



City of Grass Valley City Council Agenda Action Sheet

Title: Quarterly Financial Report - First Quarter of Fiscal Year 2025-26

CEQA: Not a Project.

Recommendation: That the City Council receive and file the Fiscal Year 2025-26 First Quarter Financial Report for the City's major operating funds.

Prepared by: Jennifer Styczynski, Finance Director

Council Meeting Date: 10/28/2025

Date Prepared: 10/21/2025

Agenda: Administrative

Summary: This report provides a financial overview of the City's General Fund, Measure E Sales Tax Fund, Measure B Sales Tax Fund, Water Enterprise Fund, and Sewer Enterprise Fund through the first quarter ending September 30, 2025.

At the end of the first quarter, Citywide revenues total approximately 6-21% of budgeted amounts, which is consistent with the normal timing of when the City receives and records its major revenues. Expenditures across all major funds average approximately 13-27% of annual budgets, aligning with the expected pace for this point in the fiscal year.

It is important to note that sales tax revenues received during the first quarter only reflect one month of activity (July) due to state reporting and payment lags. This timing difference occurs each year and is normal and expected. Full quarterly sales tax receipts will be reflected in the second quarter's report.

No fiscal concerns are noted at this time.

Background: The City prepares quarterly financial reports to provide transparency regarding the City's fiscal condition and budget performance.

Revenue is recorded as the City earns income from sources such as taxes, service charges, and investment earnings. Because property tax and certain state revenues are received later in the fiscal year, first-quarter revenues appear low relative to the annual budget. Sales tax receipts also lag by approximately two months due to state reporting timelines.

Analysis: The City's overall financial condition remains stable through the first quarter of FY 2025-26. Revenue and expenditure activity in each major fund is generally tracking with expectations. A summary of each major fund follows.

General Fund (Fund 100)

- **Total Budgeted Revenues:** \$19,029,615
- **Actual Revenues to Date:** \$1,089,634 (5.7% of budget)
- **Total Budgeted Expenditures:** \$19,029,418
- **Actual Expenditures to Date:** \$4,843,879 (25.4% of budget)

Analysis: Revenues are below the pro-rated target as property tax and franchise revenues will be received later in the fiscal year. Sales tax revenues reflected in the General Fund also include only one month (July) due to the standard state reporting delay. Additional sales tax receipts for August and September will be recognized in the second quarter. Charges for services and investment income are within expected levels. Expenditures aligned with expected spending patterns, as both the annual liability insurance premium and CalPERS unfunded liability were paid in the first quarter, and no budgetary concerns have been identified.

Measure E Sales Tax Fund (Fund 200)

- **Total Budgeted Revenues:** \$7,489,000
- **Actual Revenues to Date:** \$581,600 (7.8% of budget)
- **Total Budgeted Expenditures:** \$10,226,599
- **Actual Expenditures to Date:** \$1,324,954 (13.0% of budget)

Analysis: Revenues reflect the first allocation of local sales tax received for July only. Because of the two-month delay in state reporting, August and September receipts will appear in the second quarter. This pattern is normal and occurs every fiscal year. Expenditure primarily represents personnel costs for public safety operations and annual liability insurance payments. Fund performance is consistent with expectations.

Measure B Sales Tax Fund (Fund 207)

- **Total Budgeted Revenues:** \$2,631,000
- **Actual Revenues to Date:** \$215,577 (8.2% of budget)
- **Total Budgeted Expenditures:** \$3,401,254
- **Actual Expenditures to Date:** \$551,985 (16.2% of budget)

Analysis: Measure B revenues reflect July sales tax collections only, with subsequent months to be received and recorded in the next quarter due to normal state reporting timelines. Expenditures remain low as mitigation project activity typically accelerates later in the fiscal year. No concerns are noted.

Water Enterprise Fund (Fund 500)

- **Total Budgeted Revenues:** \$2,688,200
- **Actual Revenues to Date:** \$551,806 (20.5% of budget)
- **Total Budgeted Expenditures:** \$3,708,777
- **Actual Expenditures to Date:** \$1,010,686 (27.3% of budget)

Analysis: Water Fund revenues are consistent with the quarterly billing cycle and seasonal consumption patterns. Expenditures are within expected levels and reflect regular operations, maintenance activities, and scheduled semi-annual loan payments. The fund remains in a stable financial position.

Sewer Enterprise Fund (Fund 510)

- **Total Budgeted Revenues:** \$5,641,000
- **Actual Revenues to Date:** \$1,208,254 (21.4% of budget)
- **Total Budgeted Expenditures:** \$10,431,097
- **Actual Expenditures to Date:** \$1,762,845 (16.9% of budget)

Analysis: Revenues are tracking above 20% due to steady quarterly billing activity and investment earnings. Expenditures are proportionate with operations and maintenance costs. No fiscal issues are identified.

Across all major funds, expenditures are pacing slightly ahead of revenues due to the normal timing of when the City receives property tax and sales tax revenues. This is typical for the first quarter of the fiscal year and expected to balance out in the coming quarters as additional revenues are received.

Staff will continue to monitor results and report any material variances to the City Council.

Council Goals/Objectives: This action is consistent the City's Strategic Plan by advancing the goal of maintaining a High-Performance Government and delivering Quality Service to the community.

Fiscal Impact: There is no direct fiscal impact from this report. The City's financial condition remains stable, and expenditures are within adopted budget parameters.

Funds Available: N/A

Account #: N/A

Reviewed by: City Manager

Attachments: FY 2025-26 Q1 Revenue Budget Report by Fund
FY 2025-26 Q1 Expenditure Budget Report by Fund