General Fund
Five Year Forecast: 2008-2013

May 2008

CITY OF PISMO BEACH

General Fund Five Year Forecast: 2008-13

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OVERVIEW

Background. This forecast is an update to the five-year General Fund forecast presented to the Council in September 2004. Given the almost four years that have passed since then, combined with placement of a revenue measure on the June 3, 2008 ballot, William C. Statler was contracted to update the forecast that he prepared for the City in 2004.

Forecast Approach. The forecast identifies the General Fund's ability over the next five years—on an "order of magnitude" basis—to continue *current* services and fund new initiatives such as the infrastructure maintenance and improvement projects set forth in the City's ten-year capital improvement plan (CIP) adopted by the Council in June 2007.

The forecast does this by projecting ongoing revenues and subtracting from them likely operating costs for current service levels, existing debt service obligations and General Fund CIP projects in the ten-year plan for 2008-13. If positive, the balance remaining is available to fund "new initiatives;" if negative, it shows the likely "budget gap."

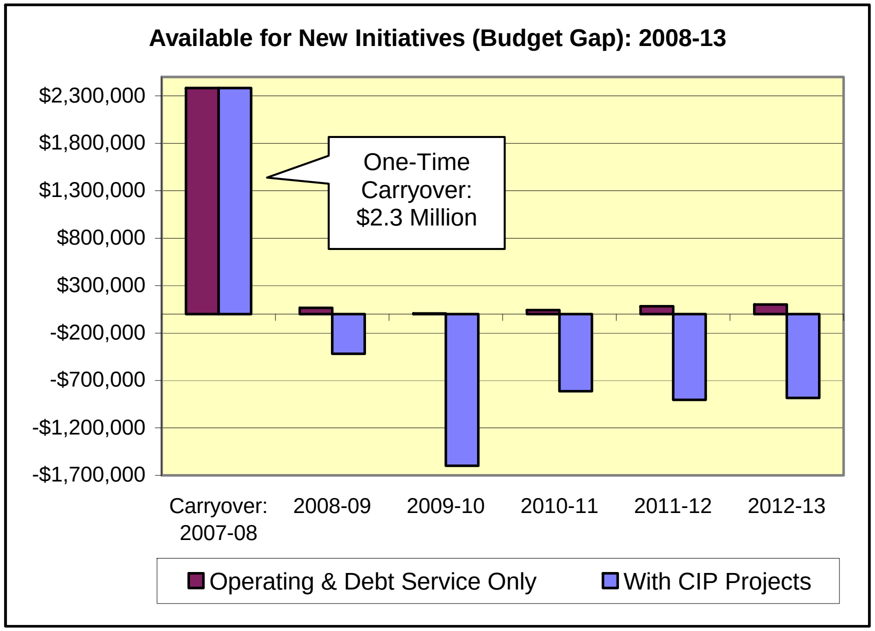
SUMMARY OF FORECAST FINDINGS

The updated forecast confirms the findings from four years ago:

- The City has adequate revenues to fund current day-to-day service levels and debt service obligations. <u>In short, the City has a structurally balanced operating budget.</u>
- However, funding improvements identified for 2008-13 in the ten-year CIP will require new revenue sources.

As summarized below, the forecast shows that beginning in 2008-09, revenues will exceed day-to-day operating costs (at current service levels) and existing debt service obligations by about $60,000 annually.

However, assuming funding levels needed to fund General Fund projects identified in the ten-year CIP, this becomes an annual ***"budget gap" of about $925,000.***



While this shows limited flexibility in maintaining current service levels – let alone funding new initiatives – it is a significant turn-around in the City's fiscal outlook compared with the mid-1990's, when the combination of recession and State budget grabs placed the City in a fiscal crisis, resulting in a *negative* General Fund balance of $1.1 million by June 1996. This reflects well on the City's financial management since then in turning this situation around, and bringing the City's budget into structural, long-term balance.

The gap grows further if "unknown funding" projects are included. As discussed in greater detail below, the forecast only includes projects from the ten-year CIP where the General Fund was identified as the funding source. It does not include $9.8 million in CIP projects for 2008-13 where the funding source was "unknown." If these projects were added to the forecast, the annual gap would grow to almost $3 million annually.

The Good News. While the City is facing tough policy choices ahead, it does so from a position of fiscal strength:

- ***Structural Budget Balance.*** General Fund operating costs and revenues are structurally balanced for the long-term. This means that any new revenues can be used to fund CIP needs and other initiatives, not to fund ongoing shortfalls.

- ***Carryover from 2006-07.*** As shown above, the City will enter into 2008-13 with a "one-time" carryover of about $2.3 million at the end of 2006-07, *above* the City's minimum reserve policy of 20% of expenditures. This follows a significant commitment of $2.3 million for capital improvements in 2007-08. While the "carryover" is not an ongoing source and can only be used once, it provides a source of potential funding for CIP projects or other one-time costs in 2008-13.

- ***Meets Minimum Fund Balance Policy.*** Additionally, the City will have about $3.0 million in reserves throughout the forecast pursuant to its adopted policy of maintaining reserves of 20% of expenditures.

Potential New Revenues. Pismo Beach voters will be presented with a ½-cent sales tax measure on the June 3, 2008 ballot. If approved, Measure C is projected to generate about $1.1 million annually. This is very similar to the projected gap for 2008-13 of about $925,000, based on the ten-year CIP. Based on the forecast results, this will leave some funding available to address other projects in the ten-year CIP where funding is "unknown."

If approved by the voters, things will be better financially, but tough policy decisions will remain.

If the voters approve Measure C, the City's fiscal ability to fund its CIP needs will be significantly improved. However, tough policy choices will remain. On one hand, the added revenues from a ½-cent sales tax closely tie to the "CIP gap" identified in this forecast. On the other hand, there is $9.8 million in CIP projects where the funding is "unknown." Stated simply, the sales tax measure will make CIP decision-making possible. However, it will also make it harder from a policy perspective: instead of saying "no" to everything, it will be possible to say "yes" to some things, but it still will be necessary to say "no" to others.

In summary, the City has adequate resources to cover its operating and debt service costs over the next five years. However, unless there are new revenue sources, like those that would be generated under Measure C, the City faces significant challenges in meeting its CIP needs.

FORECAST PURPOSE

***It is important to stress that this forecast is not a budget*.**

It does not make expenditure decisions; it does not make revenue decisions. Its sole purpose is to provide an "order of magnitude" feel for the City's ability to continue current services and maintain existing assets.

Ultimately, this forecast cannot answer the question: "Can we afford new initiatives?" This is a basic question of priorities, not of financial capacity. However, funding major initiatives within existing revenues will require significant reductions in existing services in order to do so.

Nonetheless, by identifying and analyzing key factors affecting the City's long-term fiscal heath, the forecast helps assess how difficult making these priority decisions will be. Moreover, it underscores the need for significant new revenue sources if the City wants to achieve its CIP goals while at the same time preserving current service levels.

Lastly, it shows that if Measure C is approved by the voters in June 2008, the added revenues will play a significant role in improving the City's ability to fund its CIP needs. While tough decisions will remain – there will still be more CIP goals than available funding – it will provide an important new base of funding for the City.

GENERAL FISCAL OUTLOOK

While the City faces significant challenges in meeting its long-term CIP goals, it is in much better fiscal shape than it was ten years ago. In 1995-96, the City's General Fund expenditures were $500,000 more than its revenues, and it ended the fiscal year with a *negative* General fund balance of $1.1 million.

From 1992 to 1994, along with other communities throughout California, the City was experiencing the largest economic downturn since the Great Depression; and the State was on the brink of taking away from the City what would end-up being over $600,000 *annually* in property tax takeaways and other grabs. By the following year, the City brought its revenues and expenditure into better balance, and restored the General Fund balance to a small surplus of $64,000 at the end of 1997-98. However, this followed extensive reductions in service levels and infrastructure maintenance.

The City's 2008-13 Fiscal Story. Stated simply, it's a much better one than ten years ago. As noted above, the General Fund operating budget is in structural balance and reserves are at policy levels of 20% of expenditures. The primary fiscal challenge facing the City is funding its CIP needs.

BASIC FORECAST FRAMEWORK

Background

There are two basic approaches that can be used in preparing and presenting forecasts: developing one forecast based on one set of assumptions about what is believed to be the most likely outcome; or preparing various "scenarios" based on a combination of possible assumptions for revenues, expenditures and State budget actions.

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

Summary of Key Forecast Assumptions

A detailed discussion of the assumptions used in the forecast begins on page 7. However, the following summarizes key forecast factors:

State Budget Actions. The forecast assumes no restoration of past cuts to cities. On the other hand, as set forth in Proposition 1A approved by the voters in November 2004, the forecast also assumes no further takeaways. This is a significant assumption, given the $20 billion budget gap facing the State.

Internet and Catalog Sales. Unless there are significant changes in the current ground rules for the collection of sale taxes on retail sales over the Internet, the "cyber-economy" poses significant threats to the future viability of sales tax revenues. While Internet sales are still a relatively small component of total retail sales, all projections indicate significant increases in the future, especially as traditional "bricks and mortar" retailers move to e-commerce themselves.

The forecast does not assume any major revenue losses resulting from this shift for two reasons. First, it would be very difficult to meaningfully assess prospective revenue losses. But more importantly, the forecast assumes (perhaps based more on hope than experience) that there will be a rational resolution to collecting such an important revenue source.

For the State of California, sales taxes are its second largest General Fund revenue (after personal income taxes), bringing in over $29 billion annually and funding about 30% of State General Fund operations. In other states, sales tax revenues play an even larger role. In Texas, for example, there is no income tax, and sales tax is the primary state revenue source. In short, because this is such a major issue in funding state and local governments throughout the nation, we believe that a reasonable resolution will ultimately emerge.

Economic Outlook: Continued but Modest Growth. While they are not projected to grow at the rates experienced in the past five years, the revenue forecast assumes continued moderate growth in the City's major revenue sources, which are directly tied to the performance of the local economy. The only exception is sales tax. Based on analysis by the City's sales tax advisor (Hinderliter deLlamas), this is projected to decline by 1% in 2007-08; remain flat in 2008-09; and grow modestly thereafter.

Grants. The forecast does not assume the receipt of any "competitive" grant revenues over the next five years. However, experience shows that the City will undoubtedly be successful in obtaining grants, especially for parks and transportation improvements. Other "formula grant" programs are also likely and will help the city in achieving its CIP goals. However, their use is highly restricted by the granting agencies; and the City cannot rely upon their continuation. The ten-year CIP identified those projects that are likely candidates for grant funding. Accordingly, the forecast does not include any funding from these sources.

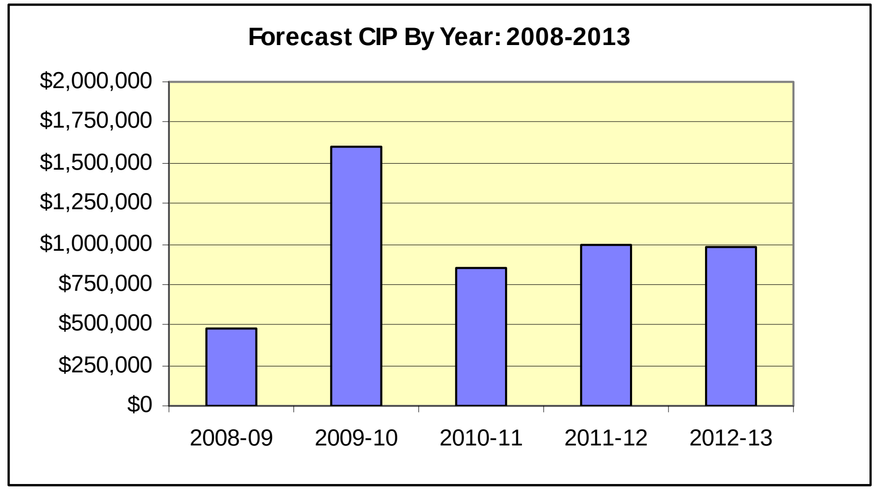
Development Impact Fees. Development impact fees will be collected during the forecast period; and like grant revenues, these will certainly help the City in funding infrastructure improvements. However, these revenues are restricted solely to funding improvements related to new development. The ten-year CIP identified those projects that are appropriate for funding from impact fees, and as such, they are not included in this forecast.

