

MEMORANDUM



City of Campbell
Finance Department

To: City Council

Date: June 15, 2021

From: Will Fuentes, Finance Director

Subject: Fourth Update of Seven-Year Financial Forecast

Staff has prepared a **fourth** update of the Seven-Year Financial Forecast that covers Fiscal Year (FY) 2022 to FY 2028 and is a **revision of the third update shared with City Council on June 1, 2021**. This revision will provide a summary of staff's Seven-Year Financial Forecast, with the full detailed forecast to be published in its entirety on the City's website at <https://www.ci.campbell.ca.us/151/Budget>. Additionally, this revision uses updated information pertaining to costs, revised proposed expenditures for FY 2022, and updated information pertaining to revenues. Its main focus is the General Fund (101) since that that is the City's primary discretionary fund to support daily operations. Please also note that while this is a better indication of estimated revenues and expenditures for FY 2022 and beyond, the forecast will continue to be updated in the future.

Below in **Table 1**, Council will find a summary of projected General Fund revenues compared to expenditures during this time period as well as estimated surpluses or deficits. Please note though that this is only one possible future for the City based on the assumptions to be detailed below and future year trending based off of those assumptions. Should actions be taken to reduce expenditures beyond any measures taken to date, revenues increase through new or modified sources, or the economy recovers more quickly or more slowly than expected, actual results could deviate from projected results, which are based upon best data as of today:

Table 1 – General Fund Revenues vs. Expenditures (Estimated) (June 15, 2021)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	57,130,551	57,857,020	61,471,548	64,108,835	66,456,230	69,487,433	72,570,000
Expenditures	54,984,092	58,194,394	59,499,482	62,040,383	63,113,888	65,282,270	67,256,063
Surplus/(Deficit)	2,146,458	(337,374)	1,972,066	2,068,451	3,342,342	4,205,164	5,313,937

For comparison purposes, **Table 2** below provides the same information from when staff last provided an update of the Seven-Year Financial Forecast to Council on June 1, 2021:

Table 2 – General Fund Revenues vs. Expenditures (Estimated) (June 1, 2021)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	56,002,472	57,792,650	61,405,200	64,040,500	66,385,900	69,415,000	72,495,500
Expenditures	54,974,470	58,215,094	59,520,782	62,062,183	63,136,288	65,305,270	67,279,763
Surplus/(Deficit)	1,028,002	(422,444)	1,884,418	1,978,317	3,249,612	4,109,730	5,215,737

As shown, at the time of the last update, staff had projected a General Fund operating surplus of approximately \$1.0 million in FY 2022, but a General Fund operating deficit of \$422,000 in FY 2023; with increasing surpluses in out years. However, on June 4, the

California State Department of Finance (DOF) released American Rescue Plan Act (ARPA) funding figures for Campbell at \$9,997,774¹; \$2.1 million higher than original estimates provided to the City in March 2021 and pending submittal of certification/attestation paperwork to the DOF starting June 9. Thus, staff has adjusted estimates and now expects to receive equal payments of \$4,998,887 in FY 2021 and FY 2022; \$1.07 higher than originally expected in both fiscal years. For reference, since Campbell's population is less than 50,000, it is considered a Non-Entitlement Unit (NEU) by the US Treasury Department and all ARPA funding is first sent to the State DOF before being distributed to NEUs. Funding for all NEUs was capped at \$19.53 billion in the ARPA. All cities with populations over 50,000 are considered Entitlement Units or Metro cities that receive their ARPA funding directly from the US Treasury Department. Funding for all Metro cities was capped at \$44.7 billion in the ARPA. And when original estimates were generated by the Congressional House Oversight Committee in March, several Metro cities were accidentally included in the NEU calculations. Thus, once corrected, ARPA allocations increased for most NEUs in California.

