

CITY OF FORT WORTH, TEXAS CITIZEN'S GUIDE TO THE FY2012 BUDGET



Fort Worth Omni Hotel - host to the American Football League during Superbowl XLV.



Dear Fort Worth Resident:

The budgeting process always stimulates valuable discussion about the role of city government, including what services to offer and how to deliver them. This dialogue also generates a lot of good ideas and visions of Fort Worth's future. Understanding the City's budget process and the decisions that lead to its adoption are essential to realizing how these issues affect the community now and for years to come.

As an award winning All-America City for the third time, Fort Worth stands as a shining example of what a city can be when its residents, businesses and communities work together to resolve challenges. Only an All-America City would encourage the type of community participation in the budget process you'll find here in Fort Worth. That is why creating this guide is so important to us. Our goal is to help you understand how the budget is developed by city staff with input from residents and the City Council, which approves the final document.

I hope you will use this guide to become familiar with the process and participate in the decisions on how your tax dollars and other revenues are used to provide police and fire protection and libraries service; to support public infrastructure such as roads, safe drinking water and parks; and to keep Fort Worth the All-America City that it is. Your continued participation in local government by expressing your opinions and offering your ideas to city staff and your City Council representatives is always encouraged.

Your interest in your municipal government is appreciated.

Sincerely,
Tom Higgins
City Manager



Fort Worth



1964 • 1993 • 2011

**City of Fort Worth
Citizens' Guide to the FY2012
Annual Budget**

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FORT WORTH CITY COUNCIL

Incorporated in 1873, Fort Worth adopted the council-manager form of government—the most popular form of government in the United States—in 1924, when it received a charter from the Texas Legislature.

In the Fort Worth council-manager form of government, council members represent the people in their geographic districts. Six members constitute a quorum. Council appoints a professional city manager to administer and coordinate municipal operations and programs. The City Council also appoints a city secretary, city attorney, city auditor, municipal court judges and the citizens who serve on City of Fort Worth boards and commissions.

Council members are elected from the district in which they reside, with the exception of the Mayor who is elected at large. The Mayor is the official head of the municipal government and represents Fort Worth on ceremonial occasions, is a voting member of Council, presides over meetings and represents the Council to the public. The Mayor may respond to citizen concerns by appointing special committees to address particular issues.

Elected officials serve two years terms, but are eligible for reelection with no term limits. Duties of the Council also include setting the tax rate, approving the budget, planning for capital improvements, adopting all City ordinances and approving major land transactions, purchases and contracts.

Council meetings, which are open to the public, are conducted at 7 p.m. on the first and second Tuesdays of the month and 10 a.m. on the remaining Tuesdays in the Council Chamber at City Hall, 1000 Throckmorton St., unless otherwise posted.

Pre-Council sessions begin at 3 p.m. on the days of evening meetings and at 8:30 a.m. on the days of morning meetings in the Pre-Council Chamber at City Hall, 1000 Throckmorton St., unless otherwise posted.

For a detailed schedule, you can visit the City's web site at <http://fortworthtexas.gov/> for the calendar of public meetings and agendas. The calendar is located on the homepage of this site.

The agendas for both Pre-Council and City Council meetings are posted on Friday afternoons prior to each regularly scheduled Tuesday meeting.

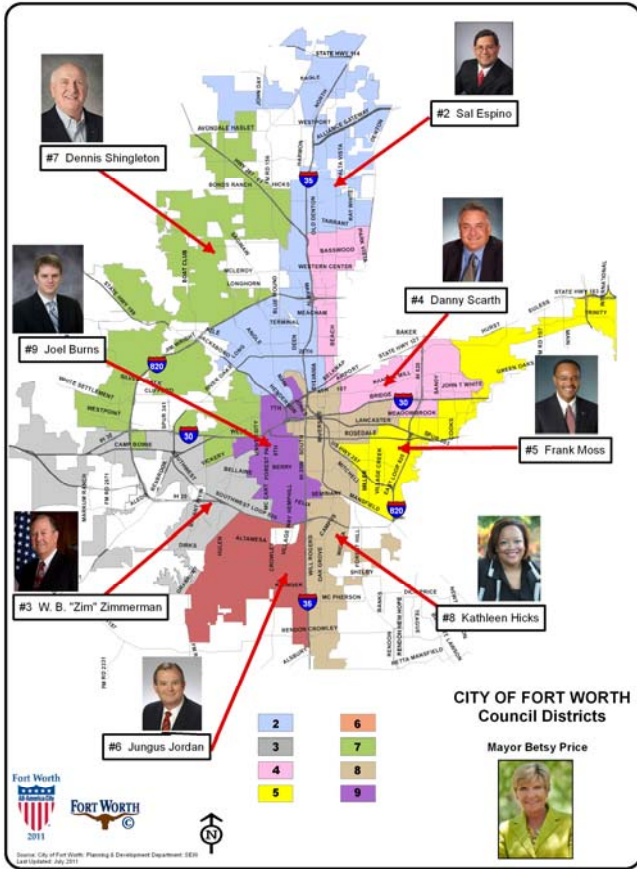
<p>FY2012 Budget Development Schedule</p> <p>Aug 9: City Manager's proposed budget presented to City Council</p> <p>Aug 10-11: City Council Budget Workshops</p> <p>End of August and Early September: Budget Study Sessions held as needed through budget adoption.</p> <p>Sept 20: Budget adopted by the City Council. Tax rate set.</p> <p>Sept 30: Fiscal Year 2011 ended</p> <p>Oct 1: Fiscal Year 2012 began</p>

CITY COUNCIL'S STRATEGIC GOALS

The City's budget incorporates both program budgeting and line item budgeting, however all proposed programs are aligned with one or more of the City Council's strategic goals. The strategic goals are:

- 1. Make Fort Worth the nation's safest major city.**
- 2. Improve mobility and air quality.**
- 3. Create and maintain a clean, attractive city.**
- 4. Strengthen the economic base, develop the future workforce and create quality job opportunities.**
- 5. Promote orderly and sustainable development.**

