

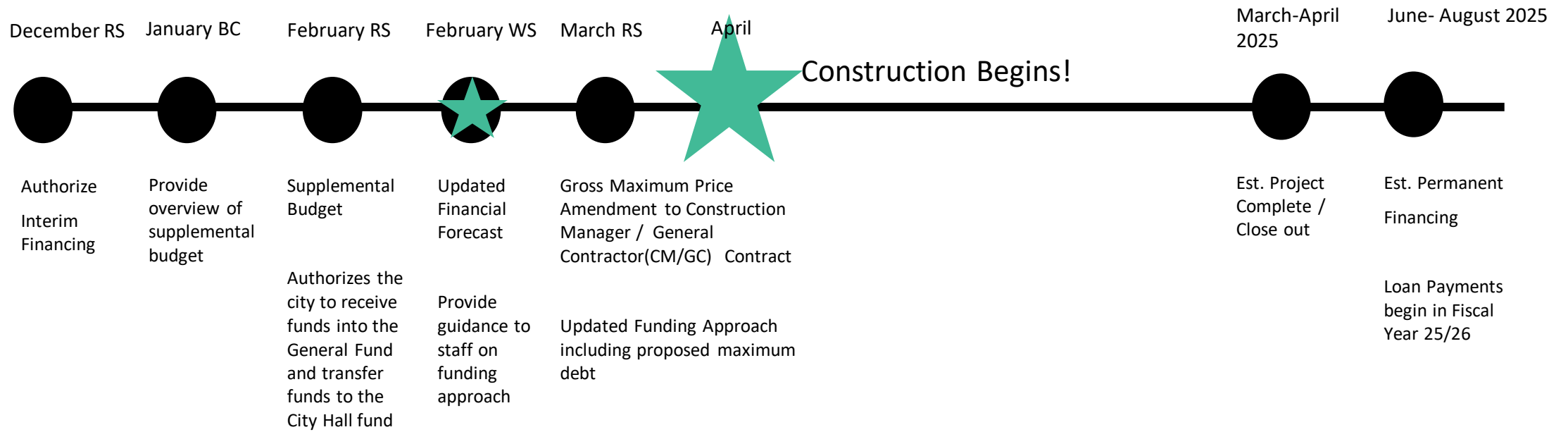
City Council Workshop

FEBRUARY 14, 2024

Update on Financial Forecast

Update on financial performance

- Incorporate 2023 audit
- High level scenario analysis



Forecast Scenarios

Why scenario plan?

- Consider a range of future possibilities so we can anticipate and plan for them
- Provides insight for forecasting and planning to make well informed estimates
- Evaluate choices and options to establish goals that are achievable

Scenarios

- The change variable is Transient Lodging Tax
 - This is the income that is pledged for our debt
 - 5% increase in requirements
 - Debt on approx. \$4.2M 20-year note at 4.5% is included (350K annual payment)
 - Assumes a base year (2024) of 1.3M – variations are based upon that as a starting point
- Measure is the over/under policy reserve number

Transient Lodging Tax Revenue

	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Projected STR Revenue	\$ 1,300,000	\$ 1,378,000	\$ 1,460,680	\$ 1,548,321

Transient Lodging Tax

Calculate average rate of growth for pre COVID years (FY 2013-2014 through FY 2018-2019) =11%

FY	Total Actual TLT	Percent Change
13/14	\$ 599,126	
14/15	\$ 678,788	13%
15/16	\$ 720,840	6%
16/17	\$ 811,090	10%
17/18	\$ 893,329	13%
18/19	\$ 1,026,517	15%
Average Rate of Growth		11%

Transient Lodging Tax

Starting with FY 2018-2019 increase revenue by 10% (a little less than the average) to current fiscal year = reduced to 1.3M to be conservative – then budget to that number.

<u>FY</u>	<u>Projected TLT</u>
18/19	\$ 867,303
19/20	\$ 954,033
20/21	\$ 1,049,436
21/22	\$ 1,154,380
22/23	\$ 1,269,818
23/24	\$ 1,396,799
23/24 Budget Est	\$1,300,000

Why?

