



AGENDA SUMMARY EUREKA CITY COUNCIL

TITLE: FY 2026-27 BUDGET PROCESS OVERVIEW

DEPARTMENT: Finance

PREPARED BY: Lane Millar, Finance Director

PRESENTED FOR: Action Information only Discussion/Direction

RECOMMENDATION

1. Receive report

FISCAL IMPACT

No Fiscal Impact Included in Budget Additional Appropriation

DISCUSSION

The City's budget process is an annual cycle that typically begins following the midpoint of the current fiscal year. By this time, audited financial statements are generally finalized, providing a clear picture of the prior year's ending fund balance (reserves). This historical data, combined with year to date actuals from the current FY 2025-26 budget, allows staff to forecast year-end projections with greater accuracy.

Upon completion of the FY 2025-26 Mid-Year Budget review, departments begin planning for the upcoming fiscal year. This involves a comprehensive analysis of line-items to determine necessary funding for operations, including materials, supplies, contractual services, and capital outlay. Departments collaborate with Finance and Human Resources to develop cost estimates for any proposed personnel adjustments. Simultaneously, the Finance Department forecasts revenues, personnel costs, and cost allocations (overhead) for internal services. Following this compilation, the City Manager meets with department heads to determine which initiatives and adjustments will move forward.

The Finance Department then develops the Proposed Budget, which is formally introduced to the City Council during a regular meeting in the spring. This is followed by a Budget Study Session, a special meeting involving the City Council and the Finance Advisory Committee (FAC). During this session, departments present financial overviews of their operations and detail any proposed changes.

The process culminates in the formal adoption of the FY 2026-27 Budget, typically scheduled for June. While the adopted version may incorporate revisions based on Council feedback, it serves as the City's primary financial roadmap for the new fiscal year.

REVIEWED AND APPROVED BY:

- City Attorney
- City Clerk/Information Services
- Community Services
- Development Services
- Finance
- Fire
- Personnel
- Police
- Public Works