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## MEMO

## VI-C

To: Dr. Robert O'Donnell

From: Jeffrey Ammerman

Date: November 10, 2011

Subject: Budget Estimates

We will need to introduce a preliminary budget by mid-December and approve one by late January. To attempt to develop a working framework, there are a number of estimates of revenue and expenses attached to this memo. Because of the many unknowns at this time, various levels of increases in expenses and revenues are presented to see what would happen not only in 2012-13, but over the course of the next five years. As more clarity develops throughout the year, these estimates will be refined.

For revenue estimates, a conservative approach was taken on the local side. The only revenue that is increased over the five year period is real estate revenue. 1% annual assessed value growth is assumed (the average over the past 3 years) and then various levels of tax rate changes are shown. All other local revenue is assumed to be flat.

Federal revenue was assumed to be flat over the five year period. All state revenues with the exception of the state share of social security and PSERS were also held flat. In the past, especially at the state level this would be considered a conservative estimate. Last year, state revenues decreased so these estimates may not be as conservative as they appear. We will not know the proposed Governor's budget until February so we will not be able to factor that into the preliminary budget process.

On the expense side of the equation, health insurance was assumed to increase at 12% annually, PSERS was calculated based on currently published rates, debt service is per the existing schedule (with a projection for the refinancing that will take place in 2013), minor capital projects increased at a 4% rate, and all other items were changed at either the current Act 1 index or 0%. The \$1 million contribution to capital reserve that

occurred in 2011-12 was presumed to continue for each of the next five years and the PSERS pre-funding/fund balance drawdown strategy that had been implemented previously was assumed to continue.

A summary of these assumptions on revenue and expenses were then put together to show what the impact would be over the course of the next five years. Let me restate that this is not exactly what we anticipate to happen over the course of the next five years. When we pass final budgets each year, we will have better information about what is occurring in each of those years. Still, it is useful to make some assumptions that are reasonable based on what conditions currently exist to see what would happen if they continued to exist for each of the next five years.

On the revenue side, it is hoped that the state will at some point increase our revenues. We also hope that earned income tax will grow at some point in the next five years (as well as some other local revenues). To the degree any of those things happen, the financial picture will be brighter.

**Revenue Budget-No Annual Tax Increase, 1% Assessed Value Growth,  
Only State Share of PSERS/Social Security Increase**

**LOCAL**

		12-13 1% Assessed Value Growth only, no tax increase	13-14 1% Assessed Value Growth only, no tax increase	14-15 1% Assessed Value Growth only, no tax increase	15-16 1% Assessed Value Growth only, no tax increase	16-17 1% Assessed Value Growth only, no tax increase
	2011-12 Budget					
<b>CURRENT REAL ESTATE TAX</b>	<b>74,627,573</b>	<b>75,373,849</b>	<b>76,127,587</b>	<b>76,888,863</b>	<b>77,657,752</b>	<b>78,434,329</b>
EARNED INCOME TAX	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
REALTY TRANSFER TAX	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
INTERIM REAL ESTATE TAX	900,000	900,000	900,000	900,000	900,000	900,000
IDEA-B	600,000	600,000	600,000	600,000	600,000	600,000
PAYMENTS IN LIEU OF TAX	400,000	400,000	400,000	400,000	400,000	400,000
LOCAL SERVICES TAX	300,000	300,000	300,000	300,000	300,000	300,000
MISC LOCAL REVENUE	300,000	300,000	300,000	300,000	300,000	300,000
ADULT EDUCATION TUITION	200,000	200,000	200,000	200,000	200,000	200,000
PUBLIC UTILITY REALTY TAX	100,000	100,000	100,000	100,000	100,000	100,000
INTEREST ON INVESTMENTS	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>TOTAL LOCAL</b>	<b>94,127,573</b>	<b>94,873,849</b>	<b>95,627,587</b>	<b>96,388,863</b>	<b>97,157,752</b>	<b>97,934,329</b>

