

***FY 2012
OPERATING BUDGET
OVERVIEW***

Department of Budget and Evaluation

March 22, 2011

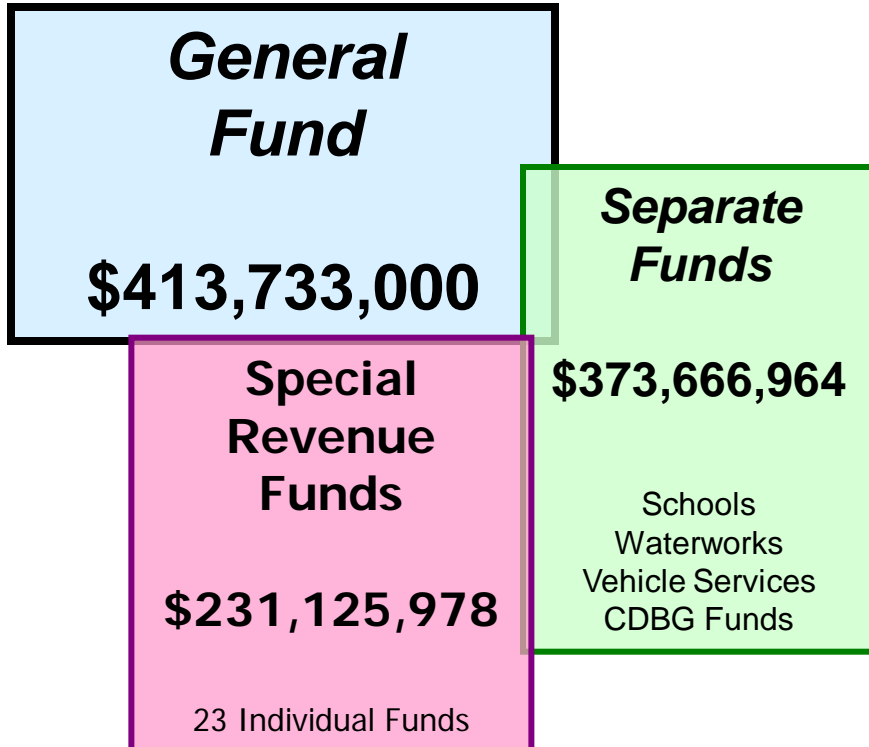
Components of FY 2012 Total Financial Plan -

