



Informational Memo

Management Services - Memo No. 24-040

Date: November 22, 2023

To: Mayor and Council

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

From: Matt Dunbar, Budget & Policy Assistant Director *WD*

Subject: Fiscal Year (FY) 2023-24 First Quarter Financial Report

Attached is the FY 2023-24 First 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 the end of the first quarter of FY 2023-24 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 2019-20 to FY 2022-23), 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 first quarter, all General Fund revenue performance indicators are showing as positive except Franchise Fees which is a warning and License and Permits and Other Revenues which are negative. This is not uncommon due to timing of revenues between first and second quarter or fluctuations in historical trends. Since the General Fund first quarter reflected overall revenue growth of 9.8% over the prior year collections through September, with 24% of budgeted revenues received compared to the 23.9% historical average, expectations are to end the year in a positive position.

Overall, first quarter General Fund expenditures are at 42.4% of budget expended compared to 38.5% in the prior year. This includes an increased one-time Public Safety Personnel Retirement System (PSPRS) unfunded liability payment of \$73M, which was \$23M more than the prior year payment. Based on known spending expectations, anticipated increases, and additional inflation impacts, expenditures will continue to be monitored throughout the year to remain within budget.

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

Attachment: FY 2023-24 First Quarter Financial Report

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



Management Services

Quarterly Financial Report

1st Qtr FY 2023-24

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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.

Fourth Quarter 2022 (<i>third estimate</i>)	2.6%
First Quarter 2023	2.2%
Second Quarter 2023 (<i>advance estimate</i>)	2.1%
Third Quarter 2023 (<i>advance estimate</i>)	4.9%

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.

February 2, 2023	4.50%-4.75%
March 23, 2023	4.75%-5.00%
May 4, 2023	5.00%-5.25%
July 27, 2023	5.25%-5.50%

Source: Federal Reserve Bank

Unemployment

	National	State of Arizona	Phoenix Metro Area*
Jun-23	3.8%	4.4%	3.9%
Jul-23	3.8%	4.7%	4.2%
Aug-23	3.9%	4.6%	4.0%
Sep-23	3.6%	4.3%	3.8%

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. Current Earning Benchmarks are as follows:

Allspring benchmark is ICE BofA 0-3 year U.S. Treasury Index

PFM's benchmark is ICE BofAML 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 2023-24 Rate of Return	1st Quarter	Fiscal Year
Benchmark	0.94%	0.94%
Allspring Global Investments	1.02%	1.02%
Benchmark	0.23%	0.23%
PFM Asset Management, LLC	0.35%	0.35%
Fiscal Year 2022-23 Rate of Return	1st Quarter	Fiscal Year
Benchmark	-0.79%	-0.79%
Allspring Global Investments	-0.79%	-0.79%
Benchmark	-2.28%	-2.28%
PFM Asset Management, LLC	-1.97%	-1.97%

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 from 115 permits per quarter in FY 2021-22 to 14.5 permits per quarter in FY 2022-23. FY 2020-21 averaged 205 per quarter and FY 2019-20 averaged 170 permits per quarter.

Quarter	State of Arizona	Chandler
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
Jul - Aug - Sep 2022	7,735	11
Oct - Nov - Dec 2022	5,339	12
Jan - Feb - Mar 2023	6,525	11
Apr - May - Jun 2023	8,799	24
Jul - Aug - Sep 2023	9,858	110

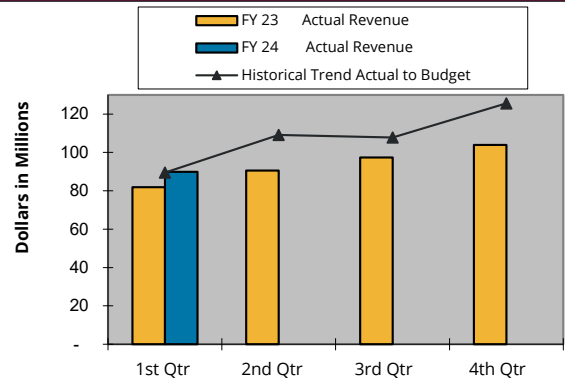
General Fund

Revenue Analysis:

Overall General Fund Revenues FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 83,454,062	\$ 89,865,450	24.0%	23.9%
2nd Qtr	Oct - Dec 23	95,042,145			
3rd Qtr	Jan - Mar 24	93,935,577			
4th Qtr	Apr - Jun 24	109,339,195			
Total		\$ 374,057,282	\$ 89,865,450	24.0%	23.9%

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



Positive

General Fund revenue collections for FY 2023-24 are \$6.4M (7.7%) above the adopted budget and \$8.0M (9.8%) higher than actual collections through the first quarter of FY 2022-23.

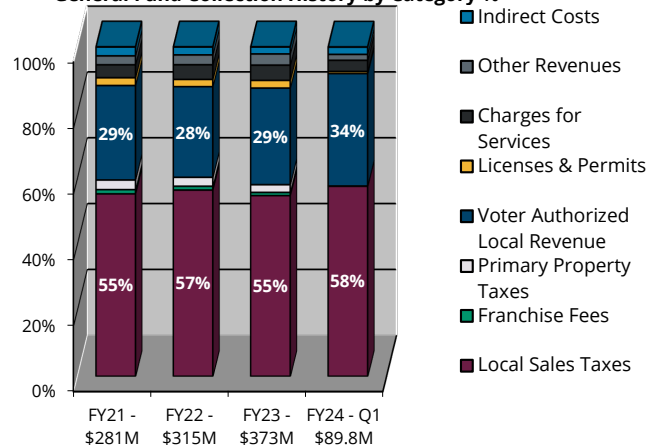
Overall, General Fund revenue, led by continuing strong Sales Tax and Licenses collections, is performing well due to higher local consumer spending including related inflation, and a steady stream of development activity (although slowing in residential housing) in Chandler. The continued \$20B expansion of Intel is the largest development during this time period, continues to cause revenues to come in over budget with in various categories. It is anticipated that once the development is completed, revenues will stabilize in various categories, classifying much of this additional revenue as one-time. The performance indicator is positive as the percentage of budget received through the first 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 2023-24

Revenue Categories	FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 196,858,400	\$ 51,878,813	26.4%
Franchise Fees	3,471,000	(26,103)	-0.8%
Primary Property Tax	8,731,611	53,780	0.6%
State Shared Sales Tax	127,100,000	30,724,399	24.2%
Licenses & Permits	6,864,900	569,574	8.3%
Charges for Services	13,932,139	3,064,866	22.0%
Other Revenues	9,121,050	1,605,574	17.6%
Indirect Cost Allocation	7,978,182	1,994,546	25.0%
Total	\$ 374,057,282	\$ 89,865,450	24.0%

General Fund Collection History by Category %



Positive

This chart summarizes General Fund revenue collections by revenue category for FY 2023-24. The graph helps us visualize what percentage each revenue category is to the total General Fund. The percentage spread of revenue sources are relatively consistent over the years with local sales taxes and State Shared Sales Tax Revenues being the largest General Fund revenue sources. The next several pages provide an analysis of each revenue category except Indirect Cost Allocation (payments by the Water, Wastewater, Reclaimed Water, Solid Waste, and Airport Enterprise Funds to the General Fund for City services provided for their operations). The performance indicator is positive as actual collections continue to come in higher than budget.

