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**Item 15**

# CITY COUNCIL REPORT

Meeting Date: November 10, 2026
Charter Provision: ***Provide for the orderly government and administration of the affairs of the City***
Objective: ***Adopt Budgets***

## ACTION

**FY 2025/26 Operating Budget Adjustments.** Adopt Resolution No. 13834 authorizing FY 2025/26 operating budget adjustments.

## BACKGROUND

The FY 2025/26 budget was adopted June 10, 2025, by Ordinance No. 4670. Section 2 of Ordinance No. 4670 allows expenditures to be made from budget contingencies and reserves upon recommendation of the City Manager and approval of the City Council.

Additionally, Article 6, Section 11 of the Scottsdale City Charter permits the transfer of any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency or from one office, department, or agency to another at the request of the City Manager and with the approval of the City Council.

The City's year-end process extends from June 30 through October or November, during which additional year-end accounting activities are recorded that may result in expenditures exceeding Council-approved budget appropriations.

Per adopted financial policy 1.09, the City's annual budget includes contingency appropriations to provide for unanticipated increases in expenditures and unexpected needs that may arise throughout the fiscal year. Use of contingency appropriation requires identifying a funding source and should be utilized only after all budget sources have been examined for available funds. The contingency appropriation can only be expended upon separate Council approval.

## ANALYSIS & ASSESSMENT

The proposed budget adjustments are included in Exhibit A to Resolution No. 13834 and are explained below:

1. **Debt Service Fund – Transfer of Budget Appropriation from Reserves**

Action Taken _____

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| | | |
|---|---|---|
| From: | Debt Service Reserves | ($6,624,000) |
| To: | Debt Service Expenditures | $6,624,000 |

To transfer budget appropriation for debt service on new general obligation bonds (G.O. bonds) issued in May 2025 after the FY25/26 budget was finalized for preparation and submission.

The FY 2025/26 budget included an estimate for debt service on new G.O. bonds that were not issued until after the FY 2025/26 budget was finalized for adoption. While the City has sufficient cash in its Debt Service Fund reserves to cover the new debt service, the budget appropriation for debt service was not updated due to the timing of the issuance to reflect the use of the reserve funds. This budget adjustment transfers budget appropriation from Debt Service Reserves to Debt Service Expenditures to properly reflect the G.O. bond debt service expenditures for FY 2025/26.

**2. Streetlight Improvement District Fund – Transfer of Budget Appropriation from Contingency**

| | | |
|---|---|---|
| From: | General Fund Contingencies | ($10,000) |
| To: | Streetlight Expenditures | $10,000 |

To increase budget appropriation for higher-than-expected streetlight expenditures. **This transfer moves budget appropriation only and does not use General Fund money.**

The City assesses properties in streetlight improvement districts for streetlight expenditures. Streetlight expenditures for FY 2025/26 were higher than expected and were assessed to property owners in the streetlight districts accordingly.

Because the Streetlight Improvement District Fund does not have a contingency appropriation, a budget adjustment is needed to transfer appropriation from General Fund Contingency to provide budget authority for the additional streetlight expenditures.

## RESOURCE IMPACTS

The FY 2025/26 operating budget appropriations for contingencies and reserves for all funds total $370.8 million. The contingency appropriation can only be expended upon separate Council approval.

The appropriation required to cover the budget adjustments exists in the City's adopted FY 2025/26 operating budget.

## OPTIONS & STAFF RECOMMENDATION

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Staff recommends the adoption of Resolution No. 13834 authorizing FY 2025/26 operating budget adjustments.

## RESPONSIBLE DEPARTMENT(S)

City Treasurer

## STAFF CONTACT(S)

Scott Selin, Budget Director, (480) 312-2306, SSelin@ScottsdaleAZ.gov

## APPROVED BY

Signed by:
Greg Caton
844928DD3EAD4C0...

Greg Caton, City Manager
(480) 312-7759, GCaton@ScottsdaleAZ.gov

10/28/2026
Date

Signed by:
Ana Lia Johnson for Scott Selin
9027730CADBA419...

Scott Selin, Budget Director
(480) 312-2306, SSelin@ScottsdaleAZ.gov

10/28/2026
Date

Signed by:
Sonia Andrews
BBC4198EA66A4CA...

Sonia Andrews, City Treasurer/Chief Financial Officer
(480) 312-2364, SAndrews@ScottsdaleAZ.gov

10/28/2026
Date

## ATTACHMENTS

1. Resolution No. 13834
2. Exhibit A to Resolution No. 13834

RESOLUTION NO. 13834

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING OPERATING ADJUSTMENTS FOR THE PURPOSE OF COMPLYING WITH ORDINANCE NO. 4670 AND ACCURATELY EXPENSING THE FISCAL YEAR 2025/26 BUDGET.

WHEREAS, current estimates of revenues and expenditures differ from forecasts used to create the FY 2025/26 budget;

WHEREAS, differences between forecasts and actual expenditures were communicated to the City Council monthly;

WHEREAS, Article 6, Section 11 of the Scottsdale City Charter permits the transfer of any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency or from one office, department, or agency to another at the request of the City Manager and with the approval of the City Council;

WHEREAS, Section 2 of Ordinance No. 4670 allows expenditures to be made from budget contingencies and reserves upon recommendation of the City Manager and approval of the City Council;

WHEREAS, State law permits the transfer of monies between budget items if the money is available, the transfer is in the public interest and based on a demonstrated need, the transfer does not result in a violation of the expenditure limitation, and a majority of the City Council approves the transfer at a public meeting;

WHEREAS, the City is required to balance its budget and all associated funds;

WHEREAS, the money for the requested adjustments and transfers is available, the adjustments and transfers are in the public interest and based on a demonstrated need, and the adjustments and transfers do not result in a violation of the expenditure limitation;

WHEREAS, the City Manager recommends the budget adjustments described and estimated in Exhibit "A"; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Maricopa County, Arizona as follows:

Section 1. The City Council hereby authorizes and directs the City Treasurer to make the budget adjustments described and estimated in Exhibit "A" hereto, which is incorporated herein by this reference.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 10th day of November 2026.



**ATTACHMENT 1**

CITY OF SCOTTSDALE, an Arizona municipal corporation

ATTEST:

_____
Lisa Borowsky, Mayor

_____
Ben Lane, City Clerk

APPROVED AS TO FORM:

_____
Luis E. Santaella, City Attorney
By: Jennifer Fernandez, Senior Assistant City Attorney

**Exhibit "A" to**

**Resolution No. 13834**

Listed below are the proposed operating budget adjustments for FY 2025/26 requiring Council approval per City Charter and adopted Comprehensive Financial Policies.

The following operating budget transfer requests are necessary due to unanticipated operational needs that arose during the normal course of operations in FY 2025/26. These requests reflect adjustments to existing authorized budget appropriations between categories.

***1. Debt Service Fund***

FROM: Debt Service Reserves – ($6,624,000)
TO: Debt Service Expenditure - $6,624,000

To adjust budget appropriations for debt service on new general obligation bonds (G.O. Bonds) issued after the FY 2025/26 budget was finalized. The city has sufficient debt service reserves for the increased debt service in FY 2025/26.

***2. Streetlight Improvement District Fund***

FROM: General Fund Contingencies – ($10,000)
TO: Streetlight Improvement District Expenditures - $10,000

To increase budget appropriations for higher than expected streetlight expenditures that are assessed to properties in the streetlight improvement districts. This transfer is to move budget appropriation only and does not utilize General Fund monies. The additional streetlight expenditures are assessed to properties in the districts.