



**BUDGET STUDY
SESSION -
GENERAL FUND**

Mid Year Fiscal Year 2025-2026

Proposed Fiscal Year 2026-2027

AGENDA

1. **FY26 Mid-Year Report**
 - a. Revenues & Expenditures
 - b. Year End Estimates
 - c. Recommended City Council Actions
2. **FY27 Proposed General Fund Budget**
 - a. Annual Budget Process and Timeline
 - b. Revenues & Expenditures
 - c. Projected Fund Balance
 - d. Financial Forecast
 - e. Recommended City Council Actions
3. **What's Next?**

FY26 GENERAL FUND

MID YEAR REVENUES

FY26 REVISED BUDGET

\$149.4 M

TOTAL AT MID YEAR

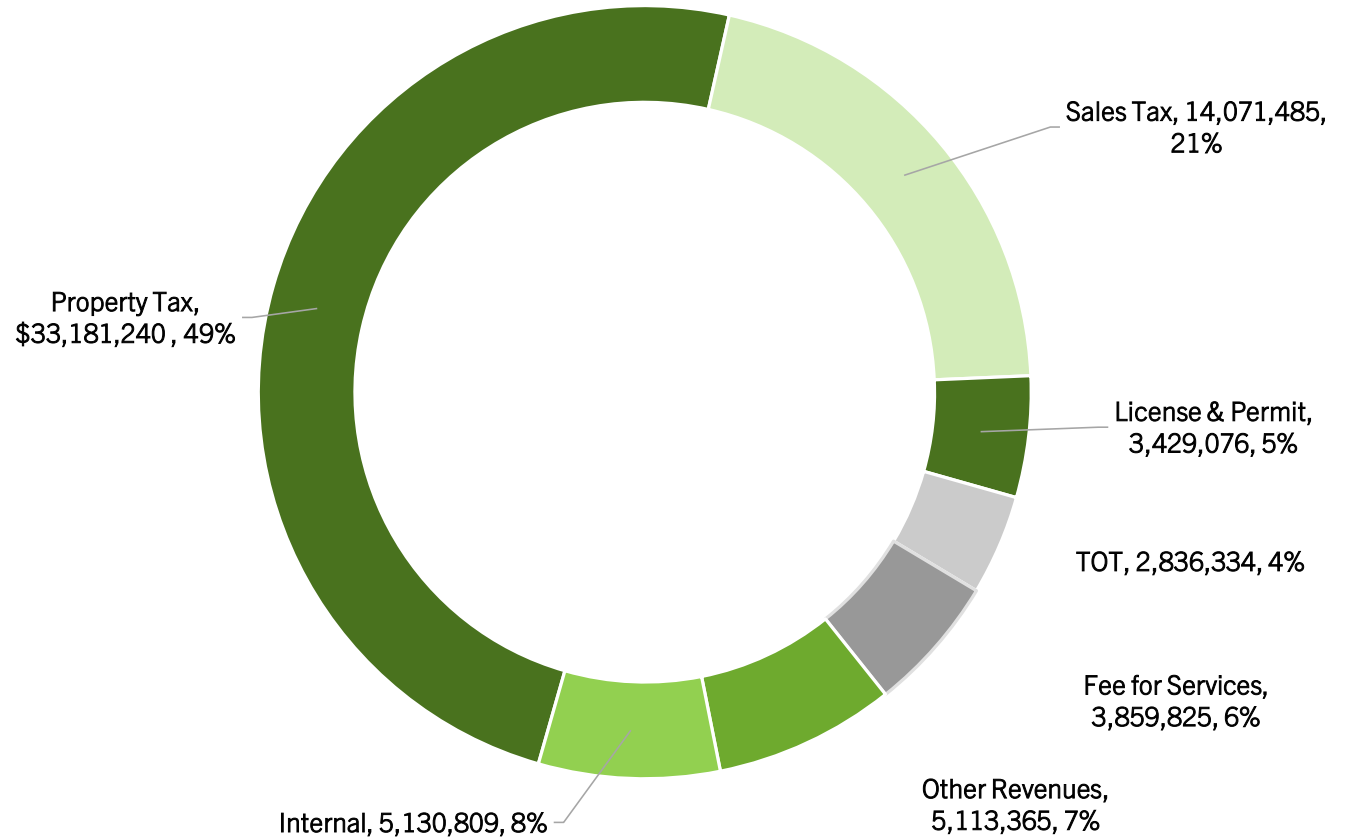
\$67.6 M

FY26 YE ESTIMATE

\$153.8 M

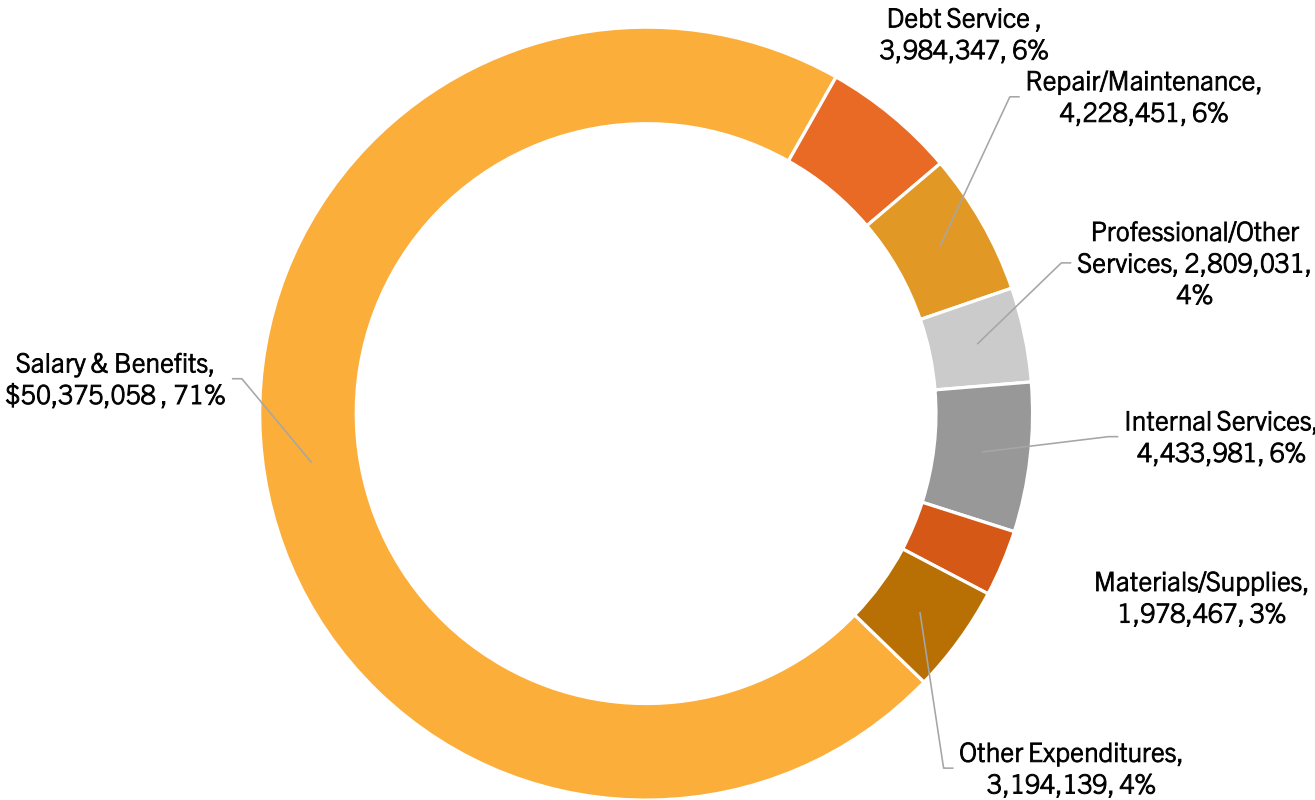
Operating Revenues

✓ Excludes Transfers



FY26 GENERAL FUND

MID YEAR EXPENDITURES



FY 26 REVISED BUDGET

\$159.1 M

TOTAL AT MID YEAR

\$71.0 M

FY26 YE ESTIMATE

\$158.9 M

Operating Expenditures

✓ Excludes Transfers

FY26 GENERAL FUND

MID YEAR REVENUES

FY26 REVISED BUDGET

\$149.4 M

TOTAL AT MID YEAR

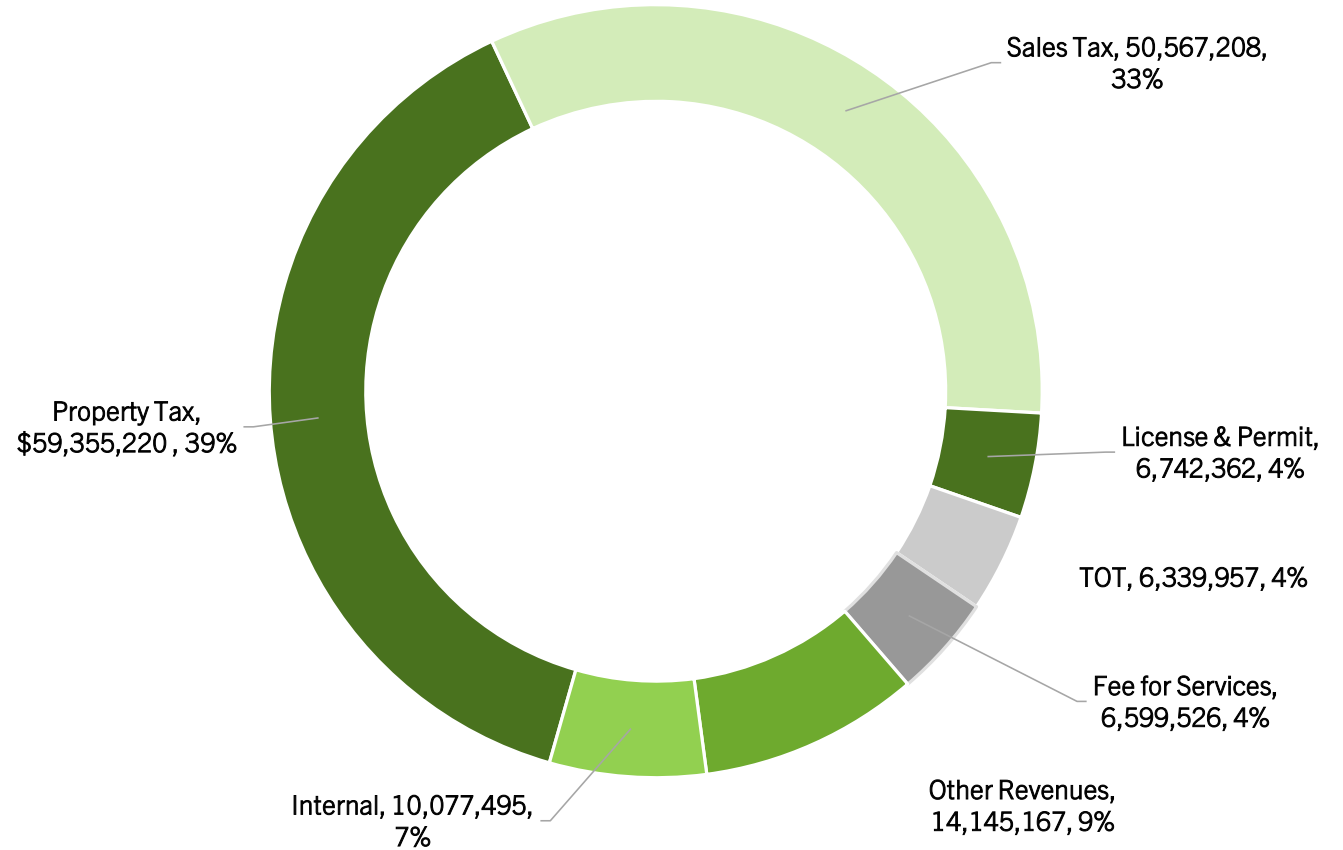
\$67.6 M

FY26 YE ESTIMATE

