

MEMORANDUM



TO: Mayor and Council
FROM: Robert Baer, Municipal Budget Director
THROUGH: Lisette Camacho, Deputy City Manager
DATE: November 26, 2025
SUBJECT: Quarterly Financial Report for 1Q FY 2025/26

Attached is the Quarterly Financial Report for the first quarter of Fiscal Year (FY) 2025/26, the quarter ending September 30, 2025. The Municipal Budget Office prepares quarterly financial reports for all the major operating funds, revenue sources and departments that reflect budget to actual comparisons and highlight major variances that may require additional monitoring or action.

Although revenues and expenditures are not budgeted on a quarterly basis, the report applies a three-year historical average to the annual budget to gain insight into revenue and expenditure actual performance versus the estimated budget for the quarter. It is essential to note that significant variances may be observed during the first quarter of the fiscal year due to the timing of revenue collection and advance payments for memberships and subscriptions.

We have included a quick-reference Table of Contents on the following page that will allow you to quickly navigate to areas of interest by clicking on titles or page numbers. The table of contents link at the bottom of every page will return you to the Table of Contents.

This report can also be found on the [Municipal Budget Office's Budget Related Reports page](#).

For more information about the budget, the annual operating budget can be found on the [Municipal Budget Office's main page](#).

For current information about monthly revenues and expenses, detailed transaction data is available by using the OpenGov link on the [Financial Services' Open Book\\$ page](#).

The City also has an Annual Comprehensive Financial Report prepared in accordance with the requirements of the Governmental Accounting Standards Board that is a thorough summation of the City's revenue and expenses for the entire year. The Annual Comprehensive Financial Report for the prior fiscal year ending June 30th is published in December of each year on the [Financial Services' Open Book\\$ page](#).

This quarter's report and future quarterly reports will exclude grant and debt service funds to better highlight the financial performance of the City's core operating funds. Grant funds are designated for full use on specific projects and programs, and the debt service fund is structured to meet fixed obligations with a dedicated revenue source.

Please let me know if you have questions about the information contained in this report.



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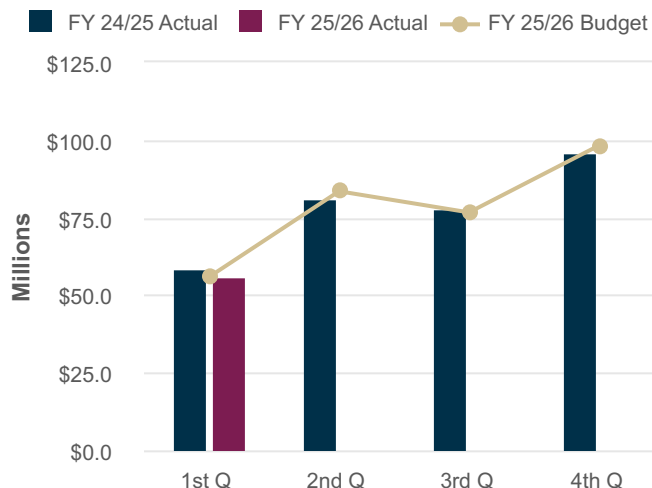
Performance Ratings Key

- Favorable** = A positive variance, or a negative variance of less than 2.0%, which shows the category is performing close to or exceeding historical trends.
- Monitor** = A negative variance between 2.0% and 5.0%, compared to historical trends.
- Unfavorable** = A negative variance of greater than 5.0%, compared to historical trends.

General Fund Revenues

Total General Fund Revenues Quarterly Analysis

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$55,849,361	\$56,007,744	17.8 %	17.8 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$55,849,361	\$56,007,744	17.8 %	17.8 %
Variance from Budget		\$158,383	0.3 %	



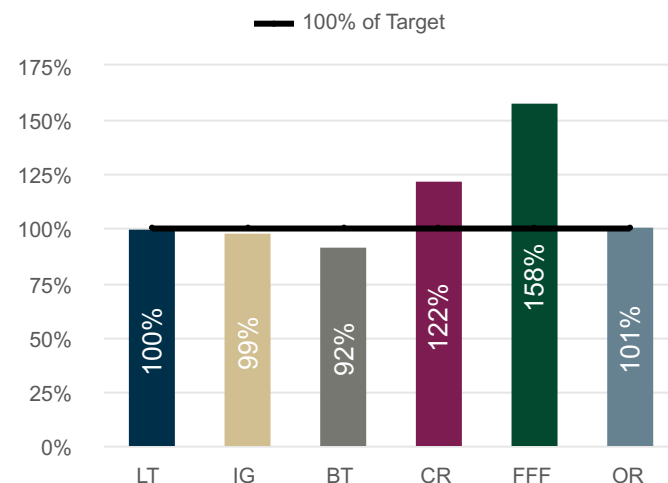
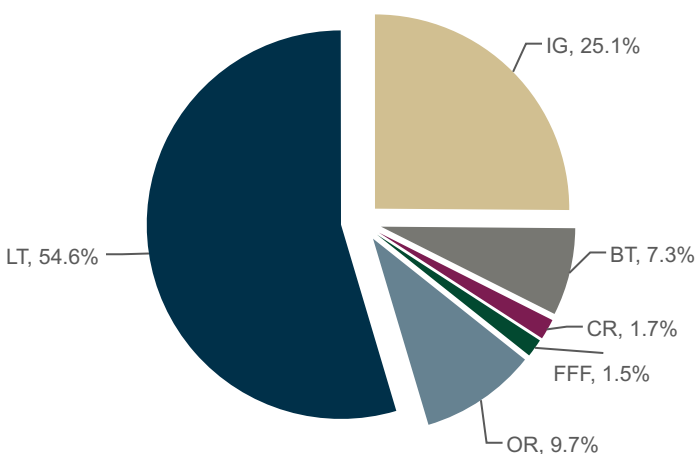
Favorable

The General Fund has received 17.8% of its FY 2025/26 budgeted revenue through the first quarter, compared to a historical average of 17.8% of total annual revenue. In terms of budget-to-actual variance, total collections are above the anticipated revenue target for the first quarter by \$158 thousand. The scope of budget-to-actual variance for each category can be seen in the table and graph at the bottom-right corner of this page. Quarterly collection detail by category can be found on pages 2 through 6 of this report.

General Fund Revenues by Category

Revenue Categories	FY 25/26 YTD Annual Budget	% of YTD Annual Budget
Local Taxes (LT)	\$171,538,376	54.6 %
Intergovernmental (IG)	78,943,554	25.1 %
Building & Trades (BT)	22,941,798	7.3 %
Cultural & Recreational (CR)	5,464,882	1.7 %
Fines/Fees/Forfeitures (FFF)	4,778,288	1.5 %
Other Revenues (OR)	30,517,923	9.7 %
Total	\$314,184,821	100.0 %

Revenue Categories	1Q Budget Target	1Q Actual Revenue	% of Budget Target
Local Taxes (LT)	\$23,783,418	\$23,783,467	100.0 %
Intergovernmental (IG)	19,104,340	18,844,996	98.6 %
Building & Trades (BT)	6,033,693	5,571,410	92.3 %
Cultural & Recreational (CR)	1,289,712	1,574,553	122.1 %
Fines/Fees/Forfeitures (FFF)	936,544	1,482,815	158.3 %
Other Revenues (OR)	4,701,654	4,750,503	101.0 %
Total	\$55,849,361	\$56,007,744	100.3 %

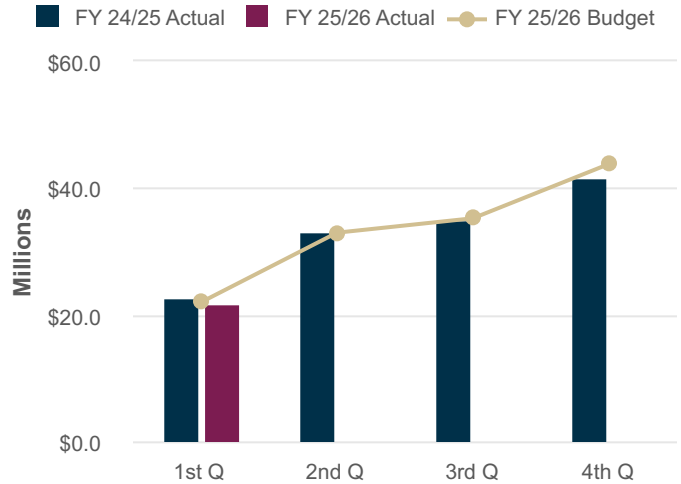


Note: Amounts exclude bond proceeds, unrealized investment gains and prior year corrections.

General Fund Revenues

Sales Tax

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$21,963,591	\$21,835,716	16.3 %	16.4 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$21,963,591	\$21,835,716	16.3 %	16.4 %
Variance from Budget		\$(127,875)	(0.6)%	

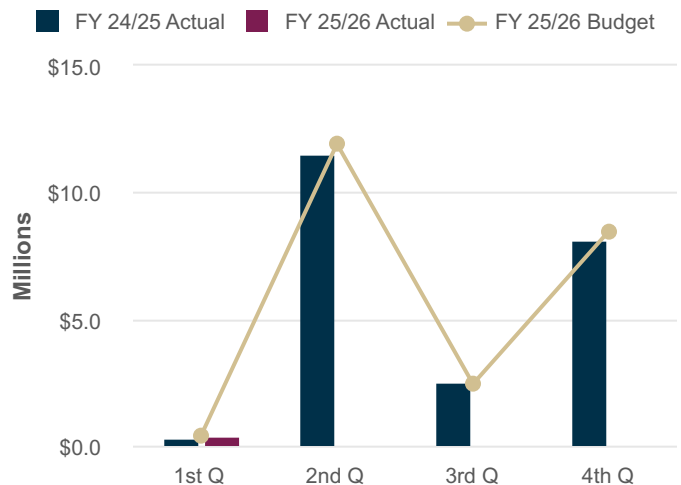


Favorable

City Sales Taxes are generated by a 1.8% levy on sales transactions in the city. Of the total 1.8% rate, 1.2% is deposited in the General Fund, 0.5% is dedicated for Transit purposes, and the remaining 0.1% is deposited in the Arts & Culture Fund. The amount deposited in the General Fund is depicted in the table and graph above. This revenue source contributes 42.6% of the General Fund budget in FY 2025/26 making it the City's largest revenue source. Sales Tax has received 16.3% of its FY 2025/26 budgeted revenue through the first quarter, compared to a historical average of approximately 16.4% of total annual Sales Tax revenue. In terms of budget-to-actual variance, collections are \$128 thousand below the budgeted value. The loss of residential rental sales tax beginning in January 2025 is the primary reason. The February 2025 long-range forecast lowered revenue projections for the fiscal year, and the FY 2025/26 budget has been lowered accordingly.

