

September 16, 2011

City of University Heights
1004 Melrose Avenue
University Heights, IA 52246

Re: Follow-up to September 13, 2011 Council Meeting

Dear Council Members:

In follow up to our meeting on Tuesday, we want to take this opportunity to identify areas that may be of continued concern regarding our budget analysis. One of the critical areas is the assumption we used for the growth in revenues from property taxes. In this regard, the 2% increase was based on the recommendation of the County Assessor. Given Mr. Greazel's expertise and experience with the assessments and tax revenues from the City of University Heights property, we considered his determination sufficient for the purposes of our analysis.

However, in the event his assumption of a 2% increase is not realized, the financial viability of the City of University Heights without additional sources of revenue or correspondent decreases in expenses is questionable. That is why a critical review of the City's expenses is so important for the Council to consider.

- A request was made for a recalculation using an assumed 1% growth rate. We have included that for your review as well as a scenario in which University Heights experiences 0% growth.
- Attached to this letter are three scenarios:
 - # 1 – Scenario 1 assumes average growth in property tax revenue is 0% and all other expense growth remains at the 10 year average presented in my initial report.
 - # 2 – Scenario 2 assumes average growth in property tax revenue is 1% and all other expense growth remains at the 10 year average presented in my initial report.
 - # 3 - This scenario shows by how much you would have to decrease the growth in expenses in order to remain viable over the period of the projection with a 1% growth rate in property tax revenue.

As advised on Tuesday evening, we believe it is appropriate for the Council to consider all scenarios and determine how much of an expense reduction is necessary to remain viable under each. If the City determines it is not possible to reduce expenses, the long-term viability of the City comes into question.

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We define viability as having sufficient cash reserves to last at least 20 years. This assumes the city will take advantage of this time line to make the necessary adjustments to provide a predictable horizon of cash reserves beyond this period. With that length of time, the City can consider alternative options to OUP. However, as the scenarios adjust due to decreased projected revenues or lack of ability to decrease expenses, the timeframe condenses and the time for a more immediate action becomes critical.

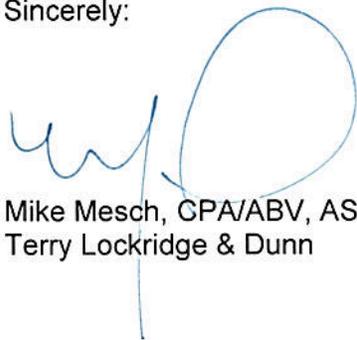
This spreadsheet is a tool that will assist the Council in determining viability. If property taxes grow at a 1% rate then more expenses will need to be reduced to remain viable. It is incumbent on the Council to determine if and how the budget can be reduced or if revenues can be increased in other ways to keep the City viable.

- In addition to the 1% analysis, there were several issues raised in regard to the LOST income and expenses. The key question is whether those expenses are discretionary or non-discretionary. In other words, absent the LOST revenue, will the expenses that have been paid for by the LOST revenue still be incurred in the future? An affirmative answer will require adjustment to the previously provided projections.

We wish to reiterate it is our desire to provide to you the information necessary to arrive at a correct answer regarding the City of University Heights' continued economic viability. We have endeavored to have the analysis reflect all critical viewpoints; it remains incumbent on you to advise us if there is anything in the analysis which should be further examined or modified.

Given the critical nature of this analysis, we wish to take all reasonable measures to ensure it reflects the most complete and accurate information available.

Sincerely:



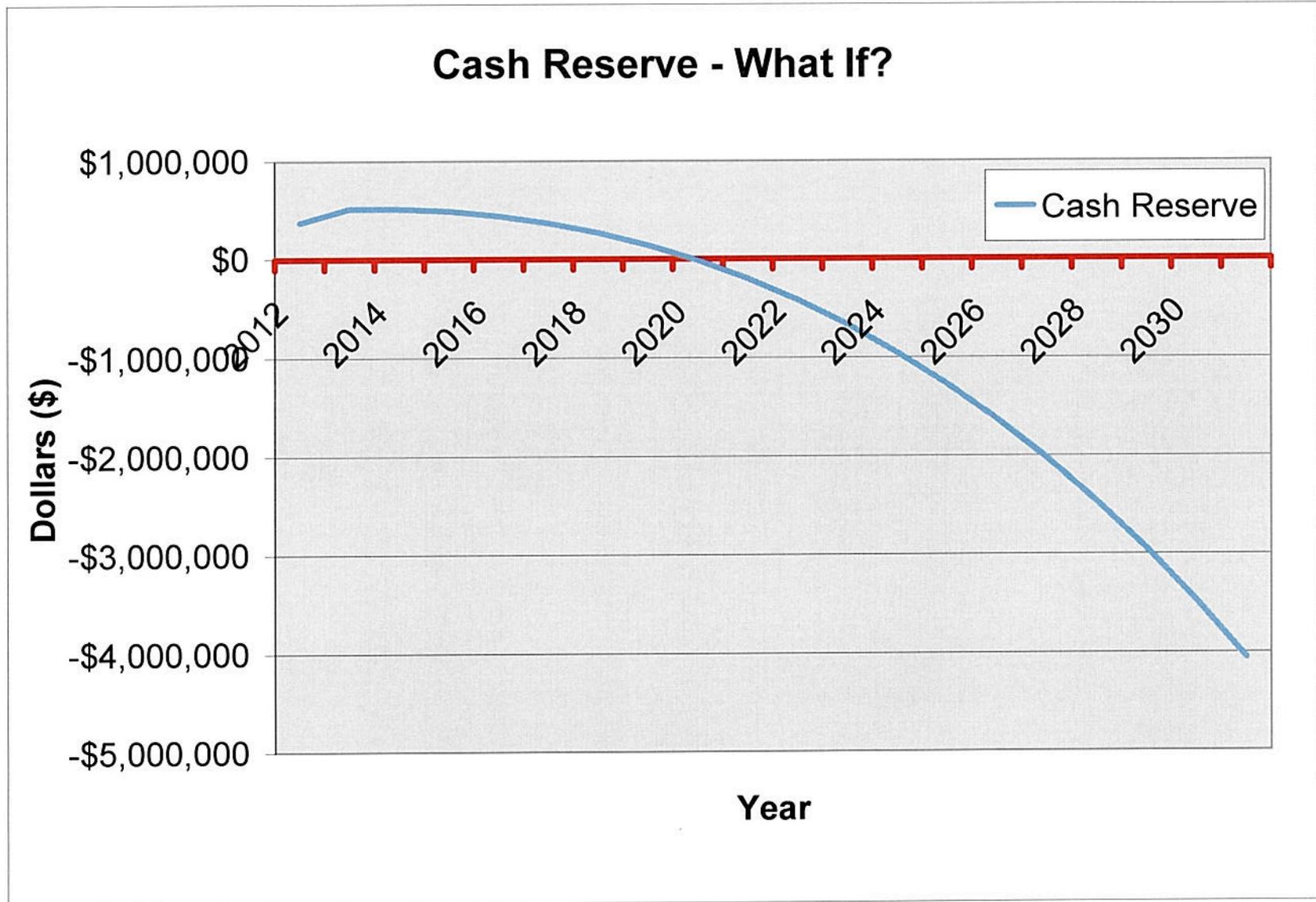
Mike Mesch, CPA/ABV, ASA, CFF
Terry Lockridge & Dunn



