Informational Memo

Budget Division - Memo No. BD27-018

Date: November 20, 2026

To: Mayor and Council

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

From: Matt Dunbar, Budget & Policy Director MD

Subject: Fiscal Year (FY) 2026-27 First Quarter Financial Report

Attached is the FY 2026-27 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 2026-27 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 2022-23 to FY 2025-26), 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 positive. The General Fund first quarter reflected an overall revenue increase of 2.2% over anticipated revenue based on budget, and a 4.1% increase over the prior year's collections through September, with 23.1% of budgeted revenues received compared to the 22.6% historical average.

Overall, first quarter General Fund expenditures are at 33.9% of budget expended compared to 34.2% in the prior 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.

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

Attachment: FY 2026-27 First Quarter Financial Report

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

CHANDLER arizona

Management Services

Quarterly Financial Report

1st Qtr FY 2026-27

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 2025	3.9%
Forth Quarter 2025 (third estimate)	0.2%
First Quarter 2026	2.5%
Second Quarter 2026 (third estimate)	2.2%

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.

September 18, 2025	4.00%-4.25%
October 30, 2025	3.75%-4.00%
December 11, 2025	3.50%-3.75%
September 17, 2026	3.75%-4.00%

Source: Federal Reserve Bank

Unemployment

	National	State of Arizona	Phoenix Metro Area*
Jun-26	4.4%	5.5%	4.9%
Jul-26	4.4%	5.5%	4.8%
Aug-26	4.3%	5.6%	4.9%
Sep-26	4.0%	4.7%	4.2%

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 2026-27 Rate of Return	1st Quarter	Fiscal Year
Benchmark	**-0.64%**	**-0.64%**
Allspring Global Investments	-0.80%	-0.80%
Benchmark	**-0.82%**	**-0.82%**
PFM Asset Management, LLC	-0.73%	-0.73%
Fiscal Year 2025-26 Rate of Return	1st Quarter	Fiscal Year
Benchmark	**1.12%**	**1.12%**
Allspring Global Investments	1.19%	1.19%
Benchmark	**1.14%**	**1.14%**
PFM Asset Management, LLC	1.28%	1.28%

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 38.75 for FY 2025-26, down from the 42.50 average permits per quarter in FY 2024-25.

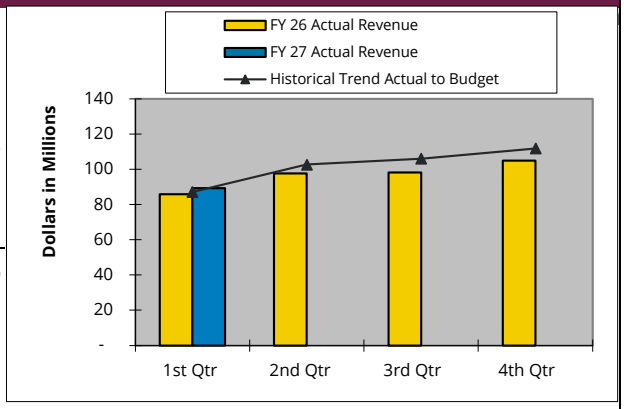
Quarter	State of Arizona	Chandler
Jul - Aug - Sep 2024	10,380	42
Oct - Nov - Dec 2024	8,973	46
Jan - Feb - Mar 2025	9,855	51
Apr - May - Jun 2025	9,429	31
Jul - Aug - Sep 2025	7,191	52
Oct - Nov - Dec 2025	7,577	32
Jan - Feb - Mar 2026	8,221	41
Apr - May - Jun 2026	8,223	30
Jul - Aug - Sep 2026	6,409	22

Revenue Analysis:

Overall General Fund Revenues FY 2026-27

		FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 26	$ 87,405,423	$ 89,302,304	23.1%	22.6%
2nd Qtr	Oct - Dec 26	95,617,653			
3rd Qtr	Jan - Mar 27	98,736,264			
4th Qtr	Apr - Jun 27	104,351,313			
Total		**$ 386,110,653**	**$ 89,302,304**	**23.1%**	**22.6%**

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



Positive

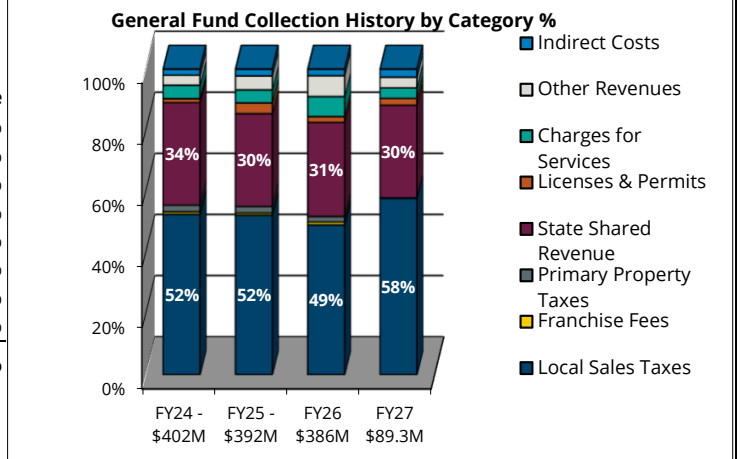
General Fund revenue collections for FY 2026-27 are $1.9M (2.2%) above the adopted budget and $3.5M (4.1%) more than actual collections through the first quarter of FY 2025-26.

Overall, General Fund revenues are coming in as expected. Certain categories are performing as expected with slightly increased local consumer spending, and some continued business development activity. The large industrial development project is in the process of equiping the new FAB, boosting a few Local Sales Tax categories this quarter. Now that major developments are substantially complete for the time being and the state shared urban revenue flat tax is fully in effect, revenues have stabilized, classifying a large portion of the prior year's additional revenues as one-time. The performance indicator is positive as the percentage of budget received through the first quarter is above the historical budget received through the same period in the prior year.

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

Overall General Fund Revenues by Category FY 2026-27

Revenue Categories	FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	$ 200,113,932	$ 51,554,165	25.8%
Franchise Fees	3,081,500	22,749	0.7%
Primary Property Tax	8,860,291	79,742	0.9%
State Shared Sales Tax	120,030,000	27,141,306	22.6%
Licenses & Permits	8,010,300	1,954,213	24.4%
Charges for Services	20,363,359	3,081,318	15.1%
Other Revenues	16,210,489	3,108,616	19.2%
Indirect Cost Allocation	9,440,782	2,360,195	25.0%
Total	**$ 386,110,653**	**$ 89,302,304**	**23.1%**



Positive

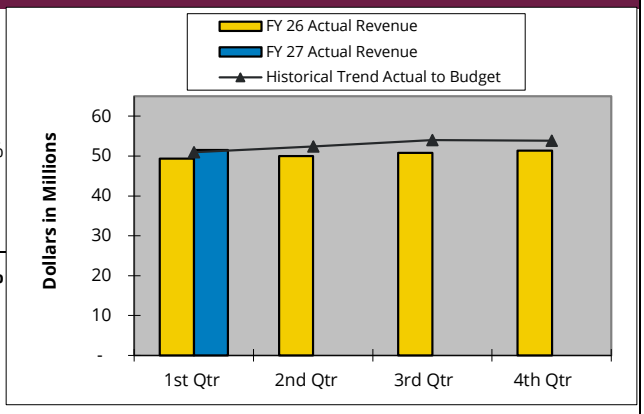
This chart summarizes General Fund revenue collections by revenue category for FY 2026-27. The graph helps us visualize what percentage each revenue category is to the total General Fund. The percentage spread of revenue sources are relatively consistent over the years with local sales taxes and State 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, Ambulance, 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.

Revenue Analysis (continued):

Sales Tax Revenue FY 2026-27

		FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 26	$ 50,702,249	$ 51,554,165	25.8%	25.5%
2nd Qtr	Oct - Dec 26	48,853,423			
3rd Qtr	Jan - Mar 27	50,341,206			
4th Qtr	Apr - Jun 27	50,217,054			
Total		**$ 200,113,932**	**$ 51,554,165**	**25.8%**	**25.5%**

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

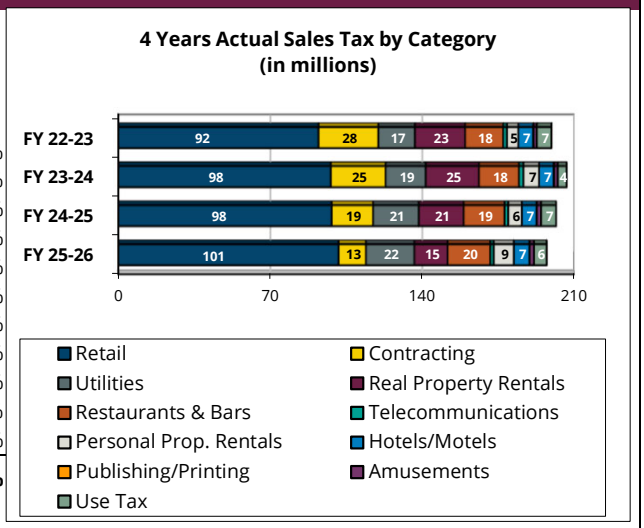


Positive

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 2026-27 were $851,915 (1.7%) above the adopted budget and $2.2M (4.5%) more than actual collections through the first quarter of FY 2025-26. The performance indicator is positive as the percentage of budget received through the first quarter is less then 2% below the historical budget received through the same period.

