CHANDLER arizona

Informational Memo

Management Services - Memo No. 26-112

Date: June 24, 2026

To: Mayor and Council

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

From: Matt Dunbar, Budget & Policy Director MD

Subject: Fiscal Year (FY) 2025-26 General Fund Revenue Summary, Sales Tax Collection Report, and Expenditure Reports through May 2026

Attached are the FY 2025-26 General Fund Revenue and Expenditure Reports for the period ending May 31, 2026.

Included with this memo are the following attachments:

Attachment 1 – General Fund Revenue Summary
Attachment 2 – Local Sales Tax Revenue Five-Year Comparison
Attachment 3 – Local Sales Tax Revenue by Class
Attachment 4 – Local Sales Tax Revenue Month-by-Month Comparison to Prior Year
Attachment 5 – General Fund Expenditure Summary

The General Fund Revenue Summary (Attachment 1) gives a budget to actual comparison of revenues through May 2026. This month reflects a 1.3% increase in total General Fund revenues from the budgeted revenues we would have anticipated being received to date based on historical trends, and a 1.6% decrease over the same period of the prior year. We anticipate an adjustment of approximately $500,000 to the primary property tax revenues shifting them to the secondary tax category, as the county's software issues have placed revenues in the incorrect category. We are working with them to get an accurate adjustment for reporting. If that adjustment were made, the total revenue increase compared to the historical budget would be 1.1% versus 1.3%.

Collections in State and Local Transaction Privilege Tax (TPT) or Sales Tax (Attachments 1-4) shown in this report reflect April TPT reported/received in May. Year to date (YTD) collections in Local TPT and Urban Revenue Sharing came in slightly below anticipated budget through May, while State Shared Tax and Vehicle License Tax came in slightly over budget. It is important to note that fluctuations related to development/contracting are considered one-time, since once the developments are completed, the related permit and local TPT collections cease. The Local TPT collections through May 2026 reflect a small decrease of 1.5% below budget, and a 2.9% decrease compared to prior-year actuals which was anticipated with the complete removal of the residential rental tax. Also, when comparing the TPT collections received in May 2026 to the same month in the prior year, collections are up 0.5%.

Finally, the FY 2025-26 General Fund Expenditure Summary (Attachment 5) report reflects the percentage of adjusted budget expended and encumbered through May 2026. This report then compares this spending percentage to the prior fiscal year. Overall department spending resulted in 88% spending through May 2026, compared to 86.3% for the same period last year.

Should you have any questions regarding this information, please contact Dawn Lang at x2255 or Matt Dunbar at x2256.

Attachments: FY 2025-26 General Fund Monthly Revenue and Expenditure Reports through May 2026

