



Informational Memo

Budget Department - Memo No. 27-012

Date: October 12, 2026

To: Mayor and Council

Thru: John M. Pombier, City Manager *J.P.*
Dawn Lang, Deputy City Manager/CFO *DLL*

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

Subject: Fiscal Year End (FYE) 2025-26 Fourth Quarter Financial Report

Attached is the FYE 2025-26 Fourth Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures and additional summaries and analysis of Enterprise, System Development Fees, Highway User Revenue, and Grant funds. The FYE Quarterly report is typically released in September of each year due to the extended fiscal year end accounting process, which ensures all revenues and expenditures are thoroughly reviewed and properly reflected.

The analysis included in this report provides the year-end details of FYE 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, all but one (Charges for Services) General Fund revenue performance indicators are showing as positive. The General Fund FYE reflected overall revenue growth of 0.8% above adopted budget with 100.8% of budgeted revenues received compared to a 110.1% historical average received.

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

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During the preparation of the FY 2026-27 Budget, projected FY 2025-26 year-end revenues were updated based on actual collections reflected in this report from January 2026 and other information available at that time. This allowed for the estimating of the fiscal year end General Fund balance used to calculate available one-time funds for use in the FY 2026-27 budget. The final net impact of the additional one-time funds, (i.e. revenues, expenditures and carryforwards) is being calculated in the new year.

Additionally, General Fund expenditures ended at 95.6% of budget at FYE compared to 93.5% for the prior fiscal year.

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

Attachment: FYE 2025-26 Fourth Quarter Financial Report

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



Management Services

Quarterly Financial Report

4th Qtr FY 2025-26

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	4.4%
Fourth Quarter 2025 (third estimate)	0.5%
First Quarter 2026	2.1%
Second Quarter 2026 (second estimate)	1.5%

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.

December 19, 2024	4.25%-4.50%
September 18, 2025	4.00%-4.25%
October 30, 2025	3.75%-4.00%
December 11, 2025	3.50%-3.75%

Source: Federal Reserve Bank

Unemployment

	National	State of Arizona	Phoenix Metro Area*
Mar-26	4.3%	4.4%	4.0%
Apr-26	4.0%	4.3%	3.8%
May-26	4.1%	4.7%	4.1%
Jun-26	4.4%	5.5%	4.9%

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	4th Quarter	Fiscal Year
Benchmark	0.39%	2.94%
Allspring Global Investments	0.47%	3.10%
Benchmark	0.23%	2.70%
PFM Asset Management, LLC	0.48%	3.28%
Fiscal Year 2024-25 Rate of Return	4th Quarter	Fiscal Year
Benchmark	1.18%	5.67%
Allspring Global Investments	1.27%	5.74%
Benchmark	1.36%	6.07%
PFM Asset Management, LLC	1.49%	6.20%

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
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	7,191	52
Oct - Nov - Dec 2025	7,577	32
Jan - Feb - Mar 2026	8,221	41
Apr - May - Jun 2026	8,223	30

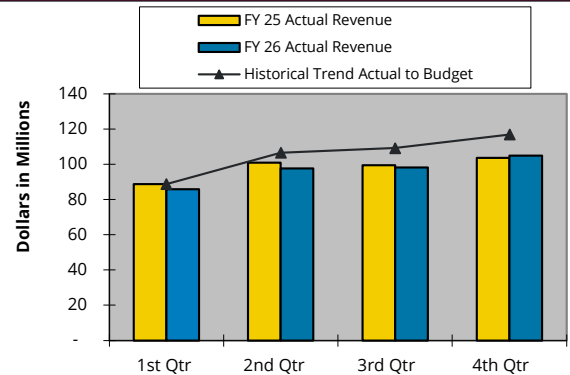
General Fund

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	95,350,715	97,509,437	25.5%	27.8%
3rd Qtr	Jan - Mar 26	97,808,452	98,190,991	25.6%	28.5%
4th Qtr	Apr - Jun 26	106,011,293	104,809,291	27.4%	30.6%
Total		\$ 383,044,537	\$ 386,290,701	100.8%	110.1%

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



Positive

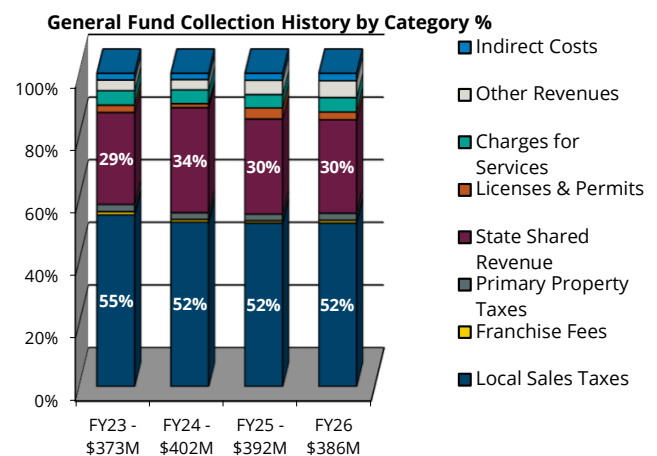
General Fund revenue collections for FY 2025-26 are \$3.2M (0.8%) above the adopted budget and \$6.4M (1.6%) less than actual collections for FY 2024-25.

Overall, General Fund revenues came in as anticipated. Certain categories are performing as expected with slightly increased local consumer spending, and some continued business development activity. As the large industrial development project winds down, reductions in several categories are reflected in the budget as anticipated. Now that major developments are substantially complete and the state shared urban revenue flat tax is fully in effect, revenues have stabilized, classifying much of the prior year's additional revenues as one-time. Additionally, most of the small overage is a result of higher investment earnings. The performance indicator is positive as actual overall collections exceeded the amount budgeted at fiscal year-end.

The following charts provide more detail regarding the various sources of General Fund revenues and 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	\$ 201,548,316	98.9%
Franchise Fees	3,190,000	3,369,278	105.6%
Primary Property Tax	8,785,177	8,857,422	100.8%
State Shared Sales Tax	115,125,994	115,305,301	100.2%
Licenses & Permits	7,710,300	9,590,024	124.4%
Charges for Services	19,928,507	17,875,525	89.7%
Other Revenues	15,429,389	20,708,065	134.2%
Indirect Cost Allocation	9,036,770	9,036,770	100.0%
Total	\$ 383,044,537	\$ 386,290,701	100.8%



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.

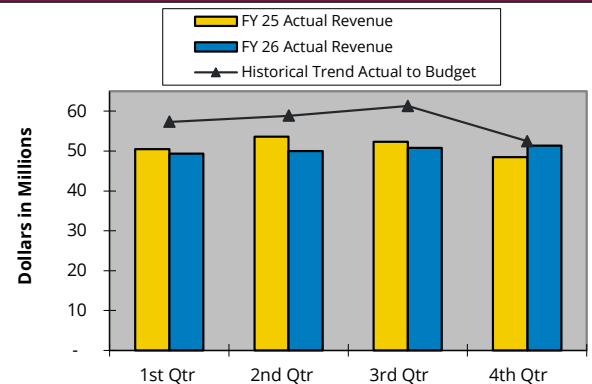
General Fund

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	50,303,760	49,990,687	24.5%	28.9%
3rd Qtr	Jan - Mar 26	52,338,175	50,849,145	24.9%	30.1%
4th Qtr	Apr - Jun 26	52,355,551	51,373,709	25.2%	25.7%
Total		\$ 203,838,400	\$ 201,548,316	98.9%	112.8%

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



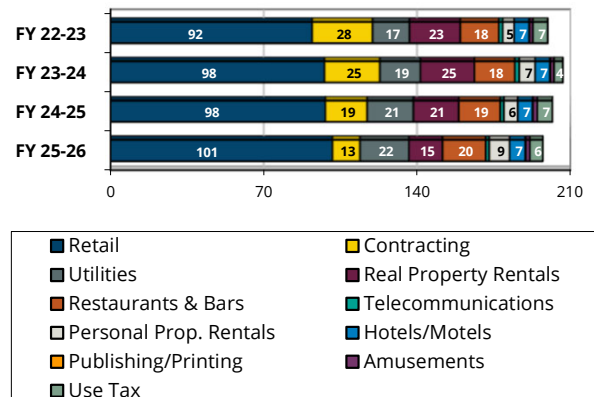
Positive

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 \$2.3M (1.1%) below the adopted budget and \$3.4M (1.7%) less than actual collections for FY 2024-25. The performance indicator is positive as actual total revenue collections is less than two percent below budget.

