

**Quarterly Financial Update
General Fund
FY2025/26 Quarter 2**

City Treasurer's Office

City Council Meeting March 3, 2026



Quarterly Financial Updates

Highlight General Fund Results through the 2nd quarter of FY 2025/26 (through December 2025)

- Revenue Collections to Date
- Budget to Actual Variances

General Fund Summary

FY 2025/26 – YTD Quarter 2

General Fund Revenues are 5% Above Budget:

- Sales Tax performing favorably
- Higher than budgeted interest earnings
- State Shared Income Tax showed seven months of revenue rather than six; this issue will be resolved in January's report

General Fund Expenditures are 4% Below Budget:

- Personnel Savings
- Timing of expenditures for commodities and capital outlays



General Fund Revenues

- ❑ Local Taxes came in 4% higher than budgeted through December
 - ❑ \$3.2 million of the positive variance came from Local Sales Tax
 - ❑ Electric Franchise Tax accounts for the remaining positive variance
- ❑ Interest Earnings came in 66% higher than budgeted due to greater than forecasted fund balance
- ❑ Positive variance in Charges for Services due to higher cell tower lease payments, golf course revenues and facility fees at WestWorld

| (in millions) | FY24/25 Actuals | FY25/26 Actuals | % Change from PY | FY25/26 Budget | Budget Variance | Budget Variance % |
|-----------------------|--------------------|--------------------|---------------------|-------------------|--------------------|-------------------------|
| Local Taxes* | \$105.9 | \$99.0 | -7% | \$95.3 | \$3.7 | 4% |
| State Shared Revenues | \$49.9 | \$52.8 | 6% | \$47.8 | \$4.9 | 10% |
| Property Tax | \$15.0 | \$21.4 | 43% | \$22.2 | (\$0.8) | -4% |
| Charges for Services | \$9.7 | \$9.6 | -1% | \$8.1 | \$1.5 | 19% |
| Interest Earnings | \$7.4 | \$9.8 | 32% | \$5.9 | \$3.9 | 66% |
| Other** | \$29.3 | \$32.1 | 9% | \$33.9 | (\$1.8) | -5% |
| Transfers In | \$10.5 | \$6.3 | -40% | \$6.4 | (\$0.1) | -2% |
| Total | \$227.7 | \$230.9 | 1% | \$219.6 | \$11.3 | 5% |

* Includes Local Sales Tax, Utility Taxes, Cable TV License Fee, Storm water Fee, and SRP in-Lieu Fee.

