



Informational Memo

Management Services - Memo No. 25-052

Date: November 7, 2024

To: Mayor and Council

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

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

Subject: Fiscal Year (FY) 2024-25 First Quarter Financial Report

Attached is the FY 2024-25 First Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures and additional summaries and analysis of Enterprise, System Development, Impact Fees, Highway User Revenue, and Grant funds.

The analysis included in this report provides a snapshot at the end of the first quarter of FY 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 over the first quarter, all General Fund revenue performance indicators are showing as positive. The General Fund first quarter reflected an overall revenue increase of 10.1% over anticipated revenues based on budget, and a 1.2% decrease over the prior year collections through September, with 24.1% of budgeted revenues received compared to the 23.4% historical average. There are planned revenue reductions coming in Quarter 3 as the residential rental tax will no longer be collected starting in January 2025, however, the expectation, based on revenues thus far, is to end the year in a positive position.

Overall, first quarter General Fund expenditures are at 34% of budget expended compared to 42.4% in the prior year. The percentage is lower this year primarily from the reduction in one-time Public Safety Personnel Retirement System (PSPRS) unfunded liability payment of \$73M in the prior year, compared to \$7M in the current year. Based on known spending expectations and considering the common practice of encumbering contracts in the first quarter, expenditures are expected to remain within budget based on the 1st quarter data.

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

Attachment: FY 2024-25 First Quarter Financial Report

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



Management Services

Quarterly Financial Report

1st 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 2023 (<i>third estimate</i>)	4.4%
Fourth Quarter 2023 (<i>third estimate</i>)	3.2%
First Quarter 2024	1.6%
Second Quarter 2024 (<i>third 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.

March 23, 2023	4.75%-5.00%
May 4, 2023	5.00%-5.25%
July 27, 2023	5.25%-5.50%
September 19, 2024	4.75%-5.00%

Source: Federal Reserve Bank

Unemployment

	National	State of Arizona	Phoenix Metro Area*
Jun-24	4.3%	3.9%	3.5%
Jul-24	4.5%	4.4%	3.9%
Aug-24	4.4%	4.0%	3.5%
Sep-24	3.9%	3.9%	3.4%

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

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

City Investment Portfolio

The City splits its investment portfolio between two investment firms with a different mix of holdings at each firm to reduce risk. 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	1st Quarter	Fiscal Year
Benchmark	2.87%	2.87%
Allspring Global Investments	2.83%	2.83%
Benchmark	0.88%	3.39%
PFM Asset Management, LLC*	0.86%	4.14%
Fiscal Year 2023-24 Rate of Return	1st Quarter	Fiscal Year
Benchmark	0.94%	0.94%
Allspring Global Investments	1.02%	1.02%
Benchmark	0.23%	0.23%
PFM Asset Management, LLC	0.35%	0.35%

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.

Quarter	State of Arizona	Chandler
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
Jul - Aug - Sep 2024	10,380	42

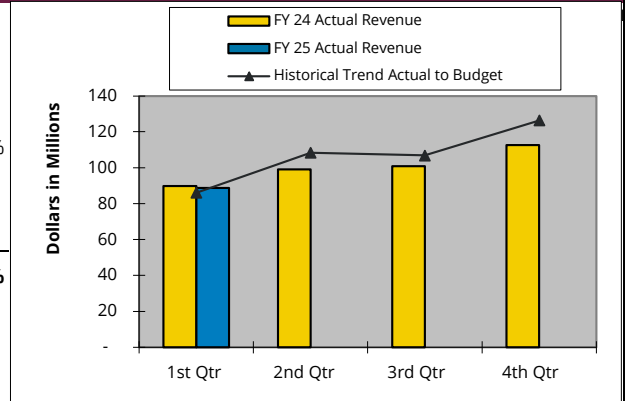
General Fund

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	91,151,241			
3rd Qtr Jan - Mar 25	89,807,773			
4th Qtr Apr - Jun 25	106,674,671			
Total	\$ 368,233,801	\$ 88,779,243	24.1%	23.4%

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



Positive

General Fund revenue collections for FY 2024-25 are \$8.2M (10.1%) above the adopted budget, and \$1.1M (1.2%) less than actual collections through the first quarter of FY 2023-24.

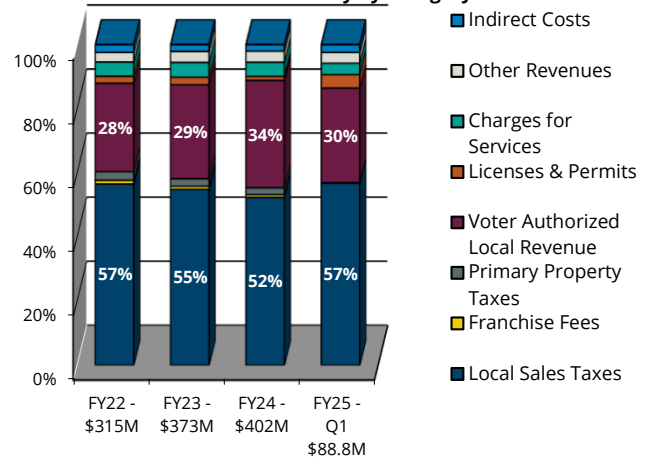
Overall, General Fund revenue in the first quarter is led by continued higher collection of Sales Tax and Licenses, although slowing based on collections in September as residential rental tax elimination by January 2025 starts to show effects. These categories performed well due to level local consumer 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, continue to affect revenues which are slightly coming in over budget in various categories. Some slowing of this project shows anticipated reductions in categories. 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 the percentage of budget received through the first quarter is higher than the historical budget received through the same period.

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

Overall General Fund Revenues by Category FY 2024-25

Revenue Categories	FY 25 Adopted Budget	FY 25 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 197,908,400	\$ 50,450,498	25.5%
Franchise Fees	3,650,000	85,527	2.3%
Primary Property Tax	8,783,722	29,138	0.3%
State Shared Sales Tax	116,408,000	26,203,146	22.5%
Licenses & Permits	6,978,300	3,745,777	53.7%
Charges for Services	15,707,789	3,152,083	20.1%
Other Revenues	10,265,308	2,980,005	29.0%
Indirect Cost Allocation	8,532,282	2,133,071	25.0%
Total	\$ 368,233,801	\$ 88,779,243	24.1%

General Fund Collection History by Category %



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 continue to come in higher than budget.

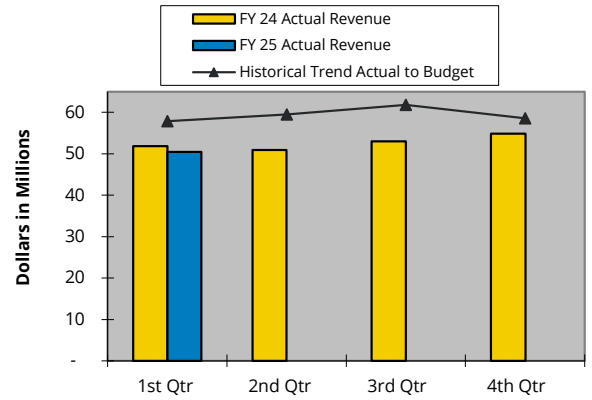
General Fund

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	49,913,208			
3rd Qtr Jan - Mar 25	51,846,298			
4th Qtr Apr - Jun 25	49,173,249			
Total	\$ 197,908,400	\$ 50,450,498	25.5%	29.2%

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



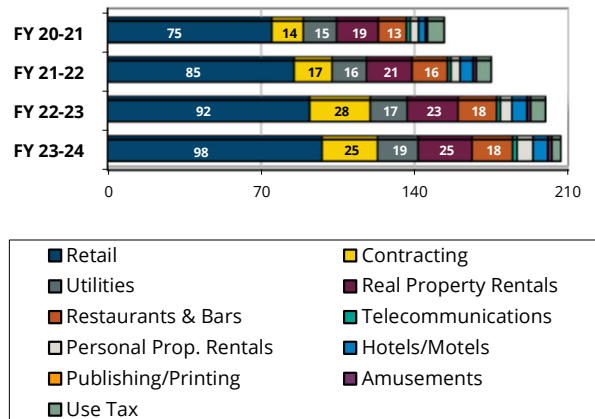
Positive

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 2024-25 are \$3.5M (7.4%) above adopted budget and \$1.4M (2.8%) less than actual collections in the prior year through the first quarter of FY 2023-24. The performance indicator is a warning as the percentage of budget received through the first quarter is between two to five percentage points below the historical budget received through the same period, however it has been changed to positive due to collections coming in higher than budgeted for the quarter.

