



Informational Memo

Management Services - Memo No. 20-058

Date: April 30, 2020

To: Mayor and Council

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

From: Matt Dunbar, Budget Manager *MP*

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

Attached is the FY 2019-20 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, Impact Fees, Highway User Revenue and Grant funds.

The analysis included in this report provides a snapshot as of the end of the third 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. Important to note is that the impacts anticipated due to COVID-19 are not obvious in this report, as the majority of revenue impacts will be seen in the fourth quarter of the fiscal year.

With the economy still going strong during the vast majority of the third quarter, all performance indicators are still showing as positive, except for *General Fund Licenses and Permits, and Charges for Services*. In the General Fund Licenses and Permits area, we are seeing revenues trending lower due to the anticipated slow-down of development growth with many large projects winding down. As the historical trend contains large value building permits for Intel, Chandler Regional Medical Center, Northrup Grumman and new hotels, the current trend will show lower permit revenues when compared to the prior year with these large projects included. Charges for Services revenue is also trending lower due to facility closures and refunds in March, related to the COVID-19 pandemic and social

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distancing requirements. This is the first area we have started to see some of the COVID-19 impacts.

The General Fund third quarter is reflecting overall strong revenues with 77% of the budget received, and departmental expenditure rates are consistent with previous years with 61.9% of adjusted budget expended or encumbered at the end of the third quarter. Again, the impacts of COVID-19 to the General Fund revenues will be primarily seen in the last quarter of the fiscal year and that data will begin to be available in the monthly revenue report issued in May.

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

Attachment: FY 2019-20 Third Quarter Financial Report

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



Management Services

Quarterly Financial Report

3rd 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.

First Quarter 2019 (third estimate)	3.1%
Second Quarter 2019 (third estimate)	2.0%
Third Quarter 2019 (third estimate)	2.1%
Fourth 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.

September 19, 2019	1.75%-2.00%
October 31, 2019	1.50%-1.75%
March 3, 2020	1.00%-1.25%
March 16, 2020	0.00%-0.25%

Source: Federal Reserve Bank

Unemployment

	National*	State of Arizona**	Phoenix Metro Area**
Dec-19	3.5%	4.5%	3.6%
Jan-20	3.6%	4.5%	4.0%
Feb-20	3.5%	4.5%	3.8%
Mar-20	4.4%	5.5%	4.7%

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

*Source: US Bureau of Labor Statistics Monthly Employment Report (seasonally adjusted)

**Source: Arizona Office of Economic Opportunity Monthly Employment Report (seasonally adjusted), Phoenix Metro Area (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. 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	3rd Quarter	Fiscal Year
Benchmark	2.81%	3.92%
Wells Capital Management	2.89%	4.18%
PFM	2.81%	3.17%
Fiscal Year 2018-19 Rate of Return	3rd Quarter	Fiscal Year
Benchmark	0.98%	2.49%
Wells Capital Management	1.06%	2.49%
PFM	1.17%	2.72%

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

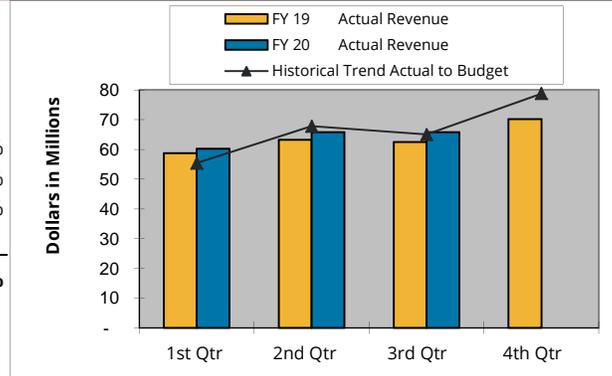
Quarter	State of Arizona	Chandler
Jul - Aug - Sep 2018	8,016	124
Oct - Nov - Dec 2018	7,455	150
Jan - Feb - Mar 2019	7,323	90
Apr - May - Jun 2019	8,635	135
Jul - Aug - Sep 2019	8,615	159
Oct - Nov - Dec 2019	8,288	190
Jan - Feb - Mar 2020	9,477	196

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	61,568,491	65,806,071	26.4%	26.1%
4th Qtr	Apr - Jun 20	70,747,797			
Total		\$ 248,970,775	\$ 191,799,379	77.0%	75.5%

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



Positive

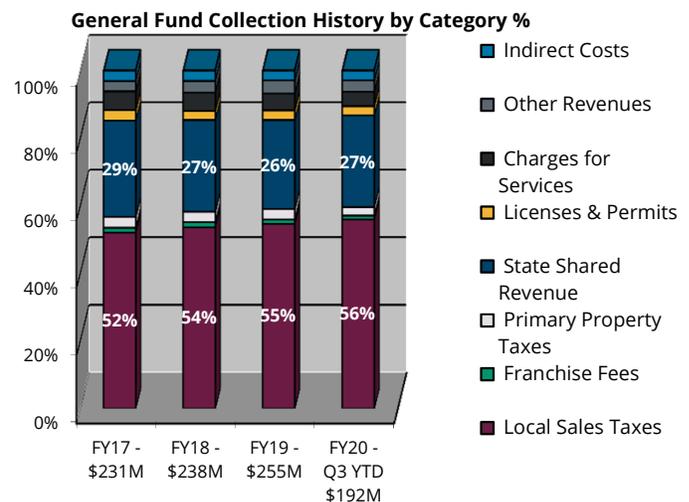
General Fund revenue collections through the third quarter of FY 2019-20 are \$13.6M (7.6%) above the budget based on historical trend and \$7.4M (4.0%) higher than actual collections through the third quarter of FY 2018-19.

The economy was heading into the 10th year of steady growth, until the CODID-19 health crisis hit. This will effect the overall revenues and projections going forward, but the third quarter continues to show higher Sales Tax. We are starting to see some of the COVID-19 impacts in Licenses & Permits collections, and will see the larger impact in the next quarterly report. 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	\$ 107,369,736	79.6%
Franchise Fees	3,300,000	2,115,484	64.1%
Primary Property Tax	7,821,800	4,864,159	62.1%
State Shared Revenue	67,800,000	51,900,416	76.5%
Licenses & Permits	6,905,500	5,341,452	77.4%
Charges for Services	12,369,250	8,102,712	65.5%
Other Revenues	8,390,533	6,441,725	76.8%
Indirect Cost Allocation	7,551,592	5,663,694	75.0%
Total	\$ 248,970,775	\$ 191,799,379	77.0%



Positive

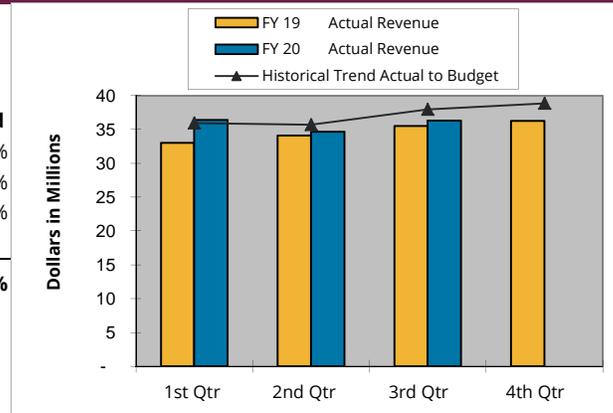
This chart summarizes General Fund revenue collections by revenue category for FY 2019-20. The graph helps us visualize what percentage each revenue category is to the total General Fund. The percentage spread of revenue sources are relatively consistent over the years with local sales taxes and state 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	33,748,534	36,293,770	26.9%	28.2%
4th Qtr	Apr - Jun 20	36,195,542			
Total		\$ 134,832,100	\$ 107,369,736	79.6%	81.4%

