

FISCAL YEAR 2025-26 – FIRST QUARTER REPORT

General Fund Revenues

Overview

This financial report provides an overview of the City's General Fund revenues for the first quarter of the fiscal year (FY) 2025-26 (July 1 – September 30, 2025). General Fund expenditures, major enterprise operating fund revenues and expenditures, and revenues in other selected funds will be included in the second quarter report.

General Fund operating revenues collected through the first quarter total 7 percent of the budget. This expected result is consistent with prior years and reflects the timing of receiving some of the more significant tax revenue sources.

The following factors should be taken into consideration when analyzing this information:

- **Sales and Use Tax** is the largest General Fund revenue source. The City only receives one month of this revenue in the first quarter of each fiscal year due to the California Department of Tax and Fee Administration (CDTFA) processing timelines. First-quarter revenues reflect taxable sales for July 2025 (received in September).
- **Property Tax** is the second largest General Fund revenue source. Most of this revenue is received from Placer County in the third (mid-January) and fourth (mid-May) quarters, thus there are no significant property tax revenues to report in the first quarter.
- **Transient Occupancy Tax (TOT)**, or hotel tax, for the first quarter is derived from payments received through August; therefore, only two months of revenues are reflected.
- **Other Revenues**, including reimbursements from the state, property transfer tax, business license tax, and a variety of fees and charges, are tracking approximately 10 percent lower than estimates through the end of the first quarter, which is expected and consistent with prior years due to the timing associated with receiving these revenues.

Year-End Forecast

General Fund revenues through the first quarter of FY2025-26 are trending to end the year in line with the adopted budget. Economists and the City's sales tax consultant forecast that the California economy is expected to begin recovering in late 2026, but with near-term conditions remaining constrained. The unemployment rate in California is forecasted to peak at approximately 6 percent in early 2026, driven largely by higher unemployment in the technology sector. Employment growth is projected to remain near zero for non-farm payrolls through 2025 and 2026 before rebounding to an estimated 2 percent total employment growth in 2027.

Consumer spending continues to be influenced by uncertainty related to tariffs and inflation, as well as rising household costs such as insurance, groceries, healthcare, education, and energy. These factors, in conjunction with cautious business and government spending, have directly affected the growth rate of sales tax revenues (both Bradley Burns and Measure B), which are expected to experience minimal growth in FY2025-26. Initial forecasts suggest that sales tax revenues may finish the fiscal year approximately 3 percent (\$3.3 million) above estimates. This represents growth of 2.7 percent (\$2.7 million) compared to FY2024-25.

Recent County estimates indicate that property tax revenues will exceed projections by approximately \$0.4 million. Hotel tax revenues are expected to come in slightly below the budget estimate based on the consultant’s latest forecast. Despite a decline in single-family dwelling permits, building permit revenues are expected to end the year at or slightly below the FY2025-26 budget. Plan check revenues are tracking with budget at the end of the first quarter and are anticipated to remain steady through the fiscal year. These revenues are expected to meet the FY2025-26 budget target. Additionally, Engineering inspection fees revenues exceed the budget through the first quarter and are anticipated to meet the FY2025-26 budget target. Recreation program revenues are continuing last year’s positive trend and are also expected to meet the FY2025-26 budget target.

Staff will keep the City Council updated on revenue and expenditure forecasts throughout the remainder of the fiscal year.