Sales Tax Collection History

	FY 25 Adopted Budget	FY 25 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr.
Retail/Mfd. Bldg/Jet Fuel	\$ 92,000,000	\$ 22,517,546	24.5%	-2.2%
Contracting	23,700,000	5,055,074	21.3%	-29.4%
Utilities	21,950,000	6,637,460	30.2%	14.5%
Real Property Rentals	18,000,000	6,188,459	34.4%	3.1%
Restaurants & Bars	17,500,000	4,438,842	25.4%	4.6%
Telecommunications	1,550,000	527,465	34.0%	2.7%
Personal Prop. Rentals	5,500,000	1,494,101	27.2%	5.5%
Hotels/Motels	6,800,000	1,085,533	16.0%	2.0%
Publishing/Printing/Adv.	200,000	45,327	22.7%	-4.1%
Amusements	1,300,000	453,474	34.9%	19.0%
Use Tax	7,500,000	1,572,284	21.0%	366.0%
Total Sales Tax	\$ 196,000,000	\$ 50,015,566	25.5%	0.1%

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 \$3.4M (7.4%) above the adopted budget and \$39,428 (0.1%) higher than actual collections through the first quarter of FY 2023-24. It should be noted that most of the categories are positive, reflecting higher consumer spending, although slowing from prior year and continued strong local economy as Intel continues thier project. Contracting/development collections are down as residential construction slumped and we are starting to see construction revenues decrease from slowing development in all areas. Use tax is a highly fluctuating revenue category and significant swings in collection percentage are not abnormal.

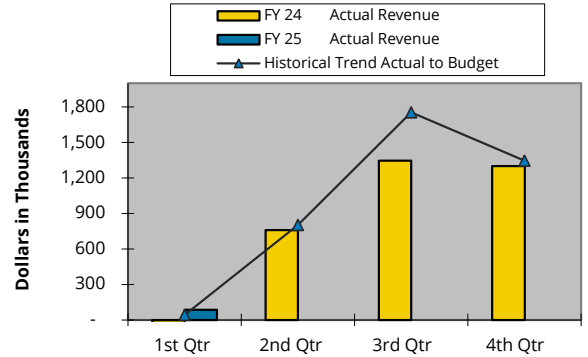
General Fund

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			
3rd Qtr Jan - Mar 25	1,622,522			
4th Qtr Apr - Jun 25	1,244,996			
Total	\$ 3,650,000	\$ 85,527	2.3%	1.1%

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



Positive

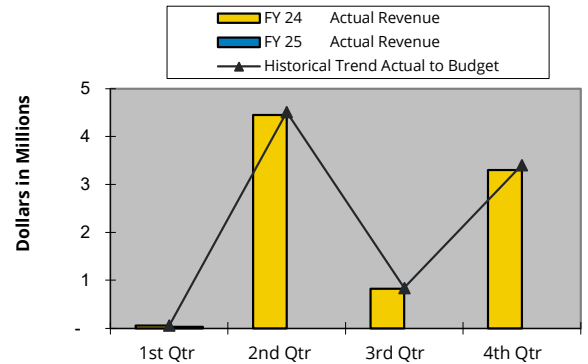
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections for FY 2024-25 are \$46,779 (120.7%) higher than the adopted budget and \$111,630 (427.7%) more than actual collections through the first quarter of FY 2023-24. The performance indicator is positive as the percentage of budget received through the first quarter is less than 2% below the historical budget received through the same period.

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	1,801,695			
3rd Qtr Jan - Mar 25	3,916,497			
4th Qtr Apr - Jun 25	3,007,983			
Total	\$ 8,783,722	\$ 29,138	0.3%	0.7%

* 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 \$0.2126 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 are \$28,410 (49.4%) less than the adopted budget and \$24,642 (45.8%) less than actual collections through the first quarter of FY 2023-24. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive as the percentage of budget received through the first quarter is less than 2% below the historical budget received through the same period.

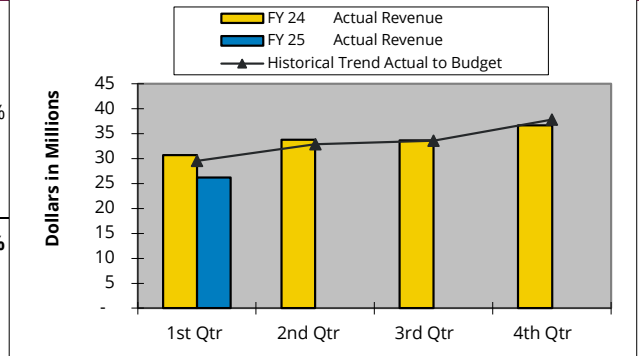
General Fund

Revenue Analysis (continued):

State Shared Sales Tax Revenues FY 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	28,550,584			
3rd Qtr Jan - Mar 25	29,150,314			
4th Qtr Apr - Jun 25	32,840,860			
Total	\$ 116,408,000	\$ 26,203,145	22.5%	25.4%

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



Positive

-- **State Shared Sales Tax Revenue:** The State sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as State Shared Sales Tax Revenue. Collections for FY 2024-25 are \$190,263 (2.3%) above adopted budget and \$370,821 (4.3%) less than actual collections through the first quarter of FY 2023-24.

-- **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. The tax is distributed December and June of each year.

-- **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 are \$151,524 (5.4%) above adopted budget and \$108,740 (3.8%) more than actual collections through the first quarter of FY 2023-24.

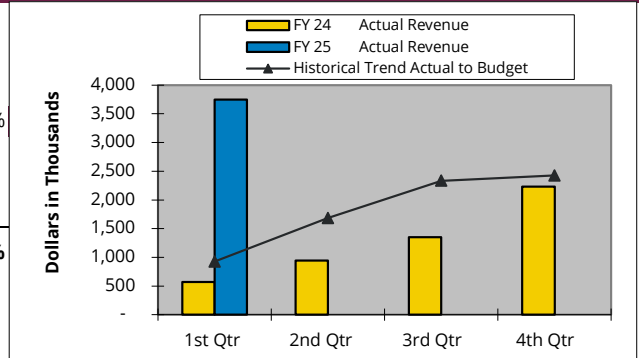
-- **Urban Revenue Sharing:** Eighteen percent (18%) of the 2022 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Collections for FY 2024-25 are \$4,884 (0.0%) below the adopted budget and \$3.7M (19.9%) less than actual collections through the first quarter of FY 2023-24, which reflects the known reduction as the flat tax goes into effect.

The overall State Shared revenue performance indicator is warning because the percentage of budget received through the first quarter is between two to five percentage points below the historical budget received through the same period, however it has been changed to positive due to collections coming in higher than budgeted for the quarter, and the reduction was anticipated.

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	1,936,458			
3rd Qtr Jan - Mar 25	1,972,410			
4th Qtr Apr - Jun 25	2,193,647			
Total	\$ 6,978,300	\$ 3,745,777	53.7%	13.3%

* 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 are \$2.9M (327.7%) above adopted budget and \$3.2M (557.6%) more than actual collections through the first quarter of FY 2023-24. Lower collections for FY 2023-24 was anticipated as large industrial permits inflate the historical comparison, however, we are also seeing a slowing of other permit related revenues. Higher collections in the first quarter of FY 2024-25 reflects a large receipt recorded for an Intel permit. The performance indicator is positive as the percentage of budget received through the first quarter is less than 2% below the historical budget received through the same period.

