
Meeting Date: 10/28/2024

Subject: 2025 Budget Overview

Attachments: 2025 Budget Overview Presentation

Presented by: Adam Vaughn, Finance Director

Approved for Agenda by: Dan Ford, City Manager

Discussion: The 2025 Preliminary budget is prepared for the City Council's review over the next few weeks. Finance Director Vaughn will give an overview of the budget for 2025. We strongly encourage the Council to read the City Manager's letter in the budget for a more in-depth conversation.

The 2024 budget was approved with an expected decrease of the City's General Fund balance of \$2.25 million. This usage of fund balance is not sustainable, and as a result City Staff has requested Council action over the course of the year to decrease that amount. Vehicle License fee increases, a 5% rate increase, and the change in where investment revenue is recorded has had a tremendous impact on reducing this deficit. As it stands, because of these actions and staff planning, the deficit has been reduced to about \$1.4 million. This deficit will be reduced by another \$400,000 if the Metropolitan Park District measure passes during the upcoming election. Costs continue to rise for the City, so any reduction in the deficit is a commendable accomplishment.

While a significant accomplishment to reduce the deficit by nearly a million dollars, The City still has a tremendous amount of work to do to get the deficit to zero. With the current deficit, the City will be bringing its general fund balance down to about \$1 million. Quick math shows that another \$1.4 million deficit in 2026 will bring us into the red. This is important, it is extremely rare for a City to take its fund balance to zero, and City staff will cut essential positions before it allows the City's fund balance to go negative.

Before this budget is passed, the Council will need to vote on a utility rate increase and approve a new fee schedule that has modified recreation and cemetery fees. If the Metropolitan Park District does not pass, staff will recommend a reduction in parks, aquatics, and recreation services.

Fiscal Impact: The City's FY2025 budget total is \$18,308,798

Recommendation: None at this time.

Alternatives: None at this time.