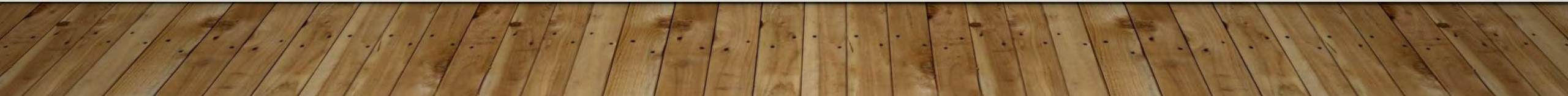
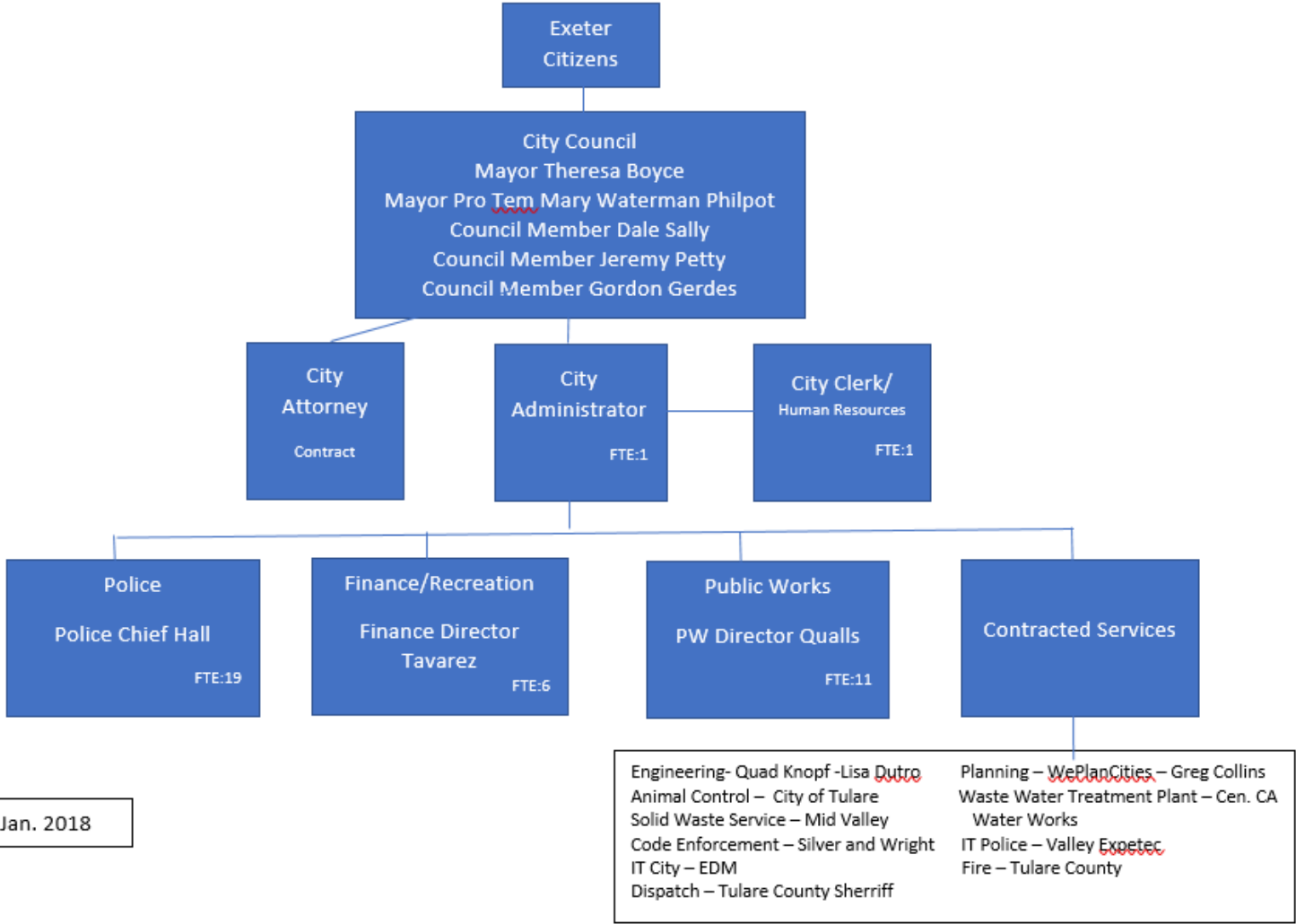


