

City of Ketchum, Idaho

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August 17, 2011

Mayor Hall and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Hall and City Councilors:

FY2011-2012 Budget Message

The Fiscal Year 2011-2012 City of Ketchum Budget provides budget authority for the services and projects the City anticipates to provide during the fiscal year, which runs from October 1, 2011 to September 30, 2012. The City budget contains a total of twenty-one (21) active, self-balancing funds. "Self-balancing" means beginning fund balance plus revenue equals requirements plus ending fund balance. Each fund has been established to provide segregated accounting for specific activities. This message provides a general description of the budget document and the financial plans for the City for the fiscal year.

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The budget document has been designed to promote transparency and public understanding. Budget data is shown on spreadsheets that provide budget history for two prior years, the current year's adopted budget, the current estimate of revenues and expenditures for the current year's adopted budget, the proposed budget for the coming year, and the percentage change from this year's adopted budget as represented in the proposed budget.

To assist in understanding the budget, pie charts illustrating the relative allocations of resources and appropriations have been provided for each fund. Bar charts have also been provided to illustrate fund resources and requirements and fund balances or reserves.

Finally, narratives have been provided for each fund that describes the purpose of the fund, specific objectives for the fund in FY2011-2012, and the staffing levels represented in the fund. The narratives provide information related to operations, capital outlay needs, and other general descriptions. The intent of the narratives are to facilitate understanding of how budget proposals relate to policy and management decisions by comparing budget numbers with proposed objectives.

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The Fiscal Year 2011-2012 Proposed Budget totals \$17,283,369 in appropriations. This total reflects an increase of 7.8 percent, or \$1,244,907 in budget authority, as compared to the adopted Fiscal Year 2010-2011 Budget.

It should be noted that while budget appropriations total \$17,283,369, this total includes inter-fund transfers which represent monies that are essentially counted twice – once when initially receipted and again when received by the fund benefitting from the transfer. Subtracting total inter-fund transfers of \$3,941,712 from total appropriations results in a total *effective* budget of \$13,341,657. This amount is \$186,385 less than the *effective* budget for FY2010-2011, and represents a 1.4 percent decrease.

The City's proposed operating budget, which consists of personal services, materials and services, debt service, and contingencies, totals \$12,095,330, which represents a decrease of 1.2 percent, or \$142,053 less, as compared to the adopted FY2010-2011 operating budget.

The City's proposed budget for capital outlay for FY2011-2012 totals \$1,276,327, representing an increase of 27.1 percent, or \$272,068, as compared to the FY2010-2011 capital budget.

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Unappropriated financial reserves for all budget funds total \$2,965,742, representing an 2.6 percent decrease, or \$78,569 less than FY2010-2011 levels. Unappropriated reserves include funds set aside for cash flow management in the General Fund, Wagon Days Fund, G.O. Debt Fund, and Community Housing In-Lieu Fund; long-term project and equipment reserves for the Capital Improvement Fund, Police Trust Fund and the water and wastewater utilities; and an accrual of development security deposits held in the Development Trust Fund.

It should be noted that the estimated uncommitted beginning fund balance in the General Fund is up \$916,837, or 385 percent, from \$360,923 in FY2008-2009 to \$1,389,082 in FY2011-2012.

Local Option Tax (LOT) receipts for FY2010-2011 were budgeted at \$1,572,103, with an additional growth reserve of \$282,177. Actual collections are estimated to finish the fiscal year at \$1,623,023, representing an increase of \$50,920, or 3.2 percent, as compared to budgeted collections. FY2011-2012 Local Option Tax receipts are budgeted at \$1,623,023 in expected revenues. An additional 20 percent increment, or \$405,756, has been added

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to expected revenues to provide for a scenario where economic recovery brings significant revenue gains. The total amount reflected in the Local Option Sales Tax revenue line is \$2,028,779.

Wages and salaries are budgeted to remain unchanged for all employees during FY2011-2012.

A staffing level of 5 elected officials equivalent (EOE) and 48 Full Time Employee equivalents (FTE) is supported by the proposed FY2011-2012 budget.

At the May 31, 2011 City Council meeting, the Council approved a list of budget objectives for the FY2011-2012 budget. The following is a recitation of each of these objectives with a corresponding response demonstrating how each objective was achieved.

FY2011-2012 Budget Objectives

- Maintain overall spending levels at or near FY2010-2011 levels.

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Response: After discounting double counted inter-fund transfer activities, the FY2011-2012 budget is down 1.4 percent, or \$186,385, compared to the prior year budget.

- Maintain the General Fund balance at or above 17 percent of operating revenues.

Response: The General Fund balance is estimated to finish FY2011-2012 at 20.4 percent of operating revenues, or \$985,493.

- Create segregated capital improvement funds for Streets, Parks, Fire and Law Enforcement to facilitate impact fee projects in accordance with the updated Capital Improvement Plan.

Response: Accomplished.

- Review and refine cost allocations for General Fund Materials and Services expenses.