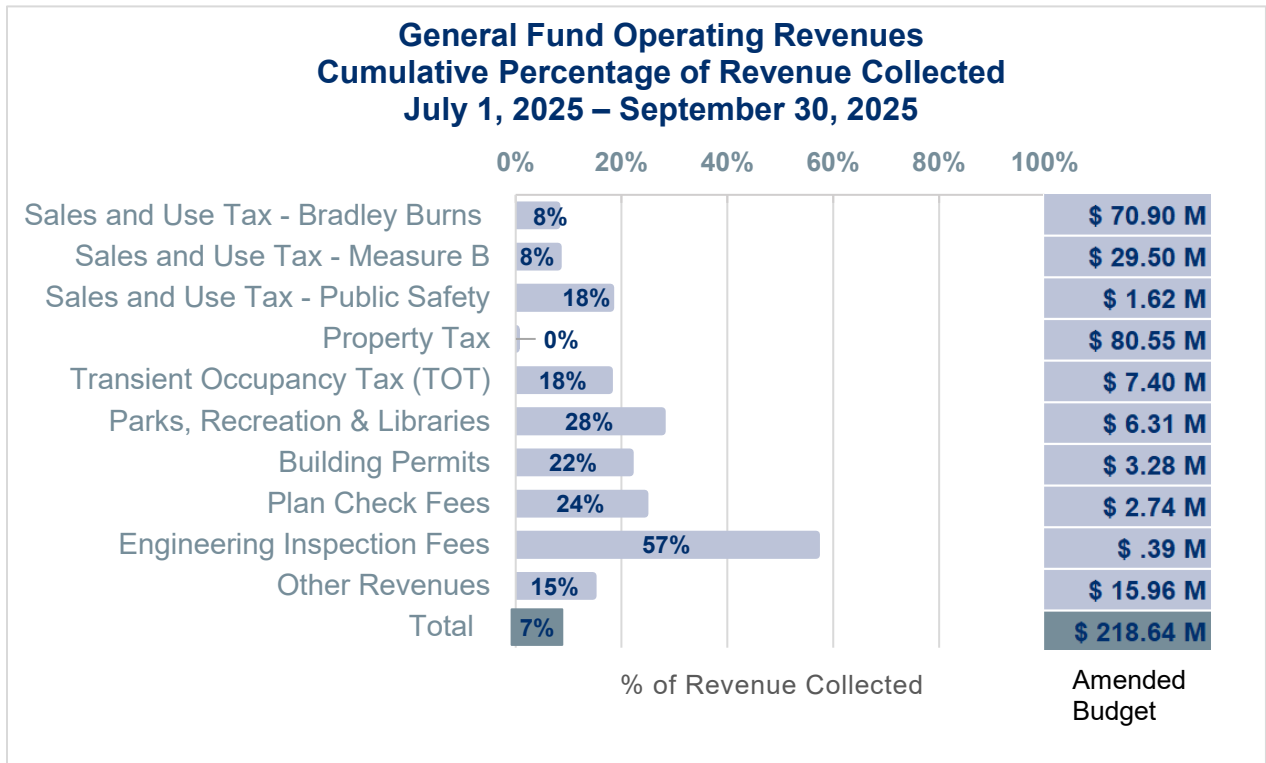
General Fund Operating Revenues

The following displays cumulative General Fund operating revenues through the first quarter and a revenue budget to actual comparison for FY2025-26.

**BUDGET TO CUMULATIVE REVENUE COMPARISON
July 1, 2025 – September 30, 2025**

Revenue Type	Amended Budget	Cumulative Revenues	Balance Remaining	% of Budget Collected
Sales and Use Tax – Bradley-Burns	\$ 70,900,000	\$ 5,485,279	\$ (65,414,721)	8%
Sales and Use Tax – Measure B	29,500,000	2,360,671	(27,139,329)	8%
Sales and Use Tax – State Aid for Public Safety	1,616,000	289,853	(1,326,147)	18%
Property Tax	80,546,000	27,517	(80,518,483)	0%
Transient Occupancy Tax (TOT)	7,400,000	1,309,450	(6,090,550)	18%
Parks, Recreation & Libraries Programs	6,308,901	1,745,714	(4,563,187)	28%
Building Permits	3,277,178	707,275	(2,569,903)	22%
Plan Check Fees	2,742,691	668,625	(2,074,066)	24%

Engineering Inspection Fees	387,623	220,197	(167,426)	57%
Other Revenues	15,957,339	2,328,913	(13,628,426)	15%
TOTAL	\$ 218,635,732	\$ 15,143,495	\$ 203,492,237	7%



General Fund operating revenues collected through the first quarter total 7 percent of the budget, primarily due to the timing associated with receiving some of the significant tax revenue sources. Notable variances are described below.

Bradley Burns and Measure B Sales Tax

The City's Bradley Burns and Measure B sales tax revenues through the first quarter total 8 percent of their respective budgets and reflect taxable sales through July 2025. Since then, the City has received sales tax distributions through the end of October totaling \$23,602,449 (Bradley Burns) and \$9,994,597 (Measure B).

