

CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: November 19, 2024

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To: Honorable Mayor and City Councilmembers
From: Ana Kwong – Administrative Services Director
 Don Schwarz – City Manager
Subject: FY24-25 Quarter 1 Financial Update – General Fund

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RECOMMENDATION:

Staff recommends the Sebastopol City Council receive year-to-date financial information for the General Fund.

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EXECUTIVE SUMMARY:

Based on the best available information as of September 30, 2024, the city's general fund revenue is currently less than 10% of the budget. Ideally, if all factors were consistent, it should be at 25% by this time of the year. The primary reason for revenue not being at 25% is that major revenue categories, such as property tax and sales tax, do not follow a linear pattern throughout the year. Expenses are tracking slightly below budget.

BACKGROUND:

This report represents the City's General Fund results for the first quarter of the current fiscal year. However, for several reasons first quarter reports are inherently of limited value. That is largely because the available data are limited, in some cases including a month of revenue such as for sales taxes, our largest source of revenue. We will not receive the first payment of property taxes, our second largest source of revenue, until December. Numerous revenue sources are not linear, meaning that we cannot accurately project year-end results from limited data – Transit Occupancy Tax is an example. The same is true to a lesser degree for some expense categories.

Many cities do not create first quarter reports because of the inherent uncertainties that come with limited data.

Nonetheless, we have received some newer information since adopting the budget. Most importantly:

- I. Based on notification from the County, it appears that our budgeted property tax revenue is \$117,000 too high.
- II. While we have only one month of actual results for our sales taxes, our consultant has projected that our budgeted estimate (which they developed for us) is \$54,000 too high.
- III. We are reviewing our estimates for building fees, and expect to have updated numbers for the Council at your November 19 meeting.
- IV. On the expense side, the Council has approved numerous increases in compensation for employees. This is because negotiations for new labor agreements were not completed in time to include in the adopted budget, and because we have raised salaries for some Department Head positions to improve our ability to attract strong candidates as several of these positions turn over.
- V. The budget did not include savings for vacant positions that occur over the year. We know that there will be some savings and are working on developing estimates.

Staff is working with our financial advisor, Bob Leland, to update our long-term financial model. That update will consider all of the factors above, and others including but not limited to the results of the election for Measure U. We believe that updating this model should be the focus of our efforts.

Update on FY 23-24 Results

The City's independent auditor has completed the audit for FY23-24. Until the financial statement is officially certified by the auditor, it is referred to as "unaudited." Overall, the FY23-24 unaudited actuals show that while a \$1,140,000 deficit was projected in the Spring, the actual deficit was \$287,000. While a smaller deficit is good news for the City's financial situation, it does not change the fundamental need for additional on-going revenue to sustain services.

	FY23-24 Estimated Actual	FY23-24 * Unaudited Actual	\$ Difference from Unaudited vs. Estimated Actual	% Difference from Unaudited vs. Estimated Actual
Revenues	\$ 13,819,441	\$ 13,980,694	\$ 161,253	1.2%
Expenditures	\$ 14,961,428	\$ 14,267,418	\$ (694,010)	-4.6%
Net Results	\$ (1,141,987)	\$ (286,725)		

Revenues were 5% higher than budgeted for the year, and 1.2% higher than projected in the Spring. Such variations are within a normal range. The most significant increases were in sales tax, interest earnings, and Transit Occupancy Tax.

Expenses were 6% lower than the budget, and 4.6% lower than projected in the Spring (this excludes the \$1.1 million General Fund loan to the Wastewater fund). The most significant decreases were in the Police Department, and appear due to projections for PERS costs. We have simplified our methodology for estimating these costs to make it easier for Departments to project them in the future. We also saw significant decreases in Public Works, most likely due to conservative projections and belt tightening, which we also saw in other Departments. Other savings came from not transferring \$100,000 to our PERS reserve, after the Spring projections. An additional \$50,000 in savings came from delaying a capital project one year. These were off-set in part by a payment to a contractor and debt service payment that were not included in the Spring projections.

As part of the upcoming Management Review we will look for further opportunities to improve our projections.

