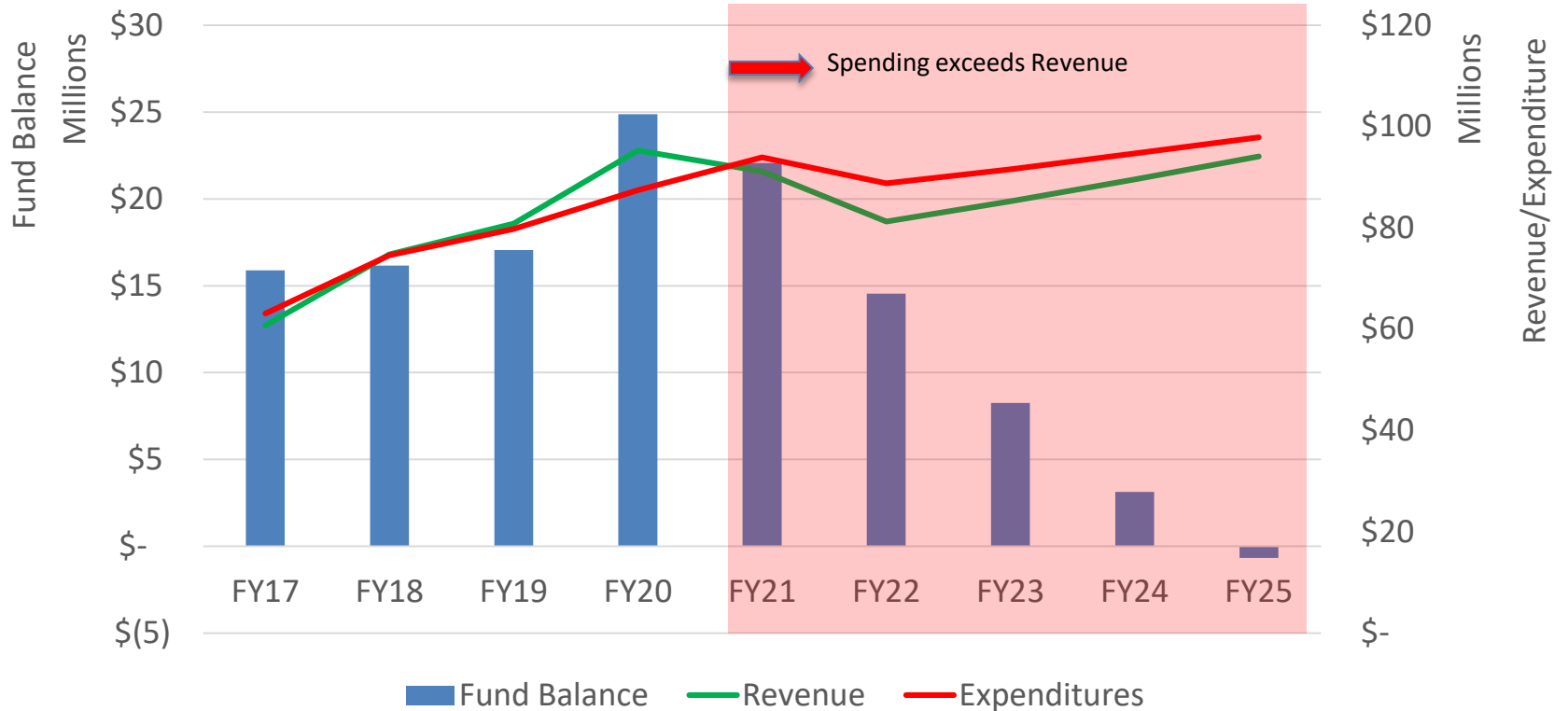




# General Fund Trend Analysis





# Talking Points

- FY21 Budget was adopted using \$2.8M in Fund Balance
- FY22 and beyond budgets based on numerous assumptions creates a net deficit based on expenditures exceeding revenues each year and creating an unsustainable structural imbalance
- Based on these assumptions and projected trends
  - By FY22 City fund balance will be out of compliance with City finance policy requiring 25% of recurring operating expenses
  - By FY25 City fund balance will be depleted



# Talking Points

- FY22 Budget is starting with a \$7.5M deficit based on these assumptions:
  - Ad Valorem Taxes: capped at 3.5% and may increase operating deficit with budget policy to keep rate flat
  - Assessed values: slight increase for 2022 and 8% increase for 2023-2025
  - Capital outlay: flat
  - Sales tax revenue: flat and removal of Best Buy Call Center for 2022 and increase of 3% for 2023-2025
- Important to look at from a multi-year perspective:
  - Long-term planning to help avoid financial crisis
  - Understand impact of current decisions on out years
  - Allows time to address out year potential structural imbalance
  - Avoid spending down fund balance