



## Informational Memo

### Management Services - Memo No. 21-019

**Date:** September 16, 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 Fourth Quarter Financial Report

Attached is the FY 2019-20 Fourth Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures, and additional summaries and analysis of Enterprise, System Development, Impact Fees, Highway User Revenue and Grant funds.

The analysis included in this report provides the Year-end details 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 due to COVID-19 are now showing in this report, as the majority of revenue impacts were seen beginning in the fourth quarter of the fiscal year.

With the economy going strong during the vast majority of the year and the effects of closures and social distance requirements related to the corona virus having less of an effect on revenues than anticipated in the final quarter, all General Fund performance indicators are still showing as positive, except for *General Fund Charges for Services*. Charges for Services revenue is trending lower due to facility closures, which began in March, related to the COVID-19 pandemic.

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The General Fund Year-end reflected overall strong revenues with 104.3% of the budget received, and departmental expenditure rates came in at 91.6% of adjusted budget expended or encumbered at the end of the year.

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

Attachment: FY 2019-20 Fourth Quarter Financial Report

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



Management Services

# Quarterly Financial Report

4th Qtr FY 2019-20

## Performance at a Glance

General Fund Revenues		Year to Date Compared Historical %	Reference
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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.

Third Quarter 2019 (revised estimate)	2.6%
Fourth Quarter 2019 (revised estimate)	2.4%
First Quarter 2020 (third estimate)	-5.0%
Second Quarter 2020 (second estimate)	-31.7%

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**
Mar-20	4.4%	5.5%	4.7%
Apr-20	14.7%	13.4%	12.8%
May-20	13.3%	9.0%	8.5%
Jun-20	11.1%	10.0%	9.6%

High unemployment rates typically result in a 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 (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.

	4th Quarter	Fiscal Year
Fiscal Year 2019-20 Rate of Return		
<b>Benchmark</b>	<b>0.13%</b>	<b>4.06%</b>
Wells Capital Management	1.02%	5.24%
PFM	1.88%	4.25%
Fiscal Year 2018-19 Rate of Return		
<b>Benchmark</b>	<b>1.31%</b>	<b>3.96%</b>
Wells Capital Management	1.40%	3.92%
PFM	1.44%	4.04%

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

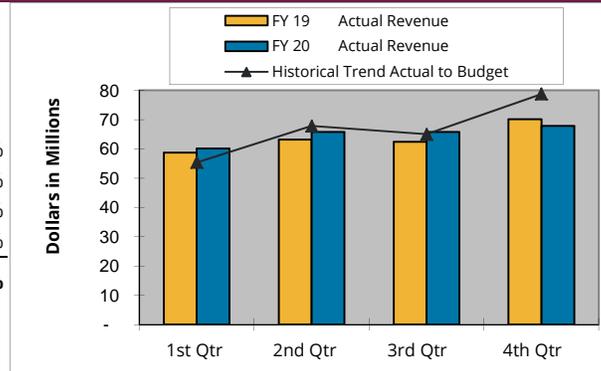
Quarter	State of Arizona	Chandler
Oct - Nov - Dec 2018	7,455	150
Jan - Feb - Mar 2019	7,323	90
Apr - May - Jun 2019	8,635	135
Jul - Aug - Sep 2019	8,615	159
Oct - Nov - Dec 2019	8,288	190
Jan - Feb - Mar 2020	9,477	196
Apr - May - Jun 2020	8,426	136

# 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	67,860,807	27.3%	31.6%
<b>Total</b>		<b>\$ 248,970,775</b>	<b>\$ 259,660,186</b>	<b>104.3%</b>	<b>107.1%</b>

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



**Positive**

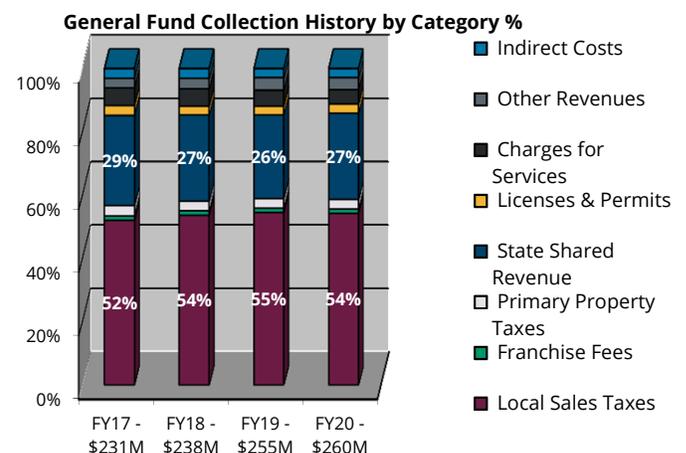
General Fund revenue collections for FY 2019-20 are \$10.7M (4.3%) above the Adopted Budget and \$5.1M (2.0%) higher than actual collections for FY 2018-19.

The economy was heading into the 10th year of steady growth, until the COVID-19 health crisis hit. This effected overall revenues and projections going forward, with the forth quarter being impacted the most. The COVID-19 pandemic impacted Sales Tax most significantly, specifically areas of Restaurant & Bar, Hotel/Motel, and Amusements. We also saw an anticipated continued planned decrease in Contracting collections, as major projects were finalized in the prior year. The performance indicator is positive because actual overall collections exceeded the amount budgeted at year-end, due to strong collections in the first three quarters, and results for the final quarter fairing better than anticipated. In FY 2019-20, \$27,253,193 in AZCares Grant Funds were received before year-end are excluded from this presentation, and moved to the Operating Grant Fund in FY 2020-21

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	\$ 140,806,619	104.4%
Franchise Fees	3,300,000	3,432,995	104.0%
Primary Property Tax	7,821,800	7,836,487	100.2%
State Shared Revenue	67,800,000	70,769,942	104.4%
Licenses & Permits	6,905,500	7,756,890	112.3%
Charges for Services	12,369,250	11,843,754	95.8%
Other Revenues	8,390,533	9,661,907	115.2%
Indirect Cost Allocation	7,551,592	7,551,592	100.0%
<b>Total</b>	<b>\$ 248,970,775</b>	<b>\$ 259,660,186</b>	<b>104.3%</b>



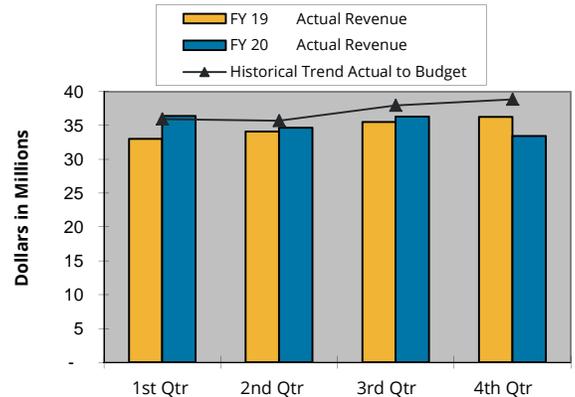
**Positive**

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). The performance indicator is positive because actual actual collections exceeded the amount budgeted at year-end.

# 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	36,195,543	33,436,883	24.8%	28.8%
<b>Total</b>	<b>\$ 134,832,100</b>	<b>\$ 140,806,619</b>	<b>104.4%</b>	<b>110.2%</b>



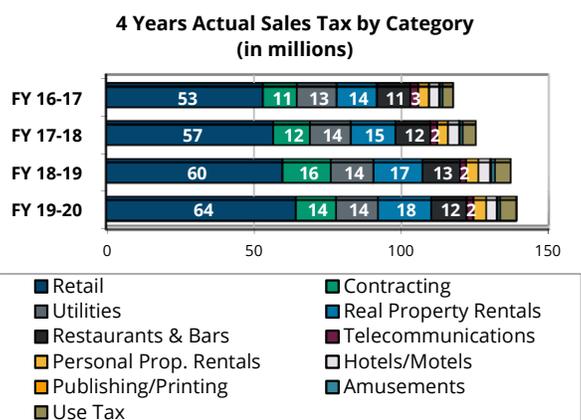
\* Pro-rated based upon a four year historical trend of actual year-to-date collections

**Positive**

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2019-20 are \$6.0M (4.4%) above Adopted Budget and \$1.9M (1.4%) higher than FY 2018-19 actual collections. While the tax revenues for the final quarter were lower than historical average due to the impacts of COVID-19 closures, social distancing and reduced capacities in businesses, the impact was not as severe as initially anticipated still bringing overall revenues in higher than the Adopted Budget. The performance indicator is positive because actual collections exceeded the amount budgeted at year-end.