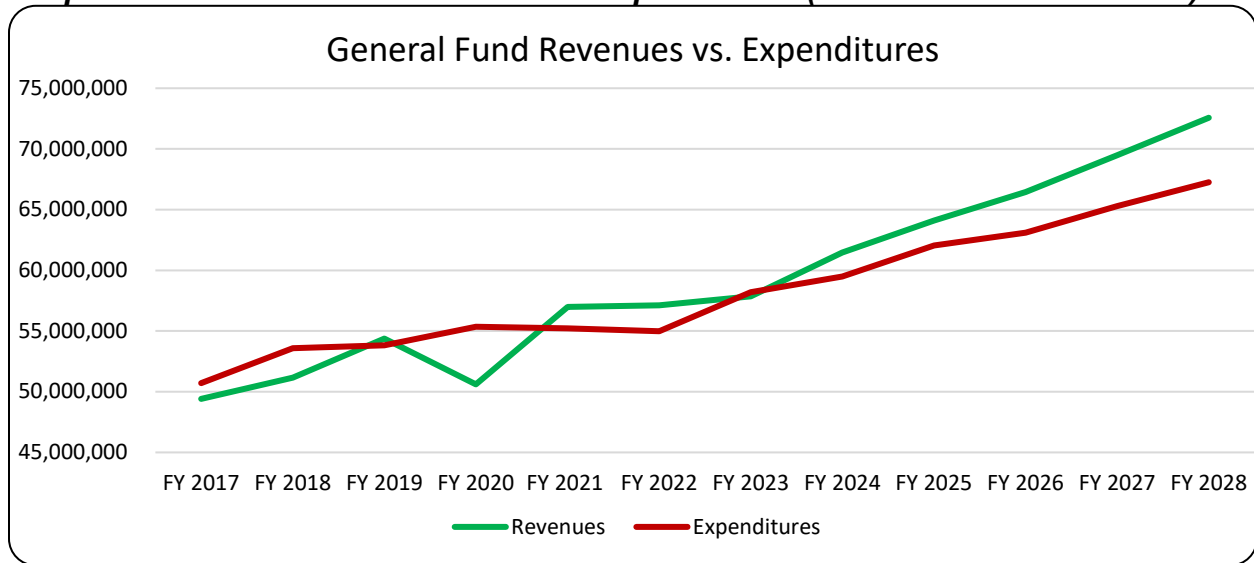
In addition, since the last update of the Seven-Year Financial Forecast, staff corrected a \$41,600 double-counting of Temporary staffing costs in the Police Administration budget unit 101.601 and added anticipated school district funding of half the Crossing Guard program at \$53,500. These corrections, combined with higher than expected ARPA funding, results in a larger surplus of \$2.1 million in FY 2022, a smaller deficit of \$337,000 in FY 2023, and larger surpluses in out years.

Furthermore, similar to the last update of the Seven-Year Financial Forecast, there are several vacant positions that staff is proposing not to rehire in FY 2022, but instead defer a hiring decision until at least FY 2023; allowing for further discussions with Council over the next fiscal year as the economic recovery and future operating needs and priorities are better understood. While full year costing for high priority vacant positions proposed to be rehired in FY 2022 has been added back into FY 2023, costing for positions deferred entirely until FY 2023 has not yet been added back.

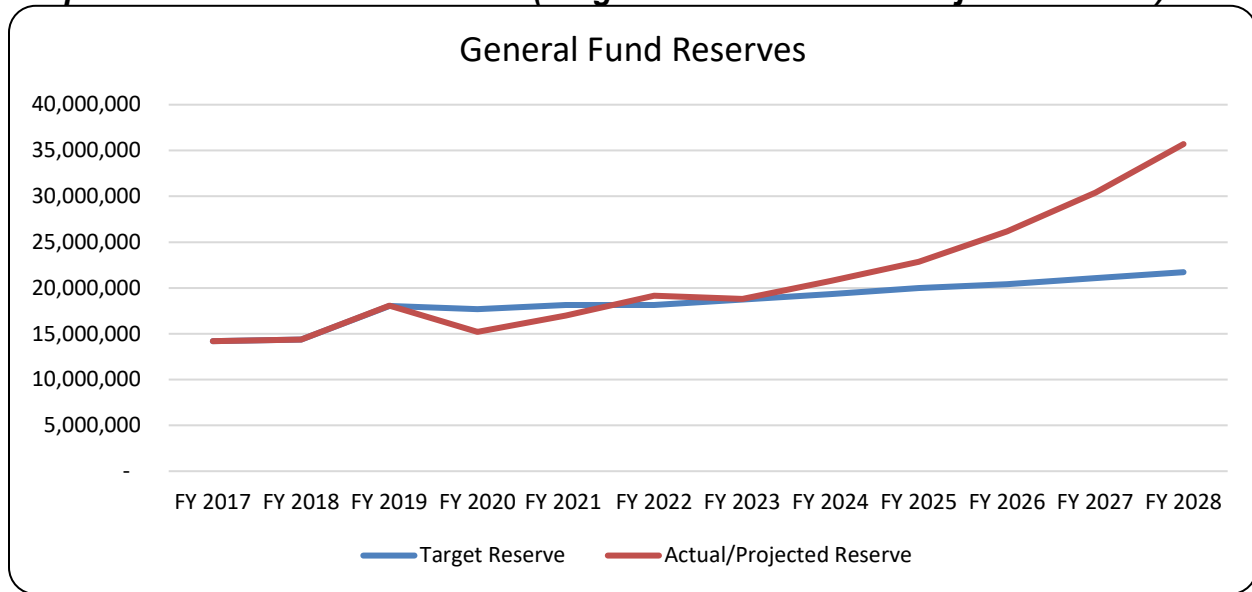
The financial information above is also visually presented in **Graph 1** below. In addition to a seven-year forecast, this graph also provides five-year historical look back:

¹ California State DOF – “Local Fiscal Recovery Fund Allocations” (June 4, 2021) - <https://www.dof.ca.gov/budget/COVID-19/Small%20City%20Allocations%20-%20ARPA/CFRF%20Allocation%20Schedule.pdf>

Graph 1 – General Fund Revenues vs. Expenditures (Estimated and Historical)



As is shown in **Graph 1** and **Table 1** above, at this time, staff projects a General Fund operating deficit of \$337,000 in FY 2023 and a General Fund operating surplus of \$2.0 million in FY 2024. Absent future City action regarding ongoing costs, additional revenue sources, or a quicker and larger than expected economic recovery, this could require the City to draw upon its discretionary General Fund reserves in FY 2023 to balance the budget. However, even with this drawdown, total General Fund reserves are now estimated to return to their targeted levels by FY 2022 and be above their targeted levels through all years of the seven-year forecast; due entirely to higher than expected ARPA funding to be received in FY 2021 and FY 2022. The forecast could change further should ongoing labor negotiations result in higher costs, further action regarding ongoing costs be taken, additional revenue sources be secured, or a quicker and larger than expected economic recovery occur. A comparison to target levels set by Council Policy is shown in Graph 2 below:

Graph 2 – General Fund Reserves (Targeted vs Actual and Projected Actual)

However, while this is again one potential scenario and future for the City, there are three ways to balance a city's operating budget:

1. Reduce expenditures
2. Increase revenues
3. Utilize reserve funds

Thus, into addition to or as a full or partial replacement for expenditure reductions, the City Council may also want to consider additional revenue sources such as, but not limited to, allowance of short-term rentals and collection of TOT from their owners or rental platforms, an increase to TOT rates, a new Sales Tax add on, a new Utility Users Tax ("UUT"), a parcel tax, and/or a modernization of Business License tax rates as strategies to bridge potential future General Fund operating deficits. Voter approval would be required for all measures identified except enforcement of TOT requirements for short-term rentals. However, the City's Municipal Code would first need to be modified to allow short-term rentals to operate within Campbell. Thus, Finance has added the following Workplan item to their proposed list for FY 2022: ***"101.535 (Accounting) - Evaluate and discuss with City Council potential new revenue measures (recommended Fall 2021 Study Session or before if any measures under consideration for November 2021 ballot) [Council Priority – Fiscal Stability and Financial Recovery]"***. While staff is currently recommending a Fall 2021 Study Session to discuss and evaluate various revenue options, the November 2021 recall election for the Governor could also provide a more immediate opportunity to place a ballot measure sooner should Council wish for staff to do so. Such timing may make polling very difficult or limited at best, but it could provide means to more immediate additional funding sources than waiting until a 2022 ballot.

Table 3 below provides a summary of projected General Fund discretionary reserves over the seven-year forecast from FY 2022 to FY 2028 and considers potential surpluses and deficits identified above:

Table 3 – General Fund Discretionary Reserves (Estimated)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Econ. Fluct.	10,171,913	9,761,892	11,372,505	13,177,228	16,284,830	20,186,874	25,192,554
Emergency	5,713,055	5,785,702	6,147,155	6,410,883	6,645,623	6,948,743	7,257,000
Operating	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PERS	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000
Total	19,136,968	18,799,593	20,771,660	22,840,111	26,182,453	30,387,617	35,701,554
% of Expend.	34.8%	32.3%	34.9%	36.8%	41.5%	46.6%	53.1%

Please note that the City's FY 2021 Adopted Budget did not identify the PERS Reserve as a discretionary General Fund Reserve, but its purpose is to mitigate increases to employer contribution retirement rates and its inclusion is appropriate for these discussions. For presentation purposes, it has been added to the Preliminary Proposed Fiscal Year (FY) 2022 Operating Budget as a discretionary General Fund Reserve.

