

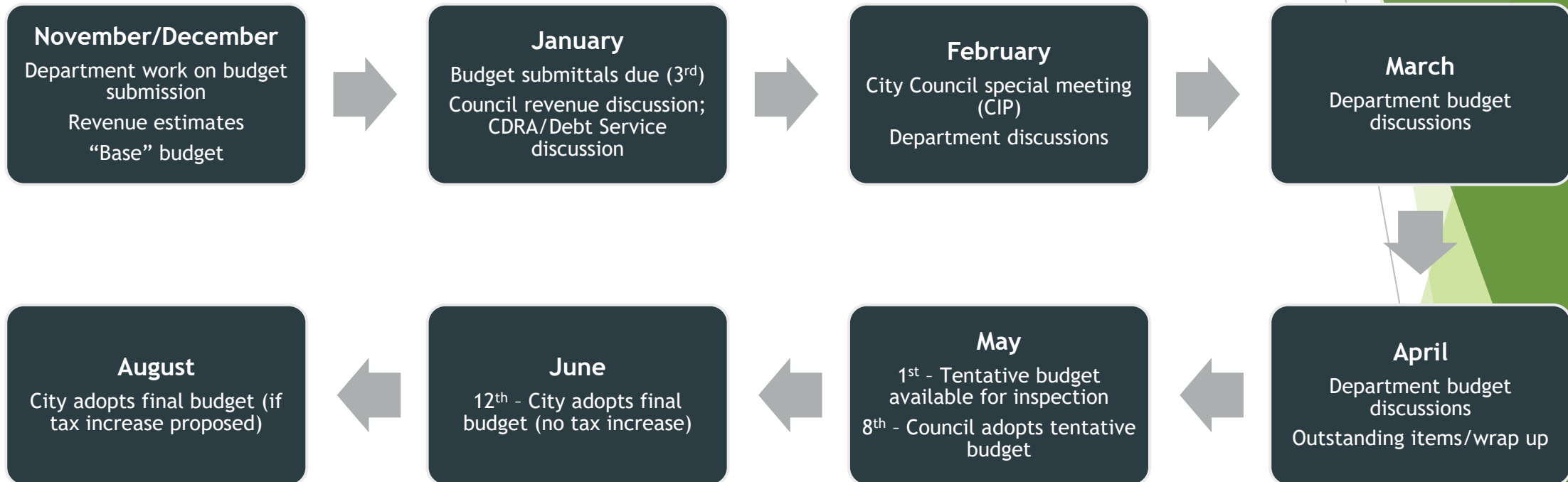
# FY2025 & FY2026 Revenue Projections

City Council Work Meeting

January 10, 2023



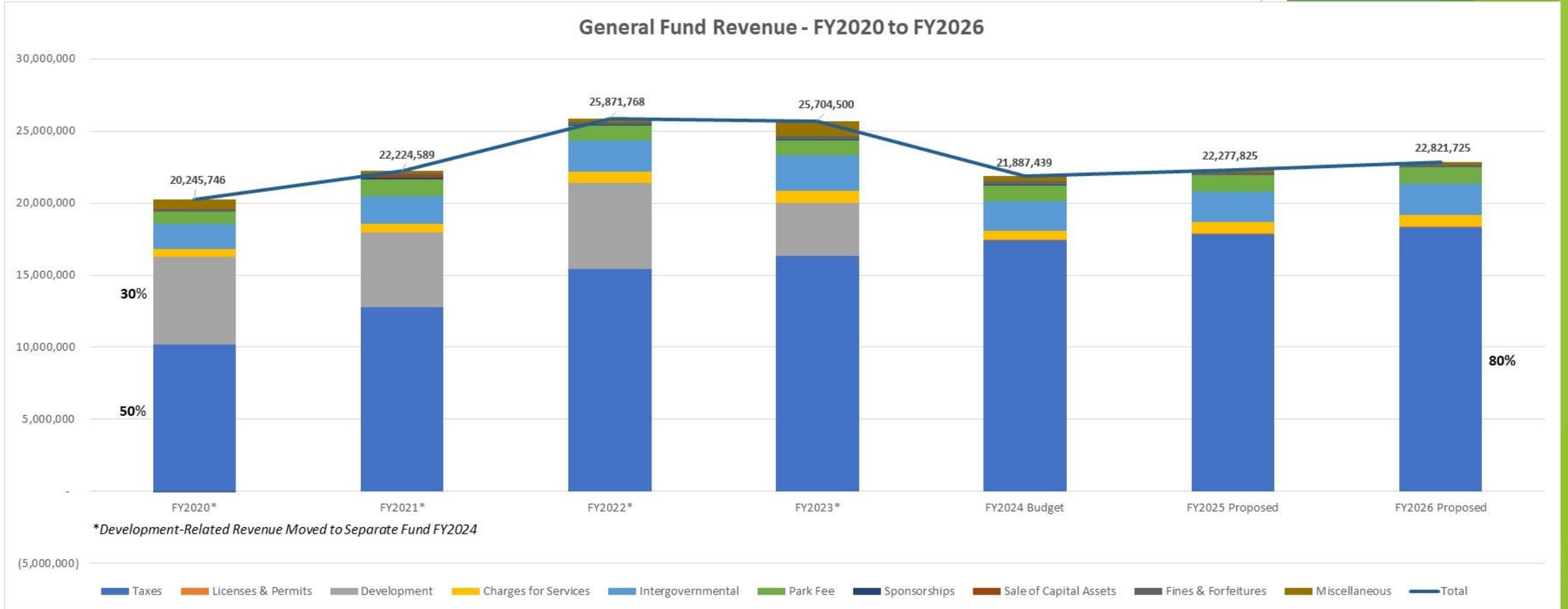
# Budget Calendar



## Budget Deadlines:

- June 22<sup>nd</sup> - Adoption of tax rate
- 1<sup>st</sup> City Council meeting in May - Tentative budget
- June 30<sup>th</sup> - Adoption of budget (if no tax increase)