EXETER'S FINANCES

WHERE THE CITY HAS BEEN

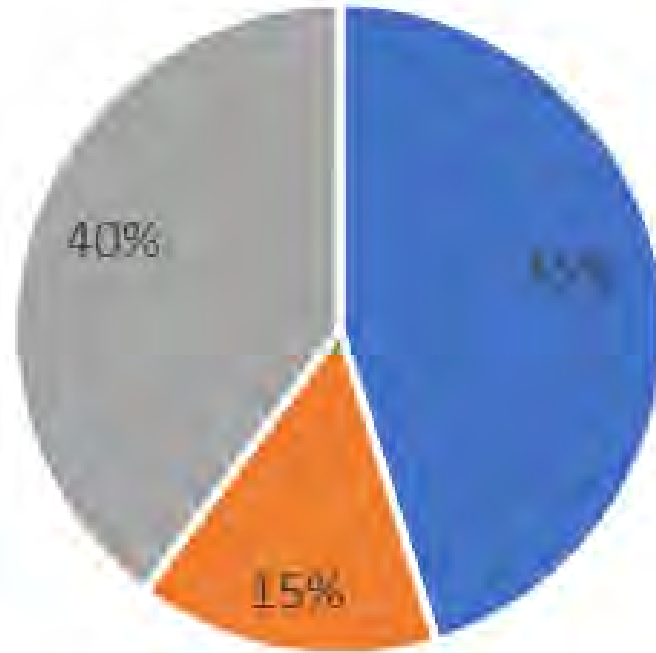


City of Exeter
 Organization Chart
 January 2018



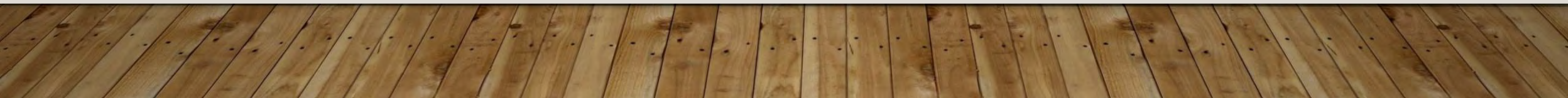
Jan. 2018

City of Exeter Share of a \$9 Million Annual Budget



■ General Fund ■ Governmental Funds ■ Enterprises

Personnel Allocation			General Fund														
Dec. 2017																	
Name	Dept	Pos	General Government	Streets	Rec.	Parks	Police	Admin	Ins	Fin	General Fund	Water	Sewer	Refuse	Total		
Aldredge	PW	M1		0.30							0.30	0.50	0.20		1.00		
Arroyo	PW	PW		0.35							0.35	0.40	0.20	0.05	1.00		
Brassfield	PW	M1		0.10							0.10	0.45	0.45		1.00		
Carter	Rec	Rec Leader	0.10		0.70	0.05					0.85	0.05	0.05	0.05	1.00		
Espinola	PW	Op Mgr		0.20			0.10				0.30	0.40	0.25	0.05	1.00		
Gomez	PW	M1 x		0.05		0.95					1.00				1.00		
Groom	Adm							0.38	0.09		0.47	0.25	0.25	0.03	1.00		
Hernande	Fin	AA								0.20	0.20	0.35	0.35	0.10	1.00		
Ibarra	Fin	AA	0.30								0.30	0.30	0.30	0.10	1.00		
Matlock	Fin	AA x	0.30								0.30	0.30	0.30	0.10	1.00		
Millan	PW	M1		0.10							0.10	0.80	0.10		1.00		
Miller	PW	M1		0.10							0.10	0.80	0.10		1.00		
Oneil	Adm	Per. Offcr	0.25					0.25	0.10		0.60	0.25	0.15		1.00		
Qualls	PW	PW Dir		0.25							0.25	0.40	0.25	0.10	1.00		
Quiroz	PW	M1 x		0.05		0.95					1.00				1.00		
Rameriez	PW	M1		0.75							0.75	0.20	0.05		1.00		
Tavarez	Fin	Fin Dir							0.08	0.35	0.43	0.27	0.26	0.04	1.00		
Wachter	Rec	Rec Sup	0.05		0.85	0.05					0.95	0.05			1.00		
Police Personnel							19.00				19.00				19.00		
Total			1.00	2.25	1.55	2.00	19.10	0.63	0.27	0.55	27.35	6.27	3.76	0.62	38.00		
			2.6%	5.9%	4.1%	5.3%	50.3%	1.7%	0.7%	1.4%	72.0%	16.5%	9.9%	1.6%	100.0%		



