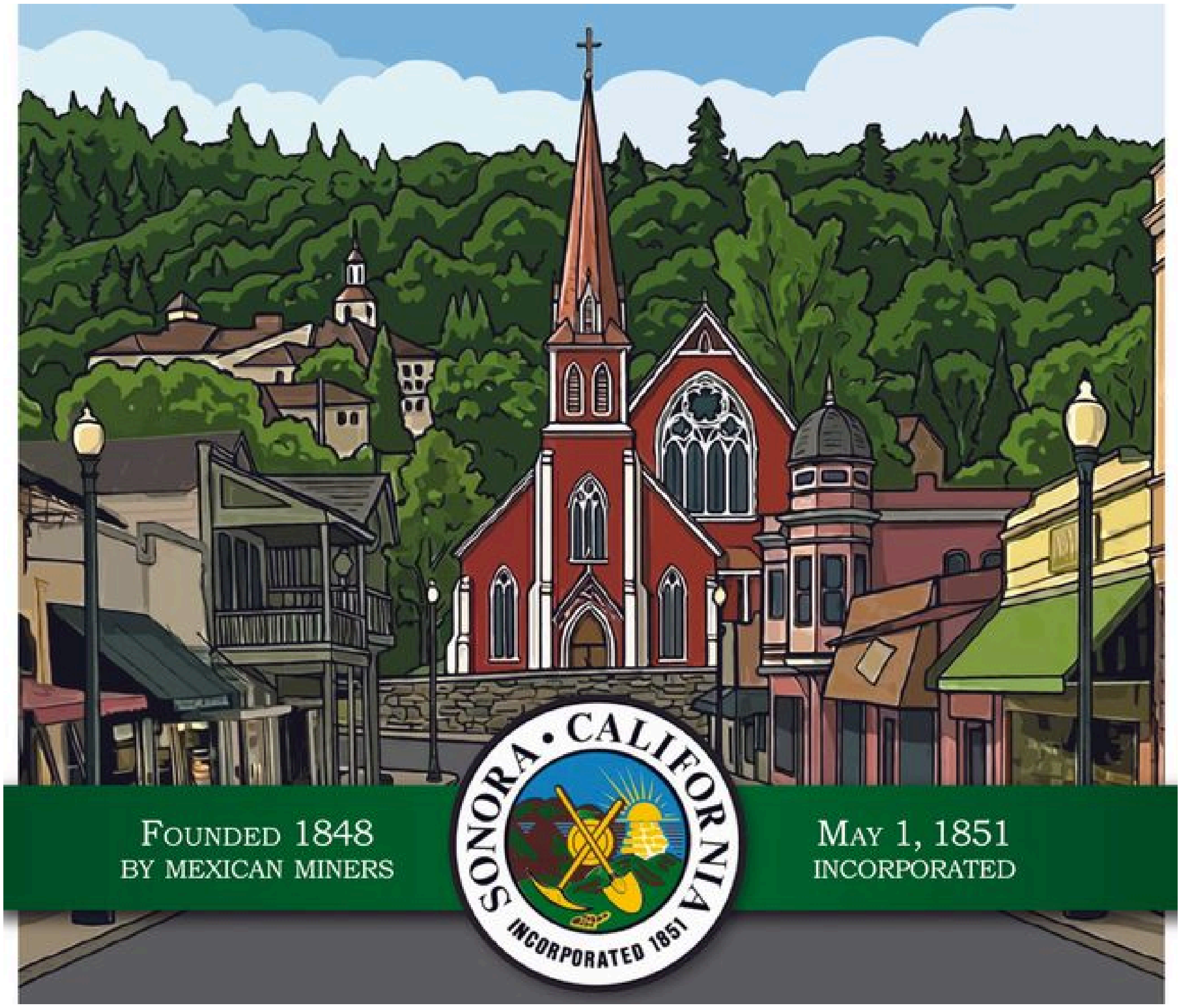

Fiscal Year 2026/27 Budget

The City of Sonora's Digital Budget Book provides our community with an easy to use, interactive and engaging version of our annual budget

https://city-sonora-ca-cleardoc.cleargov.com/19811

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Reader’s Guide

Governmental Accounting

Governmental accounting is different from business activity or enterprise accounting, where a single set of accounting books are kept for the enterprise. Instead, separate sets of books or "funds" are maintained. The fund system is geared to the governmental budgetary system, which accounts for activities on a periodic or budgetary basis. A governmental entity such as a City is not considered to be a single entity for accounting or financial reporting purposes; rather, it is considered to be a collection of separate accounting entities referred to as funds. The funds are reported separately and collectively in summary statements in financial reports. In addition to the individual fund statements, the summary statements should be reviewed for the overall City's financial position.

Fund Types

The City's funds are organized into two broad categories: Governmental Funds and Proprietary Funds.

Governmental Funds are used to account for the core functions of government, those activities primarily supported by taxes, intergovernmental revenues, and other public resources. The General Fund is the most significant governmental fund and serves as the primary operating fund of the City, accounting for all financial resources not required to be accounted for in another fund. Other governmental funds include Special Revenue Funds, Capital Project Funds, and Debt Service Funds, each established to track revenues and expenditures associated with a specific purpose or legal requirement.

Proprietary Funds are used to account for activities that operate in a manner similar to private business enterprises, where the intent is to recover the costs of providing goods or services through user fees and charges. The City maintains two Enterprise Funds: the Dragoon Gulch Trail Fund, which accounts for the operations and maintenance of the City's trail, and the Farmer's Market Fund, which accounts for the revenues and expenditures associated with the City's certified farmer's market. Both funds are intended to be substantially self-supporting through the fees and other revenues generated by their respective activities.

The Budget and Its Relationship to Accounting

The annual budget is the City's primary financial planning and control document. It represents the legal authority to collect revenues and make expenditures during the fiscal year. This budgetary control function is essential to responsible fiscal management and public accountability. Departments are expected to manage their operations within appropriated budget authority, and any significant variances between budgeted and actual amounts are reported and explained as part of the City's financial reporting process.

How to Use This Budget Document

This budget document is organized to provide readers with both a broad overview of the City's fiscal condition and detailed information about each fund and department. Readers are encouraged to begin with the Transmittal Letter, which provides context for the major financial decisions reflected in the budget. The summary statements that follow offer a consolidated view of revenues, expenditures, and fund balances across all funds. Together, these sections are designed to give elected officials, City staff, and members of the public a clear and complete picture of how the City plans to deploy its financial resources in the coming fiscal year.

Transmittal Letter

Recognition to Our Contributors

The annual budget is developed in collaboration with City Administration, the Finance Committee, and City Departments. The FY2026/27 budget consists of forecasts based on data collected over the last several budget years as well as current fiscal modeling. With the adoption of the Organizational Assessment and Budget Stabilization Study in FY2023/24, and updated in FY2025/26, the City Council approved six (6) key priorities to guide future investment decisions. The FY2026/27 proposed operating budget is developed with a targeted focus on the approved list of priorities including: ***fiscal sustainability and stability, infrastructure and engineering, public safety and preparedness, economic development and growth, homelessness, and staffing, including salaries, benefits, training, and retention***. The City could not move the line towards implementation of Council priorities without the contribution of our Department Heads, whose conservative fiscal management is a fundamental organizational value. Nor could this work be completed without the men and women who contribute and sacrifice to advance our mission and vision.

Budget Summary

We are pleased to submit the FY2026/27 Proposed Operating Budget. This includes proposed total General Fund Revenues of $14.52M. Measure Y was passed by City voters in November 2022 and provides the City with an estimated $4.2M in revenue in FY2026/27. The General Fund Expenditure budget is $13.29M. The budget development process began with instructions for status-quo budgets and identification of “supplementary budget requests” that align with the Council’s Core Priorities. These requests can be funded as determined by the City Council.

Thanks to the voters of the City of Sonora, Measure Y provides a critical investment in maintaining essential City services. This funding plays a key role in the City’s financial stability; without it, the City would face significant fiscal challenges that would jeopardize its ability to sustain basic levels of service.

With the resources of Measure Y, the Council has successfully stabilized the Police Department staffing. As you remember, throughout FY2023/24 and the first half of FY2024/25, our Police Department lost 60% of its workforce. Down to just six (6) sworn officers, including both the Chief and Lieutenant, overtime became excessive, and morale was under pressure. The City Council approved aggressive salary increases and sign-on bonuses, made allocations to the development of recruitment tools, replaced an aging vehicle fleet, offered officers new take-home vehicle incentives, invested in new equipment including the replacement of an antiquated dispatch system, provided seed funding for an officer wellness program, as well as invested in the analysis of a new Police Department facility. The staff are pleased to report that the City employs a much improved roster, among the highest staffing levels since 2018.

With the passage of Measure Y, the City expanded its engineering capacity through contracted support, bringing in additional expertise to advance critical infrastructure initiatives. Since March 2024, the engineering team has successfully secured grant funding, completed preliminary assessments of key infrastructure projects, and finalized system-wide storm drain inspections. The team has also developed both short- and long-term Capital Improvement Plans (CIP) to guide future investments. These efforts are foundational to improving the City’s ability to assess infrastructure conditions, prioritize projects, and strategically direct Measure Y investments toward the areas of greatest need and highest community impact.

The completed pavement condition assessment indicates that nearly 80% of the City's roadways have less than six years of remaining service life, underscoring the urgency of sustained investment in roadway maintenance and rehabilitation. Beginning in the summer of FY2025/26, the City will initiate its road striping program as an early step in improving roadway safety and preserving pavement conditions. In addition, two parking lot improvement projects are anticipated to begin construction in the near term, further addressing deferred maintenance needs.

With the proposed budget, capital project delivery is expected to accelerate over the next 3–5 years, prioritizing critical infrastructure projects such as the Snell Street Reconstruction, Linoberg Retaining Wall Replacement, and improvements to the Sonora Main Drain system. The Capital Improvement Plan (CIP) also recommends establishing ongoing annual roadway maintenance funding beginning in FY2026/27 to address the growing backlog of pavement needs.

Due to the complexity of project development, including design, environmental review, permitting, and regulatory compliance, many CIP projects require significant lead time before construction can begin. As a result, continued progress will require both sustained investment and patience as projects move from planning to implementation.

As identified in the Organizational Assessment and Budget Stabilization Study, the City prioritized achieving competitive wages to support recruitment and retention. To guide this effort, a comprehensive Compensation Study was completed in FY2023/24. Such studies are critical tools for public agencies to align compensation with the labor market, improve employee retention, enhance job satisfaction, and manage long-term labor costs. The City's historical position of below-market wages has contributed to ongoing challenges in recruiting and retaining qualified staff.

Since that time, the City has successfully negotiated and implemented updated Memoranda of Understandings (MOU) with all bargaining groups. These agreements were developed with the dual objective of bringing compensation closer to market levels while maintaining long-term fiscal sustainability.

Recognizing that competitive wages increase ongoing labor costs, the City has taken proactive steps to ensure financial stability. Approximately $3.9M in unspent Measure Y funds from FY2022/23 and FY2023/24 remain in the Labor Reserve Fund. This reserve is intended to stabilize future labor costs while preserving General Fund resources for streets, roads, infrastructure, and maintenance projects. This strategy, combined with an annual allocation of $150,000 to the Labor Reserve Fund, other coming reductions in pension costs through the Public Employees' Pension Reform Act (PEPRA), planned retirements, and interest earnings, positions the City to sustain the negotiated compensation increases for approximately eight years without impacting Measure Y revenues dedicated to critical infrastructure priorities.

Sustaining the City's compensation structure over the long term will require continued economic growth and disciplined financial management. Without revenue growth, maintaining competitive pay levels may become increasingly challenging. To address this, the City remains committed to regularly evaluating compensation to ensure alignment with market conditions, supporting workforce stability, and maintaining internal equity. These efforts are essential to preserving service delivery and retaining a qualified workforce to serve the community.

As the City closes FY2025/26, the estimated year-end General Fund and reserve fund balance is approximately $13.9 million (Including Reserves). A key principle of prior budgets has been the establishment and maintenance of fully funded reserves. Consistent with this approach, the City has ensured that General Fund reserves are maintained at 25% of FY2026/27 appropriations, or approximately $3.3 million. These reserves provide a critical financial safeguard, enabling the City to respond to emergencies, economic uncertainty, and unforeseen challenges without disrupting essential services.

The Proposed Budget also recommends continued investment in targeted reserves to support major future obligations. The City's General Plan, originally adopted with a 2020 horizon, requires a comprehensive update to guide future growth and development. To prepare for this effort, staff recommends an allocation of $150,000 to the General Plan Reserve Fund in FY2026/27, with additional annual contributions as feasible, toward an estimated total cost of $1.0 million.

Conservative Approach

Despite a healthy fund balance, the City remains firmly committed to conservative spending practices and strategic reserve allocations. This approach is essential, not only to address longstanding deferred investments in infrastructure and operations, but also to safeguard against the growing challenges and financial risks facing the City. Like many communities, the City of Sonora continues to experience the impacts of macroeconomic forces that have affected nearly every sector of the local economy.

The cost of delivering the full range of City services, programs, and activities continues to rise at a pace that outstrips the City's ability to generate new revenue, placing pressure on the General Fund. While we remain cautiously optimistic about the City's fiscal outlook, we must acknowledge that the current geopolitical climate, persistent inflation, and global economic volatility contribute to an environment of continued uncertainty. The possibility of a recession, and its potential impact on key revenue streams, remains a very real consideration in this budget.

By maintaining a prudent and forward-looking financial strategy, the City is better positioned to weather economic disruptions while continuing to deliver essential services and uphold its long-term commitments to the community.

Other Key Issues in the FY2026/27 Budget

Supplemental Requests

Included in this year's budget is a supplemental list of funding needs aligned with City Council goals and priorities, with a significant portion focused on addressing long-deferred maintenance. Much of this work has been postponed for years due to limited funding availability, resulting in growing infrastructure needs.

For example, the City is responsible for maintaining more than 30 miles of streets and roadways, yet its primary dedicated funding sources, Highway User Tax Account (HUTA) and Road Maintenance and Rehabilitation (SB 1) funds, are insufficient to meet long-term needs. The City receives approximately $312,000 annually in gas tax revenues, of which about $110,000 is allocated to personnel and materials for ongoing Public Works operations, including drainage maintenance and pothole repair.

With roadway rehabilitation costs exceeding $1.0 million per mile, available funding falls far short of what is required to maintain the system in a state of good repair. Without additional resources, such as State and Federal grant funding, addressing the City's roadway infrastructure needs at the necessary scale remains a significant challenge.

Given the scale of these needs, the City will need to take a strategic and phased approach to project delivery. Advancing these projects will require leveraging available resources and securing additional support through State and Federal funding opportunities.

Revenues

The budget process included a comprehensive review of departmental revenues to ensure projections reflect the most current information available and account for evolving economic conditions and their potential impact on City operations.

General Fund revenues are projected to decrease slightly in FY2026/27, driven primarily by slowing of the economy affecting key revenue sources. Sales tax, the City's largest source of discretionary revenue, is forecast to be relatively flat with 1% growth, reflecting a slow and relatively stagnant growth trend. In addition, the City's sales tax base remains highly concentrated among a small number of large retailers, making revenues particularly sensitive to changes in consumer behavior and performance at those locations. At the same time, there are early signs of softening economic activity along the City's Main Street and among smaller local businesses, further contributing to a cautious outlook. Property tax revenues are projected to increase by approximately 2%, continuing a trend of slow growth. This environment underscores the importance of the City's prudent financial strategy, prioritizing reserve funding while conditions allow. Building and maintaining reserves provides a critical buffer against future economic volatility and positions the City to sustain essential service levels over time. This long-term financial strategy is particularly important given that Measure Y includes a 20-year sunset provision and is currently scheduled to expire in 2043 unless extended by a future vote of the electorate. Maintaining strong reserves provides the City with greater financial flexibility to adapt to future changes in revenue sources and community needs.

Thanks to the City's historically conservative fiscal policies, the budget remains balanced and, over the near term, sustainable. The City's reserves are fully funded, including both the Economic Uncertainty Reserve and the Emergency Reserve, providing a strong financial foundation. These reserves enhance the City's ability to respond to unforeseen challenges, maintain service delivery, and navigate potential economic downturns without immediate disruption.

Expenditures

The City continually seeks to maximize its limited resources in order to deliver high-quality services to the community. As is typical for municipalities, most services are provided directly by City employees to residents, businesses, and visitors. As a result, personnel costs represent a significant portion of the City's budget. In FY2026/27, salaries and benefits account for approximately 55.15% of total City expenditures and 69.22% of General Fund expenditures.

The FY2026/27 budget also reflects increases in insurance-related costs, including higher premiums for general liability, property, automobile, and workers' compensation coverage. In total, these increases are estimated at approximately $123,645 over the prior year, adding additional pressure to the City's operating budget.

Pension contributions represent a significant portion of the City's budget, as the City is required to make annual contributions to the California Public Employees' Retirement System (CalPERS). These contributions are established through actuarial valuations and are governed by policies set forth in the Public Employees' Retirement Law (PERL). Employer contribution rates consist of two components: the normal cost (a percentage of payroll) and payments toward the Unfunded Accrued Liability (UAL).

CalPERS funding is supported through a combination of employee contributions, employer contributions, and investment returns. CalPERS currently assumes a long-term investment return, or discount rate, of 6.8%. When investment returns fall below this assumption, additional costs are amortized over time and incorporated into future employer contributions.

While CalPERS reported a strong investment return of 9.3% in FY2023/24, exceeding the 6.8% assumption, the City's UAL payment for FY26/27 still increased by $126,499, to a total of $1,382,630. This is due to CalPERS' practice of smoothing investment gains and losses over multiple years, as well as the continued recognition of prior years' underperformance and changes in actuarial assumptions.

Current projections indicate that UAL costs are expected to continue increasing through the mid-2030s before beginning to stabilize. In recognition of this long-term cost pressure, the City has proactively established and funded a Section 115 pension trust (CEPPT) to help offset future pension obligations and smooth contribution rate volatility. This strategy provides an additional tool to manage escalating pension costs and protect the City's long-term financial stability.

Where Do We Go From Here

In addition to the deliverables outlined in support of the Strategic Plan, City staff will focus on several key objectives necessary to advance the City's priorities over the next five-year planning horizon.

City departments must continue to embrace technology and adopt more efficient methods of service delivery. Given long-term fiscal constraints and evolving service demands, it is unlikely that staffing levels will return to historic levels, nor would such an approach be financially sustainable. To meet these challenges, the City will continue to explore and implement alternative service delivery models that maximize efficiency while maintaining high service quality. Technology plays a central role in this effort by automating routine tasks, streamlining workflows, and improving responsiveness. In particular, emerging tools such as artificial intelligence (AI) offer significant potential to enhance productivity by supporting administrative functions, improving customer service, optimizing resource allocation, and providing real-time data to inform decision-making. By leveraging these tools, the City can maintain service levels while operating within a constrained staffing environment.

Built on the City's collaborative, team-oriented culture, the City of Sonora remains a desirable place to work. Staff will continue to focus on best practices in recruitment, retention, and employee engagement. The City will actively involve employees in planning efforts and prioritize investments in training, professional development, wellness, and team-building initiatives to strengthen organizational capacity and morale.

Capital Project Delivery

The City's Engineering Team continues to advance several key capital improvement projects, including the Snell Street Reconstruction and Drainage Improvement Project and various parking facility improvements, along with other essential maintenance initiatives. While early phases such as design, environmental review, and permitting can take time, these steps are critical to long-term project success. Construction on many of these projects is anticipated within the next three to five years, and the City appreciates the community's continued patience as this work progresses.

Fire Safety and Vegetation Management

Fire safety remains a top priority in each budget cycle. The City is investing in a proactive vegetation management program, beginning with the maintenance and clearing of vegetation on City-owned properties to lead by example. Following this initial phase, staff will expand efforts to include inspections and enforcement of the City's Defensible Space and Vegetation Management Ordinances.

Policy Development and Advocacy

The City will continue to develop and refine policy frameworks to address emerging challenges at the local, state, and federal levels. Key areas of focus include public safety infrastructure and policies affecting law enforcement recruitment and retention, as well as the potential impacts of State and Federal budget constraints on local infrastructure funding. Locally, the City will also prioritize strategies that support sustainable economic growth.

To support long-term financial sustainability, the City will continue to strategically build and maintain reserves to fund infrastructure investment, manage labor costs, and support future growth. Achieving these goals will require a collaborative, organization-wide effort aligned with the City's mission and strategic priorities. City staff are to be commended for their dedication and accomplishments in the prior budget year, and the City looks forward to continued progress and success in FY2026/27.

Supplemental Requests Page 1/2

Supplemental Requests Selected		Recommended	Not Recommended	Council Priority
Administration - General Plan Reserve	x	$150,000		#40, 42, 43, 46
Administration - Labor - Annual Contribution to Labor Reserve	x	$150,000		#51
Administration - Capital Improvement Plan Reserve	x	$250,000		#26, 52
Administration - Fleet Replacement Fund ($100,000 Fire Engine Replacement)	x	$200,000		#30, 35
Administration - CalPERS Prefunding Trust Contribution	x	$150,000		#49
Information Tech - City Hall - Network Upgrades	x	$15,000		#35
Information Tech - City Website Redesign	x	$14,000		#124, 125
Facilities - Building Assessment			$45,000	#28
Facilities - Sunrise Hills Plan			$150,000	#28
Facilities - Fire Museum - Roof Repair (Drainage)			$85,000	#70
Facilities - Fire Station Kitchen Remodel	x	$10,000		#35, 70
Facilities - Fire Station Roof Replacement	x	$300,000		#35, 70
Facilities - City Hall - Replace Chairs in Council Chambers			$11,000	#70
Facilities - City Hall - Building Safety Remodel			$275,000	#28
Facilities - City Hall - Replace Carpeting			$70,000	#70
Facilities - PW - Bathroom Upgrade			$45,000	#70
Facilities - Cemetery - Roof Repair - Mountain Shadow			$15K Cemetery Fund	#70
Facilities - Cemetery - Raise Headstones - Mountain Shadow			$10K Cemetery Fund	#70
Community Development - Dragoon Gulch Trail Expansion	x	$30,000 Dragoon Gulch		#70
Community Development - Parking Signage Implementation Guide	x	$40,000		#6, 11
Community Development - Growth Strategy Development	x	$75,000		#18, 19, 20
Community Development - Linoberg-Stewart Improvements	x	$25,000		#5, 8, 16
Community Development - Economic Development	x	$100,000		#3, 44
Community Development - Business Incentive Plan			$25,000	#3, 44
Community Development - Downtown Parking Study			$25,000	#2, 3, 18, 26
Community Development - Community Beautification (Landscaping)	x	$25,000		#5, 8, 16
Police Department - Administrative Assistant			$119,500	#32, 75
Police Department - Full Time Police Officer			$175,500	#32, 75
Police Department - Dispatch Records Technician			$132,500	#32, 75
Police Department - Public Safety Surveillance Camera x 1	x	$7,500		#30, 73
Police Department - Wellness Center Shower	x	$34,000		#77
Police Department - Facility Funding Lobbying	x	$50,000		#28
Fire Department - Regional Intern Firefighter Program	x	$18,000		#67, 121
Public Works - Equipment (Power Tools, Lockers, Batteries)	x	$5,000		#65
Public Works - Changeable Message Sign	x	$30,000		#30

Supplemental Requests Page 2/2

Supplemental Requests Selected		Recommended	Not Recommended	Council Priority
Public Works - Roll Up Doors New Storage Building			$25,000	#30
Public Works - Riding Mower	x	$17,000		#65
Maintenance - Annual Citywide HMA Road Patching			$40,000	#26
Maintenance - Annual Citywide Storm Damage Repair			$30,000	#26
Maintenance - Annual Citywide Striping Program			$172,000	#26
Maintenance - PD Safety/Enforcement Modifications	x	$25,000		#26
Maintenance - Vegetation-Fuel Reduction	x	$90,000		#62
Engineering - ADA Transition Plan and Self Evaluation	x	$200,000		#26
Engineering - Retaining Wall Monitoring Program			$5,000	#26
Engineering - Right of Way Mapping			$50,000	#26
Engineering - Storm Drain Geographic Information System (GIS)			$50,000	#26
Engineering - Sonora Civil Infracture Biennial Inspection			$35,000	#26
Engineering - Annual Storm Drain CCTV Inspections	x	$12,500		#64
Engineering - Traffic Impact Mitigation Fee Update			$10,000	#31, 50
Engineering - Parking Study			$280,000	#66
Engineering - Pavement and Sidewalk Condition Survey			$28,000	#26
Engineering - Citywide ADA Sidewalk Assessment			$100,000	#26
CIP - 94 Snell Road Retaining Wall Replacement	x	$158,000		#26
CIP - Parking Lot Improvements - Above S. Shepherd St. Restroom			$90,000	#26
CIP - Farmer's Market Sidewalk Repairs			$165,000	#26
CIP - Annual Citywide ADA Sidewalk & Curb Ramp Upgrades			$195,000	#26
CIP - Barretta St. - Church St. Intersection Study			$25,000	#26
CIP - Barretta Street Upper Retaining Wall (Near Church @ Dome)			$461,000	#26
CIP - City Road Repaving - Reconstruction (Annual Allocation)	x	$400,000		#26
CIP - City Road Preservation Program (Annual Allocation)	x	$225,175		#26
CIP - Sonora Main Drain/Creek Basin (Phase 1)			$344,200	#26
CIP - Sonora Main Drain/Creek Basin (Phase 1) - Grant Lobbying			$50,000	#26
CIP - Linoberg Road Retaining Wall (Bradford to Pine)			$25,000	#26
CIP - Snell Road Reconstruction & Drainage Improvement	x	$26,500 RMRA		#26
CIP - Tuolumne Heritage Trail Phase I Oversight	x	$50,000 ATP Project		#26
CIP - Downtown Sidewalks ATP Grant (Local Match)	x	$35,000		#26
CIP - Sonora Moves ATP Grant (Local Match)	x	$35,000		#26

City of Sonora Organizational Assessment and Budget Stabilization

City of Sonora Vision Statement

With leadership and integrity, the City of Sonora commits to excellent service through collaboration and innovation.

City of Sonora Mission Statement

The City of Sonora's mission is to foster a safe, vibrant, and prosperous community that enhances the quality of life for all.

City Council and Community Priorities:

- Invest in infrastructure maintenance and long-term infrastructure improvements, including road repairs and maintenance, storm drains, and a traffic-circulation system.
- Assure strong public safety services (police and fire), including assuring adequate staffing and equipment to address crime prevention, law enforcement, and disaster preparation and response.
- Provide effective planning for growth and annexation and implement smart, attainable housing development and business development, including tourism and small business development, and filling vacant business spaces while maintaining the historical integrity, character, and charm of the downtown.
- Address the ongoing community challenges associated with homelessness.
- Assure the City's ability to meet community needs now and into the long-term future by stabilizing the City's long-term fiscal situation, increasing staff in critical functions and providing competitive salaries to assure the City's ability to attract and retain an adequate number of capable staff.

Organizing the priorities into tiers, each representing an 18-month period, provides time for planning and resource allocation. The full Strategic Plan includes the following three tiers.

- Tier 1 is high priority (first 18 months)
- Tier 2 is mid-level priority (second 18 months)
- Tier 3 is lower priority (third 18 months)

Tier 1 Priorities:

- Business incentives and programs.
- Infrastructure CIP (Capital Improvement Plan) for Roads, Sidewalks, Curbs, Crosswalks, Gutters, and City-owned properties.
- Facilities Assessment and Plan, including the Police Facility.
- Pavement Management Partnership.
- Update the General Plan (utilizing the Five-Year Strategic Plan as a baseline).
- Graffiti Reduction and Mitigation (Historic Downtown Maintenance and Preservation).
- Development of a 'Use Locals First' ordinance or program.
- Public signs, decals, and City logos, including signs when Measure Y funds are being utilized.
- Cybersecurity detection assessment.

Short Term Factors

Short-Term Economic Outlook, Fiscal Considerations, and Strategic Growth

As the City of Sonora prepares the FY2026/27 Budget, it continues to navigate an evolving economic environment marked by moderating but persistent inflationary pressures and interest rates that, while beginning to ease, remain elevated compared to historical norms. Although recent trends indicate increasing economic stabilization, factors such as consumer spending patterns, labor market conditions, and broader economic uncertainty continue to influence the City's fiscal outlook, revenue projections, and overall budget planning approach.

The passage of Measure Y, the Essential Services Transaction and Use Tax, a 1% local sales tax approved by voters and implemented on April 1, 2023, has become a cornerstone of the City's fiscal stability. Measure Y is projected to generate approximately $4.2M in revenue in FY2026/27, creating a critical funding stream to support public safety, operations, staffing, and capital improvements.

Without the passage of Measure Y, the City's financial future would be in serious jeopardy. Fortunately, Measure Y provides a lifeline, allowing the City to preserve its independence, protect essential services, and reinvest in infrastructure and community priorities. However, the City must continue to plan conservatively and use these new revenues strategically to ensure long-term sustainability.

Organizational Transition and Workforce Investment

In parallel with these fiscal challenges, the City continues to manage significant organizational changes, including the retirement of key personnel. These transitions have created both staffing gaps and opportunities to realign resources and modernize internal operations.

To ensure sustainability, the City must continue to evaluate service delivery models, prioritize capital project delivery, and pursue internal efficiencies to offset rising personnel costs. These expenses are cyclical, and the City must remain disciplined to preserve fiscal health over the long term.

Strategic Growth and Annexation

For public agencies, growth is essential to maintaining and expanding revenue. As the cost of services continues to rise, a broader tax base is necessary to avoid overburdening existing residents while supporting essential investments in infrastructure, public safety, and personnel. Strategic growth also enhances the City's ability to plan regionally, attract private investment, and deliver services more efficiently.

This growth can also provide benefits at the County level. Development within the City limits is supported by higher levels of infrastructure and municipal services, which can enhance property values, encourage investment, and promote economic activity. In addition, commercial activity occurring within the City generates local revenues that help fund municipal services such as police and fire protection, street maintenance, infrastructure improvements, and economic development initiatives. These investments contribute to a stronger regional economy and help ensure that growth is accompanied by the public services and infrastructure necessary to support residents, businesses, and visitors alike.

City of Sonora Personnel

Full-Time Equivalent (FTE's)

In FY2026/27, the City of Sonora continues to operate with a lean workforce, with no changes to approved full-time equivalent (FTE) positions from FY2025/26 and relies on contracting to maintain service levels without long-term cost increases. This approach reflects the City's ongoing commitment to fiscal responsibility while maintaining essential service levels across all departments. Operating with limited staffing requires departments to prioritize core services, streamline operations, and maximize efficiency with available resources.

Personnel and Workforce Investment

The City's most valuable asset in serving the community is its workforce. Virtually all services provided by the City; Public Safety, Community Development, Administration, Finance, Public Works, and more, are carried out by dedicated employees. Reflecting this, approximately 69.22% of the FY2026/27 General Fund Budget is dedicated to salaries and benefits, a figure that has remained steady over the past several years, underscoring the central role of personnel in the City's operations and service delivery.

Given the City's limited budget, adding new staff is not feasible; however, advancing an ambitious CIP and maintenance schedule demands resources. To balance these needs, the City's approach has been to contract services where appropriate and cost-effective, as contracts can be scaled back when necessary and avoid long-term obligations such as CalPERS.

The Organizational Assessment and Budget Stabilization Study identified several high-priority strategies, including the need to bring employee compensation up to competitive market levels. It also recommended multi-year labor agreements as a tool for stabilizing long-term budgeting and workforce planning.

In alignment with these recommendations, the City entered into successful labor negotiations with all the City's employee associations. The proposed budget reflects agreements with:

- Sonora Management Employees Association (SMEA)
- Sonora Confidential Employees Association (SCEA)
- Sonora Employee's Association (SEA)
- Sonora Police Officers Association (SPOA)
- Sonora Fire-Fighters Association (SFFA)

Many of these agreements incorporate salary adjustments based on the 2023 Sonora Compensation Study, which confirmed that many City positions were significantly under market rate. Alongside bringing pay to competitive levels, the agreements also include targeted reforms to legacy benefits that had become financially unsustainable over time. These reforms include:

- Elimination of Other Post-Employment Benefits (OPEB) for newly hired employees, reducing the City's long-term retiree healthcare liability.
- Limiting Sick Leave Cash-Outs, placing a cap on the amount of unused sick leave that may be converted to cash upon separation or retirement, aligning with best practices and helping to manage one-time payout exposure.

- Capping Incentive Pay, standardizing and limiting additional pay for specialized duties or certifications to ensure internal equity and budget predictability.

These structural changes not only help contain long-term costs, but also promote transparency, fairness, and consistency in the City’s compensation structure.

By addressing outdated benefits and investing in sustainable pay practices, the City is building a stronger foundation for:

- Attracting and retaining talent, ensuring key positions are filled with qualified professionals.
- Boosting morale and productivity, through fair compensation and workplace stability.
- Enhancing market competitiveness, making the City a more attractive employer in the region.
- Reducing turnover and recruitment costs, improving continuity and efficiency.
- Promoting financial stewardship, by balancing competitive compensation with responsible fiscal management.

As the City looks ahead, these agreements will play a crucial role in preserving service levels, advancing operational goals, and ensuring Sonora remains a responsive and resilient organization.

CalPERS

The FY2026/27 Budget reflects the required employer pension contributions established by the California Public Employees' Retirement System (CalPERS) based on the actuarial valuation as of June 30, 2024, and released in August 2025. Employer contribution rates are determined using a variety of demographic and economic assumptions, including life expectancy, retirement patterns, employee turnover, disability rates, inflation, salary growth, and long-term investment returns.

Because actual experience rarely matches actuarial assumptions exactly, the City's pension liability can increase or decrease over time due to factors such as investment performance, changes in actuarial assumptions, demographic experience, and modifications to retirement plans or funding methodologies. As a result, pension costs remain subject to market conditions and other factors outside the City's direct control.

For FY2026/27, the City's required unfunded accrued liability (UAL) payment to CalPERS is $1,337,890 and is due in July 2026. The City intends to continue its practice of prepaying this obligation in a lump sum at the beginning of the fiscal year. By making the payment in advance rather than through monthly installments, the City is expected to realize savings of approximately 3.5 percent, reducing overall pension costs and maximizing the efficient use of public funds.

The City has also established and continues to maintain a Section 115 Pension Trust to help address future pension obligations and reduce long-term cost volatility. Funds held within the trust are dedicated to pension-related purposes and provide the City with an additional tool to manage future CalPERS costs, mitigate the impacts of market fluctuations, and strengthen long-term fiscal sustainability.

Through a combination of annual contributions, strategic prepayments, and the maintenance of dedicated pension reserves within the Section 115 Trust, the City remains committed to a proactive pension funding strategy. This approach helps protect the City's financial stability while ensuring that retirement obligations are met without compromising the delivery of essential municipal services.

Summary of Positions by Department

Total Budgeted Full Time Equivalent Employees Summary Positions by Department	2022/23 Approved	2023/24 Approved	2024/25 Approved	2025/26 Proposed	2026/27 Proposed
City Administration					
City Administrator	1.0	1.0	1.0	1.0	1.0
Assistant City Administrator	0.0	0.0	1.0	1.0	0.0
City Attorney	0.0	0.0	0.0	0.0	0.0
Administrative Svs Director	1.0	1.0	0.0	0.0	1.0
Administrative Svs Officer (City Clerk)	1.0	1.0	1.0	1.0	1.0
Administrative Analyst	0.0	0.0	0.0	0.0	0.0
Finance Assistant	1.0	1.0	1.0	1.0	1.0
Deputy City Clerk	0.6	1.0	1.0	1.0	1.0
Office Assistant-Accounting Tech	0.0	0.0	0.0	0.0	0.0
Fleet Mechanic Supervisor	1.0	0.0	0.0	0.0	0.0
Total Department FTE's	4.6	5.0	5.0	5.0	5.0
Community Development					
Community Development Director	1.0	1.0	1.0	1.0	1.0
City Building Offical	0.0	0.0	1.0	1.0	1.0
Community Development Specialist I	0.0	0.0	0.0	0.0	0.0
Community Development Specialist II	1.0	0.0	0.0	0.0	0.0
City Building Official	0.0	0.0	0.0	0.0	0.0
Building Inspector	0.0	0.0	0.0	0.0	0.0
Special Programs Coordinator	0.0	0.0	0.0	0.0	0.0
Economic Development Coordinator	0.0	0.0	0.0	0.0	0.0
Total Department FTE's	2.0	1.0	2.0	2.0	2.0
Police Department					
Chief of Police	1.0	1.0	1.0	1.0	1.0
Police Lieutenant	1.0	1.0	1.0	1.0	1.0
Police Sergent	2.0	2.0	2.0	2.0	2.0
Police Officer (Includes 2 Corporals)	10.0	10.0	10.0	10.0	10.0
Reserve Police Officer	0.2	0.2	0.2	0.2	0.2
Community Service Officer (FT/PT)	1.6	1.6	1.6	1.6	1.6
School Resource Officer (PT)	0.0	0.0	0.0	0.0	0.0
Communications Dispatcher	5.0	5.0	5.0	5.0	5.0
Communications Dispatcher Relief	1.0	1.3	1.3	1.3	1.3
Police Records Technician	1.0	1.0	1.0	1.0	1.0
Background Investigator	0.1	0.0	0.0	0.0	0.0
Information Technology Tech	0.2	0.2	0.2	0.2	0.2
Homeless Outreach Coordinator	0.0	0.6	1.0	1.0	1.0
Total Department FTE's	23.1	23.9	24.3	24.3	24.3
Fire Department					
Fire Chief	1.0	1.0	1.0	1.0	1.0
Fire Captain	3.0	3.0	3.0	3.0	3.0
Fire Engineer	3.0	3.0	3.0	3.0	3.0
Fire Engineer Relief	0.8	0.8	0.8	0.8	0.8
Volunteers	0.3	0.3	0.3	0.3	0.3
Interns	0.1	0.1	0.1	0.1	0.1
Office Assistant	0.6	0.6	0.6	0.6	0.6
Total Department FTE's	8.8	8.8	8.8	8.8	8.8
Public Works					
Public Works Director	0.0	0.0	0.0	0.0	0.0
Public Works Supervisor	1.0	1.0	1.0	1.0	1.0
Public Works Specialist I/II	3.0	3.0	4.0	4.0	4.0
Public Works Assistant	2.0	2.0	1.0	1.0	1.0
Total Department FTE's	6.0	6.0	6.0	6.0	6.0
Total City FTE's	44.45	44.7	46.1	46.1	46.1

Citywide Full Time Equivalent Approved Positions FY2026/27

What is the City Budget?

The City's Budget sets forth a strategic resource allocation plan to fund City programs, services and infrastructure. The City's budget is composed of an operating budget, which forecasts the City's expenditures and revenues for the upcoming year, and a capital improvement plan, which shows the financial plans for long-term capital improvements and facilities.

The fiscal year of the City begins on July 1st of each year and ends on June 30th of the following year. The budget for the City of Sonora is designed to serve four major purposes: Comply with legal requirements for cities in the State of California; Provide an operations guide and policy document for administrative staff in the management and control of fiscal resources; Present the City's financial plan for the ensuing fiscal year, itemizing projected revenues and estimated expenditures; Be a resource to citizens who wish to understand the operations and costs of City services.

What essential services does the City provide?

The City of Sonora provides a comprehensive range of services to support the safety, well-being, and quality of life of its residents, businesses, and visitors. Core public safety services include Police and Fire, which ensure emergency response, law enforcement, and community protection. Public Works is responsible for maintaining and improving the City’s infrastructure, including streets, drainage systems, and public facilities. Administrative functions, such as Administration, Finance, Human Resources, and Risk Management, support the organization through fiscal oversight, employee services, and operational coordination.

In addition, the City provides community development services, including Planning, Code Enforcement, Housing, and Economic Development, which guide responsible growth, maintain community standards, and promote a healthy local economy. Together, these services reflect the City’s commitment to effective governance, public safety, infrastructure reliability, and sustainable community development.

What is the General Fund Reserve Policy?

A reserve policy establishes guidelines for how the City sets aside, maintains, and uses financial reserves to ensure long-term fiscal stability and operational flexibility. The City of Sonora's Fund Balance Reserve Policy is designed to maintain sufficient resources to respond to economic uncertainties, emergencies, and unforeseen events while supporting consistent service delivery. The policy establishes a target General Fund reserve level of 25% of annual operating expenditures, with reserves divided into two components: an Economic Uncertainty Reserve (75%), which is intended to stabilize the budget during economic downturns or revenue fluctuations, and an Emergency Reserve (25%), which is set aside for unexpected events such as disasters or unanticipated costs.

The policy also defines minimum reserve thresholds, requires City Council approval for the use of reserves, and includes provisions to replenish reserves if levels fall below established targets. In addition, excess reserves may be allocated toward capital projects or other long-term priorities. Overall, the policy provides a structured and transparent framework to ensure the City maintains adequate liquidity, plans for future obligations, and manages financial risks in a fiscally responsible manner.

What is the City's Pension Funding Level?

The City continues to actively manage its long-term pension obligations and has made meaningful progress in strengthening its funded status. In recent years, the City Council established a Section 115 California Employers' Pension Prefunding Trust (CEPPT) to set aside funds specifically for future pension liabilities. Through regular discretionary contributions to the CEPPT, the City has created a financial buffer to help offset anticipated increases in required annual contributions in the coming years. This proactive approach supports long-term fiscal sustainability, reduces volatility in pension costs, and positions the City to better manage its obligations while maintaining service levels.

Basis of Budgeting

Basis of Budgeting

The basis of budgeting refers to the method the City uses to recognize revenues and expenditures when preparing its annual operating budget. It is important to distinguish this from the basis of accounting used in the City's audited financial statements, which follow Generally Accepted Accounting Principles (GAAP). While similar in many respects, these two approaches differ in the timing and treatment of certain transactions.

Under GAAP, governmental funds such as the General Fund and special revenue funds use the modified accrual basis of accounting. This method recognizes revenues when they are both measurable and available to finance current operations. Expenditures are recognized when the related liability is incurred, with some exceptions (e.g., debt service and accrued leave).

In contrast, the City of Sonora prepares its annual budget using a modified cash basis, also known as the cash plus encumbrance basis. This approach provides a more practical and enforceable framework for managing day-to-day financial operations and legal compliance.

Key characteristics of the City's budgetary basis include:

- Revenues are recognized when cash is received, rather than when earned.
- Expenditures are recorded when cash is disbursed or when encumbrances (e.g., purchase orders or contracts) are issued.
- Encumbrances are treated as expenditures and reduce available budget authority, even if payment occurs in a future fiscal year.

This approach helps ensure that spending does not exceed appropriated amounts and provides a clear method for tracking obligations.

Key Differences from GAAP

Several notable differences exist between the City's budgetary basis and GAAP-based financial reporting, including:

- **Revenue recognition**: Budget basis uses cash received; GAAP uses modified accrual.
- **Encumbrances**: Counted as expenditures in the budget, but not under GAAP.
- **Capital assets and depreciation**: Capital purchases are expensed in the budget; GAAP requires capitalization and depreciation over time.
- **Contingent liabilities**: Items like accrued leave are not budgeted but are recorded under GAAP.
- **Interfund transfers**: May be classified differently between budgetary and financial reporting formats.

Reconciliation with Financial Reporting

The City's Annual Comprehensive Financial Report (ACFR) presents financial statements in accordance with GAAP and includes reconciliations that explain differences between the budgetary and accounting bases. These reconciliations promote transparency and allow stakeholders to compare the City's budget performance with its audited financial outcomes, ensuring accountability and fiscal clarity.

City of Sonora Municipal Government

The City operates under a council-manager form of government. Policymaking and legislative authority are vested in the City Council, consisting of the five (5) elected councilmembers. The Council's primary responsibilities are adopting City laws and policies, adopting the City budget, and hiring the City Administrator and City Attorney.

The City Administrator is responsible for implementing the policies and ordinances adopted by the City Council, overseeing the day-to-day operations of the City, appointing employees, and ensuring the effective management of all municipal functions. The City Administrator is supported by a professional administrative team that includes the City Clerk, City Attorney (a contracted position), City Engineer (a contracted position), and department heads from Administrative Services, Community Development, the Police Department, and the Fire Department. This leadership team works collaboratively to ensure the efficient delivery of services, compliance with regulations, and responsiveness to the community's needs.

The City provides a full range of municipal services, including fire and police protection, construction and maintenance of City streets, storm drains, parks, parking lots, and similar infrastructure.

Sonora City Council

- Ann Segerstrom, Mayor
- Andy Merrill, Vice Mayor
- Bess Levine, Councilmember
- Stephen Opie, Councilmember
- Mark Plummer, Councilmember

Administration

- Christopher Gorsky, City Administrator
- Douglas White, City Attorney

City Hall is located at:

94 N. Washington Street
Sonora, CA 95370
(209)532-4541

Budget Process

The City's budget process is designed to allocate resources in alignment with the goals, objectives, and priorities established by the City Council. New programs and initiatives are incorporated based on Council direction and community needs. The City Administrator is responsible for preparing and recommending the annual operating budget for City Council consideration and adoption.

The budget development process begins in March with the issuance of budget instructions to departments, including policy guidance and fiscal parameters. Department Heads work closely with the City Administrator and Administrative Services Director to review baseline budgets and evaluate supplemental requests. These requests are prioritized based on their ability to support Council goals, enhance service delivery, improve operational efficiency, and address emerging community needs.

Following departmental review, the City Administrator develops a balanced budget proposal, which is presented to the City's Finance Committee for review and input. After incorporating feedback from the Finance Committee, the proposed budget is presented to the Mayor and City Council at a public budget hearing, held in June.

The City Council adopts the final budget by June 30 through the passage of a resolution following a duly noticed public hearing. At the same time, the Council adopts a separate resolution establishing the City's annual appropriations limit (GANN Appropriations Limit). This structured process ensures transparency, fiscal responsibility, and alignment of resources with the City's strategic priorities.

Budget Timeline

Fiscal Year 2026/27 Budget Preparation

- **November 20, 2023**
  The City Council was presented and adopted the Organizational Review and Budget Stabilization Study which detailed budget priorities over the next 5 years.
- **June 16, 2025**
  The City Council was presented and adopted an update to the Organizational Review and Budget Stabilization Study, including a summary of accomplishments and a refined set of future goals as part of a soft update to the Strategic Plan.
- **March 27, 2026**
  Administration releases detailed budget instructions, guidelines, and required forms to Department Heads, providing direction and expectations for the preparation of departmental budget requests.
- **April 24, 2026**
  Each department's budget request is returned to the Administrative Services Director for review, analysis, and incorporation into the Proposed Budget.
- **May 1, 2026**
  Budget requests are reviewed and evaluated by the City Administrator to ensure alignment with City priorities, available resources, and overall fiscal sustainability.
- **May 8, 2026**
  Each department budget and any proposed adjustments are reviewed with Department Heads to ensure accuracy, alignment with operational needs, and consistency with City priorities.
- **May 18, 2026**
  Budget reviewed with City Council members.
- **May 27, 2026**
  The Proposed Budget is reviewed by the City Finance Committee to provide oversight, feedback, and recommendations prior to City Council consideration.
- **June 15, 2026**
  The Proposed Budget is presented to and considered by the City Council at a public hearing, providing an opportunity for Council review, discussion, and public input. Following this process, the City Council formally adopts the budget for the upcoming fiscal year.

City of Sonora Financial Policies

Financial Policies of the City of Sonora

The City of Sonora is committed to implementing and maintaining strong fiscal responsibility and financial discipline and has incorporated these principles into a set of comprehensive City Financial Policies.

Fiscal Policies

The Fiscal Policies are intended to ensure that the City functions within the limits of its financial resources. The City must make budget decisions to maintain a balance between revenues and expenditures both in the current year and on an ongoing basis, so that the public can realize the benefits of a strong and stable local government that delivers municipal services to City residents.

The City must base spending decisions on their impact on measurable goals. They must further adequately address the City's structural costs, including those related to employees, capital property and equipment maintenance, and legal liabilities. In order to ensure adequate funding for these spending needs, the City must protect and maintain its current diverse revenue base and ensure that, where possible and appropriate, that the individuals that benefit from specialized services pay the reasonable costs of those services. While the City must make significant financial decisions as part of the budget process, it must be prepared to make the required adjustments during each fiscal year.

Finally, the City must ensure its budget is transparent to foster public engagement. To support these objectives, the Fiscal Policies require the City to:

- Achieve structural balance both in the current fiscal year and on an ongoing basis so that projected revenues cover the costs of anticipated services.
- Engage in performance budgeting to ensure that the City makes funding decisions to advance strategic plans with measurable goals that are transparent and regularly evaluated.
- Make responsible choices about employee-related costs that the City both negotiates in consideration of financial impacts and the ability to fund.
- Limit changes to the adopted budget.
- Protect unrestricted revenue sources, seek new and diverse revenues, and not reduce revenue during the year without corresponding expenditure reductions accomplished during the Mid-Year Budget.
- Assess fees and seek to recover the reasonable cost of a service where appropriate.
- Ensure transparency in financial decisions by publishing clear and accurate budget data, reporting on the City's financial condition periodically, and reporting on the financial impacts of proposals.
- Sell surplus equipment and real property at market value.
- Make adequate investment to maintain real property and equipment.

Pension and Retirement Funding Policy

The City has made a commitment to its past and current employees to provide ongoing pension payments during their retirement. These contributions will be fully funded based on annual actuarial studies. It is important that the City continues to meet this commitment to ensure that the costs associated with current services are borne at the current time. With this in mind, the City established a Section 115 Pension Prefunding Trust and will make a recommended contribution of $150,000 each year at budget approval.

General Fund Contingency Reserve Policy

The General Fund Contingency Reserves Policy provides guidelines on the purpose, sizing, uses, and restoration requirements of the contingency reserve fund (both the Economic Uncertainty Reserve and the Emergency Reserve accounts). The policy is intended to ensure that the City maintains sufficient reserves for unanticipated expenditures or revenue shortfalls, to preserve flexibility throughout the fiscal year, to make adjustments in funding for programs approved in connection with the annual budget, and to prepare the City for potential revenue challenges.

The objective is for the City to be in a strong fiscal position to weather future economic downturns and financial challenges. The Contingency Reserve Fund balance shall be maintained at 25% of General Fund adjusted annual appropriations and shall not fall below 15% without a Council-approved replenishment plan. This reserve will be allocated to two categories, with a minimum of seventy-five percent (75%) in the Economic Uncertainty Reserve and twenty-five percent (25%) in the Emergency Reserves.

Plan to Replenish Contingency Reserves

Any appropriation of the Contingency Reserves below the fifteen percent (15%) minimum shall be accompanied by findings articulating the need for the use of the contingency reserves and a plan for the replenishment of the contingency reserves within a reasonable period not to exceed three (3) budget years. The City's current reserve is in excess of the fifteen percent (15%) minimum.

Use of Contingency Reserves

All contingency reserve expenditures must be approved by a 4/5th vote of the City Council. The exception is the event that a disaster situation is declared. In the event of a declared emergency, the City Administrator may expend contingency reserves without prior City Council approval. After the emergency, the City Council shall evaluate the current contingency reserve level, and if necessary, publish, as an amendment to the current budget resolution, findings for the replenishment of the reserves within a reasonable period not to exceed three (3) budget years.

General Fund Encumbrances

An encumbrance is a reservation of funds to cover purchase orders, contracts, or other goods and services that are chargeable to an appropriation. It records obligations for goods or services not yet received or rendered in amounts equal to their anticipated costs. An encumbrance system provides a warning as the City approaches the authorized expenditure level and thus protects the City from over-spending an appropriation.

Investment Policy

The primary objectives of the City's investment policy are, in priority order:

- Safety: The foremost objective is to safeguard principal by mitigating credit and interest rate risks.
- Liquidity: Investments must remain sufficiently liquid to meet the City’s operational needs.
- Yield: Investments should generate a reasonable rate of return while complying with the first two objectives.

Demographics

Population

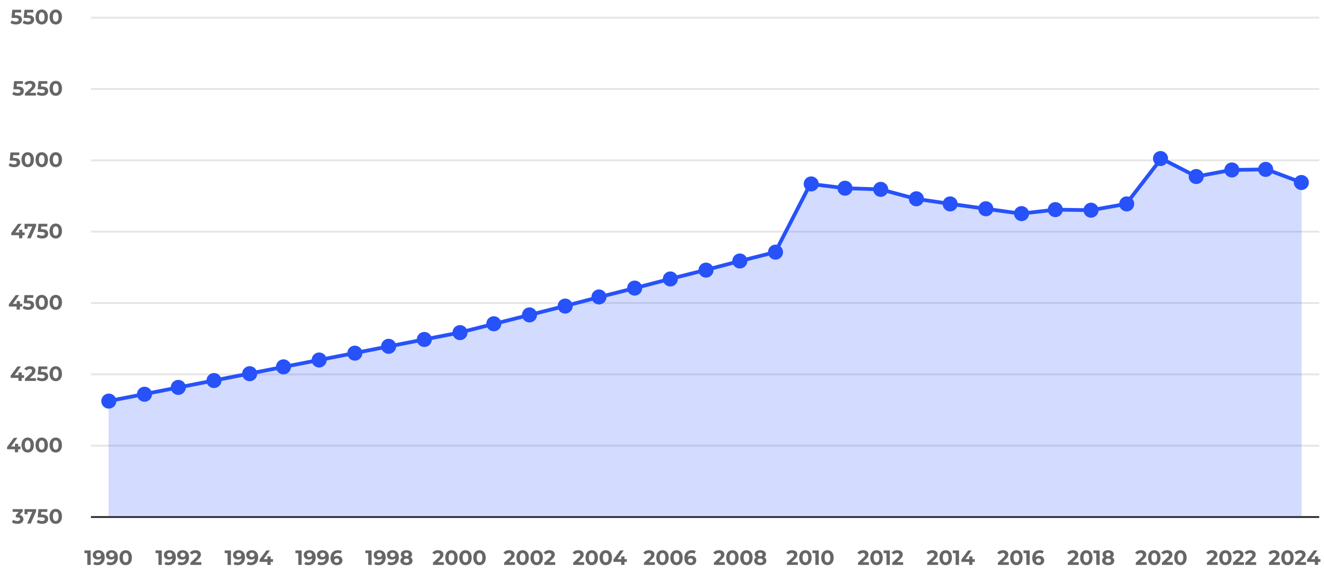
TOTAL POPULATION

4,919

-0.93%
vs. 2023

GROWTH RANK

439 out of **506** Municipalities in California



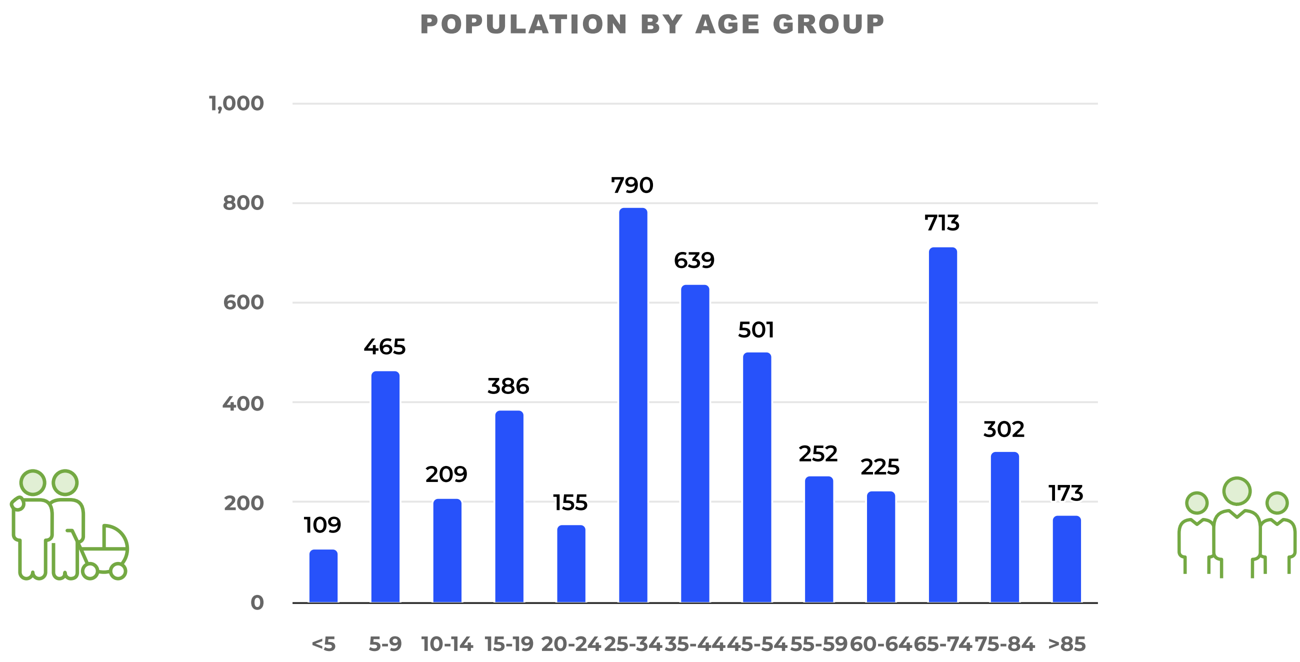
** Data Source: U.S. Census Bureau American Community Survey 5-year Data and the 2020, 2010, 2000, and 1990 Decennial Censuses*

DAYTIME POPULATION

25,000

Daytime population represents the effect of persons coming into or leaving a community for work, entertainment, shopping, etc. during the typical workday. An increased daytime population puts greater demand on host community services which directly impacts operational costs.

** Data Source: Sonora, CA 2025*



Aging affects the needs and lifestyle choices of residents. Municipalities must adjust and plan services accordingly.

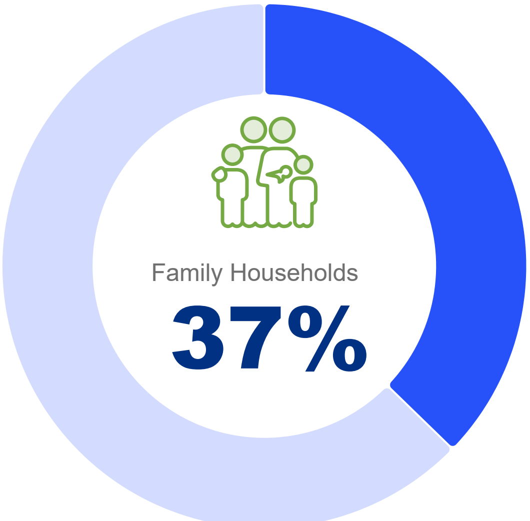
** Data Source: American Community Survey 5-year estimates*

Household

TOTAL HOUSEHOLDS

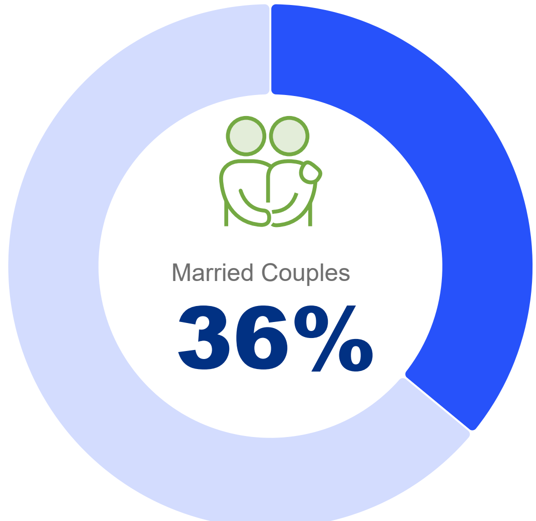
2,216

Municipalities must consider the dynamics of household types to plan for and provide services effectively. Household type also has a general correlation to income levels which affect the municipal tax base.



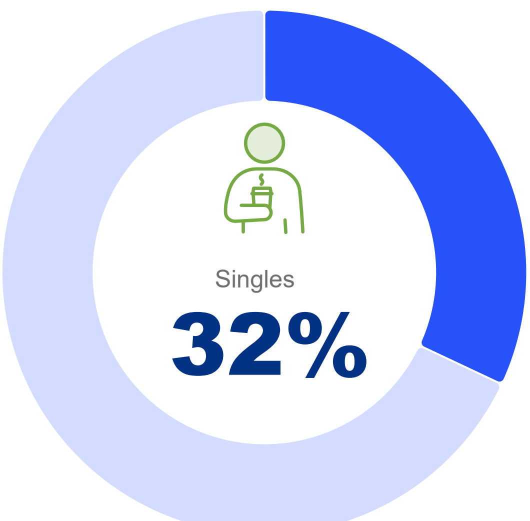
-31%

lower than state average



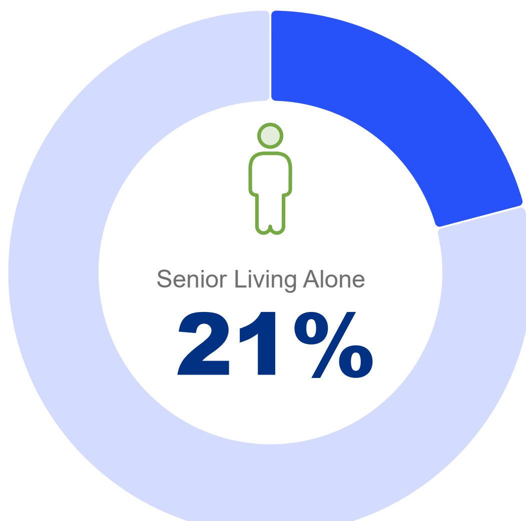
-28%

lower than state average



34%

higher than state average



110%

higher than state average

** Data Source: American Community Survey 5-year estimates*

Economic

Household income is a key data point in evaluating a community's wealth and spending power. Pay levels and earnings typically vary by geographic regions and should be looked at in context of the overall cost of living.

