

CITY OF LANSING

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WORK SESSION AGENDA

July 14, 2016
Thursday
7:00 p.m.
Lansing City Hall

Call To Order:

- I. 2017 Budget Review

Adjournment

WORK SESSION SUMMARY

TO: Tim Vandall, City Administrator

FROM: Sarah Bodensteiner, City Clerk

DATE: July 7, 2016

SUBJECT: Agenda Summary

I. 2017 Budget Review

- Staff will be present to review the 2017 Budget.

II. Adjournment

WORKSESSION ITEM

TO: Tim Vandall, City Administrator 
FROM: Beth Sanford, Finance Director 
DATE: June 30, 2016
SUBJECT: 2017 Budget Review

Staff will review the 2017 Budget.

There is no mill levy increase based on the estimated assessed valuation. The mill levy will remain at 41.838 mills.

Highlights of the 2017 budget and the Notice of Budget Hearing form are attached. The Notice will be published in the Leavenworth Times at least 10 days before the budget hearing, which is scheduled for Thursday, August 4, 2016.

Action: None

WORKSESSION ITEM



2017 Budget Highlights

Assessed Valuation

The July 1, 2016 estimated assessed valuation used to prepare the budget is \$79,574,864. This is an increase of \$831,238 from the \$78,748,107 used to prepare the 2016 budget. The valuation for the last five years is shown in the table below. The city's valuation has increased, except in 2014, when there was a slight decrease.

The estimated valuation increase for 2017 would result in each mill generating an additional \$826.75 in taxes for next year. The final valuation in November will determine the actual mill levy. If the final valuation is higher than the estimate, the mill levy will go down. If the final valuation is lower than the estimate, the mill levy will go up.

Valuations 2012-2016

	2012	2013	2014	2015	2016 (estimate)
Assessed Valuation	74,929,269	77,268,589	77,000,472	78,748,107	79,574,864
One mill will generate the following tax dollars	\$74,929,27	\$77,268.59	\$77,000.47	\$78,748.11	\$79,574.86

The city's 2017 proposed budget levies taxes of \$3,329,228, which is \$34,552 more than was levied for the 2016 budget. This will require an ordinance to levy.

Mill Levy

The city's mill levy rate will remain flat at 41.838 mills if the final assessed valuation in November does not increase or decrease. The mill levy history for the past five years, and the estimate for 2017, is listed below.

Mill Levy History 2012-2017

Budget Year	Levy	Taxes Levied
2012	39.502	\$2,980,624
2013	39.889	\$2,988,953
2014	40.927	\$3,162,415
2015	40.895	\$3,149,078
2016	41.838	\$3,294,676
2017 (estimate)	41.838	\$3,329,228

The following table shows the impact of the city's mill levy on several appraised values of homes. Residential property is assessed at 11.5% of the appraised value of the home.

Mill Levy Impact on Residential Property

Appraised value of residential property	Annual Property Tax	Monthly Tax Payment
\$100,000	\$481.14	\$40.10
\$200,000	\$962.27	\$80.19
\$300,000	\$1,443.41	\$120.28

Tax Levy Funds

Tax levy funds affect the mill levy. Ad valorem taxes are one of the main sources of revenue for these funds.

The **General Fund** base budget expenses for 2017 decreased \$72,304. The contingency increased by \$445,000 in order to maintain a stable ending fund balance. The capital and supplemental requests budgeted decreased by \$100,055. The following capital and supplemental items have been included in the 2017 budget:

- Rooftop AC units for city hall and the municipal building (5) - \$41,000
- 2017 Police vehicles and packages (2) - \$83,000
- Structure Removal Cost Share - \$30,000
- Fountains for Centre Drive detention ponds (2) - \$22,000
- Durapatcher for street repairs - \$65,000

The total outlays for the 2017 General Fund budget increased \$272,641, or 4%.

