



GENERAL FUND FIVE YEAR FINANCIAL FORECAST FY09 – FY13



Alternative Revenue Forecasts

- Initially generated seven alternative revenue forecasts
- Based on combinations of several variables
 - Constitutional amendment
 - City's contractual relationship with GACRAA to provide fire service
 - General Government vs GRU projections for utility transfer growth
 - Growth rate on indirect cost revenue

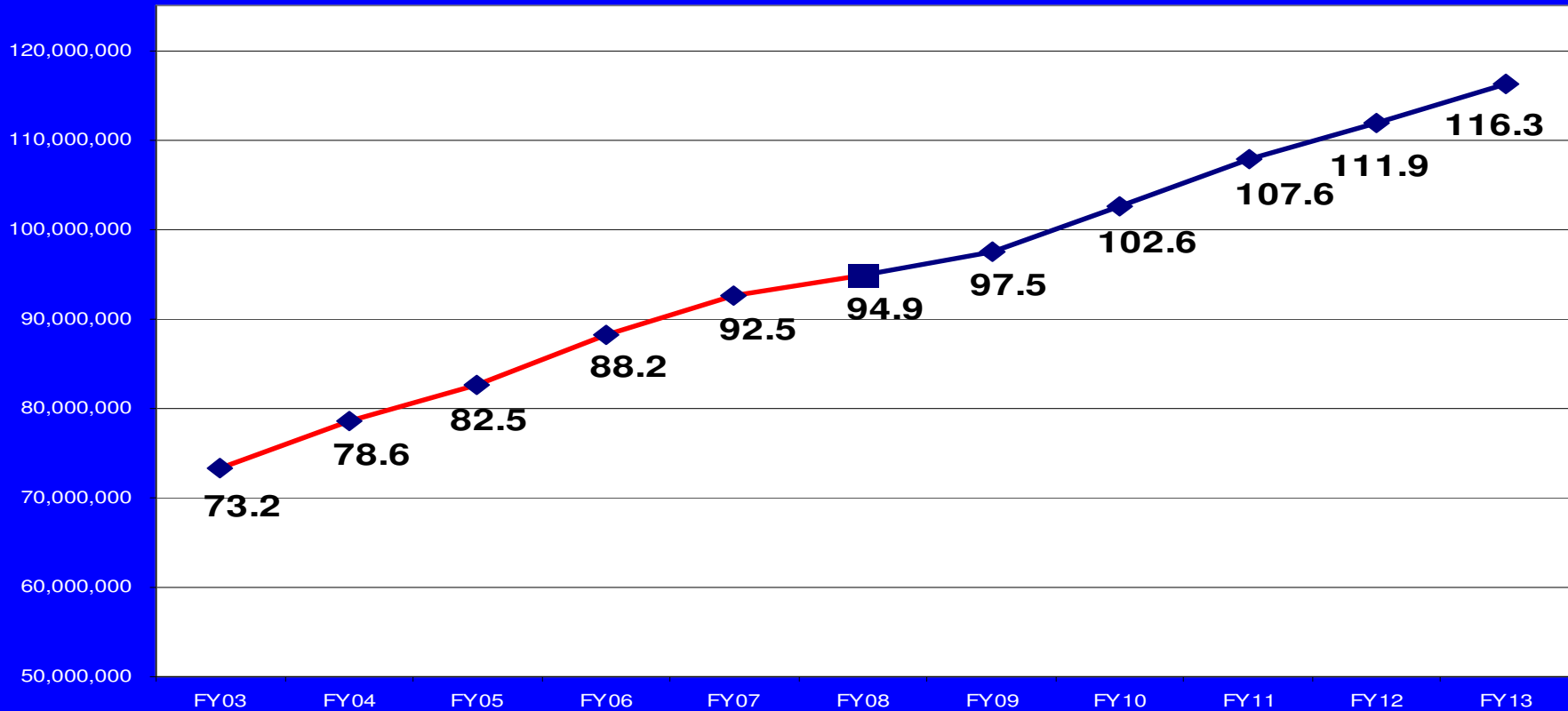


Alternative Revenue Forecasts

- Consolidated forecasts as more information was received
 - \$3.1M reduction in property tax revenues based on passage of Amendment 1 (less than if amendment had failed)
 - GRU utility transfer model
 - Newly negotiated airport fire services amendment
 - Incorporated more recent state projections for state shared revenue growth
- Developed a single five year revenue projection



**GENERAL FUND REVENUE TREND
 FY03 - FY13**





FY09 – FY13 Revenue Forecast

	<u>BUDGETED</u>	<u>PROJECTED</u>				
	FY08	FY09	FY10	FY11	FY12	FY13
Utility transfer	31,567,630	34,114,146	36,245,046	38,298,565	39,855,596	41,369,570
Utility tax	8,238,843	9,559,321	10,091,086	10,580,455	10,774,350	10,934,155
Property tax	23,074,719	21,891,579	23,365,510	25,021,944	26,666,567	28,440,472
Charges for services	7,475,476	8,022,576	8,374,381	8,681,023	9,065,203	9,397,406
Half cent sales tax	7,327,209	7,226,435	7,441,060	7,662,059	7,889,622	8,123,944
State revenue sharing	3,530,488	3,092,560	3,151,815	3,208,266	3,270,825	3,331,002
Communications services tax	5,622,155	5,564,826	5,648,298	5,733,023	5,819,018	5,906,303
Other revenues	8,097,410	7,985,416	8,242,311	8,391,385	8,603,631	8,761,735
Total	94,933,930	97,456,859	102,559,507	107,576,720	111,944,812	116,264,587

