

City of Kelsey

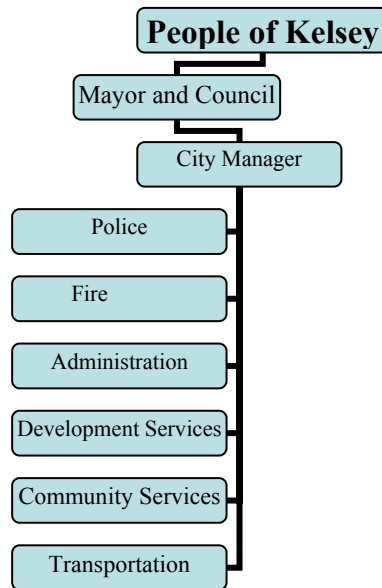
Annual Budget for the Fiscal Year 2005-06



Making sense of your dollars

Mission of Kelsey

Amenities of the big city without sacrificing the small town charm



City Values:

Public Trust - we are honest, accountable and trustworthy

Customer Service - we provide excellent effective and efficient services to our citizen

Employees - we value and respect each other as we serve the public

Continuous Improvement – just as the needs of our residents change so must the service we provide. We look for innovative and imaginative team problem solving to deliver superior customer service

June 1, 2005

To Honorable Mayor and Council members:

We are pleased to submit to you the 2006 Kelsey City Budget. The approach to this year's budget is in line with Council's objectives of effective and cost efficient services to meet the needs of Kelsey's residents.

Budget in Brief

We present a balanced budget with modest increase. This year's budget increased by 6.4% primarily due to increases in employer retirement contribution and health care costs. Positions were added in Police and Community Services to bolster the City's commitment to public safety and social services.

Major Services Accomplishments

For the year ended – during the 2005 fiscal year the City accomplished the following service objectives:

- Library - increased children story telling times by a grant from the Kelsey Community College
- Public Safety - maintained less than a five minute response time to citizen calls
- Fire Department - instituted a babysitter CPR certification classes
- Transportation - completed the five year streets sign projects
- Administration - maintained our highest bond rating of AAA from Fitch which is evidence of the City's financial strength

For the future – the economic outlook is good for Kelsey with strong and stable fund balance reserves. As a result of the continued retail and commercial improvements, the City can diversify and strengthen its revenue base without compromising our small town values.

We look for grants and partnerships to deliver community services. Also, we emphasize public safety with increased community policing efforts. Finally, the completion of the five year street sign project, which converted all signs to energy efficiency lighting, we move into our new pavement review program.

With the budget adoption, I would like to thank the Mayor and Council, Citizens of Kelsey, and our City Staff for their time and effort throughout this process.

Respectfully Submitted,

Kelsey City Manager

Council Budget Tenets

Continue the modified base budget implemented at the start of the budget process, incorporating historical spending patterns, program cost adjustments, and long-range forecasts in the preparation of budget allocation targets, thereby limiting the rate of budgetary growth.

Continue to re-examine current programs, re-engineering processes and competitiveness in the City as necessary.

Continue to identify and address Council's strategic issues.

Continue periodic budget reviews with the City Council.

Continue examination of current programs by each department for potential sunseting opportunities.

Continue annual citizen satisfaction survey to solict feedback.

Continue open public forum and public hearing to solict Kelsey residents input.

Budget Policies

The budgetary policies enumerated below outline a general framework of budgetary goals and objectives regarding the operating budget, debt service, capital expenditures, reserves, and financial reporting. They provide standards against which current budgetary performance can be measured and proposals for future programs evaluated.

Operating Budget Policies

Current revenues will be sufficient to support current operating expenditures.

Status: *Estimated General Fund operating revenues (\$40.1 million) to expenditures (\$37.5 million) Ratio 1.0:1*

Financial systems will be maintained to monitor expenditures, revenues and program performance on an ongoing basis.

Status: *Ongoing monitoring system with monthly reviews including payment and purchase requisition system*

Revenues and expenditures will be projected for the next five years and will be updated annually.

Status: *Projections completed in Comprehensive Financial Plan (Fall 2004 Update)*

Debt Service Policies

Long-term debt will not be issued to finance current operations.

Status: *None issued to finance current operations*

Capital Expenditures Policies

As required by City Charter, a five-year capital improvements program will be developed and updated annually, including anticipated funding sources.

Status: *FY 2005-06 CIP Budget of \$2 million adopted as part of a 6 year*

Capital projects financed through the issuance of bonds will be financed for a period not to exceed the expected useful life of the project.

Status: *Average weighted life years on CIP bonds: FY 2005-06 15 years*

The City will coordinate development of the capital improvements budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.

Reserve Policies

The City will continue its healthy financial reserve position. Fund balance coverage for the General Fund will be maintained at a minimum of 25% of General Fund revenue. Highway User fund (Transportation) will be maintained at a minimum of one fiscal year of revenues; since this funds are subject to changes in state appropriation.

Financial Reporting Policies

The City's accounting and financial reporting systems will be maintained in conformance with current accepted principles and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

Status: *GFOA Certificate of Achievement for Excellence in Financial Reporting. GFOA Distinguished Budget Presentation Award*

Full disclosure will be provided in the general financial statements and bond representations.

Status: *Notes to the financial statements and official bond statement provide full disclosure*

An annual audit will be performed by an independent public accounting firm with the subsequent issue of an official annual financial statement.

Status: *Unqualified independent audit report*

Financial Stability

Several steps were undertaken to insure our continued financial stability amid declining local and state-shared revenues. These recommendations, listed under the Financial Action Plan in the Comprehensive Financial Plan, include the following:

Long-Range Forecast was prepared for all funds projecting revenues and expenditures over the next three years.

Sales Tax Revenues (in General Fund) derived from the sales tax election of 1993 approving an increase in the rate from 1.0% to 1.1%, appears sufficient to meet projected expenditure needs through the five year forecast.

Annual review of the **Debt Management Plan** and **sizing of Capital Budget to Debt Criteria** led us to limit new debt issues to an average of \$2 million each year for the next 6 years.

Building on the **Benchmarking Program and Competitive Analyses**, incorporating recommended benchmarks from the Governmental Accounting Standards Board Service Efforts and Accomplishments Reporting program, International City/County Management Association Performance Measures, and citywide internal and external benchmarking programs to assist in public accountability and continuous improvement in the efficiency, quality, and outcomes of work processes and services.

Strategic Issues Program implemented to identify and prioritize key strategic issues, leading to incorporation of recommended corresponding strategies and goals into the budget process.

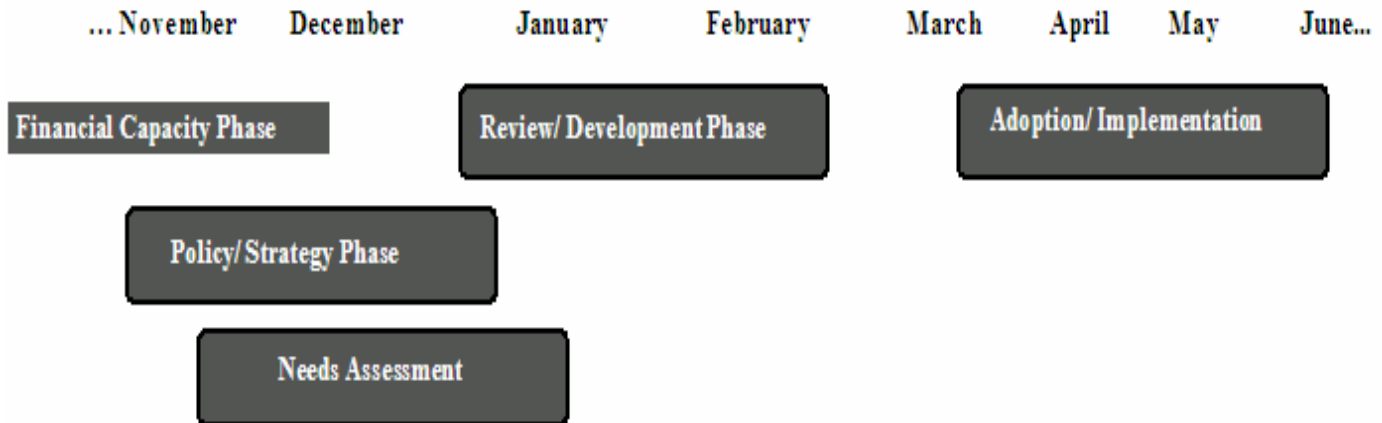
Financial Policy Implementation and Monitoring continues to be fine-tuned to refine financial guidelines and the administrative procedures to monitor performance criteria.

Continue efforts in coalition with the League of County Cities and Towns to help **Protect State-Shared Highway User Revenues**.

Manage Stability as effectively as growth has been managed in the past. Financial flexibility, which comes easily during rapid revenue growth periods, must be intentionally constructed through effective decision-making when managing stability.

The Budget Process

Budgets are appropriations which is a legal authorization granted by the legislative body to incur liabilities for purposes specified in the appropriation act or ordinance. Per State Statute, the City of Kelsey must adopt an annual budget. This process begins in November and completes in June.



Budget Process Overview

Budget preparation allows departments the opportunity to reassess goals and objectives and the means for accomplishing them. Even though the budget may be heard by the Mayor and Council in May and adopted in June, its preparation begins at least six months prior with projections of City reserves, revenues, expenditure limit requirements, and financial capacity. It is with this "groundwork" that departmental expenditure requests are made and subsequently reviewed.

Financial Capacity Phase

Forecasting is an integral part of our decision-making process. Both long-range and short-range projections are prepared. The City's Comprehensive Financial Plan is updated annually to assess our current financial condition and future financial capacity, given our long range plans and objectives. A five-year financial forecast is prepared for each major fund, projecting both expenditures and revenues. As a part of this phase, alternative scenarios are examined for their fiscal impact on each respective fund.

Policy/Strategy Phase

The Council's goals and directives set the tone for the development of the budget. In fact, shortly after the budget is adopted, the Council meets to identify strategic priorities, issues, and projects impacting the next fiscal year budget. The Council identifies key strategic issues that will provide the direction and framework for the budget. It is within this general framework that departments' supplemental requests are formulated. Aside from the Council's own objectives, the departments identify and discuss their own policy issues with the City Manager.

Presentations by Budget Office staff at "budget kickoff" meetings include a discussion of citywide goals and objectives, budgeting guidelines for the operating and capital budgets, timelines, an overview of fiscal constraints, and resources available for allocation. The Budget Manual distributed at these meetings is designed to assist the departments in preparing all budget requests and forms.

Needs Assessment Phase

The departments have an opportunity to assess current conditions, programs, and needs. Examination of current departmental programs or positions for possible trade-offs, reduction, or elimination is strongly suggested. During this phase, departments are encouraged to thoroughly review all programs and services, assessing their value and priority to the citizens of Kelsey. Additionally, departments reassess service level standards and workload indicators. They then attempt to provide the "best fit" of resource allocation with service and workload estimates. From this process, they prepare preliminary departmental budgets.

As part of this Needs Assessment Phase, a citizen survey is conducted to solicit citizen satisfaction with City services and their perception of resource allocation or budget priorities.

Review/Development Phase

Within the framework of the City's financial capacity, Council and City Manager priorities requests are reviewed and a preliminary Citywide operating budget takes shape. The departments initially prepare and submit base budget work sheets reflecting allocation targets. The amount of the allocation is determined by modifying the prior year budget by historical spending patterns and then adjusting for price increases (inflation).

Supplemental requests are evaluated and presented at various budget levels: (1) base budget level, (2) recommended level providing monies to implement new or expand City programs, and (3) policy level which allows additional program options.

Adoption/Implementation Phase

Prior to May 1, the City Manager submits to the Council a proposed operating budget for the next biennium commencing the following July. The operating budget includes proposed expenditures and the means of financing them.

According to state statutes, tentative budget adoption must occur on or before the 3rd Monday in July each year, with final adoption taking place no less than 7 days prior to adoption of the property tax rate. Thus, the formal action by the Council is to adopt the budget for the upcoming fiscal year rather than both years of the biennium.

The property tax levy must be adopted by the 3rd Monday in August. State law requires cities and towns with property taxes to adopt their tax rates annually, even though a jurisdiction may operate on a biennial budget.

Financial Structure

The City's operating budget is organized into funds in accordance with Generally Accepted Accounting Principle (GAAP) with guidelines established by the Governmental Accounting Standards Board (GASB). The City of Kelsey financial structure separates resources into five funds. Funds are a self balancing set of accounts can be viewed a mini-checkbooks or subsidies with specific purpose.

Overview of Major Fund Types:

General Governmental

General Fund (GF) – Used to account for the majority of general government operating activities (e.g. Police, Fire, Administration).

Debt Service Funds (DSF) - Used to account for financial resources segregated to pay principal or interest on long-term general liabilities; this fund has much in common with sinking funds set aside funds to retire debt.

Capital Projects Funds (CPF) - Used to account for financial resources segregated to pay for construction or acquisition of long-lived capital assets; used to set aside resources to fund construction, does not have assets.

Permanent Funds - Used to account for resources provided by trust in which the earnings but not the principal must be used for public purposes (e.g. donation can only use interest).

Special Revenue Funds (SRF) - Used when required by law or by policy to account for financial resources earmarked for a specified operating purpose (e.g. toll on highway to collect fund for highway repair and maintenance).

Overview of Accounting Methods

General Governmental funds – use a modify accrual accounting method. This is where revenues are recognized in the period which they become available and measurable and expenditures are recognized at the time the liability is incurred. Budget basis is modified accrual where according to GAAP 1) encumbrances considered to be expenditures chargeable to appropriations, 2) no depreciation is budgeted 3) investments in supply inventories and assets restricted for self-insurance purposes are not considered to be appropriable, 4) revenues accruing to sinking funds are not appropriable, and 5) contributions into sinking funds are not budgeted.

Operating Budget Overview

The citywide operating budget for FY 2005-06 \$37.5 million, and represent a 6.4% operating budget growth. Much of the operating budget growth is due to an increase in funds for Police and Community Services reflecting the City's continued commitment to public safety, youth and social services programs.

General Fund appropriations grew by 6.7% in FY 2005-06. This primarily reflects funding for new employees to address workload increases in the Police Department, Development Services, Council priorities in Community Services, and increases for employee health care and retirement.

General Fund

Fund Structure Description

The General Fund is the general operating fund of the City and is used to account for all financial activity not reflected in another fund.

