

# Financial Management Plan

2024 Update and Financial Forecast

October 14, 2024



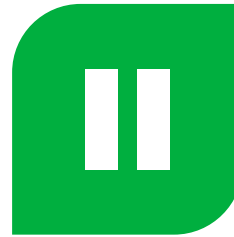
# Agenda



5-YEAR LOOK  
BACK



CURRENT  
FINANCIAL  
TRAJECTORY



“DO NOTHING”  
SCENARIO



CONSIDERATIONS  
FOR COUNCIL

# 5-Year Look Back & Trends

- Total revenues have increased by 45% from 2019 to 2024.
- Expenditures have increased 61% during the same timeframe.
  - Most of this increase can be attributed to greater personnel costs, especially in public safety.
  - Public safety makes up about 40% of the City's operating costs, whereas most municipalities spend about 66% of their operating budgets on this area.
- The City's general fund balance has declined by 2% from 2019 to 2024.

General Fund Summary	Growth 2019 - 2024	Actual					Estimated	Budgeted
		2019	2020	2021	2022	2023	2024	2025
Revenues								
City Tax Revenue	52%	4,694,032	5,426,609	6,420,211	6,712,873	6,759,674	7,135,080	7,290,000
Intergovernmental Revenue	63%	2,937,116	3,044,007	4,331,158	4,779,643	3,925,554	4,786,999	4,087,858
Licenses & Fees	79%	788,979	614,870	832,485	1,331,207	1,378,459	1,411,148	1,489,882
Other Operating Revenues	-5%	255,317	365,251	405,406	(21,450)	1,190,758	242,042	299,500
Bond Proceeds		-	-	-	-	16,850,000	1,255,000	-
Transfers In	- 58%	944,726	349,513	603,606	1,503,207	388,578	400,000	660,000
Total Available Revenues	45%	9,620,170	9,800,251	12,592,867	14,305,480	30,493,021	15,230,269	13,827,240
Expenses								
Personnel	76%	4,842,356	5,579,674	6,169,075	7,216,283	8,023,321	8,521,142	9,536,024
Other Current Expenses	55%	2,634,357	2,540,122	3,488,678	5,322,462	4,395,192	4,089,289	4,663,673
Financing Costs		253,566	253,575	247,507	240,078	552,606	909,789	1,033,413
Ongoing & Budgeted Capital Expenses		1,528,024	962,760	1,415,452	2,137,823	2,057,549	18,366,000	693,500
Transfers Out								
Total Expenses	61%	9,258,302	9,336,130	11,320,711	14,916,646	15,028,667	31,886,220	15,926,610
Current Yr Revenues Over/(Under) Expenses		361,867	464,120	1,272,155	(611,166)	15,464,355	(16,655,951)	(2,099,370)
Ending General Fund Balance	-2%	5,862,437	6,250,430	7,522,586	6,890,858	22,380,274	5,724,323	3,624,953
% of Current Yr Revenues		67.6%	66.1%	62.7%	53.8%	168.9%	42.2%	27.5%
Nonspendable & Restricted (Bond Proceeds, Emergencies, etc.)		24,454	417,072	542,427	625,917	17,060,338	210,338	800,000
Available Fund Balance		360,000	1,809,178	2,010,234	2,276,390	2,237,304	3,482,941	2,824,953
% of Previous Yr Op Exp		73.27%	53.82%	61.21%	41.30%	17.84%	28.05%	22.40%

# Current Financial Trajectory

## General Funds total fund balance becomes negative 2029 – 2032.

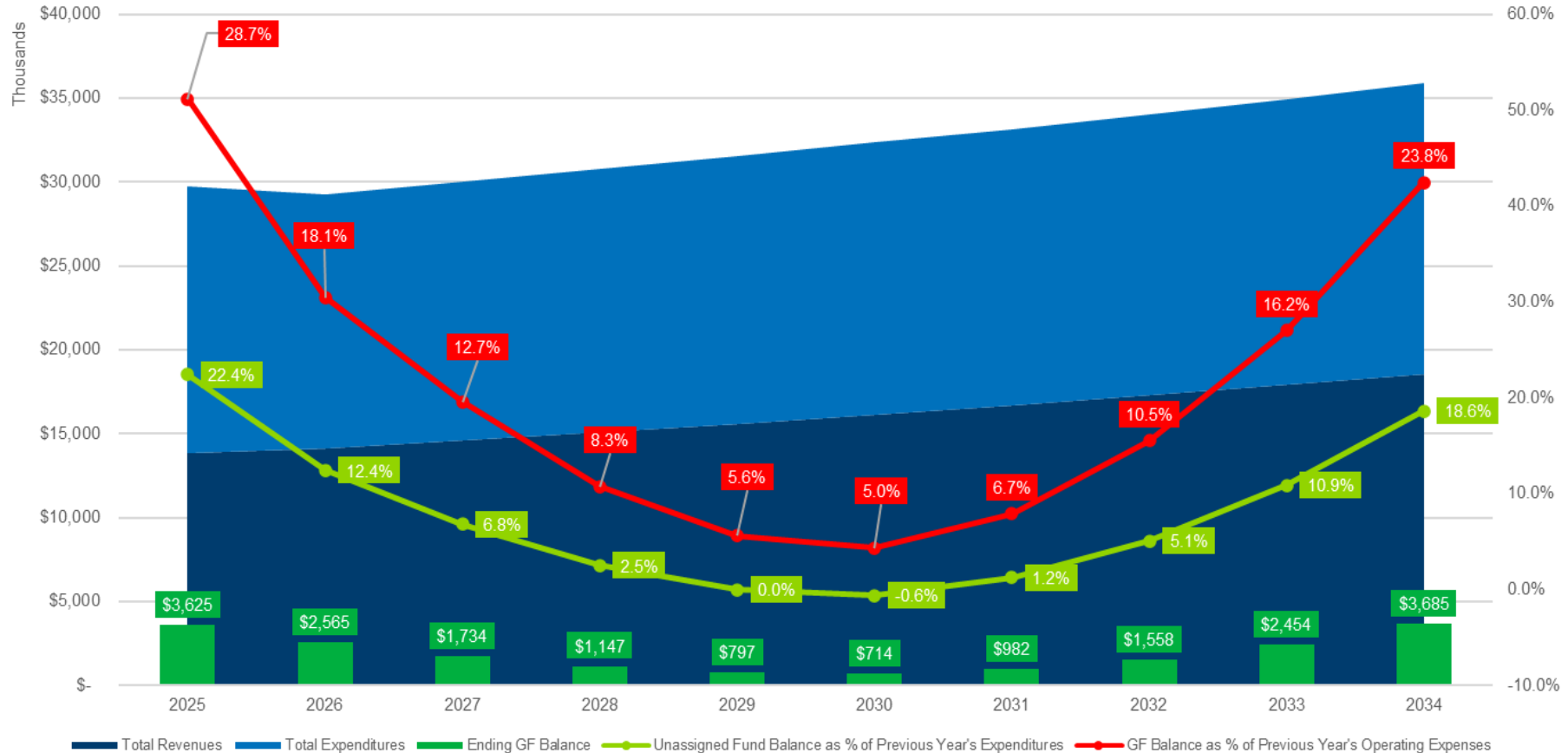
Summary of General Funds	Budgeted 2025	Projected								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
New Sales Tax Growth		-	-	-	-	-	-	-	-	-
City Tax Revenue	7,290,000	7,551,925	7,289,686	7,544,825	7,808,894	8,082,205	8,365,082	8,657,860	8,960,885	9,274,516
Intergovernmental Revenues	4,087,858	4,213,145	3,819,836	3,953,531	4,091,904	4,235,121	4,383,350	4,536,767	4,695,554	4,859,898
Fees & Licenses	1,489,882	1,561,073	1,648,024	1,740,015	1,837,345	1,938,728	2,046,195	2,159,877	2,280,144	2,407,382
Fund Transfers (Lodging & CTF)	660,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Other	299,500	313,605	1,373,394	1,403,232	1,406,920	1,438,136	1,470,761	1,504,865	1,540,520	1,577,802
<b>Total Revenues</b>	<b>\$ 13,827,240</b>	<b>\$ 14,089,748</b>	<b>\$ 14,580,940</b>	<b>\$ 15,091,603</b>	<b>\$ 15,595,064</b>	<b>\$ 16,144,191</b>	<b>\$ 16,715,389</b>	<b>\$ 17,309,370</b>	<b>\$ 17,927,103</b>	<b>\$ 18,569,599</b>
Personnel	9,536,024	9,695,739	9,887,186	10,082,437	10,281,570	10,484,647	10,634,996	10,845,132	11,059,446	11,278,022
Existing Financing Costs	1,033,413	1,176,073	1,178,054	1,179,122	1,174,215	1,178,557	1,176,674	1,173,815	1,174,956	1,179,872
New Financing Costs for New Capital Projects	-	-	-	-	-	-	-	-	-	-
Capital	693,500	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Other	4,663,673	3,945,852	4,007,780	4,071,525	4,137,167	4,204,785	4,269,116	4,340,899	4,414,929	4,491,306
<b>Total Expenditures</b>	<b>\$ 15,926,610</b>	<b>\$ 15,467,664</b>	<b>\$ 15,723,020</b>	<b>\$ 15,983,085</b>	<b>\$ 16,242,952</b>	<b>\$ 16,517,989</b>	<b>\$ 16,730,785</b>	<b>\$ 17,009,845</b>	<b>\$ 17,299,331</b>	<b>\$ 17,599,200</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$2,099,370)</b>	<b>\$ (1,377,916)</b>	<b>(\$1,142,079)</b>	<b>(\$891,481)</b>	<b>(\$647,888)</b>	<b>(\$373,798)</b>	<b>(\$15,397)</b>	<b>\$299,525</b>	<b>\$627,772</b>	<b>\$970,399</b>
<b>Ending GF Balance</b>	<b>\$3,624,953</b>	<b>\$2,247,037</b>	<b>\$1,104,958</b>	<b>\$213,476</b>	<b>(\$434,412)</b>	<b>(\$808,210)</b>	<b>(\$823,606)</b>	<b>(\$524,082)</b>	<b>\$103,690</b>	<b>\$1,074,089</b>
% of Previous Yr Op Exp	28.7%	15.8%	8.1%	1.5%	-3.1%	-5.6%	-5.6%	-3.5%	0.7%	6.9%
Nonspendable & Restricted	800,000	800,000	800,000	800,000	-	-	-	-	-	-
Available Fund Balance	2,824,953	1,447,037	304,958	(586,524)	-	-	-	-	103,690	1,074,089
% of Previous Yr Op Exp	22.4%	10.2%	2.2%	-4.2%	0.0%	0.0%	0.0%	0.0%	0.7%	6.9%
Excess Funds Avail	-	-	-	-	-	-	-	-	-	-
Cuts Necessary for Avail. Fund Balance = 25% Prior Yr's Op. Expenses	(\$327,655)	(\$2,102,887)	(\$3,105,440)	(\$4,060,265)	(\$3,538,491)	(\$3,604,684)	(\$3,672,358)	(\$3,726,028)	(\$3,692,818)	(\$2,794,504)
% of Spending	-2.06%	-13.60%	-19.75%	-25.40%	-21.78%	-21.82%	-21.95%	-21.91%	-21.35%	-15.88%

### Assumptions:

- Sales tax revenues increase 3.5% annually
- Fees, licenses and permits increase 6% annually
- Fines and forfeitures increase 3.0% annually
- All other revenues increase 1.0% annually
- Benefits, salaries and wages increase 2.0% annually
- Contracted services, supplies and materials increase 1.0% every year
- Annual capital expenditures of \$650K**
- Utility costs increase 5.0% annually
- All other expenses increase 1.0% annually



# “Do Nothing” Scenario



## Assumptions:

- Sales tax revenues increase 3.5% annually
- Fees, licenses and permits increase 6% annually
- Fines and forfeitures increase 3.0% annually
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- Basic capital expenditures are approx. \$330K annually**
- Utility costs increase 5.0% annually
- All other expenses increase 1.0% annually

# "Do Nothing" Scenario Detail



Summary of General Funds	Budgeted 2025	Projected								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
New Sales Tax Growth		-	-	-	-	-	-	-	-	-
City Tax Revenue	7,290,000	7,551,925	7,289,686	7,544,825	7,808,894	8,082,205	8,365,082	8,657,860	8,960,885	9,274,516
Intergovernmental Revenues	4,087,858	4,213,145	3,819,836	3,953,531	4,091,904	4,235,121	4,383,350	4,536,767	4,695,554	4,859,898
Fees & Licenses	1,489,882	1,561,073	1,648,024	1,740,015	1,837,345	1,938,728	2,046,195	2,159,877	2,280,144	2,407,382
Fund Transfers (Lodging & CTF)	660,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Other	299,500	313,605	1,373,394	1,403,232	1,406,920	1,438,136	1,470,761	1,504,865	1,540,520	1,577,802
<b>Total Revenues</b>	<b>\$ 13,827,240</b>	<b>\$ 14,089,748</b>	<b>\$ 14,580,940</b>	<b>\$ 15,091,603</b>	<b>\$ 15,595,064</b>	<b>\$ 16,144,191</b>	<b>\$ 16,715,389</b>	<b>\$ 17,309,370</b>	<b>\$ 17,927,103</b>	<b>\$ 18,569,599</b>
Personnel	9,536,024	9,695,739	9,887,186	10,082,437	10,281,570	10,484,647	10,634,996	10,845,132	11,059,446	11,278,022
Existing Financing Costs	1,033,413	1,176,073	1,178,054	1,179,122	1,174,215	1,178,557	1,176,674	1,173,815	1,174,956	1,179,872
New Financing Costs for New Capital Projects	-	-	-	-	-	-	-	-	-	-
Cash Funded Capital Expenditures	693,500	332,010	338,650	345,423	352,332	359,378	366,566	373,897	381,375	389,003
Other	4,663,673	3,945,852	4,007,780	4,071,525	4,137,167	4,204,785	4,269,116	4,340,899	4,414,929	4,491,306
<b>Total Expenditures</b>	<b>\$ 15,926,610</b>	<b>\$ 15,149,674</b>	<b>\$ 15,411,670</b>	<b>\$ 15,678,508</b>	<b>\$ 15,945,283</b>	<b>\$ 16,227,367</b>	<b>\$ 16,447,351</b>	<b>\$ 16,733,743</b>	<b>\$ 17,030,706</b>	<b>\$ 17,338,202</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$2,099,370)</b>	<b>\$ (1,059,926)</b>	<b>(\$830,729)</b>	<b>(\$586,905)</b>	<b>(\$350,220)</b>	<b>(\$83,176)</b>	<b>\$268,037</b>	<b>\$575,628</b>	<b>\$896,397</b>	<b>\$1,231,397</b>
<b>Ending GF Balance</b>	<b>\$3,624,953</b>	<b>\$2,565,027</b>	<b>\$1,734,298</b>	<b>\$1,147,393</b>	<b>\$797,173</b>	<b>\$713,997</b>	<b>\$982,034</b>	<b>\$1,557,662</b>	<b>\$2,454,059</b>	<b>\$3,685,455</b>
% of Previous Yr Op Exp	28.7%	18.1%	12.7%	8.3%	5.6%	5.0%	6.7%	10.5%	16.2%	23.8%
Nonspendable & Restricted	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Available Fund Balance	2,824,953	1,765,027	934,298	347,393	(2,827)	(86,003)	182,034	757,662	1,654,059	2,885,455
% of Previous Yr Op Exp	22.4%	12.4%	6.8%	2.5%	0.0%	-0.6%	1.2%	5.1%	10.9%	18.6%
Excess Funds Avail	-	-	-	-	-	-	-	-	-	-
Cuts Necessary for Avail. Fund Balance = 25%	(\$327,655)	(\$1,784,897)	(\$2,476,100)	(\$3,126,348)	(\$3,541,317)	(\$3,690,687)	(\$3,490,324)	(\$2,968,366)	(\$2,142,449)	(\$983,139)
Prior Yr's Op. Expenses										
% of Spending	-2.06%	-11.78%	-16.07%	-19.94%	-22.21%	-22.74%	-21.22%	-17.74%	-12.58%	-5.67%

## Assumptions:

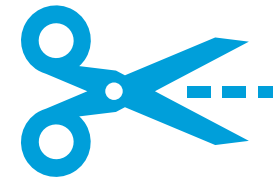
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- All other revenues increase 1.0% annually
- Benefits, salaries and wages increase 2.0% annually
- Contracted services, supplies and materials increase 1.0% every year
- Basic capital expenditures are approx. \$330K annually**
- Utility costs increase 5.0% annually
- All other expenses increase 1.0% annually



## Revenues

Soaking Pools: In principle, may be able to net about \$683K to \$1.53M in Year 1.

Pursue voter authorization for a sales or property tax.



## Expenses

Explore feasibility of a fire protection district.

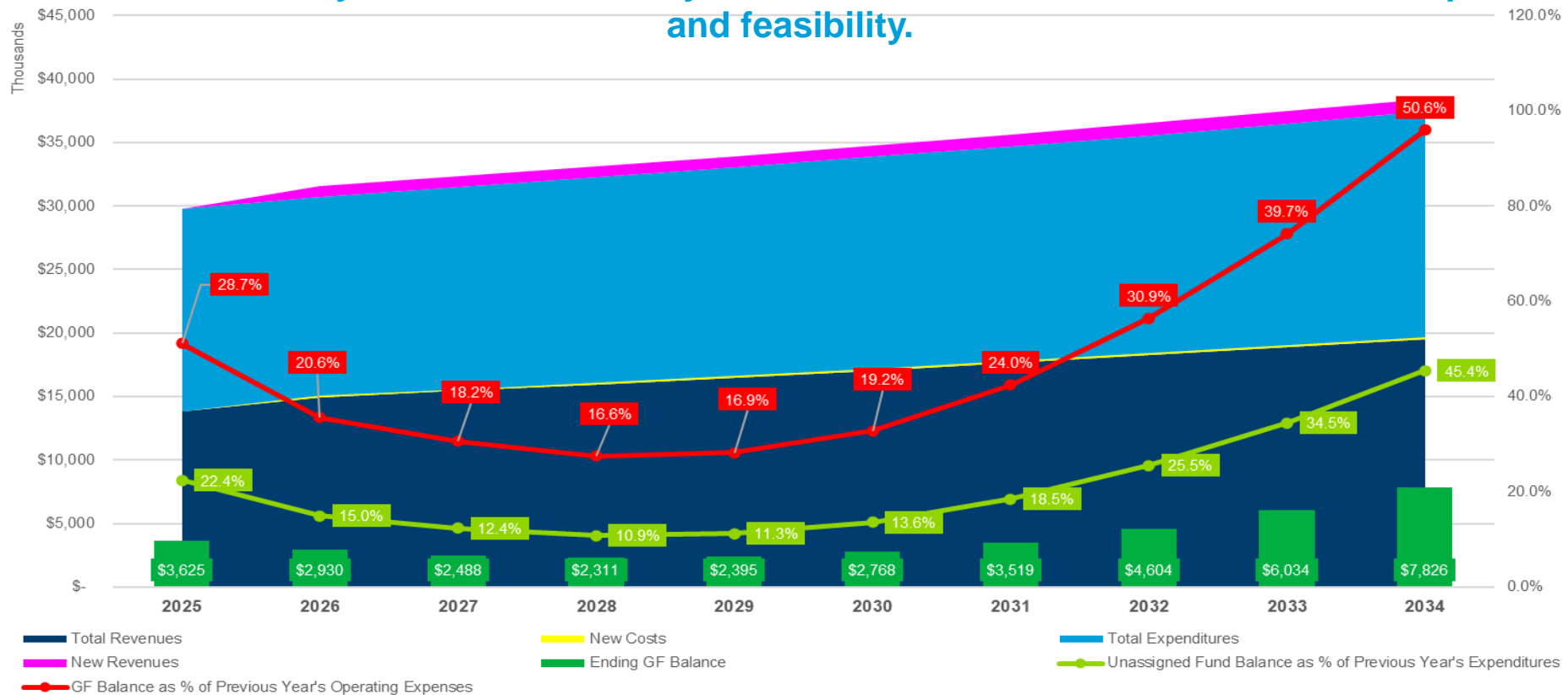
Cut programs and/or staff to right size budget.

# Hypothetical Scenarios for Consideration



# Soaking Pool Project (Low Revenue Scenario; Debt Financed)

Theoretical analysis. Additional analysis recommended to determine financial impact and feasibility.

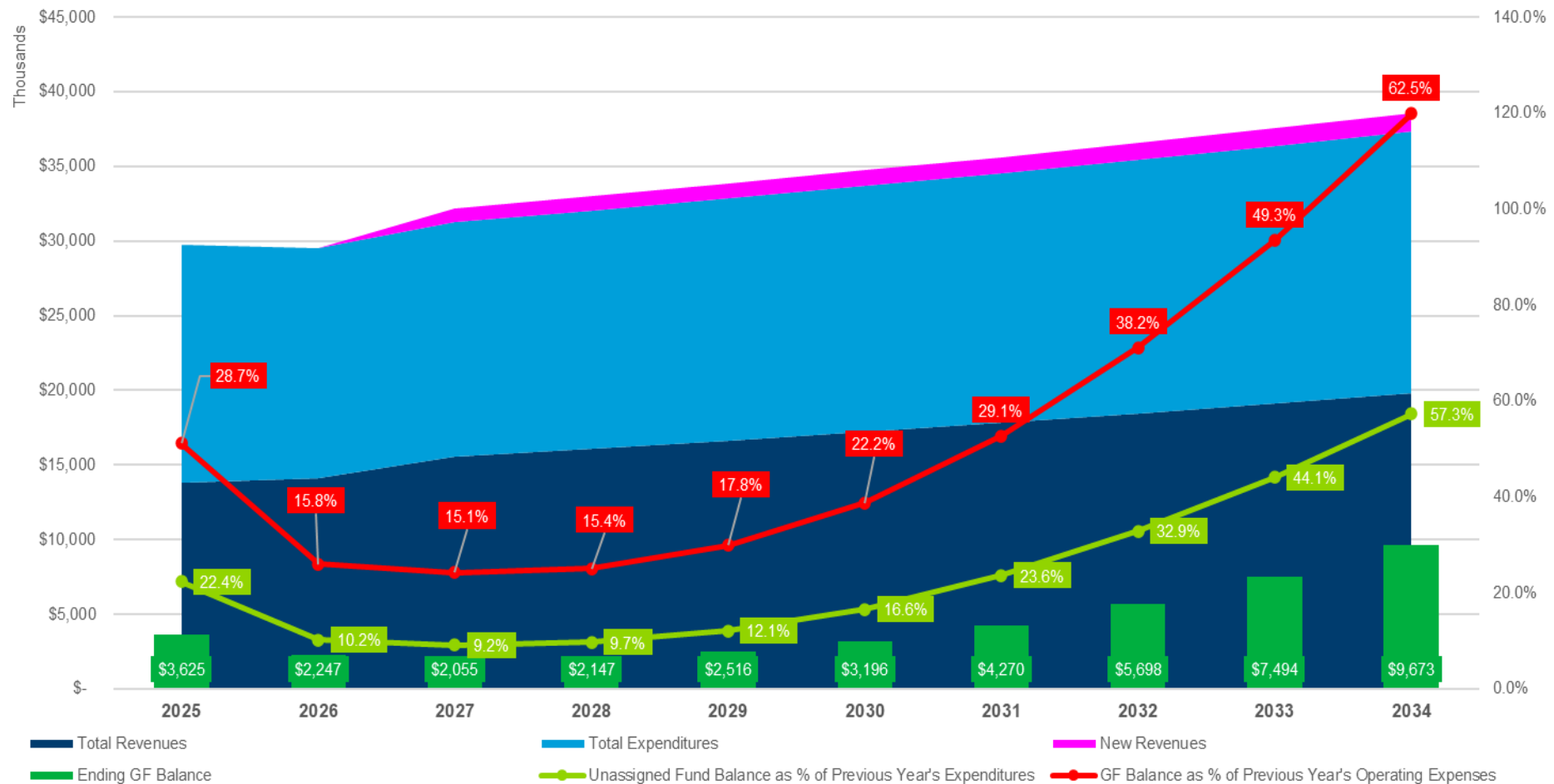


## General Assumptions:

- Sales tax revenues increase 3.5% annually
- Fees, licenses and permits increase 6% annually
- Fines and forfeitures increase 3.0% annually
- All other revenues increase 1.0% annually
- Low revenue scenario for soaking pool projects**
- Benefits, salaries and wages increase 2.0% annually
- Contracted services, supplies and materials increase 1.0% every year
- Annual capital expenditures of \$650K**
- Utility costs increase 5.0% annually
- All other expenses increase 1.0% annually

