




## Informational Memo

### Management Services - Memo No. 22-065

**Date:** May 19, 2022

**To:** Mayor and Council

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

**From:** Matt Dunbar, Budget & Policy Officer MD

**Subject:** Fiscal Year (FY) 2021-22 Third Quarter Financial Report

Attached is the FY 2021-22 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 at of the end of the third quarter of FY 2021-22 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 2017-18 to FY 2020-21), and an explanation has been provided in those areas where there are significant deviations from the historical trend or the prior year's results.

When reviewing revenue trends over the third quarter, all General Fund revenue performance indicators are showing as positive. The General Fund third quarter reflected overall revenue growth of 16.3% (over historical collections through March) with 84.3% of budgeted revenues received compared to a 77.2% historical average.

The departmental expenditure trends for the third quarter show that one department is indicated as "warning," as expenditures came in higher than the historical average, and one is shown as negative as expenditures are higher by more than 5%. When considering that the prior year had reductions in spending and cautionary measures in place due to COVID-19, we anticipated seeing higher spending this year, and we are monitoring those departments indicated as either warning or negative and expect that they will be within

Memo No. 21-065

May 19, 2022

Page 2

budget at year end. The major driver of higher spending in public safety departments is overtime, largely attributable to maintaining staffing levels due to COVID-19 and other absences. Overall, General Fund department expenditures through third quarter are at 72.6% of budget compared to 72.2% for the prior year. Based on known spending expectations and anticipated increases, overall expenditures will be within budget through careful monitoring.

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

Attachment: FY 2021-22 Third Quarter Financial Report

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



Management Services

# Quarterly Financial Report

3rd Qtr FY 2021-22

## Performance at a Glance

General Fund Revenues		Year to Date Compared Historical %	Reference
Report Overview and Economic Indicators			Page 2
Revenue Analysis		Performance Indicator*	
Overall General Fund <b>Revenues</b> Quarterly Analysis		Positive	Page 3
Overall General Fund <b>Revenue</b> by Category Analysis			Page 3
Revenue <b>Detail</b> by Category	Sales Tax - Overall & by Taxable Activity	Positive	Page 4
	Franchise Fees	Positive	Page 5
	Primary Property Tax	Positive	Page 5
	VALR & Other State Shared Revenues	Positive	Page 6
	Licenses & Permits	Positive	Page 6
	Charges for Services	Positive	Page 7
	Other Revenues	Positive	Page 7
General Fund Expenditures		Year to Date Compared Budget %	Reference
General Fund <b>Expenditure + Encumbrance</b> Analysis by Function and by Expenditure Category			Page 8
Expenditure <b>Detail</b> by Department	Mayor & Council	Positive	Page 9
	City Clerk	Positive	Page 9
	Law	Positive	Page 10
	City Magistrate	Positive	Page 10
	City Manager & Organizational Support	Positive	Page 11
	Communications & Public Affairs	Positive	Page 11
	Cultural Development	Positive	Page 12
	Community Services	Positive	Page 12
	Information Technology	Positive	Page 13
	Management Services	Positive	Page 13
	Neighborhood Resources	Positive	Page 14
	Non-Departmental	Positive	Page 14
	Development Services	Positive	Page 15
	Public Works & Utilities	Positive	Page 15
	Fire	Negative	Page 16
	Police	Warning	Page 16
Enterprise / Other Funds		Year to Date Compared Budget %	Reference
Water Fund Analysis		Positive	Page 17
Wastewater Fund Analysis		Positive	Page 17
Reclaimed Water Fund Analysis		Positive	Page 18
Solid Waste Fund Analysis		Positive	Page 18
Airport Fund Analysis		Positive	Page 19
Highway User Revenue Fund Analysis		Positive	Page 19
System Development & Impact Fee Analysis		Informational	Page 20
Grants		Informational	Page 21

**PERFORMANCE INDICATORS** (At year-end, revenues performance indicators default to positive when 100% or more of budget is collected)

- \* **Positive** = Rev: Variance is above or <2% below historical trend. Exp: Variance <= 2% compared to historical trend.
- Warning** = Rev: Variance of 2 - 5% below historical trends. Exp: Variance of 2 - 5% above historical trends.
- Negative** = Rev: Variance of > 5% below historical trends. Exp: Variance > 5% above historical trend.

# THE QUARTERLY FINANCIAL REPORT

## Report Objectives

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

## What is Included in the Report

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

## How to Read the Report

- \* Page 1 serves as a table of contents and quick view of performance issues.
- \* The benchmarks are Positive (navy colored), Warning (grey colored), and Negative (maroon colored), providing an initial indicator to determine if the category needs to be monitored closely in the upcoming period or if it is deviating from trends.
- \* Performance indicators for General Fund *revenues* are comparing the percent of year-to-date actuals collected to total budget AND the budget prorated based on the historical trend (last four years) of average actual year-to-date collections to budget.
- \* Performance indicators for General Fund *expenditures* are based on whether they are within budget for the percent of year-to-date actuals expended plus encumbrances compared to the total budgeted expenditures.
- \* Performance indicators for Enterprise Funds focus on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

# ECONOMIC INDICATORS

Gross Domestic Product (GDP)		Interest Rates	
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.		This table reflects the four most recent changes to the Federal Funds Rate by the Federal Reserve Board.	
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.		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.	
First Quarter 2021	6.3%	October 31, 2019	1.50%-1.75%
Second Quarter 2021	6.7%	March 3, 2020	1.00%-1.25%
Third Quarter 2021	2.3%	March 16, 2020	0.00%-0.25%
Fourth Quarter 2021	6.9%	March 17, 2022	0.25%-0.50%
Source: U.S. Department of Commerce		Source: Federal Reserve Bank	

Unemployment			
	National	State of Arizona	Phoenix Metro Area*
Dec-21	3.9%	4.1%	2.4%
Jan-22	4.0%	3.6%	3.2%
Feb-22	3.8%	3.6%	3.1%
Mar-22	3.6%	3.3%	2.4%

High unemployment rates typically result in a reduced demand for goods and services.

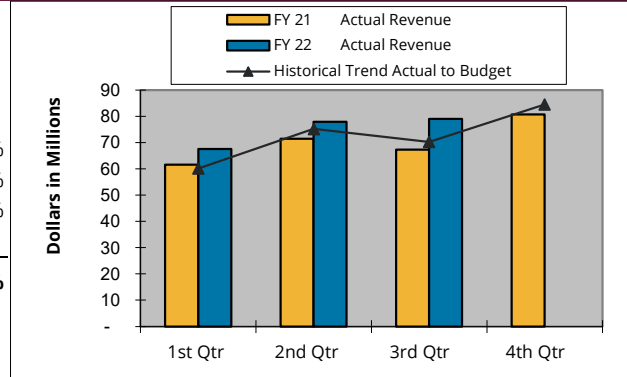
\*Source: Arizona Office of Economic Opportunity Monthly Employment Report (not seasonally adjusted)

City Investment Portfolio			Building Permits		
The City splits its investment portfolio between two investment firms with a different mix of holdings at each firm to reduce risk. <i>Wells Capital benchmark is 0-3 year U.S. Treasury Index.</i> <i>PFM's benchmark is 1-5 year U.S. Treasury Index</i>			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.		
Rate of Return is net of fees and includes interest earnings as well as both realized and unrealized gains/(losses). Rate of Return is typically negative in a rising rate environment.			Chandler's quarterly average for single family building permits is 205 permits per quarter for FY 2020-21, compared to 170 average permits per quarter for FY 2019-20.		
Fiscal Year 2021-22 Rate of Return	3rd Quarter	Fiscal Year	Quarter	State of Arizona	Chandler
<b>Benchmark</b>	<b>-3.16%</b>	<b>-3.83%</b>	Jul - Aug - Sep 2020	11,795	169
Wells Capital Management	-1.64%	-2.01%	Oct - Nov - Dec 2020	11,767	267
PFM	-2.97%	-3.66%	Jan - Feb - Mar 2021	12,354	217
Fiscal Year 2020-21 Rate of Return	3rd Quarter	Fiscal Year	Apr - May - Jun 2021	12,891	169
<b>Benchmark</b>	<b>0.05%</b>	<b>0.11%</b>	Jul - Aug - Sep 2021	10,883	161
Wells Capital Management	-0.07%	0.16%	Oct - Nov - Dec 2021	10,001	121
PFM	-0.33%	-0.01%	Jan - Feb - Mar 2022	13,383	99
Source: Investment Advisors					

# Revenue Analysis:

## Overall General Fund Revenues FY 2021-22

	FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 21	\$ 59,488,419	\$ 67,563,404	25.4%	22.6%
2nd Qtr Oct - Dec 21	67,505,400	77,856,062	29.2%	28.2%
3rd Qtr Jan - Mar 22	65,997,354	78,998,051	29.7%	26.4%
4th Qtr Apr - Jun 22	73,421,880			
<b>Total</b>	<b>\$ 266,413,053</b>	<b>\$ 224,417,517</b>	<b>84.3%</b>	<b>77.2%</b>



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

**Positive**

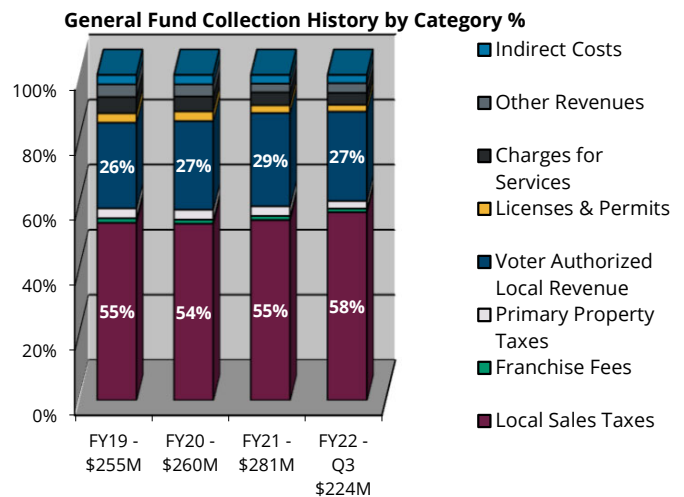
General Fund revenue collections through the third quarter of FY 2021-22 are \$31.4M (16.3%) above the adopted budget and \$24.0M (12.0%) higher than actual collections through the third quarter of FY 2020-21.

