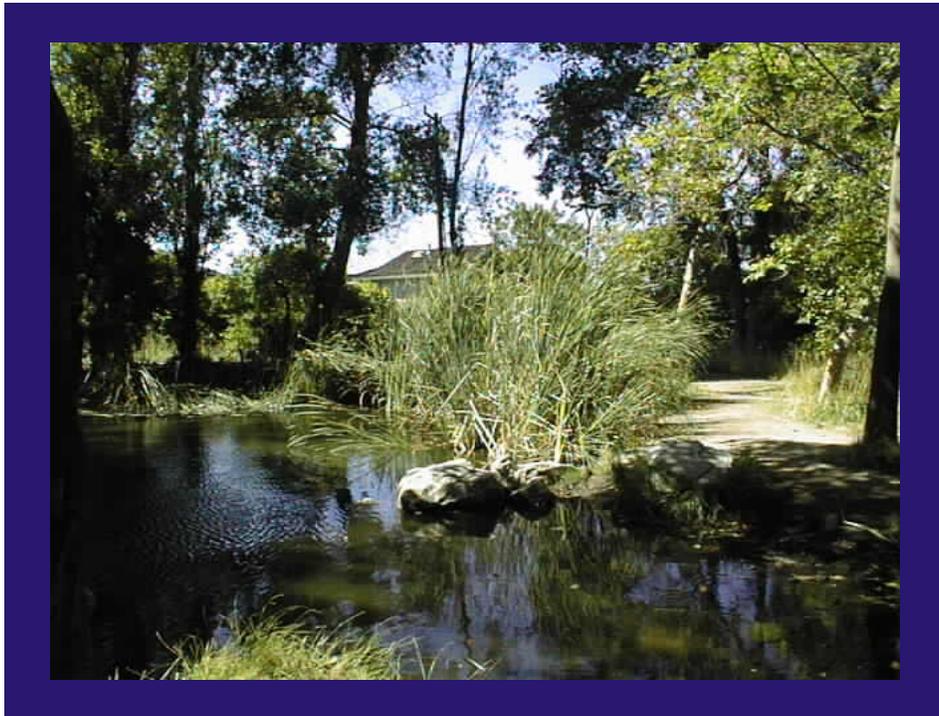


City of Redondo Beach



General Fund

Five-Year Financial Plan

2008-2009 to 2012-2013

**GENERAL FUND
FIVE-YEAR FINANCIAL PLAN
2008/2009 – 2012/2013**

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**GENERAL FUND
FIVE-YEAR FINANCIAL PLAN
2008/2009 – 2012/2013**

Introduction

I am pleased to present the *General Fund Five-Year Financial Plan* for the City of Redondo Beach. The purpose of this plan is to ensure our continued success as a community and to ensure a quality of life for our residents by preserving the fiscal integrity of the General Fund.

This document is not a strategic plan or a future budget. Rather, it represents fiscal possibilities for the next five years relative to the policies, programs, goals, and objectives of the City of Redondo Beach. The document is designed to address such issues as what direction the City is going and what it will cost to get there. As such, the *General Fund Five-Year Financial Plan* attempts to project General Fund revenues and expenditures in probable case, best case, and worst case scenarios. Additionally, this document identifies scenarios to assist the City Council in addressing significant fiscal issues.

It is my intention that the *General Fund Five-Year Financial Plan* will continue to be utilized as a dynamic tool which will provide the City Council, community members and staff a better understanding of City resources and service decisions that may be required for the future.

Assumptions for Projections

The operating revenue and expenditure assumptions for the *General Fund Five-Year Financial Plan* were developed by using the 2008/2009 Proposed Budget (with the recommended decision packages excluded) as the base and then forecasting the next four years. With respect to revenue, these percentages are compounded annually with each year of analysis. Additionally, projected revenues do not include any one-time funds that may be received by the City.

