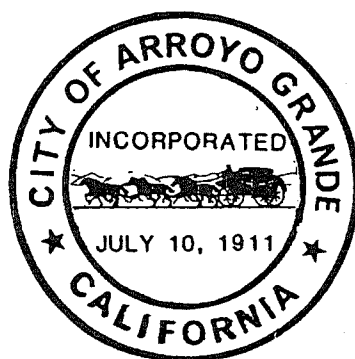


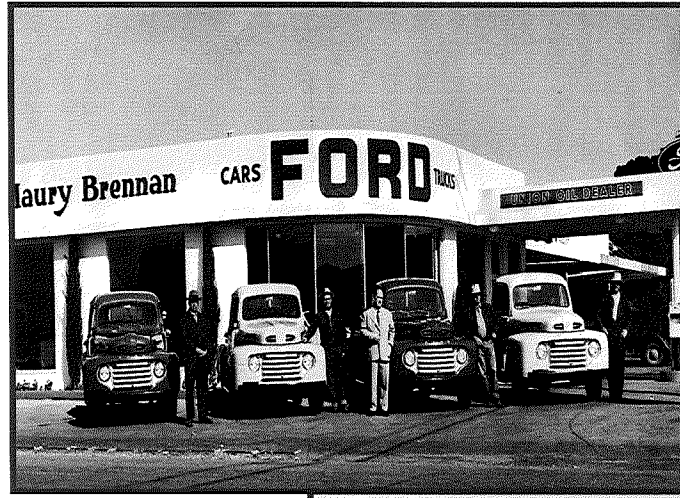
CITY OF ARROYO GRANDE



SECTION 8

LONG RANGE FINANCIAL PLAN

CITY OF ARROYO GRANDE



SECTION 8 LONG RANGE FINANCIAL PLAN

CITY OF ARROYO GRANDE

LONG RANGE FINANCIAL PLAN

Historical Trends

Historical Trends: Population, Housing and Cost of Living

Population

Fiscal Year Ending	Amount	Percent Change
1996	14,971	0.6%
1997	15,283	2.1%
1998	15,599	2.1%
1999	15,848	1.6%
2000	15,878	0.2%
2001	16,115	1.5%
2002	16,294	1.1%
2003	16,593	1.8%
2004	16,582	-0.1%
2005	16,537	-0.3%
2006	16,557	0.1%
2007	16,856	1.8%
2008	17,036	1.1%
2009	17,080	0.3%
2010	17,145	0.4%

State of California,

Consumer Price Index: U.S.

Fiscal Year Ending	Index Amount	Percent Change
1996	154.4	2.7%
1997	159.1	3.0%
1998	161.6	1.6%
1999	164.3	1.7%
2000	168.7	2.7%
2001	175.1	3.8%
2002	177.1	1.1%
2003	181.7	2.6%
2004	185.2	1.9%
2005	190.7	3.0%
2006	198.3	4.0%
2007	202.4	2.1%
2008	211.1	4.3%
2009	211.1	0.0%
2010	216.7	2.6%

U.S. City Average, All Urban Consumers
January 1 of Each Year

Consumer Price Index: So. Calif

Fiscal Year Ending	Index Amount	Percent Change
1996	155.7	0.9%
1997	159.1	2.2%
1998	161.0	1.2%
1999	164.2	2.0%
2000	167.9	2.3%
2001	174.2	3.8%
2002	178.9	2.7%
2003	185.2	3.5%
2004	181.7	-1.9%
2005	188.5	3.7%
2006	206.0	9.3%
2007	212.6	3.2%
2008	220.9	3.9%
2009	220.7	-0.1%
2010	224.6	1.8%

Los Angeles-Riverside-Orange
All Urban Consumers, January of Each Year

Compound Growth

Fiscal Year Ending	Percent Change
1996	3.3%
1997	5.2%
1998	3.7%
1999	3.3%
2000	2.9%
2001	5.3%
2002	2.3%
2003	4.5%
2004	1.9%
2005	2.7%
2006	4.1%
2007	3.9%
2008	5.4%
2009	0.3%
2010	3.0%

CPI based on U.S. City average as recommended by the U.S. Bureau of Labor Statistics which produces this data.

