

CITY OVERVIEW

FY06 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.

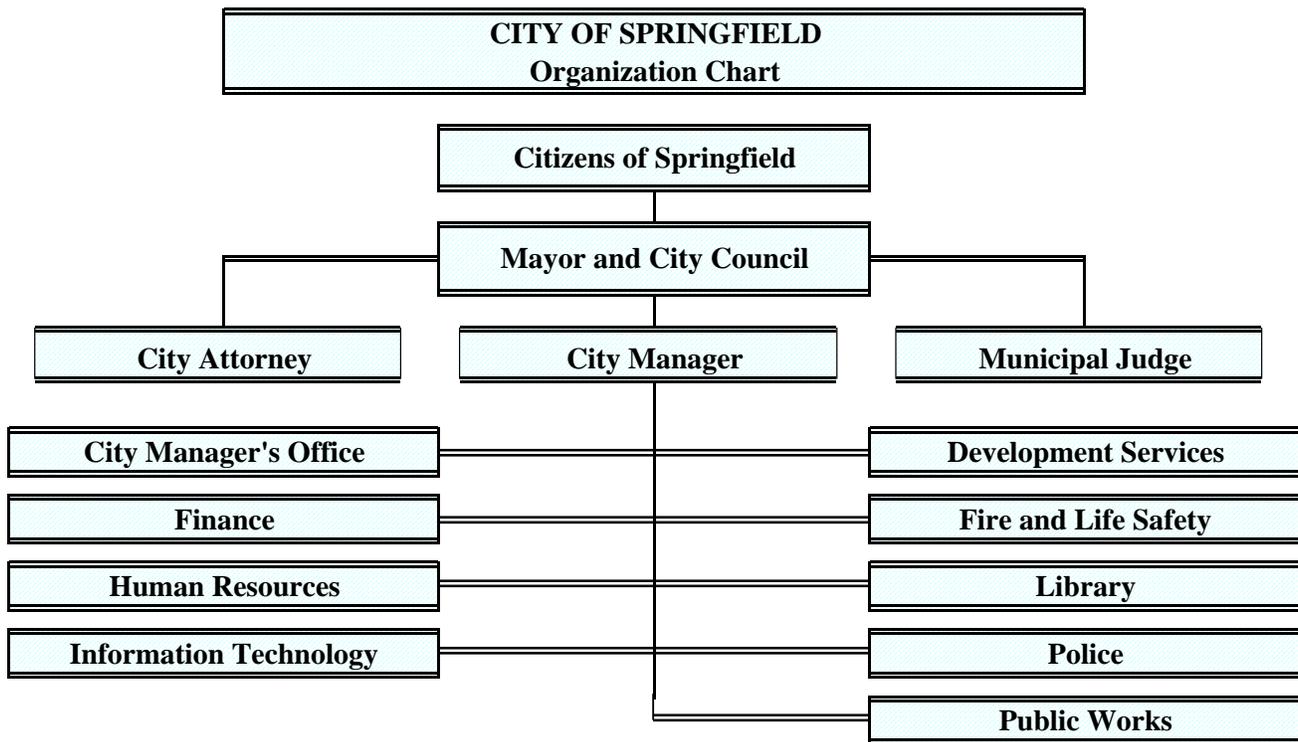
Comments may also be submitted at any time by the following methods:

- 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)
- Writing:** City Manager's Office
City of Springfield
225 Fifth Street
Springfield OR 97477
- E-mail:** cmo@ci.springfield.or.us

For a more extensive list of contacts, visit our website at: <http://www.ci.springfield.or.us/contacts>

Budget Committee Meeting Schedule

Date	Time and Place	Tentative Agenda Items
Tuesday April 26, 2005	6:30 p.m. Library Meeting Room	<ul style="list-style-type: none"> ◆ Election of Officers ◆ Presentation of FY06 Proposed Budget ◆ Public Hearing – Use of State Revenue Sharing Funds ◆ Presentation of Capital Improvement Projects ◆ Presentations from Outside Agencies ◆ Department Presentations
Tuesday May 3, 2005	7:00 p.m. Library Meeting Room	<ul style="list-style-type: none"> ◆ Public Input ◆ Department Presentations
Tuesday May 10, 2005	6:30 p.m. Library Meeting Room	<ul style="list-style-type: none"> ◆ Public Input ◆ Department Presentations
Tuesday May 17, 2005	6:45 p.m. Library Meeting Room	<ul style="list-style-type: none"> ◆ Public Input ◆ Deliberations on Outstanding Issues ◆ Approve a Recommended FY06 Budget
Monday June 20, 2005	7:00 p.m. Regular Session City Council Chambers	<ul style="list-style-type: none"> ◆ Public Hearing and Council adoption of FY06 Annual Budget



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:

- ◆ Community Development Program
- ◆ General Government Program
- ◆ Library Program
- ◆ 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 Sewer. 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 2004

- ◆ The citizen members of the City of Springfield Budget Committee are appointed by Council.
- ◆ The City of Springfield Five Year Capital Improvement Program update begins.

November 2004 – January 2005

- ◆ Springfield City Council adopts goals for the next fiscal year.
- ◆ The Budget Committee meets to provide guidance to City Manager.