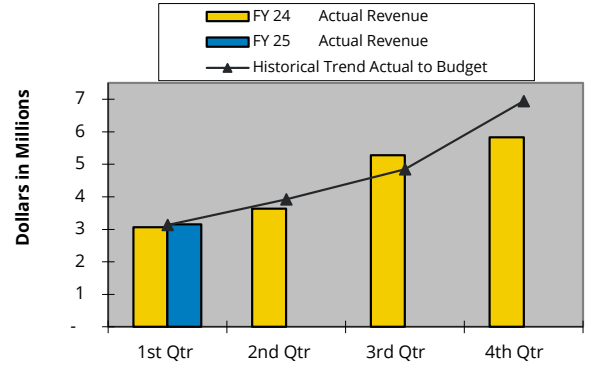
General Fund

Revenue Analysis (continued):

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			
3rd Qtr Jan - Mar 25	4,037,491			
4th Qtr Apr - Jun 25	5,789,907			
Total	\$ 15,707,789	\$ 3,152,083	20.1%	19.9%

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



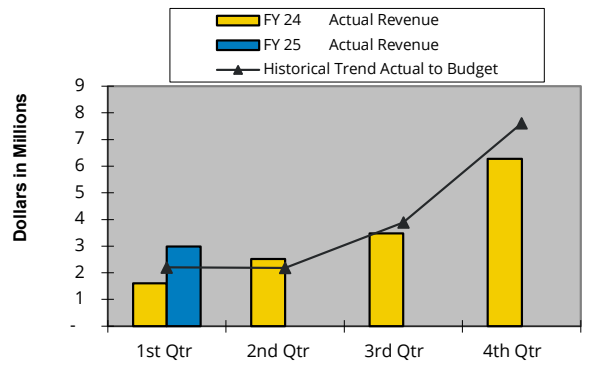
Positive

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 FY 2024-25 were \$539,908 (20.7%) above adopted budget and \$87,217 (2.8%) more than actual collections through the first quarter of FY 2023-24. The performance indicator is positive as the percentage of budget received through the first quarter is less than 2% below the historical budget received through the same period.

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	2,024,574			
3rd Qtr Jan - Mar 25	2,527,308			
4th Qtr Apr - Jun 25	3,672,541			
Total	\$ 10,265,308	\$ 2,980,005	29.0%	21.4%

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



Positive

Other revenue captures interest income, fines and forfeitures, court fees, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections for FY 2024-25 are \$939,119 (46.0%) above adopted budget and \$1.3M (85.6%) more than actual collections through the first quarter of FY 2023-24. Higher collections in the first quarter of FY 2024-25 reflects interest income due to higher balances and rates. The performance indicator is positive as the percentage of budget received through the first quarter is less than 2% below the historical budget received through the same period.

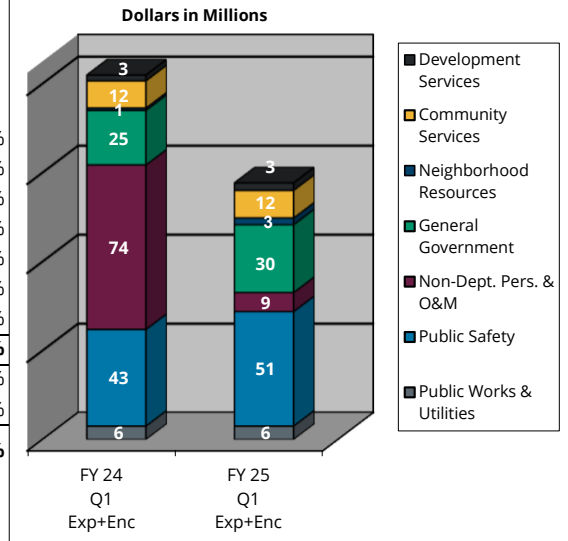
General Fund

Expenditure Analysis:

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

	FY 25 Adjusted Budget	FY 25 Q1 Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
* Dept. Operating				
General Government	\$ 86,205,952	\$ 30,494,017	35.4%	32.3%
Community Services	37,771,791	12,390,805	32.8%	34.0%
Development Services	13,994,538	3,376,299	24.1%	22.5%
Public Safety	157,644,951	51,452,841	32.6%	29.3%
Public Works & Utilities	11,929,517	6,015,865	50.4%	48.9%
Neighborhood Resources	10,052,377	3,029,170	30.1%	10.6%
Non-Dept. Pers. & O&M	21,344,501	8,567,468	40.1%	80.0%
Subtotal	\$ 338,943,627	\$ 115,326,466	34.0%	42.4%
Non-Dept. Reserves	\$ 3,750,592	\$ -	0.0%	0.0%
Non-Dept. Contingencies	45,827,131	-	0.0%	0.0%
Total	\$ 388,521,350	\$ 115,326,466	29.7%	37.2%

* Excluding Interfund Transfers



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

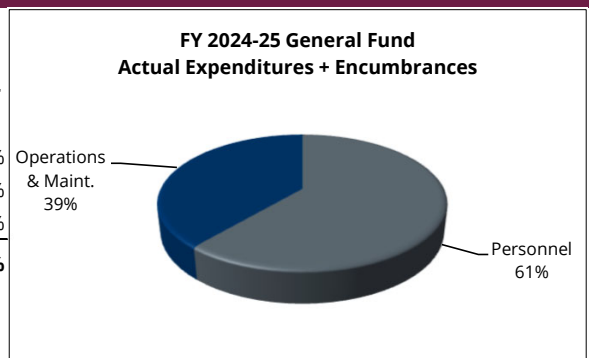
The chart reflects actual spending and encumbrances for FY 2023-24 and FY 2024-25. Non-Dept. The Personnel and O&M (maroon category) decrease mainly reflects the difference in the amount of the prior year's payment of \$73M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability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

FY 2024-25 operating expended and encumbered through the first quarter is 34.0% of the adjusted budget compared to 42.4% of adjusted budget spent and encumbered in the prior year. As shown on the following pages, departments (excluding non-departmental) have expended between 19.7% and 50.4% of their General Fund adjusted budgets through through the first quarter of FY 2024-25.

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

*Dept. Operating	FY 25 Adjusted Budget	FY 25 Q1 Exp+Enc	FY 24 Q1 Exp+Enc	% Change from Prior Yr. Actual
Personnel	\$ 243,747,800	\$ 70,683,187	\$ 126,746,641	-44.2%
Operations & Maint.	95,195,827	44,643,278	37,053,224	20.5%
Reserves/Contingencies	49,577,723	-	-	0.0%
Total	\$ 388,521,350	\$ 115,326,465	\$ 163,799,865	-29.6%

* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the first quarter of FY 2024-25 is 44.2% less than spending for FY 2023-24. The majority of the decrease is due the \$7M payment to the Public Safety Personnel Retirement System (PSPRS) unfunded liability, versus \$73M in the prior year and also includes other citywide personnel cost increases and additional FTEs. Operations and maintenance spending through the first quarter of FY 2024-25 is 20.5% more than spending for FY 2023-24. Some of the increase reflects higher spending and encumbrances for Fire, Police, Neighborhood Resources, and IT professional services.

