



## Informational Memo

### Management Services - Memo No. 23-011

**Date:** September 7, 2022

**To:** Mayor and Council

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

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

**Subject:** Fiscal Year End (FYE) 2021-22 Fourth Quarter Financial Report

Attached is the FYE 2021-22 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 FYE Quarterly report is typically released in August/September of each year due to the extended fiscal year end accounting process, which ensures all revenues and expenditures are thoroughly reviewed and properly reflected.

The analysis included in this report provides the Year-end details of FYE 2021-22 by reflecting budget to actual compared to historical trends and comparing this year's results to 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 prior year's results.

Throughout the fiscal year we continued to see strong economic spending and ongoing development translating to higher revenues, therefore all General Fund performance indicators are showing as positive. The \$20B expansion of Intel is the largest development during FY 2021-22. The revenue impacts from this activity was not included in the FY 2021-22 budget causing revenues to come in well over budget, although the revenues were included in projections when setting the FY 2022-23 budget. It is anticipated that once the development is completed, revenues will stabilize in various categories, classifying these additional revenues as one-time.

The General Fund Year-end reflected overall continued revenue growth with 118.6% of budgeted revenues received, and departmental expenditure rates came in at 91.1% of adjusted budget expended or encumbered at the end of the year excluding Reserves and Contingencies.

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

Memo No. 23-011  
September 7, 2022  
Page 2

Attachment: FYE 2021-22 Fourth Quarter Financial Report

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



Management Services

# Quarterly Financial Report

4th Qtr FY 2021-22

## Performance at a Glance

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

### PERFORMANCE INDICATORS

(At year-end, revenues performance indicators default to positive when 100% or more of budget is collected and expenditures performance indicators default to positive when total spending is less than adjusted budget)

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

# THE QUARTERLY FINANCIAL REPORT

## Report Objectives

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

## What is Included in the Report

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

## How to Read the Report

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

## ECONOMIC INDICATORS

### Gross Domestic Product (GDP)

Real gross domestic product - the output of goods and services produced by labor and property located in the US. Reflects spending for households, business, government, and trade.

The change to the GDP is an indicator of the general direction of the economy. Slow or negative growth will likely mean lower revenues for the City.

Third Quarter 2021	2.3%
Fourth Quarter 2021	6.9%
First Quarter 2022	-1.6%
Second Quarter 2022	-0.9%

Source: U.S. Department of Commerce

### Interest Rates

This table reflects the four most recent changes to the Federal Funds Rate by the Federal Reserve Board.

Lowering the Federal Funds Rate is a way for the Federal Reserve Board to make it less expensive for banks to borrow money for loans and investments and (in theory) pumping additional dollars into the economy.

March 17, 2022	0.25%-0.50%
May 5, 2022	0.75%-1.00%
June 16, 2022	1.50%-1.75%
July 28, 2022	2.25%-2.50%

Source: Federal Reserve Bank

### Unemployment

	National	State of Arizona	Phoenix Metro Area*
Mar-22	3.6%	3.3%	2.4%
Apr-22	3.6%	3.2%	2.7%
May-22	3.6%	3.2%	2.9%
Jun-22	3.6%	3.3%	3.4%

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

The City splits its investment portfolio between two investment firms with a different mix of holdings at each firm to reduce risk.

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

*PFM's benchmark is 1-5 year U.S. Treasury Index*

Rate of Return is net of fees and includes interest earnings as well as both realized and unrealized gains/(losses). Rate of Return is typically negative in a rising rate environment.

Fiscal Year 2021-22 Rate of Return	4th Quarter	Fiscal Year
<b>Benchmark</b>	<b>-0.81%</b>	<b>-4.61%</b>
Wells Capital Management	-0.43%	-2.43%
PFM	-0.76%	-4.39%
Fiscal Year 2020-21 Rate of Return	4th Quarter	Fiscal Year
<b>Benchmark</b>	<b>0.11%</b>	<b>-0.26%</b>
Wells Capital Management	0.03%	0.18%
PFM	0.11%	0.11%

Source: Investment Advisors

### Building Permits

Single-family building permits are an indicator of the general economy. Higher numbers of permits indicate an active construction market and resultant home sales. Fewer building permits generally equates to less new construction, and permit fees and construction sales tax revenues.

Chandler's quarterly average for single family building permits is down to 115 per quarter in FY 2021-22; compared to 205 average permits per quarter for FY 2020-21; and 170 average permits per quarter for FY 2019-20.

Quarter	State of Arizona	Chandler
Oct - Nov - Dec 2020	11,767	267
Jan - Feb - Mar 2021	12,354	217
Apr - May - Jun 2021	12,891	169
Jul - Aug - Sep 2021	10,883	161
Oct - Nov - Dec 2021	10,001	121
Jan - Feb - Mar 2022	13,383	99
Apr - May - Jun 2022	10,929	80

Source: Investment Advisors

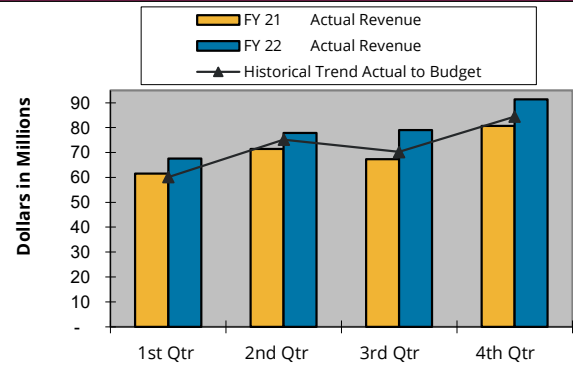
# General Fund

## 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	91,421,565	34.3%	31.7%
<b>Total</b>	<b>\$ 266,413,053</b>	<b>\$ 315,839,082</b>	<b>118.6%</b>	<b>108.9%</b>

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



#### Positive

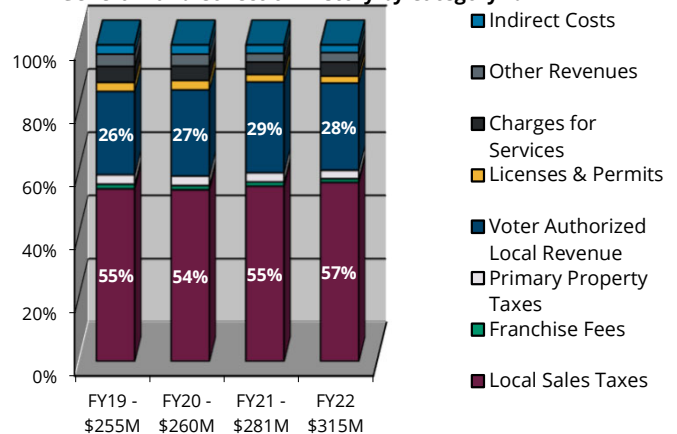
General Fund revenue collections for FY 2021-22 are \$49.4M (18.6%) above the adopted budget and \$34.8M (12.4%) higher than actual collections for FY 2020-21.

Overall, General Fund revenue, led by continuing strong Sales Tax and Licenses & Permits collections, is performing well due to higher local consumer spending and a steady stream of development activity in Chandler. The \$20B expansion of Intel is the largest development during FY 2021-22. The revenue impacts from this activity was not included in the FY 2021-22 budget, causing revenues to come in well over budget. It is anticipated that once the development is completed, revenues will stabilize in various categories, classifying these additional revenues as one-time. The performance indicator is positive as actual overall collections exceeded the amount budgeted at year-end. 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	\$ 178,575,967	120.4%
Franchise Fees	2,980,000	3,652,812	122.6%
Primary Property Tax	8,453,200	8,552,666	101.2%
VALR & State Shared	74,390,000	87,038,075	117.0%
Licenses & Permits	6,129,000	6,918,972	112.9%
Charges for Services	11,053,867	14,091,916	127.5%
Other Revenues	7,457,700	9,437,587	126.5%
Indirect Cost Allocation	7,571,086	7,571,086	100.0%
<b>Total</b>	<b>\$ 266,413,053</b>	<b>\$ 315,839,082</b>	<b>118.6%</b>