Major Services

The General Fund consists of the following major functions:

- Administrative Services-Accounting, Budget, Human Resources, Payroll, Facilities
- Police
- Fire
- Community Services
- Development Services

Revenue Structure

Major revenue sources for the fiscal years are: Local Sales Taxes, Charges for Services, Property Taxes, Charges for Services, and All Other.

Local Sales Taxes

Local sales tax revenues are estimated at \$30.0 million in FY 2005-06, derived from a 1.1% City sales tax. Over half of the sales tax revenue comes from retail sales, with the remainder collected primarily from rental payments, utility and telecommunication payments, restaurant and bar sales and contracting sales. While Kelsey's single largest revenue source is highly responsive to changes in economic activity, the diverse and robust nature.

Property Tax

Kelsey's property tax rate is \$1.00 per \$100 of assessed valuation, consisting of a primary tax rate of \$0.80 per \$100 of assessed valuation and a secondary tax rate of \$0.20 per \$100 of assessed valuation. Only the primary levy goes to the General Fund. While there is no restriction on its usage, the primary levy is limited by state law to a 2% annual increase plus any amount generated by new construction. The primary levy is estimated at \$2.0 million for FY 2005-06.

Expenditure Structure

As the City of Kelsey is a service entity it is not surprising that the largest expenditure is personal services. For the FY 2005-06 Personal Services account for 80% of the total budget. The remainder of 20% appropriated into Fees and Services (10%), Materials and Supplies (5%), and Capital (5%).

Personnel expenditures increase by 4% primarily due to increases in health care and retirement contribution rate. Additional staff was added to Police and Community Services reflecting the City's continued commitment to public safety, youth and social services programs.

Transportation Funds

Fund Structure Description

The Highway User Revenue Fund (HURF) and the Local Transportation Assistance Fund (LTAF) are Special Revenue funds that comprise the City's Transportation funds. They have been established to account for the receipt and expenditure of Kelsey's allocation of state-shared Highway User taxes and state Lottery funds.

Major Services

- Studies and Design
- Operations
- Traffic Lights and Signal System
- Street and Field Maintenance
- Planning

Revenue Structure

Transportation revenues are derived primarily 95.0% from state-shared Highway User taxes. State Lottery proceeds account for 5.0% of FY 2005-06.

Highway User Tax

Highway User revenues come primarily (60%) from the fuel tax (currently \$0.05 per gallon), with the remainder from motor carrier fees (20%), vehicle license taxes (10%), vehicle registration fees (5%), and other transportation-related fees (5%). Estimates for the total pool of HURF revenues to be shared by cities will be \$290.9 million in FY 2005-06, with Kelsey's share at \$3 million. Experience has shown, however, that state projections for HURF revenue have not proven reliable. In short, HURF revenues are subject to state policy changes, fuel sales, and population growth, all factors beyond the City's control. Pursuant to state statute, HURF monies can be used only for street and highway purposes, including right-of-way acquisition, construction, reconstruction, maintenance in the public right-of-way, and payment of debt service on highway and street bonds. HURF funds may not be used for transit or law enforcement programs.

Expenditure Structure

Transportation funds include all personnel in the Streets and Traffic Operations and Transporations Divisions.

Major budgeted expenditures include: Personnel Services (42%), Utilities (20%), Material and Supplies (10%), Fees and Services (23%), and Capital (5%). Non-personnel expenditures are due to the installation of new energy efficient hollagen street signs.

Debt Service Fund

Fund Structure Description

A Debt Service fund is maintained to receive dedciated revenues used to make principal and interest payments on the City's general obligaiton debt.

Revenue Structure

Debt Service fund revenues are derived soley from a secondary tax rate of \$0.20 per \$100 of assessed valuation. Debt Service revenues trends are a function of changes in assessed valuation and the City's secondary property tax rate. While changes in the assessed valuation represent the effect of marketplace and assessor methodology, the secondary rate is deterimined by City policy.

Expenditure Structure

Expenditures in this fund are confined to principal and interest on voter approved bond indebttness. To keep these costs in check, the Council adopted a long-range debt management plan, which is updated annually based on populations growth, tax base growth, and current levels of operating expenses.

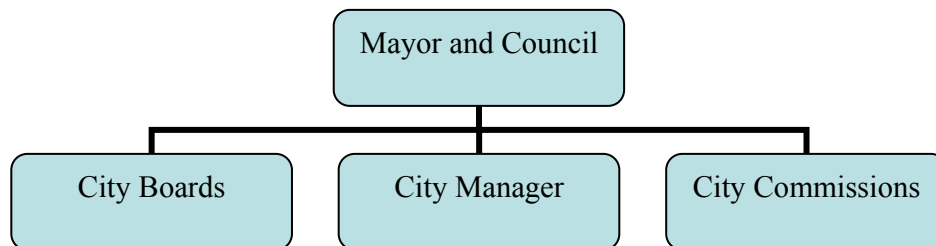
Departmental Budget Summary

The following table is a summary of Departmental budgets the previous and current fiscal years.

General Fund			
Department	FY 2004-05	FY 2005-06	Employees
Mayor and Council	\$141,658	\$160,905	5
City Manager	1,214,913	1,486,075	6
Administration	1,500,727	1,827,878	22
Police	14,845,267	16,177,678	167
Fire	5,010,608	5,381,065	55
Community Services	6,043,324	6,226,130	22
Development Services	6,333,886	6,176,624	23
Total General Fund	\$35,090,383	\$37,436,355	300
Transportation Fund	\$2,537,770	\$2,600,298	8
Total	\$37,628,153	\$40,036,653	308

Program Budget – Mayor and Council

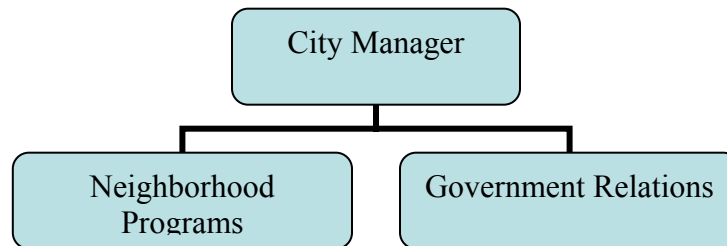
The Mayor and two City Council Members are the elected representatives of the citizens of Kelsey. They are charged with the formulation of public policy to meet community needs. The City Council is responsible for appointing the City Manager. Services provided by this division are as follows: (1) represent the City of Kelsey citizens (citizen input, advisory boards, intergovernmental relations); (2) formulate legislation (ordinances, resolutions); and (3) establish policy (goals and objectives, resource allocations).



Expenditure by Type	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Personal Services	\$69,525	\$74,997	\$78,733	\$82,591
Supplies and Services	28,979	25,700	30,900	27,333
Capital Outlay	771	0	1,833	0
Internal Services	16,719	17,358	22,159	25,414
Contributions	19,177	23,603	24,859	25,567
Expenditure Total	\$135,170	\$141,658	\$158,484	\$160,905
Per Capita	\$2.55	\$2.67	\$2.99	\$3.04

Program Budget – City Manager

Working with the City's governing body, the community, and City staff, the mission of the City Manager's Office is to professionally implement all City Council policy decisions, efficiently direct the City's operations and activities in accordance with sound management principles, and create an organizational culture which results in the delivery of excellent municipal services to the citizens of Kelsey. Also, divisions report directly to the City Manager are Neighborhood Programs and Government Relations. The Neighborhood Program assists in organizing neighborhood associations and acts as a clearing house for neighborhood concerns. Government Relations represents the City's interests at the federal, state, regional, and local levels.