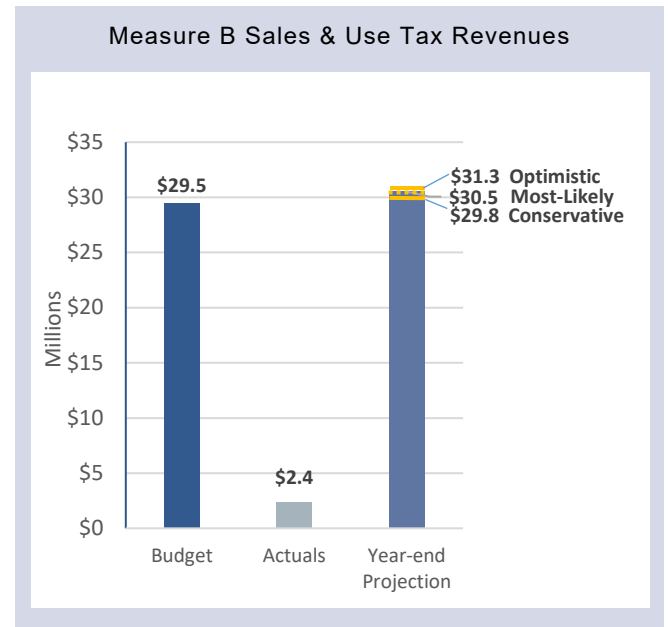
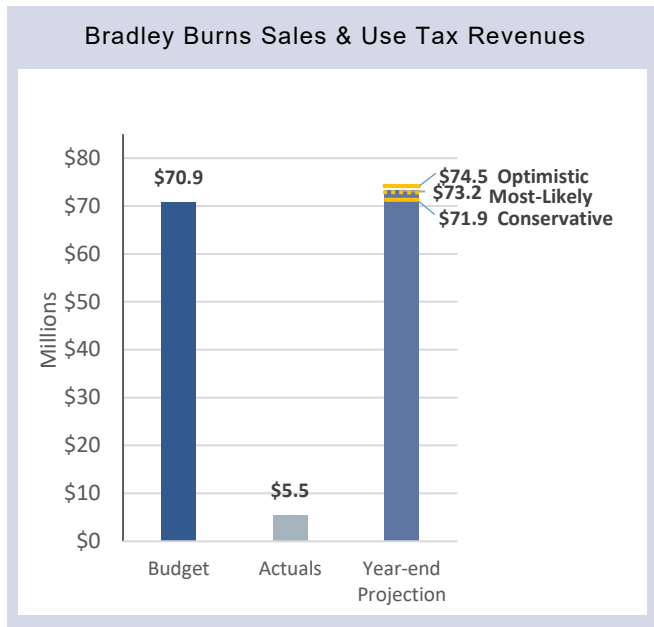
The City's sales tax consultant's most recent analysis indicates that these revenues are expected to remain stable with no growth projected for the next two quarters of FY2025–26. This analysis includes a year-end forecast with conservative, most-likely, and optimistic scenarios (see chart below). The most-likely forecast indicates that sales tax revenues may end the year at \$73.2 million for Bradley Burns and \$30.5 million for Measure B.

Revenue Type	Conservative	Most-Likely	Optimistic
Sales and Use Tax - Bradley Burns	\$ 71,898,231	\$ 73,215,377	\$ 74,532,531
Sales and Use Tax - Measure B	29,788,155	30,519,078	31,250,055
TOTAL	\$ 101,686,386	\$ 103,734,455	\$ 105,782,586

Assuming sales tax revenues reflect the most-likely scenario, the General Fund would end the year with a sales tax surplus of approximately \$3.3 million.

Budget Versus Updated Forecast	Amended Budget	Updated Forecast (Most-Likely)	Variance
Sales and Use Tax - Bradley Burns	\$ 70,900,000	\$ 73,215,377	\$ 2,315,377
Sales and Use Tax - Measure B	29,500,000	30,519,078	1,019,078
TOTAL	\$ 100,400,000	\$ 103,734,455	\$ 3,334,455