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

General Fund Revenue Summary

FY 2025-26 Year-To-Date Actuals Through May 2026

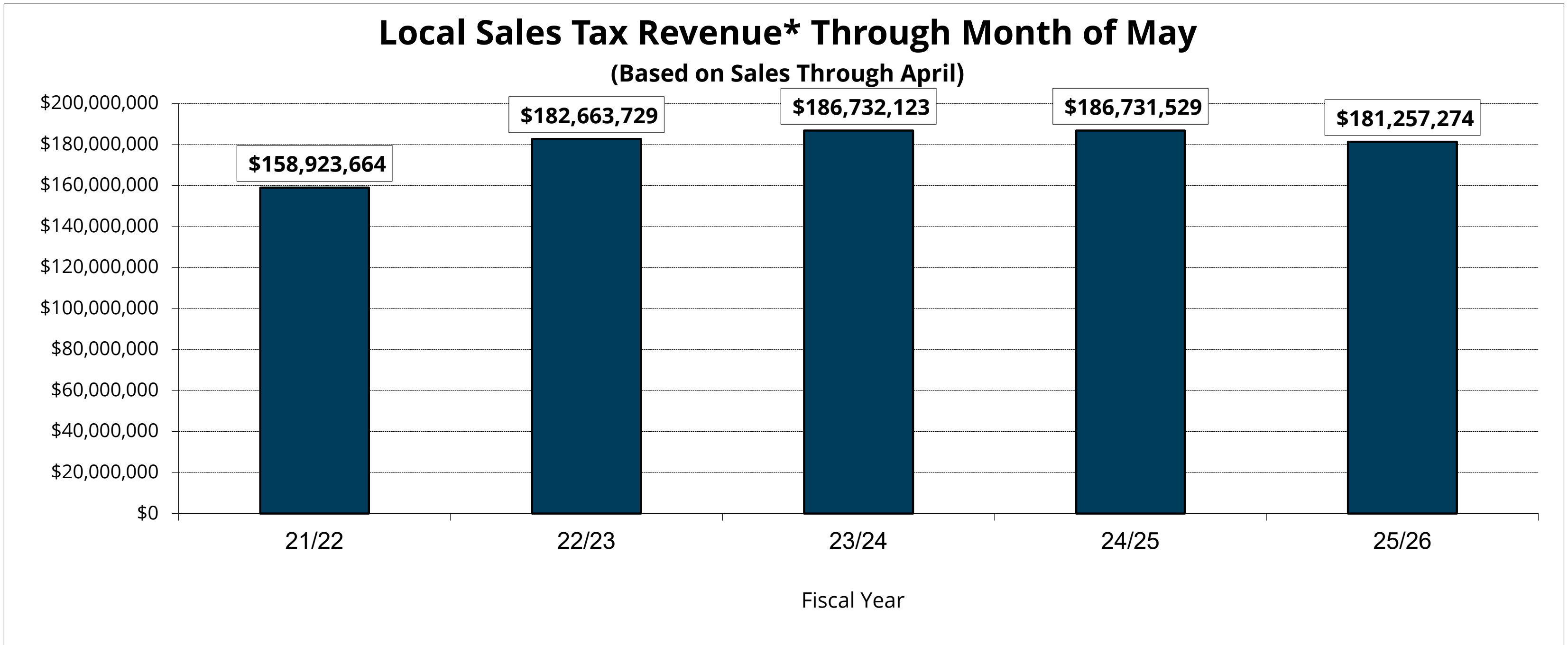
	Budget		Actuals			Comparison to Prior Year Actuals		
General Fund Revenues	**FY 2025-26 Adopted Budget**	**FY 2025-26 Budget Prorated Based on Historical Trend**	**FY 2025-26 Actual Revenue**	**+ or - of Actual to Budget**	**% Change of Actual to Budget**	**FY 2024-25 Actual Revenues for Same Period**	**Difference + or - from FY 2024-25 to FY 2025-26**	**% Change of Actuals to Same Period FY 2024-25**
Local Sales Tax Collections	201,500,000	183,972,113	**181,257,274**	(2,714,839)	-1.5%	186,731,529	(5,474,254)	-2.9%
Local Sales Tax Fees, Audit Assessments, Penalties, Interest	2,338,400	2,111,761	**3,558,651**	1,446,890	68.5%	2,960,839	597,812	20.2%
Total Local Sales Tax Revenue	$ 203,838,400	$ 186,083,874	**$ 184,815,925**	$ (1,267,949)	-0.7%	$ 189,692,368	$ (4,876,443)	-2.6%
Franchise Fees	3,190,000	2,923,497	**2,937,350**	13,853	0.5%	3,010,300	(72,950)	-2.4%
Primary Property Taxes	8,785,177	7,843,553	**8,395,588**	552,035	7.0%	6,713,058	1,682,530	25.1%
State Shared Sales Tax Revenue	43,186,000	37,254,878	**38,541,381**	1,286,503	3.5%	37,948,173	593,208	1.6%
Vehicle License Tax	15,160,000	13,048,218	**13,321,556**	273,338	2.1%	13,087,622	233,934	1.8%
Urban Revenue Sharing	55,747,000	51,088,971	**50,248,606**	(840,365)	-1.6%	54,632,735	(4,384,129)	-8.0%
Smart and Safe	1,032,994	578,800	**723,196**	144,396	24.9%	777,585	(54,389)	-7.0%
Public Safety State Allocation*	-	-	**111,725**	111,725	0.0%	-	111,725	0.0%
Licenses & Permits	7,710,300	6,947,430	**9,121,706**	2,174,276	31.3%	12,925,741	(3,804,035)	-29.4%
Charges for Services	19,928,507	16,241,135	**14,001,542**	(2,239,593)	-13.8%	12,760,504	1,241,038	9.7%
Fines & Forfeitures	3,851,400	3,511,514	**3,780,641**	269,127	7.7%	3,747,326	33,315	0.9%
Interest & Investments	8,900,000	7,052,895	**10,967,353**	3,914,458	55.5%	8,781,360	2,185,993	24.9%
Other Revenues	2,677,989	2,454,823	**2,469,951**	15,128	0.6%	1,518,665	951,286	62.6%
Indirect Cost	9,036,770	8,283,706	**8,283,706**	(0)	0.0%	7,821,259	462,447	5.9%
Total General Fund Revenues	**$ 383,044,537**	**$ 343,313,294**	**$ 347,720,226**	**$ 4,406,932**	**1.3%**	**$ 353,416,696**	**$ (5,696,470)**	**-1.6%**
Prior Month	**$ 383,044,537**	**$ 308,128,999**	**$ 315,138,426**	**$ 7,009,427**	**2.3%**	**$ 319,060,620**	**$ (3,922,194)**	**-1.2%**
Change from Prior Month	**$ -**	**$ 35,184,295**	**$ 32,581,800**	**$ (2,602,495)**	**-1.0%**	**$ 34,356,076**	**$ (1,774,276)**	**-0.4%**