\$153.8 M

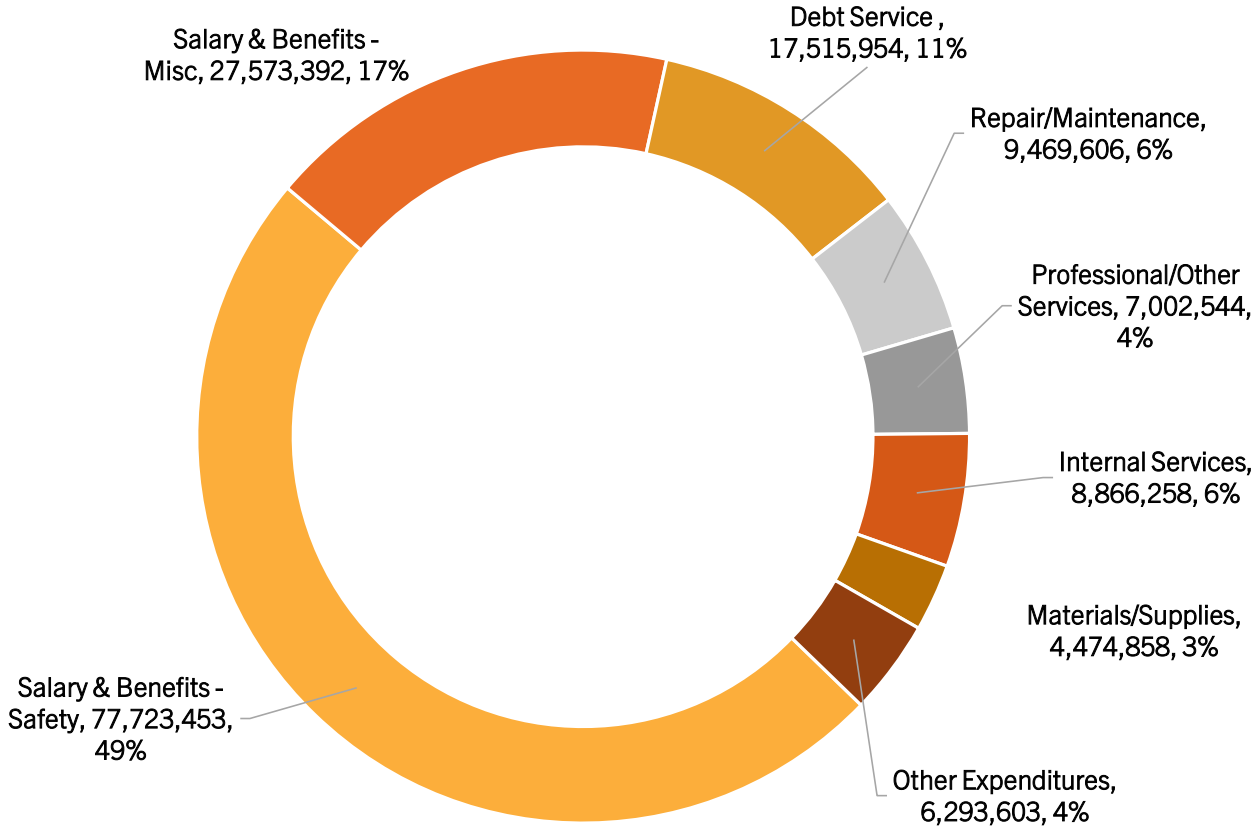
Operating Revenues

- ✓ Excludes Transfers



FY26 GENERAL FUND

MID YEAR EXPENDITURES



FY 26 REVISED BUDGET

\$159.1 M

TOTAL AT MID YEAR

\$71.0 M

FY26 YE ESTIMATE

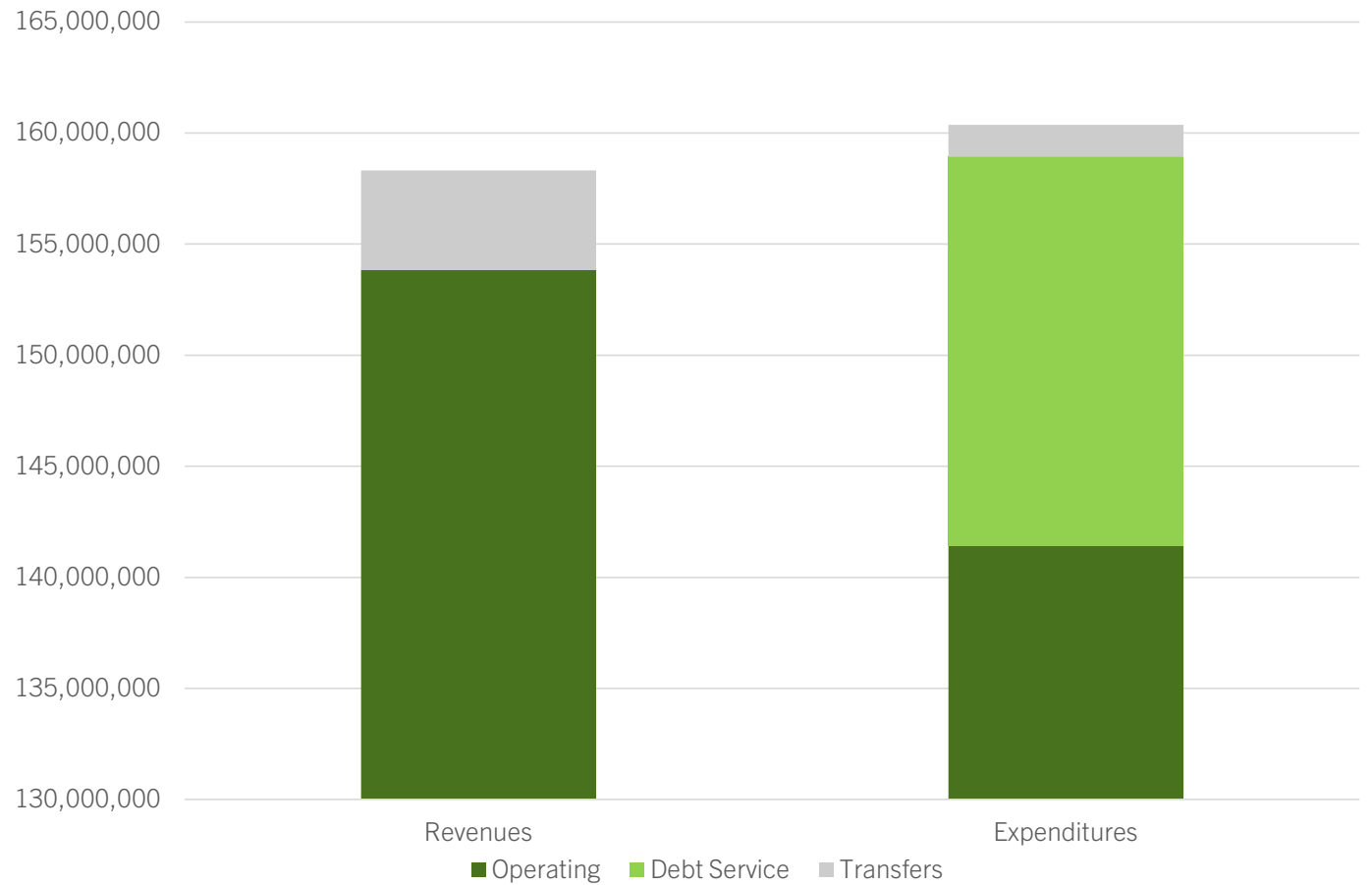
\$158.9 M

Operating Expenditures

✓ Excludes Transfers

FY26 ESTIMATED GENERAL FUND OPERATING SURPLUS/DEFICIT

	FY26 Estimated
Operating Rev	\$153.8 M
Operating Exp	\$141.4 M
Debt Service	\$17.5 M
Operating Surplus/Deficit	-\$5.1 M
Transfers Out	\$1.5 M
Transfers In	\$4.5 M
Net Surplus/Deficit	-\$2.1 M



FY26 ESTIMATED YE FUND BALANCE

	FY26 Revised Budget	FY26 Year End Estimate	Variance
Beginning Fund Balance	\$28,553,722	\$28,553,722	-
Net Surplus/Deficit	-6,759,492	-2,062,733	4,696,759
Ending Fund Balance	21,794,230	26,490,989	4,695,759
Catastrophic Reserve	25,493,246	25,779,780	-40,577
Undesignated Fund Balance	-\$3,699,016	\$1,038,321	\$4,737,337

FY26 MIDYEAR CITY COUNCIL RECOMMENDED ACTIONS

1

Receive and file the report.

2

Authorize the appropriation of \$1.8 M.