Overall, General Fund revenue, led by continuing strong Sales Tax and Licenses & Permits collections, is performing well due to higher local consumer confidence and a steady stream of development activity in Chandler. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.

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

## Overall General Fund Revenues by Category FY 2021-22

Revenue Categories	FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 148,378,200	\$ 129,685,759	87.4%
Franchise Fees	2,980,000	2,449,646	82.2%
Primary Property Tax	8,453,200	5,265,775	62.3%
VALR & State Shared	74,390,000	61,610,354	82.8%
Licenses & Permits	6,129,000	4,828,093	78.8%
Charges for Services	11,053,867	8,292,604	75.0%
Other Revenues	7,457,700	6,623,847	88.8%
Indirect Cost Allocation	7,571,086	5,661,439	74.8%
<b>Total</b>	<b>\$ 266,413,053</b>	<b>\$ 224,417,517</b>	<b>84.2%</b>



**Positive**

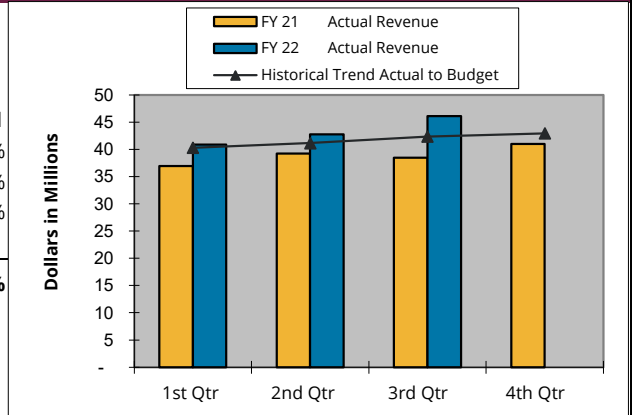
This chart summarizes General Fund revenue collections by revenue category for FY 2021-22. The graph helps us visualize what percentage each revenue category is to the total General Fund. The percentage spread of revenue sources are relatively consistent over the years with local sales taxes and Voter Authorized Local Revenues, also known as State Shared, being the largest General Fund revenue sources. The next several pages provide an analysis of each revenue category except Indirect Cost Allocation (payments by the Water, Wastewater, Reclaimed Water, Solid Waste, and Airport Enterprise Funds to the General Fund for City services provided for their operations). The Charges for Services category had been the most impacted by the COVID-19 pandemic, however it is starting to show a rebound in this fiscal year.

# Revenue Analysis (continued):

## Sales Tax Revenue FY 2021-22

	FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 21	\$ 35,927,144	\$ 40,843,750	27.5%	27.2%
2nd Qtr Oct - Dec 21	36,592,977	42,728,452	28.8%	27.7%
3rd Qtr Jan - Mar 22	37,795,682	46,113,557	31.1%	28.5%
4th Qtr Apr - Jun 22	38,062,398			
<b>Total</b>	<b>\$ 148,378,200</b>	<b>\$ 129,685,759</b>	<b>87.4%</b>	<b>83.4%</b>

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

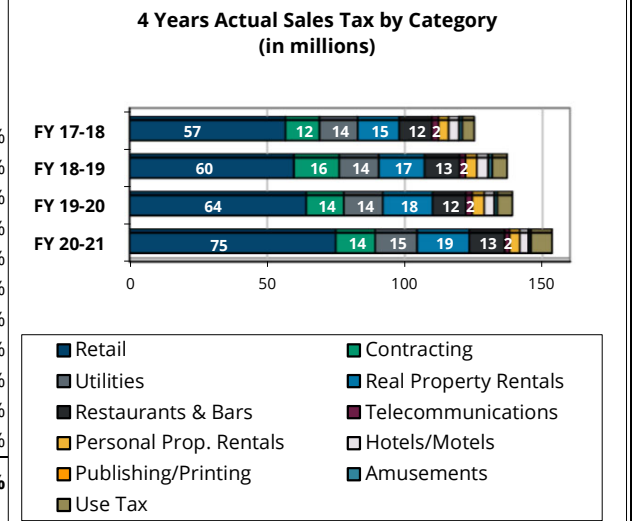


Positive

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 2021-22 are \$19.4M (17.6%) above adopted budget and \$15.0M (13.1%) higher than FY 2020-21 actual collections. The performance indicator is positive as the percentage of budget received through the secondthird quarter is higher than the historical budget received through the same period.

## Sales Tax Collection History

	FY 22 Adopted Budget	FY 22 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr.
Retail/Mfd. Bldg/Jet Fuel	\$ 66,800,000	\$ 61,739,379	92.4%	12.6%
Contracting	13,620,000	11,491,353	84.4%	6.7%
Utilities	16,000,000	12,416,486	77.6%	1.9%
Real Property Rentals	19,000,000	15,493,311	81.5%	10.1%
Restaurants & Bars	13,000,000	11,597,741	89.2%	28.9%
Telecommunications	2,100,000	1,202,383	57.3%	-11.9%
Personal Prop. Rentals	4,500,000	3,101,851	68.9%	11.4%
Hotels/Motels	4,500,000	3,781,258	84.0%	90.9%
Publishing/Printing/Adv.	180,000	150,083	83.4%	2.3%
Amusements	1,000,000	879,004	87.9%	76.4%
Use Tax	6,000,000	5,137,268	85.6%	-8.2%
<b>Total Sales Tax</b>	<b>\$ 146,700,000</b>	<b>\$ 126,990,116</b>	<b>86.6%</b>	<b>12.2%</b>



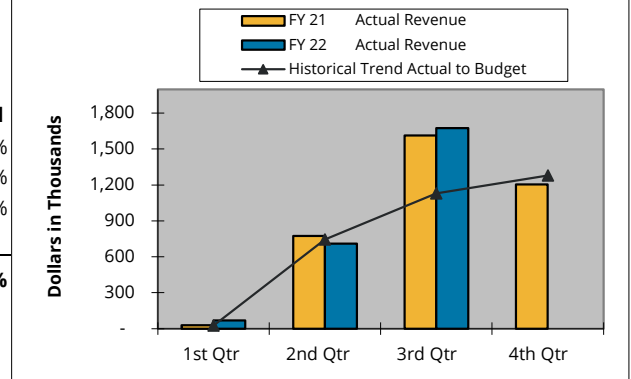
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the third quarter of FY 2021-22 were \$18M (16.5%) above the adopted budget and \$13.8M (12.2%) higher than FY 2020-21 actual collections through the third quarter. It should be noted that many of the categories are positive, reflecting strong consumer confidence and rebounding tourism. Telecommunication collections continue to decline due to the replacement of landlines with cellular phones.

# Revenue Analysis (continued):

## Franchise Fee Revenue FY 2021-22

	FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 21	\$ 24,712	\$ 67,920	2.3%	0.9%
2nd Qtr Oct - Dec 21	697,389	708,522	23.8%	25.0%
3rd Qtr Jan - Mar 22	1,058,009	1,673,204	56.1%	37.9%
4th Qtr Apr - Jun 22	1,199,890			
<b>Total</b>	<b>\$ 2,980,000</b>	<b>\$ 2,449,646</b>	<b>82.2%</b>	<b>63.8%</b>

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



**Positive**

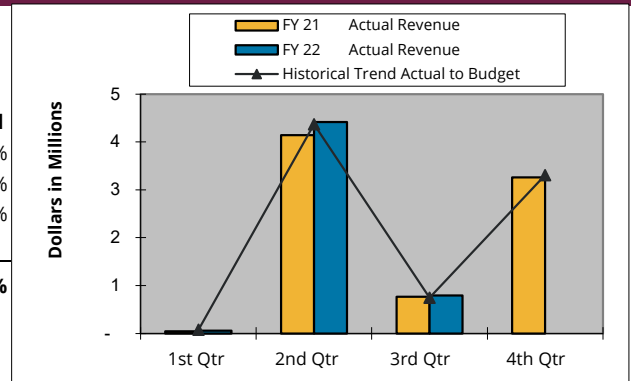
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections through the third quarter of FY 2021-22 are \$669,536 (37.6%) more than the adopted budget and \$38,044 (1.6%) more than FY 2020-21 actual collections through the third quarter. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.

## Primary Property Tax Revenue FY 2021-22

	FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 21	\$ 75,665	\$ 56,752	0.7%	0.9%
2nd Qtr Oct - Dec 21	4,346,006	4,418,001	52.3%	51.7%
3rd Qtr Jan - Mar 22	744,310	791,022	9.4%	8.9%
4th Qtr Apr - Jun 22	3,287,219			
<b>Total</b>	<b>\$ 8,453,200</b>	<b>\$ 5,265,775</b>	<b>62.4%</b>	<b>61.5%</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 2021-22, Chandler is collecting a primary tax rate of \$0.2426 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.1126, representing a \$0.0075 cent decrease from the rates adopted for FY 2020-21. This reduction helps offset some of the City's assessed valuation increase of 6.8% (majority was new property) in FY 2020-21, which resulted in a small net tax increase for the median value homeowner.

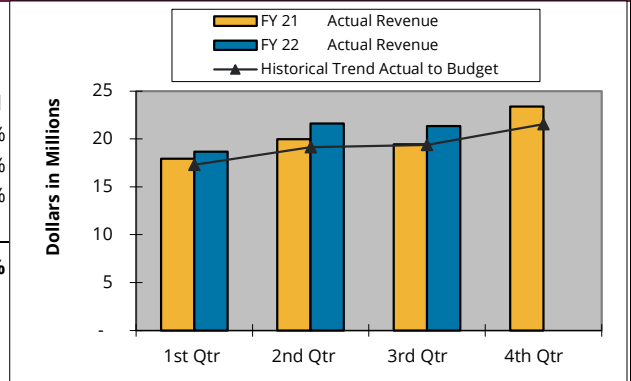
Primary property tax collections through the third quarter of FY 2021-22 are \$99,794 (1.9%) more than the adopted budget and \$318,817 (6.4%) more than FY 2020-21 actual collections through the third quarter. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.

