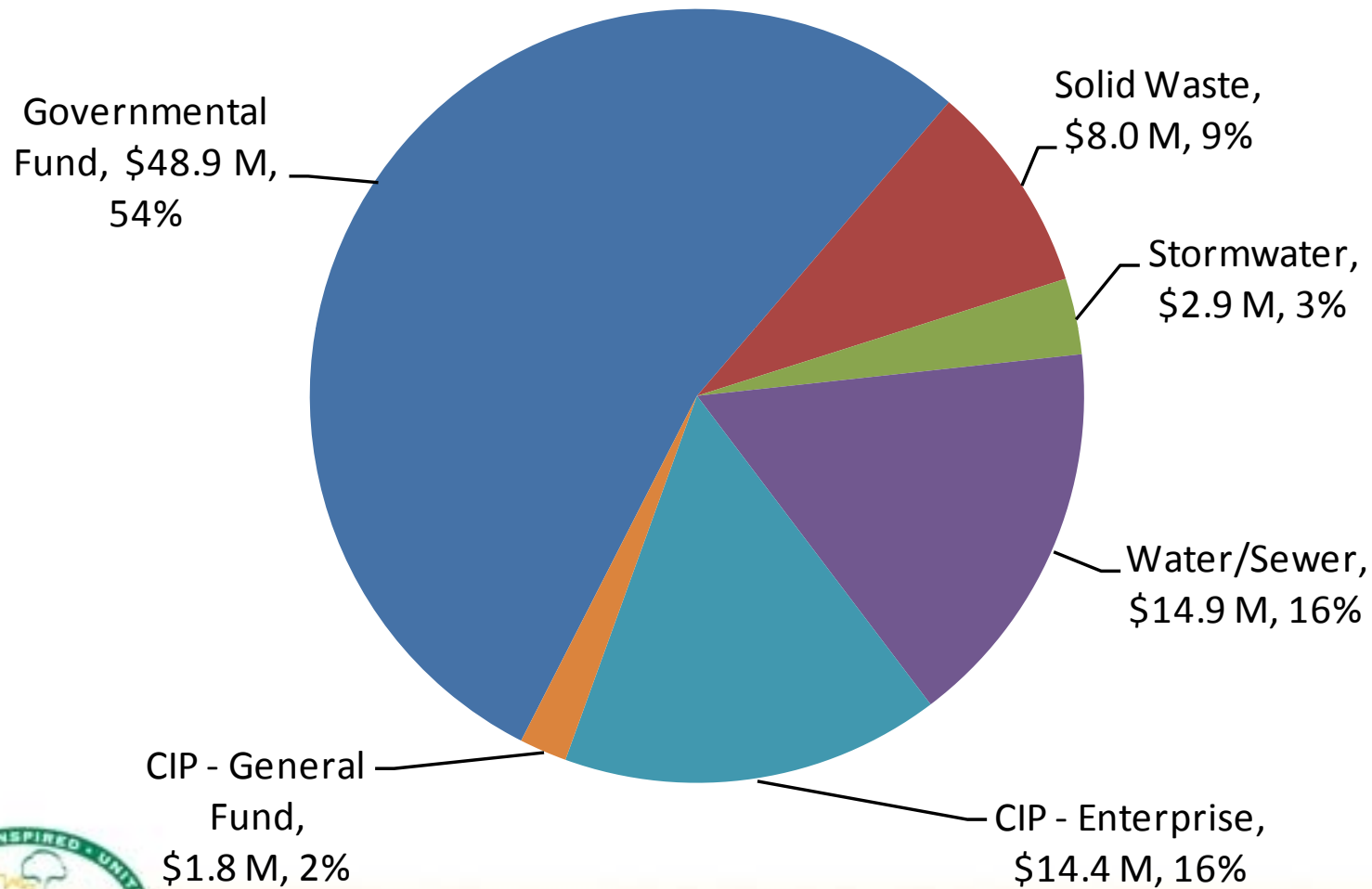


Financial Stability & Sustainability

November 17, 2010



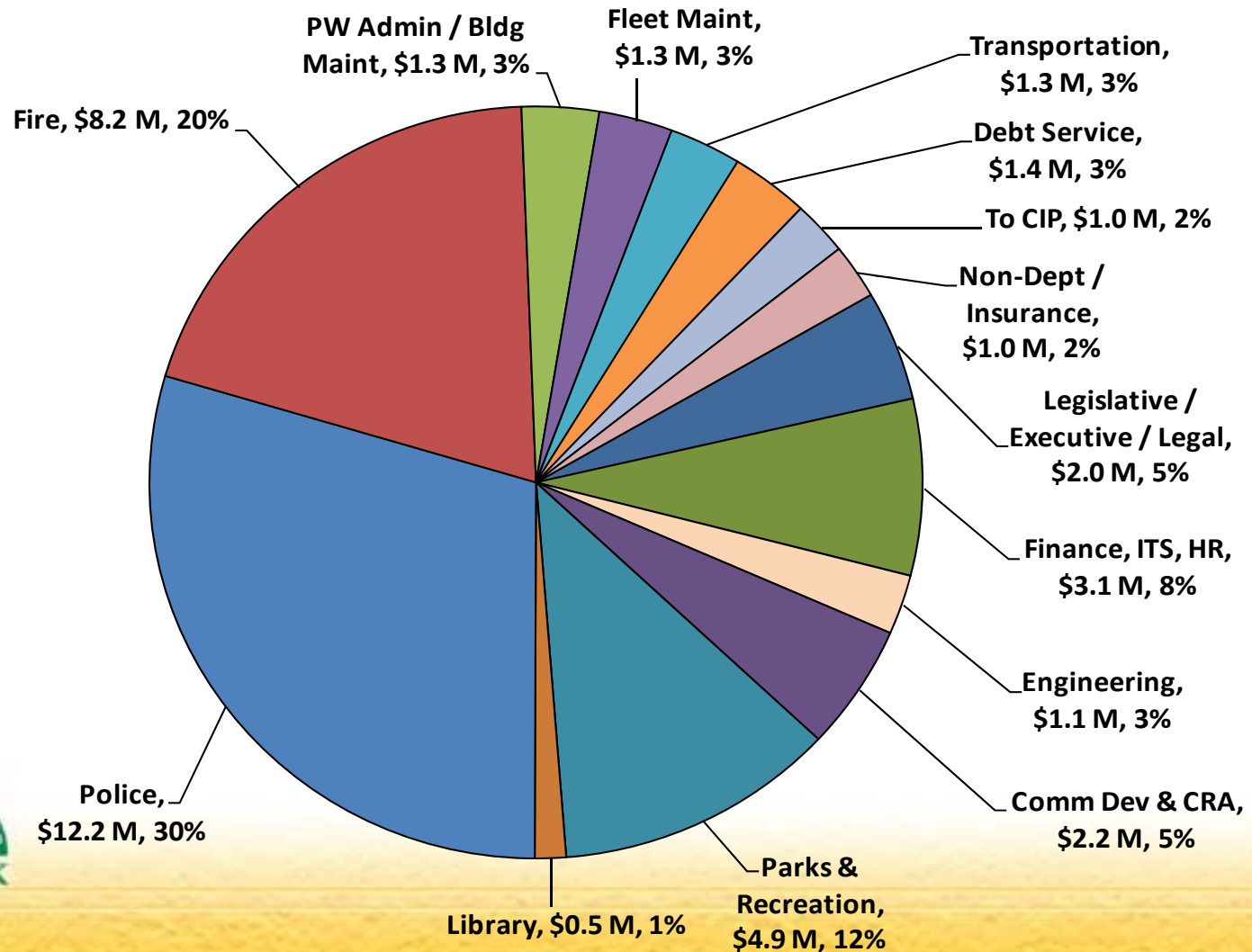
All Funds Revenue and Expense – FY 11 \$90.9 Million