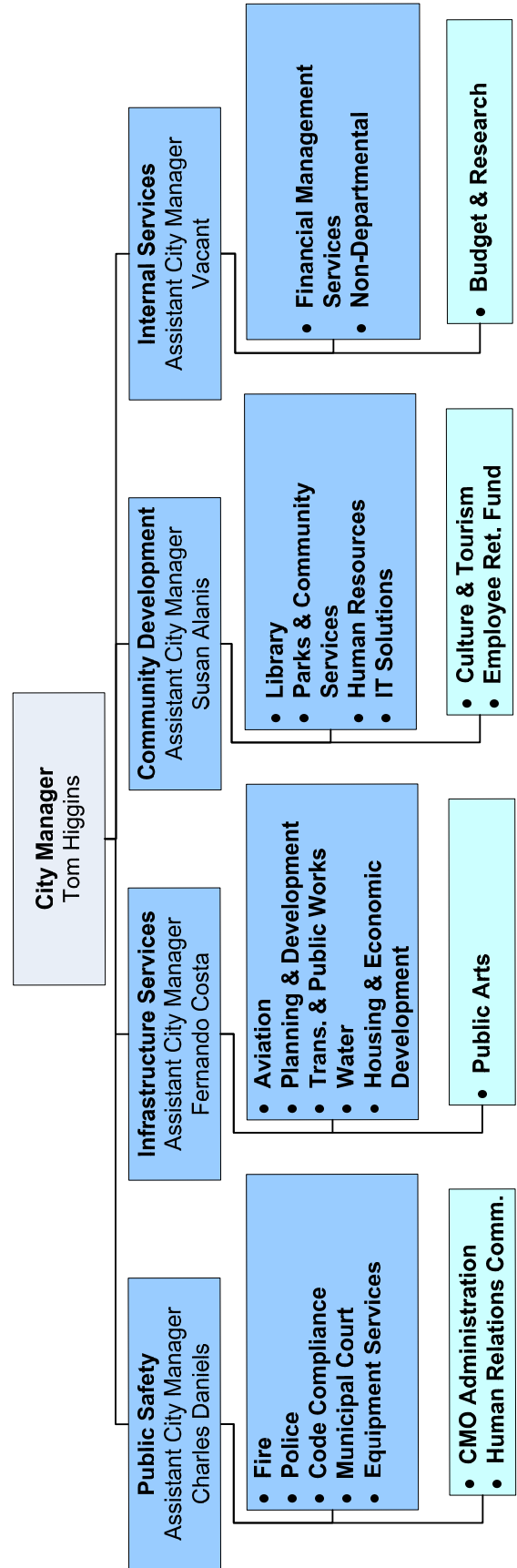
FORT WORTH CITY COUNCIL DISTRICTS



CITY MANAGER'S ORGANIZATIONAL STRUCTURE

Though the City Manager is appointed by City Council, the City Manager's Office is made up of non-political employees much like any other office. The employees in the City Manager's Office oversee city operations and processes while acting as a clearinghouse for information both requested by and submitted to City Council. The City Manager's Office exists to keep the city running, regardless of who wins an election.

The City of Fort Worth government is divided into unique operational departments based on the different types of programs and services provided.



THE BUDGET PROCESS

The development of the FY2012 budget continued to build on the priorities identified and adopted by City Council resolution in January 2010. Taking into account those initial Council priorities, departments compiled their budget requests for the fiscal year beginning on October 1, 2011. Budget submissions were developed using both the guiding principles as outlined in May of 2011 by the Interim City Manager and the core objectives of the Management Plan as developed by City Staff. The departments' budget requests were then submitted in draft form to the City's Budget and Research Division for further analysis and review.

The staff of the Budget and Research Division gave careful consideration to overall program impacts, as well as the balance of critical needs in relation to available resources, and then made its recommendations to the City Manager by incorporating any changes to the initial department requests.

On the basis of these recommendations, discussions with senior staff, and further City Council input and direction, the City Manager made necessary adjustments to balance the budget. Budget staff then compiled the Annual Budget and Program Objectives for presentation by the Interim City Manager to the City Council in August.

After the proposed budget was presented to the City Council, the content of the budget was discussed in a series of Budget Study Sessions during the course of approximately one month. During this period, the Council also held public hearings at its regular City Council meetings for citizen comment on the proposed budget. Based on input from the community and priorities established by Council Members, changes were made and the budget was finalized. The City Council then officially approved the budget by adopting an appropriation ordinance. The official property tax rate for the year was also set at this time, through adoption of the property tax ordinance.

FY2012 BUDGET OVERVIEW

The City of Fort Worth's FY2012 budget includes almost \$1.4 billion of expenditures from 25 unique funds. Each fund represents a dedicated revenue stream and meets a distinct community need. The largest funds are the General Fund, at \$558 million; the Water and Sewer Fund, at \$374 million; the Debt Service Fund, at \$62 million and the Solid Waste Fund, at \$54 million. City operations are further divided into twenty operating departments among these funds that provide specific services.

The FY2012 General Fund Budget was balanced by eliminating a projected \$30.4 million shortfall. The Budget increased expenditures by nearly 5% from \$531.4 to \$557.6 million compared to the FY2011, and includes \$26.3 million in increased expenses, program improvements and service restorations offset by the elimination of some in nonrecurring cost from FY2011. The budget increased by a total 98.75 positions from the FY2011 budget in all funds. Contractual raises for sworn Fire and Police employees were included, as well as 3% compensation increases for all other employees.

The adopted budget uses \$24 million of General Fund reserves for operations in FY2012. Even with this use of reserve funding, the General Fund's fund balance is maintained above the required 10% level.

REDUCED SPENDING

Reductions this year include one-time funding associated with the City of Fort Worth co-hosting Super Bowl XLV as part of the North Texas regional effort and the November 2011 county election. Upon the expiration of the City's electricity contract in May of 2011, a new contract was negotiated at decreased rates, which is anticipated to reduce utility expenses organization-wide by \$4 million annually for the next four years. Critical traffic safety programs were held intact but funded with revenue sources outside the General Fund in FY2012 and Lake Worth patrol levels were reduced. Additionally some departments decreased non-essential contractual personnel cost or

identified positions to be held vacant. No significant service eliminations took place in the FY2012 budget.

SERVICE ENHANCEMENTS

In FY2012, the City will invest \$5.6 million in General Fund improvements and \$6.2 million in other fund improvements. Each of these improvements supports one or more of the Management Plan's five core objectives and performance measures, which are to 1) be a well-managed organization, 2) build strong neighborhoods, 3) develop a sound economy, 4) ensure a healthy environment and 5) provide a safe community.

Key service enhancements in the FY2012 budget include the shifting of one penny to enhance debt capacity, additional support for the Fort Worth Zoo management contract, increased code compliance officers, replacement of the boiler at the AD Marshall Public Safety Building, 30 additional police patrol officers, operation of a new municipal court facility, the restoration of accounting positions, the implementation of kiosks in City Hall for access to public notices, job applications and other City resources, the augmentation of internal audit services, upgrades to the permitting software, funding for a fire trainee class, restoration of service hours at COOL and BOLD libraries, funding for Sister Cities to complete the China Program, a dedicated ambulance service pilot program for Far North Fort Worth and funding for the repair and operations of a municipal pool during the summer of 2012.

More detail about spending reductions and service enhancements is provided in the "General Fund Expenditure" section.

FINANCIAL STRUCTURE

The City of Fort Worth collects various types of revenues, fees and taxes, assigns the revenue to various funds and expends the revenues on services for the community. There are four fund types.

GENERAL FUND

The General Fund finances core services.

The General Fund receives the largest share of revenue in the overall City budget. Major revenues that contribute to this Fund include property tax, sales tax, license & permit fees, service charges and fines & forfeitures.

Services supported by the General Fund include police and fire protection, code compliance, street maintenance, libraries, parks and administration.

ENTERPRISE FUNDS

Enterprise Funds finance direct deliverables to customers who receive goods or services in exchange for payment.

Residents and businesses pay for solid waste disposal, recycling, storm water control, water and sewer services. The City charges rates for these services and deposits the revenue in separate operating funds. This revenue pays for the delivery of each service or product. Each service is intended to be a self-supporting business, and therefore operates as an *Enterprise Fund*.

For example, when residential and commercial customers pay their water bills, they are paying the actual costs for the City to provide the specific amount of water they use. In order to easily track these costs, the City has established a separate Enterprise Fund called the *Water and Sewer Fund*. Based on expenditures in the *Water and Sewer Fund*, the City establishes a billing rate for water service that covers the total cost of producing and delivering water to its customers.

Other Enterprise Funds include the *Solid Waste Fund*, the *Municipal Parking Fund*, the *Municipal Golf Fund*, the *Storm Water Utility Fund* and the *Municipal Airports Fund*.

INTERNAL SERVICE FUNDS

Internal Service Funds account for cost associated with department to department services within the organization.

The City has established *Internal Service Funds* for reasons similar to those for Enterprise Funds however Internal Service Funds do not provide services directly to the community. Instead, these departments provide services internally to support the mission of other departments. The City

maintains separate funds, ensuring accuracy and accountability for the delivery of internal services.