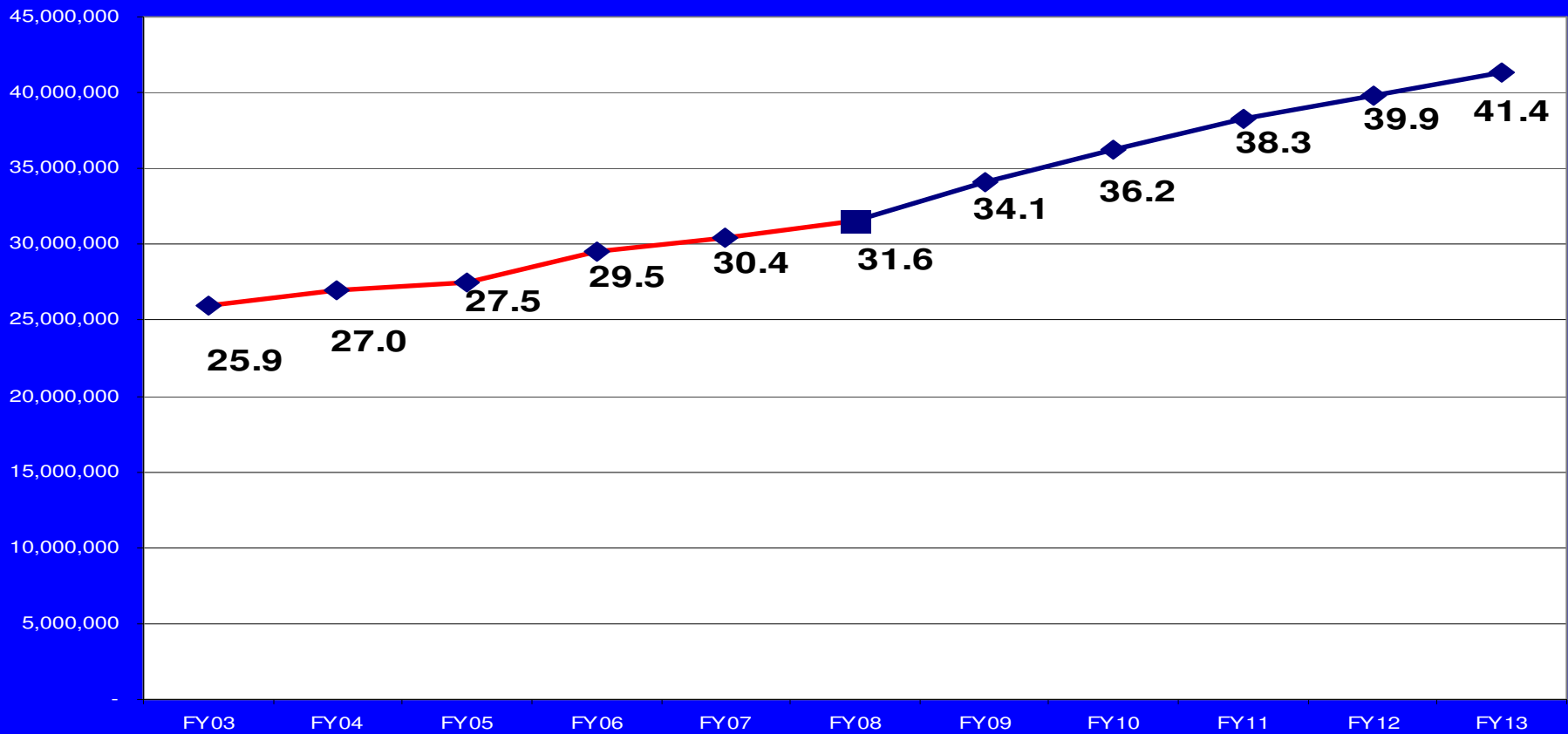


Utility Transfer Forecast Proposed Rate Increases by System

PROPOSED % RATE INCREASES				
Fiscal year	Electric	Gas	Water	Wastewater
2008	11.00	11.00	13.00	17.00
2009	7.00	9.00	9.50	11.00
2010	4.00	6.50	7.00	7.00
2011	3.50	5.50	6.00	3.00
2012	3.00	5.00	2.00	1.00
2013	3.00	4.00	0.00	1.00
2014	0.00	3.00	0.00	0.00

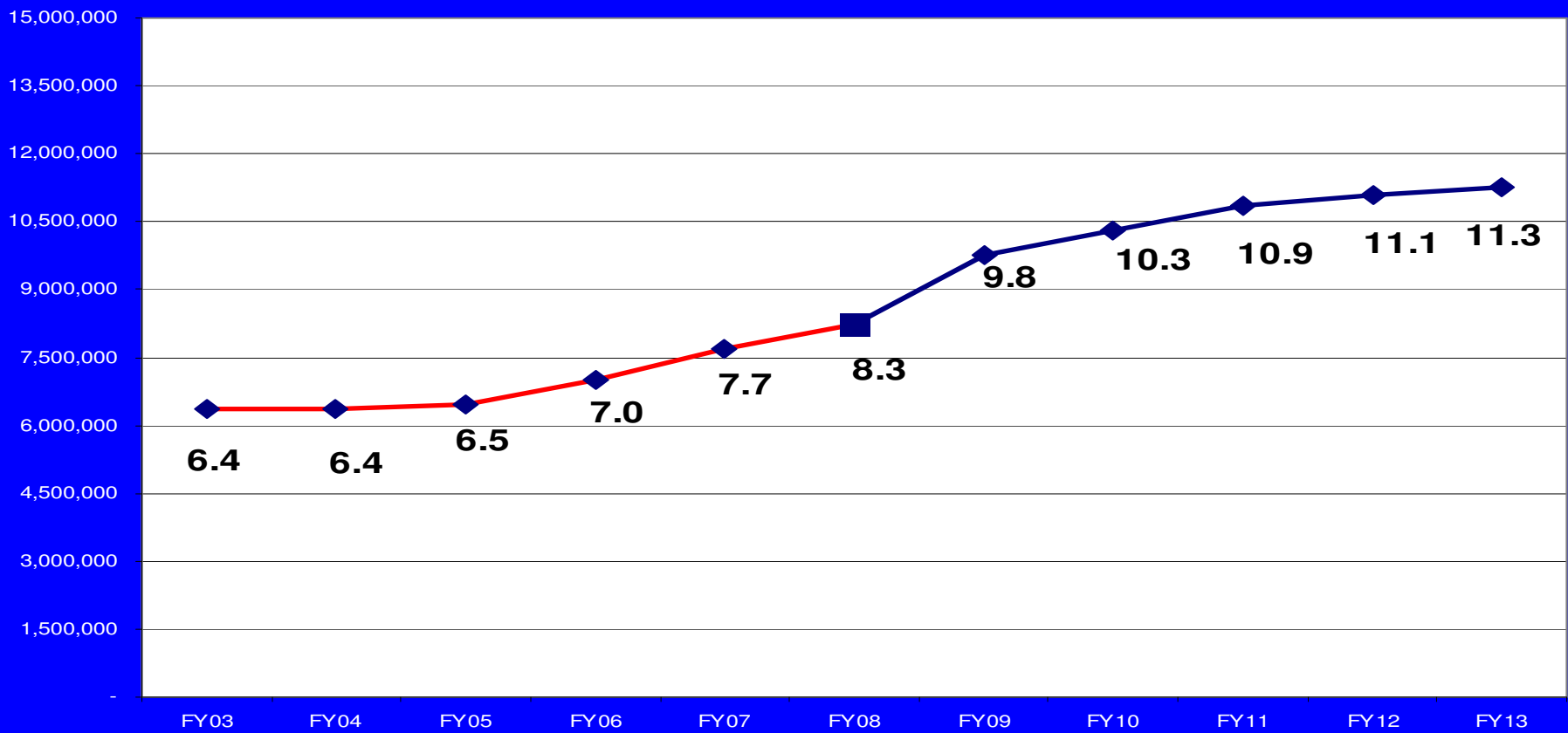


**UTILITY TRANSFER
 FY03 - FY13**





**UTILITY TAX
 FY03 - FY13**





Property Tax Revenue Forecast

- 2007 statutory changes
 - Rate reduced to 2006 rollback rate
 - Further reduction based on five year property tax revenue per capita history: Gainesville 3%
 - Ad valorem rate went from 4.8509 to 4.2544; impact on property tax revenue: \$2.7M less than in absence of legislation
 - Effective FY08