Summary of Q1 Financials:

The financial information reported includes transactions through September 30, 2024, 3 months through the fiscal year. The current actual collection shows total general fund revenue is \$1.37M, which equates to 9.6% of budget. Specific items attributed to year-to-date income are as follows:

Description	2022-23 Actual	Unaudited* 2023-24 Actual	2024-25 Adopted Budget	2024-25 Adjusted Budget	Y-T-D Actual 9/30/24	Footnote	% of Budget
OPERATING REVENUE							
Property Tax	3,293,347	3,443,916	3,620,000	3,620,000	-0	1	0.0%
Real Property Transfer Tax	49,530	36,506	40,000	40,000	6,338	2	15.8%
Sales Taxes	4,718,318	4,626,788	4,563,925	4,563,925	399,845	3	8.8%
User Taxes	858,334	871,287	887,175	887,175	144,463	4	16.3%
Transient Occupancy Tax	544,128	519,452	519,000	519,000	101,134	5	19.5%
Franchise Fees	468,871	489,591	502,250	502,250	51,404	6	10.2%
Licenses & Permits	709,578	498,057	1,442,500	1,442,500	105,477	7	7.3%
Fines & Special Assessments	51,623	70,560	66,700	66,700	31,311	8	46.9%
Intergovernmental Revenues	2,068,971	438,560	22,890	22,890	-0	9	0.0%
Interest & Rents	31,471	155,296	132,250	132,250	29,354	10	22.2%
Charges for Services	182,938	122,530	136,800	136,800	36,480	11	26.7%
Miscellaneous Revenue	788,352	120,010	183,225	183,225	24,243	12	13.2%
Cost Allocation Plan	2,189,693	2,476,141	1,761,797	1,761,797	440,449		25.0%
Transfers In	102,500	112,000	425,951	425,951	-0	13	0.0%
TOTAL REVENUES	16,057,653	13,980,694	14,304,463	14,304,463	1,370,498		9.6%

1. **Property Tax:** The City receives property tax payments twice a year, in December and again in late April 2025. As stated above, according to the most recent notification from the County, the projected property tax budget of \$3.62 million is overstated by \$117,000. We will have a clearer understanding of the property tax trend once the City receives the first distribution.
2. **Real Property Transfer Tax:** The amount of \$6,338 represents two months of collections. When compared to the same period in previous years, the revenue received so far this fiscal year aligns closely, suggesting that the original budget projections are too high.
3. **Sales taxes:** Sales tax collections during the first quarter is only recorded July activities. Our sales tax consultant has provided the latest projection based on Q2-2024 collections (April-June 2024) and preliminary year end projection does appear to be lower by \$54,000 from the adopted budget. The table below illustrates that while sales tax revenue is lower compared to the same period last year, it is higher than it was two years ago.

Category	July 2022	July 2023	July 2024
Bradley Burn	172,069.17	208,784.89	191,282.24
Measure T	59,905.25	66,050.45	62,450.28
Measure Q	119,941.21	131,380.35	124,807.72
Total	351,915.63	406,215.69	378,540.24

4. **User Taxes:** The city imposes a tax on the usage of telephone, garbage, and cable services. This tax is collected by these providers and then remitted to the city on a monthly and quarterly basis. The table below shows the revenue received through August. The cost of electricity has significantly increased, leading to higher electric bills for many residents. Consequently, this has resulted in an increase in the utility user tax. Although the city is receiving more revenue from this tax, it's still unknown at this point if the the adopted budget of \$887K need any adjustments.

Category	July					August				
	2022	2023	2024	\$ Diff 2024 vs 2023	% Diff 2024 vs 2023	2022	2023	2024	\$ Diff 2024 vs 2023	% Diff 2024 vs 2023
Electric	37,148	37,504	46,269	8,765	23.4%	38,888	40,294	48,196	7,902	19.6%
Garbage	6,733	7,602	8,535	933	12.3%	7,312	8,097	8,187	90	1.1%
Cable	6,096	6,262	5,983	(279)	-4.5%	6,111	6,155	5,848	(307)	-5.0%
Others *	11,446	10,203	9,420	(783)	-7.7%	11,427	11,103	12,026	923	8.3%
Total	61,423	61,571	70,206	8,636	14.0%	63,737	65,649	74,257	8,608	13.1%
* Others refer to smaller operators in the industry such as gas, communication, energy, wireless										

5. **Transient Occupancy Tax (TOT):** TOT is about 4% of the budgeted revenue. The city has received nearly 20% of this revenue from hotel/motel, and bed, and breakfast room rentals. This year-to-date amount of \$101,000 represents two months of Transient Occupancy Tax (TOT) activities. While it might be tempting to project this figure linearly—by dividing the total received by two months and multiplying by twelve to estimate over \$600,000 for the year—it's important to consider the seasonal nature of bed tax. Before FY23-24, the results were too irregular and influenced by COVID to be useful for any meaningful comparison. Therefore, the table below shows the full year of FY23-24 actual amount received of \$519,000 and the first two months for both years, indicating a relatively flat revenue stream. Given this seasonality, it is more accurate to base our projections on prior year actuals.

