

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

INTRODUCTION AND OVERVIEW

This section of the budget outlines in summary form projected revenues and costs for the five fiscal years beyond 2015-16 for the Town's General Fund, Transit Fund and Debt Service Fund. A summary schedule is provided for each fund identifying differences between the projected revenues and costs in each year.

The Projections section of the budget is an important tool in developing long-range financial strategies for the Town's major operations and in maintaining sound financial condition. We believe our projections include all the vital elements and principal drivers of revenue and costs. In short, we have included in the projections the important elements that are "big enough to matter," on both the revenue and cost sides of the budgets presented. Our presentation includes projections for operations and for additions and adjustments to ongoing operations. The largest additions relate to capital programs and related debt service.

Capital Programs and Related Debt Service

The Council authorized the sale of the first two issuances of the \$29.36 million of General Obligation bonds approved by voters in November 2003: \$4 million in 2004-05 and \$4.95 million in 2006-07. The final sale, delayed until the fall of 2010 due to the economic downturn, was for the balance of the authorized general obligation debt and included the following:

	<u>Amount</u>
Library	\$14,260,000
Sidewalk/Street	2,450,000
<u>Parks & Recreation</u>	<u>3,700,000</u>
Total	<u>\$ 20,410,000</u>

The bonds were issued in two forms, \$12,250,000 in Build America Bonds (BABs) and \$8,160,000 in traditional general obligation debt. Annual debt service payment on the combined issuance totals \$1.76 million, but the BABs have a federal subsidy that will refund 35% of interest costs through the American Recovery and Reinvestment Act. The net debt service on the new bond issuance is \$1,573,140 annually.

In addition to the final issuance of authorized bonds, the Council approved the issuance of \$1.7 million in Two-Thirds Bonds in July 2012. NC General Statutes allow units to issue bonds each year in an amount equal to two-thirds of the principal amount of debt retired in the previous year. These bonds may be issued without a referendum but must be approved by the LGC in the same manner as other debt financing. The Two-Thirds bonds as approved will be used for Parks and Recreation and Streets projects, and annual debt service on the bonds is \$120,000.

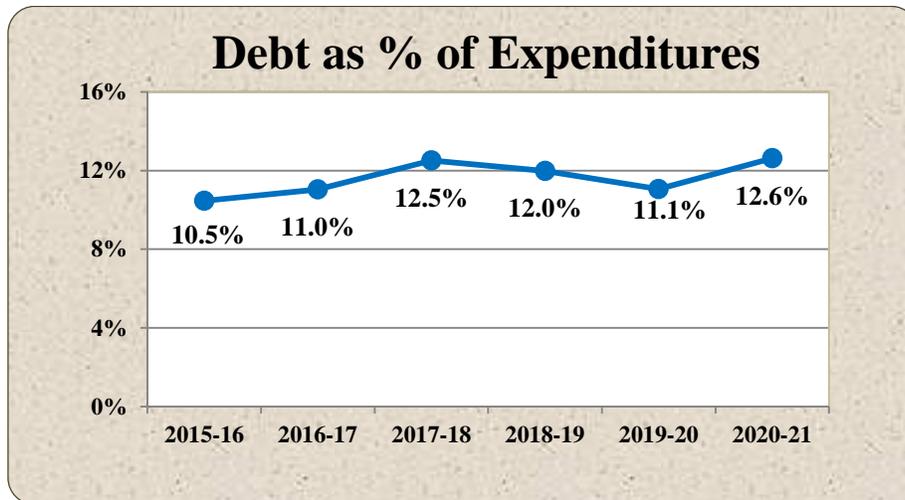
In addition to the bonds, the Council approved a plan to borrow up to \$7.245 million to pay for

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

underground parking at the 140 West Project (on the site of the Town’s old Lot 5) as part of a mixed use development. Construction on the project was completed during FY13 for a total cost of \$5.96 million. The debt for the project was issued in conjunction with refunding of the Certificates of Participation for the Wallace Deck and Town Operations Center, for a total issuance of \$26,585,000. The FY16 payment totals \$3.22 million, with the 140 West debt payment of \$464,032 and the Wallace Deck payment of \$445,550. The projections assume that the Parking Fund will provide for the cost of this debt service (\$909,582) as a transfer to the Debt Fund.

