

City of El Monte 10-Year Budget Forecast Model

City Council Study Session
Financial Sustainability Plan
October 6, 2014

Management
Partners



Project Purpose

- Conduct an independent assessment of El Monte's fiscal condition and prepare a long-term financial forecast
- Conduct an organization-wide scan to identify opportunities for budget stabilization

Tonight's Focus

- Review the City's current and projected financial condition and underlying budget assumptions
- Discuss the implications of the long-term forecast on El Monte's ability to achieve financial sustainability in the future
- Review next steps



Preliminary Observations

- El Monte is nowhere near financial sustainability
- Despite major cuts in the past, **more** difficult choices lie ahead
- The budget forecast estimates are **realistic**, not conservative
- Actual deficits will be **worse** than the forecast projections, due to the magnitude of unknown and unmet needs

Preliminary Observations, continued

- Economic development is good, but will not solve the financial challenges or budget deficit
- The magnitude of the deficit means the City must think ***BIG***
 - Opportunities that could generate significant financial benefit
 - Opportunities within the City's control

Budget Forecast

- El Monte has not had a long-range budget forecast before
- Annual budget document provides little guidance on revenue and expenditure trends
- City Council needs to know financial parameters it is working within to set sound policies and ensure a balanced, sustainable budget over time

Budget Forecast Model

- Is transparent about assumptions
- Evaluates alternate outcomes
- Shows resulting impact on General Fund and Retirement Tax Fund
- Helps staff and Council make informed, prudent, and timely fiscal decisions
- Can be updated periodically by staff to show progress toward goals

Basis for Assumptions

- Property Tax: growth model based on HdL data
- Sales Tax: based on MuniServices projections
- Utility Users Tax (UUT): based on MuniServices projections
- Other Revenues: historical growth
- Staffing: FY2015 budget with no change over time
- Salary/Benefits: FY2015 budget plus 12/31/15 pay increases, merits and optional COLAs

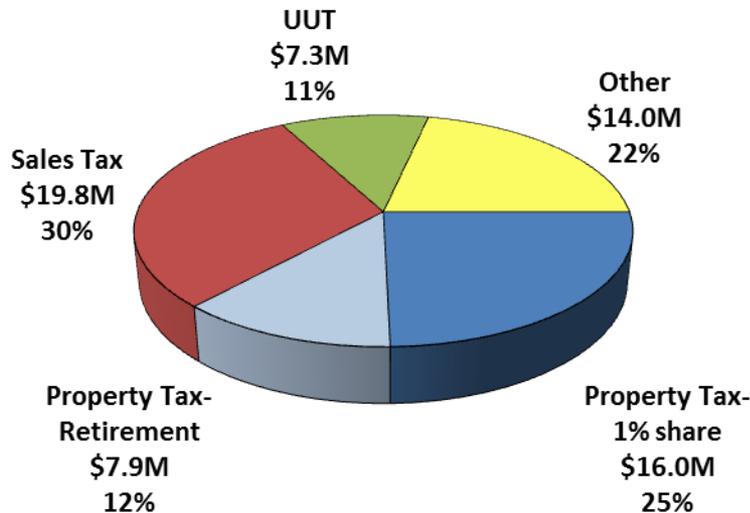
Basis for Assumptions, continued

- PERS: growth model based on CalPERS 6/30/12 valuation projections plus mortality and Public Employee Pension Reform Act (PEPRA) impact estimates
- Public Agency Retirement Services (PARS) Costs: based on Milliman actuarial report
- Health/Other Post-Employment Benefits (OPEB): growth rates per Nicolay actuarial
- Non-Personnel Costs: FY2015 budget @ CPI growth
- Fire Contract: assumes current service levels/stations
- Air Support Unit: assumes it continues (\$847,00 net cost including staff)

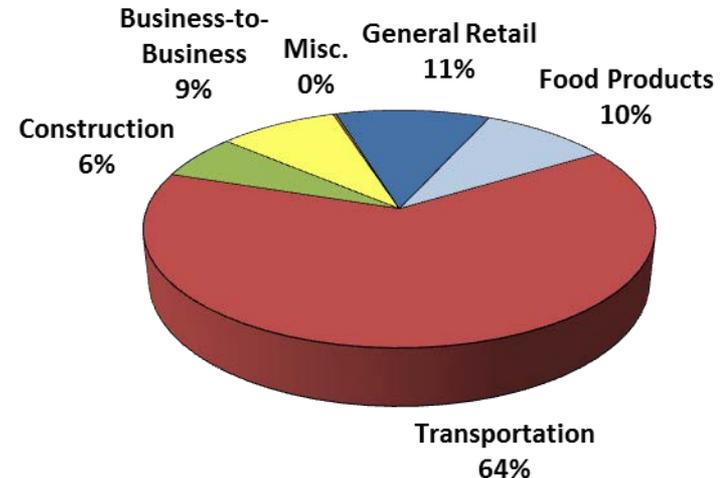
Revenue Findings

- Over-concentration of revenues
 - Property, sales, utility taxes comprise 78% of total
 - 64% of sales tax from transportation sector (vehicle sales)

Total Revenue by Type
(\$64.9M in FY2015 for General+Retirement Tax)



Sales Tax by Economic Sector
(\$15.2M in FY2015)



Revenue Findings, continued

- El Monte has higher than average tax levels
 - Property tax for retirement costs
 - Only 24 agencies statewide eligible for such a tax rate after *Carman v. Alvord* case
 - Total sales tax rate of 9.5%
 - Only 3 cities are higher in the state, at 10%, all in Los Angeles County
 - Utility Users Tax: 6.5% communications, 7% gas/electric
 - Compares to 5.3% average statewide for UUT cities, 4.7% average for UUT cities in Los Angeles County

Revenue Findings, continued

- There are constraints in tax revenue growth potential
 - Disciplined approach avoids wishful thinking about capacity for revenue growth
 - Will discuss growth drivers for property, sales and utility users taxes

Property Tax

- Ongoing growth of 3.2%
- Model projects following elements using HdL data:
 - Prop 13 inflator (0.454% in FY2015 vs. usual 2%)
 - Prop 8 value recovery (loss not that high, phases out over 3 years)
 - New construction (based on historical non-residential trends and 50 units/year)
 - Ownership Transfers (current median value \$400,000)
 - Takes into account pending appeals

Components of Property Tax Forecast Growth Rate - No Recession

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Prop 13 Inflator	0.4%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.9%
Prop 8 Recovery	1.2%	1.0%	0.8%	-	-	-	-	-	-
Ownership Transfers	1.0%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Construction-Res	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%
Construction-NonRes	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Appeals	-0.1%	-0.1%	-	-	-	-	-	-	-
Total Growth	3.0%	3.9%	3.9%	3.1%	3.1%	3.2%	3.2%	3.2%	3.2%

Sales Tax

"Most Likely" Sales Tax Forecast - No Recession (\$ in Mil.)

Sector	FY15 Share	Base 13-14	Projection Including Adjustments					
			14-15	15-16	16-17	17-18	18-19	19-20
General Retail	11%	\$1.6	\$1.6	\$1.7	\$1.7	\$1.8	\$1.9	\$1.9
Food Products	10%	1.3	1.3	1.4	1.5	1.5	1.6	1.6
Transportation	64%	8.4	8.7	9.1	9.4	9.8	10.2	10.6
Construction	6%	0.9	0.8	1.0	1.0	1.1	1.1	1.1
Business-to-Business	9%	1.1	1.2	1.1	1.2	1.2	1.3	1.3
Miscellaneous	0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Collections*	100%	13.3	13.7	14.3	14.8	15.4	16.0	16.6
Late/Prior Payments		0.1	0.1	0.1	0.1	0.1	0.1	0.1
State/County Pools		1.6	1.6	1.7	1.7	1.8	1.9	1.9
Admin Costs		(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Economic Basis		14.8	15.2	15.8	16.5	17.1	17.8	18.5
Net Triple-Flip Adjustments		0.2	(0.1)	0.8	0.0	0.0	0.0	0.0
1% Inflation Adjustments**		0.0	0.2	0.2	0.2	0.2	0.2	0.2
Local+Flip (1% tax)		15.1	15.3	16.8	16.6	17.3	18.0	18.7
Percent Change			1.53%	10.11%	-1.06%	3.94%	3.84%	3.84%
Measure GG Local Tax		\$4.2	\$4.2	\$4.3	\$4.1	\$4.2	\$3.4	\$0.0

