

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

FUND SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Adopted
<u>Revenues:</u>				
General Fund	85,892,014	87,904,644	89,922,437	95,861,764
Water Resources Fund	33,110,712	33,953,603	33,531,552	42,304,346
Transit Services Fund	5,341,821	5,502,704	5,739,989	5,769,288
Civic Center Fund	2,037,502	1,886,109	2,508,078	2,878,433
Parking Services Fund	2,925,728	3,249,254	3,546,354	3,856,700
Golf Fund*	742,182	793,678	924,554	0
Stormwater Fund	3,186,151	3,107,993	3,290,723	3,648,723
Street Cut Utility Fund	1,170,538	1,541,598	1,834,923	1,493,808
Festivals Fund**	<u>491,451</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	134,898,099	137,939,583	141,298,610	155,813,062
Less Interfund Transactions	(5,297,370)	(5,245,835)	(6,580,740)	(6,506,822)
Net Revenue	<u>129,600,729</u>	<u>132,693,748</u>	<u>134,717,870</u>	<u>149,306,240</u>
<u>Expenditures:</u>				
General Fund	86,172,539	86,106,271	89,922,437	95,861,764
Water Resources Fund	31,067,676	30,815,661	33,531,552	42,304,346
Transit Services Fund	5,211,151	5,405,497	5,739,989	5,769,288
Civic Center Fund	2,180,045	2,527,333	2,508,078	2,878,433
Parking Services Fund	2,500,045	2,663,519	3,546,354	3,856,700
Golf Fund*	885,370	859,860	924,554	0
Stormwater Fund	2,761,742	3,694,373	3,290,723	3,648,723
Street Cut Utility Fund	1,181,988	1,447,759	1,834,923	1,493,808
Festivals Fund**	<u>664,812</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	132,625,368	133,520,273	141,298,610	155,813,062
Less Interfund Transactions	(5,297,370)	(5,245,835)	(6,580,740)	(6,506,822)
Net Expenditure	<u>127,327,998</u>	<u>128,274,438</u>	<u>134,717,870</u>	<u>149,306,240</u>

* The City contracted out operation of the Municipal Golf Course in FY 2012-13.

** Beginning in FY 2011-12, programs previously accounted for in the Festivals Fund were moved to the General Fund.

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

Sources of Funds:

	General Fund	Water Resources	Transit Services	Civic Center	Stormwater Utility	Parking Services	Street Cut Utility
Property Taxes	51,867,389	0	0	0	0	0	0
Sales & Other Taxes	18,084,277	0	0	0	0	0	0
Intergovernmental	11,250,660	0	2,819,911	0	0	0	0
Licenses & Permits	4,706,690	0	320,000	0	187,000	0	0
Charges For Service	5,387,387	33,719,987	855,000	1,889,506	2,789,723	500	1,493,808
Investment Earnings	150,000	150,677	0	5,000	11,000	16,000	0
Miscellaneous	1,180,063	46,295	0	98,000	25,000	3,840,200	0
Other Financing Sources	3,235,298	8,387,387	1,774,377	885,927	636,000	0	0
Total Revenue	95,861,764	42,304,346	5,769,288	2,878,433	3,648,723	3,856,700	1,493,808

Uses of Funds:

	General Fund	Water Resources	Transit Services	Civic Center	Stormwater Utility	Parking Services	Street Cut Utility
Salaries & Wages	42,806,366	6,141,684	159,341	983,149	1,170,422	626,747	390,465
Fringe Benefits	17,155,663	2,698,681	59,851	340,909	567,823	317,893	150,044
Operating Costs	25,550,753	8,765,720	5,550,096	1,253,825	1,175,078	1,158,701	906,290
Interfund Transfers	2,043,429	0	0	0	0	616,875	0
Debt Service	5,387,021	6,152,519	0	300,550	94,400	892,725	3,359
Capital Outlay	2,918,532	18,545,742	0	0	641,000	243,759	43,650
Total Expenditure	95,861,764	42,304,346	5,769,288	2,878,433	3,648,723	3,856,700	1,493,808

