Long Range Financial Forecast
FY 2020-2024

CITY OF GALVESTON
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CITY OF GALVESTON
LONG RANGE FINANCIAL FORECAST
FY 2020-2024

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City of Galveston

OFFICE OF THE CITY MANAGER

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June 25, 2019

Honorable Mayor James D. Yarborough and Members of City Council

This is to present the Long Range Financial Forecast for FY 2020-2024. This starts the FY 2020 Budget and Capital Improvement Plan process.

Every budget year offers challenges and opportunities, and FY 2021 is no exception. This year, we are facing new recurring expenditures that are mandatory including:

1. A long-standing charter defined financial goal as the Infrastructure and Debt Service set aside reaches 8 percent of General Fund budgeted revenue,
2. A significant increase in the City's contribution to the Police pension plan in accordance with a revised State law and sound financial principles, and
3. A major increase in the City's contribution to its health insurance plan for employees and retirees that will correct several years of financial losses.

The City also has opportunities:

1. This is the last year in which the State law regarding property tax rate setting will cap annual revenue increases at 8 percent without voter approval. Beginning next year, this cap goes to 3.5 percent.
2. Two of the City's three remaining Tax Increment Reinvestment Zones can be closed by mutual agreement between the County and the City to the financial advantage of both in the next budget and tax year beginning October 1, 2020.

We are fortunate that the opportunities occur at the same time as the challenges, because they all represent long-term funding usage and/or commitments. They offer the City the chance to maintain the structural balance of the General Fund and the City's commitment to its employees and retirees for some years to come. I welcome the chance to discuss these matters with you.

Brian Maxwell
City Manager

CITY OF GALVESTON
BUDGET CALENDAR
FOR FISCAL YEAR 2020

DATE	ACTION
Thursday June 27,2019	Discuss Budget and Capital Improvement Plan in Workshop with City Council and distribute FY 2020-2024 Long Range Financial Forecast.
Thursday June 27,2019	Ratify existing property tax exemptions* action item on council agenda
Thursday, July 25, 2019	Budget and CIP Workshop with City Council.
Wednesday, July 31, 2019	Present FY2020-2024 CIP to Mayor and Council
Monday, August 5, 2019	City of Galveston Tax Assessor Collector (Galveston County TAC) presents effective and rollback tax rates to City Council and City Council adopts a proposed tax rate.
Monday, August 5, 2019	Proposed FY 2020 Budget filed with City Secretary
Thursday, August 8, 2019	City Manager submits Proposed Budget to City Council, and City Council schedules a Public Hearing for Thursday, August 22, 2019 on the Budget.
Thursday, August 8, 2019	City Council receives Tax Assessor Collector's calculations of effective and rollback tax rates and discusses Tax Rate; City Council proposes a Tax Rate by a record vote; and schedules two Public Hearings on Tax Rate for Thursday, August 22, 2019 and Thursday, September 12, 2019;
Thursday, August 22, 2019	FY 2020 Budget and Capital Improvement Discussion in City Council Workshop
Thursday, August 22, 2019	Public Hearing on Budget and Public Hearing No. 1 on Tax Rate; schedule and announce meeting to adopt Budget on Tax Rate on September 19, 2019.
Thursday, September 12, 2019	Public Hearing No. 2 on Tax Rate; City Council schedules a meeting to adopt the Budget and Tax Rate on September 19, 2019.
Thursday, September 12, 2019	City Council meeting to adopt FY 2020 Five Year Capital Improvement Plan for FY 2020 - FY2024 and/or FY2020 Budget.
Thursday, September 19, 2019	City Council meeting to adopt the Budget and Tax Rate. *Adoption of this budget will require more revenue from property taxes than in the previous year requiring a separate vote of the governing body to ratify the property tax increase reflected in the budget.*

FY 2020-2024 LONG RANGE FINANCIAL FORECAST
GENERAL FUND SUMMARY

General Fund Budget Challenges

The General Fund faces challenges in the forecast period beginning in FY 2020 as a result of new recurring expenses and the loss of revenue due to state legislative action. The only way to ensure structural balance throughout the forecast period is to (1) reduce recurring expenditures by significant amounts and/or (2) identify and secure new revenues in significant amounts.

LONG RANGE FINANCIAL FORECAST
SUMMARY GENERAL FUND BASELINE PROJECTIONS
($THOUSANDS)

CATEGORY	FY19 Estimate	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast
Beginning Balance	$19,714	$14,344	$14,250	$13,816	$13,173	$12,889
Revenue	$56,368	$57,684	$59,338	$61,204	$63,162	$65,180
Expenditures	$55,251	$57,778	$59,772	$61,798	$63,446	$65,112
Revenues Over/(Under) Expenditures	**$1,117**	**($94)**	**($434)**	**($594)**	**($284)**	**$68**
Subtotal	$20,831	$14,250	$13,816	$13,223	$12,889	$12,957
One-Time Appropriation of Fund Balance	($6,487)	$0	$0	($50)	$0	($50)
Ending Fund Balance	$14,344	$14,250	$13,816	$13,173	$12,889	$12,907
90 Days of Working Capital	$13,624	$14,247	$14,738	$15,238	$15,644	$16,055
Cumulative Excess of Ending Fund Balance and/or (Needed Cuts and Income Increases)	**$720**	**$3**	**($922)**	**($2,066)**	**($2,755)**	**($3,148)**

FY 2020 Baseline and Forecast Changes

Three major new recurring costs are being added to the General Fund in FY 2020, making it difficult to continue to fund current services and program annual pay increases for City employees.

1. The last increase in the annual set aside of General Fund revenue for the Infrastructure and Debt Service Fund, This set aside will equal 8 percent of the General Fund budgeted revenue in FY 2020, an increase of $702,000 over the current year.
2. The increase in the City's contribution to the Police Pension will increase from the current level of 14.83 percent to 18 percent adding $385,000 in recurring costs to the General Fund effective October 1, 2019.
3. The City's employee and retiree self-insured health plan is experiencing sustained losses of claims and plan expenses in excess of employee premiums and employer contributions. The plan has steadily drawn down the plan's financial reserves that began at $4 million five years ago. Absent significant additional contributions in FY 2019, the plan may very well eliminate its reserves in the current year, and simultaneously set a new funding threshold for FY 2020. Based on recent trends and funding levels, a total of $2.7 million in combined benefit changes and contribution increases are required in FY 2020. The City's share of this increase equates to $2.3 million with the balance being absorbed by the Park Board and the Wharves Authority. The General Fund portion of the City's share could be as much as $1.3 million. The General Fund forecast reflects a $1.12 million increase in FY 2020, which would anticipate the remaining funding needed in FY 2020 would come from the Park Board, the Port of Galveston and a combination of premium increases and benefit reductions for employees of all three entities. A separate chapter of this forecast addresses the Health Insurance plan and the challenge of funding retiree health care now and in the future.

LONG RANGE FINANCIAL FORECAST
SUMMARY GENERAL FUND BASELINE PROJECTIONS
($THOUSANDS)

CATEGORY	FY19 Estimate	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast
REVENUE						
Property Tax	$26,369	$27,576	$28,652	$29,833	$31,066	$32,352
Sales Tax	$16,550	$17,145	$17,785	$18,470	$19,195	$19,927
Other Tax	$6,513	$6,326	$6,263	$6,263	$6,263	$6,263
Non-Tax Revenue	$6,738	$6,638	$6,638	$6,638	$6,638	$6,638
Reimb. from Pension Spec Fund (one-time)	$198	$0	$0	$0	$0	$0
TOTAL REVENUE	**$56,368**	**$57,684**	**$59,338**	**$61,204**	**$63,162**	**$65,180**
Annual Recurring Revenue Increase	**$1,835**	**$1,514**	**$1,654**	**$1,866**	**$1,958**	**$2,018**
ANNUAL SPENDING INCREASES (incremental changes from prior year)						
EXPENDITURES	**FY19 Estimate**	**FY20 Base**	**FY21 Estimated**	**FY22 Estimated**	**FY23 Estimated**	**FY24 Estimated**
BASE EXPENDITURES (TOTAL BY FY)	**$54,911**	**$55,251**	**$57,778**	**$59,772**	**$61,798**	**$63,446**
Additions to Base Each Year						
Transfer to Infrastructure and Debt Service Fund		**$702**	**$131**	**$149**	**$157**	**$161**
Police Pension (Increase to 17% 1-1-19 and to 18% 10-1-19)	**$198**	**$187**	**$4**	**$4**	**$4**	**$4**
Pay Increase (including benefits- FY 2019 part of Base shown above)						
Police		$0	$257	$262	$267	$272
Fire		$0	$167	$170	$173	$176
Municipal		$0	$281	$287	$293	$299
Subtotal Pay Increases (Benefits Included)	**$0**	**$0**	**$705**	**$719**	**$733**	**$747**
Health Benefits						
Employee Plan	$142	$983	$550	$550	$550	$550
Retirees Plan (Net Claims plus Excess to begin amortizing the retiree liability)	$0	$0	$500	$500	$100	$100
Subtotal Health Benefits	**$142**	**$983**	**$1,050**	**$1,050**	**$650**	**$650**
Economic Development Programs (no new agreements or landmarks)						
Commercial Redevelopment Agreements (380s)		$21	$1	$1	$1	$1
Landmark Program (including Cedar Lawn)		$67	$3	$3	$3	$3
Economic Development Programs Subotal		**$88**	**$4**	**$4**	**$4**	**$4**
Departmental Changes						
Police		**($54)**				
Fire (includes EMS and Emergency Mgt)		**($23)**				
Marshal (includes Code Enforcement)		**$68**				
Public Works		**$31**				
Parks and Recreation		**($15)**				
Development Services		**$262**	**($50)**	**$50**	**($50)**	**$50**
Council Appointees		**$62**				
Elections		**$58**	**($58)**	**$58**	**($58)**	**$58**
City Manager		**$9**				
Municipal Court		**$81**				
Human Resources		**$24**				
Finance		**$9**				
Community Outreach		**$50**				
Non-Departmental Changes		**$8**				
Transit Service Subsidy Increases		**($253)**	**$100**	**$100**	**$100**	**$100**
Vehicle Purchases		**$250**				
Department Changes Subtotal		**$567**	**($8)**	**$208**	**($8)**	**$208**
SUBTOTAL SPENDING INCREASES	**$340**	**$2,527**	**$1,994**	**$2,026**	**$1,648**	**$1,666**
TOTAL ADJUSTED RECURRING SPENDING	**$55,251**	**$57,778**	**$59,772**	**$61,798**	**$63,446**	**$65,112**
REVENUE OVER/(UNDER) RECURRING EXPENDITURES	**$1,117**	**($94)**	**($434)**	**($594)**	**($284)**	**$68**
Beginning Fund Balance	**$19,714**	**$14,344**	**$14,250**	**$13,816**	**$13,173**	**$12,889**
Less One Time costs (CDM in FY 2019)	**($6,487)**	**$0**	**$0**	**($50)**	**$0**	**($50)**
Ending Fund Balance	**$14,344**	**$14,250**	**$13,816**	**$13,173**	**$12,889**	**$12,907**
90 Day Reserve	**$13,624**	**$14,247**	**$14,738**	**$15,238**	**$15,644**	**$16,055**
Excess/(Shortage) of Ending Fund Balance	**$720**	**$3**	**($922)**	**($2,066)**	**($2,755)**	**($3,148)**

General Fund Revenue Overview

The five year forecast assumes that virtually all General Fund revenue growth will come from property and sales taxes. Franchise fees are dropping because of legislative action that is projected to eliminate $250,000 in recurring telecommunications revenue beginning on January 1, 2020 with three fourths of this loss occurring in FY 2020 and the remaining one fourth will impact FY 2021.

FY 2020 property tax revenue reflects the pre-certification information provided by GCAD. Future years' property tax revenue is based on the assumption that the City of Galveston will achieve sufficient growth in property values that the overall tax roll will increase 4.5 percent annually, including the legislative maximum of 3.5 percent for the effective rate and one percent for new construction. Sales tax revenue will increase due to slow but steady growth in regional employment and U.S. Real Gross Domestic Product (approximately two percent annually for each). Non-tax revenue will remain more or less flat overall as it has for the last five to ten years.

The Pension Reform Special Fund was originally funded in FY 2017 with the receipt of $2.2 million cash from the closure of TIRZ 11. Approximately $1 million remains in that fund, and the forecast assumes that $198,000 will be used to fund a partial increase in FY 2019 from 14.83 percent to 17 percent of compensation effective January 1, 2019. The cost of next year's full funding at the 18 percent level will come from general revenues. Other spending cuts or new revenues will need to be identified to cover this new additional cost in FY 2021.

General Fund Expenditure Overview

In FY 2019, General Fund department budgets were reduced approximately 2 percent overall, and FY 2020 spending targets for those departments mirrored and sustained those reductions. Minor adjustments are contemplated to effect reorganizations and realignments that will consolidate functions and produce more effective operations and/or reduce spending. Department budgets have just been received and are being analyzed to determine whether additional savings can be realized.

At the present time, the FY 2020 Budget has insufficient funds to afford a cost of living adjustment or pay increase. Each one percent for all General Fund employees will cost an additional $345,000 including fringe benefits. Funding for two percent increases shown in each of the remaining four years in the forecast could come from expenditure cuts or new revenue. The major adjustment needed in the City's overall health insurance budget, including the General Fund, calls for a significant new revenue source. One possibility is discussed below.

Major New Revenue Opportunity for FY 2021 and Beyond

The City has an opportunity to close two of its remaining three Tax Increment Reinvestment Zones, numbers Twelve (Target and Home Depot) and Fourteen (Airport). This would require joint action by the City and the County prior to December 31, 2019 to dissolve these Zones. This action would return the recurring tax revenue (approximately $1.4 million annually) to the City beginning in FY 2021. Twenty-five percent of this amount ($350,000) would go to the 90 day General Fund reserve and 8 percent ($112,000) would be added to the Infrastructure and Debt Service Fund transfer, and approximately ten percent ($140,000) would go to the Library. The City would lose a five percent fee currently collected for administrative support to the TIRZs that amounts to $90,000. This would leave a balance of $708,000 for the General Fund, roughly equal to the annual cost of a two percent raise in FY 2021.

TIRZ 12 primarily benefits the County with the net annual tax increments for the County and the City going totally to the County. This in turn is used by the County for payment of debt service on the County bonds used to build the infrastructure in TIRZ 12. The payments are insufficient to pay even the interest due on the outstanding debt, so the current situation is not favorable to the County.

TIRZ 14 is largely run by the City providing funds for Airport and street improvements in the Zone. TIRZ 14 has outstanding debt responsibility for which would transfer to the City in the event of closure. By early 2020, at such time as the City would have responsibility for this debt, the outstanding balance would be $1.9 million payable through 2023. TIRZ 14 also has cash on hand as of September 2018 totaling $2.48 million with several projects pending that could benefit from the use of some of the remaining cash on hand before the TIRZ is closed. Since the City and County have contributed almost equal portions to the TIRZ, it is anticipated that the cash remaining in TIRZ 14 would be split evenly with the County.

This action will increase no Galveston resident's property taxes. It improves the cash flow of both the City and the County. A number of City capital improvement projects, primarily at the Airport and including 83rd Street would have to be reprioritized and other funding identified.

