

FY 2018-19

Budget Presentation



Presented by:

Terry Blaniar,
Interim City Manager

Ethan Moody,
Finance/Admin Services Director

April 16, 2018

General Fund

- Anticipating \$2,631,300 in revenue
 - 0.5% increase in Real Property Tax
 - 10% decrease in Personal Property Tax
 - 4.5% increase in State Revenue Sharing
 - Constitutional sharing will increase 7.5% and CVTRS will remain the same
-
- Anticipating \$2,887,000 in expenses
 - Cash Reserves as of June 30, 2019: \$927,300
 - This budget will use \$255,700 in cash reserves

General Fund

- Excerpt from our General Financial Practices:
 - *It is the policy of the City of Springfield to keep undedicated reserves at a level equal to 20% to 25% of general operating expenses . . .*
 - This budget takes General Fund cash reserves to 32% of general operating expenses

General Fund - Law Enforcement

- Expense increase of 37% (\$1,087,400 to \$1,488,900) due to:
 - Retiree expenses of \$415,400 being recorded within the Police Department instead of in the Post Employment Benefit Dept.
 - \$340,100 for Public Safety division pension expense, \$240,000 is voluntary funding
 - \$75,300 in retiree health and life insurance benefits
- Law Enforcement contract expected to cost the City \$875,000
- Total Law Enforcement Expenses: \$ 1,488,900

General Fund - Fire Department

- **Expense increase of 41% (\$251,300 to \$355,100) due to:**
 - **Retiree expenses of \$104,000 being recorded within the Fire Department instead of in the Post Employment Benefit Dept.**
 - \$85,100 for Public Safety division pension expense, \$60,000 is voluntary funding
 - \$18,900 in retiree health and life insurance benefits
- **Total Fire Department Expenses: \$355,100**

General Fund - Finance and Admin Services

- **Expense decrease of 0.5% due to:**
 - **Reduction in income tax compliance expenses as backlog of old collection files has mostly been eliminated**
 - **Reduction in medical insurance expenses from employee enrollment changes**
- **MERS pension expense of \$88,000**
- **Total Finance and Admin Services expenses: \$866,900**

General Fund - Public Services

- **1.5% decrease in expenses due to decrease in Parks expenses related to Carol Hinton Park playground rebuild**
- **MERS pension expense of \$56,800**
- **Retiree health and life insurance benefits of \$39,700**
- **Total Public Services expenses: \$873,200**



Major Street Fund

- Expecting 14% increase in Act 51 funds
 - \$45,000 revenue from SAW grant
-
- No major construction projects
 - \$200,000 transfer to the Local Streets Fund to aid in street resurfacing projects
 - Expected use of **\$3,650** in cash reserves
 - **June 30, 2019 Available Cash: \$405,900**



Local Street Fund

- Expecting 14% increase in Act 51 funds
 - \$67,500 revenue from SAW grant
-
- Contractual construction of \$296,000 for resurfacing:
 - South Custer Park area near Begg Park
 - Wyndtree/Barberry areas
 - Bishop and Lewis Parrot
 - Expected use of **\$140,000** in cash reserves
 - **June 30, 2019 Available Cash: \$117,800**

Income Tax Fund

- Expecting 3.5% increase in tax collections
-
- Largest expenses
 - \$409,000 transfer to General Fund for Public Safety
 - \$100,000 transfer to General Fund for voluntary payment to Public Safety retirement trust
 - Expected use of **\$77,500** in cash reserves
 - **June 30, 2019 Available Cash: \$776,900**



Brownfield Fund

- No remarkable changes in revenue
-
- No remarkable changes in expenses
 - Largest expense is \$23,200 for the Baker Oil Site DEQ loan.
 - Expected use of \$0 in cash reserves
 - **June 30, 2019 Available Cash: \$400**



