

# Q2 2025 Budget and Financial Update

---

STUDY SESSION – August 26, 2025

City Staff Representative:

Kathryn Mortensen Manager, Budget and Performance Manager  
Catrina Asher, Finance Director

Department:

City Manager's Office  
Finance Department

# Financial Results and Trends

---



# Report Contents and Caveats

- Q2 2025 financial data was prepared as of August 8, 2025 and is unaudited.
- Governmental Funds = Primarily Funded by Taxes and Fees
  - General Fund
  - Capital Improvement Funds
  - Restricted Revenue Funds (e.g. Lottery, Lodging Tax, Impact Fees, Etc.)
- Enterprise Funds = Funded by User Fees that must sustain operations
  - Water Fund
  - Wastewater Fund
  - Storm Drainage Fund
- Information is provided in detail and with more explanation in the Q2 2025 Financial Report.

# Governmental Fund Highlights - Revenues

Q2 2025 Revenues (excluding transfers) totaled \$43.9M

- Overall increase of \$4.2M, or 10.5%

Revenue Stream	\$ Change	% Change	Trend
Property Taxes	+\$758K	+14.6%	↓
Investment Earnings	+\$999K	+47.0%	↑
Charges for Services	+\$557K	+10.5%	↑
Use Taxes	-\$184K	-4.5%	↑
Oil & Gas Royalties	-\$1.6M	-50.9%	★
Sales Taxes	+\$3.6M	+25.1%	★

- ★ Oil & Gas and Sales Tax are highly timing dependent. Sales Taxes are discussed later in this presentation.

## Q2 2025 Themes

*Development is still strong.*

*Tax revenues are volatile.*

### *New Residential Development*



### *Downtown Shopping*



# Governmental Fund Highlights - Spending

Q2 2025 Spending (excluding transfers) totaled \$45.5M

- Overall increase of \$4.4M, or 10.7%

Spending Category	\$ Change	% Change	Trend
Personnel	+\$1.9M	+10.5%	↑
Operating Expenses	+\$1.3M	+17.1%	↑
Capital Outlay	+\$225K	+1.8%	★

- ★ Capital Outlay spending is highly project dependent. The City saw high levels of project spending in 2024 on the MSC and Bridge Street. Spending levels continue to be high as progress is made on other projects, including Bridge Street and the Recreation Center Expansion.

## Q2 2025 Themes

*Staffing levels are strong.*

*Projects are progressing.*

### *Bridge Street Widening*



### *Recreation Center Expansion*





# Governmental Fund Summary

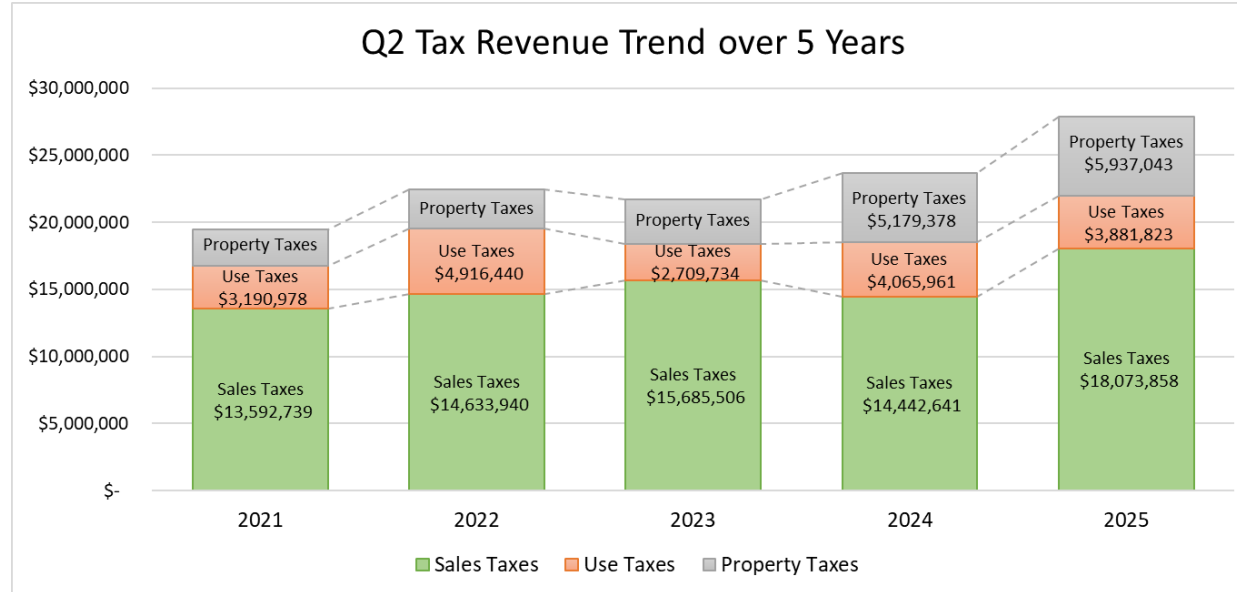
Q2 2025 (presented in 000's, including transfers)