Fiscal Year	Full Year Amount	July Actual	August Actual
FY2023-24	519,452	51,077	51,166
FY2024/25 Budget	519,000	51,892	49,851

6. **Franchise Fees:** The franchise fee category includes PG&E, Garbage, and Cable TV/Video. The PG&E franchise fees are normally received in late April. The Video franchise fees are submitted quarterly, and collections to-date have been received through August for garbage only.
7. **Licenses & Permits:** The majority of this line item revenue comes from development-related activity fees, which account for 10% of the budget. These fees are collected when permits are issued, and their timing can vary throughout the year depending on the development period. Additionally, this category includes business license fees, with the bulk of collections occurring during the renewal period in December.
8. **Fines & Special Assessments:** This category includes vehicle code violations and parking fines. The collections to date have exceeded the 25% quarterly mark due to the state mandated cost reimbursement for racial and ID profiling. This State-mandated cost reimbursement for racial and identity (ID) profiling involves compensating local governments for the expenses incurred in complying with state laws aimed at preventing and addressing racial and identity profiling by law enforcement agencies. To support these

efforts, the state provides financial reimbursement to local governments for the costs associated with implementing these requirements.

9. **Intergovernmental Revenues:** This category includes reimbursement from other agencies, and it can vary throughout the year and challenge to predict. For the first quarter of the fiscal year, the city has not received our casino mitigation income and/or POST reimbursement.
10. **Interests and Rents:** Fluctuations in cash balances throughout the year may cause variations in interest income. This category is tracking as expected and has the potential to exceed its target if the cash position remains stable.
11. **Charges for Services:** Most line items are trending in line with budget.
12. **Miscellaneous Revenue:** This category housed reimbursement for chemicals and electricity the city paid on behalf of the pool. The electricity bills for the pool have been lower than expected so far in this fiscal year. Therefore, this is a direct correlation with lower expenses means lower reimbursement.
13. **Transfer In:** The budgeted transfer-in of \$426,000 comprises of the list below. These transfers are typically made in the fourth quarter of the fiscal year.

Description	2024-25 Adopted Budget
TRANSFERS IN	
Transfer in	
From Building, Facilities & Infra Reserve (Fund 103)	41,400
From Vehicle Abatement (Fund 125)	4,500
From Inclusionary Housing (Fund 205)	22,000
From Police Grant (Fund 209)	120,000
From Measure H (Fund 248)	238,051
3999 - Transfers In	425,951

Staff is not recommending any adjustments at this time. We plan to reassess the situation as we update the City's long-term financial model and after mid-year, when we will have a clearer picture of the overall financial performance and can make more informed decisions.

The first quarter expenses for the General Fund are summarized below. In some cases expenditures are not linear. Overall, all departments reported that their expenditures are tracking slightly below budget.

Description	2022-23 Actual	Unaudited* 2023-24 Actual	2024-25 Adopted Budget	2024-25 Adjusted Budget	Y-T-D Actual 9/30/24	Footnote	% of Budget
OPERATING EXPENDITURE - By Department							
10 - City Council	503,256	202,385	198,625	198,625	30,119		15.2%
11 - City Manager	340,598	518,664	698,885	698,885	172,144		24.6%
12 - City Attorney	461,932	759,058	647,900	647,900	158,317		24.4%
13 - City Clerk	424,717	366,405	430,771	430,771	100,638		23.4%
14 - Administrative Services (Finance)	1,218,805	1,314,441	1,436,923	1,438,173	358,150		24.9%
21 - Planning	596,114	532,564	616,426	616,426	120,716		19.6%
22 - Building	248,051	214,977	302,220	302,220	58,676		19.4%
23 - Engineering	515,766	544,009	553,020	553,020	73,081		13.2%
31 - Fire & Prevention	1,302,704	1,230,393	1,535,910	1,535,910	219,179		14.3%
32 - Police	5,002,699	4,995,733	5,366,488	5,413,761	1,244,384		23.2%
40 - Senior Center	64,732	72,703	41,038	41,038	7,775		18.9%
41 - Public Works	1,672,896	1,610,650	1,769,079	1,769,079	412,187		23.3%
42 - PW-Community Center	442,528	279,473	169,724	169,724	53,845		31.7%
43 - PW-Ives Pool	146,925	249,957	297,301	297,301	26,422		8.9%
00 - Non Departmental	280,357	210,838	191,645	191,645	5,856		3.1%
Debt Service Payments	254,140	300,407	446,094	446,094	356,512	^a	79.9%
Transfers Out	228,163	864,763	300,000	300,000	-	^b	0.0%
TOTAL EXPENDITURES	13,704,385	14,267,418	15,002,049	15,050,572	3,398,002		22.7%