Governmental Funds Expense – FY 11

\$41.5 Million

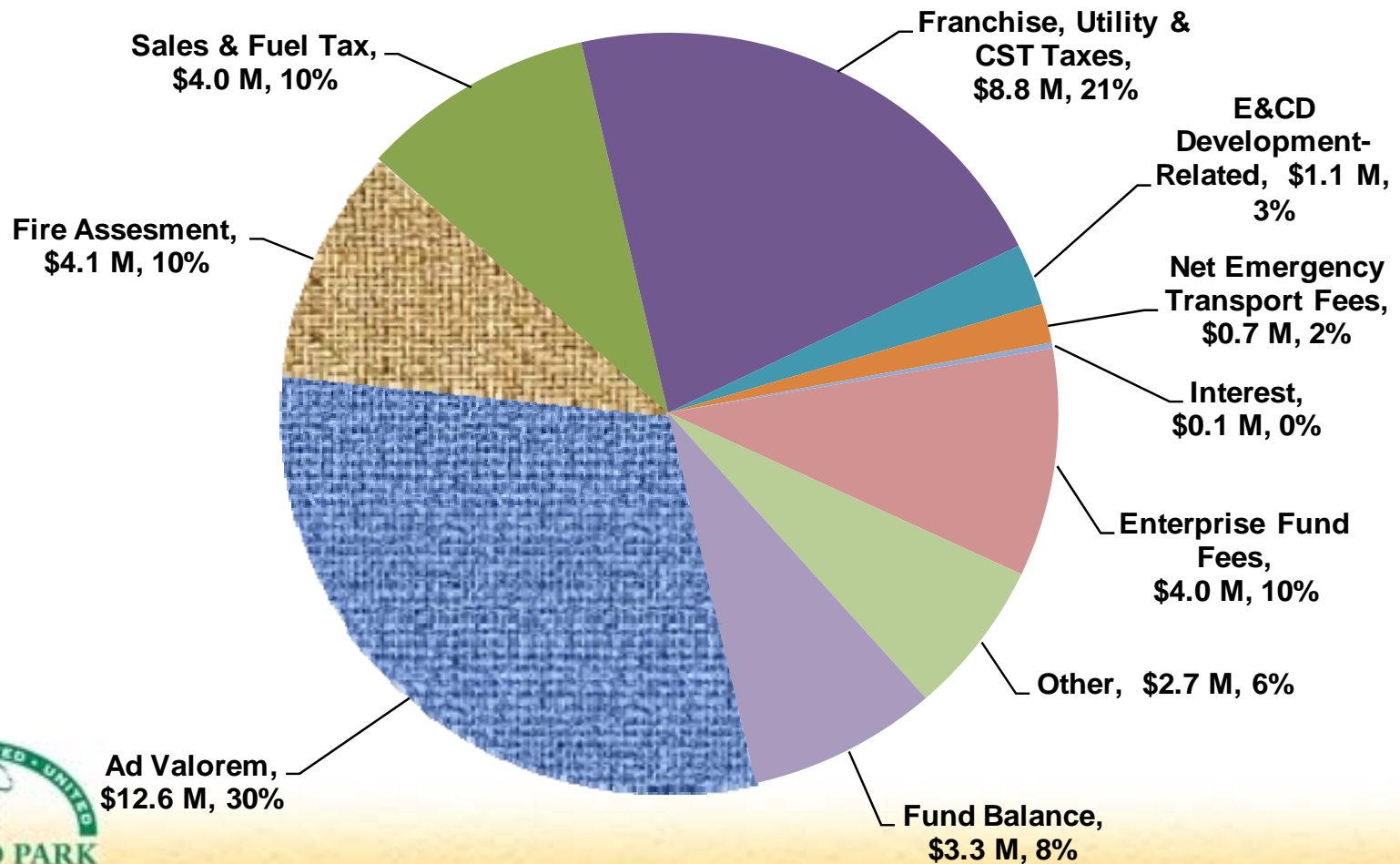
(Excludes Interfund Payments)