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



Positive

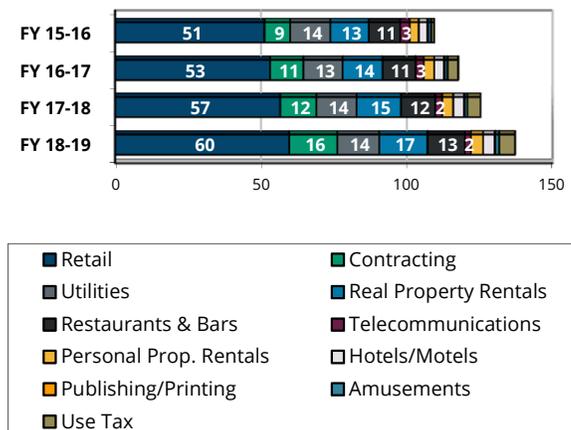
Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the third quarter of FY 2019-20 are \$8.7M (8.9%) above budget and \$4.8M (4.6%) higher than FY 2018-19 actual collections through the third quarter. The performance indicator is positive because the difference between the percentage of budget received through the third quarter and the percentage of historical budget received through the third quarter is less than two percentage points. While the tax revenues were still coming in strong during the third quarter, we anticipate significant impacts to be seen in this revenue category in the last quarter of the fiscal year.

FY 2018-19 Actual Sales Tax and related revenues collected was \$138,899,799; the highest amount in Chandler's history due to a strong economy and continued growth and development. Based on activity to date, and estimating the COVID-19 impacts, we anticipate FY 2019-20 revenue projections to come in close to Adopted since collections were over through the third quarter.

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	\$ 48,024,171	79.7%	8.9%
Contracting	13,000,000	10,435,554	80.3%	-14.1%
Utilities	14,300,000	11,305,084	79.1%	-2.0%
Real Property Rentals	16,000,000	13,715,570	85.7%	11.0%
Restaurants & Bars	13,500,000	9,558,951	70.8%	3.6%
Telecommunications	2,400,000	1,769,989	73.7%	11.8%
Personal Prop. Rentals	3,700,000	3,411,745	92.2%	12.1%
Hotels/Motels	4,200,000	3,126,069	74.4%	15.3%
Publishing/Printing/Adv.	180,000	89,731	49.9%	-37.7%
Amusements	1,000,000	903,733	90.4%	0.2%
Use Tax	4,500,000	3,609,130	80.2%	-6.9%
Total Sales Tax	\$ 133,000,000	\$ 105,949,729	79.7%	4.3%

4 Years Actual Sales Tax by Category (in millions)



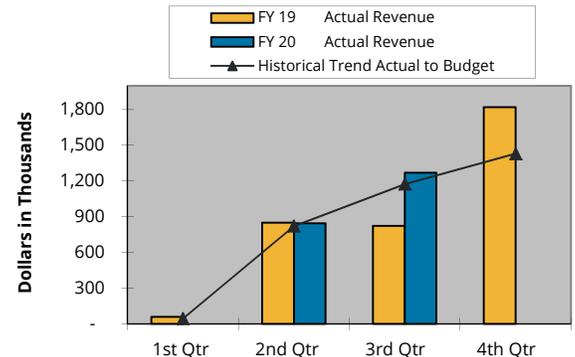
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the third quarter of FY 2019-20 were \$8.6M (8.9%) above the budget based on historical trend and \$4.3M (4.3%) higher than FY 2018-19 actual collections through the third quarter. It should be noted that many of the categories are positive, reflecting strong consumer confidence and healthy tourism and development activity during his quarter, however, the various categories will show a significant decrease in the last quarter due to COVID-19 impacts.

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	1,270,614	38.5%	35.6%
4th Qtr	Apr - Jun 20	1,359,233			
Total		\$ 3,300,000	\$ 2,115,484	64.1%	61.9%

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



Positive

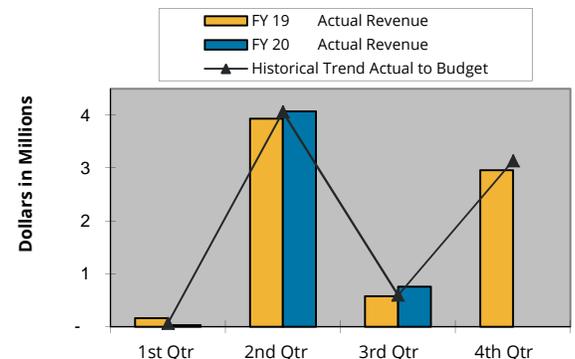
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), CenturyLink Cable Services (5% of gross sales), and Western Broadband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

Franchise fee collections through the third quarter of FY 2019-20 are \$174,716 (9.0%) above the budget based on historical trend and \$379,343 (21.8%) higher than FY 2018-19 actual collections through the third quarter. The performance indicator is positive because the percentage of budget received through the third quarter is higher than the percentage of historical budget received through the third quarter.

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	760,325	9.7%	7.6%
4th Qtr	Apr - Jun 20	3,121,320			
Total		\$ 7,821,800	\$ 4,864,159	62.2%	60.3%

* 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, which results in a small net tax increase for the median value homeowner.

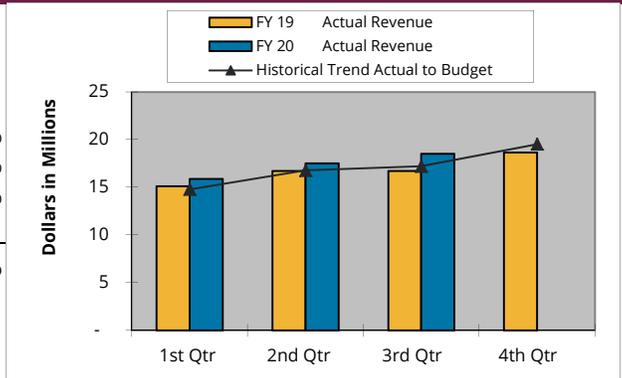
Primary property tax collections through the third quarter of FY 2019-20 are \$163,679 (3.5%) above the budget based on historical trend and \$185,626 (4.0%) higher than FY 2018-19 actual collections through the third quarter. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive because the percentage of budget received through the third quarter is higher than the percentage of historical budget received through the third quarter.

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	17,078,626	18,503,194	27.3%	25.4%
4th Qtr	Apr - Jun 20	19,402,013			
Total		\$ 67,800,000	\$ 51,900,416	76.5%	71.9%

* 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 \$2.1M (12.4%) above budget and \$1.1M (6.4%) higher than FY 2018-19 actual collections. This revenue category reflects the steady growth in Arizona's overall economy seen during the quarter, however, we will see significant impacts to this revenue source due to COVID-19.

-- **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 \$90,050 (1.1%) above budget and \$318,812 (4.2%) higher than FY 2018-19 actual collections.