*Sectors include following net total adjustments:

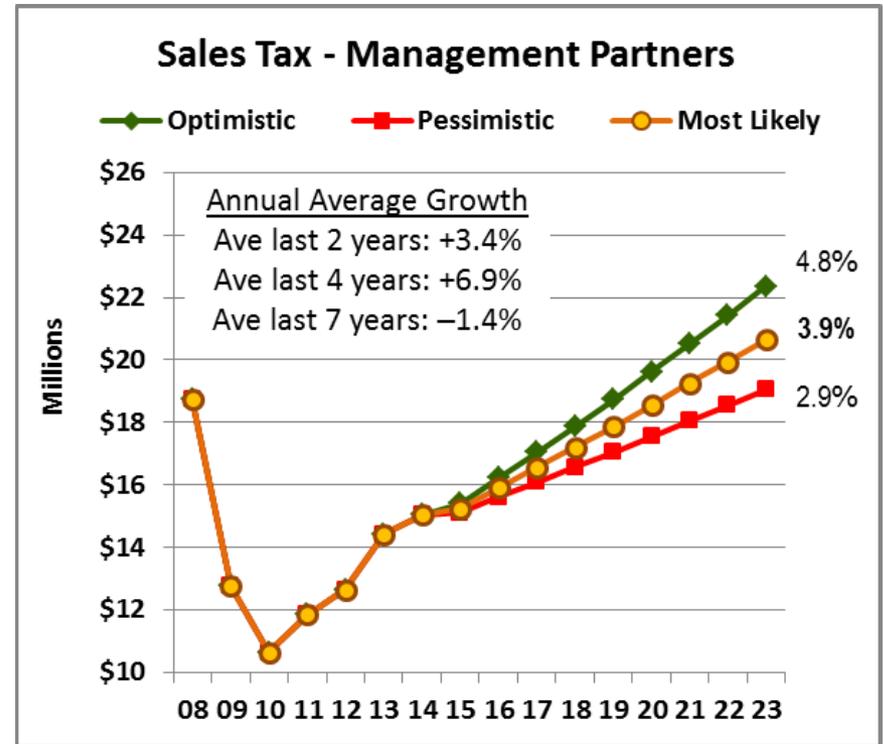
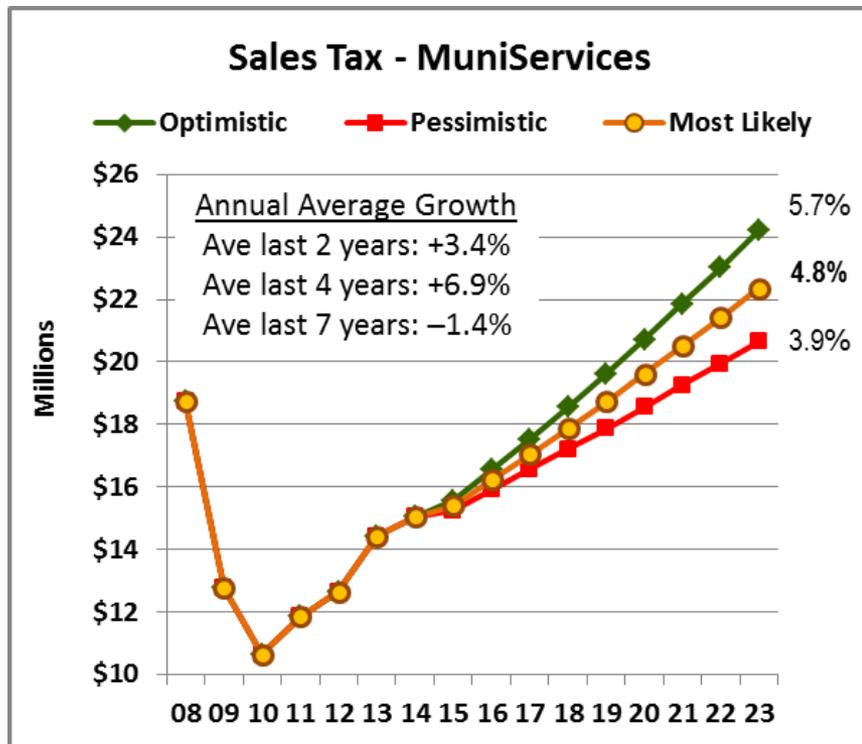
\$0.0	\$0.4	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
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**MuniServices uses 2% inflator on top of adjustments for their "most likely" forecast, while Management Partners uses 1%

- MuniServices forecast with lower inflator, ongoing 3.8% growth
- Risks of heavy reliance on vehicle sales
- Includes adjustments for business changes
- Assumes Measure GG expires in 2019

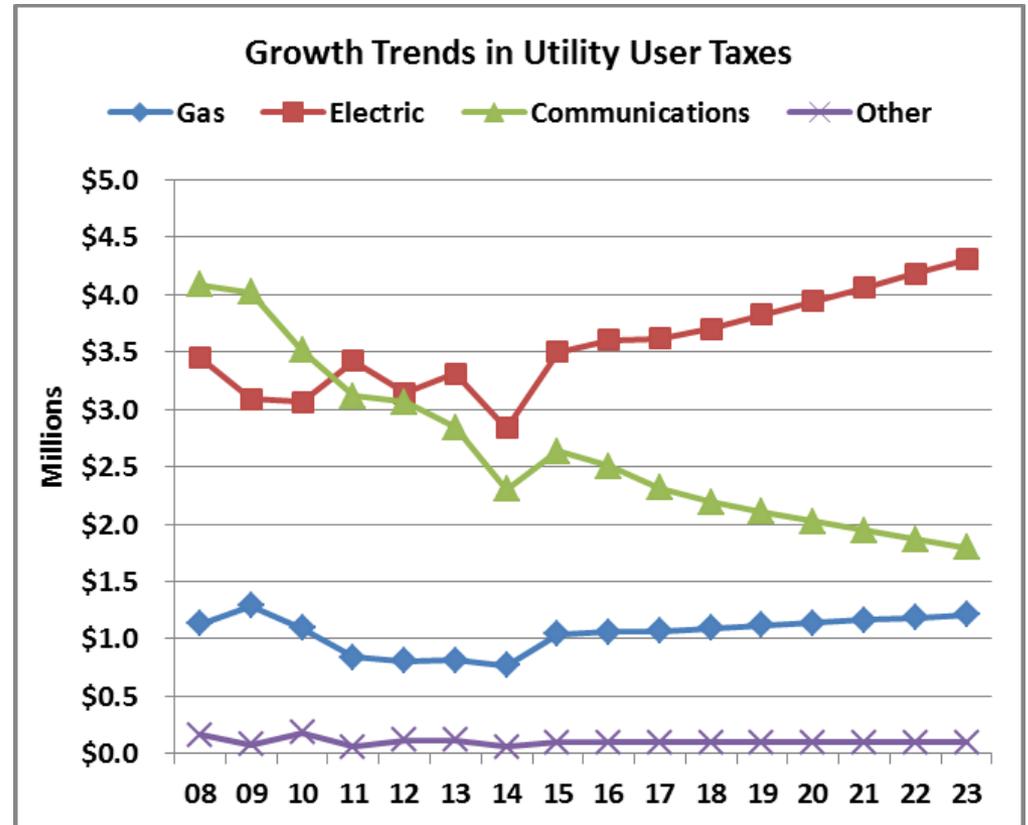
Comparison of Muni & MP Forecasts for Sales Tax Without Recession

- Forecast includes individual business adjustments, compounded over time, plus inflator; shows 3 revenue growth scenarios
- MP uses lower inflator than Muni; more conservative growth assumption over multi-year period