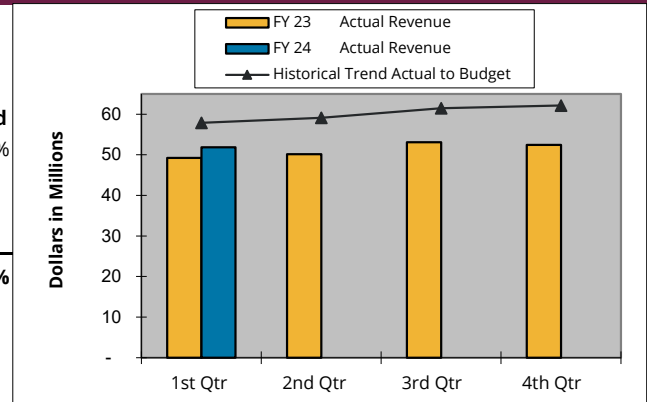
General Fund

Revenue Analysis (continued):

Sales Tax Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 47,367,452	\$ 51,878,813	26.4%	29.4%
2nd Qtr	Oct - Dec 23	48,352,243			
3rd Qtr	Jan - Mar 24	50,286,376			
4th Qtr	Apr - Jun 24	50,852,329			
Total		\$ 196,858,400	\$ 51,878,813	26.4%	29.4%

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

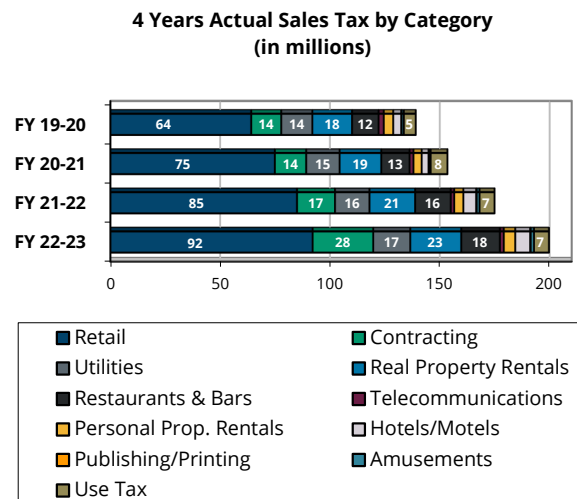


Positive

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for 2023-24 are \$4.5M (9.5%) above adopted budget and \$2.6M (5.3%) higher than 2022-23 actual collections. The performance indicator is a warning as the percentage of budget received through the first quarter is between two to five percentage points below the historical budget received through the same period, however it has been changed to positive due to collections coming in higher than budgeted for the quarter.

Sales Tax Collection History

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr.
Retail/Mfd. Bldg/Jet Fuel	\$	93,000,000	\$ 23,013,477	24.7%	3.8%
Contracting		22,000,000	7,162,295	32.6%	9.9%
Utilities		18,100,000	5,795,966	32.0%	6.6%
Real Property Rentals		23,100,000	5,999,984	26.0%	12.4%
Restaurants & Bars		17,000,000	4,244,209	25.0%	3.3%
Telecommunications		1,550,000	513,774	33.1%	31.5%
Personal Prop. Rentals		5,000,000	1,416,371	28.3%	25.2%
Hotels/Motels		5,700,000	1,064,426	18.7%	-6.3%
Publishing/Printing/Adv.		200,000	47,284	23.6%	-17.2%
Amusements		1,300,000	380,956	29.3%	11.0%
Use Tax		8,000,000	337,395	4.2%	-81.2%
Total Sales Tax	\$	194,950,000	\$ 49,976,138	25.6%	3.2%



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 2023-24 were \$2.9M (6.3%) above the adopted budget and \$1.5M (3.2%) higher than FY 2022-23 actual collections. It should be noted that most of the categories are positive, reflecting higher consumer spending, increased contracting/development collections, and added tourism spending. Use tax is a highly fluctuating revenue category and significant swings in collection percentage are not abnormal.

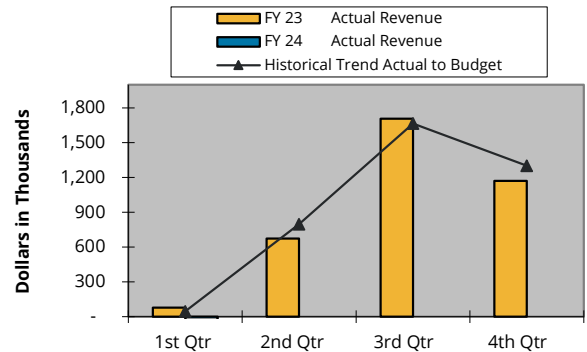
General Fund

Revenue Analysis (continued):

Franchise Fee Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 42,244	\$ (26,103)	-0.8%	1.3%
2nd Qtr	Oct - Dec 23	725,873			
3rd Qtr	Jan - Mar 24	1,517,478			
4th Qtr	Apr - Jun 24	1,185,405			
Total		\$ 3,471,000	\$ (26,103)	-0.8%	1.3%

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



Warning

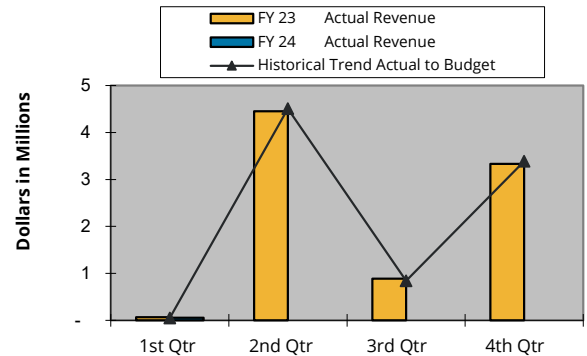
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections through the first quarter of FY 2023-24 are \$68,347 (161.8%) less than the adopted budget and \$103,730 (133.6%) less than FY 2022-23 actual collections through the first quarter. The negative revenue in the first quarter of FY 2023-24 reflects revenues accrued to the prior year when they were earned. The performance indicator is warning as the percentage of budget received through the first quarter is between two to five percentage points below the historical budget received through the same period.

Primary Property Tax Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 51,582	\$ 53,780	0.6%	0.6%
2nd Qtr	Oct - Dec 23	4,476,012			
3rd Qtr	Jan - Mar 24	837,974			
4th Qtr	Apr - Jun 24	3,366,043			
Total		\$ 8,731,611	\$ 53,780	0.6%	0.6%

* 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 2023-24, Chandler is collecting a primary tax rate of \$0.2226 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.0926, representing a \$0.01 cent decrease from the rates adopted in the prior year. This reduction helps offset some of the City's assessed valuation increase of 5.3% (majority was new property), which resulted in a small net tax increase for the median value homeowner.

Primary property tax collections through the first quarter FY 2023-24 are \$2,198 (4.3%) more than the adopted budget and \$14,391 (21.1%) less than FY 2022-23 actual collections through the first 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 first quarter is less than 2% below the historical budget received through the same period.

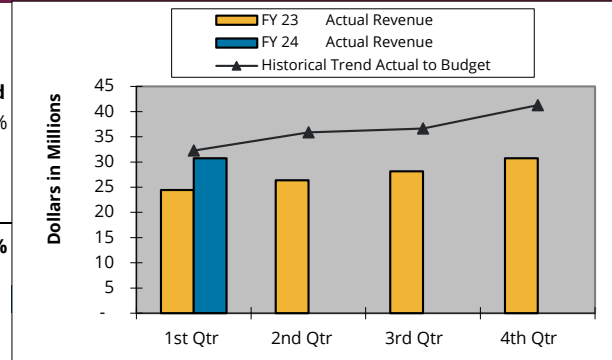
General Fund

Revenue Analysis (continued):

State Shared Sales Tax Revenues FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 28,690,718	\$ 30,724,399	24.2%	25.4%
2nd Qtr	Oct - Dec 23	31,023,378			
3rd Qtr	Jan - Mar 24	31,678,191			
4th Qtr	Apr - Jun 24	35,707,713			
Total		\$ 127,100,000	\$ 30,724,399	24.2%	25.4%

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



Positive

-- **State Shared Sales Tax 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 State Shared Sales Tax Revenue. Collections through the first quarter of FY 2023-24 are \$1.1M (15.3%) above adopted budget and \$316,663 (3.8%) higher than FY 2022-23 actual collections through the first quarter.

-- **Smart and Safe (State Shared Revenue):** Prop 207 was approved by voters in 2020 and created a 16% excise tax on the sale of recreational marijuana effective 2021. Fire and Police departments receive 31.4% of the revenue based on the number of enrolled employees in PSPRS. The tax is distributed December and June of each year. In FY 2022-23, at fiscal year end \$1.5M was recorded.

-- **Public Safety State Allocation (State Shared Revenue):** State Senate Bill 1720 provides for revenues to local public safety jurisdictions of cities and towns, for costs associated with Human Smuggling, Drug trafficking, and other illegal activity. Proceeds are to be distributed to the city quarterly basis. \$562,500 was received in the first 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 first quarter of FY 2023-24 were \$75,194 (2.7%) more than adopted budget and \$81,698 (2.9%) higher than FY 2022-23 actual collections through the first quarter.

