



Informational Memo

Management Services - Memo No. 26-039

Date: November 14, 2025

To: Mayor and Council

Thru: Tadd Wille, Acting City Manager *TW*
Dawn Lang, Deputy City Manager/CFO *DLL*

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

Subject: Fiscal Year (FY) 2025-26 First Quarter Financial Report

Attached is the FY 2025-26 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 2025-26 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 2021-22 to FY 2024-25), 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 except State Shared Revenues which are in Warning status, meaning we are keeping a close watch on any changes or trends in that category. The General Fund first quarter reflected an overall revenue increase of 2.3% over anticipated revenues based on budget, and a 3.4% decrease over the prior year's collections through September, with 22.4% of budgeted revenues received compared to the 23.2% historical average.

Overall, first quarter General Fund expenditures are at 34.2% of budget expended compared to 34.0% 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.

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Attachment: FY 2025-26 First Quarter Financial Report

c: Ryan Peters, Deputy City Manager
Leah Powell, Deputy City Manager



Management Services

Quarterly Financial Report

1st Qtr FY 2025-26

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PERFORMANCE INDICATORS

(At year-end, revenues performance indicators default to positive when 100% or more of budget is collected and expenditures performance indicators default to positive when total spending is less than adjusted budget)

- * **Positive** = Rev: Variance is above or <2% below historical trend. Exp: Variance <= 2% compared to historical trend.
Warning = Rev: Variance of 2 - 5% below historical trends. Exp: Variance of 2 - 5% above historical trends.
Negative = Rev: Variance of > 5% below historical trends. Exp: Variance > 5% above historical trend.

THE QUARTERLY FINANCIAL REPORT

Report Objectives

- * Provide historical comparisons to identify trends or deviations from trends.
- * Develop performance benchmarks to measure positive and negative results.
- * Create an executive level report to highlight potential issues or concerns.

What is Included in the Report

The report emphasizes General Fund, with analysis of its revenue and each category of revenue, and the expenditures by department. Also included is a summary and analysis of Enterprise Funds, System Development Fee and Impact Fee Funds, the Highway User Tax Fund, and Grants.

How to Read the Report

- * Page 1 serves as a table of contents and quick view of performance issues.
- * The benchmarks are Positive (navy colored), Warning (grey colored), and Negative (maroon colored), providing an initial indicator to determine if the category needs to be monitored closely in the upcoming period or if it is deviating from trends.
- * Performance indicators for General Fund *revenues* are comparing the percent of year-to-date actuals collected to total budget AND the budget prorated based on the historical trend (last four years) of average actual year-to-date collections to budget.
- * Performance indicators for General Fund *expenditures* are based on whether they are within budget for the percent of year-to-date actuals expended plus encumbrances compared to the total budgeted expenditures.
- * Performance indicators for Enterprise Funds focus on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

ECONOMIC INDICATORS

Gross Domestic Product (GDP)

Real gross domestic product - the output of goods and services produced by labor and property located in the US. Reflects spending for households, business, government, and trade.

The change to the GDP is an indicator of the general direction of the economy. Slow or negative growth will likely mean lower revenues for the City.

Third Quarter 2024 (third estimate)	3.3%
Fourth Quarter 2024	1.9%
First Quarter 2025	-0.6%
Second Quarter 2025 (third estimate)	3.8%

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 19, 2024	4.75%-5.00%
November 8, 2024	4.50%-4.75%
December 19, 2024	4.25%-4.50%
September 18, 2025	4.00%-4.25%

Source: Federal Reserve Bank

Unemployment

	National	State of Arizona	Phoenix Metro Area*
Jun-25	4.4%	4.5%	4.0%
Jul-25	4.6%	4.7%	4.1%
Aug-25	4.5%	4.8%	4.2%
Sep-25	Not available due to Federal Shutdown		

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 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%
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%

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 42.50 for FY 2024-25, down from the 70.25 average permits per quarter in FY 2023-24.

Quarter	State of Arizona	Chandler
Jul - Aug - Sep 2023	9,858	110
Oct - Nov - Dec 2023	9,164	87
Jan - Feb - Mar 2024	11,192	29
Apr - May - Jun 2024	10,967	55
Jul - Aug - Sep 2024	10,380	42
Oct - Nov - Dec 2024	8,973	46
Jan - Feb - Mar 2025	9,855	51
Apr - May - Jun 2025	9,429	31
Jul - Aug - Sep 2025*	4,651	52

*State Sept. totals not updated due to federal shutdown

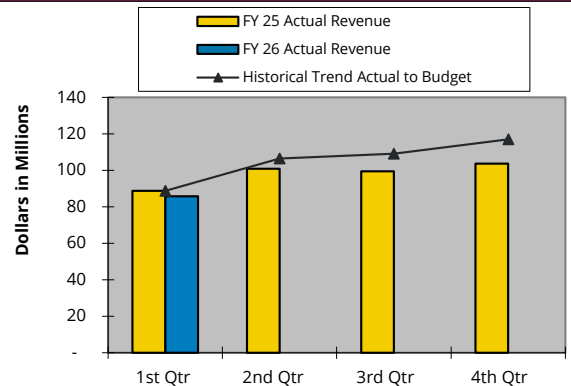
General Fund

Revenue Analysis:

Overall General Fund Revenues FY 2025-26

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 25	\$ 83,874,077	\$ 85,780,982	22.4%	23.2%
2nd Qtr	Oct - Dec 25	95,741,121			
3rd Qtr	Jan - Mar 26	98,145,853			
4th Qtr	Apr - Jun 26	105,283,486			
Total		\$ 383,044,537	\$ 85,780,982	22.4%	23.2%

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



Positive

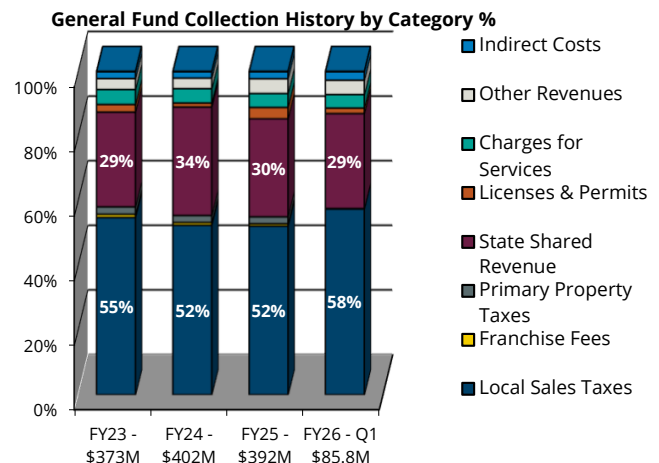
General Fund revenue collections for FY 2025-26 were \$1.9M (2.3%) above the adopted budget and \$3.0M (3.4%) less than actual collections through the first quarter of FY 2024-25.

Overall, General Fund revenues are coming in as expected. Certain categories are performing well due to continued local consumer spending including related inflation, and some business development activity. As the industrial development project winds down, reductions in several categories are reflected in the budget as anticipated. Now that major developments are substantially complete, revenues have stabilized, classifying much of the prior year's additional revenues as one-time. Additionally, most of the overage through the 1st quarter is a result of higher investment earnings. The performance indicator is positive as the percentage of budget received through the first quarter is less than 2% lower 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 2025-26

Revenue Categories	FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 203,838,400	\$ 49,334,775	24.2%
Franchise Fees	3,190,000	83,463	2.6%
Primary Property Tax	8,785,177	31,586	0.4%
State Shared Sales Tax	115,125,994	25,202,793	21.9%
Licenses & Permits	7,710,300	1,460,530	18.9%
Charges for Services	19,928,507	3,596,796	18.0%
Other Revenues	15,429,389	3,811,848	24.7%
Indirect Cost Allocation	9,036,770	2,259,192	25.0%
Total	\$ 383,044,537	\$ 85,780,982	22.4%



Positive

This chart summarizes General Fund revenue collections by revenue category for FY 2025-26. The graph helps us visualize what percentage each revenue category is to the total General Fund. The percentage spread of revenue sources are relatively consistent over the years with local sales taxes and State Shared Sales Tax Revenues being the largest General Fund revenue sources. The next several pages provide an analysis of each revenue category except Indirect Cost Allocation (payments by the Water, Wastewater, Reclaimed Water, Solid Waste, and Airport Enterprise Funds to the General Fund for city services provided for their operations). The performance indicator is positive as actual collections came in higher than budget.