BUDGET SUMMARY - EXPENDITURES

<u>Service Area</u>	2010-11	2011-12	2012-2013	2013-14
Departments	Actual	Actual	Budget	Adopted
<u>General Government</u>				
Finance & Management Services	3,201,360	3,083,570	3,229,995	2,656,632
Administrative Services	1,243,450	1,219,875	1,286,663	1,345,416
Economic Development	468,055	497,557	447,909	438,457
City Attorney	631,889	646,661	650,544	665,063
Information Technology Services	2,402,872	2,675,076	2,642,090	2,868,637
Human Resources	1,318,951	1,018,123	1,321,559	1,276,285
General Services				2,716,162
Nondepartmental	1,189,488	1,342,974	1,140,890	2,158,195
Total General Government	10,456,065	10,483,836	10,719,650	14,124,847
<u>Public Safety</u>				
Police	20,311,219	20,072,896	20,960,817	22,617,301
Fire & Rescue	18,392,042	18,600,324	18,413,612	19,579,293
Nondepartmental	410,104	427,795	418,106	433,903
Total Public Safety	39,113,365	39,101,015	39,792,535	42,630,497
<u>Environment & Transportation</u>				
Water Resources Fund	31,067,676	30,815,661	33,531,552	42,304,346
Public Works	11,781,357	11,253,197	12,517,166	12,894,771
Stormwater Fund	2,761,742	3,694,373	3,290,723	3,648,723
Street Cut Utility Fund	1,181,988	1,447,759	1,834,923	1,493,808
Transportation	1,070,614	941,261	1,015,080	1,196,052
Transit Services Fund	5,211,151	5,405,497	5,739,989	5,769,288
Parking Services Fund	2,500,045	2,663,519	3,546,354	3,856,700
Nondepartmental	642,196	985,295	985,295	1,207,502
Total Environ. & Transportation	56,216,769	57,206,562	62,461,082	72,371,190
<u>Culture & Recreation</u>				
Parks, Rec. & Cultural Arts	8,746,740	9,236,605	9,638,866	9,376,097
Civic Center Fund	2,180,045	2,527,333	2,508,078	2,878,433
Golf Fund	885,370	859,860	924,554	0
Festivals Fund	664,812	0	0	0
Nondepartmental	447,902	392,594	835,685	885,927
Total Culture & Recreation	12,924,869	13,016,392	13,907,183	13,140,457
<u>Community Development</u>				
Building Safety	3,572,824	3,902,508	4,143,458	0
Planning & Development	1,745,910	1,626,996	1,803,481	1,105,908
Housing Trust Fund	300,000	300,000	500,000	500,000
Development Services	0	0	0	2,858,310
Nondepartmental	774,172	719,674	782,397	900,800
Total Community Development	6,392,906	6,549,178	7,229,336	5,365,018
Capital Pay-Go/Debt	7,515,095	7,163,290	7,188,824	8,181,053
TOTAL EXPENDITURES	132,625,368	133,520,273	141,298,610	155,813,062
Less: Interfund Transactions	(5,297,370)	(5,245,835)	(6,580,740)	(6,506,822)
NET EXPENDITURES	<u>127,327,998</u>	<u>128,274,438</u>	<u>134,717,870</u>	<u>149,306,240</u>