Timothy Terry
Terry Lockridge & Dunn

ANALYSIS

What if Revenues Increase by 0% and Expenses are not Reduced?



ANALYSIS
What if Revenues Increase by 0% and Expenses are not Reduced?

	UAC Property Tax Revenue	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
				Loss of LOST Revenue		Stabilization of UAC Revenue			
		2012	2013	2014	2015	2016	2017	2018	2019
Ordinary Income/Expense									
Income									
TOTAL GENERAL PROPERTY TAXES		552,229	552,229	552,229	552,229	552,229	552,229	552,229	552,229
OTHER CITY TAXES									
OUP Revenue		-	-	-	-	-	-	-	-
University Athletic Club Tax		27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Local Option Sales Tax		125,000	125,000						
Total OTHER CITY TAXES		152,000	152,000	27,000	27,000	27,000	27,000	27,000	27,000
INTERGOVERNMENTAL/SHARED REVENUE									
Road Use/Street Construction		90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Other State Grants/Reimburse.		12,600	12,726	12,853	12,982	13,112	13,243	13,375	13,509
Total INTERGOVERNMENTAL/SHARED REVENUE		102,600	102,726	102,853	102,982	103,112	103,243	103,375	103,509
MISCELLANEOUS REVENUES		103,428	104,462	105,507	106,562	107,628	108,704	109,791	110,889
DEBT ISSUED									
Total Income		\$ 910,257	\$ 911,417	\$ 787,589	\$ 788,773	\$ 789,968	\$ 791,176	\$ 792,395	\$ 793,627
Average Revenue Growth			0.1%	-13.6%	0.2%	0.2%	0.2%	0.2%	0.2%
Expense									
CAPITAL PROJECTS		-	-	-	-	-	-	-	-
PUBLIC SAFETY		(384,232)	(390,744)	(410,281)	(430,795)	(452,335)	(474,951)	(498,699)	(523,634)
PUBLIC WORKS		(265,506)	(198,661)	(200,648)	(202,654)	(204,681)	(206,727)	(208,795)	(210,883)
CULTURE & RECREATION		(38,118)	(38,499)	(38,884)	(39,273)	(39,666)	(40,062)	(40,463)	(40,868)
COMMUNITY & ECONOMIC DEV.		(5,000)	(5,050)	(5,101)	(5,152)	(5,203)	(5,255)	(5,308)	(5,361)
GENERAL GOVERNMENT		(100,328)	(101,331)	(102,345)	(103,368)	(104,402)	(105,446)	(106,500)	(107,565)
ANNUAL COST TO UH OF OUP IMPROVEMENTS		-	-	-	-	-	-	-	-
Total Expense		(793,184)	(734,285)	(757,258)	(781,242)	(806,296)	(832,442)	(859,784)	(888,310)
Projected Profit/(Loss) before Debt Service		\$ 117,073	\$ 177,132	\$ 30,331	\$ 7,531	\$ (16,318)	\$ (41,266)	\$ (67,369)	\$ (94,683)
Cash Reserve		290,184	374,427	518,729	516,231	490,932	441,784	367,688	267,489
Debt Service		(32,830)	(32,830)	(32,830)	(32,830)	(32,830)	(32,830)	(32,830)	(32,830)
Profit/(Loss)		117,073	177,132	30,331	7,531	(16,318)	(41,266)	(67,369)	(94,683)
New Cash Reserve		374,427	518,729	516,231	490,932	441,784	367,688	267,489	139,975
Reserve Percentage		47.2%	70.6%	68.2%	62.6%	54.8%	44.2%	31.1%	15.8%
Percentage Expense Growth				3.1%	3.2%	3.2%	3.2%	3.3%	3.3%

