FISCAL POSITION 2009-2010

- Pension Funding
- Health Insurance Costs
- Revenue Sharing
- Interest Income
- Act 51 Revenue
- Utilities Consumption
- General Fund Position

This coming year's financial conditions, including rising costs, a down economy, and a troublesome State budget situation have combined to place the City in a position of fiscal stress.

This stress, felt City-wide but particularly in the General Fund, is the result of numerous factors; the primary ones listed on the left.

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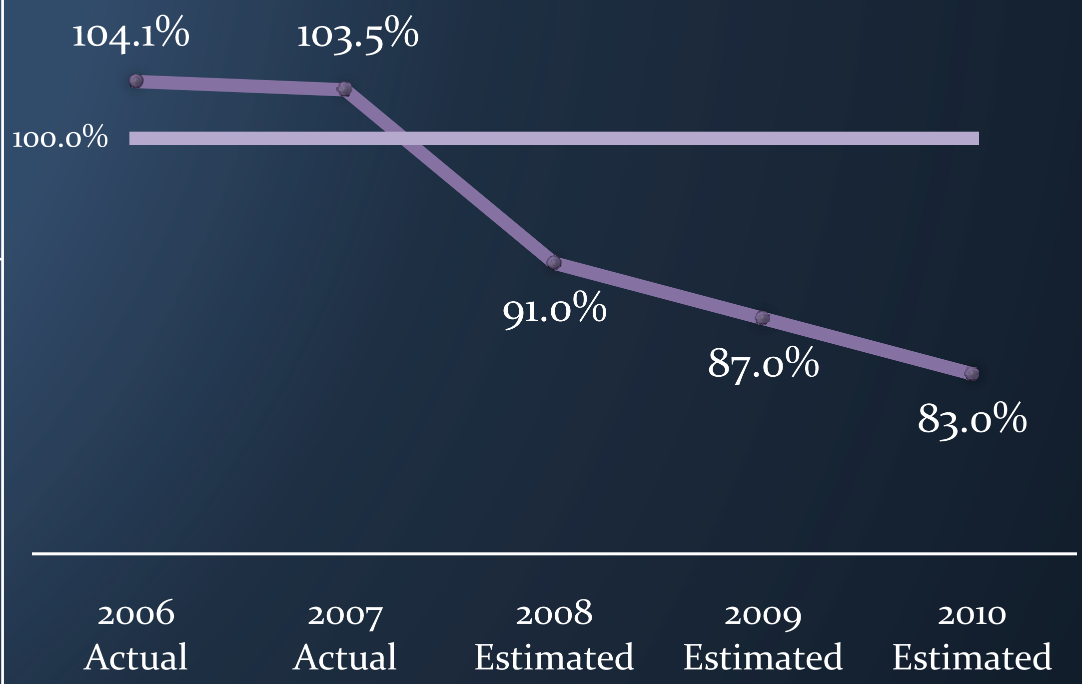
Percentage of Pension Obligation Funded



- Despite the fact that the City's funded status is projected to fall 20% from 2007 to 2010, we fared better than many communities following the economic downturn.
- According to our financial consultants, most plans lost about 25% last year.

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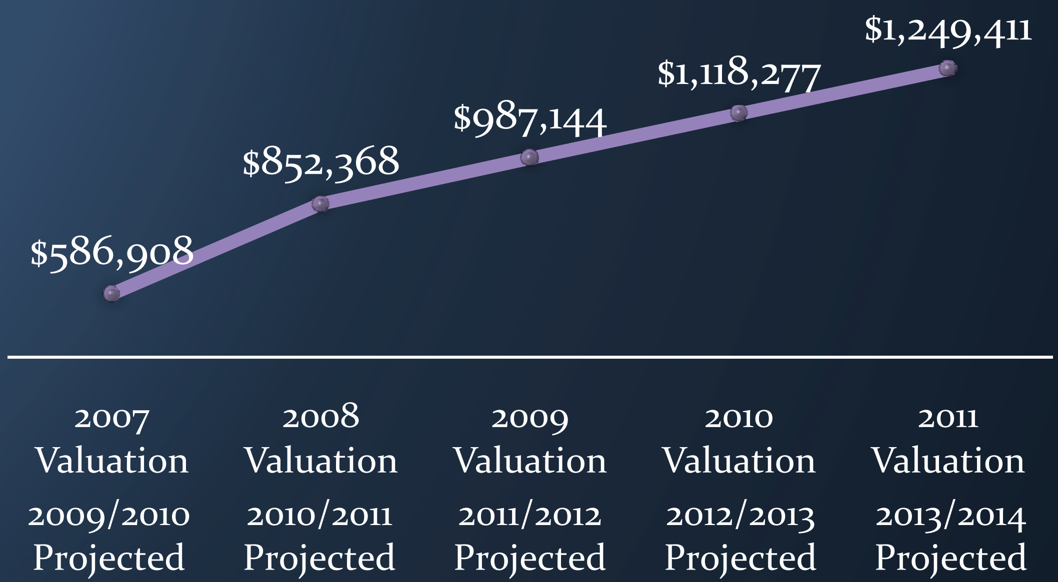
Employer Contribution to Pension Fund
(not including Hospital)