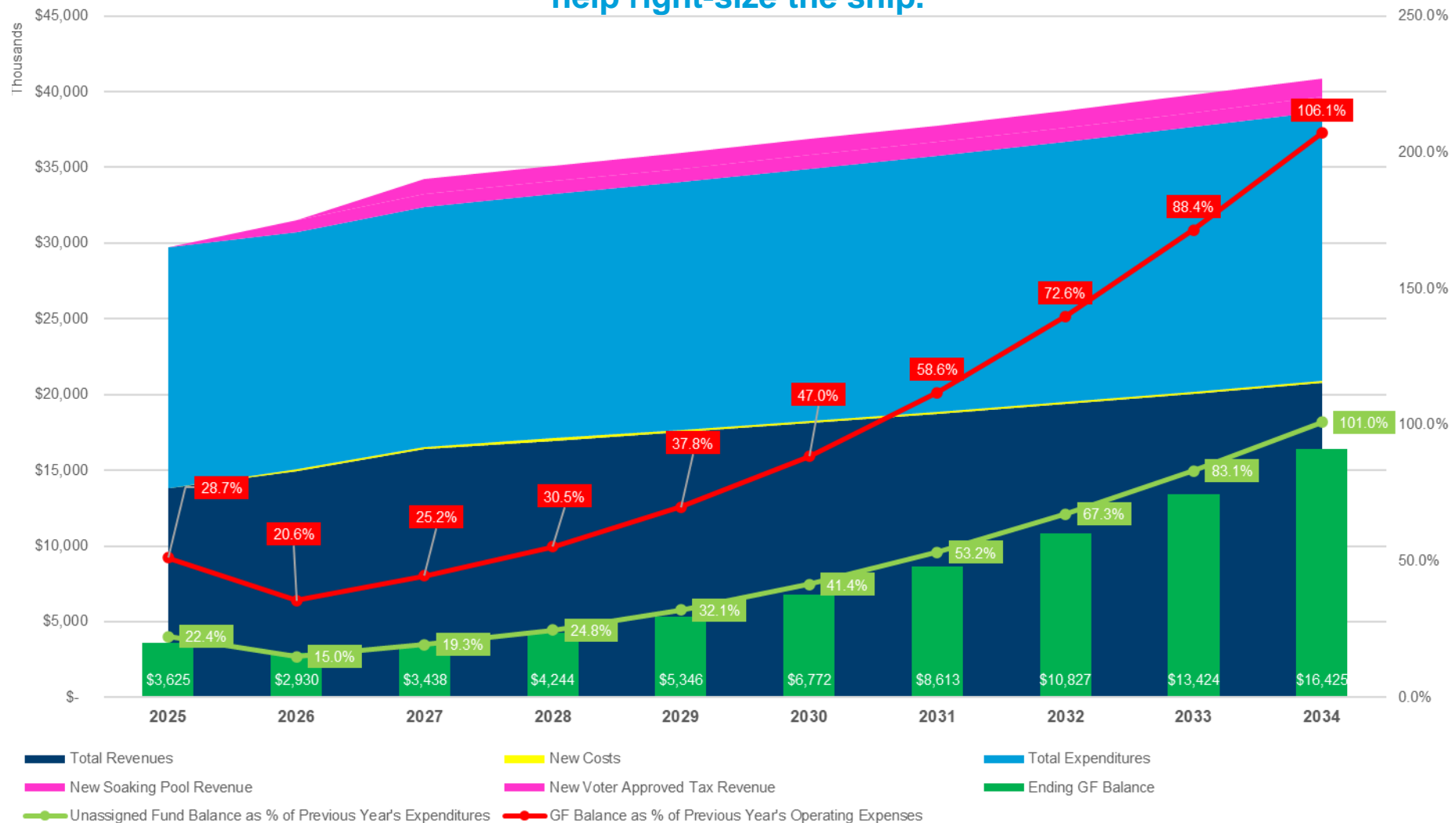
# Voter Approved Sales Tax

A \$0.48 of voter approved sales tax could generate about \$1M of annual revenues for the City.