- The *Equipment Services Fund* procures, maintains and repairs City-owned vehicles and equipment.
- The *Information Systems Fund* maintains the City's information and telecom systems.
- The *Capital Projects Service Fund* provides comprehensive engineering design, project management, surveying, quality control testing and construction inspection for municipal infrastructure improvements. The Fund derives approximately 80 percent of its revenue from Capital Improvement Program projects, primarily in the Transportation / Public Works and Water departments.

Other funds include *Temporary Labor Fund* and the *Office Services Fund*.

SPECIAL FUNDS

Money collected by the City for very specific purposes is segregated and managed in Special Funds. These include automated red light enforcement fines, environmental protection fees, hotel/motel occupancy taxes, rental car fees, Crime Control Prevention District tax revenue and the sale of property around Lake Worth.

NOTE: More detail about each major fund is provided later in the guide.

GENERAL FUND REVENUES

The City has several revenue streams that support the General Fund. These include property tax, sales tax, licenses & permits and several smaller revenue streams.

PROPERTY TAX

The property tax is the primary source of revenue for the General Fund, representing 54% of General Fund revenues. The property tax is also called the "ad valorem" tax, which means "on value". The tax is paid by property owners in Fort Worth based on the value of their houses, real estate and personal property, as appraised by the Tarrant, Denton and Wise County Appraisal Districts. For FY2012, property tax will

contribute over \$286.8 million in revenue to the General Fund. Staff continues to use the 98% collection assumption from FY2011.

Three factors affect a property owner's tax bill:

- the assessed valuation of the property
- any tax exemptions for which the owner qualifies
- the property tax rate as adopted by the City Council

Assessed Valuation of the Property

In general property values have been in decline nationwide and Fort Worth is no exception. Existing property values did increase by \$2.1 billion in 2011, partially offset declines with new construction totaling \$964 million. Overall, the adjusted net taxable value of property in Fort Worth increased to \$42.07 billion as of the July certified tax roll.

Historically, property values in Fort Worth have been substantially lower than other major Texas cities. The average value of a single-family home in Fort Worth in 2011 was \$120,690. In contrast, the average home value for Arlington was \$128,948, while the average value in Dallas was \$180,847.

Tax Exemption Policies

Another factor affecting property tax collections is the City's exemption policy. An exemption allows a percentage or a fixed amount of a property valuation to be excluded from taxation. Examples of such exemptions include tax freezes for the elderly and the disabled. This year Fort Worth saw a 5.8% increase in allowed exemptions.

The City's current exemption policy allows for five discretionary exemptions:

- 1) The general residence homestead exemption
- 2) The senior citizen homestead exemption
- 3) The disabled homestead exemption
- 4) The historic sites exemption
- 5) The transitional housing for indigent persons exemption

The most significant of these discretionary exemptions is the general residence homestead which results in \$3.6 billion of exempted assessed value.

Non-discretionary exemptions applying to businesses rather than residences include:

Freeport Goods:

A permanent exemption instituted by the City Council, it is the most significant non-discretionary exemption. Freeport goods are defined as property held by companies in Fort Worth for a period of fewer than 175 days for the purpose of assembly and/or transport to another state. These goods are not taxed. This exemption is projected to reduce assessed value by \$2.6 billion in FY2012.

Foreign Trade Zones:

These are mandated by the federal government. Two local zones exist in Tarrant County, one surrounding D/FW Airport and the other in the Alliance corridor. Eligible inventory with either a foreign source or a foreign destination is non-taxable. This exemption is projected to reduced assed values by \$215 million in FY2012, but is also expected to foster foreign commerce.

Business Tax Abatements:

The City Council has also established a tax abatement policy for businesses to stimulate economic development and create jobs for Fort Worth residents. Tax abatements provide a partial exemption from property taxes paid on the increased property value. This increase in value results from the owner's investment in the property. Total abated property projected for FY2012 is valued at \$113 million. Abatements are audited periodically and businesses must comply with abatement terms.

In FY2012, the total assessed value excluded due to exemptions and abatements in Fort Worth is projected to be in excess of \$8.6 billion, which totals \$73.9 million in lost revenue. Council remains committed to existing exemptions.

City Council Adopted Property Tax Rate

Tax rate is the final factor affecting an owner's tax bill. Over the past ten years, the City's tax rate has remained relatively stable, with slight rate decreases despite challenging economic times. The most significant changes took place beginning in the late 1980's when a 22.7% increase occurred between FY1987 and FY1995. As the tax base expanded, the tax rate was reduced from a peak of \$0.9735 per \$100 valuation in FY1995 to the current rate of \$0.855, first adopted for FY2008.

For the average homeowner with a homestead exemption, this equates to \$826 in annual taxes. That value is calculated as follows:

Property Tax Calculation

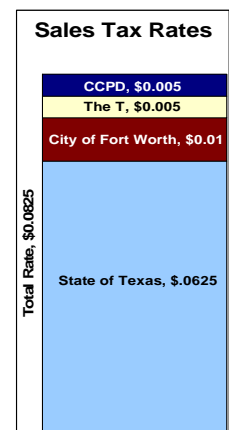
Home value	\$120,690
20% homestead exemption	(\$24,138)
Taxable value	\$96,552
Tax rate (per \$100)	\$0.855
Tax bill	\$826

Assignment of Property Tax Revenue

For FY2012 the City Council opted to dedicate more resources to the priority of completing existing capital projects and making additional debt capacity available for future infrastructure needs by adopting a reallocation of one cent of the tax levy from the General Fund operations and maintenance (O&M) to debt service. The shifting of that one penny reassigns approximately \$4 million in revenue from O&M to debt service and in doing so increases the City's long-term debt capacity. It does not however change the combined property tax rate from the existing \$0.855/\$100 of assessed valuation. The City's total levy amount is now \$0.7009 for O&M and \$0.1541 for debt service per \$100 of assessed valuation.

SALES TAX

Sales tax is the second largest source of revenue to the General Fund at slightly more than 19%. The current sales tax rate in Fort Worth is 8.25¢ and the chart depicts the distribution of the 8.25¢ paid by consumers for every

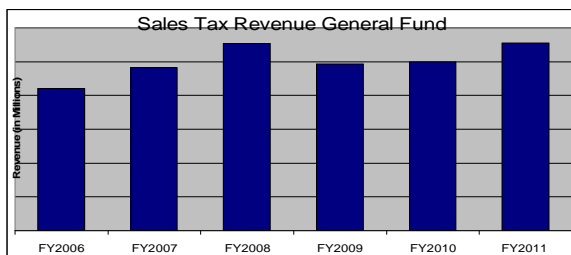


one dollar of taxable purchase in Fort Worth.

State law sets the base sales tax rate and municipalities can then establish additional local sales taxes through a local election for specific purposes. The combined local purpose sales tax rate cannot exceed two percent.

The City of Fort Worth's 1¢ portion of sales tax is projected to total around \$102.3 million for FY2012. An additional 1/2¢ of sales tax is dedicated to the Crime Control and Prevention District (CCPD), which was initially established by popular vote in March 1995. Funds from this CCPD local purpose tax are used to pay for additional police personnel and equipment, as well as various crime prevention programs. This revenue is not added to the General Fund but placed in a separate special trust fund called the CCPD Fund. Finally, there is a 1/2¢ of local purpose sales tax to support the Fort Worth Transportation Authority, also known as "The T."

Sales tax revenue depends on retail sales. Consumer spending, retail development and inflation directly affect retail sales. The chart below depicts five years of actual sales tax revenue and the estimated total receipts for FY2011 in the General Fund.