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	\$	99,395,000	\$ 101,387,317	102.0%	3.3%
Contracting		20,766,000	12,595,825	60.7%	-34.0%
Utilities		26,265,000	22,343,808	85.1%	5.9%
Real Property Rentals		14,731,000	15,357,848	104.3%	-25.8%
Restaurants & Bars		18,540,000	19,716,423	106.3%	4.2%
Telecommunications		1,648,000	1,582,397	96.0%	-5.7%
Personal Prop. Rentals		5,356,000	9,299,355	173.6%	47.2%
Hotels/Motels		6,489,000	7,130,892	109.9%	6.0%
Publishing/Printing/Adv.		213,000	211,069	99.1%	1.3%
Amusements		1,575,000	1,942,189	123.3%	-1.1%
Use Tax		6,522,000	5,880,580	90.2%	-14.9%
Total Sales Tax	\$	201,500,000	\$ 197,447,703	98.0%	-2.2%

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 \$4.1M (2.0%) below the adopted budget and \$4.3M (2.2%) less than actual collections for FY 2024-25. It should be noted that many of the categories are positive, reflecting continued consumer spending. Contracting/development collections (yellow on bar chart) and Personal Property Rentals (Gray on bar chart) are down as large industrial projects slow and the residential rental decrease is due to the tax elimination by the State, which is now in full effect. Use tax is a highly fluctuating revenue category and significant swings in collection percentage are not abnormal.

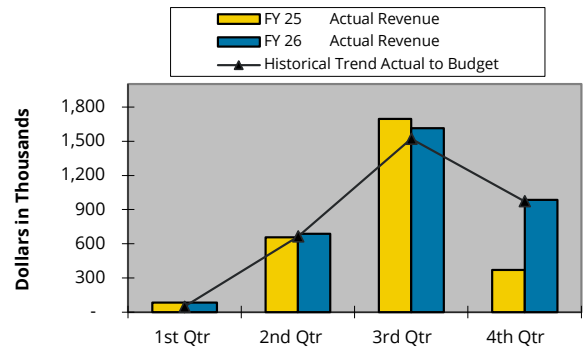
General Fund

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	687,271	21.5%	20.8%
3rd Qtr	Jan - Mar 26	1,513,992	1,614,045	50.6%	47.7%
4th Qtr	Apr - Jun 26	967,418	984,499	30.9%	30.5%
Total		\$ 3,190,000	\$ 3,369,278	105.6%	100.4%

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



Positive

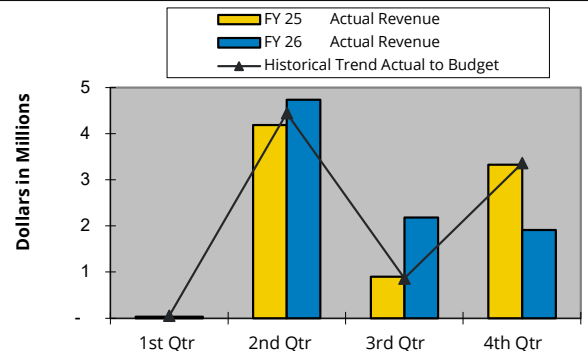
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections for FY 2025-26 were \$179,278 (5.6%) above the adopted budget and \$561,679 (20.0%) higher than actual collections for FY 2024-25. The performance indicator is positive as actual collections exceeded the amount budgeted at fiscal year-end.

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	4,477,126	4,734,852	53.9%	50.6%
3rd Qtr	Jan - Mar 26	868,766	2,179,934	24.8%	9.8%
4th Qtr	Apr - Jun 26	3,386,013	1,911,050	21.7%	38.2%
Total		\$ 8,785,177	\$ 8,857,422	100.8%	99.2%

* 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 \$72,245 (0.8%) above the adopted budget and \$426,284 (5.1%) higher than actual collections for 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 county updated their software and is having issues, which caused the split to be reflected incorrectly in the third quarter, but was corrected at year end. The performance indicator is positive as actual collections exceeded the amount budgeted at fiscal year-end.

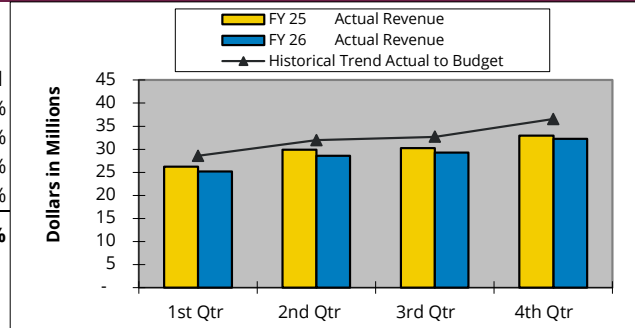
General Fund

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	28,453,246	28,571,942	24.8%	27.8%
3rd Qtr	Jan - Mar 26	29,048,176	29,247,569	25.4%	28.4%
4th Qtr	Apr - Jun 26	32,190,413	32,282,997	28.0%	31.7%
Total		\$ 115,125,994	\$ 115,305,300	100.1%	112.7%

* 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 2025-26 were \$370,083 (0.9%) above adopted budget and \$568,816 (1.3%) higher than actual collections for 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. Collections for FY 2025-26 were \$489,754 (47.4%) above adopted budget and \$93,222 (5.8%) less than actual collections for FY 2024-25.

-- **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. Collections for FY 2025-26 were \$111,725 year to date, with no actuals received in the prior year.

-- **Vehicle License Tax:** Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the State, as well as surcharges from vehicle rentals. The respective city share's are determined by the proportion of city population to total incorporated population of the county. Collections for FY 2025-26 were \$186,141 (1.2%) above adopted budget and \$286,014 (1.9%) more than actual collections for FY 2024-25.

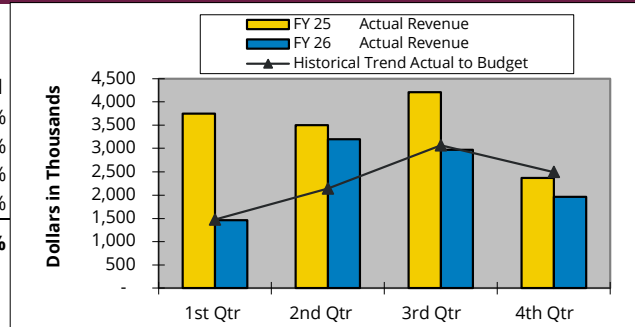
-- **Urban Revenue Sharing:** Eighteen percent (18%) of the **2023** State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population. Collections for FY 2025-26 were \$978,397 (1.8%) below adopted budget and \$4.8M (8.1%) less than actual collections for FY 2024-25, as the State flat income tax is now fully realized.

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

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	1,798,465	3,192,972	41.4%	27.8%
3rd Qtr	Jan - Mar 26	2,576,120	2,968,561	38.5%	39.8%
4th Qtr	Apr - Jun 26	2,096,152	1,967,961	25.5%	32.4%
Total		\$ 7,710,300	\$ 9,590,024	124.4%	119.1%

* 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 \$1.9M (24.4%) above adopted budget and \$4.2M (30.6%) less than actual collections for 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. The performance indicator is positive as actual collections exceeded the amount budgeted at fiscal year-end.

