CITY OF
LA MESA
JEWEL of the HILLS

2016 COUNCIL WORKSHOP

GENERAL FUND FINANCIAL FORECAST

2016-2022

INTRODUCTION

Despite recent mixed economic indicators, the economic recovery that began in 2011 continued through 2015 with most economic forecasts predicting additional growth in the economy and nominal inflation. Property assessed valuations have stabilized from the housing market collapse experienced in 2008 and begun to rise as development continues to progress and homes are selling at consistently moderate values. Sales tax revenues have shown consistently positive growth, with moderate increases in revenues each fiscal year since the low point experienced in 2009-2010. Most economic forecasts (both national and local) predict a continued economic growth through the end of 2016.

La Mesa is also benefiting from the economic recovery, thanks in large part to the Proposition L sales tax revenues. In 2008, the citizens of La Mesa approved the Proposition L Sales Tax Measure, a general ¾ cent sales tax, in order to maintain “vital city services” while helping to rebuild depleted General Fund reserves. Since that time, the Proposition L Sales Tax has provided much needed revenues that have helped offset the significant financial impacts of the 2008-2009 economic collapse and resulting actions by the State of California that have threatened the General Fund and allowed the City to maintain operations without declines in service levels.

The General Fund Financial Forecast reflects moderately increasing revenues for the fiscal years 2016 through 2022. Rising pension obligation costs continue to be the fastest increasing expenditure for the General Fund and these anticipated increases are also included in the forecast. Several one-time expenditures are also included in the forecast for 2016-2017. Finally, the General Fund reserve balances reflecting the net effects of anticipated revenues and expenditures are projected through 2022.

As in previous years, revenue sensitivity analyses are presented at the end of the forecast to show the potential effects of stronger growth in property tax revenue and weaker growth in property and sales (both base and Proposition L) tax revenues, and the resulting impact of both scenarios on the General Fund’s reserves.

ECONOMY

The U.S. Leading Economic Indicator (LEI) decreased 0.2 percent in January following a 0.3 percent decrease in December and a 0.5 percent increase in November. Overall, the LEI index has increased 0.3 percent over the previous six months. Economists at the Conference Board point to large declines in stock prices and further weakness in initial claims for unemployment insurance as the major factors in the decline, but caution that “despite back-to-back monthly declines, the index doesn’t signal a significant increase in the risk of recession, and its six-month growth rate remains consistent with a modest economic expansion through early 2016.”

The national unemployment rate declined slightly from November's and December's rates of 5.0 percent in each month to 4.9 percent in January. The state unemployment rate declined slightly from 5.8 percent in December to 5.7 percent in January, while local unemployment rates remained unchanged. The Consumer Price Index for All Urban Consumers (CPI-U) remained unchanged in January, following four months of mixed activity. Decreases in the energy index continue to offset increases in the all items less food and energy index. Specifically, the energy index fell 2.8 percent while the index for all other items increased 0.3 percent. The all items index rose 1.4 percent over the last 12 months, and the index for all items less food and energy increased 2.2 percent over the same time period.

ACTIONS BY THE STATE OF CALIFORNIA

The State of California has a long history of enacting legislation that protects or enhances their budget at the expense of local government. In the past several years, this practice of severely impacting local governments reached new heights as the State faced their own budget crisis and looked to local governments as an ongoing part of the State's solutions. In the last year the State's revenues have begun to recover and the upcoming state budget places an emphasis on building reserves. The financial costs to local governments, however, have been done. State actions with the most significant direct fiscal impact on La Mesa to date are related to the dissolution of redevelopment. In addition, the passage of the Public Employees' Pension Reform Act in 2013 and subsequent actions by the CalPERS Board to address unfunded liability and asset valuation issues are having a continuing significant fiscal impact, but should also result in a fiscal benefit in the long run by reducing and stabilizing future pension costs.

DISSOLUTION OF REDEVELOPMENT

In 2012 when AB26X was upheld and went into effect, the State Department Of Finance has systematically disallowed obligations held by the former Redevelopment Agency which then fall back on to the City's General Fund. The first and most immediate impact was the elimination of ongoing debt service payments of approximately $1 million per year on pre-existing loans between the Agency and the General Fund. Since that time, the State has disallowed the ongoing debt service payments on the former Police Station land site, adding an additional $750,000 ongoing loss in revenue to the General Fund. In 2013-2014, the State disallowed payment of the portion of the Certificates of Participation issued for the construction of the library and previously paid by Redevelopment Agency.

More recently, as part of the requirements of the Dissolution Act, the State Controller's Office (SCO) completed their Asset Transfer Review and issued their final report. In their report, the SCO found that $2.4 million transferred from the former redevelopment agency to the City was unallowable and has ordered the return of those funds. In September 2015, the Governor signed SB107, additional "cleanup" dissolution language that included language that required agencies to return funds as part of Asset Transfer Reviews. Repayment of these Asset Transfer Review funds is included in the forecast as a one-time expenditure in 2016-2017, but is not yet included in any upcoming budget. On a more positive note, the Department of Finance recently approved the Long Range Property Management Plan that assures the City's continued ownership and use of the La Mesa Boulevard Municipal Parking Lot.

CALPERS RETIREMENT SYSTEM ISSUES

Previous forecasts detailed the changes made in the CalPERS Retirement System and the effects on the employer contribution rates and unfunded liability. These changes included the passage of the Public Employees' Pension Reform Act of 2013 (PEPRA), CalPERS Board changes to the amortization and smoothing policy, and the implementation of new mortality assumptions. While in the long term, these changes will help reduce the City's unfunded liability and stabilize the employer contribution rates, in the immediate future both the rates and liability continues to increase. The forecast includes the most recent projections provided by CalPERS.

Increase in Unfunded Retirement Liability

The rapid rise of the unfunded liability amounts in the City's retirement plans is not unique to La Mesa and can be traced to several events that occurred in the past 15 years. The single most significant event was the collapse of the financial markets in 2008-2009 and subsequent loss of more than 30 percent of the total CalPERS plan asset value. Between the 2008 and 2009 actuarial valuations, the funded status for the Miscellaneous plan dropped from 86.3 percent to 59.3 percent and the Safety plan dropped from 89.8 percent to 61.8 percent. Contributing factors to the unfunded liability are the former smoothing methods employed by the CalPERS actuaries (rolling vs. fixed amortization) and the enhanced retirement formulas enacted for City employees in 2001 for Safety and 2005 for Miscellaneous that were applied retroactively.

Several actions mentioned earlier, namely the passage of PEPRA and the implementation of the new amortization and smoothing policy, were enacted at the State level to address the increase in unfunded liability. In addition, the City of La Mesa implemented reduced retirement benefit plans (called Tier 2 plans) beginning in 2011 as a way to address both the City's unfunded liability and employer costs. Finally, in 2015, the Council approved the establishment of a Section 115 Trust Fund to set aside funds that will be dedicated to offset the increases in unfunded liability. This fund was established and funded in Fiscal Year 2015-2016 using funds of $1.5 million previously set aside for the unfunded liability. Included in the forecast for 2016-2017 is another one-time contribution of $600,000 to the Section 115 Trust Fund. The City's current funding for the plans are 75.6 percent for Miscellaneous and 75.3 percent for Safety.

FINANCIAL FORECAST BACKGROUND

The General Fund Financial Forecast is a tool that focuses attention on the longer-term impacts of policy decisions on the City's primary operating fund. The General Fund is the City's largest fund and provides funding for the majority of the day-to-day services of the City to its citizens. The "forecast" is not a prediction of a particular outcome. It is used as a model to test reasonable scenarios to expect in the coming years. These scenarios are intended to assist in setting realistic expectations in matching revenues with programs and projects that will meet Council objectives.