BUDGET SUMMARY - EXPENDITURES

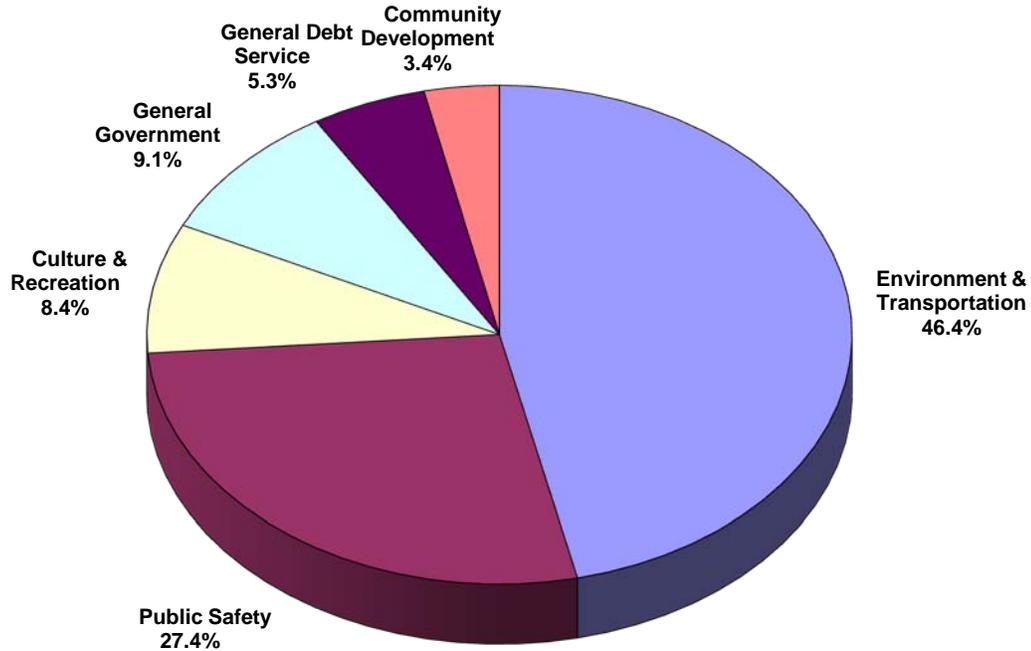
<i>Expenditures by Category</i>	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Adopted
Salaries & Wages	51,070,169	49,595,672	51,632,836	52,278,174
Fringe Benefits	20,497,591	21,201,534	21,428,543	21,290,864
Operating Costs	33,062,624	33,861,638	35,751,408	40,513,945
Debt Service	11,618,586	13,504,998	13,005,345	12,830,574
Capital Outlay	<u>11,079,028</u>	<u>10,110,596</u>	<u>12,899,738</u>	<u>22,392,683</u>
NET BUDGET	<u>127,327,998</u>	<u>128,274,438</u>	<u>134,717,870</u>	<u>149,306,240</u>

BUDGET HIGHLIGHTS

- Overall, the City's FY 2013-14 adopted budget shows a 10.8% or \$14.6 million increase compared to the FY 2012-13 budget. More than half of this increase is in the Water Resources Fund where \$8.3 million is being appropriated from Water fund balance for high priority capital projects. Most of the remaining increase is in the General Fund, where City Council approved a 3-cent property tax rate increase to fund additional capital maintenance projects along with the newly launched Community and Economic Development CIP (EDCIP).
- The FY 2013-14 adopted budget for personnel costs (salaries & wages and fringe benefits) includes funding for a 3% cost of living adjustment (COLA) for employees. Even with this COLA included in the budget and a State mandated increase in the City's contribution to the retirement system, personnel costs show an increase of only 0.69% or \$500,000 due to a couple of factors. First, during FY 2013-13 the City contracted out several services, including street resurfacing, new sidewalk construction, and operation of the municipal golf course. These changes resulted in an overall net decrease in City FTE positions. In addition, the City is freezing approximately 14 positions in FY 2013-14, which will produce budget savings in the General Fund of \$500,000.
- Citywide operating costs for FY 2013-14 are budgeted to increase by 13.3%. Part of this increase is due to the change noted above in which street resurfacing and new sidewalk construction are now being contracted out (operating expense) as opposed to being handled by City crews. In addition, a large portion of the 1-cent property tax rate increase for the maintenance CIP was directed toward street resurfacing resulting in a substantial overall increase in that budget.
- The City's FY 2013-14 debt service budget totals \$12.8 million, which is down slightly from FY 2012-13. The General Fund debt service budget is kept flat compared to FY 2012-13.
- Citywide pay-as-you-go capital expenses are budgeted to increase by approximately \$9.4 million. Most of this increase is in the Water Resources Fund, which, as noted above, includes an \$8.3 million fund balance appropriation for high priority capital projects. Also, as noted above, the General Fund includes an increase in the pay-as-you-go contribution to capital from the 3-cent property tax rate increase that was approved by City Council.
- It should be noted that the FY 2013-14 Parks and Recreation Department budget includes plans to restructure the city's role in producing special events and festivals, and that plan assumes that the City will produce its last Bele Chere festival in summer 2013. Overall, the Culture and Recreation budget shows a \$766,000 decrease as a result of this restructuring.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE FY 2013-14 EXPENDITURES BY SERVICE AREA NET TOTAL \$149,306,240



