City of Brentwood

Water Treatment Plant

2008/09 - 2017/18
General Fund Fiscal Model

THE CITY OF
BRENTWOOD
HERITAGE ▪ VISION ▪ OPPORTUNITY

Every year the City selects a theme for the covers of its major financial documents - the Capital Improvement Program Budget (CIP), the Operating Budget, the Cost Allocation Plan, the Fiscal Model and the Comprehensive Annual Financial Report (CAFR). This year each of the covers will portray a major project completed within the last year.

COVER: This year's cover shows the recently completed Water Treatment Plant. The City partnered with Contra Costa Water District (CCWD) to jointly construct and operate a surface water treatment plant. The site selected for the City of Brentwood Water Treatment Plant (CBWTP) was on property adjoining the Randall-Bold Water Treatment Plan (RBWTP), located in the neighboring city of Oakley. The proximity of the two plants allows the City to share facilities and operating staff with RBWTP. The new plant now has a capacity of 12 million gallons per day (MGD).

List of Principal Officials

City Officials

Robert Taylor .... Mayor

Erick Stonebarger... Vice Mayor

Chris Becnel .... Council Member

Robert Brockman .... Council Member

Brandon Richey .... Council Member

Executive Team

Donna Landeros .... City Manager
Damien Brower .... City Attorney
Craig Bronzan .... Director of Parks & Recreation
Karen Chew .... Assistant City Manager
Pamela Ehler .... City Treasurer / Director of Finance & Information Systems
Mark Evenson .... Chief of Police
Bailey Grewal .... Director of Public Works / City Engineer
Casey McCann .... Director of Community Development

THE CITY OF BRENTWOOD

HERITAGE • VISION • OPPORTUNITY

February 2009

The Honorable Mayor, Members of the City Council and Citizens of the City of Brentwood
City of Brentwood
Brentwood, California 94513

Dear Mayor, Members of the City Council and Citizens of the City of Brentwood:

We are pleased to present you with the City of Brentwood's 2008/09 – 2017/18 General Fund Fiscal Model. The primary objective of the fiscal model is to take a ten year look down the road in order to ensure the City has a financially healthy future. With the severity of the current recession, and the uncertainty facing many government agencies, the need for long range forecasting and sound financial planning has never been greater.

The fiscal model provides a detailed analysis and projection of the next ten years of revenues, expenses, and fund balance of the General Fund. The City Council adopted the development of a fiscal model as one of their goals in an effort to identify potential financial difficulties before they become a reality. The fiscal model gives City Council a tool to use to help determine the financial feasibility of any priorities or goals they may choose to adopt. The fiscal model also alerts management and the City Council to potential shortfalls and affords them the time to develop practical solutions with minimal impacts to our citizens.

The fiscal model is a dynamic tool that allows staff to run countless "what-if" scenarios and easily assess the fiscal impact of either a single change or multiple changes. The interactive version of the model is available through the Finance Department to assist City staff in studying the financial implications of their long-term planning decisions.

The fiscal model has identified future shortfalls which management will resolve, beginning with reductions which will be incorporated into the 2009/10 Operating Budget The City remains committed to operating with a balanced budget and will close these shortfalls through additional reductions in supplies and services expenses, contractual services and internal services. Our dedication to fiscal responsibility and balancing the budget has been evidenced by the difficult decisions which were made to balance the 2008/09 budget. In accordance with the current prevailing economic consensus, we have built into the model the beginning of an economic recovery towards the end of 2009 and the first half of 2010. Should the recession extend beyond this timeframe, or deteriorate even further, one of the options available to the City is the utilization of funds from our Emergency Preparedness Fund, which currently has $5.9 million, to help cover the inevitable shortfalls that would arise under that challenging scenario.

Work on the original fiscal model began in late 2005 and was a collaborative effort between Management Partners and every City Department. The first fiscal model was presented to City Council in February

2007. Since that time, staff has continued to utilize the model to assist in budgeting. The fiscal model was not brought to City Council in 2008 as the rapidly changing economic environment forced staff to make structural modifications to the fiscal model, including allowing for property valuation reassessments and the impacts of foreclosures - something not envisioned in the 2007 version of the fiscal model. These improvements have only helped strengthen the reliability and accuracy of the fiscal model. Since the model's creation we have continued to update and fine tune the model for every conceivable detail - from projected retirement rate increases in 2012, to the impacts of newly signed employee agreements, to the extra appropriation needed every other year for the elections.

We would like to express our appreciation to all of the City Departments for their contributions and hard work in developing the fiscal model. Special recognition is given to Kerry Breen, Business Services Manager, for his role as the City's principal lead on the project. Appreciation is also expressed to the Mayor and the City Council for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

Respectfully submitted,

Donna Landeros	*Pamela Ehler*
Donna Landeros	Pamela Ehler
City Manager	City Treasurer / Director of Finance and Information Systems

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EXECUTIVE SUMMARY

In February 2007, the City of Brentwood, in partnership with Management Partners, Inc., developed the City's first ever interactive and dynamic 10-year fiscal model. This first version of the fiscal model was one of only 3 documents recognized by the California Society of Municipal Finance Officers in the "Innovation" category in 2008.

The fiscal model was designed to be a living document, allowing staff to continually update the model as often as needed to keep up with changing economic conditions. The fiscal model takes the City's current financial position and, using numerous assumptions and variables, provides a full 10-year fiscal forecast. Staff has taken over responsibility of the maintenance and upkeep of the fiscal model. Several improvements have been added to this version, including the ability to model the effects of the declining housing market and the impacts of reassessed property valuations. This version of the fiscal model was prepared entirely in house, without the assistance or expense of outside consultants.

The model has four interlinked sections:

- A development model.
- Expense models for each department and division, summarized at the General Fund level and supported by a staffing and compensation model.
- A revenue model for each major revenue.
- A fund balance model.

This fiscal model is important and different in several ways. First, the shortcoming of traditional financial models is that they usually have only a few inflationary assumptions and therefore can be significantly inaccurate. The City's model identifies as many variables as possible, while at the same time making it easy for City staff to update and maintain. For example, adjustments are made for the bi-annual election costs borne by the City Clerk's office.

Second, in many cities, especially older, built out cities, growth is limited. These cities' projection models become an extension of their current budget, with only minor adjustment for growth. For cities like Brentwood, who have had a downturn in development but still have growth ahead of them, the fiscal model begins to resemble a development impact model.

The model is a complete fiscal impact model of the City's General Plan. From that standpoint, it can answer the critical question: ***Does the City of Brentwood's planned development support itself, and can we still have a solvent and healthy city in both 10 years and at build out?***

Third, the model serves as the foundation and starting point for the development of the City's budget. The development growth component of the model contains a year-by-year assessment of planned residential and commercial/industrial development. It is detailed down to the housing unit and even includes planned growth for hotel rooms.

