



Informational Memo

Management Services - Memo No. 26-019

Date: September 12, 2025

To: Mayor and Council

Thru: John Pombier, Acting City Manager *JP*
Dawn Lang, Deputy City Manager/CFO *DLL*

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

Subject: Fiscal Year End (FYE) 2024-25 Fourth Quarter Financial Report

Attached is the FYE 2024-25 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 2024-25 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 2020-21 to FY 2023-24), 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 Franchise Fees. The General Fund FYE reflected overall revenue growth of 6.6% above adopted budget with 106.6% of budgeted revenues received compared to a 116.1% historical average received.

Overall, General Fund revenue, led by continuing Sales Tax collections, is performing well due to slightly higher local consumer spending with related inflation, but with a slower stream of development activity. The expansion of Intel continued to slow during the year, which shows in certain revenues having planned reductions from the prior year. It is anticipated that once the development is completed, revenues will stabilize in these categories, classifying any remaining additional revenue increases as one-time.

During the preparation of the FY 2025-26 Budget, projected FY 2024-25 year-end revenues were updated based on actual collections reflected in this report from January 2025 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 2025-26 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 ended at 93.5% of budget at FYE compared to 91.9% for the prior fiscal year.

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

Attachment: FYE 2024-25 Fourth Quarter Financial Report

c: Tadd Wille, Assistant City Manager
Ryan Peters, Deputy City Manager
Leah Powell, Deputy City Manager



Management Services

Quarterly Financial Report

4th Qtr FY 2024-25

Performance at a Glance

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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 2024 (third estimate)	3.1%
Fourth Quarter 2024	2.4%
First Quarter 2025	-0.5%
Second Quarter 2025 (advance estimate)	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.

July 27, 2023	5.25%-5.50%
September 19, 2024	4.75%-5.00%
November 8, 2024	4.50%-4.75%
December 19, 2024	4.25%-4.50%

Source: Federal Reserve Bank

Unemployment

	National	State of Arizona	Phoenix Metro Area*
Mar-25	4.2%	4.0%	3.6%
Apr-25	3.9%	3.5%	3.1%
May-25	4.0%	4.1%	3.7%
Jun-25	4.4%	4.5%	4.0%

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 2024-25 Rate of Return	4th Quarter	Fiscal Year
Benchmark	1.18%	5.67%
Allspring Global Investments	1.27%	5.74%
Benchmark	1.36%	6.07%
PFM Asset Management, LLC	1.49%	6.20%
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%

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 70.25 for FY 2023-24, up from the 14.5 average permits per quarter in FY 2022-23. The average for FY 2024-25 is 42.5.

Quarter	State of Arizona	Chandler
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
Jul - Aug - Sep 2024	10,380	42
Oct - Nov - Dec 2024	8,973	46
Jan - Feb - Mar 2025	9,855	51
Apr - May - Jun 2025	9,429	31

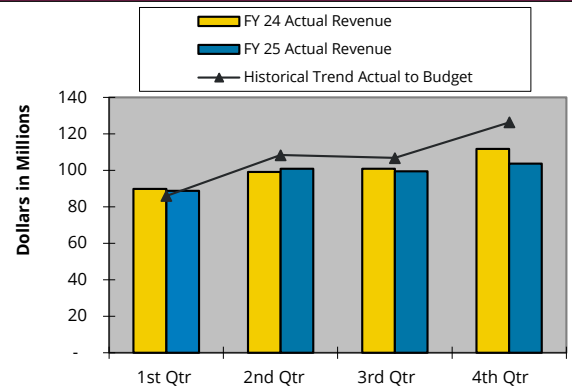
General Fund

Revenue Analysis:

Overall General Fund Revenues FY 2024-25

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 24	\$ 80,607,440	\$ 88,779,243	24.1%	23.4%
2nd Qtr	Oct - Dec 24	91,658,492	100,807,419	27.4%	29.4%
3rd Qtr	Jan - Mar 25	92,931,103	99,446,709	27.0%	29.0%
4th Qtr	Apr - Jun 25	103,036,766	103,653,593	28.1%	34.3%
Total		\$ 368,233,801	\$ 392,686,964	106.6%	116.1%

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



Positive

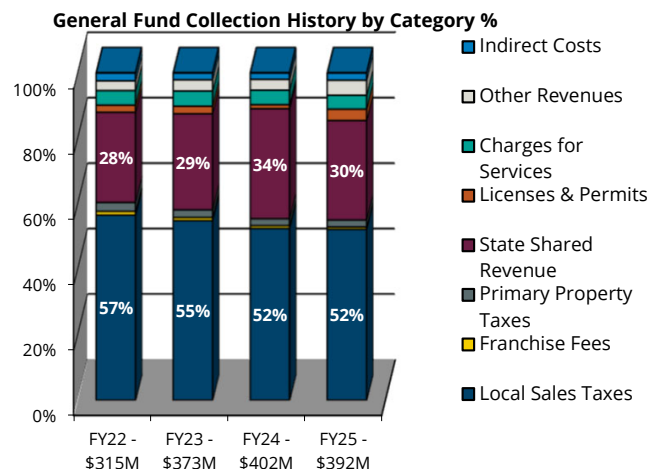
General Fund revenue collections for FY 2024-25 were \$24.5M (6.6%) above the adopted budget and \$8.9M (2.2%) less than actual collections for FY 2023-24.

Overall, General Fund revenue increases are led by higher collection of local sales taxes, although this increase will be slowing as the residential rental tax elimination, which began in January 2025, is now reflected. These categories performed well due to level 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, continues to affect revenues in various categories. As this project winds down, we anticipate reductions in several categories. Once the development is complete, revenues will stabilize, classifying much of this additional revenue as one-time. The performance indicator is positive as actual overall collections exceeded the amount budgeted at fiscal 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 2024-25

Revenue Categories	FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 197,908,400	\$ 204,965,247	103.6%
Franchise Fees	3,650,000	2,807,599	76.9%
Primary Property Tax	8,783,722	8,431,138	96.0%
State Shared Sales Tax	116,408,000	119,262,712	102.5%
Licenses & Permits	6,978,300	13,818,609	198.0%
Charges for Services	15,707,789	16,824,743	107.1%
Other Revenues	10,265,308	17,928,857	174.7%
Indirect Cost Allocation	8,532,282	8,648,060	101.4%
Total	\$ 368,233,801	\$ 392,686,964	106.6%



Positive

This chart summarizes General Fund revenue collections by revenue category for FY 2024-25. 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 came in higher than budget.

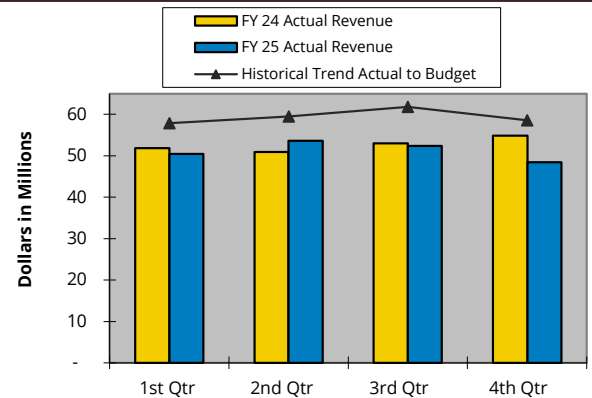
General Fund

Revenue Analysis (continued):

Sales Tax Revenue FY 2024-25

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 24	\$ 46,982,983	\$ 50,450,498	25.5%	29.2%
2nd Qtr	Oct - Dec 24	48,458,357	53,648,248	27.1%	30.1%
3rd Qtr	Jan - Mar 25	50,463,224	52,374,128	26.5%	31.2%
4th Qtr	Apr - Jun 25	52,003,836	48,492,373	24.5%	29.6%
Total		\$ 197,908,400	\$ 204,965,247	103.6%	120.1%

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



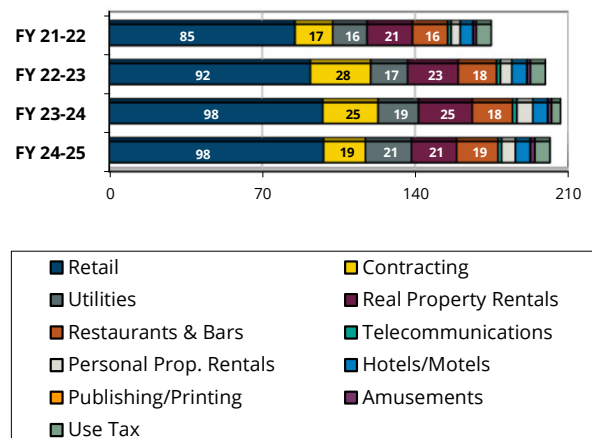
Positive

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 FY 2024-25 were \$7.1M (3.6%) above adopted budget and \$5.8M (2.7%) less than FY 2023-24 actual collections which was anticipated with the reduction in the residential rental classification. The performance indicator is positive as actual collections exceeded the amount budgeted at fiscal year-end.