WHERE THE CITY HAS BEEN

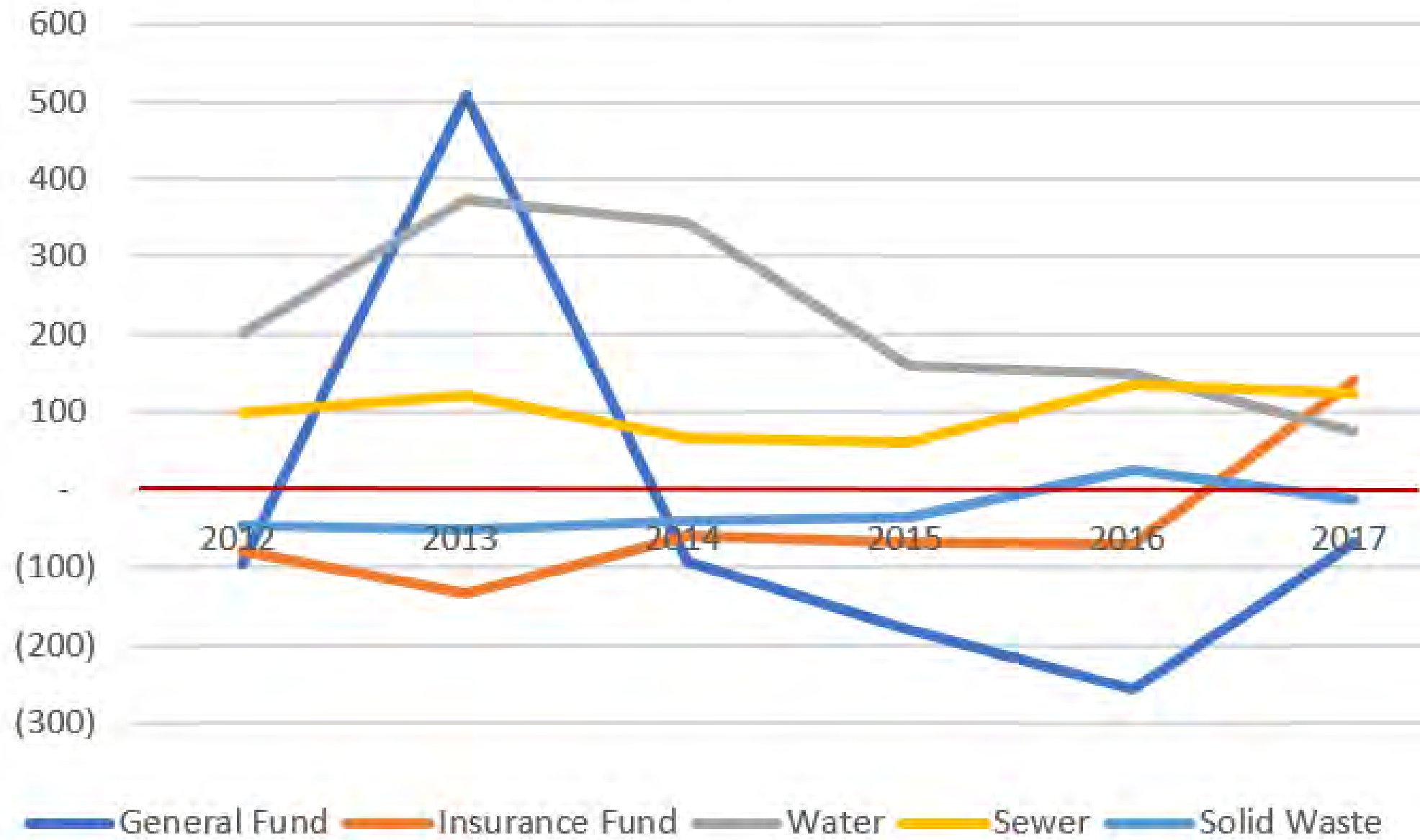
How do we judge the state of things?

Need to have standard to understand the state of things

- Do our revenues cover?
 - Measures
 - Operations - No Operating Deficit
 - Debt - Debt being paid as agreed
 - Capital plant - Capital plant is not being depleted

