



City of Mascotte, Florida

BUDGET 2012

Fiscal Year 2011-12

HONORABLE MAYOR AND CITY COUNCIL

As required by our City Charter, the annual budget for the City of Mascotte, Florida, you are hereby presented with the fiscal year 2011-12 annual budget. The budget is balanced at the rolled-back rate of 9.6169 mills with a transfer from reserves of \$183,500. The millage rate proposed is the rate required to generate the same property tax revenue as the prior year (as adjusted by statutory Calculations). The following list highlights a few of the changes in expenditures compared to the prior year budget:

- Elimination of Economic Development Director position offset by The addition of contractual planning services. \$ (47,100)
- Increases in the Fire Department to properly fund coverage for earned time off, provide promotional increases and ALS increases. 55,950
- Increased general fund repair and maintenance costs 47,950
- Increased attorney fees. 30,000
- New bus service. 20,000

While the Council has already made very difficult choices to ensure the fiscal health of the water fund, General Fund revenues present another set of challenges in the new budget year. The greatest challenge is our plunging property values. While the State places restrictions on both the amount of property value that can be taxed, and the millage rate that can be adopted, the City has lost almost 40% in property values in the last two years. This has artificially raised the millage rate, such that the current rolled-back rate of 9.6169 is very close to the 10 mil cap.

This creates the incorrect perception that the City has raised taxes over this period. A comparison of property tax revenue in the General Fund shows it is 6% lower as proposed for 2012 than it was four years ago.

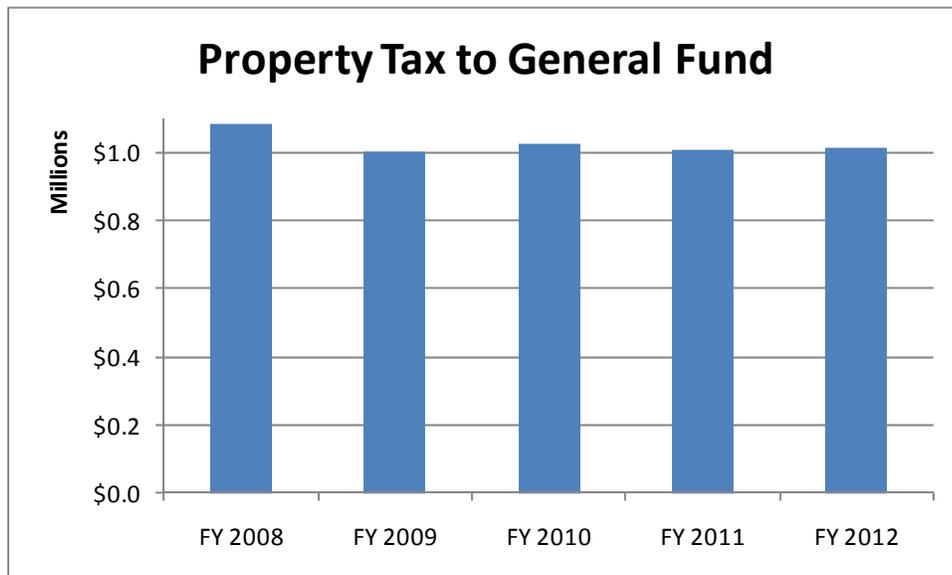
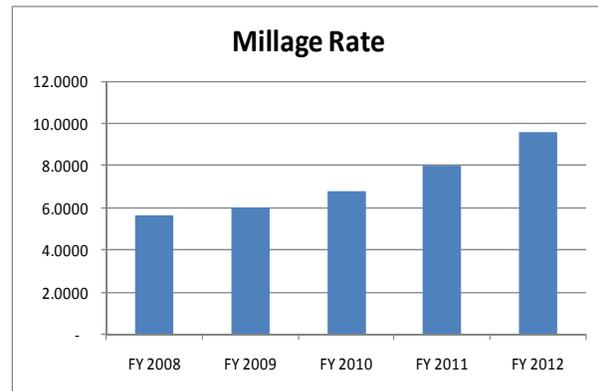
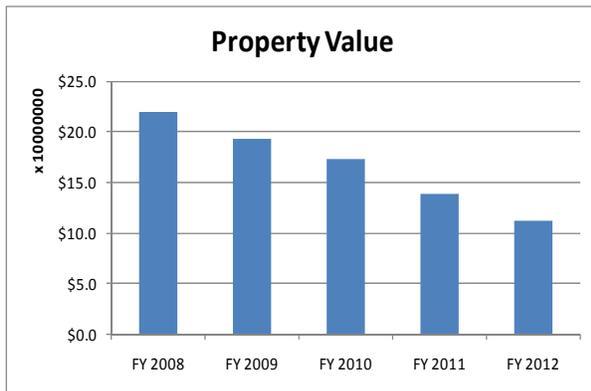
2011/2012 General Fund Budget