Sales Tax Collection History

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr.
Retail/Mfd. Bldg/Jet Fuel	\$	92,000,000	\$ 98,165,564	106.7%	0.4%
Contracting		23,700,000	19,093,138	80.6%	-24.5%
Utilities		21,950,000	21,104,109	96.1%	14.0%
Real Property Rentals		18,000,000	20,707,698	115.0%	-15.9%
Restaurants & Bars		17,500,000	18,924,739	108.1%	2.6%
Telecommunications		1,550,000	1,677,975	108.3%	-18.0%
Personal Prop. Rentals		5,500,000	6,315,805	114.8%	-12.8%
Hotels/Motels		6,800,000	6,726,031	98.9%	-0.2%
Publishing/Printing/Adv.		200,000	208,311	104.2%	19.1%
Amusements		1,300,000	1,963,222	151.0%	16.1%
Use Tax		7,500,000	6,909,195	92.1%	69.4%
Total Sales Tax	\$	196,000,000	\$ 201,795,787	103.0%	-2.3%

4 Years Actual Sales Tax by Category
(in millions)



The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2024-25 were \$5.8M (3.0%) above the adopted budget and \$4.8M (2.3%) less than FY 2023-24 actual collections. It should be noted that many of the categories are positive, reflecting continued consumer spending, although slowing from the prior year as Intel winds down their project. Contracting/development collections and Personal Property Rentals are down as the Intel project slows and residential rental tax elimination has impacted the Real Property Rentals category. Use tax is a highly fluctuating revenue category and significant swings in collection percentage are not abnormal.

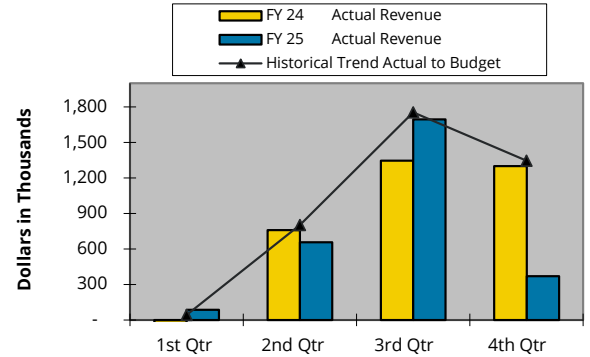
General Fund

Revenue Analysis (continued):

Franchise Fee Revenue FY 2024-25

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 24	\$ 38,748	\$ 85,527	2.3%	1.1%
2nd Qtr	Oct - Dec 24	743,734	656,917	18.0%	22.0%
3rd Qtr	Jan - Mar 25	1,622,522	1,694,658	46.4%	48.0%
4th Qtr	Apr - Jun 25	1,244,996	370,497	10.2%	36.9%
Total		\$ 3,650,000	\$ 2,807,599	76.9%	108.0%

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



Negative

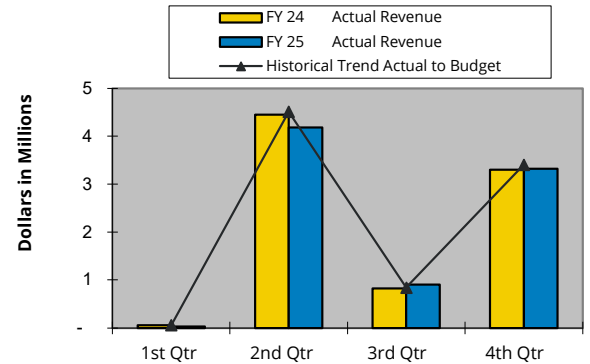
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections for FY 2024-25 were \$842,401 (23.1%) below the adopted budget and \$575,452 (17.0%) less than FY 2023-24 actual collections. The performance indicator is a negative as the percentage of budget received was five or more percentage points below the historical budget received at fiscal year-end. Additional review is ongoing in the drop in the cable franchise category of revenue collected to quantify if the reduction in the current year was related to one-time revenue decreases or should be updated to reflect ongoing changes to revenues.

Primary Property Tax Revenue FY 2024-25

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 24	\$ 57,547	\$ 29,138	0.3%	0.7%
2nd Qtr	Oct - Dec 24	4,493,935	4,180,738	47.6%	51.3%
3rd Qtr	Jan - Mar 25	839,121	899,839	10.2%	9.6%
4th Qtr	Apr - Jun 25	3,393,119	3,321,423	37.8%	38.8%
Total		\$ 8,783,722	\$ 8,431,138	95.9%	100.4%

* 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 2024-25, Chandler is collecting a primary tax rate of \$0.2126 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.0826, 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 4.7% related to appreciation, which resulted in a small net tax increase for the median value homeowner.

Primary property tax collections for FY 2024-25 were \$352,584 (4.0%) below the adopted budget and \$195,503 (2.3%) less than FY 2023-24 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 a warning as the percentage of budget received was between two to five percentage points below the historical budget received at fiscal year-end, however with the reductions anticipated due to the Qasimyar court ruling, the indicator was changed to positive as the reduction in revenue was anticipated. The Qasimyar vs. Maricopa County Class Action Lawsuit refunds impacted taxpayers that changed the use of their home from a residential home to a rental home between 2015 and 2021 when the home values had been lower.

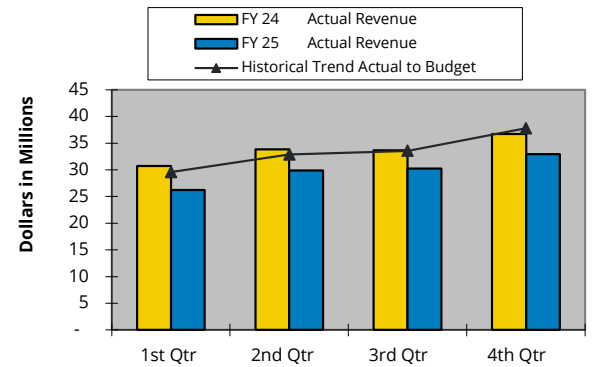
General Fund

Revenue Analysis (continued):

State Shared Sales Tax Revenues FY 2024-25

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 24	\$ 25,866,242	\$ 26,203,145	22.5%	25.4%
2nd Qtr	Oct - Dec 24	28,657,188	29,889,623	25.7%	28.2%
3rd Qtr	Jan - Mar 25	28,937,527	30,228,498	26.0%	28.8%
4th Qtr	Apr - Jun 25	32,947,043	32,941,444	28.3%	32.5%
Total		\$ 116,408,000	\$ 119,262,712	102.5%	115.0%

* 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 FY 2024-25 were \$1.5M (3.6%) above adopted budget and \$623,859 (1.5%) higher than FY 2023-24 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 revenue based on the number of employees enrolled in PSPRS at the time. Collections for FY 2024-25 were \$307,970 (23.5%) above adopted budget and \$112,769 (7.5%) higher than FY2023-24 actual collections.

-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the State, as well as surcharges from vehicle rentals. The respective city share's are determined by the proportion of city population to total incorporated population of the county. Collections for FY 2024-25 were \$1.6M (11.6%) above adopted budget and \$674,629 (4.7%) higher than FY 2023-24 actual collections.

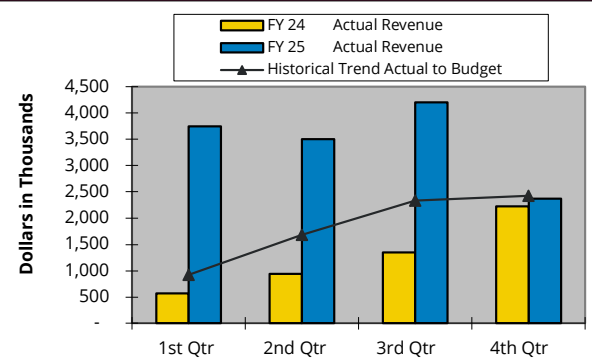
-- **Urban Revenue Sharing:** Eighteen percent (18%) of the **2022** State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Collections for FY 2024-25 were \$500,653 (0.8%) below adopted budget and \$14.8M (19.9%) less than FY 2023-24 actual collections, which reflects the known reduction as the full impact of the flat tax went into effect.

