



City of Sebastopol

CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: November 4, 2025

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To: Honorable Mayor and City Councilmembers
From: Ana Kwong – Administrative Services Director
Subject: FY25-26 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.

EXECUTIVE SUMMARY:

Based on the best available information as of September 30, 2025, the city's general fund 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.

BACKGROUND:

Revenues are collected on a cash basis for the purpose of this update. Certain revenues, like property taxes, are collected only twice a year, December and April, while sales tax revenues are 2 months behind. These non-linear revenue streams contribute to the current level of the general fund. Therefore, throughout portions of the year those accounts may look to be under budget. Additionally, certain expenditures are not monthly recurring costs. This may result in each budget account looking over/under budget.

DISCUSSION:

This report provides an overview of the City's General Fund performance for the first quarter of FY25-26, using the most current financial data available as of September 30, 2025. It presents a detailed accounting of revenues and expenditures recorded during this period, offering a snapshot of the City's financial position as the fiscal year gets underway.

It's important to note that first-quarter data can be inherently limited. Revenue collection is not always linear, and certain revenue streams may not be fully captured within the first three months. Timing differences in receipts, accruals, and reporting cycles can result in an incomplete picture of the quarter's financial activity. Despite these limitations, the report reflects actual transaction activity across all categories, providing a meaningful foundation for assessing fiscal health and performance. It also could potentially help identify early trends, potential risks, and opportunities for course correction as the year progresses.

STAFF ANALYSIS:

General Fund Revenues: The financial report for the first quarter of fiscal year 2025–26, reflecting transactions through September 30, indicates that general fund revenue totals \$1.36 million—just 8.7% of the adopted annual budget of \$15.69 million. While this may appear low at first glance, it is important to note that first-quarter figures are not a reliable measure of overall fiscal health. Many of the City's major revenue sources—such as property taxes, sales tax, franchise fees, and permits—are either collected seasonally or begin to materialize in the second and third quarters. In particular, sales tax revenue is consistently delayed by two months due to state reporting and remittance schedules, further skewing early-year data.



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Given these timing dynamics, the current revenue picture reflects a predictable seasonal lag rather than a shortfall. Some revenue categories have already exceeded the 25% benchmark for the quarter, while others remain below target due to collection schedules. These fluctuations are expected and do not warrant immediate concern. As such, staff is not recommending any budgetary adjustments at this time. A more comprehensive financial assessment will be conducted at mid-year, when a fuller picture of revenue performance will allow for more informed decisions and potential course corrections.

Description	2023-24 Actual	2024-25 Preliminary Actual	2025-26 Adopted Budget	Y-T-D Actual 9/30/25	% of Adopted Budget
OPERATING REVENUE					
Property Tax	3,443,916	3,642,556	3,639,105	-0	0.0%
Real Property Transfer Tax	36,506	62,203	50,000	5,808	11.6%
Sales Taxes	4,626,788	5,015,507	6,130,700	395,350	6.4%
User Taxes	871,287	925,705	962,050	145,653	15.1%
Transient Occupancy Tax	519,452	480,263	534,500	62,602	11.7%
Franchise Fees	489,591	490,118	530,000	28,163	5.3%
Licenses & Permits	498,057	676,253	1,244,000	122,592	9.9%
Fines & Special Assessments	70,560	70,935	77,300	28,884	37.4%
Intergovernmental Revenues	438,560	27,724	20,200	-0	0.0%
Interest & Rents	159,790	180,925	157,450	79,610	50.6%
Charges for Services	158,110	182,374	162,300	28,063	17.3%
Miscellaneous Revenue	89,505	397,229	110,790	15,589	14.1%
Cost Allocation Plan	2,476,141	1,761,797	1,796,323	449,081	25.0%
Transfers In	102,000	209,622	275,000	-0	0.0%
TOTAL REVENUES	13,980,263	14,123,212	15,689,718	1,361,392	8.7%

General Fund Expenditures:

General Fund expenditures for the first quarter of fiscal year 2025–26 reflect expected seasonal patterns, with some departments approaching or slightly exceeding the 25% benchmark. This variation is typical, as spending is not evenly distributed throughout the year. A key factor contributing to higher first-quarter totals is the City's annual unfunded pension payment, which was made in full in July to take advantage of a 3% discount. While this payment is significant, it is a planned expense and does not indicate a budgetary concern.

