



## STAFF REPORT

**DATE:** December 13, 2023  
**TO:** The Honorable Mayor and City Council  
**FROM:** Kyle Maurer, Director of Finance and Administrative Services  
**SUBJECT:** Discuss Fiscal Year 2025 and Fiscal Year 2026 Budget Revenue Projections

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**RECOMMENDATION:**

N/A – This is for discussion only.

**ISSUE BEFORE COUNCIL:**

N/A – This is for discussion only.

**BACKGROUND/SUMMARY:**

Staff will present a summary of revenue forecasts for fiscal year 2025 and fiscal year 2026, with an emphasis on the General Fund.

**DISCUSSION:**

Staff have done initial revenue forecasting for the fiscal year 2025 and fiscal year 2026 budgets. The general trends are as follows:

- Overall revenues – Revenues are expected to increase from \$21,887,439 in fiscal year 2024 to \$22,277,825 in fiscal year 2025 and \$22,821,725 in fiscal year 2026. This represents a 1.8% increase in fiscal year 2025 and 2.4% increase in fiscal year 2026.
- General fund property tax is anticipated to increase 3% each year. Final amounts will not be known until June 2024 (2025).
- Sales tax has historically grown at a rapid pace (24% average increase from fiscal year 2019 to fiscal year 2023). However, the City has seen a slowdown in sales tax receipts and is anticipating lethargic growth of 2% in fiscal year 2025 and 3% in fiscal year 2026.
- A few general fund revenue sources are expected to decrease. This includes: Court fines (24%), interest income (79%), and passports (8%).

Staff are anticipating property tax revenue in the Herriman City Safety Enforcement Area to increase 3% annually in fiscal years 2025 and 2026. This equates to an additional \$270K in revenue during fiscal year 2025 and \$278K in fiscal year 2026.

The Herriman City Fire Service Area will begin tax participation agreements with 3 renewal project areas in fiscal year 2025. This will result in a \$686K decrease in revenue in fiscal year 2025.

The water fund is currently undergoing a water rate study. City staff are still working on internal revenue projections. Fiscal year 2023 actuals increased 5.3% and fiscal year 2024 actuals year-to-date increased 4.4%.

The storm water fund anticipates a 4% revenue increase in fiscal year 2025 and a 3% revenue increase in fiscal year 2026. This will generate an additional \$59K in revenue for fiscal year 2025 and \$35K in revenue for fiscal year 2026.

**ALTERNATIVES:**

N/A – This is for discussion only.

**FISCAL IMPACT:**

Fiscal impacts will be discussed with the Council and are included in the attached presentation. Revenue forecasts will impact expenditure funding levels in the fiscal year 2025 and fiscal year 2026 budget.

**ATTACHMENTS:**

Fiscal Year 2025 and 2026 Revenue Projections