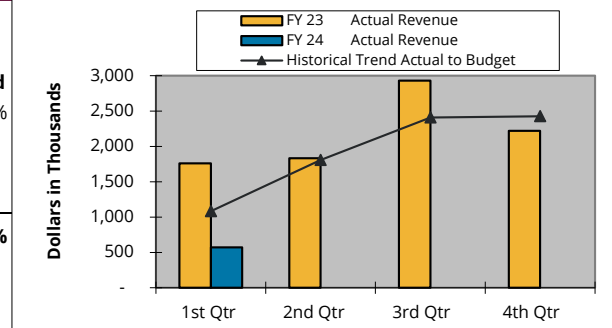
-- **Urban Revenue Sharing:** Eighteen percent (18%) of the 2021 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. A known one-time revenue increase will be reflected this FY as the flat tax will go into full effect over the next two years. Collections through the first quarter of FY 2023-24 were \$242,900 (1.3%) above adopted budget and \$5.3M (40.3%) higher than FY 2022-23 actual collections through the first quarter.

The overall State Shared revenue performance indicator is positive because the percentage of budget received through the first quarter is less than two percentage points below the historical budget received through the first quarter.

Licenses & Permits Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 962,056	\$ 569,574	8.3%	15.8%
2nd Qtr	Oct - Dec 23	1,606,465			
3rd Qtr	Jan - Mar 24	2,140,344			
4th Qtr	Apr - Jun 24	2,156,035			
Total		\$ 6,864,900	\$ 569,574	8.3%	15.8%

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



Negative

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the first quarter of FY 2023-24 are \$392,481 (40.8%) less than adopted budget and \$1.1M (67.6%) less than FY 2022-23 actual collections through the first quarter. Lower collections for the first quarter of FY 2023-24 reflects revenues accrued to the prior year when they were earned. The performance indicator is negative as the percentage of budget received through the first quarter is more than five percentage points below the historical budget received through the same period.

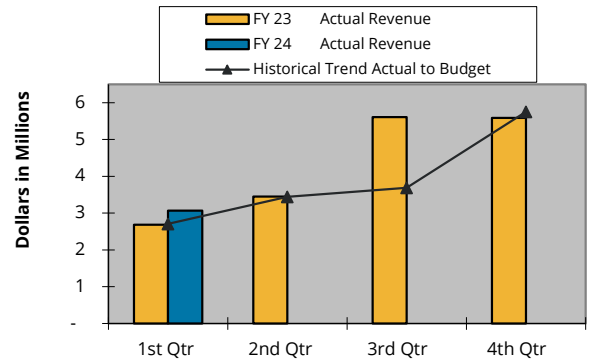
General Fund

Revenue Analysis (continued):

Charges for Services Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 2,420,572	\$ 3,064,866	22.0%	19.4%
2nd Qtr	Oct - Dec 23	3,073,445			
3rd Qtr	Jan - Mar 24	3,295,373			
4th Qtr	Apr - Jun 24	5,142,749			
Total		\$ 13,932,139	\$ 3,064,866	22.0%	19.4%

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



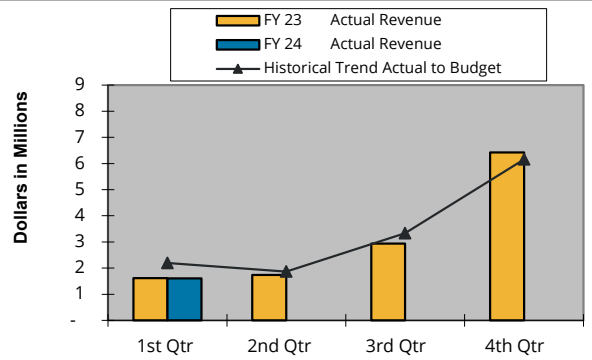
Positive

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 first quarter of FY 2023-24 were \$644,294 (26.6%) above adopted budget and \$379,762 (14.1%) higher than FY 2022-23 actual collections through the first quarter. The performance indicator is positive as the percentage of budget received through the first quarter is higher than the percentage of historical budget received through the same period.

Other Revenue FY 2023-24

		FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 23	\$ 1,924,890	\$ 1,605,574	17.6%	24.1%
2nd Qtr	Oct - Dec 23	1,107,046			
3rd Qtr	Jan - Mar 24	2,093,402			
4th Qtr	Apr - Jun 24	3,995,712			
Total		\$ 9,121,050	\$ 1,605,574	17.6%	24.1%

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



Negative

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 first quarter of FY 2023-24 are \$319,316 (16.6%) less than adopted budget and \$9,043 (0.6%) less than FY 2022-23 actual collections through the first quarter. The performance indicator is negative as the percentage of budget received through the first quarter is more than five percentage points below the historical budget received through the same period, although the expectation is still to be with-in budget by fiscal year end.

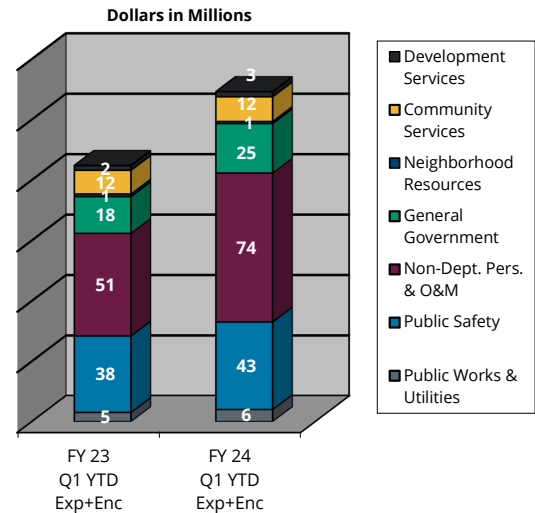
General Fund

Expenditure Analysis:

General Fund Expenditures + Encumbrances for FY 2023-24 by Function

	FY 24 Adjusted Budget	FY 24 Q1 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
* Dept. Operating				
General Government	\$ 76,031,632	\$ 24,520,309	32.3%	27.7%
Community Services	35,913,763	12,221,223	34.0%	35.8%
Development Services	11,432,340	2,577,892	22.5%	22.5%
Public Safety	148,071,464	43,452,002	29.3%	28.3%
Public Works & Utilities	12,282,432	6,006,794	48.9%	38.4%
Neighborhood Resources	10,191,069	1,075,551	10.6%	15.4%
Non-Dept. Pers. & O&M	92,447,397	73,946,094	80.0%	76.1%
Subtotal	\$ 386,370,097	\$ 163,799,865	42.4%	38.5%
Non-Dept. Reserves	\$ 3,430,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	50,687,927	-	0.0%	0.0%
Total	\$ 440,488,024	\$ 163,799,865	37.2%	34.2%

* 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 2022-23 and FY 2023-24. Non-Dept. Personnel and O&M (maroon category) increase reflects the difference in the amount of the prior year's payment of \$50M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability paydown, to the current year's payment of \$73M. Public Safety's (blue category) increase reflects higher personnel related costs. All other areas remained fairly consistent.

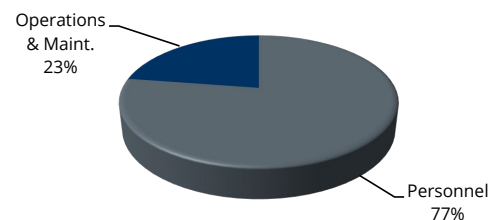
FY 2023-24 operating expended and encumbered through through the first quarter is 42.4% of the adjusted budget compared to 38.5% of adjusted budget spent and encumbered in the prior year. As shown on the following pages, departments (excluding non-departmental) have expended between 10.6% and 48.9% of their General Fund adjusted budgets for FY 2023-24.

General Fund Expenditures + Encumbrances for FY 2023-24 by Category

	FY 24 Adjusted Budget	FY 24 Q1 YTD Exp+Enc	FY 23 Q1 YTD Exp+Enc	% Change from Prior Yr. Actual
*Dept. Operating				
Personnel	\$ 299,753,023	\$ 126,746,641	\$ 99,112,415	27.9%
Operations & Maint.	86,617,074	37,053,224	28,033,664	32.2%
Reserves/Contingencies	54,117,927	-	-	0.0%
Total	\$ 440,488,024	\$ 163,799,865	\$ 127,146,079	28.8%

* Excluding Interfund Transfers

FY 2023-24 General Fund
Actual Expenditures + Encumbrances



Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the first quarter of FY 2023-24 is 27.9% more than spending for FY 2022-23. The majority of the increase is due the \$73M payment to the Public Safety Personnel Retirement System (PSPRS) unfunded liability, versus \$50M in the prior year. Operations and maintenance for FY 2023-24 is 32.2% more than spending for FY 2022-23. Some of the increase reflects higher spending and encumbrances for Fire, IT, and Public Works contracted services.

