



Informational Memo

Management Services - Memo No. 25-035

Date: September 18, 2024

To: Mayor and Council

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

From: Matt Dunbar, Assistant Director of Budget & Policy *MD*

Subject: Fiscal Year End (FYE) 2023-24 Fourth Quarter Financial Report

Attached is the FYE 2023-24 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 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 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, all General Fund revenue performance indicators are showing as positive with the exception of License Fees and Franchise Fees. The General Fund FYE reflected overall revenue growth of 7.6% above adopted budget with 107.6% of budgeted revenues received compared to a 115.5% historical average received.

Overall, General Fund revenue, led by continuing Sales Tax collections, is performing well due to higher local consumer spending with related inflation, and a slower stream of development activity in Chandler. The over \$20B expansion of Intel continues to be the largest development during this time and is a significant driver of revenues coming in over budget in addition to the impacts of inflation. It is anticipated that once the development is completed, revenues will stabilize in various categories, classifying a large majority of these additional revenues as one-time. This activity has generated additional one-time revenue in the current year in numerous categories.

During the preparation of the FY 2024-25 Budget, projected FY 2023-24 year-end revenues were updated based on actual collections reflected in this report from January 2024 and other information available at that time. This allowed for the estimating of the fiscal year end General Fund balance used to calculate available one-time funds for use in the FY 2024-25 Budget. The final net impact of the additional one-time funds, (i.e. revenues, expenditures and carryforwards) is being calculated in the new year.

Additionally, General Fund expenditures are at 91.9% of budget at FYE compared to 89.6% for the prior fiscal 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.

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

Attachment: FYE 2023-24 Fourth Quarter Financial Report

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



Management Services

Quarterly Financial Report

4th Qtr FY 2023-24

Performance at a Glance

General Fund Revenues		Year to Date Compared Historical %	Reference
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PERFORMANCE INDICATORS

(At year-end, revenues performance indicators default to positive when 100% or more of budget is collected 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 2023 (<i>third estimate</i>)	4.9%
Fourth Quarter 2023 (<i>third estimate</i>)	3.4%
First Quarter 2024	1.4%
Second Quarter 2023 (<i>second estimate</i>)	3.0%

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*
Mar-24	3.9%	2.9%	2.6%
Apr-24	3.5%	2.6%	2.3%
May-24	3.7%	3.2%	2.9%
Jun-24	4.3%	3.9%	3.5%

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	4th Quarter	Fiscal Year
Benchmark	0.94%	4.69%
Allspring Global Investments	1.03%	5.09%
Benchmark	0.82%	4.16%
PFM Asset Management, LLC	0.89%	4.45%
Fiscal Year 2022-23 Rate of Return	4th Quarter	Fiscal Year
Benchmark	-0.14%	1.49%
Allspring Global Investments	0.20%	1.75%
Benchmark	-0.86%	-0.43%
PFM Asset Management, LLC	-0.45%	0.27%

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 70 for FY 2023-24, up from the 14.5 average permits per quarter in FY 2022-23. FY 2021-22 averaged 115 per quarter.

Quarter	State of Arizona	Chandler
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
Oct - Nov - Dec 2023	9,164	87
Jan - Feb - Mar 2024	11,192	29
Apr - May - Jun 2024	10,967	55

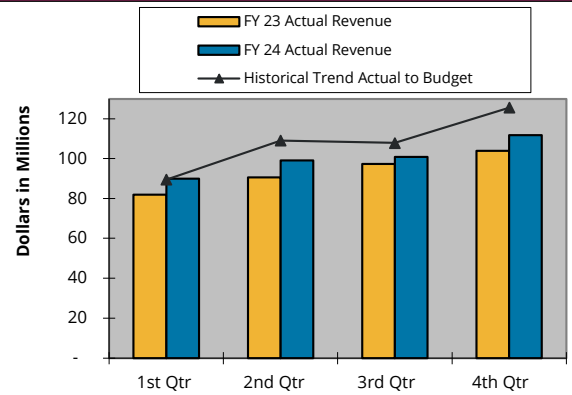
General Fund

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	93,617,173	99,064,020	26.5%	29.2%
3rd Qtr	Jan - Mar 24	95,117,971	100,915,340	27.0%	28.8%
4th Qtr	Apr - Jun 24	101,868,076	111,747,754	29.9%	33.6%
Total		\$ 374,057,282	\$ 401,592,564	107.4%	115.5%

* 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 \$27.5M (7.4%) above the adopted budget, and \$27.9M (7.5%) higher than actual collections for FY 2022-23.

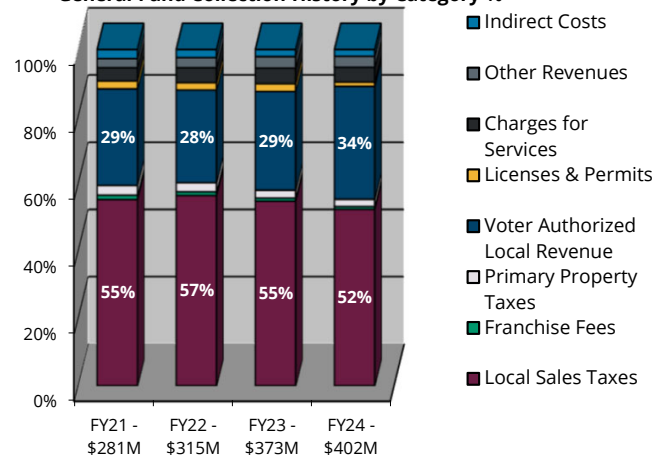
Overall, General Fund revenue, led by continuing strong Sales Tax and Licenses collections, is performing well due to higher local consumer spending including related inflation, and development activity (although slowing in residential housing) in Chandler. The continued \$20B expansion of Intel, the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

Revenue Categories	FY 24 Adopted Budget	FY 24 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 196,858,400	\$ 210,737,044	107.1%
Franchise Fees	3,471,000	3,383,051	97.5%
Primary Property Tax	8,731,611	8,626,641	98.8%
State Shared Sales Tax	127,100,000	134,888,147	106.1%
Licenses & Permits	6,864,900	5,095,759	74.2%
Charges for Services	13,932,139	17,799,915	127.8%
Other Revenues	9,121,050	13,083,825	143.4%
Indirect Cost Allocation	7,978,182	7,978,182	100.0%
Total	\$ 374,057,282	\$ 401,592,564	107.4%

General Fund Collection History by Category %



Positive

This chart summarizes General Fund revenue collections by revenue category for FYE 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.

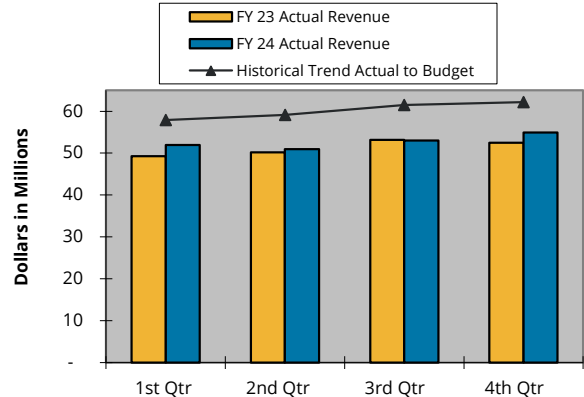
General Fund

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	48,492,852	50,941,491	25.8%	30.0%
3rd Qtr	Jan - Mar 24	50,362,272	53,016,708	27.0%	31.2%
4th Qtr	Apr - Jun 24	50,635,824	54,900,033	27.9%	31.6%
Total		\$ 196,858,400	\$ 210,737,044	107.1%	122.1%