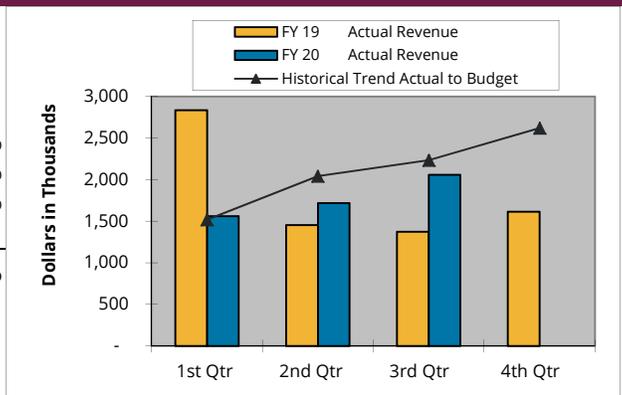
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2017 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population, and a known overall amount due to the two year lag in distribution. Collections for FY 2019-20 are \$1.3M (5.6%) above budget and \$1.9M (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 third quarter is higher than the percentage of historical budget received through the third 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	2,059,705	29.8%	32.3%
4th Qtr	Apr - Jun 20	2,151,190			
Total		\$ 6,905,500	\$ 5,341,452	77.3%	83.9%

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



Negative

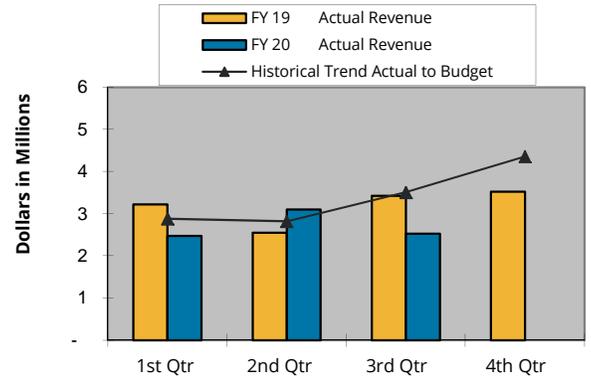
This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the third quarter of FY 2019-20 are \$587,142 (12.3%) above the budget based on historical trend and \$324,538 (-5.7%) below FY 2018-19 actual collections through the third quarter. The performance indicator is negative since the difference between the percentage of budget received through the third quarter and the percentage of historical budget received through the third quarter is a variance greater than 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	2,530,476	20.5%	28.4%
4th Qtr Apr - Jun 20	3,972,669			
Total	\$ 12,369,250	\$ 8,102,712	65.5%	74.5%

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



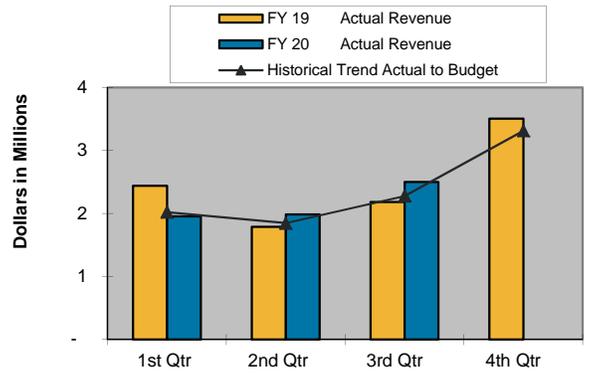
Negative

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 2019-20 are \$293,869 (-3.5%) less than the budget based on historical trend and \$1.1M (-11.9%) lower than FY 2018-19 actual collections through the third quarter. The performance indicator is negative because the difference between percentage of budget received through the third quarter and percentage of historical budget received through the third quarter is greater than five percentage points. The decrease in revenues in the third quarter reflect refunds and revenue reductions due to COVID-19 facility closures and special event refunds in March. We will continue to see COVID-19 impacts to this category into the next quarter as well.

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	2,109,692	2,500,087	29.8%	27.2%
4th Qtr Apr - Jun 20	2,657,932			
Total	\$ 8,390,533	\$ 6,441,725	76.8%	73.3%

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



Positive

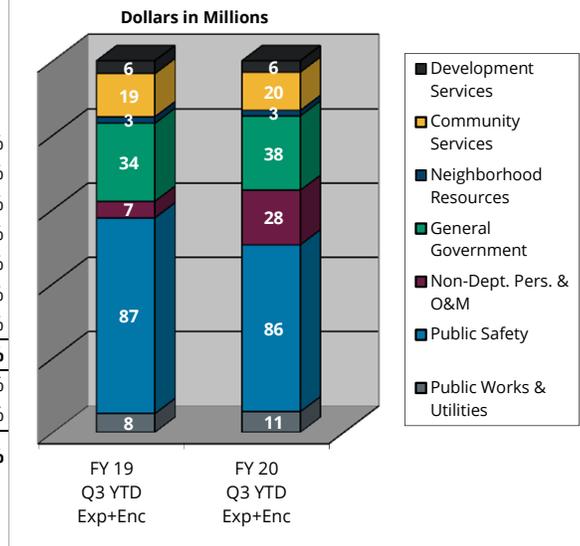
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the third quarter of FY 2019-20 are \$709,125 (12.4%) above the budget based on historical trend and \$30,826 (0.5%) higher than FY 2018-19 actual collections through the third 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 Q3 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
* Dept. Operating				
General Government	\$ 57,986,320	\$ 38,022,702	65.6%	67.2%
Community Services	27,854,930	19,575,685	70.3%	71.7%
Development Services	9,065,593	5,818,716	64.2%	66.7%
Public Safety	116,869,298	85,515,999	73.2%	74.6%
Public Works & Utilities	14,625,461	10,577,593	72.3%	62.6%
Neighborhood Resources	4,263,575	2,904,102	68.1%	76.3%
Non-Dept. Pers. & O&M	37,989,566	27,933,922	73.5%	72.1%
Subtotal	\$ 268,654,743	\$ 190,348,718	70.9%	71.5%
Non-Dept. Reserves	\$ 3,650,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	35,276,618	-	0.0%	0.0%
Total	\$ 307,581,361	\$ 190,348,718	61.9%	61.8%

* Excluding Interfund Transfers



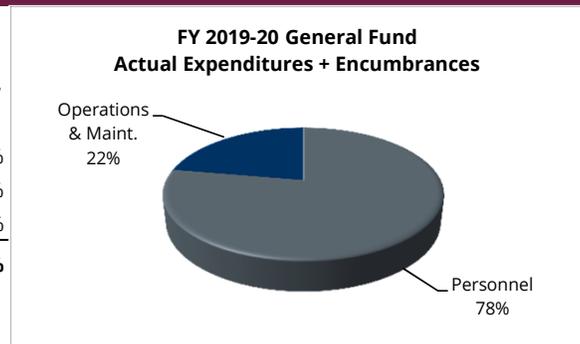
Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council Contingency). Since General Obligation debt and General Fund capital expenditures are reflected in the General Obligation Debt and General Capital Projects Funds, this presentation only includes General Fund operating expenditures to more clearly reflect the results of operations.

FY 2019-20 operating spending through the third quarter is 70.9% of the adjusted budget compared to 71.5% of adjusted budget spent last fiscal year through the third quarter. As shown on the following pages, departments (excluding non-departmental) have expended between 49.2% and 74.2% of their General Fund adjusted budgets through the third of FY 2019-20.