\$836,773,358

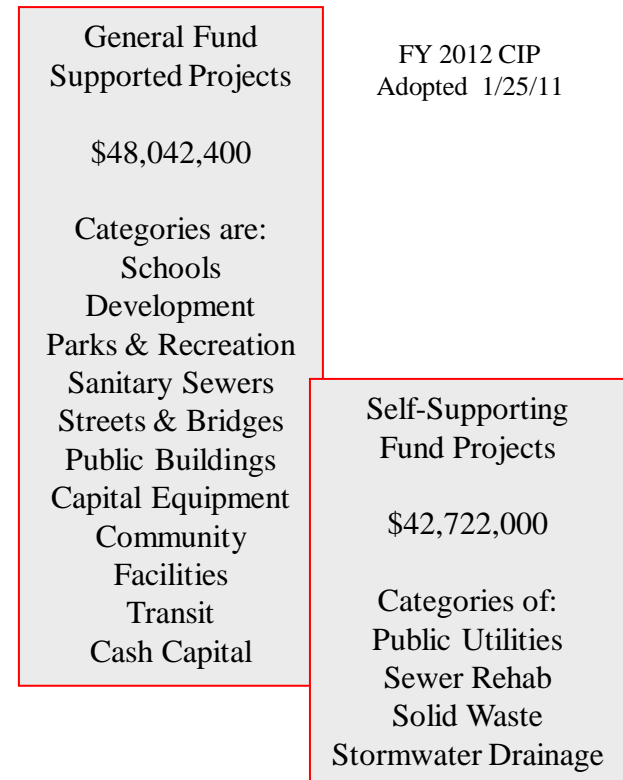
**Total Operating
\$746,008,958**

FY 2012
Approved CIP
\$90,764,400

Total amount reflects inter-and intra-fund transfers of \$272,516,984



plus



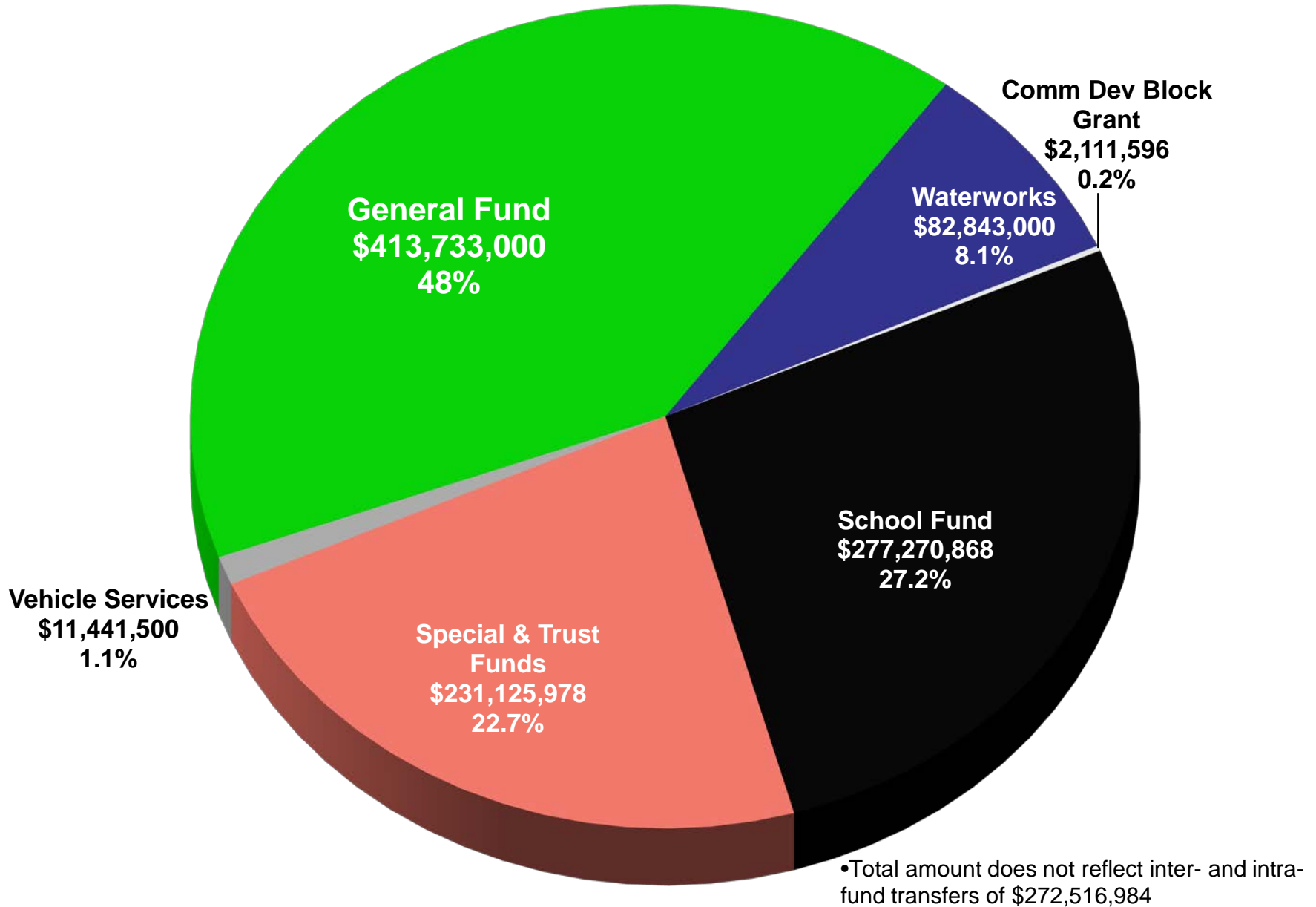
FY 2012 CIP
Adopted 1/25/11

Operating Budget

	FY2011 Adopted	FY2012 Recommended	FY12 % Change from FY11 Adopt
General Fund	\$411,000,000	\$413,733,000	0.7%
City Transfer to Schoools	(109,200,000)	(112,200,000)	2.7%
Net General Fund	\$301,800,000	\$301,533,000	(0.1%)
School Fund	\$278,219,758	\$277,270,868	(0.3%)
Waterworks Fund	\$83,597,800	\$82,843,000	(0.9%)
Wastewater Fund	17,497,000	17,830,000	1.9%
Solid Waste Fund	12,764,000	13,165,500	3.1%
Stormwater Fund	10,917,000	10,783,300	(1.2%)
All Other Special Revenue & Trust Funds	39,766,344	42,583,290	7.1%
Total Operating Budget¹	\$744,561,902	\$746,008,958	0.2%

¹ Adjusted for Interfund Transfers

Major Fund Categories



General Fund

Revenues

Change in General Fund Revenues

Revenues	FY2010 Actual	FY2011 Adopted	FY2012 Recommended	FY12 % Change from FY11 Adopt
Real Estate Tax ¹	\$170,864,883	\$165,841,338	\$163,659,363	(1.3%)
Personal Property Tax	44,364,039	42,900,000	45,413,469	5.9%
Machinery and Tools Tax	15,582,812	14,705,000	18,179,618	23.6%
Sales Tax	20,862,730	20,627,000	21,100,000	2.3%
Meals Tax	17,765,937	17,500,000	17,591,831	0.5%
Utility Taxes ²	19,575,781	18,979,288	19,578,916	3.2%
BPOL Taxes	15,266,938	13,871,000	13,535,000	(2.4%)
State Aid ³	47,370,323	47,745,370	47,242,258	(1.1%)
All Other Taxes/Fees	71,095,023	68,831,004	67,432,545	(2.0%)
General Fund Total	\$422,748,466	\$411,000,000	\$413,733,000	0.7%

