City of Chesterfield

Finance and Administration Committee of the Whole
Record of Proceeding
August 13, 2018

The Finance and Administration Committee of the Whole met on August 13, 2018. Those in attendance included: Chairperson Barbara McGuinness, Ward I; Council Committee Member Ben Keathley, Ward II; Council Committee Member Michael Moore, Ward III; Council Committee Member Tom DeCampi, Ward IV; City Administrator Mike Geisel; and Finance Director Chris DesPlanques. Those also in attendance included: Mayor Bob Nation; Councilmember Barry Flachsbart, Ward I; Councilmember Mary Ann Mastorakos, Ward II; Councilmember Dan Hurt, Ward III; Councilmember Michelle Ohley, Ward IV; Director of Public Works/City Engineer Jim Eckrich; Director of Planning and Development Services Justin Wyse; Police Chief Ray Johnson; Police Captain Cheryl Funkhouser; Police Captain Mike Thompson; and City Clerk Vickie Hass.

Chairperson Barbara McGuinness called the meeting to order at 5:30 p.m.

Approval of Minutes

Chairperson McGuinness asked if there were any comments or changes to the July 23, 2018 Finance and Administration Committee Minutes. Hearing none, Councilmember DeCampi made a motion, seconded by Councilmember Moore, to approve the July 23, 2018 Finance and Administration Committee minutes. A voice vote was taken with a unanimous affirmative result and the motion was declared passed.

Finances of the City 2018-2019

City Administrator Mike Geisel and Finance Director Chris DesPlanques presented the Finance 102 five year strategy to City Council. This discussion was not intended to provide a full comprehensive description of the material illustrated or to be a budget proposal; rather it was intended to serve as an overview of the City's five year financial outlook and as a reference and basis for additional discussion.

Mr. Geisel informed City Council that the City is in a sound financial position with robust fund reserves; however, it has experienced volatility in its revenues and has a substantial debt load through 2025 which significantly impacts finances. Over the last

few years, City Council has adopted a coordinated strategy to restrict growth, reduce expenditures and concurrently set aside excess revenues to pre-pay debt. This strategy is intended to provide a bridge until the debt is retired and the City is able to continue on a pay-as-you-go basis.

Annual funding from fund reserves is anticipated for the Emerald Ash Borer Project and the Snow Removal Reimbursement Program. The Emerald Ash Borer Project requires funding in the amount of approximately $540,000 per year for four additional years, through 2022. The Snow Removal Reimbursement Program is estimated at approximately $160,000 per year.

Fund transfers have been made to the three debt reserve funds totaling $2,178,532 in order to provide for a level debt service payment from the Parks Fund through 2025, at which time the debt service payment will be reduced by approximately $2 million annually. Previous debt pre-payments allow for a level Parks Fund debt service (at 2018 levels) through the year 2023, leaving a combined $923,829 of Parks debt increases in 2024 and 2025.

Current debt pre-payments will eliminate the City Hall debt in 2022, effectively increasing available revenues (beginning in 2022) by approximately $1.5 million; a portion of which may be set aside to fund the aforementioned $923,829 Park debt increase for 2024 and 2025. A uniform three year annual commitment of $307,943 of this effective increase resulting from retirement of the City Hall debt service will accomplish City Council's stated goal of level debt service in the Parks Fund through 2025.

The Parks reserve fund, not subject to the 40% reserve policy, may potentially be used gradually over the next several years, if needed, to supplement revenues until the debt service drops in 2025. The Parks debt service decreases by slightly more than $2 million in 2026, to $932,528. It is the City's stated strategy at that juncture to initiate replacement of the City's aquatic facility and other dated infrastructure items.

Adjournment

The meeting was adjourned at 7:13 p.m.

Respectfully submitted:

Mike Geisel
City Administrator

Vickie Hass
City Clerk

APPROVED: 8/27/18

MEMORANDUM

DATE: **August 13, 2018**

TO: **Mayor & City Council**

FROM: **Chris DesPlanques, Finance Director**
Mike Geisel, City Administrator

FINANCE 102
FIVE YEAR STRATEGY
2019 -2024

As has been discussed in great detail over the last two years, the City is in a sound financial position with robust fund reserves. However, we have experienced volatility in our revenues and we have a substantial debt load through 2025 which significantly impacts the City's finances. The City's finances are\have been significantly influenced by the following:

1) Telephone utility tax loss
2) Retail sales
    a. Chesterfield Mall
    b. Trend to on-line sales transactions
    c. Retail volatility
    d. Lack of a City Use Tax
    e. County distribution formula
3) Capital Project Fund debt – retires in 2019
4) General Fund, City Hall debt – retires in 2022
5) Parks Fund Debt – increasing through 2025, then reduced through retirement in 2031. At the present levels, the Parks Debt represents 1/3 of the Fund expenditures.

Over the last few years, City Council has adopted a coordinated strategy to restrict growth, reduce expenditures and concurrently set aside excess revenues to pre-pay debt. This strategy is intended to provide a bridge until the debt is retired and the City is able to continue on a pay-as-you go basis.

As we look forward, there are other important considerations that influence our decision making:

- Potential impacts of Department of Revenue litigation;
    - Replacement of 1% pooled sales tax
- Doorack lease terminates in February of 2019 (~$71,000 reduction in 2019)
- Potential gas tax impacts, passage ($746,880/4 = $186,720 increment)
- Chesterfield Mall

- Recent and planned development in Chesterfield Valley
- 2018 budget included $1.5 transfer to pre-pay debt, artificially and temporarily increases 40% fund reserve policy requirement by $600,000.
- Previous "set-aside" for early debt retirement, when combined with the aforementioned $1.5 million, for a cumulative debt pre-payment of $2,178,538.

As we progress through the "Finance 102" presentation, much insight can be derived from the presentation slides. We've provided notes below, which may be helpful. The notes are not intended to provide the full comprehensive description of the material illustrated, but only to serve as a reference and basis for additional discussion.

SLIDE #1:
Presentation Introduction Header

SLIDE #2:
Historical Context Header

"Mathematics is an exact fact; figures don't lie, but liars sometimes figure." This quote has been attributed to several authors, but the intent here is to illustrate that the exact same information can be presented in different form, scale, or context and convey a completely different perspective. Similarly, elected officials and management view data in varied context before developing recommendations and decisions.

SLIDE #3:
This slide shows actual General Revenues from all sources, for the time period beginning 2008 through 2017. General Fund revenues have decreased $1,097,479 during this period. It clearly conveys a negative, if not dire, financial perspective.

SLIDE #4:
Duplicates slide #3, with the addition of a trend line describing a long term average decrease in total General Fund revenues at -.49%

SLIDE #5:
Contrasted to the prior slide, this graphic provides the identical information, but extends the period back one additional year to 2007. It depicts a significant spike in revenues in the 2008 Fiscal year primarily due to the cell phone tax litigation settlement. When we take a longer term perspective, Total General Fund revenues have increased $1,630,901 over the last 11 years.
$1,630,901 or +.71%.

SLIDE #6:
Duplicates slide #5, with the addition of a trend line describing a long term average increase in total General Fund revenues at +.71%. Of specific note is the relative accuracy of the more recent trend since 2012.

However, total revenues can be misleading because it includes irregular revenue streams. Total Revenues can be significantly impacted by grants, transfers, or other individual financial transactions in any given year.

The spike in total revenues for 2014 is primarily attributable to increases in sales taxes ($457,000), road taxes ($150,000), and grants ($250,000).

SLIDE #7:
Total General Fund Revenues is made up by revenues from multiple individual sources. In general, General Fund revenues are derived from three major sources:

1) Utility Taxes
2) Sales Taxes
3) Other (e.g. Inter-governmental revenues, fees, permits, courts etc.)

Contrary to the general perception, the total general fund sales tax revenues have increased 19.5% over the last ten years, $1,189,841 (2008-2017).

On the other hand, there has been a steady decrease in utility taxes of $1,315,809 during the same period, representing a 16% decrease.

In addition, the revenue from Chesterfield Municipal court has decreased steadily since 2013, a loss of $502,724 or 42%.

SLIDE #8:
This slide depicts the annual sales tax revenues on an accrual basis, from each of the four major funds, and the Chesterfield Valley TDD. This information allows viewers to discern the relative performance of the St. Louis County pool tax, which on an accrual basis, ended $330,897 higher (4.7%) in 2017.

Compared with the Capital and Parks sales tax, which represents economic activity only within the City of Chesterfield, which were down $385,261 and $327,174 respectively, or 5.3% in 2017.

Finally, the Chesterfield Valley Transportation Development receipts indicate the sales performance of Chesterfield Valley, isolated from the rest of Chesterfield sales, decreased by 1.2% in 2017, reflecting that Chesterfield Valley sales performed better than the entire City of Chesterfield.

It is also noteworthy, to identify that on an accrual basis, the City recognized $572,157 in new revenues during 2017 from Proposition P, for public safety.

SLIDE #9:

Accrual versus Cash. *"Mathematics is an exact fact; figures don't lie, but liars sometimes figure."*

"The cash basis and accrual basis of accounting are two different methods used to record accounting transactions. The core underlying difference between the two methods is in the timing of transaction recordation. When aggregated over time, the results of the two methods are approximately the same." *(www.accountingtools.com)*

Much like the earlier description of reporting total General Fund revenues, the method and process is important and if not fully understood, can be misleading. Although the results are similar over time, the reporting for any individual period can vary due to the timing of transactions. Depending on the intended use of the information, the accounting method employed can vary. For financial reporting and budget purposes, Generally Accepted Accounting Principles dictate that the City uses modified accrual accounting practices. This method generally associates the recording of the transaction at the time the product or service is rendered. In our case, the accrual method results in a two month delay in recording receipts.

For management and timely decision making, we also track our finances on a cash basis. Identical to the household banking account, the cash basis records revenues when received and expenses when obligated.

This graphic depicts the same information, as provided in the prior slide, but the results are provided based on cash accounting.

While both graphics are accurate, you should note the glaring example that the 2017 receipts from Proposition P, were $201,126 on a cash basis, as compared to the $572,157 reported via the accrual basis. Both numbers are correct, but the City actually received $201,126 from Proposition P during 2017. The accrual reporting includes the additional $371,103, which consumers paid during November and December of 2017, but the City did not receive until January and February of 2018.

The St. Louis County pool tax, which on a cash basis, ended $153,020 or 2.2% higher in 2017. ($330,897 higher, 4.7% on an accrual basis).

The Capital and Parks sales tax, were down $139,318 and $118,163, or 1.9% in 2017 on a cash basis. ($385,261 and $327,174 lower, 5.3% on an accrual basis.

SLIDE #10:
The difference between accrual and cash reporting is timing, but timing can affect the numbers significantly. There is not a right or wrong approach, but it is simply additional information for management to understand.

	ACCRUAL		CASH	
POOL TAX	**$330,897**	**4.7%**	**$153,020**	**2.2%**
PARKS TAX	**($385,261)**	**-5.3%**	**($139,318)**	**-1.9%**
CAPITAL TAX	**($327,174)**	**-5.3%**	**($118,163)**	**-1.9%**

SLIDE #11:
This slide isolates the performance of the County pool tax. As previously described, Chesterfield's pool tax receipts have increased $1,189,841, 19.5%. As depicted, the pool receipts growth has been relatively steady.

SLIDE #12:
Comparing the sales tax performance from the three major funds.

SLIDE #13:

While there has been a steady decrease in utility taxes of $1,315,809 (-16%) over the last ten years, there is a story within the story. Utility tax receipts are comprised of receipts from multiple sources

Telephone decrease $2,339,161, -64.11% over ten years
Gas decrease $508,970, 33.18%
Electric increase $1,293,212 +50.43%
Water increase $232,025 + 59.85%

SLIDE #14:
Road and bridge tax is collected based on valuation.
Road and bridge receipts have decreased $176,331 (-8.7%) over ten years

SLIDE #15:
2017 actual general fund expenditures were reduced $1,369,861
Personnel expenditures decreased $658,530 in 2017

SLIDE #16:
Snapshot Header

SLIDE #17:
Graphics taken from the Consolidated Annual Financial report and represents 2017 actual expenses, all funds. Reader should note the difference between actual expenses as compared to budgeted expenses.

SLIDE #18:

Graphics taken from the Consolidated Annual Financial report and represents 2017 actual revenues, all funds. Reader should note the difference between actual expenses as compared to budgeted expenses.
Revenue, all funds

SLIDE #19:

General Fund, Fund Reserve summary, revised July 2018

Projected 12/31/2018 General Fund – Fund Reserves	$8,512,485
Amount over the 40% Fund Reserve Policy	$1,511,766

47%

SLIDE #20:

Comparison of the current General Fund – Fund Reserve statement, versus the statement provided with the General budget approved by City Council.
$419,225 Better than budget
Represents 1.85% of General Fund Budget

SLIDE #21:

Parks, Recreation and Arts Header

SLIDE #22:

Parks total revenues decreased $300,320 -3.3% in 2017, primarily due to the reduction in sales tax revenues of $385,261, -5.3%.
Internally generated fees have steadily increased, $112,763 in 2017, 6.1%
Internally generated fees have increased $974,941 or 99.6% over the last ten years

SLIDE #23:

Same information as previous, but eliminate total revenues and sales tax to focus on other sources
Internally generated fees have steadily increased, $112,763 in 2017, 6.1%
Internally generated fees have increased $974,941 or 99.6% over the last ten years

SLIDE #24:

Parks Fund – Fund Reserve Statement
Compare with budget expectations of $1.9 million projected end of year Fund Reserve
~$600,000 better than budget in December 2017

SLIDE #25:

Capital Improvement Fund header

SLIDE #26:
Capital Fund Sales Tax revenues decreased $327,175 in 2017, -5.3%.

SLIDE #27:
Capital Fund revenues are highly volatile, as they are significantly dominated by Grants and transfers

SLIDE #28:
Capital Fund expenditures, much like the associated revenues, are highly volatile and dependent on grant projects. The City does not maintain a significant fund reserve in this fund. Spending is based on budgeted revenues, and is highly dependent on grants and transfers.

SLIDE #29:
Amounts spent on street reconstruction varies in any given year, depending on revenues and other grant projects. From 2014 – 2017, the City initiated four bridge replacements; Timberlake Manor, Schoettler Road, I-64 Pedestrian and Wilson Road bridges.

Road reconstruction spending is down in 2018 due to sales tax, debt service, and CNG transfers.

SLIDE #30:
Current Commitments Header

SLIDE #31:
This table represents the current schedule of debt in the City's three major funds. The values provided represent both principal and interest.

SLIDE #32:
This graphic describes the amounts previously set aside for debt pre-payment.

YEAR	Capital Improv Sales Tax - R&S	General Fund - City Hall Debt	Parks Sales Tax Fund	TOTALS
PRE-PAYMENTS	$59,431	$1,025,000	$1,094,107	$2,178,538
12/1/2016	$59,431	$412,588	$206,513	$678,532
2018 Budget	$0	$612,460	$887,540	$1,500,000

SLIDE #33:

This exhibit provides the "Effective" debt schedule, which represents the annual debt service values in each fund, concurrent with the scheduled consumption of the previous debt pre-payments. This graphic indicates that the current levels of pre-payment achieves the level parks debt service through fiscal year 2003, with a residual balance of $31,984. The remaining two years of level parks debt can be achieved by simply allocating $307,943 of the eliminated $1.5 million annual debt service in the General Fund.

CAPITAL PROJECTS

DEBT SERVICE REDUCED BY $59,431 IN 2019, WHILE THE DEBT SERVICE IS COMPLETELY ELIMINATED FOR FISCAL 2020

GENERAL FUND

DEBT SERVICE IS ACCELLERATED ONE FULL YEAR BY PRE-PAYMENT AND IS COMPLETELY ELIMINATED IN 2022

PARKS FUND DEBT SERVICE

SCHEDULED CONSUMPTION OF PRE-PAYMENTS PROVIDE FOR A LEVEL DEBT SERVICE AT 2018 LEVELS, THROUGH 2025 (YEARS 2024 AND 2025 REQUIRE ADDITIONAL DEBT PRE-PAYS)

SLIDE #34:

Effective debt schedule with explanation of scheduled consumption of debt pre-payments.

Capital Fund:

2019 DEBT SERVICE IS REDUCED BY $59,431 PREPAID
($1,944,250 - $59,431 = $1,884,819)

General Fund:

2022 DEBT SERVICE IS ELIMINATED BY $1,025,000 PREPAID
($1,250,000 - $1,250,000 = $0)

Set aside $307,943 or the $1.5 million "savings" annually for three years to offset remaining $923,829 of Parks Fund debt to achieve level debt service.

Parks Fund:

2019 DEBT SERVICE IS REDUCED BY $66,795
($3,074,916 - $66,795 = $3,008,121)
2020 DEBT SERVICE IS REDUCED BY $136,433
($3,144,554 - $136,433 = $3,008,121)
2021 DEBT SERVICE IS REDUCED BY $204,733

($3,212,854 - $204,733 = $3,008,121)
2022 DEBT SERVICE IS REDUCED BY $288,257
($3,296,378 - $288,257 = $3,008,121)
2023 DEBT SERVICE IS REDUCED BY $338,460
($3,374,028 - $338,460 = $3,035,568) (FUTURE PREPAID PREFERRED)
2024 DEBT SERVICE TO BE REDUCED BY FUTURE PREPAID
($3,446,128 - $438,007 = $3,008,121)
2025 DEBT SERVICE TO BE REDUCED BY FUTURE PREPAID
($3,525,928 - $517807 = $3,008,121)

SLIDE #35:
Five Year Outlook Header

SLIDE #36:
Sensitivity analysis graph,
Solid lines represent revenues growing from 0% to 3% annually
Hatchured lines represent expenses growing from 0% to 3% annually

SLIDE #37:
Sensitivity analysis table
Provides annual expenditure and revenue values under different growth scenarios

SLIDE #38:
Sensitivity analysis table, 0% Revenue growth
Table provides annual surplus or deficit under different expenditure growth scenarios

SLIDE #39:
Sensitivity analysis table, 1% Revenue growth
Table provides annual surplus or deficit under different expenditure growth scenarios

SLIDE #40:
Sensitivity analysis table, 2% Revenue growth
Table provides annual surplus or deficit under different expenditure growth scenarios

SLIDE #41:
Sensitivity analysis table, 3% Revenue growth

Table provides annual surplus or deficit under different expenditure growth scenarios

SLIDE #42:
Sensitivity analysis graph, same as slide #36, but with additional revenues generated from fuel tax if successful in November 2018

Solid lines represent revenues growing from 0% to 3% annually
Hatchured lines represent expenses growing from 0% to 3% annually

SLIDE #43:
Sensitivity analysis table, same as slide #37, but with additional revenues generated from fuel tax if successful in November 2018

Provides annual expenditure and revenue values under different growth scenarios

SLIDE #44:
Sensitivity analysis table, 0% Revenue growth. Same as slide #38, but with additional revenues generated from fuel tax if successful in November 2018

Table provides annual surplus or deficit under different expenditure growth scenarios

SLIDE #45:
Sensitivity analysis table, 1% Revenue growth. Same as slide #39, but with additional revenues generated from fuel tax if successful in November 2018

Table provides annual surplus or deficit under different expenditure growth scenarios

SLIDE #46:
Sensitivity analysis table, 2% Revenue growth. Same as slide #40, but with additional revenues generated from fuel tax if successful in November 2018

Table provides annual surplus or deficit under different expenditure growth scenarios

SLIDE #47:
Sensitivity analysis table, 3% Revenue growth. Same as slide #41, but with additional revenues generated from fuel tax if successful in November 2018.