**STATE**

BASIC ED INSTR SUBSIDY	6,307,886	6,307,886	6,307,886	6,307,886	6,307,886	6,307,886
SPECIAL ED REVENUE-REGULR	3,221,641	3,221,641	3,221,641	3,221,641	3,221,641	3,221,641
<b>REV. FOR RETIREMENT</b>	<b>2,479,263</b>	<b>3,550,825</b>	<b>4,944,278</b>	<b>6,381,069</b>	<b>7,249,419</b>	<b>7,634,410</b>
REV. FOR SOCIAL SECURITY	2,159,213	2,195,920	2,233,250	2,271,216	2,309,826	2,349,093
PROPERTY TAX REDUCTION	1,426,724	1,426,724	1,426,724	1,426,724	1,426,724	1,426,724
TRANSPORTATION REVENUE	900,000	900,000	900,000	900,000	900,000	900,000
BOND REIMBURSEMENTS	300,000	300,000	300,000	300,000	300,000	300,000
HEALTH SERVICES REVENUE	150,000	150,000	150,000	150,000	150,000	150,000
PA ACCOUNTABILITY GRANT	128,440	128,440	128,440	128,440	128,440	128,440
VOCATIONAL EDUCATION	100,000	100,000	100,000	100,000	100,000	100,000
TUITION - 1305/1306	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>
<b>TOTAL STATE</b>	<b>17,238,167</b>	<b>18,346,436</b>	<b>19,777,219</b>	<b>21,251,976</b>	<b>22,158,936</b>	<b>22,583,194</b>

**FEDERAL**

TITLE I REVENUE	575,000	575,000	575,000	575,000	575,000	575,000
TITLE II REVENUE	290,000	290,000	290,000	290,000	290,000	290,000
ACCESS FUNDS	260,000	260,000	260,000	260,000	260,000	260,000
TITLE III REVENUE	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>
<b>TOTAL FEDERAL</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>
<b>TOTAL REVENUE</b>	<b>112,611,740</b>	<b>114,466,285</b>	<b>116,650,806</b>	<b>118,886,839</b>	<b>120,562,688</b>	<b>121,763,524</b>

Change in Revenue 1,854,545 2,184,522 2,236,032 1,675,849 1,200,836

Assume no annual tax increase with 1% assessed value growth

**Revenue Budget-1.7% Annual Tax Increase, 1% Assessed Value Growth,  
Only State Share of PSERS/Social Security Increase**

**LOCAL**

			13-14 No Exceptions, Act 1 Index Increase, and 1% Assessed Value Growth	14-15 No Exceptions, Act 1 Index Increase, and 1% Assessed Value Growth	15-16 No Exceptions, Act 1 Index Increase, and 1% Assessed Value Growth	16-17 No Exceptions, Act 1 Index Increase, and 1% Assessed Value Growth
	2011-12 Budget	12-13 No Exceptions, Act 1 Index Increase, and 1% Assessed Value Growth				
<b>CURRENT REAL ESTATE TAX</b>	<b>74,627,573</b>	<b>76,647,573</b>	<b>78,717,057</b>	<b>80,842,418</b>	<b>83,025,163</b>	<b>85,266,843</b>
EARNED INCOME TAX	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
REALTY TRANSFER TAX	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
INTERIM REAL ESTATE TAX	900,000	900,000	900,000	900,000	900,000	900,000
IDEA-B	600,000	600,000	600,000	600,000	600,000	600,000
PAYMENTS IN LIEU OF TAX	400,000	400,000	400,000	400,000	400,000	400,000
LOCAL SERVICES TAX	300,000	300,000	300,000	300,000	300,000	300,000
MISC LOCAL REVENUE	300,000	300,000	300,000	300,000	300,000	300,000
ADULT EDUCATION TUITION	200,000	200,000	200,000	200,000	200,000	200,000
PUBLIC UTILITY REALTY TAX	100,000	100,000	100,000	100,000	100,000	100,000
INTEREST ON INVESTMENTS	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>TOTAL LOCAL</b>	<b>94,127,573</b>	<b>96,147,573</b>	<b>98,217,057</b>	<b>100,342,418</b>	<b>102,525,163</b>	<b>104,766,843</b>

**STATE**

BASIC ED INSTR SUBSIDY	6,307,886	6,307,886	6,307,886	6,307,886	6,307,886	6,307,886
SPECIAL ED REVENUE-REGULR	3,221,641	3,221,641	3,221,641	3,221,641	3,221,641	3,221,641
<b>REV. FOR RETIREMENT</b>	<b>2,479,263</b>	<b>3,550,825</b>	<b>4,944,278</b>	<b>6,381,069</b>	<b>7,249,419</b>	<b>7,634,410</b>
REV. FOR SOCIAL SECURITY	2,159,213	2,195,920	2,233,250	2,271,216	2,309,826	2,349,093
PROPERTY TAX REDUCTION	1,426,724	1,426,724	1,426,724	1,426,724	1,426,724	1,426,724
TRANSPORTATION REVENUE	900,000	900,000	900,000	900,000	900,000	900,000
BOND REIMBURSEMENTS	300,000	300,000	300,000	300,000	300,000	300,000
HEALTH SERVICES REVENUE	150,000	150,000	150,000	150,000	150,000	150,000
PA ACCOUNTABILITY GRANT	128,440	128,440	128,440	128,440	128,440	128,440
VOCATIONAL EDUCATION	100,000	100,000	100,000	100,000	100,000	100,000
TUITION - 1305/1306	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>
<b>TOTAL STATE</b>	<b>17,238,167</b>	<b>18,346,436</b>	<b>19,777,219</b>	<b>21,251,976</b>	<b>22,158,936</b>	<b>22,583,194</b>