HOUSEHOLD INCOME

Above $200,000

7%

-65.66%
lower than state average

Median income

$82,690

-16.58%
lower than state average

Below $25,000

21%

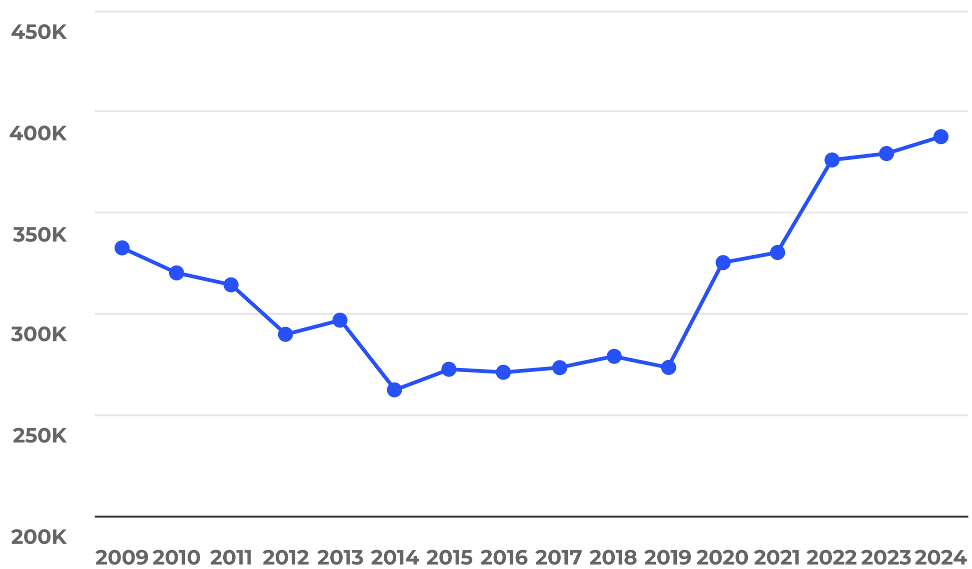
69.60%
higher than state average

** Data Source: American Community Survey 5-year estimates*

Housing

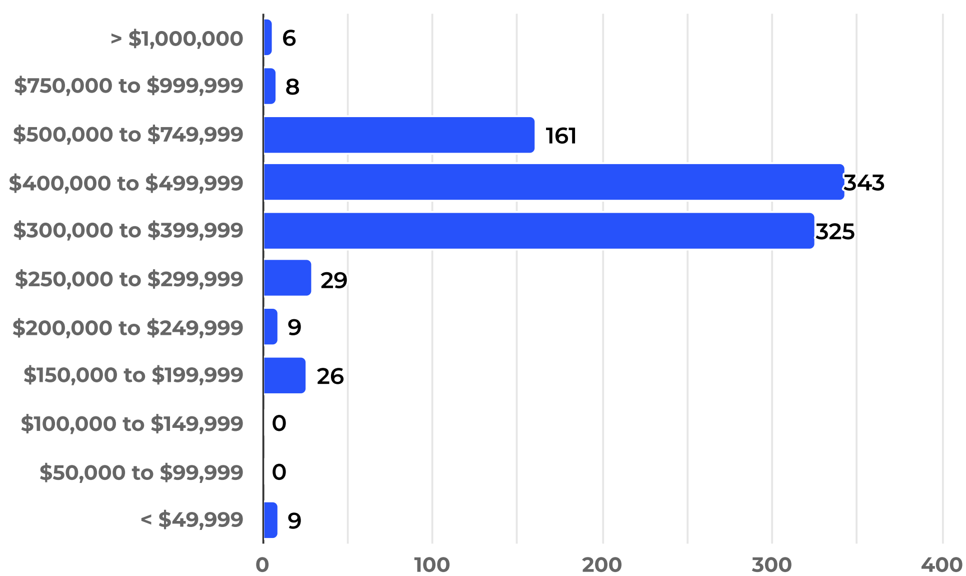
2024 MEDIAN HOME VALUE

$387,645



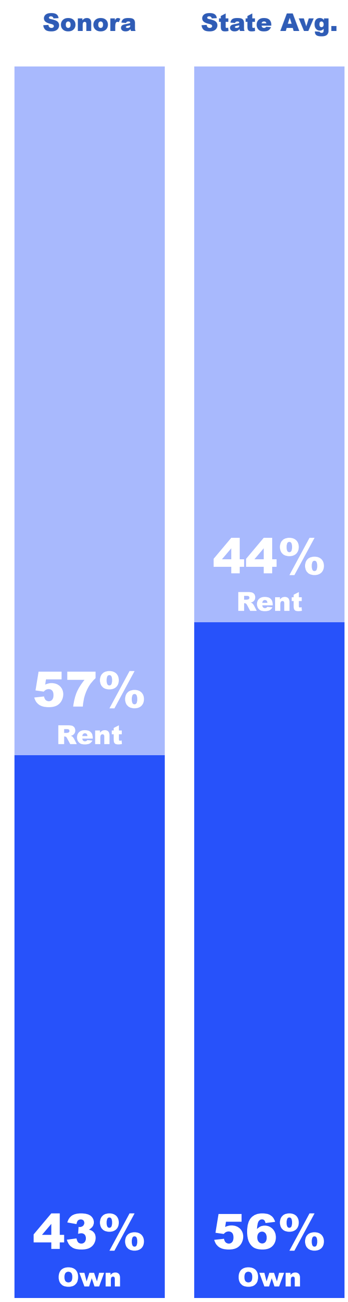
** Data Source: Sonora, CA 2024*

HOME VALUE DISTRIBUTION



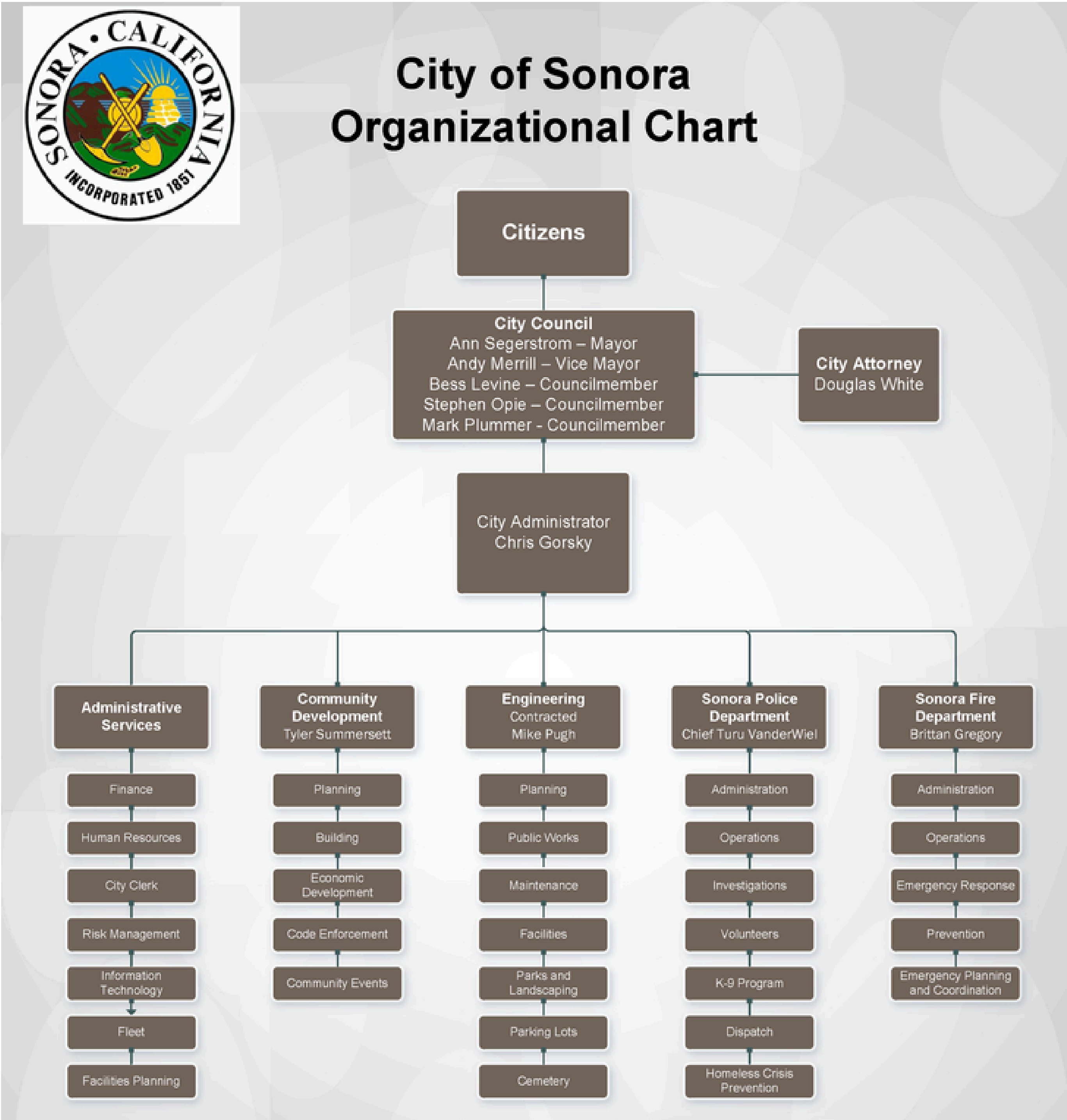
** Data Source: 2024 US Census Bureau, American Community Survey. Home value data includes all types of owner-occupied housing.*

HOME OWNERS VS RENTERS



** Data Source: 2024 US Census Bureau, American Community Survey. Home value data includes all types of owner-occupied housing.*

Organization Structure



City of Sonora Organizational Chart FY2026-27

Fund Accounting

Fund Structure Overview

The City of Sonora's financial resources are organized using a fund accounting system, which ensures transparency, accountability, and legal compliance. A fund is a self-balancing set of accounts that is used to record cash and other financial resources, along with related liabilities, fund balances, revenues, and expenditures. Each fund operates as a separate and distinct fiscal entity, with its own specific purpose, accounting rules, and budgetary controls.

Funds are assigned a unique identifying number and name, allowing staff, auditors, and the public to easily track financial activity. Because each fund is self-contained, it requires independent accounting and financial reporting. The use of multiple funds enables the City to segregate resources by purpose, ensuring that revenues are spent only on their intended uses as required by law, grant agreements, or City policy.

The General Fund

The General Fund is a governmental fund and serves as the primary operating fund of the City. It is used to account for all financial resources not required to be accounted for in another, more specialized fund. The General Fund supports the core functions of municipal government, including Police, Fire, Community Development, Administration, and General Government Services.

This fund is classified as a major fund, as its revenues and expenditures each constitute more than 10% of the City's total appropriated budget, excluding other financing sources and uses. Given its scope and significance, the General Fund is essential to the delivery of day-to-day services that directly impact the community and the overall operation of City government.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

Proprietary Funds:

Proprietary Funds operate in a manner similar to private-sector businesses, where services are financed primarily through user fees and charges. These funds are used when the City intends for the cost of providing goods or services to be recovered through direct billing.

There are two types of proprietary funds:

- Enterprise Funds account for operations where services are provided to the public for a fee.
- Internal Service Funds account for activities that provide services internally to other City departments.

Capital Project Funds

Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned for the acquisition, construction, or improvement of major capital assets and infrastructure. These funds ensure that large, one-time capital expenditures are tracked separately from operating budgets.

Debt Service Funds

Debt Service Funds account for the accumulation of resources and the payment of principal and interest on the City's outstanding debt obligations related to governmental activities. Currently, the City of Sonora has no outstanding debt, so this category is not actively used in the present budget cycle.

Permanent Funds

Permanent Funds are used to report resources that are legally restricted so that only the earnings, not the principal, may be used to support specific programs or purposes. The Cemetery Fund is an example where investment income supports ongoing maintenance while the principal remains intact.

Fund Descriptions

General Fund - 001

The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. General Fund revenues are derived from such sources as taxes, licenses, permits, fees, fines, intergovernmental revenues, charges for services, special assessments, interest income, and other resources available for discretionary funding. Expenditures are made for functions of general government, community development, police and fire protection, public works, cemetery, opera hall, capital outlay, and debt service. For the purposes of the budget, the General Fund is separate and distinct from the reserve funds and other special funds created for a variety of restricted purposes.

Reserve Funds

The Reserve Funds are accounts in which unrestricted cash is set aside outside the budget for unforeseen expenditures and emergencies. The funds can be transferred into the budget for such purposes, as necessary. At fiscal year-end, the unreserved and undesignated fund balance in the General Fund is transferred to the General Fund reserve funds and reported as "Transfer to Reserve Fund." The reserve fund consists of excess general revenues and other unspent appropriations, excess revenue or un-allocated general revenue, excluding one-time receipts. The City's Financial Policies establish a minimum reserve fund balance of twenty percent (20%) of General Fund adjusted appropriations. Pursuant to the City Reserve Policy approved September 16, 2019, twenty-five percent (25%) of the reserve fund is set aside for use in emergencies. There are two accounts established within the Reserve Fund:

General Fund reserve funds 270/271: These funds are recommended to include a minimum of twenty-five percent (25%) of General Fund adjusted appropriations for any given budget year.

- *Economic Uncertainty Reserve - Fund 270:* Seventy-five percent (75%) of this fund will be maintained to minimize the effects of major economic uncertainties, including local disasters, budget difficulties and other severe financial hardships.
- *Emergency Reserve - Fund 271:* Twenty-five percent (25%) of this fund will be maintained as an emergency reserve to minimize the immediate impacts of potential costs not covered by the City's insurance programs, such as claim costs within the City's deductibles, and/or major costs associated with disasters and other events which will not be reimbursable from insurance or from any Federal or State government. All Emergency Reserves must be approved by a 4/5th majority (four votes) of the City Council.

Other Reserve Funds:

Compensated Absences Reserve - Fund 220: This fund was established to set aside twenty-five percent (25%) of the City's annual compensated absences liability as shown in the annual audit.

Fleet Replacement Reserve - Fund 255: This fund was established to fund fleet asset replacement on a continuous basis. The reserve account balance will be reviewed as part of the reserve review process during the annual budget.

Capital Improvement Reserve - Fund 265: This fund was established to accumulate and set aside financial resources for the repair, replacement, or acquisition of long-term capital assets. These assets can include buildings, vehicles, equipment, streets and roads, other infrastructure, and major facility improvements. The fund is typically used to support planned capital improvement projects or respond to unexpected capital needs without placing strain on the operating budget.

Labor Reserve - Fund 280: This fund was established to fund the negotiated salary increases going forward, to limit the risk of the City of Sonora paying market wages, as established in the 2023 Organizational Review and Budget Stabilization Study and the FY23/24 compensation study.

Risk Mitigation Reserve - Fund 281: This fund was established to fund future litigation risk for the City.

General Plan Reserve - Fund 285: This fund was established to set funding aside to update the City's General Plan.

CalPERS Pension Prefunding Trust - Fund 290: This fund was established to account for the City's pension pre-funding trust, a California Employers' Pension Prefunding Trust (CEPPT) organized under Section 115 of the internal revenue code as a tax-exempt trust, dedicated to pre-funding employer contributions to the defined benefit pension plan.

Enterprise Funds

Enterprise funds are used to account for operations similar to private business enterprises. Revenues are collected and used for a specific purpose and are self-sufficient. The ending fund balances are not available for purposes other than those specified for that fund.

Farmer's Market Fund - 310: The Sonora Certified Farmers Market operates from May to October each year and is located at Theall and Stewart Streets in downtown Sonora.

Dragoon Gulch Trail Fund - 320: The Dragoon Gulch Trail Project provides its visitors with a unique opportunity to stroll through Mother Lode’s oak woodlands. The Dragoon Gulch Trail provides over 3.1 miles of natural trails.

Special Revenue Funds

Special Revenue Funds are used to account for revenues from specific taxes, fees, governmental grants, or other revenue sources that are designated to finance particular functions and activities within the City.

Benefit Zones Fund - 330: The Benefit Zone Fund was established to finance the City's annual events, including the Christmas Parade, to encourage patronage by local residents and tourists.

The Franchise and Public Educational Government Fund - 305: This fund was established to account for the one percent (1%) fee collected on cable bills to provide funding to pay the capital costs of broadcasting and making local government proceedings available.

Measure I Fund - 400: The Measure I Fund was established as a result of a 2004 voter-approved one-half percent (1/2%) transaction and use tax and has been active since January 1, 2005. The Police Department receives sixty percent (60%), the Fire Department receives twenty-five percent (25%) and the Public Works department receives fifteen percent (15%).

Community Development Block Grants - 502/525/530: These funds were established to account for federal grant funding for the purpose of development activities to build stronger and more resilient communities.

Supplemental Law Enforcement Fund - 605: This fund was established to account for the Citizen's Option For Public Safety (COPS) program which provides money for local public safety needs.

Vehicle Abatement Fund - 690: This fund was established in 1994 as a result of a vehicle registration fee increase for the City and County residents. The purpose was to provide revenue to address vehicle abatement enforcement within the City.

Fire Department Grant Fund - 710: This fund was established to account for grant funding for the fire department.

Code 5 Fire Reimbursement Fund - 730: This fund was established to account for revenues from the statewide fire mutual aid program which reimburses the Fire Department for sending personnel and equipment to assist in statewide fires.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services supplied by other funds, departments, or agencies.

Dental Self-Insurance Fund - 210: The City has been fully insured for Medical and Vision insurance since FY 2017/18, but dental insurance continues to be self-funded.

Permanent Funds

A permanent fund is established to account for resources that are restricted in such a way that only the earnings (interest, dividends, etc.) may be used to support government programs.

Cemetery Fund - 390: This fund was established to account for the principal trust amounts and related interest income for the Mountain Shadow Cemetery.

Capital Project Funds

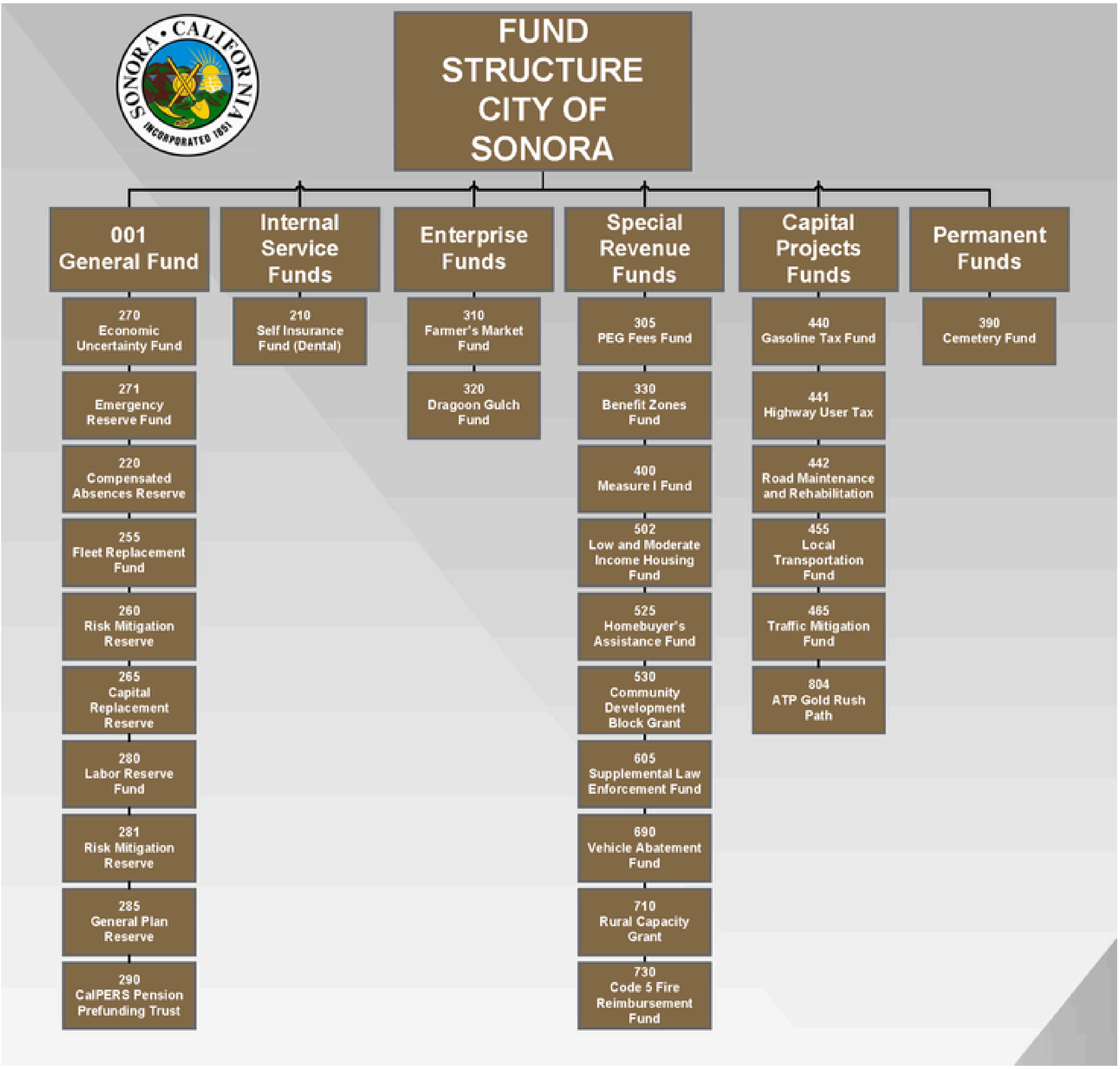
Capital Project Funds are established to account for the acquisition or construction of major capital facilities or other general capital outlays.

Highway User Tax - 440/441: The State of California imposes per-gallon excise taxes on gasoline and diesel fuel, sales taxes on gasoline and diesel fuel and registration taxes on motor vehicles with allocations dedicated to transportation purposes. The local (City and County) portions of these allocations flow through the Highway Users Tax Account (HUTA).

Road Maintenance and Rehabilitation - 442: Senate Bill 1 (SB1) created the Road Maintenance and Rehabilitation Account (RMRA). A percentage of this funding will be apportioned by formula to eligible cities for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

ATP Tuolumne Heritage Trail - 804: This fund tracks all financial transactions for the City's portion of the Gold Rush Trail Phase 1.

See the chart on the next page for a complete list of City funds.

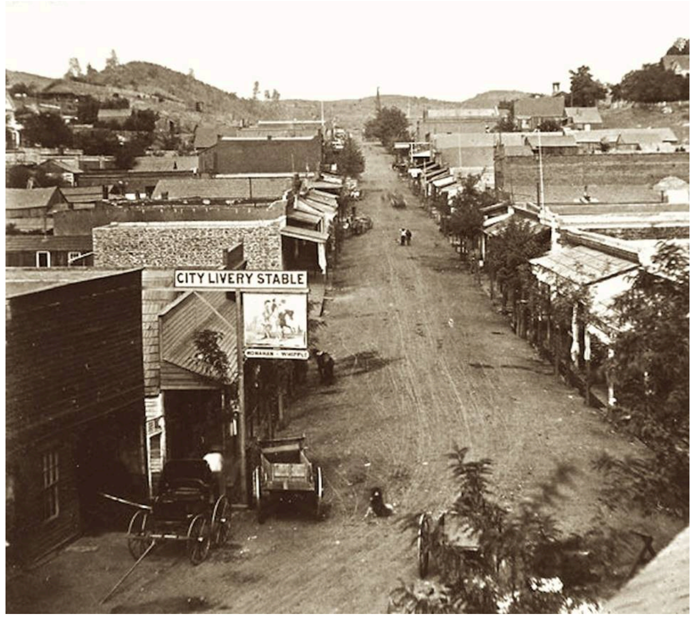

FUND STRUCTURE CITY OF SONORA
001 General Fund
270 Economic Uncertainty Fund
271 Emergency Reserve Fund
220 Compensated Absences Reserve
255 Fleet Replacement Fund
260 Risk Mitigation Reserve
265 Capital Replacement Reserve
280 Labor Reserve Fund
281 Risk Mitigation Reserve
285 General Plan Reserve
290 CalPERS Pension Prefunding Trust
Internal Service Funds
210 Self Insurance Fund (Dental)
Enterprise Funds
310 Farmer's Market Fund
320 Dragoon Gulch Fund
Special Revenue Funds
305 PEG Fees Fund
330 Benefit Zones Fund
400 Measure I Fund
502 Low and Moderate Income Housing Fund
525 Homebuyer's Assistance Fund
530 Community Development Block Grant
605 Supplemental Law Enforcement Fund
690 Vehicle Abatement Fund
710 Rural Capacity Grant
730 Code 5 Fire Reimbursement Fund
Capital Projects Funds
440 Gasoline Tax Fund
441 Highway User Tax
442 Road Maintenance and Rehabilitation
455 Local Transportation Fund
465 Traffic Mitigation Fund
804 ATP Gold Rush Path
Permanent Funds
390 Cemetery Fund

History of the City of Sonora

A Historic Overview of the City of Sonora

The City of Sonora, proudly known as the “Queen of the Southern Mines,” was established in 1848 by miners who emigrated from the State of Sonora, Mexico. What began as a rugged mining camp, often referred to in its early days as the Sonoran Camp, quickly became one of the most significant settlements in California’s historic Mother Lode region. As with many foothill communities, gold mining was the primary catalyst for Sonora’s early growth and prosperity. By 1849, just a year after its founding, Sonora’s population surged to nearly 5,000 residents, a figure that remains close to the City's current population.

Sonora is one of California’s oldest incorporated cities, formally gaining city status on May 1, 1851, a distinction shared by only ten cities in the state with earlier incorporations. While mining activity began in the area as early as 1848, the first documented discovery of gold occurred on March 17, 1849, in Wood’s Creek, near what is now Sonora High School. Unlike many gold rush towns, no single prospector is credited with the discovery of gold in Sonora. However, the area’s natural geography, nestled in a narrow, sheltered valley with year-round creeks like Sonora and Woods Creek, made it an attractive location for Native American settlement and later mining activity.



The region was originally home to the indigenous Mi-Wuk people, who used the valley as a winter encampment. As the influx of miners and settlers grew, the Mi-Wuk gradually moved their camps to the higher elevations. News of gold discoveries in Sonora spread rapidly, drawing hopeful prospectors from the East Coast and around the world. Many endured grueling voyages that took them across the Isthmus of Panama and onward to San Francisco, followed by a schooner trip to Stockton and a final dusty stagecoach ride into the foothills.

Early Sonora was a bustling tent town with dirt streets and limited accommodations, but its prosperity through the late 1800s and early 1900s left a lasting architectural legacy. Many of the historic homes and buildings still standing today, such as the Sonora Opera Hall, date back to that era. In recognition of its historical and cultural significance, Sonora was designated as one of California's first "Main Street" cities in 1986, part of a statewide program to preserve and revitalize downtown districts. Today, downtown Sonora retains much of its 19th-century charm, with its narrow streets, preserved architecture, and unique character drawing visitors from across the globe.

While Sonora's economy was historically driven by the mining and timber industries, the City has successfully transitioned to a modern economy anchored in tourism, small business, and public services. Located just a short drive from Yosemite National Park, Sonora serves as a key hub for visitors exploring the Sierra Nevada foothills and surrounding natural landmarks.

Sonora is governed by a City Council consisting of five council members, including a Mayor, and operates under a Council-Administrator form of government. The City Council sets policy and adopts the City budget, while a City Administrator, appointed by the Council, is responsible for implementing those policies and managing day-to-day operations. As of FY26/27, Ann Segerstrom serves as Mayor, and Christopher Gorsky as City Administrator.

From its gold rush origins to its role today as a welcoming, historically rich community, Sonora remains true to its nickname, "Queen of the Southern Mines", offering a unique blend of heritage, beauty, and small-town vitality. It stands as a testament to resilience, adaptation, and the enduring appeal of California's historic foothill communities.

CITYWIDE BUDGET SUMMARIES

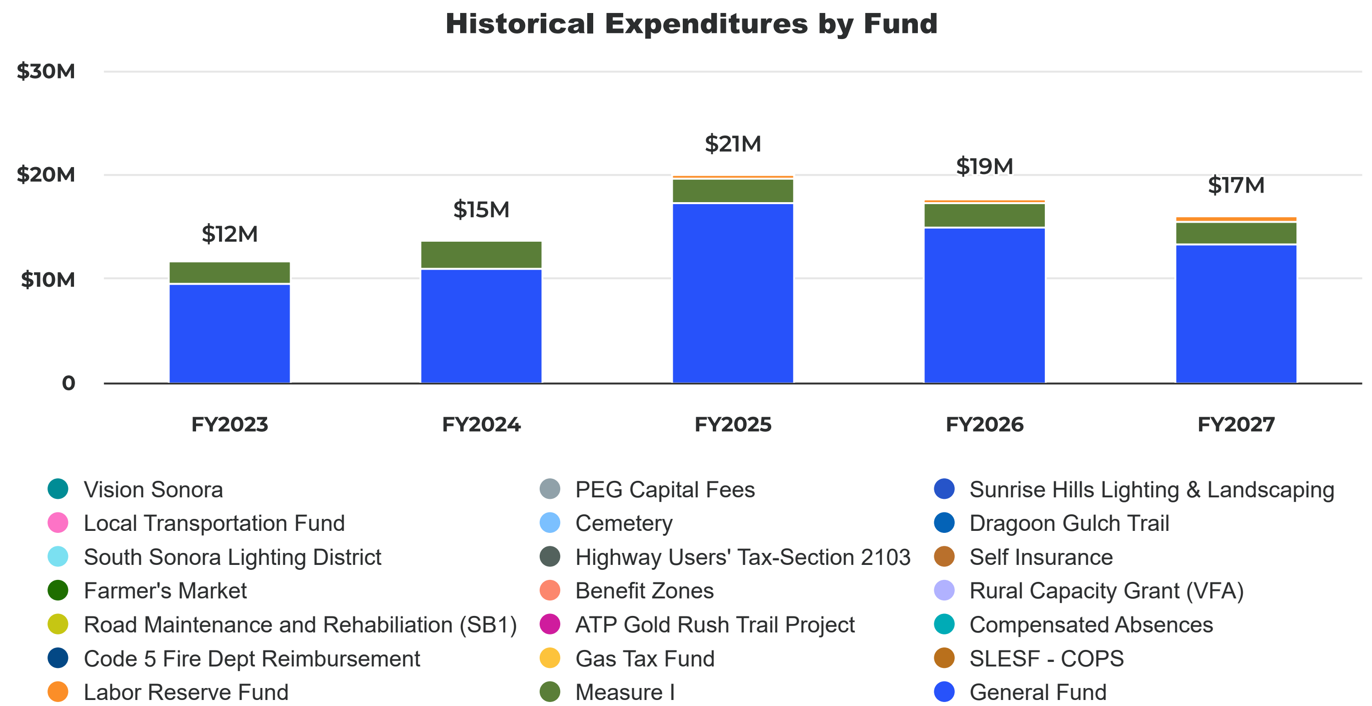
Citywide Budget Summaries

Citywide Expenditures by Fund

The Citywide Budget Summary provides a comprehensive overview of the City's financial plan across all funds, including governmental, enterprise, and special revenue funds. This section presents total revenues, expenditures, and fund balances, offering a consolidated view of the City's overall fiscal position.

By combining all funding sources and uses, this summary highlights how resources are allocated to support core services such as public safety, infrastructure, administration, and community services. It is intended to give the City Council and the public a clear understanding of the full scope of City operations beyond the General Fund.

While individual funds are accounted for separately to ensure proper financial management and compliance, this section illustrates the interconnected nature of the City's finances and the collective investment being made to support the community.



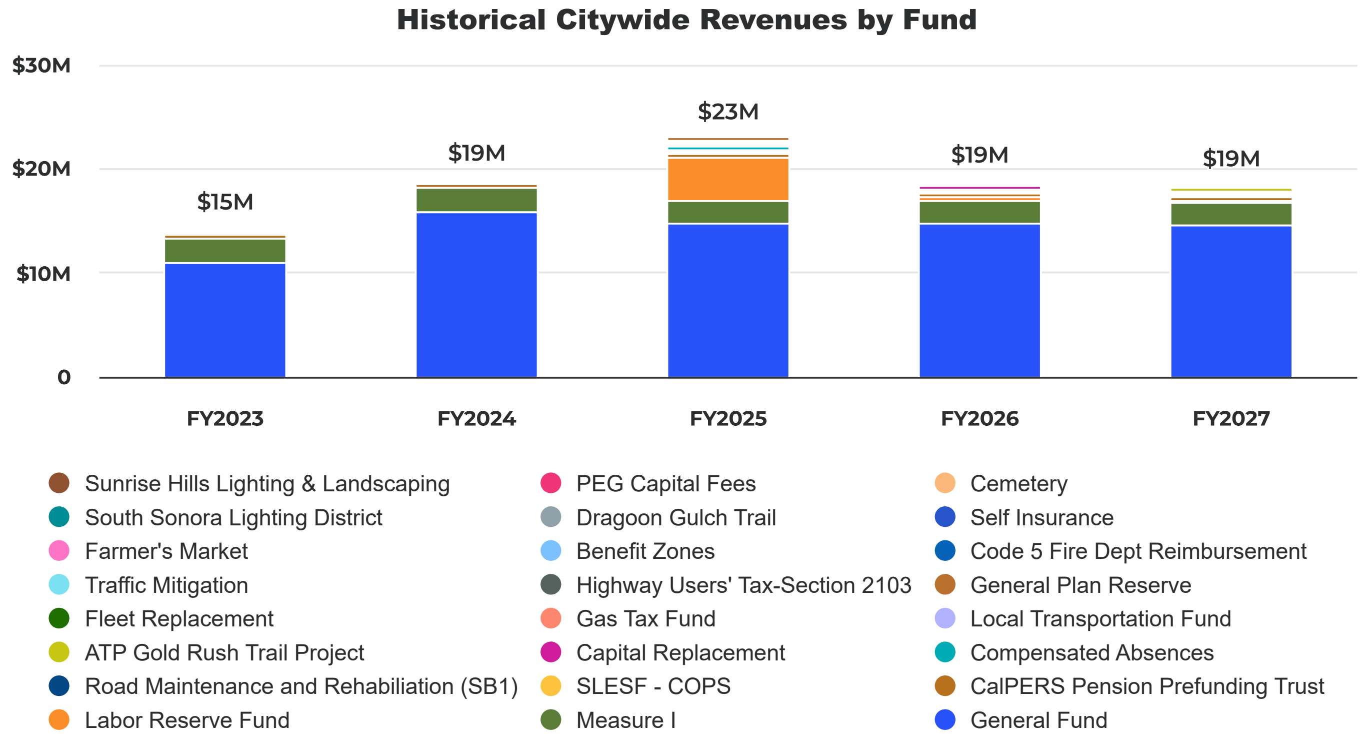
Citywide Expenditures by Fund

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Dragoon Gulch Trail	$ 15,955	$ 35,400	$ 13,400	-62.1%
Dragoon Gulch	$ 15,955	$ 35,400	$ 13,400	-62.1%
General Fund	$ 14,904,051	$ 16,526,725	$ 13,293,150	-19.6%
City Council	$ 398,209	$ 410,000	$ 408,900	-0.3%
City Clerk	$ 123,113	$ 130,700	$ 128,700	-1.5%
Building and Planning	$ 857,054	$ 1,098,500	$ 886,500	-19.3%
Engineering	$ 486,012	$ 678,500	$ 362,000	-46.6%

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Administration	$ 348,509	$ 384,350	$ 390,300	1.5%
Capital Projects	$ 1,874,550	$ 2,133,400	-	-100.0%
Finance	$ 761,750	$ 789,250	$ 824,500	4.5%
Information Technology	$ 40,478	$ 79,250	$ 66,250	-16.4%
General Services	$ 1,114,274	$ 1,118,625	$ 861,700	-23.0%
Police Admin	$ 5,070,166	$ 5,244,750	$ 5,586,200	6.5%
Sonora Fire Department	$ 2,099,889	$ 2,322,450	$ 2,259,300	-2.7%
Public Works	$ 1,572,464	$ 1,934,950	$ 1,327,550	-31.4%
Facilities	$ 29,359	$ 35,800	$ 35,650	-0.4%
Parks Landscaping	$ 36,177	$ 40,500	$ 39,900	-1.5%
Parking Lots	$ 14,585	$ 17,500	$ 17,500	-
Cemetery	$ 42,172	$ 58,800	$ 58,300	-0.9%
Opera Hall	$ 35,290	$ 49,400	$ 39,900	-19.2%
Compensated Absences	$ 263,900	-	-	-
Reserves	$ 263,900	-	-	-
Farmer's Market	$ 29,348	$ 36,000	$ 38,000	5.6%
Farmer's Market	$ 29,348	$ 36,000	$ 38,000	5.6%
Gas Tax Fund	$ 110,000	$ 110,000	$ 110,000	-
Highway Users Tax	$ 110,000	$ 110,000	$ 110,000	-
Self Insurance	$ 17,570	$ 33,000	$ 33,000	-
City Clerk	$ 760	$ 1,000	$ 1,000	-
Building and Planning	$ 1,086	$ 2,000	$ 2,000	-
Administration	$ 449	$ 1,000	$ 1,000	-
Finance	$ 2,653	$ 3,000	$ 3,000	-
General Services	$ 1,947	$ 2,000	$ 2,000	-
Police Admin	$ 9,054	$ 16,000	$ 16,000	-
Sonora Fire Department	$ 1,063	$ 5,000	$ 5,000	-
Public Works	$ 558	$ 3,000	$ 3,000	-
Benefit Zones	$ 62,334	$ 60,600	$ 60,000	-1.0%
Benefit Zone A	$ 26,167	$ 30,300	$ 25,000	-17.5%
Benefit Zone B	$ 36,167	$ 30,300	$ 35,000	15.5%
Highway Users' Tax-Section 2103	-	$ 112,500	$ 112,500	-
Highway Users Tax	-	$ 112,500	$ 112,500	-
Code 5 Fire Dept Reimbursement	$ 45,358	$ 85,350	$ 50,000	-41.4%
Sonora Fire Department	$ 45,358	$ 85,350	$ 50,000	-41.4%
Labor Reserve Fund	$ 306,800	$ 306,800	$ 496,500	61.8%
Reserves	$ 306,800	$ 306,800	$ 496,500	61.8%
Road Maintenance and Rehabiliation	$ 95,850	$ 216,000	$ 165,000	-23.6%

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
(SB1)				
Road Maintenance	$ 95,850	$ 216,000	$ 165,000	-23.6%
Measure I	$ 2,350,000	$ 2,350,000	$ 2,167,300	-7.8%
Police Admin	$ 1,420,000	$ 1,420,000	$ 1,301,600	-8.3%
Sonora Fire Department	$ 600,000	$ 600,000	$ 539,600	-10.1%
Public Works	$ 330,000	$ 330,000	$ 326,100	-1.2%
PEG Capital Fees	-	$ 12,000	$ 12,000	-
Public, Educ & Govt Fee	-	$ 12,000	$ 12,000	-
ATP Gold Rush Trail Project	$ 164,291	$ 175,000	-	-100.0%
Capital Projects	$ 164,291	$ 175,000	-	-100.0%
Rural Capacity Grant (VFA)	$ 27,714	$ 35,000	-	-100.0%
Sonora Fire Department	$ 27,714	$ 35,000	-	-100.0%
Cemetery	$ 15,179	$ 17,000	$ 17,000	-
Cemetery	$ 15,179	$ 17,000	$ 17,000	-
SLESF - COPS	$ 195,000	$ 195,000	$ 205,000	5.1%
Police Admin	$ 195,000	$ 195,000	$ 205,000	5.1%
South Sonora Lighting District	$ 31,743	$ 33,000	$ 33,000	-
Lighting District	$ 31,743	$ 33,000	$ 33,000	-
Sunrise Hills Lighting & Landscaping	$ 3,632	$ 4,800	$ 4,800	-
Unit#1 Residential	$ 2,433	$ 3,200	$ 3,200	-
Unit#2 Commercial	$ 1,199	$ 1,600	$ 1,600	-
Total Expenditures	**$ 18,638,725**	**$ 20,344,175**	**$ 16,810,650**	**-17.4%**

Citywide Revenues by Fund



Citywide Revenues by Fund

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Dragoon Gulch Trail	$ 14,511	$ 14,900	$ 14,900	-
Dragoon Gulch	$ 14,511	$ 14,900	$ 14,900	-
General Fund	$ 14,772,097	$ 14,691,040	$ 14,524,000	-1.1%
Building and Planning	$ 105,399	$ 144,200	$ 127,100	-11.9%
Finance	$ 1,672,820	$ 1,601,940	$ 1,489,300	-7.0%
General Services	$ 10,057,558	$ 9,970,200	$ 10,140,500	1.7%
Police Admin	$ 1,771,661	$ 1,804,400	$ 1,660,600	-8.0%
Sonora Fire Department	$ 625,234	$ 628,200	$ 567,800	-9.6%
Public Works	$ 485,876	$ 484,400	$ 483,100	-0.3%
Parks Landscaping	$ 2,500	$ 3,200	$ 3,200	-
Parking Lots	$ 27,424	$ 33,000	$ 30,000	-9.1%
Cemetery	$ 15,200	$ 15,000	$ 14,900	-0.7%
Opera Hall	$ 8,425	$ 6,500	$ 7,500	15.4%
CalPERS Pension Prefunding Trust	$ 368,327	$ 340,000	$ 202,000	-40.6%
Reserves	$ 368,327	$ 340,000	$ 202,000	-40.6%
Compensated Absences	$ 17,285	$ 18,600	$ 282,500	1,418.8%
Reserves	$ 17,285	$ 18,600	$ 282,500	1,418.8%
Farmer's Market	$ 36,208	$ 36,000	$ 38,000	5.6%
Farmer's Market	$ 36,208	$ 36,000	$ 38,000	5.6%

Category	FY25/26 Actual		FY25/26 Budget		FY26/27 Budget		FY25/26 Budget vs. FY26/27 Budget (% Change)
Gas Tax Fund	$	107,978	$	113,550	$	115,500	1.7%
Highway Users Tax	$	107,978	$	113,550	$	115,500	1.7%
Self Insurance	$	17,570	$	33,000	$	33,000	-
Building and Planning	$	1,086	$	2,000	$	2,000	-
Administration	$	449	$	1,000	$	1,000	-
Finance	$	2,653	$	3,000	$	3,000	-
General Services	$	1,947	$	2,000	$	2,000	-
Police Admin	$	9,054	$	16,000	$	16,000	-
Sonora Fire Department	$	1,063	$	5,000	$	5,000	-
Public Works	$	558	$	3,000	$	3,000	-
City Clerk	$	760	$	1,000	$	1,000	-
Benefit Zones	$	29,605	$	37,300	$	37,300	-
Benefit Zone A	$	12,975	$	15,700	$	15,700	-
Benefit Zone B	$	16,630	$	21,600	$	21,600	-
Highway Users' Tax-Section 2103	$	61,194	$	57,800	$	63,100	9.2%
Highway Users Tax	$	61,194	$	57,800	$	63,100	9.2%
Local Transportation Fund	$	98,471	$	100,000	$	265,000	165.0%
Road Maintenance	$	98,471	$	100,000	$	265,000	165.0%
Code 5 Fire Dept Reimbursement	$	13,815	$	63,815	$	50,000	-21.6%
Sonora Fire Department	$	13,815	$	63,815	$	50,000	-21.6%
Labor Reserve Fund	$	293,396	$	296,000	$	289,500	-2.2%
Reserves	$	293,396	$	296,000	$	289,500	-2.2%
Fleet Replacement	$	113,793	$	110,400	$	11,500	-89.6%
Reserves	$	113,793	$	110,400	$	11,500	-89.6%
Road Maintenance and Rehabiliation (SB1)	$	152,370	$	151,000	$	170,900	13.2%
Road Maintenance	$	152,370	$	151,000	$	170,900	13.2%
Measure I	$	2,148,547	$	2,131,400	$	2,172,800	1.9%
Police Admin	$	1,290,078	$	1,279,800	$	1,305,200	2.0%
Sonora Fire Department	$	535,090	$	530,500	$	541,500	2.1%
Public Works	$	323,379	$	321,100	$	326,100	1.6%
Traffic Mitigation	$	44,184	$	55,000	$	53,900	-2.0%
Mitigation	$	44,184	$	55,000	$	53,900	-2.0%
PEG Capital Fees	$	9,564	$	10,000	$	9,900	-1.0%
Public, Educ & Govt Fee	$	9,564	$	10,000	$	9,900	-1.0%
ATP Gold Rush Trail Project	$	161,531	$	421,000	$	250,000	-40.6%
Capital Projects	$	161,531	$	421,000	$	250,000	-40.6%

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Cemetery	$ 10,159	$ 13,200	$ 13,000	-1.5%
Cemetery	$ 10,159	$ 13,200	$ 13,000	-1.5%
SLESF - COPS	$ 201,168	$ 185,000	$ 200,000	8.1%
Police Admin	$ 201,168	$ 185,000	$ 200,000	8.1%
South Sonora Lighting District	$ 17,159	$ 17,300	$ 18,600	7.5%
Lighting District	$ 17,159	$ 17,300	$ 18,600	7.5%
Sunrise Hills Lighting & Landscaping	$ 2,940	$ 4,200	$ 4,200	-
Unit#1 Residential	$ 2,474	$ 4,000	$ 4,000	-
Unit#2 Commercial	$ 466	$ 200	$ 200	-
Capital Replacement	$ 377,721	$ 408,000	$ 8,700	-97.9%
Reserves	$ 377,721	$ 408,000	$ 8,700	-97.9%
General Plan Reserve	$ 11,301	$ 11,000	$ 12,100	10.0%
Reserves	$ 11,301	$ 11,000	$ 12,100	10.0%
Total Revenues	**$ 19,080,894**	**$ 19,319,505**	**$ 18,840,400**	**-2.5%**

Funds Summary Overview

The following section provides summaries of the City's major funds, which serve as the primary financial units used to account for specific sources of revenue and their corresponding expenditures. The use of funds is a fundamental component of municipal finance and allows the City to ensure that resources are tracked, managed, and utilized in accordance with legal requirements, policy direction, and the intended purpose of each funding source.

Each fund operates as a separate accounting entity, with its own set of revenues, expenditures, and fund balance. This structure enhances financial transparency and accountability by clearly identifying how resources are generated and how they are ultimately used to support City operations and services. Certain funds are legally restricted and may only be used for specific purposes, while others provide more flexibility in addressing the City's overall service needs.

The City's funds are generally categorized into several types. Governmental funds, including the General Fund and various special revenue funds, are used to account for the majority of core services such as public safety, streets, and general government operations. Special revenue funds track resources that are restricted or committed to particular programs or activities, such as transportation or grant-funded initiatives. Enterprise funds, where applicable, are used to account for services that are operated in a manner similar to private businesses, with costs supported primarily through user fees. Additional fund types may be used to manage internal services or specific long-term obligations.

The funds presented in this section represent the City's major funds, which account for the majority of financial activity and are most critical to the delivery of services to the community. These funds provide insight into the City's fiscal priorities, revenue structure, and expenditure patterns. While each fund is presented individually, it is important to recognize that the City's financial structure is interconnected, and the effective management of each fund contributes to the overall financial stability of the organization.

Understanding the purpose and function of each fund provides valuable context for evaluating the City's budget and financial condition. These summaries are intended to give the reader a clear and concise overview of how the City allocates its resources and supports its operations across different funding sources.

The following pages provide detailed information for each individual fund, including its purpose, primary revenue sources, and planned expenditures for the fiscal year.

General Fund

The General Fund is the City of Sonora's primary operating fund and its most flexible financial resource, forming the foundation of the City's annual budget. It accounts for all revenues and expenditures that are not legally restricted to special-purpose funds (such as grants or capital projects) or enterprise funds (such as those supported by user fees). As the City's largest fund, it supports essential services and day-to-day municipal operations.

General Fund revenues are derived primarily from property taxes, sales taxes, transient occupancy taxes, franchise fees, business license fees, charges for services, and other discretionary sources. These revenues are closely tied to local economic conditions and serve as key indicators of the community's overall economic health. For FY2026/27, revenues are projected to remain relatively stable, though continued economic uncertainty and moderating consumer activity underscore the need for prudent fiscal planning and conservative revenue forecasting.

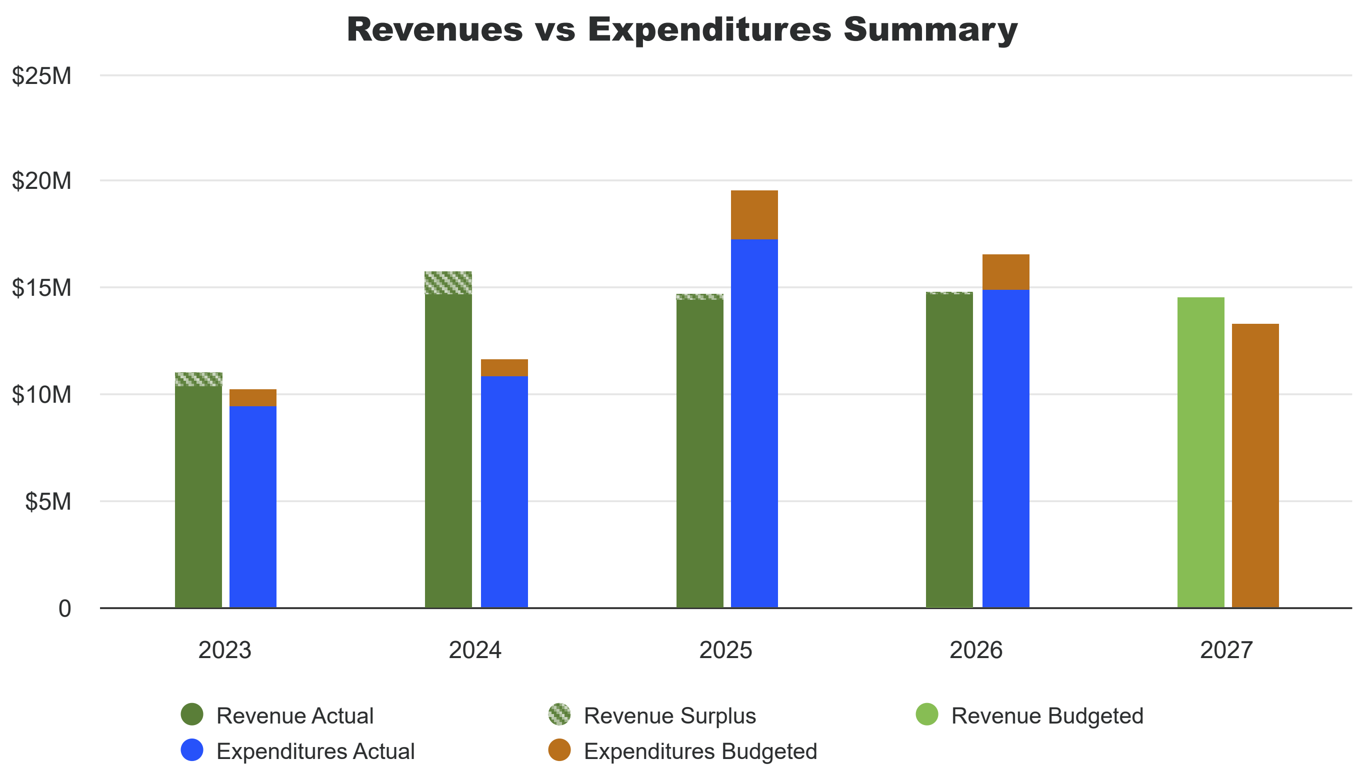
The General Fund finances a wide range of core City services, including administration, administrative services, community development, engineering, City Council, City Clerk, information technology, fleet, risk management, police, fire, public works, and general services. The General Fund also supports the maintenance and utility costs of the Sonora Opera Hall facility, while operations of the venue are managed by the Chamber of Commerce.

Together, the General Fund represents the financial backbone of the City of Sonora, enabling the City to deliver consistent, high-quality services while maintaining fiscal discipline and resilience in a changing economic environment.

General Fund

General Fund Summary

In FY2025/26, the City Council approved several one-time supplemental requests that included funding for Capital Improvement Projects and other maintenance-related initiatives. These expenditures represent targeted investments to address infrastructure needs and deferred maintenance and are not part of the City's ongoing baseline operating costs. Due to limited staff capacity and available resources, not all approved projects are expected to be completed within the fiscal year. Any projects that remain unfinished will be reevaluated and may be brought forward again during the budget process as supplemental requests for future consideration.



In FY2024/25, General Fund expenditures exceed revenues primarily due to planned transfers to various City reserve funds, including the California Employers' Pension Prefunding Trust (CEPPT), fleet replacement reserves, labor reserves, and other designated funds. While these transfers are recorded as expenditures, they represent a proactive financial strategy rather than a structural deficit. These actions reflect the City's commitment to setting aside resources for future obligations, capital improvements, and long-term liabilities, thereby strengthening financial stability and reducing future budgetary pressures.

General Fund Revenues by Source

General Fund Revenues by Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Supplemental Tax Roll	$8,180	$10,000	$8,000	-20.0%
Homeowners Exemption	$3,714	$4,000	$4,000	-
Prop 172 - Public Safety	$30,185	$31,200	$31,800	1.9%
Vehicle License Fee	$7,955	$8,500	$8,700	2.4%
LAFCO Revenue	$5,976	$6,640	$6,700	0.9%
Fingerprint Services	$2,897	$4,500	$4,000	-11.1%
Property Tax Current Secured	$1,022,420	$1,001,300	$1,115,000	11.4%
Police Department Services	$22,940	$23,000	$23,000	-
Property Tax Current UnSecured	$64	$6,000	$4,000	-33.3%
Street Cleaning State Highway	$9,276	$9,400	$10,000	6.4%
Property Tax Prior Years	-	$500	$500	-
Fire Department Services	$25,134	$27,000	$27,000	-
Credit Card Fees	$2,349	$2,700	$2,500	-7.4%
Property Tax Other	-	$500	$500	-
Investment Earnings	$256,463	$275,700	$242,000	-12.2%
Insurance Premium Reimbursement	$168,714	$82,500	$15,000	-81.8%
Property Tax In Lieu of VLF	$528,490	$512,600	$518,600	1.2%
Franchise Fees	$164,503	$165,000	$165,000	-
Debris Pickup	$2,500	$3,200	$3,200	-
Miscellaneous Revenue	$13,271	$7,500	$7,500	-
Post Training Reimbursement	$21,950	$26,000	$20,000	-23.1%
Sales and Use Tax	$7,522,574	$7,478,600	$7,559,200	1.1%
Cannabis Public Benefit Fees	$667,377	$660,000	$660,000	-
Banner Installation	$5,600	$4,000	$6,000	50.0%
Rental Income	$4,400	$4,400	$4,400	-
Transfer In	$3,192,000	$3,192,000	$3,026,800	-5.2%
Transient Occupancy Tax	$687,431	$711,000	$664,000	-6.6%
Business License	$130,052	$130,000	$130,000	-
Parking Lot Rents	$27,424	$33,000	$30,000	-9.1%
Real Property Transfer Tax	$8,417	$15,000	$15,000	-
Opera Hall Rental	$8,425	$6,500	$7,500	15.4%
Grants/Donations	$63,818	$82,500	$56,000	-32.1%
Parking Permits	$5,006	$1,100	$3,000	172.7%
Sale of Property	$35,278	$1,000	$1,000	-
Building Permits	$70,497	$98,000	$88,000	-10.2%
Encroachment Permits	$15,055	$15,000	$12,000	-20.0%

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Inspection Fees	$810	$1,000	$1,000	-
Zoning and Subdivision Fees	$7,555	$7,000	$8,000	14.3%
Parking Ordinance Fines	$3,179	$4,000	$4,000	-
Court Fines	$7,279	$12,000	$9,000	-25.0%
Parking Tickets	$1,269	$4,200	$4,200	-
Cemetery Receipts	$3,200	$3,000	$2,900	-3.3%
Special Events	$688	$1,000	$1,000	-
Plan Checks	$7,352	$16,000	$13,000	-18.8%
Administrative Fines	$430	$3,000	$1,000	-66.7%
Total Revenues	**$14,772,097**	**$14,691,040**	**$14,524,000**	**-1.1%**

General Fund Expenditures by Department

General Fund Expenditures by Department

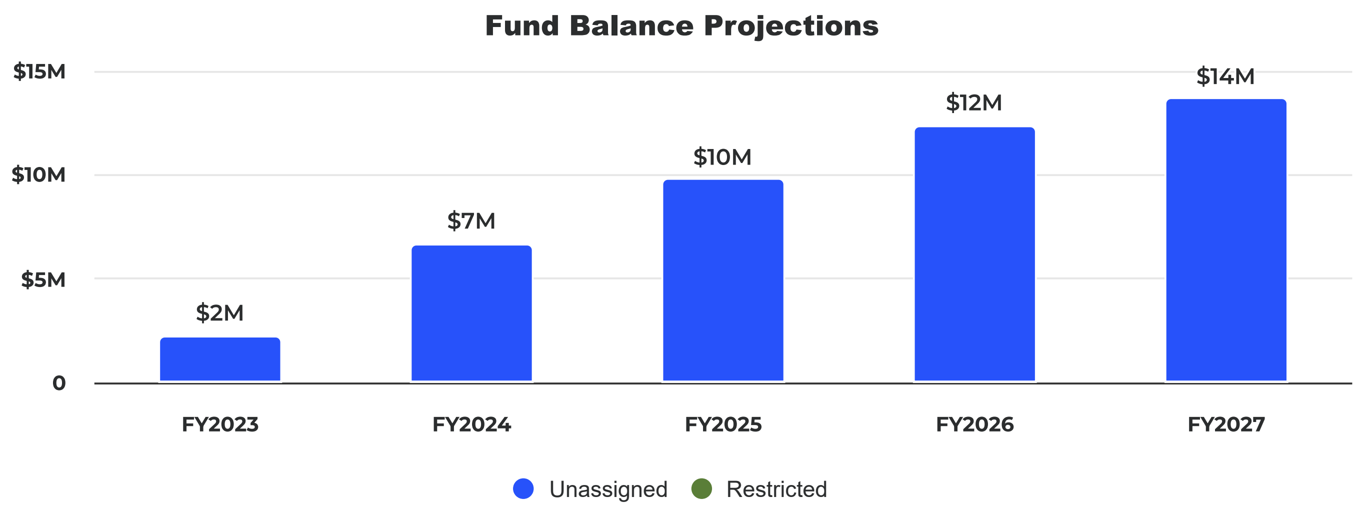
Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
City Council	$398,209	$410,000	$408,900	-0.3%
City Clerk	$123,113	$130,700	$128,700	-1.5%
Building and Planning	$857,054	$1,098,500	$886,500	-19.3%
Engineering	$486,012	$678,500	$362,000	-46.6%
Administration	$348,509	$384,350	$390,300	1.5%
Capital Projects	$1,874,550	$2,133,400	-	-100.0%
Finance	$761,750	$789,250	$824,500	4.5%
Information Technology	$40,478	$79,250	$66,250	-16.4%
General Services	$1,114,274	$1,118,625	$861,700	-23.0%
Police Admin	$5,070,166	$5,244,750	$5,586,200	6.5%
Sonora Fire Department	$2,099,889	$2,322,450	$2,259,300	-2.7%
Public Works	$1,572,464	$1,934,950	$1,327,550	-31.4%
Facilities	$29,359	$35,800	$35,650	-0.4%
Parks Landscaping	$36,177	$40,500	$39,900	-1.5%
Parking Lots	$14,585	$17,500	$17,500	-
Cemetery	$42,172	$58,800	$58,300	-0.9%
Opera Hall	$35,290	$49,400	$39,900	-19.2%
Total Expenditures	**$14,904,051**	**$16,526,725**	**$13,293,150**	**-19.6%**

General Fund Expenditures by Object

General Fund Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 8,320,415	$ 8,590,950	$ 9,301,000	8.3%
Operating Expenditures	$ 5,763,797	$ 7,102,775	$ 3,397,250	-52.2%
Internal Service Charges	$ 819,839	$ 833,000	$ 594,900	-28.6%
Total Expenditures	**$ 14,904,051**	**$ 16,526,725**	**$ 13,293,150**	**-19.6%**

General Fund Balance



Economic Uncertainty Reserve Fund

The City of Sonora has established two formal reserve accounts under its General Fund Reserve Policy, adopted by the City Council on September 16, 2019. These reserves serve as critical tools for long-term financial stability, providing flexibility to respond to unforeseen events, economic disruptions, or emergency needs. The reserve funds consist of excess general revenues and unspent appropriations that are transferred to the reserve accounts at the end of each fiscal year and reported in the budget as a “Transfer to Reserve Fund.”
Reserve funds are not appropriated within the operating budget but are maintained as unrestricted cash balances that can be transferred into the budget when necessary to cover emergency spending, revenue shortfalls, or other unanticipated expenditures. This structure ensures that the City can preserve core services during periods of financial distress without resorting to severe cuts or borrowing. Each year during the budget process, the reserve requirement is recalculated based on 25% of the General Fund’s adjusted appropriations for that fiscal year. This recalculation ensures that the reserve remains proportional to the size and scope of the City’s operational commitments.

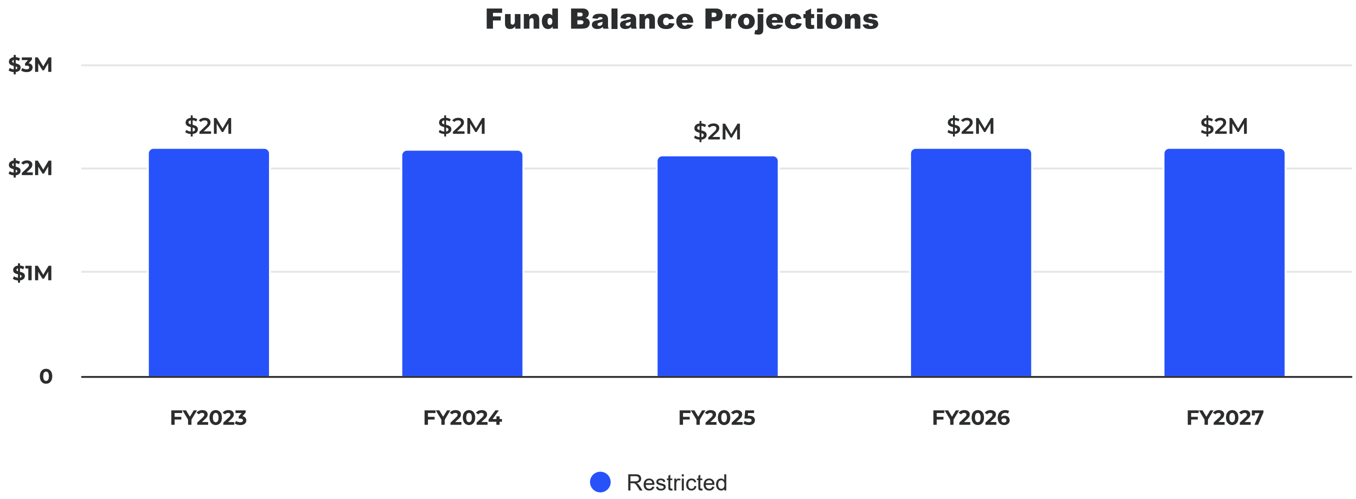
One of the two reserve accounts established under this policy is the Economic Uncertainty Reserve. It is specifically intended to minimize the fiscal impact of major economic uncertainties, including:

- Local disasters or emergencies
- Unexpected revenue losses
- Budget imbalances
- State or federal funding reductions
- Other unforeseen fiscal challenges

Per the reserve policy, 75% of the total required reserve amount is allocated to the Economic Uncertainty Reserve. This reserve is available for use in stabilizing the budget and maintaining City operations when revenues fall short or when unplanned expenditures arise due to external or economic factors. By maintaining this reserve, the City demonstrates a strong commitment to fiscal prudence, ensuring it can weather financial volatility and continue to deliver essential services to the community.

Economic Uncertainty Reserve Fund Balance

The fund balance of the City's reserve funds is targeted to be twenty-five percent (25%) of the budgeted fiscal year's appropriations.



Emergency Reserve Fund

As part of its comprehensive General Fund Reserve Policy adopted on September 16, 2019, the City of Sonora established two dedicated reserve accounts to enhance financial stability and protect core services during unforeseen circumstances. These reserve funds are composed of unrestricted cash set aside outside the operating budget, funded by transfers from unspent appropriations and excess general revenues.

These funds serve as a financial safeguard, allowing the City to respond to emergencies or critical events without disrupting day-to-day operations or exhausting working capital.
The City's Financial Policies require that the total reserve balance equal a minimum of 25% of the General Fund's adjusted appropriations, recalculated annually during the budget process. This ensures that reserves remain aligned with the scale of the City's budget and service obligations.

One of the two reserve accounts established under this policy is the Emergency Reserve. This reserve is designed to cover immediate, high impact costs resulting from emergencies, disasters, or other urgent events that are not covered by the City's insurance programs and are unlikely to be reimbursed by state or federal assistance.

Specifically, 25% of the total reserve requirement (or 6.25% of General Fund appropriations) is allocated to the Emergency Reserve.

These funds are intended to:

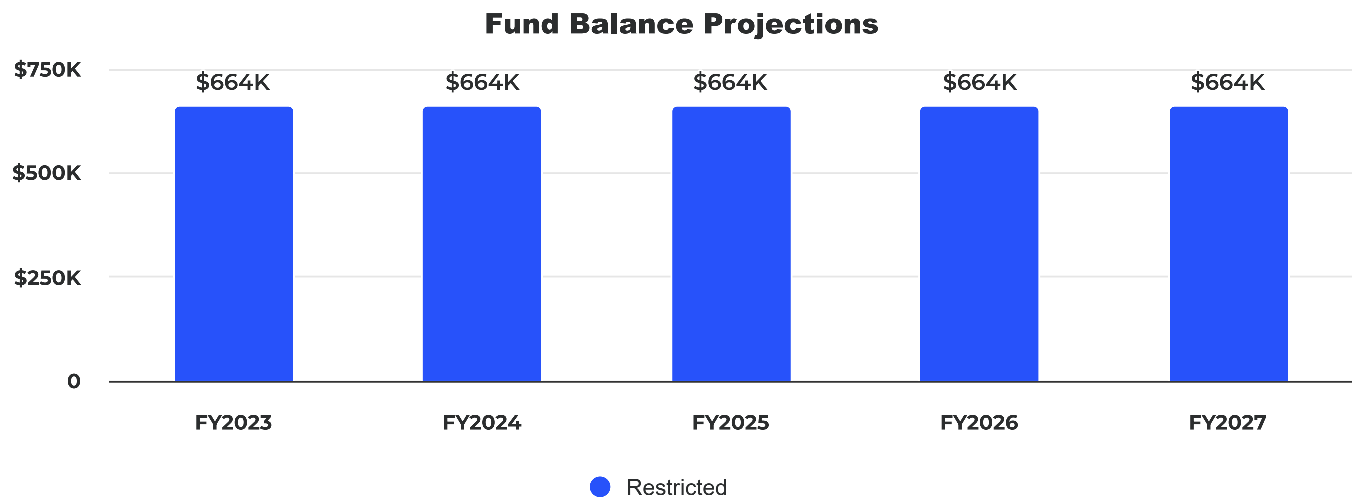
- Cover claim costs that fall within the City's insurance deductibles.
- Respond to emergencies such as natural disasters, infrastructure failures, or public safety crises.
- Fund critical needs during events where external reimbursement is not available.