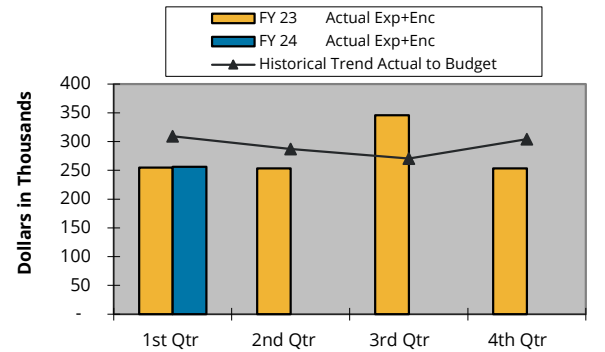
General Fund

Expenditure Analysis (continued / department summaries):

Mayor & Council Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 23	\$	337,713	\$ 256,418	19.7%	23.8%
2nd Qtr Oct - Dec 23		324,725			
3rd Qtr Jan - Mar 24		298,747			
4th Qtr Apr - Jun 24		337,714			
Total	\$	1,298,899	\$ 256,418	19.7%	23.8%

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



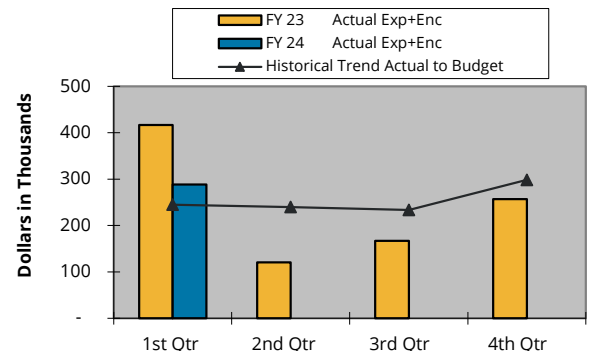
Positive

The Mayor and Council division spent 19.7% of their FY 2023-24 adjusted budget and has historically spent 23.8% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the third quarter of FY 2022-23 reflects a fully staffed department and personnel increases related to the class and compensation study. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

City Clerk Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 23	\$	259,538	\$ 288,178	26.7%	22.7%
2nd Qtr Oct - Dec 23		254,165			
3rd Qtr Jan - Mar 24		247,510			
4th Qtr Apr - Jun 24		316,333			
Total	\$	1,077,546	\$ 288,178	26.7%	22.7%

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



Positive

The City Clerk spent 26.7% of their FY 2023-24 adjusted budget and has historically spent 22.7% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2022-23 was due to the General Election costs. The performance indicator is a warning as expenses through the first quarter are between two to five percentage points of historical budget spent through the first quarter, however this was changed to positive since the expectation is to be within budget by fiscal year end.

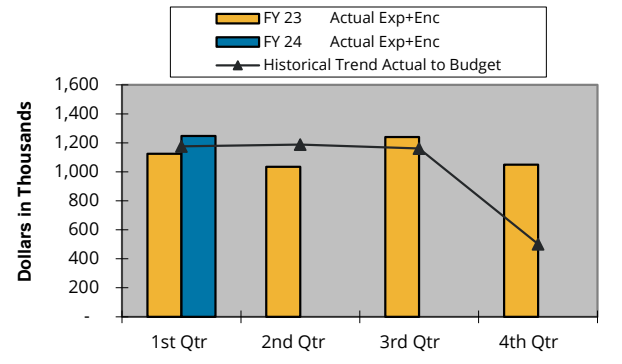
General Fund

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 2023-24 Comparison

		FY 23 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 23	\$	1,404,030	\$ 1,246,641	25.9%	24.5%
2nd Qtr Oct - Dec 23		1,417,565			
3rd Qtr Jan - Mar 24		1,385,009			
4th Qtr Apr - Jun 24		599,116			
Total	\$	4,805,720	\$ 1,246,641	25.9%	24.5%

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



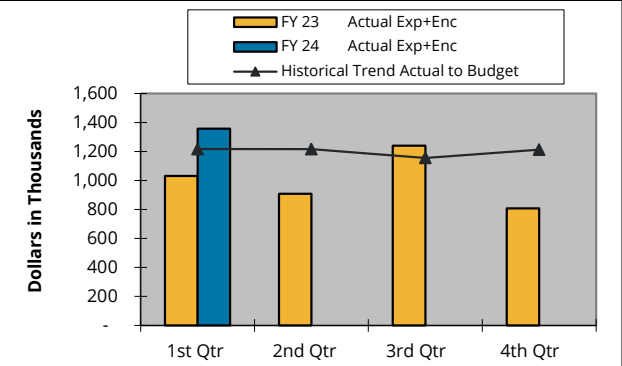
Positive

Law spent 25.9% of their FY 2023-24 adjusted budget and has historically spent 24.5% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the third quarter of FY 2022-23 reflects personnel increases related to the class and compensation study and vacation payouts. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

City Magistrate Expenditure FY 2023-24 Comparison

		FY 23 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr.	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 23	\$	1,424,271	\$ 1,356,538	24.1%	21.7%
2nd Qtr Oct - Dec 23		1,422,643			
3rd Qtr Jan - Mar 24		1,351,814			
4th Qtr Apr - Jun 24		1,418,985			
Total	\$	5,617,712	\$ 1,356,538	24.1%	21.7%

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



Positive

City Magistrate spent 24.1% of their FY 2023-24 adjusted budget and has historically spent 21.7% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the third quarter of FY 2022-23 compared to historical trend reflects personnel increases related to the class and compensation study and vacation payouts. Higher spending in the first quarter of FY 2023-24 reflects encumbrances recorded at the beginning of the year for court security and temporary staff. The performance indicator is warning as expenses through the first quarter is between two to five percentage points of historical budget spent through the first quarter, however it has been changed to positive as expenses are expected to even out by fiscal year end.

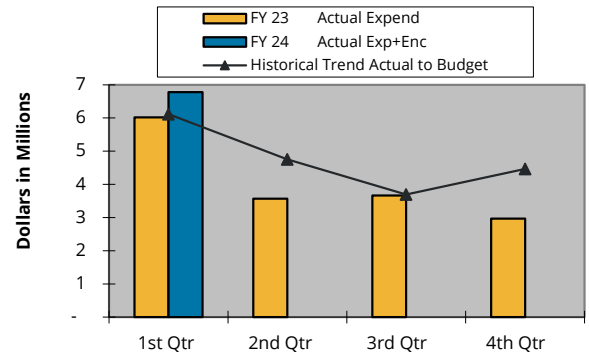
General Fund

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 6,926,667	\$ 6,779,403	31.5%	28.4%
2nd Qtr	Oct - Dec 23	5,384,370			
3rd Qtr	Jan - Mar 24	4,183,019			
4th Qtr	Apr - Jun 24	5,056,917			
Total		\$ 21,550,974	\$ 6,779,403	31.5%	28.4%

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



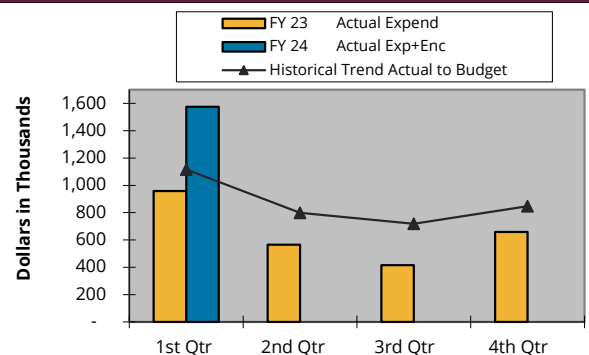
Positive

City Manager & Organizational Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Diversity, Equity, & Inclusion, Economic Development, Fleet Services, Human Resources, Transportation Policy, as well as Cultural Development which is shown separately. As of FY 2022-23, a reorganization occurred transferring the Community Development Cost Center, which was renamed to Diversity, Equity, & Inclusion (DEI) to City Manager & Organizational Support. Combined, these divisions spent 31.5% of their FY 2023-24 adjusted budget and have historically spent 28.4% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 reflects encumbrances recorded at the beginning of the year for contract services, machinery and equipment, and buildings maintenance as well as increased utility expenses. The performance indicator is warning as expenses through the first quarter is between two to five percentage points of historical budget spent through the first quarter, however it has been changed to positive as expenses are expected to even out by fiscal year end.