Property Tax

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$394,724	\$368,172	1.6 %	1.7 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$394,724	\$368,172	1.6 %	1.7 %
Variance from Budget		\$(26,552)	(6.7)%	



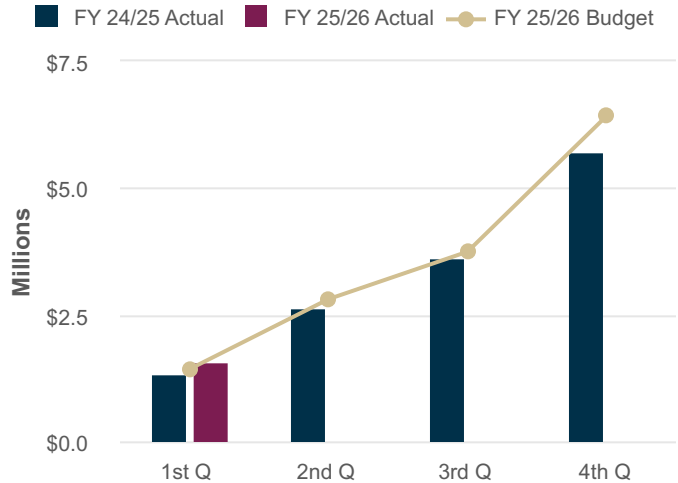
Unfavorable

Property Tax revenue in the General Fund is generated by a \$0.8744 charge per \$100 of the primary assessed valuation of real and personal property. In FY 2025/26, Property Tax contributes 7.4% of budgeted General Fund revenue. Property Tax revenue received is 1.6% of its FY 2025/26 budgeted revenue through the first quarter, compared to a historical average at which this point of the year represents approximately 1.7% of total annual Property Tax revenue. In terms of budget-to-actual variance, Property Tax is \$27 thousand below the budgeted value. Trend analysis is challenging in Q1 since property taxes are paid and collected by Maricopa County in October and March.

General Fund Revenues

Bed Tax

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$1,425,103	\$1,579,579	11.0 %	9.9 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$1,425,103	\$1,579,579	11.0 %	9.9 %
Variance from Budget		\$154,476	10.8 %	

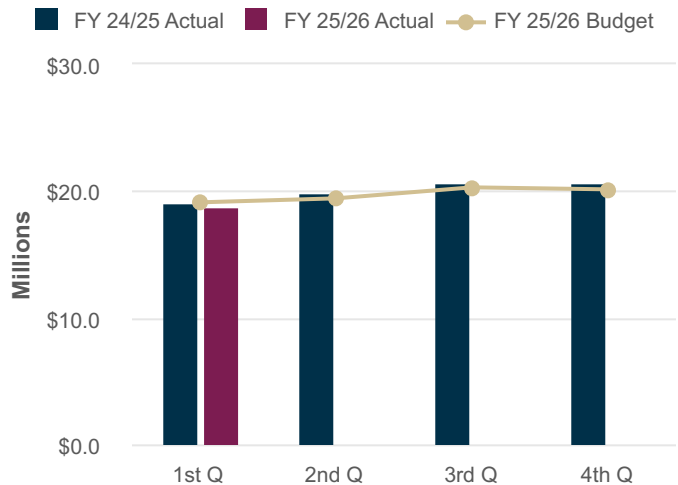


Favorable

The Transient Lodging Tax, or Bed Tax, is a 5.0% levy on hotel and motel sales that contributes approximately 4.6% of budgeted General Fund revenue in FY 2025/26. Bed Tax revenue received is 11.0% of its FY 2025/26 budgeted revenue through the first quarter, compared to a historical average at which this point of the year represents approximately 9.9% of total annual Bed Tax revenue. In terms of budget-to-actual variance, collections are \$155 thousand above the budgeted value.

Intergovernmental

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$19,104,340	\$18,844,996	23.9 %	24.2 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$19,104,340	\$18,844,996	23.9 %	24.2 %
Variance from Budget		\$(259,344)	(1.4)%	



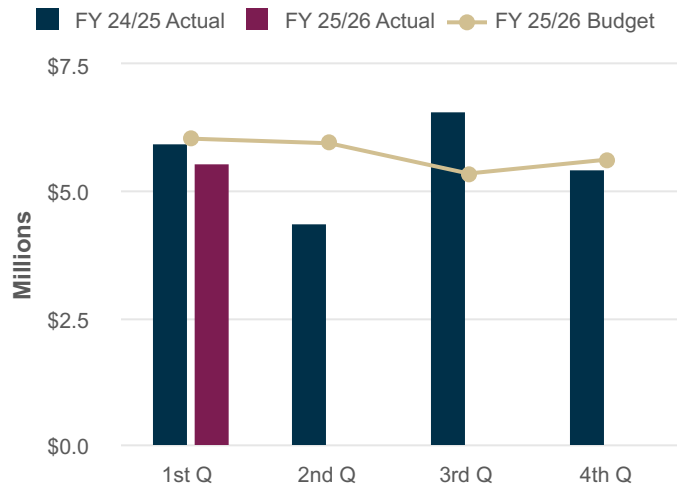
Favorable

Intergovernmental revenue includes distributions of State Income Taxes, State Sales Taxes, and State Vehicle License Taxes. These revenues are distributed based on Tempe's share of the state urban population as determined by the U.S. Census. In total, these revenues constitute 25.1% of budgeted revenue for FY 2025/26, making this the second largest General Fund revenue source after Sales Taxes. Intergovernmental revenue has recorded 23.9% of its FY 2025/26 budgeted revenue through the first quarter, compared to a historical average at which this point of the year represents approximately 24.2% of total annual Intergovernmental revenue. In terms of budget-to-actual variance, collections are \$259 thousand below budget.

General Fund Revenues

Building & Trades

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$6,033,693	\$5,571,410	24.3 %	26.3 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$6,033,693	\$5,571,410	24.3 %	26.3 %
Variance from Budget		\$(462,283)	(7.7)%	

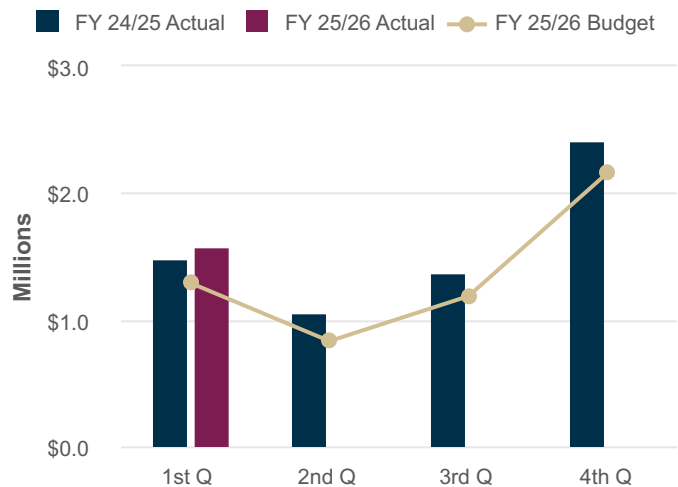


Unfavorable

Building & Trades revenues consist of Building Permit Fees, Plan Check Fees, and other miscellaneous engineering and permitting fees generated by development. These fees are charged to recover a portion of the costs associated with administering building safety, zoning, and development codes. In FY 2025/26, this revenue source contributes 7.3% of budgeted General Fund revenue. Building & Trades has received 24.3% of its FY 2025/26 budgeted revenue through the first quarter, compared to a historical average at which this point of the year represents approximately 26.3% of total annual Building & Trades revenue. Thus far, in terms of budget-to-actual variance, collections are 7.7%, or \$462 thousand, below the budgeted estimate.

Cultural & Recreational

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$1,289,712	\$1,574,553	28.8 %	23.6 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$1,289,712	\$1,574,553	28.8 %	23.6 %
Variance from Budget		\$284,841	22.1 %	



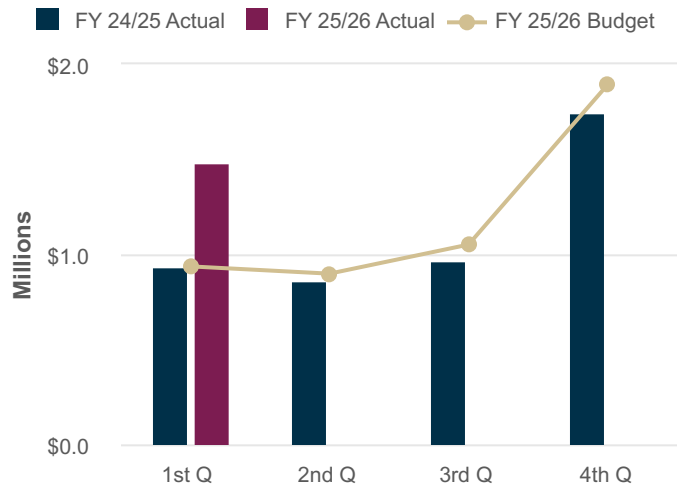
Favorable

Cultural & Recreational revenues include fees and charges to recover a portion of the costs of providing the City's cultural and recreational programs. The majority of this revenue source is generated from fees charged for the City's Kid Zone program. In total, Cultural & Recreational fees represent 1.7% of total budgeted General Fund revenue for FY 2025/26. Cultural & Recreational has received 28.8% of its FY 2025/26 budgeted revenue through the first quarter, compared to a historical average at which this point of the year represents approximately 23.6% of the total annual Cultural & Recreational revenue. In terms of budget-to-actual variance, collections are \$285 thousand, or 22.1%, above the budgeted estimate.