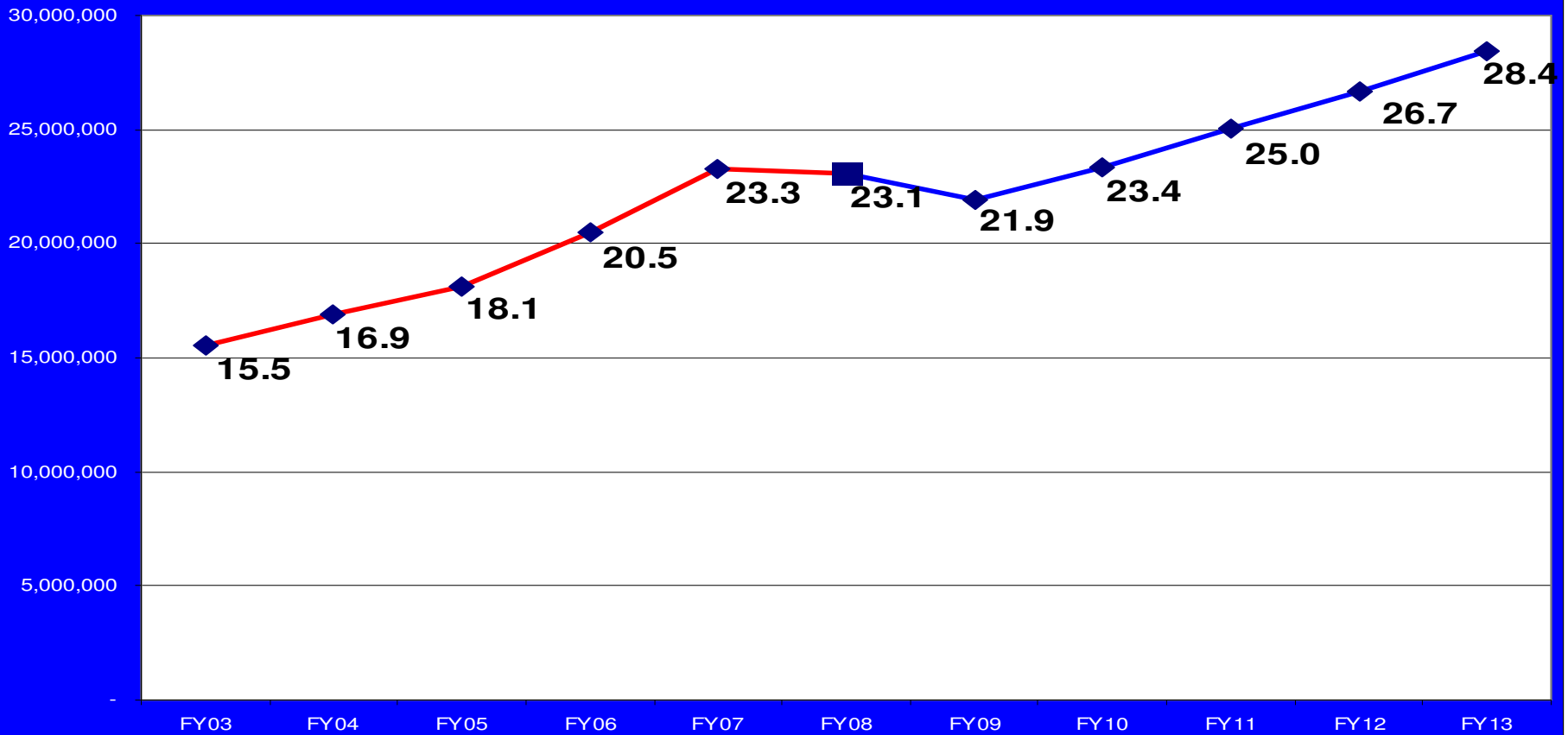


Property Tax Revenue Forecast

- 2008 constitutional amendment
 - Doubled existing \$25,000 homestead exemption
 - Provides for portability of accrued Save Our Homes benefits
 - \$25,000 exemption for tangible personal property
 - 10% cap on growth in assessments of non-homesteaded property
 - Projected impact on property tax revenue: \$3.1M less than in absence of amendment
 - Effective FY09
- Allows for new construction and growth at Florida Per Capita Income growth rate
 - Assuming 1.5% new construction
 - Current Florida Per Capita Income growth estimate 4.26%