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Response: A cost allocation study was conducted resulting in a methodology that proportions General Fund Materials and Services expenses to all operating funds within the City budget (i.e. General Fund, LOT Fund, Water Fund and Wastewater Fund) and the URA Budget based on each fund's proportionate size relative to the total of all operating funds. For FY2011-2012, these cost allocations are: General Fund, 47 percent; LOT Fund, 14 percent; Water Fund, 14 percent; Wastewater Fund, 19 percent; and the URA Budget, 6 percent. The net result was to generally decrease allocations for the Water and Wastewater Funds and increase allocations for the General Fund and LOT Fund. The URA Budget allocation remains relatively unchanged.

- Develop a transition plan relative to Steve Hansen's retirement and reflect budget implications beginning July 1, 2012.

Response: Further discussions with Steve Hansen indicate that final plans for his retirement are uncertain. As a result, development of a transition plan has been deferred to the FY2012-2013 Budget.

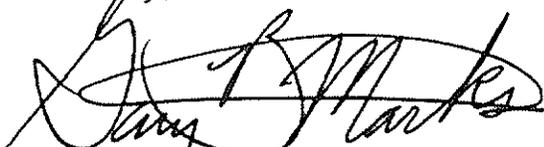
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I want to express my thanks and appreciation to Sandy Cady for her assistance in the preparation of this budget. I rely on Sandy's support for a broad assortment of information needs related to budget development.

Likewise, special thanks are extended to my assistant, Lisa Enourato, and the City's department directors and their supporting staffs for their work developing budget proposals. Without their input I would have been poorly positioned to develop this budget.

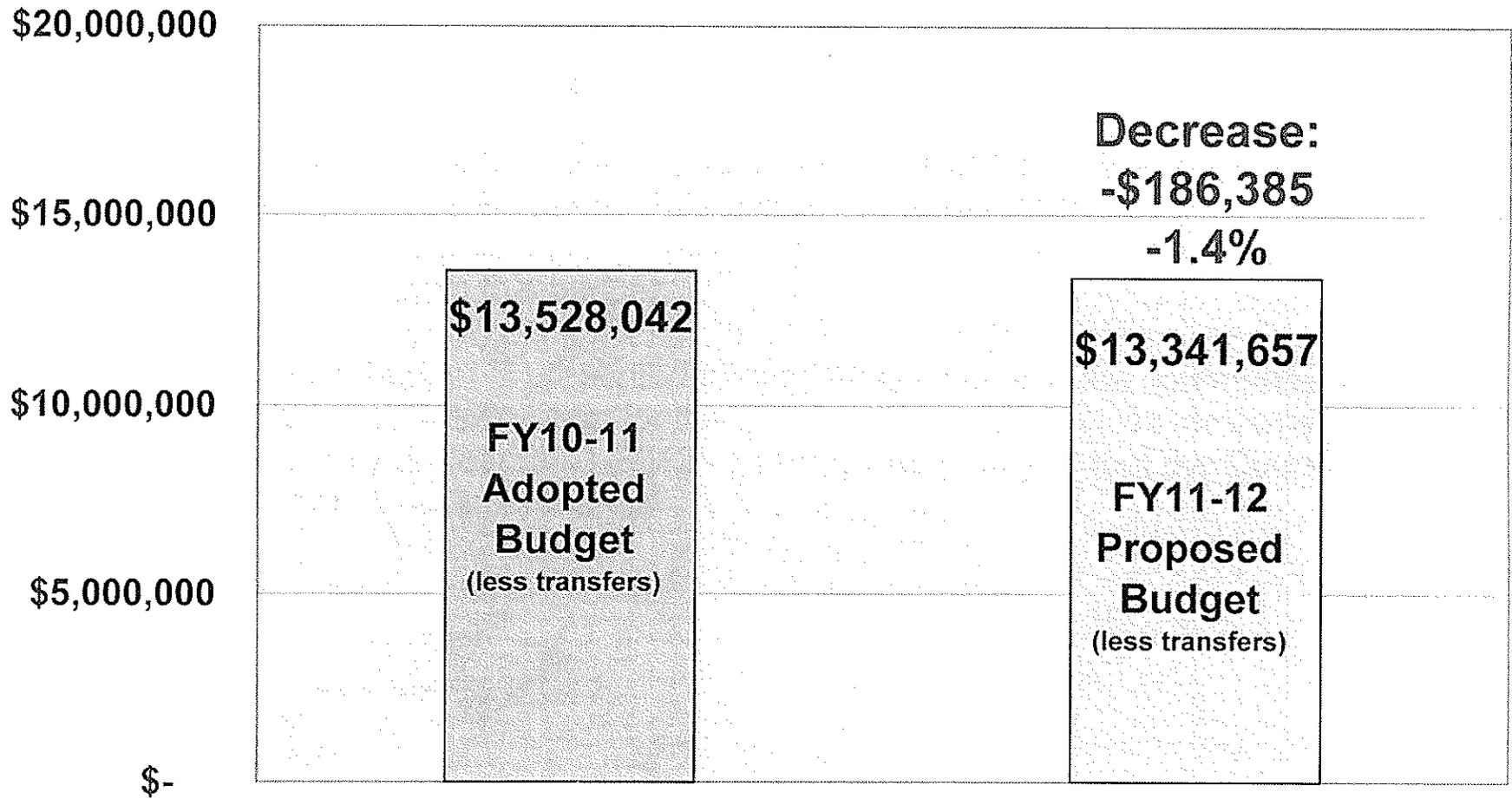
This proposed budget is presented to the City Council and the community for their review and consideration for the City's operations, services, projects and programs in Fiscal Year 2011-2012. I strongly recommend that the Council adopt this budget as presented.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary B. Marks". The signature is fluid and cursive, with the first name "Gary" and last name "Marks" clearly legible.