January – March 2005

- ◆ The City Council adopts the Five Year Capital Improvement Program.
- ◆ The City Council reviews the Community Development Block Grant projects for budget preparation.
- ◆ The Metropolitan Wastewater Management Commission (MWMC) prepares and presents its annual budget, via administrative support from the City of Springfield, to the City of Eugene and Lane County Budget Committees for approval.
- ◆ The City Manager prepares the recommended FY06 Proposed Budget for consideration of the Budget Committee.

April – May 2005

- ◆ The City Manager's budget message and the Proposed Budget are presented to the Budget Committee.
- ◆ The Budget Committee meets and deliberates on the Proposed Budget.

May 2005

- ◆ The Budget Committee recommends its FY06 Approved Budget to the City Council.

June 2005

- ◆ The City Council holds hearings and adopts the FY06 Annual Budget.

July 2005

- ◆ The FY06 Adopted Budget is 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 Department.

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 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 FY06 Adopted Budget

The City of Springfield FY06 Total Adopted Budget is \$241,780,211 and 412.70 FTE. The total FY06 Adopted Budget and a comparison of the FY06 Adopted Budget to the FY05 Adopted Budget are provided below. Overall, the total budget increased by \$71,924,728 and FTE's increased by 1.45. Details to the changes are clarified in the sections that follow.

Resources and Requirements	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
Total Resources:	<u>\$241,780,211</u>	<u>\$169,855,483</u>	<u>\$71,924,728</u>	<u>42.34%</u>
Requirements:				
Department Operating Budget	\$66,668,927	\$65,244,158	\$1,424,769	2.18%
Capital Budget	\$82,475,691	\$41,943,920	\$40,531,771	96.63%
Non Department Budget	<u>\$92,635,593</u>	<u>\$62,667,405</u>	<u>\$29,968,188</u>	<u>47.82%</u>
Total Requirements:	<u>\$241,780,211</u>	<u>\$169,855,483</u>	<u>\$71,924,728</u>	<u>42.34%</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 FY06 resources are \$241,780,211.

Following is a list of the City's total resources by major sources of revenues for the FY06 Adopted Budget compared to the FY05 Adopted Budget. (For more information regarding revenues, see also the Financial Summaries and Statistical Tables section of this document.)

Revenues, All Funds	FY06 Adopted	FY05 Adopted	Dollar Change by Type	Percent Change by Type
Taxes (Current and Delinquent)	\$18,869,304	\$17,824,719	\$1,044,585	5.86%
Licenses, Permits and Fees	\$5,795,023	\$9,520,522	(\$3,725,499)	-39.13%
Intergovernmental	\$8,913,672	\$10,057,600	(\$1,143,928)	-11.37%
Charges for Service	\$35,170,853	\$32,466,704	\$2,704,149	8.33%
Fines and Forfeitures	\$898,136	\$849,392	\$48,744	5.74%
Use of Money and Property	\$3,054,093	\$2,491,824	\$562,269	22.56%
Special Assessments	\$4,849,200	\$5,132,200	(\$283,000)	-5.51%
Miscellaneous Receipts	\$1,024,574	\$988,585	\$35,989	3.64%
Other Financing Sources	<u>\$94,374,102</u>	<u>\$25,251,587</u>	<u>\$69,122,515</u>	<u>273.74%</u>
Subtotal: Current Revenues	\$172,948,957	\$104,583,133	\$68,365,824	65.37%
Cash Balances - Cash Carryover	<u>\$68,831,254</u>	<u>\$65,272,350</u>	<u>\$3,558,904</u>	<u>5.45%</u>
Total Resources, All Sources	<u>\$241,780,211</u>	<u>\$169,855,483</u>	<u>\$71,924,728</u>	<u>42.34%</u>

See the following section titled "Significant Changes by Revenue Type" for detail to the basis of these changes from FY05 to FY06.

Significant Changes by Revenue Type, All Funds

Taxes	FY06 Adopted	FY05 Adopted	Dollar Change by Type	Percent Change by Type
Taxes -Current/Delinquent	\$18,869,304	\$17,824,719	\$1,044,585	5.86%

FY06 Projected Tax revenue of \$18,869,304 is 10.91% 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 FY05 to FY06 was 5.86% or \$1,044,585. The General Fund taxes make up \$494,820 of the overall growth (General Fund taxes grew by 3.89% in FY06).

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

Tax Revenue Source*	FY06 Adopted Budget
General Fund tax revenue current	\$12,796,100
General Fund tax revenue delinquent	\$410,000
Fire Local Option Levy tax revenue	\$1,018,684
Police Local Option Levy tax revenue	\$1,853,420
Bond Sinking Fund	\$972,600
Bond Fund delinquent tax revenue	\$20,000
911 Tax	\$300,000
Local Fuel	\$898,500
Transient Room Tax	<u>\$600,000</u>
Total Revenue Sources	<u>\$18,869,304</u>

* For additional detailed information regarding tax revenues, see "FY06 Assessed Valuation: Levy and Tax Information" in the Financial Summaries and Statistics section of this budget document.

