



TO: Mayor and Council

FROM: Tom Crawford, CFO
Karen Lancaster, Finance Director
Howard S. Lazarus, City Administrator

SUBJECT: FY20-21 Budget: General Fund

DATE: April 12, 2019

Question #51: In terms of the General Fund for FY21, the Work Session presentation on February 11th (slide 11) projected a general fund deficit in FY21 of \$277,000. What is the projected surplus/deficit for FY21 if both DC-3 and DC-4 were passed and funded? (Requested as part of April 1 Council Agenda questions.) (Councilmember Lumm)

Response: The projected General Fund deficit in FY21 is now \$23K. This is due mainly to improved revenue estimates and reprioritization of funding to ensure Council priorities were met. For FY21, excess fund balance in the County Mental Health Millage (from FY19 collections) was utilized to help meet all priorities. Looking forward to FY22, the City will have metrics available for each priority that help assess how much funding is needed in meeting these goals.

Question #52: At the Council retreat in December, slide 7 showed General Fund scenarios going forward and projected General Fund deficits ranging from about \$5M to in excess of \$10M were indicated. How much have the recently identified improvements in revenue reduced those deficit projections? (Requested as part of April 1, 2019 Council Agenda questions.) (Councilmember Lumm)

Response: The improvements in revenue have been allocated to fund Council priorities in FY20/21. Throughout this period, staff will use the metrics provided to evaluate the success of these initiatives and determine their sustainability. Over the long term, all programs will be evaluated with an eye on restraining expenditures so that economic fluctuations and built-in increases can be accommodated, eliminating the structural imbalance.