The following summarizes key assumption made for revenues and expenditures:

REVENUES

- Property Taxes** – Property tax is the General Fund's largest revenue source and has been the one bright spot during the COVID-19 pandemic; fueled by increasing housing prices, increasing demand for larger work-from-home spaces, and very low mortgage interest rates. In FY 2021, the City is expected to receive \$17.2 million in within the General Fund. On May 7, 2021, the Santa Clara County Assessor's Office provided an update on FY 2021 property tax collections to date and projected 4.3% assessed value growth for Campbell in FY 2022. This has been factored into the Preliminary Proposed FY 2022 Operating Budget. Beyond FY 2022, staff estimates steady 5-7% growth which mirrors pre-COVID recessionary property tax growth levels.
- Sales and Use Tax** - Sales tax is the General Fund's second largest revenue source. While staff is conservative in its revenue estimates on the whole, it does note that there is good reason for optimism should current pandemic related trends continue, which may include a full reopening of the State economy on June 15. Consumer spending and sales tax have been significantly impacted by the COVID-19 pandemic, but staff and its sales tax consultants forecast that spending will accelerate through FY 2022 due to vaccinations, decreases in COVID-19 cases, reopening of the economy, pent up demand, \$1.8 trillion in nationwide accumulated personal savings since the start of the pandemic, and prior and recent federal stimulus. According to the advance estimate, real US gross domestic product (GDP) grew at an annualized rate of 6.4% in the first quarter of calendar year 2021, following 4.3% growth in the fourth quarter of calendar year 2020. Economic growth is expected to accelerate even further in the second quarter of calendar year 2021 to an annualized rate of 8.1%. Additionally, a recent forecast by the UCLA Anderson Forecast, a well-renowned economic think tank in California, predicts very robust 6.3% growth in real US GDP for all of 2021 due to

these factors². And this forecast mirrors the forecast of many leading economists as of late. Thus, the seven-year forecast projects a near return to pre-recessionary sales tax levels during FY 2022, followed by average annual growth of 3-4% thereafter.

- **Charges for Service** - As a whole in Charges for Service in the General Fund, staff is estimating a 17.9% increase in FY 2022 when compared to the year-end estimate for FY 2021, which was significantly impacted by the COVID-19 pandemic. While this will result in \$3.3 million in revenue, it will still be well below pre-recessionary levels of approximately \$5.0 million as staff expects Recreation services and programs to be less than full capacity through FY 2022 due to the lingering effects of the COVID-19 pandemic. However, staff estimates that revenues from Charges for Service will fully return to pre-recessionary levels by FY 2023 due to current trends regarding COVID-19 and could be better than expected in FY 2022 based upon highly encouraging class enrollments to date for the Summer 2021 Recreation season and further easing of public health restrictions. Thereafter, through fiscal year 2028, staff estimates level 3% annual growth in revenues from Charges for Services.
- **Transient Occupancy Tax (TOT)** - TOT is collected by City hotels on behalf of the City and must be reported on and remitted within 30 days of the close of the month being reported. For presentation purposes and so as to align with categorization in the City's Annual Financial report, it is shown together with Other Taxes. Given reduced personal and business travel due to COVID-19, staff's latest TOT estimates for FY 2021 were reduced to \$1.5 million. In FY 2019, the last normal year before the COVID-19 pandemic, City TOT revenue equaled \$4.8 million. While many economists forecast a strong rebound for hotels by calendar year 2023, due to pent up demand for personal travel, staff is much more conservative and feels that there is great uncertainty surrounding Campbell hotels since they appear to be used more for business travel. At this time, it is unknown how quickly that business travel will rebound and whether it will fully rebound to pre-pandemic levels due to increased utility and cost effectiveness of virtual meetings. Thus, staff forecasts a slow return to normal and TOT revenues of \$2.0 million in FY 2022, followed by \$3.0 million in FY 2023, \$4.5 million in FY 2024, and \$4.6 million in FY 2025. Not until FY 2026 does staff forecast a return to pre-pandemic levels for Campbell hotels. Please note that these estimates do not include any new hotels which may be constructed in the future, potential increases to TOT rates, or the collection of TOT from short-term rentals. Any of those factors could positively impact TOT revenue estimates. Conversely, hotel closures could also negatively impact TOT revenue. However, remaining hotels might also pick up the travelers that would have otherwise stayed at a shuttered hotel. At this time, staff recommends caution when forecasting TOT revenue, but feels that its forecast is reasonable and based on sound assumptions and data.