# General Fund Revenue Summary

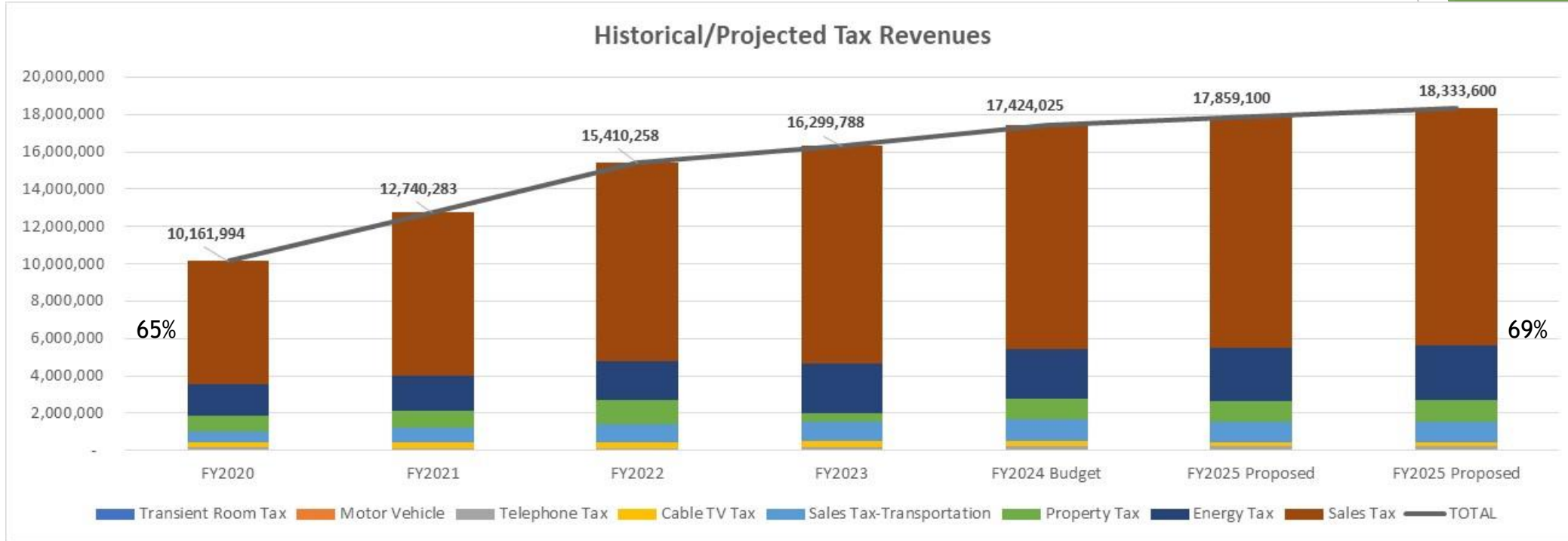


FY2024 Budgeted Revenue: **\$21,887,439** (\$1.1 million sales tax decrease)

FY2025 Budgeted Revenue: **\$22,277,825** (\$390K - 1.8% increase) (\$390K “new” money)

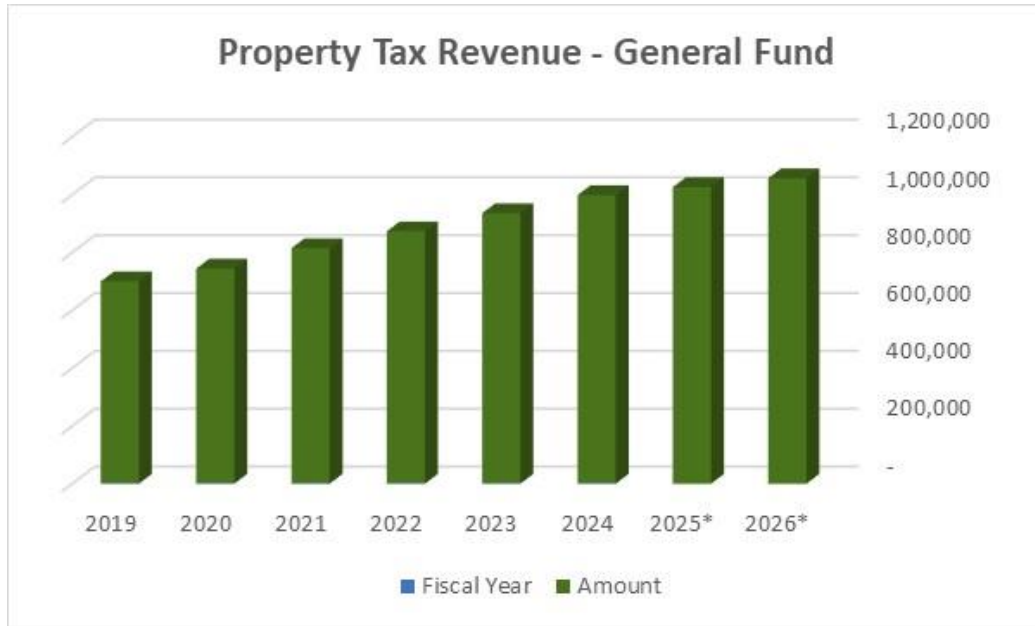
FY2026 Budgeted Revenue: **\$22,821,725** (\$544K - 2.4% increase) (\$544K “new” money)

