What is a budget?

- The budget is the a plan of estimated revenues and projected expenditures for a specific period of time.
- Budgeting in the public sector is deciding how to allocate available funds among different programs.
- The budget identifies which programs and projects are to be provided and at what level of service.
## Budget Development

<table>
<thead>
<tr>
<th>Period</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>April through June</td>
<td>Departmental budget development and submission to Administration for review</td>
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<tr>
<td>June/July</td>
<td>City Administrator meets with department directors to discuss budget submissions</td>
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<td>First draft of annual budget submitted to City Administrator for final adjustments to be presented to Board of Aldermen</td>
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<tr>
<td>mid-August</td>
<td>Budget presented to Board of Aldermen</td>
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<tr>
<td>late-August</td>
<td>Board of Aldermen hold public hearing to receive comments regarding budget; work sessions to review proposed budget</td>
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<tr>
<td>September</td>
<td>Budget Adopted for October 1 fiscal year</td>
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Fund Budgeting

- A “fund” is a fiscal entity with revenues and expenditures separated for the purpose of carrying out a specific purpose or activity.
  - General Fund
  - Sanitary Sewer Fund
  - Capital Improvements Sales Tax Fund
  - Transportation Sales Tax Fund
  - Debt Service Fund
  - Park Levy Fund
  - Community Center Sales Tax Fund

- “Fund Balance” is the difference between a fund’s revenues and expenditures.
Hancock Amendment

- Limits local governments’ ability to raise taxes without voter approval. Contains several provisions:
  - Voter approval required before any “tax, license or fees” not authorized when the Amendment was adopted (e.g. Capital Improvements Sales Tax) to be levied or increased
  - Voter approval required when raising current levy above the level at time of adoption. Statutes limit property tax levy to $1.00 per $100 of assessed value (Grandview currently levies the full $.99 per $100 assessed valuation for General Fund)
  - Limits revenue from property taxes to not increase by more than the Consumer Price Index, which excludes new construction and improvements.
Total Budget – 2017
$ 31,919,345

General Fund  $ 14,763,733
Transportation Sales Tax Fund  555,000
Capital Improvement Sales Tax Fund  1,508,400
Community Center Sales Tax Fund  2,378,000
Park Levy Fund  492,500
Neighborhood Parks Fund  60,000
Police Forfeiture Fund  10,000
Housing Rehabilitation Loan Fund  45,000
Economic Development Enhancement Fund  323,823
Tax Increment Financing Funds  3,852,545
Public Works Facility Fund  7,000
Debt Service Funds  1,743,179
2015 Park/Pub Safety Improvement Bond Fund  2,200,000
Sanitary Sewer Fund  3,930,165
Insurance Deductible Fund  50,000
The General Fund is used for the day-to-day operations of the city departments, it is not generally used for capital improvement projects.
General Fund Revenues

- Property Taxes: 19%
- Franchise Taxes: 24%
- Sales Taxes: 18%
- Other Taxes: 7%
- Municipal Court Receipts: 8%
- Licenses & Permits: 4%
- Service Charges: 10%
- Grants: 3%
- Miscellaneous Revenues: 3%
- Transfers In: 3%
- One time Revenues: 1%
- Sales Taxes: 18%
- Other Taxes: 7%
- Municipal Court Receipts: 8%
- Licenses & Permits: 4%
- Service Charges: 10%
- Grants: 3%
- Miscellaneous Revenues: 3%
- Transfers In: 3%
- One time Revenues: 1%
General Fund Revenues

- 2017 Revenues total $14,771,603
- 61% of revenues come from 3 sources:
  - Franchise Fees (revenues from City-levied taxes on electric, telephone and natural gas utilities)
  - Property Taxes
  - Sales Taxes
- Assessed Valuation increased slightly (1.6%) in 2016, following a 5.44% increase in 2015
- Next five largest revenues have realized a $300,000 loss in the past two years
General Fund Expenditures

- Salaries: 54%
- Other Pay: 5%
- Benefits: 19%
- Supplies: 2%
- Purchased Services: 14%
- Capital Outlay: 0%
- Transfers Out: 1%
- Street Lights: 2%
- Insurance: 2%
- Internal Services: 1%
- Other Pay: 5%
General Fund Expenditures

- 2017 Expenditures Total $ 14,763,733
- Health Care costs have seen a $40,000 to $80,000 annual increase for the past several years
- The city’s contribution to employee retirement costs increased $30,000 for 2017
- Since 2008, staffing levels have been reduced by 8%, without layoffs
Sanitary Sewer Fund

- An Enterprise (business-like) Fund provides funding for the City’s Sanitary Sewer system
- Funded through user fees
  - Rates are established based on rate studies to ensure appropriate levels of funds are available for operating, maintenance and improvements to the system
- Provides for construction and maintenance of the sewer system and treatment of wastewater (treatment is contracted with Little Blue Valley Sewer District)
- 2017 Revenues: $3,829,300
- 2017 Expenditures: $3,930,165
Capital Improvement Sales Tax

- ½-cent sales tax devoted to funding capital equipment and infrastructure improvements to City facilities
- Originally approved by voters in August of 1998 for 10 years
- Renewed in November 2007
- Current plan expires December 31, 2018
- 2017 Budget $1,508,400
Transportation Sales Tax

- ½-cent sales tax for road and bridge improvements
- Approved by voters in 1986 – initially a 5 year plan
- Recent renewals have extended to a 10 year plan
- Most recent renewal in 2010
- 2017 Revenues: $1,212,500
- 2017 Expenditures: $555,000
  - $50,000 for curb and sidewalk construction
  - $65,000 for curb replacement
  - $375,000 for overlay
  - $65,000 for slurry seal
Debt Service Funds

- Cover the cost of large-scale projects that the city cannot pay for completely at the time of the projects
- The City uses long-term debt financing (bonds) to cover the immediate costs of large projects
- The city uses two types of outstanding debt - general obligation bonds and certificates of participation
Park Levy Fund

- 12-cent per $100 of assessed valuation
- Adopted by voters in 1989
- Generate funds for developing and maintaining the park system
- 2017 Revenues: $352,500
- 2017 Expenditures: $492,500
  - Mulch playgrounds
  - Paint picnic shelters
  - John Anderson Parking Lot Improvements
  - Hydraulic Equipment for Bucket Truck
  - Tree Inventory
  - Remove Hazardous Trees
Community Center Sales Tax Fund

- ½-cent sales tax for construction and operation of The View
- Approved by voters in November 2001
- Pays for debt on construction and a portion of operating costs relating to the community center
- Remaining operating costs are financed with:
  - Memberships
  - Rentals
  - Special Programs
- 2017 Budget includes $100,000 for marketing and promotion of the Grandview Amphitheatre
- 2017 Revenues: $2,278,000
- 2017 Expenditures: $2,378,000