Licenses, Permits and Fees	FY06 Adopted	FY05 Adopted	Dollar Change by Type	Percent Change by Type
Licenses, Permits and Fees	\$5,795,023	\$9,520,522	(\$3,725,499)	-39.13%

The FY06 Adopted Budget amount for Licenses, Permits and Fees revenue is 3.35% of the City's total current revenue. As indicated in the above table, the revenue from Adopted FY05 to Adopted FY06 declined by 39.13% or \$3,725,499.

Use of Money and Property	FY06 Adopted	FY05 Adopted	Dollar Change by Type	Percent Change by Type
Use of Money and Property	\$3,054,093	\$2,491,824	\$562,269	22.56%

The FY06 Adopted Budget amount for Use of Money and Property revenue is 1.77% of the City's total current revenue. As indicated in the above table, the increase in revenue from FY05 Adopted to FY06 Adopted is an additional \$562,269 which represents a growth of 22.56%.

Special Assessments	FY06 Adopted	FY05 Adopted	Dollar Change by Type	Percent Change by Type
Special Assessments	\$4,849,200	\$5,132,200	(\$283,000)	-5.51%

The FY06 Adopted Budget amount for Special Assessments revenue is 2.80% of the City's total current revenue. As indicated in the above table, the decline in revenue from FY05 Adopted to FY06 Adopted is \$283,000 or 5.51% decrease over FY05 Adopted Budget.

Other Financing Sources	FY06 Adopted	FY05 Adopted	Dollar Change by Type	Percent Change by Type
Other Financing Sources	\$94,374,102	\$25,251,587	\$69,122,515	273.74%

The FY06 Adopted Budget amount for Other Financing Sources revenue is 54.57% of the City's total current revenue. This represents the largest dollar change in revenue sources to the City.

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	FTE	Amount
Fire Services operating costs	9.00 FTE	\$1,036,576
Dedicated Reserve		<u>\$273,430</u>
Fire Services Local Option Levy Funding		\$1,310,006
Police Services operating costs	20.00 FTE	\$1,706,417
Police Services dedicated reserve		\$361,350
Legal and Judicial services	2.01 FTE	<u>\$206,624</u>
Police Services Local Option Levy Funding		\$2,274,391
Total Funding Provided by Levies	31.01 FTE	\$3,584,397
Detail by Type of Costs Funded:		
Departmental Operating costs	31.01 FTE	\$2,949,617
Dedicated Reserves		<u>\$634,780</u>
Total Funding Provided by Levies	31.01 FTE	\$3,584,397

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 FY06.

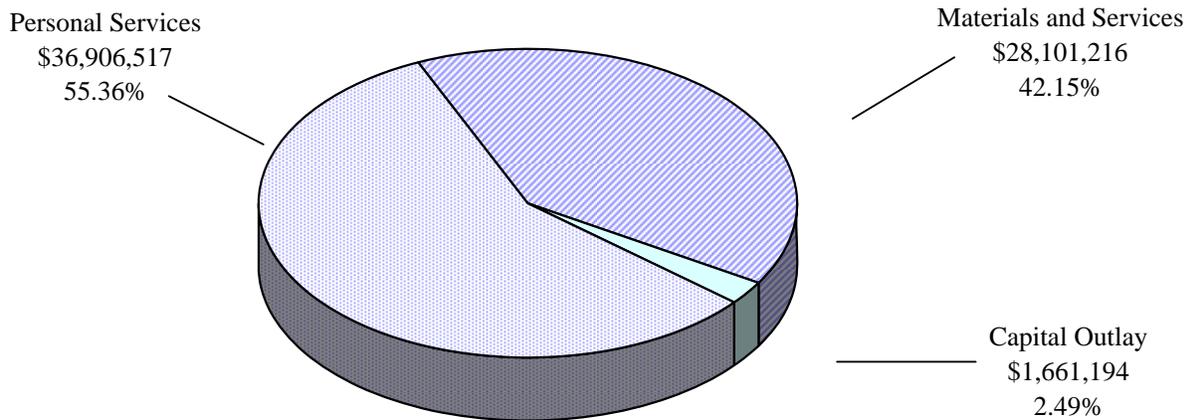
Requirements: Total Expenditures, All Funds

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

The Total City Expenditures, All Funds, is as follows:

Expenditures by Category	FY06 Adopted	FY05 Adopted
Personal Services	\$36,906,517	\$34,727,742
Materials and Services	\$28,101,216	\$26,642,146
Capital Outlay	<u>\$1,661,194</u>	<u>\$3,874,270</u>
Departmental Operating Budget	\$66,668,927	\$65,244,158
Capital Projects	\$82,475,691	\$41,943,920
Nondepartmental Budgets	<u>\$92,635,593</u>	<u>\$62,667,405</u>
Total City Expenditures, All Funds	<u>\$241,780,211</u>	<u>\$169,855,483</u>

Departmental Operating Budget. The FY06 Departmental Operating Budget is 27.57% 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 pie chart below .



The total FY06 adopted operating budget compared to the total FY05 adopted operating budget is as follows:

Category, All Funds	FY06 Adopted	FY05 Adopted	Percent Change
Personal Services	\$ 36,906,517	\$34,727,742	6.27%
Materials and Services	\$ 28,101,216	\$26,642,146	5.48%
Capital Outlay	<u>\$ 1,661,194</u>	<u>\$3,874,270</u>	<u>-57.12%</u>
Total Operating Budget	<u>\$66,668,927</u>	<u>\$65,244,158</u>	2.18%

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 FY06 Adopted Budget, see the Program Budget section of this document.)