Use of Emergency Reserve funds requires approval by a majority of the City Council (three affirmative votes). However, in the event of a declared disaster, the City Administrator is authorized to expend Emergency Reserve funds without prior Council approval to ensure immediate response capabilities.

This dedicated reserve reflects the City's proactive approach to risk management, operational continuity, and community resilience, providing a critical buffer against financial and operational disruption during times of crisis.

Emergency Reserve Fund Balance

The fund balance of the City's reserve funds is targeted to be twenty-five percent (25%) of the budgeted fiscal year's appropriations.



CalPERS Section 115 Prefunding Trust Fund

The CalPERS Section 115 Pension Prefunding Trust was established by the City of Sonora as a proactive strategy to manage and offset future increases in pension costs associated with the City's defined benefit retirement plan. This dedicated trust allows the City to pre-fund a portion of its CalPERS employer contributions and invest those funds in a separate, professionally managed account, outside the core CalPERS system.

By accumulating assets in the trust and generating investment earnings, the City creates a financial cushion that can be used to help stabilize future budgets, particularly during periods of economic uncertainty or rising pension rates. This trust is a flexible tool that enhances the City's ability to respond to fluctuations in pension costs without compromising core services or requiring abrupt budget adjustments.

Establishing and funding a Section 115 Trust is widely recognized as best practice in municipal financial planning.

It offers several advantages:

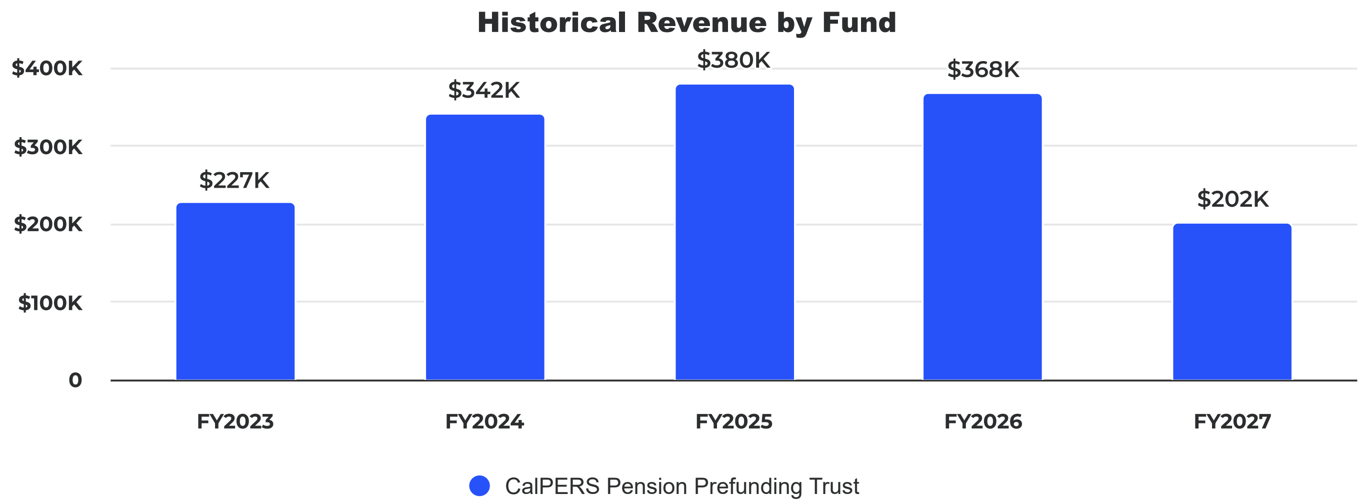
- Provides local control over how and when assets are used to address pension obligations.
- Helps smooth out the fiscal impact of future CalPERS rate increases.
- Supports long-term financial sustainability and planning.
- Demonstrates fiscal responsibility to residents, employees, and credit rating agencies.

As part of the FY2026/27 proposed budget, staff have recommended a contribution of $150,000 to the Section 115 Trust.

CalPERS Section 115 Prefunding Trust Revenues by Fund

Over the past three fiscal years, the City Council has made consistent contributions to the CEPPT fund as part of its long-term pension funding strategy. Each year, $150,000 has been appropriated at the time of budget adoption in June, with an additional $150,000 approved during the mid-year budget update, resulting in total annual contributions of $300,000.

This ongoing commitment reflects the City's proactive approach to managing its pension liabilities and strengthening its long-term financial position.

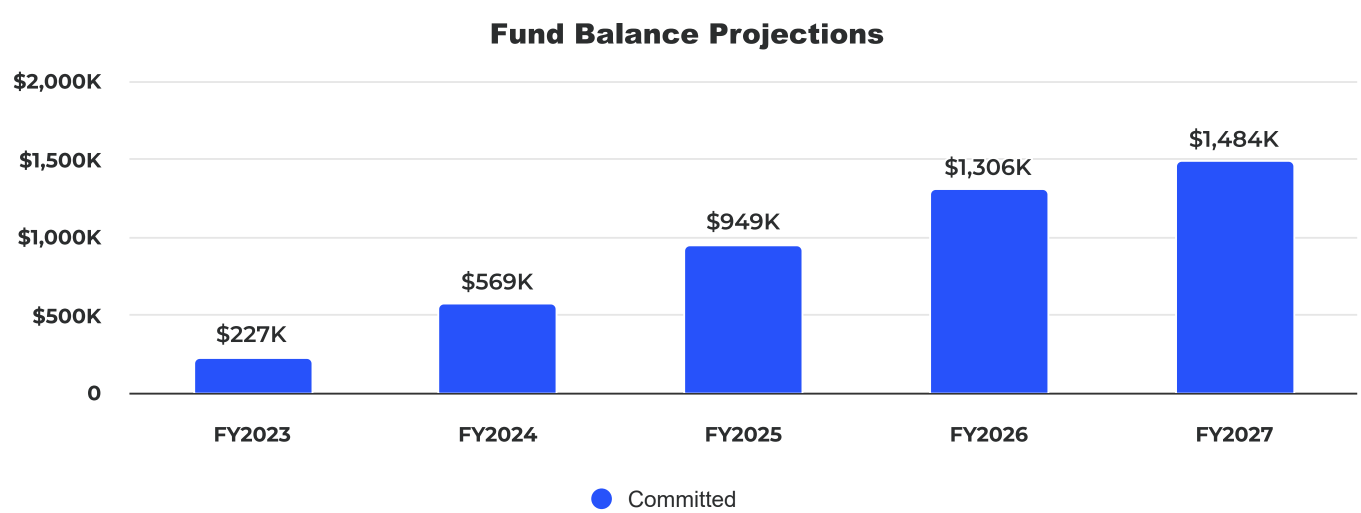


The revenues include transfers from the General Fund to the trust and Investment Earnings.

CalPERS Section 115 Prefunding Trust Fund Balance

The increase in the CalPERS Section 115 Pension Trust (CEPPT) fund balance reflects the City's continued commitment to proactively managing its long-term pension obligations. By making regular contributions to the CEPPT, the City is setting aside resources in advance to offset future increases in required CalPERS contributions.

This growing balance is a positive indicator of the City's fiscal health and long-term planning, as it provides a financial buffer to smooth out pension cost volatility, reduce future budgetary impacts, and improve overall funding stability. In addition, maintaining a well-funded pension trust can enhance the City's financial position by demonstrating prudent fiscal management and helping to mitigate the effects of market fluctuations on pension liabilities.



Fleet Replacement Reserve Fund

The Fleet Replacement Reserve Fund is a dedicated savings fund established to ensure the City of Sonora can meet the long-term cost of replacing its municipal vehicle fleet without placing sudden or unexpected strain on the City's operating budget. Rather than scrambling to find funding when a vehicle reaches the end of its useful life, the City contributes to this reserve fund on an ongoing basis, steadily building the resources needed to replace fleet assets when the time comes.

The City's fleet represents a significant public investment and includes vehicles and equipment critical to delivering essential services across multiple departments, from police patrol vehicles and fire apparatus to the heavy-duty trucks and equipment relied upon by Public Works to maintain the City's roads and infrastructure. These assets are expensive to replace, have long service lives, and must be ready to perform when needed. Planned, disciplined saving through this reserve fund is a responsible alternative to deferring replacements, which can lead to higher maintenance costs, equipment failures, and service disruptions.

Funds accumulate in this reserve through annual contributions and interest earnings and are drawn upon when scheduled fleet replacements are authorized and funded. By planning ahead, the City protects both its service delivery capacity and its long-term fiscal health.

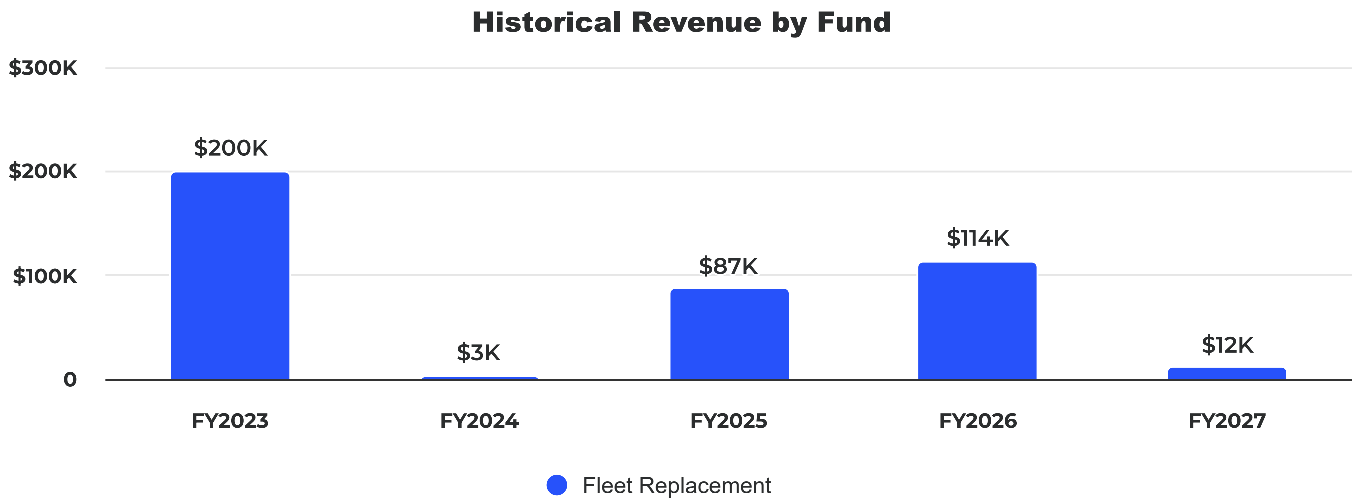
Fleet Replacement Reserve Revenues by Fund

Revenue in the Fleet Replacement Reserve does not follow a consistent or predictable annual pattern. Instead, it varies from year to year based on two primary sources:

City Council Transfers – The primary source of funding for the reserve is discretionary transfers approved by the City Council as part of the budget process. These contributions are made based on available resources and long-term planning needs rather than on a fixed schedule. As a result, in years when no transfer is approved, no transfer revenue is recorded.

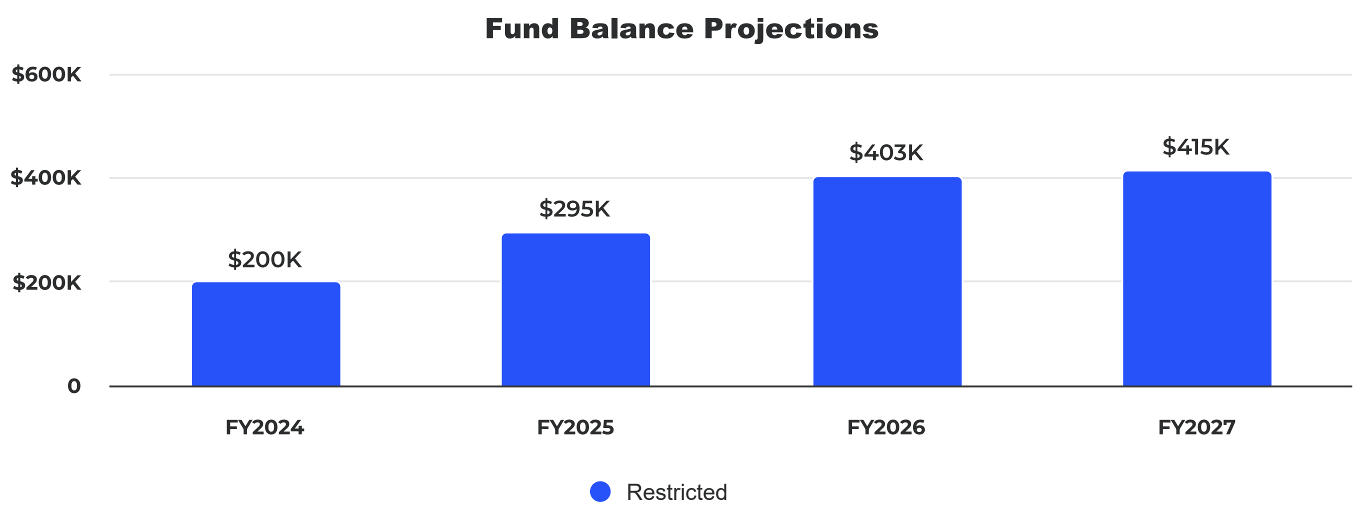
Interest Earnings – The reserve also generates interest income based on the balance of funds held. Interest earnings fluctuate depending on the size of the reserve. When the balance is higher, interest earnings increase; when funds are used for major fleet purchases and the balance is reduced, interest earnings decline accordingly.

Because these revenues depend on policy decisions and available balances, the overall revenue profile of the Fleet Replacement Reserve can vary significantly from year to year. Periods of higher revenue typically reflect Council contributions, while other years may show only modest interest earnings. This variability is expected and reflects the City’s strategic approach of building and using reserves over time to fund major vehicle and equipment replacements.



Fleet Replacement Reserve Fund Balance

The fund balance in the Fleet Replacement Reserve has grown since its establishment in FY2022/23. As this is a newly created reserve, there have been no transfers out of the fund to date, meaning no fleet replacements have yet been funded from the reserve.



Capital Replacement Reserve Fund

The Capital Replacement Reserve was established in FY2023/24 and is still in its early accumulation phase. As this is a newly created reserve, no transfers have occurred to date, meaning the fund balance represents the full value of all contributions and earnings since inception.

Revenue into the reserve is inherently lumpy, occurring only when the City Council approves and directs a formal transfer into the fund. Outside those Council-approved contributions, the reserve earns interest based on the balance held in the fund at any given time.

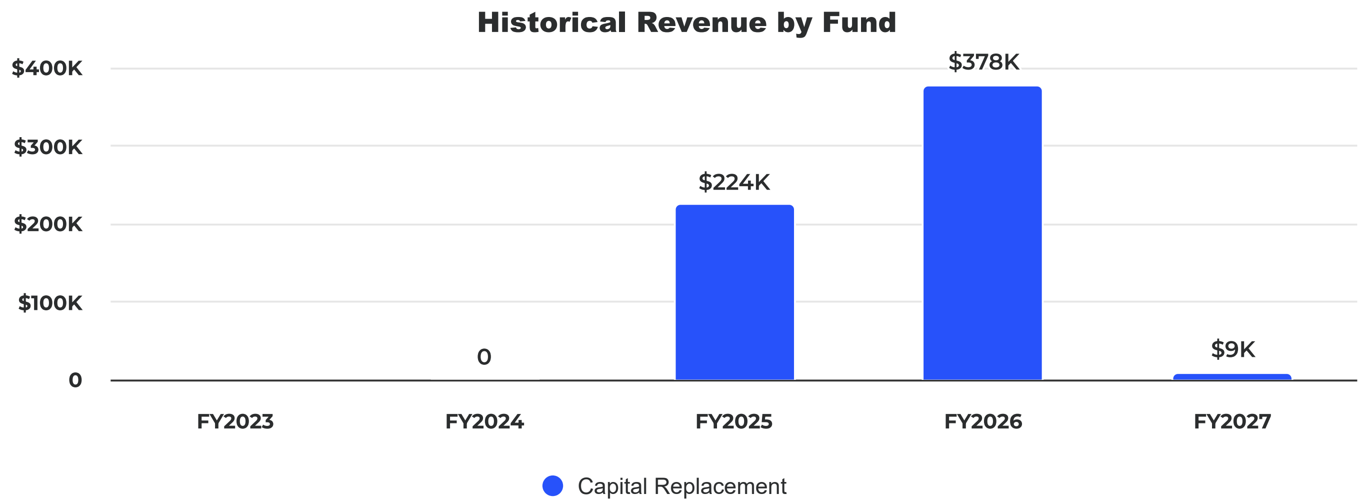
Capital Replacement Reserve Revenues by Fund

Revenue in the Capital Replacement Reserve does not follow a consistent or predictable annual pattern. Instead, it varies from year to year based on two primary sources:

City Council Transfers – The primary source of funding for the reserve is discretionary transfers approved by the City Council as part of the budget process. These contributions are made based on available resources and long-term planning needs rather than on a fixed schedule. As a result, in years when no transfer is approved, no transfer revenue is recorded.

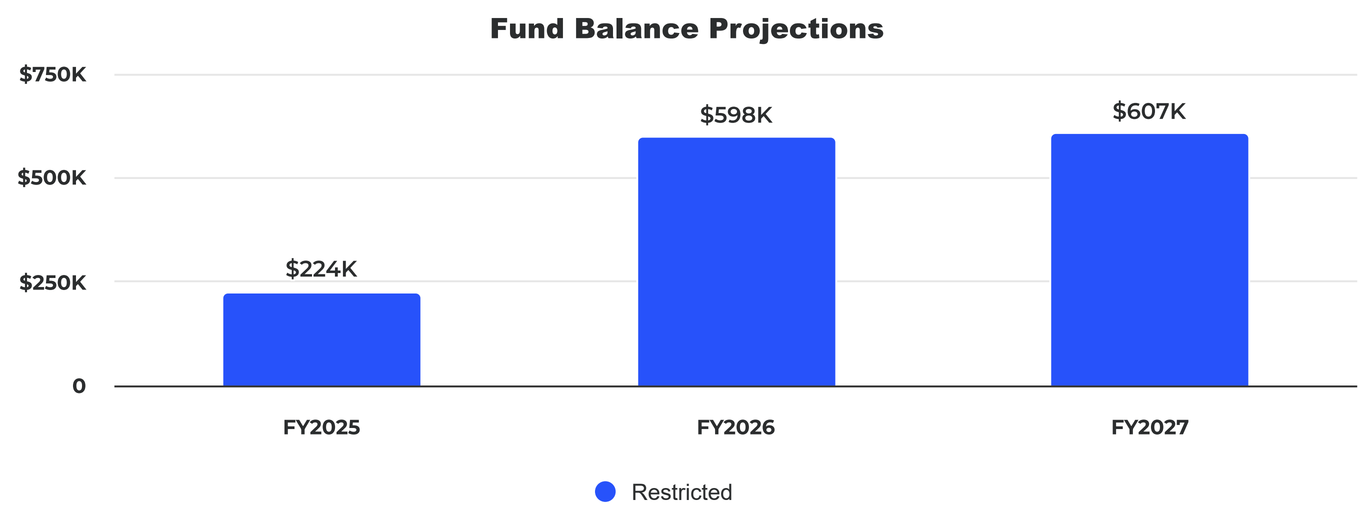
Interest Earnings – The reserve also generates interest income based on the balance of funds held. Interest earnings fluctuate depending on the size of the reserve. When the balance is higher, interest earnings increase; when funds are used for major capital improvements, the balance is reduced, and interest earnings decline accordingly.

Because these revenues depend on policy decisions and available balances, the overall revenue profile of the Capital Replacement Reserve can vary significantly from year to year. Periods of higher revenue typically reflect Council contributions, while other years may show only modest interest earnings. This variability is expected and reflects the City’s strategic approach of building and using reserves over time to fund major capital improvement projects.



Capital Replacement Reserve Fund Balance

The fund balance in the Capital Replacement Reserve has grown since its establishment in FY2023/24. As this is a recently created reserve, there have been no transfers out of the fund to date, meaning no capital replacements have yet been funded from the reserve.



Labor Reserve Fund

The Labor Reserve Fund was established to help the City absorb and defray the costs associated with new labor agreements aimed at aligning personnel salaries more competitively with market wages. As the City worked to attract and retain a qualified workforce, these renegotiated agreements represented a meaningful step toward ensuring compensation reflects the demands of today's labor market.

To fund this reserve, the City Council directed unspent revenues from Measure Y, the voter-approved 1% local sales tax, into the Labor Reserve Fund. During Measure Y's inaugural year, the City was still building the organizational capacity and infrastructure needed to deploy these new resources effectively. As a result, a significant portion of first-year Measure Y revenues went unspent, providing a natural and timely opportunity to seed the Labor Reserve Fund without impacting other planned expenditures.

By channeling these surplus funds into the Labor Reserve, the City Council demonstrated fiscal prudence, ensuring that the one-time availability of unspent revenues was put to productive long-term use in supporting the City's most critical asset, its workforce.

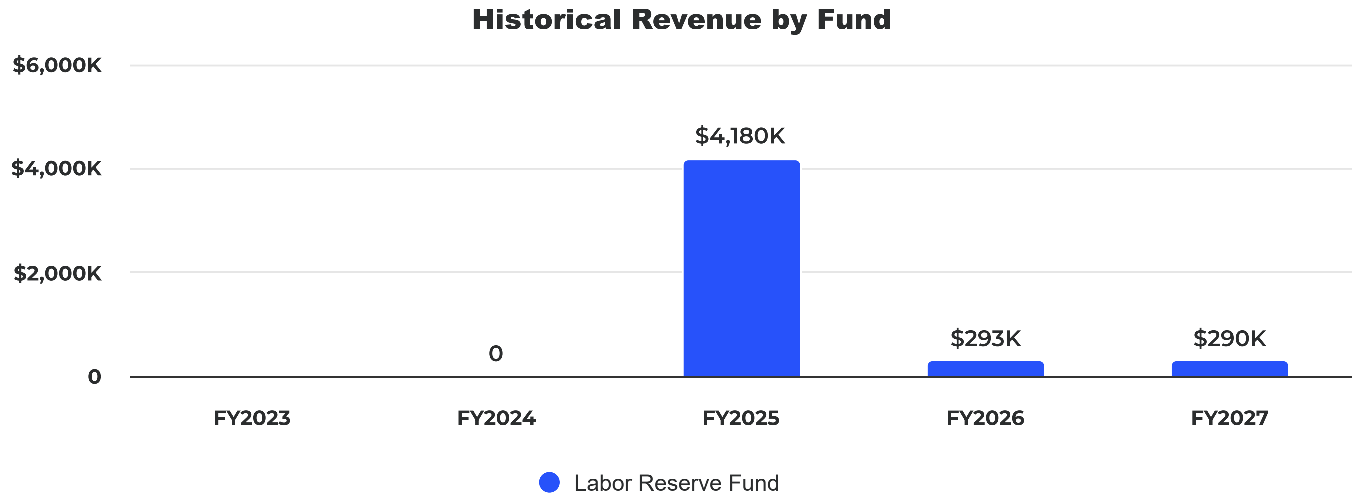
Summary

Following the initial funding in FY2024/25 of $4.01M, the Labor Reserve Fund will be maintained through an annual contribution of $150,000, along with interest earnings generated from the fund’s balance.

The purpose of the reserve is to help offset the ongoing cost increases associated with employee compensation agreements. Each year, an amount equivalent to the incremental increase in General Fund expenditures resulting from approved Memorandums of Understanding (MOUs) will be transferred from the reserve back to the General Fund.

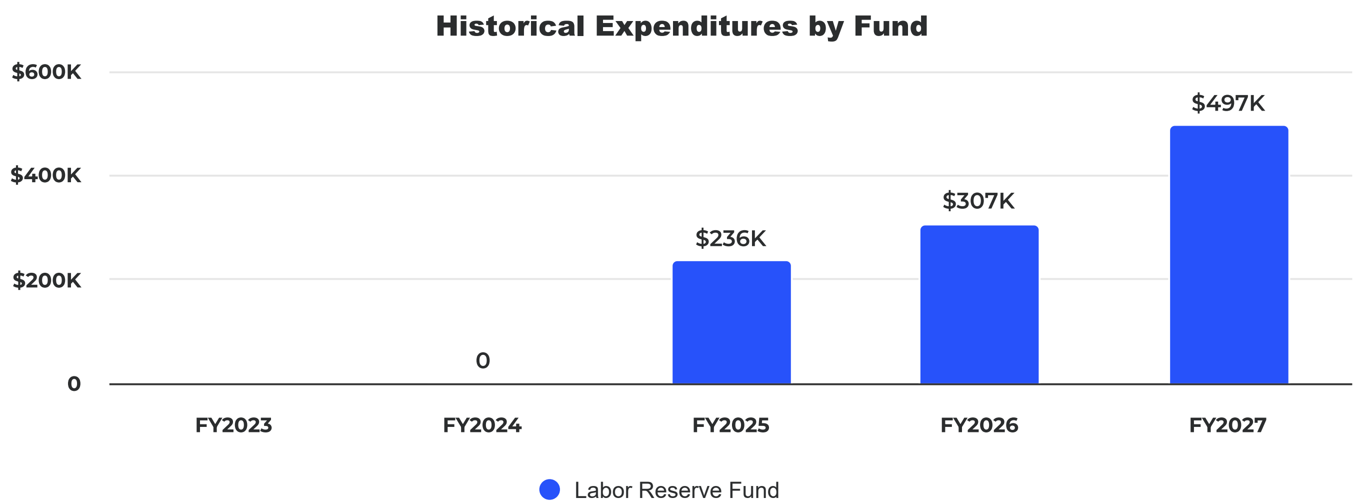
This structure allows the City to smooth the financial impact of negotiated salary increases over time, providing greater budget stability and reducing the risk of sudden increases in operating costs.

Labor Reserve Revenues by Fund



Labor Reserve Expenditures by Fund

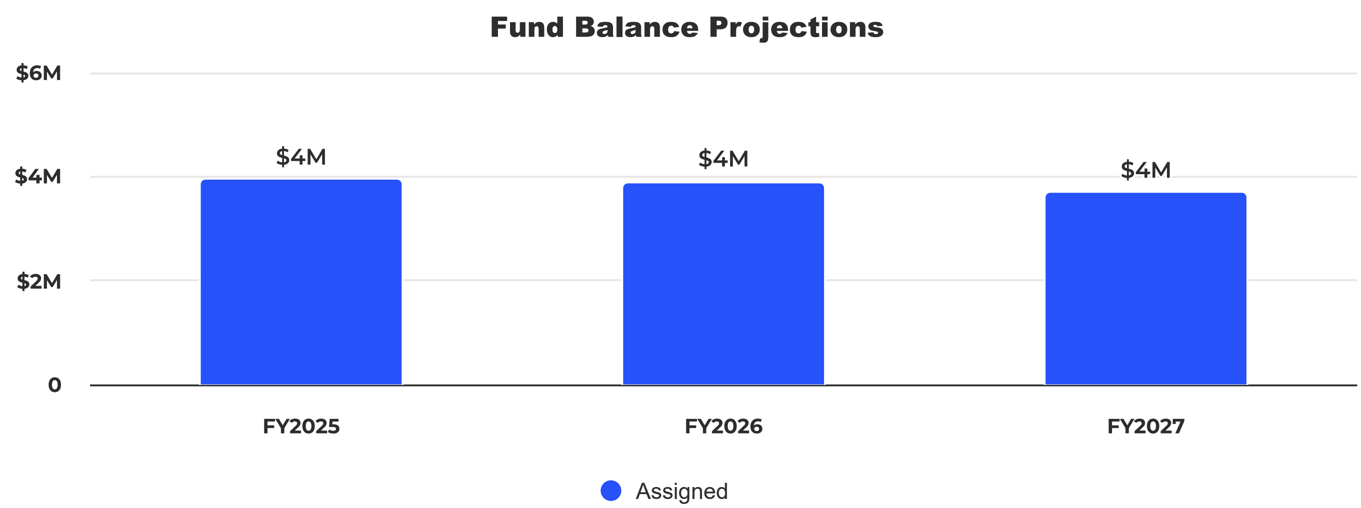
The Expenditure represents the amount equivalent to the incremental increase in General Fund expenditures resulting from approved Memorandums of Understanding (MOUs) for the fiscal year.



Labor Reserve Fund Balance

Over time, the fund balance of the Labor Reserve Fund is expected to gradually decline as resources are used to offset the increased salary costs associated with the approved Memorandums of Understanding. While annual contributions and interest earnings provide ongoing support, the planned use of the reserve to subsidize these costs will reduce the available balance year over year.

Based on current projections, the fund is intended to serve as a temporary financial tool and is expected to be drawn down over approximately eight to ten years from its inception. This approach allows the City to manage the transition to higher ongoing labor costs in a measured and fiscally responsible manner, while providing time to incorporate these costs into the General Fund on a sustainable, long-term basis.



General Plan Reserve Fund

The General Plan Reserve has been established to accumulate funding for the City's next comprehensive General Plan update. State law requires periodic updates to the General Plan, and a full update can cost in excess of $1 million, placing a significant financial burden on a small city if funded in a single year.

To address this, the City is taking a proactive and strategic approach by setting aside funds over time. By gradually building this reserve, the City can spread the cost across multiple years, reducing the impact on the General Fund and avoiding the need for large, one-time expenditures or external financing. This approach supports long-term financial planning and ensures the City will be prepared to undertake this critical planning effort when required.

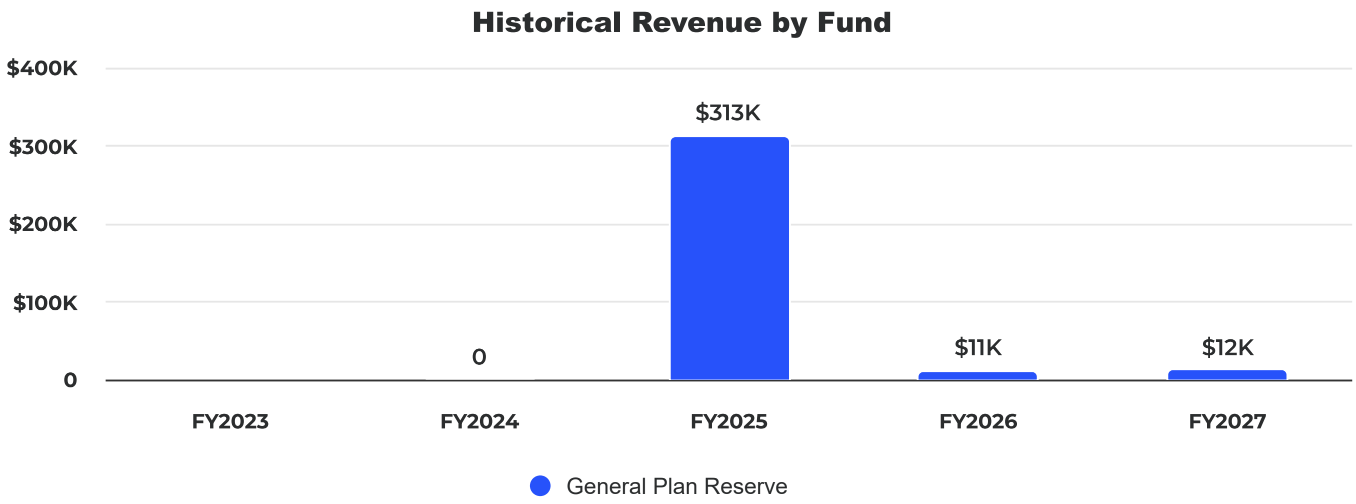
General Plan Reserve Revenues by Fund

Revenue in the General Plan Reserve does not follow a consistent or predictable annual pattern. Instead, it varies from year to year based on two primary sources:

City Council Transfers – The primary source of funding for the reserve is discretionary transfers approved by the City Council as part of the budget process. These contributions are made based on available resources and long-term planning needs rather than on a fixed schedule. As a result, in years when no transfer is approved, no transfer revenue is recorded.

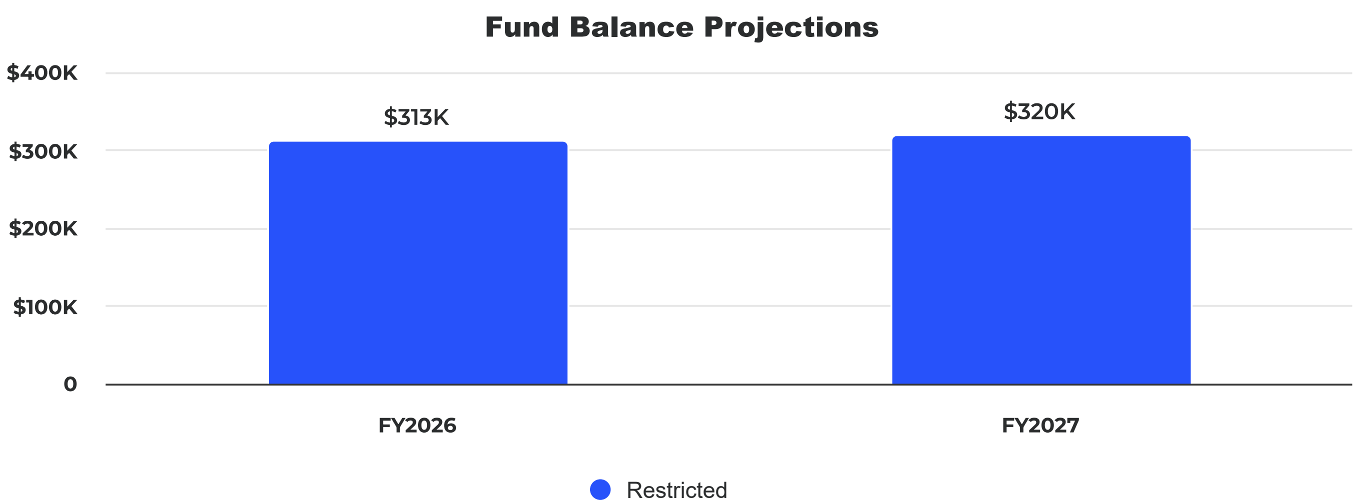
Interest Earnings – The reserve also generates interest income based on the balance of funds held. Interest earnings fluctuate depending on the size of the reserve. When the balance is higher, interest earnings increase; when funds are used, the balance is reduced, and interest earnings decline accordingly.

Because these revenues depend on policy decisions and available balances, the overall revenue profile of the Reserve can vary significantly from year to year. Periods of higher revenue typically reflect Council contributions, while other years may show only modest interest earnings. This variability is expected and reflects the City's strategic approach of building and using reserves over time to fund a comprehensive general plan update. An initial contribution was made in FY2024/25 for $300,000.



General Plan Reserve Fund Balance

The fund balance in the General Plan Reserve has grown since its establishment in FY2024/25. As this is a recently created reserve, there have been no transfers out of the fund to date, meaning no expenditures have been funded from the reserve.



Internal Service Funds

Internal Service Funds are used to account for services the City provides to itself, rather than purchasing those services from outside vendors. By managing certain functions internally, the City can better control costs, improve efficiency, and plan for long-term financial needs. These funds operate much like internal service providers, charging City departments for services and using those revenues to cover costs and build reserves over time.

This approach helps ensure that the true cost of services is understood and appropriately allocated, while also allowing the City to prepare for future expenses and reduce financial risk.

Self-Insurance Fund - Dental The Self-Insurance Fund accounts for the City's self-funded dental benefit program for City employees. Rather than paying premiums to a commercial dental insurance carrier, the City assumes the financial responsibility for employee dental claims directly. Claims are paid from this fund as they are incurred, allowing the City to retain funds that would otherwise go toward insurance company overhead and profit margins and to pay only for actual claims costs.

Self Insurance Fund

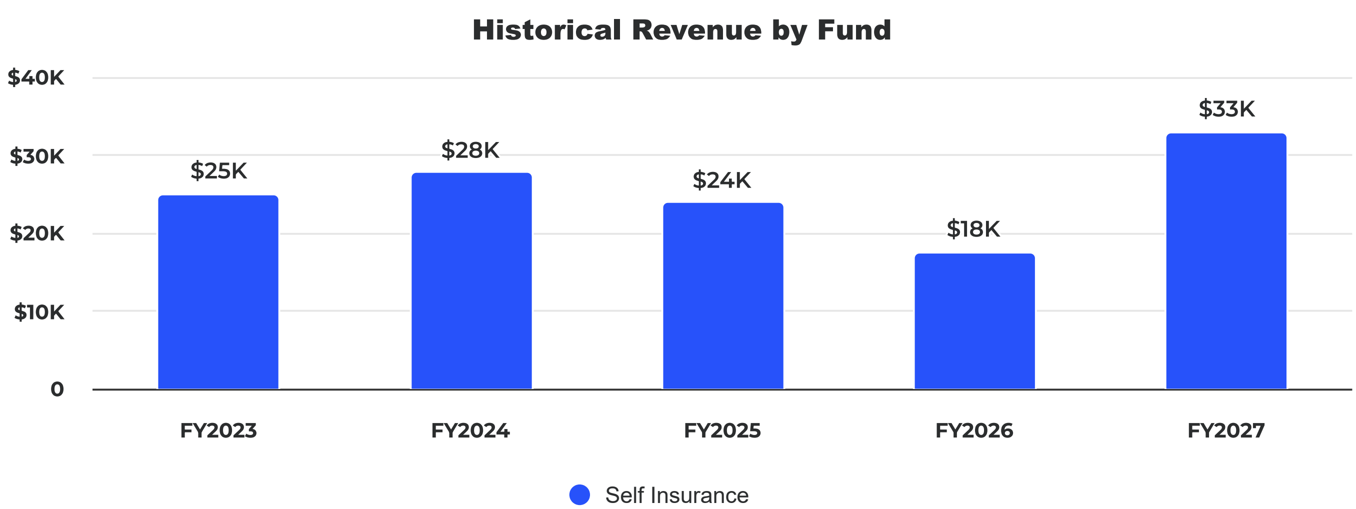
Since FY2017/18, the City has transitioned to a fully insured model for both medical and vision insurance, meaning premiums are paid to an insurance provider who assumes the financial risk of claims. However, dental insurance continues to be self-funded, allowing the City to directly manage and pay for dental claims incurred by employees. To facilitate this, the City utilizes a Self-Insurance Fund, an internal service fund specifically established to track revenues and expenses associated with the self-funded dental program. This structure promotes transparency and ensures the actual costs of dental benefits are equitably distributed among departments based on usage.

Budget Overview

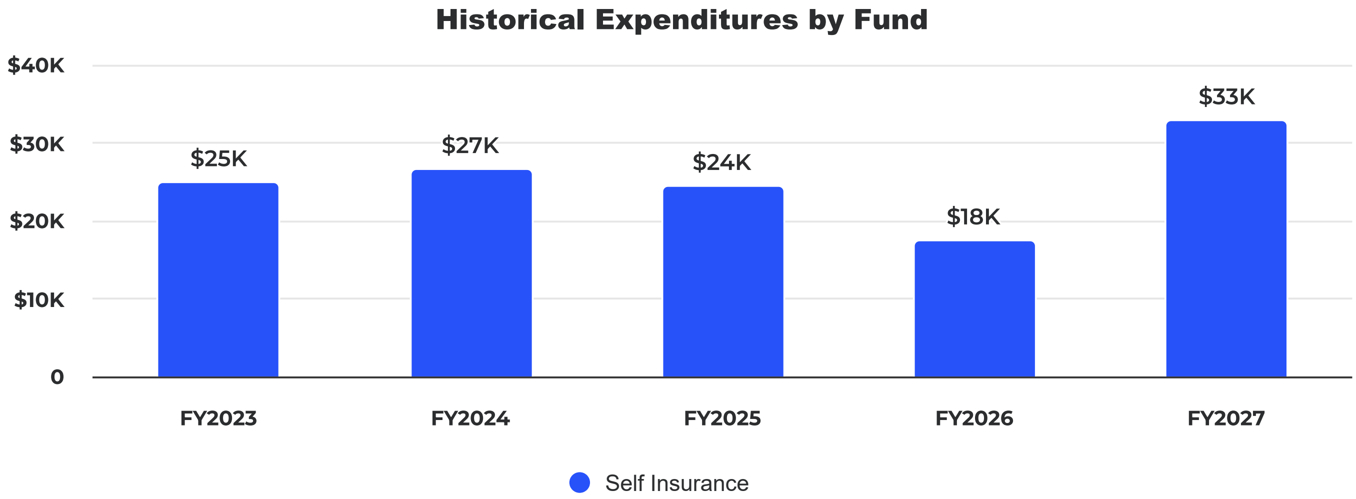
The FY2026/27 budget reflects only the self-insurance component for dental coverage within the Self-Insurance Fund. All costs related to the fully insured medical and vision benefits are budgeted within each department's salary and benefits line items, consistent with the City's accounting practices. By isolating the self-insured dental program within a dedicated internal service fund, the City maintains a clear and accurate accounting of costs, supports long-term financial planning, and ensures that benefit-related expenses are properly allocated across departments.

Summary

Self Insurance Revenues by Fund

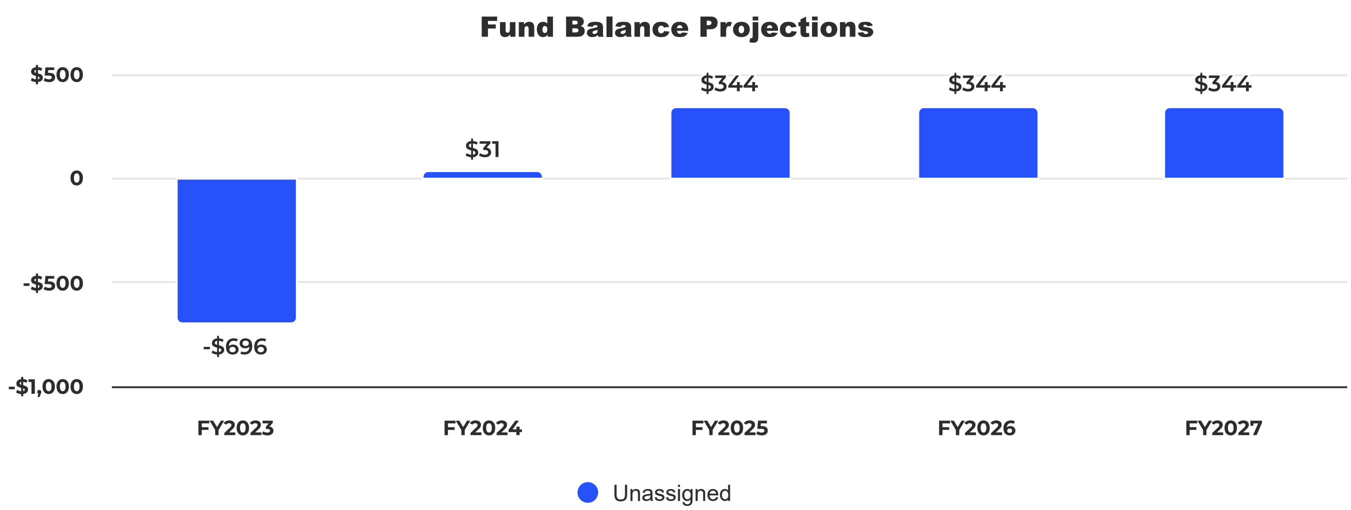


Self-Insurance Fund Expenditures by Fund



Self Insurance Fund Balance

The Self-Insurance Fund, which supports the City's self-funded dental program, is designed to maintain a target fund balance of $0, meaning annual revenues are expected to match total expenses each year. As of FY2023/24, any prior-year negative balances were fully eliminated, ensuring the fund is now operating on a balanced, cost-recovery basis.



Enterprise Funds

The Enterprise Funds account for City operations that are financed and operated in a manner similar to private businesses, where the intent is to recover costs primarily through user charges and fees. These funds are used for services in which it is appropriate for users, rather than the general taxpayer, to bear the cost of operations.

The City's Enterprise Funds include the Farmer's Market Fund and the Dragoon Gulch Trail Fund. These funds support specific programs and facilities that are sustained, in whole or in part, by user fees, program revenues, and other dedicated funding sources associated with their operations.

Revenues within these funds are generated from service charges, program fees, event-related income, and other applicable sources. As such, they may fluctuate based on participation levels, seasonal activity, and broader economic conditions.

Expenditures include the costs necessary to operate and maintain these services and facilities, such as personnel, supplies, contractual services, maintenance, and improvements. Where applicable, Enterprise Funds may also account for capital investments and long-term sustainability needs.

The City manages these funds with the goal of maintaining financial stability and ensuring that revenues are sufficient to support ongoing operations and maintenance. This approach promotes transparency, accountability, and equitable cost allocation to users who directly benefit from these services.

Together, these Enterprise Funds support unique community amenities and programs while reducing reliance on the General Fund and helping ensure their long-term viability.

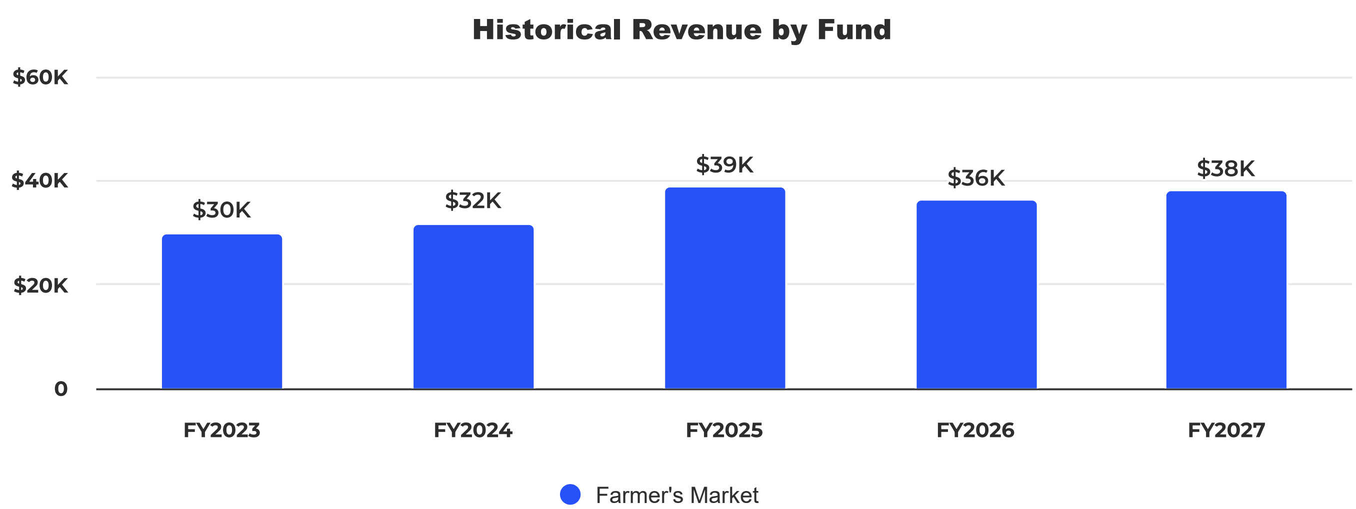
Farmer's Market Fund

The Farmer’s Market Fund accounts for the revenues and expenditures associated with the City’s farmer's market operations. The primary source of revenue for this fund is vendor fees charged to participants in the market. These revenues may vary based on vendor participation, seasonal factors, and overall market activity.

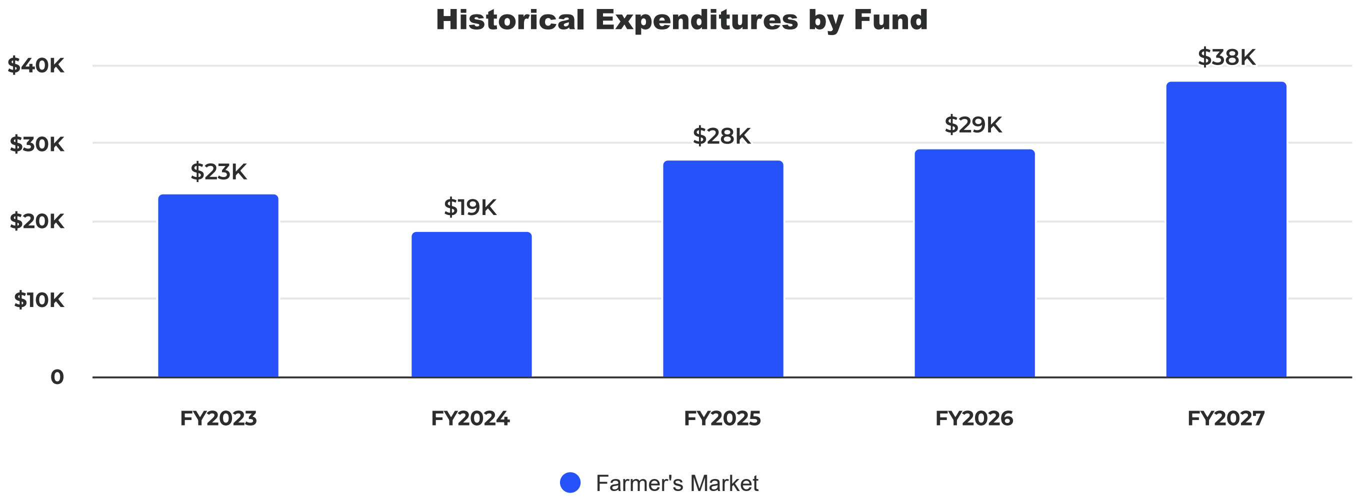
Expenditures within the fund support the operation and administration of the market. Major costs include contractual services for a market manager, as well as additional staffing and support needed to coordinate, promote, and operate the market. Other expenses may include supplies, site setup, and general operational needs.

The fund is managed with the goal of maintaining a self-supporting program that provides economic and community benefits while minimizing reliance on other City resources.

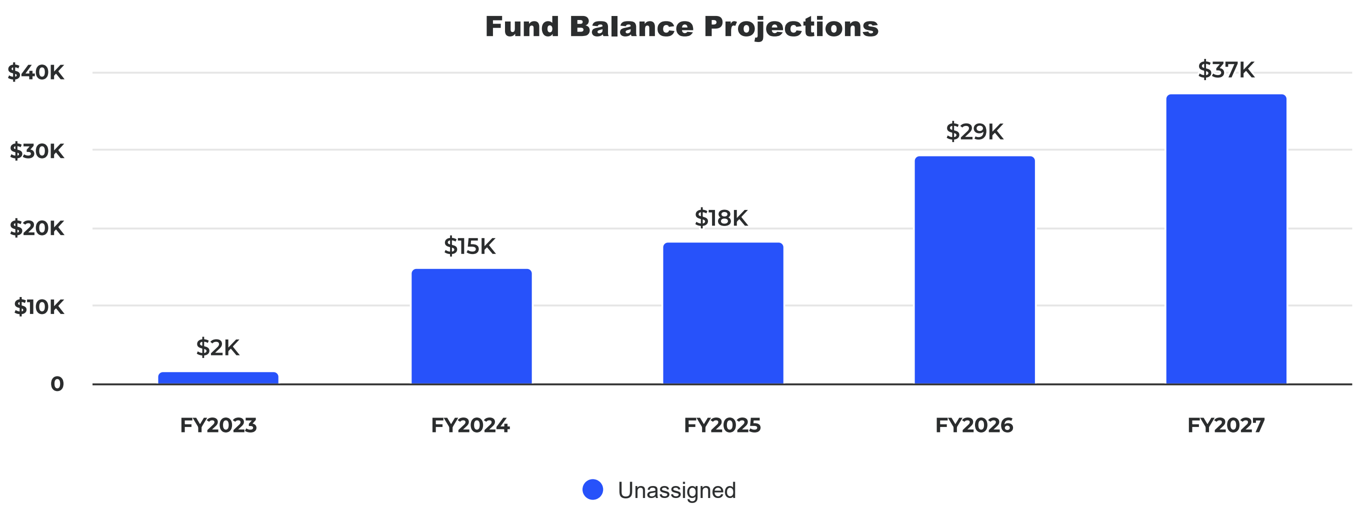
Farmer's Market Revenues by Fund



Farmer's Market Expenditures by Fund



Farmer's Market Fund Balance



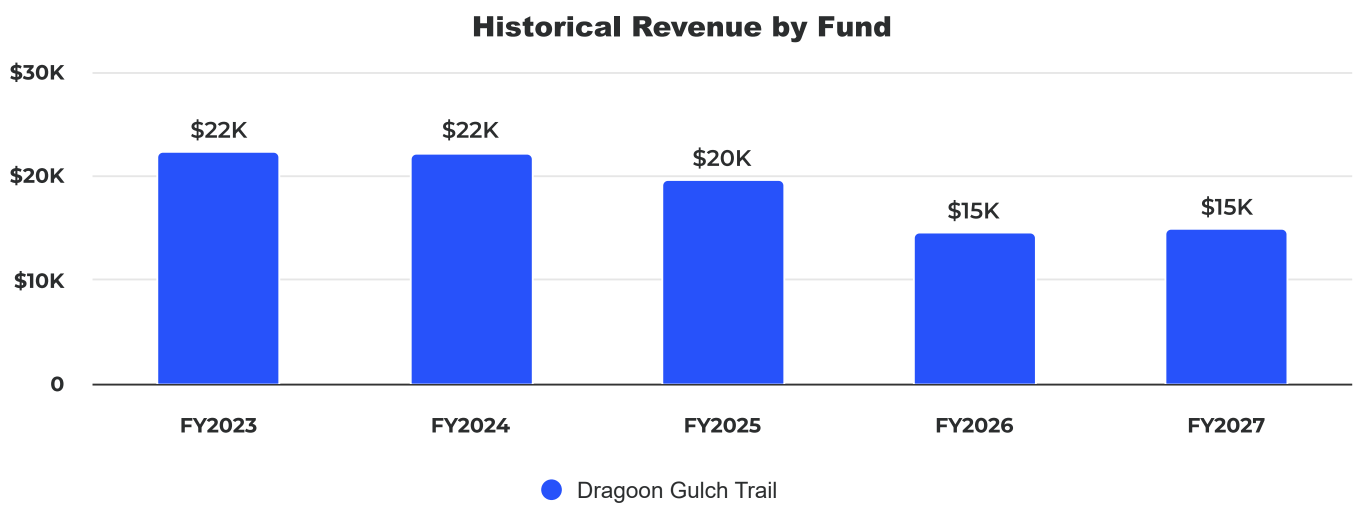
Dragoon Gulch Fund

The Dragoon Gulch Trail Fund accounts for revenues and expenditures associated with the maintenance and upkeep of the Dragoon Gulch Trail system. The primary source of revenue for this fund is rental income from a City-owned house located on the trail.

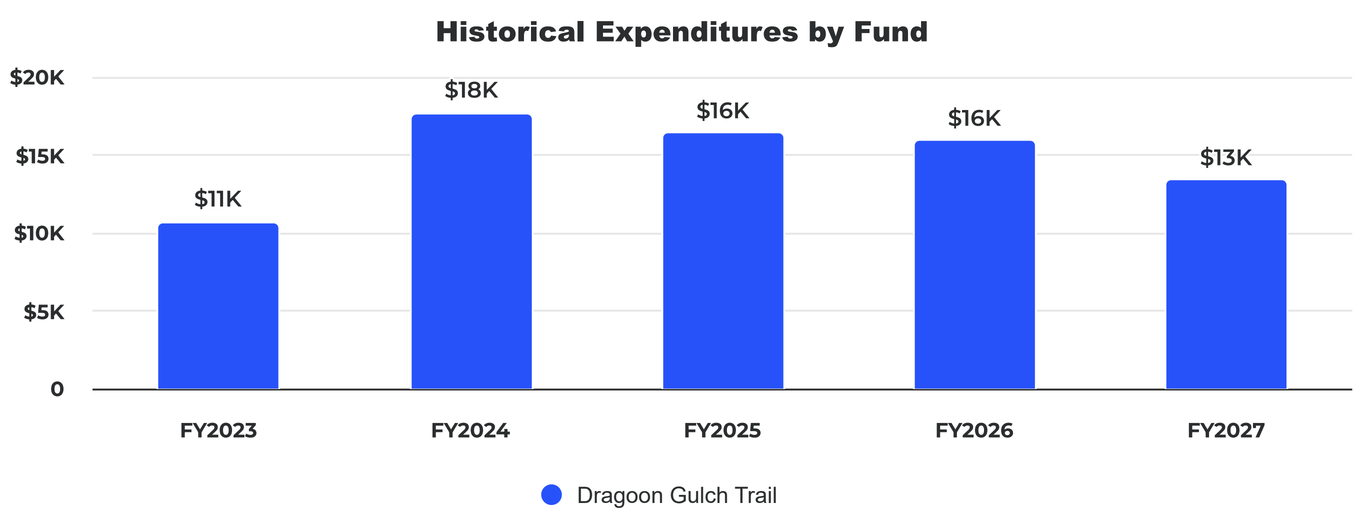
Expenditures are primarily related to the maintenance and preservation of the trail system. These costs include routine maintenance, repairs, and other services necessary to ensure the trail remains safe, accessible, and well-maintained for public use.

The fund supports the ongoing sustainability of this recreational asset by aligning dedicated revenue with the costs required to maintain and enhance the trail for residents and visitors.

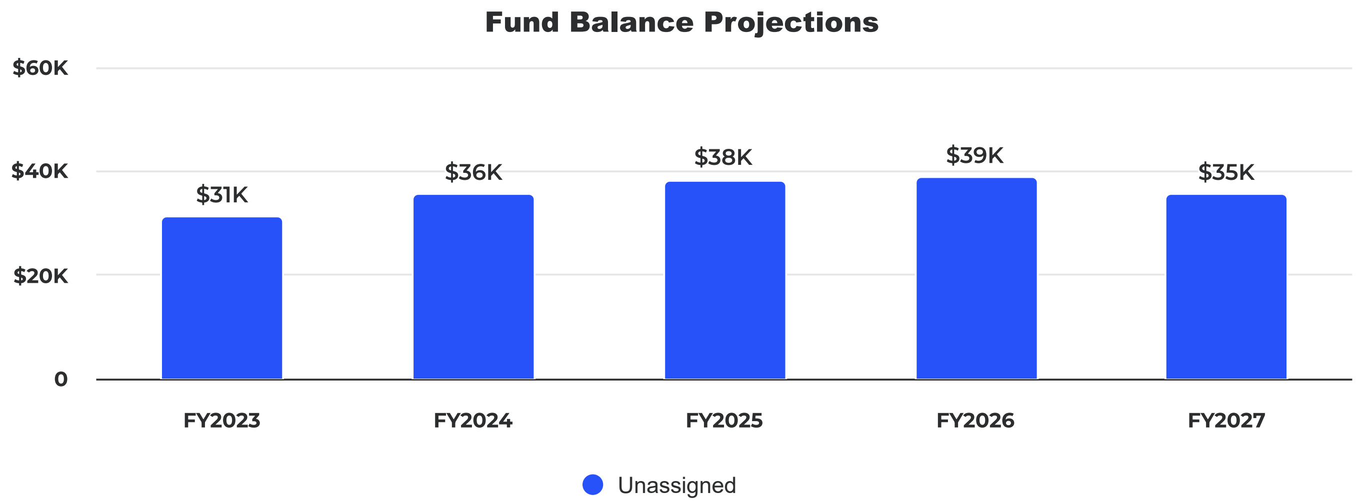
Dragoon Gulch Revenues by Fund



Dragoon Gulch Expenditures by Fund



Dragoon Gulch Fund Balance



Fund balance within the Dragoon Gulch Trail Fund is committed solely to the benefit of the trail system. Available resources will be used exclusively for trail-related purposes, including maintenance, repairs, and capital improvements, ensuring that revenues generated by the fund are reinvested directly into the continued enhancement and preservation of the trail.

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that are legally restricted or committed to expenditures for particular purposes. These funds ensure transparency and accountability by clearly demonstrating that revenues are used in accordance with their intended purpose, as required by law, voter approval, or City policy.

The City of Sonora utilizes several Special Revenue Funds to support critical infrastructure, community services, and targeted programs. These include Measure I, a voter-approved ½-cent sales tax dedicated to public safety and public works; State Gas Tax and Road Maintenance and Rehabilitation Account (RMRA) funds, which provide resources for roadway repair and maintenance; and the Benefit Zone Fund, which supports community events, street sweeping, and parking-related activities.

In addition, the City administers the Public, Educational, and Governmental (PEG) Fee Fund, which is used to support public access and communication infrastructure.

These dedicated funding sources play an essential role in maintaining the City's infrastructure, enhancing community amenities, and supporting services that might otherwise place additional demands on the General Fund. By segregating these revenues into Special Revenue Funds, the City ensures that restricted funds are used appropriately while maintaining financial clarity and compliance with applicable regulations.

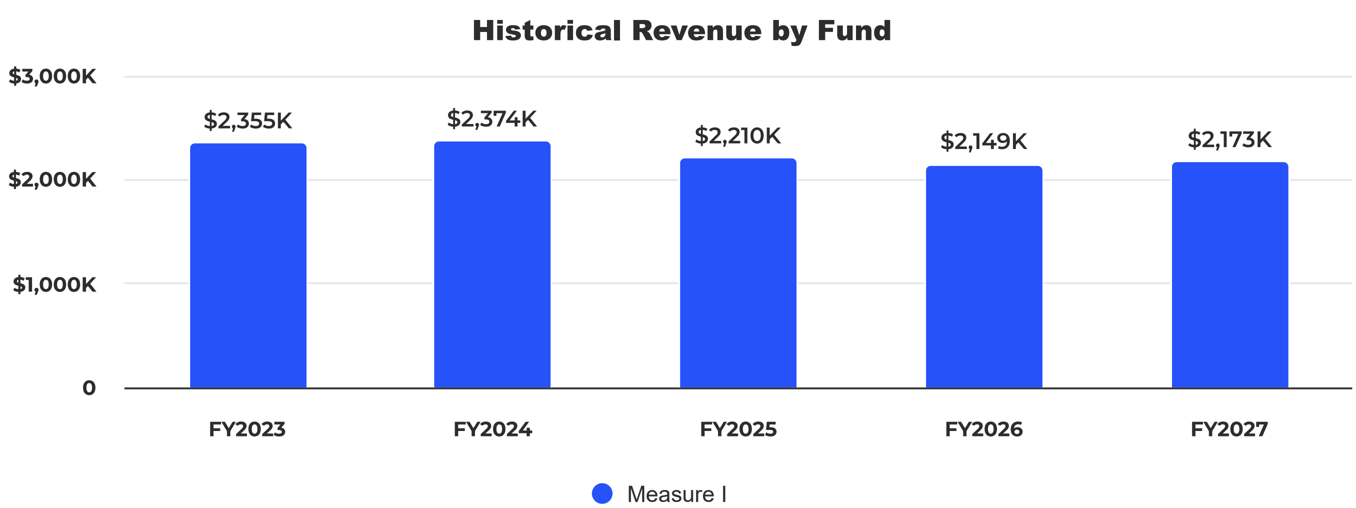
Measure I Fund

The Measure I fund was established as a result of a special sales and use tax increase, passed by voters in 2004, and was effective in 2005. The tax was a special tax of 1/2% applied to sales within the City limits to support the City of Sonora Police Department, Fire Department and Public Works Department. The purpose of the initiative was to improve city services for residents, businesses and visitors to the City of Sonora.