Operating Costs. Based on long-term growth trends over the last fifteen years, operating costs are projected to grow annually by population and inflation (4.3%) during the forecast period. This is also consistent with the labor agreements that the City has entered into. The base for this is the 2008-09 Budget. Additionally, the forecast assumes funding for retiree health care costs, based on the "mid-point" of the cost options presented to the Council in January 2008 (about $300,000 annually). The City still has a number of policy decisions to make regarding this issue. However, it is important to recognize this cost in some fashion in the forecast.

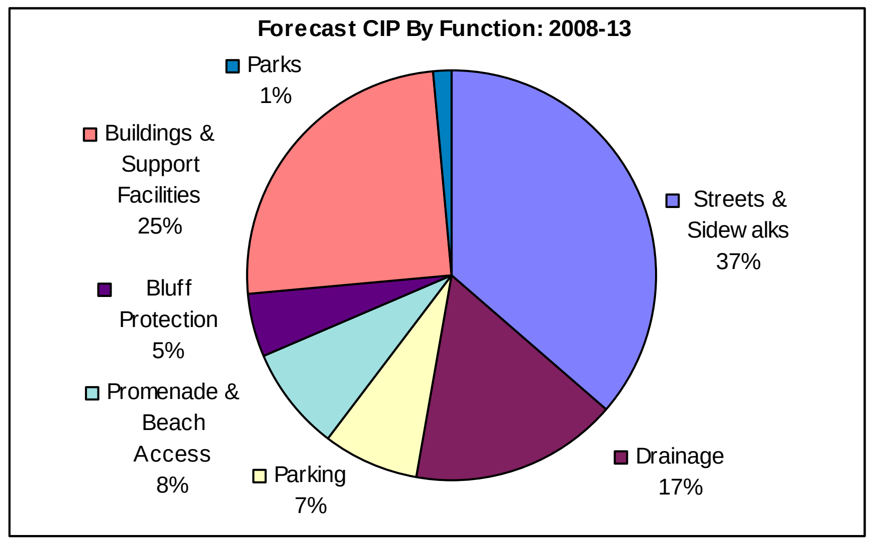
Debt Service Costs. These are based on current General Fund debt service obligations. These represent a very modest level of annual debt service requirements of about 2% of annual revenues. No increases in debt service costs are projected due to new financings.

At 2% of revenues, debt service costs are very modest.

Forecast CIP. As noted above, the forecast CIP is based on the General Fund projects identified for 2008-13 in the ten-year CIP adopted by the Council in June 2008. As detailed in the forecast CIP (beginning on page 11), this cost averages about $1 million annually.



By function, street and storm drainage projects are the most significant cost areas, accounting for over 50% of total CIP costs.



What's Not in the Forecast CIP. As noted above, the forecast CIP is based on the General Fund projects set forth in the ten-year CIP for 2008-

13. It does not include $9.8 million in projects for 2008-13 where the funding source is "unknown," summarized as follows.

Projects with "Unknown Funding:" 2008 to 2013	
Vista Del Mar Lift Station Protection	1,000,000
Cyprus Street Bluff Repair	3,000,000
Eldwayen Ocean Park Bluff Protection	2,000,000
Shorecliff/Lighthouse Suites Pedestrian Bridge Replacement	128,000
Creekside Trail Acquisition & Improvements	400,000
Mary Herrington Park Improvements	300,000
Price Historic Park/Sports Field Improvements	2,200,000
Boosinger Park Improvements	560,000
Dinosaur Caves Park Landscaping	250,000
Total	**$9,838,000**

This does not mean that accomplishing these CIP goals isn't important; only that doing so will be difficult without new revenues. And even if Measure C passes, tough policy choices remain in assessing the priority of these projects.

What's Most Likely to Change?

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

TOT. Since this is the City's "Number One" revenue source, accounting for 40% of total General Fund revenues, solid performance is essential for the City's long-term fiscal health. The forecast projects that the current TOT base will grow moderately over the next five years. In addition, the forecast assumes that a new, 67-unit hotel will come "on-line" in 2010-11, with estimated net new revenues of $380,000 (phased-in over two years.)

Property Tax. This has been a strong-growth revenue source for the City. Given the recent sub-prime loan mortgage meltdown and decline in the housing market, this is not projected to continue. While the forecast projects modest growth in property tax revenues, this will not occur if the housing market declines even further.

Sales Tax. There are a number of very complex components that make-up the City's sales tax base. The forecast assumes a modest increase in revenues, following a flattening in 2007-09. This assumes that there will not be a major recession or restructuring of this revenue source over the next five years; and that the factory outlet center continues to perform competitively in light of expanded retail outlets both in the South County area as well as San Luis Obispo. Accurately projecting sales tax revenues is further complicated by the difficulty in predicting "pool" revenues, especially those from the Diablo Canyon power plant.

Development Review Fees. These are projected to stay at levels similar to those previously estimated for 2008-09. However, this can fluctuate significantly based on changes in the construction market, over which the City has no control.

Operating Cost Increases. As discussed above, the forecast assumes that operating costs will not grow by more than population and inflation (4.3%) during 2008-13. Based on trends for the last fifteen years – and the need to control operating costs, which account for over 90% of total expenditures – this is a reasonable assumption. However, recent increases in operating costs have been much greater than this. The forecast also assumes that the City will begin funding its retiree health obligations at the mid-point of the options presented to the Council in January 2008.

Budget Changes for 2008-09. As noted above, the operating base for 2008-09 is the budget that the Council approved as part of the 2007-09 two-year budget. However, this is subject to revision during mid-cycle review; and any changes are likely to affect the "out-years" as well as 2008-09.

CONCLUSION

The forecast shows that the City's General Fund operating budget is structurally balanced for the long-term: revenues are likely to exceed day-to-day operating costs (at current service levels) and debt service obligations by about $60,000 annually over the next five years.

The forecast also shows that the City goes into 2008-13 in strong fiscal shape, with reserves at policy levels and a one-time carryover of $2.3 million from 2007-08, which can be prudently used to fund CIP projects and other one-time costs.

However, assuming funding levels needed for General Fund projects identified in the ten-year CIP, this becomes an annual ***"budget gap" of about $925,000.***

This means that unless the economy performs significantly better than projected or new revenues are implemented, the City will not be able to maintain current service levels and meet its CIP needs.

It also means that if Measure C passes, the City's ability to address its CIP needs will be significantly improved, although tough policy decisions will remain.

DEMOGRAPHIC TRENDS

- **Population.** Based on trends over the last ten years, grows by 0.3% annually throughout the forecast period.

- **Inflation.** Based on both recent and long-term trends, grows by 4% annually throughout the forecast period.

EXPENDITURES

- **Operating Costs.** Based on long-term growth trends, operating costs are projected to grow annually by population and inflation (4.3%) during the forecast period. The base for this is the 2008-09 Budget. Additionally, the forecast assumes funding for retiree health care costs based on the "mid-point" of the cost options presented to the Council in January 2008 (about $300,000 annually).

- **CIP Costs.** Based on costs for 2008-13 in the ten-year CIP for General Fund projects. The detail for this begins on page 11.

- **Debt Service**. Based on current debt service obligations.

STATE BUDGET ACTIONS

The forecast does not assume any restoration of past cuts to cities. On the other hand, consistent with the protections of Proposition 1A, it does not assume any further cuts. This is a significant assumption, given the $20 billion budget gap facing the State. At this time, there are no formal proposals by the Governor or Legislature to take funds away from cities. However, the Legislative Analyst has proposed reductions in police grants ("COPS"), Proposition 172 revenues allocations and booking fees that would cost the City $193,000 annually if enacted. Since these are not protected by Proposition 1A, these reductions would be ongoing.

"Predicting the future is always hard, but predicting political outcomes on these matters is virtually impossible."

Timothy Schaeffer,
Financial Advisor to Cities

REVENUES

Sources used in developing revenue projections for the forecast include:

- Long and short-term trends in key City revenues.
- Forecast data for California as developed by the UCLA forecasting project.
- Forecast data for San Luis Obispo County as developed by the UCSB forecasting project.
- Economic trends as reported in the national media.
- Economic and fiscal information developed by the State Legislative Analyst's Office and the State Department of Finance.
- Materials prepared by the League of California Cities and State Controller's Office.

Ultimately, however, the forecast revenue projections reflect the consultant's best judgment, with concurrence from City staff, about the State budget process, performance of the local economy during the next five years and how this will affect the City's General Fund revenues.

- **Transient Occupancy Tax.** Grows moderately during the forecast period: 2.5% in 2008-09; 3% in 2009-12; and 4% in 2012-13. Additionally, the forecast assumes that a new, 67-unit hotel will come "on-line" in 2010-11, with estimated net new revenues of $380,000 (phased-in over two years).

- **Property Tax.** Grows modestly by 5% in 2008-09; 3% in 2009-11; and 5% in 2012-13. This reflects softening in the housing market and modest recovery in the last two years of the forecast.

- **Sales Tax.** Based on analysis by the City's sales tax advisor (Hinderliter deLlamas), declines by 1% in 2007-08; remains flat in

2008-09; and grows modestly thereafter: 2.5% in 2009-10; 3.0% in 2010-12; and 4.3% in 2012-13.

- **VLF Swap.** Beginning in 2005-06, the State "swapped" vehicle license fee (VLF) revenues for a comparable shift in property tax revenues. Accordingly, this revenue source is projected to grow in the same manner as property tax revenues.

- **Franchise Fees**. Grow by population and inflation (4.3%) throughout the forecast period.

- **Other Taxes.** Generally grow by population and inflation (4.3%) during the forecast period. One key exception: property transfer taxes, which reflect the downturn in the housing market.

- **Gas Tax and Transportation Development Act (TDA) Subventions.** Grow by 0.3% throughout the forecast period based on projected population growth.

- **Development Review Fees**. Based on 2008-09 Budget, with a modest upturn in 2009-10 and growing by inflation (4%) thereafter.

- **Recreation and Other Fees**. Based on 2008-09 Budget, growing by population and inflation (4.3%) throughout the forecast period.

- **Use of Money and Property.** Based on projected yields of 3.5% on available fund balance.

These "Top Ten" sources account for about 95% of total projected General Fund revenues.

- **Other Revenues in 2007-08.** This includes $636,000 in a one-time insurance refund.