## 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	\$ 64,154,359	106.5%	7.5%
Contracting	13,000,000	13,667,589	105.1%	-16.9%
Utilities	14,300,000	14,175,575	99.1%	-1.5%
Real Property Rentals	16,000,000	18,088,282	113.1%	8.7%
Restaurants & Bars	13,500,000	12,065,697	89.4%	-5.3%
Telecommunications	2,400,000	2,351,801	98.0%	7.7%
Personal Prop. Rentals	3,700,000	4,303,935	116.3%	6.3%
Hotels/Motels	4,200,000	3,647,202	86.8%	-10.2%
Publishing/Printing/Adv.	180,000	128,021	71.1%	-51.0%
Amusements	1,000,000	1,048,280	104.8%	-18.0%
Use Tax	4,500,000	5,433,275	120.7%	0.3%
<b>Total Sales Tax</b>	<b>\$ 133,000,000</b>	<b>\$ 139,064,014</b>	<b>104.9%</b>	<b>1.4%</b>



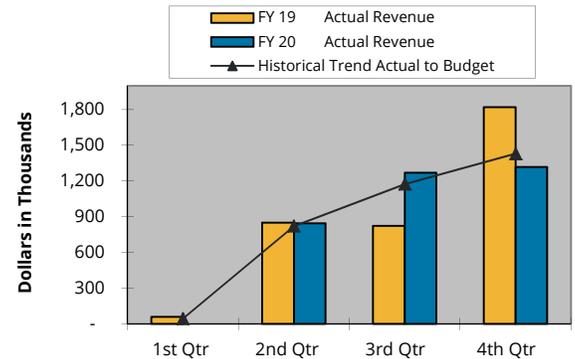
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2019-20 were \$6.1M (4.6%) above the Adopted Budget and \$1.9M (1.4%) higher than FY 2018-19 actual collections. While many of the categories are positive, especially our largest revenue category of Retail sales, there are still many categories which show a decrease due to COVID-19 impacts. Those areas hit hardest by the pandemic include Restaurants/Bars, Hotel/Motel, and Amusements which were hit hardest in the last quarter of the year. The changes to Publishing reflect a significant reporting error at the State level that was resolved during the year.

# Revenue Analysis (continued):

## Franchise Fee Revenue FY 2019-20

		<b>FY 20 Adopted Budget</b>	<b>FY 20 Actual Revenue</b>	<b>% of Budget Rec'd</b>	<b>*% of Budget Hist. Rec'd</b>
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	1,317,511	39.9%	43.3%
<b>Total</b>		<b>\$ 3,300,000</b>	<b>\$ 3,432,995</b>	<b>104.0%</b>	<b>105.2%</b>

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



**Positive**

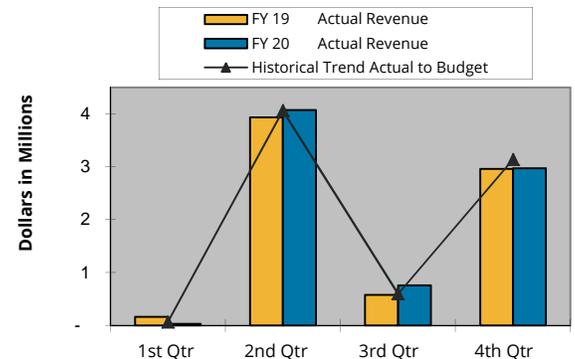
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), CenturyLink Cable Services (5% of gross sales), and Western Broadband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

Franchise fee collections for FY 2019-20 are \$132,995 (4.0%) above the Adopted Budget and \$123,216 (3.5%) lower than FY 2018-19 actual collections. The performance indicator is positive because actual collections exceeded the amount budgeted at year-end.

## Primary Property Tax Revenue FY 2019-20

		<b>FY 20 Adopted Budget</b>	<b>FY 20 Actual Revenue</b>	<b>% of Budget Rec'd</b>	<b>*% of Budget Hist. Rec'd</b>
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	2,972,328	38.0%	40.1%
<b>Total</b>		<b>\$ 7,821,800</b>	<b>\$ 7,836,487</b>	<b>100.2%</b>	<b>100.4%</b>

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



**Positive**

This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 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 resulted in a small net tax increase for the median value homeowner.

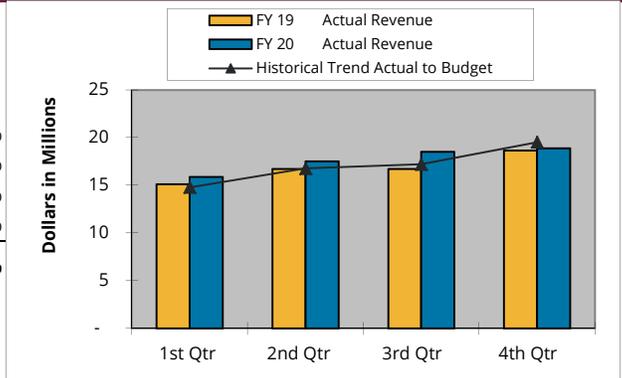
Primary property tax collections for FY 2019-20 are \$14,687 (0.2%) above the Adopted Budget and \$199,705 (2.6%) higher than FY 2018-19 actual collections. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive because actual collections exceeded the amount budgeted at year-end.

# 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	17,521,222	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	18,869,526	27.8%	28.8%
<b>Total</b>		<b>\$ 67,800,000</b>	<b>\$ 70,769,944</b>	<b>104.3%</b>	<b>100.7%</b>

\* 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 \$1.6M (6.4%) above Adopted Budget and \$1.1M (4.2%) higher than FY 2018-19 actual collections. This revenue category reflects the steady growth in Arizona's overall economy seen during the year, however, the strong first three quarters mask some of the reductions seen in the final quarter 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 \$382,577 (3.4%) below Adopted Budget and \$19,681 (0.2%) lower than FY 2018-19 actual collections.

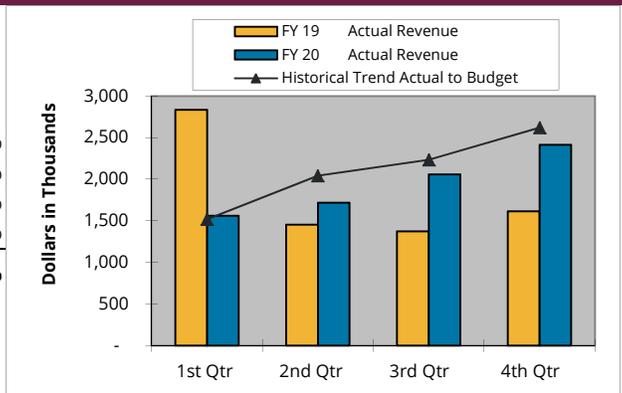
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2017 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population, and a known overall amount due to the two year lag in distribution. Collections for FY 2019-20 are \$1.8M (5.6%) above Adopted Budget and \$2.6M (8.3%) higher than FY 2018-19 actual collections.

The overall State Shared Revenue came in \$3M (4.3%) higher than Adopted Budget, and the performance indicator is positive because actual collections exceeded the amount budgeted at year-end.