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

Licenses & Permits Revenue FY 2024-25

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 24	\$ 875,785	\$ 3,745,777	53.7%	13.3%
2nd Qtr	Oct - Dec 24	1,597,039	3,501,261	50.2%	24.2%
3rd Qtr	Jan - Mar 25	2,210,135	4,204,073	60.2%	33.4%
4th Qtr	Apr - Jun 25	2,295,341	2,367,498	33.9%	34.7%
Total		\$ 6,978,300	\$ 13,818,609	198.0%	105.6%

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



Positive

This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections for FY 2024-25 were \$6.8M (98.0%) above adopted budget and \$8.7M (171.2%) higher than FY 2023-24 actual collections. Lower collections for FY 2023-24 were anticipated as large industrial permits inflated the historical comparison, however we are also seeing a slowing of other permit related revenues. Higher collections in the first three quarters of FY 2024-25 reflects large receipts recorded for industrial permits. The performance indicator is positive as actual collections exceeded the amount budgeted at fiscal year-end.

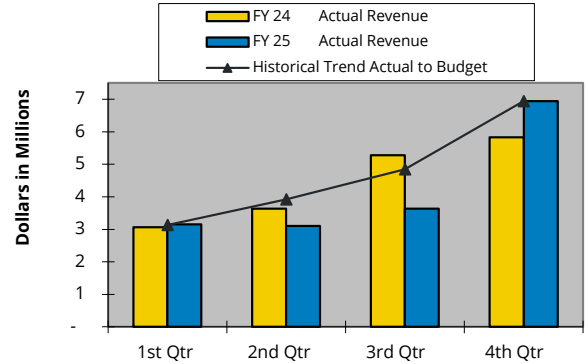
General Fund

Revenue Analysis (continued):

Charges for Services Revenue FY 2024-25

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 24	\$ 2,612,176	\$ 3,152,083	20.1%	19.9%
2nd Qtr	Oct - Dec 24	3,268,215	3,103,026	19.7%	24.9%
3rd Qtr	Jan - Mar 25	4,037,491	3,631,977	23.1%	30.8%
4th Qtr	Apr - Jun 25	5,789,907	6,937,657	44.2%	44.2%
Total		\$ 15,707,789	\$ 16,824,743	107.1%	119.8%

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



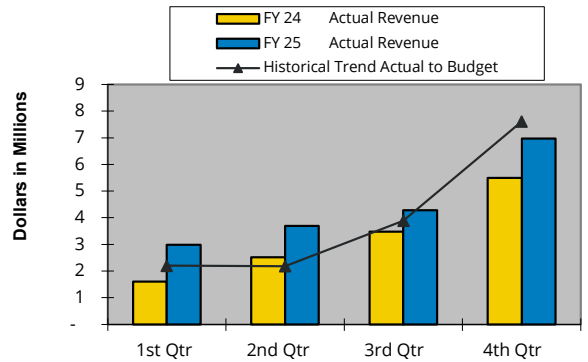
Positive

Charges for Services includes revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursements. Charges for services collections for FY 2024-25 were \$1.1M (7.1%) above the adopted budget and \$975,172 (5.5%) less than FY 2023-24 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at fiscal year-end.

Other Revenue FY 2024-25

		FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 24	\$ 2,040,885	\$ 2,980,005	29.0%	21.4%
2nd Qtr	Oct - Dec 24	2,306,957	3,694,536	36.0%	21.3%
3rd Qtr	Jan - Mar 25	2,688,011	4,280,463	41.7%	37.9%
4th Qtr	Apr - Jun 25	3,229,455	6,973,853	67.9%	74.2%
Total		\$ 10,265,308	\$ 17,928,857	174.6%	154.8%

* 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. Higher collections in the first three quarters of FY 2024-25 reflects interest income due to higher balances and rates. Other revenue collections for FY 2024-25 were \$7.7M (74.7%) above adopted budget and \$4.8M (37.0%) higher than FY 2023-24 actual collections. The performance indicator is positive as actual collections exceeded the amount budgeted at fiscal year-end.

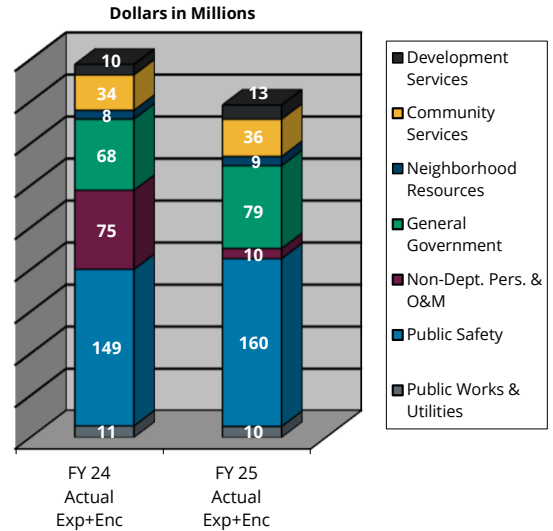
General Fund

Expenditure Analysis:

General Fund Expenditures + Encumbrances for FY 2024-25 by Function

	FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
* Dept. Operating				
General Government	\$ 87,097,455	\$ 78,898,328	90.6%	88.4%
Community Services	37,813,290	35,522,571	93.9%	93.8%
Development Services	15,211,467	13,452,353	88.4%	86.7%
Public Safety	165,209,866	159,737,617	96.7%	96.4%
Public Works & Utilities	11,721,967	10,480,775	89.4%	89.1%
Neighborhood Resources	10,061,563	8,712,996	86.6%	81.9%
Non-Dept. Pers. & O&M	11,438,477	9,667,060	84.5%	88.2%
Subtotal	\$ 338,554,085	\$ 316,471,700	93.5%	91.9%
Non-Dept. Reserves	\$ 2,948,194	\$ -	0.0%	0.0%
Non-Dept. Contingencies	37,404,988	-	0.0%	0.0%
Total	\$ 378,907,267	\$ 316,471,700	83.5%	80.6%

* 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.

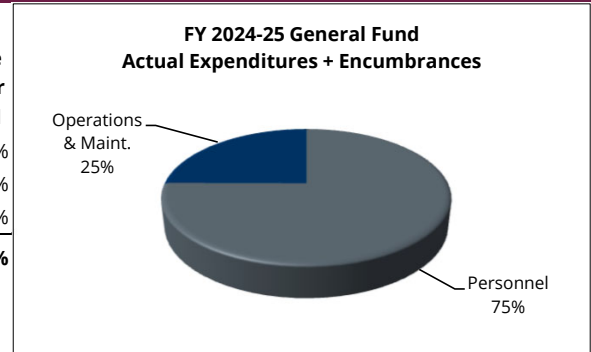
The chart reflects fiscal year-end actual spending and encumbrances for FY 2023-24 and FY 2024-25. Non-Dept. The Personnel and O&M (maroon category) decrease mainly reflects the difference in the amount of the prior year's payment of \$73M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability payoff, to the current year's payment of \$7M. Public Safety's (blue category) increase mainly reflects higher personnel and technology related costs. General Government (green category) increased due to professional services, higher utilities citywide reflected in Building & Facilities, and personnel costs. All other areas remained fairly consistent.

FY 2024-25 operating expended and encumbered at fiscal year-end reflects 93.5% of the adjusted budget compared to 91.9% of adjusted budget spent and encumbered in the prior year. As shown on the following pages, departments (excluding non-departmental) have expended between 85.8% and 98.4% of their General Fund adjusted budgets for FY 2024-25.

General Fund Expenditures + Encumbrances for FY 2024-25 by Category

	FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	FY 24 Actual Exp+Enc	% Change from Prior Yr. Actual
*Dept. Operating				
Personnel	\$ 246,577,673	\$ 237,657,306	\$ 281,814,521	-15.7%
Operations & Maint.	91,976,412	78,814,394	73,281,950	7.5%
Reserves/Contingencies	40,353,182	-	-	0.0%
Total	\$ 378,907,267	\$ 316,471,700	\$ 355,096,471	-10.9%

* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending for FY 2024-25 is 15.7% less than spending for FY 2023-24. The majority of the decrease was due the \$7M payment to the Public Safety Personnel Retirement System (PSPRS), versus \$73M in the prior year and also includes other citywide personnel cost increases and FTE changes. Operations and maintenance spending through for FY 2024-25 is 7.5% higher than spending for FY 2023-24. Some of the increase reflected higher spending and encumbrances for Fire, Police, Neighborhood Resources, and IT professional services.

