

CITY OVERVIEW

FY05 Adopted Budget

City Government Organization

The City of Springfield, incorporated in 1885, is a home rule charter City. This charter is the basic law under which the City operates. Amendments to the charter can only be made by a vote of the people and can be placed on the ballot by the Council or by the voters through an initiative process. The City of Springfield has a Council-Manager form of government.

The **Mayor** is the formal representative of the City of Springfield and is elected to a four-year term by the voters at large on a non-partisan ballot. The Mayor presides over Council meetings and does not vote, except in the case of a tie. The Mayor can veto any Council decision, but a two-thirds vote of the Council can override the veto. As the chief elected officer, the Mayor is responsible for providing political and policy leadership for the community.

The six-member **City Council** sets overall City policy and goals. The City Council also makes laws, or ordinances, which govern the City of Springfield. Councilors are nominated from one of six wards and are elected at large for four-year staggered terms. Councilors are elected to represent citizens' interests on the Council. The Council takes official action at regular Council meetings which are open to the public. The Council supervises, and is responsible for selecting, the City Manager.

The **City Manager** supervises the operations of all City departments. City departments include the City Manager's Office, Development Services, Finance, Fire and Life Safety, Human Resources, Information Technology, Legal and Judicial Services, Library, Police and Public Works Departments. As chief administrator, the City Manager has no vote in the Council, but may take part in discussions of matters coming before the legislative body.

Citizen Involvement

Our **citizens** are the most important part of the City organization. City services are directed to meet the needs of the citizens. Public hearings are held so that citizens can contribute to the planning and budgeting process of the City. Citizens may express their concerns and requests to their representatives on the City Council, City Budget Committee and other City committees. Citizens are also encouraged to attend the various public hearings held regarding City actions. Notices of all City public hearings are published in the *Public Notice* section of the Springfield News. Upcoming meeting agenda items are listed in the City Region section of the local newspapers.

Comments may also be submitted at any time by the following methods:

In person: Business hours: 8:00 a.m. to 5:00 p.m., Monday – Friday

Calling: City Manager’s Office
 (541) 726 – 3700
 (541) 726 – 2247 (TDD)
 (541) 726 – 2363 (Fax)

Writing: City Manager’s Office
 City of Springfield
 225 Fifth Street
 Springfield, Oregon 97477

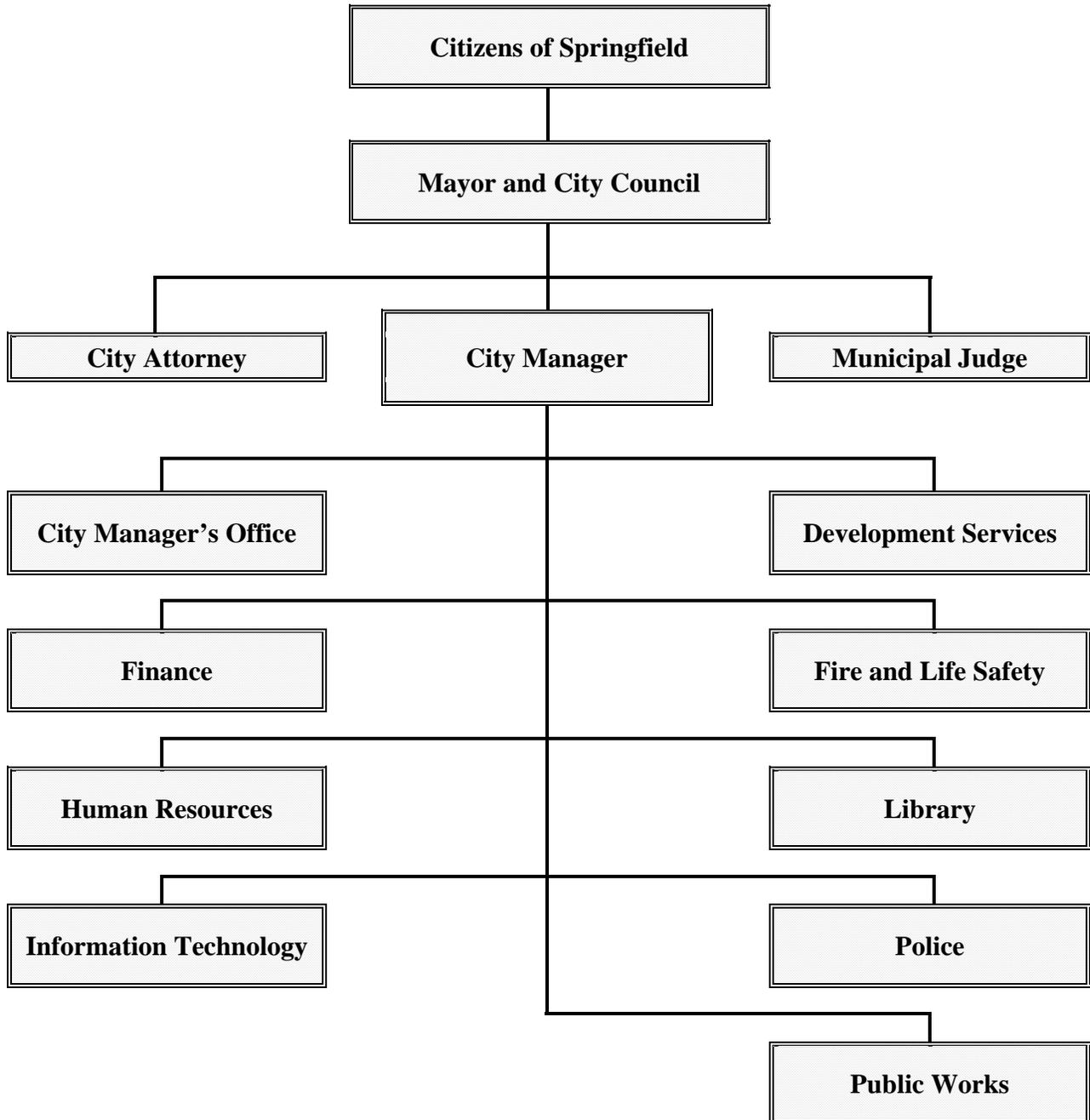
E-mail: cmo@ci.springfield.or.us

For a more extensive list of contacts (such as the Mayor, Council and/or City Departments) please visit our website at:
<http://www.ci.springfield.or.us/contacts>

Budget Committee Meeting Schedule

Date	Time/Place	Tentative Agenda Items
Tuesday May 04, 2004	6:30 p.m. Library Meeting Room	Election of Officers Presentation of FY05 Proposed Budget Public Hearing – use of State Revenue Sharing Funds Presentation of Capital Improvement Projects Department Presentations
Tuesday May 11, 2004	6:30 p.m. Library Meeting Room	Public Input Department Presentations
Tuesday May 18, 2004	6:30 p.m. Library Meeting Room	Public Input Presentations from Outside Agencies Department Presentations Deliberations
Tuesday May 25, 2004	6:30 p.m. Library Meeting Room	Identification of Additional Issues Deliberations on Outstanding Issues Approve a Recommended FY05 Budget
Monday June 21, 2004	7:00 p.m. Regular Session City Council Chambers	Public Hearing and Council adoption of FY05 Annual Budget

**CITY OF SPRINGFIELD
Organization Chart**



City Services

Under the direction of the City Manager, nine departments and one service area provide services to the citizens of Springfield: City Manager's Office, Development Services, Finance, Fire and Life Safety, Human Resources, Information Technology, Legal and Judicial Services, Library, Police and Public Works Departments.

City services are summarized into four broad program categories:

- 1.) Community Development Program
- 2.) General Government Program
- 3.) Library Program
- 4.) Public Safety Program

Community Development Program includes the services provided by two departments: Development Services and Public Works. Examples of services provided by the Community Development Program include Economic Development, Planning, Streets, and Sanitary. Please refer to the Operating Budget by Program section of this document for more detailed information about the Community Development Program.

General Government Program includes the services provided by four departments: City Manager's Office, Finance, Human Resources and Information Technology. Examples of services provided by the General Government Program include Council support, Municipal Court, oversight and preparation of the annual budget, managing vehicle and equipment replacement resources, employee benefits, compensation, and risk management needs of the organization. Please refer to the Operating Budget by Program section of this document for more detailed information about the General Government program.