Finally, lower interest rates during the last few years have allowed the Town to refund some existing debt by issuing lower interest refunding bonds. Recent refunding issues include \$4.655 million in 2012 and \$3.05 million in 2013. Savings for these transactions were \$532,000 and \$178,820, respectively over the remaining life of the bonds.

While the Town has historically had low debt as a percentage of budgeted expenditures, recent borrowings have significantly increased the Town’s debt load. The Town’s measures of debt capacity, including debt per capita and debt as a percent of assessed value, are close to the average for our peer group (Triple A rated Municipalities). The Town has traditionally tried to keep debt service below 10% of budgeted expenditures, but with the recent investment in public facilities this ratio has risen to 10.5% in 2015-16. The increase in debt service as a percent of budget in excess of the 10% target was an anticipated result of the financing of the large Town Operations Center project in 2007 and issuance of the bonds that were approved in 2003.



In response to the added debt burden, a Debt Management Plan was adopted for the FY2008-09 budget that includes dedicating a portion of the property tax rate to pay debt service instead of transferring funds for debt service needs from the General Fund. Previously, debt service costs competed with other priorities for General Fund revenues, but now have a dedicated revenue source, which also provides for future debt as existing debt is paid off. Maintaining affordable levels of debt is an important factor in retaining the Town’s current AAA ratings.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

The adopted budget for 2015-16 includes retaining the Debt Fund's tax rate at \$8.5 cents per \$100 valuation. The debt fund has capacity to pay existing and planned debt service and will begin rebuilding reserves in 2015-16.

Some of the other key factors affecting revenues and costs are outside the Town's control, such as State-shared revenues affected by State legislation, and numerous State and federal regulations which affect funding for the Transit system and the Housing Department, primarily. We project no significant withholding of State-shared revenues. The county has the option each year to change the sales tax distribution formula from the current per capita basis to an ad-valorem basis. Changing from a per capita basis to an ad-valorem distribution would reduce the Town's Sales Tax revenues by approximately \$2.5 million. The County has indicated that they will not make a change to the distribution for 2015-16, but they may revisit this option in subsequent fiscal years.

The main points included in the revenue and cost projections for the General Fund, Transit Fund and the Debt Service Fund are summarized on the following pages. The differences between revenues and expenditures are expressed as tax rate equivalents.

As the budget increases, the total reserved fund balance needs to increase proportionally to retain fund balance reserves at a minimum of 12% of the budget. The gap between revenues and costs could be closed by service reductions, revenue enhancements, tax rate adjustments or any combination of these options.

GENERAL FUND

Revenues

The most important revenue sources for General Fund operations continue to be property taxes and sales tax revenues that, combined, comprise about 68% of total General Fund revenues. The growth in property tax revenues has decreased in the past few years and it is anticipated that growth will be below normal during the current recovery period. The estimate of assessed valuation for the tax base in 2015-16 is about \$7.73 billion. The most recent revaluation of property assessments went into effect the FY2009-10 Budget Year, when real property values increased by approximately 24% and the motor vehicle and personal property valuations were decreased by about 10%. The Council adopted a property tax rate slightly below the revenue neutral rate for the FY2009-10 Budget.

State statute requires revaluation of property every eight years, though Orange County has been on a schedule of revaluation every four years. The recent economic downturn has led to considerably fewer sales on which to base revaluation and as a result, the county decided to delay the scheduled revaluation until 2015-16. These projections conservatively assume that the tax values reflect no change in value in 2016. Our projections assume slow growth after 2016, with growth rates of 1.5% in 2017 and 1.8% in 2018. Our projections assume the adoption of a revenue neutral tax rate.

