Technology Replacement Fund.

Year-to-date **Operating Revenues** through the second quarter are 47% of budget compared to 49% through the second quarter of FY 2019-20, while year-to-date **Operating Expenses** through the second quarter are 43% of budget as compared to 48% through the second quarter of FY 2018-19. Major capital spending is a result of the Rehab North Terminal Apron Phase 2 and the Annual Pavement Maintenance Management projects that are currently in process.

Highway User Fund (HURF) Analysis FY 2019-20 Comparison

Highway User Fund	FY 20 Adjusted Budget	FY 20 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Highway Users Tax	\$ 16,500,000	\$ 7,342,264	44%	45%
Other	329,000	243,065	74%	51%
Total Revenues	\$ 16,829,000	\$ 7,585,329	45%	45%
Operating Expenses	\$ 9,692,495	\$ 4,741,976	49%	52%
Major Capital Expenses	7,103,232	7,103,232	100%	19%
Debt Service	-	-	0%	100%
Transfers Out	28,462	27,421	96%	100%
Total Expenses	\$ 16,824,189	\$ 11,872,629	71%	25%
Net Rev / Exp	\$ 4,811	\$ (4,287,300)		



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 2019-20 reflects a planned fund balance increase of \$4,811. Transfers Out include payment of \$28,462 to the Technology Replacement Fund.

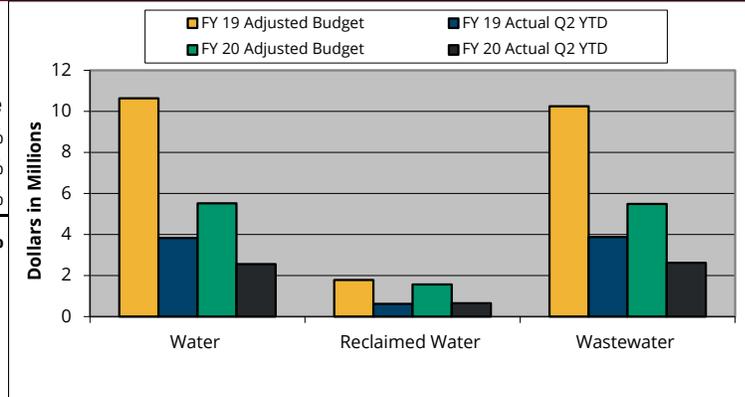
Year-to-date **Operating Revenues** received through the second quarter are 44% of budget as compared to 45% through the second quarter of FY 2018-29, while year-to-date **Operating Expenses** through the second quarter are 49% of budget as compared to 52% through the second quarter of FY 2018-19. Major Capital Spending is a result of the Street Repaving project currently in process. Operating Expenses reflect large encumbrances (\$4.7M) that are recorded at the start of the fiscal year for repaving to support costs through the end of the fiscal year and then spent against for the remainder of the year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

Other Funds Analysis (continued):

System Development Fee Funds Analysis FY 2019-20 Comparison

System Development Fee (SDF) Funds	FY 20 Adjusted Budget	FY 20 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 5,526,100	\$ 2,552,970	46%
Reclaimed Water	1,557,600	642,358	41%
Wastewater	5,481,600	2,626,627	48%
Total SDF Revenue	\$ 12,565,300	\$ 5,821,955	46%

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.

