City of Rialto

General Fund
Five Year Fiscal Forecast: 2022-26

June 2021

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INTRODUCTION

OVERVIEW

Purpose

This purpose of this report is to assess the General Fund's capacity over the next five years – on an "order of magnitude" basis – to sustain current City service levels on an ongoing basis in the aftermath of the worst recession since the Great Depression and subsequent Covid-19 impacts.

Role of the Fiscal Forecast. Making good resource decisions in the short term as part of the budget process requires considering their impact on the City's fiscal condition down the road. Developing good solutions requires knowing the magnitude of any fiscal challenge the City could confront. <u>In short, the City cannot respond to a challenge it hasn't defined.</u> And in this economic and fiscal environment, looking only one year ahead has the strong potential to misstate the size and nature of the fiscal challenges – and opportunities – ahead of the City.

For those California local agencies that have prepared longer-term forecasts and follow-on financial plans, this did not magically make their fiscal problems disappear for they still had tough decisions to make. However, fiscal forecasts allowed them to better assess their longer-term outlook, more closely define the size and duration of the fiscal challenges and opportunities facing them, and then make better decisions accordingly for both the short and long run. This will be true for the City as well.

Economic and Public Health Challenge Outlook

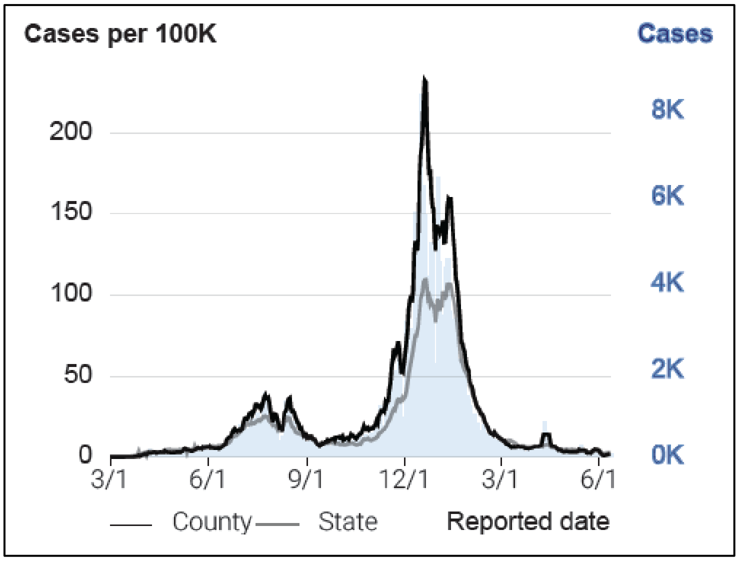
The City is in a unique situation compared with most cities in California: while its revenue growth may have slowed in some cases, it did not experience significant adverse results from Covid-19 impacts. And in fact, as discussed below, sales tax (the City's top General Fund revenue) increased significantly due to factors unique to the City.

Nonetheless, no community exists in a vacuum from the economics of its region and state. And the economy of Southern California and the State will not improve until the public health crisis is over.

Fortunately, as reflected in the following chart showing trends in average daily Covid-19 cases since March 2020, it appears that the public health crisis in California and San Bernardino County is abating.

As reflected in this chart, cases peaked in Summer 2020 and peaked even larger in Winter 2020-21. However, since then there has been a dramatic decrease in average daily cases.

Figure 1. Average Daily Cases: San Bernardino County and State
March 2020 to June 2021



Source: State of California
https://covid19.ca.gov/state-dashboard

However, given past surges, cautious optimism is warranted about the possibility that the pandemic crisis may soon be over. (That said, the Governor has approved an order removing most Covid-19 restrictions on June 15, 2021).

Economic Recovery. The economic and fiscal downturns experienced during the Great Recession versus Covid-19 are fundamentally different:

Figure 2. Major Economic and Fiscal Downturns

Great Recession	Covid-19
• Economic meltdown/financial system failure due to housing bubble and subprime mortgages • Slow recovery • <u>Systemic</u> problem	• Strong underlying economy. • Public health crisis causes downturn. • When public health recovers, economy will recover. • <u>One-time</u> problem.

For this reason, virtually all economists believe that the economy will recover strongly and quickly once the public health crisis is over. (Of course, when this will happen is difficult to predict.) The forecast reflects this consensus. Nonetheless, there are concerns about rising inflation; and California is entering into another year of drought. Accordingly. this forecast reflects cautious optimism.

Forecast Framework and Approach

As noted above, the purpose of the forecast is to identify the General Fund's ability over the next five years – on an "order of magnitude" basis – to continue current services in the aftermath of Covid-19 impacts. The forecast does this by projecting ongoing revenues and subtracting from them likely operating, det service and capital costs in continuing current service levels. If positive, the balance remaining is available to fund "new initiatives" such as implementing capital improvement plan (CIP) goals, addressing unfunded liabilities or improving service levels. On the other hand, if negative, it shows the likely “forecast gap” if the City continues current service levels without corrective action.

It is important to stress that this forecast is not the budget.

Budgets are based on program review, priorities and affordability. Forecasts, on the other hand, are based on assumptions. Accordingly, this forecast doesn’t make expenditure decisions; it doesn’t make revenue decisions. As noted above, its sole purpose is to provide an “order of magnitude” feel for the General Fund’s ability to continue current service levels.

Ultimately, this forecast cannot answer the question: “Can the City afford new initiatives?” This is a basic question of priorities, not of financial capacity per se. However, making trade-offs is what the budget process is all about: determining the highest priority uses of the City’s limited resources. And by identifying and analyzing key factors affecting the City’s long-term fiscal heath, the forecast can help assess how difficult making these priority decisions will be.

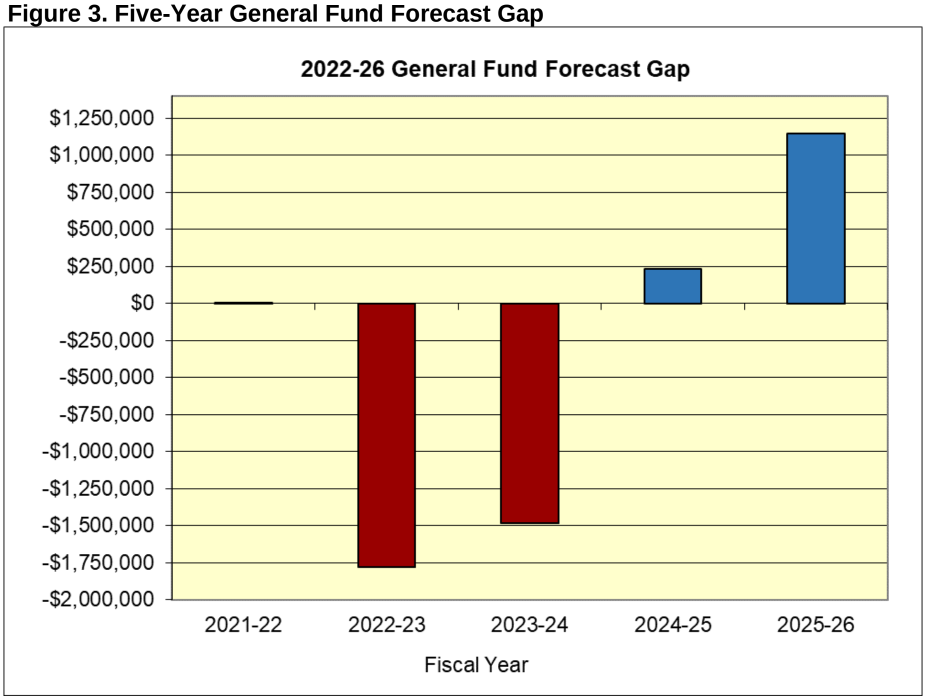
Stated simply, the forecast is not the budget. Rather, it sets forth the challenges – and opportunities – ahead of the City in adopting a balanced budget, next year and beyond.

SUMMARY OF FORECAST FINDINGS

The Short Story

Based on curent service levels and modest capital project costs, the General Fund is essentially in balance in 2021-22: revenues exceed costs by $4,900. However, this is due to very small capital project assumptions ($560,000) compared with prior years.

Figure 3. Five-Year General Fund Forecast Gap



After this, it fluctuates from year-to-year, with a "gap" of $1.8 million in 2022-23 to a surplus of $1.2 million in 2025-26. However, it should be noted that these differences between revenues and expenditures on the out-years are very modest: <u>the gap is only 1.6% of expenditures in 2022-23; and the surplus is only 1% of expenditures in 2025-26</u>.
Two factors largely account for these variances:

1. ***Capital Projects.*** As noted above, 2021-22 assumes very small capital project costs ($560,000) compared with prior years. For 2022-23 through 2025-26, the forecast assumes annual capital project costs of about $2.6 million, based on a four-year average.

2. ***Pension Costs.*** As discussed in greater detail below, the City is facing scheduled increases in in its pension costs. These will begin to stabilize by 2024-25, resulting in a modest surplus.

Key Forecast Drivers

Assumptions drive the forecast results, which are outlined on pages 9 to 12. Stated simply, if the assumptions change, then the results will change. The four key drivers underlying the forecast results include:

1. ***Current Solid Financial Condition.*** Available fund balance is about 66% of operating costs. In short, the City starts with solid reserves compared with many other cities in the State, who have depleted their reserves in mitigating service cuts in light of Covid-19 revenue losses.

2. ***State Budget Outlook.*** Over the past thirty years, the greatest fiscal threat to cities in California has not been economic downturns, dot.com meltdowns or corporate scandals, but rather, State takeaways. These included 20% reductions in property tax revenues in transferring revenues to schools via the Education Revenue Augmentation Fund (which in turn allowed the State to reduce its funding to schools by a commensurate amount); property tax administration fees; unfunded State mandates; and dissolution of redevelopment agencies. These takeaways were on top of the fiscal challenges facing cities in light of their own revenue declines and cost pressures.

   Fortunately, there are no further State takeaways on the horizon – but neither are there any suggested restorations of past takeaways. That said, while there are added constitutional protections in place since the last State raids on local finances, five years is a long time for the State to leave cities alone.

3. ***Revenues.*** The forecast generally assumes continued growth all key General Fund revenues. Revenue assumptions are provided on pages 10 to 12.

4. ***Expenditures.*** There are three key expenditure assumptions reflected in the forecast, which are described in greater detail on page 9.

   - **"Baseline" operating costs.** Since significant staff work has been done to-date in preparing the 2021-22 Preliminary Budget, this draft work serves as the "baseline" for the forecast. From this, operating costs are projected to increase by inflation (projected at 2% annually), excluding projected increases in pension costs for contributions to the City's unfunded actuarial liabilities (UAL).

- **Penson cost increases.** Increases in pension costs for UAL payments are based on projection factors provided by the California Public Employees Retirement System (CalPERS).

- **Capital project and vehicle replacement costs.** These have varied widely in the past. As discussed above, for 2022-23 through 2025-26, the forecast assumes capital project expenditures of about $2.6 million annually based on a four-year average compared with $3.4 million in 2018-19 and $4.8 million in 2019-20. Vehicle replacement costs have also varied widely in the past. Accordingly, a similar assumption methodology is used for vehicle replacement costs, resulting in annual costs of about $500,000 annually.

BASIC FORECAST FRAMEWORK

Background

There are two basic approaches that can be used in preparing and presenting forecasts:

1. Developing one forecast based on one set of assumptions about what is believed to be the most likely outcome.

2. Preparing various "scenarios" based on a combination of possible assumptions for revenues and expenditures.

This forecast uses the "one set of assumptions" approach as being the most useful for policy-making purposes. However, the financial model used in preparing this forecast can easily accommodate a broad range of "what if" scenarios.

Economic, Fiscal and Demographic Trends

The past doesn't determine the future. However, if the future won't look like the past, we need to ask ourselves: why not? How will the future be different than the past, and how will that affect the City's fiscal outlook? Accordingly, one of the first steps in preparing the forecast is to take a detailed look at key demographic, economic and fiscal trends over the past ten years.

Accordingly, key indicators are provided in the *Historical Trends* section of this report beginning on page 15. There are four areas of focus:

1. ***Economic and Demographic Trends.*** Population, inflation as measured by changes in the consumer price index and building permit valuations.

