

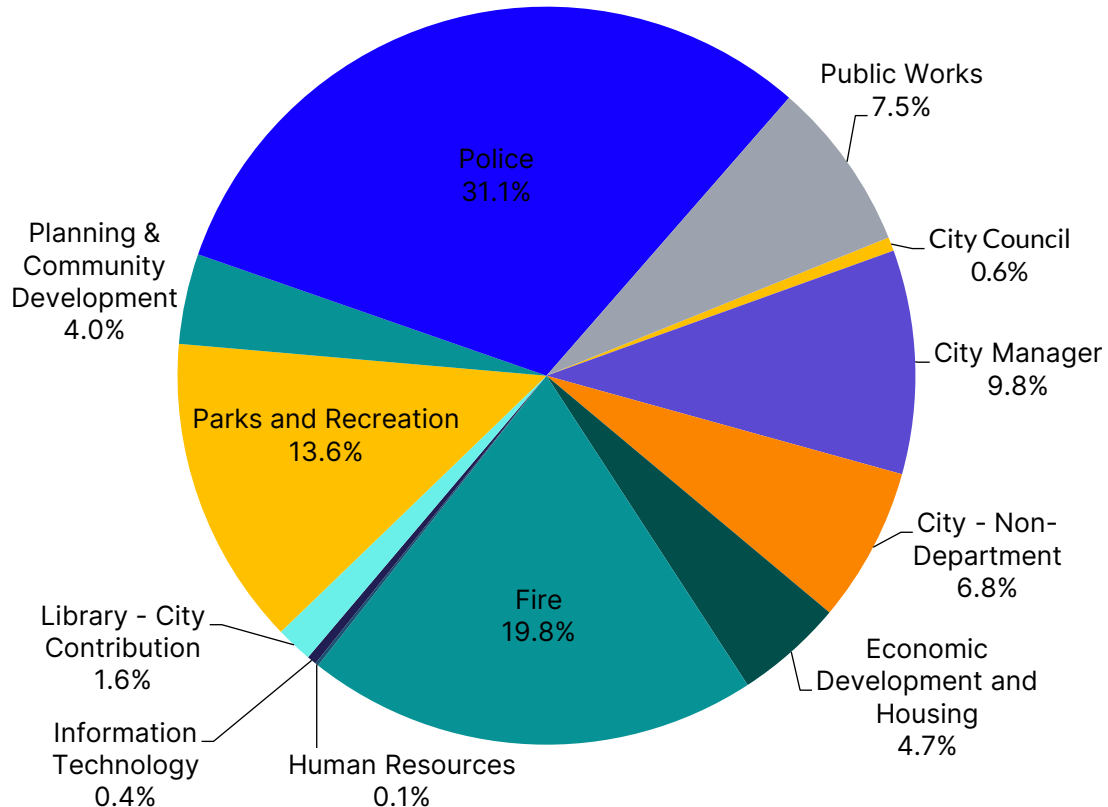
## Primary General Fund Budget and General Reserves

The pages that follow present different perspectives for the Primary General Fund. First are charts that present the distribution of expenditure sources by department, then the sources of revenues the City receives.

After this presentation of General Fund revenue and expenditures is a section that focuses on the impact of the departments' expenditures and current year revenues, and how their combined result impacts the General Fund's fund balance. The "Net of Program Revenues" provides a table that analyzes the degree to which departments of the City recover the costs they incur through program revenues or through cost allocation. A table presenting all tax and other revenues in the budget are presented, and the General Fund's estimated ending fund balance is calculated. Lastly, in this section, four graphs are provided that focus on the historical trend of major revenue sources: property taxes, sales taxes, utility taxes, and Lodging Occupancy Taxes (TOT).

