



CITY MANAGER'S OFFICE AGENDA ITEM REPORT

TO: Mayor and City Council
FROM: Bettina Chandler, City Recorder
DATE: May 28, 2026
SUBJECT: FY 2026-27 Budget Changes for Second Reading

The following changes have been made to the FY 2026-27 Budget since the first reading:

"FY 2025-26 ESTIMATED" COLUMNS UPDATED

The "FY 2025-26 Estimated" columns in all funds have been updated to reflect the most recent budget amendment, which will be passed on first reading at tonight's council meeting, as requested by the Comptroller's Office. These updates are to ensure consistency between the amended FY 2025-26 budget and the comparative estimates presented in the FY 2026-27 budget.

GENERAL FUND REVENUE INCREASE – PROJECT DIABETES GRANT

General Fund revenues have increased by \$150,000.00 to recognize the funding associated with the Project Diabetes Grant.

GENERAL FUND EXPENDITURES INCREASE – PROJECT DIABETES SIDEWALK PROJECT

General Fund expenditures have increased by \$150,000.00 for the Project Diabetes Sidewalk Project. This increase is fully offset by grant revenues. Therefore, there is no net effect on the General Fund and no change to the projected decrease in fund balance.

WATER AND SEWER FUND REVENUE ADJUSTMENTS

Water Sales and Sewer Sales revenues in the Water and Sewer Fund have been increased by 16% to provide sufficient revenues to sustain fund operations and obligations.

WATER AND SEWER FUND INTEREST EXPENSE INCREASE

Interest in the Water and Sewer Fund has increased by \$160,000.00 to account for the interest portion of the capital outlay note related to Automated Meter Reading (AMR) equipment and other equipment purchases.

These revisions have been included in the proposed FY 2026-27 Budget for Council consideration at second reading.

Please do not hesitate to contact me should you have any questions regarding these revisions.