City Manager's Proposed FY 2025-26 Operating and Capital Budgets City Council Presentation – June 10, 2025

CITY OF FOLSOM
DISTINCTIVE BY NATURE

FY 2025-2026 Budget Process (cont.)

- June 10, 2025 – Receive budget presentation, hold public hearing to receive feedback from the City Council and public. Continue public hearing to the June 24, 2025, City Council meeting.

- June 24, 2025 – City Council holds budget public hearing, receives public input and approves the FY 2025-2026 Preliminary Budget.

- July – September 2025 – City departments develop cost cutting proposals that will be reviewed at the Review of the Final Budget in September/October 2025.

FY 2025-2026 Review of Final Budget - September/October 2025:

- In either September or October, the City Council holds another budget review that will allow additional public input from the community. This budget review will allow the City to work with the actual ending fund balance numbers for FY 2024-2025.

- Possible FY 2026-2027 General Fund budget reductions discussions will take place.

FY 2025-2026 Review of Final Budget - September/October 2025:

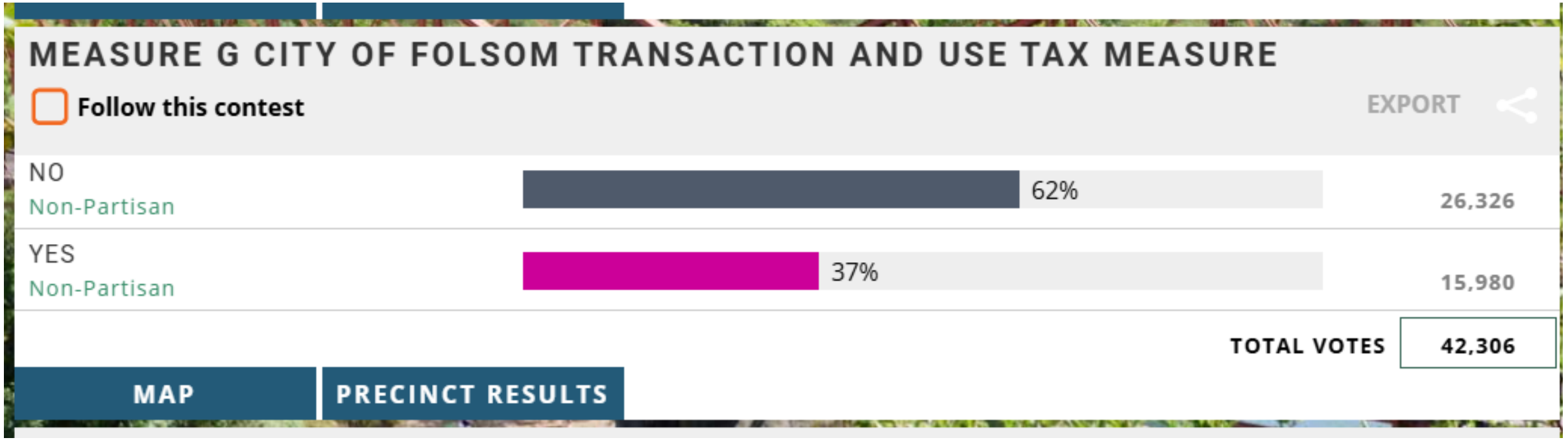
- In either February or March, the City Council will conduct a Mid-Year Budget review.

- Any adjustments needed for the current year will be approved by the City Council at that time. Staff will be seeking direction from the Council as to what cuts they would consider including in the FY 2026-2027 budget.

Budget Development Options

1) Develop budget with expenditures below revenues (Live within our means).
2) Find another revenue source
3) Keep things as they are

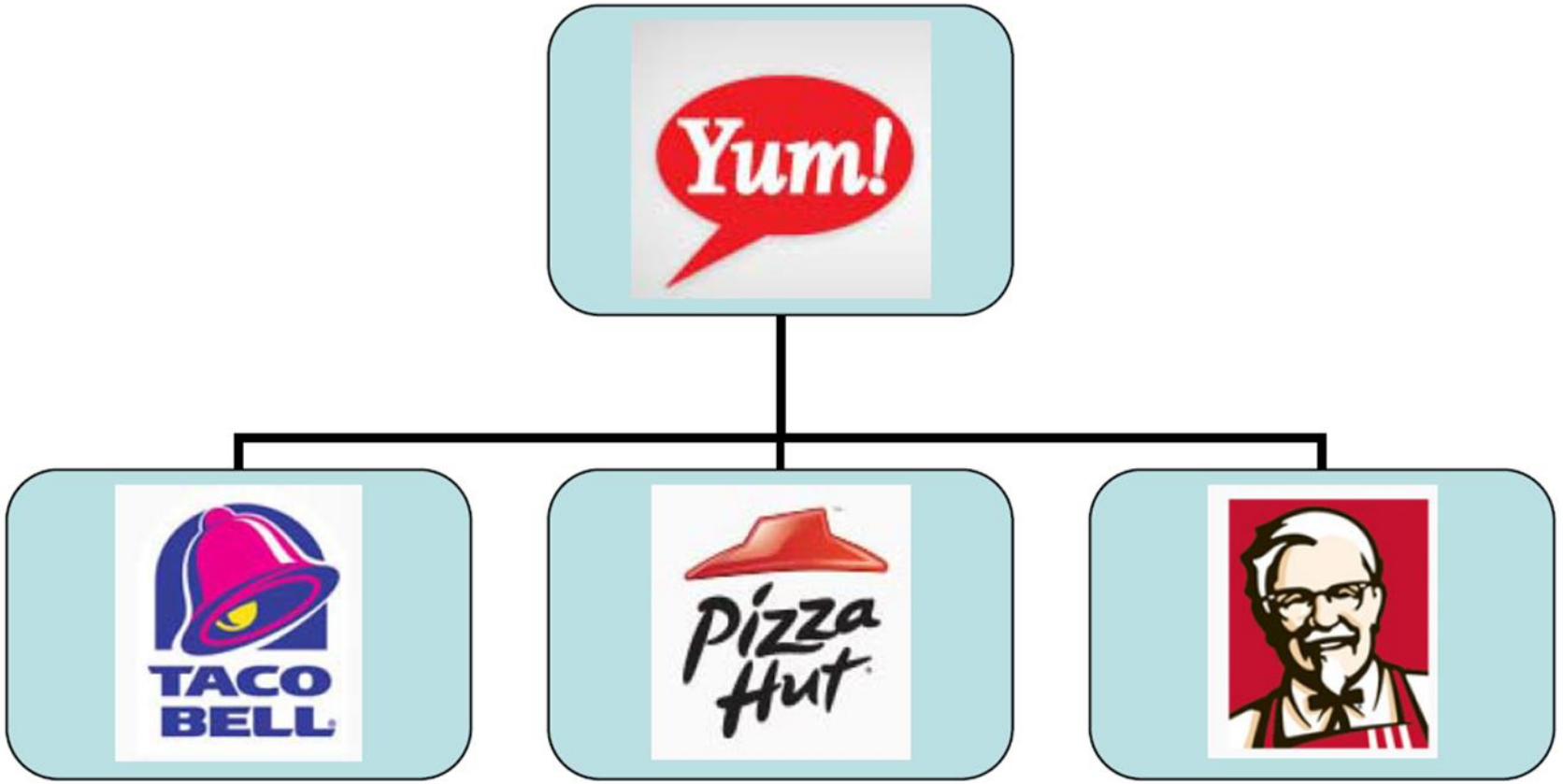
Measure G


MEASURE G CITY OF FOLSOM TRANSACTION AND USE TAX MEASURE
Follow this contest
EXPORT
NO
Non-Partisan
62%
26,326
YES
Non-Partisan
37%
15,980
TOTAL VOTES
42,306
MAP
PRECINCT RESULTS

