



**FY 2007-2008
BUDGET SUMMARY**

Communities throughout Michigan are facing a number of great fiscal challenges. Reduced and otherwise unpredictable State Revenue Sharing levels, a stagnant economic growth and development climate, shrinking property values across the State, and the unresolved status of the Michigan tax structure have had a great impact on local government revenue expectations. This is compounded by rising costs associated with employee health insurance, retiree benefits, and expenses associated with general operating. These factors have caused a number of communities to experience budget shortfalls during recent fiscal years. Accordingly, The City of Springfield must work diligently to overcome these factors while maintaining our current service levels, investing in our future, and avoiding increases in taxes and fees to the fullest extent possible.

During recent fiscal years, The City of Springfield has acted to accomplish a number of goals, including efforts to restore economic growth within the City, improve the local infrastructure, provide a safe and secure environment for our community members, and promote community pride throughout the City. This is evident when examining previous years' endeavors, which have included investments in Begg Park and the Farmer's Market, a number of road improvements, the development of the Orchard Hills Subdivision, the execution of a number of inter-jurisdictional cooperative agreements, and the undertaking of considerable investments in the local business community. The FY 2007-08 Budget will help our City continue to meet these goals, and do so in a more efficient and cost-effective manner.

In order to sustain Springfield as a high-quality community, we must continue pro-growth policies and enforce great spending restraint across all aspects of our budget. By holding our programs and departments to a firm test of accountability, and focusing our resources on top priorities, we are taking the steps necessary to achieve our goals, while making the best, most-efficient use of our public funds. To that end, it is my pleasure to present the FY 07-08 Budget to the Springfield City Council.

The FY 07-08 Budget is comprised of the following funds:

- General Fund
- Economic Development Fund
- Income Tax Fund
- Local Streets Fund
- Major Streets Fund
- Public Safety Drug Fund
- Refuse Fund
- Sewer Fund
- TIFA B Fund
- TIFA D Fund
- Vehicle Fund
- Water Fund



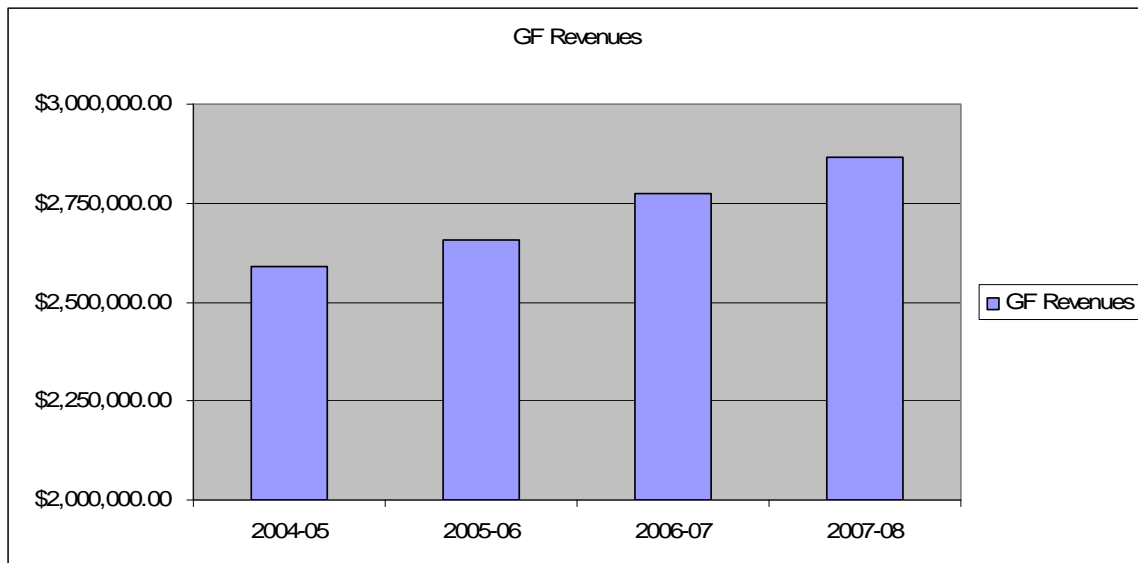
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GENERAL FUND

Overall, our FY 2007-08 General Fund Budget is stronger than it has been in a number of years. Revenues are up approximately \$90,000 from FY 2006-07, Expenditures are down approximately \$5,000, and the General Fund's dependence on administrative allocations from other funds is down \$35,000. The FY 2007-08 General Fund Budget proposes to contribute approximately \$6,700 to the General Fund Balance.

REVENUES

General Fund Revenues are projected at \$2,865,900 for FY 07-08. (see comparison to previous FYs below).