## 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	2,415,438	35.0%	38.0%
<b>Total</b>		<b>\$ 6,905,500</b>	<b>\$ 7,756,890</b>	<b>112.3%</b>	<b>121.9%</b>

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



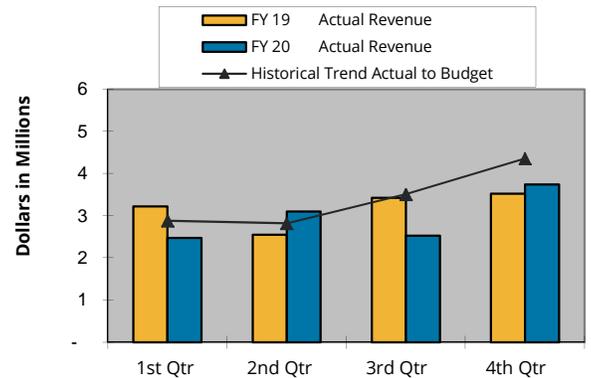
**Positive**

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections for FY 2019-20 are \$851,390 (12.3%) above Adopted Budget and \$475,900 (6.5%) higher than FY 2018-19 actual collections. Even with the COVID-19 impacts, development continued strong during the entire year, and we continued receiving strong revenues through the year. The most impacted area was Liquor Licensing revenues which had renewal fees delayed and reduced 50%, due to challenges with the forced closures facing that industry. The performance indicator is positive because actual collections exceeded the amount budgeted at year-end.

## 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	3,741,042	30.3%	35.2%
<b>Total</b>	<b>\$ 12,369,250</b>	<b>\$ 11,843,754</b>	<b>95.8%</b>	<b>109.7%</b>



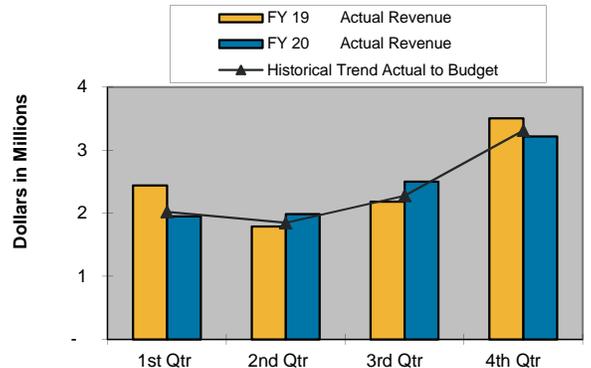
\* Pro-rated based upon a four year historical trend of actual year-to-date collections

#### Warning

Charges for Services includes revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursements. Charges for services collections for FY 2019-20 are \$525,496 (4.2%) below Adopted Budget and \$875,634 (6.9%) less than FY 2018-19 actual collections. The decrease in revenues reflect refunds and revenue reductions due to COVID-19 facility closures and special event refunds in March. The performance indicator is a warning because the difference between percentage of budget received through year-end was down 4.2% which is between two and five percentage points, based on this reports criteria.

### 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	3,220,182	38.4%	39.5%
<b>Total</b>	<b>\$ 8,390,533</b>	<b>\$ 9,661,907</b>	<b>115.2%</b>	<b>112.7%</b>



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

#### Positive

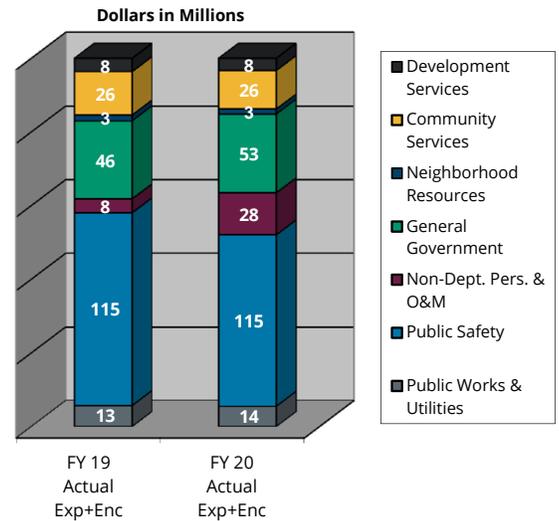
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections for FY 2019-20 are \$1,271,424 (15.2%) above Adopted Budget and \$255,169 (2.6%) lower than FY 2018-19 actual collections of which interest came in \$749K over Adopted Budget. The performance indicator is positive because actual collections exceeded the amount budgeted at year-end.

# Expenditure Analysis:

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

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
<b>* Dept. Operating</b>				
General Government	\$ 57,981,380	\$ 52,651,778	90.8%	90.6%
Community Services	27,854,930	25,701,813	92.3%	96.8%
Development Services	9,065,593	8,086,099	89.2%	92.2%
Public Safety	117,544,940	114,594,646	97.5%	98.6%
Public Works & Utilities	14,625,461	13,669,383	93.5%	94.8%
Neighborhood Resources	4,268,515	3,383,847	79.3%	89.4%
Non-Dept. Pers. & O&M	37,313,924	28,125,912	75.4%	81.2%
<b>Subtotal</b>	<b>\$ 268,654,743</b>	<b>\$ 246,213,478</b>	<b>91.6%</b>	<b>95.2%</b>
Non-Dept. Reserves	\$ 3,650,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	30,276,618	-	0.0%	0.0%
<b>Total</b>	<b>\$ 302,581,361</b>	<b>\$ 246,213,478</b>	<b>81.4%</b>	<b>84.8%</b>

\* Excluding Interfund Transfers



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

The chart reflects actual spending and encumbrances in FY 2018-19 and FY 2019-20. The maroon category (Non-Dept. Personnel and O&M) goes from \$8M to \$28M. This increase is due to the increased amount (\$20.7M) towards the Public Safety Retirement System (PSPRS). All other areas are consistent.

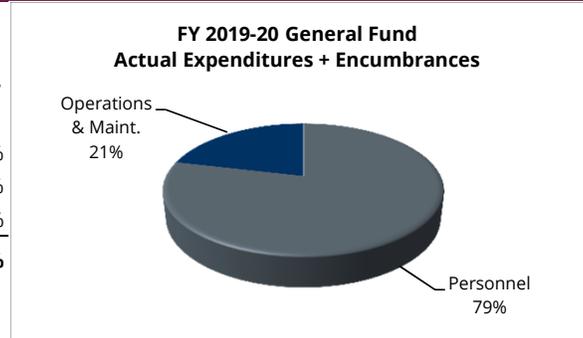
FY 2019-20 operating expended and encumbered is 91.6% of the adjusted budget compared to 95.2% of adjusted budget spent and encumbered at last fiscal year-end. As shown on the following pages, departments (excluding non-departmental) have expended between 75.4% and 98.2% of their General Fund adjusted budgets for FY 2019-20.

In light of COVID-19, expenditure measures are in place to minimize spending in the final quarter of FY 2019-20. Expenditures will continue to be scrutinized into FY 2020-21, when the full impacts of the pandemic are known.

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

	FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	FY 19 Actual Exp+Enc	% Change from Prior Yr Actual
<b>*Dept. Operating</b>				
Personnel	\$ 206,743,509	\$ 193,746,307	\$ 171,807,393	12.8%
Operations & Maint.	61,911,234	52,467,171	47,291,476	10.9%
Reserves/Contingencies	33,926,618	-	-	0.0%
<b>Total</b>	<b>\$ 302,581,361</b>	<b>\$ 246,213,478</b>	<b>\$ 219,098,869</b>	<b>12.4%</b>

\* Excluding Interfund Transfers



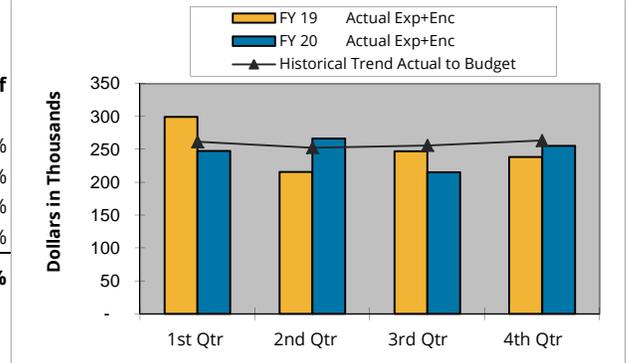
Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending for FY 2019-20 is 12.8% higher than spending for FY 2018-19 due to the increased amount paid (\$20.7M) PSPRS unfunded liability. The Operations and Maintenance category reflects a 10.9% increase mainly due to higher spending for park and street maintenance, fixed bus route transit services, and higher spending commitments for software support and maintenance compared to the prior fiscal year.