General Fund Five Year Forecast: 2008-2013

See Forecast Assumptions on Pages 8 and 10	2005-06 Actual	2006-07 Actual	2007-08 Budget	2007-08 Estimated	Forecast 2008-09	Forecast 2009-10	Forecast 2010-11	Forecast 2011-12	Forecast 2012-13
REVENUES & OTHER SOURCES									
Taxes & Franchise Fees									
Transient Occupancy Tax	5,295,500	5,912,400	5,850,000	6,225,800	6,381,400	6,572,800	6,960,000	7,358,800	7,653,200
Property Tax	2,353,800	2,830,300	2,826,700	3,056,700	3,209,500	3,305,800	3,405,000	3,575,300	3,754,100
Sales Tax	2,063,900	2,303,400	2,320,000	2,280,400	2,280,400	2,337,400	2,407,500	2,479,700	2,586,300
Vehicle License Fee Swap	583,900	619,400	655,000	669,000	702,500	723,600	745,300	782,600	821,700
Franchise Fees	440,200	456,900	457,000	475,200	495,600	516,900	539,100	562,300	586,500
Business LicenseTax	142,500	143,700	141,000	149,300	155,300	161,500	168,000	174,700	181,700
Real Property Transfer Tax	128,400	106,100	130,000	85,000	75,000	75,000	85,000	95,000	100,000
Other Taxes	98,000	99,700	105,000	103,600	107,700	112,000	116,500	121,200	126,000
Subventions & Grants									
Gas Tax and TDA (1)	142,200	190,000	140,000	140,000	140,000	325,000	326,000	327,000	328,000
Other Subventions & Grants	252,900	347,800	232,600	250,000	250,000	250,000	250,000	250,000	250,000
Service Charges				-					
Development Review Fees	820,700	964,100	609,800	809,800	609,800	675,000	702,000	700,000	750,000
Recreation Fees	108,400	99,800	107,500	107,500	107,500	112,100	116,900	121,900	127,100
Other Service Charges	196,700	194,500	188,400	188,400	188,400	195,900	203,700	211,800	220,300
Other Revenues				-					
Fines & Forfeitures	142,400	139,100	115,000	140,000	140,000	145,600	151,400	157,500	163,800
Use of Money and Property	177,600	247,800	50,000	175,000	105,400	110,300	114,800	119,700	124,700
Other Revenues	388,000	304,000	277,600	953,600	282,800	280,000	280,000	280,000	280,000
Total Revenues & Other Sources	**13,335,100**	**14,959,000**	**14,205,600**	**15,809,300**	**15,231,300**	**15,898,900**	**16,571,200**	**17,317,500**	**18,053,400**
EXPENDITURES & OTHER USES									
Operating Programs (2)	12,015,000	12,783,400	14,631,500	15,263,500	14,677,900	15,309,000	15,967,300	16,653,900	17,370,000
Debt Service	356,100	351,600	252,800	252,800	377,600	443,700	432,600	441,400	439,800
Capital Improvement Plan (3)	620,800	695,100	1,254,000	2,318,900	483,000	1,605,000	855,000	987,500	985,000
Total Expenditures & Other Uses	**12,991,900**	**13,830,100**	**16,138,300**	**17,835,200**	**15,538,500**	**17,357,700**	**17,254,900**	**18,082,800**	**18,794,800**
Revenues Over (Under) Operating and Debt Service	*964,000*	*1,824,000*	*(678,700)*	*293,000*	*175,800*	*146,200*	*171,300*	*222,200*	*243,600*
Revenues Over (Under) All Expenditures	*343,200*	*1,128,900*	*(1,932,700)*	*(2,025,900)*	*(307,200)*	*(1,458,800)*	*(683,700)*	*(765,300)*	*(741,400)*
Available for New Initiatives (Budget Gap):									
If Operating Programs & Debt Service Only				**2,383,500**	**64,700**	**6,800**	**41,800**	**83,100**	**100,700**
If All Expenditures				**2,383,500**	**(418,300)**	**(1,598,200)**	**(813,200)**	**(904,400)**	**(884,300)**
Fund Balance									
Fund Balance, Beginning of Year	5,837,300	6,180,500	5,144,800	7,309,400	2,900,000	3,011,100	3,150,500	3,280,000	3,419,100
Fund Balance, End of Year									
Reserved and Designated (4)	2,565,200	2,625,400	2,900,000	2,900,000	3,011,100	3,150,500	3,280,000	3,419,100	3,562,000
Undesignated	3,615,300	4,684,000	312,100	2,383,500	-	-	-	-	-
Total Fund Balance, End of Year	6,180,500	7,309,400	3,212,100	5,283,500	3,011,100	3,150,500	3,280,000	3,419,100	3,562,000

1. TDA revenues are reflected beginning in 2009-10 to reflect all resources available for street maintenance projects
2. Operating program expenditures for all years include General Fund transfers to the Pier Fund and Vehicle Operations & Replacement Fund.
3. Includes carryovers for 2007-08; based on 2007-09 Budget for 2008-09; and approved Ten-Year Capital Improvement Plan for 2009-10 through 2012-13.
4. Includes encumbrances of $495,600 in 2005-06 and $412,200 in 2006-07; and designations of 15% of operating and debt service costs for 2005-06 and 2006-07; 20% for 2007-08 through 2012-13

General Fund Five Year Forecast: 2008-2013

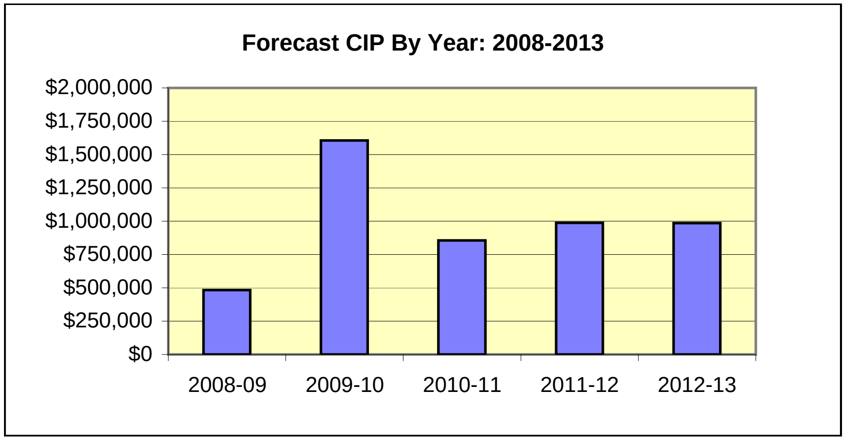
	Historical Trends				FORECAST PROJECTIONS				
	Last Two Years								
	Actual	Estimated	Last	Last					
PROJECTION FACTORS	2006-07	2007-08	5 Years	10 Years	2008-09	2009-10	2010-11	2011-12	2012-13
Annual Percentage Changes									
DEMOGRAPHICS									
Population	-0.2%	0.1%	-0.2%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Inflation	3.2%	3.9%	3.6%	3.2%	4.0%	4.0%	4.0%	4.0%	4.0%
Compound Population & Inflation	3.0%	4.0%	3.4%	3.6%	4.3%	4.3%	4.3%	4.3%	4.3%
KEY REVENUES									
Sales Tax	11.6%	-1.0%	6.9%	5.8%	0.0%	2.5%	3.0%	3.0%	4.3%
Property Tax (Assessed Value)	13.2%	8.0%	10.6%	8.5%	5.0%	3.0%	3.0%	5.0%	5.0%
TOT									
Base Growth	11.6%	5.3%	6.7%	7.3%	2.5%	3.0%	3.0%	3.0%	4.0%
New 67 unit hotel in planning process: net additional							190,000	190,000	
Franchise Fees: Grows by Populatiion and Inflation	3.8%	4.0%	4.6%	8.6%	4.3%	4.3%	4.3%	4.3%	4.3%
Vehicle License Fee Swap	6.1%	8.0%	N/A	N/A	5.0%	3.0%	3.0%	5.0%	5.0%
Gas Tax and TDA					0.3%	0.3%	0.3%	0.3%	0.3%
Development Review Fees					*2008-09 budget estimate; small pick-up in 2009-10; grows by inflation*				
Recreation Fees					*2008-09 budget estimate; grows by inflation and population growth*				
Other Revenues									
2007-08 includes $636,000 insurance refund									
EXPENDITURES									
Operating Programs	6.9%	Budget	7.5%	8.7%					
Budget for 2007-08 and 2008-09									
Retiree Health: Mid-Point of Study Options					301,000				
Base Grows By Population and Inflation						4.3%	4.3%	4.3%	4.3%
Debt Service: Exisitng					377,600	443,700	432,600	441,400	439,800
Capital Improvement Plan					483,000	1,605,000	855,000	987,500	985,000

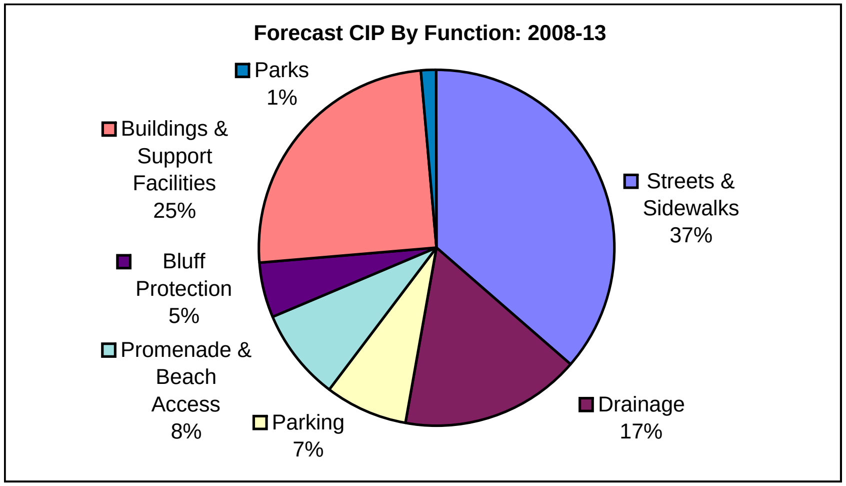
General Fund Five-Year Fiscal Forecast: Capital Improvement Plan

The following summarizes five-year General Fund projections for Capital Improvement Plan (CIP) projects based on the Ten-Year CIP adopted by the Council in June 2007. The project costs reflected in this summary are "General Fund" only, and do not include projects funded by other sources, such as development impact fees, grants or enterprise funds.

Other Projects Not Included: "Unknown Funding." The forecast CIP does not include the following projects for 2008-13, where the funding source was identified as unknown in the Ten-Year CIP. These may also be candidates for General Fund support, which total $9.8 million from 2008 through 2013.

Unknown Funding: General Fund Candidates, 2008 to 2013	
Vista Del Mar Lift Station Protection	1,000,000
Cyprus Street Bluff Repair	3,000,000
Eldwayen Ocean Park Bluff Protection	2,000,000
Shorecliff/Lighthouse Suites Pedestrian Bridge Replacement	128,000
Creekside Trail Acquisition & Improvements	400,000
Mary Herrington Park Improvements	300,000
Price Historic Park/Sports Field Improvements	2,200,000
Boosinger Park Improvements	560,000
Dinosaur Caves Park Landscaping	250,000
Total	**$9,838,000**





	2008-09	2009-10	2010-11	2011-12	2012-13	Total
CIP Project Summary by Function						
Streets & Sidewalks	45,000	800,000	220,000	500,000	220,000	1,785,000
Drainage	100,000	50,000	215,000	250,000	200,000	815,000
Parking	103,000	235,000	10,000	15,000	-	363,000
Promenade & Beach Access	10,000	10,000	360,000	20,000	10,000	410,000
Bluff Protection	50,000	50,000	50,000	50,000	50,000	250,000
Buildings & Support Facilities	109,000	460,000	-	152,500	505,000	1,226,500
Parks	66,000	-	-	-	-	66,000
Total	**483,000**	**1,605,000**	**855,000**	**987,500**	**985,000**	**4,915,500**

General Fund Five-Year Fiscal Forecast: Capital Improvement Plan

	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Streets & Sidewalks						
Street Maintenance & Repairs	**	500,000	200,000	500,000	200,000	1,400,000
Streets Name Signs	10,000					10,000
City Limit Signs	5,000					5,000
Shell Beach Road Landscape Design *	10,000					10,000
Update Pavement Management System	20,000		20,000		20,000	60,000
Traffic Signal at Wadsworth and Price		150,000				150,000
Cliff Avenue Paving and Parking (Potential Grant)		150,000				150,000
** Added in the 2008-09 Budget*						
*** $680,000 funded through Local Transportation Fund*						
Total Streets	**45,000**	**800,000**	**220,000**	**500,000**	**220,000**	**1,785,000**
Drainage						
Montecito Outfall Repair	50,000					50,000
Naomi Beach Outfall Repair	50,000					50,000
Ocean Park Outfall Repair		50,000				50,000
Shell Beach Road Culvert Repair			40,000			40,000
Downtown Drainage Improvements			175,000	250,000	200,000	625,000
Total Drainage	**$100,000**	**$50,000**	**$215,000**	**$250,000**	**$200,000**	**$815,000**
Parking						
City Hall Parking Lot Sealing	5,000					5,000
Bluff Parking Lot Sealing	3,000					3,000
Spyglass Parking Lot	35,000					35,000
Palisades Park Parking Lot	40,000					40,000
Addie Street Parking	20,000					20,000
Sports Complex		200,000				200,000
Pomeroy Market		5,000				5,000
Chamber of Commerce Parking Lot Overlay		30,000				30,000
Pier Parking Lot			10,000			10,000
Corporation Yard Slurry Seal				15,000		15,000
Total Parking	**$103,000**	**$235,000**	**$10,000**	**$15,000**		**$363,000**