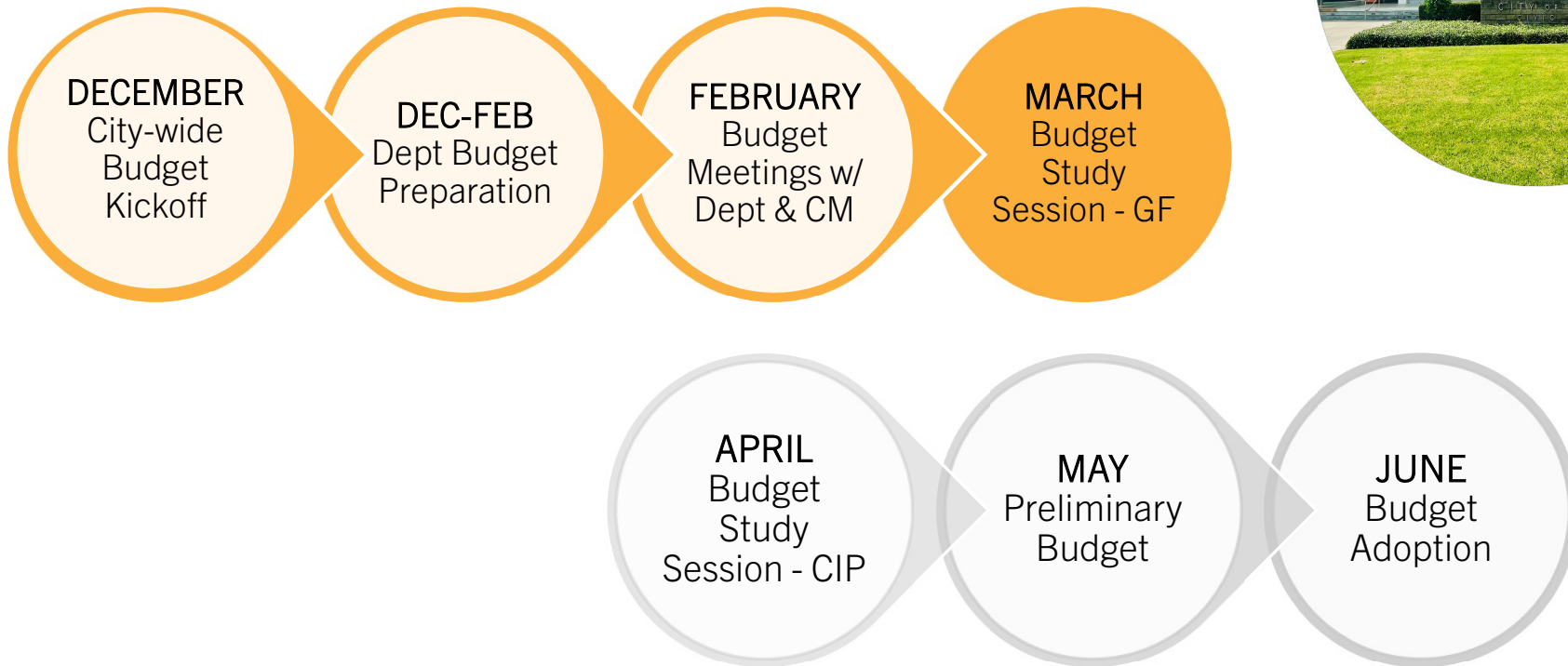
Q & A

Trang Nguyen, Finance Director

Michelle Kresan, Asst. Finance Director



ANNUAL BUDGET PROCESS



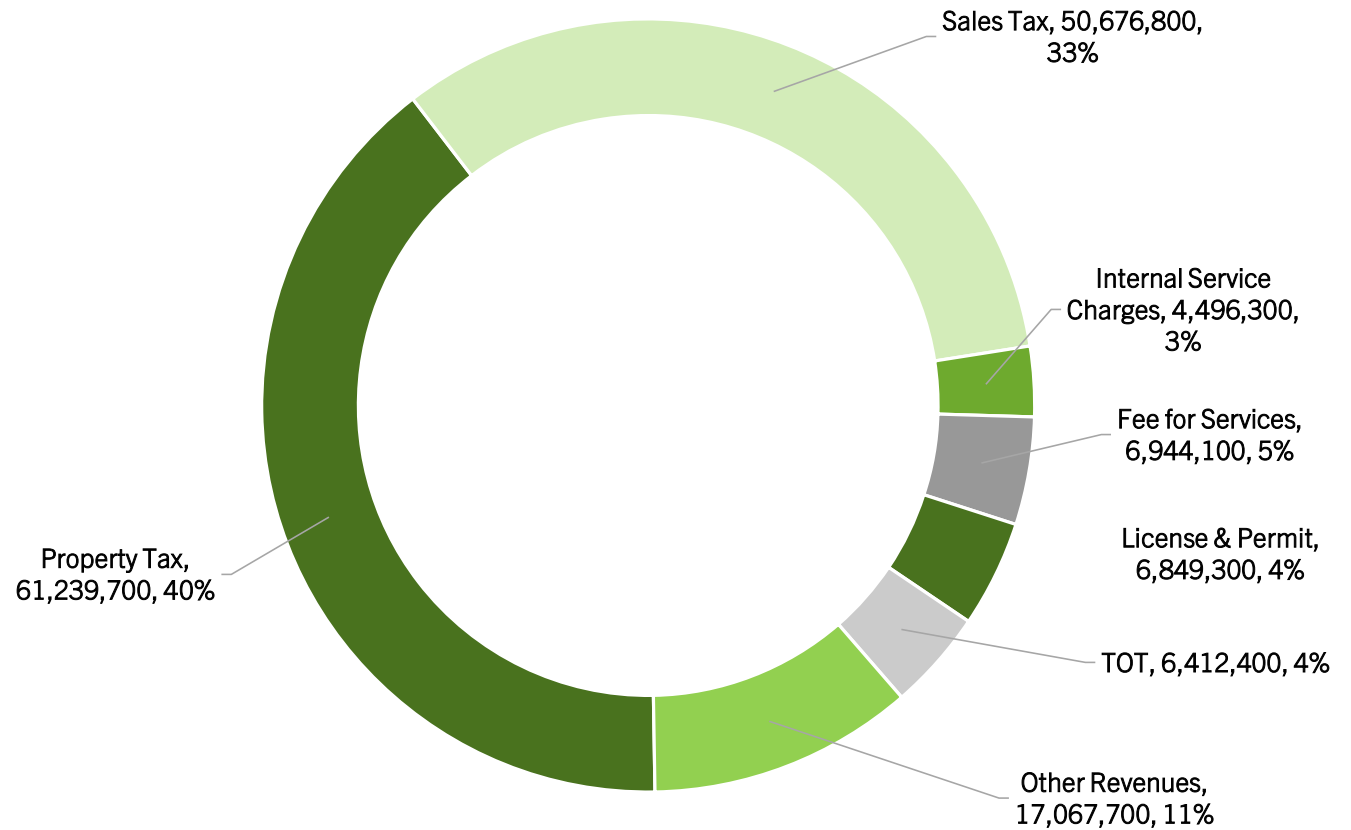
FY27 GENERAL FUND REVENUE ASSUMPTIONS

Property Tax (+3.2%)	Sales Tax (+0.2%)	TOT (+1.1%)	Fees For Services (+5.2%)	Licenses and Permits (+1.6%)	Fines and Forfeitures (+72.2%)
<ul style="list-style-type: none">• Annual growth• Proposition 13 Limitations	<ul style="list-style-type: none">• Cautionary Consumer Spending• Sales Tax Sharing Agreement	<ul style="list-style-type: none">• Stable Travel Demand• Short Term Rental Program	<ul style="list-style-type: none">• Fee Study Consideration• Credit Card Fees	<ul style="list-style-type: none">• Discovery and Compliance Audit for Business License and TOT	<ul style="list-style-type: none">• Old Towne Paid Parking Program