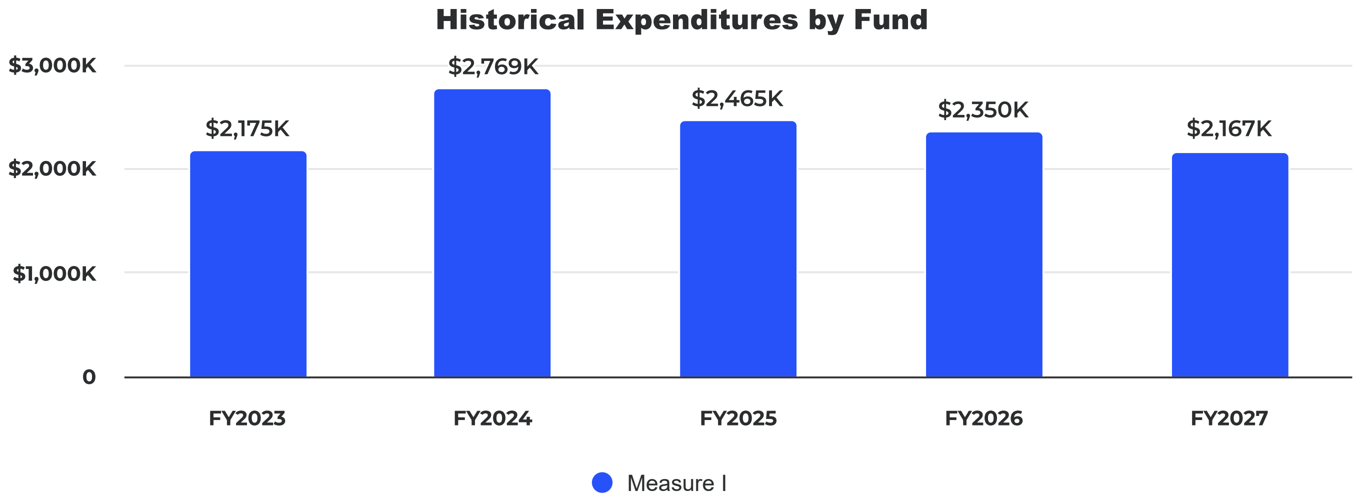
This funding is allocated: 60% to the Police Department, 25% to the Fire Department and 15% to Public Works for the purpose of hiring and retaining personnel, updating safety equipment, providing resources for education, and replacing obsolete vehicles and equipment.

Measure I Revenues by Fund

Sales tax continues to be the City's single largest source of revenue, supporting a wide range of essential services and operations. Revenue projections for each of the City's sales tax categories are provided by an independent sales tax consultant who monitors local economic trends and statewide retail performance. For FY2026/27, estimated Measure-I sales tax revenues are projected to be only slightly higher than in FY2025/26. While sales tax remains a critical and historically stable revenue stream for the City, these revised estimates highlight the importance of ongoing fiscal monitoring and long-term financial planning.



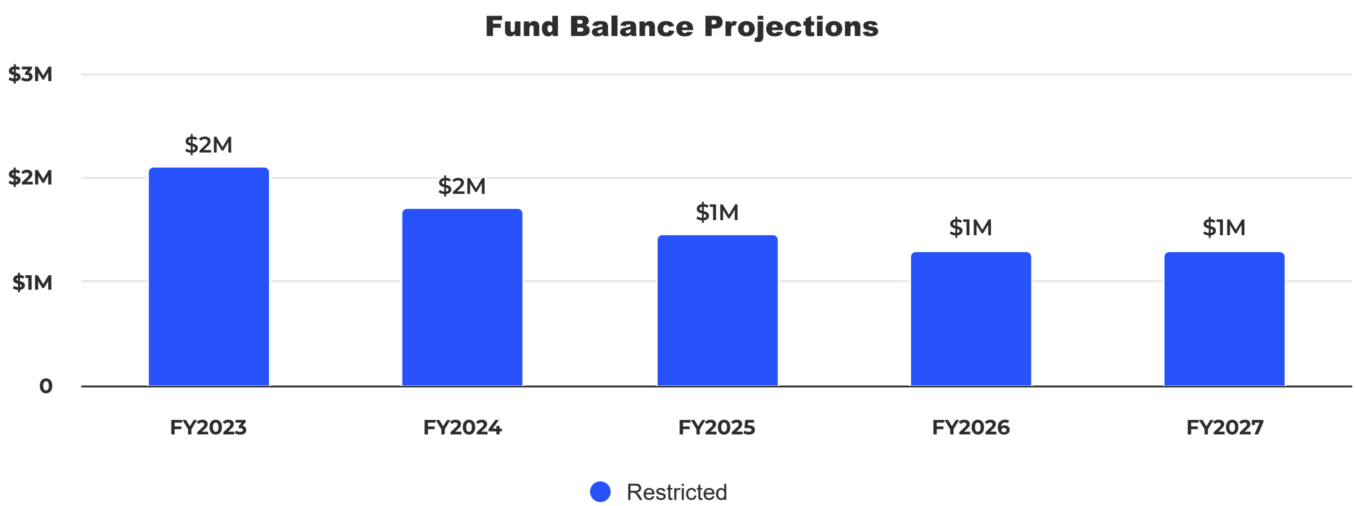
Measure I Expenditures by Fund



Measure I Fund Balance

The City has accumulated fund balance in the Measure I Fund over previous years. These funds are designated exclusively for use by the Police Department, Fire Department, and Public Works Department, consistent with the intent of the Measure I Sales tax. In FY2023/24, the fund balance declined due to a one-time purchase of a new street sweeper for the Public Works Department, which was a planned and appropriate use of Measure I resources.

Currently, all ongoing Measure I revenues are fully allocated to maintaining essential services in the supported departments. There are no longer "extra" or uncommitted funds generated each year, and any remaining fund balances will be used solely for their intended purpose, supporting frontline public safety and infrastructure services.

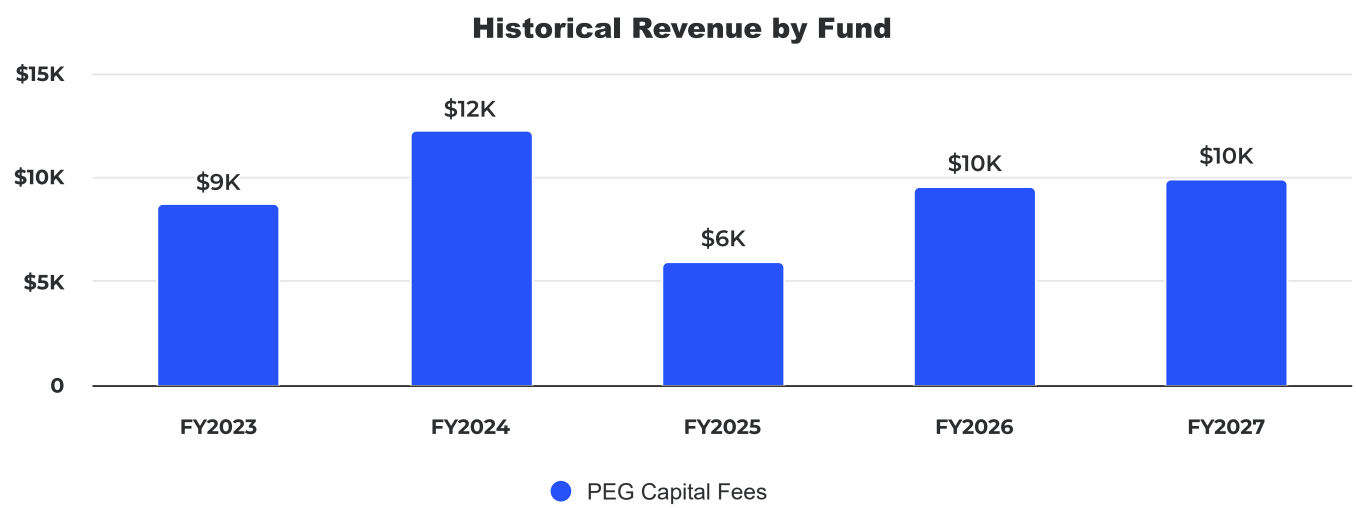


PEG Fee Fund

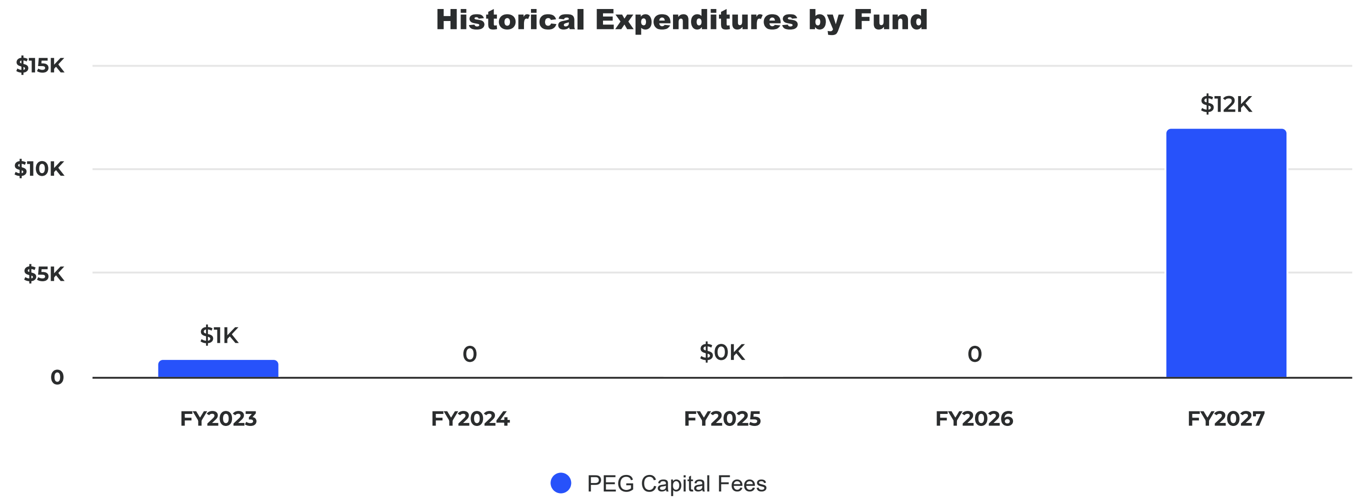
PEG (Public, Educational, and Government Access) fees are derived from a 1% charge on traditional cable subscriptions and have continued to decline, with revenues projected to remain low in FY2026/27. This ongoing decrease is primarily the result of shifting consumer preferences, as more households discontinue traditional cable service in favor of internet-based streaming platforms, a trend widely known as 'cutting the cord.' The steady reduction in cable subscribers has directly impacted the City's PEG revenue, as well as overall franchise fee collections. This downward trend is expected to persist in the coming years, as digital media continue to replace conventional cable television.

Summary
The City of Sonora is projecting $9.9K of revenue in FY2026/27, which represents a 1% decrease over the prior year. The Council Chamber project will be pursued in FY2026/27.

PEG Fee Revenues by Fund

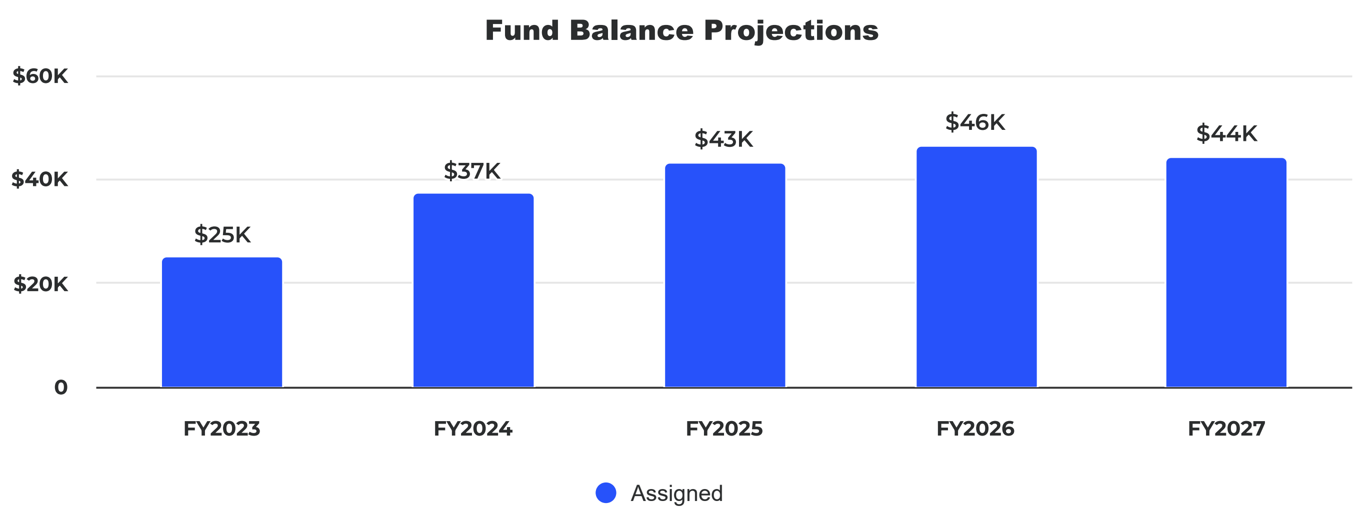


PEG Fee Expenditures by Fund



PEG Fee Fund Balance

PEG (Public, Educational, and Government Access) franchise fees are restricted funds collected from cable providers, intended to support the development and maintenance of government-access programming and related technology. The fund balance in the City's PEG account will be used in the future to modernize the City Council Chambers as technology evolves, ensuring that the City can continue to deliver accessible, high-quality public meeting broadcasts. Investing in these upgrades supports transparency, civic engagement, and accessibility by enabling residents to view Council meetings through live-streaming and on-demand platforms, regardless of their ability to attend in person.

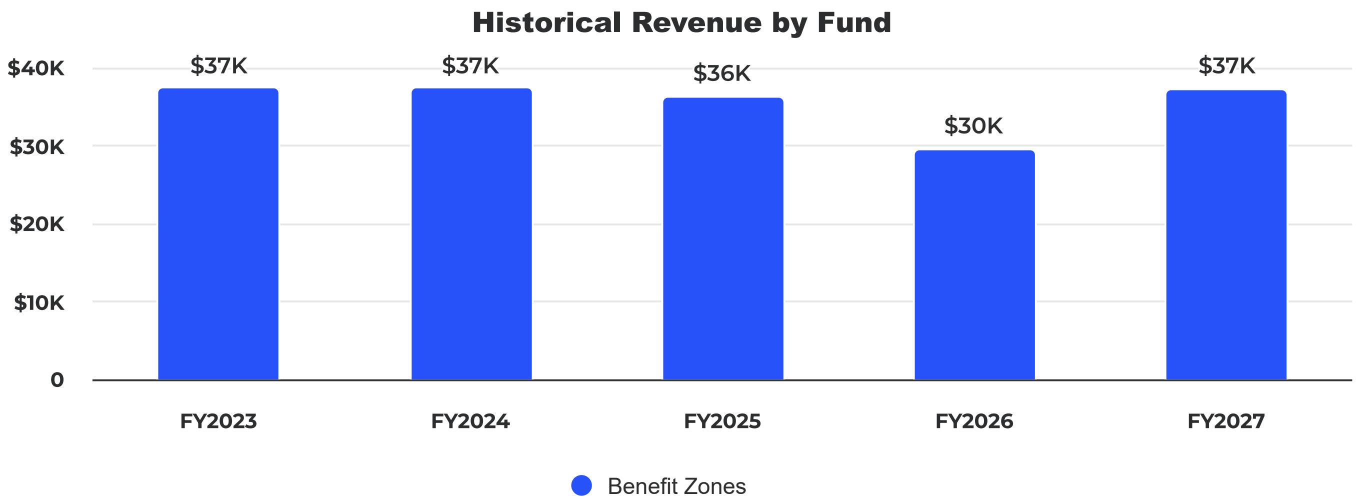


Benefit Zone Fee Fund

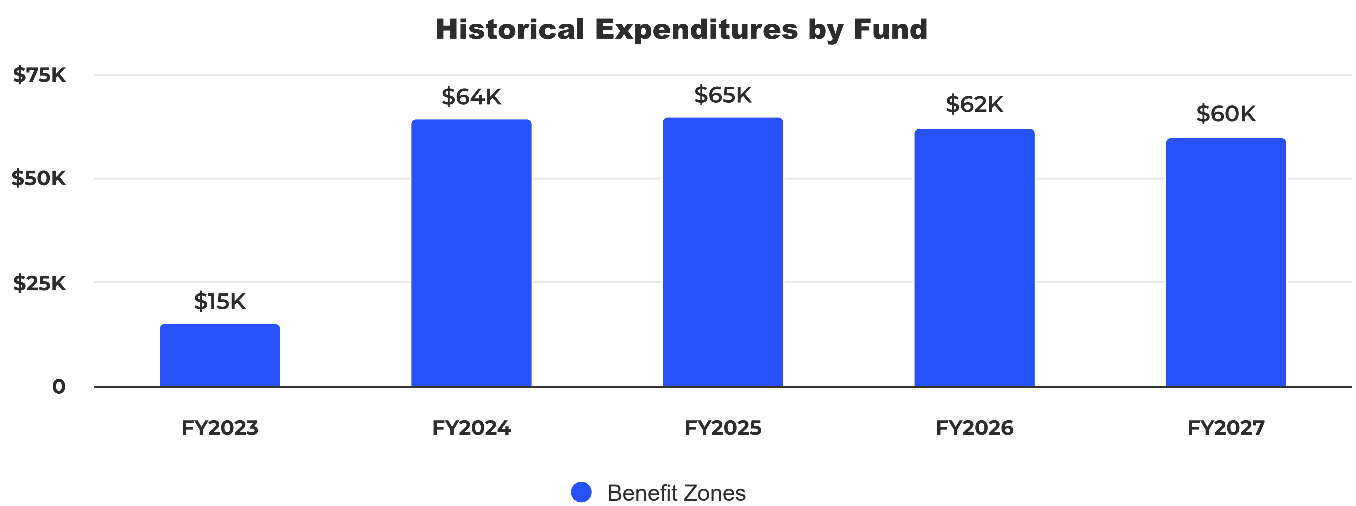
The Benefit Zone fees were established to finance Sonora's annual events, including the Christmas Parade, to encourage patronage by local residents and tourists, parking lot maintenance and acquisition, and street sweeping.

Benefit Zone Fee Revenues by Fund

The Benefit Zone Fee Fund is supported by a fee collected through the City's business license program and is intended to fund community events, street sweeping, and parking-related activities, including maintenance and acquisition. The fund supports four annual community events that contribute to the City's economic vitality and quality of life.



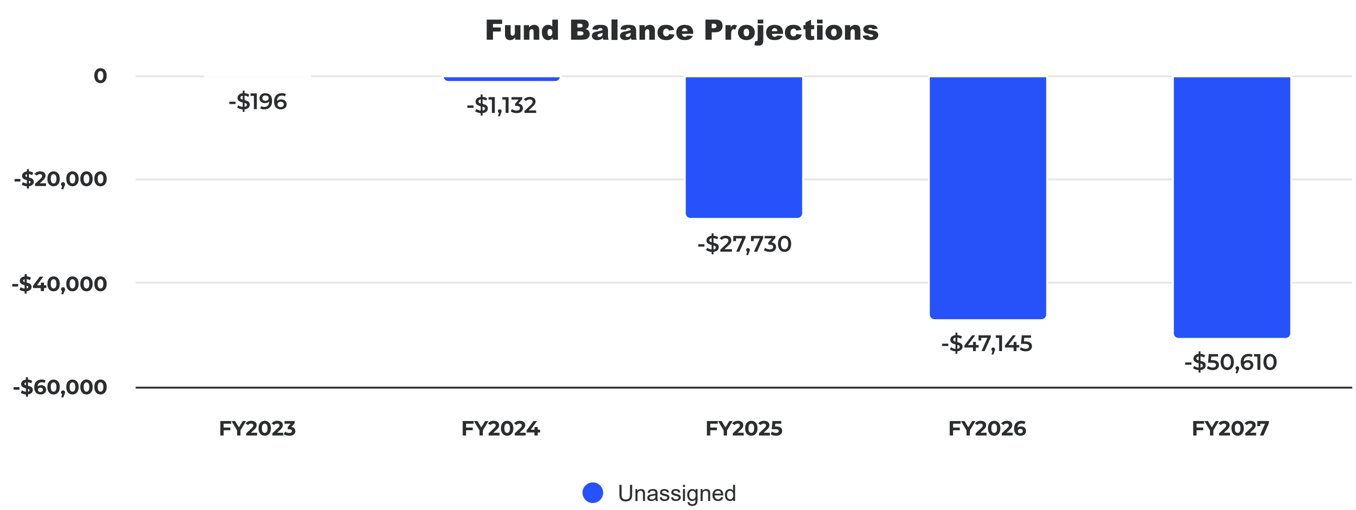
Benefit Zone Fee Expenditures by Fund



Benefit Zone Fee Fund Balance

Over the past decade, revenues generated from the Benefit Zone Fee have not kept pace with the rising costs of providing these services, particularly the cost of organizing and hosting special events. As a result, expenditures have consistently exceeded revenues, leading to a negative fund balance in recent years. To continue supporting these valued community events, the City has supplemented the fund with General Fund contributions.

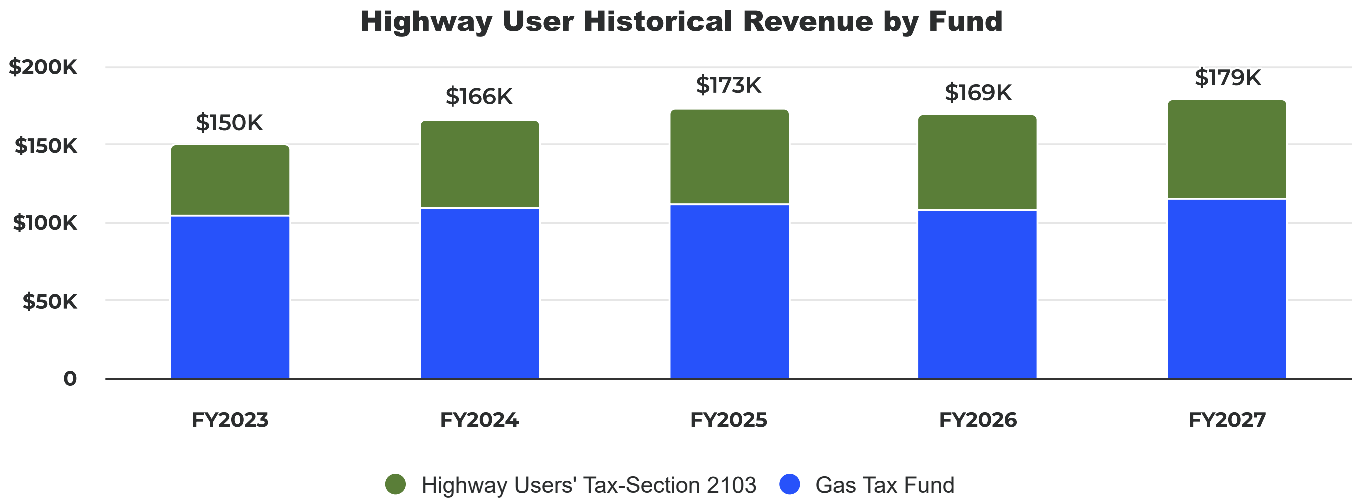
Beginning in FY 2024/25, the City transitioned the planning and coordination of special events to the Sonora Chamber of Commerce under a contractual agreement. This change is intended to better align event costs with available revenues, improve operational efficiency, and reduce the financial burden on the City. Moving forward, this approach is expected to help stabilize the fund and limit the accumulation of negative fund balances while maintaining the community benefits these events provide.



Highway User Tax Funds

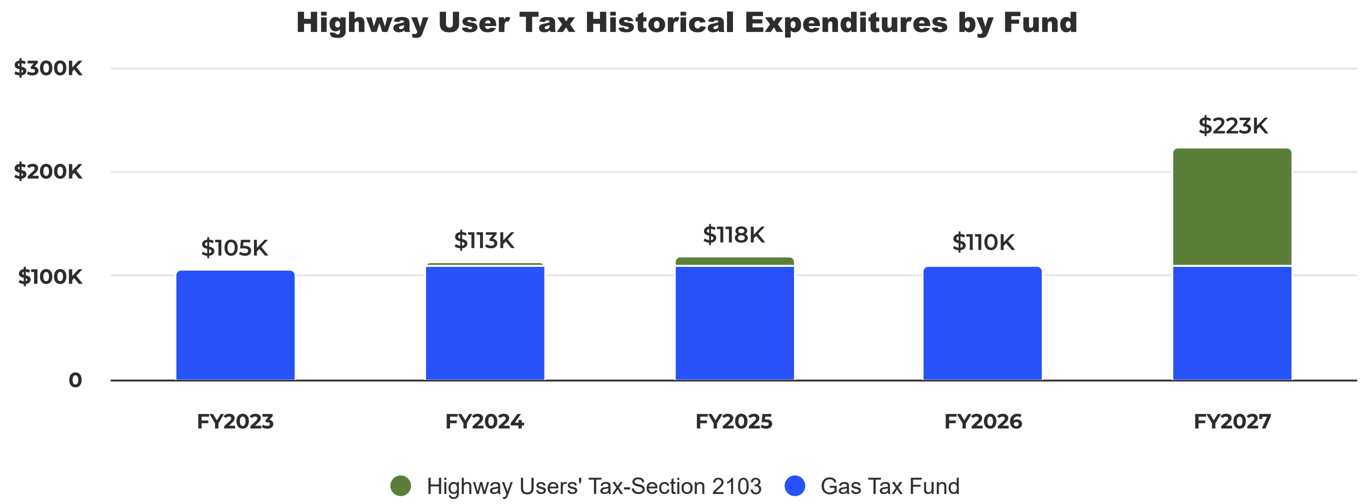
Highway Users Tax Account (HUTA)
The State of California imposes a variety of transportation-related taxes and fees to fund roadway maintenance and infrastructure projects. These include per-gallon excise taxes on gasoline and diesel fuel, sales taxes on fuel, and vehicle registration fees. A portion of these revenues is allocated to local governments, cities and counties, to support transportation-related expenses.
HUTA funds are distributed based on population and are restricted for use on streets, roads, and transportation infrastructure.

Highway User Tax Revenues by Fund



Highway User Tax Expenditures by Fund

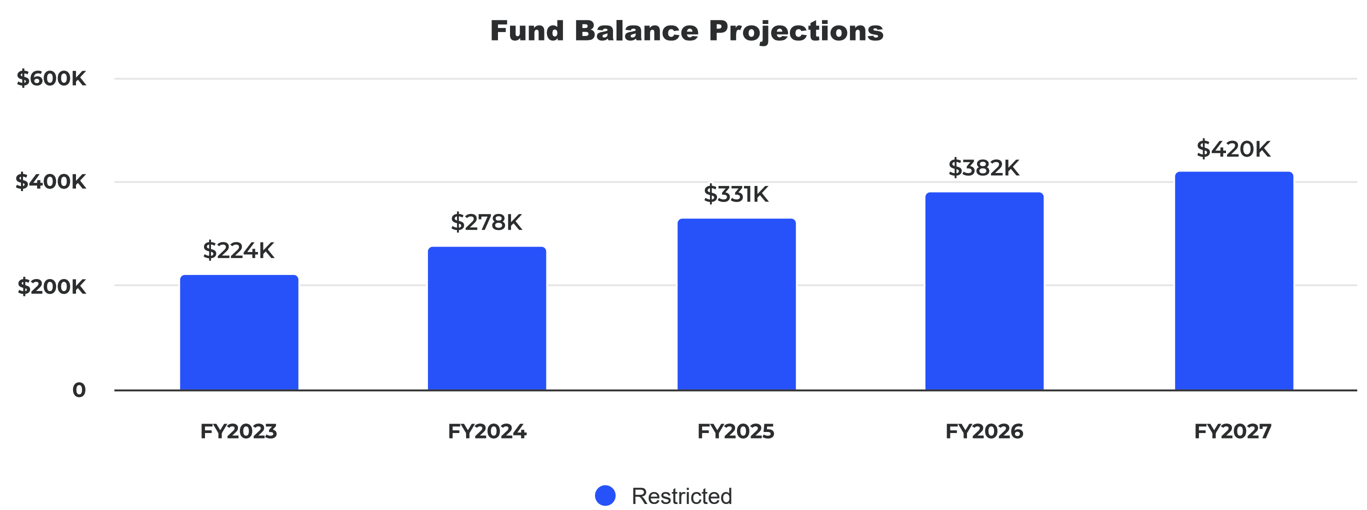
In FY2026/27, the expenditures from the Gas Tax Fund will support the Public Works Departments road maintenance program.



Highway User Tax Fund Balance

The City utilizes a portion of its Highway Users Tax Account (HUTA) revenues to address ongoing roadway maintenance needs, including pothole repairs and routine street improvements performed by Public Works staff. These annual expenditures allow the City to respond to immediate maintenance issues and preserve roadway conditions on a day-to-day basis.

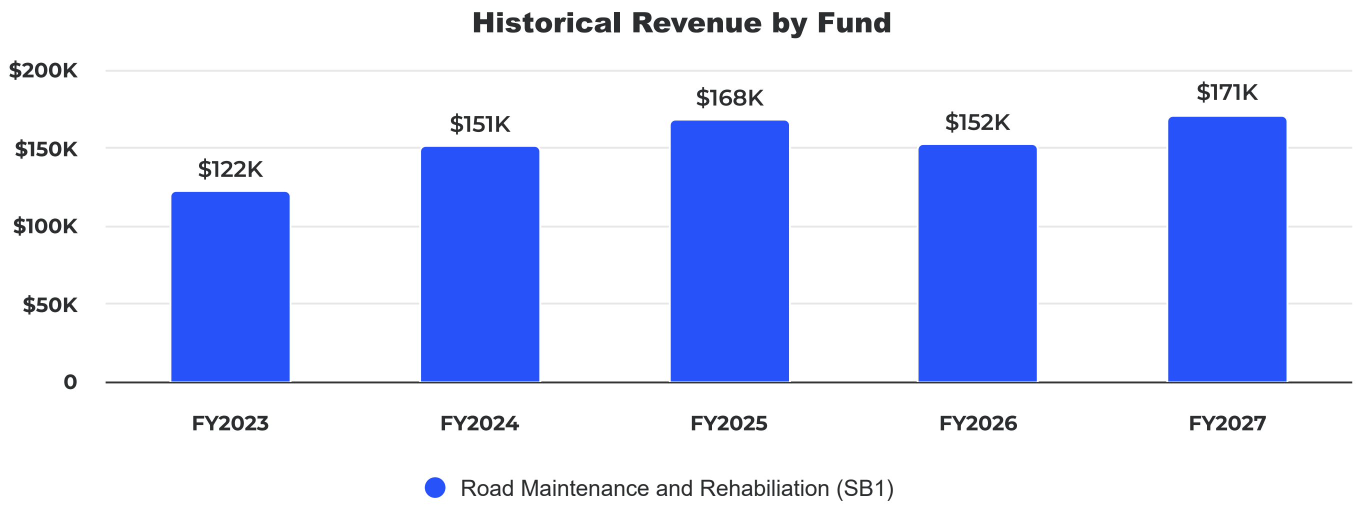
At the same time, the City strategically retains a portion of HUTA revenues in fund balance to accumulate resources for larger, more comprehensive capital projects. By saving funds over time, the City is able to undertake significant street rehabilitation and reconstruction efforts that would not be feasible with a single year of funding. This balanced approach allows the City to address both immediate maintenance needs and long-term infrastructure improvements in a fiscally responsible manner.



Road Maintenance and Rehabilitation Funds

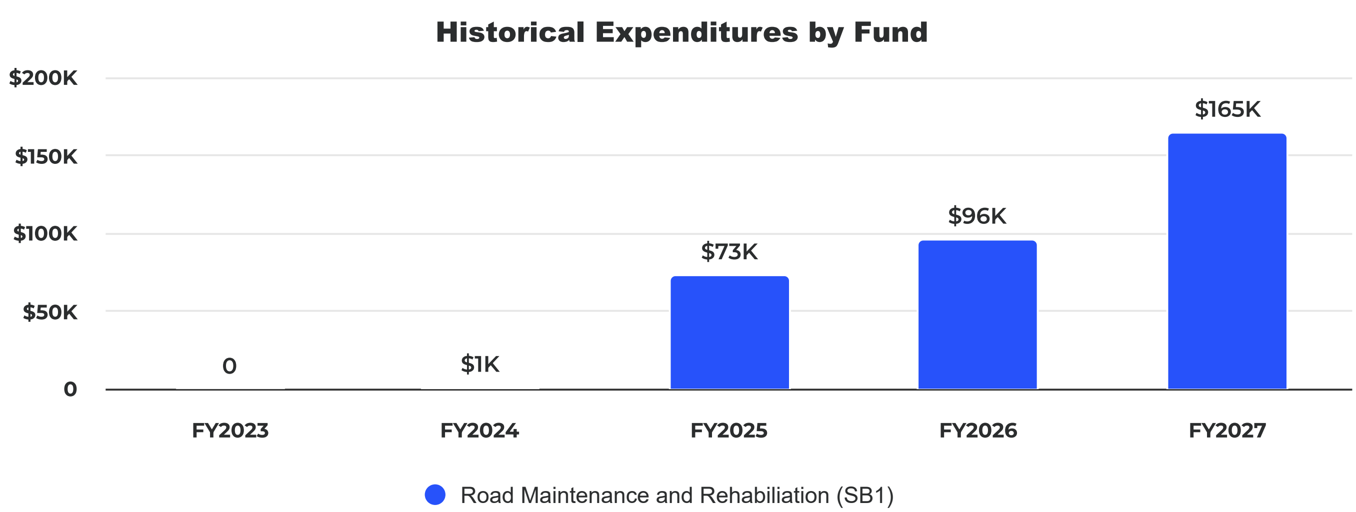
The Road Maintenance and Rehabilitation Account (RMRA) was established under the Road Repair and Accountability Act of 2017 (SB1). This account provides additional funding focused specifically on the repair, maintenance, and safety of local roads, with accountability and reporting requirements tied to project eligibility and performance.

Road Maintenance and Rehabilitation Revenues by Fund



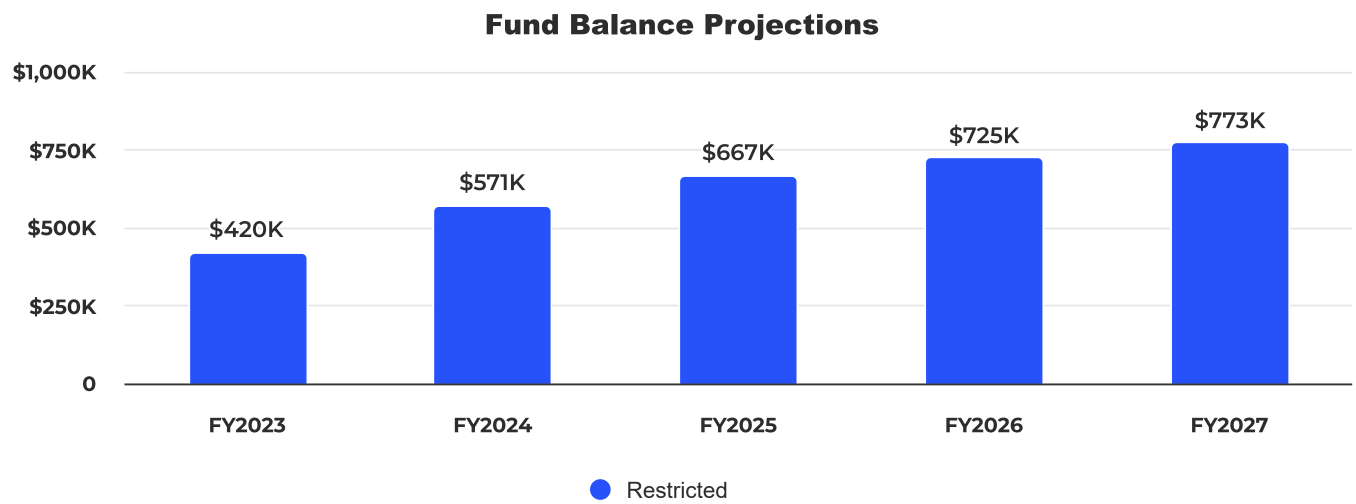
Road Maintenance and Rehabilitation Expenditures by Fund

Consistent with the requirements of the Road Maintenance and Rehabilitation Account (RMRA) program, these funds are dedicated to the City's officially identified RMRA project, approved by the City Council with Resolution No. 06-01-2026-B, the Snell Road Reconstruction Project, which will rehabilitate aging infrastructure and improve the long-term condition of the City's roadway network.



Road Maintenance and Rehabilitation Fund Balance

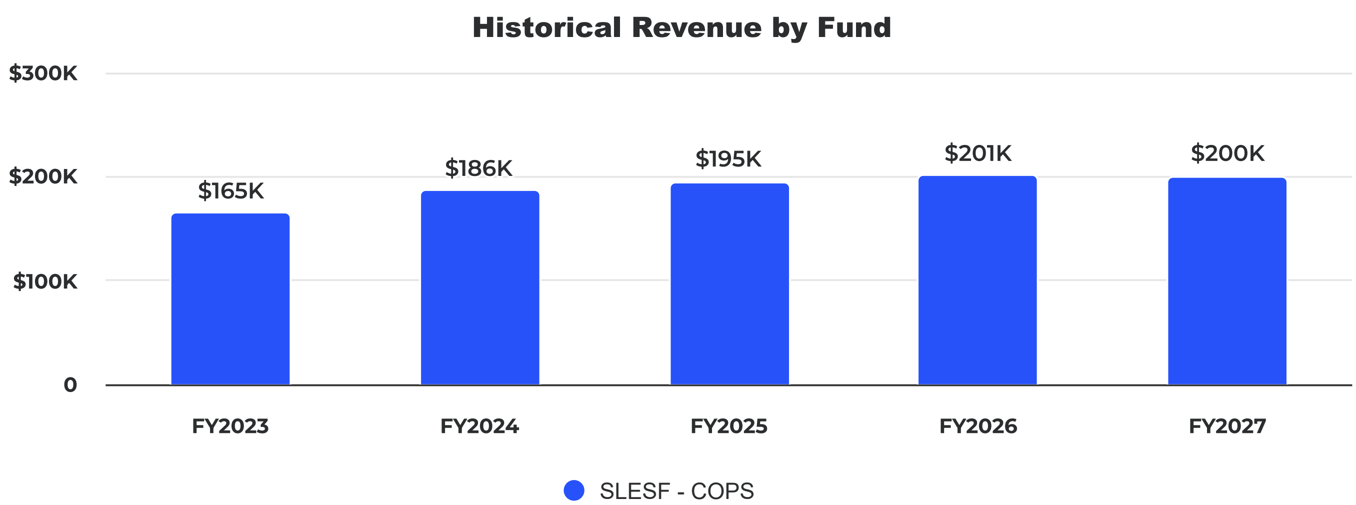
The City strategically retains RMRA revenues in fund balance to accumulate resources for larger, more comprehensive capital projects. By saving funds over time, the City is able to undertake significant street rehabilitation and reconstruction efforts that would not be feasible with a single year of funding. This allows the City to address long-term infrastructure improvements in a fiscally responsible manner.



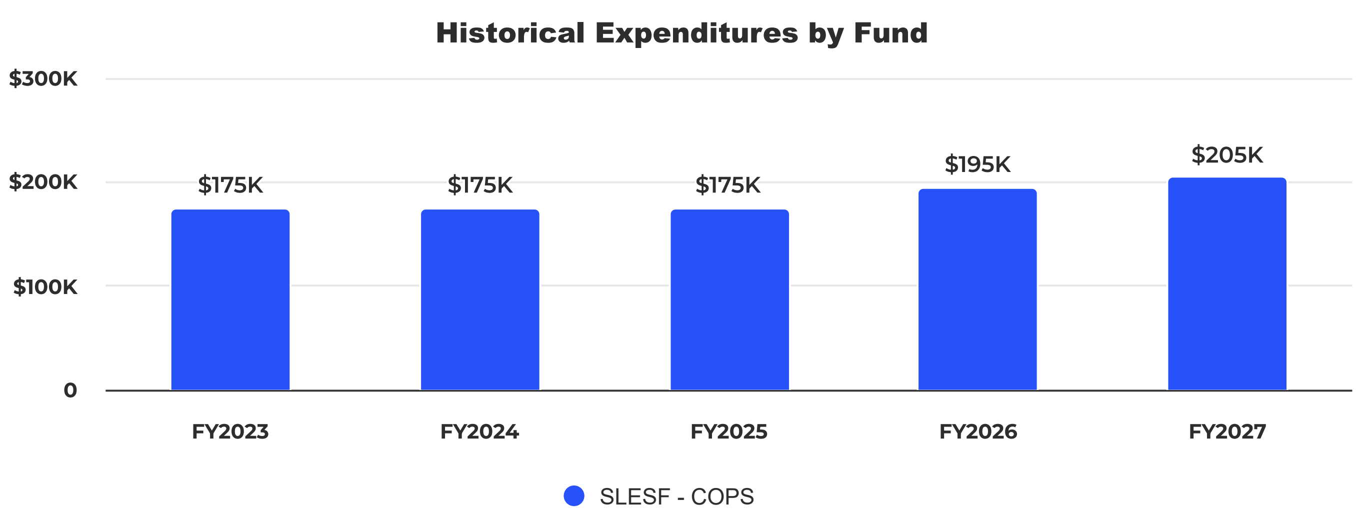
Supplemental Law Enforcement Services Fund

The Supplemental Law Enforcement Service Fund (SLESF), the Citizen's Option for Public Safety (COPS) Program, provides monies statewide for local public safety needs. The Police Department is required to spend these funds on front-line police services, including personnel and/or equipment. SLESF monies cannot be allocated to supplant any existing funding for police services. Per Government Cost Section 30062, monies allocated for SLESF is to be expended exclusively to provide front line law enforcement services.

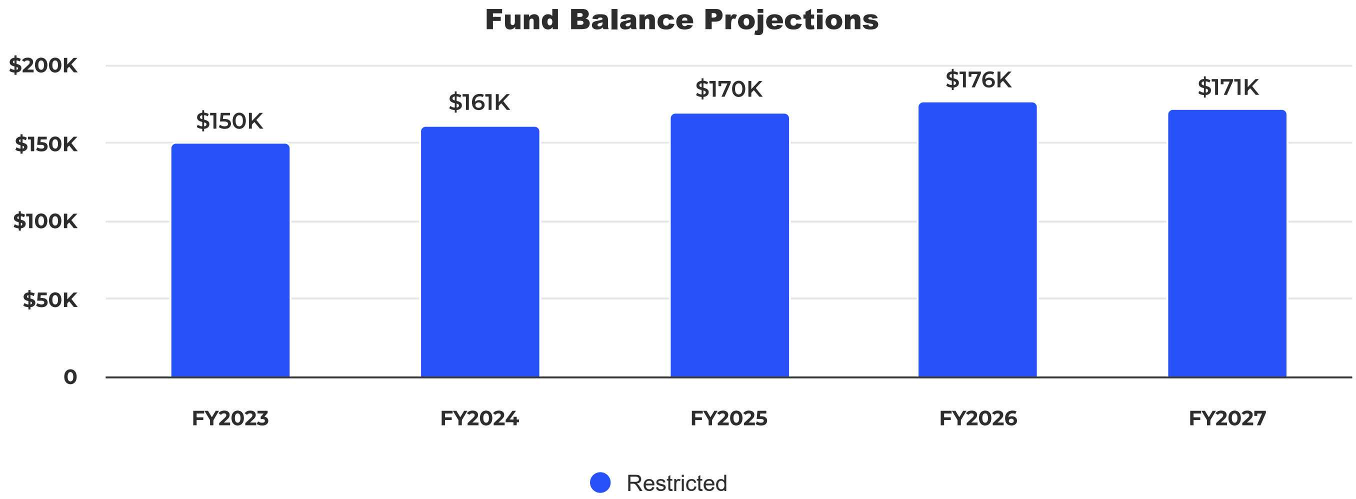
Supplemental Law Enforcement Services Revenues by Fund



Supplemental Law Enforcement Services Expenditures by Fund



Supplemental Law Enforcement Services Fund Balance



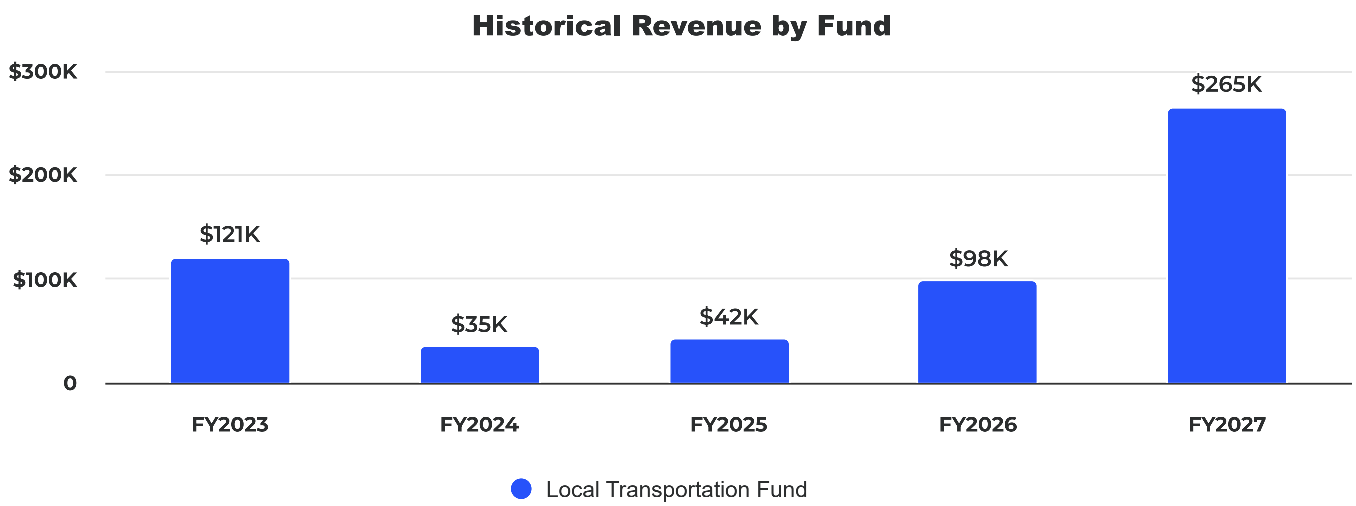
Local Transportation Fund

The Local Transportation Fund (LTF) serves as the repository for transportation-related revenues allocated to the City of Sonora by the Tuolumne County Transportation Council (TCTC), the regional agency responsible for administering and distributing State Transportation Development Act (TDA) funds within Tuolumne County.

Under State law, TCTC receives a portion of statewide sales tax revenues dedicated to transportation and first allocates these funds to support transit and other eligible regional transportation services. Any remaining funds, after meeting these obligations, are distributed to local jurisdictions. As the only incorporated city in Tuolumne County, the City of Sonora receives a share of these remaining funds, which are accounted for within this fund.

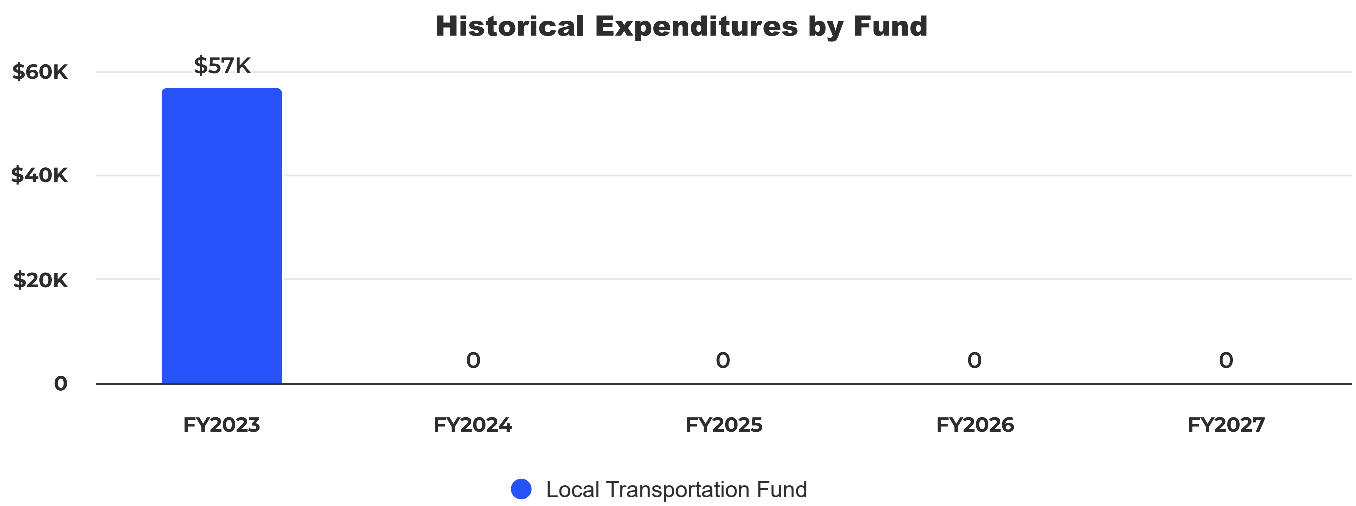
LTF revenues are restricted for transportation-related purposes, including street and road maintenance, circulation improvements, and eligible capital projects. Given the relatively modest and variable nature of these annual allocations, the City takes a strategic approach by accumulating available funds over time to support larger transportation improvements that cannot be funded within a single fiscal year. This approach allows the City to address both ongoing maintenance needs and plan for more significant infrastructure investments in a fiscally responsible and sustainable manner.

Local Transportation Revenues by Fund



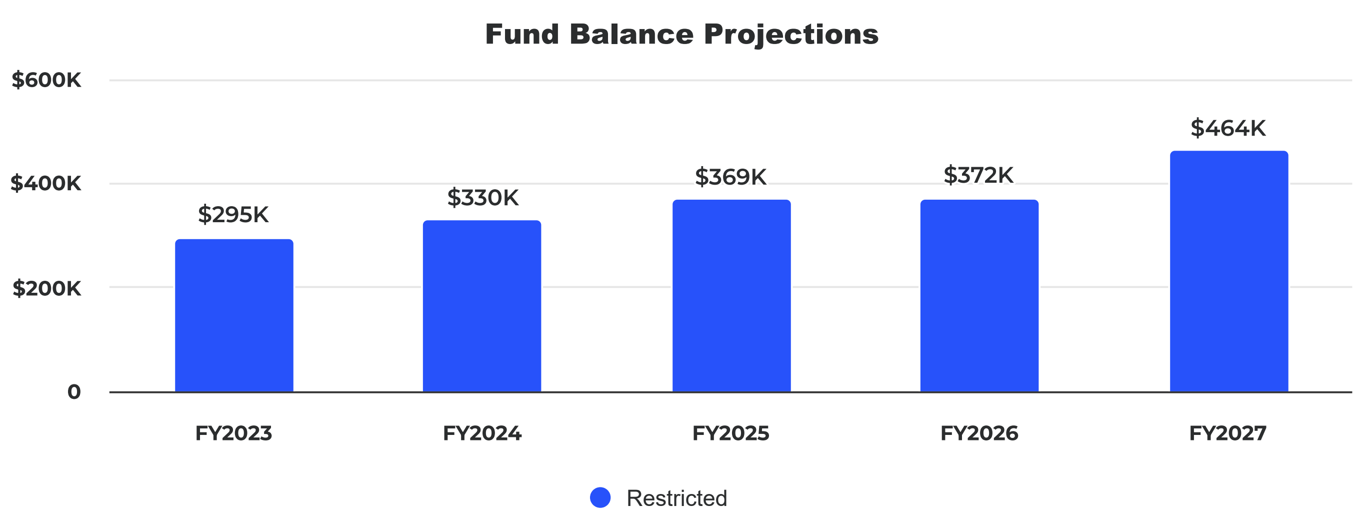
Local Transportation Expenditures by Fund

Because annual Local Transportation Fund (LTF) allocations are typically too small to complete meaningful transportation or infrastructure projects, the City has historically accumulated funds over multiple years to finance larger capital improvements. This approach allows the City to complete projects more efficiently and cost-effectively rather than using limited annual allocations on small, piecemeal work.



Local Transportation Fund Balance

The City receives LTF allocations annually. However, due to the relatively modest size of these revenues, the City strategically accumulates fund balance over time to support larger, more impactful transportation projects. While a portion of LTF funds may be used for ongoing maintenance and operational needs, the City often saves available resources until sufficient funding is available to undertake capital improvements that would not be feasible within a single fiscal year.



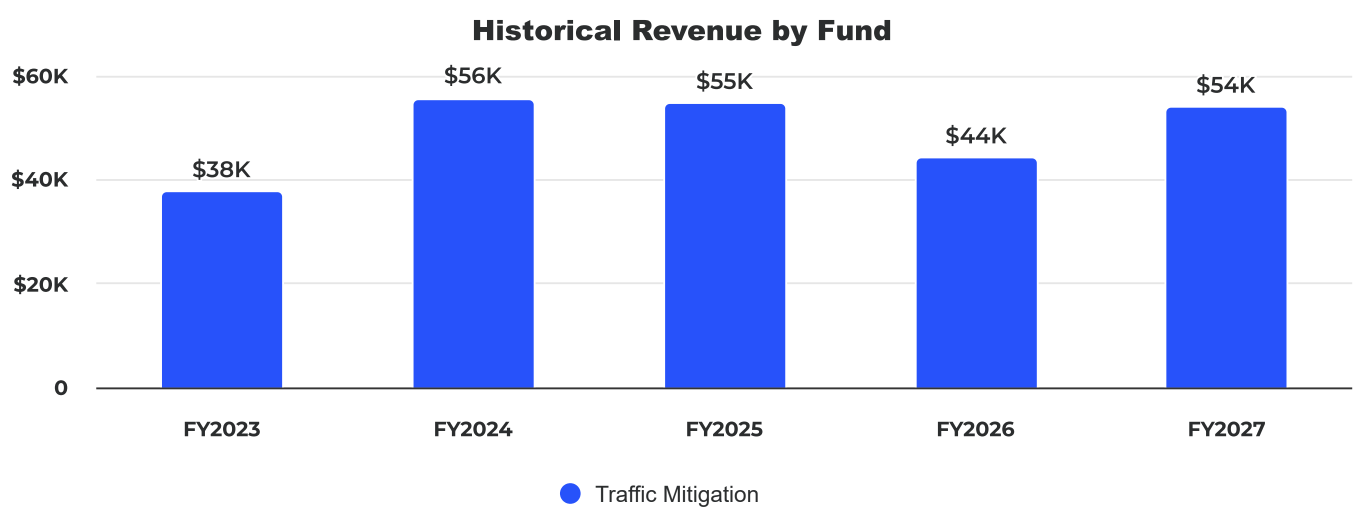
Traffic Mitigation Fund

The Traffic Mitigation Fund was established to collect and manage impact fees assessed on new development projects within the City of Sonora. When developers build within the City, they contribute to this fund as a condition of development, recognizing that new construction adds traffic demand to the City's roadway network and that growth should help offset its impact on existing infrastructure.

Revenues collected in this fund are designated for traffic-related capital improvements, including traffic signal upgrades, intersection enhancements, and road capacity projects. These investments help ensure that Sonora's transportation network can continue to serve both existing residents and the demands brought by new development.

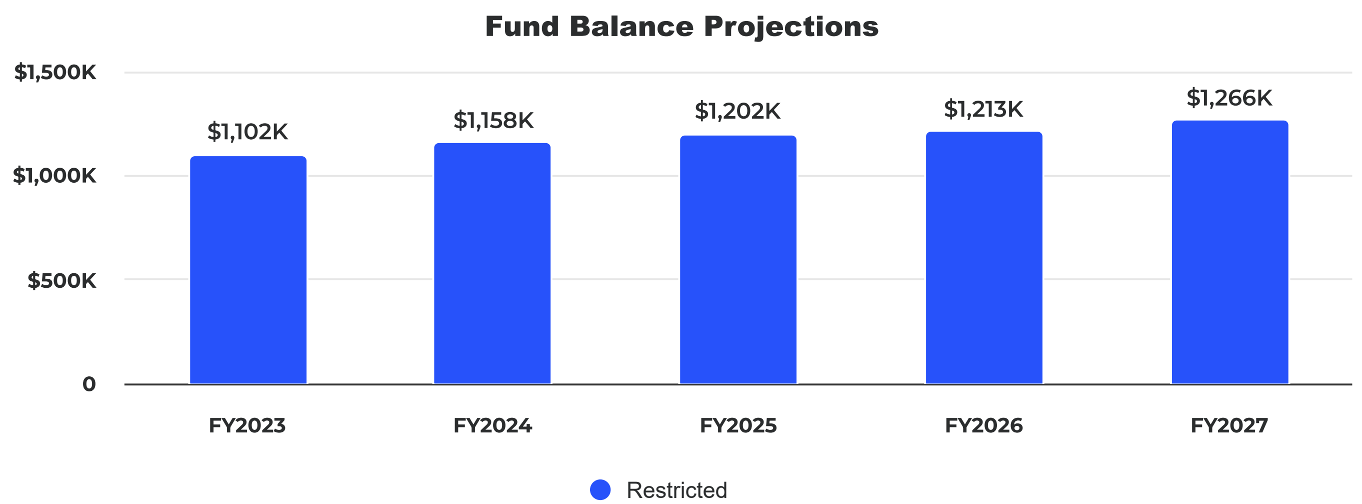
Because development activity in a small city like Sonora can vary significantly from year to year, the fund balance grows gradually over time and earns interest while waiting to be deployed toward eligible projects. The primary ongoing revenue source for this fund is interest earnings on the accumulated balance. Annual expenditure appropriations are modest, typically in the range of $7,000 to $8,000, and are budgeted to maintain an active appropriation while the fund continues to build toward future capital needs.

Traffic Mitigation Revenues by Fund



Traffic Mitigation Fund Balance

Traffic Impact Mitigation Fees are collected pursuant to Chapter 3.50 of the Sonora Municipal Code established in 1991 and City Council Resolution 11-16-98-A which adopted Traffic Impact Mitigation Fees based on an Updated Study of County Wide Circulation Improvement Needs. These fees are used to mitigate the effects of projects within the City.



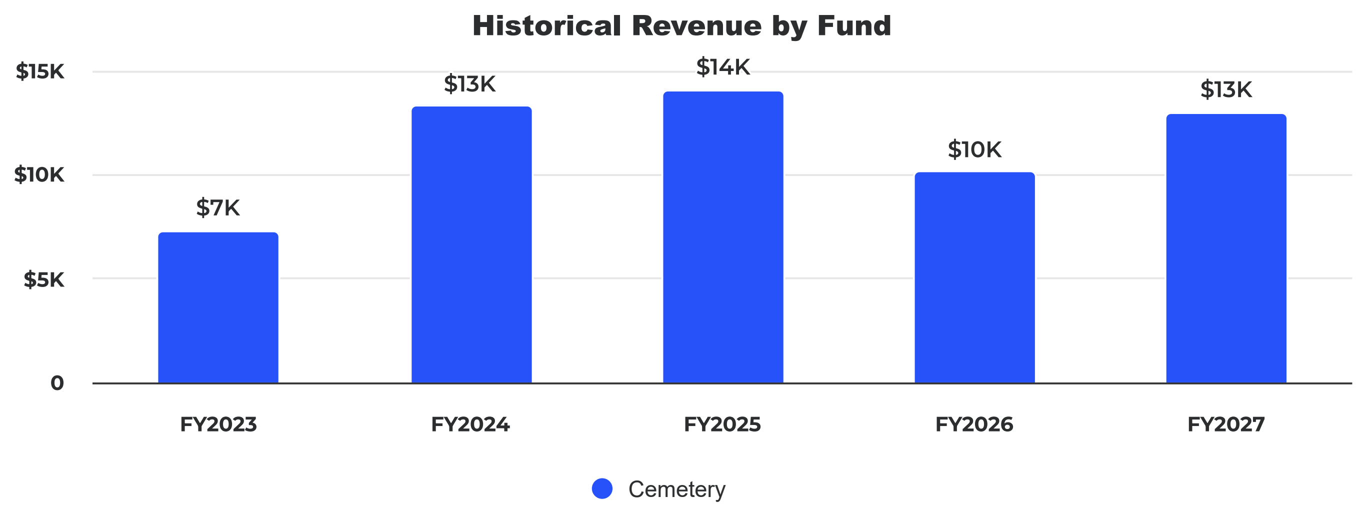
Permanent Funds

Permanent Funds are used to account for resources that are legally restricted in such a way that only the earnings, and not the principal, may be used to support specific public purposes. These funds are intended to provide a long-term, sustainable source of funding while preserving the original endowment.

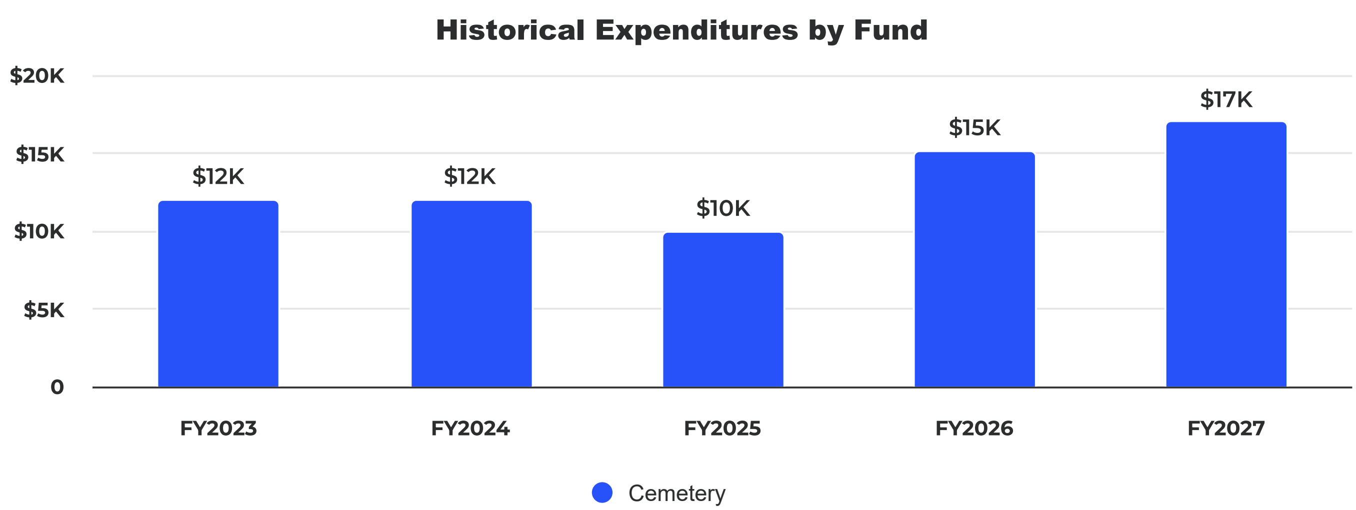
The City of Sonora maintains one Permanent Fund, which supports the ongoing care and maintenance of the Mountain Shadow Cemetery. Revenues generated from this fund are used to ensure the continued upkeep of cemetery grounds in perpetuity, including landscaping, irrigation, and general site maintenance. The principal balance of the fund is preserved, providing a stable financial foundation to support these activities for future generations.