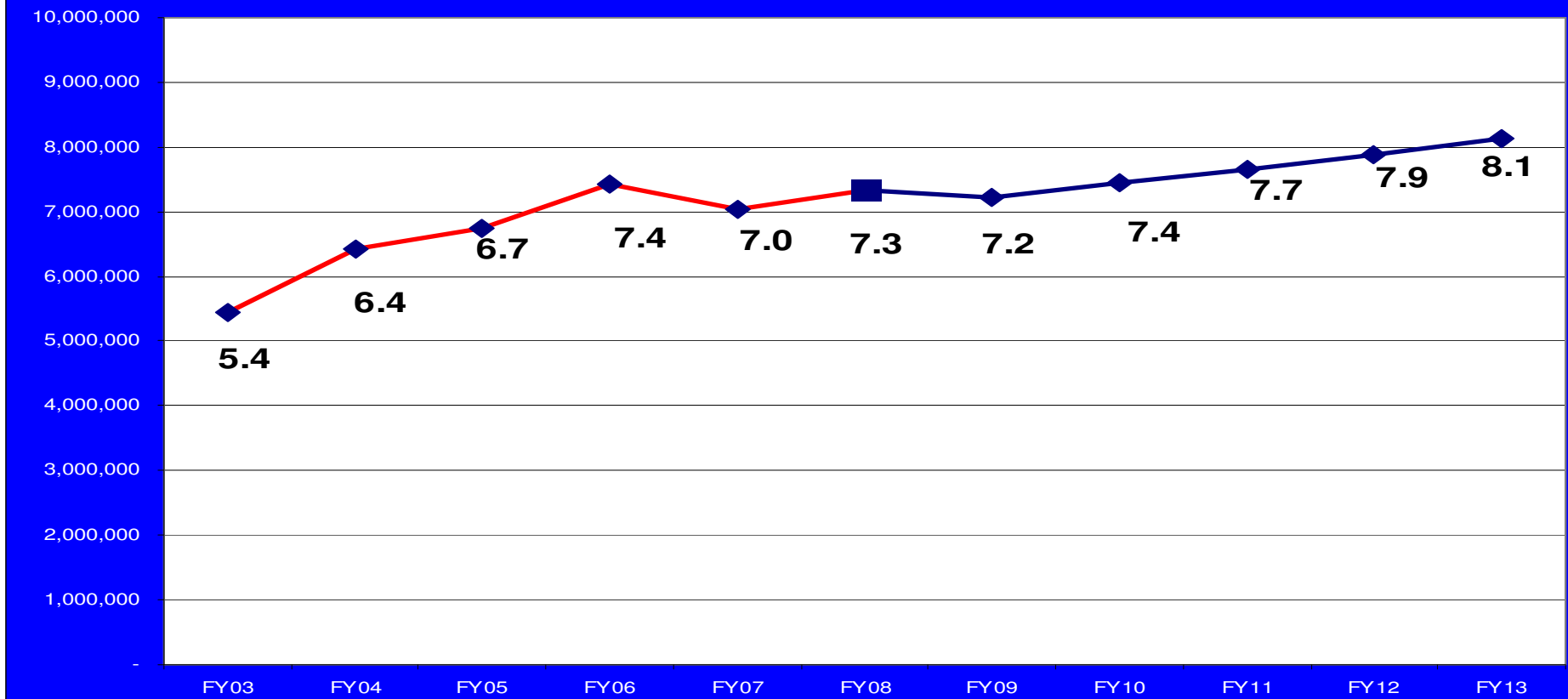


PROPERTY TAX REVENUE
 FY03 - FY13



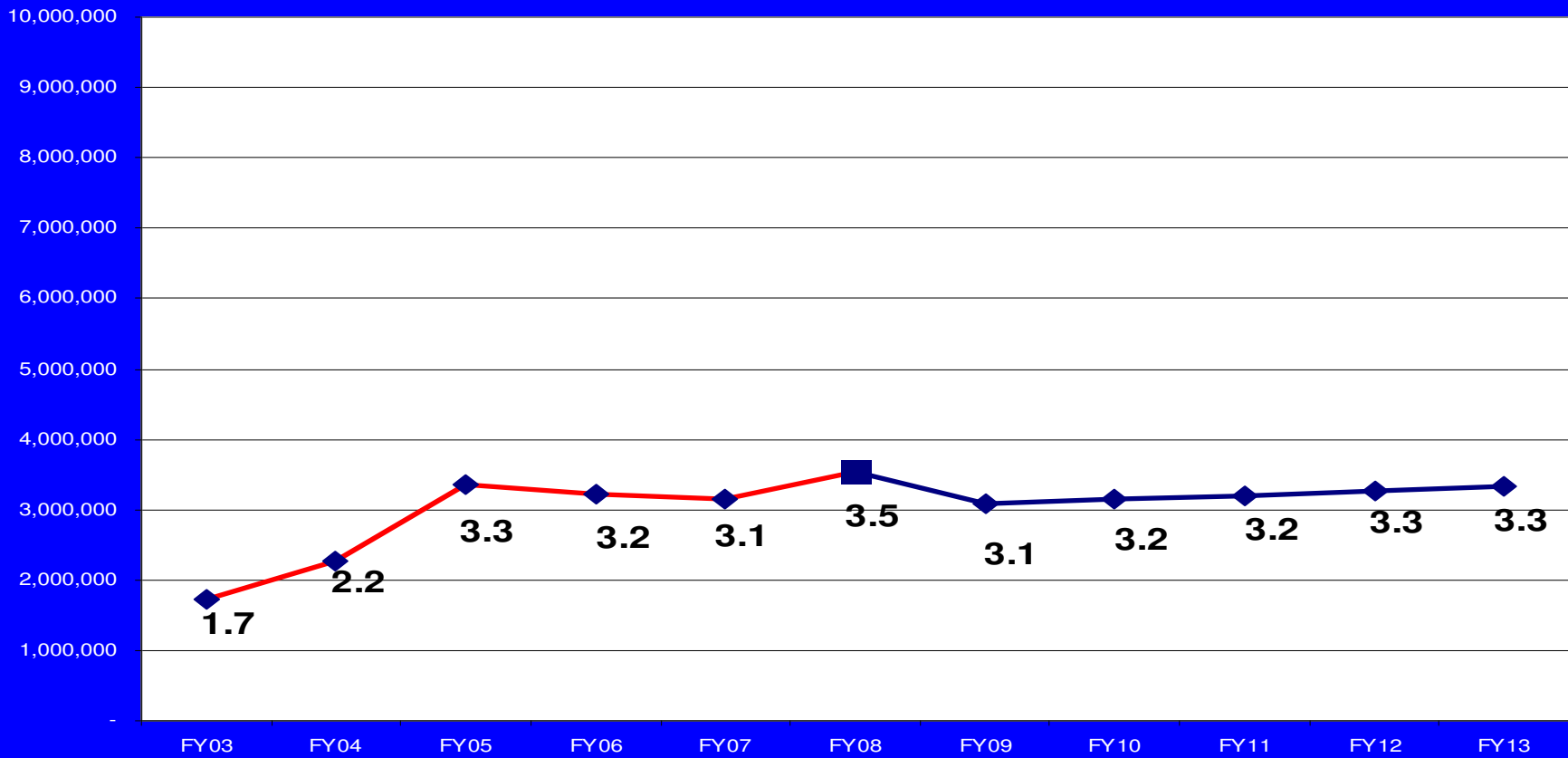


**HALF CENT SALES TAX
 FY03 - FY13**



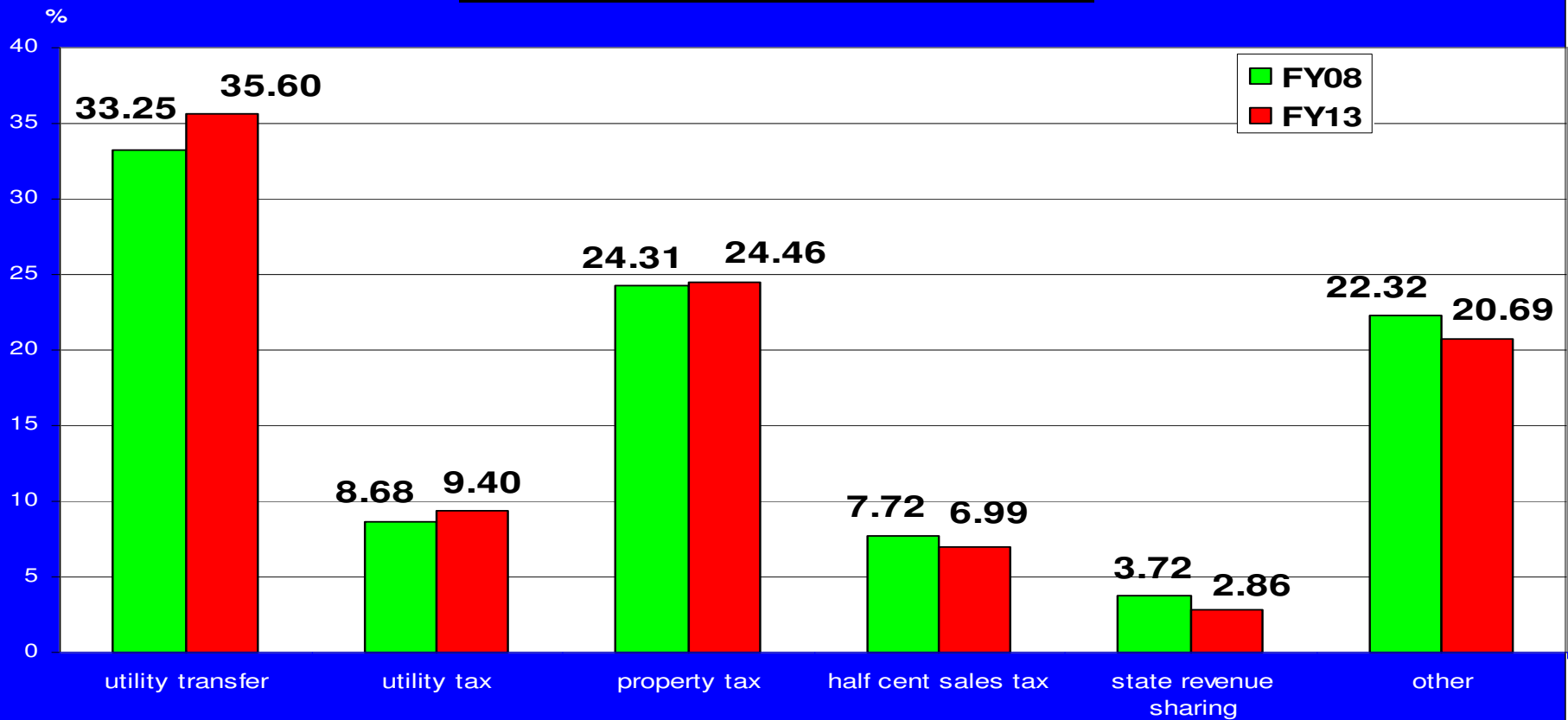


**STATE REVENUE SHARING
 FY03 - FY13**





**TREND IN COMPOSITION OF REVENUES
 FY08 - FY13**





Alternative Expenditure Forecasts Personal Services

- Initially reviewed five different personal services scenarios
- Based on differing salary growth rate assumptions
 - Managers
 - Professionals
