

Memorandum

City of Lawrence

City Manager's Office

TO: David Corliss, City Manager
FROM: Casey Toomay, Budget Manager
CC: Cynthia Wagener, Assistant City Manager
Diane Stoddard, Assistant City Manager
Brandon McGuire, Assistant to the City Manager
DATE: June 17, 2014
RE: Commissioner Inquiries Regarding the 2015 Budget

Background

The following memo provides responses to requests for information from City Commissioners related to the 2015 Budget. Additional information will be added as available.

Q: What are the largest non-personnel expenses?

A: A memo summarizing the increase in the general fund line was provided on the June 17th study session agenda. That memo explains that the ten largest non-personnel expenses for 2015 are as follows:

- Transfer of infrastructure sales tax to reserve funds
- Emergency communications
- Service contracts for lease of non-apparatus fire medical vehicles
- Transfer of the transit sales tax to the Transit Fund
- Miscellaneous contractual services (copiers, shredding, etc.)
- Property insurance
- Indigent defense
- Police equipment
- Electricity
- Vehicle replacement

Q: What is the mill levy for comparable communities, specific to population?

A: A comparison of levies used to build the 2014 budget for several cities in Kansas is provided below. Mill rates are the result of assessed property valuation and budgeted expenditures. Population does not factor into the mill rate calculation. For illustration, two cities with the same service levels and same assessed valuation will impose the same mill levy. If those cities have the same service levels but the assessed valuation is lower in one city, then that city must impose a higher mill levy. All things equal, the tax burden is the same but the result of the equation (mill levy) varies.

When the Commission adopts the budget it determines service levels (expenditure levels) and that expenditure figure is used by the County Clerk to calculate the mill levy. The Commission could adopt a budget in which expenditures do not change from one year to the next, but if assessed valuation changes, then the mill levy would change accordingly.

| City | City Mill Rate 2014 Budget | Total Assessed Valuation | Population |
|---------------|-------------------------------|-----------------------------|------------|
| Overland Park | 12.83 | 2,674,654,757 | 178,919 |
| Salina | 26.93 | 405,107,476 | 48,045 |
| Lenexa | 29.71 | 860,180,551 | 49,398 |
| Lawrence | 30.04 | 860,322,675 | 89,512 |
| Wichita | 32.15 | 3,124,330,492 | 385,577 |
| Topeka | 39.94 | 1,027,850,592 | 127,939 |
| Hutchinson | 41.49 | 280,612,762 | 41,962 |
| Emporia | 41.58 | 145,169,235 | 24,958 |
| Manhattan | 43.42 | 496,646,266 | 56,069 |
| Leavenworth | 49.5 | 1,999,870,247 | 35,816 |
| Newton | 51.11 | 116,974,268 | 19,189 |
| Eudora | 31.1 | 39,192,112 | 6,184 |

Q: Provide an overview of the fund balance history (memo last year didn't have the actual amount in fund balance with %)

A: The following table includes a history and projection of the general operating fund unreserved balance. City policy dictates that an unreserved year-end balance between 15 and 30 percent of actual expenditures is maintained.

| General Fund Operating Balance | Actual 2008 | Actual 2009 | Actual 2010 | Actual 2011 | Actual 2012 | Estimated 2013* | Projected 2014 | Baseline 2015 |
|--|----------------|----------------|----------------|---------------|---------------|--------------------|-------------------|------------------|
| <i>Total Revenue</i> | 55,906,940 | 59,782,703 | 64,205,935 | 65,929,255 | 67,833,902 | 70,078,692 | 72,429,372 | 75,017,605 |
| <i>Total Expenditures</i> | 55,132,099 | 59,442,123 | 64,023,128 | 65,912,573 | 67,790,623 | 69,912,800 | 72,717,523 | 75,807,776 |
| Revenue over (under) Expenditures | 774,841 | 340,580 | 182,807 | 16,682 | 43,279 | 165,892 | (288,151) | (790,171) |
| Unreserved General Fund Balance | | | | | | | | |
| <i>Beginning Balance</i> | 11,449,526 | 12,224,367 | 12,564,947 | 12,747,754 | 12,764,436 | 12,807,715 | 12,973,606 | 12,685,455 |
| <i>Unreserved Ending Balance</i> | 12,224,367 | 12,564,947 | 12,747,754 | 12,764,436 | 12,807,715 | 12,973,606 | 12,685,455 | 11,895,284 |
| Fund balance as % of Expenditures | 22.17% | 21.14% | 19.91% | 19.37% | 18.89% | 18.56% | 17.44% | 15.69% |
| *Unaudited and subject to change | | | | | | | | |