# Revenue Analysis (continued):

## Voter Authorized Local Revenue (VALR) & Other State Shared Revenues FY 2021-22

		FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 21	\$ 16,570,778	\$ 18,671,770	25.1%	23.2%
2nd Qtr	Oct - Dec 21	18,402,585	21,600,358	29.0%	25.7%
3rd Qtr	Jan - Mar 22	18,601,694	21,338,226	28.7%	26.0%
4th Qtr	Apr - Jun 22	20,814,943			
<b>Total</b>		<b>\$ 74,390,000</b>	<b>\$ 61,610,354</b>	<b>82.8%</b>	<b>74.9%</b>

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



**Positive**

-- **Voter Authorized Local Revenue (State Shared Revenue):** The State sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as Voter Authorized Local Revenue. Collections through the third quarter of FY 2021-22 are \$6.5M (32.5%) above adopted budget and \$5.7M (27.7%) higher than FY 2020-21 actual collections through the third quarter.

-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the State, as well as surcharges from vehicle rentals. The respective city share's are determined by the proportion of city population to total incorporated population of the county. Collections through the third quarter of FY 2021-22 were \$233,443 (2.7%) less than the adopted budget and \$348,322 (4.0%) less than FY 2020-21 actual collections through the third quarter. This category has been impacted by the unavailability of new vehicles for sale.

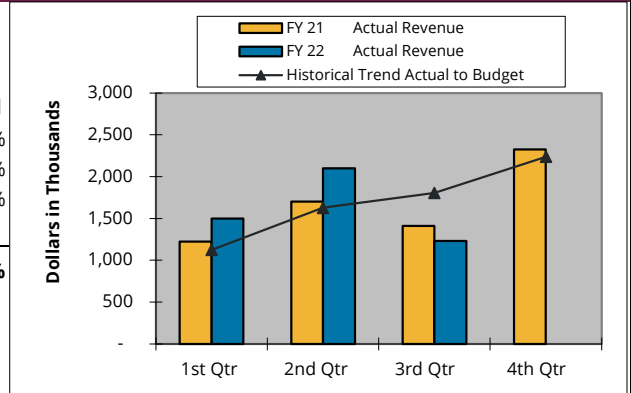
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2019 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Collections through the third quarter of FY 2021-22 were \$1.8M (7.1%) above adopted budget and \$1.1M (3.9%) less than FY 2020-21 actual collections through the third quarter.

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

## Licenses & Permits Revenue FY 2021-22

		FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 21	\$ 1,013,345	\$ 1,498,426	24.4%	18.3%
2nd Qtr	Oct - Dec 21	1,467,698	2,097,812	34.2%	26.5%
3rd Qtr	Jan - Mar 22	1,628,914	1,231,855	20.1%	29.5%
4th Qtr	Apr - Jun 22	2,019,043			
<b>Total</b>		<b>\$ 6,129,000</b>	<b>\$ 4,828,093</b>	<b>78.7%</b>	<b>74.3%</b>

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



**Positive**

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the third quarter of FY 2021-22 are \$718,136 (17.5%) above adopted budget and \$490,147 (11.3%) above FY 2020-21 actual collections through the third quarter. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.

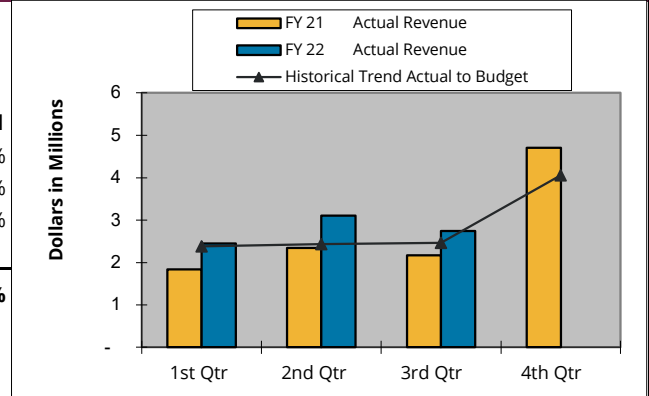


# Revenue Analysis (continued):

## Charges for Services Revenue FY 2021-22

	FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 21	\$ 2,321,819	\$ 2,447,770	22.1%	21.5%
2nd Qtr Oct - Dec 21	2,376,147	3,103,274	28.1%	22.0%
3rd Qtr Jan - Mar 22	2,404,617	2,741,560	24.8%	22.3%
4th Qtr Apr - Jun 22	3,951,284			
<b>Total</b>	<b>\$ 11,053,867</b>	<b>\$ 8,292,604</b>	<b>75.0%</b>	<b>65.8%</b>

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



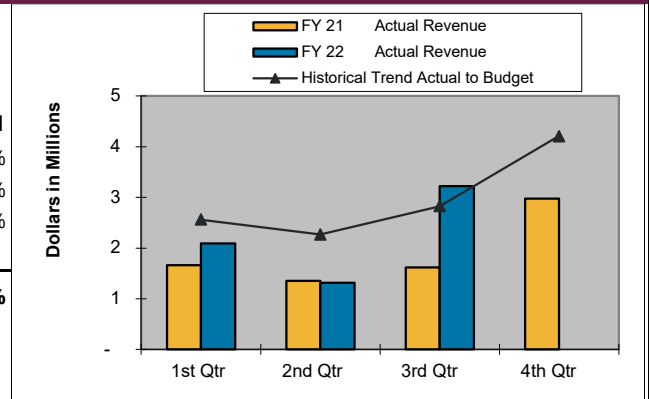
**Positive**

Charges for Services includes revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursements. Charges for services collections through the third quarter of FY 2021-22 were \$1.2M (16.8%) above adopted budget and \$1.9M (30.4%) more than FY 2020-21 actual collections through the third quarter. The performance indicator is positive as the percentage of budget received through the third quarter is higher than the historical budget received through the same period.

## Other Revenue FY 2021-22

	FY 22 Adopted Budget	FY 22 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr Jul - Sep 21	\$ 1,662,182	\$ 2,089,870	28.0%	34.3%
2nd Qtr Oct - Dec 21	1,729,831	1,312,496	17.6%	30.4%
3rd Qtr Jan - Mar 22	1,871,355	3,221,480	43.2%	37.9%
4th Qtr Apr - Jun 22	2,194,331			
<b>Total</b>	<b>\$ 7,457,700</b>	<b>\$ 6,623,847</b>	<b>88.8%</b>	<b>102.6%</b>

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



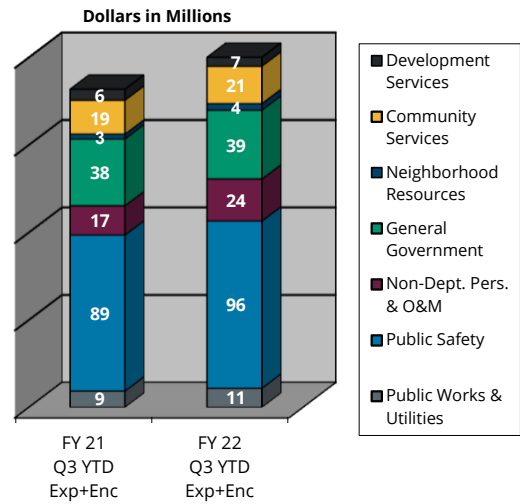
**Positive**

Other revenue captures interest income, fines and forfeitures, court fees, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the third quarter of FY 2021-22 are \$1.4M (131.9%) above the adopted budget and \$2.0M (286.6%) more than FY 2020-21 actual collections through the third quarter. Court fee reductions, due to COVID-19, and interest reflect the majority of the decrease in FY 2020-21 compared to the historical trend. Interest reductions reflects the majority of the decrease in FY 2021-22 compared to the historical trend. Although revenue received is greater than five percentage points below historical trend, the trend is inflated due to interest and other revenues which came in higher than budget in prior years. The increase in the third quarter of FY 2021-22 reflects higher court fee collections and the sale of land. Since the amount received exceeded what was expected in three quarters, the performance indicator was changed to positive.

# Expenditure Analysis:

## General Fund Expenditures + Encumbrances for FY 2021-22 by Function

	FY 22 Adjusted Budget	FY 22 Q3 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
<b>* Dept. Operating</b>				
General Government	\$ 59,732,556	\$ 39,387,907	65.9%	67.5%
Community Services	29,796,000	21,379,468	71.8%	68.7%
Development Services	9,923,201	6,630,123	66.8%	66.2%
Public Safety	124,133,697	95,509,958	76.9%	74.0%
Public Works & Utilities	13,561,744	10,896,646	80.3%	78.8%
Neighborhood Resources	9,904,700	3,732,684	37.7%	67.6%
Non-Dept. Pers. & O&M	30,686,651	24,017,604	78.3%	78.8%
<b>Subtotal</b>	<b>\$ 277,738,549</b>	<b>\$ 201,554,390</b>	<b>72.6%</b>	<b>72.2%</b>
Non-Dept. Reserves	\$ 2,759,800	\$ -	0.0%	0.0%
Non-Dept. Contingencies	34,212,593	-	0.0%	0.0%
<b>Total</b>	<b>\$ 314,710,942</b>	<b>\$ 201,554,390</b>	<b>64.0%</b>	<b>65.9%</b>



\* Excluding Interfund Transfers

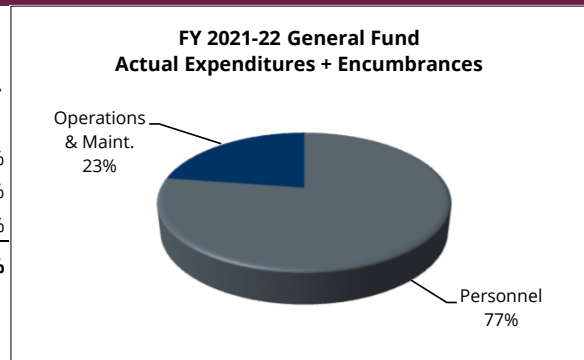
Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council Contingency). Since General Obligation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

The chart reflects actual spending and encumbrances in FY 2020-21 and FY 2021-22. Non-Dept. Personnel and O&M (maroon category) increase reflects the difference in the amount of the prior year's payment of \$15M towards the Public Safety Personnel Retirement System (PSPRS), to the current year's payment of \$22M. Public Safety's (blue category) increase reflects higher personnel related costs. All other areas remained fairly consistent.

FY 2021-22 operating expended and encumbered through the third quarter is 72.6% of the adjusted budget compared to 72.2% of adjusted budget spent and encumbered through the third quarter. As shown on the following pages, departments (excluding non-departmental) have expended between 37.7% and 80.3% of their General Fund adjusted budgets through the third quarter of FY 2021-22.

