

August 7, 2024

TO: Cottage Grove Mayor and City Council

FR: City Manager Mike Sauerwein

RE: Follow-Up to Discussion of the 2024 - 2025 Fiscal Year Budget

BACKGROUND

During discussion of the 2024-2025 Budget, the Budget Committee noted that the 2023 – 2024 Fiscal Year General Fund Carryover was budgeted at \$3,391,515 and the actual General Fund Carryover was \$2,200,754. For a difference of \$1,190,761.

The reduced General Fund Carryover is reflected in the adopted 2024-2025 Fiscal Year Budget. Including, reorganization of City Departments, not funding Cost of Living Adjustments (COLA) for all non-represented fulltime employees, and reductions in City Staff. Four positions were eliminated including, Human Resources/Payroll Assistant, Maintenance Worker 1 (Parks), Permit & Code Enforcement Specialist, and Assistant City Manager.

Upon adopting the 2024-2025 Budget, the City Council requested that City Staff:

- Schedule a follow-up discussion of the 2024 – 2025 Budget. (August 12, 2024)
- Present Quarterly Budget Updates to the City Council. (1st Quarter - October 28, 2024)
- Work with the City Council to develop a long-term sustainable and stable funding plan for the City Police Department.
- Work with the City Council and Friends of the Library, to develop a long-term sustainable and stable funding plan for the City Library.

FOLLOW-UP DISCUSSION

For our initial follow-up discussion, City Staff recommends reviewing the following current City Budget and Financial Policies:

Reserve Policy

- Unappropriated Ending Fund Balance Policy
- Contingency Policy

Revenue Policy

- Community Center (and Armory) Operating Costs
- User Fees for City Services

Staff recognizes that this is the beginning of a long-term discussion to avoid similar future budgetary challenges.