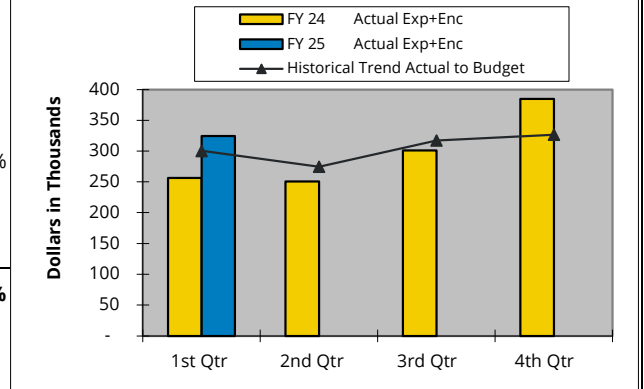
General Fund

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	\$ 300,310	\$ 324,241	23.9%	22.1%
2nd Qtr Oct - Dec 24	320,587			
3rd Qtr Jan - Mar 25	362,916			
4th Qtr Apr - Jun 25	372,490			
Total	\$ 1,356,303	\$ 324,241	23.9%	22.1%

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



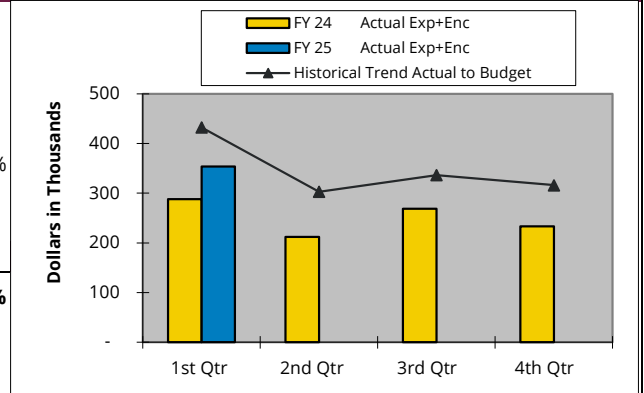
Positive

The Mayor and Council division spent 23.9% of their FY 2024-25 adjusted budget and has historically spent 22.1% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 reflects increases in personnel costs. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

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	\$ 432,399	\$ 353,897	23.2%	28.4%
2nd Qtr Oct - Dec 24	348,251			
3rd Qtr Jan - Mar 25	382,083			
4th Qtr Apr - Jun 25	361,686			
Total	\$ 1,524,419	\$ 353,897	23.2%	28.4%

* 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 23.2% of their FY 2024-25 adjusted budget and has historically spent 28.4% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 compared to FY 2023-24 reflects election expenses. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

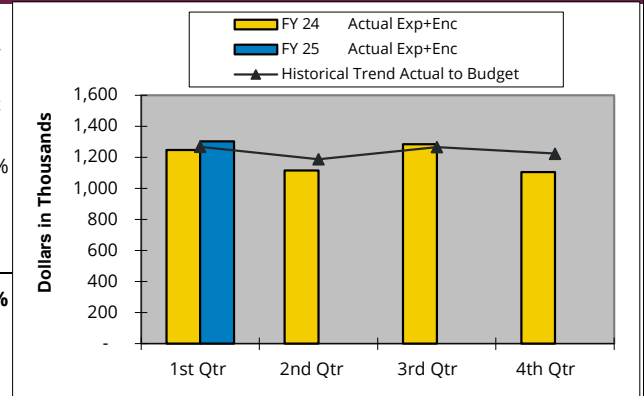
General Fund

Expenditure Analysis (continued / department summaries):

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			
3rd Qtr Jan - Mar 25	1,286,097			
4th Qtr Apr - Jun 25	1,243,833			
Total	\$ 5,008,251	\$ 1,302,529	26.0%	25.3%

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



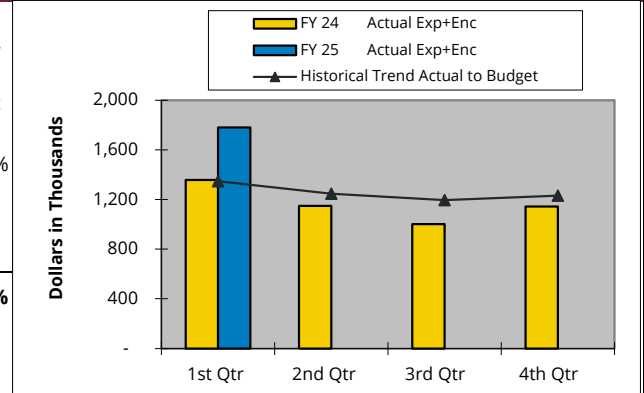
Positive

Law spent 26.0% of their FY 2024-25 adjusted budget and has historically spent 25.3% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

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	\$ 1,346,866	\$ 1,780,679	29.2%	22.1%
2nd Qtr Oct - Dec 24	1,604,876			
3rd Qtr Jan - Mar 25	1,555,318			
4th Qtr Apr - Jun 25	1,590,839			
Total	\$ 6,097,899	\$ 1,780,679	29.2%	22.1%

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



Positive

City Magistrate spent 29.2% of their FY 2024-25 adjusted budget and has historically spent 22.1% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 reflects increases in professional services (a large encumbrance for public defender services in the 1st quarter that will be spent down throughout the year) and personnel costs. The performance indicator is negative as expenses through the first quarter are more than five percentage points of historical budget spent through the first quarter, however it has been changed to positive as the expectation is to be within budget by fiscal year end.

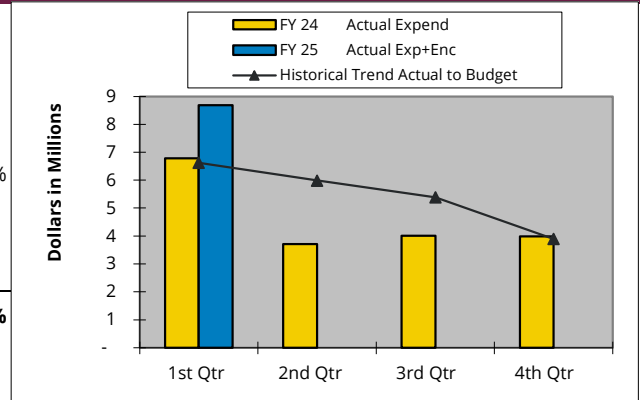
General Fund

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	\$ 6,628,623	\$ 8,680,550	37.5%	28.7%
2nd Qtr	Oct - Dec 24	5,987,662			
3rd Qtr	Jan - Mar 25	5,386,217			
4th Qtr	Apr - Jun 25	5,125,014			
Total		\$ 23,127,516	\$ 8,680,550	37.5%	28.7%

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



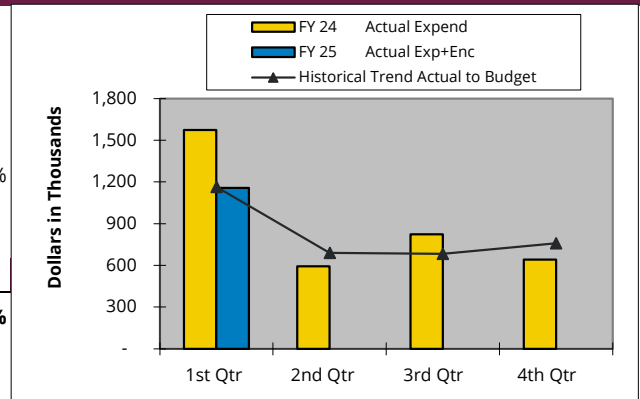
Positive

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 37.5% of their FY 2024-25 adjusted budget and have historically spent 28.7% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 reflects increases in professional services (a large encumbrance in Transportation Policy in the 1st quarter that will be spent down throughout the year), higher utilities citywide reflected in Building & Facilities, and personnel costs. The performance indicator is negative as expenses through the first quarter are more than five percentage points of historical budget spent through the first quarter, however it has been changed to positive since the expectation is to be within budget by fiscal year end.