Sales Tax Collection History

	FY 27 Adopted Budget	FY 27 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr.
Retail/Mfd. Bldg/Jet Fuel	$ 104,334,987	$ 24,806,398	23.8%	0.5%
Contracting	13,260,000	3,282,924	24.8%	-9.0%
Utilities	27,030,000	7,625,312	28.2%	9.4%
Real Property Rentals	12,240,000	4,011,526	32.8%	12.1%
Restaurants & Bars	19,000,000	4,968,980	26.2%	9.3%
Telecommunications	1,533,000	448,269	29.2%	11.0%
Personal Prop. Rentals	6,120,000	2,181,224	35.6%	43.2%
Hotels/Motels	6,222,000	1,104,206	17.7%	2.0%
Publishing/Printing/Adv.	200,000	79,590	39.8%	63.1%
Amusements	1,632,000	451,293	27.7%	-2.1%
Use Tax	5,916,000	1,606,925	27.2%	30.3%
Total Sales Tax	**$ 197,487,987**	**$ 50,566,647**	**25.6%**	**5.1%**



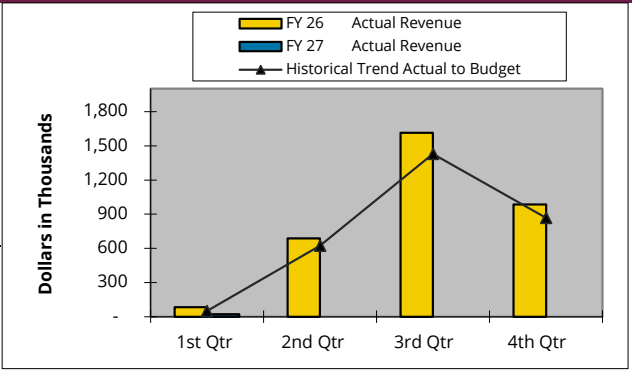
The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2026-27 was $561,912 (1.1%) above the adopted budget and $2.4M (5.1%) more than actual collections through the first quarter of FY 2025-26. It should be noted that most of the categories are positive, reflecting continued consumer spending. Contracting/development collections (yellow on bar chart) reflects a decrease as large industrial projects slow down. Use tax is a highly fluctuating revenue category and significant swings in collection percentage are not abnormal.

Revenue Analysis (continued):

Franchise Fee Revenue FY 2026-27

		FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 26	$ 51,653	$ 22,749	0.7%	1.6%
2nd Qtr	Oct - Dec 26	647,815			
3rd Qtr	Jan - Mar 27	1,482,476			
4th Qtr	Apr - Jun 27	899,556			
Total		**$ 3,081,500**	**$ 22,749**	**0.7%**	**1.6%**

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



Positive

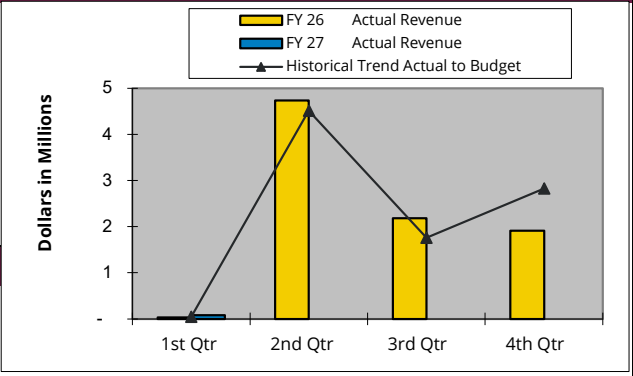
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections for FY 2026-27 were $28,904 (56.0%) below the adopted budget and $60,714 (72.7%) lower than actual collections through the first quarter of FY 2025-26. The performance indicator is positive as the percentage of budget received through the first quarter is less then 2% below the historical budget received through the same period.

Primary Property Tax Revenue FY 2026-27

		FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 26	$ 44,948	$ 79,742	0.9%	0.5%
2nd Qtr	Oct - Dec 26	4,375,091			
3rd Qtr	Jan - Mar 27	1,702,149			
4th Qtr	Apr - Jun 27	2,738,103			
Total		**$ 8,860,291**	**$ 79,742**	**0.9%**	**0.5%**

* 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 2026-27, Chandler is collecting a primary tax rate of $0.2059 per $100 of assessed valuation and a secondary tax rate of $0.87 per $100 of assessed valuation for a total rate of $1.0759, representing a $0.0059 cent decrease from the rates adopted in the prior year. For the properties that had assessed valuation increases, this reduction helps offset some of that increase for a smaller net tax increase.

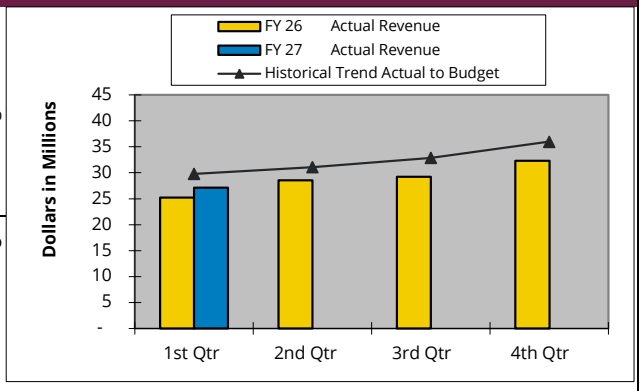
Primary property tax collections for FY 2026-27 were $34,794 (77.4%) above the adopted budget and $48,156 (152.5%) higher than actual collections through the first quarter of FY 2025-26. The majority of collections come in the second and fourth quarters since the first half of the property tax bills 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 above the historical budget received through the same period.

Revenue Analysis (continued):

State Shared Sales Tax Revenues FY 2026-27

		FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 26	$ 26,632,829	$ 27,141,306	22.6%	24.8%
2nd Qtr	Oct - Dec 26	29,074,931			
3rd Qtr	Jan - Mar 27	30,730,543			
4th Qtr	Apr - Jun 27	33,591,697			
Total		**$ 120,030,000**	**$ 27,141,306**	**22.6%**	**24.8%**

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



Positive

-- State Shared Sales Tax Revenue: The State sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as State Shared Sales Tax Revenue. Collections for FY 2026-27 were $488,003 (5.4%) above adopted budget and $1.1M (13.3%) higher than actual collections through the first quarter of FY 2025-26.

-- 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. The tax is distributed 2nd and 4th quarter of each year. There were no collections in the 1st quarter.

-- Public Safety State Allocation (State Shared Revenue): State Senate Bill 1147 provides for revenues to local public safety jurisdictions of cities and towns, for costs associated with human smuggling, drug trafficking, and other illegal activity. Because no budget was established for FY 2026-27 collections, performance is compared to prior-year actuals. Collections totaled $27,925 through the first quarter, exceeding collections through the first quarter of FY 2025-26.

-- 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 2026-27 were $1,621 (0.1%) below adopted budget and $125,405 (4.0%) less than actual collections through the first quarter of FY 2025-26.

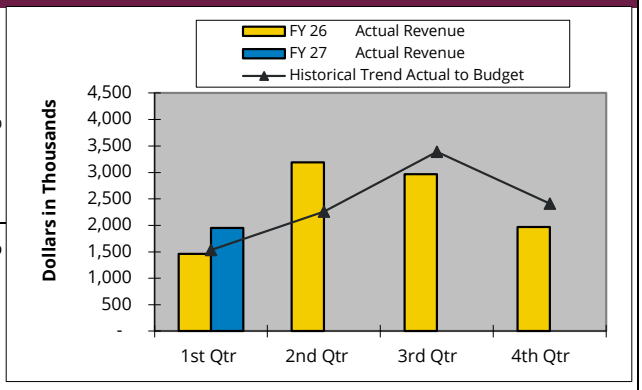
-- Urban Revenue Sharing: Eighteen percent (18%) of the **2024** State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Collections for FY 2026-27 were $5,830 (0.0%) below adopted budget and $917,993 (6.7%) higher than actual collections through the first quarter of FY 2025-26, as the State flat income tax is now fully realized.

The overall State Shared revenue performance indicator is warning from the historical trend including the transition to a flat tax, however it was changed to positive as revenues came in higher than the budget.