	Q2 2025	2025 Budget
Revenues		
Taxes	\$ 28,964	\$ 62,022
Charges for Services	5,871	9,918
Intergovernmental	3,619	10,810
Oil and Gas Royalties	1,533	3,000
Investment Earnings	3,126	533
Other	<u>1,691</u>	<u>2,371</u>
Total Revenues	\$ 44,804	\$ 88,654
Expenditures		
Personnel	\$ 20,119	\$ 41,844
Operating & Purchased Services	8,866	18,908
Repairs & Maintenance	941	5,636
Capital Outlay	14,381	42,503
Debt Service	1,204	2,111
Other	<u>3,163</u>	<u>6,216</u>
Total Expenditures	\$ 48,674	\$ 117,218
Use of Reserves	<u><u>\$ ( 3,870)</u></u>	<u><u>\$ (28,654)</u></u>



# Tax Revenue Trends

Tax Revenues through Q2 for each year presented



## Highlights

General Fund Taxes include:  
2% General Sales Tax  
3.75% Construction Use Tax  
Property and Franchise Taxes

Other Governmental Fund Taxes include:  
1.00% Capital Projects  
0.75% Parks Projects

★ This chart reflects tax revenues collected as of 6/30/2025. Timing of receipt and recording greatly influences these trends. Sales tax should be reviewed based on filings rather than collections.

# Sales Tax Results

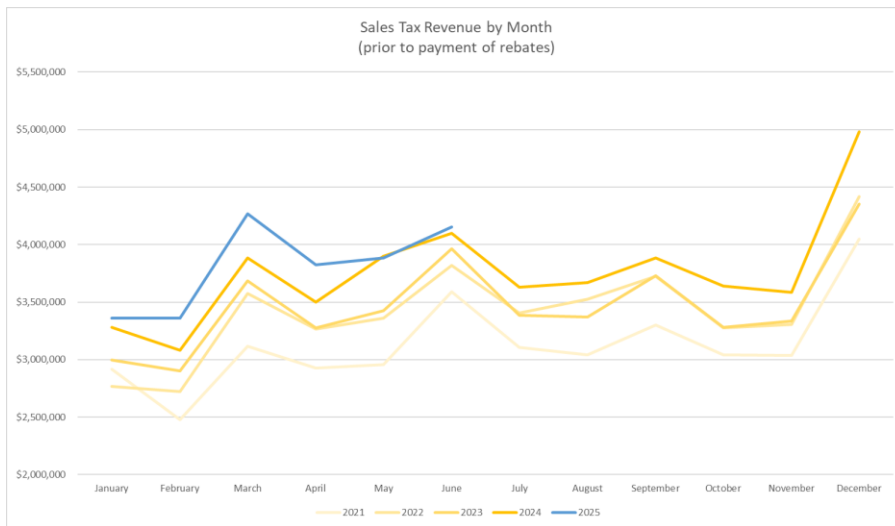
Sales Tax Reported is up 5.1%  
(down from 6.8% in Q1 2025)

Business Category	% Change	Trend
Retail Online	+27.9%	--
Construction	+21.6%	↓
Retail Grocery	-5.3%	↑
Utilities	-8.6%	↓

## New activity through Q2 2025

- 963 additional business licenses/accounts
- 3 Active Dispensaries
- Several food service additions, including Olive Garden, In-N-Out and Dutch Bros
- Audit Revenue assessed = \$225K

