

February 2015 Council Workshop

FY15 and FY16 Financial Overview

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**City of Sparks General Fund -- FY '16 Tentative Budget
As Presented at the February, 2015 Council Workshop**

	FY '13 Actuals	FY '14 Actuals	FY '15 Budget	FY '15 Estimates	FY '16 Tentative Budget
<u>Sources (excluding beginning fund balance)</u>					
Total Revenues	\$52,056	\$54,416	\$55,343	\$56,753	\$58,645
Transfer-In From Vehicle Fund (Assume No Usage, Budget Matches Contingency)	\$0	\$0	\$1,000	\$0	\$1,000
Transfers-In, Other	\$60	\$352	\$704	\$712	\$0
Total Sources	\$52,116	\$54,768	\$57,047	\$57,465	\$59,645
<i>% Change in Total Revenues (excl. transfers) =</i>	-1.2%	4.5%	1.7%	4.3%	3.3%
<i>% Change in Total Sources =</i>	-1.9%	5.1%	4.2%	4.9%	3.8%
<u>Uses</u>					
Total Expenditures	\$50,116	\$52,304	\$55,178	\$55,124	\$57,439
Total Transfers-Out	\$2,684	\$3,408	\$1,636	\$1,502	\$3,603
Contingency (FY16 Assume No Usage; Budget Matches Trans-In from Vehicle Fund)	\$0	\$0	\$1,000	\$445	\$1,000
Total Uses	\$52,800	\$55,711	\$57,813	\$57,071	\$62,042
<i>% Change in Total Expenditures (excl. transfers & contingency) =</i>	0.5%	4.4%	5.5%	5.4%	4.2%
<i>% Change in Total Uses =</i>	-4.0%	5.5%	3.8%	2.4%	8.7%
Net Sources/(Uses)	(\$685)	(\$943)	(\$766)	\$394	(\$2,398)
<u>Fund Balance</u>					
Unrestricted Ending Fund Balance	\$5,808	\$4,864	\$3,524	\$5,258	\$2,861
Unrestricted Ending Fund Balance as a % of Exp's (Less Cap. Outlay)	11.6%	9.3%	6.4%	9.5%	5.0%

CITY OF SPARKS FISCAL POLICIES

as presented at the February 2015 Council Workshop

The following policies are designed to achieve Strategic Goals outlined in the Strategic Plan as approved by Council on November 10, 2014. These Fiscal Policies are reviewed annually by City Council.

The City of Sparks Fiscal Policies are as follows:

1 General Fund unrestricted ending Fund balance equal to 12.5% of expenditures beginning in FY16

	Goal	RESULTS	AMOUNT OVER/(UNDER) Goal	STATUS
FY14 ACTUALS	8.3%	9.3%	\$530,059	✓
FY15 ESTIMATED ACTUALS	5.5% - 8.3%	9.6%	\$723,738	✓
FY16 BUDGET - Strategic Objective 1.1	12.5%	5.0%	(\$4,318,542)	✗

Purpose of this Fiscal Policy

Minimal Balance Required

The purpose of this policy is to maintain positive cash balances throughout each fiscal year (as stated in Strategic Goal 1.1). In past discussions, Council has stated that the minimum budgeted ending fund balance should be no lower than 5% in order to avoid State intervention which begins with a budgeted ending fund balance of 4%.

Note: FY16 General Fund tentative ending fund balance is \$1.8M short of 8.3%

Optimal Balance Recommended

For fiscal health, to meet cash flow needs throughout the year, Financial Services recommends achieving a 12.5% ending fund balance at the end of each year.

Other Statutory & Accounting Considerations

NAC 354.650 Explanation by local government; reduction of debt rate. (NRS 354.107, 360.090)

1. If the ending fund balance in the general fund of a local government has been budgeted for less than 4 percent of the actual expenditures from the general fund of the local government for the previous fiscal year, the local government shall provide a written explanation to the Department that includes the reason for the low ending fund balance and the manner in which the local government plans to increase the fund balance.