	<i>2010 Actual</i>	<i>2011 Budget</i>	<i>2012 Proposed</i>	<i>2012 Pro vs 2011 Bud</i>	<i>% Inc Over 2011</i>
General Fund					
Revenues					
Property Tax at rollback (9.6169)	1,074,358	1,006,994	1,020,900	13,906	1%
Sales and Utility Taxes	568,067	542,722	533,700	(9,022)	-2%
Permits	22,095	25,150	26,200	1,050	4%
Fire Assessment Fee	119,037	102,400	102,400	-	0%
Development Fees	23,843	16,050	22,950	6,900	43%
Grants	408,801	153,900	116,900	(37,000)	-24%
Intergovernmental	338,628	321,150	333,100	11,950	4%
Service Charges	34,271	38,950	35,600	(3,350)	-9%
County Fire Fees	104,517	104,500	92,250 *	(12,250)	-12%
Cemetery Lots	3,715	4,500	7,650	3,150	70%
Fines	51,457	46,950	45,000	(1,950)	-4%
Interest	16,498	17,300	16,500	(800)	-5%
Rental Income	20,745	18,200	17,950	(250)	-1%
Other	19,552	21,257	19,600	(1,657)	-8%
Use of Reserves	-	-	102,650	102,650	100%
Transfers	221,800	100,000	195,000	95,000	95%
Total Revenues	3,027,385	2,520,023	2,688,350	168,327	7%
* County Fire fees decreased to \$78,350 from \$104,500, Lake MSTU funding for ALS added for \$13,900					
Expenditures:					
Mayor and Council	47,025	48,880	72,250	23,370	48%
Administration	177,401	159,022	198,050	39,028	25%
Finance	157,486	180,619	182,400	1,781	1%
Community Development	279,977	135,684	88,600	(47,084)	-35%
Code Enforcement	34,526	38,082	36,500	(1,582)	-4%
Police	946,350	892,617	921,150	28,533	3%
Fire	893,446	821,956	916,950	94,994	12%
Public Works	142,336	166,416	195,450	29,034	17%
Fleet	56,985	47,292	50,350	3,058	6%
Parks	38,706	29,455	26,650	(2,805)	-10%
Total Expenditures	(2,774,238)	(2,520,023)	(2,688,350)	(168,327)	7%
Surplus/(Deficit)	253,147	-	(0)	(0)	

General Fund

Revenues

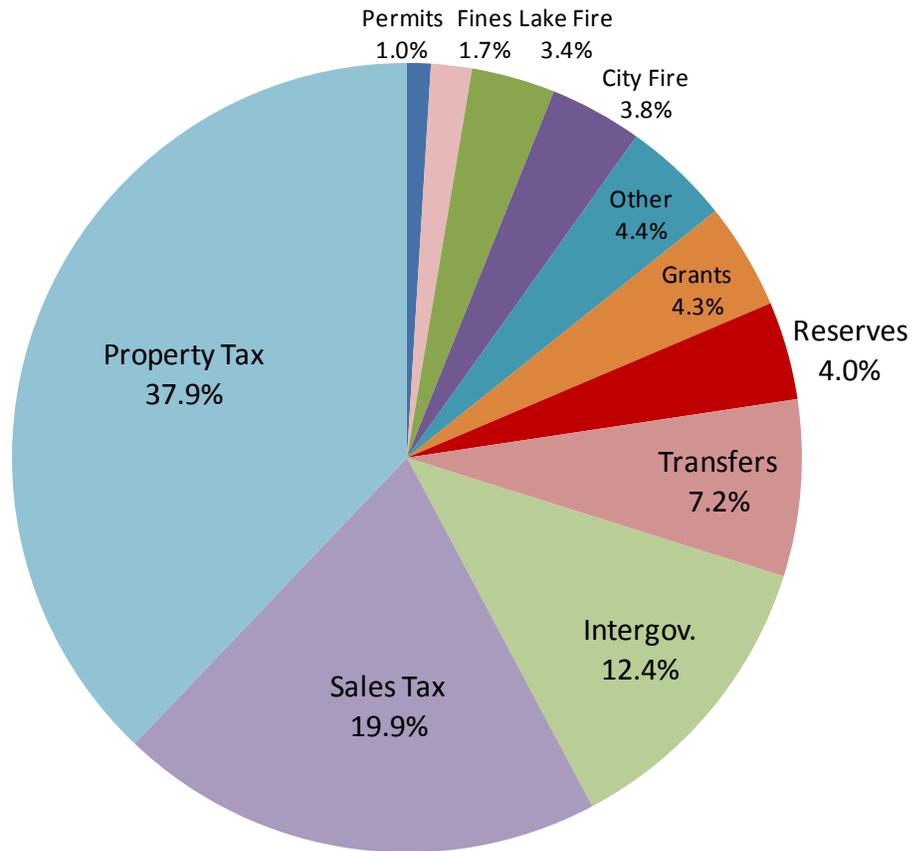
The charts below illustrate what has happened to our millage rate, which was at 5.650 mills in fiscal year 2008, and is now proposed at the rolled-back rate of 9.6169. As property values have decreased, the rate required to generate the same amount of revenue in property taxes has increased. However, the amount of revenue we are collecting in property taxes has actually stayed the same or decreased since 2008 (information below excludes grant funding for comparison purposes).



General Fund

The chart below illustrates the types of revenues that are received in the General Fund, as estimated for the next fiscal year.