Budget-to-Budget Expenditure Comparison

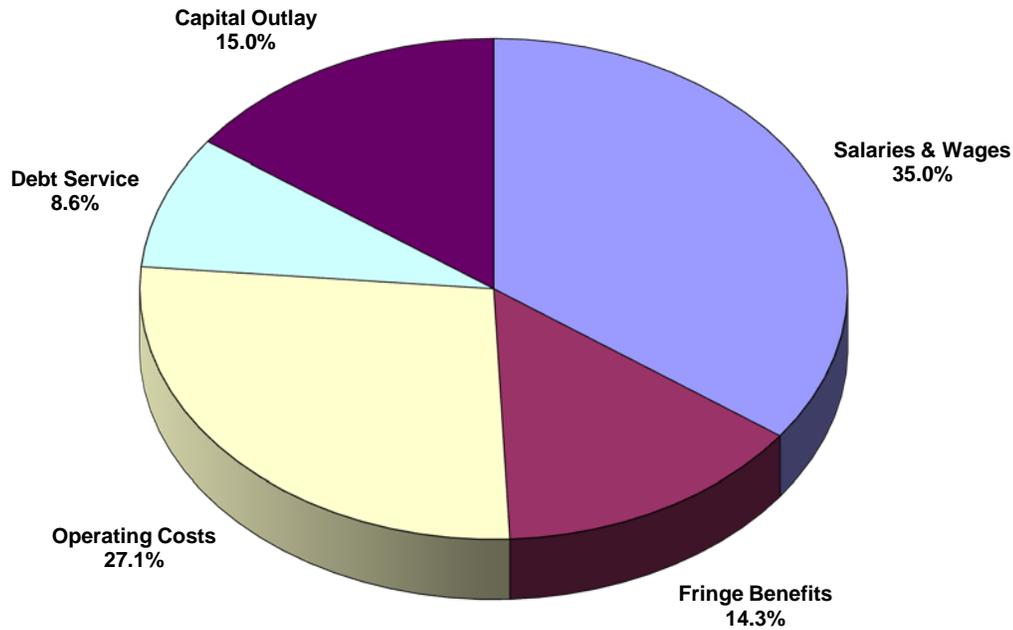
<u>Service Areas:</u>	<u>2012-13</u>	<u>2013-14</u>	<u>Change From Prior Year</u>	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Environment & Transportation	62,461,082	72,371,190	9,910,108	15.9%
Public Safety	39,792,535	42,630,497	2,837,962	7.1%
Culture & Recreation	13,907,183	13,140,457	(766,726)	-5.5%
General Government	10,719,650	14,124,847	3,405,197	31.8%
General Capital/Pay-Go Debt	7,188,824	8,181,053	992,229	13.8%
Community Development	7,229,336	5,365,018	(1,864,318)	-25.8%
Total Expenditures	141,298,610	155,813,062	14,514,452	10.3%
Less: Interfund Transfers	(6,580,740)	(6,506,822)	73,918	-1.1%
Net Expenditures	<u>134,717,870</u>	<u>149,306,240</u>	<u>14,588,370</u>	<u>10.8%</u>

Notes:

- Debt service payments in the enterprise funds are included in the respective service areas. All other debt service is included under General Debt Service.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE FY 2013-14 EXPENDITURES BY SERVICE AREA NET TOTAL \$149,306,240



Budget-to-Budget Expenditure Comparison

<u>Expense Category:</u>	2012-13	2013-14	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Salaries & Wages	51,632,836	52,278,174	645,338	1.2%
Fringe Benefits	21,428,543	21,290,864	(137,679)	-0.6%
Operating Costs	35,751,408	40,513,945	4,762,537	13.3%
Debt Service	13,005,345	12,830,574	(174,771)	-1.3%
Capital Outlay	12,899,738	22,392,683	9,492,945	73.6%
Net Expenditures	<u>134,717,870</u>	<u>149,306,240</u>	<u>14,588,370</u>	<u>10.8%</u>