The model becomes the basis for future budget projections, using the growth in income from development (property and sales taxes, etc.), and then provides the base data for the increased demand for services which translates into cost on the expense side of the budget.

The model also allows staff to "what if" any number of scenarios and update the model as soon as new information is available.

The key variables driving the City's future fiscal condition are:

- The pattern of development, including the impacts that the dramatic downturn will have on the City's future.
- Staff growth (there are no new employees in this fiscal model, with the exception of new Police staffing commensurate with population growth.) All workforce reductions have been accounted for in the model.
- Compensation, especially wage increases, and health and retirement costs.
- The growth of property taxes and sales taxes from new development, along with the decline in these revenues from the recession.
- Funding for Other Post Employment Benefits (OPEB, or retiree medical coverage).

The capabilities of the fiscal model have proven to be extremely beneficial over the past two years as economic challenges have intensified. The fiscal model has assisted staff with anticipating shortfalls and helped maintain a long term focus. This is the first time the fiscal model has been brought back to the City Council since the original version was adopted in 2007. We were unable to bring the fiscal model to City Council in 2008 as the rapidly changing economic environment and lack of visibility did not allow for meaningful projections. This version of the fiscal model has reliable projections of the General Fund's main revenue sources, as staff has been able to incorporate 2009/10 property tax, sales tax and vehicle license fee revenues, with the amounts confirmed by the City's outside experts.

The fiscal model will also be utilized by staff as a tool in the development of the 2009/10 budget. The fiscal model has identified future shortfalls which management will resolve when the 2009/10 budget is brought to Council for adoption in June. The City remains committed to operating with a balanced budget and will close these shortfalls through additional reductions in supplies and services expenses, contractual services and internal services. The City's dedication to fiscal responsibility and operating with a balanced budget has been evidenced by the difficult decisions which were made to balance the 2008/09 budget. In accordance with the current prevailing economic consensus, we have built into the model the beginning of an economic recovery towards the end of 2009 and the first half of 2010. Should the recession extend beyond this timeframe, or deteriorate even further, the City would have the option of using funds from the Emergency Preparedness Fund, which currently has over $5.9 million, to help cover the inevitable shortfalls that would arise under that challenging scenario.

The model is an Excel spreadsheet that analyzes every one of the City's General Fund revenues and expenditures. There are over 15,000 interlocking data points, which allow a seemingly minor individual adjustment to the fiscal model to be accurately reflected throughout the model. For example, if staff were to adjust the projected number of single family housing permits, which requires changing just one cell in the program, the fiscal model would not only automatically adjust the City's Building, Planning and Engineering revenue for the increased fees, but it would also provide minor boosts to many of the City's other revenues as well, including property taxes, property transfer tax, sales tax, motor vehicle license revenue, investment income (due to an increase in projected cash), and franchise fees. In addition, the fiscal model would automatically increase police staffing as the population increases. These costs would then be reflected in the fiscal model as well.

This new fiscal model will be an invaluable tool for the City's current and future policymakers to examine these variables, ensuring that the City of Brentwood's vision is brought to reality, and that the City will continue to enjoy a stable financial future.

FISCAL MODEL FORECAST

***<u>Key Finding:</u>* The City's healthy financial position can be maintained as long as the City remains committed to avoiding the use of reserves to close future budget deficits. The fiscal model has identified future reductions which will be necessary to operate with a balanced budget over the next several years. City staff will be incorporating the necessary reductions in the 2009/10 operating budget. The City has strong reserves in excess of 30%, along with healthy internal service funds. Emergency Preparedness Funds, in excess of $5.9 million, also exist which could assist the City should the recession deepen further. It is important to recognize that small changes in operational costs, or changes in the economy, can have much larger impacts over the course of a decade than might be imagined.**

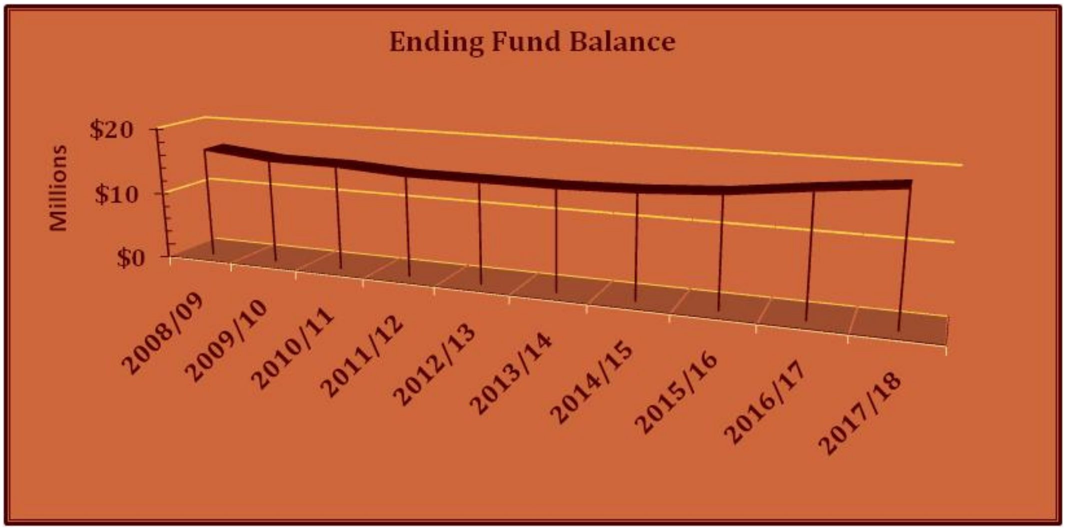
This report will illustrate the primary summary tables for growth and development, revenues and expenses, including staffing changes and fund balance. The City of Brentwood's existing fiscal health is good, but solutions to the shortfalls projected over the next several years must be implemented in order to ensure the long-term health of the City. Small changes in operational costs, or changes in the economy, can have much larger impacts over the course of a decade than might be imagined.

The key variables impacting the City's future fiscal condition are:

- The pattern of development, including the impacts that the dramatic downturn will have on the City's future.
- Staff growth (there are no new employees in this fiscal model, with the exception of new Police staffing commensurate with population growth). All workforce reductions have been accounted for in the model.
- Compensation, especially wage increases, and health and retirement costs.
- The growth of property taxes and sales taxes from new development, along with the decline in these revenues from the recession.
- Funding for Other Post Employment Benefits (OPEB, or retiree medical coverage).

Fund Balance, along with annual additions/draws from fund balance, is the best indicator of a City's financial health. These are illustrated together in the Fund Balance Summary (Table 13 on page 23). As shown in the graph below, the model projects that the City will be able to maintain healthy fund balances - provided the identified reductions (Table 13) are implemented and the City maintains its resolve to operate with a balanced budget.