2. ***Revenues Trends.*** Focused on the City's top six General Fund revenues, which account for about 75% of total General Fund revenues: sales tax, general property taxes, VLF swap property taxes, utility user tax, franchise fees and business licenses.

3. ***Operating Cost Trends.*** Overall trends in total operating costs and the City's top operating cost – public safety, which accounts for almost 70% of General Fund operating costs. Cost trends for general liability and workers compensation costs are also provided, which have been cost drivers in the past for many cities.

4. ***CalPERS Pension Trends.*** The City currently provides defined pension benefits to its regular employees through its contract with CalPERS. As reflected in these schedules, the City has seen significant increases in these costs, which will continue until 2025-26.

Forecast Assumptions

As noted above, assumptions drive the forecast results. Sources used in developing forecast projections include:

- Long and short-term trends in key City revenues and expenditures.
- Economic trends as reported in the national media.
- Statewide and regional economic forecasts prepared by the University of California, Los Angeles, California Economic Forecast and Beacon Economics.
- Economic and fiscal information developed by the State Legislative Analyst's Office (LAO), State Department of Finance and State Controller.
- Fiscal and legislative analysis by the League of California Cities.
- Analysis by the City's sales and property tax advisor HdL Companies (HdL).
- Employer contribution projections based on factors prepared by CalPERS.

Ultimately, working closely with City staff, the forecast projections reflect our best judgment about the performance of the local economy during the next five years, and how these will affect General Fund revenues and expenditures. A summary of the assumptions used in the forecast begins on page 9.

What's Not in the Forecast

Grant Revenues. The forecast does not reflect the receipt of any "competitive" grant revenues over the next five years. However, based on past experience, it is likely that the City will be successful in obtaining grants for either operating or capital purposes. That said, these are typically for restricted purposes that meet the priorities of the granting agency, which are not necessarily the same as the City's.

Most notably, the forecast does not include American Rescue Plan Act (ARPA) funds. There is still significant uncertainty regarding the amount, availability, constraints and allowable uses of these; and uses are not likely to considered pending further direction from the U.S. Department of the Treasury. That said, these one-time revenues should only be used for one-time purposes.

Lower Costs Resulting from Issuing Pension Obligation Bonds (POBs). The City is currently in the process of evaluating the issuance of POBs as a strategy in lowering its net annual pension costs or reducing the amortization period (or a combination of both). Any such savings that might result if the City issues POBs are not reflected in the forecast.

Unmet Operating Needs Not Funded in the Budget. It is likely that there are City needs that are not reflected in the preliminary budget currently under preparation, which is the basis for the forecast.

Capital Project Costs. As noted above, there have been years where the City has funded significantly larger capital improvements than the costs assumed in this forecast.

Development Agreement and Sale of Surplus Property Revenues. In the 2020-21 Budget, the City initially projected one-time development agreement revenues of $5.1 million and sale of property revenues of $4.5 million. Discussions are still underway; and if successful, are unlikely to occur until 2022-23. When and if these occur, these one-time revenues should only be used for one-time purposes.

Development Impact Fee Revenues. These can only be used to fund the cost of facilities in meeting the needs of new development.

What's Most Likely to Change?

By necessity, the forecast is based on a number of assumptions. The following summarizes key areas where changes from forecast assumptions are most likely over the next five years:

- ***Top Revenue Projections.*** These are directly tied to the performance of the local economy, which in turn is driven by the interrelated performance of the regional, state and national economies. Stated simply, while the forecast assumes continuing growth, this is not a sure thing.

- ***Insurance Costs.*** Consistent with the general forecast assumption of using Preliminary Budget work to-date as the "baseline," the forecast assumes that general liability and workers compensation insurance costs will grow by inflation (2% annually). However, in the past this has been a volatile cost for many cities in California; and the City has experienced volatility in insurance costs as well.

- ***Retirement Costs.*** The forecast uses CalPERS' rate projection factors for the next five years. While there are a number of actuarial factors that determine rates, investment yield assumptions are the main driver. The CalPERS actuarial yield assumption is 7%. Based on long-term trends, this is a reasonable assumption. While there have been significant year-to-year swings, the investment yield has averaged 8.5% over the past ten years. And most recently, the return for calendar year 2020 was 12%. However, experience has shown the potential for unexpected steep increases in employer contribution costs.

CONCLUSION

The City's General Fund is essentially balanced in 2021-22, with projected revenues exceeding costs by $4,900. However, as noted above, this is due to very small capital project assumptions compared with prior years. After this, there are modest fluctuations from year-to-year, with a "gap" of $1.8 million in 2022-23 to a surplus of $1.2 million in 2025-26. However, the differences between revenues and expenditures in the out-years are very modest: <u>the gap is only 1.6% of expenditures in 2022-23; and the surplus is only 1% of expenditures is 2025-26</u>.

Challenges Ahead but Begin with Key Strengths

Given the modest assumptions for capital project costs compared with the prior years, General Fund's greatest challenge in the future is likely to be funding its capital improvement goals. However, it does so with significant strengths compared with many other cities:

- ***"Clean" (unqualified) audited financial statements prepared in accordance with highest standards.*** The City has a long history of receiving clean audits and preparing award-winning comprehensive annual financial reports in accordance with industry "best practices."

- ***Strong reserves.*** Available fund balance is 66% of operating costs.

- ***Strong revenue base.*** Compared with many other California cities, Rialto has a diversified and resilient revenue base.

- ***Very modest General Fund debt obligations*.** General Fund debt service obligations are only 0.4% of revenues.

- ***Ability to fund capital improvements***. In balancing budgets since the Great Recession, most cities in California have essentially eliminated funding capital projects from their General Fund budget. However, the City has retained its ability to fund capital projects from the General Fund.

- ***Long-standing tradition of responsible financial management and stewardship of community assets.*** This core value will serve the City well in meeting the challenges ahead in a fiscally responsible way that preserves essential services.

KEY ASSUMPTIONS

DEMOGRAPHIC TRENDS

Population. Based on recent and long-term trends, no change in population (either up or down) is projected to materially affect revenues or expenditures over the next five years.

Inflation. Based on recent and long-term trends as well as projections in recent statewide and regional forecasts, inflation – as measured by the Consumer Price Index (CPI) – grows by 2% annually throughout the forecast period.

ECONOMIC OUTLOOK

The City is in a unique situation compared with most cities in California: while its revenue growth may have slowed in some cases, it did not experience significant adverse results from Covid-19 impacts. And in fact, as discussed below, sales tax (the City's top General Fund revenue) increased significantly due to factors unique to the City.

Nonetheless, no community exists in a vacuum from the economics of its region and state. And the economy of Southern California and the State will not improve until the public health crisis is over.

Fortunately, it appears that the public health crisis in California and San Bernardino County is abating. For this reason, virtually all economists believe that the economy will recover strongly and quickly once the public health crisis is over.

The forecast reflects this consensus Nonetheless, there are concerns about rising inflation; and California is entering into another year of drought. Accordingly. this forecast reflects cautious optimism.

EXPENDITURES

Operating Costs. Since significant staff work has been done to-date in preparing the 2021-22 Preliminary Budget, this draft work serves as the "baseline" for the forecast. From this, operating costs are projected to increase by inflation (projected at 2% annually), excluding projected increases in pension costs for contributions to the City's unfunded actuarial liabilities (UAL).

Table 4 shows UAL costs by plan based on projections provided by CalPERS (see "Historical Trends" for a fuller description of the City's retirement plans and pension cost trends).

Figure 4. UAL Contributions

UAL Contributions			
Fiscal Year Ending	Safety	Miscellaneous	Total
2022	$7,787,900	$3,059,520	$10,847,420
2023	8,620,000	3,296,000	11,916,000
2024	9,497,000	3,447,200	12,944,200
2025	8,815,000	3,616,800	12,431,800
2026	9,074,000	3,720,800	12,794,800

1. For miscellaneous employees, reflects General Fund portion (80%); balance is allocated to other funds.
2. *Does not reflect possible savings if City prepays full cost at beginning of the year.*

Debt Service. Remains stable throughout the forecast at $456.600 annually.

Capital Project Costs (Transfers Out). These are based on a four-year average (2018-19 to 2021-22) for 2022-23, increasing by inflation thereafter. This results in very modest capital project costs compared with past trends.

INTERFUND TRANSFERS

Transfers-in reflect the City's mainstream practice of transferring Gas Tax funds to the General Fund in offsetting street-related maintenance costs that are far in excess of Gas Tax revenues. This practice is projected to continue at the flat level of $1.0 million annually. Other transfers-in are projected to increase from the 2021-22 baseline of $487,600 by inflation (2% annually).

Transfers-out include vehicle replacement, capital project and fund subsidy transfers. The assumptions for capital projects are discussed above.

- Vehicle replacement transfers have also varied widely in the past, ranging from $220,600 in 2018-19 to $1.1 million in 2021-22. Like capital project costs, these are projected based on a four-year average (2018-19 to 2021-22) for 2022-23, increasing by inflation thereafter.

- Fund subsidy transfers have also varied widely in the past, totaling $8.3 million in 2018-19 and $4.2 million in 2019-20. However, the forecast projects these to stabilize at much lower levels: $154,000 in 2021-22, increasing by 2% annually thereafter.

STATE BUDGET ACTIONS

The forecast assumes no added cuts nor restoration of past takeaways from cities.

REVENUES

Sources used in developing revenue projections for the forecast include:

- Long and short-term trends in key City revenues and expenditures.
- Economic trends as reported in the national media.
- State and regional economic forecasts prepared by the University of California, Los Angeles; California Economic Forecast; and Beacon Economics.
- Economic and fiscal information developed by the State Legislative Analyst's Office (LAO), State Department of Finance and State Controller.
- Fiscal and legislative analysis by the League of California Cities.
- Analysis by the City's sales and property tax advisor (HdL).

Ultimately, however, in close consultation with City staff, the forecast projections reflect our best judgment about the State budget process and the performance of the local economy during the next five years and how these will affect General Fund revenues.

Top Six Revenues

The following describes the assumptions for the General Fund's top six revenues, which account for about 75% of total revenues: sales tax, general property taxes, vehicle license fee (VLF) swap property taxes, utility user taxes, franchise fees and business licenses.

Sales Tax. This is based on City staff projections for 2021-22 and growth factor projections by the City's sales tax advisor (HdL) thereafter. The significant increase in 2021-22 is based on four factors:

- Underlying decrease of 1.1% in “baseline” revenues (excluding county and statewide pool).
- Countywide increase in the State and county pool.
- Continued strength in “business-to-business” sales and fulfillment center revenues.
- Changes in State allocation methodology.

Figure 5. Sales Tax Projections

Fiscal Year	Percent Change
2021-22	9.1%
2022-23	4.7%
2023-24	4.8%
2024-25	4.8%
2025-26	4.8%

General Property Taxes. Along with the “VLF Swap,” this revenue source is largely driven by changes in assessed value along with complicated State property tax apportionment procedures. This is based on City staff projections for 2021-22 and growth factor projections by the City’s property tax advisor (HdL) thereafter.

Figure 6. General Property Tax Projections

Fiscal Year	Percent Change
2021-22	-3.1%
2022-23	2.7%
2023-24	3.1%
2024-25	3.2%
2025-26	3.2%

VLF Swap Property Taxes. Along with general property taxes, this revenue source is largely driven by changes in assessed value along with complicated State property tax apportionment procedures. This is based on City staff projections for 2021-22 and growth factor projections by the City’s property tax advisor (HdL) thereafter.

Figure 7. VLF Swap Property Tax Projections

Fiscal Year	Percent Change
2021-22	3.6%
2022-23	2.5%
2023-24	3.2%
2024-25	3.3%
2025-26	3.3%

Utility User Taxes. This is based on City staff projections for 2021-22 and inflation (2%) thereafter based on past growth rate trends.

Figure 8. Utility Users Tax Projections

Fiscal Year	Percent Change
2021-22	3.6%
2022-23	2.5%
2023-24	3.2%
2024-25	3.3%
2025-26	3.3%

Franchise Fees. This is based on City staff projections for 2021-22 and inflation (2%) thereafter based on past growth rate trends.