BUDGET SUMMARY - REVENUES

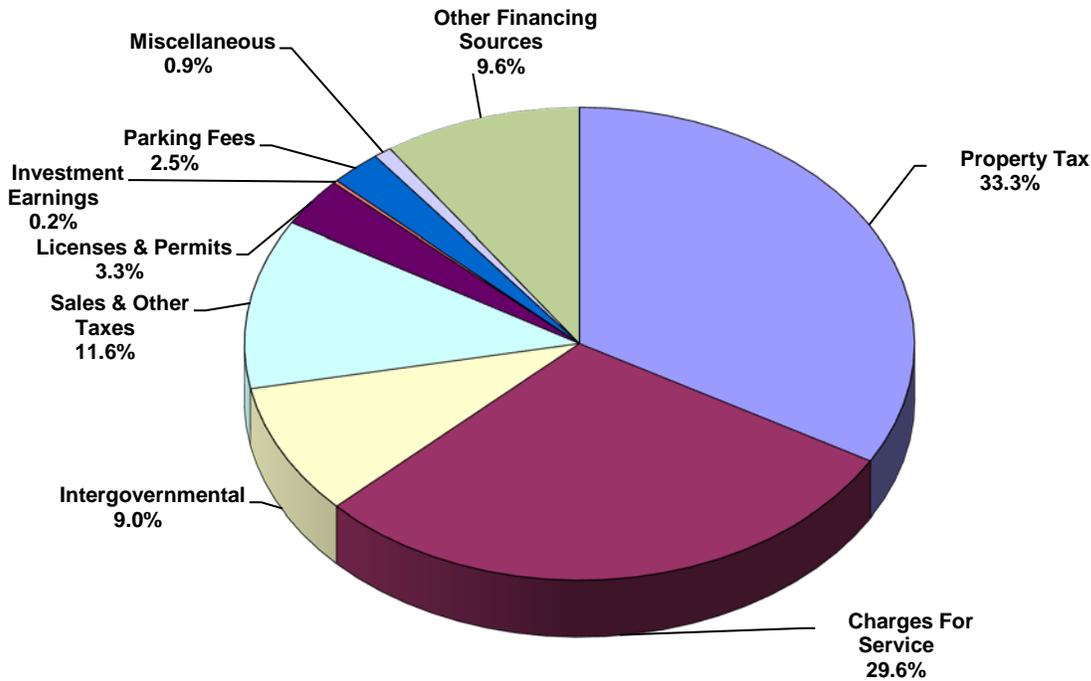
<u>Revenue Sources:</u>	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Adopted
Property Tax	46,474,590	46,800,092	47,375,063	51,867,389
Charges For Service	43,259,565	45,305,834	44,261,594	46,135,911
Intergovernmental	14,211,984	15,187,531	14,153,048	14,070,571
Sales & Other Taxes	15,120,941	16,258,875	16,990,325	18,084,277
Licenses & Permits	5,585,413	4,901,834	5,844,000	5,213,690
Investment Earnings	279,033	346,925	373,500	332,677
Parking Fees	2,912,941	3,249,254	3,525,854	3,839,700
Miscellaneous	1,488,318	2,267,297	1,214,063	1,349,858
Other Financing Sources	<u>5,565,313</u>	<u>3,621,941</u>	<u>7,561,163</u>	14,918,989
Total Revenue	134,898,099	137,939,583	141,298,610	155,813,062
Less: Interfund Transactions	(5,297,370)	(5,245,835)	(6,580,740)	(6,506,822)
Net Revenue	<u>129,600,729</u>	<u>132,693,748</u>	<u>134,717,870</u>	149,306,240

BUDGET HIGHLIGHTS

- The property tax, which comprises 34% of total revenue, is the single largest source of revenue for the City. The Buncombe County Tax Office completed a property revaluation in 2013 with new values set to take effect for the 2013-14 fiscal year. As discussed in the Manager's Budget Message, the City's revenue neutral tax rate for FY 2013-14 was 43 cents per \$100 of assessed valuation. The adopted tax rate of 46 cents is 3 cents above the revenue-neutral rate. This increase will produce approximately \$3.3 million in additional revenue, which will be dedicated to the City's capital improvement program.
- The second largest source of revenue is charges for service, which makes up about 31% of the revenue budget. Most of the revenue in this category, approximately \$33.7 million, comes from water utility charges. In March, City Council approved water rate adjustments for the 2013-14 fiscal year that are expected to generate approximately \$300,000 in additional revenue. Overall, revenue from charges for services is budgeted to increase by 4.1% in FY 2013-14. Approximately \$1.0 million of this increase will come from the new \$7.00 monthly solid waste fee that Council approved in March, which replaces the old \$3.50 household recycling fee.
- With the economy showing signs of continued growth, revenue from sales taxes is budgeted to increase by approximately \$1.0 million.
- Intergovernmental revenue, which includes state-shared utility taxes as well as Powell Bill funding, is expected to remain essentially flat in FY 2013-14.
- Revenue from licenses and permits shows a decrease of \$630,000. Part of this decrease is the result of an adjustment downward in the budget for business privilege licenses to reflect actual collections from prior years. In addition, staff did not include any revenue in the FY 2013-14 budget from electronic gaming operations based on recent court actions which have banned their operation.
- In March, City Council approved a 25 cent increase in the hourly rate for parking meters and garages. This increase, which is effective July 1, is expected to produce approximately \$400,000 in additional revenue from parking fees.
- The other financing sources budget includes various adjustments to items such as interfund transfers, debt proceeds, and fund balance appropriation. The large increase in this category is due to the \$8.3 million fund balance appropriation in the Water Resources Fund.