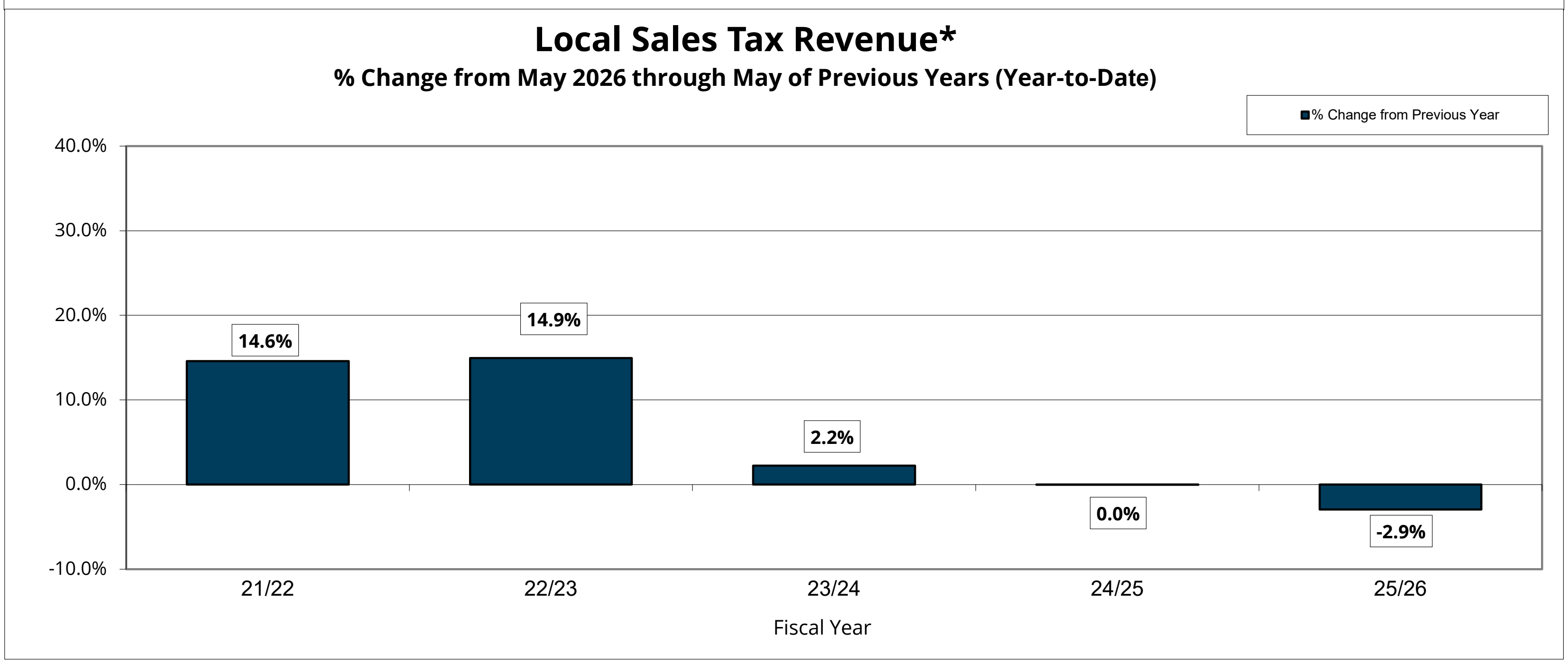
Note:

FY 2025-26 Adopted Budget excludes one-time Interfund Transfers-In of $575,000 to the General Fund 101 for Impact Fee loan repayments, which are used to fund General Capital Projects in Fund 401.

*A total of $111,725 is expected from SB1147 awarding the Chandler Police Department to purchase Peregrine software. No additional funding is anticipated in the current FY.

Attachment 1





Totals are for sales tax only, and <u>exclude</u> privilege license fees, audit assessments, interest, and penalties.

Attachment 2

Sales Tax Revenue By Class

Through May Each Year (Year-to-Date)

Sales Tax Category	FY24-25 % of Total	% Chg Fm PY	FY 2025-26	% Chg Fm PY	FY 2024-25	% Chg Fm PY	FY 2023-24	% Chg Fm PY	FY 2022-23	% Chg Fm PY	FY 2021-22
Utilities	10.5%	5.9%	$ 20,626,678	14.5%	$ 19,481,436	9.9%	$ 17,013,811	7.7%	$ 15,486,203	1.6%	$ 14,379,010
Telecommunications	0.8%	-7.8%	$ 1,426,600	-17.3%	$ 1,547,510	18.1%	$ 1,871,556	7.6%	$ 1,584,876	-11.0%	$ 1,473,027
Publishing / Advertising / Printing / Transportation	0.1%	2.2%	$ 195,778	19.0%	$ 191,519	-19.1%	$ 160,998	8.3%	$ 199,002	2.8%	$ 183,705
Restaurants & Bars	9.4%	3.7%	$ 17,952,677	2.7%	$ 17,316,496	5.1%	$ 16,855,748	9.3%	$ 16,033,604	27.6%	$ 14,664,188
Amusements	1.0%	-1.5%	$ 1,777,518	17.4%	$ 1,804,291	12.6%	$ 1,537,481	14.2%	$ 1,365,181	79.3%	$ 1,195,361
Real Property Rentals	10.3%	-28.3%	$ 14,085,747	-13.1%	$ 19,653,879	5.8%	$ 22,604,798	12.4%	$ 21,371,585	9.7%	$ 19,012,857
Tangible Personal Property Rentals	3.1%	52.2%	$ 8,734,679	-15.4%	$ 5,739,457	41.2%	$ 6,785,237	25.5%	$ 4,803,710	12.7%	$ 3,828,933
Hotels / Motels	3.3%	3.3%	$ 6,509,211	1.4%	$ 6,300,939	-1.7%	$ 6,216,631	18.5%	$ 6,324,093	91.1%	$ 5,337,382
Contracting	9.5%	-35.9%	$ 11,549,344	-22.4%	$ 18,016,991	-6.0%	$ 23,223,291	68.5%	$ 24,702,362	14.2%	$ 14,660,207
Retail / Manufactured Buildings / Jet Fuel	48.6%	2.7%	$ 92,631,054	3.9%	$ 90,226,677	2.9%	$ 86,827,661	8.5%	$ 84,408,865	14.1%	$ 77,817,678
Use Tax	3.4%	-10.6%	$ 5,767,988	-77.5%	$ 6,452,333	-43.1%	$ 3,634,912	0.2%	$ 6,384,246	6.6%	$ 6,371,315
Total Sales Tax Revenue*	**100.0%**	**-2.9%**	**$ 181,257,274**	**0.0%**	**$ 186,731,529**	**2.2%**	**$ 186,732,123**	**14.9%**	**$ 182,663,729**	**14.6%**	**$ 158,923,664**