Assumptions:		
1	Annual Cost to City of OUP Improvements (assuming project is approved)	\$ -
2	Annual Increase in Taxable Value of UH Property	0.0%
3	Annual Increase in City Expenses	
a)	Public Safety - Average from 2001 - 2010 was 5%	5.0%
b)	All other	1.0%
4	Once LOST is over, expenses will decrease in line with LOST revenue decrease	
5	Cost of Capital Projects will be offset by Future Bonding	
6	Increase in Seatbelt Incentive/Traffic Safety	1.0%
7	IJOBS (ARRA) funds will cease on 2012 year-end budget	
8	LOST funds will cease after June 30, 2013	
9	Road Use/Street Construction	0.0%
10	Annual Increase in Miscellaneous Revenues (included are permit income, traffic and parking fines, refunds and reimbursements)	1.0%
11	Increase in road-use and street construction	0.0%
12	Debt Service will increase in line with growth in taxable value of property	0.0%
13	Revenue from OUP	\$ -

This is in line with historical growth in taxable values in University Heights

This is historical average
Historically these have remained relatively constant expenses

THE ABOVE ANALYSES ARE ESTIMATED PROJECTIONS BASED ON THE ASSUMPTIONS ABOVE. ACTUAL FUTURE REVENUES AND EXPENSES WILL VARY AND THE DIFFERENCE MAY BE MATERIAL.

ANALYSIS
What if Revenues Increase by 0% and Expenses are not Reduced?

UAC Property Tax Revenue

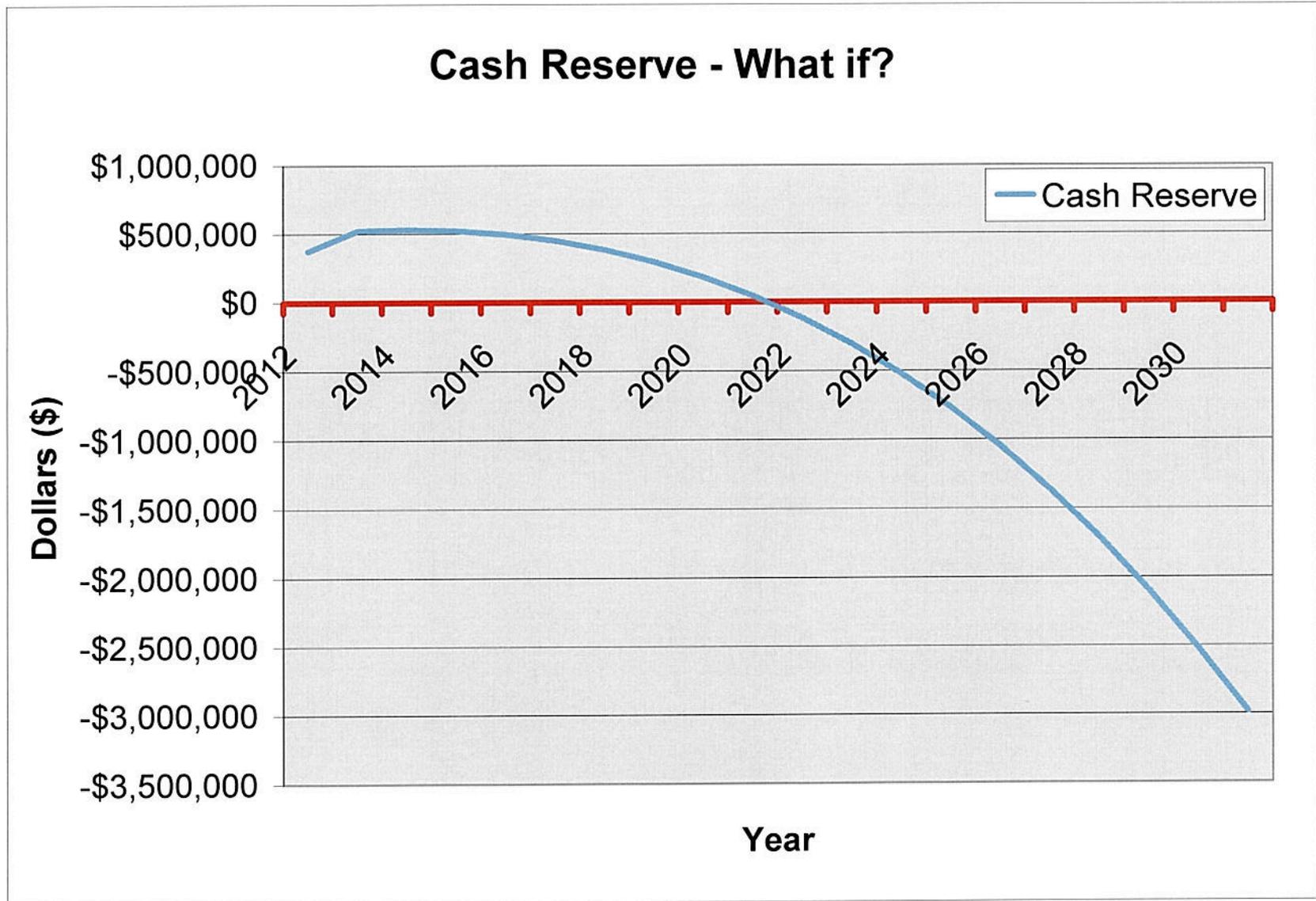
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Ordinary Income/Expense									
Income									
TOTAL GENERAL PROPERTY TAXES	552,229	552,229	552,229	552,229	552,229	552,229	552,229	552,229	552,229
OTHER CITY TAXES									
OUP Revenue	-	-	-	-	-	-	-	-	-
University Athletic Club Tax	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Local Option Sales Tax	-	-	-	-	-	-	-	-	-
Total OTHER CITY TAXES	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
INTERGOVERNMENTAL/SHARED REVENUE									
Road Use/Street Construction	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Other State Grants/Reimburse.	13,644	13,780	13,918	14,057	14,198	14,340	14,483	14,628	14,774
Total INTERGOVERNMENTAL/SHARED REVENUE	103,644	103,780	103,918	104,057	104,198	104,340	104,483	104,628	104,774
MISCELLANEOUS REVENUES	111,998	113,118	114,249	115,391	116,545	117,711	118,888	120,077	121,277
DEBT ISSUED	-	-	-	-	-	-	-	-	-
Total Income	\$ 794,871	\$ 796,127	\$ 797,396	\$ 798,678	\$ 799,972	\$ 801,280	\$ 802,600	\$ 803,934	\$ 805,281
Average Revenue Growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Expense									
CAPITAL PROJECTS	-	-	-	-	-	-	-	-	-
PUBLIC SAFETY	(549,815)	(577,306)	(606,172)	(636,480)	(668,304)	(701,719)	(738,805)	(773,646)	(812,326)
PUBLIC WORKS	(212,992)	(215,121)	(217,273)	(219,445)	(221,640)	(223,856)	(226,095)	(228,356)	(230,639)
CULTURE & RECREATION	(41,276)	(41,689)	(42,106)	(42,527)	(42,952)	(43,382)	(43,816)	(44,254)	(44,696)
COMMUNITY & ECONOMIC DEV.	(5,414)	(5,468)	(5,523)	(5,578)	(5,634)	(5,690)	(5,747)	(5,805)	(5,863)
GENERAL GOVERNMENT	(108,641)	(109,727)	(110,825)	(111,933)	(113,052)	(114,183)	(115,324)	(116,478)	(117,642)
ANNUAL COST TO UH OF OUP IMPROVEMENTS	-	-	-	-	-	-	-	-	-
Total Expense	(918,136)	(949,312)	(981,898)	(1,015,964)	(1,051,583)	(1,088,831)	(1,127,788)	(1,168,538)	(1,211,169)
Projected Profit/(Loss) before Debt Service	\$ (123,268)	\$ (153,185)	\$ (184,502)	\$ (217,286)	\$ (251,610)	\$ (287,551)	\$ (325,187)	\$ (364,604)	\$ (405,888)
Cash Reserve	139,975	(16,123)	(202,138)	(419,470)	(669,586)	(954,026)	(1,274,407)	(1,632,424)	(2,029,858)
Debt Service	(32,830)	(32,830)	(32,830)	(32,830)	(32,830)	(32,830)	(32,830)	(32,830)	(32,830)
Profit/(Loss)	(123,268)	(153,185)	(184,502)	(217,286)	(251,610)	(287,551)	(325,187)	(364,604)	(405,888)
New Cash Reserve	(16,123)	(202,138)	(419,470)	(669,586)	(954,026)	(1,274,407)	(1,632,424)	(2,029,858)	(2,468,576)
Reserve Percentage	-1.8%	-21.3%	-42.7%	-65.9%	-90.7%	-117.0%	-144.7%	-173.7%	-203.8%
Percentage Expense Growth	3.4%	3.4%	3.4%	3.5%	3.5%	3.5%	3.6%	3.6%	3.6%

