



FY 2027 Budget Kickoff

General Fund

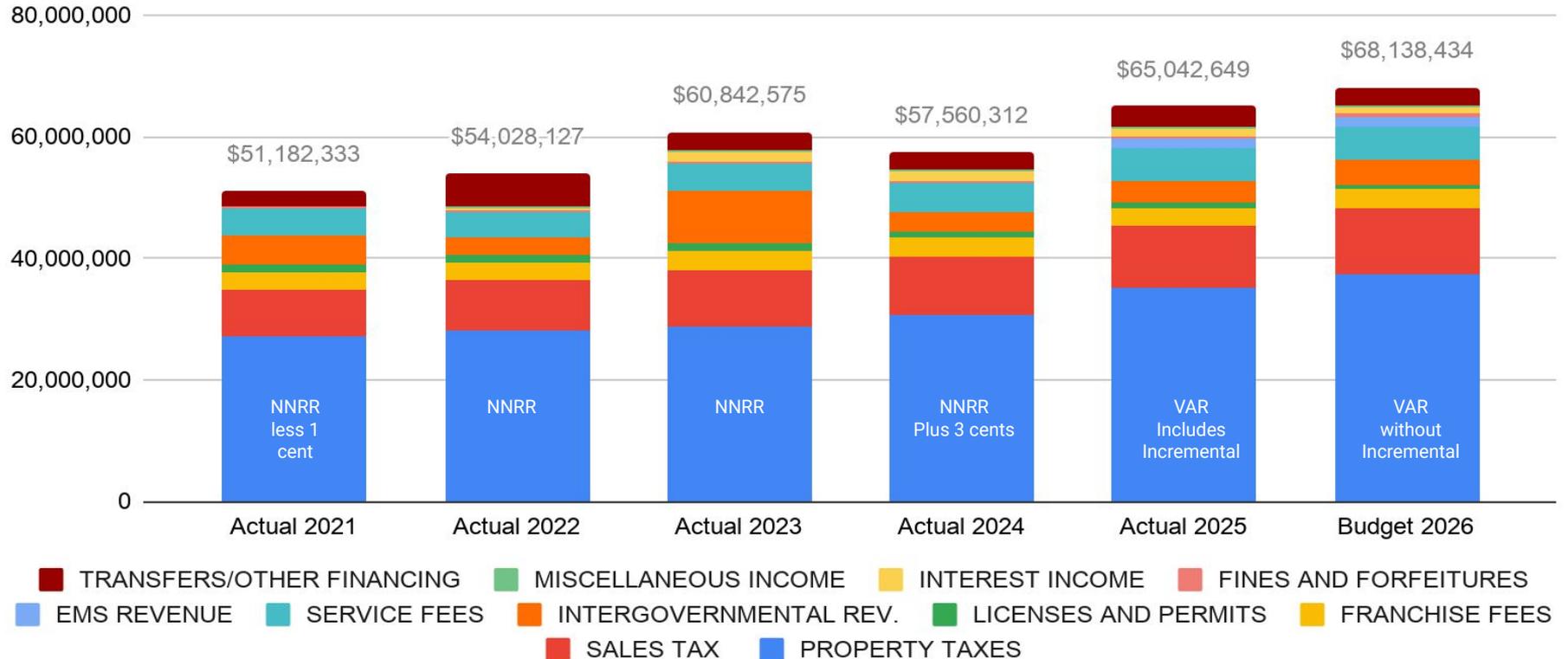


General Fund FY 2025

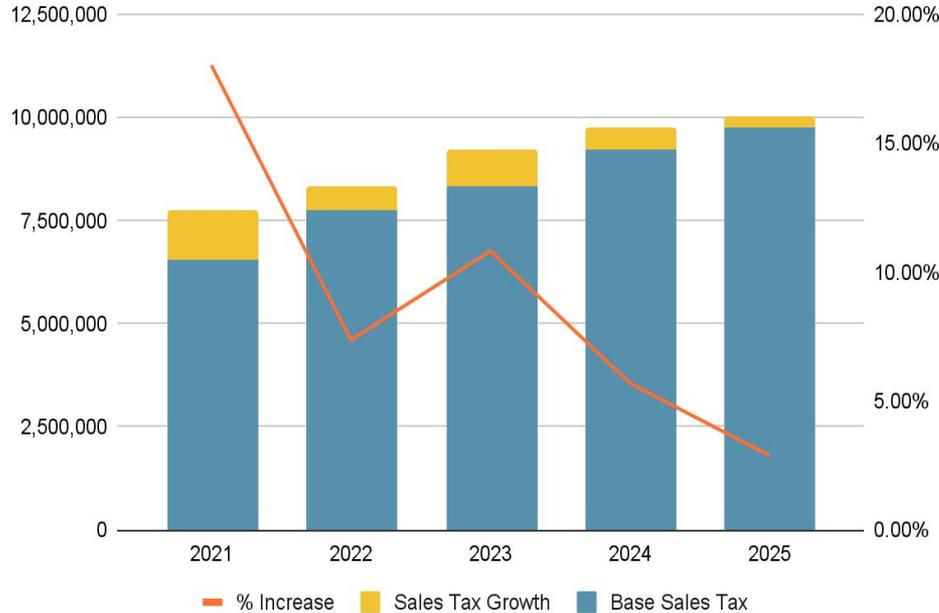
Beginning Fund Balance Oct 2024	27,349,896		
	Actual	Budget	Variance
Revenues			
Ad Valorem Tax	35,100,024	35,230,839	(130,815)
Sales Tax	10,114,724	10,063,234	51,490
Other Revenue	19,904,691	19,563,953	340,738
	<u>65,119,439</u>	<u>64,858,026</u>	<u>261,413</u>
Expenditures			
General Government	15,370,849	16,432,920	1,062,071
Public Safety	40,414,299	41,102,871	688,572
Urban Development	1,391,846	1,476,692	84,846
Streets	5,286,193	5,775,987	489,794
Community Service	5,180,141	5,395,375	215,234
Other	58,184	41,737	(16,447)
	<u>67,701,512</u>	<u>70,225,582</u>	<u>2,524,070</u>
Ending Fund Balance September 2025	24,767,823	21,982,340	2,785,483

Budget for Intergovernmental Revenue and Public Safety and Streets Expense was adjusted for accounting of grant.

General Fund Revenue Trend



Sales Tax Trend

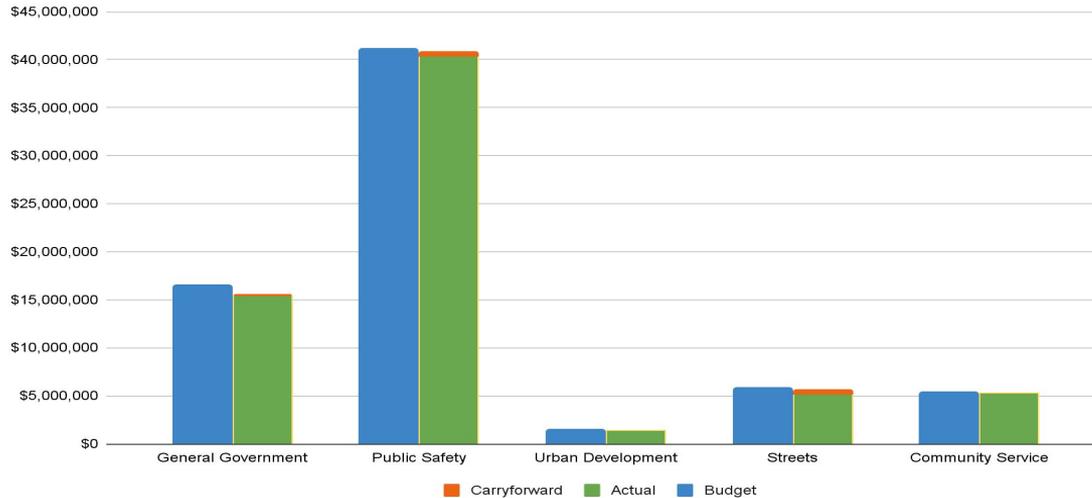


	Base Sales Tax	Sales Tax Growth	Total Sales Tax	% Increase
2021	6,566,985	1,183,957	7,750,942	18.03%
2022	7,750,942	571,622	8,322,564	7.37%
2023	8,322,564	901,027	9,223,591	10.83%
2024	9,223,591	524,889	9,748,480	5.69%
2025	9,748,480	280,895	10,029,375	2.88%

FY 2026 actual data through January 2026 is showing a decrease of .76% from the same period last year.

Fiscal Year 2025 Expenditure Summary

FY 2025 Budget v. Actual (plus Carryforwards)

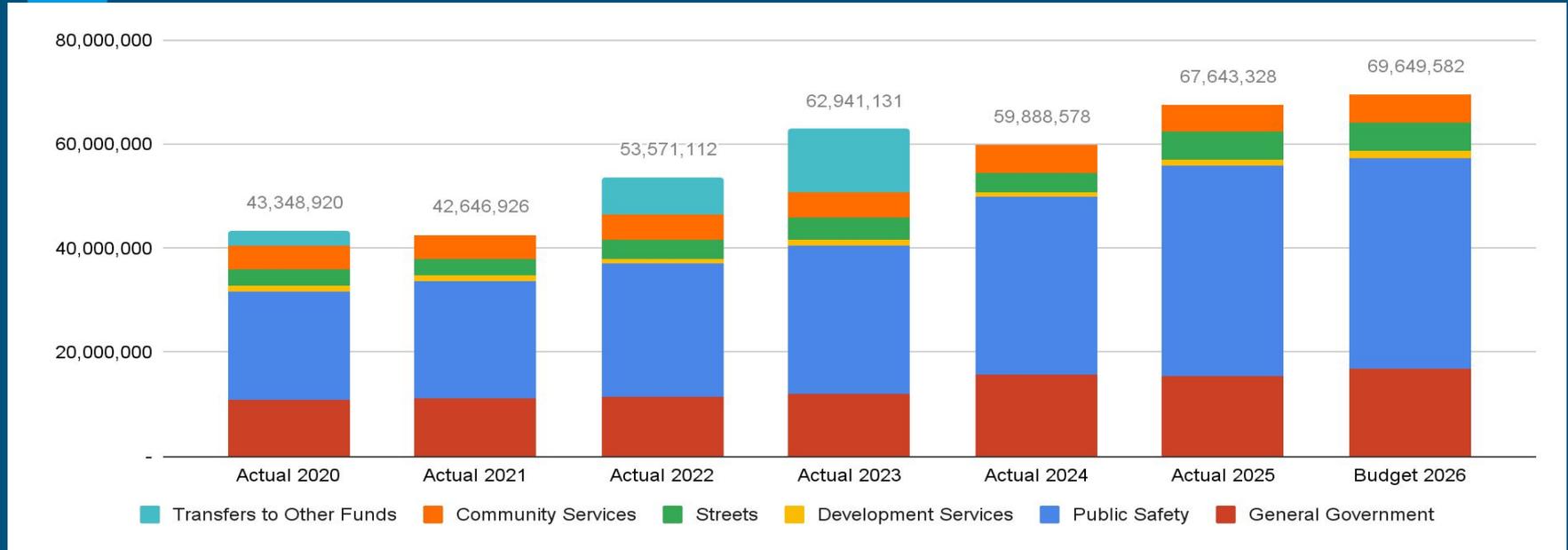


	Variance	% Unspent
General Government	804,757	4.90%
Public Safety *	333,867	0.81%
Urban Development	84,846	5.75%
Streets *	178,776	3.10%
Community Service	215,234	3.99%
Total	1,617,480	2.30%