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

*Dept. Operating	FY 20 Adjusted Budget	FY 20 Q3 YTD Exp+Enc	FY 19 Q3 YTD Exp+Enc	% Change from Prior Yr Actual
Personnel	\$ 205,712,131	\$ 147,942,575	\$ 127,540,675	16.0%
Operations & Maint.	62,942,612	42,406,143	36,995,616	14.6%
Reserves/Contingencies	38,926,618	-	-	0.0%
Total	\$ 307,581,361	\$ 190,348,718	\$ 164,536,291	15.7%

* Excluding Interfund Transfers



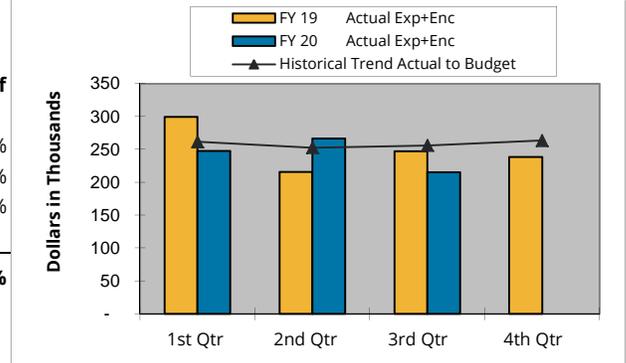
Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the third quarter of FY 2019-20 is 16.0% higher than spending through the third quarter of FY 2018-19 due to the increased amount paid (\$20.7M) towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability. The Operations and Maintenance category reflects a 14.6% 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	215,412	20.2%	24.1%
4th Qtr	Apr - Jun 20	276,663			
Total		\$ 1,064,088	\$ 730,050	68.6%	72.4%

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



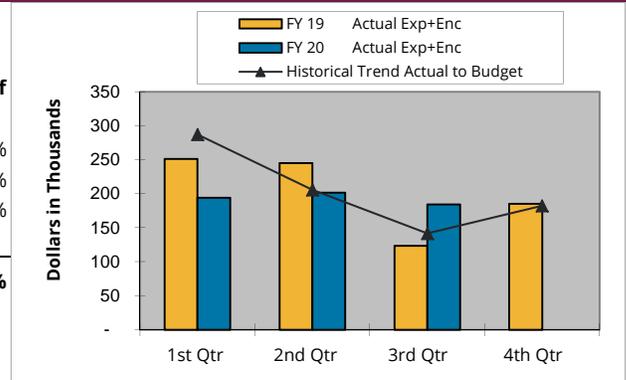
Positive

Mayor and Council spent 68.6% of their FY 2019-20 adjusted budget and has historically spent 72.4% 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 at 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	184,490	15.6%	12.0%
4th Qtr	Apr - Jun 20	263,441			
Total		\$ 1,180,676	\$ 580,377	49.2%	53.7%

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



Positive

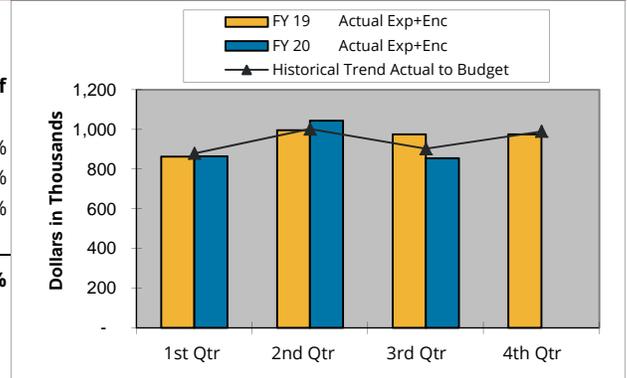
The City Clerk spent 49.2% of their FY 2019-20 adjusted budget and has historically spent 53.7% of their adjusted budget through the third quarter of the fiscal year. Spending in the first and second quarters of FY 2018-19 is the result of election expenses which will not occur in FY 2019-20. This results in a positive performance indicator, with the expectation to be within budget at fiscal year end.

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	854,591	22.1%	23.4%
4th Qtr Apr - Jun 20	1,013,073			
Total	\$ 3,862,945	\$ 2,763,199	71.5%	72.1%

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



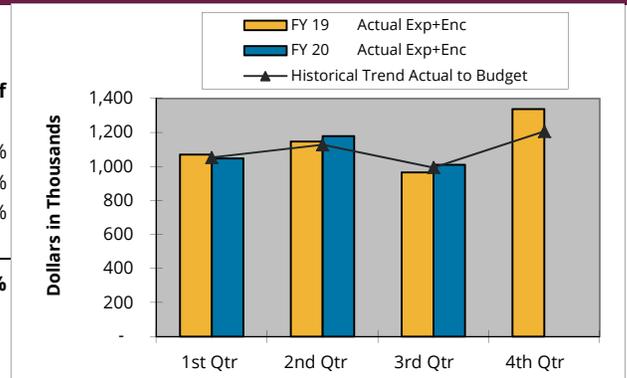
Positive

Law spent 71.5% of their FY 2019-20 adjusted budget and has historically spent 72.1% 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 at 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	1,009,487	21.5%	21.3%
4th Qtr Apr - Jun 20	1,285,482			
Total	\$ 4,667,631	\$ 3,236,924	69.3%	68.0%

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



Positive

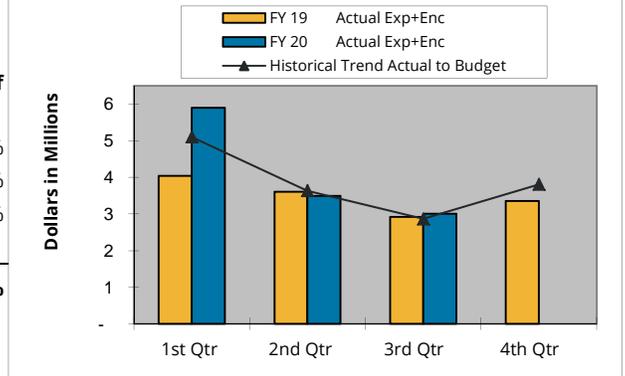
City Magistrate spent 69.3% of their FY 2019-20 adjusted budget and has historically spent 68.0% of their adjusted budget through the third quarter of the fiscal year. The fourth quarter of FY 2018-19 reflects retirement payouts for the Presiding City Magistrate, who served Chandler for over 32 years. This results in a positive performance indicator, with the expectation to be within budget at fiscal year end.

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	3,006,072	15.6%	14.8%
4th Qtr Apr - Jun 20	4,791,777			
Total	\$ 19,387,746	\$ 12,406,774	64.0%	59.9%

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



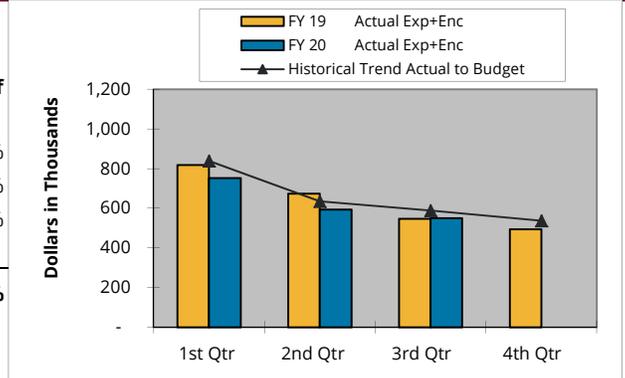
Positive

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 64.0% of their FY 2019-20 adjusted budget and have historically spent 59.9% of their adjusted budget through the third quarter of the fiscal year. Higher spending in the first quarter reflects professional contract payment for FY 2018-19 fixed route transit services. With the known spending increase in the first quarter taken into consideration, the results show a positive performance indicator, with the expectation to be within budget at fiscal year end.