An attempt to smooth out anomalies created by COVID. Still trying to figure out the new post COVID normal....

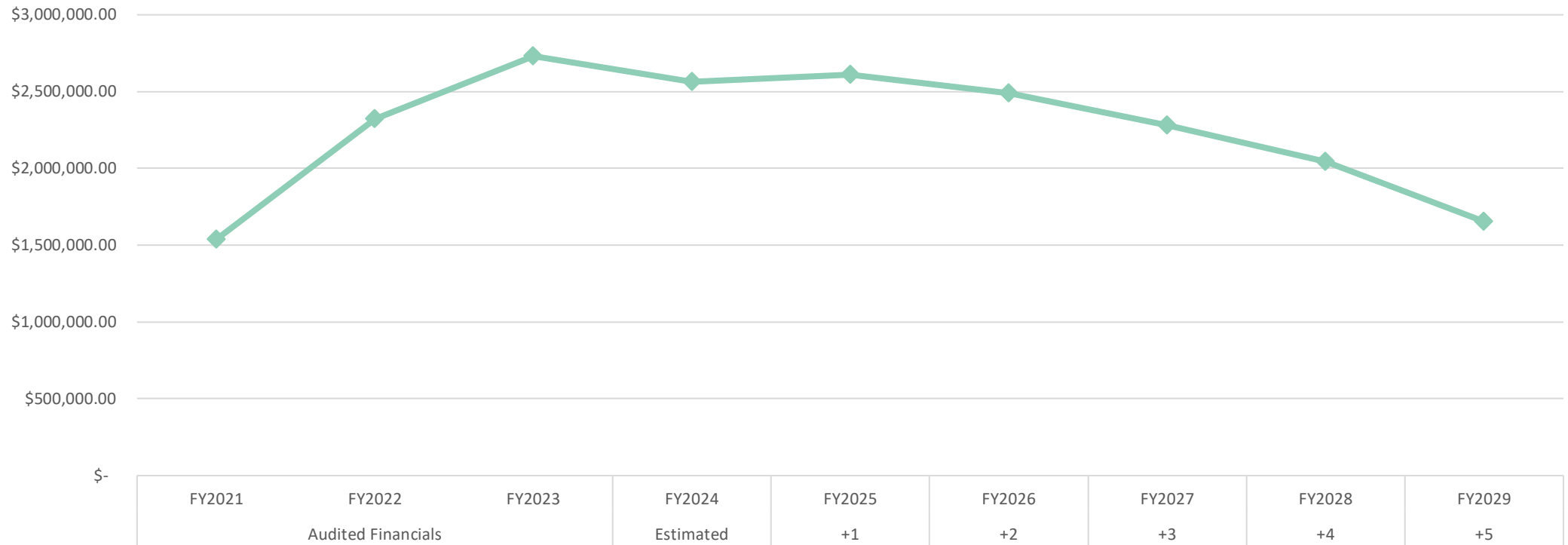
Transient Lodging Tax

Forecast- Increase revenue by 6% for future years

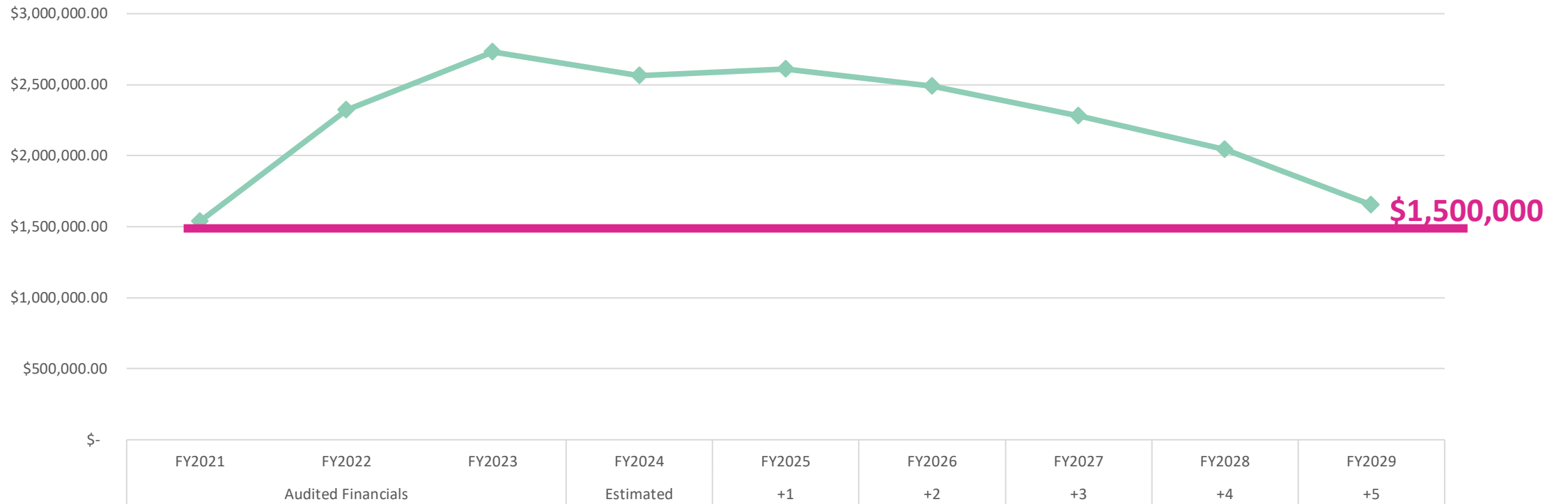
	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Projected STR Revenue	\$ 1,300,000	\$ 1,378,000	\$ 1,460,680	\$ 1,548,321

TLT declined 2% between FY's 2021-2022 and 2022-2023. With freeze and potential for new methodology for limiting new permits (thus decreasing potential new revenue) a conservative approach is advisable.