NAC 354.660 excludes a portion of ending fund balance from negotiations, equal to 8.3% of expenditures. According to NAC 354.660, this is calculated by dividing the unrestricted ending fund balance (including committed, assigned and unassigned fund balances) by total expenditures excluding contingency, transfers-out, and capital outlay. Any restricted fund balance amounts (including nonspendable and restricted fund balances) are excluded from this calculation due to the very nature of being restricted and would only be available for specific purposes as defined by GASB 54.

CITY OF SPARKS FISCAL POLICIES

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2 Establish a General Fund Contingency amount up to 3% of total expenditures in the annual budget

	GOAL	BUDGET	Contingency Amount	STATUS
FY14 BUDGET	up to 3%	1.9%	1,000,000	✔
FY15 BUDGET	up to 3%	1.8%	1,000,000	✔
FY16 BUDGET - Strategic Objective 1.1	up to 3%	1.7%	1,000,000	✔

Purpose of this Fiscal Policy

The contingency budget was established using the guidelines set forth in NRS 354.608 to provide for expenditures that are one-time, unexpected, and usually of an emergency nature. Utilization of contingency budget requires the approval of City Council. The contingency budget is distinguished from the Stabilization Fund in that the Stabilization Fund is much more restrictive in nature as it may only be used for two specific reasons (see details in Policy #4). In order to maximize flexibility and the City's ability to respond to emergency needs, a transfer into the General Fund from the Vehicle Internal Service Fund will also be included in the budget matching the amount established as the contingency budget as long as that value is determined to be available in the Vehicle Internal Service Fund. Per NRS 354.608, contingency and transfers-out are excluded from the calculation of total expenditures .

3 Transfer a minimum of 2.5% of total General Fund revenues plus full funding for IT Hardware & Software Replacement Plans from the General Fund to the Capital Projects Fund.

	GOAL	% RESULTS	Transfer Amount	STATUS
FY14 ACTUALS	2.5%	3.1%	\$ 1,711,071	✔
FY15 ESTIMATED ACTUALS	2.5%	1.6%	\$ 902,000	✘
FY16 BUDGET - Strategic Objective 1.2 & Strategic Goal 3	2.5% + full funding of IT hardware & software replacement plans = 1,871,589	3.2%	\$ 1,871,589	✔

Purpose of this Fiscal Policy

This policy ensures that the City continues to invest in infrastructure and technology needs as detailed in the City's 5 Year Capital Improvement Plan.

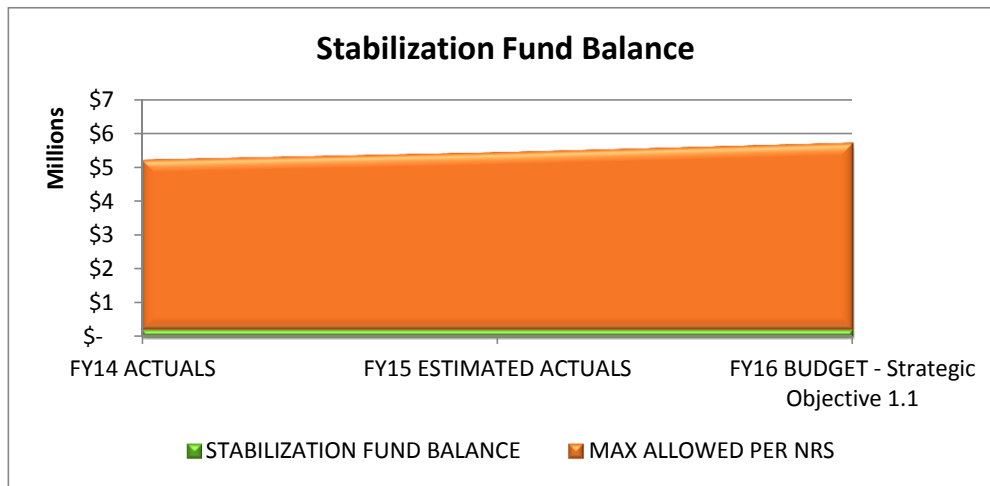
The goal was increased in FY16 in an effort to revive our commitment to technology investment. The new goal is 2.5% of total revenues (\$1.4M) plus full funding of both the IT Hardware (\$284k) and IT Software (\$188k) Replacement Plans.