Communications & Public Affairs Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 1,362,465	\$ 1,574,176	37.1%	26.3%
2nd Qtr	Oct - Dec 23	975,095			
3rd Qtr	Jan - Mar 24	876,840			
4th Qtr	Apr - Jun 24	1,033,937			
Total		\$ 4,248,337	\$ 1,574,176	37.1%	26.3%

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



Positive

Communications and Public Affairs (CAPA) spent 37.1% of their FY 2023-24 adjusted budget and have historically spent 26.3% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 was for planned one-time expenses for marketing/promotional and talent recruitment campaigns. This resulted in a negative performance indicator as expenses through the first quarter is between more than five percentage points of historical budget spent through the first quarter, however it has been changed to positive as expenses are expected to even out by fiscal year end.

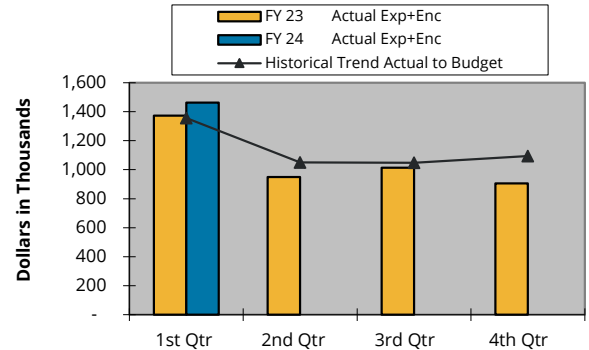
General Fund

Expenditure Analysis (continued / department summaries):

Cultural Development Expenditure 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 1,430,061	\$ 1,462,261	30.7%	28.5%
2nd Qtr	Oct - Dec 23	1,096,379			
3rd Qtr	Jan - Mar 24	1,096,379			
4th Qtr	Apr - Jun 24	1,144,048			
Total		\$ 4,766,867	\$ 1,462,261	30.7%	28.5%

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



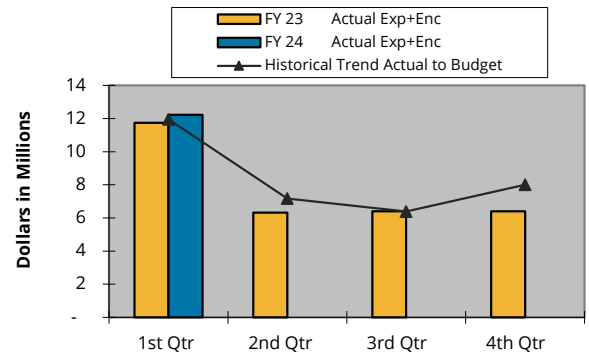
Positive

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events, and is considered part of City Manager, Organizational Support. The department spent 30.7% of their FY 2023-24 adjusted budget and have historically spent 28.5% of their adjusted budget through the first quarter of the fiscal year. The performance indicator is warning as expenses through the first quarter is between two to five percentage points of historical budget spent through the first quarter, however it has been changed to positive as expenses are expected to even out by fiscal year end.

Community Services Expenditure 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 12,928,955	\$ 12,221,223	34.0%	33.3%
2nd Qtr	Oct - Dec 23	7,541,890			
3rd Qtr	Jan - Mar 24	6,823,615			
4th Qtr	Apr - Jun 24	8,619,303			
Total		\$ 35,913,763	\$ 12,221,223	34.0%	33.3%

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



Positive

Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Maintenance & Operations, Recreation, and Sports & Fitness Facilities. The department spent 34.0% of their FY 2023-24 adjusted budget and have historically spent 33.3% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

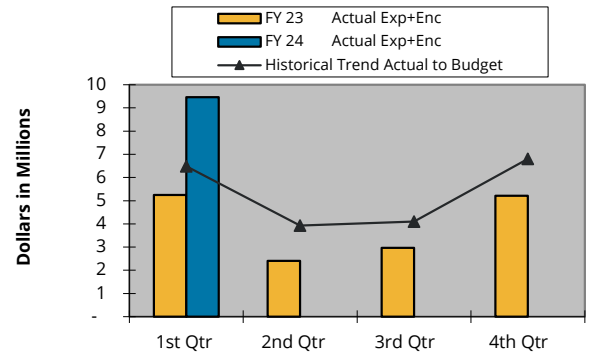
General Fund

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 23	\$	7,245,520	\$ 9,465,709	39.2%	26.9%
2nd Qtr Oct - Dec 23		4,347,312			
3rd Qtr Jan - Mar 24		4,588,829			
4th Qtr Apr - Jun 24		7,970,072			
Total	\$	24,151,733	\$ 9,465,709	39.2%	26.9%

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



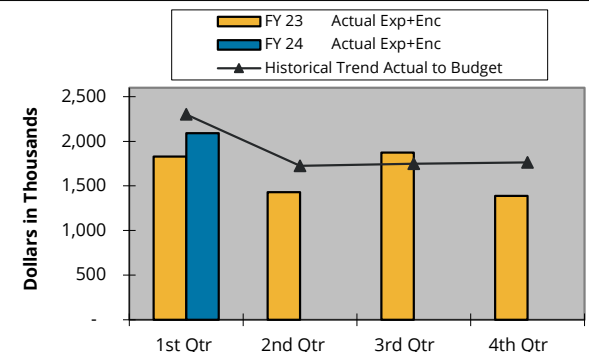
Positive

Information Technology spent 39.2% of their FY 2023-24 adjusted budget and have historically spent 26.9% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 is related to planned increased contracted services dedicated to various projects, which was not typical in the first quarter of the historical trend. This resulted in a negative performance indicator, however it has been changed to positive with the expectation to be within budget by fiscal year end.

Management Services Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 23	\$	2,598,680	\$ 2,090,985	24.6%	27.0%
2nd Qtr Oct - Dec 23		1,948,364			
3rd Qtr Jan - Mar 24		1,974,885			
4th Qtr Apr - Jun 24		1,991,915			
Total	\$	8,513,844	\$ 2,090,985	24.6%	27.0%

* 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 24.6% of their FY 2023-24 adjusted budget and have historically spent 27.0% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

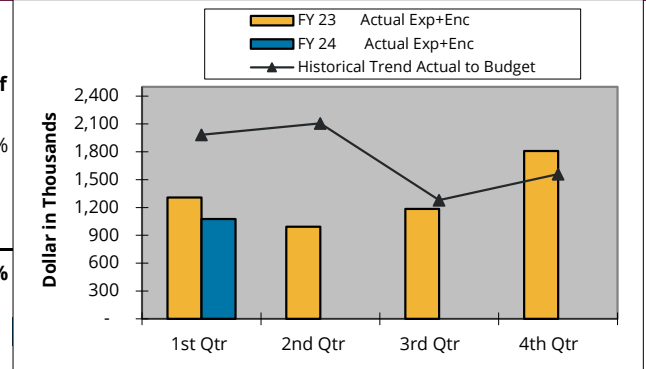
General Fund

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 23	\$	2,955,410	\$ 1,075,551	10.6%	19.5%
2nd Qtr Oct - Dec 23		3,057,321			
3rd Qtr Jan - Mar 24		1,834,392			
4th Qtr Apr - Jun 24		2,343,946			
Total	\$	10,191,069	\$ 1,075,551	10.6%	19.5%

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



Positive

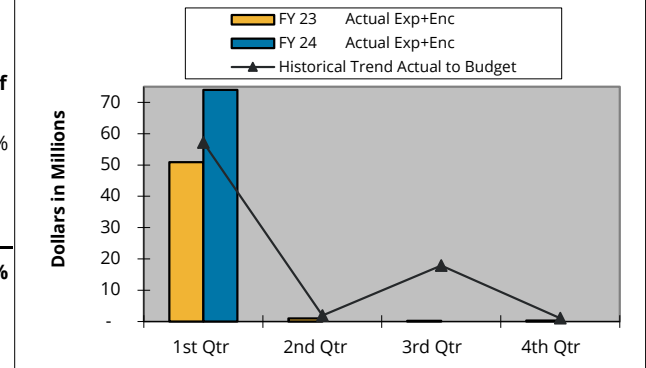
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, and Neighborhood Preservation. As of FY 2022-23, a reorganization occurred transferring the Community Development cost center to City Manager & Organizational Support. Historical spending for Community Development remains with Neighborhood Resources. The department spent 10.6% of their FY 2023-24 adjusted budget and have historically spent 19.5% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Non-Departmental Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 23	\$	67,737,309	\$ 73,946,094	80.0%	61.9%
2nd Qtr Oct - Dec 23		2,262,124			
3rd Qtr Jan - Mar 24		21,210,418			
4th Qtr Apr - Jun 24		1,237,546			
Total**	\$	92,447,397	\$ 73,946,094	80.0%	61.9%

* 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 2023-24 is 80.0% of the adjusted budget and has historically spent 61.9% of the adjusted budget for the fiscal year. Higher spending compared to the historical trend in the first quarter of FY 2022-23 and FY 2023-24 is due to the payments towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability. The majority of the increase in the first quarter of FY 2023-24 reflects a planned increased payment amount of \$73M, which was \$23M more than the prior year. This results in a negative performance indicator, however it has been changed to positive as the remaining expenses will even out by fiscal year end.

