

2015



Submitted by: Nathan Henne, City Manager
Ethan Moody, Finance Director

City Council: Susan Anderson, Mayor
Harry Burdett
Larry Eib
Art Hollingsworth
Tom Riley
Carey Whitfield
Richard Young

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[FY 2015-16 OPERATING BUDGET]

The Springfield City Council presents this FY 2015-16 Operating Budget to the residents and businesses of Springfield. This Budget represents the City's best efforts to provide necessary municipal services in a responsible and effective manner. Questions can be directed to the City Manager.

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EXECUTIVE SUMMARY

For more than half a decade, local governments throughout Michigan have faced difficulties in raising the revenues needed to provide adequate services to local taxpayers. Many communities in Michigan have realized significant deflation of local economies related to manufacturing job losses and the financial problems of the domestic automotive industry. Springfield has not been held harmless from the effects of this fiscal stress. While a number of Michigan communities and school districts now operate with an emergency management team deployed by the State of Michigan, and many others operate with the looming threat of such a deployment, Springfield continues to make adequate financial decisions that will undoubtedly avoid such a fate. Our community leaders pride themselves on proactively implementing strategies that improve our local economy, stabilize our revenues and more-efficiently deliver needed services to our residents and business owners.

The good news included in this budget document may not be obvious to every reader. However, it is assuredly here. The State and local economy has begun its recovery, which has led to a falling State and Calhoun County unemployment rate. However, the state budget surplus of last year has evaporated due to unexpected MEGA Tax Credits being called in as well as the main question in Lansing right now: “how are we going to fund our road fixes?” While the City of Springfield will likely realize less General Fund revenue in FY 2015-16 than it has in previous years, the affect is expected to be manageable.

The Fiscal Year 2015-16 Budget is the result of dedicated work of city staff, elected and appointed officials. Thank you is due the Springfield City Council and the City’s Department Heads for their assistance in developing this budget. In addition, the staff of the Finance Department provided valuable support in preparing revenue and expense projections, while the entire workforce of the City has been supportive in trusting and following the City’s leadership efforts, even as those efforts have led to changes in employee work hours, wages, benefit packages, job duties and responsibilities.

This document represents a diligent effort to provide an affordable, high-quality and safe environment for our residents, business owners, employees and visitors. It is designed to provide a transparent view of the city’s current funding practices, historic financial health, and our projections for future revenues and expenditures.

This Executive Summary will highlight a number of key issues affecting Springfield’s finances. This summary will also outline many financial and administrative decisions that officials have made to appropriately address the needs of our taxpayers in light of the financial constraints that our City must operate within. A more in-depth analysis of the revenues and expenses proposed for the fiscal year is provided later in the document. Any questions regarding this budget document should be addressed to the City Manager’s office.

State Economic Impact

The State Legislature has implemented a number of changes over recent years that greatly affect local government finance. The greatest change has been the elimination of the portion of state shared revenue that Springfield included in its budget as Statutory Revenue Sharing. This is a portion of State sales tax dollars that previously had been earmarked for local government services. This was eliminated as part of a State General Fund budget-balancing measure and was subsequently replaced with a smaller sum of available funding called City Village Township Revenue Sharing (CVTRS), which is very similar to Statutory Revenue Sharing.

The State of Michigan has been successful in reigning in the perpetual budget deficits of the past. Unfortunately, Statutory Revenue Sharing has not been restored to pre-recession figures. While the portion of State Revenue Sharing that is constitutionally guaranteed is expected to grow to a level on par with what was collected in 2001, the CVTRS payments that replaced Statutory Revenue Sharing will equal a mere 38% of the Statutory Revenue Sharing payment received in 2001. So, while the State’s sales tax revenues have rebounded to pre-recession amounts, its share allocated to Springfield for local government services is estimated to equal just 66% of the \$1 Million shared in 2001.

Local governments throughout Michigan are structured financially to operate partially via local property tax revenues and partially via revenues from State sales tax collections. As more of those sales tax collections continue to be kept for State programs, Springfield and other communities will continue to address the challenge of providing quality services to our local taxpayers.

In addition to the reduction in Revenue Sharing payments, recent State legislation will eliminate personal property taxation as a local revenue option. Once these revenues are eliminated 100%, Springfield's General Fund would see a revenue reduction equal to \$150,000 annually. For the 2015-16 Fiscal Year, Springfield expected its personal property tax revenue to decrease 50% to \$75,000 due to the first phase of personal property tax elimination. However, one large Springfield businesses invested over \$2 million in new equipment last year. So the City expects to collect around \$116,000 in FY 2015-16 instead.

The phase out will occur over a period of years exempting new business personal property and will continually roll old personal property off the tax rolls until all business personal property is exempt in 2024.

Road funding has become an issue for the State as well. Voters in 2015 overwhelmingly rejected a ballot proposal that would have created an extra \$1.2 billion for roads through tax and fee increases. Now, the City expects the state to possibly raise taxes and fees on its own. Time will tell what solution will be decided.

Orchard Hills Development

The City continues to encourage construction in its 2006 Orchard Hills investment. The land was developed into a platted subdivision with streets, curbs, gutters, storm sewers, water service, sanitary sewer service, and buried electrical/cable/telephone service. Since 2006, 24 of 41 lots have been sold and developed despite the slowed market for new homes. It is anticipated that between one and five lots will be sold and developed in FY 15-16. The remainder of the development should be complete in the next four to six years. The completed development should add approximately \$40,000 annually to the City's property tax collections and \$15,000 annually to the City's Income Tax revenue.

City's Bond Rating

In September 2014, Standard & Poor's upgraded the City of Springfield's bond rating to AA- from A+ with a stable outlook. According to Standard and Poor's Ratings Direct, Springfield's thorough financial management policies contributed to the upgrade:

In our opinion, Springfield's budgetary performance is strong with a surplus of 2.8% for the general fund and a surplus of 8.3% for the total governmental funds at fiscal year-end June 30, 2013. Management has maintained consistently balanced operations despite its constrained revenue environment and tax base declines due to conservative budgeting and careful monitoring of expenditures, particularly personnel-related expenditures.

Springfield's management practices are considered "good" under Standard & Poor's financial management assessment (FMA) methodology, indicating that practices exist in most areas although not all may be formalized or regularly monitored by governance official.

We believe Springfield's debt and contingent liabilities profile is very strong. Net direct debt is 39% of total governmental fund revenue, and total governmental fund debt service is 1.8% of total governmental fund expenditures. Approximately 82% of the city's direct debt will be repaid over 10 years, which, in our opinion is a positive credit factor.

Liquidity we consider very strong supports Springfield's finances, with total government available cash at 104% of total governmental fund expenditures and at 57.8x governmental debt service. Based on past issuance of GO debt, we believe that the issuer has strong access to capital markets to provide for liquidity needs if necessary.

The stable outlook reflects our expectation that Springfield will maintain very strong budgetary flexibility and liquidity, supported by strong budgetary performance and strong management conditions, throughout the two-year outlook period.

–Standard and Poors

The City's bond rating is expected to remain unchanged during FY 2015-16.

PA 425 Agreements

In 2005, 2007 and 2008, the City of Springfield entered into three separate PA 425 Annexation Agreements with the City of Battle Creek. The Agreements were each crafted to encourage investments in the *Magnificent Motor Mile* Business Improvement District. To date, the Agreements have resulted in a large-scale redevelopment and expansions of the Henkel Chrysler-Dodge dealership, the Battle Creek Honda dealership, and have fostered a similar redevelopment effort at Sunshine Toyota. All three Springfield businesses have decided to invest in their local properties rather than relocate to higher-profile areas near the interstate.

The temporary annexation agreements were necessary to help the property owners obtain certain redevelopment tax credits following their investments. The agreements will each expire eight years after their initial inception, and are anticipated to result in more than \$2 Million in new investment in Springfield.

Income Tax Revenue

The City's Income Tax Fund continues to provide the City with one of its most stable and reliable revenue sources. Springfield's income tax revenues have historically been dedicated in large part to public improvements; this has changed in recent years. Over the last 5 years, the City has successfully received more than \$1.9 Million in street improvement grants, which has allowed the focus of the Income Tax Fund to be shifted to Public Safety. However, with the recent consolidation of Springfield's police services with Calhoun County Sheriff, this Fund can now begin to replenish its diminished cash balance in order to be in a position to provide funding for upcoming infrastructure improvements. Income Tax revenue has been vital to the General Fund, as its two main sources of revenue (property taxes and state revenue sharing) continue to be unstable.

Capital Improvements

The FY 2015-16 Budget provides funding for a number of exciting and much-needed capital improvements. The City will purchase an additional one-ton dump truck, a new backhoe, and two new mowers. The City will also complete the much needed demolition of the Legion Villa Property at 107 Evergreen. The project is expected to cost \$280,000 and is partially funded by a \$135,000 grant from the Michigan Land Bank. Approximately \$7,500 will be invested for beautification in both the 20th Street corridor and the new Avenue A intersection with Dickman Road. The total cost for these projects is expected to be \$477,500. The City will borrow \$190,000 to purchase the new equipment with an interest rate of 1.95%. The Legion Villa Demolition is funded through the EDC Fund and Building Fund. The equipment will be purchased through the Vehicle Fund. The remainder of the projects will be funded through Tax Increment Finance Funds.