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



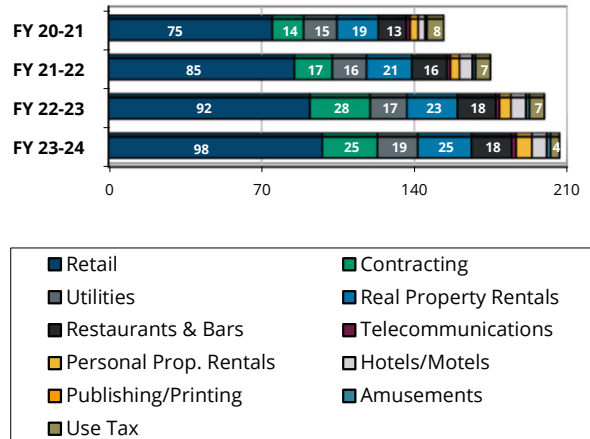
Positive

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 FYE 2023-24 are \$13.9M (7.1%) above adopted budget and \$5.7M (2.8%) higher than FYE 2022-23 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

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	\$ 97,766,534	105.1%	6.1%
Contracting		22,000,000	25,281,079	114.9%	-8.4%
Utilities		18,100,000	18,510,764	102.3%	9.8%
Real Property Rentals		23,100,000	24,628,962	106.6%	6.2%
Restaurants & Bars		17,000,000	18,453,260	108.5%	4.9%
Telecommunications		1,550,000	2,045,904	132.0%	16.0%
Personal Prop. Rentals		5,000,000	7,244,167	144.9%	38.9%
Hotels/Motels		5,700,000	6,740,884	118.3%	-1.1%
Publishing/Printing/Adv.		200,000	174,842	87.4%	-19.2%
Amusements		1,300,000	1,691,668	130.1%	13.4%
Use Tax		8,000,000	4,079,296	51.0%	-40.2%
Total Sales Tax		\$ 194,950,000	\$ 206,617,359	106.0%	3.5%

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 FYE 2023-24 were \$11.7M (6.0%) above the adopted budget and \$6.9M (3.5%) higher than FYE 2022-23 actual collections. It should be noted that most of the categories are positive, reflecting higher consumer spending, added tourism spending, and continued strong local economy as Intel continues thier project. Contracting/development collections are slightly down as residential construction slumped, but is picking back up based on the permits issued. Use tax is a highly fluctuating revenue category and significant swings in collection percentage are not abnormal.

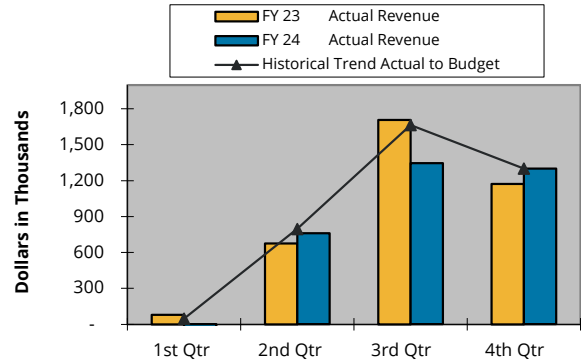
General Fund

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	760,529	22.0%	22.9%
3rd Qtr	Jan - Mar 24	1,517,478	1,346,986	38.8%	48.0%
4th Qtr	Apr - Jun 24	1,185,405	1,301,639	37.5%	37.5%
Total		\$ 3,471,000	\$ 3,383,051	97.5%	109.6%

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



Warning

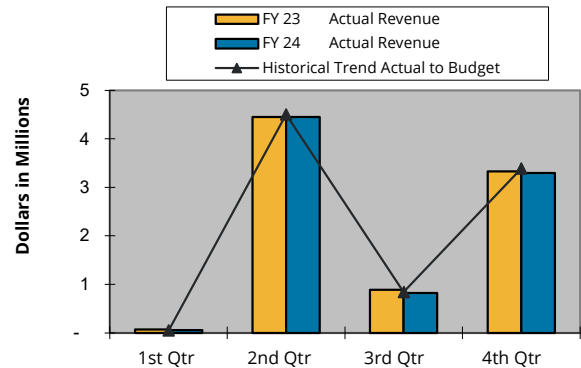
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections for FYE 2023-24 are \$87,949 (2.5%) less than the adopted budget and \$247,457 (6.8%) less than FYE 2022-23 actual collections. The negative revenue in the first quarter of FY 2023-24 reflects revenues accrued to the prior year when they were earned. Changes to the cable TV industry are having a slight impact on franchise fees in this area. The performance indicator is a warning as the percentage of budget received through FYE is between two and five percentage points below the historical budget received at year-end.

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	4,451,969	51.0%	51.6%
3rd Qtr	Jan - Mar 24	837,974	821,743	9.4%	9.7%
4th Qtr	Apr - Jun 24	3,366,043	3,299,149	37.8%	38.8%
Total		\$ 8,731,611	\$ 8,626,641	98.8%	100.7%

* 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 for FYE 2023-24 are \$104,970 (1.2%) less than the adopted budget and \$106,632 (1.2%) less than FYE 2022-23 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 the percentage of budget received for FYE is less than two percentage points below the historical budget received at year-end.

General Fund

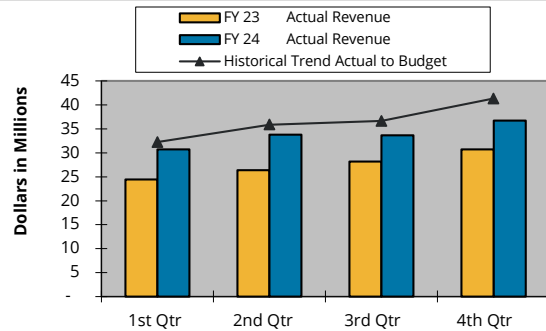
Revenue Analysis (continued):

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	31,207,188	33,822,085	26.6%	28.2%
3rd Qtr	Jan - Mar 24	32,707,284	33,634,512	26.4%	28.7%
4th Qtr	Apr - Jun 24	34,494,809	36,707,151	28.9%	32.5%
Total		\$ 127,100,000	\$ 134,888,147	106.1%	114.8%

* 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 for FYE 2023-24 were \$3.4M (8.6%) above adopted budget and \$1.0M (2.6%) higher than FYE 2022-23 actual collections.

-- **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. Collections for FYE 2023-24 were \$403,202 (36.7%) above adopted budget and \$15,356 (1.0%) less than FYE 2022-23 actual collections.

-- **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 on a quarterly basis. Collections for FYE 2023-24 were \$2.25M.

-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the State, as well as surcharges from vehicle rentals. The respective city share's are determined by the proportion of city population to total incorporated population of the county. Collections for FYE 2023-24 were \$1.4M (10.7%) more than adopted budget and \$521,614 (3.8%) higher than FYE 2022-23 actual collections.

-- **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 fiscal year as the flat tax will go into full effect over the next two years. Collections for FY 2023-24 were \$386,039 (0.5%) above adopted budget and \$21.4M (40.3%) higher than FYE 2022-23 actual collections.

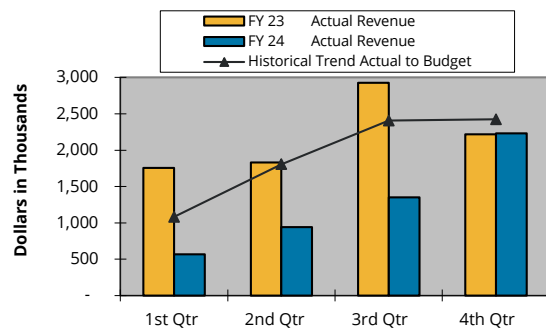
The overall State Shared revenue performance indicator revenue performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

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	943,399	13.7%	26.3%
3rd Qtr	Jan - Mar 24	2,140,344	1,351,676	19.7%	35.1%
4th Qtr	Apr - Jun 24	2,156,035	2,231,110	32.5%	35.3%
Total		\$ 6,864,900	\$ 5,095,759	74.2%	112.5%

* 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 for FYE 2023-24 are \$1.8 M (25.8%) less than adopted budget and \$3.6M (41.7%) less than FYE 2022-23 actual collections. Lower collections for FY 2023-24 was anticipated as large industrial permits inflate the historical comparison, however, we are seeing a slowing of other permit related revenues and therefore the performance indicator is negative as the percentage of budget received through FYE is more than five percentage points below the historical budget received at year-end.