General Fund Collection History by Category %



#### 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 performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

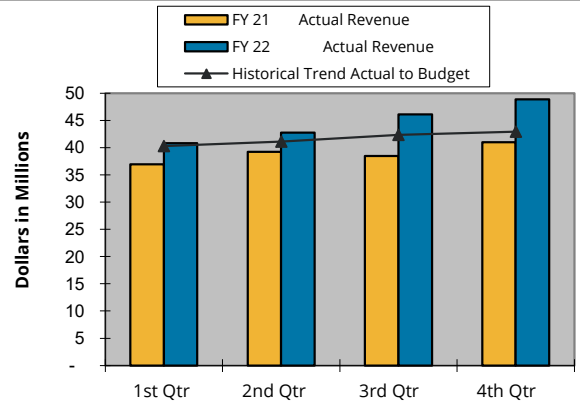
# General Fund

## 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	48,890,208	32.9%	29.0%
<b>Total</b>	<b>\$ 148,378,200</b>	<b>\$ 178,575,967</b>	<b>120.4%</b>	<b>112.4%</b>

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



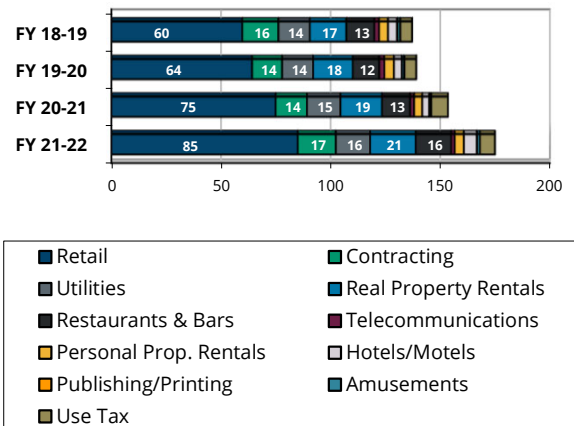
#### Positive

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 \$30.2M (20.4%) above adopted budget and \$22.9M (14.7%) higher than FY 2020-21 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

### 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	\$ 85,001,177	127.2%	13.5%
Contracting	13,620,000	17,310,576	127.1%	21.1%
Utilities	16,000,000	15,693,029	98.1%	3.1%
Real Property Rentals	19,000,000	20,798,190	109.5%	9.6%
Restaurants & Bars	13,000,000	16,186,585	124.5%	26.0%
Telecommunications	2,100,000	1,579,834	75.2%	-12.0%
Personal Prop. Rentals	4,500,000	4,154,766	92.3%	11.4%
Hotels/Motels	4,500,000	5,845,521	129.9%	87.7%
Publishing/Printing/Adv.	180,000	201,544	112.0%	3.0%
Amusements	1,000,000	1,319,845	132.0%	74.9%
Use Tax	6,000,000	6,822,068	113.7%	-10.9%
<b>Total Sales Tax</b>	<b>\$ 146,700,000</b>	<b>\$ 174,913,134</b>	<b>119.2%</b>	<b>14.0%</b>

4 Years Actual Sales Tax by Category  
(in millions)



The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2021-22 were \$28.2M (19.2%) above the adopted budget and \$21.4M (14.0%) higher than FY 2020-21 actual collections. It should be noted that many of the categories are positive, reflecting strong consumer spending and rebounding tourism. Telecommunication collections continue to decline due to the replacement of landlines with cellular phones, and the costs associated with phone access versus data continues a steady decline. Finally, contracting reflects higher amounts of development.

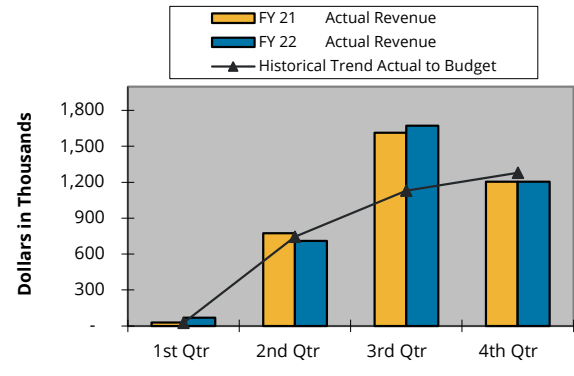
# General Fund

## 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	1,203,166	40.4%	43.0%
<b>Total</b>	<b>\$ 2,980,000</b>	<b>\$ 3,652,812</b>	<b>122.6%</b>	<b>106.8%</b>

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



#### Positive

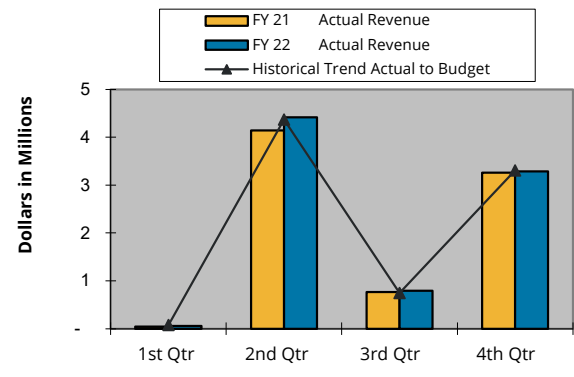
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections for FY 2021-22 are \$672,812 (22.6%) more than the adopted budget and 37,518 (1.0%) more than FY 2020-21 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

### 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	3,286,891	38.9%	39.1%
<b>Total</b>	<b>\$ 8,453,200</b>	<b>\$ 8,552,666</b>	<b>101.2%</b>	<b>100.6%</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 for FY 2021-22 are \$99,466 (1.2%) more than the adopted budget and \$348,114 (4.2%) more than FY 2020-21 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 as actual collections exceeded the amount budgeted at year-end.

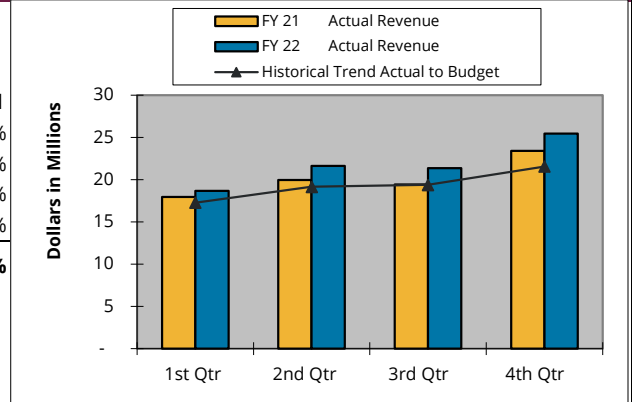
# General Fund

## 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	25,427,721	34.2%	29.0%
<b>Total</b>	<b>\$ 74,390,000</b>	<b>\$ 87,038,075</b>	<b>117.0%</b>	<b>103.9%</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 for FY 2021-22 are \$10M (34.8%) above adopted budget and \$7.8M (25.2%) higher than FY 2020-21 actual collections.

-- **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 for FY 2021-22 were \$125,576 (1.0%) above adopted budget and \$166,732 (1.3%) less than FY 2020-21 actual collections. This category has been impacted by the delays in production of new vehicles for sale.

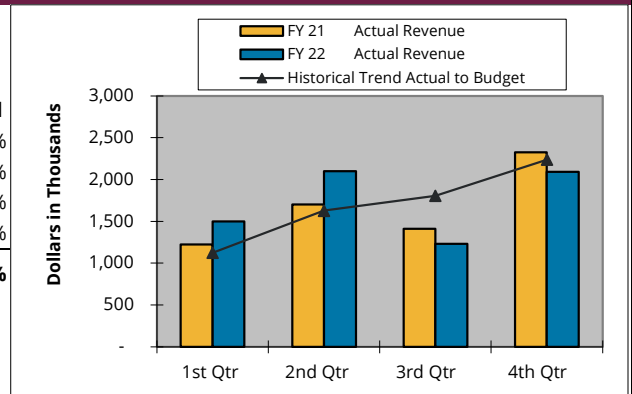
-- **Urban Revenue Sharing:** Fifteen percent (15%) of the 2019 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Collections for FY 2021-22 were \$2.5M (7.5%) above adopted budget and \$1.3M (3.5%) less than FY 2020-21 actual collections.