Table provides annual surplus or deficit under different expenditure growth scenarios

SLIDE #48:
Strategic Summary header

SLIDE #49:
Strategic Summary

- **Anticipates annually funding the following from fund reserves:**
  - **Emerald Ash Borer Project ~$540,000** (four additional years, thru 2022)
  - **Snow Removal Reimbursement** Program ~$160,000 annually
- **Have transferred $2,178,532 to the three debt reserve funds**; and
- **Plans to provide for a level debt service payment from the parks fund through 2025**, at which time the debt service payment is reduced by roughly $2 million annually; and
- **Previous debt pre-payments committed fund a level parks fund debt service at 2018 levels, thru the year 2023, leaving a combined $923,829 of parks debt increases in 2024 and 2025**; and,
- **Current debt pre-payments previously committed eliminates the City Hall Debt in 2022**, effectively increasing available revenues beginning in 2022 by ~$1.5 million; a portion of which can\should be set aside to fund the afore-described **$923,829** park debt increase for 2024 and 2025. A uniform three year annual commitment of $**307,943** of this effective increase resulting from retirement of the City Hall debt service will accomplish City Council's stated goal of level debt service in the Parks fund through 2025; and,
- **Parks reserve fund, not subject to the 40% reserve policy, MAY be used gradually over the next several years to supplement revenues until the afore-stated debt service drops in 2025**; and
- **The Parks Debt service decreases by slightly more than $2 million in 2026, to $932,528. It is the City's stated strategy at that juncture to initiate replacement of the City's aquatic facility** and other dated infrastructure items which can be itemized under separate communication.

SLIDE #50:
QUESTIONS?

Debt Service - Principal & Interest

Year	Capital Improv Sales Tax - R&S	General Fund - City Hall Debt	Parks Sales Tax Fund	TOTAL D/S
2018	$1,937,300	$1,597,500	$3,008,121	$6,542,921
2019	$1,944,250	$1,630,000	$3,074,916	$6,649,166
2020	$0	$1,657,500	$3,144,554	$4,802,054
2021	$0	$1,485,000	$3,212,854	$4,697,854
2022	$0	$1,025,000	$3,296,378	$4,321,378
2023	$0	$0	$3,374,028	$3,374,028
2024	$0	$0	$3,446,128	$3,446,128
2025	$0	$0	$3,525,928	$3,525,928
2026	$0	$0	$932,528	$932,528
2027	$0	$0	$933,978	$933,978
2028	$0	$0	$936,673	$936,673
2029	$0	$0	$968,275	$968,275
2030	$0	$0	$964,350	$964,350
2031	$0	$0	$751,900	$751,900

EFFECTIVE Debt Service - Principal & Interest INCLUDES PREPAID DEBT TRANSFERS IN				
Year	**Capital Improv Sales Tax - R&S**	**General Fund - City Hall Debt**	**Parks Sales Tax Fund**	**TOTAL D/S**
2018	$1,937,300	$1,597,500	**$3,008,121**	$6,542,921
2019	**$1,884,819**	$1,630,000	***$3,008,121***	$6,522,940
2020	$0	$1,657,500	***$3,008,121***	$4,665,621
2021	$0	$1,485,000	***$3,008,121***	$4,493,121
2022	$0	$0	***$3,008,121***	$3,008,121
2023	$0	$0	***$3,035,568***	$3,035,568
2024	$0	$0	$3,446,128	$3,446,128
2025	$0	$0	$3,525,928	$3,525,928
2026	$0	$0	$932,528	$932,528
2027	$0	$0	$933,978	$933,978
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CAPITAL PROJECTS
DEBT SERVICE REDUCED IN 2019, ELIMINATED IN 2020

GENERAL FUND
DEBT SERVICE IS WHOLLY ELIMINATED IN 2022

PARKS FUND DEBT SERVICE
ACHIEVE LEVEL DEBT SERVICE AT 2018 LEVELS, THROUGH 2025
YEARS 2024 AND 2025 REQUIRE ADDITIONAL DEBT PREPAYS)

EFFECTIVE Debt Service - Principal & Interest
INCLUDES PREPAID DEBT TRANSFERS IN

Year	Capital Improv Sales Tax - R&S	General Fund - City Hall Debt	Parks Sales Tax Fund	TOTAL	Scheduled consumption of Pre-pay	Balance prepaid remaining
2017	$1,889,050	$1,571,763	$2,954,629	$6,415,442		
2018	$1,937,300	$1,597,500	**$3,008,121**	$6,542,921		
2019	**$1,884,819**	$1,630,000	**$3,008,121**	$6,522,940	($126,226)	$2,052,312
2020	$0	$1,657,500	**$3,008,121**	$4,665,621	($136,433)	$1,915,880
2021	$0	$1,485,000	**$3,008,121**	$4,493,121	($204,733)	$1,711,147
2022	$0	**$0**	**$3,008,121**	$3,008,121	($1,313,257)	$397,891
2023	$0	$0	**$3,008,121**	$3,008,121	($365,907)	$31,984
2024	$0	$0	$3,446,128	$3,446,128	$0	($406,023)
2025	$0	$0	$3,525,928	$3,525,928	$0	($517,807)
2026	$0	$0	$932,528	$932,528		($923,829)
2027	$0	$0	$933,978	$933,978		
2028	$0	$0	$936,673	$936,673	**3 years at**	**($307,943)**
2029	$0	$0	$968,275	$968,275		
2030	$0	$0	$964,350	$964,350		
2031	$0	$0	$751,900	$751,900		

Capital Fund:

2019 DEBT SERVICE IS REDUCED BY $59,431 PREPAID
($1,944,250 - $59,431 = $1,884,819)

General Fund:

2022 DEBT SERVICE IS ELIMINATED BY $1,025,000 PREPAID
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Parks Fund:

2019 DEBT SERVICE IS REDUCED BY $66,795
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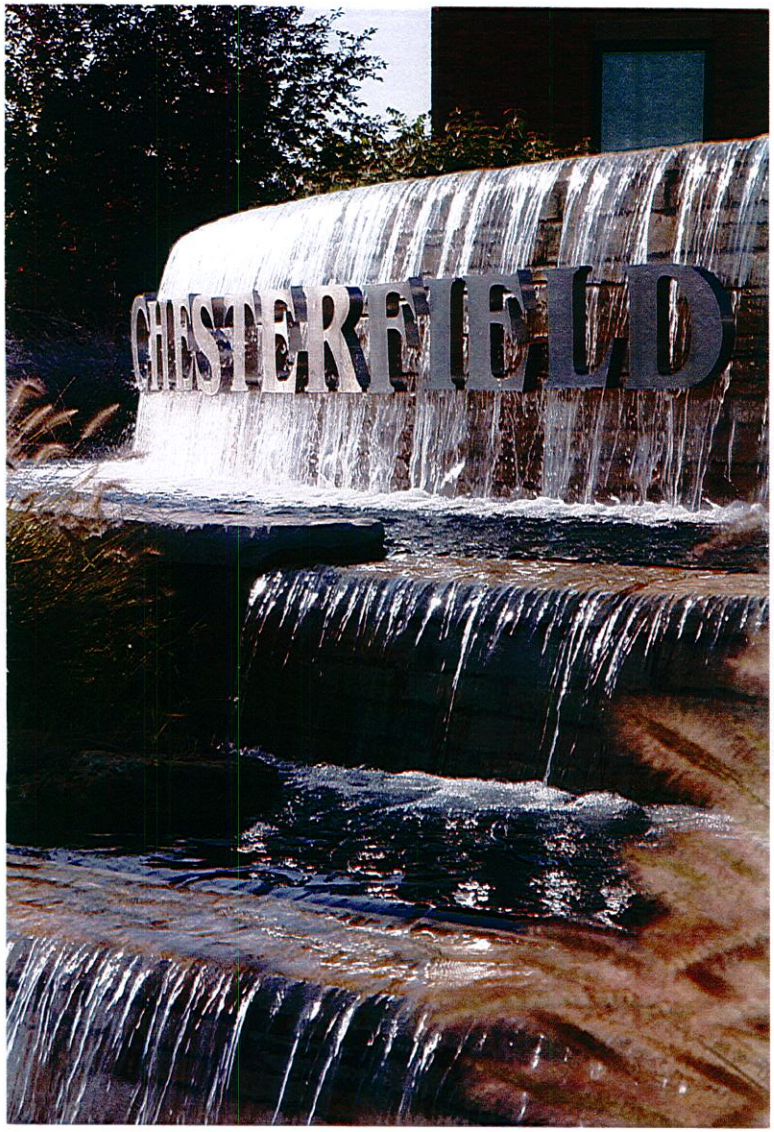


City Council "Finance 102" Discussion Monday, 8/13/2018

Presented by
Chris DesPlanques
Mike Geisel
City of Chesterfield

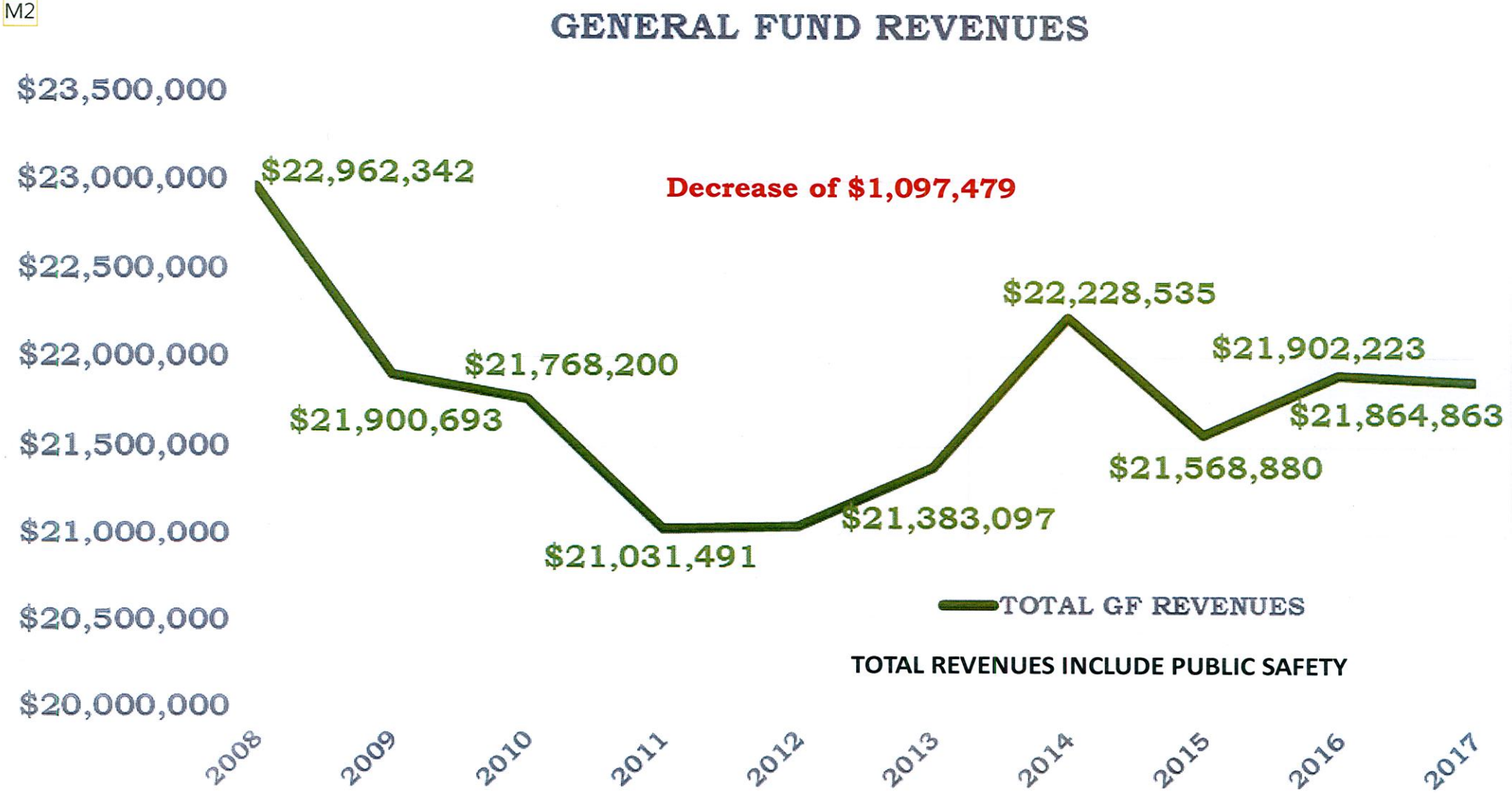
City of Chesterfield

Historical Context

"Mathematics is an exact fact; figures don't lie, but liars sometimes figure."

(Copeland, L.A. Times, 1888)

M1
M2

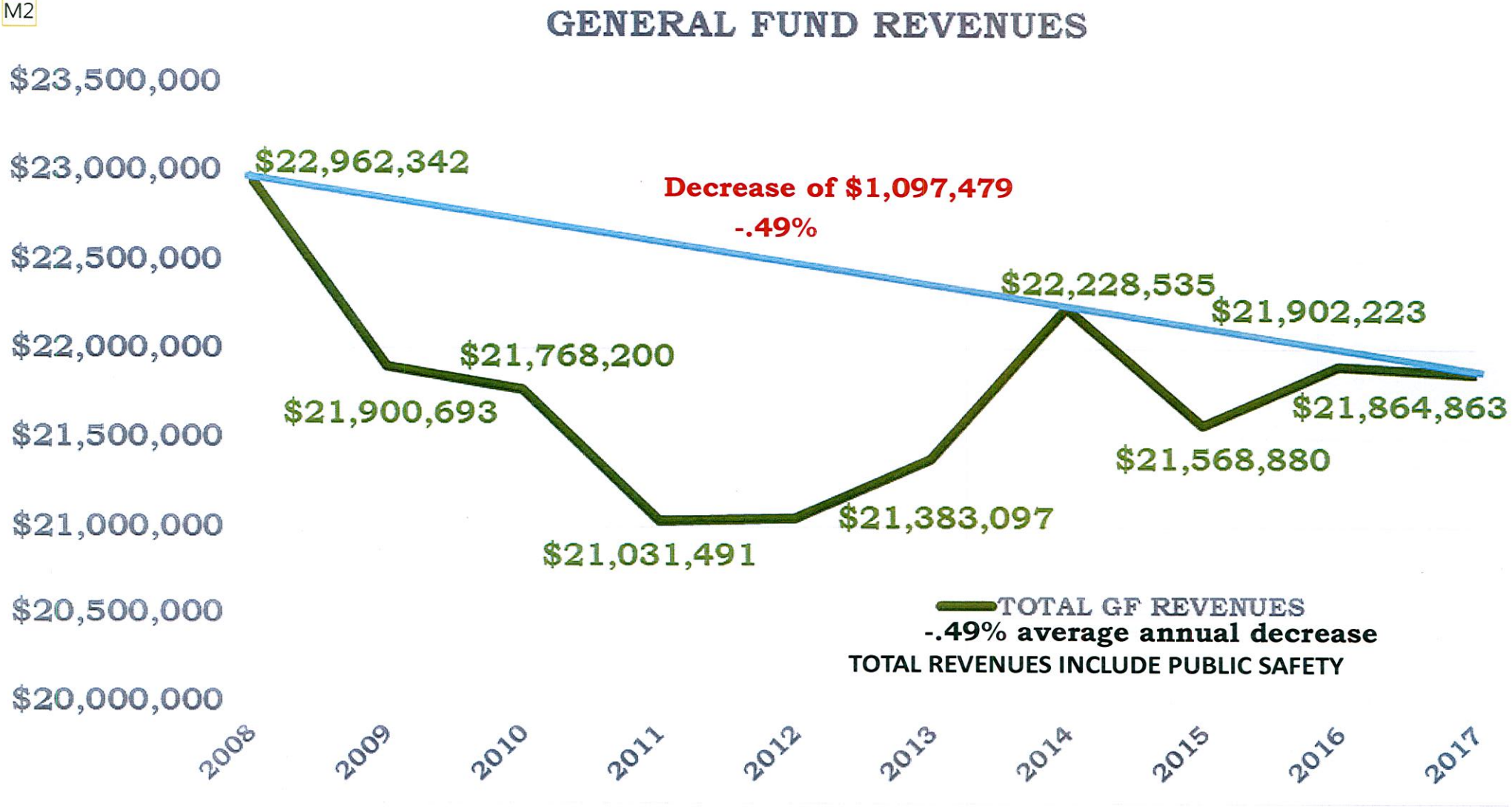


TOTAL REVENUES INCLUDE PUBLIC SAFETY

Slide 3

M1	2007-2008 increase cellphone litigation (1.8M), just 2008+ shows negative trend
M2	INcludes Transfers in and Transfer out (2014 includes))

