

General Fund

In This Section

This section includes tables and analysis related to the General Fund. The fund's revenue sources are described and trends and projections are presented. Expenditure trends are also included and are summarized by expense object and function.

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"Sparky" visiting with children at the grand opening of Fire Station 57.





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GENERAL FUND

The General Fund accounts for activity associated with traditional city services such as police, fire, parks and recreation, planning and economic development, public works and general administration. The General Fund's total financial program amounts to \$210.0 million in fiscal 2008.

Statement of Revenue, Expenditures and Changes in Fund Balance

	2005-06 Actual *	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance	
Revenues					
Taxes	16,752,747	19,615,000	24,718,000	5,103,000	26.0
Other Taxes	337,299	350,000	385,000	35,000	10.0
Charges for Services	17,418,298	17,251,800	16,911,000	(340,800)	(2.0)
Intergovernmental Resources	7,900,048	8,191,000	7,995,000	(196,000)	(2.4)
Consolidated Tax Revenue	53,720,737	54,000,000	58,500,000	4,500,000	8.3
Licenses and Permits	35,431,853	32,430,000	39,980,000	7,550,000	23.3
Fines & Forfeits	6,032,092	6,376,000	6,576,000	200,000	3.1
Miscellaneous	8,765,862	15,811,029	11,282,000	(4,529,029)	(28.6)
Total Revenues	146,358,936	154,024,829	166,347,000	12,322,171	8.0
Expenditures by Function					
General Government	24,310,929	37,696,819	39,535,160	1,838,341	4.9
Judicial	5,629,689	7,744,330	8,845,300	1,100,970	14.2
Public Safety	90,666,128	104,054,542	109,947,600	5,893,058	5.7
Public Works	15,290,929	21,125,239	19,684,500	(1,440,739)	(6.8)
Culture and Recreation	9,743,871	11,941,473	13,962,700	2,021,227	16.9
Community Support	1,080,261	2,653,703	3,321,240	667,537	25.2
Contingency	-	713,919	3,200,000	2,486,081	100.0
Total Expenditures	146,721,807	185,930,025	198,496,500	12,566,475	6.8
Other Financing Sources / (Uses)					
Operating transfers in	32,429,912	36,756,615	38,515,750	1,759,135	4.8
Operating transfers (out)	(26,123,127)	(13,662,731)	(11,485,949)	2,176,782	(15.9)
Total Other Financing Sources / (Uses)	6,306,785	23,093,884	27,029,801	3,935,917	17.0
Increase (Decrease) in Fund Balance	5,943,914	(8,811,312)	(5,119,699)	3,691,613	(41.9)
Beginning Fund Balance	26,284,898	32,228,812	23,417,500	(8,811,312)	(27.3)
Ending Fund Balance	32,228,812	23,417,500	18,297,801	(5,119,699)	(21.9)

* Beginning Fund Balance as restated



CITY OF NORTH LAS VEGAS

Summary of Revenues For the Years 2006-2008

	2005-06 Actual *	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance Amount Percent	
Taxes					
Property Taxes	16,752,747	19,615,000	24,718,000	5,103,000	26.0
Room Taxes	337,299	350,000	385,000	35,000	10.0
Total Taxes	17,090,046	19,965,000	25,103,000	5,138,000	25.7
Licenses & Permits					
Business Licenses	4,404,279	5,500,000	6,050,000	550,000	10.0
Liquor Licenses	640,755	600,000	600,000	-	-
City Gaming Licenses	1,258,344	1,300,000	1,300,000	-	-
Utility Franchise Fees	13,778,783	15,990,000	17,890,000	1,900,000	11.9
Animal Licenses	30,996	40,000	40,000	-	-
Engineering Permits	2,774,280	2,000,000	2,100,000	100,000	5.0
Building Permits	12,544,416	7,000,000	12,000,000	5,000,000	71.4
Total Licenses & Permits	35,431,853	32,430,000	39,980,000	7,550,000	23.3
Intergovernmental Revenues					
Federal Grants	439,368	516,000	435,000	(81,000)	(15.7)
Motor Vehicle Taxes	2,635,718	2,875,000	3,200,000	325,000	11.3
Consolidated Tax Distribution	53,720,737	54,000,000	58,500,000	4,500,000	8.3
Room and Gaming Taxes - LVCVA	1,857,549	2,000,000	2,200,000	200,000	10.0
Public Works Indirect Allocation	1,440,000	1,200,000	960,000	(240,000)	(20.0)
Regional Transportation Commission	42,433	-	-	-	-
CC Flood Control	303,700	400,000	-	(400,000)	(100.0)
County Gaming Licenses	1,181,280	1,200,000	1,200,000	-	-
Total Intergovernmental Revenues	61,620,785	62,191,000	66,495,000	4,304,000	6.9
Charges for Services					
Building and Zoning Fees	1,152,844	970,000	985,000	15,000	1.5
Special Inspector Services	1,704,125	900,000	900,000	-	-
Court Fees	1,254,064	1,500,000	1,600,000	100,000	6.7
Other Fees	749,290	1,028,100	528,000	(500,100)	(48.6)
Police - Other Fees	221,735	233,000	253,000	20,000	8.6
Fire Prevention Fees	184,714	200,000	220,000	20,000	10.0
Prisoner Board	12,027,163	12,300,000	12,300,000	-	-
Swimming Pool & Recreation Fees	124,363	120,700	125,000	4,300	3.6
Total Charges for Services	17,418,298	17,251,800	16,911,000	(340,800)	(2.0)
Other Revenues					
Fines & Forfeitures	6,032,092	6,376,000	6,576,000	200,000	3.1
Interest Earnings	5,971,154	13,205,000	10,705,000	(2,500,000)	(18.9)
Refunds & Reimbursements	2,188,438	2,105,000	105,000	(2,000,000)	(95.0)
Inmate Payphone Commission	234,860	225,000	225,000	-	-
Other Miscellaneous Revenue	371,410	276,029	247,000	(29,029)	(10.5)
Total Other Revenues	14,797,954	22,187,029	17,858,000	(4,329,029)	(19.5)
Transfers from Other Funds:					
Special Revenue Funds	1,123,414	1,772,815	-	(1,772,815)	(100.0)
Community Development Fund	60,359	-	-	-	-
Water Fund	18,265,393	19,240,000	19,659,250	419,250	2.2
Wastewater Fund	12,980,746	13,467,000	13,356,500	(110,500)	-
Capital Projects Fund	-	2,200,000	5,500,000	3,300,000	-
Self Insurance Fund	-	76,800	-	(76,800)	(100.0)
Transfers from Other Funds	32,429,912	36,756,615	38,515,750	1,759,135	4.8
Total Revenues	178,788,848	190,781,444	204,862,750	14,081,306	7.4
Beginning Fund Balance	26,284,898	32,228,812	23,417,500	(8,811,312)	(27.3)
Total Financial Resources	205,073,746	223,010,256	228,280,250	5,269,994	2.4