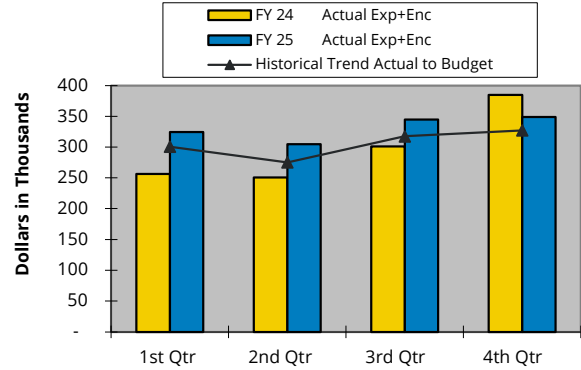
General Fund

Expenditure Analysis (continued / department summaries):

Mayor & Council Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 300,500	\$ 324,241	23.9%	22.1%
2nd Qtr	Oct - Dec 24	320,761	304,471	22.5%	20.3%
3rd Qtr	Jan - Mar 25	363,117	344,460	25.4%	23.4%
4th Qtr	Apr - Jun 25	372,783	348,713	25.6%	24.1%
Total		\$ 1,357,161	\$ 1,321,885	97.4%	89.9%

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



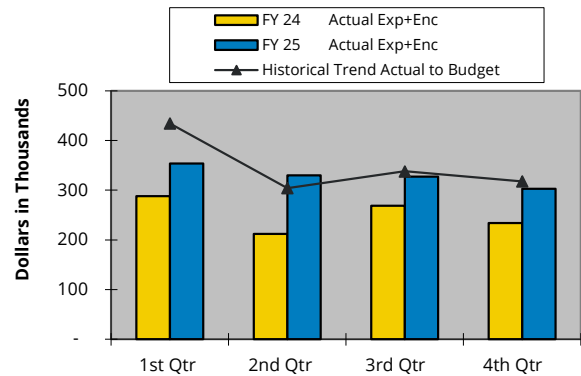
Positive

The Mayor and Council division spent 97.4% of their FY 2024-25 adjusted budget and has historically spent 89.9% of their adjusted budget for the fiscal year. Higher spending in the first three quarters of FY 2024-25 reflected increases in personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

City Clerk Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 434,375	\$ 353,897	23.1%	28.4%
2nd Qtr	Oct - Dec 24	349,635	330,005	21.5%	19.9%
3rd Qtr	Jan - Mar 25	383,722	327,281	21.4%	22.1%
4th Qtr	Apr - Jun 25	363,653	302,843	19.8%	20.7%
Total		\$ 1,531,385	\$ 1,314,026	85.8%	91.1%

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



Positive

City Clerk includes the following cost centers: City Clerk and Records Management. The department spent 85.8% of their FY 2024-25 adjusted budget and has historically spent 91.1% of their adjusted budget for the fiscal year. Higher spending in the first three quarters of FY 2024-25 compared to FY 2023-24 reflected election expenses and the new Records Management cost center which was established in FY 2024-25. The result is a positive performance indicator as expenses are less than the adjusted budget.

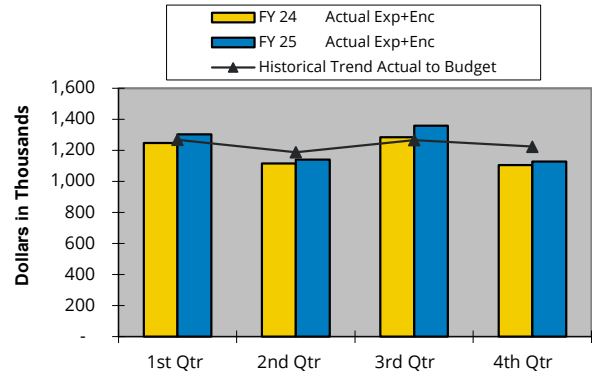
General Fund

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 1,269,110	\$ 1,302,529	26.0%	25.3%
2nd Qtr	Oct - Dec 24	1,209,211	1,139,259	22.8%	23.7%
3rd Qtr	Jan - Mar 25	1,286,097	1,358,455	27.1%	25.3%
4th Qtr	Apr - Jun 25	1,243,833	1,127,104	22.5%	24.4%
Total		\$ 5,008,251	\$ 4,927,347	98.4%	98.7%

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



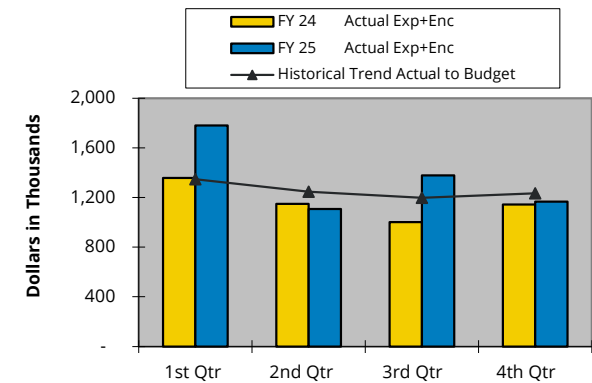
Positive

Law spent 98.4% of their FY 2024-25 adjusted budget and has historically spent 98.7% of their adjusted budget for the fiscal year. The result is a positive performance indicator as expenses are less than the adjusted budget.

City Magistrate Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 1,348,031	\$ 1,780,679	29.2%	22.1%
2nd Qtr	Oct - Dec 24	1,605,953	1,106,023	18.1%	20.4%
3rd Qtr	Jan - Mar 25	1,556,502	1,376,856	22.6%	19.6%
4th Qtr	Apr - Jun 25	1,592,689	1,165,438	19.1%	20.2%
Total		\$ 6,103,175	\$ 5,428,996	89.0%	82.3%

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



Positive

City Magistrate spent 89.0% of their FY 2024-25 adjusted budget and has historically spent 82.3% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2024-25 reflected increases in professional services (a large encumbrance for public defender services in the first quarter that was spent down throughout the year) and personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

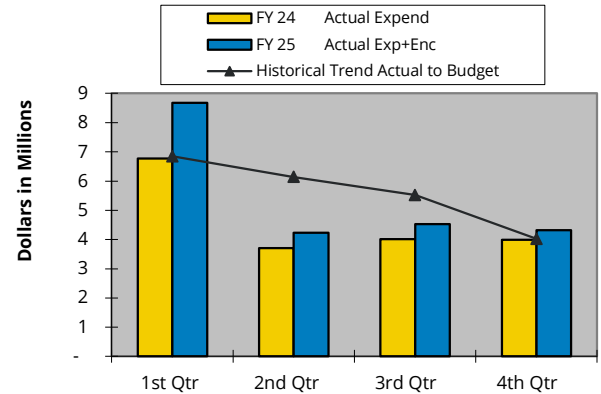
General Fund

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 6,846,536	\$ 8,680,550	36.3%	28.7%
2nd Qtr	Oct - Dec 24	6,144,018	4,230,275	17.7%	20.6%
3rd Qtr	Jan - Mar 25	5,522,800	4,528,438	19.0%	18.0%
4th Qtr	Apr - Jun 25	5,374,468	4,319,913	18.1%	16.8%
Total		\$23,887,822	\$ 21,759,176	91.1%	84.1%

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



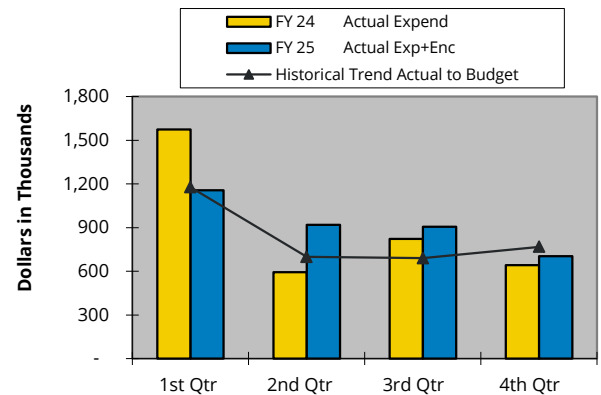
Positive

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. Combined these divisions spent 91.1% of their FY 2024-25 adjusted budget and have historically spent 84.1% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2024-25 reflected increases in professional services (a large encumbrance in Transportation Policy in the first quarter that was spent down throughout the year), higher utilities citywide reflected in Building & Facilities, and personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

Communications & Public Affairs Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 1,178,078	\$ 1,157,820	28.6%	29.1%
2nd Qtr	Oct - Dec 24	934,393	920,079	22.7%	17.3%
3rd Qtr	Jan - Mar 25	926,213	906,627	22.4%	17.0%
4th Qtr	Apr - Jun 25	1,012,751	704,475	17.4%	19.0%
Total		\$ 4,051,435	\$ 3,689,001	91.1%	82.4%

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



Positive

Communications and Public Affairs (CAPA) spent 91.1% of their FY 2024-25 adjusted budget and have historically spent 82.4% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2023-24 compared to FY 2024-25 was for planned one-time expenses for marketing/promotional and talent recruitment campaigns. Higher spending in the second quarter of FY 2024-25 compared to FY 2023-24 was for studio equipment cost associated with the government access channel. The result is a positive performance indicator as expenses are less than the adjusted budget.