M1
M2

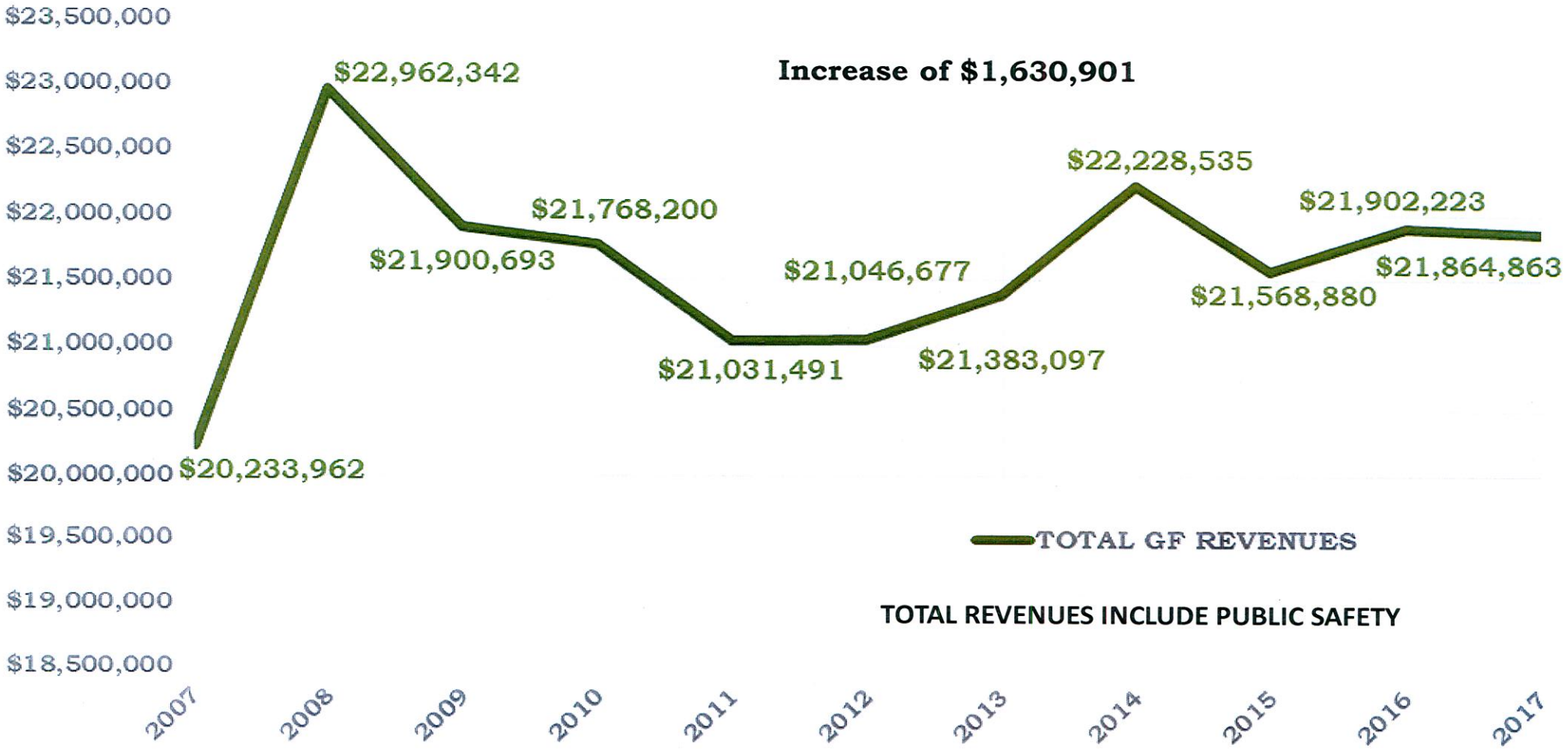

GENERAL FUND REVENUES
$23,500,000
$23,000,000
$22,500,000
$22,000,000
$21,500,000
$21,000,000
$20,500,000
$20,000,000
$22,962,342
Decrease of $1,097,479
-.49%
$21,900,693
$21,768,200
$21,031,491
$21,383,097
$22,228,535
$21,568,880
$21,902,223
$21,864,863
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
TOTAL GF REVENUES
-.49% average annual decrease
TOTAL REVENUES INCLUDE PUBLIC SAFETY

Slide 4

M1	2007-2008 increase cellphone litigation (1.8M), just 2008+ shows negative trend
M2	INcludes Transfers in and Transfer out (2014 includes))

M1
M2

GENERAL FUND REVENUES

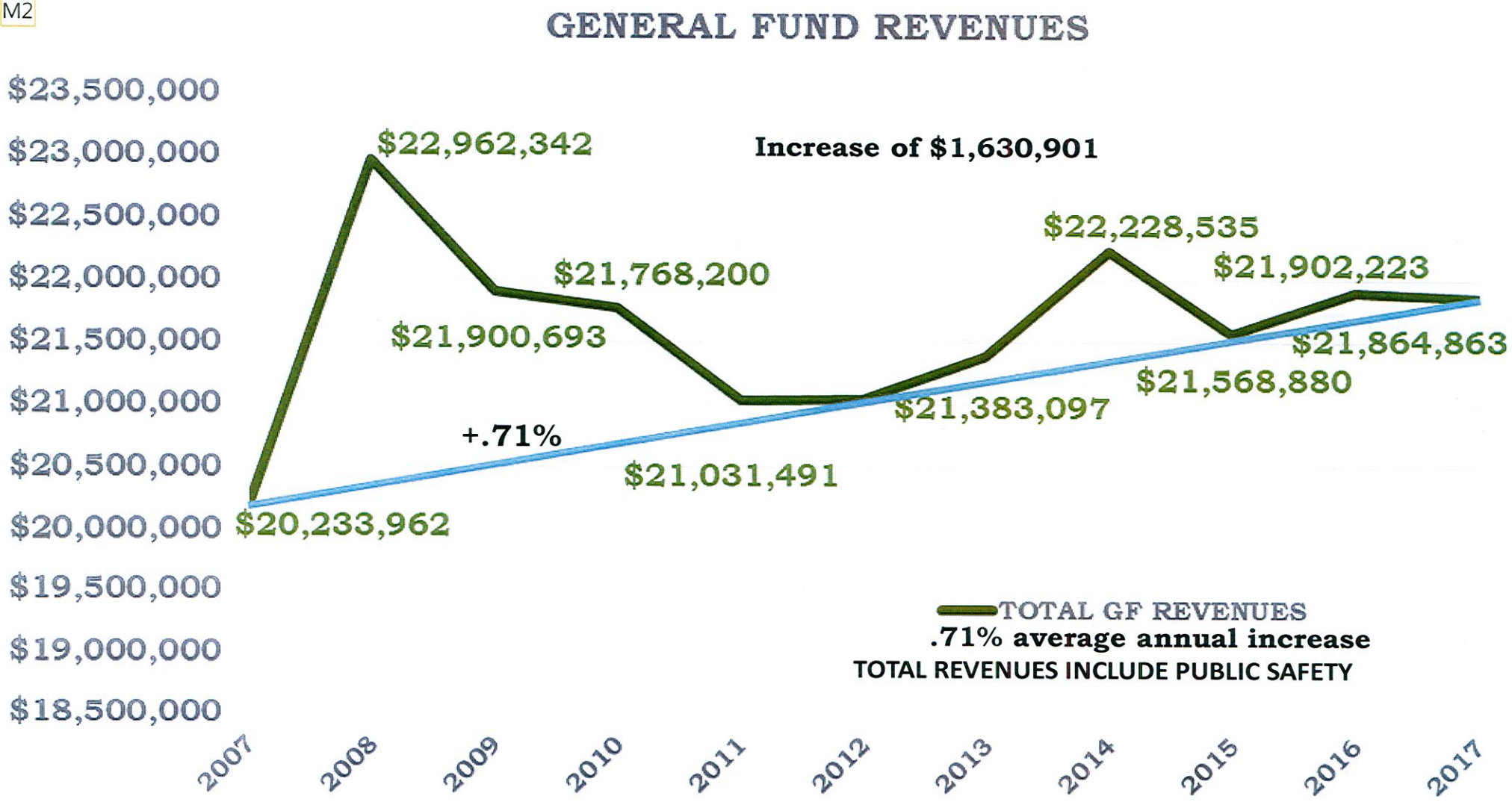


TOTAL REVENUES INCLUDE PUBLIC SAFETY

Slide 5

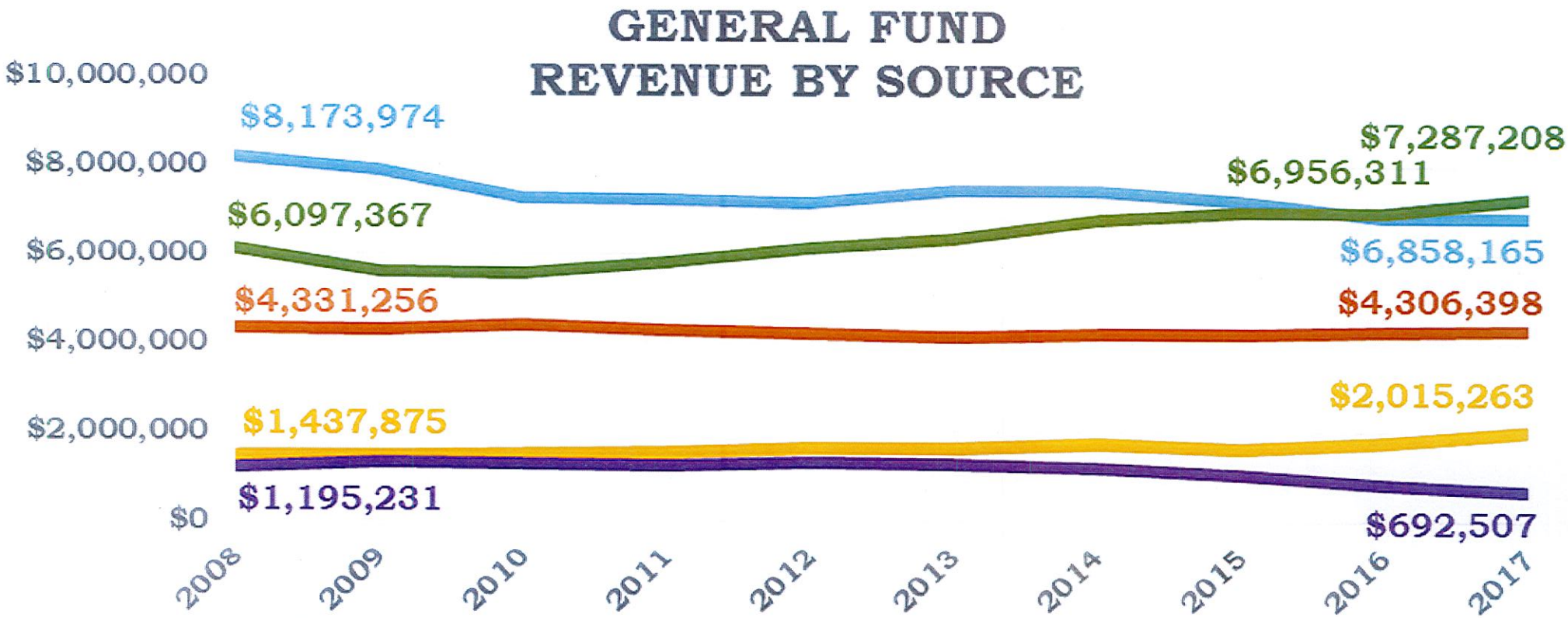
M1	2007-2008 increase cellphone litigation (1.8M), just 2008+ shows negative trend
M2	INcludes Transfers in and Transfer out (2014 includes))

M1
M2


GENERAL FUND REVENUES
$23,500,000
$23,000,000
$22,500,000
$22,000,000
$21,500,000
$21,000,000
$20,500,000
$20,000,000
$19,500,000
$19,000,000
$18,500,000
$22,962,342
Increase of $1,630,901
$21,768,200
$22,228,535
$21,902,223
$21,900,693
$21,864,863
$21,568,880
$21,383,097
+.71%
$21,031,491
$20,233,962
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
TOTAL GF REVENUES
.71% average annual increase
TOTAL REVENUES INCLUDE PUBLIC SAFETY

Slide 6

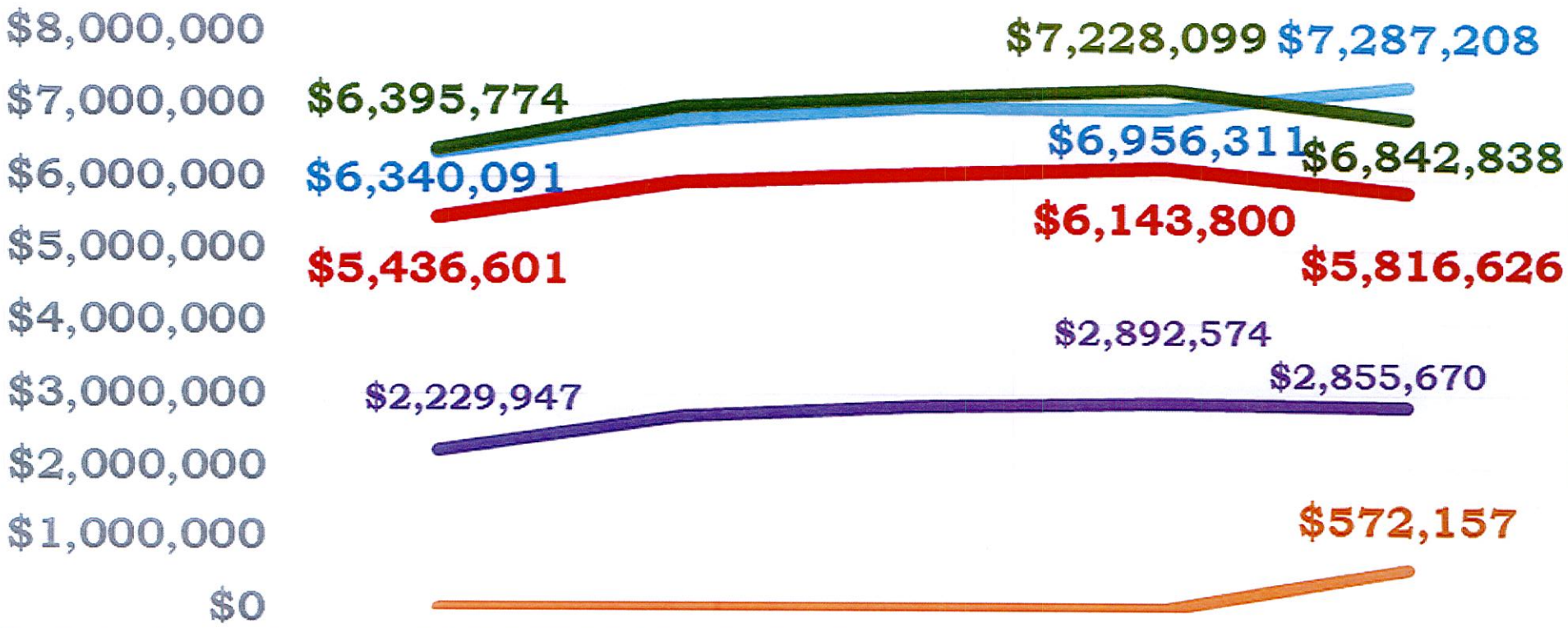
M1	2007-2008 increase cellphone litigation (1.8M), just 2008+ shows negative trend
M2	INcludes Transfers in and Transfer out (2014 includes))



Total Sales Taxes Excludes Public Safety receipts

- Steady growth in sales tax, 19.5% over the last ten years. ($1,189,841 increase)
- Steady decrease in utility taxes, 16.1% over the last ten years ($1,315,809)
- Court revenues down $502,724 or 42%
- All other revenues fairly stable and steady

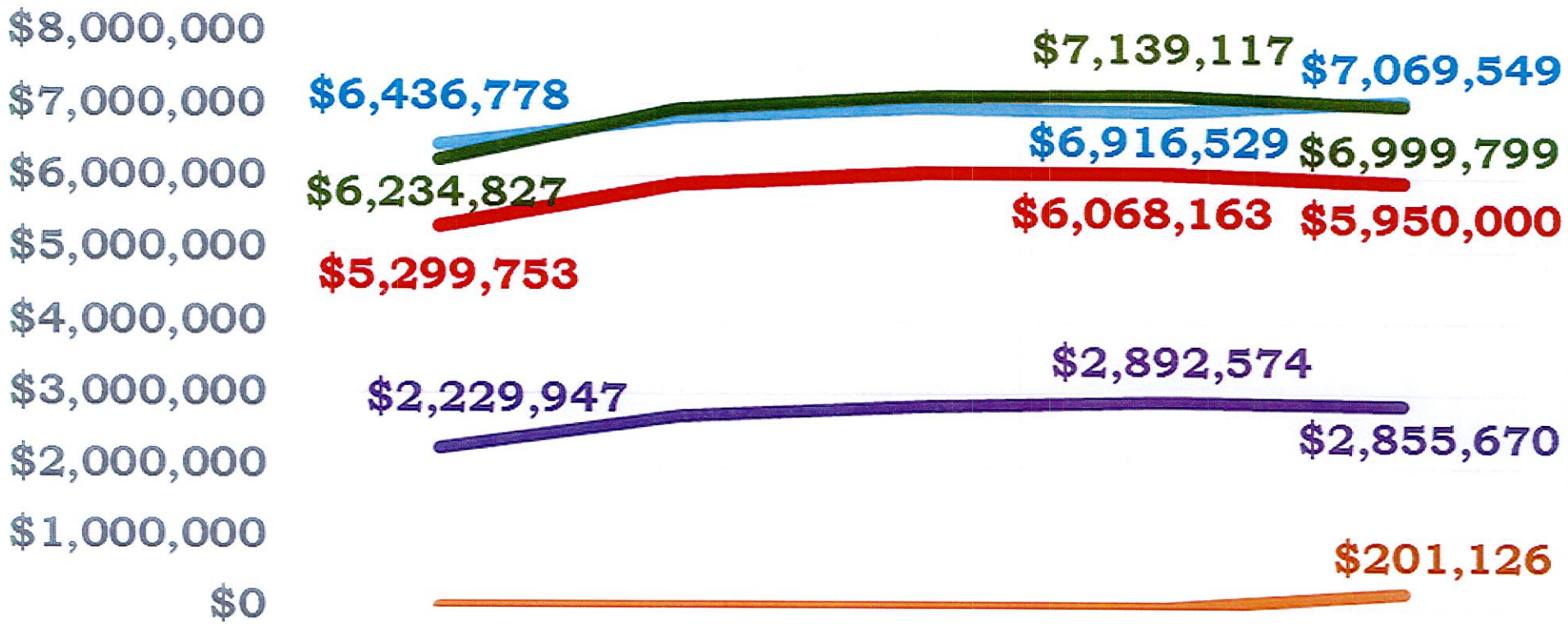
Designated Funds
Sales Tax - ACCRUAL Basis



Pooled sales tax increased $330,897 higher in 2017, 4.7%
City sales tax (parks and capital) -$385,261 & -$327,174 -5.3%
Notice TDD sales tax, down slightly, $36,904 or 1.2%
Proposition P $572,157