Figure 9. Franchise Fee Projections

Fiscal Year	Percent Change
2021-22	0.1%
2022-23	2.0%
2023-24	2.0%
2024-25	2.0%
2025-26	2.0%

Business Licenses. This is based on City staff projections for 2021-22 (reflecting a 16% decrease from 2021-22), recovering to 2019-20 levels by 2023-24; grows by inflation (2%) thereafter.

Other Revenues

Development review and other permit charges are based on a four-year average (2018-19 to 2021-22) for 2022-23, increasing by inflation thereafter. Other revenues are projected to remain flat or grow modestly by inflation (2%) during the forecast period.

FORECAST DETAIL

The following two schedules of Revenues, Expenditures and Changes in Fund Balance (Figure 10-1) and Assumptions Summary (Figure 10-2) provide the detail underlying forecast results.

Figure 10-1. General Fund Five-Year Fiscal Forecast: Revenues, Expenditures and Changes in Fund Balance

	2018-19	2019-20	2020-21	FORECAST				
	Actual	Actual	Revised Budget	2021-22	2022-23	2023-24	2024-25	2025-26
Revenues and Transfers								
Sales Tax	$21,980,100	$22,172,200	$23,456,800	$25,569,800	$26,771,600	$28,056,600	$29,403,300	$30,814,700
General Property Tax	13,135,600	12,527,500	14,473,900	14,027,700	14,406,400	14,853,000	15,328,300	15,818,800
VLF Swap Property Tax	13,212,700	14,478,100	15,551,100	16,209,500	16,614,700	17,146,400	17,712,200	18,296,700
Utility Users Tax	13,035,900	13,664,200	14,051,200	13,678,000	13,951,600	14,230,600	14,515,200	14,805,500
Franchise Fees	3,725,400	3,871,000	3,800,000	3,805,000	3,881,100	3,958,700	4,037,900	4,118,700
Other Taxes	1,798,600	1,960,000	1,795,700	2,067,900	2,109,300	2,151,500	2,194,500	2,238,400
Permit and Service Charges								
Business Licenses	3,024,800	3,570,300	3,700,000	3,100,000	3,400,000	3,700,000	3,774,000	3,849,500
Development Review	7,025,900	5,531,300	4,505,100	6,208,600	5,817,700	5,934,100	6,052,800	6,173,900
Other Permit and Service Charges	6,861,000	5,685,600	4,136,600	5,356,500	5,463,600	5,572,900	5,684,400	5,798,100
From Other Agencies					-			
County Landfill Tipping	4,264,900	4,325,100	4,215,400	4,215,400	4,215,400	4,215,400	4,215,400	4,215,400
Other From Other Agencies	1,598,800	3,373,300	1,637,800	219,900	219,900	219,900	219,900	219,900
RUA Lease and Contract Payments	2,742,000	3,140,500	3,140,500	3,140,500	3,140,500	3,140,500	3,140,500	3,140,500
Other Revenues	5,756,300	3,441,200	2,642,100	2,603,300	2,603,300	2,603,300	2,603,300	2,603,300
Transfers In	6,765,700	5,028,600	3,975,500	1,487,600	1,497,400	1,507,300	1,517,400	1,527,700
Total Revenues	**104,927,700**	**102,768,900**	**101,081,700**	**101,689,700**	**104,092,500**	**107,290,200**	**110,399,100**	**113,621,100**
Expenditures and Transfers Out								
Operating Costs	83,044,600	88,391,600	97,481,800	99,380,800	102,220,100	105,054,400	106,384,200	108,626,200
Debt Service	435,300	1,000	456,600	456,600	456,600	456,600	456,600	456,600
Transfers Out								
Vehicle Replacement	220,600	312,900	250,000	1,133,000	479,100	488,700	498,500	508,500
Capital Projects	3,424,100	4,838,800	1,416,800	560,400	2,560,000	2,611,200	2,663,400	2,716,700
Other Funds	8,284,700	4,202,300	584,900	154,000	157,100	160,200	163,400	166,700
Total Expenditures and Transfers Out	**95,409,300**	**97,746,600**	**100,190,100**	**101,684,800**	**105,872,900**	**108,771,100**	**110,166,100**	**112,474,700**
Revenues Over (Under) Expenditures	**9,518,400**	**5,022,300**	**891,600**	**4,900**	**(1,780,400)**	**(1,480,900)**	**233,000**	**1,146,400**
Fund Balance, Beginning of Year	72,980,800	82,499,200	87,521,500	88,413,100	88,418,000	86,637,600	85,156,700	85,389,700
Fund Balance, End of Year	**82,499,200**	**87,521,500**	**88,413,100**	**88,418,000**	**86,637,600**	**85,156,700**	**85,389,700**	**86,536,100**
Unspendable	24,252,300	24,399,500	24,399,500	24,399,500	24,399,500	24,399,500	24,399,500	24,399,500
Available	58,246,900	63,122,000	64,013,600	64,018,500	62,238,100	60,757,200	60,990,200	62,136,600

Figure 10-2. Assumptions Summary

	2021-22	2022-23	2023-24	2024-25	2025-26
Inflation	2.0%	2.0%	2.0%	2.0%	2.0%
REVENUES & OTHER SOURCES					
Sales Tax	9.1%	4.7%	4.8%	4.8%	4.8%
General Property Tax	-3.1%	2.7%	3.1%	3.2%	3.2%
VLF Swap Property Tax	3.6%	2.5%	3.2%	3.3%	3.3%
Utility Users Tax	-2.7%	2.0%	2.0%	2.0%	2.0%
Franchise Fees	0.1%	2.0%	2.0%	2.0%	2.0%
Other Taxes	15.2%	2.0%	2.0%	2.0%	2.0%
Business Licenses					
Recovers to 2019-20 "base year" by 2023-24; grows by inflation thereafter	-16.2%	3,400,000	3,700,000	2.0%	2.0%
Development Review Service Charges:					
Average of 2 prior year actuals and 2020-22 estimates as base for 2022-23. increases by inflation thereafter	6,208,600	5,817,700	2.0%	2.0%	2.0%
Other Permit and Service Charges: Grow by inflation from 2021-22 baseline	5,356,500	2.0%	2.0%	2.0%	2.0%
County Landfill Tipping					
Stays flat during forecast period	4,215,400	4,215,400	4,215,400	4,215,400	4,215,400
RUA Lease and Contract Payments					
Stays flat during forecast period	3,140,500	3,140,500	3,140,500	3,140,500	3,140,500
Other Revenues: Stay flat from 2021-22 baseline	2,823,200	2,823,200	2,823,200	2,823,200	2,823,200
Transfers In					
Gas Tax: Stays flat from 2021-22 baseline	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Funds: Grow by inflation (2%) from 2021-22 baseline	487,600	497,400	507,300	517,400	527,700
EXPENDITURES					
Operating Costs					
CalPERS Unfunded Actuarial Liability (UAL) Contributions					
Safety Employees	7,787,900	8,620,000	9,497,000	8,815,000	9,074,000
Miscellaneous Employees (80% of total: balance allocated to other funds)	3,059,500	3,296,000	3,447,200	3,616,800	3,720,800
Total CalPERS UAL	10,847,400	11,916,000	12,944,200	12,431,800	12,794,800
Other Operating Costs: Grow by inflation (2%) from 2021-22 baseline	88,533,400	90,304,100	92,110,200	93,952,400	95,831,400
Total Operating Costs	99,380,800	102,220,100	105,054,400	106,384,200	108,626,200
Debt Service: Stays flat from 2021-22 Baseline	456,600	456,600	456,600	456,600	456,600
Transfers Out					
Vehicle Replacement	1,133,000	479,100	2.0%	2.0%	2.0%
Average of 2 prior year actuals and 2020-22 estimates as base for 2022-23; increases by inflation thereafter					
Capital Projects	560,400	2,560,000	2.0%	2.0%	2.0%
Average of 2 prior year actuals and 2020-22 estimates as base for 2022-23; increases by inflation thereafter					
Other Funds: Grow by inflation from 2021-22 baseline	154,000	2.0%	2.0%	2.0%	2.0%

HISTORICAL TRENDS

Unless otherwise indicated, the source of data is the City of Rialto.

ECONOMIC AND DEMOGRAPHIC TRENDS

The following presents ten-year changes in population, Consumer Price Index (CPI) and the construction value of building permits (building permit valuations).

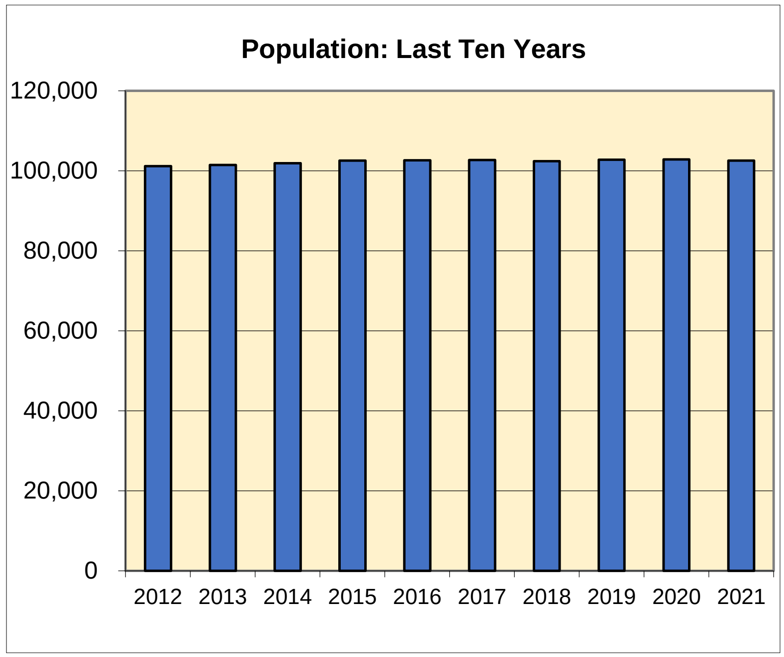
Figure 11. Population

Population		
Fiscal Year Ending	Amount	% Change
2012	101,153	
2013	101,449	0.3%
2014	101,859	0.4%
2015	102,555	0.7%
2016	102,640	0.1%
2017	102,688	0.0%
2018	102,373	-0.3%
2019	102,733	0.4%
2020	102,813	0.1%
2021	102,567	-0.2%

January 1 of Each Year

Average Annual % Change	
Last 2 Years	-0.1%
Last 5 Years	0.0%
Last 9 Years	0.2%

Source: State of California, Demographic Research Unit



Consumer Price Index

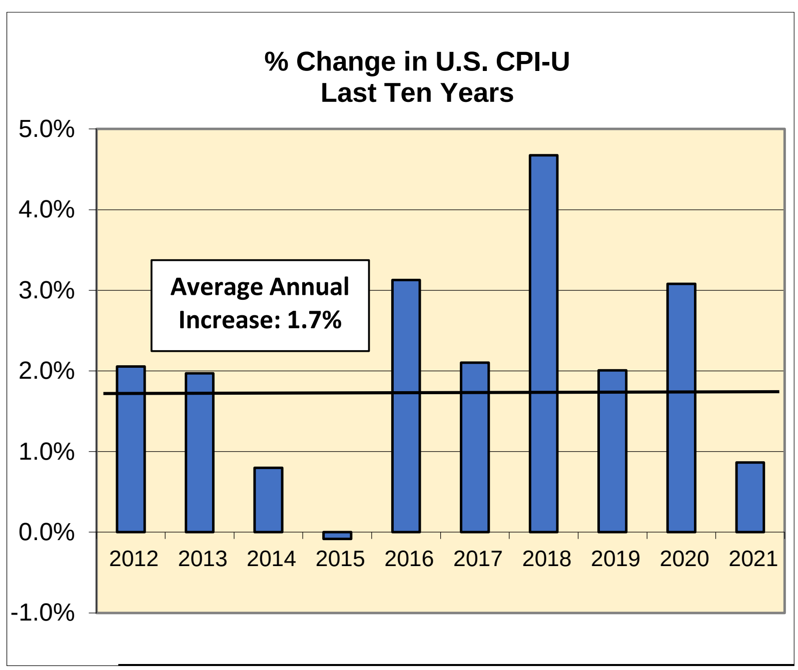
The following presents changes in the Consumer Price Index for All Urban Consumers (CPI-U) for the United States and Southern California. The short-term and long-term results are similar, leading to the Forecast inflation assumption of 2% annually.

