



To: Mayor and City Council
 From: Dylan Mulfinger
 Subject: Fund Reserve Memo
 Date: 2/10/2025

The city is working toward a plan that will reduce the general fund deficit by \$300,000. This plan will be just the start as we walk into FY2026 in July of 2025. The chart below shows change is needed to ensure the general fund does not continue to drop at an unsustainable rate. Once this budget is passed, the city council will need to evaluate several plans provided by the City Administrator to reduce the deficit. Please see the fund balance projections below:

20% Reserve	Fund	FY2025 Start	FY2026 Start	FY2027 Start
\$661,426	General	\$1,239,467	\$853,006	\$377,481
\$188,175	Road User Tax	\$593,253	\$499,183	\$415,136
\$194,424	Franchise Fees	\$353,388	\$106,268	\$32,718
\$191,244	Economic Development	\$597,367	\$367,147	\$156,057
\$415,239	Water	\$866,141	\$759,177	\$743,247
	Water Infrastructure	\$34	\$420,034	\$840,034
\$500,576	Sewer/Waste	\$1,341,081	\$1,055,701	\$1,026,201
	Sewer/Waste Infrastructure	\$8	\$420,008	\$840,008

This type of budget shortfall is common as the city rides the roller coaster. While the city is usually on a steady track to provide services and maintaining a functional organization, large price increases and simply the cost of doing business have pushed the general fund beyond its limits. The state of Iowa making tax cuts to multi-residential property, commercial property, and taking away the backfill are significant contributors to the current and future budget projections. The nail in the coffin was the loss of the speed camera revenue. You think a tax on someone breaking the law would not be so hard to keep in place. The city council will have to evaluate several difficult decisions this summer to ensure the city is back on a sustainable path.