Library Program includes the service provided by the Library Department. Examples of services provided by the Library Program include internet access to learning materials, reference assistance and research, securing materials from another library (interlibrary loan) that the citizen may be interested in reviewing. Please refer to the Operating Budget by Program section of this document for more detailed information about the Library Program.

Public Safety Program includes the services provided by two departments: Fire and Life Safety and Police Services. Examples of services provided by the Public Safety Program, beyond life protection efforts, include FireMed Membership Program administration and the centralized point for emergency calls and dispatch. Please refer to the Operating Budget by Program section of this document for more detailed information about the Public Safety Program.

The Budget Process

Purpose of an Annual Budget

The budget represents the financial plan of the City. It is a policy tool for the Mayor and City Council to express the targets and priorities for the next fiscal year and an implementation tool that

translates the targets into action plans which are reflected in each program's goals, objectives and performance measures.

The budget serves other functions as well. It is a financial tool which enables the City to allocate its resources. As a public document, it is a tool for elected officials and administrators to communicate decisions to the citizens and staff. As a decision-making document, staff uses the budget both as an accounting tool to ensure financial integrity and a management auditing tool to measure performance.

Budget Process Overview

Oregon's local budget law, as set forth in Chapter 294 of the Oregon Revised Statutes, requires local governments to prepare and adopt an annual budget. The law establishes standard procedures for preparing, presenting, and administering the budget. The law requires citizen involvement in the preparation of the budget and public disclosure of the budget before final adoption.

Preparation

The City of Springfield operates on a fiscal year calendar (July 1 to June 30 of the following year). Preparation of the City budget usually begins in January by projecting annual resources and requirements for the fiscal year. Resources include revenues received in the current fiscal year, such as property tax receipts, user fees, grants and inter-governmental revenues and cash working capital carried forward from the previous fiscal year. Requirements include wage increases, inflationary increases for materials and services and other known costs. This comparison of resources and requirements provides the context in which the Budget Committee provides policy direction for the preparation of the budget.

Before City staff commences the preparation of the budget, the Budget Committee is asked to establish general guidelines that will govern the preparation process. After the Budget Committee approves the guidelines, staff prepares a proposed budget which the City Manager presents to the Budget Committee, usually in April.

The Budget Committee, consisting of the City Council and an equal number of citizens, reviews and revises the budget during a series of meetings in April and May. After the Budget Committee approves the budget, it is forwarded to the City Council for final adoption, usually in late June. A summary of the budget is published in the local newspaper prior to a City Council public hearing. The City Council has final authority to adopt or change the budget. If a change occurs during the review and adoption of the budget (after the public notice of the budget) which increases the property tax levy or increases expenditures in any fund by more than 10%, the budget must be referred back to the Budget Committee.

The City's budget process is also affected by several other budget processes. These include the Metropolitan Wastewater Management Commission (MWMC) budget, allocation of Community Development Block Grant (CDBG) funds, Joint Social Services funding, Transient Room Tax allocation and the five-year Capital Improvement Program. Lastly, City Financial Policies and Operating Guidelines (see the City Overview of this budget document for details) influences the recording of costs and establishing the budget appropriations.

City of Springfield Annual Budget Process and Timeline

A summary of the City's annual budget process timeline is as follows:

December, 2003	<ul style="list-style-type: none"> ◆ Citizen members of the City of Springfield Budget Committee appointed by Council ◆ City of Springfield Five Year Capital Improvement Program update begins
November, 2003 – January, 2004	<ul style="list-style-type: none"> ◆ Springfield City Council adopts goals for next fiscal year ◆ Budget Committee meets to provide guidance to City Manager
January – March, 2004	<ul style="list-style-type: none"> ◆ City Council adopts Five Year Capital Improvement Program ◆ City Council reviews Community Development Block Grant projects for budget preparation ◆ Metropolitan Wastewater Management Commission (MWMC) prepares and presents its annual budget, via administrative support from the City of Springfield, to City of Eugene and Lane County Budget Committees for approval ◆ City Manager prepares the recommended FY05 Proposed Budget for Budget Committee consideration
April, 2004	<ul style="list-style-type: none"> ◆ City Manager's budget message and Proposed Budget presented to Budget Committee ◆ Budget Committee meets and deliberates on Proposed Budget
May, 2004	<ul style="list-style-type: none"> ◆ Budget Committee recommends its FY05 Approved Budget to City Council
June, 2004	<ul style="list-style-type: none"> ◆ City Council holds hearings and adopts the FY05 Annual Budget
July, 2004	<ul style="list-style-type: none"> ◆ FY05 Adopted Budget implemented and Tax Levy certified

In addition to the publication of meetings in the Springfield News, budget information is available at the Springfield City Manager's Office, at each Budget Committee meeting, and at the City Council meetings.

Copies of the budget are located in the Springfield Library and Finance Departments.

Adjusting the Adopted Budget

The budget may be amended during the fiscal year. Amending a budget means that the original resolution adopted by Council will be changed based on more updated information and/or unanticipated revenues or expenditures occurring after adoption. Changes to the original resolution that alter legal spending levels must be approved by City Council before any action can occur. Changes to the resolution are processed through supplemental budget action.

A supplemental budget must be prepared and adopted before any expenditures are made in excess of their legal budget appropriation. In all cases, regardless of whether estimated expenditures in the supplemental budget exceed 10% of the expenditures in the fund being adjusted, the City of Springfield holds regular meetings (public meetings) to adopt all supplemental budgets.

Notices of all budget hearings are published in the Springfield News using guidelines in the Oregon Budget Law manual. Public hearings are also held on the possible use of State Revenue Sharing funds.

The City's Financial Structure

Municipalities such as the City of Springfield incur expenditures only for the purposes and amounts approved by the City Council. The City must present any change that alters the original appropriation resolution act to the City Council for approval in advance of any change being made. Information generated from the City's fund accounting system presents information according to Oregon Local Budget Law and manages its finances according to Generally Accepted Accounting Principals (GAAP). Accounting in private businesses and accounting in governments are different in terms of what the entities measure. Governmental accounting measures the City's financial results of spending and service delivery decisions made and/or proposed by the City. Businesses focus on the ability of the entity to generate profits.

Fund Accounting

The City uses a fund accounting system to measure actual results. The fund accounting system groups revenues and expenditures together into accounting reporting units called "funds." Each City fund is distinct and is segregated for the purpose of carrying on specific activities within that fund. Each fund is a set of self-balancing accounts recording all assets, liabilities, and residual equities. Changes that occur within those accounts are also accounted for using the modified accrual basis of accounting. In general, this basis of accounting recognizes revenues in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

The City of Springfield groups funds into two broad fund categories – **Government Fund Category** and **Proprietary Fund Category**. Funds are further categorized into six generic fund types: General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds and Internal Service Funds. For specific descriptions of the City Fund Types, please see the Financial Summaries and Statistical Tables section of this document.

Overall View of the City's FY05 Adopted Budget

The City of Springfield FY05 Total Adopted Budget is \$169,855,483 and 410.25 FTE. The total FY05 Adopted Budget and a comparison of the FY05 Adopted Budget to the FY04 Adopted Budget are provided below. Overall, the total budget increased by \$31,008,243 and FTE's increased by a net 11.45 FTE. Details to the changes are clarified in the sections that follow.

	FY05 Adopted	FY04 Adopted	Dollar Change	Percent Change
Total Resources:	<u>\$169,855,483</u>	<u>\$138,847,240</u>	<u>\$31,008,243</u>	<u>22.3%</u>
Total Requirements:				
Department Operating Budget	\$ 65,244,158	\$ 54,852,577	\$ 10,391,581	18.9%
Capital Budget	\$ 41,943,920	\$ 24,467,599	\$ 17,476,321	71.4%
Non Department Budget	<u>\$ 62,667,405</u>	<u>\$ 59,527,064</u>	<u>\$ 3,140,341</u>	<u>5.3%</u>
Total Requirements:	<u>\$169,855,483</u>	<u>\$138,847,240</u>	<u>\$ 31,008,243</u>	<u>22.3%</u>

Resources: Total City Revenues, All Funds

Resources are the total of current revenues and cash carryover from prior years. Total resources to the City must equal total requirements. The total FY05 resources are \$169,855,483.