Assumptions:		
1	Annual Cost to City of OUP Improvements (assuming project is approved)	\$ -
2	Annual Increase in Taxable Value of UH Property	0.0%
3	Annual Increase in City Expenses	
a)	Public Safety - Average from 2001 - 2010 was 5%	5.0%
b)	All other	1.0%
4	Once LOST is over, expenses will decrease in line with LOST revenue decrease	
5	Cost of Capital Projects will be offset by Future Bonding	
6	Increase in Seatbelt Incentive/Traffic Safety	1.0%
7	LJOBS (ARRA) funds will cease on 2012 year-end budget	
8	LOST funds will cease after June 30, 2013	
9	Road Use/Street Construction	0.0%
10	Annual Increase in Miscellaneous Revenues	1.0%
	(included are permit income, traffic and parking fines, refunds and reimbursements)	
11	Increase in road-use and street construction	0.0%
12	Debt Service will increase in line with growth in taxable value of property	0.0%
13	Revenue from OUP	\$ -

**THE ABOVE ANALYSES ARE ESTIMATED PROJECTIONS BASED ON THE ASSUMPTIONS ABOVE.
ACTUAL FUTURE REVENUES AND EXPENSES WILL VARY AND THE DIFFERENCE MAY BE MATERIAL.**

ANALYSIS

What if Revenues Increase by 1% and Expenses are not Reduced?