** Includes License Permits and Fees, Fines, Building Permit fees and Cost Allocations.

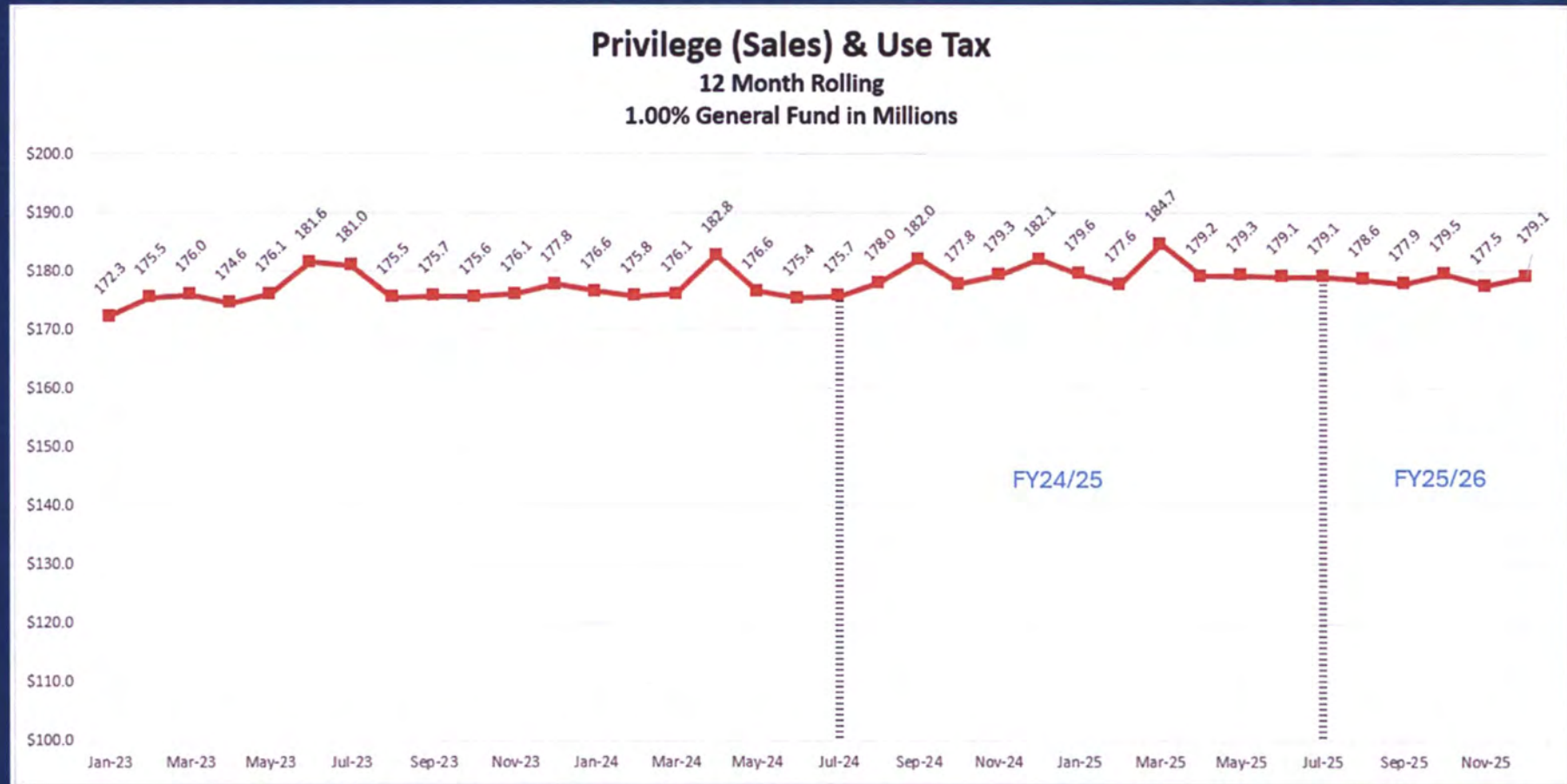
General Fund 1.1% Sales Tax

- ❑ Other Activity, Construction, and Dining/Entertainment/ Other Activities are performing better than anticipated
- ❑ Negative variance in Automotive is due to both decreased activity and also to timing issue of when tax returns were filed this year

| (in millions) | FY24/25 Actuals | FY25/26 Actuals | % Change from PY | FY25/26 Budget | Budget Variance | Budget Variance % |
|----------------------|--------------------|--------------------|---------------------|-------------------|--------------------|----------------------|
| Automotive | \$12.0 | \$10.4 | -13% | \$11.6 | (\$1.3) | -11% |
| Construction | \$10.8 | \$11.3 | 4% | \$10.3 | \$1.0 | 9% |
| Dining/Entertainment | \$8.4 | \$8.0 | -4% | \$7.3 | \$0.7 | 9% |
| Food Stores | \$5.3 | \$4.6 | -13% | \$4.6 | \$0.0 | 1% |
| Hotel/Motel | \$4.6 | \$4.6 | 0% | \$4.3 | \$0.3 | 8% |
| Major Dept Stores | \$6.8 | \$6.2 | -8% | \$6.5 | (\$0.3) | -5% |
| Misc Retail Stores | \$22.2 | \$21.3 | -4% | \$20.8 | \$0.5 | 2% |
| Other Activity* | \$13.1 | \$14.0 | 7% | \$11.3 | \$2.7 | 24% |
| Rental | \$12.5 | \$8.2 | -35% | \$8.5 | (\$0.4) | -4% |
| Utilities | \$3.5 | \$3.2 | -8% | \$3.4 | (\$0.2) | -5% |
| Total | \$98.7 | \$91.9 | -7% | \$88.7 | \$3.2 | 4% |

*Includes Services with Retail, Amusement, Manufacturing, and Wholesale

12 Month Rolling Local 1.00% Sales Tax Revenue



General Fund State Shared Revenues

- ❑ State Shared Sales Tax showed a significant forecast loss in December due to ADOR including San Tan Valley in the distribution and correcting for three previous months
- ❑ State Shared Income Tax had a duplicate entry that was corrected in Q3

| (in millions) | FY24/25 Actuals | FY25/26 Actuals | % Change from PY | FY25/26 Budget | Budget Variance | Budget Variance % |
|-------------------------|--------------------|--------------------|---------------------|-------------------|--------------------|----------------------|
| State Shared Sales Tax | \$17.7 | \$18.4 | 4% | \$18.8 | (\$0.4) | -2% |
| State Shared Income Tax | \$26.0 | \$28.0 | 8% | \$23.2 | \$4.8 | 21% |
| Auto Lieu Tax | \$6.2 | \$6.4 | 4% | \$5.9 | \$0.5 | 9% |
| Total | \$49.9 | \$52.8 | 6% | \$47.8 | \$4.9 | 10% |

