



**FY 2012/13 First Quarter  
Financial Overview  
to City Council**

October 22, 2012





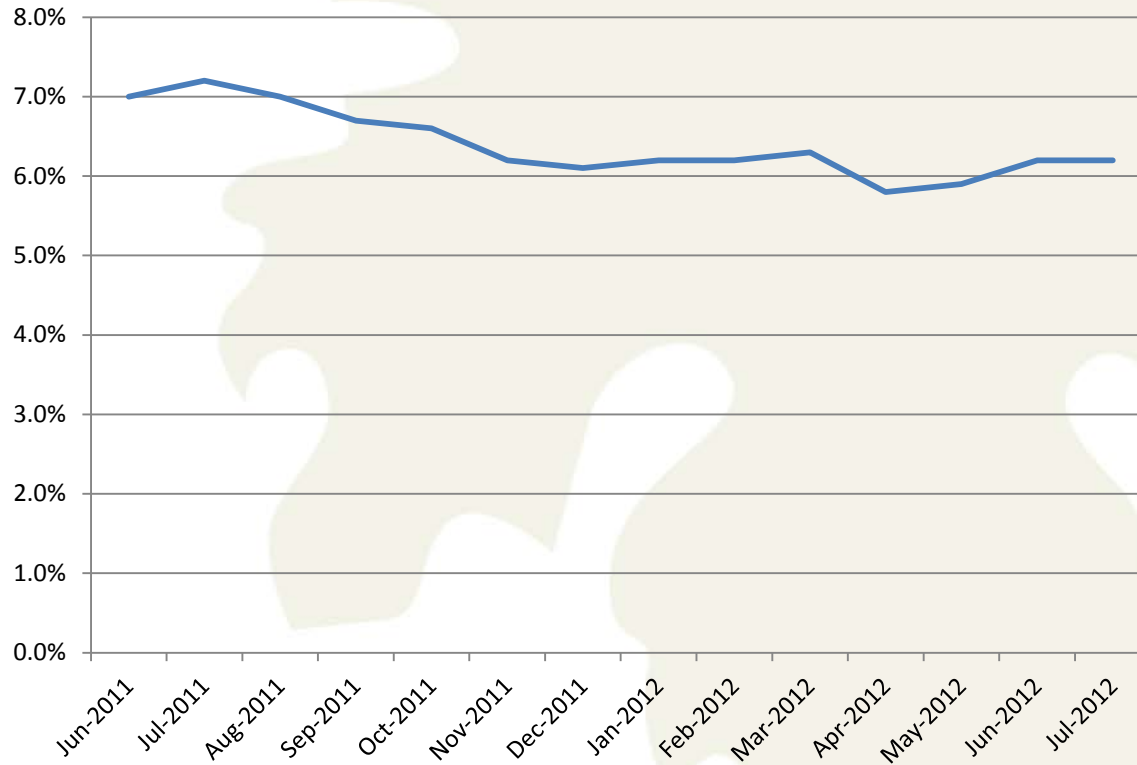
# Economic Indicators

Continue to Expect a Slow Steady Recovery:

- Indications are that Economy is slowly improving
- Good news tempered with real concerns
- Governments are typically last in and last out of economic cycles