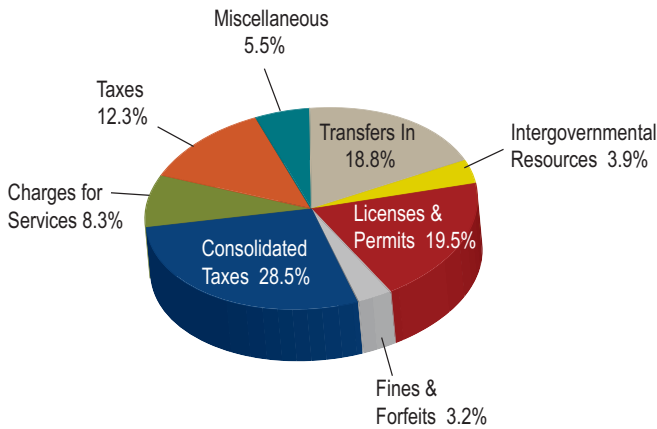
* Beginning Fund Balance as restated



General Fund Revenue Analysis

Although North Las Vegas' general fund revenues are anticipated to increase generally, they are not anticipated to keep pace with the rate of population growth and inflation. This is particularly true in fiscal 2007 and fiscal 2008. General Fund resources include revenues, transfers from other funds and ending fund balance. The City relies upon sales and use taxes and revenue from licenses and permits, charges for services and other intergovernmental revenue for the bulk of its General Fund revenues. In addition, the city receives revenues from property taxes, fines and forfeitures, and other sources.

Where The Operating Dollar Comes From \$204,862,750



The 2008 budget estimates total revenue at \$204.9 million, a 7.4%, or \$14.1 million increase as compared to the amended 2007 revenue budget. The revenue growth is attributed to the following:

Increases (Decreases) In:	
Consolidated Taxes	\$4.5M
Transfers from Other Funds (Net)	1.8
Charges for Services, Miscellaneous	(0.3)
Taxes	5.1
Licenses, Permits, Franchise Fees	7.5
Miscellaneous, Fines and Forfeits	(4.3)
Intergovernmental Revenue	(0.2)
Net Revenue Growth	\$14.1 M

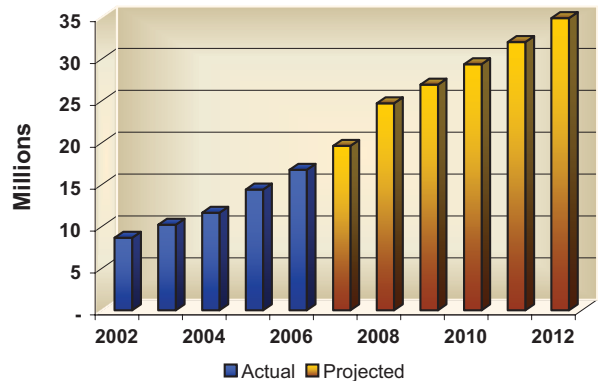
Property Taxes

The General Fund receives only 29.6% of the total property taxes levied by the City. The City's property tax rate is \$1.1637 per \$100 of assessed valuation. Of this, \$0.3737 goes to the General Fund. Property tax revenue amounts to 12.1% of the General Fund budget and is projected at \$24.7 million in fiscal 2008.

State law requires that property be assessed at 35% of taxable value, which percentage may be adjusted upward or downward by the State Legislature. Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January, and March of each fiscal year. The County distributes property taxes to the City on a monthly basis.