Following is a list of the City's total resources by major sources of revenues for the FY05 Adopted Budget compared to the FY04 Adopted Budget. (For more information regarding revenues, see also the Financial Summaries and Statistical Tables section of this document.)

Major Sources of Revenues, All Funds

Revenues, Summary Level	FY05 Adopted	FY04 Adopted	Dollar Change by Type	Percent Change by Type
Taxes (Current and Delinquent) (*)	\$ 17,824,719	\$ 16,931,165	\$ 893,554	5.3%
Licenses, Permits and Fees (*)	\$ 9,520,522	\$ 2,979,877	\$ 6,540,645	219.5%
Intergovernmental	\$ 10,057,600	\$ 8,068,005	\$ 1,989,595	24.7%
Charges for Service	\$ 32,466,704	\$ 26,773,004	\$ 5,693,700	21.3%
Fines and Forfeitures	\$ 849,392	\$ 886,498	\$ (37,106)	(4.2%)
Use of Money and Property (*)	\$ 2,491,824	\$ 2,449,506	\$ 42,318	1.7%
Special Assessments (*)	\$ 5,132,200	\$ 2,515,200	\$ 2,617,000	100.4%
Miscellaneous Receipts	\$ 988,585	\$ 2,105,038	\$ (1,116,453)	(53.0%)
Other Financing Sources (*)	<u>\$ 25,251,587</u>	<u>\$ 13,725,315</u>	<u>\$ 11,526,272</u>	<u>84.0%</u>
Subtotal: Current Revenues	\$ 104,583,133	\$ 76,433,608	\$ 28,149,525	36.8%
Cash Balances - Cash Carryover	<u>\$ 65,272,350</u>	<u>\$ 62,413,632</u>	<u>\$ 2,858,718</u>	<u>4.6%</u>
Total Resources, All Sources	<u>\$ 169,855,483</u>	<u>\$ 138,847,240</u>	<u>\$ 31,008,243</u>	<u>22.3%</u>

(*) see the following section titled "Significant Changes by Revenue Type" for detail to the basis of these changes from FY04 to FY05

Significant Changes by Revenue Type, All Funds

Taxes

	FY05 Adopted	FY04 Adopted	Dollar Change by Type	Percent Change by Type
Taxes (Current and Delinquent)	\$ 17,824,719	\$ 16,931,165	\$ 893,554	5.3%

FY05 Projected Tax revenue of \$17,824,719 is 10.5% of the total City current resources. It is the second largest revenue to the City and therefore is a primary source of revenue. As indicated in the above table, the growth in taxes from FY04 to FY05 was 5.3% or \$893,554. The General Fund taxes make up \$358,290 of the \$893,554 overall growth (General Fund taxes grew by 2.9% in FY05). The significant reason for the amount of increase from FY04 was the passage by Council of an ordinance for a local fuel tax. Although the FY04 budget was amended to include the revenue from the gas tax that would be collected this fiscal year, at the time the budget was adopted in the June of 2004, the revenue had not yet been budgeted. The tax revenue estimated to be received in the current fiscal year from the gas tax is \$600,240.

The following is a detailed list of the sources of tax revenue (includes delinquencies):

Tax Revenue Source*	FY05 Adopted Budget
General Fund tax revenue current	\$ 12,301,280
General Fund tax revenue delinquent	\$ 410,000
Fire Local Option Levy tax revenue	\$ 947,606
Police Local Option Levy tax revenue	\$ 1,738,445
Bond Sinking Fund	\$ 1,011,148
Bond Fund delinquencies	\$ 20,000
911 Tax	\$ 250,000
Local Fuel	\$ 600,240
Transient Room Tax	\$ 546,000
Total	<u>\$ 17,824,719</u>

* For additional detailed information regarding tax revenues, see “FY05 Assessed Valuation: Levy and Tax Information” in the Financial Summaries and Statistics section of this budget document.

Levies Passed by Springfield Voters to Provide Dedicated Funding for Fire and Police Enhanced Services

In November, 2002, City of Springfield voters passed two public safety measures – one for Fire Services and one for Police Services.

Overall, funding from the two levies provided the following:

Local Option Levies	Amount	FTE
Fire Services operating costs	\$ 897,588	9.00 FTE
Dedicated Reserve	\$ 392,058	
Fire Services Local Option Levy Funding	\$ 1,289,646	
Police Services operating costs	\$ 1,539,639	20.00 FTE
Police Services dedicated reserve	\$ 630,756	
Legal and Judicial services	\$ 191,759	2.01 FTE
Police Services Local Option Levy Funding	\$ 2,362,154	
Total Funding Provided by Levies	\$3,651,800	31.01 FTE

Detail by Type of Costs Funded:

Departmental Operating costs	\$ 2,628,986	31.01 FTE
Dedicated Reserves	\$ 1,022,814	

Total Funding Provided by Levies	\$ 3,651,800	31.01 FTE
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For more detail on specific funding, see the Program Budget, Fire, Police and Legal/Judicial Services pages in this budget document and see Financial Summaries and Statistics section for methodology on determining tax revenue for FY05.

Licenses, Permits and Fees

	FY05 Adopted	FY04 Adopted	Dollar Change by Type	Percent Change by Type
Licenses, Permits and Fees	\$ 9,520,522	\$ 2,979,877	\$6,540,645	219.5%

The FY05 Adopted Budget amount for Licenses, Permits and Fees revenue is 3.8% of the City's total current revenue. As indicated in the above table, the growth in this revenue from FY04 Adopted to FY05 Adopted is 219.5% or \$6,540,645. The General Fund portion as a whole decreased, due primarily to the creation of the Building Code Fund, which is a new special revenue fund created to accommodate the self-supporting Building division of the Development Services Department. In addition, the Planning Fees in the General fund are expected to grow by approximately \$256,000 due to the adjusted fee structure in that area. Other contributing changes include recognizing the revenues to the new Riverbend Development Fund (Peace Health project) in the amount of \$1,719,153; and a \$1,967,392 increase in the Building Code Fund contractual fees, also having to do with the Peace Health project.

Use of Money and Property

	FY05 Adopted	FY04 Adopted	Dollar Change by Type	Percent Change by Type
Use of Money and Property	\$ 2,491,824	\$ 2,449,506	\$42,318	1.7%

The FY05 Adopted Budget amount for Use of Money and Property revenue is 1.5% of the City's total current revenue. As indicated in the above table, the increase in revenue from FY04 Adopted to FY05 Adopted is an additional \$42,318 which represents a positive growth of 1.7%.

This increase primarily results from the change in interest rates that are being recognized on the City's investment of its cash reserves.

Special Assessments

	FY05 Adopted	FY04 Adopted	Dollar Change by Type	Percent Change by Type
Special Assessments	\$ 5,132,200	\$ 2,515,200	\$ 2,617,000	100.4%

The FY05 Adopted Budget amount for Special Assessments revenue is 3.0% of the City's total current revenue. As indicated in the above table, the growth in revenue from FY04 Adopted to FY05 Adopted is \$2,617,000 or a 100.4% increase over FY04 Adopted Budget. Of the \$5.13 million for special assessment revenue proposed for next year, \$4.6 million is attributed to contributions by two developers for street improvements for private construction projects.

Other Financing Sources

	FY05 Adopted	FY04 Adopted	Dollar Change by Type	Percent Change by Type
Other Financing Sources	\$ 25,251,587	\$ 13,725,315	\$ 11,526,272	84.0%

The FY05 Adopted Budget amount for Other Financing Sources revenue is 14.9% of the City's total current revenue. FY05 revenue increase of \$11,526,272 or 84.0% increase from FY04 Adopted Budget represents the largest dollar change in revenue sources to the City. The primary contributing factor to the material increase in revenue is related to the City's capital improvement program. The City is anticipating a \$6.5 million revenue bond sale by MWMC in the spring of 2005 for the first phase of its \$20 million capital improvement program. In addition, the regional waster water program will be transferring an additional \$2.25 million from its operating fund to its capital fund for related projects.

