

2016 Budgeted Expenditures & Revenues

Property Taxes

Property taxes provide about 11% of the resources necessary for the annual budget. The mill levy rate for 2016 is established at 27.311 mills, an increase of .85% over 2015. The guidance staff uses in recommending a budgeted mill levy is derived from existing financial policies and prior City Commission direction. The Salina City Commission direction for a number of years has been to have staff always pursue other available strategies first, before looking to the property tax to cover revenue shortfalls or necessary expenditures. The City does not have a policy against increases in the mill levy when necessary, but has always been cautious in this area. Mill levy decisions result from a balancing of service requirements and community needs. Typically, an unchanged mill levy does not leave the City with stagnant revenues from that source due to moderate increases in assessed valuation of existing property. In a growing community such as Salina, new construction usually provides some increased revenues from the same mill levy.

General and Special Sales Tax

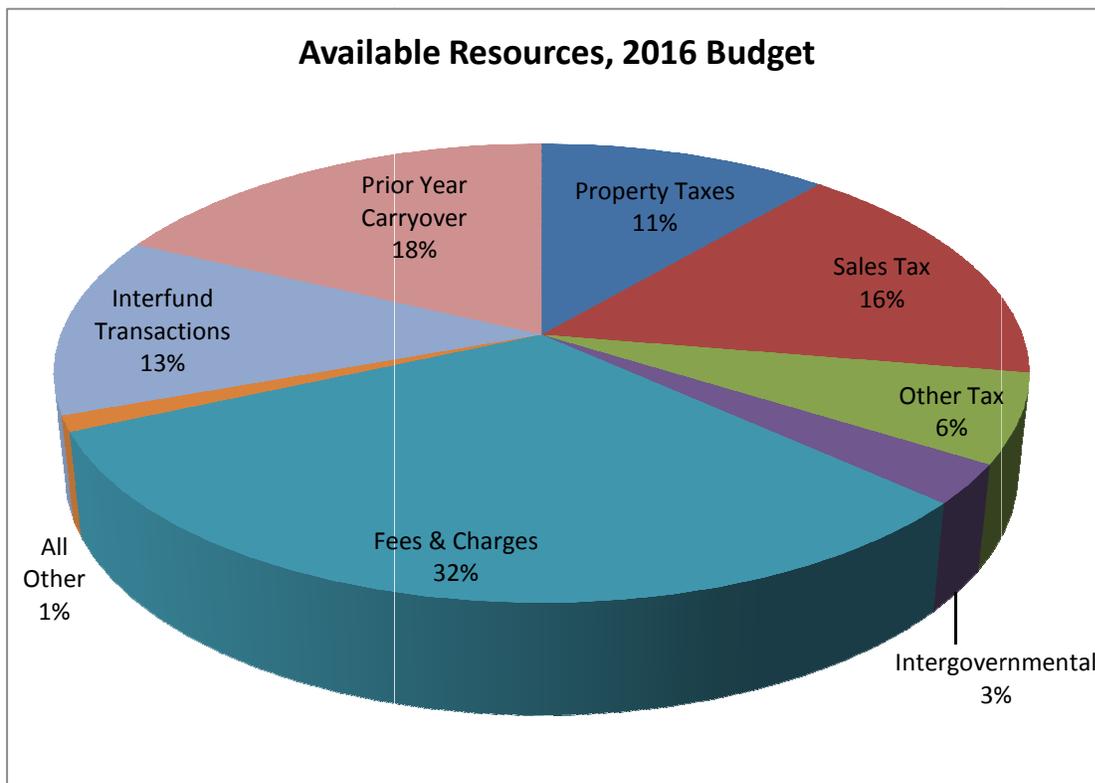
Sales taxes provide about 16% of the City’s annual resources. This source of funding has shown modest growth (1% to 3% annually) over the last several years, however it is sensitive to changes in the general economy, and therefore subject to decline in periods of economic recession. The City’s general purpose tax rate is .5% and is allocated to the General Fund.

In addition to the General Sales tax, Salina has a Special Sales tax of .4%. The special tax is scheduled to “sunset” or end in early 2019. Funds are allocated to the Special Sales Tax - Capital Fund and Economic Development Funds. A significant portion of the special tax (\$1.6 million per year) is dedicated to Street and Road Improvement projects. Another significant use of these funds is to retire the debt associated with the Kenwood Cove Aquatic center (\$1.3 million per year). Other uses include tax stabilization for the General Fund, smaller capital projects and vehicle and equipment replacement.

Fees and charges

User fees and charges provide 32% of the resources available for 2016. The majority of user fees are associated with the Water, Wastewater, Sanitation and Solid Waste Landfill operations. The General Fund incorporates a smaller, but still significant user fee component in its revenue structure. Most notable among these are charges for Emergency Medical Services (\$1.6 million) and Municipal Court Fees (\$1.5 million).