FY2012 anticipates the continued growth in sales tax revenues that began during FY2011. Collections for construction, manufacturing, wholesale and retail trade industries have shown both recovery and growth indicating a slowly improving economy, while agriculture, transportation and warehousing industries continue to experience the effects of the economic downturn.

LICENSES AND PERMITS

Licenses and permits income constitutes approximately \$45.8 million, over 8% of the

City's General Fund revenue budget for FY2012. Some of the fees that are included in this source of revenue are:

- Franchise fees on utility companies
- Electrical and Plumbing permits
- Parking and Building permits
- Public health fees
- Occupational license changes

OTHER REVENUES

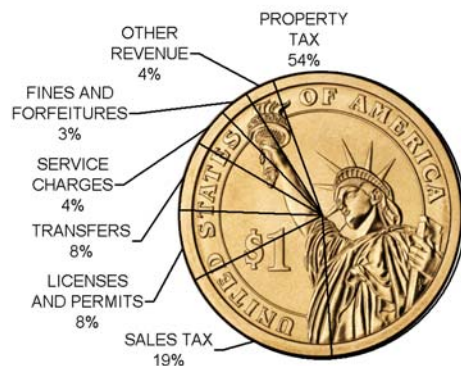
Other sources of revenue make up almost 19% or \$98.5 million the City's total General Fund revenue. These revenues come from:

- Fines for traffic and parking violations
- Revenue from other cities and agencies
- Rental income from City facilities
- Interest income from the investment of reserve funds
- Fees for recreation and library services.

Revenue Breakdown

The following graph depicts the relative value of these General Fund revenue streams.

General Fund Revenues



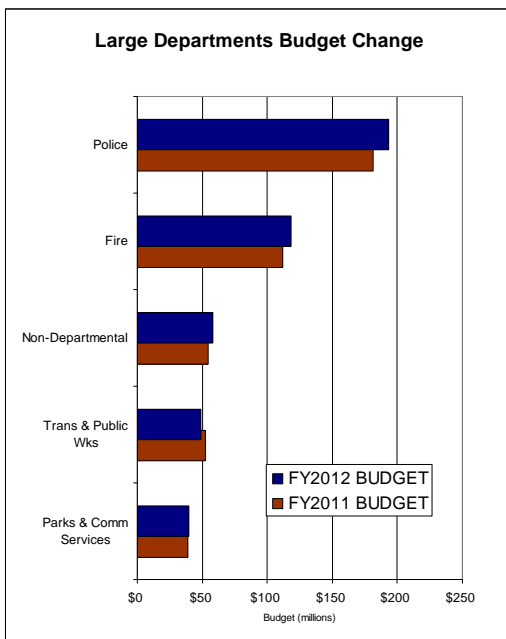
GENERAL FUND EXPENDITURES

Developing the budget for FY2012 required numerous steps and was created through a variety of iterations. A combination of mandatory contractual spending increases, additional demands for service and only slightly higher revenues created a gap of \$30.4 million between budget needs and anticipated revenues. This is the fourth consecutive year that expenditure projections have outpaced revenue projections, however not as significantly as in the recent past. During economically challenging times, staff is extremely cautious in determining what new revenues to recommend and services to decrease or eliminate. The needs of the community are

considered as well as the morale of the organization. Citywide expenditure and revenue opportunities were thoroughly evaluated. Departments critically reviewed their organizations and services levels and provided both savings and enhancements for FY2012 where appropriate. Staff also explored savings opportunities by deferral of capital and vehicle purchases, program modifications and vacancy management mid-year in 2011. As a result, \$5.8 million in savings were identified during FY2011 to contribute towards the anticipated budget shortfall for FY2012. No mandatory reduction targets or hiring freezes were initiated as a part of the mid-year savings exercise. Additionally, no mandatory reduction targets were set for departments in the development of the FY2012 budget proposals either. As a result of the departmental and citywide efforts and reductions, the above mentioned budget gap was closed and a balanced budget has been adopted for FY2012.

The City Manager outlined five guiding principals which included:

- 1) No property tax rate increase for property owners
- 2) No service disruptions for residents
- 3) A stabilization period that avoided departmental consolidations, furlough days and layoffs
- 4) Increases to the City's investment in debt capacity to fund major projects
- 5) If at all possible, nominal increases in salary for general employees

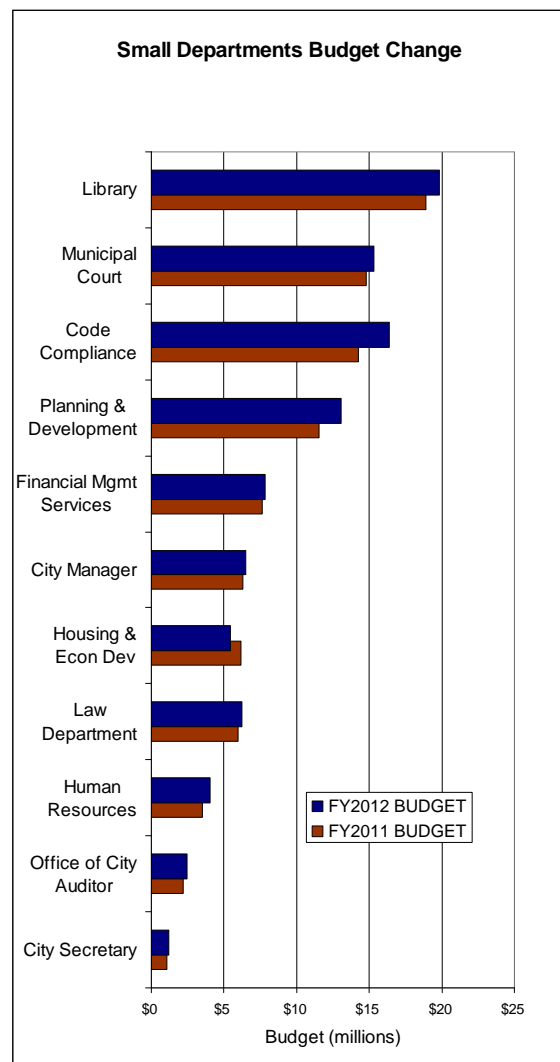


The Management Plan, developed by City staff, was designed to help guide Fort Worth in meeting three strategic goals of ensured financial health, retention of a highly skilled and diverse workforce and efficient uses of land, infrastructure and public services.

To meet these three strategic goals, five core objectives and performance measures were identified as:

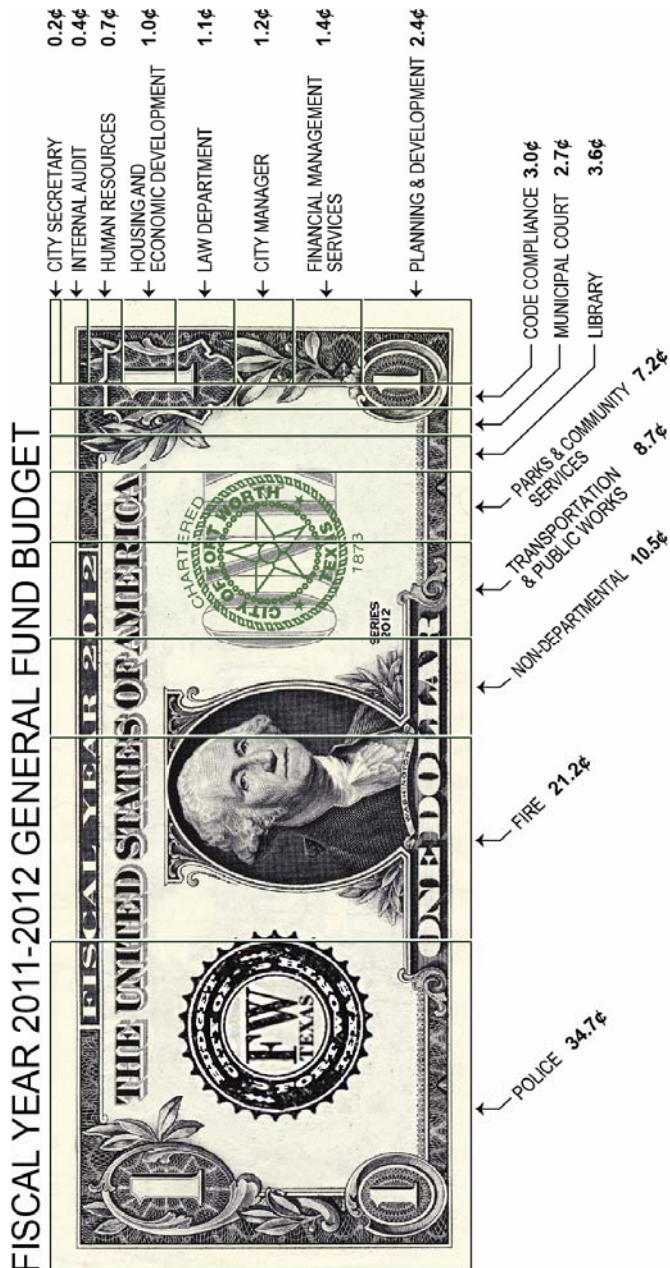
- 1) Be a well-managed organization
- 2) Build strong neighborhoods
- 3) Develop a sound economy
- 4) Ensure a healthy environment and
- 5) Provide a safe community

Several changes were made to the budget that impacted all City departments including increases in fuel costs, 3% general employee compensation increases along with police and fire contractual salary increases, the reinstatement of tuition



reimbursement and increases to the City's contribution to employee healthcare costs. The General Fund is comprised of fifteen operational departments the largest of which in terms of expenses is Police, followed by Fire. Non-Departmental, which is not an operational department of the City but a category used to capture expenses that cannot be charged to a single operating group such as utility payments, health insurance costs and insurance premiums, is the third largest General Fund spending area. Transportation and Public Works is fourth, followed by Parks & Community Services. These five groups represent a combined total of 82% of General Fund spending.

The following graph shows how much of each General Fund dollar is spent per department or area.



The following information includes a brief description of all departments and shows their adopted FY2012 budget as well as significant changes from the FY2011 budget.

City Manager's Office
\$6,523,440

The City Manager's Office (CMO) oversees City operations and processes and is composed of six divisions: Administration, Mayor and Council Office, Governmental Relations, Budget and Research, Human Relations and the Office of Media and Public Affairs. Organizational changes to the CMO for FY2012 include the creation of the Office of Media and Public Affairs division, which now oversees the Cable Office. Budget adjustments included the transfer of the cable communications operating expenses and three related positions to the Office of Media and Public Affairs, the provision of additional funds to restore one position to the Budget and Research Division and the addition one position to the Mayor and Council Office.

City Secretary's Office
\$1,203,946

The City Secretary's Office records all official formal actions of the City Council; coordinates meeting dates, times and places; maintains ordinances, contracts, deeds and other official city documents, coordinates the Council's boards and commissions appointment process, serves as the Election Administrator for all city-held elections, coordinates the Public Official Ethics Ordinance and serves as the official repository for associated documents and campaign filings. The Department is also responsible for the publication of official legal notice requirements; for posting all official meeting notices; and for the update and distribution of the City's Code of Ordinances.

The primary changes to the Department's budget are the addition of funds for Enterprise Information Management System software that will enable departments to refine common business processes to better serve public request for information, the recodification of the City of Fort Worth Code of Ordinances book that will provide an

accurate, up-to-date and a viable physical and electronic research tool for staff and the public and the addition of a kiosk in City Hall which will allow public access to the meeting notices and speaker/comment cards as well as City of Fort Worth job opportunities.

Code Compliance

\$16,396,786

The Code Compliance Department's mission is to preserve and enhance public health, welfare and safety through services that focus on education, violation prevention, maintaining compliance and community partnerships. The Department divisions include property compliance, health and solid waste services.

Included in property compliance services are code enforcement, substandard building regulation, multi-family/rental registration, nuisance abatement and the neighborhood response team to enforce regulations and ordinances that prevent disease, injury and illness, ensure safe neighborhoods and enforce the rehabilitation or abatement of substandard buildings.

Health services provided by the department include animal care and control field operations, animal shelter operations, the spay/neuter clinic, health permitting inspections and health complaint investigations. This division of the Department also enforces the City's animal regulations, operates the two adoption centers and one spay/neuter clinic, and permits and enforces sanitation ordinances for restaurants, day cares, hotels and motels and public swimming pools.



The innovative partnership with Petsmart Charities for the instore adoption location operated by the City is still highly successful and funded through private donations. Since opening in May 2010, shelter pet adoptions have increased by more than 100% and the adoption center has become a model for animal control agencies nationwide.

In FY2011, oversight of the Solid Waste Fund was transferred to the Code Compliance Department. Residential contract management, drop-off stations, city call center/customer service, illegal dumping and dead animal collection are all included in solid waste services. Additional information on the Solid Waste Fund can be found on page 16.

The FY2012 budget includes the addition of 20 authorized Code Compliance positions funded from the Solid Waste Fund. This will allow the Department to implement a permanent Safe Neighborhood Initiative Team, respond to wildlife problems, improve animal control response time, enhance enforcement of the Solid Waste Ordinance for businesses and provide departmental staff participation at neighborhood meetings and other after-hours functions with minimal financial impact to the General Fund.

Financial Management Services

\$7,808,033

The Financial Management Services Department has general responsibility for the financial administration of the City. These duties are performed by the Administration, Accounting, Purchasing, Treasury and Financial Systems divisions. The primary changes to this budget include the restoration of seven positions that were eliminated in prior fiscal years, which will improve the Department's ability to provide timely reporting. The budget decreases for contractual costs resulting from delayed implementation of Phase II of the Enterprise Resource Planning (ERP).

Fire

\$118,158,882

The Fire Department, under direction of the Fire Chief, provides protection of life and property from fire, first response emergency medical service, fire safety and prevention programs, arson and fire cause investigations and dispatching of fire apparatus and personnel to fire scenes and other emergencies.

The Department is also responsible for the development and implementation of plans for the protection of life



and property, thereby minimizing the effects of a potential disaster. The Department's four major divisions are Administration, Executive Services, Operations and Educational and Support Services.

The FY2012 budget includes contractually obligated salary increases and funding for a Fire Trainee Class. The budget will also fund training to comply with new State requirements for performing commercial fire code inspections.

Housing and Economic Development
\$ 5,440,045

The Housing and Economic Development (HED) Department seeks to assist residential and commercial development throughout the city of Fort Worth. HED designs and administers programs to promote quality, affordable, and accessible housing units; increase investment in targeted areas and the number of people served by City programs; create mixed-income, mixed-use development through urban villages and transit-oriented areas; and increase job growth and commercial investment. The Department seeks to be recognized as a leader in business and housing development by partners and constituents, and is also responsible for the Directions Home program designed to make homelessness "rare, short-term and non-recurring" by 2018.