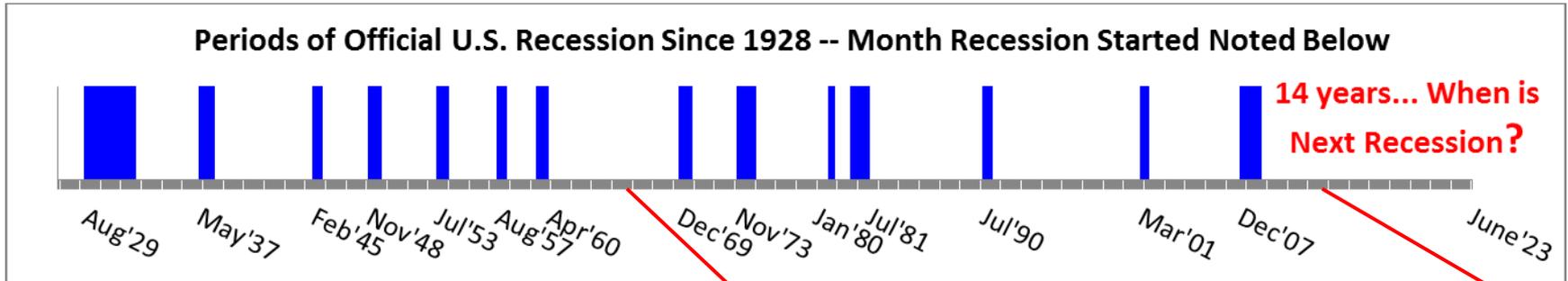
Utility Users Tax

- UUT has unique issues
- Communications has been declining steadily since 2008
- Expect slow growth for gas and electric
- Trends through FY2018 from MuniServices forecast of “most likely” growth rates
- Overall long-term growth: virtually no net gain

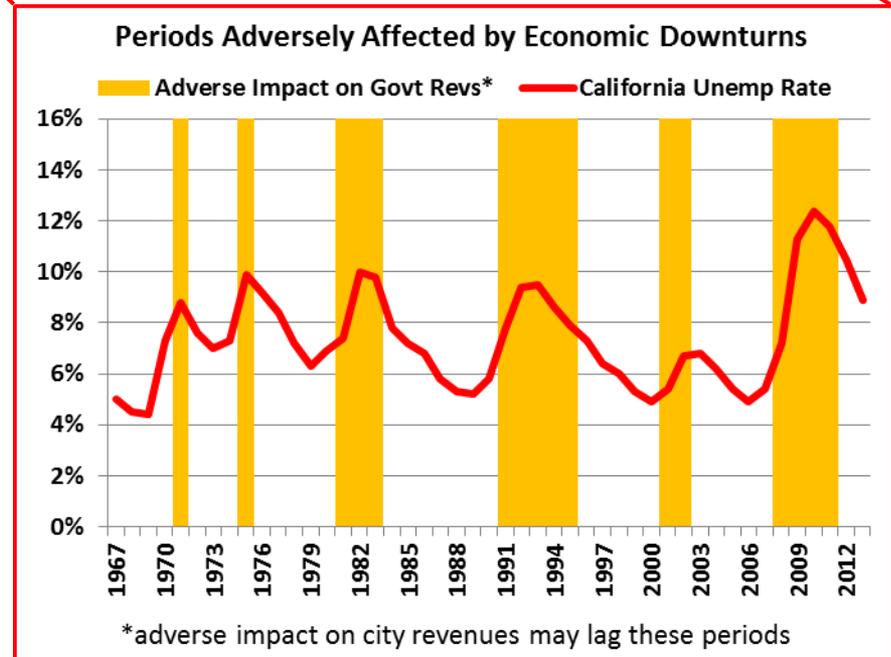


Note: awaiting accruals from City for 2014 which will increase amounts in that year

Prospects for Recession



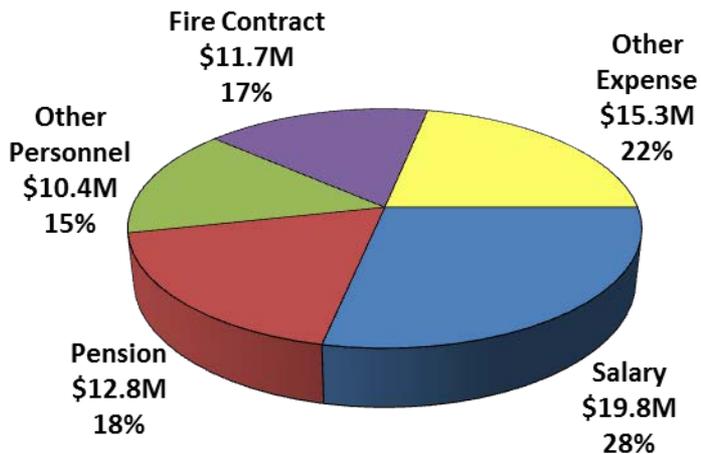
- Recessions have occurred on average every 6.5 years since 1928
- Severity and duration difficult to predict
- Prudent to assume a modest recession during forecast period



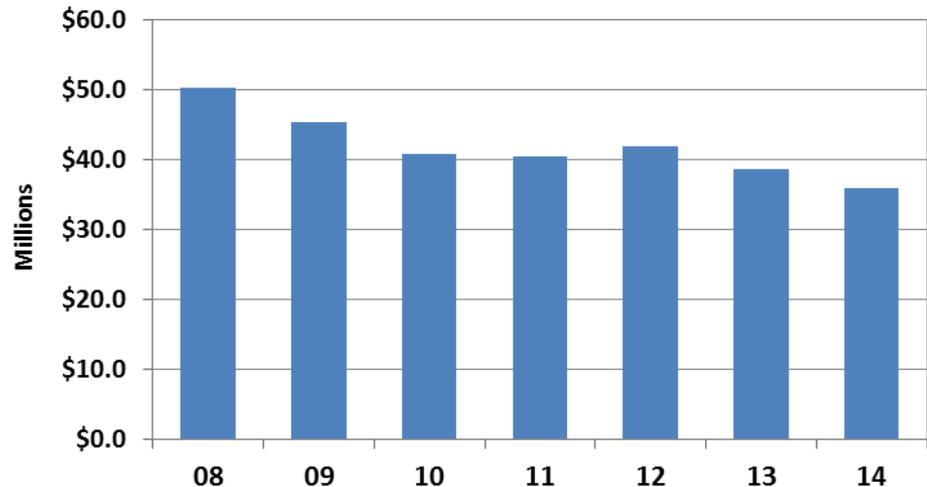
Expenditure Findings

- Personnel costs in FY2015 are 61% of total General and Retirement Fund expenditures
- Labor costs held down in past through cuts and vacancies - not a sustainable strategy for “service solvency”

Total Expenditures by Type
(FY2015 General+Retirement Funds)



Total General Fund+Retirement Personnel Cost
(Reflects Personnel Cuts & Vacancies)



Major Cost Drivers

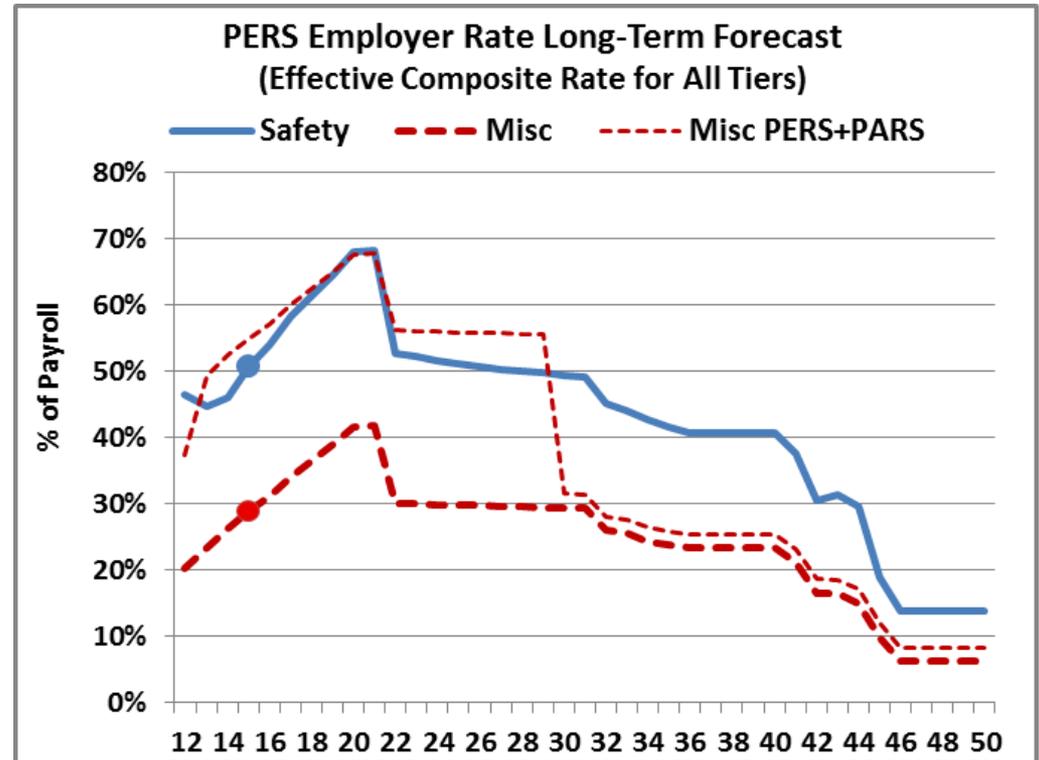
- Future COLAs granted in years after the deferred increases begin in 2015
- PARS is being under-collected by \$1M; corrected in forecast
- Retiree medical plan funding is less than half of Annual Required Contribution (ARC) level
- Annual increase for retiree and employee health benefits averages 5.7%; City currently absorbs cost of premium increases