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	550,844	18.5%	19.8%
4th Qtr Apr - Jun 20	613,402			
Total	\$ 2,966,099	\$ 1,896,235	63.9%	69.5%

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



Positive

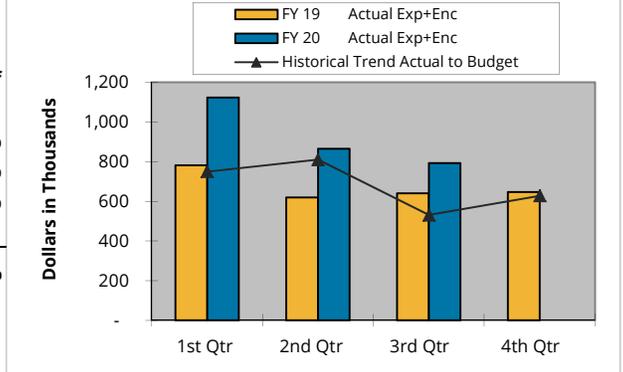
Communications and Public Affairs (CAPA) spent 63.9% of their FY 2019-20 adjusted budget and has historically spent 69.5% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget at fiscal year end.

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	792,913	20.5%	13.8%
4th Qtr Apr - Jun 20	849,996			
Total	\$ 3,863,620	\$ 2,780,704	72.0%	54.2%

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



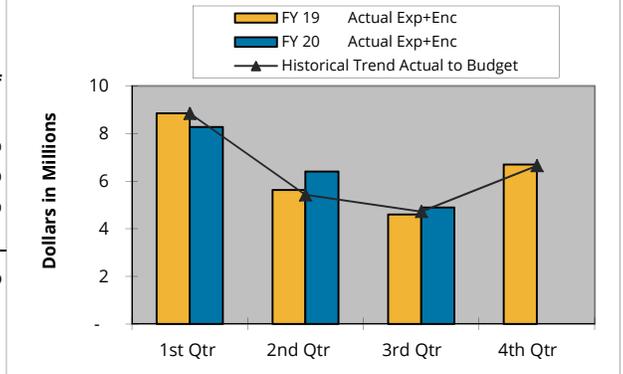
Positive

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events. The department spent 72.0% of their FY 2019-20 adjusted budget and has historically spent 54.2% of their adjusted budget through the third quarter of the fiscal year. 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. Taking these changes into account, this still results in a positive performance indicator, as the expectation is to be within budget at fiscal year end.

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	4,894,218	17.6%	17.0%
4th Qtr Apr - Jun 20	7,520,832			
Total	\$ 27,854,930	\$ 19,575,685	70.3%	68.3%

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



Positive

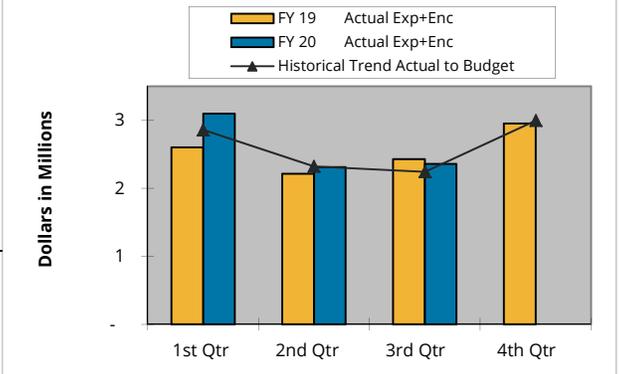
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Development & Operations, Recreation, and Sports & Fitness Facilities. The department spent 70.3% of their FY 2019-20 adjusted budget and has historically spent 68.3% of their adjusted budget through the third quarter of the fiscal year. The slight uptick in spending is a result of increased park maintenance. Taking the maintenance increases into account, this still results in a positive performance indicator, as the expectation is to be within budget at fiscal year end.

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	2,358,165	18.6%	17.7%
4th Qtr Apr - Jun 20	3,673,247			
Total	\$ 12,666,371	\$ 7,769,476	61.3%	58.6%

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



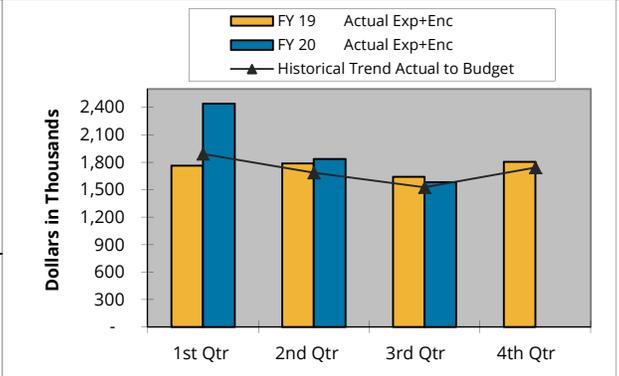
Positive

Information Technology spent 61.3% of their FY 2019-20 adjusted budget and has historically spent 58.6% of their adjusted budget through the third quarter of the fiscal year. Increased spending in the first quarter reflects higher level of spending commitments for software support and maintenance which was anticipated. The results show as a positive performance indicator, as the expectation is that they will be within budget at fiscal year end.

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	1,581,996	19.0%	18.3%
4th Qtr Apr - Jun 20	2,118,427			
Total	\$ 8,327,144	\$ 5,858,963	70.4%	61.2%

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



Positive

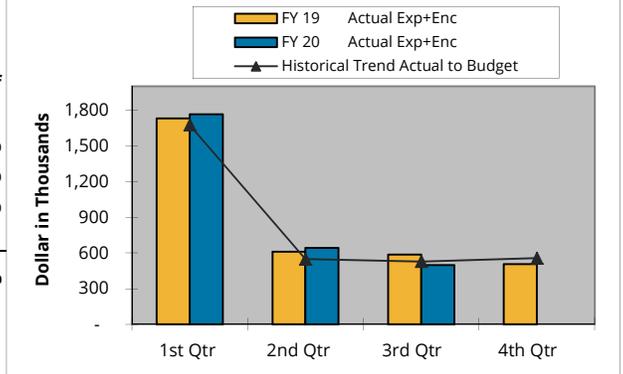
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Accounting, Budget, Central Supply, Purchasing, Tax & License, and Utility Services (reimbursed by the Municipal Utilities Department through the Indirect Cost Allocation). These divisions spent 70.4% of their FY 2019-20 adjusted budget and have historically spent 61.2% of their adjusted budget through the third quarter of the fiscal year. 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. Taking this expenditure into account, the result is a positive performance indicator, with the expectation to be within budget at fiscal year end.

