



STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS
MEETING DATE: OCTOBER 20, 2025
FROM: MASON PETERS, FINANCE SUPERVISOR, TOM DUBOIS, CM
SUBJECT: 2025-26 FISCAL YEAR Q1 BUDGET PERFORMANCE UPDATE

RECOMMENDATION:

For Information.No Budget Amendments recommended at this time.

BACKGROUND:

Historically, the Finance Supervisor provides a fiscal update each quarter of the fiscal year to educate the Council on what our financial performance looks like when compared to the approved budget. It is key to remember that accounts experience different levels of activity throughout the fiscal year; some see very regular charges/receipts, others see activity once per year. Please keep this in mind as you go through the data.

DISCUSSION:

This update will review performance for July 2025 through September 2025. In general, as of the end of September each year, we can expect to see year-to-date totals for revenues and expenses being in the ballpark of 25% of budgeted annual totals. However, there are many instances where revenues and expenses are incurred irregularly throughout the year (quarterly, annually, etc.).

Given economic uncertainty, staff are closely watching revenue and expenses, and are prepared to react quickly if necessary. On Revenue side, the key variable income are the various types of taxes. Other sources like fees and permits, are somewhat neutral, as a lot of the corresponding expense is paid to consultants performing the work - so if there is no revenue, there is no expenses.

We continue to manage expenses tightly against the budget, so the primary risk is that anticipated tax revenue doesn't materialize.

Variable Revenues

Property Taxes – In total, we budgeted to receive \$1,083,000 in total Property Taxes across all categories in FY26, which is 37% of our total General Fund revenues. We receive the bulk of our property tax revenues in December and April of each year. This line item for our budgeted General Fund revenues is a significant one, but it is also very consistent year to year since property taxes rarely decrease. Last year, for Secured Property Tax, we received \$696,716 in

actual revenues and our budgeted figure was \$700,400, which means we received 99.47% of budgeted revenues in that area. Similarly, for Property Tax in Lieu of Motor Vehicle License Fees, we budgeted \$316,210 last year and we received \$311,966 - 98.66% of expected revenues. We assumed a 3% growth rate between FY25 and FY26 for this revenue growth, which has been a standard growth assumption we use each year. After speaking with Jim Rooney, our County Assessor, he let me know that Sutter Creek property assessment values went up 4.44%, so I am confident that we will see budgeted revenues materialize in full this year. The Assessor cautioned that it may slow down, he felt we shouldn't expect to come in above or below, our budget forecast was valid and should remain the target

TOT – These revenues are monthly and are paid a month behind (September rental TOT is paid in October after the month is over), however some rental owners can be a bit late on payments and that can make the attached report not show the true month by month revenue activity in an easily consumable way. We keep an external spreadsheet that tracks each rental and their payments by rental month to have a clearer picture of the month to month revenue activity. Since we only have July and August payments at this time, let's compare June, July, and August of 2025 and 2024 to see any trends.

	2025	2024
June	\$29,355.49	\$39,218.38
July	\$27,887.31	\$27,930.74
August	\$38,723.08	\$32,853.05
Total	\$95,965.88	\$100,002.17

Between June 2025 and 2024, we see a decrease of 25.15%, July 2025 and 2024, a plateau, and between August 2025 and 2024, we see an increase of 17.88%. Between the 2 3-month periods, we see a decrease of 4.04% year-over-year, or a difference of \$4,036.29. This overall fluctuation is not significant enough to cause much concern yet, but it is certainly an item we will want to monitor as we progress through the fiscal year. Some other cities in CA are reporting a slowdown in TOT, but we have not seen any in Sutter Creek beyond expected seasonality.

General Sales Tax – The sales tax process looks like this: taxpayers work through a month (i.e. June), they have the next month to report those earnings and/or pay their taxes to the state (some payers are monthly, some are quarterly), and the state takes a month to process that data and send us funds. This two month lag time impacts our ability to stay on top of current tax activity, but we can analyze previous trends and try to anticipate future activity. Due to this process, as of September 30, 2025, we have only received sales tax data for July 2025. In order to analyze the health of the sales tax revenue as best as we can, we will look at this year's sales tax data for May, June, and July compared to last year's May, June, and July.