Cemetery Fund

Cemetery Revenues by Fund



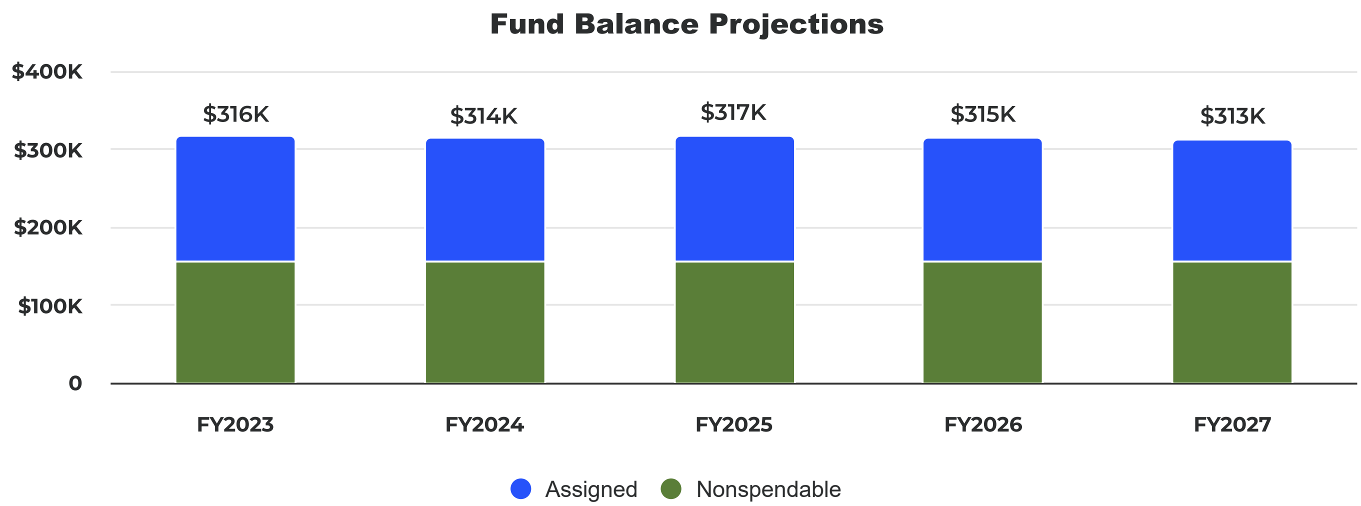
Cemetery Expenditures by Fund



Cemetery Fund Balance

Within the Cemetery Permanent Fund, a portion of the fund balance is classified as nonspendable, representing the principal balance that must be maintained in perpetuity. These amounts cannot be expended and are preserved to generate investment income over time.

The remaining portion of the fund balance consists of interest and investment earnings, which may be used in accordance with applicable restrictions. These earnings are typically retained within the fund and are used to support cemetery maintenance, operations, and related costs.



Capital Project Funds

Capital projects are long-term improvement and maintenance programs designed to enhance and preserve the City's infrastructure, buildings and facilities. The programs are broad, and include land and building acquisitions; development of off-street parking; street and sidewalk improvement and rehabilitation; active transportation; intersection capacity enhancements; traffic signal and street lighting upgrades; storm drain improvements; traffic safety enhancements, and park acquisition and renovations.

Capital improvements support economic development by improving public facilities, strengthening infrastructure, attracting businesses and customers, and enhancing the overall vitality of the City. These projects are often easy to identify because they are tied to a specific location and are among the most visible services provided by local government.

Infrastructure maintenance, however, is often less visible and can be easy to overlook until a street, facility, drainage system, or other public asset has significantly deteriorated. As a result, maintenance needs are sometimes deferred when budgets are limited and demand for more visible programs and services is high.

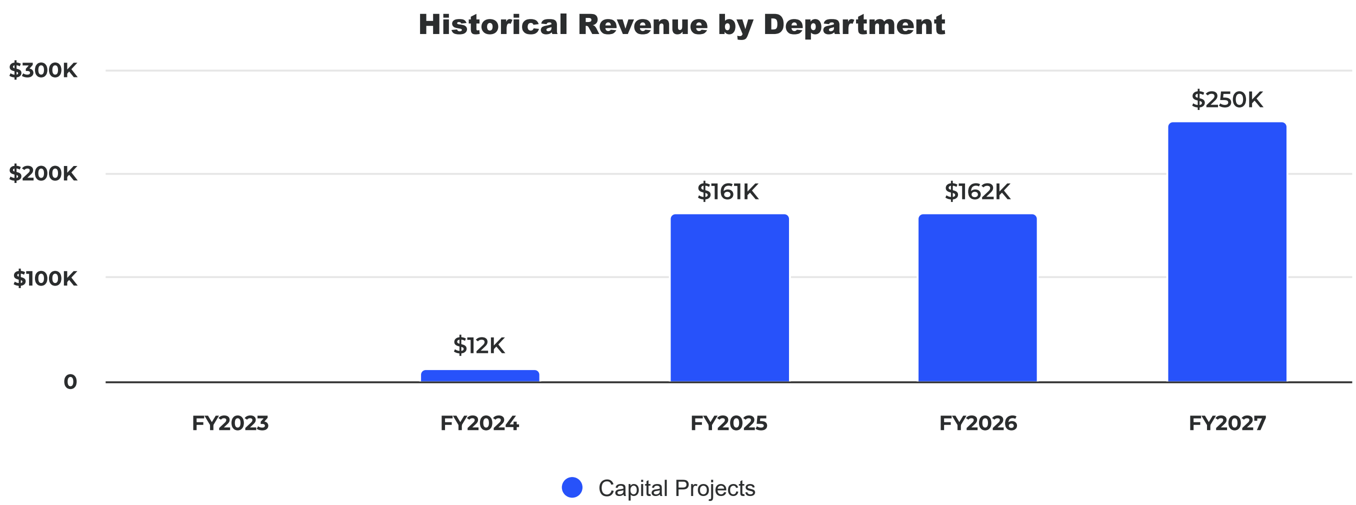
Delaying maintenance, however, increases long-term costs. Preventive maintenance and preservation are typically far less expensive than full reconstruction or replacement after an asset has failed.

For this reason, the majority of the City's Capital Improvement Program (CIP) is focused on maintaining and preserving existing infrastructure. This approach reflects the City's commitment to responsible asset management, long-term cost control, and protecting the public investments already made in streets, facilities, drainage systems, and other critical infrastructure.

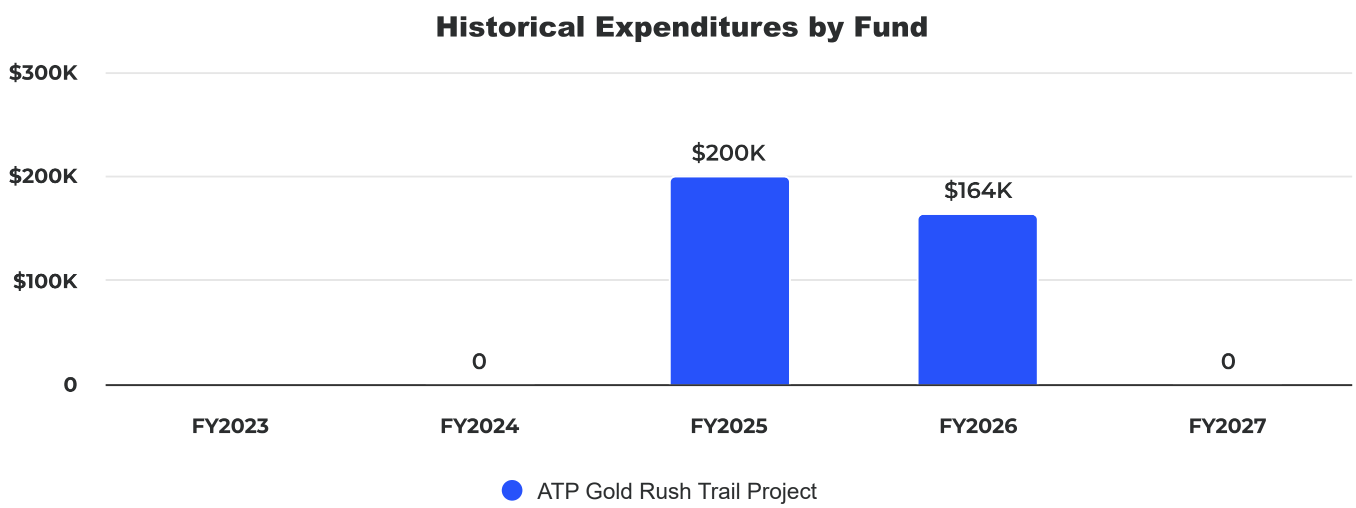
Tuolumne Heritage Trail Fund

This fund tracks the Tuolumne Heritage Trail . Phase 1 of this project is a 1.5 mile, paved, shared-use path along State Route 49. It will begin on Stockton Street at the South End of the Motherlode Fair Grounds and along Woods Creek Park to Sonora High. The completed trail will extend 14 miles.

Tuolumne Heritage Trail Revenues by Department

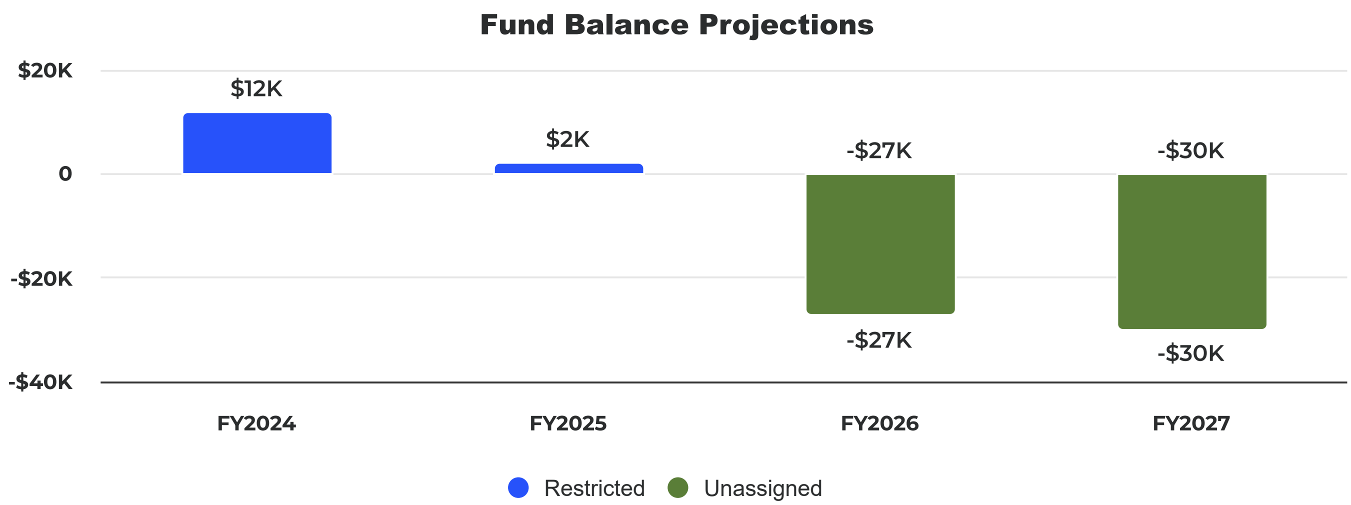


Tuolumne Heritage Trail Expenditures by Fund



Tuolumne Heritage Trail Fund Balance

The negative fund balance in the Tuolumne Heritage Trail Capital Project Fund reflects the timing difference between project expenditures and reimbursement of grant funds. As work progresses, the City incurs costs upfront and subsequently submits requests for reimbursement to the granting agencies. This results in temporary negative fund balances until reimbursements are received. This is a common and expected condition for grant-funded capital projects and does not indicate a structural deficit, but rather the normal cash flow cycle associated with reimbursement-based funding.



GENERAL FUND DEPARTMENT SUMMARY

The City's General Fund serves as the foundation of municipal finance and is the primary operating fund through which the City conducts the vast majority of its day-to-day governmental activities. As the principal fund of the City, the General Fund receives and appropriates the core revenue sources that sustain local government operations, including property taxes, sales taxes, franchise fees, licenses and permits, intergovernmental revenues, charges for services, and other general revenues not restricted to a specific purpose. Because these revenues are unrestricted in nature, the General Fund is uniquely positioned to support the full breadth of essential services the City provides to its residents, businesses, and visitors.

The use of the General Fund as the City's primary operating fund reflects both sound governmental accounting practice and the practical reality that most core municipal services are funded through general-purpose revenues rather than dedicated or restricted sources. This structure ensures that the City can allocate resources to meet changing community needs, maintain service levels across all departments, and respond to unanticipated demands or priorities in a coordinated and fiscally responsible manner. The General Fund is governed by the annual budget process, in which the City Council appropriates expenditures by departments, providing public transparency and accountability over how tax dollars are spent.

Departmental Organization and Accounting

All City departments are accounted for within the General Fund, and each department is assigned its own unique department number within the City's accounting system. This structure allows financial activity, including appropriations, expenditures, encumbrances, and revenues, to be tracked, monitored, and reported at the individual department level, while still rolling up into the consolidated General Fund for citywide financial reporting.

Each department number functions as a discrete budgetary unit within the accounting system. Department managers are responsible for operating within their adopted budget appropriations, and financial reports generated throughout the fiscal year allow both staff and elected officials to monitor actual spending against budgeted amounts in real time. This departmental framework supports accountability, facilitates year-end variance analysis, and provides the data necessary for informed decision-making during the annual budget process.

The City departments operating within the General Fund, each carrying its own department number in the accounting system, are as follows:

- **City Council** — Provides legislative oversight and policy direction for all City operations. The City Council appropriates the annual budget and sets strategic priorities for the organization.
- **City Clerk** — Administers official City records, elections, public notices, and legislative documentation. Ensures transparency and public access to government information.
- **City Administration** — Provides executive leadership and overall management of City operations, implementing the policies and directives established by the City Council.
- **Administrative Services** — Oversees core administrative functions including finance, human resources, and other support services that serve the entire organization.

- **Engineering Services** — Oversees the planning, design, and oversight of public infrastructure projects, supporting the development and maintenance of streets, utilities, and other capital improvements.
- **Information Technology** — Manages City Hall technology infrastructure, software systems, cybersecurity, and digital services that support all departments and public-facing operations.
- **General Services** — Provides for expenditures and revenues that are not directly tied to a specific department, including shared and citywide operational costs.
- **Community Development** — Oversees planning, zoning, building, code enforcement, economic development, and related regulatory functions that guide the orderly growth, land use, and development of the City while ensuring compliance with applicable municipal and state regulations.
- **Police Department** — Delivers law enforcement, emergency response, community policing, and public safety services to protect residents and maintain order throughout the City.
- **Fire Department** — Provides fire suppression, emergency medical services, fire prevention, and hazardous material response to safeguard life and property.
- **Public Works** — Manages and maintains the City's infrastructure, including streets, sidewalks, storm drainage, and related capital and maintenance programs.
- **Cemetery** — Provides for the maintenance and upkeep of cemetery grounds, including landscaping, irrigation, and general site care.
- **Opera Hall** — Supports the maintenance of this community cultural asset, providing residents and visitors with access to performing arts and civic events.

Together, these departments collectively deliver the essential governance, public safety, infrastructure, community services, and administrative support that define the quality and character of City government.

By consolidating all General Fund departments within a single fund structure, while maintaining distinct department numbers for granular budgetary control, the City ensures both organizational efficiency and rigorous financial accountability at every level of operations.

Total Budgeted Full Time Equivalent Employees
Summary Positions by Department

	2022/23 Approved	2023/24 Approved	2024/25 Approved	2025/26 Proposed	2026/27 Proposed
City Administration					
City Administrator	1.0	1.0	1.0	1.0	1.0
Assistant City Administrator	0.0	0.0	1.0	1.0	0.0
City Attorney	0.0	0.0	0.0	0.0	0.0
Administrative Svs Director	1.0	1.0	0.0	0.0	1.0
Administrative Svs Officer (City Clerk)	1.0	1.0	1.0	1.0	1.0
Administrative Analyst	0.0	0.0	0.0	0.0	0.0
Finance Assistant	1.0	1.0	1.0	1.0	1.0
Deputy City Clerk	0.6	1.0	1.0	1.0	1.0
Office Assistant-Accounting Tech	0.0	0.0	0.0	0.0	0.0
Fleet Mechanic Supervisor	1.0	0.0	0.0	0.0	0.0
Total Department FTE's	4.6	5.0	5.0	5.0	5.0
Community Development					
Community Development Director	1.0	1.0	1.0	1.0	1.0
City Building Offical	0.0	0.0	1.0	1.0	1.0
Community Development Specialist I	0.0	0.0	0.0	0.0	0.0
Community Development Specialist II	1.0	0.0	0.0	0.0	0.0
City Building Official	0.0	0.0	0.0	0.0	0.0
Building Inspector	0.0	0.0	0.0	0.0	0.0
Special Programs Coordinator	0.0	0.0	0.0	0.0	0.0
Economic Development Coordinator	0.0	0.0	0.0	0.0	0.0
Total Department FTE's	2.0	1.0	2.0	2.0	2.0
Police Department					
Chief of Police	1.0	1.0	1.0	1.0	1.0
Police Lieutenant	1.0	1.0	1.0	1.0	1.0
Police Sergent	2.0	2.0	2.0	2.0	2.0
Police Officer (Includes 2 Corporals)	10.0	10.0	10.0	10.0	10.0
Reserve Police Officer	0.2	0.2	0.2	0.2	0.2
Community Service Officer (FT/PT)	1.6	1.6	1.6	1.6	1.6
School Resource Officer (PT)	0.0	0.0	0.0	0.0	0.0
Communications Dispatcher	5.0	5.0	5.0	5.0	5.0
Communications Dispatcher Relief	1.0	1.3	1.3	1.3	1.3
Police Records Technician	1.0	1.0	1.0	1.0	1.0
Background Investigator	0.1	0.0	0.0	0.0	0.0
Information Technology Tech	0.2	0.2	0.2	0.2	0.2
Homeless Outreach Coordinator	0.0	0.6	1.0	1.0	1.0
Total Department FTE's	23.1	23.9	24.3	24.3	24.3
Fire Department					
Fire Chief	1.0	1.0	1.0	1.0	1.0
Fire Captain	3.0	3.0	3.0	3.0	3.0
Fire Engineer	3.0	3.0	3.0	3.0	3.0
Fire Engineer Relief	0.8	0.8	0.8	0.8	0.8
Volunteers	0.3	0.3	0.3	0.3	0.3
Interns	0.1	0.1	0.1	0.1	0.1
Office Assistant	0.6	0.6	0.6	0.6	0.6
Total Department FTE's	8.8	8.8	8.8	8.8	8.8
Public Works					
Public Works Director	0.0	0.0	0.0	0.0	0.0
Public Works Supervisor	1.0	1.0	1.0	1.0	1.0
Public Works Specialist I/II	3.0	3.0	4.0	4.0	4.0
Public Works Assistant	2.0	2.0	1.0	1.0	1.0
Total Department FTE's	6.0	6.0	6.0	6.0	6.0
Total City FTE's	44.45	44.7	46.1	46.1	46.1

Administration

Christopher Gorsky, City Administrator

The City Administration function provides overall leadership, management, and coordination for the City organization and serves as the primary link between the City Council, staff, and the community. For budgetary purposes, this function includes the City Council, City Clerk, City Administrator, Administrative Services, Information Technology, and General Services programs, each of which plays a critical role in supporting effective governance and day-to-day operations.

Collectively, these functions are responsible for implementing the policies and priorities established by the City Council, ensuring the efficient delivery of municipal services, and maintaining transparency and accountability in City operations. The City Administrator oversees organizational performance, coordinates departmental activities, and prepares the annual budget, providing strategic recommendations to align resources with community needs. The City Council establishes policy direction, while the City Clerk ensures compliance with legal requirements, records management, and public access to government processes.

Administrative Services supports the organization through financial management, budgeting, human resources, risk management, and operational support functions. Information Technology maintains the City's technological infrastructure, cybersecurity, and business systems, enabling efficient service delivery and data management. General Services accounts for shared, citywide costs and activities that support multiple departments and overall operations.

Total Budgeted Full Time Equivalent Employees
Summary Positions by Department

	2022/23 Approved	2023/24 Approved	2024/25 Approved	2025/26 Proposed	2026/27 Proposed
City Administration					
City Administrator	1.0	1.0	1.0	1.0	1.0
Assistant City Administrator	0.0	0.0	1.0	1.0	0.0
City Attorney	0.0	0.0	0.0	0.0	0.0
Administrative Svs Director	1.0	1.0	0.0	0.0	1.0
Administrative Svs Officer (City Clerk)	1.0	1.0	1.0	1.0	1.0
Administrative Analyst	0.0	0.0	0.0	0.0	0.0
Finance Assistant	1.0	1.0	1.0	1.0	1.0
Deputy City Clerk	0.6	1.0	1.0	1.0	1.0
Office Assistant-Accounting Tech	0.0	0.0	0.0	0.0	0.0
Fleet Mechanic Supervisor	1.0	0.0	0.0	0.0	0.0
Total Department FTE's	4.6	5.0	5.0	5.0	5.0

Approved Administration Full Time Equivalent Positions FY2026-27

City Council

Ann Segerstrom, Mayor

The Sonora City Council serves as the governing body of the City, vested with the regulatory power of the municipal corporation. The Council's mission is to develop an overall vision for the community as a whole and is responsible for the scope, direction, and financing of City services; establishing policy based on information provided by staff, advisory boards and commissions, and the public; and implementing policy through staff under the Council-Manager form of government.

Mission

The City of Sonora's mission is to foster a safe, vibrant, and prosperous community that enhances the quality of life for all.

Vision

With leadership and integrity, the City of Sonora commits to excellent service through collaboration and innovation.

Core Values

Service, Innovation, Integrity, Collaboration, Respect, Leadership.

Community Priorities

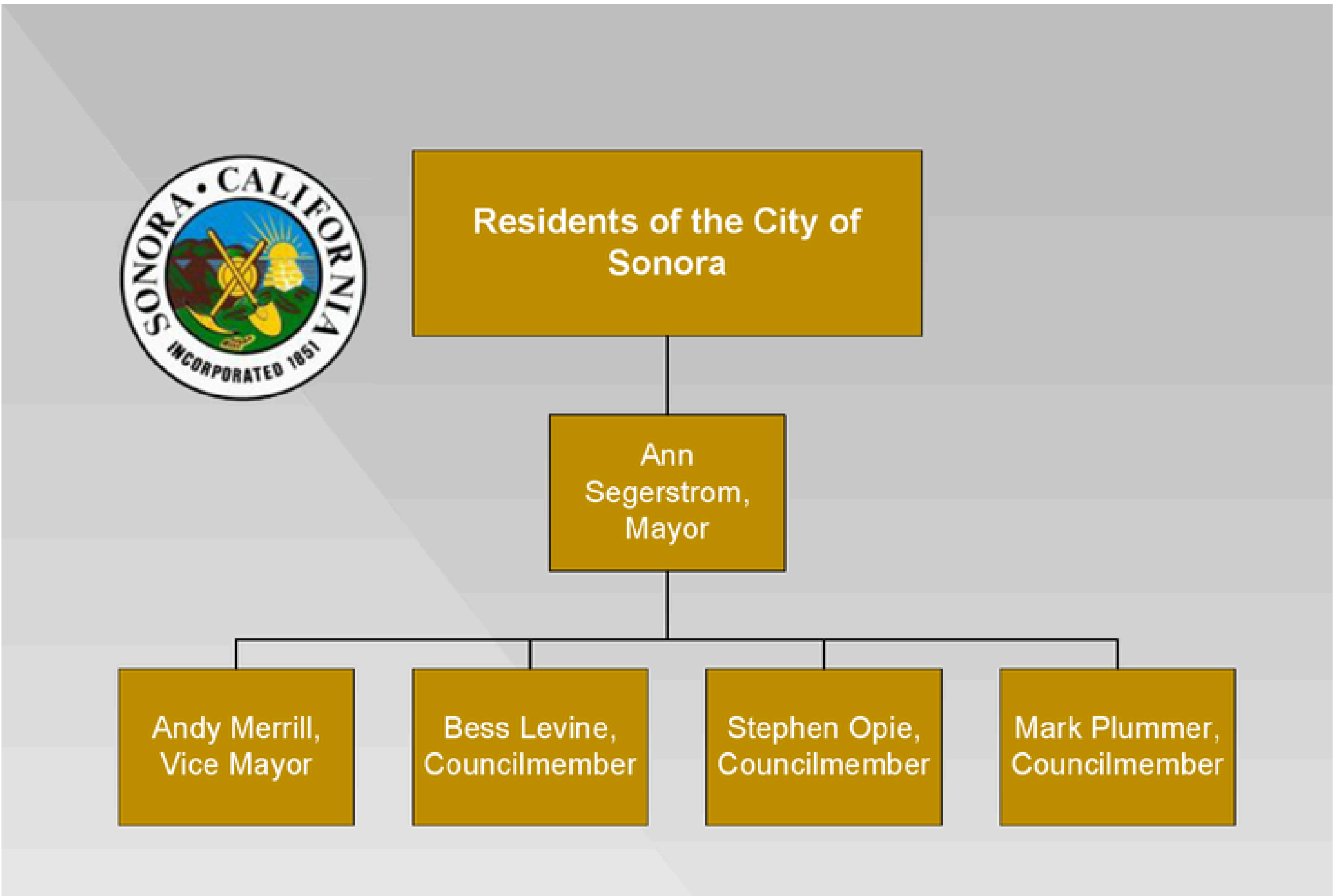
Homelessness
Infrastructure Management/Maintenance
Public Safety
Growth and Development
Fiscal Stability

Core Council Priorities

Fiscal Responsibility and Stability
Infrastructure and Engineering
Public Safety/Disaster Preparedness
Economic Development/Growth/General Plan
Homelessness Issues
Staffing — Salary/Benefits/Training/Retention

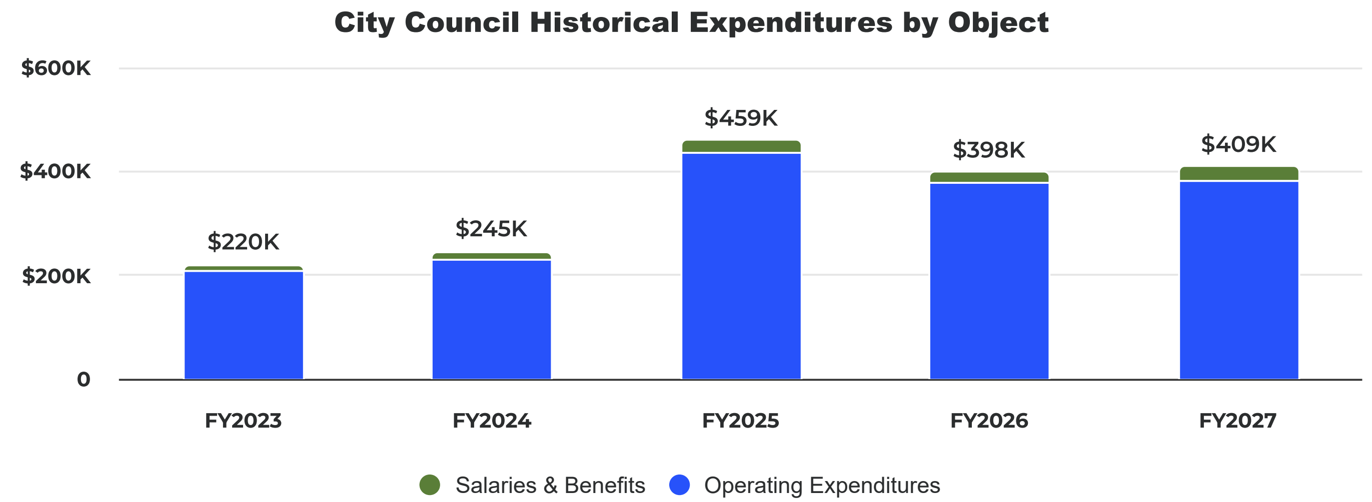
Core Themes

1. Address challenges with homelessness.
2. Invest in infrastructure maintenance and improvements.
3. Assure strong public safety services (police and fire).
4. Provide effective planning for growth, attainable housing, and business development.
5. Assure the City's ability to meet community needs now and into the long-term future by stabilizing the City's long-term fiscal situation, increasing staff in critical functions, and providing competitive salaries.



City Council Expenditures by Object

The City Council budget includes expenditures associated with the City Council's operations, including legal services provided by the City's contracted City Attorney. Expenditures during the past three fiscal years have been elevated due to several significant one-time and ongoing factors. These included legal costs associated with negotiating Memorandums of Understanding (MOUs) with the City's employee associations, legal and administrative expenses related to the transition to a new solid waste service provider, and an overall increase in demand for legal services. Like many California municipalities, the City has experienced growing legal and regulatory complexity, increased compliance requirements, and a more litigious operating environment, all of which have contributed to higher legal expenditures. While certain one-time projects have been completed, legal service demands remain above historical levels and continue to be monitored as part of the City's ongoing financial planning efforts.



City Council Expenditures by Object

Category	FY25/26 Actual		FY25/26 Budget		FY26/27 Budget		FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$	22,194	$	25,600	$	25,900	1.2%
Stipend	$	13,650	$	14,000	$	14,000	-
F.I.C.A.	$	1,044	$	1,100	$	1,100	-
Workers Compensation	$	2,000	$	2,000	$	2,300	15.0%
Travel and Trainings	$	5,300	$	8,000	$	8,000	-
Dues, Memberships & Publications	$	200	$	500	$	500	-
Operating Expenditures	$	376,015	$	384,400	$	383,000	-0.4%
Supplies	$	128	$	1,000	$	1,000	-
Water and Waste	$	791	$	1,000	$	1,000	-
Power and Propane	$	1,758	$	2,500	$	2,500	-
Outside Services	$	6,633	$	7,600	$	7,600	-
Legal Fees	$	344,798	$	350,000	$	350,000	-
General Liability Insurance	$	19,600	$	19,600	$	18,200	-7.1%
Building Equip Maint & Repair	$	699	$	1,000	$	1,000	-
Building Maint and Repair	$	1,608	$	1,700	$	1,700	-
Total Expenditures	**$**	**398,209**	**$**	**410,000**	**$**	**408,900**	**-0.3%**

The major budget line items for the City Council Budget include: Stipends for the City Council, the City Attorney Contract, and costs to organize, record, and broadcast the council meetings.

City Clerk

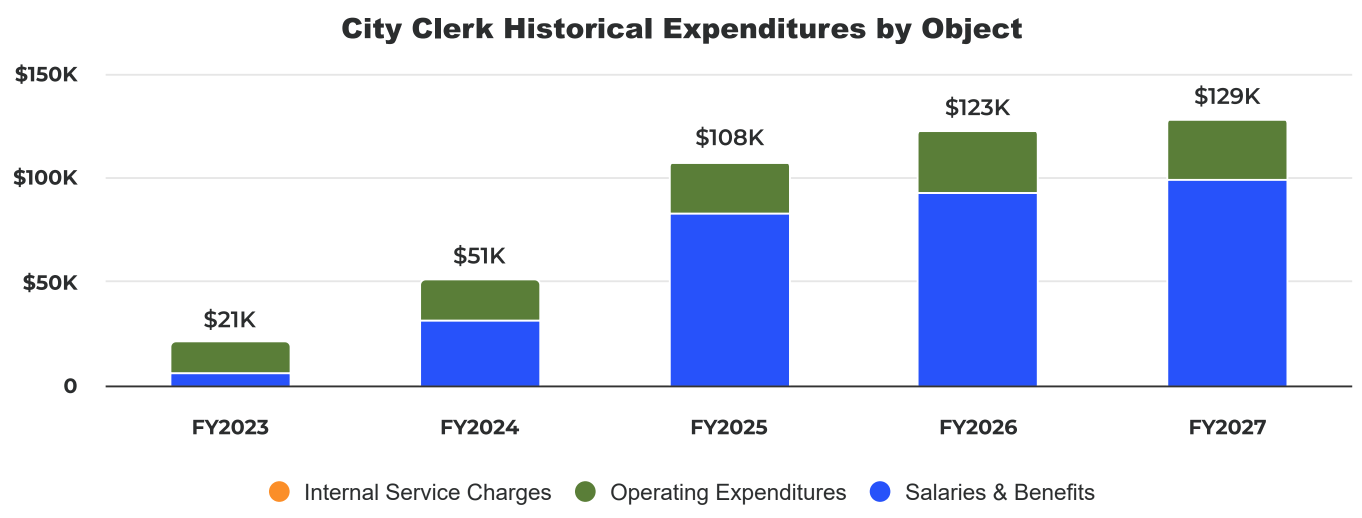
Nicole McCutchen, City Clerk

The City Clerk is an appointed official responsible for ensuring equal access to open and transparent government. As a vital link between the public and the City's legislative process, the Clerk prepares the legislative agenda, verifies that all legal notices are properly posted or published, and coordinates the necessary arrangements to facilitate effective and orderly public meetings. The City Clerk also provides critical administrative support to the City Council, manages public inquiries, and oversees official City functions and ceremonial events. In fulfilling these duties, the Clerk is entrusted with the important responsibility of accurately recording and preserving the decisions that form the foundation of our representative government.

By statute, the City Clerk is required to maintain, index, and safeguard the official Minutes, Ordinances, and Resolutions adopted by the legislative body. In addition, the Clerk ensures that other vital municipal records are properly archived and remain readily accessible to the public, supporting transparency and historical preservation. The Office of the City Clerk plays a key role in upholding the integrity of the City's legislative processes and fostering informed civic engagement within the community.

Before FY2023/24, the City did not have an officially recognized City Clerk or dedicated responsibilities for that role. To support the creation of this position, a part-time position within the Administrative Services Department was eliminated to offset costs.

City Clerk Expenditures by Object



City Clerk Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 92,672	$ 94,700	$ 99,000	4.5%
Salaries, Regular	$ 57,602	$ 58,200	$ 60,500	4.0%
Overtime	$ 437	$ 500	$ 500	-
CalPERS	$ 12,239	$ 12,300	$ 12,700	3.3%
F.I.C.A.	$ 4,387	$ 4,400	$ 4,700	6.8%
Health & Medical Insurance	$ 15,517	$ 15,800	$ 16,900	7.0%
Workers Compensation	$ 2,000	$ 2,000	$ 2,200	10.0%
Travel and Trainings	$ 295	$ 1,000	$ 1,000	-
Dues, Memberships & Publications	$ 195	$ 500	$ 500	-
Operating Expenditures	$ 29,681	$ 35,000	$ 28,700	-18.0%
Supplies	$ 257	$ 1,000	$ 1,000	-
Postage and Shipping	$ 12	$ 100	$ 100	-
Rental Equipment	$ 1,469	$ 1,500	$ 1,500	-
Communications	$ 534	$ 600	$ 600	-
Water and Waste	$ 525	$ 600	$ 700	16.7%
Power and Propane	$ 1,397	$ 1,700	$ 1,800	5.9%
Internet	$ 607	$ 700	$ 800	14.3%
Outside Services	$ 2,813	$ 3,000	$ 3,000	-
General Liability Insurance	$ 14,800	$ 15,200	$ 13,200	-13.2%
Public Notices	$ 6,339	$ 9,000	$ 4,500	-50.0%
Building Equip Maint & Repair	$ 374	$ 500	$ 500	-
Building Maint and Repair	$ 554	$ 1,100	$ 1,000	-9.1%
Internal Service Charges	$ 760	$ 1,000	$ 1,000	-
Self-Insured Dental	$ 760	$ 1,000	$ 1,000	-
Total Expenditures	**$ 123,113**	**$ 130,700**	**$ 128,700**	**-1.5%**

The Internal Service Charge represents the transfer from the General Fund to the Self Insured Dental Fund.

City Clerk Goals and Accomplishments

City Clerk
FY2025/26 Accomplishments and FY2026/27 Goals

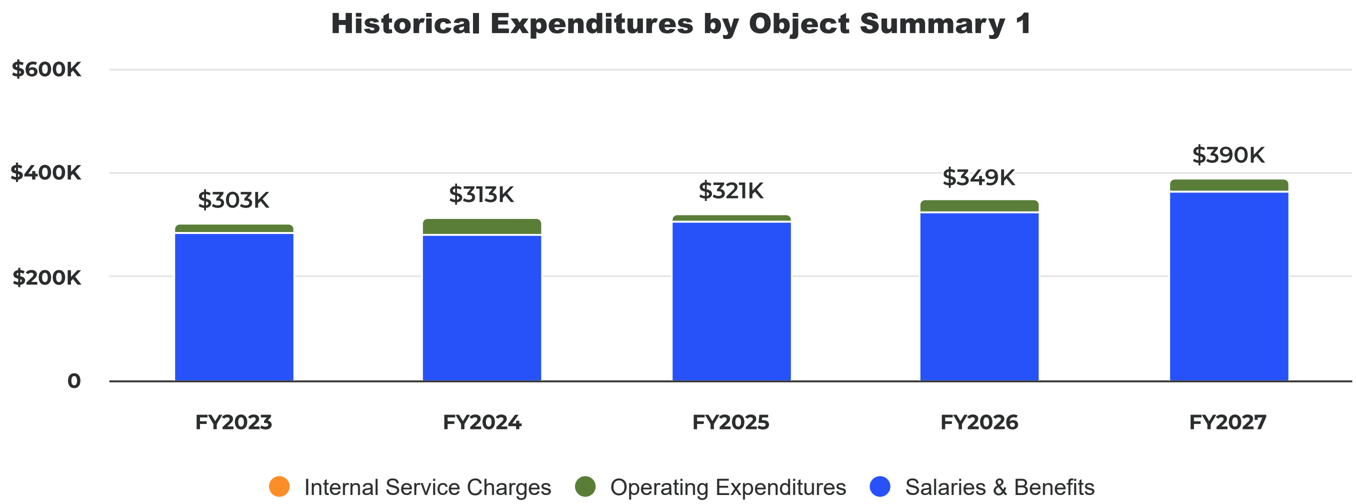
FY25/26 Accomplishments	FY26/27 Goals
O **All required legal postings:** The City Clerk ensures that all the required legal postings, including agendas and minutes, are cosistently published in full compliance with state law, supporting transparency and meeting Council priorities. (Council Priorities #53, 108)	O **All required legal postings:** The City Clerk ensures that all the required legal postings, including agendas and minutes, are cosistently published in full compliance with state law, supporting transparency and meeting Council priorities. (Council Priorities #53, 108)
O **Tuolumne County Local Area Formation Commission:** Assumed all clerk functions for Tuolumne County LAFCO, including conducting meetings, posting minutes, and maintaining recording of meetings. Ongoing. (Council priority #43)	O **Tuolumne County Local Area Formation Commission:** Assumed all clerk functions for Tuolumne County LAFCO, including conducting meetings, posting minutes, and maintaining recording of meetings. Ongoing. (Council priority #43)
O **City deadline and event calendar:** Created and maintains a comprehensive list of key dates, milestones, and events for the City, providing an organized reference to support efficient planning and coordination across all departments. Ongoing. (Council priority #108)	O **City deadline and event calendar:** Created and maintains a comprehensive list of key dates, milestones, and events for the City, providing an organized reference to support efficient planning and coordination across all departments. Ongoing. (Council priority #108)
O **FPPC Statement of Economic Interest Form 700:** Ensures that all required individuals file Form 700 with the FPPC on time, maintaining compliance with state transparency and conflict-of-interest regulations. Ongoing.	O **FPPC Statement of Economic Interest Form 700:** Ensures that all required individuals file Form 700 with the FPPC on time, maintaining compliance with state transparency and conflict-of-interest regulations. Ongoing.
O **City Social Media:** Monitor and Maintain City's social media presence. Ongoing. (Council priority #120, 124)	O **City Social Media:** Monitor and Maintain City's social media presence. Ongoing. (Council priority #120, 124)
O **Report Quarterly Metrics:** In FY2025/26, the City Clerk will initiate quarterly reporting of key metrics collected from each department to support data-driven decision-making and promote organizational accountability. (Council priority #53).	O **Report Quarterly Metrics:** In FY2025/26, the City Clerk will initiate quarterly reporting of key metrics collected from each department to support data-driven decision-making and promote organizational accountability. (Council priority #53).
	O **Continued Improvements in Department Efficiency:** The City will continue to improve operational efficiency through the strategic use of technology, including artificial intelligence, process improvements, and enhanced resource management. (Council priority #53).

City Administration

Christopher Gorsky, City Administrator

The City Administrator is appointed by the City Council and serves as the administrative head of the City organization, providing leadership and direction to staff in carrying out the City Council's goals, policies, and priorities on behalf of the community. The City Administrator is responsible for the efficient day-to-day operation of all City functions, including implementing Council policy, coordinating departmental activities, and ensuring effective delivery of municipal services. This role also includes formulating recommendations to the City Council on policy, operational, and strategic matters, as well as preparing and administering the City's annual budget. In addition, the City Administrator serves as Director of Emergency Services, overseeing and coordinating the City's response to emergency events to ensure the safety and well-being of the community.

City Administration Expenditures by Object



City Administration Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 325,044	$ 357,950	$ 365,000	2.0%
Salaries, Regular	$ 203,759	$ 228,600	$ 226,500	-0.9%
Deferred Compensation	$ 14,955	$ 15,400	$ 19,700	27.9%
CalPERS	$ 61,649	$ 63,500	$ 63,600	0.2%
F.I.C.A.	$ 14,045	$ 15,400	$ 17,200	11.7%
Health & Medical Insurance	$ 14,091	$ 16,700	$ 18,100	8.4%
Workers Compensation	$ 3,400	$ 3,400	$ 3,800	11.8%
Other Employee Benefits	$ 4,471	$ 4,950	$ 4,800	-3.0%
Travel and Trainings	$ 7,854	$ 9,000	$ 10,000	11.1%
Dues, Memberships & Publications	$ 820	$ 1,000	$ 1,300	30.0%
Operating Expenditures	$ 23,016	$ 25,400	$ 24,300	-4.3%
Supplies	$ 677	$ 1,500	$ 1,000	-33.3%
Postage and Shipping	$ 1,865	$ 1,900	$ 500	-73.7%
Rental Equipment	$ 3,122	$ 3,200	$ 3,300	3.1%
Communications	$ 2,249	$ 2,200	$ 2,400	9.1%
Water and Waste	$ 598	$ 800	$ 800	-
Power and Propane	$ 2,796	$ 3,500	$ 3,500	-
Internet	$ 1,452	$ 1,500	$ 1,500	-
Outside Services	$ 2,500	$ 2,500	$ 2,500	-
General Liability Insurance	$ 6,300	$ 6,300	$ 6,800	7.9%
Building Equip Maint & Repair	$ 459	$ 1,000	$ 1,000	-
Building Maint and Repair	$ 998	$ 1,000	$ 1,000	-
Internal Service Charges	$ 449	$ 1,000	$ 1,000	-
Self-Insured Dental	$ 449	$ 1,000	$ 1,000	-
Total Expenditures	**$ 348,509**	**$ 384,350**	**$ 390,300**	**1.5%**

The Internal Service Charge represents the transfer from the General Fund to the Self Insured Dental Fund.

City Administration Goals and Accomplishments

Administration
FY2025/26 Accomplishments and FY2026/27 Goals

FY25/26 Accomplishments	FY26/27 Goals
O **Ongoing Support and Collaboration with Community Partners:** Continue to actively monitor and support partnerships with the Sonora Chamber of Commerce and Visit Tuolumne County, fostering economic development, promoting tourism, and strengthening community engagement to benefit the local economy. (Council priority #18, 21, 108)	O **Ongoing Support and Collaboration with Community Partners:** Continue to actively monitor and support partnerships with the Sonora Chamber of Commerce and Visit Tuolumne County, fostering economic development, promoting tourism, and strengthening community engagement to benefit the local economy. (Council priority #18, 21, 108)
O **Support for Organization to Advance Key City Priorities:** Supports and directs efforts designed to prioritize facility planning, accelerate capital project delivery, and enhance economic development initiatives, ensuring efficient use of resources and long-term community growth. (Council priority #32, 59)	O **Support for Organization to Advance Key City Priorities:** Supports and directs efforts designed to prioritize facility planning, accelerate capital project delivery, and enhance economic development initiatives, ensuring efficient use of resources and long-term community growth. (Council priority #32, 59)
O **Complete Negotiations with Remaining Employee Associations:** Will work to successfully complete negotiations with the remaining two employee associations, aiming to reach fair and sustainable agreements that promote workforce stability, support employee well-being, and align with the City's financial objectives. (City prioritiy #77)	O **Continue Negotiation of Revenue Sharing Agreement with the County:** Engaged in reviewing and negotiating revenue sharing agreements with the County to ensure a fair and sustainable distribution of resources that supports essential City services and long-term fiscal stability. (Council priority #6, 42, 43, 44)
O **Continue Negotiation of Revenue Sharing Agreement with the County:** Engaged in reviewing and negotiating revenue sharing agreements with the County to ensure a fair and sustainable distribution of resources that supports essential City services and long-term fiscal stability. (Council priority #6, 42, 43, 44)	O **City Social Media:** Monitor and Maintain City's social media presence. Ongoing. (Council priority #120, 124)
O **Issue RFP for Solid Waste Collection and Recycling Services:** Will initiate and complete the process of issuing a Request for Proposals (RFP) for solid waste collection and recycling services, with the goal of securing cost-effective, efficient, and environmentally responsible waste management solutions for the City of Sonora. (Council priority #48, 100)	O **Continue to improve organizational efficiency:** through the strategic use of technology, including artificial intelligence, while advancing economic development, strengthening intergovernmental partnerships, enhancing financial stewardship, and supporting long-term planning initiatives that promote sustainable growth and high-quality services for the community. (Council priority #23, 32)

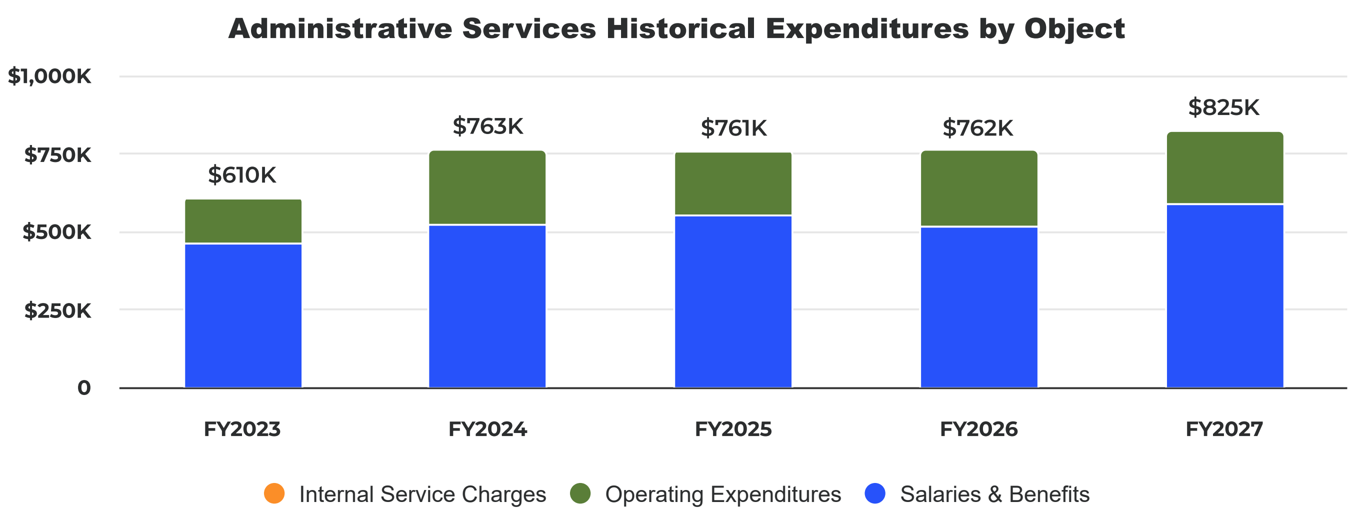
Administrative Services

The Administrative Services Department provides essential internal support that enables the efficient and effective operation of all City departments. The department oversees a broad range of core functions, including financial management, budgeting, human resources, risk management, information technology, fleet coordination, and facility and real property oversight.

Key responsibilities include administering financial operations such as accounts payable, payroll, regulatory reporting, and preparation of the Annual Comprehensive Financial Report (ACFR); coordinating the development and management of the City's annual budget and overseeing cash flow and investments in accordance with adopted policies; and managing revenue programs, including business licensing and compliance with various City revenue sources. The department also leads human resources functions such as recruitment, employee relations, classification and compensation, and benefits administration, while managing risk through insurance coordination and claims oversight.

Through these functions, the Administrative Services Department plays a foundational role in supporting City operations, ensuring fiscal responsibility, organizational effectiveness, and the delivery of high-quality services to the community.

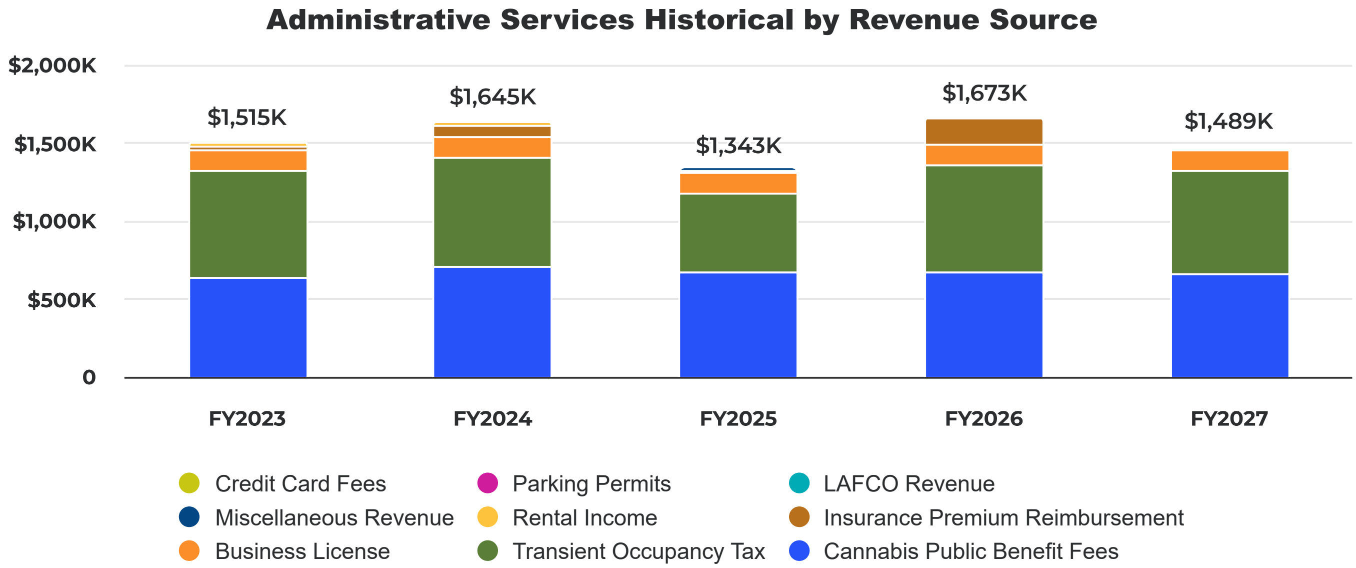
Administrative Services Expenditures by Object



Administrative Services Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 513,860	$ 537,100	$ 585,900	9.1%
Salaries, Regular	$ 261,684	$ 270,700	$ 305,400	12.8%
Overtime	$ 107	$ 500	$ 500	-
Holiday	$ 14,279	$ 14,300	$ 11,600	-18.9%
CalPERS	$ 115,606	$ 120,300	$ 106,400	-11.6%
F.I.C.A.	$ 22,030	$ 25,300	$ 23,400	-7.5%
Health & Medical Insurance	$ 82,178	$ 82,600	$ 116,700	41.3%
Workers Compensation	$ 5,500	$ 5,500	$ 5,900	7.3%
Other Employee Benefits	$ 2,270	$ 3,600	$ 2,500	-30.6%
Travel and Trainings	$ 4,420	$ 5,600	$ 5,000	-10.7%
Dues, Memberships & Publications	$ 750	$ 1,200	$ 1,000	-16.7%
Employee Development & Appreciation	$ 5,036	$ 7,500	$ 7,500	-
Operating Expenditures	$ 245,237	$ 249,150	$ 235,600	-5.4%
Supplies	$ 5,637	$ 7,000	$ 5,000	-28.6%
Equipment Non Capital	$ 5,788	$ 6,000	-	-100.0%
Postage and Shipping	$ 4,426	$ 4,500	$ 3,000	-33.3%
Printing and Forms	-	-	$ 1,000	-
Rental Equipment	$ 3,323	$ 4,000	$ 4,200	5.0%
Computer Equipment	-	-	$ 3,500	-
Communications	$ 3,455	$ 3,500	-	-100.0%
Water and Waste	$ 1,134	$ 1,200	$ 1,300	8.3%
Power and Propane	$ 3,444	$ 4,000	$ 4,000	-
Internet	$ 1,910	$ 2,350	$ 2,000	-14.9%
Outside Services	$ 199,178	$ 200,400	$ 192,000	-4.2%
Pre Employment	$ 1,794	$ 2,500	$ 5,000	100.0%
General Liability Insurance	$ 7,000	$ 7,000	$ 7,600	8.6%
Building Equip Maint & Repair	$ 4,694	$ 3,200	$ 3,500	9.4%
Building Maint and Repair	$ 3,454	$ 3,500	$ 3,500	-
Internal Service Charges	$ 2,653	$ 3,000	$ 3,000	-
Self-Insured Dental	$ 2,653	$ 3,000	$ 3,000	-
Total Expenditures	**$ 761,750**	**$ 789,250**	**$ 824,500**	**4.5%**

Administrative Services by Revenue Source



Administrative Services by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
LAFCO Revenue	$ 5,976	$ 6,640	$ 6,700	0.9%
Credit Card Fees	$ 1,093	$ 1,300	$ 1,200	-7.7%
Insurance Premium Reimbursement	$ 168,714	$ 82,500	$ 15,000	-81.8%
Miscellaneous Revenue	$ 2,771	$ 5,000	$ 5,000	-
Cannabis Public Benefit Fees	$ 667,377	$ 660,000	$ 660,000	-
Rental Income	$ 4,400	$ 4,400	$ 4,400	-
Transient Occupancy Tax	$ 687,431	$ 711,000	$ 664,000	-6.6%
Business License	$ 130,052	$ 130,000	$ 130,000	-
Parking Permits	$ 5,006	$ 1,100	$ 3,000	172.7%
Total Revenues	**$ 1,672,820**	**$ 1,601,940**	**$ 1,489,300**	**-7.0%**

Administrative Services Goals and Accomplishments

Administrative Services
FY2025/26 Accomplishments and FY2026/27 Goals

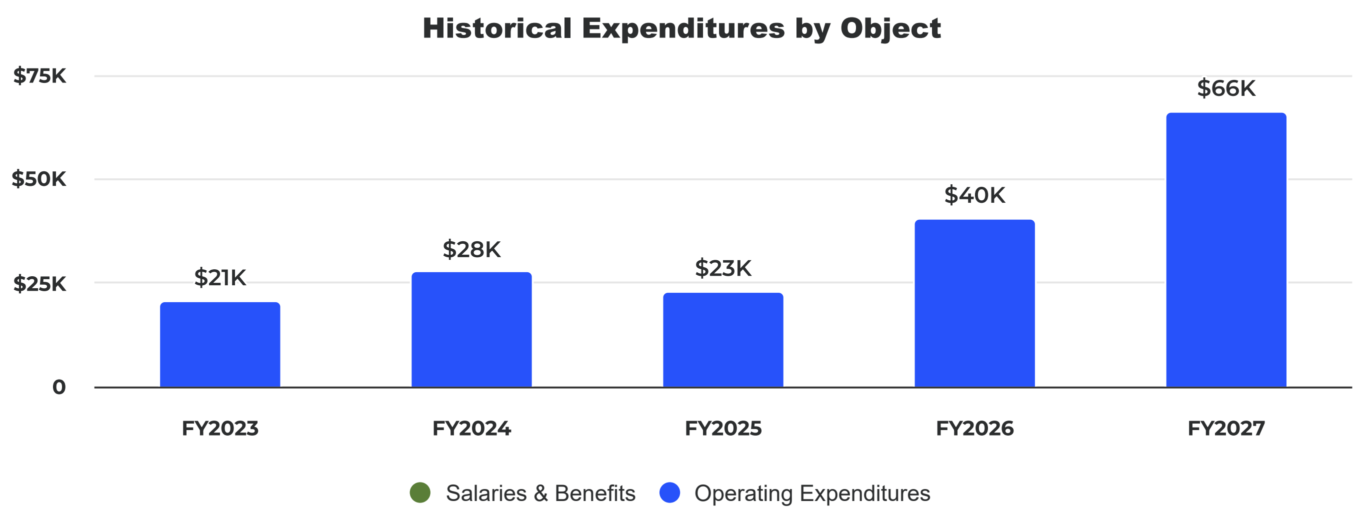
FY25/26 Accomplishments	FY26/27 Goals
O **Department modernization:** Evaluate technological solutions to maximize operational efficiency, including support for a modern Human Resource Management System (HRMS) that will streamline the entire hiring process—from job posting to candidate selection, onboarding, and employee training—through a fully integrated online platform. (Council priority #108)	O **Department modernization:** Carried forward from the prior year. The Administrative Services Department is actively evaluating technological solutions to maximize operational efficiency, including support for a modern Human Resource Management System (HRMS) that will streamline the entire hiring process, from job posting to candidate selection, onboarding, and employee training, through a fully integrated online platform. (Council priority #108)
O **Ongoing Improvements in Budget Preparation and Transparency:** The Department continues to enhance the budget preparation and presentation process each year, providing clearer, more transparent financial information to support informed decision-making and strengthen public trust. (Council priority #53, 55, 108)	O **Ongoing Improvements in Budget Preparation and Transparency:** The Department continues to enhance the budget preparation and presentation process each year, providing clearer, more transparent financial information to support informed decision-making and strengthen public trust. (Council priority #53, 55, 108)
O **Efficiency Improvements:** Coordinate employee best practices and innovative personnel activities, training and workshops.(Council priority #53, 114, 123)	O **Efficiency Improvements:** Coordinate employee best practices and innovative personnel activities, training and workshops. Including additional technology related updates to improve efficiency. (Council priority #53, 114, 123)
O **Investment Policy Update to Strengthen Revenue Growth:** The Department has updated the City's Investment Policy and implemented a newly required quarterly investment performance report for the City Council, providing regular updates on investment activities and promoting informed financial oversight. (Council priority #48, 53)	O **Policy Updates:** The Administrative Services Department will prioritize the comprehensive review and revision of outdated administrative and human resources policies to ensure alignment with current laws, regulatory requirements, and best practices, while improving clarity, consistency, and operational effectiveness across the organization.(Council priority #48, 53)
O **Creation of Employee Handbook and Policy Updates:** Develope a comprehensive Employee Handbook and updated several outdated policies, including the City's Personnel Policies, to ensure clarity, consistency, and compliance with current laws and best practices. (Council priority #53)	O **Staff Recruitment:** Successfully recruit an Administrative Services Director in the FY. (Council priority #32, 54)

Information Technology

The Information Technology Department (IT) supports City operations by delivering reliable, secure, and innovative technology solutions that enhance services for staff and the community. The department is responsible for maintaining and supporting critical systems and infrastructure, including the City's network, servers, storage, and enterprise productivity and collaboration tools.

IT provides strategic technology planning, implements business solutions that improve efficiency and service delivery, and ensures strong cybersecurity practices to protect City data and systems. The department also oversees technology-related budgeting, asset management, and vendor coordination. Through these efforts, IT enables departments to operate effectively, supports informed decision-making, and advances the City's use of technology to meet evolving organizational and community needs.

Information Technology Expenditures by Object



Information Technology Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 250	$ 250	$ 250	-
Dues, Memberships & Publications	$ 250	$ 250	$ 250	-
Operating Expenditures	$ 40,228	$ 79,000	$ 66,000	-16.5%
Supplies	$ 394	$ 1,000	$ 1,000	-
Computer Equipment	$ 16,715	$ 33,000	$ 26,000	-21.2%
Software Maintenance	$ 17,919	$ 18,000	$ 20,000	11.1%
Outside Services	$ 4,841	$ 23,000	$ 15,000	-34.8%
Information Tech Services	$ 359	$ 4,000	$ 4,000	-

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Total Expenditures	**$ 40,478**	**$ 79,250**	**$ 66,250**	**-16.4%**

Information Technology Goals and Accomplishments

Information Technology
FY2025/26 Accomplishments and FY2026/27 Goals

FY25/26 Accomplishments	FY26/27 Goals
O **Continued Support for City Goals and Department Objectives Through Automation:** The Department supported City goals and departmental objectives by implementing automation solutions that improved operational efficiency, streamlined workflows, and reduced manual processes, allowing staff to focus on higher-value activities. (Council priority #35, 108)	O **Continued Support for City Goals and Department Objectives Through Automation:** The Department supported City goals and departmental objectives by implementing automation solutions that improved operational efficiency, streamlined workflows, and reduced manual processes, allowing staff to focus on higher-value activities. (Council priority #35, 108)
O **Continued Commitment to Excellent Customer Service, Staff Support, and Training:** The Department provided exceptional customer service, offering timely staff support and comprehensive training to ensure employees have the tools and knowledge needed to effectively utilize technology resources and maintain productivity. (Council priority #108)	O **Continued Commitment to Excellent Customer Service, Staff Support, and Training:** The Department provided exceptional customer service, offering timely staff support and comprehensive training to ensure employees have the tools and knowledge needed to effectively utilize technology resources and maintain productivity. (Council priority #108)
O **Upgrades at City Hall to Enhance Employee Efficiency:** Upgrade of the City Hall server to improve system performance, increase reliability, and provide employees with a faster and more efficient technology experience to support daily operations.(Council priority #45, 108)	O **Upgrades at City Hall to Enhance Employee Efficiency:** Upgrade of the City Hall server to improve system performance, increase reliability, and provide employees with a faster and more efficient technology experience to support daily operations.(Council priority #45, 108)
O **Support Human Resources in End-to-End Modernization Projects:** Provide Support to Human Resources to support end-to-end modernization projects, implementing technology solutions that streamline recruitment, onboarding, personnel management, and employee development processes. (Council priority #108, 113, 123)	O **Support Human Resources in End-to-End Modernization Projects:** Provide Support to Human Resources to support end-to-end modernization projects, implementing technology solutions that streamline recruitment, onboarding, personnel management, and employee development processes. (Council priority #108, 113, 123)
O **Website Upgrade and Implementation of .gov Domain:** The Department will lead a comprehensive upgrade of the City's website to improve functionality, accessibility, and user experience, while also implementing the official .gov domain extension to enhance public trust and ensure compliance with government cybersecurity standards.	O **Website Upgrade and Implementation of .gov Domain:** The Department will lead a comprehensive upgrade of the City's website to improve functionality, accessibility, and user experience, while also implementing the official .gov domain extension to enhance public trust and ensure compliance with government cybersecurity standards.

General Services

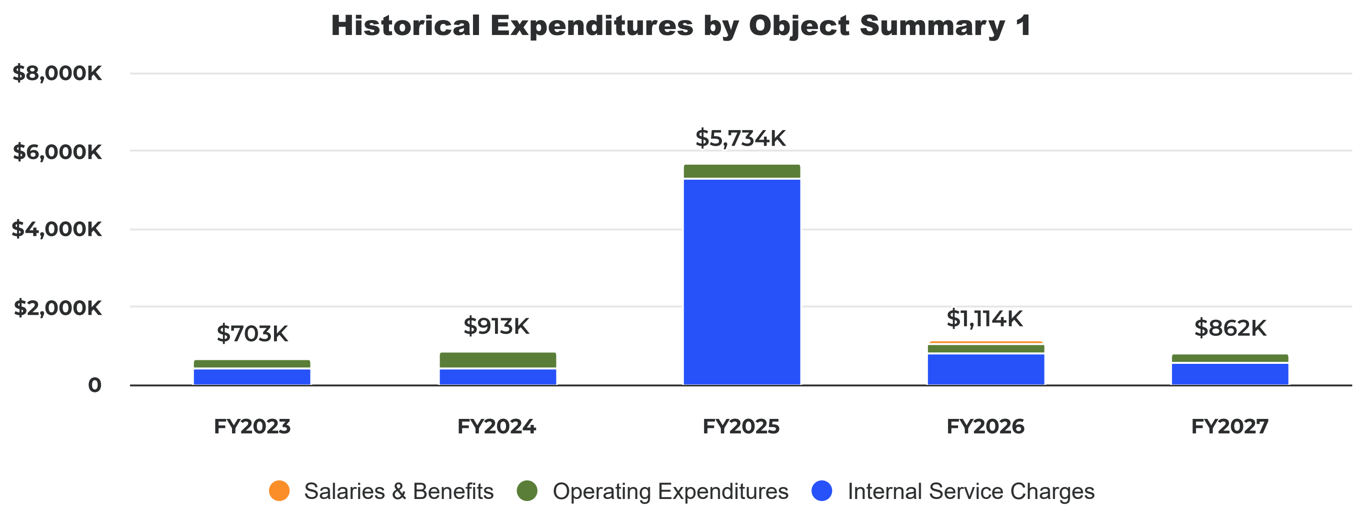
The General Services Department accounts for a variety of City services, activities, and revenues that are not directly attributable to individual operating departments. This department supports the overall administration and efficient functioning of City operations by centralizing shared costs and revenues that benefit the organization as a whole.