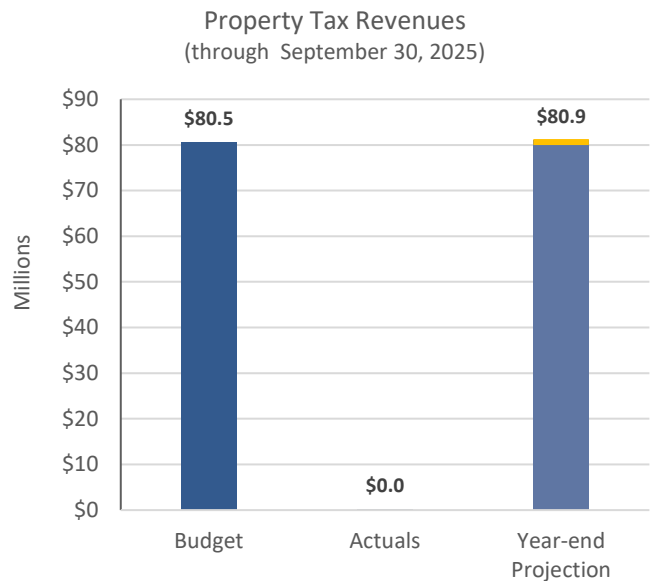
The graphs below show Bradley Burns and Measure B sales tax revenues for July compared to the budget and the projected year-end results.



The City's sales tax consultant's detailed report (included at the end of this report) provides a list of the top 25 sales tax remitters, a cash receipts summary, and sales tax data by economic category.

Property Tax

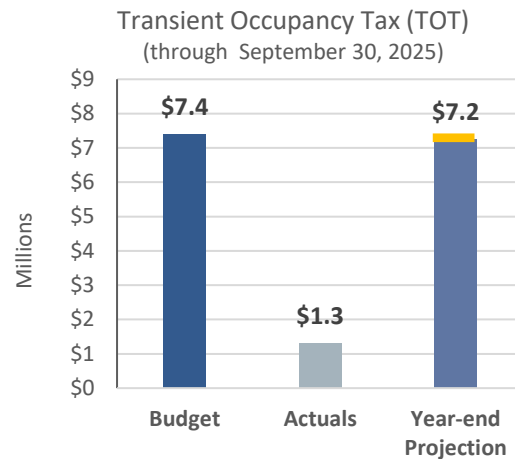
Property tax revenue for FY2025-26 is based on assessed valuation as of January 1, 2025. The City receives most of this revenue in the third and fourth quarters of the fiscal year. According to data provided by the County Auditor-Controller's Office, staff anticipate property tax collections of \$80.9 million, exceeding budget estimates by approximately \$0.4 million.



Transient Occupancy Tax (TOT)

The City's TOT revenues (also known as hotel tax), are tracking on budget through the end of the first quarter with collections of \$1.3 million for July and August. TOT collected through October totals \$2.5 million (34 percent of the budget estimate).

According to the latest consultant forecast, hotel tax revenues will end the year slightly lower than the budget target for FY2025-26, at \$7.24 million.



Parks, Recreation & Libraries (PRL) Programs

PRL program revenues are at 28 percent through the first quarter. It is typical that these revenues outpace the budget in the first quarter due to the seasonality of programming. Based on the current results, staff anticipate PRL is on track to meet its budget.

Building Permits, Plan Check Fees, Engineering Inspection Fees

Building permit revenue for the first quarter of FY2025-26 is slightly below budget, primarily due to a decrease in single-family and multi-family dwelling building permits. Single-family dwelling permits have declined as development continues toward buildout within the remaining West Roseville specific plans. Despite this decrease, staff anticipates building permit revenue will remain relatively consistent throughout the fiscal year, supported by steady commercial building permit activity. With several large commercial projects currently in progress, revenues are expected to end the year at or slightly below budget.

Plan check revenues are on budget at the end of the first quarter, and staff anticipates revenues will remain steady throughout the fiscal year. Engineering inspection fees are over budget through the first quarter, largely due to inspection activity associated with the Bosch project; however, staff anticipates these revenues will moderate as the year progresses.

Other Revenues

Other revenues include reimbursements from the state, development reimbursement activity, property transfer tax, business license tax, rental payments, animal licensing, passport processing, permit franchise, and other fees and charges. As of the end of the first quarter, revenues collections in this category represent approximately 15 percent of the budget estimate. Staff anticipate that collections will end the year on target as this level of revenue is consistent with historical collection patterns at this point in the fiscal year.