Requirements: Total City Expenditures, All Funds

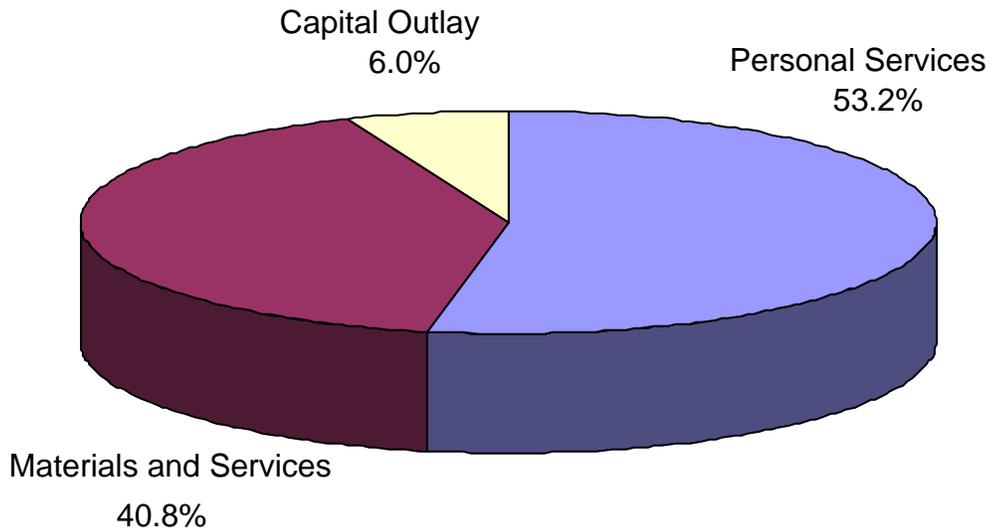
Requirements consist of total expenditures: departmental operating, capital, non departmental (operating and non operating) budgets.

The Total City Expenditures, all funds is as follows:

Expenditures by Category	FY05 Adopted	FY04 Adopted
Personal Services	\$ 34,727,742	\$ 32,552,903
Materials and Services	\$ 26,642,146	\$ 20,453,393
Capital Outlay	\$ 3,874,270	\$ 1,846,281
Departmental Operating Budget	\$ 65,244,158	\$ 54,852,577
Capital Projects	\$ 41,943,920	\$ 24,467,599
Non Department	\$ 62,667,405	\$ 59,527,064
Total	\$ 169,855,483	\$ 138,847,240

Departmental Operating Budget

The FY05 Departmental Operating Budget is 38.4% of the Total City Budget. Operating budgets are the costs of delivering key City services to our citizens. Departmental operating budgets represent the costs of the City’s personal services, materials and services and capital outlay requirements. The breakdown by the percentage of costs by operating component is listed in the below pie chart.



The total FY05 operating budget and a comparison to the FY04 Adopted Budget are provided below.

Category, All Funds	FY05 Adopted Budget	FY04 Adopted Budget	Percent Change
Personal Services	\$ 34,727,742	\$ 32,552,903	6.7%
Materials and Services	\$ 26,642,146	\$ 20,453,393	30.3%
Capital Outlay	\$ 3,874,270	\$ 1,846,281	109.8%
Total Operating Budget	\$ 65,244,158	\$ 54,852,577	18.9%

Cost Adjustment Factors

The ability to accurately project the fund requirements ensures continued fund health and a fund’s ability to cover unanticipated cost increases. In preparing cost estimates, departments are given specific direction to apply an approved cost inflation adjustment to existing service costs. Any existing cost that exceeds the granted cost inflation adjustment without a matching source of offset to the cost is presented to the City Manager for specific review. Any new costs to a fund – called service level changes – must be specifically approved in advance by the City Manager through a process identified as “Service Issue Paper” approvals. (For service level approvals included in the FY05 Adopted Budget, see the Program Budget section of this document.)

For FY05, the following is a list of authorized cost adjustment factors were used to develop the department operating budget.

Personal Services

Cost inflation adjustment - Salaries

- 2.5%: 7/01/04 Non-Union
- 2.5%: 7/01/04 Oregon Public Employees Union (O.P.E.U.)
- 2.0%: 7/01/04 Association of Federal, State, City Municipal Employees (A.F.S.C.M.E.)
- 1.0% 1/01/05
- 3.0%: 7/01/04 Springfield Police Association (S.P.A.)
- 2.0% 1/01/05
- 3.0%: 7/01/04 International Associated of Fire Fighters (I.A.F.F.)

Estimated PERS (Public Employees Retirement System) Rate Change:

- 1.50%: Increase in PERS rate to 14.0% of eligible wages

Materials and Services and Capital Outlay

Cost inflation adjust for materials and services and capital outlay

- 2.5% Materials and Services
- Not Applicable Capital Outlay: increases on a request-by-request basis.

**Total Department Operating Budget:
Personal Services, Materials and Services and Capital Outlay**

Changes from FY04 Adopted

In FY05, personal services costs (all City funds) increased 6.7% or \$2,174,839 over the FY04 Adopted Budget. This increase is due to statutory and contractual cost increases from existing labor contracts, the elimination of 6.55 FTE and the addition of another 18.0 FTE in the City’s operating budget (for a net increase of 11.45 FTE). The additional 18.0 FTE is primarily in support of the City’s implementation of its Capital program. In FY05, total materials and services (all City funds) increased 30.3% or \$6,188,753 over FY04. Capital Outlay budgets are zero based and exist only if a department can successfully present a request and obtain specific approval from both the capital utilization team and the City Manager. In FY05, total capital outlay increased by 109.8% for an addition of \$2,027,989 to the FY04 Adopted Budget.

Overall operating costs for FY05 Adopted Budget increased 18.9% or \$10,391,581 over FY04 Adopted Budget (the General Fund operating budget increase is \$155,866 or 0.6% of the total increase). Services are delivered by City departments where the operating budget expenditure authority resides. The below table identifies the amount of total operating budget authority by department and a comparison of the department’s FY05 Proposed Budget to the FY04 Adopted Budget.

Total City Department Operating Budget, All Funds FY05 Adopted versus FY04 Adopted				
Department Budget	FY05 Adopted	FY04 Adopted	Dollar Change	Percent Change
City Manager's Office	\$ 1,036,137	\$ 930,964	\$ 105,173	11.3%
Development Services Department	\$ 6,896,879	\$ 4,039,044	\$ 2,857,835	70.8%
Finance Department	\$ 1,110,483	\$ 1,002,863	\$ 107,620	10.7%
Fire and Life Safety Department	\$ 12,619,239	\$12,313,192	\$ 306,047	2.5%
Human Resources Department	\$ 983,845	\$ 970,307	\$ 13,538	1.4%
Information Technology Department	\$ 1,145,175	\$ 1,103,137	\$ 42,038	3.8%
Legal and Judicial Services	\$ 1,320,278	\$ 1,273,322	\$ 46,956	3.7%
Library Department	\$ 1,233,854	\$ 1,247,053	\$ (13,199)	(1.1%)
Police Department	\$ 11,556,433	\$11,017,746	\$ 538,687	4.9%
Public Works Department	\$ 27,341,835	\$20,954,949	\$ 6,386,886	30.5%
Total Operating Budget	<u>\$ 65,244,158</u>	<u>\$54,852,577</u>	<u>\$10,391,581</u>	<u>18.9%</u>

Personal Services Budget, All Funds

FY05 total personal services budget of \$34,727,742 is 20.4% of the City’s Total Budget and 53.2% of the City’s Operating Budget. As indicated in the below table, growth in personal services is 6.7% over FY04 Adopted Budget.

Personal Services Portion of the Total City Operating Budget			
	FY05 Adopted Budget	FY04 Adopted Budget	Percent Change
Personal Services	\$ 34,727,742	\$ 32,552,903	6.7%

The below table provides the departmental detail to the City’s Personal Services Budget for FY05 Adopted Budget and FY04 Adopted Budget.