The tax levy projections assume that the General Fund tax rate will continue to be split with the Debt Service Fund. The rate adopted in FY12 moved \$1.8 cents of the tax rate from the Debt Fund

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

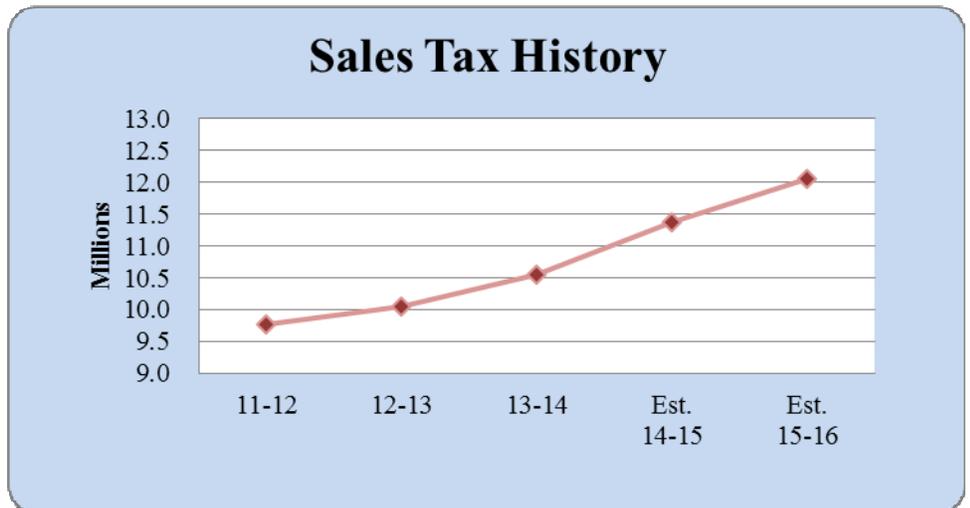
to the General Fund.

Two factors may affect our ability to project and collect property taxes in the future. The first relates to Orange County’s tax system. The Town relies on Orange County to assess and record most property tax. (A small portion is collected by Durham County for the citizens that reside in Chapel Hill and Durham County.) Orange County replaced its tax collection software system in the fall of 2010. The new system is still in implementation stage, but should improve our ability to obtain reports and analyze data. It also requires the Town to pay an additional subsidy for a portion of the system installation and maintenance.

The second factor relates to the change in State law that will move the responsibility for motor vehicle tax collection from the County to the State. Orange County has been efficient and effective in collecting motor vehicle taxes. The collection rate and charges for the service changed once the State assumed the responsibility of collecting motor vehicle taxes. These projections assume continuation of the same collection rate.

Estimated additions to the tax base through growth of 1.5%, slightly lower than historical average, at a tax rate for 2015-16 of \$38.8 cents for the General Fund, would yield increases in property tax revenues of about \$450,000 each year.

The second largest source of Town revenue, sales tax, is a more volatile source than property tax. Revenues increase when the economy is good and grow at a slower pace or decrease when the economy is slow. Last year was the first year that sales tax revenues exceeded the high point in FY08, indicating that the economy has recovered from the economic downturn



experienced the previous years. Based on FY15 receipts to date, we estimate FY15 receipts at about \$11.38 million, an increase of 4.6% from what was originally budgeted. Based on local trends and state forecasts, we anticipate growth of about 6% for FY15-16.

Based on legislation adopted in 2002-03 by the North Carolina General Assembly (providing greater but not absolute protection for certain State-shared revenues withheld in past years), we believe it is reasonable to include full State-shared revenues in our five year projections for the General Fund. These State-shared revenues include revenue from utility franchise taxes (estimated at about \$2.8 million in 2013-14 and 2014-15) and Video Programming Tax, estimated to remain relatively flat in FY14 and FY15. Based on collections in Chapel Hill, we are projecting very slow

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

growth over the next 5 years for utility franchise taxes.

State-shared revenues also include revenue from fuel tax funds for street maintenance (about \$1.5 million in 2013-14) with no projected growth over the next five years, and Beer and Wine Taxes. The State withheld two-thirds of its distribution of beer and wine tax to municipalities in 2009-10 but indications are that we will receive the full share in FY15 and thereafter.

State Fire Protection Funds dropped in FY14 to \$1,091,005 from the historic level of \$1,210,000. We anticipate a slight increase to \$1,097,590 for 2015-16. We recommend that the Council continue to seek additional fire protection funding consistent with the costs associated with providing fire protection for state owned property located in the Town.

The most important revenue sources for the General Fund are shown in the two tables which follow, titled Projected Tax Base and Projected State-Shared Revenues. There are potential changes arising from ongoing State budget proposals that could impact the Town negatively, but most likely we will not know the full impact until after the budget is adopted.

