



El Dorado Hills
COMMUNITY SERVICES DISTRICT

2009-19 Long Range Financial Forecast

Methods – Assumptions

- ▶ The eight-county region will be affected by recession.
- ▶ The region's economics will improve after 2009, but property taxes will not see growth until 2014.
- ▶ The District will continue to grow.
- ▶ Recreation programs will continue strong.
- ▶ Windfall revenues will be channeled into reserves or one-time projects.
- ▶ Capital equipment expenditures will remain at the 2008-09 level with a conservative increase year-over-year.
- ▶ Reserves will continue at the current level for contingency and deferred maintenance.



Methods - CAGR

Using the GASB model of

Compound annual growth rate (CAGR):

The year over year growth rate applied to an investment or other part of an activity over a multiple-year period.

CAGR is computed using the following formula:

$$[(Pv/Po)^{(1/n)}]-1$$

Where

Pv = Present Value

Po = Beginning Value

N = Number of Periods

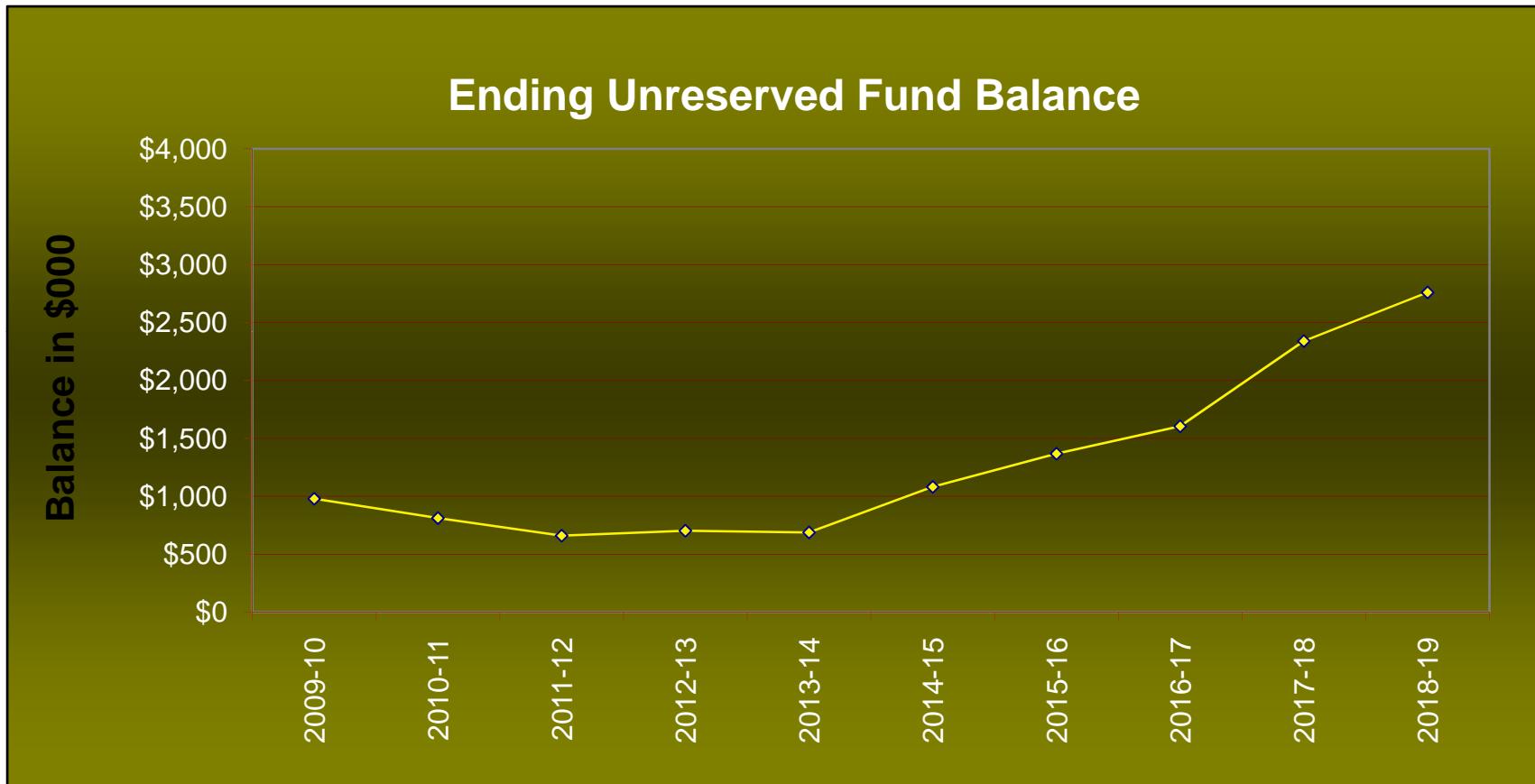


Methods – Analytical Research

1. Legislative Analyst's Office (LAO) "Perspectives on the Economy and Demographics" summary
 2. The 2008 Real Estate Market Forecast dated October 10, 2007 by the California Association of Realtors
 3. The Sacramento Business Journal April 18, 2008
 4. The Sacramento Bee, "Home Starts" article April 11, 2008
 5. Historical trends from El Dorado Hills CSD
 - a. Actual Revenues 2001/2007
 - b. Actual Expenditures 2001/2007
 6. The U.S. Consumer Price Index
 7. California State Department of Finance Demographic, Economic, Financial Research Unit
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Key Points – Fiscal Trend

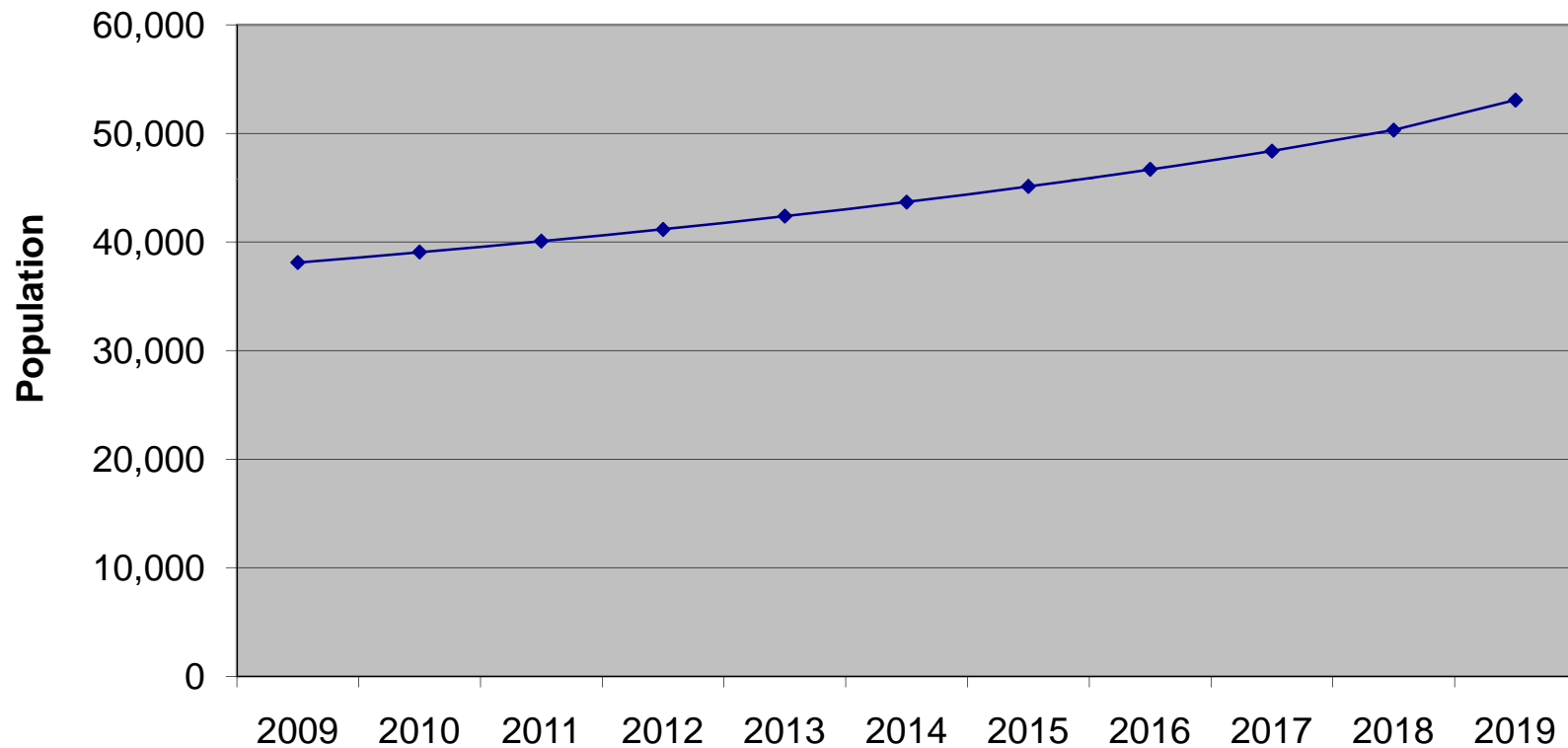


Going into economic uncertainty in the first few years of the study – with prudent management of expenditures and programs, the District is in great shape as the economy rebounds.