Sales Tax Revenue By Class

Through May (Month-over-Month)

Sales Tax Category	% Chg Fm PY	FY 2025-26	% Chg Fm PY	FY 2024-25	% Chg Fm PY	FY 2023-24	% Chg Fm PY	FY 2022-23	% Chg Fm PY	FY 2021-22
Utilities	9.9%	$ 1,611,985	17.3%	$ 1,466,938	15.6%	$ 1,250,742	5.2%	$ 1,081,572	6.0%	$ 1,028,026
Telecommunications	3.0%	$ 129,785	-29.3%	$ 126,056	25.4%	$ 178,401	1.4%	$ 142,321	-2.8%	$ 140,379
Publishing / Advertising / Printing / Transportation	8.6%	$ 18,088	64.7%	$ 16,661	-35.0%	$ 10,113	8.0%	$ 15,554	-12.5%	$ 14,406
Restaurants & Bars	9.1%	$ 1,777,867	0.3%	$ 1,629,168	4.1%	$ 1,624,373	5.8%	$ 1,559,867	17.9%	$ 1,473,776
Amusements	-1.0%	$ 163,223	1.8%	$ 164,904	6.8%	$ 161,950	9.8%	$ 151,625	73.0%	$ 138,034
Real Property Rentals	9.3%	$ 1,206,173	-41.3%	$ 1,103,347	1.6%	$ 1,880,370	7.5%	$ 1,851,403	9.2%	$ 1,722,961
Tangible Personal Property Rentals	97.8%	$ 1,105,997	6.6%	$ 559,273	0.8%	$ 524,846	51.0%	$ 520,863	22.7%	$ 344,999
Hotels / Motels	-12.3%	$ 515,816	-15.5%	$ 588,337	6.6%	$ 695,925	15.4%	$ 652,791	70.3%	$ 565,487
Contracting	-29.6%	$ 955,079	-44.3%	$ 1,356,791	-19.0%	$ 2,434,784	150.4%	$ 3,007,743	8.9%	$ 1,201,409
Retail / Manufactured Buildings / Jet Fuel	-5.1%	$ 8,008,135	9.6%	$ 8,436,387	2.2%	$ 7,699,726	-6.9%	$ 7,536,565	22.6%	$ 8,096,827
Use Tax	6.7%	$ 551,585	1.6%	$ 516,930	4.4%	$ 525,456	-14.7%	$ 503,491	-248.0%	$ 589,965
Total Sales Tax Revenue*	**0.5%**	**$ 16,043,732**	**-6.0%**	**$ 15,964,794**	**-0.2%**	**$ 16,986,687**	**11.1%**	**$ 17,023,794**	**28.0%**	**$ 15,316,267**