## General Fund Expenditures + Encumbrances for FY 2021-22 by Category

	FY 22 Adjusted Budget	FY 22 Q3 YTD Exp+Enc	FY 21 Q3 YTD Exp+Enc	% Change from Prior Yr. Actual
<b>*Dept. Operating</b>				
Personnel	\$ 208,603,623	\$ 155,920,378	\$ 140,818,030	10.7%
Operations & Maint.	69,134,926	45,634,012	40,906,181	11.6%
Reserves/Contingencies	36,972,393	-	-	0.0%
<b>Total</b>	<b>\$ 314,710,942</b>	<b>\$ 201,554,390</b>	<b>\$ 181,724,211</b>	<b>10.9%</b>



\* Excluding Interfund Transfers

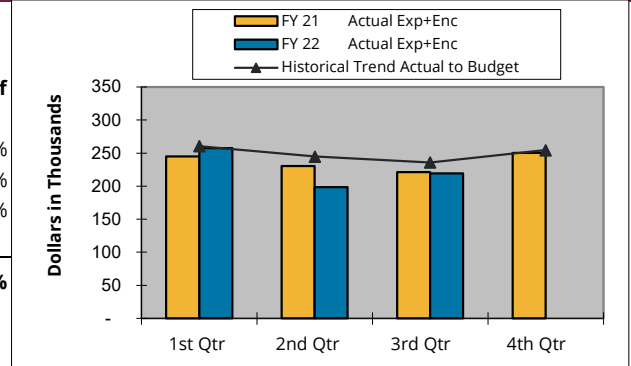
Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the third quarter of FY 2021-22 is 10.7% more than spending through the third quarter of FY 2020-21. The majority of the increase is due the \$22M payment to the Public Safety Personnel Retirement System (PSPRS) unfunded liability. Operations and maintenance for FY 2021-22 is 11.6% more than spending for FY 2020-21. Some of the increase in spending reflects higher spending for park and street maintenance, police communication equipment, police contributions to the vehicle replacement fund, and American Rescue Plan Act (ARPA) related expenses.

## Expenditure Analysis (continued / department summaries):

### Mayor & Council Expenditure FY 2021-22 Comparison

		FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 21	\$ 277,332	\$ 257,444	24.1%	24.4%
2nd Qtr	Oct - Dec 21	266,666	198,659	18.7%	23.0%
3rd Qtr	Jan - Mar 22	255,999	219,116	20.5%	22.1%
4th Qtr	Apr - Jun 22	266,666			
<b>Total</b>		<b>\$ 1,066,663</b>	<b>\$ 675,219</b>	<b>63.3%</b>	<b>69.5%</b>

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



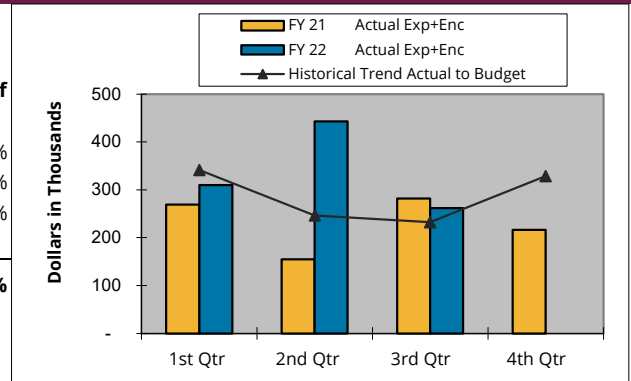
**Positive**

Mayor and Council spent 63.3% of their FY 2021-22 adjusted budget and has historically spent 69.5% of their adjusted budget through the third quarter of the fiscal year. Higher spending in the second quarter of FY 2020-21 was the result of personnel related expenses from leave payouts when employees depart the City. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

### City Clerk Expenditure FY 2021-22 Comparison

		FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 21	\$ 394,126	\$ 309,933	23.4%	25.8%
2nd Qtr	Oct - Dec 21	284,373	442,653	33.3%	18.6%
3rd Qtr	Jan - Mar 22	268,339	261,931	19.8%	17.5%
4th Qtr	Apr - Jun 22	379,332			
<b>Total</b>		<b>\$ 1,326,170</b>	<b>\$ 1,014,517</b>	<b>76.5%</b>	<b>61.9%</b>

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



**Positive**

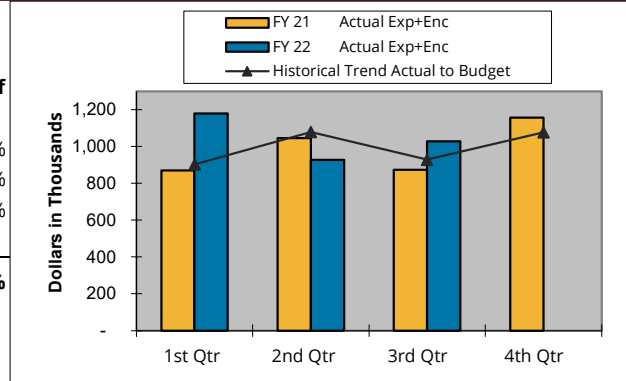
The City Clerk spent 76.5% of their FY 2021-22 adjusted budget and has historically spent 61.9% of their adjusted budget through the third quarter of the fiscal year. While this results in a negative performance indicator as the percentage of budget spent through the third quarter is above five percentage points of historical budget spent through the third quarter, higher spending in the second quarter of the FY 2021-22 was the result of the planned Bond Election, therefore the indicator has been changed to positive.

## Expenditure Analysis (continued / department summaries):

### Law Expenditure FY 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 21	\$ 914,345	\$ 1,177,995	29.2%	22.3%
2nd Qtr Oct - Dec 21	1,093,265	927,337	22.9%	26.8%
3rd Qtr Jan - Mar 22	940,231	1,026,861	25.5%	23.0%
4th Qtr Apr - Jun 22	1,090,532			
<b>Total</b>	<b>\$ 4,038,373</b>	<b>\$ 3,132,193</b>	<b>77.6%</b>	<b>72.1%</b>

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



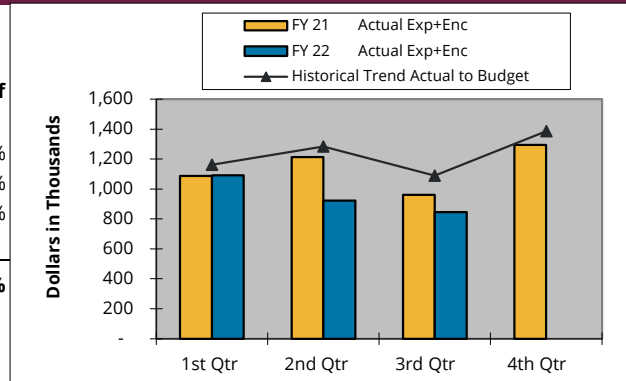
**Positive**

Law spent 77.6% of their FY 2021-22 adjusted budget and has historically spent 72.1% of their adjusted budget through the third quarter of the fiscal year. While this results in a negative performance indicator as the percentage of budget spent through the third quarter is more than five percentage points of historical budget spent through the third quarter, the expectation is to be within budget by fiscal year end and therefore the indicator was changed to positive. The majority of higher spending in the first quarter of FY 2021-22 compared to historical trend reflects personnel related expenses from retirement payouts for the Assistant City Attorney.

### City Magistrate Expenditure FY 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr.	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 21	\$ 1,206,828	\$ 1,090,517	21.3%	22.8%
2nd Qtr Oct - Dec 21	1,332,671	922,789	18.1%	25.1%
3rd Qtr Jan - Mar 22	1,130,753	845,058	16.5%	21.3%
4th Qtr Apr - Jun 22	1,438,801			
<b>Total</b>	<b>\$ 5,109,053</b>	<b>\$ 2,858,364</b>	<b>55.9%</b>	<b>69.2%</b>

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



**Positive**

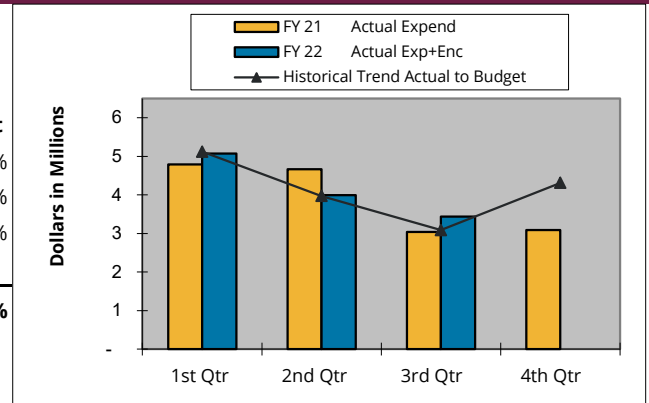
City Magistrate spent 55.9% of their FY 2021-22 adjusted budget and has historically spent 69.2% of their adjusted budget through the third quarter of the fiscal year. In FY 2021-22 several positions are vacant which relates to higher spending in the second and third quarters of FY 2020-21. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

## Expenditure Analysis (continued / department summaries):

### City Manager & Organizational Support Expenditure FY 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 21	\$ 5,699,307	\$ 5,072,313	27.6%	27.9%
2nd Qtr Oct - Dec 21	4,421,216	3,998,407	21.8%	21.7%
3rd Qtr Jan - Mar 22	3,431,736	3,438,443	18.8%	16.8%
4th Qtr Apr - Jun 22	4,798,767			
<b>Total</b>	<b>\$ 18,351,026</b>	<b>\$ 12,509,163</b>	<b>68.2%</b>	<b>66.4%</b>

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



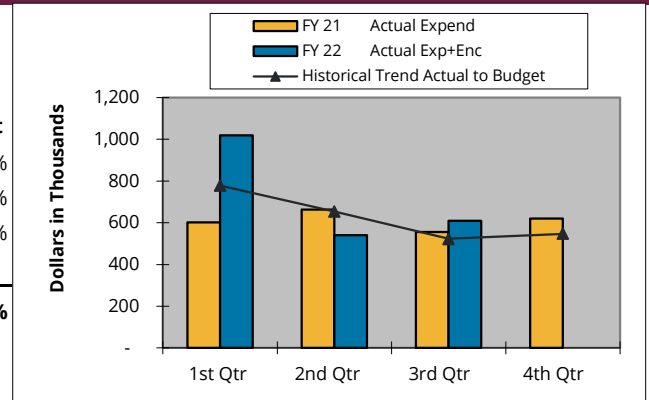
**Positive**

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. These divisions spent 68.2% of their FY 2021-22 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 by fiscal year end.