CP5
CP6
M3

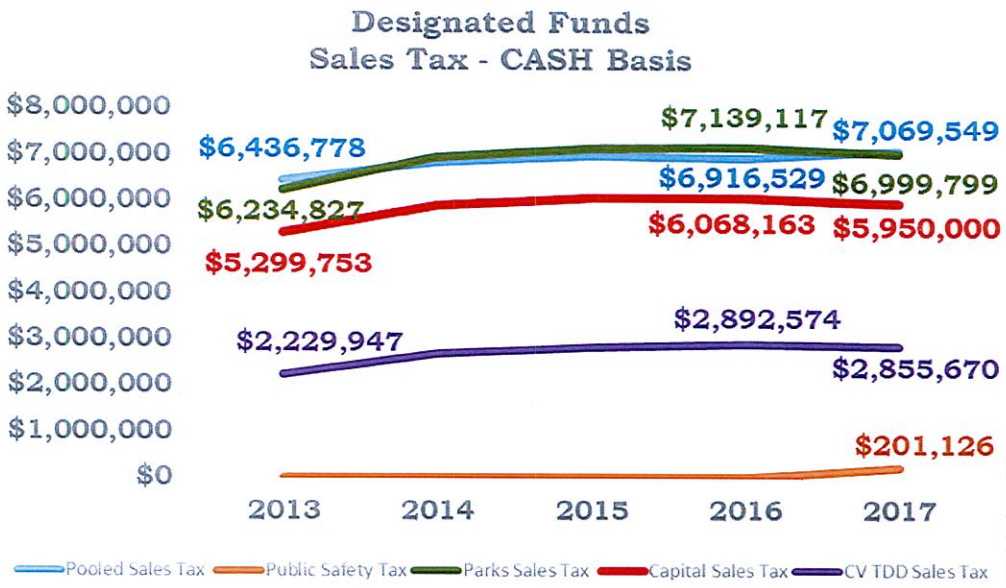
Designated Funds
Sales Tax - CASH Basis



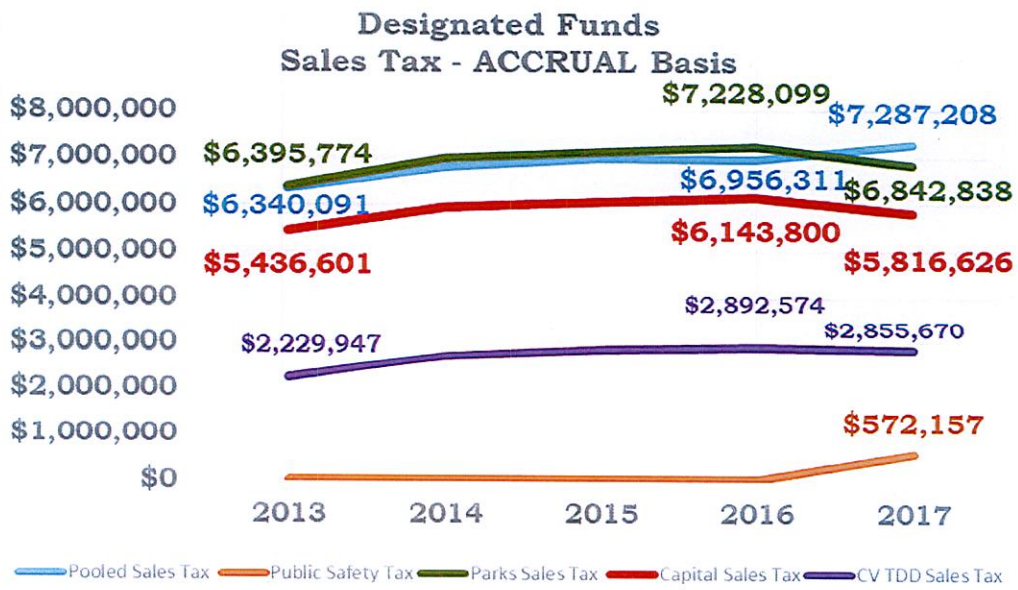
CASH BASIS vs ACCRUAL BASIS
Prop P $201,126 versus $572,157 (difference of $371,103)
Pooled sales tax increased $153,020 in 2017, 2.21% - was 4.7% under Accrual method
City sales tax (parks & capital) -$139,318 1.9% & -$118,163 1.9% was -5.3% under accrual method

Slide 9

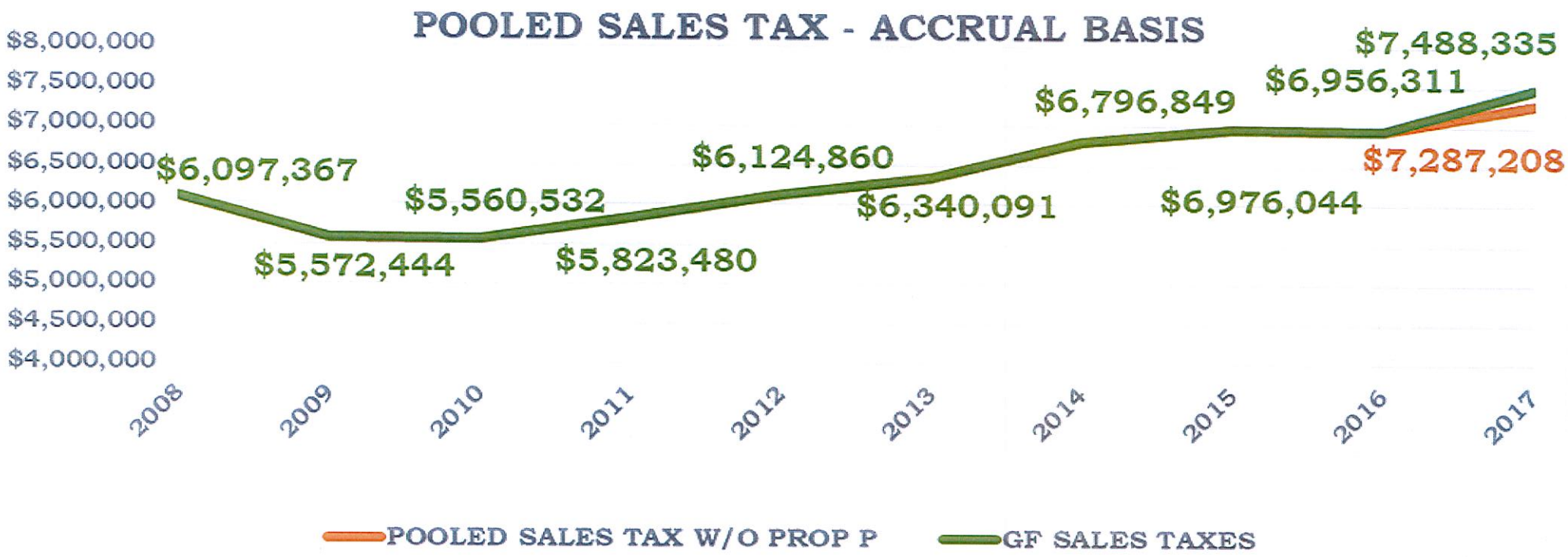
CD5	Capital and Parks-tick down in 2017
CD6	2.5% to 3.0% Average Increase
M3	Compare Valley (decrease) with over all city (parks) performance (city was -1.95%)



	ACCRUAL		CASH	
POOL TAX	$330,897	4.7%	$153,020	2.2%
PARKS TAX	($385,261)	-5.3%	($139,318)	-1.9%
CAPITAL TAX	($327,174)	-5.3%	($118,163)	-1.9%

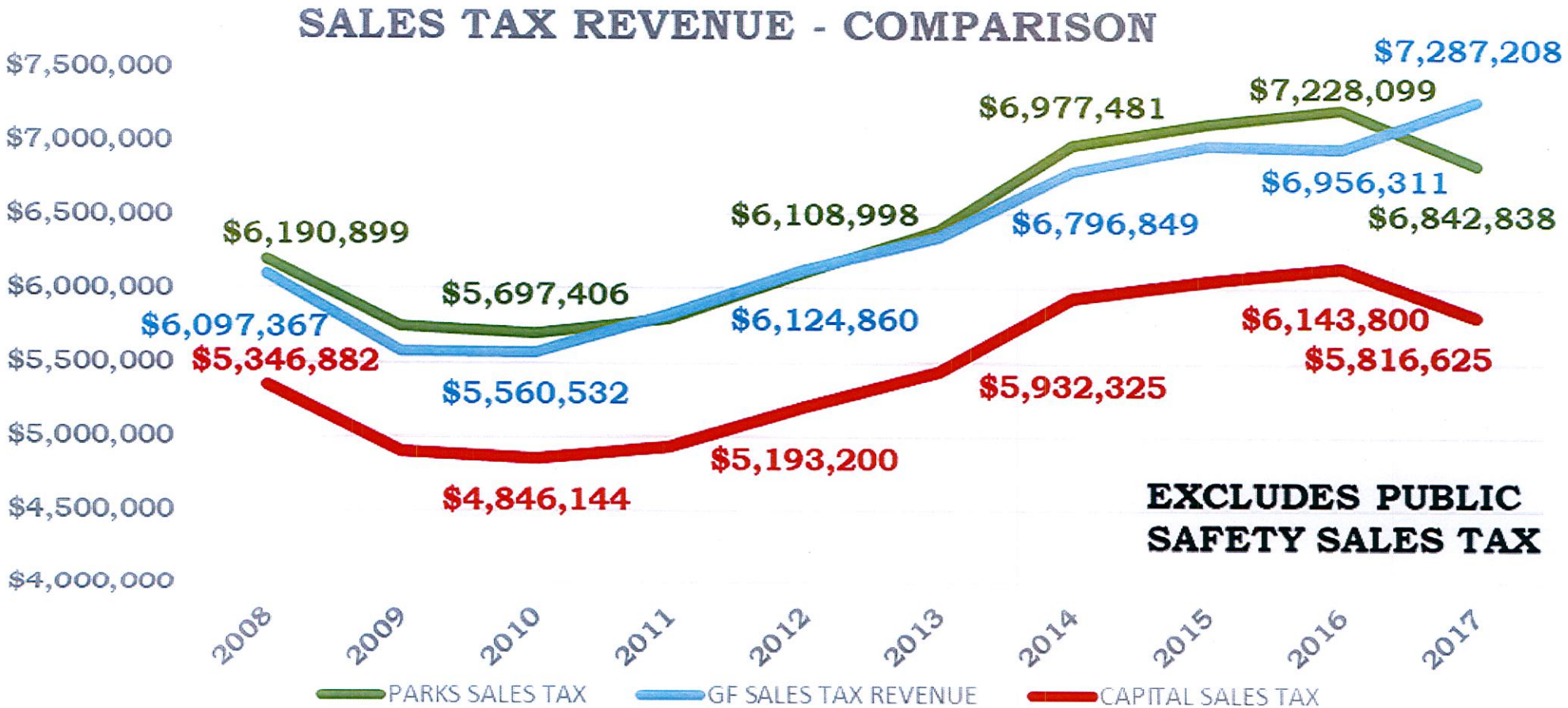


THE DIFFERENCE BETWEEEN CASH AND ACCRUAL IS STRICTLY TIMING, BUT TIMING CAN SIGNIFICANTLY INFLUENCE THE NUMBERS.



Isolates Sales tax

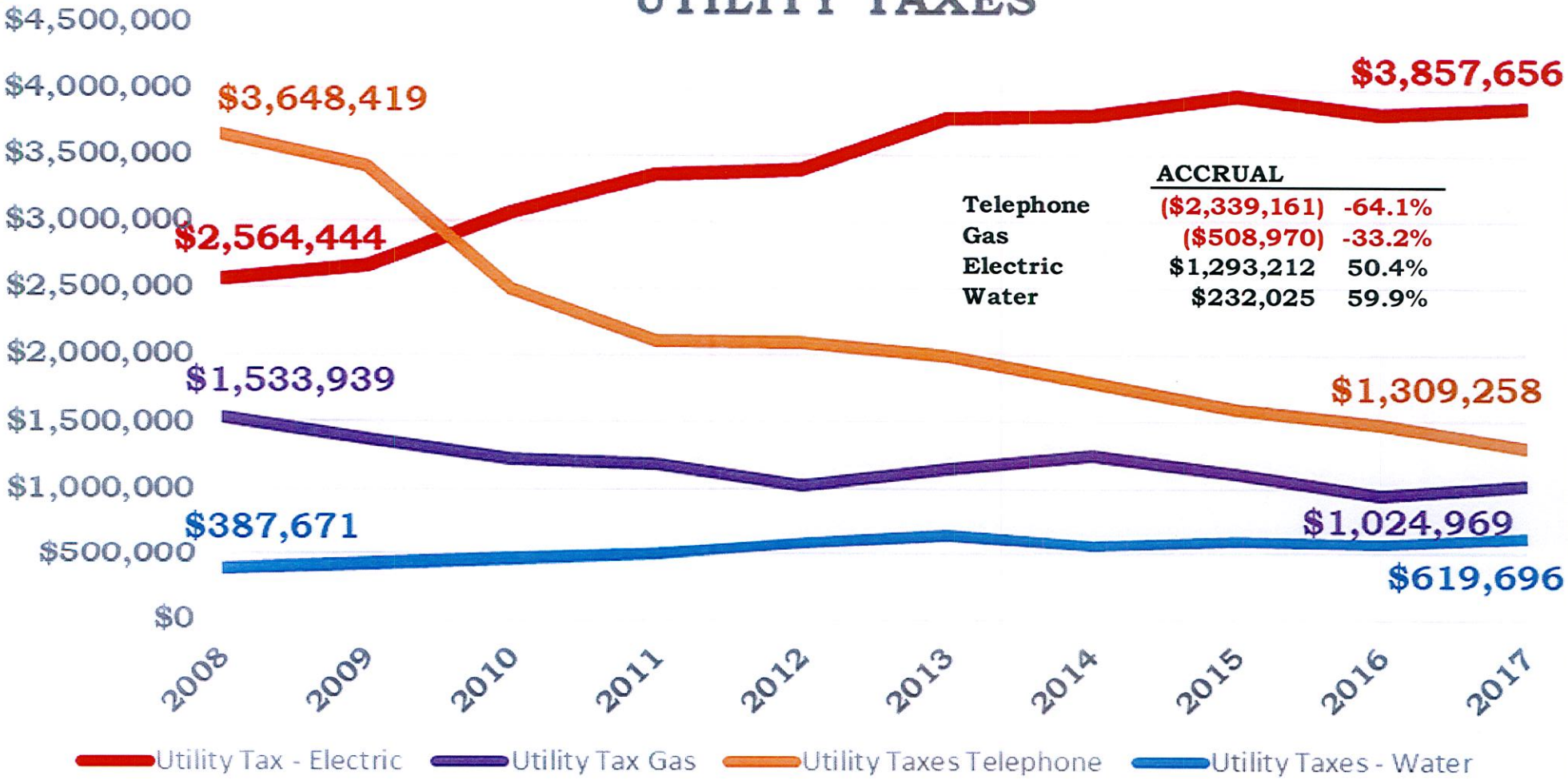
Steady growth in pooled sales tax, 19.5% over the last ten years. ($1,189,841 increase)



This slide illustrates the difference between the local sales tax generation and the County.
Pooled sales tax increased $330,897 in 2017, 4.76% was ($153,020 2.21% on cash basis)
Parks -$385,261 -5.3% (was -$139,318 or -1.9% on cash basis)
Capital - -$327.175 – 5.3% (was -$118,163 or -1.9% on cash basis)

CD7
CD8

UTILITY TAXES

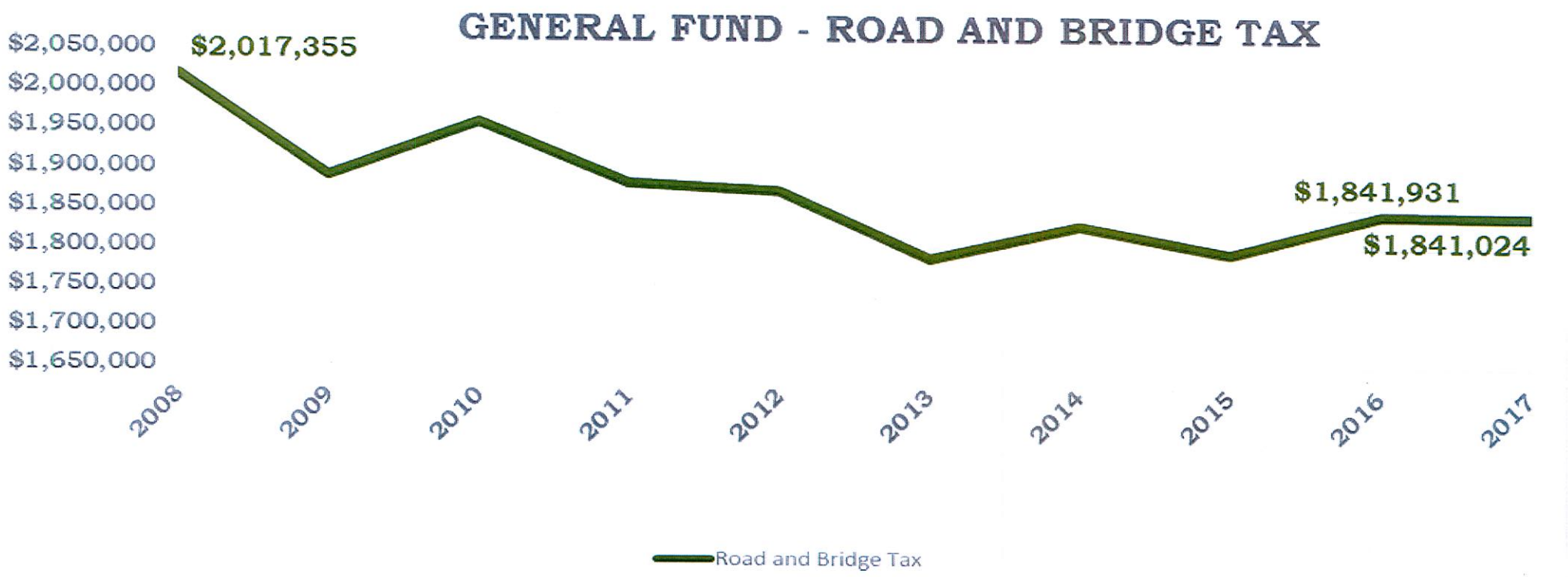


	ACCRUAL	
Telephone	($2,339,161)	-64.1%
Gas	($508,970)	-33.2%
Electric	$1,293,212	50.4%
Water	$232,025	59.9%