* Budget Adjusted for Grant

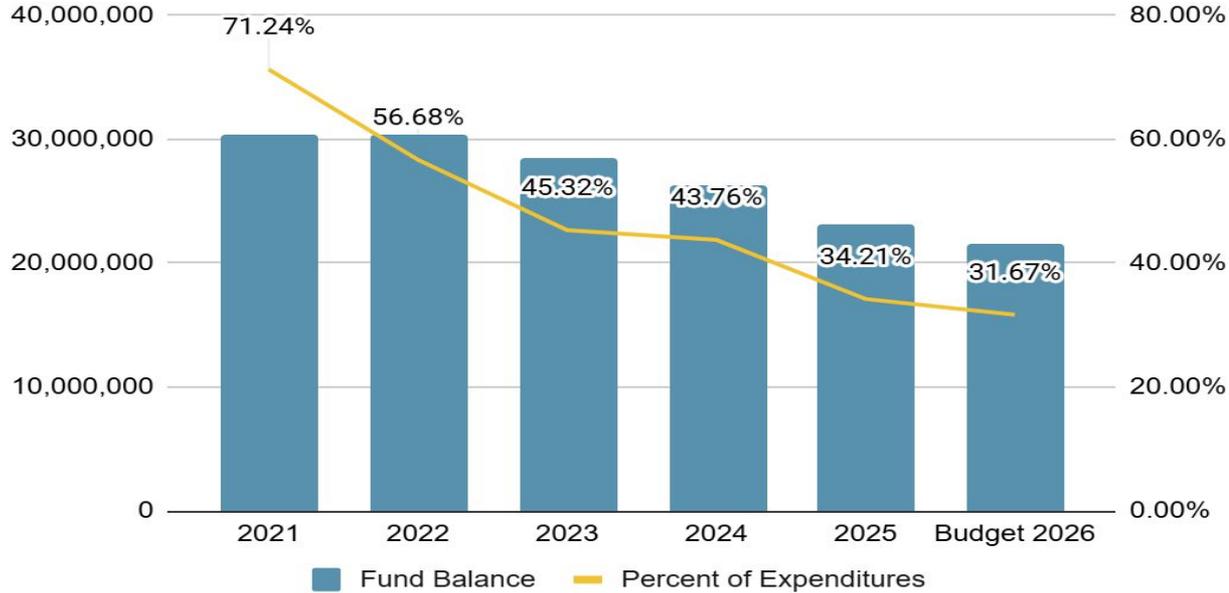
In Fiscal Year 2024, the % unspent was 1.94% after carry forwards. Carry forwards are added to the 2025 actual expense because the money is being spent, just not in the year it was budgeted.

General Fund Expenditure Trend



FY 2023-2025 increases primarily due to Public Safety staffing increases (EMS) and salary adjustments to address market disparities for all employees. Starting in FY 2022, inflationary impacts have increased operational expenses.

Fund Balance Trend



Use of Fund Balance	
2021	272,775
2022	7,006,321
2023	7,078,720
2024	5,145,008
2025	3,132,195
Budget 2026	0

Fund Balance requirement is 25% - Preferred range is 30-35% to keep bond rating high and lower borrowing costs.

Requirements for Strong Financial Condition

- Maintain consistent revenue growth
- Responsible expenditure management
- Healthy reserves
- Maintain high bond ratings
- Strategic long-term planning

Five Year Financial Outlook

Opportunities:

- Some residential growth - new construction slowing down
- Commercial tax base expansion
- Strategic economic development

Challenges:

- Inflationary pressures
- Personnel market competition
- Infrastructure demands
- Property tax legislation constraints
- Declining growth in sales tax
- Funding of equipment and vehicle purchases

Fiscal Year 2027 Direction

Tax rate needed to fund debt issued in 2026 plus these expense increases:

- Health insurance increase
- 3% average merit increase
- Step increase for Public Safety

Possible Property Tax Changes

Property Tax Proposals by Governor and Lieutenant Governor

- Limit local government spending to the lesser of population + inflation or 3.5%
- Require two thirds voter approval for all local property tax increases
- 15% of registered voters can sign a petition to force a rollback election to lower rates
- Properties appraised only once every five years
- Lower the homestead appraisal cap from 10% to 3%. Expand that cap to all properties including business and rental properties

Propositions

- Proposition 1 - 87.98% - Property taxes should be assessed at the purchase price and phased out entirely over the next six years
- Proposition 2 - 93.72% - Require any local budget that raises property taxes to be approved by voters at a November general election.