Gary B. Marks
City Administrator

Fiscal Year Budget Comparison (All Funds) Adopted FY10-11 vs. Adopted FY11-12 "Apples to Apples" Comparison



Fiscal Year 2011-2012 Budget

Purpose

The Fiscal Year 2011-2012 Budget provides the legal authority to administer the services and projects provided by the City. The budget is a financial plan containing projections of resources (income) and requirements (expenses) for the fiscal year which begins October 1, 2011 and ends September 30, 2012. The City Budget contains a total of 19 active, self-balancing funds. "Self balancing" is defined as total resources (i.e. beginning fund balance plus current year revenue) equaling total requirements (i.e. appropriated spending authority plus ending fund balance). Each fund has been established to provide segregated accounting for a specific area of activity.

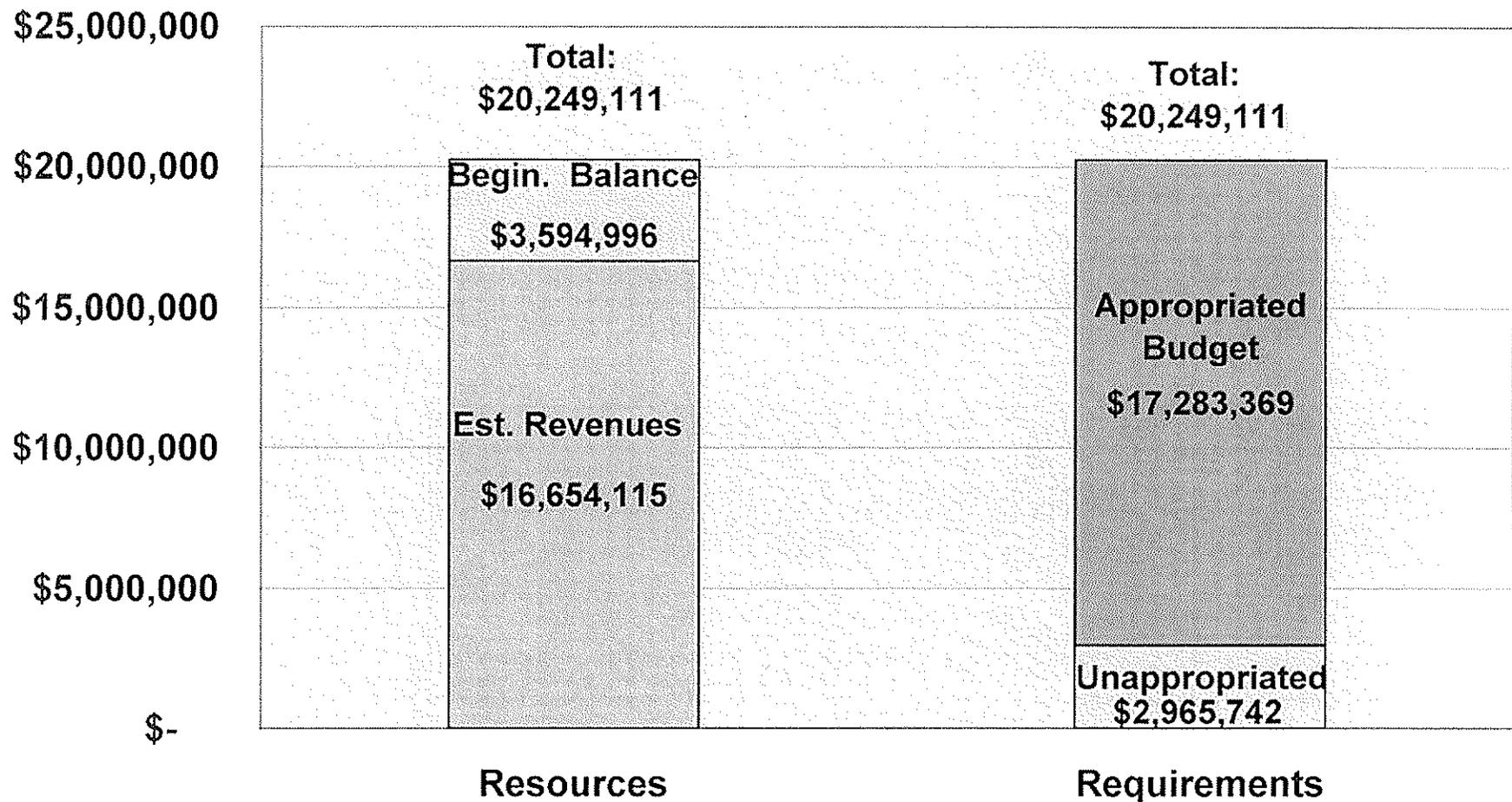
FY2011-2012 Objectives

The objectives of the Fiscal Year 2011-2012 Budget are to provide budget authority to administer the City's services and projects.