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	496,757	11.7%	12.4%
4th Qtr Apr - Jun 20	682,172			
Total	\$ 4,263,575	\$ 2,904,102	68.1%	64.6%

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



Positive

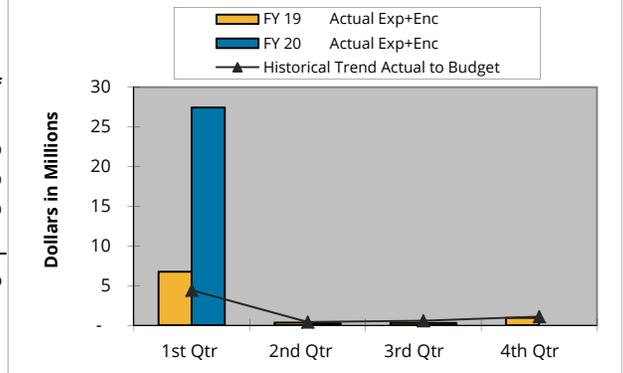
Neighborhood Resources includes the following cost centers: Administration, Community Development, Housing & Redevelopment, and Neighborhood Preservation. The department spent 68.1% of their FY 2019-20 adjusted budget and has historically spent 64.6% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget at 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	277,574	0.7%	1.5%
4th Qtr Apr - Jun 20	6,320,774			
Total**	\$ 37,989,566	\$ 27,933,922	73.5%	14.1%

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

** Excludes Reserves and Contingencies



Positive

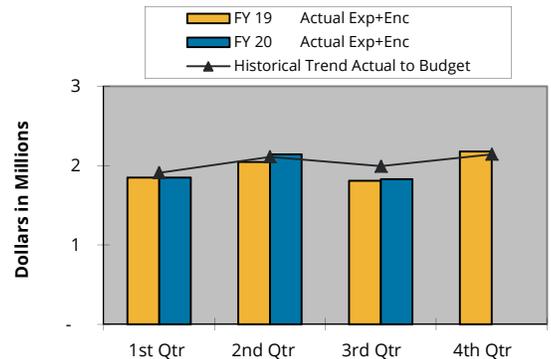
Non-departmental includes citywide costs that do not belong to a specific department or are infrequent/unusual (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates due to changing one-time needs from year to year. Non-departmental planned spending through the third quarter of FY 2019-20 is 73.5% of the adjusted budget, with historical spending of 14.1% through the third quarter of the fiscal year. Higher spending in the first quarter of FY 2019-20 is due to the increased amount (\$20.7M) towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability. This results in a positive performance indicator, as spending is planned and anticipated to be under budget at fiscal year end.

Expenditure Analysis (continued / department summaries):

Development Services Expenditure FY 2019-20 Comparison

		FY 20	FY 20	% of Budget	*Hist.
Operating Only		Adjusted	Actual	Expended	Trend % of
		Budget	Exp+Enc	by Qtr	Budget
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	1,828,559	20.2%	22.0%
4th Qtr	Apr - Jun 20	2,447,711			
Total		\$ 9,065,593	\$ 5,818,716	64.2%	66.4%

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



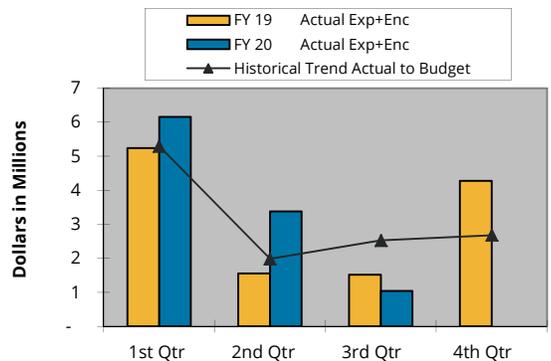
Positive

Development Services includes the following cost centers: Administration, Building Safety, Engineering, and Planning. The department spent 64.2% of their FY 2019-20 adjusted budget and has historically spent 66.4% 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 at fiscal year end.

Public Works & Utilities Expenditure FY 2019-20 Comparison

		FY 20	FY 20	% of Budget	*Hist.
Operating Only		Adjusted	Actual	Expended	Trend % of
		Budget	Exp+Enc	by Qtr	Budget
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	1,043,757	7.1%	17.3%
4th Qtr	Apr - Jun 20	3,802,620			
Total		\$ 14,625,461	\$ 10,577,593	72.3%	67.1%

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



Positive

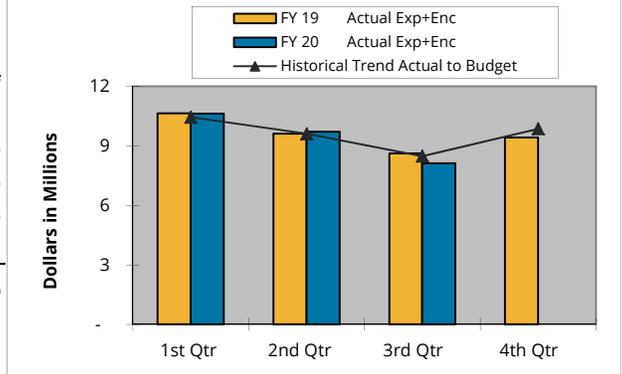
Public Works & Utilities includes the following divisions budgeted in the General Fund: Administration, Capital Projects, Streets, Street Sweeping, and Traffic Engineering. The department spent 72.3% of their FY 2019-20 adjusted budget and has historically spent 67.1% of their adjusted budget through the third quarter of the fiscal year. Higher spending first and second quarters is the result of increased street maintenance. Taking these planned increases into account, the result is a positive performance indicator, with the expectation to be within budget at fiscal year end.

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	8,126,183	21.2%	22.1%
4th Qtr	Apr - Jun 20	9,972,966			
Total		\$ 38,357,560	\$ 28,448,668	74.2%	74.3%

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



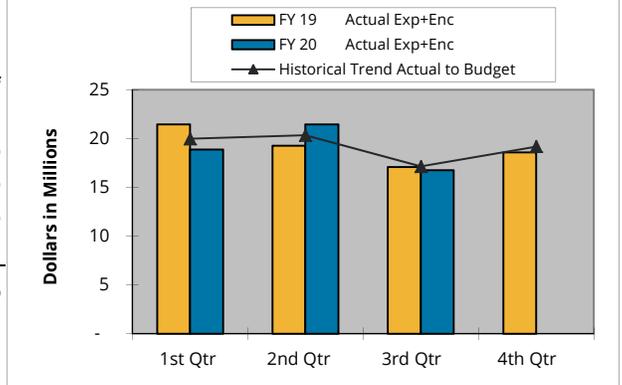
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 74.2% of their FY 2019-20 adjusted budget and has historically spent 74.3% 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 at 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	16,755,798	21.4%	21.8%
4th Qtr	Apr - Jun 20	19,627,935			
Total		\$ 78,511,738	\$ 57,067,331	72.7%	73.1%

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



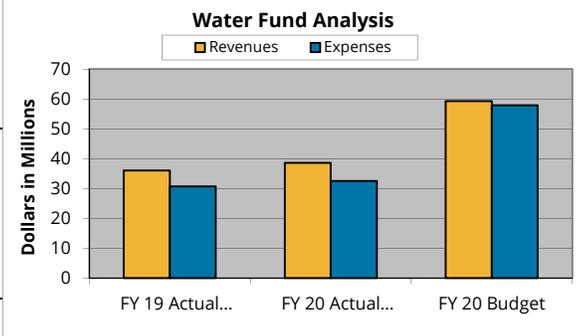
Positive

Police includes the following cost centers: Administration, Communications, Criminal Investigations, Detention Services, Field Operations, Forensic Services, Operational Support, Planning & Research, Professional Standards, Property & Evidence, Records, and Technology. The department spent 72.7% of their FY 2019-20 adjusted budget and has historically spent 73.1% 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 at fiscal year end.