General Fund Expenditures

- Personnel Services show a 2% positive variance due to vacancy savings and salary savings
- Delays in receiving orders are causing the temporary positive variances in Commodities and Capital Outlays

| (in millions) | FY24/25 Actuals | FY25/26 Actuals | % Change from PY | FY25/26 Budget | Budget Variance | Budget Variance % |
|----------------------|----------------------------|----------------------------|-----------------------------|---------------------------|----------------------------|------------------------------|
| Personnel Services | \$134.0 | \$170.2 | 27% | \$173.8 | \$3.6 | 2% |
| Contractual Services | \$56.8 | \$59.5 | 5% | \$62.4 | \$2.9 | 5% |
| Commodities | \$4.9 | \$5.4 | 10% | \$7.5 | \$2.1 | 29% |
| Capital Outlays | \$0.8 | \$2.3 | >100% | \$5.1 | \$2.8 | 55% |
| Contracts Payable | - | - | - | \$0.5 | \$0.5 | 100% |
| Transfers Out | - | \$33.0 | - | \$33.0 | - | - |
| Total | \$196.5 | \$270.4 | 38% | \$282.4 | \$11.9 | 4% |

General Fund Department Expenditures YTD December 2025

| (in millions) | FY24/25 Actuals | FY25/26 Actuals | FY25/26 Budget | Budget Variance | Budget Variance% |
|--------------------------------------|--------------------|--------------------|-------------------|--------------------|---------------------|
| Mayor & Council and Charter Officers | \$17.3 | \$18.8 | \$19.8 | \$1.0 | 5% |
| Communications | \$1.7 | \$2.5 | \$2.7 | \$0.2 | 8% |
| Economic Development | \$0.7 | \$0.5 | \$0.7 | \$0.1 | 22% |
| Enterprise Operations | \$8.5 | \$7.4 | \$7.6 | \$0.2 | 2% |
| Fire Department | \$38.7 | \$47.2 | \$50.2 | \$3.0 | 6% |
| Facilities Management | \$12.1 | \$13.3 | \$13.8 | \$0.4 | 3% |
| Human Resources | \$2.1 | \$2.2 | \$2.6 | \$0.4 | 16% |
| Information Technology | \$12.6 | \$12.3 | \$12.3 | (\$0.1) | -1% |
| Library & Human Services | \$8.6 | \$7.2 | \$7.7 | \$0.5 | 7% |
| Planning and Development Services | \$9.6 | \$7.7 | \$10.0 | \$2.3 | 23% |
| Police Department | \$71.0 | \$103.4 | \$106.7 | \$3.3 | 3% |
| Parks & Recreation & Preserve | \$13.1 | \$13.0 | \$13.3 | \$0.3 | 2% |
| Transportation and Infrastructure | \$0.5 | \$1.9 | \$1.6 | (\$0.2) | -14% |
| Total | \$196.5 | \$237.4 | \$248.9 | \$11.4 | 5% |

Enterprise Operations includes the portion of Tourism and Events, WestWorld, professional baseball, and the Enterprise Operations department administration funded by the General Fund. Does not include Enterprise Funds (Water and Water Reclamation Funds, Solid Waste Fund and Aviation Fund)

Questions?

March 2026 Project Budget Overview



| Project | Total Project Budget | Funds Spent (in millions) | Remaining Budget | Funding Sources |
|--|----------------------|------------------------------|------------------|--|
| 62 – Build a Bridge on Thompson Peak Parkway over Reata Wash | 6.3 | 0.5 | 5.8 | Bond 2019 |
| Water Campus Connections/Deep Well Recharge & Recovery | 55.8 | 36 | 19.8 | Water Rates, Grant, MPC Bonds |
| Scottsdale Road – Jomax Road to Dixileta Drive | 43.7 | 20.4 | 23.3 | Transportation Sales Tax 0.2%, ALCP Regional Sales Tax and Grant |
| Renovate Fire Station 606 | 7.2 | 1.1 | 6.1 | General Fund |

Note: The Funds Committed column that typically is found in this report is still being updated as a result of the transition to the new ERP system. It will be included in future reports once finalized.

Scottsdale Road: Jomax Road to Dixileta Drive Update

March 3, 2026



Total Project Funding

- Total Project Funding includes:
 - Design
 - Right of Way
 - Utilities
 - Construction
 - CA Services
 - Contingency (typically 10% at start of construction)

Total Project Funding

| Type of Funding Source | Budget Total pre-December 3, 2025 | Budget Total post-December 3, 2025 |
|--|-----------------------------------|------------------------------------|
| ALCP Program contribution | \$ 29,288,722 (Federal) | \$ 29,288,722 (Regional) |
| *HSIP Grant (cancelled) – replace with Transportation 0.1% | \$ 1,844,207 (Federal) | \$ 1,844,207 (Local) |
| Transportation 0.1% | \$ 12,552,308 (Local) | \$ 12,552,308 (Local) |
| Total | \$ 43,685,237 | \$ 43,685,237 |

*As previously communicated, the \$1.8M HSIP funding will be replaced with Transportation 0.1% sales tax in a future council action



Questions?