Figure 12. U.S. CPI-U

U.S. Consumer Price Index		
Fiscal Year Ending	Amount	% Change
2011	220.2	
2012	226.7	3.0%
2013	230.3	1.6%
2014	233.9	1.6%
2015	233.7	-0.1%
2016	236.9	1.4%
2017	242.8	2.5%
2018	247.9	2.1%
2019	251.7	1.5%
2020	257.9	2.5%
2021	261.6	1.4%

All Urban Consumers, January of Each Year
US. Bureau of Labor Statistics

Average Annual % Change	
Last 2 Years	1.9%
Last 5 Years	2.0%
Last 10 Years	1.7%



HISTORICAL TRENDS

Figure 13. Southern California CPI-U

Southern California Consumer Price Index		
Fiscal Year Ending	Amount	% Change
2011	228.7	
2012	233.4	2.1%
2013	238.0	2.0%
2014	239.9	0.8%
2015	239.7	-0.1%
2016	247.2	3.1%
2017	252.4	2.1%
2018	264.2	4.7%
2019	269.5	2.0%
2020	277.8	3.1%
2021	280.2	0.9%

All Urban Consumers, January of Each Year
US. Bureau of Labor Statistics
Los Angeles-Long Beach-Anaheim

Average Annual % Change	
Last 2 Years	2.0%
Last 5 Years	2.5%
Last 10 Years	2.1%

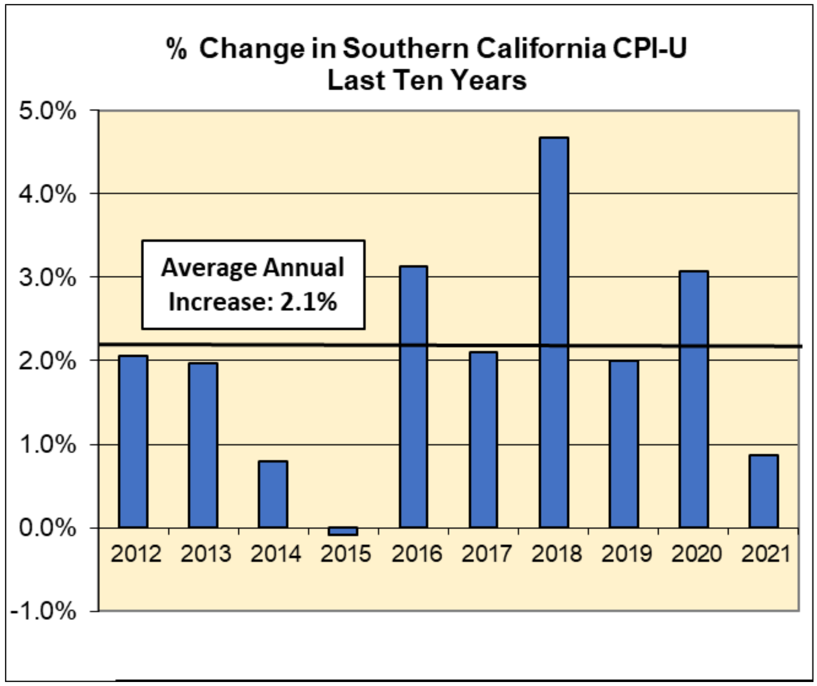
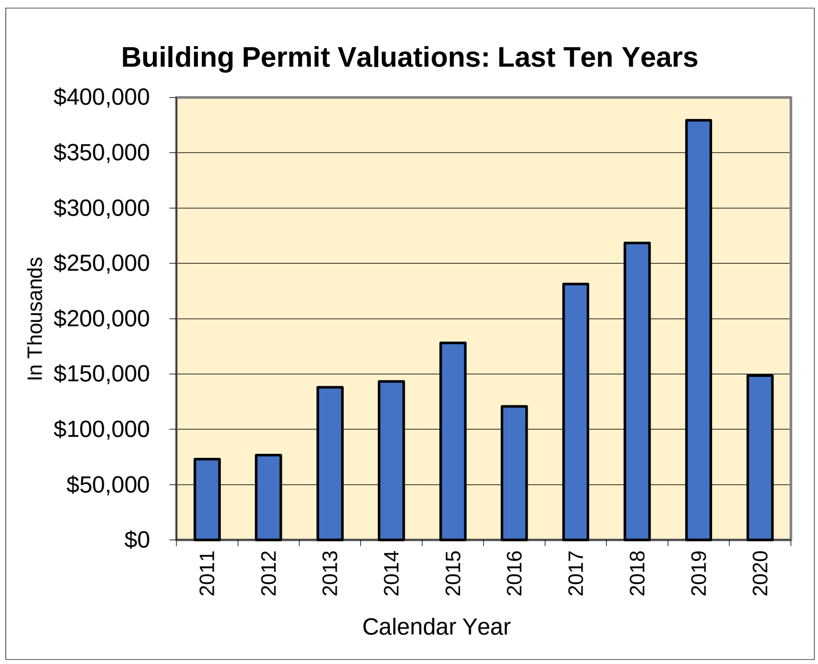


Figure 14. Building Permit Valuations

Building Permit Valuations	
Calendar Year	Amount
2011	73,053
2012	76,681
2013	137,980
2014	143,213
2015	178,006
2016	120,770
2017	231,371
2018	268,494
2019	379,389
2020	148,538

In Thousands

Building permit valuations reflect the strength of the City's non-residential sector and relative resiliency from Covid-19 impacts. 2017-19 were "peak" years. That said, even with Covid-19 impacts, 2020 was still an historically strong year.



HISTORICAL TRENDS

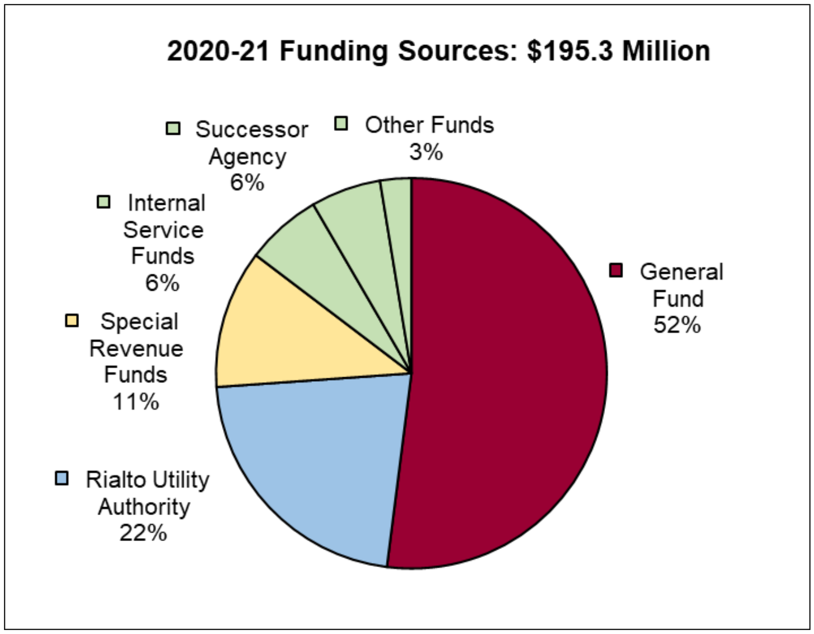
EXPENDITURE AND REVENUE SUMMARIES

The following presents expenditure summaries based on the 2020-21 "revised budget" for all City expenditures by funding source and General Fund expenditures by major category (operating, capital, debt service and transfers out), operating costs (day-to-day delivery of services) by type and operating costs by Department. This is followed by 2020-21 General Fund revenues by source.

Figure 15. City Expenditures by Funding Source

Funding Sources: 2020-21 Budget		
Source	Amount	% Total
General Fund	101,685	52%
Rialto Utility Authority	42,754	22%
Special Revenue Funds	22,418	11%
Internal Service Funds	12,275	6%
Successor Agency	11,341	6%
Other Funds	5,040	3%
Total	**$195,513**	**100%**

In Thousands of Dollars

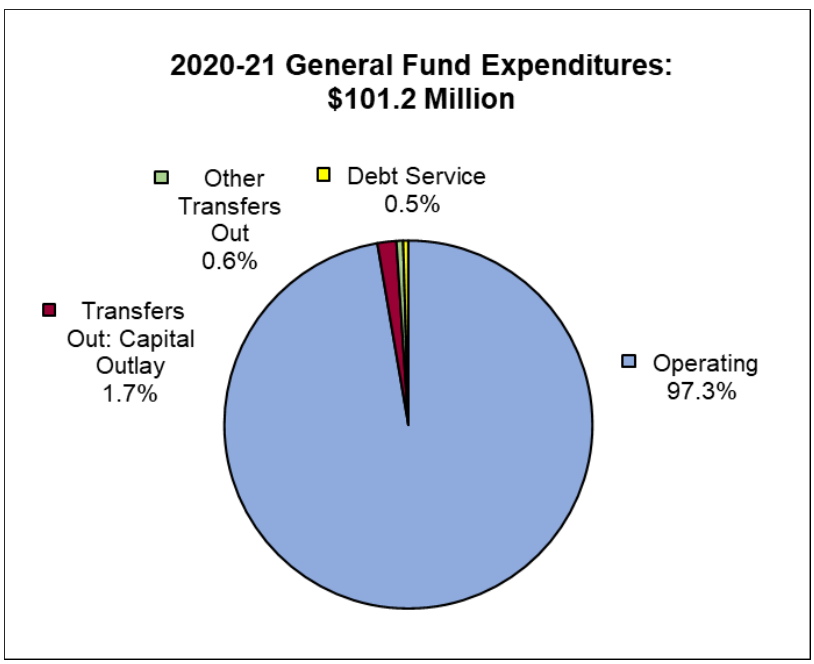


The General Fund accounts for over 50% of total expenditures and is the focus of this forecast.

Figure 16. General Fund Expenditures

General Fund Expenditures: 2020-21 Budget		
Function	Amount	% Total
Operating	97,482	97.3%
Debt Service	456	0.5%
Transfers Out: Capital Outlay	1,667	1.7%
Other Transfers Out	585	0.6%
Total	**$100,190**	**100.0%**

In Thousands of Dollars



Day-to-day services – arresting bad guys, putting-out fires and patching streets (operating costs) account for over 95% of General Fund costs in 2020-21.

HISTORICAL TRENDS

Figure 17. General Fund Operating Costs

General Fund Operating Costs: 2020-21 Budget		
Function	Amount	% Total
Staffing	66,534	68.3%
Supplies and Services	30,695	31.5%
Minor Capital	253	0.3%
Total	**$97,482**	**100.0%**

In Thousands of Dollars

Staffing is the largest type of operating costs, accounting for almost 70% of costs.