# General Fund Tax Revenue Breakdown



- Reliance on sales tax - 65% in FY2020 versus 69% in FY2025
- Average yearly increase FY2020-FY2023 - 15%
- Anticipated increase FY2025 - 2%, anticipated increase FY2026 - 3%

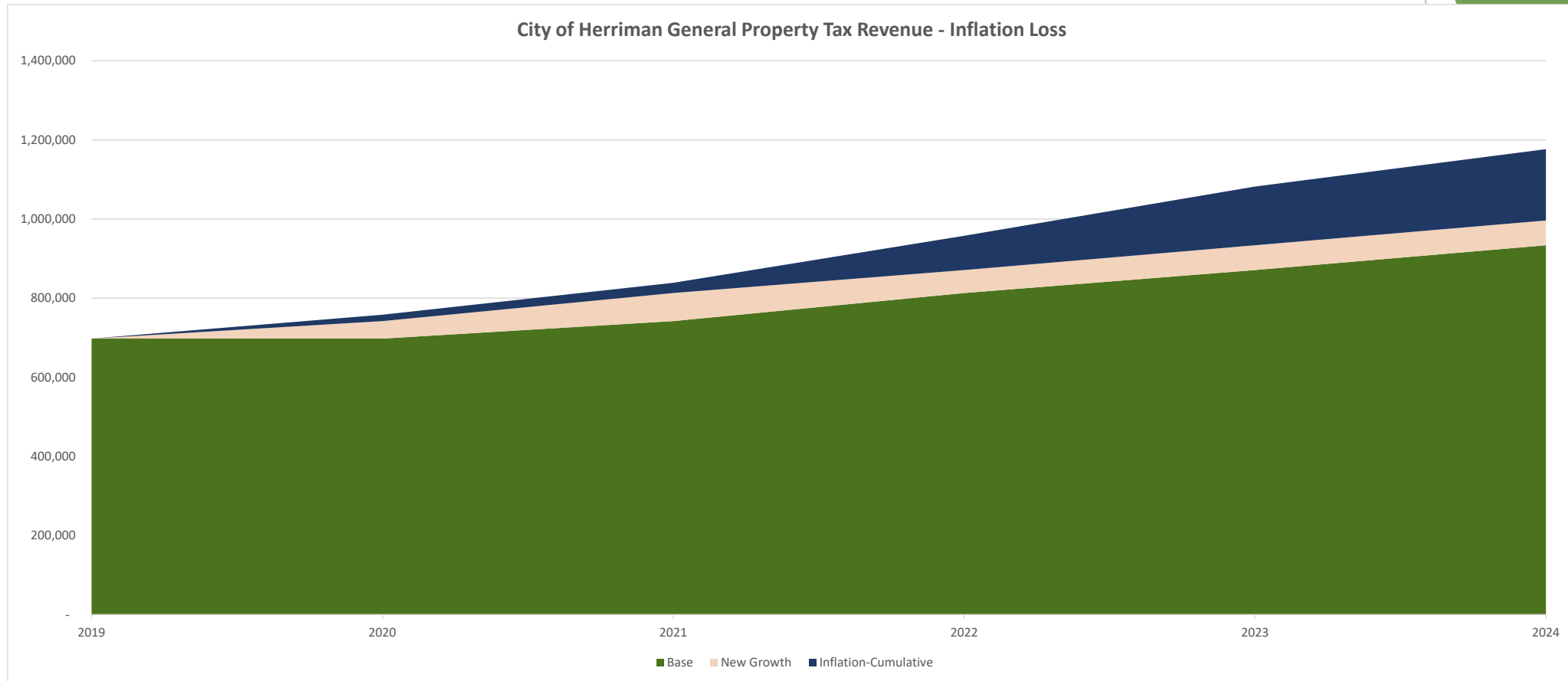
# General Fund Property Tax



Fiscal Year	% Change
2026 (budget)	3.0%
2025 (budget)	3.0%
2024	6.7%
2023	7.2%
2022	7.2%
2021	9.6%
2020	6.3%

