



## **TITLE**

Fiscal Year 2025-26 Mid-Year Budget Amendments

## **RECOMMENDATION**

Adopt a Resolution approving Mid-Year Budget Amendments to Operating Budget for Fiscal Year 2025-26.

## **CONTACT**

Jemelyn Cruz, Finance Director

## **BACKGROUND & ANALYSIS**

The City adopts a budget each June for the upcoming fiscal year. It covers the time period of “one year” (July 1 through June 30). Thereafter, staff routinely monitors expenditures and revenues on a monthly basis. After the completion of the prior fiscal year’s Annual Comprehensive Financial Report (ACFR) near the mid-term of the fiscal year, staff undertakes a comprehensive review of the City’s financial position. This proposed mid-year budget estimates revenue and expense expectations and needs for the remainder of the current fiscal year.

During the “Mid-Year Budget Review” process, staff compares their respective departments’ actual revenue and expenditures, expectations for the remainder of the fiscal year, and compares those results to amounts budgeted. This fiscal year’s process includes activity posted through January 31, 2026. It also includes analysis about planned work not yet complete and unplanned work that is desired before the end of the fiscal year. This includes any added, unplanned work to this “Mid-Year Budget Review” and associated Mid-Year Budget Amendments for that are included.

Based on input from other city departments, the proposed Mid-Year Budget Amendments are summarized in Exhibit A and projected ending fund balances are summarized in Exhibit B. A detailed report will be added to the City's new transparency portal, which shows requests at the fund level and at a more granular and aggregate levels.

Staff presented a year-to-date fiscal analysis and proposed Mid-Year Budget amendments to the Finance Committee on February 5, 2026, and the committee recommended that the city council approve the Mid-Year Budget as presented.

## **COUNCIL PRIORITY PROGRAMS AND PROJECTS**

Organizational Effectiveness: "Deliver exemplary government services."

### **FISCAL IMPACT**

The General Fund continues to remain balanced with the mid-year budget amendments proposed. The increase in revenues is \$873,452 primarily consisting of increases in transfers in from Measure U, legal revenue from Water Enterprise, sales tax revenues, developer billing contributions, Parks & Recreation revenues, property taxes, and encroachment permit activity. The increase in expenses of \$669,846 consists of unanticipated maintenance work needed on Green Island Road, increase in legal services related to existing litigation, increase in parks maintenance costs and developer billing costs, offset by reduction in insurance premium. Estimated fund balance is \$11,441,226 with \$1,977,565 in unassigned fund balance.

Special Revenue Fund total net appropriation amendments increased \$174,030, which is comprised of an increase of \$2,042,140 in expenditures and an increase in revenues of \$1,868,110. The revised net income is (\$6,696,839) and estimated ending fund balances for all special revenue funds is \$10,992,984.

Capital Projects Fund revenue budget amendments increased by \$331,902, and expenditures amendments increased by \$1,764,000. The revised net decrease in fund balance is \$3,862,154 and estimated ending fund balances for all capital project funds is \$8,348,021.

Water Enterprise Fund appropriation amendments are comprised of an increase in expenditures of \$129,931 and a decrease in revenues of \$550,298. The revised net income is (\$3,035,618) and estimated ending net position for the water enterprise fund is \$38,932,767, with working capital in water operations at \$5,997,575.

Wastewater Enterprise Fund appropriation amendments are comprised of an increase in expenditures of \$53,289 and a decrease in revenues of \$471,880. The revised net income is (\$3,269,543) and estimated ending net position for wastewater funds is \$30,387,875, with working capital in wastewater operations at \$2,750,932.

Recycled Water Enterprise Fund total net appropriation amendments decreased \$17,762 which is comprised of a decrease in expenditures of \$17,762. The revised net loss is \$811,479 and estimated

ending net position for recycled water enterprise funds is (34,870).

Internal Service Fund appropriation amendments total \$750,043, which is comprised of an increase in revenues of \$281,587 and increase in expenditures of \$468,456. The revised net income is (\$398,197) and estimated ending net position for City funds is \$1,401,947.

## **ENVIRONMENTAL REVIEW**

Not applicable.

## **ATTACHMENTS:**

1. [Resolution - FY 2025-26 Mid-Year Budget Amendment](#)  
[Exhibit A - FY 2025-26 Midyear Budget Adjustments](#)  
[Exhibit B - FY 2025-26 Midyear Budget Fund Balance](#)