Licenses & Permits Revenue FY 2026-27

		FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 26	$ 1,229,499	$ 1,954,213	24.4%	19.1%
2nd Qtr	Oct - Dec 26	1,903,697			
3rd Qtr	Jan - Mar 27	2,847,146			
4th Qtr	Apr - Jun 27	2,029,958			
Total		**$ 8,010,300**	**$ 1,954,213**	**24.4%**	**19.1%**

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



Positive

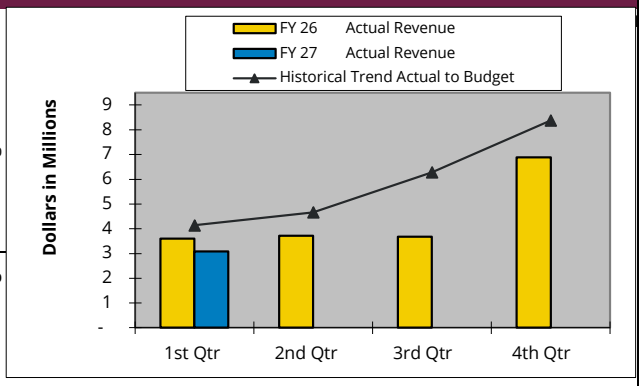
This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections for FY 2026-27 were $724,713 (58.9%) above adopted budget and $493,683 (33.8%) higher than actual collections through the first quarter of FY 2025-26. The performance indicator is positive as the percentage of budget received through the first quarter is above the historical budget received through the same period.

Revenue Analysis (continued):

Charges for Services Revenue FY 2026-27

		FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 26	$ 3,592,490	$ 3,081,318	15.1%	20.3%
2nd Qtr	Oct - Dec 26	4,048,971			
3rd Qtr	Jan - Mar 27	5,449,357			
4th Qtr	Apr - Jun 27	7,272,541			
Total		**$ 20,363,359**	**$ 3,081,318**	**15.1%**	**20.3%**

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



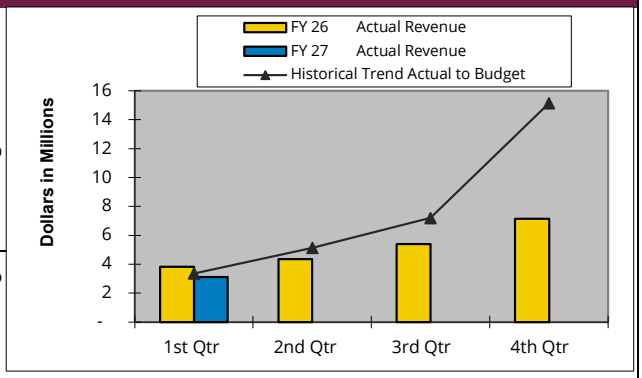
Positive

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 2026-27 were $511,172 (14.2%) below the adopted budget and $515,478 (14.3%) less than actual collections for FY 2025-26. The budget reflects possible additional revenues from developer reimbursements which are estimated to reflect high volume, which is not actually anticipated. This revenue masks the percentage of revenue received, as it is not likely to be collected unless development activity increases. The performance indicator is negative as the percentage of budget received through the first quarter of FY 2026-27 is more than 5% below the historical budget, however this was changed to positive due to fewer developer reimbursements as development has slowed which also is reflected by lower expenditures.

Other Revenue FY 2026-27

		FY 27 Adopted Budget	FY 27 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 26	$ 2,791,553	$ 3,108,616	19.2%	20.7%
2nd Qtr	Oct - Dec 26	2,358,922			
3rd Qtr	Jan - Mar 27	3,443,729			
4th Qtr	Apr - Jun 27	7,616,285			
Total		**$ 16,210,489**	**$ 3,108,616**	**19.2%**	**20.7%**

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



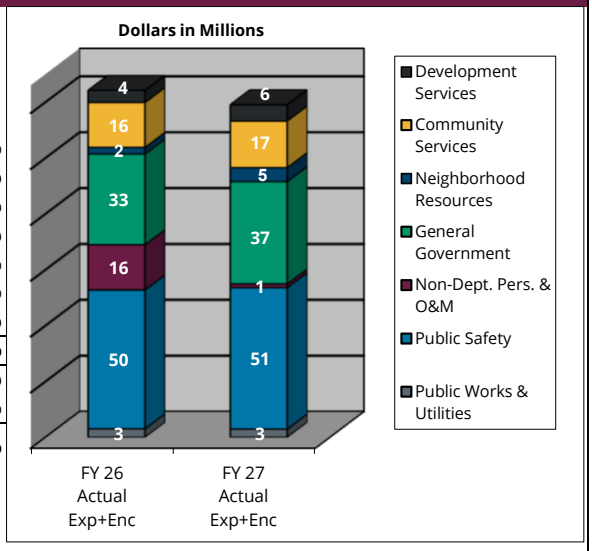
Positive

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 2026-27 are $317,063 (11.4%) above adopted budget and $703,232 (18.4%) less than actual collections through the first quarter of FY 2025-26. The performance indicator is positive as the percentage of budget received through the first quarter is less then 2% below the historical budget received through the same period.

Expenditure Analysis:

General Fund Expenditures + Encumbrances for FY 2026-27 by Function

* Dept. Operating	FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
General Government	$ 99,737,913	$ 36,681,904	36.8%	35.1%
Community Services	44,458,997	16,663,659	37.5%	37.6%
Development Services	16,492,358	5,841,739	35.4%	25.6%
Public Safety	154,216,104	50,594,330	32.8%	32.9%
Public Works & Utilities	8,342,217	2,971,126	35.6%	39.0%
Neighborhood Resources	11,173,142	4,984,626	44.6%	21.3%
Non-Dept. Pers. & O&M	17,028,037	1,326,723	7.8%	39.7%
Subtotal	**$ 351,448,768**	**$ 119,064,107**	**33.9%**	**34.2%**
Non-Dept. Reserves	$ 3,337,100	$ -	0.0%	0.0%
Non-Dept. Contingencies	46,616,061	-	0.0%	0.0%
Total	**$ 401,401,929**	**$ 119,064,107**	**29.7%**	**31.7%**



* Excluding Interfund Transfers

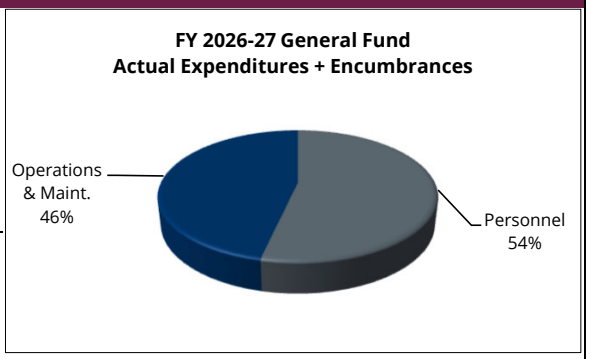
Total General Fund operating expenditures and encumbrances are reflected by city function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council Contingency). Since General Obligation 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 2025-26 and FY 2026-27. The Personnel and O&M (maroon category) decrease mainly reflects the difference in the prior year's payment of $15M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability payoff. The General Govenment's (green category) increase mainly reflects higher personnel and technology related costs. All other areas remained fairly consistent.

FY 2026-27 operating expended and encumbered the first quarter is 33.9% of the adjusted budget compared to 34.2% of adjusted budget spent and encumbered in the prior year. As shown on the following pages, departments and divisions (excluding non-departmental) have expended between 20.8% and 50.2% of their General Fund adjusted budgets for FY 2026-27.

General Fund Expenditures + Encumbrances for FY 2026-27 by Category

*Dept. Operating	FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	FY 26 Actual Exp+Enc	% Change from Prior Yr. Actual
Personnel	$ 246,776,881	$ 63,747,735	$ 78,424,508	-18.7%
Operations & Maint.	104,671,887	55,316,372	45,766,070	20.9%
Reserves/Contingencies	49,953,161	-	-	0.0%
Total	**$ 401,401,929**	**$ 119,064,107**	**$ 124,190,577**	**-4.1%**



* Excluding Interfund Transfers

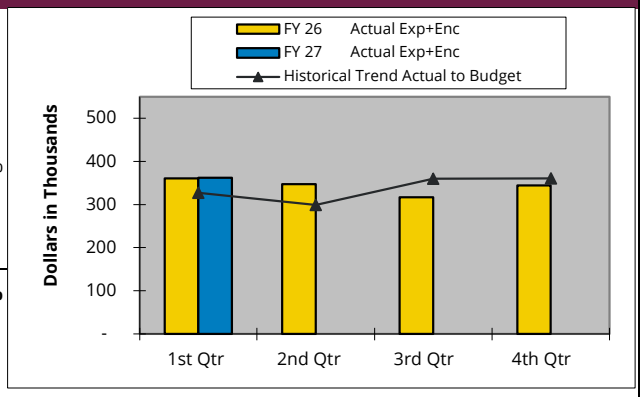
Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending for FY 2026-27 is 18.7% lower than spending for FY 2025-26. The majority of the decrease was due to the $15M payment to the Public Safety Personnel Retirement System (PSPRS) in the prior year. Operations and maintenance spending for FY 2026-27 is 20.9% higher than spending for FY 2025-26, due to higher spending and encumbrances mainly in Neighborhood Resources and IT professional services.