GENERAL FUND BASELINE FOR FY 2020
EXPENDITURES BY DEPARTMENT

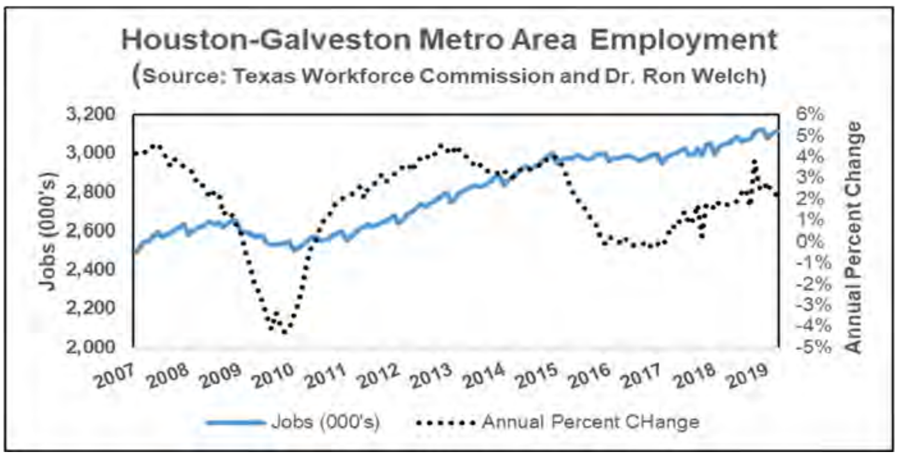
	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Base
General Government				
City Secretary	$521,835	$525,271	$533,429	$543,558
Elections	20,986	67,000	58,545	116,000
Municipal Court	741,765	654,870	638,723	719,920
City Manager	696,411	668,997	724,235	733,338
City Auditor	269,118	269,352	271,217	276,833
Legal	788,627	909,227	906,136	953,202
Human Resources	494,664	555,375	564,443	588,375
Transportation	915,000	586,374	1,053,471	800,000
Subtotal - General Government	**$4,448,406**	**$4,236,466**	**$4,750,199**	**$4,731,226**
Finance				
Administration	$297,099	$295,219	$301,626	$298,605
Accounting	771,566	793,352	811,857	852,259
Purchasing	231,354	243,907	246,604	208,288
Budget	272,797	296,874	300,358	309,783
Subtotal - Finance	**$1,572,816**	**$1,629,352**	**$1,660,445**	**$1,668,934**
Public Safety				
Police	$19,315,976	$20,255,628	$20,255,824	$20,389,026
Fire	11,146,620	11,469,269	11,576,594	11,608,619
Emergency Management	256,682	242,732	209,584	154,344
Emergency Medical Service	566,110	566,200	566,097	566,200
City Marshal	58,996	63,249	65,563	65,478
Subtotal - Public Safety	**$31,344,384**	**$32,597,078**	**$32,673,662**	**$32,783,667**
Public Works				
Streets	$1,803,739	$1,834,363	$1,797,560	$1,828,837
Traffic	2,101,838	2,030,740	2,068,012	2,067,219
Subtotal - Public Works	**$3,905,577**	**$3,865,103**	**$3,865,572**	**$3,896,056**
Parks and Recreation				
Administration	$857,364	$1,043,104	$1,160,605	$984,121
Parks and Parkways	1,849,467	1,886,034	1,729,685	1,891,225
Subtotal - Parks and Recreation	**$2,706,831**	**$2,929,138**	**$2,890,289**	**$2,875,346**
Developmental Services				
Planning	$1,139,330	$914,134	$908,842	$1,118,240
Code Enforcement	634,621	758,143	685,024	753,665
Building Inspection	632,724	611,935	606,984	660,096
Subtotal - Developmental Services	**$2,406,675**	**$2,284,212**	**$2,200,849**	**$2,532,001**
Non-Departmental/Central Accounts				
Vehicle Purchases	$291,611	$750,000	$750,000	$1,000,000
2% Non-Classified COLA	0	250,933	0	0
Governmental Expenditures	4,577	22,500	56,142	158,000
Community Outreach/Public Info	0	208,502	208,502	258,502
Taxation	268,458	270,000	272,613	270,000
Facility Maintenance	1,594,346	1,448,170	1,451,588	1,448,774
Transfer to Separation Pay Fund	416,160	416,160	416,160	416,160
Group Health Increase	0	0	142,000	1,125,000
Transfer to Infrastructure and/or Debt Service	**3,275,010**	3,912,769	3,912,769	4,614,192
Subtotal - Non-Departmental	**$5,850,161**	**$7,279,034**	**$7,209,774**	**$9,290,628**
Total General Fund	**$52,234,850**	**$54,820,383**	**$55,250,791**	**$57,777,858**

FY 2020-2024 LONG RANGE FINANCIAL FORECAST
ECONOMIC OUTLOOK AND
MAJOR REVENUE FORECAST

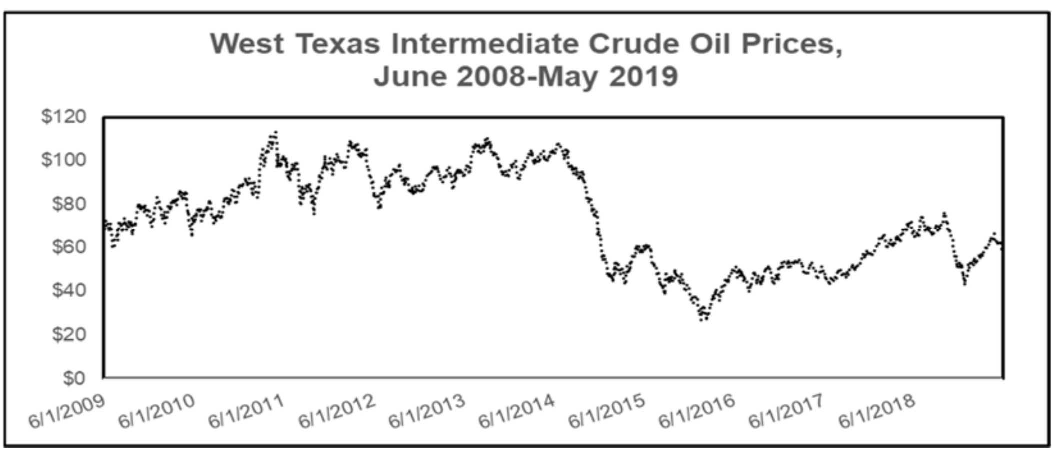
Economic Overview

Galveston is continuing to show signs of economic vibrancy that are connected with gradual regional economic improvement, continued growth in the national economy as well as expansion and improvement of the City's infrastructure and beaches. The economic growth of the region is highly dependent on energy and particularly the price of oil. Galveston's economy is heavily influenced by the region's economic health, but also has strong ties to national economic growth. These connections are based largely on Galveston's tourism industry which continues to grow.

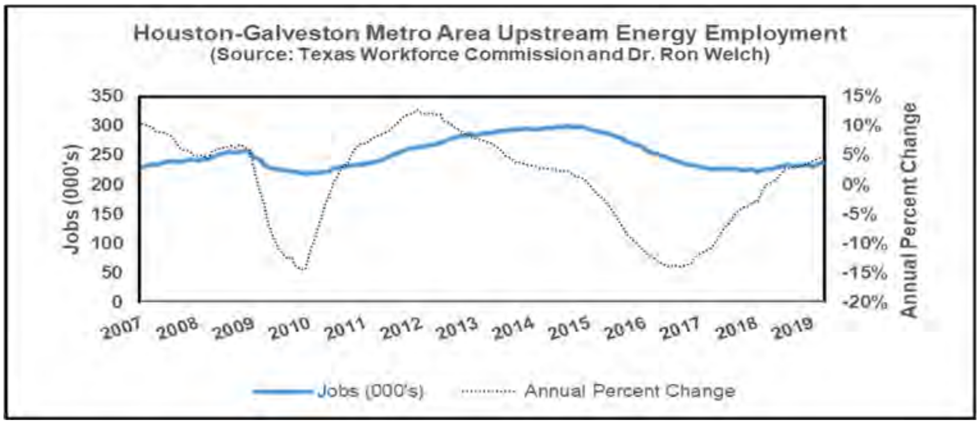
In the last twelve years, employment in the metro area has shown strong growth overall in spite of two economic downturns in 2008-2009 and in 2015-2017. Average annual employment growth for the period shown in the graph below was 1.86 percent, which explains the long-term two percent growth trend assumptions generally used by local forecasters.



The metro area's economic growth is based largely on two factors: energy and the U.S. economy. Oil prices (West Texas Intermediate crude) have been extremely volatile over the last ten years (see below).



After dropping to the $40 per barrel range at the start of 2009, prices recovered to a peak of $113 per barrel in May 2011 and remained in the $75 to $113 range until July 2014. At that point, prices fell steadily for nineteen months until February 11, 2016, when a barrel was priced at $26.21. Prices recovered slightly to $73 last October only to fall once again to the $40 range in December 2018. Today's price is in the $60 range and is expected to remain in that range through 2020. Experts tell us that worldwide supply and demand drive the price, making the world economy a third major economic driver of the metro economy. The effect on upstream energy employment has been dramatic and inconsistent, leading to volatility in the metro economic trends.



As shown in the graph above, the high oil prices in the 2012-2015 period drove upstream energy employment growth to its peak of 300,000 jobs in November 2014. In the 2015 to 2016 period when prices were dropping, upstream energy jobs also dropped. The approximately 75,000 jobs lost since the November 2014 high have yet to be recovered, although energy companies have been rebuilding their workforce at an annual growth rate approaching 5 percent.

According to Dr. Robert Gilmer of the University of Houston's Institute for Regional Forecasting, oil sector revival and the national economy are the critical sources of support for the metro area's growth. The U.S economy is expected by many forecasters (i.e. Kiplinger, The Conference Board) to grow for the near term on a "real basis" (adjusted for inflation) in the range of 2.6 to 2.8 percent in 2019, largely due to the federal tax cuts and an overall healthy U.S. economy. The Congressional Budget Office's (CBO) Real Gross Domestic Product annual growth rate is a bit higher for 2018 and lower after that period. CBO's other assumptions show interest rates rising steadily and inflation remaining in the 2 percent range.

Dr. Gilmer is projecting a continuing regional recovery and a return to historical employment growth rates in the 2 percent range. The 2019-2020 forecast for gasoline prices is based on the Energy Information Agency's numbers. The remainder of the assumptions shown on the next page have been adopted for this forecast based on the regional and national forecasts and Galveston's own recent history. The forecast is based on a one percent annual growth rate for Galveston in terms of population and taxable value of new construction.

BASELINE ECONOMIC CHANGE ASSUMPTIONS

Area/Indicator	FY 2019 Est.	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast
National						
National Inflation Rate (1)	2.0%	2.2%	2.2%	2.2%	2.2%	2.2%
U.S. Real Gross Domestic Product (1)	2.7%	2.0%	2.0%	2.0%	2.0%	2.0%
Ten Year Treasury Note (1)	2.5%	3.0%	3.1%	3.2%	3.3%	3.4%
3-month Treasury Bill (1)	2.5%	2.3%	2.4%	2.5%	2.6%	2.7%
Metropolitan Area						
Employment Annual Growth Rate (2)	2.23%	1.85%	1.76%	1.94%	2.11%	2.04%
Inflation Rate (3)	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Fuel Prices (3)	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Health Care Cost Trend (Inflation & Utilization) (3)	7.0%	8.0%	8.0%	8.0%	8.0%	8.0%
City of Galveston						
Population Growth Rate (4)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Population (4)	50,497	50,648	50,800	50,953	51,106	51,259
City Water Customers Growth Rate (4)	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Investment Pool Earnings Rate (4)	1.7%	1.6%	1.7%	1.8%	2.4%	2.5%
New Construction ($Millions - Prior CalYr) (4)	$72.6	$75.0	$60.0	$60.0	$60.0	$60.0

SOURCES:
(1) Congressional Budget Office, adjusted using Kiplinger, Trading Economics
(2) Dr. Robert Gilmer, Bauer College of Business, University of Houston, May 2019 presentation
(3) U.S. Energy Information Administration for 2019-2020 and City of Galveston Finance Department thereafter.
(4) City of Galveston Finance Department

Major Revenues

This forecast covers the General and Debt Service Funds as well as the major revenue sources that support them, Property and Sales Taxes. Water and sewer revenue are not covered in this year's forecast; however, water and sewer revenue are performing strongly in FY 2019, with the effects of the seven percent water rate increase implemented in February now being felt in collections. Hotel Occupancy Taxes are performing more poorly than expected, lagging behind FY 2018 by approximately five percent on a year-to-date basis. The forecast for this latter revenue source will be more cautious because of this yet to be explained shortfall in hotel taxes.

Sales tax revenue is impacted by regional employment and national economic trends, and these effects are captured by the City's statistical model. The model explains 98 percent of the variation in sales tax revenue using quarterly data beginning in FY 1992. The independent variables include two regional variables, two national variables and three local variables.

Regional variables include:

- Houston Metro Area Employment – This is the total jobs for the area as reported by the Bureau of Labor Statistics (BLS) and adjusted by Dr. Ron Welch for local municipalities. The model utilizes a two quarter moving average of this series. Fully 89 percent of the variation in sales tax revenue is explained by this single economic variable.
- Houston Metro Area Gasoline Price Index – This statistical series is also maintained by the BLS as a component of the Consumer Price Index for the Houston metro area. It is lagged one quarter in the statistical model and it drives sales tax revenue higher with higher gasoline prices.

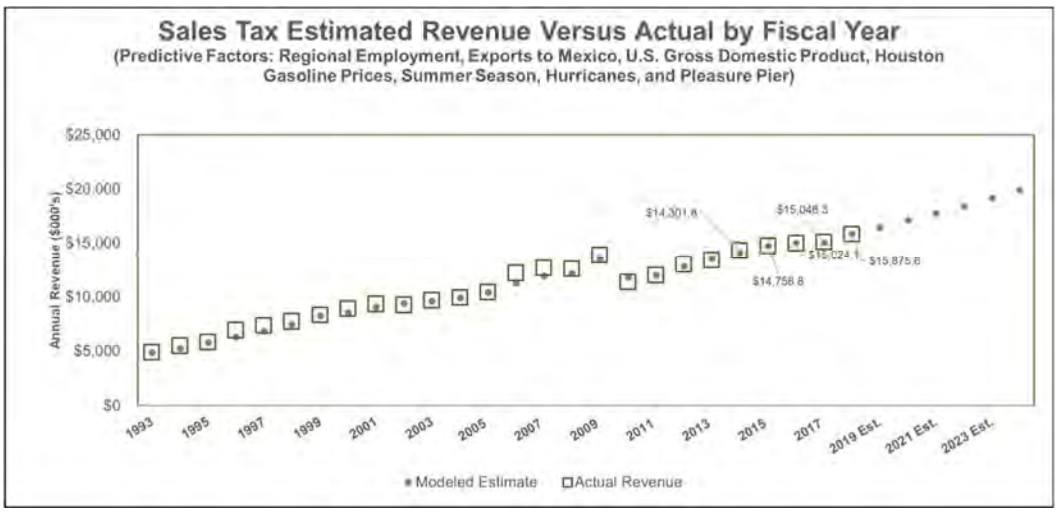
National variables include:

- U.S. Exports to Mexico – This is the value of exports as reported by the Federal Reserve Bank of St. Louis. The previous quarter's export values are used to explain sales tax revenues in the model.
- U.S. Real Gross Domestic Product – Also provided through the Federal Reserve Bank of St. Louis, this series is lagged three quarters and measured on a two month moving average to gauge the most effect on Galveston's revenue.

Local variables include:

- Summer Season Adjustment Variable – Based on historical observation, this series applies weighted factors to the third (April to June) and fourth (July through September) fiscal quarters to explain the increased revenue during tourist season. Houston area inflation is used to adjust the series over time.
- Galveston Storm Variable – Based on historical observation, this series applies weighted factors to explain the effect of Hurricane Ike on sales tax revenues immediately prior and following the storm.
- Pleasure Pier Adjustment – Based on historical observation, this series helps explain the large variation between revenue during tourist season and winter since 2012 when the venue opened.

The graph below demonstrates how the total modeled revenue estimate for each of twenty six fiscal years compares with the actual, shown as the box inside which the dot is the estimate. The current economic assumptions are based on a stable growth scenario at the local, regional and national level as presented in the assumptions on the previous page. The annual increase in sales tax revenue averages out to just under four percent.



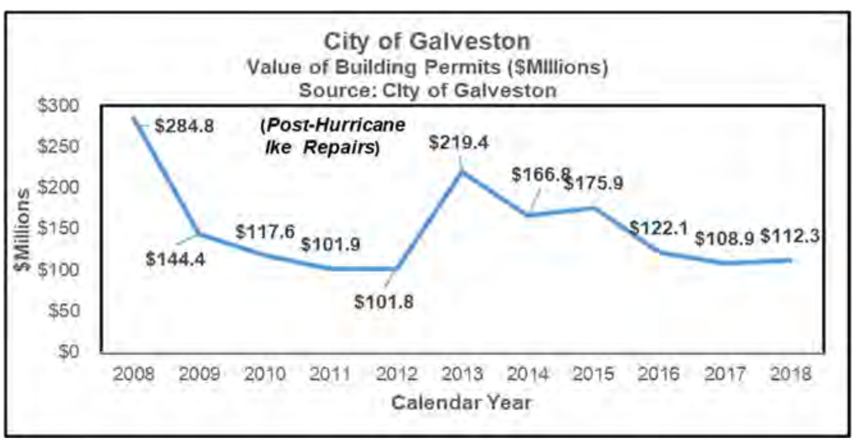
Projected sale tax revenue for the forecast period is based on slightly higher economic growth rates than seen in the 2015-2017 period based largely on the improvement in regional employment growth forecasted by Dr. Gilmer of the University of Houston.

Property tax revenue is driven by taxable property values which in turn are derived from updated valuations of the current property tax base by the Galveston County Appraisal District (GCAD). Changes in market value and the addition of new construction and improvements are the basis for GCAD's overall valuations. Property owners of a substantial portion of properties on the tax roll appeal initial values and GCAD adjusts total value appropriately according to the results of this appeal process. GCAD also adds the value of new construction completed and/or underway as of January 1 each year. Building permits issued by the City of Galveston provide a leading indicator of the new construction value increase each year.

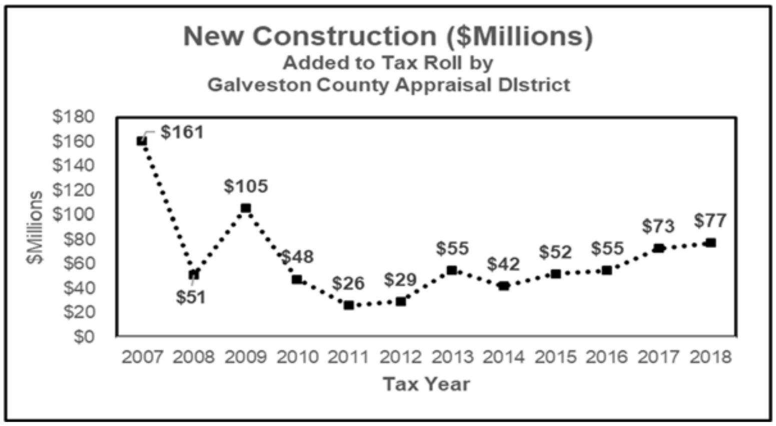
The tax roll is based on the value of property as of January 1 of each year. So the connection between the economy and City revenue is delayed by what amounts to two years. Using the current fiscal year as the example, here is the real estate/tax roll/fiscal year cycle:

- Economic activity (Real estate market and new construction) occurred in calendar year 2018;
  - January 1 values in 2019 form the basis for the 2019 tax roll and
    - The 2019 tax roll will be certified in late July, forming the basis for tax revenue being received between October 1, 2019 and September 30, 2020 or FY 2020.
      - After the City receives the tax roll from GCAD, the Galveston County Tax Assessor-Collector, with the assistance of the City of Galveston's Finance Department, prepares the calculations of what was previously called the "effective tax rate" and the "rollback tax rate." (Note: These are now termed the "no-new-revenue tax rate" and "voter-approval-tax-rate.")
        - The City Council then votes for a proposed tax rate and schedules public hearings which are then advertised in the newspaper to inform the public of the hearings and the various rates.
          - The Annual Budget must be passed by the City Council, including specific information on how property tax revenue will be used based on the proposed rate, including maintenance and operations and debt service payments for General Obligation bonds.

