

Fiscal Year 2025-26 Mid-Year Budget Report



City Council Meeting
February 26, 2026

Mid-Year Financial Overview

- General Fund revenues tracking consistent with budget
- Expenditures slightly ahead of timeline
 - 59% at mid-year
 - Projected to end year at or below budget
 - Maintains structurally balanced budget





Budget by Account Classification Report

Through 12/31/25
 Prior Fiscal Year Activity Included
 Summary Listing

Account Classification	Amended Budget	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year YTD
Fund 1000 - General Fund						
REVENUE						
Taxes	16,883,877	-	8,523,650	8,360,227	50.5%	5,848,950
Licenses and permits	734,500	-	348,224	373,276	47.4%	238,120
Intergovernmental revenues	106,700	-	126,761	(40,061)	118.8%	59,497
Charges for services	2,495,741	-	1,176,941	1,259,800	47.2%	1,186,392
Fines and forfeitures	690,000	-	186,228	503,772	27.0%	259,325
Use of money & property	139,000	-	3,307	208,432	2.4%	(8,007)
Other revenues	118,600	-	57,598	170,002	48.6%	48,205
REVENUE TOTALS	21,168,418		10,422,709	10,835,448	49.2%	7,632,483
EXPENSE						
Personnel	14,440,937	-	8,464,547	5,961,062	58.6%	7,358,518
Contract services	3,701,291	476,099	2,458,983	909,535	66.4%	2,172,361
Training & Memberships	169,480	-	94,176	75,304	55.6%	57,405
Supplies	801,700	(9,684)	481,793	329,591	60.1%	457,464
Grants and Subsidies	133,425	-	63,000	70,425	47.2%	(5,000)
Internal service fund charges	1,663,200	-	831,601	825,803	50.0%	761,790
Other financing uses	407,344	-	203,672	407,344	50.0%	-
EXPENSE TOTALS	21,317,377	466,415	12,597,773	8,579,062	59.1%	10,802,537
Fund 1000 - General Fund Totals						
REVENUE TOTALS	21,168,418	-	10,422,709	10,835,448	49.2%	7,632,483
EXPENSE TOTALS	21,317,377	466,415	12,597,773	8,579,062	59.1%	10,802,537
Fund 1000 - General Fund Totals	(148,959)	466,415	(2,175,064)	2,256,386		(3,170,054)

General Fund – Revenue Highlights

Sales tax on budget

- First full year Measure Y impact

Property tax slightly above projections

TOT slightly below projections

Franchise fees exceeding budget

Overall tax revenues slightly above expectations

Licenses, Permits & Service Charges

Building permits tracking ahead of budget

Business license revenue increased (online payments)

Parking pay stations performing as expected

Police special event reimbursements exceeding budget

Fines & Forfeitures

- At 25% of budget at mid-year
 - Parking citations significantly below projections
 - Trend driven by staffing and equipment challenges
 - Anticipate regular operations going forward
 - Proposed \$150,000 revenue reduction

Expenditure Overview

- 59% expended at mid-year (includes encumbrances)
 - UAL prepaid in July
 - \$98,500 savings
 - Reevaluate for FY 2026-27
 - CalPERS Trust
 - Est. in 2015 to offset CalPERS cost (e.g. during Mall redevelopment project)
 - Funds restricted for retirement payments
 - Target balance 1 year's UAL payment
 - \$1.7 million as of 12/31/25
- Personnel costs approx. 2% below budget (adjusted)
- Departments maintaining overall budget discipline

Police Department Update

- Overtime exceeded annual budget at mid-year
 - Vacancies generated salary savings
 - Net personnel costs slightly below budget
 - Vacancy savings offset parking enforcement adjustments



Contract Services

- 64% of budget expended at mid-year
 - Front-loaded annual contracts
 - Higher legal and towing costs
 - Consulting services used to address vacancies