FY2011-2012 Staffing

The City of Ketchum Budget provides for five elected officials and 48 Full Time Employee Equivalent (FTE). The amounts budgeted in Personal Services throughout the budget reflect these staffing totals.

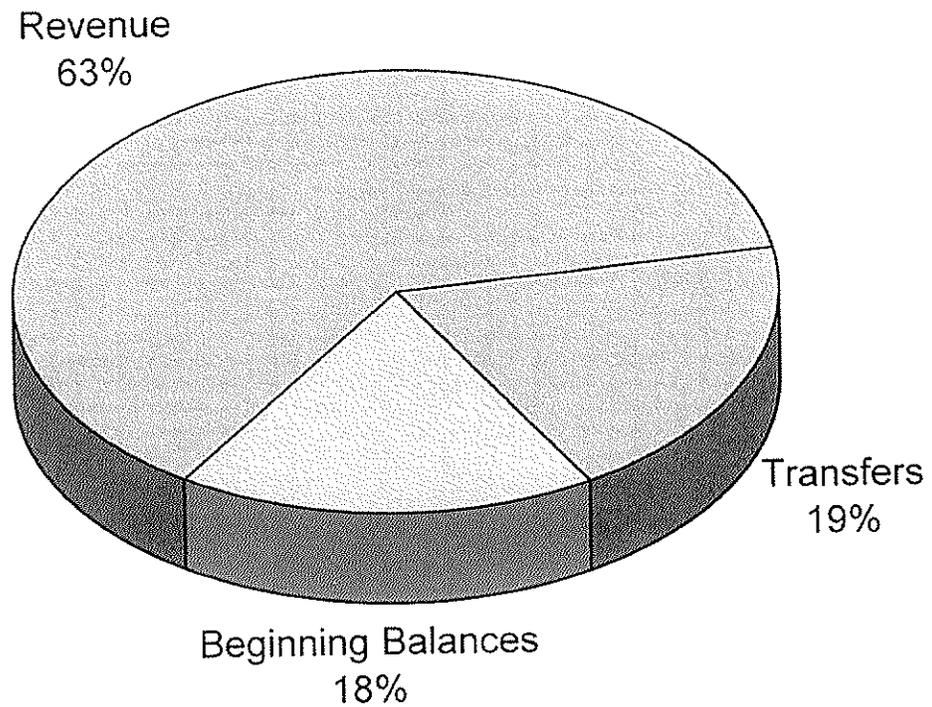
FY2011-2012 Budget Summary Resources vs. Requirements