General Fund Revenues

Fines, Fees & Forfeitures

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$936,544	\$1,482,815	31.0 %	19.6 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$936,544	\$1,482,815	31.0 %	19.6 %
Variance from Budget		\$546,271	58.3 %	

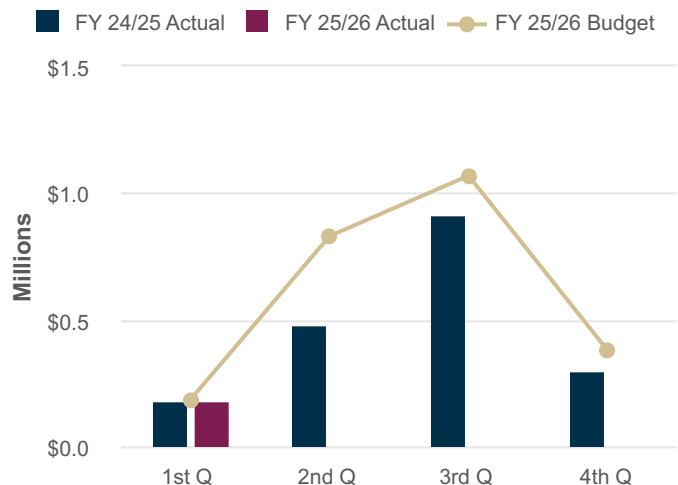


Favorable

Fines, Fees & Forfeiture revenue derives from fines and other payments related to violations of state laws and local ordinances, including parking, traffic, and criminal enforcement activities. In total, Fines, Fees & Forfeitures represent 1.5% of total budgeted General Fund revenue for FY 2025/26. Fines, Fees & Forfeitures have received 31.0% of their FY 2025/26 budgeted revenue through the first quarter, compared to a historical average at which this point of the year represents approximately 19.6% of total annual Fines, Fees & Forfeitures revenue. In terms of budget-to-actual variance, this category is \$546 thousand, or 58.3%, above the expected value through the first quarter.

Sales Tax Licenses

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$184,650	\$182,142	7.4 %	7.5 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$184,650	\$182,142	7.4 %	7.5 %
Variance from Budget		\$(2,508)	(1.4)%	

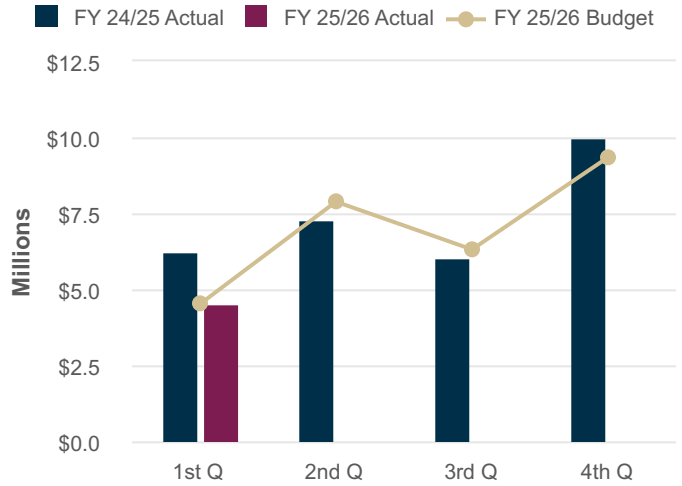


Favorable

The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Starting in 2017, the Arizona Department of Revenue (ADOR) began collecting the fees for Tempe's Sales Tax Licenses. Sales Tax License has received 7.4% of its FY 2025/26 budgeted revenue through the first quarter, compared to a historical average at which this point of the year represents approximately 7.5% of total annual Sales Tax License revenue. Sales Tax Licenses contribute 0.8% of annual General Fund revenue. In terms of budget-to-actual variance, collections are 1.4% below budget, or \$3 thousand.

Other Revenues

	FY 25/26 Budget Revenue	FY 25/26 Actual Revenue	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$4,517,004	\$4,568,361	16.3 %	16.1 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$4,517,004	\$4,568,361	16.3 %	16.1 %
Variance from Budget		\$51,357	1.1 %	



Favorable

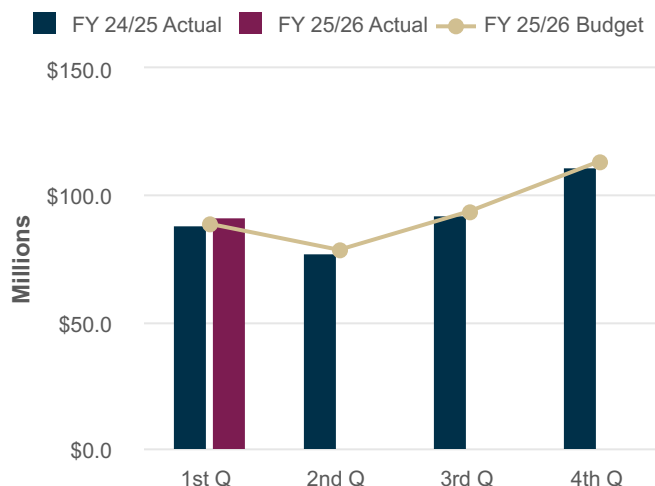
Other revenues include collections from a variety of sources not otherwise accounted for in the major revenue categories. Primary components of Other Revenues are Land Sales, Interest Earnings, Land and Building Facility Rental, and SRP In-Lieu Payments. In FY 2025/26, this revenue source contributes 8.9% of budgeted General Fund revenue. Other Revenues have recorded 16.3% of their FY 2025/26 budgeted revenue through the first quarter, compared to a historical average at which this point of the year represents approximately 16.1% of total annual Other revenue. In terms of budget-to-actual variance, this category is \$51 thousand, or 1.1%, above the expected value through the first quarter.

Note: Amounts exclude bond proceeds, unrealized investment gains and prior year corrections.

General Fund Expenses

Total General Fund Expenses Quarterly Analysis

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$88,681,083	\$91,227,900	24.4 %	23.7 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 25				
Total	\$88,681,083	\$91,227,900	24.4 %	23.7 %
Variance from Budget		\$2,546,817	(2.9)%	



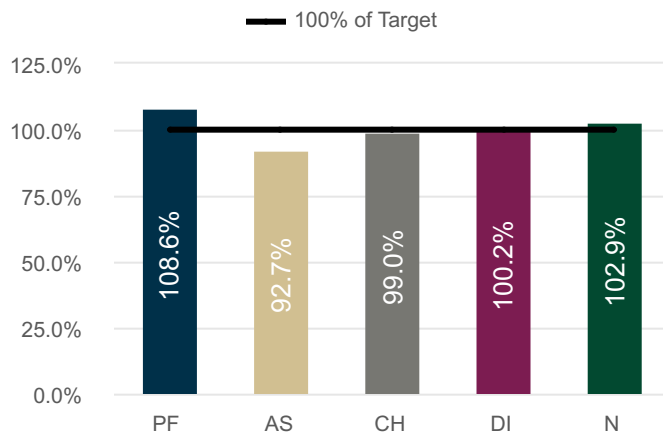
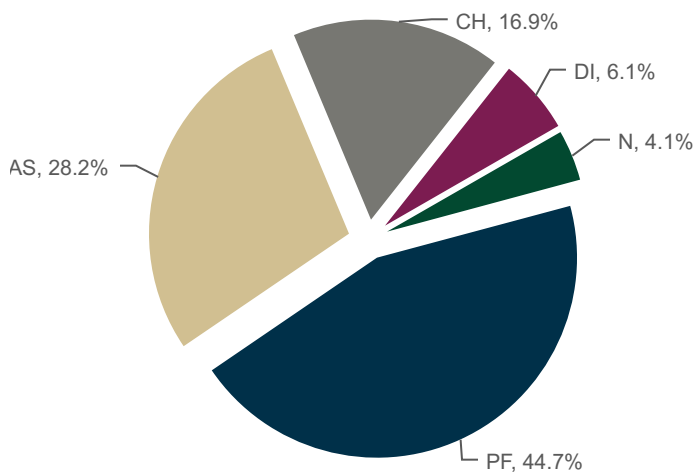
Monitor

The General Fund has spent 24.4% of its FY 2025/26 budget through the first quarter, compared to a historical average at which this point of the year represents approximately 23.7% of total annual spending. Expenditures are \$2.5 million, or 2.9% above the budgeted amount through the first quarter. Departmental quarterly expenditure tracking data can be found on pages 8 through 19 of this report.