Debt Retirement

During FY 15-16, the City of Springfield will make debt payments totaling approximately \$259,300. Over the last ten years, the city completed final payments on over \$2.6 million of debt for street improvements, two fire trucks, public safety equipment, the Farmers Market and Begg Park projects. Also, in recent years, the City received more than \$2.5 Million in grants from the *Battle Creek Area Transportation Study*, *American Recovery and Reinvestment Act*, the *Community Development Block Grant Program*, the *Department of Natural Resources*, and the *USDA's Community Facilities Program* to improve the Farmers Market, reconstruct and resurface streets

in the Heights and West Lake Woods neighborhoods, Harmonia Road, Jackson Street, Avenue A, and 20th Street, develop B. Carol Hinton Park, and purchase three public safety vehicles, one street sweeper, and three dump trucks. Additionally, the City realized a grant award from the *Battle Creek Area Transportation Study* for FY 2013-14 to fund 80% of the cost of improvements to the intersection of Dickman Rd and Avenue A, as well as to resurface all of Goguac Street and much of Upton Avenue. The cost to complete these projects would have otherwise been bonded.

It is the policy of City Administration to avoid unnecessary long-term debt and instead focus on other funding mechanisms – i.e. State and Federal grants, current cash reserves and dedicated savings for planned investments. We believe this policy will help improve fiscal flexibility by allowing the City to focus resources on key governmental services rather than debt service.

Personnel Changes and Department Reorganization

The City has made great strides in reducing personnel expenses. The number of full-time funded positions has decreased from 35 to 17 since 2008. Initially, four public safety, one public works and one income tax position were eliminated. With the consolidation of Police Service in 2013, there has been a total decrease of 49% in funded full-time positions. Positions were strategically eliminated in a manner that avoided layoffs, job loss or unemployment expense. With the Police Consolidation, all of Springfield's Public Safety Officers transferred to either the Calhoun County's Sheriff Department or were hired by the City of Battle Creek Police Department. Since 2008, the annual savings to the City exceeds \$1.2 million. The City will continue to focus on maintaining an appropriate-sized staff to accommodate the needs of our residents and business owners.

During FY 2012-13, we completed an extensive project that reviewed our entire organization from a personnel standpoint. We focused on reviewing existing job duties, making appropriate changes to job duties, consolidating departments, and flattening our hierarchy. In June of 2013, we implemented our Reorganization Plan and the end result is a more-efficient and effective local government operation.

Health Insurance Costs

The past decade has brought unprecedented increases in health insurance costs to the City of Springfield and many other municipalities across the country. Previous efforts to limit or reduce these costs have ranged from capping retiree health benefits, switching insurance providers, requiring employee cost-sharing and providing financial incentives for employees with other health insurance options to decline the City's health benefits. These costs continue to rise and evaluation of this trend is ongoing in an effort to keep this issue from growing to an unmanageable level. For FY 2015-16, the City expects healthcare premiums to increase 5%. There continues to be uncertainties with the rollout of the Affordable Care Act.

Retirement and Other Post-Employment Benefits (OPEBs)

The City of Springfield funds its employee pension programs through a monthly payment to the Municipal Employees Retirement System of Michigan (MERS). Each year, the City receives an actuarial report from MERS that outlines the overall health of our pension programs. The most-recent actuarial report, which covers all contributions and retirements through December 31, 2014, indicates that the City of Springfield has funded approximately \$7.42 Million of its \$9.56 Million accrued pension liability or 78%. During calendar year 2014, \$665,000 in pension payments were made to retirees and/or beneficiaries. Beginning In FY 2011-12, all City employees started contributing at least 2% of their wages to the cost of their MERS pension.

OPEBs offered by the City of Springfield include retiree health and life insurance. Currently, the City funds the OPEBs on an annual basis through the General Fund. The current year budget provides for a net cost of \$152,600 for OPEB benefits. Personnel Policy changes have eliminated retiree health care and life insurance for new hires after July 1, 2009. A Retiree Health Care Trust and employee Health Care Savings Plans have been established to fund future OPEB health benefits.

Future Years' Expectations

As Springfield Administration and City Council explore collaborative efforts with outside agencies, it is anticipated that meeting our annual obligations will become easier. Current laws regulating our property tax system, which represent our largest General Fund revenue source, make it challenging for communities like Springfield to grow their tax revenues after a period of reductions. It is anticipated that our City's assessed value will require a minimum of 5 to 10 years to rebound from the losses experienced over the past five fiscal years; and that rebound period could expand if property assessments continue to decline during 2015 and 2016. However, during this same period of property tax decline, Income Tax revenues have held steady and continue to show an annual trend of revenue growth. Accordingly, it is important City's leadership continues to explore appropriate combinations of expense reductions and revenue enhancements to ensure our residents and business owners continue to receive the services they need at a cost that is affordable and reasonable. Following FY 2015-16, the City anticipates having cash reserves in the General Fund and Income Tax Fund exceeding \$1.7 Million.

Conclusion

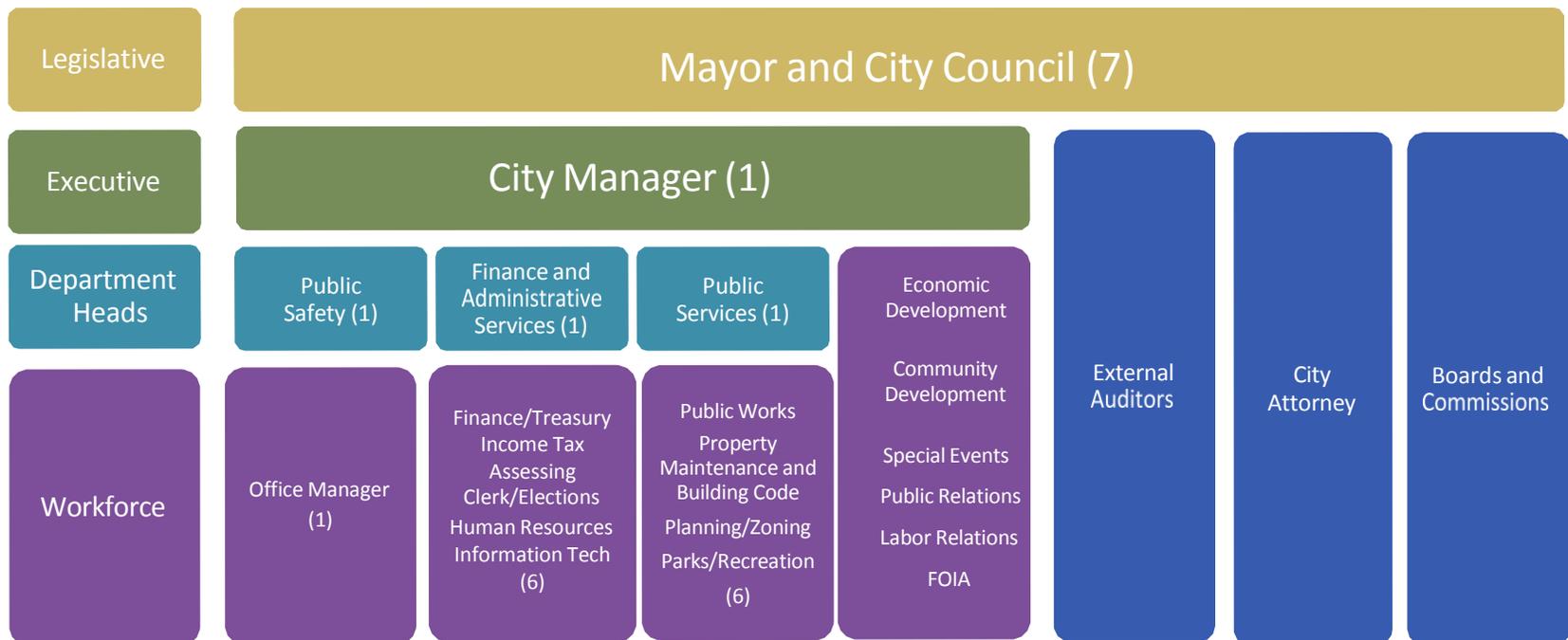
There are a number of issues that continue to affect Springfield's finances; some positive and some negative. The City's administration will be persistent in its efforts to provide a high level of fiscal management that focuses on reducing unnecessary costs and improving revenues while providing topnotch services at an affordable cost to our taxpayers. Accordingly, this FY 2015-16 Budget is respectfully submitted.

A handwritten signature in black ink that reads "Nathan R. Henne". The signature is written in a cursive style with a large initial "N" and "H".

Nathan Henne
City Manager



ORGANIZATIONAL CHART – UPDATED 2014



Beginning October 1, 2013, Springfield contracted with the Calhoun County Sheriff's Department to provide police service. In addition to 17 regular full time employees, the City has 8 part-time contractual positions that provide Assessing, Attorney, Finance, Income Tax, Inspector, Computer Network and Website/Graphic Design Services. On call part-time Fire Fighters total 15 and the City routinely utilizes 3 to 5 part-time seasonal employees.

PERMANENT POSITIONS

The FY 2015-16 Budget includes funding for the salaries and benefits of 17 full-time employees. The number of full-time positions has decreased from 35 to 17 since 2008. Last year’s budget included funding for 28 full-time positions. With the consolidation of Police Service October 1, 2013, funding for full-time wages and benefits decreased 39%. There was no job loss with the Police Consolidation. All of Springfield’s Public Safety Officers transferred to either Calhoun County’s Sheriff Department or were hired by the City of Battle Creek’s Police Department. These numbers do not account for seasonal labor, part-time employees, contractual employees or paid on-call firefighters that assist the Public Safety Department as needed.

FY 2015-16 will mark the ninth full budget cycle that excludes the City’s full-time Assessor and one Public Works Laborer. Also, the third full fiscal year without one full-time income tax clerk. This is the first fiscal year that the Public Safety Department will be contracting with the Calhoun County Sheriff for law enforcement services. These reductions are shown in the table below. They were made as the City strives to provide adequate services within the confines of the revenue available. Springfield has reduced its full-time workforce by 49% since FY 2006-07. In addition, this budget year is the sixth in which full time non-union staff members work four 9.5-hour days per week. Limiting employees to 38 total hours per week results in a net annual payroll savings of over \$17,000. The table of positions below indicates the normal staffing level for each of the City’s departments, past vs present.

