



May 9, 2019

To: Mayor and City Council Members

From: Beth Linn, City Administrator
Karen Kindle, Finance Director

Re: Financial Trends 2010 - 2019

As we begin the 2020 Budget process, staff is providing an overview of the City's past financial trends. Looking at the last ten years provides insight into where the City's finances have been and an indication of where they are headed. Attached to this memo you will find a couple of graphs that help tell the story of the City's growth in the last ten years.

Value of One Mill

This chart shows how the value of one mill of taxation has grown since the 2010 Budget. The value of one mill is the amount of revenue generated by one mill when applied to the City's assessed valuation. As the City's assessed valuation has grown, the amount of revenue generated by one mill has also grown.

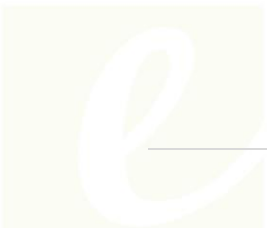
Things to note about the changes from year to year:

- The increase between 2010 and 2011 reflects the KCPL peaking station coming onto the tax rolls.
- The increase between 2014 and 2015 reflects the BNSF intermodal coming onto the tax rolls.
- Part of the increase from 2018 to 2019 was the annexation of territory south of I-35.

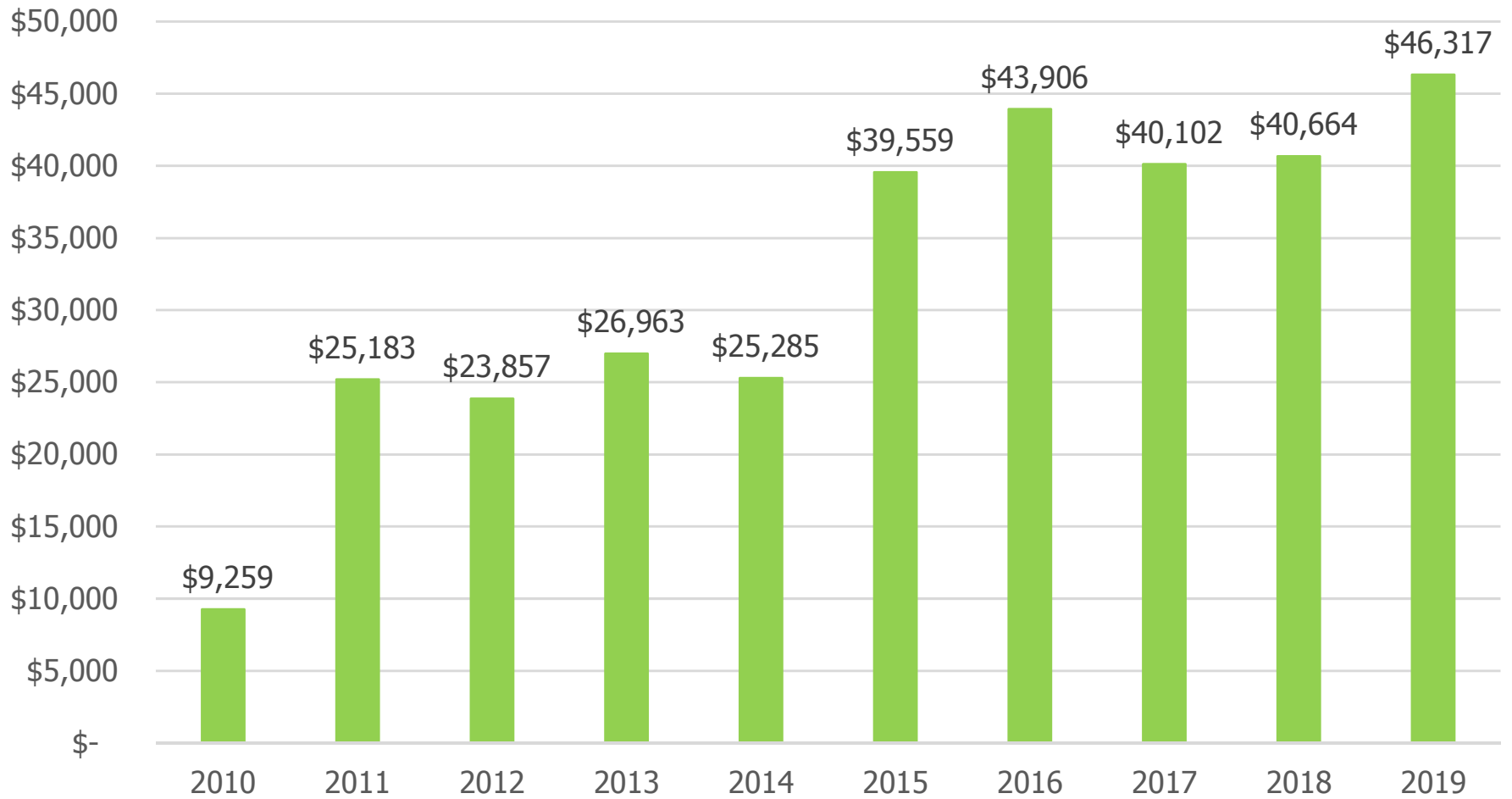
General Fund Operating Revenues and Expenditures