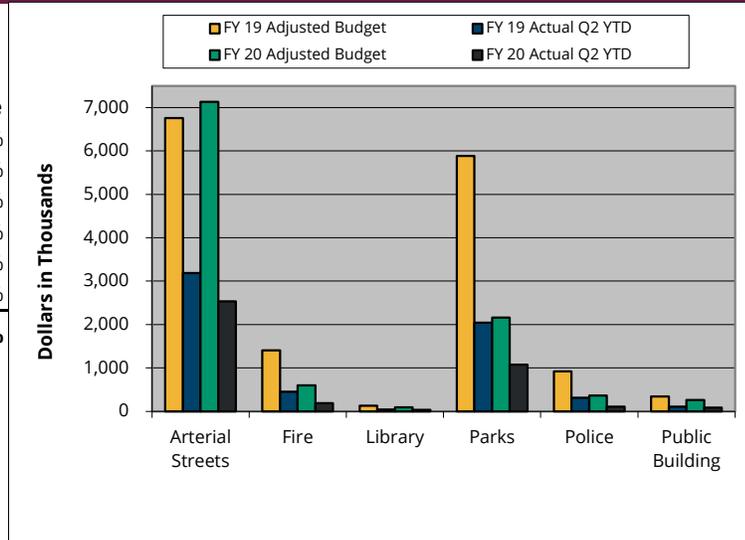


System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2019-20 budget and year-to-date collections through the second quarter as compared to the FY 2018-19 budget and year-to-date collections through the second quarter. Collections through the second quarter of FY 2019-20 were 46% of the budget as compared to the prior year's collections of 37% through the second quarter.

Impact Fee Funds Analysis FY 2019-20 Comparison

Impact Fee Funds	FY 20 Adjusted Budget	FY 20 Actual Revenue	% of Budget Rec'd to Date
ArterialStreets	\$ 7,128,600	\$ 2,530,456	35%
Fire	597,200	185,109	31%
Library	92,600	36,130	39%
Parks	2,161,600	1,073,877	50%
Police	364,700	109,107	30%
PublicBuilding	259,700	86,845	33%
Total Impact Revenue	\$ 10,604,400	\$ 4,021,524	38%

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.

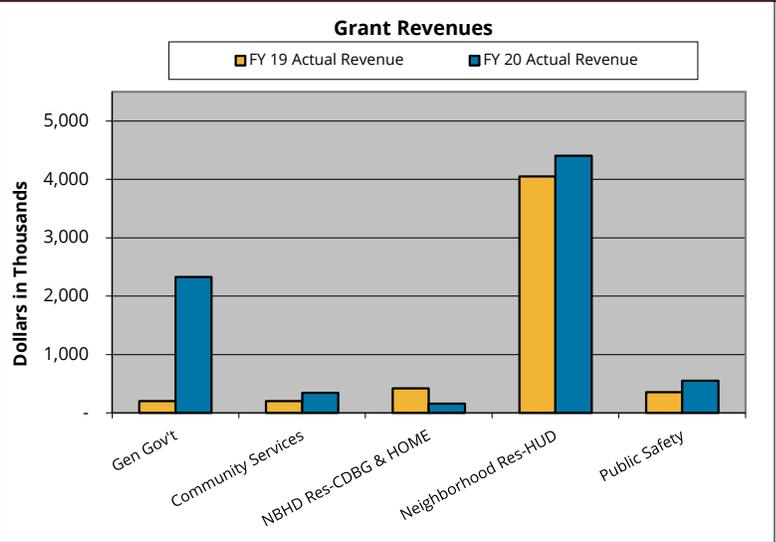


Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2019-20 budget and year-to-date collections through the second quarter as compared to FY 2018-19 budget and year-to-date collections through the second quarter. Collections through the second quarter of FY 2019-20 were 38% of the budget as compared to the prior year's collections of 40% through the second quarter.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2019-20 Comparison

	FY 20 Actual Revenue	FY 19 Actual Revenue
General Government*	\$ 19,670	\$ 156,657
Community Services	342,282	202,870
Neighborhood Res. - CDBG & HOME	156,427	420,150
Neighborhood Res. - HUD	4,406,951	4,053,205
Public Safety	549,125	353,054
Total Operating Grant Revenue	\$ 5,474,455	\$ 5,185,936
General Government*	\$ 2,306,811	\$ 42,209
Public Works & Utilities	5,014,806	1,379,581
Total Capital Grant Revenue	\$ 7,321,617	\$ 1,421,790
Total Grant Revenue	\$ 12,796,071	\$ 6,607,726



* Includes Airport, CAPA, City Manager, Economic Development, Law, Magistrate, and Neighborhood Resources non-entitlement programs.

Grants are an additional source of funds for major capital projects and certain operating programs. Grant sources include federal, state, and county governments as well as donations from businesses, organizations, or individuals to support particular programs. In most cases, grant revenues for many programs are received on a reimbursable basis, so the revenue on a large capital project may lag a fiscal year after the project is initiated.

Actual collections through the second quarter of FY 2019-20 are \$12.8M as compared to \$6.6M collected through the second quarter of FY 2018-19.