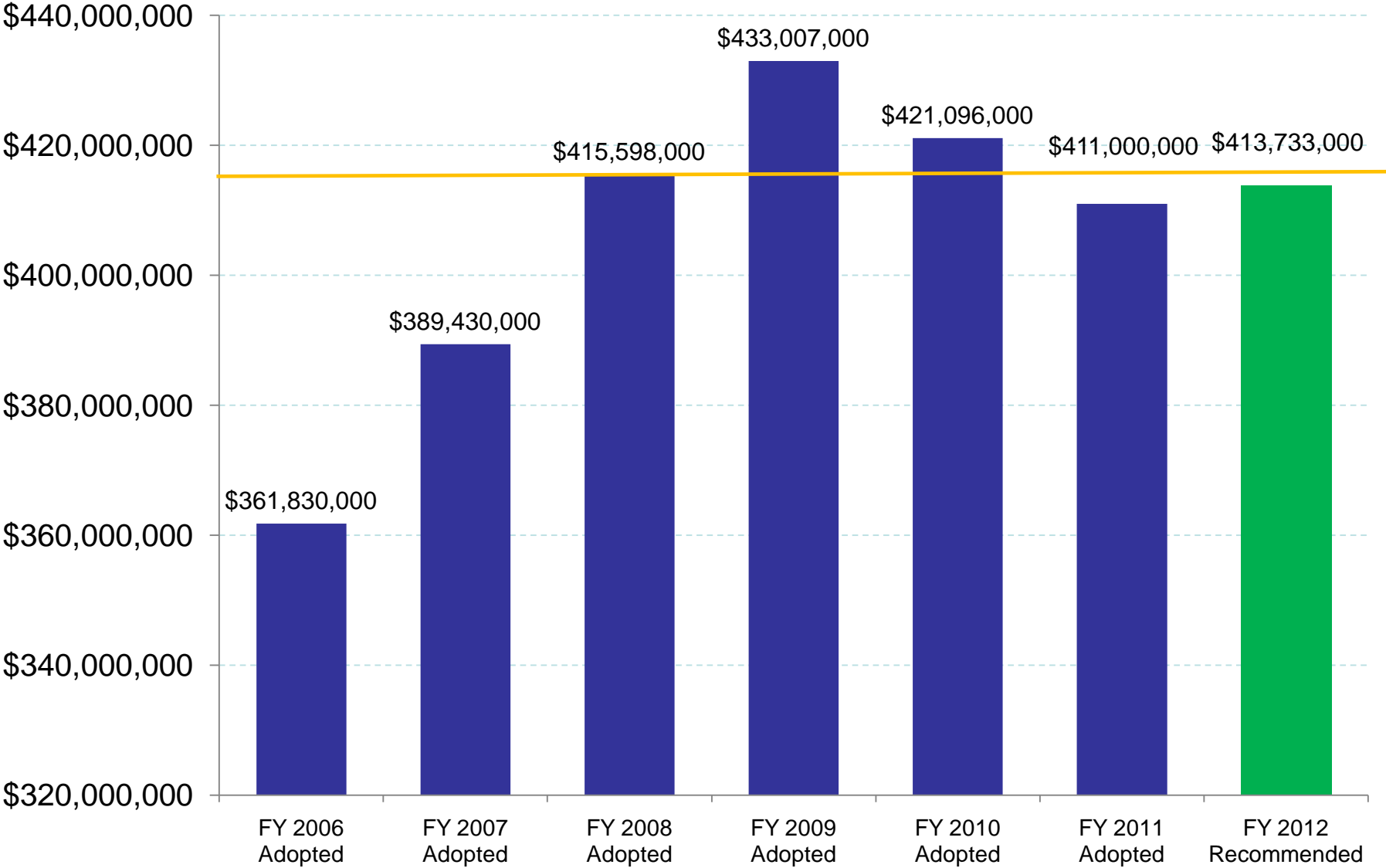
Adopted Budget \$421,096,000 \$411,000,000

¹ Includes Public Service Corporations, Tax Relief and Delinquencies

² Include Telecommunications, Consumption, Wireless and Electric/Gas Utility

³ Includes Shared Expenses and Categorical Aid

General Fund Revenues



General Fund Revenues

Revenues	Adopted FY 2011	Forecast FY 2011	Projected FY 2012	FY12 % Change from FY11 Adopt
Major Taxes				
Real Estate Tax @ \$1.10	\$167,177,488	\$164,977,488	\$163,659,363	(2.1%)
Personal Property Tax	44,434,000	45,334,000	45,413,469	2.2%
Machinery and Tools Tax	16,205,001	17,305,001	18,179,618	12.2%
Sales Tax	20,627,000	20,777,000	21,100,000	2.3%
Meals Tax	17,500,000	17,700,000	17,591,831	0.5%
Utility Taxes	18,979,288	18,979,288	19,578,916	3.2%
BPOL	13,871,000	13,871,000	13,535,000	(2.4%)
Other Revenues				
Other Local Taxes	14,529,000	14,399,000	15,144,538	4.2%
Permits, Fees, Regulatory Licenses	2,596,178	2,770,178	3,057,163	17.8%
Fines and Forfeitures	1,986,833	2,042,833	2,224,000	11.9%
Revenue from Use-Money and Property	2,336,542	2,124,542	2,427,076	3.9%
Charges for Services	5,592,506	5,373,506	5,967,525	6.7%
Miscellaneous Revenue	16,768,045	16,808,045	17,211,721	2.6%
Recovered Costs	9,352,702	7,544,702	9,537,485	2.0%
Non-Categorical Aid	245,289	448,727	676,810	175.9%
Shared Expenses	9,384,675	8,853,675	9,268,313	(1.2%)
Categorical Aid	38,360,695	38,297,799	37,973,945	(1.0%)
Non-Revenue Receipts	10,500,000	10,500,000	10,641,000	1.3%
Payments from Other Funds	553,758	553,758	545,227	(1.5%)
Use of Fund Balance ¹	0	0	0	
Total Revenue	\$411,000,000	\$408,660,542	\$413,733,000	0.7%