 - Bargaining units
- Narrowed to two projections
 - Both maintain existing contract levels through FY09
 - One assumes 3.5% annual salary growth through balance of forecast period, one at 4.5%

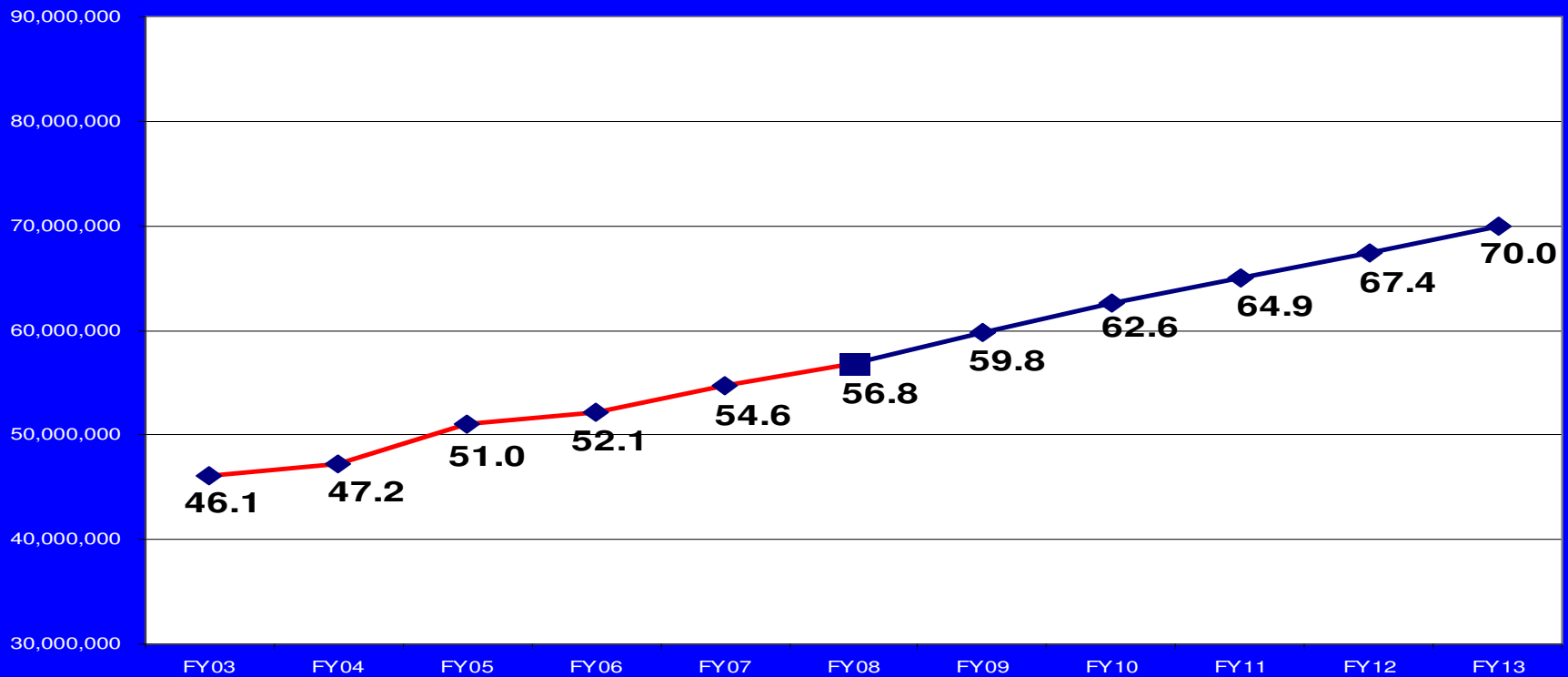


Alternative Expenditure Forecasts Personal Services

- Assumes
 - 12% per year increase in health insurance costs
 - Fire Station 8 operational effective July 1, 2009
 - Personnel for Traffic Management System operating needs
 - Modest increases in pension contribution rates



