

2018



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ADOPTED MAY 7, 2018

[FY 2018-19 OPERATING BUDGET]

The Springfield City Council presents this FY 2018-19 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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August 15, 2018

TO THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL:

It is a distinct honor to write my first City Manager's Budget Message to you. After arriving just a few months ago to the City of Springfield, I have already been provided clear confirmation in my belief that Springfield is a place with a distinguished past, exciting present and unparalleled future. To each of you, I say "thank you" for the opportunity to serve this great community.

The Fiscal Year (FY) 2018 Budget is the product of several collaborative sessions between your governing body and the City's staff, as well as countless hours of analysis and preparation from all levels of the City's capable team. I wish to specifically highlight the hard work of this year's Interim City Manager, Terry Blaniar and Finance Director, Ethan Moody, as together they have provided the necessary guidance to this year's budget, even in the midst of significant transition for the City of Springfield. Their leadership efforts are appreciated and valued.

As you know, Fiscal Year 2017 brought a number of challenges to the City including changes to key executive leadership positions. Because of the steady leadership of the Council and the management team of the City, many of those challenges have been converted into opportunities and accomplishments. As your new City Manager, please know that while a number of challenges still remain, I will work tirelessly with you and our very capable team of professionals to keep pressing toward our future of shared successes.

For FY 2018/19, the pace of expenditures has remained in line with that of revenues, but we want to continue to make sure to present a structurally balanced budget for Fiscal Year 2019/20 and beyond. While the FY 2018 budget will meet the statutory definition of a balanced budget, the use of non-recurring revenues such as fund balance is not the most ideal scenario. The use of non-recurring revenues is a practical reality for local governments from time to time, but we must be mindful of the impacts of these decisions that should soon be replaced with long-term balancing solutions. Many items were taken into consideration to put the City in a much better financial position. The City was able to approve a cost-of-living wage increase of 4.5% for all non-union employees. Retaining a committed and hardworking staff plays an integral role in employee productivity and dependability. We must remain competitive with regard to wages to maintain a satisfied and qualified workforce.

The city's financial future is in a much better position now than it was a year ago when staff prepared the FY 2017/18 budget. Last year we needed to find \$1.2 Million in the General Fund over a period of 5 years to keep General Fund from going into a deficit position. The largest contributing factor to General Fund's projected decline was pension expense, which MERS was projecting to increase \$45,000 annually for the next 10 years (from \$243,000 in FY 2017/18 to \$700,000 in FY 2026/27) if everything remained unchanged and the city continued to make the minimum required contributions. Here are a few actions taken over the last year(s) that have put Springfield on an improved financial trajectory:

- A \$500,000 voluntary contribution was made to the closed public safety pension division and another \$300,000 will be made as part of the 2018/19 budget
- The amortization schedule of the closed public safety pension division was changed to extend the timeframe to pay off the unfunded liability
- Began making annual withdrawals of \$25,000 from the city's retiree health care trust
- TIFA B property tax capture from city millages has been limited to only what is needed for debt payments and TIFA B will be fully dissolved in a couple of years when all debt is paid off

- The Farmers Market building was leased to Sprout
- The city joined Michigan CLASS investment pool, currently earning 22 times what our money would earn sitting in regular bank accounts
- City Council resolved to commit income tax revenues to a broader use than has been allowed in the past
- Non-union employee contribution to pension was increased from 2% to 5% (with the intention of increasing union employee contribution when their contract renews)

The commitment to find ways to align our recurring revenues with our recurring expenditures is the highest priority for me and the management team, and we look forward to partnering with you and our community to find measures which will allow us to once again return to a structurally balanced budget.

For FY 2018, expenditures in the City's General Fund will be \$2,887,000, which represents a 13% decrease in appropriations from the FY 2017 Amended Budget total of \$3,334,400. It is noteworthy that a large portion of the decrease is the result of a reduced voluntary contribution to the City's pension trust in FY 2018.

The City of Springfield continues to grow, and we must rise to the challenge of providing core services to our community that includes public safety, accessible and transparent government, beautiful parks for all ages, high-quality and dependable water, building safety measures and a number of amenities that our residents, businesses and visitors have come to expect from their local government.

Over the next year, we will continue to define our values and clarify our mission. Beginning next month, we will embark on a well-defined financial strategic plan, as well as, set the stage for a long-term strategic plan for the entire City. We will be purposeful and intentional about providing for long-term financial viability and true balance between revenues and expenditures going forward.

Lastly, I wish to sincerely thank each member of the Springfield City Council for your continued hard work for the citizens of Springfield, and for your thoughtful input, support and guidance in this year's budget process. We are better because of your service.