Operating and Capital Improvement Costs

Projected costs for general operations are based on a continuation of most service levels and programs for 2015-16. Personnel and operating costs are based on assumptions as noted on the attached tables. The projections also include estimated contributions required to provide needed capital maintenance for future years. For FY 2015-16, the amount of capital funding is increased by \$4,000 and allows for critical projects. We anticipate that funding levels in FY 2016-17 will remain at approximately \$1.0 million annually. While the project requests reflected in the capital plan are usually in excess of the projected available amounts, the funding demonstrates a commitment to maintaining and renovating Town properties.

Personnel costs for FY 2015-16 include a 2% of market rate pay adjustment effective June 2015 and a 2% of market rate pay adjustment effective January 2016 and a decrease in medical insurance costs of 8.5% based on the contracted agreement with Blue Cross Blue Shield. Projections include annual pay increases of 3%, 5% increases in medical insurance costs each year, and the continuation of the 6.67% retirement contribution rate. Operating costs are estimated to increase about 3% annually.

Our analysis indicates projected costs for basic operations and the proposed additions to operations would exceed revenues in FY2016-17 and beyond. As we come closer to the actual projected years, we will need to update assumptions. Under the current projection assumptions, the Council would need to increase revenues or decrease costs for each of the next five years.

A chart is included in the conclusion of the projections sections showing the projected marginal tax rate increase each year necessary to balance the projected budget.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

TRANSIT FUND

The budget for 2015-16 assumes the continuation of fare-free transit services as well as the continuation of the cost-sharing arrangement with the University of North Carolina and Carrboro. State operating assistance is expected to come in under the revised budget in FY15 by about \$147,000. This revenue is projected to stay constant and is budgeted conservatively for FY16 at slightly over \$2 million. Federal assistance is estimated to continue at \$1.94 million each year, a slight increase from recent years' receipts.

The estimates for expenses for 2015-16 include only minor adjustments to routes and services to streamline operations. The Town plans on buying approximately 12 buses as part of a replacement plan cycle, which is slightly offset by a large decrease in diesel fuel costs (approximately \$444,000) compared to FY15. The adopted budget for 2015-16 includes increases for the funding partners. The projections assume continuation of the 5.1 cent rate in the next five years. The 2016 budget does not require the use of fund balance. Subsequent years show the need for a tax increase from 0.2 to 0.6 cents through 2019-20.

Adopted Tax Rate	Cents per \$100 valuation		
	FY14-15	FY15-16	\$ Change
General Fund	38.8	38.8	-
Debt Fund	8.5	8.5	-
Transit Fund	5.1	5.1	-
Total Tax Rate	52.4	52.4	-

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

DEBT SERVICE FUND

The projections for the Debt Service Fund include the adopted tax rate of 8.5 cents. This tax rate will generate about \$6.52 million in revenues in 2015-16 which, along with the transfer from Parking, will provide for projected debt service costs. Cost projections include debt service on the new \$20.41 million in bonds sold in the fall of 2010. In addition, the projections include the estimated \$6.5 million of debt related to the Downtown Initiative and the prospective sale of \$1.7 million of two-thirds bonds in FY2015. Our projections indicate no increase needed in the tax rate for debt service for the next five years, although new debt would require additional revenues.

CONCLUSION

Based on the assumptions contained in the analysis of projected revenues and costs for the Town's tax-funded operating funds for the next five years, differences between revenues and costs for future years could require cost or service reductions, revenue enhancements, or tax rate adjustments. The differences expressed as tax rate equivalents are summarized as follows:

Tax Rate Equivalents of Needed Revenue (in cents)

	2015-16 Adopted Increase	2016-17 Estimated Increase	2017-18 Estimated Increase	2018-19 Estimated Increase	2019-20 Estimated Increase	2020-21 Estimated Increase
General Fund	0.0	2.5	0.4	0.8	0.7	0.8
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Transit Fund	0.0	0.6	(0.2)	0.2	0.2	0.2
Total	0.0	3.1	0.2	1.0	0.9	1.0

The largest concern in the budget projection is the expected imbalance between revenues and expenditures in the General Fund. In past years, fund balance has been available to supplement revenues and eliminate or reduce the need to increase taxes. We will need to more closely balance spending with available revenues in future budget years due to the diminishing availability of fund balance available for appropriation.