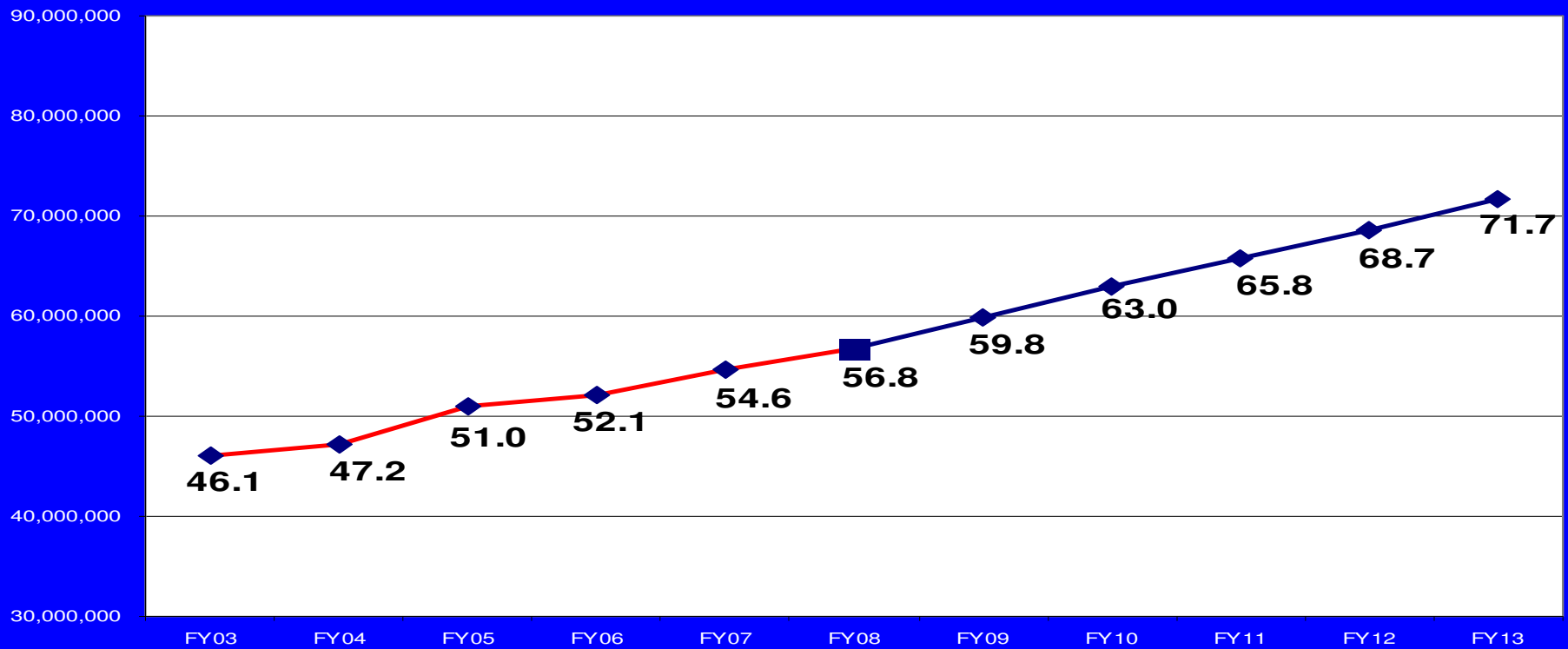
GENERAL FUND PERSONAL SERVICES TREND @ 3.5%
FY03 - FY13



<u>BUDGETED</u>	<u>PROJECTED</u>					<u>Avg Annual Growth</u>
FY08	FY09	FY10	FY11	FY12	FY13	
56,804,850	59,826,669	62,550,770	64,947,820	67,431,024	70,020,881	4.27%



GENERAL FUND PERSONAL SERVICES TREND @ 4.5%
 FY03 - FY13



<u>BUDGETED</u>	<u>PROJECTED</u>					Avg Annual Growth
FY08	FY09	FY10	FY11	FY12	FY13	
56,804,850	59,826,669	62,976,055	65,791,153	68,660,179	71,678,705	4.76%



Alternative Expenditure Forecasts Other Expenditures

- Three alternative methods for forecasting expenditures other than personal services
 - Linear regression based on five-year actual trends
 - True regression based on five-year actual trends
 - Trend line based on five-year actual average annual growth
- Actual amortization schedule for debt service with projection for anticipated FY10 borrowing
- Modified TIF to reflect potential impact of property tax
- Chose linear regression with modifications



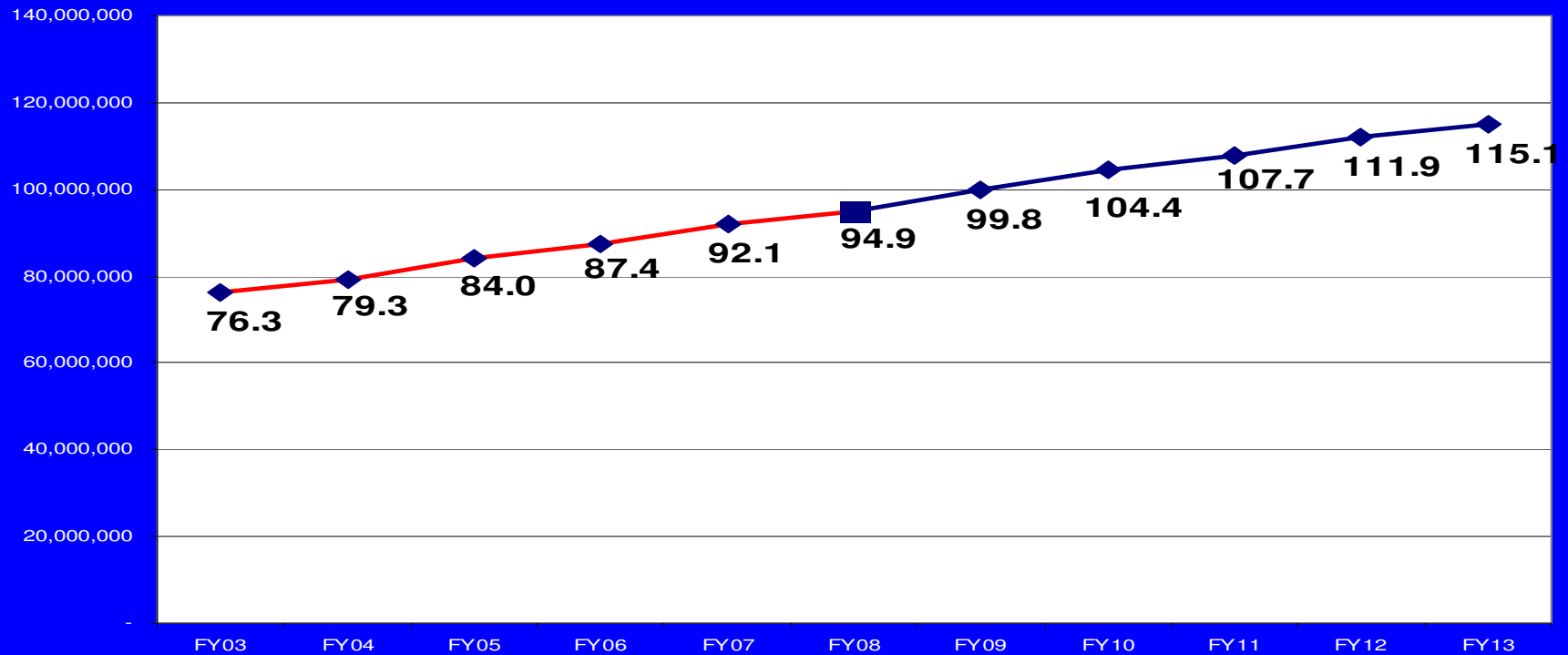
Alternative Expenditure Forecasts Other Expenditures

<u>BUDGETED</u>	<u>PROJECTED</u>					Avg Annual
FY08	FY09	FY10	FY11	FY12	FY13	Growth
38,129,080	39,947,578	41,825,929	42,723,450	44,496,435	45,118,194	3.43%

