

# FY 25/26 MID CYCLE FINANCIAL REVIEW

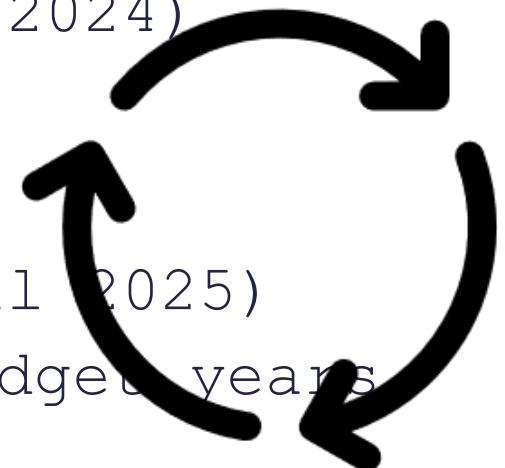
JUNE 16, 2025



# BUDGET CYCLE

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- ▶ Adopt 2 Year Budget – FY 24/25 & 25/26 (June 2024)
  - 24/25 surplus – (\$4.5)
  - 25/26 surplus – (\$4.8)
- ▶ 1st Budget Review – FY 24/25 (Mid Year – April 2025)
  - Project Revenues & Expenditures for both budget years
- ▶ 2<sup>nd</sup> Budget Review – FY 25/26 (Mid Cycle – June 2025)
  - Report revenue/expenditure changes from Mid-Year
  - Request revisions for Year 1 & 2
  - Focuses on General Fund & other funds requiring revisions
- ▶ 3<sup>rd</sup> Budget Review – FY 25/26 GF Only (Mid Year – May 2026)
  - Re-project GF Revenues & Expenditures for Year 2 (FY 25/26)



# CHANGES FROM MID-YEAR FORECAST

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- FY 24/25 – No changes in projection
- FY 25/26 – Increased projections for property tax, health costs & allocations
- FY 26/27 to 28/29
  - Utility Increases – water, gas and electric costs
  - Technology Increases – new systems being implemented which will have higher maintenance fees
  - Employee Benefit Increases – forecast is conservative
    - Health – based on prior years usage/cost
    - PERS – Costs are calculated off of prior two years actuals and investment earnings.
    - Workers Compensation – based on claims which are unknown
  - Liability Increases – forecast assumes a slight increase
  - Property Insurance – City is switching insurance providers for City owned properties

# 5 YEAR GF PROJECTIONS

	Actuals 2023/24	Projected					<b>Conservative Forecast:</b>
		2024/25	2025/26	2026/27	2027/28	2028/29	
<b>Revenues</b> <i>(All Amounts in Millions)</i>							
Sales Tax	46.4	46.4	46.9	47.8	48.8	49.8	
Property Tax	34.4	37.9	38.6	39.8	41.0	42.2	
Franchise Tax	4.0	4.0	4.0	4.0	4.1	4.2	
Transient Occupancy Tax	4.8	4.9	5.0	5.1	5.2	5.3	
Business License Fees	3.3	3.4	3.4	3.5	3.5	3.6	
Grants & 1 time money	2.0	1.4	-	-	-	-	
All Other Revenues	9.9	9.5	9.6	9.8	10.0	10.2	
<b>Total</b>	<b>104.8</b>	<b>107.6</b>	<b>107.5</b>	<b>110.0</b>	<b>112.6</b>	<b>115.3</b>	
<b>Expenditures</b>							
Salaries and Benefits	62.4	71.4	77.9	81.7	85.0	88.4	
Operating Expenditures	14.3	16.4	16.4	17.2	17.8	18.6	
Services Provided	4.5	4.5	4.5	4.6	4.8	4.9	
Allocations	11.3	12.0	12.3	12.6	12.8	13.1	
<b>Total</b>	<b>92.5</b>	<b>104.3</b>	<b>111.1</b>	<b>116.1</b>	<b>120.5</b>	<b>125.0</b>	
Less:Reimbursements	(17.2)	(18.1)	(18.2)	(18.6)	(18.9)	(19.3)	
<b>Total Operating</b>	<b>75.3</b>	<b>86.2</b>	<b>92.9</b>	<b>97.6</b>	<b>101.5</b>	<b>105.7</b>	
Capital Program - FY 24/25	2.3	6.3	2.4	3.0	3.0	3.0	
Capital Program- Prior Year		1.7	1.7	1.7			
Transfer Out/Debt	7.5	8.1	5.5	5.7	5.8	6.0	
Emergency Reserve Set-aside	2.8	2.1	2.0	1.4	1.2	1.2	
<b>Projected Surplus/(Deficit)</b>	<b>16.9</b>	<b>3.3</b>	<b>3.0</b>	<b>0.7</b>	<b>1.0</b>	<b>(0.7)</b>	