Annual Growth Rate

Last 2 Years	0.3%
Last 5 Years	0.7%
Last 10 Years	0.8%
Last 15 Years	0.9%

Annual Growth Rate

Last 2 Years	1.3%
Last 5 Years	2.6%
Last 10 Years	2.5%
Last 15 Years	2.5%

Annual Growth Rate

Last 2 Years	0.8%
Last 5 Years	3.6%
Last 10 Years	3.0%
Last 15 Years	2.6%

Annual Growth Rate

Last 2 Years	1.7%
Last 5 Years	3.3%
Last 10 Years	3.3%
Last 15 Years	3.4%

Arroyo Grande Housing Units

Fiscal Year Ending	Amount	Annual Change	Percent Change
1996	6,305	0	0.0%
1997	6,425	120	1.9%
1998	6,528	103	1.6%
1999	6,641	113	1.7%
2000	6,824	183	2.8%
2001	6,814	(10)	-0.1%
2002	6,957	143	2.1%
2003	7,101	144	2.1%
2004	6,935	(166)	-2.3%
2005	7,227	292	4.2%

What Do These Charts Show? Population, housing and inflation trends for the past 15 years. These are considered in making

Fiscal Year Ending	Amount	Annual Change	Percent Change
2006	7,304	77	1.1%
2007	7,476	172	2.4%
2008	7,565	89	1.2%
2009	7,611	46	0.6%
2010	7,627	16	0.2%

Annual Growth Rate

Last 2 Years	0.4%
Last 5 Years	1.1%
Last 10 Years	1.1%
Last 15 Years	1.3%

State Department of Finance, January 1 of Each Year

Historical Trends - Major Revenue Sources

Sales Tax**

Fiscal Year Ending	Amount	Percent Change
1996	1,659,038	9.9%
1997	1,663,524	0.3%
1998	1,986,694	19.4%
1999	2,031,715	2.3%
2000	2,684,004	32.1%
2001	2,842,729	5.9%
2002	3,069,234	8.0%
2003	3,201,889	4.3%
2004	3,315,875	3.6%
2005	3,460,478	4.4%
2006	3,674,807	6.2%
2007	3,545,608	-3.5%
2008	3,346,485	-5.6%
2009	2,995,454	-10.5%
2010	2,677,704	-10.6%

Property Tax**

Fiscal Year Ending	Amount	Percent Change
1996	1,548,315	1.1%
1997	1,579,770	2.0%
1998	1,643,302	4.0%
1999	1,773,866	7.9%
2000	1,936,879	9.2%
2001	2,226,544	15.0%
2002	2,385,222	7.1%
2003	2,494,453	4.6%
2004	2,851,860	14.3%
2005	2,966,405	4.0%
2006	3,307,589	11.5%
2007	3,804,250	15.0%
2008	3,829,962	0.7%
2009	3,919,177	2.3%
2010	3,693,703	-5.8%

Motor Vehicle In Lieu (VLF)

Fiscal Year Ending	Amount	Percent Change
1996	572,758	8.1%
1997	658,654	15.0%
1998	641,556	-2.6%
1999	703,308	9.6%
2000	787,816	12.0%
2001	859,307	9.1%
2002	900,718	4.8%
2003	939,695	4.3%
2004	755,112	-19.6%
2005	1,329,218	76.0%
2006	1,140,816	-14.2%
2007	1,228,344	7.7%
2008	1,276,366	3.9%
2009	1,321,352	3.5%
2010	1,288,036	-2.5%

Transfers

Fiscal Year Ending	Amount	Percent Change
1996	0	
1997	437,242	
1998	784,147	79.3%
1999	673,500	-14.1%
2000	605,753	-10.1%
2001	782,425	29.2%
2002	854,672	9.2%
2003	880,451	3.0%
2004	898,100	2.0%
2005	955,785	6.4%
2006	1,046,430	9.5%
2007	1,192,534	14.0%
2008	1,901,942	59.5%
2009	2,215,319	16.5%
2010	3,237,649	46.1%