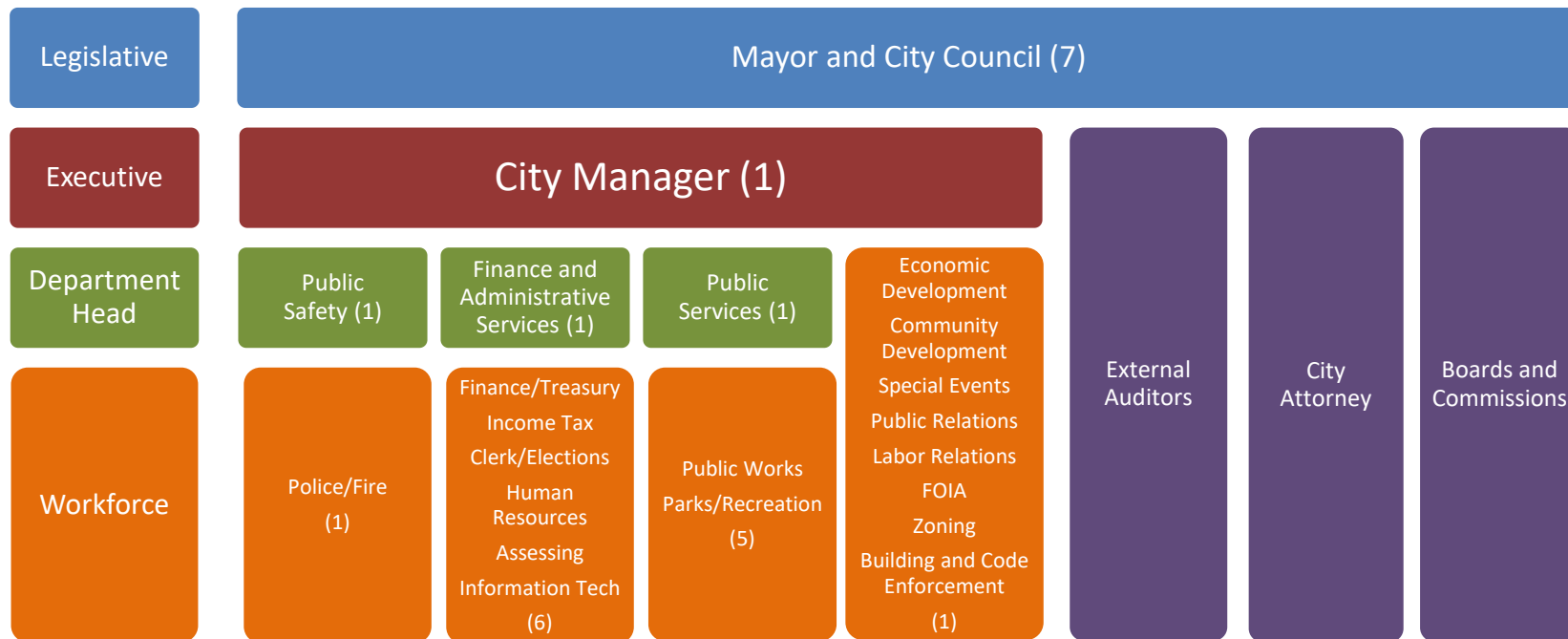
Best regards,

A handwritten signature in blue ink that reads "Kevin A. Catlin". The signature is stylized, with a large "K" and "A" and a cursive "Catlin".

Kevin A. Catlin, MPA
City Manager



ORGANIZATIONAL CHART



Beginning October 1, 2013, Springfield contracted with the Calhoun County Sheriff's Department to provide police service. In addition to 1 regular part-time and 16 regular full-time employees, the City has 7 part-time contractual positions that provide Assessing, Attorney, Income Tax, Inspector, and Computer Network services. On call part-time Fire Fighters total 21 and the City routinely utilizes 2 part-time seasonal employees.

PERMANENT POSITIONS

The FY 2018-19 budget includes funding for the salaries and benefits of 16 full-time employees. The number of full-time funded positions decreased from 28 to 16 with the consolidation of police service October 1, 2013; a decrease of 43%. There was no job loss 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’s Police Department. These numbers do not account for seasonal labor, part-time employees, contractual employees or paid on-call firefighters that assist the Fire Department as needed.

FY 2017-18 will mark the ninth full budget cycle that excludes the City’s full-time Assessor and one Public Works Laborer and the fourth full 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 54% since FY 2006-07. In addition, this budget year is the eighth in which full time non-union staff members work four 9.5-hour days per week. Limiting employees to 38 total hours per week will produce a net payroll savings equal to approximately \$20,000. The table of positions below indicates the normal staffing level for each of the City’s departments.

Department	Position	FT Employees	
		2006-07	2018-19
City Manager	City Manager	1.0	1.0
	Building and Code Enforcement	0.0	1.0
Finance & Admin Services	Director	1.0	1.0
	City Clerk	1.5	1.0
	Finance/Admin Clerk	3.0	3.0
	Income Tax Auditor/Clerk	2.0	2.0
	Assessor	1.5	0.0
Public Services	Director	1.0	1.0
	Supervisor	1.0	1.0
	General Laborer	5.0	4.0
Public Safety	Director	1.0	0.0
	Office Manager	1.0	1.0
	PS Sergeant	4.0	0.0
	PS Officer	12.0	0.0
Total		35.0	16.0

*In addition to regular full-time employees, the City has a regular part-time Fire Chief, 7 part-time contractual employees; 21 part-time fighters and 1 seasonal employee.

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 State of Michigan law and appropriate labor contracts. Below are lists of wages and fringe benefits in place for Fiscal Year 2018-19. The number of full-time employees in a given pay grade is shown in parentheses.