FY27 PROPOSED GENERAL FUND REVENUES

TOTAL \$153.7 M

- Operating Revenues
 - ✓ Excludes Transfers



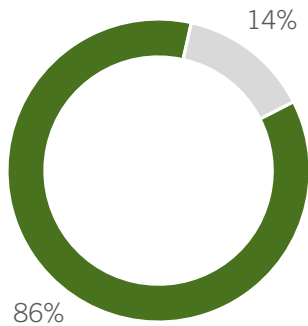
FY27 PROPOSED GENERAL FUND REVENUES

TOTAL OPERATING REVENUES

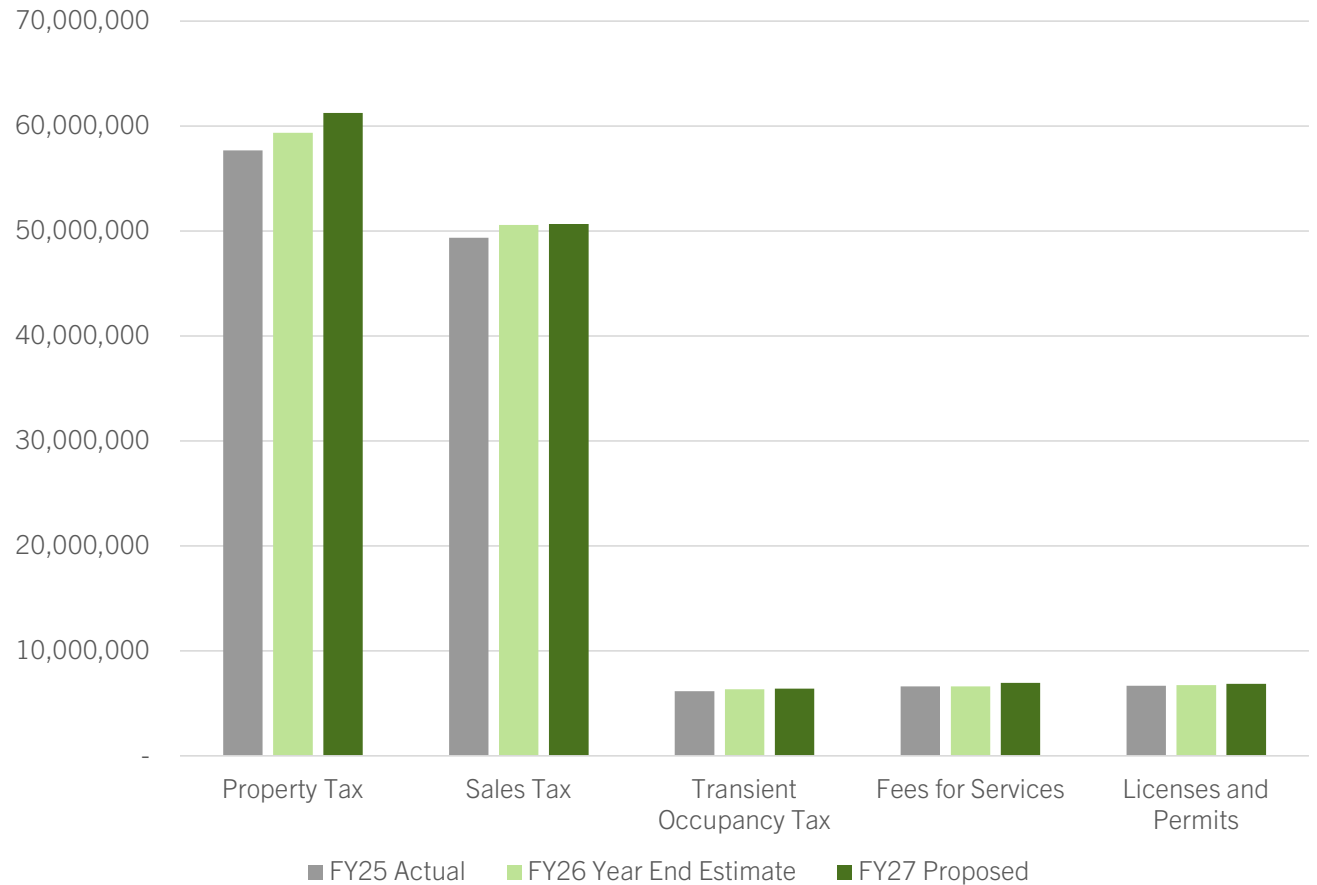
\$153.7 M

Total Major Revenues

\$132.1 M



MAJOR REVENUE SOURCES



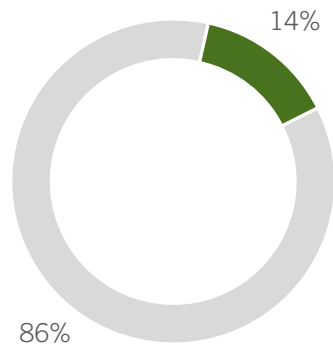
FY27 PROPOSED GENERAL FUND REVENUES

TOTAL OPERATING REVENUES

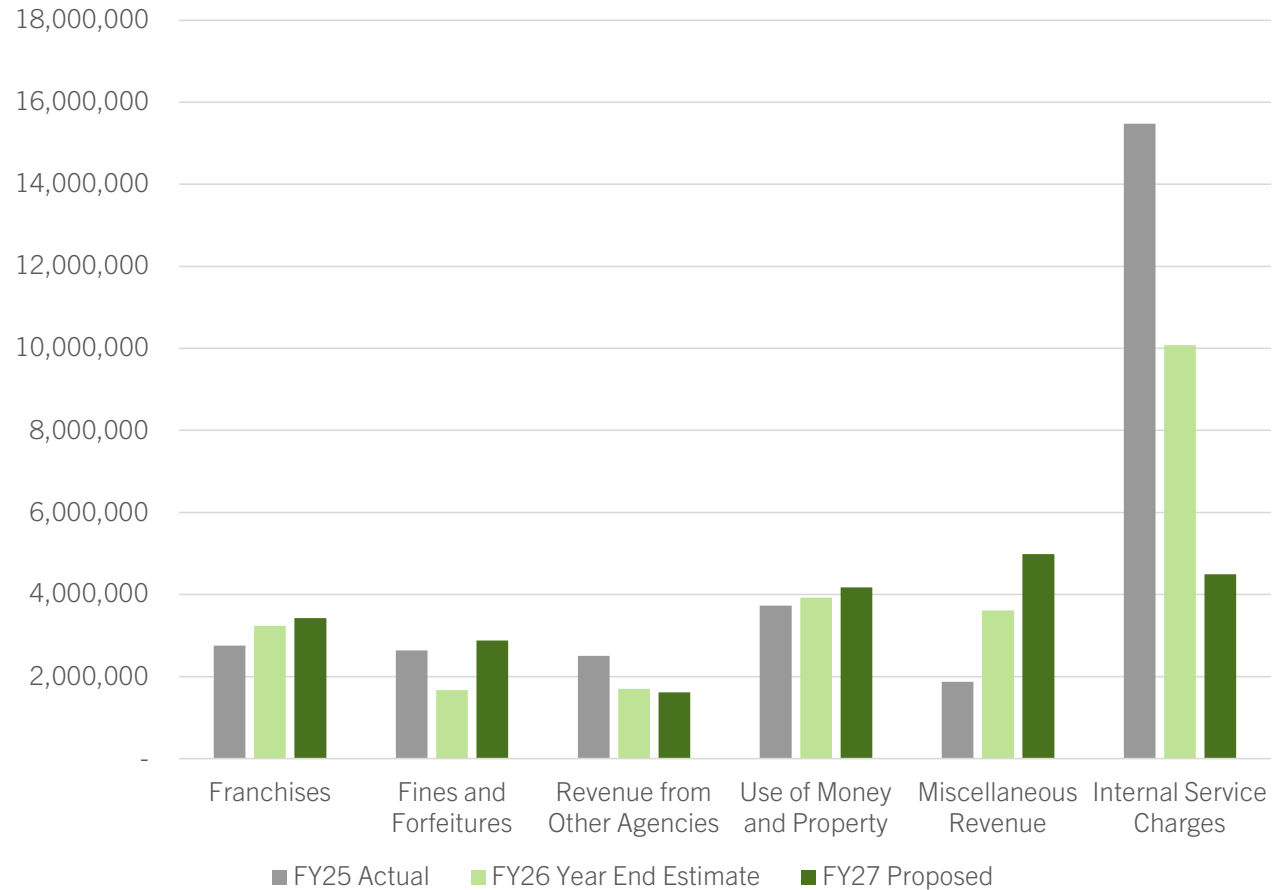
\$153.7 M

Total Other Revenues

\$21.6 M



OTHER REVENUE SOURCES



FY27 GENERAL FUND EXPENDITURE ASSUMPTIONS

Salaries and Benefits (+4.2%)	Professional Services (+14.1%)	Materials and Supplies (+16.1%)	Internal Service (-57.8%)	Repair/Maintenance (+4.5%)
<ul style="list-style-type: none">• 3% Increase – all groups• 55.7 FTE in Eliminated/Frozen Positions• 10 Position Reclassifications• Fully Funded Overtime	<ul style="list-style-type: none">• Investment in Economic Development• North SPA• Paid Parking Program• Year-Round Aquatics	<ul style="list-style-type: none">• Mandatory Fire Equipment Replacement• Increase in Safety Uniforms	<ul style="list-style-type: none">• Cost Allocation Study• Consolidation of Internal Service Funds	<ul style="list-style-type: none">• IT Equipment Repairs