Major Cost Drivers, continued

- Fire contract increased \$3.5M in 2014, includes reopened Station #167 (former Station #2)
- Air Support Unit flies 1,200 hours/year (14% of time) at \$847K net cost
- CalPERS costs will surpass retirement tax revenue
 - Increases by 82% at peak in FY2021 (from \$9.3M to \$16.9M), before falling to \$3M with unfunded liability amortization starting in FY2022

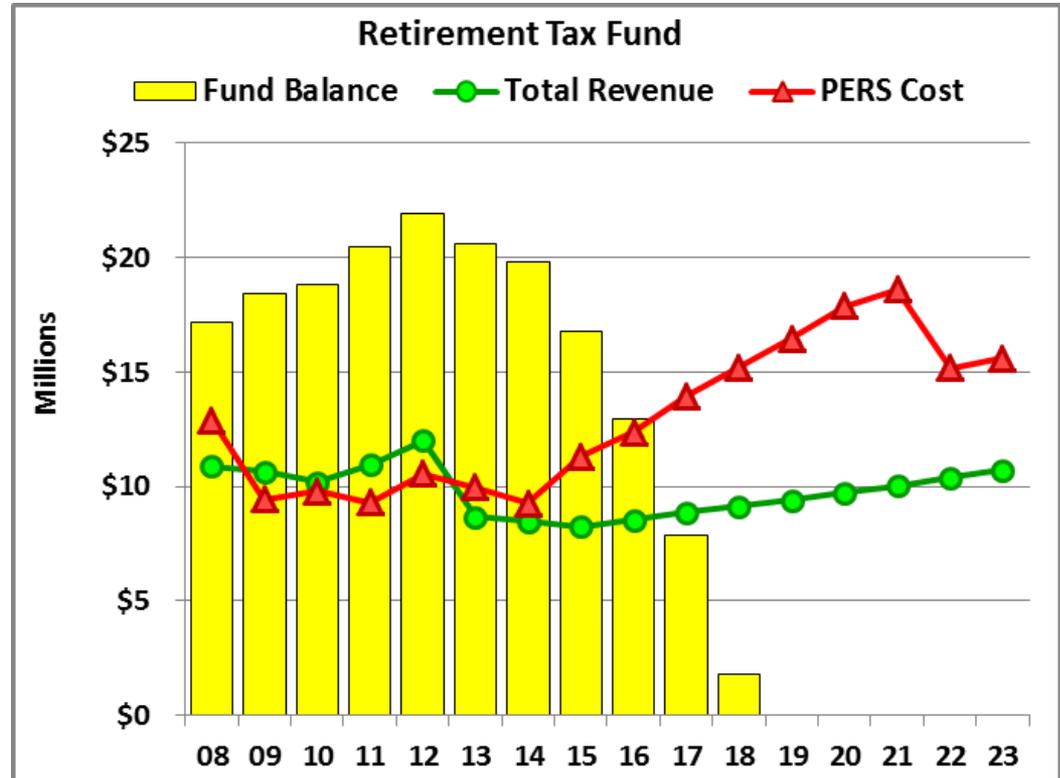
CalPERS Projected Rate Increases

- Model based on 2012 valuation
- Factors influencing employer rates:
 - 0.25% discount rate cut
 - Rate smoothing and unfunded amortization changes (paid off over fixed time periods)
 - Mortality improvements (new)
 - PEPPRA lower costs for new hires (saves over time as turnover occurs)
- Employer Paid Member Contribution (EPMC) adds to total CalPERS costs



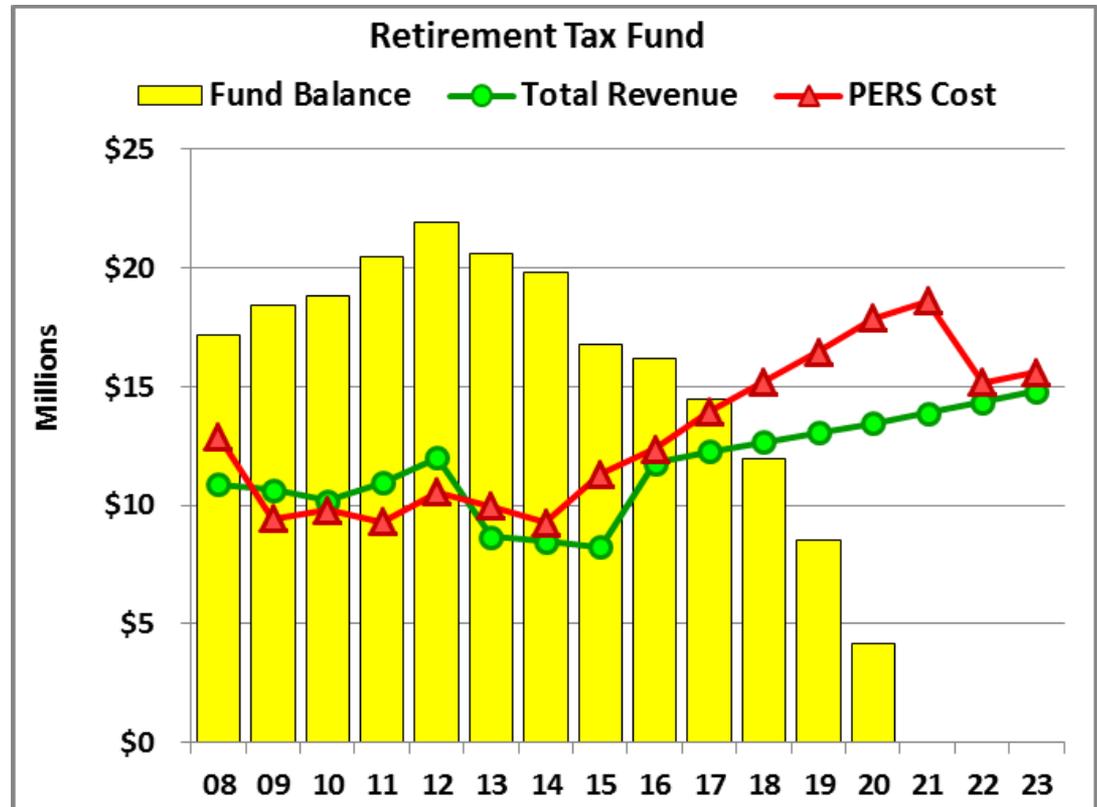
Impact on Retirement Tax Fund

- As CalPERS costs (red line) exceeds tax with AV growth (green line), reserve (yellow bars) is drawn down
- General Fund subsidy will be required starting FY2019; totals \$31.6M through FY2023
- This assumes tax rate stays at 0.15% as per the past 20 years
- City's maximum rate by law is 0.209%, the amount levied in FY1983 and FY1984



Retirement Tax Fund at Maximum Rate

- At maximum rate, the reserves decline more slowly; last until FY2020
- Most of required General Fund subsidy through FY2023 eliminated (only \$2.2M vs. \$31.6M)
- Close match between projected tax revenue and CalPERS costs starting FY2022