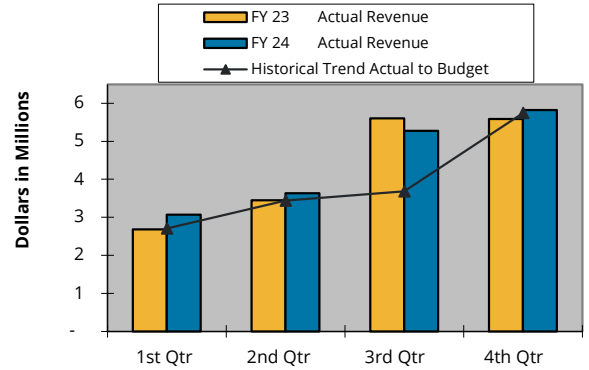
General Fund

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	3,634,896	26.1%	24.7%
3rd Qtr	Jan - Mar 24	3,295,373	5,275,367	37.9%	26.5%
4th Qtr	Apr - Jun 24	5,142,749	5,824,786	41.8%	41.3%
Total		\$ 13,932,139	\$ 17,799,915	127.8%	111.9%

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



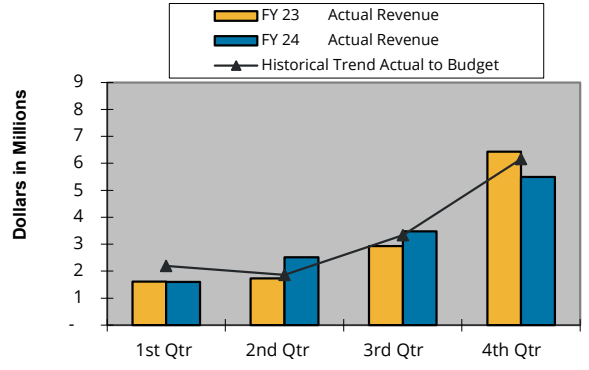
Positive

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 FYE 2023-24 were \$3.9M (27.8%) above adopted budget and \$465,905 (2.7%) higher than FYE 2022-23 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

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	2,040,795	2,515,107	27.6%	20.5%
3rd Qtr	Jan - Mar 24	2,262,699	3,473,802	38.1%	36.5%
4th Qtr	Apr - Jun 24	2,892,666	5,489,343	60.2%	67.5%
Total		\$ 9,121,050	\$ 13,083,825	143.4%	148.6%

* 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 FYE 2023-24 are \$4.0M (43.4%) above adopted budget and \$373,823 (2.9%) higher than FYE 2022-23 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at year-end.

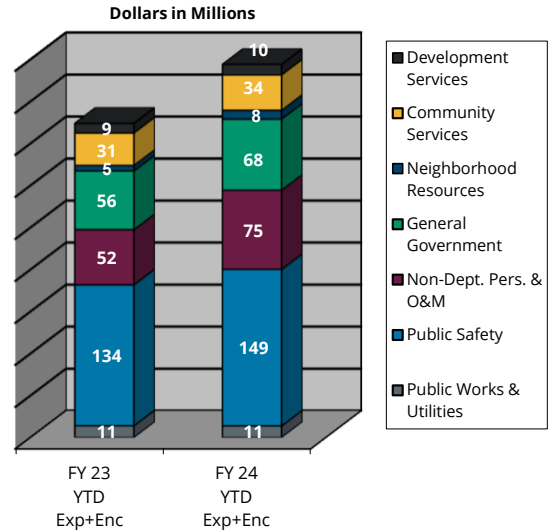
General Fund

Expenditure Analysis:

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

	FY 24 Adjusted Budget	FY 24 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
* Dept. Operating				
General Government	\$ 76,576,206	\$ 67,729,704	88.4%	84.0%
Community Services	35,941,987	33,700,788	93.8%	92.6%
Development Services	11,455,329	9,930,098	86.7%	84.2%
Public Safety	154,624,241	149,032,031	96.4%	94.3%
Public Works & Utilities	12,286,372	10,953,045	89.1%	93.1%
Neighborhood Resources	10,205,930	8,356,001	81.9%	56.7%
Non-Dept. Pers. & O&M	85,453,157	75,401,110	88.2%	88.4%
Subtotal	\$ 386,543,222	\$ 355,102,776	91.9%	89.6%
Non-Dept. Reserves	\$ 3,209,616	\$ -	0.0%	0.0%
Non-Dept. Contingencies	50,658,927	-	0.0%	0.0%
Total	\$ 440,411,765	\$ 355,102,776	80.6%	80.1%

* 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.

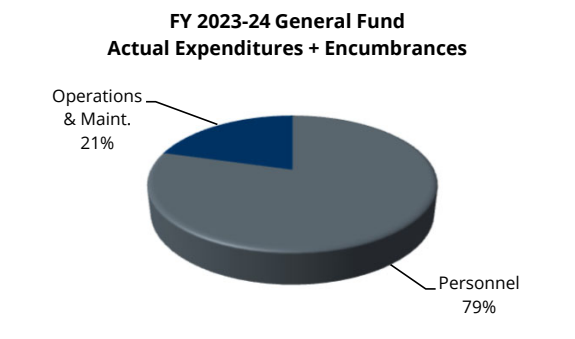
The chart reflects actual spending and encumbrances at FYE 2022-23 and FYE 2023-24. Non-Dept. Personnel and O&M (maroon category) increase mainly reflects the difference in the amount of the prior year's payment of \$50M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability paydown, to the current year's payment of \$73M. Public Safety's (blue category) increase mainly reflects higher personnel related costs.

FYE 2023-24 operating expended and encumbered at year end reflects 91.9% of the adjusted budget compared to 89.6% of adjusted budget spent and encumbered in the prior year. As shown on the following pages, departments (excluding non-departmental) have expended between 81.9% and 98.3% 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 YTD Exp+Enc	FY 23 YTD Exp+Enc	% Change from Prior Yr. Actual
*Dept. Operating				
Personnel	\$ 300,378,837	\$ 281,814,521	\$ 237,470,304	18.7%
Operations & Maint.	86,164,385	73,288,255	61,525,041	19.1%
Reserves/Contingencies	53,868,543	-	-	0.0%
Total	\$ 440,411,765	\$ 355,102,776	\$ 298,995,345	18.8%

* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending for FYE 2023-24 is 18.8% more than spending for FYE 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 and also includes other citywide personnel cost increases and additional FTEs. Operations and maintenance for FYE 2023-24 is 19.1% more than spending for FYE 2022-23. Some of the increase reflects higher spending and encumbrances for Fire, IT, and Public Works contracted services.