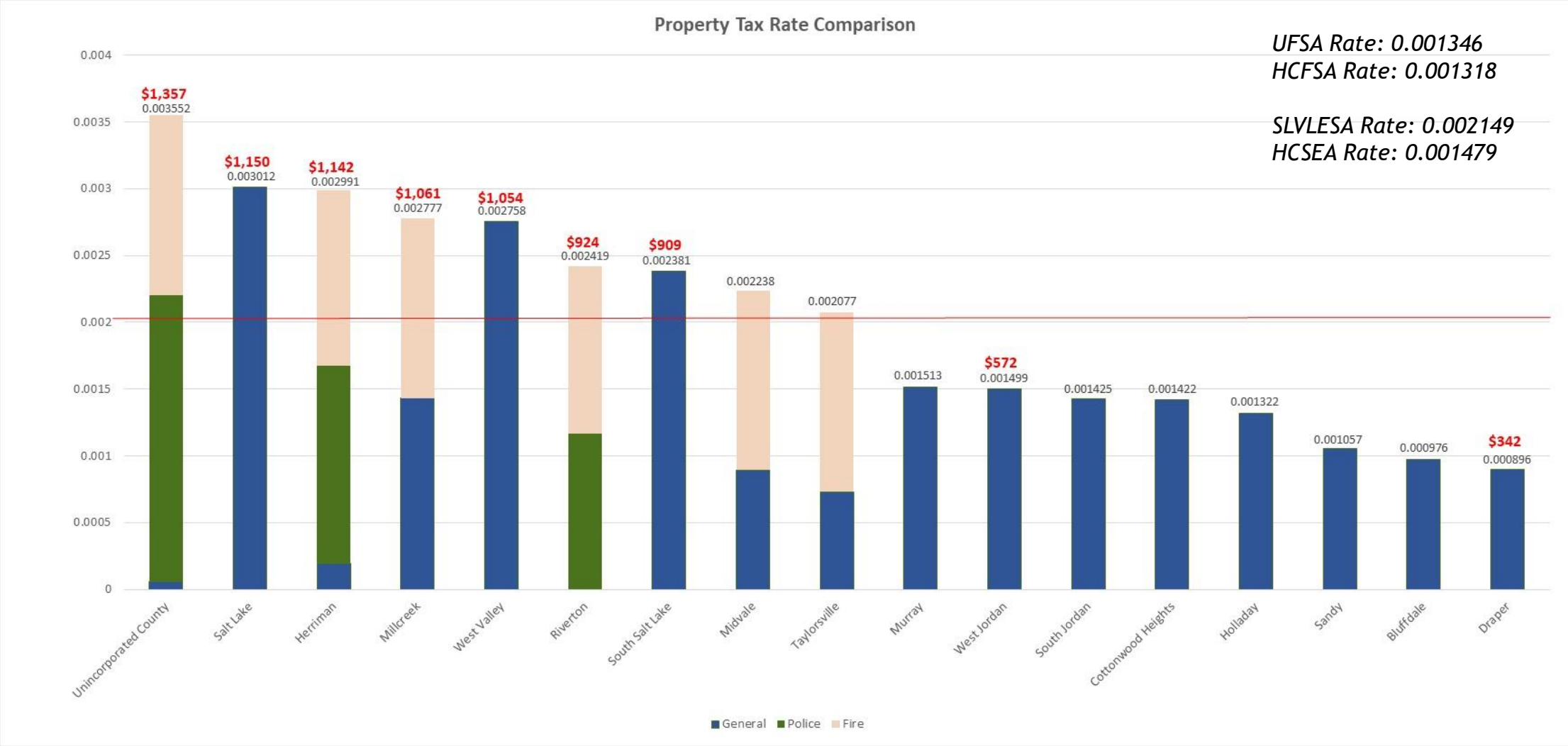
- Outside of property tax increase (Truth in Taxation), only increase City receives is due to new growth
- Growth has slowed since 2021 (also evidenced by building permit revenue).
- Takes two years to fully realize growth
- Will not know Certified Tax Rate until early June