**GENERAL FUND
PROJECTED TAX BASE
2015/2016- 2020/2021**

Category	2015-16 Adopted	2016-17 Estimated ¹	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Assessed Valuation (Real & Personal Property)	\$ 7,725,370,000	\$ 7,841,250,000	\$ 7,982,390,000	\$ 8,126,070,000	\$ 8,272,340,000	\$ 8,421,240,000
Tax Levy - General Fund Only*	29,974,000	30,424,000	30,972,000	31,529,000	32,097,000	32,674,000
Estimated Collections at 99%	29,780,000	30,230,000	30,770,000	31,330,000	31,890,000	32,460,000
Estimated Prior Year Collections	190,000	190,000	190,000	190,000	190,000	190,000
TOTALS	\$ 29,970,000	\$ 30,420,000	\$ 30,960,000	\$ 31,520,000	\$ 32,080,000	\$ 32,650,000
Tax rate	38.8¢	38.8¢	38.8¢	38.8¢	38.8¢	38.8¢

1¢ on the tax rate = \$ 765,000

¹ Fiscal year 2015-16 is estimated as the next revaluation year. For illustrative purposes, levy is not displayed at revenue neutral rate.

* Based on continuing the General Fund tax rate of \$38.8 cents/\$100, with estimated growth as follows:

2016	1.00%
2017	1.50%
2018	1.80%
2019	1.80%
2020	1.80%
2021	1.80%

GENERAL FUND

PROJECTED STATE-SHARED REVENUES

2015/2016- 2020/2021

Category	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Utility Sales Tax ¹	\$ 3,000,000	\$ 3,015,000	\$ 3,030,000	\$ 3,045,000	\$ 3,060,000	\$ 3,075,000
Video Programming Tax	700,000	700,000	700,000	700,000	700,000	700,000
Supplemental PEG support	90,000	90,000	90,000	90,000	90,000	90,000
Beer, Wine Tax ²	240,000	242,000	244,000	246,000	248,000	250,000
1% Local Option Sales Tax (Article 39) ³	4,163,000	4,288,000	4,417,000	4,550,000	4,687,000	4,828,000
1/2% Local Option Sales Tax (Article 40) ³	2,884,000	2,971,000	3,060,000	3,152,000	3,247,000	3,344,000
1/2% Local Option Sales Tax (Article 42) ³	2,089,000	2,152,000	2,217,000	2,284,000	2,353,000	2,424,000
1/2% Local Option Sales Tax (Article 44 Hold Harmless) ³	6,000	6,000	6,000	6,000	6,000	6,000
City Hold Harmless ³	2,917,000	2,946,000	2,975,000	3,005,000	3,035,000	3,065,000
Total Local Option Sales Taxes	12,059,000	12,363,000	12,675,000	12,997,000	13,328,000	13,667,000
Fuel Tax (Powell Bill) ⁴	1,490,000	1,490,000	1,490,000	1,490,000	1,490,000	1,490,000
State Fire Protection ⁵	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000
Solid Waste Disposal Tax	32,000	32,000	32,000	32,000	32,000	32,000
TOTAL	\$ 18,709,000	\$ 19,030,000	\$ 19,359,000	\$ 19,698,000	\$ 20,046,000	\$ 20,402,000

¹ Utility sales tax distribution has been changed in recent years and is now distributed to municipalities based on the application of the 7% combined general sales tax rate of sales of electricity and natural gas to public utility providers.

² Except when withheld by the state in recent years, beer and wine taxes have been stable. Distributed based on population, they are expected to grow at 1% in future.

³ Estimate a continuing recovery, with local components expected to recover before State-wide, and normal growth of 3% in FY17 and thereafter. The Hold Harmless amount is expected to remain steady according to current legislation.

⁴ Powell Bill revenues are distributed by a formula that is based on both street miles and population.

⁵ State Fire Protection funding is subject to annual appropriation, and is expected to return to prior levels in future years.