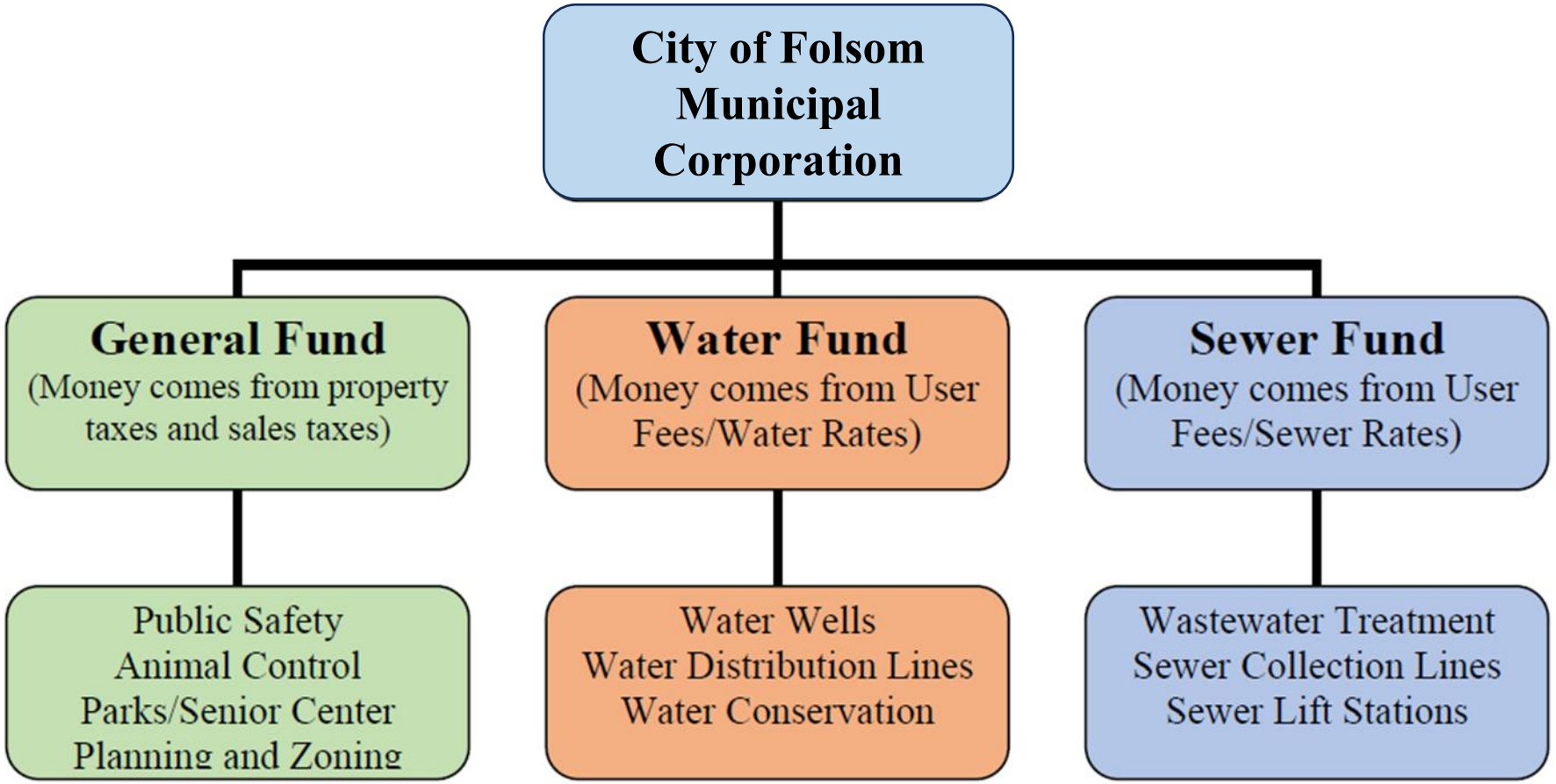
Folsom is a Municipal Corporation

- The City of Folsom is municipal corporation that provides a full range of local government services, including police, fire, public works, planning, parks and recreation, and utilities such as water, wastewater and solid waste disposal.

Large Company with Subsidiaries



City of Folsom Entities



Budget Structure and Overview

City of Folsom Operating Budget is a complex document that includes information on a wide variety of Fund Accounts.

The City's budget document includes information for over 150 Fund Accounts.

Budget Summary – Pages 1-4

City of Folsom
Budget Summary By Fund - Projected Balance
2025-26

Fund Name Description	Estimated Cash Balance 07/01/2025	Projected Revenues	Projected Transfers In	Projected Transfers Out	Projected Expenditures	Projected Ending Balance 06/30/2026
010 - General Fund	24,934,176	114,442,459	5,546,145	1,601,982	121,877,171	21,443,627
031 - SPIF Fee	252,265	0	0	0	0	252,265
032 - SPIF Parkland Fee	272,556	0	0	0	0	272,556
033 - SPIF Facilities Land	11,448	0	0	0	0	11,448
034 - SPIF Off-Site Road Set-Aside	933,338	0	0	0	0	933,338
	26,403,783	114,442,459	5,546,145	1,601,982	121,877,171	22,913,234
Special Revenue Funds						
201 - Community Development Block Grant	169,818	221,000	0	0	220,000	170,818
203 - TRAFFIC CONGESTION RELIEF	1,027	0	0	0	0	1,027
204 - LOS CERROS L&L AD	95,681	43,577	0	1,414	62,361	75,483
205 - BRIGGS RANCH L&L AD	(204,338)	80,576	0	2,348	203,973	(330,083)
206 - TRANSPORTATION SYSTEM MGT	351,315	41,000	0	204	35,000	357,111
207 - NATOMA STATION L&L AD	(703,984)	170,279	0	3,805	229,334	(766,844)
208 - FOLSOM HGHTS L&L AD	61,418	22,799	0	354	16,001	67,862
209 - BROADSTONE UNIT 3 L & L	77,786	38,755	0	313	30,746	85,482
210 - BROADSTONE L&L AD	264,725	398,482	0	4,894	572,147	86,166
212 - HANNAFORD CROSS L & L AD	(47,067)	20,165	0	581	34,640	(62,123)
213 - LAKE NATOMA SHORES L & L	77,134	22,733	0	617	37,231	62,019
214 - COBBLE HILLS/REFLECT L&L	(80,717)	44,011	0	939	61,304	(98,949)
215 - PRAIRIE OAKS #2 L&L	250,136	323,773	0	7,340	312,052	254,517
219 - FOLSOM COMMNTY CULT'L SER	111,867	3,500	0	0	40,000	75,367
221 - HOUSING TRUST FUND	951,872	62,000	0	553	155,000	858,319
223 - HUMBUG WILLOW CREEK	56,199	50,000	0	622	20,000	85,577
225 - GENERAL PLAN AMENDMENT	729,890	110,000	0	368	96,250	743,272
226 - TREE PLANTING & REPLACEMT	1,408,257	135,000	0	5,554	396,018	1,141,685
230 - Truck Management Plan	651,644	50,000	0	0	0	701,644
231 - SIERRA ESTATES L & L	12,649	11,853	0	326	13,524	10,652
232 - LAKERIDGE ESTATES L & L	274,549	36,643	0	1,282	58,913	250,997
233 - LA COLLINA DEL LAGO L & L	(7,702)	0	0	0	0	(7,702)
234 - COBBLE RIDGE L & L	138,357	13,909	0	330	22,035	129,901
235 - ROAD MAINTENANCE & REHAB	3,140,458	2,326,600	0	0	1,725,000	3,742,058
236 - PRAIRIE OAKS RANCH L&L AD	(551,377)	196,220	0	2,038	134,515	(491,710)
237 - SILVERBROOK L&L	98,919	17,292	0	246	11,098	104,867
238 - Folsom Housing Fund	23,960,396	620,000	0	26,395	615,300	23,938,701
240 - PARK DEDICATION (QUIMBY)	2,819,882	450,000	0	2,193	400,000	2,867,689
243 - GAS TAX 2106	1,759,342	404,616	0	225,000	0	1,938,958
244 - GAS TAX 2107	2,543,289	805,619	0	500,000	0	2,848,908
245 - GAS TAX 2107.5	2,288,560	878,778	0	225,000	0	2,942,338
246 - PLANNING SERVICES	196,652	412,000	0	8,181	350,000	250,471
247 - GAS TAX 2105	2,214,887	604,942	0	250,000	0	2,569,829
248 - TRANSPORTATION TAX(SB325)	469,719	89,500	0	0	40,000	519,219
249 - WILLOW CREEK EAST L&L AD	(34,267)	60,059	0	638	25,451	(297)
250 - BLUE RAVINE OAKS L&L AD	162,732	39,217	0	501	27,320	174,128
251 - STEEPLECHASE L&L AD	23,241	25,268	0	704	33,688	14,117
252 - WILLOW CREEK SOUTH L&L AD	443,965	171,748	0	4,584	228,026	383,103
253 - AMERICAN RV CANYON NO L&L	(171,826)	105,205	0	4,916	71,608	(143,145)
254 - HISTORICAL DISTRICT	11,056	5,000	0	163	8,000	7,893
260 - WILLOW SPRINGS L & L	7,732	14,776	0	367	16,131	6,010
262 - WILLOW SPGS CFD 11 M. DST	610,795	215,288	0	4,014	176,487	645,582
266 - CFD #12 MAINT. DIST.	1,005,212	630,824	0	13,529	727,415	895,092
267 - CFD #13 ARC MAINT. DIST.	2,666	123,278	0	2,636	113,136	10,172