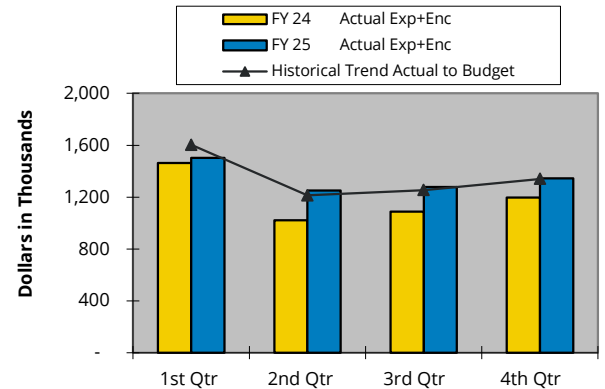
General Fund

Expenditure Analysis (continued / department summaries):

Cultural Development Expenditure 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 1,603,625	\$ 1,503,507	26.9%	28.7%
2nd Qtr	Oct - Dec 24	1,271,570	1,249,973	22.3%	21.7%
3rd Qtr	Jan - Mar 25	1,313,684	1,278,454	23.0%	22.4%
4th Qtr	Apr - Jun 25	1,400,814	1,345,727	24.0%	24.0%
Total		\$ 5,589,693	\$ 5,377,661	96.2%	96.8%

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



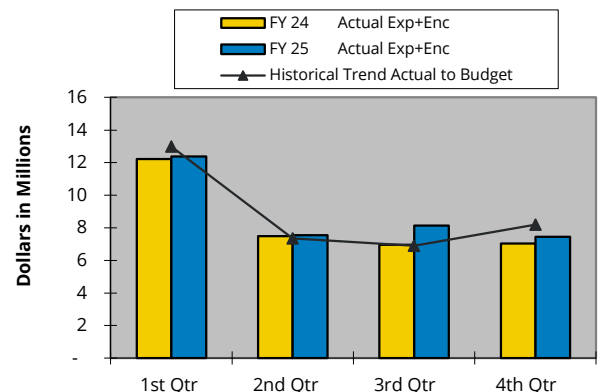
Positive

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 96.2% of their FY 2024-25 adjusted budget and have historically spent 96.8% of their adjusted budget for the fiscal year. The result is a positive performance indicator as expenses are less than the adjusted budget.

Community Services Expenditure 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 12,989,329	\$ 12,390,805	32.8%	34.4%
2nd Qtr	Oct - Dec 24	8,141,412	7,544,872	20.0%	19.4%
3rd Qtr	Jan - Mar 25	7,689,649	8,144,843	21.5%	18.2%
4th Qtr	Apr - Jun 25	8,992,900	7,442,051	19.7%	21.7%
Total		\$37,813,290	\$ 35,522,571	93.9%	93.7%

* 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 93.9% of their FY 2024-25 adjusted budget and have historically spent 93.7% of their adjusted budget through for the fiscal year. Higher spending in the third quarter of FY 2024-25 reflected increases in personnel and park maintenance. The result is a positive performance indicator as expenses are less than the adjusted budget.

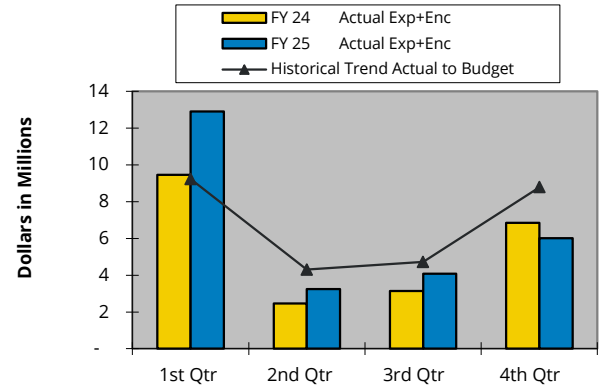
General Fund

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 9,234,114	\$ 12,907,965	42.7%	30.5%
2nd Qtr	Oct - Dec 24	5,372,906	3,250,476	10.7%	14.2%
3rd Qtr	Jan - Mar 25	5,784,196	4,074,541	13.4%	15.6%
4th Qtr	Apr - Jun 25	9,857,197	6,018,363	20.0%	29.1%
Total		\$30,248,413	\$ 26,251,345	86.8%	89.4%

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



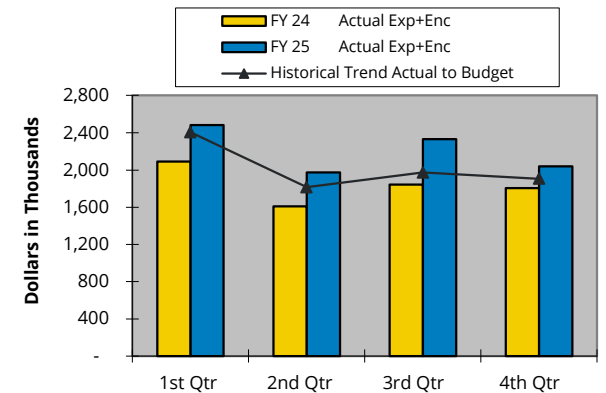
Positive

Information Technology spent 86.8% of their FY 2024-25 adjusted budget and have historically spent 89.4% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2024-25 reflected increases in professional services (large encumbrances for various contracts in the first quarter that were spent down throughout the year) and personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

Management Services Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 2,406,188	\$ 2,482,830	26.6%	25.8%
2nd Qtr	Oct - Dec 24	2,219,787	1,973,352	21.1%	19.5%
3rd Qtr	Jan - Mar 25	2,380,379	2,332,601	25.1%	21.2%
4th Qtr	Apr - Jun 25	2,313,766	2,040,108	21.9%	20.5%
Total		\$ 9,320,120	\$ 8,828,891	94.7%	87.0%

* 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, Water/Wastewater/Solid Waste, through the Indirect Cost Allocation). These divisions spent 94.7% of their FY 2024-25 adjusted budget and have historically spent 87.0% of their adjusted budget for the fiscal year. Higher spending in the first three quarters of FY 2024-25 reflected increases in personnel costs with a new positions added to the Budget and Tax & License Divisions and vacancies filled. The result is a positive performance indicator as expenses are less than the adjusted budget.

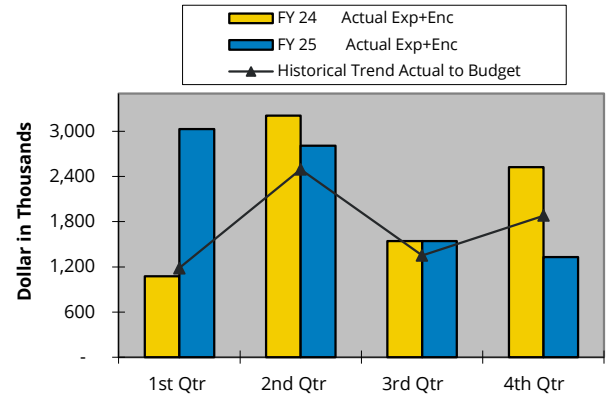
General Fund

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 1,181,725	\$ 3,029,170	30.1%	11.7%
2nd Qtr	Oct - Dec 24	3,544,367	2,809,729	28.0%	24.8%
3rd Qtr	Jan - Mar 25	2,402,485	1,544,357	15.2%	13.4%
4th Qtr	Apr - Jun 25	2,932,986	1,329,740	13.2%	18.7%
Total		\$10,061,563	\$ 8,712,996	86.6%	68.6%

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



Positive

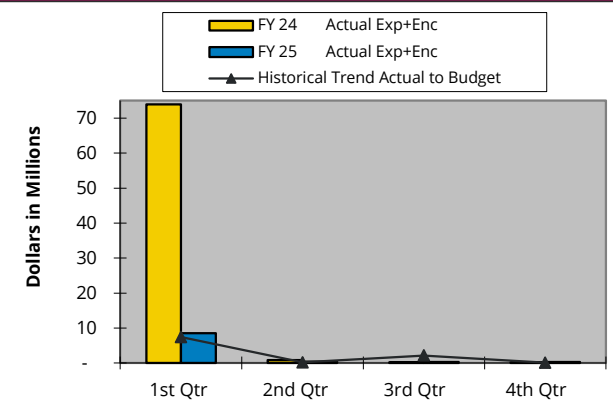
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, Neighborhood Preservation, and Community Development. The department spent 86.6% of their FY 2024-25 adjusted budget and have historically spent 68.6% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2024-25 compared to FY 2023-24 reflected the timing shift of encumbrances from the prior year between the first and second quarter. The result is a positive performance indicator as expenses are less than the adjusted budget.