The chart below summarizes resource availability.



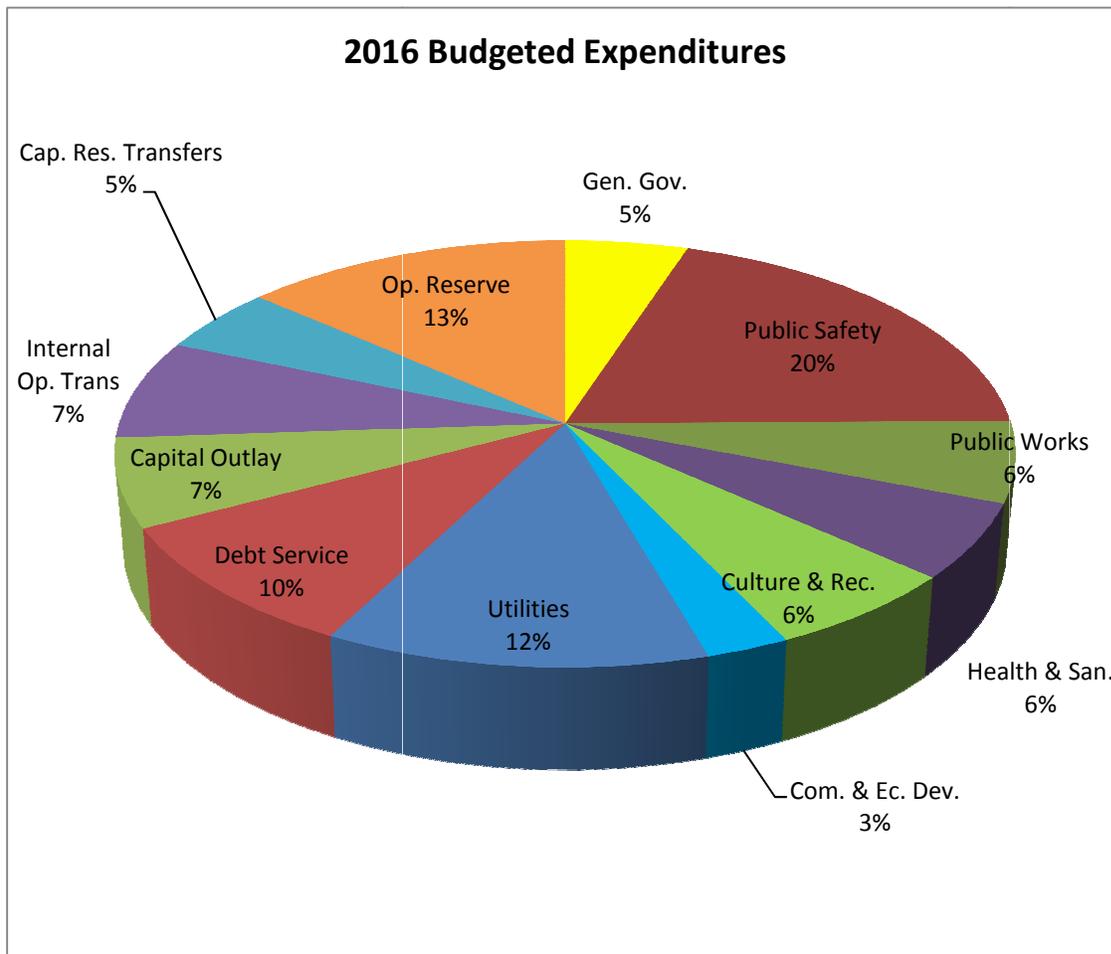
Expenditures

The 2016 budget anticipates cash expenditures of approximately \$112,109,552. This number includes budgeted reserves and all transfers. Net of those items, cash outlay is anticipated to be \$82,890,251. Annual operating expense (not including capital expenditures and debt service) total \$64,602,091. These estimates are reasonably conservative and based on a very cautious approach to future projections. Year-end performance in the past has regularly been better than projected due to actual expenditures being below the estimates.

Public Safety operations (Police, Fire, EMS) account for the largest portion of expenditures, at 20% of the total resources available. Public safety is followed at a distance by Utilities (Water and Wastewater), which consume about 12% resources. In terms of operating departments, Culture and Recreation, Health and Sanitation, and Public Works all consume about 6% each, General Government, 5%, and Community and Economic Development at 3%.

The 2016 budget provides for 473 full time staff positions, the same as 2015.

The chart below summarizes expense allocations for 2016.



Fund Balances

The City's strategic financial planning and management system includes "target balances" for 17 budgeted funds. Preserving adequate fund balances is a critical component for ensuring the City's financial stability. The fund balance ensure available cash flows, short-term funding for unexpected needs or shortfalls, and is critical to a healthy bond rating. Those funds that do not have designated target fund balances are used for revenue pass-through purposes.