Governmental Funds Revenue FY 11

\$41.5 Million

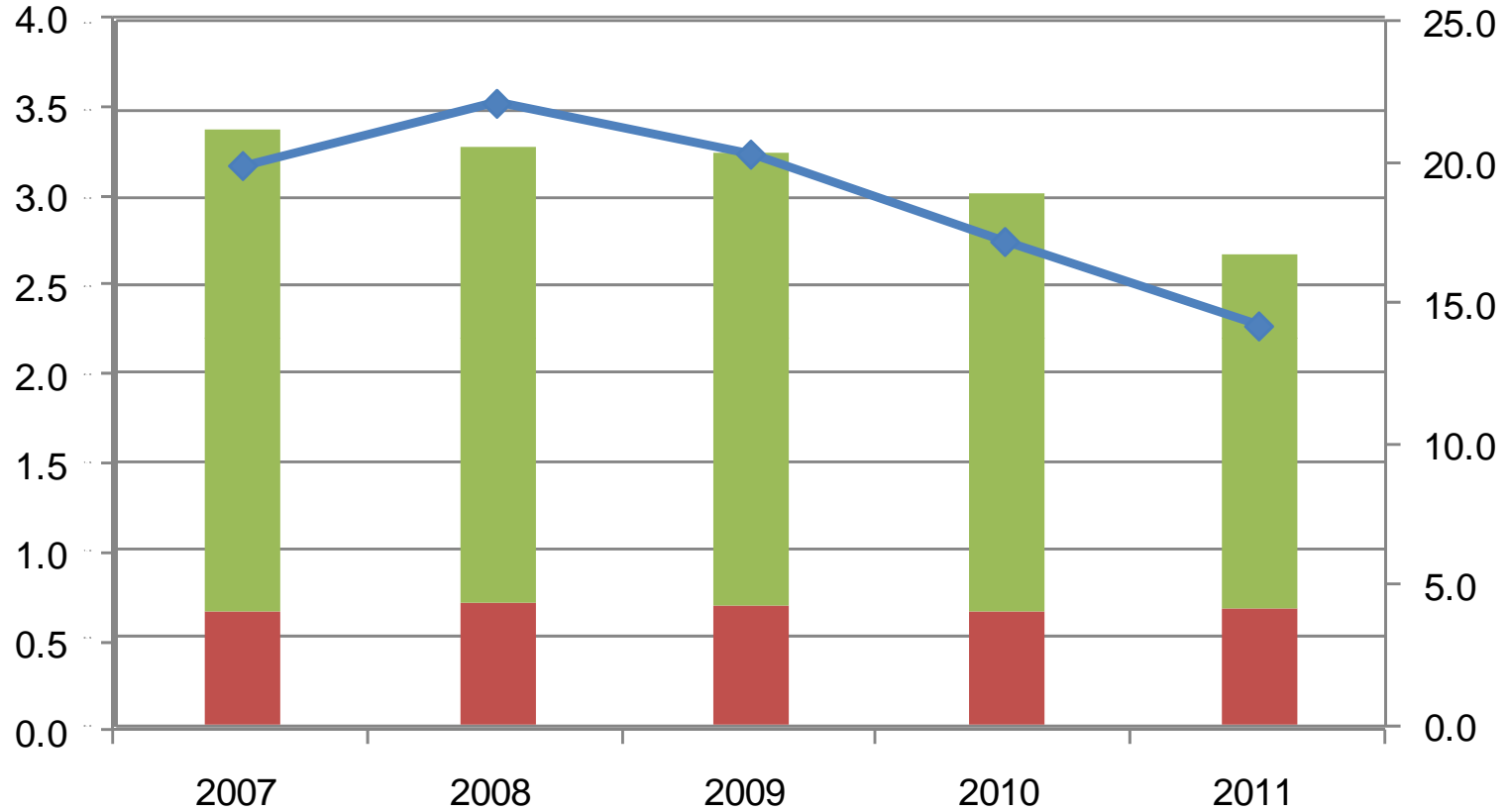
(Excludes Interfund Payments)



Property Tax Base

Billions

Millions



■ Fire Assessment Fees
 ■ Property Tax Revenue
 ◆ Property Tax Base



Cost Containment – FY 07 – FY 11

- City Personnel
 - Governmental Funds FTEs: 259.9 → 194.4
 - Lay-Offs: Nine Full-Time And Two Part-Time Employees
 - Pay Freezes: Two Years (Staff) → Four Years (City Mgr)
 - Gen Employee Pension Plan Closed For New Staff → FRS
 - Plan Modification Proposals Under Development
 - General Employee Pension Plan Employee Contribution
 - Higher Deductible Health Plans
 - Revised Leave Plan (Paid Time Off Plan)
- Other
 - BSO Deputy Positions Reduced – Grant Not Received
 - Reduction In Some Community Services
 - Reduction In City Facilities Expenses



FY 11 Fund Balance Utilization

	<u>Amount</u>	<u>Millage</u>
Contingency - Remaining After 9/29 Adjustments	\$136,391	0.0632
Add't Police & Fire Pension Cost - From Contingency - 9/29	57,000	0.0264
CIP Funding	964,551	0.4467
Fire Vehicle Debt Service	178,263	0.0825
Resurfacing	225,000	0.1042
Op Equipment / Software	304,768	0.1411
Vehicles	<u>80,000</u>	<u>0.0370</u>
Total - Ongoing Activities	\$1,945,973	0.9011
<u>Future Commission Action Required</u>		
Main Street	\$50,000	0.0232
GEPP (New Plan To Be Considered For Adoption)	200,000	0.0926
Two Deputies - Partial Funding - From Contingency - 9/29	125,000	0.0579
School Resource Officers (Countywide Funding Being Sought)	120,000	0.0556
Fire Assessment Offset	<u>814,419</u>	<u>0.3771</u>
Total - Commission Action	\$1,309,419	0.6064
Total	\$3,255,392	1.5075



Governmental Funds Summary - FY 07 - FY 11

	FY 07	FY 11	Incr / (Decr)	% Incr
Inflation (CPI)				8.2%
Headcount (Budgeted FTEs)	259.9	194.4	(65.5)	-25%
<u>(\$Millions)</u>				
Revenue	\$45.5	\$38.2	(\$7.3)	-16%
Expense	\$41.3	\$41.5	\$0.2	0%
Over / (Under)	\$4.2	(\$3.3)	(\$7.5)	NA