By way of explanation, the no-new-revenue tax rate is calculated as the rate that would raise the same amount of revenue for maintenance and operations (the "no-new-revenue maintenance and operations rate") as in the prior tax year for the same properties that were on the prior year's tax roll. The "voter-approval rate" rate has been an amount 8 percent higher than the effective rate, with the requirement for an election to approve the rate voted by City Council if it exceeded the rollback rate. Should the election result in the defeat of the rate passed by City Council, the tax rate for the ensuing tax year "rolls back" to the effective rate. This would eliminate all revenue growth except that tied to new construction, estimated to be one percent annually.



While the value of building permits in total has dropped off since 2013 when it peaked at $219.4 million, new construction related taxable value as set by GCAD has remained relatively constant. For this reason, new construction is expected to add approximately one percent to the tax roll as it has the last several years.



In most years, the total percent increase in the taxable roll is largely comprised of increases in value, whatever they happen to be in a given tax year. As of June 2019, the preliminary tax roll for Tax Year 2019/Fiscal Year 2020 is 9.1 percent higher than the current roll for the current Tax Year 2018/FY 2019. As the protest process moves forward, GCAD is providing weekly updates for the outcome of the protest process, and the estimated value loss of $260 million in total appears to be a conservative assumption.

CITY OF GALVESTON PROPERTY TAX ROLLS
PRE-PROTEST AND FINAL TAXABLE VALUE

Tax Year	Fiscal Year	Initial Value	Value Lost in Protests	Net taxable Value	Percent Loss in Protests	Net Increase	Initial Increase
2007	2008	$4,173,803,003	($153,530,255)	$4,020,272,748	-3.7%		
2008	2009	$4,397,647,451	($90,707,745)	$4,306,939,706	-2.1%	7.1%	9.4%
2009	2010	$3,867,916,387	($172,881,661)	$3,695,034,726	-4.5%	-14.2%	-10.2%
2010	2011	$4,339,578,504	($295,077,791)	$4,044,500,713	-6.8%	9.5%	17.4%
2011	2012	$4,312,300,922	($118,014,116)	$4,194,286,806	-2.7%	3.7%	6.6%
2012	2013	$4,510,802,981	($187,955,326)	$4,322,847,655	-4.2%	3.1%	7.5%
2013	2014	$4,686,443,571	($151,378,426)	$4,535,065,145	-3.2%	4.9%	8.4%
2014	2015	$4,901,091,851	($138,178,611)	$4,762,913,240	-2.8%	5.0%	8.1%
2015	2016	$5,484,694,099	($189,588,687)	$5,295,105,412	-3.5%	11.2%	15.2%
2016	2017	$6,160,829,855	($315,289,572)	$5,845,540,283	-5.1%	10.4%	16.3%
2017	2018	$6,498,782,493	($325,700,110)	$6,173,082,383	-5.0%	5.6%	11.2%
2018	2019	$6,446,502,802	($111,602,802)	$6,334,900,000	-2.2%	2.6%	4.4%
2019	***2020 Forecast***	***$6,912,000,000***	***($260,000,000)***	***$6,652,000,000***	-4.1%	5.0%	9.1%

The chart on the next page illustrates the effect of the projected tax roll on FY 2019 property tax revenue. At the current tax rate allocation, and using a 97.7 percent current taxes collection rate (excluding delinquent taxes and penalties and interest), the General Fund would realize about $1.2 million in revenue growth over FY 2019.

Charter Property Tax Cap

The Forecast does not propose or contemplate any increase in the overall property tax rate. But it is important to understand how it is derived. Article VIII Section 2 provides for a seventy cent total tax rate per $100 of taxable value. Article VIII Section 2(b) also provides that one half of one percent of the two percent sales tax rate goes to reduce the effective property tax rate that can be set by City Council. This is approximately $5 million that in any given year reduces the $0.70 property tax rate cap by approximately 9.5 to 11.8 cents. Years in which the sales tax grows faster than the tax roll, the reduction is greater. Using the current year's adjustment ($0.098), the cap is $0.602 per $100 of taxable value which is $0.041 greater than the current $0.561 tax rate. This leaves a potential addition of $2.76 million available in current property tax revenue terms if the City chose to raise the total rate over time to the charter cap. Of course, existing State restrictions regarding the no-new-revenue and voter-approved rates would apply. Charter restrictions also would require 33 percent of the added revenue to be set aside and unavailable for operations in the first year of availability with 25 percent going to the required increase in the 90 day General Fund reserve and 8 percent going to the Infrastructure and Debt Service Fund.

PROPERTY TAX ROLL PRELIMINARY ESTIMATES
JUNE 2018 (FOR BUDGETARY PLANNING PURPOSES ONLY)

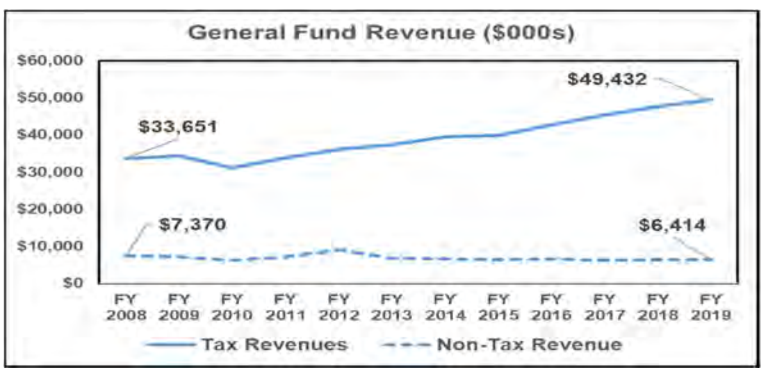
ASSUMPTIONS	FY19	FY20	FY21	FY22	FY23	FY24
Overall Increase	2.62%	5.00%	4.50%	4.50%	4.50%	4.50%
TIRZ Increase	6.57%	6.25%	5.63%	5.63%	5.63%	5.63%
Freeze account increase	9.56%	8.11%	8.00%	8.00%	8.00%	8.00%
Freeze Accts Collectible Increase	8.40%	7.42%	4.50%	4.50%	4.50%	4.50%
DESCRIPTION	**FY19 ESTIMATED**	**FY20 ESTIMATED**	**FY21 ESTIMATED**	**FY22 ESTIMATED**	**FY23 ESTIMATED**	**FY24 ESTIMATED**
NET PROPERTY TAX LEVY						
Total Taxable Value ($millions)	$6,334.9	$6,651.6	$6,950.9	$7,263.7	$7,590.6	$7,932.2
Less TIRZ	($320.5)	($340.6)	($359.8)	($380.0)	($401.4)	($424.0)
Less 60% MUD Value	($64.7)	($64.7)	($64.7)	($64.7)	($64.7)	($64.7)
Net Taxable Value	$5,949.6	$6,246.3	$6,526.4	$6,819.0	$7,124.5	$7,443.5
Times Tax Rate per $100 of Taxable Value	$0.561000	$0.561000	$0.561000	$0.561000	$0.561000	$0.561000
Total Tax Levy ($Thousands Revenue)	**$35,538.8**	**$37,315.5**	**$38,994.5**	**$40,749.4**	**$42,583.3**	**$44,499.6**
Less: Freeze Acct Total Value Revenue Equivalent (Over 65 and Disabled)	($3,747.1)	($4,119.8)	($4,449.4)	($4,805.4)	($5,189.8)	($5,605.0)
Plus: Freeze Acct collectible Revenue (Over 65 & Disabled)	$2,576.7	$2,796.7	$2,922.6	$3,054.1	$3,191.5	$3,335.1
Less: Taxes Lost to Tax Freeze	**($1,170.4)**	**($1,323.1)**	**($1,526.8)**	**($1,751.3)**	**($1,998.3)**	**($2,269.9)**
Net Current Year Tax Levy ($000's Revenue)	**$34,368.4**	**$35,992.4**	**$37,467.7**	**$38,998.1**	**$40,585.0**	**$42,229.7**
Effective Taxable Value	**$6,126.3**	**$6,415.8**	**$6,678.7**	**$6,951.5**	**$7,234.4**	**$7,527.6**
Effective Freeze Accounts Taxable Value	**$1,092.0**	**$1,180.5**	**$1,274.9**	**$1,376.9**	**$1,487.1**	**$1,606.1**
Less TIRZ Incremental Values	**($320.5)**	**($340.6)**	**($359.8)**	**($380.0)**	**($401.4)**	**($424.0)**
Effective Taxable Value Retained by City	**$5,805.8**	**$6,075.2**	**$6,318.9**	**$6,571.5**	**$6,833.0**	**$7,103.6**
DISTRIBUTION OF NET LEVY ($THOUSANDS)						
Net Current Year Levy ($000's)	$34,368.4	$35,992.4	$37,467.7	$38,998.1	$40,585.0	$42,229.7
Less TIRZ Increment	**($1,798.1)**	**($1,910.8)**	**($2,018.5)**	**($2,131.8)**	**($2,251.9)**	**($2,378.6)**
Net Current Year Levy Retained by the City	$32,570.3	$34,081.6	$35,449.2	$36,866.3	$38,333.1	$39,851.1
General Fund Share (including MUD 30) of NCL	$26,619.5	$27,854.6	$28,972.3	$30,130.5	$31,329.3	$32,569.9
Debt Service Share of NCL	$3,048.0	$3,189.5	$3,317.4	$3,450.1	$3,587.3	$3,729.4
Library Fund Share of NCL	$2,902.9	$3,037.6	$3,159.5	$3,285.8	$3,416.5	$3,551.8
Net Current Year Levy Retained by the City	**$32,570.4**	**$34,081.7**	**$35,449.2**	**$36,866.4**	**$38,333.1**	**$39,851.1**
COLLECTION OF TAXES ($THOUSANDS)						
Estimated/Actual Collections	**FY19 ESTIMATED**	**FY20 ESTIMATED**	**FY21 ESTIMATED**	**FY22 ESTIMATED**	**FY23 ESTIMATED**	**FY24 ESTIMATED**
General Fund Current Collection Total	$27,769.7	$29,086.7	$30,284.2	$31,526.7	$32,815.5	$34,151.7
General Fund Delinquent Taxes	$392.0	$392.0	$392.0	$392.0	$392.0	$392.0
General Fund Penalty & Interest	$322.0	$322.0	$322.0	$322.0	$322.0	$322.0
Less TIRZ Increment	($1,752.0)	($1,862.0)	($2,018.0)	($2,132.0)	($2,252.0)	($2,379.0)
Less MUD 30 Rebate	($363.2)	($363.2)	($363.2)	($363.2)	($363.2)	($363.2)
General Fund Total	**$26,368.5**	**$27,575.5**	**$28,617.0**	**$29,745.5**	**$30,914.3**	**$32,123.5**
Debt Service Net Current Levy Total	$2,978.5	$3,116.8	$3,241.8	$3,371.4	$3,505.5	$3,644.4
Debt Service Delinquent Taxes	$40.0	$40.0	$40.0	$40.0	$40.0	$40.0
Debt Service Fund Total	**$3,018.5**	**$3,156.8**	**$3,281.8**	**$3,411.4**	**$3,545.5**	**$3,684.4**
Library Net Current Levy Total	$2,836.7	$2,968.3	$3,087.5	$3,210.9	$3,338.6	$3,470.8
Library Delinquent Taxes	$40.0	$40.0	$40.0	$40.0	$40.0	$40.0
Library Fund Total	**$2,876.7**	**$3,008.3**	**$3,127.5**	**$3,250.9**	**$3,378.6**	**$3,510.8**
GRAND TOTAL COLLECTIONS	**$32,263.7**	**$33,740.6**	**$35,026.3**	**$36,407.8**	**$37,838.4**	**$39,318.7**
Estimated Current Collection Rate (of NCL)	***97.7%***	***97.7%***	***97.7%***	***97.7%***	***97.7%***	***97.7%***
Estimated Total Collection Rate (of NCL)	**100.0%**	**99.9%**	**99.8%**	**99.8%**	**99.7%**	**99.6%**
Percent Change in Grand Total Collections	**1.3%**	**4.6%**	**3.8%**	**3.9%**	**3.9%**	**3.9%**
Tax Rate						
General Fund Operations and Maintenance	$0.458500	$0.458500	$0.458500	$0.458500	$0.458500	$0.458500
Debt Service Fund Interest and Sinking	$0.052500	$0.052500	$0.052500	$0.052500	$0.052500	$0.052500
Library Fund	$0.050000	$0.050000	$0.050000	$0.050000	$0.050000	$0.050000
Total Rate	**$0.561000**	**$0.561000**	**$0.561000**	**$0.561000**	**$0.561000**	**$0.561000**
	ESTIMATE	**ESTIMATE**	**ESTIMATE**	**ESTIMATE**	**ESTIMATE**	**ESTIMATE**
Estimated Current Taxes Collection rate	**97.72%**	**97.72%**	**97.72%**	**97.72%**	**97.72%**	**97.72%**
TOTAL COLLECTIONS	**$34,378.9**	**$35,965.8**	**$37,407.5**	**$38,903.0**	**$40,453.6**	**$42,060.9**

It is important to note that while the overall increase in taxable value is 5 percent, the actual increase in revenue is approximately 4.6 percent. This is due to the loss of tax revenue to the tax freeze and the Tax Increment Reinvestment Zones (TIRZs). It is also important to note that the 5 percent overall increase includes four percent subject to the tax rate limitations and one percent attributable to new construction. Since the voter approved rate limit allows 8 percent growth for the last time, an additional four percent is available should the City wish to use it. This additional two cents on the tax rate capacity if utilized would provide approximately $1.29 million in recurring revenue that could go totally to the General Fund on an annual basis but with set asides that would reduce the net amount available for operations to approximately $860,000. As stated on the previous page, 25 percent would have to be set aside in the first year for the General Fund reserve and 8 percent would go to the Infrastructure and Debt Service transfer every year thereafter.

Other General Fund Revenue

The legislature passed Senate Bill 1152 this year that is expected to reduce telecommunications franchise taxes received by the city by $250,000 beginning in January 2020. The law allows companies that provide cable and telecommunications services, paying franchise fees on both, will be absolved from paying the lower of the two as is determined at the State wide level. This last provision makes it somewhat difficult to say with certainty the fees for which service will be lost at the local level.

Until the State Comptroller publishes the information guiding this exemption for each company, this analysis assumes that Comcast provides more cable service State wide, and will continue to pay its six percent cable franchise fees, five percent of which goes to the General Fund. The remainder goes to the Public Access Channel special fund. Comcast pays $250,000 annually for telecommunications services to the General Fund, and three fourths of this will be lost in FY 2020. The remainder will be lost in FY 2021.

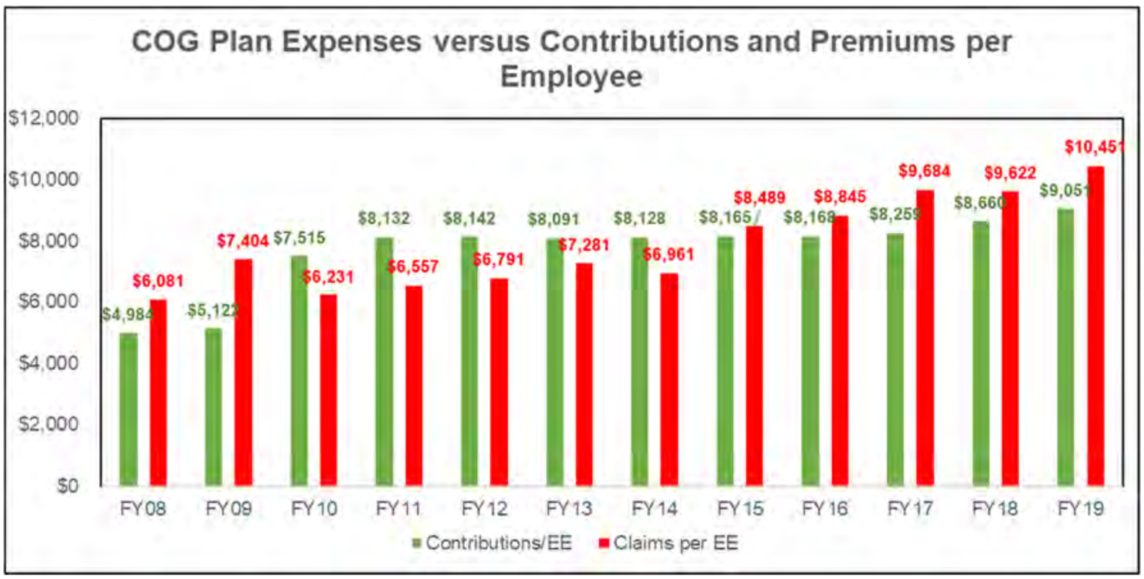


Non-tax General Fund revenue tends to be very stable, as demonstrated in the graph above. This includes municipal court parking and traffic fines, building permits, interest income, Interfund payments for General Fund administrative services, and payments in lieu of taxes. Therefore, the forecast assumes that this no growth pattern persists throughout the forecast period.

FY 2020-2024 LONG RANGE FINANCIAL FORECAST
HEALTH INSURANCE PLAN SUMMARY

Overview
The City of Galveston, in conjunction with the Galveston Park Board and Port of Galveston, provides a self-insured health insurance plan for its employees and retirees. The plan is a Preferred Provider-type plan with administrative services provided by Boon Chapman. The plan itself was begun in 2003 and the Park Board and Port just joined the plan in the last few years.

The plan has experienced a five year period of losses with total claims and administrative costs exceeding employer contributions and employee premiums. The chart below demonstrates on a per employee basis the history of the plan in this regard.