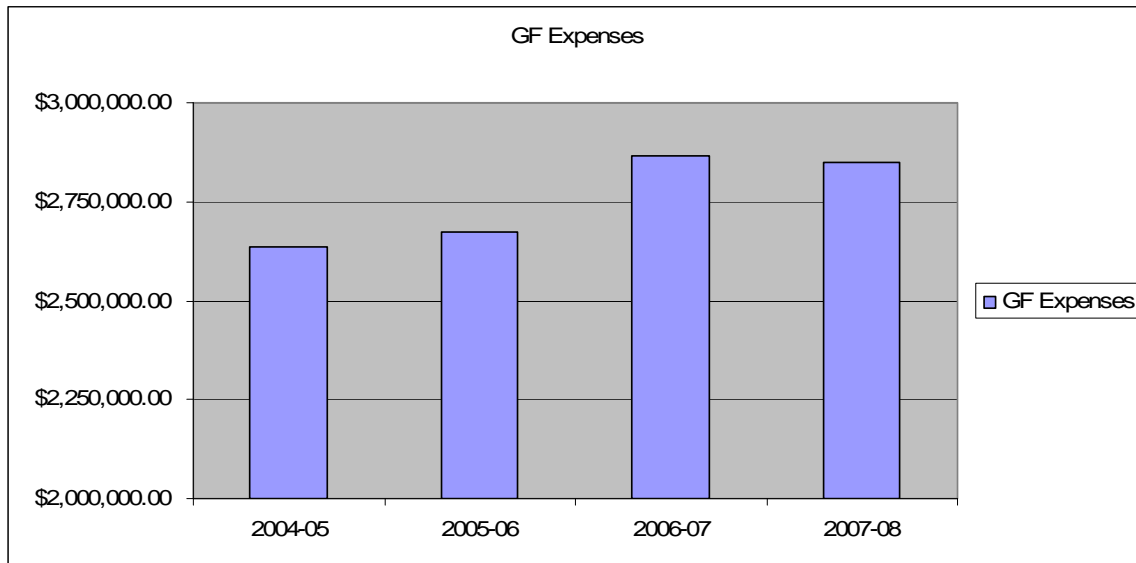
Overall, revenues remained steady from the previous years, with inflation factors being the main contributors to the fluctuating of many of the line items. Personal Property Taxes are down considerably (-5.71%), as are revenues from Penalty and Interest on Taxes (-7.69%) and Franchise Fees (-9.47%). The Sale of City property is down significantly from FY 06-07's original estimates, but up from FY 06-07's actual sales. Notable revenue increases are found in the Real Property Taxes and Investment Income line items. Real Property Taxes realize an increase from the previous year of approximately \$30,000 due to the elimination of two TIFA Districts, but as we'll show below, this increase is countered by the elimination of administrative allocations from those TIFA Districts to the General Fund.

EXPENDITURES

General Fund Expenditures are projected at \$2,859,200 for FY 07-08. (see comparison to previous FYs on the following page).



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BUDGET SUMMARY**



Overall, expenses remained relatively steady from the previous years, with approximately \$63,000 in increases to wages and salaries, \$12,000 in health insurance cost increases, an investment of \$5,000 in GIS services, and a significant reduction in administrative allocations from TIFA A, TIFA C, and the Major and Local Street Funds. These increases were offset by a number of expenditure reductions, including approximately \$20,000 in reductions from the City Manager Budget, \$10,000 in reductions in the Finance/Treasury Department, and \$14,000 in reductions for the Public Safety Budget. Additional notable changes are highlighted below:

Note that the comparisons made in this document to the FY 06-07 budget are based upon 2nd Quarter Budget Amendments; final budget amendments will not be available until June 18, 2007

City Council: No notable changes (-5.00%)

City Manager: Notable changes include reductions in salary, longevity pay, etc. associated with the hiring of the new City Manager, reductions in medical insurance expenses, and a large reduction in transit system funding due to the elimination of public transportation in FY 06-07. Overall, this department's expenditures are down 16.30% from FY 06-07

Elections: Notable increases are found in Election Inspectors' Wages (to staff one additional election) and Election Supplies. Overall, this department's expenditures are up 10.84%.

Assessor: Notable increase is found in Contractual Services, which includes \$5,000 to fund a GIS venture with the City of Battle Creek. Overall, this department's expenditures are up 11.03%

City Attorney: Overall, this department's expenditures are up 12.50%.