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	\$ 1,163,571	\$ 1,157,820	28.9%	29.1%
2nd Qtr	Oct - Dec 24	925,786			
3rd Qtr	Jan - Mar 25	917,707			
4th Qtr	Apr - Jun 25	994,481			
Total		\$ 4,001,545	\$ 1,157,820	28.9%	29.1%

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



Positive

Communications and Public Affairs (CAPA) spent 28.9% of their FY 2024-25 adjusted budget and have historically spent 29.1% of their adjusted budget through the first quarter of 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. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

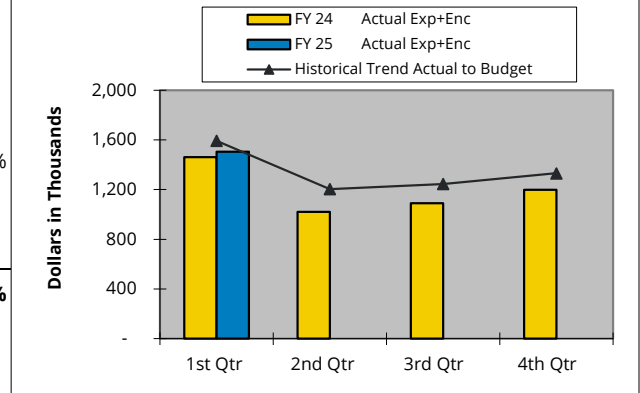
General Fund

Expenditure Analysis (continued / department summaries):

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	\$ 1,592,524	\$ 1,503,507	27.1%	28.7%
2nd Qtr	Oct - Dec 24	1,263,179			
3rd Qtr	Jan - Mar 25	1,304,895			
4th Qtr	Apr - Jun 25	1,390,399			
Total		\$ 5,550,997	\$ 1,503,507	27.1%	28.7%

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



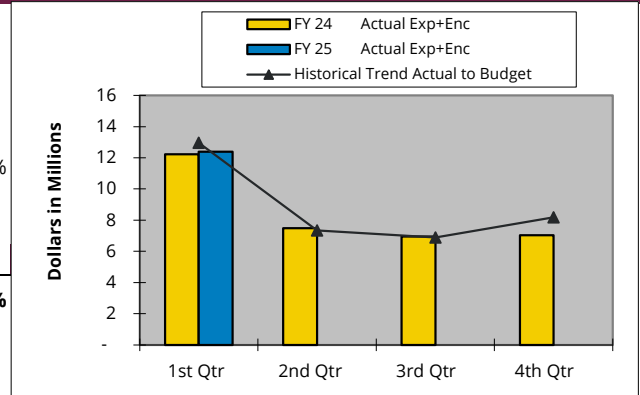
Positive

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 27.1% of their FY 2024-25 adjusted budget and have historically spent 28.7% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

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	\$ 12,975,074	\$ 12,390,805	32.8%	34.4%
2nd Qtr	Oct - Dec 24	8,133,348			
3rd Qtr	Jan - Mar 25	7,681,836			
4th Qtr	Apr - Jun 25	8,981,533			
Total		\$ 37,771,791	\$ 12,390,805	32.8%	34.4%

* 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 32.8% of their FY 2024-25 adjusted budget and have historically spent 34.4% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

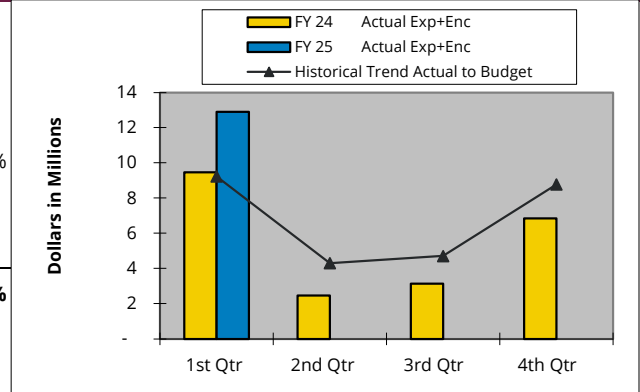
General Fund

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure 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	\$ 9,226,493	\$ 12,907,965	42.7%	30.5%
2nd Qtr	Oct - Dec 24	5,369,353			
3rd Qtr	Jan - Mar 25	5,779,985			
4th Qtr	Apr - Jun 25	9,847,619			
Total		\$ 30,223,450	\$ 12,907,965	42.7%	30.5%

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



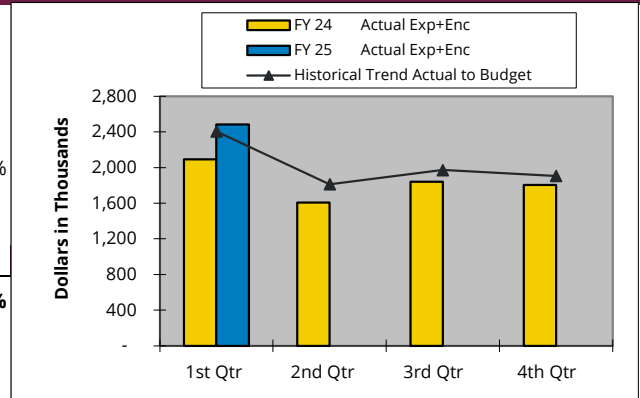
Positive

Information Technology spent 42.7% of their FY 2024-25 adjusted budget and have historically spent 30.5% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 reflects increases in professional services (large encumbrances for various contracts in the 1st quarter that will be spent down throughout the year) and personnel costs. The performance indicator is negative as expenses through the first quarter are more than five percentage points of historical budget spent through the first quarter, however it has been changed to positive since the expectation is to be within budget by fiscal year end.

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	\$ 2,405,014	\$ 2,482,830	26.7%	25.8%
2nd Qtr	Oct - Dec 24	2,218,902			
3rd Qtr	Jan - Mar 25	2,379,416			
4th Qtr	Apr - Jun 25	2,312,240			
Total		\$ 9,315,572	\$ 2,482,830	26.7%	25.8%

* 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 26.7% of their FY 2024-25 adjusted budget and have historically spent 25.8% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 reflects increases in personnel costs. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

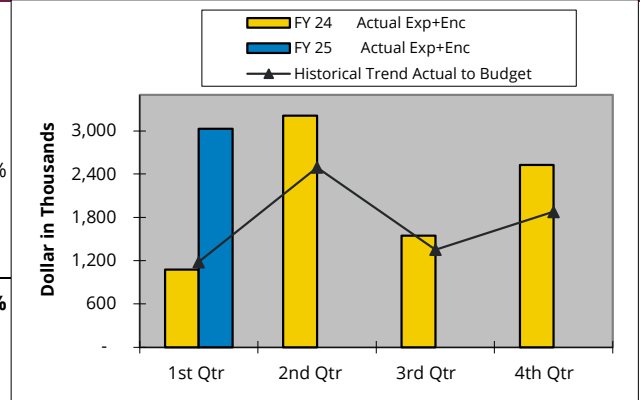
General Fund

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure 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	\$ 1,180,647	\$ 3,029,170	30.1%	11.7%
2nd Qtr Oct - Dec 24	3,542,092			
3rd Qtr Jan - Mar 25	2,400,997			
4th Qtr Apr - Jun 25	2,928,641			
Total	\$ 10,052,377	\$ 3,029,170	30.1%	11.7%

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



Positive

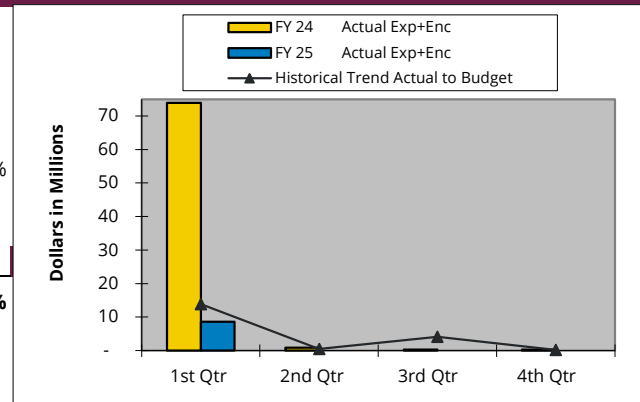
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, Neighborhood Preservation, and Community Development. The department spent 30.1% of their FY 2024-25 adjusted budget and have historically spent 11.7% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 compared to FY 2023-24 reflects the timing shift of encumbrances from the prior year between the first and second quarter. The performance indicator is negative as expenses through the first quarter are between more than five percentage points of historical budget spent through the first quarter, however this was changed to positive since the expectation is to be within budget by fiscal year end.