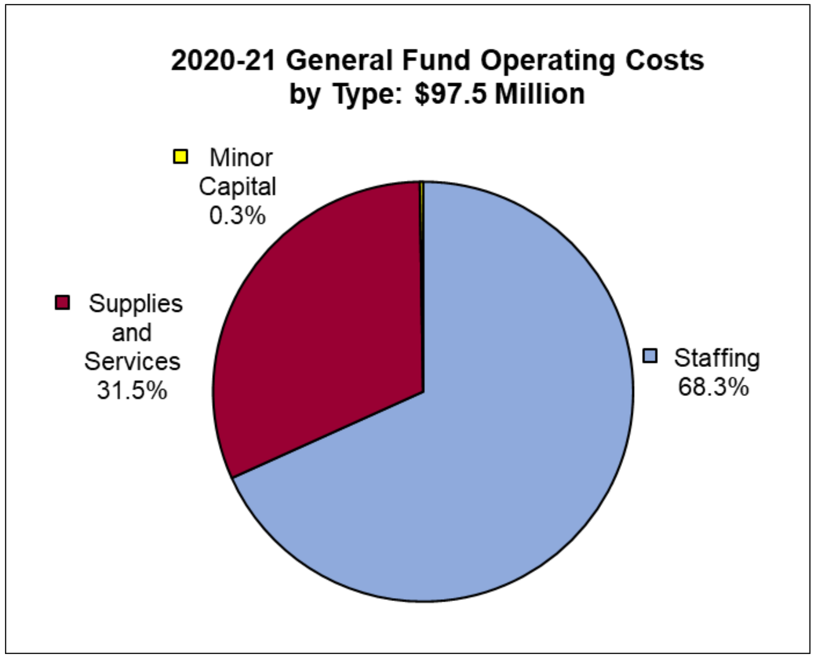
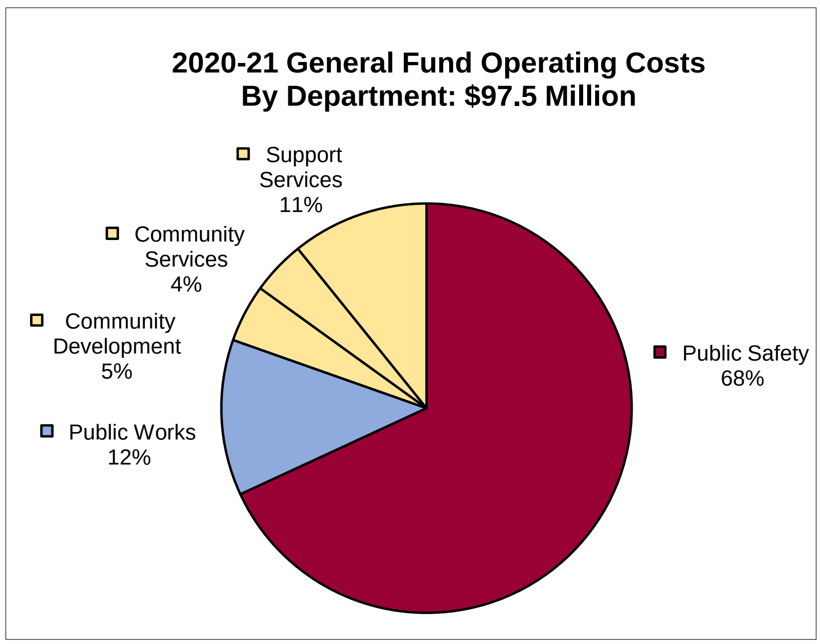


Figure 18. General Fund Operating Costs

General Fund Operating Costs: 2020-21 Budget		
Function	Amount	% Total
Public Safety	66,381	68%
Public Works	12,001	12%
Community Development	4,441	5%
Community Services	4,144	4%
Support Services	10,515	11%
Total	**$97,482**	**100%**

In Thousands of Dollars

Public Safety services – Police and Fire Departments – account for almost 70% of General Fund operating costs.

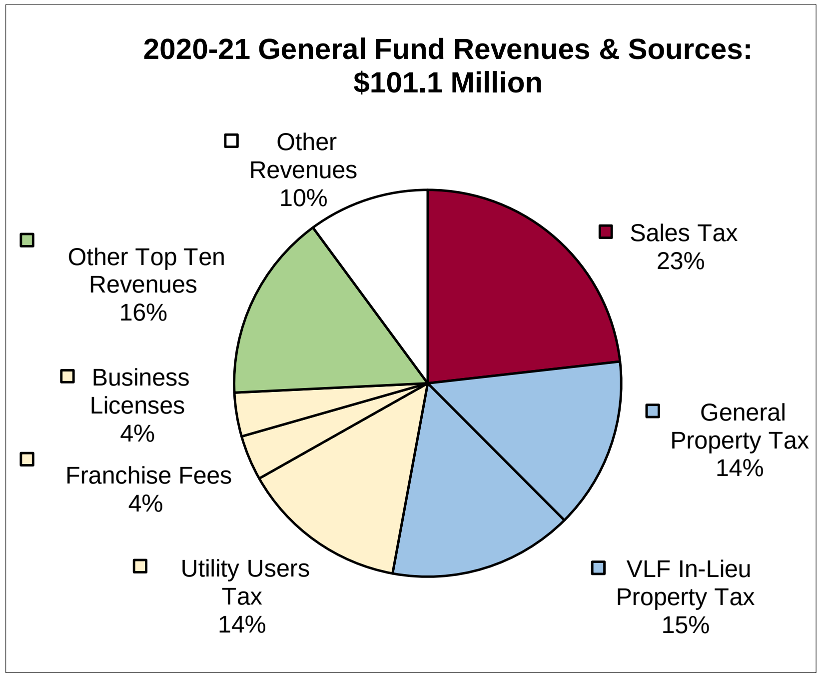


HISTORICAL TRENDS

Figure 19. General Fund Revenues

General Fund Revenues & Sources: 2020-21		
Source	Amount	% Total
Sales Tax	23,456	23%
General Property Tax	14,474	14%
VLF In-Lieu Property Tax	15,551	15%
Utility Users Tax	14,051	14%
Franchise Fees	3,800	4%
Business Licenses	3,700	4%
Development Review	4,505	4%
County Landfill Tipping	4,215	4%
RUA Lease/Contract Payments	3,141	3%
Transfers In	3,976	4%
Total Top Ten Revenues	**90,869**	**90%**
Other Revenues	10,212	10%
Total	**$101,081**	**100%**

In Thousands of Dollars



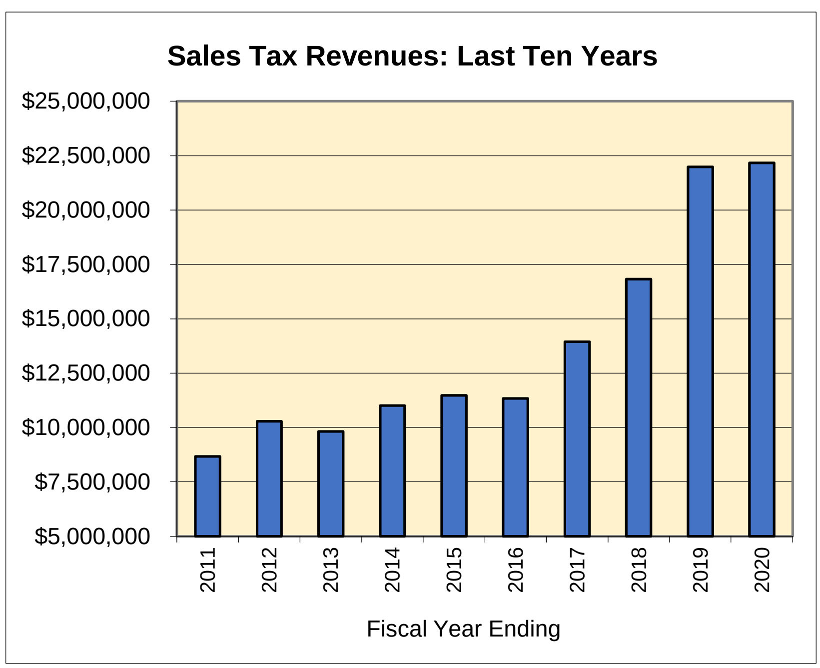
- Sales tax is the largest General Fund revenue, accounting for almost 25% of total sources.
- The "Top 6" revenues – sales tax, general property tax, VLF swap property tax, utility users tax, franchise fees and business licenses – account for 75% of total sources. These are the focus of the following revenue trends.
- Top 10 revenues account for 90% of total sources and are the focus of forecast revenue projections.

GENERAL FUND REVENUE TRENDS

The following tables and charts show long and short-term General Fund trends for the "Top Six" revenue sources (sales tax, general property tax, VLF swap property tax, utility users tax, franchise fees and business licenses), which account for 75% of total sources.

Figure 20. Sales Tax Revenues

Sales Tax Trends		
Fiscal Year Ending	Amount	% Change
2011	8,663,000	
2012	10,292,400	18.8%
2013	9,822,500	-4.6%
2014	11,007,200	12.1%
2015	11,471,800	4.2%
2016	11,336,300	-1.2%
2017	13,950,600	23.1%
2018	16,828,500	20.6%
2019	21,980,100	30.6%
2020	22,172,200	0.9%
Average Annual % Change		
Last 2 Years		15.7%
Last 5 Years		14.8%
Last 9 Years		11.6%



HISTORICAL TRENDS

Figure 21. Sales Tax By Source

The strength and resiliency of the City's sales tax revenues are reflected by the sources of these revenues, with "business and industy" (largely bsusiness-to-business sales) accounting for over 40% of total revenues (excluding the County and State pools).

Statewide, this source account for about 20% of sales tax revenues.

Source: HdL

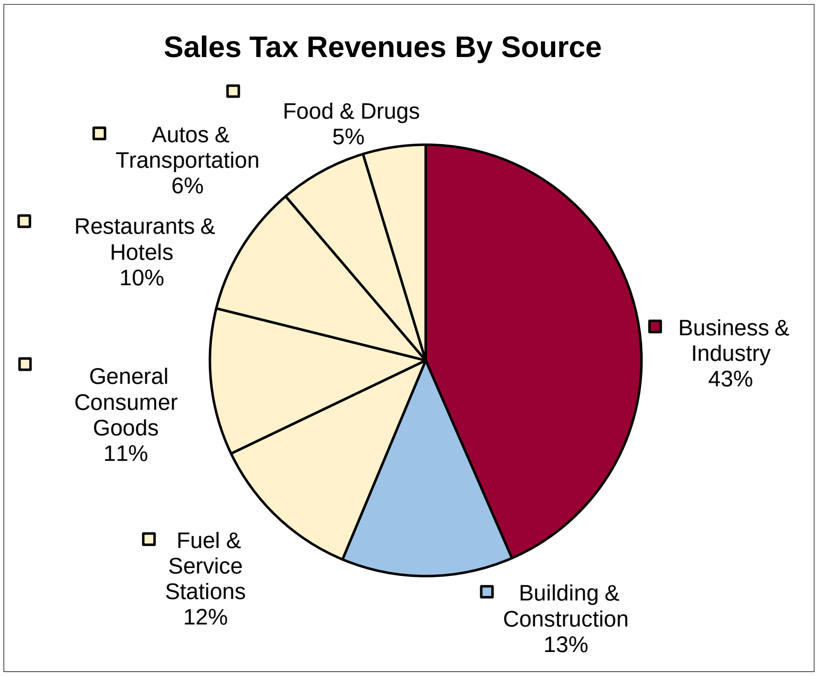


Figure 22. General Property Taxes

General Property Tax Trends		
Fiscal Year Ending	Amount	% Change
2011	4,638,800	
2012	5,843,400	26.0%
2013	8,259,000	41.3%
2014	6,353,100	-23.1%
2015	7,796,200	22.7%
2016	8,437,400	8.2%
2017	9,150,900	8.5%
2018	11,044,300	20.7%
2019	13,135,600	18.9%
2020	12,527,500	-4.6%
Average Annual % Change		
Last 2 Years		7.2%
Last 5 Years		10.3%
Last 9 Years		13.2%

Along with the "VLF Swap," this revenue source is largely driven by changes in assessed value along with complicated State property tax apportionment procedures.