¹ FY 2011 Forecast does not reflect appropriation of \$12m to establish the Special Projects Fund

General Fund Revenues

Revenues	Adopted FY 2011	Forecast FY 2011	Projected FY 2012	FY12 % Change from FY11 Adopt
Major Taxes	\$298,793,777	\$298,943,777	\$299,058,197	0.1%
Other Revenues				
Other Local Taxes	14,529,000	14,399,000	15,144,538	4.2%
Permits, Fees, Regulatory Licenses	2,596,178	2,770,178	3,057,163	17.8%
Fines and Forfeitures	1,986,833	2,042,833	2,224,000	11.9%
Revenue from Use-Money and Property	2,336,542	2,124,542	2,427,076	3.9%
Charges for Services	5,592,506	5,373,506	5,967,525	6.7%
Miscellaneous Revenue	16,768,045	16,808,045	17,211,721	2.6%
Recovered Costs	9,352,702	7,544,702	9,537,485	2.0%
Non-Categorical Aid	245,289	448,727	676,810	175.9%
Shared Expenses	9,384,675	8,853,675	9,268,313	(1.2%)
Categorical Aid	38,360,695	38,297,799	37,973,945	(1.0%)
Non-Revenue Receipts	10,500,000	10,500,000	10,641,000	1.3%
Payments from Other Funds	553,758	553,758	545,227	(1.5%)
Use of Fund Balance ¹	0	0	0	
Total Revenue	\$411,000,000	\$408,660,542	\$413,733,000	0.7%

¹ FY 2011 Forecast does not reflect appropriation of \$12m to establish the Special Projects Fund