Budget Scenarios

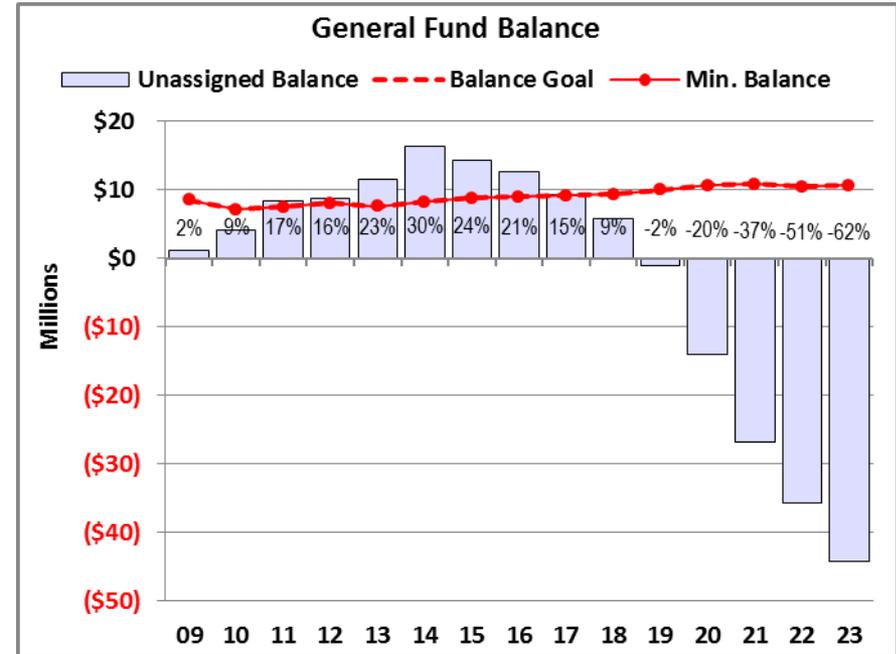
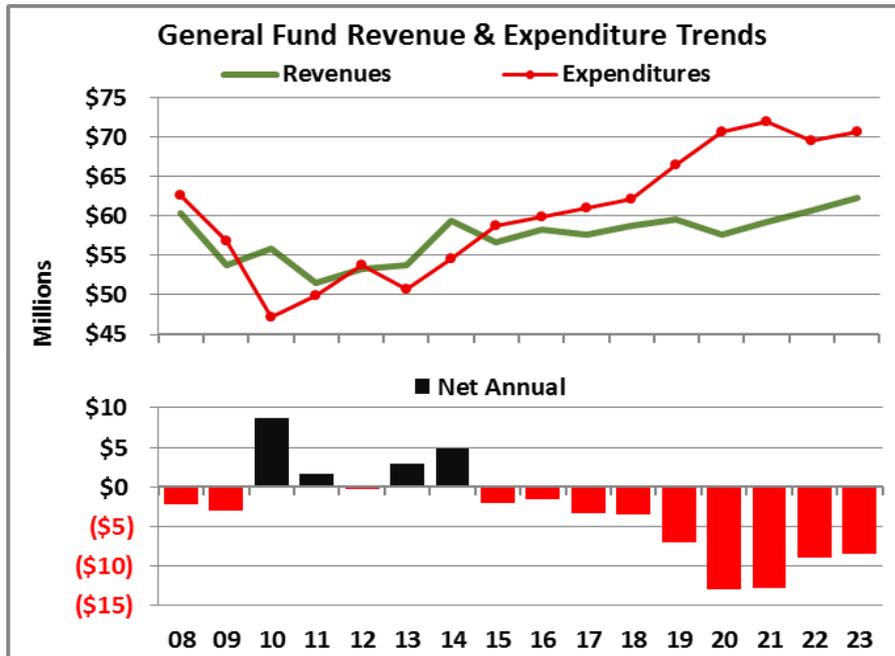
- Many scenarios can be modeled, three are shown here:
 - Scenario 1: Baseline Budget without labor cost increases, retirement tax at 0.15%, before budget cuts
 - Scenario 2: Baseline Budget with 2% annual salary COLAs, before budget cuts
 - Scenario 3: Measure GG renewed, retirement tax at 0.209%, and cuts to balance budget at 15% reserve level

Other Assumptions

- Deferred COLAs effective end of 2015 included, no COLAs in Scenario 1
- No change in staffing (despite workload/population growth)
- OPEB costs at pay-as-you-go levels, not ARC (unfunded liabilities grow)
- 3% vacancy savings built in (none currently budgeted)
- 2% growth in non-personnel costs from 2015 budgeted levels
- Modest recession in 2017 (must factor into longer-term plan)

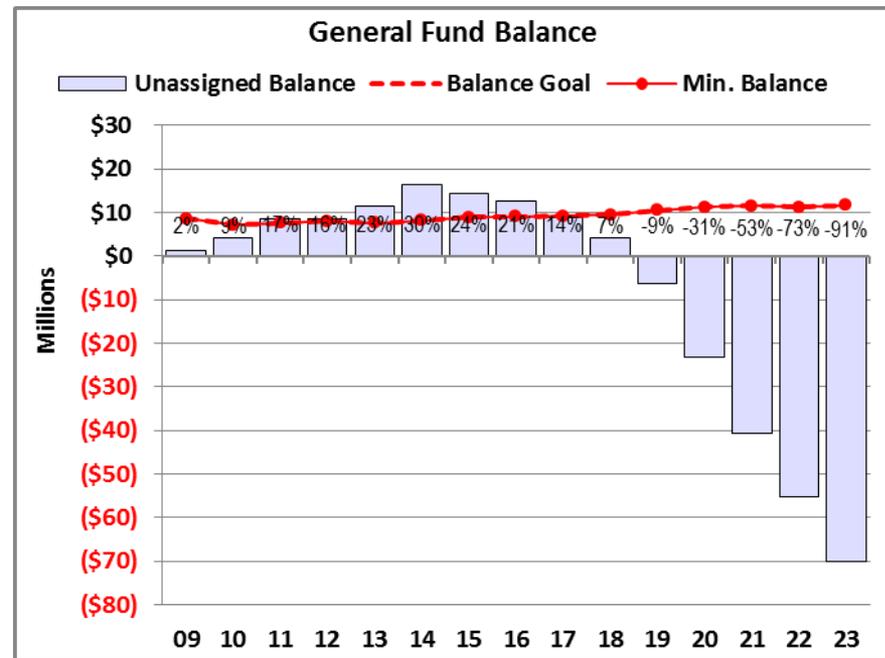
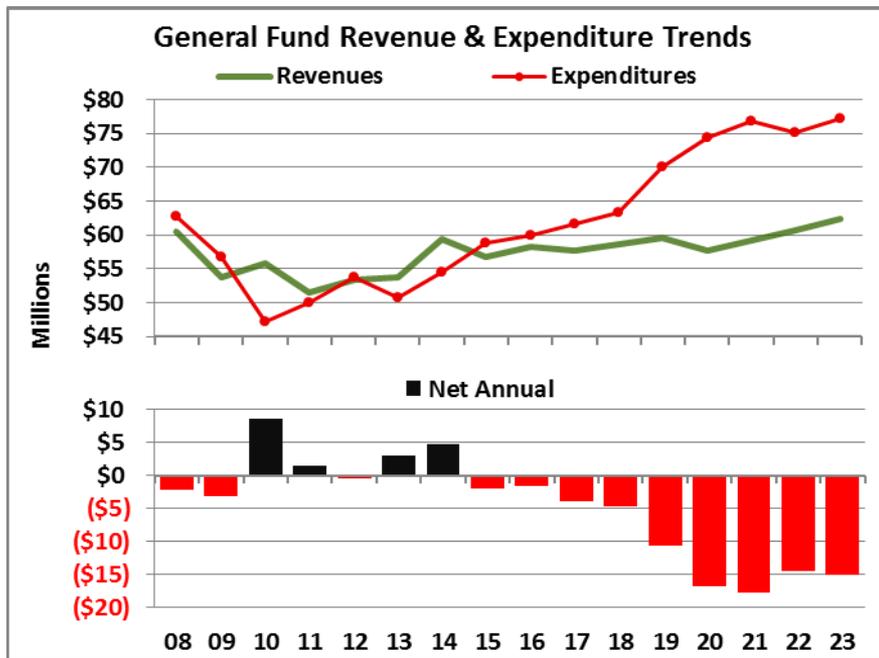
Scenario 1:

Baseline Budget Without Labor Cost Increases



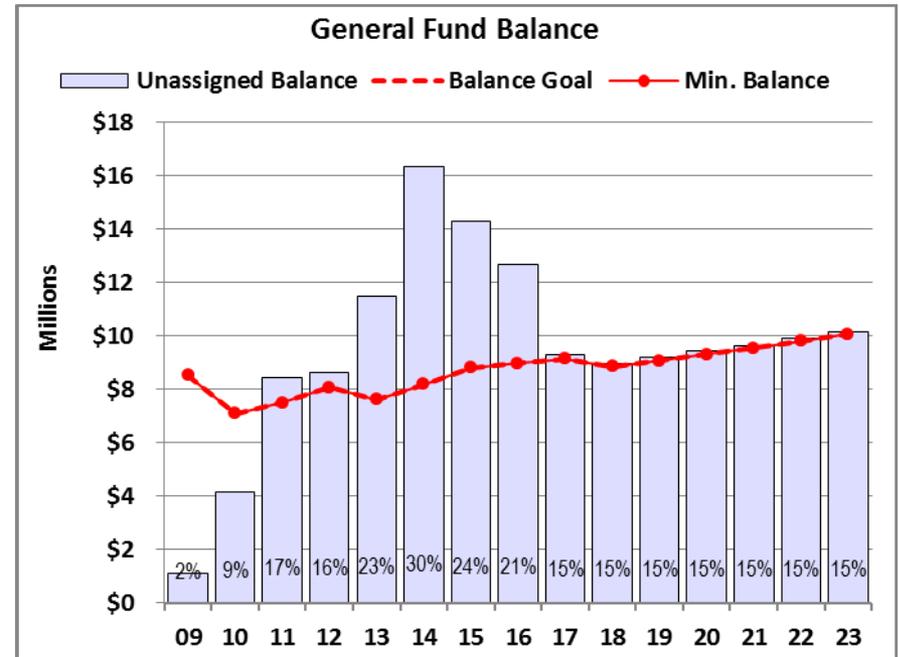
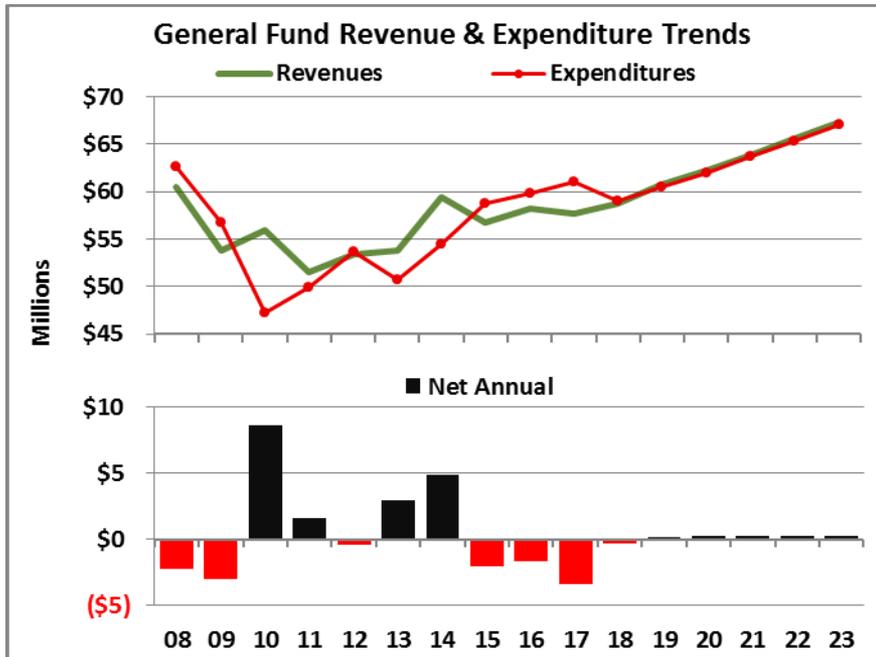
- Scenario 1 is unrealistic: does not address labor costs; follows years of deferred COLAs; recruitment and retention issues; no funding to address the unmet needs for facilities, infrastructure (yet to be identified); deficit results anyway
- 2019 is key year: loss of Measure GG tax, start of General Fund retirement subsidy, deficit by year-end
- Initial average shortfall of \$2.6M (FY2015 to 18), grows to average \$10M (FY2019 to 23)

Scenario 2: Baseline Budget With 2% COLAs



- Addresses labor costs, but financial shortfall grows (2% COLAs add \$26M in costs through FY2023)
- Still no funding to address the unmet needs for facilities, infrastructure
- Initial average shortfall \$3M (FY2015 to 18), grows to average \$15M (FY2019 to 23)

Scenario 3: Measure GG Renewed, Max Retirement Tax, Cuts to Balance



- This is Scenario 2 but with budget balanced starting FY2018, and reserve maintained at 15%
- Retains Measure GG's \$4M in tax revenue, higher retirement tax saves General Fund \$34M
- Still requires budget solutions to close remaining \$4 to 6M gap

Opportunities Within El Monte's Control

1. Consider asking voters to extend Measure GG sales tax
2. Consider increasing retirement tax rate up to maximum permitted
3. Reduce personnel costs
4. Improve cost recovery for services provided
5. Scale back or eliminate certain programs and services

Major Risks and Unknowns

- State of the economy, potential for future recession
- Measure GG requires voter approval
- Over-reliance on auto dealers
- Unfunded liabilities and unmet needs (i.e., deferred infrastructure maintenance) are not adequately identified, which means the projected shortfall is understated



Major Risks and Unknowns, continued

- Need cost allocation plan and fee study: maximize cost recovery from current services/resources
- Water fees inadequate: unable to make payments to General Fund for water rights; coverage ratio for water bonds currently inadequate
- Potential shortfall to repay \$10.5M in 2011 Lease Revenue Bonds: Measure R transportation revenues not enough, also need Successor Agency or other funds, property sales

Next Steps

- Complete analysis on major areas of opportunity
 - Revenue enhancements
 - Compensation changes to control personnel costs
 - Alternative service delivery models
 - Reduction or elimination of certain services
- Prepare draft report, transmit by end of October
- Review report with City Council in November

Questions?

Scenario 1 Forecast

(Baseline Budget With No Labor Cost Increases)

