



Dear Members of the Memphis City Council and Citizens of Memphis,

I am pleased to submit this budget for the City of Memphis for the fiscal year beginning July 1, 2012 and ending June 30, 2013. My proposed operating budget for this period includes planned spending of \$628.4 million and a capital improvements program (CIP) budget for \$73.9 million in tax-funded capital projects.

This is a balanced budget that restores property taxes required to fully fund our public schools as ordered by the courts. I believe that the rising tide of a well-educated workforce that can meet the challenges of a 21<sup>st</sup> century economy will lift our whole community. We deprive our children of crucial opportunities - and deny our entire city a brighter, better future – if we fall short on this obligation now.

As our nation continues its slow path to economic recovery, we must make these kinds of increasingly shrewd, strategic choices about our spending priorities. Unfortunately, tax cuts that preceded my administration have placed us in economic circumstances that actually prevent us from making the investments we need to maintain and accelerate this critical growth. Memphis is at a crossroads, working harder than ever to develop into a balanced, strong economy that serves everyone while cautiously managing the fiscal constraints that dictate our path forward

Last year at this time, I pledged that my administration would do our utmost to eliminate expenses wherever and however we could and make the most effective possible use of tax-payer dollars. We have done this, through a number of cost-controlling measures and major reductions in the size of city government.

Budgets for all divisions of city government, aside from Fire and Police Services, have declined year-over-year since I have been in office. Over the past 12 months, our dedicated public employees have accepted serious pay cuts and my Directors have shown endless ingenuity in always doing more with smaller budgets and staffs.

What the City of Memphis is experiencing can no longer be fairly described as a spending

problem. What we have is a revenue problem. Property taxes and local option sales tax, which comprise the vast majority of our city's general fund, have been negatively impacted by years of population decline and decimated by the recent recession.

My administration, in partnership with the City Council, Shelby County Government, the Greater Memphis Chamber, and numerous non-profit and corporate partners across the community, are working hard to bring in new jobs, improve the quality of our workforce, and do everything we can to make Memphis more competitive and desirable. Until a more robust recovery is underway, however, we must accept these revenue shortfalls for what they are and operate accordingly.

My staff and I have done our best to balance the cuts and reductions in services that are required to balance the budget. Every family in every segment of our community will participate in this shared sacrifice, whether by seeing a nearby library or community centers closed or by noticing longer wait times in responses to their complaints. Repairs to our infrastructure will come less frequently than I would like, and grass and weeds will grow taller than we prefer before they are cut.

My proposed budget is a serious fiscal blueprint drafted in response to conditions of unprecedented austerity. I appreciate your efforts and partnership as we enter our next fiscal year. Together, we will do our best with the resources we have to create safe and vibrant neighborhoods, grow prosperity and opportunity for all, invest in our young people, and advance a culture of excellence in city government. The people of Memphis deserve no less.

Yours in service,



A C Wharton, Jr.  
Mayor, City of Memphis

**Note:** The Mayor's transmittal letter was written at the time that the Proposed Budget was submitted to Council. This schedule shows the amendments made to the Proposed Budget.

<b>FY2013 Operating Budget</b>	<b>Proposed Budget</b>	<b>Amendments</b>	<b>Adopted Budget</b>
<b>General Fund Revenues</b>			
Unallocated Revenues	\$ 582,927,253	\$ 1,200,000	\$ 584,127,253
Divisional Revenues	\$ 45,459,719	\$ (680,376)	\$ 44,779,343
<b>Total Revenues</b>	<b>\$ 628,386,972</b>	<b>\$ 519,624</b>	<b>\$ 628,906,596</b>
<b>General Fund Expenditures</b>			
City Attorney	\$ 10,048,357	\$ (367,301)	\$ 9,681,056
City Council	\$ 1,596,326	\$ (101,140)	\$ 1,495,186
City Court Clerks	\$ 4,846,848	\$ (89,495)	\$ 4,757,353
City Judges	\$ 601,722	\$ (985)	\$ 600,737
Engineering	\$ 8,517,460	\$ (209,575)	\$ 8,307,885
Executive	\$ 5,132,613	\$ (115,386)	\$ 5,017,227
Finance	\$ 4,890,341	\$ (124,883)	\$ 4,765,458
Fire Services	\$ 154,966,115	\$ (1,138,239)	\$ 153,827,876
General Services	\$ 22,992,787	\$ (528,086)	\$ 22,464,701
Grants & Agencies	\$ 78,813,397	\$ 26,249,784	\$ 105,063,181
Housing and Community Development	\$ 5,000,550	\$ (409,607)	\$ 4,590,943
Human Resources	\$ 7,342,439	\$ (162,461)	\$ 7,179,978
Information Services	\$ 15,901,093	\$ (635,423)	\$ 15,265,670
Parks and Neighborhoods	\$ 42,594,087	\$ 704,275	\$ 43,298,362
Police Services	\$ 238,992,383	\$ (1,675,651)	\$ 237,316,732
Public Works	\$ 26,116,382	\$ (1,270,141)	\$ 24,846,241
<b>Total Expenditures</b>	<b>\$ 628,352,900</b>	<b>\$ 20,125,686</b>	<b>\$ 648,478,586</b>
<b>Contribution/(Use) of Fund Balance</b>	<b>\$ 34,072</b>	<b>\$ (19,606,062)</b>	<b>\$ (19,571,990)</b>

<b>FY2013 CIP Budget</b>	<b>Proposed Budget</b>	<b>Amendments</b>	<b>Adopted Budget</b>
<b>Total Revenues</b>	<b>\$ 191,210,684</b>	<b>\$ 3,275,165</b>	<b>\$ 194,485,849</b>
<b>Total Expenditures</b>	<b>\$ 191,210,684</b>	<b>\$ 3,275,165</b>	<b>\$ 194,485,849</b>



