

TO: Mayor and City Council
FROM: Donia Jessop
DATE: May 21, 2025
SUBJECT: Budget Message for FY26 Tentative Budget

Pursuant to Utah Code § 10-6-111(2)(b), this memorandum accompanies the FY26 Tentative Budget and provides a summary of the proposed financial plan, outlines key policies, highlights major features and changes, and identifies adjustments from the previous fiscal year.

1. Explanation of the Budget

The FY26 tentative budget proposes total General Fund revenues and expenditures of \$1,431,393. This is a significant reduction from the FY25 budget of \$4,151,025, which had included one-time capital improvement projects and interfund transfers, particularly the appropriation to capital projects totaling over \$2.3 million in FY25 that are not repeated in FY26.

2. Outline of Proposed Financial Policies

- **Balanced Budget:** As required by law, the budget is balanced, with expenditures matching available revenues.
- **Use of One-Time Funds:** FY26 limits the use of one-time funds, with a return to more sustainable ongoing revenues after the one-time capital spending in FY25.
- **Debt Management:** The city maintains its commitments to bond payments and has included scheduled debt service in the budget.

3. Important Features of the Budgetary Plan

- **Reduced Scope from FY25:** FY25 included large capital investments (e.g., \$2.3 million in parks improvements). FY26 focuses on operational stability.
- **Revenue Projections:** Property tax, sales tax, and other general revenue streams have been adjusted to more closely align with actual recent collections. For example, property tax revenue is projected at \$125,000, close to actuals rather than overestimated prior years.
- **Expenditure Control:** Budgeted expenditures have been right-sized for anticipated operations, with most department allocations being similar to or slightly below actuals in FY25.

4. Reasons for Salient Changes from Previous Fiscal Year

- **Elimination of One-Time Capital Transfers:** FY25 had a \$2.3 million appropriation to capital projects, which is removed in FY26.
- **Adjusted Revenue Estimates:** Several revenue lines have been updated to reflect actual trends, such as business licenses and building permits, reducing from \$12,000 and \$35,417 in FY25 to \$8,000 and \$28,000 respectively in FY26.
- **Intergovernmental Revenue Adjustments:** Grants and external funds that were used in FY25 (e.g., Class C Road Funds) have been reprojected based on updated awards or expiration of specific grants.

5. Explanation of Major Changes in Financial Policy

There are no major policy changes proposed in FY26. However, the budget continues to emphasize a conservative approach by not using one-time revenue sources to fund ongoing operations and by fully funding debt obligations. One change to note is the reprioritization away from capital projects toward stabilizing operations following the significant infrastructure investments in FY25.

Respectfully,
Donia Jessop
Hildale City, Mayor