Organized Labor Base Wage Schedule

AFSCME	
Step 1	\$37,669
Step 2	\$39,603
Step 3	\$46,322 (4)

Non-Union Base Wage Schedule

	Administrative	Finance/Income Tax Supervisory	City Clerk	DPW Supervisory
Step 1	\$30,984*	\$44,519* (2)	\$48,548	\$56,638 (1)
Step 2	\$34,363*	N/A	\$50,753	N/A
Step 3	\$36,694*	N/A	\$52,959	N/A
Step 4	\$38,927* (1)	N/A	\$55,176	N/A
Step 5	\$43,018* (4)	N/A	\$61,000 (1)	N/A

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

Department Head Salaries

Position	Base Salary
City Manager	\$80,000
Public Services Director	\$70,000
Finance & Admin Services Director	\$70,000
Fire Chief (Part-time)	\$35,000

Current Fringe Benefits Provided

Fringe Benefit	Estimated Annual Cost	
Long-term Sick Leave	\$3,900	Based on 2% usage
Longevity Pay	\$13,500	Payments to employees
Life Insurance	\$3,800	Employer paid premium
Health Insurance	\$192,700	Net cost after employee share
Retirement	\$337,800	Employer contribution
Total Estimated Cost	\$551,700	

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 an agreement is made on the revenues and expenditures for the 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 2018-19 Budget Preparation Schedule

Step 1	Staff Begins Work on Annual Capital Improvement Plan	December 26, 2017
Step 2	Annual Capital Improvement Plan Adopted	February 5, 2018
Step 3	Department Heads Receive Budget Worksheets	February 19, 2018
Step 4	Proposed Budget Worksheets Received by City Manager	March 19, 2018
Step 5	City Manager/Department Head Budget Discussions	March 22, 2018
Step 6	Proposed Budget Received by City Council	April 2, 2018
Step 7	Public Hearing Set	April 16, 2018
Step 8	City Council Budget Study Session	April 16, 2018
Step 9	Notice of Public Hearing Published in Local Newspaper	April 19, 2018
Step 10	Public Hearing Held and Comments Received	May 7, 2018
Step 11	Adoption of FY 2018-19 Budget	May 7, 2018
Step 12	FY 2018-19 Budget Implemented	July 1, 2018

Department Head Budget Preparation Responsibilities

Kevin A. Catlin, City Manager	City Council, City Manager, Tax Increment Finance Authority - Expenses, Economic Development Fund - Expenses, Farmers Market Fund, Drug Enforcement Fund, Police Department
Ethan Moody, Finance Director	Revenues - all Funds, Wages & Benefits - all departments, Administrative and 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 - Expenses, Sewer and Water Funds - Expenses, Vehicle Fund - Public Services
Joe Teixeira, Fire Chief	Fire Department, 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

Funding	<ul style="list-style-type: none"> i. Revenue sources remain fickle; especially when considering shared revenue from the State of Michigan. It will be important to carefully estimate future revenue as well as closely monitor expenditures. ii. Property Tax values are beginning to see a turnaround, but State law has capped taxable value growth at the rate of inflation.
Expenses	<ul style="list-style-type: none"> i. There is an ongoing need to reduce expenditures to match revenue sources or develop a mechanism to handle the increased costs to the City. ii. Health insurance costs continue to rise. Changes have been implemented, but management must continue to monitor and review new programs. iii. Pension liability is a major issue for local governments across the State. Springfield must keep up with voluntary payments to accelerate the funding of employees’ pension plans. iv. Other Post-Employment Benefits (OPEBs) liability is also a huge issue that local governments are facing. The City’s unfunded liability related to these OPEBs is currently \$580,000. The City recently negotiated an end to all new hire retiree health insurance so the City’s OPEB liability will be declining over time.
Fund Balances	<ul style="list-style-type: none"> i. The General Fund’s cash reserves are in the most stable position since the 1990s. <ul style="list-style-type: none"> ▪ There is a need to balance the General Fund budget without relying heavily on transfers from other funds. ▪ There continues to be great concern with natural growth in expenses outpacing the natural growth of revenues, and that ultimately resulting in major losses in cash reserves. This could accelerate if the current property tax structure is not revised at the state level ii. Income Tax Fund Balance has shown consistent surpluses. <ul style="list-style-type: none"> ▪ All bond payments were removed from the Fund’s obligations in FY 07-08, as the City Council shifted the funding priority from infrastructure improvements to funding personnel. However, priorities have shifted back to funding infrastructure. Future budgets may include new bond payments of project costs are too high to sustain pay-as-you-go. ▪ The Income Tax Fund contributes direct funding to pay-as-you-go projects.
Redevelopment	It will be important to work with outside development firms to ensure the city’s vacant sites are utilized. A number of existing vacant commercial and industrial sites could be redeveloped and put to use. On a macro-scale, it will be important to monitor communities that have opted into medical marihuana under the new state law. If the transition goes well for these communities, it could be an option for Springfield to speed redevelopment.
Business Needs	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.
Recreational	The availability of recreational activities continues to be an important aspect of business and residential attraction and retention.

Public Safety	In October of 2013, the City eliminated its law enforcement arm of the Public Safety Department and contracted with the County Sheriff. The Public Safety building continues to be used as a base of operations for sheriff deputies assigned to the City of Springfield. This contract will save the City an estimated \$2 million over the next 5 years. It will be important to continue improvements in the Fire Department. The new medical run policy and equipment has proved successful, yet very expensive. Administration must remain diligent to prevent going over budget with this new program.
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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 repaving projects
Objective 2b	Complete water main and hydrant replacement per the City’s water reliability study
Objective 2c	Repave and reinforce City Hall parking lot

Goal #3	Grow the City of Springfield to a sustainable level
Objective 3a	Finish the Orchard Hills Development
Objective 3b	Integrate sustainable practices throughout the Master Plan.
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	Continually review 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 articles through Scene Magazine and/or other publications.
Objective 5b	Communicate with residents and businesses through utility billing.
Objective 5c	Continue to reach residents through social media (Facebook, Twitter, etc)

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	Encourage residents to utilize existing emergency communication resources to reduce crime.
Objective 6c	Promote Springfield Fire Department. Hold 3 public events at the fire station.
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 7d	Cross train employees within departments in accordance with succession plan.
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 car show and Easter egg hunt.
Objective 9c	Partner with local organizations to provide new recreational opportunities
Objective 9d	Invest in recreational activities that encourage youth involvement in recreation.
Objective 9e	Provide recreational opportunities that meet the needs of our senior populations.
Objective 9f	Invest in infrastructure that encourages pedestrian and bicycle travel throughout the City.