Net Income

Amounts in Thousands

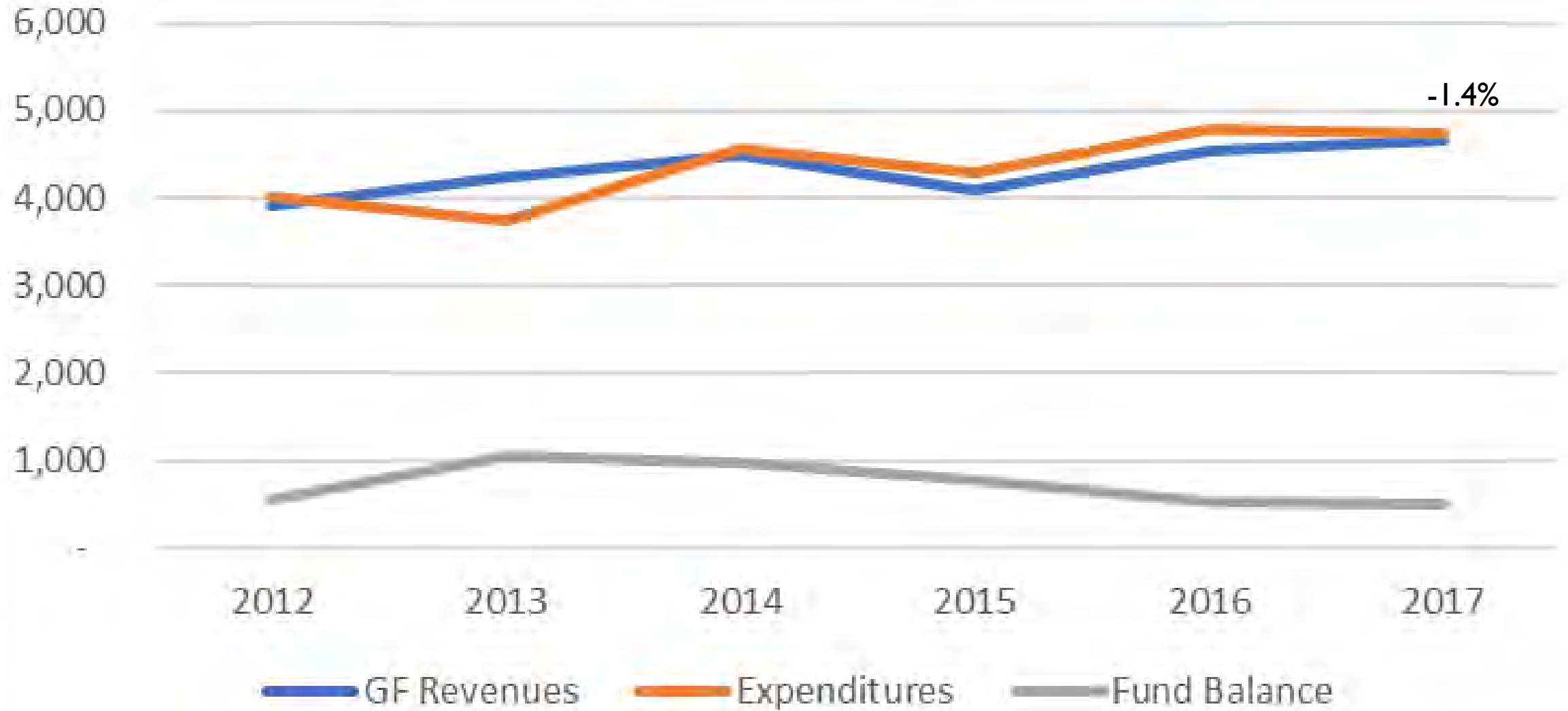


WHAT DOES THE NET INCOME CHART TELL US?

- Water and Sewer are covering operating costs, but water's net income is dropping
- Refuse has recently improved but is erratic
- General Fund and Insurance fund (except this last year) have consistently lost money
- Action Steps
 - Develop options to improve the operating activities of the General Fund and the Insurance Fund
 - Improve Revenues
 - Control Costs

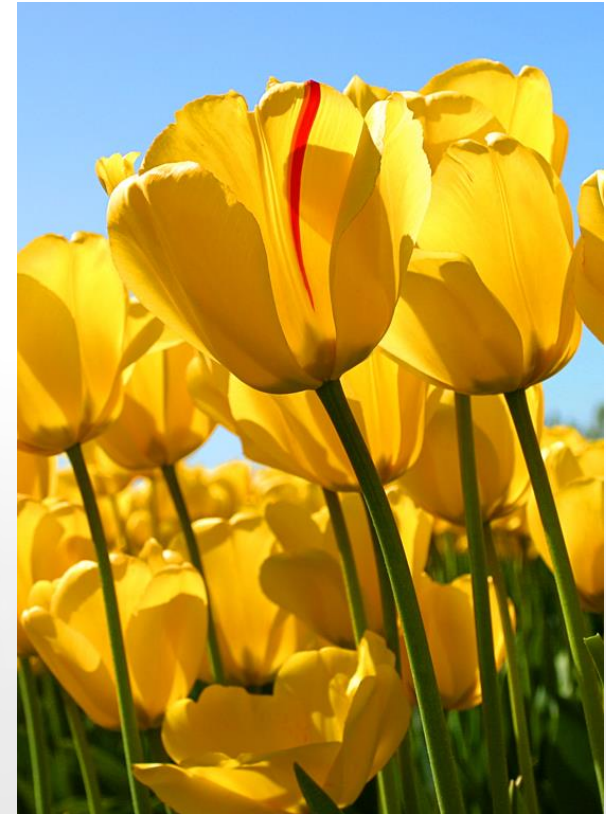
General Fund

Revenues, Expenditures and Fund Balance



IS 1.4% FATAL? NO, BUT WHAT HAS BEEN THE COST?

\$70,000 is hard because the City has taken many steps to rein in costs already and it is not sustainable.



PARTIAL LIST OF EXPENDITURE EFFORTS

Reduced Budget Line-Items

- Departmental line items where possible
- Office supplies
- Special Departmental Expenses
- Meetings, Travel, Conferences, Training
- Telephones

Staffing Changes

- Eliminated Community Services Director position
- Reduced hours of Recreation Supervisor (mutual agreement)
- Changed Police staffing pattern (no deputy chief, one less lieutenant)
- Reduced Public Works Overtime
- Downgraded Street Sweeping Operator from full time to hourly.
- Contracted out Treatment Plant Chief Operator
- Downgraded PW position titles – All Maintenance Workers

PARTIAL LIST OF EXPENDITURE EFFORTS (CONTINUED)

Staff Pay

- Employee contribution increases to health benefits
- Freezes on salary increases some years

Service Changes

- Outsourced Dial-A-Ride
- Cut leaf pickup program
- Cut streets accounts to minimum