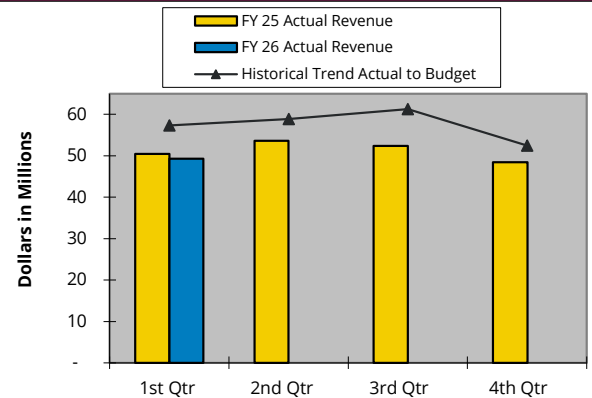
General Fund

Revenue Analysis (continued):

Sales Tax Revenue FY 2025-26

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 25	\$ 48,840,915	\$ 49,334,775	24.2%	28.1%
2nd Qtr	Oct - Dec 25	52,847,672			
3rd Qtr	Jan - Mar 26	54,980,368			
4th Qtr	Apr - Jun 26	47,169,445			
Total		\$ 203,838,400	\$ 49,334,775	24.2%	28.1%

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



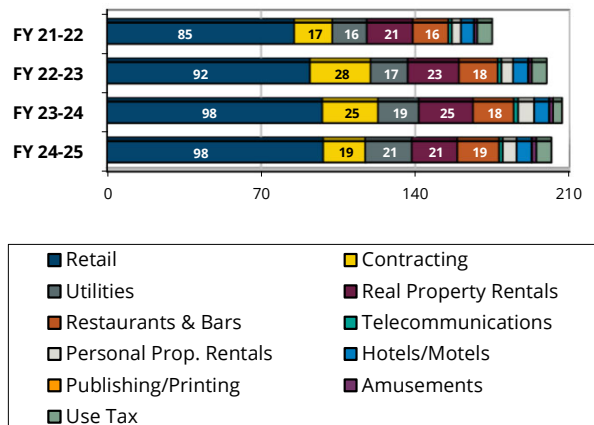
Positive

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2025-26 were \$493,860 (1.0%) above adopted budget and \$1.1M (2.2%) less than actual collections in the prior year through the first quarter of FY 2024-25. 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 and collections coming in as anticipated.

Sales Tax Collection History

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr.
Retail/Mfd. Bldg/Jet Fuel	\$	99,935,000	\$ 24,672,168	24.7%	9.6%
Contracting		20,766,000	3,605,843	17.4%	-28.7%
Utilities		26,265,000	6,971,724	26.5%	5.0%
Real Property Rentals		14,731,000	3,578,985	24.3%	-42.2%
Restaurants & Bars		18,540,000	4,546,532	24.5%	2.4%
Telecommunications		1,648,000	403,686	24.5%	-23.5%
Personal Prop. Rentals		5,356,000	1,523,215	28.4%	1.9%
Hotels/Motels		6,489,000	1,082,283	16.7%	-0.3%
Publishing/Printing/Adv.		213,000	48,810	22.9%	7.7%
Amusements		1,575,000	460,776	29.3%	1.6%
Use Tax		6,522,000	1,233,325	18.9%	-21.6%
Total Sales Tax	\$	202,040,000	\$ 48,127,346	23.8%	-3.8%

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 2025-26 were \$187,867 (0.4%) below the adopted budget and \$1.9M (3.8%) less than actual collections through the first quarter of FY 2024-25. It should be noted that many of the categories are positive, reflecting continued consumer spending. Contracting/development collections and Personal Property Rentals are down as the Intel project slows and the residential rental tax elimination is now in effect. Use tax is a highly fluctuating revenue category and significant swings in collection percentage are not abnormal.

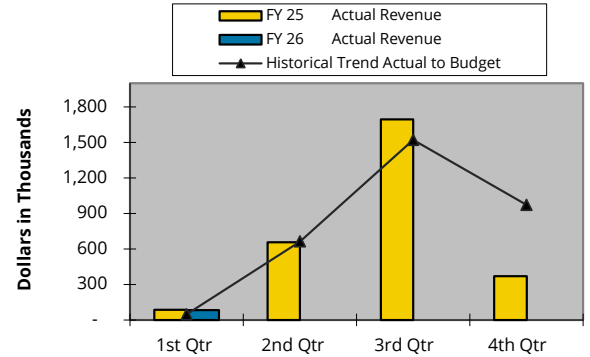
General Fund

Revenue Analysis (continued):

Franchise Fee Revenue FY 2025-26

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 25	\$ 48,543	\$ 83,463	2.6%	1.5%
2nd Qtr	Oct - Dec 25	660,047			
3rd Qtr	Jan - Mar 26	1,513,992			
4th Qtr	Apr - Jun 26	967,418			
Total		\$ 3,190,000	\$ 83,463	2.6%	1.5%

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



Positive

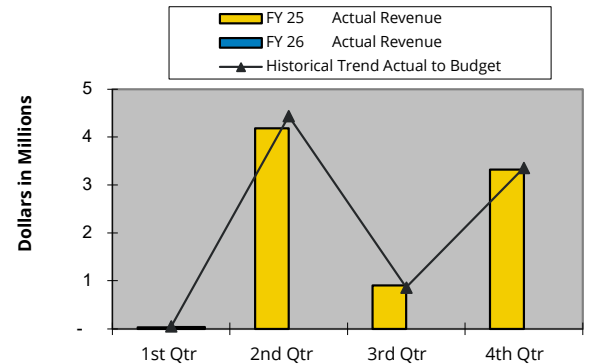
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections for FY 2025-26 were \$34,920 (71.9%) above the adopted budget and \$2,064 (2.4%) less than actual collections through the first quarter of FY 2024-25. 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.

Primary Property Tax Revenue FY 2025-26

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 25	\$ 53,272	\$ 31,586	0.4%	0.6%
2nd Qtr	Oct - Dec 25	1,844,556			
3rd Qtr	Jan - Mar 26	4,196,299			
4th Qtr	Apr - Jun 26	2,691,050			
Total		\$ 8,785,177	\$ 31,586	0.4%	0.6%

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



Positive

This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 2025-26, Chandler is collecting a primary tax rate of \$0.2118 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.0818, representing a \$0.001 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 2025-26 were \$21,686 (40.7%) below the adopted budget and \$2,448 (8.4%) more than actual collections through the first quarter of FY 2024-25. 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.

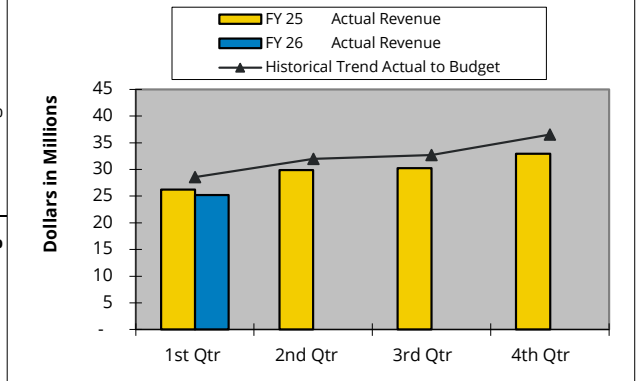
General Fund

Revenue Analysis (continued):

State Shared Sales Tax Revenues FY 2025-26

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 25	\$ 25,434,159	\$ 25,202,792	21.9%	24.8%
2nd Qtr	Oct - Dec 25	28,321,638			
3rd Qtr	Jan - Mar 26	28,994,935			
4th Qtr	Apr - Jun 26	32,375,262			
Total		\$ 115,125,994	\$ 25,202,792	21.9%	24.8%

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



Warning

-- **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 2025-26 are \$179,885 (2.1%) below adopted budget and \$67,066 (0.8%) more than actual collections through the first quarter of FY 2024-25.

-- **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. Total collections for FY 2024-25 were \$1.6M.

-- **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 2025-26 are \$69,095 (2.3%) above adopted budget and \$128,254 (4.3%) more than actual collections through the first quarter of FY 2024-25.

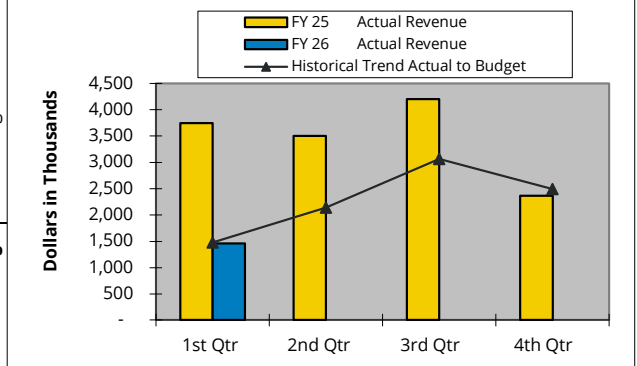
-- **Urban Revenue Sharing:** Eighteen percent (18%) of the **2023** State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Collections for FY 2025-26 are \$120,577 (0.9%) below adopted budget and \$1.2M (0.8%) less than actual collections through the first quarter of FY 2024-25.