CITY OF SPARKS FISCAL POLICIES

as presented at the February 2015 Council Workshop

4 Commit a portion of annual business license receipts to the Stabilization Fund up to the maximum Fund balance allowed within NRS 354.6115.

	MAX ALLOWED PER NRS	STABILIZATION FUND BALANCE	AMOUNT COMMITTED	STATUS
FY14 ACTUALS	\$ 5,011,574	\$ 229,225	\$ -	✘
FY15 ESTIMATED ACTUALS	\$ 5,230,355	\$ 230,225	\$ -	✘
FY16 BUDGET - Strategic Objective 1.1	\$ 5,511,621	\$ 231,225	\$ -	✘



Purpose of this Fiscal Policy

The stabilization fund was established in accordance with NRS 354.6115 to stabilize operation of local government and mitigate effects of natural disasters. Per NRS 354.6115: *"The balance in the fund must not exceed 10 percent of the expenditures from the general fund for the previous fiscal year, excluding any federal funds expended by the local government."*

In June 2011, the City Council adopted the following Stabilization policy in compliance with GASB 54: *"The Council will authorize the use of the Stabilization Fund's resources only A) if the total actual General Fund revenues decrease by 4% or more from the previous year; or B) to pay for expenses incurred to mitigate the effects of a natural disaster (upon formal declaration by the City)."*

In 2009, the City transferred \$625,000 from the Stabilization Fund to the General Fund in order to help mitigate the steep revenue decline brought about from the effects of the Great Recession. In 2011 and 2012, the City Council established a fiscal policy goal of re-establishing the Stabilization Fund by gradually committing a portion of the City's business license revenues to the Stabilization Fund.

CITY OF SPARKS FISCAL POLICIES

as presented at the February 2015 Council Workshop

5 General Fund personnel costs do not exceed 78% of General Fund total revenues

	GOAL	RESULTS	STATUS
FY14 ACTUALS	<=78%	77.2%	✔
FY15 EST. ACTUALS	<=78%	77.7%	✔
FY16 BUDGET - Strategic Objective 1.2	<=78%	79.2%	⚠

Purpose of this Fiscal Policy

The purpose of this policy is to achieve a balanced, sustainable expenditure model.

Expanded Dashboard for historical comparison

TOTAL USES AS % OF TOTAL REVENUES BY EXPENSE CATEGORY	2 Year Historical Average since SSSI implemented FY12 & FY13	FY14 ACTUALS	FY15 ESTIMATED ACTUALS	FY16 BUDGET
PERSONNEL COSTS	76.9%	77.2%	77.7%	79.2%
SERVICES & SUPPLIES & CAP. OUTLAY	18.5%	18.9%	19.4%	18.7%
TRANSFERS-OUT	5.0%	6.3%	2.6%	6.2%
CONTINGENCY	0.0%	0.0%	0.8%	1.7%
TOTAL	100.4%	102.4%	100.5%	105.8%

TOTAL USES AS % OF TOTAL REVENUES BY DEPARTMENT	2 Year Historical Average since SSSI implemented FY12 & FY13	FY14 ACTUALS	FY15 ESTIMATED ACTUALS	FY16 BUDGET
POLICE	37.9%	38.6%	39.1%	40.1%
FIRE	27.2%	26.9%	27.2%	25.6%
TOTAL PUBLIC SAFETY	65.1%	65.6%	66.3%	65.7%
MANAGEMENT SERVICES	8.5%	8.3%	9.0%	10.9%
FINANCIAL SERVICES	4.3%	4.5%	4.6%	4.6%
LEGAL SERVICES	2.7%	2.8%	2.6%	2.6%
MAYOR & COUNCIL	0.9%	1.0%	1.0%	1.1%
TOTAL CENTRAL SERVICE DEPTS	16.4%	16.5%	17.2%	19.2%
COMMUNITY SERVICES	10.3%	10.7%	11.1%	11.3%
MUNICIPAL COURT	3.6%	3.4%	3.4%	3.6%
TRANSFERS-OUT	5.0%	6.3%	2.6%	6.2%
TOTAL	100.4%	102.4%	100.6%	105.9%