Schedules

The following schedules summarize the assumptions and corresponding revenues and expenditures for each case scenario. Additionally, the significant fiscal issues are identified and prioritized for each scenario. Detailed information on the significant fiscal issues is included in the schedule format.

FINANCIAL HIGHLIGHTS - General Fund
Probable Case Scenario Projections

PROBABLE General Fund	2008/09 Proposed Budget	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast
<i>Revenues</i>					
Property Tax	\$ 18,230,000	\$ 18,959,200	\$ 19,717,568	\$ 20,506,271	\$ 21,326,522
Sales Tax	10,078,000	10,380,340	10,691,750	11,012,503	11,342,878
Utility Users Tax	7,675,000	7,828,500	7,985,070	8,144,771	8,307,667
Motor Vehicle in Lieu	5,576,000	5,799,040	6,031,002	6,272,242	6,523,131
Transient Occupancy Tax	3,630,000	3,738,900	3,851,067	3,966,599	4,085,597
Franchise Fees	1,846,000	1,919,840	1,996,634	2,076,499	2,159,559
Investment Earnings	1,619,500	1,700,475	1,785,499	1,874,774	1,968,512
Property Transfer Tax	1,378,000	1,378,000	1,446,900	1,519,245	1,595,207
Business License Tax	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000
Construction & Excavation Fees	1,084,000	1,029,800	1,081,290	1,135,355	1,192,122
Other	16,134,639	16,134,639	16,134,639	16,134,639	16,134,639
Total Revenues	\$ 68,431,139	\$ 70,048,734	\$ 71,901,418	\$ 73,822,897	\$ 75,815,834
<i>Expenditures</i>					
Personnel	\$ 46,780,913	\$ 48,797,981	\$ 50,736,014	\$ 52,783,980	\$ 54,949,678
Maintenance & Operations	7,184,287	7,399,816	7,621,810	7,850,464	8,085,978
Internal Service Fund Allocations	16,393,788	16,781,309	17,225,150	17,685,471	18,162,911
Capital Outlay	-	150,000	153,000	156,060	159,181
Total Expenditures	\$ 70,358,988	\$ 73,129,106	\$ 75,735,974	\$ 78,475,975	\$ 81,357,749
Preliminary Excess (Deficit)	\$ (1,927,849)	\$ (3,080,372)	\$ (3,834,556)	\$ (4,653,079)	\$ (5,541,915)
Fiscal Issues:					
Maintain Contingency Reserve	\$ 213,061	\$ 230,751	\$ 217,152	\$ 228,242	\$ 240,052
Capital Improvement Projects	-	-	-	-	-
Reduce Supplies and Services	(2,140,910)	(3,311,122)	(4,051,707)	(4,881,320)	(5,781,966)
Final Excess (Deficit)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