FY27

GENERAL FUND EXPENDITURE ASSUMPTIONS PROPOSED FTE

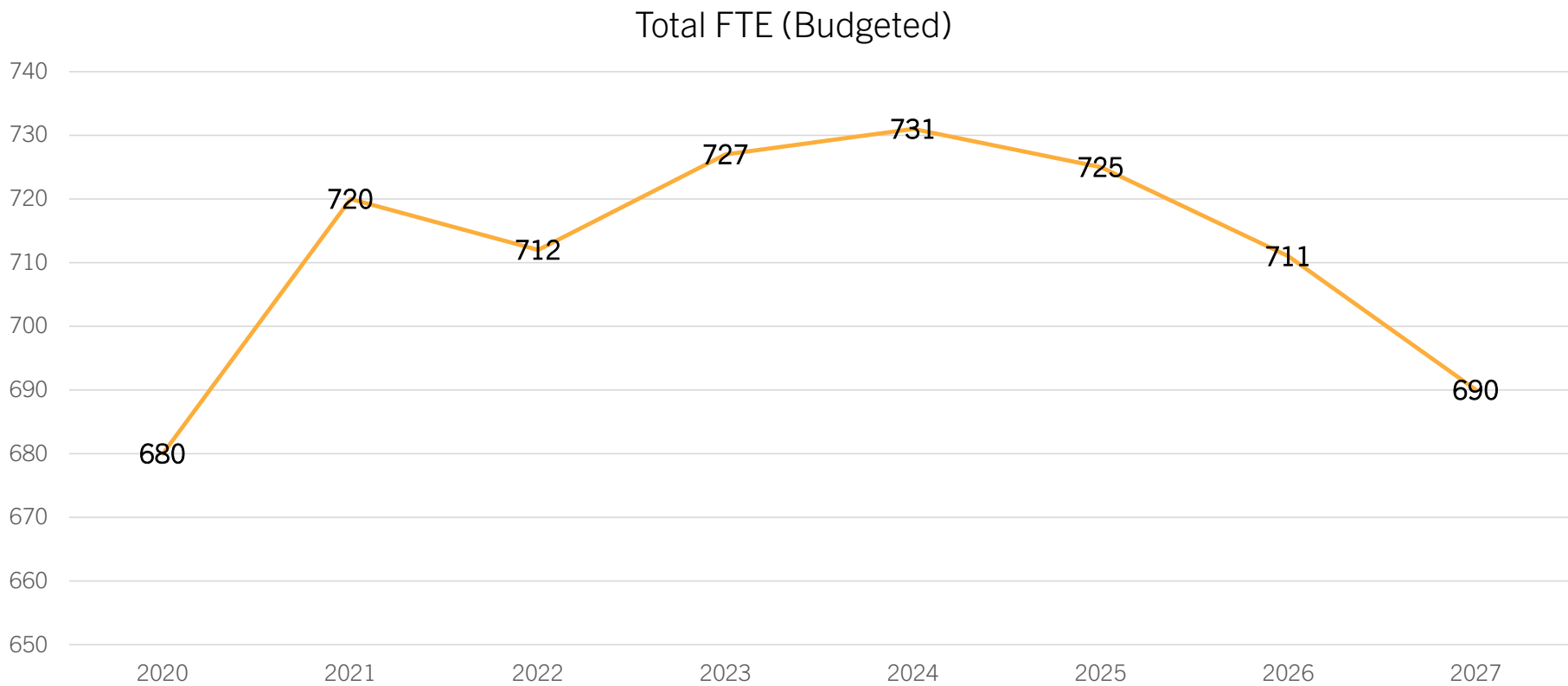
FY26 TOTAL FTE:
711

FY27 PROPOSED FTE:
690

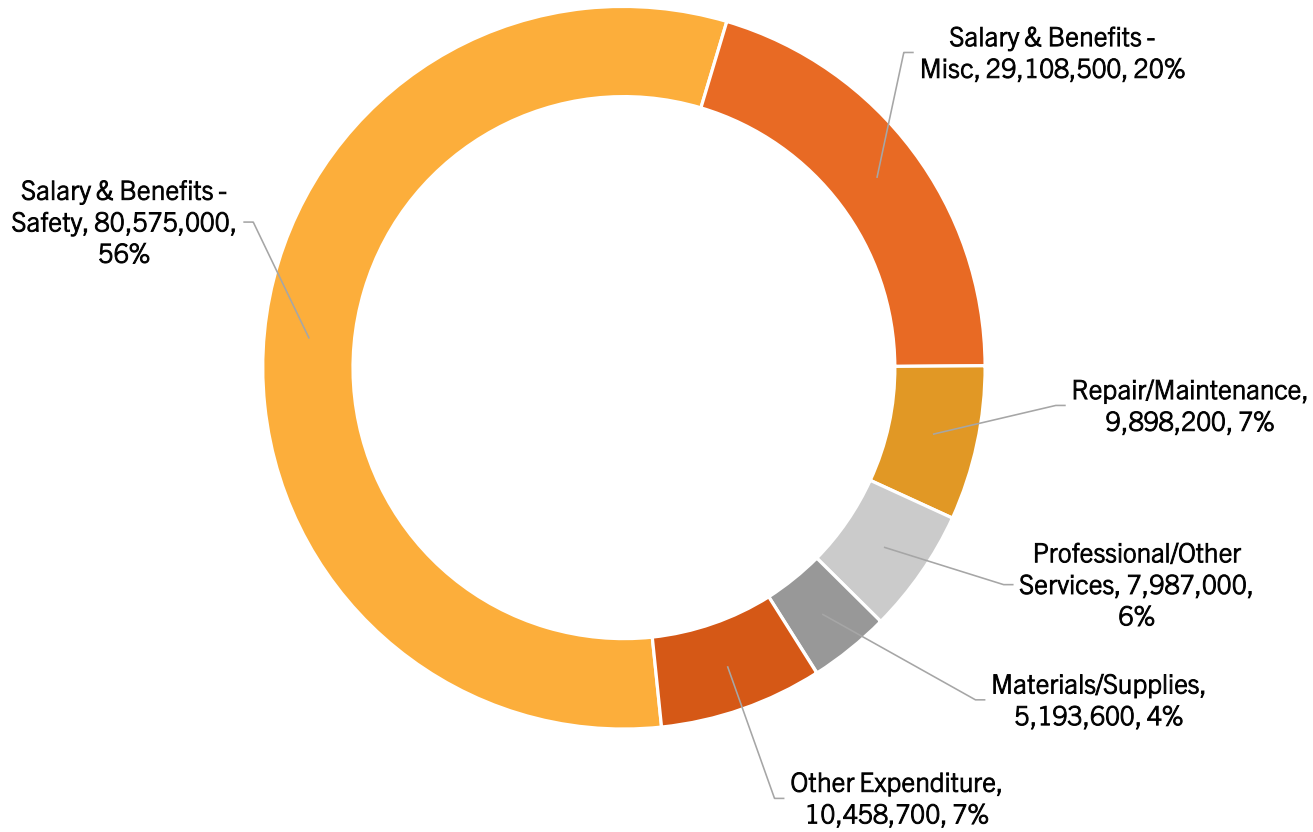


FY27 GENERAL FUND EXPENDITURE ASSUMPTIONS

FTE REDUCTION



FY27 PROPOSED GENERAL FUND EXPENDITURES



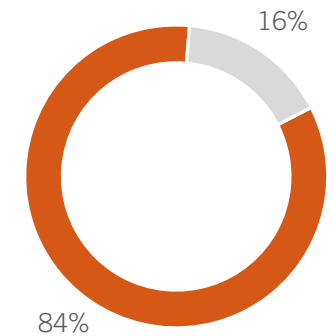
TOTAL OPERATING
