

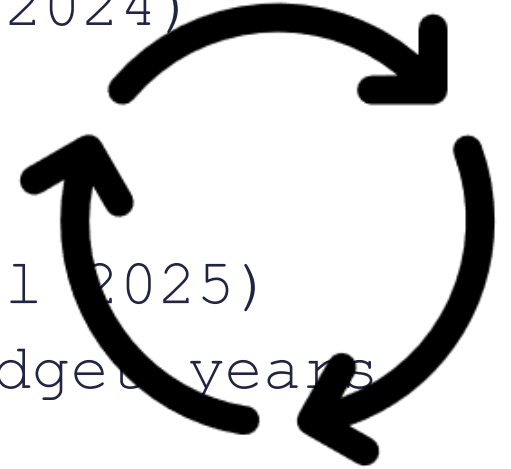
FY 25/26
MID CYCLE
FINANCIAL
REVIEW

JUNE 16, 2025



BUDGET CYCLE

- ▶ 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
- ▶ 2nd 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
- ▶ 3rd 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

- 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 | Projected | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| Revenues | | | | | | |
| <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 |
| Total | 104.8 | 107.6 | 107.5 | 110.0 | 112.6 | 115.3 |
| Expenditures | | | | | | |
| 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 |
| Total | 92.5 | 104.3 | 111.1 | 116.1 | 120.5 | 125.0 |
| Less:Reimbursments | (17.2) | (18.1) | (18.2) | (18.6) | (18.9) | (19.3) |
| Total Operating | 75.3 | 86.2 | 92.9 | 97.6 | 101.5 | 105.7 |
| 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 |
| Projected Surplus/(Deficit) | 16.9 | 3.3 | 3.0 | 0.7 | 1.0 | (0.7) |

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

2024/25 ADDITIONAL 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

GF FY 24/25 Projected Surplus

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

GF Emergency Reserve Balance

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

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 |
| Projected Fund Balance | \$ 9.5 |

- 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

