



# ANNUAL OPERATING BUDGET

AND CAPITAL IMPROVEMENT  
PROGRAM

**2025**

**2025 YEAR IN REVIEW**  
MARCH 18, 2026



# TONIGHT'S DISCUSSION

## 2025 BUDGET SUMMARY

Preliminary, unaudited overview of 2025 year-end figures

## REVENUE AND EXPENDITURE SUMMARY

Discuss issues and trends that impacted revenues and expenses

## LOOKING AHEAD

What staff will be monitoring in advance of the 2027 budget season

# KEY TAKEAWAYS



## ◆ **IN 2025, THE CITY BENEFITED FROM GENERALLY FAVORABLE ECONOMIC CONDITIONS**

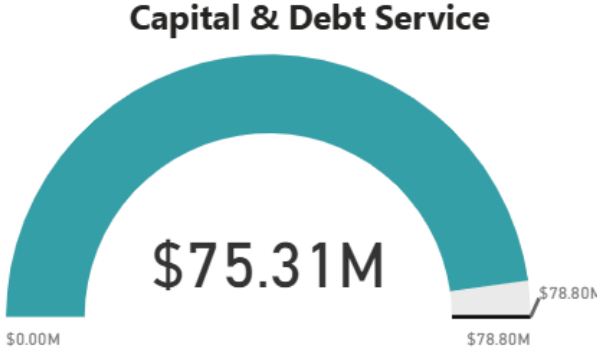
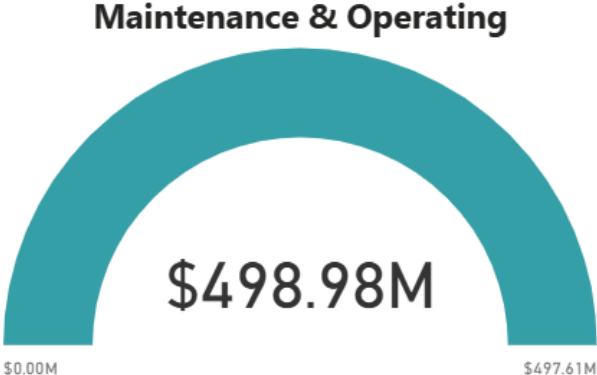
- Increased revenues from economically sensitive streams: sales, income and real estate transfer taxes
- Strong revenue performance in other areas: building permits/fees and investment income
- Total ending cash balance estimated to increase \$28 million across all funds
  - Largely due to lower-than-estimated expenses and some favorable revenues

## ◆ **PRELIMINARY EXPENSES OF \$587.2M ARE BALANCED AGAINST REVENUES OF \$615.4M**

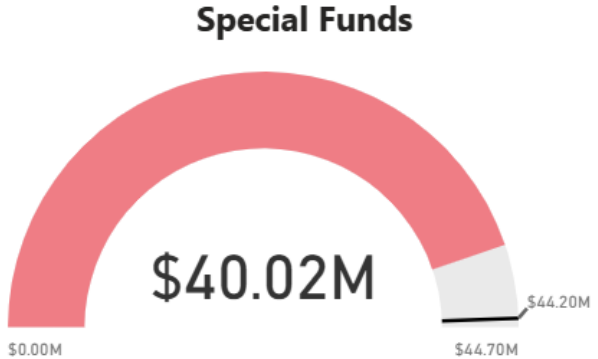
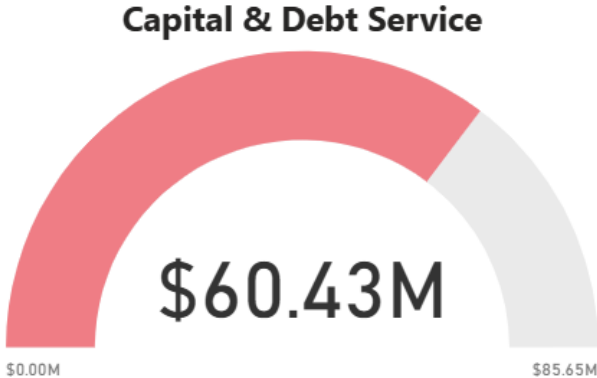
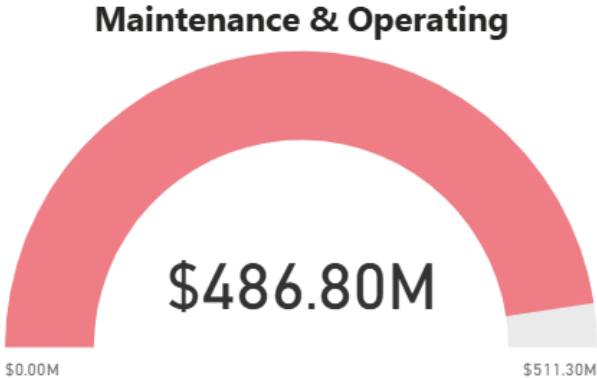
- Total expenses: nearly 8.5% below budget
- Several funds exceeded the approved budget
  - Budget amendments for individual funds may be needed following audit entries