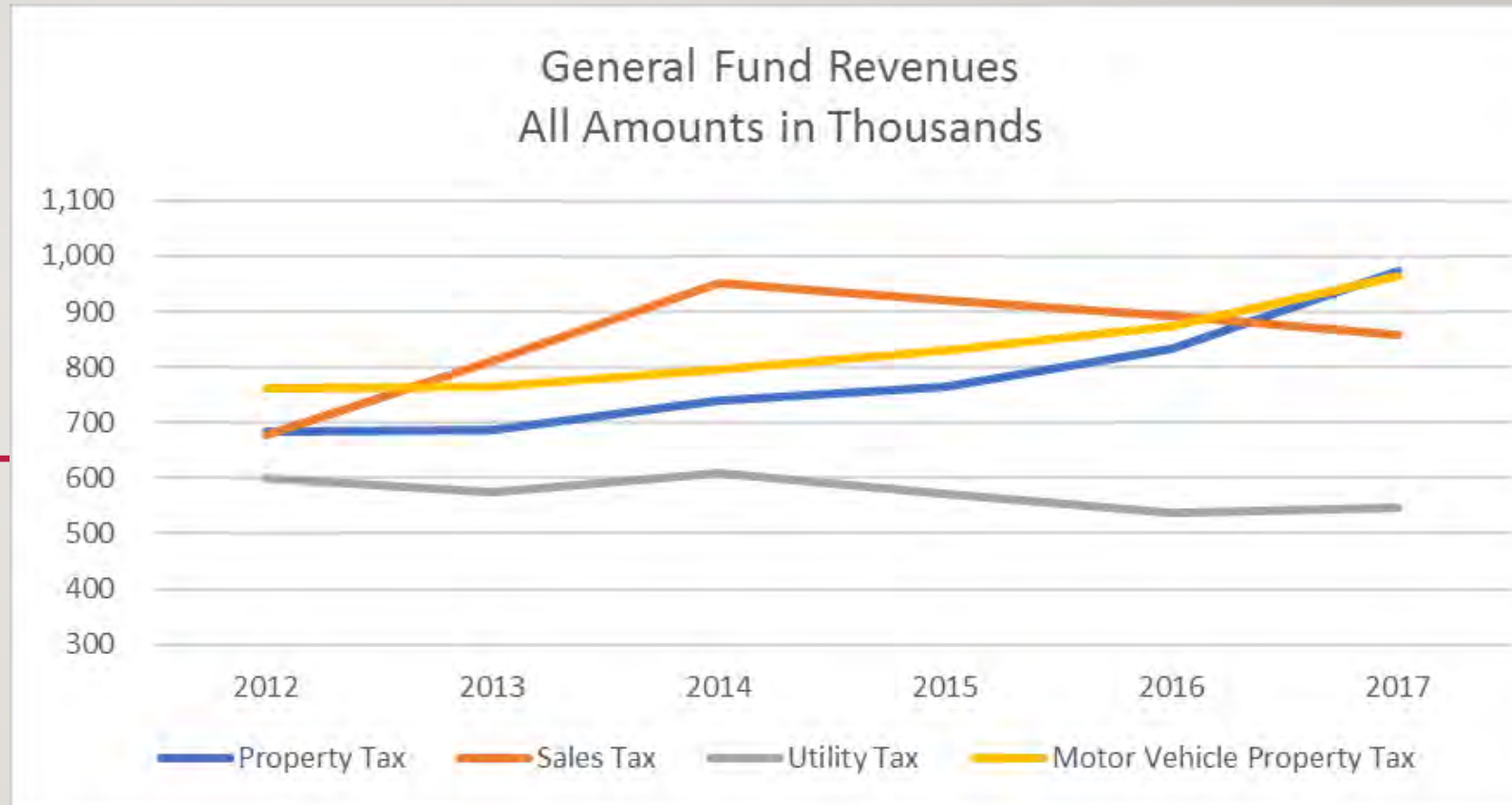
Other

- Moved Community Services into City Hall
- Deferred capital projects
- Eliminated Chamber of Commerce Contribution
- Withdrew from TCEDC

SO WHY IS THIS STILL HARD?

Revenues have been mixed

Expenditure shocks are severe



REVENUES

- Two of the City's major revenues are flat or declining
- The prognosis of utility users tax is continued decline – solar power
- Property taxes remain fairly constant

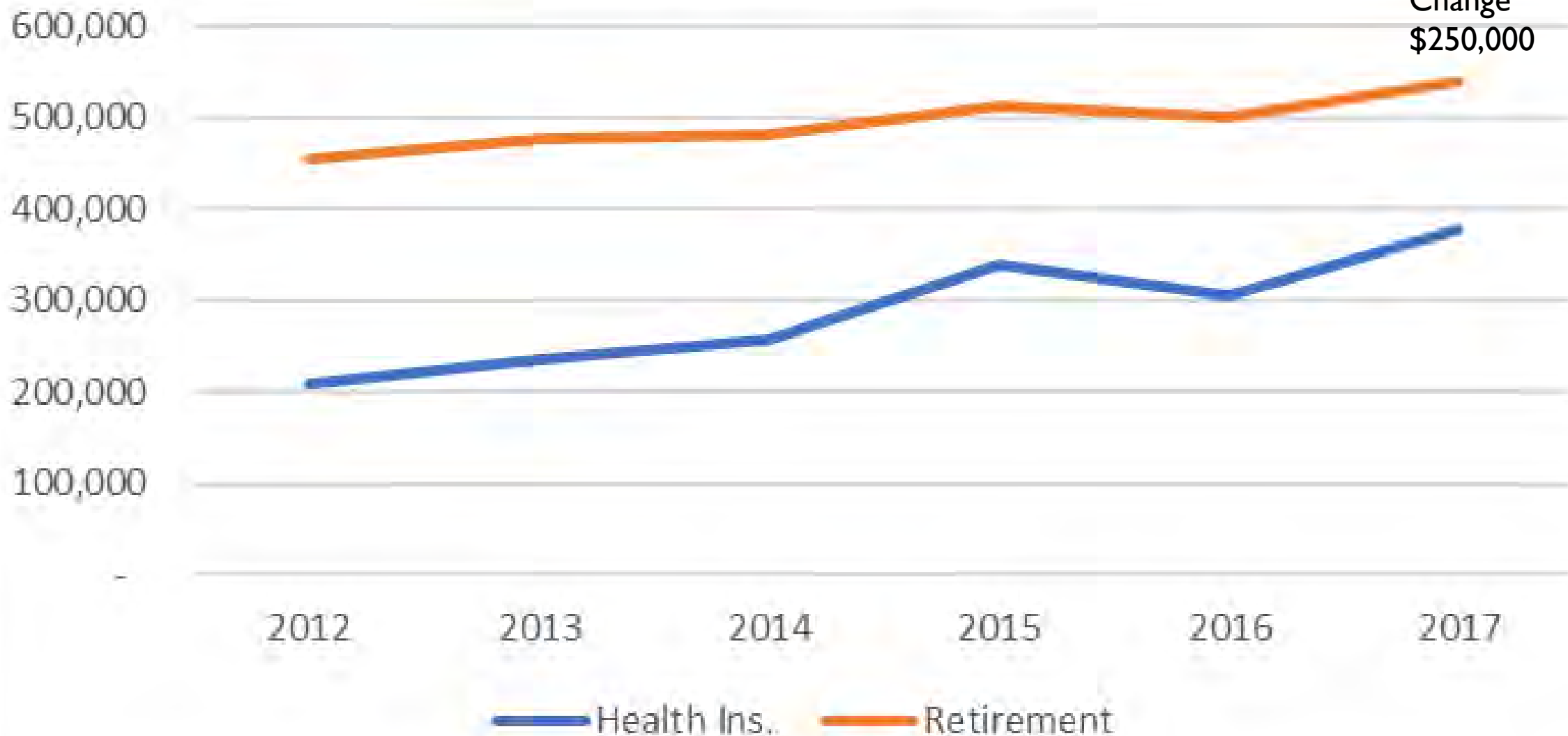
But what about expenditures ?