The overall Voter Authorized Local Revenue and Other State Shared revenue performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

### 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	2,090,879	34.1%	36.5%
<b>Total</b>	<b>\$ 6,129,000</b>	<b>\$ 6,918,972</b>	<b>112.9%</b>	<b>110.8%</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 2021-22 are \$789,972 (12.9%) above adopted budget and \$255,660 (3.8%) above FY 2020-21 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.



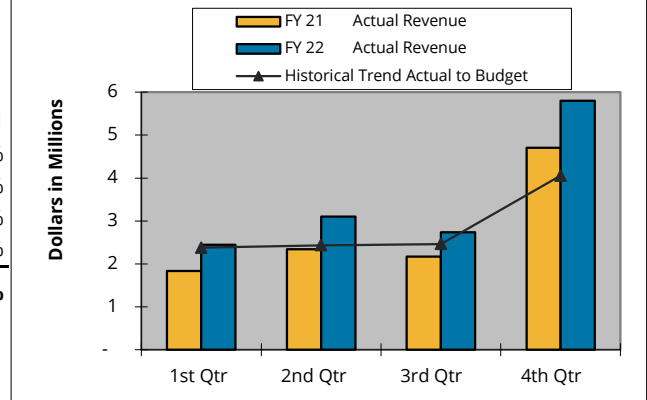
# General Fund

## 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	5,799,312	52.5%	36.6%
<b>Total</b>	<b>\$ 11,053,867</b>	<b>\$ 14,091,916</b>	<b>127.5%</b>	<b>102.4%</b>

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



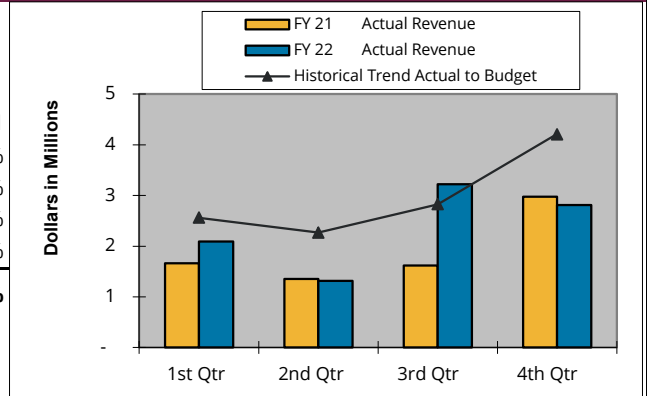
#### Positive

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 for FY 2021-22 were \$3.0M (27.5%) above adopted budget and \$3M (27.4%) more than FY 2020-21 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

### 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	2,813,741	37.7%	56.4%
<b>Total</b>	<b>\$ 7,457,700</b>	<b>\$ 9,437,587</b>	<b>126.5%</b>	<b>159.0%</b>

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



#### Positive

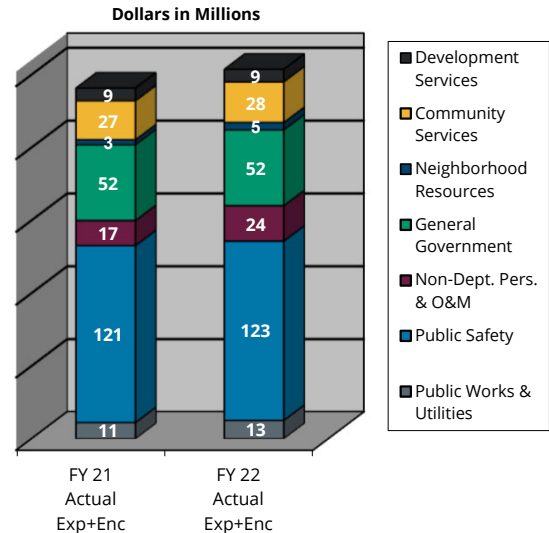
Other revenue captures interest income, fines and forfeitures, court fees, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections for FY 2021-22 are \$2.0M (145.7%) above the adopted budget and \$1.8M (95.6%) more than FY 2020-21 actual collections. 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. The performance indicator is positive because actual collections exceeded the amount budgeted at year-end.

# General Fund

## Expenditure Analysis:

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

	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
<b>* Dept. Operating</b>				
General Government	\$ 59,749,266	\$ 52,025,552	87.1%	91.3%
Community Services	29,796,000	27,881,623	93.6%	94.9%
Development Services	9,924,331	8,612,775	86.8%	91.9%
Public Safety	127,740,619	123,089,558	96.4%	98.0%
Public Works & Utilities	13,561,744	12,579,874	92.8%	94.5%
Neighborhood Resources	9,904,700	5,108,976	51.6%	84.3%
Non-Dept. Pers. & O&M	27,594,105	24,323,268	88.1%	86.0%
<b>Subtotal</b>	<b>\$ 278,270,765</b>	<b>\$ 253,621,626</b>	<b>91.1%</b>	<b>94.6%</b>
Non-Dept. Reserves	\$ 2,759,800	\$ -	0.0%	0.0%
Non-Dept. Contingencies	33,051,237	-	0.0%	0.0%
<b>Total</b>	<b>\$ 314,081,802</b>	<b>\$ 253,621,626</b>	<b>80.8%</b>	<b>92.3%</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.

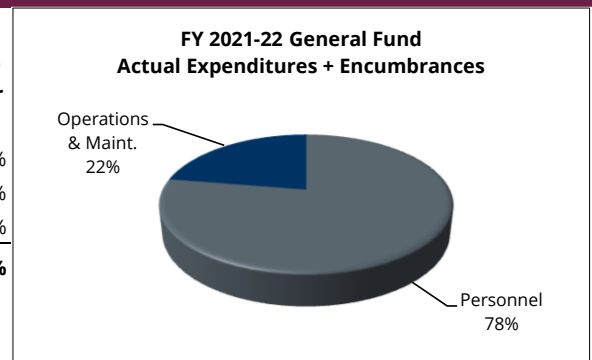
The chart reflects actual spending and encumbrances in FY 2020-21 and FY 2021-22. Non-Dept. Personnel and O&M (maroon category) increase reflects the difference in the amount of the prior year's payment of \$15M towards the Public Safety Personnel Retirement System (PSPRS), to the current year's payment of \$22M. Public Safety's (blue category) increase reflects higher personnel related costs. All other areas remained fairly consistent. The lower overall spending compared to historical trend is due to adding additional one-time funding in General Fund from reallocations of American Rescue Plan Act (ARPA).

FY 2021-22 operating expended and encumbered is 91.1% of the adjusted budget compared to 94.6% of adjusted budget spent and encumbered last fiscal year-end. As shown on the following pages, departments (excluding non-departmental) have expended between 99.5% and 51.6% of their General Fund adjusted budgets for FY 2021-22.

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

*Dept. Operating	FY 22 Adjusted Budget	FY 22 Actual Exp+Enc	FY 21 Actual Exp+Enc	% Change from Prior Yr. Actual
Personnel	\$ 208,741,052	\$ 196,736,500	\$ 191,819,519	2.6%
Operations & Maint.	69,529,713	56,885,126	48,891,745	16.3%
Reserves/Contingencies	35,811,037	-	-	0.0%
<b>Total</b>	<b>\$ 314,081,802</b>	<b>\$ 253,621,626</b>	<b>\$ 240,711,264</b>	<b>5.4%</b>

\* Excluding Interfund Transfers



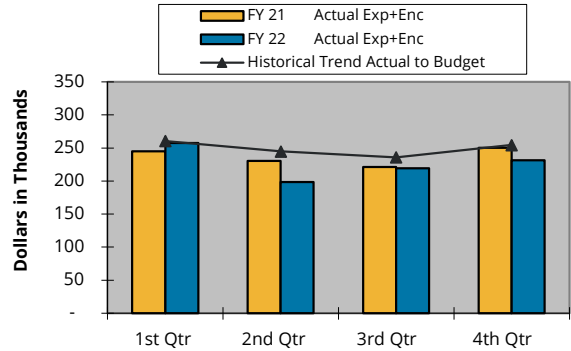
Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending for FY 2021-22 is 2.6% more than spending for FY 2020-21. The majority of the increase is due the \$22M payment to the Public Safety Personnel Retirement System (PSPRS) unfunded liability. Operations and maintenance for FY 2021-22 is 16.3% 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.