## 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
<b>Operating Only</b>					
1st Qtr	Jul - Sep 19	\$ 264,787	\$ 247,850	23.4%	24.7%
2nd Qtr	Oct - Dec 19	254,196	266,788	25.2%	23.9%
3rd Qtr	Jan - Mar 20	264,787	215,412	20.3%	24.2%
4th Qtr	Apr - Jun 20	275,378	255,462	24.1%	24.9%
<b>Total</b>		<b>\$ 1,059,148</b>	<b>\$ 985,512</b>	<b>93.0%</b>	<b>97.7%</b>

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



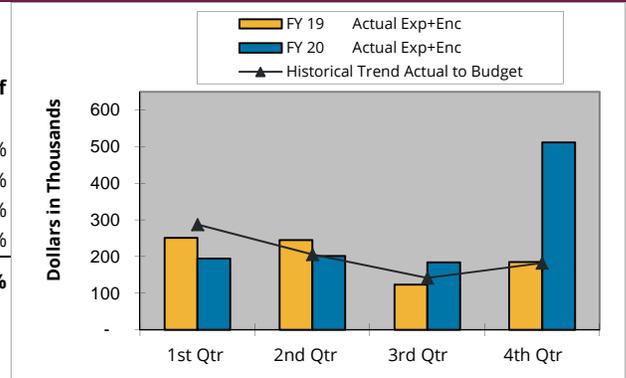
**Positive**

Mayor and Council spent 93.0% of their FY 2019-20 adjusted budget and has historically spent 97.7% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

### 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
<b>Operating Only</b>					
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	511,687	43.3%	15.4%
<b>Total</b>		<b>\$ 1,180,676</b>	<b>\$ 1,092,064</b>	<b>92.5%</b>	<b>69.1%</b>

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



**Positive**

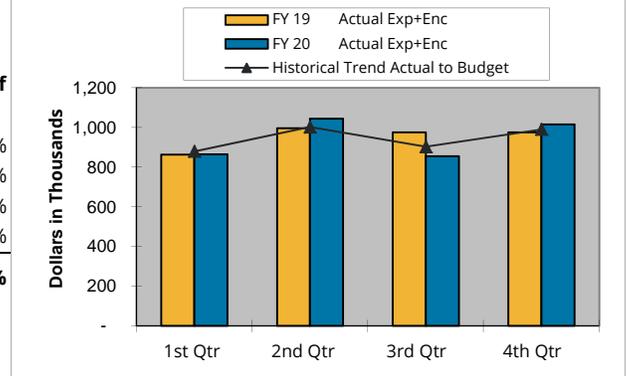
The City Clerk spent 92.5% of their FY 2019-20 adjusted budget and has historically spent 69.1% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Spending in the first and second quarters of FY 2018-19 was the result of election expenses which did not occur in FY 2019-20. Higher spending in the fourth quarter of FY 2019-20 reflects higher spending for the August 2020 election expenses.

## 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
<b>Operating Only</b>				
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	1,014,950	26.3%	25.6%
<b>Total</b>	<b>\$ 3,862,945</b>	<b>\$ 3,778,149</b>	<b>97.8%</b>	<b>97.7%</b>

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



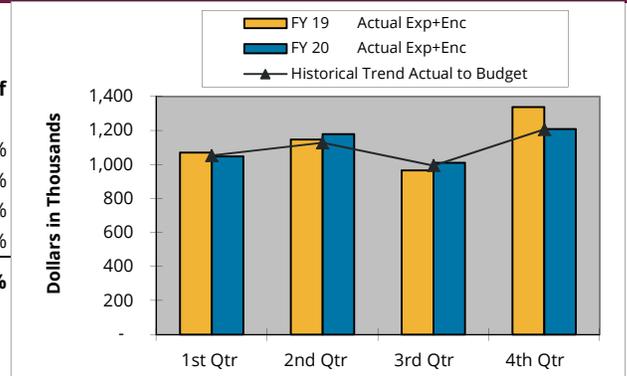
**Positive**

Law spent 97.8% of their FY 2019-20 adjusted budget and has historically spent 97.7% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

### 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
<b>Operating Only</b>				
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	1,209,301	26.0%	25.9%
<b>Total</b>	<b>\$ 4,667,631</b>	<b>\$ 4,446,225</b>	<b>95.3%</b>	<b>93.9%</b>

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



**Positive**

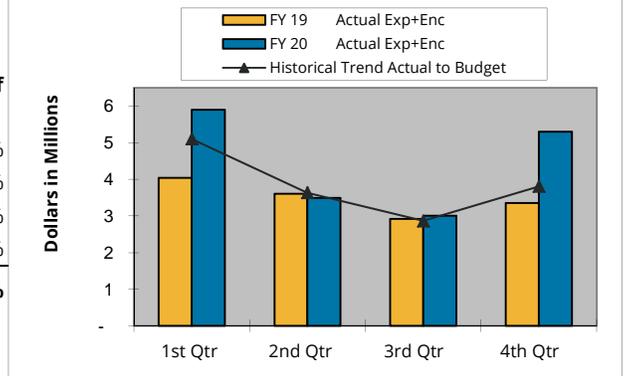
City Magistrate spent 95.3% of their FY 2019-20 adjusted budget and has historically spent 93.9% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. The fourth quarter of FY 2018-19 reflects retirement payouts for the Presiding City Magistrate, who served Chandler 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
<b>Operating Only</b>				
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	5,300,981	27.3%	19.7%
<b>Total</b>	<b>\$ 19,387,746</b>	<b>\$ 17,707,755</b>	<b>91.3%</b>	<b>79.6%</b>

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



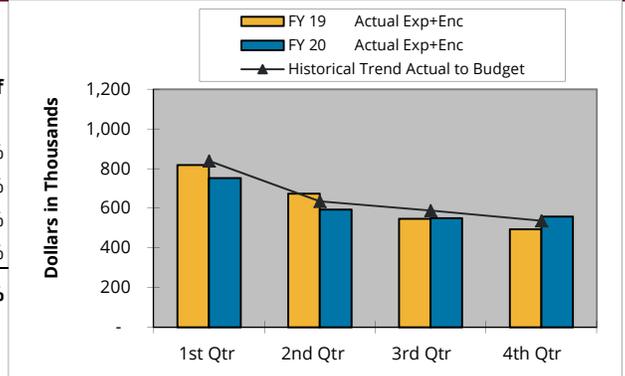
**Positive**

City Manager & Organizational Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Economic Development, Fleet Services, Human Resources, and Transportation Policy. As of FY 2019-20, a reorganization occurred transferring all of Neighborhood Resources cost center to their own department, Downtown Redevelopment was transferred to the Cultural Development Department, and transferring in Fleet Services from the disbanded Administrative Services Department. Combined, these divisions spent 91.3% of their FY 2019-20 adjusted budget and have historically spent 79.6% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Higher spending in the first and fourth quarters reflects professional contract payment for FY 2018-19 and FY 2019-20 fixed route transit services. The current and historical comparisons have been updated to reflect the reorganization.