General Fund Summary – pg 5-6

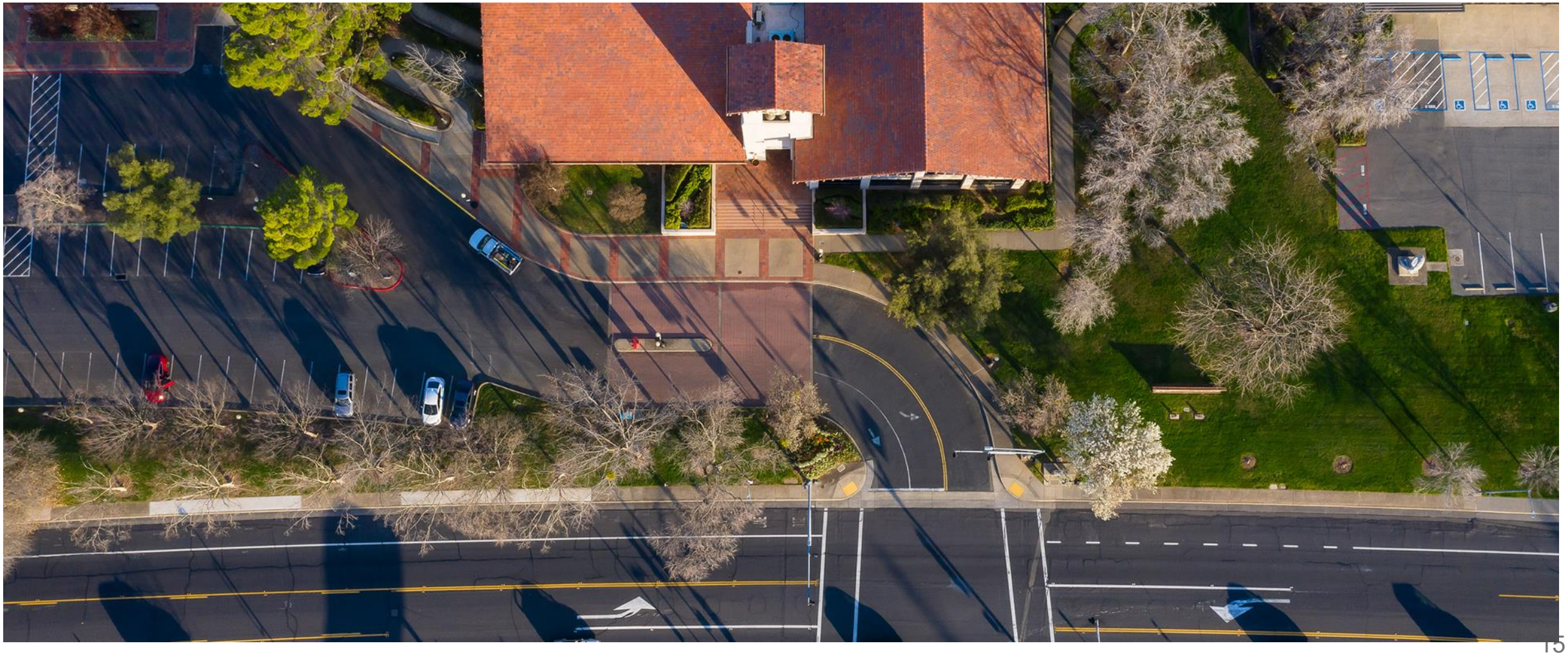
Summary of General Fund Revenues and Expenditures
Fund 010