Expenditure Analysis (continued / department summaries):

Mayor & Council Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 327,378	$ 362,351	24.5%	22.1%
2nd Qtr	Oct - Dec 26	343,180			
3rd Qtr	Jan - Mar 27	403,437			
4th Qtr	Apr - Jun 27	404,630			
Total		**$ 1,478,625**	**$ 362,351**	**24.5%**	**22.1%**

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



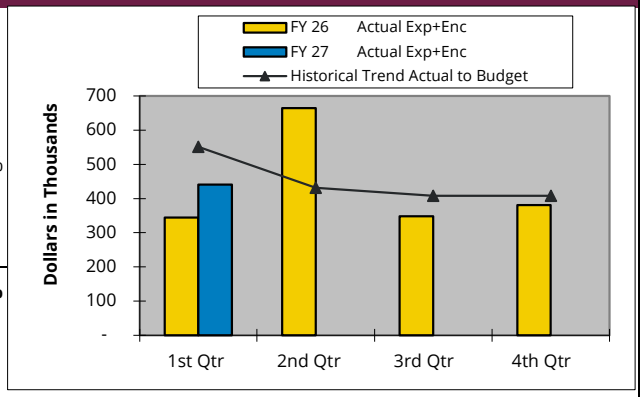
Positive

The Mayor and Council division spent 24.5% of their FY 2026-27 adjusted budget and has historically spent 22.1% of their adjusted budget through the first quarter of the fiscal year. The result is a warning performance indicator as expenses are between two and five percentage points higher than 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.

City Clerk Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 551,738	$ 441,141	21.6%	27.1%
2nd Qtr	Oct - Dec 26	511,549			
3rd Qtr	Jan - Mar 27	487,990			
4th Qtr	Apr - Jun 27	487,718			
Total		**$ 2,038,995**	**$ 441,141**	**21.6%**	**27.1%**

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



Positive

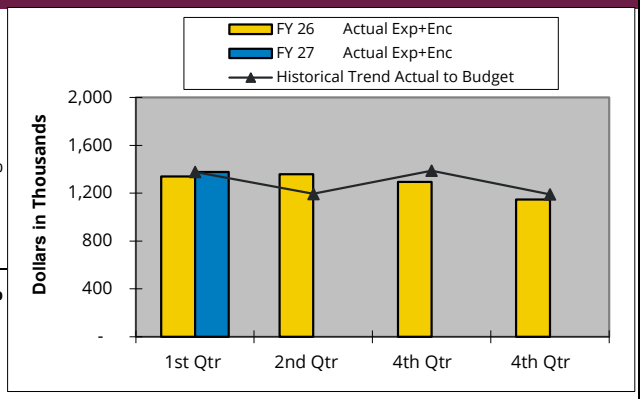
City Clerk includes the following cost centers: City Clerk and Records Management. The department spent 21.6% of their FY 2026-27 adjusted budget and has historically spent 27.1% of their adjusted budget through the first quarter of the fiscal year. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 1,377,552	$ 1,375,614	26.3%	26.4%
2nd Qtr	Oct - Dec 26	1,218,100			
3rd Qtr	Jan - Mar 27	1,411,787			
4th Qtr	Apr - Jun 27	1,214,605			
Total		**$ 5,222,044**	**$ 1,375,614**	**26.3%**	**26.4%**

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



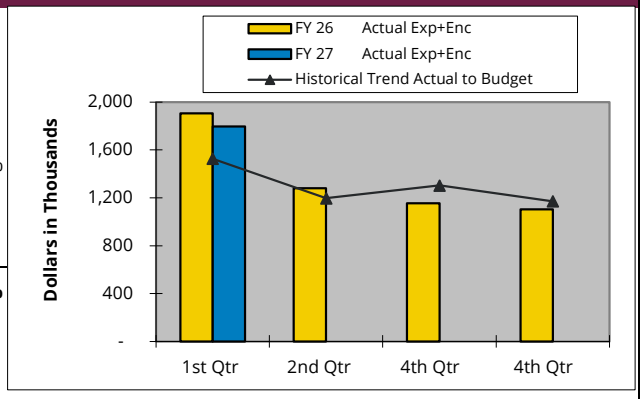
Positive

Law spent 26.3% of their FY 2026-27 adjusted budget and has historically spent 26.4% of their adjusted budget through the first quarter of the fiscal year. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

City Magistrate Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 1,526,381	$ 1,797,930	27.7%	23.5%
2nd Qtr	Oct - Dec 26	1,624,804			
3rd Qtr	Jan - Mar 27	1,731,816			
4th Qtr	Apr - Jun 27	1,598,664			
Total		**$ 6,481,666**	**$ 1,797,930**	**27.7%**	**23.5%**

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



Positive

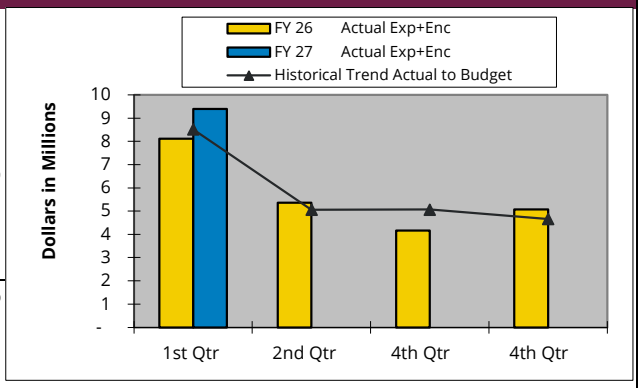
City Magistrate spent 27.7% of their FY 2026-27 adjusted budget and has historically spent 23.5% of their adjusted budget through the first quarter of the fiscal year. The result is a warning performance indicator as expenses are between two and five percentage points higher than historical budget spent through the first quarter, however this was changed to positive as the expectation is to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 8,524,538	$ 9,397,907	34.2%	31.0%
2nd Qtr	Oct - Dec 26	6,460,237			
3rd Qtr	Jan - Mar 27	6,461,632			
4th Qtr	Apr - Jun 27	6,063,404			
Total		**$ 27,509,811**	**$ 9,397,907**	**34.2%**	**31.0%**

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



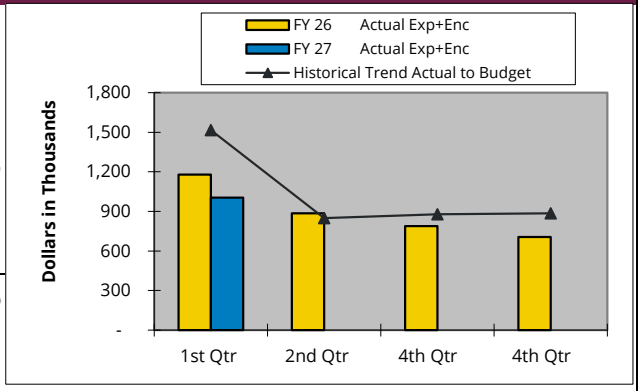
Positive

City Manager & Organizational Support includes the following divisions budgeted in the General Fund: Administration, Budget, Buildings & Facilities, Economic Development, Fleet Services, Human Resources, Transportation Policy, as well as Cultural Development which is shown separately. Combined these divisions spent 34.2% of their FY 2026-27 adjusted budget and have historically spent 31.0% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2026-27 reflects Budget shifting to City Manager & Organizational Support, and increases in operating supplies and professional services (Buildings & Facilities and Transportation Policy encumbrances that will be spent down throughout the year). The result is a warning performance indicator as expenses are between two and five percentage points higher than 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.

Communications & Public Affairs Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 1,516,265	$ 1,005,546	20.8%	31.4%
2nd Qtr	Oct - Dec 26	1,085,518			
3rd Qtr	Jan - Mar 27	1,113,700			
4th Qtr	Apr - Jun 27	1,120,688			
Total		**$ 4,836,171**	**$ 1,005,546**	**20.8%**	**31.4%**

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



Positive

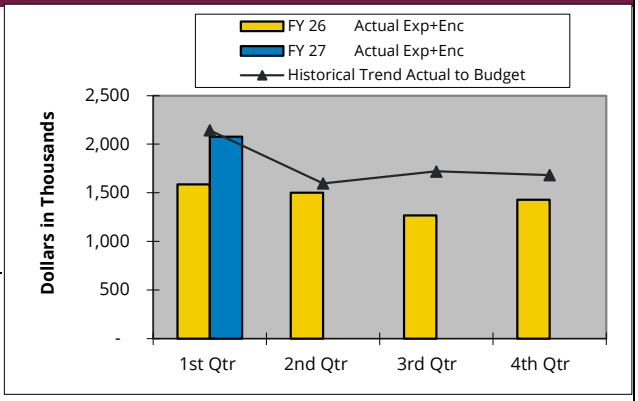
Communications and Public Affairs (CAPA) spent 20.8% of their FY 2026-27 adjusted budget and have historically spent 31.4% of their adjusted budget through the first quarter of the fiscal year. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Cultural Development Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 2,142,693	$ 2,076,241	28.3%	29.2%
2nd Qtr	Oct - Dec 26	1,663,112			
3rd Qtr	Jan - Mar 27	1,786,652			
4th Qtr	Apr - Jun 27	1,747,433			
Total		**$ 7,339,890**	**$ 2,076,241**	**28.3%**	**29.2%**