EXPENDITURE \$143.2 M

- ✓ Excludes Transfers
- ✓ Excludes Debt Service

FY27 GENERAL FUND EXPENDITURES

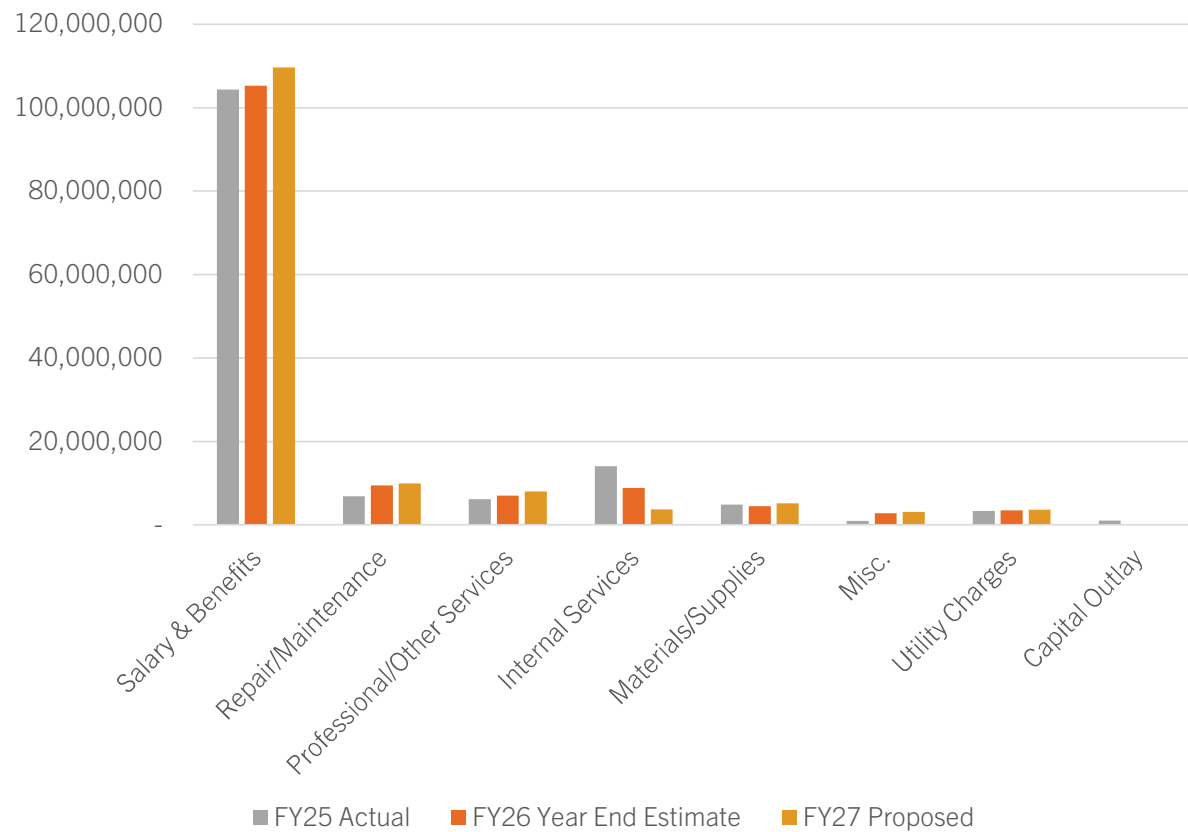
TOTAL \$170.7 M

Operating Expenditures \$143.2 M



- ✓ Excludes Transfers
- ✓ Excludes Debt Service

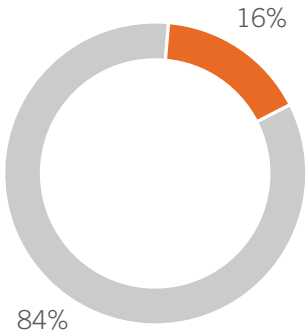
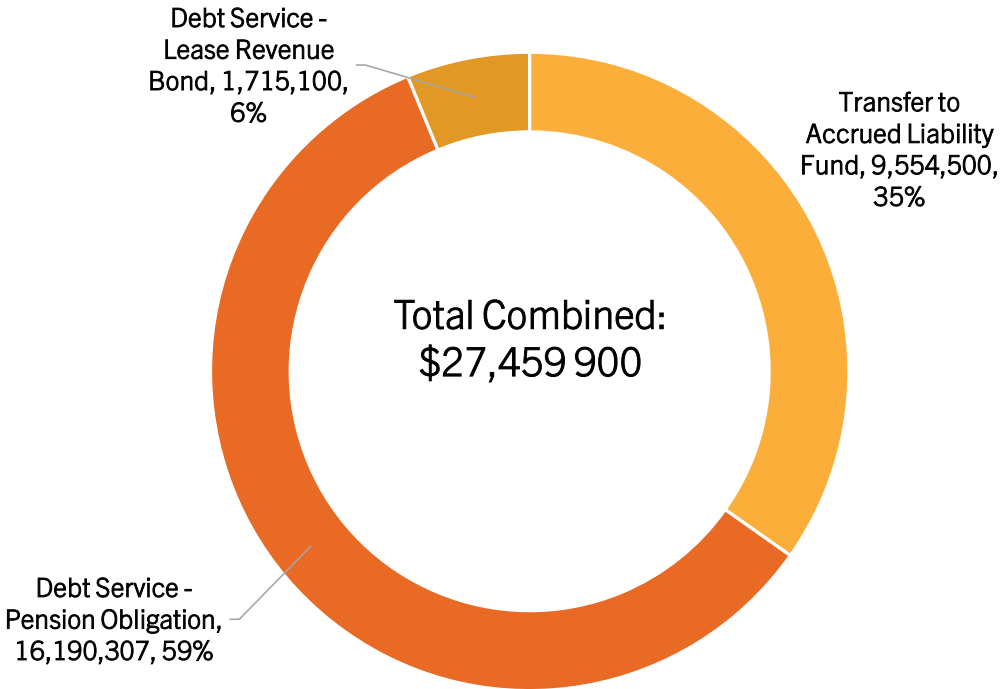
OPERATING EXPENDITURES