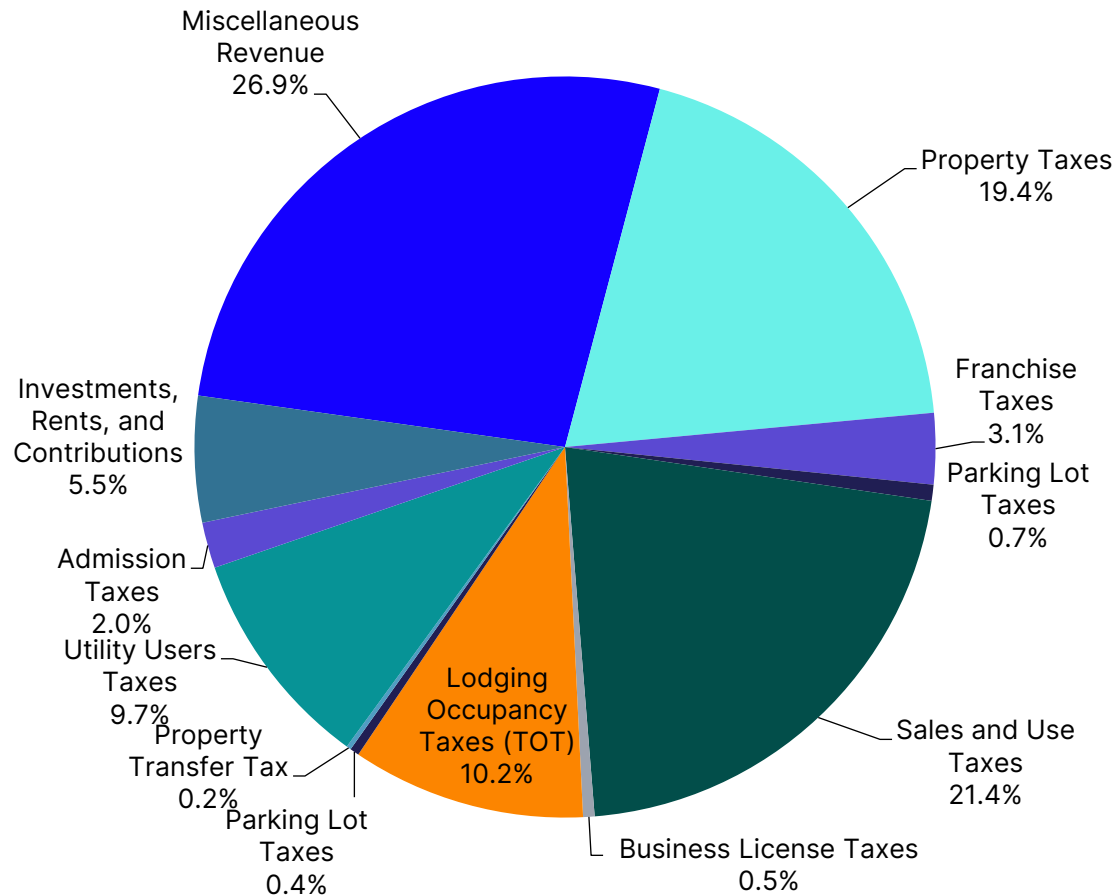
### Net General Fund Operating Budget

The top chart represents the spending side and shows the net operating cost (budgeted appropriations less budgeted revenues) of the departments in the fund. Public safety (Police and Fire) accounts for more than half of the spending in the fund at 51.6%.



## Discretionary General Fund Revenues

The bottom chart represents the funding side and shows the discretionary revenues received by the fund. These are general revenues that are not specifically tied to departments and are the main revenues that fund the City's core services such as Police, Fire, Administration, and Parks and Recreation. Most of the discretionary funding comes from taxes, with Sales Tax and Property Tax comprising the largest portion, at approximately 57.4% combined.



## Primary General Fund Budget Net of Program Revenues

### *General Fund Departments/Programs*

The table below shows the expenditure for every department in the General Fund budget for FY 2026. This first column provides the entire operating budget for the year. The next two columns present the program revenues and interfund or interagency revenue sources that are generated by the department or received to offset the cost of the department. Finally, a column that shows the net cost (if the amount is in parenthesis) or revenue balance of the department is provided. Of note, the "internal service departments," which include part of the City Manager's Office, the Human Resources, Finance, and Information Technology Department, and the Facilities Operation of the Public Works Department receive revenues from

FY 2026 Budget

the other departments and funds of the City to cover the cost of the services provided. The Central Service Allocation Plan is calculated each year, based on actuals from the prior year and utilizing a methodology that relates usage to costs, to determine how much every department and fund are charged for the upcoming budget year.