General Services includes citywide expenditures such as Other Post-Employment Benefits (OPEB), organizational and administrative costs, memberships, and joint-agency agreements that provide services across multiple departments. These expenditures are necessary to maintain the City's operational capacity and long-term financial stability.

The department also captures major revenue sources generated through overall governmental activity rather than specific programs or services. These revenues include property tax, sales tax, vehicle license fees, franchise fees, and intergovernmental revenues.

By consolidating these shared revenues and expenditures, the General Services Department provides a comprehensive view of the City's core financial resources and obligations that support all departments and services.

General Services Expenditures by Object

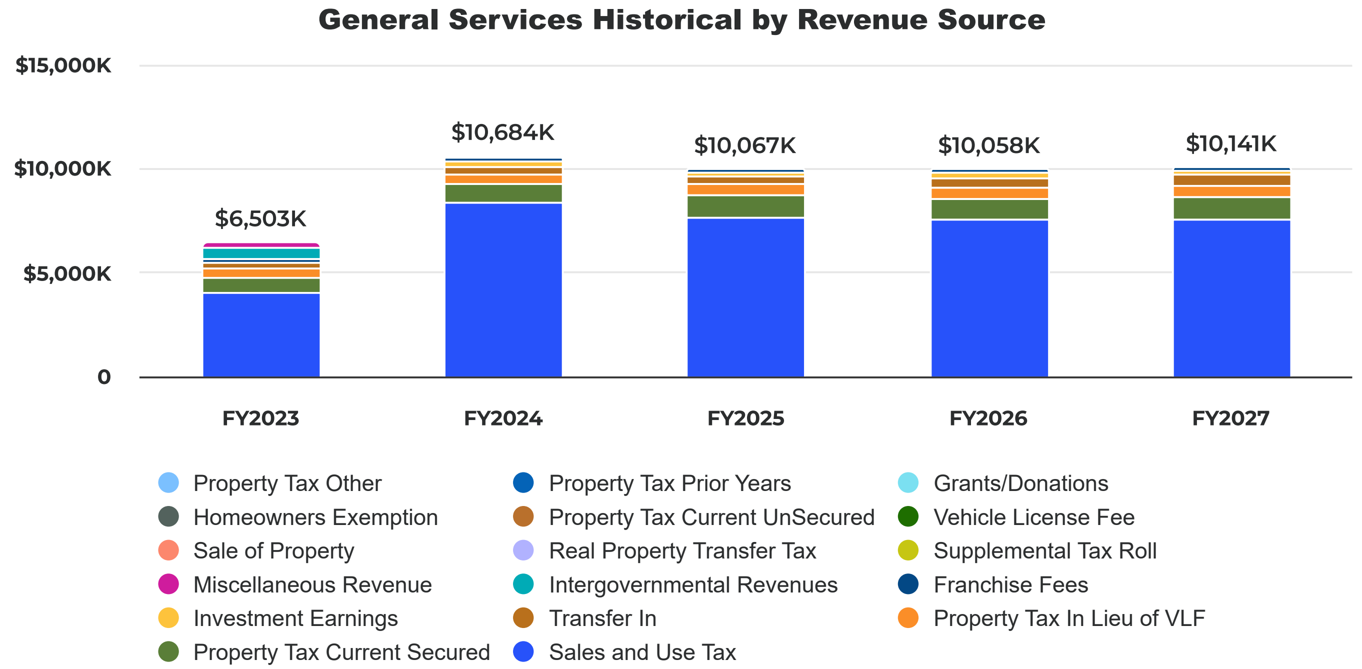


General Services Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 59,225	$ 65,900	$ 67,000	1.7%
Health & Medical Insurance	$ 53,277	$ 57,000	$ 58,000	1.8%
Dues, Memberships & Publications	$ 5,948	$ 8,900	$ 9,000	1.1%
Operating Expenditures	$ 253,102	$ 250,725	$ 230,800	-7.9%
TOT - Visitors Bureau	$ 156,510	$ 146,500	$ 150,000	2.4%
LAFCO	$ 48,791	$ 48,800	$ 48,800	-
Historic Preservation	$ 321	$ 2,000	$ 2,000	-
Settlements Legal/Insurance	$ 47,480	$ 48,425	$ 25,000	-48.4%
Contingencies	-	$ 5,000	$ 5,000	-
Internal Service Charges	$ 801,947	$ 802,000	$ 563,900	-29.7%
Self-Insured Dental	$ 801,947	$ 802,000	$ 563,900	-29.7%
Total Expenditures	**$ 1,114,274**	**$ 1,118,625**	**$ 861,700**	**-23.0%**

The Internal Service Charges represent the transfers from the General Fund for various activities, including the recommended transfer to the City's CalPERS Pre-Funding Trust Account and the annual contribution to the Labor Reserve fund. The Salaries and Benefit Line Item is the annual OPEB costs.

General Services by Revenue Source



General Services by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Supplemental Tax Roll	$ 8,180	$ 10,000	$ 8,000	-20.0%
Homeowners Exemption	$ 3,714	$ 4,000	$ 4,000	-
Vehicle License Fee	$ 7,955	$ 8,500	$ 8,700	2.4%
Property Tax Current Secured	$ 1,022,420	$ 1,001,300	$ 1,115,000	11.4%
Property Tax Current UnSecured	$ 64	$ 6,000	$ 4,000	-33.3%
Property Tax Prior Years	-	$ 500	$ 500	-
Property Tax Other	-	$ 500	$ 500	-
Investment Earnings	$ 256,463	$ 275,700	$ 242,000	-12.2%
Property Tax In Lieu of VLF	$ 528,490	$ 512,600	$ 518,600	1.2%
Franchise Fees	$ 164,503	$ 165,000	$ 165,000	-
Miscellaneous Revenue	$ 10,500	$ 2,500	$ 2,500	-
Sales and Use Tax	$ 7,522,574	$ 7,478,600	$ 7,559,200	1.1%
Transfer In	$ 489,000	$ 489,000	$ 496,500	1.5%
Real Property Transfer Tax	$ 8,417	$ 15,000	$ 15,000	-
Sale of Property	$ 35,278	$ 1,000	$ 1,000	-
Total Revenues	**$ 10,057,558**	**$ 9,970,200**	**$ 10,140,500**	**1.7%**

Engineering

Mike Pugh, City Engineer
Carlye Buchholz, City Engineer

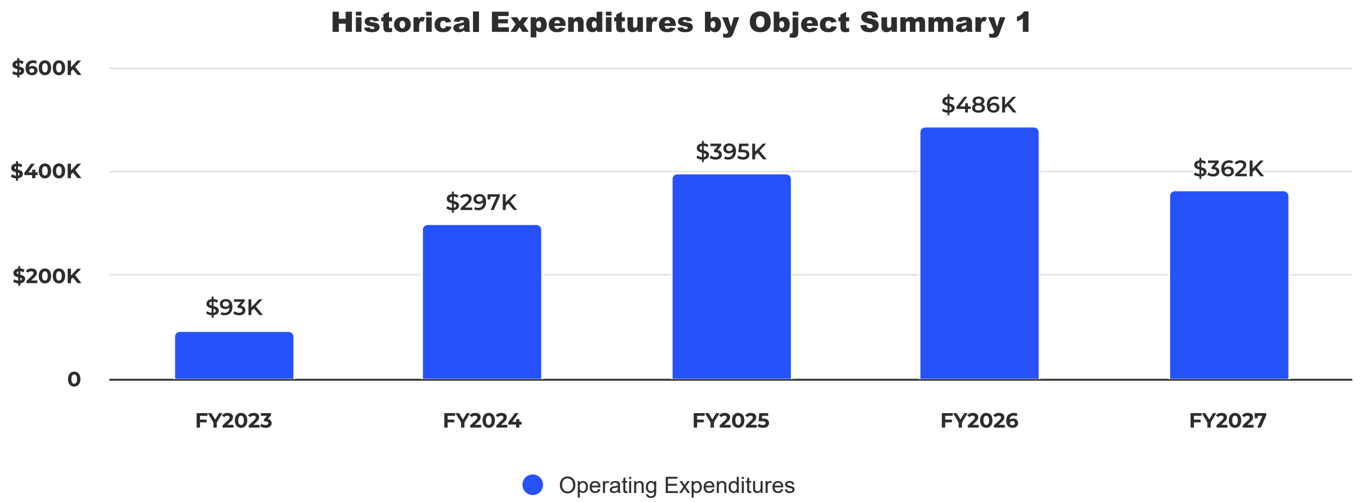
The City's Engineering function is provided through a contracted professional services agreement and is responsible for the planning, design, and management of the City's infrastructure and capital improvement projects. This function supports the safety, accessibility, functionality, and long-term sustainability of public facilities, including streets, drainage systems, sidewalks, buildings, and other public assets. The contracted City Engineer oversees the development and implementation of the Capital Improvement Program (CIP), including project scoping, design review, permitting, and construction management.

For many years, limited funding constrained the City's ability to adequately maintain and invest in its infrastructure, resulting in deferred maintenance across multiple systems. With the passage of Measure Y, the City has begun to address these needs through a structured, multi-year Capital Improvement Plan, with projects prioritized based on urgency, readiness, and community benefit.

Infrastructure projects require careful coordination and adherence to regulatory requirements, including environmental review, permitting, and accessibility standards, which contribute to longer project timelines but ensure compliance, safety, and responsible use of public funds. While recent investments represent significant progress, additional external funding, such as state and federal grants, will be necessary to fully address infrastructure needs. Through its contracted engineering services, the City is committed to delivering well-planned, high-quality projects that support long-term community sustainability.

Engineering Expenditures by Object

The Engineering budget was higher in the prior fiscal year due to a one-time lidar mapping project and additional grant writing projects.



Engineering Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Operating Expenditures	$ 486,012	$ 678,500	$ 362,000	-46.6%
General Engineering	$ 486,012	$ 678,500	$ 362,000	-46.6%
Total Expenditures	**$ 486,012**	**$ 678,500**	**$ 362,000**	**-46.6%**

Capital Improvements

The General Fund Capital Improvements account is used to fund capital projects that support and maintain the City's core infrastructure and public facilities. These expenditures include improvements such as roadway rehabilitation, building upgrades and replacement, and other long-term investments that extend the useful life of City assets.

Funding for these projects is derived from available General Fund resources and is allocated based on priority needs identified through the City's Capital Improvement Plan (CIP). The City's ability to fund these improvements has been made possible by Measure Y, the voter-approved sales tax measure, which provides critical revenue to address infrastructure needs and deferred maintenance. Without Measure Y, none of these capital improvement projects would be possible.

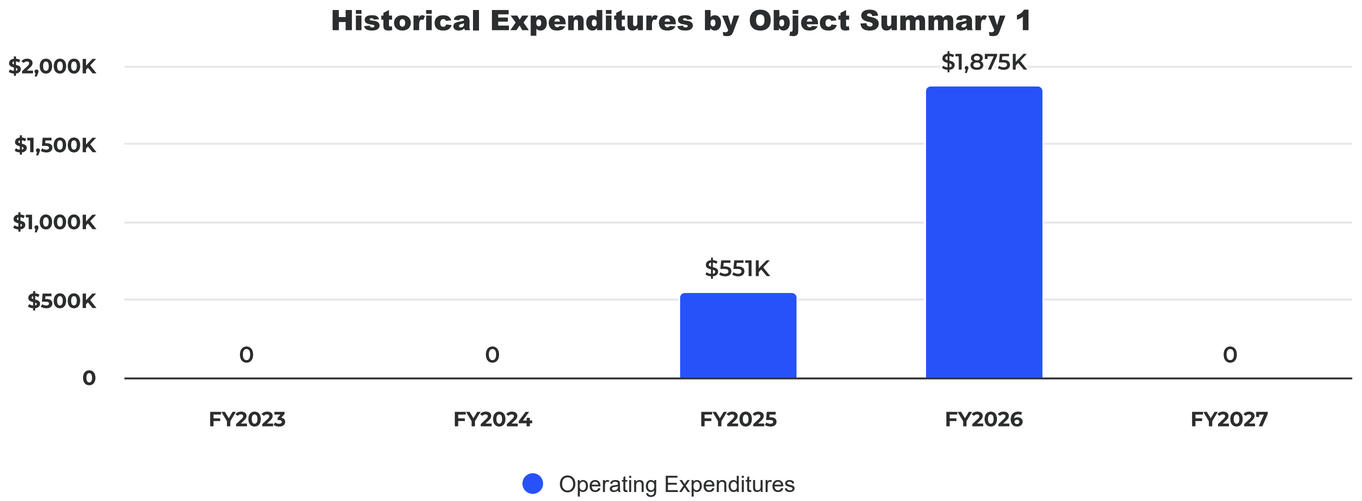
Grant-funded capital projects are accounted for in separate funds associated with each specific grant to ensure proper tracking, compliance, and reporting. These funds are managed separately from the General Fund Capital Improvements account.

No capital improvement expenditures are reflected in Fiscal Year 2026/27 within this section, as capital projects are considered and approved separately by the City Council during the budget hearing process as supplemental requests.

The use of General Fund resources for capital improvements reflects the City's commitment to preserving existing infrastructure while strategically investing in projects that enhance public safety, operational efficiency, and community quality of life.

Capital Improvements Expenditures by Object

Capital Improvements are approved as part of the City's supplemental requests during the annual budget hearing process. Prior to the passage of Measure Y, the City did not have sufficient resources to fund General Fund capital improvement projects.



Capital Improvements Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Operating Expenditures	$ 1,874,550	$ 2,133,400	-	-100.0%
Sidewalk Projects	-	$ 165,000	-	-100.0%
Road Maintenance	$ 300,000	$ 300,000	-	-100.0%
Parking Lot Projects	$ 1,311,400	$ 1,311,400	-	-100.0%
Retaining Wall Projects	$ 263,150	$ 277,000	-	-100.0%
All Other Infrastructure Maintenance	-	$ 80,000	-	-100.0%
Total Expenditures	**$ 1,874,550**	**$ 2,133,400**	**-**	**-100.0%**

Community Development Department

Tyler Summersett, Community Development Director

The Community Development Department works collaboratively with elected and appointed officials, other City departments, and the community to guide the orderly growth, development, and preservation of the City. The Department provides a broad range of services that support both current and future community needs, including planning, building, code enforcement, engineering coordination, housing, and economic development.

Core functions include administering land use regulations, processing development applications, issuing building permits, conducting plan review and inspections, and ensuring compliance with local codes and standards. The Department also promotes community quality through proactive code enforcement and beautification efforts, helping to maintain the City's character, appearance, and livability.

In addition, the Department plays a key role in fostering economic development by supporting local businesses, encouraging investment, and managing grant-funded programs and initiatives that strengthen the local economy. Through these combined efforts, Community Development helps create a safe, attractive, and vibrant City by balancing growth with preservation and enhancing the overall quality of life for residents and visitors. The Department also oversees enterprise activities such as the City's Certified Farmers' Market and Dragoon Gulch, which further contribute to community engagement, economic vitality, and the City's unique identity.

Total Budgeted Full Time Equivalent Employees
Summary Positions by Department

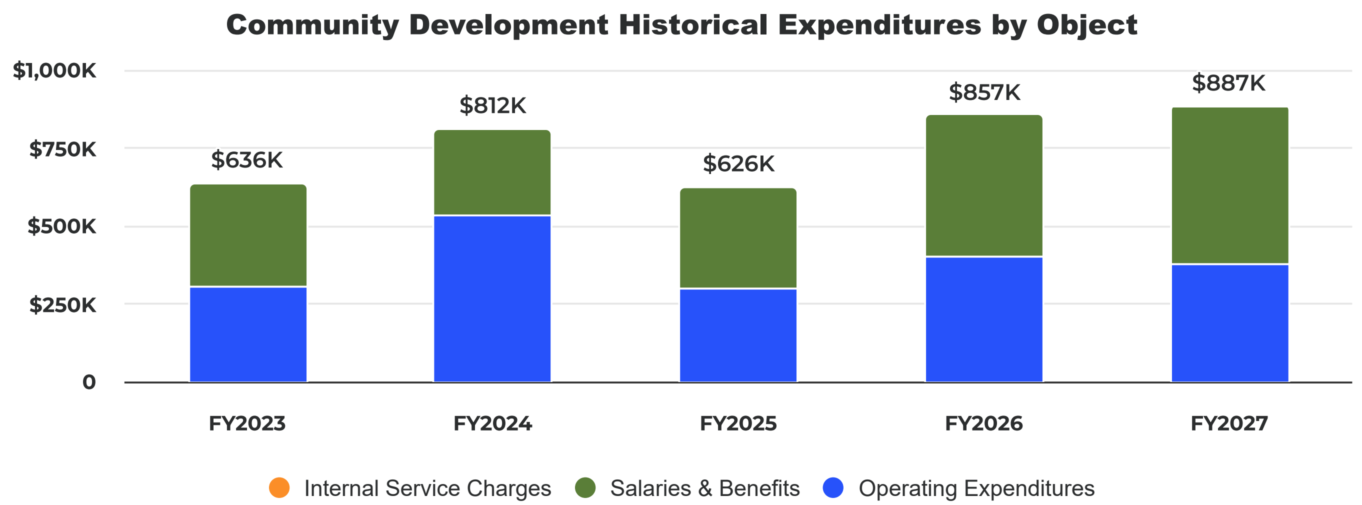
	2022/23 Approved	2023/24 Approved	2024/25 Approved	2025/26 Proposed	2026/27 Proposed
Community Development					
Community Development Director	1.0	1.0	1.0	1.0	1.0
City Building Offical	0.0	0.0	1.0	1.0	1.0
Community Development Specialist II	1.0	0.0	0.0	0.0	0.0
Building Inspector	0.0	0.0	0.0	0.0	0.0
Total Department FTE's	2.0	1.0	2.0	2.0	2.0

Approved Community Development Full Time Equivalent Positions FY2026-27

Community Development Department

Community Development Expenditures by Object

The Community Development budget is lower in the current fiscal year compared to the prior year primarily due to several one-time, Council-approved supplemental appropriations included in the previous budget. These supplemental requests supported expanded economic development activities and related initiatives that are currently in progress and will continue into FY2026/27. As a result, the current year's budget reflects a return to more typical baseline funding levels, while the previously approved supplemental resources continue to support these ongoing projects outside the base budget.

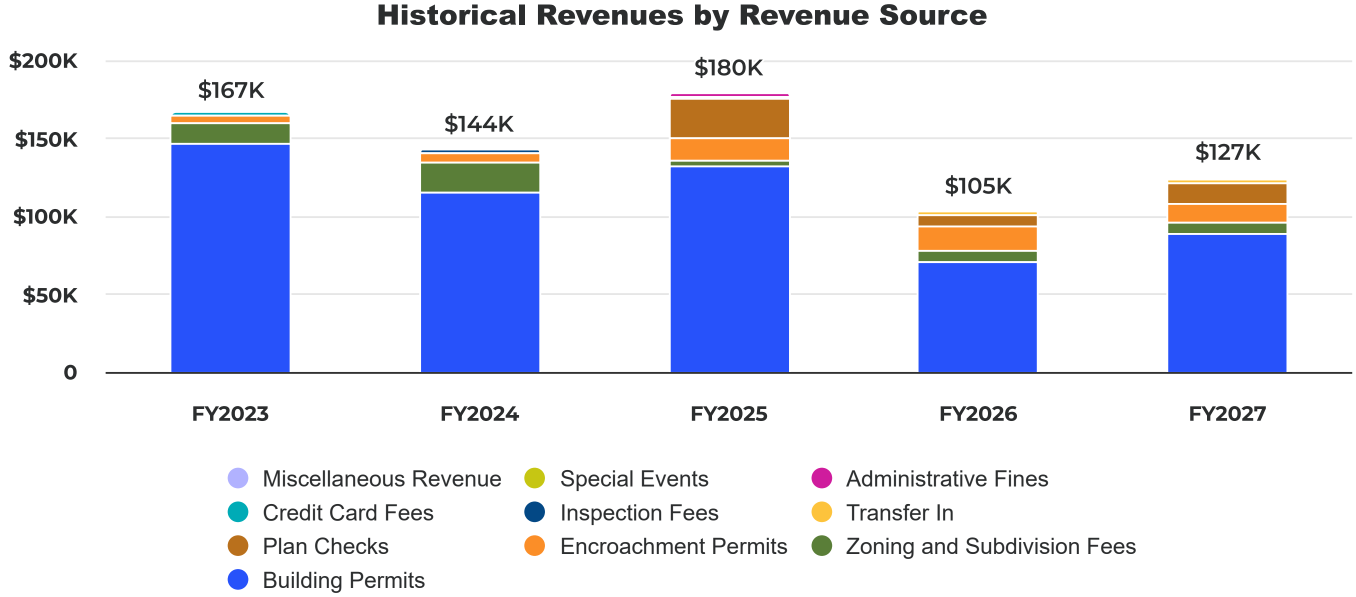


Community Development Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 452,251	$ 471,100	$ 506,800	7.6%
Salaries, Regular	$ 272,614	$ 275,100	$ 301,600	9.6%
Holiday	$ 5,243	$ 9,400	$ 12,100	28.7%
Stipend	$ 1,330	$ 2,000	$ 2,000	-
CalPERS	$ 67,227	$ 68,300	$ 68,800	0.7%
F.I.C.A.	$ 19,197	$ 21,700	$ 23,700	9.2%
Health & Medical Insurance	$ 73,623	$ 76,600	$ 81,500	6.4%
Workers Compensation	$ 7,600	$ 7,600	$ 8,200	7.9%
Other Employee Benefits	$ 2,336	$ 2,900	$ 2,900	-
Travel and Trainings	$ 775	$ 4,000	$ 2,500	-37.5%
Dues, Memberships & Publications	$ 2,306	$ 3,500	$ 3,500	-
Operating Expenditures	$ 403,347	$ 625,400	$ 377,700	-39.6%
Supplies	$ 1,620	$ 2,500	$ 2,500	-
Postage and Shipping	$ 1,148	$ 1,200	$ 1,200	-

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Rental Equipment	$ 3,260	$ 3,300	$ 3,500	6.1%
Software Maintenance	$ 5,000	$ 5,000	$ 5,000	-
Communications	$ 2,952	$ 3,000	$ 3,200	6.7%
Water and Waste	$ 1,135	$ 1,500	$ 1,500	-
Power and Propane	$ 3,516	$ 4,000	$ 4,000	-
Transportation Fuel	$ 286	$ 500	$ 500	-
Internet	$ 1,392	$ 1,600	$ 1,600	-
Outside Services	$ 294,631	$ 295,000	$ 310,000	5.1%
Pre Employment	-	$ 500	-	-100.0%
Economic Development	$ 33,676	$ 75,000	-	-100.0%
General Liability Insurance	$ 16,700	$ 16,700	$ 16,000	-4.2%
Public Notices	$ 5,353	$ 4,600	$ 5,500	19.6%
Capital Asset	-	-	$ 6,200	-
Building Equip Maint & Repair	$ 1,184	$ 3,000	$ 3,000	-
Building Maint and Repair	$ 3,494	$ 5,000	$ 4,000	-20.0%
Nuissance Abatement	-	-	$ 10,000	-
Community Programs	-	$ 75,000	-	-100.0%
Business Incentive Plans	-	$ 25,000	-	-100.0%
General Plan Update	$ 28,000	$ 28,000	-	-100.0%
Growth Strategy Development	-	$ 75,000	-	-100.0%
Internal Service Charges	$ 1,456	$ 2,000	$ 2,000	-
Self-Insured Dental	$ 1,456	$ 2,000	$ 2,000	-
Total Expenditures	**$ 857,054**	**$ 1,098,500**	**$ 886,500**	**-19.3%**

Community Development by Revenue Source



Community Development by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Credit Card Fees	$ 12	$ 200	$ 100	-50.0%
Transfer In	$ 3,000	$ 3,000	$ 3,000	-
Building Permits	$ 70,497	$ 98,000	$ 88,000	-10.2%
Encroachment Permits	$ 15,055	$ 15,000	$ 12,000	-20.0%
Inspection Fees	$ 810	$ 1,000	$ 1,000	-
Zoning and Subdivision Fees	$ 7,555	$ 7,000	$ 8,000	14.3%
Special Events	$ 688	$ 1,000	$ 1,000	-
Plan Checks	$ 7,352	$ 16,000	$ 13,000	-18.8%
Administrative Fines	$ 430	$ 3,000	$ 1,000	-66.7%
Total Revenues	**$ 105,399**	**$ 144,200**	**$ 127,100**	**-11.9%**

Community Development

Accomplishments for FY25/26

FY25/26 Accomplishments	Description
O **Provide professional, courteous, and efficient services to the community:** (Council Priorities #42, 43, 44)	Daily staff strives to make the City a friendly, convenient resource for residents, contractors, businesses and all others looking for assistance. Support the Building community by providing a convenient, service oriented one stop shop for permits, inspections, plan review and guidance towards accomplishing projects o Issued 367 Permits o Completed 523 Inspections
O **Developed and revised municipal ordinances to address emerging issues, improve compliance, and support community needs:** (Council Priorities #6, 108)	o Adoption of Updates to the Housing Element and Safety Element. o Adoption of Ordinance 916, a Development Agreement to extend the life of the Cuesta Heights Tentative Subdivision Map. o Work to bring a Tobacco Retail License Ordinance to the City Council. (Anticipated June 2026)
O **Facilitated the successful operation of the Sonora Farmers Market while exploring opportunities to expand and enhance:** (Council Priorities #3, 122)	Completed a pilot closure of Stewart Street to expand the market. City Council voted to support the closure for future market seasons.
O **Enhanced community appearance, accessibility, and vibrancy through strategic planning efforts, downtown improvements, and support for community events and activities:** (Council Priorities #8, 21, 105)	The Community Development Department continued to enhance the character and vibrancy of the City through participation in projects such as the Tuolumne Heritage Trail planning efforts and the Linoberg Street closure project, while implementing Vision Sonora improvements including high-visibility crosswalks, restriped loading zones, and consolidated trash receptacles, as well as supporting community events, activities, and parades that promote downtown vitality and civic engagement.
O **Work to improve department efficiency, ongoing:** (Council Priorities #6, 108)	o Created a Commercial Tenant Improvement handout for Contractors/Business Owners. o Created a TUD/Environmental Health Flyer for Contractors/Business Owners. o Continue to work with the new permits system. o Follow-up with expired permits to either close them out or re-fresh the projects and get them to a final.
O **Support economic development in Sonora. In partnership with a consultant, local businesses, Visit Tuolumne County, and engaged stakeholders, Ongoing:** (Council Priorities #3, 17, 21, 44, 100, 110, 111)	o Develop an inventory of vacant properties. o Create business incentive program(s). o Evaluate ordinance modifications that support business growth (including "use locals first" ordinance). o Establish a way-finding strategy for directing motorists to parking. o Identify ways to support business growth and development. o Partnership with Tuolumne County Arts Council, Sonora Chamber and Visit Tuolumne County for a downtown Arts project. o Work with businesses on tenant improvements, issuing certificates of occupancy, partnering with Environmental Health, TUD and other local agencies.
O **Code Enforcement activities are critical in the City of Sonora. Through code enforcement the City addresses all sorts of citizen inquiries and complaints:** (Council Priorities #6, 12, 15, 45, 78) :	o Notices to property owners regarding fire abatement activities on their property, abandoned vehicle abatement, trash, signage, permits, etc. o Implementation of the shopping cart ordinance. o Continuing work to abate health and safety concerns throughout the City.
O **Final Delivery of Grant Funded Projects:** (Council Priority #26)	o A new storage facility at the Public Works yard o A new pickleball court for Woods Creek Park o Re-surfacing of the Playground at Woods Creek Park (anticipated by June 2026)

Community Development

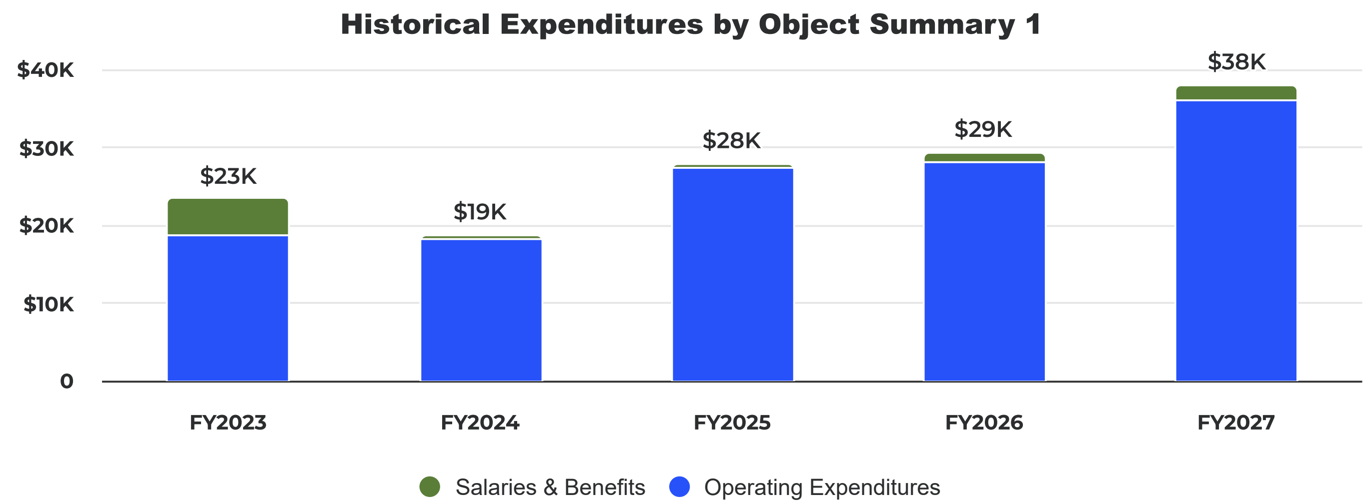
Goals for FY26/27

FY26/27 Goals	Description
O **Provide professional, courteous, and efficient services to the community:** (Council Priorities #5, 42, 43, 44, 45, 103, 108)	o Daily staff strives to make the City a friendly, convenient resource for residents, contractors, businesses and all others looking for assistance. o Support the Building community by providing a convenient, service oriented one stop shop for permits, inspections, plan review and guidance towards delivering projects in the City. o Create informational code handouts for our website and at the counter. o Manage Access to the City Pickleball Court.
O **Developed and revised municipal ordinances to address emerging issues, improve compliance, and support community needs:** (Council Priorities #6, 108)	Prepare for and update Council with upcoming 2025 Building & Fire Code changes
O **Facilitated the successful operation of the Sonora Farmers Market while exploring opportunities to expand and enhance:** (Council Priorities #3, 122)	Continue closure of Stewart Street to expand the market. City Council voted to support the closure for future market seasons.
O **Enhanced community appearance, accessibility, and vibrancy through strategic planning efforts, downtown improvements, and support for community events and activities:** (Council Priorities #8, 21, 105)	The Community Development Department continued to enhance the character and vibrancy of the City through participation in projects such as the Tuolumne Heritage Trail planning efforts and the Linoberg Street closure project, while implementing Vision Sonora improvements, as well as supporting community events, activities, and parades that promote downtown vitality and civic engagement.
O **Work to improve department efficiency, ongoing:** (Council Priorities #6, 45, 108)	o Develop a virtual inspection services program for Contractors/Homeowners. This will be a streamlined process for specific types of permits, allowing Contractors and Homeowners to self-inspect by following a formal set of guidelines, completing a checklist and providing photos. o Follow-up with expired permits to either close them out or re fresh the projects and get them to a final.
O **Support economic development in Sonora. In partnership with a consultant, local businesses, Visit Tuolumne County, and engaged stakeholders, Ongoing:** (Council Priorities #3, 17, 19, 21, 42, 43, 44, 46, 100, 110, 111)	o Identify a growth strategy that will facilitate a General Plan update, pre-zoning of sphere of influence and analysis of future annexation. o Participate in the Economic Development Collaborative being facilitated by Tuolumne County Transportation Council and Mother Lode Job Training teams.
O **Code Enforcement activities are critical in the City of Sonora. Through code enforcement the City addresses all sorts of citizen inquiries and complaints:** (Council Priorities #6, 12, 15, 45, 78) :	Code enforcement helps reinforce the importance of adhering to the rules that community members live by. It is a direct service that helps citizens feel heard and demonstrates the City's responsiveness to issues received. Code enforcement services center around protecting life and improving safety within the community through education, outreach and at times through administrative citations or less often, fines.

Farmer's Market

The City of Sonora's Certified Farmers Market operates annually from May through November at the corner of Theall and Stewart Streets in downtown Sonora. Since being brought under City oversight in 1997, the market has experienced steady growth, expanding from a small operation with just seven vendors to a vibrant community event now featuring more than 35 vendors. The market showcases a diverse mix of local agricultural producers, artisans, and food vendors, and has become an increasingly popular destination for residents and visitors alike. The extension of the market season through November, as approved by the City Council, reflects its continued growth and community demand. In FY2025/26, vendor fees were modestly increased to support additional staffing needs and to assist in administering the market's EBT program.

Farmer's Market Expenditures by Object



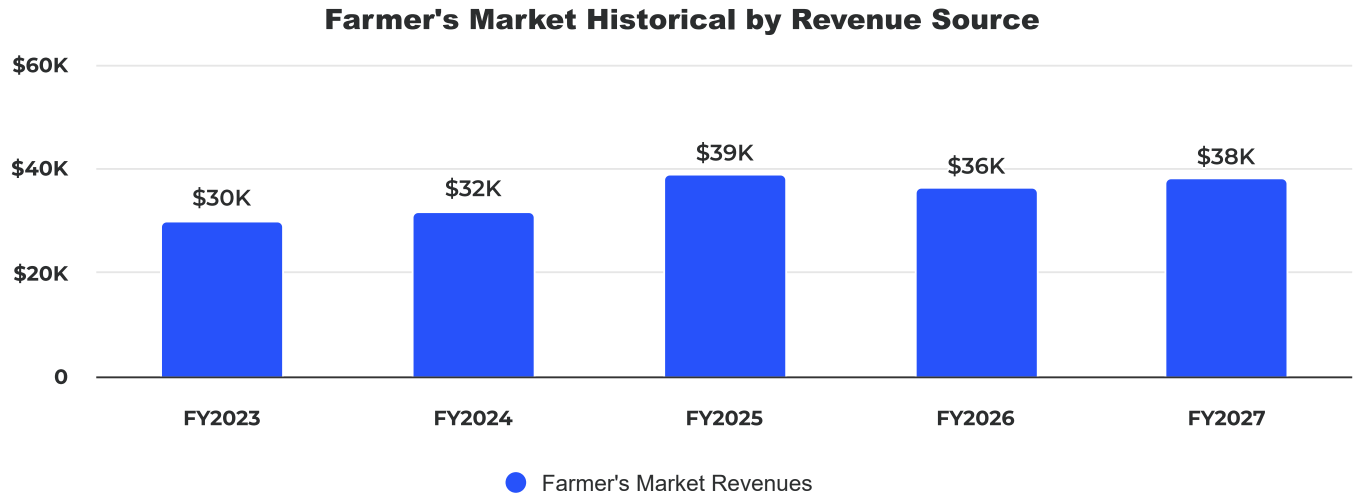
Farmer's Market Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 1,204	$ 1,900	$ 2,000	5.3%
CalPERS	$ 504	$ 1,200	$ 1,200	-
Workers Compensation	$ 700	$ 700	$ 800	14.3%
Operating Expenditures	$ 28,144	$ 34,100	$ 36,000	5.6%
Supplies	$ 3,138	$ 4,000	$ 3,000	-25.0%
Signage	$ 206	-	-	-
Rental Equipment	-	$ 2,000	-	-100.0%
Water and Waste	$ 2,331	$ 1,500	$ 2,400	60.0%
Power and Propane	$ 237	$ 500	$ 500	-
Outside Services	$ 13,998	$ 17,300	$ 20,800	20.2%
General Liability Insurance	$ 8,000	$ 8,000	$ 8,800	10.0%
Building Maint and Repair	$ 234	$ 800	$ 500	-37.5%

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Total Expenditures	**$ 29,348**	**$ 36,000**	**$ 38,000**	**5.6%**

Farmer's Market by Revenue Source

Revenues exceeded budget in the prior year primarily due to increased booth revenue resulting from adjustments to the City's fee structure.



Farmer's Market by Revenue Source

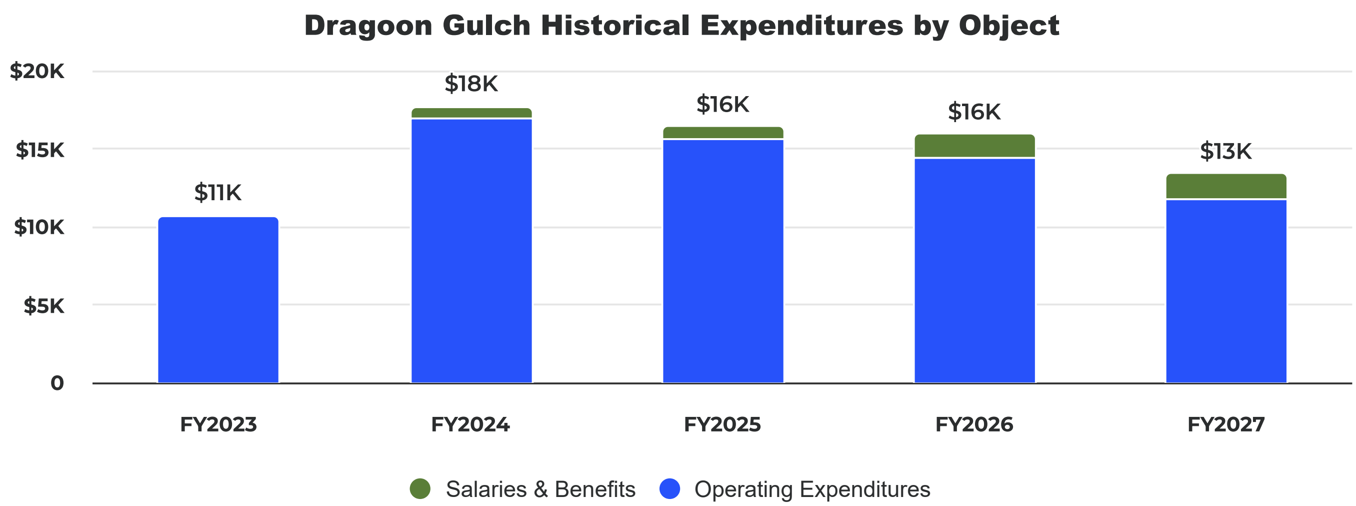
Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Farmer's Market Revenues	$ 36,208	$ 36,000	$ 38,000	5.6%
Total Revenues	**$ 36,208**	**$ 36,000**	**$ 38,000**	**5.6%**

Dragoon Gulch

Located in the heart of the City of Sonora, the Dragoon Gulch Trail offers visitors a unique opportunity to experience the natural beauty of the Mother Lode's oak woodlands. The trail system includes over 3.1 miles of natural surface trails that wind along a seasonal creek and lead to scenic vistas with sweeping views of the City and surrounding mountain ranges. With routes that vary in difficulty, the trail accommodates a wide range of users, from casual walkers to those seeking a more strenuous hike or run.

As use of the trail continues to grow, the City is evaluating opportunities to enhance Dragoon Gulch through additional amenities and improvements. Future efforts may include upgrades to trail infrastructure, signage, accessibility, and user amenities to further improve the recreational experience for residents and visitors.

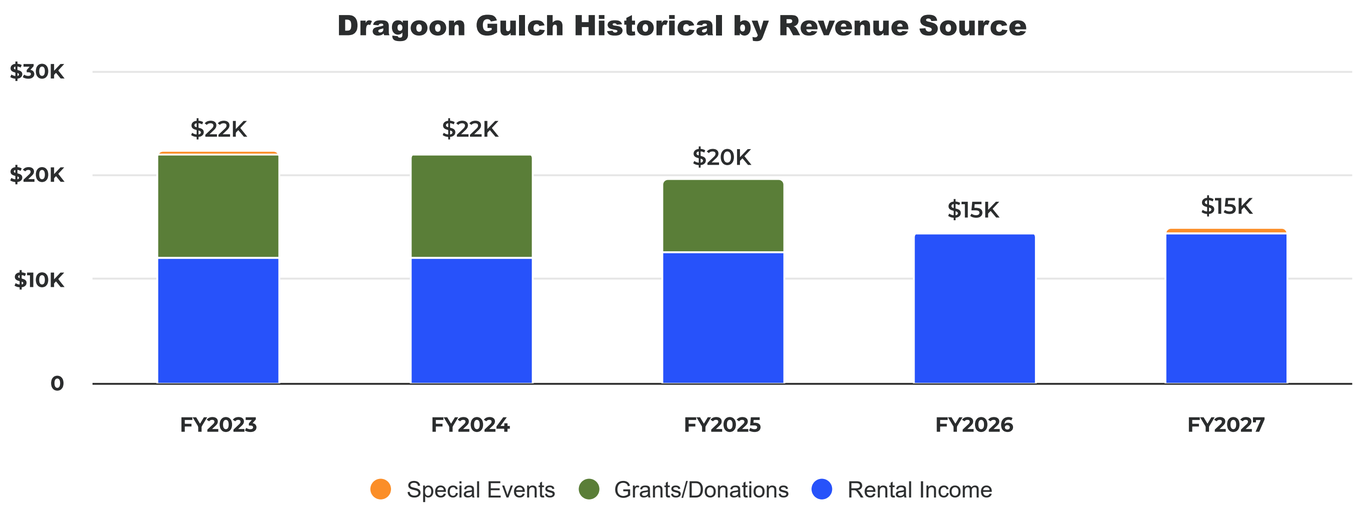
Dragoon Gulch Expenditures by Object



Dragoon Gulch Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 1,596	$ 2,200	$ 1,700	-22.7%
CalPERS	$ 696	$ 1,300	$ 700	-46.2%
Workers Compensation	$ 900	$ 900	$ 1,000	11.1%
Operating Expenditures	$ 14,359	$ 33,200	$ 11,700	-64.8%
Supplies	$ 946	-	-	-
Outside Services	$ 4,964	-	$ 2,600	-
General Liability Insurance	$ 8,200	$ 8,200	$ 9,100	11.0%
Building Maint and Repair	$ 249	-	-	-
Facility Enhancement	-	$ 25,000	-	-100.0%
Total Expenditures	**$ 15,955**	**$ 35,400**	**$ 13,400**	**-62.1%**

Dragoon Gulch by Revenue Source

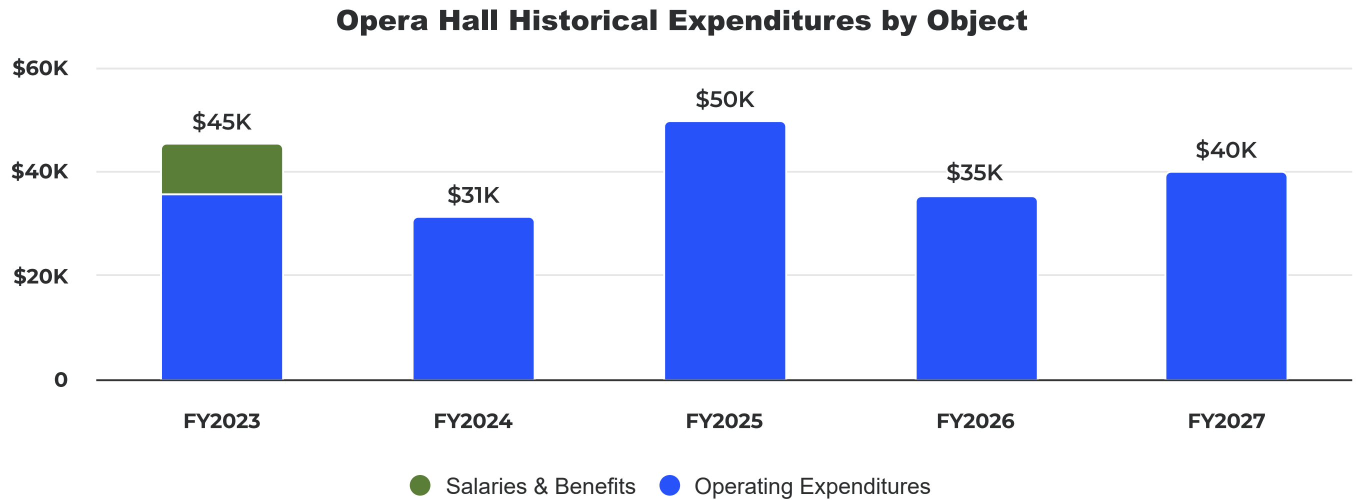


Dragoon Gulch by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Rental Income	$ 14,400	$ 14,400	$ 14,400	-
Grants/Donations	$ 111	-	-	-
Special Events	-	$ 500	$ 500	-
Total Revenues	**$ 14,511**	**$ 14,900**	**$ 14,900**	**-**

Opera Hall

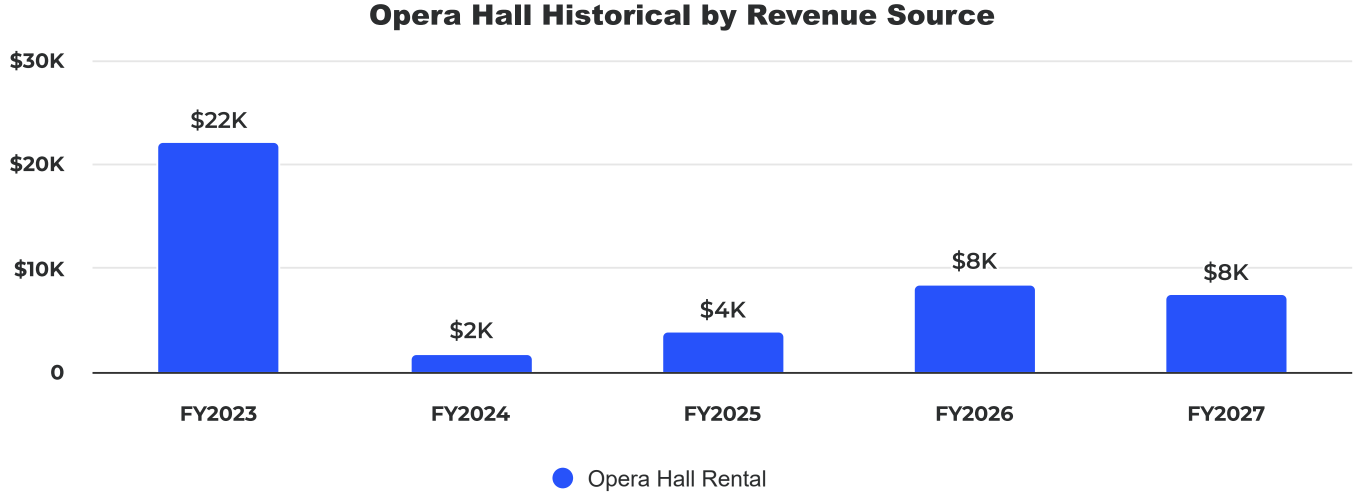
For FY2026/27, the Sonora Chamber of Commerce will continue to run the Opera Hall. The City will continue to maintain the historic building while the Chamber is responsible for everything else. Each quarter the Chamber will split the operating income with the City. This agreement reduces the City's net General Fund contribution to opera hall operations.



Opera Hall Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Operating Expenditures	$ 35,290	$ 49,400	$ 39,900	-19.2%
Supplies	$ 237	$ 1,000	$ 500	-50.0%
Equipment Non Capital	$ 1,522	$ 2,000	$ 2,000	-
Rental Equipment	-	$ 200	-	-100.0%
Communications	$ 650	$ 800	$ 800	-
Water and Waste	$ 3,563	$ 4,500	$ 4,500	-
Power and Propane	$ 6,038	$ 11,500	$ 11,000	-4.3%
Internet	$ 2,511	$ 2,400	$ 2,400	-
Outside Services	$ 3,219	$ 3,500	$ 2,500	-28.6%
General Liability Insurance	$ 12,000	$ 12,000	$ 10,200	-15.0%
Building Equip Maint & Repair	$ 1,872	$ 5,500	$ 2,500	-54.5%
Building Maint and Repair	$ 2,812	$ 5,000	$ 2,500	-50.0%
Equipment Maintenance	$ 866	$ 1,000	$ 1,000	-
Total Expenditures	**$ 35,290**	**$ 49,400**	**$ 39,900**	**-19.2%**

Opera Hall by Revenue Source



Opera Hall by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Opera Hall Rental	$ 8,425	$ 6,500	$ 7,500	15.4%
Total Revenues	**$ 8,425**	**$ 6,500**	**$ 7,500**	**15.4%**

Sonora Police Department

Turu Vanderwiel, Chief of Police

The Sonora Police Department provides police services for the City of Sonora. The Department's vision is to grow, adapt and evolve to provide the highest level of service and protection to the City's residents as well as visitors. The Department strives to work cooperatively with the community to proactively identify and address areas of needed improvement, plus continually provide the level of service and safety deserved by the City, its residents, and visitors.

The core services provided by the Police Department include responding to emergency and non-emergency calls for service, identification of criminal activity, dispatch services, investigation and prosecution of crimes, training of personnel, crime prevention and community outreach, traffic safety, maintenance of records, property, and evidence, community problem-solving, and animal control services.

The Police Department continues to build upon a strong police/community partnership through innovative Department and community programs, implementing school response and readiness processes and the management of programs such as the Police Explorers, Community Service Volunteers, Regional Peer Support, the Homeless Outreach Team, and the Police K9 unit. The Police Department is focused on community problem-solving. Individual officers and patrol teams are responsible for identifying problems and creating and implementing solutions to those problems. In furtherance of this effort, the Department continues to develop relationships with specific segments of our community, such as public and private schools, neighborhood watch groups, and local businesses. All field staff are trained in effective community-based policing tactics and strategies to de-escalate and respond appropriately to field situations. All Police Department personnel are committed to these ideals and continue to make significant strides toward eradicating criminal activity and any conditions that have a detrimental impact on public safety.

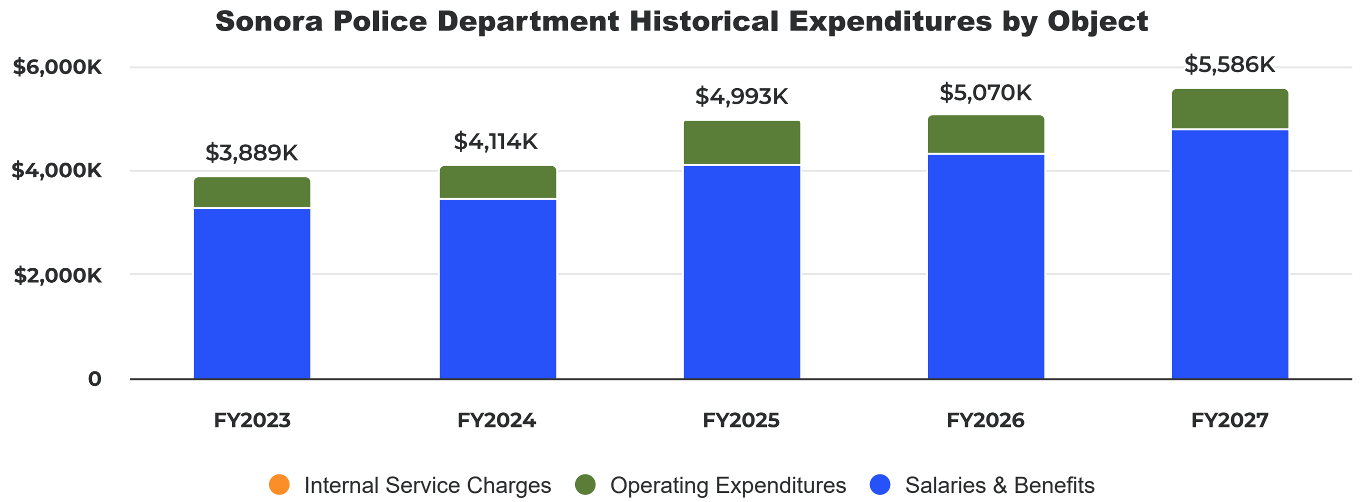
Total Budgeted Full Time Equivalent Employees
Summary Positions by Department

	2022/23 Approved	2023/24 Approved	2024/25 Approved	2025/26 Proposed	2026/27 Proposed
Police Department					
Chief of Police	1.0	1.0	1.0	1.0	1.0
Police Lieutenant	1.0	1.0	1.0	1.0	1.0
Police Sergent	2.0	2.0	2.0	2.0	2.0
Police Officer (Includes 2 Corporals)	10.0	10.0	10.0	10.0	10.0
Reserve Police Officer	0.2	0.2	0.2	0.2	0.2
Community Service Officer (FT/PT)	1.6	1.6	1.6	1.6	1.6
School Resource Officer (PT)	0.0	0.0	0.0	0.0	0.0
Communications Dispatcher	5.0	5.0	5.0	5.0	5.0
Communications Dispatcher Relief	1.0	1.3	1.3	1.3	1.3
Police Records Technician	1.0	1.0	1.0	1.0	1.0
Background Investigator	0.1	0.0	0.0	0.0	0.0
Information Technology Tech	0.2	0.2	0.2	0.2	0.2
Homeless Outreach Coordinator	0.0	0.6	1.0	1.0	1.0
Total Department FTE's	23.1	23.9	24.3	24.3	24.3

Approved Police Department Full Time Equivalent Positions FY2026-27

Sonora Police Department

Sonora Police Department Expenditures by Object

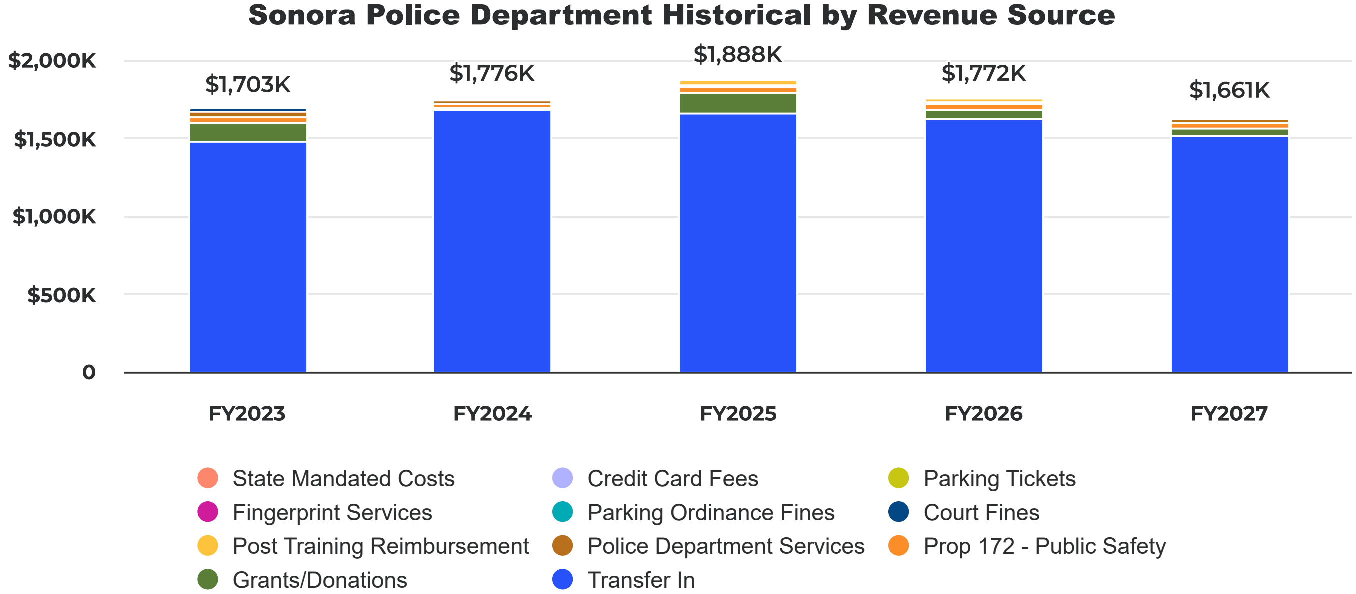


Sonora Police Department Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 4,325,775	$ 4,380,400	$ 4,791,800	9.4%
Salaries, Regular	$ 1,975,883	$ 1,982,600	$ 2,168,200	9.4%
Overtime	$ 249,719	$ 245,950	$ 253,000	2.9%
Relief/Reserve	$ 136,842	$ 179,000	$ 192,600	7.6%
Holiday	$ 63,489	$ 65,200	$ 70,500	8.1%
Uniform Allowance	$ 24,250	$ 24,250	$ 24,500	1.0%
Hiring Incentives	$ 62,500	$ 62,500	$ 40,000	-36.0%
CalPERS	$ 914,363	$ 914,800	$ 1,028,700	12.5%
F.I.C.A.	$ 190,110	$ 195,300	$ 200,000	2.4%
Health & Medical Insurance	$ 482,587	$ 486,800	$ 572,200	17.5%
Workers Compensation	$ 161,079	$ 162,100	$ 175,100	8.0%
Other Employee Benefits	$ 2,400	$ 2,900	$ 2,900	-
Travel and Trainings	$ 29,650	$ 24,100	$ 35,800	48.5%
Post Reimbursable Training	$ 18,150	$ 18,300	$ 16,000	-12.6%
Dues, Memberships & Publications	$ 2,854	$ 4,600	$ 6,300	37.0%
Employee Wellness Program	$ 11,899	$ 12,000	$ 6,000	-50.0%
Operating Expenditures	$ 735,337	$ 848,350	$ 778,400	-8.2%
Supplies	$ 9,994	$ 10,000	$ 11,000	10.0%
Safety Supplies	$ 19,193	$ 23,500	$ 32,000	36.2%
Equipment Non Capital	$ 7,631	$ 14,500	$ 14,000	-3.4%

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Postage and Shipping	$ 632	$ 1,300	$ 1,000	-23.1%
Printing and Forms	$ 2,628	$ 2,900	$ 2,800	-3.4%
Rental Equipment	$ 25,006	$ 26,300	$ 26,800	1.9%
Computer Equipment	$ 3,084	$ 15,500	$ 12,000	-22.6%
Software Maintenance	$ 5,993	$ 6,000	$ 8,400	40.0%
Communications	$ 12,791	$ 19,400	$ 15,800	-18.6%
Water and Waste	$ 1,687	$ 4,900	$ 3,700	-24.5%
Power and Propane	$ 13,693	$ 16,800	$ 14,500	-13.7%
Transportation Fuel	$ 58,416	$ 62,000	$ 58,900	-5.0%
Internet	$ 23,782	$ 24,800	$ 23,900	-3.6%
Outside Services	$ 92,527	$ 104,900	$ 91,800	-12.5%
Information Tech Services	$ 26,285	$ 28,800	$ 42,000	45.8%
Pre Employment	$ 10,411	$ 8,600	$ 5,200	-39.5%
County Services	$ 7,078	$ 6,800	$ 12,200	79.4%
Community Education	$ 718	$ 19,500	$ 7,000	-64.1%
General Liability Insurance	$ 126,895	$ 128,700	$ 130,300	1.2%
Building Equip Maint & Repair	$ 2,229	$ 6,850	$ 7,500	9.5%
Building Maint and Repair	$ 8,021	$ 9,200	$ 10,000	8.7%
Equipment Maintenance	$ 202,297	$ 203,000	$ 170,000	-16.3%
Radio Maintenance	$ 10,426	$ 11,600	$ 11,600	-
Facility Enhancement	$ 2,646	$ 6,500	-	-100.0%
Capital Asset: Vehicles	$ 33,473	$ 38,000	$ 38,000	-
Interest Expense	$ 27,801	$ 28,000	$ 23,000	-17.9%
Legislative Affairs - Advocacy	-	$ 20,000	$ 5,000	-75.0%
Internal Service Charges	$ 9,054	$ 16,000	$ 16,000	-
Self-Insured Dental	$ 9,054	$ 16,000	$ 16,000	-
Total Expenditures	**$ 5,070,166**	**$ 5,244,750**	**$ 5,586,200**	**6.5%**

Sonora Police Department by Revenue Source



Sonora Police Department by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Prop 172 - Public Safety	$ 30,185	$ 31,200	$ 31,800	1.9%
Fingerprint Services	$ 2,897	$ 4,500	$ 4,000	-11.1%
Police Department Services	$ 22,940	$ 23,000	$ 23,000	-
Credit Card Fees	$ 1,144	$ 1,000	$ 1,000	-
Post Training Reimbursement	$ 21,950	$ 26,000	$ 20,000	-23.1%
Transfer In	$ 1,617,000	$ 1,617,000	$ 1,508,600	-6.7%
Grants/Donations	$ 63,818	$ 81,500	$ 55,000	-32.5%
Parking Ordinance Fines	$ 3,179	$ 4,000	$ 4,000	-
Court Fines	$ 7,279	$ 12,000	$ 9,000	-25.0%
Parking Tickets	$ 1,269	$ 4,200	$ 4,200	-
Total Revenues	**$ 1,771,661**	**$ 1,804,400**	**$ 1,660,600**	**-8.0%**

Sonora Police Department

Accomplishments for FY25/26

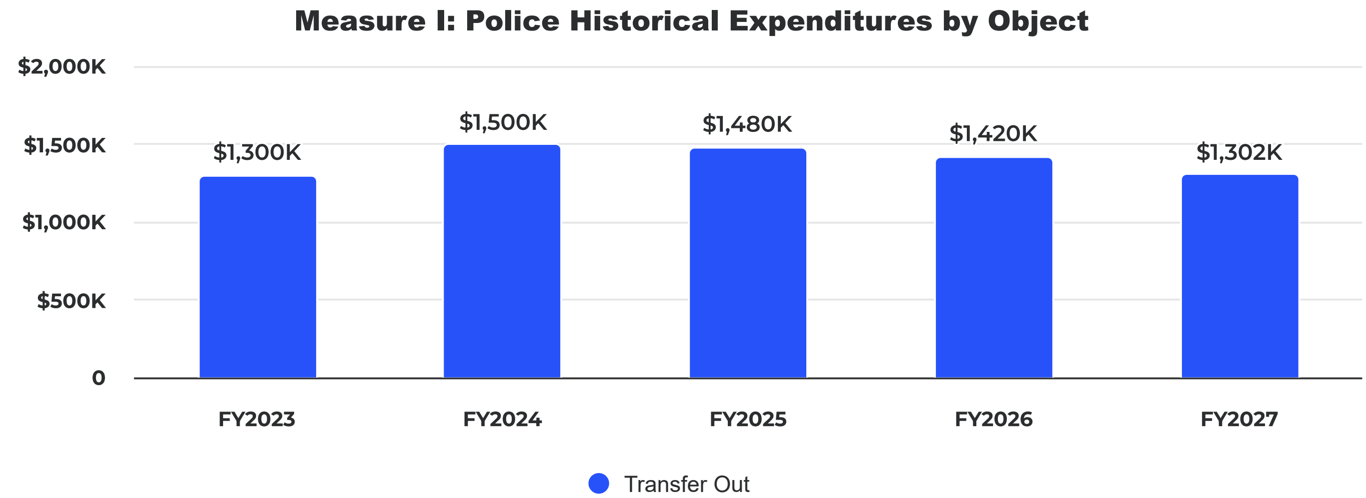
FY25/26 Accomplishments	Mid-Year Update
Enhance Employee Retention and Staff Professional Development. (City Council Priority #77a)	All Police Officer positions have been filled, which includes one recruit attending the academy. We experienced several unexpected vacancies in our dispatch center. The second corporal position was filled in January; all leadership/supervisory positions are filled. We have increased the number of professional training opportunities for our staff.
Ongoing - Police Facility Project (City Council Priority #74)	Vanir consultants are currently assessing potential properties as a test fit. We expect to engage in legislative Affairs / Advocacy efforts during the next budget cycle.
Enhance and Expand Public Safety Surveillance and ALPR System. (City Council Priority #73)	We partnered with the Tuolumne County Transportation Council and the Tuolumne County Sheriffs Department on a Safe Streets For All Grant, which was receinlly awarded. We expect to add additional ALPRs to locations in the city to assist in suppressing crime.
Enhance Information and Technology Security (City Council Priorities #73, 76, 119)	We upgraded our IT infrastructure with redundant data backups, secondary firewalls, and data mirroring. We established a DOJ-compliant, secure connection with the District Attorney's office to enable more efficient "paperless" case processing, reducing operating costs by eliminating materials and staff time spent on copying, handling, and delivery of case files. We upgraded the PD facility's camera monitors and updated the website hosting service to improve performance and security. Secondary firewall and data mirroring. Upgraded software to enhance crime and collision diagrams. In the coming months, we will add an additional backup server to further harden and protect our sensitive data.
Sonora Police Department Security Camera Registration Program (City Council Priority #73)	The security camera registration program was rolled out at the transition of the new budget cycle. We are building a database of community partners who are willing to share surveillance files as needed. This program enhances investigative efforts and provides an efficient process for quickly identifying potential video evidence.
Implement Off-Highway Vehicle (OHV) Program (City Council Priorities #14, 62, 73, 77)	The OHV has been put into service, and we are training staff on the equipment. The OHV provides safe and expedient access to incidents on our hiking trails and other unimproved areas of the City. The OHV is also used for encampment management, further mitigating fire dangers and other health and safety risks associated with unsheltered living.
School Resource Officer (City Council Priority #75a)	We have identified potential funding opportunities through a Board of State and Community Corrections (BSCC) grant. If successful, this grant could support an SRO program up to 5 years. An SRO program will enhance school safety and incident response, build trust and positive relationships, provide youth mentorship, strengthen school and community collaboration, and foster a safer, more supportive educational environment. We expect key grant opportunities to open in late spring/early summer 2026.
Complete Officer Wellness Center (City Council Priority #77)	Our Employee Wellness Center is partially operational and equipped with state-of-the-art exercise equipment. The cost to install a shower room is estimated at $34,000. We will enhance facility security in the coming months. Wellness centers have been shown to reduce absenteeism and injuries while boosting morale, leading to more proactive policing practices.
Evaluate Costs and Resources to Create a Mobile Communications and Command Center. (City Council Priority #62, 70)	There has been no progress on this item.
Evaluate City Parking Enforcement Needs and Responses (City Council Priority #66)	There has been minimal progress on this item.
Expand our Public Information Officer (PIO) Capabilities (City Council Priorities #75, 120, 123, 124, 125)	We have had some setbacks due to staffing changes. We are training new staff for this program.