General Fund Expenses by Category

Expenditure Categories	FY 25/26 YTD Annual Budget	% of YTD Annual Budget
Police & Fire Services (PF)	\$166,958,877	44.7 %
Administration & Support (AS)	105,448,991	28.2 %
Community & Health (CH)	63,280,271	16.9 %
Development & Infrastructure (DI)	22,689,394	6.1 %
Non-Departmental (N)	15,438,014	4.1 %
Total	\$373,815,547	100.0 %

Expenditure Categories	1Q Budget Target	1Q Actual Expense	% of Budget Target
Police & Fire Services (PF)	\$36,883,367	\$40,041,968	108.6 %
Administration & Support (AS)	24,063,113	22,316,253	92.7 %
Community & Health (CH)	14,997,539	14,849,507	99.0 %
Development & Infrastructure (DI)	7,024,999	7,035,925	100.2 %
Non-Departmental (N)	5,712,065	6,984,247	122.3 %
Total	\$88,681,083	\$91,227,900	102.9 %

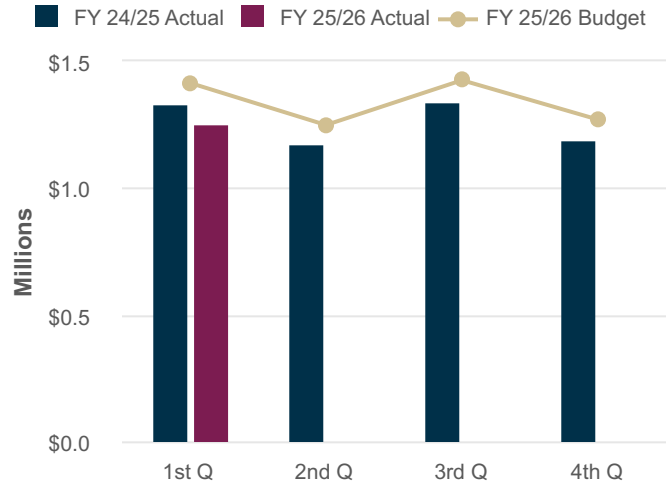


Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

City Attorney's Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$1,414,796	\$1,258,570	23.5 %	26.4 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$1,414,796	\$1,258,570	23.5 %	26.4 %
Variance from Budget		\$156,226	11.0 %	

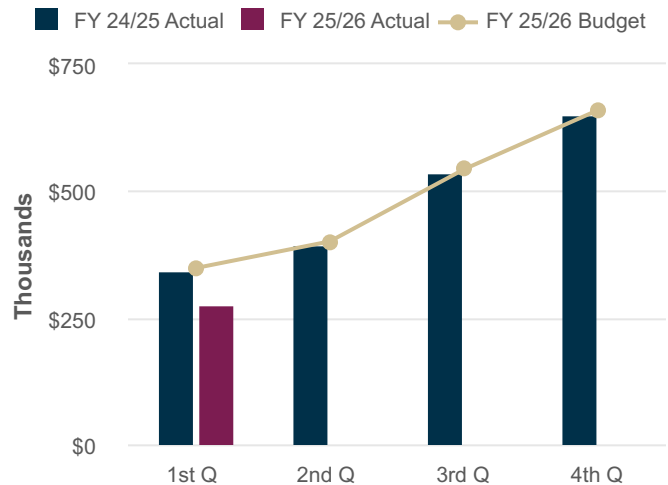


Favorable

The City Attorney's Office spent 23.5% of its FY 2025/26 budget through the first quarter, compared to a historical average at which this point of the year represents approximately 26.4% of total annual spending. Expenditures are \$156 thousand, or 11.0%, below the budgeted amount through the first quarter.

City Clerk's Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$347,747	\$277,225	14.2 %	17.8 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$347,747	\$277,225	14.2 %	17.8 %
Variance from Budget		\$70,522	20.3 %	



Favorable

The City Clerk's Office has spent 14.2% of its FY 2025/26 budget through the first quarter, compared to a historical average at which this point of the year represents approximately 17.8% of total annual spending. Expenditures are \$71 thousand, or 20.3% below the budgeted amount through the first quarter.

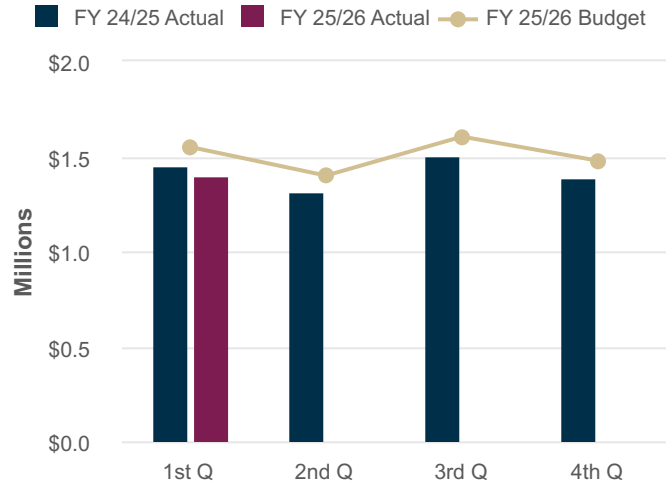
Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

City Court

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$1,549,482	\$1,396,666	23.2 %	25.7 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$1,549,482	\$1,396,666	23.2 %	25.7 %
Variance from Budget		\$152,816	9.9 %	

Favorable

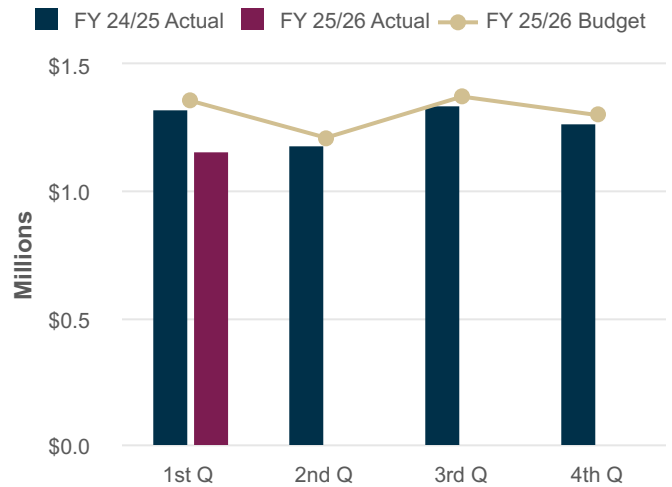


The City Court has spent 23.2% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 25.7% of total annual spending. Expenditures are \$153 thousand, or 9.9%, below the budgeted amount through the first quarter.

City Manager's Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$1,356,940	\$1,164,102	22.2 %	25.9 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$1,356,940	\$1,164,102	22.2 %	25.9 %
Variance from Budget		\$192,838	14.2 %	

Favorable



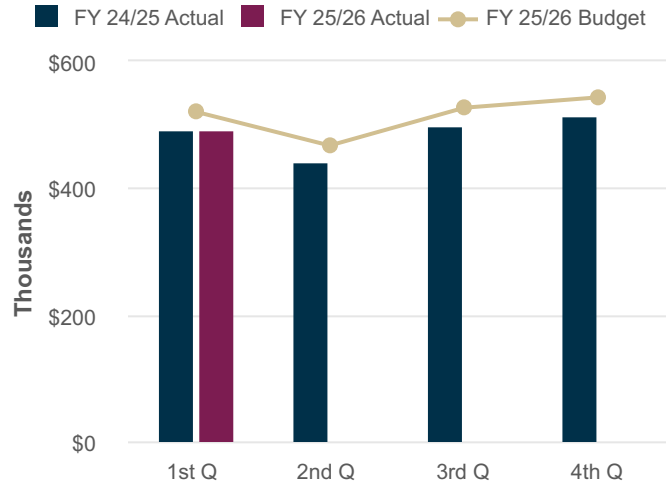
The City Manager's Office has spent 22.2% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 25.9% of total annual spending. Expenditures are \$193 thousand, or 14.2%, below the budgeted amount through the first quarter.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Communications & Marketing Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$520,581	\$494,030	24.0 %	25.3 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$520,581	\$494,030	24.0 %	25.3 %
Variance from Budget		\$26,551	5.1 %	

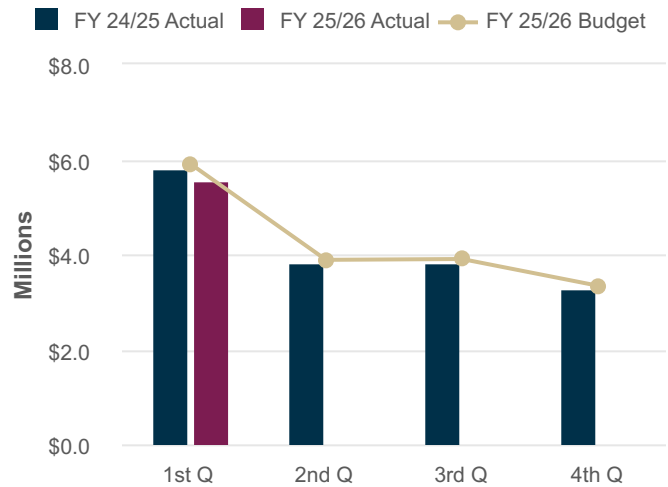


Favorable

The Communications & Marketing Office has spent 24.0% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 25.3% of total annual spending. Expenditures are \$27 thousand, or 5.1%, below the budgeted amount through the first quarter.

Community Development

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$5,911,854	\$5,563,332	32.7 %	34.7 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$5,911,854	\$5,563,332	32.7 %	34.7 %
Variance from Budget		\$348,522	5.9 %	



Favorable

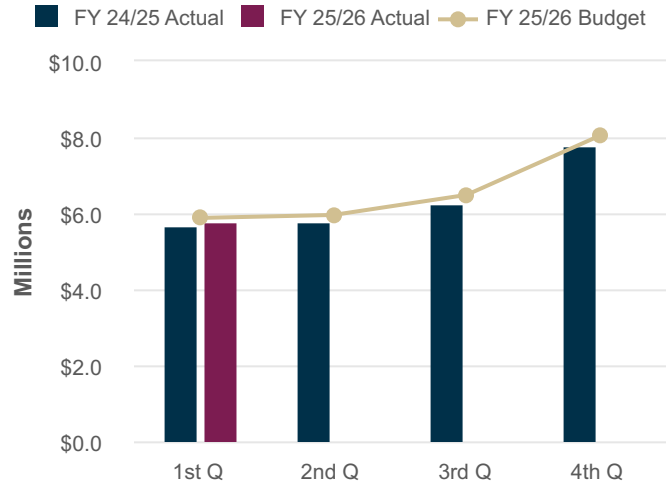
The Community Development Department has spent 32.7% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 34.7% of total annual spending. Expenditures are \$349 thousand, or 5.9%, below the budgeted amount through the first quarter.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Community Health & Human Services

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$5,878,725	\$5,782,301	21.9 %	22.3 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$5,878,725	\$5,782,301	21.9 %	22.3 %
Variance from Budget		\$96,424	1.6 %	

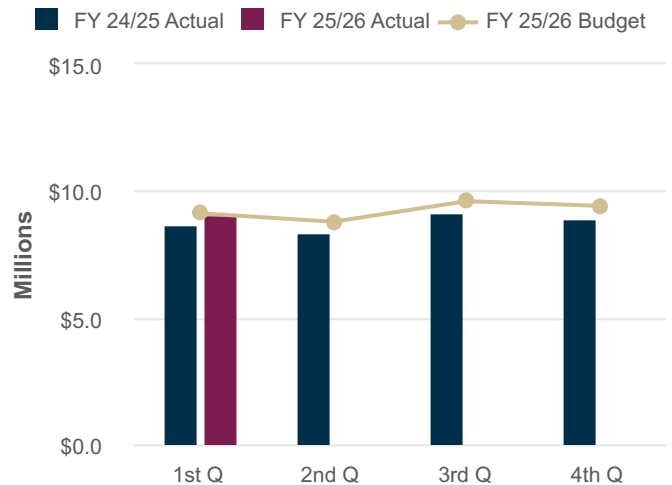


Favorable

The Community Health & Human Services Department has spent 21.9% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 22.3% of total annual spending. Expenditures are \$96 thousand or 1.6% below the budgeted amount through the first quarter.