Comparison of Past vs Present Full-time Positions

Department	Position	FT Employees	
		2006-07	2015-16
City Manager	City Manager	1.0	1.0
Finance/Administrative Services	Director	1.0	1.0
	City Clerk	1.5	1.0
	Finance/Admin Clerk	3.0	3.5
	Income Tax Auditor/Clerk	2.0	1.5
	Assessor	1.5	0.0
Public Services	Director	1.0	1.0
	Supervisor	1.0	1.0
	General Laborer	5.0	4.0
	Public Services Clerk	0.0	1.0
Public Safety	Director	1.0	1.0
	Office Manager	1.0	1.0
	PS Sergeant	4.0	0.0
	PS Officer	12.0	0.0
Total		35.0	17.0

Beginning October 1, 2013, Springfield contracted with the Calhoun County Sherriff’s Department to provide police service. In addition to 17 regular full time employees, the City has 8 part-time contractual positions that provide Assessing, Attorney, Finance, Income Tax, Inspector, Computer Network. On call part-time Fire Fighters total 18 and the City routinely utilizes 3 to 5 part-time seasonal employees.

EMPLOYEE WAGES AND BENEFITS

The City of Springfield offers its full-time employees a reasonable wage and benefit package. Salaried employees are offered a flat salary as compensation, while hourly employees are paid on an hourly basis, including overtime as per Federal and State law and appropriate labor contracts. Below are lists of wages and fringe benefits in place for Fiscal Year 2015-16. The number of full-time employees in a given pay grade is shown in parentheses. Costs for Fringe Benefits are expected to decrease \$139,200 for FY 2015-16 vs prior year due to implemented personnel changes and the retirement of several long-term employees.

Department Head Annual Salaries for FY 2015-16

Position	Base Salary	
City Manager	\$	77,600
Public Safety Director	\$	70,000
Finance & Admin Services Director	\$	60,550
Public Services Director	\$	59,670

Organized Labor Base Wage Schedule for FY 2015-16

	AFSCME		
Step 1	\$	34,486	(1)
Step 2	\$	36,254	(1)
Step 3	\$	42,390	(2)

Non-Union Base Wage Schedule for FY 2015-16

	Administrative			Finance/Income Tax Supervisory			City Clerk			DPW Supervisory		
Step 1	\$	*28,494		\$	*40,745	(2)	\$	44,440		\$	51,834	(1)
Step 2	\$	*31,438	(2)		N/A		\$	46,460			N/A	
Step 3	\$	*32,604	(1)		N/A		\$	48,480			N/A	
Step 4	\$	*35,627	(1)		N/A		\$	50,500			N/A	
Step 5	\$	*39,362	(1)		N/A		\$	55,800	(1)		N/A	

*Represents four-day, 38-hour regular work week beginning July 2008.

Current Fringe Benefits Provided

Fringe Benefit	Approx. Annual Cost		
Long-Term Sick Leave	\$	9,000	Based on 5% Average Usage
Longevity Pay	\$	15,500	Actual Payments to Employees
Life Insurance	\$	3,200	Actual Employer Paid Premium
Health Insurance	\$	128,100	Net Cost after Employee Share
Retirement	\$	213,600	Actual Employer Contribution
Total Approximate Cost	\$	369,400	

BUDGET PROCESS

The City of Springfield begins work on its annual budget immediately after the audited financial report of the previous year is complete. The first step in the annual budget process is to review the previous year’s audited financial statement and update the actual cash balances of the City’s funds. The next step is the completion of the annual Capital Improvement Plan, which is presented by City staff to the Planning Commission in December; and to the City Council in January. Individual City Departments begin preparing their budgets in February, and the City Manager considers their departmental recommendations in March. A proposed budget is provided to the City Council by the second meeting in April, and the budget study session is scheduled. At the budget study session, the City staff presents the proposed budget to the City Council and addresses any questions or concerns. Once there is a consensus for the proposed revenues and expenditures for the new Fiscal Year, the proposed budget is made available for the public to review; a public hearing is set for the second meeting in May. The final budget is adopted following the public hearing; at this time the annual millage is set, and the City’s fee schedule is adopted. The new budget becomes effective each July 1st. Throughout the entire budget process, staff and elected officials review current goals and develop new goals for the upcoming budget year(s); the goals are adopted along with the annual budget. The schedule and corresponding staff budgeting responsibilities are outlined below.

FY 2015-16 Budget Preparation Schedule

Step 1	Staff Begins Work on Annual Capital Improvement Plan	December 8, 2014
Step 2	Annual Capital Improvement Plan Adopted	February 2, 2015
Step 3	Department Heads Receive Budget Worksheets	February 16, 2015
Step 4	Proposed Budget Worksheets Received by City Manager	March 9, 2015
Step 5	City Manager/Department Head Budget Discussions	March 16, 2015
Step 6	Proposed Budget Received by City Council	April 20, 2015
Step 7	Public Hearing Set	April 20, 2015
Step 8	City Council Budget Study Session	May 4, 2015
Step 9	Notice of Public Hearing Published in Local Newspaper	April 21, 2015
Step 10	Public Hearing Held and Comments Received	May 4, 2015
Step 11	Adoption of FY 2015-16 Budget	May 4, 2015
Step 12	FY 2015-16 Budget Implemented	July 1, 2015

Department Head Budget Preparation Responsibilities

Nathan Henne, City Manager	City Council, City Manager, Tax Increment Finance Authority-Expenses, Economic Development Fund-Project Expenses, Farmers Market Fund
Ethan Moody, Finance Director	Revenues—all Funds, Wages & Benefits—all departments, Administrative & Labor Allocations—all departments, Finance and Administrative Services Dept, Income Tax Fund, Utility Billing, Refuse Fund, Vehicle Fund, Debt Service
Terry Blaniar, Public Services Director	Public Services Dept, Street Funds-Project Expenses, Sewer & Water Funds-Project Expenses, Vehicle Fund-Public Services
Scott Furgason, Public Safety Director	Public Safety Dept, Drug Enforcement Fund, Vehicle Fund-Public Safety

GOALS AND OBJECTIVES

Annually, the City of Springfield’s elected and appointed officials develop a number of goals and objectives to guide the City’s spending for the upcoming fiscal year. These goals are developed over the budget preparation period, and take into consideration the needs of the residents and business owners, the desires of the elected officials, and the general financial welfare of the City. Below is a list of some of the issues facing the city over the next 12+ months, a list of some of the City’s accomplishments from the past 24 months, and a list of goals for the City to work toward over the next year.

Ongoing Issues Driving City Goals and Objectives

Revenues	<p>i. While the General Fund Budget is healthy for 2015-16, revenue sources remain fickle; especially when considering shared revenue from the State of Michigan. Also, the decline of real property tax values and the recent repeal and phase out of personal property taxes continue to impact the General Fund revenue sources. However, the revenue from Income Tax collection remains very strong and stable. It will be important to carefully monitor future revenue decline trends and seek ways to ensure successful management of expenditure growth.</p>
Expenses	<p>i. There is an ongoing need to reduce expenditures to match revenue sources, and develop strategies to handle the increased cost demands of the City.</p> <p>ii. Health insurance reform, while initially causing premium costs to increase by 15%, seems to have stabilized the annual increases to less than 5%. However, reform also brought a change in how benefits are administered. Management will need to balance cost as well as benefit quality when considering options for health insurance.</p> <p>iii. Other Post-Employment Benefits or OPEB Liability is now annually identified and carefully measured. Steps continue to be made to achieve 100% funding of the City’s OPEB Liability</p>
Fund Balances	<p>i. The General Fund cash reserves are in the most stable position since the 1990s.</p> <ul style="list-style-type: none"> ▪ There is an ongoing need to ensure the General Fund Budget is not reliant on heavy transfers from other funds. ▪ Proactive, careful review and monitoring of the natural growth in expenses outpacing the natural growth of revenues is needed to prevent losses in cash reserves. <p>ii. Income Tax fund balance has shown consistent surpluses.</p> <ul style="list-style-type: none"> ▪ City Council shifted the funding priority from infrastructure improvements to funding of personnel cost. Recent reduction in full-time personnel positions will ultimately allow the Income Tax fund balance to replenish. ▪ The Income Tax Fund contributes direct funding to pay-as-you-go projects.
Business Development	<p>The Michigan recession appears to be on the rebound. For the City of Springfield, business has been slowly but steadily increasing. There are a number of existing vacant commercial and industrial sites with promising opportunity for future redevelopment. Prospective business owners are starting to take notice of these vacant properties. Management needs to sustain efforts to make Springfield an attractive city to do business.</p>
Business Needs	<p>Springfield has slowly remade itself into a small, business friendly community. Springfield City administration has historically been an open-door, business friendly group. Springfield is a great place to run a business, start a business or even move an existing business to take advantage of Springfield’s accessibility and lower cost of operation. As businesses struggle through the State’s slowed economy, Springfield must be aware of their needs, and continue to provide an environment that encourages retention, growth and development.</p>
Recreational	<p>The availability of recreational activities continues to be an important aspect of business and residential attraction and retention for the City of Springfield.</p>

Recent Local Accomplishments

OPEB Liabilities will slowly be eliminated under a new agreement between the City and its AFSCME represented employees. The union represents the Public Services Department employees. The City and the Union mutually agreed to eliminate retiree health care for employees hired after July, 2015. Employees will now be eligible for a Healthcare Savings Plan partially funded by the employee. This will create an estimated savings of \$174,000 per employee over a 20 year period. All non-union employees hired after 2009, including the city manager and department heads, are also ineligible for retiree healthcare.