- Some expenditure categories project significant average annual increases:
 - Utilities 5.25%
 - Fuel 8.02%
 - TIF 8.0%
 - CCC 4.68%
- Increased contingencies for moderate FTE growth in FY10 & FY12
- Includes Traffic Management System operating expenses at \$240,000
- Debt service, fleet maintenance & general insurance (WC, AL, GL) which account for more than a third of other expense were relatively flat over forecast period



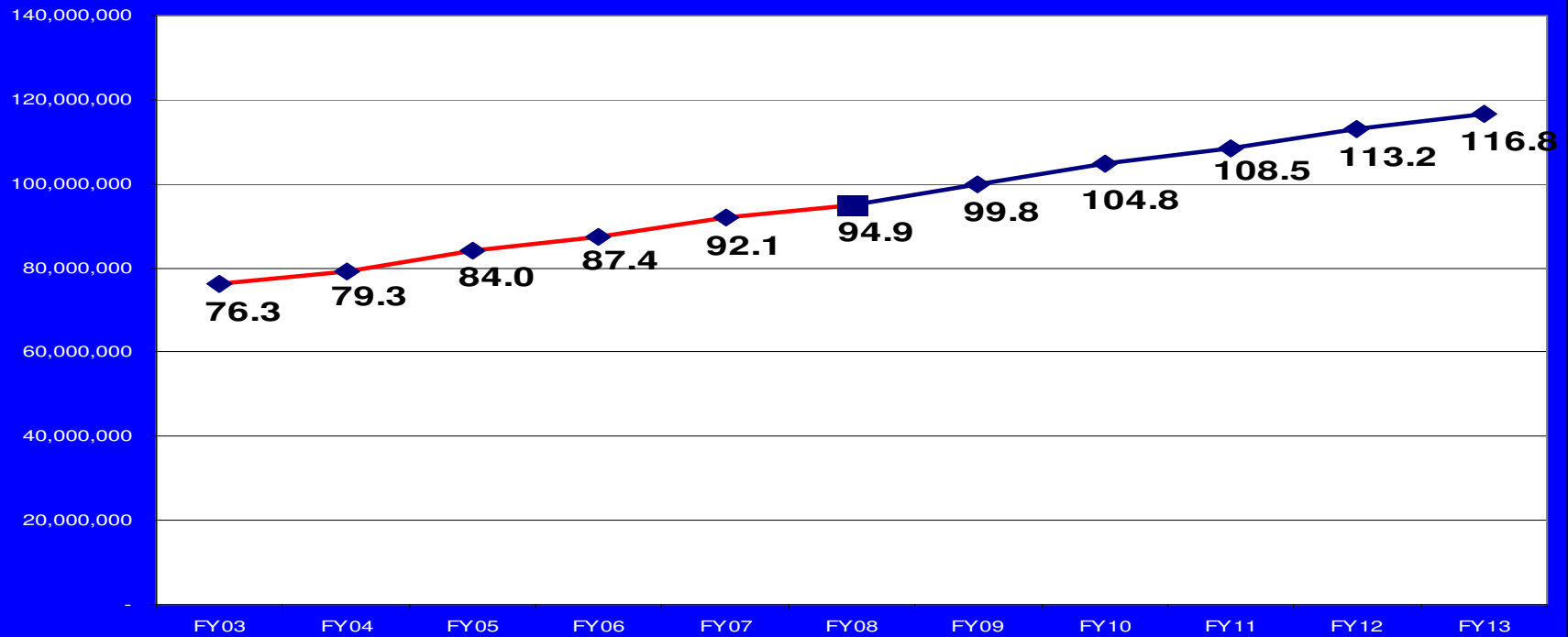
GENERAL FUND EXPENDITURES TREND @ 3.5%
FY03 - FY13



<u>BUDGETED</u>	<u>PROJECTED</u>					<u>Avg Annual Growth</u>
FY08	FY09	FY10	FY11	FY12	FY13	
94,933,930	99,774,247	104,376,699	107,671,270	111,927,459	115,139,075	3.94%



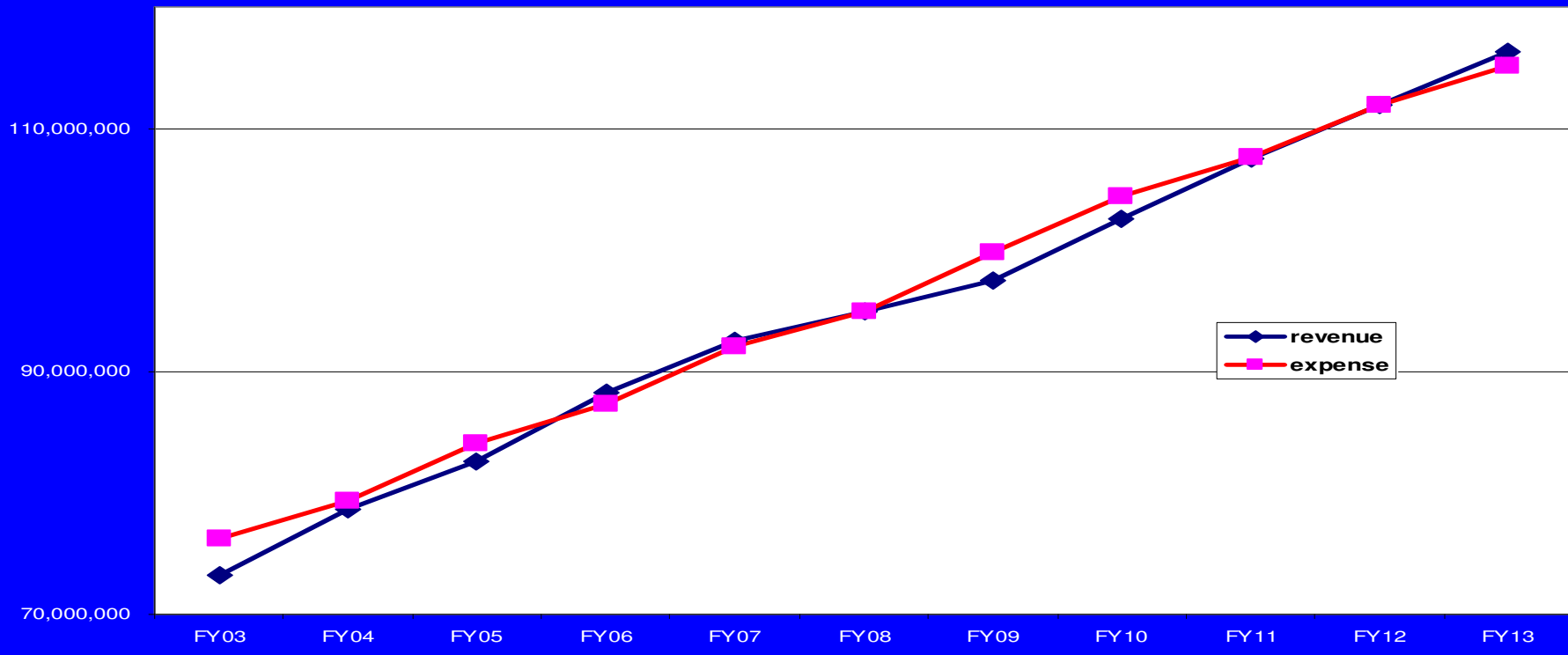
**GENERAL FUND EXPENDITURES TREND @ 4.5%
 FY03 - FY13**