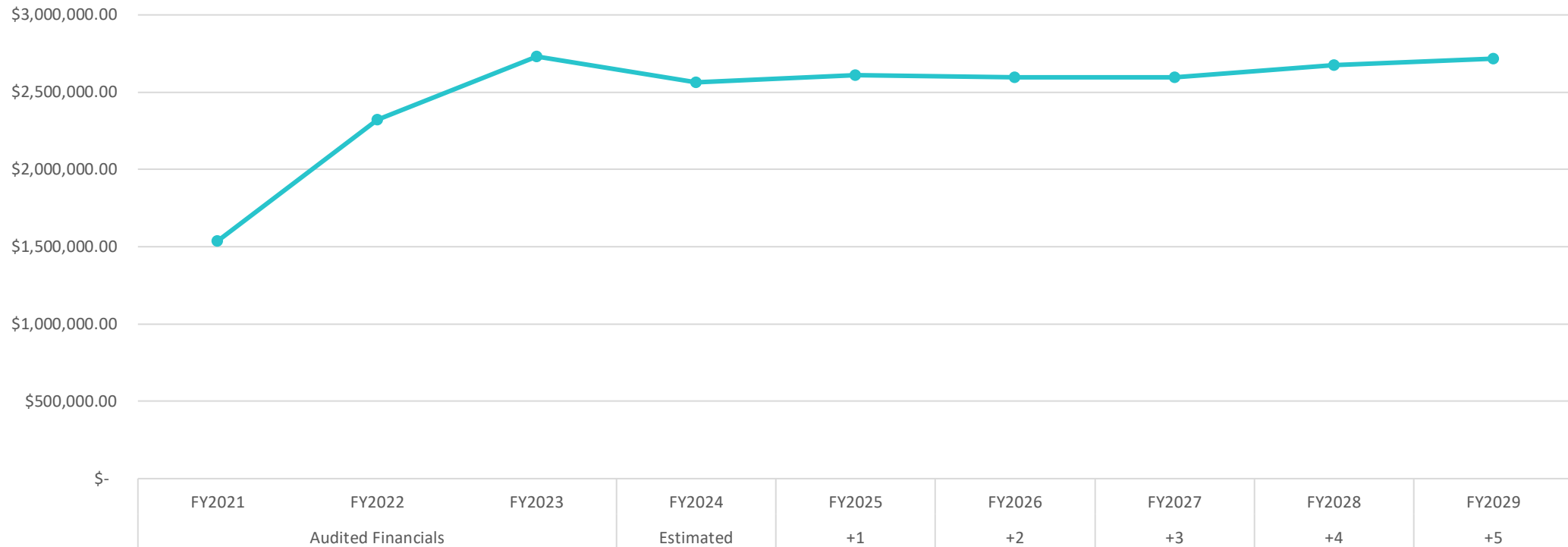
Scenario 1- Decline



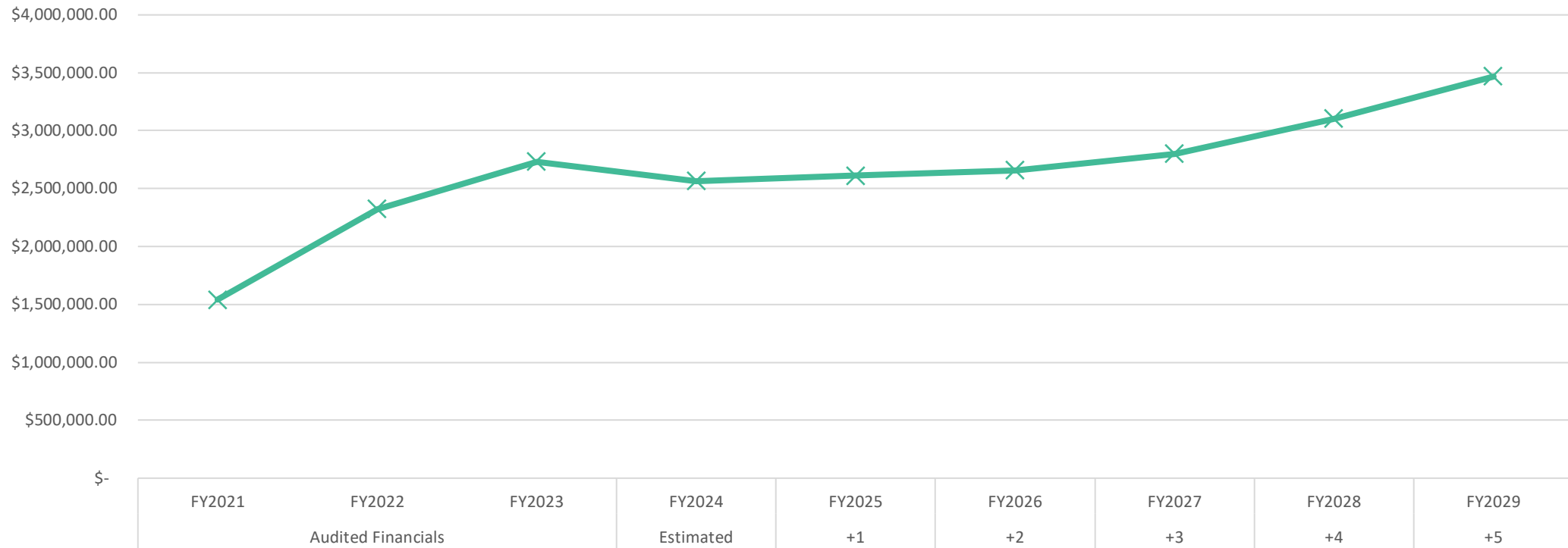
Scenario 1- Decline

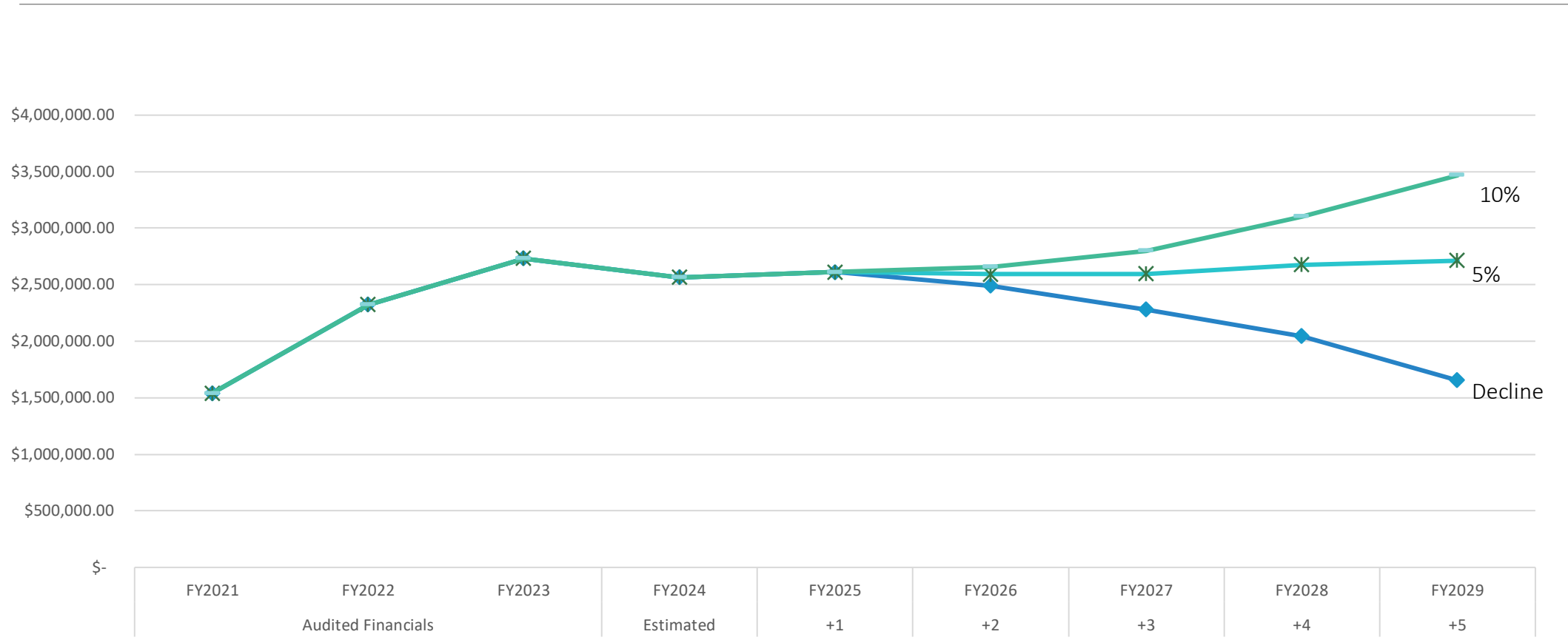


