



CITY OF ORLANDO STAFF REPORT

MEETING DATE: October 7, 2025

TO: Honorable Mayor and Council

FROM: Joe Goodman, City Manager

SUBJECT: RGS Budget Report (Discussion/Action)

BACKGROUND: When the City Council adopted the current preliminary budget on June 17, 2025, it did so with the understanding that staff would return with a refined budget developed in coordination with the newly appointed City Manager. At that time, it was recognized that a spending deficit was anticipated, and it was emphasized how important it was to pursue long-term strategies to achieve a structurally balanced budget. After reviewing the current budget in coordination with RGS, staff have determined that significant structural changes are necessary.

ANALYSIS: After careful review, it appears that the General fund has been operating in deficits dating back to fiscal year 2022-2023. See table below.

Fiscal Year	Gen Fund Only	Measure A Only	Gen Fund Combined	Source
2022-23	139,734	(254,245)	(114,511)	Audited
2023-24	(644,324)	425,216	(219,108)	Audited
2024-25	211,851	(248,000)	(36,149)	Budget
2025-26	(529,773)	9,000	(520,773)	Budget

To develop a structurally sound budget, staff must analyze the factors contributing to the General Fund's fluctuations in operating surpluses and deficits, as well as the utilization of Measure A funds. Based on the figures above, the General Fund balance is projected to have decreased by \$822,512 over the four-year period shown, resulting in an estimated balance of \$883,919 (11% of appropriations) as of June 30, 2026. Measure A is projected to have an ending fund balance of \$1,332,438 (100% of estimated revenues) on the same date.

The City's structural deficit has developed over several years and cannot be resolved immediately. Staff recommends proceeding with the adopted 2025–2026 budget while conducting a thorough evaluation of how other City funds can help ease pressure on the General Fund.

Staff and RGS also continue to identify errors and omissions in the budget related to the implementation of the new Tyler accounting system. Staff recommends that Council authorize the City Manager to hire a part-time employee with accounting expertise to support the transition to Tyler, strengthen staff capacity, and assist in identifying the structural changes needed to achieve a balanced budget.

It is also recommended that a comprehensive budget be presented for 2026–2027 and future years. Historically, Council has approved appropriations based on the Summary of Major Fund Balances; however, the City maintains additional funds that should be reviewed to determine how they can be better utilized. While the General Fund is the City's primary operating fund, it represents only one portion of the total budget. By reviewing all funds, Council can more effectively prioritize needs and gain a clearer understanding of overall expenditures.

To achieve a structurally balanced budget, staff recommend the following deliberate process and schedule:

11/4/2025	Present first-quarter financial reports in the new format generated through the Tyler financial system.
12/2/2025	Present cost of General Fund services utilizing the costs, less direct revenues. This will be a new format for budget analysis.
12/2/2025	Present Key Performance Indicators (KPIs) to demonstrate the value of services provided by the City.
12/2/2025	Identify Council priorities and adopt financial policies to guide the development of a revised budget.
1/20/2026	Present six-month financial reports comparing budget to actuals.
1/20/2026	Present mid-year budget adjustments based on the first half of the year to help reduce the General Fund operating deficit.
2/3/2026	Hold a strategic planning session for FY 26-27 budget.
3/3/2026	Present budget assumptions for FY 26-27 budget.
4/7/2026	Present capital improvement plan for 26-27 and beyond.
4/7/2026	Present options for a balanced operating budget for FY 26-27.
5/5/2026	Present the preliminary FY 2026–27 budget, including department presentations, and solicit Council feedback.
6/2/2026	Present Proposed Budget for FY 26-27.
6/2/2026	Hold a Public Hearing on the Proposed Budget for FY 26-27.
6/16/2026	Adopt Final Budget for FY 26-27, if not adopted on 06/02/26.

RECOMMENDATION: Authorize staff to hire a part-time employee with accounting expertise for an initial one-year term, renewable upon successful performance, and proceed with the proposed process and schedule to evaluate the City's fiscal health and develop the structural changes needed to restore the General Fund to a balanced budget.

FISCAL IMPACT OF RECOMMENDATION: The cost of a part-time Accounting Technician I or II, to be shared between the General Fund and the Water/Sewer Funds.