In recent years, plan benefits changes and premium increases have proved insufficient to cover plan expenses. This has resulted in a projected $1.86 million shortfall in FY 2019 as well as a projected $2.75 million shortfall in FY 2020 if no plan changes, premium increases or contribution increases are made. FY 2019 is largely over and no benefits or premium changes can be implemented until the new benefit plan year begins on January 1, 2020. However, the three sponsoring agencies (City, Park Board and Port) can provide additional contributions this year to provide emergency relief to the plan so as to maintain a minimum fund balance.

Proposed Cost Sharing
The Health Board, an oversight body including representatives of employee groups, administration, and the Port meets monthly to review plan results and consider plan changes to benefit levels and premiums for employees. It has been suggested that the Board identify $400,000 in plan savings and/or premium increases. This would reduce the projected funding need to $2.35 million for FY 2020, and two approaches to sharing the increase in cost are shown in the chart on the next page. Negotiations will continue throughout the summer months

as will the review of proposals submitted by healthcare insurance firms to provide alternative means of funding employee health insurance. In the meantime, the proportional cost sharing approach is the one used to develop the forecast for the General Fund.

Cost Sharing Among Entities
Added Funding for FY 2020

City Funds	City Plan Members	Total Added Cost for FY 20 over FY19	Total Added Cost for FY 20 over FY20
General Fund	505	$978,000	$1,125,000
Other Funds	375	$726,000	$835,000
	880	$1,704,000	$1,960,000
		Scenario A	**Scenario B**
		Stand Alone	**Proportional**

Immediate relief for the Health Insurance Fund is needed and each of the partnering entities is being asked to provide additional cash contributions for FY 2019. These contributions should prevent the Health Insurance Internal Service Fund from falling below a $1 million balance as of September 30, 2019. The chart below documents the City's initial commitment to this purpose.

FY 2019 Budget for Health Insurance:
Contributed Balance of Budgeted Line Item Amounts

City Funds	FY 2019 Budget	FY 2019 Estimated	Balance Remaining
General Fund	$3,313,711	$3,171,752	$141,959
Other Funds	$2,451,547	$2,211,270	$240,277
Totals	**$5,765,258**	**$5,383,022**	**$382,236**

Each city department and organizational unit has a line for the City's per employee contribution of $560 per month per employee. As vacancies occur in budgeted positions, the contribution amount is not charged to the organization's budget. The $382,236 shown above is the current estimate of this underrun projected for FY 2019. And the $141,959 amount is shown in the General Fund forecast as a part of the FY 219 Estimate along with the increase needed to $1,125,000 for FY 2020's full funding amount for the Health Benefits fund.

LONG RANGE FINANCIAL FORECAST
SUMMARY HEALTH INSURANCE PLAN BASELINE PROJECTIONS

	City	Port	Park Board	Total
Projected FY2019 Revenue As of June 21, 2019				
Health Plan Premiums				
Employer	$5,378,564	$462,560	$554,270	**$6,395,394**
Employees	$1,428,921	$136,510	$125,970	**$1,691,401**
Retirees & COBRA	$208,973	$40,730	$0	**$249,703**
Subtotal Premiums	**$7,016,458**	**$639,800**	**$680,240**	**$8,336,498**
Non-Premium Revenue				
Interest Earned	$26,338			**$26,338**
Stop-Loss Reimbursements	$378,393	$220,000		**$598,393**
Refunds and No Show Fees	$235,508	$21,659	$25,320	**$282,487**
Subtotal Non-Premium Revenue	**$640,239**	**$241,659**	**$25,320**	**$907,218**
Total Revenue	**$7,656,697**	**$881,459**	**$705,560**	**$9,243,716**
Projected FY 2019 Expense As of June 21. 2019				
Health Plan Claims/Expense				
Medical Claims	$4,965,805	$1,334,510	$366,191	**$6,666,506**
Prescription Drugs	$1,635,320	$205,644	$121,567	**$1,962,531**
Subtotal Health Plan Claims/Expense	**$6,601,125**	**$1,540,154**	**$487,758**	**$8,629,037**
Other Plan Costs				
Administration (Third Party and Flex Admin)	$451,452	$41,520	$48,537	**$541,508**
Stop Loss-Premium	$806,623	$74,184	$86,722	**$967,530**
Health Clinics	$808,037	$74,314	$86,874	**$969,226**
Subtotal Other Plan Costs	**$2,066,112**	**$190,018**	**$222,133**	**$2,478,264**
Total Expense	**$8,667,237**	**$1,730,172**	**$709,891**	**$11,107,301**
FY 2019 Health Plan Revenue Over/(Under) Plan Expense	**($1,010,540)**	**($848,713)**	**($4,331)**	**($1,863,585)**
Allocation of FY 2019 Shortage based on Plan members	**($1,388,000)**	**($373,000)**	**($102,000)**	**($1,864,000)**
Plan Members	**772**	**71**	**83**	**926**
Trend for FY 2020 over FY 2019	**8.0%**	**8.0%**	**8.0%**	**8.0%**
Projected FY 2020 Expenses As of June 21, 2019 (Eight Percent Trend)				
Health Plan Claims/Expense				
Medical Claims	$5,363,000	$1,441,000	$395,000	$7,200,000
Prescription Drugs	$1,766,000	$222,000	$131,000	$2,120,000
Subtotal Health Plan Claims/Expense	**$7,129,000**	**$1,663,000**	**$526,000**	**$9,318,000**
Other Plan Costs (Including 8% trend for FY20)	**$2,231,401**	**$205,219**	**$239,904**	**$2,676,525**
Total FY 2020 Expenses	**$9,360,401**	**$1,868,219**	**$765,904**	**$11,994,525**
Current (FY 2019) Health Plan Revenue Over/(Under) Projected FY 2020 Plan Expense	**($1,703,704)**	**($986,760)**	**($60,344)**	**($2,750,809)**
Allocation of FY 2020 Shortage based on Plan members	**($2,293,000)**	**($211,000)**	**($247,000)**	**($2,751,000)**

FY 2020-2024 LONG RANGE FINANCIAL FORECAST
GENERAL DEBT SERVICE FUND

Overview of Assumptions

The General Debt Service Fund is the depository of property tax revenue collected to make all payments of principal and interest for purely property tax supported bonds. The Fund also includes as revenue transfers from the Infrastructure and Debt Service Fund to be used for tax supproted debt service payments as required to stabilize property tax rates. The Infrastructure and Debt Service Fund transfer amounts incorporated in the forecast below are based on a sufficient portion of each year's set aside of General Fund revenue to meet the goal of completing all projects in five years.

The property tax rate dedicated to the payment of debt service is assumed at $0.0525 per $100 of taxable value for the forecast period and beyond. It is expected that funds set aside from the General Fund for Infrastructure and Debt Service will be used to supplement property tax revenue in paying property tax supported debt service.

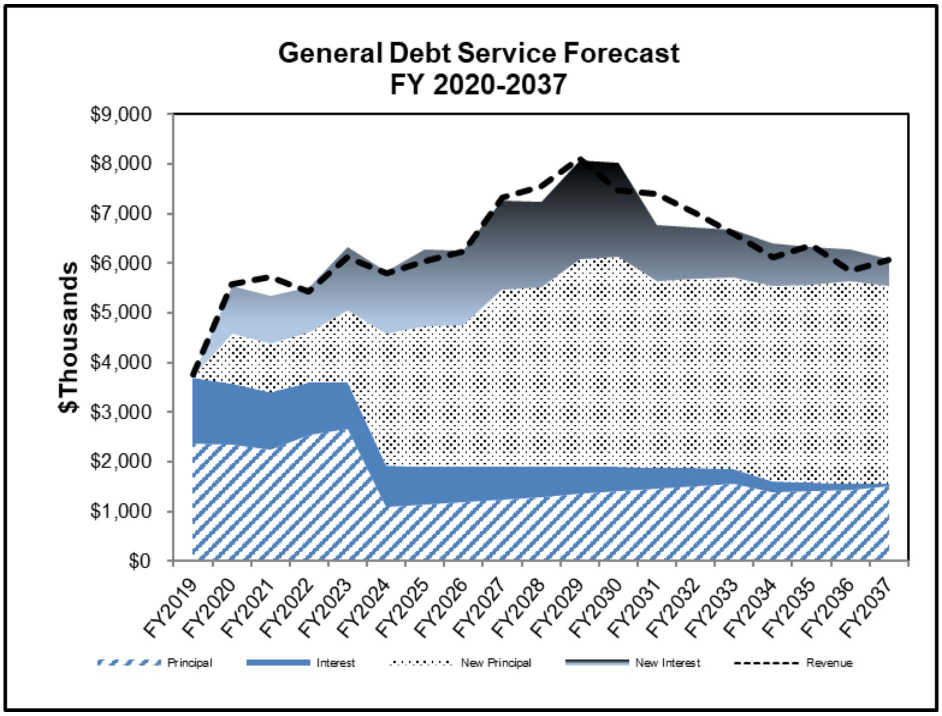
GENERAL DEBT SERVICE FORECAST
FY 2019-2024 ($THOUSANDS)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
REVENUE	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Property Taxes	$3,018	$3,157	$3,282	$3,411	$3,545	$3,684
Infrastructure & Debt Service Fund Transfer	$629	$2,321	$2,391	$1,970	$2,536	$2,090
Interest Income	$104	$109	$48	$42	$40	$36
TOTAL REVENUE	**$3,751**	**$5,587**	**$5,721**	**$5,423**	**$6,121**	**$5,810**
EXPENSE						
Current Debt Service						
Principal	$2,356	$2,339	$2,250	$2,543	$2,660	$1,093
Interest	$1,329	$1,236	$1,146	$1,054	$941	$823
Paying Agent Fees	$2	$5	$5	$5	$5	$5
Subtotal Current Debt Service	**$3,687**	**$3,580**	**$3,401**	**$3,602**	**$3,606**	**$1,921**
Projected Future Bonds Debt Service						
Principal	$0	$1,000	$1,000	$1,000	$1,449	$2,662
Interest	$0	$962	$943	$924	$1,276	$1,247
Subtotal Future Bonds Debt Service	**$0**	**$1,962**	**$1,943**	**$1,924**	**$2,725**	**$3,909**
TOTAL EXPENSE	**$3,687**	**$5,542**	**$5,344**	**$5,526**	**$6,331**	**$5,830**
Revenue Over/(Under) Expense	**$64**	**$45**	**$377**	**($103)**	**($210)**	**($20)**
Beginning Fund Balance	**$1,617**	**$1,681**	**$1,726**	**$2,103**	**$2,000**	**$1,790**
Ending Fund Balance	**$1,681**	**$1,726**	**$2,103**	**$2,000**	**$1,790**	**$1,770**
	FY2019	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**
Effective Taxable Value ($millions)	**$5,805.8**	**$6,075.2**	**$6,318.9**	**$6,571.5**	**$6,833.0**	**$7,103.0**
Debt Service Tax Rate	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**
Property Tax Revenue Growth	**2.1%**	**4.6%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**
Investment Pool Earnings Rate	**1.5%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
General Fund Transfer to Infrastructure & Debt Service Fund	**$3,911.6**	**$4,642.2**	**$4,781.4**	**$4,924.9**	**$5,072.6**	**$5,224.8**
Percent I&DS Fund transferred to Debt Service Fund	**16.1%**	**50.0%**	**50.0%**	**40.0%**	**50.0%**	**40.0%**
Future Bond Issue ($000's) NOTE	**$0**	**$37,000**	**$0**	**$0**	**$12,000**	**$0**
Outstanding Principal ($000's) FY End	**$31,593**	**$65,254**	**$62,004**	**$58,461**	**$66,352**	**$62,597**
Overall Interest Rate	**3.09%**	**3.59%**	**3.84%**	**4.09%**	**4.09%**	**4.09%**
Interest Rate Diff with FY19 Rates	**0.00%**	**0.50%**	**0.75%**	**1.00%**	**1.00%**	**1.00%**

2017 Bond Election and Future Bond Sales

In May, 2017, the voters approved the issuance of $62 million for street and drainage projects. In July, 2017, the City sold the first $25 million toward the bond election authorization. These bond proceeds are expected to be fully appropriated for projects by the end of October 2019. Plans are underway, pending City Council approval, to sell the remaining $37 million by that time to keep the bond election project list on schedule. The first principal and interest payments for this issue will be due in FY 2020, and the schedule above reflects those payments.

After the bonds authorized in the May 2017 election are sold this fall, the forecast anticipates that another property tax supported bond issue will not occur until FY 2023 at the earliest. This would require another bond election and approval by the voters. But the projections of debt issuance beyond the current authorization are included to demonstrate additional capacity beyond the forecast period.



Notable in the graph above are the following:

- The City's tax-supported debt that predates the May 2017 authorized issuances will be paid off in FY 2024.
- The contribution to debt service paid on future bonds by the Infrastructure and Debt Service Fund in the scenario presented here is set to ensure the ending Debt Service Fund balance is $1.5 to $2.0 million each year.
- The total estimated use of Infrastructure and Debt Service money to pay debt service is $11.3 million. This leaves an estimated $16.6 million for pay as you go capital projects during the forecast period.

GENERAL DEBT SERVICE FUND FORECAST
FY2019-2027 ($THOUSANDS)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
REVENUE	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Property Taxes	$3,018	$3,157	$3,282	$3,411	$3,545	$3,684	$3,855	$4,005	$4,162
Infrastructure & Debt Service Fund Transfer	$629	$2,321	$2,391	$1,970	$2,536	$2,090	$2,153	$2,217	$3,140
Interest Income	$104	$109	$48	$42	$40	$36	$35	$30	$30
TOTAL REVENUE	**$3,751**	**$5,587**	**$5,721**	**$5,423**	**$6,121**	**$5,810**	**$6,043**	**$6,252**	**$7,332**
EXPENSE									
Current Debt Service									
Principal	$2,356	$2,339	$2,250	$2,543	$2,660	$1,093	$1,134	$1,182	$1,240
Interest	$1,329	$1,236	$1,146	$1,054	$941	$823	$778	$731	$672
Paying Agent Fees	$2	$5	$5	$5	$5	$5	$5	$5	$5
Subtotal Current Debt Service	**$3,687**	**$3,580**	**$3,401**	**$3,602**	**$3,606**	**$1,921**	**$1,917**	**$1,918**	**$1,917**
Projected Future Bonds Debt Service									
Principal	$0	$1,000	$1,000	$1,000	$1,449	$2,662	$2,815	$2,850	$3,565
Interest	$0	$962	$943	$924	$1,276	$1,247	$1,557	$1,497	$1,799
Subtotal Future Bonds Debt Service	**$0**	**$1,962**	**$1,943**	**$1,924**	**$2,725**	**$3,909**	**$4,372**	**$4,347**	**$5,364**
TOTAL EXPENSE	**$3,687**	**$5,542**	**$5,344**	**$5,526**	**$6,331**	**$5,830**	**$6,289**	**$6,265**	**$7,281**
Revenue Over/(Under) Expense	**$64**	**$45**	**$377**	**($103)**	**($210)**	**($20)**	**($246)**	**($13)**	**$51**
Beginning Fund Balance	**$1,617**	**$1,681**	**$1,726**	**$2,103**	**$2,000**	**$1,790**	**$1,770**	**$1,524**	**$1,511**
Ending Fund Balance	**$1,681**	**$1,726**	**$2,103**	**$2,000**	**$1,790**	**$1,770**	**$1,524**	**$1,511**	**$1,562**
	FY2019	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**
Effective Taxable Value ($millions)	**$5,805.8**	**$6,075.2**	**$6,318.9**	**$6,571.5**	**$6,833.0**	**$7,103.0**	**$7,380.0**	**$7,667.8**	**$7,966.8**
Debt Service Tax Rate	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**
Property Tax Revenue Growth	**2.1%**	**4.6%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**
Investment Pool Earnings Rate	**1.5%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
General Fund Transfer to Infrastructure & Debt Service Fund	**$3,911.6**	**$4,642.2**	**$4,781.4**	**$4,924.9**	**$5,072.6**	**$5,224.8**	**$5,381.5**	**$5,543.0**	**$5,709.3**
Percent I&DS Fund transferred to Debt Service Fund	**16.1%**	**50.0%**	**50.0%**	**40.0%**	**50.0%**	**40.0%**	**40.0%**	**40.0%**	**55.0%**
Future Bond Issue ($000's) NOTE	**$0**	**$37,000**	**$0**	**$0**	**$12,000**	**$0**	**$12,000**	**$0**	**$12,000**
Outstanding Principal ($000's) FY End	**$31,593**	**$65,254**	**$62,004**	**$58,461**	**$66,352**	**$62,597**	**$70,648**	**$66,616**	**$73,811**
Overall Interest Rate	**3.09%**	**3.59%**	**3.84%**	**4.09%**	**4.09%**	**4.09%**	**4.09%**	**4.09%**	**4.09%**
Interest Rate Diff with FY19 Rates	**0.00%**	**0.50%**	**0.75%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**
Future Debt Service Schedules	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**
Principal									
FY2020		$1,000	$1,000	$1,000	$1,176	$1,882	$1,904	$1,926	$1,952
FY2021			$0	$0	$0	$0	$0	$0	$0
FY2022				$0	$0	$0	$0	$0	$0
FY2023					$273	$780	$388	$394	$552
FY2024						$0	$0	$0	$0
FY2025							$523	$530	$538
FY2026								$0	$0
FY2027									$523
FY2028									
FY2029									
Subtotal Principal	**$0**	**$1,000**	**$1,000**	**$1,000**	**$1,449**	**$2,662**	**$2,815**	**$2,850**	**$3,565**
Interest									
FY2020		$962	$943	$924	$905	$882	$845	$806	$765
FY2021			$0	$0	$0	$0	$0	$0	$0
FY2022				$0	$0	$0	$0	$0	$0
FY2023					$371	$365	$346	$337	$327
FY2024						$0	$0	$0	$0
FY2025							$366	$354	$341
FY2026								$0	$0
FY2027									$366
FY2028									
FY2029									
Subtotal Interest	**$0**	**$962**	**$943**	**$924**	**$1,276**	**$1,247**	**$1,557**	**$1,497**	**$1,799**
Total by Year									
FY2020		$1,962	$1,943	$1,924	$2,081	$2,764	$2,749	$2,732	$2,717
FY2021			$0	$0	$0	$0	$0	$0	$0
FY2022				$0	$0	$0	$0	$0	$0
FY2023					$644	$1,145	$734	$731	$879
FY2024						$0	$0	$0	$0
FY2025							$889	$884	$879
FY2026								$0	$0
FY2027									$889
FY2028									
FY2029									
Subtotal by Year	**$0**	**$1,962**	**$1,943**	**$1,924**	**$2,725**	**$3,909**	**$4,372**	**$4,347**	**$5,364**