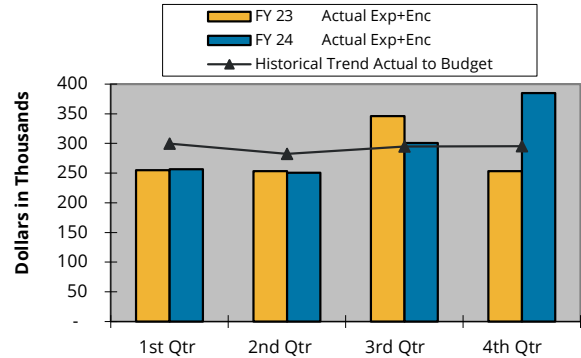
General Fund

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	\$ 338,777	\$ 256,418	19.7%	23.0%
2nd Qtr	Oct - Dec 23	312,718	250,515	19.2%	21.7%
3rd Qtr	Jan - Mar 24	325,748	300,847	23.1%	22.6%
4th Qtr	Apr - Jun 24	325,749	384,865	29.5%	22.7%
Total		\$ 1,302,992	\$ 1,192,645	91.5%	89.9%

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



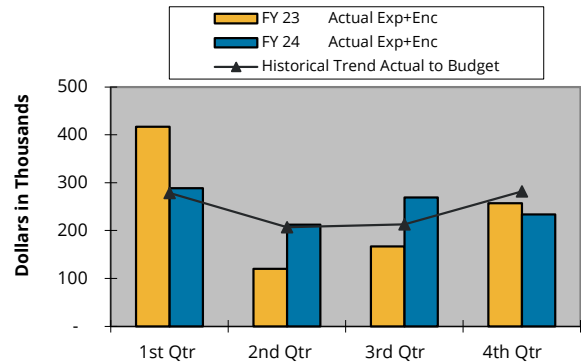
Positive

The Mayor and Council division spent 91.5% of their FY 2023-24 adjusted budget and has historically spent 89.9% of their adjusted budget for 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. Higher expenses in the fourth quarter of FY 2023-24 compared to FY 2022-23 reflect higher personnel related costs. The performance indicator is positive as expenses are less than the adjusted budget.

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	\$ 307,046	\$ 288,178	26.6%	25.7%
2nd Qtr	Oct - Dec 23	228,572	212,222	19.6%	19.1%
3rd Qtr	Jan - Mar 24	235,096	268,925	24.9%	19.7%
4th Qtr	Apr - Jun 24	311,265	233,633	21.6%	26.1%
Total		\$ 1,081,978	\$ 1,002,958	92.7%	90.7%

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



Positive

The City Clerk spent 92.7% of their FY 2023-24 adjusted budget and has historically spent 90.7% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2022-23 was due to the General Election costs. Higher spending in the second and third quarter of FY 2023-24 reflects higher personnel related costs. The performance indicator is positive as expenses are less than the adjusted budget.

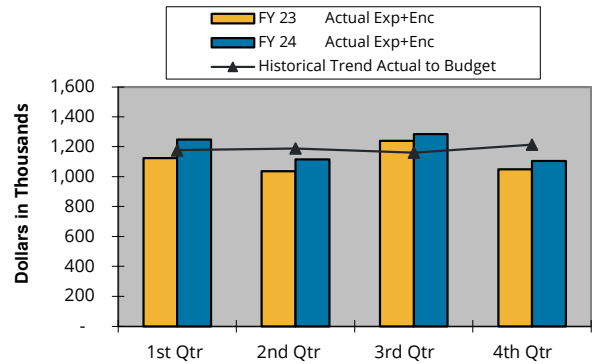
General Fund

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 2023-24 Comparison

		FY 23	FY 24	% of Budget	*Hist.
		Adjusted	Actual	Expended	Trend % of
		Budget	Exp+Enc	by Qtr	Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 1,199,179	\$ 1,246,641	25.8%	24.4%
2nd Qtr	Oct - Dec 23	1,210,740	1,115,277	23.1%	24.6%
3rd Qtr	Jan - Mar 24	1,182,934	1,284,885	26.6%	24.0%
4th Qtr	Apr - Jun 24	1,238,287	1,103,944	22.8%	25.2%
Total		\$ 4,831,140	\$ 4,750,747	98.3%	98.1%

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



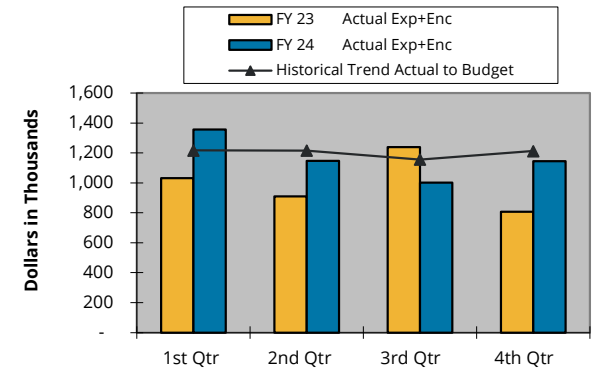
Positive

Law spent 98.3% of their FY 2023-24 adjusted budget and has historically spent 98.1% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

City Magistrate Expenditure FY 2023-24 Comparison

		FY 23	FY 24	% of Budget	*Hist.
		Adjusted	Actual	Expended	Trend % of
		Budget	Exp+Enc	by Qtr.	Budget
Operating Only					
1st Qtr	Jul - Sep 23	\$ 1,424,296	\$ 1,356,538	24.1%	21.7%
2nd Qtr	Oct - Dec 23	1,422,668	1,147,365	20.4%	21.6%
3rd Qtr	Jan - Mar 24	1,351,839	1,002,762	17.9%	20.6%
4th Qtr	Apr - Jun 24	1,419,011	1,144,542	20.4%	21.6%
Total		\$ 5,617,814	\$ 4,651,207	82.8%	85.5%

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



Positive

City Magistrate spent 82.8% of their FY 2023-24 adjusted budget and has historically spent 85.5% of their adjusted budget for 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. 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. Higher expenses in the fourth quarter of FY 2023-24 compared to FY 2022-23 reflect higher personnel related costs, increase cost for public defenders, and one-time costs for office furniture. The performance indicator is positive as expenses are less than the adjusted budget.

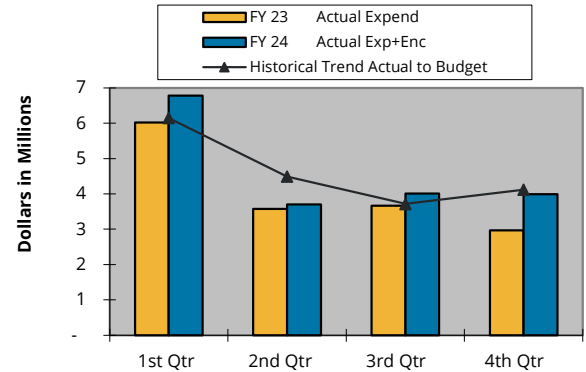
General Fund

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 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	\$ 7,268,705	\$ 6,779,403	31.0%	28.1%
2nd Qtr	Oct - Dec 23	5,311,503	3,705,019	17.0%	20.6%
3rd Qtr	Jan - Mar 24	4,397,672	4,010,317	18.4%	17.0%
4th Qtr	Apr - Jun 24	4,870,725	3,987,656	18.2%	18.8%
Total		\$ 21,848,604	\$ 18,482,395	84.6%	84.5%

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



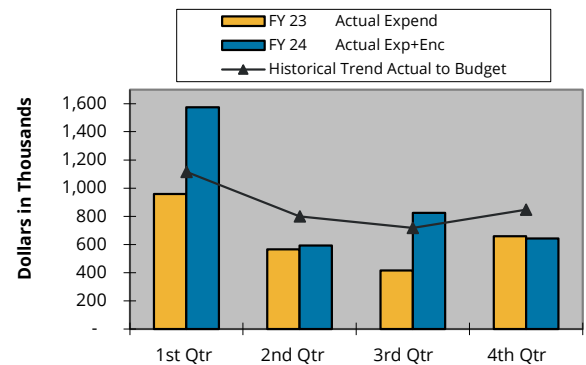
Positive

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 a portion of the Community Development Cost Center, which was renamed to Diversity, Equity, & Inclusion (DEI) to City Manager & Organizational Support. Combined, these divisions spent 84.6% of their FY 2023-24 adjusted budget and have historically spent 84.5% of their adjusted budget for 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. Higher expenses in the fourth quarter of FY 2023-24 compared to FY 2022-23 reflect higher personnel related costs and increase costs for professional contracts. The performance indicator is positive as expenses are less than the adjusted budget.