Expenditure by Type	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Personal Services	\$434,023	\$556,839	\$678,593	\$711,844
Supplies and Services	51,114	45,323	64,897	63,819
Internal Services	(54,670)	(54,289)	(39,795)	(64,574)
Capital	51,749	59,583	64,507	61,140
Contributions	482,216	607,456	768,202	713,845
Expenditure Total	\$964,431	\$1,214,913	\$1,536,404	\$1,486,075
Per Capita	\$18.20	\$22.92	\$28.99	\$28.04

Authorized Personnel	2003-04 Revised			2004-05 Budget			2005-06 Budget		
	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE
City Manager	4		1.49	4		1.49	4		1.49
Neighborhood Program	1			1			1		
Government Relations	1			1			1		
Total	6		1.49	6		1.49	6		1.49

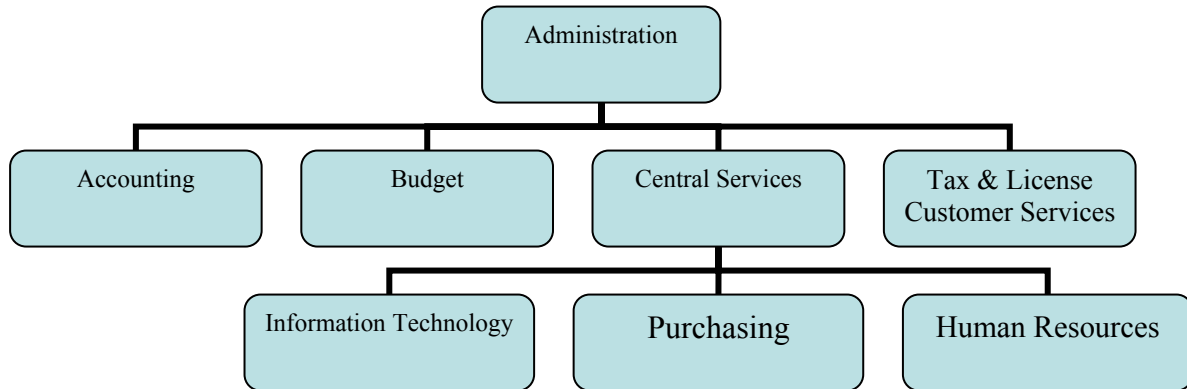
Goal: To provide effective management and leadership to the operating departments to ensure the achievement of City goals in an efficient and responsible manner.

Objective: 1) To plan and organize City Council meetings so that appropriate decisions are made in a timely manner; and 2) formulate and gain Council approval of strategic issues which provide the framework for departmental goals and objectives.

Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
City Council meetings staffed	30	30	35	35
Strategic issues	6	6	10	10

Program Budget – Administration

The Administration Department is comprised of the division of Accounting, Budget, Human Resources, Central Services and Tax & Licenses. The department's operational functions include all finance, accounting, budget, purchasing, information technology, human resources, business licensing, tax collections, and customer service billing. Also, building maintenance and cleaning contract is administered by Central Services.



Expenditures by Type	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Personal Services	\$1,140,840	\$1,088,668	\$1,265,702	\$1,327,722
Supplies and Services	493,821	556,247	561,883	589,416
Capital Outlay	0	0	9,265	9,719
Internal Services	-120,627	-144,187	-94,355	-98,978
Expenditure Total	\$1,514,035	\$1,500,727	\$1,742,496	\$1,827,878
Per Capita	\$28.57	\$28.32	\$32.88	\$34.49

Expenditures by Division	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Administration	\$115,426	\$128,585	\$107,378	\$112,639
Accounting	286,308	292,460	381,170	399,847
Budget	81,983	58,408	81,304	85,288
Central Services	592,386	604,664	688,675	722,420
Tax and License	437,931	416,611	483,969	507,684
Total	\$1,514,035	\$1,500,727	\$1,742,496	\$1,827,878

Authorized Personnel	2003-04 Revised			2004-05 Budget			2005-06 Budget		
	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE
Administration	2			2			2		
Accounting	4		0.63	4		0.63	4		0.63
Budget	2			2			2		
Central Services	8		0.62	8		0.62	8		0.62
Tax and License	6			6			6		
Total	22		1.25	22		1.25	22		1.25

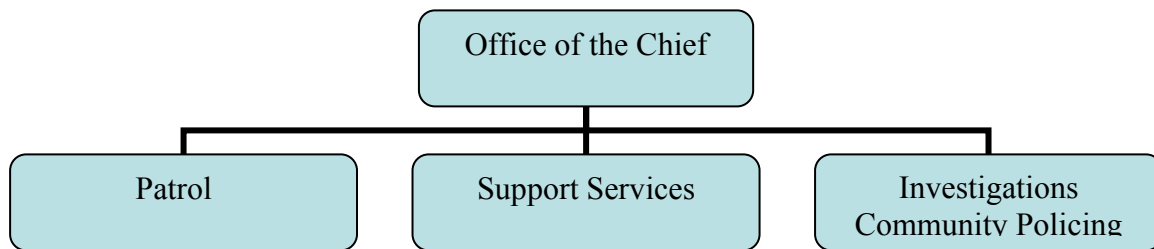
Goal: To ensure the long-term financial success of the City through sound financial management practices.				
Objective: To adhere to a financial management strategy that produces financial results that compare favorably with our peer cities as measured by generally accepted financial indicators.				
Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
<i>Administration and Budget</i>				
Fund balance coverage	25%	25%	26%	25%
Long-term debt per capita	\$205	\$204	\$150	\$100

Goal: 1) To effectively perform accounts payable, payroll and other accounting functions for City departments; and 2) maintain adequate internal controls, adhere to generally accepted accounting principles, and ensure the safety of the City's investments.				
Objective: 1) To process accounts payable checks in a cost-effective manner; and 2) maintain the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.				
Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
<i>Accounting</i>				
GFOA Certificate of Achievement	Yes	Yes	Yes	Yes
Investment Policy Compliance	Yes	Yes	Yes	Yes
Unqualified Audit Opinion	Yes	Yes	Yes	Yes

Goal: To improve organizational productivity, effectiveness and efficiency				
Objective: 1) minimize the number of days to complete recruitments; and 2) maintain or reduce employee turnover				
Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
<i>Central Services-Human Resources</i>				
Average number of days to complete an recruitment and selection process	30	25	25	25
Employee Turnover Rate	8	9	8	8

Program Budget – Police

The Police Department consists of Office of the Chief, Patrol, Support Services, and Investigations. The department's responsibilities include effective and efficient police protection through investigations of criminal offenses, reinforcement of state laws and City ordinances, response to citizen requests for services, and maintenance of support services.