Department	Expenditures and Other Uses	Program Revenues	Interfund, Interagency Revenue sources	Net (Expenditure) Revenue and Changes in Fund Balance	% of Net General Fund Cost
City Attorney	1,614,110	-	2,443,995	829,885	-1%
City Council	698,751	-	-	(698,751)	1%
City Manager	16,135,937	17,495	4,824,925	(11,293,517)	10%
City: Non-Department	7,816,625	-	-	(7,816,625)	7%
Economic Development and Housing	5,635,167	184,783	250	(5,450,134)	5%
Finance	5,395,421	-	5,664,577	269,156	0%
Fire	28,771,220	-	5,961,937	(22,809,283)	20%
Human Resources	2,161,571	-	1,995,095	(166,476)	0%
Information Technology	7,585,908	-	7,108,726	(477,182)	0%
Library: City Contribution	2,452,089	605,170	-	(1,846,919)	2%
Parks and Recreation	20,097,233	4,444,850	-	(15,652,383)	14%
Planning and Community Development	9,269,008	4,710,396	-	(4,558,612)	4%
Police	36,585,569	785,637	-	(35,799,932)	31%
Public Works	14,711,232	1,857,139	4,252,779	(8,601,314)	8%
<b>Total</b>	<b>\$158,929,841</b>	<b>\$12,605,470</b>	<b>\$32,252,284</b>	<b>( \$114,072,088)</b>	<b>100%</b>

Notable developments in the net cost of departments on the General Fund is the cost of the Planning and Community Development Department, compared to FY 2025. A Citywide Fee Schedule was developed last year, which updated permit and other fees that the Planning Department charges, so its program revenues increased by about \$900,000 in FY 2026.

The City Attorney Department's costs above represent static support the City Attorney provides and some retirement contribution costs the City has. The legal fees that are incurred throughout the year by departments are charged directly to departments and the prior year actuals are used to set the anticipated budget for the revenues to cover those charges. The charges are allocated in each departments' budget, under the first "expenditure" column in the table above.

*General Revenues and Other Unallocated Sources*

<b>Taxes</b>	<b>Revenue Amount</b>
Property Taxes	30,194,856
Sales and Use Taxes	33,413,092
Business License Taxes	755,910
Franchise Taxes	4,865,325
Utility Users Taxes	15,060,178
Lodging Occupancy Taxes (TOT)	15,897,678
Parking Lot Taxes	694,105
Admission Taxes	3,102,190
Cannabis Business Tax and Retail Licenses	1,135,350
Property Transfer Tax	287,099
Sugar-Sweetened Beverage Tax	1,000,000
<b>Total Taxes</b>	<b>\$106,405,783</b>

*Other Revenue Sources*

<b>Source</b>	<b>Revenue Amount</b>
Intergovernmental	461,515
Investments, Rents, and Contributions	8,506,651
Fines and Forfeitures	1,202,947
Charges for Services and Other Financing	40,304,462
<b>Total Other Sources</b>	<b>\$50,475,576</b>