Key Points – Growth Pattern

EDHCSD FORECAST POPULATION GROWTH

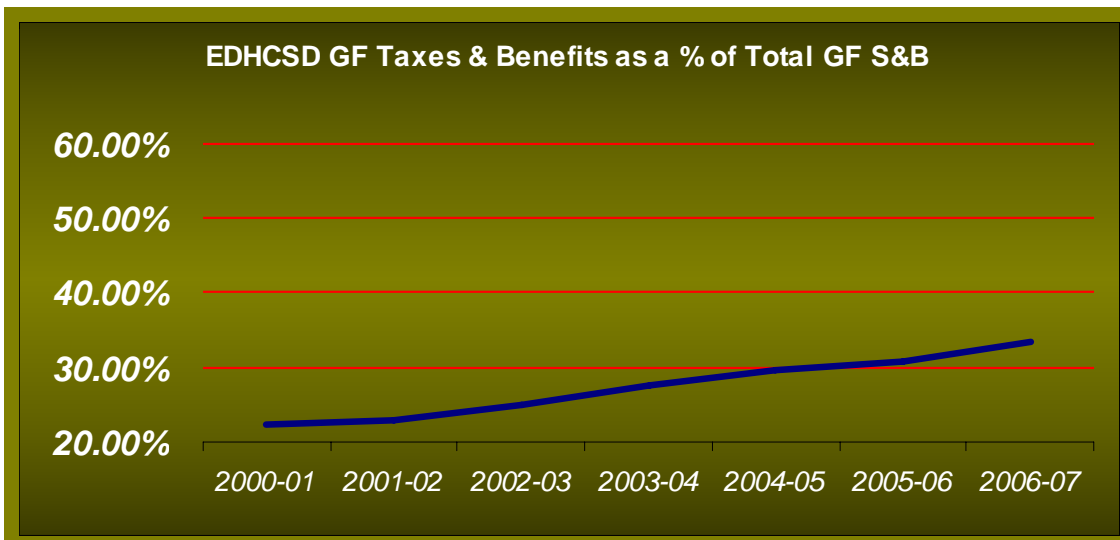
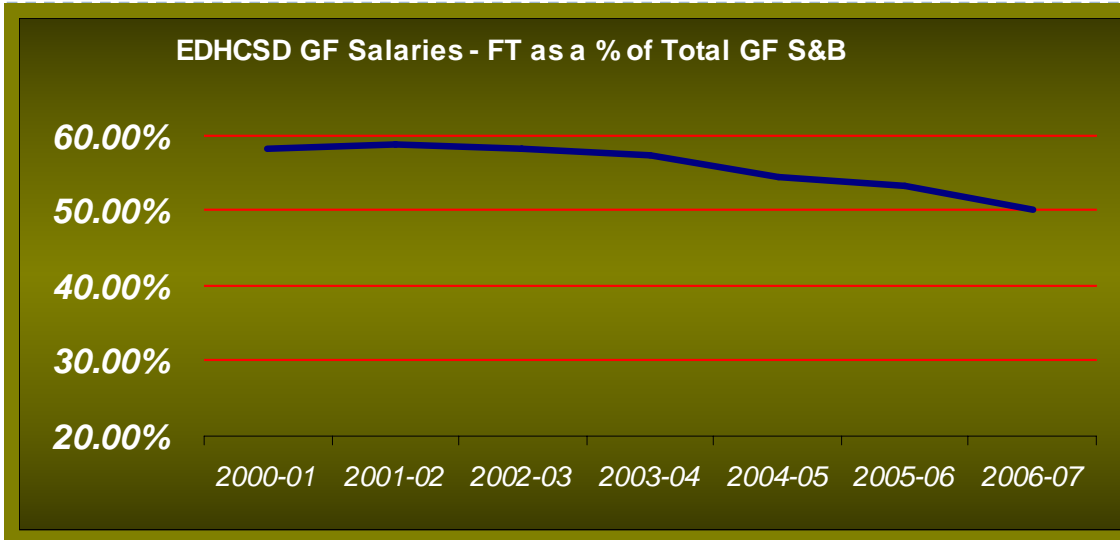


Growth will be slower than in the past, but the District will still enjoy healthy growth.



Key Points – Expenses

The historical proportion of salaries to the total of salaries & benefits shows that salaries will be less of a percentage of the whole, and benefits will become a larger burden.



Sustainable Budget

- ▶ Update the long range forecast each year and use it as a tool for estimating revenues and expenditures in the development of future budgets.
- ▶ Review essential questions to ascertain what services and programs can be supported over a long period of time with revenue constraints facing the District.
- ▶ Maintain the budget with discipline. Follow the policy that “all current operating expenditures will be financed with current revenues.”





El Dorado Hills

COMMUNITY SERVICES DISTRICT

With prudent fiscal management the District is in a good position going into times of economic uncertainty.