



**CITY OF SPRINGFIELD
FY2013
PROPOSED BUDGET**

The City of Springfield, Office of Budget & Management is pleased to present the proposed spending plan for fiscal year 2013. This year's plan totals **\$226.0 million**, which does not include the electric and water funds.

The Corporate Fund supports those functions most closely associated with government services: Police protection, Fire protection, emergency medical services, Public Works street repair, snow removal and general maintenance.

The FY2013 Corporate Fund budget proposal totals **\$111.6 million**, representing a \$1.3 million increase over the expected final FY2012 budget¹ of **\$110.3 million** (1.19%) and \$4.18 million (3.89%) over expected FY2012 expenditures.

Revenue Trends:

The City of Springfield looks at a variety of factors when formulating future revenues including: national, state and local economic indicators, reports from the Illinois Commission on Government Forecasting and Accountability, various financial publications, and the Illinois Municipal League's projections and historical data. Additionally, the Office of Budget & Management receives some revenue projections from various city departments. One such example is CWLP's Payment in Lieu of Taxes (PILOT) estimate.

Total Corporate Fund Revenue

FY11 actual - \$109.2M FY12 estimate - \$108.4M FY13 projection - \$111.6M

The \$3.2M variance between the FY12 estimate and the FY13 projection is largely attributable to three things: State Income Tax payments, CWLP PILOT payment, and the Fire Department's Staffing for Adequate Fire and Emergency Response (SAFER) grant.

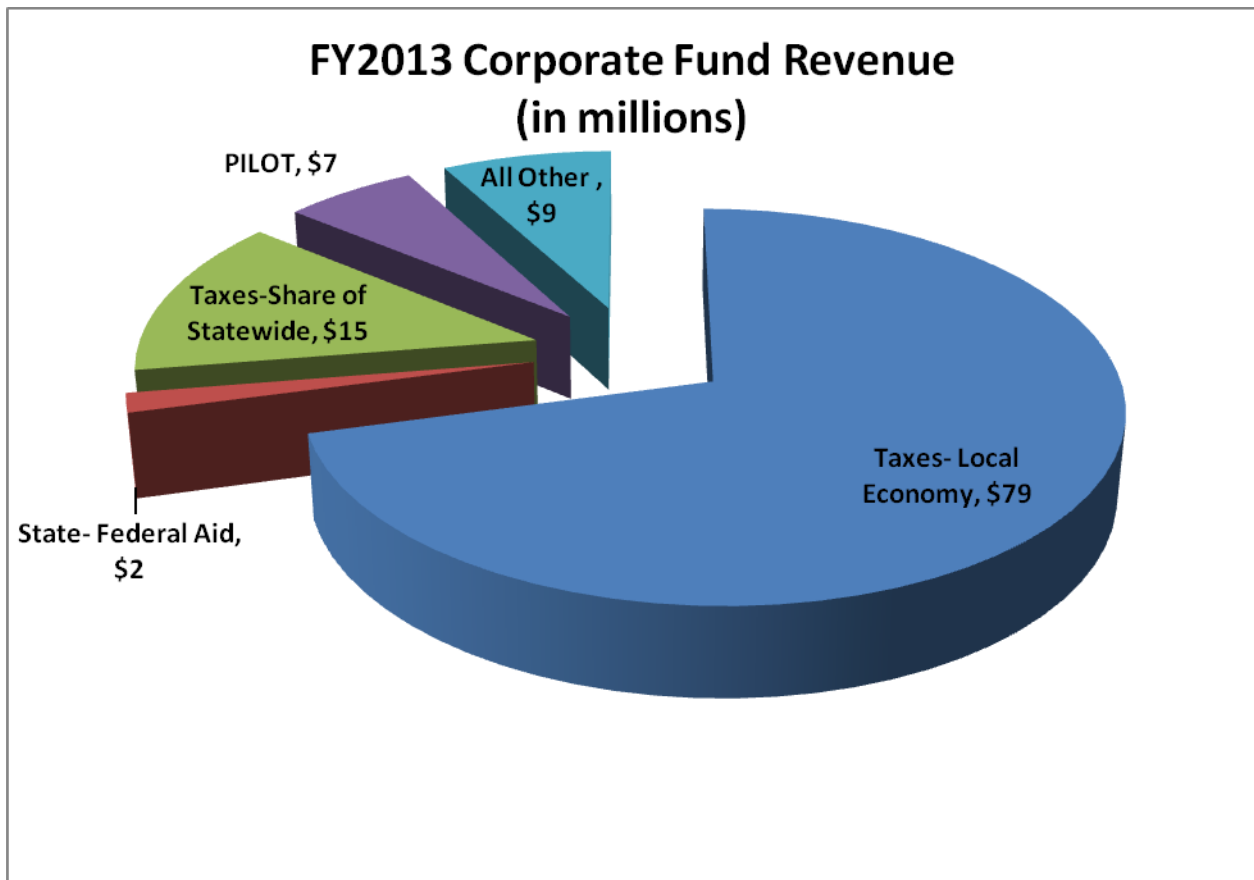
The State of Illinois' cash crisis has resulted in an unpredictable income tax revenue stream, which normally is distributed to local governments on a monthly basis. Since fiscal year 2010 the City has experienced delays in payments ranging anywhere from 3 to 5 months. Since the city is currently seeing payment delays on the higher end of that spectrum, it has assumed that some payments that had been expected in FY2012 (approx. \$1.6M) will not be collected until FY2013. Thus, we are anticipating a \$2.6M positive variance in income tax collections in FY2013 over FY2012.