The Legion Villa Property will be Demolished with the help of a \$135,000 grant from the State Land Bank. The City will be contributing an additional \$145,000. The building is severely deteriorated and is a blight on the surrounding area. The building will be torn down and the property sold.

Grant funding for FY 2014-15 \$102,000 CMAQ Grant received for the purchase of a replacement Department of Public Services dump/plow truck. Total cost of the purchase is \$135,000.

New Law Enforcement Agreement with Calhoun County Sherriff for police service was implemented in FY 2013-14. A State CGAP Grant of \$135,000 was awarded to provide funding for the new law enforcement contract transition. This includes re-stripping Springfield Police cars, updating records management software, training, legal services and much needed gear for Springfield's paid on call firefighters. Annual cost savings of \$500,000 is projected.

Major Street realignment and utility expansion project was completed in FY 2013-14. The project opened up 25 acres for commercial business development. This property is in close proximity to a well-established golf course and restaurant. A Federal STUL Grant for \$503,200 helped to fund the total cost of \$1,013,000. Springfield's current year budget provides funding of \$50,000 for a beautification project in this area to enhance business attraction.

Demolition of an old manufacturing facility once belonging to Clark Equipment Company began in 2014. The location of this 150 acre property is prime and zoned for heavy industrial use. The obsolete and condemned buildings are being torn down. Some materials have been salvaged and recycled by a local contractor. This land once cleared will be an ideal site for new manufacturing development.

Pulver Dryer, a **new business** to Springfield in 2012 now shows the number of employees has almost doubled and annual wages paid have increased \$1 million dollars since they opened. Springfield is home to Pulver Dryer's corporate world headquarters, and also the research/development and manufacturing components of the business.

New businesses opened in Springfield during FY 2013-14: Dobo's Lawn Mower Sales & Service opened their new headquarters and service center on West Dickman Rd, Professional Muffler & Brake opened on 20th Street and Territorial Brewing Company on N. Helmer Rd.

Three **Public Act 425 Agreements** were entered into with the City of Battle Creek to retain the Chrysler, Toyota and Honda Dealerships on the Magnificent Motor Mile. These agreements facilitated the redevelopment and expansion efforts of these prominent car dealerships in the City of Springfield.

The **vacant Suzuki dealership was redeveloped** to house the Express Auto dealership.

Springfield's Farmers Market continues to be a main attraction for the local community. In FY 2010-11, a CDBG Grant in the amount of \$150,000 was received to improve the Farmers Market facility. Matching funds of \$90,000 was provided by TIFA D. The new commercial kitchen and year-round vendor booths have made the market more attractive to visitors and renters. New income from banquet and kitchen rentals continues to offset operating costs at the Farmers Market. The Farmers' Market now accepts WIC/EBT/Debit/Credit card payments to enhance customer buying power. A Federal Fair Food Network Grant received annually provides matching funds for low income market shoppers.

A **new park** was added to the City of Springfield in FY 2011-12. A State DNRE Grant for \$30,000 with a local match of \$30,000 from TIFA B, provided the dollars to install a new neighborhood park on 27th St. near Wellworth Ave. The park was named in honor of former City Councilmember B. Carol Hinton who served Springfield for over 22 years.

The **Orchard Hills Subdivision** development agreement was expanded to allow for additional builders to purchase/develop lots in an effort to expedite the subdivision's overall development. Of the initial 41 available improved lots, a total of 19 new homes have been built. Four new homes were built in FY 2013-14.

Street Projects: In FY 2013-14, \$406,700 in Federal Grant funding was received to resurface Evergreen Rd, Upton Avenue (east), Avenue A (east) and West Goguac Street. Total project cost was \$508,400.

FY 2010-11, \$245,000 in CDBG Ice Grant funding was received to reconstruct New Moon Terrace, adding new storm sewers and curbing.

FY 2009-10, \$330,800 in American Recovery and Reinvestment Act Grant funds were received to reconstruct Harmonia Road. Total project cost was \$345,800.

FY 2009-10, \$425,000 in Michigan Community Development Block Grant funding was received to resurface all of the streets in the Heights & West Lake Woods neighborhoods. Total cost was \$530,700.

Vehicle Purchase with Grant dollars: in FY 2013-14, \$15,600 Federal USDA Grant dollars helped fund the purchase of a new Public Safety truck. Total cost was \$33,100.

FY 2010-11, \$75,000 Federal CMAQ Grant helped with the purchase of a new dump truck. Total cost was \$123,900.

FY 2009-10, \$159,100 in Federal CMAQ Grant funds helped with the purchase of a new street sweeper. Total cost was \$198,900. Federal USDA Grant of \$18,000 was used to purchase two new police cruisers. Total cost was \$51,600.

Public Safety Equipment Purchase with Grant dollars: Since FY 2008-09, \$63,000 in Grants have been received to fund a Fire Station Exhaust System, upgrade of fire radios, police in-car cameras and police bullet proof vests.

A **new community branding** effort continues; with *Picture Yourself in Springfield* as the main theme. Marketing efforts have included a 5 minute video, internet advertising, radio advertisements, Facebook activity and participation in the *History of Battle Creek, Marshall, and Springfield* publication.

The upcoming year will see Springfield staff work to accomplish the following goals and objectives:

Goal #1	Improve Springfield's Image
Objective 1a	Work with property owners to expedite the correction of existing code violations.
Objective 1b	Provide assistance to property owners who cannot afford needed improvements.
Objective 1c	Continue to enforce the structural building code.
Objective 1d	Create and adopt a <i>City-Wide Master Development and Land Use Plan</i> .
Objective 1e	Update current code to ensure appropriate land use and zoning decisions.
Goal #2	Accomplish Projects outlined in the Capital Improvement Plan
Objective 2a	Complete plans for beautification of 20 th Street corridor according to Master Plan
Objective 2b	Complete purchase of one-ton dump truck
Objective 2c	Complete beautification plan for Avenue A and Dickman Rd intersection
Goal #3	Grow the City of Springfield to a sustainable level
Objective 3a	Continue to promote the Orchard Hills Development; build 5 homes.
Objective 3b	Continue to work with residential developers interested in developing land on Harmonia Road into appropriate multi-family residential units.
Objective 3c	Facilitate the development of business enterprises that provide the day-to-day services and merchandise that our community members utilize (i.e. groceries, dining, etc.).
Objective 3d	Promote the City of Springfield as a great place for business investment.
Goal #4	Assess property owners fairly and adequately for City services
Objective 4a	Review utility rates and adjust accordingly.
Objective 4b	Continual review of department budgets to reduce spending where appropriate
Objective 4c	Continue to work regionally and cooperatively with other area municipalities.
Objective 4d	Implement financial guidelines that restrict deficit spending and regulate cash reserves to ensure that the reserves stay within acceptable minimum and maximum limits.
Goal #5	Improve local government transparency
Objective 5a	Publish a ' <i>Springfield. . . Today</i> ' newsletter four times per year.
Objective 5b	Communicate with residents and businesses through utility billing.
Objective 5c	Overhaul the current website to be more accessible
Goal #6	Provide a safe and secure environment for residents/businesses/visitors
Objective 6a	Continually review Law Enforcement contract with the County Sheriff to improve efficiencies while reducing expenses related to policing.
Objective 6b	Continue to work with neighborhood watch groups to encourage citizen involvement in public safety and security.
Objective 6c	Continue to fund the Child Identification Program; host two events annually

Goal #7	Encourage Employee Development
Objective 7a	Provide training opportunities for employees to perform more effectively.
Objective 7b	Provide training opportunities for employees to advance within the organization.
Objective 7c	Create a succession plan for all Departments.
Goal #8	Develop Springfield into a <i>Best Practices</i> example for financial management
Objective 8a	Review administrative structure to encourage more efficient provision of City services.
Objective 8b	Develop a means to reduce the City's healthcare costs without creating an unreasonable financial burden for employees.
Objective 8c	Explore other private and public funding sources for capital improvement projects.
Goal #9	Improve our Residents' Quality of Life
Objective 9a	Improve maintenance of Upton Park pond area.
Objective 9b	Provide/host more events at the Farmers' Market.
Objective 9c	Provide farmers market space for kitchen and banquet facility rentals.
Objective 9d	Invest in recreational activities that encourage youth involvement in recreation.
Objective 9e	Provide recreational opportunities that meet the needs of our senior population.
Objective 9f	Invest in infrastructure that encourages pedestrian and bicycle travel throughout the City.

GENERAL FINANCIAL PRACTICES

The City of Springfield has developed a number of general financial practices and policies to direct the City Manager and Finance Director while preparing the City's annual budget and managing its financial affairs. These principles are expected to guide City spending in a manner that creates and maintains financial stability.

The City of Springfield's general financial practices consist of a number of individual policies that address fund balances, investments, debt, capital improvements, and financial reporting. It is the intent of the City Council that, by enforcing each of these policies, the City will be better prepared to fund activities and improvements in current and future budget years, regardless of any changes in state or local economic conditions.

Fund Balances

The City's Fund Balances, or cash reserves, refer to the additional funds that the City saves after all of its expenditures. This money acts as working capital. The City holds the General Fund to a stricter standard than its other major funds. The fund balance requirements for the City are as follows:

General Fund

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 (averaged over the current and three most recent fiscal years). In the event undedicated reserves fall below 17%, the City will first cut all necessary pay-as-you-go capital improvements from the CIP; if needed, general operating expenses will then be cut to a sufficient level. In the event that the undedicated reserves grow above 27%, the City will first fully fund any under-funded OPEBs to comply with Government Accounting Standards Board (GASB) requirements. In the event all GASB requirements have been met, if needed, the City shall accelerate the payoff of existing installment loans and/or bonds to lower the City's debt burden.