- a. **Debt Service Payments:** Debt service payments consist of various debt obligations, with the fire truck principal and interest amount being paid in the first quarter of the fiscal year. This means that a significant portion of the debt has been paid, and the residual will be paid in the remainder of the year.
- b. **Transfer-out:** The cost of the library HVAC roof project has been covered by the general fund earlier this year. The City will be reimbursed for this cost when the project is completed after the rain stops.

Update on FY 24-25 Projections

As noted above, there is considerable uncertainty in projecting the year-end results for the current FY based on one quarter of results, which is why we have not included projections in the attached tables.

Nonetheless, the Budget Committee requested the best available information on this topic, presented below. The adopted budget includes a deficit of approximately \$700,000. There are several factors which could increase or decrease the deficit that we are aware of now. Please recall that in developing the budget we used 'down the middle' estimates, intending to use the best available information and not being overly aggressive nor conservative in projecting revenues or expenditures.

Factors which could increase the deficit include:

- \$117,000 in lower property taxes, noted above, based on the latest projections from the County. This is 3% lower than budget.
- \$54,000, or 1%, lower sales taxes (before Measure U)
- Property tax transfer revenue of \$6,338 for two months. Combined with significantly lower than budgeted revenues in FY 23-24 compared to the prior year, this may reflect a slow down in real estate due to higher interest rates in recent years. A slow down could lead to lower property tax revenues. We will revisit our property tax projections going forward.
- \$115,000 less in building permit fees due to fee adjustments proposed for this Council meeting.

- e. Higher compensation for employees approved by the Council in recent months, with a high-end estimate of \$186,000.

Factors which could decrease this year's deficit include:

- a. Unbudgeted salary savings: Because of many uncertainties about positions at the time of budget adoption, the budget does not include savings from positions that have been vacant. Most of these are being filled. We will be estimating these savings as we update our projections.
- b. Revenue from Measure U, which will go into effect on April 1. We estimate receiving \$188,000 that we can include in the FY 24-25 budget if we receive only ½ of the Measure U funding. We plan to use that figure in updating our projections until more is known about the outcome of discussions with the state on Measure I.

Measure U Follow Up

Measure U should increase our General Fund revenue by about \$1.5 million/year and stabilize the City's finances. However, because Measure I also passed there are uncertainties about the amount of new revenue that we will receive. We are discussing this with the California Department of Tax and Fee Administration (CDTFA). We do not anticipate a definitive resolution imminently. The sales tax increases will not occur until April 1, 2025. Due to the uncertainty, we are planning on receiving ½ of the projected Measure U revenues (or a ¼ cent increase) for now.

As noted in the adopted budget, a ¼ cent increase in sales tax revenue will require either substantial cuts in services, less investment in our infrastructure and facilities, or a combination of both.

Also due to the uncertainty, we are for now holding a vacant Public Works Maintenance I position open. If we filled it with an internal promotion, we would continue to have a vacancy. Public Works is nearing completion of its usual tasks in preparing downtown for the holiday season. Should the Council direct staff to further focus on downtown it would require Public Works to adjust its priorities such as completing the clearing of gutters on City buildings and removing leaves from storm drains to reduce the risks of flooding. Holding the position vacant would also allow the incoming Public Works Director to make the hiring decision.

Measure H Update

Measure H was the ½ cent County-wide sales tax to support fire services approved in March of this year. While initial plans called for us to receive seven months of revenue during the current fiscal year (\$600,000), we now expect to receive nine months of revenue, or about \$750,000. Because of Maintenance of Effort (MOE) requirements in the Measure, we cannot reduce the \$1.5 million in General Funds budgeted for the Fire Department even if the Council desired to do so. The Fire Ad Hoc Committee is discussing the use of Measure H funds.