¹ OBM has drafted an ordinance to repay the Corporate Fund's outstanding \$1.5M Hickory Point Bank loan in FY2012. The repayment of this loan has been bypassed to help balance the budget for the last two fiscal years.

Given the continued deterioration of the wholesale power market and uncertainty surrounding EPA regulations, CWLP is projecting an approximate \$800,000 drop in PILOT payments to the Corporate Fund in the coming fiscal year.

Finally, a full year of the SAFER grant translates into a \$1.2M variance in FY2013 over FY2012.

When comparing the last 12 months of State Sales Tax and Home Rule Sales Tax collections to their respective months from the previous year, a positive trend of around 2% emerged. That said, while I am optimistic that growth will continue to follow that trend as the economy continues to slowly turn around, OBM has chosen a conservative FY2013 budgetary approach in estimating a mere 1.5% increase for both. Those two revenue sources alone comprise 46.97% of the Corporate Fund projected revenue for FY13.



Expenditure Trends:

Expenses	FY2012 Expected Budget	FY2013 Budget	Inc (Dec)
Personal Services	\$84.8M	\$86.9M	2.48%
Operating Lines	\$16.7M	\$14.4M	-13.63%
Transfers Out	\$8.8M	\$10.3M	16.84%
Total Expenses	\$110.3M	\$111.6M	1.19%

Personal Services:

The \$2.1 million increase is attributable to three areas: 1) the Fire Department “SAFER” grant of \$1.2M; 2) net \$1.5M increase in salaries and fringes; and 3) an offsetting reduction of \$639,000 resulting from the recent Maximus study.

Operating Lines:

The \$2.3 million reduction is due to the planned repayment of the \$1.5 million Hickory Point Bank loan in FY2012 along with various cuts in operating lines.

Transfers Out:

Continuing the theme of paying off old debt, the FY2013 budget contains an appropriation request to repay \$880,000 to the city’s infrastructure fund. Like the Hickory Point loan, the repayment of this debt had been put off for multiple fiscal years in order to balance previous budgets. The administration feels the city’s infrastructure needs are too critical to delay this repayment any further.

In FY2010, the customary nearly \$1 million Corporate Fund transfer to the capital equipment fund was cut in half. It was bypassed altogether in FY2011 and FY2012. Additionally, \$500,000 was stripped from the fund last year in order to balance the Corporate Fund. The submitted budget reverses that trend in calling for a \$919,470 transfer into the capital equipment fund so

that the city can begin a much needed replacement of worn out fire, police and public works equipment.

Other Funds:

The \$8.4 million infrastructure request for the capital improvement fund represents a 133.5% increase over the FY2012 budget of \$3.6 million.

With regards to the Capital Equipment Fund, the administration has submitted a budget that will allow it to borrow approximately \$3.5 million dollars for the purchase of new fire, police and public works equipment.