BUDGET SUMMARY - REVENUES

CITY OF ASHEVILLE FY 2013-14 REVENUES BY SOURCE NET TOTAL \$149,306,240



Budget-to-Budget Revenue Comparison

<u>Revenue Sources:</u>	<u>2012-13</u> <u>Budget</u>	<u>2013-14</u> <u>Adopted</u>	<u>Change From Prior Year</u> <u>in \$</u>	<u>in %</u>
Property Tax	47,375,063	51,867,389	4,492,326	9.5%
Charges For Service	44,261,594	46,135,911	1,874,317	4.2%
Intergovernmental	14,153,048	14,070,571	(82,477)	-0.6%
Sales & Other Taxes	16,990,325	18,084,277	1,093,952	6.4%
Licenses & Permits	5,844,000	5,213,690	(630,310)	-10.8%
Investment Earnings	373,500	332,677	(40,823)	-10.9%
Parking Fees	3,525,854	3,839,700	313,846	8.9%
Miscellaneous	1,214,063	1,349,858	135,795	11.2%
Other Financing Sources	7,561,163	14,918,989	7,357,826	97.3%
Total Revenue	141,298,610	155,813,062	14,514,452	10.3%
Less: Interfund Transactions	(6,580,740)	(6,506,822)	73,918	-1.1%
Net Revenue	<u>134,717,870</u>	<u>149,306,240</u>	<u>14,588,370</u>	<u>10.8%</u>

BUDGET SUMMARY - STAFFING

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Adopted
Environment & Transportation	339.13	339.13	314.13	305.63
Public Safety	499.00	504.00	517.00	517.00
Culture & Recreation	132.40	124.40	115.88	115.88
General Government	97.13	97.92	126.93	126.88
Community Development	74.75	74.38	58.30	58.30
TOTAL CITY WIDE	1,142.41	1,139.83	1,132.24	1,123.74

BUDGET HIGHLIGHTS

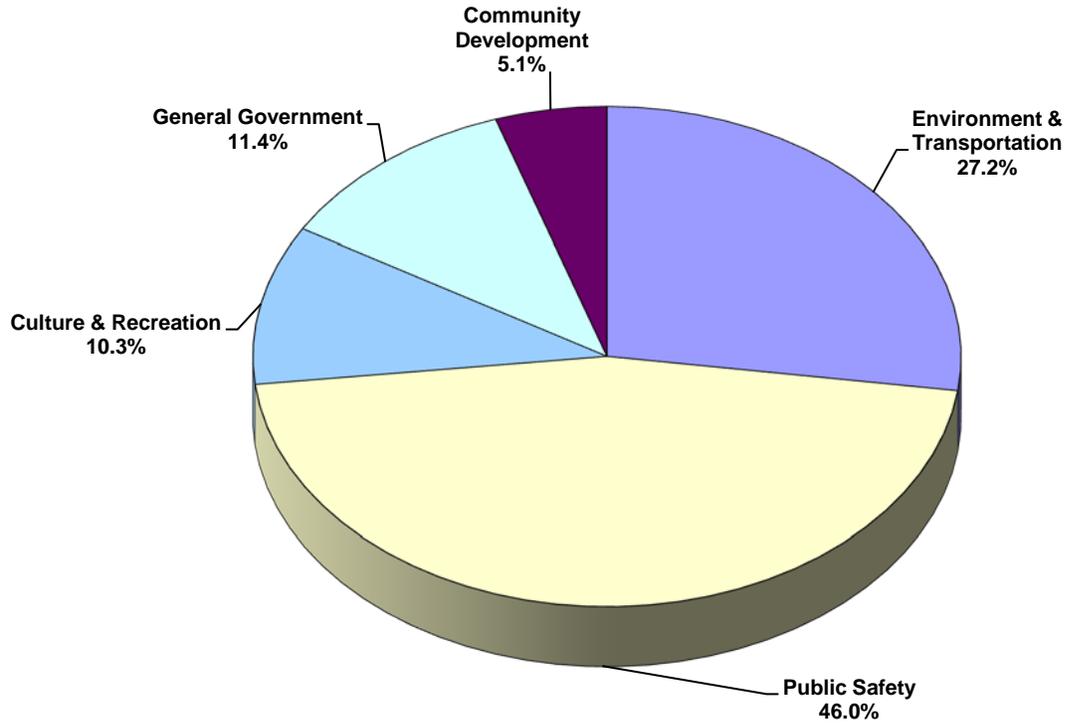
- The FTE count for FY 2012-13 has been adjusted since the start of the fiscal year to reflect position changes since July 1. This includes a reduction of 11 FTE positions from the contracting out of the Municipal Golf Course, and a reduction of 10.5 FTE positions associated with the contracting out of street resurfacing and new sidewalk construction.
- The FY 2013-14 adopted budget includes an 8.5 FTE reduction in the Street Cut Fund, which reflects a scaled back program based on a reduction in expected demand for street cut repairs during FY 2013-14. Labor crews were re-engineered to provide maximum efficiency and cost effectiveness for the program.
- Otherwise, position counts for FY 2013-14 will remain the same as FY 2012-13. The chart on the following page shows the changes in FTE positions by service area and department for each of the last four fiscal years.
- It should be noted that frozen positions that will be held vacant for all or part of the upcoming fiscal year are still included in the FTE count above. The City plans to freeze approximately 14 positions throughout the year as a budget balancing strategy.