Annual Growth Rate

	Actual	Adjusted*
Last Year	-10.6%	-15.2%
Last 2 Years	-10.5%	-12.0%
Last 5 Years	-4.8%	-7.9%
Last 10 Years	0.2%	-3.0%
Last 15 Years	4.4%	0.9%

Annual Growth Rate

	Actual	Adjusted*
Last Year	-5.8%	-10.6%
Last 2 Years	-1.7%	-3.3%
Last 5 Years	4.8%	1.4%
Last 10 Years	6.9%	3.4%
Last 15 Years	6.2%	2.7%

Annual Growth Rate

	Actual	Adjusted*
Last Year	-2.5%	-7.5%
Last 2 Years	0.5%	-1.1%
Last 5 Years	-0.3%	-3.5%
Last 10 Years	7.3%	3.8%
Last 15 Years	7.7%	4.1%

Annual Growth Rate

	Actual	Adjusted*
Last Year	46.1%	38.7%
Last 2 Years	31.3%	29.2%
Last 5 Years	29.1%	24.9%
Last 10 Years	19.5%	15.7%
Last 15 Years	19.3%	15.3%

* Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in revenues.

** Because there have been significant changes in the underlying factors that determine these three revenue sources, see the supplemental analysis that follows this summary.

What Do These Charts Show? The performance of each of our major revenue sources over the past 15 years, including comparisons with increases in population and inflation.

What are transfers? The City's General Fund provides personnel, supplies, and oversight services to other City funds. Payment for these services is done through operating and personnel transfers. Before FY 1996-97 these services were provided to the other funds free of charge.

Historical Trends - Major Revenue Sources

Recreation Fees & Services Chgs.

Fiscal Year Ending	Amount	Percent Change
1996	342,637	11.7%
1997	355,781	3.8%
1998	406,831	14.3%
1999	458,418	12.7%
2000	507,902	10.8%
2001	521,312	2.6%
2002	524,599	0.6%
2003	515,327	-1.8%
2004	509,488	-1.1%
2005	530,395	4.1%
2006	555,558	4.7%
2007	573,481	3.2%
2008	598,118	4.3%
2009	662,949	10.8%
2010	599,388	-9.6%

Building Permits & Licenses

Fiscal Year Ending	Amount	Percent Change
1996	132,522	27.4%
1997	199,554	50.6%
1998	260,314	30.4%
1999	496,831	90.9%
2000	333,917	-32.8%
2001	394,678	18.2%
2002	436,768	10.7%
2003	326,938	-25.1%
2004	288,931	-11.6%
2005	316,499	9.5%
2006	321,112	1.5%
2007	251,710	-21.6%
2008	197,256	-21.6%
2009	120,133	-39.1%
2010	153,356	27.7%

Franchise Fees

Fiscal Year Ending	Amount	Percent Change
1996	179,265	-1.5%
1997	199,674	11.4%
1998	200,230	0.3%
1999	211,316	5.5%
2000	317,162	50.1%
2001	619,490	95.3%
2002	443,004	-28.5%
2003	408,636	-7.8%
2004	515,406	26.1%
2005	526,792	2.2%
2006	566,000	7.4%
2007	588,841	4.0%
2008	621,987	5.6%
2009	639,776	2.9%
2010	604,325	-5.5%

Transient Occupancy Tax

Fiscal Year Ending	Amount	Percent Change
1996	253,728	10.3%
1997	184,998	-27.1%
1998	155,615	-15.9%
1999	185,060	18.9%
2000	196,748	6.3%
2001	268,952	36.7%
2002	347,564	29.2%
2003	369,956	6.4%
2004	399,794	8.1%
2005	390,670	-2.3%
2006	434,986	11.3%
2007	449,474	3.3%
2008	437,164	-2.7%
2009	389,067	-11.0%
2010	348,014	-10.6%