General Fund

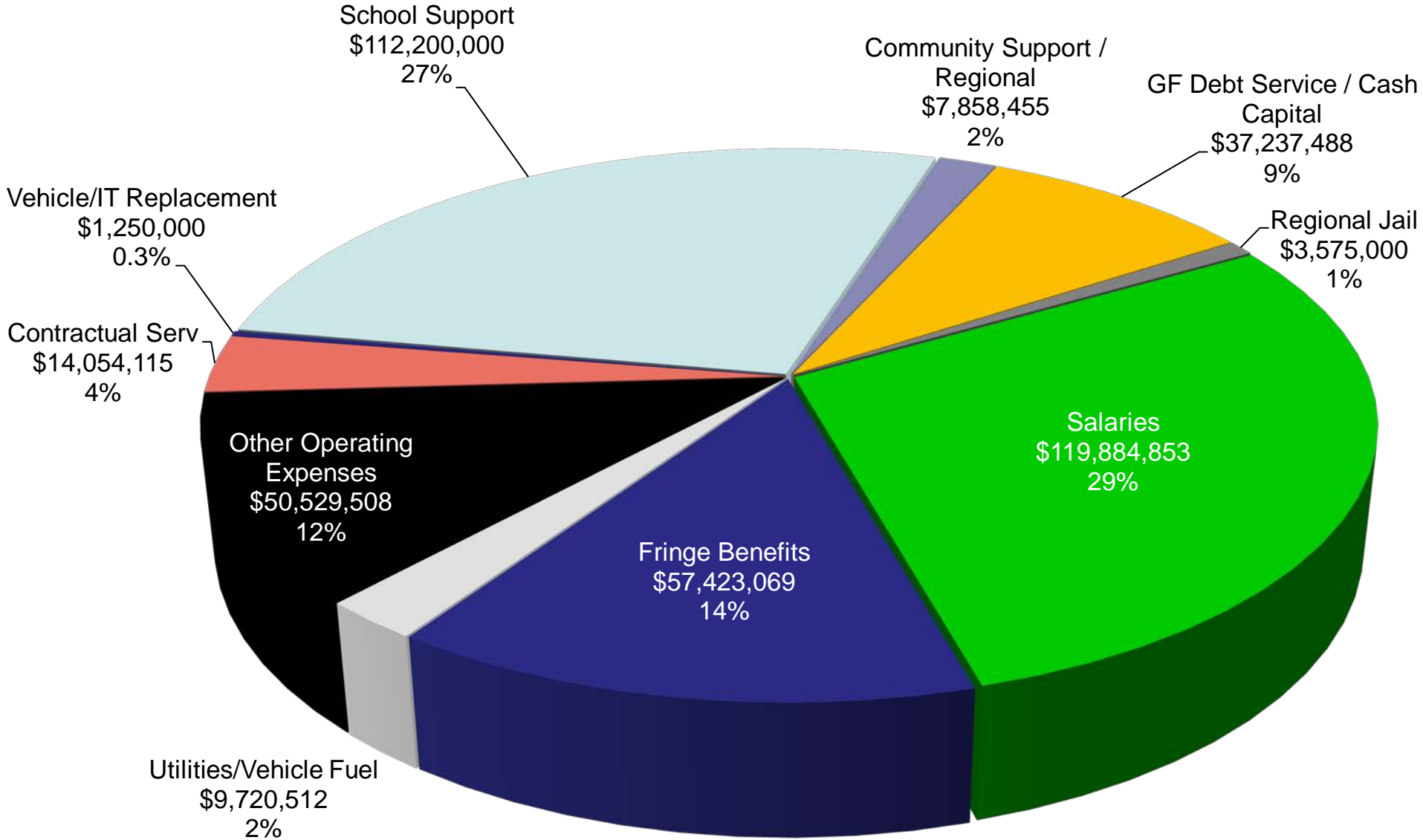
Expenditures

General Fund Expenditures

Expenditures	Adopted FY 2011	Forecast FY 2011	Projected FY 2012	FY12 % Change from FY11 Adopt
Salaries	\$120,021,353	\$118,958,929	\$119,884,853	(0.1%)
Fringe Benefits ¹	54,522,302	52,651,312	57,423,069	5.3%
Utilities	7,172,426	7,104,120	7,209,632	0.5%
Fuel	2,149,988	2,122,410	2,490,880	15.9%
Other	82,548,964	82,223,274	80,181,324	(2.9%)
Local Support to Schools	109,200,000	109,200,000	112,200,000	2.7%
Debt Service	35,384,967	35,384,967	33,946,452	(4.1%)
New Debt Service			396,790	
Total Expenditures	\$411,000,000	\$407,645,012	\$413,733,000	0.7%

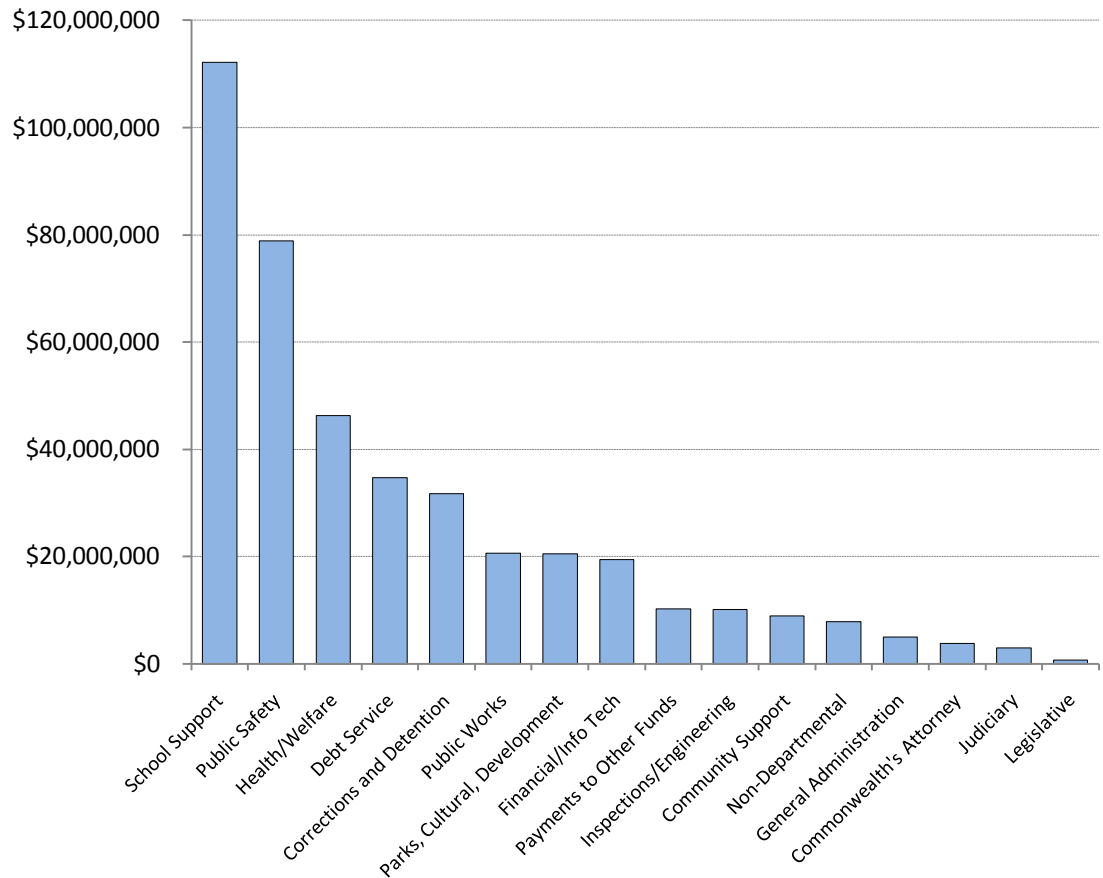
¹ Fringe Benefits include FICA, Retirement, Group Health and Dental, Vision Care, Group Life, and Worker's Comp premiums