For FY06, the following itemizes authorized cost adjustment factors used to develop the department operating budget.

Cost-Adjustment Factor	Percentage Change	Effective Date
Personal Services: Salaries		
Non-Union	2.60%	7/1/2005
Oregon Public Employees Union (O.P.E.U.)	2.60%	7/1/2005
Association of Federal, State, City Municipal Employees (A.F.S.C.M.E.)	2.60%	7/1/2005
Association of Federal, State, City Municipal Employees (A.F.S.C.M.E.)	0.00%	1/1/2006
Springfield Police Association (S.P.A.)	3.40%	7/1/2005
Springfield Police Association (S.P.A.)	2.00%	1/1/2006
International Association of Fire Fighters (I.A.F.F.)	2.00%	7/1/2005
Personal Services: Estimated PERS (Public Employees Retirement System Rate Change)	12.72%	7/1/2005
Materials and Services	2.50%	7/1/2005
Capital Outlay: Not applicable as increases occur on a request-by-request basis		

Total Department Operating Budget

In FY06, personal services costs (all City funds) increased 6.27% or \$2,178,775 over the FY05 Adopted budget.

In FY06, total materials and services (all City Funds) increased 5.48% or \$1,459,070 over FY05. 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 FY06, total capital outlay decreased by 57.12% for a reduction of \$2,213,076 to the FY06 Proposed Budget.

Overall operating costs for FY06 Adopted Budget increased 2.18% or \$1,424,769 over FY05 Adopted Budget. Services are delivered by City departments where the operating budget expenditure authority resides. The following table identifies and compares the FY06 adopted operating budget with the FY05 adopted operating budget, by department.

**Total City Department Operating Budget, All Funds
FY06 Adopted versus FY05 Adopted**

By Department	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
City Manager's Office	\$1,285,948	\$1,036,137	\$249,811	24.11%
Development Services Dept.	\$4,749,306	\$6,896,879	(\$2,147,573)	-31.14%
Finance Department	\$1,068,801	\$1,110,483	(\$41,682)	-3.75%
Fire and Life Safety Dept.	\$13,050,822	\$12,619,239	\$431,583	3.42%
Human Resources Dept.	\$1,040,232	\$983,845	\$56,387	5.73%
Information Technology Dept.	\$1,236,467	\$1,145,175	\$91,292	7.97%
Legal and Judicial Services	\$1,395,844	\$1,320,278	\$75,566	5.72%
Library Department	\$1,251,843	\$1,233,854	\$17,989	1.46%
Police Department	\$12,604,095	\$11,556,433	\$1,047,662	9.07%
Public Works Department	<u>\$28,985,569</u>	<u>\$27,341,835</u>	<u>\$1,643,734</u>	6.01%
Total Operating Budget	<u>\$66,668,927</u>	<u>\$65,244,158</u>	<u>\$1,424,769</u>	<u>2.18%</u>

Personal Services Budget, All Funds

FY06 total personal services budget of \$36,906,517 is 15.26% of the City's Total Budget and 55.36% of the City's Operating Budget. As indicated in the following table, growth in personal services is 6.27% over the FY05 Adopted Budget.

Personal Services Portion of the Total City Operating Budget

Personal Services Budget	FY06 Adopted	FY05 Adopted	Percent Change
Personal Services	\$36,906,517	\$34,727,742	6.27%

The following table compares the City's total Personal Services Budget for the FY06 Adopted budget to the FY05 Adopted budget.

Personal Services Budget, All Funds: FY06 Adopted Versus FY05 Adopted

Personal Services Budget By Department	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
City Manager's Office	\$703,093	\$612,887	\$90,206	14.72%
Development Services Dept.	\$2,554,137	\$2,644,897	(\$90,760)	-3.43%
Finance Department	\$844,758	\$847,703	(\$2,945)	-0.35%
Fire and Life Safety Dept.	\$10,383,366	\$10,084,785	\$298,581	2.96%
Human Resources Dept.	\$523,136	\$509,324	\$13,812	2.71%
Information Technology Dept.	\$914,600	\$824,024	\$90,576	10.99%
Legal and Judicial Services	\$514,713	\$495,398	\$19,315	3.90%
Library Department	\$988,568	\$972,077	\$16,491	1.70%
Police Department	\$10,746,426	\$9,615,877	\$1,130,549	11.76%
Public Works Department	<u>\$8,733,720</u>	<u>\$8,120,770</u>	<u>\$612,950</u>	<u>7.55%</u>
Total Personal Services Budget	<u>\$36,906,517</u>	<u>\$34,727,742</u>	<u>\$2,178,775</u>	<u>6.27%</u>

Materials and Services Budget, All Funds

FY06 total materials and services budget of \$28,101,216 is 11.62% of the City’s Total Budget and 42.15% of the City’s Operating Budget. As indicated in the following table, the growth in materials and services is 5.48% more than the FY05 Adopted Budget, largely due to the computer replacement line item being moved from a Capital Outlay line item to a Materials and Services line item.