Beyond this one-time expense, departmental spending is generally tracking within expected ranges. Any line items that exceed the quarterly threshold have been reviewed. At this time, staff is not recommending any budget adjustments, and expenditures will continue to be monitored closely as the fiscal year progresses.



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Description	2023-24 Actual	2024-25 Preliminary Actual	2025-26 Adopted Budget	Y-T-D Actual 9/30/25	% of Adopted Budget
OPERATING EXPENDITURE - By Department					
City Council	202,385	176,804	183,214	33,121	18.1%
City Manager	518,664	827,312	581,282	88,785	15.3%
City Attorney	759,058	646,785	643,750	58,487	9.1%
Assistant City Manager City Clerk	366,405	457,159	470,818	161,421	34.3%
Administrative Services (Finance)	1,314,441	1,385,796	1,466,539	397,926	27.1%
Planning	532,564	657,815	701,666	202,457	28.9%
Building	214,977	303,081	437,909	61,197	14.0%
Fire & Prevention	1,230,393	1,492,276	1,247,640	91,409	7.3%
Police	4,995,733	5,123,538	5,767,329	1,833,867	31.8%
Senior Center	72,703	42,620	47,650	6,229	13.1%
Public Works	2,154,659	2,298,835	2,650,318	593,688	22.4%
Community Center	279,473	172,309	164,202	33,042	20.1%
Ives Pool	249,957	212,031	225,761	28,572	12.7%
Non Departmental	210,838	97,126	146,940	27,703	18.9%
Debt Service Payments	300,407	269,979	150,755	-	0.0%
Transfers Out	864,763	300,000	800,000	-	0.0%
TOTAL EXPENDITURES	14,267,418	14,463,465	15,685,773	3,617,905	23.1%

Debt Service Payments: There's no debt service payment in the first quarter. The debt service payment is anticipated for the second quarter.

Transfer-out: The \$800,000 transfer out from the General Fund is primarily designated for capital improvement projects, in alignment with the City Council's adopted policy for the use of Measure U funds. This policy prioritizes investments in essential infrastructure such as roads, streets, drainage systems, and parks—key components of the City of Sebastopol's long-term goals and priorities.

Planned Measure U Projects Include:

1. Various Street Paving Projects - \$500,000
2. Emergency Operations Center (EOC) Generator - \$500,000
3. Fueling Station Upgrade – \$85,000
4. Unallocated Reserve – \$15,000

These projects reflect the City's commitment to responsibly managing voter-approved Measure U funds while addressing high-priority infrastructure needs.

BUDGET COMMITTEE REVIEW

This item is being reviewed by the Budget Committee at its meeting on October 14, 2025.

CITY COUNCIL GOALS/PRIORITIES/AND OR GENERAL PLAN CONSISTENCY:

Goal 5 – Long Term Financial Sustainability

Achieving Greater Fiscal Resilience and Long Term Fiscal Sustainability

Action Plan 2 – Quarterly Financial Report



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General Fund: A quarterly update is an essential tool for monitoring and managing the financial health of an organization. It provides a snapshot of the financial performance over the past three months, allowing City Council to assess progress, identify trends, and make informed decisions.

FISCAL IMPACT:

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

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.

RESTATED RECOMMENDATION:

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

CITY COUNCIL OPTION(S):

There are no options to consider.