² **UCLA Anderson Forecast** – “Robust Economic Growth and Recovery After a Dreadful Year” (March 2021) - http://www.uclaforecast.com/uploads/forecasts/2021/march/uclaforecast_march2021_feler.pdf

- **License and Permits** - Licenses and Permits are the General Fund's sixth-largest revenue source. While a number of planned development projects in FY 2021 have been deferred until at least FY 2022, staff is expecting conservative growth in this area for FY 2022, slightly above pre-pandemic levels due to the aforementioned deferred projects. After FY 2022, staff estimates level 3% annual growth in revenues from Licenses and Permits through FY 2028. Should significant new developments be built within Campbell which are not currently known, Licenses and Permits and Other Taxes could increase at a higher rate than what is shown in the seven-year financial forecast.

EXPENDITURES

- **Employee Costs** – Due to ongoing labor negotiations with most all bargaining groups, staff has included no salary escalators for FY 2022 other than scheduled merit based increases based on anniversary dates and satisfactory performance evaluations. In addition, staff has factored in an 8% healthcare premium increase to all medical plans January 1, 2022 (based upon historical trends) and known rate increases to retirement rates and other employee benefits. Each member of the Executive Team also evaluated their department and given Council's Strategic Priorities, the current and forecasted economic climate given the pandemic, and current operating needs, recommended staffing adjustments when necessary. These staffing adjustments include strategically timing the filling of vacant positions (with some deferred to FY 2023 or later), the elimination of some vacant positions no longer deemed essential, and in some limited cases, Reductions in Force (RIFs) to existing employees or reclassifications of positions. In the General Fund, Employee Services costs are expected to increase by 4.2% in FY 2022 when compared to FY 2021 Year-End Estimates and 5.3% in FY 2023. The latter fiscal year includes full year costing for any vacant positions that are proposed to be rehired partway through FY 2022. After FY 2023, staff forecasts average annual salary rate growth of 2.8% through FY 2028. Staff is also anticipating increases in PERS retirement UAAL rates starting in FY 2023 due to PERS missing its investment target in FY 2020 by 230 basis points (2.3%). Additionally, while labor concessions of approximately \$595,000 were expected for FY 2021, these savings are not anticipated to continue into the future and a temporary deferral of allowable vacation and sick leave cash outs equaling approximately \$550,000 will need to be paid back to employees starting in FY 2022. This has been factored into the Seven-Year Financial Forecast.
- **Supplies and Services** – In the General Fund, staff is proposing a 0.7% decrease to supplies and services costs in FY 2022 when compared to FY 2021 Year-End Estimates. It is currently forecasted that this could be followed by 7.6% growth in FY 2023 as operations return more to normal. However, all supplies and services modifications will require Council approval and will only be recommended in future budget proposals if staff feels they are appropriate and sustainable. Staff is also estimating that the City may need to continue some expenditures for COVID-19 related activities through FY 2022, but at 50% of the \$250,000 level (\$125,000) shown in the FY 2021 General Fund Amended Budget. Some of these costs may

be reimbursable through state or federal funding and staff estimates that they will no longer be necessary after FY 2022. For all other supplies and services costs, staff is estimating level 3% annual growth through FY 2027, consistent with normal and average inflationary growth levels.

- **General Fund Support of the Capital Improvement Project Reserve (CIPR) –** The City has historically supported a number of general purpose capital improvement projects that cannot be funded elsewhere through accumulated General Fund surpluses which have been deposited in the CIPR Reserve. By the end of FY 2021, this reserve is estimated to have a balance of \$1.58 million and the City has historically targeted a \$1.5 million annual set aside from the General Fund when there are available funds. However, due to the continued economic impacts of COVID-19, the need to remain cautious, and operational needs, staff recommends not making this set aside in FY 2022. Nevertheless, as shown in the detailed forecast, staff recommends slowly increasing the set aside from \$275,000 in FY 2023 to \$1.5 million in FY 2028; thereby fully reaching its targeted level and allowing it to support ongoing and new capital projects, which could include full or partial funding of Police Station FFE costs (estimated to be \$3.0 million). To do so though may require expenditure reductions in other areas or revenue increases since the CIPR is entirely supported by the City's General Fund.