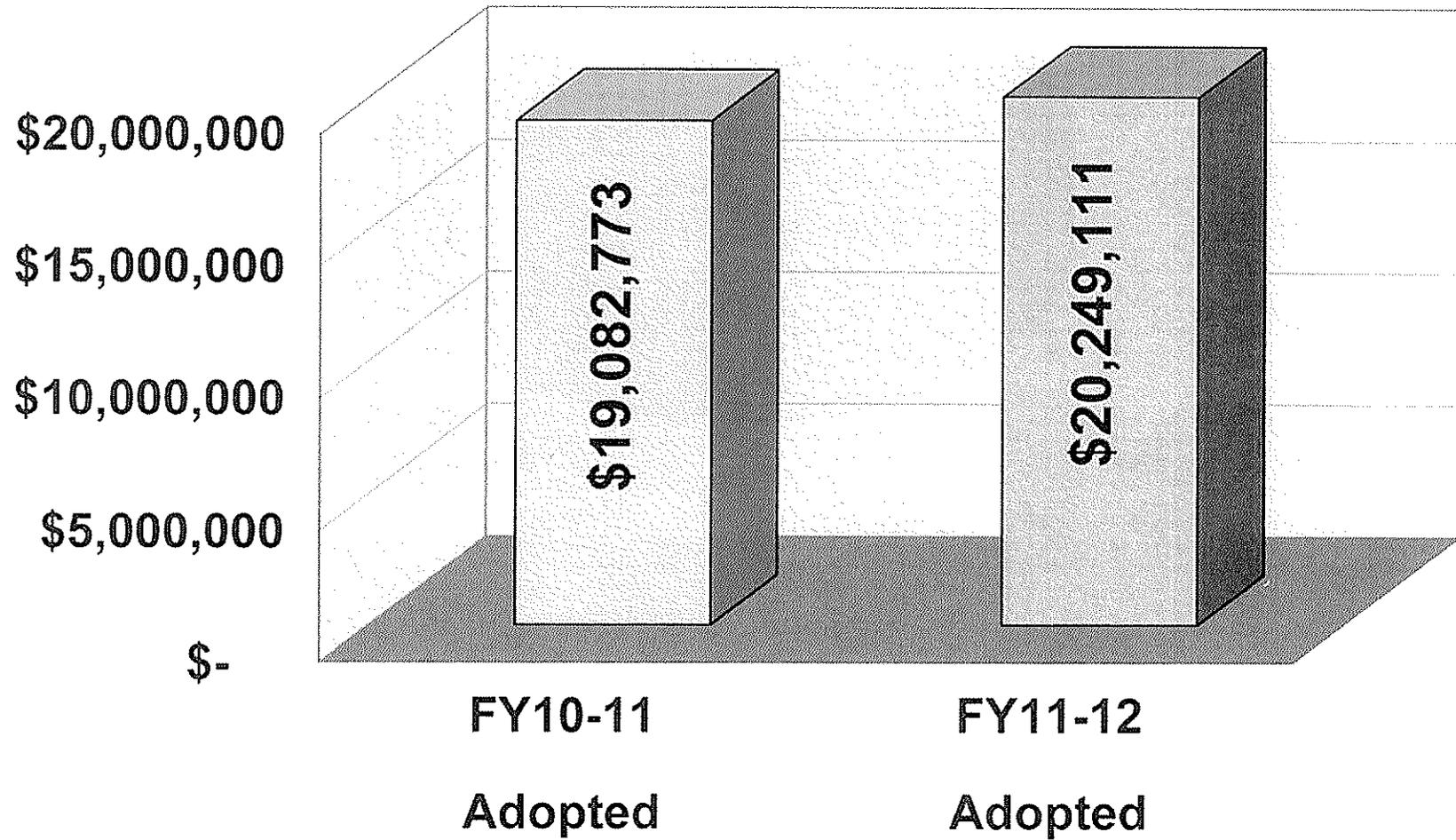
BUDGET SUMMARY (BY FUNDS)
CITY OF KETCHUM ADOPTED BUDGET
FISCAL YEAR 2011-2012

Fund	RESOURCES				REQUIREMENTS						TOTAL APPROP. BUDGET	TOTAL Unapprop.	TOTAL APPROP. & UNAPPROP
	Beginning Balance	Revenue	Transfers	TOTAL	Personal Services	Materials & Services	Capital Outlay	Transfers	Debt Service	Conting.			
General	1,381,149	4,837,554	0	6,218,703	930,308	1,811,555	5,747	2,235,600	0	250,000	5,233,210	985,493	6,218,703
Wagon Days	3,347	23,700	85,000	112,047	0	109,500	0	0	0	0	109,500	2,547	112,047
Street Maint.	304,014	473,500	1,111,516	1,889,030	764,490	636,769	1,000	280,000	0	34,332	1,716,591	172,439	1,889,030
Street Cap	0	5,000	130,000	135,000	0	0	130,000	0	0	0	130,000	5,000	135,000
Law Enf Cap	0	500	0	500	0	0	0	0	0	0	0	500	500
Fire & Rescut	52,144	249,785	471,708	773,637	591,622	61,500	1,000	56,000	0	14,493	724,615	49,022	773,637
Fire Cap	0	2,500	56,000	58,500	0	0	0	0	0	0	0	58,500	58,500
Ambulance	75,824	919,485	44,664	1,039,973	874,930	85,500	0	0	0	20,366	980,796	59,177	1,039,973
Parks & Rec	39,557	154,600	795,744	989,901	667,952	247,188	1,500	0	0	18,707	935,347	54,554	989,901
Parks Cap	0	2,000	0	2,000	0	0	0	0	0	0	0	2,000	2,000
Local Op Tax	151,053	2,055,829	0	2,206,882	131,550	1,357,882	0	273,032	0	34,132	1,796,596	410,286	2,206,882
G. O. Debt	1,968	0	150,000	151,968	0	0	0	0	150,402	0	150,402	1,566	151,968
Capital Imp.	327	200,050	0	200,377	0	20,000	10,000	0	0	0	30,000	170,377	200,377
In-Lieu	276,822	150	0	276,972	0	70,000	0	0	0	0	70,000	206,972	276,972
Water	60,933	1,474,500	0	1,535,433	534,119	402,924	0	143,750	359,243	29,389	1,469,425	66,008	1,535,433
Water Cap	0	10,000	143,750	153,750	0	0	143,750	0	0	0	143,750	10,000	153,750
Sewer	1,108,171	2,191,100	0	3,299,271	880,459	562,216	0	953,330	279,205	54,597	2,729,807	569,464	3,299,271
Sewer Cap	0	12,000	953,330	965,330	0	0	953,330	0	0	0	953,330	12,000	965,330
Police Trust	77,999	150	0	78,149	0	10,000	0	0	0	0	10,000	68,149	78,149
Fire Trust	0	0	0	0	0	0	0	0	0	0	0	0	0
P & Z Trust	61,688	100,000	0	161,688	0	100,000	0	0	0	0	100,000	61,688	161,688
TOTAL	3,594,996	12,712,403	3,941,712	20,249,111	5,375,430	5,475,034	1,246,327	3,941,712	788,850	456,016	17,283,369	2,965,742	20,249,111
% of TOTAL	17.8%	62.8%	19.5%	100.0%	26.5%	27.0%	6.2%	19.5%	3.9%	2.3%		14.6%	100.0%