Economic Development Fund

- \$43,900 in revenue is expected. Sources are from Metro PCS lease, Mag Mile special assessments, and sale of city property
-
- Largest expense is \$30,000 for the Redevelopment Ready Communities Master Plan/Zoning Code process.
 - Amount of \$14,500 for Neighborhood Improvement Incentive Program
 - Expected use of **\$29,600** in cash reserves
 - **June 30, 2019 Available Cash: \$67,800**



TIFA B Fund

- Property tax capture of \$99,500
 - Tax capture is limited to amount needed for debt payments
-
- Expense is \$87,000 Debt Service (2019 maturity)
 - \$13,000 transferred to Brownfield Fund for DEQ loan
 - Expected use of **\$0** in cash reserves
 - **June 30, 2019 Available Cash: \$4,700**



TIFA D Fund

- Expected increase of 9% in tax capture due to new construction in the district, most notably Dollar General
 - Transfer from General Fund of \$75,000 for repavement of City Hall and Public Safety parking lots
-
- The only remaining debt is related to DPS Building (\$44,100 with a 2027 maturity)
 - Expected use of **\$13,800** in cash reserves
 - **June 30, 2019 Available Cash: \$280,700**



Drug Law Fund

- No revenue expected
-
- No expense activity
 - Expected use of **\$0** in cash reserves
 - **June 30, 2019 Available Cash: \$15,800**



Farmers Market Fund

- **Expected \$47,000 in revenue**
 - **\$24,300 from Sprout lease**
 - \$1,000 per month lease payment (\$12,000)
 - 50% of electric and gas utility expenses (\$12,300)
-
- **\$47,000 in expenses**
 - **Expected use of \$0 in cash reserves**
 - **Budget made whole by \$12,300 transfer from General Fund**
 - 65% lower than previous year
 - **June 30, 2019 Available Cash: \$7,400**



Building Fund

- No significant change in total revenue
-
- No significant change in inspector related expenses
 - Largest expense is \$14,000 for Building Inspector
 - Expected use of **\$0** in cash reserves
 - **June 30, 2019 Available Cash: \$64,000**



Sewer Fund

- 31% increase in revenue due to SAW grant proceeds and RTS fees
 - Usage rates are frozen
 - \$400,000 from SAW grant
-
- \$400,000 expensed for SAW grant program
 - \$188,000 contractual services for extension of Dickman Rd sewer main
 - Transfer of \$15,000 to Vehicle Fund for purchase of new truck
 - Expected use of **\$110,900** in cash reserves (net of depreciation expense)
 - **June 30, 2019 Available Cash: \$531,000**



Water Fund

- No significant change in revenue
 - Usage rates are frozen
-
- No major projects planned
 - Transfer of \$15,000 to Vehicle Fund for purchase of new truck
 - Expected use of **\$8,100** in cash reserves (net of depreciation expense)
 - **June 30, 2019 Available Cash: \$391,700**



Refuse Fund

- Anticipating increase in revenue per contract with Waste Management
-
- No major operating increases planned except for additional cost for Waste Management contract
 - Expected addition of **\$1,200** to cash reserves
 - **June 30, 2019 Available Cash: \$136,500**



Vehicle Fund

- \$265,000 transfer from Income Tax for fire truck loan payment
 - Includes \$50,000 for the sale of the old fire truck
 - \$30,000 transfer from General Fund
-
- \$30,000 for purchase of new Public Services truck
 - \$13,600 for purchase of new Public Services plow blades
 - Expected addition of **\$51,700** in cash reserves (net of depreciation expense)
 - **June 30, 2019 Available Cash: \$93,700**

Total Net Appropriations

The recommended budget uses \$255,700 of General Fund reserves, but still leaves a healthy balance of \$927,000. Reserve funds will be used for voluntary contribution to the Public Safety pension trust and repaving the City Hall and Public Safety parking lots.

The Income Tax Fund revenue is beginning to plateau as backlog of collection files have mostly been cleaned up. Reserves of \$77,500 are being used for voluntary contribution to the Public Safety pension trust.