Annual Growth Rate

	Actual	Adjusted*
Last Year	-9.6%	-14.2%
Last 2 Years	0.6%	-1.0%
Last 5 Years	2.7%	-0.6%
Last 10 Years	1.8%	-1.5%
Last 15 Years	4.8%	1.3%

Annual Growth Rate

	Actual	Adjusted*
Last Year	27.7%	21.1%
Last 2 Years	-5.7%	-7.3%
Last 5 Years	-10.6%	-13.5%
Last 10 Years	-5.2%	-8.2%
Last 15 Years	7.7%	4.1%

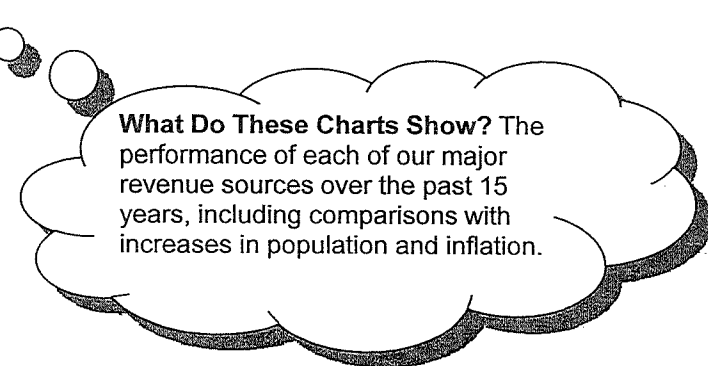
Annual Growth Rate

	Actual	Adjusted*
Last Year	-5.5%	-10.4%
Last 2 Years	-1.3%	-2.9%
Last 5 Years	2.9%	-0.4%
Last 10 Years	10.2%	6.6%
Last 15 Years	11.2%	7.5%

Annual Growth Rate

	Actual	Adjusted*
Last Year	-10.6%	-15.1%
Last 2 Years	-10.8%	-12.2%
Last 5 Years	-1.9%	-5.1%
Last 10 Years	6.9%	3.4%
Last 15 Years	4.1%	0.6%

* Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in revenues.



Historical Trends - General Fund Expenditures

General Fund Operating Expenditures - Actual

Fiscal Year	Actual	Percent of Total
Ended June 30, 2010		
Public Safety	\$7,178,176	55%
Public Works	745,319	6%
Leisure, Cultural & Social Services	1,818,184	14%
Building & Community Development	689,528	5%
General Government	2,587,120	20%
TOTAL	13,018,327	100%

General Fund Operating Expenditures 15 Year Trends

Fiscal Year Ending	Amount	Percent Change
1996	5,883,516	4.9%
1997	6,219,711	5.7%
1998	7,916,820	27.3%
1999	8,174,907	3.3%
2000	8,604,693	5.3%
2001	8,666,312	0.7%
2002	9,298,470	7.3%
2003	10,178,041	9.5%
2004	11,207,143	10.1%
2005	12,136,723	8.3%
2006	12,750,691	5.1%
2007	13,678,887	7.3%
2008	13,972,711	2.1%
2009	14,173,134	1.4%
2010	13,018,327	-8.1%

Average Annual Growth Rate

	Actual	Adjusted*
Last Year	-8.1%	-10.8%
Last 2 Years	-3.4%	-4.9%
Last 5 Years	1.6%	-1.7%
Last 10 Years	4.4%	1.0%
Last 15 Years	6.0%	2.5%

* Adjusted for compound changes in population and cost of living (CPI) in order to reflect "true" growth in expenditures

General Fund Expenditures and Uses By Type - Actual

Fiscal Year	Actual	Percent of Total
Ended June 30, 2010		
Salaries & Benefits	\$10,289,663	79%
Services & Supplies	2,362,704	18%
Operating Equipment	232,210	2%
Capital Projects	0	0%
Debt Svc. & Transfers	133,750	1%
TOTAL	13,018,327	100%