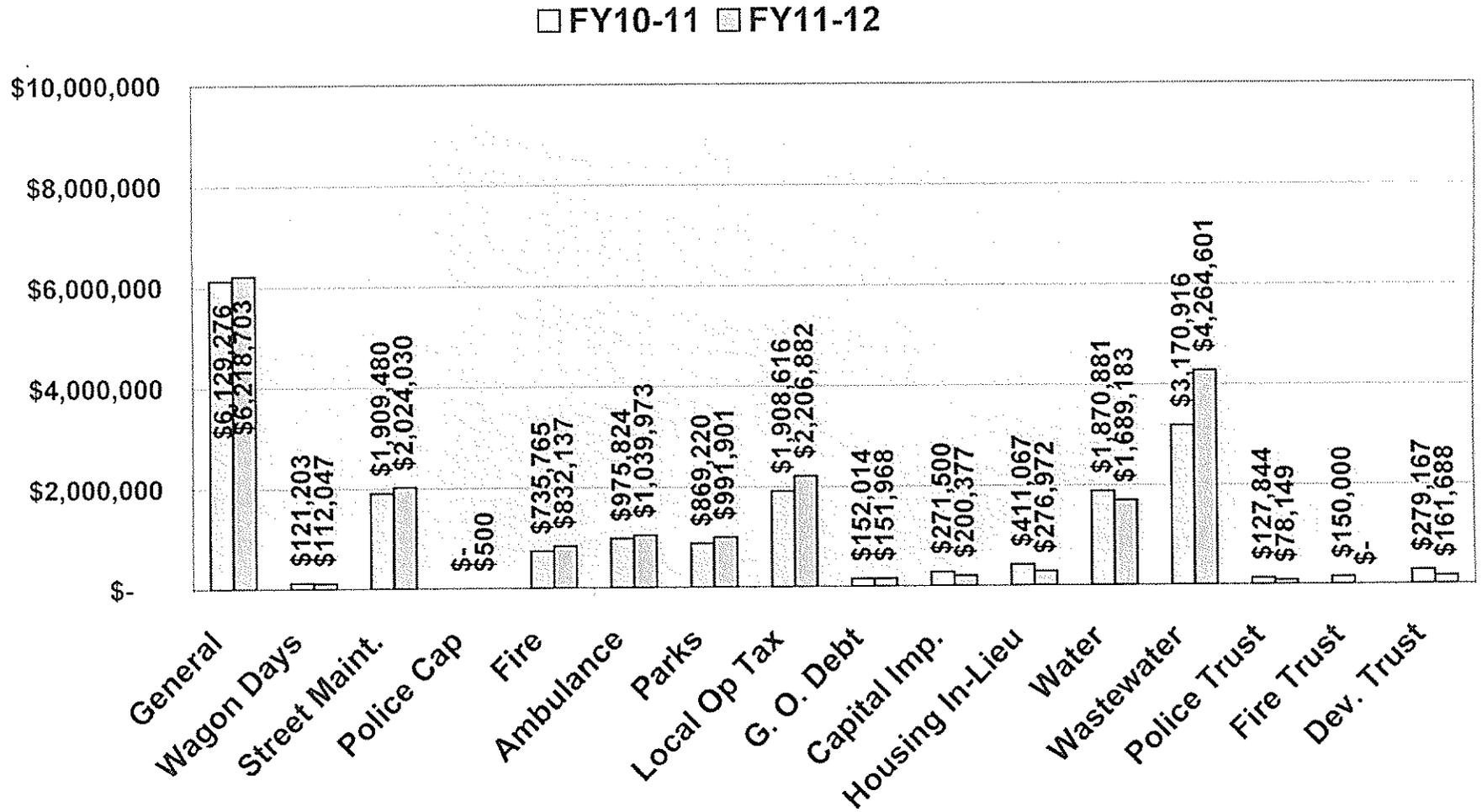
Total FY2011-2012 Budget Resources



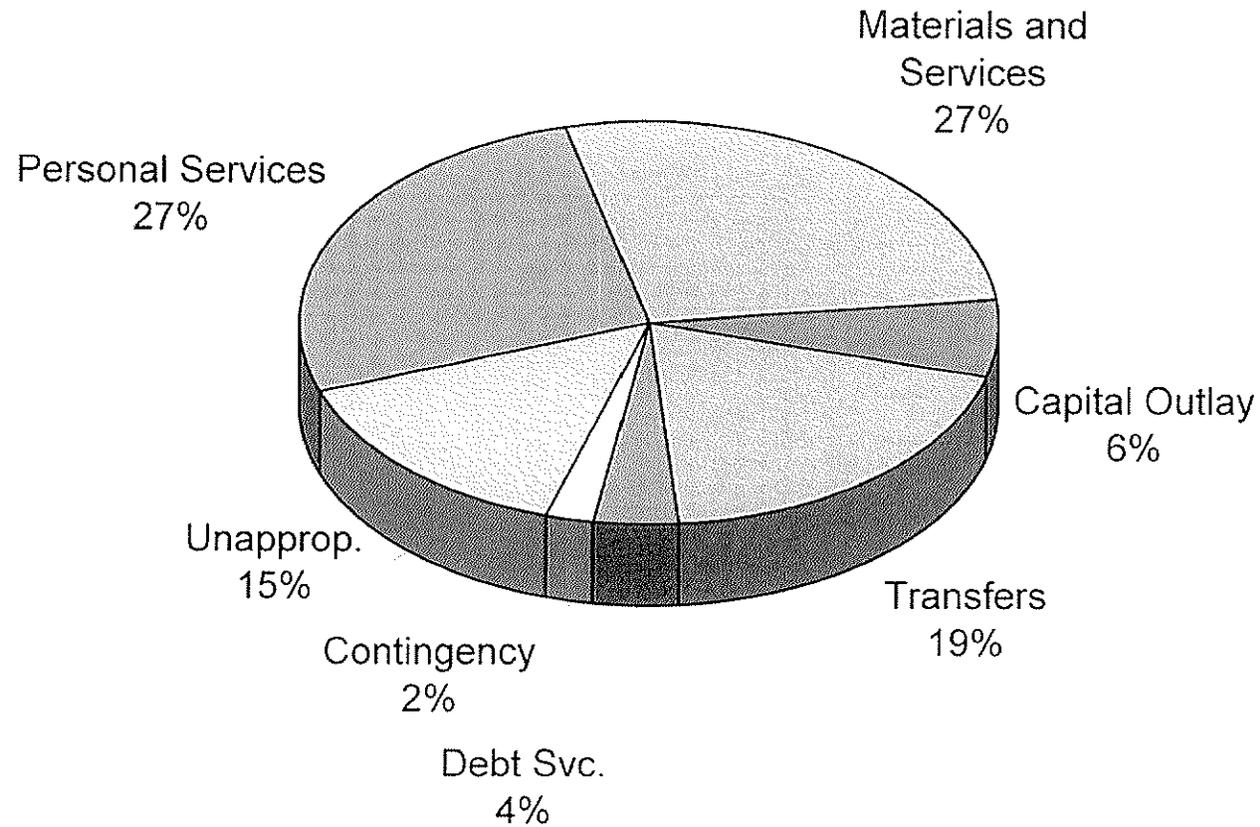
Total Budget Resources FY10-11 vs. FY11-12



Total Budget Resources FY10-11 vs. FY11-12 (By Fund)