General Fund Five-Year Fiscal Forecast: Capital Improvement Plan

	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Promenade & Beach Access						
Pier Planking Replacement	10,000	10,000	10,000	10,000	10,000	50,000
Stair Repair/Replacement at Eldawayen Park			350,000			350,000
Cypress Bridge Dome Lighting				10,000		10,000
Total Promenade/Beach Access	**10,000**	**10,000**	**360,000**	**20,000**	**10,000**	**410,000**
Bluff Protection						
Bluff Erosion Control	50,000	50,000	50,000	50,000	50,000	250,000
Total Bluff Protection	**50,000**	**50,000**	**50,000**	**50,000**	**50,000**	**250,000**
	2008-09	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**Total**
Buildings & Support Facilities						
City Hall HVAC Cleaning	12,000					12,000
Police Station HVAC Cleaning	12,000					12,000
Police Station Interior Painting	15,000					15,000
Bello Tennis Courts Retaining Wall & Fencing	20,000					20,000
Corporation Yard Gas Filling Station	20,000					20,000
Happy tine Preschool Repair and Painting	15,000					15,000
Bello Veterans Hall Improvements	15,000					15,000
Ballfield Restrooms: Ford and Rooker Fields		50,000				50,000
Shell Beach Veterans Hall Upgrade		350,000				350,000
City Hall HVAC Replacement		25,000				25,000
Shell Beach Veterans Hall Exterior Painting		10,000				10,000
Bello Veterans Hall HVAC Replacement		25,000				25,000
Shell Beach Tennis Court Restrooms				50,000		50,000
Bello Veterans Hall Acoustic Tile Replacement				30,000		30,000
Shell Beach Veterans Front Dorr Replacement				2,500		2,500
Bello Veterans Hall Main Entry Improvements				10,000		10,000
City Hall Reroofing				60,000		60,000
Pier Parking Lot Restrooms					500,000	500,000
City Hall Upper Deck Waterproof Coating					5,000	5,000
Total Buildings & Support Facilities	**109,000**	**460,000**	**-**	**152,500**	**505,000**	**1,226,500**

General Fund Five-Year Fiscal Forecast: Capital Improvement Plan

	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Parks						
Boosinger Park Playground Improvements	15,000					15,000
Irrigation System Telemetry	20,000					20,000
Beachcomber Park Improvements	6,000					6,000
Rooker Baseball Filed Improvements	25,000					25,000
Total Parks	**66,000**	**-**	**-**	**-**	**-**	**66,000**

Historical Trends: Overview

In preparing the five-year fiscal forecast, the following historical trends were reviewed for a ten year period and are presented in the following charts and graphs:

POPULATION AND COST OF LIVING

- Annual Growth Rates for Last 15 Years
- Compound Annual Growth Rates for Last 15 Years

OVERVIEW OF GENERAL FUND REVENUE SOURCES

Where They Come From and How They're Doing

- Revenues: 2006-07 Actual
- Major Revenue Trends, Last 15 Years : Actual and Adjusted for Increases in Population and Cost of Living

OVERVIEW OF GENERAL FUND EXPENDITURES

Where They Go and How They're Doing

- Operating Expenditures: 2006-07 Actual
- Operating Expenditure Trends, Last 15 Years: Actual and Adjusted for Increases in Population and Cost of Living
- Debt Service Trends, Last 15 Years

REVENUE AND OPERATING COSTS: 1993 to 2007

MAJOR GENERAL FUND REVENUE SOURCES

Last 15 Years: Actual and Adjusted for Increases in Population and Cost of Living

- Transient Occupancy Tax
- Property Tax
- Sales Tax
- Vehicle License Fees (VLF)/VLF Swap
- Franchise Fees

Development Review Fees: Last 10 Years

OPERATING PROGRAM EXPENDITURES

Last 15 Years: Actual and Adjusted for Increases in Population and Cost of Living

- Public Safety
- Community Development
- Street Maintenance
- Other Public Works
- General Government
- Total Operating Program Expenditures

Historical Trends: Population and Cost of Living

Population

Year	Population	Percent Change
1993	7,725	
1994	7,775	0.6%
1995	7,975	2.6%
1996	8,100	1.6%
1997	8,225	1.5%
1998	8,275	0.6%
1999	8,400	1.5%
2000	8,551	1.8%
2001	8,587	0.4%
2002	8,675	1.0%
2003	8,699	0.3%
2004	8,731	0.4%
2005	8,663	-0.8%
2006	8,637	-0.3%
2007	8,593	-0.5%
2008	8,603	0.1%

State of California,
January 1 of Each Year

Annual Growth Rate

Last 2 Years	-0.2%
Last 5 Years	-0.2%
Last 10 years	0.4%
Last 15 Years	0.7%

Consumer Price Index: U.S.

Fiscal Year Ending	Index Amount	Percent Change
1993	142.6	
1994	146.2	2.5%
1995	150.3	2.8%
1996	154.4	2.7%
1997	159.1	3.0%
1998	161.6	1.6%
1999	164.3	1.7%
2000	168.7	2.7%
2001	175.1	3.8%
2002	177.1	1.1%
2003	181.7	2.6%
2004	185.2	1.9%
2005	190.7	3.0%
2006	198.3	4.0%
2007	202.4	2.1%
2008	211.1	4.3%

U.S. City Average, All Urban Consumers
January 1 of Each Year

Annual Growth Rate

Last 2 Years	3.2%
Last 5 Years	3.0%
Last 10 years	2.7%
Last 15 Years	2.7%

Consumer Price Index: So. California

Fiscal Year Ending	Index Amount	Percent Change
1993	149.2	
1994	152.2	2.0%
1995	154.3	1.4%
1996	155.7	0.9%
1997	159.1	2.2%
1998	161.0	1.2%
1999	164.1	1.9%
2000	167.9	2.3%
2001	174.2	3.8%
2002	178.9	2.7%
2003	185.2	3.5%
2004	188.5	1.8%
2005	195.4	3.7%
2006	206.0	5.4%
2007	212.6	3.2%
2008	220.9	3.9%

Los Angeles-Riverside-Orange
All Urban Consumers, January of Each Year

Annual Growth Rate

Last 2 Years	3.6%
Last 5 Years	3.6%
Last 10 years	3.2%
Last 15 Years	2.7%

Compound Growth

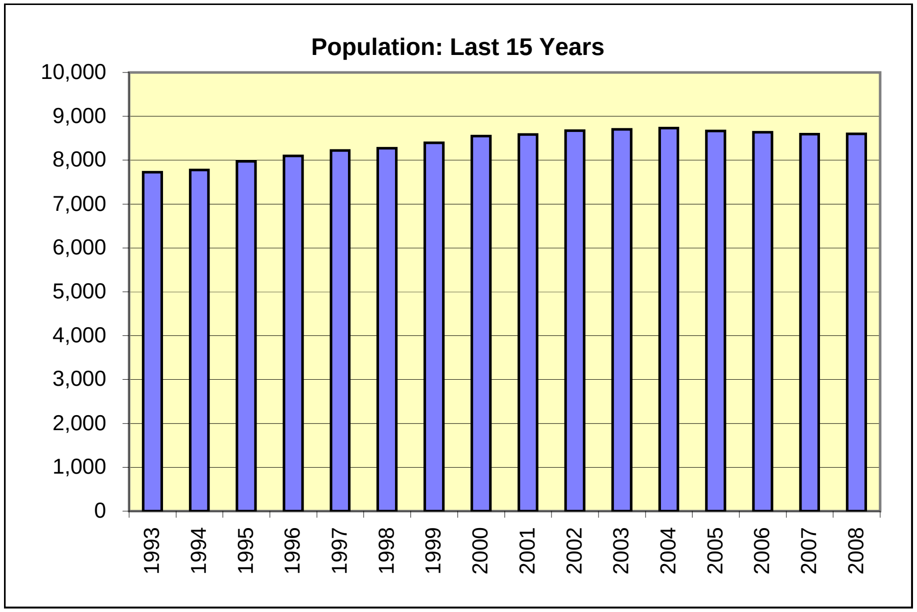
Fiscal Year Ending	Percent Change
1993	
1994	3.2%
1995	5.4%
1996	4.3%
1997	4.6%
1998	2.2%
1999	3.2%
2000	4.5%
2001	4.2%
2002	2.2%
2003	2.9%
2004	2.3%
2005	2.2%
2006	3.7%
2007	1.5%
2008	4.4%

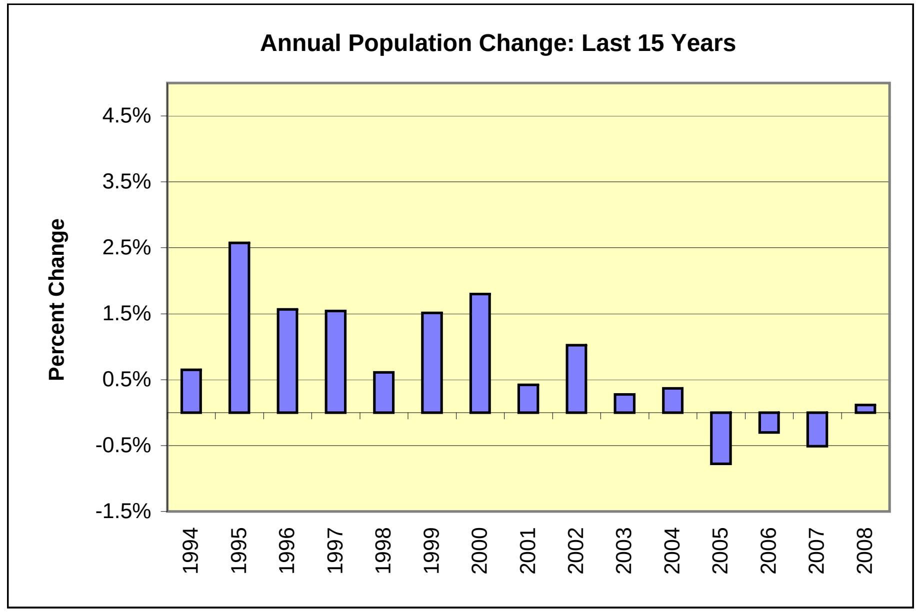
CPI Based on Southern California Index

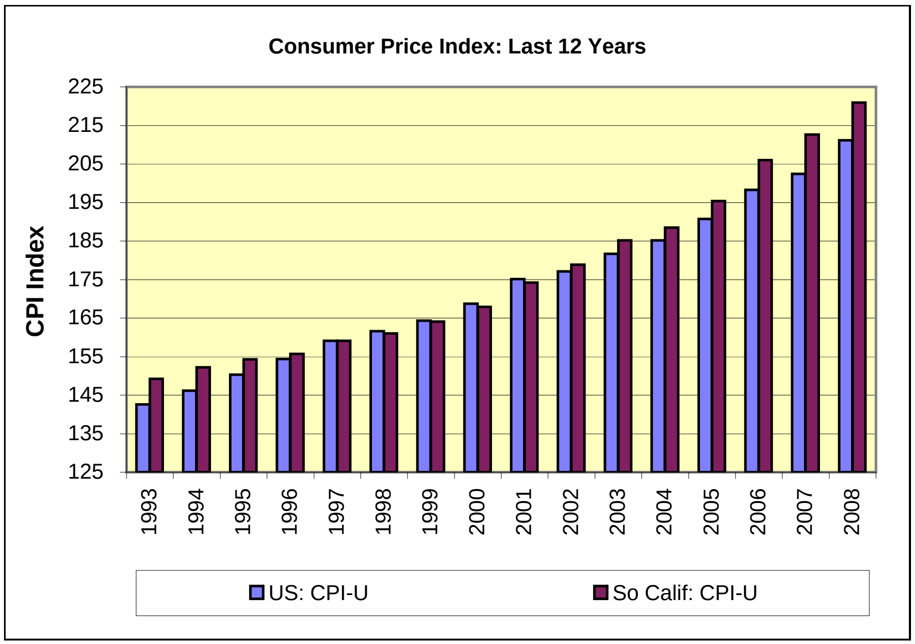
Annual Growth Rate

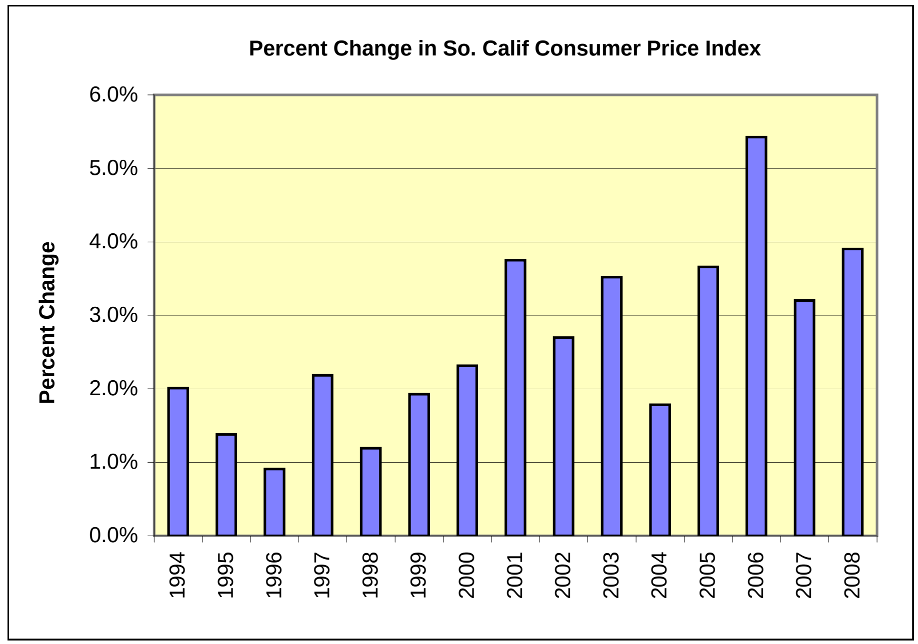
Last 2 Years	3.0%
Last 5 Years	2.8%
Last 10 years	3.1%
Last 15 Years	3.4%