FINANCIAL HIGHLIGHTS - General Fund
Best Case Scenario Projections

BEST	2008/09	2009/10	2010/11	2011/12	2012/13
General Fund	Proposed	Forecast	Forecast	Forecast	Forecast
	Budget				
<i>Revenues</i>					
Property Tax	\$ 18,230,000	\$ 19,506,100	\$ 20,871,527	\$ 22,332,534	\$ 23,895,811
Sales Tax	10,078,000	10,481,120	10,900,365	11,336,379	11,789,835
Utility Users Tax	7,675,000	8,058,750	8,461,688	8,884,772	9,329,010
Motor Vehicle in Lieu	5,576,000	5,910,560	6,265,194	6,641,105	7,039,572
Transient Occupancy Tax	3,630,000	3,847,800	4,078,668	4,323,388	4,582,791
Franchise Fees	1,846,000	1,993,680	2,153,174	2,325,428	2,511,463
Investment Earnings	1,619,500	1,781,450	1,959,595	2,155,555	2,371,110
Property Transfer Tax	1,378,000	1,378,000	1,515,800	1,667,380	1,834,118
Business License Tax	1,180,000	1,239,000	1,300,950	1,365,998	1,434,297
Construction & Excavation Fees	1,084,000	1,084,000	1,138,200	1,195,110	1,254,866
Other	16,134,639	16,941,371	17,788,439	18,677,861	19,611,755
Total Revenues	\$ 68,431,139	\$ 72,221,831	\$ 76,433,600	\$ 80,905,510	\$ 85,654,627
<i>Expenditures</i>					
Personnel	\$ 46,780,913	\$ 48,281,723	\$ 49,698,476	\$ 51,174,490	\$ 52,712,792
Maintenance & Operations	7,184,287	7,184,287	7,184,287	7,184,287	7,184,287
Internal Service Fund Allocations	16,393,788	17,301,910	18,310,907	19,382,226	20,519,954
Capital Outlay	-	150,000	150,000	150,000	150,000
Total Expenditures	\$ 70,358,988	\$ 72,917,920	\$ 75,343,671	\$ 77,891,003	\$ 80,567,033
Preliminary Excess (Deficit)	\$ (1,927,849)	\$ (696,089)	\$ 1,089,929	\$ 3,014,508	\$ 5,087,595
Fiscal Issues:					
Maintain Contingency Reserve	\$ 213,061	\$ 213,159	\$ 202,065	\$ 212,193	\$ 222,913
Capital Improvement Projects	-	-	887,863	2,802,315	4,864,682
Reduce Supplies and Services	(2,140,910)	(909,247)	-	-	-
Final Excess (Deficit)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**FINANCIAL HIGHLIGHTS - General Fund
Worst Case Scenario Projections**

WORST General Fund	2008/09 Proposed Budget	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast
<i>Revenues</i>					
Property Tax	\$ 18,230,000	\$ 18,594,600	\$ 18,966,492	\$ 19,345,822	\$ 19,732,738
Sales Tax	10,078,000	10,078,000	10,078,000	10,078,000	10,078,000
Utility Users Tax	7,675,000	5,675,000	5,675,000	5,675,000	5,675,000
Motor Vehicle in Lieu	5,576,000	5,643,000	5,715,792	5,794,047	5,877,472
Transient Occupancy Tax	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000
Franchise Fees	1,846,000	1,753,700	1,666,015	1,582,714	1,503,579
Investment Earnings	1,619,500	1,457,550	1,311,795	1,180,616	1,062,554
Property Transfer Tax	1,378,000	1,240,200	1,240,200	1,240,200	1,240,200
Business License Tax	1,180,000	1,144,600	1,110,262	1,076,954	1,044,646
Construction & Excavation Fees	1,084,000	975,600	975,600	1,024,380	1,075,599
Other	16,134,639	14,521,175	13,069,058	11,762,152	10,585,937
Total Revenues	\$ 68,431,139	\$ 64,713,425	\$ 63,438,214	\$ 62,389,884	\$ 61,505,724
<i>Expenditures</i>					
Personnel	\$ 46,780,913	\$ 49,335,651	\$ 51,873,442	\$ 54,588,759	\$ 57,497,763
Maintenance & Operations	7,184,287	7,543,501	7,920,676	8,316,710	8,732,546
Internal Service Fund Allocations	16,393,788	15,503,149	15,197,652	14,946,508	14,734,693
Capital Outlay	-	230,000	230,000	230,000	230,000
Total Expenditures	\$ 70,358,988	\$ 72,612,302	\$ 75,221,770	\$ 78,081,977	\$ 81,195,001
Preliminary Excess (Deficit)	\$ (1,927,849)	\$ (7,898,877)	\$ (11,783,557)	\$ (15,692,093)	\$ (19,689,277)
Fiscal Issues:					
Maintain Contingency Reserve	\$ 213,061	\$ 187,701	\$ 217,369	\$ 238,255	\$ 259,315
Capital Improvement Projects	-	-	-	-	-
Reduce Supplies and Services	(2,140,910)	(8,086,578)	(12,000,925)	(15,930,347)	(19,948,592)
Final Excess (Deficit)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