# General Fund

## 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	231,225	21.7%	23.9%
<b>Total</b>	<b>\$ 1,066,663</b>	<b>\$ 906,444</b>	<b>85.0%</b>	<b>93.4%</b>



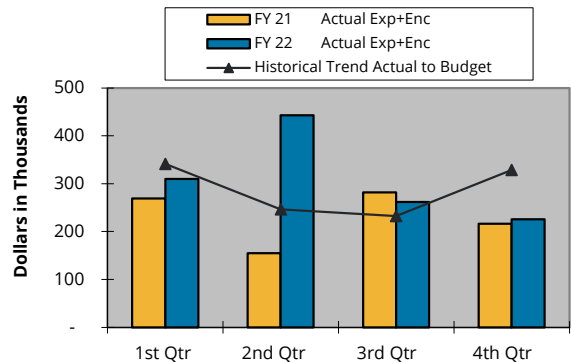
\* Historical Trend represents the average of the past 4 years % of actual to budget

#### Positive

The Mayor and Council division spent 85.0% of their FY 2021-22 adjusted budget and has historically spent 93.4% of their adjusted budget for the fiscal year. Higher spending in the second quarter of FY 2020-21 was the result of personnel related expenses from leave payouts that result when employees depart the City. The current year is trending lower than the 4-year historical trend due to vacancies within the division. The performance indicator is positive as expenses are less than the adjusted budget.

### 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	225,566	17.0%	24.8%
<b>Total</b>	<b>\$ 1,326,170</b>	<b>\$ 1,240,083</b>	<b>93.5%</b>	<b>86.7%</b>



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

#### Positive

The City Clerk spent 93.5% of their FY 2021-22 adjusted budget and has historically spent 86.7% of their adjusted budget for the fiscal year. Higher spending in the second quarter of the FY 2021-22 was the result of the planned Bond Election. The performance indicator is positive as expenses are less than the adjusted budget.

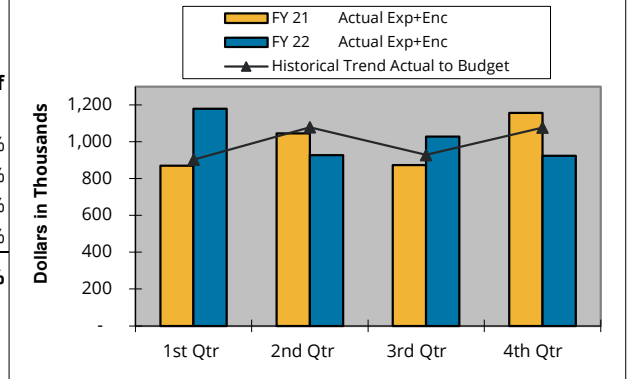
# General Fund

## 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	\$ 923,085	\$ 1,177,995	28.9%	22.1%
2nd Qtr Oct - Dec 21	1,103,715	927,337	22.6%	26.6%
3rd Qtr Jan - Mar 22	949,219	1,026,861	25.3%	22.8%
4th Qtr Apr - Jun 22	1,100,956	923,851	22.7%	26.4%
<b>Total</b>	<b>\$ 4,076,974</b>	<b>\$ 4,056,044</b>	<b>99.5%</b>	<b>97.9%</b>

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



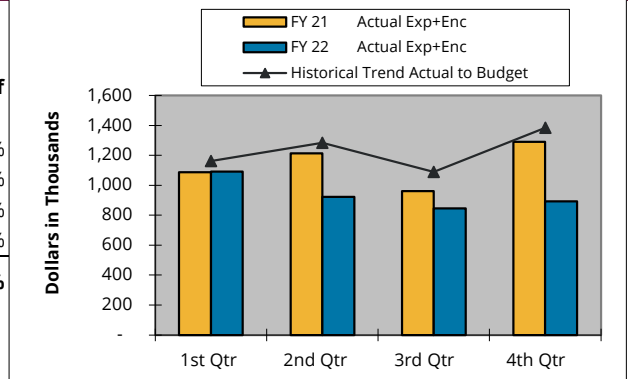
#### Positive

Law spent 99.5% of their FY 2021-22 adjusted budget and has historically spent 97.9% of their adjusted budget for the fiscal year. 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. The performance indicator is positive as expenses are less than the adjusted budget.

### 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	\$ 1,207,078	\$ 1,090,517	21.3%	22.8%
2nd Qtr Oct - Dec 21	1,332,947	922,789	18.1%	25.1%
3rd Qtr Jan - Mar 22	1,130,988	845,058	16.5%	21.3%
4th Qtr Apr - Jun 22	1,438,039	892,386	17.5%	27.1%
<b>Total</b>	<b>\$ 5,109,053</b>	<b>\$ 3,750,750</b>	<b>73.4%</b>	<b>96.3%</b>

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



#### Positive

City Magistrate spent 73.4% of their FY 2021-22 adjusted budget and has historically spent 96.3% of their adjusted budget for the fiscal year. In FY 2021-22 several positions were vacant which relates to the higher expenses for FY 2020-21. The performance indicator is positive as expenses are less than the adjusted budget.

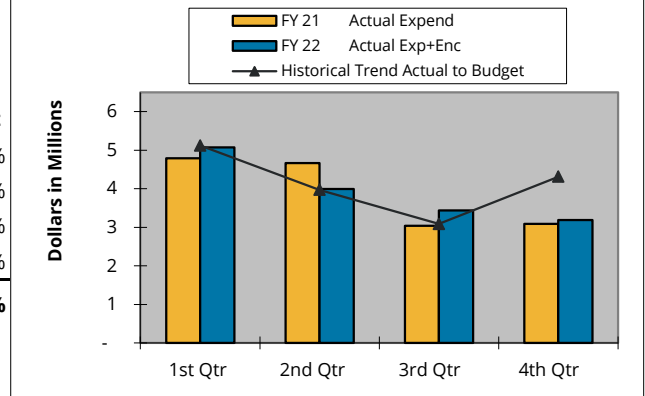
# General Fund

## 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	\$ 5,689,293	\$ 5,072,313	27.7%	28.0%
2nd Qtr Oct - Dec 21	4,413,448	3,998,407	21.8%	21.8%
3rd Qtr Jan - Mar 22	3,425,706	3,438,443	18.9%	16.8%
4th Qtr Apr - Jun 22	4,790,304	3,191,305	17.3%	23.5%
<b>Total</b>	<b>\$ 18,318,750</b>	<b>\$ 15,700,468</b>	<b>85.7%</b>	<b>90.0%</b>

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



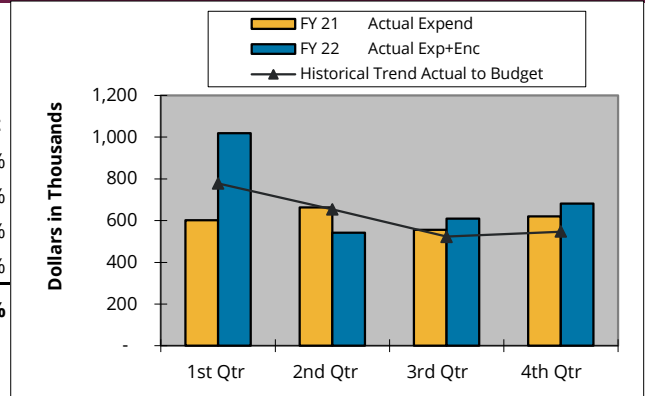
#### Positive

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 85.7% of their FY 2021-22 adjusted budget and have historically spent 90.0% of their adjusted budget through for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget. The historical trend represents 4 years of actuals which include retirement payouts received upon leaving the City.

### 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	681,816	20.3%	16.3%
<b>Total</b>	<b>\$ 3,363,057</b>	<b>\$ 2,850,393</b>	<b>84.8%</b>	<b>74.3%</b>

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



#### Positive

Communications and Public Affairs (CAPA) spent 84.8% of their FY 2021-22 adjusted budget and has historically spent 74.3% of their adjusted budget through for 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 reflected postage and freight expenses. The performance indicator is positive as expenses are less than the adjusted budget.