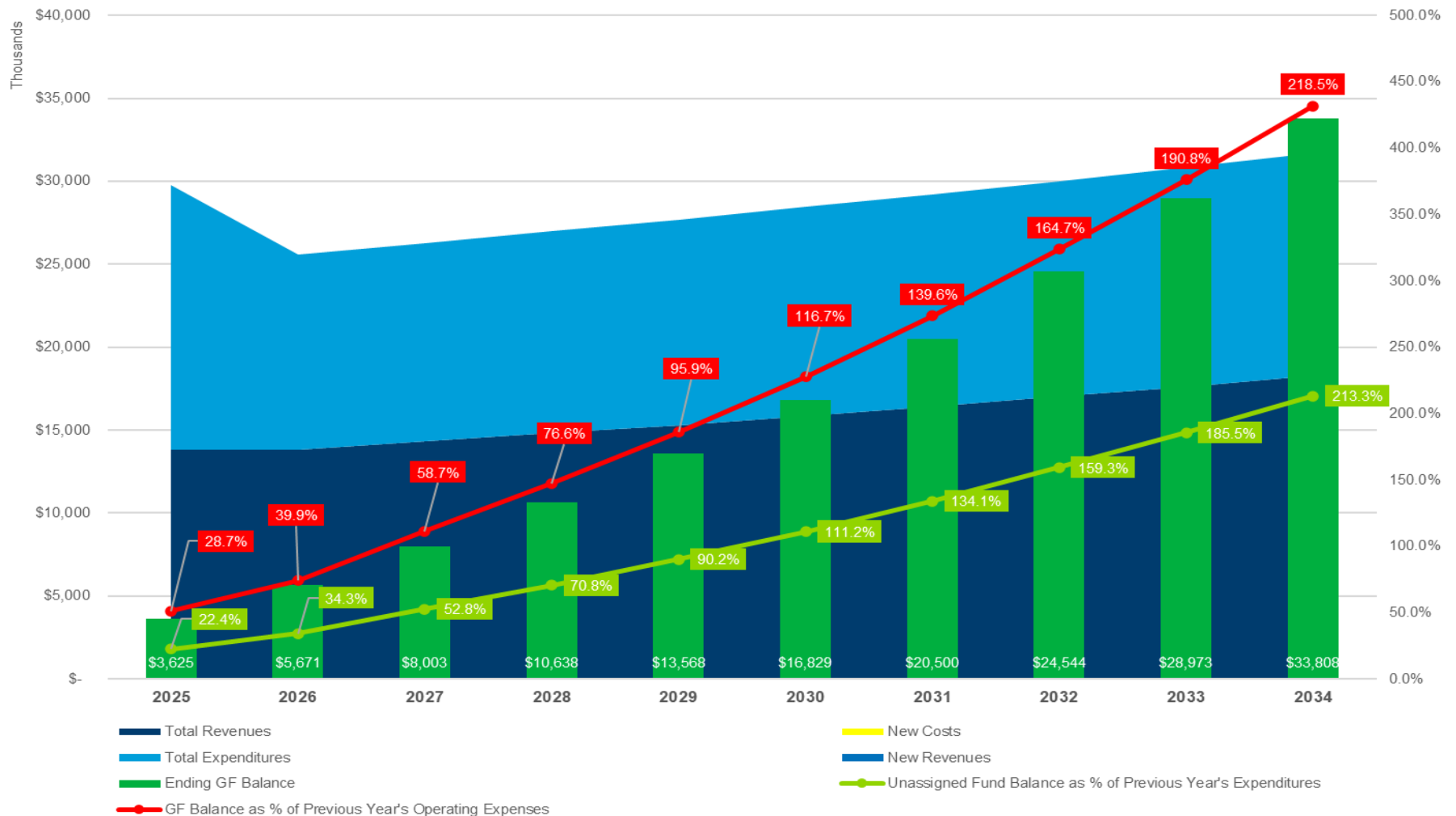
# Soaking Pool Project & Voter Approved Sales Tax

In theory, a voter approved sales tax combined with the soaking pool revenues could help right-size the ship.



# Create Fire Protection District

Hypothetical scenario of transferring all FD revenues and costs to a newly established FPD. Additional analysis will be necessary to determine financial feasibility.





# Disclosures



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