

Basis of Expenditure Estimates

Personnel Services

Description This category includes expenditures for City employees' base wages and salaries plus expenditures for other forms of employee compensation: life and health insurance, social security, workers' compensation, retirement contributions, longevity pay, overtime, and special duty/status pay. The Budget Division of the Finance Department calculates the personnel cost based on the staffing requested by each department.

Significant Assumptions The personnel services budget is based on the following assumptions:

- ◆ Merit increase of 5% based on approved pay plans for Firefighters and Police Officers. This budget does not reflect any merit increases for general employees.
- ◆ No cost of living (COLA) increases are reflected in this budget.
- ◆ Workers' Compensation - The rates for each employment classification times a modification factor to fund the budgeted cost.

Operating Expenses

Description This category includes expenditures that are not classified as personnel, capital outlay, or capital projects. Operating expenses include such items as office supplies, postage, utilities, travel and training, dues and memberships, fuel, telephone, and advertising to name a few. Expenditures of certain funds also include indirect costs (for services provided by the General Fund), based on a Citywide cost allocation plan.

Significant Assumptions Projected increases (and decreases) are based on a departmental level decision-making process.

The Departments were given two guidelines: (1) No submission of estimates for Travel & Conference (may include funds for tolls, mileage reimbursements, meals and parking), Training College Classes – Education, or Membership/dues/subscriptions unless specifically required for mandated certification; and (2) to submit detailed, justified budget requests relative to new programs and activities. They were given flexibility over allocation in the various line items.

Expenditures were then adjusted to reflect management priorities and to reflect updated information on costs.

Capital Outlay

Description Effective October 1, 2004, this category includes expenditures for capital items, with an initial individual cost of \$1,000 or more, and an estimated useful life in excess of one year (the only exception being computers, which are capitalized regardless of cost). Purchase orders encumbered at the end of the previous year are carried over. For budgetary purposes, significant capital encumbrances outstanding at year-end are re-appropriated in the subsequent year's revised budget, rather than shown in the adopted budget. Insignificant encumbrances outstanding at year-end are deemed to have lapsed, and the related expenditures are charged to the subsequent year's budget when incurred.

Significant Assumptions Projected expenditures are based on the estimated cost of each capital item.

Funding for most of the capital expenditures is identified within the department's target budget. Capital outlays are ranked in the order of management priorities.

Capital Projects

Description This category includes expenditures for construction.

Significant Assumptions Projected expenditures are based on an estimated cost to completion.

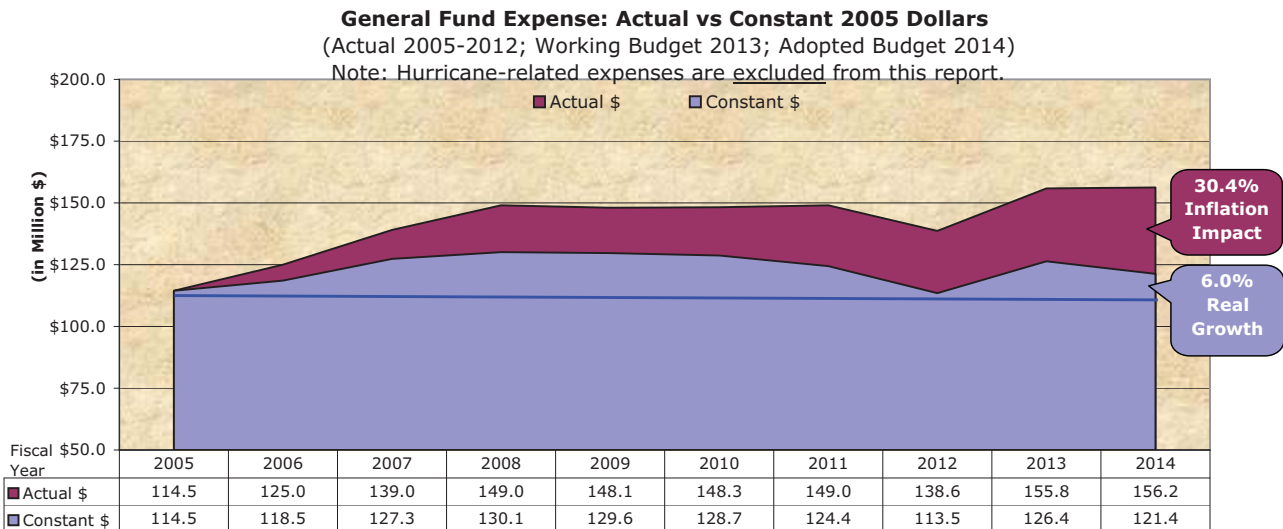
General Fund 10-Year Expenditure Analysis

Growth in Constant 2005 Dollars: Consistent with guidelines, expenditure containment has been the underpinning principle of budget development with notable recent results. Over the past ten years the General Fund budget has experienced total growth of \$41.7 million or 36.4%. Using 2005 constant dollars to account for the impact of inflation, the growth was only \$6.9 million or 6.0%, with the remaining \$34.8 million or 30.4% growth due to inflation. The actual \$41.7 million increase is attributable to rising personnel expenses of \$26.5 million, (+31.0%), operating expenses of \$9.8 million (+37.8%), and \$4.1 million (+197.2%) in capital expenditures.