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	\$ 1,380,570	\$ 1,574,176	36.6%	25.9%
2nd Qtr	Oct - Dec 23	988,052	593,292	13.7%	18.6%
3rd Qtr	Jan - Mar 24	888,492	823,348	19.1%	16.7%
4th Qtr	Apr - Jun 24	1,047,677	641,766	15.0%	19.7%
Total		\$ 4,304,791	\$ 3,632,582	84.4%	80.9%

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



Positive

Communications and Public Affairs (CAPA) spent 84.4% of their FY 2023-24 adjusted budget and have historically spent 80.9% of their adjusted budget for 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. The performance indicator is positive as expenses are less than the adjusted budget.

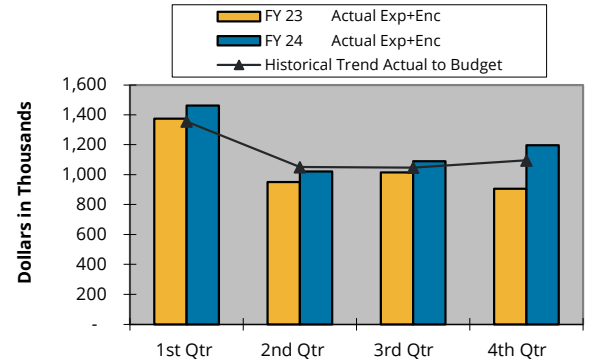
General Fund

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	\$ 1,461,677	\$ 1,462,261	30.0%	27.8%
2nd Qtr Oct - Dec 23	1,120,618	1,021,346	21.0%	21.6%
3rd Qtr Jan - Mar 24	1,120,617	1,089,023	22.3%	21.5%
4th Qtr Apr - Jun 24	1,169,341	1,197,230	24.6%	22.5%
Total	\$ 4,872,253	\$ 4,769,860	97.9%	93.4%

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



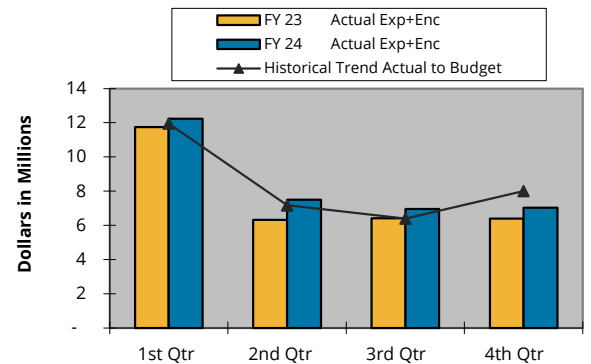
Positive

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 97.9% of their FY 2023-24 adjusted budget and have historically spent 93.4% of their adjusted budget for the fiscal year. Higher expenses in the fourth quarter of FY 2023-24 compared to FY 2022-23 reflect higher personnel related costs and one-time costs for professional contracts. The performance indicator is positive as expenses are less than the adjusted budget.

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	\$ 12,939,115	\$ 12,221,223	34.0%	33.3%
2nd Qtr Oct - Dec 23	7,547,817	7,488,742	20.8%	20.0%
3rd Qtr Jan - Mar 24	6,828,979	6,956,214	19.4%	17.8%
4th Qtr Apr - Jun 24	8,626,076	7,034,609	19.5%	22.3%
Total	\$ 35,941,987	\$ 33,700,788	93.8%	93.4%

* 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 93.8% of their FY 2023-24 adjusted budget and have historically spent 93.4% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

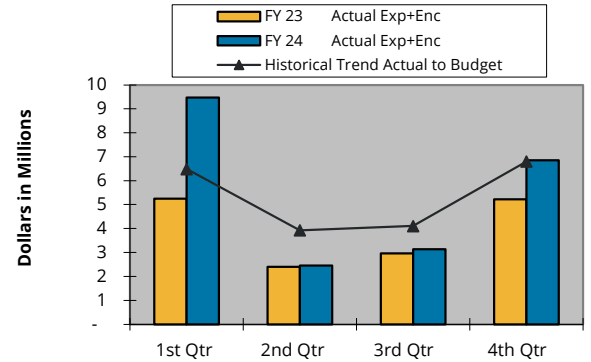
General Fund

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure 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	\$ 7,252,906	\$ 9,465,709	39.2%	26.8%
2nd Qtr	Oct - Dec 23	4,351,744	2,453,717	10.0%	16.2%
3rd Qtr	Jan - Mar 24	4,593,507	3,136,003	13.0%	17.0%
4th Qtr	Apr - Jun 24	7,978,195	6,843,009	28.4%	28.1%
Total		\$ 24,176,352	\$ 21,898,438	90.6%	88.1%

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



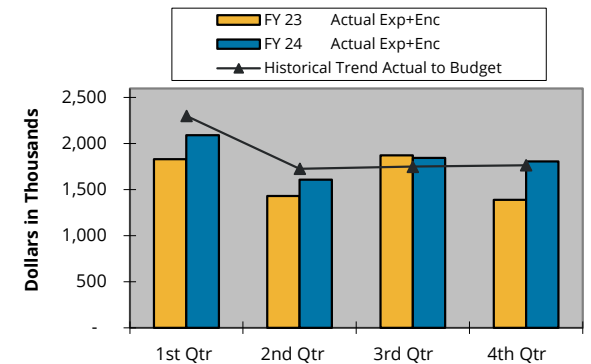
Positive

Information Technology spent 90.6% of their FY 2023-24 adjusted budget and have historically spent 88.1% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2023-24 is related to encumbrances for planned contracted services dedicated to various projects, which was not typical in the first quarter of the historical trend. The performance indicator is positive as expenses are less than the adjusted budget.

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	\$ 2,606,750	\$ 2,090,985	24.5%	26.9%
2nd Qtr	Oct - Dec 23	1,954,414	1,608,930	18.7%	20.2%
3rd Qtr	Jan - Mar 24	1,981,017	1,842,610	21.7%	20.5%
4th Qtr	Apr - Jun 24	1,998,101	1,806,347	21.1%	20.6%
Total		\$ 8,540,282	\$ 7,348,872	86.0%	88.2%

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



Positive

Management Services Department includes the following divisions budgeted in the General Fund: Administration, Accounting, Budget, Central Supply, Purchasing, Tax & License, and Utility Services (reimbursed by the Public Works & Utilities Department, Water/Wastewater/Solid Waste, through the Indirect Cost Allocation). These divisions spent 86.0% of their FY 2023-24 adjusted budget and have historically spent 88.2% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

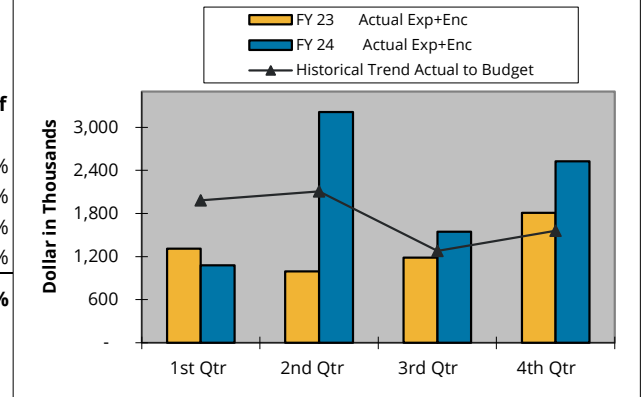
General Fund

Expenditure Analysis (continued / department summaries):

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	\$ 2,959,720	\$ 1,075,551	10.5%	19.4%
2nd Qtr	Oct - Dec 23	3,061,779	3,209,992	31.5%	20.6%
3rd Qtr	Jan - Mar 24	1,837,067	1,543,878	15.1%	12.5%
4th Qtr	Apr - Jun 24	2,347,364	2,526,580	24.8%	15.3%
Total		\$ 10,205,930	\$ 8,356,001	81.9%	67.9%