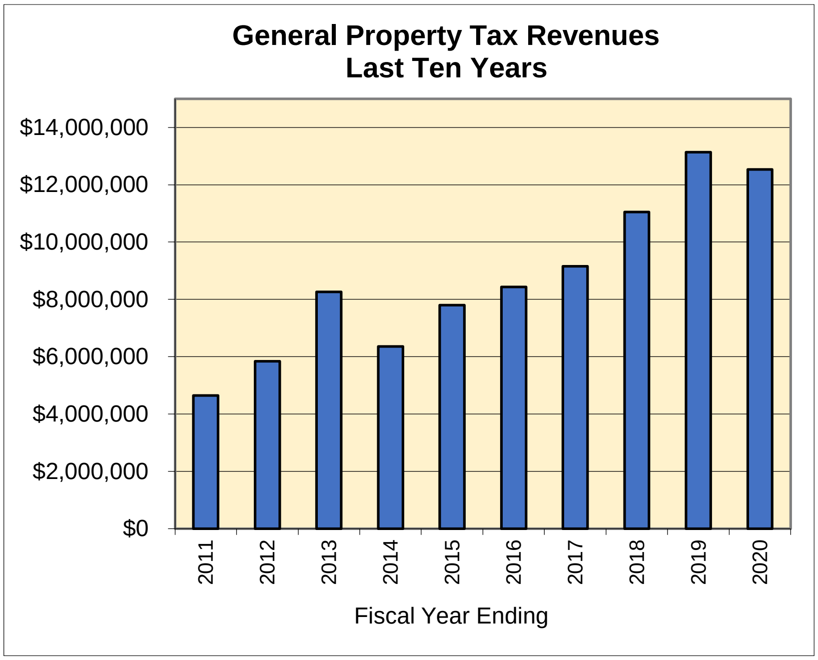
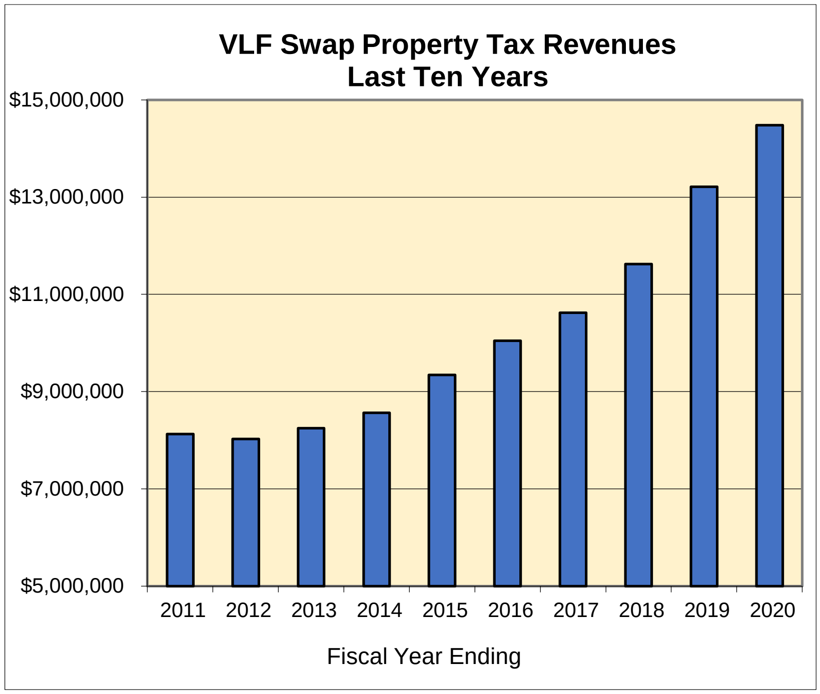


Figure 23. VLF Swap Property Taxes

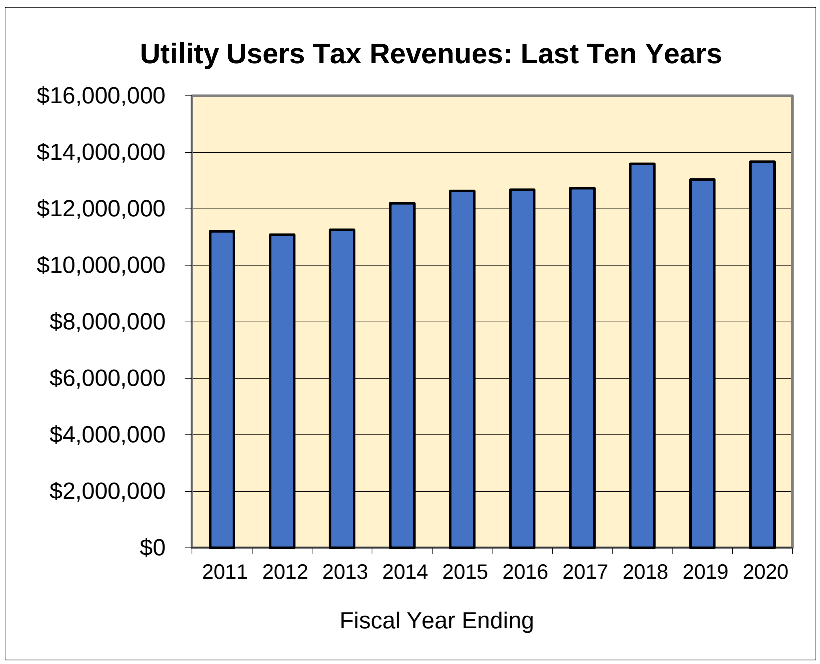
VLF Swap Property Tax Revenue Trends		
Fiscal Year Ending	Amount	% Change
2011	8,124,700	
2012	8,022,600	-1.3%
2013	8,244,100	2.8%
2014	8,561,100	3.8%
2015	9,340,300	9.1%
2016	10,043,400	7.5%
2017	10,622,300	5.8%
2018	11,625,900	9.4%
2019	13,212,700	13.6%
2020	14,478,100	9.6%
Average Annual % Change		
Last 2 Years		11.6%
Last 5 Years		9.2%
Last 9 Years		6.7%



Along with general property taxes, this revenue source is largely driven by changes in assessed value along with complicated State property tax apportionment procedures.

Figure 24. Utility User Taxes

Utility Users Tax Trends		
Fiscal Year Ending	Amount	% Change
2011	11,204,700	
2012	11,083,000	-1.1%
2013	11,253,200	1.5%
2014	12,191,900	8.3%
2015	12,634,000	3.6%
2016	12,670,500	0.3%
2017	12,731,100	0.5%
2018	13,592,500	6.8%
2019	13,035,900	-4.1%
2020	13,664,200	4.8%
Average Annual % Change		
Last 2 Years		0.4%
Last 5 Years		1.7%
Last 9 Years		2.3%



This revenue source has been very stable over the past ten years.

HISTORICAL TRENDS

Figure 25. Franchise Fees

Franchise Fee Revenue Trends		
Fiscal Year Ending	Amount	% Change
2011	2,953,000	
2012	3,108,000	5.2%
2013	3,153,900	1.5%
2014	3,158,000	0.1%
2015	3,429,900	8.6%
2016	3,602,000	5.0%
2017	3,349,600	-7.0%
2018	3,764,400	12.4%
2019	3,725,400	-1.0%
2020	3,871,000	3.9%
Average Annual % Change		
Last 2 Years		1.4%
Last 5 Years		2.7%
Last 10 Years		3.2%

This revenue source has also been very stable over the past ten years.

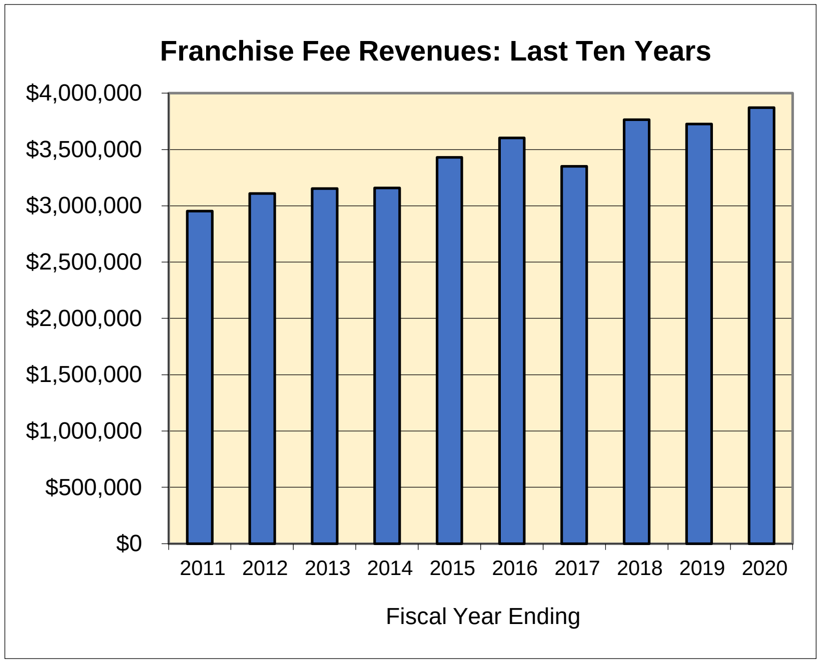
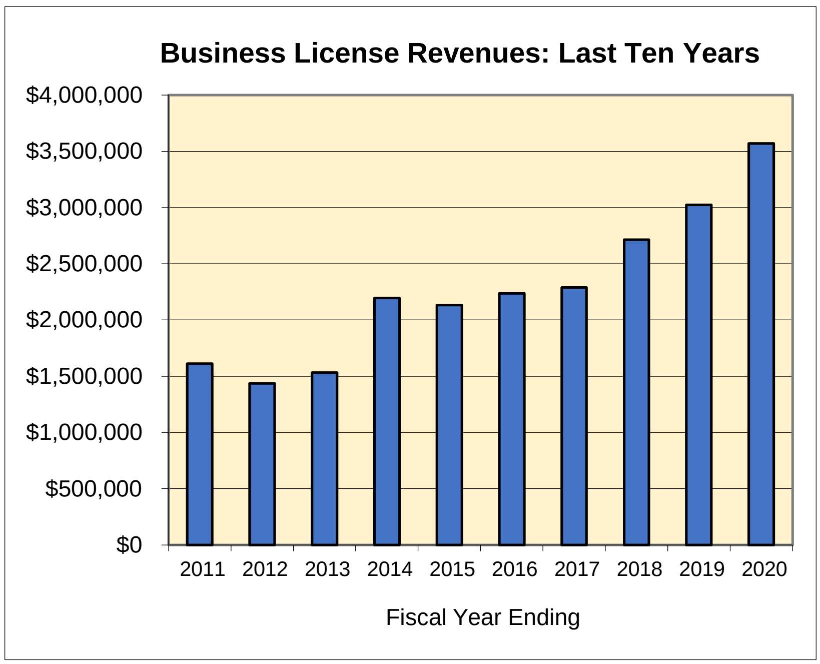


Figure 26. Business Licenses

Business License Revenue Trends		
Fiscal Year Ending	Amount	% Change
2011	1,610,300	
2012	1,436,800	-10.8%
2013	1,532,400	6.7%
2014	2,196,800	43.4%
2015	2,131,600	-3.0%
2016	2,237,100	4.9%
2017	2,290,400	2.4%
2018	2,713,700	18.5%
2019	3,024,800	11.5%
2020	3,570,300	18.0%
Average Annual % Change		
Last 2 Years		14.7%
Last 5 Years		11.1%
Last 9 Years		10.2%



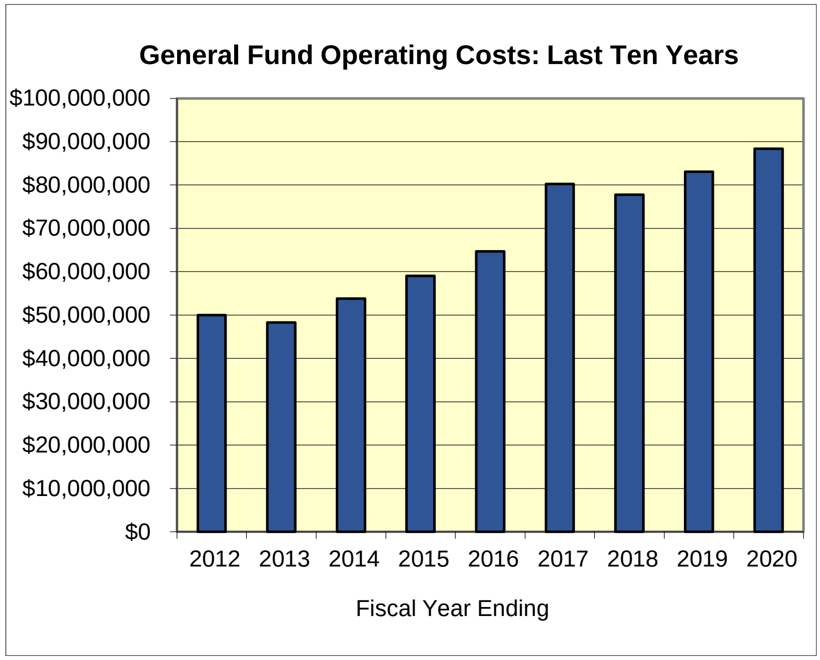
HISTORICAL TRENDS

GENERAL FUND EXPENDITURE TRENDS

The following presents General Fund total operating costs and for public safety – Police and Fire, which account for almost 70% of total operating costs. It also presents City-wide general liability and workers compensation insurance costs, which have been volatile and significant cost drivers for many cities in California. As shown below, it has also been a volatile cost area for the City as well but appears to have stabilized.