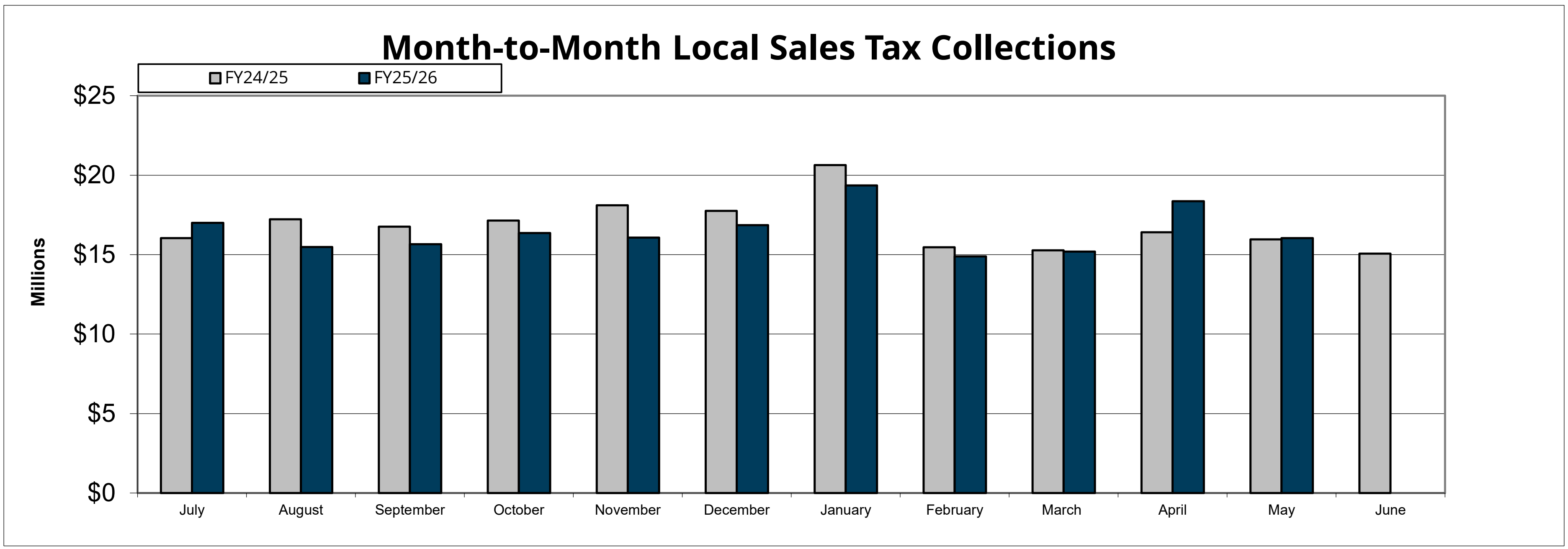
*Totals are for sales tax only, and exclude privilege license fees, audit assessments, interest, and penalties.

Attachment 3

Local Sales Tax Revenue

Monthly Actuals Compared to Prior Year

Local Sales Tax Collections *	Monthly Collections FY24/25	Monthly Collections FY25/26	$ Difference + / (-) FY24/25 over FY25/26	% Difference + / (-) FY24/25 over FY25/26
July	16,041,259	16,997,601	956,342	6.0%
August	17,219,415	15,480,337	(1,739,078)	-10.1%
September	16,754,892	15,649,408	(1,105,483)	-6.6%
October	17,146,827	16,361,157	(785,669)	-4.6%
November	18,098,076	16,069,324	(2,028,752)	-11.2%
December	17,747,416	16,861,960	(885,456)	-5.0%
January	20,624,994	19,357,005	(1,267,989)	-6.1%
February	15,455,315	14,886,887	(568,428)	-3.7%
March	15,278,377	15,188,773	(89,604)	-0.6%
April	16,400,164	18,361,090	1,960,926	12.0%
May	15,964,794	16,043,732	78,938	0.5%
June	*15,064,258*		*(15,064,258)*	*-100.0%*
Totals	**$ 186,731,529**	**$ 181,257,274**	**$ (5,474,254)**	**-2.9%**



***Totals are for sales tax only, and <u>exclude</u> privilege license fees, audit assessments, interest, and penalties.**