ANALYSIS
What If Revenues Increase by 1% and Expenses are Not Reduced?
9-15-11

	2012	2013	2014	2015	2016	2017	2018	2019	2020
University Athletic Club Tax Revenue	\$ 27,000	\$ 27,270	\$ 27,543	\$ 27,818	\$ 28,096				
			Loss of LOST Revenue		Stabilization of UAC Tax Revenue				
Ordinary Income/Expense									
Income									
TOTAL GENERAL PROPERTY TAXES	552,229	557,751	563,329	568,962	574,652	580,398	586,202	592,064	597,985
OTHER CITY TAXES									
OUP Revenue	-	-	-	-	-	-	-	-	-
University Athletic Club Tax	27,000	27,270	27,543	27,818	28,096	28,096	28,096	28,096	28,096
Local Option Sales Tax	125,000	125,000							
Total OTHER CITY TAXES	152,000	152,270	27,543	27,818	28,096	28,096	28,096	28,096	28,096
INTERGOVERNMENTAL/SHARED REVENUE									
Road Use/Street Construction	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Other State Grants/Reimburse.	12,600	12,726	12,853	12,982	13,112	13,243	13,375	13,509	13,644
Total INTERGOVERNMENTAL/SHARED REVENUE	102,600	102,726	102,853	102,982	103,112	103,243	103,375	103,509	103,644
Total MISCELLANEOUS REVENUES	103,428	104,462	105,507	106,562	107,628	108,704	109,791	110,889	111,998
DEBT ISSUED									
Total Income	\$ 910,257	\$ 917,210	\$ 799,232	\$ 806,324	\$ 813,487	\$ 820,441	\$ 827,465	\$ 834,558	\$ 841,723
Average Revenue Growth		0.8%	-12.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Expense									
CAPITAL PROJECTS	0.00								
Wide Sidewalk Project	0								
Construction	-								
Engineering fees sidewalk proj	-								
Total Wide Sidewalk Project	-								
CAPITAL PROJECTS									
PUBLIC SAFETY	(384,232)	(390,744)	(410,281)	(430,795)	(452,335)	(474,951)	(498,699)	(523,634)	(549,815)
PUBLIC WORKS	(265,506)	(198,661)	(200,648)	(202,654)	(204,681)	(206,727)	(208,795)	(210,883)	(212,992)
CULTURE & RECREATION	(38,118)	(38,499)	(38,884)	(39,273)	(39,666)	(40,062)	(40,463)	(40,868)	(41,276)
COMMUNITY & ECONOMIC DEV.	(5,000)	(5,050)	(5,101)	(5,152)	(5,203)	(5,255)	(5,308)	(5,361)	(5,414)
GENERAL GOVERNMENT	(100,328)	(101,331)	(102,345)	(103,368)	(104,402)	(105,446)	(106,500)	(107,565)	(108,641)
ANNUAL COST TO UH OF OUP IMPROVEMENTS									
Total Expense	(793,184)	(734,285)	(757,256)	(781,242)	(806,286)	(832,442)	(859,764)	(888,310)	(918,136)
ABILITY TO PAY DEBT OR ADD TO CASH RESERVE	\$ 117,073	\$ 182,924	\$ 41,974	\$ 25,082	\$ 7,201	\$ (12,001)	\$ (32,300)	\$ (53,752)	\$ (76,416)
Cash Reserve	290,184	374,427	524,193	532,677	523,935	496,973	450,468	383,318	294,368
Debt Service	(32,830)	(33,158)	(33,490)	(33,825)	(34,163)	(34,505)	(34,850)	(35,198)	(35,550)
Profit/(Loss)	117,073	182,924	41,974	25,082	7,201	(12,001)	(32,300)	(53,752)	(76,416)
New Cash Reserve	374,427	524,193	532,677	523,935	496,973	450,468	383,318	294,368	182,403
	47.2%	71.4%	70.3%	67.1%	61.6%	54.1%	44.6%	33.1%	19.9%
Percentage Expense Growth			3.1%	3.2%	3.2%	3.2%	3.3%	3.3%	3.4%

Assumptions:		
1	Annual Cost to City of OUP Improvements (assuming project is approved)	\$ -
2	Annual Increase in Taxable Value of UH Property	1.0%
3	Annual Increase in City Expenses	
a)	Public Safety - Average from 2001 - 2010 was 5%	5.0%
b)	All other	1.0%
4	Once LOST is over, expenses will decrease in line with LOST revenue decrease	
5	Cost of Capital Projects will be offset by Future Bonding	
6	Increase in Seatbelt Incentive/Traffic Safety Income	1.0%
7	IJOBS (ARRA) funds will cease on 2012 year-end budget	
8	LOST funds will cease after June 30, 2013	
9	Road Use/Street Construction Income	
10	Annual Increase in Miscellaneous Revenues (included are permit income, traffic and parking fines, refunds and reimbursements)	1.0%
11	Debt Service will increase in line with growth in taxable value of property	1.0%
12	Revenue from OUP	\$ -

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ACTUAL FUTURE REVENUES AND EXPENSES WILL VARY AND THE DIFFERENCE MAY BE MATERIAL.