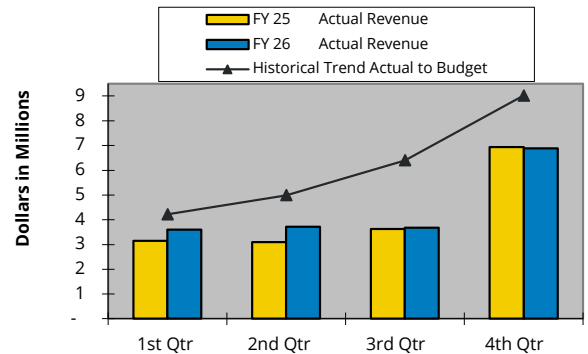
General Fund

Revenue Analysis (continued):

Charges for Services Revenue FY 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	3,717,651	18.7%	25.0%
3rd Qtr	Jan - Mar 26	5,179,716	3,677,937	18.5%	32.1%
4th Qtr	Apr - Jun 26	7,296,677	6,883,141	34.5%	45.3%
Total		\$ 19,928,507	\$ 17,875,525	89.7%	123.6%

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



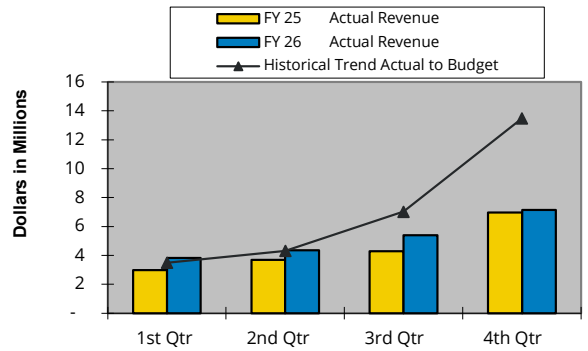
Negative

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 \$2.1M (10.3%) below the adopted budget and \$1.1M (6.2%) more than actual collections for FY 2024-25. 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 fiscal year end is more than 5% below the historical budget, however this due to fewer developer reimbursements as development has slowed which also is reflected by lower expenditures.

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	3,359,772	4,354,870	28.2%	27.9%
3rd Qtr	Jan - Mar 26	4,024,314	5,394,606	35.0%	45.5%
4th Qtr	Apr - Jun 26	5,459,880	7,146,741	46.3%	87.5%
Total		\$ 15,429,389	\$ 20,708,065	134.2%	183.5%

* 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 \$5.3M (34.2%) above adopted budget and \$2.8M (15.5%) more than actual collections for FY 2024-25. Interest income experienced the most growth over budget (\$4.2M over) since the fed rate was not reduced when anticipated, which resulted in higher one-time revenue. The performance indicator is positive as actual collections exceeded the amount budgeted at fiscal year-end.

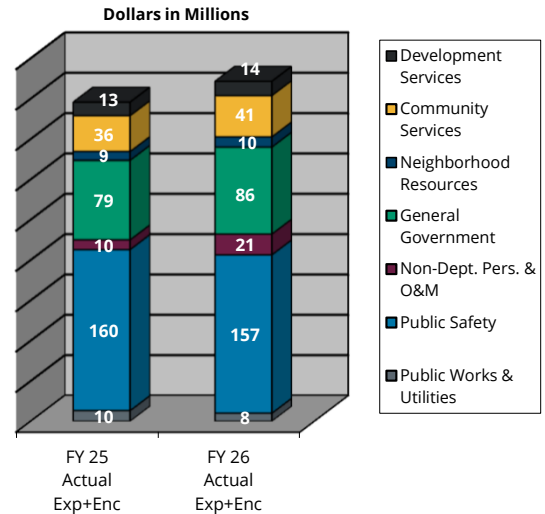
General Fund

Expenditure Analysis:

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

	FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr.
* Dept. Operating				
General Government	\$ 91,748,937	\$ 86,243,268	94.0%	90.5%
Community Services	42,715,680	40,912,892	95.8%	93.9%
Development Services	16,920,207	14,120,444	83.5%	88.4%
Public Safety	159,172,900	157,060,818	98.7%	96.7%
Public Works & Utilities	8,073,978	7,919,922	98.1%	89.4%
Neighborhood Resources	11,240,192	10,179,514	90.6%	76.2%
Non-Dept. Pers. & O&M	22,857,106	20,643,806	90.3%	96.1%
Subtotal	\$ 352,729,000	\$ 337,080,664	95.6%	93.5%
Non-Dept. Reserves	\$ 2,999,492	\$ -	0.0%	0.0%
Non-Dept. Contingencies	23,134,481	-	0.0%	0.0%
Total	\$ 378,862,973	\$ 337,080,664	89.0%	83.5%

* 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.

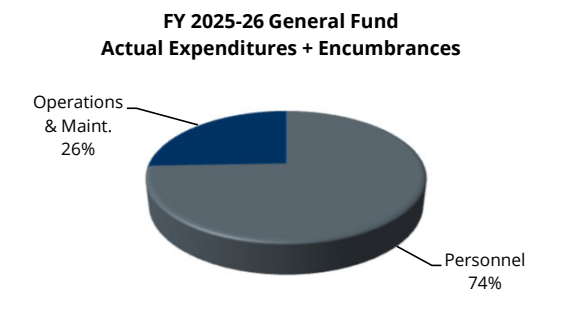
The chart reflects actual spending and encumbrances for FY 2024-25 and FY 2025-26. The Personnel and O&M (maroon category) increase mainly reflects the difference in the amount of the prior year's payment of \$7M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability payoff, to the current year's payment of \$18.2M. The General Government's (green category) increase mainly reflects higher personnel and technology related costs. Community Services' (yellow category) increase reflects the shift of Right of Way (ROW) landscape maintenance contracts from Public Works & Utilities. All other areas remained fairly consistent.

FY 2025-26 operating expended and encumbered at fiscal year-end reflects 95.6% of the adjusted budget compared to 93.5% 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 78.4% and 101.5% of their General Fund adjusted budgets for FY 2025-26, with no overages at the Department Level.

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

	FY 26 Adjusted Budget	FY 26 Actual Exp+Enc	FY 25 Actual Exp+Enc	% Change from Prior Yr. Actual
*Dept. Operating				
Personnel	\$ 255,590,071	\$ 250,950,763	\$ 237,657,306	5.6%
Operations & Maint.	97,138,929	86,129,901	78,780,328	9.3%
Reserves/Contingencies	26,133,973	-	-	0.0%
Total	\$ 378,862,973	\$ 337,080,664	\$ 316,437,634	6.5%

* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending for FY 2025-26 is 5.6% higher than spending for FY 2024-25. The majority of the increase was due to the \$18.2M 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 for FY 2025-26 is 9.3% higher than spending for FY 2024-25, due to higher spending and encumbrances mainly in Neighborhood Resources and IT professional services.