Attachment 4

General Fund Expenditure Summary
Thru May 2026

Department	Adopted Budget	Adjusted Budget	Expenses & Encumbrances Thru May 2026	Percentage of Adjusted Budget Expended & Encumbered Thru May 2026	Percentage of Adjusted Budget Expended & Encumbered Thru May 2025	Over/Under Last Year's Percentage
City Clerk	$ 1,820,422	$ 1,849,914	$ 1,549,369	83.8%	79.2%	4.6%
City Manager and Organization Support[(1)]						
City Manager	2,518,121	2,579,991	2,516,102	97.5%	93.7%	3.8%
Buildings & Facilities	9,825,128	10,201,107	9,519,866	93.3%	95.3%	-2.0%
Connection & Impact[(2)]	772,172	837,853	647,569	77.3%	80.3%	-3.0%
Cultural Development	5,354,380	5,693,956	5,346,199	93.9%	89.4%	4.5%
Economic Development	2,402,586	2,458,597	1,992,541	81.0%	88.1%	-7.1%
Fleet Services	1,573,340	1,611,043	1,440,031	89.4%	86.9%	2.5%
Human Resources	2,855,446	2,948,885	2,574,505	87.3%	94.3%	-7.0%
Transportation Policy	3,142,701	3,206,101	2,329,541	72.7%	48.9%	23.8%
Communications & Public Affairs	4,041,629	4,535,030	3,279,787	72.3%	86.8%	-14.5%
Community Services	41,260,816	42,713,054	37,604,876	88.0%	87.8%	0.2%
Development Services	14,989,060	16,976,800	12,939,954	76.2%	82.1%	-5.9%
Fire	44,625,913	50,531,484	47,865,446	94.7%	89.1%	5.6%
Information Technology	28,091,564	33,822,093	29,800,822	88.1%	82.6%	5.5%
Law	4,983,964	5,118,254	4,741,800	92.6%	90.5%	2.1%
Magistrate	5,766,537	6,056,221	5,077,297	83.8%	82.9%	0.9%
Management Services	8,915,629	9,222,314	8,307,732	90.1%	87.1%	3.0%
Mayor and Council	1,403,336	1,454,804	1,247,804	85.8%	88.3%	-2.5%
Neighborhood Resources	9,618,384	11,188,708	9,256,037	82.7%	81.5%	1.2%
Police	97,245,804	105,118,331	97,294,049	92.6%	91.9%	0.7%
Public Works & Utilities	6,392,740	7,956,785	7,516,629	94.5%	86.2%	8.3%
Non-Departmental (Personnel Services and O&M)	47,879,363	26,605,422	17,356,142	65.2%	52.1%	13.1%
Subtotal Prior to Contingencies/Reserves	**$ 345,479,035**	**$ 352,686,747**	**$ 310,204,098**	**88.0%**	**86.3%**	**1.7%**
Non-Departmental Reserves (Carryforward, Utility, Fuel & DT)	15,363,725	3,091,675	-	0.0%	0.0%	0.0%
Non-Departmental Contingencies (15% & Council)	56,424,600	23,134,481	-	0.0%	0.0%	0.0%
Total General Fund Expenditures	**$ 417,267,360**	**$ 378,912,903**	**$ 310,204,098**	**81.9%**	**77.1%**	**4.8%**

[(1)] Organization Support includes Buildings and Facilities, Economic Development, Connection & Impact, Fleet Services, Human Resources, Transportation Policy and Cultural Development.
[(2)] Diversity, Equity, & Inclusion division of the City Managers Office renamed to Connection & Impact, effective September 2025.
Adopted Budget: Includes estimated reserves for encumbrance carryforward from the previous fiscal year and full Council approved reserve/contingency established in the budget.
Adjusted Budget: Includes movement of estimated reserves for encumbrance appropriation to departments based on actual end-of-year encumbrances and Council approved contingency transfers. Reserves/Contingency appropriation cannot be spent from
NOTE: The total Adopted budget compared to the total Adjusted budget always equals when viewing **all** funds. When looking at the General Fund only, it is not uncommon for the amounts to differ. This is due to estimated carryforward appropriation, personnel adjustment appropriation or Council approved contingency transfers being moved to other funds, as directed by Council and authorized by the Budget Resolution.