Expenditures by Type	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Personal Services	\$11,934,388	\$11,731,334	\$12,186,213	\$12,783,337
Supplies and Services	965,435	966,892	948,595	995,077
Internal Services	2,147,041	2,147,041	2,287,192	2,399,264
Expenditure Total	\$15,046,864	\$14,845,267	\$15,422,000	\$16,177,678
Per Capita	\$284	\$280	\$291	\$305

Expenditures by Division	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Office of the Chief	\$1,138,070	\$1,133,506	\$1,193,981	\$1,252,486
Patrol	6,320,551	6,331,074	6,569,165	6,891,054
Support Services	3,006,606	2,978,377	3,115,629	3,268,294
Investigations/Community Policing	4,581,637	4,402,311	4,543,225	4,765,843
Total	\$15,046,864	\$14,845,267	\$15,422,000	\$16,177,678

Authorized Personnel	2003-04 Revised			2004-05 Budget			2005-06 Budget		
	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE
Office of the Chief	4			4			4		
Patrol	67	1.00	3.29	67	1.0	3.29	70	1.0	3.29
Support Services	43		.70	43		.70	43		.70
Investigations	50		1.26	50		1.26	50		1.26
Total	164	1.00	6.25	164	1.00	6.25	167	1.00	6.25
Sworn	117			117			120		
Non-Sworn	<u>47</u>			<u>47</u>			<u>47</u>		
Total	<u>164</u>			<u>164</u>			<u>167</u>		

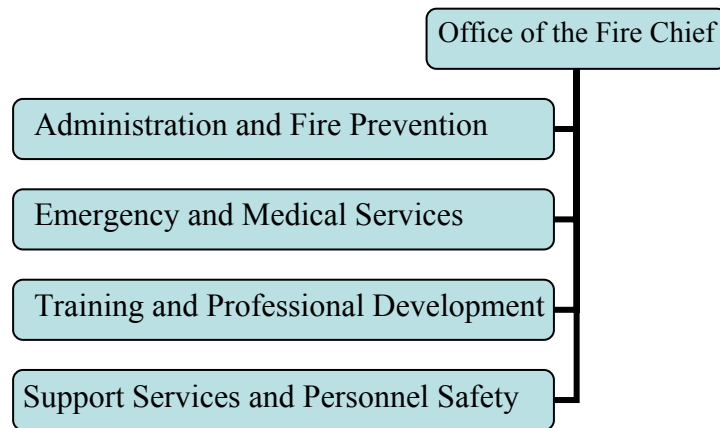
Goal: To uphold and enforce the laws of the State and City through professional law enforcement, and maintain the department's awareness of how the public perceives the department. Objective: 1) To maintain or improve clearance rate of Part 1 crimes; 2) maintain at a minimum of 90% the level of citizens' satisfaction with police services as measured by the annual citizen survey; and 3) efficiently manage resources to meet the needs of citizens with 2.0 sworn full-time equivalents (FTE) per capita.				
Measures	2003-04	2004-05	2004-05	2005-06
Measures	Actual	Budget	Revised	Budget
Part 1 Crimes-Property	90	85	85	80
Part 1 Crimes-Persons	10	5	5	3
Clearance Rate	90%	90%	95%	98%
Citizen satisfaction	97%	98%	98%	100%
Sworn FTE's per Capita (1,000)	2.20	2.20	2.20	2.26
Non-Sworn FTE's per Capita (1,000)	8.86	8.86	8.86	8.86

Goal: To effectively answer "911" requests for Police, Fire, and emergency medical calls, and to provide proactive neighborhood programs. Objective: 1) To respond to all citizen calls for police services; respond to accident emergency calls within an average of under 5:00 minutes; 2) and maintain or increase neighborhoods participating in the Crime Watch Program.				
Measures	2003-04	2004-05	2004-05	2005-06
Measures	Actual	Budget	Revised	Budget
"911" calls answered	40,000	39,000	35,000	35,000
Citizen calls for police service	61,000	60,000	55,000	55,000
Average response time to emergency calls (minutes)	5:30	5:10	4:90	4:90
Neighborhoods with Crime Watch Program	300	350	350	350

Program Budget – Fire

The Fire Department consists of Administration and Fire Prevention, Emergency and Medical Services, Training and Professional Development, Special Operations, Support Services, and Personnel Safety Divisions.

The Department's operational areas include administrative services, fire suppression, emergency management, emergency medical services, hazardous materials control, technical rescue, communications, equipment and facilities maintenance, training, fire prevention and inspection, and public safety education.



Expenditures by Type	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Personal Services	\$4,136,186	\$4,099,516	\$4,306,286	\$4,517,294
Supplies and Services	349,742	334,443	328,561	344,660
Capital	216,730	214,986	98,000	102,802
Internal Services	362,073	361,664	396,863	416,309
Total	\$5,064,730	\$5,010,608	\$5,129,710	\$5,381,065
Per Capita	\$95.56	\$94.54	\$96.79	\$101.53

Expenditures by Division	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Administration and Fire Prevention	\$855,318	\$817,140	\$840,556	\$881,744
Emergency and Medical Services	3,545,563	3,477,101	3,671,135	3,851,021
Training and Professional Development	175,457	229,407	184,293	193,323
Support Services and Personnel Safety	488,393	486,960	433,725	454,978
Total	\$5,064,730	\$5,010,608	\$5,129,710	\$5,381,065

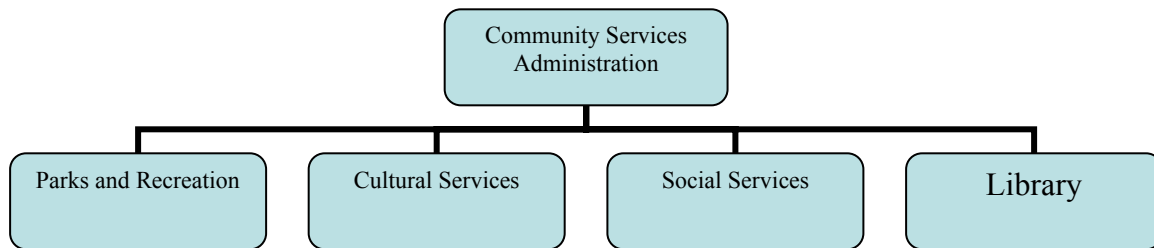
Authorized Personnel	2003-04 Revised			2004-05 Budget			2005-06 Budget		
	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE
Administration and Fire Prevention	6			6			6		
Emergency and Medical Services	43			43			43		
Training and Professional Development	2			2			2		
Support Services and Personnel Safety	4	.50		4	.50		4	.50	
Total	55	.50		55	.50		55	.50	

Goal: To provide efficient response to fire, medical, hazardous materials, and rescue emergencies.				
Objective: 1) To reduce safe emergency responses by an average of five seconds; and 2) maintain a 99% or better citizen satisfaction with fire and paramedic services.				
Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Responses to fire alarms	900	900	850	850
Responses to emergency medical incidents	10,000	11,000	11,500	11,500
Responses to special operations incidents	5	5	4	4
Responses to other emergency services	300	300	350	350
Average emergency response time minutes (from call receipt to arrival)	4:90	4:90	4:95	4:90
% of emergency responses taking 5.0 minutes or less	90%	90%	95%	98%
Calls per capita (1,000)	40	40	45	45
Citizen satisfaction	99%	99%	98%	100%

Program Budget – Community Services

The Community Services Department consists of Administration, Parks & Recreation, Library, Cultural Services, and Social Services Divisions.

The Department's responsibilities include developing, scheduling and supervising City recreation programs; a full range of public library services; historical/cultural enrichment to Kelsey residents; and social service programs.