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



Positive

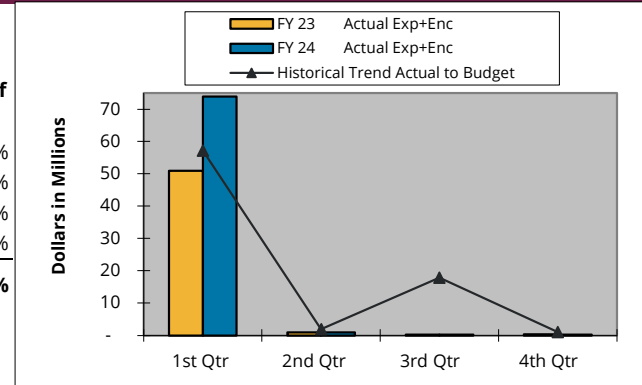
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, Neighborhood Preservation, and Community Development. As of FY 2022-23, a reorganization occurred transferring a portion of the Community Development cost center to City Manager & Organizational Support. Historical spending for Community Development remains with Neighborhood Resources. The department spent 81.9% of their FY 2023-24 adjusted budget and have historically spent 67.9% of their adjusted budget through for the fiscal year. The second quarter actuals are higher due to large encumbrances that were spent over the remaining fiscal year. Higher expenses in the fourth quarter of FY 2023-24 compared to FY 2022-23 reflect higher personnel related costs and one-time costs for professional contracts. The performance indicator is positive as expenses are less than the adjusted budget.

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	\$ 62,612,547	\$ 73,946,094	86.5%	67.0%
2nd Qtr	Oct - Dec 23	2,090,980	904,190	1.1%	2.2%
3rd Qtr	Jan - Mar 24	19,605,713	279,175	0.3%	21.0%
4th Qtr	Apr - Jun 24	1,143,917	271,651	0.3%	1.2%
Total**		\$ 85,453,157	\$ 75,401,110	88.2%	91.4%

* 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 88.2% of the adjusted budget and has historically spent 91.4% 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 reflecting the planned increased payment amount of \$73M, which was \$23M more than the prior year. The performance indicator is positive as expenses are less than the adjusted budget.

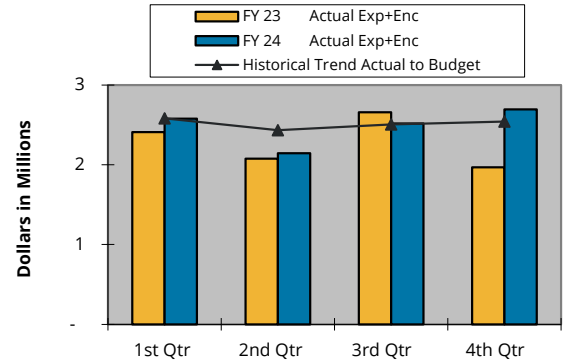
General Fund

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	\$ 2,978,386	\$ 2,577,892	22.5%	22.5%
2nd Qtr Oct - Dec 23	2,749,279	2,142,308	18.8%	21.2%
3rd Qtr Jan - Mar 24	2,863,832	2,516,039	22.0%	21.9%
4th Qtr Apr - Jun 24	2,863,832	2,693,859	23.4%	22.2%
Total	\$ 11,455,329	\$ 9,930,098	86.7%	87.8%

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



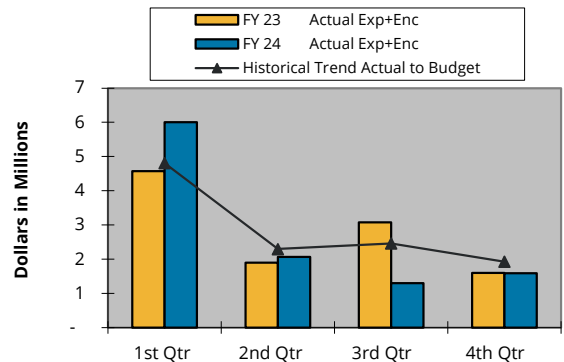
Positive

Development Services includes the following cost centers: Administration, Building Safety, Transportation Engineering, Engineering, and Planning. The department spent 86.7% of their FY 2023-24 adjusted budget and have historically spent 87.8% of their adjusted budget for the fiscal year. Higher expenses in the fourth quarter of FY 2023-24 compared to FY 2022-23 reflect higher personnel related costs and one-time costs for professional contracts. The performance indicator is positive as expenses are less than the adjusted budget.

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	\$ 5,528,867	\$ 6,006,794	48.9%	39.1%
2nd Qtr Oct - Dec 23	2,580,138	2,064,348	16.8%	18.7%
3rd Qtr Jan - Mar 24	2,825,866	1,295,725	10.5%	20.0%
4th Qtr Apr - Jun 24	1,351,501	1,586,178	12.9%	9.1%
Total	\$ 12,286,372	\$ 10,953,045	89.1%	86.9%

* 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 department spent 89.1% of their FY 2023-24 adjusted budget and have historically spent 86.9% of their adjusted budget through for 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. The performance indicator is positive as expenses are less than the adjusted budget.

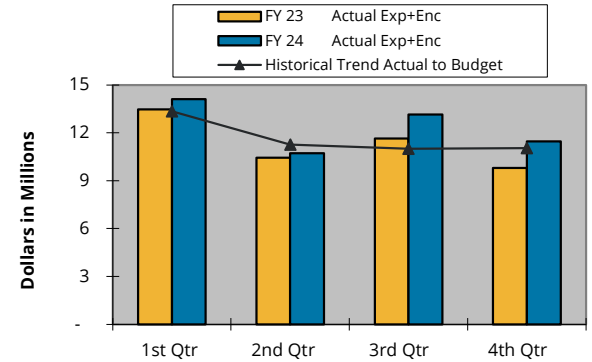
General Fund

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	\$ 14,654,462	\$ 14,097,044	27.9%	26.4%
2nd Qtr	Oct - Dec 23	12,127,831	10,709,099	21.2%	22.3%
3rd Qtr	Jan - Mar 24	12,127,832	13,141,964	26.0%	21.8%
4th Qtr	Apr - Jun 24	11,622,505	11,448,519	22.7%	21.8%
Total		\$ 50,532,631	\$ 49,396,626	97.8%	92.4%

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



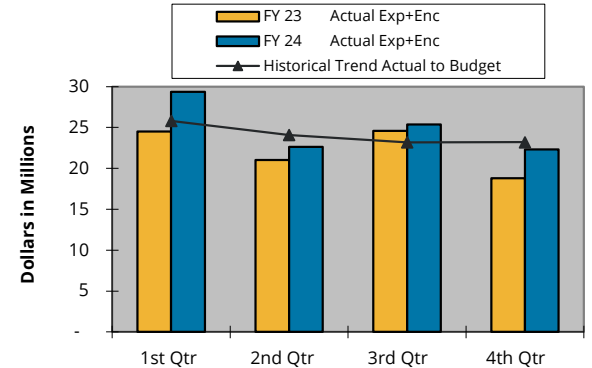
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 97.8% of their FY 2023-24 adjusted budget and have historically spent 92.4% of their adjusted budget for the fiscal year. The performance indicator is positive as expenses are less than the adjusted budget.