### 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
<b>Operating Only</b>				
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	557,557	18.8%	18.1%
<b>Total</b>	<b>\$ 2,966,099</b>	<b>\$ 2,453,792</b>	<b>82.7%</b>	<b>87.6%</b>

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



**Positive**

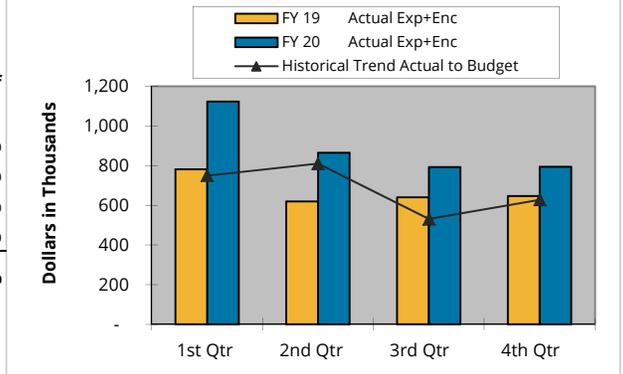
Communications and Public Affairs (CAPA) spent 82.7% of their FY 2019-20 adjusted budget and has historically spent 87.6% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

## 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
<b>Operating Only</b>					
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	794,302	20.5%	16.3%
<b>Total</b>		<b>\$ 3,863,620</b>	<b>\$ 3,575,006</b>	<b>92.5%</b>	<b>70.5%</b>

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



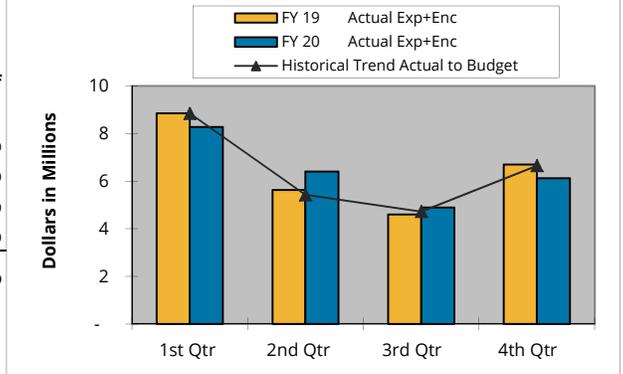
**Positive**

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events. The department spent 92.5% of their FY 2019-20 adjusted budget and has historically spent 70.5% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. 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 Services, 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
<b>Operating Only</b>					
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	6,126,128	22.0%	23.9%
<b>Total</b>		<b>\$ 27,854,930</b>	<b>\$ 25,701,813</b>	<b>92.3%</b>	<b>92.2%</b>

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



**Positive**

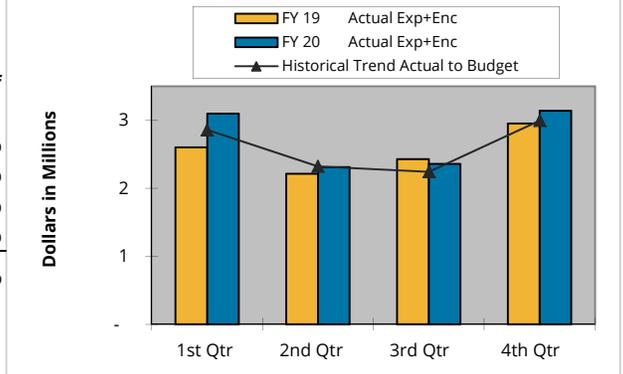
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Development & Operations, Recreation, and Sports & Fitness Facilities. The department spent 92.3% of their FY 2019-20 adjusted budget and has historically spent 92.2% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

## 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
<b>Operating Only</b>					
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	3,139,019	24.8%	23.7%
<b>Total</b>		<b>\$ 12,666,371</b>	<b>\$ 10,908,495</b>	<b>86.1%</b>	<b>82.3%</b>

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



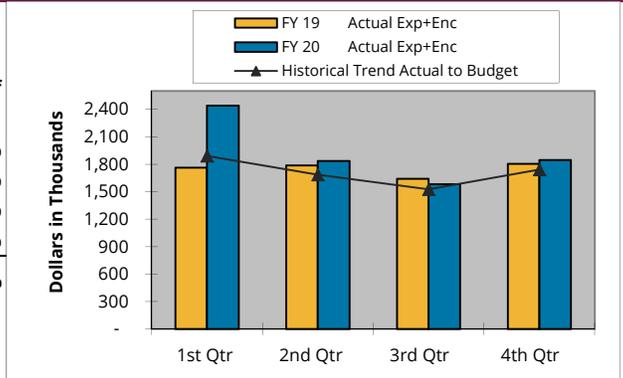
**Positive**

Information Technology spent 86.1% of their FY 2019-20 adjusted budget and has historically spent 82.3% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Increased spending in the first quarter reflects higher level of spending commitments for software support and maintenance, which was anticipated.

### 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
<b>Operating Only</b>					
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	1,845,817	22.1%	20.9%
<b>Total</b>		<b>\$ 8,327,144</b>	<b>\$ 7,704,780</b>	<b>92.5%</b>	<b>82.1%</b>

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



**Positive**

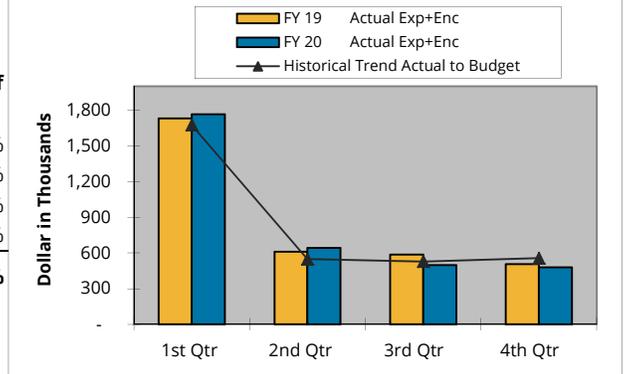
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Accounting, Budget, Central Supply, Purchasing, Tax & License, and Utility Services (reimbursed by the Public Works & Utilities Department through the Indirect Cost Allocation). These divisions spent 92.5% of their FY 2019-20 adjusted budget and have historically spent 82.1% of their adjusted budget for the fiscal year, resulting in a positive performance indicator. Higher spending in the first quarter reflects a payment to the Arizona Department of Revenue (ADOR) for tax administration and collection assessment fees, which was previously expended out of Non-Departmental in FY 2018-19. The historical trend does not reflect the ADOR shift to Management Services.

## 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
<b>Operating Only</b>					
1st Qtr	Jul - Sep 19	\$ 2,176,943	\$ 1,765,637	41.4%	39.2%
2nd Qtr	Oct - Dec 19	725,648	641,708	15.0%	12.8%
3rd Qtr	Jan - Mar 20	682,962	496,757	11.6%	12.4%
4th Qtr	Apr - Jun 20	682,962	479,745	11.3%	13.0%
<b>Total</b>		<b>\$ 4,268,515</b>	<b>\$ 3,383,847</b>	<b>79.3%</b>	<b>77.4%</b>

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



**Positive**

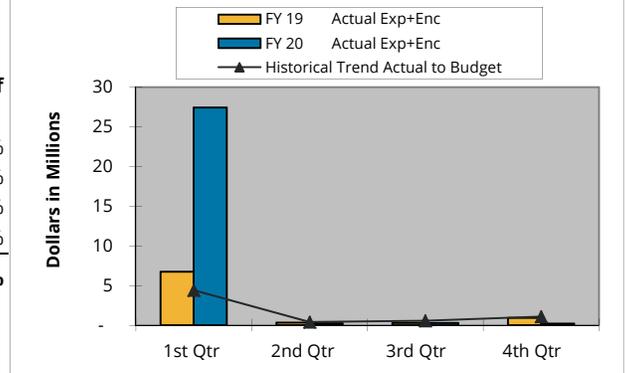
Neighborhood Resources includes the following cost centers: Administration, Community Development, Housing & Redevelopment, and Neighborhood Preservation. The department spent 79.3% of their FY 2019-20 adjusted budget and has historically spent 77.4% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

### 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
<b>Operating Only</b>					
1st Qtr	Jul - Sep 19	\$ 25,509,611	\$ 27,427,340	73.5%	11.8%
2nd Qtr	Oct - Dec 19	2,313,045	229,008	0.6%	1.1%
3rd Qtr	Jan - Mar 20	3,282,908	277,574	0.7%	1.5%
4th Qtr	Apr - Jun 20	6,208,360	191,990	0.6%	2.9%
<b>Total**</b>		<b>\$ 37,313,924</b>	<b>\$ 28,125,912</b>	<b>75.4%</b>	<b>17.3%</b>

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

\*\* Excludes Reserves and Contingencies



**Positive**

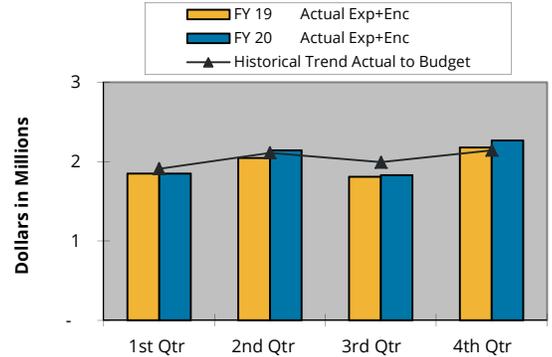
Non-departmental includes citywide costs that do not belong to a specific department or are infrequent/unusual (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates due to changing one-time needs from year to year. Non-departmental planned spending for FY 2019-20 is 75.4% of the adjusted budget, with historical spending of 17.3% for the fiscal year, resulting in a positive performance indicator. 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.