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Adopted Budget	FY 2024-25 Q2 Amended Budget	FY 2025-26 Proposed Budget
Revenues								
Taxes	54,536,427	59,967,769	66,075,402	70,086,681	73,208,866	79,228,197	79,228,197	80,622,692
Licenses & Permits	3,420,381	4,241,034	4,299,748	4,010,647	4,977,444	3,916,089	3,860,725	4,068,589
Intergovernmental	8,024,245	9,753,188	10,045,573	12,900,194	14,025,143	10,959,022	11,805,809	11,251,068
Charges for Services	12,778,865	13,959,335	18,250,447	17,696,356	18,948,237	13,994,978	13,840,847	16,908,910
Fines, Impact Fees	169,015	153,339	133,772	133,080	207,365	109,200	111,000	110,200
Interest	670,228	69,519	(951,314)	894,693	2,891,036	300,000	300,000	600,000
Other Revenue	1,001,389	1,381,614	1,178,166	1,182,071	453,511	716,807	2,644,460	881,000
Total Revenues	80,600,551	89,525,798	99,031,792	106,903,722	114,711,602	109,224,293	111,791,038	114,442,459
Expenditures								
0101100 - City Council	129,451	104,152	112,377	118,539	120,089	142,718	142,718	155,116
0101200 - City Manager's Office	875,712	721,621	700,467	690,940	736,166	772,045	772,045	797,322
0101203 - City Manager's Office - PIO	496,879	460,718	466,083	516,999	547,952	573,328	573,328	628,587
0101700 - City Attorney	1,001,724	953,138	1,095,212	1,307,443	1,267,677	1,306,487	1,306,487	1,383,331
0101400 - City Clerk	605,492	581,740	591,310	648,107	637,181	682,306	682,306	752,283
0101401 - City Clerk – Elections	0	65,873	0	46,173	0	61,000	61,000	0
0102300 - Community Development - Admin	691,355	725,524	862,562	834,003	1,711,027	1,030,640	1,406,797	1,027,761
0102310 - Community Development - Engineering	2,593,414	2,853,007	3,464,248	3,843,386	3,070,958	1,964,540	1,964,540	1,890,800
0102320 - Community Development - Building Services	2,066,538	1,699,346	2,055,017	2,778,896	2,633,569	2,432,662	2,447,518	2,367,397
0102325 - Community Development - Code Enforcement	350,504	380,915	407,434	433,132	469,975	517,041	517,041	541,018
0102330 - Community Development - Planning	1,266,365	1,166,814	1,225,619	1,285,672	1,066,760	1,246,580	1,349,844	1,282,288
0102220 - Fire - Administration	1,553,304	1,772,999	2,174,459	2,623,131	2,599,250	2,970,803	2,975,899	3,172,887
0102221 - Fire - Emergency Response	20,590,461	20,875,664	22,076,490	21,905,235	23,413,909	25,763,853	26,197,223	26,699,344
0102222 - Fire - Prevention	519,482	558,290	545,028	417,838	554,070	373,981	373,981	502,243
0102223 - Fire - Emergency Medical	588,768	565,007	949,752	673,950	1,136,681	889,553	3,125,722	589,553
0101800 - Human Resources	720,680	622,182	602,453	673,714	834,153	947,648	947,648	1,027,029
0102900 - Library	1,942,428	1,838,898	1,753,515	2,192,763	2,099,362	2,220,694	2,220,694	2,304,966
0101601 - Finance- Administration	496,904	444,849	445,758	551,754	518,758	566,259	566,259	586,392
0101602 - Finance- Disbursements	653,949	615,952	564,817	564,266	752,331	864,996	864,996	879,197
0101603 - Finance - Revenue	727,358	795,003	735,201	914,563	970,777	811,292	815,005	878,909
0101604 - Finance - Financial Services	1,113,416	1,146,806	1,182,517	1,281,548	1,200,276	1,535,759	1,535,759	1,642,612
0101904 - Admin Services - Info Svcs	1,721,630	1,843,038	1,840,028	2,007,640	2,142,912	2,454,255	2,483,117	2,294,062
0101905 - Admin Services - GIS	150,038	155,092	196,954	236,417	317,814	367,013	367,013	382,527
0101902 - Admin Services - Facilities	1,303,799	1,473,134	1,914,986	2,103,702	3,317,082	2,057,128	3,219,890	2,264,680
0102700 - Parks & Rec - Administration	821,007	799,947	807,163	854,864	898,200	1,041,307	1,041,307	1,081,431
0102710 - Parks & Rec - Comm & Cultural Svcs	2,012,401	1,368,765	1,982,598	2,680,164	2,694,057	2,951,231	2,951,231	2,792,550
0102711 - Parks & Rec - Community Facilities	0	0	0	450	0	0	0	0
0102720 - Parks & Rec - Outdoor Sports	1,651,151	1,192,935	1,693,408	2,743,801	2,117,223	1,905,819	1,905,819	2,171,278

Summary of General Fund Revenues and Expenditures
Fund 010

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Adopted Budget	FY 2024-25 Q2 Amended Budget	FY 2025-26 Proposed Budget
0102730 - Parks & Rec - Aquatics	1,383,092	2,576,346	1,724,335	2,217,494	2,189,239	1,771,198	1,771,531	2,140,434
0103801 - Parks & Rec - Park Maintenance	3,421,513	2,895,757	3,216,766	3,226,003	3,636,625	4,318,222	4,628,508	5,194,579
0103802 - Parks & Rec - Park Dev	155,920	157,489	175,176	264,888	248,862	401,526	694,707	580,196
0103803 - Parks & Rec - Trails	577,744	719,527	608,225	296,443	312,572	235,398	250,133	252,775
0103805 - Parks & Rec - Municipal Landscaping	1,483,981	1,568,648	1,684,296	2,046,564	2,254,397	2,602,610	2,602,610	1,808,916
0104000 - Parks & Rec - Zoo	1,830,047	1,648,755	1,917,544	2,376,124	3,226,894	2,336,385	2,491,161	2,541,399
0101909 - Police - Animal Control	218,721	233,215	232,439	277,896	390,701	386,917	386,917	406,978
0102110 - Police - Administration	2,654,466	2,978,264	3,752,555	4,851,227	4,607,086	3,750,767	4,184,737	3,953,669
0102111 - Police - Support Services	3,881,322	3,634,826	3,674,585	4,053,600	3,992,357	4,447,581	4,483,024	4,809,564
0102112 - Police - Operations	13,597,612	13,496,724	13,911,636	14,192,085	15,889,941	16,987,177	17,153,622	17,759,513
0102113 - Police - Investigations	3,169,998	3,221,597	3,104,183	2,885,039	3,301,779	3,674,954	3,674,954	4,492,216
0103700 - Public Works - Fleet Management	1,311,067	1,217,805	1,228,449	1,621,593	1,463,334	1,751,592	1,755,623	1,778,190
0232601 - Public Works - Engineering	2,178,459	2,219,368	2,109,771	2,161,266	2,145,815	2,513,687	2,570,669	2,496,441
0233200 - Public Works - Streets	1,702,564	1,748,802	2,173,388	2,470,514	2,997,166	2,344,206	2,661,726	2,482,843
0233201 - Public Works - Traffic	1,698,641	1,858,533	2,032,349	2,054,696	2,140,155	2,404,941	2,455,545	2,444,991
0105000 - Nondepartmental	9,493,007	3,855,487	6,180,073	7,588,332	8,096,163	8,640,948	9,377,225	8,638,904
Total Expenditures	95,402,366	89,812,552	98,171,225	107,512,854	114,721,296	117,019,047	123,957,879	121,877,171
Revenues Over (Under) Expenditures	(14,801,815)	(286,754)	860,567	(609,132)	(9,694)	(7,794,754)	(12,166,841)	(7,434,712)
Transfer In	6,829,425	6,058,559	4,589,055	4,454,442	4,026,857	6,107,155	6,732,155	5,546,145
Transfer Out	0	0	0	0	387,124	50,000	50,000	1,601,982
Net	(7,972,390)	5,771,805	5,449,622	3,845,310	3,630,039	(1,737,599)	(5,484,686)	(3,490,549)

FY 2025-26 Proposed Budget



Balancing the Budget – General Fund

	Original Budget FY 24-25	Remove One-time approvals from FY 24-25	Increase to Projected Revenue	Salary, Benefit and Insurance Cost Increases	"True Up" to Operating Accounts	Proposed Use of Unassigned Fund Balance	Total Proposed Budget FY 25-26
Revenue	$115,331,448	$ -	$ 4,657,156	$ -	$ -	$ 3,490,549	$ 123,479,153
Expenditures	(117,069,047)	2,021,617	-	(5,456,628)	(2,975,095)		(123,479,153)
Difference	**$ (1,737,599)**	**$ 2,021,617**	**$ 4,657,156**	**$ (5,456,628)**	**$ (2,975,095)**	**$ 3,490,549**	**$ -**

Cost of Service Increases – Personnel Costs and Insurance

Category	FY 25-26 Increase
Salary and other benefits	$2,468,691
CalPERS	2,369,966
Liability, property and other insurance	644,971
Total Increase	**$5,483,628**

Cost of Service Increases – Operations and Maintenance

Department	Amount
General Government	$22,157
Community Development	4,467
Facilities	152,500
Fire Department	731,762
Fleet	-
Library	19,219
Parks and Recreation	1,617,990
Police Department	427,000
Public Works	-
Non-Departmental	-
Total "True Up" Requests	**$2,975,095**