**FEDERAL**

TITLE I REVENUE	575,000	575,000	575,000	575,000	575,000	575,000
TITLE II REVENUE	290,000	290,000	290,000	290,000	290,000	290,000
ACCESS FUNDS	260,000	260,000	260,000	260,000	260,000	260,000
TITLE III REVENUE	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>
<b>TOTAL FEDERAL</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>
<b>TOTAL REVENUE</b>	<b>112,611,740</b>	<b>115,740,009</b>	<b>119,240,277</b>	<b>122,840,394</b>	<b>125,930,099</b>	<b>128,596,037</b>

Change in Revenue 3,128,269 3,500,268 3,600,117 3,089,706 2,665,938

Assume 1.7% Act 1 Index annual tax increase with 1% assessed value growth

**Revenue Budget-3.3% Annual Tax Increase, 1% Assessed Value Growth,  
Only State Share of PSERS/Social Security Increase**

**LOCAL**

	2011-12 Budget	12-13 All Exceptions Increase and 1% Assessed Value Growth	13-14 All Exceptions Increase and 1% Assessed Value Growth	14-15 All Exceptions Increase and 1% Assessed Value Growth	15-16 All Exceptions Increase and 1% Assessed Value Growth	16-17 All Exceptions Increase and 1% Assessed Value Growth
<b>CURRENT REAL ESTATE TAX</b>	<b>74,627,573</b>	<b>77,847,573</b>	<b>81,195,019</b>	<b>84,686,404</b>	<b>88,327,920</b>	<b>92,126,020</b>
EARNED INCOME TAX	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
REALTY TRANSFER TAX	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
INTERIM REAL ESTATE TAX	900,000	900,000	900,000	900,000	900,000	900,000
IDEA-B	600,000	600,000	600,000	600,000	600,000	600,000
PAYMENTS IN LIEU OF TAX	400,000	400,000	400,000	400,000	400,000	400,000
LOCAL SERVICES TAX	300,000	300,000	300,000	300,000	300,000	300,000
MISC LOCAL REVENUE	300,000	300,000	300,000	300,000	300,000	300,000
ADULT EDUCATION TUITION	200,000	200,000	200,000	200,000	200,000	200,000
PUBLIC UTILITY REALTY TAX	100,000	100,000	100,000	100,000	100,000	100,000
INTEREST ON INVESTMENTS	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>TOTAL LOCAL</b>	<b>94,127,573</b>	<b>97,347,573</b>	<b>100,695,019</b>	<b>104,186,404</b>	<b>107,827,920</b>	<b>111,626,020</b>

**STATE**

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SPECIAL ED REVENUE-REGULR	3,221,641	3,221,641	3,221,641	3,221,641	3,221,641	3,221,641
<b>REV. FOR RETIREMENT</b>	<b>2,479,263</b>	<b>3,550,825</b>	<b>4,944,278</b>	<b>6,381,069</b>	<b>7,249,419</b>	<b>7,634,410</b>
<b>REV. FOR SOCIAL SECURITY</b>	<b>2,159,213</b>	<b>2,195,920</b>	<b>2,233,250</b>	<b>2,271,216</b>	<b>2,309,826</b>	<b>2,349,093</b>
PROPERTY TAX REDUCTION	1,426,724	1,426,724	1,426,724	1,426,724	1,426,724	1,426,724
TRANSPORTATION REVENUE	900,000	900,000	900,000	900,000	900,000	900,000
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HEALTH SERVICES REVENUE	150,000	150,000	150,000	150,000	150,000	150,000
PA ACCOUNTABILITY GRANT	128,440	128,440	128,440	128,440	128,440	128,440
VOCATIONAL EDUCATION	100,000	100,000	100,000	100,000	100,000	100,000
TUITION - 1305/1306	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>
<b>TOTAL STATE</b>	<b>17,238,167</b>	<b>18,346,436</b>	<b>19,777,219</b>	<b>21,251,976</b>	<b>22,158,936</b>	<b>22,583,194</b>