Non-Departmental Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 7,388,360	\$ 8,567,468	74.9%	65.1%
2nd Qtr	Oct - Dec 24	1,061,572	394,754	3.5%	2.2%
3rd Qtr	Jan - Mar 25	2,864,827	334,091	2.9%	19.3%
4th Qtr	Apr - Jun 25	123,718	370,747	3.2%	1.1%
Total**		\$11,438,477	\$ 9,667,060	84.5%	87.7%

* 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 2024-25 is 84.5% of the adjusted budget and has historically spent 87.7% of the adjusted budget for the fiscal year. Higher spending in FY 2023-24 compared to FY 2024-25 reflects the decreased payment to the Public Safety Personnel Retirement System (PSPRS) payment in the amount of \$7.0M, which was \$73M in the prior year. The result is a positive performance indicator as expenses are less than the adjusted budget.

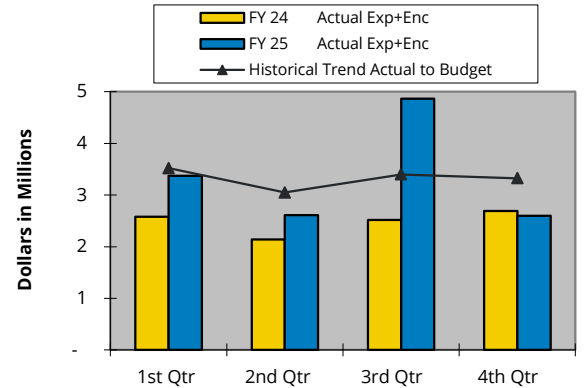
General Fund

Expenditure Analysis (continued / department summaries):

Development Services Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 3,518,496	\$ 3,376,299	22.2%	23.1%
2nd Qtr	Oct - Dec 24	3,636,648	2,611,437	17.2%	20.0%
3rd Qtr	Jan - Mar 25	3,989,901	4,864,701	32.0%	22.4%
4th Qtr	Apr - Jun 25	4,066,422	2,599,916	17.0%	21.9%
Total		\$15,211,467	\$ 13,452,353	88.4%	87.4%

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



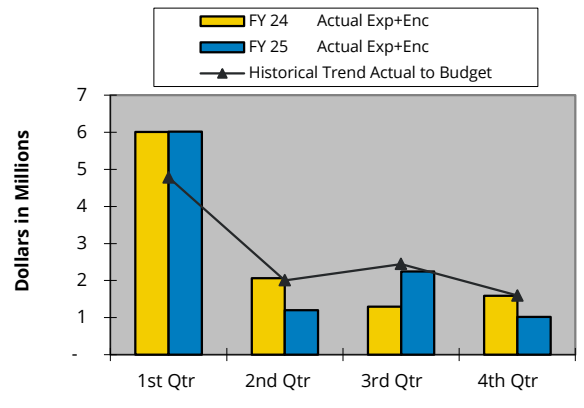
Positive

Development Services includes the following cost centers: Administration, Construction Management and Permits, Building Safety, Transportation Engineering, Engineering, and Planning. The department spent 88.4% of their FY 2024-25 adjusted budget and have historically spent 87.4% of their adjusted budget for the fiscal year. Higher spending in the first and third quarter of FY 2024-25 reflected increases in professional services and personnel costs related to the Fiber program. The result is a positive performance indicator as expenses are less than the adjusted budget.

Public Works & Utilities Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 24	\$ 4,784,557	\$ 6,015,865	51.3%	40.8%
2nd Qtr	Oct - Dec 24	2,308,697	1,202,849	10.3%	17.1%
3rd Qtr	Jan - Mar 25	2,748,412	2,244,460	19.0%	20.9%
4th Qtr	Apr - Jun 25	1,880,301	1,017,601	8.8%	13.6%
Total		\$11,721,967	\$ 10,480,775	89.4%	92.4%

* 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 89.4% of their FY 2024-25 adjusted budget and have historically spent 92.4% of their adjusted budget for the fiscal year. The result is a positive performance indicator as expenses are less than the adjusted budget.

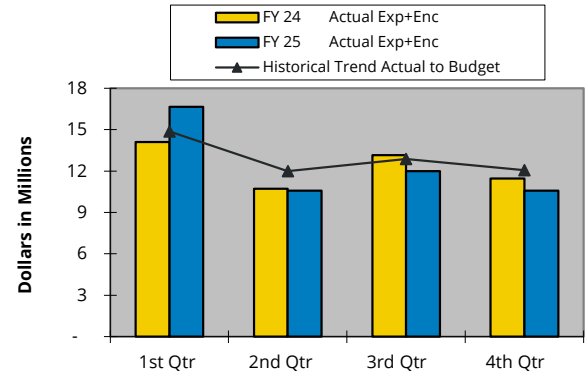
General Fund

Expenditure Analysis (continued / department summaries):

Fire Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr Jul - Sep 24	\$	14,881,379	\$ 16,659,832	31.7%	28.3%
2nd Qtr Oct - Dec 24		12,226,572	10,577,470	20.2%	22.8%
3rd Qtr Jan - Mar 25		13,122,691	11,985,138	22.7%	24.5%
4th Qtr Apr - Jun 25		12,338,115	10,568,304	20.1%	23.0%
Total	\$	52,568,757	\$ 49,790,744	94.7%	98.6%

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



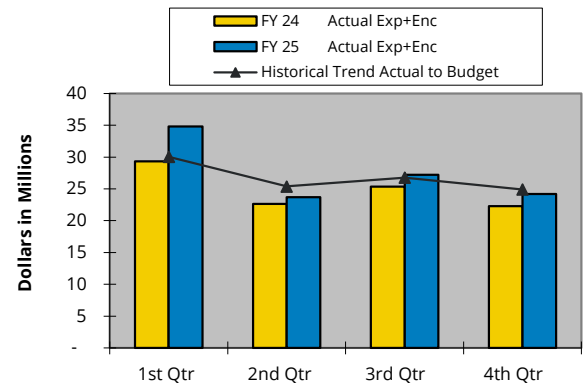
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 94.7% of their FY 2024-25 adjusted budget and have historically spent 98.6% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2024-25 reflected increases in professional services and personnel costs which included a one-time payment to the Post Employment Health Plan (PEHP) for all sworn members covered by the MOU. The result is a positive performance indicator as expenses are less than the adjusted budget.

Police Expenditure FY 2024-25 Comparison

		FY 25 Adjusted Budget	FY 25 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr Jul - Sep 24	\$	30,064,061	\$ 34,793,009	30.9%	26.7%
2nd Qtr Oct - Dec 24		27,151,580	23,704,887	21.0%	22.5%
3rd Qtr Jan - Mar 25		28,593,073	27,229,027	24.2%	23.8%
4th Qtr Apr - Jun 25		26,832,395	24,219,950	21.5%	22.1%
Total	\$	112,641,109	\$ 109,946,873	97.6%	95.1%

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



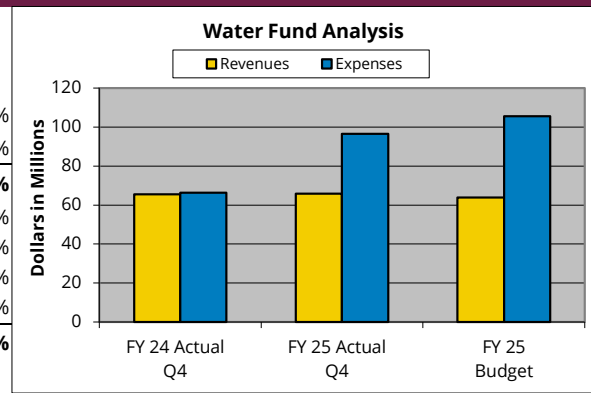
Positive

Police includes the following cost centers: Administration, Communications, Criminal Investigations, Detention Services, Field Operations, Forensic Services, Operational Support, Planning & Research, Professional Standards, Property & Evidence, Records, and Technology. The department spent 97.6% of their FY 2024-25 adjusted budget and have historically spent 95.1% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2024-25 reflected increases in personnel costs which included a one-time payment to the Post Employment Health Plan (PEHP) for all sworn members covered by the MOU. The result is a positive performance indicator as expenses are less than the adjusted budget.