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	\$ 13,905,841	\$ 8,567,468	40.1%	65.1%
2nd Qtr Oct - Dec 24	1,341,081			
3rd Qtr Jan - Mar 25	4,990,522			
4th Qtr Apr - Jun 25	1,107,057			
Total**	\$ 21,344,501	\$ 8,567,468	40.1%	65.1%

* 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 40.1% of the adjusted budget and has historically spent 65.1% of the adjusted budget through the first quarter of the fiscal year. Higher spending compared to the historical trend in FY 2023-24 compared to FY 2024-25 reflects a decreased payment towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability payment amount of \$7.0M, which was \$73M in the prior year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

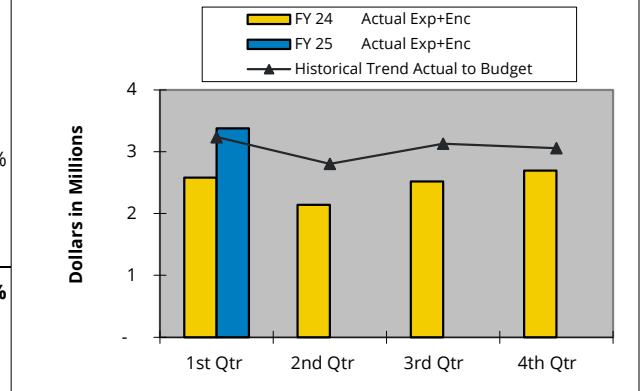
General Fund

Expenditure Analysis (continued / department summaries):

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	\$ 3,237,014	\$ 3,376,299	24.1%	23.1%
2nd Qtr	Oct - Dec 24	3,392,814			
3rd Qtr	Jan - Mar 25	3,717,376			
4th Qtr	Apr - Jun 25	3,647,334			
Total		\$ 13,994,538	\$ 3,376,299	24.1%	23.1%

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



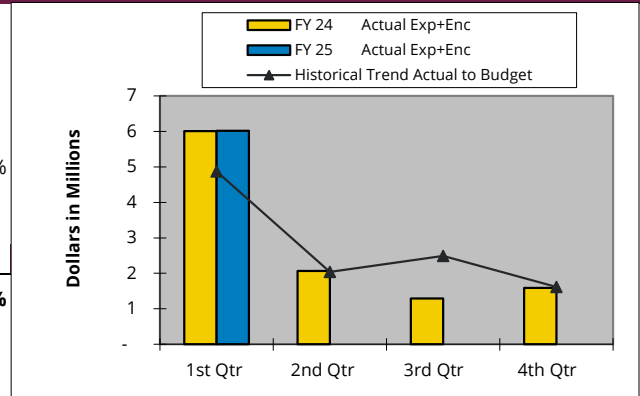
Positive

Development Services includes the following cost centers: Administration, Construction Management and Permits, Building Safety, Transportation Engineering, Engineering, and Planning. The department spent 24.1% of their FY 2024-25 adjusted budget and have historically spent 23.1% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 reflects increases in professional services and personnel costs. The performance indicator is negative as expenses through the first quarter are between more than five percentage points of historical budget spent through the first quarter, however this was changed to positive since the expectation is to be within budget by fiscal year end.

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	\$ 4,869,273	\$ 6,015,865	50.4%	40.8%
2nd Qtr	Oct - Dec 24	2,344,221			
3rd Qtr	Jan - Mar 25	2,791,721			
4th Qtr	Apr - Jun 25	1,924,302			
Total		\$ 11,929,517	\$ 6,015,865	50.4%	40.8%

* 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 50.4% of their FY 2024-25 adjusted budget and have historically spent 40.8% of their adjusted budget through the first quarter of the fiscal year. Higher spending compared to the historical trend reflects availability of materials, general increases in costs of goods, and personnel increases. The performance indicator is negative as expenses through the first quarter are more than five percentage points of historical budget spent through the first quarter, however this was changed to positive as the expectation is to be within budget by fiscal year end, and is in line with prior year spending.

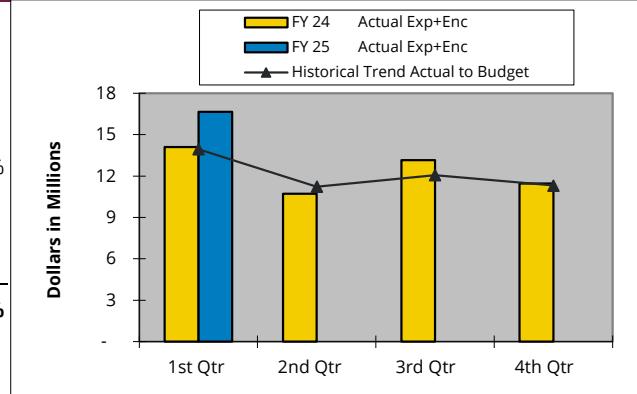
General Fund

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	\$ 13,943,080	\$ 16,659,832	33.8%	28.3%
2nd Qtr Oct - Dec 24	11,470,449			
3rd Qtr Jan - Mar 25	12,296,849			
4th Qtr Apr - Jun 25	11,543,819			
Total	\$ 49,254,197	\$ 16,659,832	33.8%	28.3%

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



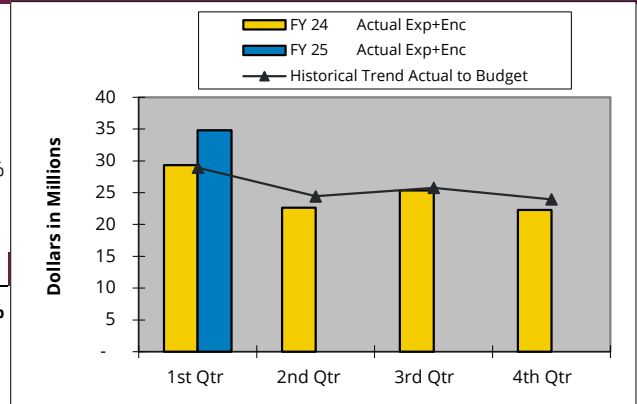
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 33.8% of their FY 2024-25 adjusted budget and have historically spent 28.3% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 reflects increases in professional services and personnel costs which includes a one-time payment to the Post Employment Health Plan (PEHP) for all sworn members covered by the MOU. The performance indicator is negative as expenses through the first quarter are between more than five percentage points of historical budget spent through the first quarter, however this was changed to positive since the expectation is to be within budget by fiscal year end.

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	\$ 28,929,635	\$ 34,793,009	32.1%	26.7%
2nd Qtr Oct - Dec 24	26,193,524			
3rd Qtr Jan - Mar 25	27,530,097			
4th Qtr Apr - Jun 25	25,737,498			
Total	\$ 108,390,754	\$ 34,793,009	32.1%	26.7%

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



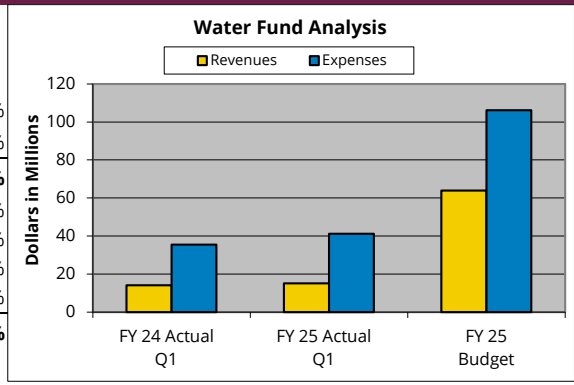
Positive

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 32.1% of their FY 2024-25 adjusted budget and have historically spent 26.7% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 reflects increases in personnel costs which includes a one-time payment to the Post Employment Health Plan (PEHP) for all sworn members covered by the MOU. The performance indicator is negative as expenses through the first quarter are between more than five percentage points of historical budget spent through the first quarter, however this was changed to positive since the expectation is to be within budget by fiscal year end.