GRAPH 1: ENDING FUND BALANCE



Over the next ten years, fund balance is forecasted to increase by $1.8 million, reaching a low point of approximately $14.8 million in 2011/12, and reaching a high of $18.3 million in 2017/18.

The City Council has adopted a 30% reserve goal for the General Fund. Over the course of the next ten years, the General Fund is forecast to fall short of this goal in the 2013/14 - 2016/17 timeframe, although the shortfall maxes out at $737,085. By the end of the next decade the General Fund is once again projected to exceed 30% reserves.

The fiscal model creates value in the form of an advance warning against what may occur to the City's financial condition without intervention. As stated in the "Key Finding" at the beginning of this section, minor changes can have significant impacts when considered over the course of a decade. For example, changing the annual projected Consumer Price Index (CPI) for staff salaries by just 1% over the next decade causes the fund balance to change by almost $9 million. This illustrates the degree by which changes made today compound themselves and amount to significant changes over time. This advance warning allows City management to address these projected shortfalls in a timely manner, as has been done each of the past two years. This also offers the opportunity for City Council to make informed, albeit difficult decisions, to protect the fiscal health of the City, as opposed to being put in the position of having no reserves and a structural deficit, which is the situation plaguing many cities in California.

GROWTH PROJECTION MODEL

Key Finding: ***The slowdown in population growth experienced by the City over the past two years is expected to continue. The population growth rate is not expected to surpass 1% until 2012/13 and is expected to remain range-bound, between 0% and 2%, through the next decade. For the foreseeable future, Brentwood will more closely resemble a "built-out" city, with little development revenue and modest yearly revenue increases.***

The City's growth model is summarized in Tables 1 and 2. Table 1 reports residential growth. This is based on the number of residential housing starts which is translated into estimated residents; assuming that 2.86 people live in single-family homes and 3.38 live in multiple-family units. The estimated residents per housing unit figures are based on Bay Area data.

TABLE 1: GROWTH PROJECTION SUMMARY – RESIDENTIAL

Year	Total Units	Single Family	Total Persons Added	Multi Family	Total Persons Added	Added Population	Total Population	Annual Populaton Growth %
Current							50,614	
2008/09	13	13	37	-	-	37	50,651	0.1%
2009/10	25	25	72	-	-	72	50,723	0.1%
2010/11	50	50	143	-	-	143	50,866	0.3%
2011/12	100	100	286	-	-	286	51,152	0.6%
2012/13	258	150	429	108	365	794	51,946	1.6%
2013/14	320	200	572	120	406	978	52,924	1.9%
2014/15	325	250	715	75	254	969	53,893	1.8%
2015/16	325	250	715	75	254	969	54,862	1.8%
2016/17	375	300	858	75	254	1,112	55,974	2.0%
2017/18	375	300	858	75	254	1,112	57,086	2.0%
Total	**2,166**	**1,638**	**4,685**	**528**	**1,787**	**6,472**	**57,086**	**12.79%**

The total number of new single family houses planned through 2018 is 1,638. Combined with the 528 multiple-family permits this will mean 6,472 new residents. Both of these figures are down substantially from the last version of the fiscal model, which forecasted 5,800 units and 16,858 new residents. The City is not expecting to issue more than 300 single family permits in any single year over the next decade, in stark contrast to the previous fiscal model in which the City never had a year *under* 500 permits. Any increase in building permits is expected to occur gradually, with very little development over the next five years. If these estimates hold true, the City will have a population of approximately 57,086 in 2018. At build out, the City is estimated to have a total population of approximately 75,000 citizens.

The growth model is the key to future revenue and expense assumptions. Virtually all of the City's revenues are impacted by development, either directly through development fees, or indirectly through the impacts of having a larger tax base from which to support operations. Similarly, expenses increase with development as staffing requirements and outside contractual service requirements increase. A small change today can create significant changes years later. For example, increasing the single family building permits by 100 units per year over the life of this fiscal model adds over $12 million to the 2017/18 Fund Balance. Just that single change in the forecasting adjusts more than 4,500 other estimates related to expenses and revenues. The change occurs instantly and the model has built in report tables, graphs and charts so staff can quickly review the changes. **NOTE:** The model assumes increased police staffing related to the increase in population, but does not automatically adjust for any other staffing requirement increases that might be brought on from an increase in unit count. Staff, other than Police, must be added manually as part of each Department's long term plan.

Commercial growth is expected to decline substantially. An increase is forecast over the final few years of the model, which is consistent with the forecast of increased residential (single family permits) development during the latter stages of the next decade.

TABLE 2: GROWTH PROJECTION SUMMARY – COMMERCIAL

Year	Commercial Sq. Ft	Offfice Sq. Ft	Industrial Sq. Ft
2008/09	15,861	-	-
2009/10	60,085	10,951	48,546
2010/11	77,202	10,000	35,869
2011/12	19,280	10,000	-
2012/13	15,000	10,000	-
2013/14	15,000	10,000	20,000
2014/15	35,000	20,000	40,000
2015/16	35,000	20,000	40,000
2016/17	35,000	20,000	40,000
2017/18	35,000	20,000	40,000
Total	**342,428**	**130,951**	**264,415**

REVENUE SUMMARY

Key Finding: ***The City's General Fund revenues are expected to decline for a third consecutive year in 2009/10. The City does not expect to match its peak revenue, earned in fiscal year 2006/07, until 2013/14. This seven year stretch with zero revenue growth has put a tremendous strain on the City's operating budget and has been the primary factor behind the City's aggressive actions of controlling costs and reducing its workforce. Over the next ten years revenue growth is expected to increase at an average annual rate of 4.4%, with average increases of 6.1% projected over the final six years.***

Revenue growth improves the City's ability to increase services to the public, keep up with the increased costs of landscape and street maintenance, and increase public safety staffing. Unfortunately, Brentwood's revenue growth pattern reflects the fact that the City is in the midst of an historic economic downturn. Several years ago development revenue was the City's primary revenue source. It has since been supplanted by property tax, sales tax and motor vehicle license revenue. Unfortunately, all three of those top revenue sources are also expected to decline in the 2009/10 fiscal year, resulting in grim revenue projections along with the need for additional future expense reductions (identified in Table 13) in this fiscal model.

The previous fiscal model's revenue projections were a combination of the growth of the City (as measured by population increases) and of traditional inflationary measures. Added to this fiscal model is an assumption which had to be made regarding the length and severity of the recession. This fiscal model has incorporated the realities of reduced property valuations and declining home values in order to provide a realistic forecast.

Property tax revenue in 2009/10 is forecasted to decline by 10.5%. Staff feels comfortable this is a conservative, yet reasonable estimate and has had the estimate confirmed by the City's outside property tax consultant. While lowered property valuations have put a strain on the City's budget, the City does have the potential to recapture a portion of these reduced valuations should the market stage any kind of recovery over the next decade. By law, if a property is reassessed downward, its assessed value can be increased more than the statutory 2% in future years. Staff has included a recovery of $300,000 over this timeframe, as properties that were reassessed lower are eligible to increase at a rate higher than 2% per year if home price appreciation begins to exceed 2%. Even with this recapture, and with some new residential and commercial development, the City is not expecting to match its peak revenue for property taxes, achieved in 2007/08, until fiscal year 2013/14.