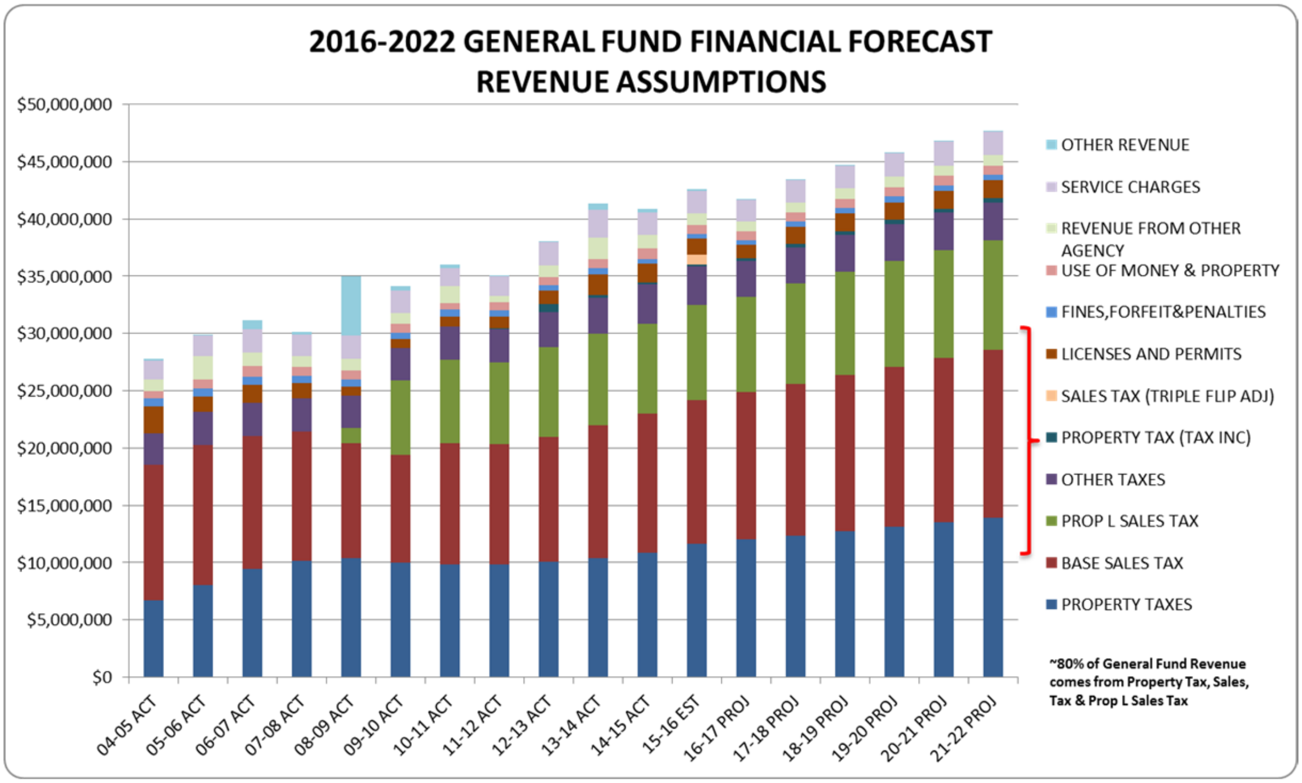
The Forecast Model is a spreadsheet-based model that projects the City's current mix of revenues and expenditures through six years into the future. The forecasting model uses a variety of information and techniques, including historical trend analysis, projections from local and regional sources, and various economic data. The Financial Forecast builds off the actual prior fiscal years' revenues, expenditures, and ending reserves, projects the estimated 2015-2016 revenues, expenditures, and ending reserves, and incorporates known factors (such as the increase in retirement costs) into the 2016-2022 projections. Revenues and expenditures are then projected using the base assumptions as detailed below.

GENERAL FORECASTING ASSUMPTIONS

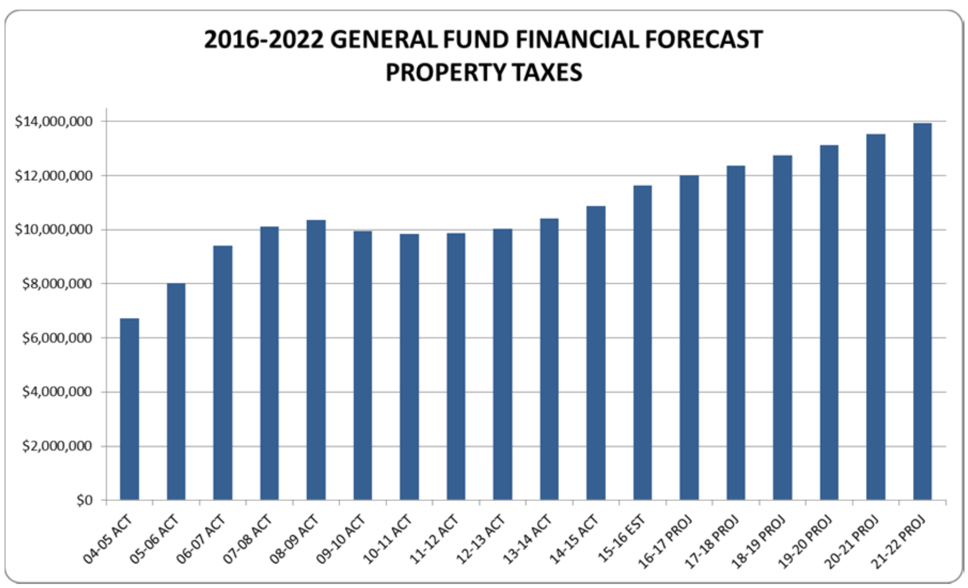
The Financial Forecast assumptions are based on the most current information available. Revenue assumptions are generally moderate with particular attention given to the top three revenues representing almost 80 percent of total revenues. Expenditure assumptions are based on maintaining current service levels with no new programs added during the forecast period. The Forecast assumes the continuation of Council adopted fee cost recovery policies.

BASE REVENUE ASSUMPTIONS

When developing revenue assumptions, historical data, projections from outside sources, and economic trends are all considered. As a general rule, General Fund revenues are assumed to increase at moderate, but consistent rates. Because roughly 80 percent of the total General Fund revenues are made up of Property Tax, Base Sales Tax, and Proposition L Sales Tax revenues, particular attention is paid to these three revenue sources.