A. General Fund Revenue Sources

A1 - Property Tax						
Goal: Maintain the fiscal health of the General Fund with property taxes, now largely protected from State diversions by Proposition 1A.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> Continued growth and economic climate increase residential, commercial and industrial property values, resulting in comprable property tax growth.	x	x	x	x	x	Property tax revenues increase by 4.0% each fiscal year. City continues actions to protect and enhance property values.
<u>Best:</u> Resurgence of positive economic climate increase residential, commercial, and industrial property values at the higher end of cyclical valuations. Favorable legislation returns portion of funds previously diverted by the State.	x	x	x	x	x	Property tax revenues increase by 7.0% each fiscal year, plus successful legislative efforts result in some ERAF shift back to cities by the State. City continues actions to protect and/or enhance property values.
<u>Worst:</u> Local growth concerns and slow growth initiative stall development and slow pace of residential, commercial, and industrial property value growth rates.	x	x	x	x	x	Property tax revenues increase by 2.0% each fiscal year in line with Proposition 13 annual CPI growth.

A2 - Sales Tax

Goal: Maintain the fiscal health of the General Fund with sales taxes, now largely protected from State diversions by Proposition 1A

Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> Continued growth and economic climate produces increased sales taxes from City businesses.	x	x	x	x	x	Sales tax revenues increase by 3.0% each fiscal year. City continues actions to attract and retain commercial enterprises, thereby enhancing the City's sales tax base.
<u>Best:</u> Strong growth and positive economic climate increases strength in sales taxes from City businesses.	x	x	x	x	x	Sales tax revenues increase by 4.0% each fiscal year. City to improve economic development efforts to attract, retain and increase City's sales tax base.
<u>Worst:</u> Negative economic pressures and/or leakage from electronic commerce constrain sales taxes from City businesses.	x	x	x	x	x	Sales tax revenues remain flat each fiscal year as limited per capita growth is countered by diminished commercial retail activity.

A3 - Utility Users Tax

Goal: Maintain the fiscal health of the General Fund with the utility users taxes.

Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<p><u>Probable:</u> Continued growth and economic climate increase expanded array of utility services in response to technology and local utility services demands, resulting in comparable utility users tax growth.</p>	x	x	x	x	x	Utility users tax revenues increase by 2.0% each fiscal year as the array of utility services expand in response to technology and local utility service demands. Local utility users tax ordinance addressing telecommunications challenges approved by the electorate.
<p><u>Best:</u> Advancement in technologies and demand for utility services compliment local residential, commercial, and industrial growth and result in increased utility users taxes.</p>	x	x	x	x	x	Utility users tax revenues increase by 5.0% each fiscal year. Local utility users tax ordinance addressing telecommunications challenges approved by the electorate.
<p><u>Worst:</u> Negative economic pressures, leakage from wireless and electronic commerce, the increased proliferation of small multiple energy providers within the City, and several legal challenges may constrain collection of utility users tax from residential, commercial and industrial utility providers.</p>		x	x	x	x	Annual utility users tax revenues are reduced by \$2.0 million commencing in FY09/10 as a result of a 75% reduction in telecommunications service-based revenue resulting from the combination of hostile litigation, technology change, and adverse legislation. Local utility users tax ordinance revision addressing telecommunications challenges proves unsuccessful in generating utility users tax replacement revenues.

A4 - Motor Vehicle License Fees

Goal: Maintain the fiscal health of the General Fund with motor vehicle license fees and property tax in lieu of vehicle license fees, now largely protected from State diversions by Proposition 1A.

Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<p><u>Probable:</u> Continued growth and economic climate produces increased motor vehicle license fees from annual registration renewals and new sales of automobiles within the City.</p>	x	x	x	x	x	Motor vehicle license fee revenues increase by 4.0% each fiscal year, and property tax in lieu of vehicle license fees grow at the same pace as property tax revenue, also 4.0%.
<p><u>Best:</u> Strong growth and positive economic climate increases strength in vehicle registrations resulting in improved motor vehicle license fee apportionments to the City.</p>	x	x	x	x	x	Motor vehicle license fee revenues increase by 6.0% each fiscal year, and property tax in lieu of vehicle license fees grow at the same pace as property tax revenue, also 6.0%.
<p><u>Worst:</u> Negative economic pressures affecting new car registrations constrains motor vehicle license fee revenue growth.</p>	x	x	x	x	x	Motor vehicle license fee revenues decrease by 10.0% each fiscal year as the result of increasing State administrative reimbursements coupled with slowing vehicle registrations statewide. Property tax in lieu of vehicle license fees slow to a 2.0% increase, the same pace as property tax revenue.

A5 - Transient Occupancy Tax

Goal: Maintain the fiscal health of the General Fund with increased transient occupancy taxes.

Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<p><u>Probable:</u> Continued growth and economic climate, coupled with enhanced promotional efforts produces increased transient occupancy taxes from City hostelrys.</p>	x	x	x	x	x	Transient occupancy tax revenues increase by 3.0% each fiscal year.
<p><u>Best:</u> Strong growth and positive economic climate, coupled with strong marketing efforts allow City hostelrys to expand operations and strengthen transient occupancy taxes.</p>	x	x	x	x	x	Transient occupancy tax revenues increase by 6.0% each fiscal year.
<p><u>Worst:</u> Negative economic pressures on City hostelry businesses reduce transient occupancy taxes.</p>	x	x	x	x	x	Transient occupancy tax revenues remain flat each fiscal year.

A6 - Franchise Fees

Goal: Maintain the fiscal health of the General Fund with franchise fees.

Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<p><u>Probable:</u> Continued growth and economic climate increase residential, commercial and industrial energy and cable television usage, resulting in comprable franchise fee growth.</p>	x	x	x	x	x	Franchise fee revenues increase by 4.0% each fiscal year.
<p><u>Best:</u> Strong growth and positive economic climate, combined with expanded local power plant operations and local franchise fee based activities result in growth to the City's franchise fees.</p>	x	x	x	x	x	Franchise fee revenues increase by 8.0% each fiscal year.
<p><u>Worst:</u> Negative economic pressures constrain local power plant operations and local franchise fee based activities resulting in a reduction in franchise fees.</p>	x	x	x	x	x	Franchise fee revenues decline by 5.0% each fiscal year.

A7 - Investment Earnings						
Goal: Maintain the fiscal health of the General Fund with investment earnings on idle cash investments.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> Slowing economic growth has reduced investment yields as the Federal Reserve provides monetary stimulus. Future rate increases may be needed to offset inflationary pressures. Balanced operating budget will provide limited future revenue growth.	x	x	x	x	x	Investment earnings increase by 5.0% each fiscal year.
<u>Best:</u> A strengthening economy boosts local operating revenues in excess of expenditures, providing surplus cash to invest. Increasing investment yields due to rising market interest rates from inflationary pressures further strengthen portfolio performance.	x	x	x	x	x	Investment earnings increase by 10.0% each fiscal year.
<u>Worst:</u> Negative economic pressures coupled with declining market interest rates reduce the performance of investment income. Operating expenditures exceed operating revenues reducing surplus cash available for investment, lowering portfolio performance.	x	x	x	x	x	Investment earnings decrease by 10.0% each fiscal year.

A8 - Property Transfer Tax

Goal: Maintain the fiscal health of the General Fund with property transfer taxes.

Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> Following recovery from cyclical downturn, economic growth increases residential, commercial, and industrial property values, while property turnover rates return to more stable cyclical trend.	x	x	x	x	x	Property transfer tax revenues remain flat to 2010 then increase by 5.0% each fiscal year thereafter.
<u>Best:</u> Strengthened growth and positive economic climate increase residential, commercial, and industrial property values coupled with brisker turnover rates, resulting in additional strength in property transfer tax growth.	x	x	x	x	x	Property transfer tax revenues remain flat to 2010 then increase by 10.0% each fiscal year thereafter.
<u>Worst:</u> Increased interest rates from the low levels of recent periods and other negative economic pressures slow residential, commercial, and industrial property value growth rates, turnover rates, and property transfer tax growth.	x	x	x	x	x	Property transfer tax revenues decline by 10.0% to 2010 then remain flat thereafter.

A9 - Business License Tax						
Goal: Maintain the fiscal health of the General Fund with business license taxes.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> No growth due to a stagnant economic climate produces flat business license tax revenue from City businesses.	x	x	x	x	x	Business license tax revenues remain flat each fiscal year.
<u>Best:</u> Strong growth and positive economic climate increases employee numbers and additional strength in business license taxes from City businesses.	x	x	x	x	x	Business license tax revenues increase by 5.0% each fiscal year due to increased contractor licensing resulting from new construction and remodeling projects.
<u>Worst:</u> Negative economic pressures and possible employee layoffs weaken the growth in business license taxes from City businesses.	x	x	x	x	x	Business license tax revenues decrease 3.0% each fiscal year as a result of decreased contractor licensing from decline in construction projects.

A10 - Construction and Excavation Permits						
Goal: Maintain the fiscal health of the General Fund with construction and excavation permit revenue.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> Housing market decline due to subprime mortgage problem results in lower construction activity over the next two years. Recent permit fee rate increases dampen the effect.	x	x	x	x	x	Construction and excavation permit revenues decline 5.0% in 09/10 and then increase 5.0% each fiscal year thereafter.
<u>Best:</u> Housing market slowdown in 08/09 and into 09/10 then picks up resulting in stabilized construction activity. Recent permit fee rate increases allow for a net increase to revenues.	x	x	x	x	x	Construction and excavation permit revenues remain flat in 09/10 and then increase 5.0% each fiscal year thereafter.
<u>Worst:</u> Combination of sub-prime mortgage problem, high energy costs, and devalued US currency create a downturn in construction activity from which it would take years to recover.	x	x	x	x	x	Construction and excavation permit revenues decrease by 10.0% in 09/10, remain flat in 10/11 and increase 5.0% each fiscal year thereafter.

A11 - General Fund "Other" Revenue						
Goal: Maintain the fiscal health of the General Fund with other taxes, licenses and permits, fines and forfeitures, use of money and property, intergovernmental revenue, charges for services, and miscellaneous revenues.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> No growth due to a stagnant economic climate results in flat revenues in the "other" category.	x	x	x	x	x	"Other" revenues remain flat each fiscal year.
<u>Best:</u> Fee-related transactions increase allowing the recent fee increases to be realized as revenue growth.	x	x	x	x	x	"Other" revenues increase by 5.0% each fiscal year.
<u>Worst:</u> Negative economic pressures result in continued declines in building activity and building-related fee revenue.	x	x	x	x	x	"Other" revenues decrease by 10.0% each fiscal year.

B. General Fund Expenditure Categories

B1 - Personnel Expenditures						
Goal: To attract, retain, and appropriately compensate City employees.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<p><u>Probable:</u> Compensation (primarily consisting of cost of living adjustments, PERS rates, and health care costs) is made consistent with the City's service levels, pay philosophy, and commensurate with the City's ability to pay.</p>	x	x	x	x	x	Personnel expenditures increase as cost of living adjustments are negotiated at 4%, PERS rates decline .5%, and health care costs increase 11% each fiscal year.
<p><u>Best:</u> Compensation (primarily consisting of cost of living adjustments, PERS rates, and health care costs) is made consistent with the City's service levels, pay philosophy, and commensurate with the City's ability to pay.</p>	x	x	x	x	x	Personnel expenditures increase as cost of living adjustments are negotiated at 3%, PERS rates decline .5%, and health care costs increase 8% each fiscal year.
<p><u>Worst:</u> Compensation (primarily consisting of cost of living adjustments, PERS rates, and health care costs) is made consistent with the City's service levels, pay philosophy, and commensurate with the City's ability to pay.</p>	x	x	x	x	x	Personnel expenditures increase as cost of living adjustments are negotiated at 5%, PERS rates increase .5%, and health care costs increase 14% each fiscal year.