General Fund Request Summary

FY 2025-26 Request Summary:

Requests:

- Total requests from General Fund Departments: $18,544,131
- Total new General Fund funded positions requested: 29

Included in Proposed Budget:

- Requests included: $2,975,095 (funded from unassigned fund balance)
- New General Fund funded positions recommended: 0

General Fund Appropriations

	FY 24-25 July 1 Adopted Budget	FY 25-26 Proposed	$ Change	% Change
Salaries & Benefits	$83,949,037	$88,787,693	$4,838,656	6%
O&M	28,785,619	32,589,730	3,804,111	13%
Capital Outlay	3,782,599	-	(3,782,599)	-100%
Debt Service	501,792	499,748	(2,044)	0%
Transfers Out	50,000	1,601,982	1,551,982	3104%
Total Expenses	**$117,069,047**	**$123,479,153**	**$6,410,106**	**5%**

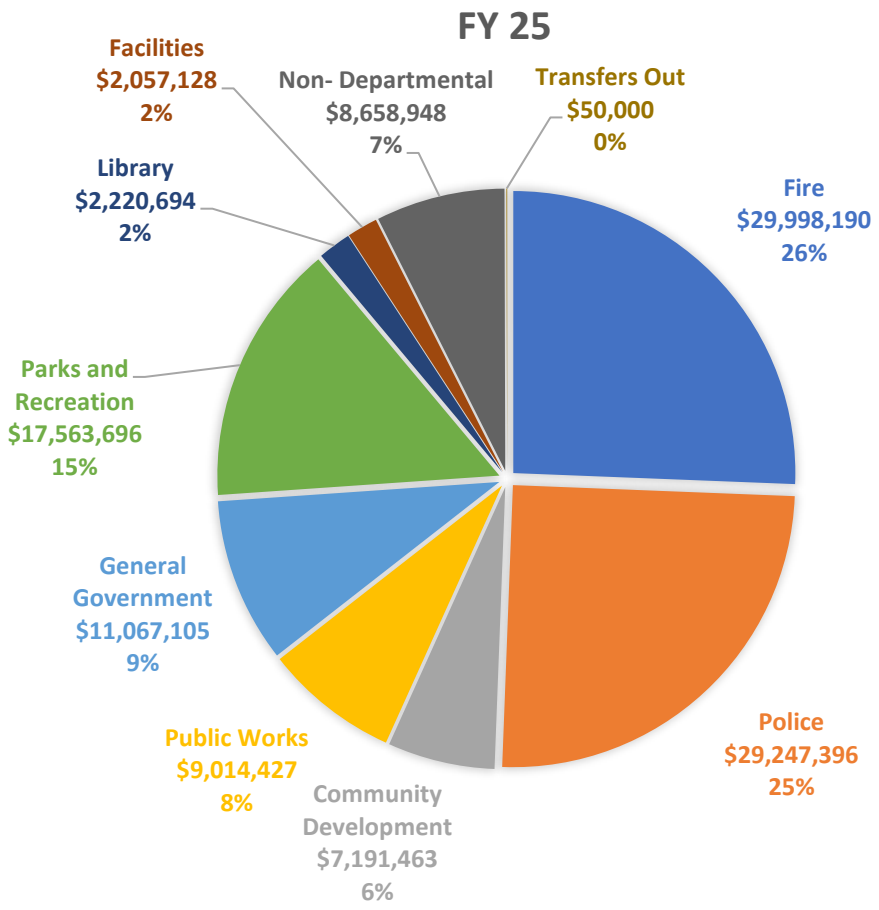
General Fund Appropriations

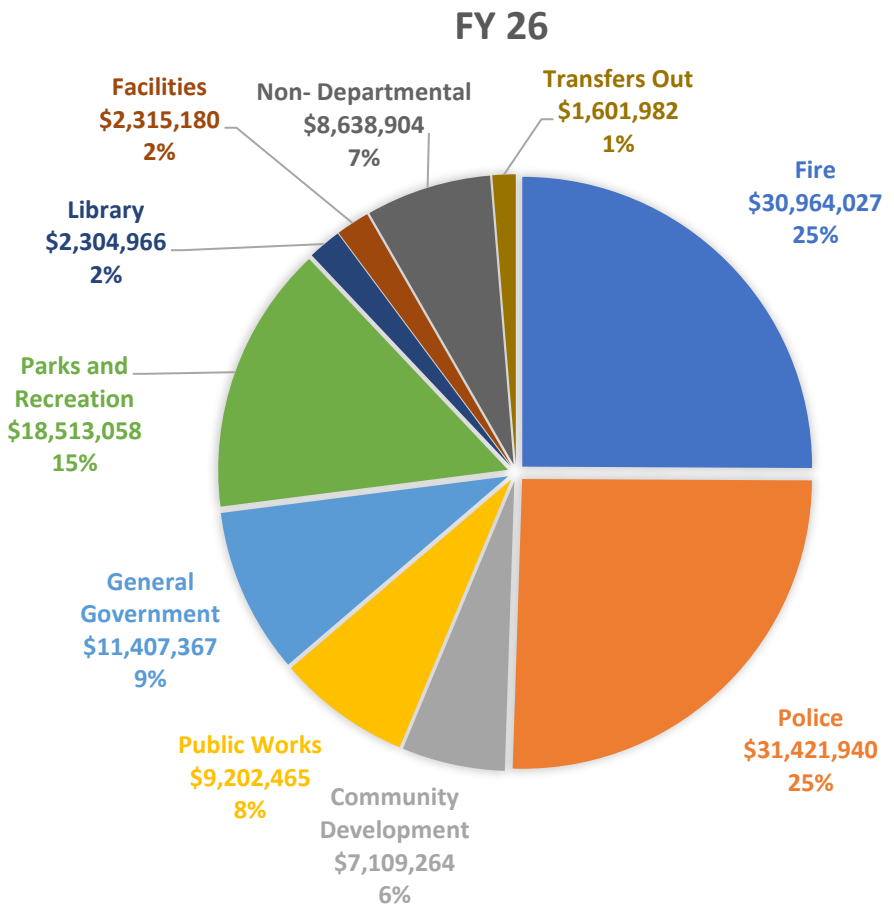
Budget by Category	FY 24-25 July 1 Adopted Budget	FY 25-26 Proposed	$ Diff
Fire	$29,998,190	$30,964,027	$965,837
Police	$29,247,396	$31,421,940	2,174,544
Community Development	$7,191,463	$7,109,264	(82,199)
Public Works	$9,014,427	$9,202,465	188,038
General Government	$11,067,105	$11,407,367	340,262
Parks and Recreation	$17,563,696	$18,513,058	949,362
Library	$2,220,694	$2,304,966	84,272
Facilities	$2,057,128	$2,315,180	258,052
Non- Departmental	$8,658,948	$8,638,904	(20,044)
Transfers Out	$50,000	$1,601,982	1,551,982
Total Appropriations	**$117,069,047**	**$123,479,153**	**$6,410,106**

New Funds for General Fund Capital Expenditures

Capital Fleet Fund (601)	
Non-Safety Vehicles	$ 125,000
Capital IT Fund (603)	
Info System Equipment	$ 150,000
Fire Equip/Cap Fund (608)	
11 ECG Monitors (Fire)	$ 756,000
Police Equip/Cap Fund (607)	
New Vehicles (Police)	$ 520,982
Capital Facilities Fund (602)	
Roof Replacement (Library)	$ 1,300,000
HVAC Replacement (Library)	$ 1,800,000
Small Vehicle Roof Repair (Fleet)	$ 300,000
Slope Roof Replace (City Hall)	$ 240,000
Total Fund 602	$ 3,640,000
Total Capital Expenditures	**$ 5,191,982**

