

## **ATTACHMENT 2**

### **Budget Performance Summary Fiscal Year 2024-25 Q3 Through Period Ending March 31, 2025**

Citywide revenues received at the close of Q3 are at 74% of budget (\$209 million), a 29% increase from the same time last year and citywide expenditures are at 44% of budget (\$169.8 million), an 18% increase from the same time last year. Below is a high-level summary of key financial metrics and major fund summaries.

#### **General Fund Revenues**

- Total General Fund revenues received through March 31, 2025 are at 74% of budget (\$55.6 million).
- Property Tax revenues account for 37% of the General Fund revenue budget in the current year. 57% (\$16 million), has been received. Collections remain on schedule with no major delinquencies reported.
- Sales Tax revenues account for 26% of the General Fund revenue budget in the current year. 61% (\$11.9 million) has been received, a 3% increase from this time last year; however, sales taxes are projected to decline by 2.1% in FY26.
- Other Taxes closed the quarter with 49% of budget received (\$5.6 million).
- Licenses and Permits revenue received is at 51% of budget (\$1.1 million) at the close of Q3. Cannabis permits makes up 70% of the licenses and permits revenue received thus far, which will be disproportionate in future years as there is a strict cap on the number of dispensaries permitted to operate within the city.
- Charges for Services includes General Government overhead costs and fees for Fire, Police, Public Works, Parks, and Recreation programs which make up 13% of the General Fund revenue budget. Revenue for all Charges for Services programs are reported at 71% of budget for the quarter (\$6.98 million)
  - Charges for Services-Fire are reported at 127% of budget for the quarter (\$1.77 million).
  - Charges for Services-Police are reported at 57% of budget for the quarter (\$151 thousand).
  - Charges for Services-Parks are reported at 99% of budget for the quarter (\$70 thousand).
  - Charges for Services-Recreation are reported at 113% of budget for the quarter (\$45 thousand)
- Investment Earnings received at the close of Q3 come to \$12.5 million.

#### **General Fund Expenditures**

- Total General Fund expenditures are at 63% (\$50.1 million), with personnel costs remaining stable and operational expenses slightly below projections due to cost-saving initiatives.

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### Major Funds Summary

- **Measure M (Fund 320):** Sales Tax revenues received are at 60% of budget (\$6 million) while expenditures are at 70% of budget (\$7.4 million). This aligns with the plan to utilize reserves for personnel and needed capital outlay.
- **Development Services (Fund 340):** Revenues received are at 121% of budget (\$8 million) while expenditures are at 43% of budget (\$4.3 million). Revenues are coming in 27% higher than the same time last year, due to continuously strong growth and development.
- **Gas Tax/Street Improvement (Fund 420):** Revenues received are at 78% of budget (\$1.99 million), while expenditures are at 55% of budget (\$2 million). Expenditures are lower than anticipated due to project prioritization and delays. Tax revenues have been outpaced by expenditures due to the high cost of ongoing street maintenance, capital improvement projects, fuel price fluctuations and shifts in consumption patterns. Staff are exploring alternative funding sources.
- **Gas Tax/ Street Improvement SB1 (Fund 425):** Revenues received are at 54% of budget (\$1.2 million), while expenditures are at 36% of the budget (\$2.58 million). Staff will continue to monitor SB1 allocations while maintaining compliance with state funding guidelines.
- **Measure K (Fund 440):** Revenues received are at 147% of budget (\$7.5 million), while expenditures are at 53% of budget (\$3.2 million).
- **Fire Facilities Fees (Fund 530):** Revenues received are at 65% of budget (\$1 million), while expenditures are at 92% (\$1.2 million). Revenues are 19% higher than the same time last year related to growth and development. Expenditures show a 91% increase from the same time last year due to purchasing a Type 1 Fire Engine ahead of tariff adjustments saving the city approximately \$200 thousand.
- **Government Facilities Fees (Fund 540):** Revenues received are at 134% (\$6.7 million), while expenditures are at 2% (\$82 thousand). Expenditures are related to capital projects that are anticipated to start in the next fiscal year.
- **Golf Course (Fund 620):** Revenues are at 78% of budget (\$1.2 million), while expenditures are at 69% of budget (\$1.3 million). This fund requires General Fund support to remain operational. To reduce this ongoing subsidy, staff is actively exploring revenue-generating solutions to improve self-sufficiency and lessen its financial impact on the General Fund over time.
- **Sewer O&M (Fund 640):** Revenues received are at 68% of budget (\$13.5 million), while expenditures are at 38% of budget (\$19.4 million). Despite spending being below projections, this fund is still facing a deficit due to rising operational costs. A rate increase is set to go into effect soon that will help address this issue allowing fund to recoup its deficit and start rebuilding its reserve balance, ensuring financial sustainability in the future.

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- **Solid Waste (Fund 660):** Revenues received are at 67% of budget (\$17 million), while expenditures are at 57% of budget (\$13.9 million). Due to a recent rate increase, the fund has received 15% more revenue than the same time last year helping to build reserves and ensure future sustainability.
- **Water O&M (Fund 680):** Revenues received are at 86% of budget (\$11.7 million), while expenditures are at 57% (\$15.5 million). Expenditures have outpaced revenues due to infrastructure needs and insufficient rate structures; however, a new rate increase is set to go into effect soon that will help address the deficit by generating additional revenue to ensure future sustainability.
- **Engineering (Fund 810):** Revenues received are at 277% of budget (\$5.4 million), while expenditures are at 64% of budget (\$2 million). Revenues received are up 41% from the same time last year due to increased revenue from plan check reviews and construction inspections due to strong development and growth.

### Challenges & Considerations

- Inflationary pressures on materials and contract services require close monitoring.
- Pending legislative changes could impact state and federal funding allocations in Q4.

### Conclusion & Next Steps

The City's financial outlook remains positive, with strong revenue performance and prudent expenditure management. Staff will continue to monitor economic conditions and recommend adjustments as needed.