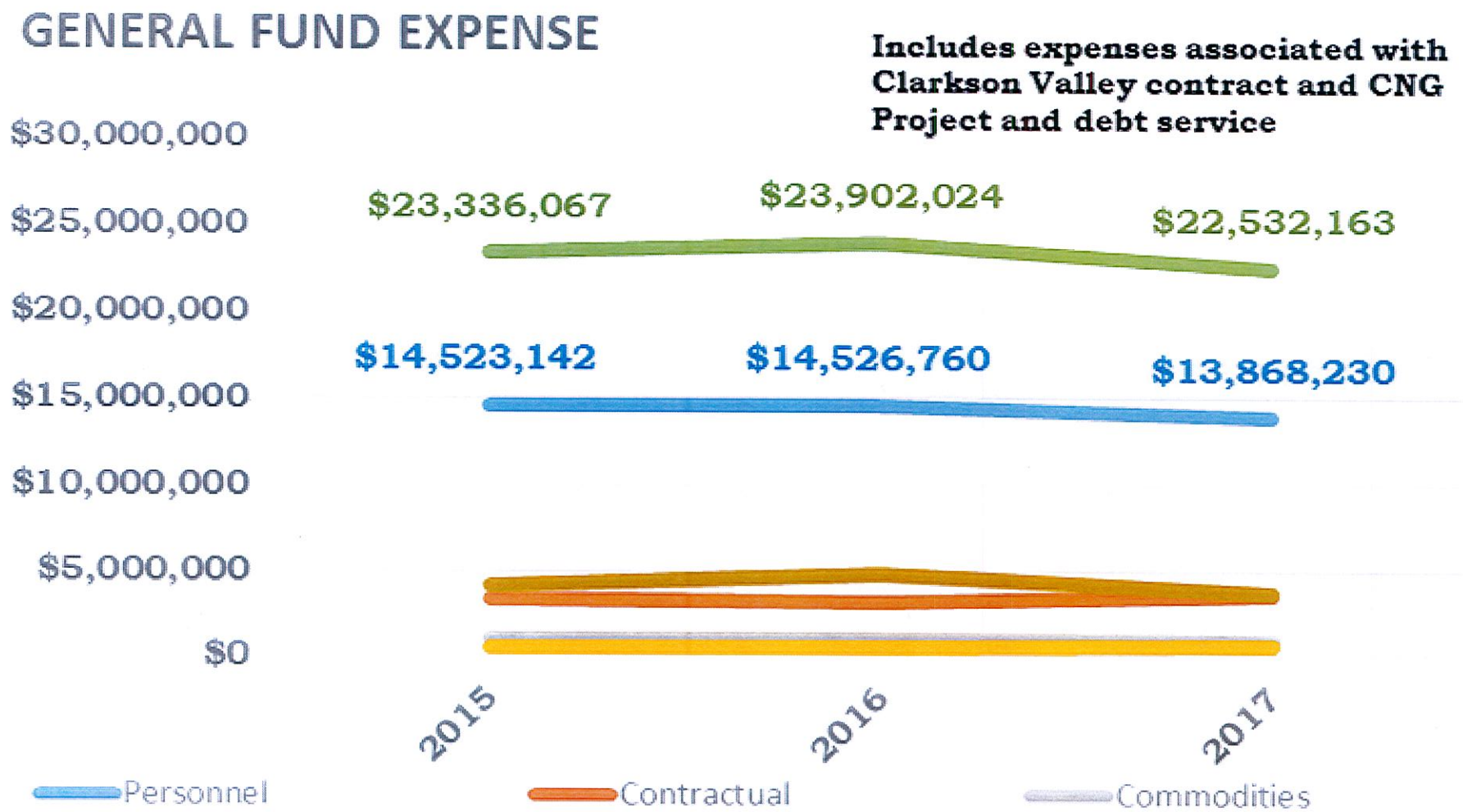
Slide 13

CD7 Telephone the big problem

CD8 Natural Gas follows decrease in prices

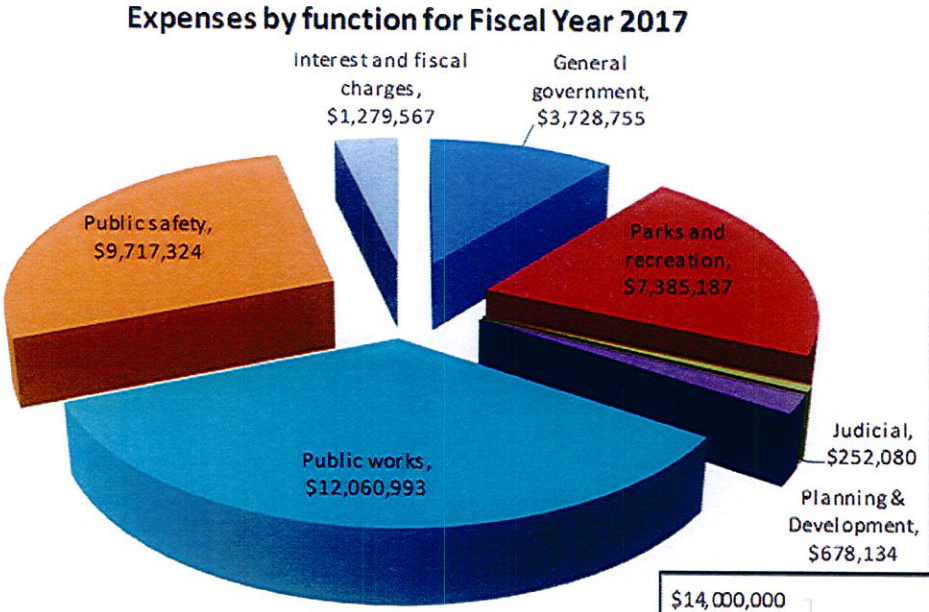


Collected based on valuation
Decreased $176,331 over ten years -8.7%



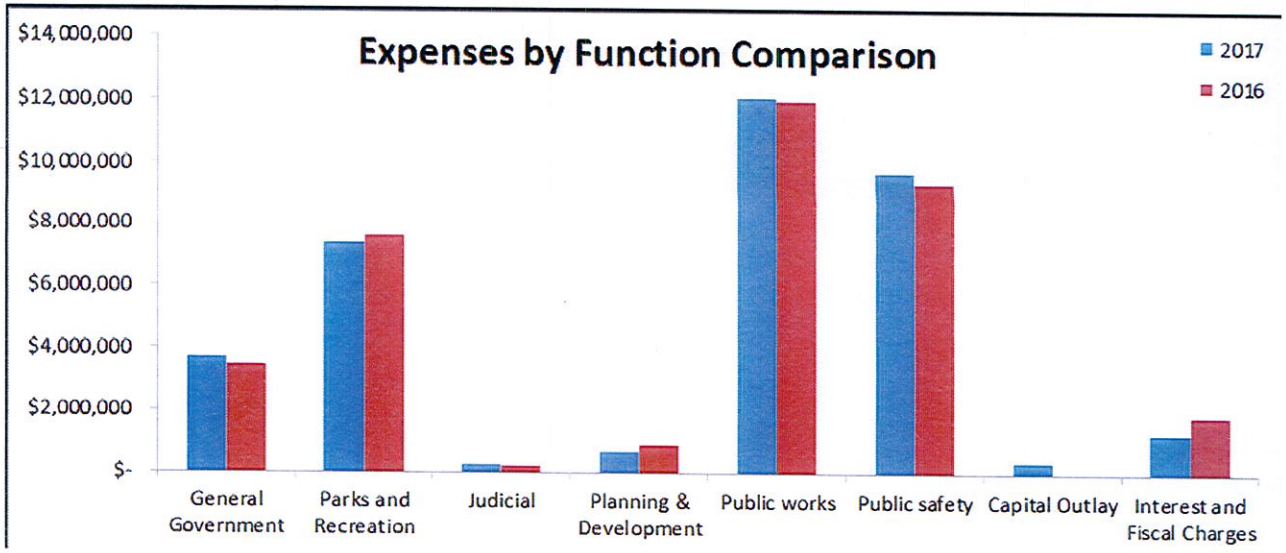
2017 ACTUAL GENERAL FUND EXPENDITURES WERE REDUCED $1,369,861
PERSONNEL EXPENDITURES DECREASED $658,530 IN 2017

2017 SNAPSHOT

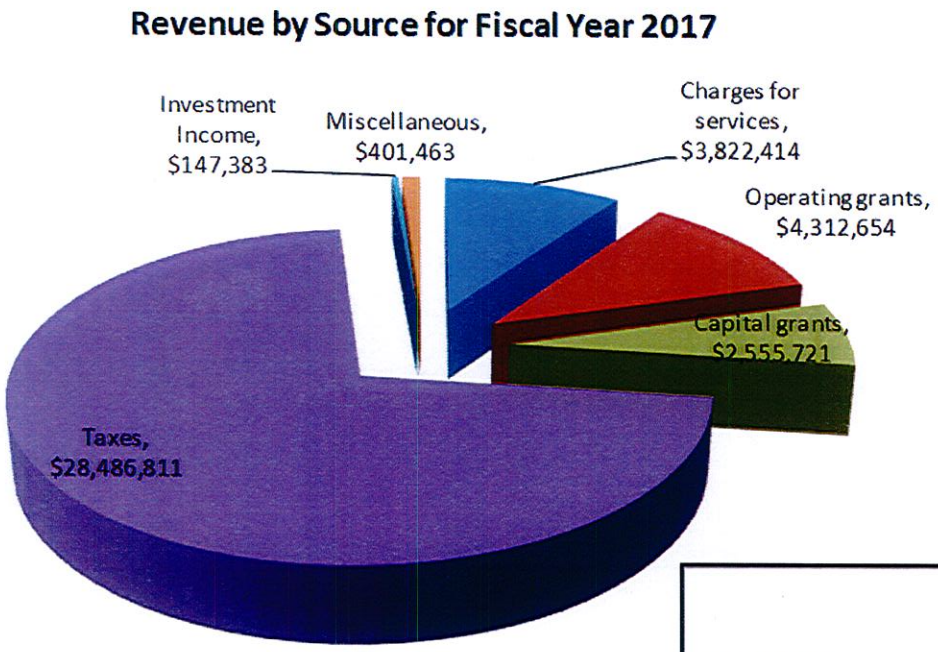


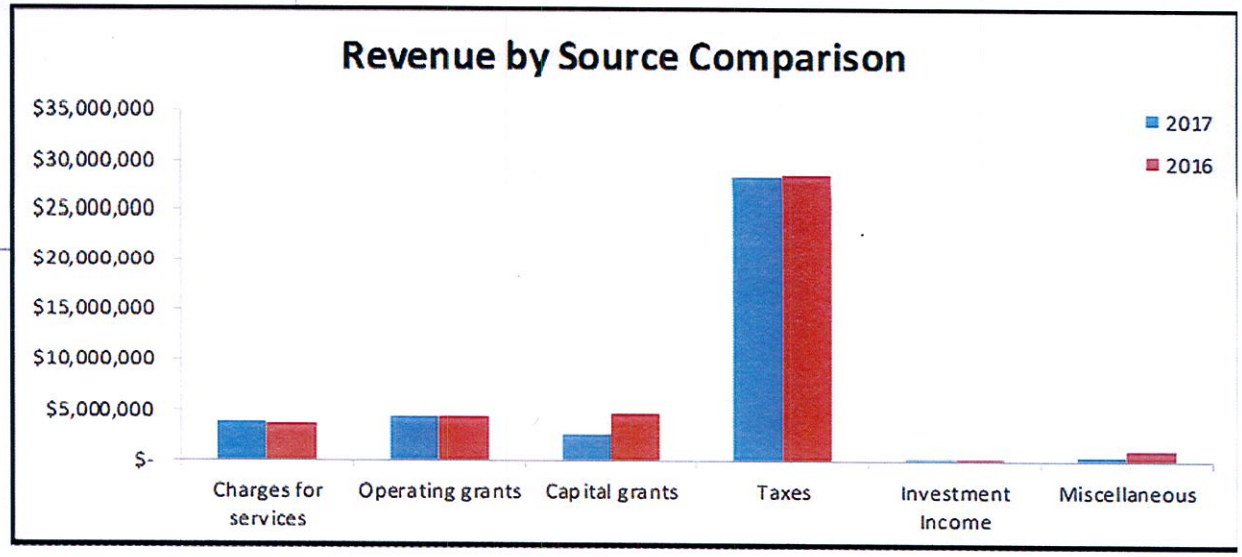
2017 EXPENSES BY FUNCTION ALL FUNDS (includes grant funds)

ACTUAL VS BUDGET!



2017 ACTUAL REVENUES ALL FUNDS





CD3

General Fund
Schedule of Fund Reserves
Updated July 2018

12/31/17 General Fund Reserves		$ 9,293,206	
FY2018 Estimated General Fund Activity		-$780,721	
Projected 12/31/18 General Fund Reserves		$ 8,512,485	
Less:			
Total Designated Funds		$ (130,228)	
Projected 12/31/18 Unreserved General Fund Reserves		$ 8,382,257	
Less 40% Requirement of Expenditures including Transfers:		$ (8,606,392)	
Total Available for Council above the 40% Requirement Policy		$ (224,134)	
One Time Reimbursements			
NID Receivables	1,735,900		
		$ 1,735,900	
Total Left Above the 40% Requirement Policy		$ 1,511,766	47.03%

Projected 12/31/18 General Fund Reserves $ 8,512,485
Total Left Above the 40% Requirement Policy $ 1,511,766

47.03%

Slide 19

CD3 Budget Expectation of Projected Unreserved Balance were 8,093,032

General Fund
Schedule of Fund Reserves
Updated July 2018

12/31/17 General Fund Reserves		**$ 9,293,206**
FY2018 Estimated General Fund Activity		**-$780,721**
Projected 12/31/18 General Fund Reserves		**$ 8,512,485**
Less:		
Total Designated Funds		**$ (130,228)**
Projected 12/31/18 Unreserved General Fund Reserves		**$ 8,382,257**
Less 40% Requirement of Expenditures including Transfers:		**$ (8,606,392)**
Total Available for Council above the 40% Requirement Policy		**$ (224,134)**
One Time Reimbursements		
NID Receivables	1,735,900	
		$ 1,735,900
Total Left Above the 40% Requirement Policy		**$ 1,511,766**

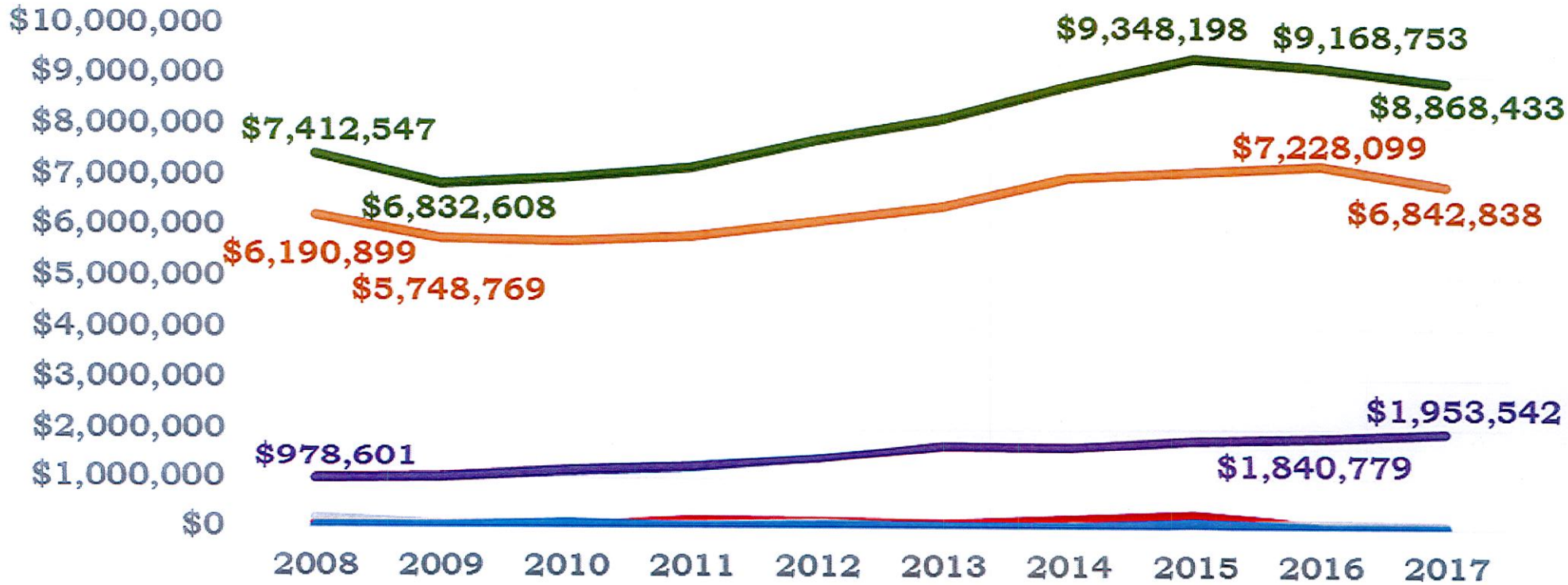
General Fund
Schedule of Fund Reserves
December 31, 2018

12/31/17 General Fund Reserves		**$6,884,359**
FY2018 Estimated General Fund Activity		$1,208,673
Projected 12/31/18 General Fund Reserves		**$8,093,032**
Less:		
Total Designated Funds		**($130,000)**
Projected 12/31/18 Unreserved General Fund Reserves		**$7,963,032**
Less 40% Requirement of Expenditures including Transfers:		**($9,064,425)**
Total Available for Council above the 40% Requirement Policy		**($1,101,393)**
One Time Reimbursements		
Temporary Transfer to Special Projects Fund for Wetland Mitigation	$250,000	
CNG Related Grant Revenue	$470,242	
NID - Deferred Revenue (Broadmoor & Chesterfield Hill)	$1,414,159	
		$2,134,401
Total Left Above the 40% Requirement Policy		**$1,033,008**

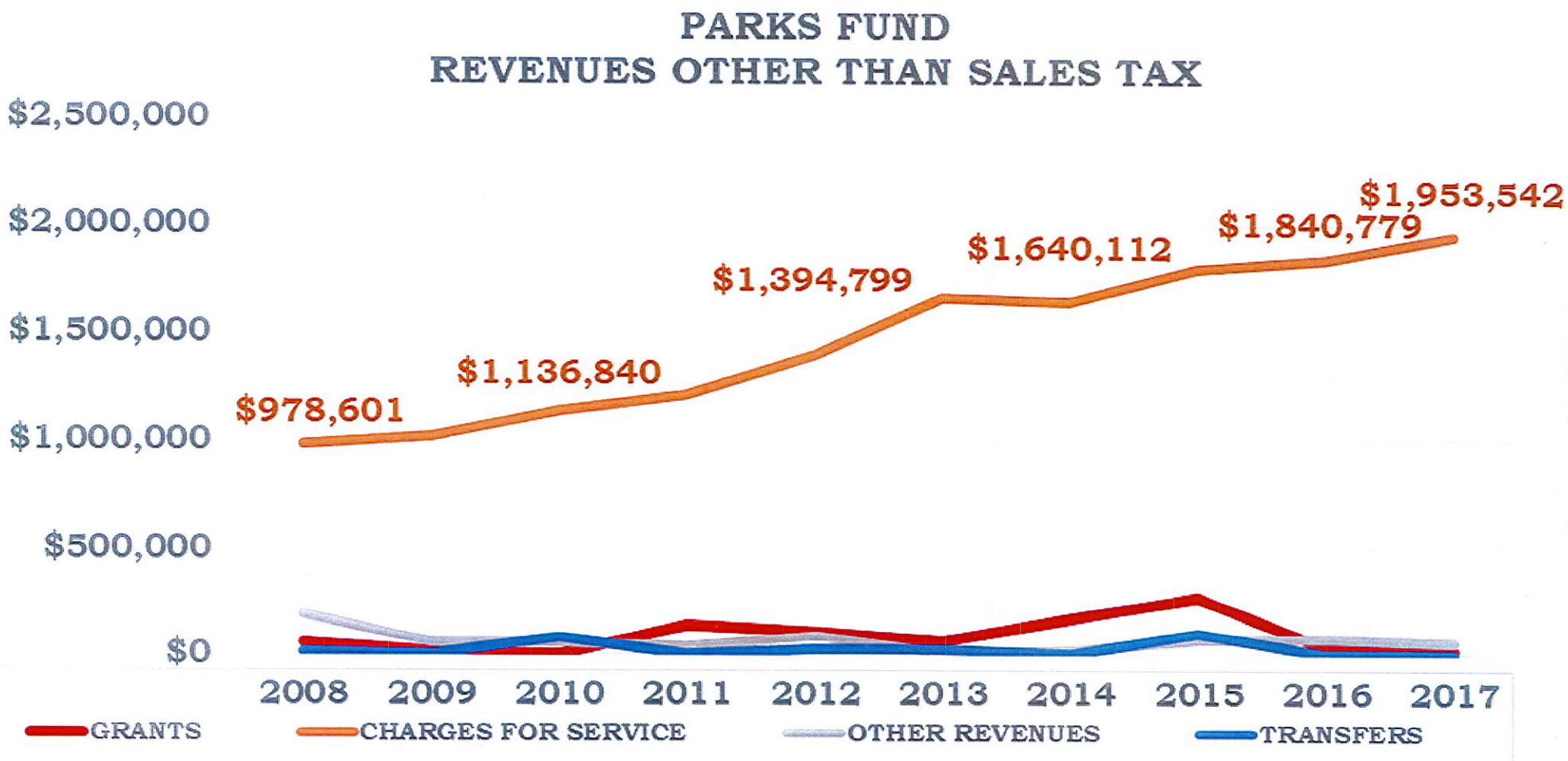
General Fund
$419,225 Better than budget
1.85%
Current projections for EOY @47%