Auditor Update

It is recommended that cities change auditors periodically to ensure some 'distance' between the outside auditor and the City. We have been unsuccessful in finding a new outside auditor, despite issuing two Requests for Proposals. Thus, we plan to hire the same firm we have been using, which will assign a different person to the role. This is considered an acceptable alternative when a city cannot find a new auditor. Other cities have reported similar difficulties.

Next Steps

Because there is considerable new information and changes since we last updated the City's long-term budget model, updating the model is a high priority over the next several weeks. While we are eager to update the model quickly, we also want to ensure it includes solid information. Staff have been trained on the model and will work

with our financial consultant, Bob Leland, on the updated version. We anticipate presenting the results to the Council as soon as possible after they are available and reviewed by the Budget Committee.

Additionally, we anticipate bringing an item to the Budget Committee and City Council to formally adopt resolutions to reflect Council-approved budget changes this FY when that has not already occurred. This will help us to better track our finances in our systems and reduce the chance of errors.

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment on this item. However, if staff receives public comment from interested parties following the publication and distribution of this staff report, such comments will be provided to the City Council as supplemental materials before or at the meeting.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

FISCAL IMPACT:

There is no fiscal impact in receiving this informational financial update.

RESTATED RECOMMENDATION:

That the City Council receive year-to-date financial information.

OPTIONS:

There are no options to consider.

ATTACHMENTS:

Attachment A – Quarterly Financial Reports
Powerpoint Presentation

APPROVALS:

Department Head Approval: Approval Date: 10/14/24

CEQA Determination (Planning): Approval Date: N/A

The proposed action is / is not exempt from the requirements of the California Environmental Quality Act (CEQA)

Administrative Services/Financial Approval: Approval Date: 10/14/24

Costs authorized in City Approved Budget: ☐ Yes ☐ No ☒ N/A

Account Code (f applicable) _____

City Attorney Approval: Approval Date: 10/31/24

City Manager Approval: Approval Date: 11/12/24



GENERAL FUND

QUARTERLY REPORTING - BY DEPARTMENT

Description	2022-23 Actual	Unaudited* 2023-24 Actual	2024-25 Adopted Budget	2024-25 Adjusted Budget	Y-T-D Actual 9/30/24	Footnote	% of Budget
OPERATING REVENUE							
Property Tax	3,293,347	3,443,916	3,620,000	3,620,000	-0	¹	0.0%
Real Property Transfer Tax	49,530	36,506	40,000	40,000	6,338	²	15.8%
Sales Taxes	4,718,318	4,626,788	4,563,925	4,563,925	399,845	³	8.8%
User Taxes	858,334	871,287	887,175	887,175	144,463	⁴	16.3%
Transient Occupancy Tax	544,128	519,452	519,000	519,000	101,134	⁵	19.5%
Franchise Fees	468,871	489,591	502,250	502,250	51,404	⁶	10.2%
Licenses & Permits	709,578	498,057	1,442,500	1,442,500	105,477	⁷	7.3%
Fines & Special Assessments	51,623	70,560	66,700	66,700	31,311	⁸	46.9%
Intergovernmental Revenues	2,068,971	438,560	22,890	22,890	-0	⁹	0.0%
Interest & Rents	31,471	155,296	132,250	132,250	29,354	¹⁰	22.2%
Charges for Services	182,938	122,530	136,800	136,800	36,480	¹¹	26.7%
Miscellaneous Revenue	788,352	120,010	183,225	183,225	24,243	¹²	13.2%
Cost Allocation Plan	2,189,693	2,476,141	1,761,797	1,761,797	440,449		25.0%
Transfers In	102,500	112,000	425,951	425,951	-0	¹³	0.0%
TOTAL REVENUES	16,057,653	13,980,694	14,304,463	14,304,463	1,370,498		9.6%
OPERATING EXPENDITURE - By Department							
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TOTAL EXPENDITURES	13,704,385	14,267,418	15,002,049	15,050,572	3,398,002		22.7%
Net Surplus/(Deficit)	2,353,268	(286,725)	(697,586)	(746,109)	(2,027,503)		