Components of FY 2012 General Fund



FY 2012 Recommended General Fund Expenditures

<u>Category</u>	<u>Amount</u>	<u>% of Budget</u>
School Support	\$112,200,000	27.1%
Public Safety	78,819,476	19.1%
Health & Welfare	46,228,693	11.2%
Debt Service	34,673,242	8.4%
Corrections & Detention	31,775,216	7.7%
Parks, Cultural, Development	20,632,844	5.0%
Public Works	20,454,577	4.9%
Financial/Inform Technology	19,449,093	4.7%
Payments to Other Funds	10,288,939	2.5%
Inspections/Engineering	10,099,855	2.4%
Non-Departmental	8,865,751	2.1%
Community Support	7,858,455	1.9%
General Administration	4,985,267	1.2%
Commonwealth's Attorney	3,759,313	0.9%
Judiciary	2,954,234	0.7%
Legislative	688,045	0.2%
General Fund Total	\$413,733,000	100.0%



The largest categorical components of the Recommended FY 2012 General Fund Budget are support for School Operations at 27.1% and Public Safety [Police and Fire] at 19.1%. The next largest category is Health and Welfare programs, which represents 11.2% of total budgeted General Fund Expenditures. City Debt Service, which includes General Obligation Bonds and support for Airport debt, comprises 8.4% of the budget, with the City's Corrections and Detention operations [Sheriff, City Farm, and Juvenile Services] accounting for 7.7%. Parks, Cultural and Development activities represent 5.0% of the Recommended Budget, and Public Works 4.9%. These seven functions comprise 83.4% (or \$344.8 million) of the total Recommended General Fund Budget for FY 2012.

How did we get to a Balanced Budget?

General Fund Expenditure **REDUCTIONS**

Initial FY 2012 Expenditure Estimate	\$424,876,939
1. Reduction to Various General Fund Operating Expenses	(\$4,344,737)
2. Reduction to Cash Capital Contribution	(3,490,754)
3. Attrition Credit - New and Additional	(1,232,194)
4. Debt Service Savings from Delayed Bond Issuance	(1,200,923)
5. Eliminate 7 Full-Time Positions (see 6. and 8. below for 3 additional positions eliminated)	(393,850)
6. Reduction to Community Support & Regional Organizations	(147,826)
7. Eliminate Bookmobile (includes 2 filled Full-Time positions)	(120,000)
8. Reduction to Special Events Funding	(117,731)
9. Terminate Farmers Market Operation (includes 1 filled Full-Time position)	(95,924)
FY 2012 City Manager Recommended Budget	\$413,733,000

Increases reflected in Recommended FY 2012 Budget

1. Retirement Increase	\$3,187,073
2. Support for Schools Increase	3,000,000
3. Salary Adjustment	2,650,000
4. Group Health Increase	1,516,743
5. Regional Jail Cost Increase	417,838
6. Fuel Increase	340,892
7. Stoney Run Community Center Partial Year Operation	139,594
8. Health Department Dental Clinic	120,000
9. Add 2 Juvenile Service Counselors	100,000
10. Add 1 Digital Services Librarian	33,726
Total	\$11,505,866

Positions Eliminated FY 2009 – FY 2012

Department	FY09	FY10	FY11	FY12	
General Fund					
City Manager	-1	-1	-4		
Human Resources		-2	-2		
City Attorney		-1			
Internal Audit		-1			
Commissioner of Revenue			-2		
Assessor			-1		
City Treasurer		-2	-2		
Finance	-1	-1			
Budget		-1			
Purchasing		-3	-1		
Information Technology	-2	-1	-6	-1	
Judiciary			-3	-1	
Commonwealth's Atty		-1	-1		
Police		-5	-7	-1	
Fire	-1	-5	-3		
Sheriff			-5		
Adult Corrections		-4	-7	-1	
Juvenile Services	-15	-9	-16		
Codes Compliance		-1	-1		
Engineering			-8	-1	
Public Works		-10	-13		
Human Services	-9	-3	-7		
Parks & Recreation	-1	-4	-11	-1	
Libraries		-7	-4	-3	
Development		-1	-3	-1	
Planning	-1		-1		
GF Totals	-31	-63	-108	-10	-212
Other Funds					
P & R Revolving			-3		
Vehicle & Equip Services	-3				
Stormwater		-5	-1		
Solid Waste		-2		-5	
Waste Water			-1		
Public Utilities		-11	-5		
Other Funds Totals	-3	-18	-10	-5	-36
All Funds Total					-248