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Finance/Treasury: Notable changes include reductions in overtime, health insurance, prescription reimbursement, credit card services, online services, and capital outlay. Increases were found in salaries and wages, audit expenses, and chargeback/refunds. Overall, this department's expenditures are down 2.85%

City Clerk: Notable changes include reductions in medical insurance, capital outlay, and liability insurance. Increases were found in conference costs due to a change in the State Certification Training site. Overall, this department's expenditures are down 0.23%

City Hall and Grounds: No notable changes (+2.64%)

Cemetery and Parks: Notable changes include increases to DPW Allocated Labor. Overall, this department's expenditures are up 7.75%

Public Safety: Notable changes include significant reductions in overtime expenses, medical insurance, and central dispatching costs. Also, the elimination of the new police cruiser from this year's budget cut approximately \$25,000 from the department's expenditures. Increases were mostly limited to capital outlay expenses. Overall, this department's expenditures are down 0.71% (\$13,700)

Public Works: No notable changes (+0.39%)

Street Lighting: No notable changes (+9.23%)

Recreation Department: No notable changes (+0.00%)

Appropriations: The appropriation from the GF to the Building Fund has been reduced from \$10,000 to \$0.00, and the appropriation to the Vehicle Fund has been increased from \$10,000 to \$13,000. Overall, the Department has experienced a \$3,000 increase from FY 06-07.

OTHER FUNDS

MAJOR STREETS FUND

Act 51 State-Shared Revenue is down approximately \$12,000; this negatively affected level of administrative allocation that was allowed to transfer to the General Fund (down 20% from FY 06-07). This reduction in Act 51 Funding was offset by an increase in investment income that equaled \$11,000. Expenditures are down approximately \$102,000; this is mostly attributed to the absence of a major construction project and the reduction in administrative allocations to the General Fund. The Major Streets Fund is now responsible for \$53,000 in annual bond payments for the 1995 20th Street Construction Project (matures in 2010). This fund will utilize approximately \$5,600 of Fund Balance in FY 2007-08.



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LOCAL STREETS FUND

Revenues are up approximately \$6,300 from FY 06-07. Expenditures are up approximately \$50,000; mostly because of new bond debt payments for Orchard Hills and the transfer of old bond debt payments from the Income Tax Fund (1995 Project). This fund will utilize approximately \$64,000 of Fund Balance in FY 2007-08.

INCOME TAX FUND

Income Tax Revenues are expected to be up 6.30% from FY 2006-07. Expenditures are expected to decrease approximately 8.17%. This is mostly due to the relocation of two bond payments to their respective Funds (Local and Major Streets). This fund will utilize approximately 42,600 of Fund Balance in FY 2007-08.

TIFA B FUND

Revenues are up 8.00%. Total Expenditures are down approximately 37.60%, mostly because of the absence of any major projects/investments. In FY 2007-08, we propose to transfer \$42,800 to TIFA B Fund Balance.

TIFA D FUND

Revenues are up more than 386%. \$550,000 of the increased revenue is related to the sale of bonds for the renovation work at the Springfield Public Safety Building. Approximately \$52,000 of the increase is related to revenues generated with the elimination of TIFAs A and C; this additional revenue will only be collected as long as eligible debt is being repaid (2010). At that time, revenues will decrease by approximately \$52,000. In FY 2007-08, we propose to utilize \$507,200 of TIFA D Fund Balance.

Economic Development Fund

Revenues for the Economic Development Fund are expected to be relatively steady from FY 06-07 (up 3.72%). Expenses are relatively steady, as well (down 8.84%). In FY 2007-08, we propose to utilize \$19,300 of Economic Development Fund Balance. In the coming fiscal years, we should consider raising rates at the Farmer's Market to help offset some of the expenses in this Fund. This fund may also benefit from the sale of City assets, should the City determine it appropriate to sell any property, equipment, etc.

DRUG FUND

Revenues are expected to be up in this account as a result in an increase in seized/forfeited property. Expenses are also up. In FY 2007-08, we propose to transfer \$500 to Economic Development Fund Balance.



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BUILDING CODE ENFORCEMENT FUND

Revenues are down 38% due to a decline in permit requests and the elimination of a fund transfer from the General Fund. Expenses are also down 38%; this is due to a decline in inspection fees and a reduction in the annual allocation to the General Fund.

SEWER FUND

Revenues are up approximately \$41,500 from FY 06-07. This is mostly due to a scheduled rate increases, increases in investment revenues, and a transfer from TIFA B. Expenses are up nearly \$60,000 from FY 06-07. This is mostly due to contractual increases in Readiness-to-Serve Fees. \$96,000 of FY 07-08 Expenditures is a result of non-cash depreciation on sewer equipment. In FY 2007-08, we propose to utilize \$35,400 in Sewer Fund Balance.

WATER FUND

Revenues are down approximately \$24,000 from FY 06-07. This is mostly due to a decrease in water usage. Expenditures are down approximately \$300 from FY 06-07. \$52,000 of FY 07-08 expenditures is a result of non-cash depreciation on water equipment. In FY 2007-08, we propose to utilize \$72,700 in Water Fund Balance.