	2025	2024
May	\$44,574.78	\$38,944.46
June	\$58,274.72	\$57,598.11
July	\$32,592.39	\$30,547.45

Total	\$135,441.89	\$127,090.02
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Based on these data points, we see a 14.46% increase between years in May, a 1.17% increase in June, and a 6.69% increase in July. The numbers are a bit scattered when looked at separately, but between each 3 month span in total, we are seeing a 6.57% increase year-over-year. There is a slight seasonality with sales tax where there is a bump in Q2 for holidays and a lull in Q3, but we won't see that info come through until the end of the fiscal year. As of now, these growth trends are encouraging and we will continue to monitor these revenues. Sales tax is a key indicator for tourist activity in Sutter Creek and tourist traffic appears to be strong.

TUT Sales Tax - The sales tax rules that we discussed above apply for the Measure P funds as well. We do not have any historical data to apply to this revenue stream as it is brand new to Sutter Creek as of April, but the data follows a similar pattern to the Bradley Burns General Sales Tax Data: May 2025, we received \$34,710.51 - June 2025, we received \$77,902.61 - and July 2025, we received \$37,954.86. In total, we have received \$150,567.98 for the 3 month period. Due to the nature of this tax which permits taxation outside of the locality as long as the transaction traces back to an address in Sutter Creek city limits, it has more scope to collect taxes and therefore is outperforming our Bradley Burns sales tax. There is certainly a relationship between the two sales taxes, but due to the more broad scope of Measure P, I think it will bring in more actual dollars to Sutter Creek than Bradley Burns is able to. After some review, this stream of revenue looks on pace to meet our budgeted expectations.

Fees

Franchise Fees – We receive Republic Waste Services and Comcast franchise fees consistently throughout the year. As of the end of Q1, the revenue performance on these two accounts at expectations. PG&E sends us their franchise fee payment in April each year in one lump sum, so we will see no activity in that account until Q3/Q4 of this fiscal year.

In the previous year, we exceeded budgeted amounts: Republic (surplus of \$4,500) and PG&E (surplus of \$6,000) but came in \$10,000 short for Comcast, as people shift to streaming services. We will monitor the cable franchise fees but are seeing strong performance again from the other franchise fee payors. We should expect to see a continued drop in Cable TV Franchise Fees.

Business Licenses/Building Permits – We are seeing very strong performance in this area, we had a lot of renewals this summer that go through the end of the fiscal year. We will do additional renewals in December, so we will keep you posted on additional activity at that time.

Other Permits/Licenses – We have been issuing a lot of encroachment permits so far this year, and with a significant one coming soon, this will jump up quickly again. I expect this category to exceed budgeted expectations this year, however it will be offset by increased expense to process those permits. No activity from garage sale permits and sign permits, but it is still early in the year.

Grants – We received \$112,500 to upgrade the Bryson Park Bathroom, and that work is going out to bid very soon. We also got notice that we will be receiving a grant to do repairs on Sutter Hill Rd next fiscal year.

Facility Rental Fees – The Community Center continues to be the leading revenue generator for facility rentals, already at 45% of annual budgeted earnings. It is followed by the Auditorium, which is right on target at 25% on the year, and lastly with the Historic Grammar School and the Snack Shack. In terms of dollar earnings, the Grammar School and the Auditorium are fairly close in revenue generated, but with the loss of Amador Arts Council, expected revenue from the Grammar School will be lower than forecast.

Enterprise Funds

Streets Revenues – We are right on target for our usual Road Maintenance & Rehabilitation funds from the state, as well as our Highway User Tax funds that we receive monthly.

Sewer Service Revenues – There is a lag in these revenues that we are looking into - the current hypothesis is that after adjusting commercial sewer rates based on AWA water usage in July, people have not immediately adjusted. The variance is not too significant, but based on the budgeted amount we expect to receive this fiscal year, a small amount of late payment can be a significant amount of dollars.