ANALYSIS
What If Revenues Increase by 1% and Expenses are Not Reduced?
9-15-11

University Athletic Club Tax Revenue

	2021	2022	2023	2024	2025	2026	2027	2028	2029
Ordinary Income/Expense									
Income									
TOTAL GENERAL PROPERTY TAXES	603,965	610,004	616,104	622,265	628,488	634,773	641,121	647,532	654,007
OTHER CITY TAXES									
OUP Revenue	-	-	-	-	-	-	-	-	-
University Athletic Club Tax	28,096	28,096	28,096	28,096	28,096	28,096	28,096	28,096	28,096
Local Option Sales Tax	-	-	-	-	-	-	-	-	-
Total OTHER CITY TAXES	28,096	28,096	28,096	28,096	28,096	28,096	28,096	28,096	28,096
INTERGOVERNMENTAL/SHARED REVENUE									
Road Use/Street Construction	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Other State Grants/Reimburse.	13,780	13,918	14,057	14,198	14,340	14,483	14,628	14,774	14,922
Total INTERGOVERNMENTAL/SHARED REVENUE	103,780	103,918	104,057	104,198	104,340	104,483	104,628	104,774	104,922
Total MISCELLANEOUS REVENUES	113,118	114,249	115,391	116,545	117,711	118,888	120,077	121,277	122,490
DEBT ISSUED	-	-	-	-	-	-	-	-	-
Total Income	\$ 848,959	\$ 856,268	\$ 863,649	\$ 871,105	\$ 878,635	\$ 886,240	\$ 893,922	\$ 901,680	\$ 909,516
Average Revenue Growth	0.9%								
Expense									
CAPITAL PROJECTS									
Wide Sidewalk Project	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-
Engineering fees sidewalk proj	-	-	-	-	-	-	-	-	-
Total Wide Sidewalk Project	-	-	-	-	-	-	-	-	-
CAPITAL PROJECTS									
PUBLIC SAFETY	(577,306)	(606,172)	(636,480)	(668,304)	(701,719)	(736,805)	(773,646)	(812,328)	(852,944)
PUBLIC WORKS	(215,121)	(217,273)	(219,445)	(221,640)	(223,856)	(226,095)	(228,356)	(230,639)	(232,946)
CULTURE & RECREATION	(41,689)	(42,106)	(42,527)	(42,952)	(43,382)	(43,816)	(44,254)	(44,696)	(45,143)
COMMUNITY & ECONOMIC DEV.	(5,468)	(5,523)	(5,578)	(5,634)	(5,690)	(5,747)	(5,805)	(5,863)	(5,922)
GENERAL GOVERNMENT	(109,727)	(110,825)	(111,933)	(113,052)	(114,183)	(115,324)	(116,478)	(117,642)	(118,819)
ANNUAL COST TO UH OF OUP IMPROVEMENTS	-	-	-	-	-	-	-	-	-
Total Expense	(949,312)	(981,896)	(1,015,964)	(1,051,583)	(1,088,631)	(1,127,788)	(1,168,536)	(1,211,169)	(1,256,774)
ABILITY TO PAY DEBT OR ADD TO CASH RESERVE	\$ (100,353)	\$ (125,630)	\$ (152,314)	\$ (180,478)	\$ (210,195)	\$ (241,547)	\$ (274,616)	\$ (309,489)	\$ (346,258)
Cash Reserve	182,403	46,143	(115,751)	(304,693)	(522,164)	(769,723)	(1,049,008)	(1,361,738)	(1,709,722)
Debt Service	(35,906)	(36,265)	(36,627)	(36,994)	(37,364)	(37,737)	(38,115)	(38,496)	(38,881)
Profit/(Loss)	(100,353)	(125,630)	(152,314)	(180,478)	(210,195)	(241,547)	(274,616)	(309,489)	(346,258)
New Cash Reserve	46,143	(115,751)	(304,693)	(522,164)	(769,723)	(1,049,008)	(1,361,738)	(1,709,722)	(2,094,861)
	4.9%								
Percentage Expense Growth	3.4%	3.4%	3.5%	3.5%	3.5%	3.6%	3.6%	3.6%	3.7%

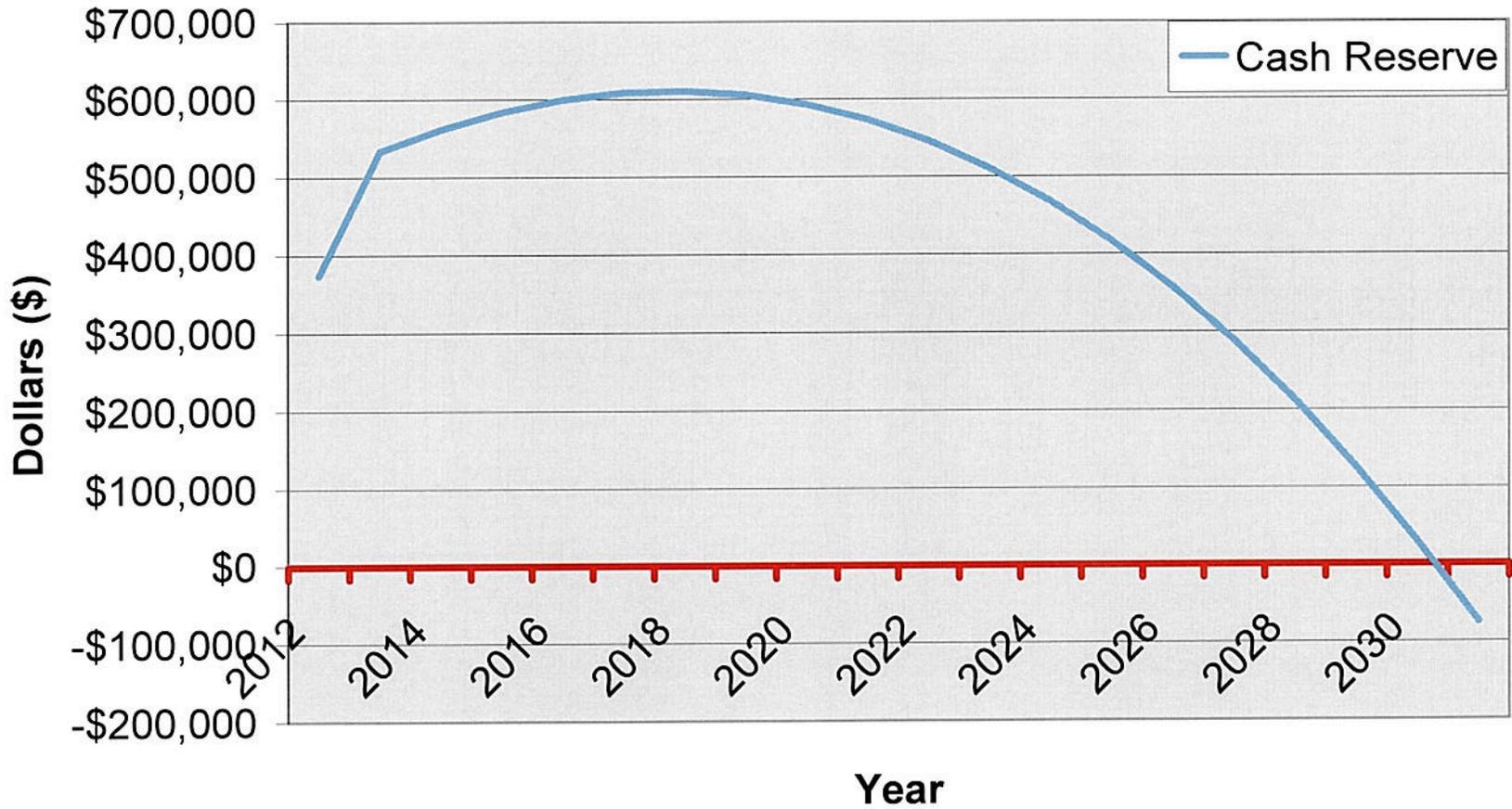
Assumptions:		
1	Annual Cost to City of OUP Improvements (assuming project is approved)	\$ -
2	Annual Increase in Taxable Value of UH Property	1.0%
3	Annual Increase in City Expenses	
a)	Public Safety - Average from 2001 - 2010 was 5%	5.0%
b)	All other	1.0%
4	Once LOST is over, expenses will decrease in line with LOST revenue decrease	
5	Cost of Capital Projects will be offset by Future Bonding	
6	Increase in Seatbelt Incentive/Traffic Safety Income	1.0%
7	JOBS (ARRA) funds will cease on 2012 year-end budget	
8	LOST funds will cease after June 30, 2013	
9	Road Use/Street Construction Income	
10	Annual Increase in Miscellaneous Revenues (included are permit income, traffic and parking fines, refunds and reimbursements)	1.0%
11	Debt Service will increase in line with growth in taxable value of property	1.0%
12	Revenue from OUP	\$ -