Materials and Services Portion of the Total City Operating Budget

Materials and Services Budget	FY06 Adopted	FY05 Adopted	Percent Change
Materials and Services	\$28,101,216	\$26,642,146	5.48%

The table below provides the departmental comparison of the City’s Materials and Services Budget from the FY06 Adopted to the FY05 Adopted Budget.

Materials and Services Budget, All Funds: FY06 Adopted Versus FY05 Adopted

Materials and Services Budget By Department	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
City Manager's Office	\$582,855	\$419,950	\$162,905	38.79%
Development Services Dept.	\$2,192,683	\$4,205,089	(\$2,012,406)	-47.86%
Finance Department	\$224,043	\$257,580	(\$33,537)	-13.02%
Fire and Life Safety Dept.	\$2,289,359	\$2,172,439	\$116,920	5.38%
Human Resources Dept.	\$512,396	\$472,321	\$40,075	8.48%
Information Technology Dept.	\$235,197	\$230,163	\$5,034	2.19%
Legal and Judicial Services	\$881,131	\$824,630	\$56,501	6.85%
Library Department	\$190,187	\$162,153	\$28,034	17.29%
Police Department	\$1,745,669	\$1,693,572	\$52,097	3.08%
Public Works Department	\$19,247,696	\$16,204,249	\$3,043,447	18.78%
Total Materials and Services Budget	\$28,101,216	\$26,642,146	\$1,459,070	5.48%

Capital Outlay Budget, All Funds

The FY06 total capital outlay budget of \$1,661,194 is 0.69% of the City’s Total Budget and 2.49% of the City’s Operating Budget. The FY06 Adopted Capital Outlay Budget is 57.12% less than FY05 Adopted Budget, due largely to the Capital Outlay threshold being increased to \$5,000, and consequently having many expenses previously in this line item, moved to the Materials and Services line item.

Capital Outlay Portion of the Total City Operating Budget

Capital Outlay Budget	FY06 Adopted	FY05 Adopted	Percent Change
Capital Outlay	\$1,661,194	\$3,874,270	-57.12%

Capital Outlay Budget, All Funds: FY06 Adopted Versus FY05 Adopted

Capital Outlay Budget By Department	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
City Manager's Office	\$0	\$3,300	(\$3,300)	-100.00%
Development Services Dept.	\$2,486	\$46,893	(\$44,407)	-94.70%
Finance Department	\$0	\$5,200	(\$5,200)	-100.00%
Fire and Life Safety Dept.	\$378,097	\$362,015	\$16,082	4.44%
Human Resources Dept.	\$4,700	\$2,200	\$2,500	113.64%
Information Technology Dept.	\$86,670	\$90,988	(\$4,318)	-4.75%
Legal and Judicial Services	\$0	\$250	(\$250)	-100.00%
Library Department	\$73,088	\$99,624	(\$26,536)	-26.64%
Police Department	\$112,000	\$246,984	(\$134,984)	-54.65%
Public Works Department	<u>\$1,004,153</u>	<u>\$3,016,816</u>	<u>(\$2,012,663)</u>	<u>-66.71%</u>
Total Capital Outlay Budget	<u>\$1,661,194</u>	<u>\$3,874,270</u>	<u>(\$2,213,076)</u>	<u>-57.12%</u>

Full Time Equivalent (FTE), All Funds

The number of full time equivalent (FTE) positions in the FY06 Total Adopted Budget, all funds, is 412.70 FTE. This represents a net increase of 0.45 FTE from the FY05 Adopted, consisting of the addition of 16.95 new FTE, and the elimination of 16.50 FTE. Costs associated with the newly added FTEs were entirely offset by matching revenue sources. Changes in total FTE count are summarized as follows:

FTE	Description of Change
1.00	City Manager's Office - Public Information Officer
1.00	Information Technology Department - Programmer Analyst II
0.20	Library - Librarian I
-1.00	Development Services Department - Planner I
-1.00	Development Services Department - Planner II
-1.00	Development Services Department - Planner III
1.00	Development Services Department - Planning Manager
0.25	Development Services Department - Planning Technician
0.50	Development Services Department - Business Application Technician
-1.00	Development Services Department - Clerk II
-0.50	Development Service Department - Museum Coordinator
-0.50	Fire Department - Clerk II
-1.00	Fire Department - Deputy Chief of Operations
-1.00	Fire Department - Deputy Fire Marshall I
1.00	Fire Department - Deputy Fire Marshall II
-0.50	Fire Department - EMS Account Technician
0.50	Fire Department - Senior Management Analyst
-1.00	Fire Department - Training Officer
0.50	Police Department - Community Services Officer II
-2.00	Police Department - Police Call Taker/Records Clerk
-1.00	Police Department - Senior Management Analyst

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FTE	Description of Change
2.00	Police Department - Police Dispatcher
1.00	Police Department - Services Bureau Manager
1.00	Public Works - Assistant City Engineer
1.00	Public Works - Assistant ESD/MWMC Manager
1.00	Public Works - Assistant Public Works Director
1.00	Public Works - Assistant Project Manager
-1.00	Public Works - Civil Engineer/Engineer in Training
1.00	Public Works - Civil Engineer, Supervising
-1.00	Public Works - Engineering Technician II
2.00	Public Works - Environmental Services Supervisor
-1.00	Public Works - Maintenance Office Supervisor
1.00	Public Works - Senior Management Analyst
-1.00	Public Works - Technical Services Manager
-1.00	Public Works - Water Resources Program Coordinator
0.45	Net Additional FTE from FY05 Adopted to FY06 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.)