GENERAL DEBT SERVICE FUND FORECAST
FY2028-2037 ($THOUSANDS)

	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
REVENUE	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Property Taxes	$4,281	$4,447	$4,621	$4,801	$4,988	$5,183	$5,385	$5,595	$5,813	$6,040
Infrastructure & Debt Service Fund Transfer	$3,234	$3,634	$2,807	$2,570	$1,986	$1,363	$702	$723	$0	$0
Interest Income	$31	$37	$38	$27	$40	$45	$44	$38	$39	$39
TOTAL REVENUE	**$7,546**	**$8,118**	**$7,466**	**$7,398**	**$7,014**	**$6,591**	**$6,131**	**$6,356**	**$5,852**	**$6,079**
EXPENSE										
Current Debt Service										
Principal	$1,293	$1,352	$1,411	$1,463	$1,516	$1,559	$1,380	$1,410	$1,445	$1,505
Interest	$610	$545	$478	$410	$353	$292	$230	$174	$118	$60
Paying Agent Fees	$5	$5	$5	$5	$5	$5	$5	$5	$5	$5
Subtotal Current Debt Service	**$1,908**	**$1,902**	**$1,894**	**$1,878**	**$1,874**	**$1,856**	**$1,615**	**$1,589**	**$1,563**	**$1,570**
Projected Future Bonds Debt Service										
Principal	$3,611	$4,183	$4,238	$3,761	$3,812	$3,864	$3,925	$3,979	$4,067	$3,971
Interest	$1,717	$1,997	$1,894	$1,130	$1,043	$952	$856	$756	$652	$543
Subtotal Future Bonds Debt Service	**$5,328**	**$6,180**	**$6,132**	**$4,891**	**$4,855**	**$4,816**	**$4,781**	**$4,735**	**$4,719**	**$4,514**
TOTAL EXPENSE	**$7,236**	**$8,082**	**$8,026**	**$6,769**	**$6,729**	**$6,672**	**$6,396**	**$6,324**	**$6,282**	**$6,084**
Revenue Over/(Under) Expense	**$310**	**$36**	**($560)**	**$629**	**$285**	**($81)**	**($265)**	**$32**	**($430)**	**($5)**
Beginning Fund Balance	**$1,562**	**$1,872**	**$1,908**	**$1,349**	**$1,978**	**$2,263**	**$2,182**	**$1,917**	**$1,950**	**$1,520**
Ending Fund Balance	**$1,872**	**$1,908**	**$1,349**	**$1,978**	**$2,263**	**$2,182**	**$1,917**	**$1,950**	**$1,520**	**$1,515**
	FY2028	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2034**	**FY2035**
Effective Taxable Value ($millions)	**$8,277.5**	**$8,600.3**	**$8,935.7**	**$9,284.2**	**$9,646.3**	**$10,022.5**	**$10,413.4**	**$10,819.5**	**$11,241.5**	**$11,679.9**
Debt Service Tax Rate	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**	**$0.052500**
Property Tax Revenue Growth	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**
Investment Pool Earnings Rate	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
General Fund Transfer to Infrastructure & Debt Service Fund	**$5,880.5**	**$6,057.0**	**$6,238.7**	**$6,425.8**	**$6,618.6**	**$6,817.2**	**$7,021.7**	**$7,232.3**	**$7,449.3**	**$7,672.8**
Percent I&DS Fund transferred to Debt Service Fund	**55.0%**	**60.0%**	**45.0%**	**40.0%**	**30.0%**	**20.0%**	**10.0%**	**10.0%**	**0.0%**	**0.0%**
Future Bond Issue ($000's) NOTE	**$0**	**$12,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Outstanding Principal ($000's) FY End	**$68,907**	**$75,372**	**$69,723**	**$64,499**	**$59,171**	**$53,748**	**$48,443**	**$43,054**	**$37,542**	**$32,066**
Overall Interest Rate	**3.83%**	**3.83%**	**3.83%**	**3.83%**	**3.83%**	**3.83%**	**3.83%**	**3.83%**	**3.83%**	**3.83%**
Interest Rate Diff with FY19 Rates	**1.00%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**
Future Debt Service Schedules	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2036**	**FY2037**
Principal										
FY2020	$1,978	$2,004	$2,030	$2,060	$2,086	$2,115	$2,148	$2,178	$2,237	$2,065
FY2021	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2022	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2023	$559	$566	$575	$583	$592	$600	$610	$618	$628	$688
FY2024	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2025	$544	$552	$559	$566	$575	$583	$592	$600	$610	$618
FY2026	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2027	$530	$538	$544	$552	$559	$566	$575	$583	$592	$600
FY2028	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2029		$523	$530	$538	$544	$552	$559	$566	$575	$583
Subtotal Principal	**$3,611**	**$4,183**	**$4,238**	**$3,761**	**$3,812**	**$3,864**	**$3,925**	**$3,979**	**$4,067**	**$3,971**
Interest										
FY2020	$722	$676	$627	$575	$520	$462	$401	$337	$271	$202
FY2021	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2022	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2023	$313	$299	$284	$268	$251	$234	$216	$197	$177	$156
FY2024	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2025	$328	$315	$301	$287	$272	$256	$239	$222	$204	$185
FY2026	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2027	$354	$341	$328	$315	$301	$287	$272	$256	$239	$222
FY2028	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2029		$366	$354	$341	$328	$315	$301	$287	$272	$256
Subtotal Interest	**$1,717**	**$1,997**	**$1,894**	**$1,130**	**$1,043**	**$952**	**$856**	**$756**	**$652**	**$543**
Total by Year										
FY2020	$2,700	$2,680	$2,657	$2,635	$2,606	$2,577	$2,549	$2,515	$2,508	$2,267
FY2021	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2022	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2023	$872	$865	$859	$851	$843	$834	$826	$815	$805	$844
FY2024	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2025	$872	$867	$860	$853	$847	$839	$831	$822	$814	$803
FY2026	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2027	$884	$879	$872	$315	$301	$287	$272	$256	$239	$222
FY2028	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FY2029		$889	$884	$879	$872	$867	$860	$853	$847	$839
Subtotal by Year	**$5,328**	**$6,180**	**$6,132**	**$4,339**	**$4,296**	**$4,250**	**$4,206**	**$4,152**	**$4,127**	**$3,914**

LONG RANGE FINANCIAL FORECAST
TAX INCREMENT REINVESTMENT ZONE PROPOSAL
JUNE 2019

1. Proposition: Close TIRZ 12 and 14 to financial benefit of both the City and the County
   a. Close by vote of City Council and Commissioner's Court in December 2019.
   b. Taxable property value expected to become part of tax rolls as prior year value in Tax Year 2020 and will not become part of the growth counted against the new 3.5 percent limit.
2. County gains $200,000 annually
   a. Pays $600,000 in 2019 to TIRZ 12 ($189,000) and 14 ($417,000) combined.
   b. As developer, County receives $400,000 from TIRZ 12 to be applied to County road bonds debt service.
   c. Annual payment has never been sufficient to pay anything but interest; current balance of developer's amount due is $5.6 million principal and $1.6 million accrued interest.
   d. County realizes net gain in cash flow of $200,000 to go toward retirement of debt service on bonds.
   e. Closure of TIRZ 12 saves $60,000 in administrative fees for City and TIRZ admin (accounting, legal fees).
   f. Residual balance of $142,592 on September 30, 2018 to be split based on contributions to date (46.7 percent City, 49.9 percent County, 2.7 percent Navigation District, 0.7 percent Road district) or retained by County.
3. City gains more flexibility in future use of property tax revenue
   a. City loses $417,000 in annual County contributions to TIRZ 14 for City projects to end in 2033.
   b. City loses annual admin fees of $90,000 (5 percent of increments) for TIRZ 12 ($19,000) and 14 ($71,000) combined.
   c. City regains annual increments ($1.1 million) paid to TIRZ 12 ($193,000) and 14 ($912,000) for General Fund
   d. TIRZ 14 is substantially benefit to Airport and immediate area
      (i) Outstanding TIRZ 14 debt projected to be $1.94 million plus accrued interest in $20,000 range by January 2020. City would retire this debt
      (ii) Available cash balance as of September 30, 2018 was $2.48 million
      (iii) Tax years 2018 and 2019 increments will be paid into TIRZ 14 if closure is voted in December 2019: Additional $3.0 million in increments less $200,000 estimated for admin by City and TIRZ: Estimated balance on December 31, 2019 would be $3.5 million (including all of Tax Year 2019 increments outstanding and $2 million current balance)
      (iv) Decisions needed on current projects pending including Airport Warehouse at $600,000 range and 83rd Street at $1 million.
      (v) City to split balance with County and retire $1.9 million in outstanding TIRZ bonds over time (ending in 2023) or through a negotiated early settlement
4. Net Present Value from closing both TIRZs
   a. County gains $3.2 million
   b. City loses $5.7 million for current funding arrangement and assumes responsibility for payment of TIRZ 14 debt but restores flexibility of $13 million in property tax revenue, two thirds of which goes back into General Fund