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



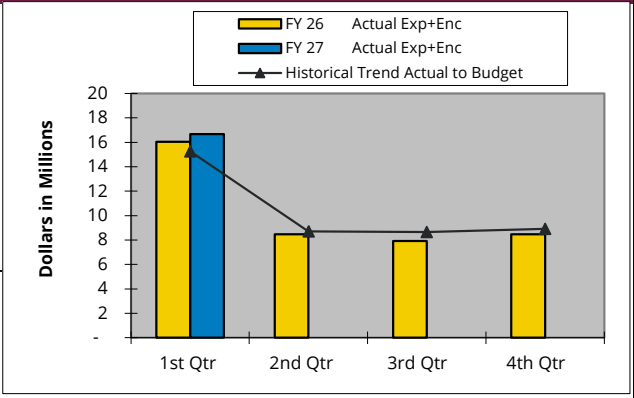
Positive

Cultural Development includes the following cost centers: Administration, Center for the Arts, Connection & Impact, Downtown Redevelopment, Museum, and Special Events, and is considered part of City Manager Department. The division spent 28.3% of their FY 2026-27 adjusted budget and have historically spent 29.2% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2026-27 reflects the shift of the Connection & Impact cost center along with historical expenditures from the City Manager & Organizational Support comparison. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

Community Services Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 15,261,406	$ 16,663,659	37.5%	34.3%
2nd Qtr	Oct - Dec 26	9,674,711			
3rd Qtr	Jan - Mar 27	9,634,630			
4th Qtr	Apr - Jun 27	9,888,250			
Total		**$ 44,458,997**	**$ 16,663,659**	**37.5%**	**34.3%**

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



Positive

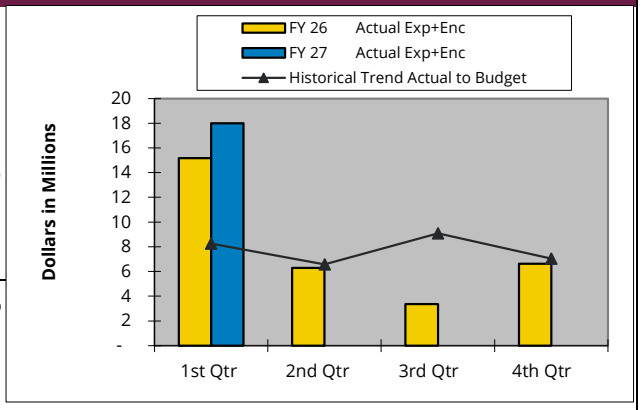
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Maintenance & Operations, Recreation, and Sports & Fitness Facilities. The department spent 37.5% of their FY 2025-26 adjusted budget and have historically spent 34.3% of their adjusted budget through the first quarter of the fiscal year. The result is a warning performance indicator as expenses are between two and five percentage points higher than 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.

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 8,254,479	$ 17,994,522	50.2%	23.0%
2nd Qtr	Oct - Dec 26	8,182,763			
3rd Qtr	Jan - Mar 27	10,712,710			
4th Qtr	Apr - Jun 27	8,661,293			
Total		**$ 35,811,245**	**$ 17,994,522**	**50.2%**	**23.0%**

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



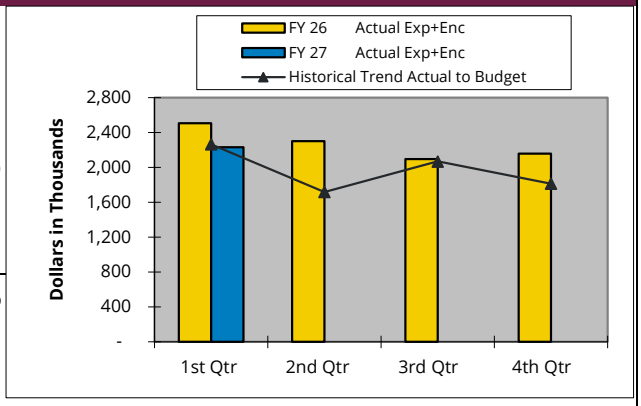
Positive

Information Technology spent 50.2% of their FY 2026-27 adjusted budget and have historically spent 23.0% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarters of FY 2025-26 and FY 2026-27 reflects increases in professional services (large encumbrances for various contracts that are spent down throughout the year) with the large financial/HR ERP system project this year. The result is a negative performance indicator as expenses are more than five percentage points higher than 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.

Management Services Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 2,265,293	$ 2,230,652	24.7%	25.1%
2nd Qtr	Oct - Dec 26	2,102,072			
3rd Qtr	Jan - Mar 27	2,453,070			
4th Qtr	Apr - Jun 27	2,199,031			
Total		**$ 9,019,466**	**$ 2,230,652**	**24.7%**	**25.1%**

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



Positive

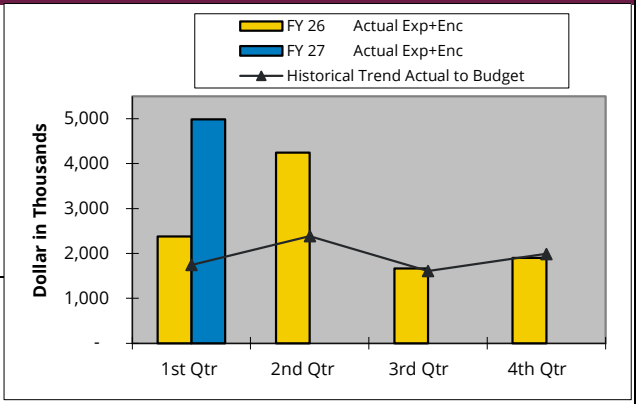
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Accounting, Central Supply, Purchasing, Tax & License, and Utility Services (reimbursed by the Public Works & Utilities Department, Water/Wastewater/Solid Waste, through the Indirect Cost Allocation). These divisions spent 24.7% of their FY 2026-27 adjusted budget and have historically spent 25.1% of their adjusted budget through the first quarter of the fiscal year. Lower spending in the first quarter of FY 2026-27 reflects expenditure related to Budget which was shifted to the City Manager & Organizational Support comparison. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 1,744,028	$ 4,984,626	44.6%	15.6%
2nd Qtr	Oct - Dec 26	3,532,244			
3rd Qtr	Jan - Mar 27	2,759,217			
4th Qtr	Apr - Jun 27	3,137,653			
Total		**$ 11,173,142**	**$ 4,984,626**	**44.6%**	**15.6%**

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



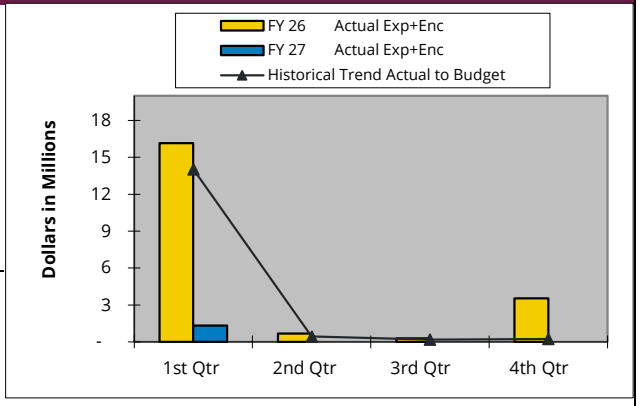
Positive

Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, Neighborhood Preservation, and Community Development. The department spent 44.6% of their FY 2026-27 adjusted budget and have historically spent 15.6% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter FY 2026-27 reflects increases in professional services (large encumbrances for various Human Services allocations that are spent down throughout the year). The result is a negative performance indicator as expenses are more than five percentage points higher than 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.

Non-Departmental Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 14,028,205	$ 1,326,723	7.8%	82.4%
2nd Qtr	Oct - Dec 26	1,148,228			
3rd Qtr	Jan - Mar 27	907,620			
4th Qtr	Apr - Jun 27	943,984			
Total**		**$ 17,028,037**	**$ 1,326,723**	**7.8%**	**82.4%**

* Historical Trend represents the average of the past 4 years % of actual to budget
** Excludes Reserves and Contingencies



Positive

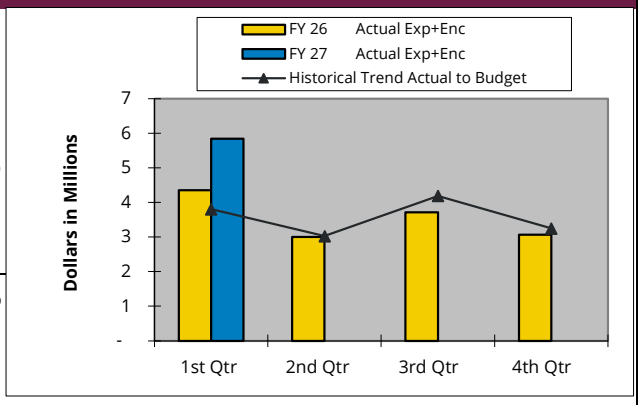
Non-Departmental includes citywide costs that do not belong to a specific department or are infrequent/unusual (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates due to changing one-time needs from year to year. Non-departmental spent 7.8% the FY 2026-27 adjusted budget and has historically spent 82.4% of the adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2025-26 reflects a payment to the Public Safety Personnel Retirement System (PSPRS), where no such payment was needed for this fiscal year. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Development Services Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 3,801,482	$ 5,841,739	35.4%	23.0%
2nd Qtr	Oct - Dec 26	3,768,455			
3rd Qtr	Jan - Mar 27	4,933,586			
4th Qtr	Apr - Jun 27	3,988,836			
Total		**$ 16,492,358**	**$ 5,841,739**	**35.4%**	**23.0%**