General Fund Position Additions/Reductions

	Filled	Vacant	Total
Reductions*			
Sr Programmer/Analyst - Information Technology		-1	-1
Law Clerk - Circuit Court	-1		-1
Police Captain - Police		-1	-1
Building Maintenance Technician - Adult Corrections	-1		-1
Site and Subdivision Technician - Engineering		-1	-1
City Community Market Coordinator - Parks, Recreation & Tourism	-1		-1
Library Materials Specialist - Libraries & Information Services	-1		-1
Information Services Specialist - Libraries & Information Services	-2		-2
Administrative Assistant II - Development		-1	-1
Total Reductions	-6	-4	-10
Additions			
Juvenile Services Counselor - Juvenile Services			2
Digital Services Manager - Libraries & Information Services			1
Total Additions			3
Net Total Additions/Reductions			-7

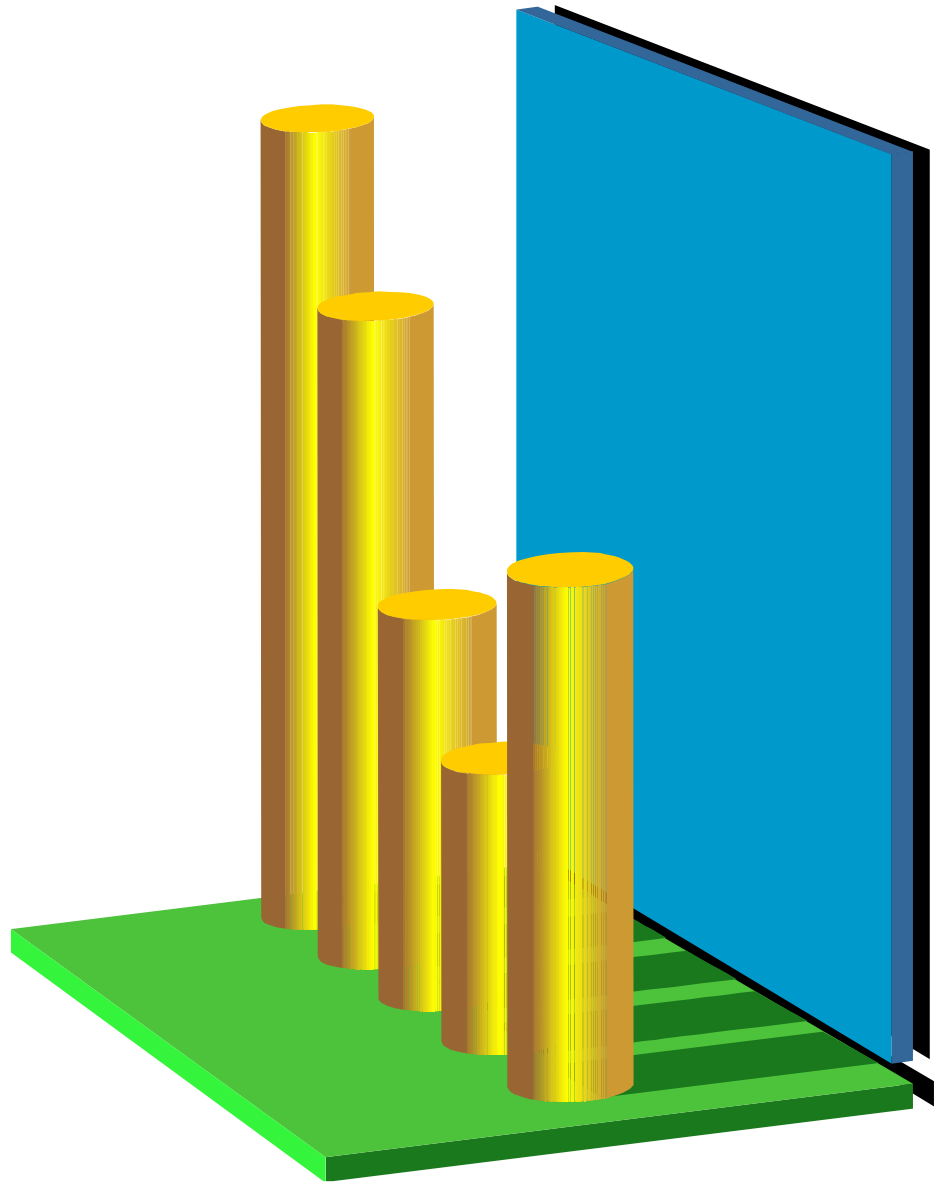
* Also Eliminated Funding Only for Assistant Director - Juvenile Services

Local Funding for Schools for FY 2012



FY 2011	FY 2012	
<u>Actual Support</u>	<u>Recommended</u>	
\$109,200,000	\$112,200,000	Proposed FY 2012 General Fund Support
		<u>Comprised of:</u>
\$93,756,563	\$93,778,199	FY 2012 Base School Support Level for Operations
	3,000,000	FY 2012 Recommended Increase
2,409,570	2,409,570	School Technology Plan Operations
12,433,867	12,412,231	School Debt Service
600,000	600,000	Grounds Maintenance

Other Funds



Other Funds Expenditures

Recommended FY 2012



Waterworks

\$82,843,000

Operating decrease of (\$754,800) or (0.9%) from the current fiscal year.