Personal Services Budget, All Funds FY05 Adopted versus FY04 Adopted				
Personal Services Budget By Department	FY05 Adopted	FY04 Adopted	Dollar Change	Percent Change
City Manager's Office	\$ 612,887	\$ 497,710	\$ 115,177	23.2%
Development Services	\$ 2,644,897	\$ 2,616,844	\$ 28,053	1.1%
Finance	\$ 847,703	\$ 775,651	\$ 72,052	9.3%
Fire and Life Safety	\$ 10,084,785	\$ 9,973,195	\$ 111,590	1.2%
Human Resources	\$ 509,324	\$ 549,650	\$ (40,326)	(7.4%)
Information Technology	\$ 824,024	\$ 779,058	\$ 44,966	5.8%
Legal and Judicial Services	\$ 495,398	\$ 471,443	\$ 23,955	5.1%
Library	\$ 972,077	\$ 991,266	\$ (19,189)	(2.0%)
Police	\$ 9,615,877	\$ 9,363,728	\$ 252,149	2.7%
Public Works	\$ 8,120,770	\$ 6,534,358	\$ 1,586,412	24.3%
Total	\$ 34,727,742	\$ 32,552,903	\$ 2,174,839	6.7%

Materials and Services Budget, All Funds

FY05 total materials and services budget of \$26,642,146 is 15.7% of the City’s Total Budget and 40.8% of the City’s Operating Budget. As indicated in the below table, growth in materials and services is 30.3% over FY04 Adopted Budget.

Materials and Services Portion of the Total City Operating Budget			
	FY05 Adopted Budget	FY04 Adopted Budget	Percent Change
Materials and Services	\$ 26,642,146	\$20,453,393	30.3%

The below table provides the departmental detail to the City's Materials and Services Budget for FY05 Adopted and FY04 Adopted Budget.

Materials and Services Budget, All Funds FY05 Adopted versus FY04 Adopted				
Materials and Services Budget By Department	FY05 Adopted	FY04 Adopted	Dollar Change	Percent Change
City Manager's Office	\$ 419,950	\$ 431,558	\$ (11,608)	(2.7%)
Development Services	\$ 4,205,089	\$ 1,400,935	\$ 2,804,154	200.2%
Finance	\$ 257,580	\$ 220,187	\$ 37,393	17.0%
Fire and Life Safety	\$ 2,172,439	\$ 2,153,776	\$ 18,663	0.9%
Human Resources	\$ 472,321	\$ 407,075	\$ 65,246	16.0%
Information Technology	\$ 230,163	\$ 248,659	\$ (18,496)	(7.4%)
Legal and Judicial Services	\$ 824,630	\$ 798,085	\$ 26,545	3.3%
Library	\$ 162,153	\$ 181,377	\$ (19,224)	(10.6%)
Police	\$ 1,693,572	\$ 1,504,131	\$ 189,441	12.6%
Public Works	<u>\$ 16,204,249</u>	<u>\$ 13,107,610</u>	<u>\$ 3,096,639</u>	<u>23.6%</u>
Total	<u>\$ 26,642,146</u>	<u>\$ 20,453,393</u>	<u>\$ 6,188,753</u>	<u>30.3%</u>

Capital Outlay Budget, All Funds

FY05 total capital outlay budget of \$3,874,270 is 2.3% of the City's Total Budget and 5.9% of the City's Operating Budget. The FY05 capital outlay budget is \$2,027,989 greater than FY04 Adopted Budget which is an increase of 109.8%.

Capital Outlay Portion of the Total City Operating Budget			
	FY05 Adopted Budget	FY04 Adopted Budget	Percent Change
Capital Outlay	\$ 3,874,270	\$ 1,846,281	109.8%

Detail to this table follows.

The below table provides the departmental detail to the City's Capital Outlay Budget for FY05 Adopted and FY04 Adopted Budget.

Capital Outlay Budget, all Funds FY05 Adopted versus FY04 Adopted				
Capital Outlay Budget By Department	FY05 Adopted	FY04 Adopted	Dollar Change	Percent Change
City Manager's Office	\$ 3,300	\$ 1,696	\$ 1,604	94.6%
Development Services	\$ 46,893	\$ 21,265	\$ 25,628	120.5%
Finance Department	\$ 5,200	\$ 7,025	\$ (1,825)	(26.0%)
Fire and Life Safety	\$ 362,015	\$ 186,221	\$ 175,794	94.4%
Human Resources	\$ 2,200	\$ 13,582	\$ (11,382)	(83.8%)
Information Technology	\$ 90,988	\$ 75,420	\$ 15,568	20.6%
Legal and Judicial Services	\$ 250	\$ 3,794	\$ (3,544)	(93.4%)
Library	\$ 99,624	\$ 74,410	\$ 25,214	33.9%
Police	\$ 246,984	\$ 149,887	\$ 97,097	64.8%
Public Works	<u>\$ 3,016,816</u>	<u>\$ 1,312,981</u>	<u>\$ 1,703,835</u>	<u>129.8%</u>
Total	<u>\$ 3,874,270</u>	<u>\$ 1,846,281</u>	<u>\$ 2,027,989</u>	<u>109.8%</u>

Full Time Equivalent (FTE), All Funds

The number of full time equivalent (FTE) positions in the FY05 Total Adopted Budget, all funds, is 410.25 FTE. This represents a net increase of 11.45 FTE from FY04 Adopted, consisting of 18.00 new FTE and 6.55 eliminated FTE. Costs associated with the newly added FTEs were entirely offset by matching revenue sources. Changes in total FTE count are summarized as follows:

- (0.50) FTE: Reduction risk management and increasing HR analyst
- (4.50) FTE: Reduction in ambulance billing program
- .50 FTE: Increase in STOP program through grant funding.
- (.50) FTE: Recommended reduction in CSO program
- (0.80) FTE: Recommended reduction in library program
- (0.25) FTE: Reduction recommended by Budget Committee in museum program
- 5.80 FTE: Recommended increase in the regional wastewater program
- .40 FTE: Increase in land drainage and alteration permit program approved by Council
- 4.25 FTE: Increase in dedicated resources to Riverbend project approved by Council
- 2.00 FTE: Recommended increases in the capital improvement program
- 4.05 FTE: Recommended increases in the storm water protection program
- 1.00 FTE: Recommended increase in the DARE program
- 11.45 FTE: Net FTE Change from FY04 Adopted to FY05 Adopted

FTE by Department and Program, All Funds

The following table provides a comparison of FTE totals by department and then by program area. The total FTE presented includes all budget processes (service level changes, budget reduction strategies, internal reallocation of FTE). (For a more detailed review of the City’s FTE, see the Departmental Budget section and/or Financial Summaries and Statistics section of this budget document.)

By Department

Total FTE, All Funds By Department	FY05 Adopted	FY04 Adopted	Change from FY04 Adopted
City Manager's Office	6.00	5.00	1.0
Development Services Department	35.75	36.00	(0.25)
Finance Department	11.50	10.50	1.0
Fire and Life Safety Department	103.05	107.55	(4.5)
Human Resources Department	7.00	7.50	(0.5)
Information Technology Department	9.00	9.00	0.0
Legal/Judicial Services	7.55	7.55	0.0
Library Department	13.40	14.20	(0.8)
Police Department	108.50	109.00	(0.5)
Public Works Department	<u>108.50</u>	<u>92.50</u>	<u>16.0</u>
Total	<u>410.25</u>	<u>398.80</u>	<u>11.45</u>

By Program

Total FTE, All Funds By Program	FY05 Adopted	FY04 Adopted	Change from FY04 Adopted
Community Development Program	144.25	128.50	15.75
General Government Program	41.05	39.55	1.50
Library Department	13.40	14.20	(.80)
Public Safety Department	<u>211.55</u>	<u>216.55</u>	<u>(5.00)</u>
Total	<u>410.25</u>	<u>398.80</u>	<u>11.45</u>

Fund Highlight: General Fund

The General Fund resources and requirements of \$ 30,729,787 is 18.1% of the City's Total Budget of \$169,855,483. The departmental operating budget is \$24,161,254 which is 37.0% of the City's total operating budget of \$65,244,158.