Enterprise Fund Analysis:

Water Fund Analysis FY 2024-25 Comparison

	FY 25 Adjusted Budget	FY 25 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Water Fund				
Revenues	\$ 62,054,928	\$ 63,993,093	103%	107%
Transfers In	1,839,514	1,839,514	100%	100%
Total Revenues	\$ 63,894,442	\$ 65,832,607	103%	106%
Operating Expenses	\$ 45,027,818	\$ 43,711,454	97%	94%
Major Capital Expenses	39,420,546	31,631,781	80%	17%
Debt Service	15,481,111	15,479,531	100%	90%
Transfers Out	5,672,987	5,725,087	101%	100%
Total Expenses	\$ 105,602,462	\$ 96,547,853	91%	65%
Net Rev / Exp	\$ (41,708,020)	\$ (30,715,246)		



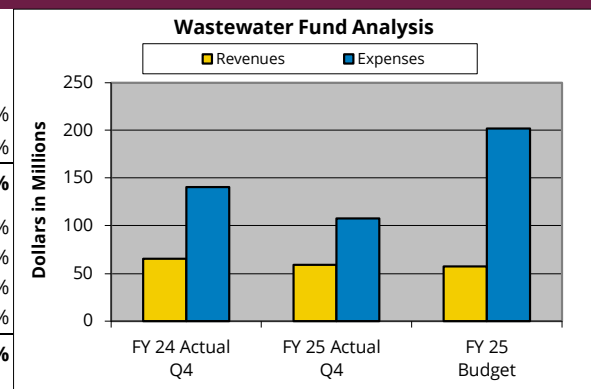
Positive

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 2024-25 reflects a \$41.7M drawdown (including unspent capital carryforward from prior years) to fund balance due to increased pay as you go, as well as bond funded (sold in prior year) capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In totaling \$1,839,514 includes \$450,714 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 \$5,672,987 includes indirect cost allocation to the General Fund of \$3,439,300, payment of \$221,949 to the Technology Replacement Fund, payment of \$600,000 to the Insured Liability Self-Insurance Fund, payment of \$33,528 to the Workers' Compensation Self-Insurance Trust, payment of \$23,511 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$1,354,699 to the Reclaimed Water Fund to reflect benefits received. Year-to-date **Operating Revenues** are 103% compared to 107% for FY 2023-24, while **Operating Expenses** are 97% compared to 94% for FY 2023-24. This results in a positive performance indicator.

Wastewater Fund Analysis FY 2024-25 Comparison

	FY 25 Adjusted Budget	FY 25 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Wastewater Fund				
Revenues	\$ 50,795,566	\$ 52,779,964	104%	100%
Transfers In	6,260,896	6,260,896	100%	100%
Total Revenues	\$ 57,056,462	\$ 59,040,860	103%	100%
Operating Expenses	\$ 24,859,645	\$ 22,868,666	92%	87%
Major Capital Expenses	153,448,226	61,226,252	40%	49%
Debt Service	19,008,615	19,002,114	100%	98%
Transfers Out	4,464,800	4,503,007	101%	100%
Total Expenses	\$ 201,781,286	\$ 107,600,039	53%	58%
Net Rev / Exp	\$ (144,724,824)	\$ (48,559,179)		



Positive

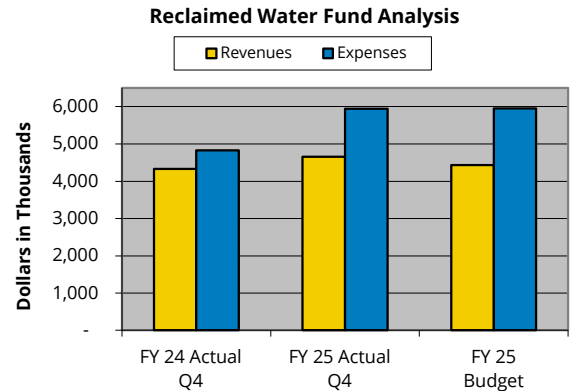
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 2024-25 reflects a \$144.7M drawdown (including unspent capital carryforward from prior years) to fund balance due to increased pay as you go, as well as bond funded (sold in prior year) capital spending, and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In totaling \$6,260,896 includes \$5M for System Development Fee (SDF) loan paybacks and \$1,260,896 from Reclaimed Water towards related capital costs. The budgeted Transfers Out totaling \$4,464,800 includes indirect cost allocation to the General Fund of \$2,911,800, payment of \$152,413 to the Technology Replacement Fund, payment of \$22,377 to the Workers' Compensation Self-Insurance Trust, payment of \$23,511 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$1,354,699 to the Reclaimed Water Fund, reflecting benefits received. Year-to-date **Operating Revenues** are 104% compared to 100% for FY 2023-24, while **Operating Expenses** are 92% compared to 87% for FY 2023-24. This results in a positive performance indicator.

Enterprise Fund Analysis (continued):

Reclaimed Water Fund Analysis FY 2024-25 Comparison

	FY 25 Adjusted Budget	FY 25 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.	
Reclaimed Water					
Revenues	\$ 1,729,000	\$ 1,946,563	113%	97%	
Transfers In	2,709,398	2,709,398	100%	100%	
Total Revenues	\$ 4,438,398	\$ 4,655,961	105%	99%	
Operating Expenses	\$ 3,169,212	\$ 3,158,552	100%	99%	
Transfers Out	2,783,214	2,783,214	100%	100%	
Total Expenses	\$ 5,952,426	\$ 5,941,766	100%	99%	
Net Rev / Exp	\$ (1,514,028)	\$ (1,285,805)			

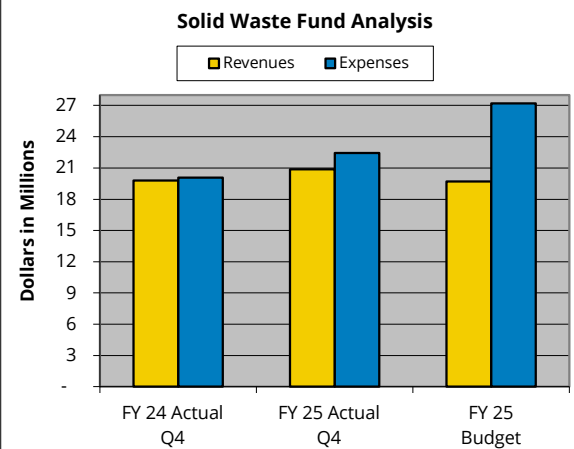
**Positive**

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 2024-25 budget reflects a drawdown to fund balance. The budgeted Transfers In totaling \$2,709,398 includes subsidies from Water and Wastewater Funds of \$1,354,699 each to reflect the benefit each fund receives by reclaiming water. The budgeted Transfers Out totaling \$2,783,214 include an indirect cost allocation to the General Fund of \$129,500, payment of \$3,070 to the Technology Replacement Fund, \$948 to the Workers' Compensation Self-Insurance Trust, as well as a payment of \$1,388,800 to the Water Fund and \$1,260,896 to the Wastewater Fund to reflect contributions to reclaimed capital costs. Year-to-date **Operating Revenues** are 113% of budget compared to 97% for FY 2023-24, while **Operating Expenses** are 100% of budget as compared to 99% for FY 2023-24. This results in a positive performance indicator.

Solid Waste Fund Analysis FY 2024-25 Comparison

	FY 25 Adjusted Budget	FY 25 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.	
Solid Waste					
Revenues	\$ 19,712,816	\$ 20,886,864	106%	104%	
Total Revenues	\$ 19,712,816	\$ 20,886,864	106%	104%	
Operating Expenses	\$ 20,117,322	\$ 17,688,519	88%	94%	
Major Capital Expenses	5,753,482	2,946,508	51%	23%	
Transfers Out	1,345,520	1,370,991	102%	100%	
Total Expenses	\$ 27,216,324	\$ 22,006,018	81%	78%	
Net Rev / Exp	\$ (7,503,508)	\$ (1,119,154)			

**Positive**

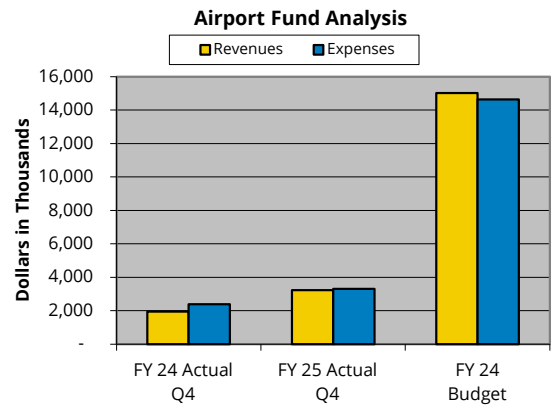
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2024-25 reflects a drawdown of \$7.5M (including unspent capital carryforward from prior years). The budgeted Transfers Out totaling \$1,345,520 include an indirect cost allocation to the General Fund of \$1,261,500, payment of \$67,985 to the Technology Replacement Fund, and payment of \$16,035 to the Workers' Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** are 106% compared to 104% for FY 2023-24, while **Operating Expenses** are 88% compared to 94% for FY 2023-24. This results in a positive performance indicator.

