



DATE: January 20, 2026

TO: Mayor and Members of the City Council
President and Members of the Estero Municipal Improvement District (EMID) Board of Directors

VIA: Stefan Chatwin, City/District Manager

FROM: Nate Cruz, Finance Director

DEPARTMENT: Finance

SUBJECT: FY 2025-26 FIRST QUARTER FINANCIAL UPDATE

RECOMMENDATION

It is recommended that the City Council/EMID Board of Directors, by Minute Order, receive and accept the report on the FY 2025-26 First Quarter Financial Update.

EXECUTIVE SUMMARY

The first quarter of the year ended with normal results, with revenues and expenses at levels typical to the end of September. As described in more detail below, staff projects a year-end surplus of \$5.4 million, primarily driven by unbudgeted (but partial) VLF reimbursement and unspent staffing resources.

BACKGROUND/ANALYSIS

The table below summarizes General Fund (Funds 001-003) operating results throughout the first quarter.

| Ref | Category | FY 2024-25 | | | Variance | |
|-----|-------------------------------|--------------------|----------------------|--------------------|--------------------|------------|
| | | Amended Budget | Actual as of 9/30/25 | Projected Year End | \$ | % |
| | Property Tax (incl. ERAF) | \$ 39,956,666 | \$ 42,044 | \$ 39,956,666 | \$ - | 0% |
| 1 | Prop. Taxes in Lieu of VLF | 2,680,715 | 1,564,791 | 4,180,715 | 1,500,000 | 56% |
| 2 | Sales Tax | 3,992,179 | 331,575 | 3,943,179 | (49,000) | -1% |
| | Transient Occupancy Tax | 4,600,000 | 417,216 | 4,600,000 | - | 0% |
| 3 | Business License Tax | 4,100,000 | 31,612 | 4,300,000 | 200,000 | 5% |
| | Permits | 2,721,093 | 793,041 | 2,721,093 | - | 0% |
| 4 | Interest | 1,713,900 | 578,565 | 2,045,032 | 331,132 | 19% |
| | Other | 6,334,612 | 1,552,576 | 6,334,612 | - | 0% |
| | Total Revenues | 66,099,165 | 5,311,420 | 68,081,297 | 1,982,132 | 3% |
| 5 | Personnel Cost | 40,464,177 | 9,209,203 | 36,836,812 | (3,627,365) | -9% |
| | Supplies & Other | 25,876,538 | 8,360,417 | 25,876,538 | - | 0% |
| | Total Expenditures | 66,340,715 | 17,569,620 | 62,713,350 | (3,627,365) | -5% |
| | Net Revenues | (241,550) | | 5,367,947 | 5,609,497 | * |
| | Net Transfers In (Out) | (5,000,000) | | (5,000,000) | - | 0% |
| | Change to Fund Balance | (5,241,550) | | 367,947 | 5,609,497 | * |
| | Beginning Fund Balance | 71,304,469 | | 71,304,469 | | |
| | Ending Fund Balance | 66,062,919 | | 71,672,416 | | |
| | % of Next Year's Expenses | 98.0% | | 106.3% | | |

*Indicates variance percentage is not mathematically meaningful due to one of the compared figures being negative.

Projected year-end results were updated as follows:

1. Property Tax In-Lieu of VLF was increased by \$1.5 million to account for the unbudgeted (but only partial) shortfall reimbursement from the State.
2. Sales and Use taxes were slightly reduced to reflect the most updated projections provided by our tax consultants.
3. Business License Tax revenues were increased by \$200,000 to reflect higher anticipated collections under the BLT Amnesty Program.
4. Interest earnings were increased to account for market rates which remain higher than budget assumptions.
5. Personnel Cost is projected using a straight-line methodology, such that the year-end estimate assumes first quarter staffing costs remain consistent through the end of the year.

This report is intended to provide high level financial information for the City Council, City Departments, and the public. See the attachments for more General Fund details and information on other funds.

FISCAL IMPACT

There is no fiscal impact associated with the acceptance of this report.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

Staff Empowerment and Operational Excellence

ATTACHMENTS:

Attachment 1 - Changes in Fund Balances

Attachment 2 - Budget vs. Actual and Prior Year's Revenues

Attachment 3 - Budget vs. Actual and Prior Year's Expenditures