Gov. Funds - Assumptions - FY 12 - FY 14

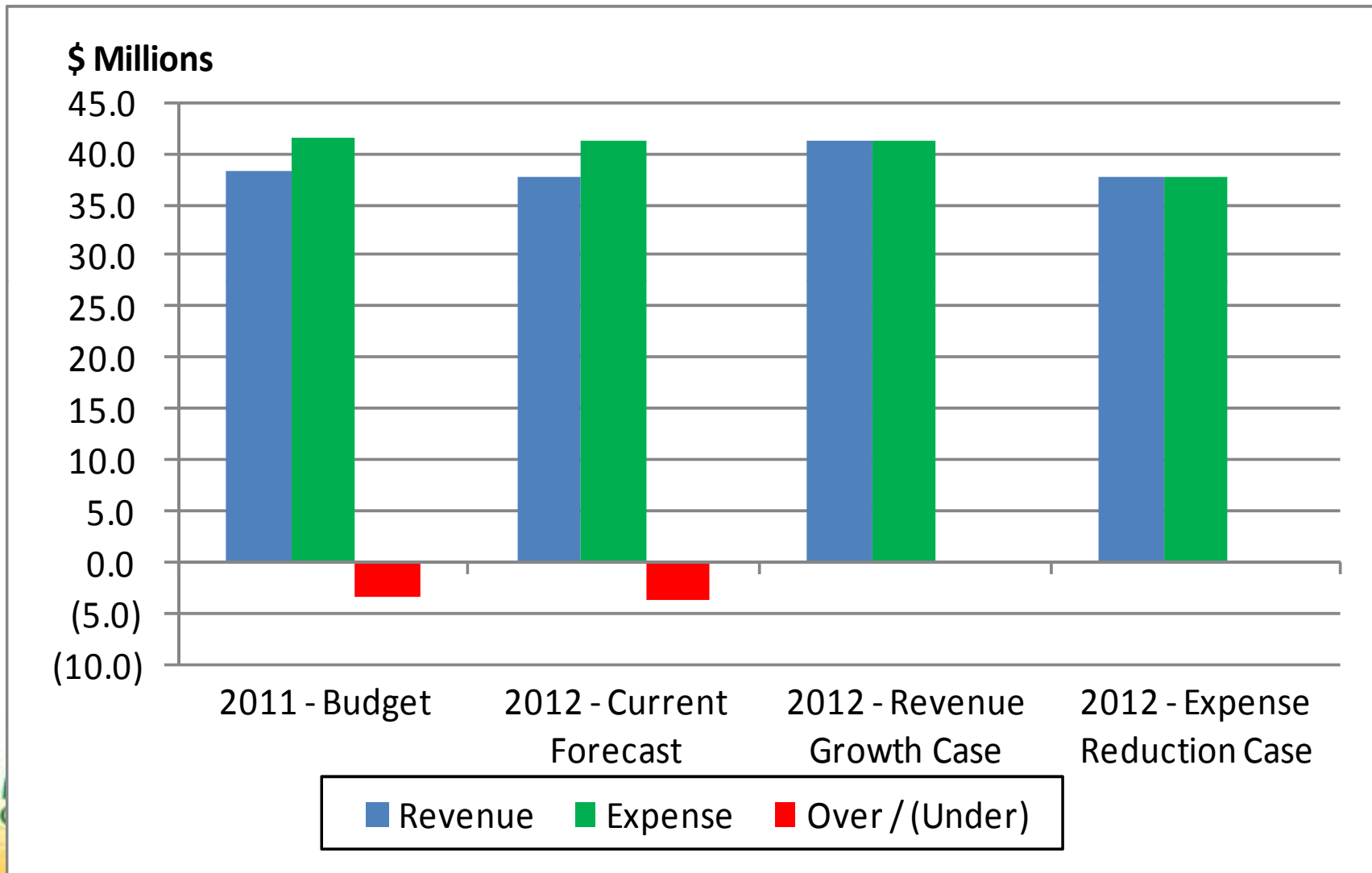
	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>
<u>General</u>				
GDP	2.8%	4.6%	4.8%	3.9%
CPI	1.3%	1.2%	1.1%	1.3%
Unemployment Rate	9.5%	8.0%	6.3%	5.3%
Three Month T-Bill	0.7%	1.9%	3.0%	3.9%
<u>Property Tax</u>				
Tax Base	-16.7%	-5.0%	0.0%	3.0%
Millage Rate Change	5.7252. (1)	----- No Change -----		
Tax Base Addttion	0.7%	1.0%	1.0%	1.0%
<u>Fire Assessment</u>				
	\$4.1 M (2)	----- No Change (?) -----		
<u>Personnel</u>				
Headcount	194.4	----- No Change -----		
Wage Increase	-----None-----	----- None -----		
Pensions - All	\$4.3 M	-- Investment Target Achieved --		
Pensions - GEPP		Revised - \$0.4 M Annual Savings		
Health Plan	\$1.5 M	----- 14% Per Year -----		
BSO - Inflation	2%	----- 3% Per Year -----		
BSO - Dispatch Costs	County	- Assumed County Expense (?) -		
General Expense	Various	----- Most At Inflation -----		
Vehicles	\$80,000	----- \$100,000 Per Year -----		
CIP Contribution	\$964,551	----- \$500,000 Per Year -----		
Contingency	\$137,008	----- \$100,000 Per Year -----		

(1) Original Recommendation Of 6.9218 Mills - \$2.5 M Difference

(2) Original Recommendation Of 19.5% Increase - \$0.8 M Difference - Funded With Fund Balance



Governmental Funds – Forecast & Options



Key Issues

➤ General State Of The Economy

- Unemployment At +/- 10%
- Lack Of Private Capital Reinvestment
- Potential For Price Deflation
- City Median Household Income Down 7% In Three Years To \$46,385
- Favorable Climate For Infrastructure Development By The City
(Favorable Construction Costs & Low Interest Rates)

➤ Real Estate Based Revenue

- Declining Values
- Foreclosures
- Unstable Revenue Sources (Property Taxes & Fire Assessment Fees)

➤ Changing Social / Political Climate

➤ City At Crossroad – Progress, Sustainability, Reduction

- Need For Consensus For Development Of Coherent Vision & Strategic Plan Which Deals With Current & Future Economic Realities



Preliminary FY 12 Budget Schedule

Date	Meeting	Topic
Jan 24	Roundtable	Public Safety
Feb 7	Roundtable	Parks & Leisure
Feb 21	Roundtable	Engineering & Community Dev
Mar 7	Roundtable	Public Works & Enterprise Funds
Mar 21	Roundtable	Commission, City Manager, City Clerk, City Attorney, Finance & Non- Departmental
Apr 25	Townhall	Overview
May 9 or May 23	Commission Workshop	Strategic Plan / Performance Areas / Business Plan
Jun 6	Commission Workshop	Budget Workshop
Jul 6	Commission Meeting	Preliminary Budget Presented
Jul 13	Commission Workshop	Budget Workshop
Jul 20	Commission Meeting	Preliminary Millage & Assessments
Sep 7	Commission Meeting	Tentative Millage & Budget
Sep 12	Special Comm Meeting	Final Assessments
Sep 21	Commission Meeting	Final Millage & Budget