# Economic Indicators: Livermore's Unemployment Rate





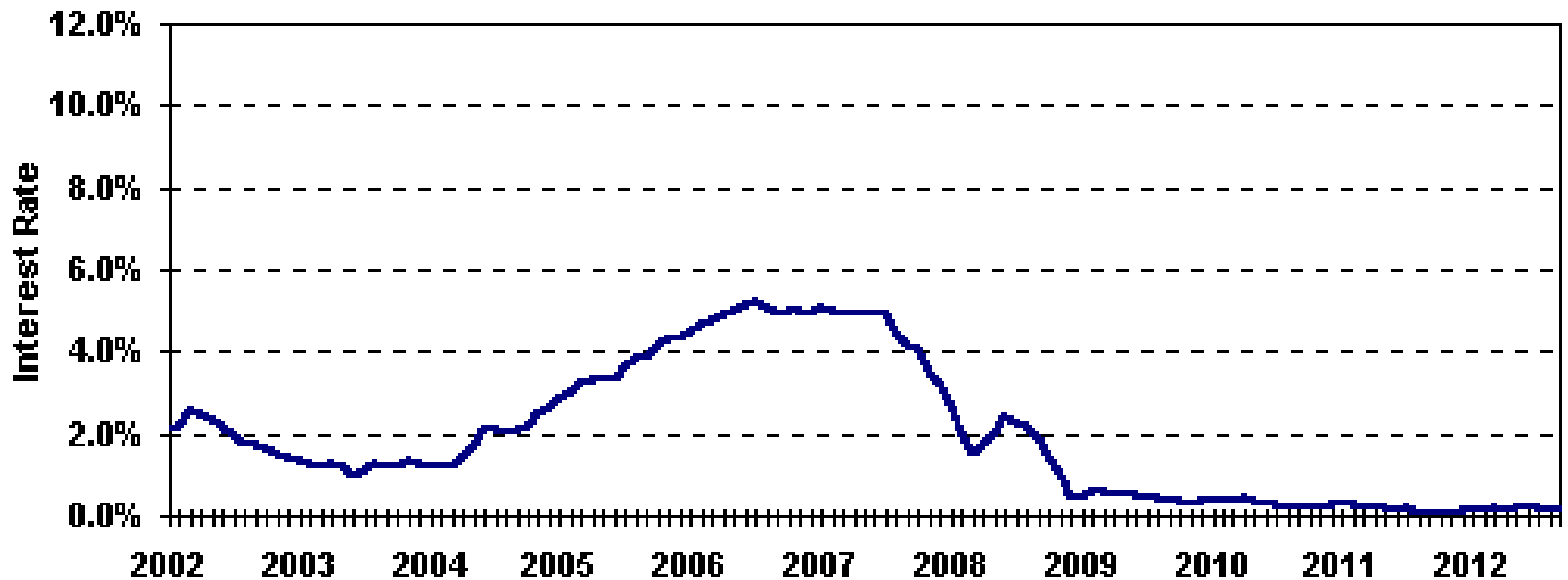
# Economic Indicators: Retail Sales

- **Retail Sales Post Another Strong Gain-** USA Today, August 17, 2012
- **Confident Consumers Give US Retail Sales a Lift-** Yahoo Finance, September 6, 2012
- **Strong Boost to Retail Sales for September 2012-** Wall Street Journal, October 15, 2012
- **Retail Sales Surge-** CNN Money, October 15, 2012

*All of the headlines are about a mere 1.1% “jump” in retail sales*

# Economic Indicators: Interest Rates

## 1 Year Constant Maturity Treasury Rate (CMT)



# Preliminary General Fund Results:

## Exclusive of Bad Debt Expense

Unaudited as of 6/30/12

	Budget	Actual	Variance
Revenues	\$ 75,087,010	\$ 76,169,744	\$ 1,082,734
Transfers In	1,389,500	1,338,490	(51,010)
<b>Total Sources</b>	<b>76,476,510</b>	<b>77,508,234</b>	1,031,724
Expenditures	72,219,640	71,783,239	436,401
Transfers Out	3,982,900	3,917,353	65,547
CIP	273,970	174,111	99,859
<b>Total Uses</b>	<b>76,476,510</b>	<b>75,874,703</b>	<b>601,807</b>
<b>Net gain (loss)</b>	<b>\$ -</b>	<b>\$ 1,633,531</b>	<b>\$ 1,633,531</b>

# Preliminary General Fund Results:

*We can add \$ to reserves*

Fund Balance Category:	Fiscal Year 2010-11	Fiscal Year 2011-12	% Reserve	Reserve Goal
Non-spendable	\$ 9,580,000	\$ 5,480,000	n/a	n/a
Committed (Operating Reserve)		11,500,000	15%	15%
Assigned (Economic Uncertainty)		5,300,000	7%	10%
Unassigned	16,350,000	1,150,000	1.5%	1.5%
Total General Fund Balance	<u>\$ 25,930,000</u>	<u>\$23,430,000</u>	<u>23.50%</u>	<u>26.50%</u>