Community Services

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$9,118,814	\$9,067,206	24.6 %	24.7 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$9,118,814	\$9,067,206	24.6 %	24.7 %
Variance from Budget		\$51,608	0.6 %	



Favorable

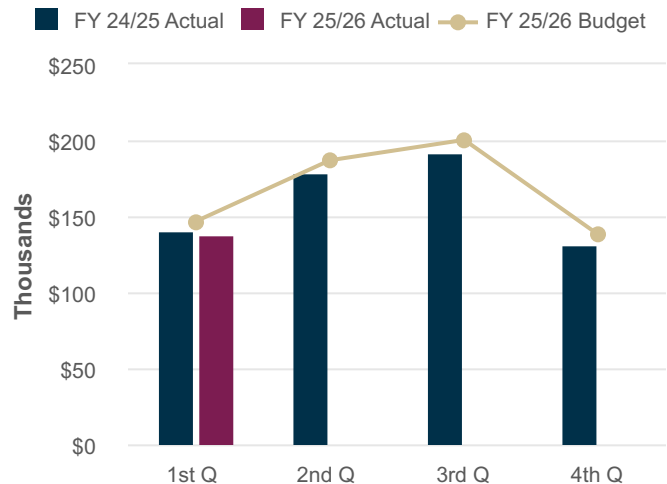
The Community Services Department spent 24.6% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 24.7% of total annual spending. Expenditures are \$52 thousand or 0.6% below the budgeted amount through the first quarter.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Diversity, Equity & Inclusion

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$146,537	\$137,519	20.5 %	21.8 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$146,537	\$137,519	20.5 %	21.8 %
Variance from Budget		\$9,018	6.2 %	

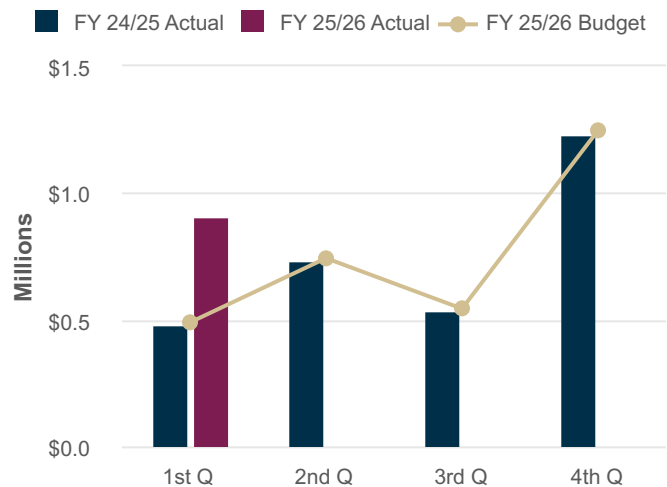


Favorable

The Diversity, Equity and Inclusion Department has spent 20.5% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 21.8% of total annual spending. Expenditures are \$9 thousand or 6.2% below the budgeted amount through the first quarter.

Economic Development Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$489,157	\$910,285	30.1 %	16.2 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$489,157	\$910,285	30.1 %	16.2 %
Variance from Budget		\$(421,128)	(86.1)%	



Unfavorable

The Economic Development Office has spent 30.1% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 16.2% of total annual spending. Expenditures are \$421 thousand or 86.1% above the budgeted amount through the first quarter. The variance from the budget is due to the annual office rental expense, which was posted in the first quarter.

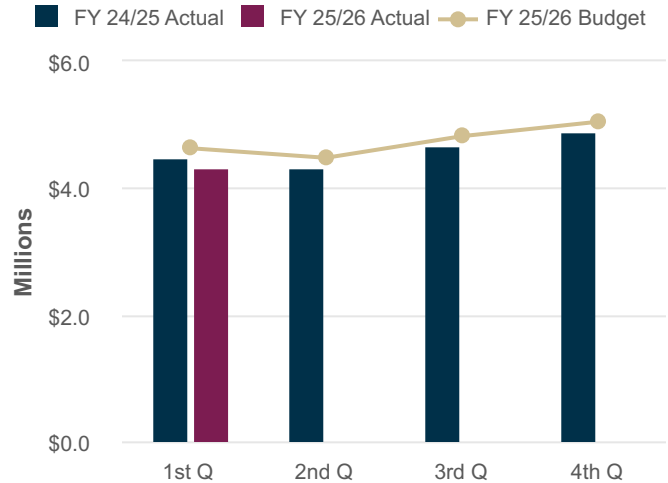
Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Financial Services

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$4,628,700	\$4,335,887	22.9 %	24.4 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$4,628,700	\$4,335,887	22.9 %	24.4 %
Variance from Budget		\$292,813	6.3 %	

Favorable

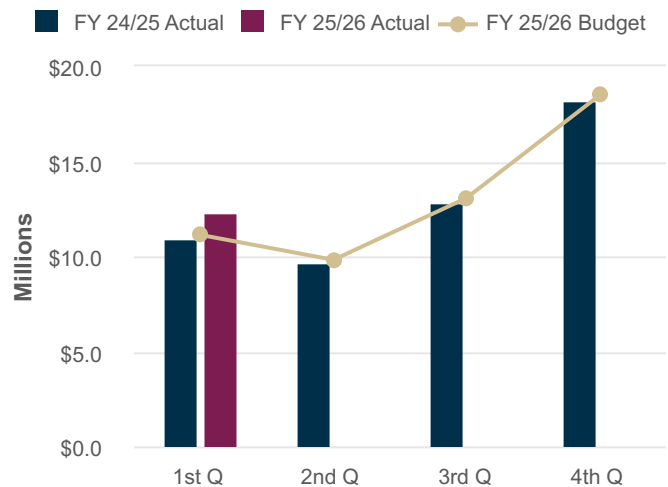


The Financial Services Department has spent 22.9% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 24.4% of total annual spending. Expenditures are \$293 thousand or 6.3% below the budgeted amount through the first quarter.

Fire Medical Rescue

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$11,128,054	\$12,367,885	23.6 %	21.2 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$11,128,054	\$12,367,885	23.6 %	21.2 %
Variance from Budget		\$(1,239,831)	(10.0)%	

Unfavorable



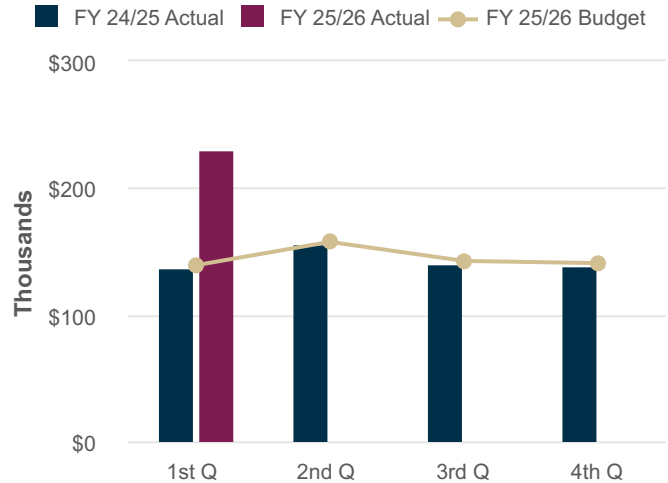
The Fire Medical Rescue Department has spent 23.6% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 21.2% of total annual spending. Expenditures are \$1.2 million or 10.0% above the budgeted amount through the first quarter. The department is monitoring its budget and is taking steps to ensure expenditures are within the annual budget.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Government Relations Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$138,949	\$230,812	39.9 %	24.0 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$138,949	\$230,812	39.9 %	24.0 %
Variance from Budget		\$(91,863)	(39.8)%	

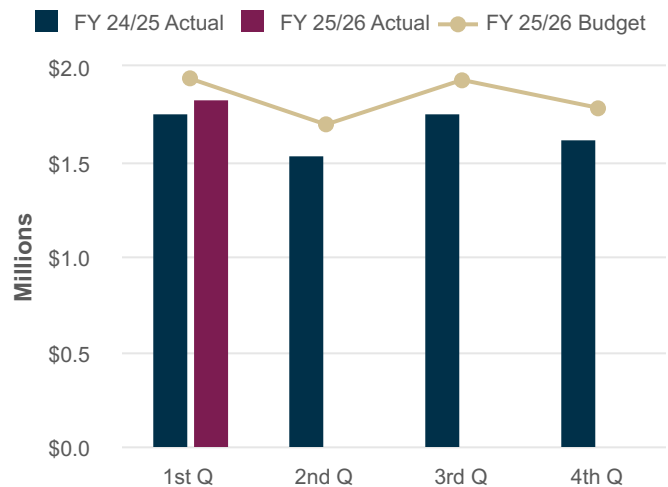


Unfavorable

The Government Relations Office has spent 39.9% of its FY 2025/26 budget in the first quarter, compared to a historical average in which this point of the year represents approximately 24.0% of total annual spending. Expenditures are \$92 thousand or 39.8% above the budgeted amount for the first quarter. The variance is due to membership dues that were paid in full in the first quarter.