THE ABOVE ANALYSES ARE ESTIMATED PROJECTIONS BASED ON THE ASSUMPTIONS ABOVE. ACTUAL FUTURE REVENUES AND EXPENSES WILL VARY AND THE DIFFERENCE MAY BE MATERIAL.

ANALYSIS

What if Revenues Increase by 1% and Expenses are Reduced to 1.5% Growth?

Cash Reserve - What If?



ANALYSIS
What if Revenues Increase by 1% and Expenses are Reduced to 1.5% Growth?

	2012	2013	2014	2015	2016	2017	2018	2019
UAC PROPERTY TAX REVENUE	\$ 27,000	\$ 27,270	\$ 27,543	\$ 27,818	\$ 28,096			
			Loss of LOST Revenue		Stabilization of UAC Tax Revenue			
Ordinary Income/Expense								
Income								
TOTAL GENERAL PROPERTY TAXES	552,229	557,751	563,329	568,962	574,652	580,398	586,202	592,064
OTHER CITY TAXES								
Revenue from OUP	-	-	-	-	-	-	-	-
University Athletic Club Tax	27,000	27,270	27,543	27,818	28,096	28,096	28,096	28,096
Local Option Sales Tax	125,000	125,000						
Total OTHER CITY TAXES	152,000	152,270	27,543	27,818	28,096	28,096	28,096	28,096
INTERGOVERNMENTAL/SHARED REVENUE								
Road Use/Street Construction	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Other State Grants/Reimburse.	12,600	12,726	12,853	12,982	13,112	13,243	13,375	13,509
Total INTERGOVERNMENTAL/SHARED REVENUE	102,600	102,726	102,853	102,982	103,112	103,243	103,375	103,509
MISCELLANEOUS REVENUES	103,428	104,462	105,507	106,562	107,628	108,704	109,791	110,889
DEBT ISSUED								
Total Income	\$ 910,257	\$ 917,210	\$ 799,232	\$ 806,324	\$ 813,487	\$ 820,441	\$ 827,465	\$ 834,558
Average Revenue Growth		0.8%	-12.6%	0.9%	0.9%	0.9%	0.9%	0.9%
Expense								
CAPITAL PROJECTS	-	-	-	-	-	-	-	-
PUBLIC SAFETY	(384,232)	(378,256)	(384,876)	(391,611)	(398,464)	(405,437)	(412,532)	(419,752)
PUBLIC WORKS	(265,506)	(200,652)	(204,164)	(207,737)	(211,372)	(215,071)	(218,835)	(222,604)
CULTURE & RECREATION	(38,118)	(38,785)	(39,464)	(40,154)	(40,857)	(41,572)	(42,300)	(43,040)
COMMUNITY & ECONOMIC DEV.	(5,000)	(5,088)	(5,177)	(5,267)	(5,359)	(5,453)	(5,549)	(5,646)
GENERAL GOVERNMENT	(100,328)	(102,084)	(103,870)	(105,688)	(107,537)	(109,419)	(111,334)	(113,283)
Total Expense	(793,184)	(724,865)	(737,550)	(750,457)	(763,590)	(776,953)	(790,549)	(804,384)
ABILITY TO PAY DEBT OR ADD TO CASH RESERVE	\$ 117,073	\$ 192,345	\$ 61,682	\$ 55,867	\$ 49,897	\$ 43,488	\$ 36,915	\$ 30,174
Cash Reserve	290,184	374,427	533,614	561,805	583,848	599,582	608,566	610,631
Debt Service	(32,830)	(33,158)	(33,490)	(33,825)	(34,163)	(34,505)	(34,850)	(35,198)
Profit/(Loss)	117,073	192,345	61,682	55,867	49,897	43,488	36,915	30,174
New Cash Reserve	374,427	533,614	561,805	583,848	599,582	608,566	610,631	605,607
	47.2%	73.6%	76.2%	77.8%	78.5%	78.3%	77.2%	75.3%
Percentage Expense Growth			1.8%	1.8%	1.8%	1.8%	1.8%	1.8%