The overall State Shared revenue performance indicator is warning as the percentage of budget received through the first quarter is between two to five percentage points below the historical budget received through the same period.

Licenses & Permits Revenue FY 2025-26

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 25	\$ 1,239,563	\$ 1,460,530	18.9%	19.1%
2nd Qtr	Oct - Dec 25	2,051,387			
3rd Qtr	Jan - Mar 26	2,096,480			
4th Qtr	Apr - Jun 26	2,322,870			
Total		\$ 7,710,300	\$ 1,460,530	18.9%	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 2025-26 were \$220,966 (17.8%) above adopted budget and \$2.3M (61.%) less than actual collections through the first quarter of FY 2024-25 with large prior year building permits fees being one-time. Higher collections in the first three quarters of FY 2024-25 reflects large receipts recorded for industrial permits which will not be collected this fiscal year. 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.

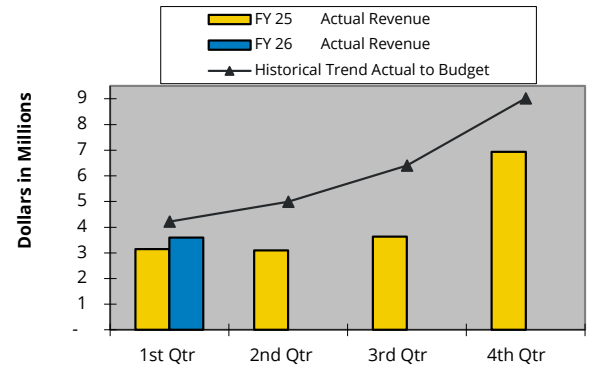
General Fund

Revenue Analysis (continued):

Charges for Services Revenue FY 2025-26

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 25	\$ 3,413,004	\$ 3,596,796	18.0%	21.2%
2nd Qtr	Oct - Dec 25	4,039,110			
3rd Qtr	Jan - Mar 26	5,179,716			
4th Qtr	Apr - Jun 26	7,296,677			
Total		\$ 19,928,507	\$ 3,596,796	18.0%	21.2%

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



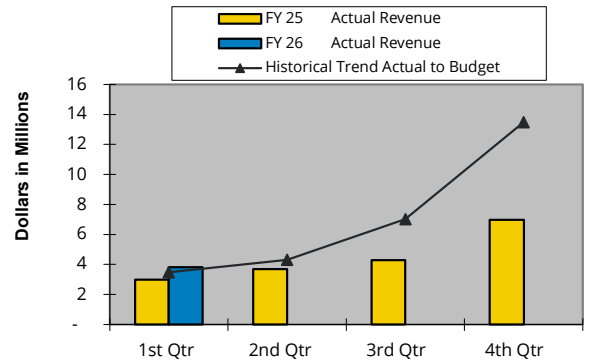
Positive

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 2025-26 were \$183,792 (5.4%) above the adopted budget and \$444,713 (14.1%) more than actual collections through the first quarter of FY 2024-25. 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.

Other Revenue FY 2025-26

		FY 26 Adopted Budget	FY 26 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 25	\$ 2,585,423	\$ 3,811,848	24.7%	22.6%
2nd Qtr	Oct - Dec 25	3,146,246			
3rd Qtr	Jan - Mar 26	4,029,345			
4th Qtr	Apr - Jun 26	5,668,375			
Total		\$ 15,429,389	\$ 3,811,848	24.7%	22.6%

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



Positive

Other revenue captures interest income, fines and forfeitures, court fees, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections for FY 2025-26 are \$1.2M (47.4%) above adopted budget and \$831,843 (27.9%) more than actual collections through the first quarter of FY 2024-25. Interest Income experienced the most growth over budget since the fed rate was not reduced when anticipated, which resulted in higher one-time monies. 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.

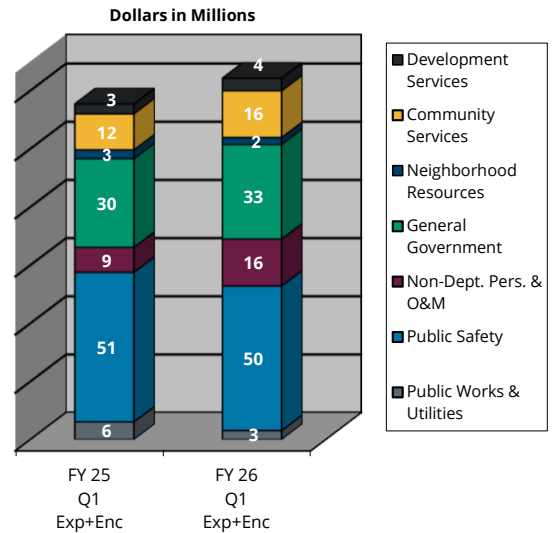
General Fund

Expenditure Analysis:

General Fund Expenditures + Encumbrances for FY 2025-26 by Function

	FY 26 Adjusted Budget	FY 26 Q1 Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
* Dept. Operating				
General Government	\$ 92,519,721	\$ 32,501,715	35.1%	35.4%
Community Services	42,692,710	16,056,108	37.6%	32.8%
Development Services	16,956,324	4,346,153	25.6%	24.1%
Public Safety	150,995,557	49,730,347	32.9%	32.6%
Public Works & Utilities	7,795,671	3,037,005	39.0%	50.4%
Neighborhood Resources	11,175,420	2,375,124	21.3%	14.2%
Non-Dept. Pers. & O&M	40,648,581	16,144,127	39.7%	85.2%
Subtotal	\$ 362,783,984	\$ 124,190,577	34.2%	34.0%
Non-Dept. Reserves	\$ 3,138,600	\$ -	0.0%	0.0%
Non-Dept. Contingencies	25,413,068	-	0.0%	0.0%
Total	\$ 391,335,652	\$ 124,190,577	31.7%	29.7%

* 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.

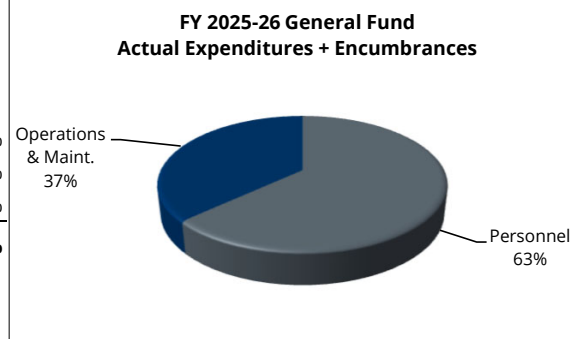
The chart reflects actual spending and encumbrances for FY 2024-25 and FY 2025-26. The Personnel and O&M (maroon category) increase mainly reflects the difference in the amount of the prior year's payment of \$7M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability payoff, to the current year's payment of \$15M with . General Government's (green category) increase mainly reflects higher personnel and technology related costs. Community Services' (yellow category) increase reflects the shift of landscape maintenance contracts from Public Works & Utilities. All other areas remained fairly consistent.

FY 2025-26 operating expended and encumbered through the first quarter is 34.2% of the adjusted budget compared to 34.0% of adjusted budget spent and encumbered in the prior year. As shown on the following pages, departments (excluding non-departmental) have expended between 18.7% and 43.6% of their General Fund adjusted budgets for FY 2025-26.

General Fund Expenditures + Encumbrances for FY 2025-26 by Category

	FY 26 Adjusted Budget	FY 26 Q1 Exp+Enc	FY 25 Q1 Exp+Enc	% Change from Prior Yr. Actual
*Dept. Operating				
Personnel	\$ 261,526,346	\$ 78,424,508	\$ 70,683,187	11.0%
Operations & Maint.	101,257,638	45,766,070	44,643,278	2.5%
Reserves/Contingencies	28,551,668	-	-	0.0%
Total	\$ 391,335,652	\$ 124,190,577	\$ 115,326,465	7.7%

* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the first quarter of FY 2025-26 is 11.0% more than spending for FY 2024-25. The majority of the increase was due the \$15M payment to the Public Safety Personnel Retirement System (PSPRS), versus \$7M in the prior year and also includes other citywide personnel cost increases and FTE changes. Operations and maintenance spending through for FY 2025-26 is 2.5% higher than spending for FY 2024-25, due to some higher spending and encumbrances in Neighborhood Resources and IT professional services.