GENERAL FUND QUARTERLY REPORTING - BY CATEGORY

Description	2022-23 Actual	Audited 2023-24 Actual	2024-25 Adopted Budget	2024-25 Adjusted Budget	Y-T-D Actual 9/30/24	Footnotes	% of Budget
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Operating Expenditure - Category							
Salaries & Wages	4,762,291	4,705,009	4,620,599	4,655,099	1,083,674		23.5%
Benefits	3,048,693	3,039,292	3,592,788	3,606,811	819,667		22.8%
Contracted Services	2,527,667	2,601,237	3,189,634	3,189,634	561,347		17.6%
Services & Supplies	530,478	478,098	637,038	637,038	132,965		20.9%
Special Programs	232,719	196,122	58,300	58,300	30,650		52.6%
Equipment (under \$10K)	37,396	2,622	20,000	20,000	407		2.0%
Equipment Rental/Maintenance	70,564	62,235	90,230	90,230	12,147		13.5%
Utilities-City	2,719	5,377	12,000	12,000	2,350		19.6%
Vehicle Expense	158,091	161,226	174,025	174,025	32,228		18.5%
Conference & Training Expense	52,182	39,828	68,870	68,870	9,856		14.3%
Utilities	255,989	270,880	444,382	444,382	65,489		14.7%
Telecommunications	82,670	78,058	80,880	80,880	13,669		16.9%
Council Objectives	355,106	60,418	6,500	6,500	-		0.0%
Allocated Insurance	923,677	1,192,721	1,100,910	1,100,910	275,228		25.0%
Capital Outlay	181,841	209,126	159,800	159,800	1,812		1.1%
Debt Service Payments	254,140	300,407	446,094	446,094	356,512	a	79.9%
Transfers Out	228,163	864,763	300,000	300,000	-	b	0.0%
TOTAL EXPENDITURES	13,704,384	14,267,419	15,002,049	15,050,572	3,398,002		22.7%
Net General Fund Surplus/(Deficit)	2,353,268	(286,725)	(697,586)	(746,109)	(2,027,504)		

GENERAL FUND REVENUES DETAILED QUARTERLY REPORTING						
The information pertaining to each footnote is located in the section that follows the transfers schedule						
Revenue Categories	2022-23 Actual	Unaudited* 2023-24 Actual	2024-25 Adopted Budget	2024-25 Adjusted Budget	Y-T-D Actual 9/30/24	Footnote % of Budget
3000 - Property Tax Secured / Unsecured	2,384,387	2,487,900	2,595,000	2,595,000	-0	¹ 0.0%
3002 - Real Property Transfer Tax	49,530	36,506	40,000	40,000	6,338	² 15.8%
3004 - Property Tax in Lieu of VLF	908,960	956,016	1,025,000	1,025,000	-0	0.0%
Property Tax	3,342,877	3,480,422	3,660,000	3,660,000	6,338	0.2%
3010 - Sales Tax-Bradley Burn	2,255,817	2,199,730	2,173,000	2,173,000	191,282	8.8%
3011 - Sales Tax-1/4 cent (T)	780,207	770,928	760,000	760,000	65,376	8.6%
3012 - Sales Tax-1/2 cent (Q)	1,572,895	1,550,631	1,520,125	1,520,125	124,808	8.2%
3014 - Sales Tax-Prop 172	109,400	105,500	110,800	110,800	18,379	16.6%
Sales Taxes	4,718,318	4,626,788	4,563,925	4,563,925	399,845	³ 8.8%
3020 - Transient Occupancy Tax	544,128	519,452	519,000	519,000	101,134	⁵ 19.5%
				-0		
3050 - Garbage Franchise	260,922	296,817	301,350	301,350	51,404	17.1%
3051 - PG&E Franchise	113,597	121,383	124,025	124,025	-0	0.0%
3052 - Cable TV Franchise	94,352	71,390	76,875	76,875	-0	0.0%
Franchise Fees	468,871	489,591	502,250	502,250	51,404	⁶ 10.2%
3055 - Vehicle in lieu Tax	7,710	9,291	10,000	10,000	-0	0.0%
3056 - UUT PG&E	421,904	429,651	428,600	428,600	71,481	16.7%
3057 - UUT Sonoma Clean Power	128,652	128,152	135,300	135,300	22,984	17.0%
3058 - UUT Garbage	84,878	96,555	98,400	98,400	16,722	17.0%
3059 - UUT Cable	57,239	72,492	76,875	76,875	11,831	15.4%
3060 - UUT Misc	156,671	135,059	136,500	136,500	21,446	15.7%
3061 - UUT (AB-1717)	1,280	88	1,500	1,500	-0	0.0%
User Taxes	858,334	871,287	887,175	887,175	144,463	⁴ 16.3%
3101 - Business License	145,992	142,770	140,000	140,000	7,039	5.0%
3102 - Business License-Late Fees	5,443	6,388	2,500	2,500	180	7.2%
3103 - Building Permits	558,093	348,900	1,300,000	1,300,000	98,259	7.6%
3104 - Pet Shelter Release Fee	50	-0	-0	-0	-0	0.0%
Licenses & Permits	709,578	498,057	1,442,500	1,442,500	105,477	⁷ 7.3%
3105 - Vehicle/ Criminal Code Fines	10,388	13,906	13,700	13,700	4,077	29.8%
3106 - Parking Fines	18,378	20,760	18,000	18,000	3,270	18.2%
3107 - RBS Training Fees	12,800	11,600	12,000	12,000	1,000	8.3%
3110 - Business License - DSA 70% \$1	5,735	5,415	5,000	5,000	380	7.6%
3202 - State Mandated Cost Reimb	4,322	18,880	18,000	18,000	22,584	125.5%
Fines & Special Assessments	51,623	70,560	66,700	66,700	31,311	⁸ 46.9%
3203 - POST Reimb	3,096	2,703	2,700	2,700	-0	0.0%
3204 - Casino Mitigation	19,149	24,224	20,190	20,190	-0	0.0%
3206 - County Grant	-0	60,000	-0	-0	-0	0.0%
3207 - State Grant	395,493	351,632	-0	-0	-0	0.0%
3209 - Federal Grant	1,651,233	-0	-0	-0	-0	0.0%
Intergovernmental Revenues	2,068,971	438,560	22,890	22,890	-0	⁹ 0.0%