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



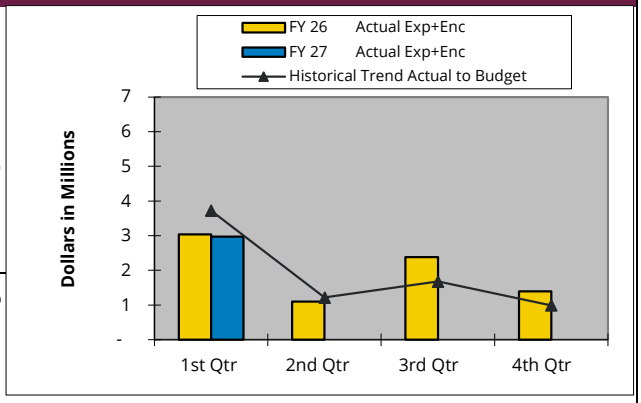
Positive

Development Services includes the following cost centers: Administration, Construction Management and Permits, Building Safety, Transportation Engineering, Engineering, and Planning. The department spent 35.4% of their FY 2026-27 adjusted budget and have historically spent 23.0% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2025-26 reflects increases in professional services (large encumbrances for various fiber contracts that are spent down throughout the year). The result is a negative performance indicator as expenses are more than five percentage points higher than 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.

Public Works & Utilities Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 3,720,676	$ 2,971,126	35.6%	44.6%
2nd Qtr	Oct - Dec 26	1,462,939			
3rd Qtr	Jan - Mar 27	1,924,455			
4th Qtr	Apr - Jun 27	1,234,147			
Total		**$ 8,342,217**	**$ 2,971,126**	**35.6%**	**44.6%**

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



Positive

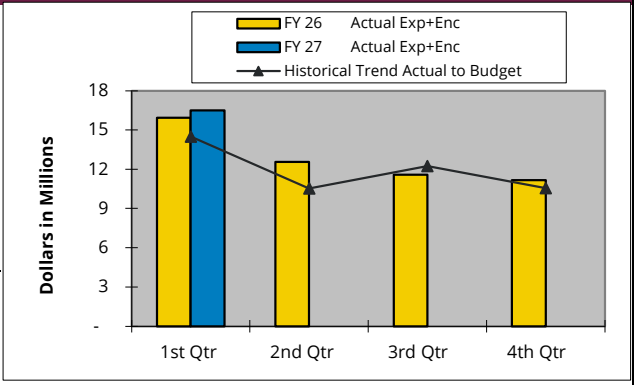
Public Works & Utilities includes the following divisions budgeted in the General Fund: Administration, Capital Projects, Traffic Engineering, Streets, and Street Sweeping. The department spent 35.6% of their FY 2026-27 adjusted budget and have historically spent 44.6% of their adjusted budget through the first quarter of the fiscal year. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Fire Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 14,495,216	$ 16,489,874	33.6%	29.6%
2nd Qtr	Oct - Dec 26	10,923,658			
3rd Qtr	Jan - Mar 27	12,638,716			
4th Qtr	Apr - Jun 27	10,951,662			
Total		**$ 49,009,252**	**$ 16,489,874**	**33.6%**	**29.6%**

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



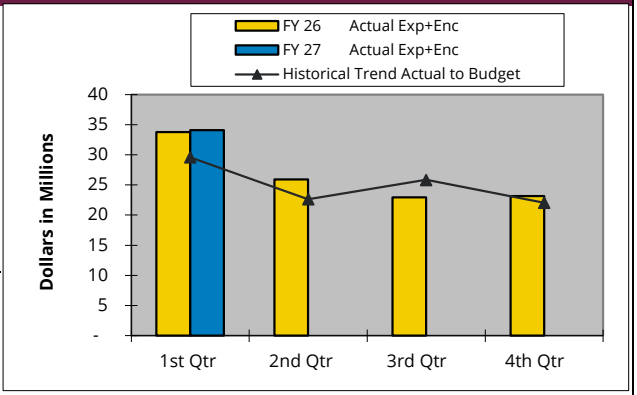
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 33.6% of their FY 2026-27 adjusted budget and have historically spent 29.6% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first of FY 2026-27 reflects increases in professional services (large encumbrances for various contracts that are spent down throughout the year) and personnel costs. The result is a warning performance indicator as expenses are between two and five percentage points higher than 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.

Police Expenditure FY 2026-27 Comparison

Operating Only		FY 27 Adjusted Budget	FY 27 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
1st Qtr	Jul - Sep 26	$ 29,562,584	$ 34,104,457	32.4%	28.1%
2nd Qtr	Oct - Dec 26	24,350,978			
3rd Qtr	Jan - Mar 27	27,551,117			
4th Qtr	Apr - Jun 27	23,742,173			
Total		**$ 105,206,852**	**$ 34,104,457**	**32.4%**	**28.1%**

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



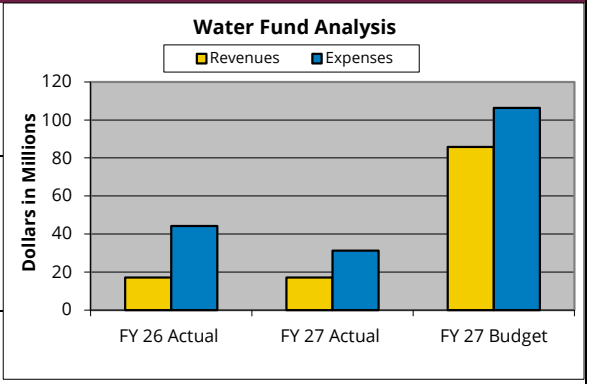
Positive

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 32.4% of their FY 2026-27 adjusted budget and have historically spent 28.1% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2026-27 reflects increases in personnel costs which included a one-time payment to the Post Employment Health Plan (PEHP) for PSPRS Tier 1 members covered by the MOU as well as professional services (large encumbrances for various contracts that are spent down throughout the year). The result is a warning performance indicator as expenses are between two and five percentage points higher than 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.

Enterprise Fund Analysis:

Water Fund Analysis FY 2026-27 Comparison

Water Fund	FY 27 Adjusted Budget	FY 27 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	$ 74,218,437	$ 16,979,824	23%	25%
Transfers In	11,524,090	-	0%	0%
Total Revenues	**$ 85,742,527**	**$ 16,979,824**	**20%**	**23%**
Operating Expenses	$ 49,350,499	$ 22,617,907	46%	50%
Major Capital Expenses	31,386,796	5,483,773	17%	45%
Debt Service	19,654,256	-	0%	0%
Transfers Out	5,992,124	3,165,862	53%	53%
Total Expenses	**$ 106,383,675**	**$ 31,267,542**	**29%**	**39%**
Net Rev / Exp	**$ (20,641,148)**	**$ (14,287,718)**		



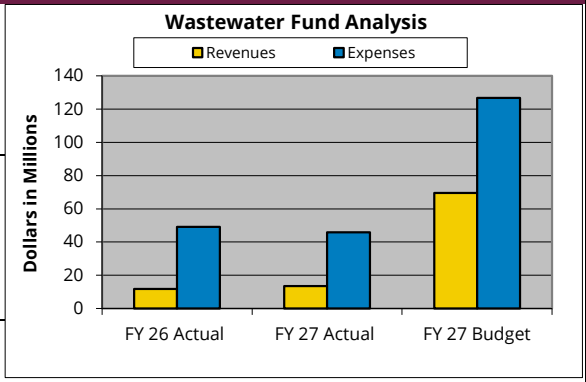
Positive

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 2026-27 reflectes a $20.6M drawdown to fund balance due to increased pay as you go, as well as bond funded capital (including capital carryforward), and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In totaling $11,524,090 includes $10,135,290 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 $5,992,124 includes indirect cost allocation to the General Fund of $3,709,200, payment of $227,985 to the Technology Replacement Fund, payment of $600,000 to the Insured Liability Self-Insurance Fund, payment of $37,011 to the Workers' Compensation Self-Insurance Trust, payment of $22,138 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of $1,391,236 to the Reclaimed Water Fund to reflect benefits received. **Operating Revenues** were 23% of budget compared to 25% through the first quarter of FY 2025-26, while **Operating Expenses** were 46% compared to 50% for FY 2025-26. The first quarter of the fiscal year includes large encumbrances ($13.2M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund performance indicator is positive.