*Fund Balance Determination*

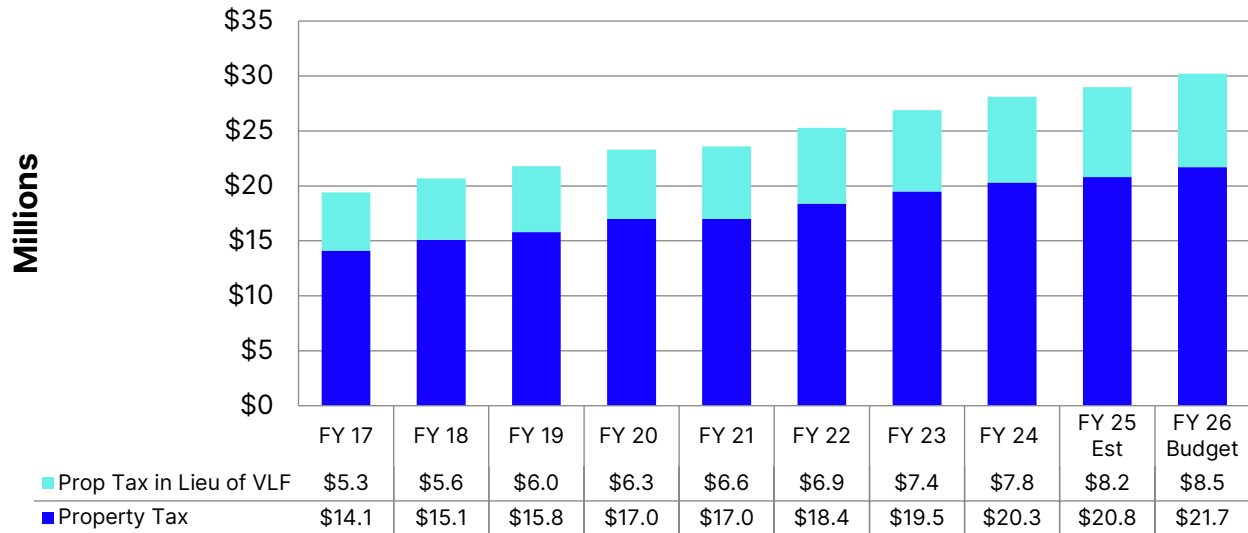
<b>Estimated Fund Balance- Beginning of Year</b>	<b>14,076,286</b>
Total General Fund Expenditures	158,929,842
Total General Fund Revenues	156,881,359
(Negative) Change in Fund Balance	(2,048,484)
<b>Estimated Fund Balance- End of Year</b>	<b>\$12,027,802</b>