ATTACHMENTS:

First Quarter Financial Reports

APPROVALS:

Department Head Approval: Approval Date: 10/8/2025

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: 10/8/2025

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

Account Code (f applicable) _____

City Attorney Approval: Approval Date: pending

City Manager Approval: Approval Date: pending

GENERAL FUND

FY25-26 QUARTER 1 REPORTING



Description	2023-24 Actual	2024-25 Preliminary Actual	2025-26 Adopted Budget	Y-T-D Actual 9/30/25	% of Adopted Budget
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Franchise Fees	489,591	490,118	530,000	28,163	5.3%
Licenses & Permits	498,057	676,253	1,244,000	122,592	9.9%
Fines & Special Assessments	70,560	70,935	77,300	28,884	37.4%
Intergovernmental Revenues	438,560	27,724	20,200	-0	0.0%
Interest & Rents	159,790	180,925	157,450	79,610	50.6%
Charges for Services	158,110	182,374	162,300	28,063	17.3%
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Planning	532,564	657,815	701,666	202,457	28.9%
Building	214,977	303,081	437,909	61,197	14.0%
Fire & Prevention	1,230,393	1,492,276	1,247,640	91,409	7.3%
Police	4,995,733	5,123,538	5,767,329	1,833,867	31.8%
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Non Departmental	210,838	97,126	146,940	27,703	18.9%
Debt Service Payments	300,407	269,979	150,755	-	0.0%
Transfers Out	864,763	300,000	800,000	-	0.0%
TOTAL EXPENDITURES	14,267,418	14,463,465	15,685,773	3,617,905	23.1%
Net Surplus/(Deficit)	(287,155)	(340,252)	3,945	(2,256,513)	

GENERAL FUND REVENUES DETAILED FY25-26 QUARTER 1 REPORTING					
Revenue Categories	2023-24 Actual	2024-25 Preliminary Actual	2025-26 Adopted Budget	Y-T-D Actual 9/30/25	% of Adopted Budget
3000 - Property Tax Secured / Unsecured	2,487,900	2,650,054	2,626,755	-0	0.0%
3002 - Real Property Transfer Tax	36,506	62,203	50,000	5,808	11.6%
3004 - Property Tax in Lieu of VLF	956,016	992,502	1,012,350	-0	0.0%
Property Tax	3,480,422	3,704,759	3,689,105	5,808	0.2%
3010 - Sales Tax-Bradley Burn	2,199,730	2,248,299	2,212,000	158,203	7.2%
3011 - Sales Tax-1/4 cent (T)	770,928	763,260	772,000	56,280	7.3%
3012 - Sales Tax-1/2 cent (Q)	1,550,631	1,529,446	1,544,000	112,469	7.3%
3018 - Sales Tax-1/2 cent (U)	-0	370,737	1,500,000	50,055	3.3%
3014 - Sales Tax-Prop 172	105,500	103,766	102,700	18,343	17.9%
Sales Taxes	4,626,788	5,015,507	6,130,700	395,350	6.4%
3020 - Transient Occupancy Tax	519,452	480,263	534,500	62,602	11.7%
3050 - Garbage Franchise	296,817	302,261	330,000	28,163	8.5%
3051 - PG&E Franchise	121,383	121,902	125,000	-0	0.0%
3052 - Cable TV Franchise	71,390	65,955	75,000	-0	0.0%
Franchise Fees	489,591	490,118	530,000	28,163	5.3%
3055 - Vehicle in lieu Tax	9,291	11,862	12,500	11,502	92.0%
3056 - UUT PG&E	429,651	488,518	494,100	71,837	14.5%
3057 - UUT Sonoma Clean Power	128,152	122,164	129,150	19,575	15.2%
3058 - UUT Garbage	96,555	98,326	108,200	9,161	8.5%
3059 - UUT Cable	72,492	71,201	77,000	11,734	15.2%
3060 - UUT Misc	135,059	132,562	140,600	21,843	15.5%
3061 - UUT (AB-1717)	88	1,072	500	-0	0.0%
User Taxes	871,287	925,705	962,050	145,653	15.1%
3101 - Business License	142,770	139,028	140,000	7,906	5.6%
3102 - Business License-Late Fees	6,388	4,399	4,000	90	2.3%
3103 - Building Permits	348,900	532,826	1,100,000	114,597	10.4%
Licenses & Permits	498,057	676,253	1,244,000	122,592	9.9%
3105 - Vehicle/ Criminal Code Fines	13,906	14,643	12,500	1,636	13.1%
3106 - Parking Fines	20,760	14,278	18,000	3,518	19.5%
3107 - RBS Training Fees	11,600	14,200	14,800	-0	0.0%
3110 - Business License - DSA 70% \$1	5,415	5,213	5,500	500	9.1%
3202 - State Mandated Cost Reimb	18,880	22,602	26,500	23,229	87.7%
Fines & Special Assessments	70,560	70,935	77,300	28,884	37.4%
3203 - POST Reimb	2,703	32	-0	-0	0.0%
3204 - Casino Mitigation	24,224	20,192	20,200	-0	0.0%
3206 - County Grant	60,000	7,500	-0	-0	0.0%
3207 - State Grant	351,632	-0	-0	-0	0.0%