2018-23 Capital Improvement Plan

PC Adopted: 1.22.18
CC Adopted: 2.5.18

This document outlines planned capital improvement expenditures for the City of Springfield for Fiscal Years 2018-19 through 2022-23. Projects included in this document are considered to be flexible and changeable depending on the status of the City's financials and the need for unexpected investments. This document is updated and adopted annually by the Springfield Planning Commission and City Council.

City Council Members

Harry Burdett, Mayor
Larry Eib, Mayor Pro Tem
Maxine Morgan
Art Hollingsworth
Tom Riley
John Navarro
Linda Hoover

Planning Commission Members

Richard Bauer
Wesley Brandt
Harry Burdett
Art Hollingsworth
Shirley Jessup
Brent Folkema
Doug Wright
Marie Hall

Presented By: Kevin A. Catlin, City Manager
Terry Blaniar, Public Services Director

The following projects are expected to be undertaken in FY 2017-18

1. Fire Department Ladder Truck Replacement COMPLETE

Project Description: This project will encompass the purchase of a new aerial truck for the Springfield Fire Department. The current ladder truck is 25 years old and at the end of its service life. Recent surveys of the truck have revealed a backlog of preventative maintenance issues that have since been corrected. However, these issues will increase in frequency as the truck ages. Refurbishment is a lower cost option but the 75 foot ladder is not adequate to reach the top of the apartment complexes in Springfield. The majority of the replacement cost will be funded by a low interest loan from a manufacturer or from the USDA.

Project Funding Breakdown

Income Tax Fund	\$	250,000
5-year Loan	\$	750,000
 TOTAL	 \$	 1,000,000

2. Water Main Replacement COMPLETE

Project Description: Replaced 640' of 4" water main with 8" water main on N 21st Street, 2 hydrants with gate valves, installed 2 – 8" gate valves. Replaced 740' of 4" water main with 8" water main on N 24th Street, 3 hydrants with gate valves, installed 2 – 8" gate valves. Added 1 – 6" gate valve and replaced 1 – 6" gate valve on Avenue C.

Project Funding Breakdown

Water Fund	\$	75,000
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3. Fire Station Exhaust System Overhaul COMPLETE

Project Description: This project would include the replacement of exhaust fans, detachable vehicle exhaust hoses and attachments, and the addition of another detachable exhaust hose for the new medical first response unit.

Project Funding Breakdown

General Fund	\$	10,000
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4. City Hall and Public Safety Building Lights Replacement COMPLETE

Project Description: This project would include the upgrade/replacement of 174 light fixtures and 584 light bulbs in City Hall and the Public Safety Building from fluorescent to LED. The reason for the replacement is because the current fixtures are outdated and inefficient even as fluorescent fixtures are concerned.

Project Funding Breakdown

General Fund	\$	15,000
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5. 21st, 28th, Avenue C, and 24th Street from Avenue C to Lafayette Resurfacing **COMPLETE**

Project Description: The project will encompass repaving the streets and addressing any water system needs before the streets are repaved.

Project Funding Breakdown

Local Streets Fund	\$	250,000
Water Fund	\$	270,000
TOTAL	\$	520,000

6. Fire Hydrant Replacement **COMPLETE**

Project Description: The project will include the replacement of 12 fire hydrants located throughout the City that have been identified as having deficient flow by the 2008 Water Reliability Study and as identified by DPW staff as needing replacement.

Project Funding Breakdown

Water Fund	\$	60,000
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7. Re-siding DPW Building **NOT COMPLETE**

Project Description: This project includes replacing rusted siding on the heated DPW building.

Project Funding Breakdown

General Fund	\$	17,000
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The following projects will be undertaken in FY 2018-19

1. Repave City Hall and Public Safety Building Parking Lot

Project Description: This project will repave the parking area and driveways for City Hall and the Public Safety Building. Certain sections of the pavement will be strengthened to better accommodate Fire and Public Works equipment.

Project Funding Breakdown

General Fund	\$	75,000
TIFA D Fund	\$	75,000
TOTAL	\$	150,000

2. Sewer Main Extension Project

Project Description: The project will encompass extending sewer service along the north side of Dickman Road from Helmer Road to railroad underpass.

Project Funding Breakdown:

Sewer Fund	\$	185,000
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3. Computer Server Replacement COMPLETE

Project Description: This project will encompass the purchase of a new computer server for City Hall.

Project Funding Breakdown

General Fund	\$	20,000
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4. Public Safety Vehicle Purchase COMPLETE

Project Description: This project includes the replacement of 2 police patrol vehicles.