Sales tax, the General Fund's second largest individual revenue generator, is also expected to decline in 2009/10. The decline would have been much worse if not for the opening of the Streets of Brentwood Lifestyle Center. Rising unemployment, decreased consumer confidence, the "decrease in wealth" effect from a slumping stock market and historic declines in property values, along with lower gas prices will all weigh on the City's sales tax revenues next year. Longer term, the City expects sales tax to post average annual gains of approximately 3.5% through the duration of the ten years of this fiscal model, roughly in line with an average CPI increase of 3% and a 1% increase in population growth. The final several years of the fiscal model have larger percentage increases due to the return of development (albeit only to 20% of the City's peak development years).

Overall, the fiscal model is forecasting average annual revenue increases of 4.4% per year, and a 3.0% average annual increase in revenues per capita. Following a 6.1% decline in 2009/10, revenues are forecast to grow 4.1% in 2010/11. The remaining years of the fiscal model are all forecasted to have increased revenues, ranging from 5.3% to 6.5%, as development and consumer confidence begin to return.

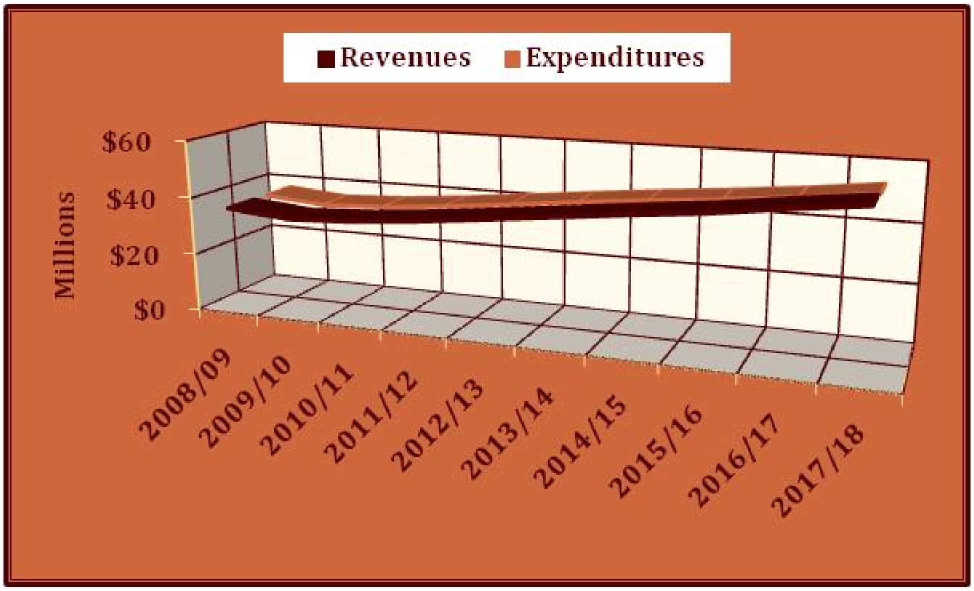
Table 3 summarizes the growth in revenues through 2018.

TABLE 3: REVENUE SUMMARY

Revenue Summary	2008/09	2017/18	Total Increase	Avg Growth Rate
Property Tax	$8,277,254	$12,925,080	$4,647,826	5.1%
Property Transfer	$408,800	$658,828	$250,028	5.5%
Sales Tax	$5,164,143	$7,045,732	$1,881,589	3.5%
Franchise Fees	$1,100,000	$1,646,595	$546,595	4.6%
Transient Occupancy Tax	$229,510	$516,266	$286,756	9.4%
Motor Vehicle License	$3,529,533	$5,223,294	$1,693,761	4.4%
Investment Income	$1,256,000	$1,220,309	-$35,691	-0.3%
Business License	$435,000	$644,873	$209,873	4.5%
Building Fees	$665,968	$2,467,015	$1,801,047	15.7%
Engineering Fees	$688,184	$1,463,550	$775,366	8.7%
Planning Fees	$300,000	$1,017,723	$717,723	14.5%
Park & Recreation	$3,159,884	$4,800,650	$1,640,766	4.8%
Interfund Services	$5,414,954	$7,284,855	$1,869,901	3.4%
Other	$2,011,086	$2,814,874	$803,788	3.8%
Transfers In	$3,950,697	$4,080,724	$130,027	0.4%
Total	**$36,591,013**	**$53,810,368**	**$17,219,355**	**4.4%**
Per Capita	$722	$943	$220	3.0%

The growth rates of revenues and expenditures are fairly similar for the first few years of the fiscal model before returning development begins to push the growth in revenues higher.

GRAPH 2: REVENUES AND EXPENDITURES



Due to the decline in revenues in 2009/10, the fiscal model has identified expense reductions which will be incorporated into future operating budgets. However, the City's ability to continue to reduce costs will be limited, and alternate balancing mechanisms would be required if the recession continues to worsen. In that scenario, the City would have the option of using funds from the Emergency Preparedness Fund, which currently has over $5.9 million, to help cover the inevitable shortfalls. Using the Emergency Preparedness Fund in this case would allow the City to maintain its 30% reserves in the General Fund.

The City's dedication to operating with a balanced budget has proven to be not only a fiscally responsible decision, but has also put the City in a position to remain solvent should the economy not turnaround for several years. The City's strong levels of reserves have remained 100% intact, while other cities have started depleting their reserves in the hope the worst of the economic downturn has passed. Should the economy get worse, cities that opted to use reserves to balance their budgets will find that their options have depleted just as fast as their reserves.

EXPENSE SUMMARY

***<u>Key Finding:</u>* The City must control expenses in order to maintain a balanced budget. Although revenues are expected to post annual increases beginning in 2010/11, the increases are not sufficient to allow for any new staffing, other than police. In addition, the City must hold the line in supplies and services spending, which the fiscal model assumes at 2%. Making do with less is the only way the City can ensure a viable financial future. Over the next ten years expenditure growth is expected to increase at an average annual rate of 4.1%.**

Since the City has only minor control over its revenue growth, it is largely on the expense side that the City must look to balance the projected deficit. The City has already reduced staffing levels, trimmed supplies and services budgets and implemented several cost saving measures in order to maintain a balanced budget through the 2008/09 budget year. Unfortunately, further deterioration of the City's revenues in 2009/10 will necessitate further reductions in expenses. Absent these reductions, the City will operate with a structural deficit until the economic environment, including property values, consumer spending and development, improves.