Parks, Recreation & Arts Fund

PARKS FUND - REVENUE BY SOURCE



Total Revenues decreased $300,320 -3.3% in 2017
Park sales tax decreased $385,261 -5.3%
Internally generated fees have steadily increased, $112,763 in 2017, 6.1%
Internally generated fees have increased $974,941 or 99.6% over the last ten years



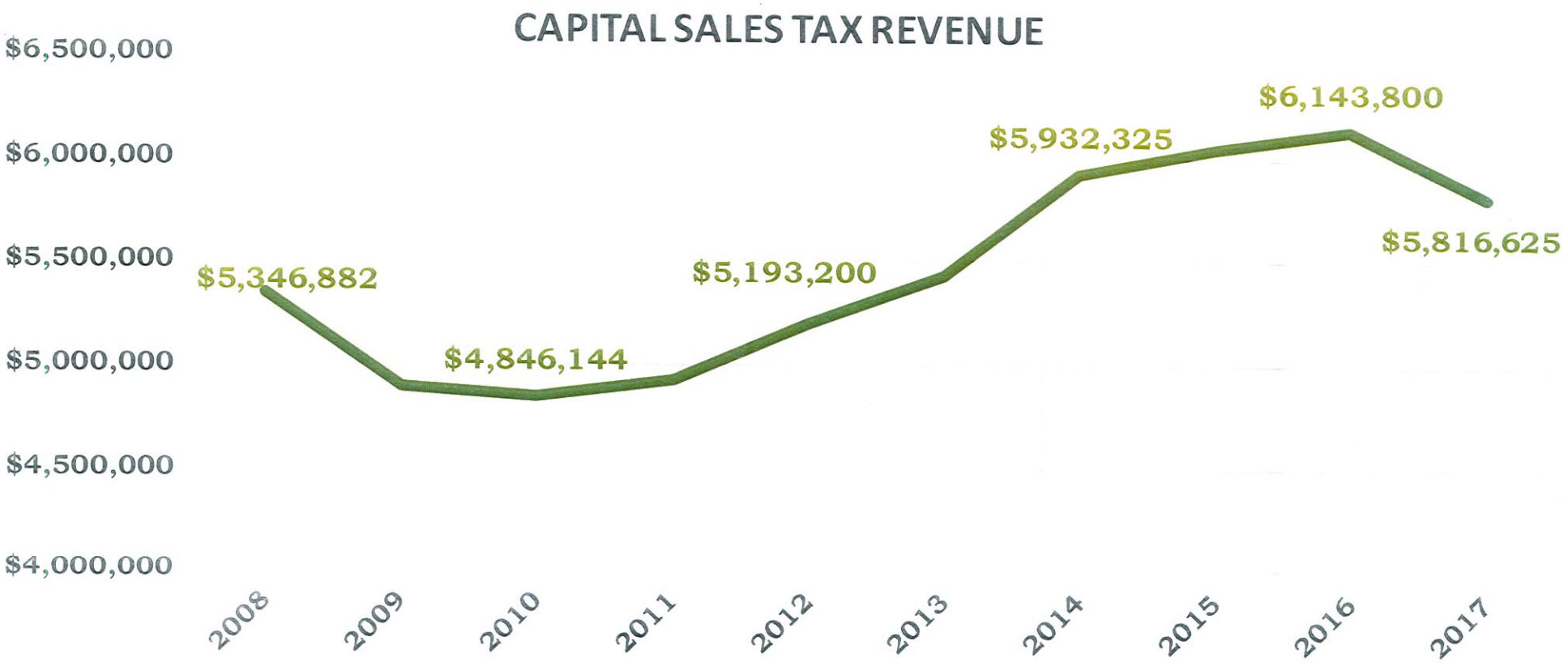
Internally generated fees have steadily increased, $112,763 in 2017, 6.1%
Internally generated fees have increased $974,941 or 99.6% over the last ten years

Fund Reserves for the Parks Sales Tax Fund - 12/31/18

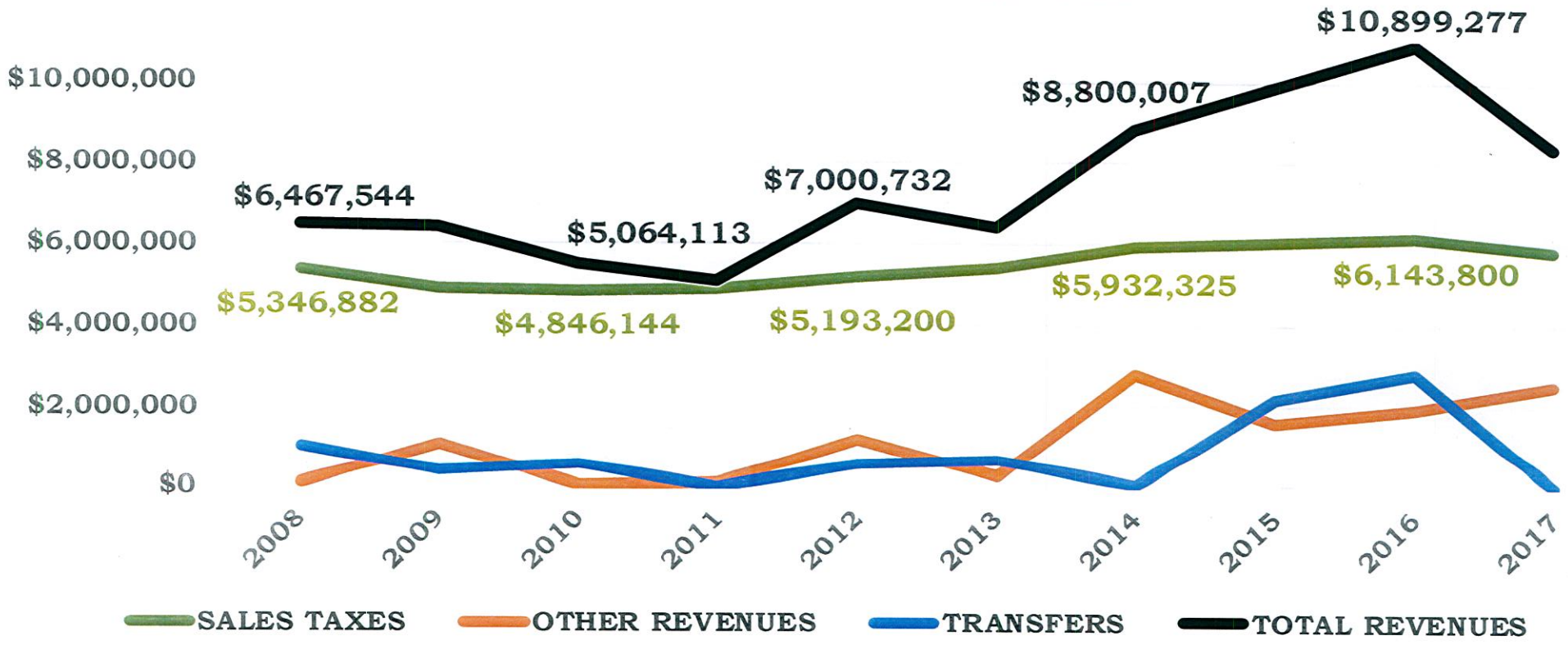
12/31/17 Parks Sales Tax Fund Reserves	**$2,510,463**
FY2018 Projected Net Activity	**($10,307)**
Projected 12/31/18 Parks Sales Tax Fund Reserves	**$2,500,156**

~$600,000 better than budget in December 2017

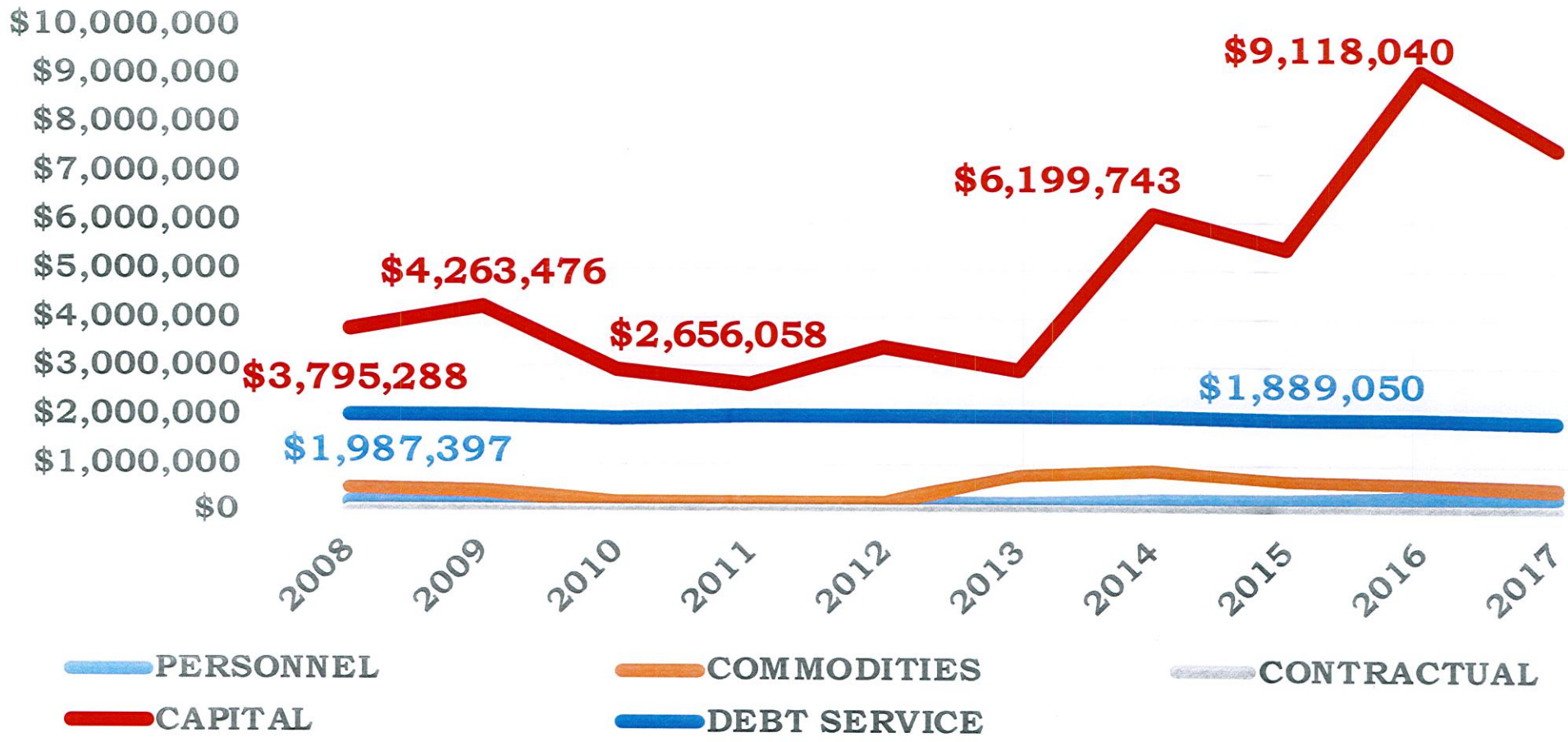
Capital Improvement Fund


CAPITAL SALES TAX REVENUE
$6,500,000
$6,000,000
$5,500,000
$5,000,000
$4,500,000
$4,000,000
$5,346,882
$4,846,144
$5,193,200
$5,932,325
$6,143,800
$5,816,625
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017

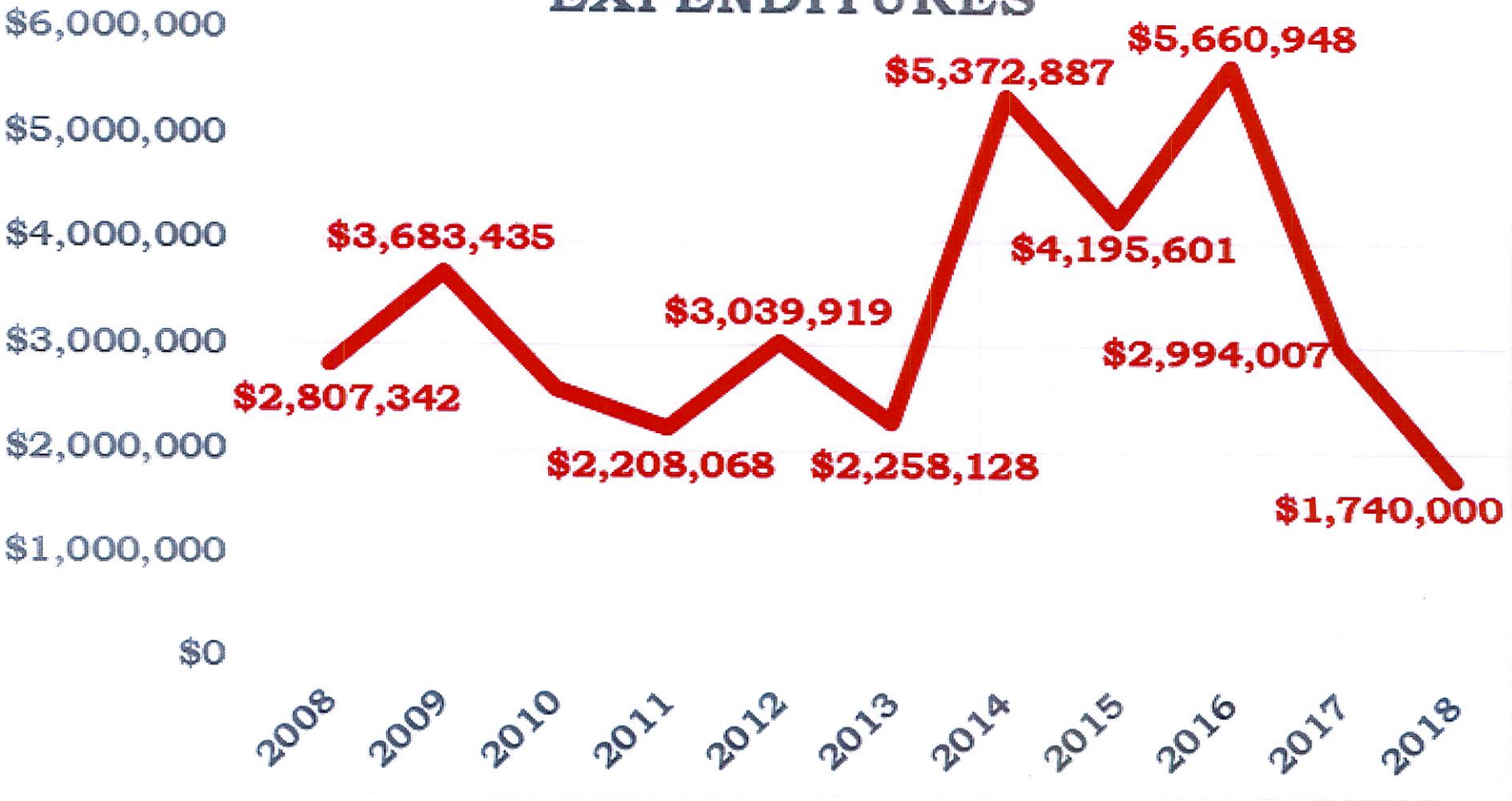
CAPITAL FUND REVENUES



CAPITAL EXPENDITURES



CAPITAL STREET RECONSTRUCTION EXPENDITURES



Current Commitments

Debt Service

CD2

Debt Service - Principal & Interest

Year	Capital Improv Sales Tax - R&S	General Fund - City Hall Debt	Parks Sales Tax Fund	TOTAL
2017	$1,889,050	$1,571,763	$2,954,629	$6,415,442
2018	$1,937,300	$1,597,500	$3,008,121	$6,542,921
2019	$1,944,250	$1,630,000	$3,074,916	$6,649,166
2020	$0	$1,657,500	$3,144,554	$4,802,054
2021	$0	$1,485,000	$3,212,854	$4,697,854
2022	$0	$1,025,000	$3,296,378	$4,321,378
2023	$0	$0	$3,374,028	$3,374,028
2024	$0	$0	$3,446,128	$3,446,128
2025	$0	$0	$3,525,928	$3,525,928
2026	$0	$0	$932,528	$932,528
2027	$0	$0	$933,978	$933,978
2028	$0	$0	$936,673	$936,673
2029	$0	$0	$968,275	$968,275
2030	$0	$0	$964,350	$964,350
2031	$0	$0	$751,900	$751,900
	$5,770,600	$8,966,763	$34,525,235	$49,262,598

CD2 Current Debt Committments

PRE-PAID DEBT SERVICE

YEAR	Capital Improv Sales Tax - R&S	General Fund - City Hall Debt	Parks Sales Tax Fund	TOTALS
PRE-PAYMENTS	$59,431	$1,025,000	$1,094,107	$2,178,538
12/1/2016	$59,431	$412,588	$206,513	$678,532
2018 Budget	$0	$612,460	$887,540	$1,500,000