Total FTE, All Funds, By Department	FY06 Adopted	FY05 Adopted	Change
City Manager's Office	7.00	6.00	1.00
Development Services Department	33.00	35.75	-2.75
Finance Department	11.50	11.50	0.00
Fire and Life Safety Department	101.55	103.55	-2.00
Human Resources Department	7.00	7.00	0.00
Information Technology Department	10.00	9.00	1.00
Legal and Judicial Services	7.55	7.55	0.00
Library Department	13.60	13.40	0.20
Police Department	110.00	109.50	0.50
Public Works Department	<u>111.50</u>	<u>108.50</u>	<u>3.00</u>
Total FTE All Departments	<u>412.70</u>	<u>411.75</u>	<u>0.95</u>

Total FTE, All Funds, By Program	FY06 Adopted	FY05 Adopted	Change
Community Development Program	144.50	144.25	0.25
General Government Program	43.05	41.05	2.00
Library Department	13.60	13.40	0.20
Public Safety Department	<u>211.55</u>	<u>213.05</u>	<u>-1.50</u>
Total FTE, All Programs	<u>412.70</u>	<u>411.75</u>	<u>0.95</u>

Fund Highlight: General Fund

The General Fund's total resources and requirements of \$31,955,008 is 13.22% of the City's Total Budget of \$241,780,211. The General Fund's operating budget of \$25,913,990 is 38.87% of the City's total operating budget of \$66,668,927.

The total General Fund FY06 budget grew by \$1,225,221 or 3.99%. Overall, the General Fund operating budget grew by 7.24% or \$1,749,160. The following chart details the growth in the General Fund by expenditure category:

General Fund - FY06 Adopted versus FY05 Adopted

General Fund Budget	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
Cash Carryover	\$6,474,378	\$5,997,209	\$477,169	7.96%
Current Revenues	<u>\$25,480,630</u>	<u>\$24,732,578</u>	<u>\$748,052</u>	<u>3.02%</u>
Total Resources	<u>\$31,955,008</u>	<u>\$30,729,787</u>	<u>\$1,225,221</u>	<u>3.99%</u>
Requirements, by Category				
Personal Services	\$21,411,854	\$19,966,616	\$1,445,238	7.24%
Materials and Services	\$4,419,292	\$4,113,858	\$305,434	7.42%
Capital Outlay	<u>\$82,844</u>	<u>\$80,780</u>	<u>\$2,064</u>	2.56%
Departmental Operating Budget	\$25,913,990	\$24,161,254	\$1,752,736	7.25%
Non Departmental Operating	<u>\$0</u>	<u>\$3,576</u>	<u>(\$3,576)</u>	-100.00%
Total Operating Expenditures	<u>\$25,913,990</u>	<u>\$24,164,830</u>	<u>\$1,749,160</u>	<u>7.24%</u>
Nondepartmental/Non- operating Expenditures	<u>\$6,041,018</u>	<u>\$6,564,957</u>	<u>(\$523,939)</u>	<u>-7.98%</u>
Total Budget	<u>\$31,955,008</u>	<u>\$30,729,787</u>	<u>\$1,225,221</u>	<u>3.99%</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 Departmental Operating Expenditure Trends

The information below summarizes the General Fund department operating expenditure trends for FY03 Actual through the FY06 Adopted Budget.

Operating Expenditures By Department	FY03 Actual	FY04 Actual	FY05 Adopted	FY06 Adopted
City Manager's Office	\$822,142	\$840,087	\$940,327	\$1,068,977
Development Services Dept.	\$2,001,692	\$1,975,406	\$1,391,510	\$1,458,010
Finance Department	\$775,325	\$955,767	\$778,696	\$776,983
Fire and Life Safety Dept.	\$6,116,043	\$6,828,571	\$7,009,501	\$7,421,320
Human Resources Dept.	\$425,544	\$420,805	\$383,508	\$412,039
Information Technology Dept.	\$995,912	\$1,028,224	\$1,065,857	\$1,161,467
Legal and Judicial Services	\$1,134,589	\$1,086,984	\$1,128,269	\$1,179,920
Library Department	\$1,191,379	\$1,149,658	\$1,150,315	\$1,192,554
Police Department	\$8,680,552	\$8,923,000	\$9,487,382	\$10,408,663
Public Works Department	<u>\$699,451</u>	<u>\$769,223</u>	<u>\$825,889</u>	<u>\$834,057</u>
Total Departmental Budget	<u>\$22,842,629</u>	<u>\$23,977,725</u>	<u>\$24,161,254</u>	<u>\$25,913,990</u>

General Fund Personal Services

General Fund personal services make up 58.02% of the total City personal services budget. Within the General Fund, personal services make up 82.63% 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	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
Personal Services	\$21,411,854	\$19,966,616	\$1,445,238	7.24%