Discussion



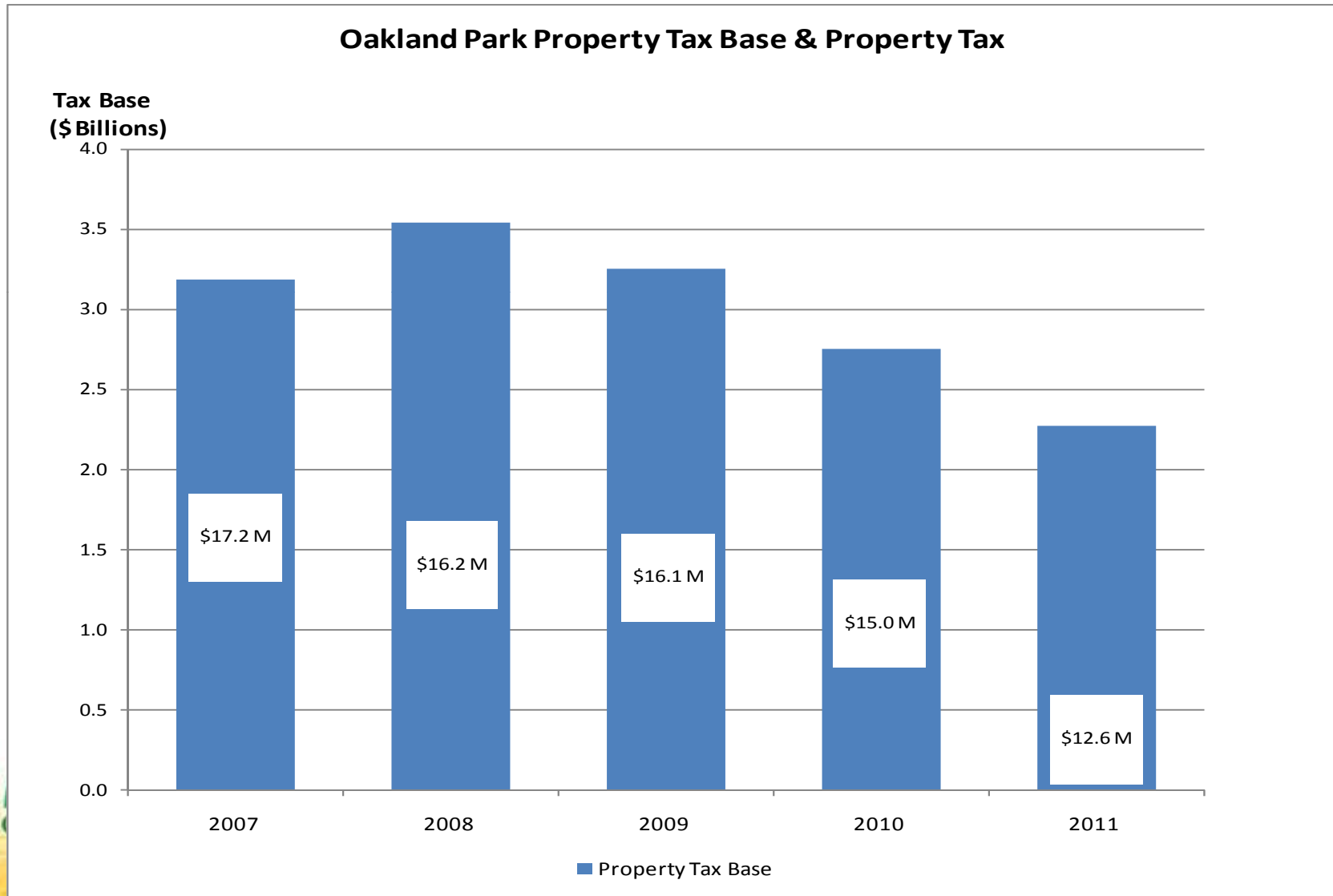
Governmental Funds - Revenue - FY 07 - FY 11

	FY 07	FY 11	Incr / (Decr)	% Incr
Inflation (CPI)				8.2%
(\$ Millions)				
<u>Revenue</u>				
Ad Valorem	\$17.2	\$12.6	(\$4.6)	-27%
Fire Assessment	4.0	4.1	0.1	2%
Sales & Fuel Taxes	4.4	4.0	(0.4)	-9%
Franchise, Utility & CST Taxes	8.6	8.8	0.2	2%
E&CD Development-Related	2.0	1.1	(0.9)	-46%
Net Emergency Transport Fees	0.7	0.7	(0.0)	-4%
Interest	1.6	0.1	(1.5)	-93%
Enterprise Funds	4.6	4.0	(0.6)	-13%
Other	2.4	2.7	0.4	15%
Total Revenue	\$45.5	\$38.2	(\$7.3)	-16%

Governmental Funds - Expense - FY 07 - FY 11

	FY 07	FY 11	Incr / (Decr)	% Incr
Inflation (CPI)				8.2%
Headcount (Budgeted FTEs)	259.9	194.4	(65.5)	-25%
<u>(\$ Millions)</u>				
<u>Expense</u>				
Compensation	\$17.2	\$19.1	\$2.0	11%
Other Operating Expense	9.8	7.6	(2.2)	-22%
BSO	10.4	12.2	1.8	17%
Debt Service	1.2	1.4	0.1	9%
To CIP	2.7	1.0	(1.7)	-64%
Contingency	0.0	0.1	0.1	NA
Total Operating Expense	\$41.3	\$41.5	\$0.2	0%

Property Tax - FY 07 – FY 11







Key Issues

- Economy (Lack Of Development, Unemployment, Extremely Low Interest Rates)
- Real Estate (Continued Decline In Value, Property Tax Reform, Reverse “Wealth Effect”)
- Rapid Rise In Anti-Government, Anti-Tax Sentiment
- Balance Between Current Community Needs And Continued Preparation For The Future
- City At Crossroads – Sustainability vs. Contraction
 - Need For Consensus For Development Of Coherent New Strategic Plan Which Either Focuses On Achievement Of City’s Vision Or Requires Contraction And Possible Consolidation.







Governmental Funds Summary

- City Faces Shortfalls In Excess Of \$3 Million Per Year Over Next Three Years
 - Includes Minimal Capital Investment
 - Staff Compensation Remains Frozen Over Period
- Solutions
 - Revenue Increases (Primarily City-Controlled Revenue)
 - Costs (Staff, Services)
 - Fund Balance (Constrained By Being Unable To Go Below Minimum Balance Required By City Fiscal Policy)



Gov. Funds - Forecast Summary - FY 12 - FY 14

	FY 11	FY 12		FY 13		FY 14	
	Budget	Forecast	% Incr	Forecast	% Incr	Forecast	% Incr
Inflation (CPI)	1.3%		1.2%		1.1%		1.3%
Headcount (FTEs)	194.4	194.4	0.0%	194.4	0.0%	194.4	0.0%
	(\$ Million)						
Revenue	\$38.2	\$37.8	-1.1%	\$38.3	1.4%	\$39.3	2.5%
Expense	41.5	41.3	-0.4%	42.0	1.6%	42.7	1.6%
Over / (Under)	(\$3.3)	(\$3.5)		(\$3.7)		(\$3.4)	
<u>Fund Balance</u>							
Total	\$16.6	\$13.0	-21.3%	\$9.3	-28.3%	\$5.9	-36.5%
Unrestricted	15.1	11.6	-23.4%	7.9	-31.8%	4.5	-43.1%
25% Op Exp Reserve	10.1	10.2	0.8%	10.4	1.6%	10.5	1.7%
Available	\$5.0	\$1.4	-72.4%	(\$2.5)	-279.7%	(\$6.0)	144.6%