Project Funding Breakdown

Vehicle Fund	\$	36,000
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USDA Grant (not awarded)	\$	44,000
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TOTAL	\$	80,000
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5. Street Resurfacing Project

Project Description: Bishop, Lewis Parrot, Wynd Tree, Harmonia Rd - Wynd Tree Complex, Briarcliff, Greenbriar, Cinderella, Tony Tiger, Sleepy Hollow, Barberry, Locus, Base, Major, Ensign, Admiral, Evergreen, Military

Local Street Fund	\$	287,370
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6. Fire Hydrant Replacement

Project Description: The project will include the replacement of 12 fire hydrants located throughout the City that have been identified as having deficient flow by the 2008 Water Reliability Study and as identified by DPW staff as needing replacement.

Project Funding Breakdown

Water Fund	\$	60,000
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7. Public Works Pickup Purchase

Project Description: This project involves replacing the 1999 Ford F250 Ext Cab with a Crew Cab 4x4.

Project Funding Breakdown

Vehicle Fund	\$	29,000
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The following projects are expected to be undertaken in FY 2019-20

1. Replace Fire Department SCBA Fill Station

Project Description: This project involves replacing the 4800 psi Mako SCBA filling station with a 6000 psi SCBA filling station.

Project Funding Breakdown

General Fund	\$	3,500
FEMA Grant	\$	31,500

2. Computer Hardware and Software Upgrade – City Hall

Project Description: This project will include the purchase of 13 new desktop computers with software per departmental need. The anticipated cost is approximately \$1,700 per work station including hardware, software, and installation.

Project Funding Breakdown:

General Fund	\$	25,000
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3. Repave Reese Cemetery

Project Description: This project includes repaving all existing asphalt driveways in Reese as well as paving remaining gravel driving paths in the cemetery.

Project Funding Breakdown

General Fund	\$	37,500
TIFA D	\$	37,500
TOTAL	\$	75,000

4. Public Works Dump/Plow Truck Purchase

Project Description: This project includes the purchase of a new single axle dump/plow truck.

Project Funding Breakdown

Vehicle Fund	\$	87,500
CMAQ Grant (not awarded)	\$	100,000
TOTAL	\$	187,500

5. Public Works Facility Expansion

Project Description: This project includes the expansion of the two Public Works sheds, creation of an office, employee locker room, and increased equipment storage.

Project Funding Breakdown

TIFA D Fund Bond Measure	\$	750,000
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6. Fire Hydrant Replacement

Project Description: The project will include the replacement of 12 fire hydrants located throughout the City that have been identified as having deficient flow by the 2008 Water Reliability Study and as identified by DPW staff as needing replacement.

Project Funding Breakdown

Water Fund	\$	60,000
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7. Brush Truck/Medical Response Unit Replacement

Project Description: This project would include the replacement of the 1986 Chevy brush truck and the 2005 Chevy Tahoe medical response unit with a single crew-cab pickup that can double as a brush truck and medical unit.

Project Funding Breakdown

Vehicle Fund	\$	20,000
USDA Grant	\$	20,000
TOTAL	\$	40,000

The following projects are expected to be undertaken in FY 2020-21

1. Replace Upton Park Walking Trail

Project Description: This project will include the repaving of the Upton Park walking trail.

Project Funding Breakdown

General Fund	\$	20,000
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2. 20th Street and Dickman Road Intersection Reconstruction

Project Description: This project includes the redesign and reconstruction of the intersection at 20th Street and Dickman Rd.

Project Funding Breakdown

Major Street Fund	\$	100,000
BCATS (not awarded)	\$	500,000
TOTAL	\$	600,000

3. Fire Hydrant Replacement

Project Description: The project will include the replacement of 12 fire hydrants located throughout the City that have been identified as having deficient flow by the 2008 Water Reliability Study and as identified by DPW staff as needing replacement.

Project Funding Breakdown

Water Fund	\$	60,000
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4. Sewer Interceptor Project

Project Description: This project would include installation of cured-in-place piping within the main regional sewer system interceptor line. This project is in cooperation with the City of Battle Creek and its municipal sewer system partners.

Project Funding Breakdown

Sewer Fund \$ TBD by July, 2018 sewer hydraulic study

The following projects are expected to be undertaken in FY 2021-22

1. Sewer System Improvements

Project Description: This project includes improvements to the sewer system recommended in the SAW grant report.

Project Funding Breakdown

Sewer Fund \$ 500,000

2. Fire Hydrant Replacement

Project Description: The project will include the replacement of 12 fire hydrants located throughout the City that have been identified as having deficient flow by the 2008 Water Reliability Study and as identified by DPW staff as needing replacement.

Project Funding Breakdown

Water Fund \$ 60,000

The following projects are expected to be undertaken in FY 2022-23

1. City Hall Vehicle Purchase

Project Description: This project includes the purchase of a new vehicle for general city hall use.