CITY OF SPARKS FISCAL POLICIES

as presented at the February 2015 Council Workshop

6 Report the annual Other Post Employment Benefit (OPEB) and Workers Compensation liabilities and determine strategies to reduce these liabilities (Strategic Objective 1.3)

	NET OPEB OBLIGATION	Workers Comp - Heart, Lung, Cancer Liability	FUNDING STATUS
FY09 ACTUALS	\$ 2,025,422	\$ 2,252,767	Pay Go
FY10 ACTUALS	\$ 4,566,159	\$ 2,321,000	Pay Go
FY11 ACTUALS	\$ 4,958,920	\$ 3,414,452	Pay Go
FY12 ACTUALS	\$ 5,473,423	\$ 3,206,012	Pay Go
FY13 ACTUALS	\$ 6,018,434	\$ 6,749,369	Pay Go
FY14 ACTUALS	\$ 6,680,705	\$ 9,258,452	Pay Go

Purpose of this Fiscal Policy

OPEB and Workers Heart and Lung obligations have been identified by Financial Services as two of the greatest financial risks threatening the City's short and long-term fiscal sustainability.

Under the current Pay Go funding model, the Net OPEB Obligation is expected to grow \$600,000 to \$700,000 per year.

Over the past couple of years, the workers compensation liability has grown dramatically. This is due to the increasing number of expected Heart/Lung/Cancer claims from Police and Fire personnel and the benefits that have been added recently by the Nevada Legislature.

Reserves:

There are currently no reserves in our Health Insurance fund designated to mitigate our future health care liability (OPEB).

As of June 30, 2014, The Workers Compensation Fund had cash reserves of \$6M. We are currently seeing that cash balance drop by about \$500k per year, however, we expect that balance to decrease more dramatically as more heart and lung claims begin to be paid. Due to the potential large dollars associated with heart and lung claims, we are uncertain how long these reserves will last.

General Fund Change in Revenues, Expenditures & Transfers from FY15 to FY16



presentation for February 2015 Council Workshop

	FY15 Estimates	FY16 Tentative Budget	FY16 Change from FY15 Estimates
TOTAL REVENUES & TRANSFERS IN	57,464,786	59,644,584	2,179,798
Primary Causes of Change			
CTAX & Fair Share			980,000
Property Taxes			573,000
Licenses & Permits			330,296
Transfer In from Vehicle Fund-Contingency Offset			1,000,000
FY15=final transfer in from Development Services Fund for subsidy payback			(704,000)
Total Primary Causes of Change =			2,179,296

	FY15 Estimates	FY16 Tentative Budget	FY16 Change from FY15 Estimates
TOTAL SALARIES & BENEFITS	44,100,374	46,474,378	2,374,004
Primary Causes of Change			
FY15 Vacancy Savings re-loaded in FY16			1,000,000
Health Insurance rate increase of 25% in FY16 (includes SLC)			1,494,000
Non-Public Safety PERS increase-25.75% to 28%			190,274
FY16 New Needs recommended by City Manager - 2 Dispatchers & retain Victim Advocate			170,000
FY15 Sick Leave cashout due to HLC claim			(118,000)
Lieutenant contract settlement (\$80k in FY15 & \$107k in FY16)			27,000
Fire Overtime related to shift change - retro & on-going (\$100k in FY15 & \$40k in FY16)			(60,000)
Fire Overtime unrelated to shift change (\$1M in FY15 & \$840k in FY16)			(160,000)
Total Primary Causes of Change =			2,543,274