- Because funding requirements depend in part on the market value of assets, we are expecting significant increases in the annual required contributions in FY 2011 and beyond.

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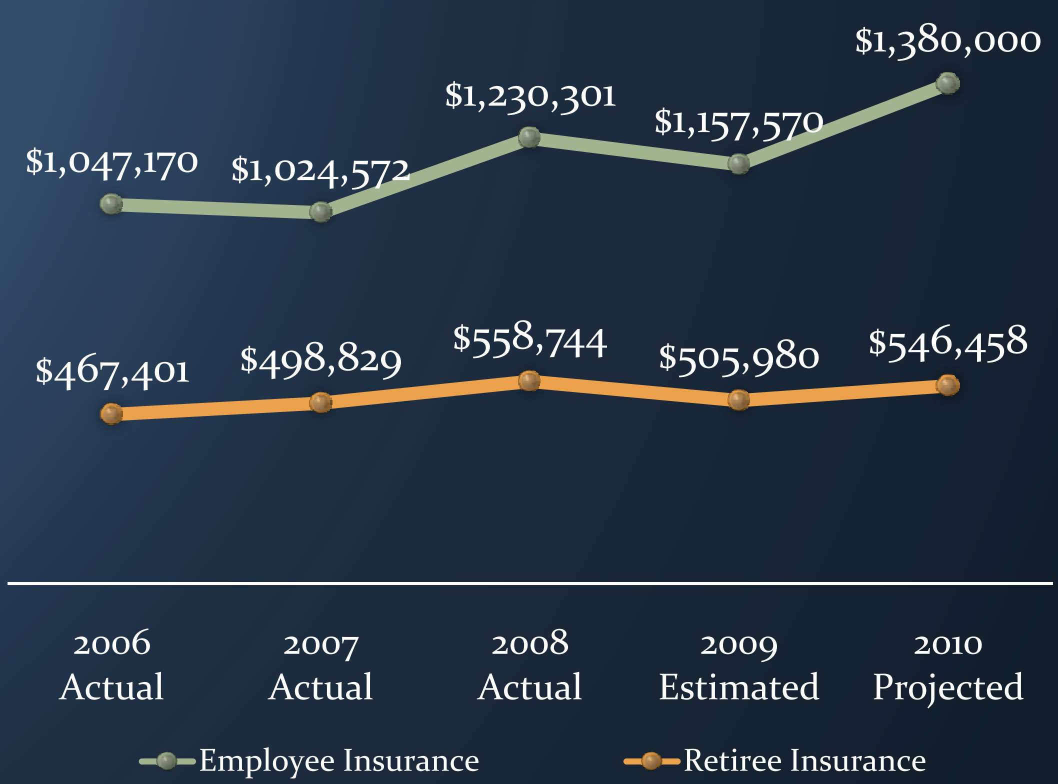
Health Insurance Costs



- Employee health insurance costs are projected to rise by 18% in FY 2010 after a slight reduction in cost from transferring to a self-funded program in FY 2009.
- Retiree insurance costs are projected to rise 8% in FY 2010.