Overall net appropriations use \$607,400 of cash reserves when non-cash depreciation expenditures in the Sewer, Water, and Vehicle Funds are considered. The Streets and Sewer Funds will use \$254,550 of fund balance for infrastructure improvements and \$300,000 will be used for voluntary pension contribution from General and Income Tax Funds.

Fund	2018-19 Revenues	2018-19 Expenditures	Net Appropriations	Projected Cash Balance
General Fund	2,631,300	2,887,000	(255,700)	927,253
Major Street	549,400	553,050	(3,650)	405,912
Local Street	450,700	590,700	(140,000)	117,804
Income Tax	1,030,100	1,107,600	(77,500)	776,933
TIFA B	100,000	100,000	0	4,706
TIFA D	211,300	225,100	(13,800)	280,675
Economic Development	43,900	73,500	(29,600)	67,786
Brownfield Fund	23,400	23,400	0	415
Drug Fund	0	0	0	15,755
Farmers Market Fund	47,000	47,000	0	7,372
Building Fund	48,100	48,100	0	63,989
Sewer Fund	1,316,600	1,517,700	(201,100)	531,001
Water Fund	602,800	656,100	(53,300)	391,668
Refuse Fund	250,000	248,800	1,200	136,492
Vehicle Fund	541,300	600,600	(59,300)	93,676
Total	\$7,845,900	\$8,678,650	(832,750)	\$3,821,437
Retiree Health Care Trust	N/A	N/A	N/A	379,735
Grand Total	\$7,845,900	\$8,678,650	(832,750)	\$4,201,172