# 2025 BUDGET SUMMARY

## Revenues



## Expenses



# MAJOR OPERATING FUNDS

	Beginning Balance	Revenues	Expenses	Margin	Ending Balance
<b>General Fund</b>	68.12	171.16	162.21	8.95	77.07
<b>Electric Fund</b>	8.17	178.87	179.62	(0.75)	7.42
<b>Water Fund</b>	21.83	109.55	106.50	3.05	24.88

\$ in millions

## **General Fund cash balance projected to increase \$9 million**

- Major revenues performing better than budget
- Purchased services & purchased items below budget: actual spending reflected in 2026 budget

## **Electric Fund cash balance is projected to decline**

- Expenses exceeded revenues by \$750,000 due to increased energy costs and unpredictable material deliveries
- Offset by higher revenues in electric charges for service and service installation fees

## **Water Fund cash balance increases \$3.1 million**

- Capital improvements still in progress & below budget as a result
- Water & wastewater charges underperformed – less use than projected

# 2025 Revenue Summary

Category	Source	2025 Budget	2025 Actual	Comparison to Budget	Comparison to 2024
State Shared	Sales tax*	\$54.4	\$55.4	1.8%	14.4%
	Income tax (LGDF)	\$26.4	\$27.0	2.3%	6.2%
	Local Use Tax	\$3.9	\$2.4	-39.0%	-57.9%
Service Charges	Electric	\$154.8	\$159.4	3.0%	12.6%
	Water/Wastewater	\$89.3	\$87.5	-2.0%	10.4%
	Ambulance fees	\$9.2	\$7.8	-15.2%	-6.0%
Local Taxes	Food & beverage	\$8.0	\$7.4	-7.5%	1.2%
	HRST	\$21.3	\$23.6	10.8%	14.2%
	Hotel/motel *	\$3.9	\$4.1	5.1%	13.1%
	Local Gas	\$2.5	\$2.4	-4.0%	-1.6%
	Real estate transfer	\$4.6	\$5.0	8.7%	3.3%
Other Revenues	Commuter parking	\$1.1	\$1.3	18.2%	13.2%
	Building permits	\$1.4	\$2.3	64.3%	2.9%
	Investment Income	\$5.5	\$13.6	147.3%	60.0%

\$ in millions

\*Gross revenue prior to development incentive rebates

# 2025 Expense Summary

Category	Source	2025 Budget	2025 Actual	Comparison to Budget	Comparison to 2024
<b>Salaries &amp; Wages</b>	Regular pay	\$118.4	\$118.1	-0.3%	7.1%
	Overtime pay	\$11.7	\$12.1	3.4%	13.7%
<b>Healthcare Claims</b>	Medical	\$16.3	\$17.8	9.2%	2.9%
	Dental	\$1.2	\$1.1	-8.3%	10.0%
	Pharmacy	\$3.6	\$4.1	13.9%	41.4%
<b>Purchased Items</b>	Purchased electric	\$101.8	\$114.7	12.7%	5.6%
	Purchased water	\$31.3	\$28.8	-8.0%	4.1%
	Other items	\$22.9	\$22.4	-2.2%	7.3%
<b>Purchased Services</b>	Architect/Engineer	\$10.5	\$7.2	-31.4%	14.5%
	Operational services	\$11.8	\$11.3	-4.2%	17.4%
	Software/Hardware	\$9.1	\$8.5	-6.6%	5.0%
<b>Capital Outlay</b>	Capital outlay	\$169.3	\$111.7	-34.0%	20.2%

\$ in millions

# LOOKING AHEAD

## Money on a Mission

Monitor the 2026 budget to ensure expense reductions align with operational needs.

## Future Challenges

Continue to navigate issues of revenue moderation, rising health insurance costs, aging infrastructure, and continued investment in people.

## Next Steps

Evaluate and prepare for potential budget impacts from federal and state actions, including geopolitical uncertainty and state revenue reductions.



# QUESTIONS ?