GENERAL FUND REVENUES DETAILED QUARTERLY REPORTING						
The information pertaining to each footnote is located in the section that follows the transfers schedule						
Revenue Categories	2022-23 Actual	Unaudited* 2023-24 Actual	2024-25 Adopted Budget	2024-25 Adjusted Budget	Y-T-D Actual 9/30/24	Footnote % of Budget
3300 - Interest Income	-21,286	97,452	77,000	77,000	18,432	23.9%
3301 - Cell Tower Lease Rental	39,608	45,594	43,000	43,000	7,788	18.1%
3302 - City Property Rental - Little League	2,974	2,300	2,300	2,300	1,369	59.5%
3304 - City Property Rental - Parking Space	500	500	500	500	40	8.0%
3305 - City Property Rental - Palm Ave	3,000	2,250	2,250	2,250	-0	0.0%
3401 - Plaza and Special Event Fees	6,675	7,200	7,200	7,200	1,725	24.0%
Interest & Rents	31,471	155,296	132,250	132,250	29,354	¹⁰ 22.2%
3404 - Credit Card Transaction Fee	177	1,000	1,000	1,000	697	69.7%
3405 - Finance Fee	7,407	5,000	5,000	5,000	1,170	23.4%
3425 - Fire Dept Fees	57,534	30,000	40,000	40,000	6,096	15.2%
3426 - Planning Fees	44,217	25,000	21,000	21,000	7,761	37.0%
3427 - Special Projects Plans/Specs	200	-0	-0	-0	-0	0.0%
3428 - GIS Fees	460	-0	-0	-0	-0	0.0%
3441 - Encroachment Permits Fee	27,074	30,000	30,000	30,000	10,398	34.7%
3442 - Grading Permit Fee	1,032	1,030	1,000	1,000	1,090	109.0%
3445 - Public Works Services	8,940	7,000	7,500	7,500	54	0.7%
3502 - Police Services	17,240	15,000	18,000	18,000	5,471	30.4%
3504 - Impounded Vehicle Release Fee	2,240	1,800	1,800	1,800	500	27.8%
3505 - Police Reports Copy Fee	3,878	4,000	4,000	4,000	280	7.0%
3506 - Police False Alarms Fee	3,400	-0	-0	-0	-0	0.0%
3507 - Police OT Reimbursement	9,139	2,700	7,500	7,500	2,964	39.5%
Charges for Services	182,938	122,530	136,800	136,800	36,480	¹¹ 26.7%
3801 - Sales of Surplus Equipment	31,222	-0	10,000	10,000	870	8.7%
3804 - Insurance Claims	224,633	450	500	500	8,968	1793.5%
3805 - Miscellaneous Income	9,178	100	100	100	590	590.2%
3806 - Donations & Contributions	427,775	500	500	500	-0	0.0%
3807 - Rebates	14,100	14,000	14,000	14,000	2,576	18.4%
3810 - Pool Expense Reimbursement	81,445	104,960	158,125	158,125	11,239	7.1%
Miscellaneous Revenue	788,352	120,010	183,225	183,225	24,243	¹² 13.2%
3998 - Cost Allocation Plan	2,189,693	2,476,141	1,761,797	1,761,797	440,449	25.0%
3999 - Transfers In	102,500	112,000	425,951	425,951	-0	¹³ 0.0%
				-0		
Total Revenue	16,057,653	13,980,694	14,304,463	14,304,463	1,370,498	9.6%