The expense projection model, like the revenue model, is based on both the growth projection model and traditional inflationary pressures in a city's budget. For example, salaries will grow from inflation in compensation and benefits. Internal service fund charges will need to keep up with commodity pricing and the police staffing increases based on the growth in population. Therefore, the expense model links elements from both the budget and growth databases.

The total City General Fund expenses will increase from $36.5 million in 2008/09 to $52.6 million in 2017/18. The average annual increase of expenses per capita is $22.35, or 2.8%, which is below historical inflation rates.

The Police Department is the fastest growing City department. Police are the only department that is projected to hire additional staff over the next ten years. Projected new staff includes sworn officers along with the requisite support staff for these officers.

Table 4 shows expenses by Department:

TABLE 4: EXPENSE SUMMARY BY DEPARTMENT

Department Summary	2008/09	2017/18	Total Increase	Avg Growth Rate
General Government	$6,549,156	$8,417,007	$1,867,851	2.8%
Police	$14,723,724	$21,390,276	$6,666,552	4.2%
Parks & Recreation	$5,016,549	$6,731,710	$1,715,161	3.3%
Community Development	$3,527,752	$4,484,998	$957,246	2.7%
Public Works	$5,222,904	$6,752,784	$1,529,880	2.9%
Operational Transfers Out/OPEB	$1,459,441	$4,840,577	$3,381,136	14.3%
Total	**$36,499,526**	**$52,617,352**	**$16,117,826**	**4.1%**
Per Capita	$721	$922	$201	2.8%

The Police Department is projected to have the highest departmental expense growth rate at 4.2% annually. This is due primarily to the addition of new staff, which the other departments are not forecasted to receive. The remaining City departments are all forecasted to increase at an annual rate between 2.1% and 3.7%. This model is only reporting on the General Fund so other departments, such as Redevelopment and the Enterprises, which aren't part of the General Fund, are not included in any of these discussions.

On a percentage basis, or share of the budget which Table 5 illustrates, the distribution of resources declines from most departments. This is a reflection of the increased costs of Other Post Employment Benefits (OPEB). The Police Department showed an overall increase as a percentage of resources.

A summary of each Department's share of the budget is presented below in Table 5:

TABLE 5: SUMMARY OF DEPARTMENT'S SHARE OF BUDGET

Department Summary	2008/09	2017/18	2008/09 Share	2017/18 Share
General Government	$6,549,156	$8,417,007	17.9%	16.0%
Police	$14,723,724	$21,390,276	40.3%	40.7%
Parks & Recreation	$5,016,549	$6,731,710	13.7%	12.8%
Community Development	$3,527,752	$4,484,998	9.7%	8.5%
Public Works	$5,222,904	$6,752,784	14.3%	12.8%
Operational Transfers Out/OPEB	$1,459,441	$4,840,577	4.0%	9.2%
Total	**$36,499,526**	**$52,617,352**	**100.0%**	**100.0%**

This mini-report is an example of the many that exist in the model. Mini-models and reports are in each department section of the model to provide information to department managers and city policy makers. Each department section provides extensive budget data for budget planning.

Included in the expenditure forecasts are the impacts of the current employee labor contracts, the impacts of the new Civic Center, increases in required pavement management contributions, the end of the City's agreed upon contributions to the Village Community Resource Center, increases in funding requirements for the City's internal service funds, and 2% annual increases in supplies and services.

As shown in Tables 6 and 7 below, Police is the only department projected to increase staffing levels, at a total recurring annual cost of $900,861, by 2017/18.

TABLE 6: SUMMARY OF STAFFING INCREASES

Year	General Government	Police	Parks & Recreation	Community Development	Public Works	Total General Fund
Existing	29.85	78.00	17.23	21.06	28.82	174.96
2008/09	-	-	-	-	-	-
2009/10	-	0.17	-	-	-	0.17
2010/11	-	0.05	-	-	-	0.05
2011/12	-	0.09	-	-	-	0.09
2012/13	-	0.17	-	-	-	0.17
2013/14	-	0.35	-	-	-	0.35
2014/15	-	0.97	-	-	-	0.97
2015/16	-	1.44	-	-	-	1.44
2016/17	-	1.48	-	-	-	1.48
2017/18	-	1.48	-	-	-	1.48
Total New	-	6.20	-	-	-	6.20
Total	**29.85**	**84.20**	**17.23**	**21.06**	**28.82**	**181.16**

These staffing increases are merely projections included in the current version of the fiscal model. They are intended to be flexible and the City may wish to shift priorities or reanalyze workloads at any point, thereby changing the staffing projections. All staff increases would require sufficient funding through the budget and the approval of the City Manager and City Council.

TABLE 7: SUMMARY OF NEW STAFFING COSTS

Year	General Government	Police	Parks & Recreation	Community Development	Public Works	Total General Fund
2008/09	$0	$0	$0	$0	$0	$0
2009/10	$0	$22,903	$0	$0	$0	$22,903
2010/11	$0	$6,097	$0	$0	$0	$6,097
2011/12	$0	$12,019	$0	$0	$0	$12,019
2012/13	$0	$24,639	$0	$0	$0	$24,639
2013/14	$0	$50,510	$0	$0	$0	$50,510
2014/15	$0	$143,741	$0	$0	$0	$143,741
2015/16	$0	$206,322	$0	$0	$0	$206,322
2016/17	$0	$214,632	$0	$0	$0	$214,632
2017/18	$0	$219,998	$0	$0	$0	$219,998
Total	**$0**	**$900,861**	**$0**	**$0**	**$0**	**$900,861**

Increases will also occur in compensated benefits. To model this citywide several assumptions are incorporated into the staffing analysis component. This creates composite rate adjustments on an annual basis that each operating budget references. Any change in these variables changes hundreds of other cost estimates in each department's individual model. For the purpose of planning and this report, average CPI are set at 2% and health insurance increases, which have finally slowed down, are forecast at 4% annually. The most significant impact on the City's employee costs is expected to be a substantial increase in Public Employee Retirement System (PERS) rates in a few years. The City pays PERS as a percentage of each employee's salary in order to provide for that employee's retirement. PERS sets their rates to ensure adequate funds are available to provide to retirees. With the substantial declines in the stock market, PERS has already warned the City to expect a significant increase in required contributions. This increase is expected to occur in fiscal year 2011/12. Included in the fiscal model is a jump in the City's required average contribution from 24.7% of salaries to 28.7%. This increase alone will cost the City over $600,000 on an annual basis.

The City has also incorporated estimated OPEB costs into the fiscal model. The model assumes that retiree medical costs are covered for the next two years through the City's insurance internal service fund, which currently has over $5 million. After that, the General Fund begins to absorb a portion of the costs, with escalating costs throughout the remainder of the fiscal model. By the last year of this fiscal model, the General Fund is contributing $2,743,002. Staff estimates that these contribution amounts (there will be contributions from other funds such as the Enterprises as well) will be sufficient to cover the full pay-as-you go cost of retiree medical, with the insurance fund acting as a safety net to cover any potential shortfalls. Sound financial practices dictate that the City should strive to fully pre-pay the retiree medical costs on an annual basis.