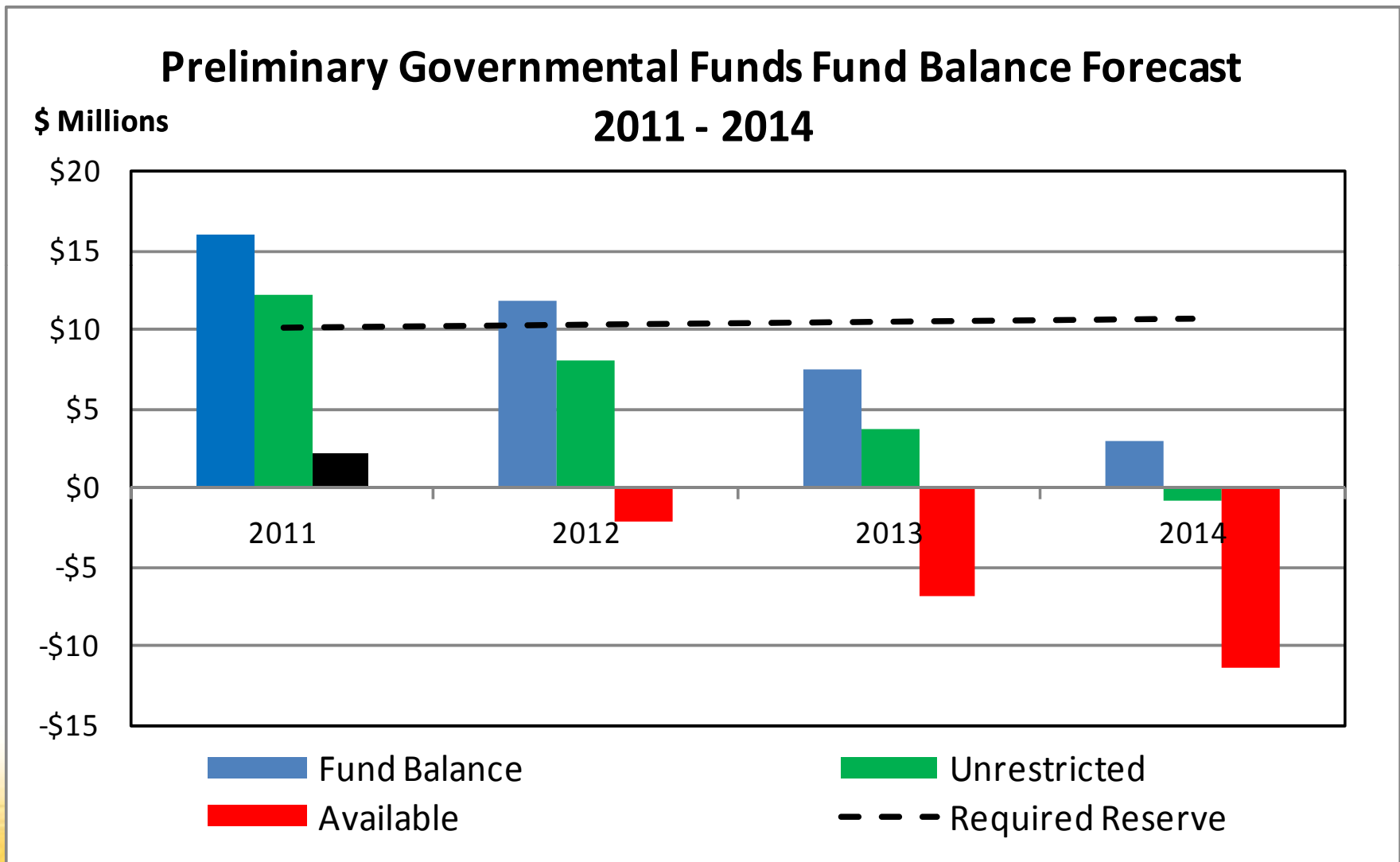
Gov. Funds - Compensation - FY 07 - FY 11

	FY 07	FY 11	Incr / (Decr)	% Incr
Inflation (CPI)				8.2%
Headcount (Budgeted FTEs)	259.9	194.4	(65.5)	-25%
(\$ Millions)				
Wages (Including Allowances)	\$13.0	\$12.3	(\$0.7)	-5%
<u>Benefits</u>				
Pension				
GEPP	1.3	2.1	0.8	65%
Fire	0.8	1.7	0.9	111%
FRS	0.0	0.2	0.2	NA
ICMA	0.2	0.2	(0.0)	0%
Total Pension	2.3	4.3	1.9	84%
Social Security / Medicare	1.0	0.9	(0.0)	-1%
Health / Life	1.2	1.5	0.3	26%
Other Benefits	(0.3)	0.1	0.4	-148%
Total Benefits	4.2	6.8	2.6	63%
Total Compensation	\$17.2	\$19.1	\$2.0	11%