City of Roseville



Quarterly Report on Sales Tax and Business Activity

Top 25 Sales Tax Remitters

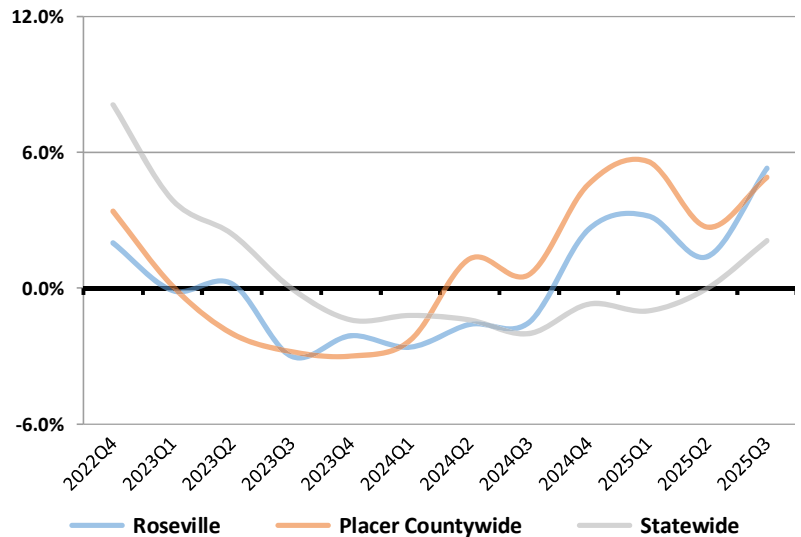
- APPLE STORES
- ARCO AM/PM MINI MARTS
- AUTONATION HONDA
- BMW OF ROSEVILLE
- CARMAX AUTO SUPERSTORES
- CHEVRON SERVICE STATIONS
- COSTCO WHOLESALE
- ECHOPARK AUTOMOTIVE
- FUTURE FORD
- GMC RELIABLE
- HOME DEPOT
- LEXUS OF ROSEVILLE
- MACY'S DEPARTMENT STORE
- MCKESSON MEDICAL -SURGICAL
- NIELLO ACURA
- NORDSTROM DEPARTMENT STORE
- ROSEVILLE CHEVROLET
- ROSEVILLE HYUNDAI
- ROSEVILLE KIA
- ROSEVILLE TOYOTA & SCION
- SAFEWAY SERVICE STATIONS
- SAM'S CLUB
- TARGET STORES
- VANDERBEEK MOTORS
- WAL MART STORES

3rd Quarter 2025 in Review

California sales tax cash receipts increased by 4.5% from the same quarter last year. In this jurisdiction sales tax cash receipts increased by 9.8% from the same quarter last year due to a increase of \$159,169,000 in Taxable Sales.

Cash Receipts	Quarter	Annual
Roseville	9.8%	5.3%
Placer Countywide Pool	19.7%	22.1%
Placer Countywide	4.5%	4.9%
Sacramento Valley Region	4.4%	2.8%
Statewide	4.5%	2.1%

Annualized Percent Change in Sales Tax Cash Receipts



Business Activity

- General Retail (e.g., dept. stores, misc. retail)
- Food Products (e.g., markets and restaurants)
- Transportation (e.g., new & used autos, gas stations)
- Construction (e.g., retail & wholesale construction)
- Business To Business (e.g., IT, industrial equip. etc.)

TOTAL LOCAL BUSINESS ACTIVITY

COUNTYWIDE POOL ACTIVITY

Roseville		California	
Quarter	Annual	Quarter	Annual
4.9%	-3.2%	2.7%	0.3%
3.9%	3.0%	-0.9%	-0.3%
-4.4%	1.0%	-4.2%	-5.4%
-7.1%	0.0%	-2.8%	-2.1%
6.3%	-4.5%	-3.1%	-1.7%
0.8%	-0.7%	-1.2%	-1.7%
25.7%	22.7%	24.1%	12.4%

City of Roseville



News

- Economic Activity:** U.S. inflation ticked up to 3.0% in September of 2025, down 6.1 percentage points from its most recent peak of 9.1% in June 2022. California's headline inflation increased to 3.3% year over year as of August 2025, up from 2.7% in August of 2024. (DIR, BEA, BLS, November Finance Bulletin)
- Employment:** The U.S. unemployment rate increased slightly to 4.4% in September of 2025. California's unemployment rate increased by 0.4 percentage point to 5.5% as of August 2025, 0.5 percentage points higher than the September 2023 rate of 5.0%. (EDD, BLS)
- Personal Income:** U.S. personal income increased by 5.5% for the third quarter of 2025, compared to the same quarter previous year. Compensation of employees increased by 5.4%, while personal current taxes increased by 8.6% from the previous period, resulting in a net gain of 5.1% in disposable income. (BEA)

Roseville

Annual Per Capita Sales Tax
Adjusted for Inflation
(Constant 2021 \$)