The proposed General Fund budget for FY 2015-16 uses \$122,800 and the City expects undedicated reserves to be reduced to \$683,883 which represents approximately 27.5% of the Fund's three year average operating expenses. Over the next two budget years, the City anticipates shrinking its reserves to approximately 22% to 25% of the Fund's three year average operating expenses taking into account the loss of personal property tax revenues and the uncertainty of state reimbursement for lost PPT collections. Also taking into account expanded personnel cost and pay-as-you-go capital improvement projects.

All Other Funds

It is the policy of the City of Springfield to keep undedicated reserves at a level equal to 10% to 30% of general operating expenses for its other major funds (averaged over the current and three most recent fiscal years). In the event that the undedicated reserves fall below 10%, the City will first cut all necessary pay-as-you-go capital improvements from the CIP; if needed, general operating expenses will then be cut to a sufficient level. In the event that undedicated reserves grow above 27%, the City will review needed infrastructure improvement, consider accelerated payoff of existing bond principle and conduct an analysis of related rate/fee levels to determine the most appropriate strategy to provide on-going services to the citizens of Springfield.

Debt

For the purposes of this Policy, "Debt" shall refer to all known current and future obligations including Bonded Capital Debt, Loans, Pension UAL and OPEB UAL. Additionally, "Debt" shall refer to such obligations of both the City and its component unit funds. It is the general rule of the City to use pay-as-you-go funding for capital improvements when able. In the event that financing is needed, the City will follow the general debt limitation guidelines as follows:

1. All debt and unfunded liabilities as a percentage of taxable value should not exceed 10%. **currently 5.3%**
2. All debt as a percentage of taxable value should not exceed 4%. **currently 1.9%**
3. All debt and unfunded liabilities per capita should not exceed \$1,200. **currently \$809 per capita**
4. All debt per capita should not exceed \$1,000. **currently \$289 per capita**
5. All debt expenditures as a percentage of annual expenditures should not exceed 5%. **currently 5.1%**
6. All debt expenditures as a percentage of annual revenues should not exceed 5%. **currently 4.8%**
7. New Debt Service should not extend beyond **10 years** for individual projects/purchases.

2015 Taxable Value*	2015 Population	2015-16 Debt Service**	Bonded and Loan Debt Principle Balance @ 6-30-2015***	Unfunded Pension and OPEB Liabilities @ 6-30-2015
\$80,644,000	5,260	\$259,327	\$1,519,099	\$2,734,257

*Taxable Value includes Act 425 Properties

**General Government debt service equals \$109,436 and Component Unit debt service equals \$149,891 in FY 2014-15

***Bonded and Loan Debt principle balance includes \$640,000 General Government and \$879,099 Component Units.

Capital Improvements

Projects/Purchases that are typically included in the Capital Improvement Plan (CIP) are those that are expected to cost more than \$10,000, have a life expectancy of more than five years, and be an expense that is not an annual occurrence. Any item that meets these criteria should be included in the CIP prior to the beginning of the fiscal year. It is the intent of the City to maintain its assets at a level that protects the city's investment and minimizes future maintenance and replacement costs. The City will annually budget funds to adequately maintain its assets to this level.

Future Obligations

The City is committed to fully-funding future obligations related to employee pensions and other post-employment benefits (OPEBs). Currently, the City offers its full time employees a Defined Benefit Retirement Plan and retiree health insurance to employees hired before July 1, 2009. Beginning in FY 2011-12, all city employees began contributing to their DB Retirement plan.

The City has an annual actuarial valuation conducted by the Municipal Employees Retirement System of Michigan (MERS). Based on their recommendations, the City contributes a percentage of its annual payroll to the retirement system. Current practice is to contribute at the recommended level to all divisions with the goal to fund all retirement obligations at 100% by 2025. Currently, MERS pension obligations are funded at 78%.

The City has a plan to fund current OPEB obligations on a *pay-as-you-go* basis. In this plan, the City budgets for an amount equal to the current year's obligation in the *Post Employment Benefit* portion of the General Fund Budget. In addition to the *pay-as-you-go* funding for current year obligations, future benefit liabilities are funded via a trust fund. It is the City's intent to move from a *pay-as-you-go* system to a fully funded trust for OPEB obligations by 2025. If the City continues at its current pace, by FY 2025-26, the Trust Fund will have a principal balance of approximately \$1.02 Million. Once the City moves to a fully funded trust and investment return is considered, annual contributions will be adjusted accordingly.

Financial Reporting

The City's general accounting practices are expected to conform to all GASB standards. The City's financial statements are reported on a modified accrual basis; revenues are recorded when earned and expenses are recorded when a liability is incurred.

The Finance Department reports budget status to the City Council on a quarterly basis. Any amendments to the budget are recommended as soon as it is evident that an amendment is required. All amendments are completed prior to the end of the fiscal year. All expenses are presented to the City Council for approval at each regular City Council meeting.

Per the City Council-adopted Investment Policy, the Finance Department reports investment information to the City Council on a quarterly and an annual basis to ensure transparency in the City's investment practices.

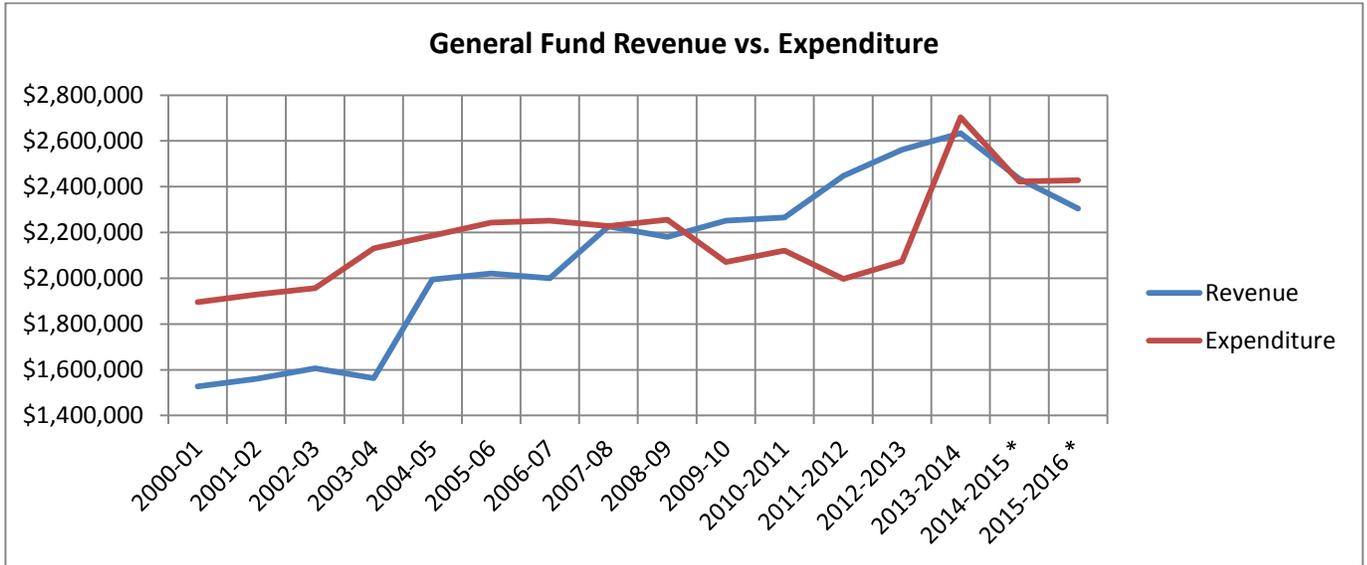
Each year the City will employ a qualified financial institution to complete an independent audit of the City's finances. This audit will be presented to the City Council by the auditors to ensure the proper disclosure of all financial findings.

In an effort to promote fiscal transparency, the City offers its *Financial Transparency* webpage. The webpage provides important financial information to all interested parties. This published information includes: operating budgets, audited financial reports, employee wages and benefits. Also, other financial documents can be found that include: Bond Rating, Long Term Debt Schedule, Cash Balance History and other important documents related to our revenues, expenses, long-term liabilities and general fiscal health.

HISTORY OF REVENUES AND EXPENDITURES

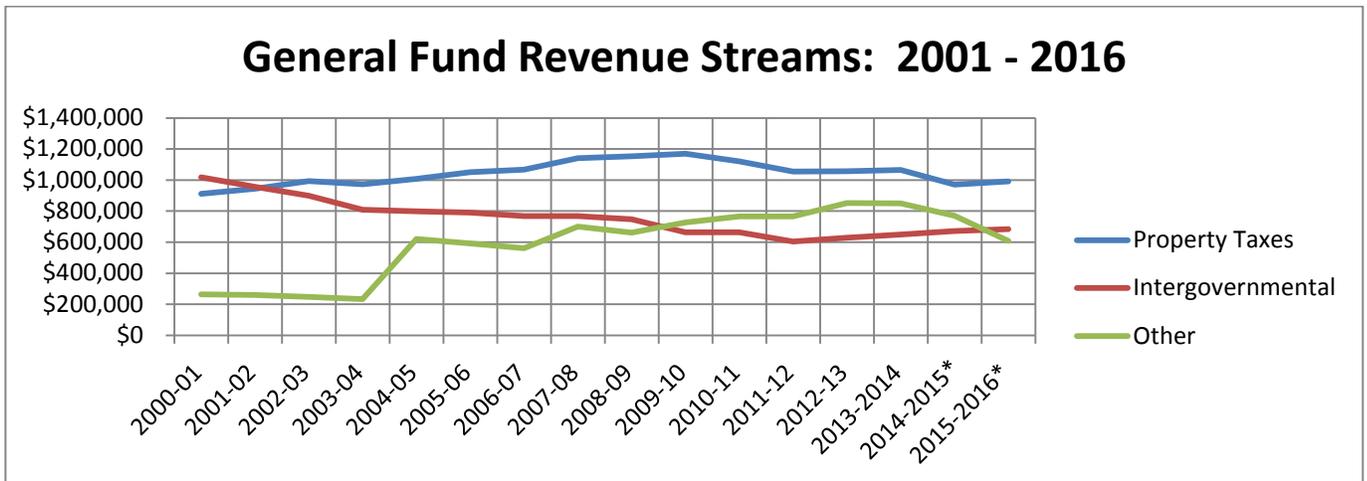
The City tracks its financial data each year and makes a comparison of revenues and expenditure trends from year to year. This practice is used to assure our taxpayers that funds are being collected and expended responsibly. Tracking revenues and expenses over an extended period helps demonstrate to City Officials and members of the public exactly how revenues are growing or shrinking and which areas of government are growing or shrinking.