The total General Fund FY05 budget grew by \$1,905,568 or 6.6%. The General Fund operating budget makes up 78.6% of the total General Fund budget. Overall, the General Fund operating budget grew by 0.6% or \$155,866 of the overall increase of \$10,391,581. The non departmental non operating portion of the General Fund budget contributed 21.4% or \$6,564,957 of the total General Fund budget of \$30,729,787. The FY05 non departmental non operating budget grew by 36.3% or \$1,749,702 over FY04. The following chart details the growth in the General Fund by expenditure category:

Total General Fund Budget

General Fund - FY05 Adopted versus FY04 Adopted				
	FY05 Adopted Budget	FY04 Adopted Budget	Dollar Change	Percent Change
Cash Carryover	\$ 5,997,209	\$ 4,373,304	\$1,623,905	37.1%
Current Revenues	<u>\$ 24,732,578</u>	<u>\$ 24,450,915</u>	<u>\$ 281,663</u>	<u>1.2%</u>
Resources	<u>\$ 30,729,787</u>	<u>\$ 28,824,219</u>	<u>\$1,905,568</u>	<u>6.6%</u>
<u>Requirements, by Category</u>				
Personal Services	\$ 19,966,616	\$ 19,988,639	\$ (22,023)	-0.01%
Materials and Services	\$ 4,113,858	\$ 3,923,964	\$ 189,894	4.8%
Capital Outlay	<u>\$ 80,780</u>	<u>\$ 92,785</u>	<u>\$ (12,005)</u>	<u>-12.9%</u>
Departmental Operating Budget	\$ 24,161,254	\$ 24,005,388	\$ 155,866	0.6%
Non Departmental – Operating	<u>\$ 3,576</u>	<u>\$ 3,576</u>	<u>\$ 0</u>	<u>0.0%</u>
Total Current Operating Expenditures	<u>\$ 24,164,830</u>	<u>\$ 24,008,964</u>	<u>\$ 155,866</u>	<u>0.6%</u>
Non Department - Non Operating	<u>\$ 6,564,957</u>	<u>\$ 4,815,255</u>	<u>\$ 1,749,702</u>	<u>36.3%</u>
Total Budget - All Requirements	<u>\$ 30,729,787</u>	<u>\$ 28,824,219</u>	<u>\$ 1,905,568</u>	<u>6.6%</u>

A fair presentation of the General Fund relies on the accuracy and integrity of both the revenue estimates and the expenditure estimates. When funding is shrinking and demands for services are growing, both sides of the General Fund picture require careful review in that either side of the equation will create a fiscal problem for the organization. The current General Fund proposal reflects the organization's combined effort to ensure the number projected in the budget is an amount that is realistic in light of the current economy and/or approximates actual prior year collections, and that revenue opportunities are maximized.

General Fund Resources: Current Revenue and Cash Carryover

FY05 budgeted cash carryover increased by 37.1% or \$1,623,905 from FY04 Adopted Budget. As part of the FY05 General Fund Balancing Strategy, the City's Executive Team took accelerated action and implemented expenditure reductions and updated revenue targets to reflect actual activity which resulted in a contribution of \$352,394 of the \$1,623,905 total increase to FY05 cash carryover.

Resources	FY05 Adopted Budget	FY04 Adopted Budget	Dollar Change	Percent Change
Cash Carryover	\$ 5,997,209	\$ 4,373,304	\$ 1,623,905	37.10%
Current Revenues	\$ 24,732,578	\$ 24,450,915	\$ 281,663	1.2%
Resources	\$ 30,729,787	\$ 28,824,219	\$ 1,905,568	6.60%

General Fund Revenue History, by Major Source of Revenue

General Fund Revenue – Major Sources FY02 through FY05				
Resources	FY02 Actual Budget	FY03 Actual Budget	FY04 Adopted Budget	FY05 Adopted Budget
Total Taxes *	\$ 11,312,456	\$ 11,911,419	\$ 12,352,990	\$ 12,711,280
Total Licenses and Permits	\$ 2,740,915	\$ 2,327,562	\$ 2,845,912	\$ 2,422,437
Total Intergovernmental	\$ 3,162,192	\$ 3,096,135	\$ 3,049,599	\$ 3,276,025
Total Charges for Service	\$ 1,666,027	\$ 1,525,505	\$ 1,829,056	\$ 2,059,208
Total Fines and Forfeitures	\$ 901,205	\$ 905,292	\$ 885,498	\$ 844,392
Total Use of Money and Property	\$ 351,361	\$ 479,569	\$ 447,978	\$ 225,464
Total Miscellaneous Receipts	\$ 46,825	\$ 45,000	\$ 45,000	\$ 45,000
Total Other Financing Sources:				
Total Indirect Charges	\$ 1,259,976	\$ 1,302,811	\$ 1,374,148	\$ 2,151,979
Total Interfund Transfers	\$ 852,443	\$ 1,512,268	\$ 1,620,734	\$ 996,793
Total Current Revenues	\$ 22,293,400	\$ 23,105,561	\$ 24,450,915	\$ 24,732,578
Total Cash Carryover	\$ 4,143,046	\$ 3,428,383	\$ 4,373,304	\$ 5,997,209
TOTAL RESOURCES	\$ 26,436,446	\$ 26,533,944	\$ 28,824,219	\$ 30,729,787

(*) For additional detail information regarding tax revenues, see "FY05 Assessed Valuation: Levy and Tax Information" in the Financial Summaries and Statistics section of this budget document.

A summary of the primary funding sources, listed in percentage ranking order, for the General Fund *current* revenues (\$24,732,578) is as follows:

<u>Source</u>	<u>Percentage of Current Revenues</u>
Taxes	51.4%
Intergovernmental	13.3%
Other Financing Sources	12.7%
♦ Indirect Charges =	8.7%
♦ Interfund Transfers =	4.0%
Licenses, Permits and Fees	9.8%
Charges for Service	8.3%
Fines and Forfeitures	3.4%
Use of Money	0.9%
Miscellaneous Receipts	0.2%

FY05 Performance: Current Revenues Over Current Expenditures

FY05 represents the third year of a General Fund multi-year financial plan to stabilize the General Fund budget and to ensure that current operating revenues equal or exceed current operating expenditures (operating expenditures excludes non departmental – non operating costs). This goal is important to the fund’s overall health. Any shortage of current revenues over current expenditures means a decline in the fund’s reserves.

The FY05 performance is as follows:

Current Revenues	\$24,732,578
Current Expenditures	\$24,205,080
Revenues over Operating Costs	<u>\$527,498</u>

The FY05 performance of \$527,498 surplus coverage of current expenditures is a significant improvement over the Adopted FY04 performance of \$441,951.

As indicated in the below table the General Fund total resources consisting of cash carryover and current revenues increased by 6.6% over the FY04 Adopted Budget. Approximately 5.9% of the carryover resources, or \$352,394 carryover funds, was made possible by the City accelerating FY05 budget reductions and cost saving measures to FY04.

General Fund, Total Resources

Resources	FY04 Adopted Budget	FY05 Adopted Budget	Dollar Change	Percent Change
Cash Carryover	\$ 4,373,304	\$ 5,997,209	\$ 1,623,905	37.10%
Current Revenues	<u>\$ 24,450,915</u>	<u>\$ 24,732,578</u>	<u>\$ 281,663</u>	<u>1.2%</u>
Resources	<u>\$ 28,824,219</u>	<u>\$ 30,729,787</u>	<u>\$ 1,905,568</u>	<u>6.6%</u>

Use of General Fund Revenues

Current revenues to the General Fund support the following services:

- City Council
- City Administration and Legal services
- Municipal Court and Judicial services
- Basic Police services
- Fire First Response, Suppression and Fire Marshal services
- Land Use Planning and Development services
- Building and Structure Maintenance services
- Finance, Information Technology, and Human Resource services

Several strategies were put into place regarding General Fund revenues. The pressure on ensuring the accuracy of current revenues has become even more important as the demand for City services increases in conjunction with population and community development needs.

In looking at all other revenues in the General Fund, projections were reviewed for appropriateness and collection reliability. Ongoing revenues for the General Fund were revised to approximate prior year actual performances. As a result, several individual revenue accounts were reduced. In some cases, increased revenue growth that could be substantiated by either past performance or pending FY04 fee and/or rate increases were increased.

Changes to Existing General Fund Revenues

Material Declines in Revenue

Material decreases in General Fund revenues were made in order to ensure that the revenue projections were realistic and that a high confidence exists in the revenue amount being collected. Adjustments were as follows:

- Annexation Fee -*** The FY05 revenue represents a reduction of \$22,500 estimated revenue.
- Development Consultation Fee -*** The FY05 represents a reduction of \$148,000 estimated revenue.
- Peer Review Riverbend -*** The FY05 revenue represents a reduction of \$11,955 estimated revenue.
- Other Material Decreases -*** Because of the formation of the Building Code Fund (224), several revenue estimates were transferred from the General Fund to Fund 224, including Building Fees in the amount of \$4,383,510, Electrical Inspection Fee in the amount of \$160,000, Building Fee Administration in the amount of \$178,274, Electrical Meter Permit Program Fee in the amount of \$5,000, and the Will Collection Fee in the amount of \$32,000.