The following chart presents a historical and projected summary of General Fund property tax revenue. The growth rate in property tax revenue averaged 17.4% over the past five years; however, a 26% increase in property tax revenue is anticipated in fiscal 2008. Due to property tax limitations implemented in the 2005 legislative session, the future growth rate in assessed valuation is projected to be 9.0%.

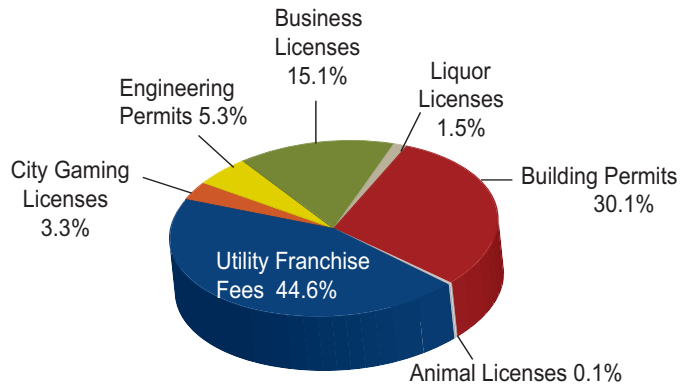
Property Taxes - Fiscal 2002 to 2012



Licenses and Permits

Licenses and permits account for 19.5% of the General Fund budget and are projected at \$40 million, an increase of 23.3% over fiscal 2007. License and permit revenue is directly influenced by the local economy and includes building permits and business, gaming, liquor and dog licenses.

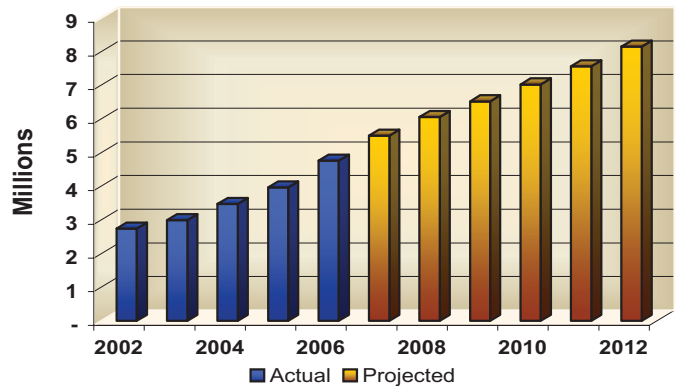
Licenses and Permits - \$39,980,000



Business License Revenue

Business license fees are assessed against all entities engaged in business within the city limits. Business license fees may be “flat” in nature, meaning the business pays a prescribed amount based on the nature of the business, or “gross” fees, which are based on a percentage of gross income. Gaming fees are a flat fee and are assessed based on the number of gaming devices on the property. The number of new business licenses increased by 3.2% in calendar 2006.

Business License Revenue Fiscal 2002 to 2012

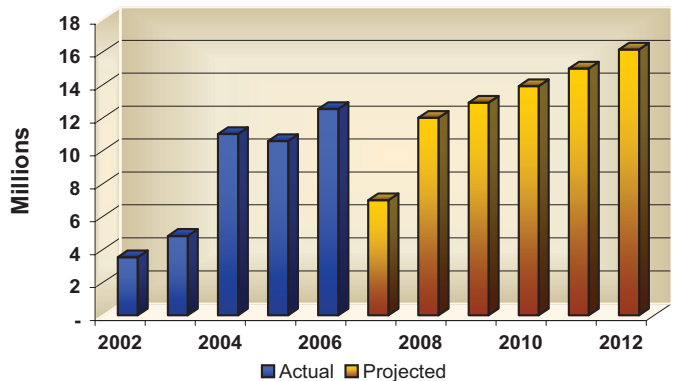


Business license revenue is expected to increase by 10.0% in 2008 as a result of population growth and aggressive enforcement activities.

Building Permit Revenue

Building permit revenue is highly dependent upon residential and commercial construction and can fluctuate with the economy. In calendar 2006, over 3,800 single-family building permits were valued at \$518 million, a 44.3% decrease from the previous year.

Building Permit Revenue Fiscal 2002 to 2012



As of March 31, 2007, residential single-family permits were down 50.2% in North Las Vegas as compared to the same quarter one year ago. Slower rates of expansion throughout the Las Vegas Valley are anticipated to impact development in and out of North Las Vegas. The double-digit growth rates of the last five years are not expected to be repeated during the next ten years. Outside of the slowdown expected during fiscal 2007 and fiscal 2008, the City expects average growth rates in the mid to high single digits.

Building permit revenue will generate approximately \$12 million in fiscal 2008.

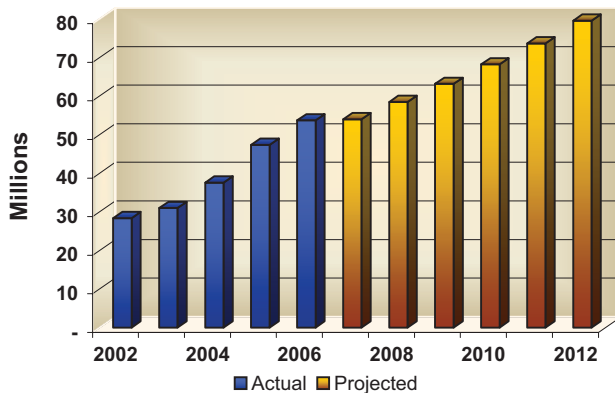


Intergovernmental Revenue

This revenue source accounts for state shared revenues, miscellaneous grants, and the Consolidated Tax distribution. Intergovernmental revenue is projected at \$66,495,000 and accounts for 32.5% of total General Fund Revenue.