Enterprise Fund Analysis:

Water Fund Analysis FY 2019-20 Comparison

Water Fund	FY 20 Adjusted Budget	FY 20 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 59,229,784	\$ 38,642,584	65%	69%
Total Revenues	\$ 59,229,784	\$ 38,642,584	65%	69%
Operating Expenses	\$ 35,515,905	\$ 26,769,884	75%	75%
Major Capital Expenses	4,643,867	649,076	14%	78%
Debt Service	14,125,362	2,360,557	17%	18%
Transfers Out	3,622,874	2,755,249	76%	76%
Total Expenses	\$ 57,908,008	\$ 32,534,766	56%	59%
Net Rev / Exp	\$ 1,321,776	\$ 6,107,818		

**Positive**

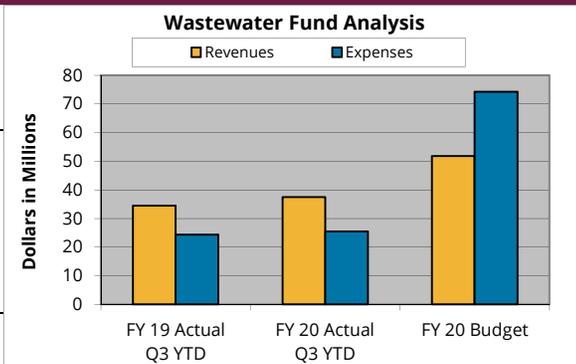
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 \$1.3M 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 third quarter are 65% of budget compared to 69% through the third quarter of FY 2018-19, while **Operating Expenses** through the third quarter are 75% of budget as compared to 75% through the third quarter of FY 2018-19.

Wastewater Fund Analysis FY 2019-20 Comparison

Wastewater Fund	FY 20 Adjusted Budget	FY 20 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 51,762,489	\$ 37,423,677	72%	77%
Total Revenues	\$ 51,762,489	\$ 37,423,677	72%	77%
Operating Expenses	\$ 22,774,108	\$ 13,408,130	59%	65%
Major Capital Expenses	30,184,498	6,152,693	20%	14%
Debt Service	18,648,743	3,927,730	21%	29%
Transfers Out	2,580,924	1,956,393	76%	76%
Total Expenses	\$ 74,188,273	\$ 25,444,946	34%	43%
Net Rev / Exp	\$ (22,425,784)	\$ 11,978,731		

**Positive**

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

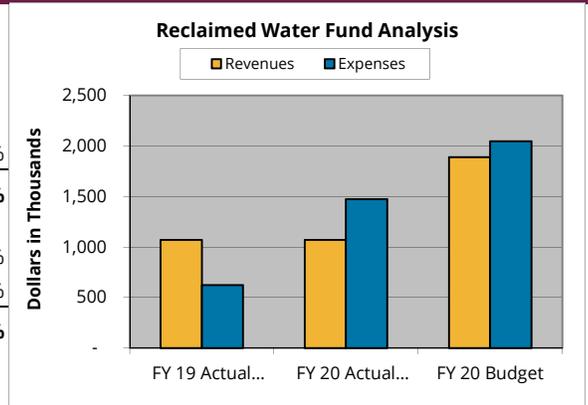
The Wastewater Operating Fund includes the following cost centers: Airport Water Reclamation Facility, Lone Butte Wastewater Treatment, Ocotillo Brine Reduction Facility, Ocotillo Water Reclamation Facility, Wastewater Capital, Wastewater Collection, and Wastewater Quality. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2019-20 reflects a planned \$22.4M 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 third quarter are 72% of budget compared to 77% through the third quarter of FY 2018-19, while **Operating Expenses** through the third quarter are 59% of budget as compared to 65% through the third quarter of FY 2018-19.

Enterprise Fund Analysis (continued):

Reclaimed Water Fund Analysis FY 2019-20 Comparison

Reclaimed Water	FY 20 Adjusted Budget	FY 20 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 1,888,400	\$ 1,068,831	57%	54%
Total Revenues	\$ 1,888,400	\$ 1,068,831	57%	54%
Operating Expenses	\$ 1,962,604	\$ 1,412,210	72%	37%
Transfers Out	83,565	62,674	75%	75%
Total Expenses	\$ 2,046,169	\$ 1,474,884	72%	39%
Net Rev / Exp	\$ (157,769)	\$ (406,053)		

**Positive**

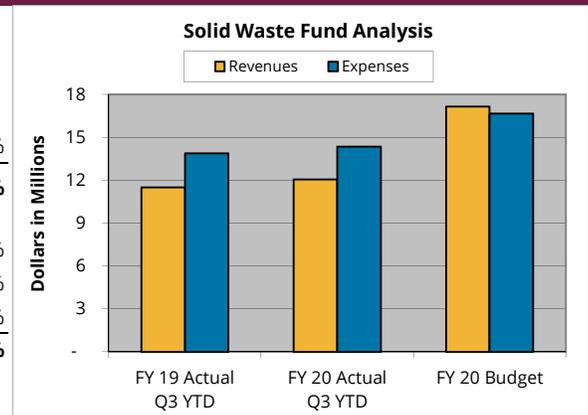
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Reclaimed Water Operating Fund supports operating functions only. The Net Revenue/Expense for FY 2019-20 reflects a drawdown of \$157,769 to fund balance after a mid-year adjustment. Transfers Out totaling \$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 third quarter are 57% of budget compared to 54% through the third quarter of FY 2018-19, while **Operating Expenses** through the third quarter are 72% of budget as compared to 37% through the third quarter of FY 2018-19. Operating Expense Budget has increased compared to historical trend as anticipated due to continued analysis of process costs each year.

Solid Waste Fund Analysis FY 2019-20 Comparison

Solid Waste	FY 20 Adjusted Budget	FY 20 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 17,152,004	\$ 12,056,180	70%	71%
Total Revenues	\$ 17,152,004	\$ 12,056,180	70%	71%
Operating Expenses	\$ 14,654,397	\$ 13,396,079	91%	89%
Major Capital Expenses	919,416	119,549	13%	34%
Transfers Out	1,087,417	829,105	76%	76%
Total Expenses	\$ 16,661,230	\$ 14,344,733	86%	86%
Net Rev / Exp	\$ 490,774	\$ (2,288,553)		

**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.

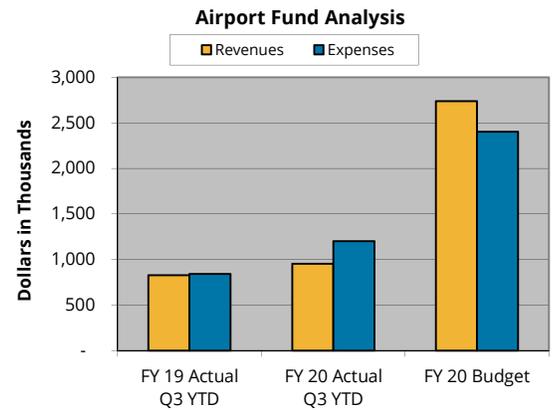
The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2019-20 reflects a \$490,774 planned increase to fund balance. Transfers Out totaling \$1,087,417 include an indirect cost allocation to the General Fund 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 third quarter are 70% of budget compared to 71% through the third quarter of FY 2018-19, while **Operating Expenses** through the third quarter are 91% of budget as compared to 89% through the third 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. This quarter reflects the 6% solid waste fee increase approved to begin January 1, 2020 which is partially offset by reduced recycling revenues as the worldwide recycling market has changed dramatically.