Figure 27. General Fund Operating Costs

Operating Costs		
Fiscal Year Ending	Amount	% Change
2011	52,194,200	
2012	49,962,900	-4.3%
2013	48,267,000	-3.4%
2014	53,806,200	11.5%
2015	59,056,800	9.8%
2016	64,680,200	9.5%
2017	80,265,300	24.1%
2018	77,740,300	-3.1%
2019	83,044,600	6.8%
2020	88,391,600	6.4%
Average Annual % Change		
Last 2 Years		6.6%
Last 5 Years		8.7%
Last 9 Years		6.4%



These have stabilized over the last four years.

Figure 28. General Fund Public Safety Costs

General Fund Public Safety Costs		
Fiscal Year Ending	Amount	% Change
2011	38,543,800	
2012	36,618,500	-5.0%
2013	36,611,100	0.0%
2014	37,422,700	2.2%
2015	39,075,600	4.4%
2016	43,306,100	10.8%
2017	50,864,900	17.5%
2018	53,280,000	4.7%
2019	54,270,100	1.9%
2020	58,704,100	8.2%
Average Annual % Change		
Last 2 Years		5.0%
Last 5 Years		8.6%
Last 9 Years		5.0%

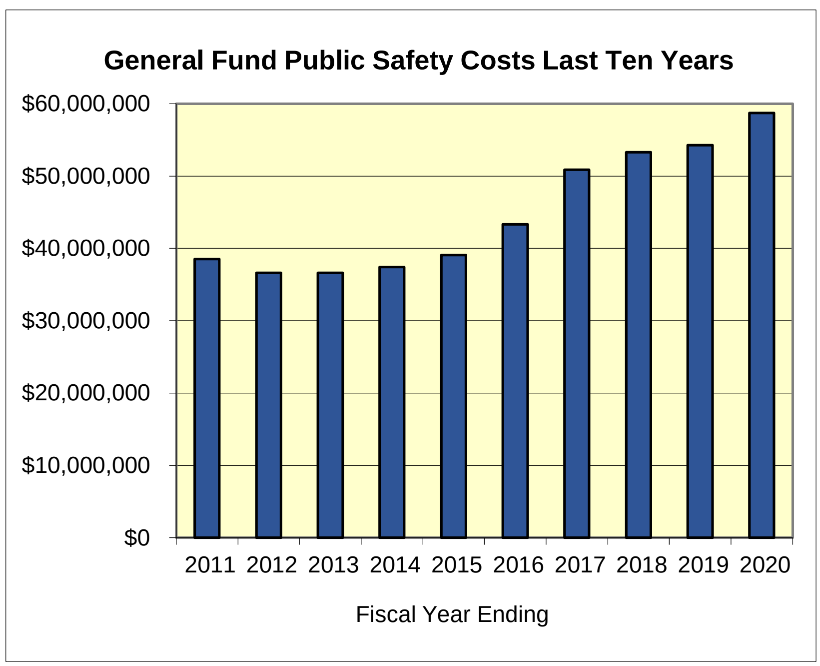


Figure 29. General Liability Costs

General Liability Cost Trends		
Fiscal Year Ending	Amount	% Change
2011	2,955,800	
2012	2,986,200	1.0%
2013	2,093,400	-29.9%
2014	2,311,700	10.4%
2015	3,498,600	51.3%
2016	2,043,800	-41.6%
2017	2,582,400	26.4%
2018	2,052,600	-20.5%
2019	1,506,300	-26.6%
2020	1,866,300	23.9%
Average Annual % Change		
Last 2 Years		-1.4%
Last 5 Years		-7.7%
Last 9 Years		-0.6%

City-Wide: All Funds Combined

These have been among the City's most volatile costs but appear to have stabilized.

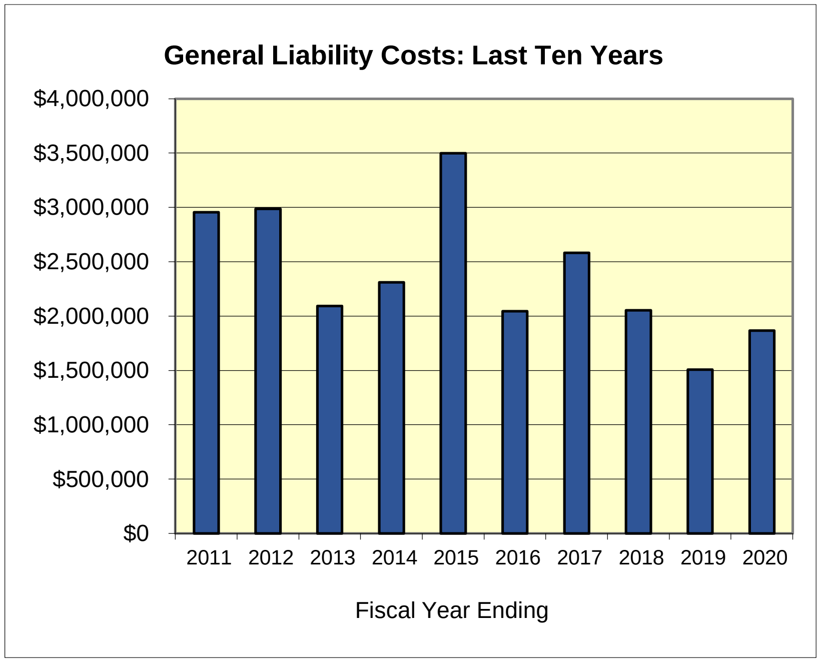
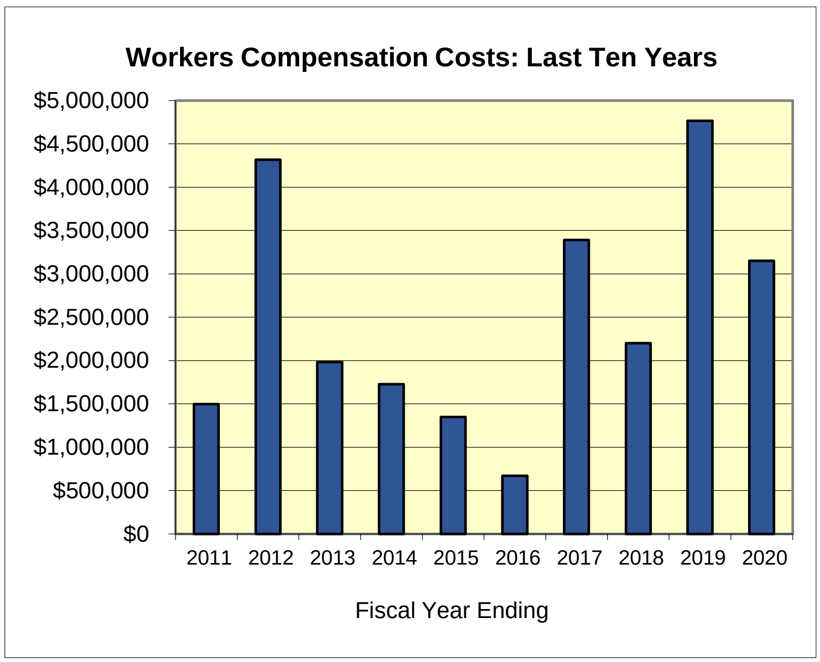


Figure 30. Workers Compensation Costs

Workers Compensation Cost Trends		
Fiscal Year Ending	Amount	% Change
2011	1,496,500	
2012	4,316,200	188.4%
2013	1,980,700	-54.1%
2014	1,728,700	-12.7%
2015	1,350,200	-21.9%
2016	670,300	-50.4%
2017	3,391,900	406.0%
2018	2,198,900	-35.2%
2019	4,766,300	116.8%
2020	3,150,500	-33.9%
Average Annual % Change		
Last 2 Years		41.4%
Last 5 Years		80.7%
Last 9 Years		55.9%

City-Wide: All Funds Combined

These have also been among the City's most volatile costs but appear to have stabilized.



GENERAL FUND BALANCE

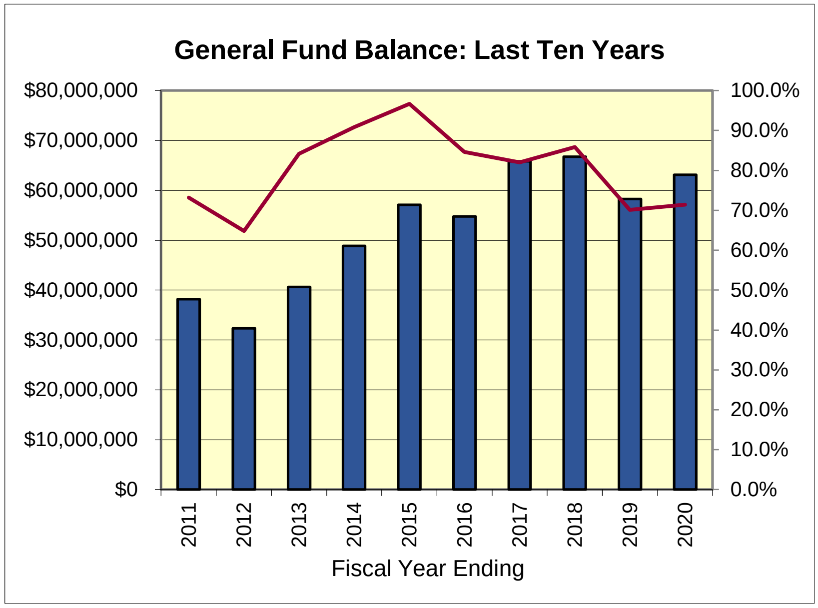
As reflected below, the City has maintained very strong reserves over the past ten years. Past draw drowns have been for one-time purposes such as capital projects. Even so, available fund balance (excluding non-spendable balances, largely advances to other funds) reserves at June 30, 2020 were about 70% of operating costs.

Figure 31. Available General Fund Balance

Available General Fund Balance		
Fiscal Year Ending	Amount	% Operating Costs
2011	38,192,920	73.2%
2012	32,366,700	64.8%
2013	40,630,600	84.2%
2014	48,861,900	90.8%
2015	57,071,900	96.6%
2016	54,750,000	84.6%
2017	65,844,100	82.0%
2018	66,728,700	85.8%
2019	58,246,800	70.1%
2020	63,122,000	71.4%

Excludes non-spendable balances, largely advances to other funds.

The City has maintained very strong available fund balances over the past ten years. (The line graph shows fund balance as a percent of operating costs.)



CALPERS PENSION COSTS

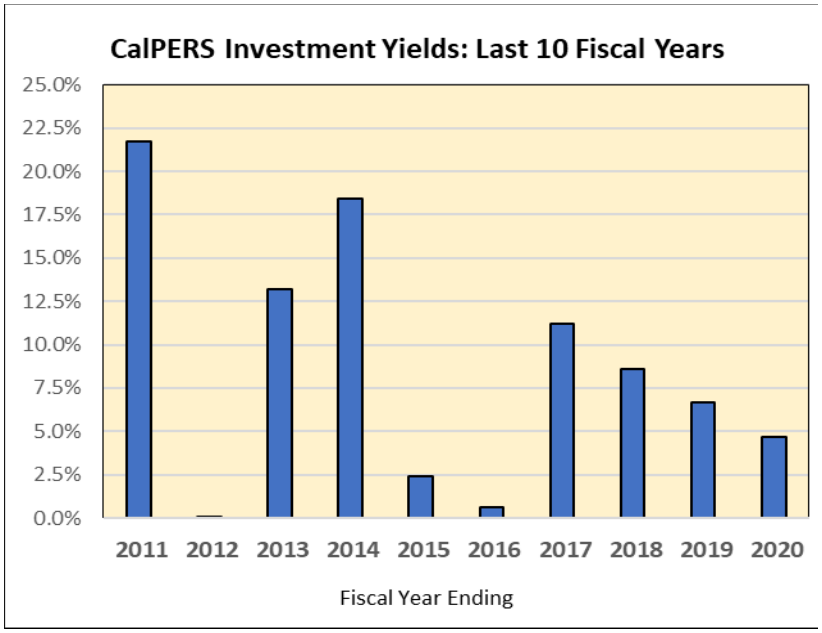
The City currently provides defined pension benefits to its regular employees through its contract with the California Public Employees Retirement System (CalPERS), which serves as the "Plan Administrator,"

About CalPERS. While cities, counties and special districts are free to create their own retirement systems, 460 of California's 482 cities are members of CalPERS. Dating back eighty years, CalPERS is now the largest pension fund in the United States, providing services to about 2,900 state, city, county and special districts, with over 1.5 million members and managing $440 billion in assets as of January 2021.