The **Consolidated Tax Distribution (CTX)** is the largest single revenue source in the General Fund and is highly elastic in nature. Accounting for 28.5% of all General Fund revenue, the Consolidated Tax is collected by the State and distributed to the City based on statutory formulas. The CTX consists of local government revenues from the following six sources: Sales and Use Tax, (Supplemental City/County Relief Tax ("SCCRT") and Basic City/County Relief Tax ("BCCRT"), Cigarette Tax, Liquor Tax, Governmental Services Tax, and Real Property Transfer Tax. CTX is estimated to be \$58.5 million in fiscal 2008, a 8.3% increase over 2007 levels. The chart below presents a historical summary of Consolidated Tax revenue.

Consolidated Tax Distribution
Fiscal 2002 to 2012



Other Intergovernmental Revenue

Other intergovernmental revenue includes county gaming taxes, motor vehicle fuel taxes, room and gaming taxes, and miscellaneous federal grants. Other Intergovernmental revenue will decrease by an estimated \$200,000.

Intergovernmental revenue is projected at \$66,495,000 and accounts for 32.5% of total General Fund Revenue.

Transfers from Other Funds

The second largest single revenue source is the transfer from the utilities fund and accounts for 16.1% of all General Fund revenue. Prior to fiscal year 2005, this revenue was reflected as a payment in lieu of tax (PILT) on the City's financial statements but is now reflected as a transfer in, in accordance with governmental accounting standards.

The transfer from the Water and Wastewater Fund to the General Fund is projected at \$33 million in fiscal 2008. The transfer is assessed on the City's Water and Wastewater Fund revenues and consists of a franchise fee, a payment in lieu of taxes and an administrative allocation. The methodology for the PILT calculation was changed in fiscal 2005 to account for a shift in Public Works expenditures from the Water and Wastewater Fund to the General Fund.



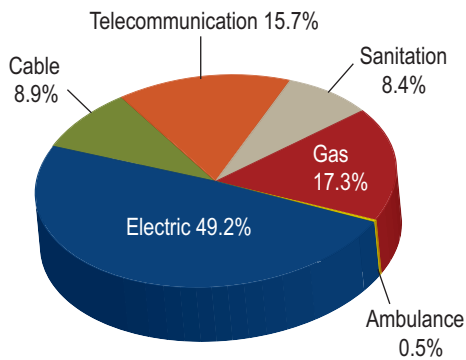
Franchise Fees

Franchise fees amount to \$17.9 million, or 8.7% of the total General Fund budget. Franchise fees are imposed on gross revenues or a percentage of gross revenue on public companies operating within city limits. Franchise fees are paid by public utilities or other companies pursuant to franchise agreements and include electric, natural gas, cable, sanitation, telecommunication, and ambulance services. Franchise fees are projected to continue to grow in conjunction with the City's population and development.

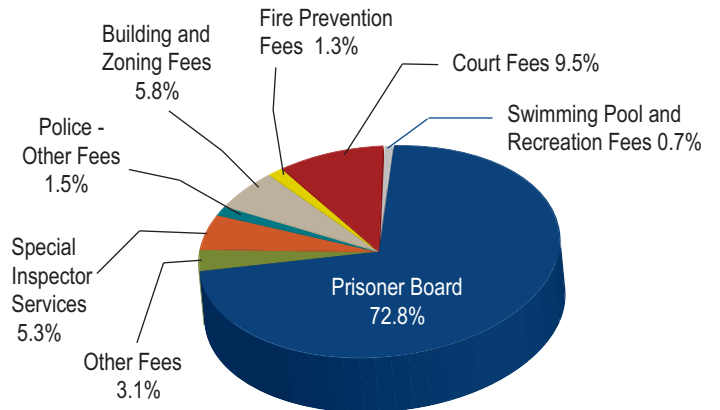
Charges for Services

Charges for services consist of a variety of revenue generated by General Fund departments. This revenue source is projected at \$16.9 million and amounts to 8.3% of the General Fund budget. Charges for services include prisoner board fees, court fees, city clerk fees, planning and land development fees, special inspector services, and swimming pool fees. The largest revenue source in this category is prisoner board fees, estimated at \$12.3 million in fiscal 2008. Prisoner board fees are generated by the Detention Center through leasing bed space to outside agencies such as the U.S. Marshals, Immigration and Naturalization Service, Board of Prisons, and Clark County.