# 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
<b>Operating Only</b>					
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	2,267,383	25.0%	23.6%
<b>Total</b>		<b>\$ 9,065,593</b>	<b>\$ 8,086,099</b>	<b>89.2%</b>	<b>90.0%</b>

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



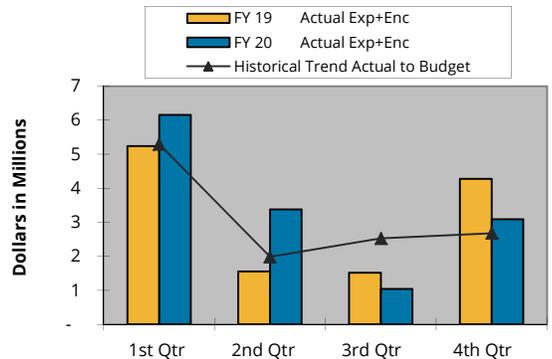
**Positive**

Development Services includes the following cost centers: Administration, Building Safety, Engineering, and Planning. The department spent 89.2% of their FY 2019-20 adjusted budget and has historically spent 90.0% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

## 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
<b>Operating Only</b>					
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	3,091,790	21.2%	18.3%
<b>Total</b>		<b>\$ 14,625,461</b>	<b>\$ 13,669,383</b>	<b>93.5%</b>	<b>85.4%</b>

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



**Positive**

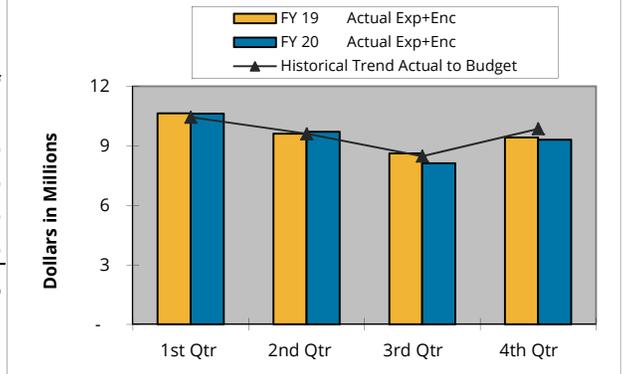
Public Works & Utilities includes the following divisions budgeted in the General Fund: Administration, Capital Projects, Streets, Street Sweeping, and Traffic Engineering. The department spent 93.5% of their FY 2019-20 adjusted budget and has historically spent 85.4% of their adjusted budget through for the fiscal year, resulting in a positive performance indicator. Higher spending in the first and second quarters is the 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
<b>Operating Only</b>					
1st Qtr	Jul - Sep 19	\$ 10,387,094	\$ 10,619,998	27.6%	27.1%
2nd Qtr	Oct - Dec 19	9,617,680	9,702,487	25.2%	25.0%
3rd Qtr	Jan - Mar 20	8,463,558	8,126,183	21.1%	22.0%
4th Qtr	Apr - Jun 20	10,002,386	9,312,961	24.3%	25.6%
<b>Total</b>		<b>\$ 38,470,718</b>	<b>\$ 37,761,629</b>	<b>98.2%</b>	<b>99.7%</b>

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



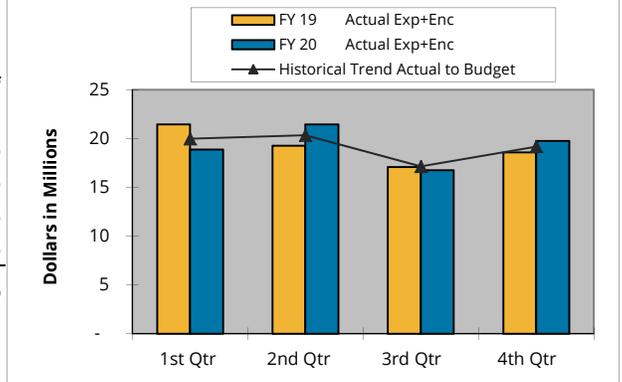
**Positive**

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 98.2% of their FY 2019-20 adjusted budget and has historically spent 99.7% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

### Police Expenditure FY 2019-20 Comparison

		FY 20 Adjusted Budget	FY 20 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 19	\$ 20,559,298	\$ 18,857,021	23.8%	25.3%
2nd Qtr	Oct - Dec 19	21,350,040	21,454,512	27.1%	25.7%
3rd Qtr	Jan - Mar 20	17,396,329	16,755,798	21.3%	21.7%
4th Qtr	Apr - Jun 20	19,768,555	19,765,686	25.0%	24.3%
<b>Total</b>		<b>\$ 79,074,222</b>	<b>\$ 76,833,017</b>	<b>97.2%</b>	<b>97.0%</b>

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



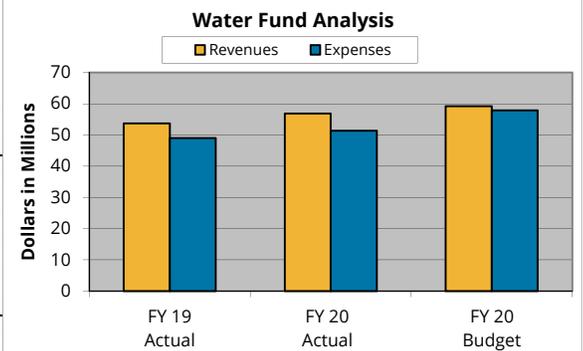
**Positive**

Police includes the following cost centers: Administration, Communications, Criminal Investigations, Detention Services, Field Operations, Forensic Services, Operational Support, Planning & Research, Professional Standards, Property & Evidence, Records, and Technology. The department spent 97.2% of their FY 2019-20 adjusted budget and has historically spent 97.0% of their adjusted budget for the fiscal year, resulting in a positive performance indicator.

## 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
<b>Water Fund</b>				
Revenues	\$ 59,229,784	\$ 56,861,839	96%	102%
Transfers In	-	2,881	0%	0%
<b>Total Revenues</b>	<b>\$ 59,229,784</b>	<b>\$ 56,864,720</b>	<b>96%</b>	<b>102%</b>
Operating Expenses	\$ 34,862,661	\$ 32,216,434	92%	92%
Major Capital Expenses	4,643,867	677,663	15%	78%
Debt Service	14,776,405	14,776,404	100%	100%
Transfers Out	3,622,874	3,622,874	100%	100%
<b>Total Expenses</b>	<b>\$ 57,905,807</b>	<b>\$ 51,293,375</b>	<b>89%</b>	<b>95%</b>
<b>Net Rev / Exp</b>	<b>\$ 1,323,977</b>	<b>\$ 5,571,345</b>		

**Positive**

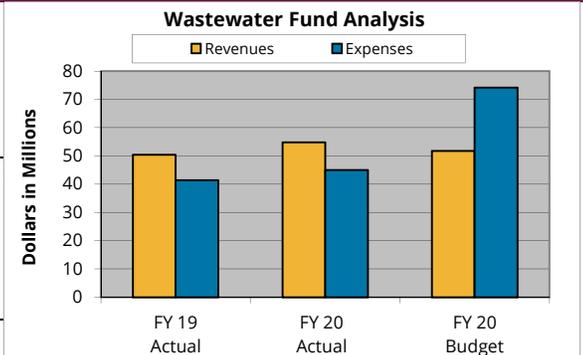
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Water Operating Fund includes the following cost centers: Administration, Environmental Resources, Meter Services, San Tan Vista Water Treatment Plant, Water Capital, Water Distribution, Water Quality, Water Treatment Plant, and Water Systems Maintenance. The Water Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2019-20 reflects a \$5.6M increase to fund balance. This amount is higher than expected due to major Capital Expenses not spent in FY 2019-20, but will be carried forward into FY 2020-21 to complete. 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** are 96% compared to 102% for FY 2018-19, while **Operating Expenses** are 92% of budget as compared to 92% for FY 2018-19. The performance indicator is positive since percentage of operating revenues received to date (96%) exceeds the percentage of operating expenses spent to date (89%, including debt service and indirect cost allocation).