## Conservative Forecast:

- No Recession
- Continued Growth in revenues
- No higher-than-normal benefit increases for PERS, Health, Works Comp
- No changes in wages beyond 26/27 MOU

- No new State/Fed mandates or funding reductions

## APPROPRIATIONS

Staff recommends to appropriate additional funds for the following project:

- Riverway Sports Park Soccer fields fence (\$1.0 million) - The project budget is \$1.5 million and potential bidders informed staff that the amount is significantly low for the fencing which includes wrought iron around the parameters, chain link throughout the fields, and relocating irrigation.

This appropriation increases the budget to \$2.5 million.



# SURPLUS & EMERGENCY RESERVES POLICY

- All surpluses be deposited into Emergency Reserve to maintain fund at a maximum 30% of operating expenditures.
- Remaining surplus be deposited into the Civic Center/Public Safety Reserve Fund for future buildings
- 1-time monies & land sales be deposited into the Civic

<b>GF FY 24/25 Projected Surplus</b>	
FY 24/25 Projected GF Surplus	\$ 5.4
Additional Amount Required to remain at 30%	(2.1)
Additional Capital Appropriation Request	(1.0)
<b>Projected Remaining Surplus</b>	<b>\$ 2.3</b>

<b>GF Emergency Reserve Balance</b>	
Emergency Reserve Balance as of 7/1/24	\$ 22.7
Estimated Interest Earnings	1.0
Additional Amount Required to remain at 30%	2.1
<b>Projected Emergency Reserve at 6/30/25</b>	<b>\$ 25.8</b>

# SURPLUS

- **Current Policy** - Surplus will be deposited into the Civic Center/PS Fund bringing the projected

Civic Center/PS Building Fund	
Available Funds	\$ 7.2
FY 24/25 Projected Surplus	2.3
<b>Projected Fund Balance</b>	<b>\$ 9.5</b>

- This policy can be changed at anytime. However, FY 24/25 must be changed no later than Sept. 1, 2025

- **Policy Changes** - Previous policies were based on setting aside funds for large projects:
  - Riverways Sports Park
  - East Regional Park Land Acquisition
  - Recreation Park Stadium Improvements
  - 198 Open Space Land Acquisition
- Surplus can be split amongst several projects based on a percentage, if desired

# UPCOMING BUDGET PROCESS

FY 26 / 27 &

27 / 28 BUDGET

## Budget Process Calendar

Budget Activity	Month Due
Citizen Input - survey/forum	October
Council Strategic Goals Workshop (work sessions)	October
Budget Kick Off/Baseline Budgets created	October- November
Departments submit capital and budget requests	December
Finance review departments budget submittals	January
Finance prepares mid-year numbers	February
Budget and Capital Workshops with Council	February - May
Mid Year Presentation	May
Budget Document Adoption	June

# RECOMMENDED MOTION

## Staff Recommends:

- Appropriate \$1.0 million for the Sports Park Fence Project; and
- Start the Surplus Policy Discussion

## QUESTIONS



## General Fund Emergency Reserves - (In Millions)

Green = Policy

level met