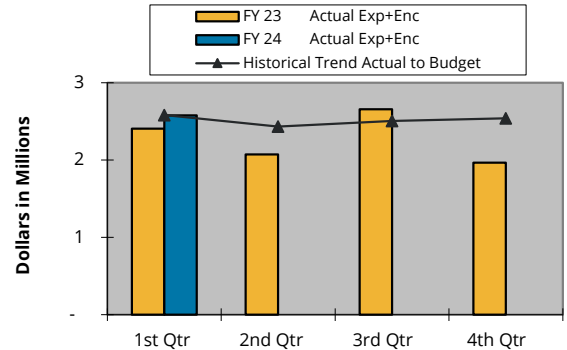
General Fund

Expenditure Analysis (continued / department summaries):

Development Services Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 2,972,408	\$ 2,577,892	22.5%	22.6%
2nd Qtr	Oct - Dec 23	2,743,762			
3rd Qtr	Jan - Mar 24	2,858,085			
4th Qtr	Apr - Jun 24	2,858,085			
Total		\$ 11,432,340	\$ 2,577,892	22.5%	22.6%

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



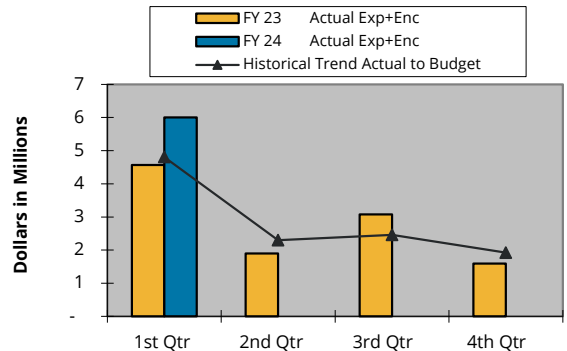
Positive

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 in FY 2021-22, and this reorganization is not reflected in the historical trend. The department spent 22.5% of their FY 2023-24 adjusted budget and have historically spent 22.6% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Public Works & Utilities Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 5,527,094	\$ 6,006,794	48.9%	39.1%
2nd Qtr	Oct - Dec 23	2,579,311			
3rd Qtr	Jan - Mar 24	2,824,959			
4th Qtr	Apr - Jun 24	1,351,068			
Total		\$ 12,282,432	\$ 6,006,794	48.9%	39.1%

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



Positive

Public Works & Utilities includes the following divisions budgeted in the General Fund: Administration, Capital Projects, Traffic Engineering, Streets, and Street Sweeping. The Transportation Engineering Division moved from Public Works and Utilities in FY 2021-22. This reorganization is not reflected in the historical trend. The department spent 48.9% of their FY 2023-24 adjusted budget and have historically spent 39.1% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 reflects an encumbrance recorded at the beginning of the year for landscape maintenance contracts. This resulted in a negative performance indicator, however it has been changed to positive with the expectation to be within budget by fiscal year end.

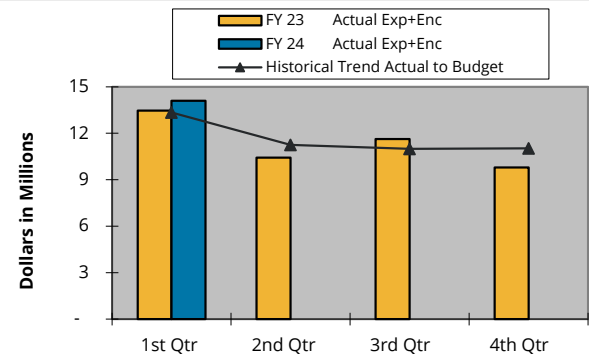
General Fund

Expenditure Analysis (continued / department summaries):

Fire Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 13,705,101	\$ 14,097,044	29.8%	28.2%
2nd Qtr	Oct - Dec 23	11,342,154			
3rd Qtr	Jan - Mar 24	11,342,154			
4th Qtr	Apr - Jun 24	10,869,564			
Total		\$ 47,258,973	\$ 14,097,044	29.8%	28.2%

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



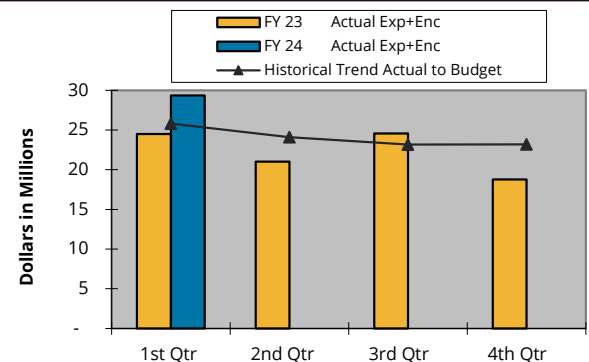
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 29.8% of their FY 2023-24 adjusted budget and have historically spent 28.2% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Police Expenditure FY 2023-24 Comparison

		FY 24 Adjusted Budget	FY 24 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 27,219,372	\$ 29,354,958	29.1%	25.6%
2nd Qtr	Oct - Dec 23	25,203,123			
3rd Qtr	Jan - Mar 24	24,194,998			
4th Qtr	Apr - Jun 24	24,194,998			
Total		\$ 100,812,491	\$ 29,354,958	29.1%	25.6%

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



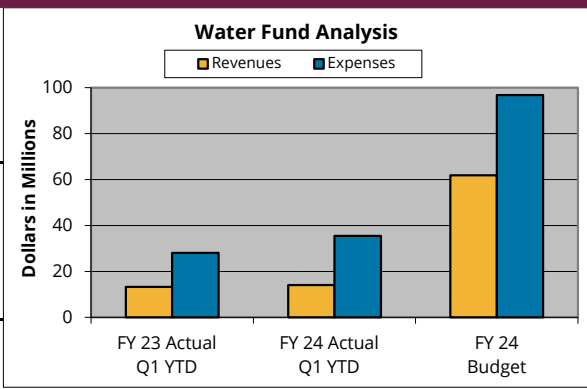
Positive

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 29.1% of their FY 2023-24 adjusted budget and have historically spent 25.6% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2023-24 reflects encumbrances recorded at the beginning of the year for for detention services and for repair and maintenance of equipment, as well as an increase in operating supplies and personnel related expenses. The performance indicator is warning as expenses through the first quarter is between two to five percentage points of historical budget spent through the first quarter, however it has been changed to positive as expenses are expected to even out by fiscal year end.