# General Fund Issues: Underfunded Long-term Concerns

We're not out of the woods yet. We still have some underfunded activities in the General Fund:

- Capital Improvement Projects
- Fleet Replacement Program
- Fund Balance Reserves
- Retiree Medical Trust Funding





# Don't Forget About (OPEB)

## Other Post Employment Benefits

- Retiree Medical Benefits
- Defined Benefit vs. Defined Contribution
- Not Just a General Fund Concern
- Current Unfunded Actuarial Liability = \$93Million
- Actuarial Required Contribution (ARC)= \$9Million
  - *We continue to underfund the ARC, this is not sustainable.*

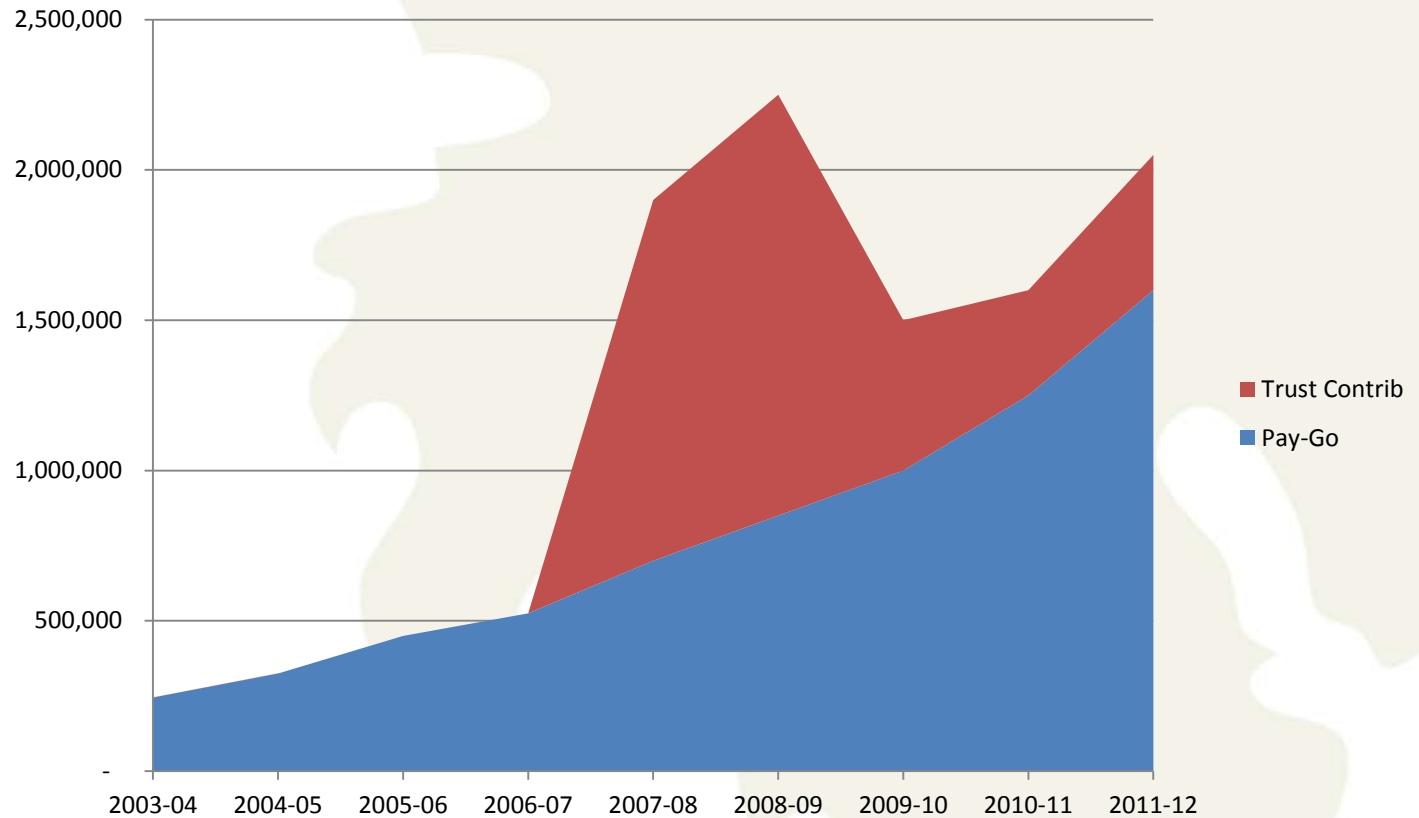


# OPEB Moving Forward

## Considerations and Factors in addressing OPEB:

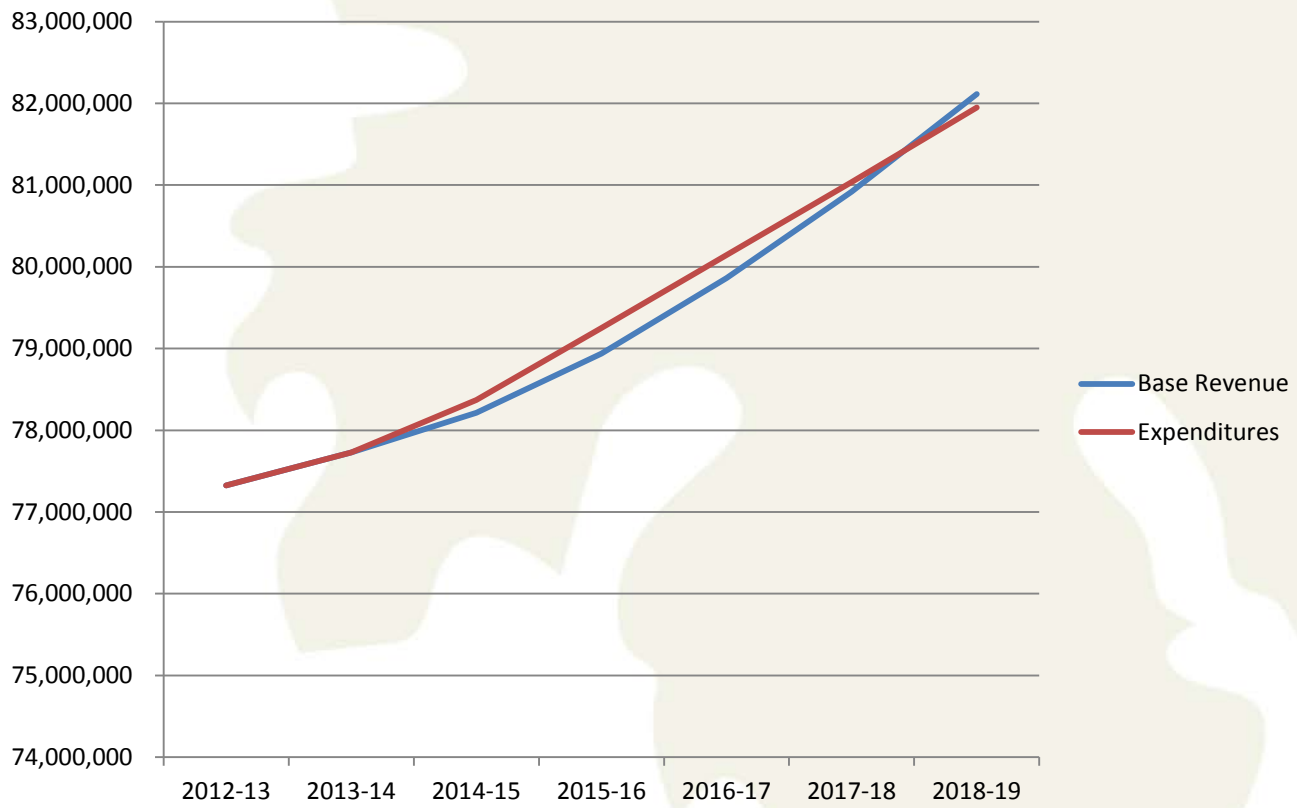
- Interest Rate from Trust Assets Invested in PARS
- 596 Plan Members
- 415 Active Participants (average age 44.9)
- 181 Retirees (average age 64.6)