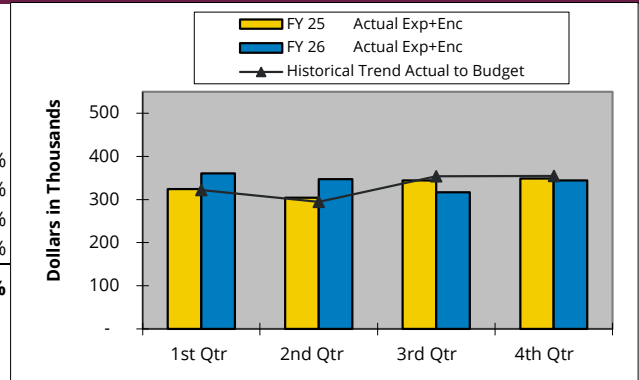
General Fund

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	\$ 322,129	\$ 360,324	24.8%	22.1%
2nd Qtr	Oct - Dec 25	337,677	347,272	23.8%	20.3%
3rd Qtr	Jan - Mar 26	396,966	316,625	21.8%	24.3%
4th Qtr	Apr - Jun 26	398,149	344,167	23.7%	24.4%
Total		\$ 1,454,921	\$ 1,368,388	94.1%	91.1%

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



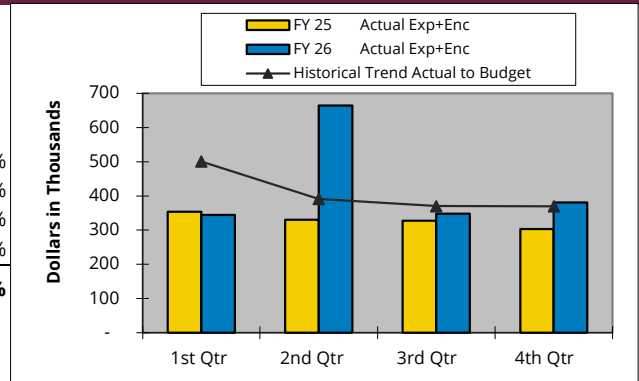
Positive

The Mayor and Council division spent 94.1% of their FY 2025-26 adjusted budget and has historically spent 91.1% of their adjusted budget for the fiscal year. Higher spending in the first and second quarter of FY 2025-26 reflects increases in personnel, professional services, operating supplies, and communication/transportation costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

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	\$ 500,574	\$ 344,345	18.6%	27.1%
2nd Qtr	Oct - Dec 25	463,726	664,598	35.9%	21.2%
3rd Qtr	Jan - Mar 26	442,480	348,310	18.8%	20.0%
4th Qtr	Apr - Jun 26	443,134	381,154	20.7%	20.0%
Total		\$ 1,849,914	\$ 1,738,407	94.0%	88.3%

* 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 94.0% of their FY 2025-26 adjusted budget and has historically spent 88.3% of their adjusted budget for the fiscal year. Higher expense in the second quarter of FY 2025-26 mainly reflect election costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

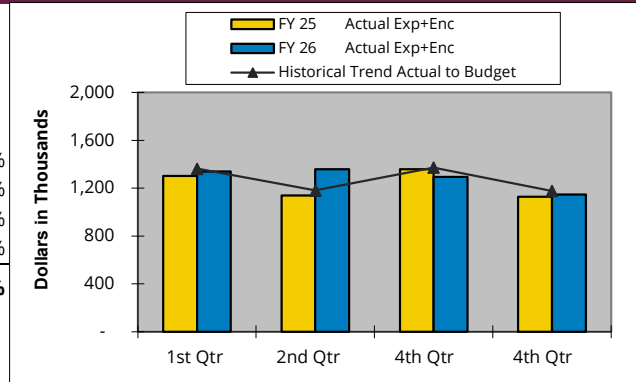
General Fund

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 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	\$ 1,362,109	\$ 1,340,026	26.0%	26.4%
2nd Qtr	Oct - Dec 25	1,204,233	1,358,350	26.3%	22.9%
4th Qtr	Jan - Mar 26	1,395,749	1,294,050	25.1%	26.6%
4th Qtr	Apr - Jun 26	1,201,413	1,146,925	22.1%	22.8%
Total		\$ 5,163,504	\$ 5,139,351	99.5%	98.7%

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



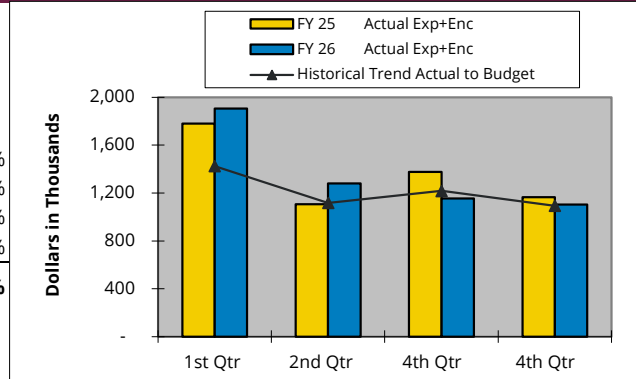
Positive

Law spent 99.5% of their FY 2025-26 adjusted budget and has historically spent 98.7% of their adjusted budget for the fiscal year. Higher spending in the second quarter of FY 2025-26 reflects increases in personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

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	\$ 1,426,417	\$ 1,906,906	31.5%	23.5%
2nd Qtr	Oct - Dec 25	1,518,201	1,279,564	21.1%	18.5%
4th Qtr	Jan - Mar 26	1,618,203	1,153,380	19.0%	20.1%
4th Qtr	Apr - Jun 26	1,494,353	1,104,465	18.3%	18.1%
Total		\$ 6,057,174	\$ 5,444,315	89.9%	80.2%

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



Positive

City Magistrate spent 89.9% of their FY 2025-26 adjusted budget and has historically spent 80.2% of their adjusted budget for the fiscal year. Higher spending in the first and second quarter of FY 2025-26 reflects increases in professional services and personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

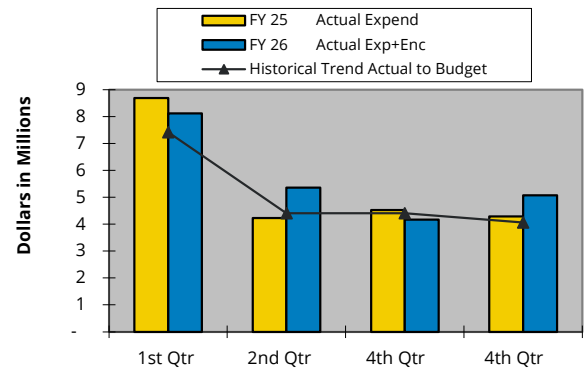
General Fund

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 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	\$	7,414,333	\$ 8,119,374	33.9%	31.0%
2nd Qtr Oct - Dec 25		5,614,010	5,355,386	22.4%	18.4%
4th Qtr Jan - Mar 26		5,615,556	4,167,366	17.4%	18.4%
4th Qtr Apr - Jun 26		5,283,135	5,075,157	21.2%	17.0%
Total	\$	23,927,034	\$ 22,717,283	94.9%	84.8%

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



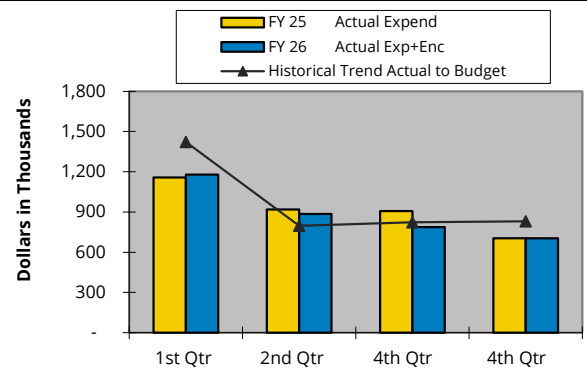
Positive

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 94.9% of their FY 2025-26 adjusted budget and have historically spent 84.8% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2024-25 reflected increases in professional services and personnel costs. Higher spending in the second quarter of FY 2025-26 reflects increases in operating supplies (Transportation Policy encumbrances that were spent down throughout the year) and personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

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	\$	1,422,793	\$ 1,179,985	26.0%	31.4%
2nd Qtr Oct - Dec 25		1,017,797	886,187	19.5%	17.6%
4th Qtr Jan - Mar 26		1,044,464	788,516	17.3%	18.2%
4th Qtr Apr - Jun 26		1,052,983	704,763	15.6%	18.3%
Total	\$	4,538,037	\$ 3,559,451	78.4%	85.5%

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



Positive

Communications and Public Affairs (CAPA) spent 78.4% of their FY 2025-26 adjusted budget and have historically spent 85.5% of their adjusted budget for the fiscal year. The result is a positive performance indicator as expenses are less than the adjusted budget.