- Reduced Salary and Benefits Costs (\$462,955)
- Decreased Return on Investment Payment to General Fund (\$109,000)
- Decreased Cash Capital Costs (\$618,000)
- Decreased Operating Costs for Information Technology charges and Chemical Supplies (\$328,447)
- Increased Operating Costs for Contractual Services, Records Retention Storage and Software Licensing \$352,650

Requests new rate structure as shown below:

<u>Fee Type</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Single-Family Residential Bimonthly	Lifeline (0 to 6 HCF) \$2.78/HCF	Lifeline (0 to 6 HCF) \$2.89/HCF
	Above 6 HCF \$3.19/HCF	Normal Use (Greater than 6 to 50 HCF) \$3.32/HCF
		Conservation Tier (Greater than 50 HCF) \$6.64/HCF
Industrial Monthly		
Tier 1 (0 to 40,000 HCF)	\$3.19/HCF	\$3.32/HCF
Tier 2 (Greater than 40,000 HCF)	\$3.19/HCF	\$2.89/HCF
General (All Other Consumption) Monthly/Bimonthly	\$3.19/HCF	\$3.32/HCF
Summer Conservation Rate	\$0.61/HCF	Eliminated

In addition, increased meter fees to better reflect the cost of service

Other Funds Expenditures

Recommended FY 2012

Solid Waste Fund

\$13,165,500



- Operating increase of \$401,500 or 3.1% from the current fiscal year.
 - Eliminated 5 positions and 6 trucks
 - Retirement, Health Insurance and contractual obligations continue to increase
 - Recommended change from weekly to bi-weekly Bulk Waste pickup (Same day as Recycling)
 - Increased attention and manpower will be given to Community Maintenance effort, which is identified as one of City Council's Strategic Eight Initiatives

Eliminated positions and other savings are not enough to offset increasing costs in Retirement, Health Insurance and contractual obligations for disposal and other charges; therefore, an increase is recommended in the weekly rate for FY 2012 as follows:

Increase \$0.27 per week for a standard 90 gallon container, or \$14.04 per year

Container Size	FY 2011 Cost per Week	FY 2012 Cost per Week	Change per Week
Medium (60 Gallons)	\$4.30	\$4.52	\$0.22
Standard (90 Gallons)	\$5.38	\$5.65	\$0.27
Medium and Standard	\$9.68	\$10.17	\$0.49
Two Standards	\$10.76	\$11.30	\$0.54

Note: Rate for 60-gallon container is set at 20% less than the rate for the standard 90-gallon container

Other Funds Expenditures

Recommended FY 2012

Wastewater Fund \$17,830,000

- Operating increase of \$333,000 or 1.9% from the current fiscal year.
 - Projected Revenues will remain steady; therefore, increased cost of operations will require a use of Fund Balance (Reserves)
 - Retirement and Health Insurance costs continue to increase
 - Federally mandated Regional Consent Order continues to be a source of increasing costs for the Fund
 - Certain contractual obligations and supply lines have been reduced
 - Added 8 new positions, mainly in support of the mandated Regional Consent Order
- Current fee structure will remain the same for both the Base and Consent Order User Fee rates.

	<i>FY 2011 Rate per Hundred Cubic Feet (HCF)</i>	<i>FY 2012 Proposed Rate per Hundred Cubic Feet (HCF)</i>
Base Sewer User Fee	\$1.63/HCF	\$1.63/HCF
Consent Order Surcharge	\$0.90/HCF	\$0.90/HCF

Other Funds Expenditures

Recommended FY 2012

Stormwater Fund \$10,783,300



- Operating decrease of **(\$133,700)** or **(1.2%)** from the current fiscal year.
 - Projected revenues will remain fairly steady for FY 2012
 - Retirement and Health Insurance costs continue to increase
 - Added 2 new positions in anticipation of two new State mandated programs tentatively slated to begin in FY 2013
 - Added an Attrition Credit of \$300,000 to offset expense increases (an Attrition Credit reduces a Department’s budget based on an anticipated lag time between an employee termination and when a new employee is hired)
- With increased expenditures and corresponding offsetting expenditure savings it is recommended that the FY 2012 rate remain the same.

	<i>FY 2011 Current Rate</i>	<i>FY 2012 Proposed Rate</i>
Stormwater Management Fee	\$5.45/ERU*	\$5.45/ERU*

*Equivalent Residential Unit

What is next?

- ✓ City Council Adopts Public Hearing Schedule
- ✓ Detailed topic presentations at April City Council work session
- ✓ Position Papers distributed on April 1st
- ✓ Budget is available on City's Webpage:
<http://www.nngov.com/>
- ✓ Hard copies of the Budget are available at all Public Libraries and in the Budget Department
- ✓ FY 2012 Budget Advertisement for Public Hearings will be in the newspaper on March 29th and April 4th
- ✓ Contact us in the Budget Department at 926-8733

Variance Per Fiscal Year

	Adopted FY 2011	Forecast FY 2011	Projected FY 2012	FY12 % Change from FY11 Adopt
Total General Fund Revenues	\$411,000,000	\$408,660,542	\$413,733,000	0.7%
Total General Fund Expenditures	411,000,000	407,645,012	413,733,000	0.7%
Variance - Rev to Expend	\$0	\$1,015,530	\$0	