# General Fund Property Tax - Inflation

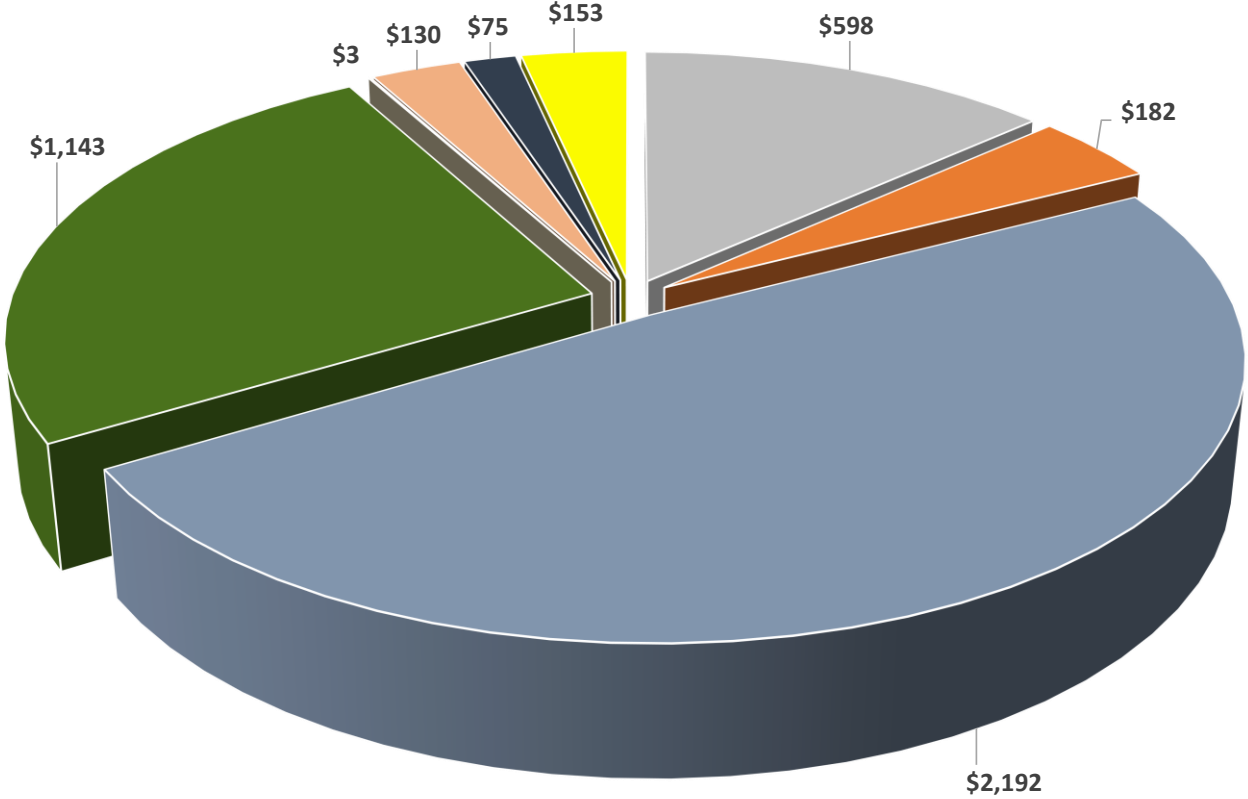


➤ Inflation not captured in tax rate since 2019 - \$181K

# Property Tax Rate Comparison



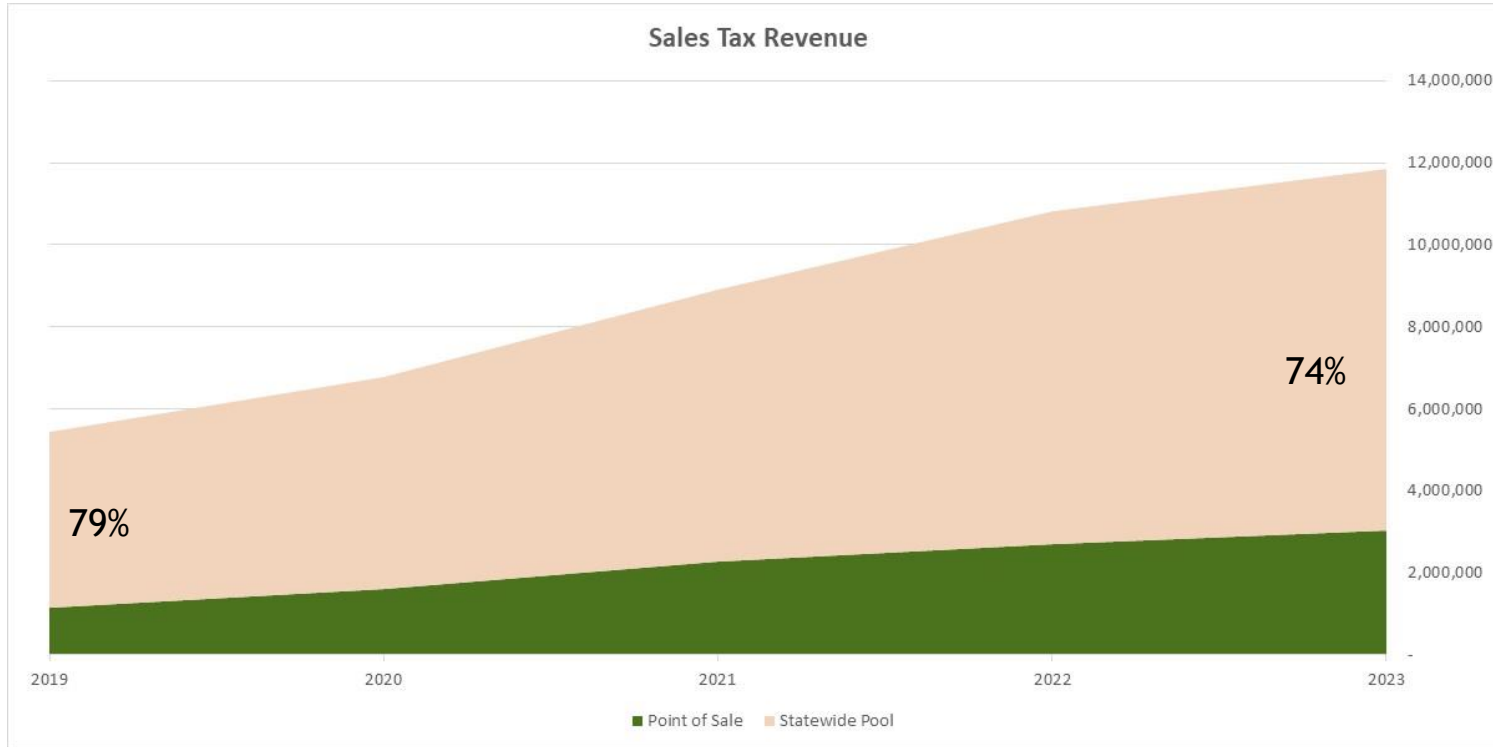
# Property Tax Distribution



- Salt Lake County
- Salt Lake County Library
- Jordan School District
- City of Herriman (Inc Districts)
- Mosquito Abatement
- JVWCD
- South Valley Sewer
- Central Utah Water

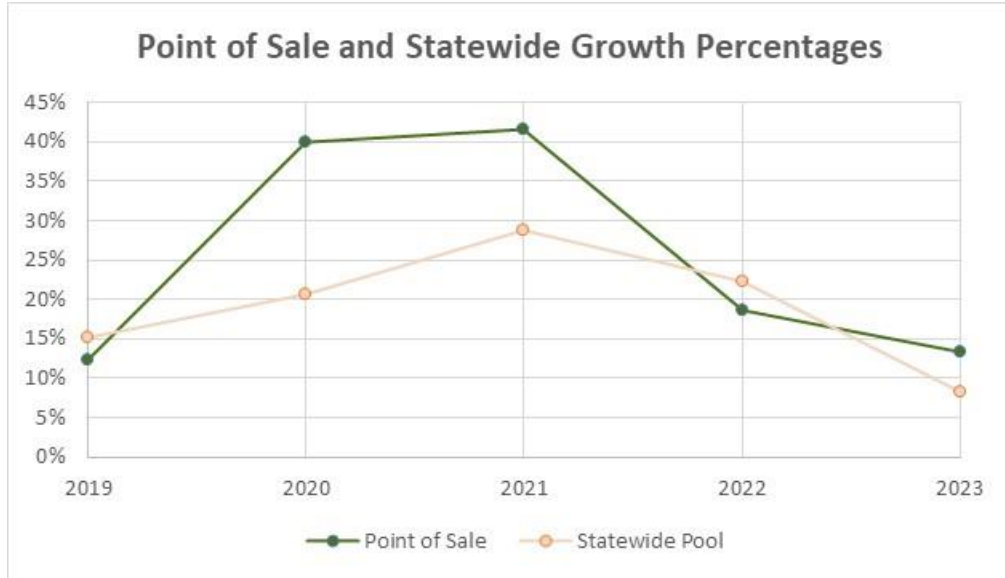


# General Fund Sales Tax



- Allocation based on tax collected at point of sale (50%) and statewide population (50%)
  - Recent population growth - 0.4%
- Internet sales tax is included if gross revenue is greater than \$100,000
  - Follows same allocation formula as regular sales tax

# General Fund Sales Tax Growth



Point of Sale Month	% Change (Prior Year)
July	3%
August	(7%)
September	8%
October	1%
<b>AVERAGE</b>	<b>1%</b>

- Average sales tax increase (2019-2023) - 24%
- Point-of-sale average growth - 28%, statewide pool growth - 20%
- FY2024 YTD - 1.2% increase (see table above)
  - Reduced FY2024 budget total of \$1.7 million (\$1.1 million one-time funds)
- Anticipating “tepid” growth - 2% FY2025, 3% FY2026
- FY2024 proposed - \$12,359,100; FY2025 proposed - \$12,729,800

# Other General Fund Revenue Trends



**Cemetery lot sales** - \$60,000/year (no budget FY2024)



**Events revenue** - Dependent on programmed events (placeholder, subject to change)



**Ice ribbon** - increased from \$170K to \$245K (FY2024 fee increase)



**Class C roads** - 3% increase per year (lane mile increase)



**Court fines** - decrease 24% (from \$250K to \$189K)

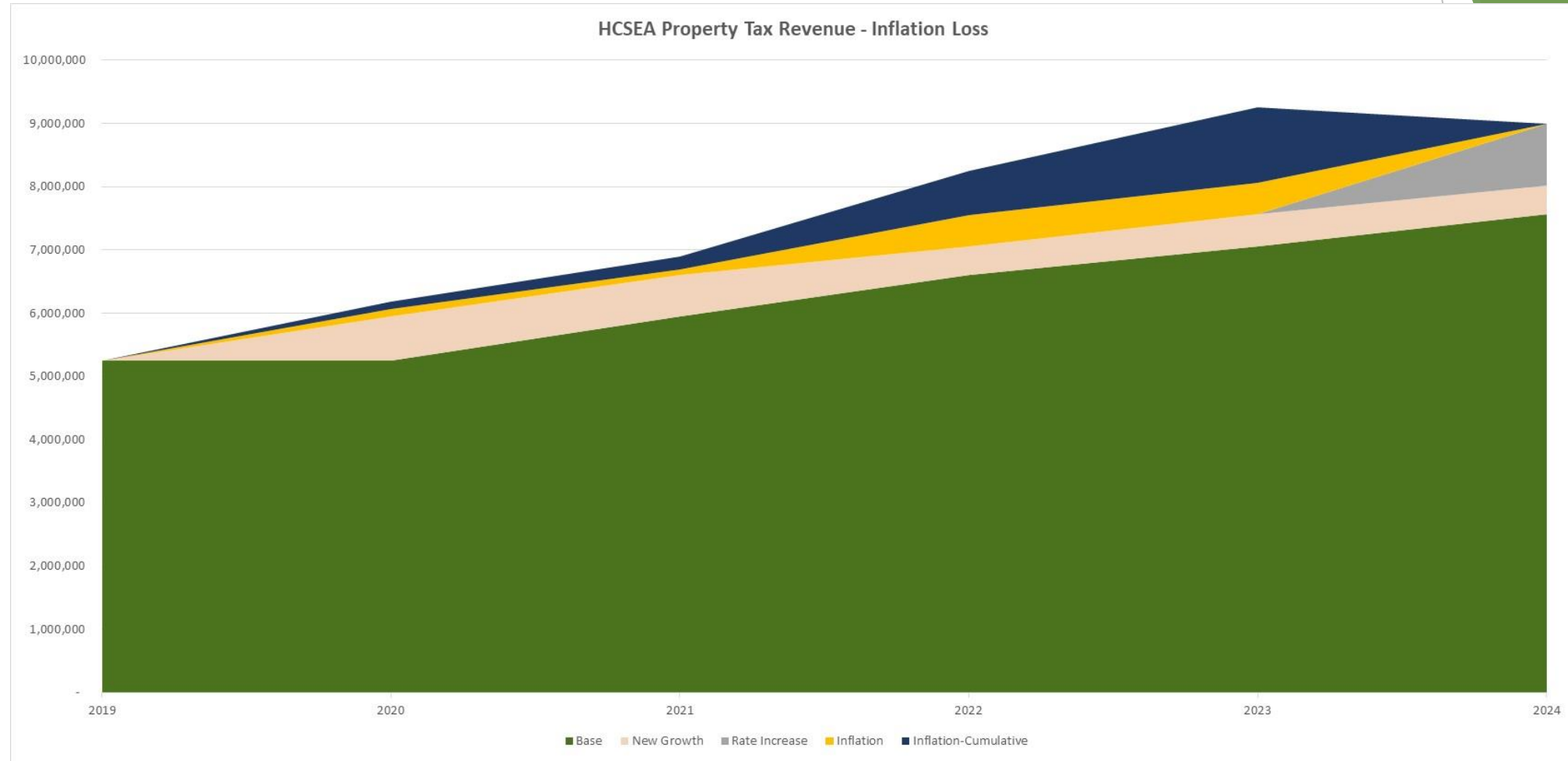


**Interest income** - Decrease 79% (from \$300K to \$64K)



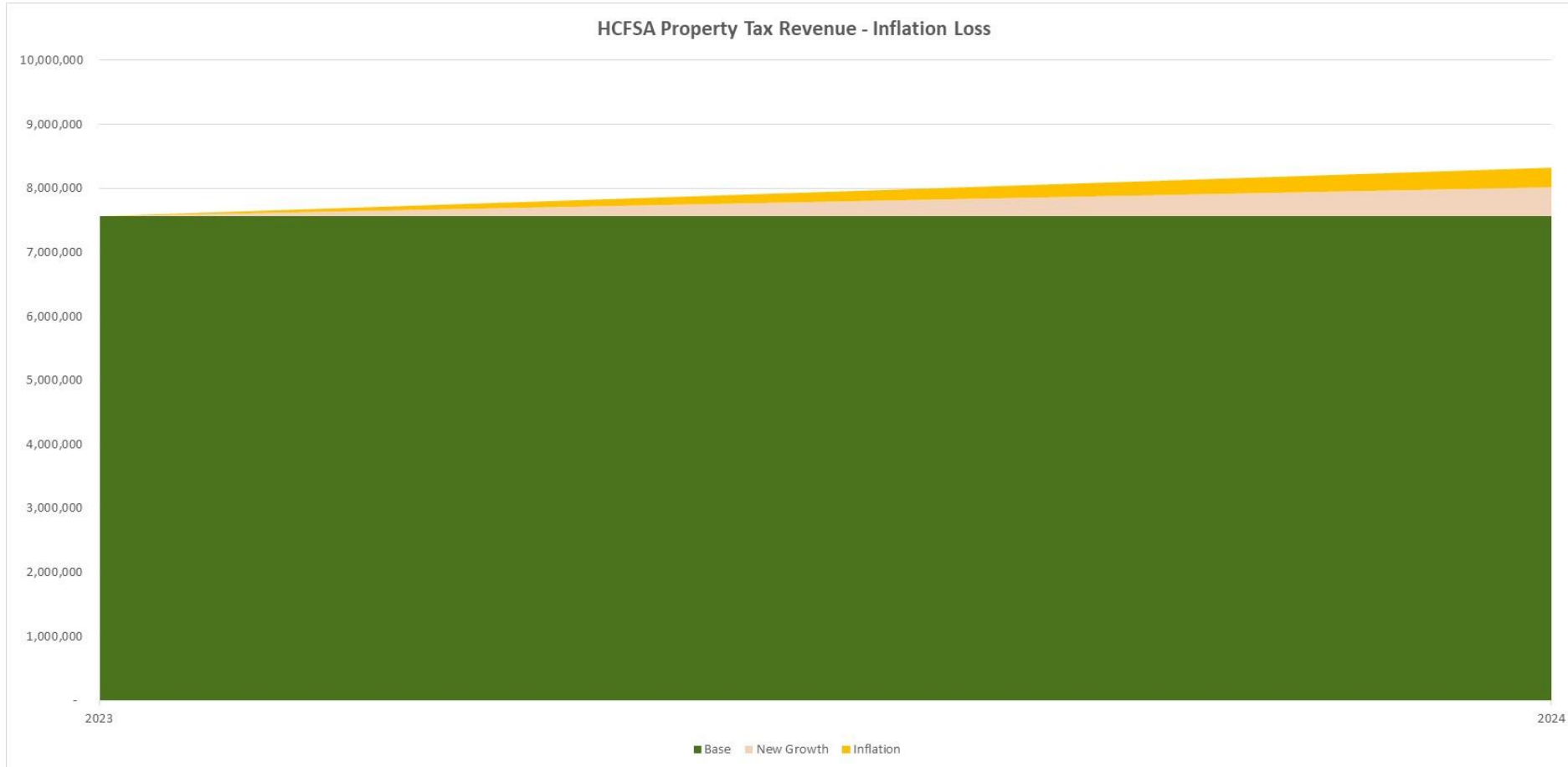
**Passports** - Decrease 7.5% (from \$200K to \$185K)