General Fund Revenues Proposed for 2011-2012

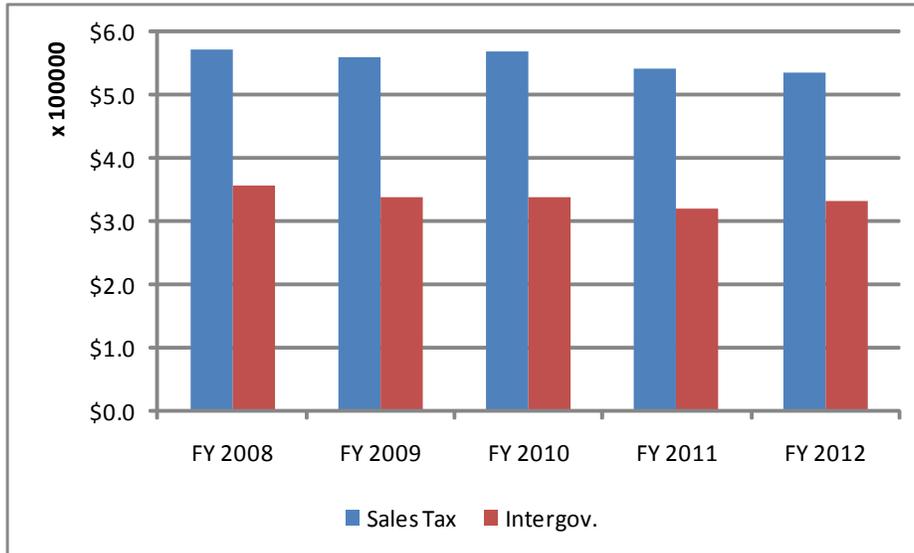


	FY 2012
Property Tax	1,020,900
Sales Tax	535,700
Intergov.	333,100
Transfers	195,000
Other	118,250
Grants	116,900
Reserves	102,650
City Fire	102,400
Lake Fire	92,250
Fines	45,000
Permits	<u>\$ 26,200</u>
Total	\$2,688,350

General Fund

As illustrated by the chart below, after property taxes, the next two largest sources of income to the General Fund have not grown over time, but have decreased as well due to economic forces outside the City's control.

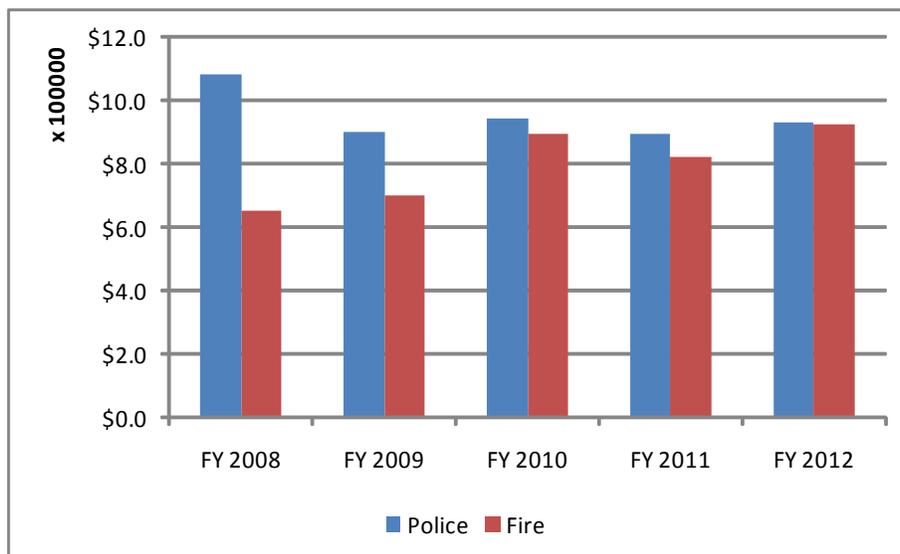
Sales and Intergovernmental Revenue History



Expenditures

Unfortunately, decreases in property values and in revenues are in no way related to the cost of providing services. Those cost have been cut in most areas, in many cases at the cost of lowering service standards and slowing the provision of services. In the public safety arena, due to the public's demand for better service, particularly in fire and emergency service response times, the cost of personnel required to provide coverage has not decreased. Below is a chart of the cost of public safety, fire and police.

Public Safety Expenditure History



General Fund

Expenditures

The increases in the Fire department were funded, initially, by a large grant from the Federal Department of Homeland Security. The City first received funding from this grant in fiscal year 2008, but the grant provides that the funding decreases each year until the City fully absorbs the cost of the six officers it funded. Fiscal year 2011-2012 is the last year of the funding from that grant, a final payment of about \$70,000.

The grant has delayed the need to fund six firefighters from other sources. The City must now find funding to replace the grant. In fiscal year 2010, the City initiated a fire fee of \$60 per eligible property, a total of over \$100,000 net additional revenues to help fund increased fire costs. The fire department has attempted in the last year and a half to cut staffing costs to the bone, mainly by deferring leave costs through accrual of flex time in lieu of the overtime needed to cover normal employee absences.

Elsewhere, the continued need to cut costs has forced departments to defer maintenance and continue using equipment that is well past its useful life. For this reason, repair and maintenance costs have been increased in this proposal to ensure that – in lieu of replacing vehicles and equipment, ongoing operations can be sustained.

General Fund expenditures in 2010 totaled \$2.8 million. About \$100,000 of that was a one-time grant expenditure. So, adjusting for changes, based on actual numbers from 2010, we should probably be at around \$2.7 million, a more realistic number than the total adopted for 2011 of \$2.5 million. In light of the need to ensure expenditure estimates are realistic and sustainable for the new budget, all departments were asked to review their total costs for fiscal 2010, as well as their year-to-date costs for 2011, as they reviewed their projected needs for 2012. Additional detail regarding each General Fund department's operations and budget is shown in the following pages.