GENERAL FUND
REVENUE PROJECTIONS
2015/2016 - 2020/2021

Category	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Property Taxes*	\$ 29,970,000	\$ 30,420,000	\$ 30,960,000	\$ 31,520,000	\$ 32,080,000	\$ 32,650,000
Sales Taxes	\$ 12,059,000	\$ 12,363,000	\$ 12,675,000	\$ 12,997,000	\$ 13,328,000	\$ 13,667,000
Other Taxes & Licenses	1,114,000	1,114,000	1,114,000	1,114,000	1,114,000	1,114,000
Licenses/Permits/Fines/ Forfeitures	3,213,000	3,213,000	3,213,000	3,213,000	3,213,000	3,213,000
State-Shared Revenues	6,650,000	6,667,000	6,684,000	6,701,000	6,718,000	6,735,000
Grants	782,000	791,000	800,000	809,000	818,000	827,000
Service Charges	4,667,000	4,677,000	4,687,000	4,697,000	4,707,000	4,717,000
Interest on Investments	23,000	23,000	23,000	23,000	23,000	23,000
Other Revenues	473,000	473,000	473,000	473,000	473,000	473,000
Interfund Transfers	45,000	45,000	45,000	45,000	45,000	45,000
TOTAL	\$ 58,996,000	\$ 59,786,000	\$ 60,674,000	\$ 61,592,000	\$ 62,519,000	\$ 63,464,000

* Based on continuing the current General Fund tax rate of \$38.8 cents/\$100, with estimated growth as follows:

2016	1.00%
2017	1.50%
2018	1.80%
2019	1.80%
2020	1.80%
2021	1.80%

**GENERAL FUND
PROJECTED COSTS
2015/2016 - 2020/2021**

	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Personnel Services ¹	\$ 43,190,000	\$ 44,486,000	\$ 45,896,000	\$ 47,345,000	\$ 48,855,000	\$ 50,407,000
Operations						
Operating & Maintenance ²	16,675,000	16,138,000	15,890,000	15,951,000	15,928,000	15,963,000
Capital						
Equipment ³	78,000	100,000	100,000	100,000	100,000	100,000
Transfer to Capital Improvements Program ⁴	778,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other						
Human Service contracts, hotel/ motel allocations and grants to other agencies	980,000	980,000	980,000	980,000	980,000	980,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/						
TOTALS	\$ 61,701,000	\$ 62,704,000	\$ 63,866,000	\$ 65,376,000	\$ 66,863,000	\$ 68,450,000

Assumptions for years after 2016, reflected on base cost estimates for 2015-16:

¹ Assumptions include:

- Annual increase of 3%.
- 5% increase in medical insurance each year
- Continuation of 6.67% Retirement rate.

² Increase in most operating costs of 2.5% each year.

³ Estimated cost of routine replacement of miscellaneous non-vehicular capital equipment.

⁴ General Fund contribution for Capital Improvements Program.

GENERAL FUND

ANALYSIS OF REVENUE AND COST PROJECTIONS

2015/2016 - 2020/2021

	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Estimated Total Costs	\$ 61,701,000	\$ 62,704,000	\$ 63,866,000	\$ 65,376,000	\$ 66,863,000	\$ 68,450,000
Estimated Total Revenues	58,996,000	59,786,000	60,674,000	61,592,000	62,519,000	63,464,000
Revenues Needed	2,705,000	2,918,000	3,192,000	3,784,000	4,344,000	4,986,000
Fund Balance Available	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
One-time use of Fund Balance	1,705,000	-	-	-	-	-
Additional Revenue Needed/ (Available)	\$ -	\$ 1,918,000	\$ 2,192,000	\$ 2,784,000	\$ 3,344,000	\$ 3,986,000
Change in Tax Rate in cents in Specific Years*	-	2.5	0.4	0.8	0.7	0.8