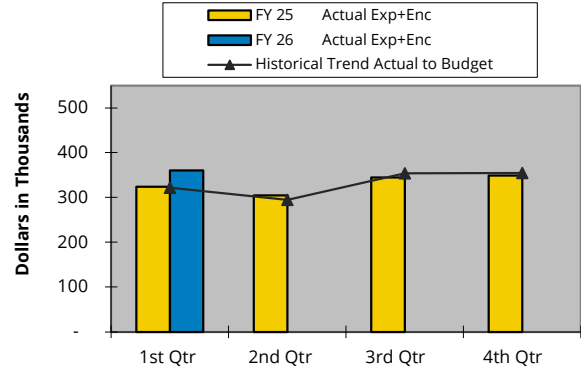
General Fund

Expenditure Analysis (continued / department summaries):

Mayor & Council Expenditure FY 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 322,103	\$ 360,324	24.8%	22.1%
2nd Qtr	Oct - Dec 25	337,652			
3rd Qtr	Jan - Mar 26	396,938			
4th Qtr	Apr - Jun 26	398,110			
Total		\$ 1,454,804	\$ 360,324	24.8%	22.1%

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



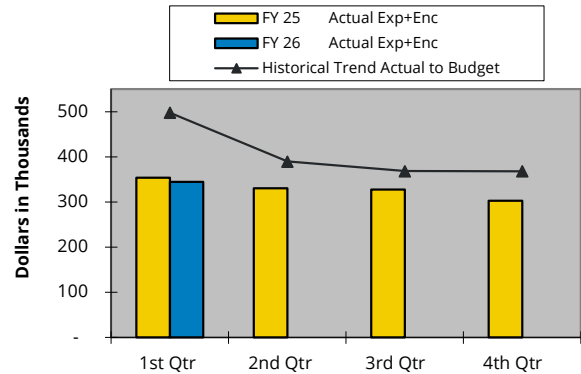
Positive

The Mayor and Council division spent 24.8% of their FY 2025-26 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 2025-26 reflects increases in personnel, professional services, operating supplies, and communication/transportation 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.

City Clerk Expenditure FY 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 497,915	\$ 344,345	18.7%	27.1%
2nd Qtr	Oct - Dec 25	461,647			
3rd Qtr	Jan - Mar 26	440,385			
4th Qtr	Apr - Jun 26	440,141			
Total		\$ 1,840,088	\$ 344,345	18.7%	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 18.7% of their FY 2025-26 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.

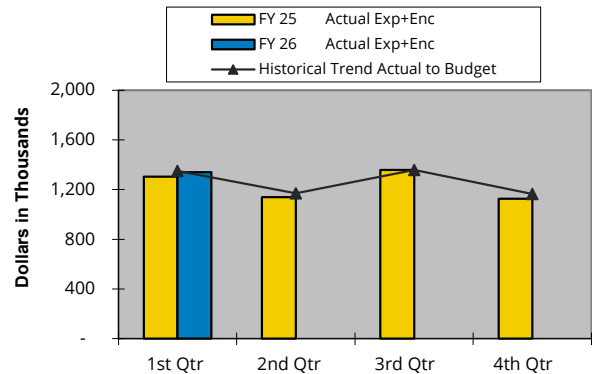
General Fund

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr Jul - Sep 25		\$ 1,350,172	\$ 1,340,026	26.2%	26.4%
2nd Qtr Oct - Dec 25		1,193,890			
3rd Qtr Jan - Mar 26		1,383,728			
4th Qtr Apr - Jun 26		1,190,464			
Total		\$ 5,118,254	\$ 1,340,026	26.2%	26.4%

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



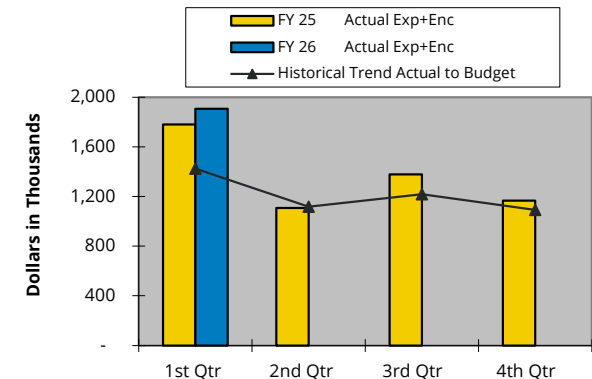
Positive

Law spent 26.2% of their FY 2025-26 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 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr Jul - Sep 25		\$ 1,425,723	\$ 1,906,906	31.5%	23.5%
2nd Qtr Oct - Dec 25		1,517,657			
3rd Qtr Jan - Mar 26		1,617,610			
4th Qtr Apr - Jun 26		1,493,239			
Total		\$ 6,054,229	\$ 1,906,906	31.5%	23.5%

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



Positive

City Magistrate spent 31.5% of their FY 2025-26 adjusted budget and has historically spent 23.5% 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 (a large encumbrance for public defender services in the first 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 higher than 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.

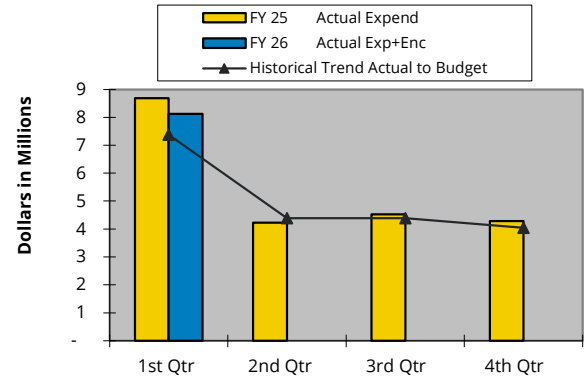
General Fund

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 7,384,593	\$ 8,119,374	34.1%	31.0%
2nd Qtr	Oct - Dec 25	5,596,341			
3rd Qtr	Jan - Mar 26	5,597,550			
4th Qtr	Apr - Jun 26	5,252,574			
Total		\$ 23,831,059	\$ 8,119,374	34.1%	31.0%

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



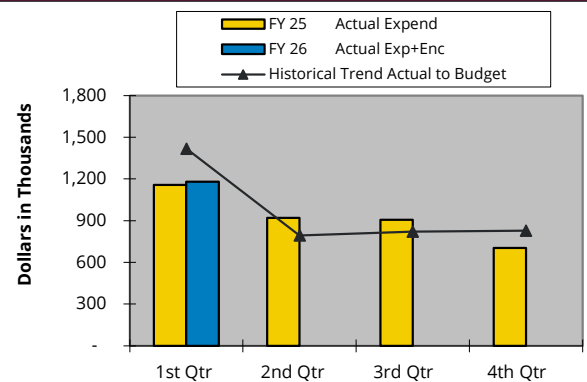
Positive

City Manager & Organizational Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Connection & Impact, Economic Development, Fleet Services, Human Resources, Transportation Policy, as well as Cultural Development which is shown separately. Combined these divisions spent 34.1% of their FY 2025-26 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 2024-25 reflected increases in professional services (a large encumbrance in Transportation Policy in the first quarter that was spent down throughout the year), higher utilities citywide reflected in Building & Facilities, and personnel costs. Higher spending in the first quarter of FY 2025-26 reflects increases in operating supplies (a large encumbrance in Building & Facilities in the first quarter will be 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.

Communications & Public Affairs Expenditure FY 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 1,417,628	\$ 1,179,985	26.1%	31.4%
2nd Qtr	Oct - Dec 25	1,014,901			
3rd Qtr	Jan - Mar 26	1,041,250			
4th Qtr	Apr - Jun 26	1,047,784			
Total		\$ 4,521,564	\$ 1,179,985	26.1%	31.4%

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



Positive

Communications and Public Affairs (CAPA) spent 26.1% of their FY 2025-26 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.