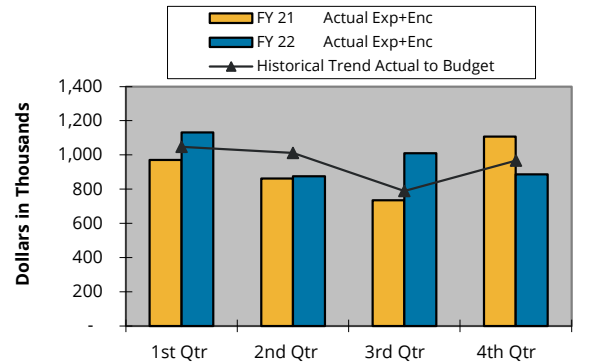
# General Fund

## 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	\$ 1,081,867	\$ 1,130,170	28.2%	26.2%
2nd Qtr Oct - Dec 21	1,081,867	874,253	21.8%	25.3%
3rd Qtr Jan - Mar 22	841,452	1,009,413	25.1%	19.7%
4th Qtr Apr - Jun 22	1,001,729	886,155	22.2%	24.1%
<b>Total</b>	<b>\$ 4,006,915</b>	<b>\$ 3,899,991</b>	<b>97.3%</b>	<b>95.3%</b>

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



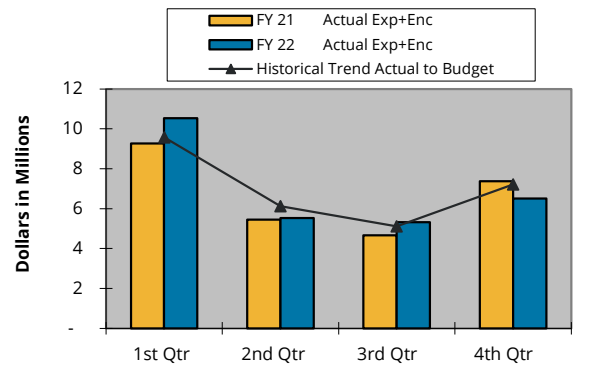
#### Positive

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events. The department spent 97.3% of their FY 2021-22 adjusted budget and has historically spent 95.3% of their adjusted budget for the fiscal year. The majority of the higher spending in the fourth quarter of FY 2020-21 compared to historical trend reflects personnel related expenses. The performance indicator is positive as expenses are less than the adjusted budget.

### 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	6,502,155	21.8%	24.2%
<b>Total</b>	<b>\$ 29,796,000</b>	<b>\$ 27,881,623</b>	<b>93.6%</b>	<b>94.1%</b>

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



#### Positive

Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Maintenance & Operations, Recreation, and Sports & Fitness Facilities. The department spent 93.6% of their FY 2021-22 adjusted budget and has historically spent 94.1% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

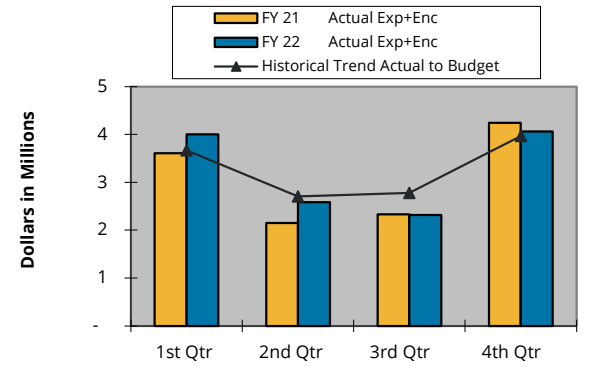
# General Fund

## 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	4,057,775	27.5%	26.9%
<b>Total</b>	<b>\$ 14,755,739</b>	<b>\$ 12,953,109</b>	<b>87.8%</b>	<b>88.8%</b>

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



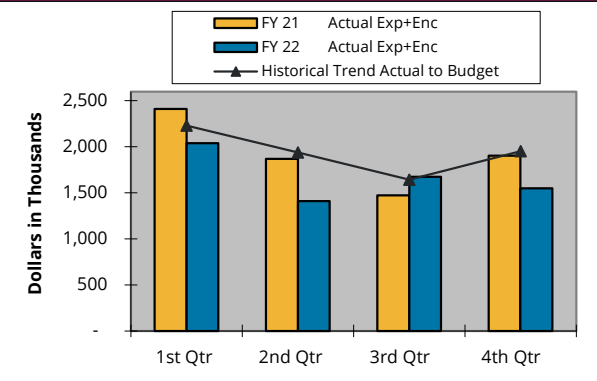
#### Positive

Information Technology spent 87.8% of their FY 2021-22 adjusted budget and has historically spent 88.8% of their adjusted budget for the fiscal year. Higher spending in the first and second quarter of FY 2021-22 compared to historical trend is the result of reclassifications due to department restructuring. The performance indicator is positive as expenses are less than the adjusted budget.

### 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	\$ 2,218,890	\$ 2,039,083	26.4%	28.9%
2nd Qtr Oct - Dec 21	1,929,683	1,408,841	18.2%	25.1%
3rd Qtr Jan - Mar 22	1,634,100	1,672,780	21.7%	21.3%
4th Qtr Apr - Jun 22	1,943,272	1,547,566	20.0%	25.3%
<b>Total</b>	<b>\$ 7,725,945</b>	<b>\$ 6,668,270</b>	<b>86.3%</b>	<b>100.6%</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 86.3% of their FY 2021-22 adjusted budget and have historically spent 100.6% of their adjusted budget for the fiscal year. 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 the Worker's Compensation Fund to pay for the legislative requirement to fund 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. The performance indicator is positive as expenses are less than the adjusted budget.

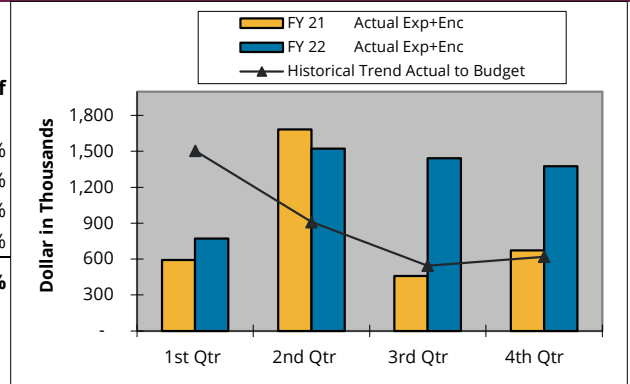
# General Fund

## 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	1,376,292	13.9%	6.2%
<b>Total</b>	<b>\$ 9,904,700</b>	<b>\$ 5,108,976</b>	<b>51.6%</b>	<b>36.2%</b>

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



#### Positive

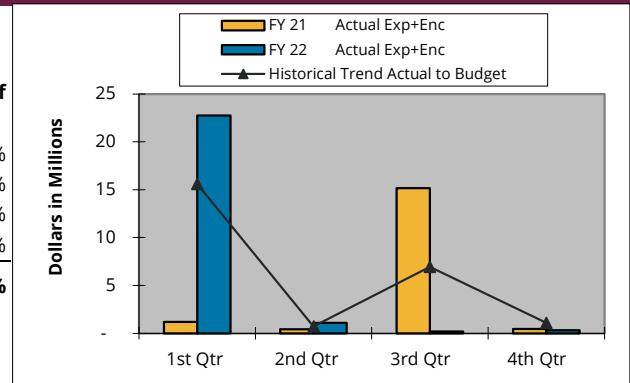
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Community Development, Housing & Redevelopment, and Neighborhood Preservation. The department spent 51.6% of their FY 2021-22 adjusted budget and has historically spent 36.2% of their adjusted budget for the fiscal year. 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. The performance indicator is positive as expenses are less than the adjusted budget, although any ARPA related unencumbered program funds will carryover to FY 2022-23.

### 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	\$ 17,666,008	\$ 22,736,499	82.4%	56.5%
2nd Qtr Oct - Dec 21	818,055	1,081,211	4.0%	2.6%
3rd Qtr Jan - Mar 22	7,864,537	199,894	0.6%	25.1%
4th Qtr Apr - Jun 22	1,245,506	305,664	1.1%	4.0%
<b>Total**</b>	<b>\$ 27,594,105</b>	<b>\$ 24,323,268</b>	<b>88.1%</b>	<b>88.2%</b>

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

\*\* Excludes Reserves and Contingencies



#### Positive

Non-Departmental includes citywide costs that do not belong to a specific department or are infrequent/unusual (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates due to changing one-time needs from year to year. Non-departmental planned spending for FY 2021-22 is 88.1% of the adjusted budget and has historically spent 88.2% of their adjusted budget through for the fiscal year. 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. The performance indicator is positive as expenses are less than the adjusted budget.