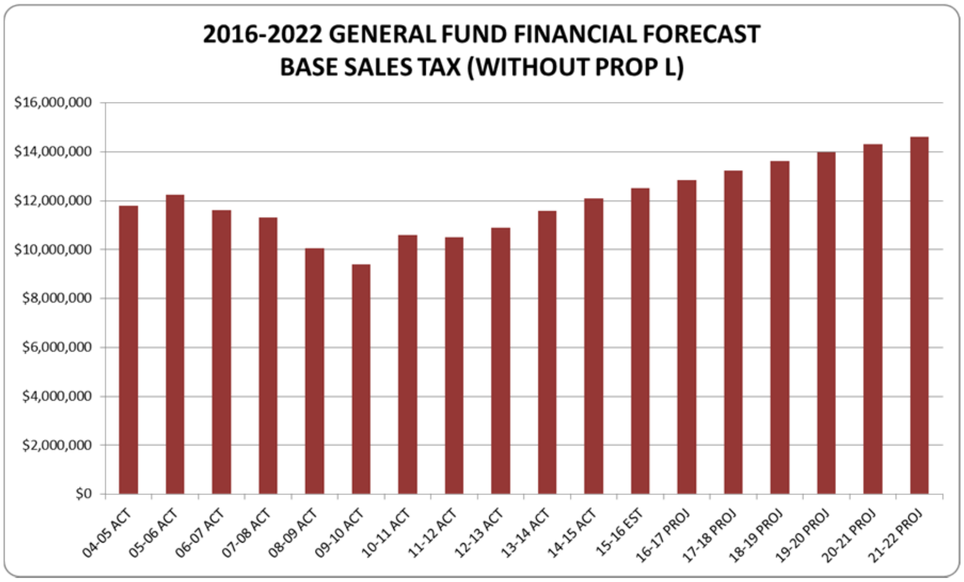


PROPERTY TAX



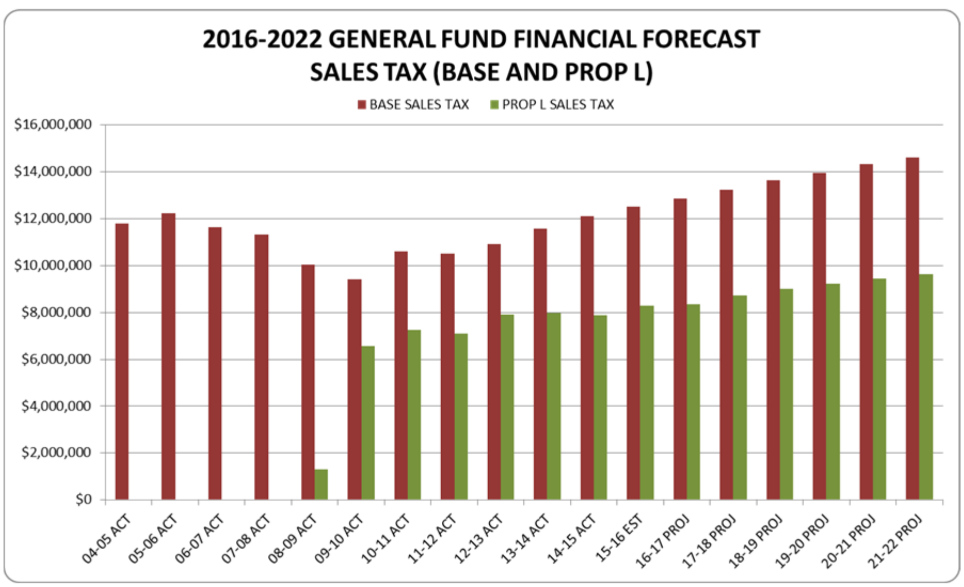
Property tax has traditionally been the General Fund's most stable and consistent revenue and accounts for roughly 28 percent of the total General Fund revenues. The unprecedented growth experienced between 2004 and 2008, and the subsequent housing collapse experienced between 2008 and 2010 appear to be over as increases in assessed valuation stabilize. The forecast assumes a projected growth of approximately 3 percent annually over the next six years. New private-development construction projects currently underway supports this moderate growth rate through the forecast period. In addition, temporary reductions in the assessed valuation as a result of Proposition 8 are still in effect and will eventually be eliminated.

BASE SALES TAX



At 30 percent of total General Fund revenues, the 1% Base Sales Tax is the single biggest General Fund revenue source. It is also the most volatile and economically sensitive revenue source. The drastic reductions of sales tax revenues experienced during 2008 through mid-2010 have subsided, with revenues increasing 4.4 percent in 2015 and an estimated 3.6 percent in 2016. Sales tax trends for the upcoming year predict a statewide increase of approximately 4.5 percent in fiscal year 2016-2017, with La Mesa's increase remaining at approximately 3 percent through 2017-2018 then gradually decreasing to 2 percent through the remaining forecast period.

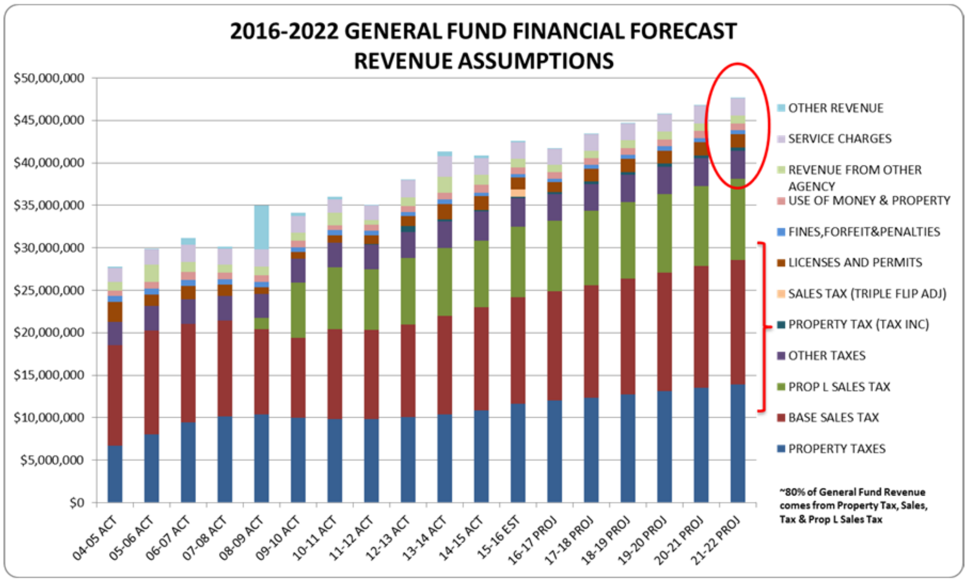
PROPOSITION L SALES TAX

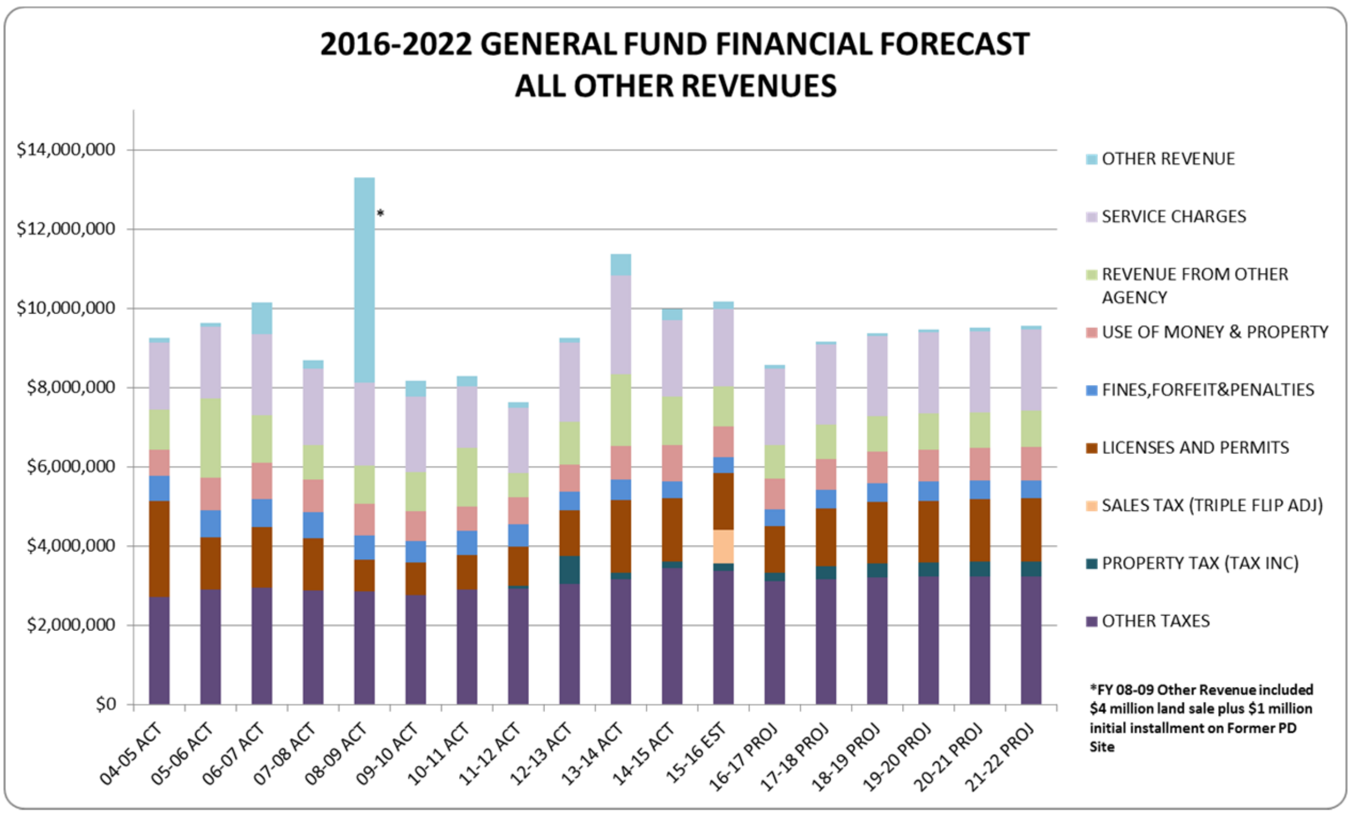


In November 2008, the voters of La Mesa approved the temporary ¾ cent (0.75%) Proposition L transactions and use tax (commonly referred to as a sales tax) which became effective on April 1, 2009. The City began receiving payments from the State Board of Equalization in June 2009. Since then, Prop L Sales Tax revenue growth has consistently followed the Base Sales Tax growth trends and now accounts for roughly 19 percent of the total General Fund revenues. Furthermore, actual Proposition L receipts have consistently been received at 68 percent of Base Sales Tax receipts, making forecasting Proposition L revenues relatively predictable. The forecast for the Prop L Sales Tax revenues uses the Base Sales Tax revenues as the basis for the revenue projections.