Wastewater Fund Analysis FY 2026-27 Comparison

Wastewater Fund	FY 27 Adjusted Budget	FY 27 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	$ 63,285,830	$ 13,243,282	21%	18%
Transfers In	6,300,000	300,000	5%	30%
Total Revenues	**$ 69,585,830**	**$ 13,543,282**	**19%**	**18%**
Operating Expenses	$ 25,354,049	$ 10,787,442	43%	44%
Major Capital Expenses	66,827,123	30,575,143	46%	40%
Debt Service	27,576,673	-	0%	0%
Transfers Out	7,030,405	4,573,226	65%	64%
Total Expenses	**$ 126,788,250**	**$ 45,935,811**	**36%**	**36%**
Net Rev / Exp	**$ (57,202,420)**	**$ (32,392,529)**		



Positive

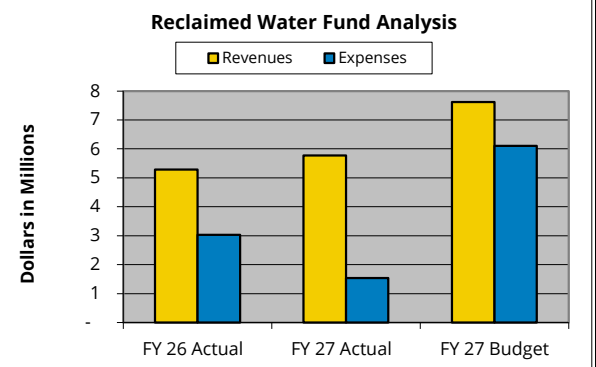
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 2026-27 reflects a $57.2M drawdown to fund balance due to increased pay as you go, as well as bond funded capital (including unspent capital carryforward), and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In totaling $6,300,000 includes $6M for System Development Fee (SDF) loan paybacks and $300,000 from Reclaimed Water towards related capital costs. The budgeted Transfers Out totaling $7,030,405 includes indirect cost allocation to the General Fund of $3,229,400, payment of $153,640 to the Technology Replacement Fund, payment of $24,701 to the Workers' Compensation Self-Insurance Trust, payment of $22,138 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of $3,600,526 to the Reclaimed Water Fund, reflecting benefits received. **Operating Revenues** were 21% of budget compared to 18% through the first quarter of FY 2025-26, while **Operating Expenses** were 43% compared to 44% for FY 2025-26. The first quarter of the fiscal year includes large encumbrances ($5.7M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund performance indicator is positive.

Enterprise Fund Analysis (continued):

Reclaimed Water Fund Analysis FY 2026-27 Comparison

Reclaimed Water	FY 27 Adjusted Budget	FY 27 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	$ 2,621,200	$ 780,549	30%	29%
Transfers In	4,991,762	4,991,762	100%	100%
Total Revenues	**$ 7,612,962**	**$ 5,772,311**	**76%**	**79%**
Operating Expenses	$ 4,265,968	$ 1,202,407	28%	49%
Transfers Out	1,838,062	340,777	19%	47%
Total Expenses	**$ 6,104,030**	**$ 1,543,184**	**25%**	**48%**
Net Rev / Exp	**$ 1,508,932**	**$ 4,229,127**		



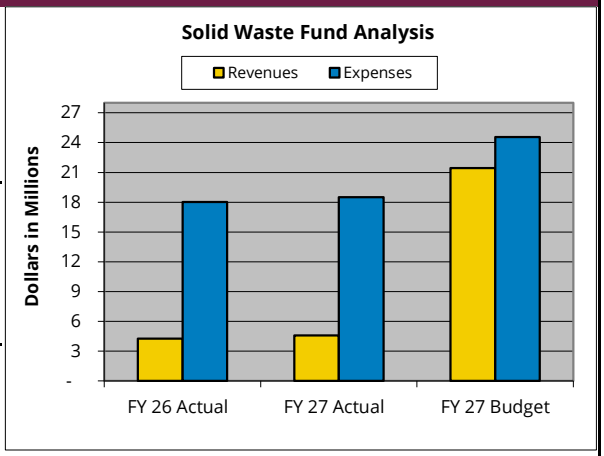
Positive

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 2026-27 budget reflects an increase to fund balance. The budgeted Transfers In totaling $4,991,762 includes subsidies from Water Fund of $1,391,236 and Wastewater Funds of $3,600,526 to reflect the benefit each fund receives by reclaiming water. The budgeted Transfers Out totaling $1,838,062 include an indirect cost allocation to the General Fund of $143,600, payment of $4,616 to the Technology Replacement Fund, $1,046 to the Workers' Compensation Self-Insurance Trust, as well as a payment of $1,388,800 to the Water Fund and $300,000 to the Wastewater Fund to reflect contributions to reclaimed capital costs. **Operating Revenues** were 30% of budget compared to 29% through the first quarter of FY 2025-26, while **Operating Expenses** were 28% of budget as compared to 49% for FY 2025-26. The result is a positive performance indicator.

Solid Waste Fund Analysis FY 2026-27 Comparison

Solid Waste	FY 27 Adjusted Budget	FY 27 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	$ 21,433,200	$ 4,577,480	21%	21%
Total Revenues	**$ 21,433,200**	**$ 4,577,480**	**21%**	**21%**
Operating Expenses	$ 20,725,609	$ 17,027,969	82%	83%
Major Capital Expenses	2,352,066	1,045,275	44%	47%
Transfers Out	1,484,916	422,315	28%	29%
Total Expenses	**$ 24,562,591**	**$ 18,495,560**	**75%**	**77%**
Net Rev / Exp	**$ (3,129,391)**	**$ (13,918,080)**		



Positive

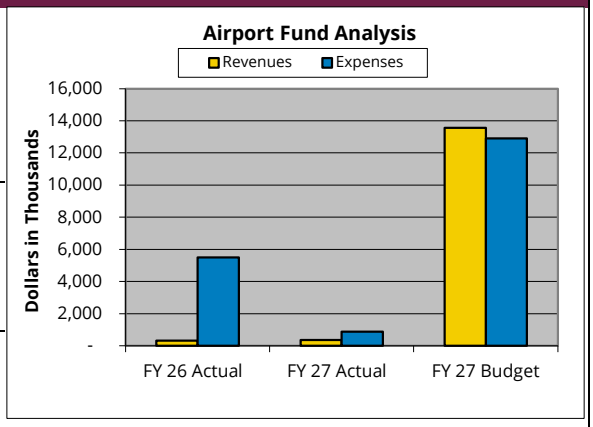
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2026-27 reflects a drawdown of $3.1M (including unspent capital carryforward from prior years). The budgeted Transfers Out totaling $1,484,916 include an indirect cost allocation to the General Fund of $1,399,100, payment of $68,115 to the Technology Replacement Fund, and payment of $17,701 to the Workers' Compensation Self-Insurance Trust. **Operating Revenues** were 21% of budget compared to 21% through the first quarter of FY 2025-26, while **Operating Expenses** were 82% compared to 83% for FY 2025-26. The first quarter of the fiscal year includes large encumbrances ($13.6M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund performance indicator is positive.

Enterprise / Other Funds Analysis (continued):

Airport Fund Analysis FY 2026-27 Comparison

Airport Fund	FY 27 Adjusted Budget	FY 27 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	$ 1,217,988	$ 354,358	29%	27%
General Fund Subsidy	11,685,332	-	0%	0%
Total Revenues	**$ 12,903,320**	**$ 354,358**	**3%**	**2%**
Operating Expenses	$ 2,583,836	$ 515,061	20%	25%
Major Capital Expenses	10,202,160	318,423	3%	34%
Transfers Out	117,324	42,324	36%	36%
Total Expenses	**$ 12,903,320**	**$ 875,807**	**7%**	**33%**
Net Rev / Exp	**$ -**	**$ (521,449)**		

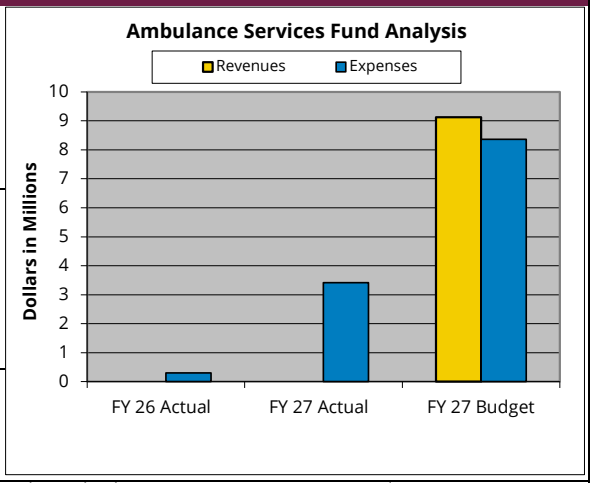


Positive The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2026-27 reflects no budgeted change in fund balance since the General Fund Subsidy of $11.6M is budgeted from the General Fund to make up the funding needed to support operations and, the majority for this year is for major capital expenses. The budgeted Transfers Out totaling $117,324 includes indirect cost allocation to the General Fund of $100,000 and a payment of $17,324 to the Technology Replacement Fund. **Operating Revenues** were 29% of budget compared to 27% through the first quarter of FY 2025-26, while year-to-date **Operating Expenses** were 20% of budget compared to 25% for FY 2025-26. This results in a positive performance indicator.