Graphics: Population and Cost of Living









General Fund Revenues: Where They Come From and How They're Doing

General Fund Revenues and Other Sources: 2006-07 Actual

	Budget	Percent of Total
Major Sources (Top 5 Revenues)		
Transient Occupancy Tax	5,912,400	40%
Property Tax	2,830,300	19%
Sales Tax	2,303,400	15%
Vehicle License Fees/VLF Swap	671,200	4%
Franchise Fees	456,900	3%
Total Major Sources	**12,174,200**	**81%**
Other Taxes	349,500	2%
Service Charges		
Development Review Fees	964,100	6%
Recreation Fees	99,800	1%
Other Service Charges	194,500	1%
Use of Money and Property	247,800	2%
Gas Tax Transfer	190,000	1%
Other Subventions & Grants	296,000	2%
Fines & Forfeitures	139,100	1%
Other Sources	304,000	2%
Total Sources	**14,959,000**	**100%**

Top 10 Revenues: About 95% of Total

When other taxes, service charges and use of money & property are included, top ten revenues account for about 95% of total revenues.

Major Sources: 15 Year Trends

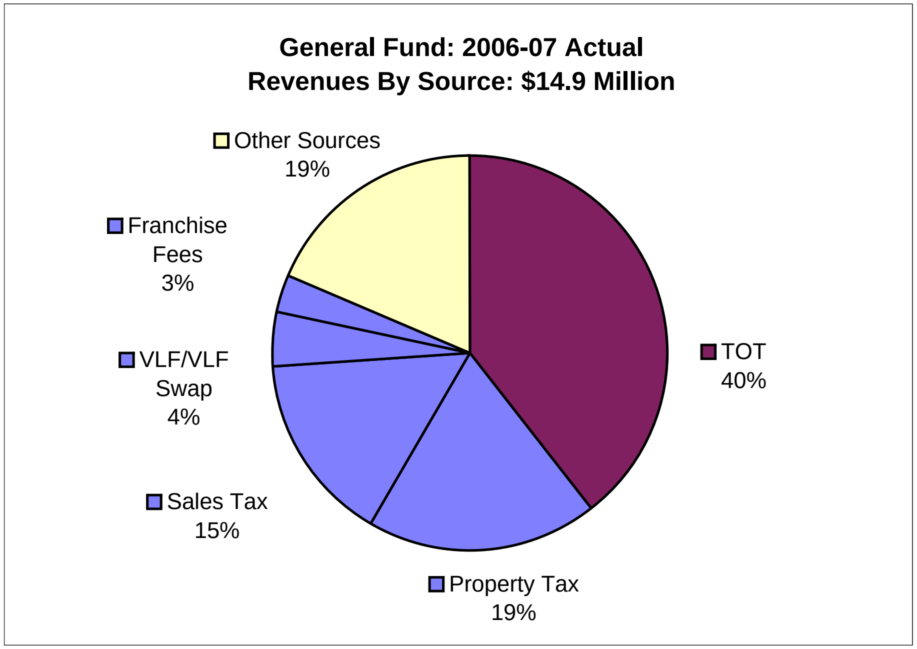
Fiscal Year Ending	Amount	Percent Change
1993	5,462,700	
1994	5,352,500	-2.0%
1995	5,499,700	2.8%
1996	5,830,500	6.0%
1997	5,973,000	2.4%
1998	6,158,600	3.1%
1999	6,729,400	9.3%
2000	7,312,300	8.7%
2001	7,977,800	9.1%
2002	8,456,100	6.0%
2003	8,670,000	2.5%
2004	9,202,544	6.1%
2005	9,850,600	7.0%
2006	10,795,900	9.6%
2007	12,174,200	12.8%

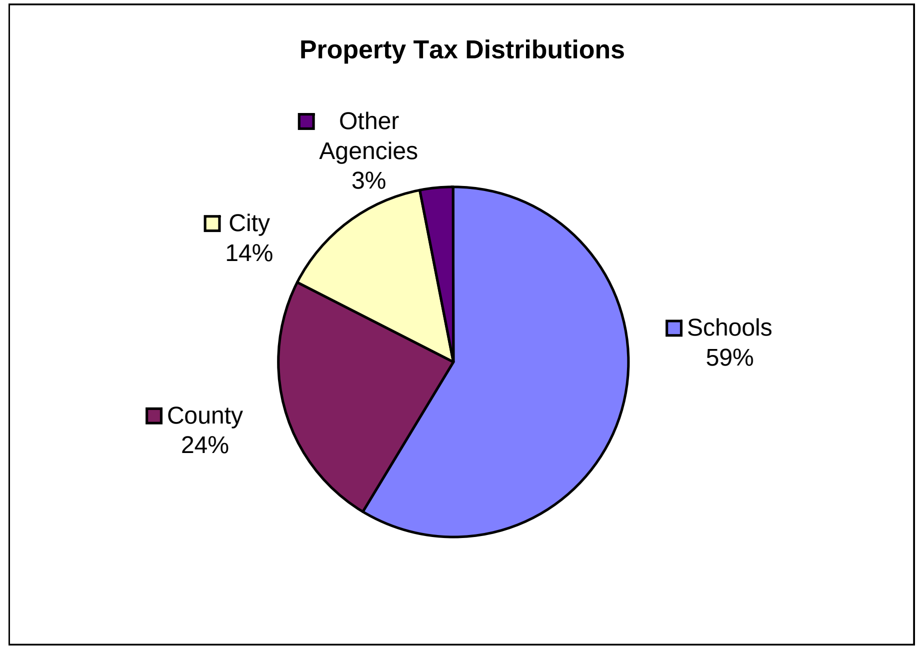
Major Sources: 15 Year Trends
Average Annual Growth Rate

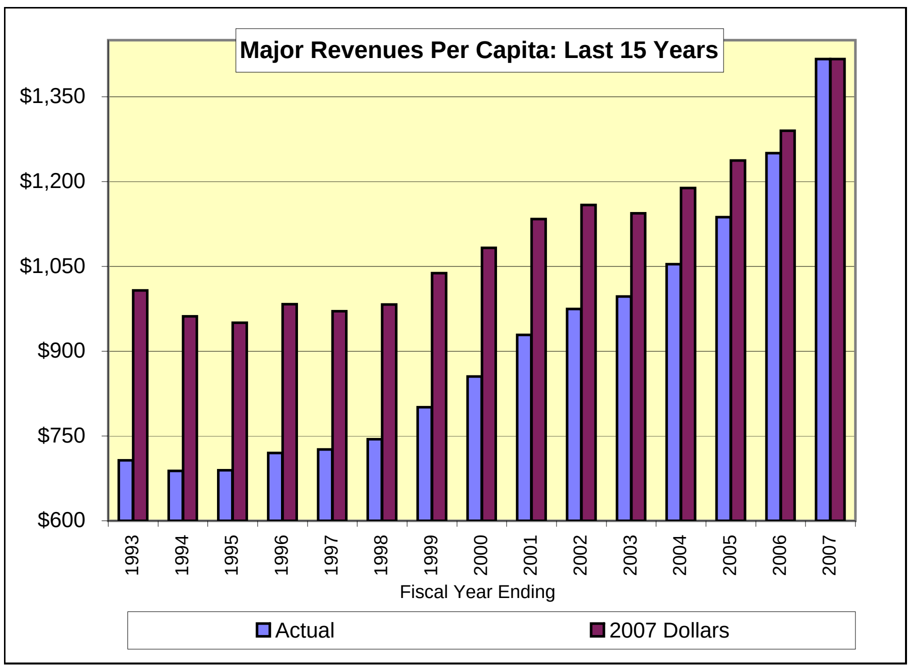
	Actual	Adjusted*
Last 2 Years	11.2%	8.0%
Last 5 Years	7.6%	4.7%
Last 10 Years	7.4%	4.2%
Last 15 Years	6.0%	2.5%

* *Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in revenues.*

Graphics: General Fund Revenue







Major General Fund Revenues
Top 5 Account for 82% of General Fund Revenues
Transient Occupancy Tax
Property Tax
Sales Tax
Vehicle License Fees/VLF Swap
Franchise Fees

General Fund Expenditures: Where They Go and How They're Doing

General Fund Operating Expenditures: 2006-07 Actual

	Budget	Percent of Total
Public Safety	$5,898,000	48%
Streets/Public Works	1,403,800	11%
Community Services	1,998,900	16%
General Government	3,114,300	25%
TOTAL	**12,415,000**	**100%**

General Fund Expenditures and Uses By Type: 2006-07 Actual

	Actual	Percent of Total
Operating Programs	$12,415,000	89%
Capital Improvement Plan (CIP)	695,100	5%
Debt Service	351,600	3%
Operating Transfers to Other Funds	368,400	3%
TOTAL	**13,830,100**	**100%**

General Fund Operating Expenditures
15 Year Trends

Fiscal Year Ending	Amount	Percent Change
1993	6,315,200	
1994	6,784,100	7.4%
1995	6,462,400	-4.7%
1996	5,516,900	-14.6%
1997	5,393,300	-2.2%
1998	5,543,800	2.8%
1999	6,140,300	10.8%
2000	6,945,800	13.1%
2001	7,577,600	9.1%
2002	8,661,900	14.3%
2003	9,262,100	6.9%
2004	9,692,300	4.6%
2005	10,687,200	10.3%
2006	11,610,400	8.6%
2007	12,415,000	6.9%

Excludes transfers to Pier, CDBG, Lee/Wind and Motor Vehicle Funds

General Fund Debt Service
15 Year Trends

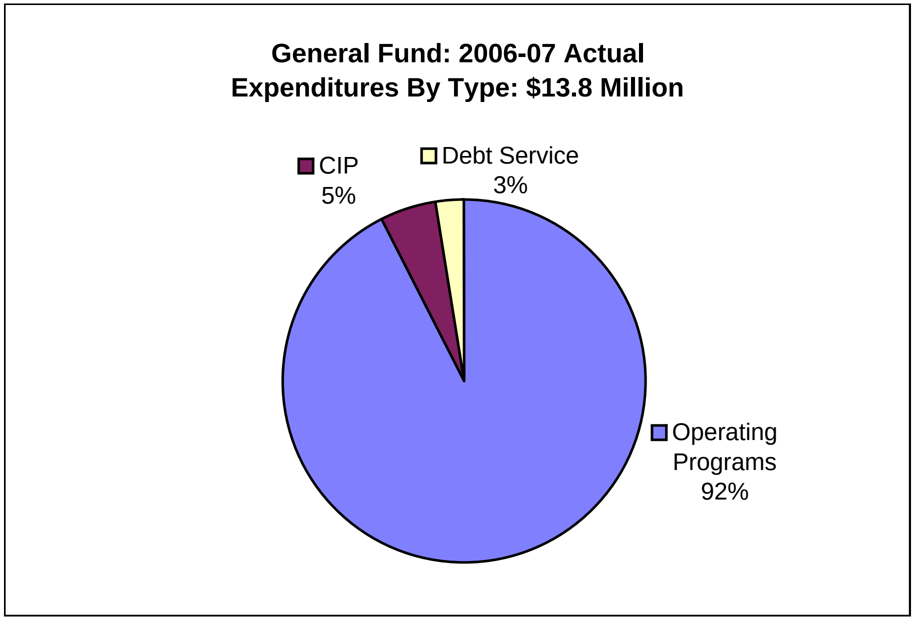
Fiscal Year Ending	Amount	Percent of Revenues
1993	41,800	0.6%
1994	263,200	3.9%
1995	235,200	3.4%
1996	447,300	6.1%
1997	442,900	5.9%
1998	470,400	6.1%
1999	315,200	3.7%
2000	404,300	4.4%
2001	429,800	4.3%
2002	570,400	5.5%
2003	354,000	3.2%
2004	358,100	3.1%
2005	353,600	2.8%
2006	356,100	2.7%
2007	351,600	2.4%