Enterprise / Other Funds Analysis (continued):

Airport Fund Analysis FY 2024-25 Comparison

	FY 25 Adjusted Budget	FY 25 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Airport Fund				
Revenues	\$ 1,217,988	\$ 1,309,148	107%	128%
General Fund Subsidy	13,423,750	1,930,086	14%	11%
Total Revenues	\$ 14,641,738	\$ 3,239,233	22%	18%
Operating Expenses	\$ 1,659,755	\$ 1,586,299	96%	96%
Major Capital Expenses	12,866,659	1,600,954	12%	14%
Transfers Out	115,324	115,324	100%	100%
Total Expenses	\$ 14,641,738	\$ 3,302,577	23%	24%
Net Rev / Exp	\$ -	\$ (63,344)		

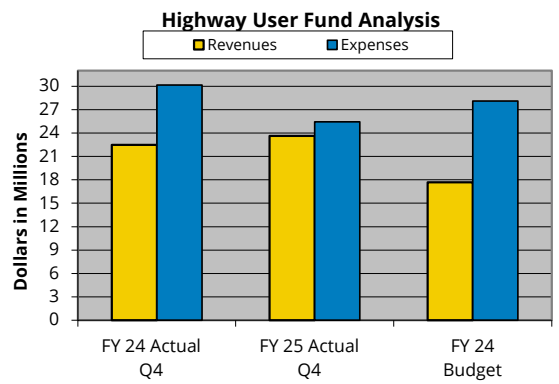
**Positive**

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 2024-25 reflects no budgeted change in fund balance since the General Fund Subsidy of \$13.4M 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 \$115,324 includes indirect cost allocation to the General Fund of \$100,000 and a payment of \$15,324 to the Technology Replacement Fund. Year-to-date **Operating Revenues** are 107% of budget compared to 128% for FY 2023-24, while year-to-date **Operating Expenses** are 96% of budget compared to 96% for FY 2023-24. This results in a positive performance indicator.

Highway User Fund (HURF) Analysis FY 2024-25 Comparison

	FY 25 Adjusted Budget	FY 25 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Highway User Fund (HURF)				
Highway Users Tax	\$ 17,000,000	\$ 21,880,284	129%	126%
Other	669,000	1,767,602	264%	174%
Total Revenues	\$ 17,669,000	\$ 23,647,886	134%	81%
Operating Expenses	\$ 10,628,871	\$ 9,808,767	92%	92%
Major Capital Expenses	17,334,017	15,506,257	89%	92%
Transfers Out	133,747	133,747	100%	100%
Total Expenses	\$ 28,096,635	\$ 25,448,771	91%	87%
Net Rev / Exp	\$ (10,427,635)	\$ (1,800,884)		

**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.

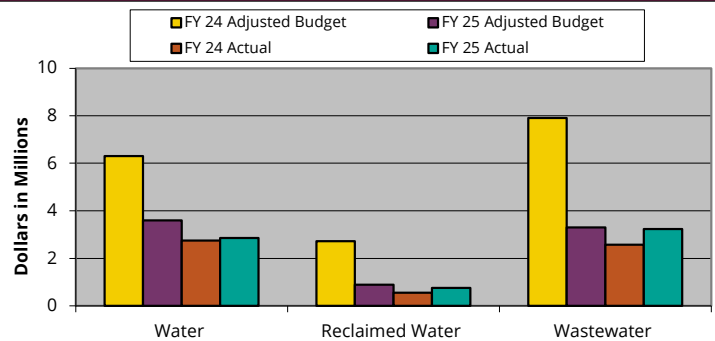
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2024-25 reflects a drawdown of \$10.4M (including unspent capital carryforward from prior years). The budgeted Transfers Out totaling \$133,747 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 \$105,082 to the Uninsured Liability Self-Insurance Fund for stormwater oversight. Year-to-date **Operating Revenues** are 129% of budget compared to 126% for FY 2023-24, while year-to-date **Operating Expenses** are 92% of budget compared to 92% for FY 2023-24. This results in a positive performance indicator.

Other Funds Analysis (continued):

Enterprise System Development Fee Funds Analysis FY 2024-25 Comparison

Enterprise System Development Fee (SDF) Funds	FY 25 Adjusted Budget	FY 25 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 3,594,000	\$ 2,861,362	80%
Reclaimed Water	890,300	759,547	85%
Wastewater	3,293,000	3,229,464	98%
Total SDF Revenue	\$ 7,777,300	\$ 6,850,373	88%

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.

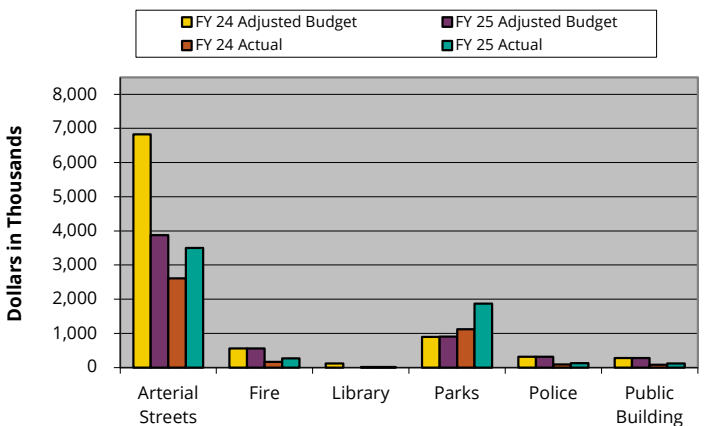


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDF's are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) is needed. Enterprise SDFs are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2024-25 budget and year-to-date collections compared to the FY 2023-24 budget and year-to-date collections. Actual collections for FY 2024-25 were 88% of the budget as compared to the prior year's collections of 35% of the budget.

General System Development Fee Funds Analysis FY 2024-25 Comparison

General System Development Fee (SDF) Funds	FY 25 Adjusted Budget	FY 25 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 3,876,000	\$ 3,495,689	90%
Fire	557,000	270,770	49%
Library	-	12,571	0%
Parks	902,000	1,871,023	207%
Police	312,000	126,351	40%
Public Building	277,000	115,837	42%
Total SDF Revenue	\$ 5,924,000	\$ 5,892,241	99%

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.

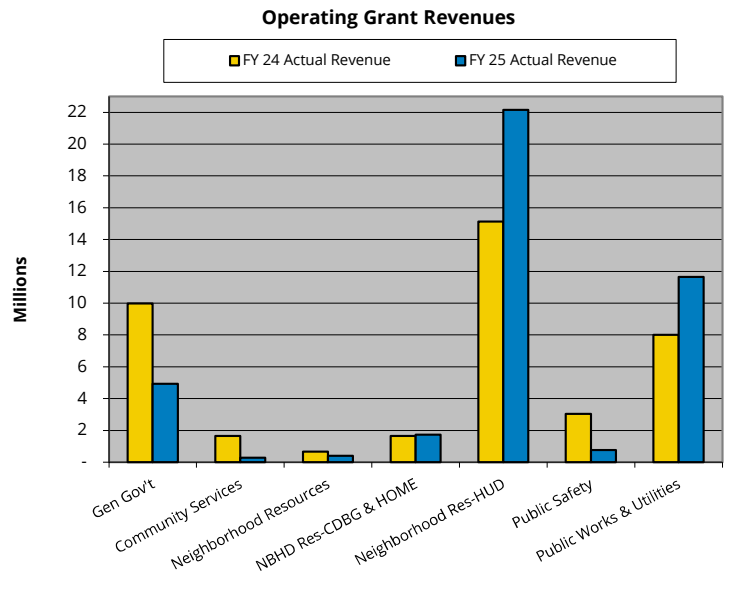


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2024-25 budget and year-to-date collections compared to the FY 2023-24 budget and year-to-date collections. Actuals collections for FY 2024-25 were 99% of the budget as compared to the prior year's collections of 45% of the budget.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2024-25 Comparison

	FY 25 Actual Revenue	FY 24 Actual Revenue
General Government*	\$ 576,755	\$ 7,876,917
Community Services	288,847	263,819
Neighborhood Resources	405,456	653,921
Neighborhood Res. - CDBG & HOME	1,731,664	1,650,806
Neighborhood Res. - HUD	22,144,684	15,122,598
Public Safety	767,748	2,346,842
Public Works & Utilities	919,889	141,278
Total Operating Grant Revenue	\$ 26,835,043	\$ 28,056,181
General Government*	\$ 4,344,399	\$ 2,104,000
Community Services	-	1,389,182
Cultural Development	244,913	-
Public Works & Utilities	10,723,369	7,862,976
Total Capital Grant Revenue	\$ 15,312,681	\$ 12,036,158
Total Grant Revenue	\$ 42,147,724	\$ 40,092,338



* 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. The Federal Grant changes that continue to be proposed will impact some categories and is being monitored. Actual collections for FY 2024-25 were \$42.1M as compared to \$40.1M as collected for FY 2023-24.