Governmental Funds - Headcount - FY 07 - FY 11

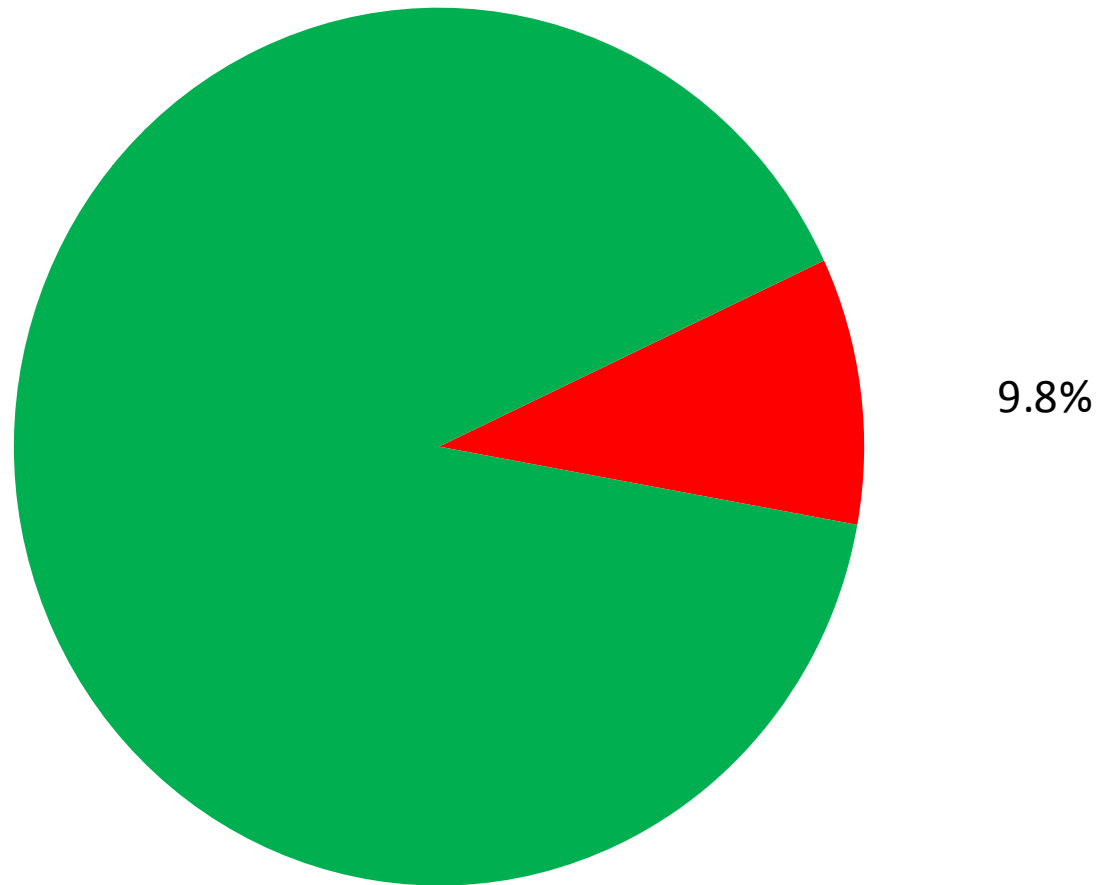
Commission	Full-Time		Part-Time		Commissioners		Summer Staff		Total	
		Incr/ (Decr)		Incr/ (Decr)		Incr/ (Decr)		Incr/ (Decr)		Incr/ (Decr)
	FY 11	FY 07	FY 11	FY 07	FY 11	FY 07	FY 11	FY 07	FY 11	FY 07
					5.0	0.0			5.0	0.0
City Manager	6.0	(1.8)							6.0	(1.8)
City Clerk	3.0	(1.0)							3.0	(1.0)
Human Resources	4.0	(1.0)	1.0	1.0					5.0	0.0
Financial Services	10.0	(11.0)	0.0	(2.0)					10.0	(13.0)
ITS	5.0	(1.0)	1.0	1.0					6.0	0.0
Parks & Leisure Svcs	44.0	(18.0)	16.0	(3.0)			24.0	7.0	84.0	(14.0)
Eng & Commun Dev	24.2	(12.8)	0.0	(1.0)					24.2	(13.8)
PW Admin	1.8	(1.2)							1.8	(1.2)
PW Building Maintena	4.0	(1.1)							4.0	(1.1)
PW Fleet Maintenan	6.0	0.0							6.0	0.0
PW Streets	4.9	(2.0)							4.9	(2.0)
Fire Rescue	68.0	(13.0)							68.0	(13.0)
CRA	0.8	(0.4)							0.8	(0.4)
Total Positions	181.7	(64.3)	18.0	(4.0)	5.0	0.0	24.0	7.0	228.7	(61.3)
FTE's	181.7	(64.3)	9.0	(2.0)	1.0	0.0	2.6	0.8	194.3	(65.5)

Gov. Funds – Forecast Summary – Fund Balance



Governmental Funds Expense

Gov Funds - Shortfall vs. Total Expense



Financial Outlook - Summary

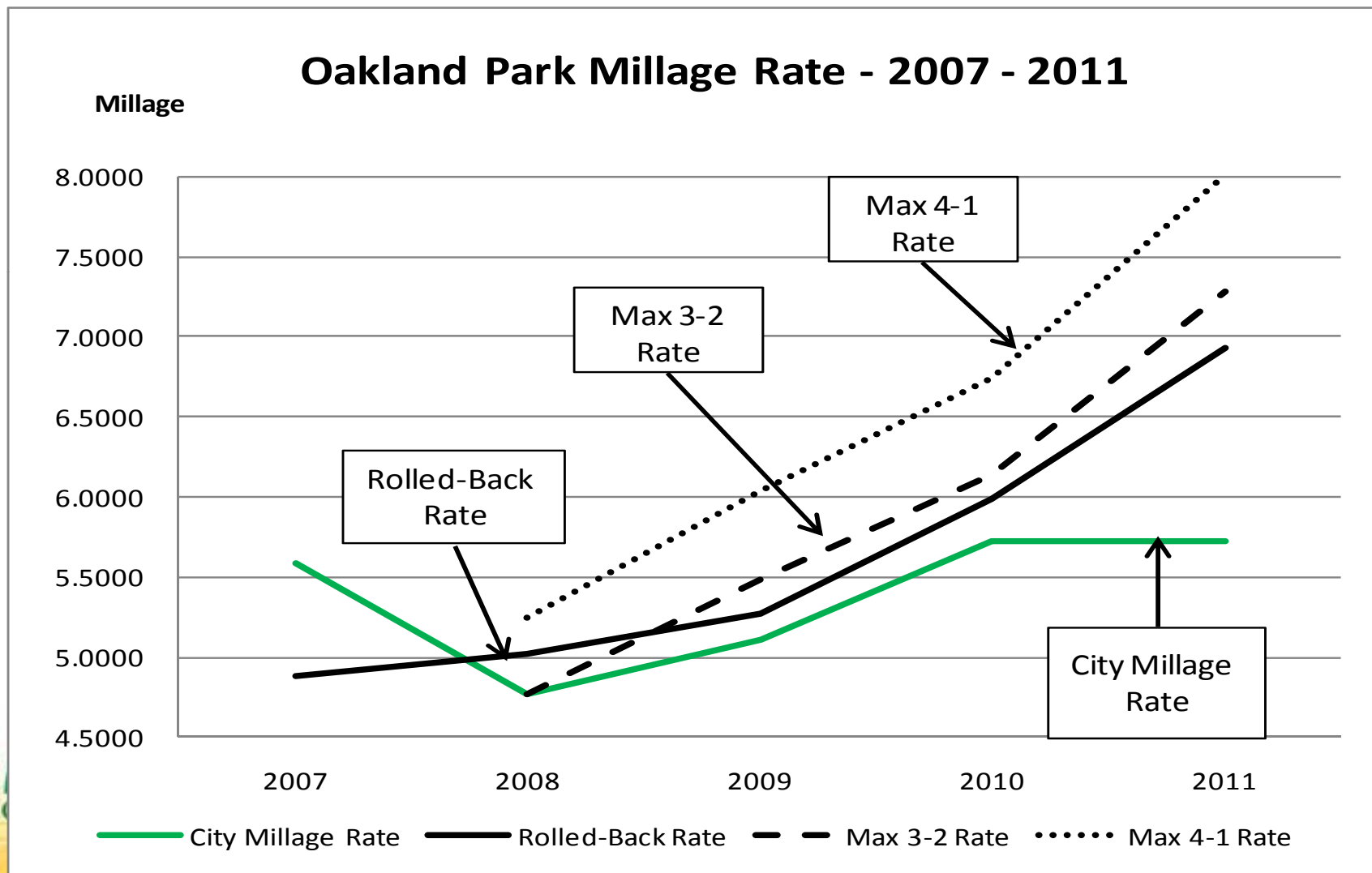
- City Is At A Crossroad
 - Invest In The Future To Create A Hometown Choice For Excellence In People, Public Service, And Community