## 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
<b>Wastewater Fund</b>				
Revenues	\$ 51,762,489	\$ 54,764,441	106%	112%
Transfers In	-	3,579	0%	0%
<b>Total Revenues</b>	<b>\$ 51,762,489</b>	<b>\$ 54,768,020</b>	<b>106%</b>	<b>112%</b>
Operating Expenses	\$ 21,901,848	\$ 16,566,128	76%	80%
Major Capital Expenses	30,184,498	6,781,651	22%	10%
Debt Service	19,047,823	19,047,771	100%	100%
Transfers Out	2,580,924	2,580,924	100%	100%
<b>Total Expenses</b>	<b>\$ 73,715,093</b>	<b>\$ 44,976,474</b>	<b>61%</b>	<b>74%</b>
<b>Net Rev / Exp</b>	<b>\$ (21,952,604)</b>	<b>\$ 9,791,546</b>		

**Positive**

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

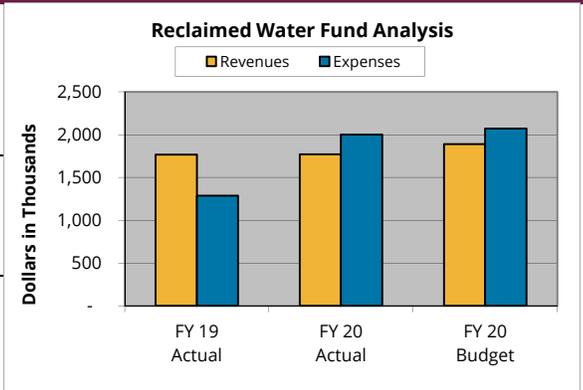
The Wastewater Operating Fund includes the following cost centers: Airport Water Reclamation Facility, Lone Butte Wastewater Treatment, Ocotillo Brine Reduction Facility, Ocotillo Water Reclamation Facility, Wastewater Capital, Wastewater Collection, and Wastewater Quality. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2019-20 reflects a \$9.8M increase to fund balance. This amount is higher than expected due to major Capital Expenses not spent in FY 2019-20, but will be carried forward into FY 2020-21 to complete. 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** are 106% of budget compared to 112% for FY 2018-19, while **Operating Expenses** are 76% of budget as compared to 80% for FY 2018-19. The performance indicator is positive since percentage of operating revenues received to date (106%) exceeds the percentage of operating expenses spent to date (61%, including debt service and indirect cost allocation).

## 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
<b>Reclaimed Water</b>				
Revenues	\$ 1,888,400	\$ 1,772,678	94%	89%
<b>Total Revenues</b>	<b>\$ 1,888,400</b>	<b>\$ 1,772,678</b>	<b>94%</b>	<b>89%</b>
Operating Expenses	\$ 1,989,805	\$ 1,918,213	96%	79%
Transfers Out	83,565	83,565	100%	100%
<b>Total Expenses</b>	<b>\$ 2,073,370</b>	<b>\$ 2,001,778</b>	<b>97%</b>	<b>80%</b>
<b>Net Rev / Exp</b>	<b>\$ (184,970)</b>	<b>\$ (229,100)</b>		

**Warning**

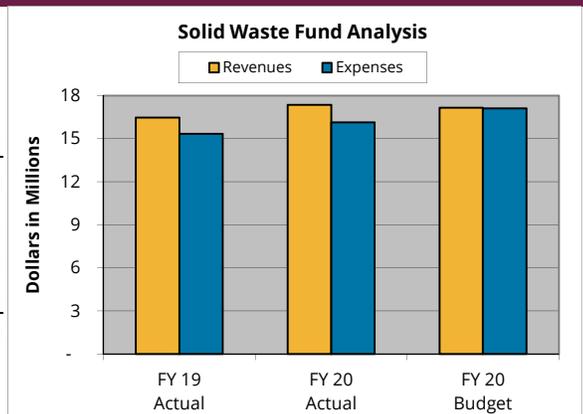
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Reclaimed Water Operating Fund supports operating functions only. The Net Revenue/Expense for FY 2019-20 reflects a drawdown of \$229,100 to fund balance at fiscal year-end. 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** are 94% of budget compared to 89% for FY 2018-19, while **Operating Expenses** are 96% of budget as compared to 79% for FY 2018-19. Operating Expense Budget has increased compared to historical trend as anticipated due to continued analysis of reclaimed process costs each year. The performance indicator is a warning since percentage of operating revenues received to date (94%) is within two to five percentage points of operating expenses spent to date (97%, including indirect cost allocation). This will be addressed during the annual Budget review, therefore not a concern.

## 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
<b>Solid Waste</b>				
Revenues	\$ 17,152,004	\$ 17,355,220	101%	102%
<b>Total Revenues</b>	<b>\$ 17,152,004</b>	<b>\$ 17,355,220</b>	<b>101%</b>	<b>102%</b>
Operating Expenses	\$ 15,102,577	\$ 14,919,314	99%	97%
Major Capital Expenses	919,416	122,556	13%	41%
Transfers Out	1,087,417	1,087,417	100%	100%
<b>Total Expenses</b>	<b>\$ 17,109,410</b>	<b>\$ 16,129,286</b>	<b>94%</b>	<b>95%</b>
<b>Net Rev / Exp</b>	<b>\$ 42,594</b>	<b>\$ 1,225,934</b>		

**Positive**

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

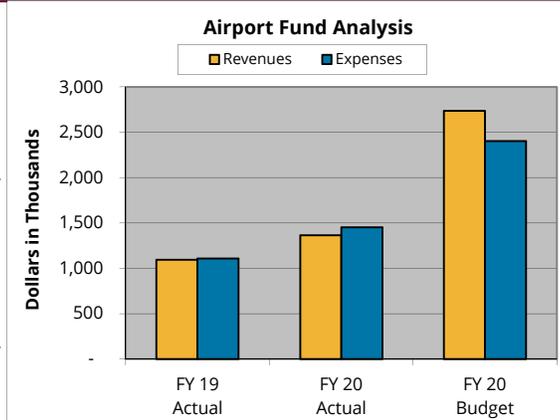
The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2019-20 reflects a \$1.2M increase to fund balance. This amount is higher than expected due to major Capital Expenses not spent in FY 2019-20, but will be carried forward into FY 2020-21 to complete. 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** are 101% of budget compared to 102% for FY 2018-19, while **Operating Expenses** are 99% of budget as compared to 97% for FY 2018-19. The resulting fund indicator is positive since percentage of operating revenues received to date (101%) is higher than operating expenses spent to date (99%, including indirect cost allocation).

## 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	\$ 910,947	93%	99%
General Fund Subsidy	1,419,722	454,474	32%	14%
<b>Total Revenues</b>	<b>\$ 2,402,059</b>	<b>\$ 1,365,421</b>	<b>57%</b>	<b>54%</b>
Operating Expenses	\$ 1,247,643	\$ 973,699	78%	84%
Major Capital Expenses	1,044,539	368,276	35%	4%
Debt Service	-	-	0%	0%
Transfers Out	109,877	109,877	100%	100%
<b>Total Expenses</b>	<b>\$ 2,402,059</b>	<b>\$ 1,451,853</b>	<b>60%</b>	<b>59%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (86,432)</b>		

**Positive**

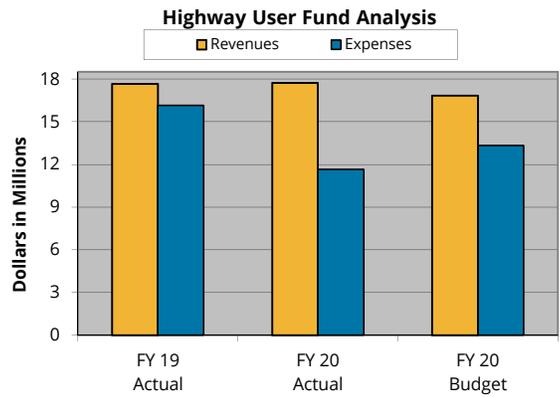
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 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 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** are 93% of budget compared to 99% for FY 2019-20, while year-to-date **Operating Expenses** are 78% of budget as compared to 84% for 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. The performance indicator is positive since percentage of operating revenues received to date (93%) exceeds the percentage of operating expenses spent to date (78%, including indirect cost allocation). The negative Revenue/Exp+Enc of \$86,432 is the result of outstanding encumbrances at year-end.