General Fund Personal Services by Department

Category	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
City Manager's Office	\$617,006	\$549,167	\$67,839	12.35%
Development Services Dept.	\$1,218,898	\$1,142,351	\$76,547	6.70%
Finance Department	\$639,990	\$649,535	(\$9,545)	-1.47%
Fire and Life Safety Dept.	\$6,574,745	\$6,335,704	\$239,041	3.77%
Human Resources Dept.	\$282,612	\$274,311	\$8,301	3.03%
Information Technology Dept.	\$914,600	\$824,024	\$90,576	10.99%
Legal and Judicial Services	\$390,336	\$383,880	\$6,456	1.68%
Library Department	\$940,785	\$928,915	\$11,870	1.28%
Police Department	\$9,196,579	\$8,271,490	\$925,089	11.18%
Public Works Department	<u>\$636,304</u>	<u>\$607,239</u>	<u>\$29,065</u>	<u>4.79%</u>
Total Personal Services	<u>\$21,411,854</u>	<u>\$19,966,616</u>	<u>\$1,445,239</u>	<u>7.24%</u>

General Fund – Personal Services by Employee Group

A comparison of the FY06 total estimated personal services budget by employee group is listed in the following two tables.

General Fund FY06 Personal Services Costs by Bargaining Unit (estimated)

Bargaining Unit	FY06 Adopted	Percent of Total
A.F.S.C.M.E. (Association of Federal, State, County Municipal Employees)	\$445,367	2.08%
I.A.F.F. (International Association of Fire Fighters)	\$5,504,988	25.71%
O.P.E.U. (Oregon Public Employees Union)	\$2,629,376	12.28%
S.P.A. (Springfield Police Association)	\$7,200,807	33.63%
Non-Union*	\$5,631,318	26.30%
Total All Units	<u>\$21,411,854</u>	<u>100.00%</u>

General Fund Personal Services Costs by Employee Unit (estimated) FY05 to FY06 Comparison

Bargaining Unit	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
Association of Federal, State, County Municipal Employees (AFSCME)	\$445,367	\$391,109	\$54,258	13.87%
International Association of Fire Fighters (I.A.F.F.)	\$5,504,988	\$5,331,824	\$173,164	3.25%
Oregon Public Employees Union (O.P.E.U.)	\$2,629,376	\$2,559,147	\$70,229	2.74%
Springfield Police Association (S.P.A.)	\$7,200,807	\$6,599,769	\$601,038	9.11%
Non-Union*	<u>\$5,631,318</u>	<u>\$5,084,767</u>	<u>\$546,551</u>	<u>10.75%</u>
Total All Units	<u>\$21,411,854</u>	<u>\$19,966,616</u>	<u>\$1,445,238</u>	<u>7.24%</u>

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

Comprehensive Review of the Overall General Fund Budget Changes

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

Category	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
FTE	220.56	217.69	2.87	1.32%
Personal Services	\$21,411,854	\$19,966,616	\$1,445,238	7.24%
Materials and Services	\$4,419,292	\$4,113,858	\$305,434	7.42%
Capital Outlay	<u>\$82,844</u>	<u>\$80,780</u>	<u>\$2,064</u>	<u>2.56%</u>
Departmental Operating Budget	<u>\$25,913,990</u>	<u>\$24,161,254</u>	<u>\$1,752,736</u>	<u>7.25%</u>

The budgetary processes that contributed to the overall change of \$1,752,736 are as follows:

Net increase in current services for costs eligible for growth	\$1,414,857
Approved service level increases	\$734,986
Approved service level reductions	(\$397,107)
Total Overall Changes to the General Fund	\$1,752,736

FY06 General Fund Budget Balancing Strategy: 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 FY06 projected operating expenditure requirements for the City. As noted above the City Council adopted \$1,752,736, in General Fund additions. The following table reflects details by department.

General Fund Balancing Strategy: Additions/Reductions by Department

Department	FTE Changes	FY06 Adopted Changes	
		Dollars	Percentage
City Manager's Office	1.00	\$ 128,650	13.69%
Development Services Department	0.41	\$ 66,500	4.78%
Finance Department		\$ (1,713)	-0.22%
Fire and Life Safety Department	0.50	\$ 411,819	5.88%
Human Resources Department		\$ 28,531	7.44%
Information Technology Department	1.00	\$ 95,610	8.97%
Legal and Judicial Services		\$ 51,651	4.30%
Library Department		\$ 42,239	3.67%
Police Department		\$ 921,281	9.43%
Public Works Department	(0.04)	\$ 8,168	0.99%
Total Changes	<u>2.87</u>	<u>\$ 1,752,736</u>	<u>7.13%</u>

The total change of \$1,752,736 is further detailed below by department. This table combines *all* General Fund changes making up the overall increase in General Fund departmental operating budget.

FY06 General Fund Operating Budget: All Changes Made by Department

Department	Personal Services	Materials and Services	Capital Outlay	Total Change
City Manager's Office	\$67,839	\$60,811		\$128,650
Development Services Dept.	\$76,547	(\$10,047)		\$66,500
Finance Department	(\$9,545)	\$7,832		(\$1,713)
Fire and Life Safety Dept.	\$239,041	\$172,778		\$411,819
Human Resources Dept.	\$8,301	\$20,230		\$28,531
Information Technology Dept.	\$90,576	\$5,034		\$95,610
Legal and Judicial Services	\$6,456	\$45,195		\$51,651
Library Department	\$11,869	\$28,306	\$2,064	\$42,239
Police Department	\$925,089	(\$3,808)		\$921,281
Public Works Department	<u>\$29,065</u>	<u>(\$20,897)</u>		<u>\$8,168</u>
Total Change	<u>\$1,445,238</u>	<u>\$305,434</u>	<u>\$2,064</u>	<u>\$1,752,736</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).