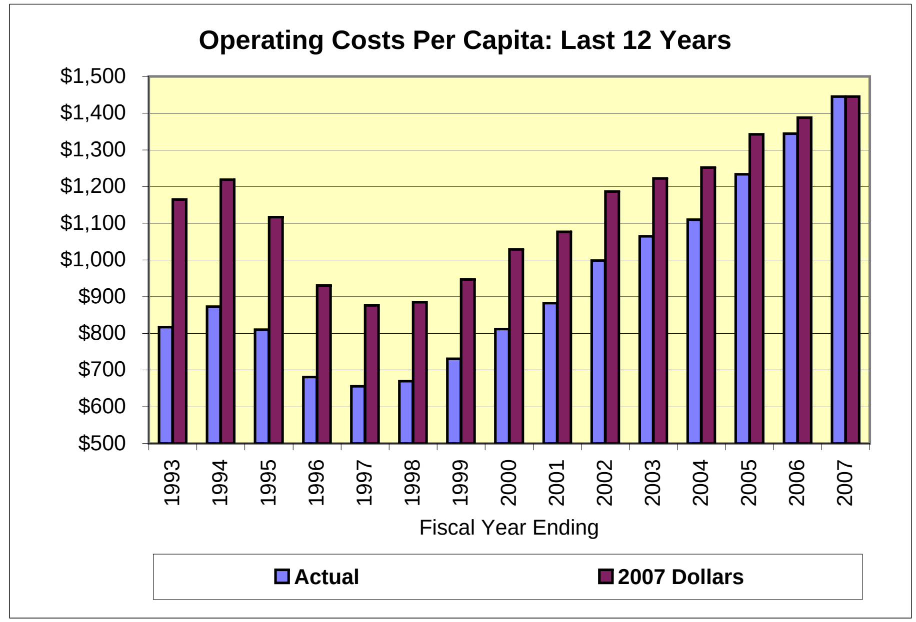
Average Annual Growth Rate

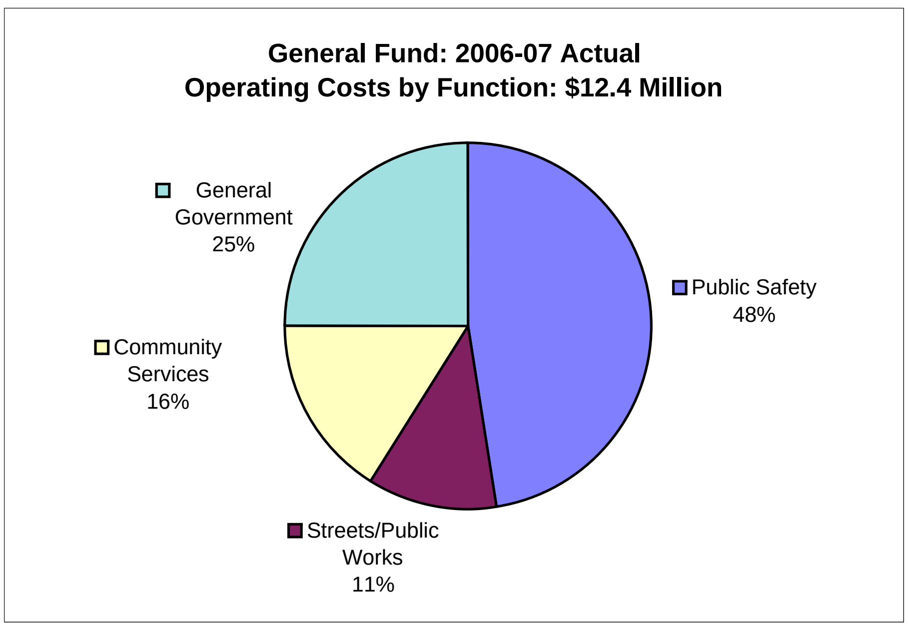
	Actual	Adjusted*
Last 2 Years	5.8%	2.7%
Last 5 Years	9.6%	6.6%
Last 10 Years	4.3%	0.9%

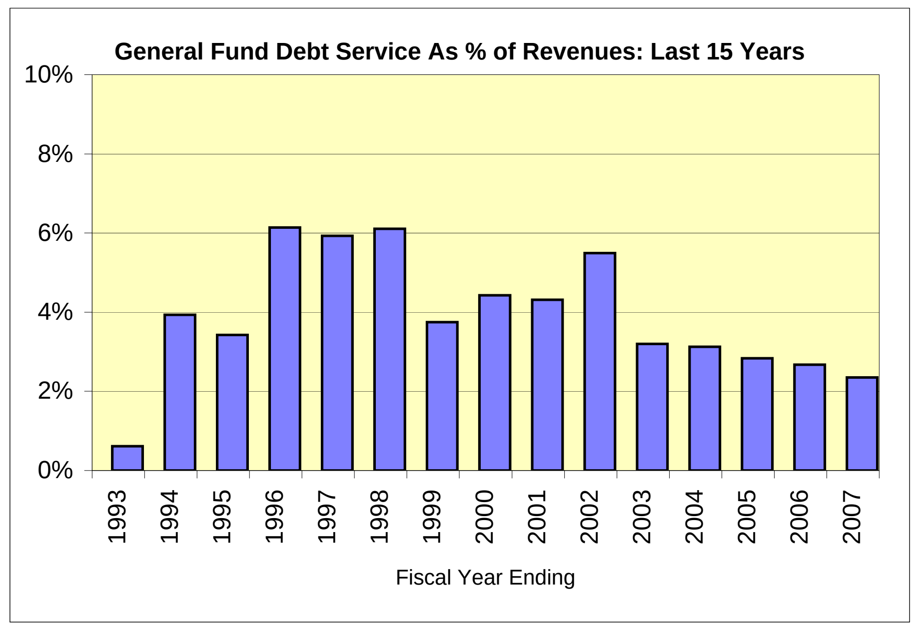
* *Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in expenditures*

Graphics: General Fund Expenditures

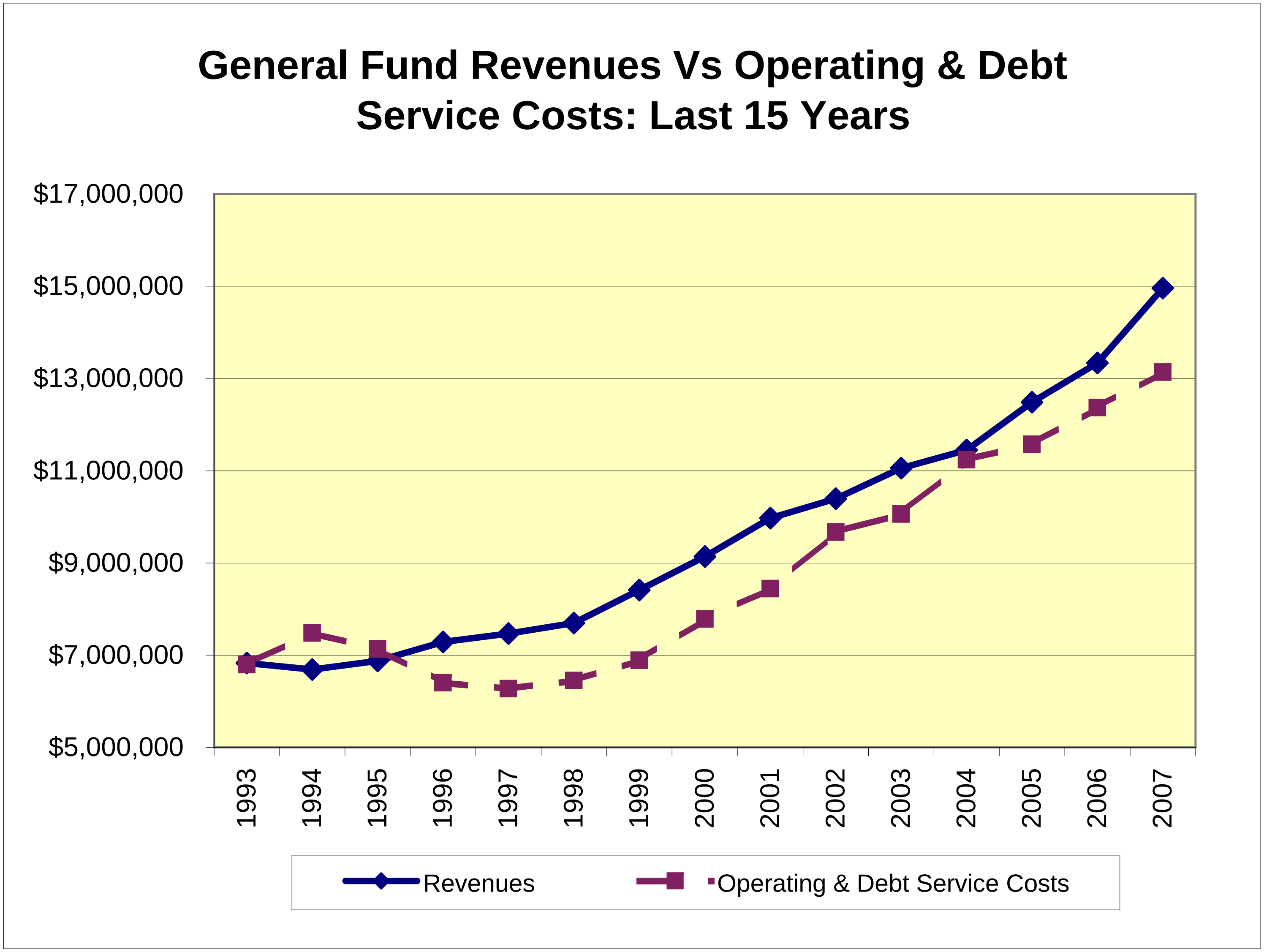








General Fund Revenues Versus Operating & Debt Service Expenditures: 2001-02 to 2004-05



Historical Trends: Major Revenue Sources

Transient Occupancy Tax (TOT)

Fiscal Year Ending	Amount	Percent Change
1993	2,656,400	
1994	2,656,500	0.0%
1995	2,594,400	-2.3%
1996	2,917,400	12.4%
1997	2,959,500	1.4%
1998	2,990,300	1.0%
1999	3,445,900	15.2%
2000	3,740,500	8.5%
2001	4,152,300	11.0%
2002	4,292,300	3.4%
2003	4,343,000	1.2%
2004	4,652,100	7.1%
2005	4,921,400	5.8%
2006	5,295,500	7.6%
2007	5,912,400	11.6%

Annual Growth Rate

	Actual	Adjusted*
Last 2 Years	9.6%	6.4%
Last 5 Years	6.7%	3.7%
Last 10 Years	7.3%	4.0%
Last 15 Years	6.0%	2.5%

Property Tax

Fiscal Year Ending	Amount	Percent Change
1993	1,318,500	
1994	1,272,800	-3.5%
1995	1,148,300	-9.8%
1996	1,141,900	-0.6%
1997	1,197,200	4.8%
1998	1,248,800	4.3%
1999	1,291,600	3.4%
2000	1,407,900	9.0%
2001	1,539,700	9.4%
2002	1,663,400	8.0%
2003	1,817,000	9.2%
2004	1,979,600	8.9%
2005 **	1,547,100	-21.8%
2006 **	2,353,800	52.1%
2007	2,830,300	20.2%

Annual Growth Rate

	Actual	Adjusted*
Last 2 Years	36.2%	32.2%
Last 5 Years	13.7%	10.6%
Last 10 Years	10.3%	7.0%
Last 15 Years	6.7%	3.2%

Assessed Value (in millions)

Fiscal Year Ending	Amount	Percent Change
1993	816.8	
1994	843.4	3.3%
1995	863.7	2.4%
1996	898.9	4.1%
1997	919.9	2.3%
1998	949.0	3.2%
1999	995.1	4.9%
2000	1,062.7	6.8%
2001	1,164.1	9.5%
2002	1,251.9	7.5%
2003	1,364.0	9.0%
2004	1,507.7	10.5%
2005	1,637.2	8.6%
2006	1,831.9	11.9%
2007	2,074.4	13.2%