## 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	\$ 16,996,911	103%	111%
Other	329,000	721,198	219%	162%
<b>Total Revenues</b>	<b>\$ 16,829,000</b>	<b>\$ 17,718,109</b>	<b>105%</b>	<b>112%</b>
Operating Expenses	\$ 9,692,495	\$ 8,747,407	90%	93%
Major Capital Expenses	3,608,524	2,873,050	80%	99%
Debt Service	-	-	0%	89%
Transfers Out	28,462	28,462	100%	100%
<b>Total Expenses</b>	<b>\$ 13,329,481</b>	<b>\$ 11,648,920</b>	<b>87%</b>	<b>94%</b>
<b>Net Rev / Exp</b>	<b>\$ 3,499,519</b>	<b>\$ 6,069,190</b>		

**Positive**

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

Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2019-20 reflects an increase of \$6.1M to fund balance. This amount is higher due to higher revenue collections, and underspending Operating and Major Capital Expenses (although unspent Capital appropriation will carryforward to FY 2020-21). Transfers Out include payment of \$28,462 to the Technology Replacement Fund.

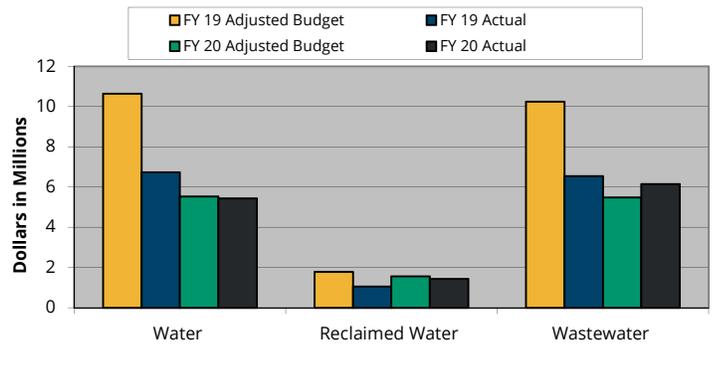
Year-to-date **Operating Revenues** are 103% of budget as compared to 111% for FY 2018-19, while year-to-date **Operating Expenses** are 90% of budget as compared to 93% for FY 2018-19. Major Capital Spending is a result of the street repaving project currently in process. The resulting fund indicator is positive since percentage of revenues received to date (105%) exceeds the percentage of operating expenses spent to date (90%, including indirect cost allocation).

# 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	\$ 5,441,376	98%
Reclaimed Water	1,557,600	1,440,391	92%
Wastewater	5,481,600	6,155,403	112%
<b>Total SDF Revenue</b>	<b>\$ 12,565,300</b>	<b>\$ 13,037,170</b>	<b>104%</b>

Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

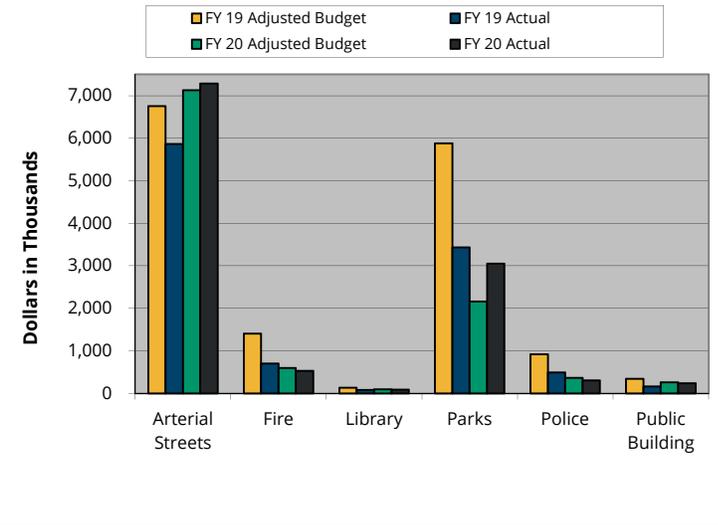


System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2019-20 budget and year-to-date collections compared to the FY 2018-19 budget and year-to-date collections. Collections for FY 2019-20 were 104% of the budget as compared to the prior year's collections of 63% of the budget, as development remains strong.

## 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	\$ 7,283,576	102%
Fire	597,200	531,587	89%
Library	92,600	86,344	93%
Parks	2,161,600	3,049,113	141%
Police	364,700	307,624	84%
PublicBuilding	259,700	239,025	92%
<b>Total Impact Revenue</b>	<b>\$ 10,604,400</b>	<b>\$ 11,497,268</b>	<b>108%</b>

Note: Budget and Actual amounts reflect Impact Fee revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

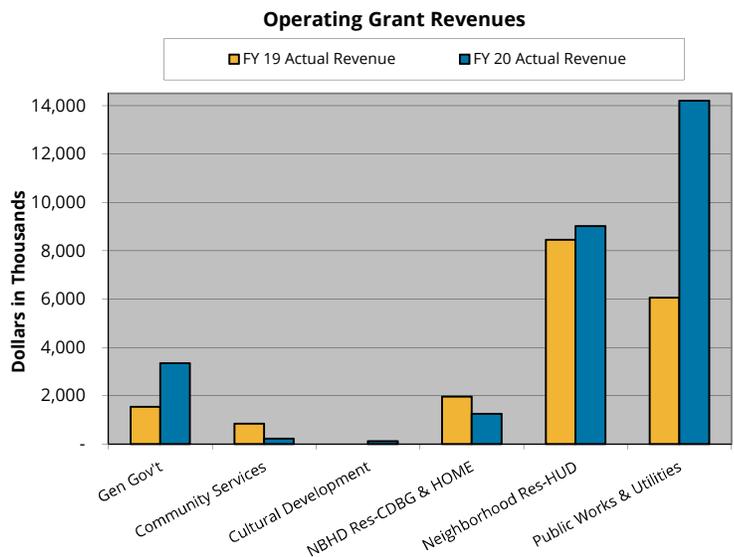


Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2019-20 budget and year-to-date collections compared to the FY 2018-19 budget and year-to-date collections. Collections for FY 2019-20 were 108% of the budget as compared to the prior year's collections of 70% of the budget, as development remains strong.

## Other Funds Analysis (continued):

### Grant Funds Analysis FY 2019-20 Comparison

	FY 20 Actual Revenue	FY 19 Actual Revenue
General Government*	\$ 373,435	\$ 372,046
Community Services	230,890	568,577
Neighborhood Res. - CDBG & HOME	1,261,086	1,965,722
Neighborhood Res. - HUD	9,021,439	8,451,193
Public Safety	1,127,269	1,052,738
<b>Total Operating Grant Revenue</b>	<b>\$ 12,014,118</b>	<b>\$ 12,410,276</b>
General Government*	\$ 2,976,170	\$ 1,170,931
Community Services	-	285,277
Cultural Development	118,762	-
Public Works & Utilities	14,196,561	6,060,178
<b>Total Capital Grant Revenue</b>	<b>\$ 17,291,494</b>	<b>\$ 7,516,386</b>
<b>Total Grant Revenue</b>	<b>\$ 29,305,611</b>	<b>\$ 19,926,661</b>



\* 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 for FY 2019-20 are \$29.3M as compared to \$19.9M collected for FY 2018-19.