General Fund Salary & Benefit Costs: 15 Year Trends

Fiscal Year Ending	Actual	Adjusted *
1996	4,013,871	3,907,300
1997	4,652,176	4,394,900
1998	5,168,277	4,806,900
1999	5,512,064	5,042,400
2000	5,953,871	5,304,500
2001	6,420,978	5,511,600
2002	6,957,136	5,904,300
2003	7,578,991	6,269,200
2004	8,628,323	7,002,400
2005	9,311,244	7,338,600
2006	10,054,246	7,620,500
2007	10,719,722	7,960,300
2008	11,130,546	7,924,800
2009	10,848,358	7,723,900
2010	10,289,663	7,136,800

Average Annual General Fund Expenditures

	Actual	Adjusted*
Last Year	10,289,663	7,136,800
Last 2 Years	10,569,000	7,430,400
Last 5 Years	10,608,500	7,673,300
Last 10 Years	9,193,900	7,039,200
Last 15 Years	7,816,000	6,256,600

* Adjusted for changes in cost of living (CPI)

CITY OF ARROYO GRANDE

LONG RANGE FINANCIAL PLAN

General Fund Ten Year Financial Plan (Minimum 15% Fund Balance Goal)

In Thousands	Actual	Actual	Actual	Estimated	Projected	Projected	TEN YEAR FINANCIAL PLAN									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
REVENUES & OTHER SOURCES																
Taxes																
Sales Tax - General	\$ 3,241	\$ 2,899	\$ 2,584	\$ 2,917	\$ 2,947	\$ 3,013	\$ 3,043	\$ 3,074	\$ 3,120	\$ 3,166	\$ 3,230	\$ 3,294	\$ 3,377	\$ 3,461	\$ 3,565	\$ 3,672
Sales Tax - Proposition 172	105	97	94	100	110	110	111	112	114	116	118	120	123	126	130	134
Property Tax	3,738	3,852	3,630	3,655	3,584	3,584	3,584	3,602	3,638	3,693	3,766	3,879	3,996	4,116	4,239	4,366
Transient Occupancy Tax	437	389	348	360	500	550	561	572	584	595	613	632	651	670	690	711
Business Licenses	81	79	80	80	80	80	82	85	87	90	93	96	99	101	105	108
Franchise Fees	622	640	604	520	540	540	551	562	573	585	596	608	620	633	645	658
Real Property Transfer Tax	93	67	63	62	64	64	66	68	70	72	74	77	79	81	84	86
Aid From Other Governments																
Motor Vehicle In Lieu	1,276	1,321	1,288	1,290	1,285	1,285	1,285	1,291	1,304	1,324	1,350	1,391	1,433	1,476	1,520	1,565
Other Subventions & Grants	287	298	350	1,096	260	170	173	177	180	184	188	191	195	199	203	207
Service Charges																
Recreation Fees	598	663	599	527	524	524	540	556	573	590	608	626	645	665	685	706
Permits & Licenses	198	175	208	205	205	205	211	218	224	231	238	245	252	260	268	276
Community Development Charges	145	116	165	108	108	110	112	114	117	119	121	124	126	129	131	134
Other Service Charges	455	299	296	111	111	111	113	115	118	120	123	125	128	130	133	135
Other Revenues																
Fines & Forfeitures	117	104	77	71	85	85	87	88	90	92	94	96	98	100	102	104
Use of Money & Property	279	277	244	248	290	295	301	307	313	319	326	332	339	346	353	360
Other Revenues	633	831	193	90	69	91	94	97	99	103	106	109	112	115	119	123
Transfers																
Personnel, Cost & Operating Transfers	1,902	2,215	3,238	2,340	2,320	2,320	2,343	2,367	2,399	2,431	2,472	2,515	2,567	2,620	2,683	2,749
Total Revenues	14,207	14,322	14,061	13,780	13,082	13,137	13,258	13,405	13,603	13,830	14,116	14,460	14,839	15,228	15,654	16,093
EXPENDITURES & OTHER USES																
Salary & Benefits	11,131	10,848	10,290	8,370	8,958	9,400	9,494	9,589	9,733	9,879	10,076	10,278	10,535	10,798	11,122	11,456
Pre-fund Retiree Medical Costs	-	-	-	-	-	200	200	200	200	200	200	200	200	200	200	200
Operating Programs	2,599	2,378	2,362	3,883	4,230	3,978	4,018	4,058	4,099	4,140	4,181	4,223	4,265	4,308	4,351	4,394
Debt Service	13	123	134	134	177	196	200	200	200	200	200	200	200	200	200	200
Capital Outlay	204	719	232	978	64	67	200	200	225	225	225	250	250	250	250	250
Transfers Out	26	105	-	415	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	13,973	14,173	13,018	13,780	13,429	13,841	14,112	14,247	14,456	14,643	14,882	15,151	15,450	15,756	16,123	16,500
Revenues Over/(Under) Expend.	234	149	1,043	-	(347)	(704)	(854)	(842)	(853)	(814)	(766)	(691)	(611)	(528)	(469)	(407)
Use of Reserves																
					350	350										
Total Operating Excess/(Deficit)																
					3	(354)										
FUND BALANCE																
Fund Balance Goal-15% Expenditures					2,014	2,076	2,117	2,137	2,168	2,196	2,232	2,273	2,317	2,363	2,418	2,475
START OF YEAR	1,808	2,042	2,191	3,234	3,234	2,887	2,183	1,329	487	(366)	(1,179)	(1,945)	(2,636)	(3,247)	(3,775)	(4,244)
END OF YEAR	2,042	2,191	3,234	3,234	2,887	2,183	1,329	487	(366)	(1,179)	(1,945)	(2,636)	(3,247)	(3,775)	(4,244)	(4,651)
FUND BALANCE GOAL - Excess/(Gap)					873	107	(788)	(1,650)	(2,534)	(3,376)	(4,178)	(4,909)	(5,565)	(6,139)	(6,662)	(7,126)