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	\$ 28,104,734	\$ 29,354,958	28.2%	24.8%
2nd Qtr	Oct - Dec 23	26,022,905	22,636,010	21.7%	23.1%
3rd Qtr	Jan - Mar 24	24,981,985	25,343,914	24.2%	22.3%
4th Qtr	Apr - Jun 24	24,981,986	22,300,523	21.4%	22.3%
Total		\$ 104,091,610	\$ 99,635,405	95.7%	92.6%

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



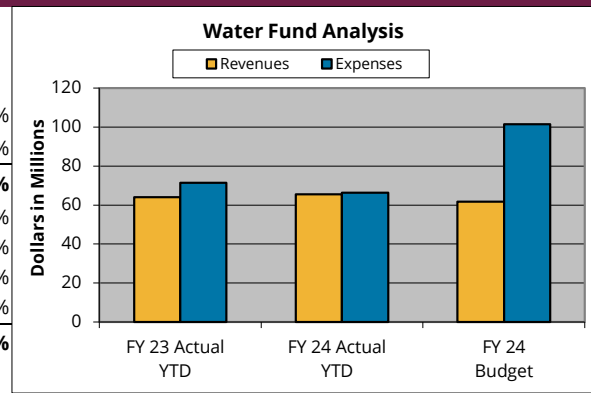
Positive

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 95.7% of their FY 2023-24 adjusted budget and have historically spent 92.6% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2023-24 reflects encumbrances recorded at the beginning of the year for detention services and for repair and maintenance of equipment, as well as an increase in operating supplies and higher personnel related costs. The performance indicator is positive as expenses are less than the adjusted budget.

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	\$ 59,326,400	107%	110%
Transfers In	6,162,168	6,162,168	100%	100%
Total Revenues	\$ 61,817,241	\$ 65,488,568	106%	109%
Operating Expenses	\$ 42,552,851	\$ 39,993,821	94%	98%
Major Capital Expenses	37,210,891	6,230,549	17%	62%
Debt Service	15,749,298	14,196,681	90%	100%
Transfers Out	5,874,358	5,874,358	100%	100%
Total Expenses	\$ 101,387,398	\$ 66,295,409	65%	88%
Net Rev / Exp	\$ (39,570,157)	\$ (806,841)		



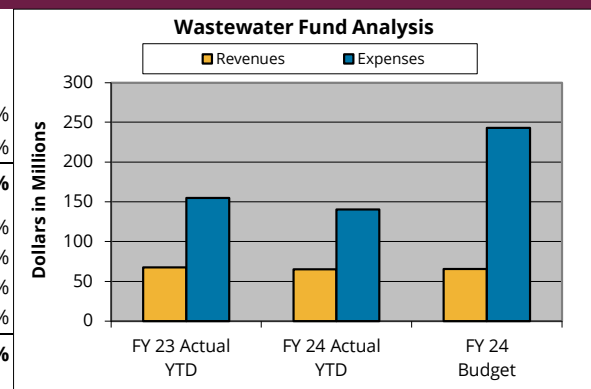
Positive

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 \$39.6M 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 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** are 107% compared to 110% for FY 2022-23, while **Operating Expenses** are 94% compared to 98% for FY 2022-23. The performance indicator is positive as the percentage of operating revenues received to date (107%) exceeds the percentage of operating expenses (93%, when including the debt service and indirect cost allocation).

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	\$ 54,037,952	100%	106%
Transfers In	11,200,392	11,200,392	100%	100%
Total Revenues	\$ 65,417,092	\$ 65,238,344	100%	105%
Operating Expenses	\$ 25,180,727	\$ 22,000,513	87%	96%
Major Capital Expenses	195,529,604	96,246,962	49%	55%
Debt Service	18,429,783	18,130,781	98%	100%
Transfers Out	3,873,314	3,873,314	100%	102%
Total Expenses	\$ 243,013,428	\$ 140,251,570	58%	63%
Net Rev / Exp	\$ (177,596,336)	\$ (75,013,226)		



Positive

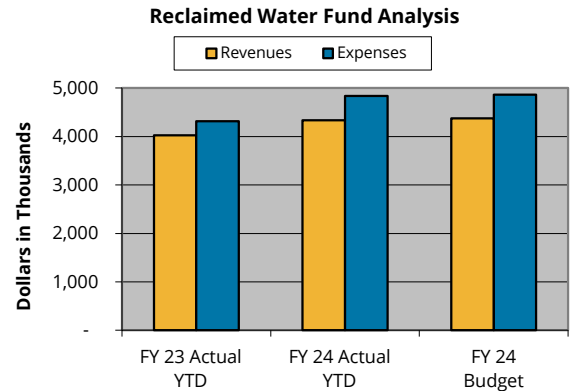
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 \$178M 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** are 100% compared to 106% for FY 2022-23, while **Operating Expenses** are 87% compared to 96% for FY 2022-23. The performance indicator is positive as the percentage of operating revenues received to date (100%) exceeds the percentage of operating expenses (92%, when including the debt service and indirect cost allocation).

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	\$ 1,682,258	97%	90%
Transfers In	2,650,232	2,650,232	100%	100%
Total Revenues	\$ 4,375,732	\$ 4,332,490	99%	96%
Operating Expenses	\$ 2,142,154	\$ 2,111,969	99%	96%
Transfers Out	2,716,946	2,716,946	100%	100%
Total Expenses	\$ 4,859,100	\$ 4,828,915	99%	98%
Net Rev / Exp	\$ (483,368)	\$ (496,425)		

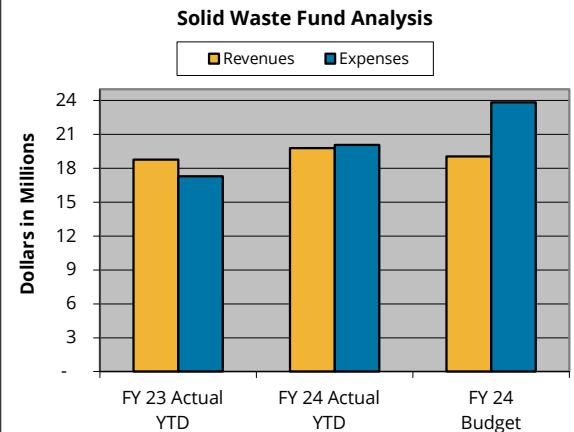
**Positive**

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 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 a drawdown 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** are 97% of budget compared to 90% for FY 2022-23, while **Operating Expenses** are 99% of budget as compared to 96% for FY 2022-23. The performance indicator is positive as the percentage of operating revenues received to date (97%) is more than the percentage of operating expenses spent to date (91%, when including indirect cost allocation).

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	\$ 19,783,427	104%	100%
Total Revenues	\$ 19,039,994	\$ 19,783,427	104%	100%
Operating Expenses	\$ 19,407,284	\$ 18,226,846	94%	93%
Major Capital Expenses	3,370,919	772,691	23%	19%
Transfers Out	1,068,549	1,068,549	100%	100%
Total Expenses	\$ 23,846,752	\$ 20,068,086	84%	86%
Net Rev / Exp	\$ (4,806,758)	\$ (284,659)		

**Positive**

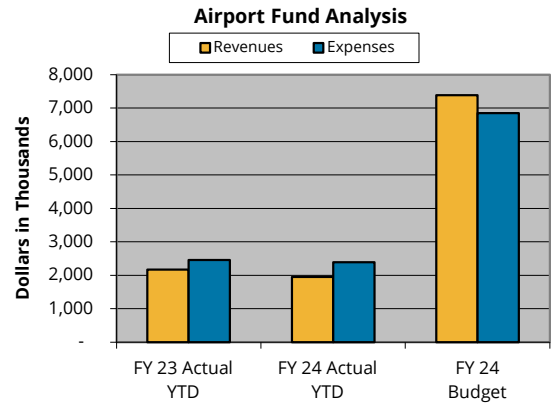
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 \$4.8M 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** are 104% compared to 100% for FY 2022-23, while **Operating Expenses** are 94% compared to 93% for FY 2022-23. The performance indicator is positive as the percentage of operating revenues received to date (104%) exceeds the percentage of operating expenses spent to date (94%, when including indirect cost allocation).