ALL OTHER REVENUES

All other revenues combined constitute approximately 20 percent of total General Fund Revenues. The largest components of all other revenues include Other Taxes, Licenses and Permits, and Service Charges. Other sources include Property Tax (Tax Increment), Revenue from Other Governmental Agencies, Fines and Forfeitures, Use of Money and Property, and Other Revenue.





Other Taxes, including Franchise, Property Transfer, and Transient Occupancy Tax, comprise the largest source all Other General Fund Revenues and represent roughly 8 percent of total General Fund revenues. These Other Taxes historically tend to be a stable source of revenue with most revenues showing only 1 percent overall growth over the past five years. Transient Occupancy Tax (TOT) has grown significantly since the end of the recession, while Gas & Electric and Refuse franchise taxes remain fairly stable. Cable Television franchise taxes have increased slightly, although this increase is due more to rate increases than an increase in subscribers. For forecasting purposes, other taxes are assumed to increase roughly 1 percent from current revenues over the next six years.

Beginning 2013, the General Fund began receiving property tax revenues in lieu of Redevelopment Tax Increment. This General Fund revenue is the City's share of tax increment previously received by the Redevelopment Agency. The General Fund received almost $690,000 in fiscal year 2012-2013, considerably higher than anticipated at that time. In the subsequent years, however, the revenue was considerably less and will remain through 2017. Beginning 2018, the Successor Agency's enforceable obligations will be minimal, resulting in an increase to the city's share of tax increment. For the forecast period, the City anticipates receiving between $220,000 and $365,000 each year throughout the forecast period.

Licenses and Permits represent roughly 3 percent of total General Fund revenues and were significantly affected by the recession, dropping by more than 50 percent from 2004-2005 to 2008-2009. As the economic recovery picked up steam through 2013-2014, License and Permit activity increased dramatically. Since then, activity has returned to more normal levels as the economy remains strong. Revenues from Licenses and Permits are assumed to remain fairly consistent through 2022.

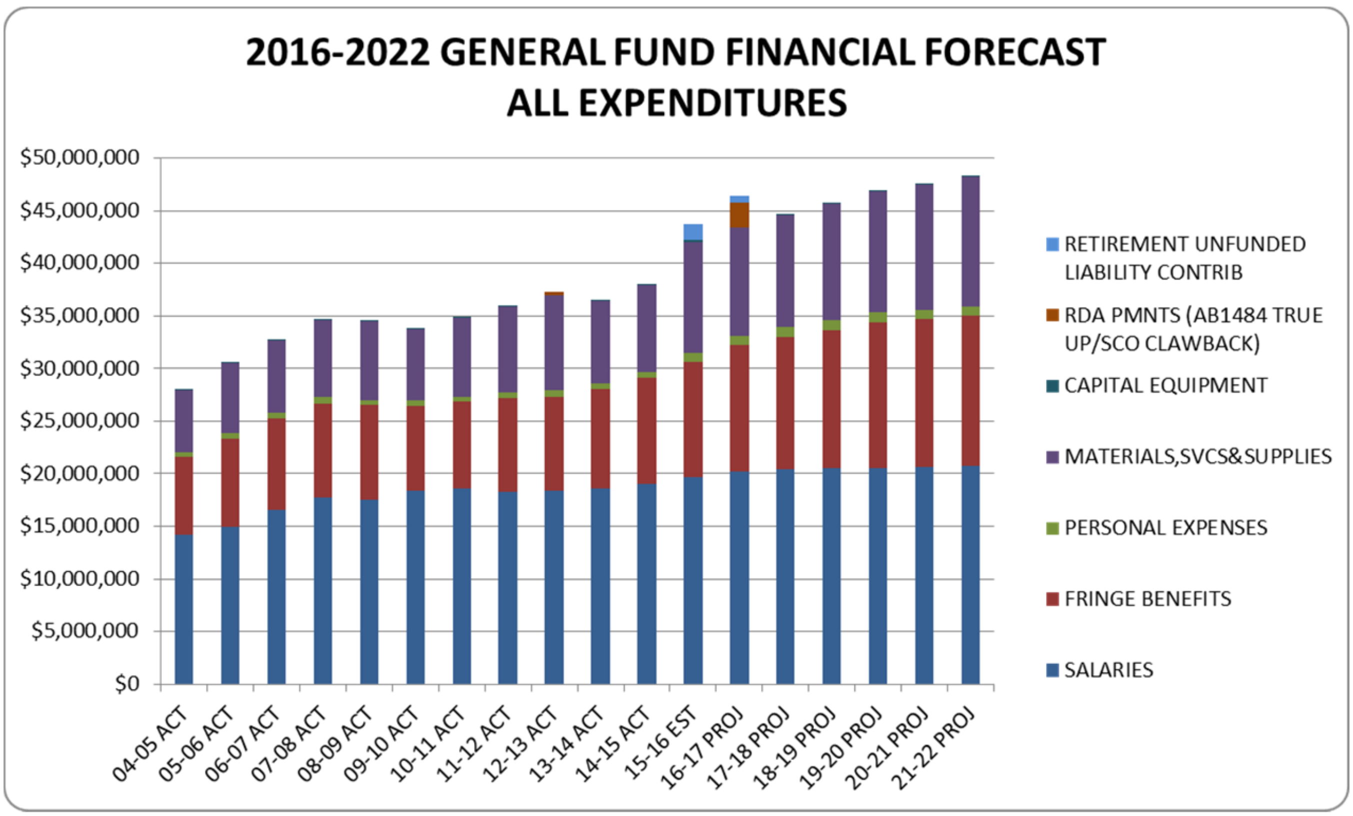
Revenue from other agencies comprises less than 1 percent of total General Fund revenues. During 2013-2014, the General Fund received several "one time" revenues that contributed to the Reserve balances. These revenues include a Vehicle License Fee refund from the State of California, repayment of an advance of funds to the former Redevelopment Agency to cover the AB1484 true up payment, reimbursements for costs related to the Heartland Fire JPA consolidation, and a small amount of funding to cover expenses incurred as a result of public safety realignment. The AB109 funds and reimbursement for costs related to the Heartland JPA are now ongoing revenues and included in the future years forecast.

Service Charges represent roughly 4 percent of total General Fund revenues. Like Licenses & Permits, Service Charges, including Community Service fees for recreation classes and swimming pool admission, and Engineering and Zoning fees were negatively impacted by the recession but began to recover in 2012. Development related fees increased significantly between 2012 and 2014 but began to stabilize to subside somewhat in 2015-2016. Recreation service fees are expected to recover to pre-2008 levels. For forecasting purposes, service charges are assumed to remain fairly consistent over the next six years.

"One-time" revenue sources reported in the forecast are catch-up monies anticipated to be received during 2015-2016 from the State of California as a result of the end of the "triple flip" sales tax swap. All other sources of revenues (Fines and Forfeitures and Use of Money & Property) are not expected to increase significantly during the forecast period.