Human Resources

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$1,935,810	\$1,827,068	24.9 %	26.4 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$1,935,810	\$1,827,068	24.9 %	26.4 %
Variance from Budget		\$108,742	5.6 %	



Favorable

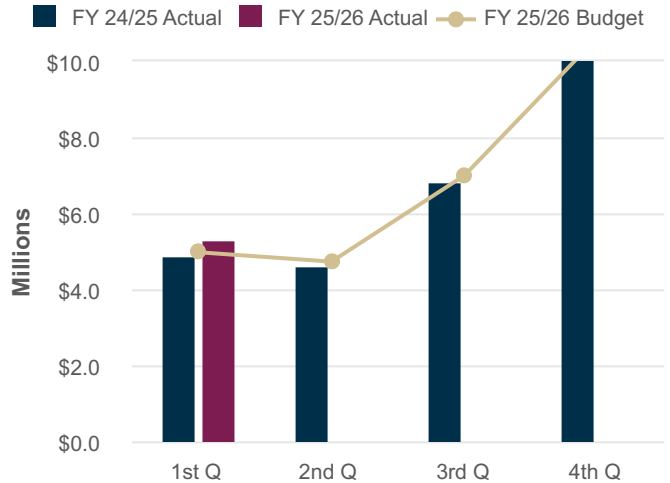
The Human Resources Department has spent 24.9% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 26.4% of total annual spending. Expenditures are \$109 thousand or 5.6% below the budgeted amount through the first quarter.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Information Technology

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$4,975,464	\$5,305,130	19.4 %	18.2 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$4,975,464	\$5,305,130	19.4 %	18.2 %
Variance from Budget		\$(329,666)	(6.6)%	

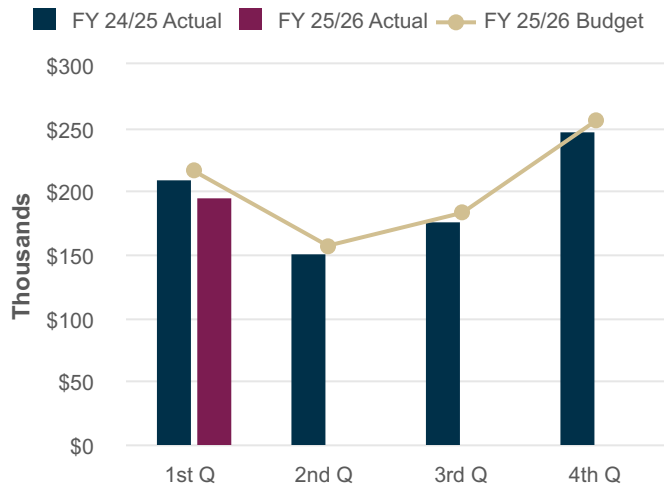


Unfavorable

The Information Technology Department has spent 19.4% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 18.2% of total annual spending. Expenditures are \$330 thousand, or 6.6%, above the budgeted amount through the first quarter, primarily because several annual software maintenance costs were paid upfront in Q1.

Internal Audit Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$216,102	\$196,307	24.2 %	26.6 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$216,102	\$196,307	24.2 %	26.6 %
Variance from Budget		\$19,795	9.2 %	



Favorable

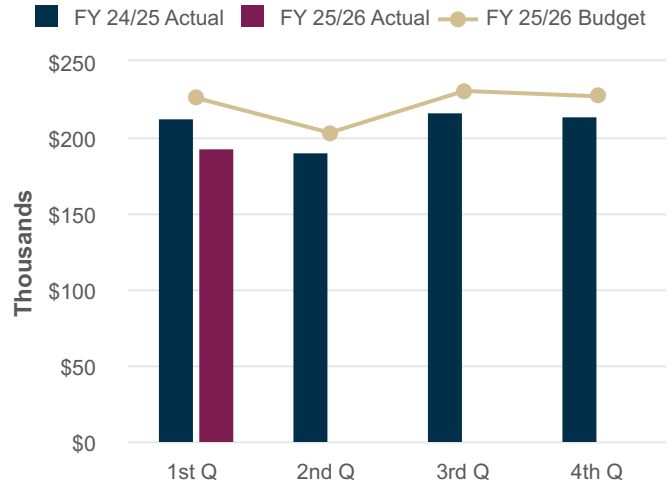
The Internal Audit Office has spent 24.2% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 26.6% of total annual spending. Expenditures are \$20 thousand, or 9.2%, below the budgeted amount through the first quarter.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Mayor & Council

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$226,097	\$193,464	21.8 %	25.5 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$226,097	\$193,464	21.8 %	25.5 %
Variance from Budget		\$32,633	14.4 %	

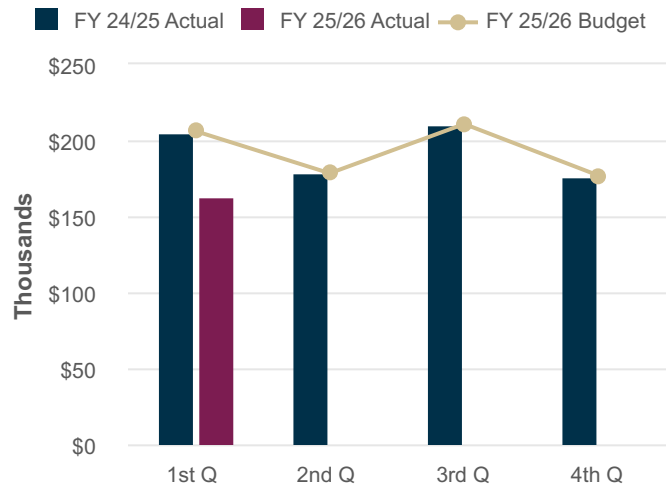


Favorable

The Mayor and Council Department has spent 21.8% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 25.5% of total annual spending. Expenditures are \$33 thousand, or 14.4%, below the budgeted amount through the first quarter.

Municipal Budget Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$206,126	\$162,769	21.1 %	26.7 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$206,126	\$162,769	21.1 %	26.7 %
Variance from Budget		\$43,357	21.0 %	



Favorable

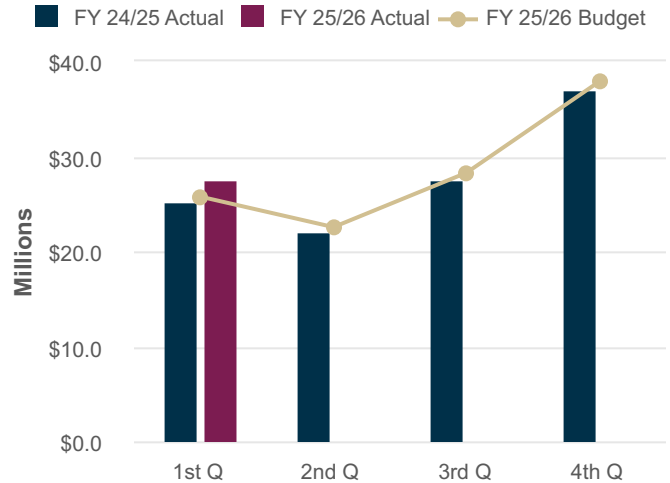
The Municipal Budget Office has spent 21.1% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 26.7% of total annual spending. Expenditures are \$43 thousand, or 21.0%, below the budgeted amount through the first quarter.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Police

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$25,755,312	\$27,674,083	24.2 %	22.5 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$25,755,312	\$27,674,083	24.2 %	22.5 %
Variance from Budget		\$(1,918,771)	(7.4)%	

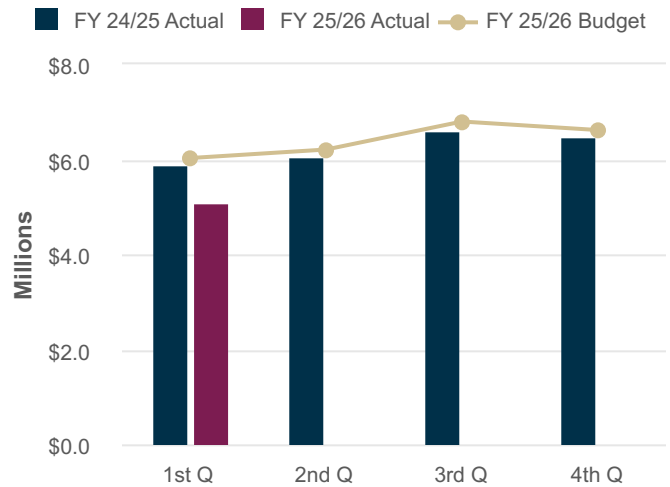


Unfavorable

The Police Department has spent 24.2% of its FY 2025/26 General Fund budget through the first quarter, compared to a historical average in which this point of the year represents approximately 22.5% of total annual spending. Expenditures are \$1.9 million, or 7.4%, above the budgeted amount in the first quarter. Annual one-time payouts were processed in quarter 1 of FY 2025/26, causing some of the variance.