General Fund Revenue History by Major Source of Revenue

General Fund Revenue – Major Sources: FY03 through FY06

Resources	FY03 Actual	FY04 Actual	FY05 Adopted	FY06 Adopted
Total Taxes *	\$11,914,043	\$12,755,305	\$12,711,280	\$13,206,100
Total Licenses and Permits	\$2,986,442	\$3,391,702	\$2,422,437	\$2,705,563
Total Intergovernmental	\$3,244,356	\$3,209,941	\$3,276,025	\$3,423,543
Total Charges for Service	\$1,532,524	\$1,557,068	\$2,059,208	\$2,318,288
Total Fines and Forfeitures	\$959,806	\$804,953	\$844,392	\$892,136
Total Use of Money and Property	\$294,526	\$179,296	\$225,464	\$256,989
Total Miscellaneous Receipts	\$200,624	\$215,016	\$45,000	\$45,000
Total Other Financing Sources				
Total Indirect Charges	\$1,167,920	\$1,393,221	\$2,151,979	\$1,621,030
Total Interfund Transfers	<u>\$1,519,783</u>	<u>\$1,550,577</u>	<u>\$996,793</u>	<u>\$1,011,981</u>
Total Current Revenues	<u>\$23,820,024</u>	<u>\$25,057,079</u>	<u>\$24,732,578</u>	<u>\$25,480,630</u>
Total Cash Carryover	<u>\$3,962,793</u>	<u>\$4,890,613</u>	<u>\$5,997,209</u>	<u>\$6,474,378</u>
Total Resources	<u>\$27,782,817</u>	<u>\$29,947,692</u>	<u>\$30,729,787</u>	<u>\$31,955,008</u>

(*) 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 (\$25,480,630) is as follows:

Source	Percentage of Current Revenues
Taxes	51.83%
Intergovernmental	13.44%
Licenses, Permits and Fees	10.62%
Other Financing Sources	10.33%
Charges for Service	9.10%
Fines and Forfeitures	3.50%
Use of Money and Property	1.01%
Miscellaneous Receipts	0.18%

FY06 Performance: Current Revenues Versus Current Expenditures

FY06 represents the fourth year of the General Fund multi-year financial plan with the goal of stabilizing 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 FY06 performance is as follows:

Current Revenues	\$25,480,630
Current Expenditures	<u>\$31,955,008</u>
Revenues over (under) Operating Costs	<u>(\$6,474,378)</u>

As indicated in the following table the General Fund total resources consisting of cash carryover and current revenues increased by 3.99% over the FY05 Adopted Budget.

General Fund, Total Resources

Resources	FY06 Adopted	FY05 Adopted	Dollar Change	Percent Change
Cash Carryover	\$6,474,378	\$5,997,209	\$477,169	7.37%
Current Revenues	<u>\$25,480,630</u>	<u>\$24,732,578</u>	<u>\$748,052</u>	<u>2.94%</u>
Total Resources	<u>\$31,955,008</u>	<u>\$30,729,787</u>	<u>\$1,225,221</u>	<u>3.99%</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

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	Tax Levy
Levy Required for General Obligation Bonds	\$1,034,681
Estimated Tax Rate (Levy/AV) - 0.3559	
Less Allowances for Discounts, Delinquencies	(\$62,081)
Total Available Bond Sinking Fund Tax Revenue for Appropriation	\$972,600

Fiscal Year	Tax Levy
2005	\$1,034,681
2004	\$1,115,008
2003	\$1,052,129
2002	\$1,072,914
2001	\$1,000,195
2000	\$1,627,295

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 and 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.

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 not rely on federal or state grants to provide funding for basic City operations or for debt service requirements.
- ◆ 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 following table is a summary of the major cost categories for the City’s Budget.

Expenditures by Category	FY03 Actual	FY04 Actual	FY05 Adopted	FY06 Adopted
Personal Services	\$27,902,264	\$31,020,614	\$34,727,742	\$36,906,517
Materials and Services	\$19,166,234	\$20,876,385	\$26,642,146	\$28,101,216
Capital Outlay	\$2,672,787	\$2,290,817	\$3,874,270	\$1,661,194
Capital Projects	\$12,525,652	\$13,016,497	\$41,943,920	\$82,475,691
Non Departmental	<u>\$20,337,077</u>	<u>\$14,066,109</u>	<u>\$62,667,405</u>	<u>\$92,635,593</u>
Total Budget	<u>\$82,604,014</u>	<u>\$81,270,422</u>	<u>\$169,855,483</u>	<u>\$241,780,211</u>
Total FTE	<u>375.95</u>	<u>406.60</u>	<u>411.75</u>	<u>412.70</u>

The following pages provide information on a summary level, both historical and current for the FY06 Adopted Budget, including FTE comparisons. (See Financial Summaries and Statistical Tables section for more detail.)