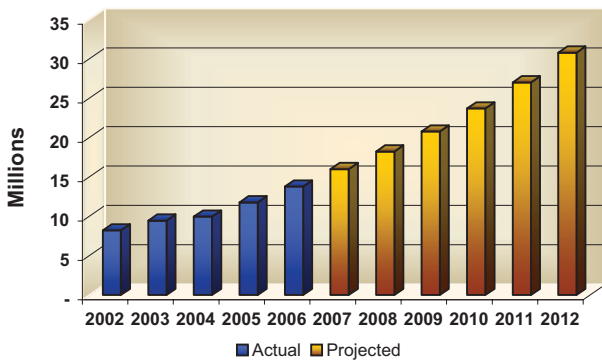
Franchise Fees - \$17,890,000



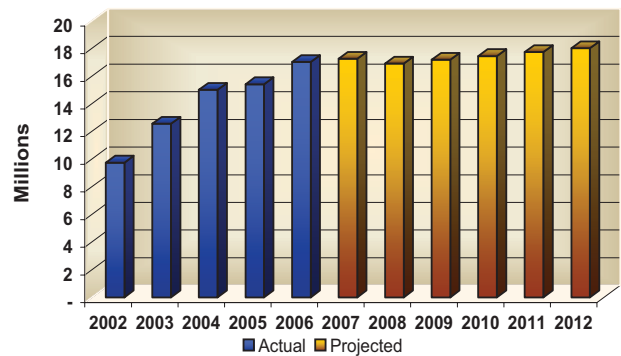
Charges for Services - \$16,911,000



Franchise Fees - Fiscal 2002 to 2012



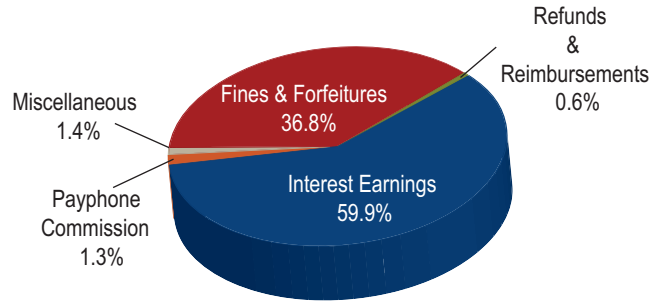
Charges for Services - Fiscal 2002 to 2012



Fines and Miscellaneous Revenue

Fines and miscellaneous revenue amount to \$17.9 million, or 8.7% of the General Fund budget. The largest revenue source in this category is interest earnings, estimated at \$10.7 million in fiscal 2008. Interest earnings are generated on idle cash balances throughout the year and are a function of the relationship between the City's available cash balances and the interest rate. The City earns interest on its funds through various investment vehicles in accordance with the Nevada Revised Statutes. The City's investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, banker's acceptances, money market funds, and the State of Nevada's Local Government Investment Pool. Interest earnings applicable to bond proceeds and certain special revenues do not accrue to the General Fund. Court fines represent the second largest revenue source in this category and are projected at \$6.5 million in fiscal 2008.

Fines and Miscellaneous Revenue - \$17,858,000



Interest earnings are expected to be approximately \$10.7 million in fiscal 2008.



January 2007 City of North Las Vegas State of the City Address



General Fund Expenditures

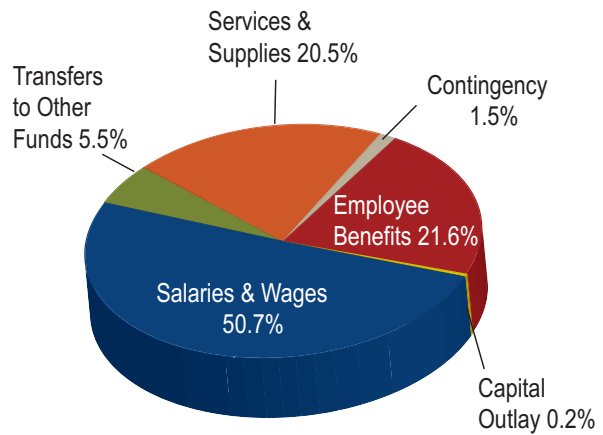
The General Fund operating budget for fiscal 2008 amounts to \$210.0 million, an increase of \$10.4 million, or 5.2%. The General Fund expenditures are classified into the following categories: salaries and benefits, supplies and services, capital outlay, contingency and transfers.

General Fund Expenditure by Object - Fiscal Years 2006 - 2008

	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance Amount	Percent
Salaries and Wages	81,601,884	100,846,717	106,526,600	5,679,883	5.6
Employee Benefits	31,495,087	40,094,481	45,232,000	5,137,519	12.8
Services and Supplies	31,710,577	39,914,168	43,030,800	3,116,632	7.8
Capital Outlay	1,914,259	4,360,740	507,100	(3,853,640)	(88.4)
Contingency	-	713,919	3,200,000	2,486,081	348.2
Transfers to Other Funds	26,123,127	13,662,731	11,485,949	(2,176,782)	(15.9)
Total Expenditures by Object	172,844,934	199,592,756	209,982,449	10,389,693	5.2

Expenditures by Object

In fiscal 2008, salaries and benefits account for \$151.8 million or 72.3% of the total General Fund budget. The remaining appropriations consist of \$43 million or 20.5% for services and supplies, \$.5 million or 0.2% for capital outlay, \$3.2 million or 1.5% for contingencies and \$11.5 million or 5.5% for transfers to other funds. The growth in General Fund expenditures as compared to the fiscal 2007 amended budget consists of increases and decreases in:



Negotiated Salaries and Benefits	\$ 8.8 million
New Personnel	2.0 million
Services and Supplies	3.1 million
Transfers to Other Funds	(2.2) million
Contingency	2.5 million
Capital Outlay	(3.8) million
Net Expenditure Growth	\$10.4 million



Salaries and Benefits

Most major functions of city government are accounted for in the General Fund. As a result, salaries and benefits account for 50.7% and 21.6% of the General Fund budget, respectively. Personnel expenditures total \$151.8 million, a \$10.8 million increase from the 2007 amended budget. An overall increase of \$8.8 million is due to negotiated salaries and benefits, cost of living adjustments, merit increases, and fringe benefit adjustments. The merit pay program benefits employees who have earned their salary increase through job performance.