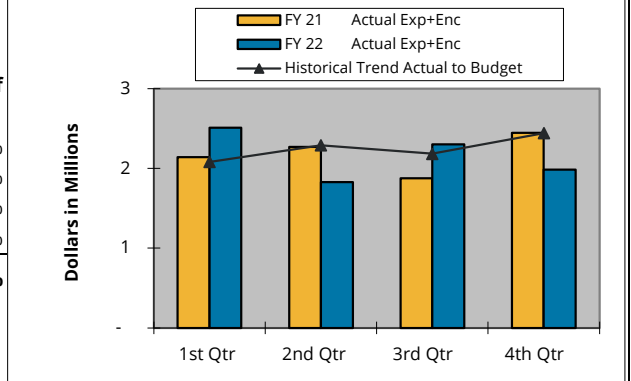
# General Fund

## 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	\$ 2,282,596	\$ 2,506,722	25.3%	21.0%
2nd Qtr Oct - Dec 21	2,481,083	1,824,606	18.4%	23.0%
3rd Qtr Jan - Mar 22	2,381,839	2,298,795	23.1%	22.0%
4th Qtr Apr - Jun 22	2,778,813	1,982,652	20.0%	24.6%
<b>Total</b>	<b>\$ 9,924,331</b>	<b>\$ 8,612,775</b>	<b>86.8%</b>	<b>90.6%</b>

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



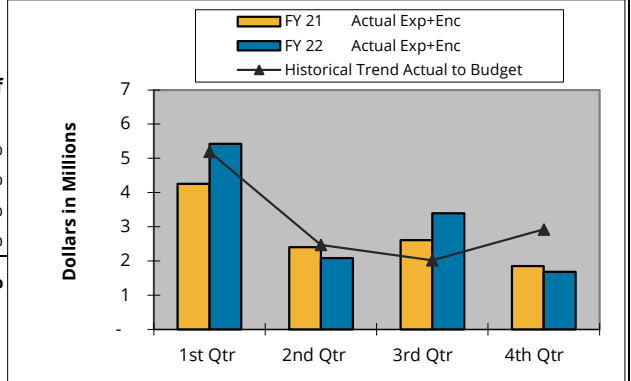
#### Positive

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 86.8% of their FY 2021-22 adjusted budget and has historically spent 90.6% of their adjusted budget for the fiscal year. 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. The performance indicator is positive as expenses are less than the adjusted budget.

### 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	1,683,228	12.4%	21.5%
<b>Total</b>	<b>\$ 13,561,744</b>	<b>\$ 12,579,874</b>	<b>92.8%</b>	<b>92.9%</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 92.8% of their FY 2021-22 adjusted budget and has historically spent 92.9% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2021-22 compared to historical trend is related to asphalt improvements. Higher spending in the third quarter of FY 2021-22 is related to landscape maintenance and retirement payouts. Higher spending was anticipated over the historical trend. The performance indicator is positive as expenses are less than the adjusted budget.

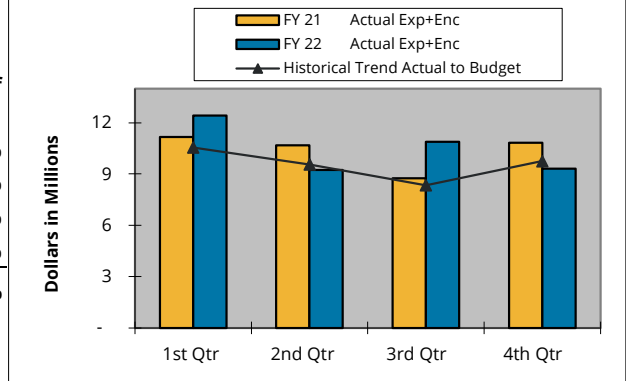
# General Fund

## 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	\$ 11,781,170	\$ 12,416,199	29.5%	25.1%
2nd Qtr Oct - Dec 21	10,518,904	9,232,665	21.9%	22.7%
3rd Qtr Jan - Mar 22	9,256,634	10,878,433	26.0%	19.8%
4th Qtr Apr - Jun 22	10,518,903	9,310,788	22.0%	23.2%
<b>Total</b>	<b>\$ 42,075,612</b>	<b>\$ 41,838,085</b>	<b>99.4%</b>	<b>90.8%</b>

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



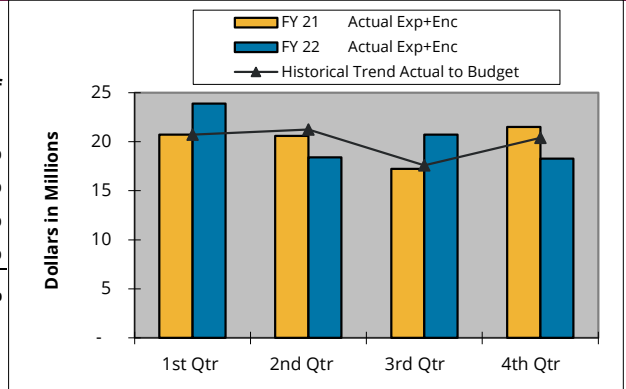
#### Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 99.4% of their FY 2021-22 adjusted budget and has historically spent 90.8% of their adjusted budget for the fiscal year. 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. The performance indicator is positive as expenses are less than the adjusted budget.

### 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	\$ 22,272,902	\$ 23,860,477	27.9%	24.2%
2nd Qtr Oct - Dec 21	23,129,552	18,394,160	21.6%	24.8%
3rd Qtr Jan - Mar 22	18,846,302	20,728,024	24.2%	20.5%
4th Qtr Apr - Jun 22	21,416,252	18,268,812	21.1%	23.8%
<b>Total</b>	<b>\$ 85,665,007</b>	<b>\$ 81,251,473</b>	<b>94.8%</b>	<b>93.3%</b>

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



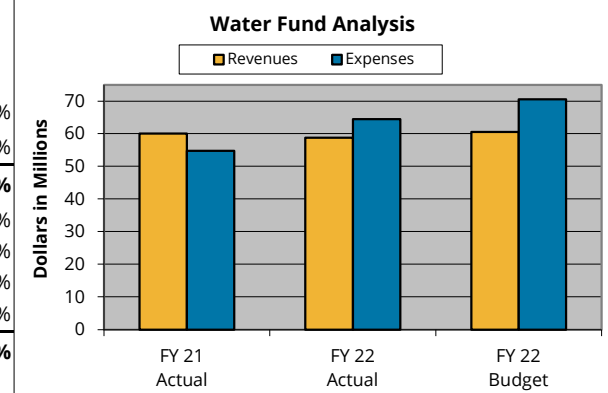
#### Positive

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 94.8% of their FY 2021-22 adjusted budget and has historically spent 93.3% of their adjusted budget for the fiscal year. 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. The performance indicator is positive as expenses are less than the adjusted budget.

## 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	\$ 54,823,563	97%	112%
Transfers In	3,900,000	3,900,000	100%	0%
<b>Total Revenues</b>	<b>\$ 60,470,831</b>	<b>\$ 58,723,563</b>	<b>97%</b>	<b>112%</b>
Operating Expenses	\$ 35,148,303	\$ 33,394,762	95%	99%
Major Capital Expenses	17,003,811	13,552,379	80%	21%
Debt Service	14,663,089	13,861,249	95%	100%
Transfers Out	3,670,562	3,670,562	100%	100%
<b>Total Expenses</b>	<b>\$ 70,485,765</b>	<b>\$ 64,478,952</b>	<b>91%</b>	<b>80%</b>
<b>Net Rev / Exp</b>	<b>\$ (10,014,934)</b>	<b>\$ (5,755,389)</b>		

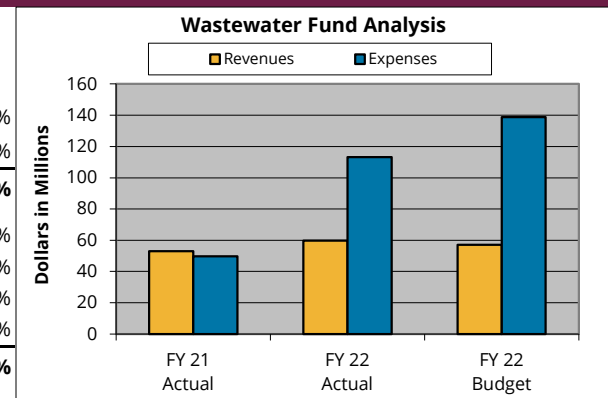
**Positive**

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 planned drawdown to fund balance due to increased pay as you go Capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In of \$3.9M 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** are 97% compared to 112% for FY 2020-21, while **Operating Expenses** are 95% of budget as compared to 99% for FY 2020-21. The performance indicator is positive since the percentage of operating revenues received to date (97%) exceeds the percentage of operating expenses spent to date (95%, including indirect cost allocation), resulting in a lower drawdown of fund balance of \$5.8M vs. \$10M.