### Communications & Public Affairs Expenditure FY 2020-21 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 21	\$ 1,045,810	\$ 1,018,380	30.3%	23.1%
2nd Qtr Oct - Dec 21	878,813	541,157	16.1%	19.4%
3rd Qtr Jan - Mar 22	702,323	609,040	18.1%	15.5%
4th Qtr Apr - Jun 22	736,111			
<b>Total</b>	<b>\$ 3,363,057</b>	<b>\$ 2,168,577</b>	<b>64.5%</b>	<b>58.0%</b>

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



**Positive**

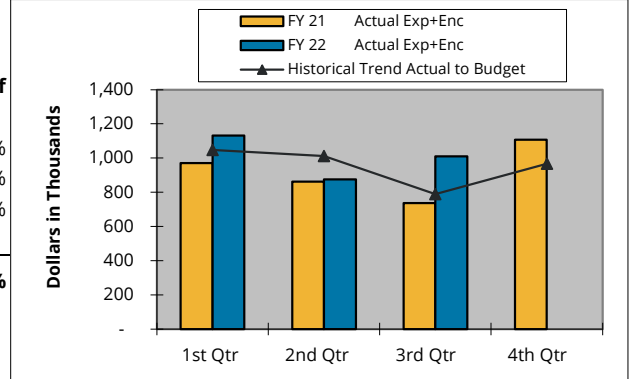
Communications and Public Affairs (CAPA) spent 64.5% of their FY 2021-22 adjusted budget and has historically spent 58.0% of their adjusted budget through the third quarter of the fiscal year. The increase in spending between FY 2020-21 and FY 2021-22 in the first quarter was the result of a postage adjustment made in FY 2020-21 and one-time purchases for communication equipment and printing and marketing services in FY 2021-22. Higher spending in the third quarter reflect postage and freight expenses, and while this results in a negative performance indicator as the percentage of budget spent through the third quarter is more than five percentage points of historical budget spent through the third quarter, the percentage spent does not exceed the percent of year expended and the expectation is to be within budget by fiscal year end, therefore the indicator was changed to positive.

## Expenditure Analysis (continued / department summaries):

### Cultural Development Expenditure 2021-22 Comparison

		FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 21	\$ 1,079,063	\$ 1,130,170	28.3%	26.2%
2nd Qtr	Oct - Dec 21	1,079,063	874,253	21.9%	25.4%
3rd Qtr	Jan - Mar 22	839,271	1,009,413	25.2%	19.7%
4th Qtr	Apr - Jun 22	999,133			
<b>Total</b>		<b>\$ 3,996,530</b>	<b>\$ 3,013,836</b>	<b>75.4%</b>	<b>71.3%</b>

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



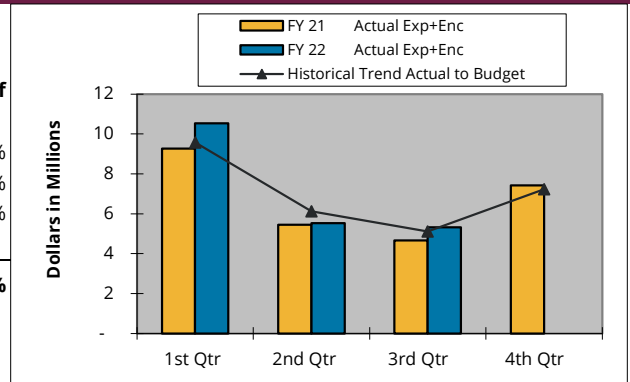
**Positive**

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events. The department spent 75.4% of their FY 2021-22 adjusted budget and has historically spent 71.3% of their adjusted budget through the third quarter of the fiscal year. This results in a warning performance indicator as the percentage of budget spent through the third quarter is between two and five percentage points of historical budget spent through the third quarter, however the expectation is to be within budget by fiscal year end. FY 2020-21 COVID-19 closures affected facility program expenditures compared to the historical trend. FY 2021-22 reflects returning to a normal level of programming as expected, so the Warning has been changed to Positive.

### Community Services Expenditure 2021-22 Comparison

		FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 21	\$ 10,130,641	\$ 10,525,698	35.3%	32.1%
2nd Qtr	Oct - Dec 21	6,555,119	5,533,113	18.5%	20.6%
3rd Qtr	Jan - Mar 22	5,363,280	5,320,657	18.0%	17.1%
4th Qtr	Apr - Jun 22	7,746,960			
<b>Total</b>		<b>\$ 29,796,000</b>	<b>\$ 21,379,468</b>	<b>71.8%</b>	<b>69.8%</b>

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



**Positive**

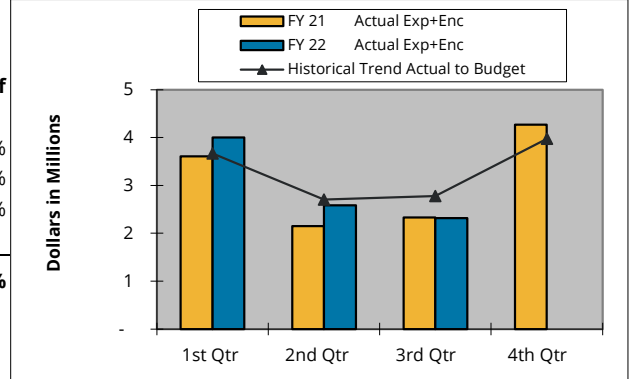
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Development & Operations, Recreation, and Sports & Fitness Facilities. The department spent 71.8% of their FY 2021-22 adjusted budget and has historically spent 69.8% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

## Expenditure Analysis (continued / department summaries):

### Information Technology Expenditure 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 21	\$ 4,131,607	\$ 3,997,188	27.1%	24.8%
2nd Qtr Oct - Dec 21	3,098,706	2,584,325	17.5%	18.3%
3rd Qtr Jan - Mar 22	3,098,705	2,313,821	15.7%	18.8%
4th Qtr Apr - Jun 22	4,426,722			
<b>Total</b>	<b>\$ 14,755,739</b>	<b>\$ 8,895,334</b>	<b>60.3%</b>	<b>61.9%</b>

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



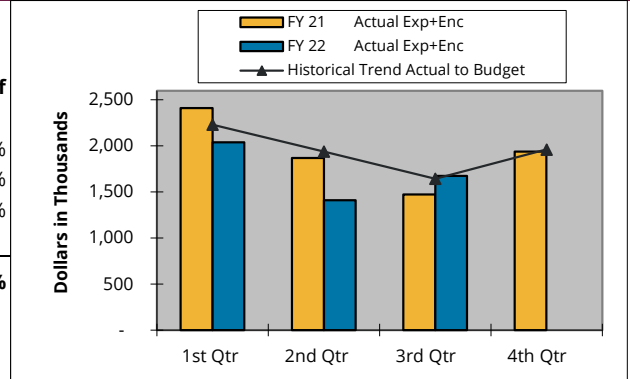
#### Positive

Information Technology spent 60.3% of their FY 2021-22 adjusted budget and has historically spent 61.9% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending in the first and second quarter of FY 2021-22 compared to historical trend is the result reclassifications due to department restructuring.

### Management Services Expenditure FY 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 21	\$ 2,216,447	\$ 2,039,083	26.4%	28.9%
2nd Qtr Oct - Dec 21	1,927,559	1,408,841	18.2%	25.1%
3rd Qtr Jan - Mar 22	1,632,302	1,672,780	21.7%	21.3%
4th Qtr Apr - Jun 22	1,949,637			
<b>Total</b>	<b>\$ 7,725,945</b>	<b>\$ 5,120,704</b>	<b>66.3%</b>	<b>75.3%</b>

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



#### Positive

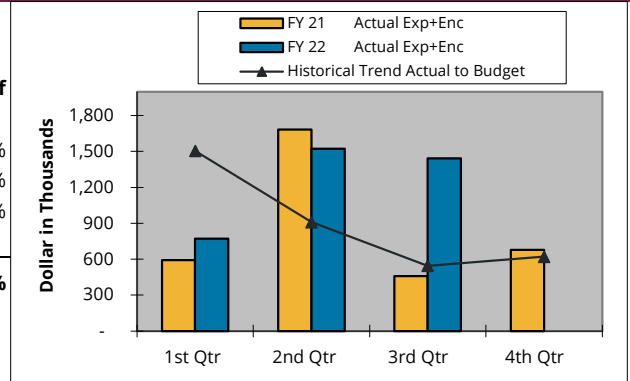
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Accounting, Budget, Central Supply, Purchasing, Tax & License, and Utility Services (reimbursed by the Public Works & Utilities Department through the Indirect Cost Allocation). These divisions spent 66.3% of their FY 2021-22 adjusted budget and have historically spent 75.3% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending in the first quarter of FY 2020-21 compared to the historical trend reflects the Arizona Department of Revenue payment for tax administration and collection which, as of FY 2021-22, is no longer required. The funds designated for tax administration have shifted to fund 736 to pay for the legislative changes to the Fire Cancer Fund. The difference in spending between FY 2020-21 and FY 2021-22 in the second quarter is the result of department vacancies.

