



CITY OF ANGELS
CITY HALL

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June 16, 2026

Honorable Mayor and City Council Members,

I am pleased to present the City of Angels Budget Book for Fiscal Year 2026–2027, covering the period from July 1, 2026, through June 30, 2027. This budget reflects our continued commitment to responsible fiscal stewardship, operational efficiency, and delivering high-quality public services to our community. The proposed budget is balanced and positions the City to maintain service levels while preparing for future needs.

The City of Angels serves as a regional center for commerce, tourism, and public services within Calaveras County while maintaining its unique historic character and small-town identity. The City remains focused on balancing community expectations, infrastructure needs, economic development opportunities, and public safety priorities within a constrained revenue environment.

This year's budget was developed using moderately conservative revenue assumptions. Revenues driven by consumer activity, including sales tax, Measure A revenues, and transient occupancy tax, are projected to decline modestly by approximately 2 to 3 percent, partially offset by continued growth in property tax revenues. However, fiscal risk remains weighted to the downside. A cooling economy, sustained inflation affecting discretionary spending, or a significant emergency event such as wildfire could quickly impact revenues, while growth in property tax remains constrained by Proposition 13 and existing revenue-sharing arrangements. Staff will continue to monitor fiscal conditions and present a mid-year budget review in December to provide the City Council an opportunity to reassess conditions and provide additional direction as appropriate.

While opportunities to generate new revenue remain limited, managing cost escalation continues to be a primary focus. The City has retained an exceptional workforce despite compensation levels that have not consistently kept pace with surrounding jurisdictions, and the cost of maintaining aging infrastructure and equipment continues to increase.

The FY 2026–2027 Budget advances the City Council's strategic priorities by investing in public safety, infrastructure maintenance, organizational sustainability, economic vitality, and operational efficiency. Resource allocations throughout this document are intended to support both current service needs and the long-term goals established by the City Council. To address these long-term obligations, this budget proposes establishment of a Capital Equipment Fund to support the planned replacement of more than \$5 million in equipment over the coming decade. This initiative is intended to complement the City's previously adopted Capital Infrastructure Program and strengthen our long-term financial sustainability.

During FY 2025–2026, the City completed implementation of a new financial management system, continued modernization of budgeting and reporting tools, advanced water and wastewater planning initiatives, maintained Measure A fire protection services, and strengthened regional partnerships. Building on these accomplishments, we will continue pursuing strategic growth opportunities, seeking external funding,

and leveraging technology and partnerships to improve efficiency and service delivery.

At the same time, there are meaningful opportunities ahead. We will continue pursuing strategic growth initiatives, seeking external funding opportunities, and leveraging technology to improve efficiency and service delivery. We are also advancing partnerships with neighboring agencies that we expect will create both operational efficiencies and improved public service outcomes.

I remain excited about the future of the City of Angels. While challenges remain, I continue to be impressed by the professionalism, dedication, and problem-solving mindset demonstrated daily by City staff. Their commitment positions the City well to meet both current needs and future opportunities.

Respectfully submitted,

Michael R. Hodson
City Administrator



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