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	\$ 699,243	71%	74%
General Fund Subsidy	1,419,722	254,817	18%	12%
Total Revenues	\$ 2,402,059	\$ 954,060	40%	41%
Operating Expenses	\$ 1,247,643	\$ 765,274	61%	64%
Major Capital Expenses	1,044,539	352,352	34%	4%
Transfers Out	109,877	84,292	77%	77%
Total Expenses	\$ 2,402,059	\$ 1,201,918	50%	45%
Net Rev / Exp	\$ -	\$ (247,858)		

**Positive**

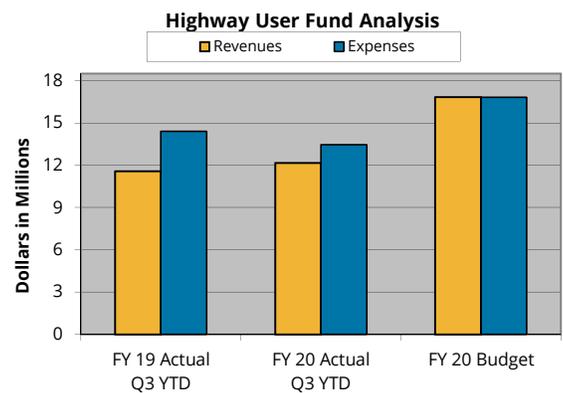
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 third quarter are 71% of budget compared to 74% through the third quarter of FY 2019-20, while year-to-date **Operating Expenses** through the third quarter are 61% of budget as compared to 64% through the third 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	\$ 11,752,908	71%	73%
Other	329,000	416,149	126%	86%
Total Revenues	\$ 16,829,000	\$ 12,169,057	72%	73%
Operating Expenses	\$ 9,692,495	\$ 6,437,881	66%	75%
Major Capital Expenses	7,103,232	6,979,763	98%	100%
Transfers Out	28,462	27,942	98%	100%
Total Expenses	\$ 16,824,189	\$ 13,445,586	80%	84%
Net Rev / Exp	\$ 4,811	\$ (1,276,529)		

**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.

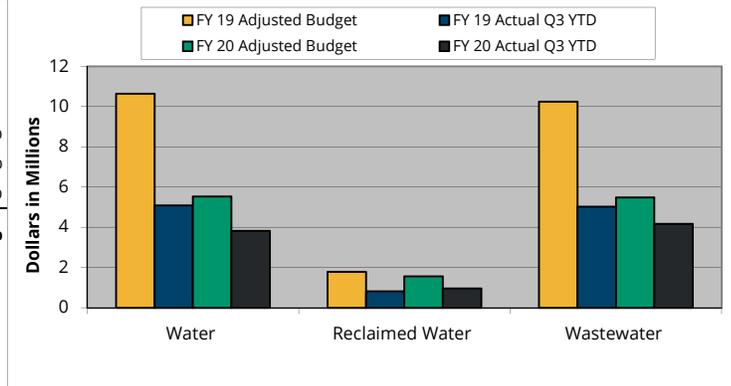
Year-to-date **Operating Revenues** received through the third quarter are 71% of budget as compared to 73% through the third quarter of FY 2018-19, while year-to-date **Operating Expenses** through the third quarter are 66% of budget as compared to 75% through the third quarter of FY 2018-19. Major 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	\$ 3,819,704	69%
Reclaimed Water	1,557,600	954,959	61%
Wastewater	5,481,600	4,165,864	76%
Total SDF Revenue	\$ 12,565,300	\$ 8,940,527	71%

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.

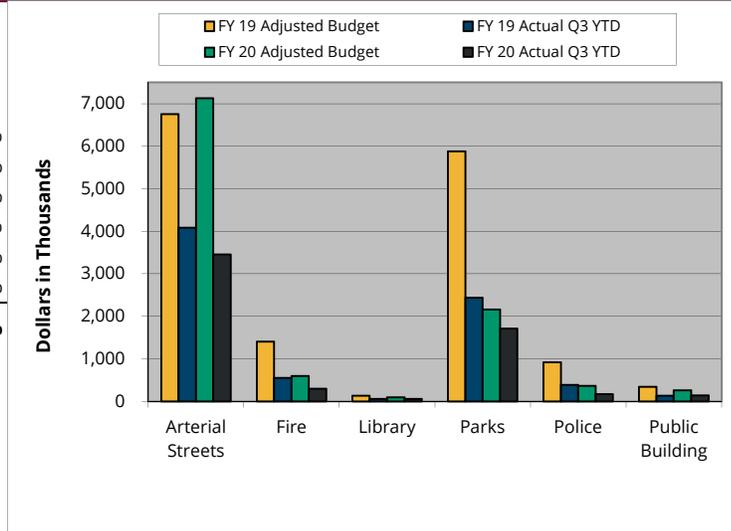


System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2019-20 budget and year-to-date collections through the third quarter as compared to the FY 2018-19 budget and year-to-date collections through the third quarter. Collections through the third quarter of FY 2019-20 were 71% of the budget as compared to the prior year's collections of 48% through the third 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	\$ 3,452,035	48%
Fire	597,200	294,733	49%
Library	92,600	56,335	61%
Parks	2,161,600	1,709,890	79%
Police	364,700	171,544	47%
PublicBuilding	259,700	138,693	53%
Total Impact Revenue	\$ 10,604,400	\$ 5,823,230	55%

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.

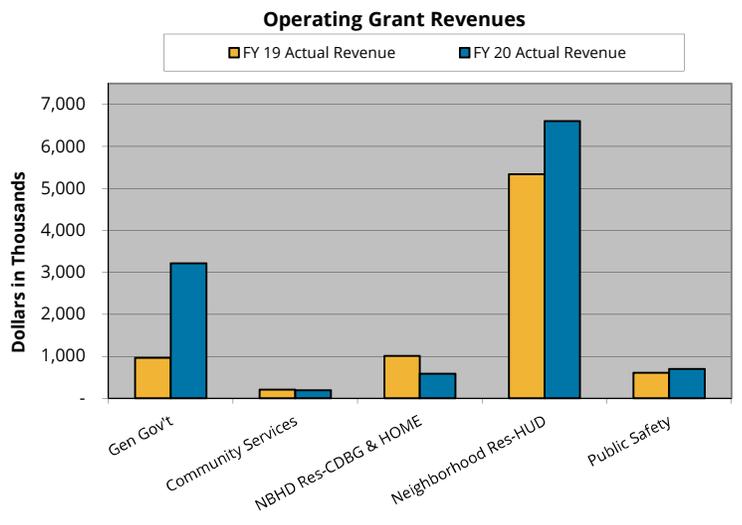


Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2019-20 budget and year-to-date collections through the third quarter as compared to FY 2018-19 budget and year-to-date collections through the third quarter. Collections through the third quarter of FY 2019-20 were 55% of the budget as compared to the prior year's collections of 50% through the third quarter.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2019-20 Comparison

	FY 20 Actual Revenue	FY 19 Actual Revenue
General Government*	\$ 305,092	\$ 254,042
Community Services	192,716	202,870
Neighborhood Res. - CDBG & HOME	580,371	1,008,584
Neighborhood Res. - HUD	6,604,294	5,332,708
Public Safety	694,532	607,809
Total Operating Grant Revenue	\$ 8,377,005	\$ 7,406,014
General Government*	\$ 2,908,013	\$ 708,467
Public Works & Utilities	11,986,092	1,830,097
Total Capital Grant Revenue	\$ 14,894,105	\$ 2,538,565
Total Grant Revenue	\$ 23,271,110	\$ 9,944,578



* Includes Airport, CAPA, City Manager, Economic Development, Law, Magistrate, Transportation Policy, 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 third quarter of FY 2019-20 are \$23.3M as compared to \$9.9M collected through the third quarter of FY 2018-19.