Housing activities are funded primarily through the use of federal grant funds while economic development incentives are available through the use of economic development program grants (Chapter 380), tax abatements, tax increment financing (TIF) and other area-specific initiatives. Primary changes to the HED budget are the result of eliminating one-time sustainability funding to non-profit agencies receiving federal grants in order to realign the grant operations fiscal year to the City's fiscal year, which was completed in 2011.

Human Resources
\$4,025,026

The Human Resources Department administers the City's compensation and

benefits programs, establishes job classifications, maintains employee records, facilitates the recruitment and hiring process and administers the Workers' Compensation, Group Health and Life Insurance and Unemployment Compensation Funds and functions. Successful organizations recognize the benefits of diversification in the workplace and the Department will continue to build on this important focus by partnering with North Texas Leaders and Executives Advocating Diversity (LEAD) to pursue diverse and talented employees.

Law
\$6,245,503

The Department of Law, under the direction of the City Attorney, is responsible for the administration of all legal affairs of the City; City representation in all suits, litigation and hearings; preparation of ordinances, contracts and all other legal documents; and the rendering of legal advice and opinions to the City Council, City Manager and City departments. Departmental duties are divided into the Litigation Section and Transactional Section. The Department also contains the Utility Management Division and Support Services.

The primary changes to the Department's budget include addition of funds for the reorganization of the Department to provide more comprehensive analysis of issues and assists the Department to reach excellent legal services goals.

Library
\$19,851,666

The Fort Worth Library provides services to meet the educational, informational, cultural and recreational needs of all Fort



Worth residents. The Department is divided into six divisions: Public Services, Collection Management, Administrative Services, Facilities, Information Technology and Communication and Marketing.

In FY2012, the Library will retain funding restored mid-year in FY2011. In FY2011, the City Council funded the Ridglea and Northside branch libraries for only six months. In order to continue providing services at those locations, the City Council reinstated funding for the remainder of the fiscal year and approved full funding for FY2012 and beyond. In addition, federal grant funding for the Early Childhood Matters program will end in December 2011. To continue this successful program, the Library will absorb these costs into its regular operating budget. The FY2012 budget also includes funding to restore the COOL and BOLD libraries to full hours of operation.

Municipal Court
\$15,306,134



Municipal Court is a court of record comprised of eight municipal courts that have jurisdiction within the City of Fort Worth's territorial limits over all Class C misdemeanor criminal cases brought under City ordinances and the Texas Penal Code. These cases are punishable by fine only. Court operations are divided into four divisions: Administration, Judicial, Court Clerk and Marshals.

The most significant budget change is the funding for the maintenance and operations of the newly opened Southwest Municipal Court facility serving the southern sector of the Fort Worth community. Additionally the Lake Worth Patrol has been reduced and a Senior Customer Service Representative position has been established permanently for processing payments received by mail.

Non-Departmental
\$58,580,456

Non-Departmental records all General Fund expenditure items not exclusively within the programmatic responsibilities of a specific General Fund department. Major Non-Departmental accounts include the cost for electricity, the City's contribution to the Group Health Plan, terminal leave benefits for General Fund employees, commercial insurance premiums, Appraisal District fees,

Other Post Employment Benefit (OPEB) and subsidies for non-City agencies.

Due to the negotiations of a new electricity contract in May of 2011, the City anticipates a \$4 million saving annually in electricity cost over the 48-month contract. The City will maintain existing agreements with the United Way and the Arts Council while providing a one time increase to Sister Cities for the China Program.

Office of City Auditor
\$ 2,483,287

The Office of City Auditor, previously the Internal Audit Department, is charged with conducting fiscal compliance, risk assessment and financial procedure audits of all City departments, offices, agencies and programs, under the direction and control of the City Auditor, who is appointed by the City Council. The Department also performs other activities as specified by the City Council.

The primary changes to the Department's budget are the addition of funds for audit services for the annual external audit of the Comprehensive Annual Financial Report (CAFR) and scheduled temporaries to address staffing needs for the Financial/Contract and Grant Compliance sections.

Parks and Community Services
\$40,181,891

The Parks and Community Services Department is responsible for the planning, design, development and maintenance of the City's network of parks, the planning and administration of the City's recreational programming and provision of the community human services programming. Department operations include maintenance of approximately 257 parks and public spaces citywide encompassing 11,596 acres as well as the provision of recreational, cultural and educational activities that make Fort Worth a great place to live, work and play.

A merger with the Library was proposed for FY2011 but not implemented and, after further review by a



committee of citizens and outside experts over the past year, that type of merger has not been recommended for the foreseeable future. Consideration of revising the aquatics master plan and the development of a long-term aquatics program was a suggestion developed through the committee discussion.

The most significant change in the Department's adopted budget is an increase for contractual fees to the Fort Worth Zoological Association for the management of the Fort Worth Zoo. Increased maintenance costs for over 250 acres of parkland added to the citywide system in FY2011 are funded through off-setting eliminations in one-time costs associated with Super Bowl XLV. Additionally, short-term repair and operating funds to open a single pool in the summer of 2012 have also been included in the adopted budget as an interim measure while staff continues to work on the long-range aquatics master plan for the entire city as requested by the Council and recommended by the citizens committee.

Planning and Development
\$13,150,145

The Planning and Development Department's mission is to build the most livable city in Texas by helping people make sound decisions about the City's growth and development and to develop property in ways that benefit the community. The Department has four divisions: Administration, Development, Planning, and Gas Well administration. The primary changes to this budget include funding the permit software upgrade that enables electronic document submission/plan review. The updated software will act as the City's central repository for information regarding growth and development activities and will be used by many of the City's departments like Water, Transportation and Public Works (Streets, Floodplain, Storm Water, Environmental Management), Housing and Economic Development, Code Compliance, Police, Fire, Public Events and Parks. Every building or trade permit, zoning and board of adjustment case, annexation, building plan examination and

inspection result is entered and archived in this system.

Police
\$193,521,155

Under the direction of the Chief of Police, the Fort Worth Police Department develops and implements programs to deter crime, enforce traffic laws and protect life and property within the City of Fort Worth. Specific departmental responsibilities include crime prevention, the apprehension of persons suspected of committing crimes, recovery of stolen property and regulation of non-criminal activities such as traffic enforcement.

Service enhancements in the Police Department include the addition of 30 patrol officers based on the 2009 Patrol Allocation Model projection and 7 additional positions to improve management oversight in the Department. A total of 6 civilian positions were also added to improve evidence processing at the Crime Lab, meet state-mandated arrest reporting procedures, identify and respond to emerging crime trends and other crime intelligence analysis and to support the automated red light enforcement program.

Contractually obligated salary increases are included in the FY2012 budget, along with increased cost for contractual jail services provided by the City of Mansfield and projected increases for fuel costs.

Transportation & Public Works
\$ 48,748,786

The Transportation and Public Works Department strives to improve the physical condition of the community by maintaining City roadways, drainage structures, street lights, signs, markings and traffic signals, as well as City-owned facilities. The Department's divisions include Business Support and Administration, Infrastructure Management, Traffic Engineering, Transportation Planning & Capital Projects, Traffic Services, Facilities Management and Street Services.

The most significant change for the Department is the transfer of the staff and operational cost for traffic signs, pavement

markings and traffic signals maintenance to the Red Light Enforcement Fund's Traffic Safety Program. Replacement of the boiler at the AD Marshall Public Safety Building and maintenance for City facilities opened between 2008 and 2011 is also provided through off-setting eliminations in one-time costs associated with Super Bowl XLV.