GENERAL FUND REVENUES DETAILED FY25-26 QUARTER 1 REPORTING					
Revenue Categories	2023-24 Actual	2024-25 Preliminary Actual	2025-26 Adopted Budget	Y-T-D Actual 9/30/25	% of Adopted Budget
3209 - Federal Grant	-0	-0	-0	-0	0.0%
Intergovernmental Revenues	438,560	27,724	20,200	-0	0.0%
3300 - Interest Income	97,452	118,282	100,000	66,267	66.3%
3301 - Cell Tower Lease Rental	43,760	43,068	44,300	8,022	18.1%
3302 - City Property Rental - Little League	2,683	4,396	3,150	1,326	42.1%
3304 - City Property Rental - Parking Space	420	430	500	20	4.0%
3305 - City Property Rental - Palm Ave	2,500	3,500	2,500	750	30.0%
3401 - Plaza and Special Event Fees	12,975	11,250	7,000	3,225	46.1%
Interest & Rents	159,790	180,925	157,450	79,610	50.6%
3404 - Credit Card Transaction Fee	1,991	1,934	2,000	641	32.0%
3405 - Finance Fee	6,902	6,486	7,000	1,425	20.4%
3425 - Fire Dept Fees	45,248	68,125	40,000	6,924	17.3%
3426 - Planning Fees	26,457	35,721	38,000	6,541	17.2%
3441 - Encroachment Permits Fee	38,128	26,540	30,000	1,361	4.5%
3442 - Grading Permit Fee	2,122	1,130	2,000	-0	0.0%
3445 - Public Works Services	9,965	2,053	7,500	54	0.7%
3502 - Police Services	17,154	25,494	18,000	7,634	42.4%
3504 - Impounded Vehicle Release Fee	2,070	2,003	1,800	326	18.1%
3505 - Police Reports Copy Fee	5,405	1,545	2,000	276	13.8%
3506 - Police False Alarms Fee	-0	60	-0	-0	0.0%
3507 - Police OT Reimbursement	2,668	2,964	6,000	1,563	26.1%
3615 - Solar Payback	-0	8,320	8,000	1,317	16.5%
Charges for Services	158,110	182,374	162,300	28,063	17.3%
3801 - Sales of Surplus Equipment	-0	870	-0	-0	0.0%
3804 - Insurance Claims	450	39,973	500	-0	0.0%
3805 - Miscellaneous Income	9,151	830	500	260	52.0%
3806 - Donations & Contributions	500	253,000	500	-0	0.0%
3807 - Rebates	15,393	21,226	15,300	3,873	25.3%
3810 - Pool Expense Reimbursement	64,011	81,331	93,990	11,456	12.2%
Miscellaneous Revenue	89,505	397,229	110,790	15,589	14.1%
3998 - Cost Allocation Plan	2,476,141	1,761,797	1,796,323	449,081	25.0%
3999 - Transfers In	102,000	209,622	275,000	-0	0.0%
Total Revenue	13,980,263	14,123,212	15,689,718	1,361,392	8.7%