Expenditures by Type	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Personal Services	\$4,497,655	\$4,250,074	\$4,239,958	\$4,447,716
Supplies and Services	917,591	890,131	860,126	902,272
Capital Outlay	13,167	13,167	0	0
Internal Services	869,177	869,177	814,442	854,350
Contributions	20,775	20,775	20,775	21,793
Expenditure Total	\$6,318,364	\$6,043,324	\$5,935,300	\$6,226,130
Per Capita	\$119.21	\$114.02	\$111.99	\$117.47

Expenditures by Division	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Administration	\$184,833	\$180,491	\$167,843	\$234,699
Parks and Recreation	2,034,494	1,915,111	1,988,267	2,028,122
Library	1,517,748	1,467,625	1,466,566	1,496,161
Cultural Services	545,169	489,539	1,039,338	1,166,306
Social Services	2,036,120	1,990,558	1,273,286	1,300,842
Total	\$6,318,364	\$6,043,324	\$5,935,300	\$6,226,130

Authorized Personnel	2003-04 Revised			2004-05 Budget			2005-06 Budget		
	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE
Community Services Admin. and Parks & Recreation	2			2			2		
Library	16			16			16		
Cultural Services	1			1			2		
Social Services	2	.50		2	.50		2	.50	
Total	21	.50		21	.50		22	.50	

Goal: To provide access to excellent library resources and services that will assist community residents of all ages obtain information that meets their educational, professional, and recreational needs.

Objective: To increase community usage of the library's collection and electronic research resources.

Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Library visitors (door count)	100,000	110,000	110,000	110,000
Registered borrowers	43,000	45,000	50,000	50,000
Circulation	500,000	500,000	550,000	600,000
Patrons Using Internet	21,000	22,000	25,000	25,000

Goal: To collect, record, and preserve tangible aspects of Kelsey's past; and present and interpret Kelsey's history to the general public.

Objective: 1) To improve documentation of objects in the permanent artifact collections of the Kelsey Historical Museum; and 2) increase public visitation at the Historical Museum.

Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Objects catalogued	1,000	1,000	1,500	2,000
Visitors to Historical Museum and Peterson House	3,000	3,000	3,500	4,000

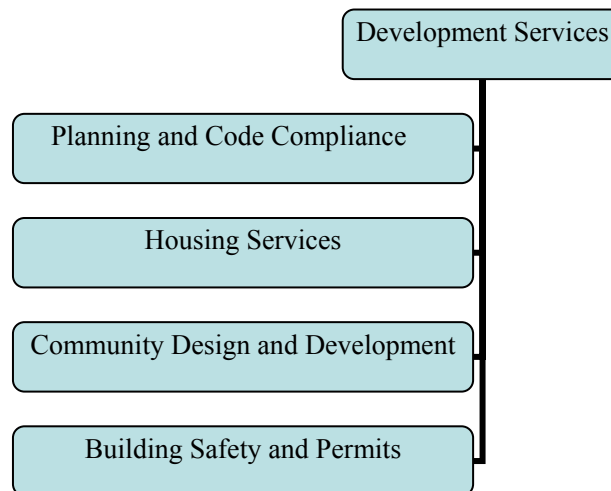
Goal: To provide quality arts programming to the community, facilitate the effective use of arts facilities, and provide a diverse array of arts opportunities.

Objective: 1) To support arts programming through grants funding of arts organizations and schools; and 2) offer a wide array of quality programs and classes.

Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Program enrollment	3,500	3,500	3,600	3,700
Participants reached through grants	10,000	10,000	11,000	12,000

Program Budget – Development Services

The Development Services Department is responsible for enhancing the quality of Kelsey's living environment and its economic base. The major divisions include Planning & Code Compliance, Housing Services (Section 8, CDBG and HOME), Community Design & Development and Building Safety and Permits. Services provided are as follows: (1) current planning-Administrative support for Design Review, Board of Adjustment, Planning Commission, and City Council; (2) receive and investigate complaints of all alleged city code violations, and initiate action to abate violations; (3) recommend codes and ordinances, rules and regulations applicable to construction and property conservation; (4) check building plans and specifications of all proposed construction; (5) conduct on-site building inspections; (6) develop neighborhood plans; (7) provide affordable housing planning; (8) provide low interest housing rehabilitation loans for the elderly, persons with disabilities and low-income individuals and families; (9) provide rental assistance payments for the elderly, persons with disabilities and low-income individuals and families; (10) administer redevelopment and historic preservation programs; and (11) maintain statistical and demographic information for the City.



Expenditures by Type	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Personal Services	\$2,364,448	\$2,141,442	\$1,958,222	\$2,054,175
Supplies and Services	2,647,151	3,546,734	3,425,514	3,593,364
Capital Outlay	0	31,139	1,600	1,678
Internal Services	393,560	393,560	259,716	272,442
Contributions	175,290	153,509	194,588	204,123
Expenditure Total	\$5,647,951	\$6,333,886	\$5,888,107	\$6,176,624
Per Capita	\$106.57	\$119.51	\$111.10	\$116.54

Expenditures by Division	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Development Services - Admin.	\$64,977	\$60,189	\$61,074	\$64,067
Planning	546,502	516,383	408,056	428,050
Code Compliance	340,236	363,604	370,685	388,848
Housing Services				
CDBG & HOME Grants	895,869	1,822,791	1,097,077	1,150,833
Section 8 Housing Grants	2,017,088	2,067,095	2,558,997	2,684,388
Community Design & Dev.	543,863	493,576	520,777	546,295
Building Safety & Permits	1,239,416	1,010,248	871,441	914,142
Total	\$5,647,951	\$6,333,886	\$5,888,106	\$6,176,624

Authorized Personnel	2003-04 Revised			2004-05 Budget			2005-06 Budget		
	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE
Administration	1			1			1		
Planning & Code Compliance	10		1.00	10		1.00	10		1.00
Housing Services – CDBG & HOME	2			2			2		
Housing Services – Section 8	2			2			2		
Community Design & Development	4			4			4		
Building Safety & Permits	4		4.00	4		4.00	4		4.00
Total	23		5.00	23		5.00	23		5.00

Goal: To preserve the City's neighborhoods and standard housing stock by providing housing assistance to low income people in Kelsey, at standards required by the U.S. Department of Housing and Urban Development.				
Objective: To increase the number of houses rehabilitated using federal Community Development Block Grant and HOME program funding, while maximizing staff productivity and controlling administrative costs.				
Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Single family houses rehabilitated:				
Community Development Block Grant	10	12	15	15
HOME (Home Occupancy Made Easier) Program Funds	10	10	10	10
Households assisted per FTE staff	20	20	22	25
First-time Homebuyer Program (CAMP) General Fund	15	20	20	25

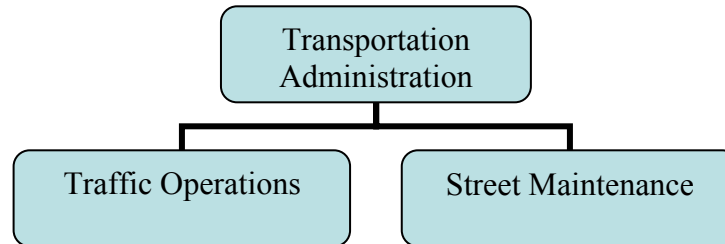
Goal: To provide decent, safe and sanitary housing for the City's low and moderate income citizens.				
Objective: To provide rental subsidies and family self-sufficiency guidance to low income people living in private rental housing within Kelsey.				
Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Households receiving rental subsidies	100	120	110	110
Housing certifications/inspections provided				
Certifications	400	400	350	100
Inspections	250	250	300	300