BASE EXPENDITURE ASSUMPTIONS

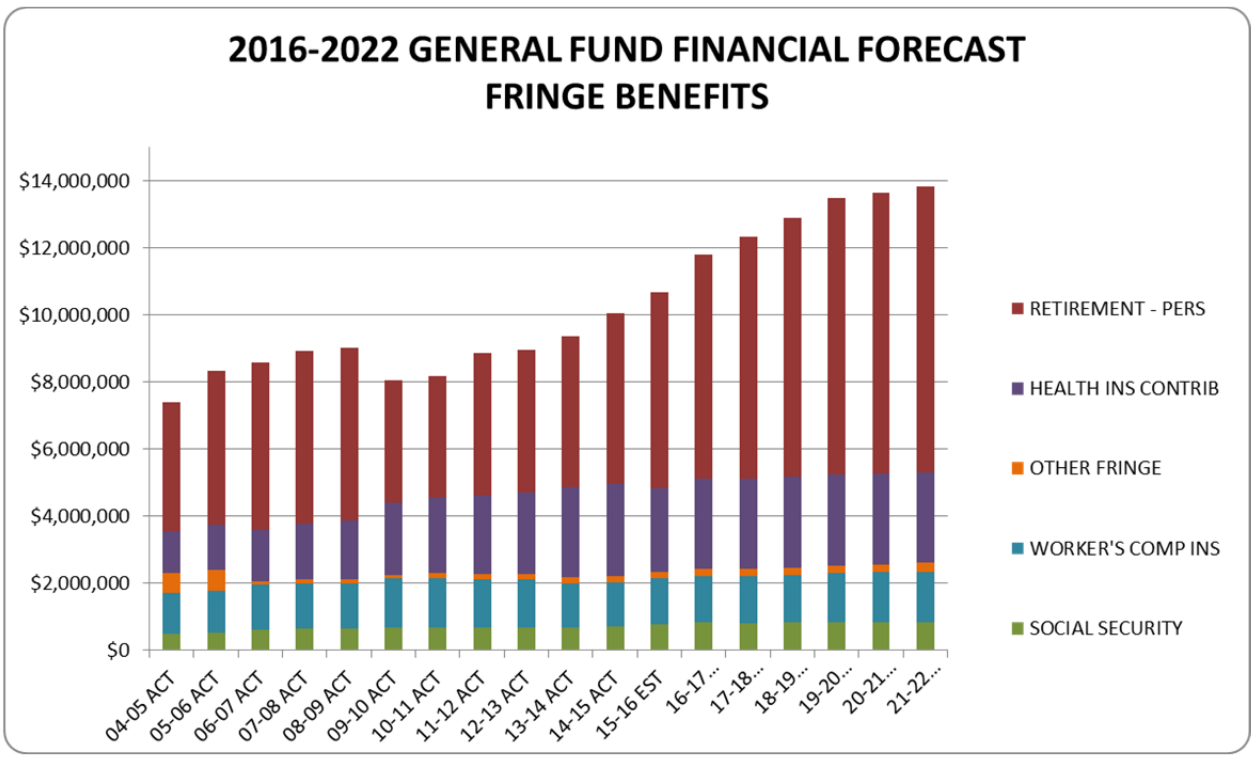
When developing the expenditure assumptions, as with the revenue assumptions, historical data, projections from outside sources, and economic trends are all considered. Salaries and fringe benefits comprise the majority of General Fund expenditures at roughly 75 percent. Salaries are assumed to remain at the 2015-2016 levels and only merit increases are considered in the financial forecast. Fringe benefits include retirement contributions, health insurance contributions, workers' compensation, social security, and other types of benefits. Materials, Services & Supplies and Personal Expenses are anticipated to increase with inflation.



Included in the 2016-2017 estimates are one-time expenditures for the repayment of the State Controller's Office Asset Transfer Review findings in the amount of $2.4 million and an estimated $600,000 contribution to the City's Section 115 Trust Fund for offsetting future pension unfunded liability. These are both one-time estimates and are not included in subsequent years.

CALPERS RETIREMENT COSTS

The fastest growing category of the General Fund's expenditures is fringe benefits, specifically retirement costs. Based on CalPERS projections, retirement costs are projected to increase approximately 4 percent for safety members and 2.5 percent for miscellaneous members beginning 2016-2017 through 2020 before dropping to roughly 1 percent for each group in 2021 and 2022. These increases reflect the changes enacted by the CalPERS Board in recent years to incorporate pension reform, change the smoothing method for the unfunded liability, and adopt revised actuarial assumptions. These rates also include the five-year "ramp up" period approved by the CalPERS Board in implementing the smoothing method change and revised actuarial assumptions. Between 2016 and 2022, contribution rates for safety are likely to increase from 43.84% to 56.7% and for miscellaneous from 30.76% to 38.5%.



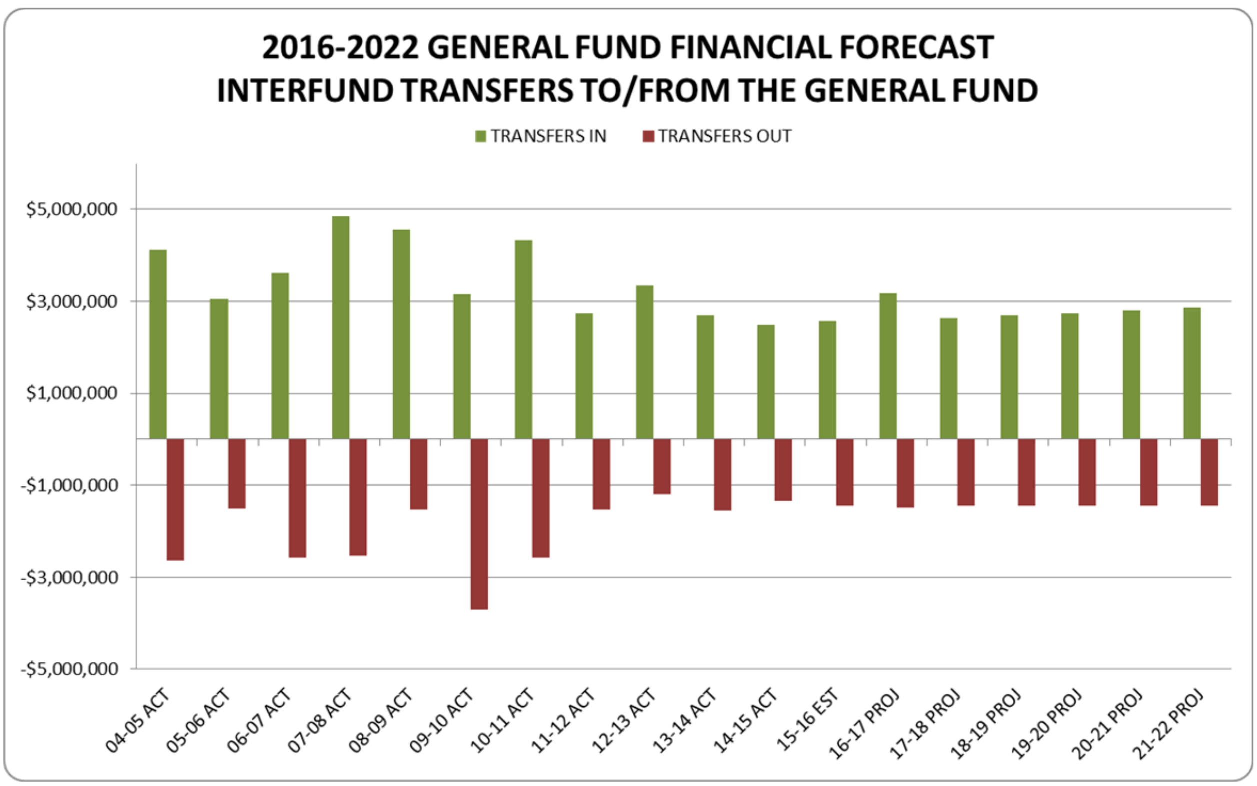
City contributions to health insurance are the second largest segment of Fringe Benefits. Historically, these costs would have been increasing due to the increase in employee premium costs. Beginning in 2016, these costs reverted to a fixed cost as part of the 2014-2016 MOU's negotiated with each of the bargaining groups. Consequently, there are no increases assumed beginning with the 2016-2017 forecast year. Worker's Compensation insurance rates are assumed to increase 3 percent each year through 2019-2020 before slowing to approximately 1 percent through 2022. All other fringe benefits are assumed to remain constant through 2022.