Enterprise Fund Analysis:

Water Fund Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Water Fund				
Revenues	\$ 55,655,073	\$ 14,088,694	25%	23%
Transfers In	6,162,168	-	0%	0%
Total Revenues	\$ 61,817,241	\$ 14,088,694	23%	23%
Operating Expenses	\$ 42,540,202	\$ 22,072,027	52%	40%
Major Capital Expenses	32,562,942	10,120,144	31%	40%
Debt Service	15,749,298	1,532,763	10%	0%
Transfers Out	5,874,358	1,673,186	28%	22%
Total Expenses	\$ 96,726,800	\$ 35,398,119	37%	33%
Net Rev / Exp	\$ (34,909,559)	\$ (21,309,425)		



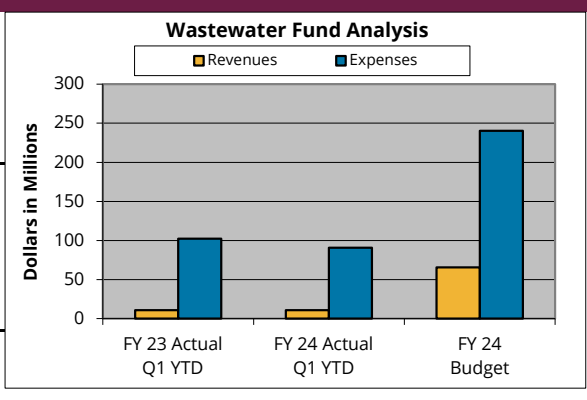
Positive

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 2023-24 reflects a \$34.9M 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 totaling \$6,162,168 includes \$4,773,368 for System Development Fee (SDF) loan paybacks and \$1,388,800 from Reclaimed Water to pay towards related capital costs. The budgeted Transfers Out totaling \$5,874,358 includes indirect cost allocation to the General Fund of \$3,781,500, payment of \$214,501 to the Technology Replacement Fund, payment of \$500,000 to the Insured Liability Self-Insurance Fund, payment of \$31,288 to the Workers' Compensation Self-Insurance Trust, and a payment of \$21,953 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$1,325,116 to the Reclaimed Water Fund (reflects benefit received). Year-to-date **Operating Revenues** through the first quarter are 25% compared to 23% for FY 2022-23, while **Operating Expenses** through the first quarter are 52% compared to 40% for FY 2022-23. The first quarter of the fiscal year includes large encumbrances (\$8.5M) 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.

Wastewater Fund Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Wastewater Fund				
Revenues	\$ 54,216,700	\$ 10,685,662	20%	20%
Transfers In	11,200,392	-	0%	0%
Total Revenues	\$ 65,417,092	\$ 10,685,662	16%	17%
Operating Expenses	\$ 25,658,401	\$ 12,197,170	48%	55%
Major Capital Expenses	192,239,070	74,803,618	39%	44%
Debt Service	18,429,783	2,975,363	16%	0%
Transfers Out	3,873,314	744,497	19%	21%
Total Expenses	\$ 240,200,568	\$ 90,720,648	38%	42%
Net Rev / Exp	\$ (174,783,476)	\$ (80,034,986)		



Positive

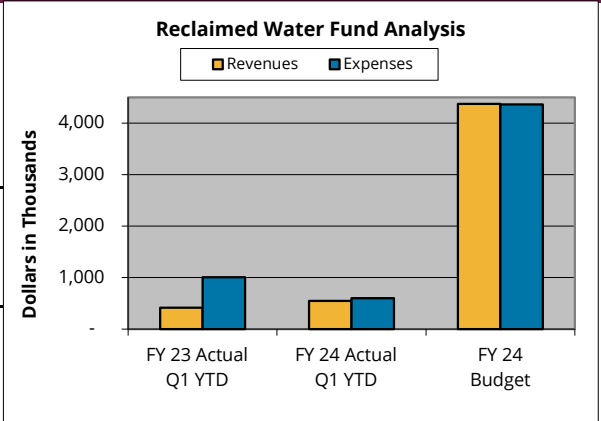
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 2023-24 reflects an \$174M planned drawdown (includes unspent capital carryforward from prior years) 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 totaling \$11,200,392 includes \$10M for System Development Fee (SDF) loan paybacks and \$1,200,392 from Reclaimed Water towards related capital costs. The budgeted Transfers Out totaling \$3,873,314 includes indirect cost allocation to the General Fund of \$2,362,100, payment of \$143,264 to the Technology Replacement Fund, payment of \$20,881 to the Workers' Compensation Self-Insurance Trust, and a payment of \$21,953 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$1,325,116 to the Reclaimed Water Fund (reflects benefits received). Year-to-date **Operating Revenues** through the first quarter are 20% compared to 20% for FY 2022-23, while **Operating Expenses** through the first quarter are 48% compared to 55% for FY 2022-23. The first quarter of the fiscal year includes large encumbrances (\$4.9M) 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.

Enterprise Fund Analysis (continued):

Reclaimed Water Fund Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Reclaimed Water				
Revenues	\$ 1,725,500	\$ 548,438	32%	27%
Transfers In	2,650,232	-	0%	0%
Total Revenues	\$ 4,375,732	\$ 548,438	13%	10%
Operating Expenses	\$ 1,644,173	\$ 565,641	34%	58%
Transfers Out	2,716,946	34,241	1%	1%
Total Expenses	\$ 4,361,119	\$ 599,882	14%	23%
Net Rev / Exp	\$ 14,613	\$ (51,444)		

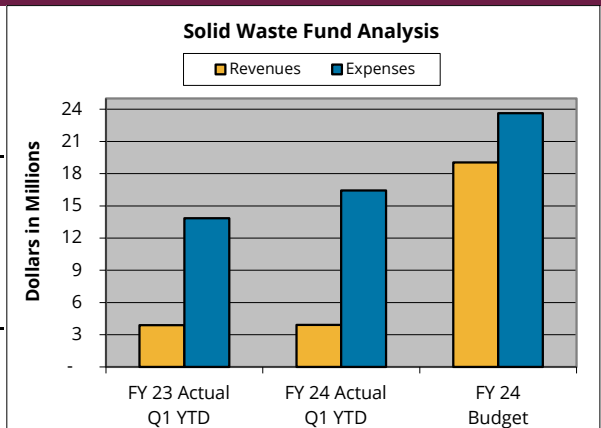
**Positive**

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 and now a portion of related capital costs. The Net Revenue/Expense for the FY 2023-24 budget reflects an increase to fund balance. The budgeted Transfers In totaling \$2,620,232 includes subsidies from Water and Wastewater Funds of \$1,310,116 each to reflect the benefit each fund receives by reclaiming water. The budgeted Transfers Out totaling \$2,716,946 include an indirect cost allocation to the General Fund of \$123,800, payment of \$3,070 to the Technology Replacement Fund, and \$844 to the Workers' Compensation Self-Insurance Trust, as well as a payment of \$1,388,800 to the Water Fund and \$1,200,392 to the Wastewater Fund to reflect contributions to reclaimed capital costs. Year-to-date **Operating Revenues** through the first quarter are 32% of budget compared to 27% for FY 2022-23, while **Operating Expenses** through the first quarter are 34% of budget as compared to 58% for FY 2022-23. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Solid Waste Fund Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Solid Waste				
Revenues	\$ 19,039,994	\$ 3,908,590	21%	21%
Total Revenues	\$ 19,039,994	\$ 3,908,590	21%	21%
Operating Expenses	\$ 19,407,284	\$ 15,894,475	82%	78%
Major Capital Expenses	3,153,163	229,219	7%	10%
Transfers Out	1,068,549	318,126	30%	30%
Total Expenses	\$ 23,628,996	\$ 16,441,820	70%	69%
Net Rev / Exp	\$ (4,589,002)	\$ (12,533,230)		

**Positive**

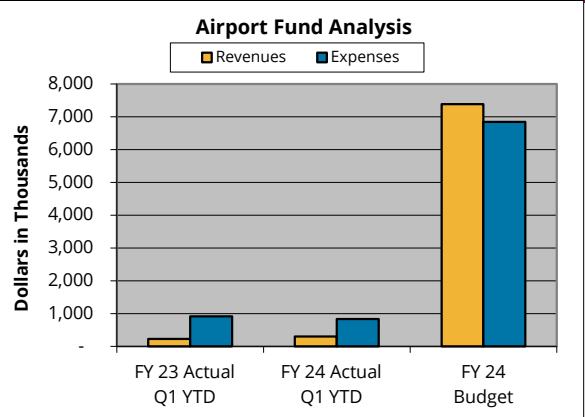
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2023-24 reflects a drawdown of \$4.5M to fund balance. The budgeted Transfers Out totaling \$1,068,549 include an indirect cost allocation to the General Fund of \$985,600, payment of \$67,985 to the Technology Replacement Fund, and payment of \$14,964 to the Workers' Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the first quarter are 21% compared to 21% for FY 2022-23, while **Operating Expenses** through the first quarter are 82% compared to 78% for FY 2022-23. The first quarter of the fiscal year includes large encumbrances (\$11.1M) 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.

