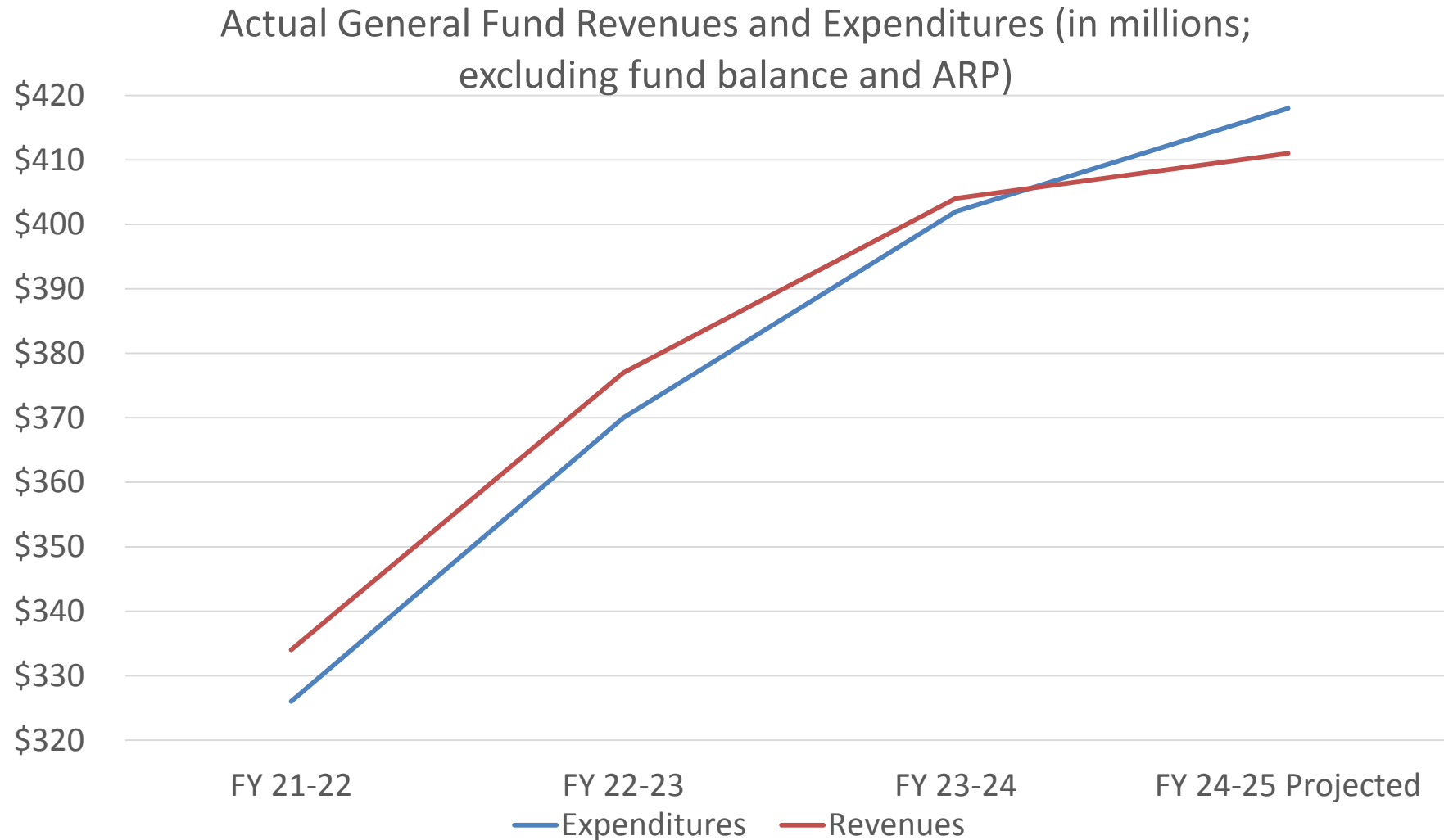


City Council Work Session Budget Drivers and Challenges



May 1, 2025

General Fund Trends Revenues and Expenditures



General Fund Trends Revenues and Expenditures

- Total expenditures increased 28% from FY 21-22 to FY 24-25.
- Total revenues increased 23% from FY 21-22 to FY 24-25.