	FY15 Estimates	FY16 Tentative Budget	FY16 Change from FY15 Estimates
TOTAL SERVICES & SUPPLIES and Transfers Out	12,457,489	14,506,789	2,049,300
Primary Causes of Change			
Expenses encumbered in prior year, but not paid until FY15			(336,000)
Accela			175,199
Approved FY16 inflationary requests			147,927
Washoe County forensics contract			35,000
FY15 consultant exps for IT hardware replace plan were one-time			(62,269)
FY16 New Needs -Comprehensive (Master) Plan update & EDawn increase			120,000
Vehicle Rent savings from retirement of Fire leases			(307,099)
New transfer out for Fire Apparatus Replacement			589,993
Cost share liab self ins, incrementally increasing to full contribution			50,000
Utilities			127,126
T/O to Parks & Rec			75,000
CTAX Debt Service (bond proceeds were used to pay debt service previously)			491,264
Transfer to Capital Projects for non-IT WIG reduced in FY15 to \$240k			1,160,000
IT Hardware Replacement Plan			(378,411)
IT Software Replacement Plan			188,000
Total Primary Causes of Change =			2,075,730

Sparks Redevelopment Area #1
Financial Overview (February 2015 Council Workshop)

	<u>FY '13 Actuals</u>	<u>FY '14 Actuals</u>	<u>FY '15 Est.</u>	<u>FY '16 Est.</u>	<u>FY '17 Est.</u>
Revenues (Assumes 3% Increase in FY '17)	\$2,955,234	\$2,486,393	\$2,460,506	\$2,528,317	\$2,604,166
Transfer-In From G.F.	\$0	\$0	\$0	\$0	\$0
Expenditures	(\$3,013,923)	(\$2,635,696)	(\$2,687,951)	(\$2,628,831)	(\$2,608,361)
Net Revenues/(Expenses) 	(\$58,689)	(\$149,303)	(\$227,445)	(\$100,515)	(\$4,195)
Beginning Fund Balance	\$3,670,978	\$3,612,289	\$3,462,986	\$3,235,541	\$3,135,026
Ending Fund Balance	\$3,612,289	\$3,462,986	\$3,235,541	\$3,135,026	\$3,130,831
Less: Restricted for Debt Service	(\$2,924,800)	(\$3,006,283)	(\$3,033,773)	(\$3,005,064)	(\$3,005,064)
Unrestricted Ending Fund Balance 	\$687,489	\$456,703	\$201,768	\$129,962	\$125,767

Victorian Sq. Room Tax Cumulative Resources	<u>\$1,295,947</u>	<u>\$1,912,683</u>	<u>\$2,584,683</u>	<u>\$3,289,433</u>	<u>\$4,014,433</u>
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Note: V.S. Room Tax Fund is a City Resource, but Available for V.S. CIP Needs (Cumulative Resources Assume \$0 Exp's & ~\$700K of Annual Revenue)

**** City Issued Debt Partially Paid by RDA #1**

RDA #1 Debt Information	Tax Increment Refunding Bonds	2011 CTAX Refunding Bonds	2014 CTAX Refunding Bonds	Total RDA #1 Debt Service
Original Issue Amount	\$22,165,000	\$4,180,000	\$7,330,000	
Issue Date	5/11/2010	5/12/2011	8/14/2014	
Maturity Date	1/15/2023	5/1/2018	5/1/2026	
Interest Rate	4.0% - 5.375%	3.05%	3.09%	
FY '15 Principal Payment	\$1,520,000	\$685,000	\$17,000	
FY '15 Interest Payment	\$770,681	\$82,045	\$232,023	
Total FY '15 Debt Service	\$2,290,681	\$767,045	\$249,023	
Total FY '15 Debt Service Paid by RDA	\$2,290,681	\$220,443	\$71,567	\$2,582,691
6/30/15 Debt Outstanding	\$14,825,000	\$2,175,000	\$7,313,000	
FY '16 Principal Payment	\$1,580,000	\$705,000	\$23,000	
FY '16 Interest Payment	\$709,881	\$61,000	\$225,972	
Total FY '16 Debt Service	\$2,289,881	\$766,000	\$248,972	
Total FY '16 Debt Service Paid by RDA	\$2,289,881	\$220,142	\$71,552	\$2,581,576
6/30/16 Debt Outstanding	\$13,245,000	\$1,470,000	\$7,290,000	
		FY '16 D.S. from RDA-Issued Debt =	\$2,289,881	
		FY '16 D.S. from City-Issued Debt =	\$291,695	
		Total FY '16 RDA Debt Service =	\$2,581,576	