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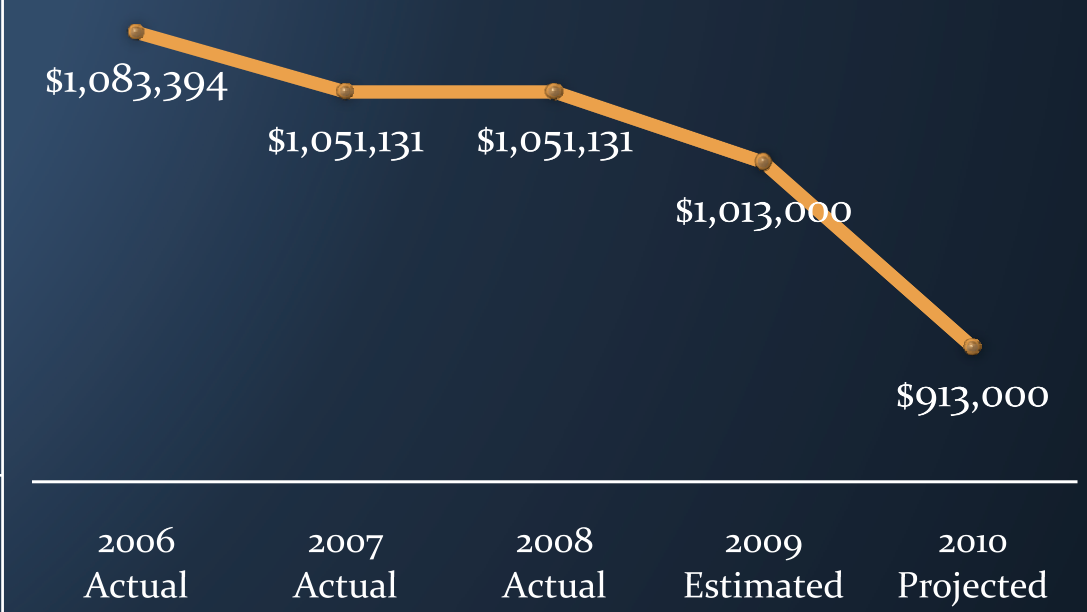
State Revenue Sharing



- State Revenue Sharing has declined over $170,000 (16%) from 2006 to Projected 2010.

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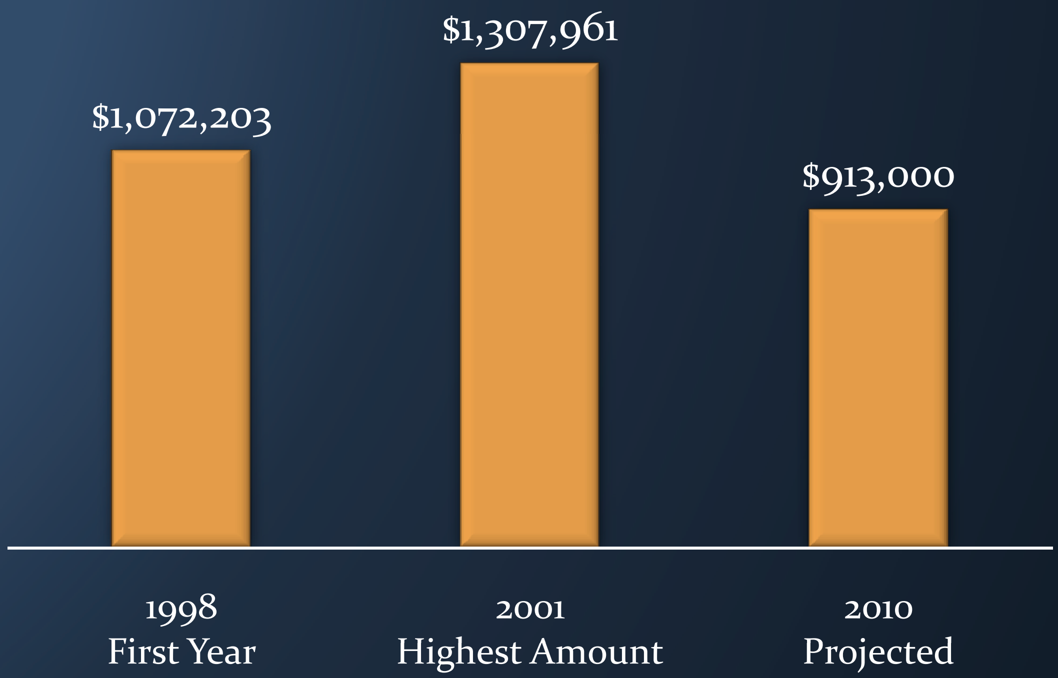