The graph below tracks the overall General Fund Revenues since 2001. It does not separate any transfers from other inter-governmental funds that have taken place.



*Estimated

As the above graph shows, from 2001 to 2007 General Fund expenditures typically exceed revenues on an annual basis, although revenues seemed to rise at a relatively healthy rate. From 2008 to 2012, with the national and state recessions, revenues dropped dramatically. Accordingly, a number of changes were made to the City's organizational structure. These changes allowed projected General Fund expenses to drop to a level on par with early 2000 levels. This has been helpful, as General Fund revenues continued to fall. Going forward from 2013 to 2015 (projected), growth in public safety expenses threatened to greatly outpace revenue growth in the General Fund. So, the decision was made to begin contracted law enforcement services with the Calhoun County Sheriff's Department; cutting general fund expenses by more than \$500,000. The following graph more-clearly outlines how the City's revenue streams have performed since 2001:

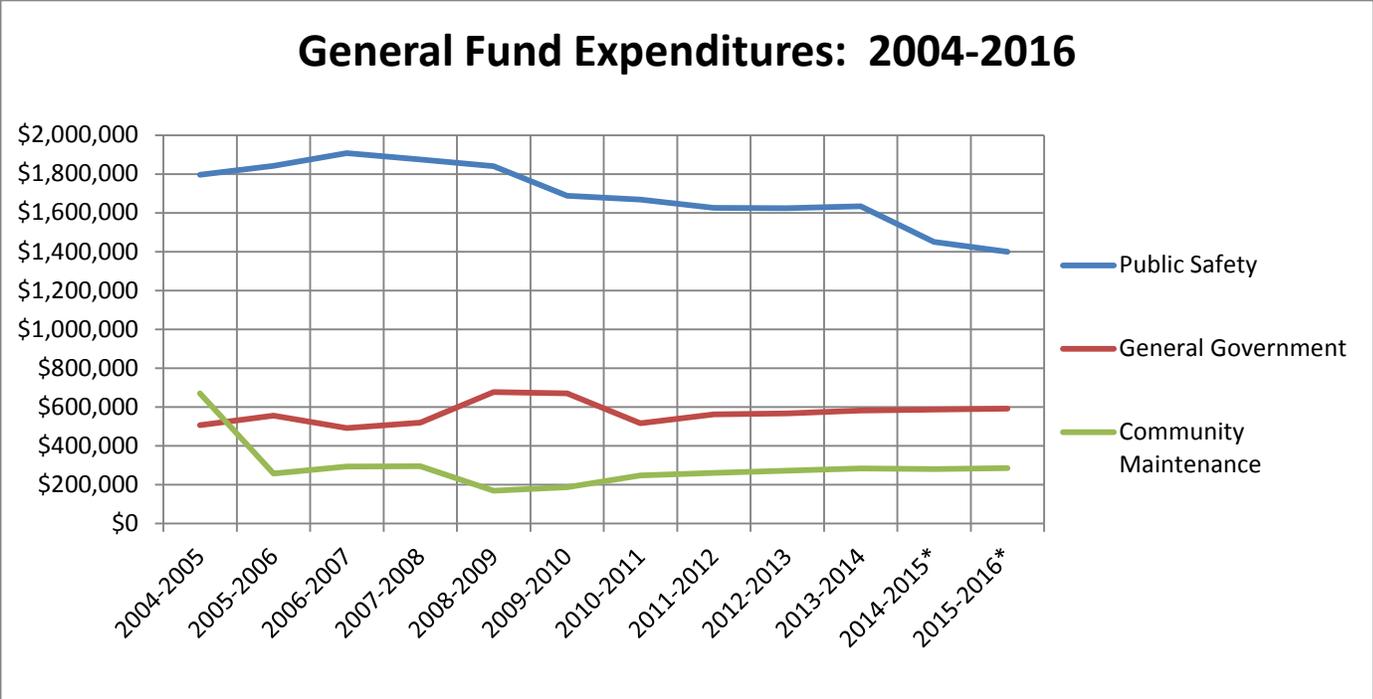


*Estimated

Property taxes have been the City’s most reliable and stable General Fund revenue source since 1990; growing steadily through the 2009-10 Fiscal Year (approximately 3.00% annually). From 2010 to 2011, values dropped slightly before rebounding slightly in 2012 and falling again in 2013 and 2014. At the same time, Intergovernmental Revenues (mostly in the form of State Revenue Sharing) reached its peak in 2001 and declined steadily until 2011-2012. Since then, state revenue sharing has increased about 3% per year. The City collects approximately \$350,000 less annually in Intergovernmental Revenues today than it did in 2001; over a 13-year period, that constitutes almost \$4.5 Million in lost income. Other Revenues have generally been steady since 2001. Property tax growth is largely dependent on the real estate market and as the local market enters its sixth year of stagnant/declining values, it has become evident that future property tax revenues will be slow to realize long-term stable growth as they had in recent years.

From 2006 to 2016, General Fund expenditures on Public Safety have been greatly reduced. Public Safety expenses have risen across the State of Michigan over the past 20+ years; rising wages, benefit costs, vehicle maintenance, and gasoline prices have all had a great effect on the cost of the services related to Public Safety. In an effort to manage the rising public safety costs, the City reorganized its public safety services effective May 2009 and then contracted with the Calhoun County Sheriff’s Office to provide law enforcement services to the City of Springfield in October of 2013. This contract allows the City to provide comparable level of service as in years past, but at a significantly reduced cost.

Aside from some fluctuations for capital improvements, expenses on general government and community maintenance have remained relatively flat from 2004 to 2016. This trend is demonstrated in the following graph:



*Estimated

FY 2014-15 BUDGET SUMMARY

All Funds Summary

FY 2015-16 budgeted revenues are anticipated to equal approximately \$6,418,900. Total expenditures are expected to reach \$6,490,000. This represents city-wide budgeted appropriations over revenue of \$71,100. If budgeted non-cash depreciation of \$208,900 is considered, overall increase to cash balance equals \$137,800. The City's cash balance including the component units are expected to equal over \$3.7 million on June 30, 2016. The Retiree Health Care Trust will receive an employer contribution of \$60,000 from the General Fund, plus investment income and is expected to end the year with a cash balance of \$372,000.

This information is illustrated in the following table:

Fund	2015-16 Revenues	2015-16 Expenditures	Net Appropriations	Projected Cash Balance
General Fund	2,305,000	2,427,800	(122,800)	683,883
Major Streets	335,000	347,400	(12,400)	332,202
Local Streets	204,100	301,600	(97,500)	176,783
Income Tax	802,400	543,200	259,200	1,052,259
TIFA B	164,400	144,700	19,700	449,463
TIFA D	138,000	105,400	32,600	353,125
Economic Development	91,300	117,800	(26,500)	88,767
Brownfield Fund	23,200	23,400	(200)	222
Drug Fund	2,500	500	2,000	16,741
Farmers Market Fund	115,800	115,800	0	13,716
Building Fund	106,100	114,600	(8,500)	36,265
Sewer Fund	910,200	919,900	(9,700)	483,697
Water Fund	585,300	625,800	(40,500)	533,533
Refuse Fund	233,200	224,800	8,400	108,495
Vehicle Fund	402,400	477,300	(74,900)	39,657
Total	\$6,418,900	\$6,490,000	(71,100)	4,368,808
Retiree Health Care Trust	N/A	N/A	N/A	372,720
Grand Total	6,418,900	\$6,490,000	(71,100)	4,741,528

General Fund Summary

The City of Springfield proposes a healthy General Fund Budget in FY 2015-16. The move to contractual Police Service and other implemented cost reduction measures has resulted in renewed financial strength for the City of Springfield. The insight and proactive steps taken to make the necessary changes in Police Service and to city-wide employee benefit costs, has without a doubt improved Springfield's financial position for the long term.

The General Fund's main source of revenue is generated through property taxes on real and personal property. The City of Springfield's 2015 taxable value is \$80,642,887. This represents an increase of 0.6% compared to FY 2014-15's taxable value of \$80,122,301. After tax capture by Springfield's Tax Increment Finance (TIFA) and Brownfield Redevelopment (BRA) Authorities, the City expects to collect approximately \$866,100 from its 14 Operating Mills and 1 Public Safety Retirement Mill. The TIFA and Brownfield Funds will capture a total of \$298,800 from taxing units in FY 2015-16. Administrative fees received by the General Fund for the collection and disbursement of property taxes to other governmental entities will total \$22,000.