Annual Percent Change from Previous Year		
	Expenditures	Revenues
FY 22-23	13.0%	12.5%
FY 23-24	9.9%	7.6%
FY 24-25 (Projected)	3.3%	1.3%
Average % Change	8.7%	7.1%

General Fund Expenditures - Personnel

	FY 24-25	FY 25-26 (Preliminary)	% Change
Minimum Wage	\$38,480 \$18.50 per hour	\$41,600 \$20 per hour	8.1%

Police and Fire Starting Salaries

Firefighter	\$49,724
Police	\$57,220

- Police and Fire starting salaries same as FY 24-25

General Preliminary FY 25-26

Merits/Steps or COLAs	4%
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General Fund Expenditures

Highlighted Maintenance & Operations ("Cost of Doing Business Increases")

	<i>in millions</i>	FY 24-25 Budget	FY 25-26 Budget (Preliminary)	% Change
Street Lighting		\$3.2	\$4.5	40.2%
Utilities		\$4.3	\$5.8	35.3%
Building and Grounds		\$4.3	\$5.6	30.1%
ED Incentives		\$0.7	\$2.4	237.8%
Diesel		\$1.9	\$2.1	10.4%
GM 911 Fund Support		\$8.3	\$10.1	22.4%
Parking Fund Support		\$0.7	\$3.6	414.2%

General Fund Expenditures

- Debt Service expenditures increased \$14.9 million
 - Increase driven by final issuance of 2016 GO Referendum Bonds, new 2022 GO Referendum Bonds
 - Projects included:
 - 2016 GO Bonds : \$126 m
 - \$25 M Housing Bonds
 - \$38 M Community & Economic Development
 - \$34.5 M Parks & Recreation
 - \$28 M Transportation
 - Property revaluation in FY 21-22 led to growth in Debt Service Fund and contributed over \$1M to fund balance improvement, nearing 23% of General Fund expenditures in FY 23-24
 - Fund balance is expected to stay the same in FY 2025 or slightly decline

2022 GO Bonds : \$135 m

- \$30 M Housing Bonds
- \$70 M Parks & Recreation
- \$15 M Transportation
- \$14 M Fire Facilities
- \$6 M Police Facilities

Debt Service Contributions

FY 24-25	\$42.6
<i>FY 25-26</i>	<i>\$43.2</i>
<i>FY 26-27</i>	<i>\$44.0</i>
<i>FY 27-28</i>	<i>\$46.8</i>

General Fund – Major Revenue Trends

- Main revenue sources have grown slowly in the current year and not expected to notably improve in FY 2025 - 2026
 - Growth in property tax in FY 22 – 23 and FY 23 – 24 was due to increase in City's tax rate
 - Tax rate remained the same in FY 24 – 25
- Assessed valuation typically only grows 1.75% - 2.00% year over year
- Next revaluation is 1/1/26, effective for FY 26 – 27 budget
 - Estimated FY 24-25 valuation (\$39.9 billion)
 - One cent = close to \$4,000,000
- Sales Tax showed historic growth up to 18% after the beginning of the pandemic, declining to 6% in FY 22 – 23. FY 23 – 24 was flat due to smaller allocation from County
 - Greensboro distributions fluctuate depending on changes in tax levies within County
 - FY 2025 resulted in a larger distribution, but will decline in FY 2026 due to High Point tax rate increase
 - Overall underlying retail sales growth and corresponding tax collections are slowing since FY 24, with outlook uncertain
- Most Intergovernmental revenues have decreased slightly since FY 21-22, except utility sales tax
 - ABC revenue decreased \$3.8 million
 - ABC Board is retaining more for working capital and store improvements