Enterprise / Other Funds Analysis (continued):

Airport Fund Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Airport Fund				
Revenues	\$ 984,988	\$ 300,681	31%	26%
General Fund Subsidy	5,862,682	-	0%	0%
Total Revenues	\$ 6,847,670	\$ 300,681	4%	4%
Operating Expenses	\$ 1,655,214	\$ 527,348	32%	29%
Major Capital Expenses	5,077,409	263,592	5%	9%
Transfers Out	115,047	40,047	35%	35%
Total Expenses	\$ 6,847,670	\$ 830,987	12%	15%
Net Rev / Exp	\$ -	\$ (530,306)		

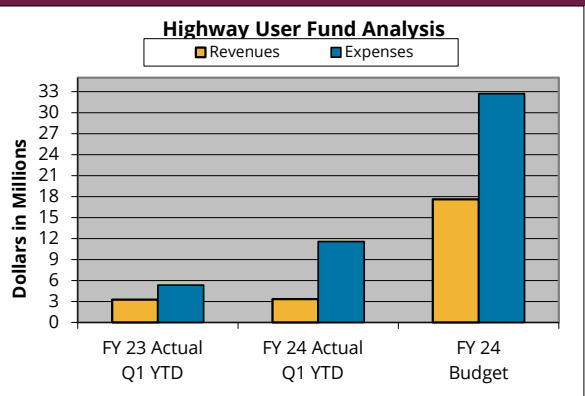
**Positive**

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 2022-23 reflects no budgeted change in fund balance since the General Fund Subsidy of \$5.8M 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 \$115,047 includes indirect cost allocation to the General Fund of \$100,000 and a payment of \$15,047 to the Technology Replacement Fund. Year-to-date **Operating Revenues** through the first quarter are 31% of budget compared to 26% for FY 2022-23, while year-to-date **Operating Expenses** through the first quarter are 32% of budget compared to 29% for FY 2022-23. The performance indicator is positive since percentage of operating revenues received to date (31%) exceeds the percentage of operating expenses spent to date (29%, including indirect cost allocation).

Highway User Fund (HURF) Analysis FY 2023-24 Comparison

	FY 24 Adjusted Budget	FY 24 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Highway Users Tax				
Highway Users Tax	\$ 17,000,000	\$ 3,266,477	19%	18%
Other	606,000	75,045	12%	26%
Total Revenues	\$ 17,606,000	\$ 3,341,522	19%	18%
Operating Expenses	\$ 9,949,080	\$ 3,252,635	33%	35%
Major Capital Expenses	22,654,432	8,180,437	36%	11%
Transfers Out	123,665	122,104	99%	99%
Total Expenses	\$ 32,727,177	\$ 11,555,176	35%	20%
Net Rev / Exp	\$ (15,121,177)	\$ (8,213,654)		

**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.

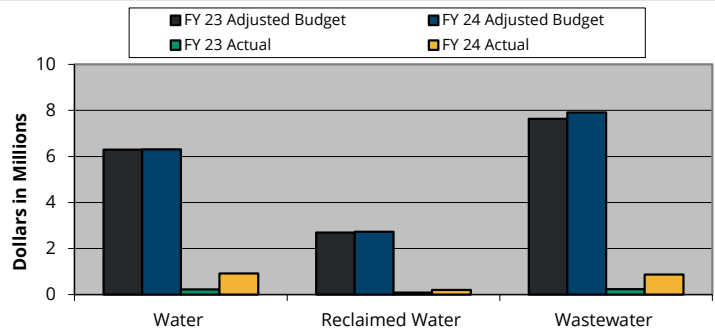
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2022-23 reflects a planned drawdown of \$15M to fund balance. The budgeted Transfers Out totaling \$123,665 include a payment to the General Fund of \$2,082 for miscellaneous charges, a payment of \$26,583 to the Technology Replacement Fund, and a payment of \$95,000 to the Uninsured Liability Self-Insurance Fund for stormwater oversight. Year-to-date **Operating Revenues** through the first quarter are 19% of budget compared to 18% through the first quarter for FY 2022-23, while year-to-date **Operating Expenses** through the first quarter are 33% of budget compared to 35% through the first quarter for FY 2022-23. The performance indicator is positive after recognizing revenues are received on a one-month lag, so first quarter revenues only reflect two receipts, while the fourth quarter of each fiscal year reflects four receipts. On an annual basis, this fund is anticipated to perform on a positive indicator.

Other Funds Analysis (continued):

Enterprise System Development Fee Funds Analysis FY 2023-24 Comparison

Enterprise System Development Fee (SDF) Funds	FY 24 Adjusted Budget	FY 24 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 6,303,000	\$ 919,830	15%
Reclaimed Water	2,726,300	197,408	7%
Wastewater	7,907,000	868,524	11%
Total SDF Revenue	\$ 16,936,300	\$ 1,985,762	12%

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.

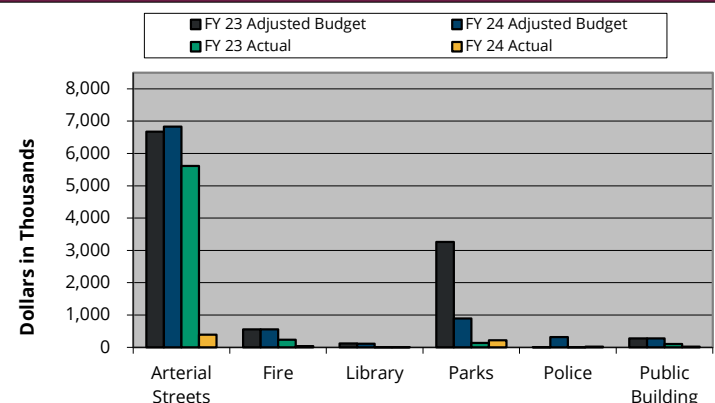


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDF's are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) is needed. Enterprise SDFs are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2023-24 budget and year-to-date collections through the first quarter compared to the FY 2022-23 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2023-24 were 12% of the budget as compared to the prior year's collections of 3% of budget through the first quarter.

General System Development Fee Funds Analysis FY 2023-24 Comparison

General System Development Fee (SDF) Funds	FY 24 Adjusted Budget	FY 24 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 6,828,000	\$ 391,679	6%
Fire	553,000	39,167	7%
Library	115,000	8,209	7%
Parks	896,000	221,719	25%
Police	316,000	21,916	7%
Public Building	280,000	19,440	7%
Total SDF Revenue	\$ 8,988,000	\$ 702,130	8%

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.

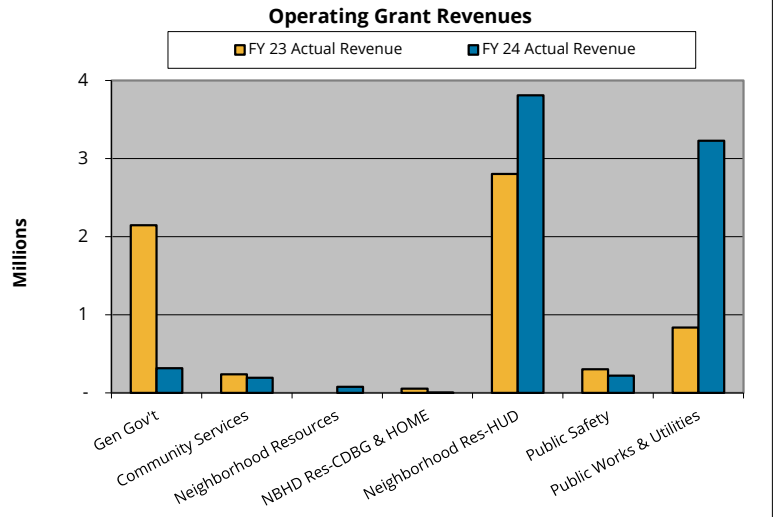


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2023-24 budget and year-to-date collections through the first quarter compared for FY 2022-23 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2023-24 were 8% of the budget as compared to the prior year's collections of 56% of the budget through the first quarter.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2023-24 Comparison

	FY 24 Actual Revenue	FY 23 Actual Revenue
General Government*	\$ 126,044	\$ 2,121,266
Community Services	192,715	237,948
Neighborhood Resources	77,412	-
Neighborhood Res. - CDBG & HOME	489	53,607
Neighborhood Res. - HUD	3,810,375	2,803,813
Public Safety	221,072	301,469
Total Operating Grant Revenue	\$ 4,428,107	\$ 5,518,103
General Government*	\$ 189,431	\$ 24,947
Public Works & Utilities	3,229,962	837,260
Total Capital Grant Revenue	\$ 3,419,393	\$ 862,207
Total Grant Revenue	\$ 7,847,500	\$ 6,380,310



* Includes Airport, CAPA, City Manager, 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 through the first quarter of FY 2023-24 are \$7.8M as compared to \$6.3M collected through the first quarter of FY 2022-23.