State of Michigan Revenue Sharing is Springfield's second largest General Fund revenue source. For FY 2015-16, estimated revenue is \$683,600. This represents an increase of 2% over FY 2014-15. General Fund State Shared Revenue has fallen from more than \$1 million dollars annually in 2001 to its current level, costing the City of Springfield more than \$3.5 million in lost revenue over the past 13 years. In coming budget years, depending on the decisions of Michigan's state officials, the City of Springfield may be required to rely even less on this revenue source to fund general operating activities.

Budgeted transfers from the Income Tax Fund in the amount of \$302,400 are the General Fund's third largest revenue source. These transfers help to finance Public Safety expenses. The FY 2015-16 budgeted transfers reflect a decrease of \$96,200 or 24% from FY 2014-15 transfers of \$398,600.

Other noteworthy revenue sources anticipated in the City's General Fund for FY 2015-16 include Grant proceeds of \$135,000 for the demolition of the Legion Villa, employee/retiree medical insurance cost share-\$76,000, cable television franchise fees-\$52,000, court fines-\$42,000 and an excess asset distribution from the City's property and liability provider in the amount of \$71,000. Total General Fund revenue will equal \$2,305,000. This reflects a decrease of approximately \$129,100 or 5.3% from the previous fiscal year's amended budget. This decrease is due primarily to the first phase of Personal Property Tax elimination as well as a decrease in the transfer from the Income Tax Fund.

Total General Fund Expenditures for FY 2015-16 are anticipated to equal \$2,427,800. Public Safety accounts for \$1.26 million or 51%. FY 2015-16 will be the second full year the City of Springfield operates under the new law enforcement contract with the Calhoun County Sheriff that took effect in October 2013. Additional Public Safety cost savings are expected in future years due to the significant impact this change will have on future pension and OPEB liabilities related to former Public Safety Officers.

Because of the slow-recovering economic conditions in much of Michigan in recent years, expenditures are generally increasing at a rate greater than revenues across the State. Springfield will continue to carefully monitor this trend and seek ways to effectively manage expense levels in all city departments.

Other Funds Summary

The **Major Street Fund** is expected to receive \$335,000 in FY 2015-16; primarily from State Shared Act 51 dollars, a Metro Act distribution, special assessments and reimbursement from the State for trunk line maintenance. No major street projects are planned this budget year. The Major Street budget funds \$237,900 in soft construction costs, routine, traffic service and winter maintenance. Expenditures also include \$25,500 for administrative cost and a \$9,000 debt service payment for 2006 Bond Debt. The Major Street Fund will transfer \$75,000 to the Local Street Fund this budget year. The net appropriation will result in a decrease of \$12,400 in the Fund's cash balance primarily due to the increased transfer to the Local Streets Fund.

The **Local Street Fund** is expected to receive \$204,100 in FY 2015-16; primarily from State Shared Act 51 dollars, a Metro Act distribution and special assessments. The Local Street Fund will also receive a \$75,000 transfer from the Major Street Fund. State law permits the use of up to 50% of Major Street Act 51 dollars for Local Streets. The Local Street budget funds \$245,000 in soft construction costs, routine, traffic service and winter maintenance. Expenditures also include \$9,500 for administrative cost and a \$47,100 debt service payment for 2006 Bond Debt. The net appropriation will result in a decrease of \$97,500 in the Fund's cash balance.

The **Income Tax Fund** is expected to show a revenue increase of 2% in FY 2015-16. Income Tax collections have continued to show a consistent growth trend in recent years. Anticipated revenue for FY 2015-16 is \$802,400. Income Tax administration expense is budgeted at \$239,200, an increase of 3% compared to prior year. In FY 2015-16, Income Tax will transfer \$302,400 to the General Fund to be used to off-set the cost of the new law enforcement contract. Last year, Income Tax funded Public Safety in the amount of \$398,600. An annual savings of \$96,200 or 25% has been realized with the new police service contract. The net appropriation will result in an increase of \$259,200 in the Fund's cash balance.

The **TIFA B Fund** will receive \$164,400 primarily from captured property taxes and investment income. The Fund will spend \$19,000 in budgeted projects that include: 20th Street Beautification, Economic Development and the Magnificent Motor Mile. In addition, the TIFA B budget funds \$27,600 in operating costs, a \$12,100 transfer to the Brownfield and a \$86,000 debt service payment for 1999 Bond Debt. The net appropriation will result in an increase of \$19,700 in the Fund's cash balance. Major improvements in the TIFA B Development Area; like the Express Auto Project, the Henkel Chrysler-Jeep, Honda and Toyota dealership renovation/expansions, have positively impacted the Fund's ability to capture tax revenue for many years to come.

The **TIFA D Fund** will receive \$138,000 from captured property taxes, and investment income. The Fund will spend \$26,500 in budgeted projects that include: 20th Street Beautification, Avenue A Beautification, and Economic Development. In addition, the TIFA D budget funds \$38,100 in operating costs and \$40,800 in debt service payments for 2007 Bond Debt and the initial payment on the installment loan. The net appropriation will result in an increase of \$32,600 in the Fund's cash balance.

The **Economic Development Fund** will receive \$91,300 primarily from the sale of city property, a Communications Site Lease and a pass-thru of special assessments for the Magnificent Motor Mile. The Economic Development budget funds \$47,800 in operating cost, a pass-thru of MMM special assessments and small grants to local residents under the Fix & Repair Program. The net appropriation results in a decrease of \$26,500 in the Fund's cash balance.

The **Brownfield Fund** will receive \$23,200 from captured tax and a transfer from TIFA B. Budgeted expenses include a loan payment of \$23,200 and an administrative expense of \$200. The 15 year loan received from the State of Michigan DEQ facilitated remediation of site contamination of the former Baker Oil property. New construction on this property included the Springfield Do-It-Center and Kalsee Credit Union. Because of state-wide property value decline in recent years, the tax capture generated by the newly developed property has not been enough to fully fund the annual loan payment. While the tax capture from this Brownfield property has steadily increased each year, a shortfall in FY 2015-16 of approximately \$12,100 will be funded by TIFA B.

The **Drug law Enforcement Fund** is expected to collect \$2,500 in revenue; with projected expenses of \$500. This Fund's main source of revenue is the sale for forfeited/seized properties. The net appropriations will result in an increase of \$2,000 to the Fund's cash balance.

The **Farmers Market Fund** is expected to receive \$115,800. Vendor fees, Banquet Center rental, Kitchen rental fees, special events, sponsorships, and miscellaneous income will generate approximately \$59,800. A transfer of \$53,600 from the General Fund will provide additional funding. Expenses related to the Farmers Market and its events are expected to equal \$83,100, while expenses for the operation of the community kitchen and the banquet facility are expected to total \$18,500 and \$14,200, respectively. The Fund is expected to break even at year-end.

The **Building Fund** will collect \$106,100 in revenue primarily from building, electrical, mechanical, plumbing permits, and a transfer of \$60,000 from the General Fund to pay for the Legion Villa Demolition. Expenditures of \$114,600 fund operating cost, payment to inspectors, and the demolition of the Legion Villa. The net appropriation will result in a decrease of \$8,500 in the Fund's cash balance.

The **Sewer Fund** will collect \$910,200 in revenue during FY 2015-16. Operating expenses are estimated to reach \$818,800. Expenditures also include a \$3,900 debt service payment for 2006 Bond Debt. After adjusting for \$97,200 in non-cash depreciation, the Fund will gain \$87,500 in cash reserves.

The **Water Fund** will collect \$585,300 in revenue during FY 2015-16. Operating expenses are estimated to reach \$566,800. Expenditures also include a \$3,600 debt service payment for 2006 Bond Debt. After adjusting for \$55,400 in non-cash depreciation, the Fund will gain \$14,900 in cash reserves.

The **Refuse Fund** will collect \$233,200 in revenue during FY 2015-16. Operating expenses are estimated to reach \$213,300. Transfers to the General Fund and Farmers Market will be \$9,100 and \$2,400 respectively. The net appropriation will result in an increase of \$8,400 in cash reserves.

The **Vehicle Fund** owns all City vehicles and related equipment. This enterprise fund charges rental rates to the other city departments for the use of vehicles. The Vehicle Fund is expected to receive \$402,400 in FY 2015-16. \$190,000 of this revenue is an installment loan to purchase much needed replacements for the City's aging backhoe, 2 mowers, and a one-ton dump truck. All of the equipment being replaced has more than outlived its expected operating life due to the strict maintenance schedule kept by the Public Services Department. Budgeted expenses total \$477,300. After adjustment for \$74,900 of non-cash depreciation, the fund is expected to break even.