# History of ARC Payments



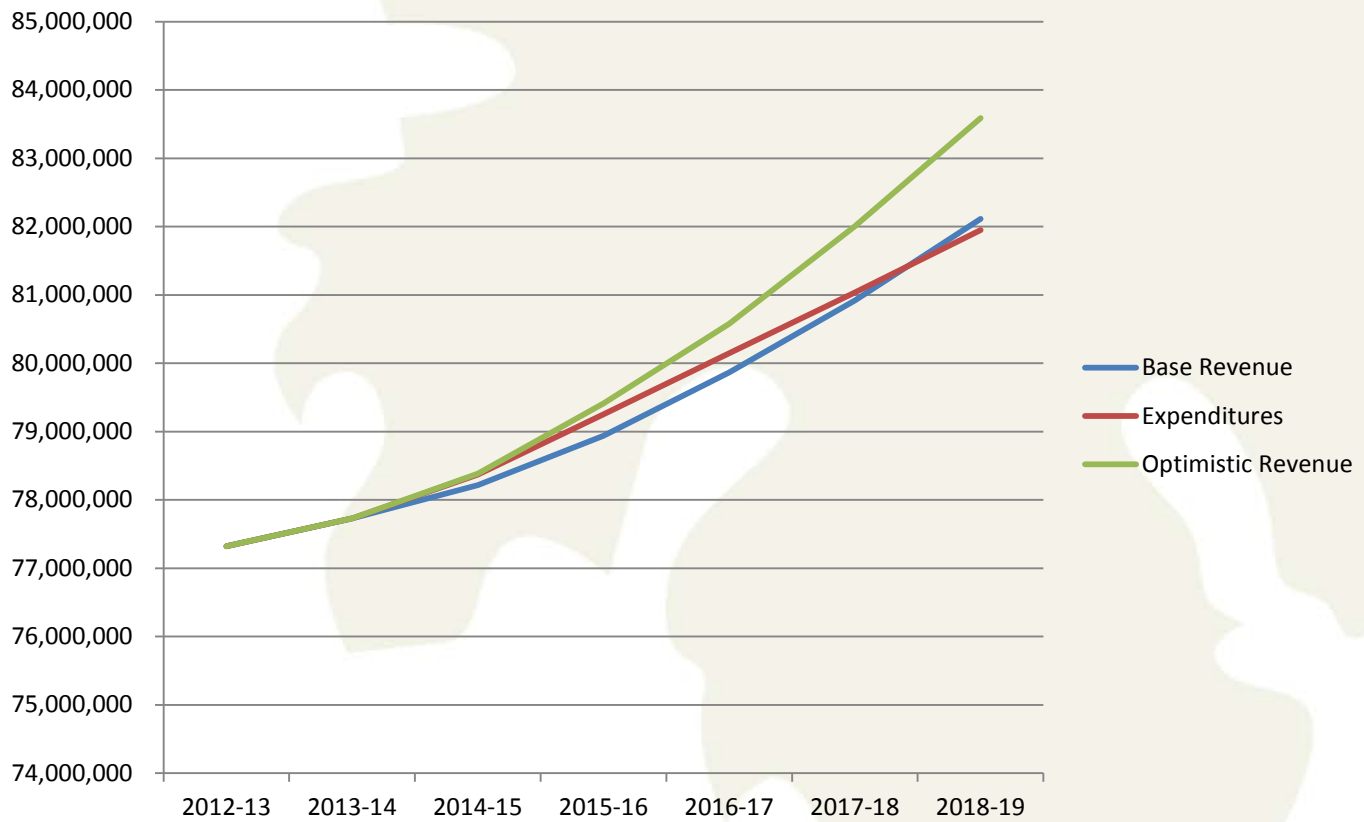


# 5 Year Projection-Base “Most Likely” Scenario