Enterprise Fund Analysis:

Water Fund Analysis FY 2024-25 Comparison

Water Fund	FY 25 Adjusted Budget	FY 25 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 62,054,928	\$ 15,070,086	24%	25%
Transfers In	1,839,514	-	0%	0%
Total Revenues	\$ 63,894,442	\$ 15,070,086	24%	23%
Operating Expenses	\$ 45,576,635	\$ 23,403,167	51%	52%
Major Capital Expenses	39,420,546	16,650,370	42%	31%
Debt Service	15,469,937	-	0%	10%
Transfers Out	5,672,987	1,096,034	19%	28%
Total Expenses	\$ 106,140,105	\$ 41,149,571	39%	37%
Net Rev / Exp	\$ (42,245,663)	\$ (26,079,484)		

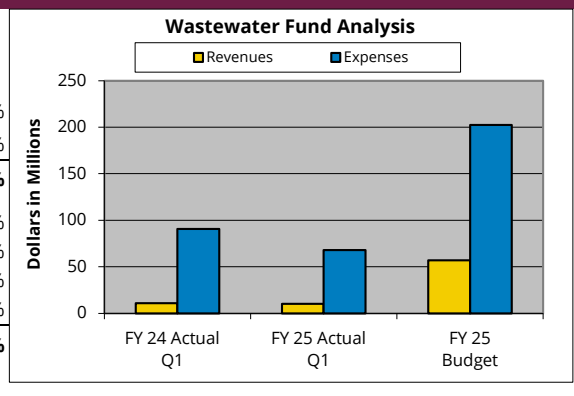


Positive The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 \$42.2M drawdown (includes 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, and a 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 (reflects benefit received). Year-to-date **Operating Revenues** through the first quarter are 24% compared to 25% for FY 2023-24, while **Operating Expenses** through the first quarter are 51% compared to 52% for FY 2023-24. The first quarter of the fiscal year includes large encumbrances (\$12.7M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

Wastewater Fund Analysis FY 2024-25 Comparison

Wastewater Fund	FY 25 Adjusted Budget	FY 25 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 50,795,566	\$ 9,966,828	20%	20%
Transfers In	6,260,896	-	0%	0%
Total Revenues	\$ 57,056,462	\$ 9,966,828	17%	16%
Operating Expenses	\$ 25,424,100	\$ 10,372,823	41%	48%
Major Capital Expenses	153,448,226	56,818,975	37%	39%
Debt Service	19,019,789	-	0%	16%
Transfers Out	4,464,800	891,835	20%	19%
Total Expenses	\$ 202,356,915	\$ 68,083,633	34%	38%
Net Rev / Exp	\$ (145,300,453)	\$ (58,116,805)		



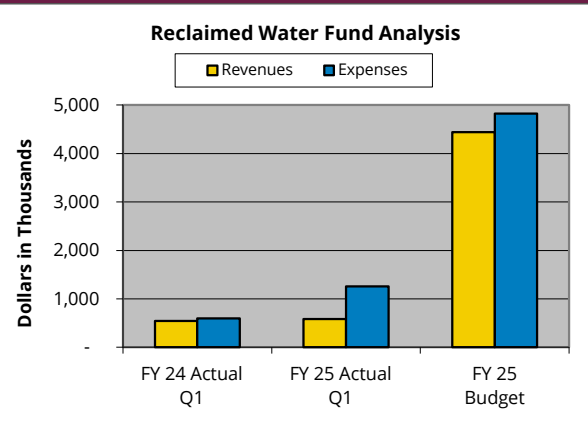
Positive The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The 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 an \$145M drawdown (includes 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, and a 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 (reflects benefits received). Year-to-date **Operating Revenues** through the first quarter are 20% compared to 20% for FY 2023-24, while **Operating Expenses** through the first quarter are 41% compared to 48% for FY 2023-24. The first quarter of the fiscal year includes large encumbrances (\$5.1M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

Enterprise 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	\$ 585,634	34%	32%
Transfers In	2,709,398	-	0%	0%
Total Revenues	\$ 4,438,398	\$ 585,634	13%	13%
Operating Expenses	\$ 2,037,359	\$ 1,222,292	60%	34%
Transfers Out	2,783,214	35,682	1%	1%
Total Expenses	\$ 4,820,573	\$ 1,257,974	26%	14%
Net Rev / Exp	\$ (382,175)	\$ (672,340)		

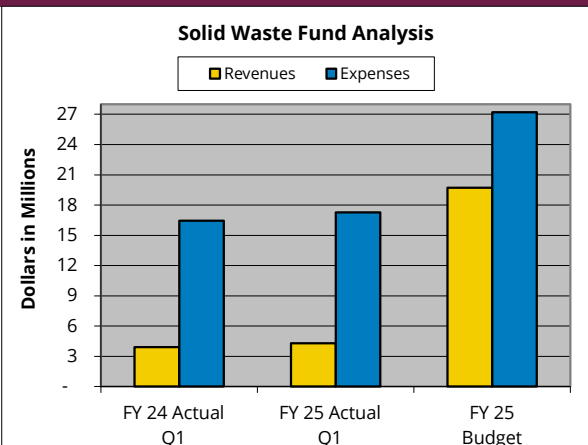


Positive The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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, and \$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** through the first quarter are 34% of budget compared to 32% for FY 2023-24, while **Operating Expenses** through the first quarter are 60% of budget as compared to 34% for FY 2023-24. The first quarter of the fiscal year includes large encumbrances (\$690K) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

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	\$ 4,287,722	22%	21%
Total Revenues	\$ 19,712,816	\$ 4,287,722	22%	21%
Operating Expenses	\$ 20,117,322	\$ 16,251,543	81%	82%
Major Capital Expenses	5,753,482	647,820	11%	7%
Transfers Out	1,345,520	387,369	29%	30%
Total Expenses	\$ 27,216,324	\$ 17,286,732	64%	70%
Net Rev / Exp	\$ (7,503,508)	\$ (12,999,010)		



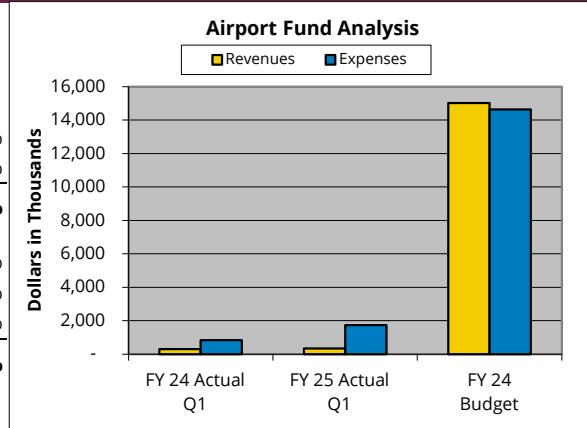
Positive The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 (includes 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** through the first quarter are 22% compared to 21% for FY 2023-24, while **Operating Expenses** through the first quarter are 81% compared to 82% for FY 2023-24. The first quarter of the fiscal year includes large encumbrances (\$13M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

Enterprise / Other Funds Analysis (continued):

Airport Fund Analysis FY 2024-25 Comparison

Airport Fund	FY 25 Adjusted Budget	FY 25 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	\$ 1,217,988	\$ 332,836	27%	31%
General Fund Subsidy	13,417,841	-	0%	0%
Total Revenues	\$ 14,635,829	\$ 332,836	2%	4%
Operating Expenses	\$ 1,603,846	\$ 504,041	31%	32%
Major Capital Expenses	12,916,659	1,198,116	9%	5%
Transfers Out	115,324	40,324	35%	35%
Total Expenses	\$ 14,635,829	\$ 1,742,481	12%	12%
Net Rev / Exp	\$ -	\$ (1,409,645)		