<u>BUDGETED</u>	PROJECTED					Avg Annual Growth
FY08	FY09	FY10	FY11	FY12	FY13	
94,933,930	99,774,247	104,801,984	108,514,603	113,156,614	116,796,899	4.23%



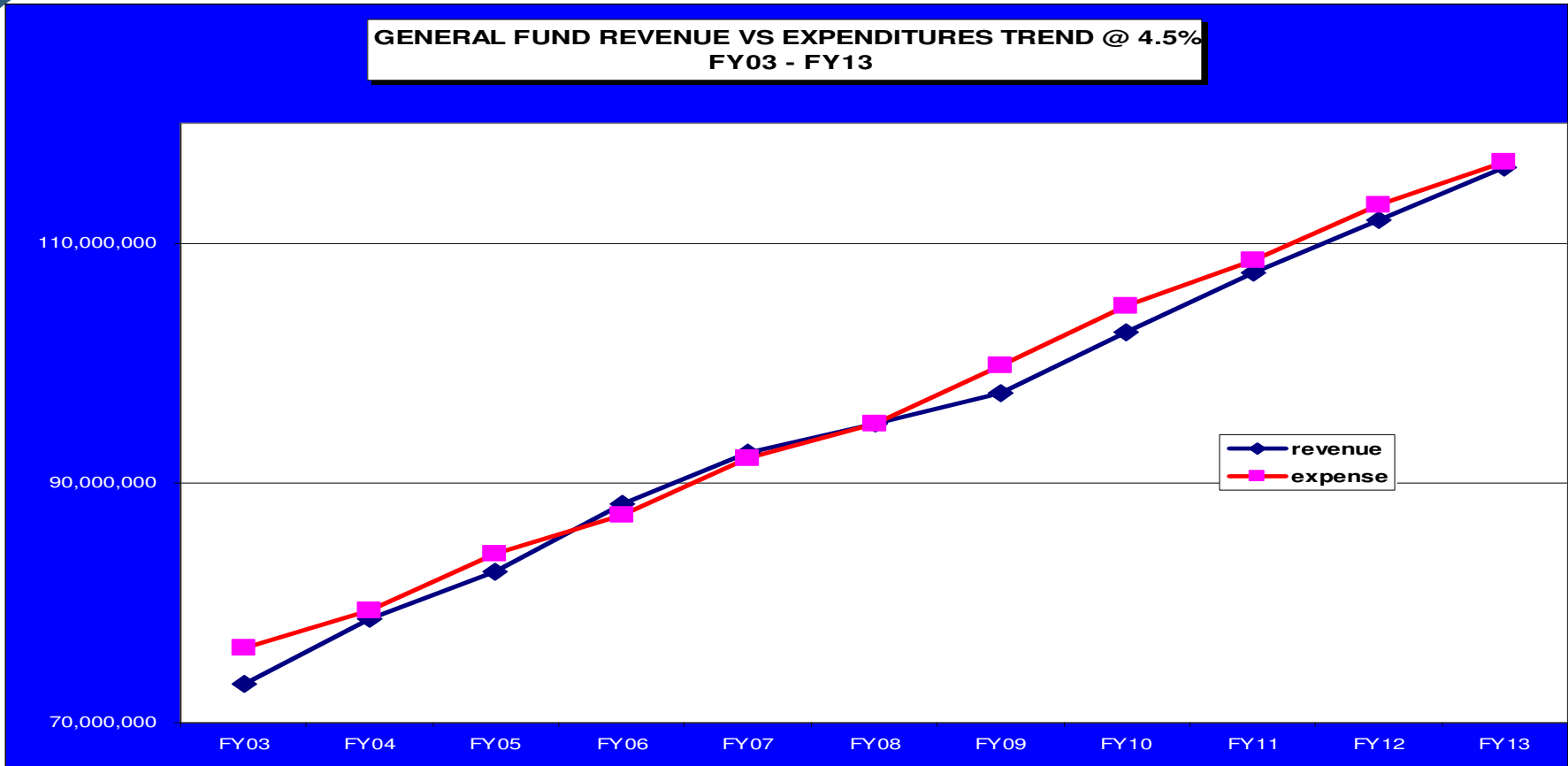
**GENERAL FUND REVENUE VS EXPENDITURES TREND @ 3.5%
 FY03 - FY13**



<u>BUDGETED</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>				
FY08	FY09	FY10	FY11	FY12	FY13
-	(2,317,388)	(1,817,192)	(94,550)	17,353	1,125,512



**GENERAL FUND REVENUE VS EXPENDITURES TREND @ 4.5%
 FY03 - FY13**



<u>BUDGETED</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>				
FY08	FY09	FY10	FY11	FY12	FY13
-	(2,317,388)	(2,242,477)	(937,883)	(1,211,802)	(532,312)



Net results: Overview

- FY09 and FY10 appear to be tight financial years
- Financial position improves as you move out through forecast period
- Initial hit in FY09 & FY10
 - \$3M property tax revenue impact from amendment (less than if amendment had failed)
 - Approximately \$1M in new expense associated with Fire Station 8, \$500K for Traffic Management System operating expense
- From FY10 – FY13 revenue growth outpaces expenditure growth
 - Annual average revenue growth 4.51% (FY03 – FY07 5.34%)
 - Annual average expenditure growth 4.03% (FY03 – FY07 4.82%)



Net results: Overview

- Key factors in forecast
 - Increase growth in utility transfer & utility tax
 - Slowed growth in property tax revenue in FY09 & FY10; 6.75% per year thereafter
 - Slowdown in intergovernmental revenues
 - Half cent sales tax
 - State revenue sharing
 - Additional \$1M per year expense for Fire Station 8, \$500K in traffic Management System operating expense



Capital Projects

- Forecast includes only \$562,000 per year to capital projects
- Deposit of 2% of asset value per year of General Fund assets for maintenance equals \$5.12 million
- Sales tax initiative
 - If capital money acquired would generate increased need for operating appropriations



Other Issues

- No potential impact included from:
 - Future changes to property tax structure
 - Fire assessment
 - Annexation
 - Public Works Compound issues



Summary

- Essentially a subsistence level forecast
- No new or increased service level provision
- New programs must come with accompanying revenue source, or existing programs must be reduced
- Limited FTE growth: 5 in FY10 & 5 in FY12
- Limited capacity to adapt to changes in the future
- Limited ability to respond to unforeseen events