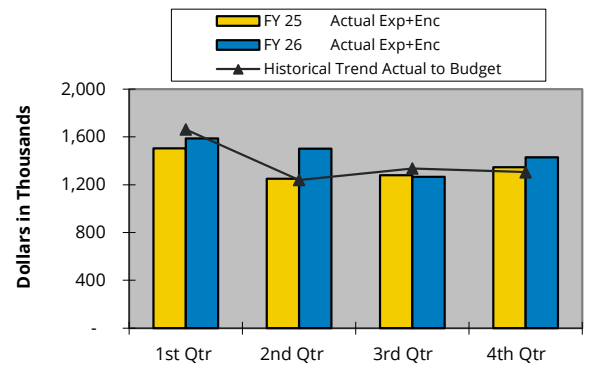
General Fund

Expenditure Analysis (continued / department summaries):

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	\$ 1,663,058	\$ 1,586,438	27.8%	29.2%
2nd Qtr	Oct - Dec 25	1,290,757	1,502,388	26.4%	21.8%
3rd Qtr	Jan - Mar 26	1,386,652	1,265,772	22.2%	23.4%
4th Qtr	Apr - Jun 26	1,356,411	1,428,354	25.1%	22.9%
Total		\$ 5,696,878	\$ 5,782,952	101.5%	97.3%

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



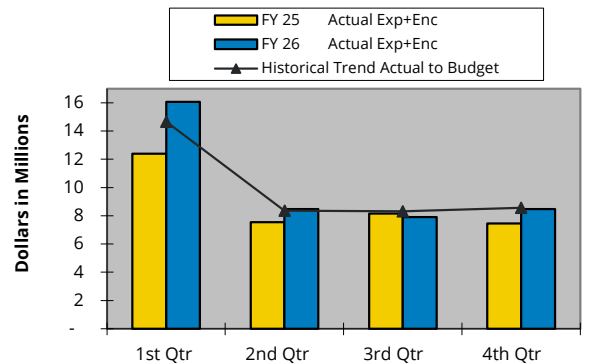
Positive

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 Department. The division spent 101.5% of their FY 2025-26 adjusted budget and have historically spent 97.3% of their adjusted budget for the fiscal year. Higher spending in the second quarter of FY 2025-26 reflects increases in personnel costs. The performance indicator is negative, however it has been changed to a positive performance indicator as the Connection & Impact and Cultural Development divisions report together as one division. Together, their actuals do not exceed total budget.

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	\$ 14,662,978	\$ 16,056,108	37.6%	34.3%
2nd Qtr	Oct - Dec 25	9,294,848	8,470,854	19.8%	19.6%
3rd Qtr	Jan - Mar 26	9,256,583	7,907,850	18.6%	19.5%
4th Qtr	Apr - Jun 26	9,501,271	8,478,080	19.8%	20.1%
Total		\$ 42,715,680	\$ 40,912,892	95.8%	93.5%

* 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 95.8% of their FY 2025-26 adjusted budget and have historically spent 93.5% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2025-26 reflects increased professional services for park maintenance (large encumbrance that is spent down throughout the year) and personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

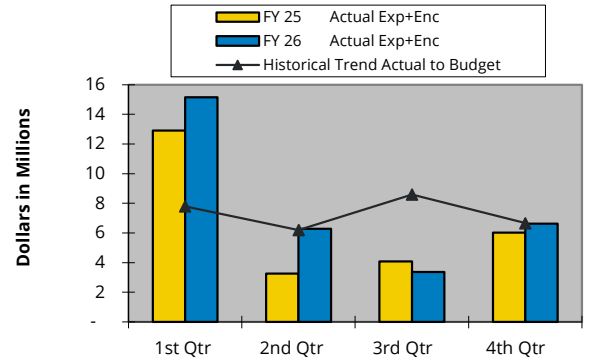
General Fund

Expenditure Analysis (continued / department summaries):

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	\$ 7,799,829	\$ 15,156,369	44.8%	23.0%
2nd Qtr	Oct - Dec 25	7,774,763	6,282,245	18.5%	18.4%
3rd Qtr	Jan - Mar 26	10,095,952	3,375,128	10.0%	25.4%
4th Qtr	Apr - Jun 26	8,168,248	6,615,259	19.6%	19.7%
Total		\$ 33,838,792	\$ 31,429,001	92.9%	86.5%

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



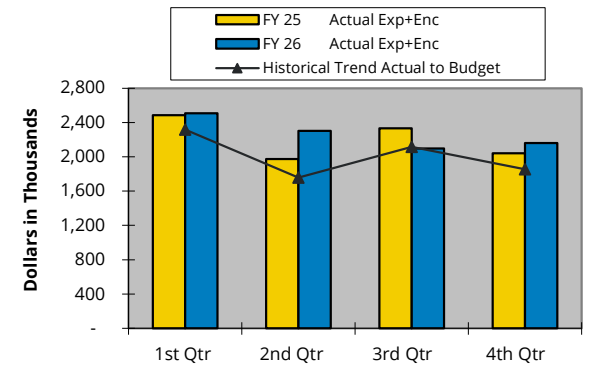
Positive

Information Technology spent 92.9% of their FY 2025-26 adjusted budget and have historically spent 86.5% of their adjusted budget for the fiscal year. Higher spending in the first and second quarters of FY 2025-26 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 positive performance indicator as expenses are less than the adjusted budget.

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	\$ 2,316,332	\$ 2,507,947	27.2%	25.1%
2nd Qtr	Oct - Dec 25	2,149,418	2,300,772	24.9%	19.0%
3rd Qtr	Jan - Mar 26	2,508,324	2,096,294	22.8%	22.9%
4th Qtr	Apr - Jun 26	2,248,609	2,159,107	23.4%	20.1%
Total		\$ 9,222,683	\$ 9,064,120	98.3%	87.1%

* 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 it reports directly to the City Manager's Office. These divisions spent 98.3% of their FY 2025-26 adjusted budget and have historically spent 87.1% of their adjusted budget for the fiscal year. Higher spending in the second quarter of FY 2025-26 reflected increases in personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

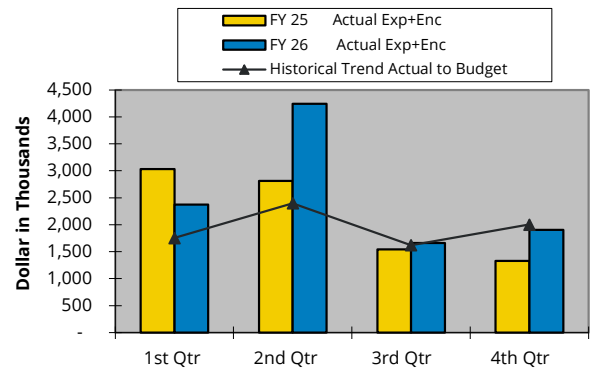
General Fund

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure 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	\$ 1,754,494	\$ 2,375,124	21.1%	15.6%
2nd Qtr	Oct - Dec 25	3,546,789	4,241,778	37.6%	21.3%
3rd Qtr	Jan - Mar 26	2,769,124	1,660,858	14.8%	14.4%
4th Qtr	Apr - Jun 26	3,169,785	1,901,754	17.1%	17.8%
Total		\$ 11,240,192	\$ 10,179,514	90.6%	69.1%

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



Positive

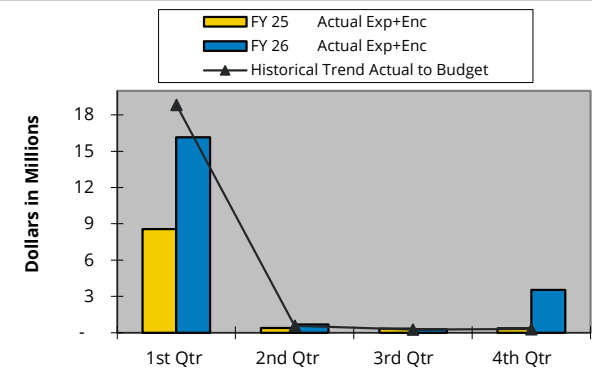
Neighborhood Resources includes the following cost centers budgeted in the General Fund: Administration, Housing & Redevelopment, Neighborhood Preservation, and Community Development. The department spent 90.6% of their FY 2025-26 adjusted budget and have historically spent 69.1% of their adjusted budget for 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 second quarter of FY 2025-26 compared to the historical trend reflects increase human services costs which support non-profit agencies. The result is a positive performance indicator as expenses are less than the adjusted budget.