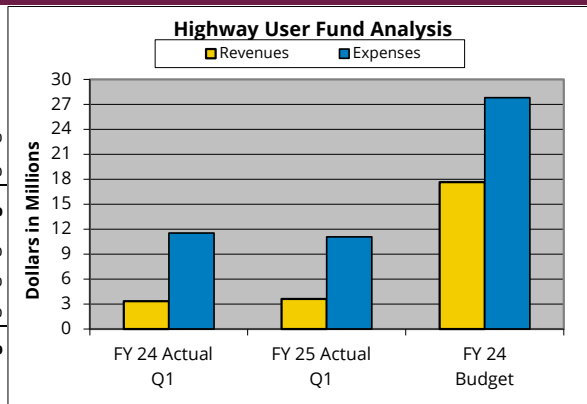
Positive

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** through the first quarter are 27% of budget compared to 31% for FY 2023-24, while year-to-date **Operating Expenses** through the first quarter are 31% of budget compared to 32% for FY 2023-24. The first quarter of the fiscal year includes encumbrances (\$62K) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund indicator is positive.

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

Highway User Fund	FY 25 Adjusted Budget	FY 25 Actual Revenue/Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Highway Users Tax	\$ 17,000,000	\$ 3,392,447	20%	19%
Other	669,000	232,617	35%	12%
Total Revenues	\$ 17,669,000	\$ 3,625,064	21%	19%
Operating Expenses	\$ 10,353,357	\$ 3,380,028	33%	33%
Major Capital Expenses	17,334,017	7,549,925	44%	36%
Transfers Out	133,747	132,186	99%	99%
Total Expenses	\$ 27,821,121	\$ 11,062,138	40%	35%
Net Rev / Exp	\$ (10,152,121)	\$ (7,437,074)		



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.

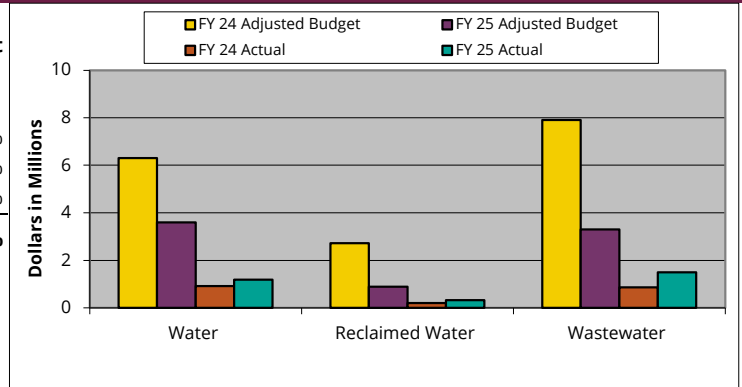
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2024-25 reflects a drawdown of \$10.1M (includes 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** through the first quarter are 20% of budget compared to 19% for FY 2023-24, while year-to-date **Operating Expenses** through the first quarter are 33% of budget compared to 33% for FY 2023-24. The first quarter of the fiscal year includes encumbrances (\$864K) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances and faster capital spending than the prior year, the resulting fund indicator is positive.

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	\$ 1,184,513	33%
Reclaimed Water	890,300	327,326	37%
Wastewater	3,293,000	1,495,288	45%
Total SDF Revenue	\$ 7,777,300	\$ 3,007,127	39%

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.

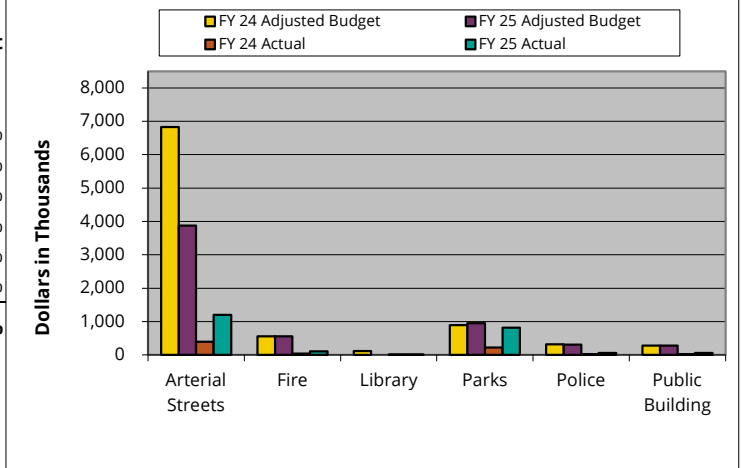


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDF's are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) 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 through the first quarter compared to the FY 2023-24 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2024-25 were 39% of the budget as compared to the prior year's collections of 12% 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 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	\$ 1,195,392	31%
Fire	557,000	109,813	20%
Library	-	278	0%
Parks	948,000	818,945	86%
Police	312,000	62,201	20%
Public Building	277,000	53,906	19%
Total SDF Revenue	\$ 5,970,000	\$ 2,240,537	38%

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.

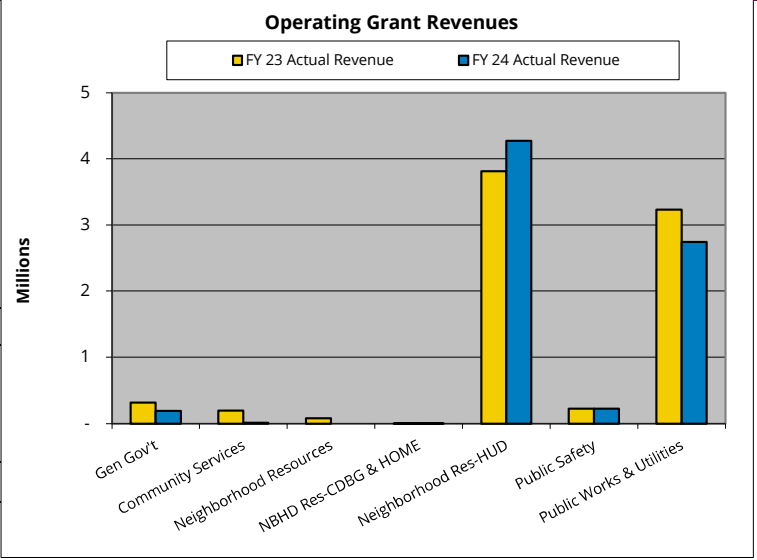


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2024-25 budget and year-to-date collections through the first quarter compared to the FY 2023-24 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2024-25 were 38% of the budget as compared to the prior year's collections of 8% of the budget, which includes a significant development permit issued this year.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2024-25 Comparison

	FY 25 Actual Revenue	FY 24 Actual Revenue
General Government*	\$ 137,357	\$ 126,044
Community Services	12,075	192,715
Neighborhood Resources	-	77,412
Neighborhood Res. - CDBG & HOME	2,476	489
Neighborhood Res. - HUD	4,271,112	3,810,375
Public Safety	223,581	221,072
Total Operating Grant Revenue	\$ 4,821,357	\$ 4,428,107
General Government*	\$ 53,652	\$ 189,431
Cultural Development	224,756	-
Public Works & Utilities	2,565,907	3,229,962
Total Capital Grant Revenue	\$ 2,844,315	\$ 3,419,393
Total Grant Revenue	\$ 7,665,672	\$ 7,847,500



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

Grants are an additional source of funds for major capital projects and certain operating programs. Grant sources include federal, state, and county governments as well as donations from businesses, organizations, or individuals to support particular programs. In most cases, grant revenues for many programs are received on a reimbursable basis, so the revenue on a large capital project may lag a fiscal year after the project is initiated. Actual collections through the first quarter of FY 2024-25 are \$7.7M as compared to \$7.8M as collected through the first quarter of FY 2023-24.