GENERAL FUND NET APPROPRIATIONS

	2013-14 ACTUAL	2014-15 AMENDED	2015-16 ADOPTED
TOTAL REVENUES	2,587,200	2,434,100	2,305,000
CITY COUNCIL	48,700	50,200	51,800
CITY MANAGER	121,600	123,800	126,900
FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT	759,500	825,600	744,900
PUBLIC SAFETY DEPARTMENT	1,638,700	1,402,400	1,260,000
PUBLIC SERVICES DEPARTMENT	804,900	789,300	715,000
POST EMPLOYMENT BENEFITS	104,500	124,200	212,400
ADMIN ALLOCATIONS TO OTHER FUNDS/ACTIVITY	-575,600	-593,200	-580,200
LABOR ALLOCATIONS TO OTHER FUNDS/ACTIVITY	-321,800	-296,500	-280,300
APPROPRIATIONS TO OTHER FUNDS	20,300	88,500	173,300
TOTAL APPROPRIATIONS	2,523,200	2,530,500	2,427,800
NET OF REVENUES/APPROPRIATIONS	64,000	-96,400	-122,800

ADMINISTRATIVE ALLOCATIONS TO THE GENERAL FUND

FUND	CITY MANAGER	FINANCE AND ADMINISTRATIVE SERVICES	PUBLIC SERVICES	FY 2015-16 ANNUAL
Major Street	5,400	7,200	12,200	24,800
Local Street	1,600	3,700	3,500	8,800
Sewer Fund	13,800	48,300	39,300	101,400
Water Fund	13,800	48,300	39,300	101,400
Refuse Fund	2,700	14,100		16,800
Vehicle Fund	6,700	12,100	4,800	23,600
Income Tax Fund	16,100	223,100		239,200
Building Fund		1,200	4,600	5,800
PS Drug Fund		500		500
Farmers Market	1,700	2,200	1,300	5,200
Economic Development	4,500	4,000		8,500
TIFA B Fund	11,400	9,300	1,400	22,100
TIFA D Fund	11,400	9,300	1,400	22,100
Total	89,100	383,300	107,800	580,200

Administrative allocations are based on estimated time spent on admin related tasks for each fund.

Act 51 caps admin expense @ 10% of State Shared Revenue in the Street Funds.

GENERAL FUND BUDGET PROJECTIONS

	2014-15	2015-16	2016-17
	AMENDED	APPROVED	PROJECTED
PROPERTY TAXES	1,012,900	1,031,200	1,041,500
REVENUE SHARING	670,900	683,600	697,300
TRANSFERS IN	407,600	311,500	311,500
OTHER REVENUE	342,700	278,700	285,700
TOTAL REVENUES	2,434,100	2,305,000	2,336,000
CITY COUNCIL	50,200	51,800	52,800
CITY MANAGER	123,800	126,900	129,400
FINANCE & ADMINISTRATIVE SERVICES	825,600	744,900	759,800
PUBLIC SAFETY DEPT	1,402,400	1,260,000	1,285,200
PUBLIC SERVICES	789,300	715,000	729,300
POST EMPLOYMENT BENEFITS	124,200	212,400	216,700
ADMIN ALLOCATIONS TO OTHER FUNDS/ACTIVITY	-593,200	-580,200	-591,800
LABOR ALLOCATIONS TO OTHER FUNDS/ACTIVITY	-280,300	-276,300	-281,800
APPROPRIATIONS TO OTHER FUNDS	88,500	173,300	88,500
TOTAL APPROPRIATIONS	2,530,500	2,427,800	2,388,100
NET OF REVENUES/APPROPRIATIONS	-96,400	-122,800	-52,100

Budget Projection Criteria Used:

REVENUES

1. Property tax growth rate: 1% annually
2. Loss of Personal Property Taxes – Reimbursement of lost revenue from State is uncertain
3. Revenue Sharing growth rate: 2%
4. Transfers in are expected to remain the same
5. Other revenue growth rate: 2.5%
6. Consolidation Grant for \$77K in FY 2014-15 budget for new Police Service

EXPENSES

1. General expense growth rate: 2%
2. Appropriations to other fund equal to FY 2014-15 levels
3. Large transfer out in FY 2015-16 for demolition of Legion Villa property and purchase of new Public Services equipment
4. Limited capital projects/outlay

CASH BALANCE HISTORY 2007 -2016

	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	*6/30/2015 <i>Projected</i>	*6/30/2016 <i>Projected</i>
General Fund	483,827	667,748	729,515	744,883	782,036	770,346	839,335	903,083	806,683	683,883
Income Tax Fund	214,194	281,357	289,870	319,423	336,801	451,600	608,957	637,059	793,059	1,052,259
Economic Development	144,919	104,383	93,075	136,585	132,683	128,405	95,874	109,567	115,267	88,767
Drug Fund	4,550	2,831	6,287	7,734	2,770	28,105	15,766	18,241	14,741	16,741
Special Revenue	363,663	388,571	389,232	463,742	472,254	608,110	720,597	764,867	923,067	1,157,767
Major Street	675,275	553,635	456,608	376,130	408,063	433,019	416,403	326,902	344,602	332,202
Local Street	360,602	366,024	169,063	173,678	209,112	299,726	361,831	395,483	274,283	176,783
Street Funds	1,035,877	919,659	625,671	549,808	617,175	732,745	778,234	722,385	618,885	508,985
Farmers Market	0	0	0	0	0	0	8,980	9,716	13,716	13,716
Building Fund	1,846	7,374	15,248	22,671	26,781	25,507	37,067	36,265	44,765	36,265
Sewer Fund	339,785	431,422	509,127	504,268	486,671	482,423	477,741	344,097	396,197	483,697
Water Fund	422,239	434,628	407,975	351,567	424,574	529,755	655,437	571,533	518,633	533,533
Refuse Fund	55,340	58,116	55,664	50,357	46,436	54,739	74,728	91,095	100,095	108,495
Proprietary Funds	819,210	931,540	988,014	928,863	984,462	1,092,424	1,253,953	1,052,706	1,073,406	1,175,706
Vehicle Fund	9,116	53,537	86,114	74,389	28,641	28,140	41,945	44,457	39,657	39,657
CITY FUNDS TOTAL	2,711,693	2,961,055	2,818,546	2,761,685	2,884,568	3,231,765	3,634,064	3,487,498	3,461,698	3,565,998
TIFA B	172,553	240,445	210,192	291,635	325,320	373,781	417,275	429,263	429,763	449,463
TIFA D	890,152	576,179	534,034	513,848	438,219	415,652	382,185	408,025	320,525	353,125
Brownfield	6,477	8,301	14,318	296	105	507	375	422	422	222
TIFA/BF Funds	1,069,182	824,925	758,544	805,779	763,644	789,940	799,835	837,710	750,710	802,810
Retiree HC Trust	123,613	126,159	107,825	108,272	138,054	132,313	208,387	269,235	302,720	372,720
GRAND TOTALS	3,904,488	3,912,139	3,684,915	3,675,736	3,786,266	4,154,018	4,642,286	4,594,443	4,515,128	4,741,528

CITY OF SPRINGFIELD
SCHEDULE OF LONG TERM DEBT @ 6-30-2015

	Final Payment	Original Amount	Principle Balance at 06-30-14	Principle Paid in FY 14-15	Interest Paid in FY 14-15	Fees Paid in FY 14-15	Total Paid in FY 14-15	Principle Balance @ 06-30-15
GOVERNMENTAL FUNDS								
2006 Capital Improvement Bonds - Orchard Hills – Major Street	05-01-2026	117,410	82,066	5,381	3,800	27	9,208	76,685
2006 Capital Improvement Bonds - Orchard Hills - Local Street	05-01-2026	629,835	441,223	28,364	20,031	142	48,537	412,859
Governmental Funds Total		747,245	523,289	33,745	23,831	169	57,745	489,544
PROPRIETARY FUNDS								
2006 Capital Improvement Bonds - Orchard Hills – Sewer	05-01-2026	128,355	84,447	5,847	4,129	29	10,005	78,600
2006 Capital Improvement Bonds - Orchard Hills – Water	05-01-2026	119,400	77,264	5,408	3,820	27	9,255	71,856
Sewer & Water Funds Total		247,755	161,711	11,255	7,949	56	19,260	150,456
TAX INCREMENT FINANCE & BROWNFIELD FUNDS								
1999 TIFA B Bonds - East Airport	05-01-2019	955,000	375,000	65,000	19,225	750	84,975	310,000
2007 TIFA D Bonds - Public Safety Expansion	05-01-2027	550,000	480,000	20,000	21,630	500	42,130	460,000
2005 Brownfield Loan - Baker Oil Site	03-18-2019	245,031	129,652	20,553	2,593	0	23,146	109,099
TIFA/Brownfield Funds Total		1,750,031	984,652	105,553	43,448	1,250	150,251	879,099
GRAND TOTALS		2,745,031	1,669,652	150,553	75,228	1,475	227,256	1,519,099



May 4, 2015

R E S O L U T I O N

No. 19-15

RESOLVED BY THE COUNCIL OF THE CITY OF SPRINGFIELD to set the Public Hearing to receive comments regarding the FY 15/16 budget for May 19, 2014, at 7:30 p.m.

MOVED: Council Member Eib

SECONDED: Council Member Hollingsworth

All ayes. Resolution adopted.



May 19, 2014

R E S O L U T I O N

No. 21-14

RESOLVED BY THE COUNCIL OF THE CITY OF SPRINGFIELD to set the FY 2014/2015
General Operating millage at 14.0000 mills.

BE IT FURTHER RESOLVED that the Public Safety Retirement millage rate for FY
2014/2015 be set at 1.0000 mill.

MOVED: Council Member Young

SECONDED: Council Member Eib

All ayes. Resolution adopted.



May 19, 2014

R E S O L U T I O N

No. 22-14

RESOLVED BY THE COUNCIL OF THE CITY OF SPRINGFIELD to approve the FY 2014/2015 budget as submitted using the activity or departmental basis format.

MOVED: Council Member Riley

SECONDED: Council Member Eib

All ayes. Resolution adopted.



May 19, 2014

R E S O L U T I O N

No. 23-14

WHEREAS, Michigan Public Act 51 of 1951, section 247.663.13 (6) permits a transfer to the Local Street Fund of an amount up to 50% per year of monies received from the Michigan Transportation Fund for use on the Major Street System; and

WHEREAS, additional funding for the 2014/2015 budget is needed for the Local Street System.

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SPRINGFIELD to authorize a transfer of \$50,000 from the Major Street Fund to the Local Street Fund.

MOVED: Council Member Eib

SECONDED: Council Member Whitfield

All ayes. Resolution adopted.