Funding Pension Benefits. There are many actuarial factors that determine contribution rates, including inflation, employee earnings and life expectancy assumptions. However, the assumption for the "discount rate" - the projected long-term yield on investments – is one of the most important. For example, only about one-third of CalPERS retirement benefits are funded by employee and employer contributions: the other two-thirds are funded from investment yields. Small changes in this rate – up or down – can significantly affect funding. CalPERS actuarial assumption for investment earnings is 7.0%. For context, the following presents CalPERS investment earnings for the last ten years.

Figure 32. CalPERS Investment Yields

CalPERS Investment Yields		
Fiscal Year Ending	Amount	% Change
2011	21.7%	
2012	0.1%	-99.5%
2013	13.2%	13100.0%
2014	18.4%	39.4%
2015	2.4%	-87.0%
2016	0.6%	-75.0%
2017	11.2%	1766.7%
2018	8.6%	-23.2%
2019	6.7%	-22.1%
2020	4.7%	-29.9%
Average Net Return		
Last 5 Years		6.3%
Last 10 Years		8.5%
Last 20 Years		5.5%
Last 30 Years		8.0%



As reflected in this sidebar graph, there have been significant swings from year-to-year over the past ten years, ranging from gains of 21% in 2010-11 to 0.1% just one year later in 2011-12.

City Pension Plans

The City currently has two basic retirement plans with CalPERS:

- ***Safety.*** Sworn employees like police officers and firefighters.
- ***Miscellaneous.*** All other regular employees.

Within each of group, there are "classic employees" hired before 2013; and "PEPRA employees" hired after December 31, 2012 (see sidebar chart for a description of these two employee types).

Funding CalPERS Benefits

Along with investment earnings, CalPERS pension benefits are funded by contributions from both employees and employers.

The employer share has two components:

- ***Normal Cost.*** The rate needed to meet current actuarial obligations.
- ***Unfunded Actuarial Liability (UAL).*** Funding needed to amortize any outstanding unfunded liabilities (amounts due to employees when they retire that are greater than plan assets), typically over 30 years).

At this point, the City's "normal" contributions have largely stabilized and are not expected to grow significantly in the future.

Public Employees' Pension Reform Act

Effective January 1, 2013, the Public Employees' Pension Reform Act (PEPRA) created a "two-tier" retirement system under which benefits for "new" employees hired on or after January 1, 2013 are lower than those employees who were vested in the system before then.

"PEPRA" Employees. With the goal of reducing costs and future liabilities for state and local agency system members, major changes for "new" system (PEPRA) members include lower-cost pension formulas, increased retirement age requirements, use of "three years of highest average compensation" (rather than single highest year) in calculating pensionable pay and caps on maximum annual benefits.

"Classic" Employees. Retirement benefits for local agency employees hired before January 1, 2013 ("classic" employees) are not affected by these "rollbacks:" they only affect PEPRA employees hired after this date. "Classic" employees also include those hired after December 31, 2012 who had established CalPERS membership with another agency before then, as long as any break in service was six months or less. These employees will be eligible for the new agency's benefit level that was in place as of December 31, 2012.

However, if there are adverse actuarial results, such as lower investment yields, this will be reflected in the UAL payment. Over the past five years, CalPERS has phased-in increases in both the normal and UAL employer contribution rates. As noted above, normal cost rates have stabilized, but UAL payments continue to rise.

HISTORICAL TRENDS

The following summarizes City-wide trends in normal cost rates and the UAL (all funds combined).

Normal Cost Contribution Rates. For "normal costs," contributions are based on rates applied against actual payroll costs. (Payroll costs are based on "regular" wages, and as such, exclude earnings such as overtime.) The following summarizes actual "normal cost" employer payroll contribution rates for Safety and Miscellaneous employees) for 2013-14 through 2021-22; and projected rates for 2022-23 through 2026-27. (Employees also make contributions in addition to these rates). As noted above, these rates have stabilized; and CalPERS projects that they will decline slightly beginning in 2022-23.

Figure 33. City Normal Rate: Safety

Employer Normal Cost Rate: Safety	
Fiscal Year Ending	Rate
2014	22.0%
2015	22.1%
2016	22.1%
2017	22.2%
2018	22.6%
2019	23.1%
2020	23.4%
2021	24.7%
2022	25.2%
2023*	24.9%
2024*	24.5%
2025*	24.1%
2026*	23.8%
2027*	23.4%

** Projected*

Source: CalPERS Actuarial Valuation, July 2020

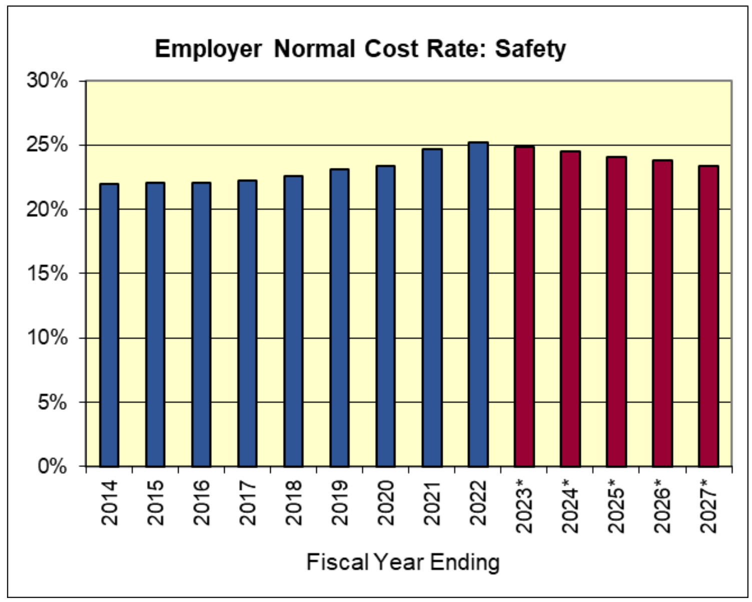
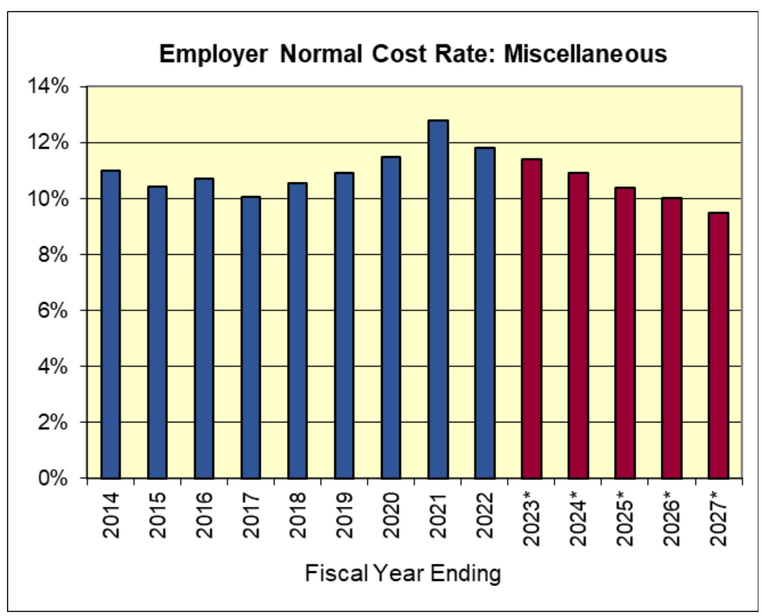


Figure 34. City Normal Rate: Miscellaneous

Employer Normal Cost Rate: Miscellaneous	
Fiscal Year Ending	Rate
2014	11.0%
2015	10.4%
2016	10.7%
2017	10.1%
2018	10.5%
2019	10.9%
2020	11.5%
2021	12.8%
2022	11.8%
2023*	11.4%
2024*	10.9%
2025*	10.4%
2026*	10.0%
2027*	9.5%

** Projected*

Source: CalPERS Actuarial Valuation, July 2020



UAL Costs. The annual UAL cost in amortizing unfunded liabilities is a fixed cost, The following summarizes actual UAL costs for 2017-18 through 2021-22; and projections for 2022-23 through 2026-27.

As reflected in Figures 35 and 36 below, while normal costs have stabilized, UAL costs have not: they have risen significantly since phased-in rate increases began in 2017-18; and in accordance with CalPERS phase-in plan, will continue to rise through 2024-25. Subsequently, 2025-26 reflects the first year of "stabilized" rates.

HISTORICAL TRENDS

During this period, UAL costs will have risen by 77% for safety employees; and by 97% (almost doubling) for miscellaneous employees.

Figure 35. UAL Costs: Safety

UAL Costs: Safety		
Fiscal Year Ending	Safety	% Increase
2018	5,136,900	
2019	5,852,300	13.9%
2020	6,584,800	12.5%
2021	6,971,100	5.9%
2022	7,787,900	11.7%
2023*	8,620,000	10.7%
2024*	9,497,000	10.2%
2025*	8,815,000	-7.2%
2026*	9,074,000	2.9%
2027*	9,313,000	2.6%

** Projected*

Percent Increase: 2017-18 to 2025-26 77%

Source: CalPERS Actuarial Valuation, July 2020

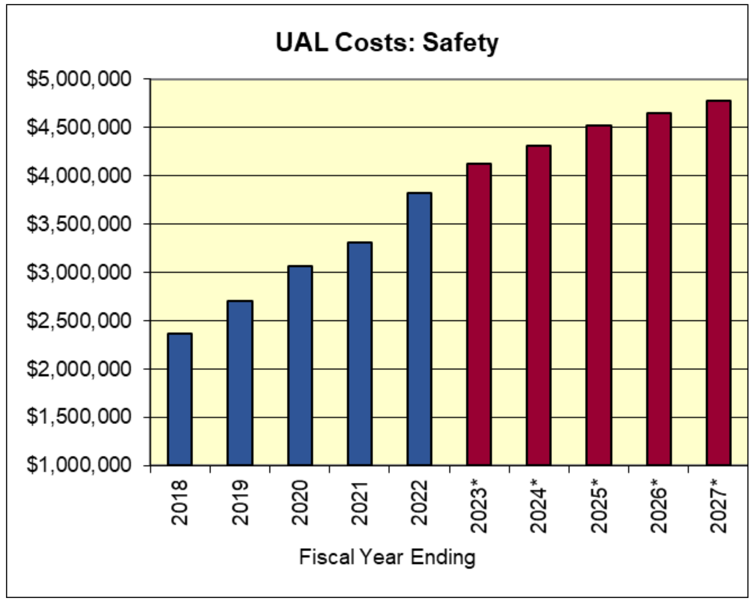


Figure 36. UAL Costs: Miscellaneous

UAL Costs: Miscellaneous		
Fiscal Year Ending	Amount	% Increase
2018	2,361,000	
2019	2,701,900	14.4%
2020	3,065,900	13.5%
2021	3,303,800	7.8%
2022	3,824,400	15.8%
2023*	4,120,000	7.7%
2024*	4,309,000	4.6%
2025*	4,521,000	4.9%
2026*	4,651,000	2.9%
2027*	4,773,000	2.6%

** Projected*

Percent Increase: 2017-18 to 2025-26 97%

Source: CalPERS Actuarial Valuation, July 2020