General Fund Appropriations





Authorized Positions

	General Fund	Water / Wastewater	Solid Waste	Total
FY 21-22	352.80	53.00	55.45	461.25
FY 22-23	366.80	56.00	56.45	479.25
FY 23-24	373.05	58.00	59.45	490.50
FY 24-25	384.05	60.00	59.45	503.50
FY 25-26	386.05	61.00	66.45	513.50
Change	2.00 *	1.00	7.00	10.00

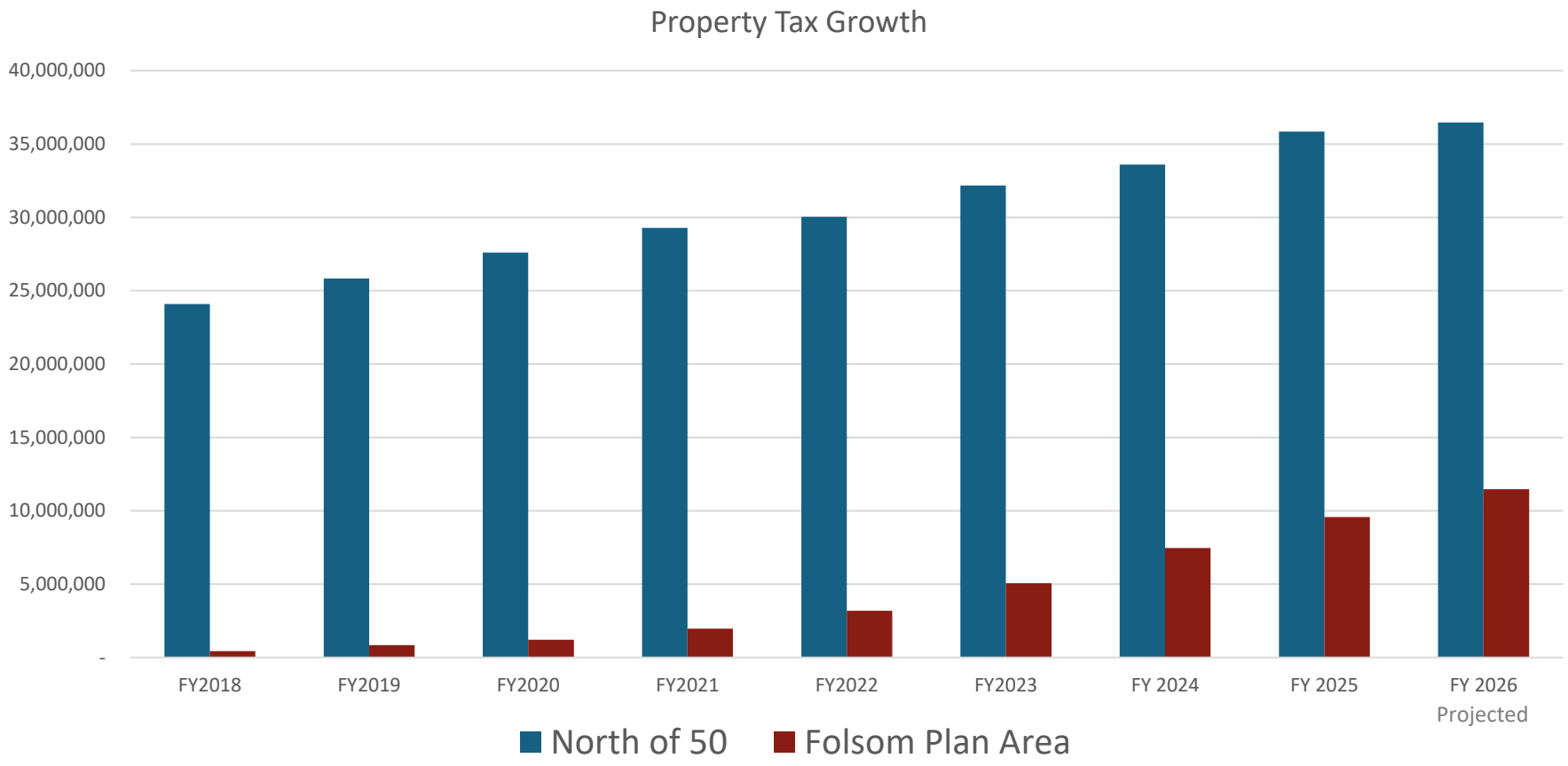
* Park Planner and Arborist approved during FY 24-25

Revenue Summary

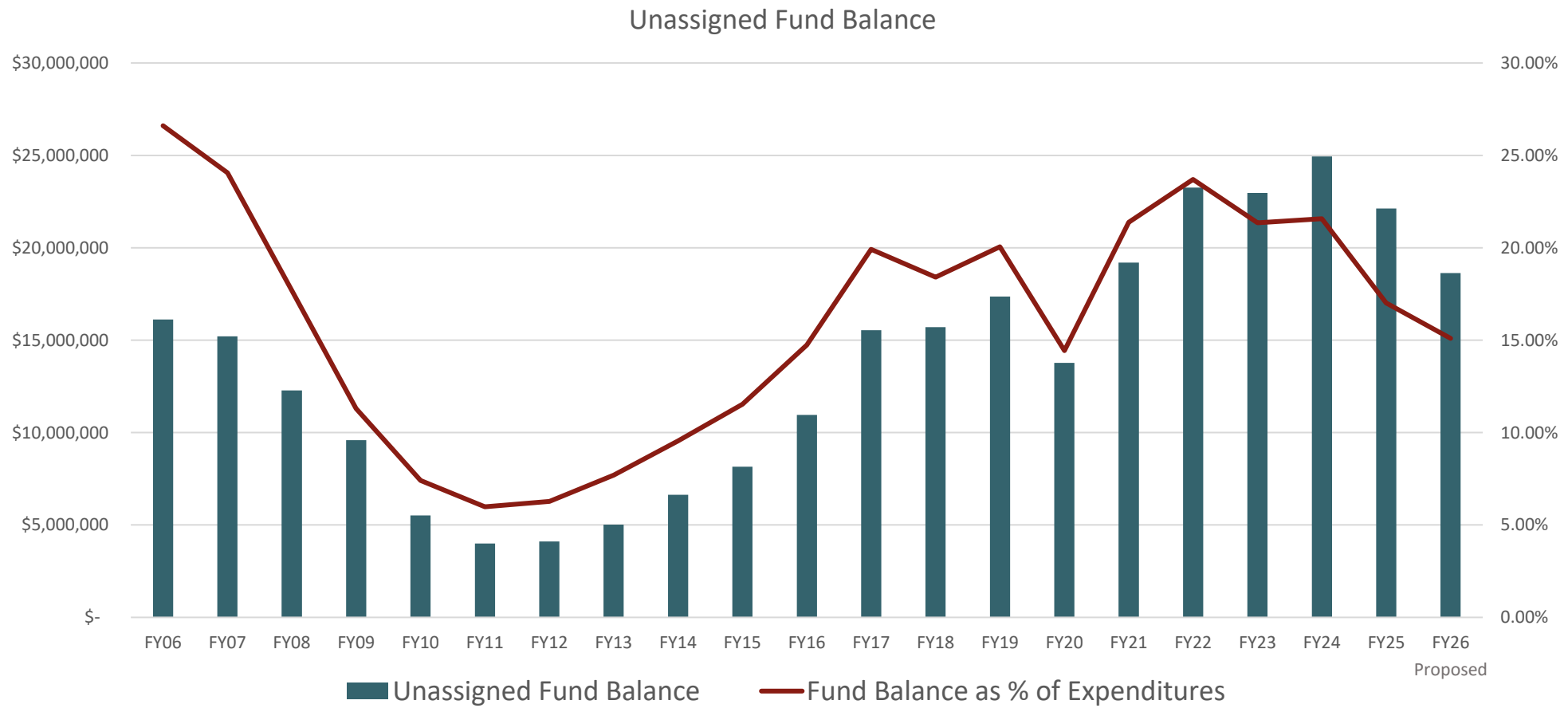
	FY 24-25 Budget	FY 25-26 Proposed
Property Tax	$44,658,430	$47,922,692
Sales Tax	29,075,767	27,970,000
Transient Occupancy Tax	2,500,000	2,550,000
Licenses and Permits	3,916,089	4,068,598
Intergovernmental	10,959,022	11,251,068
Charges for Services	13,994,978	16,908,910
All other	4,120,007	3,771,191
Revenue Before Transfers In	**$109,224,293**	**$114,442,459**
Transfers In	6,107,155	5,546,145
Total Revenue	**$115,331,448**	**$119,988,604**