Sales Tax Econometric Forecast
Date: 5/7/2019

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

			Employment		Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 1 Qtr					
	COEFFICIENTS		1.457		-0.02052		1.493		0.958		510.6		259.3		0.1944					
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE ($000's) = A+B+C+D+E+F+G+H	ACTUAL ($000's)	ESTIMATE (OVER)/ UNDER ACTUAL	% Difference
1992	1992-2	(3,323)	1,795.0	2,615.3	$9,188.9	(188.6)	0.00	0.0	106.07	101.6	0.0	0.0	0.00	0.00	$9,421.57	1,831.6	**$1,036.9**	**$1,106.6**	**$69.7**	**6.3%**
1992	1992-3	(3,323)	1,765.6	2,572.5	$9,789.5	(200.9)	129.10	192.7	100.00	95.8	0.0	0.0	0.00	0.00	$9,534.35	1,853.5	**$1,190.6**	**$1,292.8**	**$102.2**	**7.9%**
1992	1992-4	(3,323)	1,789.3	2,607.0	$10,391.3	(213.2)	188.40	281.3	102.67	98.4	0.0	0.0	0.00	0.00	$9,637.73	1,873.6	**$1,324.1**	**$1,300.2**	**($23.9)**	**-1.8%**
1993	1993-1	(3,323)	1,781.9	2,596.2	$10,204.4	(209.4)	0.00	0.0	106.33	101.9	0.0	0.0	0.00	0.00	$9,732.98	1,892.1	**$1,057.8**	**$1,142.6**	**$84.8**	**7.4%**
1993	1993-2	(3,323)	1,808.7	2,635.3	$10,207.1	(209.4)	0.00	0.0	102.77	98.5	0.0	0.0	0.00	0.00	$9,834.51	1,911.8	**$1,113.2**	**$1,070.7**	**($42.5)**	**-4.0%**
1993	1993-3	(3,323)	1,786.0	2,602.2	$10,235.8	(210.0)	132.40	197.7	98.33	94.2	0.0	0.0	0.00	0.00	$9,850.97	1,915.0	**$1,276.1**	**$1,235.5**	**($40.6)**	**-3.3%**
1993	1993-4	(3,323)	1,815.6	2,645.3	$10,765.7	(220.9)	192.90	288.0	101.77	97.5	0.0	0.0	0.00	0.00	$9,908.35	1,926.2	**$1,413.1**	**$1,420.4**	**$7.3**	**0.5%**
1994	1994-1	(3,323)	1,825.2	2,659.3	$9,825.6	(201.6)	0.00	0.0	99.50	95.3	0.0	0.0	0.00	0.00	$9,955.64	1,935.4	**$1,165.4**	**$1,222.8**	**$57.4**	**4.7%**
1994	1994-2	(3,323)	1,847.9	2,692.4	$10,753.7	(220.7)	0.00	0.0	97.73	93.6	0.0	0.0	0.00	0.00	$10,091.05	1,961.7	**$1,204.0**	**$1,127.4**	**($76.6)**	**-6.8%**
1994	1994-3	(3,323)	1,826.3	2,660.9	$11,859.3	(243.4)	137.10	204.7	93.13	89.2	0.0	0.0	0.00	0.00	$10,188.95	1,980.7	**$1,369.1**	**$1,487.0**	**$117.9**	**7.9%**
1994	1994-4	(3,323)	1,862.7	2,714.0	$12,620.1	(259.0)	201.80	301.3	97.77	93.7	0.0	0.0	0.00	0.00	$10,327.02	2,007.6	**$1,534.6**	**$1,626.9**	**$92.3**	**5.7%**
1995	1995-1	(3,323)	1,869.6	2,724.0	$13,043.3	(267.6)	0.00	0.0	104.33	100.0	0.0	0.0	0.00	0.00	$10,387.38	2,019.3	**$1,252.7**	**$1,393.5**	**$140.8**	**10.1%**
1995	1995-2	(3,323)	1,905.2	2,775.9	$13,320.8	(273.3)	0.00	0.0	101.67	97.4	0.0	0.0	0.00	0.00	$10,506.37	2,042.4	**$1,319.4**	**$1,335.3**	**$15.9**	**1.2%**
1995	1995-3	(3,323)	1,891.6	2,756.1	$11,594.2	(237.9)	139.00	207.5	98.03	93.9	0.0	0.0	0.00	0.00	$10,543.64	2,049.7	**$1,546.3**	**$1,514.5**	**($31.8)**	**-2.1%**
1995	1995-4	(3,323)	1,919.7	2,797.0	$10,867.7	(223.0)	203.10	303.2	103.50	99.2	0.0	0.0	0.00	0.00	$10,575.10	2,055.8	**$1,709.2**	**$1,585.5**	**($123.7)**	**-7.8%**
1996	1996-1	(3,323)	1,930.4	2,812.6	$11,715.2	(240.4)	0.00	0.0	101.87	97.6	0.0	0.0	0.00	0.00	$10,665.06	2,073.3	**$1,420.1**	**$1,529.7**	**$109.6**	**7.2%**
1996	1996-2	(3,323)	1,956.6	2,850.8	$12,115.0	(248.6)	0.00	0.0	94.90	90.9	0.0	0.0	0.00	0.00	$10,737.48	2,087.4	**$1,457.5**	**$1,595.5**	**$138.0**	**8.6%**
1996	1996-3	(3,323)	1,936.1	2,820.9	$13,000.4	(266.8)	143.00	213.5	99.00	94.8	0.0	0.0	0.00	0.00	$10,817.90	2,103.0	**$1,642.4**	**$1,818.1**	**$175.7**	**9.7%**
1996	1996-4	(3,323)	1,965.3	2,863.4	$13,659.5	(280.3)	207.10	309.2	110.67	106.0	0.0	0.0	0.00	0.00	$10,998.32	2,138.1	**$1,813.4**	**$1,957.3**	**$143.9**	**7.4%**
1997	1997-1	(3,323)	1,973.3	2,875.1	$14,347.2	(294.4)	0.00	0.0	103.63	99.3	0.0	0.0	0.00	0.00	$11,096.98	2,157.3	**$1,514.3**	**$1,675.2**	**$160.9**	**9.6%**
1997	1997-2	(3,323)	2,013.8	2,934.1	$15,784.5	(323.9)	0.00	0.0	105.87	101.4	0.0	0.0	0.00	0.00	$11,212.21	2,179.7	**$1,568.3**	**$1,670.1**	**$101.8**	**6.1%**
1997	1997-3	(3,323)	2,004.7	2,920.8	$15,671.8	(321.6)	145.00	216.5	104.63	100.2	0.0	0.0	0.00	0.00	$11,284.59	2,193.7	**$1,786.6**	**$1,958.4**	**$171.8**	**8.8%**
1997	1997-4	(3,323)	2,042.3	2,975.6	$17,053.3	(349.9)	210.80	314.7	101.57	97.3	0.0	0.0	0.00	0.00	$11,472.14	2,230.2	**$1,944.9**	**$2,036.7**	**$91.8**	**4.5%**
1998	1998-1	(3,323)	2,061.8	3,004.0	$18,581.2	(381.3)	0.00	0.0	104.70	100.3	0.0	0.0	0.00	0.00	$11,615.64	2,258.1	**$1,658.1**	**$1,745.7**	**$87.6**	**5.0%**
1998	1998-2	(3,323)	2,108.6	3,072.2	$20,082.2	(412.1)	0.00	0.0	100.73	96.5	0.0	0.0	0.00	0.00	$11,715.39	2,277.5	**$1,711.1**	**$1,767.0**	**$55.9**	**3.2%**
1998	1998-3	(3,323)	2,107.5	3,070.6	$19,566.7	(401.5)	146.40	218.6	92.73	88.8	0.0	0.0	0.00	0.00	$11,832.49	2,300.2	**$1,953.7**	**$2,094.6**	**$140.9**	**6.7%**
1998	1998-4	(3,323)	2,148.5	3,130.4	$19,253.2	(395.1)	213.70	319.1	92.17	88.3	0.0	0.0	0.00	0.00	$11,942.03	2,321.5	**$2,141.2**	**$2,094.9**	**($46.3)**	**-2.2%**
1999	1999-1	(3,323)	2,170.9	3,163.0	$19,219.3	(394.4)	0.00	0.0	90.33	86.5	0.0	0.0	0.00	0.00	$12,091.61	2,350.6	**$1,882.7**	**$2,030.1**	**$147.4**	**7.3%**
1999	1999-2	(3,323)	2,200.7	3,206.4	$20,733.4	(425.4)	0.00	0.0	88.97	85.2	0.0	0.0	0.00	0.00	$12,287.00	2,388.6	**$1,931.8**	**$1,999.7**	**$67.9**	**3.4%**
1999	1999-3	(3,323)	2,172.7	3,165.6	$18,947.4	(388.8)	148.30	221.4	84.03	80.5	0.0	0.0	0.00	0.00	$12,403.29	2,411.2	**$2,166.9**	**$2,121.1**	**($45.8)**	**-2.2%**
1999	1999-4	(3,323)	2,182.1	3,179.3	$20,375.6	(418.1)	215.90	322.3	95.53	91.5	0.0	0.0	0.00	0.00	$12,498.69	2,429.7	**$2,281.7**	**$2,183.9**	**($97.8)**	**-4.5%**
2000	2000-1	(3,323)	2,191.1	3,192.4	$22,400.4	(459.7)	0.00	0.0	102.33	98.0	0.0	0.0	0.00	0.00	$12,662.39	2,461.6	**$1,969.3**	**$2,150.1**	**$180.8**	**8.4%**
2000	2000-2	(3,323)	2,219.5	3,233.8	$25,185.5	(516.8)	0.00	0.0	109.07	104.5	0.0	0.0	0.00	0.00	$12,877.59	2,503.4	**$2,001.9**	**$2,057.3**	**$55.4**	**2.7%**
2000	2000-3	(3,323)	2,206.7	3,215.2	$26,069.9	(535.0)	153.40	229.0	120.17	115.1	0.0	0.0	0.00	0.00	$12,924.18	2,512.5	**$2,213.8**	**$2,285.1**	**$71.3**	**3.1%**
2000	2000-4	(3,323)	2,240.4	3,264.3	$27,594.8	(566.2)	223.90	334.3	131.13	125.6	0.0	0.0	0.00	0.00	$13,160.84	2,558.5	**$2,393.5**	**$2,428.5**	**$35.0**	**1.4%**
2001	2001-1	(3,323)	2,249.6	3,277.7	$29,289.1	(601.0)	0.00	0.0	133.90	128.3	0.0	0.0	0.00	0.00	$13,178.42	2,561.9	**$2,043.9**	**$2,094.2**	**$50.3**	**2.4%**
2001	2001-2	(3,323)	2,277.7	3,318.6	$28,395.2	(582.7)	0.00	0.0	124.97	119.7	0.0	0.0	0.00	0.00	$13,260.51	2,577.8	**$2,110.4**	**$2,253.3**	**$142.9**	**6.3%**
2001	2001-3	(3,323)	2,263.8	3,298.4	$26,688.3	(547.6)	159.60	238.3	120.80	115.7	0.0	0.0	0.00	0.00	$13,222.69	2,570.5	**$2,352.3**	**$2,476.4**	**$124.1**	**5.0%**
2001	2001-4	(3,323)	2,288.9	3,334.9	$25,252.5	(518.2)	230.00	343.4	139.07	133.2	0.0	0.0	0.00	0.00	$13,299.98	2,585.5	**$2,555.8**	**$2,532.2**	**($23.6)**	**-0.9%**
2002	2002-1	(3,323)	2,284.9	3,329.1	$24,399.0	(500.7)	0.00	0.0	120.67	115.6	0.0	0.0	0.00	0.00	$13,244.78	2,574.8	**$2,195.8**	**$2,262.9**	**$67.1**	**3.0%**
2002	2002-2	(3,323)	2,292.2	3,339.7	$24,956.7	(512.1)	0.00	0.0	100.57	96.3	0.0	0.0	0.00	0.00	$13,280.86	2,581.8	**$2,182.7**	**$2,060.3**	**($122.4)**	**-5.9%**
2002	2002-3	(3,323)	2,265.8	3,301.3	$22,607.9	(463.9)	158.60	236.8	95.97	91.9	0.0	0.0	0.00	0.00	$13,397.00	2,604.4	**$2,447.5**	**$2,449.9**	**$2.4**	**0.1%**
2002	2002-4	(3,323)	2,283.2	3,326.6	$24,875.7	(510.4)	232.10	346.5	119.23	114.2	0.0	0.0	0.00	0.00	$13,478.15	2,620.2	**$2,574.1**	**$2,478.9**	**($95.2)**	**-3.8%**
2003	2003-1	(3,323)	2,274.9	3,314.5	$24,805.1	(509.0)	0.00	0.0	115.93	111.1	0.0	0.0	0.00	0.00	$13,538.07	2,631.8	**$2,225.4**	**$2,145.5**	**($79.9)**	**-3.7%**
2003	2003-2	(3,323)	2,285.7	3,330.3	$25,181.4	(516.7)	0.00	0.0	119.27	114.3	0.0	0.0	0.00	0.00	$13,559.03	2,635.9	**$2,240.8**	**$2,309.0**	**$68.2**	**3.0%**
2003	2003-3	(3,323)	2,258.6	3,290.8	$22,677.8	(465.3)	162.50	242.6	132.47	126.9	0.0	0.0	0.00	0.00	$13,634.25	2,650.5	**$2,522.5**	**$2,573.9**	**$51.4**	**2.0%**
2003	2003-4	(3,323)	2,267.9	3,304.3	$23,909.5	(490.6)	237.90	355.2	124.33	119.1	0.0	0.0	0.00	0.00	$13,751.54	2,673.3	**$2,638.3**	**$2,655.3**	**$17.0**	**0.6%**
2004	2004-1	(3,323)	2,254.6	3,285.0	$24,379.3	(500.3)	0.00	0.0	128.27	122.9	0.0	0.0	0.00	0.00	$13,985.07	2,718.7	**$2,303.3**	**$2,308.7**	**$5.4**	**0.2%**
2004	2004-2	(3,323)	2,270.5	3,308.1	$26,445.1	(542.7)	0.00	0.0	120.90	115.8	0.0	0.0	0.00	0.00	$14,145.65	2,749.9	**$2,308.1**	**$2,308.3**	**$0.2**	**0.0%**
2004	2004-3	(3,323)	2,257.3	3,288.9	$25,869.5	(530.8)	169.50	253.1	133.97	128.3	0.0	0.0	0.00	0.00	$14,221.15	2,764.6	**$2,581.1**	**$2,611.7**	**$30.6**	**1.2%**
2004	2004-4	(3,323)	2,277.0	3,317.6	$27,729.9	(569.0)	245.20	366.1	154.23	147.8	0.0	0.0	0.00	0.00	$14,329.52	2,785.7	**$2,725.2**	**$2,687.7**	**($37.5)**	**-1.4%**
2005	2005-1	(3,323)	2,276.2	3,316.4	$27,854.7	(571.6)	0.00	0.0	151.93	145.6	0.0	0.0	0.00	0.00	$14,464.98	2,812.0	**$2,379.4**	**$2,440.5**	**$61.1**	**2.5%**
2005	2005-2	(3,323)	2,304.4	3,357.5	$29,277.2	(600.8)	0.00	0.0	157.63	151.0	0.0	0.0	0.00	0.00	$14,609.88	2,840.2	**$2,424.9**	**$2,457.1**	**$32.2**	**1.3%**
2005	2005-3	(3,323)	2,294.6	3,343.2	$28,141.6	(577.5)	174.60	260.7	155.03	148.5	0.0	0.0	0.00	0.00	$14,771.60	2,871.6	**$2,723.5**	**$2,726.1**	**$2.6**	**0.1%**
2005	2005-4	(3,323)	2,332.3	3,398.2	$29,882.8	(613.2)	254.50	380.0	178.07	170.6	0.0	0.0	0.00	0.00	$14,839.78	2,884.9	**$2,897.5**	**$2,825.3**	**($72.2)**	**-2.6%**
2006	2006-1	(3,323)	2,347.3	3,420.0	$30,111.5	(617.9)	0.00	0.0	211.00	202.1	0.0	0.0	0.00	0.00	$14,972.05	2,910.6	**$2,591.8**	**$2,769.6**	**$177.8**	**6.4%**
2006	2006-2	(3,323)	2,380.8	3,468.8	$32,111.6	(658.9)	0.00	0.0	207.97	199.2	0.0	0.0	0.00	0.00	$15,066.60	2,928.9	**$2,615.0**	**$2,780.7**	**$165.7**	**6.0%**
2006	2006-3	(3,323)	2,417.4	3,522.2	$32,483.1	(666.6)	181.80	271.4	197.70	189.4	0.0	0.0	0.00	0.00	$15,267.03	2,967.9	**$2,961.3**	**$3,268.7**	**$307.4**	**9.4%**
2006	2006-4	(3,323)	2,423.6	3,531.2	$34,056.7	(698.8)	264.60	395.0	247.40	237.0	0.0	0.0	0.00	0.00	$15,302.71	2,974.8	**$3,116.2**	**$3,405.2**	**$289.0**	**8.5%**

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2007	2007-1	(3,323)	2,443.7	3,560.5	$33,103.7	(679.3)	0.00	0.0	236.70	226.8	0.0	0.0	0.00	0.00	$15,326.37	2,979.4	$2,764.4	$2,850.4	$86.0	3.0%
2007	2007-2	(3,323)	2,485.9	3,622.0	$34,078.3	(699.3)	0.00	0.0	183.47	175.8	0.0	0.0	0.00	0.00	$15,456.93	3,004.8	$2,780.3	$2,988.6	$208.3	7.0%
2007	2007-3	(3,323)	2,483.1	3,617.9	$32,157.0	(659.9)	184.30	275.2	192.60	184.5	0.0	0.0	0.00	0.00	$15,493.33	3,011.9	$3,106.6	$3,292.4	$185.8	5.6%
2007	2007-4	(3,323)	2,534.1	3,692.2	$34,410.4	(706.1)	266.40	397.7	250.16	239.7	0.0	0.0	0.00	0.00	$15,582.09	3,029.2	$3,329.7	$3,566.1	$236.4	6.6%
2008	2008-1	(3,323)	2,548.4	3,713.0	$34,836.2	(714.8)	0.00	0.0	236.56	226.6	0.0	0.0	0.00	0.00	$15,666.74	3,045.6	$2,947.4	$3,165.6	$218.2	6.9%
2008	2008-2	(3,323)	2,583.1	3,763.6	$34,514.4	(708.2)	0.00	0.0	242.61	232.4	0.0	0.0	0.00	0.00	$15,761.97	3,064.1	$3,028.9	$3,014.3	($14.6)	-0.5%
2008	2008-3	(3,323)	2,564.8	3,736.9	$35,745.6	(733.5)	191.20	285.5	259.83	248.9	0.0	0.0	0.00	0.00	$15,671.38	3,046.5	$3,261.3	$3,406.4	$145.1	4.3%
2008	2008-4	(3,323)	2,597.9	3,785.1	$38,174.1	(783.3)	279.40	417.1	312.79	299.7	(1.0)	(510.6)	0.00	0.00	$15,752.31	3,062.2	$2,947.2	$3,000.6	$53.4	1.8%
2009	2009-1	(3,323)	2,590.4	3,774.2	$40,339.7	(827.8)	0.00	0.0	318.52	305.1	1.0	510.6	0.00	0.00	$15,667.03	3,045.7	$3,484.8	$3,496.6	$11.8	0.3%
2009	2009-2	(3,323)	2,607.1	3,798.5	$36,960.7	(758.4)	0.00	0.0	190.92	182.9	0.5	255.3	0.00	0.00	$15,328.03	2,979.8	$3,135.1	$3,339.2	$204.1	6.1%
2009	2009-3	(3,323)	2,556.1	3,724.2	$29,068.3	(596.5)	191.00	285.2	154.24	147.8	0.5	255.3	0.00	0.00	$15,155.94	2,946.3	$3,439.3	$3,568.9	$129.6	3.6%
2009	2009-4	(3,323)	2,534.9	3,693.4	$29,515.9	(605.7)	277.90	414.9	191.69	183.6	0.5	255.3	0.00	0.00	$15,134.12	2,942.1	$3,560.6	$3,452.6	($108.0)	-3.1%
2010	2010-1	(3,323)	2,502.5	3,646.2	$33,779.8	(693.2)	0.00	0.0	212.28	203.4	0.0	0.0	0.00	0.00	$15,189.22	2,952.8	$2,786.2	$2,580.7	($205.5)	-8.0%
2010	2010-2	(3,323)	2,513.1	3,661.6	$36,528.0	(749.6)	0.00	0.0	212.12	203.2	0.0	0.0	0.00	0.00	$15,356.06	2,985.2	$2,777.4	$2,558.2	($219.2)	-8.6%
2010	2010-3	(3,323)	2,480.1	3,613.5	$37,439.1	(768.3)	194.40	290.2	223.55	214.2	0.0	0.0	0.00	0.00	$15,415.15	2,996.7	$3,023.3	$2,969.8	($53.5)	-1.8%
2010	2010-4	(3,323)	2,561.1	3,731.5	$40,419.8	(829.4)	283.00	422.5	235.53	225.6	0.0	0.0	0.00	0.00	$15,557.28	3,024.3	$3,251.5	$3,271.6	$20.1	0.6%
2011	2011-1	(3,323)	2,557.4	3,726.1	$41,341.3	(848.3)	0.00	0.0	222.38	213.0	0.0	0.0	0.00	0.00	$15,671.97	3,046.6	$2,814.4	$2,646.2	($168.2)	-6.4%
2011	2011-2	(3,323)	2,585.1	3,766.5	$44,464.5	(912.4)	0.00	0.0	235.55	225.7	0.0	0.0	0.00	0.00	$15,750.63	3,061.9	$2,818.7	$2,764.0	($54.7)	-2.0%
2011	2011-3	(3,323)	2,571.9	3,747.2	$46,096.9	(945.9)	201.50	300.8	272.97	261.5	0.0	0.0	0.00	0.00	$15,712.75	3,054.6	$3,095.2	$3,200.0	$104.8	3.3%
2011	2011-4	(3,323)	2,622.1	3,820.4	$49,637.2	(1,018.6)	293.50	438.2	326.26	312.6	0.0	0.0	0.00	0.00	$15,825.10	3,076.4	$3,306.0	$3,406.7	$100.7	3.0%
2012	2012-1	(3,323)	2,630.7	3,832.9	$50,904.9	(1,044.6)	0.00	0.0	306.67	293.8	0.0	0.0	0.00	0.00	$15,820.70	3,075.5	$2,834.6	$2,671.3	($163.3)	-6.1%
2012	2012-2	(3,323)	2,662.2	3,878.9	$51,649.6	(1,059.8)	0.00	0.0	278.18	266.5	0.0	0.0	0.00	0.00	$16,004.11	3,111.2	$2,873.8	$2,844.2	($29.6)	-1.0%
2012	2012-3	(3,323)	2,662.3	3,878.9	$52,954.0	(1,086.6)	205.50	306.8	303.36	290.6	0.0	0.0	1.00	259.30	$16,129.42	3,135.6	$3,461.6	$3,564.9	$103.3	2.9%
2012	2012-4	(3,323)	2,719.2	3,961.9	$53,111.5	(1,089.8)	295.70	441.5	318.76	305.4	0.0	0.0	1.00	259.30	$16,198.81	3,149.0	$3,704.3	$3,928.4	$224.1	5.7%
2013	2013-1	(3,323)	2,736.7	3,987.4	$54,216.3	(1,112.5)	0.00	0.0	303.71	291.0	0.0	0.0	0.00	0.00	$16,220.67	3,153.3	$2,996.2	$2,927.6	($68.6)	-2.3%
2013	2013-2	(3,323)	2,781.2	4,052.2	$55,593.2	(1,140.8)	0.00	0.0	287.53	275.5	0.0	0.0	0.00	0.00	$16,239.14	3,156.9	$3,020.8	$3,101.1	$80.3	2.6%
2013	2013-3	(3,323)	2,776.0	4,044.6	$53,698.4	(1,101.9)	207.70	310.1	299.70	287.1	0.0	0.0	1.20	311.20	$16,382.96	3,184.8	$3,712.9	$3,530.8	($182.1)	-5.2%
2013	2013-4	(3,323)	2,823.9	4,114.4	$57,007.1	(1,169.8)	302.40	451.5	301.63	289.0	0.0	0.0	1.20	311.20	$16,403.18	3,188.8	$3,862.1	$3,865.4	$3.3	0.1%
2014	2014-1	(3,323)	2,832.6	4,127.1	$56,795.9	(1,165.5)	0.00	0.0	300.73	288.1	0.0	0.0	0.00	0.00	$16,531.69	3,213.8	$3,140.5	$3,059.1	($81.4)	-2.7%
2014	2014-2	(3,323)	2,872.8	4,185.7	$58,452.9	(1,199.5)	0.00	0.0	272.83	261.4	0.0	0.0	0.00	0.00	$16,663.65	3,239.4	$3,164.0	$3,131.8	($32.2)	-1.0%
2014	2014-3	(3,323)	2,863.1	4,171.6	$57,650.5	(1,183.0)	214.00	319.5	284.62	272.7	0.0	0.0	1.20	311.20	$16,621.70	3,231.3	$3,800.3	$3,849.3	$49.0	1.3%
2014	2014-4	(3,323)	2,918.8	4,252.7	$61,111.3	(1,254.0)	310.40	463.4	308.23	295.3	0.0	0.0	1.20	311.20	$16,830.11	3,271.8	$4,017.4	$4,261.6	$244.2	5.7%
2015	2015-1	(3,323)	2,932.8	4,273.0	$61,351.5	(1,258.9)	0.00	0.0	296.31	283.9	0.0	0.0	0.00	0.00	$17,033.57	3,311.3	$3,286.3	$3,294.6	$8.3	0.3%
2015	2015-2	(3,323)	2,985.4	4,349.7	$60,894.0	(1,249.5)	0.00	0.0	242.67	232.5	0.0	0.0	0.00	0.00	$17,113.95	3,327.0	$3,336.7	$3,358.3	$21.6	0.6%
2015	2015-3	(3,323)	2,964.9	4,319.9	$57,171.2	(1,173.2)	213.20	318.3	183.93	176.2	0.0	0.0	1.20	311.20	$17,254.74	3,354.3	$3,983.7	$3,929.0	($54.7)	-1.4%
2015	2015-4	(3,323)	2,982.3	4,345.2	$60,182.7	(1,234.9)	311.20	464.6	216.05	207.0	0.0	0.0	1.20	311.20	$17,397.03	3,382.0	$4,152.1	$4,124.1	($28.0)	-0.7%
2016	2016-1	(3,323)	2,972.0	4,330.3	$60,225.4	(1,235.8)	0.00	0.0	212.31	203.4	0.0	0.0	0.00	0.00	$17,438.80	3,390.1	$3,365.0	$3,366.5	$1.5	0.0%
2016	2016-2	(3,323)	2,994.0	4,362.3	$58,624.7	(1,203.0)	0.00	0.0	170.99	163.8	0.0	0.0	0.00	0.00	$17,456.23	3,393.5	$3,393.6	$3,413.4	$19.8	0.6%
2016	2016-3	(3,323)	2,967.8	4,324.1	$55,397.6	(1,136.8)	216.40	323.1	147.74	141.5	0.0	0.0	1.20	311.20	$17,523.37	3,406.5	$4,046.6	$4,018.7	($27.9)	-0.7%
2016	2016-4	(3,323)	2,983.5	4,346.9	$57,692.8	(1,183.9)	314.00	468.8	180.71	173.1	0.0	0.0	1.20	311.20	$17,622.49	3,425.8	$4,218.9	$4,202.5	($16.4)	-0.4%
2017	2017-1	(3,323)	2,968.5	4,325.1	$57,897.6	(1,188.1)	0.0	0.0	180.02	172.5	0.0	0.0	0.00	0.00	$17,706.71	3,442.2	$3,428.7	$3,455.1	$26.4	0.8%
2017	2017-2	(3,323)	2,990.7	4,357.5	$58,713.7	(1,204.8)	0.0	0.0	180.11	172.5	0.0	0.0	0.00	0.00	$17,784.19	3,457.2	$3,459.4	$3,512.2	$52.8	1.5%
2017	2017-3	(3,323)	2,974.2	4,333.4	$58,702.5	(1,204.6)	220.30	328.9	189.15	181.2	0.0	0.0	1.20	311.20	$17,863.02	3,472.6	$4,099.7	$4,085.3	($14.4)	-0.4%
2017	2017-4	(3,323)	3,013.7	4,391.0	$60,090.9	(1,233.1)	320.90	479.1	198.61	190.3	(0.5)	(255.3)	1.20	311.20	$17,995.15	3,498.3	$4,058.5	$4,056.5	($2.0)	0.0%
2018	2018-1	(3,323)	3,004.0	4,376.9	$60,693.9	(1,245.4)	0.0	0.0	200.06	191.7	0.5	255.3	0.00	0.00	$18,120.84	3,522.7	$3,778.2	$3,742.6	($35.6)	-1.0%
2018	2018-2	(3,323)	3,028.5	4,412.5	$63,501.2	(1,303.0)	0.0	0.0	202.55	194.0	0.0	0.0	0.00	0.00	$18,223.76	3,542.7	$3,523.2	$3,532.3	$9.1	0.3%
2018	2018-3	(3,323)	3,025.7	4,408.5	$63,933.2	(1,311.9)	226.20	337.7	207.89	199.2	0.0	0.0	1.20	311.20	$18,323.96	3,562.2	$4,183.9	$4,316.2	$132.3	3.1%
2018	2018-4	(3,323)	3,067.7	4,469.7	$67,350.2	(1,382.0)	327.30	488.7	236.90	227.0	0.0	0.0	1.20	311.20	$18,511.58	3,598.7	$4,390.3	$4,387.5	($2.8)	-0.1%
2019	2019-1	(3,323)	3,068.3	4,470.6	$66,590.0	(1,366.4)	0.0	0.0	236.22	226.3	0.0	0.0	0.00	0.00	$18,664.97	3,628.5	$3,636.0	$3,803.9	$167.9	4.4%
2019	2019-2	(3,323)	3,117.1	4,541.7	$67,137.0	(1,377.7)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$18,765.26	3,648.0	$3,693.4	$3,763.3	$69.9	1.9%
2019	2019-3	(3,323)	3,099.3	4,515.6	$59,138.2	(1,213.5)	230.70	344.4	186.39	178.6	0.0	0.0	1.20	311.20	$18,818.71	3,658.4	$4,471.7			
2019	2019-4	(3,323)	3,136.2	4,569.4	$62,298.9	(1,278.4)	333.80	498.4	213.39	204.4	0.0	0.0	1.20	311.20	$18,912.32	3,676.6	$4,658.6			
2020	2020-1	(3,323)	3,125.1	4,553.3	$66,590.0	(1,366.4)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$19,038.27	3,701.0	$3,769.3			
2020	2020-2	(3,323)	3,174.8	4,625.7	$67,137.0	(1,377.7)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$19,140.56	3,720.9	$3,850.3			
2020	2020-3	(3,323)	3,156.6	4,599.2	$59,138.2	(1,213.5)	235.30	351.3	233.39	223.6	0.0	0.0	1.20	311.20	$19,195.08	3,731.5	$4,680.3			
2020	2020-4	(3,323)	3,194.2	4,653.9	$62,298.9	(1,278.4)	340.50	508.4	233.39	223.6	0.0	0.0	1.20	311.20	$19,290.57	3,750.1	$4,845.8			
2021	2021-1	(3,323)	3,180.1	4,633.4	$66,590.0	(1,366.4)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$19,419.04	3,775.1	$3,923.5			
2021	2021-2	(3,323)	3,230.7	4,707.1	$67,137.0	(1,377.7)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$19,523.37	3,795.3	$4,006.1			
2021	2021-3	(3,323)	3,212.2	4,680.1	$59,138.2	(1,213.5)	240.00	358.3	233.39	223.6	0.0	0.0	1.20	311.20	$19,578.99	3,806.2	$4,842.9			
2021	2021-4	(3,323)	3,250.4	4,735.8	$62,298.9	(1,278.4)	347.30	518.5	233.39	223.6	0.0	0.0	1.20	311.20	$19,676.38	3,825.1	$5,012.8			
2022	2022-1	(3,323)	3,241.8	4,723.3	$66,590.0	(1,366.4)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$19,807.42	3,850.6	$4,088.9			
2022	2022-2	(3,323)	3,293.4	4,798.4	$67,137.0	(1,377.7)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$19,913.84	3,871.3	$4,173.4			
2022	2022-3	(3,323)	3,274.5	4,770.9	$59,138.2	(1,213.5)	244.80	365.5	233.39	223.6	0.0	0.0	1.20	311.20	$19,970.57	3,882.3	$5,017.0			
2022	2022-4	(3,323)	3,313.5	4,827.7	$62,298.9	(1,278.4)	354.20	528.8	233.39	223.6	0.0	0.0	1.20	311.20	$20,069.91	3,901.6	$5,191.5			
2023	2023-1	(3,323)	3,310.2	4,823.0	$66,590.0	(1,366.4)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$20,203.57	3,927.6	$4,265.6			
2023	2023-2	(3,323)	3,362.8	4,899.7	$67,137.0	(1,377.7)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$20,312.12	3,948.7	$4,352.1			
2023	2023-3	(3,323)	3,343.6	4,871.6	$59,138.2	(1,213.5)	244.80	365.5	233.39	223.6	0.0	0.0	1.20	311.20	$20,369.98	3,959.9	$5,195.3			
2023	2023-4	(3,323)	3,383.4	4,929.6	$62,298.9	(1,278.4)	361.30	539.4	233.39	223.6	0.0	0.0	1.20	311.20	$20,471.30	3,979.6	$5,382.0			
2024	2024-1	(3,323)	3,377.7	4,921.4	$66,590.0	(1,366.4)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$20,607.64	4,006.1	$4,442.5			
2024	2024-2	(3,323)	3,431.4	4,999.6	$67,137.0	(1,377.7)	0.0	0.0	213.39	204.4	0.0	0.0	0.00	0.00	$20,718.36	4,027.6	$4,530.9			