GENERAL FUND (\$ in Mil.)	Actual					Estimate					Projected					
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Tax	\$15.00	\$15.59	\$13.77	\$15.11	\$15.23	\$15.62	\$15.93	\$15.99	\$16.65	\$17.33	\$17.91	\$18.52	\$19.15	\$19.81	\$20.49	\$21.20
Sales Tax	19.13	13.88	13.80	15.57	16.79	18.68	19.56	19.77	20.60	19.57	19.93	19.95	17.23	17.87	18.52	19.17
Utility Users Tax	8.82	8.48	7.85	7.44	7.13	7.09	5.96	7.27	7.27	7.10	7.08	7.16	7.21	7.27	7.34	7.41
Other Taxes	4.64	4.50	5.34	4.47	4.61	4.30	4.55	4.98	5.06	4.97	5.09	5.22	5.31	5.39	5.47	5.55
Permits & Fees	4.48	4.42	5.03	3.40	3.44	3.33	3.36	4.04	4.00	3.96	3.98	4.02	4.06	4.10	4.14	4.19
Other Revenue	8.38	6.89	10.10	5.56	6.14	4.73	10.00	4.65	4.67	4.69	4.70	4.71	4.73	4.74	4.76	4.77
Total Revenues	60.45	53.76	55.89	51.55	53.34	53.75	59.37	56.71	58.25	57.61	58.71	59.58	57.69	59.18	60.71	62.29
Salaries	24.73	23.55	17.99	17.83	17.70	16.97	16.24	20.26	20.92	21.59	21.89	22.20	22.51	22.82	23.14	23.46
Overtime	2.46	1.77	1.74	1.92	1.60	1.67	1.81	1.71	1.79	1.87	1.90	1.93	1.95	1.98	2.01	2.04
Health/Dental/Vision	4.57	4.82	3.05	3.61	3.46	3.05	2.52	3.01	3.19	3.38	3.57	3.76	3.95	4.15	4.35	4.56
PARS Retirement	1.83	1.98	1.29	1.27	1.16	0.86	0.78	1.76	1.82	1.89	1.92	1.95	1.98	2.01	2.04	2.07
Retiree Medical	-	0.00	0.86	1.40	1.54	1.61	1.80	2.12	2.25	2.38	2.53	2.69	2.82	2.98	3.14	3.29
Other Pay & Benefits	3.73	3.85	6.09	5.05	5.88	4.50	3.37	3.78	3.93	4.10	4.15	4.21	4.27	4.33	4.39	4.45
Vacancy Savings	-	-	-	-	-	-	-	(0.89)	(0.92)	(0.96)	(0.97)	(0.99)	(1.01)	(1.03)	(1.05)	(1.06)
Subtot Personnel	37.32	35.97	31.03	31.08	31.33	28.65	26.52	31.74	32.98	34.25	35.00	35.75	36.48	37.25	38.02	38.82
Fire Contract	9.84	9.82	7.59	7.89	8.12	8.45	12.14	11.71	11.94	12.18	12.42	12.67	12.93	13.18	13.45	13.72
Contracts & Other Services	2.94	2.42	2.53	3.66	6.27	6.05	4.53	5.31	5.21	5.31	5.42	5.53	5.64	5.75	5.87	5.99
Insurance & Other Expense	5.66	6.10	5.14	6.19	6.61	5.98	5.67	7.24	7.08	7.40	7.49	7.65	7.80	7.95	8.11	8.28
Debt Service	1.07	0.94	0.93	0.96	0.91	0.90	5.29	1.16	1.00	1.00	1.00	0.57	0.08	0.08	0.08	0.08
Capital Outlay/Transfers Out	5.86	1.54	0.01	0.18	0.47	0.73	0.36	1.56	1.66	0.84	0.85	0.96	0.92	0.93	0.95	0.97
Budget Adds (Cuts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	62.68	56.79	47.22	49.96	53.70	50.76	54.52	58.72	59.88	60.98	62.17	63.12	63.84	65.15	66.48	67.84
Net Annual Surplus (Shortfall)	(2.23)	(3.03)	8.67	1.59	(0.36)	2.98	4.85	(2.02)	(1.63)	(3.37)	(3.47)	(3.53)	(6.16)	(5.97)	(5.77)	(5.55)
Retirement Fund Support	-	-	-	-	-	-	-	-	-	-	-	(3.41)	(6.81)	(6.82)	(3.12)	(2.87)
Restatements/Prior Periods	(4.96)	4.26	40.20	(80.50)	0.58	0.00	-	-	-	-	-	-	-	-	-	-
Total Beginning Fund Balance	63.31	60.38	97.55	25.72	27.89	27.53	30.51	35.37	33.35	31.72	28.35	24.88	17.94	4.96	(7.83)	(16.72)
Total Ending Fund Balance	56.12	57.35	106.22	27.31	27.53	30.51	35.37	33.35	31.72	28.35	24.88	17.94	4.96	(7.83)	(16.72)	(25.14)
Dedicated Reserves	N/A	56.08	101.67	18.87	18.89	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04
Unassigned Balance	N/A	1.10	4.16	8.44	8.64	11.47	16.32	14.31	12.67	9.31	5.84	(1.11)	(14.08)	(26.88)	(35.77)	(44.19)
% of Total Expenditures	N/A	1.9%	8.8%	16.9%	16.1%	22.6%	29.9%	24.4%	21.2%	15.3%	9.4%	(1.7%)	(19.9%)	(37.3%)	(51.4%)	(62.5%)
RETIREMENT TAX FUND	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Revenues	10.89	10.66	10.19	10.95	12.01	8.68	8.47	8.23	8.55	8.88	9.14	9.42	9.71	10.04	10.37	10.72
Total Expenditures	12.89	9.42	9.80	9.29	10.57	9.96	9.26	11.30	12.36	13.68	14.61	15.51	16.53	16.86	13.49	13.59
Net Annual Surplus (Shortfall)	(2.00)	1.24	0.39	1.66	1.44	(1.28)	(0.80)	(3.07)	(3.80)	(4.81)	(5.46)	(6.09)	(6.81)	(6.82)	(3.12)	(2.87)
General Fund Support	-	-	-	-	-	-	-	-	-	-	-	3.41	6.81	6.82	3.12	2.87
Beginning Fund Balance	19.17	17.16	18.40	18.79	20.45	21.90	20.62	19.82	16.75	12.95	8.14	2.68	-	-	-	-
Ending Fund Balance	17.16	18.40	18.79	20.45	21.90	20.62	19.82	16.75	12.95	8.14	2.68	-	-	-	-	-

Scenario 2 Forecast

(Baseline Budget With 2% COLAs)

GENERAL FUND (\$ in Mil.)	Actual					Estimate					Projected					
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Tax	\$15.00	\$15.59	\$13.77	\$15.11	\$15.23	\$15.62	\$15.93	\$15.99	\$16.65	\$17.33	\$17.91	\$18.52	\$19.15	\$19.81	\$20.49	\$21.20
Sales Tax	19.13	13.88	13.80	15.57	16.79	18.68	19.56	19.77	20.60	19.57	19.93	19.95	17.23	17.87	18.52	19.17
Utility Users Tax	8.82	8.48	7.85	7.44	7.13	7.09	5.96	7.27	7.27	7.10	7.08	7.16	7.21	7.27	7.34	7.41
Other Taxes	4.64	4.50	5.34	4.47	4.61	4.30	4.55	4.98	5.06	4.97	5.09	5.22	5.31	5.39	5.47	5.55
Permits & Fees	4.48	4.42	5.03	3.40	3.44	3.33	3.36	4.04	4.00	3.96	3.98	4.02	4.06	4.10	4.14	4.19
Other Revenue	8.38	6.89	10.10	5.56	6.14	4.73	10.00	4.65	4.67	4.69	4.70	4.71	4.73	4.74	4.76	4.77
Total Revenues	60.45	53.76	55.89	51.55	53.34	53.75	59.37	56.71	58.25	57.61	58.71	59.58	57.69	59.18	60.71	62.29
Salaries	24.73	23.55	17.99	17.83	17.70	16.97	16.24	20.26	20.92	22.02	22.77	23.55	24.35	25.18	26.04	26.93
Overtime	2.46	1.77	1.74	1.92	1.60	1.67	1.81	1.71	1.79	1.91	1.97	2.04	2.12	2.19	2.27	2.35
Health/Dental/Vision	4.57	4.82	3.05	3.61	3.46	3.05	2.52	3.01	3.19	3.38	3.57	3.76	3.95	4.15	4.35	4.56
PARS Retirement	1.83	1.98	1.29	1.27	1.16	0.86	0.78	1.76	1.82	1.93	2.00	2.07	2.14	2.22	2.30	2.38
Retiree Medical	-	0.00	0.86	1.40	1.54	1.61	1.80	2.12	2.25	2.38	2.53	2.69	2.82	2.98	3.14	3.29
Other Pay & Benefits	3.73	3.85	6.09	5.05	5.88	4.50	3.37	3.78	3.93	4.17	4.31	4.45	4.60	4.75	4.91	5.07
Vacancy Savings	-	-	-	-	-	-	-	(0.89)	(0.92)	(0.97)	(1.01)	(1.04)	(1.08)	(1.12)	(1.16)	(1.20)
Subtot Personnel	37.32	35.97	31.03	31.08	31.33	28.65	26.52	31.74	32.98	34.82	36.15	37.52	38.90	40.35	41.84	43.38
Fire Contract	9.84	9.82	7.59	7.89	8.12	8.45	12.14	11.71	11.94	12.18	12.42	12.67	12.93	13.18	13.45	13.72
Contracts & Other Services	2.94	2.42	2.53	3.66	6.27	6.05	4.53	5.31	5.21	5.31	5.42	5.53	5.64	5.75	5.87	5.99
Insurance & Other Expense	5.66	6.10	5.14	6.19	6.61	5.98	5.67	7.24	7.08	7.40	7.49	7.65	7.80	7.95	8.11	8.28
Debt Service	1.07	0.94	0.93	0.96	0.91	0.90	5.29	1.16	1.00	1.00	1.00	0.57	0.08	0.08	0.08	0.08
Capital Outlay/Transfers Out	5.86	1.54	0.01	0.18	0.47	0.73	0.36	1.56	1.66	0.84	0.85	0.96	0.92	0.93	0.95	0.97
Budget Adds (Cuts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	62.68	56.79	47.22	49.96	53.70	50.76	54.52	58.72	59.88	61.55	63.33	64.89	66.27	68.26	70.30	72.40
Net Annual Surplus (Shortfall)	(2.23)	(3.03)	8.67	1.59	(0.36)	2.98	4.85	(2.02)	(1.63)	(3.93)	(4.62)	(5.31)	(8.58)	(9.08)	(9.58)	(10.11)
Retirement Fund Support	-	-	-	-	-	-	-	-	-	-	-	(5.22)	(8.17)	(8.56)	(4.81)	(4.87)
Restatements/Prior Periods	(4.96)	4.26	40.20	(80.50)	0.58	0.00	-	-	-	-	-	-	-	-	-	-
Total Beginning Fund Balance	63.31	60.38	97.55	25.72	27.89	27.53	30.51	35.37	33.35	31.72	27.79	23.17	12.64	(4.10)	(21.74)	(36.14)
Total Ending Fund Balance	56.12	57.35	106.22	27.31	27.53	30.51	35.37	33.35	31.72	27.79	23.17	12.64	(4.10)	(21.74)	(36.14)	(51.12)
Dedicated Reserves	N/A	56.08	101.67	18.87	18.89	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04
Unassigned Balance	N/A	1.10	4.16	8.44	8.64	11.47	16.32	14.31	12.67	8.74	4.12	(6.40)	(23.15)	(40.79)	(55.18)	(70.17)
% of Total Expenditures	N/A	1.9%	8.8%	16.9%	16.1%	22.6%	29.9%	24.4%	21.2%	14.2%	6.5%	(9.1%)	(31.1%)	(53.1%)	(73.5%)	(90.8%)
RETIREMENT TAX FUND	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Revenues	10.89	10.66	10.19	10.95	12.01	8.68	8.47	8.23	8.55	8.88	9.14	9.41	9.71	10.04	10.37	10.72
Total Expenditures	12.89	9.42	9.80	9.29	10.57	9.96	9.26	11.30	12.36	13.95	15.19	16.45	17.88	18.60	15.18	15.59
Net Annual Surplus (Shortfall)	(2.00)	1.24	0.39	1.66	1.44	(1.28)	(0.80)	(3.07)	(3.80)	(5.08)	(6.05)	(7.04)	(8.17)	(8.56)	(4.81)	(4.87)
General Fund Support	-	-	-	-	-	-	-	-	-	-	-	5.22	8.17	8.56	4.81	4.87
Beginning Fund Balance	19.17	17.16	18.40	18.79	20.45	21.90	20.62	19.82	16.75	12.95	7.87	1.82	-	-	-	-
Ending Fund Balance	17.16	18.40	18.79	20.45	21.90	20.62	19.82	16.75	12.95	7.87	1.82	-	-	-	-	-