## 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	\$ 52,472,372	105%	110%
Transfers In	7,200,000	7,200,000	100%	0%
<b>Total Revenues</b>	<b>\$ 57,172,807</b>	<b>\$ 59,672,372</b>	<b>104%</b>	<b>110%</b>
Operating Expenses	\$ 23,345,940	\$ 21,512,037	92%	87%
Major Capital Expenses	93,793,769	70,712,616	75%	17%
Debt Service	18,945,920	18,438,758	97%	100%
Transfers Out	2,641,264	2,641,264	100%	100%
<b>Total Expenses</b>	<b>\$ 138,726,893</b>	<b>\$ 113,304,675</b>	<b>82%</b>	<b>48%</b>
<b>Net Rev / Exp</b>	<b>\$ (81,554,086)</b>	<b>\$ (53,632,303)</b>		

**Positive**

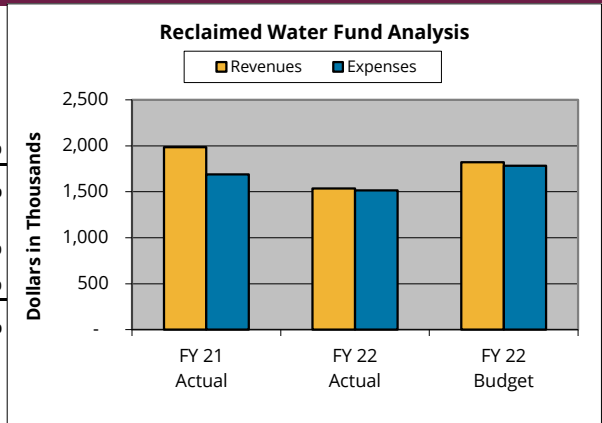
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 an \$81.6M planned drawdown to fund balance due to increased pay as you go Capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In of \$7.2M 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** are 105% of budget compared to 110% for FY 2020-21, while **Operating Expenses** are 92% of budget as compared to 87% for FY 2020-21. The performance indicator is positive since the percentage of operating revenues received to date (105%) exceeds the percentage of operating expenses spent to date (94%, including indirect cost allocation), resulting in a lower drawdown of fund balance of \$53.6M vs. \$81.6M.

## 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	\$ 1,534,198	84%	111%
<b>Total Revenues</b>	<b>\$ 1,821,000</b>	<b>\$ 1,534,198</b>	<b>84%</b>	<b>111%</b>
Operating Expenses	\$ 1,696,599	\$ 1,429,442	84%	83%
Transfers Out	84,662	84,662	100%	100%
<b>Total Expenses</b>	<b>\$ 1,781,261</b>	<b>\$ 1,514,104</b>	<b>85%</b>	<b>84%</b>
<b>Net Rev / Exp</b>	<b>\$ 39,739</b>	<b>\$ 20,094</b>		



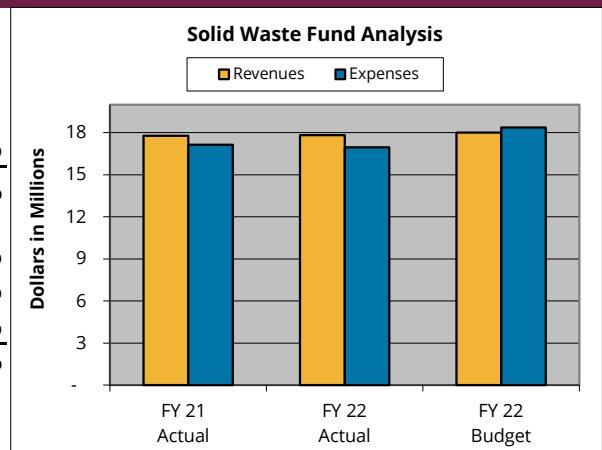
**Positive**

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** are 84% of budget compared to 111% for FY 2020-21, while **Operating Expenses** are 84% of budget as compared to 83% for FY 2020-21. The performance indicator is positive since the percentage of operating revenues received to date (84%) does not exceed operating expenses.

### 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	\$ 17,823,080	99%	102%
<b>Total Revenues</b>	<b>\$ 18,004,000</b>	<b>\$ 17,823,080</b>	<b>99%</b>	<b>102%</b>
Operating Expenses	\$ 16,331,340	\$ 15,455,077	95%	99%
Major Capital Expenses	946,880	413,078	44%	57%
Transfers Out	1,091,752	1,091,752	100%	100%
<b>Total Expenses</b>	<b>\$ 18,369,972</b>	<b>\$ 16,959,907</b>	<b>92%</b>	<b>97%</b>
<b>Net Rev / Exp</b>	<b>\$ (365,972)</b>	<b>\$ 863,173</b>		



**Positive**

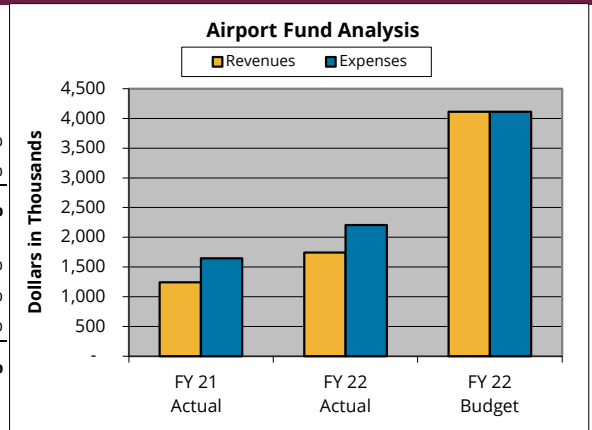
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 planned 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** are 99% of budget compared to 102% for FY 2020-21, while **Operating Expenses** are 95% of budget compared to 99% for FY 2020-21. The performance indicator is positive since the percentage of operating revenues received to date (99%) exceeds the percentage of operating expenses spent to date (95%), resulting in an increase to fund balance vs. a drawdown.

## 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	\$ 899,309	101%	97%
General Fund Subsidy	3,226,213	841,340	26%	14%
<b>Total Revenues</b>	<b>\$ 4,114,113</b>	<b>\$ 1,740,649</b>	<b>42%</b>	<b>44%</b>
Operating Expenses	\$ 1,694,657	\$ 1,143,146	67%	68%
Major Capital Expenses	2,302,866	947,787	41%	42%
Transfers Out	116,590	116,590	100%	100%
<b>Total Expenses</b>	<b>\$ 4,114,113</b>	<b>\$ 2,207,523</b>	<b>54%</b>	<b>58%</b>
<b>Net Rev / Exp</b>	<b>\$ -</b>	<b>\$ (466,874)</b>		

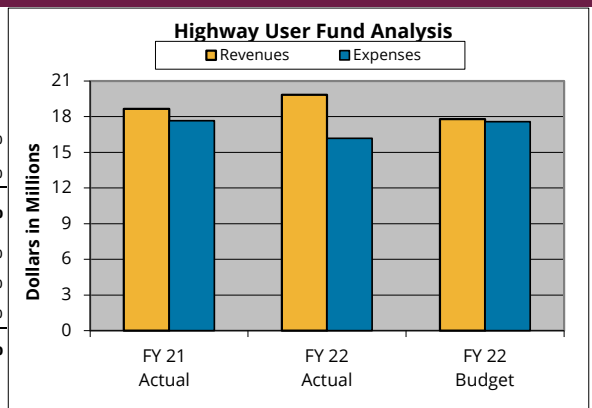
**Positive**

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 of \$3.2M 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** are 101% of budget compared to 97% for FY 2020-21, while year-to-date **Operating Expenses** are 67% of budget compared to 68% for FY 2020-21. The performance indicator is positive since percentage of operating revenues received to date (101%) exceeds the percentage of operating expenses spent to date (67%). The negative Net Revenue/Exp+Enc of \$466,874 is the result of outstanding encumbrances at year-end which are carried into FY 2022-23 along with the unencumbered major capital project appropriation so the projects can continue.