## Expenditure Analysis (continued / department summaries):

### Neighborhood Resources Expenditure 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 21	\$ 4,159,974	\$ 770,234	7.8%	15.2%
2nd Qtr Oct - Dec 21	2,476,174	1,521,717	15.4%	9.2%
3rd Qtr Jan - Mar 22	1,485,705	1,440,733	14.5%	5.5%
4th Qtr Apr - Jun 22	1,782,847			
<b>Total</b>	<b>\$ 9,904,700</b>	<b>\$ 3,732,684</b>	<b>37.7%</b>	<b>29.9%</b>

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



**Positive**

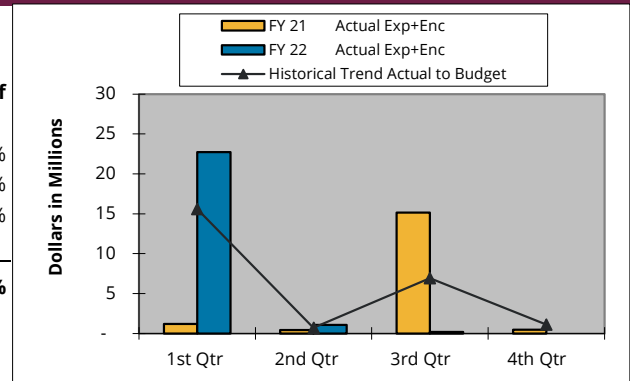
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Community Development, Housing & Redevelopment, and Neighborhood Preservation. The department spent 37.7% of their FY 2021-22 adjusted budget and has historically spent 29.9% of their adjusted budget through the third quarter of the fiscal year. While this results in a negative performance indicator as the percentage of budget spent through the third quarter is more than five percentage points of historical budget spent through the third quarter, the expectation is to be within budget by fiscal year end, therefore the indicator was changed to positive. Reduced spending compared to the historical trend in the first quarter of FY 2020-21 and FY 2021-22 was due to the postponement of allocating Non-Profit funding which resulted in higher spending in the second quarter in FY 2020-21 and FY 2021-22. The third quarter of FY 2021-22 shows the transfer in of approximately \$5M in budget as well as ARPA related expenses from the Grant Fund to the General Fund, which is the result of the spending increase.

### Non-Departmental Expenditure FY 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>				
1st Qtr Jul - Sep 21	\$ 19,645,875	\$ 22,736,499	74.1%	50.8%
2nd Qtr Oct - Dec 21	909,735	1,081,211	3.6%	2.4%
3rd Qtr Jan - Mar 22	8,745,932	199,894	0.6%	22.6%
4th Qtr Apr - Jun 22	1,385,110			
<b>Total**</b>	<b>\$ 30,686,651</b>	<b>\$ 24,017,604</b>	<b>78.3%</b>	<b>75.8%</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 2021-22 is 78.3% of the adjusted budget and has historically spent 75.8% of their adjusted budget through the third quarter of the fiscal year. This results in a warning performance indicator as the percentage of budget spent through the third quarter is between two to five percentage points of historical budget received through the third quarter, however it has been changed to positive as the remaining expenses will even out by fiscal year end. Higher spending in the first quarter of FY 2021-22 was due to the payment of \$22M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability, while FY 2020-21 payment of \$15M was delayed to the third quarter of FY 2020-21.

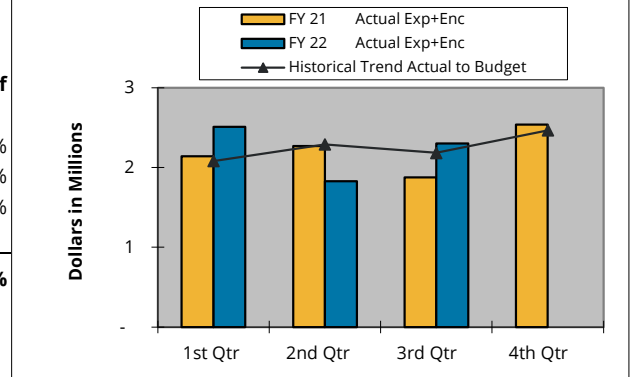


## Expenditure Analysis (continued / department summaries):

### Development Services Expenditure FY 2021-22 Comparison

		FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 21	\$ 2,282,336	\$ 2,506,722	25.3%	21.0%
2nd Qtr	Oct - Dec 21	2,480,800	1,824,606	18.4%	23.0%
3rd Qtr	Jan - Mar 22	2,381,568	2,298,795	23.1%	22.0%
4th Qtr	Apr - Jun 22	2,778,496			
<b>Total</b>		<b>\$ 9,923,201</b>	<b>\$ 6,630,123</b>	<b>66.8%</b>	<b>66.0%</b>

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



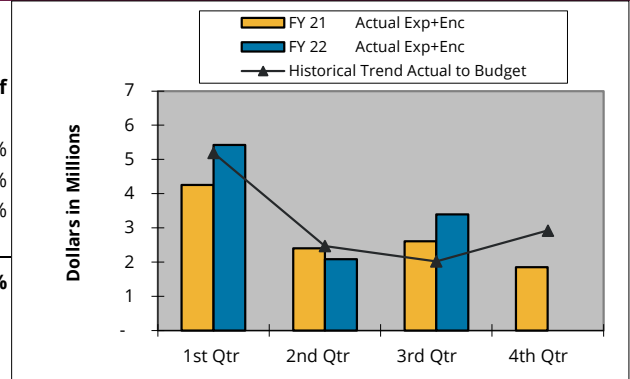
**Positive**

Development Services includes the following cost centers: Administration, Building Safety, Transportation Engineering, Engineering, and Planning. The Transportation Engineering Division moved from Public Works and Utilities for FY 2021-22. This reorganization is not reflected in the historical trend. The department spent 66.8% of their FY 2021-22 adjusted budget and has historically spent 66.0% of their adjusted budget through the third quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending in the second quarter of FY 2020-21 is related to professional services contracts. Higher spending in the first quarter of the FY 2021-22 compared to historical trend is the result of developer overtime as well as retirement payouts.

### Public Works & Utilities Expenditure FY 2021-22 Comparison

		FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 21	\$ 5,560,315	\$ 5,421,116	40.0%	38.3%
2nd Qtr	Oct - Dec 21	2,712,349	2,081,783	15.4%	18.2%
3rd Qtr	Jan - Mar 22	2,169,879	3,393,747	25.0%	14.9%
4th Qtr	Apr - Jun 22	3,119,201			
<b>Total</b>		<b>\$ 13,561,744</b>	<b>\$ 10,896,646</b>	<b>80.3%</b>	<b>71.3%</b>

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



**Positive**

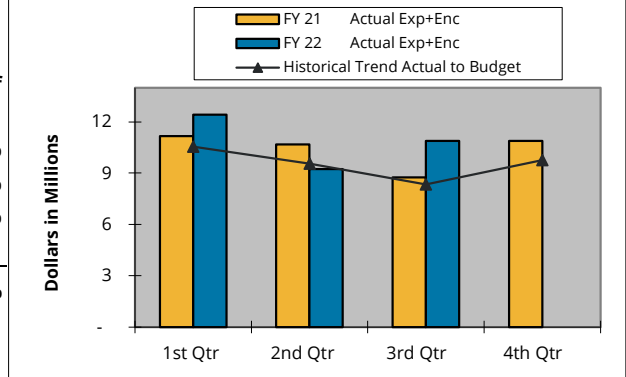
Public Works & Utilities includes the following divisions budgeted in the General Fund: Administration, Capital Projects, Streets, Street Sweeping, and Traffic Engineering. The department spent 80.3% of their FY 2021-22 adjusted budget and has historically spent 71.3% of their adjusted budget through the third quarter of the fiscal year. This results in a negative performance indicator as the percentage of budget spent through the third quarter is more than five percentage points of historical budget spent through the third quarter, however the expectation is to be within budget by fiscal year end, so the indicator is changed to Positive. Higher spending in the first quarter of FY 2021-22 compared to historical trend is related of asphalt improvements. Higher spending in the third quarter of FY 2021-22 is related to landscape maintenance and retirement payouts. Higher

## Expenditure Analysis (continued / department summaries):

### Fire Expenditure FY 2021-22 Comparison

		FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 21	\$ 11,390,539	\$ 12,416,199	30.5%	25.9%
2nd Qtr	Oct - Dec 21	10,170,126	9,232,665	22.7%	23.5%
3rd Qtr	Jan - Mar 22	8,949,709	10,878,433	26.8%	20.5%
4th Qtr	Apr - Jun 22	10,170,125			
<b>Total</b>		<b>\$ 40,680,499</b>	<b>\$ 32,527,297</b>	<b>80.0%</b>	<b>69.9%</b>

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



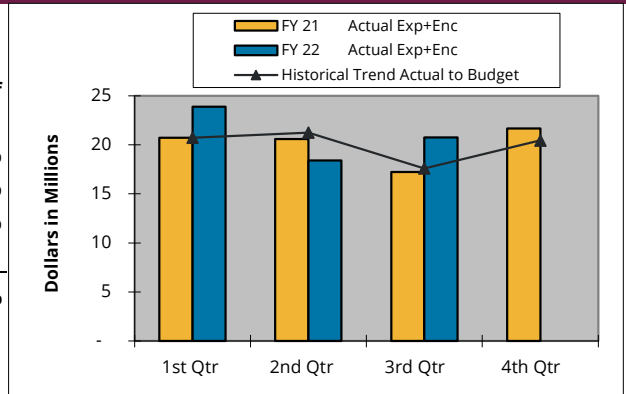
#### Negative

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 80.0% of their FY 2021-22 adjusted budget and has historically spent 69.9% of their adjusted budget through the third quarter of the fiscal year. This results in a negative performance indicator as the percentage of budget spent through the third quarter is more than five percentage points of historical budget spent through the third quarter, however the expectation is to be within budget by fiscal year end. Higher spending in FY 2021-22 compared to historical trend is the result of additional overtime due to coverage needed for vacancies and retirement payouts.

### Police Expenditure FY 2021-22 Comparison

		FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
<b>Operating Only</b>					
1st Qtr	Jul - Sep 21	\$ 21,697,831	\$ 23,860,477	28.6%	24.8%
2nd Qtr	Oct - Dec 21	22,532,363	18,394,160	22.1%	25.4%
3rd Qtr	Jan - Mar 22	18,359,704	20,728,024	24.8%	21.1%
4th Qtr	Apr - Jun 22	20,863,300			
<b>Total</b>		<b>\$ 83,453,198</b>	<b>\$ 62,982,661</b>	<b>75.5%</b>	<b>71.3%</b>

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



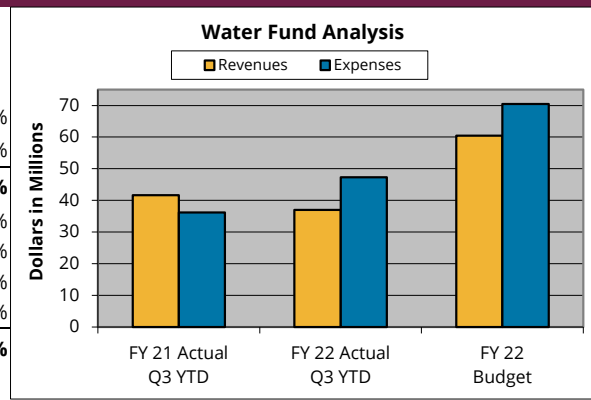
#### Warning

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 75.5% of their FY 2021-22 adjusted budget and has historically spent 71.3% of their adjusted budget through the third quarter of the fiscal year. This results in a warning performance indicator as the percentage of budget spent through the third quarter is between two and five percentage points of historical budget spent through the third quarter, with the expectation to be within budget by fiscal year end. Higher spending in FY 2021-22 compared to historical trend is the result of additional overtime due to coverage needed for vacancies and retirement payouts.