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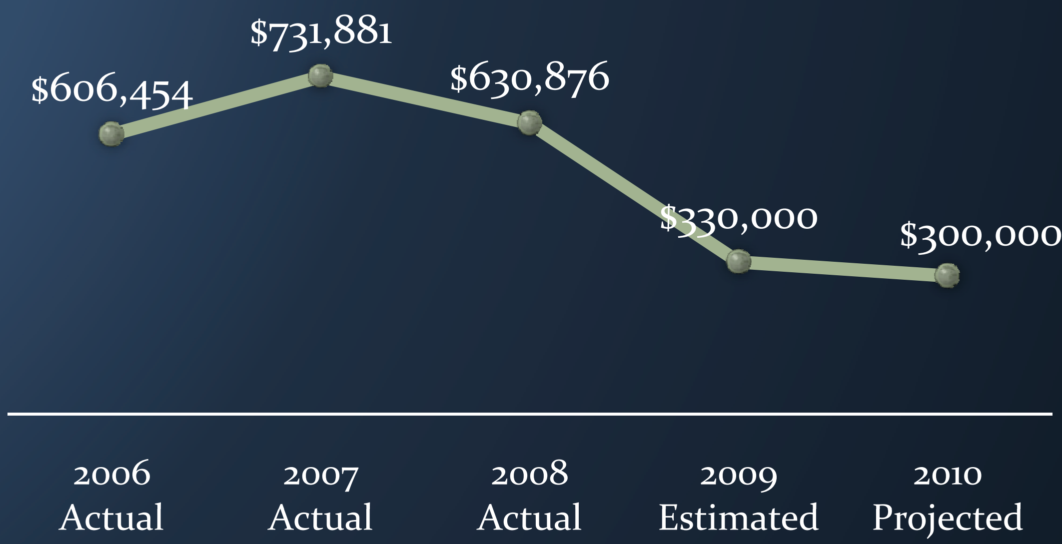
Interest on Investments
(General Fund)



- Due to the shift in the economy in 2008-2009, interest income dropped $245,000 from budget expectations and over $300,000 from what was received in 2008.
- We estimate interest income will continue a decline in FY 2009-2010.

FISCAL POSITION
2009-2010

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Act 51 Revenue
(Major & Local Streets)

- Act 51 (gas tax) revenue to the City declined following increased gas prices and reduced consumption in 2007-2008. Gas price declines have not reversed this trend.
- Since 2006 Act 51 revenue for Major and Local Streets has declined $44,000 (6%)

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Act 51 Revenue 10 Year History

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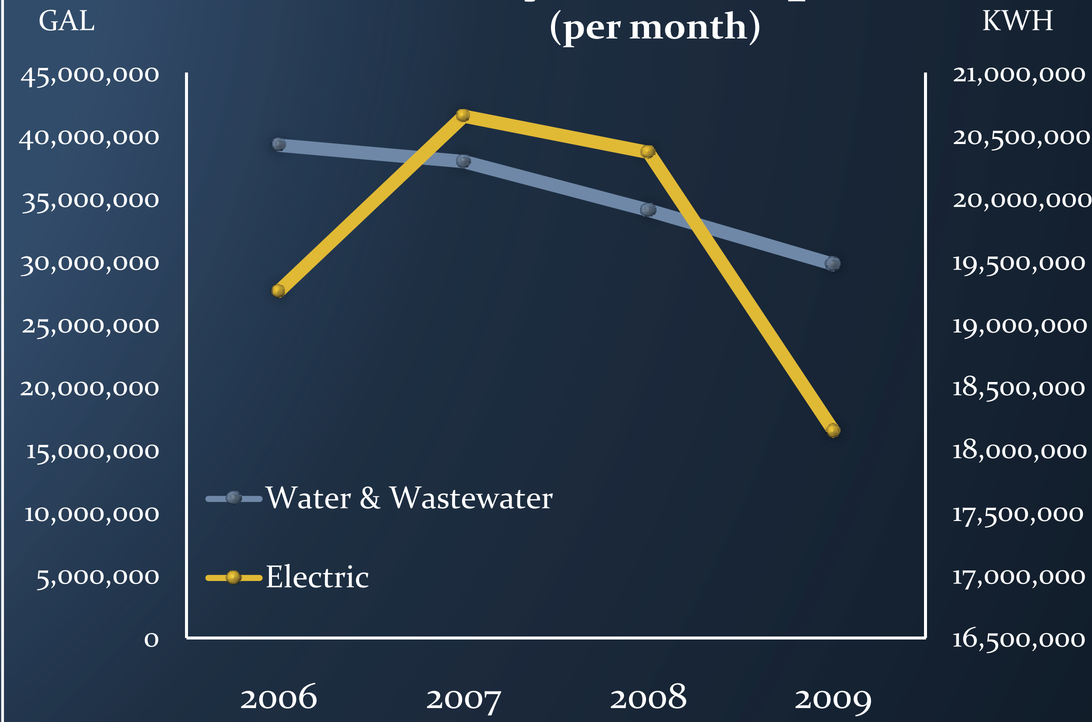
Utility Consumption
(per month)



- Average monthly water/sewer consumption declined by nearly 9,500,000 gallons (24%) over the last 5 years.
- Average monthly electric consumption declined slightly between 2007 and 2008 before a decrease of over 2 million KWH in 2009.
- This impacts revenue streams into the funds, necessitating rate adjustments to match rising expenses.