FY27 GENERAL FUND EXPENDITURES

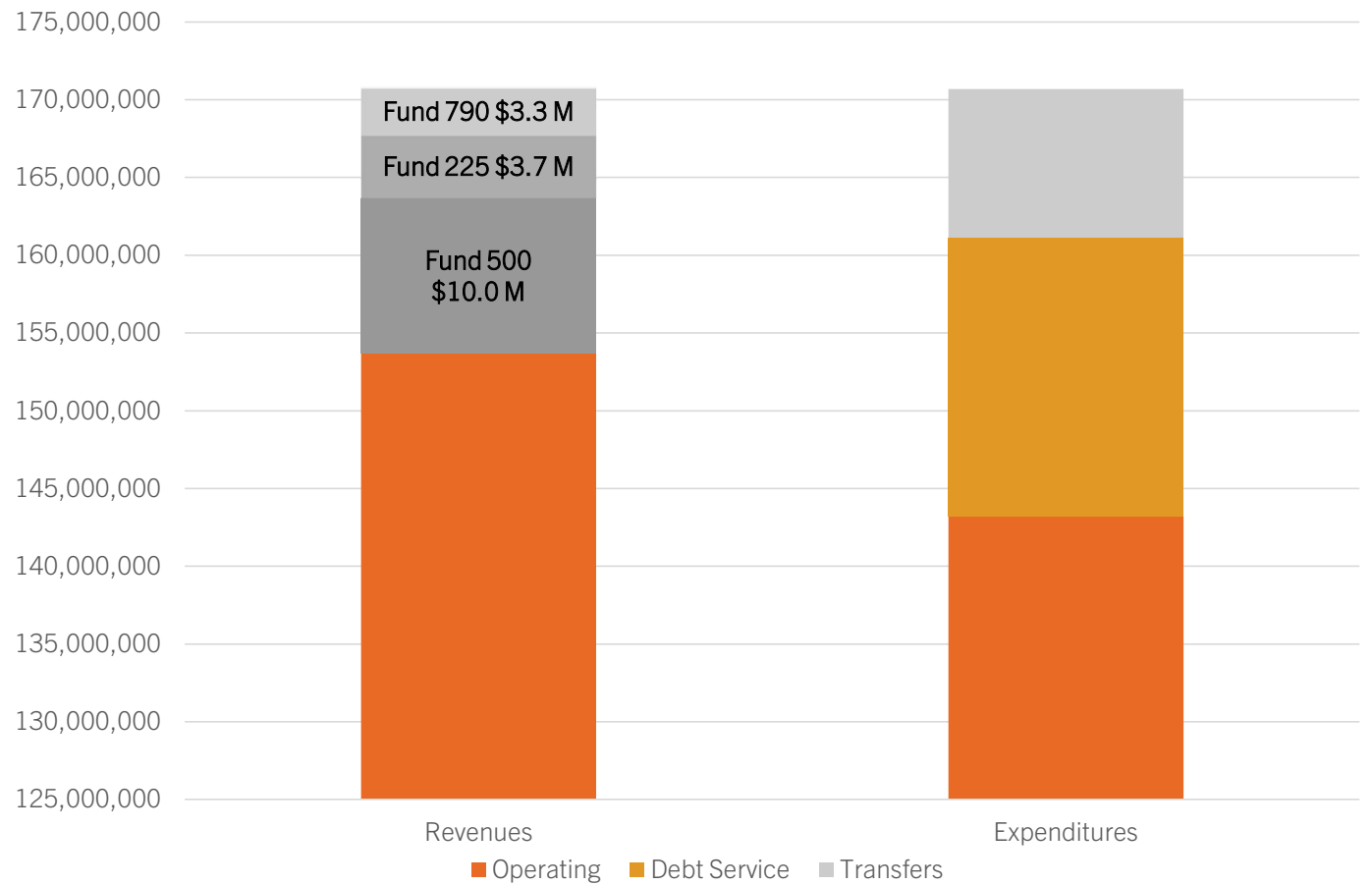
TOTAL \$170.7 M

Operating Expenditures \$143.2 M



FY27 PROPOSED GENERAL FUND OPERATING SURPLUS/DEFICIT

	FY27 Proposed
Operating Rev	\$153.7 M
Operating Exp	\$143.2 M
Debt Service	\$17.9 M
Operating Surplus/Deficit	-\$7.4 M
Transfers Out	\$9.6 M
Transfers In	\$17.0 M
Net Surplus/Deficit	\$5,400



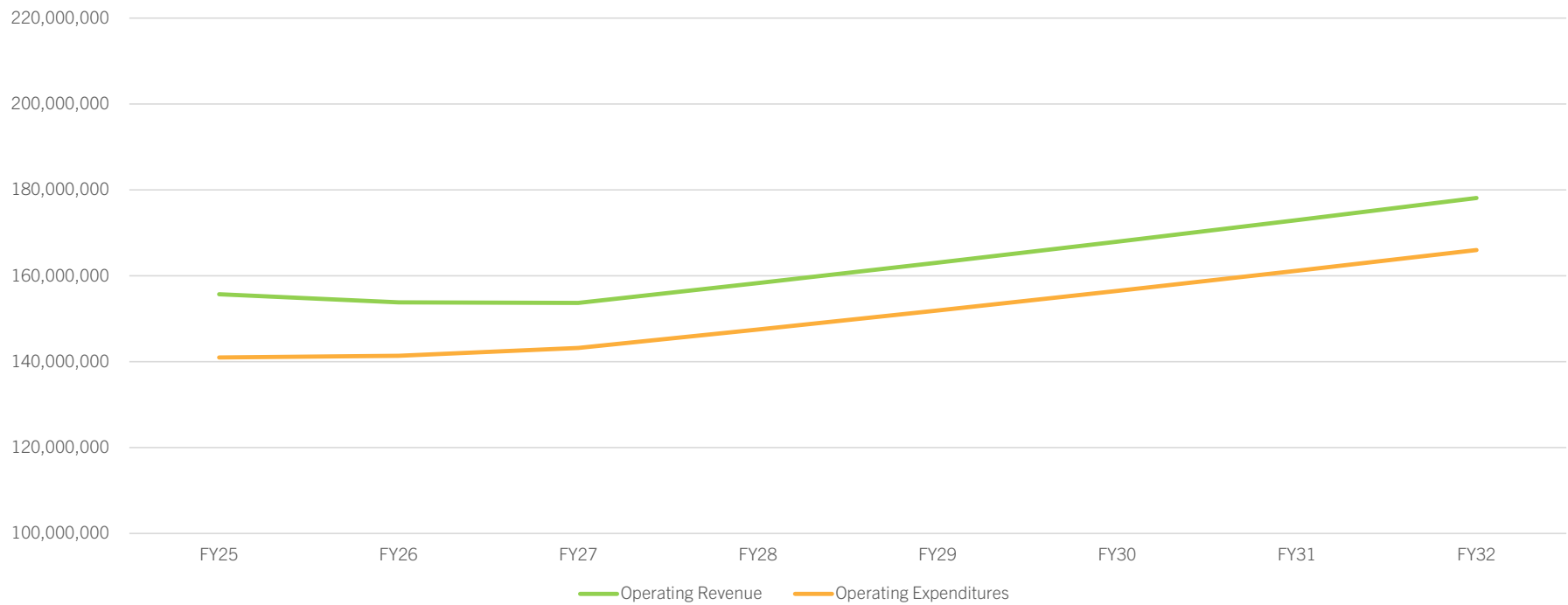
FY 27 PROJECTED FUND BALANCE

	FY26 YE Estimate	FY27 Proposed	Variance
Beginning Fund Balance	\$28,553,721	\$26,490,989	-\$2,062,732
Net Surplus/Deficit	-2,062,732	5,400	-2,062,732
Ending Fund Balance	26,490,989	26,496,389	5,400
Catastrophic Reserve	25,452,668	25,779,780	327,112
Committed/Carryover	-	-	-
Undesignated Fund Balance	\$1,038,321	\$716,609	-\$321,712