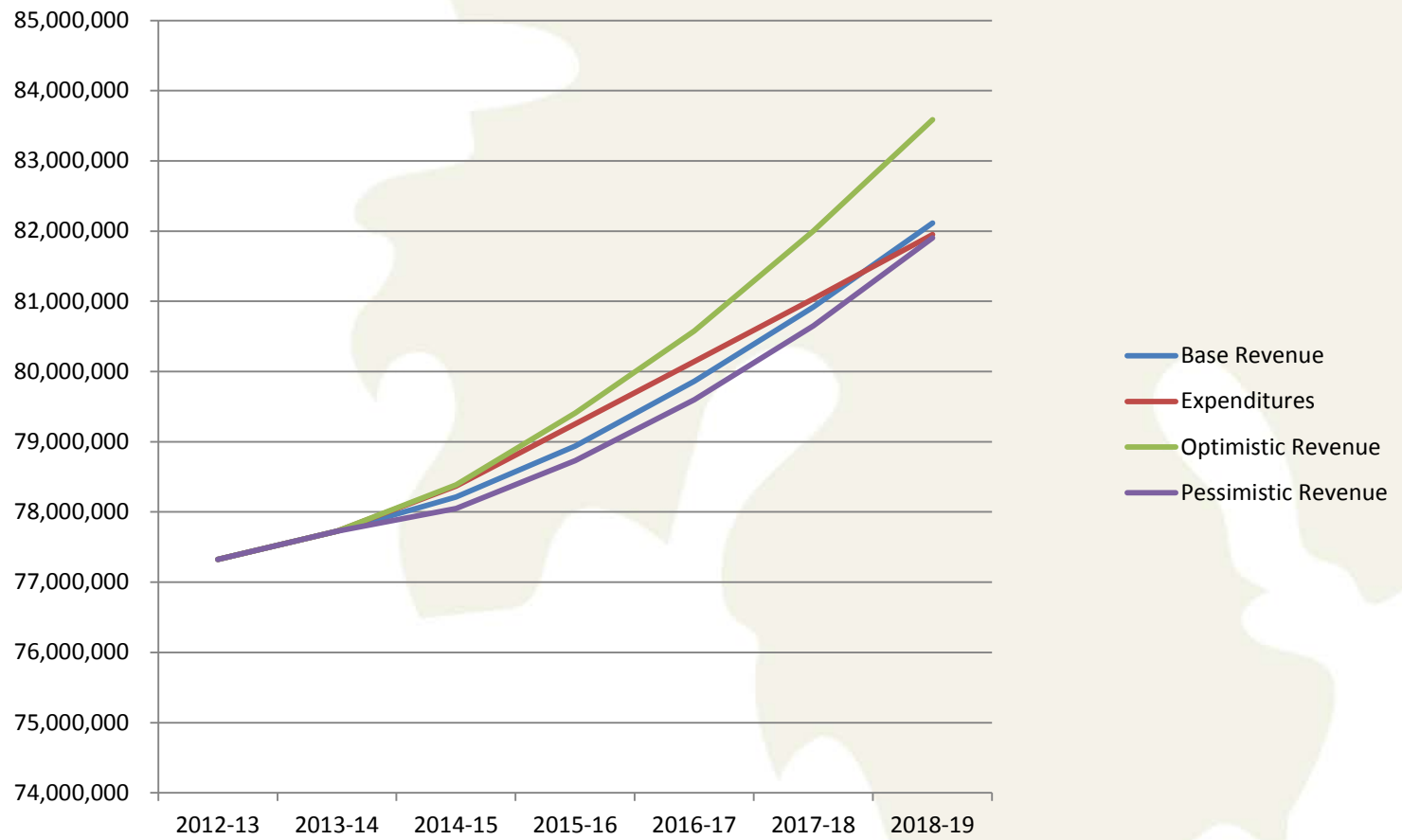


# 5 Year Projection "Optimistic" Scenario





# 5 Year Projection “Pessimistic” Scenario





# Discussion/Questions