

SUMMARY OF PROPOSED GENERAL FUND CHANGES

As a part of preparing the 2025 budget, we have developed preliminary estimates of 2024 spending. Those estimates sometimes reveal the need for mid-year budget adjustments. That is what the ordinance being proposed for introduction on August 27 provides.

Here is a summary of what the ordinance does:

Revenue:

The net impact of the ordinance is an increase of \$9,553,800.

Revenue accounts affected are sales taxes (-\$8,000,000), property taxes (\$1,200,000), building permits (-\$200,000), oil and gas revenues (\$600,000), EMS revenues (\$4,714,600), and a \$136,300 insurance reimbursement. State funds which will be used for Police and City Marshal supplemental pay (\$1,574,200) are increased, along with an increased transfer from the Riverfront Fund (\$1,985,400). There is also a significant increase of \$7,543,300 in the fund balance, as determined by the 2023 external audit.

Expenses:

The most significant changes are:

Adding \$1.5 million to Property Standards, to cover additional weed abatement and demolition costs.

Adding \$1,495,000 to the Police budget and \$79,200 to the City Marshal's budget to cover the State supplemental pay for our officers. The agency that governs Police supplemental pay has decided to pay the City a lump sum every month and have us pay the officers, instead of the State paying the officers directly.

Adding \$3 million to the Solid Waste Fund, so that it balances for 2024. Much of this is due to the Solid Waste fee not being increased for 2024. This was to be a major source of 2024 funding for Solid Waste. There is a companion Solid Waste Fund budget ordinance being introduced to receive these funds.

Adding \$2 million to the Retained Risk Fund, to keep it in balance for the year. The increase covers several major claims paid earlier this year. There is a companion Retained Risk budget ordinance also being introduced to receive these funds.

Adding \$1.3 million to the General Government budget to cover retiree health insurance costs, which were somewhat higher than expected. There is still a substantial savings, but not quite as much as was budgeted.

Adding \$1,043,300 to the Operating Reserve. Some of this increase will be recommended (likely at the September 10 Council meeting) to be used to match an \$11.1 million Federal grant to SporTran for bus purchases. The City's share will be just under \$2 million, some of which will come from ARP funds.

Reducing the General Fund's transfer to the Streets Fund. The adopted General Fund budget included a \$1 million transfer to the Streets Fund. This amendment eliminates that transfer, but the companion Streets Fund ordinance uses the Fund's unbudgeted prior-year balance to provide a net increase of \$179,100.

There are a number of small adjustments in the Public Works, Fire, Finance and Mayor's budgets which do not change the overall totals. The SPAR budget has a \$136,300 increase from the insurance reimbursement.

There is also a companion Riverfront Fund ordinance to allow for the increased transfer to the General Fund.

The City is fortunate to have some increasing sources of revenue in 2024 to offset the impact of declining sales tax revenues. This has allowed us not to dip into our Operating Reserve this year. With this amendment, the reserve is just above \$23.5 million.