OVERVIEW

The operating programs described in this section of the Financial Plan form the City's basic organizational units, and provide for the delivery of essential services.

These programs are organized by department, and each section begins with a department summary which includes department description and expenditure, revenue and personnel summaries. Where appropriate, revenues that can be identified as supporting a specific program are listed as "Program Resources". If no revenues are specific to a Program, "General Fund (various)" is listed as the Program Resource.

Each operating program narrative provides the following information:

A. Program Title - The function, department responsible for program administration, program name, and account information.

B. Program Description - Narrative description of program operations.

C. Program Cost - Expenditure information is provided for the last completed fiscal year (2004-05) and the 2005-06 budget and estimated actual, as well as the proposed amount for the fiscal year covered by the 2006-07 annual budget. Program costs are divided into four categories.

   1. Salaries and Benefits - All costs associated with City personnel, including salaries as well as benefits.

   2. Materials and Services - All expenditures related to contract services, and the purchase of supplies, tools, utilities, and other operating expenditures.

   3. Capital Outlay - All acquisitions or projects with a life in excess of one year. Capital outlay projects are not included in the Capital Improvement Plan (CIP) section.

   4. Capital Lease - Expenditures related to the periodic payments to the lessor for the use of the lease-financed capital asset.

D. Staffing Summary - This section provides the number of authorized regular positions allocated to this program along with the number of requested positions for 2006-07.

E. Service Level Changes - Details any projected changes in program service levels for the budget year.

F. 2005-06 Program Measures – Provides estimates of program output and outcome for the 2005-06 fiscal year in relation to original objectives, as well as any additional objectives achieved during 2005-06.

G. 2006-07 Program Goals and Objective – Program goals & objectives are described in this section.

H. Program Measures – Measures of output, efficiency or outcome, if applicable, for each program.

Allocated Costs

A cost allocation process is utilized to reimburse the General Fund for the cost of general government services rendered. Also included in the reimbursement process are various non-departmental items such as insurance, communication costs, equipment and building usage and building maintenance. The allocation process is based on the most recent audited fiscal year. Thus the allocations included in the current budget for the 2006-07 fiscal year are based on transactions within the 2004-05 fiscal year. The process described below was implemented through a study done by Peat, Marwick, Mitchell & Co., CPAs.

To accomplish the reimbursement process, capital expenditures are first eliminated from the expenditures of each General Fund Department. The cost allocation process then proceeds through the following four steps:

1. Expenditures that benefit all departments and/or funds such as liability insurance, communication costs, building and equipment usage, and building maintenance are allocated to the respective departments according to usage. General liability insurance is allocated based on budgeted expenditures for each department. Building usage is calculated as two percent of the original cost of the building. City Hall usage is allocated according to square footage of occupying departments. Building and equipment charges are in lieu of depreciation for non-enterprise funds. No building or equipment usage is allocated to enterprise funds since they are charged for depreciation. Equipment usage is calculated as 6.67 percent of original cost. Building and equipment usage rates are calculated according to federal guidelines. Building maintenance is allocated per actual hours spent on site. Communication costs are allocated according to type of equipment, number of extensions, and includes a corresponding percentage of personnel costs to each department or fund.

2. Administrative services costs are allocated to all departments and funds according to services provided, including payroll, personnel, purchasing, accounting, data processing and other activities. Allocations are based on the number of transactions for each activity and number of employees within a department.

3. After non-departmental costs are allocated to General Government departments including City Council, Mayor, City Manager, City Clerk, and City Attorney, the total expenditures are cost out to all other General Fund departments and non-General Funds based on the number of Agenda Bill staff reports processed during the previous year and number of employees within a department.

4. Finally, a schedule is prepared that summarizes all the allocation steps above. This schedule lists out the costs which will be charged to each department or fund and the total is shown as a revenue source to the General Fund under the "Charges for Services" category.