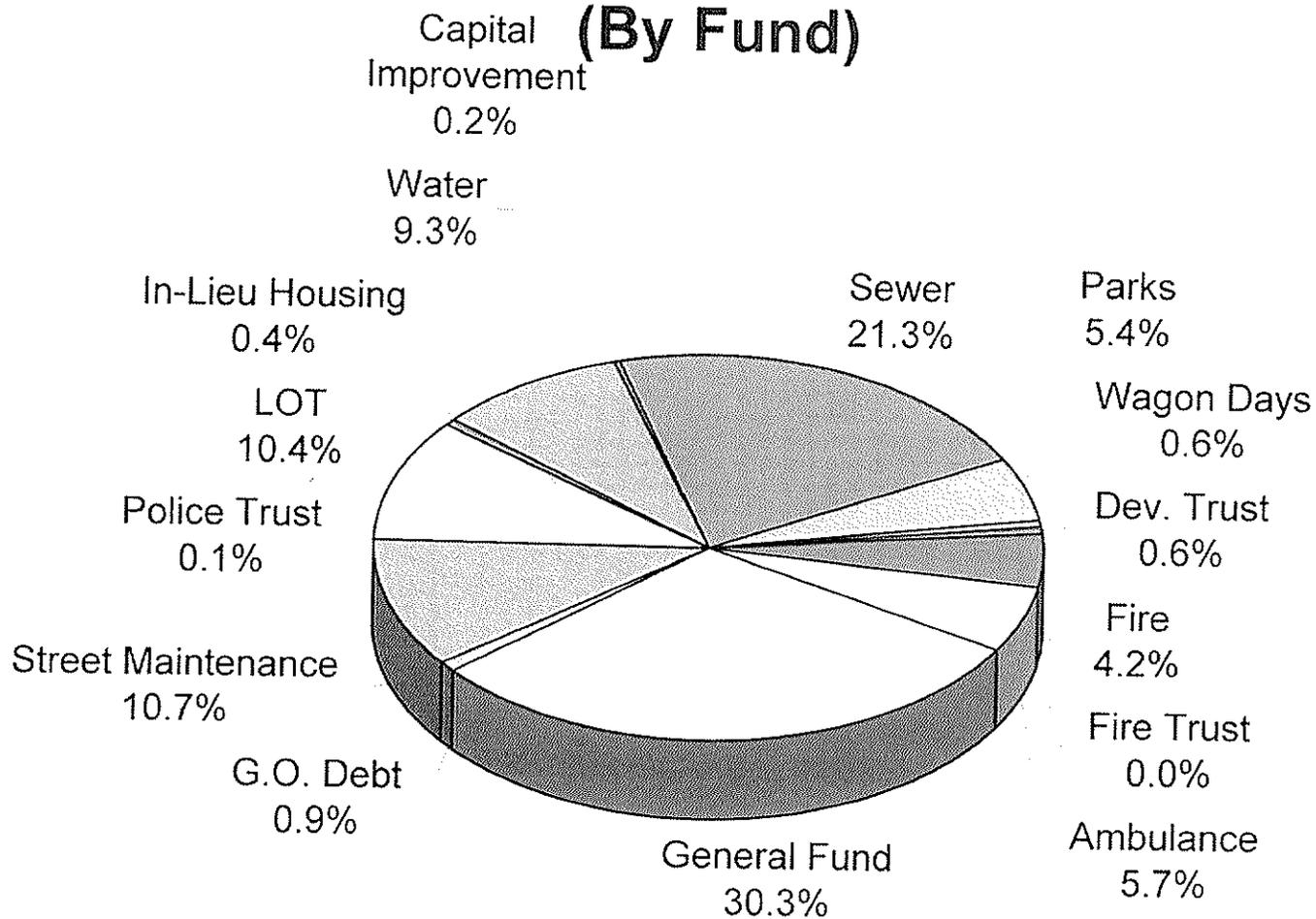


Total FY2011-2012 Budget Requirements (By Budget Categories)

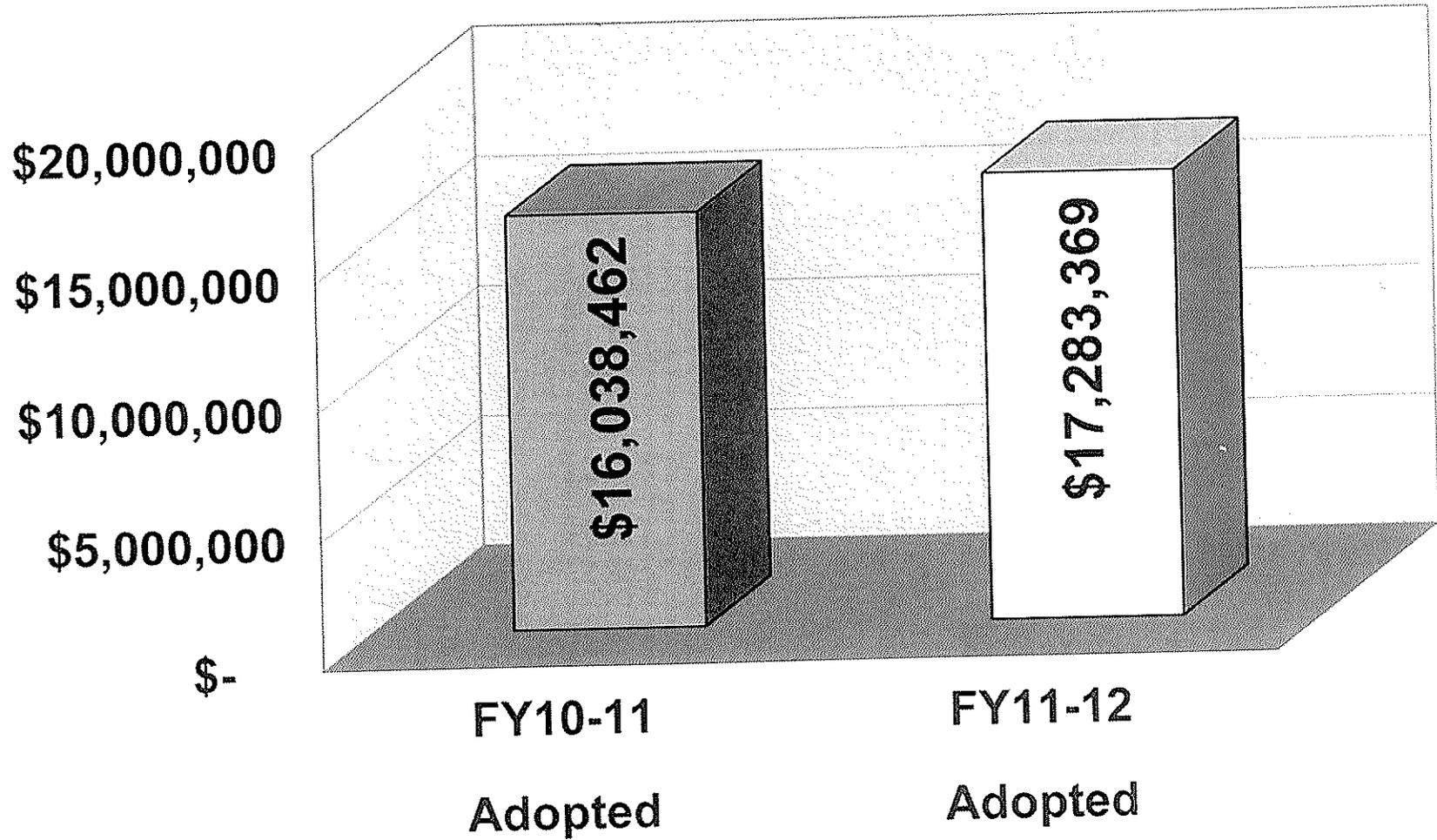


Total FY2011-2012 Budget Requirements

(By Fund)



Total Budget Requirements FY10-11 vs. FY11-12



Total Budget Requirements FY10-11 vs. FY11-12

■ FY10-11 □ FY11-12