- Pensions
 - Global Problem born out of the Recession and low rate ear of the 2000s
- Health Cost
 - Struggled with problem but currently has a unique approach

Health and Retirement Costs

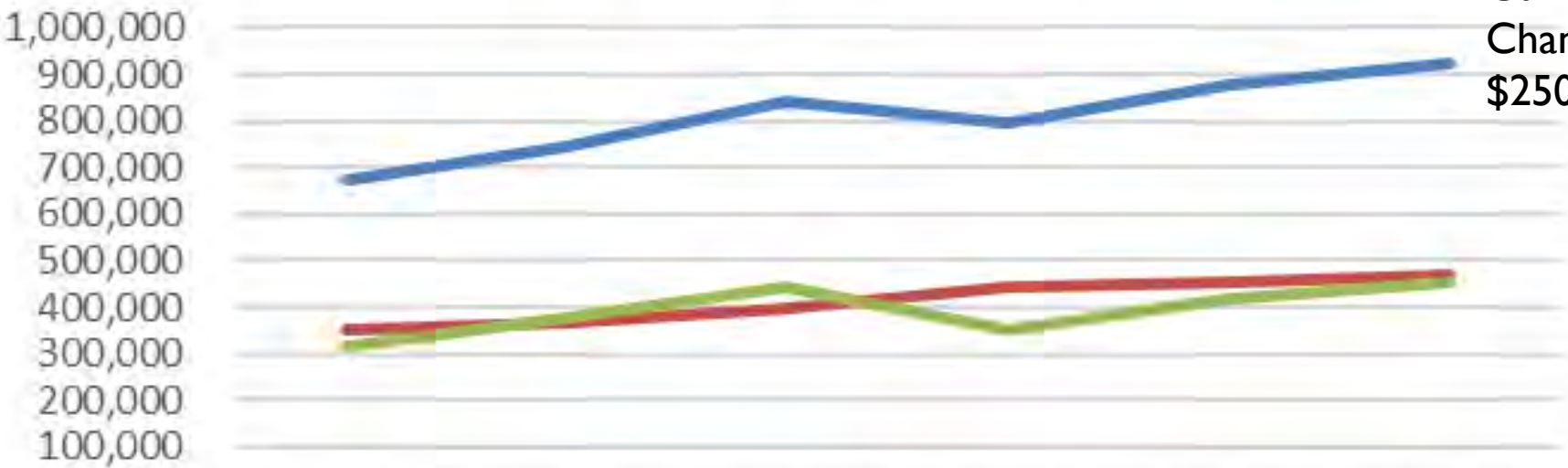
General Fund, FY Ending 6/30

Cumulative
Change
\$250,000



WHAT DOES THE FUTURE HOLD?

Forecasted Increase in Pension Costs



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total PERS Costs	670,515	743,363	840,000	795,000	876,249	920,634
Normal	353,000	368,000	396,000	442,000	456,000	469,000
Unfunded	317,515	375,363	444,000	353,000	420,249	451,634

— Total PERS Costs
 — Normal
 — Unfunded

WHY DID THIS HAPPEN?

100% S&P 500 Lump Sum - No Rebalance
01-01-2000 to 12-31-2009



Pension built on an assumption that you invest and earn money each year

All Pensions **LOST** money over a 10 year period

To meet the contractual commitment, a big hole needs to be filled

Original Article
Pensions crisis in the Netherlands
Received (in revised form): 29th October 2010

Lorenz van der Meij
is an associate in the pensions group at Houthoff Buruma, Amsterdam, the Netherlands.