Project Funding Breakdown

Vehicle Fund \$ 28,000

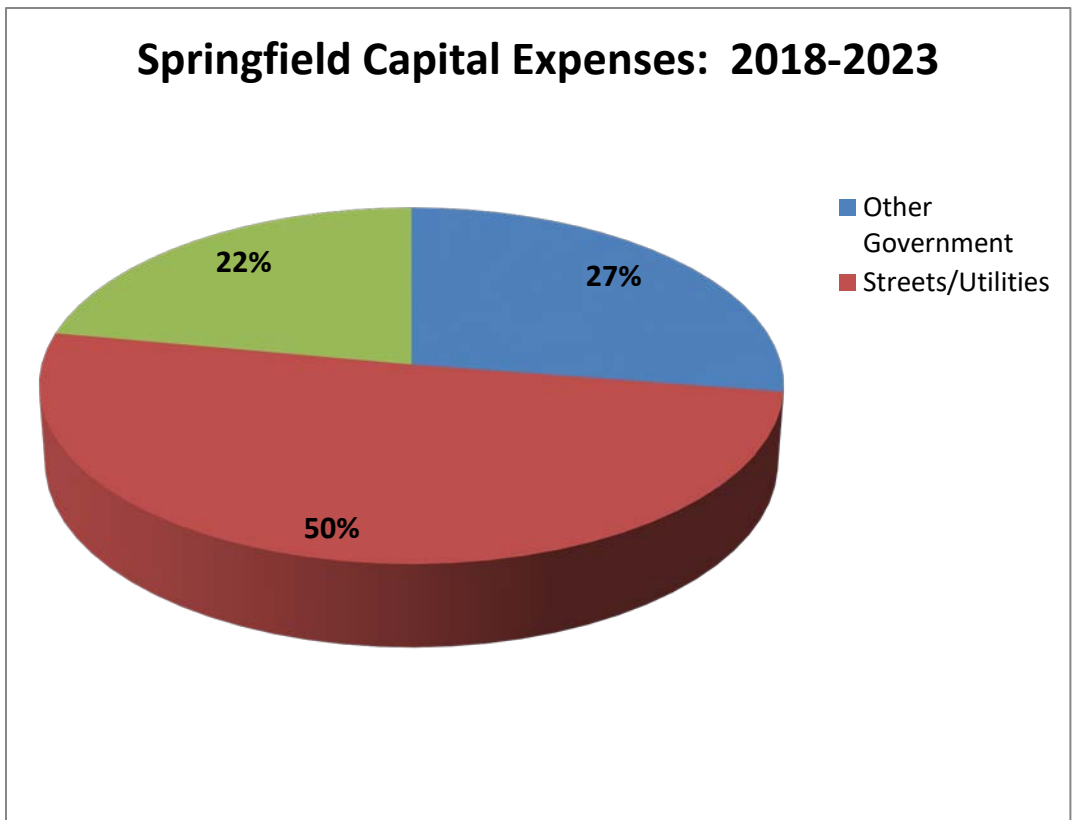
2. Copier Machine Replacement

Project Description: This project includes replacement of the City's copier machine.

Project Funding Breakdown

General Fund \$ 15,000

Funding Source	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
General Fund	\$ 42,000	\$ 95,000	\$ 66,000	\$ 20,000	\$	\$ 43,000
Income Tax Fund	\$ 250,000	\$	\$	\$	\$	\$
Major Street Fund	\$	\$	\$	\$ 100,000	\$	\$
Local Street Fund	\$ 250,000	\$ 287,370	\$	\$	\$	\$
Vehicle Fund	\$ 36,000	\$ 29,000	\$ 87,500	\$	\$	\$
TIFA B Fund	\$	\$	\$	\$	\$	\$
TIFA D Fund	\$	\$ 75,000	\$ 57,500	\$	\$	\$
EDC Fund	\$	\$	\$	\$	\$	\$
Water Fund	\$ 405,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 135,000	\$
Sewer Fund	\$	\$ 185,000	\$	\$ TBD	\$ 500,000	\$
Bond Proceeds	\$	\$	\$	\$	\$	\$
Grants (awarded)	\$ 44,000	\$	\$	\$	\$	\$
Grants(planned)	\$	\$	\$ 151,500	\$ 500,000	\$	\$
Loans	\$ 750,000	\$	\$	\$	\$	\$
Bonds	\$	\$	\$ 750,000	\$	\$	\$
Total	\$ 1,777,000	\$ 731,370	\$ 1,172,500	\$ 680,000	\$ 635,000	\$ 43,000
GRAND TOTAL						
\$ 5,038,870						



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 general 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 move up the debt schedule for existing bond payments to lower the City's debt burden.

The budget proposed for FY 17-18 is expected to decrease the City's undedicated reserves to \$850,207, which represents approximately 35.0% of the fund's three-year average operating expenses. Over the next three budget years, the City anticipates shrinking its reserves to approximately 25% of the fund's three-year average operating expenses.

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 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 that undedicated reserves grow above 27%, the City will review needed infrastructure improvement, existing bond principle, and related rate/fee levels to determine the most appropriate manner to provide adequate services to the citizens of Springfield.

Debt

For the purposes of this Policy, "Debt" shall refer to all known future obligations (i.e. unfunded retirement benefits, bonded capital debt, and installment loans, etc.). Additionally, "Debt" shall refer to such future obligations known to all city *and* component unit funds. It is the general rule of the City to use pay-as-you-go financing 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 6.5%**
2. All debt as a percentage of taxable value should not exceed 4%. **currently 2.2%**
3. All debt and unfunded liabilities per capita should not exceed \$1,200. **currently \$1,027 per capita**
4. All debt per capita should not exceed \$1,000. **currently \$339 per capita**
5. All debt service expenditures as a percentage of annual expenditures should not exceed 5%. **currently 8.5%**
6. All debt service expenditures as a percentage of annual revenues should not exceed 5%. **currently 7.7%**
7. New Debt Service should not extend beyond 10 years for individual projects/purchases.