MATERIALS, SERVICES & SUPPLIES

Most materials, services & supplies are assumed to remain constant or increase slightly due to inflation. The exceptions to these assumptions are in Communications, Vehicle Maintenance and Operating Supplies, Professional & Specialized Services, Equipment Replacement Expense, and all Utilities, including gas, electric and water. Increases in vehicle maintenance and operating supplies are estimated to increase 3 percent throughout the forecast period as the City gradually replaces its aging vehicle inventory and adds new vehicles to the fleet. Communications and Professional Services are anticipated to increase 5 percent in 2016-2017 and then 2 to 3 percent in the subsequent years in anticipation of continuing to implement new technologies requiring project management, implementation, maintenance, and increased communication capabilities. Increases in Utilities, specifically electric and water usage are assumed to increase 10 percent through 2020 and then 5 percent through 2022.

INTER-FUND TRANSFERS TO/FROM THE GENERAL FUND

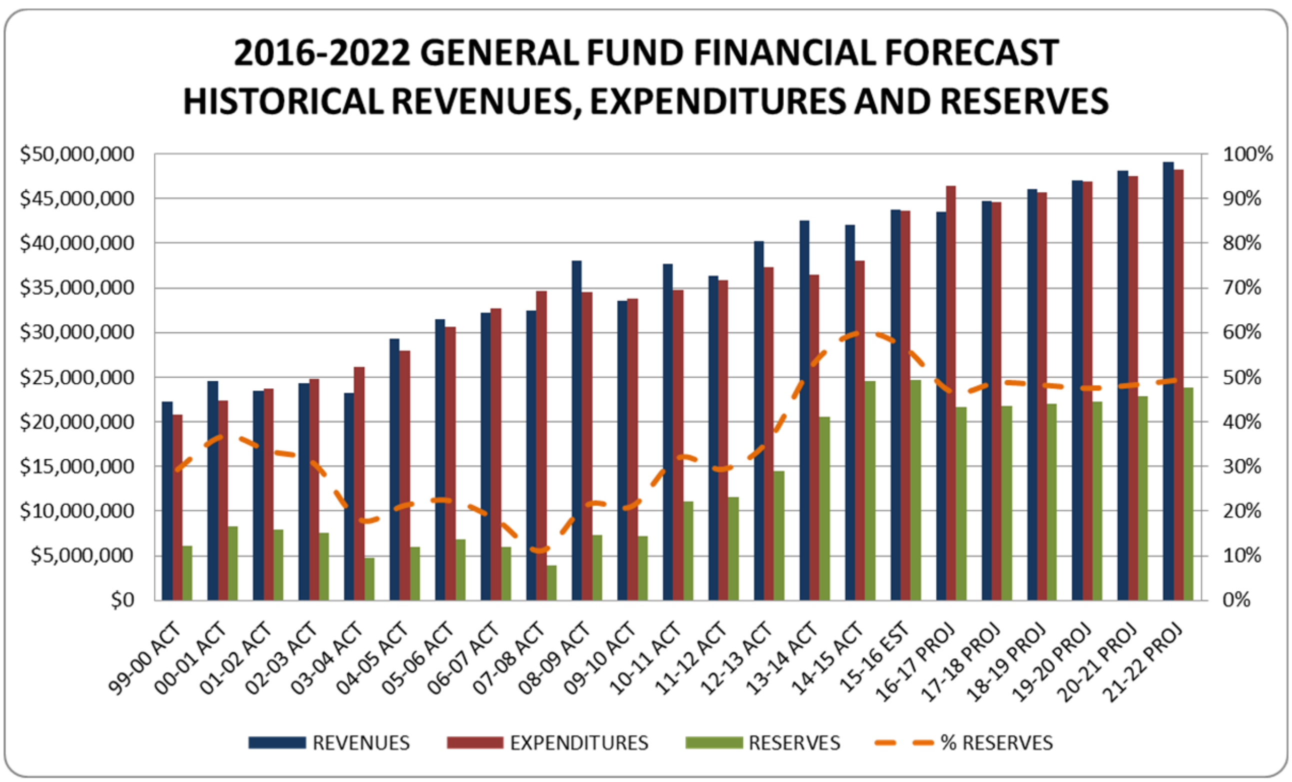
Inter-fund transfers are transactions between the General Fund and other City funds for items such as support services provided by the General Fund, debt service payments, and contributions to the Capital Improvement Fund.



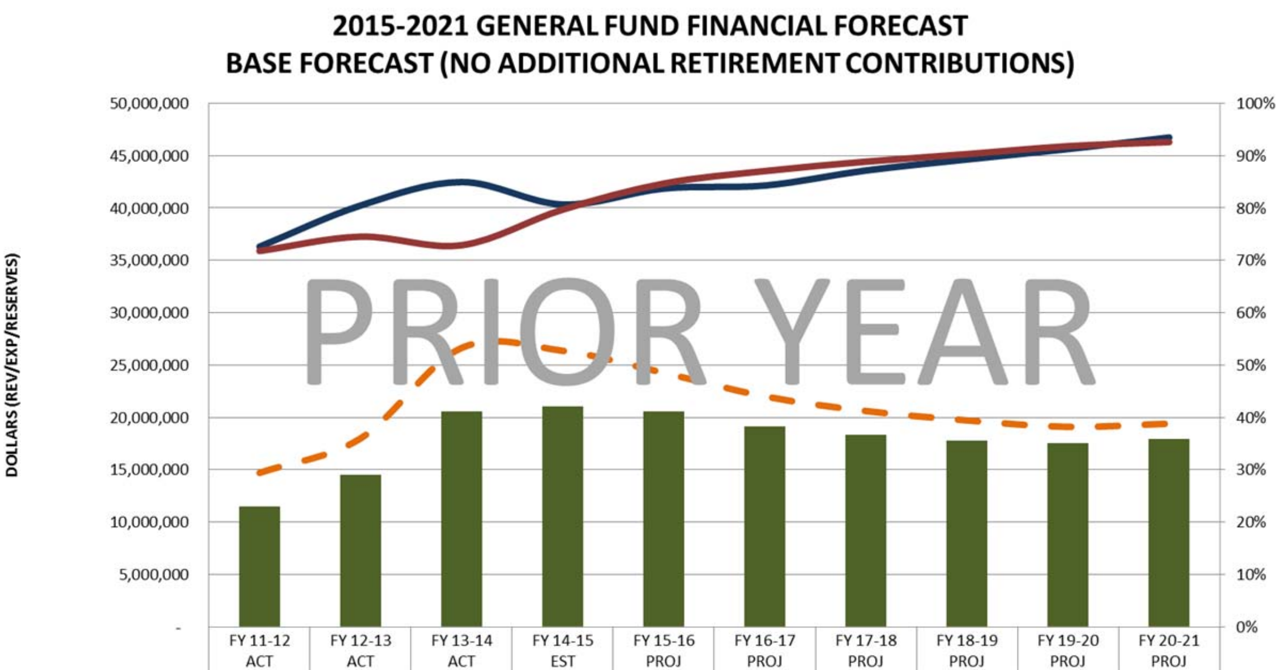
The single biggest change to inter-fund transfers is the elimination of the payments for principal and interest on notes that were transferred in to the General Fund from the former Redevelopment Agency prior to 2012. The net impact of the elimination of these transfers was a loss of $1 million to the General Fund. The remaining non-redevelopment related inter-fund transfers to and from the General Fund are based on support services and debt schedules and are expected to remain stable throughout the forecast period. A nominal transfer of $62,500 per year to the City's Capital Improvement Parks Fund is included in the projections for fiscal years 2015 through 2021.

