

TITLE: FY 2026 Quarter-Two Financial Update

DISPOSITION: Discussion and possible action

PRESENTER/S: Michael A. Black, AICP, City Manager

ATTACHMENT/S: Q2 Budget Report

STAFF RECOMMENDATION: Staff recommends that the Council review the FY 26 - Q2 Financial Report and accept the report as the record of the half-year budget performance.

General Fund Overview

At the halfway point of FY 2026, overall financial performance is stable and tracking close to expectations. Revenues are at 48% of the annual budget and expenditures are at 36%, indicating that departments remain within planned spending levels. Revenues are especially strong considering that none of the major transfers from Enterprise Funds or Restricted Funds into the General Fund have been booked yet.

Key Revenue Highlights

Revenues tied to sales, resort, and room taxes continue to perform higher than expected and the end of the calendar year, reflecting a strong Fall and Winter tourism season. Key mid-year results include:

- Sales & Use Tax: 55% of annual budget collected
- Resort Community Tax: 58% collected
- Transient Room Tax: 63% collected

Additionally, Property Tax revenues are at 76%, which aligns with the typical timing of annual collections.

Key Expense Highlights

Most departments are tracking between 45–50% of budget, which is appropriate for this stage of the fiscal year. Personnel costs across HR, Treasurer, Recorder, CDD, Police, and Public Works fall between 48–55%, which is consistent with mid-year expectations.

Where salary lines are slightly above the 50% mark, the primary reasons include:

1. Vacation buyback liabilities — these are now budgeted under “Future Liabilities,” so they will not impact salary lines moving forward.
2. Minor personnel adjustments, including promotions that were not anticipated when the original budget was prepared.

3. Full staffing levels. This is a positive indicator of service capacity and operational stability.

Transfers & Capital Impacts

Several large, budgeted transfers have not yet occurred and will materially affect the General Fund balance when executed. These transfers will happen prior to the end of the fiscal year and include revenue from enterprise funds and payments to the CIP for property tax collected.

Enterprise & Other Funds

All Enterprise Funds and other Special Revenue Funds are performing as expected at mid-year.

CIP: Some capital projects show early spending—such as Kane Creek Reconstruction, Municipal Building Solar Upgrades, and Trail/Bridge work. Several project line items appear over budget in the current fiscal year (Kane Creek, McKinstry Contract) due to expenses that were planned for the prior fiscal year but deferred and recorded early in the current fiscal year. When viewed across both fiscal years, the projects remain within the overall approved budget, and sufficient revenue is available to cover these costs.

Summary

Moab City remains in a stable financial position at the mid-year point. Tourism-related revenues are strong, expenditures are generally tracking as expected and no major structural budget issues are apparent. FY 2026 continues to align well with operational needs and revenue performance. Staff will continue to monitor transfers, capital project balances, and departmental spending as we continue the rest of the fiscal year.

Proposed Motion:

I move to accept the FY 26 Q2 Budget Update.

RELEVANT LAWS, STUDIES & PLANS:

The quarterly review of the budget supports the Moab Strategic Plan Pillar of:

Achieve Practical, Accountable and Responsive Governance

RESPONSIBLE DEPARTMENT(S):

Administration

FINANCIAL IMPACT:

The financial report shows all of the received revenue and expenditures for the second quarter. There is no specific budget impact that comes from the review of this report. Staff is not presenting a recommended budget adjustment with this item.