This chart shows the history of the City's operating revenues and expenditures from 2010 through 2019. These revenues and expenditures exclude the amounts for transfers in/out because these are discretionary and can vary widely from year to year depending on projects/equipment purchases. In addition, the revenues and expenditures related to the 2017 flood have been excluded as this was a one-time event.

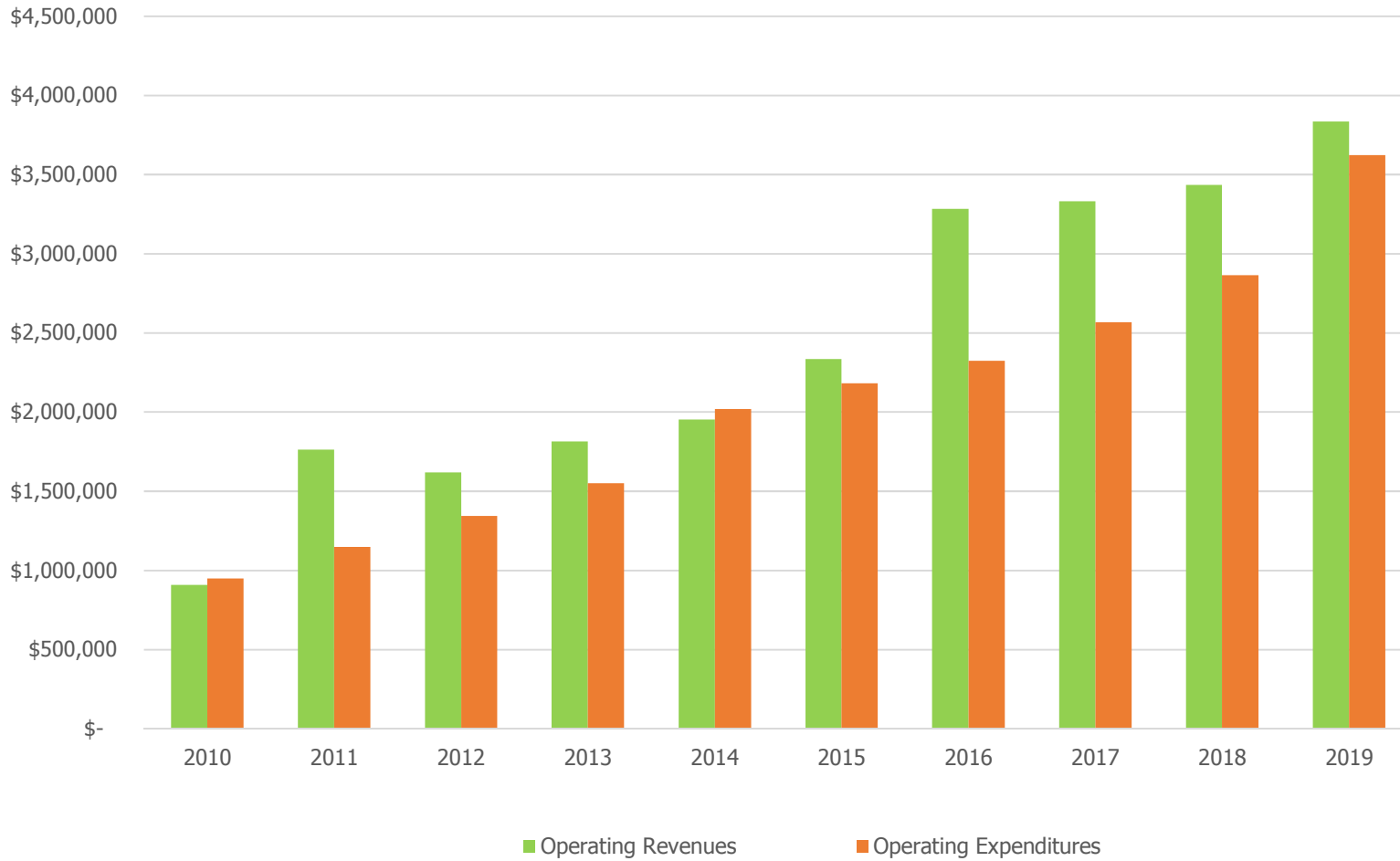
Operating revenues as well as operating expenditures have grown since 2010 as the City's operations have grown to meet the needs of our expanding City. This is a result of the economic growth in the City from KCPL investment, the BNSF Intermodal Facility and LPKC. As noted above, the City has been able to generate more revenue per mill because of the growth in assessed valuation. Operating revenues have exceeded operating expenditures in all years, except for 2010 in which they were about the same, and in 2014 in which court fine revenues came in less than budgeted.