■ Retiree Medical Cost is based on Actuarial estimates

Excess/(Gap) toward Fund Balance Goal

PROJECTION FACTORS	Historical Trends				TEN YEAR FINANCIAL PLAN PROJECTIONS										
	Last Year	Last 5 Yrs	Last 10 Yrs	Last 15 Yrs	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
DEMOGRAPHICS	<i>Annualized Percent Changes</i>														
Population	0.4%	0.7%	0.8%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Housing Units	0.2%	1.1%	1.1%	1.3%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Inflation	1.8%	3.6%	3.0%	2.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Compound Pop & Inflation	3.0%	3.3%	3.3%	3.4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
KEY REVENUES	<i>Annualized Percent Changes</i>														
Sales Tax	-10.6%	-4.8%	0.2%	4.4%	1.0%	1.0%	1.5%	1.5%	2.0%	2.0%	2.5%	2.5%	3.0%	3.0%	
Property Tax (Assessed Value)	-5.8%	4.8%	6.9%	6.2%	0.0%	0.5%	1.0%	1.5%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
TOT	-10.6%	-1.9%	6.9%	4.1%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Business License/Tax					<i>2012-13 Projection Plus Compound Population and Inflation</i>										
Franchise Fees	-5.5%	2.9%	10.2%	11.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Motor Vehicle In Lieu	-2.5%	-0.3%	7.3%	7.7%	0.0%	0.5%	1.0%	1.5%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Development Review Fees					<i>2012-13 Projection Plus Compound Population and Inflation</i>										
Recreation Fees					<i>2012-13 Projection Plus Compound Population and Inflation</i>										
EXPENDITURES	<i>Annualized Percent Changes</i>														
Salary & Benefits	-5.0%	7.4%	7.4%	7.7%	<i>Adjusted Annually by Inflation and Population</i>										
Operating Programs	-8.1%	1.6%	4.4%	6.0%	1.0%	1.0%	1.5%	1.5%	2.0%	2.0%	2.5%	2.5%	3.0%	3.0%	
Debt Service					1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
					<i>Based on Lease Purchase Contract for Vehicle Replacement</i>										

Detailed Factors Used in Making the Ten Year Projections