And lastly, as mentioned previously, the detailed seven-year financial forecast will be published in its entirety on the City's website at <https://www.ci.campbell.ca.us/151/Budget> and will contain following items shown:

- Historical and Projected Revenues by Type
- Historical and Projected Expenditures by Type
- Historical and Projected Surpluses and Deficits
- Historical and Projected Draw Downs on General Fund Reserves
- Historical and Projected Comparisons of General Fund Reserves to City Policy

EXHIBIT A - General Fund (101) Historical (5-years) and Forecasted (7-years) Revenues and Expenditures

REVENUES BY TYPE	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Base Revenues	Actuals	Actuals	Actuals	Actuals	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Property Taxes	13,032,100	14,004,162	15,607,316	17,208,898	17,225,206	18,847,020	19,809,400	20,788,000	22,017,100	23,319,400	24,926,000	26,644,300
Sales & Use Taxes	14,297,751	14,859,014	15,684,222	13,493,745	13,154,074	15,521,900	16,629,270	17,260,448	17,806,135	18,331,530	18,836,333	19,401,500
Other Taxes	9,279,306	9,698,920	9,539,163	7,962,878	6,216,201	7,210,365	8,376,700	10,048,700	10,366,700	10,695,300	11,041,000	11,398,800
Licenses & Permits	2,699,786	2,411,868	2,062,086	2,481,986	2,034,000	2,738,858	2,821,000	2,905,600	2,992,900	3,082,600	3,175,100	3,270,200
Fines/Forfeits/Penalties	281,517	303,382	274,478	216,065	44,001	160,000	233,200	240,200	247,400	254,800	262,400	270,200
Investment & Other Interest Income	171,221	180,905	998,446	542,846	384,400	395,900	593,900	611,800	630,200	649,100	668,600	688,600
Intergovernmental Revenue	211,885	275,179	761,116	1,009,428	1,107,475	840,617	866,500	893,400	921,500	950,700	981,100	1,012,700
Charges For Services	5,054,878	4,927,321	5,037,369	3,917,007	2,807,868	3,310,465	4,676,350	4,756,900	5,041,400	4,964,800	5,262,800	5,419,500
Leases & Rentals	2,813,844	2,813,008	2,913,689	2,543,937	1,812,100	2,116,800	2,831,200	2,916,300	3,003,800	3,093,900	3,186,700	3,282,400
Miscellaneous Revenues	168,926	213,057	191,982	232,556	165,178	126,268	130,100	134,100	138,100	142,200	146,400	150,800
Other Revenues	-	-	-	22,646	70,000	72,100	74,300	76,500	78,800	81,200	83,600	86,100
OFS - Bonds & Loans	3	-	20	-	-	-	-	-	-	-	-	-
OFS - Operating Transfers	1,399,558	1,462,489	1,294,226	974,801	6,448,657	791,371	815,100	839,600	864,800	890,700	917,400	944,900
Sub-Total Base Revenues	49,410,775	51,149,304	54,364,113	50,606,793	51,469,160	52,131,664	57,857,020	61,471,548	64,108,835	66,456,230	69,487,433	72,570,000
Adjustments to Revenue												
CARES Act Funding	-	-	-	-	522,000	-	-	-	-	-	-	-