Ambulance Services Fund Analysis FY 2026-27 Comparison

	FY 27 Adjusted Budget	FY 27 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Revenues	$ 2,600,000	$ -	0%	0%
Transfers In	6,529,876	-	0%	0%
Total Revenues	**$ 9,129,876**	**$ -**	**0%**	**0%**
Operating Expenses	$ 5,177,315	$ 1,735,597	34%	3%
Major Capital Expenses	3,090,710	1,649,741	53%	14%
Debt Service	-	-	0%	0%
Transfers Out	98,216	27,566	28%	0%
Total Expenses	**$ 8,366,241**	**$ 3,412,904**	**41%**	**9%**
Net Rev / Exp	**$ 763,635**	**$ (3,412,904)**		



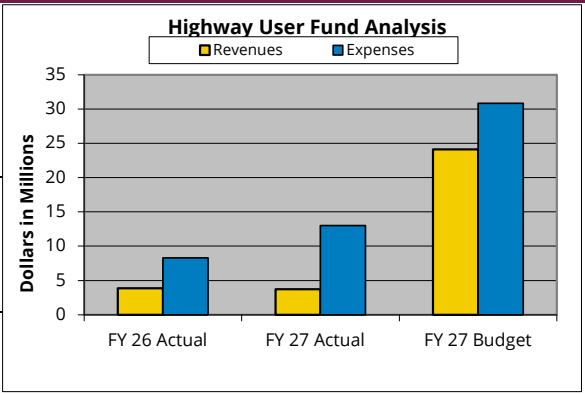
Positive The performance indicator for this Special Revenue Fund focuses on the relationship between Operating Revenues and Operating Expenses (including debt service) and the percentage of budget received/expended.

The Ambulance Services Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for the FY 2026-27 budget reflects an increase to fund balance. The budgeted Transfers In totaling $6,529,876 includes a General Fund loan that will be paid back at a future date. **Operating Revenues** were 0% of budget compared to 0% through the first quarter of FY 2025-26, while year-to-date **Operating Expenses** were 34% of budget compared to 3% for FY 2025-26. The performance indicator is negative, however it was changed to positive since it is anticipated that revenue collections will begin in the third quarter of FY 2026-27 and a General Fund loan transfer will be completed at fiscal year end.

Enterprise / Other Funds Analysis (continued):

Highway User Fund (HURF) Analysis FY 2026-27 Comparison

	FY 27 Adjusted Budget	FY 27 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Highway Users Tax	$ 22,600,000	$ 3,365,953	15%	16%
Other	1,528,000	336,969	22%	25%
Total Revenues	**$ 24,128,000**	**$ 3,702,922**	**15%**	**16%**
Operating Expenses	$ 10,856,931	$ 3,183,473	29%	32%
Major Capital Expenses	19,830,013	9,700,175	49%	21%
Transfers Out	132,842	131,281	99%	99%
Total Expenses	**$ 30,819,786**	**$ 13,014,928**	**42%**	**25%**
Net Rev / Exp	**$ (6,691,786)**	**$ (9,312,006)**		



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.

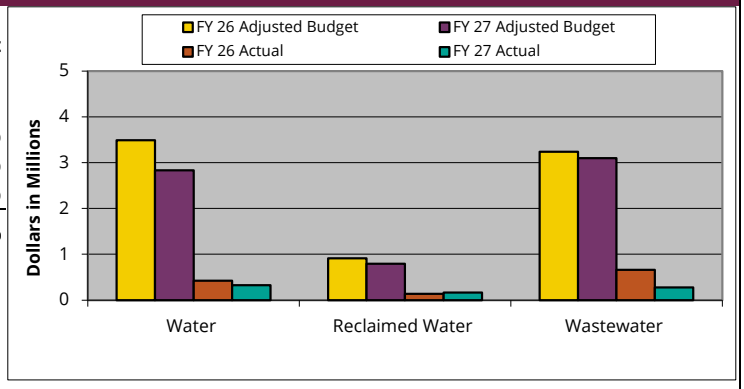
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2026-27 reflects a drawdown of $6.6M (including unspent capital carryforward from prior years). The budgeted Transfers Out totaling $132,842 includes a payment to the General Fund of $2,082 for miscellaneous charges, a payment of $30,404 to the Technology Replacement Fund, and a payment of $100,356 to the Uninsured Liability Self-Insurance Fund for stormwater oversight. **Operating Revenues** were 15% of budget compared to 16% through the first quarter of FY 2025-26, while **Operating Expenses** were 29% of budget compared to 32% for FY 2025-26. This results in a positive performance indicator.

Other Funds Analysis (continued):

Enterprise System Development Fee Funds Analysis FY 2026-27 Comparison

Enterprise System Development Fee (SDF) Funds	FY 27 Adjusted Budget	FY 27 Actual Revenue	% of Budget Rec'd to Date
Water	$ 2,832,000	$ 321,510	11%
Reclaimed Water	794,150	162,624	20%
Wastewater	3,096,000	273,169	9%
Total SDF Revenue	**$ 6,722,150**	**$ 757,304**	**11%**

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.

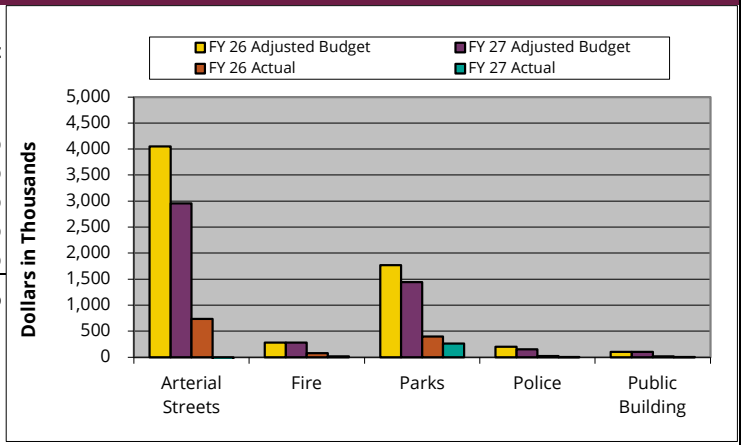


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDF's are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) is needed. Enterprise SDFs are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2026-27 budget and collections compared to FY 2025-26 budget and collections. Collections through the first quarter FY 2026-27 were 11% of the budget as compared to 16% for FY 2025-26.

General System Development Fee Funds Analysis FY 2026-27 Comparison

General System Development Fee (SDF) Funds	FY 27 Adjusted Budget	FY 27 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	$ 2,957,000	$ (100,015)	-3%
Fire	279,000	17,646	6%
Parks	1,446,000	264,706	18%
Police	151,000	4,617	3%
Public Building	101,000	6,080	6%
Total SDF Revenue	**$ 4,934,000**	**$ 193,035**	**4%**

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.

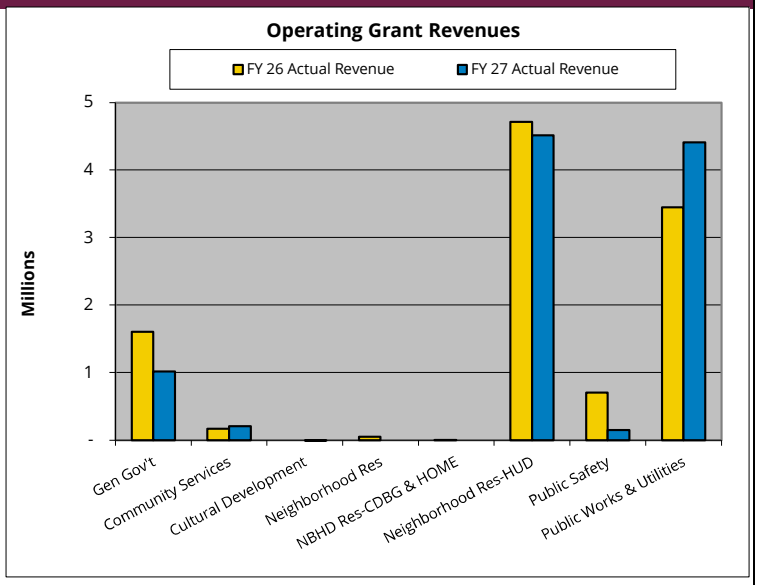


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2026-27 26 budget and year-to-date collections compared to the FY 2025-26 budget and collections. Collections through the first quarter FY 2026-27 were 4% of the budget as compared to 20% for FY 2025-26.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2026-27 Comparison

	FY 27 Actual Revenue	FY 26 Actual Revenue
General Government*	$ 202,312	$ 143,345
Community Services	205,978	166,401
Neighborhood Resources	-	49,993
Neighborhood Res. - CDBG & HOME	-	2,997
Neighborhood Res. - HUD	4,510,582	4,709,671
Public Safety	147,638	704,669
Public Works & Utilities	13,991	216,917
Total Operating Grant Revenue	**$ 5,080,501**	**$ 5,993,995**
General Government*	$ 815,689	$ 1,460,929
Cultural Development	(145)	-
Public Works & Utilities	4,395,447	3,228,672
Total Capital Grant Revenue	**$ 5,210,991**	**$ 4,689,600**
Total Grant Revenue	**$ 10,291,492**	**$ 10,683,595**



* 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. Collections for FY 2026-27 are $10.3M as compared to $10.6M as collected through the first quarter of the prior fiscal year.