Value of One Mill



General Fund Operating Revenues and Expenditures





May 9, 2019

To: Mayor and City Council Members

From: Beth Linn, City Administrator
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Re: General Fund Revenue Forecast 2019-2025

As part of the 2020 Budget process, staff has worked with Columbia Capital to develop a multi-year revenue forecast for the General Fund. Having a multi-year revenue forecast will help foster a long-range perspective when developing the annual operating budget and making decisions regarding City operations and services.

Attached is the revenue forecast as of 4/30/2019. The forecast will be refined throughout the 2020 Budget process as new information is received, such as the assessed valuation information to be provided by the County Clerk on or before June 15th.

Assessed Valuation Section

This section shows the history of the City's assessed valuation from the 2010 Budget through the 2019 Budget as well as a projection of assessed valuation for budget years 2020-2025.

- Growth in the real estate value is based on a ten-year average of reappraisal growth.
 - Adjustments are made for the timing of abatements between approval and removal from the tax rolls.
 - Adjustments are made for abated property in LPKC that comes onto the tax rolls. The first properties are scheduled to come onto the tax rolls as part of the 2024 assessed valuation for the 2025 Budget.
- Personal property assessed valuation is projected to decrease each year. In 2006, the State Legislature exempted machinery and equipment. As time continues to pass since that legislation, values will decrease as more and more of the property purchased prior to that date falls off the tax rolls. For the 2020 Budget, the County Appraiser recommended using an 11% decrease in our forecast.
- Growth in the State Assessed Valuation is more difficult to predict due to the way these properties are assessed on a statewide basis. To be conservative, staff is using the ten-year average of reappraisal growth for real estate.

General Fund Revenues Section

This section contains information about the projections for the various revenues in the General Fund, including property tax, sales tax, permits, etc.