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
Date: 5/7/2019

			Employment		Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 1 Qtr					
	COEFFICIENTS		1.457		-0.02052		1.493		0.958		510.6		259.3		0.1944					
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE ($000's) = A+B+C+D+E+F+G+H	ACTUAL ($000's)	ESTIMATE (OVER)/ UNDER ACTUAL	% Difference
2024	*2024-3*	*(3,323)*	*3,411.8*	*4,970.9*	*$59,138.2*	*(1,213.5)*	*249.70*	*372.8*	*233.39*	*223.6*	0.0	0.0	*1.20*	*311.20*	*$20,777.38*	*4,039.1*	*$5,381.1*			
2024	*2024-4*	*(3,323)*	*3,452.4*	*5,030.1*	*$62,298.9*	*(1,278.4)*	*368.50*	*550.2*	*233.39*	*223.6*	0.0	0.0	*1.20*	*311.20*	*$20,880.73*	*4,059.2*	*$5,572.9*			

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
Date: 5/7/2019

			Employment		Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 1 Qtr					
	COEFFICIENTS		1.457		-0.02052		1.493		0.958		510.6		259.3		0.1944					
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE ($000's) = A+B+C+D+E+F+G+H	ACTUAL ($000's)	ESTIMATE (OVER)/ UNDER ACTUAL	% Difference

ASSUMPTIONS

	Cal Year	*Calendar Year Employment Growth*	*Fiscal Year*	*Fiscal Year Employment Growth*	*U.S. Real GDP Growth*	*Exports to Mexico*	*CPI*	*Projected COG Sales Tax ($Millions)*
	2016	*-0.10%*	*FY 2016*	*-0.12%*	*1.00%*	*-3.87%*	*0.90%*	*$15.02*
	2017	*1.26%*	*FY 2017*	*1.20%*	*2.07%*	*4.83%*	*2.18%*	*$15.05*
	2018	*2.93%*	*FY 2018*	*2.14%*	*3.00%*	*9.71%*	*2.00%*	*$15.88*
68.4	*2019*	*2.00%*	*FY 2019*	*2.23%*	*2.70%*	*-7.50%*	*2.00%*	*$16.46*
58.0	*2020*	*1.80%*	*FY 2020*	*1.85%*	*2.00%*	*0.00%*	*2.00%*	*$17.15*
56.2	*2021*	*1.75%*	*FY 2021*	*1.76%*	*2.00%*	*0.00%*	*2.00%*	*$17.79*
62.3	*2022*	*2.00%*	*FY 2022*	*1.94%*	*2.00%*	*0.00%*	*2.00%*	*$18.47*
69.1	*2023*	*2.15%*	*FY 2023*	*2.11%*	*2.00%*	*0.00%*	*2.00%*	*$19.20*
	2024	*2.00%*	*FY 2024*	*2.04%*	*2.00%*	*0.00%*	*2.00%*	*$19.93*

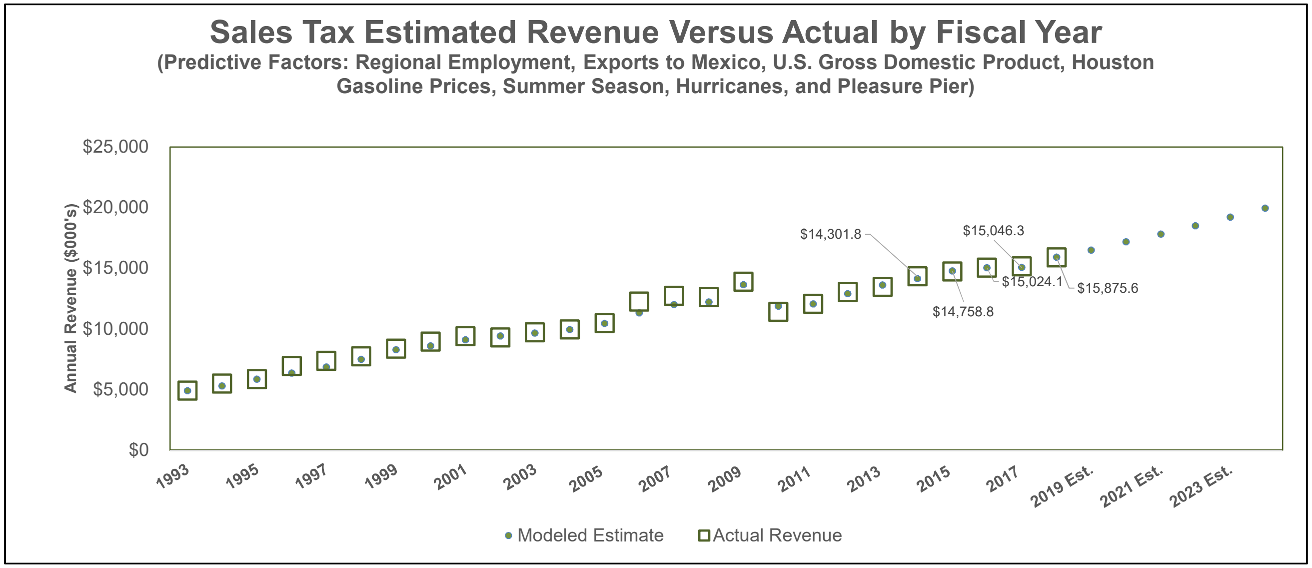
68.2

Fiscal Year	Model Total ($000's)	Total Actual Tax ($000's)	Actual Over/ (Under) Model	Pct Actual Over/Under Model	Pct Change
1993	$4,860.2	$4,869.2	*$9.0*	0.18%	
1994	$5,273.1	$5,464.1	*$191.0*	3.50%	12.22%
1995	$5,827.6	$5,828.8	*$1.2*	0.02%	6.67%
1996	$6,333.4	$6,900.6	*$567.2*	8.22%	18.39%
1997	$6,814.1	$7,340.4	*$526.3*	7.17%	6.37%
1998	$7,464.1	$7,702.2	*$238.1*	3.09%	4.93%
1999	$8,263.1	$8,334.8	*$71.7*	0.86%	8.21%
2000	$8,578.5	$8,921.0	*$342.5*	3.84%	7.03%
2001	$9,062.4	$9,356.1	*$293.7*	3.14%	4.88%
2002	$9,400.1	$9,252.0	*($148.1)*	-1.60%	-1.11%
2003	$9,627.0	$9,683.7	*$56.7*	0.59%	4.67%
2004	$9,917.7	$9,916.4	*($1.3)*	-0.01%	2.40%
2005	$10,425.3	$10,449.0	*$23.7*	0.23%	5.37%
2006	$11,284.3	$12,224.2	*$939.9*	7.69%	16.99%
2007	$11,981.0	$12,697.5	*$716.5*	5.64%	3.87%
2008	$12,184.8	$12,586.9	*$402.1*	3.19%	-0.87%
2009	$13,619.8	$13,857.3	*$237.5*	1.71%	10.09%
2010	$11,838.4	$11,380.3	*($458.1)*	-4.03%	-17.88%
2011	$12,034.3	$12,016.9	*($17.4)*	-0.14%	5.59%
2012	$12,874.3	$13,008.8	*$134.5*	1.03%	8.25%
2013	$13,592.0	$13,424.9	*($167.1)*	-1.24%	3.20%
2014	$14,122.2	$14,301.8	*$179.6*	1.26%	6.53%
2015	$14,758.8	$14,706.0	*($52.8)*	-0.36%	2.83%
2016	$15,024.1	$15,001.1	*($23.0)*	-0.15%	2.01%
2017	$15,046.3	$15,109.1	*$62.8*	0.42%	0.72%
2018	$15,875.6	$15,849.1	*($26.5)*	-0.17%	5.07%
2019 Est.	*$16,459.7*				3.68%
2020 Est.	*$17,145.7*				4.17%
2021 Est.	*$17,785.3*				3.73%
2022 Est.	*$18,470.8*				3.85%
2023 Est.	*$19,195.0*				3.92%
2024 Est.	*$19,927.4*				3.82%

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
Date: 5/7/2019

			Employment		Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 1 Qtr					
	COEFFICIENTS		1.457		-0.02052		1.493		0.958		510.6		259.3		0.1944					
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE ($000's) = A+B+C+D+E+F+G+H	ACTUAL ($000's)	ESTIMATE (OVER)/ UNDER ACTUAL	% Difference