Material Increases in Revenue

Material increases in General Fund revenues due to actual activity or pending fee/rate adjustments are as follows:

Planning Fees - FY05 represents an increase of \$271,915 or 77.7% increase from FY04, due to the increase in fee structure.

SUB In Lieu of Tax The FY05 revenue represents a \$104,954 increase over FY04 Adopted.

Charges for Service

Internal Facility Rent FY05 represents an increase of 29,123 from FY04 due to increased internal rates.

Internal Data Processing Charges - FY05 represents an increase of \$141,136 from FY04. This increase is due to a rate increase as well as a charge to the newly established Building Code Fund.

Internal Building Maintenance Charges - FY05 represents an increase of \$55,943 from FY04. This increase is due to a rate increase as well as a charge to the newly established Building Code Fund.

New Revenues

Also, a review was made of new or alternative revenue sources that would assist in providing a sustainable revenue picture for the City of Springfield. New General Fund revenues being proposed in the FY05 budget are:

<u>Fees</u>		
Planning Fees	\$ 55,000	(fee approved by Council 11/17/03)
Library Late Fee Fines -	\$ 6,500	(fee approved by Council in 11/17/03)
Planning Fees -	<u>\$ 160,000</u>	(fee presented to Council in March 29, 2004. Total fees to be raised is \$200k, with 40k being received by the Street fund)
Total New Revenues	<u>\$ 221,500</u>	

General Fund Requirements

The FY05 General Fund budget of \$30,729,787 makes up 18.1% of the Total City Budget. Like all other funds, the General Fund budget consists of a current operating component (departmental operating and non departmental operating costs) and a non departmental non operating component. The departmental operating expenditures are 78.6% of the total General Fund Budget. The following table provides General Fund budget information by category of expenditure and indicates the overall change from FY05 Adopted to FY04 Adopted Budget.

General Fund - FY05 Adopted versus FY04 Adopted				
Category	FY04 Adopted Budget	FY05 Adopted Budget	Dollar Change	Percent Change
<u>Departmental Operating</u>				
Personal Services	\$ 19,988,639	\$ 19,966,616	\$ (22,023)	(0.01%)
Materials and Services	\$ 3,923,964	\$ 4,113,858	\$ 189,894	4.80%
Capital Outlay	\$ 92,785	\$ 80,780	\$ (12,005)	(13.00%)
Departmental Operating Budget	\$ 24,005,388	\$ 24,161,254	\$ 155,866	0.6%
Non Departmental - Operating	\$ 3,576	\$ 3,576	\$ 0	0.0%
Total Operating Expenditures	\$ 24,008,964	\$ 24,164,830	\$ 155,866	0.6%
Non Department - Non Operating	\$ 4,815,255	\$ 6,564,957	\$ 1,749,702	36.3%
Total Budget - All Requirements	\$ 28,824,219	\$ 30,729,787	\$ 1,905,568	6.6%

Overall, the General Fund operating costs grew by 6.6% or a \$1,905,568 increase from FY04. The General Fund Non Department - Operating Budget at \$3,576 remained unchanged and the Non Department - Non Operating Budget increased by 36.3% or \$1,749,702 over the FY04 Adopted.

General Fund Departmental Operating Expenditure Trends

The information below summarizes the General Fund department operating expenditure trends for FY02 Actual through the FY05 Adopted Budget.

Operating Expenditures By Department	FY02 Actual	FY03 Actual	FY04 Adopted	FY05 Adopted
City Manager's Office	\$ 837,005	\$ 902,195	\$ 903,268	\$ 940,327
Development Services	\$ 1,878,964	\$ 2,035,724	\$ 2,102,849	\$ 1,391,510
Finance	\$ 794,486	\$ 819,919	\$ 792,357	\$ 778,696
Fire and Life Safety	\$ 6,017,857	\$ 6,040,929	\$ 6,553,250	\$ 7,009,501
Human Resources	\$ 464,262	\$ 440,253	\$ 423,488	\$ 383,508
Information Technology	\$ 1,046,967	\$ 999,925	\$ 1,048,717	\$ 1,065,857
Legal and Judicial Services	\$ 1,074,858	\$ 1,104,284	\$ 1,099,872	\$ 1,128,269
Library	\$ 1,157,695	\$ 1,186,891	\$ 1,189,731	\$ 1,150,315
Police	\$ 8,485,033	\$ 8,730,839	\$ 9,137,547	\$ 9,487,382
Public Works	\$ 716,526	\$ 767,964	\$ 754,309	\$ 825,889
Total Departmental Budget	\$22,473,653	\$23,028,923	\$24,005,388	\$24,161,254

General Fund Personal Services

General Fund personal services make up 57.5% of the total City personal services budget. Within

the General Fund, personal services make up 82.6% of the General Fund departmental operating budget. In that personal services are the predominant expenditure category, a detailed review of personal services follows:

General Fund Personal Services Portion of the Total General Fund Operating Budget				
Category	FY04 Adopted Budget	FY05 Adopted Budget	Dollar Change	% Change
Personal Services	\$19,988,639	\$19,966,616	(\$22,023)	(0.1%)

General Fund Personal Services by Department				
Category	FY04 Adopted Budget	FY05 Adopted Budget	Dollar Change	Percent Change

Personal Services, by Department

City Manager's Office	\$ 497,710	\$ 549,167	\$ 51,457	10.3%
Development Services	\$ 1,789,149	\$ 1,142,351	\$ (646,798)	(36.2%)
Finance	\$ 627,355	\$ 649,535	\$ 22,180	3.5%
Fire and Life Safety	\$ 5,975,196	\$ 6,335,704	\$ 360,508	6.0%
Human Resources	\$ 291,413	\$ 274,311	\$ (17,102)	(5.9%)
Information Technology	\$ 779,058	\$ 824,024	\$ 44,966	5.8%
Legal and Judicial Services	\$ 381,028	\$ 383,880	\$ 2,852	0.7%
Library	\$ 955,650	\$ 928,915	\$ (26,735)	(2.8%)
Police	\$ 8,117,216	\$ 8,271,490	\$ 154,274	1.9%
Public Works	\$ 574,864	\$ 607,239	\$ 32,375	5.6%
Total Personal Services	\$ 19,988,639	\$ 19,966,616	\$ (22,023)	(0.1%)

General Fund – Personal Services by Employee Group

A comparison of the FY05 total estimated personal services budget by employee group is listed below and on the following page is the composition of the personal services by employee group for FY05 Adopted Budget and FY04 Adopted Budget. A review of the General Fund composition of personal services by employee unit is as follows:

General Fund - FY05 Personal Costs By Percentage of Total Personal Costs by Bargaining Unit (estimated)		
Bargaining Unit	FY05 Adopted Budget	Percent of Total
A.F.S.C.M.E. (Association of Federal, State, County Municipal Employees)	\$ 391,109	2.0%
I.A.F.F. (International Association of Fire Fighters)	\$5,331,824	26.7%
O.P.E.U. (Oregon Public Employees Union)	\$2,559,147	12.8%
S.P.A. (Springfield Police Association)	\$6,599,769	33.1%
Non-Union	<u>\$5,084,767</u>	<u>25.4%</u>
Total All Units	<u>\$19,966,616</u>	<u>100.0%</u>
Public Safety Bargaining Units	\$11,931,593	59.8%
All Others	\$8,035,023	40.2%

A review of the estimated General Fund personal services growth by employee unit is as follows:

General Fund - Personal Costs, by Dollar and Percent Change by Employee Unit (estimated)				
	FY04 Adopted Budget	FY05 Adopted Budget	Dollar Change	Percent Change
Association of Federal, State, County Municipal Employees (A.F.S.C.M.E.)	\$ 359,192	\$ 391,109	\$ 31,917	8.9%
International Association of Fire Fighters (I.A.F.F.)	\$ 5,078,187	\$ 5,331,824	\$ 253,637	5.0%
Oregon Public Employees Union (O.P.E.U.)	\$ 3,134,017	\$ 2,559,147	\$ (574,870)	(18.3%)
Springfield Police Association (S.P.A.)	\$ 6,368,970	\$ 6,599,769	\$ 230,799	3.6%
Non-Union*	<u>\$ 5,048,273</u>	<u>\$ 5,084,767</u>	<u>\$ 36,494</u>	<u>0.7%</u>
Total All Units	<u>\$ 19,988,639</u>	<u>\$19,966,616</u>	<u>\$ (22,023)</u>	<u>(0.1%)</u>

* Non Union includes City Manager, Assistant City Manager, Department Executive Directors, management/supervisory employees and confidential employees.