ABSTRACT A number of pension schemes in the Netherlands are considering reducing members' accrued rights and benefits. This article argues that the incorporation into Dutch domestic law of a strict interpretation of the European Directive has something to do with that. The article looks at whether the best intentions of the legislation have therefore contributed to an unexpected outcome, and considers whether this might spell the demise of compulsory participation in Dutch pension schemes.

Pensions (2011) 16, 13-20. doi:10.1057/pnn.2010.30

Keywords: pension schemes; EC Directive 2003/41/EC; funding; reduction of accrued rights; in pension schemes

OCT 3, 2017 @ 11:10 AM 5,954

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The Pension Storm Is Coming To Europe -- It May Be The End Of Europe As We Know It

John Mauldin, CONTRIBUTOR
FULL BIO

Opinions expressed by Forbes Contributors are their own.

\$16.25

2 Free Issues of Forb



America's pension crisis demands action by Congress

BY MICHAEL D. SCOTT, OPINION CONTRIBUTOR — 11/29/17 08:20 AM EST
THE VIEWS EXPRESSED BY CONTRIBUTORS ARE THEIR OWN AND NOT THE VIEW OF THE HILL

56 COMMENTS

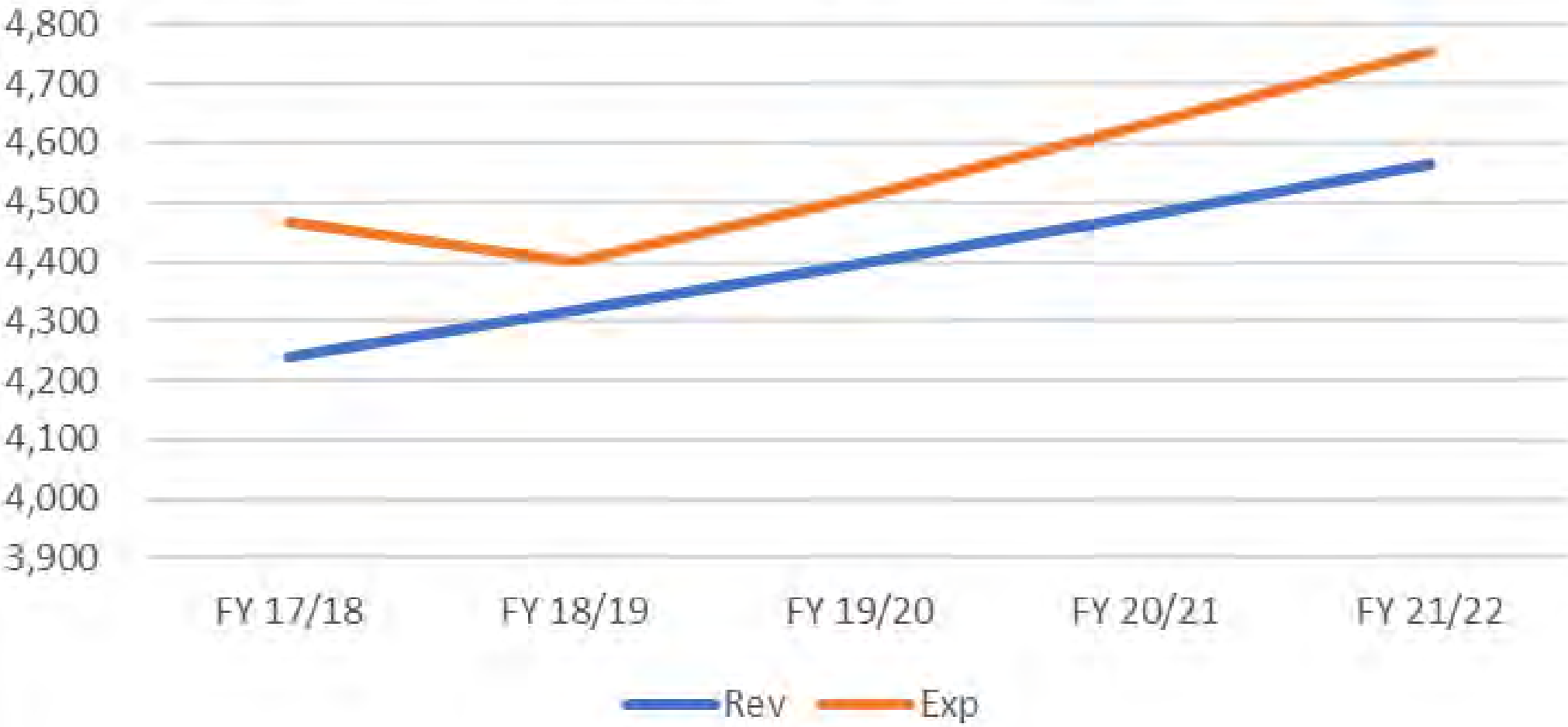
Just In...

44 SHARES

f SHARE | t TWEET | G+ PLUS ONE



Exeter General Fund Estimated Revenues and Expenditures



Something has to change!