## Sales Tax Revenues by Month 2021 through 2025 before payment of rebates



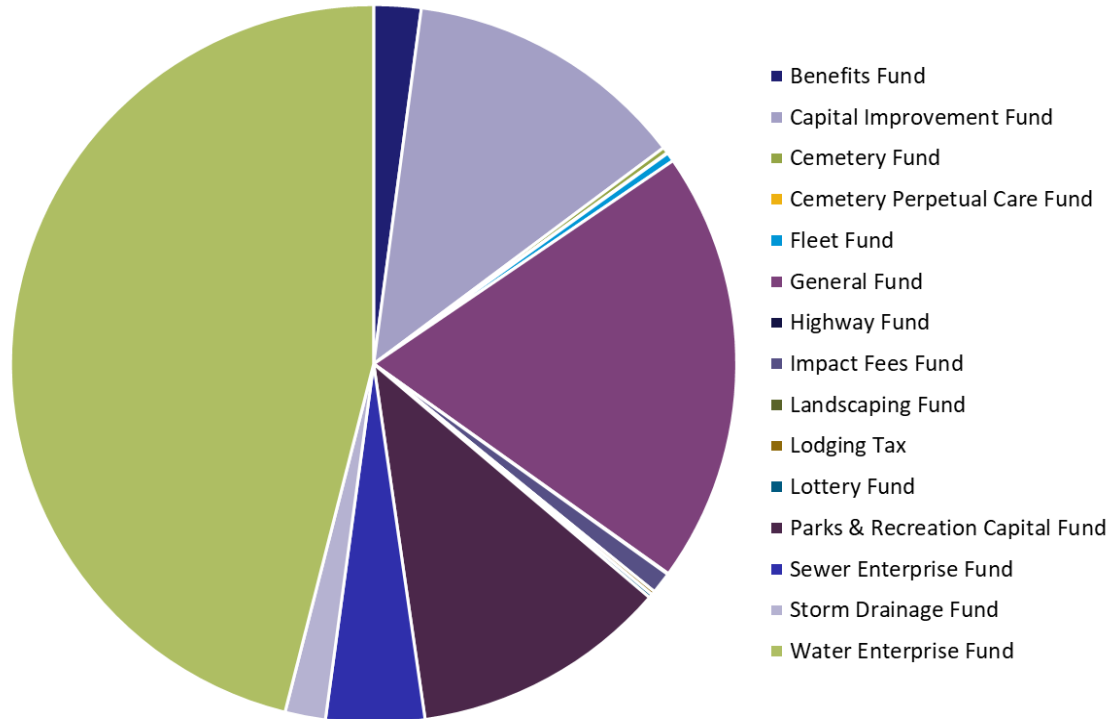


# Budget Utilization and Spending Trends

---



# Budget by Fund



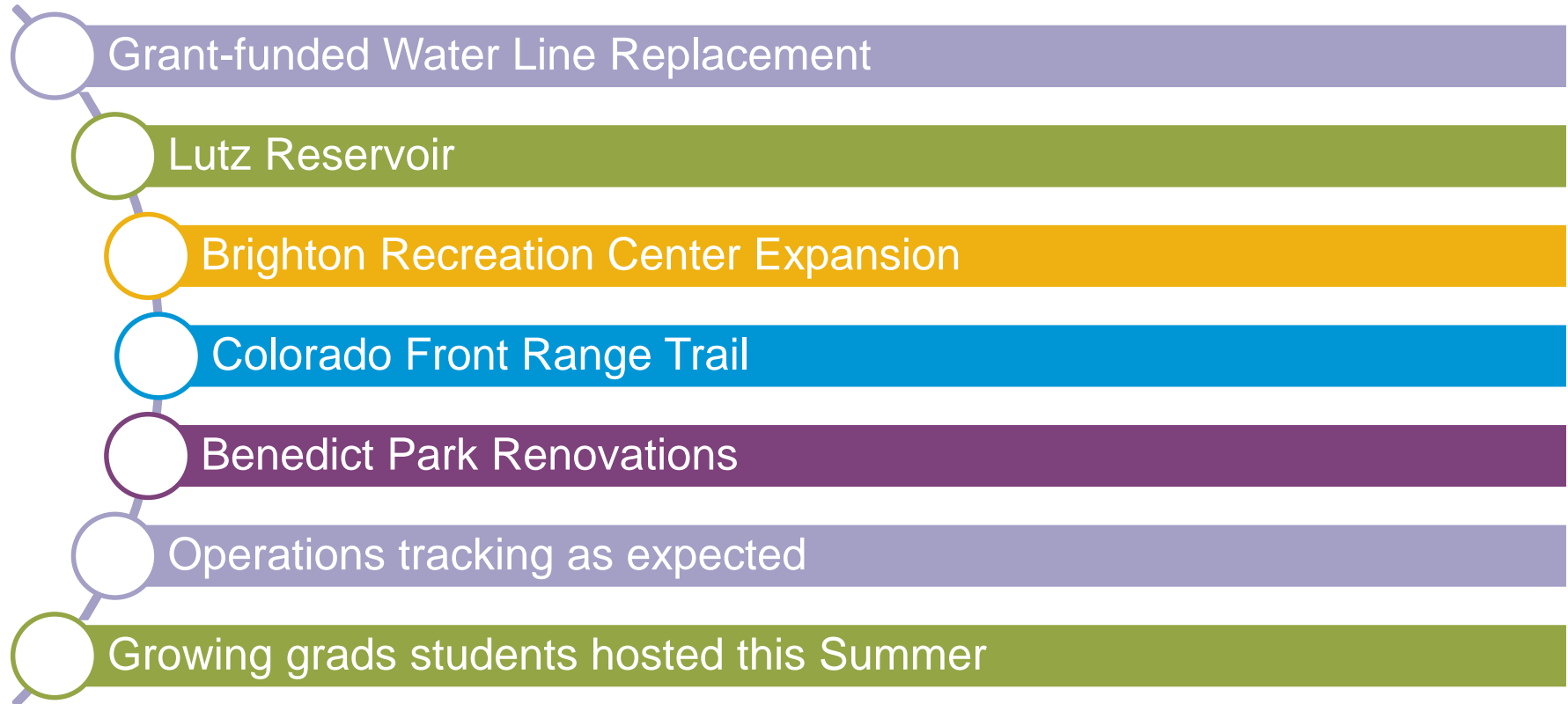
- Largest 2025 budgets by fund:
  - Water Enterprise Fund (46%)
  - General Fund (25%)
  - Capital Improvement Fund (12%)
  - Parks Capital Improvement Fund (6%)

- Overall, 35% budget utilization
- Normal for utilization to vary by fund
  - Capital funds likely to see savings that will carry into 2026
  - Special revenue funds will see a slow down in utilization
  - Benefits, Fleet, and General Fund stay relatively consistent throughout the year

## Spending by Fund

Fund	2025 Budget	Year to Date Spending	Percent Spent
Benefits Fund	\$6,530,915	\$3,091,972	47%
Capital Improvement Fund	\$39,227,711	\$9,589,542	24%
Cemetery Fund	\$857,358	\$308,296	36%
Cemetery Perpetual Care Fund	\$89,304	\$89,304	100%
Fleet Fund	\$1,248,987	\$544,251	44%
General Fund	\$60,923,762	\$27,188,252	45%
Highway Fund	\$125,000	\$38,847	31%
Impact Fees Fund	\$3,000,000	\$0	0%
Landscaping Fund	\$6,000	\$6,000	100%
Lodging Tax	\$629,000	\$460,128	73%
Lottery Fund	\$520,000	\$250,000	48%
Parks & Recreation Capital Fund	\$35,641,234	\$7,492,117	21%
Sewer Enterprise Fund	\$13,652,309	\$6,087,019	45%
Storm Drainage Fund	\$5,593,914	\$3,230,225	58%
Water Enterprise Fund	\$144,127,304	\$50,809,702	35%
<b>TOTAL</b>	<b>\$312,172,798</b>	<b>\$109,185,656</b>	<b>35%</b>

# Spending Highlights

- 
- Grant-funded Water Line Replacement
  - Lutz Reservoir
  - Brighton Recreation Center Expansion
  - Colorado Front Range Trail
  - Benedict Park Renovations
  - Operations tracking as expected
  - Growing grads students hosted this Summer

# Questions?

---