The overall decline of (.1%) reflects a significant balancing effort by the City organization when you consider that public safety units alone grew by 3.7% (S.P.A. and I.A.F.F) and they make up 59.8% of the total personal services costs in the General Fund.

Comprehensive Review of the Overall General Fund Budget Changes

A comparison of the overall change in the General Fund Departmental operating budget is as follows:

Category	FY04 Adopted Budget	FY05 Adopted Budget	Dollar Change	Percent Change
Personal Services	\$ 19,988,639	\$ 19,966,616	\$ (22,023)	(0.1%)
Materials and Services	\$ 3,923,964	\$ 4,113,858	\$ 189,894	4.8%
Capital Outlay	<u>\$ 92,785</u>	<u>\$ 80,780</u>	<u>\$ (12,005)</u>	<u>(12.9%)</u>
Departmental Operating Budget	<u>\$ 24,005,388</u>	<u>\$ 24,161,254</u>	<u>\$ 155,866</u>	<u>0.6%</u>

The following table reconstructs the FY05 General Fund budget by identifying the overall changes in the General Fund starting with the beginning basis (FY04 Adopted Budget) and moving forward to the current budget (FY05).

General Fund - Operating Budget					
All Changes: FY04 Adopted to FY05 Adopted					
	FTE	Personal Services	Materials and Services	Capital Outlay	Total Budget
Beginning Basis - FY04 Adopted	228.6	\$ 19,988,639	\$ 3,923,964	\$ 92,785	\$ 24,005,388
Total Changes	<u>(10.91)</u>	<u>\$ (22,023)</u>	<u>\$ 189,894</u>	<u>\$ (12,005)</u>	<u>\$ 155,866</u>
Ending Basis - FY05 Proposed	217.69	\$ 19,966,616	\$ 4,113,858	\$ 80,780	\$ 24,161,254
Percent Change by Category:					
Increase or Decrease from FY04	(5.01%)	(0.1%)	4.8%	(12.9%)	.6%

The budgetary processes that contributed to the overall change of \$155,866 are indicated below:

Net increase in current services for costs eligible for growth	\$ 772,180
Net decrease resulting as a creation of the Building Fund	\$(711,339)
Approved service level increases	\$ 443,136
Approved service level reductions	<u>\$(348,111)</u>
Total overall changes to the General Fund	\$ 155,866

FY05 General Fund Budget Balancing Strategy - Departmental Operating Reductions and Changes

In making the service level reductions, the City Management and Executive Team met through a series of meetings and what resulted was a significant reduction in the FY05 projected operating expenditure requirements for the City. As noted above, \$348,111 in reductions (FY05 General Fund Balancing Strategy) is included in the overall growth in the General Fund of \$155,866. Another way of stating this is if reductions had not been made, a total growth in the General Fund would have exceeded \$500,000. This effort took considerable team work and the result enabled the City to balance the General Fund operating budget. In addition to the reductions made, new revenues were identified in the total amount of \$220,600. The table on the following page reflects the \$348,111 in reductions made to departmental operating budgets, in addition to the \$711,339 reduction in the General Fund in order to create the building Fund, for a total General Fund reduction of \$1,059,450. In some cases revenue backed expenditures were part of a department's overall reduction. In those cases, the operating revenue and FTE was also reduced and/or eliminated.

General Fund Balancing Strategy Reductions by Department	FY05 Total FTE Reductions	FY05 Total Dollar Reductions	Dollar Change as a Percentage of FY04 Department Budget
City Manager's Office	0	(\$17,893)	(1.98%)
Development Services Department	-9.4	(\$711,339)	(33.83%)
Finance Department	0	(\$27,304)	(3.44%)
Fire and Life Safety Department	-0.25	(\$19,718)	(0.30%)
Human Resources Department	-0.5	(\$24,500)	(5.78%)
Information Technology Department	0	(\$33,220)	(3.16%)
Library Department	-0.8	(\$65,030)	(5.46%)
Police Department	-1	(\$160,446)	(1.76%)
Total Reductions to Expenditures	<u>-11.95</u>	<u>\$ (1,059,450)</u>	<u>(4.41%)</u>

As noted previously the \$1,059,450 reduction is one of several budgetary processes that contributed to the overall change of \$155,866 increase to the General Fund.

The total change of \$155,866 is further detailed below by department. This table combines *all* General Fund changes making up the overall increase in General Fund departmental operating budget.

FY05 General Fund - Operating Budget All Changes Made - by Department					
Department	FTE	Personal Services	Materials and Services	Capital Outlay	Total Change
City Manager's Office	.40	\$ 51,457	\$ (14,398)	\$ 0	\$ 37,059
Development Services Department	(9.40)	\$ (646,798)	\$ (64,541)	\$ 0	\$ (711,339)
Finance Department	.35	\$ 22,180	\$ (35,260)	\$ (581)	\$ (13,661)
Fire and Life Safety Department	(.25)	\$ 360,507	\$ 95,744	\$ 0	\$ 456,251
Human Resources Department	(.30)	\$ (17,102)	\$ (21,878)	\$ (1,000)	\$ (39,980)
Information Technology Department	.00	\$ 44,966	\$ (18,496)	\$ (9,330)	\$ 17,140
Library Department	(.80)	\$ (26,735)	\$ (13,587)	\$ 906	\$ (39,416)
Police Department	(1.00)	\$ 154,274	\$ 196,561	\$ (1,000)	\$ 349,835
Legal	(.01)	\$ 2,852	\$ 26,545	\$ (1,000)	\$ 28,397
Public Works	.10	\$ 32,375	\$ 39,205	\$ 0	\$ 71,580
Total Reductions to Expenditures	<u>(10.91)</u>	<u>\$ (22,024)</u>	<u>\$ 189,895</u>	<u>\$ (12,005)</u>	<u>\$ 156,866</u>

For detailed descriptions of changes to the General Fund operating budget, see the Operating Budget by Program in this document (Program Budget - Service Level Changes section).

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		\$ 1,085,960
Estimated Tax Rate (Levy/AV)	0.3897	
Less Allowances for Discounts, Delinquencies		<u>\$ (74,812)</u>
Total Available Bond Sinking Fund Tax Revenue for Appropriation		<u>\$ 1,011,148</u>

Previous tax revenue information is as follows:

Fiscal Year	Tax Levy
2004	\$ 1,115,008
2003	\$ 1,052,129
2002	\$ 1,072,914
2001	\$ 1,000,195
2000	\$ 1,627,295

1999	\$ 1,612,817
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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 FY02	Actual FY03	Adopted FY04	Adopted FY05
Personal Services	\$ 26,660,035	\$ 28,627,810	\$ 32,552,903	\$ 34,727,742
Materials and Services	\$ 18,984,020	\$ 19,739,234	\$ 20,453,393	\$ 26,642,146
Capital Outlay	\$ 1,630,487	\$ 2,591,760	\$ 1,846,281	\$ 3,874,270
Capital Projects	\$ 3,662,636	\$ 23,873,030	\$ 24,467,599	\$ 41,943,920
Non Department	\$ 14,119,580	\$ 70,397,976	\$ 59,527,064	\$ 62,667,405
Total Budget	<u>\$ 65,056,758</u>	<u>\$ 145,229,810</u>	<u>\$ 138,847,240</u>	<u>\$ 169,855,483</u>
Total FTE	<u>380.40</u>	<u>375.95</u>	<u>398.80</u>	<u>410.25</u>

The following pages provide information on a summary level, both historical and current for the FY05 Adopted Budget, including FTE comparisons. (See Financial Summaries and Statistical Tables section for more detail.)