- The Property Taxes & PILOTS source includes the property tax projection and the projection of PILOTS based on the properties that have received abatements.

- The property tax portion is assumed to grow at least by the state-mandated CPI, which is assumed to be 1.5% each year. The state-mandated CPI has been holding steady at around 1.5% for the last few years.
 - The property tax portion is assumed to grow for any new construction or properties for which the abatement period ends.
- Sales Tax revenue reflects a growth rate based on a review of the growth of past years.
- Several revenue sources reflect at 0% growth, which reflects the nature of those revenue sources. Either the source has historically shown very little growth or it is difficult to predict due to the timing of the underlying transactions. For example, the Permits and Licenses revenue is held flat because the timing and size of projects effects the revenue received from building permits, but these two factors are difficult to predict. Fines and Fees are similar because the bulk of this source comes from the Municipal Court, which is dependent on the number and type of tickets issued.



City of Edgerton, Kansas
General Fund Forecasting Model

Assessed Valuation (Historical & Projected)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Assessed Valuation																
Real Estate	8,461,582	8,243,304	7,987,735	7,704,172	7,635,985	13,644,056	16,841,196	13,526,961	14,305,131	17,640,983	40,025,048	26,405,279	27,065,411	27,742,046	28,435,598	29,146,488
Real Estate (New LPKC Roll On)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,568,460
Personal Property	243,707	238,958	313,322	193,076	300,738	346,682	144,861	126,003	182,398	161,362	143,612	127,815	113,755	101,242	90,106	80,194
State Assessed	553,742	16,701,067	15,556,363	19,065,362	17,348,578	25,568,224	26,919,531	26,449,012	26,176,379	28,514,188	29,227,043	29,957,719	30,706,662	31,474,328	32,261,186	33,067,716
Total	9,259,031	25,183,329	23,857,420	26,962,610	25,285,301	39,558,962	43,905,588	40,101,976	40,663,908	46,316,533	69,395,703	56,490,813	57,885,828	59,317,617	60,786,890	69,862,858

General Fund Revenues (Historical & Projected)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue Source																
Property Taxes & PILOTs	386,520	1,069,775	985,494	991,860	928,600	1,199,575	1,472,934	1,511,852	1,585,109	1,822,884	2,327,827	2,409,056	2,444,543	2,473,028	2,501,941	2,810,741
Local (City & County) Sales Tax	222,148	333,013	343,997	367,073	377,605	466,188	549,668	652,959	735,096	750,000	765,000	780,300	795,906	811,824	828,061	844,622
Other Taxes	152,708	171,646	182,349	178,984	237,939	252,996	391,573	378,775	419,551	342,913	346,568	350,295	354,097	357,975	361,931	365,966
Licenses and permits	4,753	75,871	6,634	150,811	304,672	302,480	740,346	635,441	484,313	756,300	756,300	756,300	756,300	756,300	756,300	756,300
Fines and fees	16,325	18,162	12,716	21,851	10,871	17,919	14,786	25,452	30,123	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Interest	9,207	4,681	1,441	3,276	1,417	1,708	1,857	15,819	26,205	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Charges for services	117,499	89,165	85,344	98,943	174,560	94,277	113,442	111,722	154,477	123,000	123,000	123,000	123,000	123,000	123,000	123,000
Reimbursement	250	-	-	-	-	-	-	-	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Surplus	370	8	-	105	-	-	265	-	-	-	-	-	-	-	-	-
Total	909,780	1,762,321	1,617,975	1,812,903	2,035,664	2,335,143	3,284,871	3,332,020	3,434,874	3,837,097	4,360,695	4,460,951	4,515,846	4,564,128	4,613,233	4,942,629
% Change	n/a	93.7%	-8.2%	12.0%	12.3%	14.7%	40.7%	1.4%	3.1%	11.7%	13.6%	2.3%	1.2%	1.1%	1.1%	7.1%

General Fund Revenue History & Forecast