ENTERPRISE FUNDS

Water and Sewer Fund

\$374,001,901

The Water and Sewer Fund is responsible for providing water and wastewater services to residential, commercial, industrial and wholesale customers. The Fund serves approximately 1,090,000 people in Fort Worth and 30 surrounding communities by providing more than 180 million gallons of water for use every day. Operations are completely financed through fees for services and debt is issued for large capital projects. This Fund encompasses the Water, Wastewater and Reclaimed Water Departments, which share an administrative staff and many employees whose salaries are paid proportionally by more than one of the departments.

The adopted budget includes several operational cost increases, the largest of which is raw water purchases from the Tarrant Regional Water District and debt service costs. To cover anticipated costs, retail rates will increase by 4.83% for the Water System and by 4.95% for the Sewer System. Additionally, the wholesale rate will increase by 10.66% for Water and decrease by 5.51% for Wastewater.

Municipal Airports Fund

\$5,524,812

The Municipal Airports Fund is supported by several revenue sources, including aircraft landing fees, terminal building and hangar lease agreements, and fuel purchases. The Aviation Department manages the Municipal Airports Fund, relies on that Fund to finance the promotion, development, maintenance and protection of all City aviation assets, as well as the



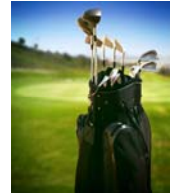
maintenance of optimal facilities and services. These facilities allow for regional aviation services, aircraft maintenance facilities, flight schools and other aviation services to be available in Fort Worth.

The adopted budget recognizes that revenues are generally stable from the airports and increases in contractual services are expected for engineering and architectural work at Meacham and Spinks Airports.

Municipal Golf Fund

\$5,732,582

The Municipal Golf Fund was established to offer residents a safe and enjoyable comprehensive golf program. The Fund is managed by the Golf Division of the Parks and Community Services Department. Each golf course is divided into four sections including Golf Management, Pro Shop Operations, Snack Shop Operations and Golf Course Maintenance. The City operates five regulation-length courses that promote golf as a lifetime sport – Pecan Valley, Z Boaz, Meadowbrook, Rockwood and Sycamore Creek.



The adopted budget increases for non-discretionary charges, irrigation systems and equipment maintenance but decreases for the elimination of two full time equivalent positions and some lease purchase equipment.

Solid Waste Fund

\$53,893,824

The Solid Waste Fund is supported by monthly residential refuse collection rates, service charges for special bulk/brush collection, residential recycling rates and other miscellaneous fees. These comprehensive solid waste service charges are collected from residents through a monthly fee added to their water bill. Customers can choose from one of three tiers, based upon the size of the garbage cart used: \$12.75 for a 32 gallon cart, \$17.75 for a 64 gallon cart and \$22.75 for a 96 gallon cart. Residential customers may also change tiers if their waste disposal needs change.

The Solid Waste Fund adds a total of nine authorized positions in FY2012 which should have a direct positive impact for both Solid Waste and Code Compliance. Four positions will oversee community service workers performing litter abatement, one will pursue grant funding for Solid Waste and Code Compliance and four are conversions from temporary to permanent status. Of the four converted positions, two are responsible for answering phones in the City Call Center, one is responsible for maintaining databases in the Call Center and other parts of the Department and the final converted position will be responsible for public education efforts on behalf of the Solid Waste Fund.

Municipal Parking Fund
\$9,421,092

The Municipal Parking Fund was consolidated into its current structure in FY2006 to consolidate all parking related revenues and liabilities and is managed by the Transportation and Public Works Department. Fund revenue is generated from fees charged for use of surface lots, garage and street metered parking spaces as well as the lease of office and retail space. The fund maintains five parking garages, twenty-one surface lots and 2,300 metered spaces

The adopted budget increases primarily for debt service principal and interest payments on the Western Heritage Municipal Parking Garage in addition to other non-discretionary expenses. To support additional operating expenses, the fund will use a one-time \$1,620,857 supplement in FY2012 from cash reserves, which will defer rate increases until future budget years and allow for the implementation of automated and variable rate parking at the Western Heritage Garage and Will Rogers Complex.

Storm Water Utility Fund
\$31,454,719

The Storm Water Utility Fund was created in FY2006 and has the responsibility of providing Storm Water management to approximately 200,000 residential, commercial and industrial customers.

Program operations are completely financed through utility fees for residents and commercial customers based on the measure of impervious surface area or equivalent residential units (ERU) of each property and its impact on storm water management. For FY2012 the Storm Water fee will increase \$.65 per ERU to \$5.40. The result is that a homeowner will see an increase around \$7.80 over a year to the storm water fee on their water bill.

This rate increase is required to fund the debt service that supports the Storm Water Capital Projects Program, which funds over \$1 billion of needed capital projects to address life safety issues, flooding and infrastructure damage. Of the three revenue bond sales that have occurred since the Utility's creation, the 2007 sale provided \$25 million, the 2009 sale provided \$45 million, and the 2011 sale added \$80 million that will fund projects in FY2012 and FY2013. The FY2012 adopted budget added \$6.7 million to pay the debt service on those recently sold 2011 revenue bonds.

INTERNAL SERVICE FUNDS

Equipment Services Fund
\$26,853,901

The Equipment Services Fund is managed by the Equipment Services Department (ESD) to provide fleet maintenance and management services to all City departments through acquiring fuels and maintaining 3,071 on-road units and 364 off-road units at three maintenance facilities. The Department was named #17 on the 2011 list of 100 Best Fleets in North America. ESD is also currently facilitating an intergovernmental purchasing alliance for bulk fuel. By administrating this arrangement, the City is increasing its bargaining power to leverage lower fuel prices and generate additional revenue for the City through a rebate agreement.

Information Systems Fund
\$27,163,739

The City's Information Technology Solutions Department (IT Solutions) is responsible for coordinating all information technology resources within the City. To support

operational cost, the fund will use a one-time \$3,447,523 supplement in FY2012 from cash reserves for Enterprise Resource Planning (ERP) expenses related to the continuation of phase one implementation.

Capital Project Services Fund
\$15,888,379

The Transportation and Public Works Department oversees the Capital Project Services Fund and is responsible for providing engineering design, project management, surveying, quality control, material testing and construction inspection services to other City departments for most water, sewer, storm drain, sidewalk and other infrastructure improvement projects. In FY2012, Capital Project Services is adding automatic vehicle location technology to their fleet which will increase response time to emergencies and critical issues, provide real time vehicle tracking, expedite dispatching, provide routing efficiencies and increase on-site inspection availability by reducing travel time.

SPECIAL TRUST FUNDS

Culture and Tourism Fund
\$31,150,371



The Culture and Tourism Fund, which is managed by the Public Events Department, was established in 1989 to provide funding for organizations that enhance tourism or promote, develop and maintain cultural activities in Fort Worth. The Fund is supported by the hotel/motel occupancy tax, which is levied at nine percent of the price of a hotel room. Seven percent of the tax is used to promote tourism and support art/cultural activities and the remaining two percent is used to fund debt associated with the expansion of the Fort Worth Convention Center. The Fund is also supported by a share of car rental taxes from DFW airport. The car rental taxes are allocated to Fort Worth, Dallas and Euless.

The Public Events Department is a part of the Culture &



Tourism Fund. They operate and maintain both the Will Rogers Memorial Center and the Fort Worth Convention Center. The Department promotes and schedules events in these facilities. Among the events hosted at the facilities are the Southwestern Exposition and Livestock Show, political and other conventions, conferences, equestrian events, banquets, circuses, concerts, basketball games, theatrical performances and various community events.

The FY2012 budget includes funds for long term maintenance and repair to Will Rogers Memorial Center and the Fort Worth Convention Center. Additionally the adopted budget includes additional funds for the increase in the Fort Worth Convention and Visitors Bureau contract.