VS.

- Contraction (Staff & Services) → Consolidation Of Services With Other Municipalities (?)



Financial Outlook – Millage Rate



Gov. Funds - Revenue Forecast - FY 12 - FY 14

	FY 11	FY 12		FY 13		FY 14	
	Budget	Forecast	% Incr	Forecast	% Incr	Forecast	% Incr
Inflation (CPI)	1.3%		1.2%		1.1%		1.3%
Three Month Treasury Rate	0.7%		1.9%		3.0%		3.9%
(\$ Million)							
<u>Revenue</u>							
Ad Valorem	\$12.6	\$12.1	-4.1%	\$12.2	1.0%	\$12.7	4.0%
Fire Assessment	4.1	4.1	0.0%	4.1	0.0%	4.1	0.0%
Sales & Fuel Taxes	4.0	4.1	1.0%	4.2	1.7%	4.3	2.5%
Franchise, Utility & CST Taxes	8.8	9.1	2.3%	9.2	1.8%	9.4	2.1%
E&CD Development-Related	1.1	1.1	0.0%	1.1	2.0%	1.2	5.0%
Net Emergency Transport Fees	0.7	0.7	0.0%	0.7	0.0%	0.7	0.0%
Interest	0.1	0.3	157.1%	0.3	8.7%	0.2	-30.3%
Enterprise Funds Fees	4.0	4.0	0.0%	4.0	0.0%	4.0	0.0%
Other	2.7	2.4	-12.5%	2.4	1.3%	2.4	1.4%
Total	\$38.2	\$37.8	-1.2%	\$38.2	1.1%	\$39.0	2.1%

Gov. Funds - Expense Forecast - FY 12 - FY 14

	FY 11	FY 12		FY 13		FY 14	
	Budget	Forecast	% Incr	Forecast	% Incr	Forecast	% Incr
Inflation (CPI)	1.3%		1.2%		1.1%		1.3%
Headcount (FTEs)	194.4	194.4	0.0%	194.4	0.0%	194.4	0.0%
	<u>(\$Millions)</u>						
<u>Expense</u>							
Compensation	\$19.1	\$18.9	-1.2%	\$19.1	1.2%	\$19.4	1.7%
Other Operating Expense	7.6	7.9	3.4%	8.0	2.2%	8.1	0.7%
BSO	12.2	12.6	3.0%	13.0	3.0%	13.4	3.0%
Debt Service	1.4	1.2	-12.5%	1.1	-3.3%	1.1	-0.3%
Contingency	0.1	0.3	82.5%	0.3	0.0%	0.3	0.0%
Other	0.0	0.1	156.4%	0.1	2.0%	0.1	2.0%
To CIP	1.0	1.0	2.0%	1.0	2.0%	1.0	2.0%
Total Exepsnes	\$41.5	\$41.9	1.0%	\$42.6	1.8%	\$43.4	1.8%

Gov. Funds - Compensation Forecast - FY 12 - FY 14

	FY 11	FY 12		FY 13		FY 14	
	Bgt	Fcst	% Incr	Fcst	% Incr	Fcst	% Incr
Inflation (CPI)	1.3%		1.2%		1.1%		1.3%
Headcount (FTEs)	194.4	194.4	0.0%	194.4	0.0%	194.4	0.0%
Wages (Including Allowances)	\$12.3	\$12.3	-0.1%	\$12.3	-0.1%	\$12.3	0.0%
<u>Benefits</u>							
Pension							
GEPP	2.1	1.7	-18.7%	1.7	0.0%	1.7	0.0%
Fire	1.7	1.7	2.8%	1.8	3.0%	1.8	3.3%
FRS	0.2	0.2	8.8%	0.3	8.1%	0.3	7.5%
ICMA	0.2	0.2	0.0%	0.2	0.0%	0.2	0.0%
Total Pension	4.3	3.9	-7.8%	4.0	1.8%	4.1	1.9%
Social Security / Medicare	0.9	0.9	-0.1%	0.9	-0.1%	0.9	0.0%
Health / Life	1.5	1.7	12.3%	1.9	12.5%	2.1	12.7%
Other Benefits	0.1	0.1	-47.1%	0.0	-69.6%	0.0	0.0%
Total Benefits	6.8	6.6	-3.1%	6.8	3.5%	7.1	4.6%
Total Compensation	\$19.1	\$18.9	-1.2%	\$19.1	1.2%	\$19.4	1.7%

Gov. Funds – Other Expense - FY 11

Contract Service	1,171,239	Botanical Supplies	75,000
Premiums W/C	721,000	Disposal Fees	74,939
Electricity	698,085	Medical Supplies	73,000
Operational Supplies	514,115	Lease (FEC)	63,559
ITS Services	425,547	Special Events	63,000
Professional Fees	396,620	Charitable Contributions	60,439
Oil-Lube-Gas	393,000	Conferences/Schools	59,035
Water Charges	343,501	Training	57,353
Legal Costs	313,000	R & M Streets	55,000
Auto Repairs, Auto Parts, Tire	290,000	Election Cost	54,000
Operational Equipment	285,568	Books/Publications	50,265
Resurfacing	225,000	Advertising	50,015
Building Repairs	120,000	Main Street	50,000
Equipment Rentals	105,784	Office Supplies	48,952
Telephone	81,477	Street Light Maintenance	45,000
New/Replacement Vehicles	80,000	Dues/Memberships	44,312
Printing/Binding	<u>77,645</u>	Postage	42,215
	6,241,580		966,085