Debt

- Limit uses of Certificates of Obligations within I&S portion of property tax rate

Bond Discussion - Tentative Calendar

3/24 Work Session to discuss possible bond election

4/14 Work session to discuss possible projects

4/28 Adopt ordinance to establish bond committee

6/01 Bond Committee meeting

6/15 Bond Committee meeting

6/23 Final projects presented to council and receive direction

7/14 Work session to discuss verbiage based on council direction

7/28 Work session to review verbiage

8/11 Council to order bond election

Certificate of Obligations - Summary of HB 1869

Projects that do not require an election and can be paid within the I&S tax rate:

- Renovating, improving or equipping existing city buildings or facilities
- Public Safety facilities
- Vehicles or equipment
- Infrastructure such as streets, parking structures, parks, IT systems
- Water, sewer or drainage/flood control
- Emergencies

Projects that require an election to be paid by I&S tax rate; otherwise must be paid by M&O

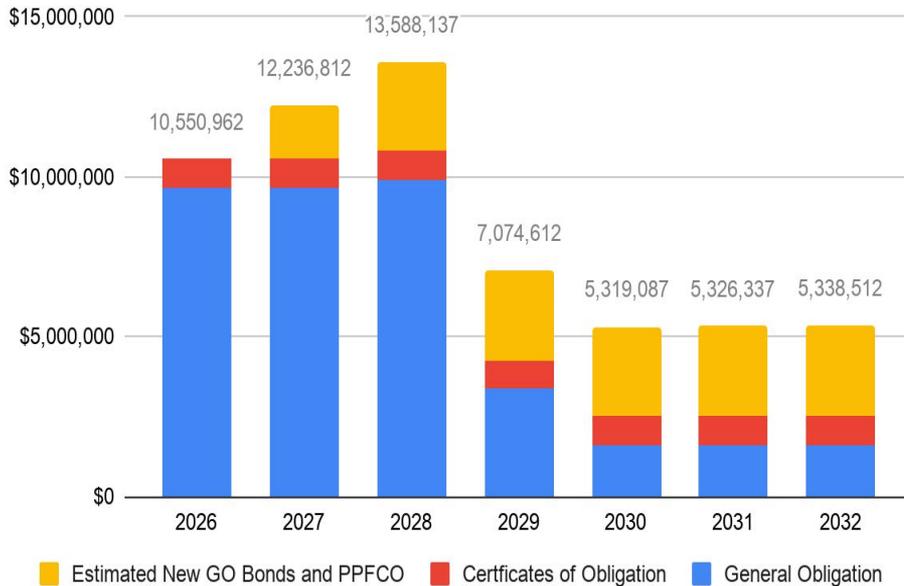
- New city facilities that are not public safety (city hall, public works, library, recreation facilities, animal control, etc)

Unless stated above, COs do not require voter approval unless 5% of qualified voters petition for an election

COs are prohibited from being used for any project voters rejected in the preceding three years

Current Property Tax Supported Debt

Property Tax Support Debt Payments



Property Tax Rate to support Debt -
.121390/\$100 of valuation

- General Obligation Bonds (approved by voters) - \$54,258,400
- Additional \$28 million will be issued from 2021 Bond Election for Street Projects and \$7 million PPFCOs for equipment
- Combination Tax and Revenue Certificates of Obligation - \$13,012,381

Effects of Approved Debt on Property Tax Rate



In FY 2029, the Voter Approval Rate will drop below the No New Revenue Rate due to the reduction of the debt rate. The debt rate will be reduced because municipal complex debt will be paid off. (estimated tax rates)

Tax Rate Definitions

No New Revenue Rate

- Tax rate that generates the same revenue as the previous year on existing properties
- Additional revenue for new construction
- Debt Rate is included in the total rate and not separated out - meaning if you add debt the tax rate will go above the NNRR to support the debt payment unless the debt is paid by reducing the maintenance and operations revenue.

Voter Approval Rate

- 3.5% property tax revenue increase for maintenance and operations
- Debt Rate needed to support debt payments approved to be part of debt rate
- Includes Unused Increment Revenue
- A rate higher than the Voter Approval Rate requires an election

Unused Increment (currently zero)

- Foregone Revenue - (Voter Approval Tax Rate - Actual Tax Rate) * Previous Year's Total Value
- Calculated for previous three years
- Revenue lost if not used after three years

Questions?