B2 - Maintenance and Operations						
Goal: To provide tools, materials, supplies, equipment and support services for effective department operations.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> Modest increases in the price of municipal related purchases.	x	x	x	x	x	Maintenance and operations expenditures increase by 3.0% each fiscal year.
<u>Best:</u> Modest increases in the price of municipal related purchases are absorbed by the departments.	x	x	x	x	x	Maintenance and operations expenditures remain flat as price increases are absorbed by the departments.
<u>Worst:</u> Increases in the price of municipal related purchases with an associated increased demand for materials, supplies, equipment and services expenditures.	x	x	x	x	x	Maintenance and operations expenditures increase by 5.0% each fiscal year.

B3 - Internal Service Fund Allocations						
Goal: To reimburse the departments providing overhead, vehicle maintenance, information technology, insurance, building maintenance, printing and graphics, sewer use, and equipment replacement.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> Higher growth rates in the costs of related services results in an increase to these costs.	x	x	x	x	x	Internal service fund charges increase at the same rate as the personnel expenditures.
<u>Best:</u> Modest growth rates in the costs of related services results in a smaller increase to these costs.	x	x	x	x	x	Internal service fund charges increase at the same rate as the personnel expenditures.
<u>Worst:</u> The addition of new internal service funds combined with higher growth rates in the costs of related services results in an accelerated growth rate in these costs.	x	x	x	x	x	Internal service fund charges increase at the same rate as the personnel expenditures.

B4 - Capital Outlay						
Goal: To provide minor capital equipment and facility improvements for departments.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> Capital outlay expenditures are maintained at average historic levels.		x	x	x	x	Capital outlay expenditures increase by 2.0% from the historic level of \$150,000 each fiscal year.
<u>Best:</u> Capital outlay expenditures are maintained at levels consistent with recent history.		x	x	x	x	Capital outlay expenditures remain flat at \$150,000 each fiscal year.
<u>Worst:</u> Capital outlay expenditures are maintained at levels consistent with recent history combined with moderate price increases.		x	x	x	x	Capital outlay expenditures remain flat at \$230,000 each fiscal year.

C. Significant Fiscal Issues

C1 - Contingency Reserve						
Goal: To maintain the policy-designated 8.33% contingency reserve.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> The difference between revenues and expenditures will be modest and stable.	x	x	x	x	x	Contingency reserve is maintained at 8.33%.
<u>Best:</u> Recurring revenues and/or one-time revenues will exceed expenditures.	x	x	x	x	x	Contingency reserve is maintained at 8.33%.
<u>Worst:</u> Recurring revenues and/or one-time revenues will not be in balance.	x	x	x	x	x	Contingency reserve is not maintained at 8.33%.

C2 - Capital Improvement Projects						
Goal: To fund future capital improvement projects.						
Scenario	08/09	09/10	10/11	11/12	12/13	Impact and Recommendation
<u>Probable:</u> The difference between revenues and expenditures will be modest and stable.	x	x	x	x	x	Future capital improvement projects are not funded.
<u>Best:</u> Recurring revenues and/or one-time revenues will exceed expenditures.	x	x	x	x	x	Future capital improvement projects are not funded.
<u>Worst:</u> Recurring revenues and/or one-time revenues will not be in balance.	x	x	x	x	x	Future capital improvement projects are not funded.