**FEDERAL**

TITLE I REVENUE	575,000	575,000	575,000	575,000	575,000	575,000
TITLE II REVENUE	290,000	290,000	290,000	290,000	290,000	290,000
ACCESS FUNDS	260,000	260,000	260,000	260,000	260,000	260,000
TITLE III REVENUE	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>
<b>TOTAL FEDERAL</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>	<b>1,246,000</b>
<b>TOTAL REVENUE</b>	<b>112,611,740</b>	<b>116,940,009</b>	<b>121,718,238</b>	<b>126,684,380</b>	<b>131,232,856</b>	<b>135,455,215</b>
Change in Revenue		4,328,269	4,778,229	4,966,142	4,548,476	4,222,359

Assume 1.7% Act 1 Index and 1.6% of exceptions each year for a 3.3% Annual tax increase with 1% assessed value growth.

## Expense Budget Growing at 1.7% Annually (except for specified items) Continue \$1 million to Capital Reserve

Expense Growth Factor 1.017

	2011-12 Budget	2012-13 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service	2013-14 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service	2014-15 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service	2015-16 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service	2016-17 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service
Salaries	57,284,171	58,258,002	59,248,388	60,255,611	61,279,956	62,321,715
<b>Health Insurance</b>	<b>12,500,000</b>	<b>14,000,000</b>	<b>15,680,000</b>	<b>17,561,600</b>	<b>19,668,992</b>	<b>22,029,271</b>
<b>PSERS</b>	<b>4,958,526</b>	<b>7,101,650</b>	<b>9,888,556</b>	<b>12,762,138</b>	<b>14,498,838</b>	<b>15,268,820</b>
Other Benefits	6,940,845	7,058,839	7,178,840	7,300,880	7,424,995	7,551,220
Professional Services	2,180,809	2,217,883	2,255,587	2,293,932	2,332,929	2,372,588
Purchased Property Services	2,030,681	2,065,203	2,100,311	2,136,016	2,172,329	2,209,258
Other Purchased Services	8,973,342	9,125,889	9,281,029	9,438,806	9,599,266	9,762,454
Supplies/Equipment	5,730,677	5,828,099	5,927,176	6,027,938	6,130,413	6,234,630
<b>Minor Capital Projects</b>	<b>1,899,895</b>	<b>1,975,891</b>	<b>2,054,926</b>	<b>2,137,123</b>	<b>2,222,608</b>	<b>2,311,513</b>
Athletics/Fees/Other	2,669,485	2,714,866	2,761,019	2,807,956	2,855,692	2,904,238
<b>Debt Service</b>	<b>5,700,000</b>	<b>6,373,173</b>	<b>6,172,617</b>	<b>5,242,579</b>	<b>5,241,107</b>	<b>5,241,107</b>
<b>Transfer to Capital Reserve</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Total Expenses</b>	<b>111,868,431</b>	<b>117,719,494</b>	<b>123,548,449</b>	<b>128,964,580</b>	<b>134,427,124</b>	<b>139,206,815</b>
<b>Use of Cap Reserve</b>						
<b>PSERS Pre-funding Strategy</b>	<b>1,000,000</b>	<b>515,818</b>	<b>-346,353</b>	<b>-1,253,395</b>	<b>-1,731,374</b>	<b>-1,518,798</b>
<b>Total Expenses and PSERS Pre-funding</b>	<b>112,868,431</b>	<b>118,235,312</b>	<b>123,202,096</b>	<b>127,711,185</b>	<b>132,695,750</b>	<b>137,688,017</b>
<b>Growth in Expenses</b>		<b>5,366,881</b>	<b>4,966,783</b>	<b>4,509,089</b>	<b>4,984,565</b>	<b>4,992,267</b>

Assumptions: 1.7% increase in most expenses, 12% annual healthcare increase, PSERS pre-funding/drawdown schedule maintained, \$1 million in Capital Reserve maintained, no new debt service, no capital reserve use, 4% growth in minor capital projects