Sonora Police Department Goals for FY26/27	
FY26/27 Goals	**Description**
Enhance Employee Retention and Staff Professional Development. (City Council Priority #77a)	We will do this by continuing to introduce innovative technology, promoting a positive work environment, strengthening our leadership, and offering professional training opportunities well beyond state
Ongoing - Police Facility Project (City Council Priority #74)	Guided by the Vanir Needs Assessment report, we will seek to identify land availability and funding sources. We will continue to engage with state and congressional representatives and engage with local community members to gain support and advocacy for the project.
Enhance and Expand Public Safety Surveillance and ALPR System. (City Council Priority #73)	There are currently two Automated License Plate Recognition (ALPR) systems and two Public Safety Surveillance Cameras. These systems, aimed at crime deterrence and investigation, have proved extremely useful in crime investigation and case resolution, including retail larcenies, vehicle theft, and violent crimes. They have enhanced collaboration with other local law enforcement agencies, multiplying our collective effort for community safety. However, we are limited by the number of devices currently deployed. Local retailers support the expansion of this program and have offered to provide access to power and internet connectivity if needed. Visible public safety surveillance cameras provide reassurance and a higher sense of safety for the community.
School Resource Officer (City Council Priorities #75, 77)	Our goal is to reintroduce a School Resource Officer (SRO) into city schools. We are currently exploring potential funding opportunities through a Board of State and Community Corrections (BSCC) grant. An SRO program will enhance school safety and incident response, build trust and positive relationships, provide youth mentorship, strengthen school and community collaboration, and foster a safer, more supportive educational environment.
Complete Employee Wellness Center (City Council Priority #77)	A location has been secured. We are purchasing equipment and furnishings to support a functional wellness center. When officers and staff have access to mental and physical fitness programs, they are more focused, alert, and emotionally balanced on the job. Wellness programs enhance departments' appeal to potential recruits and aid in retaining experienced staff. Wellness centers have been shown to decrease absenteeism and injuries while promoting higher morale, which results in more proactive policing practices.
Evaluate Costs and Resources to Create a Mobile Communications and Command Center. (City Council Priorities #63, 70)	Carried over from prior cycles, this goal is to utilize an existing "Toy-Hauler" trailer currently configured for a DUI checkpoint command post. We will explore the feasibility of upfitting this unit for rapid deployment as a Mobile Communications/Command Center, serving as a hub during large-scale events and disasters and providing a centralized, mobile location for coordination and support.
Establish a self-sufficient City Fire Investigation Unit (FIU) in partnership with Sonora City Fire (City Council Priority #123)	The Police and Fire Departments intend to partner to establish a specialized team responsible for investigating fires and incidents suspected of being criminal in nature. Currently, City departments rely on state partners for forensic evidence collection and to determine the origin and cause of fires. To address this, our goal is to train and certify two members from each department to form a Fire Investigation Unit (FIU). This internal team will handle case-specific search warrants and work directly with prosecutors on investigations involving serious bodily injury or death.
Establish Comprehensive Online Reporting System (POST Management Study Recommendation # 73)	We will create a more comprehensive online reporting system. Currently, the public can access online reporting options for specific services; expanding these options will streamline operations and improve public services. In addition to reducing operational costs and staff strain, an online reporting system will allow the community to report low-level crimes 24 hours a day, increasing convenience for the public and providing clarity for crime analysis.

Measure I: Police Department

The Measure I fund was established as a result of a sales tax which took effect January 1, 2005. In 2004, the voters passed a special tax initiative for a one-half percent (½%) increase to sales tax within the City limits. The purpose of this initiative was to improve City services for residents, businesses, and visitors to the City of Sonora. The Police Department receives sixty percent (60%) of this revenue for the purpose of hiring additional law enforcement and support personnel, updating safety equipment, providing educational funding, replacing expired vehicles, and expanding police facilities, allowing for departmental growth. The budgeted amount is transferred from the Special Revenue Fund to support the General Fund expenses in this department.

Measure I: Police Expenditures by Object

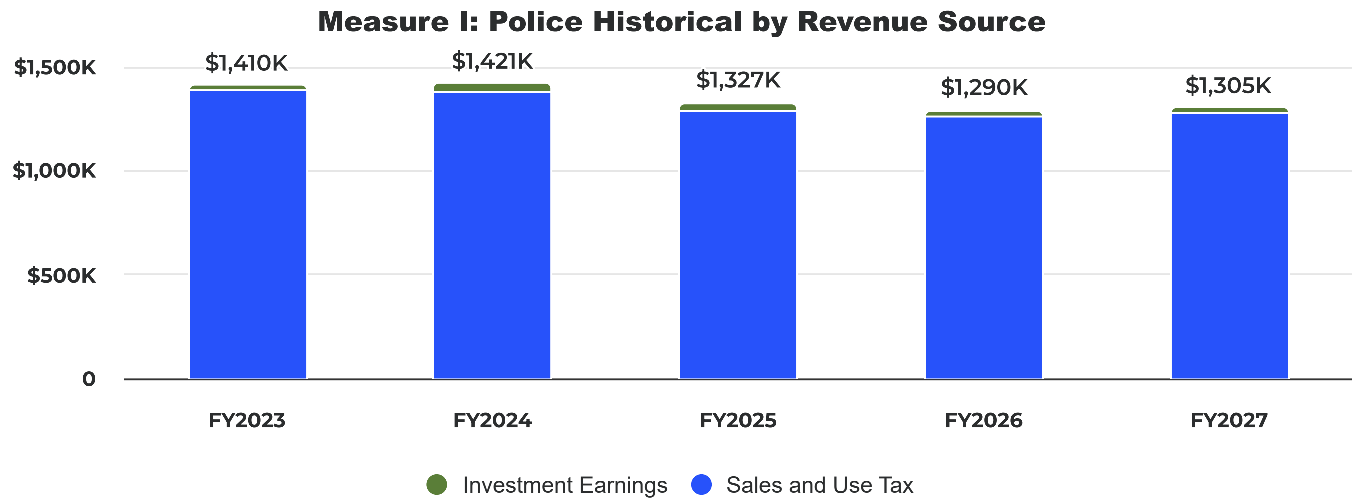


Measure I: Police Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Transfer Out	$ 1,420,000	$ 1,420,000	$ 1,301,600	-8.3%
Total Expenditures	**$ 1,420,000**	**$ 1,420,000**	**$ 1,301,600**	**-8.3%**

Measure I: Police by Revenue Source

Measure I sales tax revenue is generated from the 1/2% local sales tax approved by voters. The total revenue collected is allocated among the benefiting departments in accordance with the adopted distribution formula. Under this formula, 60% of the revenue is allocated to Police services, 25% to Fire services, and 15% to Public Works to support ongoing operations, maintenance, and public safety needs.



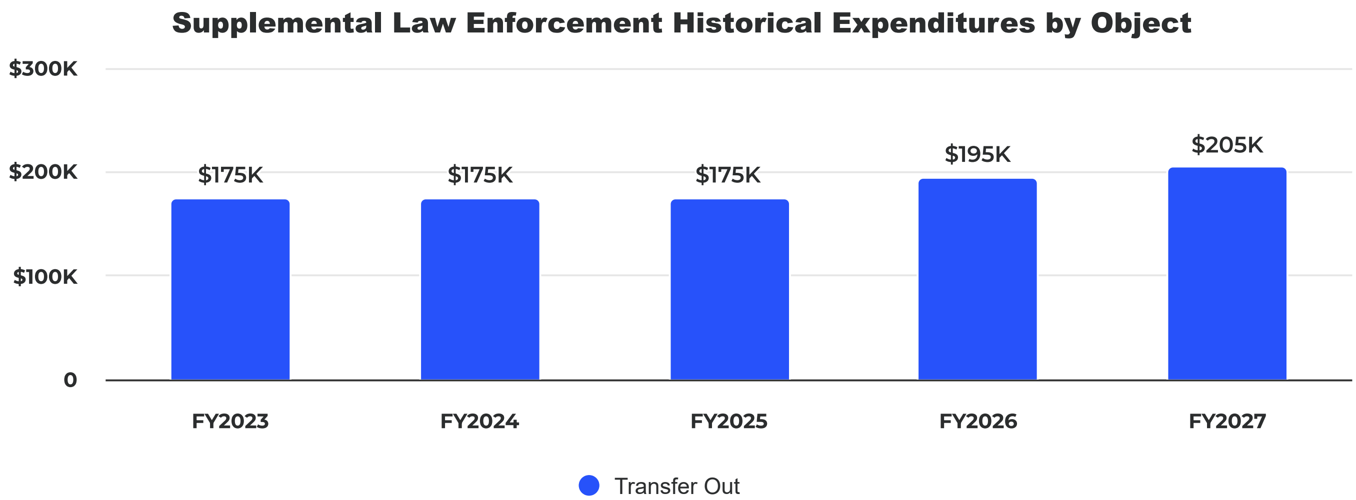
Measure I: Police by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Investment Earnings	$ 31,007	$ 30,800	$ 29,800	-3.2%
Sales and Use Tax	$ 1,259,071	$ 1,249,000	$ 1,275,400	2.1%
Total Revenues	**$ 1,290,078**	**$ 1,279,800**	**$ 1,305,200**	**2.0%**

Supplemental Law Enforcement Services

The Citizens' Option for Public Safety (COPS) program was initially funded in the 1996-1997 California state budget and has been funded yearly since that date. Government Code section 30061 (c) (1) specifies the details of future funding of the COPS program through the Supplemental Law Enforcement Services Fund (SLESF). SLESF funds are grant funds and the enabling legislation mandates that each municipality will receive funds yearly to be spent on "front line law enforcement services."

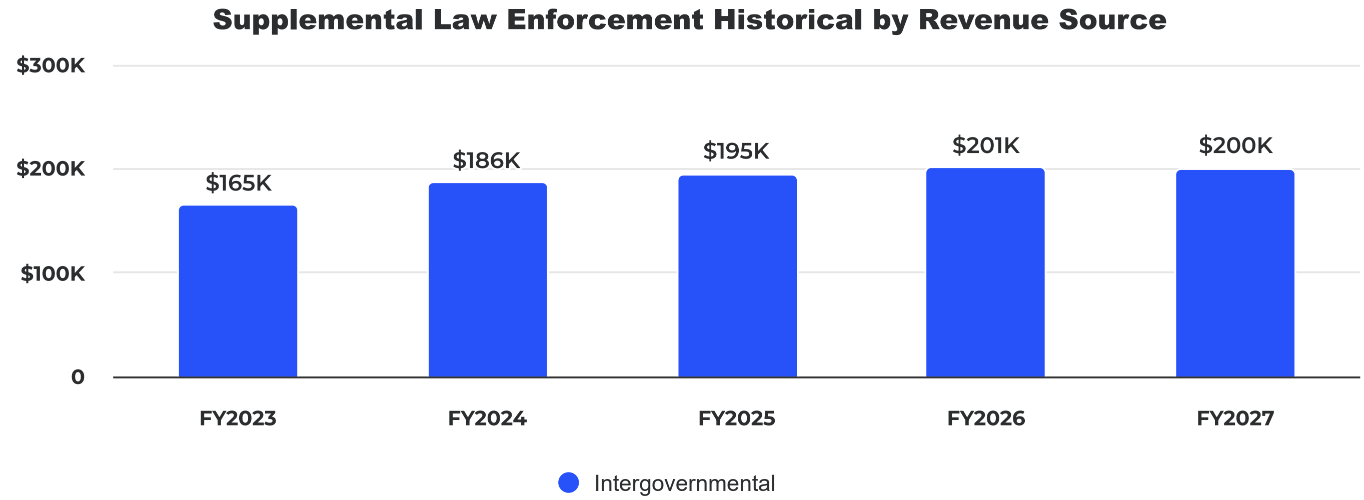
Supplemental Law Enforcement Expenditures by Object



Supplemental Law Enforcement Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Transfer Out	$ 195,000	$ 195,000	$ 205,000	5.1%
Total Expenditures	**$ 195,000**	**$ 195,000**	**$ 205,000**	**5.1%**

Supplemental Law Enforcement by Revenue Source



Supplemental Law Enforcement by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Intergovernmental	$ 201,168	$ 185,000	$ 200,000	8.1%
Total Revenues	**$ 201,168**	**$ 185,000**	**$ 200,000**	**8.1%**

Sonora Fire Department

Brittan Gregory, Fire Chief

Sonora Fire Department – Department Overview

The Sonora Fire Department proudly serves the City of Sonora by providing comprehensive emergency response, fire prevention, public education, and community engagement services. The department is committed to protecting lives, property, and the environment through professional emergency services, proactive risk reduction, and strong partnerships with the community. Sonora firefighters are more than first responders. They are trusted community partners, educators, and public safety professionals who dedicate themselves to serving residents, businesses, and visitors every day.

Operating in a wildland-urban interface (WUI), the City of Sonora faces a heightened risk of fire and other emergencies due to dense vegetation, steep terrain, aging infrastructure, and increasing wildfire activity throughout Tuolumne County and the surrounding Sierra foothills. These environmental and geographic challenges create a complex and high-risk response environment that requires constant preparedness, training, and coordination with regional fire agencies. In this setting, the Sonora Fire Department delivers all-risk, all-hazard emergency services designed to respond quickly and effectively to any type of emergency, including fires, medical incidents, rescues, hazardous materials events, and natural disasters.

The department responds to approximately 2,000 emergency calls annually, reflecting the growing service demand within the City of Sonora and surrounding areas. These calls include structure fires, wildland fires, medical emergencies, vehicle accidents, technical rescues, hazardous materials incidents, public assistance calls, and mutual aid responses to neighboring jurisdictions. Emergency medical calls make up a significant portion of the department’s call volume, requiring firefighters to always maintain a high level of medical training and readiness. Each response requires coordinated teamwork, quick decision-making, and the ability to operate safely in unpredictable and often dangerous conditions.

In addition to emergency response, the Sonora Fire Department places a strong emphasis on fire prevention and community risk reduction. Prevention efforts include fire and life safety inspections, code enforcement, defensible space evaluations, and wildfire preparedness outreach. These proactive efforts help reduce the likelihood of emergencies and improve community resilience. The department is also working to modernize fire prevention operations by digitizing occupancy records, improving inspection tracking, and enhancing compliance with state and local fire codes. By focusing on prevention and preparedness, the department aims to reduce emergency incidents while improving overall community safety.

Community engagement remains a cornerstone of the Sonora Fire Department’s mission. Firefighters actively participate in local events, school programs, and public safety demonstrations, building strong relationships with residents and business owners. Public education programs provide valuable information on fire safety, evacuation planning, fire extinguisher use, defensible space, and emergency preparedness. These efforts not only improve public awareness but also strengthen trust and communication between the fire department and the community it serves. Through these partnerships, the department works to create a safer and more prepared community.

The Sonora Fire Department operates out of a centrally located fire station at 201 South Shepherd Street, which allows for efficient response coverage throughout the city. The department is staffed with 8.8 full-time equivalent personnel, including the Fire Chief, three Fire Captains and three Fire Engineers, supported by intern firefighters, part-time personnel, volunteers, and off-duty staff when available. This staffing model requires flexibility, teamwork, and strong regional coordination to maintain service levels. For larger incidents and major emergencies, the department works closely with neighboring fire agencies through mutual aid and automatic aid agreements, ensuring a coordinated and effective regional response to complex incidents.

Training and professional development are essential components of maintaining operational readiness. Sonora firefighters regularly participate in in-house training, multi-agency exercises, and state certified courses to meet or exceed California State Fire Marshal and NFPA standards. Ongoing training ensures that personnel remain prepared to respond to evolving emergency challenges, including wildfire behavior, medical advancements, hazardous materials incidents, and technical rescue situations. The department is also committed to developing future leaders through structured training and succession planning to ensure long-term organizational stability.

The department continues to pursue improvements in technology, equipment, and operational efficiency to better serve the community. Investments in records management systems, emergency response technology, apparatus maintenance, and firefighter safety equipment help improve response capabilities and accountability. Additionally, the department actively seeks grant funding and cooperative agreements to reduce the financial burden on the City while maintaining high service standards.

As the demand for the fire service continues to grow due to increased call volume, wildfire risk, regulatory requirements, and community expectations, ongoing investment in staffing, training, equipment, and infrastructure is essential. Thanks to continued support from City leadership and the community, the Sonora Fire Department has maintained a high level of service, while adapting to future challenges.

The Sonora Fire Department remains committed to providing professional, reliable, and compassionate emergency services. Through strong leadership, dedicated personnel, and community partnerships, the department will continue to protect lives and property while enhancing the safety, resilience, and quality of life for the City of Sonora and the surrounding region.

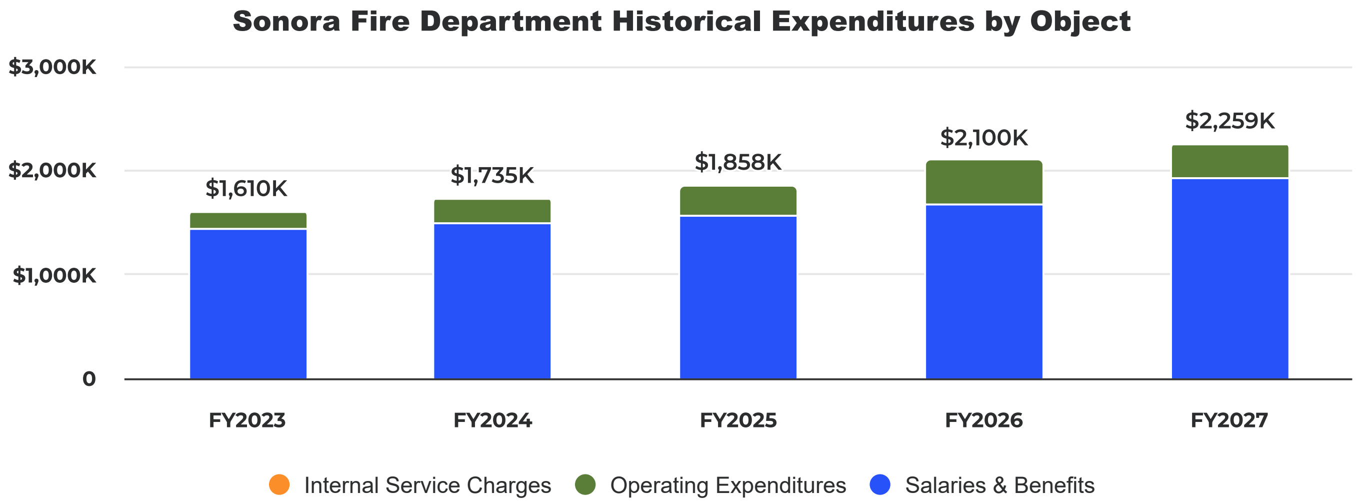
Total Budgeted Full Time Equivalent Employees
Summary Positions by Department

	2022/23 Approved	2023/24 Approved	2024/25 Approved	2025/26 Proposed	2026/27 Proposed
Fire Department					
Fire Chief	1.0	1.0	1.0	1.0	1.0
Fire Captain	3.0	3.0	3.0	3.0	3.0
Fire Engineer	3.0	3.0	3.0	3.0	3.0
Fire Engineer Relief	0.8	0.8	0.8	0.8	0.8
Volunteers	0.3	0.3	0.3	0.3	0.3
Interns	0.1	0.1	0.1	0.1	0.1
Office Assistant	0.6	0.6	0.6	0.6	0.6
Total Department FTE's	8.8	8.8	8.8	8.8	8.8

Approved Fire Department Full Time Equivalent Positions FY2026-27

Sonora Fire Department

Sonora Fire Department Expenditures by Object

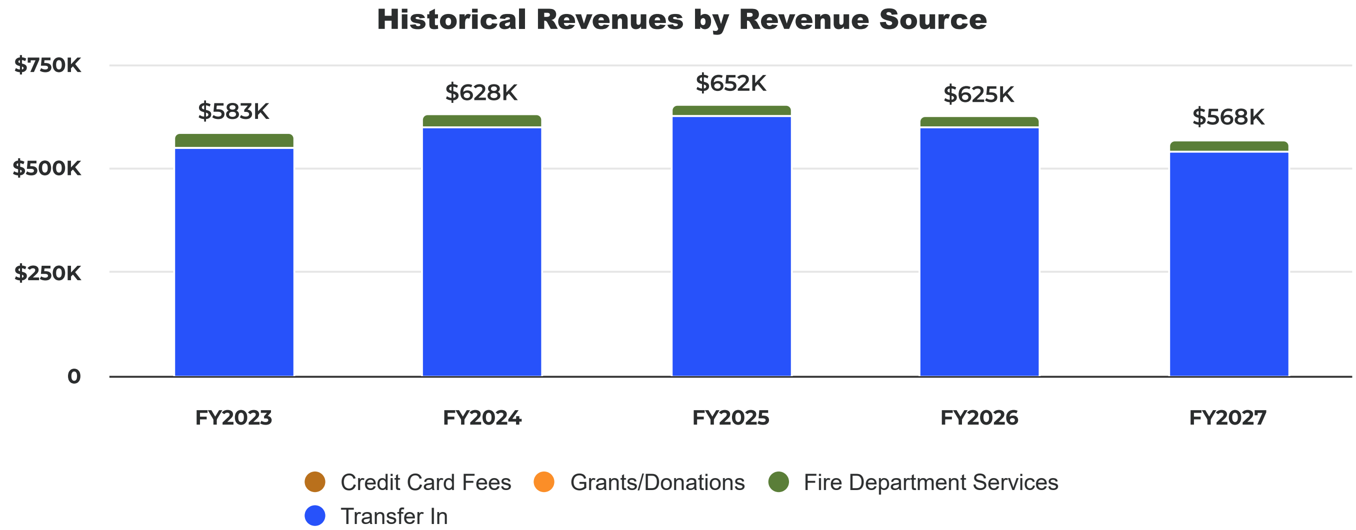


Sonora Fire Department Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 1,674,898	$ 1,751,100	$ 1,928,300	10.1%
Salaries, Regular	$ 720,145	$ 748,000	$ 785,500	5.0%
Overtime	$ 132,682	$ 131,700	$ 140,400	6.6%
Relief/Reserve	$ 21,738	$ 35,000	$ 30,000	-14.3%
Holiday	$ 31,418	$ 30,400	$ 33,400	9.9%
Uniform Allowance	$ 13,225	$ 13,100	$ 13,500	3.1%
Intern Fire	$ 24,511	$ 26,500	$ 31,500	18.9%
CalPERS	$ 386,942	$ 400,500	$ 451,200	12.7%
F.I.C.A.	$ 72,270	$ 78,500	$ 78,700	0.3%
Health & Medical Insurance	$ 165,770	$ 179,600	$ 244,400	36.1%
Workers Compensation	$ 99,600	$ 99,600	$ 108,600	9.0%
Other Employee Benefits	$ 968	$ 1,200	$ 2,100	75.0%
Travel and Trainings	$ 4,920	$ 5,000	$ 7,000	40.0%
Dues, Memberships & Publications	$ 709	$ 2,000	$ 2,000	-
Operating Expenditures	$ 422,587	$ 566,350	$ 326,000	-42.4%
Supplies	$ 6,058	$ 6,500	$ 6,500	-
Safety Supplies	$ 3,102	$ 5,000	$ 5,000	-
Equipment Non Capital	$ 12,742	$ 13,000	$ 5,000	-61.5%
Postage and Shipping	$ 624	$ 1,000	$ 1,000	-
Printing and Forms	$ 216	$ 500	$ 500	-
Rental Equipment	$ 6,045	$ 6,200	$ 6,200	-

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Computer Equipment	-	-	$ 9,000	-
Communications	$ 1,884	$ 2,500	$ 2,500	-
Water and Waste	$ 4,414	$ 5,000	$ 5,000	-
Power and Propane	$ 11,263	$ 17,000	$ 15,000	-11.8%
Transportation Fuel	$ 19,124	$ 22,000	$ 20,000	-9.1%
Internet	$ 2,210	$ 2,250	$ 2,500	11.1%
Outside Services	$ 1,757	$ 2,000	$ 2,000	-
Information Tech Services	$ 1,620	$ 2,000	$ 2,000	-
Pre Employment	$ 4,338	$ 4,500	$ 2,000	-55.6%
General Liability Insurance	$ 131,900	$ 131,900	$ 125,700	-4.7%
Building Equip Maint & Repair	$ 13,692	$ 22,000	$ 7,000	-68.2%
Building Maint and Repair	$ 6,042	$ 124,400	$ 3,500	-97.2%
Equipment Maintenance	$ 87,000	$ 87,500	$ 90,000	2.9%
Radio Maintenance	$ 628	$ 1,000	$ 1,000	-
Facility Enhancement	$ 99,100	$ 101,100	-	-100.0%
Capital Asset: Vehicles	$ 8,000	$ 8,000	$ 12,800	60.0%
Interest Expense	$ 828	$ 1,000	$ 1,800	80.0%
Internal Service Charges	$ 2,404	$ 5,000	$ 5,000	-
Self-Insured Dental	$ 2,404	$ 5,000	$ 5,000	-
Total Expenditures	**$ 2,099,889**	**$ 2,322,450**	**$ 2,259,300**	**-2.7%**

Sonora Fire Department Revenues by Source



Revenues by Revenue Source

Category	FY25/26 Actual		FY25/26 Budget		FY26/27 Budget		FY25/26 Budget vs. FY26/27 Budget (% Change)
Fire Department Services	$	25,134	$	27,000	$	27,000	-
Credit Card Fees	$	100	$	200	$	200	-
Transfer In	$	600,000	$	600,000	$	539,600	-10.1%
Grants/Donations		-	$	1,000	$	1,000	-
Total Revenues	**$**	**625,234**	**$**	**628,200**	**$**	**567,800**	**-9.6%**

Fire Department FY2025/26 Accomplishments

Sonora Fire Department

Accomplishments for FY25/26

FY25/26 Accomplishments	Description
Continue LAFCO application to secure contract for services with Chicken Ranch Tribe. Hire 9 Full-time personnel to open CRFD Fire Station.	Chicken Ranch decided to hire their own staffing. Tribe requested to withdraw from the contract to ensure hiring of personnel when fire station is completed.
Continue to Strengthen the Employee Development Program.	Personal completed development and training to enhance their knowledge, skills and abilities.
Replace U751 with new utility response vehicle.	Replacement of U751 is in process and should be completed before end of fiscal year.
Develop and Implement digital inspection programs.	Partial completion of the digital format to complete inspections in the field (paperless).
Facility Enhancements	Fire Station in scheduled to have exterior repairs and painted.
Technology improvements	EOC is in process of being updated, waiting until complete to review and order necessary equipment.
Complete CDBG Grant	All purchases of the CDBG grant have been completed.
Additional programs	Research on going to provide upgrade EMS services.
Continue Succession planning	Continue succession planning and mentoring for future Fire Department leadership. An internal candidate was hired for the Fire Chief position.
Increase staffing levels	Completed grant applications for 6 Firefighters, 3 inspectors and a full time office staff member. No awards were granted at this time.

FY2025/26 Accomplishments

Fire Department FY2026/27 Goals

Sonora Fire Department
Goals for FY26/27

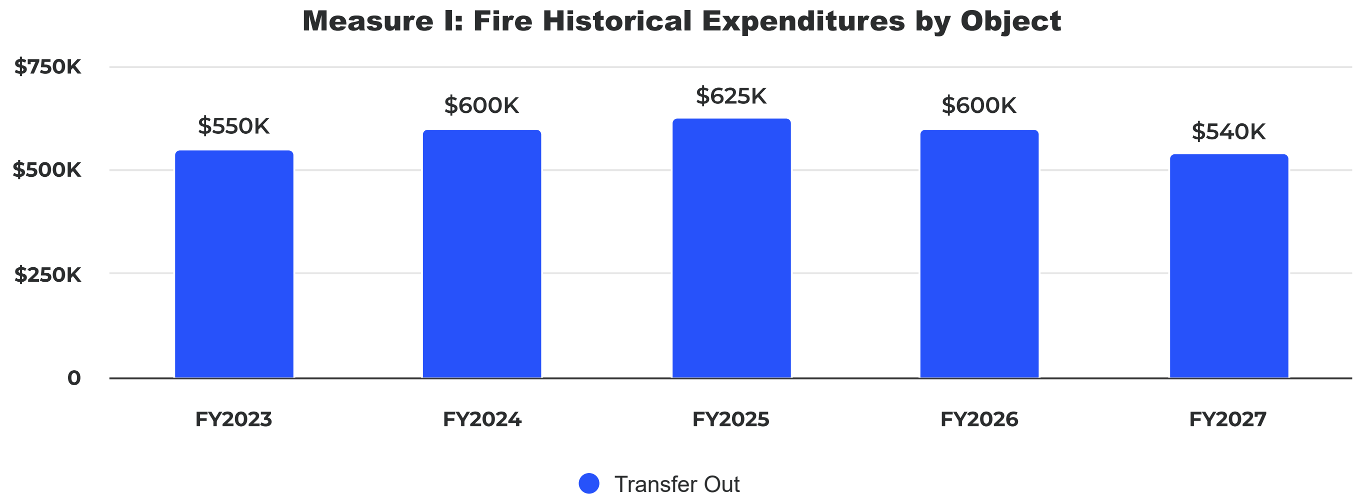
FY26/27 Goals	Description
Training & Professional Development	Develop and implement a comprehensive Training Needs Assessment (TNA) to identify and address the long-term training needs of all staff. Meet or exceed California State Fire Marshal and NFPA training standards while supporting firefighter and officer development, including structured succession training for all personnel. Implement a multi-agency training plan with monthly joint training exercises to enhance interoperability and operational readiness. (Council Priorities #59,60,67)
Fire Prevention & Community Risk Reduction	Reduce community risk through proactive inspections, code enforcement, public education, and wildfire preparedness initiatives. Complete the build-out of all occupancies within the fire prevention software and digitize legacy records to improve efficiency, accuracy, and compliance (multi year process). Partner with residents and community organizations to expand Firewise communities and implement the updated defensible space ordinance to enhance wildfire resilience. (Council Priority #62)
Equipment, PPE & Apparatus	Develop and implement a department-wide decontamination (Decon) policy for all staff to reduce exposure to hazardous substances and carcinogens. Evaluate and plan for the transition to Per- and polyfluoroalkyl substances (PFAS) free personal protective equipment (PPE) as compliant options become available to enhance firefighter health and safety. Improve apparatus maintenance efficiency by exploring a contract with a local fire mechanic to perform annual in-house maintenance, reducing staff hours, minimizing apparatus wear and tear, and decreasing downtime associated with out-of-area maintenance. (Council Priorities #30, 70)
Technology & Data Management	Upgrade and maintain fire department technology systems to improve operational efficiency, data accuracy, and accountability. Continue to invest in records management, incident reporting, and field technology to support NERIS compliance, enhance situational awareness, and enable data-driven decision-making. (Council Priorities #30, 73, 119)
Facility Enhancements	Complete fire station improvements, including kitchen stove replacement, station painting, obtaining and finalizing project quotes, and completing roof replacement to ensure the facility remains safe, functional, and well-maintained for daily operations and long-term use. (Council Priority #70)
Establish social media to enhance communication, transparency, and public engagement.	Establish official department social media accounts to increase transparency, improve community engagement, and provide a reliable platform for sharing important safety information, emergency updates, fire prevention messaging, and department activities with the public. (Council Priority #120,124)
Regional Internship program with Columbia College and all Tuolumne County Fire agencies	Develop and implement a Tuolumne County regional firefighter internship program that creates a structured pathway for students to gain hands-on fire service experience while supporting local fire departments with staffing and workforce development. (Council Priority #109)
Increase staffing levels only when supported by external funding sources, with no expansion of General Fund obligations.	Apply for AFG and SAFER grants to increase staffing levels in operations, fire prevention, and office/clerical support. Increased staffing will enhance emergency response capabilities, improve fire prevention and community risk reduction efforts, and strengthen administrative support, ultimately assisting in suppression and mitigation efforts throughout the department. (Council Priorities #67,71,72)
Establish a Fire Investigation Unit (FIU) in partnership with Sonora Police Department.	The Fire and Police Department intend to establish a specialized team responsible for investigating fires and incidents suspected to be criminal in nature. Currently, city departments rely on state partners for forensic evidence collection and to determine the origin and cause of fires. To address this, our goal is to train and certify two members from each department to form a Fire Investigation Unit (FIU). This internal team will handle case-specific search warrants and work directly with prosecutors on investigations involving serious bodily injury or death. This certification will take a couple of years to complete due to the required classes and the associated task book. (Council Priority #123)
Fiscal Responsibility & Grant Funding	Manage resources responsibly while actively pursuing external funding opportunities, including FEMA, State, and other grant programs. This includes identifying eligible projects, aligning City priorities with available funding sources, and preparing competitive grant applications to maximize outside revenue. (Council Priority #48)

FY2026/27 Goals

Measure I: Fire Department

The Measure I fund was established as a result of a sales tax which took effect January 1, 2005. In 2004, the voters passed a special tax initiative for a one-half percent (½%) increase to sales tax within the City limits. The purpose of this initiative was to improve City services for residents, businesses, and visitors to the City of Sonora. The Fire Department receives twenty-five percent (25%) of this revenue for the purpose of hiring and supporting additional personnel, updating safety equipment, providing educational funding, replacing expired vehicles, and expanding facilities, allowing for departmental growth. The budgeted amount is transferred from the Special Revenue Fund to support the General Fund expenses in this department.

Measure I: Fire Expenditures by Object

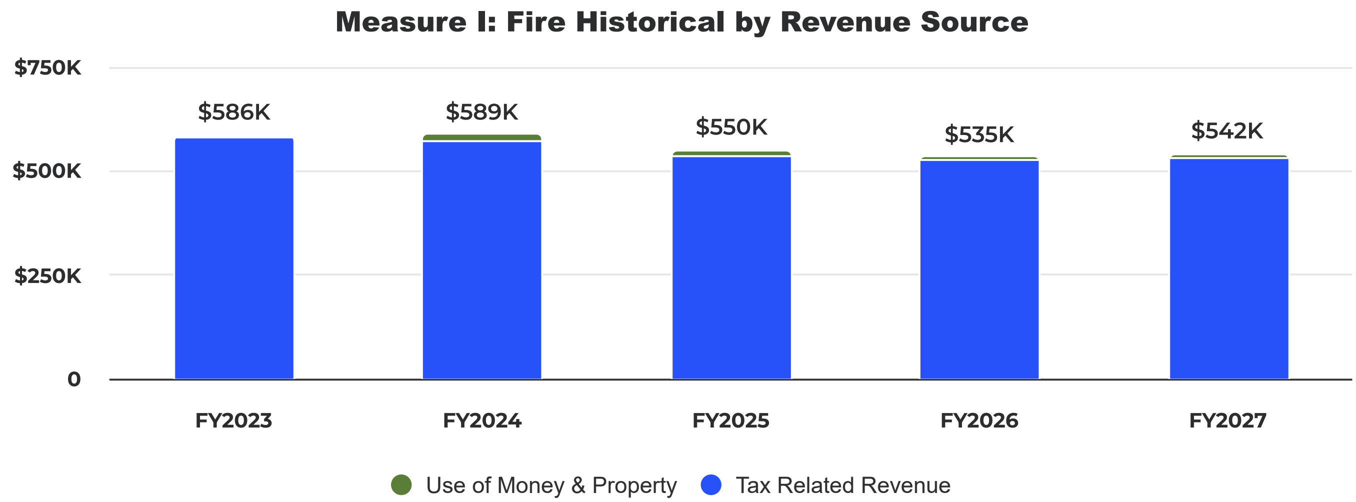


Measure I: Fire Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Transfer Out	$ 600,000	$ 600,000	$ 539,600	-10.1%
Total Expenditures	**$ 600,000**	**$ 600,000**	**$ 539,600**	**-10.1%**

Measure I: Fire by Revenue Source

Measure-I Sales Tax revenue is generated from the 1/2% local sales tax approved by voters. The total revenue collected is allocated among the benefiting departments in accordance with the adopted distribution formula. Under this formula, 60% of the revenue is allocated to Police services, 25% to Fire services, and 15% to Public Works to support ongoing operations, maintenance, and public safety needs.



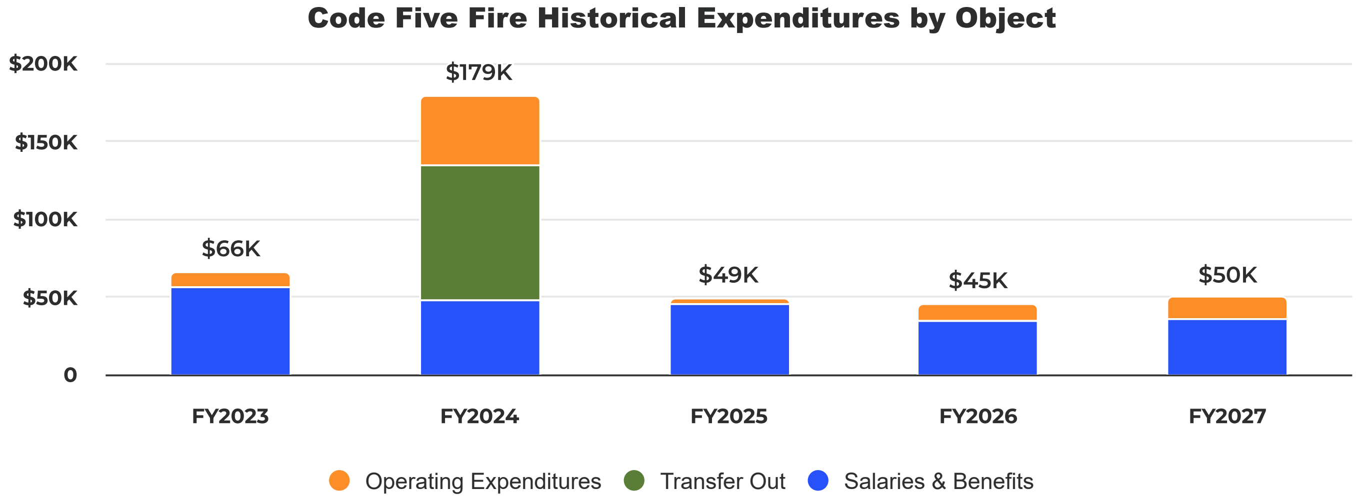
Measure I: Fire by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Tax Related Revenue	$ 524,612	$ 520,400	$ 531,500	2.1%
Use of Money & Property	$ 10,478	$ 10,100	$ 10,000	-1.0%
Total Revenues	**$ 535,090**	**$ 530,500**	**$ 541,500**	**2.1%**

Code Five Fire

The City of Sonora's Fire Department participates in the statewide California Firefighter Assistance Agreement (CFAA) and the local Tuolumne County Assistance by Hire Agreement (ABH). These agreements allow fire agencies to participate in a statewide mutual aid assistance program and receive reimbursement for the cost of sending equipment and personnel. Both the revenues and expenditure budgets are dependent on the activity of the coming fire season.

Code Five Fire Expenditures by Object



Code Five Fire Expenditures by Object

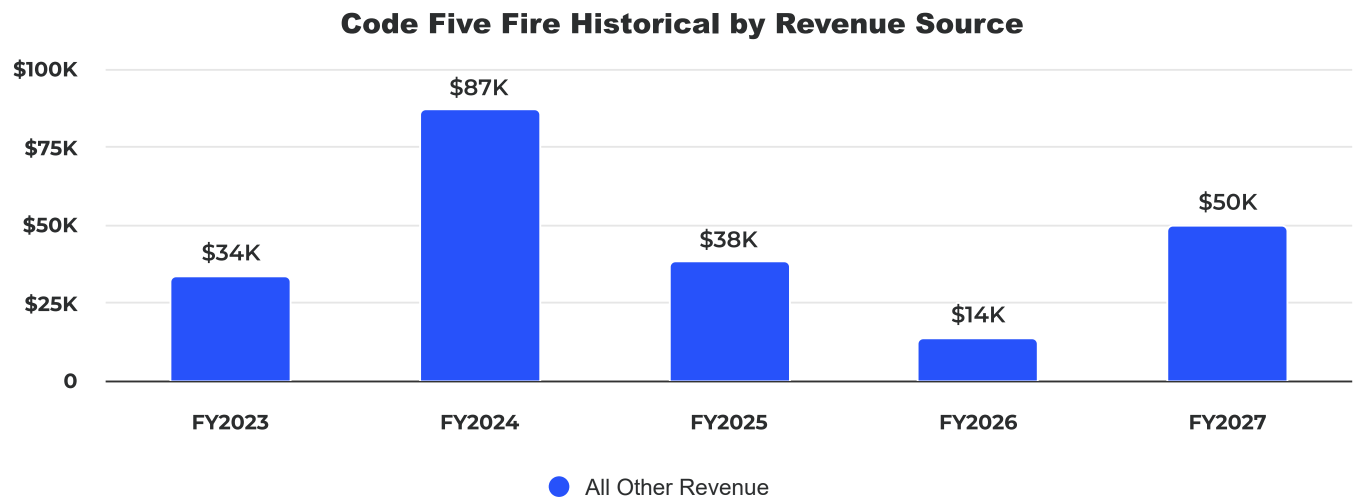
Category		FY25/26 Actual		FY25/26 Budget		FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$	34,765	$	71,650	$	35,300	-50.7%
Operating Expenditures	$	10,593	$	13,700	$	14,700	7.3%
Total Expenditures	**$**	**45,358**	**$**	**85,350**	**$**	**50,000**	**-41.4%**

Code Five Fire by Revenue Source

Code 5 Fire Revenues represent reimbursement received for the deployment of City fire personnel and equipment to wildland and all-risk incidents throughout California under the State's mutual aid system.

When the City's Fire Department is requested to assist with incidents outside the City, personnel and apparatus are assigned to these deployments and associated costs are reimbursed in accordance with established rate agreements.

Revenue received from these deployments is deposited into the fire fund and is used to support Fire Department operations, including the purchase and replacement of fire equipment, apparatus, and related supplies. These funds help offset operational impacts associated with deployments and enhance the Department's overall readiness and response capabilities.



Code Five Fire by Revenue Source

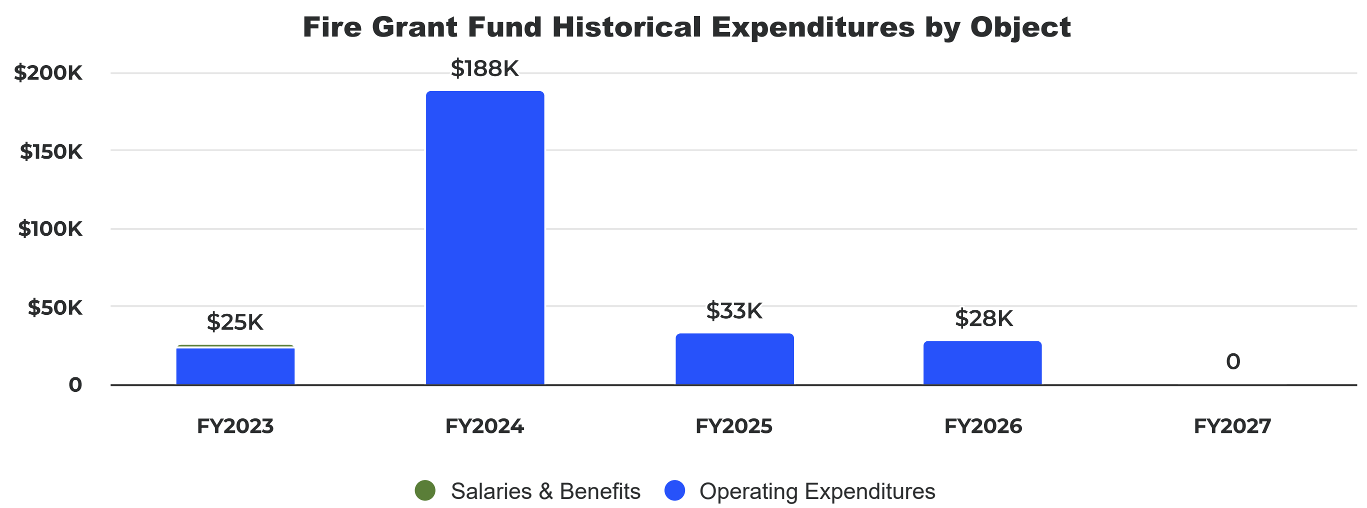
Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
All Other Revenue	$ 13,815	$ 63,815	$ 50,000	-21.6%
Total Revenues	**$ 13,815**	**$ 63,815**	**$ 50,000**	**-21.6%**

Fire Grant Fund

The City of Sonora Fire Department actively pursues grant funding to support and enhance its operations, personnel, and equipment. The Fire Grant Fund is used to track the revenues and expenditures associated with these grant awards, which play a critical role in supplementing limited local resources.

The Department has demonstrated continued success in securing external funding and remains aggressive in identifying and applying for new grant opportunities at the state and federal level. In FY2026/27, the Fire Department will continue to proactively seek grant funding to improve service delivery, maintain readiness, and invest in critical equipment and training needs.

Fire Grant Fund Expenditures by Object



Fire Grant Fund Expenditures by Object

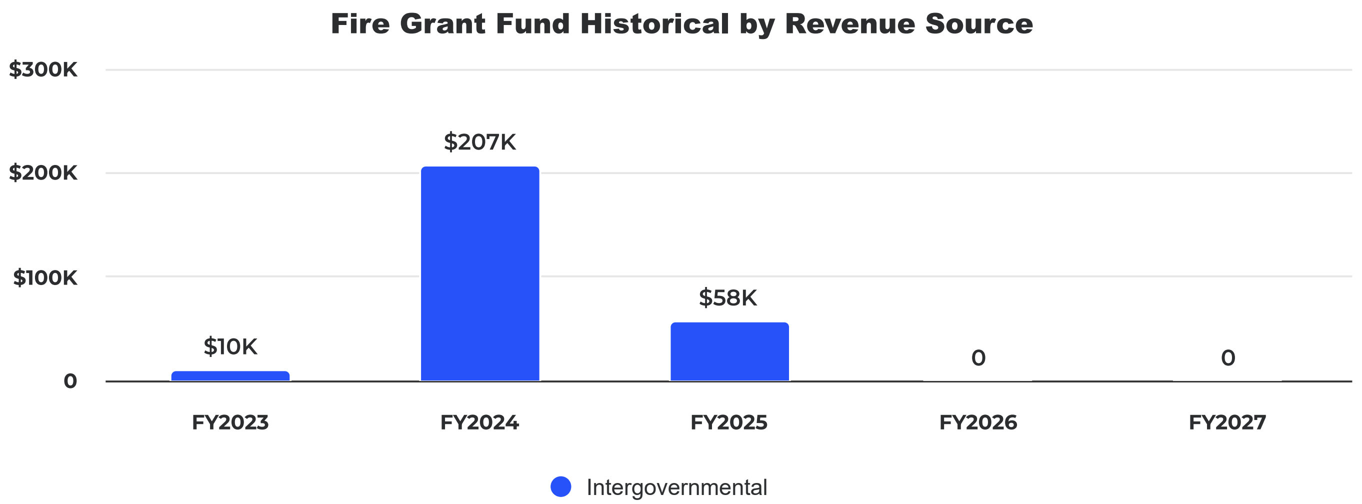
Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Operating Expenditures	$ 27,714	$ 35,000	-	-100.0%
Total Expenditures	**$ 27,714**	**$ 35,000**	**-**	**-100.0%**

Fire Grant Fund by Revenue Source

The Fire Department Grant Fund is used to account for revenues and expenditures associated with grant funding awarded to the City's Fire Department. These grants are secured through various federal, state, and local programs and are intended to support specific projects, equipment purchases, training, and operational enhancements.

This fund provides a mechanism to track grant revenues separately from other funding sources, ensuring proper accounting, reporting, and compliance with grant requirements. Expenditures are restricted to the purposes outlined in each grant award and are monitored to ensure alignment with applicable guidelines and timelines.

The establishment of this fund enhances transparency and accountability, while supporting the Fire Department's ability to pursue and manage successful grant opportunities that improve service levels and operational readiness.



Fire Grant Fund by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Intergovernmental	-	$ 70,000	-	-100.0%
Total Revenues	**-**	**$ 70,000**	**-**	**-100.0%**

Public Works Department

The Public Works Department is responsible for maintaining the City's infrastructure and facilities, including streets, storm drainage systems, public buildings, parks, parking lots, the Mountain Shadow Cemetery, and the City-owned Opera Hall. The Department is committed to providing a high level of service with available staff and resources, ensuring safe, reliable, and well-maintained public assets for residents and visitors. Public Works works collaboratively with the community to identify and address maintenance needs and infrastructure improvements.

The General Fund provides the majority of the Department's funding, supplemented by a dedicated transfer from the Measure I Fund, which contributes fifteen percent (15%) of all Measure I revenues to support ongoing maintenance and infrastructure activities.

Total Budgeted Full Time Equivalent Employees
Summary Positions by Department

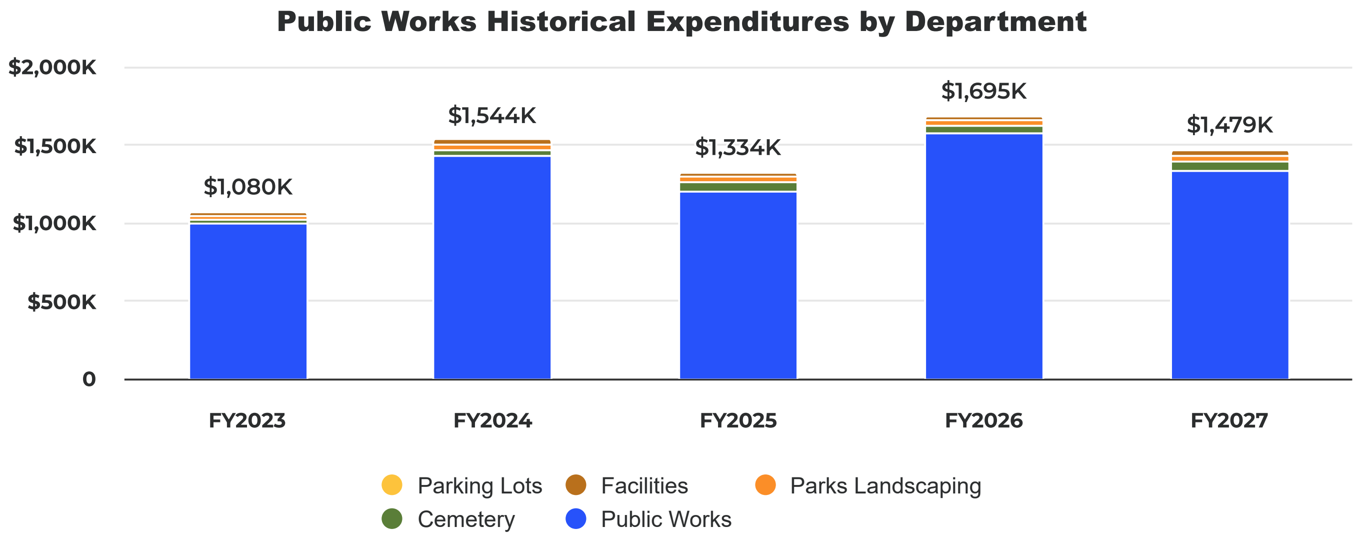
	2022/23 Approved	2023/24 Approved	2024/25 Approved	2025/26 Proposed	2026/27 Proposed
Public Works					
Public Works Director	0.0	0.0	0.0	0.0	0.0
Public Works Supervisor	1.0	1.0	1.0	1.0	1.0
Public Works Specialist I/II	3.0	3.0	4.0	4.0	4.0
Public Works Assistant	2.0	2.0	1.0	1.0	1.0
Total Department FTE's	6.0	6.0	6.0	6.0	6.0

Approved Public Works Full Time Equivalent Positions FY2026-27

Public Works Department

Public Works Expenditures by Department

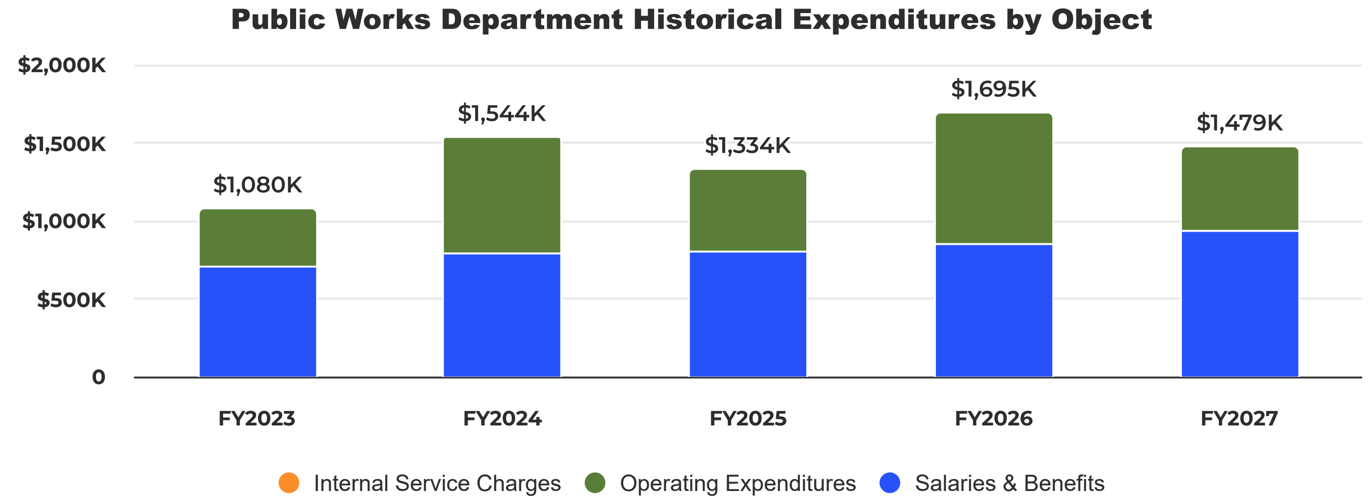
The Public Works budget is lower in the current fiscal year compared to the prior year primarily due to one-time funding included in the previous budget for several maintenance and improvement projects. These projects addressed deferred maintenance and infrastructure needs and were funded on a nonrecurring basis. With those one-time allocations completed or underway, the current year's budget reflects a return to baseline funding levels necessary to support ongoing operations, routine maintenance, and core Public Works services.



Public Works Expenditures by Department

Category	FY25/26 Actual		FY25/26 Budget		FY26/27 Budget		FY25/26 Budget vs. FY26/27 Budget (% Change)
Public Works	$	1,572,464	$	1,934,950	$	1,327,550	-31.4%
Facilities	$	29,359	$	35,800	$	35,650	-0.4%
Parks Landscaping	$	36,177	$	40,500	$	39,900	-1.5%
Parking Lots	$	14,585	$	17,500	$	17,500	-
Cemetery	$	42,172	$	58,800	$	58,300	-0.9%
Total Expenditures	**$**	**1,694,757**	**$**	**2,087,550**	**$**	**1,478,900**	**-29.2%**

Public Works Department Expenditures by Object



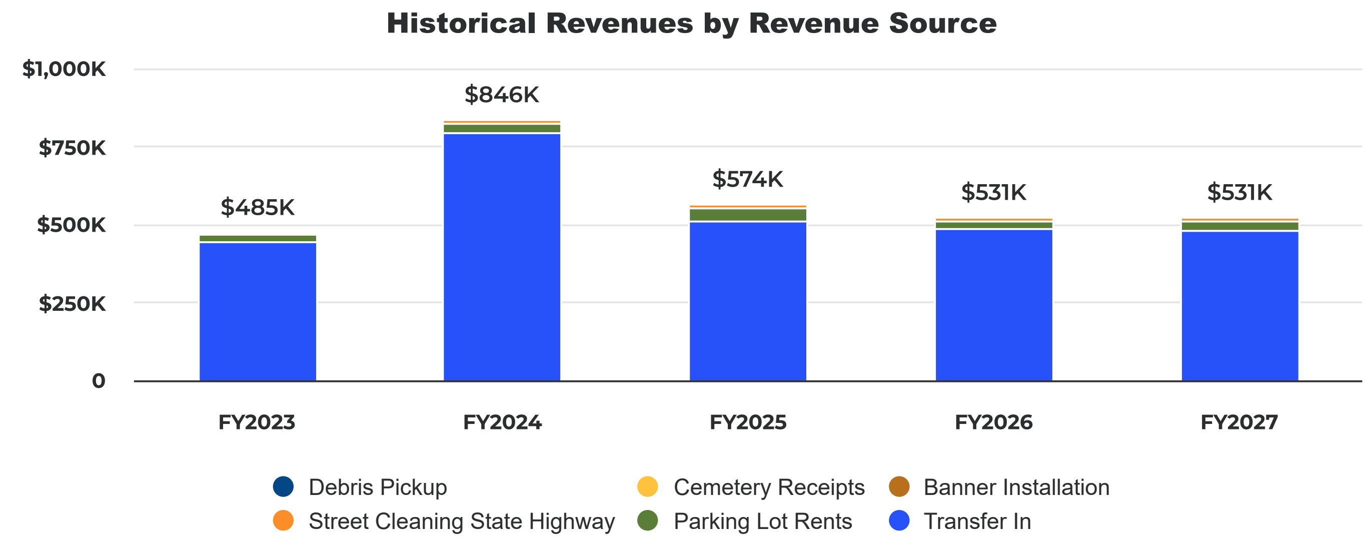
Public Works Department Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Salaries & Benefits	$ 854,246	$ 906,850	$ 931,050	2.7%
Salaries, Regular	$ 383,349	$ 401,900	$ 373,800	-7.0%
Overtime	$ 5,290	$ 6,500	$ 6,500	-
Uniform Allowance	$ 4,941	$ 5,700	$ 5,700	-
CalPERS	$ 248,286	$ 265,000	$ 297,700	12.3%
F.I.C.A.	$ 28,680	$ 31,500	$ 29,000	-7.9%
Health & Medical Insurance	$ 89,755	$ 100,400	$ 115,100	14.6%
Workers Compensation	$ 90,200	$ 90,200	$ 97,600	8.2%
Other Employee Benefits	$ 2,351	$ 3,900	$ 3,900	-
Travel and Trainings	$ 880	$ 1,000	$ 1,000	-
Dues, Memberships & Publications	$ 514	$ 750	$ 750	-
Operating Expenditures	$ 839,395	$ 1,177,700	$ 544,850	-53.7%
Supplies	$ 7,600	$ 9,200	$ 8,950	-2.7%
Safety Supplies	-	$ 7,500	$ 7,500	-
Materials Street	$ 7,444	$ 15,500	$ 15,500	-
Equipment Non Capital	$ 12,772	$ 31,000	$ 15,000	-51.6%
Landscape Materials	$ 4,245	$ 8,000	$ 8,000	-
Signage	$ 5,751	$ 10,000	$ 10,000	-
Rental Equipment	$ 288	$ 1,000	$ 500	-50.0%
Communications	$ 2,107	$ 2,500	$ 2,500	-
Water and Waste	$ 47,199	$ 48,300	$ 48,100	-0.4%
Power and Propane	$ 7,567	$ 14,100	$ 11,400	-19.1%

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Transportation Fuel	$ 17,112	$ 25,000	$ 20,000	-20.0%
Street Lighting Power	$ 74,865	$ 88,700	$ 85,700	-3.4%
Street Lighting Maintenance	$ 4,924	$ 12,500	$ 12,500	-
Internet	$ 4,158	$ 4,200	$ 4,500	7.1%
Outside Services	$ 13,631	$ 27,700	$ 23,000	-17.0%
Pre Employment	$ 436	$ 2,000	$ 1,000	-50.0%
General Liability Insurance	$ 107,953	$ 120,900	$ 113,900	-5.8%
Building Equip Maint & Repair	$ 4,538	$ 8,200	$ 6,000	-26.8%
Building Maint and Repair	$ 6,300	$ 90,000	$ 10,700	-88.1%
Equipment Maintenance	$ 61,939	$ 64,000	$ 64,000	-
Storm Drain Projects	$ 53,571	$ 56,000	-	-100.0%
Road Maintenance	$ 185,111	$ 258,000	-	-100.0%
Capital Asset: Vehicles	$ 20,460	$ 21,600	$ 25,100	16.2%
Property Taxes	$ 1,310	$ 1,000	$ 1,400	40.0%
Interest Expense	$ 3,751	$ 3,800	$ 4,600	21.1%
Vegetation/Fuel Reduction	$ 47,363	$ 47,000	$ 45,000	-4.3%
All Other Infrastructure Maintenance	-	$ 45,000	-	-100.0%
Slope and Erosion Control	$ 137,000	$ 155,000	-	-100.0%
Internal Service Charges	$ 1,116	$ 3,000	$ 3,000	-
Self-Insured Dental	$ 1,116	$ 3,000	$ 3,000	-
Total Expenditures	**$ 1,694,757**	**$ 2,087,550**	**$ 1,478,900**	**-29.2%**

Public Works Department by Revenue Source

The Public Works Department is primarily funded through a transfer from the Measure I Fund, which is supported by a voter-approved 1/2% sales tax adopted in 2004 to maintain and improve the City's streets and infrastructure. In addition to Measure I, the Department generates revenue from service-related sources, including parking lot rents, State highway street cleaning reimbursements, banner installation fees, and debris pickup services. Together, these revenues fund approximately 37% of the Department's operations, with the remaining costs supported by General Fund contributions to ensure the continued delivery of essential maintenance and infrastructure services.