** Both CTAX bonds were issued by the City, but about 29% (\$291,695 in FY '16) is allocated to RDA #1 for the V.S. portion of the original bonding project.

Sparks Redevelopment Area #2
Financial Overview (February 2015 Council Workshop)

	FY '13 Actuals	FY '14 Actuals	FY '15 Est.	FY '16 Est.	FY '17 Est.
Revenues (Assuming 5% increase in FY '17)	\$2,406,228	\$2,365,913	\$2,654,325	\$2,734,325	\$2,871,041
Land Sale Proceeds (Recorded as a Note Receivable)	\$0	\$100,000	\$587,528	\$361,000	\$349,000
Transfer-In From G.F. 	\$250,000	\$861,580	\$0	\$0	\$0
Expenditures	(\$3,185,037)	(\$3,201,003)	(\$3,271,928)	(\$2,955,494)	(\$3,093,999)
Net Revenues/(Expenses)	(\$528,809)	\$126,490	(\$30,075)	\$139,831	\$126,042
Beginning Fund Balance	\$2,813,011	\$2,284,202	\$2,410,692	\$2,380,617	\$2,520,448
Ending Fund Balance	\$2,284,202	\$2,410,692	\$2,380,617	\$2,520,448	\$2,646,490
Less: Restricted for Debt Service	(\$2,165,814)	(\$2,271,167)	(\$2,247,720)	(\$2,450,451)	(\$2,450,451)
Unrestricted Ending Fund Balance 	\$118,388	\$139,525	\$132,897	\$69,997	\$196,039

RDA #2 Debt Information	Redevelopment Area #2 Debt		** City Issued Debt Paid by RDA #2		Total RDA #2 Debt Service
	2008 Tax Increment Bonds	2014 Tax Increment Bonds	2007A Ad Valorem Refunding Bonds	2007B Ad Valorem Refunding Bonds	
Original Issue Amount	\$12,700,000	\$7,285,000	\$7,090,000	\$1,315,000	
Issue Date	7/30/2008	8/14/2014	3/29/2007	3/29/2007	
Maturity Date	6/1/2028	6/1/2029	3/1/2017	3/1/2017	
Interest Rate	6.4% - 6.70%	3.25%	3.78%	5.65%	
FY '15 Principal Payment	\$505,000	\$450,000	\$775,000	\$175,000	
FY '15 Interest Payment	\$724,020	\$188,694	\$91,287	\$31,612	
Total FY '15 Debt Service	\$1,229,020	\$638,694	\$866,287	\$206,612	\$2,940,613
6/30/15 Debt Outstanding	\$10,460,000	\$6,835,000	\$1,640,000	\$385,000	
FY '16 Principal Payment	\$535,000	\$380,000	\$805,000	\$185,000	
FY '16 Interest Payment	\$691,700	\$222,069	\$61,992	\$21,733	
Total FY '16 Debt Service	\$1,226,700	\$602,069	\$866,992	\$206,733	\$2,902,494
6/30/16 Debt Outstanding	\$9,925,000	\$6,455,000	\$835,000	\$200,000	

FY '16 D.S. from RDA-Issued Debt = \$1,828,769
FY '16 D.S. from City-Issued Debt = \$1,073,725
Total FY '16 RDA Debt Service = \$2,902,494

**** The 2007 debt issued by the City is scheduled to mature in FY '17, removing \$1.1M of debt service costs, beginning in FY '18**

Funds of Note - other than the General Fund

FY16 Council Workshop – February 2015

Motor Vehicle Fund

- The proposed FY16 revenue budget includes full funding (via M&R charges on every City vehicle) of \$1.7M in operational costs of the garage and \$1.2M of vehicle replacement funds.
- 25 vehicles and one Fire Engine pumper will be replaced in FY16 for a total cost of \$2M. This does leave a backlog of vehicles, however, whose replacements will be postponed to a later date. The replacement cost of the backlog vehicles is being determined.
- A Fire Apparatus replacement plan has been implemented beginning FY16. Funds previously allocated to lease payments will now be contributed to a replacement fund specifically designated for fire apparatus.