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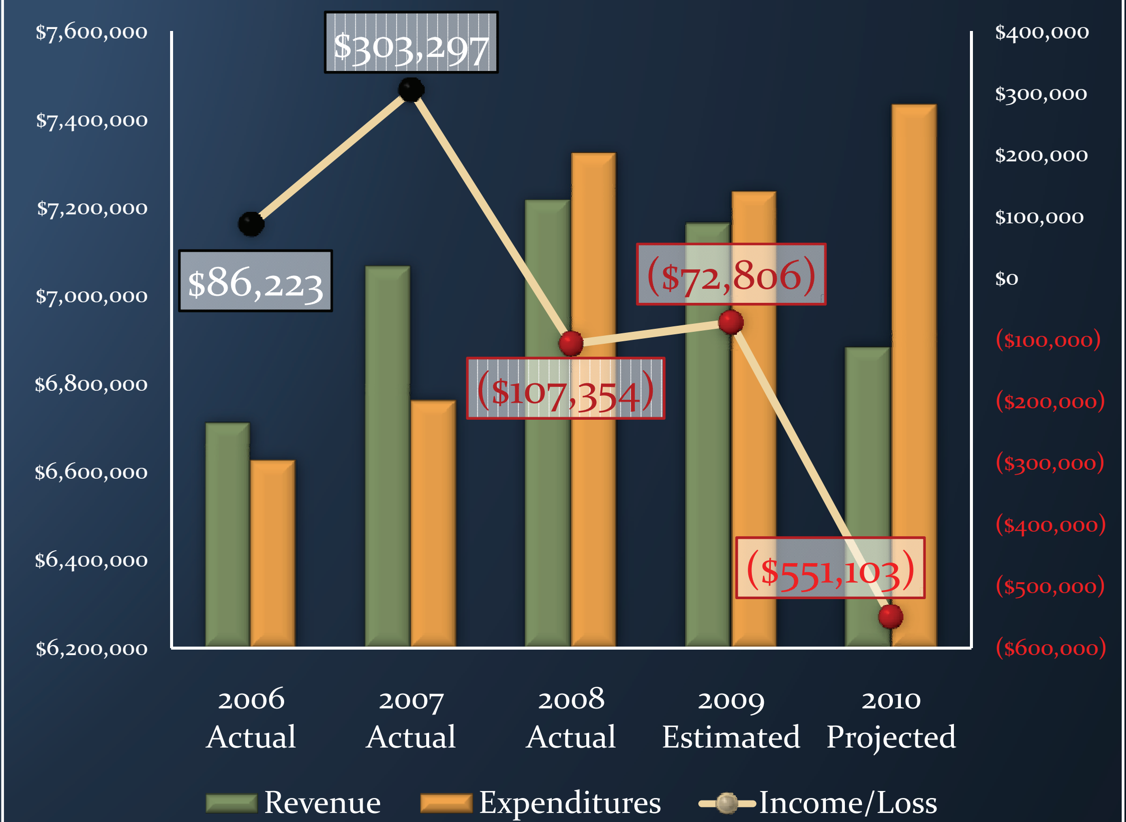
General Fund Performance



- Currently, the General Fund is projecting a loss of over $550,000 for FY 2009 / 2010.
- Many of the prior factors have contributed to a dramatic drop in General Fund revenue from 2008 to projected 2010.

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Change in General Fund Revenue

FY 2008 to FY 2010

Revenue Source	2007/2008 Actual	2009/2010 Projected	Change
Property Tax	$2,670,169	$ 2,842,044	$ 171,875
Payments In Lieu of Tax	$1,582,632	$1,599,515	$ 16,883
State Revenue Sharing	$1,051,131	$913,000	$ (138,131)
Interest on Investments	$630,876	$300,000	$ (330,876)
Other Revenue	$1,281,057	$1,228,503	$ (52,554)
Total	**$7,215,865**	**$6,883,062**	**$ (332,803)**

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2009-2010

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These accumulating factors leave us in the difficult position that many people face today, in business, government, and their personal life.

We must attempt to find solutions that not only alleviate this year's fiscal stress and provide us with a balanced budget, but which will also provide us financial stability moving forward.