

ATTACHMENT 4

Budget Performance Summary Fiscal Year 2024-25 Q4 Through Period Ending June 30, 2025

At the close of Fiscal Year 2024-25, citywide revenues totaled \$336.5 million (113%), outpacing the prior year by nearly \$59 million. The increase was largely driven by one-time or restricted revenues such as developer bond proceeds, internal service reimbursements, intergovernmental funding, solid waste charges, and public facility and transportation impact fees.

Citywide expenditures totaled \$262.5 million (65%), consistent with prior year spending levels and reflecting the timing of multi-year capital and infrastructure projects. The year-end results represent a positive position overall, as the City continues to maintain strong operating performance and manage expenses within budget parameters.

These figures are unaudited and subject to adjustment during the year-end closing and audit process.

General Fund Revenues

Total General Fund revenues reached \$77.7 million (102%), slightly above projections and prior year results.

- **Property Tax Revenues** – \$30.3 million (107%). Collections continued to grow due to increased assessed valuation and stable payment trends.
- **Sales Tax Revenues** – \$19.5 million (100%). Growth remained consistent with statewide trends, supported by strong local retail performance.
- **Other Taxes** – \$11.9 million (102%). Includes transient occupancy, business license, and utility-user taxes, reflecting moderate growth year-over-year.
- **Licenses and Permits** – \$1.9 million (87%). Building and development-related fees slowed slightly from the prior year due to project timing.
- **Fines and Forfeitures** – \$618 thousand (37%). Revenues were below expectations due to limited collection activity. Staff are currently reviewing collection options and potential process improvements to enhance future recovery.
- **Intergovernmental Revenues** – \$348 thousand (116%). Includes grant reimbursements and state revenue allocations.
- **Charges for Services** – \$10.0 million (96%). Reflects overhead reimbursements and service fees from other City funds.

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- **Investment Earnings** – \$2.2 million (215%). Performance exceeded expectations due to rising interest rates and favorable cash balances.
- **Other Revenue** – \$993 thousand (148%). Includes recoveries, reimbursements, and miscellaneous receipts.

General Fund Expenditures

Total General Fund expenditures were \$73.9 million (92%), tracking closely with plan and reflecting effective cost management across departments.

- **Personnel Services** – \$48.3 million (103%). Reflects negotiated labor adjustments and nearly full staffing levels in General Fund Departments.
- **Professional Services** – \$8.6 million (85%). Includes contractual and consulting costs, which came in below budget due to project deferrals.
- **Supplies** – \$14.8 million (86%). Includes materials, utilities, and maintenance supplies across all divisions.
- **Capital Outlay and Improvement** – \$1.4 million (32%). Reflects timing of smaller equipment and facility improvements.
- **Transfers Out** – \$931 thousand (73%). Includes General Fund contributions to other City funds.

The General Fund closed the fiscal year in a positive operating position, with revenues exceeding expenditures by approximately \$3.8 million. These unaudited results indicate a moderate operating surplus that will help strengthen reserves and support fiscal stability entering FY26.

Major Funds Summary

- **Measure Q (Fund 105)** – Sales-tax revenues totaled \$3.7 million, with minimal expenditures limited to the State's administration fee. No project spending occurred in FY25, and additional spending authority was added in FY26 to support upcoming public-safety and infrastructure priorities.
- **Measure M (Fund 320)** – Revenues of \$10.4 million (103%) and expenditures of \$10.4 million (98%) remained balanced, supporting ongoing police and fire operations.
- **Development Services (Fund 340)** – Revenues totaled \$12 million (119%) and expenditures \$6.2 million (62%), driven by strong permitting and impact-fee activity.
- **Gas Tax / Street Improvement (Fund 420)** – Revenues of \$2.6 million (103%) and expenditures of \$3.2 million (88%) reflect the timing of state disbursements and street rehabilitation projects.

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- **Gas Tax / Street Improvement SB1 (Fund 425)** – Revenues of \$2.3 million (103%) and expenditures of \$2.7 million (53%) reflect project timing delays with several roadway improvements carried forward into FY26.
- **Measure K (Fund 440)** – Revenues totaled \$11.0 million (215%), exceeding projections due to higher-than-expected project reimbursements and investment earnings. Expenditures of \$4.0 million (52%) reflect project timing and carryforwards into FY26.
- **Fire Facilities Fees (Fund 530)** – Revenues of \$2.8 million (179%) and expenditures of \$1.5 million (54%) represent strong development-related impact fee activity tied to future station and equipment needs.
- **Government Facilities Fees (Fund 540)** – Revenues totaled \$9.5 million (189%), exceeding projections due to strong development activity. Expenditures of \$498 thousand (64%) reflect capital purchases and facility expansion projects continuing into FY26.
- **Golf Course (Fund 620)** – Revenues of \$2.0 million (111%) and expenditures of \$1.9 million (91%) show a continued operating gap offset by General Fund support; staff continues to explore revenue-generation strategies to improve self-sufficiency.
- **Sewer O&M (Fund 640)** – Revenues of \$22.9 million (114%) reflecting positive results from the recent rate increase, while expenditures were \$29.0 million (63%). The fund continues to recover from multiple-year deficits and is expected to operate in deficit for the next few years until new rate adjustments fully stabilize operations.
- **Solid Waste (Fund 660)** – Revenues of \$26.5 million (111%) and expenditures of \$19.4 million (80%) indicate healthy fund performance and sufficient reserves to support equipment replacement and future compliance requirements.
- **Water O&M (Fund 680)** – Revenues totaled \$17.0 million (120%) and expenditures \$20.8 million (79%). Higher revenues reflect receipt of a nationwide settlement, stronger investment earnings, and intergovernmental grant funding. Similar to the Sewer Fund, the Water Fund is recovering from prior-year shortfalls and is expected to experience planned deficits until recently adopted rate adjustments generate sufficient revenue to restore structural balance.
- **Engineering (Fund 810)** – Revenues totaled \$6.6 million (123%), driven by strong inspection fee activity tied to ongoing development. Expenditures of \$2.5 million (79%) reflect efficient cost management and timely completion of design and construction-support work for City projects.

Analysis & Outlook

The FY25 results reflect strong revenues, controlled spending, and stable reserves. Variances largely stem from project timing and restricted carryforwards rather than operational surpluses. The City enters FY26 in a solid financial position, with capacity to sustain services and invest in infrastructure while maintaining fiscal balance.