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	\$ 1,261,856	128%	115%
General Fund Subsidy	5,870,142	685,617	12%	21%
Total Revenues	\$ 6,855,130	\$ 1,947,473	28%	35%
Operating Expenses	\$ 1,662,674	\$ 1,590,234	96%	86%
Major Capital Expenses	5,077,409	687,470	14%	21%
Transfers Out	115,047	115,047	100%	101%
Total Expenses	\$ 6,855,130	\$ 2,392,751	35%	41%
Net Rev / Exp	\$ -	\$ (445,278)		

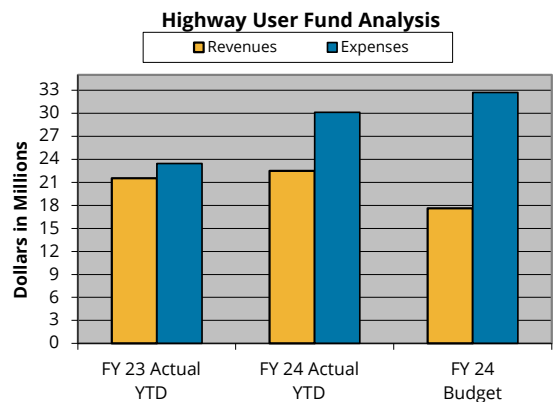
**Positive**

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 2023-24 reflects no budgeted change in fund balance since the General Fund Subsidy of \$5.9M 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** are 128% of budget compared to 115% for FY 2022-23, while year-to-date **Operating Expenses** are 96% of budget compared to 86% for FY 2022-23. The performance indicator is positive as the percentage of operating revenues received to date (128%) exceeds the percentage of operating expenses spent to date (96%, when 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	\$ 21,430,580	126%	117%
Other	606,000	1,057,172	174%	195%
Total Revenues	\$ 17,606,000	\$ 22,487,752	128%	119%
Operating Expenses	\$ 9,949,080	\$ 9,139,873	92%	90%
Major Capital Expenses	22,654,432	20,870,337	92%	89%
Debt Service	-	-	0%	0%
Transfers Out	123,665	123,665	100%	100%
Total Expenses	\$ 32,727,177	\$ 30,133,875	92%	89%
Net Rev / Exp	\$ (15,121,177)	\$ (7,646,123)		

**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.

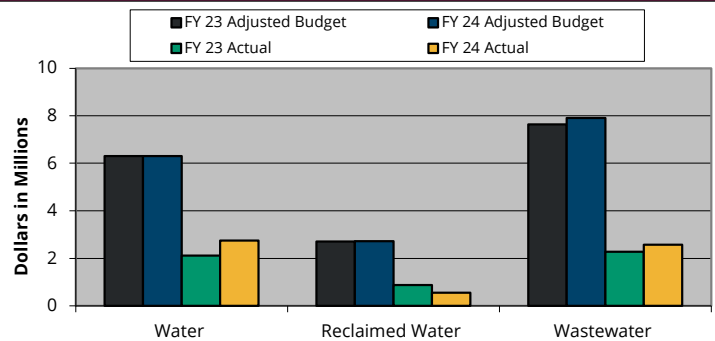
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2023-24 reflects a planned drawdown of \$15.1M 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** are 126% of budget compared to 117% for FY 2022-23, while year-to-date **Operating Expenses** are 92% of budget compared to 90% for FY 2022-23. The performance indicator is positive as the percentage of operating revenues received (126%) exceeds the percentage of operating expenses spent of 90%.

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	\$ 2,742,957	44%
Reclaimed Water	2,726,300	557,235	20%
Wastewater	7,907,000	2,578,778	33%
Total SDF Revenue	\$ 16,936,300	\$ 5,878,970	35%

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.

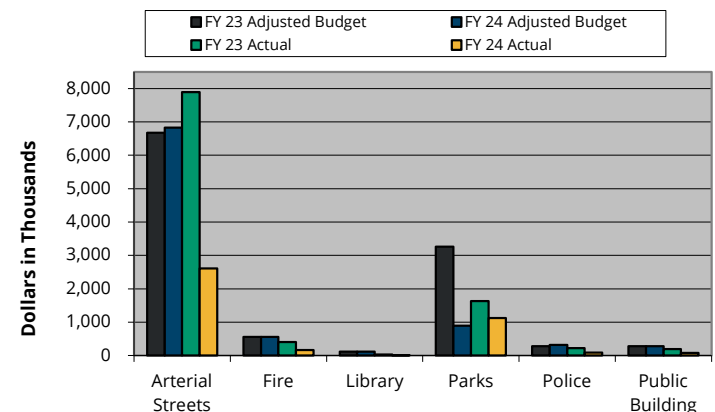


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDF's are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) 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 compared to the FY 2022-23 budget and year-to-date collections. Collections for FY 2023-24 were 35% of the budget as compared to the prior year's collections of 32% of budget showing some increases to the number of permits being pulled, but still at a much slower pace than prior years.

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	\$ 2,611,897	38%
Fire	553,000	159,066	29%
Library	115,000	13,413	12%
Parks	896,000	1,124,063	125%
Police	316,000	85,653	27%
Public Building	280,000	77,059	28%
Total SDF Revenue	\$ 8,988,000	\$ 4,071,151	45%

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.

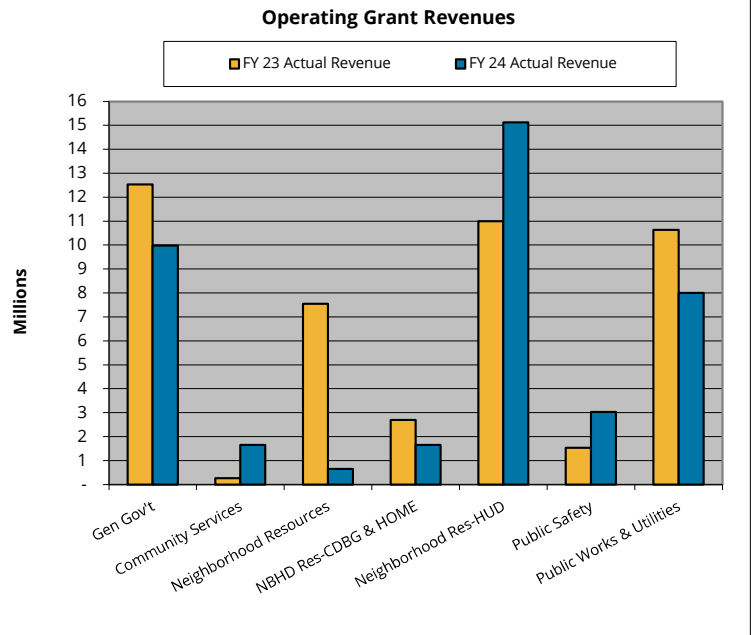


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2023-24 budget and year-to-date collections compared for FY 2022-23 budget and year-to-date collections. Collections for FY 2023-24 were 45% of the budget as compared to the prior year's collections of 93% of the budget, which included significant development at that time.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2023-24 Comparison

	FY 24 Actual Revenue	FY 23 Actual Revenue
General Government*	\$ 7,876,917	\$ 11,560,864
Community Services	263,819	268,818
Neighborhood Resources	653,921	4,920,880
Neighborhood Res. - CDBG & HOME	1,650,806	2,694,787
Neighborhood Res. - HUD	15,122,598	10,988,178
Public Safety	2,346,842	1,538,873
Total Operating Grant Revenue	\$ 28,056,181	\$ 31,972,401
General Government*	\$ 2,104,000	\$ 966,248
Community Services	1,389,182	-
Cultural Development	-	18,993
Neighborhood Res.	-	2,625,000
Public Safety	680,000	-
Public Works & Utilities	7,862,976	10,634,679
Total Capital Grant Revenue	\$ 12,036,158	\$ 14,244,920
Total Grant Revenue	\$ 40,092,338	\$ 46,217,321



* 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 for FY 2023-24 are \$31.7M as compared to \$46.2M for FY 2022-23.