General Fund Tax Revenue Trends

General Fund Property Tax



Unassigned General Fund Balance



Enterprise Funds

Enterprise Fund - Water

	Budget FY 24-25	Proposed FY 25-26
Program Revenues	$ 18,911,000	$ 19,136,000
Salaries & Benefits	$ 6,769,171	$ 6,948,372
Operating Expenses	7,722,754	8,618,353
Transfers Out	1,025,772	1,027,020
Debt Service	1,842,428	1,843,895
	$ 17,360,125	$ 18,437,640
Capital Expenses	$ 3,440,781	$ 1,717,746
Projected Working Capital		**$ 29,989,083**

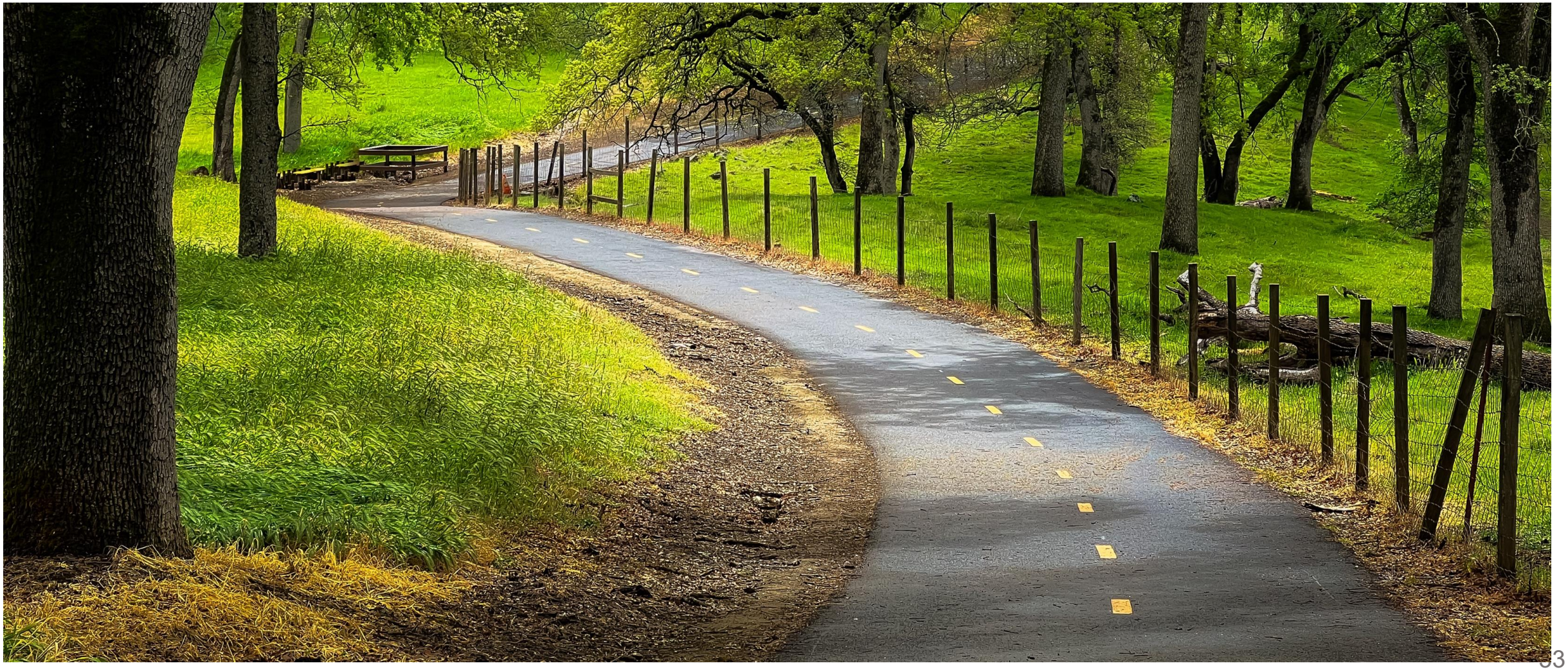
Enterprise Fund - Wastewater

	Budget FY 24-25	Proposed FY 25-26
Program Revenues	$ 12,116,435	$ 12,246,435
Salaries & Benefits	$ 4,015,501	$ 4,277,686
Operating Expenses	2,224,823	2,364,146
Transfers Out	817,743	872,169
	$ 7,058,067	$ 7,514,001
Capital Expenses	$ 2,201,618	$ 1,483,000
Projected Working Capital		**$ 23,415,607**

Enterprise Fund – Solid Waste

	Budget FY 24-25	Proposed FY 25-26
Operating Revenues	$ 26,300,000	$ 27,850,000
Salaries & Benefits	$ 8,620,854	$ 9,908,250
Operating Expenses	10,034,554	10,798,517
Transfers Out	1,994,729	2,077,300
	$ 20,650,137	$ 22,784,067
Capital Expenses	$ 2,240,000	$ 4,600,313
Projected Working Capital		**$ 23,966,459**

Capital Improvement Plan



CIP – Major Projects

Project Name	Project No.	Budget Prior to FY2026	Current Budget Request FY2026	Total Project Budget
Empire Ranch Road Interchange	PW1804	$ 4,282,081	$ 500,000	$ 4,782,081
Water System Rehabilitation Project No. 3	WA2301	$ 1,949,000	$ 871,260	$ 2,820,260
Water System Rehabilitation Project No. 1	WA1603	$ 2,442,877	$ 248,501	$ 2,691,378
Storm Drain Ponds	PW1401	$ 1,095,055	$ 600,000	$ 1,695,055
Water System Rehabilitation Project No. 4	WA2403	$ 1,127,400	$ 231,985	$ 1,359,385
Livermore Community Park Phase V	002643	$ 800,000	$ 400,000	$ 1,200,000
National Pollution Discharge Elimination System	PW2001	$ 150,000	$ 700,000	$ 850,000
Oak Avenue Lift Station and Force Main Project	New	$ -	$ 768,000	$ 768,000

CIP – Funding Sources

Fund	Fund Name	Fund Type	Current Budget Request FY2026
235	Road Maintenance & Rehab	Special Revenue Fund	$ 1,725,000
276	New Measure A	Special Revenue Fund	$ 2,067,000
412	Park Improvements	Capital Projects	$ 446,044
444	HWY 50 Interchange Capital	Capital Projects	$ 250,000
446	Transportation Improvement	Capital Projects	$ 1,601,824
448	Drainage Capital Improvement	Capital Projects	$ 1,605,000
451	Light Rail Transportation	Capital Projects	$ 200,000
472	FSPA Capital	Capital Projects	$ 25,000
520	Water Operating	Enterprise	$ 1,502,746
530	Sewer Operating	Enterprise	$ 1,268,000
Grand Total			**$10,690,614**