Personnel Cost

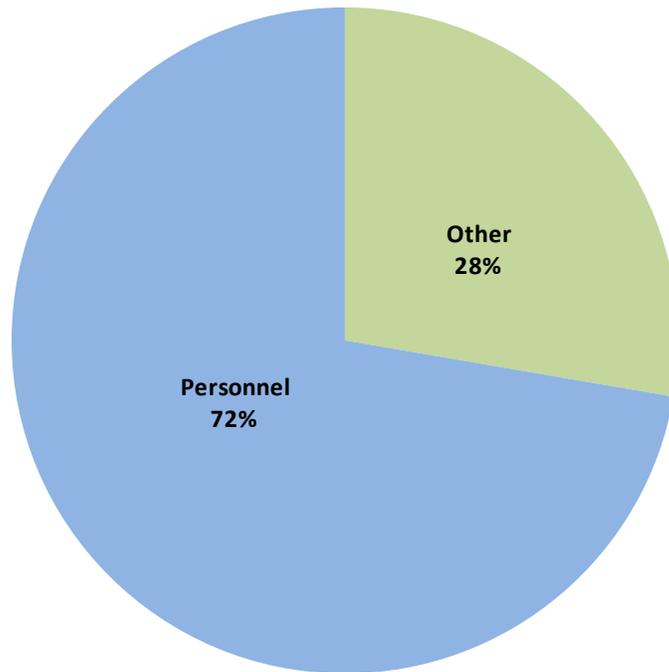
Unlike other types of "businesses" the General Government operation is service-based. For this reason, the major expenditure of the fund is personnel costs. The cost varies based on the level of services provided. As with most cities our size, public safety, which has to provide staff on site 24/7/365, and which have minimum staffing requirements to provide basic services, are the largest departments in the General Fund. Also included in the General Fund are services that may range from road maintenance, drainage maintenance, maintenance of public areas, building maintenance, fleet and park maintenance. Falling generally under the umbrella of "Public Works", the staff time to respond to the needs of the City include both regular hours and emergency after hours as well.

Personnel Cost (continued)

Finally, a municipality is required to have various officers that perform specific professional services required to comply with ever more complex layers of laws, regulations passed down by the Federal and State governments, from case-law decisions, from auditing requirements. The size of the government does not limit these requirements.

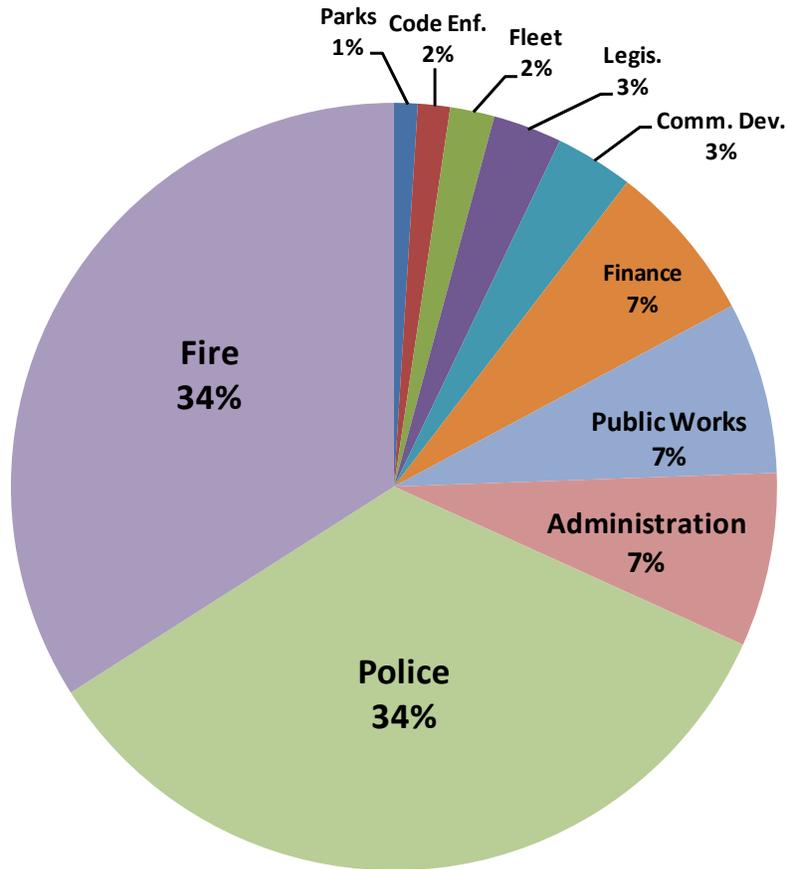
With the increase in fire salary costs, some additional overtime in other departments, and the elimination of a position in Community Development, a few promotional increases, and adjusting Mayor and Council pay to the adopted level, total citywide salaries are proposed to increase \$22,700.