General Fund	2016 Approved Budget	2017 Requested Budget	Variance
Revenues	\$3,472,848	\$3,508,748	\$35,900
Fund balances	\$949,633	\$1,045,298	\$95,665
Total Resources	\$4,422,481	\$4,549,046	\$126,565
Less outlays			
Base budget expenses	\$5,692,882	\$5,620,578	(\$72,304)
C&S requests	\$341,055	\$241,000	(\$100,055)
Contingency	\$375,000	\$820,000	\$445,000
Total Outlays	\$6,408,937	\$6,681,578	\$272,641
Ad valorem required	\$2,132,284	\$2,196,508	\$64,224
Assessed Valuation	\$78,753,626	\$79,574,864	\$821,238
Mill Levy	27.075	27.603	.528

The **Library Fund** 2017 base budget expenses increased \$45,337. The contingency increased by \$19,400 in order to maintain a stable ending fund balance. There are no capital and supplemental requests.

Library Fund	2016 Approved Budget	2017 Requested Budget	Variance
Revenues	\$27,287	\$24,095	(\$3,192)
Fund balances	50,181	\$19,095	(\$31,086)
Total Resources	\$77,468	\$43,190	(\$34,278)
Less outlays			
Base budget expenses	\$254,359	\$299,696	\$45,337
C&S requests	\$0	\$0	\$0
Contingency	\$5600	\$25,000	\$19,400
Total Outlays	\$259,959	\$324,696	\$64,737
Ad valorem required	\$194,581	\$289,951	\$64,737
Assessed Valuation	\$78,753,626	\$79,574,864	\$821,238
Mill Levy	2.471	3.644	1.173

The **Debt Service Fund** base budget expenses for 2017 decreased to \$4,494,055. This decrease is due to the 2015-1 temp note that will be paid off in 2016. The contingency decreased by \$100,000. There are no capital and supplemental requests.

Debt Service Fund	2016 Approved Budget	2017 Requested Budget	Variance
Revenues	\$6,278,612	\$1,772,811	(\$4,505,801)
Fund balances	526,405	\$521,550	(\$4,855)
Total Resources	\$6,805,017	\$2,294,361	(\$4,510,656)
Less outlays			
Base budget expenses	\$7,406,639	\$2,912,584	(\$4,494,055)
C&S requests	\$0	\$0	\$0
Contingency	\$300,000	\$200,000	(\$100,000)
Total Outlays	\$7,706,639	\$3,112,584	(\$4,594,055)
Ad valorem required	\$967,811	\$842,769	(\$125,042)
Assessed Valuation	\$78,753,626	\$79,574,864	\$821,238
Mill Levy	12.289	10.591	(1.698)

Non-Tax Levy Funds

These funds are not supported by ad valorem taxes. Expenses are budgeted based on projected revenues and fund balance. For example, the Mayor's Christmas Tree Fund expense budget is dependent upon donations received from residents and businesses.

The 2017 expenses for these funds increased by \$83,972 or 4.69%. There are 2 capital and supplemental requests recommended in the 2017 budget.

Fund	2016 Budget	2017 Base Budget	2017 C&S	2017 Budget
Special Highway	\$469,617	\$488,136	\$45,000	\$533,136
Special Parks & Recreation	\$126,700	\$126,700	\$35,000	\$161,700
Special Alcoholic Liquor	\$3,250	\$3,250	\$0	\$3,250
Park Land Trust	\$11,600	\$11,600	\$0	\$11,600
Mayor's Christmas Tree	\$7,022	\$8,000	\$0	\$8,000
Kansas Regional Prisons Museum	\$0	\$0	\$0	\$0
Transient Guest Tax	\$148,266	\$134,674	\$0	\$134,674
Capital Improvements	\$704,495	\$822,509	\$0	\$822,509
Equipment Reserve	\$317,000	\$196,895	\$0	\$196,895
Total	\$1,787,950	\$1,791,764	\$80,000	\$1,871,764

The **Consolidated Street and Highway Fund** is subsidized by a \$120,000 transfer from the General Fund. This subsidization is due to the decline in State and County motor fuel tax revenues. The 2017 budgeted expenses increased \$63,519, or 12%. Changes to expense line items include:

- Salaries and benefits increased due to recommendations by the salary study
- Engineering services increased \$5,000. The City Engineer will be doing additional work, to include performing inspections on arterial and collector cross pipes
- The C&S request is for drainage work at 301 Ida St

The **Special Parks and Recreation Fund** budgeted revenues include a transfer from the General Fund to support the parks capital improvement program. The main sources of revenue for this fund are sport activity fees, 1/3 of the Local Alcoholic Liquor Tax revenue, and concession stand proceeds. The 2017 budgeted expenses increased \$35,000, or 22%, due to the C&S request replace the flat roof at the Activity Center.