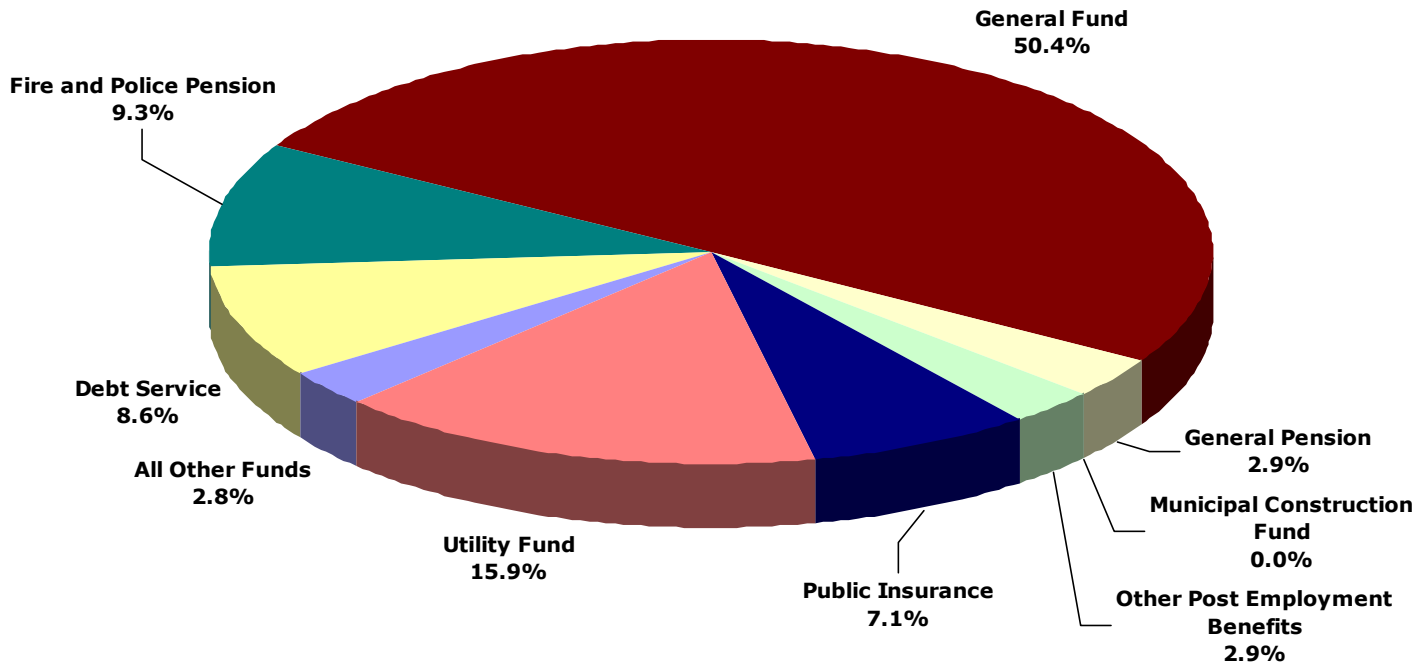
The \$26.5 million personnel cost growth increase was primarily due to pension (\$16.7 million or +128.2%) and to \$8.6 million funding of other post employment benefit (OPEB) as required by GASB Statements 43 and 45. The pension increases were linked to enhanced benefits and recent underperformances of investments while the OPEB expense accounts for 7.6% of the 2013-14 personnel costs. The City started funding OPEB in 2007.

The \$9.8 million or 37.8% unadjusted increase in operating expense is connected mainly to \$4.4 million in debt service related to the construction of three rental apartment towers, \$3.3 million in contractual services, \$1.0 million in Repairs & Maintenance, \$0.8 million in Fuel, and \$0.7 million in internal charges to the Fire Department. Reductions include \$0.5 million in property insurance and \$1.7 million in other operating expenses.

The \$4.1 million or 197.19% increase in capital expenditures includes \$2.0 million for police cars, \$0.9 million for fire vehicle replacements, and \$0.7 in technology upgrades.



2013-14 Budget - Expenditures By Fund



Total Expenditures \$309,590,006

2013-14 Budget - Expenditures By Category