During times of budget surpluses many cities in California; including Brentwood, enhanced retirement benefits for their employees. In 2000 the City changed the public safety formula from 2% @ 50 to 3% @ 50; and in 2003 the formula for the general employees was raised from 2.0% @ 55 to 2.7% @ 55. The higher level is now a vested right of all current employees but may need to be reconsidered for future employees in light of a much slower economic recovery.

Table 8 shows current compensation growth assumptions.

TABLE 8: COMPENSATION GROWTH ASSUMPTIONS

Personnel Assumptions			
Annual Staff CPI		**% of Staff not at E Step**	
First 5 Years	2.0%	First 5 Years	26.3%
Second 5 Years	2.0%	Second 5 Years	25.0%
Annual Increase for health care benefits		**Promotion Frequency**	
First 5 Years	4.0%	First 5 Years	1.5%
Second 5 Years	4.0%	Second 5 Years	2.5%
Other Personnel Expenses		**Annual PERS rates**	
First 5 Years	3.0%	Thru 2010/11	24.7%
Second 5 Years	3.0%	Thereafter	28.7%

Total salaries and benefits are compared to total expenses in Table 9. The purpose of this analysis is to answer the questions:

1) Are staffing costs increasing as a percent of total operations?
2) Are staffing costs growing faster than the City's projected revenues?

In the analysis of total salaries and benefits illustrated in Table 9, total salary and benefits expenses will grow $9.3 million, or 37.8%, over the estimated 2008/09 amount of $24.5 million. Table 9 also shows us the answers to the two questions posed above. In regards to the first question, the growth rate of the City's revenues will outpace personnel costs over the course of the next ten years. This is due to the low number of new employees projected in the model. The second question is answered in much the same way as the first. Personnel costs, as a percentage of the budget, are forecast to decrease as the economy turns around and staffing levels are not increased (except Police) while other operating expenses continue to increase.

Table 9 contains a summary of staffing cost increases compared to operating expense and operating revenue increases.

TABLE 9: SUMMARY OF STAFFING COST INCREASES

Year	Salary and Benefits Total	Operating Expenses	Operating Revenues	% of Operating Expenses	% of Operating Revenues
2008/09	$ 24,515,298	$ 36,499,526	$ 36,591,013	67.2%	67.0%
2009/10	$ 24,152,184	$ 34,643,751	$ 34,643,751	69.7%	69.7%
2010/11	$ 25,048,134	$ 35,734,498	$ 35,734,498	70.1%	70.1%
2011/12	$ 26,839,823	$ 37,748,363	$ 37,748,363	71.1%	71.1%
2012/13	$ 27,783,289	$ 40,266,338	$ 40,266,338	69.0%	69.0%
2013/14	$ 28,787,626	$ 42,846,404	$ 42,846,404	67.2%	67.2%
2014/15	$ 29,919,801	$ 45,196,700	$ 45,487,643	66.2%	65.8%
2015/16	$ 31,153,568	$ 47,264,068	$ 47,911,285	65.9%	65.0%
2016/17	$ 32,438,155	$ 49,668,985	$ 51,017,824	65.3%	63.6%
2017/18	$ 33,772,375	$ 52,617,352	$ 53,810,368	64.2%	62.8%
Growth	**37.8%**	**44.2%**	**47.1%**		

This report and analysis does not cover three types of funds: Redevelopment, Enterprise and Capital Projects.

Enterprise Funds are dependent on resources outside the City's General Fund and must remain balanced. Since they do not appear in the General Fund they were not modeled. Finally, some operating capital items are included in the model, but the majority of larger projects that are planned to be funded with special assessments are not included since they will not be part of the General Fund. The fund balance analysis in the model reports the planned reserves from the General Fund to be set aside.

The City conducts rate studies every 2-4 years in order to ensure the expenses of the Enterprise funds are fully recovered through appropriate user fees. In this way the City is constantly monitoring and updating the long term projections for these funds and ensuring their long term health. The City also conducts an annual 10 year look at capital projects and development impact fee funds as a part of the Capital Improvement Program (CIP) budgeting process.

FUND BALANCE

Key Finding: ***At the end of the 2008/09 fiscal year, the City is projected to have a General Fund balance of $16.5 million. The fiscal model assumes that the identified expense reductions (see Table 13 in the attachments section) will be implemented. This assumption is consistent with the City's continuing resolve to balance the budget without dipping into reserves. The City has maintained 30% as an unreserved fund balance, along with strong cash balances, in the internal services funds. Included in the internal service funds is the Emergency Preparedness Fund, whose $5.9 million could be used to help balance the budget should the recession deepen further.***

The fund balance model is based on generally accepted accounting formats that report beginning balances, plus revenues, less expenses, and transfers both in and out of the fund. This model considers all those elements and is formatted to be consistent with the City's annual comprehensive finance reports. One time transfers out for CIP projects are also included in these figures, causing occasional decreases in fund balance despite the ongoing adoption of balanced budgets.

Based upon the assumptions outlined throughout the fiscal model, the model generates reports detailing the beginning and ending fund balance of the General Fund. Fund balance is generally considered an overall benchmark of fiscal health. A minimal desire is to maintain a 10% to 15% ending unreserved balance. To maintain a position of modest health, a 20% level might be considered best. In Brentwood, the Council has set the desired level at 30%. The City currently meets the 30% requirement and has continued to stress the importance of balancing the budget without dipping into reserves. Staff is currently working on budget solutions for the 2009/10 fiscal year which, if approved, will allow the City to avoid using reserves at any point so far during this prolonged recession.

Current projections show that while the City can weather this downturn without the use of reserves, the City is not able to maintain 30% in unreserved fund balance in every individual year. This is because as expenses grow, additional amounts must be put to the reserves. For example, if the City had $30 million in expenses, $9 million must be set aside in unreserved funds. If expenses increase to $40 million, then $12 million must be established as unreserved funds. While the forecast does not forecast that the 30% unreserved requirement will be met each individual year, by the last year of this model the 30% target is once again achieved.

Table 10 below provides a summary of projected Fund Balance.