The **Special Alcoholic Liquor Fund** revenue is funded by one third of the revenues from the local alcoholic liquor tax. There are no increases to the 2017 budgeted expenses.

The **Park Land Trust Fund** is supported solely by park land fees received from developers. The 2016 budgeted expenses are \$11,600. The entire fund balance is budgeted each year to enable council to use these funds for park land and other park facilities, if needed.

The **Mayor's Christmas Tree Fund** is supported solely by donations from citizens, local community organizations, and businesses. The 2017 budgeted expenses are \$8,000. This fund carries a small fund balance, but is mainly dependent on current year donations. Revenues and expenses are monitored closely to avoid depleting the fund.

The **Kansas Regional Prisons Museum Fund** was established to help fund the construction and operation of a regional prison museum, in partnership with other local entities. Currently, there are no plans to move forward with this project. There are no expenses budgeted for 2017.

The **Transient Guest Tax Fund** is supported by transient guest tax revenues. The 2017 budgeted expenses increased \$6,408, or 4%. Changes to expense line items include:

- The LCDC line item increased by \$224 based on their funding request for 2017
- The Salads & Solutions line item increased by \$200 due to previous years' expense increases
- The Economic Development line item increased by \$5,984. This line item was established to fund economic development incentives, and changes each year based on the amount of carryover estimated for the fund

The **Capital Improvements Fund** is supported by the county 1% sales tax revenues, which are transferred from the General Fund. The expenses budgeted in this fund are for the acquisition, construction, or improvement of an infrastructure asset. The following expense line items have been budgeted for 2017:

- 2017 Street Maintenance Contract - \$471,657
- Sidewalk Construction - \$100,000
- Curb Replacement - \$10,000
- Drainage Contract & Maintenance - \$110,000
- DeSoto Road Project - \$77,300
- Signal Light Maintenance - \$6,400

The **Equipment Reserve Fund** is supported by a transfer from the general fund, and is used to replace equipment and vehicles in all city departments except the wastewater department. City staff will present recommendations of items to be replaced in October for council approval.

Enterprise Funds

Enterprise funds are utility funds that are self-sustaining. The revenues collected should fund the expenses budgeted.

Fund	2016 Budget	2017 Base Budget	2017 C&S	2017 Budget
Wastewater	\$3,095,454	\$3,911,390	\$0	\$3,911,390
Solid Waste	\$559,500	\$584,500	\$0	\$584,500
Total	\$3,654,954	\$4,495,890	\$0	\$4,495,890

The **Wastewater Fund** accounts for all revenues received and expenses incurred pertaining to the operation, maintenance, and improvement of the wastewater plant and services provided by the City. A transfer to the Debt Service Fund is budgeted to offset the general obligation bonds issued for wastewater projects.

The **Solid Waste Fund** accounts for all revenues received and expenses incurred pertaining to the provision of solid waste removal services for residents.

Non-Budgeted Funds

The city currently has 3 funds that are considered non-budgeted funds. These funds only need to show actual expenses for the previous year, and not a budget for the coming budget year. These funds are:

- Police Equipment Reserve Fund
- 147th St/DeSoto Road Project Fund
- 7 Mile Action Plan Fund

The state non-tax levy fund pages include a 'Cash Forward' expense line for the 2017 Proposed Budget Column. This line is used to budget the remaining fund balance in each of these funds, and allows for the budget authority to spend these funds if needed without having to amend the budget. Please keep this in mind when comparing the expenses in this report to the Notice of Budget Hearing form.