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2010-11	2011-12	2012-13	2013-14
Departments & Divisions	Actual	Actual	Budget	Adopted
<u>Public Safety</u>				
Police	260.00	260.00	264.00	264.00
Police Grant Funded Positions	0.00	5.00	5.00	5.00
Fire & Rescue	239.00	239.00	248.00	248.00
Total Public Safety	<u>499.00</u>	<u>504.00</u>	<u>517.00</u>	<u>517.00</u>
<u>Culture & Recreation</u>				
Parks, Recreation & Cultural Arts	101.40	97.15	97.38	97.38
Grant Funded Positions	1.00	0.00	0.00	0.00
Festivals Fund	2.75	0.00	0.00	0.00
Golf Fund	11.00	11.00	0.00	0.00
Civic Center Fund	16.25	16.25	18.50	18.50
Total Culture & Recreation	<u>132.40</u>	<u>124.40</u>	<u>115.88</u>	<u>115.88</u>
<u>General Government</u>				
Administrative Services	9.00	9.75	9.75	9.75
Finance & Management Services	45.00	43.00	33.75	33.75
Information Technology Services	19.00	19.00	19.00	19.00
Human Resources	13.63	15.67	15.68	15.68
City Attorney	6.00	6.00	6.00	6.00
Economic Development	4.50	4.50	5.75	5.75
General Services			37.00	37.00
Total General Government	<u>97.13</u>	<u>97.92</u>	<u>126.93</u>	<u>126.93</u>
<u>Environment & Transportation</u>				
Water Resources Fund	146.00	147.00	148.00	148.00
Public Works	105.00	106.00	83.51	83.51
Transportation	12.63	11.63	12.30	12.30
Stormwater Fund	35.00	34.00	28.99	28.99
Transit Services Fund	3.00	3.00	3.00	3.00
Parking Services Fund	19.00	19.00	21.33	21.33
Street Cut Utility Fund	18.50	18.50	17.00	8.50
Total Environment & Transportation	<u>339.13</u>	<u>339.13</u>	<u>314.13</u>	<u>305.63</u>
<u>Community Development</u>				
Planning & Development	22.75	19.38	13.50	13.50
Building Safety	46.00	50.00	0	0
Development Services	0	0	39.80	39.80
Community Development Fund	6.00	5.00	5.00	5.00
Total Community Development	<u>74.75</u>	<u>74.38</u>	<u>58.30</u>	<u>58.30</u>
TOTAL CITY WIDE FTE POSITIONS	<u>1,142.41</u>	<u>1,139.83</u>	<u>1,132.24</u>	<u>1,123.74</u>