Assumptions:		
1	Annual Cost to City of OUP Improvements (assuming project is approved)	\$ -
2	Annual Increase in Taxable Value of UH Property	1.0%
3	Annual Increase in City Expenses	
a)	Public Safety - Average from 2001 - 2010 was 5%	1.8%
b)	All other	1.8%
4	Once LOST is over, expenses will decrease in line with LOST revenue decrease	
5	Cost of Capital Projects will be offset by Future Bonding	
6	Increase in Seatbelt Incentive/Traffic Safety	1.0%
7	IJOBS (ARRA) funds will cease on 2012 year-end budget	
8	LOST funds will cease after June 30, 2013	
9	Road Use/Street Construction	0.0%
10	Annual Increase in Miscellaneous Revenues (included are permit income, traffic and parking fines, refunds and reimbursements)	1.0%
11	Debt Service will increase in line with growth in taxable value of property	1.0%
12	Revenue from OUP	\$ -

THE ABOVE ANALYSES ARE ESTIMATED PROJECTIONS BASED ON THE ASSUMPTIONS ABOVE.
ACTUAL FUTURE REVENUES AND EXPENSES WILL VARY AND THE DIFFERENCE MAY BE MATERIAL.

ANALYSIS
What if Revenues Increase by 1% and Expenses are Reduced to 1.5% Growth?

UAC PROPERTY TAX REVENUE

	2020	2021	2022	2023	2024	2025	2026	2027	2028
Ordinary Income/Expense									
Income									
TOTAL GENERAL PROPERTY TAXES	597,985	603,965	610,004	616,104	622,265	628,488	634,773	641,121	647,532
OTHER CITY TAXES									
Revenue from OUP	-	-	-	-	-	-	-	-	-
University Athletic Club Tax	28,096	28,096	28,096	28,096	28,096	28,096	28,096	28,096	28,096
Local Option Sales Tax	-	-	-	-	-	-	-	-	-
Total OTHER CITY TAXES	28,096	28,096	28,096	28,096	28,096	28,096	28,096	28,096	28,096
INTERGOVERNMENTAL/SHARED REVENUE									
Road Use/Street Construction	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Other State Grants/Reimburse.	13,644	13,780	13,918	14,057	14,198	14,340	14,483	14,628	14,774
Total INTERGOVERNMENTAL/SHARED REVENUE	103,644	103,780	103,918	104,057	104,198	104,340	104,483	104,628	104,774
MISCELLANEOUS REVENUES	111,998	113,118	114,249	115,391	116,545	117,711	118,888	120,077	121,277
DEBT ISSUED									
Total Income	\$ 841,723	\$ 848,959	\$ 856,268	\$ 863,649	\$ 871,105	\$ 878,635	\$ 886,240	\$ 893,922	\$ 901,680
Average Revenue Growth	0.8%	0.8%	0.9%						
Expense									
CAPITAL PROJECTS	-	-	-	-	-	-	-	-	-
PUBLIC SAFETY	(427,097)	(434,571)	(442,176)	(449,915)	(457,788)	(465,799)	(473,951)	(482,245)	(490,684)
PUBLIC WORKS	(226,561)	(230,526)	(234,560)	(238,665)	(242,841)	(247,091)	(251,415)	(255,815)	(260,292)
CULTURE & RECREATION	(43,793)	(44,559)	(45,339)	(46,133)	(46,940)	(47,761)	(48,597)	(49,448)	(50,313)
COMMUNITY & ECONOMIC DEV.	(5,744)	(5,845)	(5,947)	(6,051)	(6,157)	(6,265)	(6,375)	(6,486)	(6,600)
GENERAL GOVERNMENT	(115,265)	(117,282)	(119,335)	(121,423)	(123,548)	(125,710)	(127,910)	(130,148)	(132,426)
Total Expense	(818,461)	(832,784)	(847,358)	(862,186)	(877,275)	(892,627)	(908,248)	(924,142)	(940,315)
ABILITY TO PAY DEBT OR ADD TO CASH RESERVE	\$ 23,262	\$ 16,175	\$ 8,910	\$ 1,463	\$ (6,170)	\$ (13,992)	\$ (22,007)	\$ (30,220)	\$ (38,635)
Cash Reserve	605,607	593,319	573,588	546,234	511,070	467,906	416,551	356,806	288,471
Debt Service	(35,550)	(35,906)	(36,265)	(36,627)	(36,994)	(37,364)	(37,737)	(38,115)	(38,496)
Profit/(Loss)	23,262	16,175	8,910	1,463	(6,170)	(13,992)	(22,007)	(30,220)	(38,635)
New Cash Reserve	593,319	573,588	546,234	511,070	467,906	416,551	356,806	288,471	211,341
	72.5%	68.9%							
Percentage Expense Growth	1.8%	1.8%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%

Assumptions:		
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