Goal: To verify through formal plan check and permit processes that plans, specs, and engineering calculations meet minimum requirements for adopted building codes, ADA, and planning & zoning ordinances.				
Objective: To provide thorough, accurate, objective plan check services for all applicants within the following standard timeframes: new commercial building 20 days; new residential construction 12 days.				
Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
<i>Plan Check</i>				
Building plans submitted	700	700	750	750
Plans checked per month (weighted)	40	40	50	50
Average plan review time (days):				
<i>New commercial building</i>	15	20	20	20
<i>New residential construction</i>	8	12	12	12

Goal: To perform on-site inspections of commercial and residential buildings, and to inspect damaged buildings for compliance.				
Objective: To consistently perform at least 33 inspections per inspector per day on a sustained basis without reducing the level of service or quality of inspections.				
Measures	2003-04	2004-05	2004-05	2005-06
Measures	Actual	Budget	Revised	Budget
<i>Building Inspection</i>				
Number of inspections performed	70,000	44,000	45,100	46,000
Inspections per inspector per day	33.0	34.9	33.0	33.0

Program Budget – Transportation Services

Transportation services is comprised of Transportation Operations, traffic engineering, transit and transportation planning. Transportation is responsible for traffic engineering design and studies, traffic calming, transit services, long range transportation planning, pavement marking and striping, traffic signal maintenance and construction, and street lighting.



Expenditures by Type	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Personal Services	\$1,057,230	\$1,071,212	\$1,044,100	\$1,095,261
Supplies and Services	661,566	689,675	661,264	693,666
Capital Outlay	81,240	81,216	127,000	133,223
Internal Services	695,666	695,666	646,471	678,148
Expenditure Total	\$2,495,702	\$2,537,770	\$2,478,835	\$2,600,298
Per Capita	\$47.09	\$47.88	\$46.77	\$49.06

Authorized Personnel	2003-04 Revised			2004-05 Budget			2005-06 Budget		
	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE	Full Time	Perm FTE	Temp FTE
Transportation	8		1.49	8		1.49	8		1.49
Total	8		1.49	8		1.49	8		1.49

Goal: To improve and ensure the safety and efficiency of the city's transportation system.

Objective: 1) To paint 1.62M linear ft. of roadway striping and 220 crosswalks annually; 2) provide quality traffic signing along streets; 3) assure that traffic signals work as designed at all times by annually rewiring 14 intersections, upgrading 5 traffic control cabinets, performing preventative maintenance on all traffic control cabinets twice, and retrofitting signal heads to LED in 20 intersections; and 4) ensure a safe, reliable and energy efficient lighting system by upgrading 70 street lights annually and replacing all structurally deficient street light poles.

Measures	2003-04 Actual	2004-05 Budget	2004-05 Revised	2005-06 Budget
Lane lines striped annually (linear ft)	6,000,000	6,000,000	6,100,000	6,200,000
Crosswalks striped	200	200	210	220
Preventative maintenance of street signs	6	6	6	6
Intersections upgraded (rewired)	12	12	12	14
Traffic control cabinets upgraded	5	5	5	5
Traffic control cabinets preventative maintenance	100	100	120	120
Light Emitting Diode (LED) retrofits	10	10	20	20
Street light lamp upgrades	50	50	60	70
Replace structurally deficient street poles	30	30	45	50

Glossary of Terms

Accrual Basis - A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

Appropriation - An authorization made by the City Council which permits the City to incur obligations to make expenditures for specific purposes.

Assessed Valuation - A value that is established for real and personal property for use as a basis for levying property taxes (Note: Property values are established by the County).

Asset - Resources owned or held by a government which have monetary value.

Available (Undesignated) Fund Balance - Refers to the funds remaining from the prior year which are available for appropriation and expenditure in the current year.

Bond - A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation, revenue bonds, and special improvement district bonds. These are most frequently used to finance capital projects.

Bond Refinancing - The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Budget - A plan of financial operation for a specified period of time (fiscal year). The Biennial Budget authorizes, and provides the basis for control of, financial operations during the fiscal year.

Capital Improvements Program Budget - A Capital Improvements Program (CIP) Budget is a separate budget from the operating budget. Items in the CIP are usually construction or renovation projects designed to improve the value of the government assets. Examples of capital improvement projects include new roads, sewer lines, buildings, recreational facilities and large scale remodeling. The City Council receives a separate document that details the CIP costs for the upcoming fiscal year.

Line-Item Budget - A budget that lists each expenditure category (salary, materials, telephone service, travel, etc.) separately, along with the dollar amount budgeted for each specified category.

Operating Budget - The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel, and fuel.

Performance Budget - A budget that focuses upon departmental goals and objectives rather than line items, programs, or funds. Workload and unit cost data are collected in order to assess the effectiveness and efficiency of services. Typical measures collected might include average emergency response time for fire or cost per man-hour of garbage collection.

Program Budget - A budget that focuses upon broad functions or activities of an agency or jurisdiction rather than upon its organizational budget units or object classes of expenditure. The City's programs: (1) General Services; (2) Development Services; (3) Public Safety; (4) Environmental Health; (5) Community Services; and (6) Public Transportation.

Budget Adjustment - A procedure to revise a budget appropriation either by City Council approval through the adoption of a supplemental appropriation ordinance for any interdepartmental or interfund adjustments or by City Manager authorization to adjust appropriations within a departmental budget.

Budget Calendar - The schedule of key dates or milestones which the City follows in the preparation, adoption, and administration of the budget.

Budget Document - The instrument used by the budget-making authority to present a comprehensive financial program to the City Council.

Budget Group - A fun group of hard working employees responsible for budget preparation, benchmarking, forecasting, and financial analysis.

Budget Message - The opening section of the budget which provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and recommendations regarding the financial policy for the upcoming period.

Budgetary Control - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

Capital Budget - The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure.

Capital Improvements - Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Improvements Program - A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a period of several future years. Kelsey's City Charter requires annual submission of a five-year capital program for City Council approval.

Capital Outlay- Expenditures which result in the acquisition of or addition to fixed assets.

Cash Basis - A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Contingency - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Debt Management (Capacity) Plan - The City's basis to evaluate upcoming and future debt financing in relation to the impact the borrowing will have on the City's debt ratios and relatedly the City's credit position as determined by the major rating agencies.

Debt Service - The amount of interest and principal that a City must pay each year on net direct long-term debt plus the interest it must pay on direct short-term debt.

Direct Debt - The sum of the total bonded debt and any unfunded debt (e.g. short-term notes) of the City for which the City has pledged its "full faith and credit." It does not include the debt of overlapping jurisdictions.

Self-Supporting Debt - Debt for which the City has pledged a repayment source separate from its general tax revenues (e.g. water bond repaid from water utility income/special assessment bonds).

Outstanding Tax Supported Debt - Direct debt minus self-supporting debt. Debt for which the City has pledged a repayment from its secondary property taxes.

Overlapping Debt - The City's proportionate share of the debt of other local governmental units which either overlap it or underlie it. The debt is generally apportioned based on relative assessed value.

Overall Net Debt - Net direct debt plus overlapping debt.

Debt Service Fund Requirements - The amounts of revenue which must be provided for a Debt Service Fund so that all principal and interest payments can be made in full on schedule.

Deficit - The excess of an entity's liabilities over its assets or the excess of expenditures over revenues during a single accounting period.

Department - A major administrative division of the City which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation - Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

Division - A group of homogeneous cost centers within a department, i.e., all traffic engineering, traffic operations and transit cost centers make up the Transportation Division within the Public Works Department.