General Fund Expenditures by Type



Personnel	\$	1,938,250
Other		750,100
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General Fund Expenditures	\$	2,688,350

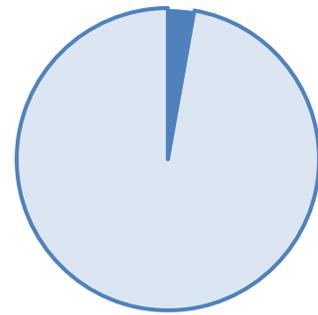
General Fund Expenditures by Department



	<i>2010 Actual</i>	<i>2011 Budget</i>	<i>2012 Proposed</i>	<i>2012 Pro vs 2011 Bud</i>	<i>% Inc Over 2011</i>
Expenditures:					
Mayor and Council	47,025	48,880	72,250	23,370	48%
Administration	177,401	159,022	198,050	39,028	25%
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Community Development	279,977	135,684	88,600	(47,084)	-35%
Code Enforcement	34,526	38,082	36,500	(1,582)	-4%
Police	946,350	892,617	921,150	28,533	3%
Fire	893,446	821,956	916,950	94,994	12%
Public Works	142,336	166,416	195,450	29,034	17%
Fleet	56,985	47,292	50,350	3,058	6%
Parks	38,706	29,455	26,650	(2,805)	-10%
Total Expenditures	(2,774,238)	(2,520,023)	(2,688,350)	(168,327)	7%
Surplus/(Deficit)	253,147	-	(0)	(0)	

Legislative (Mayor and Council)

	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 24,451	\$ 23,940	\$ 23,950
Benefits	2,151	2,000	2,400
Contractual	12,817	10,560	32,800
Services	2,368	4,932	6,450
Supplies	2,801	3,448	2,650
Other	2,437	4,000	4,000
Total	\$ 47,025	\$ 48,880	\$ 72,250

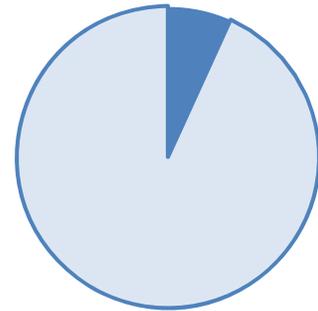


Legislative vs Total Fund

Council has elected, for the third year in a row, to defer the automatic pay increase provided by the code. The “Contractual” expenditures for 2012 include funding for new bus service as proposed, an increase of \$20,000. Elections have been estimated to cost approximately \$4,000, up from previous years due to the Charter amendments that will appear on the ballot, as well as additional required advertising.

Administrative

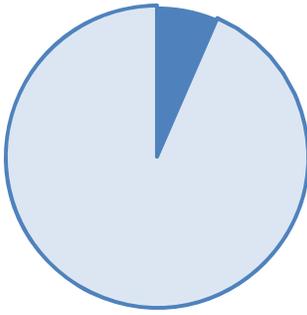
	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 94,390	\$ 85,350	\$ 94,500
Benefits	21,139	20,380	21,650
Contractual	35,318	25,500	50,000
Services	18,760	16,449	19,400
Supplies	7,495	8,300	12,500
Grant Cost	(5,875)	3,043	-
Total	\$ 171,226	\$ 159,022	\$ 198,050



Administrative vs Total Fund

The Administrative Department includes two significant increases as proposed for 2012. First, an increase to the City Clerk’s salary to recognize the promotion to City Clerk and the additional certifications and experience achieved since. The City Clerk is only partially allocated to this department, so the increase here is about \$9,150. Attorney fees have been \$25,000 increased based on the trend in the current year. These fees are difficult to predict and are often outside the City’s control.

Finance

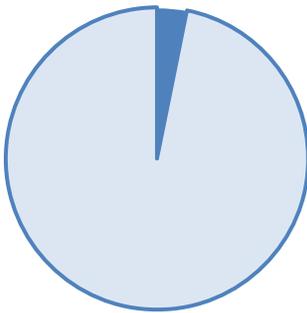


Finance vs Total Fund

	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 84,834	\$ 85,350	\$ 89,950
Benefits	18,726	21,480	23,000
Contractual	37,602	50,684	46,200
Services	12,384	17,179	17,100
Supplies	3,941	5,926	6,150
Total	\$ 157,486	\$ 180,619	\$ 182,400

The Finance Department’s increase over fiscal year 2011’s budget is marginal. It includes an increase related to the allocation of the City Clerk’s increase and a reduction in technical support.

Community Development



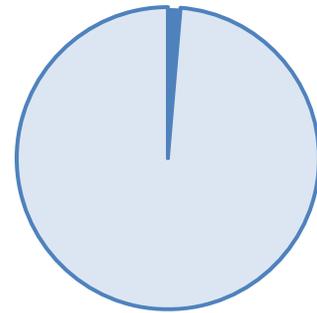
Community Development vs Total Fund

	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 66,674	\$ 79,200	\$ -
Benefits	14,227	19,460	-
Contractual	75,376	20,000	70,600
Services	14,127	14,974	15,850
Supplies	2,155	2,050	2,150
Debt Service	11,870	-	-
Grant Costs	95,548	-	-
Total	\$ 279,977	\$ 135,684	\$ 88,600

When the Economic Development Director resigned earlier this year, the staffing of this department was reviewed. It was determined that the City could save costs by eliminating the position and contracting out for professional planning services instead. This caused a decrease in salaries and benefits of \$79,200 with an increase in professional services of \$30,600 for the City’s review needs. Additional planning services that might be required are funded by fees collected from applicants. At the same time, attorney fees have increased in this department. Development revenues have also been increased by about \$15,000 to offset the increase. While these revenues and expenditures are difficult to predict, they should general offset each other, unless the City incurs attorney fees related to planning that cannot be attached to a particular applicant.