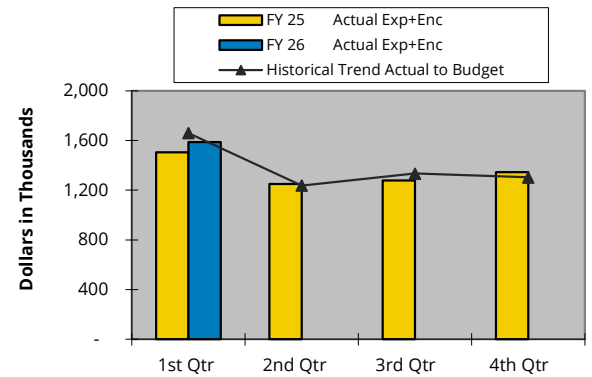
General Fund

Expenditure Analysis (continued / department summaries):

Cultural Development Expenditure 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 1,660,689	\$ 1,586,438	27.9%	29.2%
2nd Qtr	Oct - Dec 25	1,288,991			
3rd Qtr	Jan - Mar 26	1,384,740			
4th Qtr	Apr - Jun 26	1,354,343			
Total		\$ 5,688,763	\$ 1,586,438	27.9%	29.2%

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



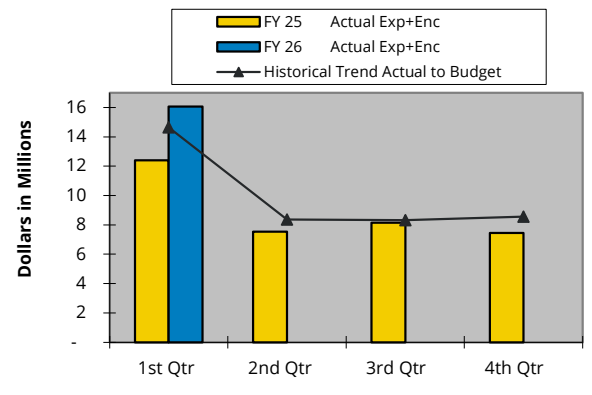
Positive

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events, and is considered part of City Manager, Organizational Support. The department spent 27.9% of their FY 2025-26 adjusted budget and have historically spent 29.2% 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.

Community Services Expenditure 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 14,655,093	\$ 16,056,108	37.6%	34.3%
2nd Qtr	Oct - Dec 25	9,290,350			
3rd Qtr	Jan - Mar 26	9,251,861			
4th Qtr	Apr - Jun 26	9,495,406			
Total		\$ 42,692,710	\$ 16,056,108	37.6%	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 37.6% 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. Higher spending in the first quarter of FY 2025-26 reflects increases professional services for park maintenance (large encumbrances in the first quarter that will be 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.

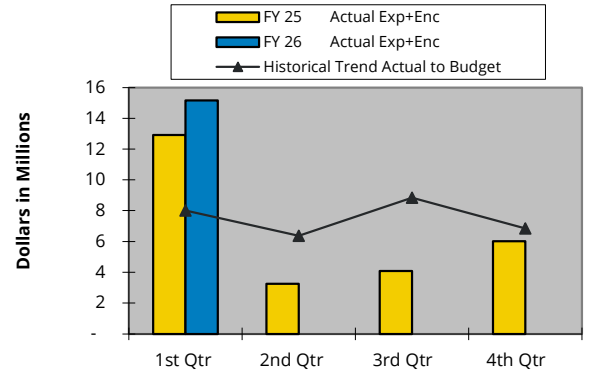
General Fund

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 8,018,770	\$ 15,156,369	43.6%	23.0%
2nd Qtr	Oct - Dec 25	7,949,103			
3rd Qtr	Jan - Mar 26	10,406,806			
4th Qtr	Apr - Jun 26	8,413,967			
Total		\$ 34,788,646	\$ 15,156,369	43.6%	23.0%

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



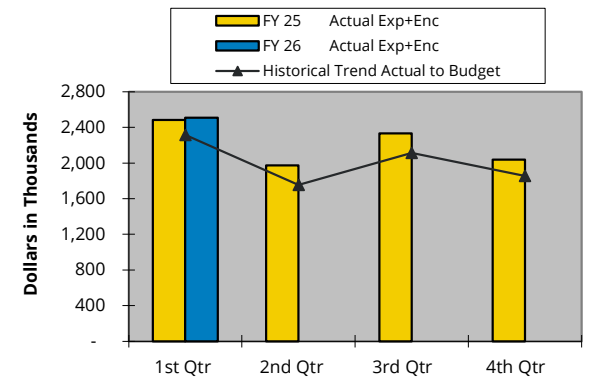
Positive

Information Technology spent 43.6% of their FY 2025-26 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 2024-25 and FY 2025-26 reflects increases in professional services (large encumbrances for various contracts in the first quarter 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 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 2,316,240	\$ 2,507,947	27.2%	25.1%
2nd Qtr	Oct - Dec 25	2,149,348			
3rd Qtr	Jan - Mar 26	2,508,239			
4th Qtr	Apr - Jun 26	2,248,487			
Total		\$ 9,222,314	\$ 2,507,947	27.2%	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). The Budget Division is also included in this summary, although reports directly to the City Manager's Office. These divisions spent 27.2% of their FY 2025-26 adjusted budget and have historically spent 25.1% 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.

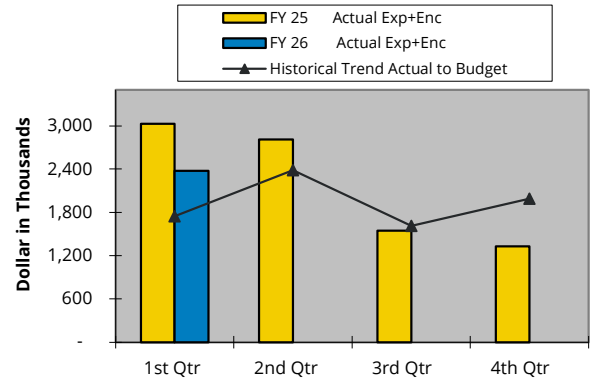
General Fund

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 1,744,384	\$ 2,375,124	21.3%	15.6%
2nd Qtr	Oct - Dec 25	3,532,965			
3rd Qtr	Jan - Mar 26	2,759,780			
4th Qtr	Apr - Jun 26	3,138,292			
Total		\$ 11,175,420	\$ 2,375,124	21.3%	15.6%

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



Positive

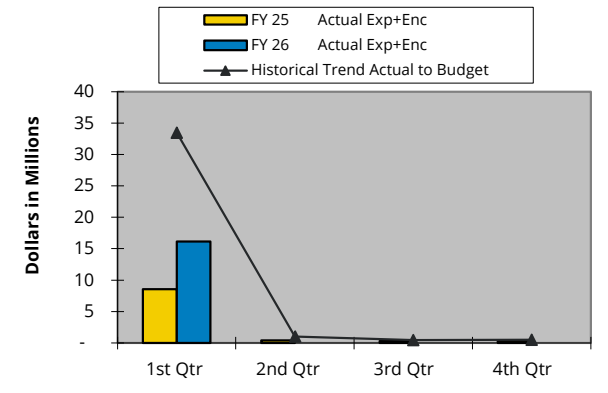
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, Neighborhood Preservation, and Community Development. The department spent 21.3% of their FY 2025-26 adjusted budget and have historically spent 15.6% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter of FY 2024-25 compared to FY 2025-26 reflects spending for the Youth Enhancement and Operation Open Door programs. Higher spending in the first quarter of FY 2025-26 compared to the historical trend reflects increase human services costs which support non-profit agencies. 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 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 33,487,513	\$ 16,144,127	39.7%	82.4%
2nd Qtr	Oct - Dec 25	2,741,000			
3rd Qtr	Jan - Mar 26	2,166,630			
4th Qtr	Apr - Jun 26	2,253,437			
Total**		\$ 40,648,581	\$ 16,144,127	39.7%	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 planned spending for FY 2025-26 is 39.7% of the adjusted budget and has historically spent 82.4% of the adjusted budget through the first quarter of the fiscal year. Higher spending in FY 2025-26 compared to FY 2024-25 reflects the increase payment to the Public Safety Personnel Retirement System (PSPRS) payment in the amount of \$15M, which was \$7M in the prior year. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

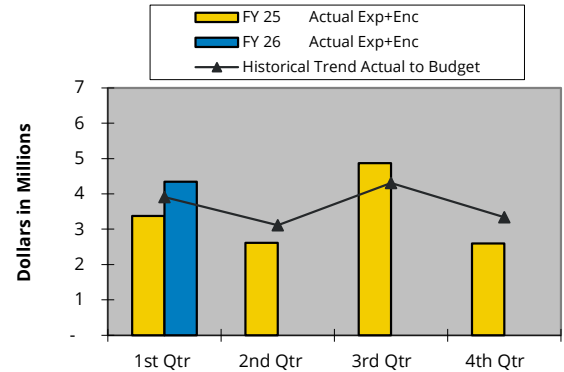
General Fund

Expenditure Analysis (continued / department summaries):

Development Services Expenditure FY 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 3,908,426	\$ 4,346,153	25.6%	23.0%
2nd Qtr	Oct - Dec 25	3,874,470			
3rd Qtr	Jan - Mar 26	5,072,378			
4th Qtr	Apr - Jun 26	4,101,049			
Total		\$ 16,956,324	\$ 4,346,153	25.6%	23.0%

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



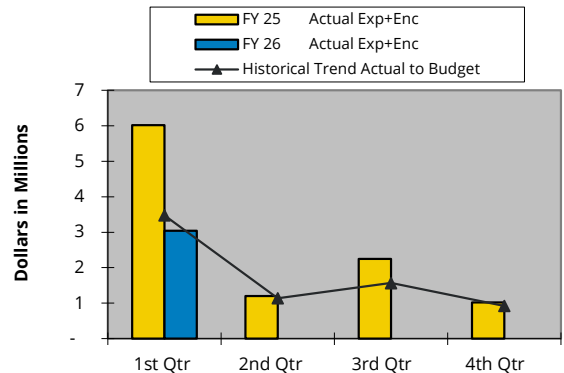
Positive

Development Services includes the following cost centers: Administration, Construction Management and Permits, Building Safety, Transportation Engineering, Engineering, and Planning. The department spent 25.6% of their FY 2025-26 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 contracts in the first quarter 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.