Public Works Department by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Street Cleaning State Highway	$ 9,276	$ 9,400	$ 10,000	6.4%
Debris Pickup	$ 2,500	$ 3,200	$ 3,200	-
Banner Installation	$ 5,600	$ 4,000	$ 6,000	50.0%
Transfer In	$ 483,000	$ 483,000	$ 479,100	-0.8%
Parking Lot Rents	$ 27,424	$ 33,000	$ 30,000	-9.1%
Cemetery Receipts	$ 3,200	$ 3,000	$ 2,900	-3.3%
Total Revenues	**$ 531,000**	**$ 535,600**	**$ 531,200**	**-0.8%**

Public Works Goals and Accomplishments

Public Works
FY2025/26 Accomplishments and FY2026/27 Goals

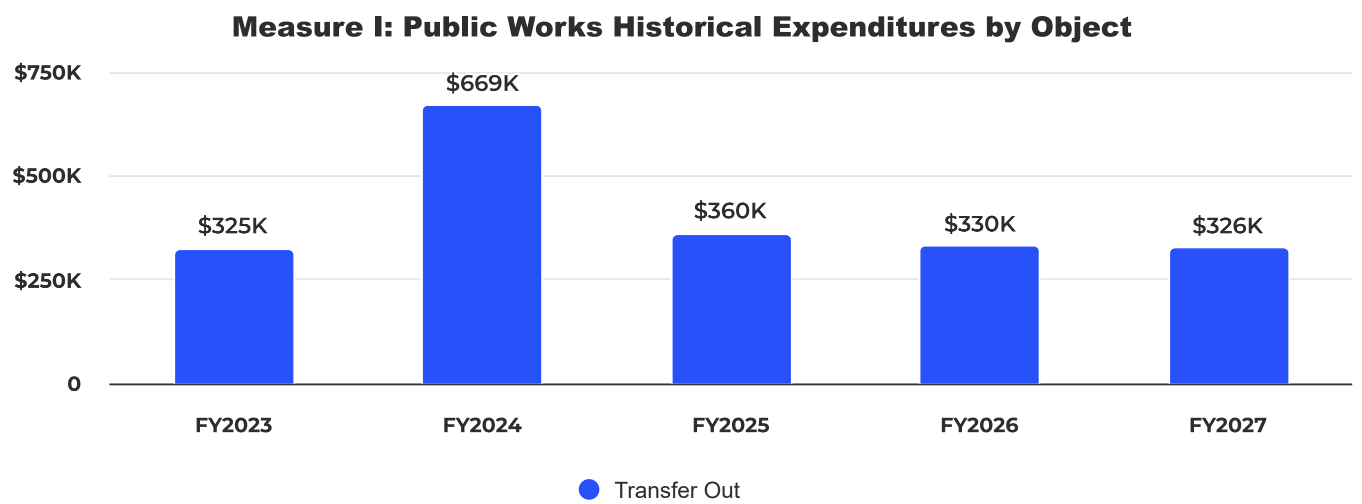
FY25/26 Accomplishments	FY26/27 Goals
O **Facilities Improvements:** Installed new LED lights with dimmers, painted, repaired balcony and gutter, installed new Chandelier at Opera Hall; Replaced city-owned streetlights with LED bulbs; Updated outside lights to LED at the Fire House; Upgraded City Hall lights to LED; Installed gate (w/ Pin Code) for Pickleball Court; Maintenance of City Cemeteries (Council Priorities #21, 35, 63)	O **Facilities Improvements:** Maintain and Improve City owned Facilities, ongoing; Pressure wash sidewalks and trash cans; Improve and expand sweeping operations (City Council Priorities #14, 26, 35, 101)
O **Dragoon Gulch Trail:** Installed automatic gate at the Dragoon Gulch trail head (Alpine Lane) (Council Priority #26)	O **Annual Street Repairs and Maintenance:** Annual potholing and Hot AC street repairs; Street Sign Replacement Project (Council Priorities #11, 26, 112)
O **Annual Street Repairs and Maintenance:** Annual potholing and Hot AC street repairs: (Council priority #26)	O **Replace Trucks in PW Fleet:** Replace Public Works truck, continuing; Update Fleet Logos in Public Works (Council priority #26, 27, 30, 58)
O **Replace Trucks in PW Fleet:** Replaced 2nd Public Works truck, continuing: (Council priority #26, 27, and 30)	O **ADA and Trip Hazard Improvement Program:** Sidewalk ADA/trip hazard improvement program, ongoing; Street Markings improvements. (Council Priorities #26, 108)
O **ADA and Trip Hazard Improvement Program:** Sidewalk ADA/trip hazard improvement program, ongoing; Street Markings improvements; Installed ADA ramp in Coffill Park off Green Street (Council Priorities #26, 108)	O **Staff Training:** Continue training and certification(s) for Public Works employees, ongoing. (Council Priority #123)
O **Citywide Safety Improvements:** Curb repairs in the downtown area; Repaired and replaced damaged storm drain lids; Repair guard rails; Installed enhanced PED crossing at Stewart-Shepherd, Linoberg-Stewart, Theall-Stewart, Theall-Shepherd; Placed barriers to protect pedestrians from trash bin/cart encroachment on Stewart Street; Installed new informational/directional signage; Parking Stall Striping, various locations. (Council Priorities #5, 14, 22, 26, 100, 101, 103)	O **Citywide Safety Improvements:** Curb repairs in the downtown area; Repaired and replaced damaged storm drain lids; Repair guard rails; Installed enhanced PED crossing at Stewart-Shepherd, Linoberg-Stewart, Theall-Stewart, Theall-Shepherd; Placed barriers to protect pedestrians from trash bin/cart encroachment on Stewart Street; Installed new informational/directional signage; Parking Stall Striping, various locations. (Council Priorities #5, 14, 22, 26, 100, 101, 103)
O **Vegetation Removal Project:** Annual weed spraying abatement, ongoing; Maintenance of City owned trees and landscaping. (Council Priorities #10, 101)	O **Vegetation Removal Project:** Annual weed spraying abatement, ongoing; Maintenance of City owned trees and landscaping; Trim and or remove brush and trees from the city right of way. (Council Priorities #10, 101)

Measure I: Public Works

The Measure I fund was established as a result of a sales tax which took effect January 1, 2005. In 2004, the voters passed a special tax initiative for a 1/2% sales tax within the City limits. The purpose of this initiative was to improve City services for residents, businesses, and visitors to the City of Sonora. The Public Works Department receives fifteen percent (15%) of this revenue for the purpose of hiring additional employees and support personnel, updating equipment, replacing expired vehicles. The budgeted amount is transferred from the Special Revenue Fund to support the General Fund expenses in this department.

Measure I: Public Works Expenditures by Object

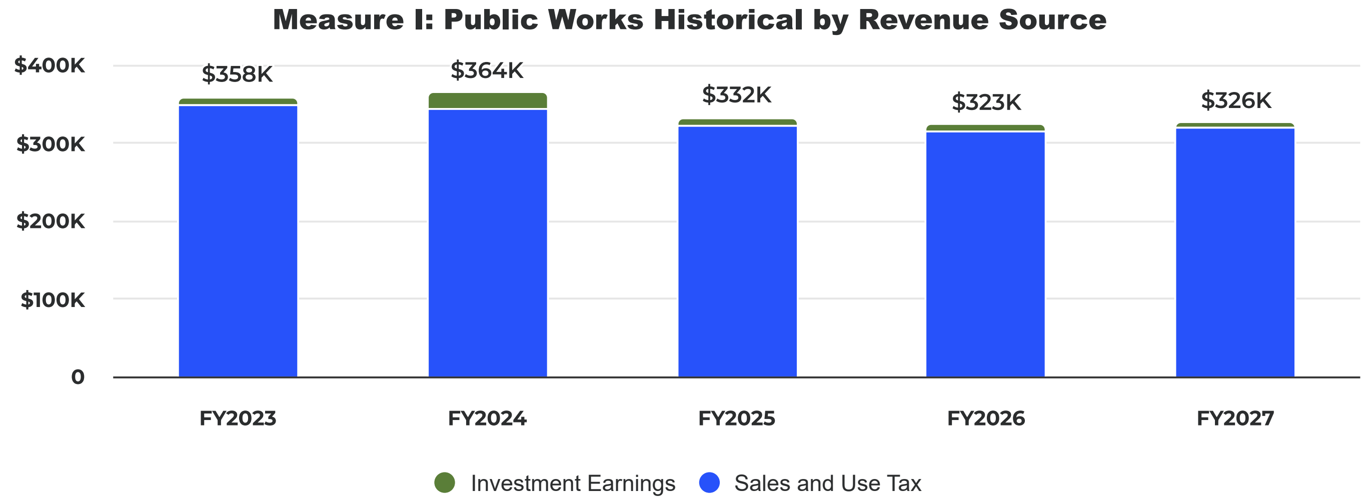
In FY2023/24, the City used Public Works Measure I funds to purchase a new Street Sweeper.



Measure I: Public Works Expenditures by Object

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Transfer Out	$ 330,000	$ 330,000	$ 326,100	-1.2%
Total Expenditures	**$ 330,000**	**$ 330,000**	**$ 326,100**	**-1.2%**

Measure I: Public Works by Revenue Source



Measure I: Public Works by Revenue Source

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Investment Earnings	$ 8,611	$ 8,900	$ 7,200	-19.1%
Sales and Use Tax	$ 314,768	$ 312,200	$ 318,900	2.1%
Total Revenues	**$ 323,379**	**$ 321,100**	**$ 326,100**	**1.6%**

FUNDING SOURCES

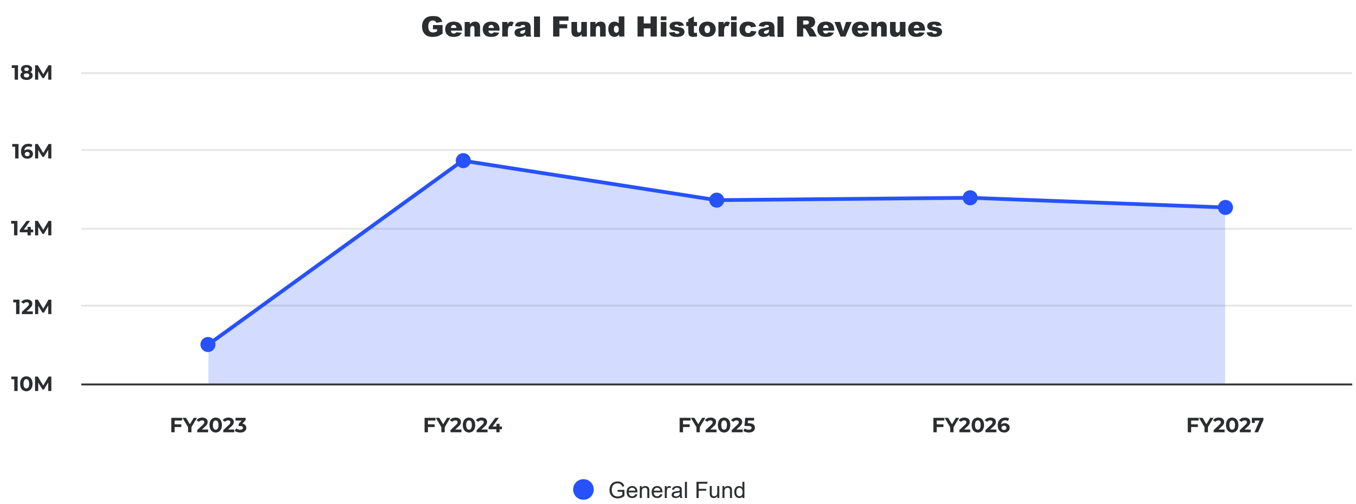
General Fund Revenues

The General Fund is the operating fund of the City and is used to support general government services that are not legally restricted to other funding sources. It finances the core functions, including police and fire services, public works, community development, code enforcement, administration, finance, human resources, and general government operations. The General Fund is supported by discretionary revenues, meaning the City Council has the authority to allocate these funds based on community needs and policy priorities. Major revenue sources include property taxes, sales taxes, public benefit fees, franchise fees, transient occupancy tax (TOT), and a variety of user fees charged for city services. These revenues are critical to maintaining the City's essential services and ensuring operational stability. For FY2026/27, the City is anticipating approximately $14.52M in General Fund revenues.

General Fund Revenues by Fund

Revenues reflect a notable one-time peak in FY2023/24, driven by a catch-up contribution associated with the initial implementation of Measure Y. Beginning in FY2024/25 and continuing into FY2026/27, revenues are projected to level off with minimal organic growth.

While stability may sound appealing, flat revenues present a structural challenge for a small city. Expenditures, particularly on personnel, materials, and contracted services, tend to rise annually, and recent inflationary pressures have only accelerated that trend. In practical terms, holding revenues steady while costs increase is less "steady as she goes" and more "quietly losing ground." Absent new revenue sources or adjustments, this dynamic places increasing strain on the General Fund and limits the City's ability to maintain service levels over time.



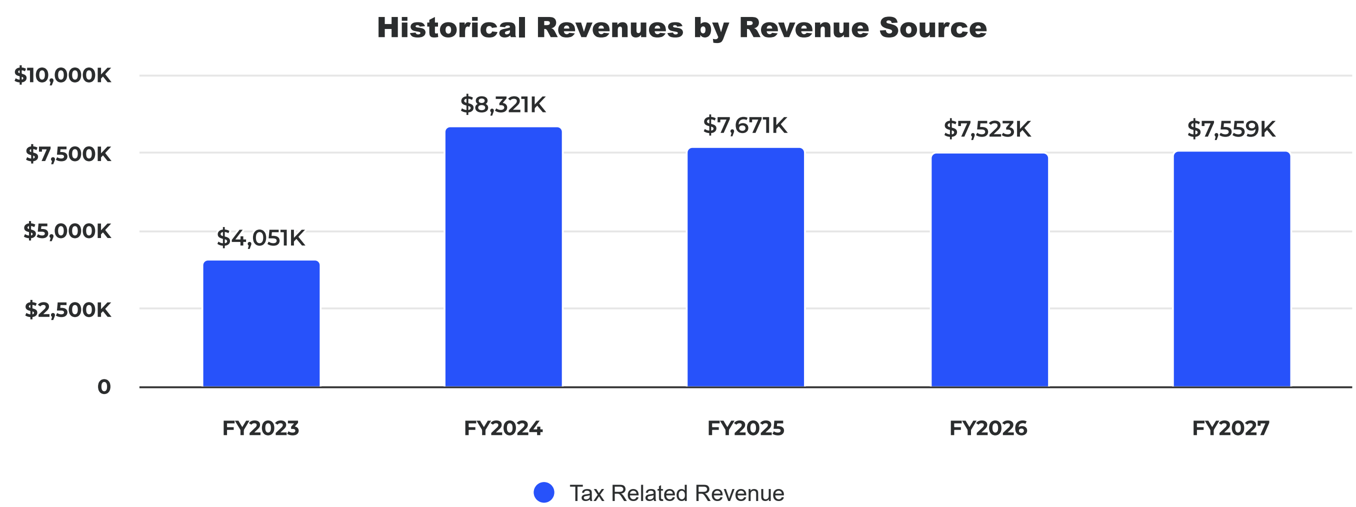
Sales and Use Tax

FY2026/27 represents the fourth full year of Measure Y revenues for the City, which has become the largest single revenue source supporting the General Fund. Prior to the implementation of Measure Y, General Fund revenues in FY2022/23 were notably lower, reflecting the absence of this voter-approved funding source. Since its adoption, Measure Y has provided critical ongoing revenue to stabilize the City's finances and support essential services. In FY2026/27, the City anticipates approximately $4.2M in Measure Y revenues.

The Bradley-Burns Local Sales and Use Tax is the second-largest revenue source for the General Fund, accounting for approximately 23% of total General Fund revenues in FY2026/27, with projected revenues of $3.4M. This revenue source remains an important indicator of local economic activity and continues to provide significant support for core City services.

In total, the City expects to receive approximately $7.56M in total General Fund Sales Tax, or 52.05% of total General Fund Revenues for FY2026/27.

Sales and Use Tax Revenues



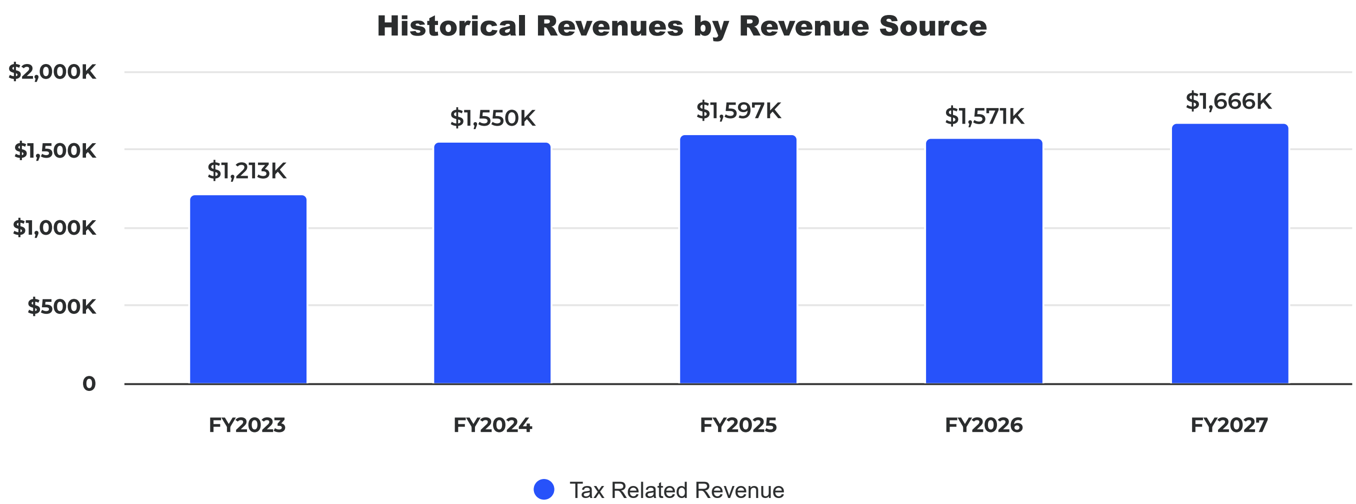
Sales and Use Tax Revenues

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Tax Related Revenue	$ 7,522,574	$ 7,478,600	$ 7,559,200	1.1%
Sales and Use Tax	$ 3,257,974	$ 3,281,900	$ 3,358,000	2.3%
Transaction and Use Tax (Measure Y)	$ 4,264,600	$ 4,196,700	$ 4,201,200	0.1%
Total Revenues	**$ 7,522,574**	**$ 7,478,600**	**$ 7,559,200**	**1.1%**

Property Tax Revenues

After sales tax, property tax revenues are the second-largest source of operating revenues for the City, accounting for 11.47% of operating revenues of the General Fund. There are two sources of property-related tax revenue: Property Tax Assessed Value revenues: This is the largest share, or $1.15M in FY2026/27. These are collected by the Tuolumne County Tax Collector. Property Tax In Lieu of Vehicle License Fees: This accounts for $518.6K in FY2026/27. The VLF is a tax imposed by the state on the ownership of a registered vehicle in place of taxing vehicles. Cities receive additional property tax to replace VLF revenue that was cut when the state permanently reduced VLF in 2004.

Property Tax Revenues



Property Tax Revenues

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Tax Related Revenue	$ 1,571,285	$ 1,549,900	$ 1,665,600	7.5%
Property Tax Current Secured	$ 1,022,420	$ 1,001,300	$ 1,115,000	11.4%
Property Tax Current UnSecured	$ 64	$ 6,000	$ 4,000	-33.3%
Property Tax Prior Years	-	$ 500	$ 500	-
Property Tax Other	-	$ 500	$ 500	-
Supplemental Tax Roll	$ 8,180	$ 10,000	$ 8,000	-20.0%
Homeowners Exemption	$ 3,714	$ 4,000	$ 4,000	-
Property Tax In Lieu of VLF	$ 528,490	$ 512,600	$ 518,600	1.2%
Real Property Transfer Tax	$ 8,417	$ 15,000	$ 15,000	-
Total Revenues	**$ 1,571,285**	**$ 1,549,900**	**$ 1,665,600**	**7.5%**

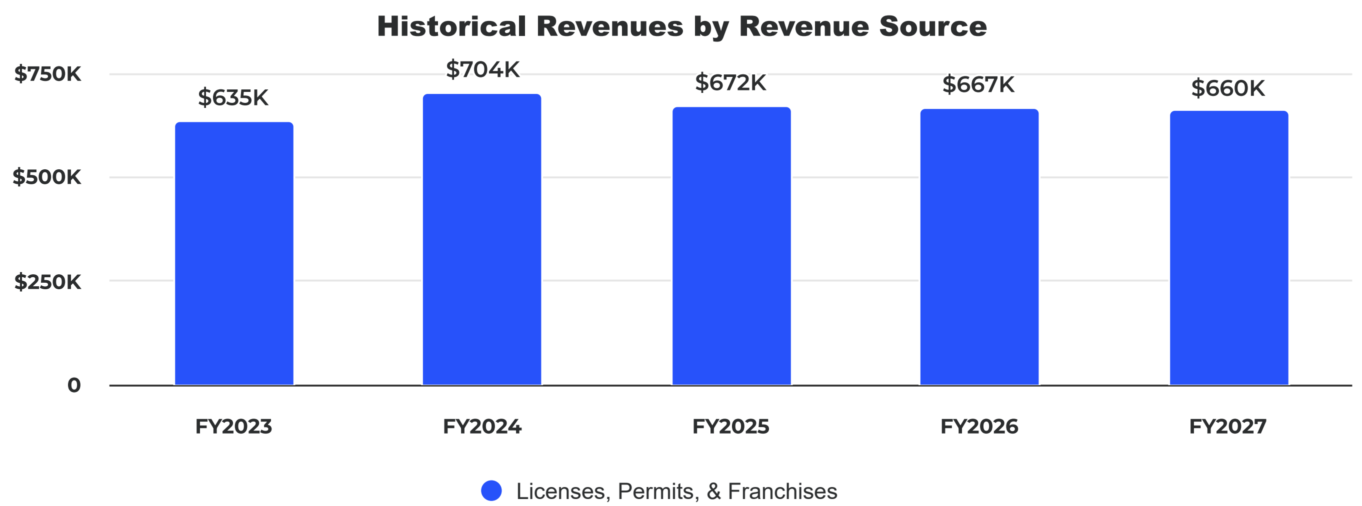
Public Benefit Fee Revenues

The City's cannabis revenue program was established following voter approval of Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA), which legalized the adult use and possession of cannabis for individuals aged 21 and older in California. In response, the Sonora City Council adopted Ordinance No. 848 on January 16, 2018, allowing for the operation of licensed commercial cannabis businesses within city limits. Under the current ordinance, the City permits up to three cannabis dispensaries, with two currently in operation. Businesses are subject to the City's Public Benefit Fee structure, which serves as a locally controlled revenue stream in lieu of a formal cannabis tax. These revenues support general government operations and are deposited into the City's General Fund.

For FY2026/27, cannabis-related revenues are projected to generate approximately $660K, accounting for roughly 4.54% of total General Fund revenue. This makes cannabis the third-largest source of General Fund revenue, trailing only sales tax and property tax.

As the market continues to evolve, the City will monitor this revenue stream closely and assess potential impacts on future budgets, while ensuring that regulatory compliance and public benefit remain central to the program's administration.

Public Benefit Fee Revenues



Public Benefit Fee Revenues

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Licenses, Permits, & Franchises	$ 667,377	$ 660,000	$ 660,000	-
Cannabis Public Benefit Fees	$ 667,377	$ 660,000	$ 660,000	-
Total Revenues	**$ 667,377**	**$ 660,000**	**$ 660,000**	**-**

Transient Occupancy Tax

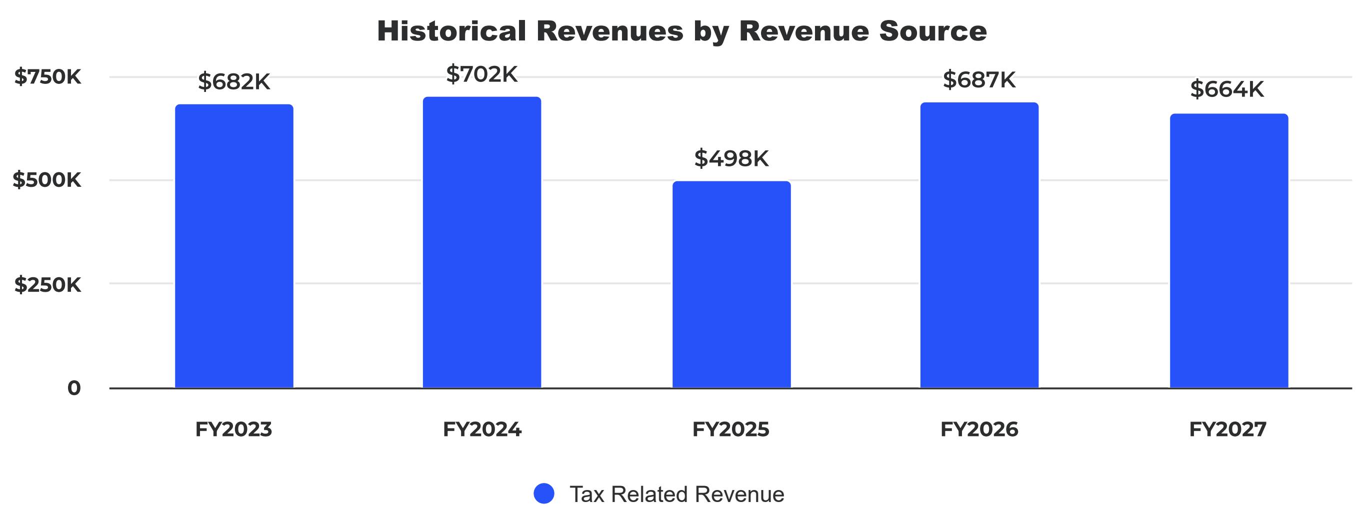
Transient Occupancy Tax (TOT) is the fourth-largest source of revenue in the City's General Fund and is generated from overnight stays at lodging businesses, including hotels, motels, and short-term rental properties within the City of Sonora. The tax rate is 12% of the rental price for any stay of 30 consecutive days or fewer, and lodging operators are required to remit TOT collections to the City on a monthly basis. For FY2026/27, TOT is projected to account for approximately 4.57% of General Fund revenues.

This revenue is critical to funding core public services such as police, fire, street maintenance, and general government operations, services that are not only used by residents but also by the thousands of visitors who come to Sonora each year. By requiring visitors to contribute to the cost of the services they use, TOT reduces the financial burden on local taxpayers and helps sustain the City's ability to deliver high-quality services.

Twenty-five percent (25%) of TOT revenue is also shared with Visit Tuolumne County, the official tourism bureau for the region, to support marketing and tourism development efforts that drive visitation and economic activity in Sonora and the surrounding area.

As a tourism-driven community, Sonora relies on TOT as a key funding mechanism that links economic development with fiscal sustainability. The City continues to monitor tourism trends and short-term rental activity to ensure compliance and to maximize the benefit of this important revenue stream.

Transient Occupancy Tax



Transient Occupancy Tax

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Tax Related Revenue	$ 687,431	$ 711,000	$ 664,000	-6.6%
Transient Occupancy Tax	$ 687,431	$ 711,000	$ 664,000	-6.6%
Total Revenues	**$ 687,431**	**$ 711,000**	**$ 664,000**	**-6.6%**

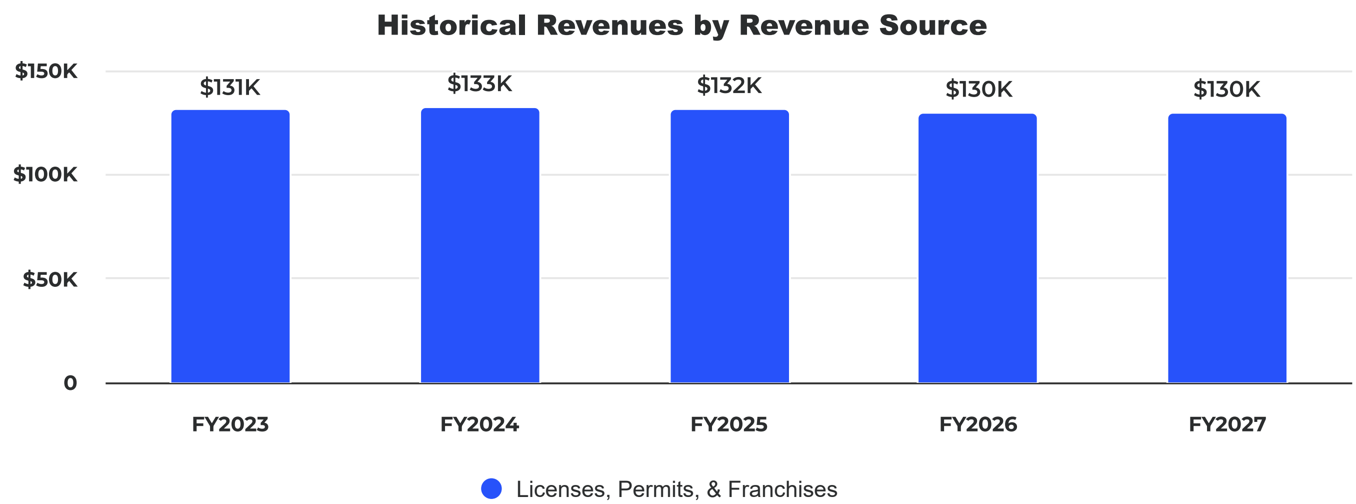
Business License Revenues

The City of Sonora requires all businesses located within or operating inside City limits to obtain a valid business license. The business license tax is calculated based on several factors, including the type of business, the zoning designation of the business location or area of operation, and the number of employees. Business license revenue represents an important regulatory function and contributes to the City's ability to manage local economic activity. While modest in scale, these revenues account for less than 1% of the City's annual General Fund operating revenue.

Each year, the City processes approximately 1,100 business license renewals, including the collection of associated payments and updates to business records. Maintaining an accurate and up-to-date business license registry also supports other City functions, including planning, public safety, and economic development.

The City periodically reviews its business license tax structure to ensure that it remains fair, equitable, and consistent with regional practices while continuing to recover the administrative costs associated with program management.

Business License Revenues



Business License Revenues

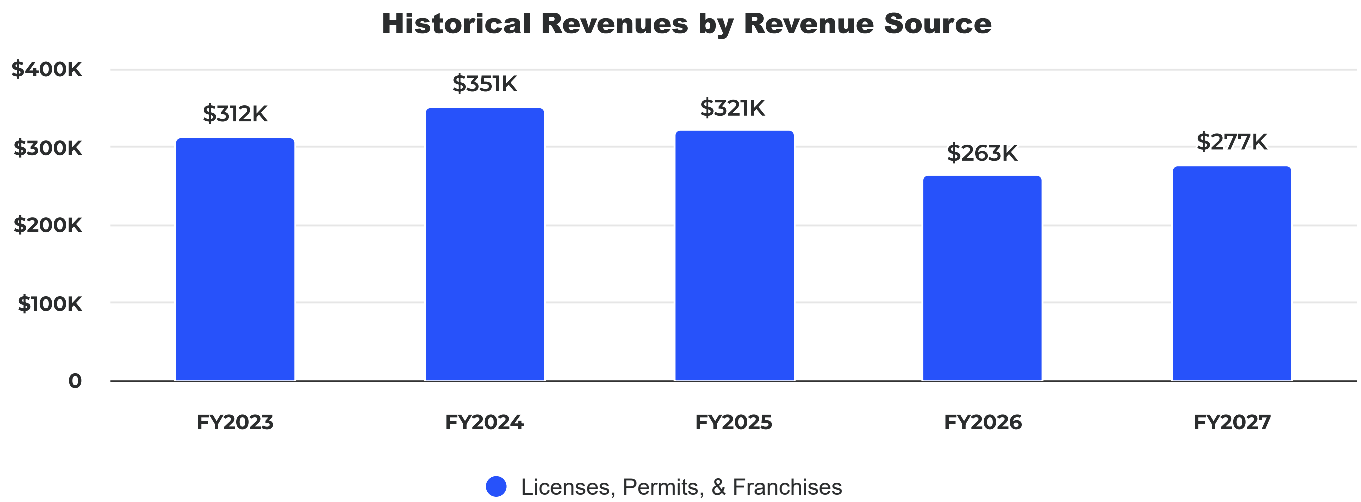
Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Licenses, Permits, & Franchises	$ 130,052	$ 130,000	$ 130,000	-
Business License	$ 130,052	$ 130,000	$ 130,000	-
Total Revenues	**$ 130,052**	**$ 130,000**	**$ 130,000**	**-**

Licenses, Permits and Franchises

Licenses, permits, and franchise revenues continue to serve as an important component of the City's overall revenue structure, reflecting both ongoing economic activity and contractual agreements with service providers within the City. These revenues are tied to development activity, business operations, and negotiated franchise agreements, and as such, they tend to be more predictable than economically sensitive revenues.

A notable development impacting this category is the City's transition to a new solid waste service provider. As part of the updated franchise agreement, the City secured a higher franchise fee, resulting in an increase in projected revenues. Importantly, the incremental revenue generated from this increased franchise fee is not intended to be absorbed into the General Fund for ongoing operations. Instead, these funds will be set aside in a newly established Solid Waste Fund. This approach provides greater transparency and flexibility, allowing the City Council to evaluate and direct the use of these resources in future budget cycles.

Licenses, Permits and Franchises



Licenses, Permits and Franchises

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Licenses, Permits, & Franchises	$ 263,426	$ 287,100	$ 277,000	-3.5%
Building Permits	$ 70,497	$ 98,000	$ 88,000	-10.2%
Encroachment Permits	$ 15,055	$ 15,000	$ 12,000	-20.0%
Inspection Fees	$ 810	$ 1,000	$ 1,000	-
Zoning and Subdivision Fees	$ 7,555	$ 7,000	$ 8,000	14.3%
Parking Permits	$ 5,006	$ 1,100	$ 3,000	172.7%
Franchise Fees	$ 164,503	$ 165,000	$ 165,000	-
Total Revenues	**$ 263,426**	**$ 287,100**	**$ 277,000**	**-3.5%**

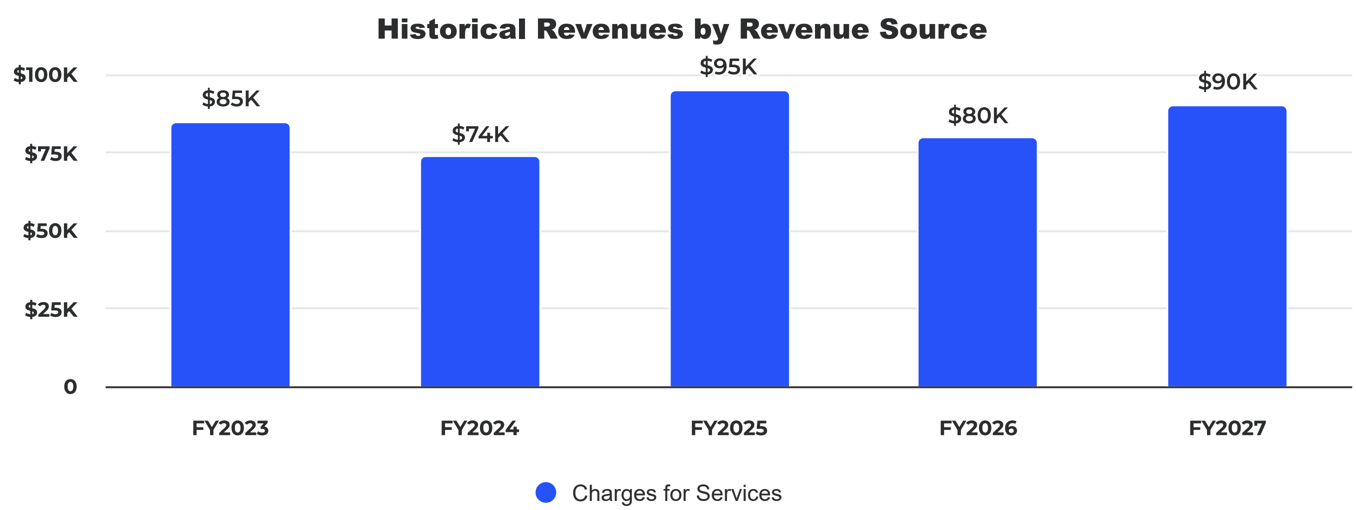
Charges for Services

Charges for Services represent revenue generated from user fees for a variety of regulatory and operational services provided by the City. These include fees for in-house plan checks, police and fire department services, street cleaning, debris removal, banner installation, and other service-based activities. These fees are intended to recover the reasonable cost of providing services to the user, rather than relying on the broader taxpayer base to subsidize these activities. For FY2026/27, the estimated revenue is approximately $170.9K.

Historically, many of the City's fees were based on outdated methodologies, resulting in a gap between the actual cost of service delivery and the amount charged. As a result, the General Fund has often absorbed the difference when fees did not fully recover costs. In response, and consistent with recommendations from the Organizational Review and Budget Stabilization Study, the City conducted a comprehensive fee study in FY2024/25.

However, as of FY2026/27, that fee study is now two years old, and costs associated with providing services have continued to increase due to inflation, staffing, and operational factors. As a result, many fees have once again fallen below full cost recovery and are in need of an update. To address this, the City should consider implementing an annual fee review and adjustment process to ensure fees remain aligned with the actual cost of service delivery. Establishing a regular update cycle will help maintain fiscal sustainability, reduce General Fund subsidies, and promote transparency and fairness in how services are funded.

Charges for Services



Charges for Services

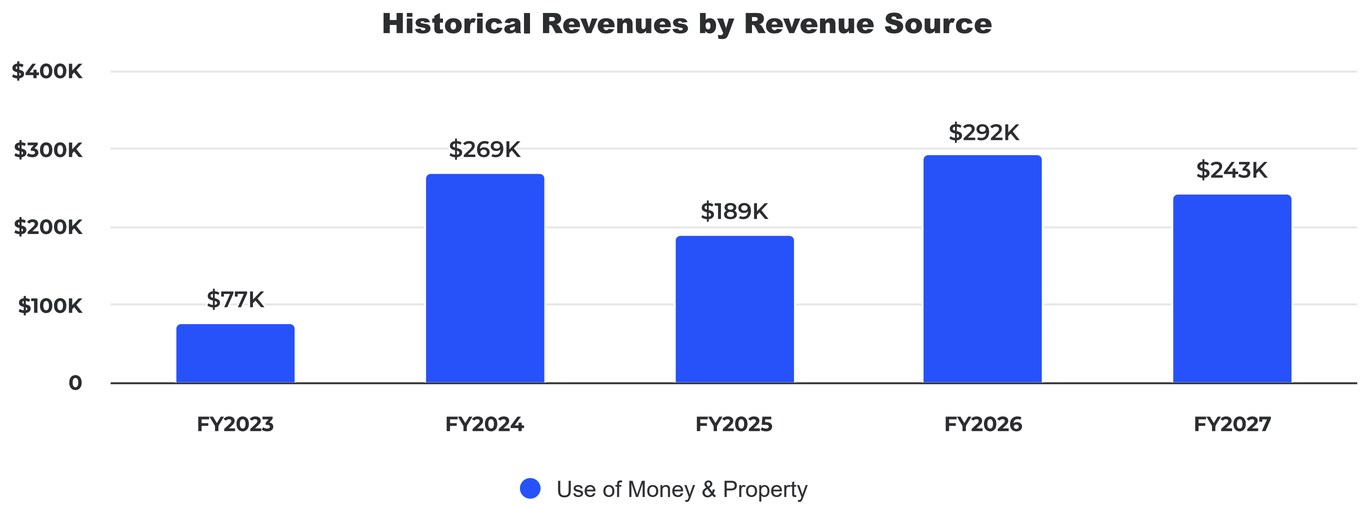
Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Charges for Services	$ 79,587	$ 91,100	$ 90,100	-1.1%
Plan Checks	$ 7,352	$ 16,000	$ 13,000	-18.8%
Special Events	$ 688	$ 1,000	$ 1,000	-
Fingerprint Services	$ 2,897	$ 4,500	$ 4,000	-11.1%
Police Department Services	$ 22,940	$ 23,000	$ 23,000	-
Fire Department Services	$ 25,134	$ 27,000	$ 27,000	-
Street Cleaning State Highway	$ 9,276	$ 9,400	$ 10,000	6.4%
Banner Installation	$ 5,600	$ 4,000	$ 6,000	50.0%
Debris Pickup	$ 2,500	$ 3,200	$ 3,200	-
Cemetery Receipts	$ 3,200	$ 3,000	$ 2,900	-3.3%
Total Revenues	**$ 79,587**	**$ 91,100**	**$ 90,100**	**-1.1%**

Use of Money and Property

Use of Money and Property primarily reflects interest earnings generated from the investment of City funds. In FY2024/25, the City updated its investment policies to better align with best practices and industry standards, resulting in improved investment performance and increased interest revenue.

For FY2026/27, revenues in this category are projected to decrease slightly compared to the prior year. This is primarily due to the use of available cash balances to fund significant capital projects, including the City's parking lot project, which reduces the amount of funds available for investment. In addition, interest rate projections indicate a modest decline from the higher rates experienced in the prior year. Despite these factors, the City will continue to actively manage its investment portfolio to maximize returns while maintaining safety and liquidity in accordance with its adopted investment policy.

Use of Money and Property



Revenues by Revenue Source

Category	FY25/26 Actual		FY25/26 Budget		FY26/27 Budget		FY25/26 Budget vs. FY26/27 Budget (% Change)
Use of Money & Property	$	291,741	$	276,700	$	243,000	-12.2%
Investment Earnings	$	256,463	$	275,700	$	242,000	-12.2%
Sale of Property	$	35,278	$	1,000	$	1,000	-
Total Revenues	**$**	**291,741**	**$**	**276,700**	**$**	**243,000**	**-12.2%**

Sales Tax Measure I

The Measure I fund was established as a result of a 2004 voter-approved ½% sales tax within the City limits. With approval of the ballot measure, the sales tax increase took effect January 1, 2005. The purpose of the initiative was to improve city services for residents, businesses, and visitors to the City of Sonora. A large majority of Measure I revenues collected are fully expended on ongoing fixed costs to maintain the levels of service in the Police Department, Fire Department, and Public Works Department.

Measure I: Police Department

The Police Department receives sixty percent (60%) of Measure I revenue for the support of the Sonora Police Department for personnel, updating safety equipment and supplies, providing educational funding, replacing expired vehicles, and expanding facilities.

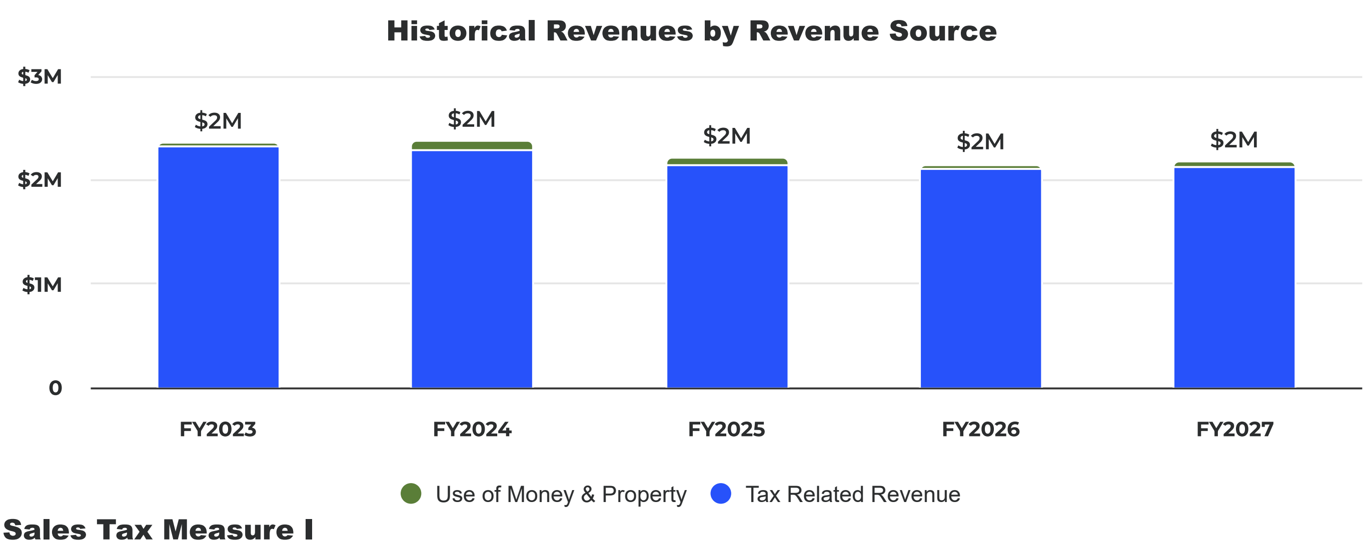
Measure I: Fire Department

The Fire Department receives twenty-five percent (25%) of the Measure I revenue for the support of the Sonora Fire Department for personnel, updating equipment and supplies, and providing educational funding.

Measure I: Public Works

The Public Works Department receives fifteen percent (15%) of the Measure I generated revenue for the purpose of personnel, equipment and facility enhancements and infrastructure improvements.

Sales Tax Measure I



Sales Tax Measure I

Category	FY25/26 Actual		FY25/26 Budget		FY26/27 Budget		FY25/26 Budget vs. FY26/27 Budget (% Change)
Tax Related Revenue	$	2,098,451	$	2,081,600	$	2,125,800	2.1%
Use of Money & Property	$	50,096	$	49,800	$	47,000	-5.6%
Total Revenues	**$**	**2,148,547**	**$**	**2,131,400**	**$**	**2,172,800**	**1.9%**

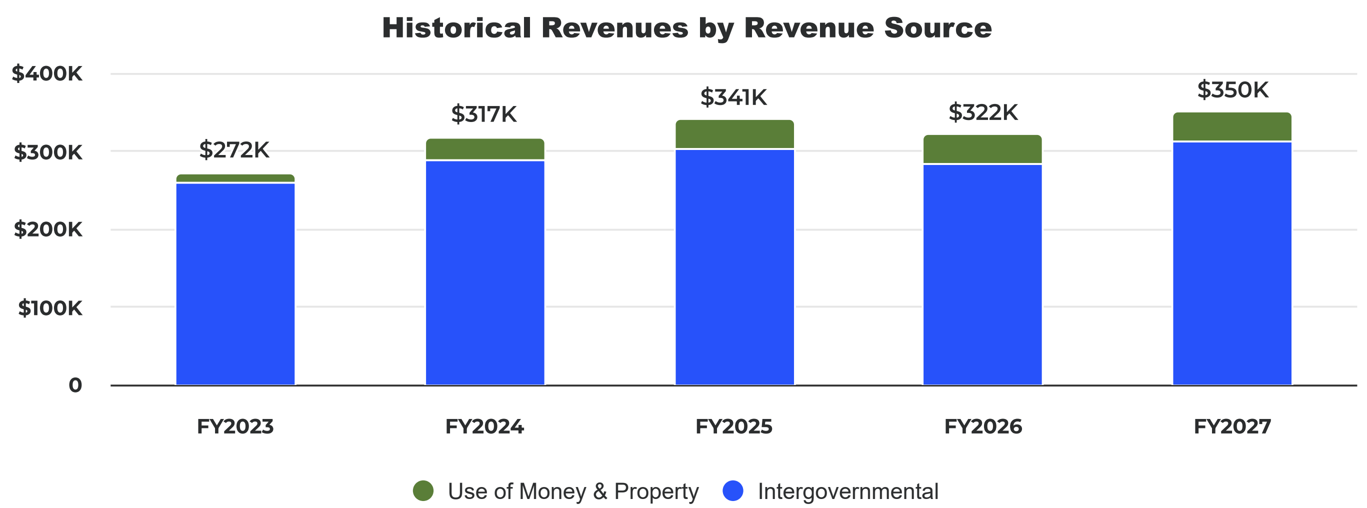
Gas Tax Revenues

Gas tax revenues are derived from statewide per-gallon excise taxes on gasoline and diesel fuel, including both the traditional Highway User Tax Account (HUTA) and the Road Maintenance and Rehabilitation Account established under SB1. These funds are constitutionally and statutorily restricted for transportation-related purposes, primarily supporting the maintenance and rehabilitation of the City's street network.

At present, the City receives less than $315,000 annually from these sources. While this funding remains a critical component of the City's pavement management program, it falls significantly short of actual need. The cost to maintain and rehabilitate roadway infrastructure has risen substantially in recent years, with the cost of maintaining a single mile of roadway now exceeding $1 million. This disparity highlights a growing structural gap between available funding and the resources required to preserve the City's transportation assets.

Looking ahead, this gap is expected to widen. As vehicle fuel efficiency improves and the State continues its transition toward electric vehicles to meet climate goals, consumption of gasoline and diesel fuel is declining. Because gas tax revenues are directly tied to fuel usage, this trend results in reduced funding over time.

Gas Tax Revenues



Gas Tax Revenues

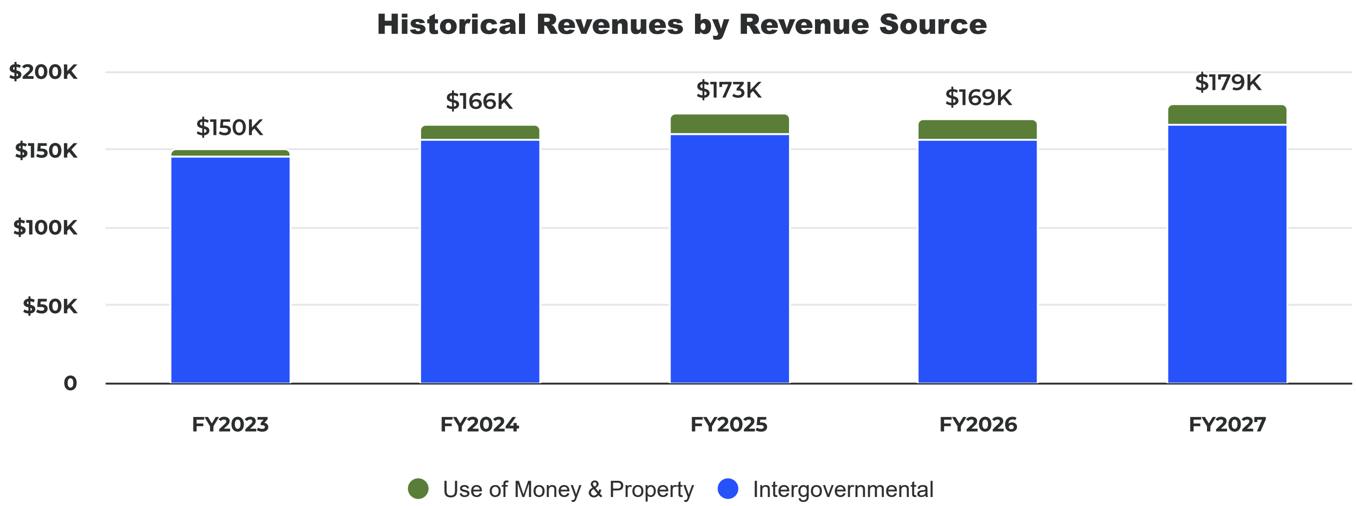
Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Intergovernmental	$ 283,606	$ 298,600	$ 311,800	4.4%
Use of Money & Property	$ 37,936	$ 23,750	$ 37,700	58.7%
Total Revenues	**$ 321,542**	**$ 322,350**	**$ 349,500**	**8.4%**

Highway User Tax

Revenues from the gas tax deposited into the Highway Users Tax Account (HUTA) in the Transportation Tax Fund are apportioned to cities and counties. These apportionments are provided in the California Streets and Highways Code sections 2100 through 2127.

For FY2026/27, the estimated revenue is approximately $179.6K.

Highway User Tax Revenues



Highway User Tax Revenues

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Intergovernmental	$ 156,580	$ 162,600	$ 165,900	2.0%
Use of Money & Property	$ 12,592	$ 8,750	$ 12,700	45.1%
Total Revenues	**$ 169,172**	**$ 171,350**	**$ 178,600**	**4.2%**

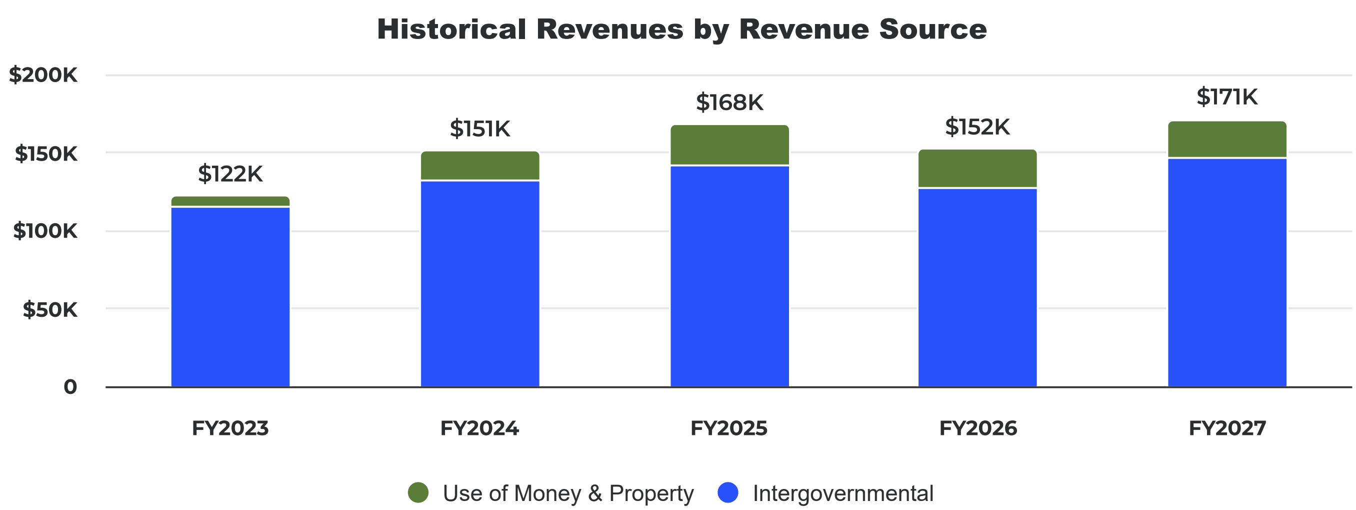
Road Maintenance and Rehabilitation (SB1)

In April 2017, the California Legislature and the Governor approved Senate Bill 1 (SB 1), known as the Road Repair and Accountability Act of 2017, a landmark transportation funding package focused on improving the local and state roadway systems. SB 1 established fuel taxes and vehicle fees which will generate new funding for roadways.

For FY2026/27, the estimated revenue is approximately $170.9K.

The Road Maintenance and Rehabilitation Account (RMRA), established through the Road Repair and Accountability Act of 2017 (SB 1), provides an important source of dedicated funding for local street maintenance and infrastructure improvements. Unlike traditional gas tax revenues, RMRA funds are structured to grow more aggressively over time through annual adjustments tied to the Consumer Price Index (CPI). This indexing mechanism helps preserve purchasing power as construction and maintenance costs rise.
Despite this inflation-based growth structure, the long-term sustainability of RMRA funding remains at risk as California moves toward a zero-emission vehicle future. Like the Highway Users Tax Account (HUTA), RMRA revenues are primarily derived from per-gallon excise taxes on gasoline and diesel fuels. As internal combustion engine vehicles are gradually replaced by electric vehicles, which do not generate gas tax revenue, the pool of available funds for transportation infrastructure will shrink.

Road Maintenance and Rehabilitation Revenues



Road Maintenance and Rehabilitation Revenues

Category	FY25/26 Actual	FY25/26 Budget	FY26/27 Budget	FY25/26 Budget vs. FY26/27 Budget (% Change)
Intergovernmental	$ 127,026	$ 136,000	$ 145,900	7.3%
Use of Money & Property	$ 25,344	$ 15,000	$ 25,000	66.7%
Total Revenues	**$ 152,370**	**$ 151,000**	**$ 170,900**	**13.2%**

Debt Overview Summary

The City of Sonora currently has no outstanding debt obligations for budgetary purposes. The City does not carry any bonded indebtedness, loans, certificates of participation, or other long-term financing instruments that would require annual debt service payments within the operating budget. This absence of debt service obligations allows the City to dedicate a greater portion of its available resources toward core services, capital improvements, and the maintenance of adequate reserve levels.

Maintaining a debt-free position reflects the City’s long-standing commitment to conservative and prudent financial management. By relying primarily on pay-as-you-go financing, the City has minimized exposure to interest costs and avoided long-term repayment obligations that can constrain future budgets. This approach has provided greater financial flexibility, allowing the City to respond more effectively to changing economic conditions, operational needs, and unforeseen circumstances.

In addition to preserving flexibility, the absence of outstanding debt also positions the City favorably from a financial planning perspective. Without existing debt commitments, the City retains the capacity to consider financing options in the future should significant capital needs arise. This provides an important strategic advantage, as it allows the City to evaluate potential projects without the burden of existing obligations competing for limited resources.

Looking ahead, the City recognizes that certain large-scale capital investments may exceed the capacity of pay-as-you-go funding alone. In particular, the potential development of a new City police department facility represents a significant long-term infrastructure need. While the City will continue to prioritize the use of reserves, grants, and other funding sources, it may become necessary to consider partial debt financing to deliver such a project in a timely and effective manner. Any future consideration of debt would be carefully evaluated to ensure alignment with the City’s financial policies, long-term affordability, and service priorities.

It is also important to distinguish between formal debt and other long-term financial obligations reported by the City. The City’s audited financial statements include liabilities such as pension obligations, other post-employment benefits (OPEB), and compensated absences. While these are important long-term commitments, they do not represent debt in the traditional sense, as they are not the result of borrowing and do not require scheduled debt service payments. Instead, these obligations are managed through ongoing budget appropriations and long-term financial planning strategies.

Overall, the City’s debt-free position reflects a long-standing commitment to prudent financial management and provides significant financial flexibility. While future capital projects may warrant consideration of financing options, the City’s current lack of outstanding debt allows it to evaluate those opportunities from a position of strength while continuing to maintain essential services, invest in infrastructure, and preserve long-term fiscal sustainability.

Glossary

Abatement: A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accounting System: The total structure of records and procedures that identify record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the debt since the date of the last interest payment, and on the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

ACFR: Annual Comprehensive Financial Report - A detailed report of an organization's financial activities and performance over the fiscal year.

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appropriation: A legal authorization from the community's legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes.

Assets: Items owned by an organization that have economic value, such as cash, investments, property, and equipment.

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool in evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions. It is almost always accompanied by a management letter which contains supplementary comments and recommendations.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other one-time costs.

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

Capital Assets: All real and tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Cash Flow: The movement of money into or out of an organization, showing its liquidity and ability to meet financial obligations.

Cash Management: The process of monitoring the ebb and flow of money in and out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short-term borrowing and investment of idle cash.

Certificate of Deposit (CD): A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face that the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union, regarding wages, hours and working conditions.

Compliance: Adherence to relevant laws, regulations, and internal policies governing financial reporting and operations.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Burden: The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that are chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery — direct, indirect, and capital costs — are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Equity: The residual interest in the assets of an organization after deducting liabilities, representing the owners' stake in the business.

Estimated Receipts: A term that typically refers to anticipated local revenues often based on the previous year's receipts and represent funding sources necessary to support a community's annual budget. (See Local Receipts)

Exemptions: A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private- purpose trust funds, and agency funds.

Financial Statements: Reports summarizing an organization's financial activities and position, including the balance sheet, income statement, and cash flow statement.

Fiscal Year: The 12-month period for which an organization plans the use of its funds, typically not the same as the calendar year.

Fixed Assets: Long-lived, assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

Float: The difference between the bank balance for a local government’s account and its book balance at the end of the day. The primary factor creating float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence float.

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing financial records into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

GAAP: Generally Accepted Accounting Principles - Standard accounting principles, standards, and procedures that companies use to compile their financial statements.

GASB 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

GASB 45: This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other post employment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

General Fund: The fund used to account for most financial resources and activities governed by the normal appropriation process.

General Obligation Bonds: Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Governing Body: A board, committee, commission, or other executive or policy making body of a municipality or school district.

Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Internal Controls: Policies and procedures implemented by an organization to ensure the reliability of financial reporting and compliance with laws and regulations, aiming to prevent fraud and errors.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Liabilities: Debts or obligations owed by an organization, including loans, accounts payable, and accrued expenses.

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Municipal(s): (As used in the bond trade) "Municipal" refers to any state or subordinate governmental unit. "Municipals" (i.e., municipal bonds) include not only the bonds of all political subdivisions, such as cities, towns, school districts, special districts, counties but also bonds of the state and agencies of the state.

Net Income: The difference between an organization's revenues and expenses, representing its profit or loss for a specific period.

Note: A short-term loan, typically with a maturity date of a year or less.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as “personal services,” “expenses,” or “capital outlay.”

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Performance Budget: A budget that stresses output both in terms of economy and efficiency.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: A combination of activities to accomplish an end.

Program Budget: A budget that relates expenditures to the programs they fund. The emphasis of a program budget is on output.

Proprietary Funds: Funds used to record the financial transactions of governmental entities when they engage in activities that are intended to recover the cost of providing goods or services to the general public on a user-fee basis.

Purchased Services: The cost of services that are provided by a vendor.

Reserve Fund: An amount set aside annually within the budget of a town to provide a funding source for extraordinary or unforeseen expenditures.

Revaluation: The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessors' analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information.

Revenues: Inflows of resources or other enhancements of assets of an organization, usually from sales of goods or services.

Revenue Bond: A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

Revolving Fund: Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

Sale of Real Estate Fund: A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure.

Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose.

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, $14.80 per $1,000 of assessed valuation of taxable real and personal property.

Trust Fund: In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by the community's legislative body. Both principal and interest may be used if the trust is established as an expendable trust. For non-expendable trust funds, only interest (not principal) may be expended as directed.

Uncollected Funds: Recently deposited checks included in an account's balance but drawn on other banks and not yet credited by the Federal Reserve Bank or local clearinghouse to the bank cashing the checks. (These funds may not be loaned or used as part of the bank's reserves, and they are not available for disbursement.)

Undesignated Fund Balance: Monies in the various government funds as of the end of the fiscal year that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

Unreserved Fund Balance (Surplus Revenue Account): The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

FY26/27 Capital Improvement Projects

For FY2026/27, there are several projects recommended as part of the supplemental requests. The sources of funds for the listed projects are:

- **General Fund:**
    - PD Safety/Enforcement Modifications: $25,000
    - Vegetation/Fuel Reduction: $90,000
    - ADA Transition Plan and Self Evaluation: $200,000
    - Annual Storm Drain Inspections: $12,500
    - 94 Snell Street Retaining Wall Replacement: $158,000
    - Citywide Road Reconstruction: $400,000
    - Citywide Road Preservation: $225,175
    - Slope Stabilization Church Street (Continues from FY25/26): $140,900
    - Downtown Sidewalks ATP Grant (Local Match): $35,000
    - Sonora Moves ATP Grant (Local Match): $35,000
- **Gas Tax-SB1:**
    - Snell Street Reconstruction and Drainage (Bonanza St. to City Limits): $26,500
- **Grant Funded:**
    - Tuolumne Heritage Trail: $50,000
- **Total Capital Improvement Projects: $1,498,075**