GENERAL FUND RESERVES

General Fund reserve levels have improved considerably since the low point in 2007-2008 when reserves fell to $3.8 million or 11% of expenditures. Since then, the City has received proceeds from the sale of two City-owned properties, "one-time" revenues from the Briercrest litigation, repayment of funds advanced to the Successor Agency for enforceable obligations, repayment of Prop L Sales Tax revenues that were diverted to the City of Filmore, and significant increases in development-related permits and fees. These increased revenues, combined with expenditure budget savings, have resulted in ending reserves of 57 percent in 2014-2015 and estimated ending reserves of 56 percent in 2015-2016 and entering into the forecast period of 2016-2022.



To put the current General Fund Financial Forecast into perspective, it is useful to review the prior year's forecast. Based on the most current information available at the time, last year's forecast projected ending reserves of 53 percent in 2015, 49 percent in 2016, and declining reserves for the remainder of the forecast period.

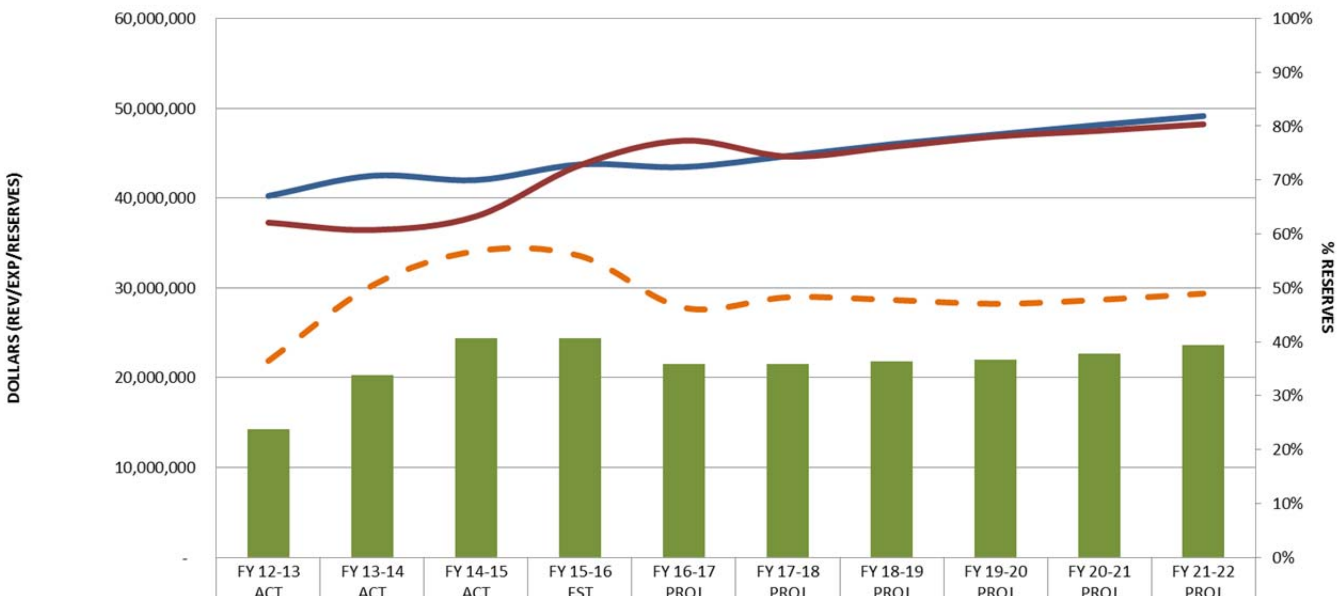


	FY 11-12 ACT	FY 12-13 ACT	FY 13-14 ACT	FY 14-15 EST	FY 15-16 PROJ	FY 16-17 PROJ	FY 17-18 PROJ	FY 18-19 PROJ	FY 19-20 PROJ	FY 20-21 PROJ
Reserves	11,519,459	14,495,701	20,531,305	21,012,480	20,538,781	19,158,261	18,314,521	17,805,431	17,536,961	17,968,591
Revenues/Transfers	36,307,108	40,242,067	42,481,916	40,335,476	41,864,490	42,148,620	43,584,080	44,639,080	45,636,080	46,729,780
Expenditures	35,899,338	37,265,825	36,446,311	39,854,301	42,338,189	43,529,140	44,427,820	45,148,170	45,904,550	46,298,150
% Reserves	29%	36%	53%	53%	49%	44%	41%	39%	38%	39%

2016-2022 GENERAL FUND FORECAST

Based on the current revenue and expenditure projections, including the repayment of the SCO's Asset Transfer Review audit findings and a contribution to the Section 115 Trust Plan, expenditures will exceed ongoing revenues in 2016-2017, requiring the use of Reserves. However, starting in 2017, revenues will exceed expenditures throughout the forecast period. The use of reserves in 2016-2017 for the one-time expenditures will drop projected reserves to approximately 48 percent in 2017-2018, where they will remain throughout the forecast period. The Council's current reserve policies are to establish a "Rainy Day Reserve" of 15 percent of budgeted expenditures and a "Cash Flow Reserve" of 25 percent of budgeted expenditures. Ending reserves of around 48 percent through 2021-2022 meets both the Rainy Day Reserve objective of 15 percent of budgeted expenditures and the Cash Flow Reserve objective of 25 percent of budgeted expenditures.

2016-2022 GENERAL FUND FINANCIAL FORECAST
BASE FORECAST (INCLUDING SCO ORDER AND RETIREMENT CONTRIBUTION)



	FY 12-13 ACT	FY 13-14 ACT	FY 14-15 ACT	FY 15-16 EST	FY 16-17 PROJ	FY 17-18 PROJ	FY 18-19 PROJ	FY 19-20 PROJ	FY 20-21 PROJ	FY 21-22 PROJ
Reserves	14,278,547	20,314,151	24,345,022	24,423,220	21,485,090	21,542,700	21,831,900	22,048,300	22,697,300	23,606,600
Revenues/Transfers	40,242,067	42,481,916	42,006,102	43,741,222	43,455,600	44,688,000	45,993,300	47,074,600	48,146,700	49,129,800
Expenditures	37,265,825	36,446,312	37,975,232	43,663,023	46,393,730	44,630,390	45,704,100	46,858,200	47,497,700	48,220,500
% Reserves	36%	50%	57%	56%	46%	48%	48%	47%	48%	49%