The City completed negotiations in November 2006 with Teamsters Local 14 on a new contract that runs through June 30, 2008. Both the North Las Vegas Police Officers Association and the International Association of Firefighter Local 1607 current contracts expire on June 30, 2007 and negotiations are currently underway.

The General Fund budget includes 29.5 new full time equivalents (FTE's) at an estimated cost of \$2.0 million. Twenty of the 29.5 new FTEs in the General Fund are in the public safety function. Fire Stations 54 and 56 will add 16 new firefighter positions, with additional positions for a Fire Training Captain, Fire Accreditation Coordinator and an Office Assistant. The Office of Housing and Neighborhood Services is adding a Code Enforcement Officer to interface with neighborhood groups, homeowner associations, and coordinate neighborhood cleanups.

Parks and Recreation will add a Park Planning Manager to handle the design and maintenance of the City's parks and recreational facilities and an additional Parks Maintenance Worker. Other new positions are being added in the following departments: Information Technology with two Senior Business Systems Analysts, Finance with a Business License Enforcement Officer and Accounting Technician, City Attorney with two part-time Process Servers and one Legal Assistant and the Municipal Court with a Court Clerk and a Systems Technician.

Supplies and Services

The General Fund supplies and services budget totals \$43.0 million, an increase of \$3.1 million, or 7.8%. Of this increase, \$1.6 million is attributed to motor equipment costs, \$.5 million for increased utility costs, and \$.2 million for additional building rental costs. The City's staffing rose by 14 percent, due to additional police and fire personnel, as well as the Orion project, which is upgrading the City's existing Oracle computer program.

Public Works showed the largest General Fund increase in supplies and services at just over \$2 million. The majority of their increase focused on sign maintenance, traffic signals, and pavement enhancement projects to keep traffic safety in the forefront throughout the City. The remaining increase is for the Police and Fire Departments. These two departments showed an increase in their supplies and services budgets, geared mostly to provide required equipment to new positions and replace outdated safety equipment for existing positions.

Contingency

The contingency account is budgeted at \$3.2 million and is appropriated for unforeseen expenditures. This is an increase of \$2.5 million, which most of the increase is projected for future office space needs as the result of the increased City staffing.

Capital Outlay

Capital Outlay showed a decrease of over \$3.8 million for fiscal 2008 to only \$507,100 coming from General Fund. This amount is much less than the \$4.4 million capital outlay budget in fiscal 2007. Because of lean revenues in fiscal 2007, most capital expenditures were identified using other funding sources. Capital items in Information Technology, Public Works and the Office of Housing and Neighborhood Services make up the majority of these General Fund capital expenditures.



Expenditures by Function

The General Fund budget is divided into nine areas that represent activities or functions. The major functions of the General Fund are general government, judicial, public safety, public works, culture and recreation, community support, debt service, contingency, and transfers to other funds.

General Fund Expenditure by Function For The Years 2006 to 2008

	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance Amount	Percent
General Government	24,310,933	37,696,819	39,535,160	1,838,341	4.9
Judicial	5,629,689	7,744,330	8,845,300	1,100,970	14.2
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Transfers to Other Funds	26,123,127	13,662,731	11,485,949	(2,176,782)	(15.9)
Total Expenditures by Function	172,844,938	199,592,756	209,982,449	10,389,693	5.2

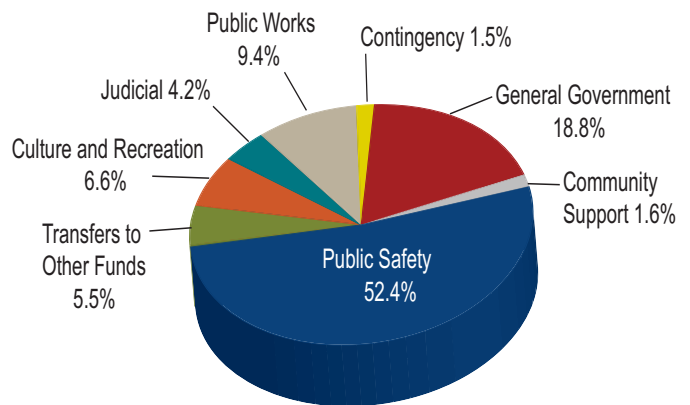
General Government accounts for about \$39.5 million, or 18.8% of the total General Fund budget. City Departments in this function include City Council, City Manager, City Attorney, City Clerk, Finance, Human Resources, Information Technology, Planning and Zoning, General Services, and Non-Departmental expenses.

The **Judicial** function includes all operations of the Municipal Court and amounts to \$8.8 million in fiscal 2008. Expenditures in this function increased by 13.9% and represents 4.2% of the General Fund budget.