Proposed Budget Amendment

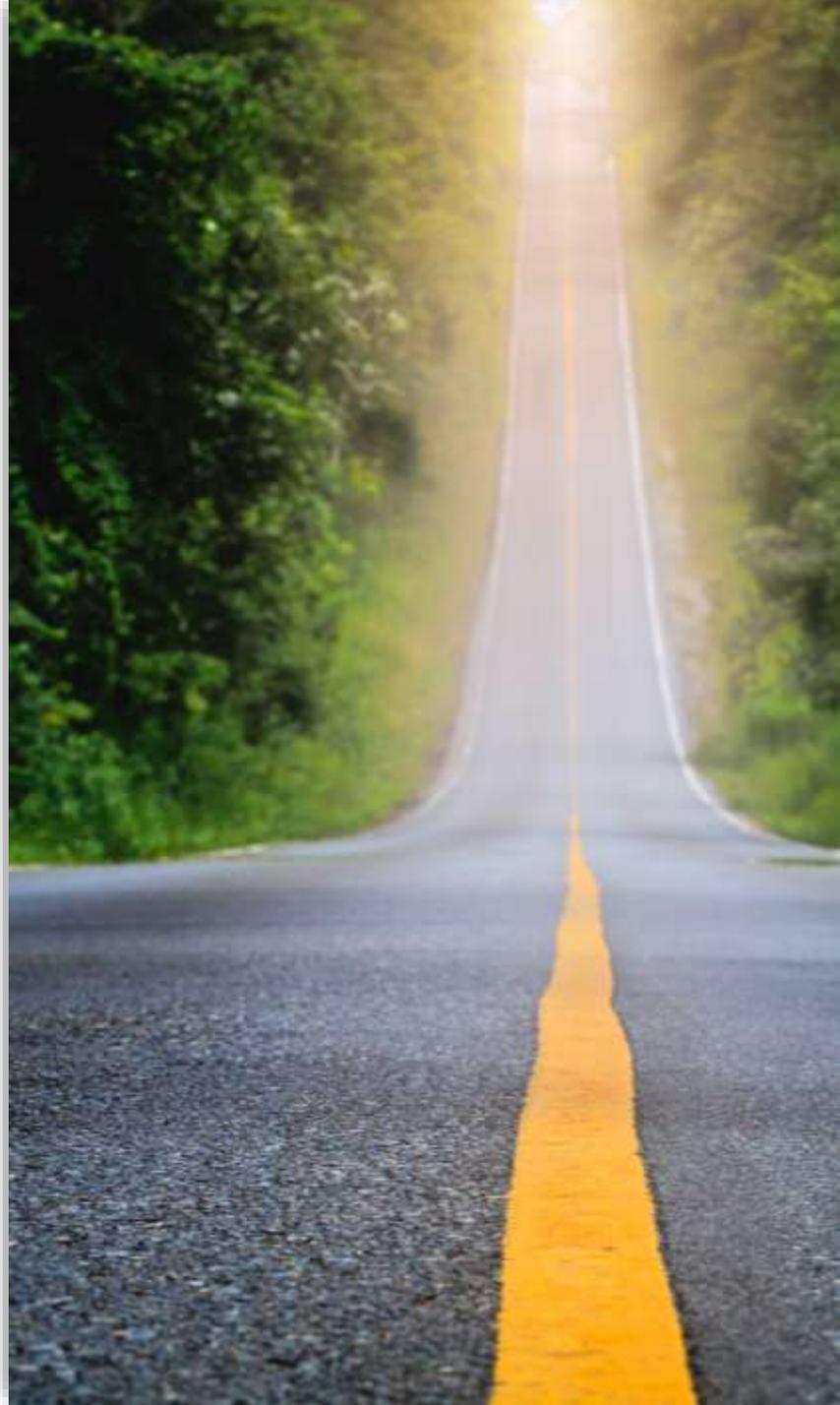
Revenue	
\$20,000	Police Dept. Special Events
(\$150,000)	Parking Citations
\$50,000	Plan Check Review
(\$80,000)	Net General Fund Revenue Adjustment

Expenditures

(\$224,000)	Wages – Permanent – Police Dept. (Existing vacancies filled on schedule)
\$146,000	Overtime – Police Department
(\$37,000)	Wages – Permanent – Parking Enforcement
(\$25,000)	Contract Services – Parking Enforcement
\$10,000	Pay Station Repair & Maintenance
\$50,000	Plan Checks - Outsourced
(\$60,000)	Wages – Permanent – Planning (Existing Vacancies Filled on Schedule)
\$60,000	Consulting Services - Planning
(\$45,000)	Wages – Permanent – Building (Existing Vacancies Filled on Schedule)
\$45,000	Consulting Services – Building
(\$80,000)	Net General Fund Expenditure Adjustment
\$0	Net General Fund Impact

Special Revenue Funds

- SB1 RMRA and RTC Measure D exceeding projections
 - Additional \$239,500 available for future road projects



Summary

- General Fund Revenue: (\$80,000)
- General Fund Expenditures: (\$80,000)
- Net General Fund Impact: \$0
 - Maintains Structural Balance
- Special Revenue Funds:
 - \$239,500 for future road projects



Prior Fiscal Year Summary (FY 2024-25)

- Ended below revenue projections
 - (~\$605,000 shortfall)
- Expenditures
 - ~\$45,000 below budget
- Beginning FY 2024-25 fund balance:
 - \$761,500
- Beginning FY 2025-26 fund balance:
 - \$201,500
- Evaluate during FY 2026-27 budget process

FY 2026-27 Budget Process

- Council Goal Setting – March 26
- Proposed Budget distribution
 - April 17th
- Special City Council meeting budget hearings
 - May 7th
 - May 21st (If necessary)
 - June 4th (If necessary)
 - June 18th (If necessary)
- Finance Advisory Committee meetings
 - May 5th (special meeting)
 - May 26th (special meeting, if necessary)
 - June 16th (regular meeting)
- Proposed Budget Adoption
 - June 25th (regular meeting)

Finance Advisory Committee

- Unanimously recommended approving resolution amending Fiscal Year 2025-26 Budget as presented by staff
 - Mayor Morgan & Council Member Westman abstained

Recommended Action



- Receive FY 2025-26 Mid-Year Budget Report
- Adopt resolution amending the FY 2025-26 Budget