CD4

EFFECTIVE Debt Service - Principal & Interest
INCLUDES PREPAID DEBT TRANSFERS IN

Year	Capital Improv Sales Tax - R&S	General Fund - City Hall Debt	Parks Sales Tax Fund	TOTAL
2017	$1,889,050	$1,571,763	$2,954,629	$6,415,442
2018	$1,937,300	$1,597,500	**$3,008,121**	$6,542,921
2019	**$1,884,819**	$1,630,000	**$3,008,121**	$6,522,940
2020	$0	$1,657,500	**$3,008,121**	$4,665,621
2021	$0	$1,485,000	**$3,008,121**	$4,493,121
2022	$0	**$0**	**$3,008,121**	$3,008,121
2023	$0	$0	**$3,008,121**	$3,008,121
2024	$0	$0	$3,446,128	$3,446,128
2025	$0	$0	$3,525,928	$3,525,928
2026	$0	$0	$932,528	$932,528
2027	$0	$0	$933,978	$933,978
2028	$0	$0	$936,673	$936,673
2029	$0	$0	$968,275	$968,275
2030	$0	$0	$964,350	$964,350
2031	$0	$0	$751,900	$751,900
	$5,711,169	$7,941,763	$33,463,112	$47,116,044

YEAR	Capital Improv Sales Tax - R&S	General Fund - City Hall Debt	Parks Sales Tax Fund	TOTALS
PRE-PAYMENTS	$59,431	$1,025,000	$1,094,107	$2,178,538
12/1/2016	$59,431	$412,588	$206,513	$678,532
2018 Budget	$0	$612,460	$887,540	$1,500,000

COUNCIL'S STRATEGY TO ACHIEVE A LEVEL DEBT SERVICE IN PARKS FUND

CURRENT PRE-PAID DEBT PROVIDES LEVEL DEBT SERVICE THROUGH 2023, WITH REMAINING BALANCE OF $31,984

Slide 33

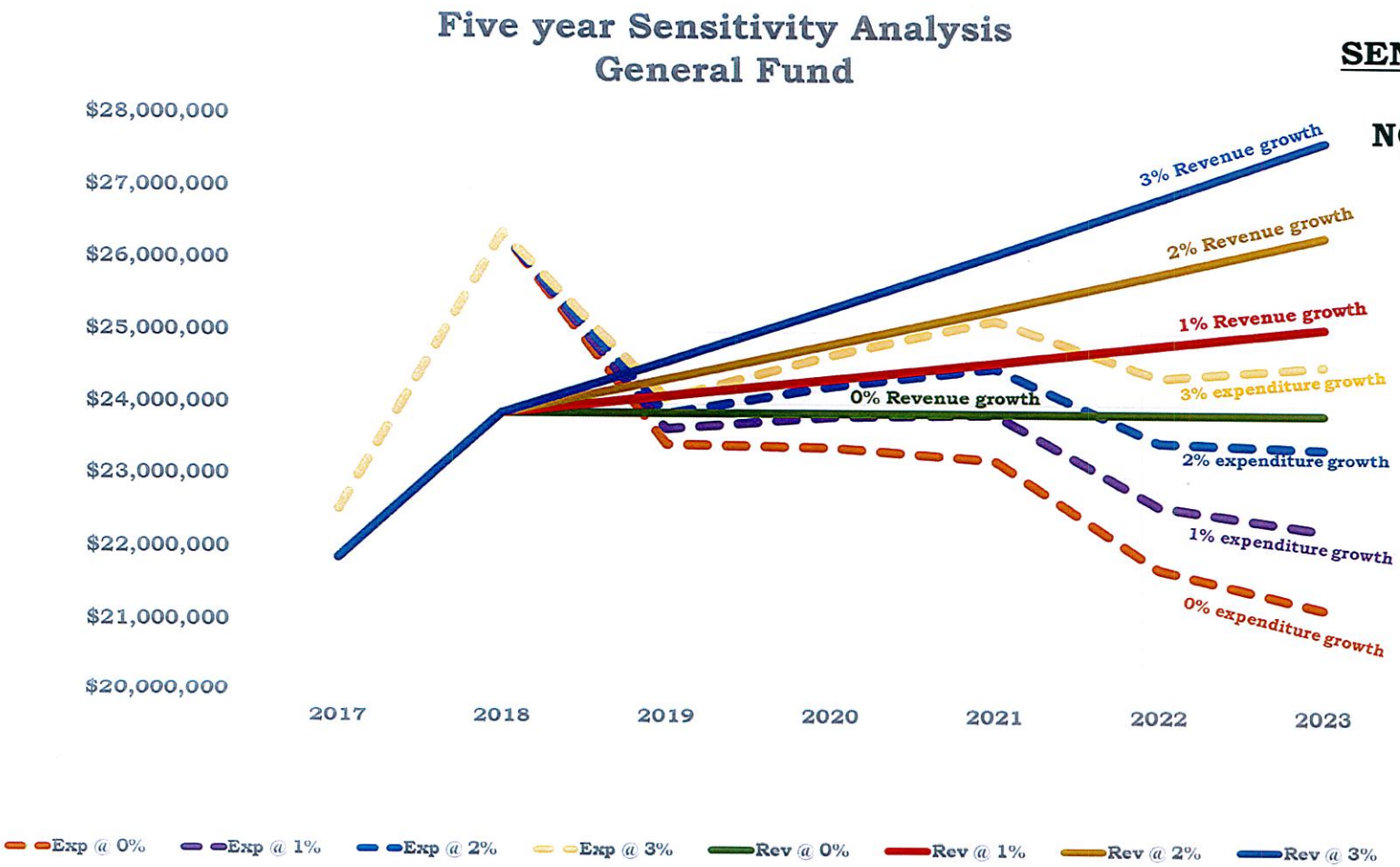
CD4 956k-32k=924k Left to Go-2024/2025 Parks Debt

EFFECTIVE Debt Service - Principal & Interest
INCLUDES PREPAID DEBT TRANSFERS IN

Year	Capital Improv Sales Tax - R&S	General Fund - City Hall Debt	Parks Sales Tax Fund	TOTAL	Scheduled consumption of Pre-pay	Balance prepaid remaining
2017	$1,889,050	$1,571,763	$2,954,629	$6,415,442		
2018	$1,937,300	$1,597,500	**$3,008,121**	$6,542,921		
2019	**$1,884,819**	$1,630,000	**$3,008,121**	$6,522,940	($126,226)	$2,052,312
2020	$0	$1,657,500	**$3,008,121**	$4,665,621	($136,433)	$1,915,880
2021	$0	$1,485,000	**$3,008,121**	$4,493,121	($204,733)	$1,711,147
2022	$0	**$0**	**$3,008,121**	$3,008,121	($1,313,257)	$397,891
2023	$0	$0	**$3,008,121**	$3,008,121	($365,907)	$31,984
2024	$0	$0	$3,446,128	$3,446,128	$0	($406,023)
2025	$0	$0	$3,525,928	$3,525,928	$0	($517,807)
2026	$0	$0	$932,528	$932,528		($923,829)
2027	$0	$0	$933,978	$933,978		
2028	$0	$0	$936,673	$936,673	**3 years at ($307,943)**	
2029	$0	$0	$968,275	$968,275		
2030	$0	$0	$964,350	$964,350		
2031	$0	$0	$751,900	$751,900		

5 Year Outlook

SENSITIVITY ANALYSIS
NOT A BUDGET
NOT A PROJECTION



Revenues are shown with solid lines (0% thru 3%)

Expenditures are shown with hacthured lines (0% thru 3%)

Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023
0.00%	$21,864,863	$23,869,736	$23,869,736	$23,869,736	$23,869,736	$23,869,736	$23,869,736
0.50%	$21,864,863	$23,869,736	$23,989,085	$24,109,030	$24,229,575	$24,350,723	$24,472,477
1.00%	$21,864,863	$23,869,736	$24,108,433	$24,349,518	$24,593,013	$24,838,943	$25,087,332
1.50%	$21,864,863	$23,869,736	$24,227,782	$24,591,199	$24,960,067	$25,334,468	$25,714,485
2.00%	$21,864,863	$23,869,736	$24,347,131	$24,834,073	$25,330,755	$25,837,370	$26,354,117
2.50%	$21,864,863	$23,869,736	$24,466,479	$25,078,141	$25,705,095	$26,347,722	$27,006,415
3.00%	$21,864,863	$23,869,736	$24,585,828	$25,323,403	$26,083,105	$26,865,598	$27,671,566

Expenditure Growth Growth	Actual 2017	BUDGET 2018	2019	2020	2021	2022	2023
0.00%	$22,532,163	$26,379,064	$23,439,228	$23,395,728	$23,223,228	$21,738,228	$21,200,228
0.50%	$22,532,163	$26,379,064	$23,544,784	$23,607,368	$23,541,482	$22,163,630	$21,733,313
1.00%	$22,532,163	$26,379,064	$23,650,340	$23,820,064	$23,862,919	$22,595,429	$22,277,113
1.50%	$22,532,163	$26,379,064	$23,755,896	$24,033,815	$24,187,555	$23,033,688	$22,831,788
2.00%	$22,532,163	$26,379,064	$23,861,453	$24,248,622	$24,515,404	$23,478,472	$23,397,502
2.50%	$22,532,163	$26,379,064	$23,967,009	$24,464,484	$24,846,484	$23,929,846	$23,974,417
3.00%	$22,532,163	$26,379,064	$24,072,565	$24,681,402	$25,180,809	$24,387,873	$24,562,699
3.50%	$22,532,163	$26,379,064	$24,178,121	$24,899,375	$25,518,396	$24,852,620	$25,162,516
4.00%	$22,532,163	$26,379,064	$24,283,677	$25,118,404	$25,859,260	$25,324,151	$25,774,037
4.50%	$22,532,163	$26,379,064	$24,389,233	$25,338,489	$26,203,418	$25,802,532	$26,397,431
5.00%	$22,532,163	$26,379,064	$24,494,789	$25,559,629	$26,550,885	$26,287,830	$27,032,871

SCENARIO ONE - ZERO PERCENT REVENUE GROWTH

EXPENDITURE GROWTH VARIES ALONG VERTICAL AXIS FROM 0% THRU 3%

THIS TABLE DEPICTS THE ANNUAL SURPLUS\DEFICIT CREATED BY THE REVENUE-EXPENDITURE COMBINATION

		SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	
	0% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023	
EXPENDITURE GROWTH	0.00%			$430,508	$474,008	$646,508	$2,131,508	$2,669,508	$6,352,040
	0.50%			$324,952	$262,368	$328,254	$1,706,106	$2,136,423	$4,758,103
	1.00%			$219,396	$49,672	$6,817	$1,274,307	$1,592,623	$3,142,815
	1.50%			$113,840	($164,079)	($317,819)	$836,048	$1,037,948	$1,505,938
	2.00%			$8,283	($378,886)	($645,668)	$391,264	$472,234	($152,772)
	2.50%			($97,273)	($594,748)	($976,748)	($60,110)	($104,681)	($1,833,558)
	3.00%			($202,829)	($811,666)	($1,311,073)	($518,137)	($692,963)	($3,536,668)

THIS TABLE DEPICTS THE END OF YEAR PROJECTED FUND RESERVIE CREATED BY THE REVENUE-EXPENDITURE COMBINATIO

	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE
	0% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023
EXPENDITURE GROWTH	0.00%	$9,293,206	$8,512,485	$8,942,993	$9,417,001	$10,063,509	$12,195,017	$14,864,525
	0.50%	$9,293,206	$8,512,485	$8,837,437	$9,099,805	$9,428,058	$11,134,165	$13,270,588
	1.00%	$9,293,206	$8,512,485	$8,731,881	$8,781,553	$8,788,370	$10,062,677	$11,655,300
	1.50%	$9,293,206	$8,512,485	$8,626,325	$8,462,246	$8,144,427	$8,980,475	$10,018,423
	2.00%	$9,293,206	$8,512,485	$8,520,768	$8,141,883	$7,496,215	$7,887,479	$8,359,713
	2.50%	$9,293,206	$8,512,485	$8,415,212	$7,820,464	$6,843,717	$6,783,607	$6,678,927
	3.00%	$9,293,206	$8,512,485	$8,309,656	$7,497,990	$6,186,918	$5,668,780	$4,975,817

SCENARIO TWO - ONE PERCENT REVENUE GROWTH

EXPENDITURE GROWTH VARIES ALONG VERTICAL AXIS FROM 0% THRU 3%

THIS TABLE DEPICTS THE ANNUAL SURPLUS\DEFICIT CREATED BY THE REVENUE-EXPENDITURE COMBINATION

		SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT		
	1% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023	
EXPENDITURE GROWTH	0.00%			$669,205	$953,790	$1,369,785	$3,100,715	$3,887,104	$9,980,599
	0.50%			$563,649	$742,150	$1,051,530	$2,675,313	$3,354,019	$8,386,662
	1.00%			$458,093	$529,454	$730,094	$2,243,514	$2,810,220	$6,771,375
	1.50%			$352,537	$315,703	$405,458	$1,805,255	$2,255,544	$5,134,497
	2.00%			$246,981	$100,896	$77,609	$1,360,471	$1,689,831	$3,475,787
	2.50%			$141,425	($114,966)	($253,471)	$909,097	$1,112,916	$1,795,001
	3.00%			$35,869	($331,884)	($587,796)	$451,070	$524,633	$91,891

THIS TABLE DEPICTS THE END OF YEAR PROJECTED FUND RESERVIE CREATED BY THE REVENUE-EXPENDITURE COMBINATIO

		FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	
	1% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023
EXPENDITURE GROWTH	0.00%	$9,293,206	$8,512,485	$9,181,690	$10,135,480	$11,505,265	$14,605,980	$18,493,084
	0.50%	$9,293,206	$8,512,485	$9,076,134	$9,818,284	$10,869,814	$13,545,128	$16,899,147
	1.00%	$9,293,206	$8,512,485	$8,970,578	$9,500,032	$10,230,126	$12,473,640	$15,283,860
	1.50%	$9,293,206	$8,512,485	$8,865,022	$9,180,725	$9,586,183	$11,391,438	$13,646,982
	2.00%	$9,293,206	$8,512,485	$8,759,466	$8,860,362	$8,937,971	$10,298,442	$11,988,272
	2.50%	$9,293,206	$8,512,485	$8,653,910	$8,538,943	$8,285,473	$9,194,570	$10,307,486
	3.00%	$9,293,206	$8,512,485	$8,548,354	$8,216,469	$7,628,673	$8,079,743	$8,604,376

SCENARIO THREE - TWO PERCENT REVENUE GROWTH

EXPENDITURE GROWTH VARIES ALONG VERTICAL AXIS FROM 0% THRU 3%

THIS TABLE DEPICTS THE ANNUAL SURPLUS\DEFICIT CREATED BY THE REVENUE-EXPENDITURE COMBINATION

EXPENDITURE GROWTH	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	
	2% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023	
	0.00%			$907,903	$1,438,345	$2,107,527	$4,099,142	$5,153,889	$13,706,806
	0.50%			$802,347	$1,226,705	$1,789,272	$3,673,740	$4,620,804	$12,112,869
	1.00%			$696,790	$1,014,010	$1,467,835	$3,241,941	$4,077,004	$10,497,581
	1.50%			$591,234	$800,258	$1,143,200	$2,803,682	$3,522,329	$8,860,704
	2.00%			$485,678	$585,452	$815,351	$2,358,898	$2,956,616	$7,201,994
	2.50%			$380,122	$369,589	$484,271	$1,907,524	$2,379,701	$5,521,208
	3.00%			$274,566	$152,672	$149,946	$1,449,497	$1,791,418	$3,818,098

THIS TABLE DEPICTS THE END OF YEAR PROJECTED FUND RESERVIE CREATED BY THE REVENUE-EXPENDITURE COMBINATIO

EXPENDITURE GROWTH	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	
	2% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023
	0.00%	$9,293,206	$8,512,485	$9,420,388	$10,858,733	$12,966,260	$17,065,402	$22,219,291
	0.50%	$9,293,206	$8,512,485	$9,314,832	$10,541,537	$12,330,809	$16,004,549	$20,625,354
	1.00%	$9,293,206	$8,512,485	$9,209,275	$10,223,285	$11,691,121	$14,933,062	$19,010,066
	1.50%	$9,293,206	$8,512,485	$9,103,719	$9,903,978	$11,047,178	$13,850,860	$17,373,189
	2.00%	$9,293,206	$8,512,485	$8,998,163	$9,583,615	$10,398,966	$12,757,863	$15,714,479
	2.50%	$9,293,206	$8,512,485	$8,892,607	$9,262,196	$9,746,468	$11,653,992	$14,033,693
	3.00%	$9,293,206	$8,512,485	$8,787,051	$8,939,722	$9,089,668	$10,539,165	$12,330,583

SCENARIO FOUR - THREE PERCENT REVENUE GROWTH

EXPENDITURE GROWTH VARIES ALONG VERTICAL AXIS FROM 0% THRU 3%

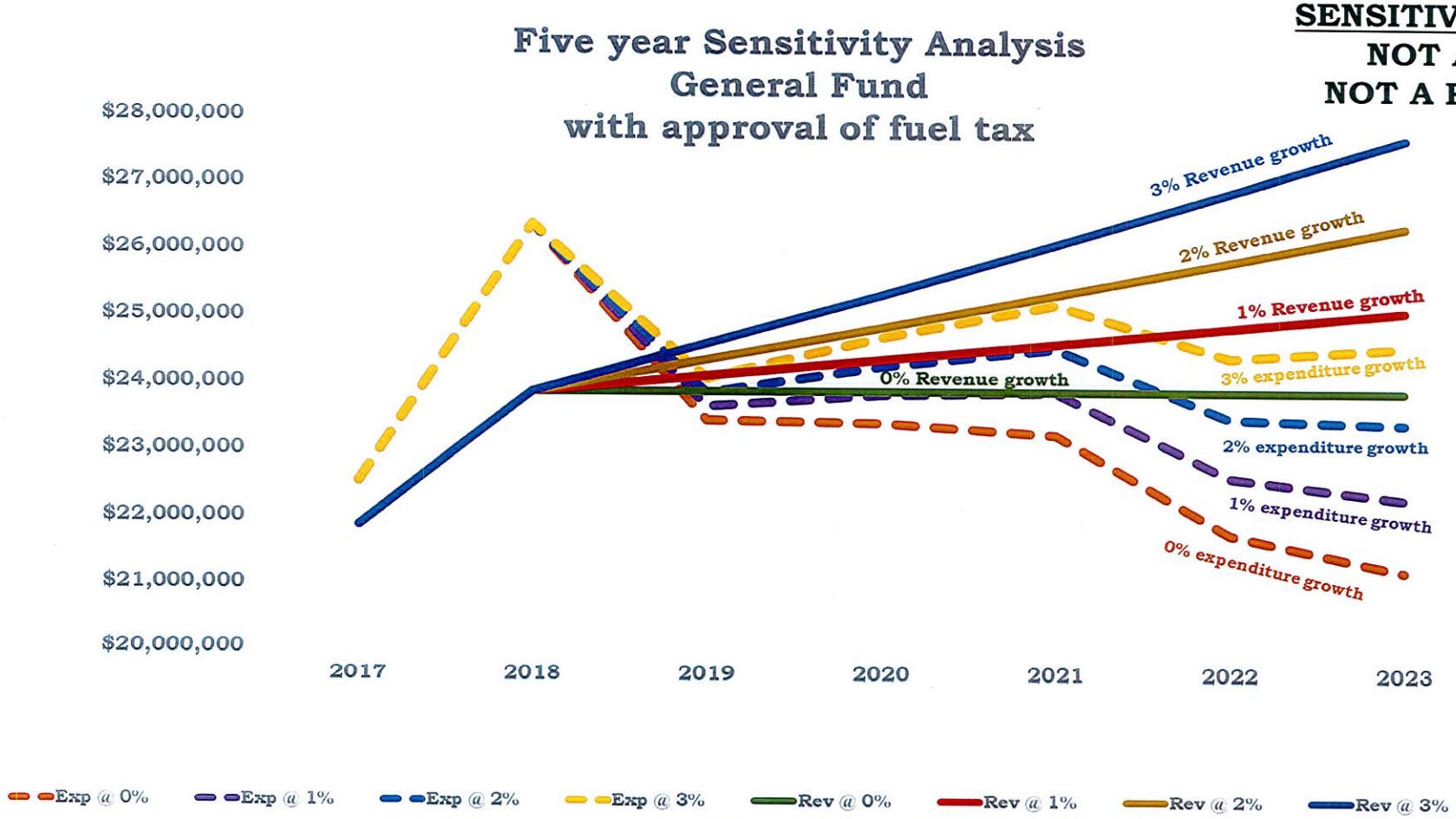
THIS TABLE DEPICTS THE ANNUAL SURPLUS\DEFICIT CREATED BY THE REVENUE-EXPENDITURE COMBINATION