Code Enforcement

	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 21,851	\$ 20,750	\$ 20,950
Benefits	6,958	6,980	5,250
Contractual	2,855	3,500	2,900
Services	1,717	3,952	4,500
Supplies	1,145	2,900	2,900
Total	\$ 34,526	\$ 38,082	\$ 36,500

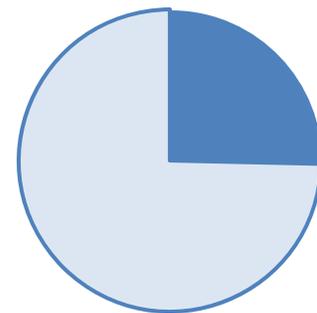


Code Enforcement vs Total Fund

The Code Enforcement Department is under the supervision of the Police Chief, and is staffed part-time by a full time employee of Public Works. Although costs incurred to “persuade” citizens to come into compliance should be recovered at the time the cost is incurred, it is rarely received when the service is rendered, and can take years to recover. Staff continues to work on code enforcement issues in the City with a mix of persuasion, persistence and patience. There has been no material increase in this department’s cost.

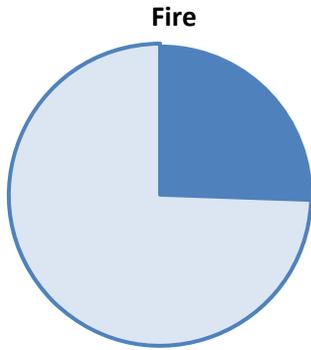
	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 578,439	\$ 583,601	\$ 588,900
Benefits	138,378	161,170	167,050
Contractual	5,434	1,100	6,200
Services	70,539	71,946	85,700
Supplies	55,899	74,800	73,300
Debt Service	7,081	-	-
Grant Cost	90,580	-	-
Total	\$ 946,350	\$ 892,617	\$ 921,150

Police



Police vs Total Fund

Police expenditures have increased about \$28,500 from the prior year’s budget. About \$7,000 is due to an increase in overtime based on prior year cost and current year trends. \$10,000 has also been added based on prior year’s expenditures, and anticipated additional expenditures due to the age and wear-and-tear on the existing vehicles. Another \$7,300 has been added to fund telecommunication costs and technical support services costs based on prior and current year trends.



Fire vs Total Fund

	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 563,171	\$ 543,300	\$ 613,100
Benefits	154,227	185,400	185,500
Contractual	79,959	2,350	3,400
Services	62,525	60,031	74,200
Supplies	32,222	30,875	39,550
Capital	-	-	1,200
Other	1,342	-	-
Total	\$ 893,446	\$ 821,956	\$ 916,950

The Fire Department proposal adds \$95,000, primarily to fund personnel costs. The largest increase to salaries is in overtime pay. The proposed overtime budget for fiscal year 2012 of \$58,950 is an increase of \$43,950 over 2011's budget, an increase of \$30,300 over 2010 actual.

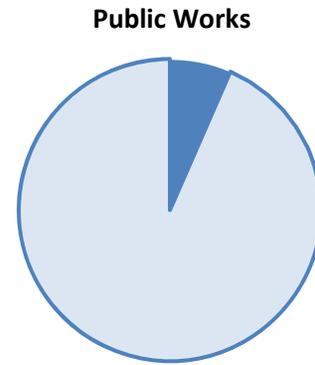
“Over the past two years we have struggled to keep the overtime budget down. Mid-year 2008 under the direction of the former city manager and former finance director we implemented “flex time” which equated to time off compensation for hours worked over 216 in a 28 day period. As it turns out, this policy is ineffective at curbing costs since it is a rotating cycle of compensated time which multiplies in accordance with overtime laws if the individuals accruing are not able to take off in the 28 day cycle because of minimum staffing issues, which is frequently the case. It is my understanding based on conversations with Finance Director that this creates some form of liability within the general fund.”

- Chief Randy Brasher

Another addition included in this proposal is \$14,000 for promotional increases in three positions. These positions have taken on new responsibilities and should be compensated accordingly. Finally, the proposal includes \$15,000 for paramedic pay related to the Advanced Life Support service added this year. This is offset by \$13,850 per year paid from the Lake EMS MSTU for our qualified program, which makes the net increase for paramedic pay \$1,150. In total, the increase over the current year budget for salaries is \$69,800 with \$13,900 additional revenues, for a net change of \$55,950.

Services, specifically repair and maintenance services (contracts, vehicles, building and equipment), have been increased by \$13,800. The total cost in FY 2010 was over \$23,700, and the cost so far this year is over \$21,800. Of concern for fiscal 2012 is the unpredictability of these cost, and the age of the fire apparatus we are using. While 2012 was budgeted with \$17,500 for these items, the increase to \$31,300 is actually an increase of about \$7,500 over 2010 actual. The supplies category has increased about \$8,700 in this proposal. This increase is due to the need to replace uniforms, an increase in the fuel budget due to rising fuel costs and the need for additional fire code materials used for inspections and plans review. Funding has also been added for turnout gear and needed extrication equipment. In capital a replacement laptop has been requested which is used on the Engine for HAZMAT identifications, property identification and ownership searches.

	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 32,070	\$ 41,150	\$ 36,050
Benefits	10,588	19,884	12,500
Contractual	2,256	-	1,550
Services	91,887	96,282	128,650
Supplies	5,536	9,100	16,700
Total	\$ 142,336	\$ 166,416	\$ 195,450

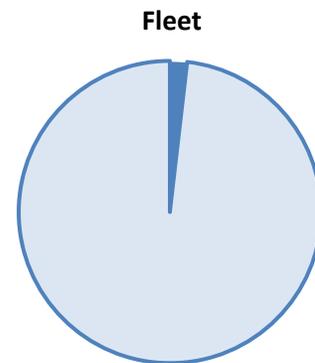


Public Works vs Total Fund

The net increase in Public Works is just over \$29,000. While the pay allocation was decreased slightly, the increase is due primarily to increases in repair and maintenance for vehicles, buildings, streets and sidewalks, equipment and grounds. The largest increase is to repair and maintenance of buildings, \$16,500. Based on staff recommendations and comments from citizens and elected officials, it is clear that the City needs to invest more in the appearance of our facilities. If repairs and maintenance continue to be deferred due to lack of funding, it will cost more to reverse wear-and-tear, than to take steps now to reverse the trend. Other increases in clued street lights and utilities.