Public Works & Utilities Expenditure FY 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr	Jul - Sep 25	\$ 3,476,914	\$ 3,037,005	39.0%	44.6%
2nd Qtr	Oct - Dec 25	1,367,095			
3rd Qtr	Jan - Mar 26	1,798,372			
4th Qtr	Apr - Jun 26	1,153,291			
Total		\$ 7,795,671	\$ 3,037,005	39.0%	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 39.0% of their FY 2025-26 adjusted budget and have historically spent 44.6% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first FY 2024-25 reflects increases in professional services (large encumbrances for landscape maintenance contracts in the first quarter that were spent down throughout the year which shifted to parks this year) and personnel costs. The result is a positive performance indicator, with the expectation to be within budget by fiscal year end.

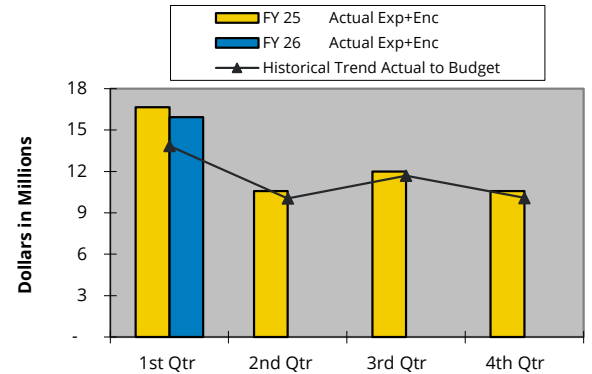
General Fund

Expenditure Analysis (continued / department summaries):

Fire Expenditure FY 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr Jul - Sep 25	\$	13,851,526	\$ 15,939,406	34.0%	29.6%
2nd Qtr Oct - Dec 25		10,438,570			
3rd Qtr Jan - Mar 26		12,077,468			
4th Qtr Apr - Jun 26		10,465,328			
Total	\$	46,832,891	\$ 15,939,406	34.0%	29.6%

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



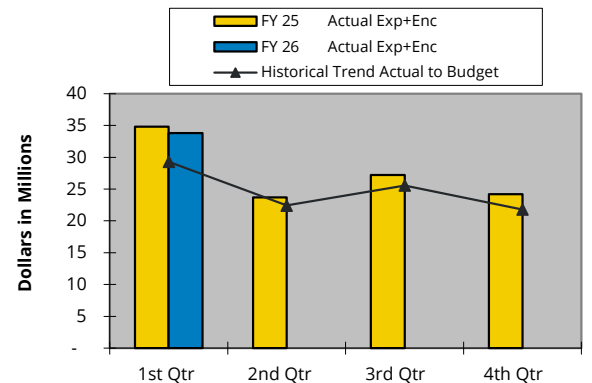
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 34.0% of their FY 2025-26 adjusted budget and have historically spent 29.6% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2024-25 and FY 2025-26 reflects increases in professional services and personnel costs which included a one-time payment to the Post Employment Health Plan (PEHP) for all sworn members covered by the MOU. The result is a 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 2025-26 Comparison

		FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Expended by Qtr	*Avg Hist. Trend % of Budget by Qtr
Operating Only					
1st Qtr Jul - Sep 25	\$	29,269,174	\$ 33,790,941	32.4%	28.1%
2nd Qtr Oct - Dec 25		24,109,292			
3rd Qtr Jan - Mar 26		27,277,670			
4th Qtr Apr - Jun 26		23,506,530			
Total	\$	104,162,666	\$ 33,790,941	32.4%	28.1%

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



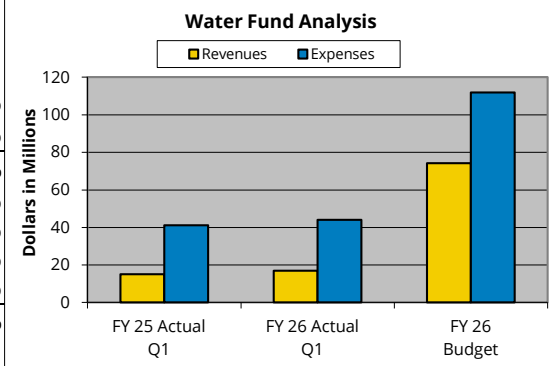
Positive

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 2025-26 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 2024-25 and FY 2025-26 reflects increases in personnel costs which included a one-time payment to the Post Employment Health Plan (PEHP) for all sworn members covered by the MOU. The result is a 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 2025-26 Comparison

	FY 26 Adjusted Budget	FY 26 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Water Fund				
Revenues	\$ 67,360,453	\$ 16,988,108	25%	24%
Transfers In	6,962,168	-	0%	0%
Total Revenues	\$ 74,322,621	\$ 16,988,108	23%	24%
Operating Expenses	\$ 46,386,741	\$ 23,151,669	50%	51%
Major Capital Expenses	39,380,336	17,831,859	45%	42%
Debt Service	20,366,027	-	0%	0%
Transfers Out	5,860,753	3,129,604	53%	19%
Total Expenses	\$ 111,993,857	\$ 44,113,132	39%	39%
Net Rev / Exp	\$ (37,671,236)	\$ (27,125,024)		



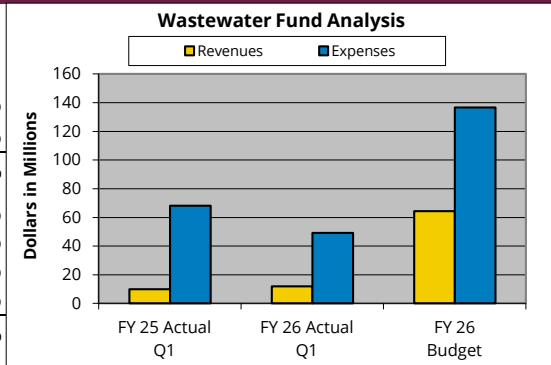
Positive

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 2025-26 reflects a \$37.7M drawdown to fund balance due to increased pay as you go, as well as bond funded (sold in prior year) capital spending (including unspent capital carryforward from prior years), and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In totaling \$6,962,168 includes \$5,573,368 for System Development Fee (SDF) loan paybacks and \$1,388,800 from Reclaimed Water to pay towards related capital costs. The budgeted Transfers Out totaling \$5,860,753 includes indirect cost allocation to the General Fund of \$3,584,888, payment of \$227,985 to the Technology Replacement Fund, payment of \$600,000 to the Insured Liability Self-Insurance Fund, payment of \$35,353 to the Workers' Compensation Self-Insurance Trust, payment of \$21,291 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. Year-to-date **Operating Revenues** through the first quarter are 25% compared to 24% for FY 2024-25, while **Operating Expenses** through the first quarter are 50% compared to 51% for FY 2024-25. The first quarter of the fiscal year includes large encumbrances (\$20.7M) 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.