FY27 FINANCIAL FORECAST

* 3% ANNUAL GROWTH

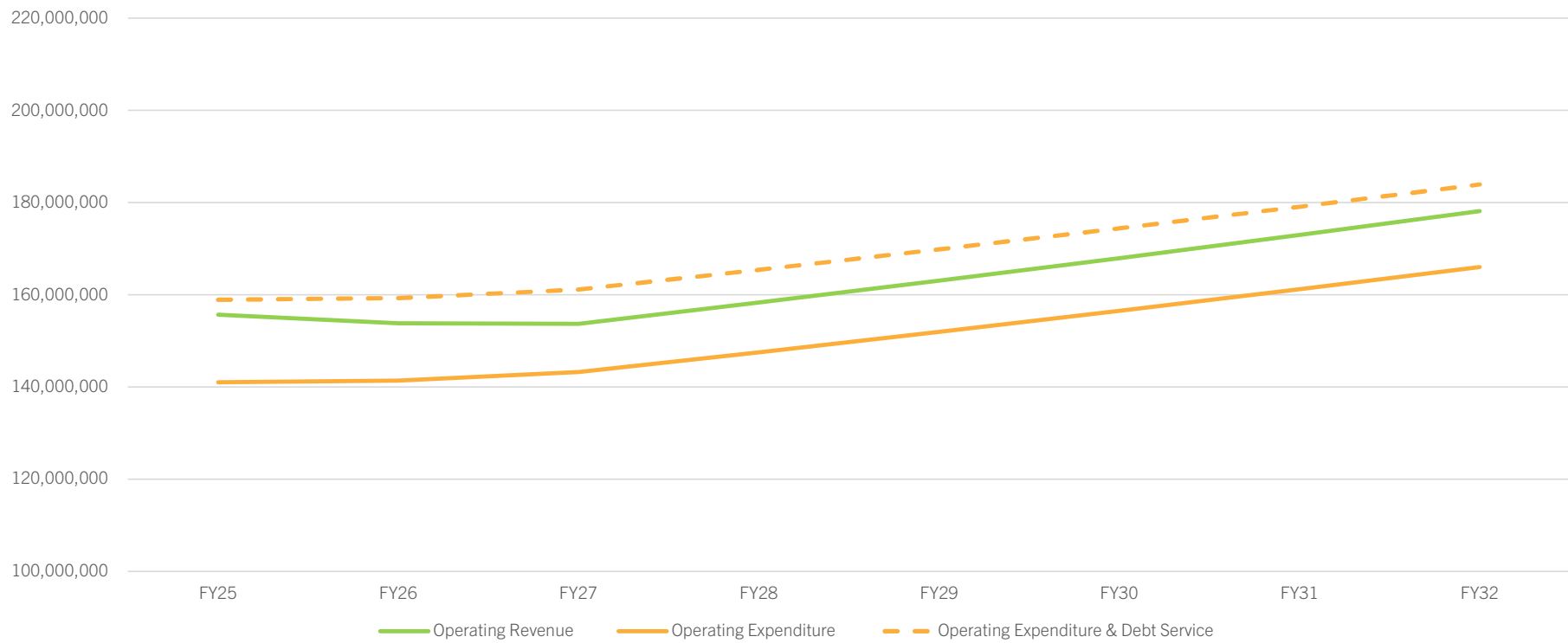
General Fund Operating Revenue & Expenditure



FY27 FINANCIAL FORECAST – CONT

* 3% ANNUAL GROWTH

General Fund Operating Revenue & Expenditure, Including Debt Service



FY27 FINANCIAL FORECAST – CONT

* 3% ANNUAL GROWTH

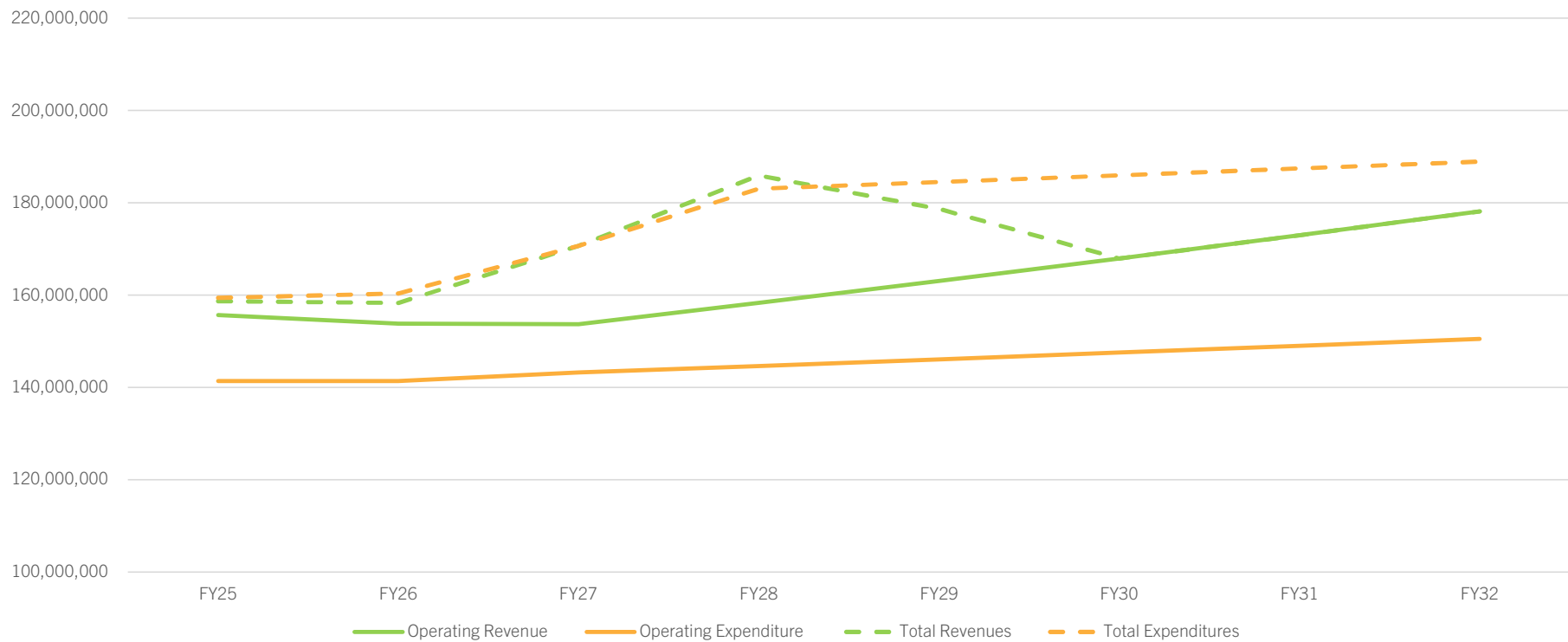
Total Expenditures, Including Debts and Transfers Out



FY27 FINANCIAL FORECAST – CONT

1% ANNUAL GROWTH AND USING AVAILABLE FUND BALANCES

Total Revenues & Expenditures, Including Debts and Transfers



FY27 CITY COUNCIL RECOMMENDED ACTIONS

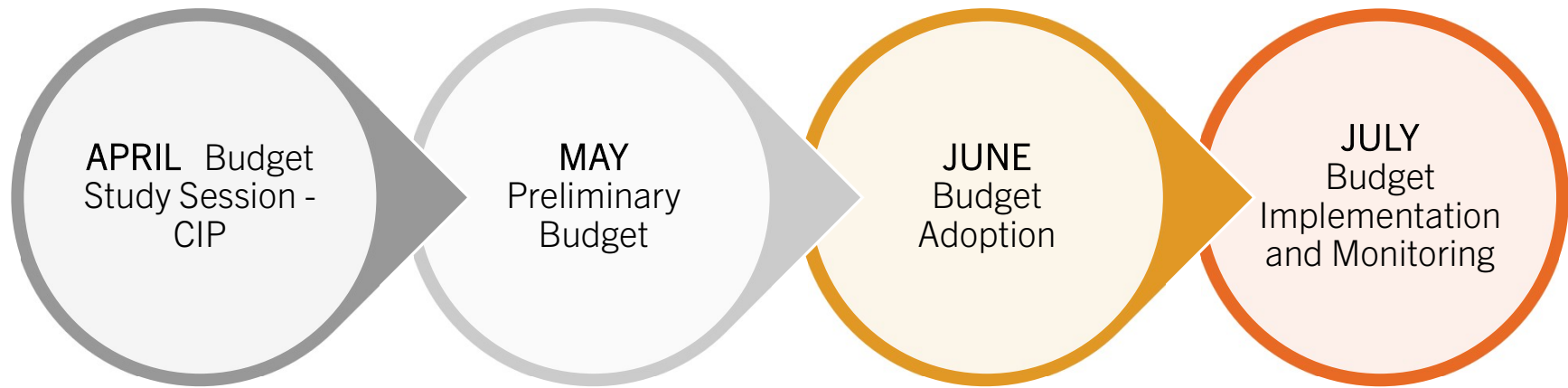
1

Provide direction to staff to prepare the Fiscal Year 2026-27 Preliminary Budget.

2

Review and discuss potential revenue measures.

WHAT'S NEXT



Q & A

Trang Nguyen, Finance Director

Michelle Kresan, Asst. Finance Director