Annual Growth Rate

	Actual	Adjusted*
Last 2 Years	12.6%	9.3%
Last 5 Years	10.6%	7.6%
Last 10 Years	8.5%	5.2%
Last 15 Years	6.9%	3.4%

Sales Tax

Fiscal Year Ending	Amount	Percent Change
1993	1,008,000	
1994	939,300	-6.8%
1995	1,276,600	35.9%
1996	1,273,800	-0.2%
1997	1,314,800	3.2%
1998	1,366,700	3.9%
1999	1,342,900	-1.7%
2000	1,484,700	10.6%
2001	1,571,400	5.8%
2002	1,657,900	5.5%
2003	1,661,100	0.2%
2004	1,807,300	8.8%
2005	1,949,200	7.9%
2006	2,063,900	5.9%
2007	2,303,400	11.6%

Annual Growth Rate

	Actual	Adjusted*
Last 2 Years	8.7%	5.6%
Last 5 Years	6.9%	3.9%
Last 10 Years	5.8%	2.6%
Last 15 Years	6.5%	3.0%

*** Reflects State takeaways and restorations: assessed value is a better indicator of revenue capacity.*

** Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in revenues.*

Historical Trends: Major Revenue Sources

Franchise Fees

Fiscal Year Ending	Amount	Percent Change
1993	183,900	
1994	190,500	3.6%
1995	198,600	4.3%
1996	202,000	1.7%
1997	207,000	2.5%
1998	212,900	2.9%
1999	240,500	13.0%
2000	266,100	10.6%
2001	289,600	8.8%
2002	369,000	27.4%
2003	335,700	-9.0%
2004	375,300	11.8%
2005	408,200	8.8%
2006	440,200	7.8%
2007	456,900	3.8%

Annual Growth Rate

	Actual	Adjusted*
Last 2 Years	5.8%	2.8%
Last 5 Years	4.6%	1.8%
Last 10 Years	8.6%	5.3%
Last 15 Years	7.0%	3.5%

Vehicle License Fees (VLF)

Fiscal Year Ending	Amount	Percent Change
1993	295,900	
1994	293,400	-0.8%
1995	281,800	-4.0%
1996	295,400	4.8%
1997	294,500	-0.3%
1998	339,900	15.4%
1999	408,500	20.2%
2000	413,100	1.1%
2001	424,800	2.8%
2002	473,500	11.5%
2003	513,200	8.4%
2004	388,244	-24.3%
2005	559,300	44.1%
2006	58,600	-89.5%
2007	51,800	-11.6%

Annual Growth Rate

	Actual	Adjusted*
Last 2 Years	-50.6%	-52.0%
Last 5 Years	-14.6%	-16.9%
Last 10 Years	-2.2%	-5.2%
Last 15 Years	-1.6%	-4.8%

"VLF Swap"

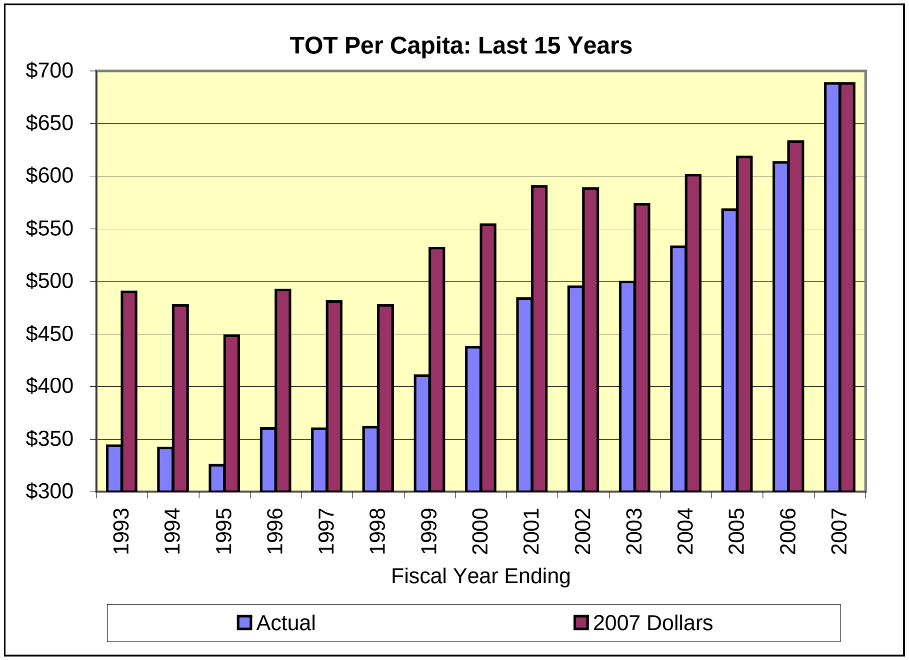
Fiscal Year Ending	Amount	Percent Change
1993		
1994		
1995		
1996		
1997		
1998		
1999		
2000		
2001		
2002		
2003		
2004		
2005	465,400	
2006	583,900	25.5%
2007	619,400	6.1%

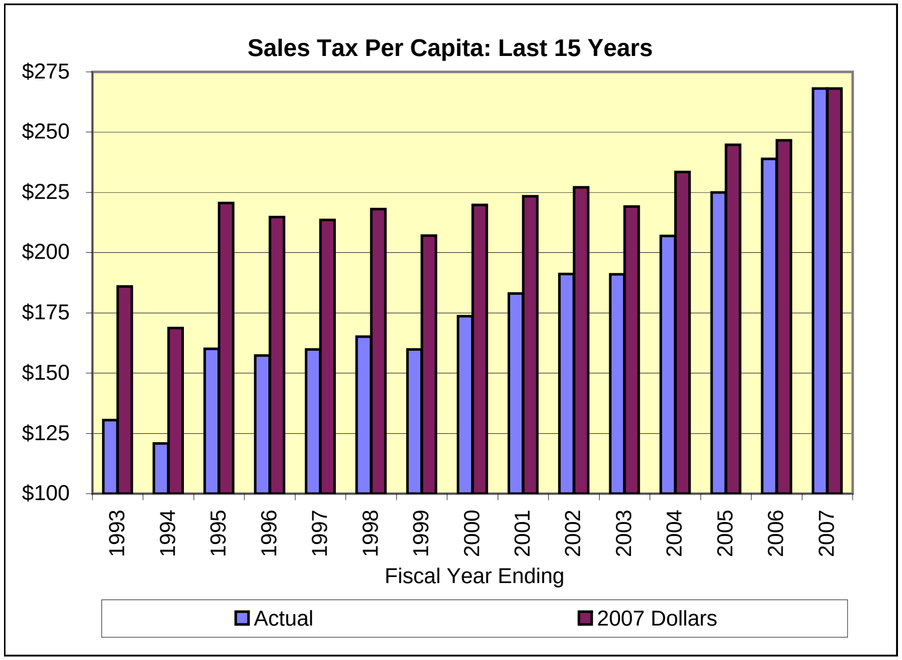
Annual Growth Rate

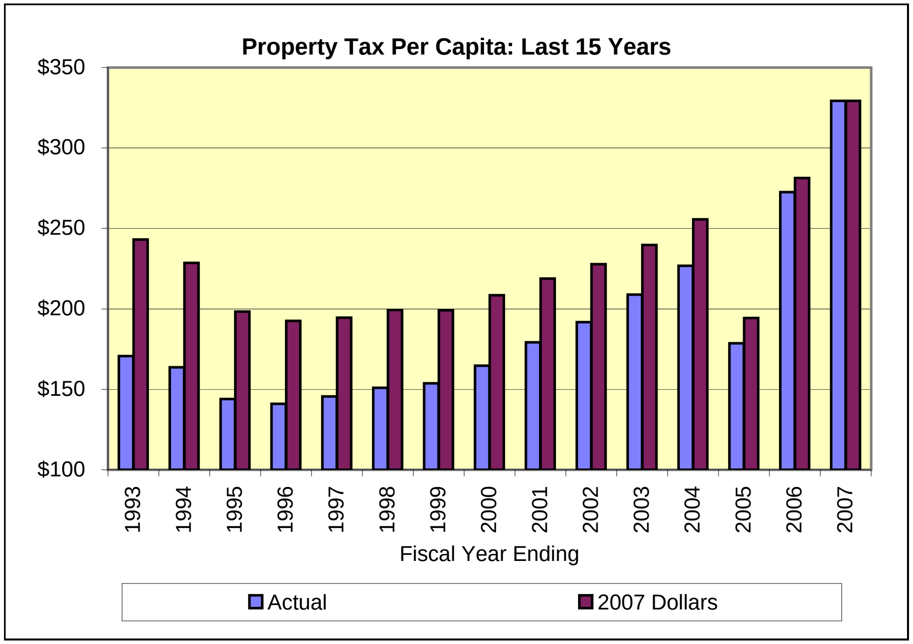
	Actual	Adjusted*
Last 2 Years	15.8%	12.4%
Last 5 Years	N/A	N/A
Last 10 Years	N/A	N/A
Last 15 Years	N/A	N/A

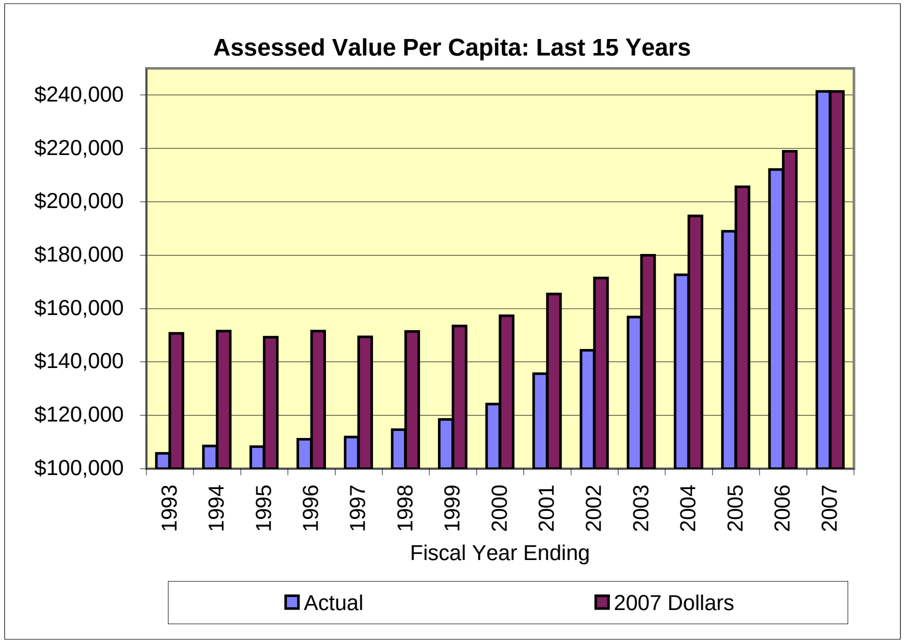
** Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in revenues.*

Graphics: Top Five General Fund Revenues: Last 15 Years









Development Review Fees: Last Ten Years

Planning Fees

Fiscal Year Ending	Revenue
1998	151,500
1999	250,300
2000	228,300
2001	151,300
2002	191,500
2003	171,700
2004	167,600
2005	183,900
2006	240,800
2007	303,700
Ten Year Average	**$204,100**