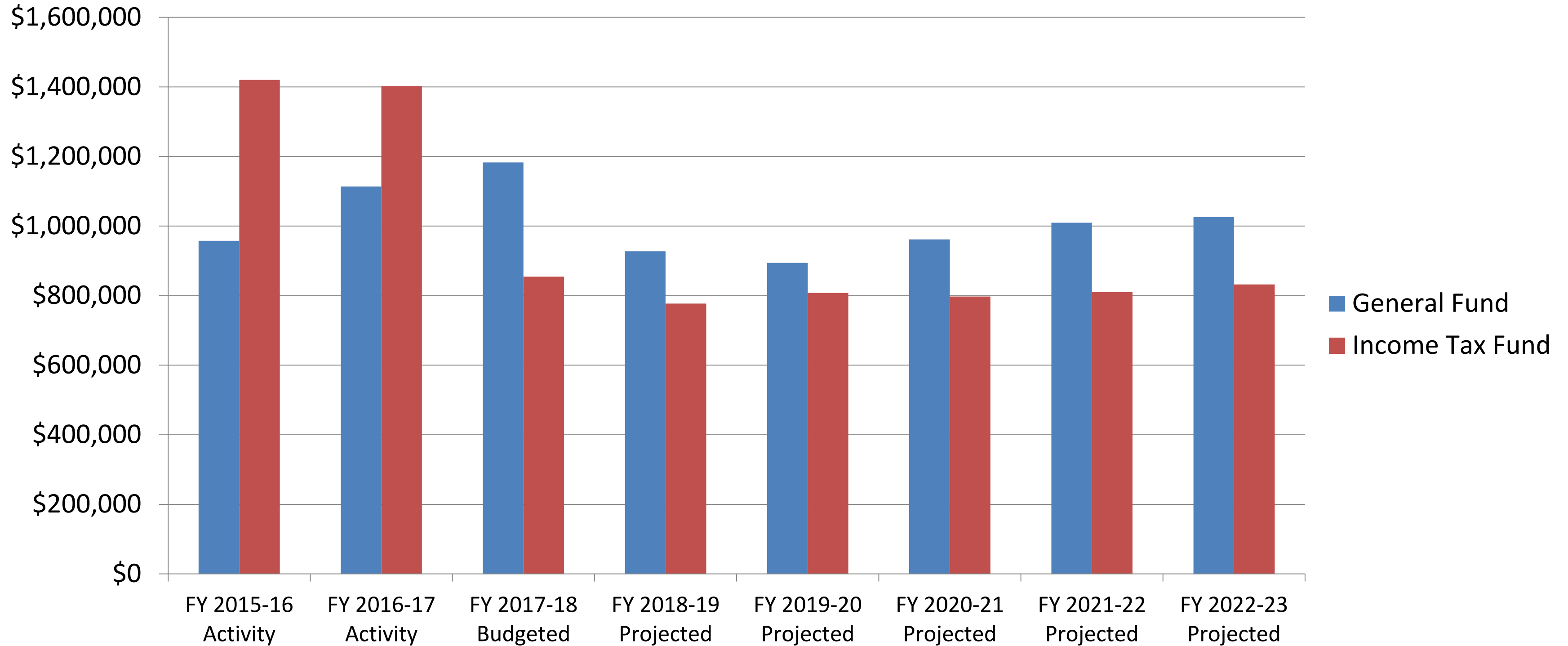
CASH BALANCE HISTORY 2010 -2019

	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	*6/30/2018	*6/30/2019
									<i>Projected</i>	<i>Projected</i>
General Fund	744,883	782,036	770,346	839,335	903,083	853,683	957,307	1,113,953	1,182,953	927,253
Income Tax Fund	319,423	336,801	451,600	608,957	637,059	939,313	1,420,408	1,402,633	854,433	776,933
Economic Development	136,585	132,683	128,405	95,874	109,567	112,550	(101,229)	45,586	97,386	67,786
Drug Fund	7,734	2,770	28,105	15,766	18,241	16,201	15,751	15,755	15,755	15,755
Special Revenue	463,742	472,254	608,110	720,597	764,867	1,068,064	1,334,930	1,463,974	967,574	860,474
Major Street	376,130	408,063	433,019	416,403	326,902	426,336	551,152	543,462	409,562	405,912
Local Street	173,678	209,112	299,726	361,831	395,483	367,102	458,673	525,704	257,804	117,804
Street Funds	549,808	617,175	732,745	778,234	722,385	793,438	1,009,825	1,069,166	667,366	523,716
Farmers Market	0	0	0	8,980	9,716	8,690	9,758	7,372	7,372	7,372
Building Fund	22,671	26,781	25,507	37,067	36,265	45,252	50,660	59,689	63,989	63,989
Sewer Fund	504,268	486,671	482,423	477,741	344,097	450,656	463,285	578,701	641,901	531,001
Water Fund	351,567	424,574	529,755	655,437	571,533	590,738	656,871	730,368	399,768	391,668
Refuse Fund	50,357	46,436	54,739	74,728	91,095	105,390	122,035	132,492	135,292	136,492
Proprietary Funds	928,863	984,462	1,092,424	1,253,953	1,052,706	1,200,726	1,302,609	1,508,622	1,248,322	1,130,522
Vehicle Fund	74,389	28,641	28,140	41,945	44,457	50,802	68,475	41,976	41,976	93,676
CITY FUNDS TOTAL	2,761,685	2,884,568	3,231,765	3,634,064	3,487,498	3,966,713	4,673,146	5,197,691	4,108,191	3,535,641
TIFA B	210,192	291,635	325,320	373,781	417,275	466,647	491,202	540,406	4,706	4,706
TIFA D	534,034	513,848	438,219	415,652	382,185	370,990	201,704	254,375	294,475	280,675
Brownfield	14,318	296	105	507	375	311	425	315	415	415
TIFA/BF Funds	758,544	805,779	763,644	789,940	799,835	837,948	693,331	795,096	299,596	285,796
Retiree HC Trust	107,825	108,272	138,054	132,313	208,387	302,720	370,113	390,735	385,735	379,735
GRAND TOTALS	3,628,054	3,798,619	4,133,463	4,556,317	4,495,720	5,107,381	5,736,590	6,383,522	4,793,522	4,201,172

All funds will end FY 2018/19 with a healthy cash balance. Many of the city's funds' reserves are being drawn down with this proposed budget. However, looking at the 10 year history, it can be seen that the balances have steadily increased and are in a position to make necessary infrastructure improvements and reducing unfunded pension liabilities.