*Value of a cent = \$765,000

TRANSIT FUND
REVENUE PROJECTIONS
2015/2016 - 2020/2021

	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Taxes ¹	\$ 3,923,610	\$ 3,920,000	\$ 3,980,000	\$ 4,050,000	\$ 4,130,000	\$ 4,200,000
Vehicle Taxes ²	454,738	457,000	459,000	461,000	463,000	465,000
TTA-Shared Revenues	1,678,000	1,695,000	1,712,000	1,729,000	1,746,000	1,763,000
Federal Operating Assistance ³	1,944,719	1,945,000	1,945,000	1,945,000	1,945,000	1,945,000
State Operating Assistance ³	2,062,996	2,063,000	2,063,000	2,063,000	2,063,000	2,063,000
UNC Contract (Net) ⁴	7,844,040	7,962,000	8,081,000	8,202,000	8,325,000	8,450,000
UNC Park & Ride Fee	-	75,000	75,000	75,000	75,000	75,000
Carrboro Contract (Net) ⁴	1,540,288	1,563,000	1,586,000	1,610,000	1,634,000	1,659,000
Service Charges ⁵	926,288	945,000	964,000	983,000	1,003,000	1,023,000
Advertising	150,000	150,000	150,000	150,000	150,000	150,000
Grants	-	200,000	200,000	200,000	200,000	200,000
Transfer from General Fund	247,836	-	-	-	-	-
Other	2,500	3,000	3,000	3,000	3,000	3,000
TOTAL	\$ 20,775,015	\$ 20,978,000	\$ 21,218,000	\$ 21,471,000	\$ 21,737,000	\$ 21,996,000

Revenue Notes:

¹ Based on a Manager's Recommended tax rate of 5.1 cents through 2020-21

² Assumes continuing levy of \$15 vehicle tax for Transit

³ Assumes continuing level of State and Federal Operating Assistance.

⁴ Assumes continued participation by the University and Carrboro, including assumptions on cost sharing for adopted fare-free services, assuming 1.5% growth each year.

⁵ Based on continuing fare-free services, with remaining service charge revenue generated primarily by Tarheel Express and Triangle Transit routes, assuming 2% growth each year.

TRANSIT FUND
COST PROJECTIONS
2015/2016 - 2020/2021

	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Personnel Services ¹	\$ 12,825,462	\$ 13,265,000	\$ 13,648,000	\$ 14,088,000	\$ 14,544,000	\$ 15,016,000
Operations ²	7,149,553	7,365,000	7,603,000	7,849,000	8,104,000	8,368,000
Capital Reserve Fund ³	800,000	800,000	800,000	800,000	800,000	800,000
TOTAL	\$ 20,775,015	\$ 21,430,000	\$ 22,051,000	\$ 22,737,000	\$ 23,448,000	\$ 24,184,000

Assumptions for years after 2015-16

¹ Assumptions include:

- Annual increase of 3%.
- 5% increase in medical insurance each year
- Continuation of 6.67% Retirement rate.

² Increase in operating costs of 2.5% annually for most operating costs and 5% for fuel and tires.

³ Amounts allocated for Capital Equipment Reserve Fund for replacement of buses, purchase of capital equipment, and local cost of Transit facilities.

***TRANSIT FUND
REVENUE AND COST PROJECTIONS
2015/2016 - 2020/21***

	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Estimated Costs	\$ 20,775,015	\$ 21,430,000	\$22,051,000	\$ 22,737,000	\$ 23,448,000	\$ 24,184,000
Estimated Revenues	20,775,015	20,978,000	21,218,000	21,471,000	21,737,000	21,996,000
Revenue Needed/(Excess)	-	452,000	833,000	1,266,000	1,711,000	2,188,000
Additional Revenue Needed	\$ -	\$ 452,000	\$ 833,000	\$ 1,266,000	\$ 1,711,000	\$ 2,188,000
Change in Tax Rate in Specific Years	-	0.6	(0.2)	0.2	0.2	0.2

1 cent on the tax rate = \$755,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2015-16 (assumes current level of State funding for operating assistance).
 - Assumes constant level of federal operating assistance.
 - Includes estimated adjustments of 3% in salaries and most operating costs after FY16.
 - Includes estimated adjustments of 5% in fuel and tire costs after FY16.
-