GENERAL FUND FIRST QUARTER REPORT NOVEMBER 19, 2024

HIGHLIGHTS

- ACTUALS VARY IN TIMING, ESPECIALLY REVENUE
- CANNOT DRAW MANY CONCLUSIONS THIS EARLY IN FY
 - MANY CITIES DON'T PRODUCE Q1 REPORTS
- ACTUAL REVENUES THROUGH SEPTEMBER 30: 9.6% OF BUDGET
- ACTUAL EXPENSES THROUGH SEPTEMBER 30: 22.7%
- WE BUDGETED "DOWN THE MIDDLE"
 - MANY CITIES BUDGET MORE CONSERVATIVELY

WHERE WILL WE END UP?

- BUDGETED DEFICIT: \$698K
- TOO SOON TO TELL WHERE WE'LL END UP
- UPDATING LONG-TERM MODEL WITH SOLID INFORMATION IS HIGH PRIORITY

UPS AND DOWNS ON FY 24-25 DEFICIT

- FACTORS WHICH COULD INCREASE DEFICIT:
 - PROPERTY TAXES: \$117K LOWER (3%)
 - SALES TAXES: \$54K LOWER (1%)
 - BUILDING FEES: \$115K LOWER (9%)
 - EMPLOYEE COMPENSATION: \$186K HIGHER (2%)
- FACTORS WHICH COULD DECREASE DEFICIT:
 - VACANCY SAVINGS (AMOUNT TBD)
 - MEASURE U: \$188K HIGHER (ASSUMES ¼ CENT FOR 3 MONTHS)

FY 23-24 RESULTS

- ACTUAL DEFICIT: \$287K; \$855K LESS THAN PROJECTED IN SPRING
- REVENUES UP 1.2% COMPARED TO SPRING
- EXPENSES DOWN 4.6%
- REVIEWING OUR PROCESS FOR PROJECTIONS
- FUNDAMENTAL NEED FOR MORE REVENUE REMAINS

MEASURE U FOLLOW UP

- \$1.5M ANNUALLY FROM MEASURE U
- POTENTIAL FOR \$750K WITH MEASURE I
- DISCUSSING WITH STATE
- IN MEANTIME . . . PROJECTIONS WILL ASSUME \$750K
- LONG-RUN: \$750K MEANS SIGNIFICANT REDUCTIONS IN SERVICES, LESS IN INFRASTRUCTURE, BUILDINGS, ETC. OR SOME OF EACH
- SHORT-RUN: HOLDING MAINTENANCE WORKER I VACANT

MEASURE H UPDATE

- INITIALLY BUDGETED \$600K FOR FY 24-25
- CURRENT PROJECTION: \$750K
 - SOME MAY TRANSFER TO GOLD RIDGE IN REORGANIZATION
- ALLOCATED \$300K IN BUDGET
- FIRE AD HOC DISCUSSING USES OF MEASURE H FUNDS
- \$1.5M GENERAL FUND REQUIREMENT FOR FY 24-25 REMAINS

NEXT STEPS: UPDATING OUR FINANCIAL MODEL

- HIGH PRIORITY
- WILL FACTOR IN MEASURE U
- WILL REFLECT OTHER KNOWN CHANGES
- WILL UPDATE WITH BETTER INFORMATION
 - VACANCY SAVINGS
 - PLANNING DEPARTMENT REVENUES
 - BUILDING FEES
 - ETC.