## Enterprise Fund Analysis:

## Water Fund Analysis FY 2021-22 Comparison

Water Fund	FY 22 Adjusted Budget	FY 22 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 56,570,831	\$ 36,930,060	65%	78%
Transfers In	3,900,000	-	0%	0%
<b>Total Revenues</b>	<b>\$ 60,470,831</b>	<b>\$ 36,930,060</b>	<b>61%</b>	<b>78%</b>
Operating Expenses	\$ 35,148,303	\$ 30,395,181	86%	86%
Major Capital Expenses	17,003,811	12,255,639	72%	16%
Debt Service	14,663,089	1,874,992	13%	17%
Transfers Out	3,670,562	2,795,223	76%	76%
<b>Total Expenses</b>	<b>\$ 70,485,765</b>	<b>\$ 47,321,035</b>	<b>67%</b>	<b>56%</b>
<b>Net Rev / Exp</b>	<b>\$ (10,014,934)</b>	<b>\$ (10,390,975)</b>		

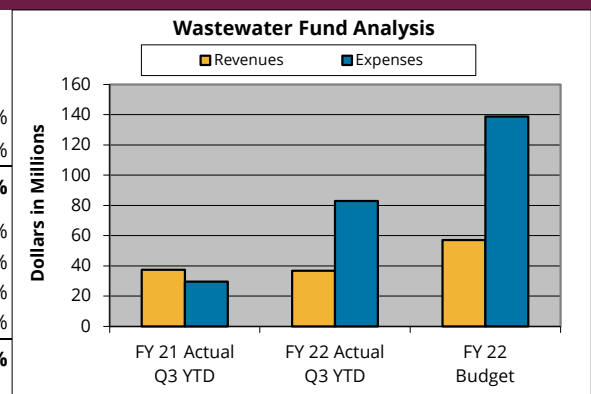
**Positive**

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 2021-22 reflects a \$10M drawdown to fund balance due to increased pay as you go Capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In are for System Development Fee (SDF) loan paybacks. The budgeted Transfers Out totaling \$3,670,562 includes indirect cost allocation to the General Fund of \$3,430,205, payment of \$191,705 to the Technology Replacement Fund, payment of \$27,104 to the Workers' Compensation Self-Insurance Trust, and payment of \$21,548 to the Uninsured Liability Self-Insurance Fund. Year-to-date **Operating Revenues** through the third quarter are 65% compared to 78% through the third quarter of FY 2020-21, while **Operating Expenses** through the third quarter are 86% of budget as compared to 86% through the third quarter of FY 2020-21. The performance indicator is positive since percentage of operating revenues received to date (65%) is the same as the percentage of operating expenses spent to date (65%, including indirect cost allocation).

## Wastewater Fund Analysis FY 2021-22 Comparison

Wastewater Fund	FY 22 Adjusted Budget	FY 22 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 49,972,807	\$ 36,708,147	73%	78%
Transfers In	7,200,000	-	0%	0%
<b>Total Revenues</b>	<b>\$ 57,172,807</b>	<b>\$ 36,708,147</b>	<b>64%</b>	<b>78%</b>
Operating Expenses	\$ 23,345,940	\$ 16,272,565	70%	71%
Major Capital Expenses	93,793,769	61,694,366	66%	17%
Debt Service	18,945,920	2,904,148	15%	20%
Transfers Out	2,641,264	2,005,760	76%	76%
<b>Total Expenses</b>	<b>\$ 138,726,893</b>	<b>\$ 82,876,839</b>	<b>60%</b>	<b>31%</b>
<b>Net Rev / Exp</b>	<b>\$ (81,554,086)</b>	<b>\$ (46,168,692)</b>		

**Positive**

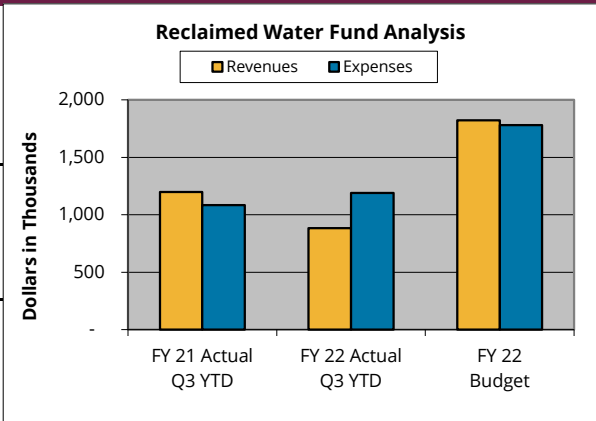
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 2021-22 reflects a \$81.6M drawdown to fund balance due to increased pay as you go Capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In are for System Development Fee (SDF) loan paybacks. The budgeted Transfers Out totaling \$2,641,264 includes indirect cost allocation to the General Fund of \$2,472,696, payment of \$128,931 to the Technology Replacement Fund, payment of \$18,089 to the Workers' Compensation Self-Insurance Trust, and payment of \$21,548 to the Uninsured Liability Self-Insurance Fund. Year-to-date **Operating Revenues** through the third quarter are 73% of budget compared to 78% through the third quarter of FY 2020-21, while **Operating Expenses** through the third quarter are 70% of budget as compared to 71% through the third quarter of FY 2020-21. The performance indicator is positive since percentage of operating revenues received to date (73%) exceeds the percentage of operating expenses spent to date (47%, including indirect cost allocation).

## Enterprise Fund Analysis (continued):

## Reclaimed Water Fund Analysis FY 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Reclaimed Water				
Revenues	\$ 1,821,000	\$ 884,309	49%	67%
<b>Total Revenues</b>	<b>\$ 1,821,000</b>	<b>\$ 884,309</b>	<b>49%</b>	<b>67%</b>
Operating Expenses	\$ 1,696,599	\$ 1,126,266	66%	58%
Transfers Out	84,662	63,880	75%	75%
<b>Total Expenses</b>	<b>\$ 1,781,261</b>	<b>\$ 1,190,146</b>	<b>67%</b>	<b>58%</b>
<b>Net Rev / Exp</b>	<b>\$ 39,739</b>	<b>\$ (305,837)</b>		

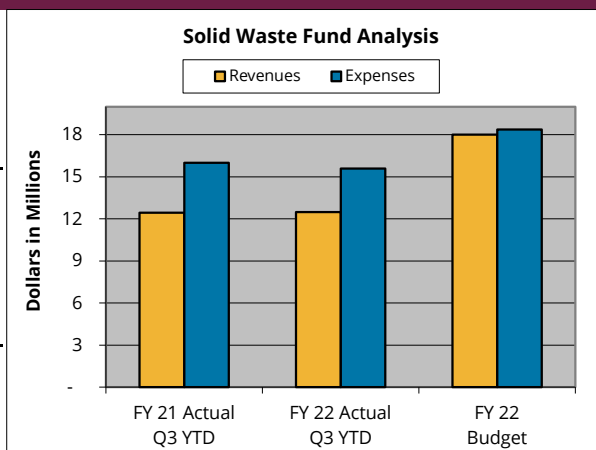
**Positive**

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

The Reclaimed Water Operating Fund supports operating functions only. The Net Revenue/Expense for the FY 2021-22 budget reflects an increase of \$39,739 to fund balance. The budgeted Transfers Out totaling \$84,662 include an indirect cost allocation to the General Fund of \$82,361, payment of \$1,535 to the Technology Replacement Fund, and \$766 to the Workers' Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the third quarter are 49% of budget compared to 67% through the third quarter of FY 2020-21, while **Operating Expenses** through the third quarter are 66% of budget as compared to 58% through the third quarter of FY 2020-21. The third quarter of the fiscal year includes encumbrances recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. The performance indicator was negative since percentage of operating revenues received to date (49%) is less than the percentage of operating expenses spent to date (60%, including indirect cost allocation), but changed to Positive since the encumbrance timing is not a concern.

## Solid Waste Fund Analysis FY 2021-22 Comparison

	FY 22 Adjusted Budget	FY 22 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Solid Waste				
Revenues	\$ 18,004,000	\$ 12,484,864	69%	72%
<b>Total Revenues</b>	<b>\$ 18,004,000</b>	<b>\$ 12,484,864</b>	<b>69%</b>	<b>72%</b>
Operating Expenses	\$ 16,331,340	\$ 14,368,247	88%	95%
Major Capital Expenses	946,880	381,794	40%	59%
Transfers Out	1,091,752	834,947	76%	76%
<b>Total Expenses</b>	<b>\$ 18,369,972</b>	<b>\$ 15,584,988</b>	<b>85%</b>	<b>91%</b>
<b>Net Rev / Exp</b>	<b>\$ (365,972)</b>	<b>\$ (3,100,124)</b>		

**Positive**

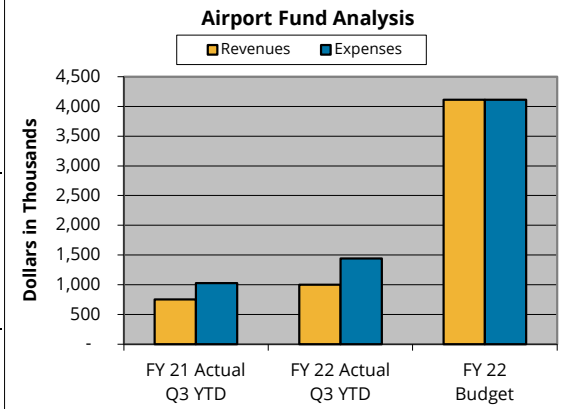
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2021-22 reflects a drawdown of \$365,972 to fund balance. The budgeted Transfers Out totaling \$1,091,752 include an indirect cost allocation to the General Fund of \$1,014,258, payment of \$64,531 to the Technology Replacement Fund, and payment of \$12,963 to the Workers' Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the third quarter are 69% of budget compared to 72% through the third quarter of FY 2020-21, while **Operating Expenses** through the third quarter are 88% of budget compared to 95% through the third quarter of FY 2020-21. The first quarter of the fiscal year includes large encumbrances recorded at the start of the fiscal year for Solid Waste contracts, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