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	\$ 18,543,084	\$ 16,144,127	70.6%	82.4%
2nd Qtr	Oct - Dec 25	2,005,951	681,775	3.1%	2.5%
3rd Qtr	Jan - Mar 26	1,593,648	273,516	1.1%	1.1%
4th Qtr	Apr - Jun 26	714,423	3,544,388	15.4%	1.3%
Total**		\$ 22,857,106	\$ 20,643,806	90.3%	87.3%

* 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 90.3% the FY 2025-26 adjusted budget and has historically spent 87.3% of the adjusted budget for the fiscal year. Higher spending in the first and fourth quarter of 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 \$18.2M, which was \$7M in the prior year. This results in a positive performance indicator as expenses are less than the adjusted budget.

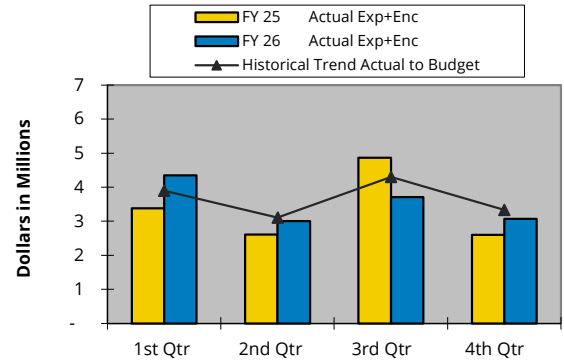
General Fund

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	\$	3,900,101	\$ 4,346,153	25.7%	23.0%
2nd Qtr Oct - Dec 25		3,867,841	2,998,374	17.7%	18.4%
3rd Qtr Jan - Mar 26		5,064,031	3,709,003	21.8%	25.4%
4th Qtr Apr - Jun 26		4,088,234	3,066,914	18.3%	19.7%
Total	\$	16,920,207	\$ 14,120,444	83.5%	86.5%

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



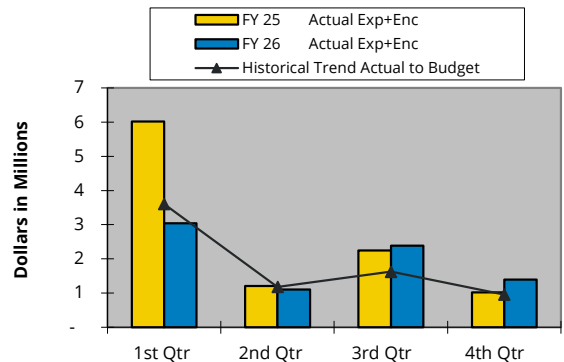
Positive

Development Services includes the following cost centers: Administration, Construction Management and Permits, Building Safety, Transportation Engineering, Engineering, and Planning. The department spent 83.5% of their FY 2025-26 adjusted budget and have historically spent 86.5% of their adjusted budget for the fiscal year. Higher spending in the first quarter of FY 2025-26 reflects increases in professional services (large encumbrances for various contracts that are spent down throughout the year) and personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

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	\$	3,601,040	\$ 3,037,005	37.6%	44.6%
2nd Qtr Oct - Dec 25		1,407,654	1,101,310	13.6%	14.6%
3rd Qtr Jan - Mar 26		1,854,653	2,385,134	29.5%	20.1%
4th Qtr Apr - Jun 26		1,210,631	1,396,473	17.4%	11.8%
Total	\$	8,073,978	\$ 7,919,922	98.1%	91.1%

* 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 98.1% of their FY 2025-26 adjusted budget and have historically spent 91.1% of their adjusted budget for 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 are spent down throughout the year which shifted to parks this year) and personnel costs. The result is a positive performance indicator as expenses are less than the adjusted budget.

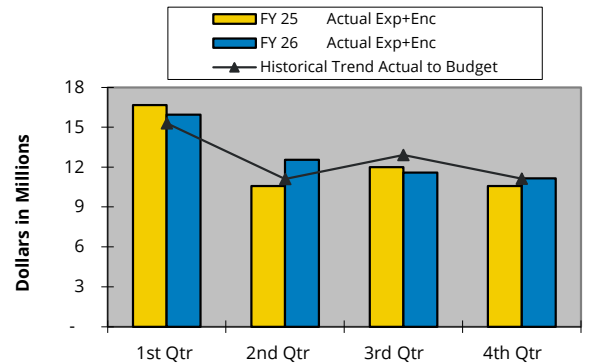
General Fund

Expenditure Analysis (continued / department summaries):

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	\$ 15,288,354	\$ 15,939,406	30.8%	29.6%
2nd Qtr	Oct - Dec 25	11,481,832	12,547,734	24.3%	21.5%
3rd Qtr	Jan - Mar 26	13,304,966	11,573,741	22.4%	25.0%
4th Qtr	Apr - Jun 26	11,615,748	11,160,783	21.6%	21.5%
Total		\$ 51,690,900	\$ 51,221,664	99.1%	97.6%

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



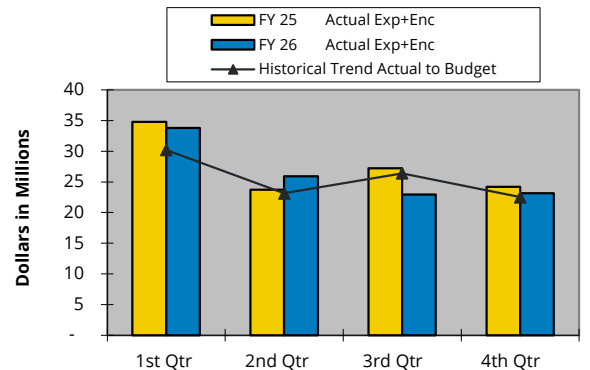
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 99.1% of their FY 2025-26 adjusted budget and have historically spent 97.6% of their adjusted budget for the fiscal year. Higher spending in the first and second 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 positive performance indicator as expenses are less than the adjusted budget.

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	\$ 30,201,890	\$ 33,790,941	31.4%	28.1%
2nd Qtr	Oct - Dec 25	24,823,610	25,925,557	24.2%	21.5%
3rd Qtr	Jan - Mar 26	28,100,608	22,948,419	21.4%	24.6%
4th Qtr	Apr - Jun 26	24,355,892	23,174,237	21.5%	20.9%
Total		\$ 107,482,000	\$ 105,839,154	98.5%	95.1%

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



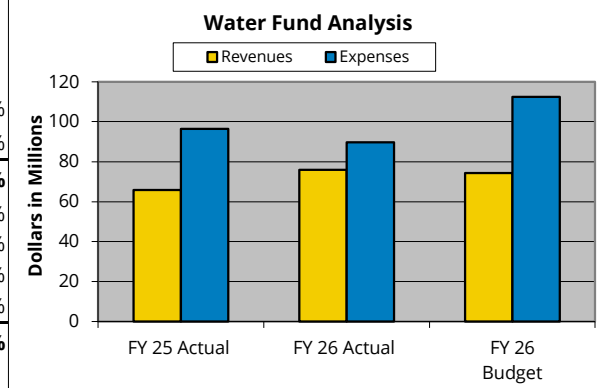
Positive

Police includes the following cost centers: Administration, Communications, Criminal Investigations, Detention Services, Field Operations, Forensic Services, Operational Support, Planning & Research, Professional Standards, Property & Evidence, Records, and Technology. The department spent 98.5% of their FY 2025-26 adjusted budget and have historically spent 95.1% of their adjusted budget for the fiscal year. Higher spending in the first and second 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 positive performance indicator as expenses are less than the adjusted budget.