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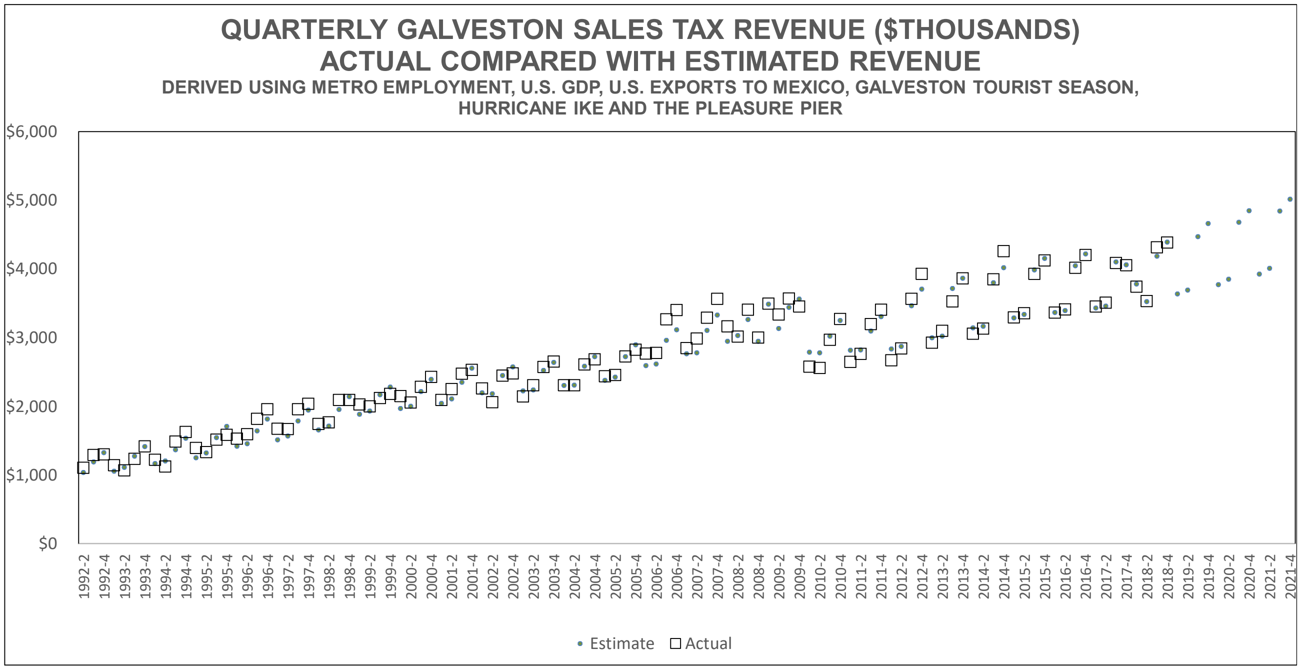
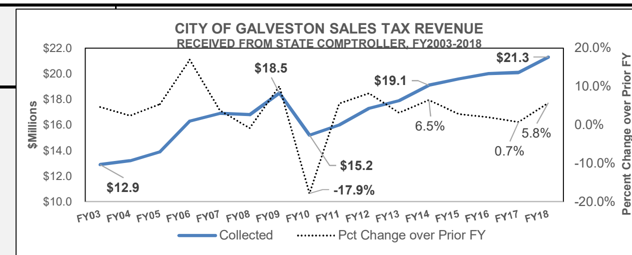
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE ($000's) = A+B+C+D+E+F+G +H	ACTUAL ($000's)	ESTIMATE (OVER)/ UNDER ACTUAL	% Difference



CITY OF GALVESTON SALES TAX COLLECTIONS RESULTS FOR FULL 2% TAX (1.5% TO CITY, 0.5% TO IDC)
APRIL 2018 MERCHANTS' COLLECTIONS, PAID INTO STATE COMPTROLLER IN MAY, RECEIVED BY CITY IN JUNE 2019

MONTH TAX COLLECTED BY RETAILER	2013 (Full 2% Receipts)	2014 (Full 2% Receipts)	2015 (Full 2% Receipts)	2016 (Full 2% Receipts)	2017 (Full 2% Receipts)	2018 (Full 2% Receipts)	2019 (Full 2% Receipts)	Pct Over Same Mo Last FY	General Fund Share (75% of Total Receipts
October	1,259,799.43	1,291,651.32	1,394,471.33	1,366,645.51	1,453,825.27	1,583,869.29	1,618,015.12	2.16%	1,213,511.34
November	1,140,069.77	1,206,491.83	1,271,065.03	1,346,250.59	1,409,900.59	1,508,187.73	1,549,058.16	2.71%	1,161,793.62
December	1,503,560.37	1,580,661.09	1,727,234.37	1,775,748.53	1,743,007.96	1,898,024.07	1,904,785.84	0.36%	1,428,589.38
January	1,248,434.02	1,196,353.19	1,267,941.59	1,345,136.83	1,365,509.84	1,338,215.41	1,483,226.85	10.84%	1,112,420.14
February	1,183,430.49	1,306,266.44	1,326,316.48	1,287,680.31	1,512,079.09	1,355,370.24	1,494,810.37	10.29%	1,121,107.78
March	1,702,991.96	1,673,131.09	1,883,450.03	1,918,408.51	1,805,353.93	2,016,199.59	2,039,770.58	1.17%	1,529,827.94
April	1,341,757.16	1,543,703.81	1,521,566.83	1,520,201.92	1,597,398.76	1,628,106.23	1,871,434.34	14.95%	1,403,575.76
May	1,464,185.50	1,571,501.29	1,608,255.60	1,728,972.75	1,707,408.24	1,790,834.04			
June	1,901,816.89	2,017,138.85	2,108,830.18	2,109,070.02	2,142,210.36	2,335,983.24			
July	1,867,947.38	2,131,203.89	1,932,921.75	1,840,685.72	2,072,163.35	2,147,580.24			
August	1,702,391.19	1,908,135.36	1,754,317.72	1,970,226.10	1,541,184.53	1,851,919.35			
September	1,583,462.97	1,642,812.02	1,811,499.15	1,792,464.01	1,795,376.55	1,850,497.99			
	17,899,847.13	19,069,050.18	19,607,870.06	20,001,490.80	20,145,418.47	21,304,787.42			
Year over Year Pct Change	3.2%	6.5%	2.8%	2.0%	0.7%	5.8%			



FY18 ACTUAL	15,978,591
FY19 ESTIMATE	16,500,000
FY19 BUDGET	16,600,000

YTD Totals	2013	2014	2015	2016	2017	2018	2019	Pct Over Same Mo Last FY	GENERAL FUND PROJECTIONS (1.5%) LOW	AVERAGE	HIGH	AVG FY11-18	FULL 2% PROJECTIONS LOW	AVERAGE	HIGH
October	1,259,799.43	1,291,651.32	1,394,471.33	1,366,645.51	1,453,825.27	1,583,869.29	1,618,015.12	2.16%	16,311,000	17,353,000	18,902,000	17,457,000	21,748,000	23,137,000	25,203,000
November	2,399,869.20	2,498,143.15	2,665,536.36	2,712,896.10	2,863,725.86	3,092,057.02	3,167,073.28	2.43%	15,315,000	17,372,000	21,673,000	17,838,000	20,420,000	23,162,000	28,897,000
December	3,903,429.57	4,078,804.24	4,392,770.73	4,488,644.63	4,606,733.82	4,990,081.09	5,071,859.12	1.64%	15,077,000	16,727,000	18,529,000	17,204,000	20,102,000	22,303,000	24,705,000
January	5,151,863.59	5,275,157.43	5,660,712.32	5,833,781.46	5,972,243.66	6,328,296.50	6,555,085.97	3.58%	15,053,000	16,667,000	18,088,000	17,119,000	20,071,000	22,223,000	24,117,000
February	6,335,294.08	6,581,423.87	6,987,028.80	7,121,461.77	7,484,322.75	7,683,666.74	8,049,896.34	4.77%	15,086,000	16,657,000	18,191,000	17,105,000	20,115,000	22,209,000	24,254,000
March	8,038,286.04	8,254,554.96	8,870,478.83	9,039,870.28	9,289,676.68	9,699,866.33	10,089,666.92	4.02%	15,340,000	16,538,000	17,847,000	16,924,000	20,453,000	22,051,000	23,796,000
April	9,380,043.20	9,798,258.77	10,392,045.66	10,560,072.20	10,887,075.44	11,327,972.56	11,961,101.26	5.59%	15,728,000	16,829,000	17,967,000	17,122,000	20,970,000	22,439,000	23,956,000
May	10,844,228.70	11,369,760.06	12,000,301.26	12,289,044.95	12,594,483.68	13,118,806.60									
June	12,746,045.59	13,386,898.91	14,109,131.44	14,398,114.97	14,736,694.04	15,454,789.84									
July	14,613,992.97	15,518,102.80	16,042,053.19	16,238,800.69	16,808,857.39	17,602,370.08									
August	16,316,384.16	17,426,238.16	17,796,370.91	18,209,026.79	18,350,041.92	19,454,289.43									
September	17,899,847.13	19,069,050.18	19,607,870.06	20,001,490.80	20,145,418.47	21,304,787.42									
COG 1.5%	13,424,885.35	14,301,787.64	14,705,902.55	15,001,118.10	15,109,063.85	15,978,590.57	16,500,000.00	3.26%							

Percent of Yearend	2013	2014	2015	2016	2017	2018	**Highest Percent YTD, Lowest Yearend Projection**	**Average Percent YTD, Average Yearend Projection**	**Lowest Percent YTD, Highest Yearend Projection**	**Average Percent YTD FY11-18**
October	7.04%	6.77%	7.11%	6.83%	7.22%	7.43%	7.44%	6.99%	6.42%	6.95%
November	13.41%	13.10%	13.59%	13.56%	14.22%	14.51%	15.51%	13.67%	10.96%	13.32%
December	21.81%	21.39%	22.40%	22.44%	22.87%	23.42%	25.23%	22.74%	20.53%	22.11%
January	28.78%	27.66%	28.87%	29.17%	29.65%	29.70%	32.66%	29.50%	27.18%	28.72%
February	35.39%	34.51%	35.63%	35.60%	37.15%	36.07%	40.02%	36.25%	33.19%	35.30%
March	44.91%	43.29%	45.24%	45.20%	46.11%	45.53%	49.33%	45.76%	42.40%	44.71%
April	52.40%	51.38%	53.00%	52.80%	54.04%	53.17%	57.04%	53.31%	49.93%	52.39%
May	60.58%	59.62%	61.20%	61.44%	62.52%	61.58%	65.00%	61.46%	58.17%	60.68%
June	71.21%	70.20%	71.96%	71.99%	73.15%	72.54%	76.16%	72.34%	69.80%	71.56%
July	81.64%	81.38%	81.81%	81.19%	83.44%	82.62%	86.81%	82.17%	80.35%	81.76%
August	91.15%	91.38%	90.76%	91.04%	91.09%	91.31%	92.78%	90.84%	89.87%	90.94%
September	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

FY 2020-2024 Long Range Financial Forecast
June 27, 2019

Brian Maxwell, City Manager

Mike Loftin, Assistant City Manager

7/26/2018 Page numbers refer to page of Long Range Financial Forecast.

Budget Schedule

- Long Range Forecast presented June 25 and discussed in June 27 Workshop
- Capital Improvement Plan discussed in July 25 Workshop and presented July 31
- Proposed Budget Presented August 5 and discussed in August 8 Council Workshop
- August 8 Council meeting agenda items: Propose tax rate and schedule public hearings on tax rate and budget
- August 22 Council meeting: Budget and CIP workshop, hold public hearing on tax rate
- September 13 Council meeting: Hold second tax rate public hearing, hold budget public hearing, consider adopting CIP
- September 19 Council meeting – Adopt budget and CIP if necessary and adopt tax rate

Forecast Overview: General Fund FY 2020

- $1,514,000 in revenue growth (p.4)
  - $1,207,000 more property tax revenue, 4.6% up (pp.11-14)
  - $595,000 more sales tax revenue, 3.66% up (p. 10)
  - $188,000 ***less*** telecommunications franchise fees, 2.9% down (p.15)
- $2,212,000 in mandatory recurring expenditure (pp. 4 & 7)
  - $702,000 to fund Infrastructure and Debt Service set aside (8% of GF Budget)
  - $385,000 to fund Police Pension at 18% of compensation
  - $1,125,000 to fund General Fund share of employee and retiree health plan
- $698,000 expenses in excess of new revenue being made up from cuts in FY 2019 departments' Budgets of $1 million to help fund large settlement
- No FY 2020 funding for COLA: 1% would be $345,000 (p.4,16-18) including $80,000 for fire, $125,000 for Police and $140,000 for civilians
- Closure of Tax Increment Reinvestment Zones 12 and 14 restores structural balance in FY 2021 (p. 23)

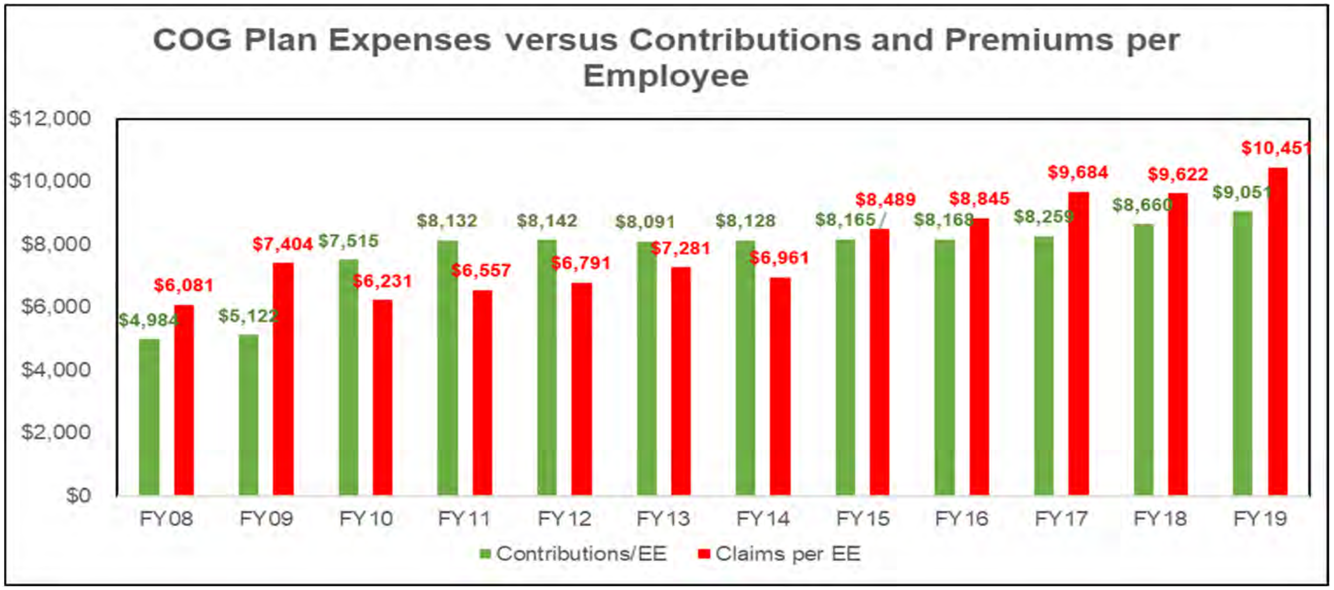
 Page numbers refer to page of Long Range Financial Forecast.

General Fund Strategic Funding Issues

- FY 2020 is last tax year for maximum property tax revenue increase of 8% under new state property tax law (Senate Bill 2)
  - Max increase drops to 3.5% in FY 2021
  - 4% is currently projected leaving additional 4% or two cents in tax rate under 8% cap equal to $1.29 million
- Any amount of new General Fund revenue increases 90 day reserve funding requirement by 25% of new revenue amount and Infrastructure set aside by 8%
  - 8% tax revenue increase of $1.29 million (increase tax rate to $0.581) would actually net $860,000 for services
- Health Benefits cost trends likely to continue through end of 2019 benefit plan year and first quarter of FY 2020

Health Benefits Funding

- Five year trend: Plan expenses have exceeded contributions and premiums
- FY 2019: Worst case is $1.9 million net loss; FY 2020 funding need applying medical trend of 8% to this year's expenses is $2.75 million (p. 18 of LRFF)



7/26/2018 Page numbers refer to page of Long Range Financial Forecast.

Health Benefits Plan Options

- Changes in 2019 health plan of the order of magnitude needed would require an open enrollment period and mid-year transition to a new benefit year
- Full insurance for next plan year
  - Proposals due in Friday June 28
  - Likely more expensive than self insurance
- Reduce plan benefits and/or increase employee premiums next plan year (January 2020) to address immediate cash shortage and fund balance
  - Health Board and plan administrator (Boon Chapman) working on alternatives to reduce FY 2020 funding requirement
- Retiree plan requires a separate cost and premium structure so that true amount of employee/employer subsidy of this plan is known
  - Forecast reflects $500,000 from General Fund in FY 2021 to begin funding long-term liability of $9 million for average of 18-20 under age 65 retirees at a time
  - Retirees who are plan members are almost exclusively Police officers and Firefighters
- FY 2019 options
  - Monitor claims and increased contributions by City, Park Board and Port accordingly (City has identified $382,000)
  - Trend would leave a $300,000 fund balance which is untenable

Health Plan City Cost

- FY 2019: Contribute any health insurance budget line item underrun to Plan and additional funds if needed to keep Health Benefits Fund balance at $1 million
  - $382,000 is current estimate (p. 17)
- FY 2020 Budget Recommendation
  - If Health Board identifies $400,000 in savings and/or premium increases, City's proportional share of cost (with Park Board and Port) is $1.96 million citywide and $1,125,000 for General Fund (p.17-18)
  - Current budgeted contribution is $560 per employee per month or $6,720 per year
  - Amounts to additional $185 per employee per month or $2,227 per year or a 33% increase

Other FY 2020 Budget Issues

- General Debt Service Fund
  - Revenue: $3.3 million in property taxes ($0.525 of $0.561 tax rate) and $2.4 million from Infrastructure and Debt Service fund (50% of set aside)
  - Expense: Sell $37 million in remaining bonds from May 2017 bond election
- Capital Improvement Plan: Projects moving
  - Funding strategy identified previously to fund $8 million match for major federal grant for Harborside drainage pumping system
  - Stretch $62 million street and drainage bond authorization amounts further by paying for water and sanitary sewer portion of street projects with water and wastewater bonds
- Budget will offer specific policy definition of use of Infrastructure and Debt Service set aside as it reaches 8% of the General Fund budget, including current practice
- No water and sanitary sewer rate increase is necessary
  - Cash rebalancing will be necessary in FY 2019 between water and sanitary sewer sub-funds that are now a single fund (Combined Utility System Fund)
  - Water paid $2.9 million settlement from operating funds in FY 2019
- Hotel Occupancy Tax revenue is down 5.1% from FY 2018 same time
  - "Trickle down" should be $2.8 million in FY 2020, sufficient for $2.3 million in commitments
  - Trolleys (bus and rail) at $940,000; Police patrol in tourist districts at $642,000; special events at $330,000 and Park Board at $400,000.

Questions and Discussion