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City Council Special Meeting

DEPARTMENT: Financial Services

FROM: Holly R. Holt-Torres, Assistant Director

MEETING: July 16, 2026

SUBJECT:

Receive a report, hold a discussion, and provide staff direction regarding the Budget Performance Report for the nine-month period ending June 30, 2026, for the City's four major operating funds, including:

- Review budget status for revenues, expenditures, and fund balances as of June 30, 2026, for the City's General Fund, Water Utility Fund, Wastewater Utility Fund, and Storm Drainage Utility Fund.

- Review estimated savings anticipated from the cost-containment measures implemented by the Interim City Manager to begin mitigating the combined projected deficit of $14.2 million in the City's General Fund for Fiscal Year 2025-26. The projected deficit results from a lower than budgeted beginning fund balance, revenues projected to be below budgeted levels, and a resulting fund balance projected to be below the City's minimum required reserve level, as previously presented to the City Council on May 16, 2026.

SUMMARY:

The purpose of this briefing is to provide the Mayor and City Council with a comprehensive monthly financial update regarding the City's four major operating funds: the General Fund, Water Utility Fund, Wastewater Utility Fund, and Storm Drainage Utility Fund.

This report represents the continuation of a series of recurring monthly financial updates and is intended to strengthen financial transparency, further enhance fiscal oversight, and provide timely information regarding the City's financial position.

The June 2026 update reflects financial activity through June 30, 2026, and includes budget-to-actual performance, current revenue and expenditure trends, and estimated fund balance information based upon the most recently available financial data.

Additionally, this report will review estimated savings anticipated from the cost-containment measures implemented by the Interim City Manager to begin mitigating the combined projected deficit of $14.2 million in the City's General Fund for Fiscal Year 2025-26, as previously presented to the City Council on May 16, 2026

PRIOR ACTION/INPUT (Council, Boards, Citizens):

On May 16, 2026, City Council received a Special Budget Workshop presentation regarding the City's FY2026 Current Year Estimate and FY2027-FY2031 Five-Year Financial Forecast.

During that workshop, Council expressed a desire for increased financial transparency and more frequent reporting regarding the City's fiscal condition, including regular updates on revenues, expenditures, fund balances, and budget performance.

In response, Financial Services continues to closely monitor revenues, expenditures, and fund balances across all major funds. Staff is actively evaluating opportunities to improve financial sustainability, identify operational efficiencies, reduce expenditures where appropriate, and develop recommendations that support the City's long-term financial health while maintaining essential service levels.

The information presented in this monthly update is intended to provide Council with a transparent assessment of current financial conditions and support informed policy discussions regarding future budgetary decisions.

FISCAL IMPACT:

1. City Department:	Financial Services	
2. Project Name:	June 2026 Monthly Financial Update	
3. Budget/Accounting Code(s):		
4. Funding Type:		
5. Funding Source:		
6. Current Appropriation:	$	-
7. Unencumbered Available Balance:	$	-
8. Amount of This Action:	$	-
9. Unencumbered Balance Remaining:	$	-

10. Special Note/Comment:

This item is to receive a report, hold a discussion, and provide staff direction regarding the June 2026 Monthly Financial Update – Major Funds, Revenue and Expenditure Performance and Estimated Fund Balance. There is no fiscal impact at this time.

11. Prepared & Verified By:	Angel Avila, Budget Analyst	7/7/2026
12. Reviewed & Approved By:	Dillon Saunderson, Budget Manager	7/7/2026

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