Wastewater Fund Analysis FY 2025-26 Comparison

	FY 26 Adjusted Budget	FY 26 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Wastewater Fund				
Revenues	\$ 60,121,073	\$ 10,584,610	18%	20%
Transfers In	4,287,418	1,287,418	30%	0%
Total Revenues	\$ 64,408,491	\$ 11,872,028	18%	17%
Operating Expenses	\$ 26,424,663	\$ 11,682,486	44%	41%
Major Capital Expenses	82,084,575	33,234,388	40%	37%
Debt Service	21,577,374	-	0%	0%
Transfers Out	6,630,251	4,255,687	64%	20%
Total Expenses	\$ 136,716,863	\$ 49,172,561	36%	34%
Net Rev / Exp	\$ (72,308,372)	\$ (37,300,533)		



Positive

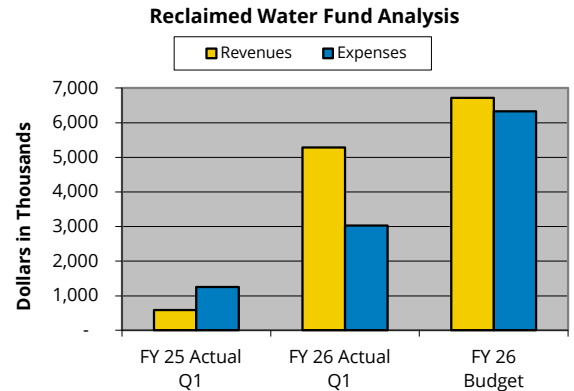
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 2025-26 reflects a \$72.3M drawdown to fund balance due to increased pay as you go, as well as bond funded (sold in prior year) capital spending (including unspent capital carryforward from prior years), and also assumes all appropriated operating and capital funds are spent, which is typically not the case. The budgeted Transfers In totaling \$4,287,418 includes \$3M for System Development Fee (SDF) loan paybacks and \$1,287,418 from Reclaimed Water towards related capital costs. The budgeted Transfers Out totaling \$6,630,251 includes indirect cost allocation to the General Fund of \$3,121,200, payment of \$153,640 to the Technology Replacement Fund, payment of \$23,594 to the Workers' Compensation Self-Insurance Trust, payment of \$21,291 to the Uninsured Liability Self-Insurance Fund, as well as a subsidy of \$3,310,526 to the Reclaimed Water Fund, reflecting benefits received. Year-to-date **Operating Revenues** through the first quarter are 18% compared to 20% for FY 2024-25, while **Operating Expenses** through the first quarter are 44% compared to 41% for FY 2024-25. The first quarter of the fiscal year includes large encumbrances (\$5.4M) 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 2025-26 Comparison

	FY 26 Adjusted Budget	FY 26 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Reclaimed Water				
Revenues	\$ 2,005,374	\$ 585,266	29%	34%
Transfers In	4,701,762	4,701,762	100%	0%
Total Revenues	\$ 6,707,136	\$ 5,287,028	79%	13%
Operating Expenses	\$ 3,511,950	\$ 1,706,850	49%	60%
Transfers Out	2,819,356	1,325,707	47%	1%
Total Expenses	\$ 6,331,306	\$ 3,032,557	48%	26%
Net Rev / Exp	\$ 375,830	\$ 2,254,471		

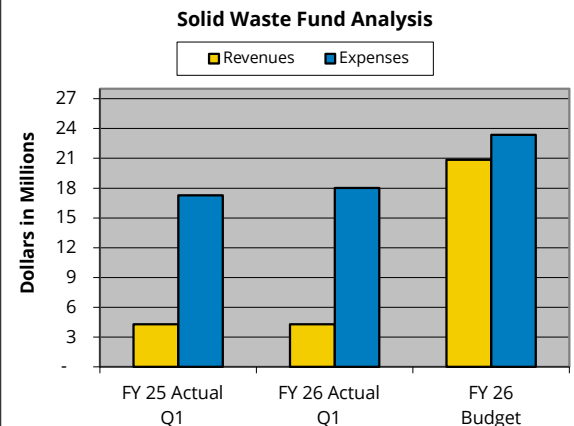
**Positive**

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 2025-26 budget reflects a increase to fund balance. The budgeted Transfers In totaling \$4,701,762 includes subsidies from Water Fund of \$1,391,236 and Wastewater Funds of \$3,310,526 to reflect the benefit each fund receives by reclaiming water. The budgeted Transfers Out totaling \$2,819,356 include an indirect cost allocation to the General Fund of \$138,800, payment of \$3,339 to the Technology Replacement Fund, \$999 to the Workers' Compensation Self-Insurance Trust, as well as a payment of \$1,388,800 to the Water Fund and \$1,287,418 to the Wastewater Fund to reflect contributions to reclaimed capital costs. Year-to-date **Operating Revenues** through the first quarter are 29% of budget compared to 34% for FY 2024-25, while **Operating Expenses** through the first quarter are 49% of budget as compared to 60% for FY 2024-25. The first quarter of the fiscal year includes large encumbrances (\$1.1M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund performance indicator is positive.

Solid Waste Fund Analysis FY 2025-26 Comparison

	FY 26 Adjusted Budget	FY 26 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Solid Waste				
Revenues	\$ 20,859,133	\$ 4,284,438	21%	22%
Total Revenues	\$ 20,859,133	\$ 4,284,438	21%	22%
Operating Expenses	\$ 20,182,633	\$ 16,801,976	83%	81%
Major Capital Expenses	1,746,288	819,747	47%	11%
Transfers Out	1,437,173	410,342	29%	29%
Total Expenses	\$ 23,366,094	\$ 18,032,065	77%	64%
Net Rev / Exp	\$ (2,506,961)	\$ (13,747,627)		

**Positive**

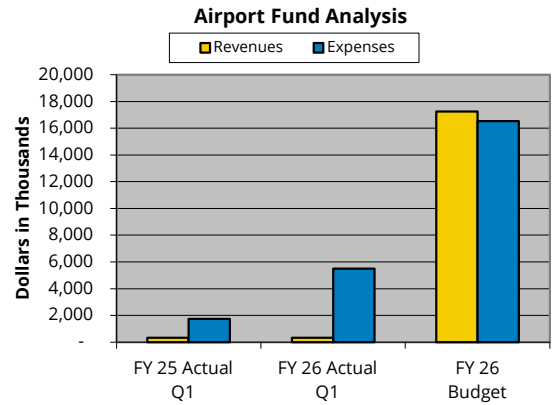
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2025-26 reflects a drawdown of \$2.5M (including unspent capital carryforward from prior years). The budgeted Transfers Out totaling \$1,437,173 include an indirect cost allocation to the General Fund of \$1,352,200, payment of \$68,065 to the Technology Replacement Fund, and payment of \$16,908 to the Workers' Compensation Self-Insurance Trust. Year-to-date **Operating Revenues** through the first quarter are 21% compared to 22% for FY 2024-25, while **Operating Expenses** through the first quarter are 83% compared to 81% for FY 2024-25. The first quarter of the fiscal year includes large encumbrances (\$13.5M) recorded at the start of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for those encumbrances, the resulting fund performance indicator is positive.

Enterprise / Other Funds Analysis (continued):

Airport Fund Analysis FY 2025-26 Comparison

	FY 26 Adjusted Budget	FY 26 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Airport Fund				
Revenues	\$ 1,197,988	\$ 321,658	27%	27%
General Fund Subsidy	15,339,782	-	0%	0%
Total Revenues	\$ 16,537,770	\$ 321,658	2%	2%
Operating Expenses	\$ 1,800,474	\$ 441,292	25%	31%
Major Capital Expenses	14,619,972	5,017,394	34%	9%
Transfers Out	117,324	42,324	36%	35%
Total Expenses	\$ 16,537,770	\$ 5,501,010	33%	12%
Net Rev / Exp	\$ -	\$ (5,179,352)		

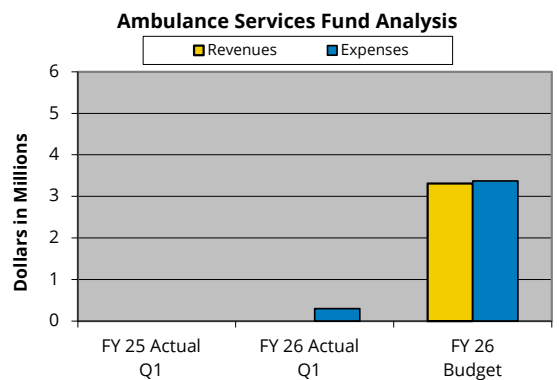
**Positive**

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 2025-26 reflects no budgeted change in fund balance since the General Fund Subsidy of \$15.3M 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. Year-to-date **Operating Revenues** through the first quarter are 27% of budget compared to 27% for FY 2024-25, while year-to-date **Operating Expenses** through the first quarter are 25% of budget compared to 31% for FY 2024-25. This results in a positive performance indicator.