TABLE 10: SUMMARY FUND BALANCE

General Fund Balance	2008/09	2017/18	Total Increase	Avg Growth Rate
Beginning Balance	$23,465,796	$17,117,981	-$6,347,815	-3.0%
Annual Revenue	$32,640,316	$49,729,644	$17,089,328	4.8%
Transfers In	$3,950,697	$4,080,724	$130,027	0.4%
Sub-Total	$36,591,013	$53,810,368	$17,219,355	4.4%
Operations	$35,040,085	$50,519,777	$15,479,692	4.2%
Operational Transfers Out	$1,459,441	$2,097,575	$638,134	4.1%
CIP Transfers Out	$7,068,201	$0	-$7,068,201	-11.1%
Sub-Total	$43,567,727	$52,617,352	$9,049,625	2.3%
Net Increase (Decrease)	-$6,976,714	$1,193,016	$8,169,730	
Ending Balance	**$16,489,082**	**$18,310,997**	**$1,821,915**	**1.2%**
Reserved	$5,178,000	$2,300,000	-$2,878,000	-6.2%
Unreserved	$11,311,082	$16,010,997	$4,699,915	3.9%
Percent of Operations	**31.0%**	**30.4%**		

Fund Balance is comprised of two components, reserved and unreserved funds. Reserved funds are amounts that are earmarked for specific purposes. The General Fund has reserved fund balances for Pavement Management reserves, Village Community Resource Center reserves, Compensated Absences reserves, Street Light reserves, City Park reserves and City Rentals reserves. Unreserved funds can be used to help the City through economic uncertainties or local disasters; provide contingencies for unseen operating or capital needs and is also used for cash flow management. The City strives to maintain 30% in unreserved fund balance.

SUB-MODELS AND REPORTS

> ***<u>Key Finding:</u>*** ***There are an unlimited number of additional reports that the fiscal model can generate. Complex analysis and specific "what-if" scenarios which used to take several hours can now be performed in a matter of minutes. Users and policy makers will have the ability of seeing data in new and powerful ways.***

The detail of the model provides for the creation of a number of automatic reports. For example, in each department an analysis is included of the expenses against some service indicator. This is a demand-based model, not an output model. Therefore, it is a benchmark against service indicators, not department performance. Despite some shortcomings, the City believes it provides useful information for management and policy makers.

Sub-models and reports are in each department section of the model for department managers and city policymakers. The comparison of "old share" of budget to the department's "new share" at the end of the decade is an example of a mini-model. There are many other sub-models more that can help policy makers understand the changing dynamic of the City's resources. The following are some other examples:

- The fund balance model compares the ending fund balance available to the City's desired level of 30% of "undesignated" balance. This includes a projection of future designations.
- The Human Resources department includes a section modeling health-care and retirement costs, as well as staff increases.
- Human Resources also has a section comparing the growth of staff costs to both total operations and revenue growth. The expenses are tracked on a cost per capita basis. This report is also used in most other department sections.
- In Public Works, a mini-report is built around the number of lane miles. The report provides a year-to-year comparison of operating costs to lane miles.
- Community Development has an output model that measures the tax base growth related to development, as compared to Community Development operating costs.

In addition, staff will be creating a Police mini-model which can be used to track staffing indicators adopted by the City Council. This will allow for additional analysis comparing funds spent and their impact on these indicators. Staff anticipates including this analysis in the next version of the fiscal model, which will likely be produced in early 2010.

CONCLUSION

From the beginning this project has been a collaborative effort. The Governmental Finance Officers Association (GFOA) recommends that all local governments maintain a long-term financial projection. GFOA recommendations note that the development of such models is typically a task best undertaken by an experienced, outside consulting firm and that resources be devoted to such an effort. However, GFOA also stresses the model must be developed with input from staff and that staff must be able to seamlessly take over operation of the model for it to have maximum utility. With this fiscal model, the City has assumed responsibility for the upkeep and production of the fiscal model from Management Partners, who assisted with the original implementation in 2007. This process, and the resultant financial model, is reflective of the most current thinking on long-term municipal finance modeling.

Our first version of the fiscal model, produced in 2007, was one of only three documents recognized by the California Society of Municipal Finance Officers (CSMFO) at their annual conference in 2008, winning an award in the "Innovation" category.

This project could not have been completed without the continued support of the City Council and the City Manager. Their leadership has allowed the City to maintain its healthy reserves and have put the City in a position to successfully navigate the current economic downturn.

Attachments

Table 11: Revenue Summary

Revenue	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Property Tax:										
Existing Base	$8,277,254	$7,357,486	$7,553,240	$7,884,316	$8,360,380	$8,927,818	$9,555,398	$10,219,865	$10,914,847	$11,671,080
New Residential	$0	$10,888	$15,852	$40,038	$110,139	$145,103	$157,568	$163,871	$199,080	$215,983
Residential Turnover	$0	$0	$123,864	$235,332	$245,480	$258,352	$269,745	$280,330	$291,543	$304,099
New Commercial	$0	$33,073	$81,097	$146,515	$218,028	$295,191	$381,689	$483,174	$600,342	$733,918
Sub -Total	$8,277,254	$7,401,447	$7,774,053	$8,306,201	$8,934,027	$9,626,464	$10,364,400	$11,147,240	$12,005,812	$12,925,080
Property Transfer	$408,800	$405,732	$415,214	$466,870	$516,545	$513,534	$545,550	$577,971	$623,078	$658,828
Sales Tax	$5,164,143	$4,912,909	$5,348,299	$5,659,517	$5,799,620	$6,001,328	$6,247,986	$6,504,043	$6,769,840	$7,045,732
Franchise Fees	$1,100,000	$1,155,000	$1,193,004	$1,235,703	$1,292,532	$1,356,362	$1,422,620	$1,491,631	$1,567,508	$1,646,595
Transient Occupancy Tax	$229,510	$349,429	$366,900	$385,245	$404,508	$424,733	$445,970	$468,268	$491,682	$516,266
Motor Vehicle	$3,529,533	$3,156,974	$3,296,042	$3,496,011	$3,734,363	$3,997,977	$4,277,085	$4,569,011	$4,886,665	$5,223,294
Investment	$1,256,000	$1,145,000	$1,147,454	$1,144,394	$1,117,394	$1,117,394	$1,117,394	$1,130,487	$1,159,611	$1,220,309
Business License	$435,000	$439,074	$458,738	$481,726	$504,099	$529,222	$556,082	$584,932	$614,172	$644,873
Building Fees	$665,968	$546,386	$712,654	$925,015	$1,425,928	$1,743,534	$1,978,116	$2,060,073	$2,386,538	$2,467,015
Engineering Fees	$688,184	$460,747	$599,409	$710,700	$864,634	$1,027,163	$1,198,667	$1,234,627	$1,420,922	$1,463,550
Planning Fees	$300,000	$400,200	$453,142	$552,654	$657,775	$768,750	$835,837	$860,912	$988,081	$1,017,723
Park & Recreation	$3,159,884	$3,026,891	$3,152,886	$3,317,664	$3,520,522	$3,745,767	$3,983,496	$4,234,019	$4,509,025	$4,800,650
Interfund Services	$5,414,954	$5,618,728	$5,470,511	$5,533,441	$5,757,903	$6,043,406	$6,341,647	$6,645,046	$6,950,081	$7,284,855
Other	$2,011,086	$1,947,012	$2,139,073	$2,224,636	$2,313,621	$2,406,166	$2,502,412	$2,602,509	$2,706,609	$2,814,874
Sub -Total	$24,363,062	$23,564,082	$24,753,326	$26,133,576	$27,909,444	$29,675,336	$31,452,862	$32,963,529	$35,073,812	$36,804,564
Transfers In	$3,950,697	$3,678,222	$3,207,119	$3,308,586	$3,422,867	$3,544,604	$3,670,381	$3,800,516	$3,938,200	$4,080,724
Total Revenues	**$36,591,013**	**$34,643,751**	**$35,734,498**	**$37,748,363**	**$40,266,338**	**$42,846,404**	**$45,487,643**	**$47,911,285**	**$51,017,824**	**$53,810,368**
Growth	($1,892,382)	($1,947,262)	$1,090,747	$2,013,865	$2,517,975	$2,580,066	$2,641,239	$2,423,642	$3,106,539	$2,792,544
%	-4.92%	-5.32%	3.15%	5.64%	6.67%	6.41%	6.16%	5.33%	6.48%	5.47%
Per/capita	$722.41	$683.00	$702.52	$737.96	$775.16	$809.58	$844.04	$873.31	$911.46	$942.62