Scenario 3 Forecast

(GG Renewed, Max Retire Tax, Cuts to Balance)

GENERAL FUND (\$ in Mil.)	Actual					Estimate					Projected					
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Tax	\$15.00	\$15.59	\$13.77	\$15.11	\$15.23	\$15.62	\$15.93	\$15.99	\$16.65	\$17.33	\$17.91	\$18.52	\$19.15	\$19.81	\$20.49	\$21.20
Sales Tax	19.13	13.88	13.80	15.57	16.79	18.68	19.56	19.77	20.60	19.57	19.93	21.07	21.77	22.58	23.40	24.22
Utility Users Tax	8.82	8.48	7.85	7.44	7.13	7.09	5.96	7.27	7.27	7.10	7.08	7.16	7.21	7.27	7.34	7.41
Other Taxes	4.64	4.50	5.34	4.47	4.61	4.30	4.55	4.98	5.06	4.97	5.09	5.22	5.31	5.39	5.47	5.55
Permits & Fees	4.48	4.42	5.03	3.40	3.44	3.33	3.36	4.04	4.00	3.96	3.98	4.02	4.06	4.10	4.14	4.19
Other Revenue	8.38	6.89	10.10	5.56	6.14	4.73	10.00	4.65	4.67	4.69	4.70	4.71	4.73	4.74	4.76	4.77
Total Revenues	60.45	53.76	55.89	51.55	53.34	53.75	59.37	56.71	58.25	57.61	58.71	60.70	62.23	63.89	65.60	67.35
Salaries	24.73	23.55	17.99	17.83	17.70	16.97	16.24	20.26	20.92	22.02	22.77	23.55	24.35	25.18	26.04	26.93
Overtime	2.46	1.77	1.74	1.92	1.60	1.67	1.81	1.71	1.79	1.91	1.97	2.04	2.12	2.19	2.27	2.35
Health/Dental/Vision	4.57	4.82	3.05	3.61	3.46	3.05	2.52	3.01	3.19	3.38	3.57	3.76	3.95	4.15	4.35	4.56
PARS Retirement	1.83	1.98	1.29	1.27	1.16	0.86	0.78	1.76	1.82	1.93	2.00	2.07	2.14	2.22	2.30	2.38
Retiree Medical	-	0.00	0.86	1.40	1.54	1.61	1.80	2.12	2.25	2.38	2.53	2.69	2.82	2.98	3.14	3.29
Other Pay & Benefits	3.73	3.85	6.09	5.05	5.88	4.50	3.37	3.78	3.93	4.17	4.31	4.45	4.60	4.75	4.91	5.07
Vacancy Savings	-	-	-	-	-	-	-	(0.89)	(0.92)	(0.97)	(1.01)	(1.04)	(1.08)	(1.12)	(1.16)	(1.20)
Subtot Personnel	37.32	35.97	31.03	31.08	31.33	28.65	26.52	31.74	32.98	34.82	36.15	37.52	38.90	40.35	41.84	43.38
Fire Contract	9.84	9.82	7.59	7.89	8.12	8.45	12.14	11.71	11.94	12.18	12.42	12.67	12.93	13.18	13.45	13.72
Contracts & Other Services	2.94	2.42	2.53	3.66	6.27	6.05	4.53	5.31	5.21	5.31	5.42	5.53	5.64	5.75	5.87	5.99
Insurance & Other Expense	5.66	6.10	5.14	6.19	6.61	5.98	5.67	7.24	7.08	7.40	7.49	7.65	7.80	7.95	8.11	8.28
Debt Service	1.07	0.94	0.93	0.96	0.91	0.90	5.29	1.16	1.00	1.00	1.00	0.57	0.08	0.08	0.08	0.08
Capital Outlay/Transfers Out	5.86	1.54	0.01	0.18	0.47	0.73	0.36	1.56	1.66	0.84	0.85	0.96	0.92	0.93	0.95	0.97
Budget Adds (Cuts)	-	-	-	-	-	-	-	-	-	(0.54)	(4.11)	(4.37)	(4.27)	(5.13)	(5.75)	(6.06)
Total Expenditures	62.68	56.79	47.22	49.96	53.70	50.76	54.52	58.72	59.88	61.01	59.22	60.53	62.00	63.13	64.55	66.34
Net Annual Surplus (Shortfall)	(2.23)	(3.03)	8.67	1.59	(0.36)	2.98	4.85	(2.02)	(1.63)	(3.39)	(0.52)	0.18	0.23	0.76	1.05	1.01
Retirement Fund Support	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.57)	(0.84)	(0.77)
Restatements/Prior Periods	(4.96)	4.26	40.20	(80.50)	0.58	0.00	-	-	-	-	-	-	-	-	-	-
Total Beginning Fund Balance	63.31	60.38	97.55	25.72	27.89	27.53	30.51	35.37	33.35	31.72	28.33	27.81	27.99	28.22	28.41	28.62
Total Ending Fund Balance	56.12	57.35	106.22	27.31	27.53	30.51	35.37	33.35	31.72	28.33	27.81	27.99	28.22	28.41	28.62	28.86
Dedicated Reserves	N/A	56.08	101.67	18.87	18.89	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04	19.04
Unassigned Balance	N/A	1.10	4.16	8.44	8.64	11.47	16.32	14.31	12.67	9.28	8.77	8.94	9.17	9.37	9.58	9.81
% of Total Expenditures	N/A	1.9%	8.8%	16.9%	16.1%	22.6%	29.9%	24.4%	21.2%	15.2%	14.8%	14.8%	14.8%	14.7%	14.6%	14.6%
RETIREMENT TAX FUND	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Revenues	10.89	10.66	10.19	10.95	12.01	8.68	8.47	8.23	11.78	12.26	12.65	13.05	13.47	13.90	14.34	14.82
Total Expenditures	12.89	9.42	9.80	9.29	10.57	9.96	9.26	11.30	12.36	13.95	15.19	16.45	17.88	18.60	15.18	15.59
Net Annual Surplus (Shortfall)	(2.00)	1.24	0.39	1.66	1.44	(1.28)	(0.80)	(3.07)	(0.57)	(1.70)	(2.54)	(3.40)	(4.41)	(4.71)	(0.84)	(0.77)
General Fund Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.57	0.77
Beginning Fund Balance	19.17	17.16	18.40	18.79	20.45	21.90	20.62	19.82	16.75	16.18	14.48	11.94	8.55	4.14	-	-
Ending Fund Balance	17.16	18.40	18.79	20.45	21.90	20.62	19.82	16.75	16.18	14.48	11.94	8.55	4.14	-	-	-