

ATTACHMENT 4

Budget Performance Summary Fiscal Year 2025-26 Q3 Through Period Ending March 31, 2026

At the close of Q3, citywide revenues total \$42.8 million (53% of budget) and expenditures total \$56.9 million (64% of budget). Compared to the same period last year, revenues are slightly lower while expenditures are trending higher, reflecting the timing of major receipts and acceleration of operating and capital expenditures in the second half of the fiscal year.

General Fund Revenues

Total General Fund revenues through March 31, 2026 are \$42.8 million (53% of budget).

- **Property Tax Revenues** – \$17.7 million (56%). Strong performance following major Q3 collections; revenues are pacing ahead of prior years.
- **Sales Tax Revenues** – \$10.9 million (55%). Collections remain stable but reflect flattening trends compared to prior year growth.
- **Other Taxes** – \$4.9 million (38%). Slightly below pace, consistent with timing of utility user and business tax receipts.
- **Licenses and Permits** – \$955 thousand (48%). Trending moderately below budget at Q3; however, business license activity is expected to increase in the fourth quarter as annual renewals are processed, which will bring revenues more in line with budget by year-end.
- **Charges for Services** – \$6.4 million (65%). Revenues are performing ahead of typical pacing at Q3. Departmental activity varies, with strong cost recovery in Fire, moderate collections in Police, minimal activity in Parks, and steady program revenues in Recreation. Business activity is expected to continue through year-end, with this category projected to meet or slightly exceed budget.
- **Investment Earnings** – negative \$301 thousand. The negative balance reflects timing of the Local Agency Investment Fund (LAIF) receivable reversal; expected to normalize.
- **Other Revenues** – \$1.3 million (131%). Over budget due to one-time or unanticipated revenues.

General Fund Expenditures

Total General Fund expenditures are \$56.9 million (64% of budget). Overall, expenditures have accelerated compared to Q2, consistent with normal spending patterns in the latter half of the fiscal year.

- **Personnel Services** – \$35.4 million (70%). Tracking slightly ahead of pace due to

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staffing levels.

- **Professional Services** – \$5.46 million (53%). On track with budget expectations.
- **Supplies** – \$12.1 million (62%). Reflects increased operational activity.
- **Capital Outlay & Improvements** – \$1.3 million (combined). Combined spending on capital outlay and capital improvement reflects early-stage project activity, with additional expenditures anticipated in the fourth quarter as projects progress.

Major Funds Summary

- **Measure Q (Fund 105)** – Revenues total \$9.3 million (66%) and expenditures total \$7.6 million (78%), reflecting strong sales tax performance with expenditures ramping up for public safety and infrastructure projects as planned.
- **Measure M (Fund 320)** – Revenues total \$6.2 million (62%) and expenditures total \$7.9 million (69%), with expenditures currently outpacing revenues due to timing, though activity is expected to align by year-end.
- **Development Services (Fund 340)** – Revenues total \$6.6 million (80%) and expenditures total \$4.9 million (35%), indicating strong development-related revenue activity with expenditures lagging due to project timing, providing fund capacity.
- **Gas Tax / Street Improvement (Fund 420)** – Revenues total \$4.1 million (81%) and expenditures total \$2.8 million (63%), reflecting strong revenue performance driven by State gas tax allocations and Measure Q contributions, with expenditures progressing steadily on street maintenance and improvement projects.
- **Gas Tax / Street Improvement SB1 (Fund 425)** – Revenues total \$1.6 million (64%) and expenditures total \$3.2 million (47%), consistent with the timing of State allocations and phased capital project delivery.
- **Measure K (Fund 440)** – Revenues total \$2.9 million (36%) and expenditures total \$4.9 million (45%), with both revenues and expenditures trending below budget due to the timing of State disbursements and capital project schedules.
- **Fire Facilities Fees (Fund 530)** – Revenues total \$1 million (69%) and expenditures total \$399 thousand (10%), reflecting steady development-driven fee collection with expenditures aligned to facility planning and project timing.
- **Government Facilities Fees (Fund 540)** – Revenues total \$5.24 million (94%) and expenditures total \$2 million (24%), indicating strong development activity with expenditures lagging due to timing of major facility projects, including the new Police Headquarters.
- **Golf Course (Fund 620)** – Revenues total \$2.3 million (92%) and expenditures

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total \$1.3 million (58%), reflecting solid operational performance, with revenues pacing well and expenditures increasing as seasonal and maintenance activity progresses.

- **Sewer O&M (Fund 640)** – Revenues total \$20.6 million (72%) and expenditures total \$13.9 million (29%), reflecting stable rate-driven revenues, with expenditures trending lower due to the timing of operational and capital activity.
- **Solid Waste (Fund 660)** – Revenues total \$20.6 million (84%) and expenditures total \$13.5 million (49%), with revenues performing strong and expenditures moderate; however, planned use of fund balance is drawing down reserves and will require ongoing monitoring.
- **Water O&M (Fund 680)** – Revenues total \$23.6 million (83%) and expenditures total \$10.9 million (38%), reflecting strong utility revenues with expenditures expected to increase as capital projects advance.
- **Engineering (Fund 810)** – Revenues total \$3.3 million (64%) and expenditures total \$2 million (52%), reflecting lower revenue collections due to timing of development activity while expenditures continue to support ongoing project delivery.

Challenges & Considerations

- **Revenue Pace:** Revenues have improved from Q2 (35% → 53%) but still lag full-year pacing due to timing of major receipts.
- **Expenditure Pace:** Expenditures increased significantly (32% → 64%), reflecting operational ramp-up and project execution.
- **Cash Flow & Reserves:** No immediate concerns indicated, but continued monitoring is warranted given the scale of appropriations and timing of receipts. Several funds (i.e. Measure M and capital-heavy funds) show expenditure timing exceeding revenues.
- **Forecast Risk:** Continued monitoring is needed as expenditures are now outpacing revenues at the citywide level.

Analysis & Outlook

At Q3, the City is transitioning into peak expenditure activity while revenues continue to catch up following major collection periods. Revenues are improving but remain timing-dependent, while expenditures are now aligned with expected second-half spending patterns.

Staff will continue to monitor revenue realization and expenditure trends closely heading into year-end, with particular attention to maintaining fund balance stability and aligning appropriations with actual activity.