## Expense Budget Growing at 0% Annually (except for specified items) Continue \$1 million to Capital Reserve

Expense Growth Factor

1

	2011-12 Budget	2012-13 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service	2013-14 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service	2014-15 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service	2015-16 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service	2016-17 Act 1 Index Growth of All Expenses Except Health Ins, PSERS, Debt Service
Salaries	57,284,171	57,284,171	57,284,171	57,284,171	57,284,171	57,284,171
Health Insurance	12,500,000	14,000,000	15,680,000	17,561,600	19,668,992	22,029,271
PSERS	4,958,526	6,982,940	9,560,728	12,132,787	13,553,435	14,034,622
Other Benefits	6,940,845	6,940,845	6,940,845	6,940,845	6,940,845	6,940,845
Professional Services	2,180,809	2,180,809	2,180,809	2,180,809	2,180,809	2,180,809
Purchased Property Services	2,030,681	2,030,681	2,030,681	2,030,681	2,030,681	2,030,681
Other Purchased Services	8,973,342	8,973,342	8,973,342	8,973,342	8,973,342	8,973,342
Supplies/Equipment	5,730,677	5,730,677	5,730,677	5,730,677	5,730,677	5,730,677
Minor Capital Projects	1,899,895	1,975,891	2,054,926	2,137,123	2,222,608	2,311,513
Athletics/Fees/Other	2,669,485	2,669,485	2,669,485	2,669,485	2,669,485	2,669,485
Debt Service	5,700,000	6,373,173	6,172,617	5,242,579	5,241,107	5,241,107
Transfer to Capital Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Expenses</b>	<b>111,868,431</b>	<b>116,142,014</b>	<b>120,278,282</b>	<b>123,884,100</b>	<b>127,496,152</b>	<b>130,426,523</b>
<b>Use of Cap Reserve</b>						
PSERS Pre-funding Strategy	1,000,000	515,818	-346,353	-1,253,395	-1,731,374	-1,518,798
<b>Total Expenses and PSERS Pre-funding</b>	<b>112,868,431</b>	<b>116,657,832</b>	<b>119,931,929</b>	<b>122,630,705</b>	<b>125,764,778</b>	<b>128,907,725</b>
<b>Growth in Expenses</b>		<b>3,789,401</b>	<b>3,274,096</b>	<b>2,698,776</b>	<b>3,134,073</b>	<b>3,142,946</b>

Assumptions: 0% increase in most expenses, 12% annual healthcare increase, PSERS pre-funding/drawdown schedule maintained, \$1 million in Capital Reserve maintained, no new debt service, no capital reserve use, 4% growth in minor capital projects

**Summary of Projected Revenue and Expenses for Five Years**

**No Annual Tax Increase**

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Revenue with no annual tax increase	114,466,285	116,650,806	118,886,839	120,562,688	121,763,524
Expenses with 1.7% increase	<u>118,235,312</u>	<u>123,202,096</u>	<u>127,711,185</u>	<u>132,695,750</u>	<u>137,688,017</u>
<b>Revenue minus Expense</b>	<b>-3,769,028</b>	<b>-6,551,289</b>	<b>-8,824,346</b>	<b>-12,133,062</b>	<b>-15,924,493</b>

**1.7% Annual Tax Increase**

Revenue with annual 1.7% tax increase	115,740,009	119,240,277	122,840,394	125,930,099	128,596,037
Expenses with 1.7% increase	<u>118,235,312</u>	<u>123,202,096</u>	<u>127,711,185</u>	<u>132,695,750</u>	<u>137,688,017</u>
<b>Revenue minus Expense</b>	<b>-2,495,304</b>	<b>-3,961,819</b>	<b>-4,870,791</b>	<b>-6,765,650</b>	<b>-9,091,980</b>

**3.3% Annual Tax Increase**

Revenue with 3.3% tax increase	116,940,009	121,718,238	126,684,380	131,232,856	135,455,215
Expenses with 1.7% increase	<u>118,235,312</u>	<u>123,202,096</u>	<u>127,711,185</u>	<u>132,695,750</u>	<u>137,688,017</u>
<b>Revenue minus Expense</b>	<b>-1,295,304</b>	<b>-1,483,858</b>	<b>-1,026,805</b>	<b>-1,462,894</b>	<b>-2,232,802</b>

**3.3% Annual Tax Increase**

Revenue with 3.3% tax increase	116,940,009	121,718,238	126,684,380	131,232,856	135,455,215
Expenses with 0% increase	<u>116,657,832</u>	<u>119,931,929</u>	<u>122,630,705</u>	<u>125,764,778</u>	<u>128,907,725</u>
<b>Revenue minus Expense</b>	<b>282,177</b>	<b>1,786,309</b>	<b>4,053,675</b>	<b>5,468,078</b>	<b>6,547,490</b>