EXPENDITURE GROWTH	3% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023	
		SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	
	0.00%			$1,146,600	$1,927,675	$2,859,877	$5,127,370	$6,471,338	$17,532,860
	0.50%			$1,041,044	$1,716,035	$2,541,623	$4,701,968	$5,938,253	$15,938,923
	1.00%			$935,488	$1,503,339	$2,220,186	$4,270,170	$5,394,453	$14,323,636
	1.50%			$829,932	$1,289,588	$1,895,550	$3,831,910	$4,839,778	$12,686,758
	2.00%			$724,376	$1,074,781	$1,567,701	$3,387,126	$4,274,065	$11,028,048
	2.50%			$618,819	$858,919	$1,236,621	$2,935,753	$3,697,149	$9,347,262
	3.00%			$513,263	$642,001	$902,296	$2,477,725	$3,108,867	$7,644,152

THIS TABLE DEPICTS THE END OF YEAR PROJECTED FUND RESERVIE CREATED BY THE REVENUE-EXPENDITURE COMBINATIO

EXPENDITURE GROWTH	3% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023
		FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	
	0.00%	$9,293,206	$8,512,485	$9,659,085	$11,586,760	$14,446,637	$19,574,007	$26,045,345
	0.50%	$9,293,206	$8,512,485	$9,553,529	$11,269,564	$13,811,186	$18,513,155	$24,451,408
	1.00%	$9,293,206	$8,512,485	$9,447,973	$10,951,312	$13,171,498	$17,441,667	$22,836,121
	1.50%	$9,293,206	$8,512,485	$9,342,417	$10,632,005	$12,527,555	$16,359,465	$21,199,243
	2.00%	$9,293,206	$8,512,485	$9,236,861	$10,311,642	$11,879,343	$15,266,469	$19,540,533
	2.50%	$9,293,206	$8,512,485	$9,131,304	$9,990,223	$11,226,845	$14,162,597	$17,859,747
	3.00%	$9,293,206	$8,512,485	$9,025,748	$9,667,749	$10,570,046	$13,047,771	$16,156,637

SENSITIVITY ANALYSIS
NOT A BUDGET
NOT A PROJECTION



Revenues are shown with solid lines (0% thru 3%)

Expenditures are shown with hatchured lines (0% thru 3%)

Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023
0.00%	$21,864,863	$23,869,736	$24,056,456	$24,243,176	$24,429,896	$24,616,616	$24,616,616
0.50%	$21,864,863	$23,869,736	$24,175,805	$24,482,470	$24,789,735	$25,097,603	$25,219,357
1.00%	$21,864,863	$23,869,736	$24,295,153	$24,722,958	$25,153,173	$25,585,823	$25,834,212
1.50%	$21,864,863	$23,869,736	$24,414,502	$24,964,639	$25,520,227	$26,081,348	$26,461,365
2.00%	$21,864,863	$23,869,736	$24,533,851	$25,207,513	$25,890,915	$26,584,250	$27,100,997
2.50%	$21,864,863	$23,869,736	$24,653,199	$25,451,581	$26,265,255	$27,094,602	$27,753,295
3.00%	$21,864,863	$23,869,736	$24,772,548	$25,696,843	$26,643,265	$27,612,478	$28,418,446

Expenditure Growth Growth	Actual 2017	BUDGET 2018	2019	2020	2021	2022	2023
0.00%	$22,532,163	$26,379,064	$23,439,228	$23,395,728	$23,223,228	$21,738,228	$21,200,228
0.50%	$22,532,163	$26,379,064	$23,544,784	$23,607,368	$23,541,482	$22,163,630	$21,733,313
1.00%	$22,532,163	$26,379,064	$23,650,340	$23,820,064	$23,862,919	$22,595,429	$22,277,113
1.50%	$22,532,163	$26,379,064	$23,755,896	$24,033,815	$24,187,555	$23,033,688	$22,831,788
2.00%	$22,532,163	$26,379,064	$23,861,453	$24,248,622	$24,515,404	$23,478,472	$23,397,502
2.50%	$22,532,163	$26,379,064	$23,967,009	$24,464,484	$24,846,484	$23,929,846	$23,974,417
3.00%	$22,532,163	$26,379,064	$24,072,565	$24,681,402	$25,180,809	$24,387,873	$24,562,699
3.50%	$22,532,163	$26,379,064	$24,178,121	$24,899,375	$25,518,396	$24,852,620	$25,162,516
4.00%	$22,532,163	$26,379,064	$24,283,677	$25,118,404	$25,859,260	$25,324,151	$25,774,037
4.50%	$22,532,163	$26,379,064	$24,389,233	$25,338,489	$26,203,418	$25,802,532	$26,397,431
5.00%	$22,532,163	$26,379,064	$24,494,789	$25,559,629	$26,550,885	$26,287,830	$27,032,871

SCENARIO ONE - ZERO PERCENT REVENUE GROWTH

EXPENDITURE GROWTH VARIES ALONG VERTICAL AXIS FROM 0% THRU 3%

THIS TABLE DEPICTS THE ANNUAL SURPLUS\DEFICIT CREATED BY THE REVENUE-EXPENDITURE COMBINATION

EXPENDITURE GROWTH	SURPLUS\DEFICIT 0% Revenue Growth	SURPLUS\DEFICIT Actual 2017	SURPLUS\DEFICIT Proposed 2018	SURPLUS\DEFICIT 2019	SURPLUS\DEFICIT 2020	SURPLUS\DEFICIT 2021	SURPLUS\DEFICIT 2022	SURPLUS\DEFICIT 2023	
	0.00%			$617,228	$847,448	$1,206,668	$2,878,388	$3,416,388	$8,966,120
	0.50%			$511,672	$635,808	$888,414	$2,452,986	$2,883,303	$7,372,183
	1.00%			$406,116	$423,112	$566,977	$2,021,187	$2,339,503	$5,756,895
	1.50%			$300,560	$209,361	$242,341	$1,582,928	$1,784,828	$4,120,018
	2.00%			$195,003	($5,446)	($85,508)	$1,138,144	$1,219,114	$2,461,308
	2.50%			$89,447	($221,308)	($416,588)	$686,770	$642,199	$780,522
	3.00%			($16,109)	($438,226)	($750,913)	$228,743	$53,917	($922,588)

THIS TABLE DEPICTS THE END OF YEAR PROJECTED FUND RESERVIE CREATED BY THE REVENUE-EXPENDITURE COMBINATIO

EXPENDITURE GROWTH	FUND RESERVE 0% Revenue Growth	FUND RESERVE Actual 2017	FUND RESERVE Proposed 2018	FUND RESERVE 2019	FUND RESERVE 2020	FUND RESERVE 2021	FUND RESERVE 2022	FUND RESERVE 2023
	0.00%	$9,293,206	$8,512,485	$9,129,713	$9,977,161	$11,183,829	$14,062,217	$17,478,605
	0.50%	$9,293,206	$8,512,485	$9,024,157	$9,659,965	$10,548,378	$13,001,365	$15,884,668
	1.00%	$9,293,206	$8,512,485	$8,918,601	$9,341,713	$9,908,690	$11,929,877	$14,269,380
	1.50%	$9,293,206	$8,512,485	$8,813,045	$9,022,406	$9,264,747	$10,847,675	$12,632,503
	2.00%	$9,293,206	$8,512,485	$8,707,488	$8,702,043	$8,616,535	$9,754,679	$10,973,793
	2.50%	$9,293,206	$8,512,485	$8,601,932	$8,380,624	$7,964,037	$8,650,807	$9,293,007
	3.00%	$9,293,206	$8,512,485	$8,496,376	$8,058,150	$7,307,238	$7,535,980	$7,589,897

SCENARIO TW0 - ONE PERCENT REVENUE GROWTH

EXPENDITURE GROWTH VARIES ALONG VERTICAL AXIS FROM 0% THRU 3%

THIS TABLE DEPICTS THE ANNUAL SURPLUS\DEFICIT CREATED BY THE REVENUE-EXPENDITURE COMBINATION

EXPENDITURE GROWTH	SURPLUS\DEFICIT 1% Revenue Growth	SURPLUS\DEFICIT Actual 2017	SURPLUS\DEFICIT Proposed 2018	SURPLUS\DEFICIT 2019	SURPLUS\DEFICIT 2020	SURPLUS\DEFICIT 2021	SURPLUS\DEFICIT 2022	SURPLUS\DEFICIT 2023	
	0.00%			$855,925	$1,327,230	$1,929,945	$3,847,595	$4,633,984	$12,594,679
	0.50%			$750,369	$1,115,590	$1,611,690	$3,422,193	$4,100,899	$11,000,742
	1.00%			$644,813	$902,894	$1,290,254	$2,990,394	$3,557,100	$9,385,455
	1.50%			$539,257	$689,143	$965,618	$2,552,135	$3,002,424	$7,748,577
	2.00%			$433,701	$474,336	$637,769	$2,107,351	$2,436,711	$6,089,867
	2.50%			$328,145	$258,474	$306,689	$1,655,977	$1,859,796	$4,409,081
	3.00%			$222,589	$41,556	($27,636)	$1,197,950	$1,271,513	$2,705,971

THIS TABLE DEPICTS THE END OF YEAR PROJECTED FUND RESERVIE CREATED BY THE REVENUE-EXPENDITURE COMBINATIO

EXPENDITURE GROWTH	FUND RESERVE 1% Revenue Growth	FUND RESERVE Actual 2017	FUND RESERVE Proposed 2018	FUND RESERVE 2019	FUND RESERVE 2020	FUND RESERVE 2021	FUND RESERVE 2022	FUND RESERVE 2023
	0.00%	$9,293,206	$8,512,485	$9,368,410	$10,695,640	$12,625,585	$16,473,180	$21,107,164
	0.50%	$9,293,206	$8,512,485	$9,262,854	$10,378,444	$11,990,134	$15,412,328	$19,513,227
	1.00%	$9,293,206	$8,512,485	$9,157,298	$10,060,192	$11,350,446	$14,340,840	$17,897,940
	1.50%	$9,293,206	$8,512,485	$9,051,742	$9,740,885	$10,706,503	$13,258,638	$16,261,062
	2.00%	$9,293,206	$8,512,485	$8,946,186	$9,420,522	$10,058,291	$12,165,642	$14,602,352
	2.50%	$9,293,206	$8,512,485	$8,840,630	$9,099,103	$9,405,793	$11,061,770	$12,921,566
	3.00%	$9,293,206	$8,512,485	$8,735,074	$8,776,629	$8,748,993	$9,946,943	$11,218,456

SCENARIO THREE - TWO PERCENT REVENUE GROWTH

EXPENDITURE GROWTH VARIES ALONG VERTICAL AXIS FROM 0% THRU 3%

THIS TABLE DEPICTS THE ANNUAL SURPLUS\DEFICIT CREATED BY THE REVENUE-EXPENDITURE COMBINATION

		SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT		
	2% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023	
EXPENDITURE GROWTH	0.00%			$1,094,623	$1,811,785	$2,667,687	$4,846,022	$5,900,769	$16,320,886
	0.50%			$989,067	$1,600,145	$2,349,432	$4,420,620	$5,367,684	$14,726,949
	1.00%			$883,510	$1,387,450	$2,027,995	$3,988,821	$4,823,884	$13,111,661
	1.50%			$777,954	$1,173,698	$1,703,360	$3,550,562	$4,269,209	$11,474,784
	2.00%			$672,398	$958,892	$1,375,511	$3,105,778	$3,703,496	$9,816,074
	2.50%			$566,842	$743,029	$1,044,431	$2,654,404	$3,126,581	$8,135,288
	3.00%			$461,286	$526,112	$710,106	$2,196,377	$2,538,298	$6,432,178

THIS TABLE DEPICTS THE END OF YEAR PROJECTED FUND RESERVIE CREATED BY THE REVENUE-EXPENDITURE COMBINATIO

		FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE
	2% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023
EXPENDITURE GROWTH	0.00%	$9,293,206	$8,512,485	$9,607,108	$11,418,893	$14,086,580	$18,932,602	$24,833,371
	0.50%	$9,293,206	$8,512,485	$9,501,552	$11,101,697	$13,451,129	$17,871,749	$23,239,434
	1.00%	$9,293,206	$8,512,485	$9,395,995	$10,783,445	$12,811,441	$16,800,262	$21,624,146
	1.50%	$9,293,206	$8,512,485	$9,290,439	$10,464,138	$12,167,498	$15,718,060	$19,987,269
	2.00%	$9,293,206	$8,512,485	$9,184,883	$10,143,775	$11,519,286	$14,625,063	$18,328,559
	2.50%	$9,293,206	$8,512,485	$9,079,327	$9,822,356	$10,866,788	$13,521,192	$16,647,773
	3.00%	$9,293,206	$8,512,485	$8,973,771	$9,499,882	$10,209,988	$12,406,365	$14,944,663

SCENARIO FOUR - THREE PERCENT REVENUE GROWTH

EXPENDITURE GROWTH VARIES ALONG VERTICAL AXIS FROM 0% THRU 3%

THIS TABLE DEPICTS THE ANNUAL SURPLUS\DEFICIT CREATED BY THE REVENUE-EXPENDITURE COMBINATION

EXPENDITURE GROWTH	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	SURPLUS\DEFICIT	
3% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023	
0.00%			$1,333,320	$2,301,115	$3,420,037	$5,874,250	$7,218,218	$20,146,940
0.50%			$1,227,764	$2,089,475	$3,101,783	$5,448,848	$6,685,133	$18,553,003
1.00%			$1,122,208	$1,876,779	$2,780,346	$5,017,050	$6,141,333	$16,937,716
1.50%			$1,016,652	$1,663,028	$2,455,710	$4,578,790	$5,586,658	$15,300,838
2.00%			$911,096	$1,448,221	$2,127,861	$4,134,006	$5,020,945	$13,642,128
2.50%			$805,539	$1,232,359	$1,796,781	$3,682,633	$4,444,029	$11,961,342
3.00%			$699,983	$1,015,441	$1,462,456	$3,224,605	$3,855,747	$10,258,232

THIS TABLE DEPICTS THE END OF YEAR PROJECTED FUND RESERVIE CREATED BY THE REVENUE-EXPENDITURE COMBINATIO

EXPENDITURE GROWTH	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE	FUND RESERVE
3% Revenue Growth	Actual 2017	Proposed 2018	2019	2020	2021	2022	2023
0.00%	$9,293,206	$8,512,485	$9,845,805	$12,146,920	$15,566,957	$21,441,207	$28,659,425
0.50%	$9,293,206	$8,512,485	$9,740,249	$11,829,724	$14,931,506	$20,380,355	$27,065,488
1.00%	$9,293,206	$8,512,485	$9,634,693	$11,511,472	$14,291,818	$19,308,867	$25,450,201
1.50%	$9,293,206	$8,512,485	$9,529,137	$11,192,165	$13,647,875	$18,226,665	$23,813,323
2.00%	$9,293,206	$8,512,485	$9,423,581	$10,871,802	$12,999,663	$17,133,669	$22,154,613
2.50%	$9,293,206	$8,512,485	$9,318,024	$10,550,383	$12,347,165	$16,029,797	$20,473,827
3.00%	$9,293,206	$8,512,485	$9,212,468	$10,227,909	$11,690,366	$14,914,971	$18,770,717

STRATEGIC SUMMARY

STRATEGIC SUMMARY

- **Anticipates annually funding the following from fund reserves:**
  - **Emerald Ash Borer Project ~$540,000** (four additional years, thru 2022)
  - **Snow Removal Reimbursement** Program ~$160,000 annually
- **Have transferred $2,178,532 to the three debt reserve funds**; and
- **Plans to provide for a level debt service payment from the parks fund through 2025**, at which time the debt service payment is reduced by roughly $2 million annually; and
- **Previous debt pre-payments committed fund a level parks fund debt service at 2018 levels, thru the year 2023, leaving a combined $923,829 of parks debt increases in 2024 and 2025**; **(IN ESSENCE, SHORT $923,829 FROM MEETING LEVEL DEBT SERVICE GOAL)** and,
- **Current debt pre-payments previously committed eliminates the City Hall Debt in 2022**, effectively increasing available revenues beginning in 2022 by ~$1.5 million; a portion of which can\should be set aside to fund the afore-described **$923,829** park debt increase for 2024 and 2025. A uniform **three year annual commitment of $307,943** of this effective increase resulting from retirement of the City Hall debt service will accomplish City Council's stated goal of level debt service in the Parks fund through 2025 **(LEAVING THE CITY $1.2 MILLION AHEAD EACH YEAR)**; and,
- **Parks reserve fund, not subject to the 40% reserve policy, MAY be used gradually over the next several years to supplement revenues until the afore-stated debt service drops in 2025**; and
- **The Parks Debt service decreases by slightly more than $2 million in 2026, to $932,528. It is the City's stated strategy at that juncture to initiate replacement of the City's aquatic facility** and other dated infrastructure items which can be itemized under separate communication.

QUESTIONS?

City of Chesterfield

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