Public Safety continues to represent the largest category of expenditures accounting for 52.4%, or \$109.9 million of the General Fund budget. It includes appropriations for Police, Fire, Detention, Emergency Management, Building Safety, Code Enforcement, Traffic Engineering, and Animal Control. Expenditures in this function increased by \$5.9 million over 2007 levels.

Public Works accounts for \$19.7 million, or 9.4% of the budget and includes all divisions of the Public Works Department except those accounted for in the Motor Equipment Internal Services Fund.

General Fund Expenditures by Function \$209,982,449



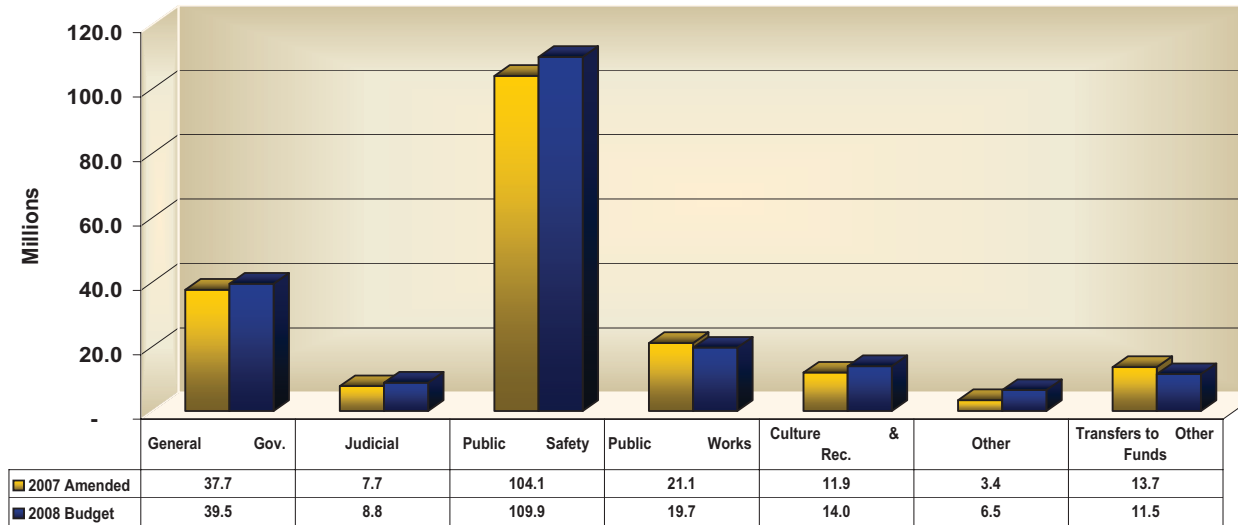
Culture and Recreation includes the Parks and Recreation Department and represents 6.6% or \$14 million of the General Fund budget. The Parks and Recreation operating budget increased by 16.9% and is largely due to operations and maintenance costs of new facilities. The Golf Fund is classified as an Enterprise Fund and is accounted for separately in the Other Funds section of this book.



Community Support includes the cost of providing services that develop and improve the economic condition of the community and its citizens. The Economic Development Department and the Office of Housing and Neighborhood Services is in this category and amounts to \$3.3 million.

The Redevelopment Agency is classified as a special revenue fund and is accounted for separately in the Other Funds section of this book.

General Fund Comparative Expenditures by Function \$209,982,449



Interfund Transfers

This category accounts for transfers from one fund to another, which are not repayable and do not constitute payment or reimbursement for goods provided or services performed. This account represents an expenditure of the disbursing fund, but not an expenditure of the reporting entity as a whole.

General Fund budgeted transfers include over \$8.0 million in support of debt service, \$1.9 million for capital projects, \$1.0 million for graffiti abatement and \$.5 million for the Motor Equipment Fund.

General Fund Transfers to Other Funds For The Year 2006 to 2008

	2005-06 Actual	2006-07 Amended Budget	2007-08 Adopted Budget	2007 vs. 2008 Variance Amount	2007 vs. 2008 Variance Percent
Debt Service Fund	2,972,200	8,597,100	8,000,000	(597,100)	(6.9)
Equipment Replacement Fund	2,000,000	-	520,200	520,200	100.0
Capital Projects Fund	13,815,983	3,903,400	1,865,749	(2,037,651)	(52.2)
Self Insurance Fund	2,000,000	-	-	-	-
Graffiti/Community Imprvmt Fund	80,000	200,000	1,020,000	820,000	410.0
Special Purpose Funds	5,134,944	841,431	80,000	(761,431)	(90.5)
VOCA Grant Fund	-	45,800	-	(45,800)	(100.0)
Vacant Building Clearance Fund	120,000	75,000	-	(75,000)	(100.0)
Total Transfers to Other Funds	26,123,127	13,662,731	11,485,949	(2,176,782)	(15.9)