General Fund - 5 year projection

Projected Fund Balances



CASH BALANCE PROJECTION 2013 - 2024

	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	*6/30/2018	*6/30/2019	*6/30/2020	*6/30/2021	*6/30/2022	*6/30/2023
						<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
General Fund	839,335	903,083	853,683	957,307	1,113,953	1,182,953	927,253	894,353	961,653	1,009,453	1,026,153
Income Tax Fund	608,957	637,059	939,313	1,420,408	1,402,633	854,433	776,933	872,933	927,333	940,333	962,133
Economic Development	95,874	109,567	112,550	(101,229)	45,586	97,386	67,786	69,686	69,586	69,486	69,386
Drug Fund	15,766	18,241	16,201	15,751	15,755	15,755	15,755	15,755	15,755	15,755	15,755
Special Revenue	720,597	764,867	1,068,064	1,334,930	1,463,974	967,574	860,474	958,374	1,012,674	1,025,574	1,047,274
Major Street	416,403	326,902	426,336	551,152	543,462	409,562	405,912	419,312	530,912	644,112	759,112
Local Street	361,831	395,483	367,102	458,673	525,704	257,804	117,804	112,004	136,504	162,604	191,304
Street Funds	778,234	722,385	793,438	1,009,825	1,069,166	667,366	523,716	531,316	667,416	806,716	950,416
Farmers Market	8,980	9,716	8,690	9,758	7,372	7,372	7,372	7,372	7,372	7,372	7,372
Building Fund	37,067	36,265	45,252	50,660	59,689	63,989	63,989	65,389	66,389	66,989	67,189
Sewer Fund	477,741	344,097	450,656	463,285	578,701	641,901	531,001	613,001	671,801	234,601	295,601
Water Fund	655,437	571,533	590,738	656,871	730,368	399,768	391,668	454,068	502,168	550,068	597,768
Refuse Fund	74,728	91,095	105,390	122,035	132,492	135,292	136,492	139,092	140,592	141,092	140,692
Proprietary Funds	1,253,953	1,052,706	1,200,726	1,302,609	1,508,622	1,248,322	1,130,522	1,278,922	1,388,322	1,000,122	1,108,622
Vehicle Fund	41,945	44,457	50,802	68,475	41,976	41,976	93,676	86,076	100,476	113,076	123,876
CITY FUNDS TOTAL	3,634,064	3,487,498	3,966,713	4,673,146	5,197,691	4,108,191	3,535,641	3,749,041	4,130,541	3,954,941	4,256,341
TIFA B	373,781	417,275	466,647	491,202	540,406	4,706	4,706	4,706	4,706	4,706	4,706
TIFA D	415,652	382,185	370,990	201,704	254,375	294,475	280,675	308,275	306,475	301,175	298,475
Brownfield	507	375	311	425	315	415	415	415	10,815	21,315	32,015
TIFA/BF Funds	789,940	799,835	837,948	693,331	795,096	299,596	285,796	313,396	321,996	327,196	335,196
Retiree HC Trust	132,313	208,387	302,720	370,113	390,735	385,735	379,735	373,722	367,408	360,778	353,817
GRAND TOTALS	4,556,317	4,495,720	5,107,381	5,736,590	6,383,522	4,793,522	4,201,172	4,436,159	4,819,945	4,642,915	4,945,354

Looking at the projected cash levels over the next 5 years, all funds are expected to maintain healthy cash balances. The structural problem with the General Fund that was presented with last year's budget has been addressed and the General Fund is on a much more stable path. Though the General Fund will benefit from many factors, the most significant are the dissolve of TIFA B, leasing the Farmer's Market building to Sprout, and beginning to withdrawal from the City's retiree health care trust. The estimated combined benefit to the General Fund of these three items is \$150,000 annually.