This department also reflects a reduction in the allocation of staff based on adjustments made to better reflect the work assignments over the funds. Additional funding for street light costs and needed equipment repair was added as well.

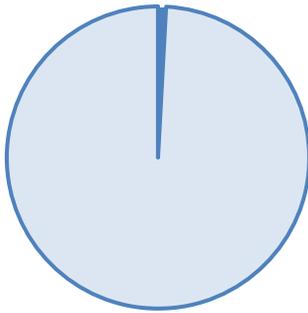
	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 31,977	\$ 31,200	\$ 31,200
Benefits	9,432	11,100	11,100
Services	13,108	2,242	3,250
Supplies	2,469	2,750	4,800
Total	\$ 56,985	\$ 47,292	\$ 50,350



Fleet vs Total Fund

The Fleet Department has a very marginal increase of about \$3,000 for services and supplies. This would include some services that we do not have the equipment to provide, and an increase for centrally held gas and fuel supplies, kept on hand for emergencies and to lower the cost of fuel by buying in bulk. As the fuel is used by departments, some of the cost is allocated as well.

Parks



Parks vs Total Fund

	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Salaries	\$ 8,507	\$ 11,050	\$ 8,450
Benefits	2,546	7,531	2,750
Services	7,285	7,974	12,550
Supplies	893	2,900	2,900
Grant Cost	19,475	-	-
Total	\$ 38,706	\$ 29,455	\$ 26,650

The Parks Department shows a slight decrease for the new fiscal year, with no changes to staffing or service level anticipated.

Additional Funding Needs

The following items are **not** funded in this proposal, however is provided below. These are items that, if funding were available, the Department Director’s would recommend adding to preserve service levels to the citizens:

Unfunded Needs

Fire	brush truck	\$ 45,000
	staff vehicle	38,000
	extrication pump	6,500
	laptops (2)	5,600
Police	Officer, 1 full-time	50,000
	Vehicle replacements, 2	50,000
Public Works	Street resurfacing	50,000
Water	Auxilliary Generator for Water Treatment Plant	30,000
	Fire hydrant risers	5,000
Total		\$ 280,100

Special Revenue Funds

The City has several funds that receive income dedicated to specific uses. A summary of these funds is shown below. The largest change is to the Community Redevelopment Agency (CRA), with a sharp decline in revenues due to the overall decrease in property values in the City and the redevelopment area. A one-time transfer of \$75,000 from the CRA is proposed to reimburse the General Fund for services provided to the redevelopment area in prior years.

ESTIMATED REVENUES	<i>Infrastructure</i>	<i>Police Forfeitures</i>	<i>Impact Fees*</i>	<i>Community Redevelopment</i>	<i>Total</i>
Taxes:					
Ad Valorem Taxes	-	-	-	13,500	13,500
Sales and Use Taxes	223,450	-	-	-	223,450
Intergovernmental	-	-	-	7,950	7,950
Fines and forfeitures	-	18,000	-	-	18,000
Total Revenues	223,450	18,000	-	21,450	262,900
Transfers in	63,500	-	-	-	63,500
Use of reserves	-	-	-	75,000	75,000
Total Revenues and Sources	286,950	18,000	-	96,450	401,400
EXPENDITURES					
Police	-	18,000	-	-	18,000
Debt Service	286,950	-	-	-	286,950
Total Expenditures	286,950	18,000	-	-	304,950
Transfers out	-	-	-	75,000	75,000
Additions to reserves	-	-	-	-	-
Total Expenditures and Uses	286,950	18,000	-	75,000	379,950

Utility (Enterprise) Funds

Over the last several months, Council has spent many hours reviewing the utility funds, particularly the water fund, in order to assess the need for a rate increase. In July, a significant water rate increase was adopted in order to cover debt service obligations. The proposal for the utility funds is based on the plan outlined in those discussions and on the rates adopted. As anticipated in the rate analysis for water, salaries are up to include amounts formerly listed as “wastewater”, the addition of \$5,000 for overtime, and some allocation changes between public works, storm water and sanitation. Also, as planned in the rate review, repairs and maintenance costs have been increased to ensure emergency line breaks and preventative maintenance are funded.