Environmental Protection Fund
\$4,773,705

The City of Fort Worth collects environmental protection fees to fund federally mandated projects associated with ensuring storm water quality throughout the city. As a division of the Transportation and Public Works Department, the fund supports eight major focus areas including Compliance, Regulatory, Construction Inspection, Spill Response, the Environmental Collection Center, Storm Water Monitoring, Education and Special Projects.



The Fund is supported by several revenue sources including the environmental protection fee charged on residential and commercial water bills, revenue collected for other cities which use services provided at the Environmental Collection Center for the Household Hazardous Waste Program and interest earned on investments. The budget includes reinstatement of both contractual street sweeping services, to help ensure compliance with the terms of the Texas Pollutant Discharge Elimination System Storm Water permit, and a public education position to work in both the areas of protecting storm water and improving air quality through promotion and publicity of voluntary programs the residents of Fort Worth can participate in to enhance the environmental quality of our community.

Lake Worth Trust Fund

\$259,051

The Lake Worth Trust Fund is overseen by the Water Department and manages leased properties adjacent to Lake Worth, purchases the improvements on those properties upon expiration of existing leases and then markets the properties for sale to the public as they become available. The Fund provides protection for the parks and neighborhoods adjacent to the lake through patrol by three City Marshal positions.

Crime Control and Prevention District

\$56,560,690

The Crime Control & Prevention District (CCPD) was formed and approved by voters in 1995. The District has been renewed by voters every five years since its



inception--with the most recent voter approval on November 3, 2009 enabling the District to continue for an additional five years. CCPD revenue is derived from a half-cent of the city sales tax. The mission of CCPD is to enhance the Fort Worth Police Department's ability to provide quality service and to work in partnership with the community to reduce crime and to create a safe environment for all. CCPD aims to accomplish this goal by funding four key priorities: prevention of violent crime and gangs; prevention of neighborhood crime; promotion of school safety & youth; and enhancement of police capability through the provision of mission critical equipment and personnel capacity.

The CCPD budget must be approved by both the CCPD Board of Directors and the City Council. Each approval requires a public hearing and a vote.

The adopted CCPD budget includes an increase of \$5M for 2nd year costs of upgrading the City's public safety radio system. CCPD funding is allowing this project to progress at the necessary rate to make the much needed system upgrades. An increase of \$2.2M was also budgeted in

transfers to the General Fund for acquisition of a new property for the Police and Fire training facility.

For FY2012, 16 authorized positions including eleven positions in the Homeland Security program and five positions from the School Security Initiative were transferred out of CCPD. This transfer is part of the CCPD Board's five-year plan to shift personnel costs from the CCPD to the General Fund.

Additional information on CCPD can be found on the Police Department Website at <http://www.fortworthpd.com/ccpd>.

Red Light Enforcement Fund

\$12,573,582

The Red Light Enforcement Fund was formally established in FY2011 and is managed by the Transportation and Public Works Department. Revenues from citation fees cover the program's total cost with half of the annual revenue after expenses transferred to the State Trauma Fund by law and the remaining revenue being available for use by the City on traffic safety programs, intersection improvements and traffic enforcement.

Significant changes to the adopted budget include the addition of two positions and the transfer of 39 positions and associated cost for materials for traffic signs, pavement markings and traffic signals, from the General Fund Transportation and Public Works Department to expand the existing Traffic Safety Program. The budget also increases for contractual services to install and maintain ten new red light enforcement cameras, which will be added to the system.

New traffic safety initiatives incorporated into the Fund's adopted budget for FY2012 include upgrades to signage and pavement markings in school zones, replacement of crosswalks citywide and proactive replacement of aging traffic signal infrastructure at high priority intersections.

CITY-WIDE ISSUES

EMPLOYMENT COMPENSATION, GROUP HEALTH INSURANCE, VEHICLE REPLACEMENT PLAN

EMPLOYEE COMPENSATION

Employees are the City's biggest asset. They fill the potholes, protect homes and lives, repair traffic signals and perform other necessary services as a function of city government. The Adopted Budget includes 3% across the board increases for all general employees as well as those agreed to by contract for police and fire. For the second consecutive year, there are no mandatory unpaid furlough days for any employees.

GROUP HEALTH INSURANCE

Employee benefits are another important component of the total compensation package. In particular, the cost of group health insurance, a significant benefit for most employees, continues to rise. In FY2002, the City became self-insured for its medical benefits. The Adopted Budget reflects the City's contribution for Group Health Insurance at \$92,972,818 for all funds. The increase in number of claims has a direct impact on the increased costs and need for funding. The City will continue to subsidize employees' health insurance costs at 70%, including domestic partners.

VEHICLE /HEAVY EQUIPMENT REPLACEMENT PLAN

The FY2012 the General Funds adopted budget is \$3.5 million, which is approximately equal to the FY2011 funding level for replacement of General Fund vehicles. This funding will allow the replacement of approximately 86 vehicles and heavy equipment in seven General Fund departments. Other funds determine their level of vehicle/equipment replacement based on departmental needs in consultation with the Equipment Services Department and \$5.3 million collectively has been adopted for non-general funds in

mission critical fleet replacements and additions.

CAPITAL IMPROVEMENTS

Many capital projects are constructed annually by the City of Fort Worth and include

improvements for streets, parks, aviation, libraries, fire stations, water and waste water lines and other City



facilities. These improvements may entail new construction or expansion designed to maintain City assets or enhance service capacity. In order to deliver these improvements, the City utilizes proceeds from a variety of funding sources.

Capital improvements generally are expected to have an ordinary useful life of at least 15-20 years, which is the approximate time required to repay the bonds issued to fund a specific improvement. In FY2010, the City had literally hundreds of capital projects in various stages from project planning and property acquisition through design, construction and inspection.

Debt financing allows the City to provide necessary improvements to public facilities by borrowing money. Some capital debt is financed by revenues from user fees, such as utilities like water or storm water. Other capital improvements are funded by a portion of the property tax rate. Below is a list of recently approved bond programs.

2004 Bond Program:

In 2004, the citizens of Fort Worth voted to approve six propositions in a \$273.5 million bond program to address capital needs in six program areas: street and storm sewer improvements; park improvements; library improvements; fire safety improvements; telecommunications system improvements; and public health facility improvements.

2007 Critical Capital Needs Program:

In 2006, \$150 million of crucial and time sensitive capital needs were identified and the City Council approved the planned multi-year sale of Certificates of Obligation to address these needs. Improvements included: neighborhood and arterial streets; transportation grant matches; land acquisitions for the 121 Tollway project; and a new fire station, among other projects.

2008 Bond Program:

In 2008, the citizens of Fort Worth voted to approve a \$150 million bond program for streets and related improvements only. Improvements included: neighborhood streets, arterials, bridges, traffic signals, intersection improvements and transportation grant matches.

Public Art funds were included to support public art components in some of the projects for each program aforementioned. Visit the City's website at <http://fortworthtexas.gov/> for more information regarding capital projects in the City of Fort Worth. Be sure to click on the orange diamond-shaped street sign that says "Find Construction Projects".

BUDGET SUMMARY

Development of the FY2012 budget has been a challenging process. Thanks to leadership from the City Council and hard work by City staff, the FY2012 Budget is balanced. Investment decisions were made to reflect Council's dedication to completing existing capital improvement programs and creating more available resources for future infrastructure needs, and enhancements of new and existing programs were incorporated where critical needs were identified and resources were available. As a result, the City is on a sound financial footing for FY2012 and is prepared to meet the needs of the community for many years to come.