DEBT SERVICE FUND
PROJECTED TAX BASE AND OTHER REVENUES
2015/2016- 2020/2021

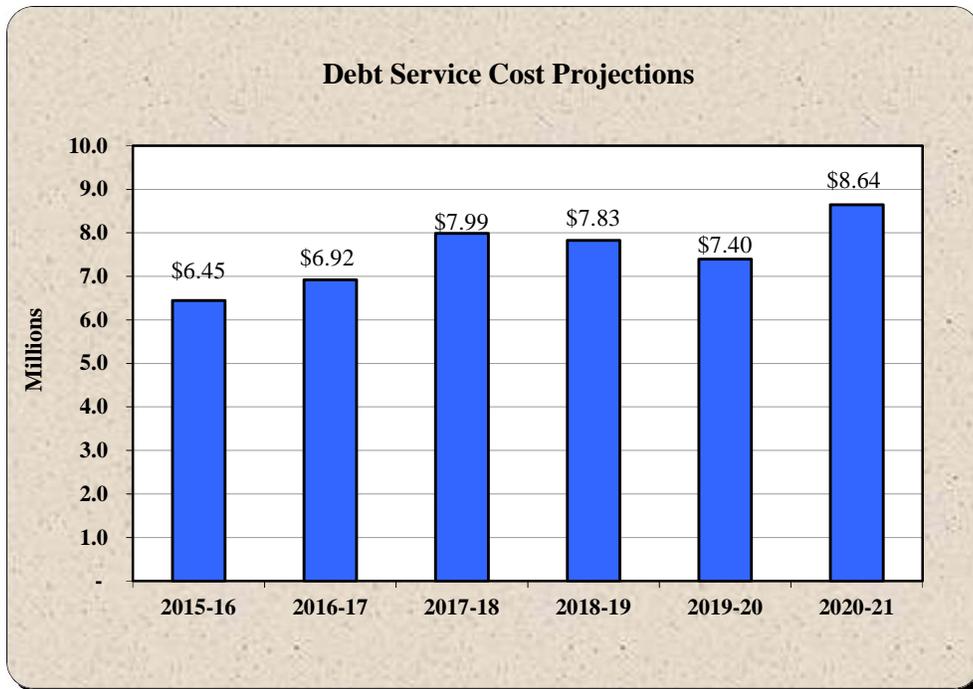
Category	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Assessed Valuation (Real & Personal Property)	\$ 7,725,370,000	\$ 7,841,250,000	\$ 7,982,390,000	\$ 8,126,070,000	\$ 8,272,340,000	\$ 8,421,240,000
Tax Levy - Debt Service Fund Only*	6,567,000	6,665,000	6,785,000	6,907,000	7,031,000	7,158,000
Estimated Collections at 99%	6,520,000	6,598,000	6,717,000	6,838,000	6,961,000	7,086,000
TOTAL TAXES	\$ 6,520,000	\$ 6,598,000	\$ 6,717,000	\$ 6,838,000	\$ 6,961,000	\$ 7,086,000
BABS Interest Subsidy	169,200	169,000	169,000	169,000	169,000	169,000
Interest Income	4,000	4,000	4,000	4,000	4,000	4,000
Transfer from Parking	909,582	909,000	907,000	915,000	915,000	915,000
TOTAL REVENUES	\$ 7,602,782	\$ 7,680,000	\$ 7,797,000	\$ 7,926,000	\$ 8,049,000	\$ 8,174,000

* Based on a continued tax rate of \$8.5 cents for the Debt Fund through 2020-21, with estimated growth as follows:

2016	1.00%
2017	1.50%
2018	1.80%
2019	1.80%
2020	1.80%
2021	1.80%

**DEBT SERVICE FUND
PROJECTED COSTS
2015/2016 - 2020/2021**

	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Existing Debt	\$ 6,448,000	\$ 6,361,000	\$ 5,896,000	\$ 5,738,000	\$ 5,306,000	\$ 5,020,000
Two-Thirds Bonds	-	137,000	137,000	137,000	137,000	137,000
Future Issuance	-	420,000	1,953,000	1,953,000	1,953,000	3,485,000
TOTALS	\$ 6,448,000	\$ 6,918,000	\$ 7,986,000	\$ 7,828,000	\$ 7,396,000	\$ 8,642,000



DEBT SERVICE FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2015/2016 - 2020/2021

	2015-16 Adopted	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Estimated Total Costs	\$ 6,448,000	\$ 6,918,000	\$ 7,986,000	\$ 7,828,000	\$ 7,396,000	\$ 8,642,000
Estimated Total Revenues	7,602,782	7,680,000	7,797,000	7,926,000	8,049,000	8,174,000
Revenue (Needed)/Available	1,154,782	762,000	(189,000)	98,000	653,000	(468,000)
Fund Balance Available	-	-	189,000	-	-	468,000
Reserved for future debt	1,154,782	762,000	-	98,000	653,000	-
Additional Revenue (Needed)/Available	-	-	-	-	-	-
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	0.0	0.0	0.0

Value of a cent = \$765,000