Ambulances Services Fund Analysis FY 2025-26 Comparison

	FY 26 Adjusted Budget	FY 26 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Ambulances Services Fund				
Transfers In	3,372,047	-	0%	0%
Total Revenues	\$ 3,372,047	\$ -	0%	0%
Operating Expenses	\$ 1,468,047	\$ 43,415	3%	0%
Major Capital Expenses	1,904,000	257,099	14%	0%
Total Expenses	\$ 3,372,047	\$ 300,514	9%	0%
Net Rev / Exp	\$ -	\$ (300,514)		

**Positive**

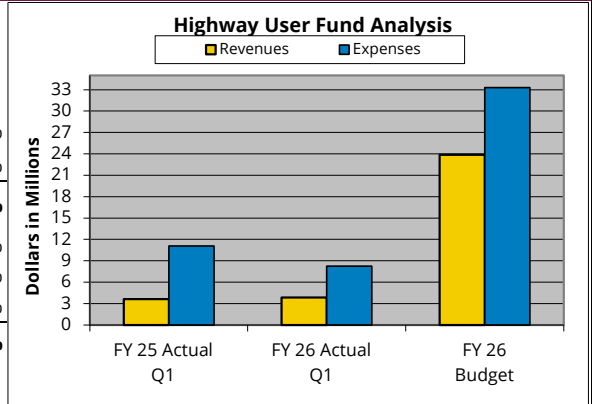
The performance indicator for this Special Revenue Fund focuses on the relationship between Operating Revenues and Operating Expenses (including debt service) and the percentage of budget received/expended.

The Ambulance Services Fund supports operating functions and major capital costs that can be paid without borrowing. The budgeted Transfers In totaling \$3,372,047 includes General Fund loans that will be paid back at a future date. Fiscal year comparisons for **Operating Revenues** and **Operating Expenses** will not be shown as the Ambulance Services Fund was established in FY 2025-26.

Enterprise / Other Funds Analysis (continued):

Highway User Fund (HURF) Analysis FY 2025-26 Comparison

	FY 26 Adjusted Budget	FY 26 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr.
Highway Users Tax	\$ 22,434,000	\$ 3,487,335	16%	20%
Other	1,448,000	366,960	25%	35%
Total Revenues	\$ 23,882,000	\$ 3,854,295	16%	21%
Operating Expenses	\$ 10,535,779	\$ 3,357,905	32%	33%
Major Capital Expenses	22,610,935	4,783,176	21%	44%
Transfers Out	135,085	133,524	99%	99%
Total Expenses	\$ 33,281,799	\$ 8,274,604	25%	40%
Net Rev / Exp	\$ (9,399,799)	\$ (4,420,309)		

**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.

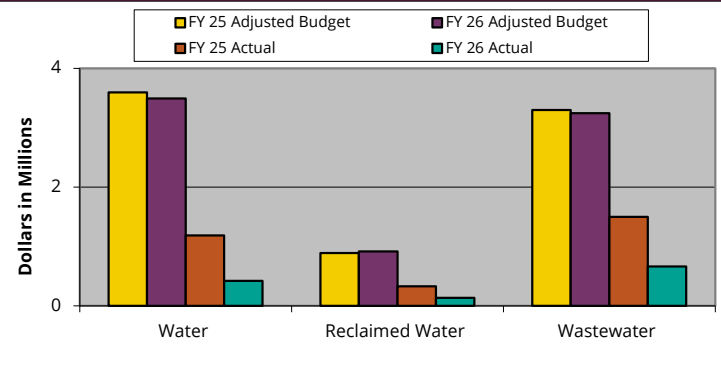
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2025-26 reflects a drawdown of \$9.4M (including unspent capital carryforward from prior years). The budgeted Transfers Out totaling \$135,085 include a payment to the General Fund of \$2,082 for miscellaneous charges, a payment of \$27,921 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 16% of budget compared to 20% for FY 2024-25, while year-to-date **Operating Expenses** through the first quarter are 32% of budget compared to 33% for FY 2024-25. The first quarter of the fiscal year includes encumbrances (\$759K) recorded at the start of the fiscal year, the resulting fund performance indicator is negative, however, with revenues more equally apportioned throughout the year, it has been changed to positive.

Other Funds Analysis (continued):

Enterprise System Development Fee Funds Analysis FY 2025-26 Comparison

Enterprise System Development Fee (SDF) Funds	FY 26 Adjusted Budget	FY 26 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 3,487,000	\$ 421,160	12%
Reclaimed Water	913,200	135,622	15%
Wastewater	3,240,000	661,615	20%
Total SDF Revenue	\$ 7,640,200	\$ 1,218,398	16%

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.

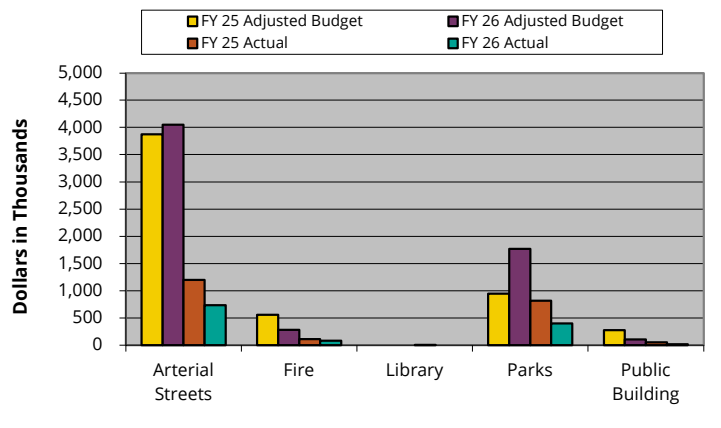


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDF's are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) is needed. Enterprise SDFs are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2025-26 budget and year-to-date collections through the first quarter compared to the FY 2024-25 budget and year-to-date collections through the first quarter. Collections through the first quarter FY 2025-26 are 16% of the budget as compared to the prior year's collections of 39% of the budget.

General System Development Fee Funds Analysis FY 2025-26 Comparison

General System Development Fee (SDF) Funds	FY 26 Adjusted Budget	FY 26 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 4,052,000	\$ 734,779	18%
Fire	280,000	78,445	28%
Parks	1,769,000	397,833	22%
Police	202,000	20,428	10%
Public Building	102,000	18,110	18%
Total SDF Revenue	\$ 6,405,000	\$ 1,249,594	20%

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.

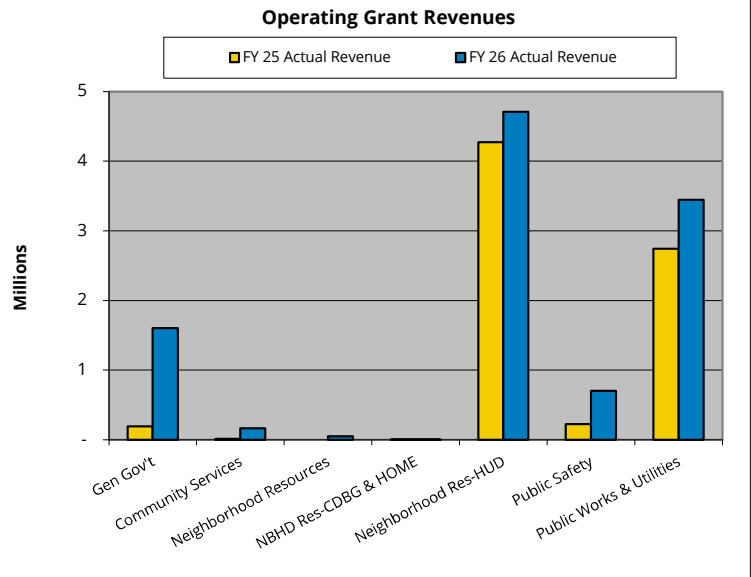


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2025-26 budget and year-to-date collections through the first quarter compared to the FY 2024-25 budget and year-to-date collections through the first quarter. Collections through the first quarter FY 2025-26 are 8% of the budget as compared to the prior year's collections of 38% of the budget.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2025-26 Comparison

	FY 26 Actual Revenue	FY 25 Actual Revenue
General Government*	\$ 143,345	\$ 137,357
Community Services	166,401	12,075
Neighborhood Resources	49,993	-
Neighborhood Res. - CDBG & HOME	2,997	2,476
Neighborhood Res. - HUD	4,709,671	4,271,112
Public Safety	704,669	223,581
Public Works & Utilities	216,917	174,756
Total Operating Grant Revenue	\$ 5,993,995	\$ 4,821,357
General Government*	\$ 1,460,929	\$ 53,652
Cultural Development	-	224,756
Public Works & Utilities	3,228,672	2,565,907
Total Capital Grant Revenue	\$ 4,689,600	\$ 2,844,315
Total Grant Revenue	\$ 10,683,595	\$ 7,665,672



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

Grants are an additional source of funds for major capital projects and certain operating programs. Grant sources include federal, state, and county governments as well as donations from businesses, organizations, or individuals to support particular programs. In most cases, grant revenues for many programs are received on a reimbursable basis, so the revenue on a large capital project may lag a fiscal year after the project is initiated. The Federal Grant changes that continue to be proposed will impact some categories and is being monitored. Collections through the first quarter of FY 2025-26 are \$7.7M as compared to \$7.8M as collected through the first quarter of FY 2024-25.