TABLE 12: EXPENDITURE SUMMARY

Department	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Legislative	$283,035	$283,035	$292,951	$308,625	$343,150	$363,774	$385,017	$406,900	$429,446	$443,828
City Clerk	$526,568	$499,267	$546,595	$546,032	$596,451	$586,829	$637,350	$629,232	$681,316	$704,821
City Manager	$730,199	$730,199	$755,365	$799,120	$829,365	$858,076	$887,818	$918,629	$949,941	$982,343
Human Resources	$688,972	$688,972	$711,882	$750,595	$781,127	$807,234	$834,261	$862,244	$891,218	$921,220
City Attorney	$815,540	$815,540	$842,463	$888,155	$924,249	$954,912	$986,646	$1,019,492	$1,053,489	$1,088,682
Finance (Including Non Departmental)	$3,504,842	$3,329,746	$3,476,495	$3,548,780	$3,669,399	$3,782,534	$3,899,615	$4,020,797	$4,146,240	$4,276,113
Total General Government	$6,549,156	$6,346,759	$6,625,751	$6,841,307	$7,143,741	$7,353,359	$7,630,707	$7,857,294	$8,151,650	$8,417,007
Police	$14,723,724	$15,058,656	$15,635,440	$16,754,198	$17,345,759	$17,985,508	$18,741,283	$19,586,491	$20,470,005	$21,390,276
Streets	$2,501,766	$2,501,766	$2,583,147	$2,710,742	$2,984,451	$2,918,745	$3,006,411	$3,096,832	$3,190,095	$3,461,003
Community Development	$3,527,752	$3,327,525	$3,442,281	$3,634,603	$3,779,898	$3,910,938	$4,046,778	$4,187,604	$4,333,610	$4,484,998
Engineering	$2,721,138	$2,458,410	$2,540,507	$2,670,163	$2,787,645	$2,881,342	$2,978,465	$3,079,151	$3,183,541	$3,291,781
Park & Recreation	$5,016,549	$4,797,136	$4,996,009	$5,226,087	$5,731,648	$5,921,166	$6,117,000	$6,319,376	$6,528,530	$6,731,710
Operational Transfers Out/OPEB	$1,459,441	$1,149,838	$1,399,838	$1,539,352	$2,144,123	$2,287,072	$2,676,056	$3,137,320	$3,811,554	$4,840,577
Subtotal Expenses	$36,499,526	$35,640,090	$37,222,973	$39,376,452	$41,917,265	$43,258,130	$45,196,700	$47,264,068	$49,668,985	$52,617,352
Identified Reductions	$0	$ (996,339)	$(1,488,475)	$(1,628,089)	$ (1,650,927)	$ (411,726)	$0	$0	$0	$0
Total Expenses	**$36,499,526**	**$34,643,751**	**$35,734,498**	**$37,748,363**	**$40,266,338**	**$42,846,404**	**$45,196,700**	**$47,264,068**	**$49,668,985**	**$52,617,352**

TABLE 13: FUND BALANCE SUMMARY

General Fund	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Beginning Fund Balance	$23,465,796	$16,489,082	$15,498,982	$15,430,982	$14,830,982	$14,830,982	$14,830,982	$15,121,925	$15,769,142	$17,117,981
Revenue	$32,640,316	$30,965,529	$32,527,379	$34,439,777	$36,843,471	$39,301,800	$41,817,262	$44,110,769	$47,079,624	$49,729,644
Transfer In	$3,950,697	$3,678,222	$3,207,119	$3,308,586	$3,422,867	$3,544,604	$3,670,381	$3,800,516	$3,938,200	$4,080,724
Sub-Total	$36,591,013	$34,643,751	$35,734,498	$37,748,363	$40,266,338	$42,846,404	$45,487,643	$47,911,285	$51,017,824	$53,810,368
Operations	$35,040,085	$34,490,252	$35,823,135	$37,837,100	$39,773,142	$40,971,058	$42,520,644	$44,126,748	$45,857,431	$47,776,775
Operational Transfers Out	$1,459,441	$1,149,838	$1,399,838	$1,399,838	$1,899,838	$1,937,835	$1,976,591	$2,016,123	$2,056,446	$2,097,575
Other Post Employement Benefits	$0	$0	$0	$139,514	$244,285	$349,237	$699,465	$1,121,197	$1,755,108	$2,743,002
Identified Reductions		($996,339)	($1,488,475)	($1,628,089)	($1,650,927)	($411,726)				
Sub-Total	$36,499,526	$34,643,751	$35,734,498	$37,748,363	$40,266,338	$42,846,404	$45,196,700	$47,264,068	$49,668,985	$52,617,352
Net Operations	$91,487	$0	$0	$0	$0	$0	$290,943	$647,217	$1,348,839	$1,193,016
One Time Transfers Out	$7,068,201	$990,100	$68,000	$600,000	$0	$0	$0	$0	$0	$0
Ending Fund Balance	**$16,489,082**	**$15,498,982**	**$15,430,982**	**$14,830,982**	**$14,830,982**	**$14,830,982**	**$15,121,925**	**$15,769,142**	**$17,117,981**	**$18,310,997**
Reserved	$5,178,000	$4,278,000	$4,278,000	$3,178,000	$2,300,000	$2,300,000	$2,300,000	$2,300,000	$2,300,000	$2,300,000
Unreserved	$11,311,082	$11,220,982	$11,152,982	$11,652,982	$12,530,982	$12,530,982	$12,821,925	$13,469,142	$14,817,981	$16,010,997
30% Reserve Requirement	$10,949,858	$10,393,125	$10,720,349	$11,324,509	$12,079,901	$12,853,921	$13,559,010	$14,179,220	$14,900,696	$15,785,206

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