REFUSE FUND

There are no notable changes in this Fund. Most revenue and expenditure changes are directly related to contractual service rates.

VEHICLE FUND

Revenues are up approximately \$13,000. Expenses are up approximately \$7,400, mostly due to increases in fuel prices. \$70,800 of FY 07-08 expenditures is a result of non-cash depreciation on vehicles; we propose to utilize \$70,800 in Vehicle Fund Balance.

CITY OF SPRINGFIELD

General Fund Budget

FY 2007/2008

REVENUES:		\$2,865,900
City Council		38,000
City Manager		105,800
Elections		9,200
City Assessor		106,700
City Attorney		27,000
Finance/Treasury		340,300
City Clerk		130,300
City Hall & Grounds		62,100
Cemetery & Parks		72,300
Public Safety		1,916,100
Public Works		492,800
Street Lighting		85,200
Recreation Department		9,300
Transfer to Vehicle Fund		13,000
Admin Allocation to Other Funds		(237,900)
DPW Labor Allocation to Other Funds		(311,000)
NET APPROPRIATIONS:		\$2,859,200
Transfer to Fund Balance (<i>revenue vs appropriations</i>)		\$6,700

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Approved: June 4th, 2007

Resolution #: 34-07

CITY OF SPRINGFIELD

Other Funds Budget - FY 2007/2008

MAJOR STREET FUND	Revenues	\$371,000	LOCAL STREET FUND	Revenues	\$243,000
Construction		146,200	Construction		92,800
Routine Maintenance		73,900	Routine Maintenance		68,700
Traffic Service Maintenance		21,600	Traffic Service Maintenance		7,100
Winter Maintenance		31,500	Winter Maintenance		35,700
Administration		30,100	Administration		10,600
Transfer to Local Street/Debt Retirement		138,300	Debt Retirement		92,100
	Appropriations	\$441,600		Appropriations	\$307,000
Transfer from Fund Bal <i>(revenue vs appropriations)</i>		(\$70,600)	Transfer from Fund Bal <i>(revenue vs appropriations)</i>		(\$64,000)

INCOME TAX FUND	Revenues	\$680,400	BUILDING CODE ENF FUND	Revenues	\$42,700
Administration		181,500	Inspection Department		42,700
Appropriations to Other Funds		541,500			
	Appropriations	\$723,000		Appropriations	\$42,700
Transfer from Fund Bal <i>(revenue vs appropriations)</i>		(\$42,600)	Transfer from Fund Bal <i>(revenue vs appropriations)</i>		\$0

PUBLIC SAFETY DRUG FUND	Revenue	\$20,300	SEWER FUND	Revenues	\$652,000
			Operating		580,200
			Debt Retirement		10,300
			Depreciation (non-cash)		96,900
	Appropriations	\$19,800		Appropriations	\$687,400
Transfer to Fund Bal <i>(revenue vs appropriations)</i>		\$500	Transfer from Fund Bal <i>(revenue vs appropriations)</i>		(\$35,400)

WATER FUND	Revenues	\$414,000	REFUSE FUND	Revenues	\$164,500
Operating		424,900	Operating		164,300
Debt Retirement		9,600			
Depreciation (non-cash)		52,200			
	Appropriations	\$486,700		Appropriations	\$164,300
Transfer from Fund Bal <i>(revenue vs appropriations)</i>		(\$72,700)	Transfer to Fund Bal <i>(revenue vs appropriations)</i>		\$200

CITY OF SPRINGFIELD Other Funds Budget - FY 2007/2008

TIFA B FUND		Revenues	\$181,700	TIFA D FUND		Revenues	\$754,500
Administration/Projects			35,300	Administration/Projects			1,088,000
Debt Retirement			76,600	Debt Retirement			173,700
Transfer to Sewer Fund			17,000				
	Appropriations		\$128,900		Appropriations		\$1,261,700
Transfer to Fund Bal	<i>(revenue vs appropriations)</i>		\$52,800	Transfer from Fund Bal	<i>(revenue vs</i>		(\$507,200)

ECONOMIC DEVELOPMENT		Revenues	\$44,600	VEHICLE FUND		Revenues	\$224,000
Farmers Market			38,200	Administration			12,200
Operating/Projects			27,200	Assessor/Code Enforcement			4,500
				Public Safety			58,700
				Public Works			99,300
				Debt Retirement - Fire Trucks			49,300
				Depreciation (non-cash)			70,800
	Appropriations		\$65,400		Appropriations		\$294,800
Transfer from Fund Bal	<i>(revenue vs appropriations)</i>		(\$20,800)	Transfer from Fund Bal	<i>(revenue vs appropriations)</i>		(\$70,800)

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