Employees types of classifications: (1) Full-time - works 40 hrs/week (full-time) and is benefitted; (2) Permanent FTE - works more than 19.5 hours per week and less than 40 hrs/week, is not seasonal, is not of specific limited duration, and is not for educational training; and (3) Temporary FTE - works less than 40 hrs/week, is seasonal, and is of specific limited duration, or is for educational training

Encumbrance - The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Estimated Revenue - The amount of projected revenue to be collected during the fiscal year.

Expenditure/Expense - This term refers to the outflow of funds paid for an asset obtained or goods and services obtained.

Fiscal Year - The time period designated by the City signifying the beginning and ending period for recording financial transactions. The City of Kelsey has specified July 1 to June 30 as its fiscal year.

Fixed Assets - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

Full Faith and Credit - A pledge of a government's taxing power to repay debt obligations.

Fund - A set of inter-related accounts to record revenues and expenditures associated with a specific purpose. Fund structure consists of Governmental Funds (e.g., General Fund, Special Revenue Fund, Debt Service Fund), Proprietary Funds, and Fiduciary Funds (See previous section on "Financial Structure and Operations" for complete description of funds).

Governmental Funds

Capital Projects Fund - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Debt Service Fund - Debt Service Funds are set up to receive dedicated revenues used to make principal and interest payments on City debt. They are used to account for the accumulation of resources for, and the payment of, general obligation and special assessment debt principal, interest and related costs, except the debt service accounted for in the Special Revenue Funds, and Enterprise Funds.

General Fund - The General Fund is the general operating fund of the City. It is used to account for all activities of the City not accounted for in some other fund.

Special Revenue Fund - Special Revenue Funds are set up as accounts for Federal or State grants legally restricted to expenditures for specific purposes. Our Special Revenue Funds include the Highway User Fund, the Local Transportation Assistance Fund, the Performing Arts Fund, the Community Development Fund, and the Housing Assistance Fund.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations including debt service (a) that are financed and operated in a manner similar to private businesses - where the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges; or (b) where the governing body has determined that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Our Enterprise Funds include the Water and Wastewater Fund, the Solid Waste Fund, and the Golf Course Fund.

Fund Balance - The difference between revenues and expenditures. The beginning fund balance represents the residual funds brought forward from the previous year (ending balance).

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that

define accepted accounting principles.

General Governmental Revenue - The revenues of a government other than those derived from and retained in an enterprise fund. General Governmental revenues include those from the General, Debt Service, and Special Revenue Funds.

Goal - A long-term, attainable target for an organization—its vision of the future.

Grant - A contribution by the State or Federal government or other organization to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed the grantee.

Indirect Cost - A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned, such as administrative support, facility maintenance or custodial services.

Intergovernmental Revenue - Funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Interfund Transfer - The movement of monies between funds of the same governmental entity.

Internal Services Charges - The charges to user departments for internal services provided by another government agency, such as data processing, fleet services and communications.

Levy - To impose taxes for the support of government activities.

Line-Item Budget - A budget prepared along departmental lines that focuses on what is to be bought.

Long-Term Debt - Debt with a maturity of more than one year after the date of issuance.

Objective - A specific measurable and observable result of an organization's activity which advances the organization toward its goal.

Operating Expenses - The cost for personnel, materials and equipment required for a department to function.

Operating Revenue - Funds that the government receives as income to pay for ongoing operations, including such items as taxes, user fees, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Pay-As-You-Go Financing - A term used to describe a financial policy by which the capital program is financed from current revenues rather than through borrowing.

Performance Budget - A budget wherein expenditures are based primarily upon measurable performance of activities and work programs.

Performance Indicators - Specific quantitative and qualitative measure of work performed as an objective of the department.

Personal Services - Expenditures for salaries, wages, and fringe benefits of a government's

employees.

Policy - A plan, course of action or guiding principle, designed to set parameters for decisions and actions.

Prior Year Encumbrances - Obligations from previous years in the form of purchase orders or contracts which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program Budget - A budget which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments. The City's program budget is divided into six major programs:

(1) General Services consist of: Mayor and Council; City Manager; Internal Audit; Diversity Program; Community Relations; City Clerk; Human Resources; City Attorney; Financial Services; Public Works; Information Technology; and Other Programs.

(2) Development Services consist of: Development Services - Section 8 Housing; and Public Works – Design/Construction/ Landscape maintenance.

(3) Public Safety consists of: City Court; Police; and Fire.

(4) Community Services consist of: Community Services – Recreation/Library/ Social Services; and Public Works – Park Maintenance.

(5) Transportation consists of: Public Works – Transit/Street Maintenance.

Property Tax - A levy upon the assessed valuation of the property within the City upon each \$100 of valuation. Property taxes consist of both primary and secondary levies.

Primary Property Tax - A statutory limited tax levy which may be imposed for any purpose.

Secondary Property Tax - An unlimited tax levy which may be used only to retire the principal and interest or redemption charges on bond indebtedness.

Retained Earnings - An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

Revenue - Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Revenue Bonds - Bonds usually sold for constructing a project that will produce revenue for the government. That revenue is pledged to pay the principal and interest of the bond.

Reserve - An account used to indicate that a portion of a fund's assets are legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Resolution - A special or temporary order of a legislative body requiring less legal formality

than an ordinance or statute.

Resources - Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Risk Management - An organized attempt to protect a government's assets against accidental loss in the most economical method.

Source of Revenue - Revenues are classified according to their source or point of origin.

Tax Levy - The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Transfers In/Out - Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Unencumbered Balance - The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Charges - The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Workload Indicator - A unit of work to be done (e.g., number of permit applications received, the number of households receiving refuse collection service, or the number of burglaries to be investigated).

RESOLUTION NO. 2005.23

A RESOLUTION DETERMINING AND ADOPTING
FINAL ESTIMATES OF PROPOSED EXPENDITURES BY THE
CITY OF KELSEY FOR THE FISCAL YEAR BEGINNING
JULY 1, 2005, AND ENDING JUNE 30, 2006, DECLARING THAT
SUCH SHALL CONSTITUTE THE BUDGET FOR THE
CITY OF KELSEY FOR SUCH FISCAL YEAR.

WHEREAS, in accordance with the provisions of Title 42, Sections 17101-17104 inclusive, State Revised Statutes, the City Council did, on May 19, 2005, make an estimate of the amounts required to meet the public expenses for the ensuing year, also an estimate of revenues from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Kelsey, and

WHEREAS, in accordance with said sections of said Title, and following due public notice, the Council met on June 2, 2005, at which meeting any taxpayer was entitled to appear and be heard in favor of or against any of the proposed expenditures or tax levy, and

WHEREAS, publication has been duly made as required by law, of said estimates together with a notice that the City Council set a property tax public hearing for June 2, 2005, and set an adoption date of June 16, 2005, to adopt the property tax rate, and

WHEREAS, the sums to be raised by primary taxation, as specified therein, do not in the aggregate amount exceed that amount as computed in Title 42, Section 17051, S.R.S., therefore be it

RESOLVED, that the said estimates of revenues and expenditures shown on the accompanying schedules as now increased, reduced or changed by the same are hereby adopted as the budget of the City of Kelsey, for the fiscal year 2005-2006.

PASSED BY THE CITY COUNCIL OF KELSEY, this _____ day of _____, 2005.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

FINANCIAL SERVICES MANAGER