	<u>2009/2010 Actual</u>	<u>2010/2011 Budget</u>	<u>2011/2012 Proposal</u>	<u>Change from 2011 Budget</u>	<u>% Change</u>
Water Fund					
Operating Revenues:					
Charges for Services	786,412	836,870	1,350,000 *	513,130	61%
	<u>786,412</u>	<u>836,870</u>	<u>1,350,000</u>	<u>513,130</u>	<u>61%</u>
Operating Expenses:					
Salaries and Benefits	396,980	347,150	377,450	30,300	9%
Contractual Services	20,109	40,900	67,300	26,400	65%
Utilities, Repairs, Insurance	105,251	101,150	138,200	37,050	37%
Supplies	35,324	37,150	46,900	9,750	26%
Depreciation	244,435	-	-	-	na
Total Operating expenses	<u>(802,098)</u>	<u>(526,350)</u>	<u>(629,850)</u>	<u>(103,500)</u>	<u>20%</u>
Operating income/(loss)	(15,687)	310,520	720,150	409,630	132%
Non Operating Revenues/(Expenses):					
Interest and investment revenue	(1,591)	2,350	500	(1,850)	-79%
Other non-operating revenues	1,617	700	-	(700)	-100%
Other non-operating costs	-	(12,865)	-	12,865	-100%
Debt Service (principal and interest)	(116,677)	(204,864)	(544,850)	(339,986)	166%
Capital Outlays	15,876	(7,000)	(50,000)	(43,000)	614%
Total Non operating expenses	<u>(100,775)</u>	<u>(221,679)</u>	<u>(594,350)</u>	<u>(372,671)</u>	<u>168%</u>
Income/(loss) before contributions and transfers	(116,461)	88,841	125,800	36,959	42%
Capital Contributions (impact fees)	-	-	-	-	na
Transfers out	(182,350)	(60,000)	(60,000)	-	0%
Change in net assets	<u>(298,811)</u>	<u>28,841</u>	<u>65,800</u>	<u>36,959</u>	<u>128%</u>

	<u>2009/2010</u> <i>Actual</i>	<u>2010/2011</u> <i>Budget</i>	<u>2011/2012</u> <i>Proposal</i>	<i>Change from 2011 Budget</i>	<i>% Change</i>
Storm Water Fund					
Operating Revenues:					
Charges for Services	131,754	164,232	167,450 *	3,218	2%
	<u>131,754</u>	<u>164,232</u>	<u>167,450</u>	<u>3,218</u>	<u>2%</u>
Operating Expenses:					
Salaries and Benefits	47,776	56,800	62,400	5,600	10%
Contractual Services	323	800	400	(400)	-50%
Utilities, Repairs, Insurance	8,196	9,000	6,400	(2,600)	-29%
Supplies	3,278	1,950	2,300	350	18%
Depreciation	47,838	-	-	-	na
Total Operating expenses	<u>(107,411)</u>	<u>(68,550)</u>	<u>(71,500)</u>	<u>(2,950)</u>	<u>4%</u>
Operating income/(loss)	24,343	95,682	95,950	268	0%
Non Operating Revenues/(Expenses):					
Debt Service (principal and interest)	(3,194)	(6,708)	-	6,708	-100%
Capital Outlays	-	-	-	-	na
Total Non operating expenses	<u>(3,194)</u>	<u>(6,708)</u>	<u>-</u>	<u>6,708</u>	<u>-100%</u>
Income/(loss) before contributions and transfers	21,149	88,974	95,950	6,976	8%
Capital Contributions (impact fees)	703,650	-	-	-	na
Transfers out	<u>(18,409)</u>	<u>(88,974)</u>	<u>(83,500)</u>	<u>5,474</u>	<u>-6%</u>
Change in net assets	706,390	-	12,450	12,450	na

	<u>2009/2010 Actual</u>	<u>2010/2011 Budget</u>	<u>2011/2012 Proposal</u>	<u>Change from 2011 Budget</u>	<u>% Change</u>
Sanitation Fund					
Operating Revenues:					
Charges for Services	422,461	391,182	394,400	3,218	1%
	<u>422,461</u>	<u>391,182</u>	<u>394,400</u>	<u>3,218</u>	<u>1%</u>
Operating Expenses:					
Salaries and Benefits	9,251	38,650	19,850	19,850	51%
Contractual Services	299,529	298,000	314,000	16,000	5%
Utilities, Repairs, Insurance	6,296	1,500	3,950	2,450	163%
Supplies	2,816	-	900	900	na
Depreciation	8,969	-	-	-	na
Total Operating expenses	<u>(326,861)</u>	<u>(338,150)</u>	<u>(338,700)</u>	<u>(39,200)</u>	<u>12%</u>
Operating income/(loss)	95,601	53,032	55,700	2,668	5%
Non Operating Revenues/(Expenses):					
Interest Income	314	-	-		
Debt Service (principal and interest)	-	(1,750)	-	1,750	-100%
Capital Outlays	-	-	-	-	na
Total Non operating expenses	<u>314</u>	<u>(1,750)</u>	<u>-</u>	<u>1,750</u>	<u>-100%</u>
Income/(loss) before contributions and transfers	95,915	51,282	55,700	4,418	9%
Capital Contributions (impact fees)	703,650	-	-	-	na
Transfers out	<u>(40,000)</u>	<u>(51,282)</u>	<u>(40,000)</u>	<u>11,282</u>	<u>na</u>
Change in net assets	759,565	-	15,700	15,700	na

In Closing

In making this proposal, staff and I have attempted to be reasonable and conservative in our estimates for both revenues and expenditures. We will continue to review all areas for any additional cuts that can, reasonably, be made.

My hope is that this proposal will provide the road-map of our work in reviewing the budget and making the policy decisions necessary to guide the City's operations in the coming year. The economy, and in some cases the State, has not made our job easy. Our overall guidance however, is a sincere desire to produce the services the citizens want at the lowest possible cost.

This will be our balancing act in the coming weeks. I look forward to working with you on the big issues this budget needs to address.

Thank you for your good stewardship and thoughtful work with us on this budget.

Jim Gleason

City Manager