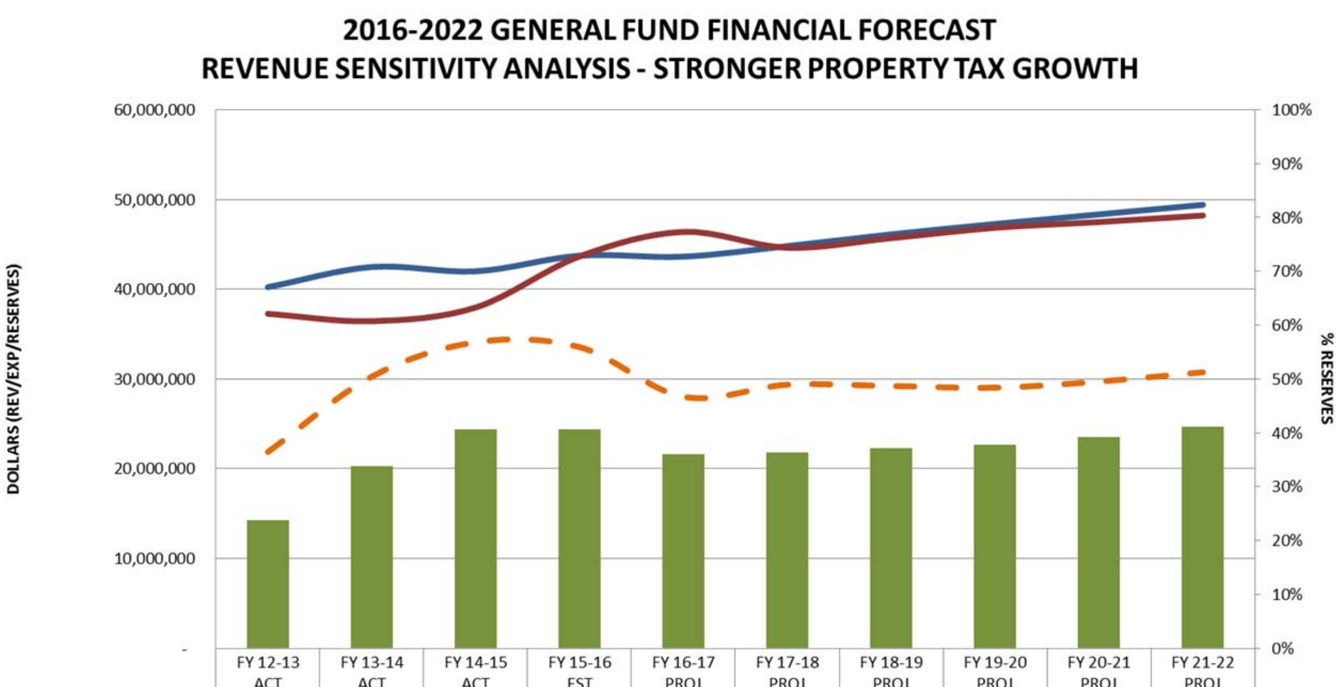
CHART A: BASE FORECAST

REVENUE SENSITIVITY ANALYSIS

STRONGER PROPERTY TAX GROWTH

The General Fund Financial Forecast presents a moderate view of projected revenues and expenditures which has been historically very close to actual outcomes. While this is fiscally prudent, it is worth examining the impact that stronger and, conversely, weaker growth in the General Fund's major revenues (property tax, sales tax, and a combination of both) would have on the General Fund reserves.

The following graph illustrates the impact of slightly stronger growth in property tax revenues that might come as a result of increased development, increased valuations due to slightly stronger home prices and home improvements, and gradual eliminations in Proposition 8 assessed valuation reductions. In this scenario, property tax revenues are assumed to increase 4 percent through 2019 and then increasing to 4.5 percent through 2021 and 5.0 percent in 2022. Throughout the forecast period, expenditure assumptions, including the additional retirement contributions, are held constant. Based on these assumptions, total revenues outpace expenditures at a faster rate, and reserves increase to 51 percent by 2022.



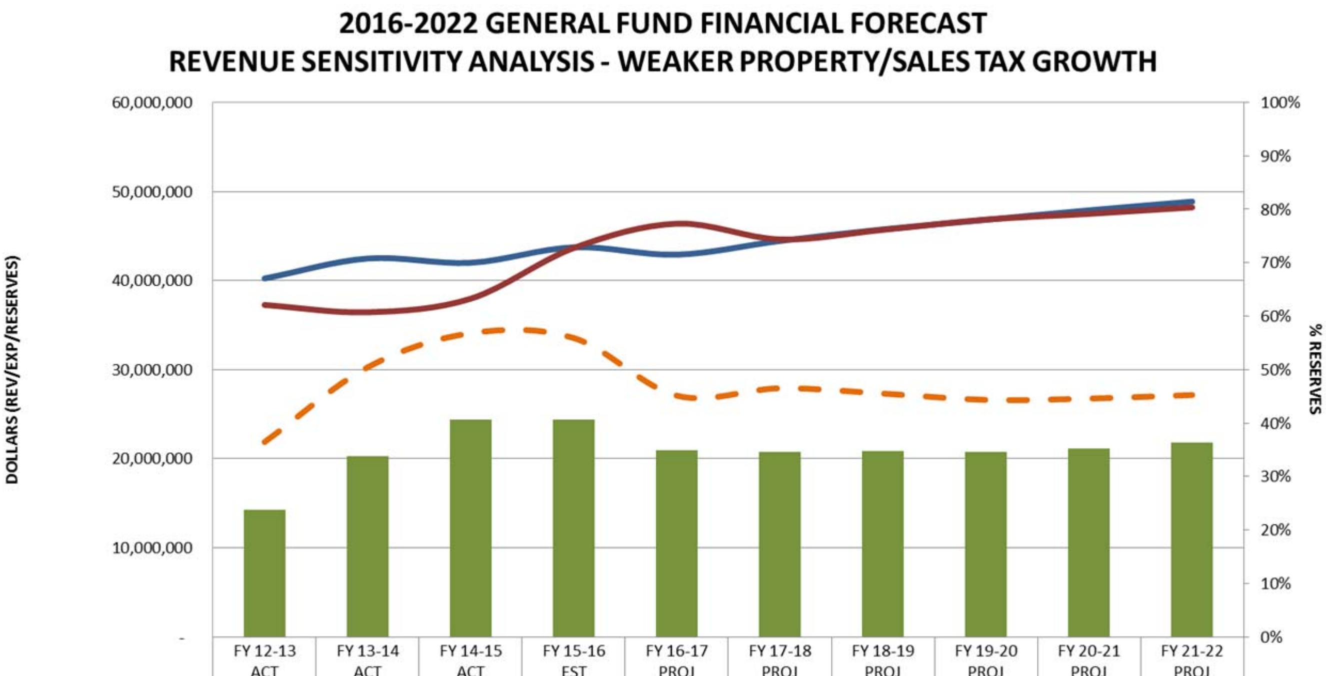
	FY 12-13 ACT	FY 13-14 ACT	FY 14-15 ACT	FY 15-16 EST	FY 16-17 PROJ	FY 17-18 PROJ	FY 18-19 PROJ	FY 19-20 PROJ	FY 20-21 PROJ	FY 21-22 PROJ
Reserves	14,278,547	20,314,151	24,345,022	24,423,220	21,665,290	21,846,700	22,263,400	22,676,700	23,528,500	24,716,400
Revenues/Transfers	40,242,067	42,481,916	42,006,102	43,741,222	43,635,800	44,811,800	46,120,800	47,271,500	48,349,500	49,408,400
Expenditures	37,265,825	36,446,312	37,975,232	43,663,023	46,393,730	44,630,390	45,704,100	46,858,200	47,497,700	48,220,500
% Reserves	36%	50%	57%	56%	47%	49%	49%	48%	50%	51%

CHART B: REVENUE SENSITIVITY (STRONGER PROPERTY TAX)

REVENUE SENSITIVITY ANALYSIS

WEAKER PROPERTY/SALES TAX (BASE & PROP L) GROWTH

Despite the moderate view of projected revenues, recent history has shown that it is possible for the major General Fund revenues to grow at a slower pace than projected in the base forecast. The following graph uses weaker revenue growth projections for property tax (2 percent increase per year rather than 3 percent included in the Base Forecast) and sales tax for both the base tax and the Proposition L sales tax (ranging from 2.5 percent to 1.5 percent increase per year rather than 3 percent to 2 percent per year included in the Base Forecast). Again, all other revenue and expenditure assumptions remain constant. Based on these assumptions, revenues fall short of expenditures, and the use of General Fund Reserves would be required to fill the revenue shortfall. Under this scenario, General Fund Reserves would fall to approximately 45 percent.



	FY 12-13 ACT	FY 13-14 ACT	FY 14-15 ACT	FY 15-16 EST	FY 16-17 PROJ	FY 17-18 PROJ	FY 18-19 PROJ	FY 19-20 PROJ	FY 20-21 PROJ	FY 21-22 PROJ
Reserves	14,278,547	20,314,151	24,345,022	24,423,220	20,941,090	20,765,100	20,813,700	20,782,900	21,177,900	21,826,700
Revenues/Transfers	40,242,067	42,481,916	42,006,102	43,741,222	42,911,600	44,454,400	45,752,700	46,827,400	47,892,700	48,869,300
Expenditures	37,265,825	36,446,312	37,975,232	43,663,023	46,393,730	44,630,390	45,704,100	46,858,200	47,497,700	48,220,500
% Reserves	36%	50%	57%	56%	45%	47%	46%	44%	45%	45%

CHART C: REVENUE SENSITIVITY (WEAKER PROPERTY/SALES TAX GROWTH)