Public Works

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$6,026,878	\$5,087,529	19.8 %	23.5 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$6,026,878	\$5,087,529	19.8 %	23.5 %
Variance from Budget		\$939,349	15.6 %	



Favorable

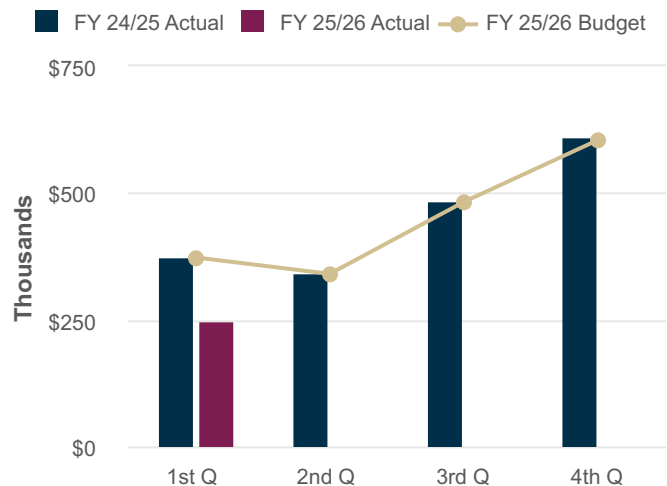
The Public Works Department has spent 19.8% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 23.5% of total annual spending. Expenditures are \$939 thousand, or 15.6%, below the budgeted amount through the first quarter.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Strategic Management & Innovation Office

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$372,903	\$249,175	13.8 %	20.7 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$372,903	\$249,175	13.8 %	20.7 %
Variance from Budget		\$123,728	33.2 %	

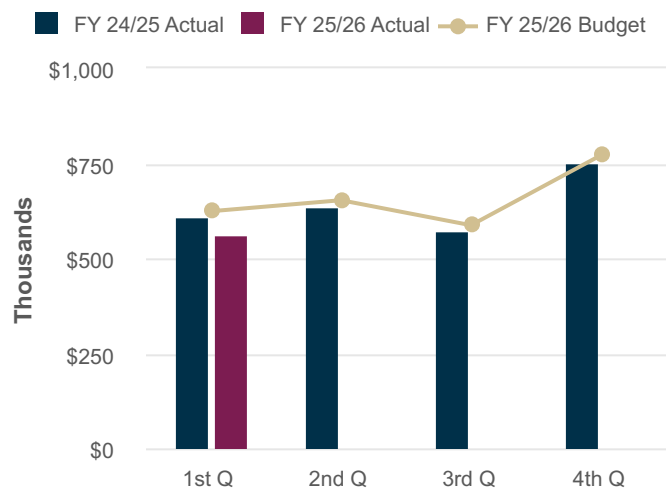


Favorable

The Strategic Management and Innovation Office has spent 13.8% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 20.7% of total annual spending. Expenditures are \$124 thousand, or 33.2%, below the budgeted amount through through the first quarter.

Transportation & Sustainability

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$623,988	\$562,308	21.4 %	23.7 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$623,988	\$562,308	21.4 %	23.7 %
Variance from Budget		\$61,680	9.9 %	



Favorable

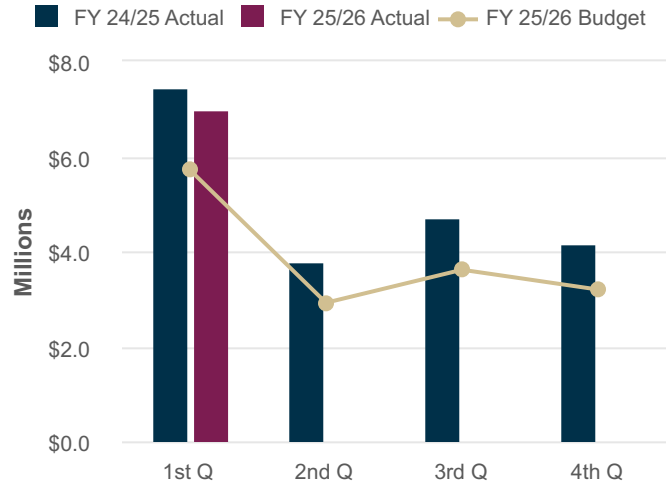
The Transportation & Sustainability Department has spent 21.4% of its FY 2025/26 budget through the first quarter, compared to a historical average in which this point of the year represents approximately 23.7% of total annual spending. Expenditures are \$62 thousand, or 9.9%, below the budgeted amount through through the first quarter.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

General Fund Expenses

Non-Departmental

	FY 25/26 Budget Expense	FY 25/26 Actual Expense	Actual % of Budget	3yr. Avg. % of Budget
1st Q Jul-Sep 25	\$5,712,065	\$6,984,247	45.2 %	37.0 %
2nd Q Oct-Dec 25				
3rd Q Jan-Mar 26				
4th Q Apr-Jun 26				
Total	\$5,712,065	\$6,984,247	45.2 %	37.0 %
Variance from Budget		\$(1,272,182)	(22.3)%	



Unfavorable

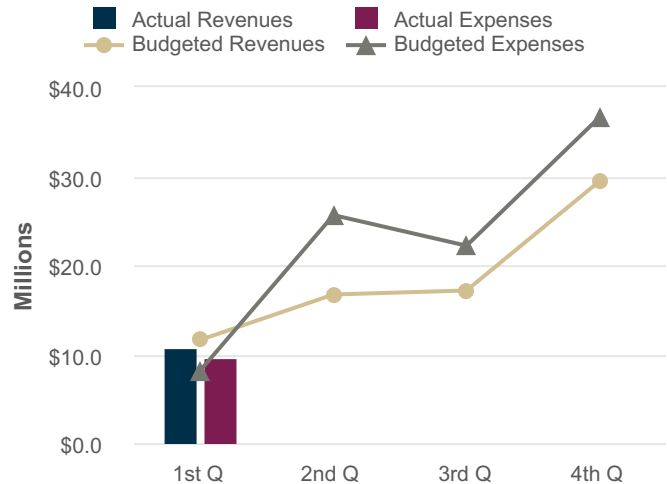
The Non-Departmental category of the budget includes items not directly related to the operations of any one City operating department. One example includes the payment of the Tempe Tourism Office's portion of the Bed Tax. Non-Departmental has spent 45.2% of its FY 2025/26 budget in the first quarter, compared to a historical average in which this point of the year represents approximately 37.0% of total annual spending. Expenditures are \$1.3 million, or 22.3%, above the budgeted amount in the first quarter. Transfers out to other funds in the city posted in quarter 1 of FY 2025/26, causing the variance from budget.

Note: Amounts exclude contingency appropriation, inventory, internal services and encumbrances.

Special Revenue Funds

Transit Fund

	FY 25/26 1Q Budget	FY 25/26 1Q Actual	Actual % of Budget	3yr. Avg. % of Budget
Revenue	\$11,608,340	\$10,732,536	14.3 %	15.5 %
Transfers In	–	–	0.0 %	100.0 %
Total Revenues	\$11,608,340	\$10,732,536	14.3 %	15.5 %
Operating	\$2,125,333	\$3,577,307	4.4 %	2.6 %
Capital	1,650	95	0.1 %	1.1 %
Debt Service	4,661	5,900	0.1 %	0.1 %
Transfers Out	6,060,138	6,060,138	100.0 %	100.0 %
Total Expenses	\$8,191,782	\$9,643,440	10.4 %	8.8 %
Net Surplus/ (Deficit)	\$3,416,558	\$1,089,096		

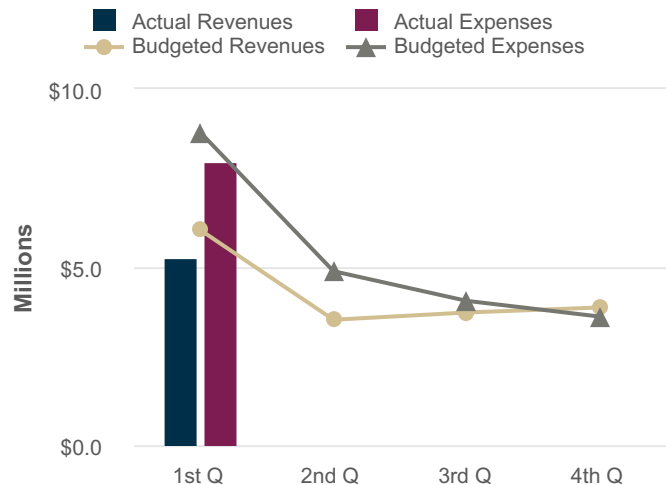


Unfavorable

The Transit Fund accounts for the revenues collected from the Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, operations, community outreach, and debt service. The Transit Fund revenue is at 14.3% of its FY 2025/26 budget through the first quarter compared to a historical average in which this point of the year represents approximately 15.5% of total annual revenue. Expenditures are 10.4% of budget while the historical average for this point of the year represents approximately 8.8% of total annual spending. Through the end of the first quarter of FY 2025/26, there is an operating surplus in the Transit Fund of \$1.1 million. Transit expenses have trended high due to enhanced security on transit.

Highway User Revenue Fund

	FY 25/26 1Q Budget	FY 25/26 1Q Actual	Actual % of Budget	3yr. Avg. % of Budget
Revenue	\$4,539,475	\$3,781,673	24.2 %	29.0 %
Transfers In	1,500,000	1,500,000	100.0 %	100.0 %
Total Revenues	\$6,039,475	\$5,281,673	30.8 %	35.2 %
Operating	\$4,449,513	\$3,459,128	23.6 %	30.3 %
Capital	246,021	440,462	17.2 %	9.6 %
Debt Service	–	–	0.0 %	0.0 %
Transfers Out	4,085,000	4,085,000	100.0 %	100.0 %
Total Expenses	\$8,780,534	\$7,984,590	37.4 %	41.2 %
Net Surplus/ (Deficit)	\$(2,741,059)	\$(2,702,917)		



Favorable

The Highway User Revenue Fund (HURF) accounts for the receipt of HURF distributions from the state. These revenues are derived largely from fuel taxes and vehicle registration fees and are allocated based on Tempe's share of state population as well as other factors. The Highway User Revenue Fund (HURF) is at 30.8% of its FY 2025/26 budget through the first quarter compared to a historical average in which this point of the year represents approximately 35.2% of total annual revenue. Expenditures are 37.4% of budget while the historical average for this point of the year represents approximately 41.2% of total annual spending. Through the end of the first quarter of FY 2025/26, there is an operating deficit in the Highway User Revenue Fund (HURF) of \$2.7 million.