**Historical Trends for Major General Fund Revenue Sources**

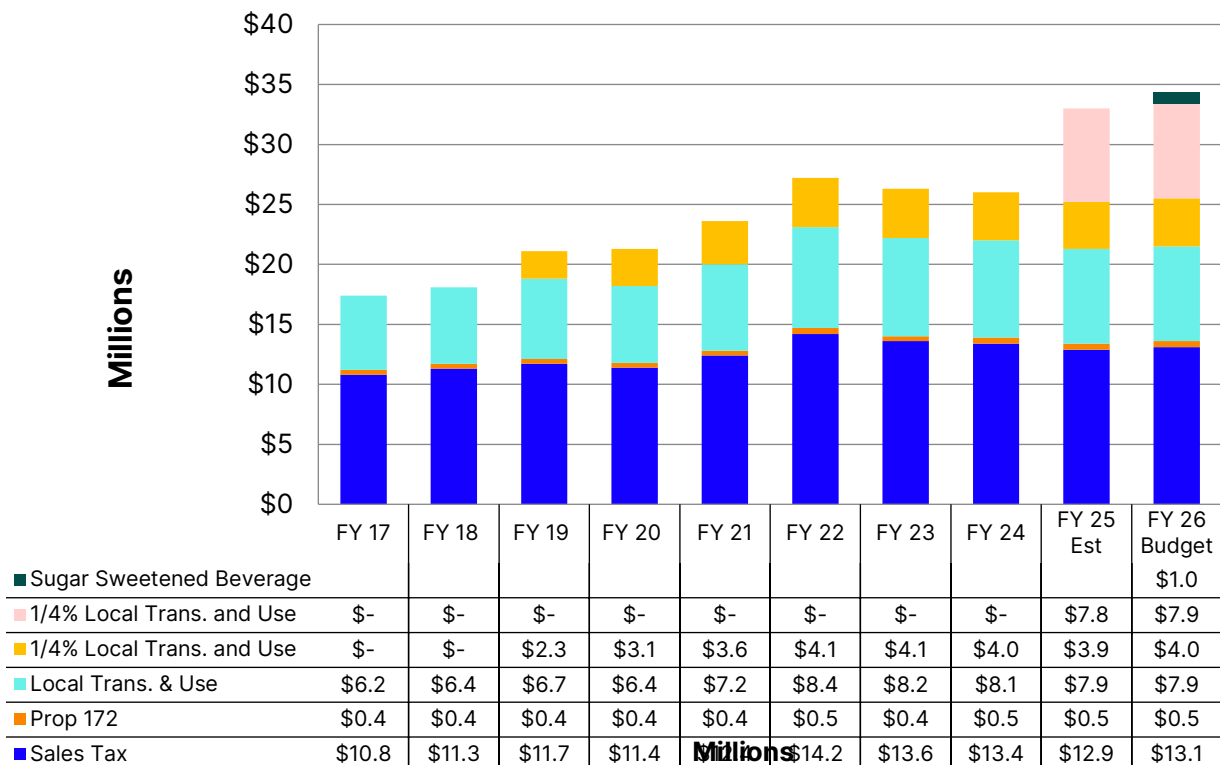
*Property and Sales Tax*

Property and sales tax are the two largest sources of tax revenue for the city's primary General Fund. Property taxes and sales taxes account for approximately 19.1% and 22.0%, respectively, of the fund's total proposed tax revenues for FY 2026.

## Property Tax Trend



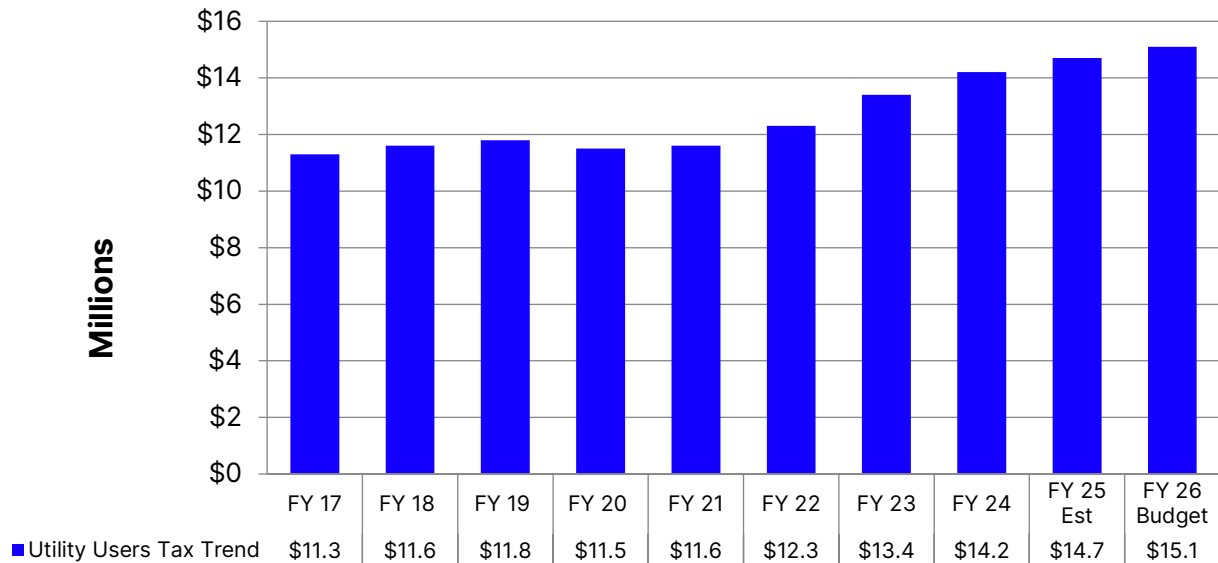
## Sales Tax Trend



Sales taxes saw a spike in FY 2025 with the introduction of Measure L revenues, a 0.50% use and transaction tax approved by voters in March, 2024.

## Utility Users Tax Trend

Utility users' taxes are imposed on all utility services within the city limits at a rate of 8.5% of taxable services.



## Lodging Occupancy Tax (TOT) Trend

As of January 1, 2023, the Lodging Occupancy Tax (TOT) rates are 12% for commercial accommodations (such as hotels, motels, inns, and bed and breakfasts) and 14% for permitted residential short-term rentals, including single-family homes and apartments.



In FY 2026, it is expected that Lodging Occupancy Taxes will increase due to the opening of the large hotel, La Bahia, in the latter part of calendar year 2025.