Building

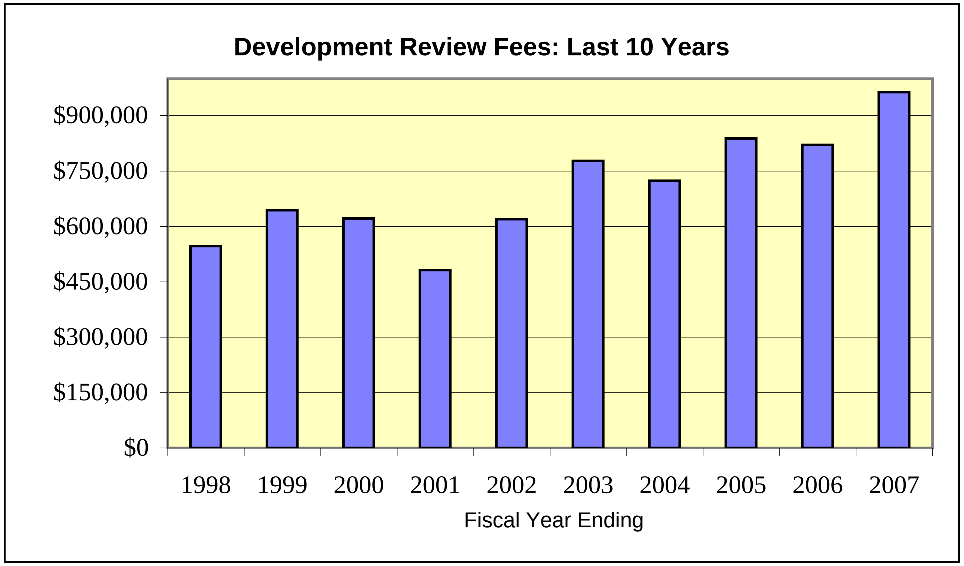
Fiscal Year Ending	Revenue
1998	329,600
1999	301,200
2000	295,600
2001	310,100
2002	415,900
2003	450,200
2004	450,700
2005	572,500
2006	440,100
2007	374,900
Ten Year Average	**$394,100**

Engineering

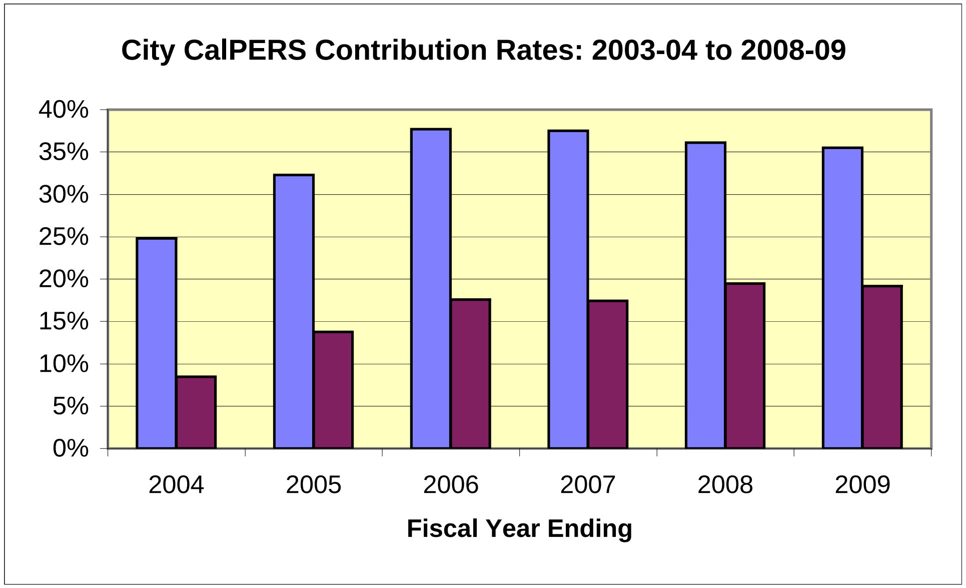
Fiscal Year Ending	Revenue
1998	65,900
1999	92,600
2000	97,400
2001	20,600
2002	11,900
2003	155,100
2004	105,700
2005	81,300
2006	139,800
2007	285,400
Ten Year Average	**$105,600**

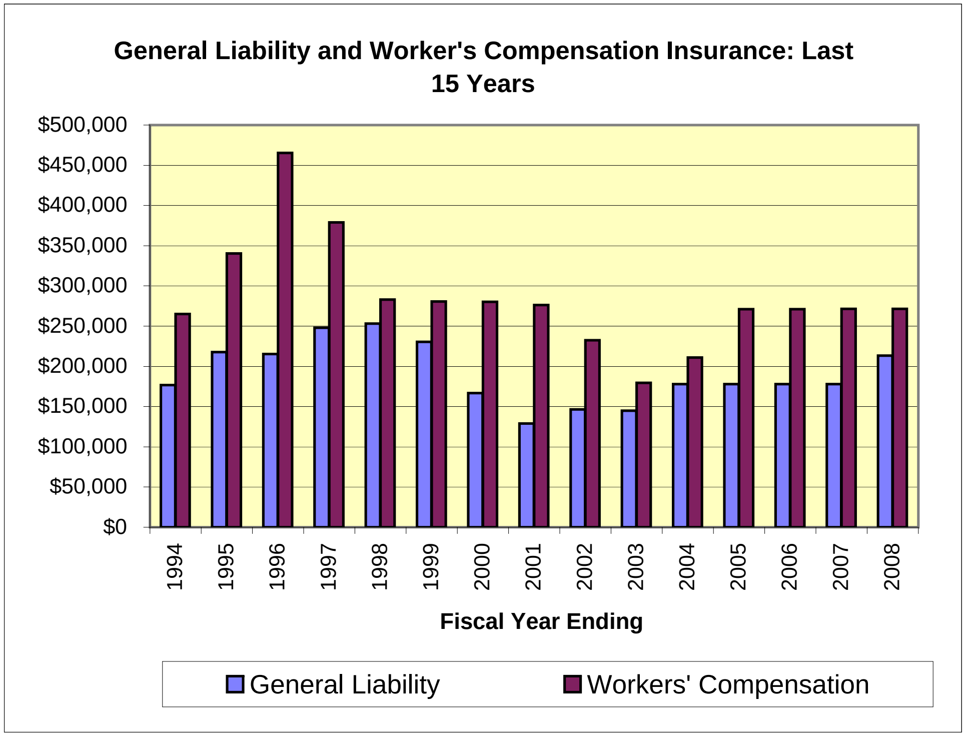
Total

Fiscal Year Ending	Revenue
1998	547,000
1999	644,100
2000	621,300
2001	482,000
2002	619,300
2003	777,000
2004	724,000
2005	837,700
2006	820,700
2007	964,000
Ten Year Average	**$703,700**



Stable CalPERS and Insurance Costs





Both retirement and insurance costs (general liability and workers compensation have stabilized.

Historical Trends: Operating Program Expenditures

Public Safety

Fiscal Year Ending	Amount	Percent Change
1993	3,295,900	
1994	3,426,600	4.0%
1995	3,201,500	-6.6%
1996	2,912,300	-9.0%
1997	2,640,600	-9.3%
1998	2,727,100	3.3%
1999	3,052,900	11.9%
2000	3,216,200	5.3%
2001	3,510,700	9.2%
2002	4,049,700	15.4%
2003	4,247,800	4.9%
2004	4,646,500	9.4%
2005	5,216,700	12.3%
2006	5,725,700	9.8%
2007	5,898,000	3.0%

Community Services

Fiscal Year Ending	Amount	Percent Change
1993	541,200	
1994	558,900	3.3%
1995	583,800	4.5%
1996	366,100	-37.3%
1997	375,100	2.5%
1998	344,000	-8.3%
1999	1,080,000	214.0%
2000	1,157,700	7.2%
2001	1,149,700	-0.7%
2002	1,390,400	20.9%
2003	1,472,100	5.9%
2004	1,608,200	9.2%
2005	1,673,600	4.1%
2006	1,750,700	4.6%
2007	1,998,900	14.2%

Street Maintenance

Fiscal Year Ending	Amount	Percent Change
1993	364,000	
1994	625,900	72.0%
1995	429,400	-31.4%
1996	311,700	-27.4%
1997	369,800	18.6%
1998	335,600	-9.2%
1999	165,300	-50.7%
2000	153,900	-6.9%
2001	443,100	187.9%
2002	443,300	0.0%
2003	531,000	19.8%
2004	521,200	-1.8%
2005	580,100	11.3%
2006	557,800	-3.8%
2007	617,900	10.8%

In Gas Tax Fund from FYE 1993 to 2000

Other Public Works

Fiscal Year Ending	Amount	Percent Change
1993	471,600	
1994	463,700	-1.7%
1995	451,400	-2.7%
1996	150,700	-66.6%
1997	181,600	20.5%
1998	233,900	28.8%
1999	492,500	110.6%
2000	558,500	13.4%
2001	482,900	-13.5%
2002	501,100	3.8%
2003	537,400	7.2%
2004	612,600	14.0%
2005	687,800	12.3%
2006	732,500	6.5%
2007	785,900	7.3%

Annual Growth Rate (Public Safety)

	Actual	Adjusted*
Last 2 Years	6.4%	3.3%
Last 5 Years	7.9%	4.9%
Last 10 Years	8.4%	5.2%
Last 15 Years	4.5%	1.1%

Annual Growth Rate (Community Services)

	Actual	Adjusted*
Last 2 Years	9.4%	6.2%
Last 5 Years	7.6%	4.6%
Last 10 Years	27.1%	23.3%
Last 15 Years	17.4%	13.6%

Annual Growth Rate (Street Maintenance)

	Actual	Adjusted*
Last 2 Years	3.5%	0.5%
Last 5 Years	7.2%	4.3%
Last 10 Years	15.7%	12.2%
Last 15 Years	13.5%	9.8%

Annual Growth Rate (Other Public Works)

	Actual	Adjusted*
Last 2 Years	6.9%	3.8%
Last 5 Years	9.5%	6.5%
Last 10 Years	19.0%	15.4%
Last 15 Years	10.0%	6.4%

* *Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in expenditures*

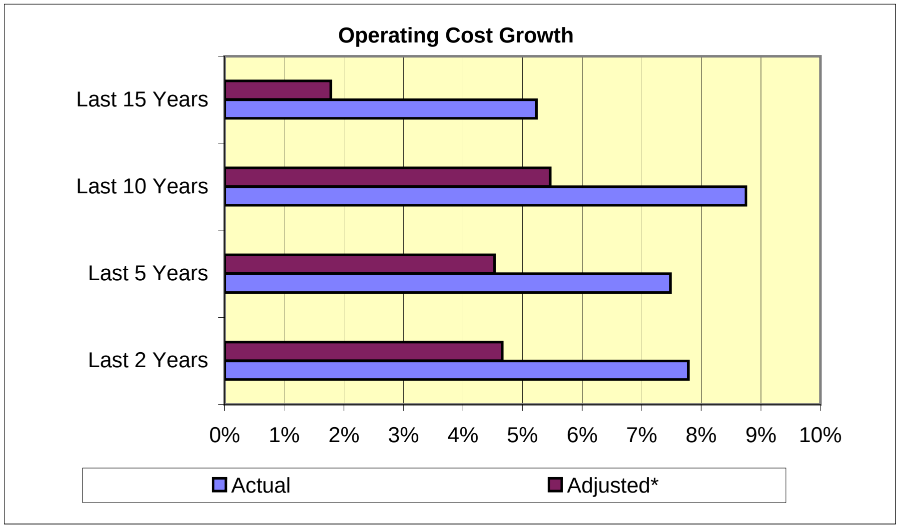
Historical Trends: Operating Program Expenditures

General Government

Fiscal Year Ending	Amount	Percent Change
1993	1,642,500	
1994	1,709,000	4.0%
1995	1,796,300	5.1%
1996	1,776,100	-1.1%
1997	1,826,200	5.7%
1998	1,903,200	4.2%
1999	1,349,600	-29.1%
2000	1,859,500	37.8%
2001	1,991,200	7.1%
2002	2,277,400	14.4%
2003	2,473,800	8.6%
2004	2,303,800	-6.9%
2005	2,529,000	9.8%
2006	2,843,700	12.4%
2007	3,114,300	9.5%

Total

Fiscal Year Ending	Amount	Percent Change
1993	6,315,200	
1994	6,784,100	7.4%
1995	6,462,400	-4.7%
1996	5,516,900	-14.6%
1997	5,393,300	-2.2%
1998	5,543,800	2.8%
1999	6,140,300	10.8%
2000	6,945,800	13.1%
2001	7,577,600	9.1%
2002	8,661,900	14.3%
2003	9,262,100	6.9%
2004	9,692,300	4.6%
2005	10,687,200	10.3%
2006	11,610,400	8.6%
2007	12,415,000	6.9%



Annual Growth Rate (General Government)

	Actual	Adjusted*
Last 2 Years	11.0%	7.8%
Last 5 Years	6.7%	3.8%
Last 10 Years	6.8%	3.6%
Last 15 Years	5.8%	2.4%

Annual Growth Rate (Total)

	Actual	Adjusted*
Last 2 Years	7.8%	4.7%
Last 5 Years	7.5%	4.5%
Last 10 Years	8.7%	5.5%
Last 15 Years	5.2%	1.8%

** Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in expenditures.*