ARP Funding	-	-	-	-	4,998,887	4,998,887	-	-	-	-	-	-
Sub-Total Revenue Adjustments	-	-	-	-	5,520,887	4,998,887	-	-	-	-	-	-
TOTAL REVENUES	49,410,775	51,149,304	54,364,113	50,606,793	56,990,047	57,130,551	57,857,020	61,471,548	64,108,835	66,456,230	69,487,433	72,570,000
EXPENDITURES BY TYPE												
Base Expenditures	Actuals	Actuals	Actuals	Actuals	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Salaries	17,983,051	18,395,040	18,977,226	19,012,655	18,747,267	19,773,320	21,432,197	22,021,900	22,627,800	23,249,800	23,889,200	24,546,500
Benefits	9,361,883	9,661,058	11,052,287	13,094,052	11,193,702	11,415,771	11,399,703	11,756,900	12,151,200	12,185,000	12,506,900	12,837,300
Supplies & Services	16,077,305	16,660,648	16,939,305	17,143,650	17,359,667	17,241,224	18,554,317	19,036,100	19,680,600	20,193,300	20,873,600	21,419,300
Other Charges	827,917	881,806	579,176	529,364	443,950	496,600	511,500	526,800	542,600	558,900	575,600	592,900
Rents & Leases	1,670,992	1,927,483	1,928,975	1,598,459	1,693,453	1,693,453	1,744,200	1,796,600	1,850,300	1,905,700	1,963,000	2,021,900
Debt Service	1,641	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	38,514	98,978	33,882	45,359	-	-	-	-	-	-	-	-
Operating Transfers	2,988,255	2,971,131	3,096,268	2,858,545	3,541,990	3,548,091	2,953,100	3,041,700	3,133,000	3,227,000	3,323,800	3,423,500
Capital Transfers	1,759,318	2,996,506	1,209,938	1,080,020	2,230,931	815,634	1,289,588	645,336	1,089,462	489,462	504,100	519,200
Sub-Total Base Expenditures	50,708,876	53,592,651	53,817,057	55,362,103	55,210,960	54,984,092	57,884,604	58,825,336	61,074,962	61,809,162	63,636,200	65,360,600
Adjustments to Expenditures												
Renewed Set Aside for CIPR: Target \$1.5M/yr	-	-	-	-	-	-	275,000	550,000	750,000	1,000,000	1,250,000	1,500,000
PERS UAAL Increases (Invest. Target) (Misc)	-	-	-	-	-	-	50,000	99,000	149,000	198,000	248,000	248,000
PERS UAAL Increases (Invest. Target) (Safety)	-	-	-	-	-	-	42,000	83,000	125,000	166,000	208,000	208,000
Full Year Costs of Partial FY 2022 Vacancies	-	-	-	-	-	-	355,190	365,846	376,821	388,126	399,770	411,763
Increase Vacancy Factor Back to 2%	-	-	-	-	-	-	(412,400)	(423,700)	(435,400)	(447,400)	(459,700)	(472,300)
Sub-Total Expenditure Adjustments	-	-	-	-	-	-	309,790	674,146	965,421	1,304,726	1,646,070	1,895,463
TOTAL EXPENDITURES	50,708,876	53,592,651	53,817,057	55,362,103	55,210,960	54,984,092	58,194,394	59,499,482	62,040,383	63,113,888	65,282,270	67,256,063
SURPLUS/(DEFICIT)	(1,298,101)	(2,443,347)	547,055	(4,755,309)	1,779,087	2,146,458	(337,374)	1,972,066	2,068,451	3,342,342	4,205,164	5,313,937