## Enterprise / Other Funds Analysis (continued):

## Airport Fund Analysis FY 2021-22 Comparison

Airport Fund	FY 22 Adjusted Budget	FY 22 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 887,900	\$ 672,821	76%	71%
General Fund Subsidy	3,226,213	326,885	10%	2%
<b>Total Revenues</b>	<b>\$ 4,114,113</b>	<b>\$ 999,706</b>	<b>24%</b>	<b>27%</b>
Operating Expenses	\$ 1,694,657	\$ 933,076	55%	57%
Major Capital Expenses	2,302,866	415,132	18%	9%
Transfers Out	116,590	91,005	78%	77%
<b>Total Expenses</b>	<b>\$ 4,114,113</b>	<b>\$ 1,439,213</b>	<b>35%</b>	<b>36%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (439,507)</b>		

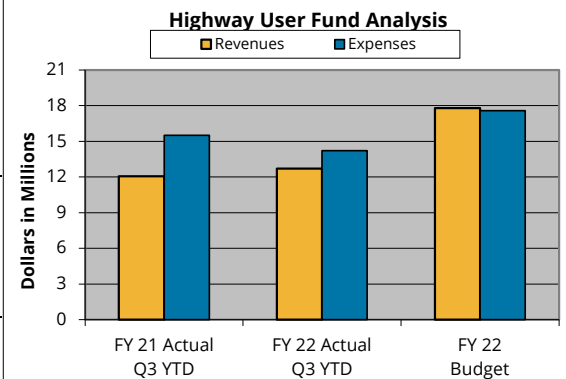
**Positive**

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 2021-22 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 totaling \$116,590 includes indirect cost allocation to the General Fund of \$102,341 and a payment of \$14,249 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the third quarter are 76% of budget compared to 71% through the third quarter for FY 2020-21, while year-to-date **Operating Expenses** through the third quarter are 55% of budget compared to 57% through the third quarter for FY 2020-21. The performance indicator is positive since percentage of operating revenues received to date (76%) exceeds the percentage of operating expenses spent to date (56%, including indirect cost allocation). Any planned overage in expense compared to revenue is planned to be covered by the General Fund, and the first transfer was completed in January 2022.

## Highway User Fund (HURF) Analysis FY 2021-22 Comparison

Highway User Fund	FY 22 Adjusted Budget	FY 22 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Highway Users Tax	\$ 17,373,409	\$ 12,482,977	72%	71%
Other	415,000	237,361	57%	108%
<b>Total Revenues</b>	<b>\$ 17,788,409</b>	<b>\$ 12,720,338</b>	<b>72%</b>	<b>72%</b>
Operating Expenses	\$ 9,408,043	\$ 7,109,556	76%	72%
Major Capital Expenses	8,057,304	6,974,775	87%	92%
Transfers Out	127,279	119,259	94%	100%
<b>Total Expenses</b>	<b>\$ 17,592,626</b>	<b>\$ 14,203,590</b>	<b>81%</b>	<b>82%</b>
<b>Net Rev / Exp</b>	<b>\$ 195,783</b>	<b>\$ (1,483,252)</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.

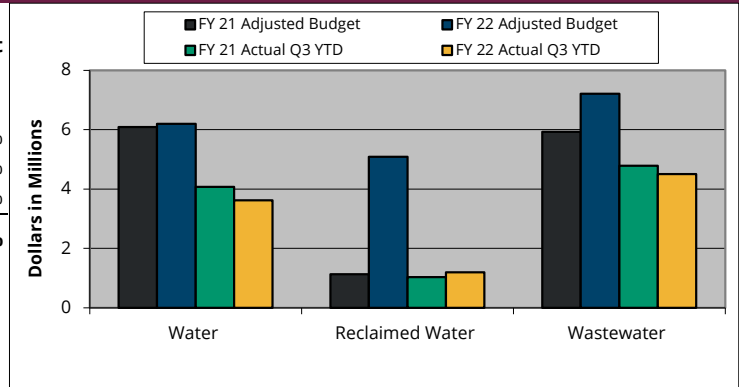
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2021-22 reflects a drawdown of \$192,163 to fund balance, due to increased pay as you go Capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers Out totaling \$127,279 include a payment to the General Fund of \$9,582 for miscellaneous charges, a payment of \$26,470 to the Technology Replacement Fund, and a payment of \$91,227 to the Uninsured Liability Self-Insurance Fund for stormwater oversight. Year-to-date **Operating Revenues** through the third quarter are 72% of budget compared to 71% through the third quarter for FY 2020-21, while year-to-date **Operating Expenses** through the third quarter are 76% of budget compared to 72% through the third quarter for FY 2020-21. The first quarter of the fiscal year includes encumbrances recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

## Other Funds Analysis (continued):

### System Development Fee Funds Analysis FY 2021-22 Comparison

System Development Fee (SDF) Funds	FY 22 Adjusted Budget	FY 22 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 6,188,300	\$ 3,617,443	58%
Reclaimed Water	5,080,500	1,194,356	24%
Wastewater	7,209,500	4,505,165	62%
<b>Total SDF Revenue</b>	<b>\$ 18,478,300</b>	<b>\$ 9,316,964</b>	<b>50%</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.

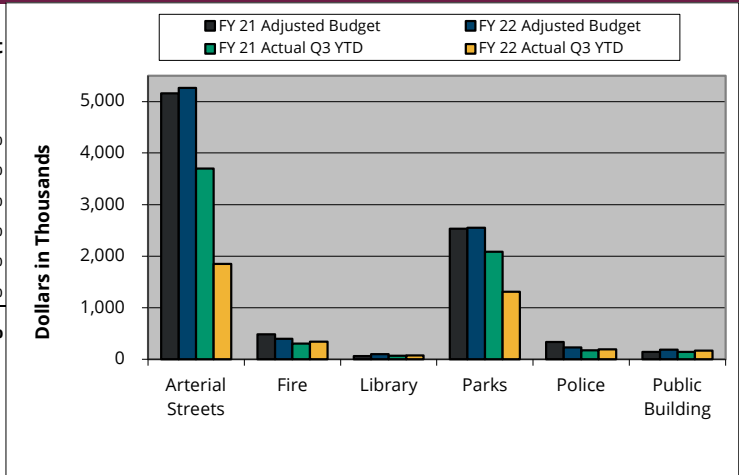


System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2021-22 budget and year-to-date collections through the third quarter compared to the FY 2020-21 budget and year-to-date collections through the third quarter. Collections through the third quarter of FY 2021-22 were 50% of the budget as compared to the prior year's collections of 75% through the third quarter.

### Impact Fee Funds Analysis FY 2021-22 Comparison

Impact Fee Funds	FY 22 Adjusted Budget	FY 22 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 5,262,700	\$ 1,848,770	35%
Fire	395,000	342,218	87%
Library	101,000	75,566	75%
Parks	2,551,200	1,309,633	51%
Police	231,000	190,169	82%
Public Building	187,300	165,339	88%
<b>Total Impact Revenue</b>	<b>\$ 8,728,200</b>	<b>\$ 3,931,695</b>	<b>45%</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.

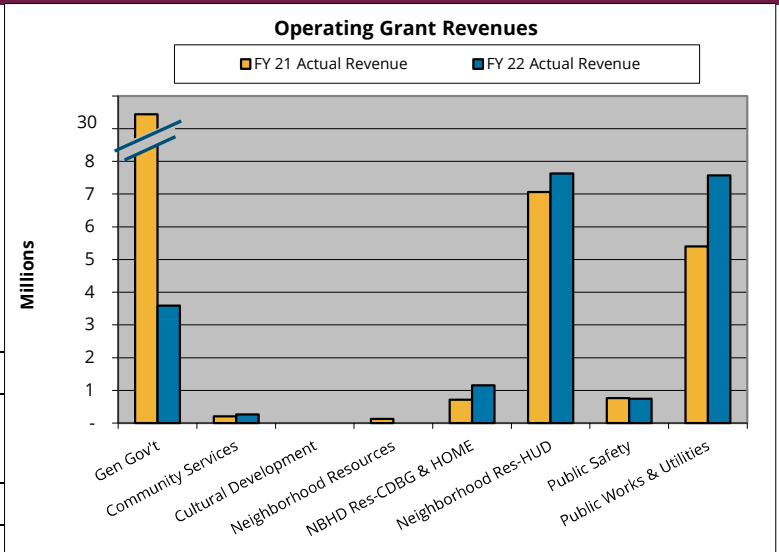


Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2021-22 budget and year-to-date collections through the third quarter compared to the FY 2020-21 budget and year-to-date collections through the third quarter. Collections through the third quarter of FY 2021-22 were 45% of the budget as compared to the prior year's collections of 74% of the budget through the third quarter.

# Other Funds Analysis (continued):

## Grant Funds Analysis FY 2021-22 Comparison

	<b>FY 22 Actual Revenue</b>	<b>FY 21 Actual Revenue</b>
General Government*	\$ 2,493,512	\$ 30,140,809
Community Services	261,998	208,758
Neighborhood Resources	-	128,206
Neighborhood Res. - CDBG & HOME	1,152,348	711,988
Neighborhood Res. - HUD	7,627,405	7,062,143
Public Safety	745,312	761,905
Public Works & Utilities	-	-
<b>Total Operating Grant Revenue</b>	<b>\$ 12,280,575</b>	<b>\$ 39,013,808</b>
General Government*	\$ 1,096,708	\$ 302,986
Public Works & Utilities	7,575,447	5,404,607
<b>Total Capital Grant Revenue</b>	<b>\$ 8,672,155</b>	<b>\$ 5,707,593</b>
<b>Total Grant Revenue</b>	<b>\$ 20,952,730</b>	<b>\$ 44,721,402</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 through the third quarter of FY 2021-22 are \$20.9M as compared to \$44.7M collected through the third quarter of FY 2020-21. The revenue received in FY 2020-21 in General Government reflects AZCares and American Recovery Plan Act (ARPA) Funds. Additionally federal grants from the CDBG program were received in FY 2020-21.