Appropriations by Fund

	FY 24-25 July 1 Adopted Budget	FY 25-26 Proposed Transfers Out	FY 25-26 Proposed Expenditures	FY 25-26 Total
General Fund	$117,069,047	$1,601,982	$121,877,171	$123,479,153
Enterprise Funds	54,116,756	4,033,203	53,700,278	57,733,481
Special Revenue Funds	11,936,049	1,345,516	13,377,152	14,722,668
Debt Service Funds	11,683,847	-	16,761,774	16,761,774
Capital Project Funds	7,114,733	527,426	10,624,850	11,152,276
Internal Service Funds	23,924,211	-	25,060,360	25,060,360
Fiduciary Funds	21,371,665	-	25,079,055	25,079,055
Total	**$247,216,308**	**$7,508,127**	**$266,480,640**	**$273,988,767**

Five-year Budget Forecast

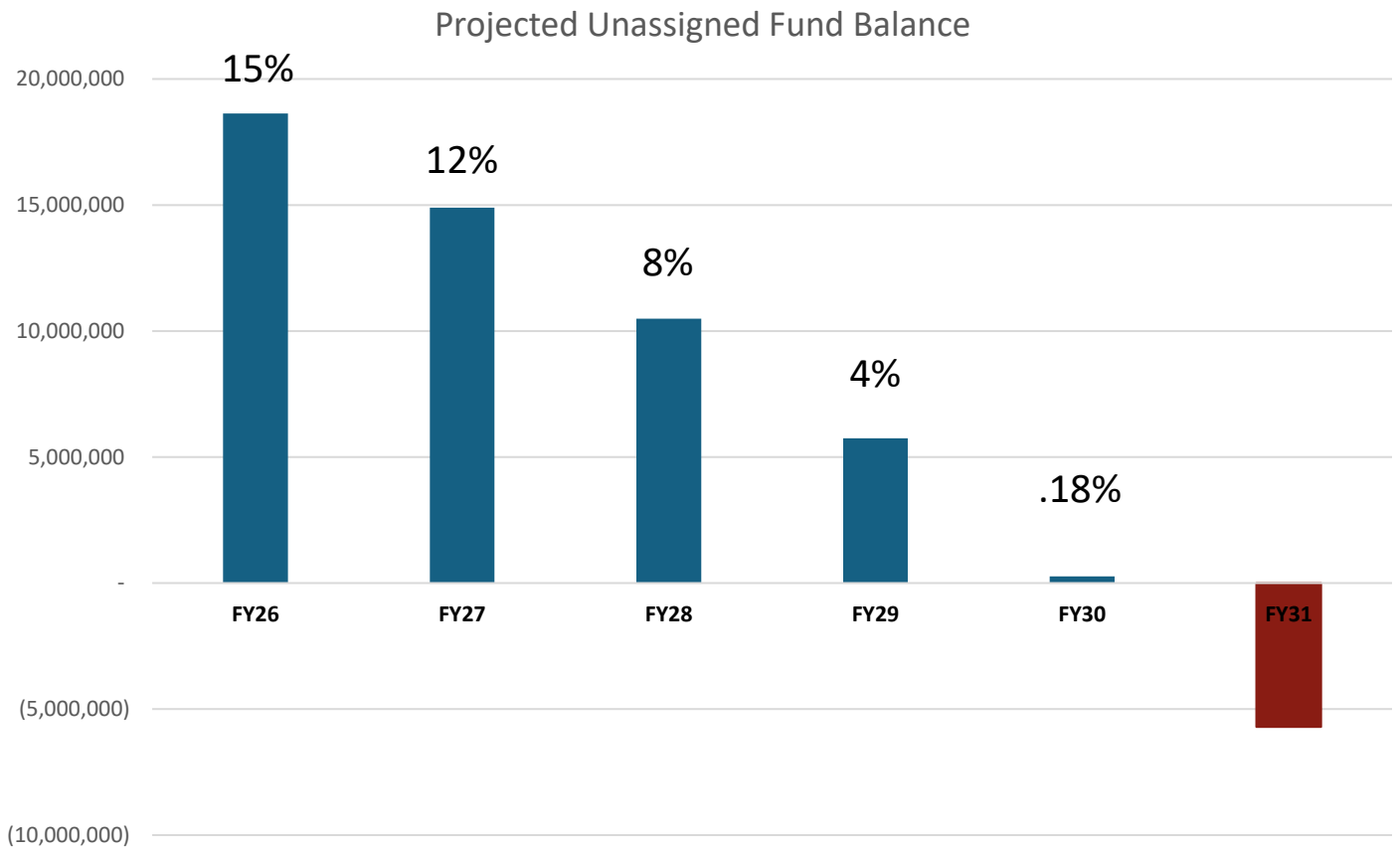
Major Budgetary Concerns – FY 27-FY 31

1. **The five-year forecast predicts a growing General Fund structural deficit as the cost to provide services grows at a faster pace than revenues.**

Projects a $5.97 million structural deficit by FY 30-31

Major Budgetary Concerns – FY 27-FY 31

2. Steeply declining Unassigned Fund Balance if used to cover annual budget shortfalls



By FY 30 Emergency Reserve depleted

$5.97 million shortfall in FY 31

Major Budgetary Concerns – FY 27-FY 31

3. CalPERS required contributions continue to grow

Year	Miscellaneous		Safety		Total
	Contribution	Rate	Contribution	Rate	
FY 23-24	$10.8M	43%	$10.6M	56%	$21.4M
FY 24-25	$11.4M	45%	$13.0M	60%	$24.4M
FY 25-26	$12.9M	45%	$14.6M	61%	$27.5M
FY 26-27 (projected)	$13.5M	45%	$15.2M	62%	$28.7M
FY 27-28 (projected)	$13.9M	46%	$15.6M	63%	$29.5M
FY 28-29 (projected)	$14.9M	48%	$16.4M	65%	$31.3M
FY 29-30 (projected)	$15.1M	47%	$16.7M	64%	$31.8M
FY 30-31 (projected)	$15.3M	47%	$16.8M	63%	$32.1M

Pension rate and contribution forecast from CalPERS pension outlook tool

FY 25-26 Budget Summary

- ☑ Maintains the balance of expenditures by department
- ☒ Proposed expenditures exceed estimated revenues – this is not a balanced budget
- ☒ Budget draws upon the City's unassigned fund balance and reduces the overall reserves below the 17% - 20% range policy
- ☒ Leaves millions of dollars in infrastructure, equipment repair and replacements, staffing needs and other items unfunded

Next Steps

June 24, 2025 - public hearing and budget adoption

- Per the City's municipal code, the budget must be adopted by the last working day of the fiscal year (June 30)
- If the City Council does not adopt the budget by June 30, the budget as proposed by the City Manager shall be deemed adopted

Conclusion/Recommendation

- The City of Folsom cannot continue to provide the General Fund services it presently provides to the community.
- There is a projected $3.49 million General Fund deficit for FY 2025-2026.
- To “live within our means” the City will need to reduce its expenditures which translates into reductions in services.

Conclusion/Recommendation

- Staff proposes using General Fund Reserves to fund the FY 2025-2026 budget.

- However, the City will aggressively pursue a strategy to reduce costs and services in preparation for the FY 2026-2027 budget period that begins on July 1, 2026.

Questions