



Agenda Item: 9.C  
Date of Meeting: June 22, 2026  
Department: Finance

## STAFF REPORT

To: City Council  
From: Ethan Aukee  
Subject: **2025-26 Fiscal Year End Budget Adjustment Proposal**  
Prepared On: June 16, 2026  
Attachments: 2025-26 Fiscal Year End Budget Adjustment Proposal

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### Background/History:

Annually, the City reviews its budget as the end of the fiscal year approaches to ensure that all spending is appropriated and all potential revenues are considered. Additionally, this review focuses on reallocating previously approved spending through the lens of effective use of approved funds in a timely manner that supports department goals and Council priorities.

### Analysis/Discussion:

#### **General Fund**

General Fund revenue increases by \$481,356.50, driven primarily by Transient Occupancy Tax performance exceeding expectations.

General Fund expenditure decreased by \$149,022.15, driven primarily total capital outlay or project related outlay not fully actualized. Much of the adjustment within General Fund expenses focuses on accurately adjusting personnel costs and reallocating any balance as needed to support operations.

#### **Sewer Fund**

Sewer Fund revenue decreases by \$476,394.28, driven primarily by a decrease in expected Intergovernmental Revenue. At the start of the fiscal year, the budget for this revenue segment included potential revenue earned prior to CIPP and BAWA Planning Grant being initiated. The decrease is subject to project/program timing, the City expects to earn the decreased amount of revenue in subsequent fiscal years.

Sewer Fund expenditure decreases by \$538,919.42. This decrease primarily corresponds to the intergovernmental revenue decrease, as the spending associated with the intergovernmental revenue is subject to the same project/program timing parameters. The City expects to incur this capital outlay in subsequent fiscal years.

#### **Gas Tax Fund**

Gas Tax Fund revenue remains neutral.

Gas Tax Fund expenditure decreases by \$4,999.73, driven primarily by a decrease in

operating expenses.

#### **Water Fund**

Water Fund revenue increases by \$48,664.70, driven primarily by increases to collections and interest earned. Interest earned is higher than expected due to project timing associated with the W. Line St. Water Main Replacement Project.

Water Fund expenditure decreases by \$12,560.67, driven primarily by personnel costs totaling less than initially forecasted.

#### **Local Transportation Fund**

Local Transportation Fund revenue increases by \$62,859.00, driven by RSTP revenue earned.

#### **TUT Measure A Fund**

TUT Measure A Fund revenue increases by \$106,272.80, driven by revenue earned in the prior year being recognized in the current year. The revenue was not available or measurable at the end of the prior year, therefore, it's being recognized as earned in the current year.

TUT Measure A Fund expenditure remains neutral.

#### **SMHP Fund**

SMHP Fund revenue increases by \$4,236.00, the adjustment is immaterial and no noteworthy points to highlight.

SMHP Fund expenditure decreases by \$3,506.97. Operating expenses are increased to allow for unexpected professional service needs, and capital outlay is decreased based on timing associated with completing a concrete driveway project.

#### **Street & Sidewalk Improvement Fund**

Street & Sidewalk Improvement Fund revenue increases by \$15,000 due to interest earnings exceeding initial expectations. The variance is due to project timing associated with the S. Warren St. Improvement Project.

Street & Sidewalk Improvement Fund expenditure decreases by \$1,419,213.00. The budgeted transfer out is removed as the project timing of the S. Warren St. Improvement Project varied from May-June to early FY 2026-27.

#### **Heavy Equipment Replacement Fund**

Heavy Equipment Replacement Fund revenue remains neutral.

#### **Property/Housing Development Fund**

Property/Housing Development Fund revenue remains neutral.

Property/Housing Development Fund expenditure increases by \$30,036.53. This adjustment increases the expenditure budget to incorporate the remaining cash within the fund. This adjustment is proposed to ensure that all potential expenditure within the fund is approved, as the expense timing is unclear with the City's accrual period approaching.

#### **PLHA Fund**

PLHA Fund revenue increases by \$1,300.00 due to interest earnings exceeding initial forecasts.

#### **COPS Fund**

COPS Fund revenue increases by \$29,200.00, due primarily to program revenue exceeding

initial forecasts.

COPS Fund expenditure increases by \$17,597.30, due to increased operating expenses and decreased overtime wages.

#### **STIP E. Line St. Bridge Replacement Fund**

Revenue and expenditure within this fund remain neutral.

#### **S. Warren St. Improvement Fund**

S. Warren St. Improvement Fund revenue and expenditure both decrease by \$2,419,213.00. This is due to the project timing associated with the S. Warren St. Improvement Project. The City expects to earn the associated revenue and incur the associated capital outlay in FY 2026-27.

#### Impacts to Council Goals and Strategic Planning Priorities:

There are no impacts directly associated with the budget adjustment proposal, other than impacts associated with the project timing described earlier in this report.

#### Budget Impacts:

The budgetary impacts are outlined within the budget adjustment proposal and analysis section of this report.

#### Legal Review:

Legal review is not required for this item.

#### Recommended Action:

City Council to review and approve the 2025-26 Fiscal Year End Budget Adjustment Proposal.

Approved By: Ethan Aukee 6/16/2026

Approved By: Robin Picken 6/16/2026

Approved By: Pam Foster 6/16/2026

Approved By: