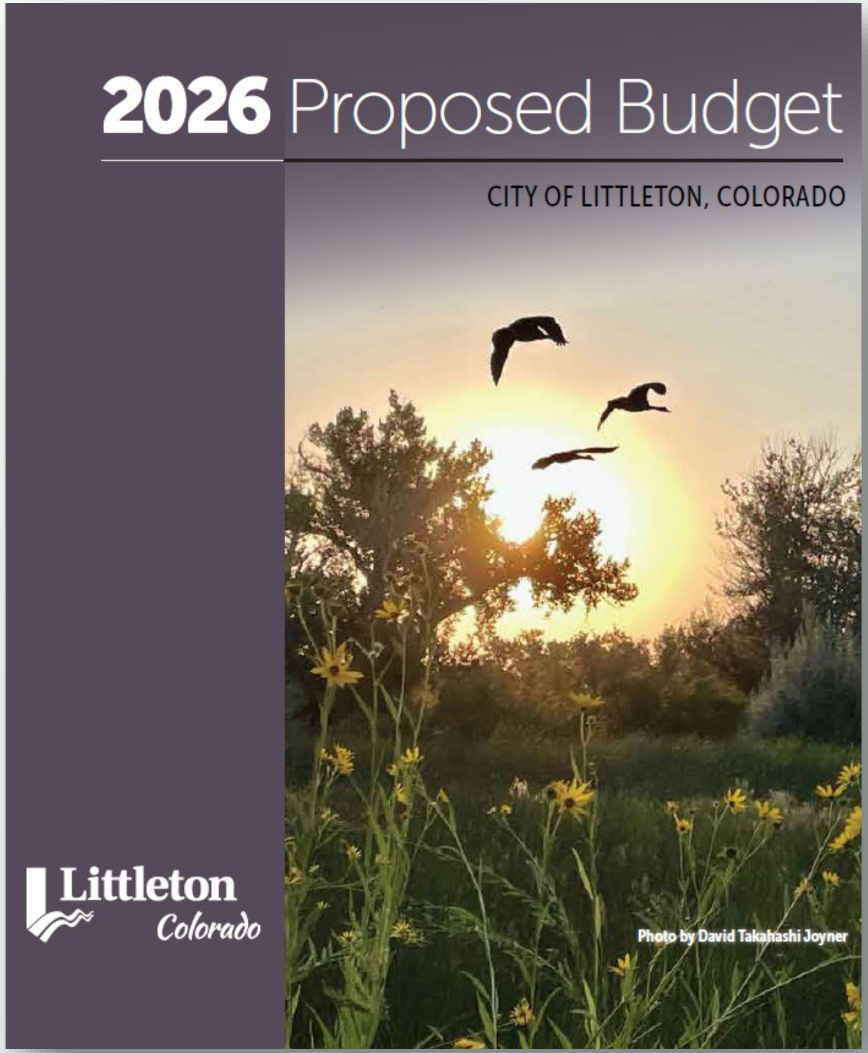
2026 BUDGET ADOPTION 2ND READING

OCTOBER 21, 2025

Kevin Orton, Budget Manager
Laurie Matta, Finance Director



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2026 BUDGET PROCESS

- 14 March 2025 — City Council Retreat
- 20 May 2025 — General Fund Update to City Council
- 13 Sept 2025 — Council Budget Session
- 23 Sep. 2025 — Council Budget Session
- 7 Oct. 2025 — 2026 Budget 1st Reading
- 21 Oct. 2025 — 2026 Budget 2nd Reading

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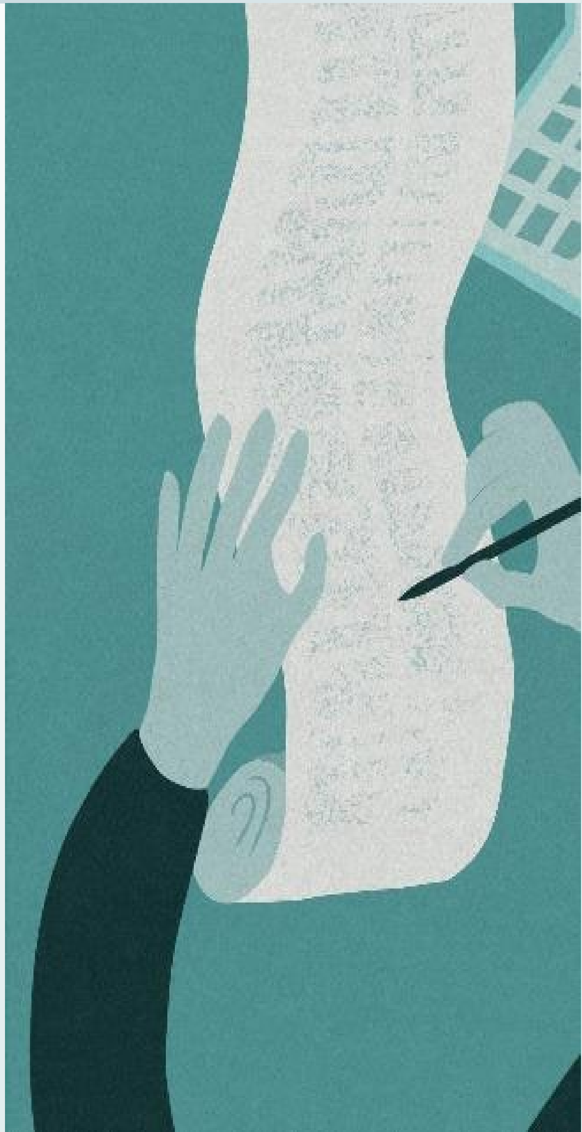
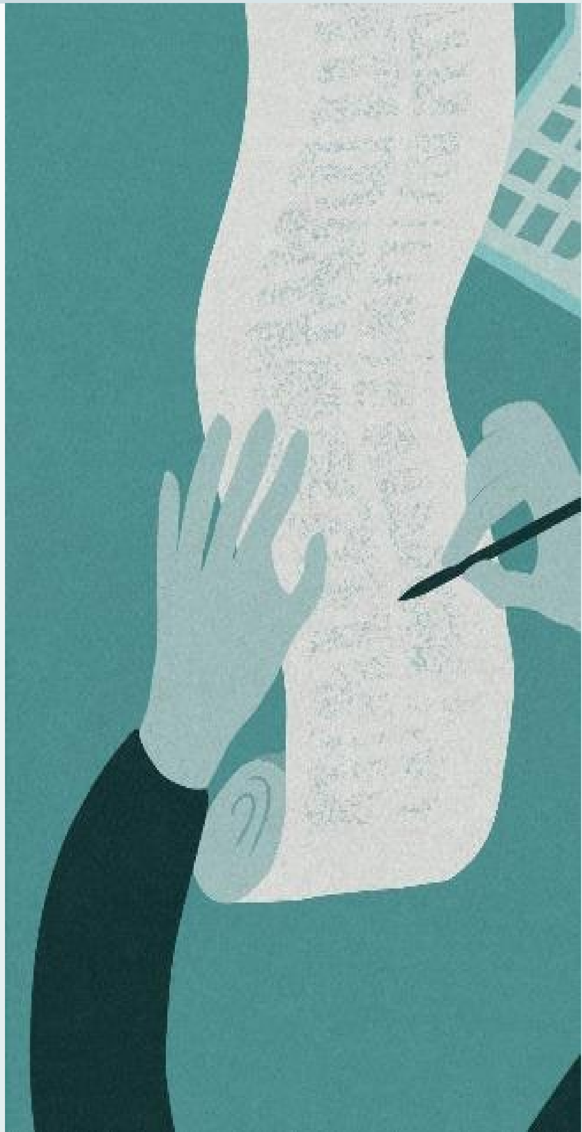
SEPTEMBER 13TH CITY COUNCIL BUDGET MEETING

- 2026 Budget Overview
- General Fund
- Other Funds
- Department Workplans included in 2026 Budget
- Capital Improvement Plan



SEPTEMBER 23 STUDY SESSION

- 2026 Budget Recap
- Fee Schedule Revenue



2026

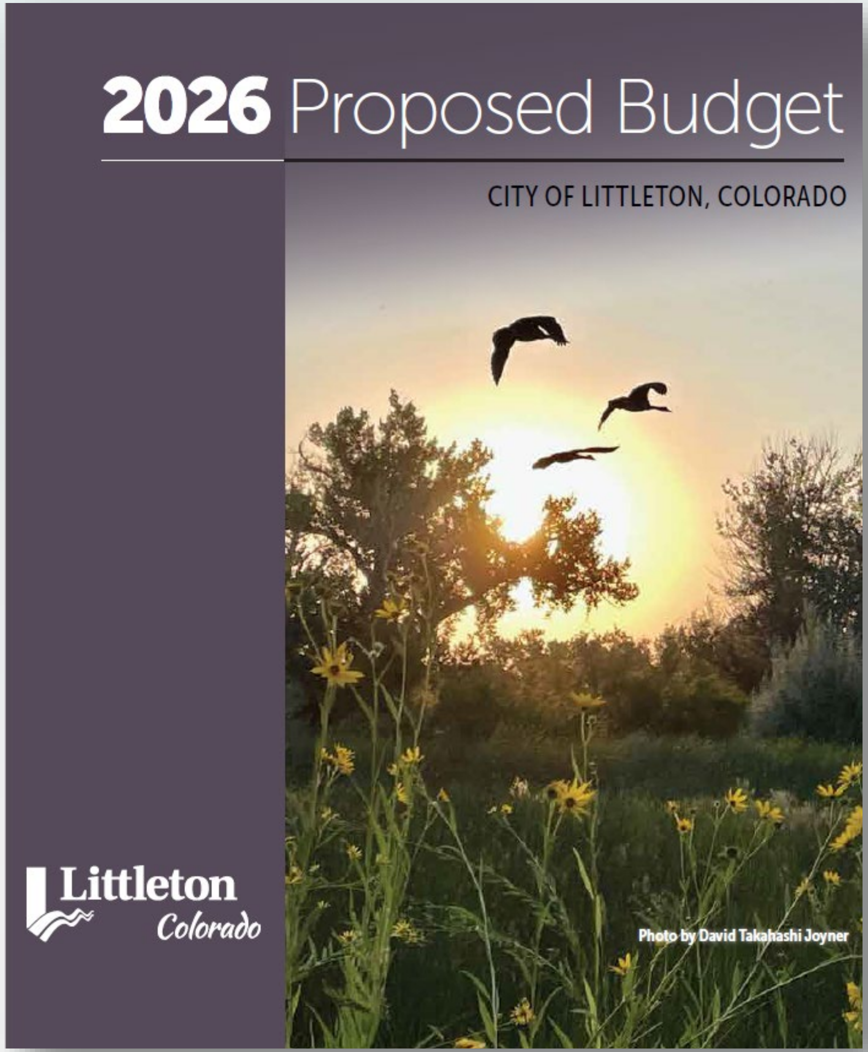
Budget Goals

Preserve
Service Levels

Support
Staffing and Retention

Enhances
Community Engagement and Communication

Healthy Reserves
Responsible Use of Fund Balance



City Funds	2026 Proposed Budget
General Fund	$66.1 Million
Special Revenue Funds	26.7 Million
Capital Funds	27.6 Million
Enterprise Fund (Geneva Village)	55,000
Sewer and Storm Utility Enterprise Funds	29.6 Million
Internal Service Funds	15.7 Million
Total 2026 Proposed Budget	**$165.7 Million**
Full Time Positions	**347**

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GENERAL FUND REVENUES HIGHLIGHTS

Category	2025 Estimate	2026 Budget	Change	% Change
Sales & Use Tax[1]	$45.9 million	$49.0 million	$3.1 million	**6.7%**
Property Tax	2.5 million	2.6 million	50,000	**2.0%**
Licenses & Permits	2.3 million	2.2 million	(97,000)	**(4.2%)**
Charges for Service	3.0 million	2.1 million	(900,000)	**(31.4%)**
All Other Categories	5.4 million	5.5 million	100,000	**1.9%**
Total	**$59.1 million**	**$61.3 million**	**$2.2 million**	**3.61%**

[1]Without Mineral Place, $1.4 million or 3% growth

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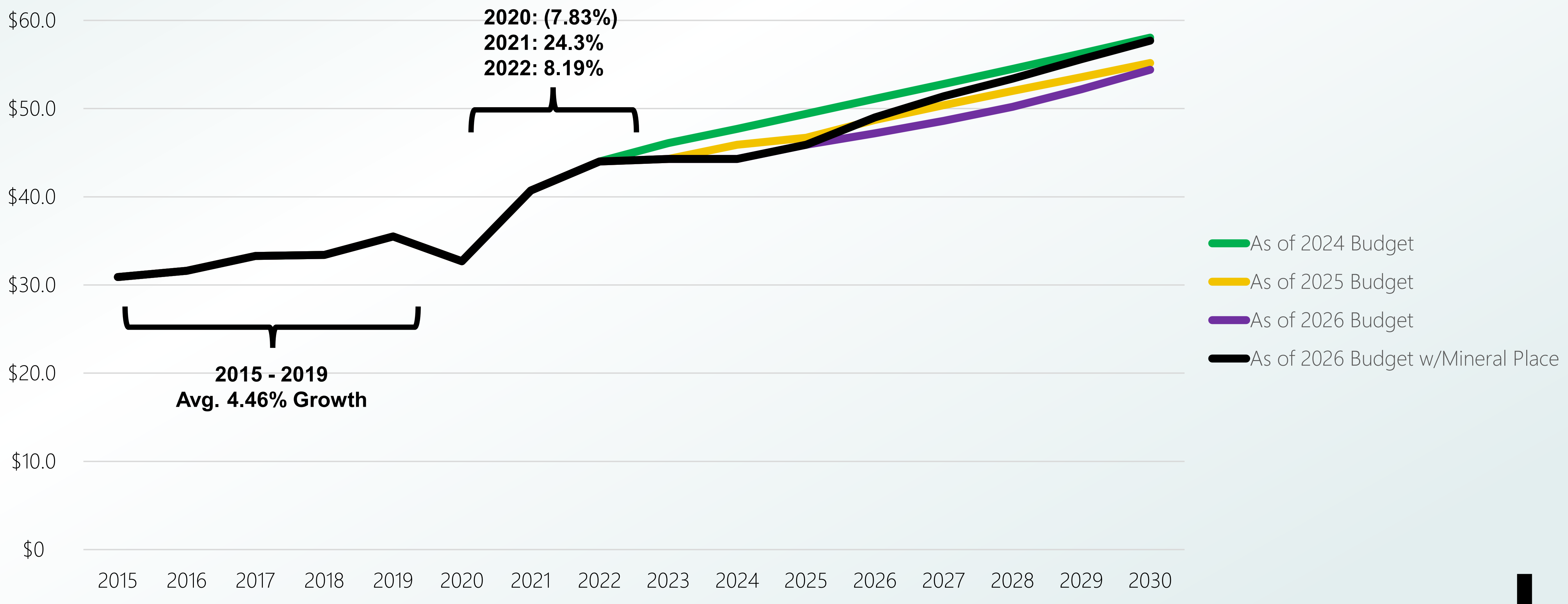
SALES AND USE TAX TREND



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MINERAL PLACE REVENUE ESTIMATE

- Anticipated Costco open by April 2026
- Site: Costco, Anchor Tenant, 10 pad sites
- Average between developer (PDC) estimate and city consultant (EPS) estimate
- Share back with developer (50% Sales Tax) estimated to end 2032

Year	General Fund Sales Tax (Average of PDC & EPS)	Assumptions
2026	$1.7 million	PDC: Costco, 2/10 Pad Sites EPS: Costco, 2/10 Pad Sites
2027	$2.7 million	PDC: Costco, Anchor, 4/10 Pad Sites EPS: Costco, Anchor, 4/10 Pad Sites
2028	$3.1 million	PDC: Costco, Anchor, 10/10 Pad Sites EPS: Costco, Anchor, 6/10 Pad Sites
2029	$3.3 million	PDC: Costco, Anchor, 10/10 Pad Sites EPS: Costco, Anchor, 8/10 Pad Sites
2030	$3.4 million	PDC: Costco, Anchor, 10/10 Pad Sites EPS: Costco, Anchor, 9/10 Pad Sites

GENERAL FUND EXPENSES

Continuous Service Levels: No Reductions of Service

Community Engagement Program

- Community Engagement Manager
- Communications Specialist
  - 80% funded from Capital Projects Fund

Continued investment in employee retention, professional development, and technology support

Economic Development Resources

Enhanced Project Management

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GENERAL FUND EXPENDITURES

	Amount
2025 Adopted Budget	**$63.3**
2025 Adjustments to Base: Remove One-Times, Career Progressions, New Hire Salaries, Mid Year Adjustments	$(1.5)
Across-the-Board Compensation Increase & Career Progressions	$1.3
Employer Health and Dental Insurance Increases	$1.1
Adjust Salary Savings Assumption to Align with Current Service	$0.6
New Communications Positions	$0.2
Economic Development Funding	$0.3
Software Increases: SmartSheets, Annual Workday increase, police data analytics tool, workday conversation messaging	$0.5
Intersection Mapping	$0.2
Other price increases for contracts and commodities	$0.1
2026 Proposed Budget	**$66.1**

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GENERAL FUND FINANCIAL FORECAST

($ in millions)	2024 Actuals	2025 Estimate	2026 Budget	2027 Projection	2028 Projection	2029 Projection	2030 Projection
Beginning Balance	**$21.8**	**$21.4**	**$19.2**	**$15.4**	**$14.0**	**$12.5**	**$9.5**
Revenue	59.1	59.1	61.3	65.4	67.6	68.3	70.5
Operating Expenditures	57.7	59.5	63.1	65.0	67.1	69.3	71.5
Net Change in Fund Balance	***(0.4)***	***(2.3)***	***(3.7)***	***(1.4)***	***(1.5)***	***(3.0)***	***(3.1)***
One Time Expenses		$1.8	0.3				
Transfers to Other Funds	1.9	$1.8	$1.9	1.9	2.0	2.0	2.1
Ending Balance	**$21.4**	**$19.2**	**$15.4**	**$14.0**	**$12.5**	**$9.5**	**$6.5**
% of Fund Balance to Operating Expenses	**37%**	**33%**	**25%**	**22%**	**19%**	**14%**	**9%**

- Use of fund balance to maintain services until clearer picture of new development revenue
- 2027 shows ARPA positions transitioning to the General Fund

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RESTRICTED FUNDS

($ in millions)	2025 Budget	2026 Proposed Budget	Change
Special Revenue Funds	$18.3	26.7	$8.4
Capital Funds	18.6	27.6	9.0
Enterprise Fund (Geneva Village)	0.07	0.06	(0.01)
Sewer and Storm Utility Enterprise Funds	31.9	29.6	(2.3)
Internal Service Funds	14.5	15.7	1.2
Total Restricted Funds	**$83.4**	**$100.0**	**$16.3**

- 4% Marijuana Tax included within Consolidated Special Revenue Fund
- Rename 3A Fund to Sales Tax Capital Projects Fund
- Transition Geneva Village Fund expenses to regular city maintenance funds
- Utility Rate Study ongoing with recommendations planned during 2026

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2026 – 2030 CAPITAL IMPROVEMENT PLAN

Project Categories ($ in millions)	2026	2027	2028	2029	2030	2026-2030 Total
Public Safety	$2.4	$0.0	$0.0	$0.0	$0.0	**$2.4**
Facility Projects	8.9	32.3	2.0	1.8	1.8	**46.8**
Transportation	19.2	10.3	5.8	0.0	0.0	**35.3**
Information Technology[1]	0.1	0.1	0.01	0.1	0.01	**0.3**
Grounds and Irrigation	0.5	0.0	1.0	1.0	0.0	**2.5**
Comprehensive/Multi-Category (Main Street)	27.5	0.0	0.0	0.0	0.0	**27.5**
Open Space Projects	2.7	2.7	2.6	2.5	0.1	**10.6**
Pavement Preservation	8.3	8.4	8.8	7.3	7.3	**40.1**
Master Plan & Studies	2.0	0.0	0.0	0.0	0.0	**2.0**
Utility Projects	4.0	2.7	2.3	2.3	2.3	**13.6**
Total	**$75.6**	**$56.4**	**$22.5**	**$14.9**	**$11.4**	**$180.8**

[1]Broadband projects listed under Transportation

2025 ESTIMATE

Fund	2025 Budget	Adj.	2025 Estimate	Adjustment Reason
Affordable Housing	$0.5	$0.1	$0.6	Meadowood contribution
Conservation Trust	0.4	0.1	0.5	Museum lighting upgrades
Capital Projects	11.4	4.1	15.5	Contributed capital for various projects
Employee Insurance	8.8	1.2	10.0	Increased healthcare claims expenses and stop loss insurance
Property & Liability	1.2	0.2	1.4	Higher property & liability insurance than anticipated

- Increasing select fund appropriations based on 2025 estimate included in 2026 proposed budget
- All estimates were included in the 2026 proposed budget document

RENAMING 3A FUND

History

- **November 2021 –** Voters approved a $0.75 sales tax increase dedicated to infrastructure projects and deferred maintenance
- **August 2022** – Ordinance 14-2022 Created the 3A Capital Improvement Fund
- Due to fund name being passed by ordinance, an ordinance is required to change the fund name
- 1st and 2nd reading will be presented to Council for consideration at the Decenber council meetings

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ORDINANCES

Ordinances

- Budget Ordinance Appropriating and Approving 2026 Budget
  - Includes increasing 2025 Budget to 2025 Estimate for select funds
- Setting Property Tax Levy – 2.0 mills
- Setting Property Tax Levy for Littleton Downtown Development Authority – 3.0 mills

2026

QUESTIONS?