BUDGET SUMMARY - STAFFING

CITY OF ASHEVILLE FY 2013-14 FTE POSITIONS BY SERVICE AREA TOTAL: 1,123.74



Budget-to-Budget Staffing Comparison

<u>Service Areas:</u>	2012-13	2013-14	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in #</u>	<u>in %</u>
Environment & Transportation	314.13	305.63	(8.50)	-2.7%
Public Safety	517.00	517.00	0.00	0.0%
Culture & Recreation	115.88	115.88	0.00	0.0%
General Government	126.93	127.93	1.00	0.8%
Community Development	58.30	57.30	(1.00)	-1.7%
Total Citywide FTE Positions	<u>1,132.24</u>	<u>1,123.74</u>	<u>(8.50)</u>	<u>-0.8%</u>

ANALYSIS OF FUND BALANCE

<u>GENERAL FUND</u>	2012-13 Budget*	2012-13 Estimate	2013-14 Adopted
Total Revenues	90,537,049	90,264,803	95,861,764
Total Expenditures	91,187,049	89,377,049	95,861,764
Revenues Over (Under) Expenditures	(650,000)	887,754	0
Unassigned Fund Balance:			
Beginning	13,626,000	13,626,000	14,513,754
Ending	12,976,000	14,513,754	14,513,754
Ending Unassigned Fund Balance as a % of Total Expenditures	14.2%	16.2%	15.1%

*Amended budget as of the 3rd quarter FY 2012-13 financial report.

One measure of a city's financial strength is the level of its unassigned fund balances. In general, fund balance is excess or surplus money. At the end of a fiscal year, unassigned fund balance is the amount of fund balance that is remaining after reserves of fund balance for inventories, prepaid expenses, employee paid health benefits, and state statute reserve have been made. Reserves of fund balance are amounts required by state statute, or governmental accounting standards that are legally not available for spending. Fund balance that is unappropriated after budget adoption serves as a general operating reserve for the city. This operating reserve is identified as unassigned fund balance in the chart above.

According to the Local Government Commission, cities in North Carolina should have a minimum fund balance of at least 8%. The "industry average" of fund balance, however, is between 10-20% and is preferable. What are the implications when the fund balance falls below the industry average and the state's recommendation? The most costly implication is a decrease in the bond rating which characterizes the risk of the City's bonds. As the bond rating goes down, interest rates on those bonds increase and the faith and trust of the financial position of the City decreases.

If the fund balance drops to 8% or below, the State will issue a letter of warning giving the government a time frame to bring the fund balance back up. Should the government not comply; the State can step in and assume financial management.

When determining the appropriate level of fund balance for an organization, the following factors, in addition to state minimums or industry averages should be considered:

- The predictability of revenues and volatility of expenditures - a higher level of unreserved funds may be needed if significant revenue sources are subject to unpredictable fluctuations.

ANALYSIS OF FUND BALANCE

- The availability of resources in other funds as well as the potential drain upon general fund resources from other funds may require a higher level of unreserved fund balance.
- Designations by management to compensate for any portion of the fund balance already designated for a specific purpose.
- Liquidity - a disparity between when financial resources actually become available to make payments and the average maturity of the related liabilities may require a higher level of resources be maintained.

For FY 2012-13, the City will set aside approximately \$1.0 million in unassigned fund balance that can be appropriated if needed in FY 2013-14 to offset the potential loss of the water system. This portion of fund balance will be generated by savings from deferred expenses in FY 2012-13. Setting aside this \$1.0 million will bring unassigned fund balance above the 15% policy requirement. The City estimates that for the General Fund, unassigned fund balance will be approximately \$14.5 million at the end of fiscal year 2012-13, which will equal 16.2% of total estimated FY 2012-13 General Fund expenditures. The FY 2013-14 adopted budget includes no appropriation from fund balance. Budget staff estimates that fund balance available for appropriation at the end of FY 2013-14 will be 15.1% of General Fund expenditures.

Enterprise Funds

The other funds in the City's adopted budget are all enterprise funds. For these funds, the City calculates fund balance by taking cash and investments and subtracting out all certain current liabilities and encumbrances. The projected June 30, 2013 fund balance equivalent for the Water Resources Fund and the other Non-Major Enterprise Funds is shown below.

	Fund Balance 6/30/13 Est.	Fund Balance Usage by 6/30/14	Fund Balance 6/30/14 Est.
Water Resources Fund	24,730,543	8,342,387	16,388,156
Non-Major Enterprise Funds	3,587,213	430,000	3,157,213

