



## City Council Report

Date: June 1, 2026  
To: City Council  
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer  
From: Brian A. Ritschel, Management and Budget Director  
Subject: Adoption of the Fiscal Year (FY) 2026/27 Budget

The balanced budget continues the City's commitment to providing quality services to residents and businesses in a fiscally responsible manner. The FY26/27 budget represents a significant step toward reaching a structural balance earlier than was estimated just one year ago. While state and federal actions led the City to this challenging situation, the City has responded by cutting spending and finding efficiencies. Every decision we have made has been with the interest of our taxpayers in mind.

The tentative adoption of the budget approved by City Council on May 18, 2026 set the maximum expenditure budget amount for FY26/27. The budget summary has been published on the City's website and in the local paper for two consecutive weeks as required by Arizona state statute. The public hearing will take place before City Council consideration of the final adoption of the FY26/27 budget. Adoption of the annual budget requires a two-third (2/3) vote.

As required by Arizona state statutes, the adopted budget consists of summary schedules: the estimated resources available to the City during FY26/27 by source and by fund, the estimated expenditures (costs) planned by the City by fund and by department, and the full-time equivalent (FTE) positions by fund.

The City Manager's proposed budget was presented through multiple presentations to, and discussed with, the City Council beginning 4/2/2026 through 6/1/2026. Council direction and City Manager recommendations were incorporated into the final budget.

Budget modifications can be made throughout the year based on the needs and priorities of the City by the City Manager or city manager designee. These modifications include but are not limited to: allocation of grant funds, additions/deletions/changes to positions, changes to compensation, and additions/deletions/changes to programs. While the process may vary depending on the type of modification, all modifications are

reviewed for compatibility with City Council priorities and direction, compatibility with city management/department goals and objectives, availability of necessary funding, impact on financial forecast, and budget authorization capacity.

The City values financial transparency, access to data, and multi-format communication. The following will be available on the City's website: budget resolution and schedules following adoption, additional State required financial schedules within 7 days of budget adoption, departmental/fund budget detail in the Open Budget application after the close of the first month of the fiscal year, and the Executive Budget Plan document within 90 days of budget adoption.