Group Health Self Insurance Fund

- 25% contribution/premium increase in FY15 and another 25% increase for FY16 has been included in the estimates presented today. Final recommendation for FY16 yet to be determined.
- Total Plan costs are expected to increase from \$8.9M in FY14 to \$10.0M in FY15, and to \$10.9M in FY16. This expected \$2M increase since FY14 is primarily driven by a 35% increase in medical and dental claims.
- FY16 ending fund balance is projected to be \$153k, equating to approximately 1 week of expenses.

Workers Comp Self Insurance Fund

- Cash reserves of approximately \$6M. Due to the potential large dollars associated with heart and lung claims, we are uncertain how long these reserves will last.
- Long-term solutions are needed to cover this growing liability for future Heart & Lung claims.

Sanitary Sewer Enterprise Fund

- City Council approved an annual 8.25% increase to the sewer component of residential and commercial sewer bills beginning July 1, 2014 through July 1, 2017. Also approved was a 13.4% reduction in multi-family residential sewer rates. The multi-family rate will begin increasing 8.25% in years two through four.
- Since 2012, sanitary sewer connection fees have indexed annually to the Engineering News Record Construction Cost Index per Sparks Municipal Code 13.24. Per the latest cost index, connections fees increased 2.5% on January 1, 2015.
- The sanitary sewer enterprise fund is expected to subsidize effluent by approximately \$1.5M in FY16. This subsidy is needed due to decreased revenue associated with lost customers and the continuing debt service requirements.

Funds of Note - other than the General Fund, Cont'd

Storm Drain Enterprise Fund

- There were no rate increases to the storm drain portion of the utility billings
- The Riverflood fee continues to bring in approximately \$3M annually. We will have a \$6M balance to begin FY16. This balance along with \$20M of new financing, if approved, will fund Phase 3 of the North Truckee Drain Relocation project.

Effluent Enterprise Fund

- The sanitary sewer enterprise fund is expected to subsidize effluent by approximately \$1.5M in FY16. This subsidy is needed due to decreased revenue associated with lost customers and the continuing debt service requirements.
- Effluent debt will be fully paid in FY24

Development Services Enterprise Fund

- Total revenues in FY15 are expected to increase 16% over FY14 and FY16 is projected to increase another 13%. This is largely due to increased building permits, plan checking and subdivision inspections.
- Subsidy from General Fund was fully repaid in FY15 and no further subsidy is expected

Stabilization Fund

- Financial Policy = Commit portion of business license revenue to this fund each year
- In FY12, \$200k of business license revenue was committed, but no commitment was made in FY13, FY14, FY15 or in the current FY16 tentative budget
- FY14 audited ending fund balance = \$229k
- In order to comply with GASB 54, the Council approved a policy in June of 2011, which stated that Stabilization fund resources could only be used if General Fund revenues decrease by 4% or more from the previous year or to pay expenses incurred to mitigate the effects of a natural disaster

Redevelopment Area 1

- Sufficient resources to pay debt service needs through FY16
- No subsidy is expected from the General Fund in FY16
- Should property assessments fail to continue to grow, a subsidy from the General Fund may be needed after FY16.
- Area #1 terminates in 2023.

Redevelopment Area 2

- Land sale proceeds are expected to be sufficient to cover debt service until debt maturity in FY17
- Subsidies were required from the General Fund in FY13 of \$250k and in FY14 of \$862k. No further subsidies from the General Fund are expected at this time.