# Safety Enforcement Area Property Tax



- Tax increase FY2024 (\$978K)
- New growth - \$270K FY2025 (3%), \$278K FY2026 (3%)

# Fire Service Area Property Tax



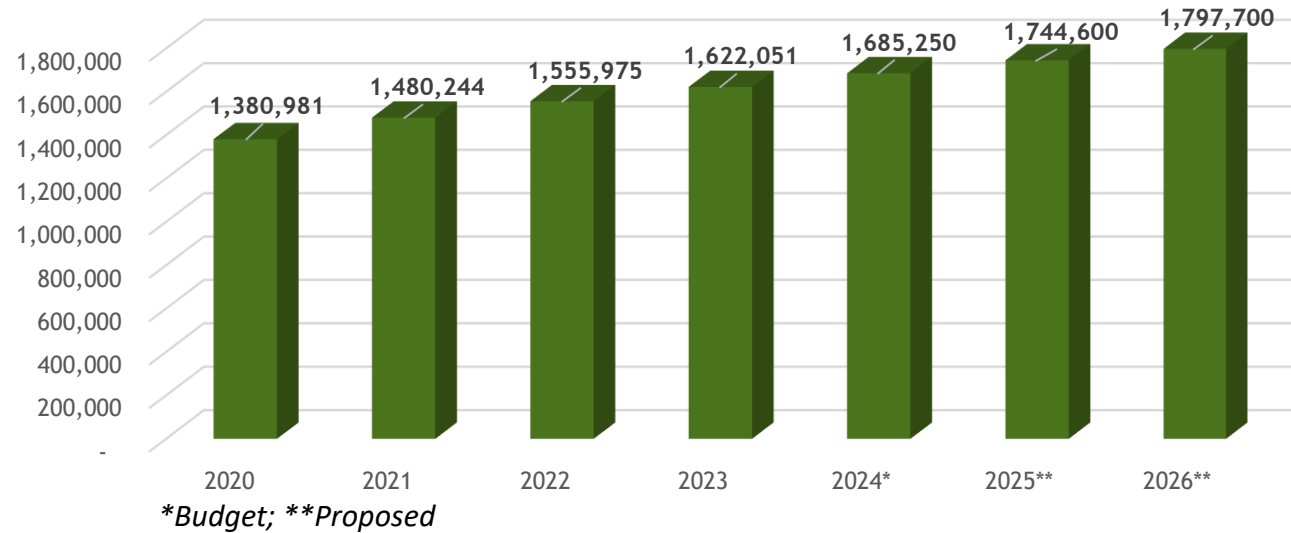
- Taxing area started FY2023
- CDA participation begins FY2025 - \$927K reduction in revenue
- FY2025 decrease in revenue - \$686K, FY2026 increase - \$160K

# Water and Storm Water Funds

## Water rate study - In progress

- FY2023 - 5.3% increase (\$11M total)
- FY2024 YTD - 4.4% increase
- FY2024 budget assumed a 5% increase
- “Base” budget (prior year revenue and operating) - Operating loss \$745K

## Storm Water Fund



- 4% anticipated increase FY2025 (\$59K); 3% increase FY2026 (\$53K)

Questions?