2018 Taxable Value	2018 Population	2018-19 Debt Service*	Bonded and Loan Debt Principal Balance at 6-30-2018**	Unfunded Pension and OPEB Liabilities
\$82,493,004	5,260	\$483,409	\$1,784,940	\$3,616,117

*General government debt service equals \$311,774 in FY 2018-19

**Debt includes \$1,250,000 general government debt liabilities and \$534,940 component unit debt liabilities.

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 retirements and other post-employment benefits (OPEBs). Currently, the City offers its full-time employees a City-funded pension while retiree health insurance benefits have been eliminated for all new hires.

The City's has an annual evaluation conducted by the Municipal Employees Retirement System of Michigan (MERS); based on their recommendations, the City invests a percentage of its annual payroll in the retirement system. Current practice is to fund all accounts at the recommended level, with the goal to fund all retirement obligations at 100% by 2030; current pension obligations are funded at 71%.

The City has a plan to fund current OPEB obligations on a *pay-as-you-go* basis. In this plan, the City budgets an amount equal to the current year's obligation in the Post Employment Benefit Budget (part of the General Fund). In addition to the *pay-as-you-go* funding for current obligations, the City has established a trust fund to help fund future OPEB obligations. Since future OPEB liability has been eliminated for all new hires, the city has begun to make small annual withdraws to help fund OPEB obligations. Current OPEB obligations are 40.5% funded.

Financial Reporting

The City's general accounting practices are expected to conform to all GASB standards. The City's financial statements are reported on an 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. Daily 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 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 maintains a Transparency webpage on the City's website. The webpage provides important financial information to all interested parties, including information on budgets, audits, debt schedules, cash balances, labor contracts, personnel policies, health plans, pension reports, financial policies, and other important documents related to our revenues, expenses, long-term liabilities, and general fiscal health. The page can be viewed at [http://springfieldmich.com/financial transparency/](http://springfieldmich.com/financial%20transparency/).

FY 2018-2019 BUDGET SUMMARY

FY 2018-19 total budgeted revenues are anticipated to equal approximately \$7,845,900. Total expenditures (including non-cash depreciation) are expected to reach \$8,678,650. This represents a city-wide decrease of fund balance in the amount of \$571,350 once non-cash depreciation is removed. The City-wide cash balances are anticipated to equal \$3,934,537 on June 30, 2019.

This information is illustrated in the following table:

Fund	2018-19 Revenues	2018-19 Expenditures	Net Appropriations	Projected Cash Balance
General Fund	2,631,300	2,887,000	(255,700)	918,853
Major Streets	549,400	553,050	(3,650)	472,612
Local Streets	450,700	590,700	(140,000)	163,904
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	11,155
Farmers Market Fund	47,000	47,000	0	7,372
Building Fund	48,100	48,100	0	62,289
Sewer Fund	1,316,600	1,517,700	(201,100)	538,801
Water Fund	602,800	656,100	(53,300)	398,868
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)	3,934,537
Retiree Health Care Trust	N/A	N/A	N/A	389,537
Grand Total	7,845,900	\$8,678,650	(832,750)	4,324,074

FY 2018-2019 Budget Highlights

The FY 2018-19 budget includes a \$300,000 voluntary contribution to the City's public safety pension trust - \$200,000 will come from the General Fund and the Income Tax Fund is contributing the remaining \$100,000. In FY 2017-18 a voluntary contribution of \$500,000 was made to the pension trust and was only the second time in the last 15 years that the city saw an increase in the funded status of the employees' pension plans.

The new budget provides funding for resurfacing of many local street roads. Expected areas to be resurfaced include the South Custer Park area near Begg Park, Wyndtree and Barberry areas, Bishop, and Lewis Parrot. The City of Springfield remains committed to keeping our streets in pristine condition. Total investment in street improvements between 2016 and 2019 will total \$1 million.

The city is thrilled to be able to offer the Neighborhood Improvement Incentive Program once again. This program has been successful in helping property owners make necessary improvements to their properties. The program was put on hold in FY 2017-18 to allow funding for the development of the City's Master Plan. A total of \$14,500 has been allocated from the Economic Development Fund for the program.

In FY 2018-19, the Farmers Market Fund will begin receiving lease payments from Sprout for the use of the City's building located at 503 Military Avenue in Begg Park. It is expected that the Farmers Market Fund will be self-sustaining for the first time ever in FY 2019-20.

The new budget also allows for the extension of sewer infrastructure along Dickman Road giving more businesses access to sanitary sewer. The Sewer and Water Funds will also be providing funding for the purchase of a pickup truck to be used by the Public Services department for water and sewer operations.

Another significant project to be completed in FY 2018-19 is the resurfacing of the City Hall and Public Safety buildings parking lot. Some sections of the parking lot will be reinforced to better accommodate the City's larger vehicles used by the Public Services Department and Fire Department. Total cost is expected to be \$150,000. The General Fund will pay for half and TIFA D will cover the other half of the cost.

**GENERAL FUND
NET APPROPRIATIONS**

	2016-17 Actual	2017-18 Amended	2018-19 Adopted
Total Revenues	2,548,204	3,395,000	2,631,300
City Council	51,585	56,000	52,000
City Manager	125,577	131,500	133,500
Finance and Administrative Services Department	803,125	843,300	866,900
Police Department	1,064,560	1,219,400	1,488,900
Fire Department	199,351	251,300	355,100
Public Services Department	721,134	877,500	873,200
Post-Employment Benefits*	195,111	721,900	N/A
Admin Allocations to Other Funds/Activities	-619,900	-671,500	-700,300
Labor Allocations to Other Funds/Activities	-316,086	-290,800	-299,600
Appropriations to Other Funds	167,100	195,800	117,300
Total Appropriations	2,391,557	3,334,400	2,887,000
Net of Revenues/Appropriations	156,647	60,600	-255,700

*Beginning with FY 2018/19 post-employment benefits are charged in the departments where the benefits were earned.