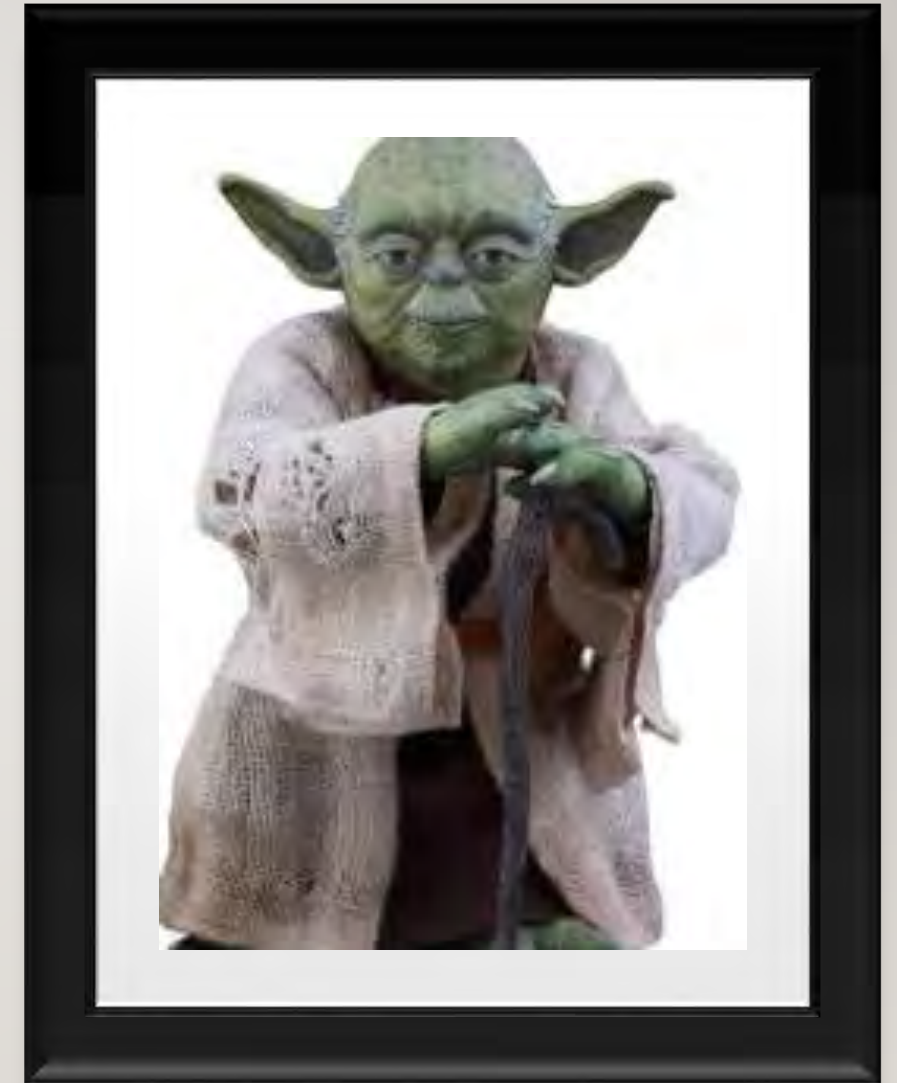
WHAT CAN WE DO TO BRING BALANCE TO THE GENERAL FUND

Increase Revenues

- Revenue Measure \$300 - \$600k
- Fees \$50k
(Probably should do these)

Decrease Expenditures

- Major Service Level Changes Large
- Reengineered Services \$50-\$100K
(Whatever the City does, Council should consider these)



WHAT SHOULD EXETER DO

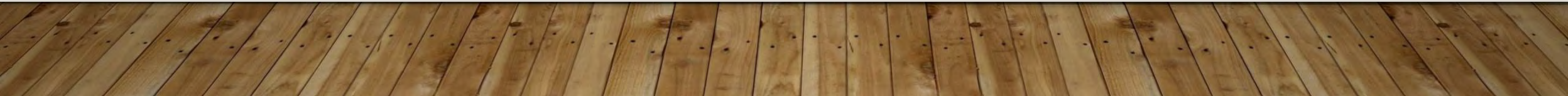
- City should take stock of its fiscal house by:
 - Reviewing fees and adjusting as appropriate
 - Looking at service delivery efficiencies to save money
- After DOING THESE THINGS
- Develop to budgets -
 - 1) Either maintain the City's services; or,
 - 2) Create a sustainable budget within the revenues the City has

Fund Status Evaluation

Fund	Operations	Debt	Capital
General Fund	No	No – PERS	No
Insurance Fund	No - Maybe	Yes	Yes - No Capital
Water	Yes – Maybe	Yes	No
Sewer	Yes – Maybe	Yes	No
Refuse	Yes – Only recently	Yes – No debt	Yes - No capital

WHAT DOES YOUR EXECUTIVE TEAM NEED TO DO?

- Finance Director – Understand, properly classify and report expenditures
Create good systems to monitor financial progress
- Police Chief - Create an efficient, professional department
- PW Director - Understand and report the capital
Assure that PW efforts are efficient and cost effective
- City Clerk/HR - Assure that HR programs are cost effective and promote the work efforts of the departments



HOLD ON – PART II: A POTENTIAL REVENUE MEASURE

- Remember
 - Enterprises are in better shape than the General Fund – as a result, a general cut back is not appropriate
 - The General Fund has been in a cutback mode for a number of years;
 - Some expenditure levels are not appropriate: you can not forego training forever
 - The City still has things it must do, but they are getting progressively harder