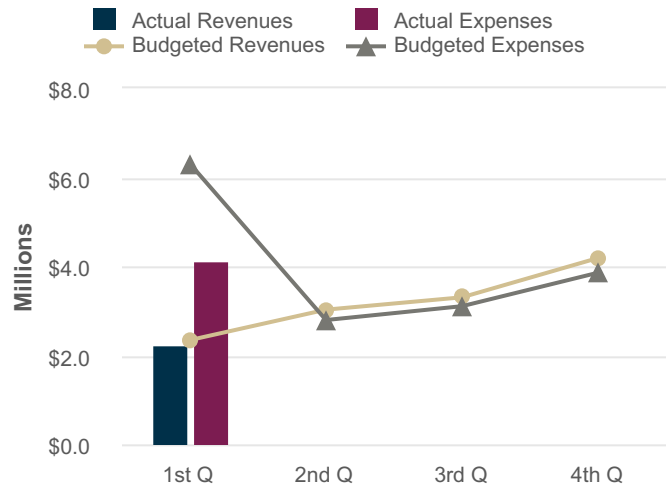
Note: Amounts exclude unrealized investment gains, prior year corrections, contingency appropriation, inventory and encumbrances.

Special Revenue Funds

Arts & Culture Fund

	FY 25/26 1Q Budget	FY 25/26 1Q Actual	Actual % of Budget	3yr. Avg. % of Budget
Revenue	\$2,093,318	\$2,228,114	17.7 %	16.6 %
Transfers In	250,000	–	0.0 %	100.0 %
Total Revenues	\$2,343,318	\$2,228,114	17.3 %	18.2 %
Operating	\$2,876,472	\$2,697,956	22.4 %	23.9 %
Capital	10,825	27,169	108.7 %	43.3 %
Debt Service	1,165	1,500	0.3 %	0.2 %
Transfers Out	3,415,000	1,415,000	41.4 %	100.0 %
Total Expenses	\$6,303,462	\$4,141,625	25.8 %	39.3 %
Net Surplus/ (Deficit)	\$(3,960,144)	\$(1,913,511)		

Favorable



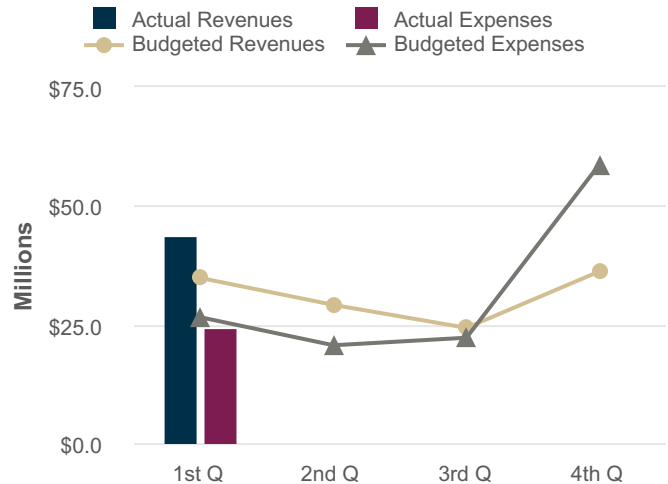
The Arts & Culture Fund accounts for the receipt of the 0.1% Arts & Cultural Sales Tax, which is used to fund operating expenses associated with the Tempe Center for the Arts (TCA), Tempe History Museum, Edna Vihef Arts Center and other arts and cultural programming. Arts and Culture Fund revenue is at 17.3% of its FY 2025/26 budget through the first quarter compared to a historical average in which this point of the year represents approximately 18.2% of total annual revenue. Expenditures are 25.8% of budget while the historical average for this point in the year represents approximately 39.3% of total annual spending. Through the end of the first quarter of FY 2025/26, there is an operating deficit of \$1.9 million.

Note: Amounts exclude unrealized investment gains, prior year corrections, contingency appropriation, inventory and encumbrances.

Water/Wastewater Fund

	FY 25/26 1Q Budget	FY 25/26 1Q Actual	Actual % of Budget	3yr. Avg. % of Budget
Revenue	\$34,326,890	\$43,648,231	35.2 %	27.7 %
Transfers In	468,000	–	0.0 %	100.0 %
Total Revenues	\$34,794,890	\$43,648,231	35.1 %	28.0 %
Operating	\$16,344,854	\$14,526,133	20.5 %	23.1 %
Capital	319,130	60,901	3.7 %	19.4 %
Debt Service	–	13,182	0.0 %	0.0 %
Transfers Out	9,850,697	9,674,840	98.2 %	100.0 %
Total Expenses	\$26,514,681	\$24,275,056	19.0 %	20.7 %
Net Surplus/ (Deficit)	\$8,280,209	\$19,373,175		

Favorable

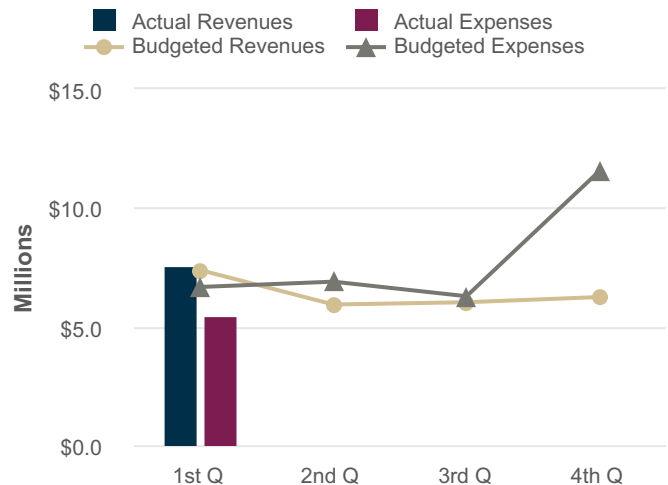


The Water/Wastewater Fund is an enterprise fund used to account for all water and wastewater treatment operations in the City. The Water/Wastewater Fund revenue is at 35.1% of its FY 2025/26 budget through the first quarter compared to a historical average in which this point of the year represents approximately 28.0% of total annual revenue. Expenditures are 19.0% of budget while the historical average for this point of the year represents approximately 20.7% of total annual spending. Through the end of the first quarter of FY 2025/26, there is an operating surplus of \$19.4 million.

Solid Waste Fund

	FY 25/26 1Q Budget	FY 25/26 1Q Actual	Actual % of Budget	3yr. Avg. % of Budget
Revenue	\$5,997,638	\$6,237,185	25.8 %	24.8 %
Transfers In	1,375,464	1,375,464	100.0 %	100.0 %
Total Revenues	\$7,373,102	\$7,612,649	29.8 %	28.8 %
Operating	\$4,637,569	\$4,388,277	20.4 %	21.6 %
Capital	2,027,542	1,072,900	13.5 %	25.5 %
Debt Service	–	–	0.0 %	0.0 %
Transfers Out	–	–	0.0 %	100.0 %
Total Expenses	\$6,665,111	\$5,461,177	17.4 %	21.2 %
Net Surplus/ (Deficit)	\$707,991	\$2,151,472		

Favorable



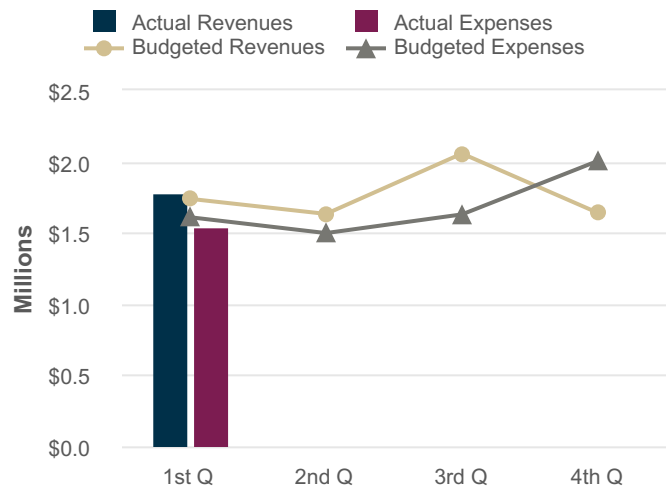
The Solid Waste Fund is an enterprise fund that accounts for the operating, maintenance, and capital costs of providing residential and commercial solid waste services. Solid Waste Fund revenue is at 29.8% of its FY 2025/26 budget through the first quarter compared to a historical average in which this point of the year represents approximately 28.8% of total annual revenue. Expenditures are 17.4% of budget while the historical average for this point of the year represents approximately 21.2% of total annual spending. Through the end of the first quarter of FY 2025/26, there is an operating surplus of \$2.2 million surplus.

Note: Amounts exclude unrealized investment gains, prior year corrections, contingency appropriation, inventory and encumbrances.

Emergency Medical Transport Fund

	FY 25/26 1Q Budget	FY 25/26 1Q Actual	Actual % of Budget	3yr. Avg. % of Budget
Revenue	\$1,738,137	\$1,781,265	25.2 %	24.6 %
Transfers In	–	–	0.0 %	100.0 %
Total Revenues	\$1,738,137	\$1,781,265	25.2 %	24.6 %
Operating	\$1,597,996	\$1,435,119	23.3 %	25.9 %
Capital	10,830	111,638	19.6 %	1.9 %
Debt Service	–	–	0.0 %	0.0 %
Transfers Out	–	–	0.0 %	100.0 %
Total Expenses	\$1,608,826	\$1,546,757	22.9 %	23.9 %
Net Surplus/ (Deficit)	\$129,311	\$234,508		

Favorable



The Emergency Medical Transport Fund is an enterprise fund that provides for operation, maintenance, and debt service costs associated with providing an ambulance service for medical emergencies within the community. Emergency Medical Transport Fund revenue is at 25.2% of its FY 2025/26 budget through the first quarter compared to a historical average in which this point of the year represents approximately 24.6% of total annual revenue. Expenditures are 22.9% of budget while the historical average for this point of the year represents approximately 23.9% of total annual spending. Through the end of the first quarter of FY 2025/26, there is an operating surplus in the Emergency Medical Transport fund of \$235 thousand.

Note: Amounts exclude unrealized investment gains, prior year corrections, contingency appropriation, inventory, and encumbrances.