

Debt Fund Highlights

The City of Springfield has two debt service funds, the Bancroft Redemption Fund and the Bond Sinking Fund. These two funds are used to account for the payment of interest and principal on the City's debt.

Bancroft Redemption Fund

The Bancroft Redemption Fund accounts for bonds issued to pay for local public improvements in developing areas of the City. Revenue to pay the debt comes from property owner assessment payments. In the early 1980's the City was forced to foreclose on Bancroft lots. In order to make up the difference between property owners' assessment payments and the total revenue needed to make the required debt service payments the City levied property taxes. The last property tax levy for the bonded debt was in FY94 and in FY96 the City called the last of the callable bonds issued for the debt. Revenues from the sales of the remaining foreclosed lots, as well as related property sales program expenditures, are accounted for in the Bancroft Fund.

Bond Sinking Fund

Only one general obligation bond series is included in this fund, as the City made its last payment on a 20-year municipal building bond during FY00. A 19-year capital project and improvement bond was issued in March 1996 (FY96) and remains as a debt of the City. Revenue to pay the annual principal and interest on this bond comes from a property tax levy. A six-year summary of the tax levy is shown below.

The Bond Sinking Fund also includes an Oregon State Public Works (OSPW) loan. It is payable in annual installments of \$81,684 including interest at 5.8%, due in 2015. Revenue to pay the annual principal and interest on this loan comes from system development charges.

Bond Sinking Fund	Rate	Tax Levy
Levy Required for General Obligation Bonds		\$ 1,115,008
Estimated Tax Rate (Levy/AV)	0.4094	
Less Allowances for Discounts, Delinquencies		<u>\$ (83,626)</u>
Total Available Bond Sinking Fund Tax Revenue for Appropriation		<u>\$ 1,031,382</u>

Previous tax revenue information is as follows:

Fiscal Year	Tax Levy
2003	\$ 1,052,129
2002	\$ 1,072,914
2001	\$ 1,000,195
2000	\$ 1,627,295
1999	\$ 1,612,817
1998	\$ 1,939,100

City of Springfield Revenue and Operating Guidelines

A comprehensive list of City financial policies is provided in the Financial Summaries and Statistical Tables section of this document. In preparing the City's annual budget, established City financial policies, procedures and guidelines provides the fiscal foundation for various strategies and projections throughout all City funds. Specific guidelines driving two key components of the budget – revenues and operating costs – are repeated here.

Revenue Budget and Financial Practices

Revenues, or Resources, are a critical player in maintaining a fund's overall health. In preparing revenue forecasts for City funds, fund managers review revenue policies and specific fund directives in preparing the projected revenue budget for a given fund. The accuracy of a revenue forecast will significantly influence the fund's ability to continue to deliver necessary services and the importance of an accurate revenue projection is considerable. Below are key policies that support revenue projections:

Policies/Guidelines:

- ◆ The City will work to decrease dependence on property taxes and to diversify the revenue base.
- ◆ The City will estimate its annual revenues by an objective, analytical process. Because most revenues are sensitive to conditions outside the City's control, estimates will be conservative.
- ◆ The City will charge fees to the direct beneficiaries of City services that recover some or all of the full costs of providing that service. The City will work to recover at least 50% of the cost of direct services and, in some cases, 100% cost recovery.
- ◆ The City will work aggressively to collect all delinquent accounts receivable. When necessary, collection procedures will include termination of service, submission to collection agencies, foreclosure, and other available legal remedies.
- ◆ The City will establish charges for enterprise funds that fully support the total cost of the enterprise.
- ◆ The City will apply one-time or short term revenues to short term expenditures, to the greatest extent possible.

City of Springfield Revenue and Operating Guidelines - continued

Operating Budget and Financial Practices

Specific guidelines that direct fund forecasts of operating costs are:

- ◆ The City budget will support City Council goals and priorities and the long range needs of the community.
- ◆ The City will update its long range financial projections each year. Projections will include estimated revenues and expenditures for the next five years, including the estimated operating costs of capital improvements that are included in the capital budget.
- ◆ The City will set policies for working capital reserves, current service delivery growth, and other major financial issues each year prior to budget preparation.
- ◆ The City will manage its funds as independent entities in accordance with applicable statutes and with generally accepted accounting principles. One fund will not usually subsidize another fund on an ongoing basis.
- ◆ The City will maintain adequate cash reserves for both contingencies and working capital. Each fund will maintain adequate cash reserves, borrow internally from another City fund, or as a last resort, borrow externally to provide for cash flow and contingency requirements.
- ◆ The City will provide for adequate maintenance of equipment and capital assets. The City will make regular contributions to the Equipment Replacement Fund to ensure that reserve funds will be available as needed to replace City vehicles and other rolling stock equipment.
- ◆ The City will not rely on federal or state grants to provide funding for basic City operations or for debt service requirements.
- ◆ The City will manage and sell properties foreclosed under the Bancroft program in a manner that attempts to recover the City's incurred costs and does not disrupt the marketplace.
- ◆ The City will provide adequate funding for long term liabilities, including employee retirement system contributions, debt service, and casualty claims.

Total City Budget – Financial and FTE Information

The below table is a summary of the major cost categories for the City's Budget.

Expenditures by Category	Actual FY01	Actual FY02	Adopted FY03	Adopted FY04
Personal Services	\$ 24,489,637	\$ 26,660,035	\$ 28,627,810	\$ 32,552,903
Materials and Services	\$ 16,706,920	\$ 18,984,020	\$ 19,739,234	\$ 20,453,393
Capital Outlay	\$ 2,765,269	\$ 1,630,487	\$ 2,591,760	\$ 1,846,281
Capital Projects	\$ 8,006,306	\$ 3,662,636	\$ 23,873,030	\$ 24,467,599
Non Department	\$ 14,698,462	\$ 14,119,580	\$ 70,397,976	\$ 59,527,064
Total Budget	<u>\$ 66,666,594</u>	<u>\$ 65,056,758</u>	<u>\$ 145,229,810</u>	<u>\$ 138,847,240</u>
Total FTE	<u>380.96</u>	<u>380.40</u>	<u>375.95</u>	<u>398.80</u>

The following pages provide information on a summary level, both historical and current for the FY03 Adopted Budget, including FTE comparisons. (See Financial Summaries and Statistical Tables section for more detail.)