Effluent Disposal – Revenues we receive as reimbursement from ARSA for labor provided by Sutter Creek and other operating expenses on budget.

Late Fees - Due to the inability to transfer autopay and ebill services from our previous financial software (MOMs) to our new billing system (Tyler ERP Pro 10), we informed citizens that we would pause any late fees and give them a few months to get familiarized with the new system and get their autopay and ebilling set back up again. We plan on resuming late fees in the November billing cycle, and this figure will begin to increase.

Sewer Connection Fees - An agreement was made with a local business owner to pay us for a connection fee total that was not paid in full for many years. The agreement is to pay it monthly until the total sum of the unpaid connection fees is covered. You will see this figure increase monthly over the next couple of years, as well as any new construction that occurs. This item was not budgeted to expect any revenue, so any activity in this account is revenue we had not accounted for during the budgeting process. This is in the Enterprise Fund

Investment Revenue

All Interest Earnings Accounts – I am waiting for LAIF interest to reach us at the end of October, and I will be transferring interest funds from the General Fund interest account to the other interest accounts based on activity in each fund. I do this transfer of interest funds each quarter once all interest payments have been received for that quarter

Expenses

Overtime - Police staffing is under budget with an open position and Police overtime is over budget with current staff needing to cover the shifts of a vacant officer position, currently a wash. Interviews are being held and background checks are being run, so hopefully soon we can fill the vacancy and reduce the overtime spending.

Public Works / ARSA overtime is high as well due to weekend coverage needed to check the system each day plus Henderson project management.

Planner Fees – An explanation for why it is showing \$0 - The last payment we remitted for planning services in August 2025 was accrued back to FY25 because the invoice was for services rendered in June 2025. After our Google conversion a month or two ago, the July 2025 invoice got lost and we are remitting payment for July and August services this month. I am in communication with the vendor and we have gotten it straightened out. Planning is on budget.

LAFCO Expense – The Amador Local Agency Formation Commission invoices us once per year, and this year it came in under what we had budgeted, which is good news.

Engineering – Wastewater engineering costs are high due to the work being done for the Miscellaneous Main Collections System Repairs as well as the work being done at Henderson. General Fund engineering costs are steady at this time.

Risk Management – We pay a significant chunk of our property insurance premiums during Q1 to our risk JPA, Central San Joaquin Valley Risk Management Authority (CSJVRMA). We get Worker’s Comp invoices quarterly and are reflected elsewhere in this report, and much smaller quarterly invoices for remaining balances of our liability coverage premiums. On Budget.

Overall Performance

Revenues are promising, but we will continue to monitor the single-time revenues that are the big sources of our income to make sure we are staying on track with budgeted figures. In particular, for significant annual payments, we need to be paying attention to when we receive the property tax revenues and PG&E franchise fees. Almost everything else comes in either quarterly or monthly, so we can monitor those as time progresses and get a more ‘real-time’ idea of how actual revenues are performing against budget.

We have access to the state’s detailed sales tax data and we are monitoring that to see if we think there are any taxpayers that are having their sales tax funds being funneled elsewhere by mistake. We are able to monitor this data for both Bradley Burns as well as TUT (Measure P).

TOT performance is strong, alongside sales tax performance, which signals that tourist activity remains high and we are optimistic that the holiday events coming up will increase tourist traffic even more, hopefully boosting sales tax and TOT revenues even more. We’ve had a few new businesses in town, and they are performing well.

With regards to expenses, we will monitor the overtime charges as we begin to wrap up some city projects and as PD hopefully fills their officer vacancy soon. Engineering costs will slow down as the major projects wrap up as well. We are evaluating shifting public works schedules to cover the weekend without overtime. Depending on when we are able to fill the City Clerk position, we might experience some savings on that position’s budgeted expenses but we will see. The impact a vacancy has on surrounding staff is large and hurts productivity, which is never good for serving our citizens.

BUDGET IMPACT

None at this time.