General Fund Projection

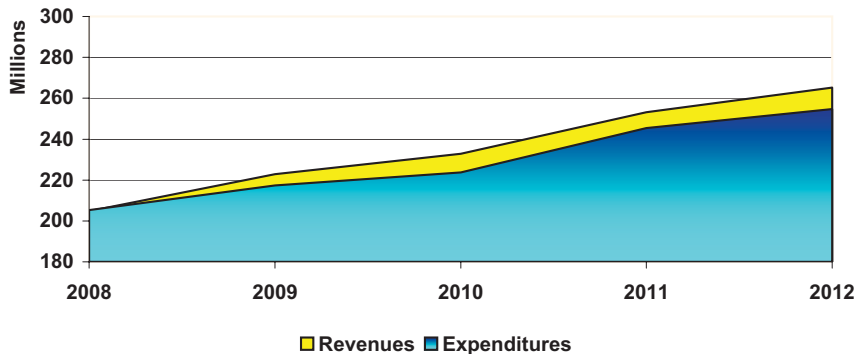
The following tables present a five-year projection of General Fund revenues and expenditures and the corresponding fund balances. Included in these are building permits, planning permits, business licenses, franchise fees, and consolidated taxes. Estimates are based upon departmental input, historical trend analysis, and information provided by outside consultants. These trends coupled with revenue models are used to formulate the revenue projections. No tax rate increases have been included in this projection period. More discussion on revenue projections can be found in the General Fund revenue analysis section.

General Fund Projection - Fiscal Years 2008-2012

	2008	2009	2010	2011	2012
Revenues	204,862,750	222,934,418	232,833,225	253,127,408	265,157,560
Expenditures	205,354,849	217,374,918	223,742,280	245,364,079	254,646,065
Fund Balance ¹	36,994,931	42,554,431	51,645,376	59,408,705	69,920,200
As a Percent of Expenditures	18.0%	19.6%	23.1%	24.2%	27.5%

(1) Includes vacancy savings allowance.

General Fund Forecast - Fiscal Years 2008-2012



Revenue

Overall, revenues are anticipated to continue growing through fiscal 2012. However, the rate of growth is anticipated to be lower than average during fiscal 2008. Outside of the slowdown expected in fiscal 2008, we expect growth rates in the mid to high single digits.

Although General Fund revenues are anticipated to increase, they are not expected to keep pace with the rate of population growth and inflation.

General Fund revenues are expected to average an annual increase of 6.6%. Historically, the largest revenue growth has been in property taxes, increasing by an average 17.4% between 2002 and 2006. However, property taxes are projected to average an increase of 9.0% in future years due to a recent legislative cap on assessed valuation.

Consolidated Taxes (CTX) are projected to increase by 8.3% in fiscal 2008, and are forecasted to slow down to an 8.0 % growth level through fiscal 2012. Other intergovernmental revenues are projected to



increase by 8.0% over the next five years. Most intergovernmental revenues are distributed by the State based on population and growth. Increases reflected in the transfer from the Water and Wastewater Funds are attributed to customer growth and water and wastewater rate adjustments over the next few years. This transfer is projected to increase by 4.2% in fiscal 2008 with an average estimated projection of approximately 7.0% in years 2009 to 2012.

Directly influenced by the local economy, licenses and permits and franchise fees are projected to continue to grow commensurate with population growth throughout the projection period.

Expenditures

Expenditures are projected to increase at an average annual rate of 9.1% through fiscal 2012. Expenditures in fiscal 2008 are projected to increase by 5.4% with average annual increases of 6.4% in fiscal years 2009-2012. Increases in expenditures allow for the maintenance of an ending fund balance of 18.0% of total expenditures.

Salaries are projected to increase by 3.5% annually which includes an allowance for cost of living adjustments and normal salary step increases. Supplies and services also include an annual inflationary increase of 3.5%. New debt service requirements are included in the General Fund in the 2009-2012 projection period for the purpose of funding a new city hall.

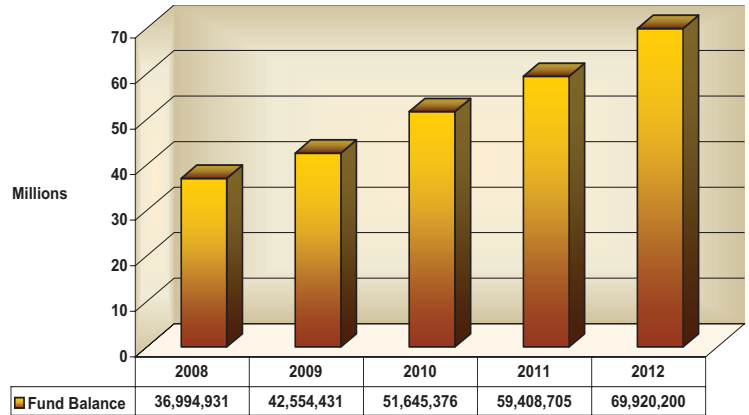
Impacts of future year Capital Improvement Plan projects on the General Fund have also been included in the five-year projections. This includes salaries and benefits for new staffing and supplies and services to maintain new facilities.

As some of these projects come on line in mid-fiscal 2007, additional costs are included in the 2008 budget.

Fund Balance

The basis for expenditure projections for the five-year period is to provide for an ending fund balance of not less than 18.0% of total expenditures. The City does not currently budget savings that can be attributed to staffing vacancies throughout the year. Historical trends indicate that the City experiences a savings of approximately 2.0% of budgeted salaries and benefits due to attrition in the form of retirements and vacancies. This factor has been included as a reduction to expenditures in the financial forecast.

Projected General Fund Balance Fiscal 2008-2012



The Goal of ending fund balance of 18% of expenditures is projected through fiscal 2012.





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