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	\$ 69,022,538	102%	103%
Transfers In	6,962,168	6,962,168	100%	100%
Total Revenues	\$ 74,322,621	\$ 75,984,706	102%	103%
Operating Expenses	\$ 46,308,741	\$ 44,266,175	96%	97%
Major Capital Expenses	39,871,836	20,306,884	51%	80%
Debt Service	20,366,027	19,276,963	95%	100%
Transfers Out	5,860,753	5,892,833	101%	101%
Total Expenses	\$ 112,407,357	\$ 89,742,856	80%	91%
Net Rev / Exp	\$ (38,084,736)	\$ (13,758,150)		



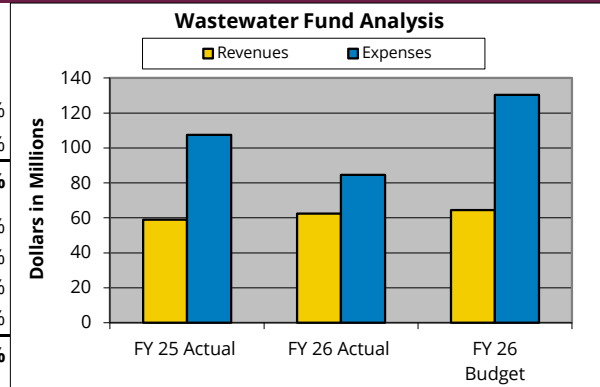
Positive

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 reflected a \$38M 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** were 102% of budget compared to 103% for FY 2024-25, while **Operating Expenses** were 96% compared to 97% for FY 2024-25. The result is a positive performance indicator.

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	\$ 58,157,064	97%	104%
Transfers In	4,287,418	4,287,418	100%	100%
Total Revenues	\$ 64,408,491	\$ 62,444,482	97%	103%
Operating Expenses	\$ 26,100,548	\$ 23,420,369	90%	92%
Major Capital Expenses	76,089,057	33,322,234	44%	40%
Debt Service	21,577,374	21,188,175	98%	100%
Transfers Out	6,630,251	6,630,251	100%	101%
Total Expenses	\$ 130,397,230	\$ 84,561,030	65%	53%
Net Rev / Exp	\$ (65,988,739)	\$ (22,116,547)		



Positive

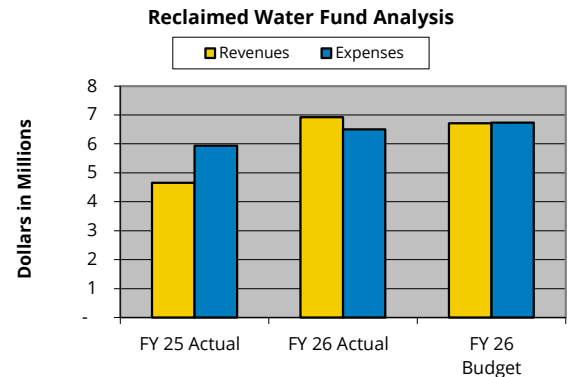
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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 \$65.9M 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** were 97% of budget compared to 104% for FY 2024-25, while **Operating Expenses** were 90% compared to 92% for FY 2024-25. The result is a positive performance indicator.

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	\$ 2,216,914	111%	113%
Transfers In	4,701,762	4,701,762	100%	100%
Total Revenues	\$ 6,707,136	\$ 6,918,676	103%	105%
Operating Expenses	\$ 3,914,065	\$ 3,684,777	94%	100%
Transfers Out	2,819,356	2,819,356	100%	100%
Total Expenses	\$ 6,733,421	\$ 6,504,133	97%	100%
Net Rev / Exp	\$ (26,285)	\$ 414,543		

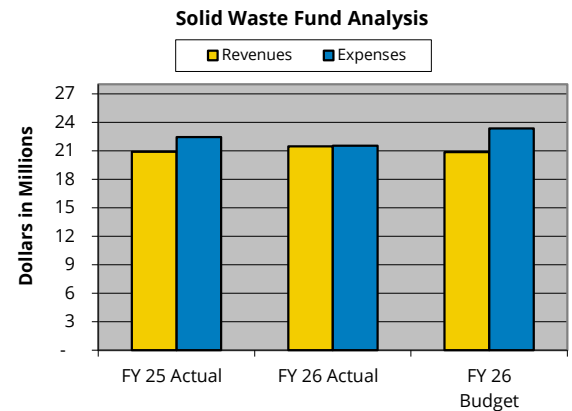
**Positive**

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 reflected a drawdown of \$26,285 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** were 111% of budget compared to 113% for FY 2024-25, while **Operating Expenses** were 94% of budget as compared to 100% for FY 2024-25. The result is a positive performance indicator.

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	\$ 21,471,871	103%	106%
Total Revenues	\$ 20,859,133	\$ 21,471,871	103%	106%
Operating Expenses	\$ 20,182,633	\$ 19,016,726	94%	90%
Major Capital Expenses	1,746,288	1,087,488	62%	51%
Transfers Out	1,437,173	1,437,173	100%	102%
Total Expenses	\$ 23,366,094	\$ 21,541,387	92%	83%
Net Rev / Exp	\$ (2,506,961)	\$ (69,516)		

**Positive**

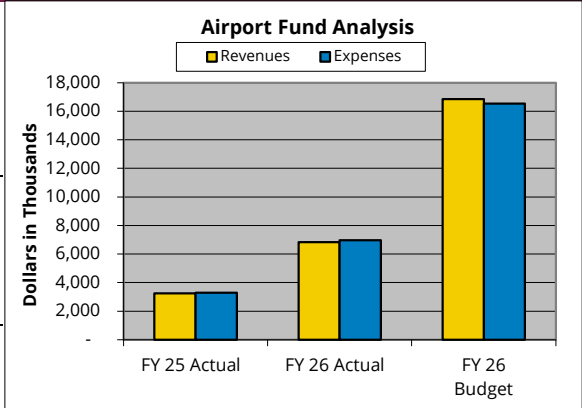
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

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** were 103% of budget compared to 106% for FY 2024-25, while **Operating Expenses** were 94% compared to 90% for FY 2024-25. The result is a positive performance indicator.

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	\$ 1,217,988	\$ 1,309,320	107%	107%
General Fund Subsidy	15,317,764	5,523,581	36%	14%
Total Revenues	\$ 16,535,752	\$ 6,832,901	41%	22%
Operating Expenses	\$ 1,804,955	\$ 1,603,072	89%	96%
Major Capital Expenses	14,613,473	5,253,301	36%	12%
Transfers Out	117,324	117,324	100%	100%
Total Expenses	\$ 16,535,752	\$ 6,973,697	42%	23%
Net Rev / Exp	\$ -	\$ (140,796)		

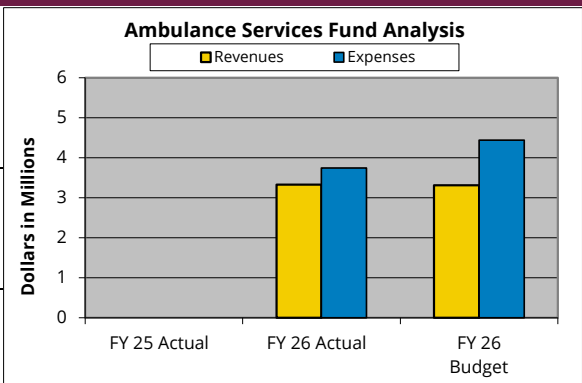
**Positive**

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 \$15.7M 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** were 107% of budget compared compared to 107% for FY 2024-25, while year-to-date **Operating Expenses** were 89% of budget compared to 96% for FY 2024-25. This results in a positive performance indicator.