## 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	\$ 19,460,326	112%	110%
Other	415,000	374,821	90%	147%
<b>Total Revenues</b>	<b>\$ 17,788,409</b>	<b>\$ 19,835,147</b>	<b>112%</b>	<b>111%</b>
Operating Expenses	\$ 9,408,043	\$ 8,670,281	92%	90%
Major Capital Expenses	8,057,304	7,386,460	92%	96%
Transfers Out	127,279	127,279	100%	100%
<b>Total Expenses</b>	<b>\$ 17,592,626</b>	<b>\$ 16,184,020</b>	<b>92%</b>	<b>93%</b>
<b>Net Rev / Exp</b>	<b>\$ 195,783</b>	<b>\$ 3,651,127</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.

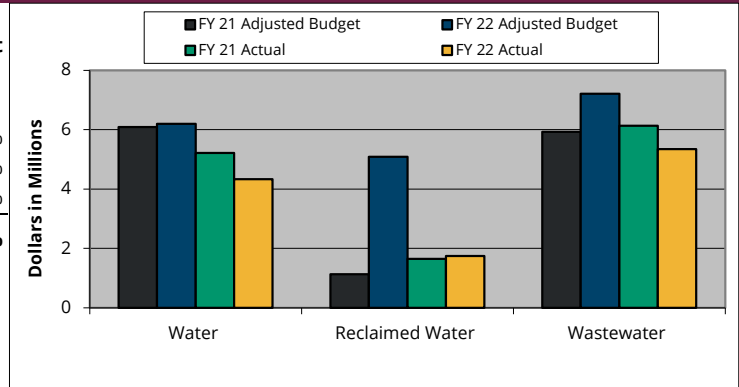
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2021-22 reflects a planned increase of \$195,783 to fund balance. 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** are 112% of budget compared to 110% through for FY 2020-21, while year-to-date **Operating Expenses** are 92% of budget compared to 90% for FY 2020-21. The performance indicator is positive since the percentage of operating revenues received to date (112%) exceeds the percentage of operating expenses (92%) spent to date, resulting in a higher addition to fund balance of \$3.7M vs. \$196K.

## 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	\$ 4,328,253	70%
Reclaimed Water	5,080,500	1,750,864	34%
Wastewater	7,209,500	5,346,151	74%
<b>Total SDF Revenue</b>	<b>\$ 18,478,300</b>	<b>\$ 11,425,268</b>	<b>62%</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.

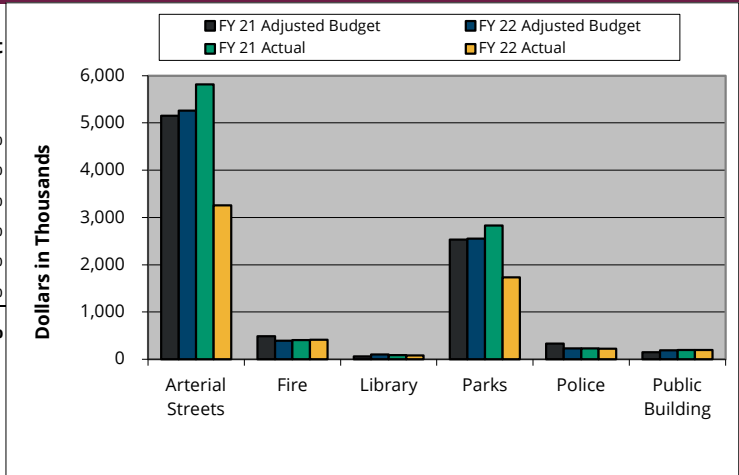


System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2021-22 budget and year-to-date collections compared to the FY 2020-21 budget and year-to-date collections. Collections for FY 2021-22 were 62% of the budget as compared to the prior year's collections of 99% of budget.

### 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	\$ 3,259,445	62%
Fire	395,000	410,794	104%
Library	101,000	84,951	84%
Parks	2,551,200	1,733,018	68%
Police	231,000	226,639	98%
Public Building	187,300	199,443	106%
<b>Total Impact Revenue</b>	<b>\$ 8,728,200</b>	<b>\$ 5,914,290</b>	<b>68%</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.

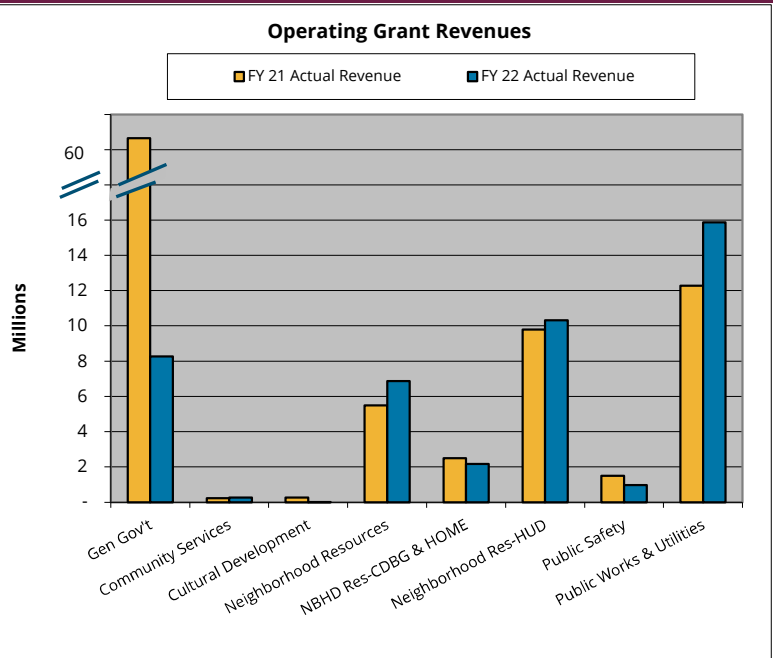


Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2021-22 budget and year-to-date collections for FY 2020-21 budget and year-to-date collections. Collections for FY 2021-22 were 68% of the budget as compared to the prior year's collections of 110% of the budget.

# Other Funds Analysis (continued):

## Grant Funds Analysis FY 2021-22 Comparison

	FY 22 Actual Revenue	FY 21 Actual Revenue
General Government*	\$ 6,993,123	\$ 30,254,071
Community Services	261,998	220,958
Neighborhood Resources	6,705,181	5,488,936
Neighborhood Res. - CDBG & HOME	2,162,066	2,490,263
Neighborhood Res. - HUD	10,315,627	9,796,783
Public Safety	960,163	1,493,390
Public Works & Utilities	-	1,000
<b>Total Operating Grant Revenue</b>	<b>\$ 27,398,158</b>	<b>\$ 49,745,401</b>
General Government*	\$ 1,276,108	\$ 388,235
Cultural Development	13,735	249,256
Neighborhood Res.	159,281	-
Public Works & Utilities	15,868,034	12,272,086
<b>Total Capital Grant Revenue</b>	<b>\$ 17,317,159</b>	<b>\$ 12,909,577</b>
<b>Total Grant Revenue</b>	<b>\$ 44,715,316</b>	<b>\$ 62,654,978</b>



\* Includes Airport, CAPA, City Manager, Development Services, Economic Development, Law, Magistrate, Transportation Policy, and Non-Departmental non-entitlement programs.

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

Actual collections for FY 2021-22 are \$44.7M as compared to \$62.7M collected for FY 2020-21. The revenue received in FY 2020-21 in General Government reflects AZCares and American Recovery Plan Act (ARPA) Funds.