EXHIBIT A - General Fund (101) Historical (5-years) and Forecasted (7-years) Revenues and Expenditures

Graph Data (Revenues vs. Expenditures)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	49,410,775	51,149,304	54,364,113	50,606,793	56,990,047	57,130,551	57,857,020	61,471,548	64,108,835	66,456,230	69,487,433	72,570,000
Expenditures	50,708,876	53,592,651	53,817,057	55,362,103	55,210,960	54,984,092	58,194,394	59,499,482	62,040,383	63,113,888	65,282,270	67,256,063
Surplus/Deficit	(1,298,101)	(2,443,347)	547,055	(4,755,309)	1,779,087	2,146,458	(337,374)	1,972,066	2,068,451	3,342,342	4,205,164	5,313,937

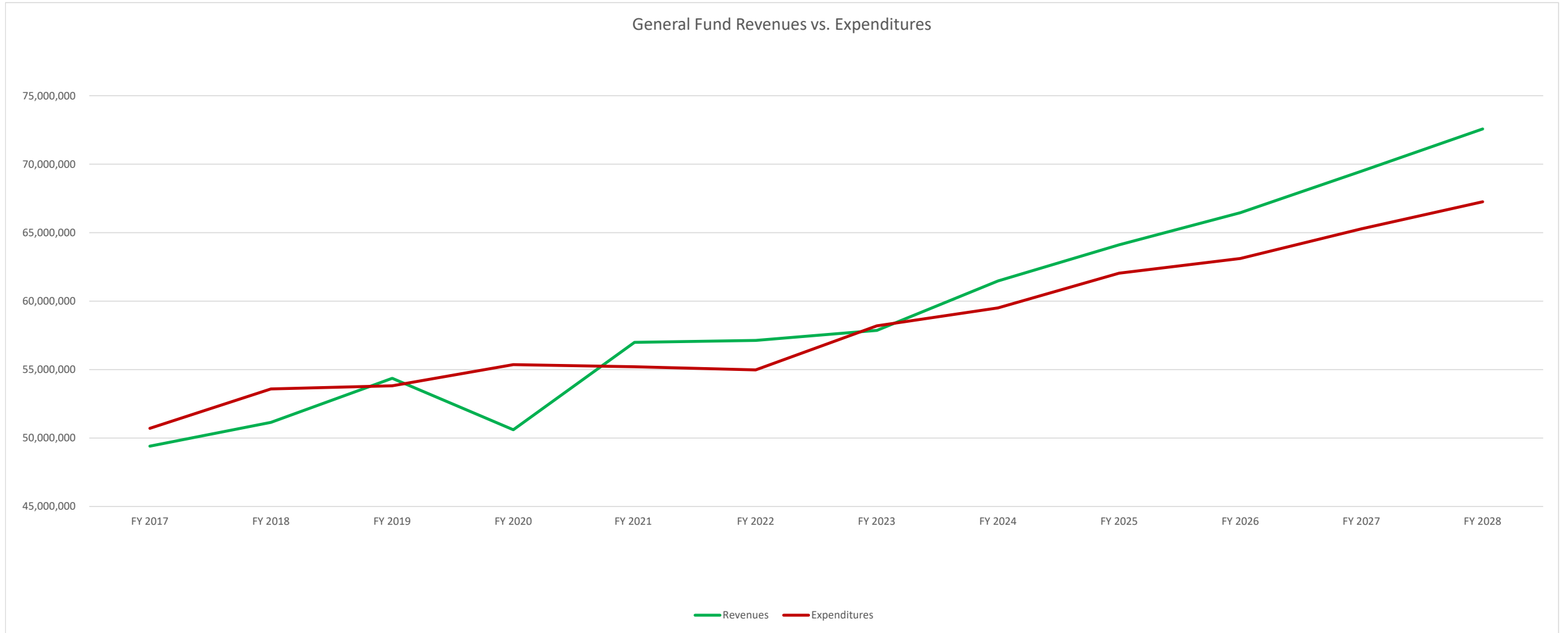


EXHIBIT A - General Fund (101) Historical (5-years) and Forecasted (7-years) Revenues and Expenditures

RESERVES												
<i>Targets (by Council Policy)</i>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Economic Fluctuations (16.67% of Expend.)	6,000,000	6,000,000	9,192,787	9,373,782	9,203,667	9,165,848	9,701,006	9,918,564	10,342,132	10,521,085	10,882,554	11,211,586
Emergency (10% of Revenues)	4,941,078	5,114,900	5,586,316	5,060,679	5,699,005	5,713,055	5,785,702	6,147,155	6,410,883	6,645,623	6,948,743	7,257,000
Operating (\$1 million)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PERS (No established target)	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000
Total Reserve Target	14,193,078	14,366,900	18,031,103	17,686,461	18,154,672	18,130,903	18,738,708	19,317,718	20,005,015	20,418,708	21,083,298	21,720,586
<i>Actual/Projected</i>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Economic Fluctuations	6,000,000	6,000,000	9,192,787	9,373,782	9,203,667	10,171,913	9,761,892	11,372,505	13,177,228	16,284,830	20,186,874	25,192,554
Emergency	4,941,078	5,114,900	5,586,316	2,585,719	4,534,842	5,713,055	5,785,702	6,147,155	6,410,883	6,645,623	6,948,743	7,257,000
Operating	1,000,000	1,000,000	1,026,759	999,921	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PERS	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000	2,252,000
Total Reserve Actual/Projected	14,193,078	14,366,900	18,057,862	15,211,422	16,990,509	19,136,968	18,799,593	20,771,660	22,840,111	26,182,453	30,387,617	35,701,554
<i>*Red denotes an actual or anticipated draw on a Reserve Fund</i>												
% of Expenditures	28.0%	26.8%	33.6%	27.5%	30.8%	34.8%	32.3%	34.9%	36.8%	41.5%	46.5%	53.1%

EXHIBIT A - General Fund (101) Historical (5-years) and Forecasted (7-years) Revenues and Expenditures

Graph Data (Reserves)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Target Reserve	14,193,078	14,366,900	18,031,103	17,686,461	18,154,672	18,130,903	18,738,708	19,317,718	20,005,015	20,418,708	21,083,298	21,720,586
Actual/Projected Reserve	14,193,078	14,366,900	18,057,862	15,211,422	16,990,509	19,136,968	18,799,593	20,771,660	22,840,111	26,182,453	30,387,617	35,701,554
Difference from Target	-	-	26,759	(2,475,039)	(1,164,163)	1,006,064	60,886	1,453,941	2,835,096	5,763,745	9,304,319	13,980,968