Ambulance 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.
Transfers In	4,441,775	3,312,278	75%	0%
Total Revenues	\$ 4,441,775	\$ 3,312,278	75%	0%
Operating Expenses	\$ 1,468,047	\$ 771,710	53%	0%
Major Capital Expenses	2,973,728	2,971,545	100%	0%
Total Expenses	\$ 4,441,775	\$ 3,743,254	84%	0%
Net Rev / Exp	\$ -	\$ (430,976)		

**Positive**

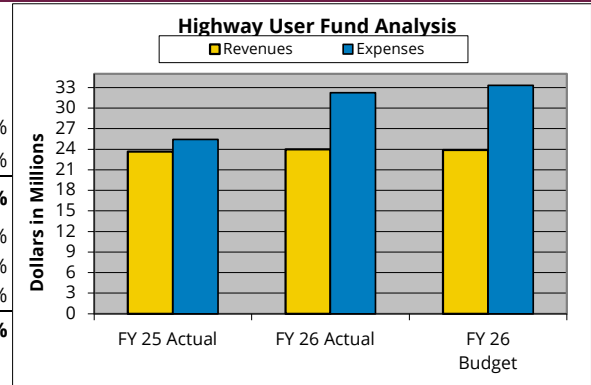
The performance indicator for this Special Revenue Fund focuses on the relationship between Operating Revenues and Operating Expenses (including debt service) and the percentage of budget received/expended.

The Ambulance Services Fund supports operating and major capital costs related to Ambulance Service. The budgeted Transfers In totaling \$4,441,775 includes General Fund loans that will be paid back at a future date, but provided to help start the service. Fiscal year comparisons for **Operating Revenues** and **Operating Expenses** are not 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	\$ 21,725,592	97%	129%
Other	1,448,000	2,254,624	156%	264%
Total Revenues	\$ 23,882,000	\$ 23,980,216	100%	86%
Operating Expenses	\$ 10,587,307	\$ 9,635,870	91%	92%
Major Capital Expenses	22,606,711	22,474,754	99%	89%
Transfers Out	135,085	135,085	100%	100%
Total Expenses	\$ 33,329,103	\$ 32,245,710	97%	47%
Net Rev / Exp	\$ (9,447,103)	\$ (8,265,494)		

**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.

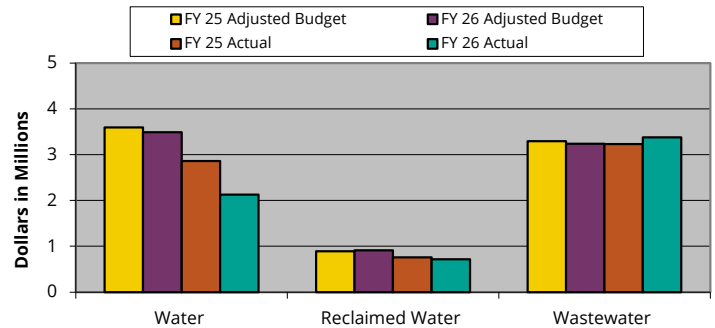
Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for 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** were 97% of budget compared to 129% for FY 2024-25, while year-to-date **Operating Expenses** were 91% of budget compared to 92% for FY 2024-25. This results in a positive performance indicator.

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	\$ 2,126,269	61%
Reclaimed Water	913,200	717,166	79%
Wastewater	3,240,000	3,378,151	104%
Total SDF Revenue	\$ 7,640,200	\$ 6,221,586	81%

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.

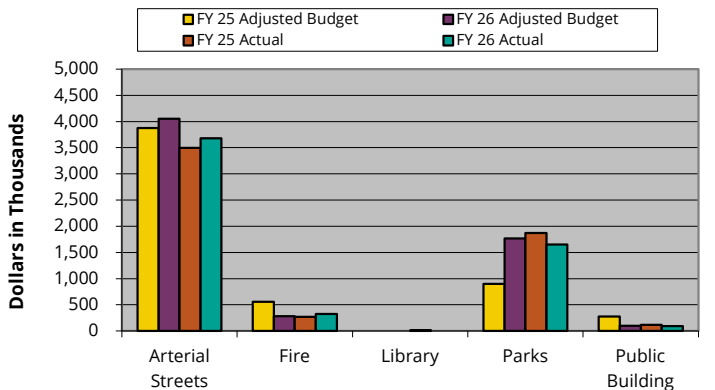


Enterprise (Water, Wastewater, and Reclaimed Water) System Development Fees (SDFs) are assessed on building permits based on the meter size. Enterprise SDFs are assessed on all residential, but may or may not be assessed on Commercial. Commercial properties are assessed if a Water Meter Permit (WMI) 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 compared to FY 2024-25 budget and year-to-date. Collections for FY 2025-26 were 81% of the budget as compared to the prior year's collections of 88% 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	\$ 3,682,388	91%
Fire	280,000	325,480	116%
Parks	1,769,000	1,653,000	93%
Police	202,000	83,855	42%
Public Building	102,000	91,091	89%
Total SDF Revenue	\$ 6,405,000	\$ 5,835,814	91%

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.

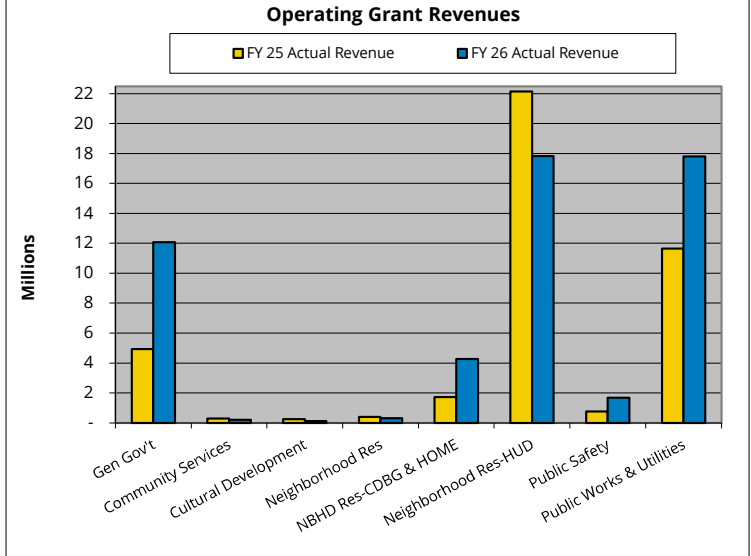


General (Arterial Streets, Fire, Library, Parks, Police, and Public Building) System Development Fees (SDFs) are charged on all commercial and residential building permits and is based on square footage and land use. General SDF fees are based on development and will fluctuate quarterly as well as annually. The graph shows the FY 2025-26 budget and year-to-date collections compared to the FY 2024-25 budget and year-to-date collections. Collections for FY 2025-26 were 91% of the budget as compared to the prior year's collections of 99% of the budget.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2025-26 Comparison

	FY 26 Actual Revenue	FY 25 Actual Revenue
General Government*	\$ 698,766	\$ 576,755
Community Services	196,151	288,847
Neighborhood Resources	305,346	405,456
Neighborhood Res. - CDBG & HOME	4,270,660	1,731,664
Neighborhood Res. - HUD	17,827,160	22,144,684
Public Safety	1,689,621	767,748
Public Works & Utilities	407,406	919,889
Total Operating Grant Revenue	\$ 25,395,110	\$ 26,835,043
General Government*	\$ 11,381,812	\$ 4,344,399
Cultural Development	128,504	244,913
Public Works & Utilities	17,397,787	10,723,369
Total Capital Grant Revenue	\$ 28,908,104	\$ 15,312,681
Total Grant Revenue	\$ 54,303,213	\$ 42,147,724



* 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 2025-26 were \$54.3M as compared to \$42.1M as collected through fiscal year-end.