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 <i>Projected</i>	*6/30/2019 <i>Projected</i>
General Fund	744,883	782,036	770,346	839,335	903,083	853,683	957,307	1,113,953	1,174,553	918,853
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	11,155	11,155
Special Revenue	463,742	472,254	608,110	720,597	764,867	1,068,064	1,334,930	1,463,974	962,974	855,874
Major Street	376,130	408,063	433,019	416,403	326,902	426,336	551,152	543,462	476,262	472,612
Local Street	173,678	209,112	299,726	361,831	395,483	367,102	458,673	525,704	303,904	163,904
Street Funds	549,808	617,175	732,745	778,234	722,385	793,438	1,009,825	1,069,166	780,166	636,516
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	62,289	62,289
Sewer Fund	504,268	486,671	482,423	477,741	344,097	450,656	463,285	578,701	641,901	538,801
Water Fund	351,567	424,574	529,755	655,437	571,533	590,738	656,871	730,368	399,768	398,868
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	1,246,622	1,143,822
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	4,206,291	3,648,741
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	395,537	389,537
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	4,901,424	4,324,074

SCHEDULE OF LONG TERM DEBT @ 6-30-2018

	Final Payment	Original Amount	Principle Balance @ 06-30-17	Debt Added in FY 17-18	Principle Paid in FY 17-18	Interest Paid in FY 17-18	Fees Paid in FY 17-18	Total Paid in FY 17-18	Principle Balance @ 06-30-18
GOVERNMENTAL FUNDS									
2016 Capital Improvement Refunding Bonds - Major Street	05-01-2026	74,400	67,800	0	7,200	1,349	0	8,549	60,600
2016 Capital Improvement Refunding Bonds - Local Street	05-01-2026	390,600	355,950	0	37,800	7,084	0	44,884	318,150
Governmental Funds Total		465,000	423,750	0	45,000	8,433	0	53,433	378,750
PROPRIETARY FUNDS									
2015 DPW Equipment Loan - Vehicle Fund	05-01-2020	158,000	94,800	0	94,800	1,790	0	96,590	0
2016 Capital Improvement Refunding Bonds - Sewer Fund	05-01-2026	80,600	73,450	0	7,800	1,462	0	9,262	65,650
2016 Capital Improvement Refunding Bonds - Water Fund	05-01-2026	74,400	67,800	0	7,200	1,349	0	8,549	60,600
2018 Firetruck Loan - Vehicle Fund	06-01-2021	745,000	0	745,000	0	0	0	0	745,000
Proprietary Funds Total		1,058,000	236,050	745,000	109,800	4,601	0	114,401	871,250
TAX INCREMENT FINANCE & BROWNFIELD FUNDS									
2005 Brownfield Loan - Baker Oil Site	03-18-2020	245,031	66,751	0	21,811	1,335	0	23,146	44,940
2016 TIFA Bond Refunding - 1999 TIFA B Bonds	05-01-2019	250,000	170,000	0	85,000	3,794	0	88,794	85,000
2016 TIFA Bond Refunding - 2007 TIFA D Bonds	05-01-2027	435,000	435,000	0	30,000	9,708	0	39,708	405,000
TIFA/Brownfield Funds Total		930,031	671,751	0	136,811	14,837	0	151,648	534,940
GRAND TOTALS		2,453,031	1,331,551	745,000	291,611	27,871	0	319,482	1,784,940

GENERAL FUND BUDGET PROJECTIONS

	2017-18 AMENDED	2018-19 ADOPTED	2019-20 PROJECTED
Property Taxes	1,125,800	1,108,400	1,136,100
Revenue Sharing	721,700	704,700	718,800
Transfers In	959,100	543,100	543,100
Other Revenue	588,400	275,100	280,600
TOTAL REVENUES	3,395,000	2,631,300	2,678,600
City Council	56,000	52,000	53,000
City Manager	131,500	133,500	136,200
Finance and Administrative Services Department	843,300	866,900	884,200
Police Department	1,219,400	1,488,900	1,278,700
Fire Department	251,300	355,100	302,200
Public Services Department	877,500	873,200	890,700
Post-Employment Benefits	721,900	N/A	N/A
Admin Allocations to Other Funds/Activities	-671,500	-700,300	-714,300
Labor Allocations to Other Funds/Activities	-290,800	-299,600	-305,600
Appropriations to Other Funds	195,800	117,300	117,300
TOTAL APPROPRIATIONS	3,334,400	2,887,000	2,642,400
NET OF REVENUES/APPROPRIATIONS	60,600	-255,700	36,200

Budget Projection Criteria Used:

REVENUES

1. Property tax growth rate: 2.5%
2. Revenue sharing growth rate: 2%
3. Other revenue growth rate: 2%
4. Transfers in growth rate: unchanged from FY 2018/19

EXPENSES

1. General expense growth rate: 2%
2. Police department growth of 2% less \$240,000 voluntary pension contribution from FY 2018/19
3. Fire department growth of 2% less \$60,000 voluntary pension contribution from FY 2018/19
4. Appropriations to other funds unchanged
5. Admin and labor allocations to other funds growth rate: 3%