Scenario 2 – 5% growth



Scenario 3 – 10% growth



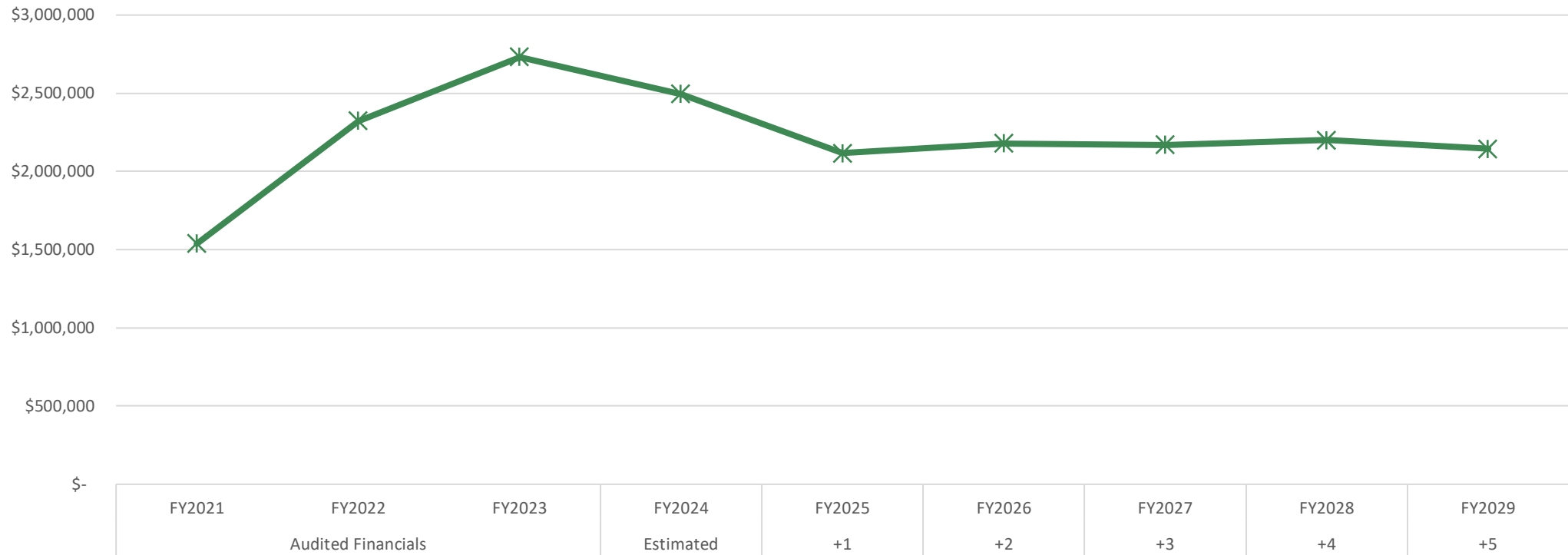


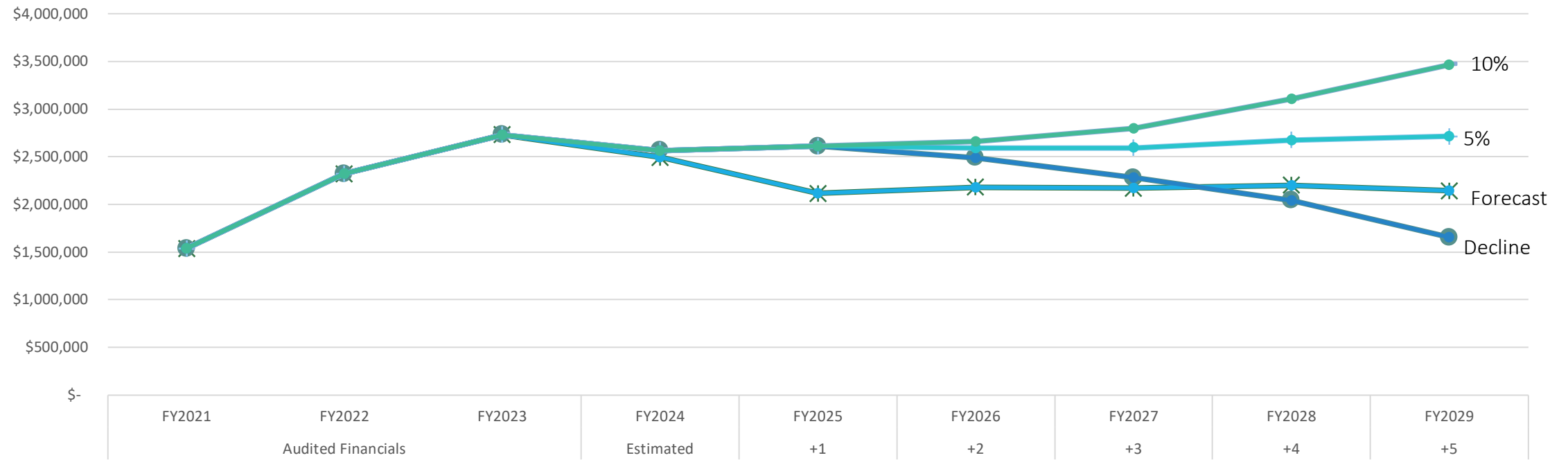
FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
	Audited Financials		Estimated	+1	+2	+3	+4	+5

Scenario 4

- Started with FY 2024 Forecast
- Updated Revenue and Expenses to reflect FY 2023 Audit
- \$1.4M as the base year for TLT for FY 25
- Debt on approx. \$4.2M 20-year note at 4.5% is included (350K annual payment)

Scenario 4 - Over (under)





All Scenarios